

2014 Equipment, Software Investment Growth Forecast at 4.2%

Washington, DC — Investment in equipment and software is expected to grow 4.2 percent in 2014, according to the Q2 update to the [2014 Equipment Leasing & Finance U.S. Economic Outlook](#) [1] released today by the [Equipment Leasing & Finance Foundation](#) [2]. The Foundation increased its 2014 equipment and software investment forecast to 4.2 percent, up from 3.1 percent growth forecast in its 2014 Annual Outlook released in December 2013. The Q2 report expects equipment and software investment to steadily grow over the next six months as economic conditions solidify and business confidence continues to recover. The Foundation report, which is focused on the \$827 billion equipment leasing and finance industry, forecasts 2014 equipment investment and capital spending in the United States and evaluates the effects of various related and external factors in play currently and into the foreseeable future.

William G. Sutton, CAE, President of the Foundation and President and CEO of the Equipment Leasing and Finance Association, said, “The Foundation’s Outlook report reflects a strengthening economy and positive trends in equipment investment. These findings align with data from the Equipment Leasing and Finance Association’s recent [Monthly Leasing and Finance Index](#) [3] and the Foundation’s [Monthly Confidence Index](#) [4]. We know the cold winter has had some negative impact on the economy; however, with reduced policy uncertainty, stronger economic fundamentals and replacement demand, we remain optimistic about growth.”

Highlights from the study include:

- The U.S. economy is expected to grow 2.8% in 2014, the fastest pace since the 2008-09 recession.
- The severe weather this winter may have trimmed GDP growth by a full percentage point, but it is expected that some of the loss will be made up in subsequent quarters.
- Equipment and software investment grew at an annualized rate of 8.9% in Q4 2013, following modest growth of 2.2% in Q3.
- Credit supply continues to improve, and credit demand has rebounded for all business sizes.
- Equipment and software investment is expected to steadily grow across most verticals, according to the Foundation-Keybridge U.S. Equipment & Software Investment Momentum Monitor, a newly expanded addition to the

Outlook report. According to the Momentum Monitor, which track 12 equipment and software investment verticals:

- o Agriculture machinery investment will likely see slow growth in the first half of 2014 as both farm yields and commodity prices ease.
- o Construction machinery investment will see stronger growth later in the year, but the year-over-year growth figures will appear weak due to a high base year effect.
- o Materials handling equipment investment will experience slightly stronger growth over the next 3 to 6 months.
- o All other industrial equipment investment will likely see moderate growth over the next 3 to 6 months as the manufacturing sector's competitiveness improves.
- o Medical equipment investment will grow, but at a more moderate pace than in the second half of 2013.
- o Mining & oilfield machinery is currently decelerating, but looks to rebound later in the year.
- o Aircraft investment will likely slow after a strong Q4, and growth will be about average for the year.
- o Ships & boats investment will likely continue at a below-average pace over the next year.
- o Railroad equipment investment will improve from its recent contraction toward modest growth.
- o Investment in trucks will exhibit high-single digit growth over the next 3 to 6 months as economic activity improves and diesel prices remain competitive.
- o Computers investment will be muted in the next 3 to 6 months after strong replacement demand over the past few quarters.
- o Software investment will be moderate in the next 3 to 6 months as companies focus on upgrading to new technology.

About the Outlook

The Foundation produces the Equipment Leasing & Finance U.S. Economic Outlook report in partnership with economics and public policy consulting firm Keybridge Research. The annual economic forecast provides a three-to-six-month outlook for industry investment with data, including a summary of investment trends in key

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equipment markets, credit market conditions, the U.S. macroeconomic outlook and key economic indicators. The Q2 report is the first update to the 2014 Annual Outlook, and will be followed by two more quarterly updates before the publishing of the 2015 Annual Outlook in December. Download the full report at www.leasefoundation.org/IndRsrcs/EO/ [5].

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-focused information and research. Funded through charitable individual and corporate donations, the Foundation is the only organization dedicated to future-oriented, in-depth, independent research for the leasing industry. In 2014, the Foundation celebrates its 25th anniversary. Visit the Foundation online at www.LeaseFoundation.org [6]. Follow the Foundation on Twitter @LeaseFoundation.

About Keybridge

Keybridge is a public policy economics consulting firm. Keybridge provides analytical support and strategic advice to a select clientele that includes Fortune 500 companies, global financial firms, G-7 governments, premier industry associations, and non-profit organizations. Keybridge's experience and expertise make it uniquely suited to assist organizations that frequently operate at the interface of business, economics, and public policy.

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