

## Equipment Finance Industry Confidence Dips Further in April

Washington, DC, April 21, 2022 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the April 2022 [Monthly Confidence Index for the Equipment Finance Industry](#) (MCI-EFI) today. The index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the \$900 billion equipment finance sector. Overall, confidence in the equipment finance market is 56.1, a decrease from the March index of 58.2.

When asked about the outlook for the future, MCI-EFI survey respondent **Jim DeFrank, EVP and Chief Operating Officer, Isuzu Finance of America, Inc.**, said, “There is huge pent-up demand for all kinds of products. In the transportation space, the final mile vehicles are in great demand, and we see this continuing for at least 12 to 18 months. Once the supply chain catches up, we will see some kind of normalcy return to the equipment finance industry.”

### **April 2022 Survey Results:**

The overall MCI-EFI is 56.1, a decrease from the March index of 58.2.

- When asked to assess their business conditions over the next four months, 14.8% of executives responding said they believe business conditions will improve over the next four months, a decrease from 21.4% in March. 63% believe business conditions will remain the same over the next four months, up from 50% the previous month. 22.2% believe business conditions will worsen, a decrease from 28.6% in March.
- 29.6% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 25% in March. 55.6% believe demand will “remain the same” during the same four-month time period, a decrease from 75% the previous month. 14.8% believe demand will decline, up from none in March.
- 22.2% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 21.4% in March. 77.8% of executives indicate they expect the “same” access to capital to fund business, a decrease from 78.6% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 40.7% of the executives report they expect to hire more employees over the next four months, down from 46.4% in March. 59.3% expect no change in headcount over the next four months, an increase from 50% last month. None expect to hire fewer employees, down from 3.6% in March.
- 14.8% of the leadership evaluate the current U.S. economy as “excellent,” an increase from 3.6% the previous month. 74.1% of the leadership evaluate the current U.S.

economy as “fair,” down from 85.7% in March. 11.1% evaluate it as “poor,” a slight increase from 10.7% last month.

- 7.4% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, relatively unchanged from 7.1% in March. 51.9% indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 57.1% last month. 40.7% believe economic conditions in the U.S. will worsen over the next six months, an increase from 35.7% the previous month.
- In April 29.6% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 42.9% the previous month. 66.7% believe there will be “no change” in business development spending, up from 57.1% in March. 3.7% believe there will be a decrease in spending, up from none last month.

### **April 2021 MCI-EFI Survey Comments from Industry Executive Leadership:**

#### **Independent, Small Ticket**

“The Russian-Ukraine war will have economic fallout around the world for the near term.” **James D. Jenks, CEO, Global Finance and Leasing Services, LLC**

#### **Independent, Middle Ticket**

“The Fed's stated position to raise rates to try to tame inflation will begin to have consequences in the economy. As consumers spend their leftover stimulus funding this year, there will be less money available for discretionary spending, and the rapidly rising costs of staples will hurt those at the lowest end of the income spectrum.” **Bruce J. Winter, President, FSG Capital, Inc.**

### **ABOUT THE MCI**

#### **Why an MCI-EFI?**

Confidence in the U.S. economy and the capital markets is a critical driver to the equipment finance industry. Throughout history, when confidence increases, consumers and businesses are more apt to acquire more consumer goods, equipment, and durables, and invest at prevailing prices. When confidence decreases, spending and risk-taking tend to fall. Investors are said to be confident when the news about the future is good and stock prices are rising.

#### **Who participates in the MCI-EFI?**

The respondents are comprised of a wide cross-section of industry executives, including large-ticket, middle-market and small-ticket banks, independents, and captive equipment finance companies. The MCI-EFI uses the same pool of 50 organization leaders to respond monthly to ensure the survey's integrity. Since the same organizations provide the data from month to month, the results constitute a consistent barometer of the industry's confidence.

#### **How is the MCI-EFI designed?**

The survey consists of seven questions and an area for comments, asking the respondents' opinions about the following:

1. Current business conditions
2. Expected product demand over the next four months
3. Access to capital over the next four months
4. Future employment conditions
5. Evaluation of the current U.S. economy
6. U.S. economic conditions over the next six months
7. Business development spending expectations
8. Open-ended question for comment

### **How may I access the MCI-EFI?**

Survey results are posted on the Foundation website, <https://www.leasefoundation.org/industry-resources/monthly-confidence-index/>, included in the [Foundation Forecast eNewsletter](#), and included in press releases. Survey respondent demographics and additional information about the MCI are also available at the link above.

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### **ABOUT THE FOUNDATION**

The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization that propels the equipment finance sector—and its people—forward through industry-specific knowledge, intelligence, and programs that contribute to industry innovation, individual careers, and the overall betterment of the equipment leasing and finance industry. The Foundation is funded through charitable individual and corporate donations. Learn more at [www.leasefoundation.org](http://www.leasefoundation.org).

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