

Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

*July New Business Volume Down 2 Percent Year-over-year and 9 Percent Month-to-month; Up
1.3 Percent Year-to-date*

Washington, DC, August 29, 2023—The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the \$1 trillion equipment finance sector, showed their overall new business volume for July was \$9.9 billion, down 2 percent year-over-year from new business volume in July 2022. Volume was down 9 percent from \$10.9 billion in June. Year-to-date, cumulative new business volume was up 1.3 percent compared to 2022.

Receivables over 30 days were 2.3 percent, up from 1.8 percent the previous month and up from 1.6 percent in the same period in 2022. Charge-offs were 0.32 percent, down from 0.37 percent the previous month and up from 0.18 percent in the year-earlier period.

Credit approvals totaled 75.3 percent, down from 76.1 percent in June. Total headcount for equipment finance companies was down 2.1 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in August is 50.4, an increase from the July index of 46.4.

ELFA President and CEO Ralph Petta said, "In the current relatively high interest rate environment in which the industry finds itself this summer, new business volume is holding up pretty well for the month of July. However, compared to the same period last year, respondents to the MLFI are reporting some softness. This coincides with expectations by economists that overall investment in equipment and software will slow down in the second half of 2023. Is this the canary in the coal mine indicating a modest recession is around the corner? Only time will tell. But, in the meantime, equipment finance companies will continue doing what they always do—provide necessary capital to businesses seeking to acquire productive assets to run their businesses."

Craig Ault, Chief Revenue Officer, Honour Capital, said, "Rising interest rate environments will slow consumer spending. Cheap money notes that begin to expire will be replaced by more expensive money, and I expect new investments will be reduced. These are excellent conditions for companies with expiring portfolios. Proposing a diversified capital structure will provide company flexibility. We have reason to be optimistic because equipment finance remains an attractive solution for borrowers and lenders. It is worth repeating that fair market value leases provide a flexible solution that reduces monthly payment."

About ELFA's MLFI-25

The MLFI-25 is the only near-real-time index that reflects capex, or the volume of commercial equipment financed in the U.S. The MLFI-25 is released globally at 8 a.m. Eastern time from

Washington, D.C., each month on the day before the U.S. Department of Commerce releases the **durable goods report**. The MLFI-25 is a financial indicator that complements the durable goods report and other economic indexes, including the **Institute for Supply Management Index**, which reports economic activity in the manufacturing sector. Together with the MLFI-25 these reports provide a complete view of the status of productive assets in the U.S. economy: equipment produced, acquired and financed.

The MLFI-25 is a time series that reflects two years of business activity for the 25 companies currently participating in the survey. The latest MLFI-25, including methodology and participants, is available at www.elfaonline.org/knowledge-hub/mlfi-25-monthly-leasing-and-finance-index.

The MLFI-25 is part of the Knowledge Hub, the source for business intelligence in the equipment finance industry. Visit the hub at www.elfaonline.org/KnowledgeHub.

MLFI-25 Methodology

ELFA produces the MLFI-25 survey to help member organizations achieve competitive advantage by providing them with leading-edge research and benchmarking information to support strategic business decision making.

The MLFI-25 is a barometer of the trends in U.S. capital equipment investment. Five components are included in the survey: new business volume (originations), aging of receivables, charge-offs, credit approval ratios, (approved vs. submitted) and headcount for the equipment finance business.

The MLFI-25 measures monthly commercial equipment lease and loan activity as reported by participating ELFA member equipment finance companies representing a cross section of the equipment finance sector, including small ticket, middle-market, large ticket, bank, captive and independent leasing and finance companies. Based on hard survey data, the responses mirror the economic activity of the broader equipment finance sector and current business conditions nationally.

About ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. ELFA has been equipping business for success for more than 60 years. For more information, please visit www.elfaonline.org.

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ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit www.elfaonline.org/knowledge-hub/knowledge-hub-home for additional information.

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