

Equipment Lease Finance Industry Confidence Up Again

Washington, DC, February 22, 2013 — The Equipment Leasing & Finance Foundation (the Foundation) releases the February 2013 Monthly Confidence Index for the Equipment Finance Industry (MCI-EFI) today. Designed to collect leadership data, the index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the \$725 billion equipment finance sector. Overall, confidence in the equipment finance market is up for the third consecutive month at 58.7, an increase from the January index of 54.2, reflecting industry participants' increasing optimism despite a wary eye on economic conditions and government management of fiscal policies.

When asked about the outlook for the future, MCI survey respondent Anthony Cracchiolo, President and Chief Executive Officer, Vendor Services, U.S. Bank Equipment Finance, said, "The industry continues to look stable and positioned on solid footing for future growth. The replacement economy is well under way. However, expansion of the markets is still questionable. The next several months will tell the story for 2013 and answer the question of whether 2013 will see moderate or significant growth. In either case, the equipment finance industry will be on the leading edge of the overall economy."

February 2013 Survey Results:

The overall MCI-EFI is 58.7, up from the January index of 54.2.

When asked to assess their business conditions over the next four months, 20 percent of executives responding said they believe business conditions will improve over the next four months, up from 6.1 percent in January. 77.1 percent of respondents believe business conditions will remain the same over the next four months, down from 87.9 percent in January. 2.9 percent believe business conditions will worsen, down from 6.1 percent the previous month.

20 percent of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 12.1 percent in January. 77.1 percent believe demand will "remain the same" during the same four-month time period, up from 75.8 percent the previous month. 2.9 percent believe demand will decline, down from 12.1 percent in January.

22.9 percent of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 18.2 percent in January. 77.1 percent of survey respondents indicate they expect the "same" access to capital to fund business, a decrease from 85.3 percent the previous month. No one expects "less" access to capital, unchanged from January.

Equipment Lease Finance Industry Confidence Up Again

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

When asked, 22.9 percent of the executives reported they expect to hire more employees over the next four months, down from 24.2 percent in January. 65.7 percent expect no change in headcount over the next four months, down from 69.7 percent last month. 11.4 percent expect fewer employees, up from 6.1 percent of respondents who expected fewer employees in January.

85.7 percent of the leadership evaluates the current U.S. economy as “fair,” down from 87.9 percent last month. 11.4 percent rate it as “poor,” down from 12.1 percent in January. One survey respondent rated the current economy as “excellent.”

22.9 percent of survey respondents believe that U.S. economic conditions will get “better” over the next six months, up from 6.1 percent in January. 74.3 percent of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 84.8 percent in January. 2.9 percent believe economic conditions in the U.S. will worsen over the next six months, a decrease from 9.1 percent who believed so last month.

In February, 37.1 percent of respondents indicate they believe their company will increase spending on business development activities during the next six months, up from 30.3 percent in January. 60 percent believe there will be “no change” in business development spending, down from 69.7 percent last month. 2.9 percent believe there will be a decrease in spending, up from no one who believed so last month.

February 2013 MCI Survey Comments from Industry Executive Leadership:

Depending on the market segment they represent, executives have differing points of view on the current and future outlook for the industry.

Independent, Small Ticket

“Demand for equipment in the small-ticket space has been very strong considering that overall economic growth is low. It's hard to see how this is sustainable. Until we see strong and consistent job growth we are expecting slower growth this year. Our outlook for credit quality continues to remain positive.” David Schaefer, President, Orion First Financial, LLC

Independent, Middle Ticket

“It appears sources are more plentiful, but the bar keeps getting raised for credit size and worthiness coupled with higher rates. There seems to be a dichotomy of credit quality to rates.” George Booth, Managing Director, Black Rock Capital, LLC

Bank, Middle Ticket

“Continuation of low interest rates, extension of bonus depreciation/Section 179, pent-up demand for replacement assets, upswing in housing and construction starts, and bullish financial markets should bode well for the equipment finance

Equipment Lease Finance Industry Confidence Up Again

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

industry with similar to slightly higher growth in volume over 2012. General sentiment amongst customers and industry players is cautiously optimistic.”

Russell Nelson, President, Farm Credit Leasing Services Corporation

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, <http://www.leasefoundation.org/IndRsrcs/MCI/> [1], included in the [Foundation Forecast newsletter](#) [2] and included in press releases. Survey respondent demographics and additional information about the MCI are also available at the link above.

About the Foundation

The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization that provides vision for the equipment leasing and finance industry through future-

Equipment Lease Finance Industry Confidence Up Again

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

focused information and research. Primarily funded through donations, the Foundation is the only organization dedicated to future-oriented, in-depth, independent research for the leasing industry. Visit the Foundation online at www.LeaseFoundation.org [3] and follow us on Twitter @LeaseFoundation.

Source URL (retrieved on 09/15/2014 - 10:19pm):

<http://www.impomag.com/news/2013/02/equipment-lease-finance-industry-confidence-again>

Links:

[1] <http://www.leasefoundation.org/IndRsrcs/MCI/>

[2] <http://www.leasefoundation.org/IndRsrcs/Forecast/>

[3] <http://www.leasefoundation.org/>