Issue 51

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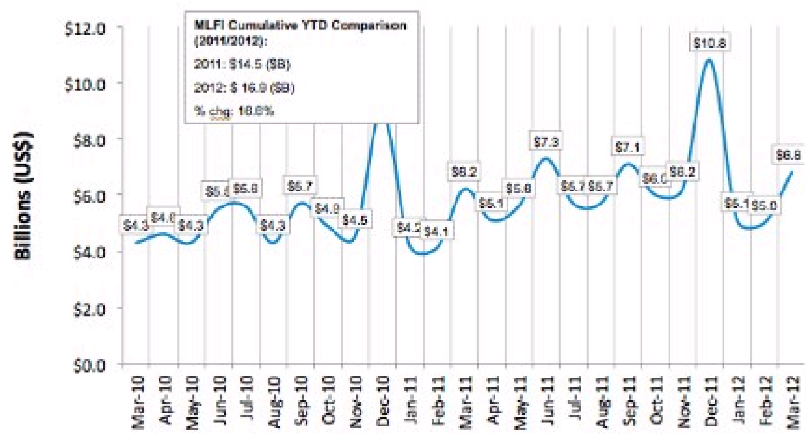
LEASING & FINANCE UPDATE

MAY 2012

MARCH EQUIPMENT LEASING UP 10% OVER YEAR



MLFI-25 New Business Volume - March 2012

Overall new business volume in March for the $628 billion equipment finance sector was $6.8 billion, up 10% from volume of $6.2 billion in the same period in 2011, according to the Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index. Volume was up 36% from the previous month while year-to-date cumulative new business volume is up 17%.

Receivables over 30 days increased to 2.8% in March, up from 2.5% in February, and down by 20% compared to the same period in 2011. Charge-offs increased to 0.7%, up from 0.5% the previous month, and down by 46% compared to the same period last year.

Credit approvals dipped slightly to 78% in March from 79% in February. More than 66% of participating organizations reported submitting more transactions for approval during March, up from 62% in February. Total headcount for equipment finance companies in March decreased 0.7% from the previous month, and was down 3.4% year over year. Supplemental data show that the construction and trucking industries continued to lead the underperforming sectors.

“Growth in new business volume appears to be easing somewhat as we head into the summer months,” said ELFA President and CEO William G. Sutton, CAE. “Increases in originations of the magnitude we have experienced during the past two to three years in a recovery mode are probably not sustainable. Nevertheless, a 10% rate of growth for the period continues a positive trend by businesses to make capex investments in productive assets. Credit quality metrics appear to be stabilizing, returning to pre-recession levels.”

Source: ELFA

ELFA MLFI-25 Aging Receivables - March 2012

APRIL BANKRUPTCY FILINGS FALL 16%

Total bankruptcy filings in the United States in April 2012 decreased 16% compared to the previous year, according to the American Bankruptcy Institute. The group said that April bankruptcy filings totaled 108,865, down from the 129,815 filings in April 2011. Consumer bankruptcy filings fell 16% to 103,733, while commercial filings plunged 25% to 5,132.

"Families and business continue to cut costs to improve their financial stability," said ABI Executive Director Samuel J. Gerdano. "As consumers and business remain committed to bolstering their balance sheets, bankruptcy filing rates will continue to decrease."

Total bankruptcy filings in April 2012 decreased 11% from the March 2012 total of 122,155. The average nationwide per capita bankruptcy-filing rate for the first four calendar months of 2012 (Jan. 1-April 30) increased to 4.10 (total filings per 1,000 per population) from the 4.06 rate for the first three months of the year, and the average total filings per day in April 2012 registered 3,629, a 16 percent decrease from the 4,327 total filings in April 2011.

States with the highest per capita filing rate through the first four months of 2012 were:

1. Nevada (7.04)
2. Tennessee (7.04)
3. Georgia (6.62)
4. Utah (6.02)
5. Alabama (5.84)

Source: Inside ARM

AUTO LOAN LOSSES HIT RECORD LOW

Annualized net losses from securities backed by prime auto loans fell 11% to a record low in March, driven by strong used vehicle sales and an improving economy, according to Fitch Ratings. The ratings company said its prime annualized net losses index dropped to 0.34% in March, reaching a new low for the second straight month.

Prime auto loans more than 60 days delinquent dropped to 0.35%, the lowest level in more than a decade. Delinquencies were down 31.4% from a year earlier, and down 24% from February. Subprime performance also improved. Subprime auto loans more than 60 days delinquent sank to 2.56% in March, the lowest level in just under a year. Annualized net losses from subprime auto loans fell to 4.71% in March, an improvement of 29% from February, and 7.8% from the year earlier.

Fitch expects used vehicle values to continue to decrease losses from auto loans through the first half of 2012. Higher fuel prices are driving customers to replace their gas-guzzling SUVs and trucks with more fuel-efficient models, Fitch said.

Source: Wall Street Journal

SURVEY SHOWS CAUTION FROM TOP EXECUTIVES

As the economy plods through its slow recovery, many middle-market companies are taking a more cautious approach than they were a year ago, according to a survey released by Deloitte LLP. Fewer businesses plan to hire or invest in technology, respectively, than last year, as companies continue to focus on the health of their balance sheets and improving their cash positions while investing, according to the survey, "Mid-Market Perspectives: 2012 Report on America's Economic Engine."

Executives at 528 U.S. companies with annual revenues between $50 million and $1 billion were surveyed in March. Nationally, 42% of executives said they plan to expand their domestic work force, down from 48% in 2011, according to the report. As part of efforts to increase productivity, 46% of companies nationally said business process automation is still their top investment pick, but that number was down from 52% last year. At middle-market companies surveyed, 35% of respondents said they are predicting higher cash balances, with 90% saying they expect capital investment to remain stable or grow.

Source: NJ Biz

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