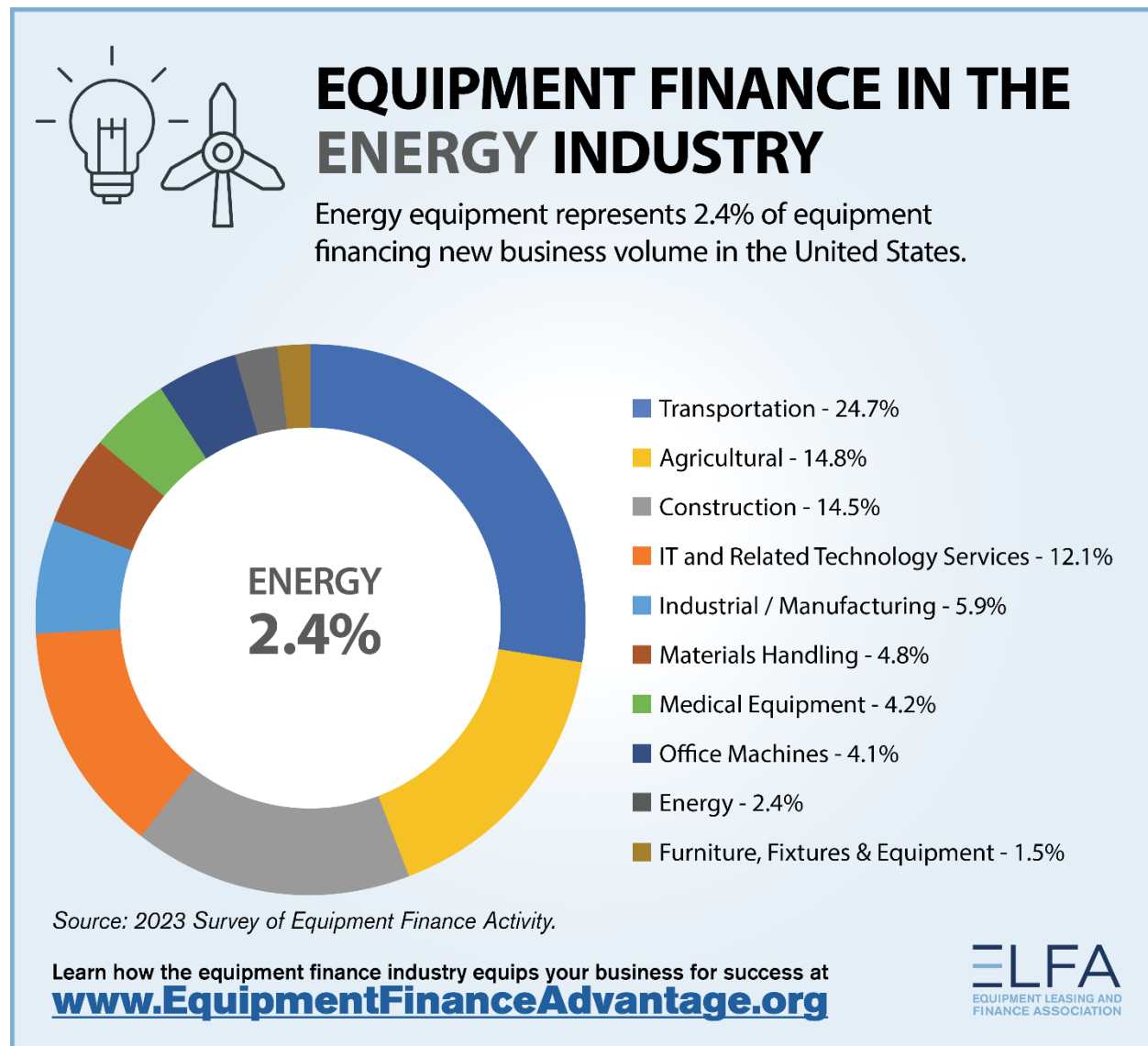


## Fact Sheet: Equipment Finance in the Oil & Gas Industry



### Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2023 Survey of Equipment Finance Activity](#), in 2022:

- The mining/oil and gas extraction industries represented 1.1% of new business volume reported by ELFA member companies, unchanged from 2021.
- Mining/oil & gas extraction (including natural gas/fracking) equipment represented 0.2% of new business volume reported by ELFA member companies, down from 0.4% in 2021.

According to the Equipment Leasing & Finance Foundation's [2022 Equipment Leasing & Finance Industry Horizon Report](#):

- Nearly 8 in 10 businesses (79%) that acquired equipment and software used at least one form of financing to do so (i.e., lease, secured loan or line of credit).
- Total public and private sector equipment and software investment expanded to \$2.0 trillion in nominal terms. Approximately 57% of this investment was financed, yielding an industry size estimate of about \$1.16 trillion.
- Of private sector equipment and software investment, 61.8% was financed.
- Leasing was the most common financing method (used by 26%), followed by secured loans (19%) and lines of credit (17%).

According to "[What's Hot, What's Not: Equipment Market Forecast 2023](#)," based on a survey of ELFA members to measure industry perceptions of equipment types:

- Oil/gas/energy equipment ranked in 11<sup>th</sup> place in portfolio preference among equipment finance executives surveyed, up from 13<sup>th</sup> place the previous year.
- The ranking seems to reflect the current state of the oil and gas market in the U.S., with oil prices increasing from very low levels in 2020, a cause for optimism.
- Natural gas electric utility generation was 36% of total energy in 2021, and is forecast to decrease to 34% in 2022.

## **Investment**

According to the [Foundation-Keybridge Equipment & Software Investment Momentum Monitor](#):

- Investment in mining and oilfield machinery increased at an annualized rate of 5.1% in Q2 2023.
- In October 2023, investment in mining and oilfield machinery was up 10% year over year.
- Mining and oilfield machinery investment growth should remain steady through the end of Q1 2024.

## **Equipment Market**

According to the U.S. Bureau of Economic Analysis:

- In 2022, mining and oilfield machinery investment was \$28.7 billion.

According to [Dun & Bradstreet First Research](#):

- The U.S. oil and gas field equipment manufacturing industry includes about 630 companies with combined annual revenue of about \$13 billion.
- About 20% of U.S. production of oil and gas field equipment is exported.
- The global oil and gas field equipment and services market is forecast to grow at a 6.5% compound annual growth rate through 2026, reaching a value of about \$380 billion.
- Leading demand drivers include deepwater drilling, production from shale gas reserves in the U.S. and China, and increased drilling and exploration activities in the Middle East and Africa.

## **Industry Outlook**

According to U.S. Energy Information Administration's [Short-Term Energy Outlook](#) from August 2023:

- U.S. crude oil production is forecast to average 12.8 million barrels per day (b/d) in 2023, and average 13.1 million b/d in 2024, both annual records.
- U.S. production of natural gas is forecast to average about 104 billion cubic feet per day (Bcf/d) through the end of 2024, compared with 103 Bcf/d in Q2 2023.

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## **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/packagers 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](http://www.elfaonline.org).

ELFA's **Knowledge Hub** is *the* source for business intelligence on the equipment finance industry. This one-stop, online library provides easy access to ELFA's wide range of industry data and information. Visit <https://www.elfaonline.org/KnowledgeHub> for additional information.

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ELFA believes that information and education about available options regarding investment in equipment are important to all businesses. ELFA offers resources, including a loan/lease comparison, a glossary of terms, an analysis to help determine suitable financing options, videos and topical bylined articles available for reprint free of charge, at [www.EquipmentFinanceAdvantage.org](http://www.EquipmentFinanceAdvantage.org)

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