



EQUIPMENT LEASING & FINANCE

FOUNDATION

Your Eye on the Future

KEYBRIDGE
Public Policy Economics

U.S. Equipment & Software

Investment Momentum Monitor

July 2025



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Your Eye on the Future

Established in 1989, the Equipment Leasing & Finance Foundation is a 501c3 non-profit organization dedicated to inspiring thoughtful innovation and contributing to the betterment of the equipment leasing and finance industry. The Foundation accomplishes its mission through development of future-focused studies and reports identifying critical issues that could impact the industry.

Foundation research is independent, predictive, and peer-reviewed by industry experts. It is funded solely through contributions. Contributions to the Foundation are tax-deductible. Support the Foundation by making a 100% tax-deductible gift today at www.LeaseFoundation.org

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U.S. Equipment & Software Investment Momentum Monitor

About the Forecasts

Business leaders require actionable forward-looking intelligence to make strategic decisions. Accordingly, the Equipment Leasing & Finance Foundation commissioned Keybridge LLC to develop a series of custom leading indicators for the equipment sector. Published monthly, the “U.S. Equipment & Software Investment Momentum Monitor” consists of indices for the seven equipment and software investment verticals listed below. These indices are designed to identify turning points in their respective investment cycles with an approximate 5–8-month lead time.

The Momentum Monitor is based on Keybridge’s extensive research which shows that not all movements in economic data are reliable signals of future economic trends. Keybridge has operationalized its research by constructing indices, each comprised of 15–20 high-frequency indicators. These indicators undergo rigorous testing to determine the optimal thresholds at which their short-term fluctuations are economically meaningful. In simpler terms, the Momentum Monitor sifts out the “noise” in the data and identifies the dominant trends. As a result, each Momentum Monitor index is statistically optimized to signal turning points in the investment cycle without giving false readings of shifts in momentum.

The Momentum Monitor covers seven equipment and software verticals as defined by the U.S. Department of Commerce. Collectively, these verticals represent more than 90% of total equipment and software investment as of 2024.

U.S. Equipment & Software Investment Momentum Monitor – 7 Verticals

- 1) Agriculture Machinery
- 2) Construction Machinery
- 3) Energy & Electrical Equipment
- 4) Industrial Equipment
- 5) Medical Equipment
- 6) Technology Equipment & Software
- 7) Transportation Equipment

U.S. Equipment & Software Investment Momentum Monitor

July 2025

Momentum Monitor Sector Matrix



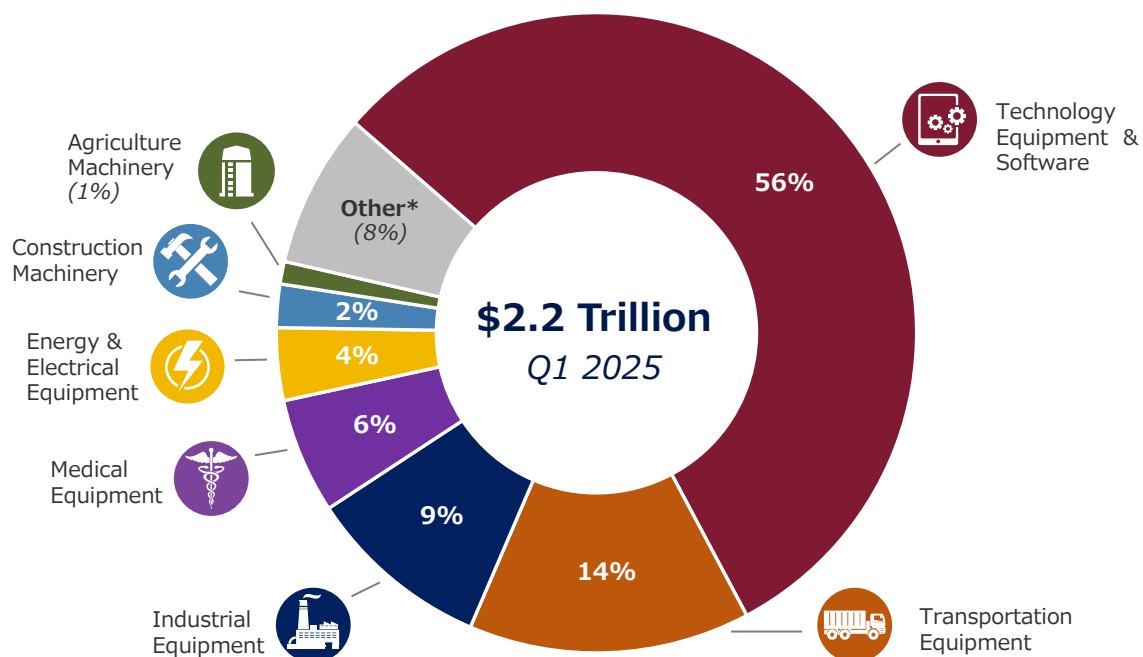
The matrix above summarizes the current values of each of the seven Equipment & Software Investment Momentum Indices based on two factors:

- **"Recent Momentum"** (vertical axis) represents an indicator's movement in the past month relative to its average movement over the previous three months. Ratings closer to "0" represent an indicator that is decelerating, while ratings closer to "10" represent an indicator that is accelerating.
- **"Historical Strength"** (horizontal axis) represents an indicator's strength over the last three months relative to its typical level over the last two decades. Ratings closer to "0" represent an indicator that is historically weak, while ratings closer to "10" represent an indicator that is historically strong.

The matrix is comprised of four quadrants, which correspond to a vertical's recent momentum and historical strength readings. If a vertical is located in the top-left quadrant, its current reading is higher than average, but positive movement has slowed (and perhaps reversed) in recent months — suggesting that Y/Y investment growth may fall over the next two quarters. Conversely, if a vertical is located in the bottom-right quadrant, its current reading is lower than average, but recent movement shows promise — suggesting that Y/Y investment growth may rise over the next two quarters.

U.S. Equipment & Software Investment Momentum Monitor

Definitions and Distribution of Investment by Vertical



*Other includes furniture and fixtures, office equipment, service industry machinery, nonmedical instruments, and other miscellaneous items.

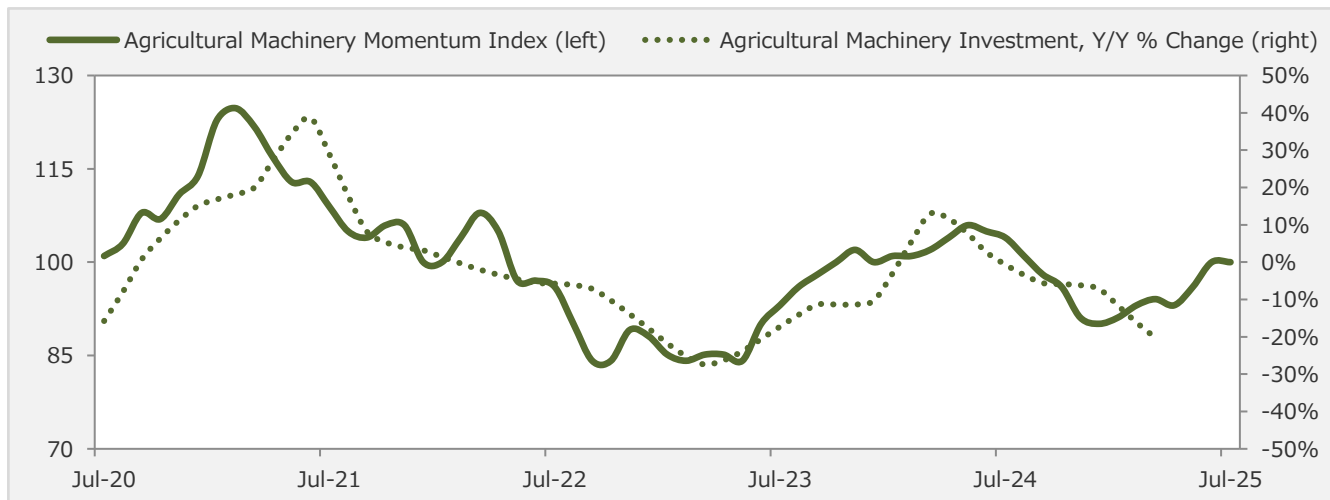
Agriculture Machinery	Agricultural machinery includes farm machinery and equipment, farm-type (power take-off hp) wheel tractors, and other agricultural equipment.
Construction Equipment	Construction machinery includes mixers, pavers, and related equipment, tractor shovel loaders, graders, rollers, compactors, and forklifts.
Energy & Electrical Equipment	Energy and electrical equipment includes (1) mining and oilfield machinery and (2) electrical transmission, distribution, and industrial apparatus such as generators, electric power transformers, switchgear and board apparatus, and semiconductor power conversion apparatus.
Industrial Equipment	Industrial equipment includes fabricated metal products, engines and turbines (including steam engines and internal combustion engines), metalworking machinery, special industry machinery, general industrial equipment, and materials handling equipment.
Medical Equipment	Medical equipment includes medical imaging equipment, electronic medical equipment, surgical and medical instruments, dental equipment and supplies, irradiation apparatus, and electromedical apparatus.
Technological Equipment & Software	Technology equipment includes (1) communications equipment such as data networking equipment, telephone apparatus, and navigation & guidance systems; (2) computers, including host and multiuser mainframe computers and servers, portable computers, personal computers and workstations, storage devices, terminals, and peripheral equipment, displays, and printers; and (3) software, including prepackaged and customized software.
Transportation Equipment	Transportation equipment includes light trucks (including utility vehicles), other trucks, buses, and truck trailers, autos, aircraft, ships and boats, and railroad equipment.

Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts. Data are seasonally adjusted and annualized.

U.S. Equipment & Software Investment Momentum Monitor

Agricultural Machinery

Investment in Agricultural Machinery fell 25% (annualized) in Q1 2025 and is 20% below its year-ago level. The Agricultural Machinery Momentum Index held steady at 100.0 from June to July. An 8.4% Y/Y increase in the Agricultural Price Index for the Livestock Sector in May and a 149% M/M rise in Hog Exports in April were counterbalanced by a 22% Y/Y decline in Farm Machinery Shipments in May. While recent Index movement is encouraging, the combination of negative investment growth in Q1 and a below-average reading suggests that annual growth in agricultural machinery investment is likely to remain negative over the next six months.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	-20.2%
Investment Growth (Q/Q, SAAR)	-24.6%
Vertical Investment (SAAR)	\$25.1 Billion
Share of Total E&S Investment	1.1%

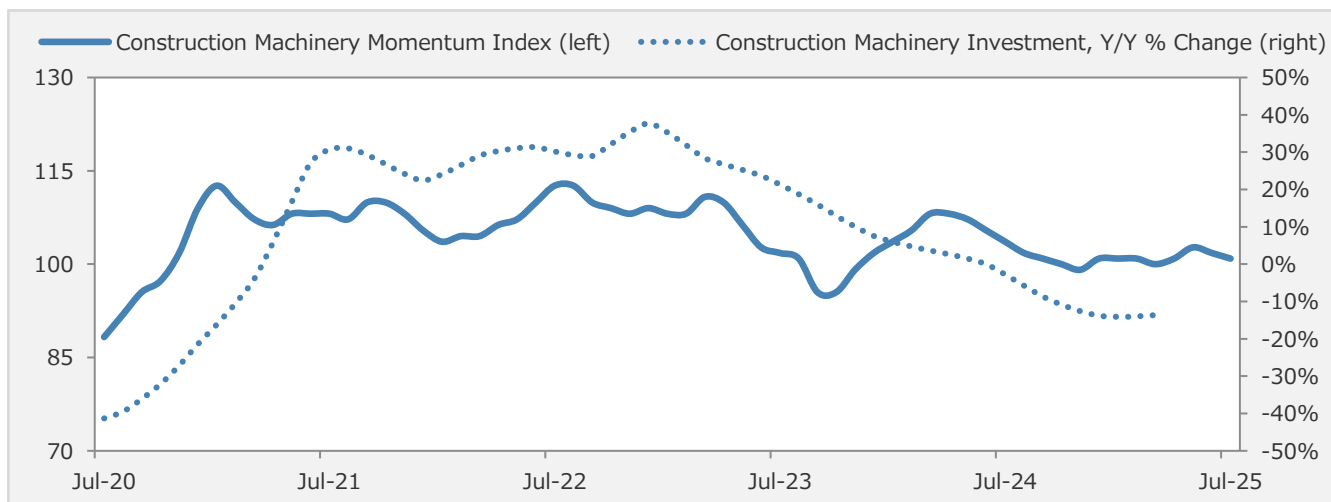
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Construction Machinery

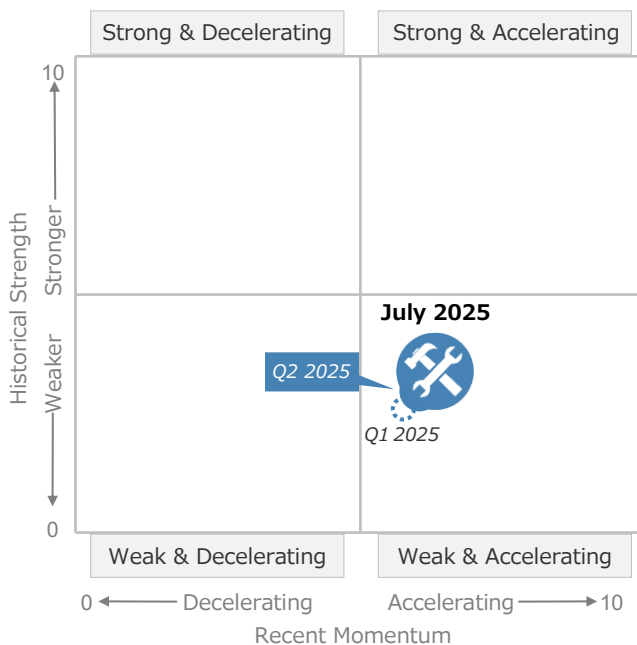
Investment in Construction Machinery decreased 0.7% (annualized) in Q1 2025 and is down 14% below its year-ago level. The Construction Machinery Momentum Index fell from 101.8 in June (revised) to 100.9 in July. The decrease was driven by a 1.3% M/M decline in the Value of Construction Machinery Shipments in May. Overall, annual growth in construction machinery investment likely bottomed out in Q1, but recent sluggishness in the index suggests that investment growth is likely to remain in negative territory over the next two quarters.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	-13.6%
Investment Growth (Q/Q, SAAR)	-0.7%
Vertical Investment (SAAR)	\$48.4 Billion
Share of Total Investment	2.2%

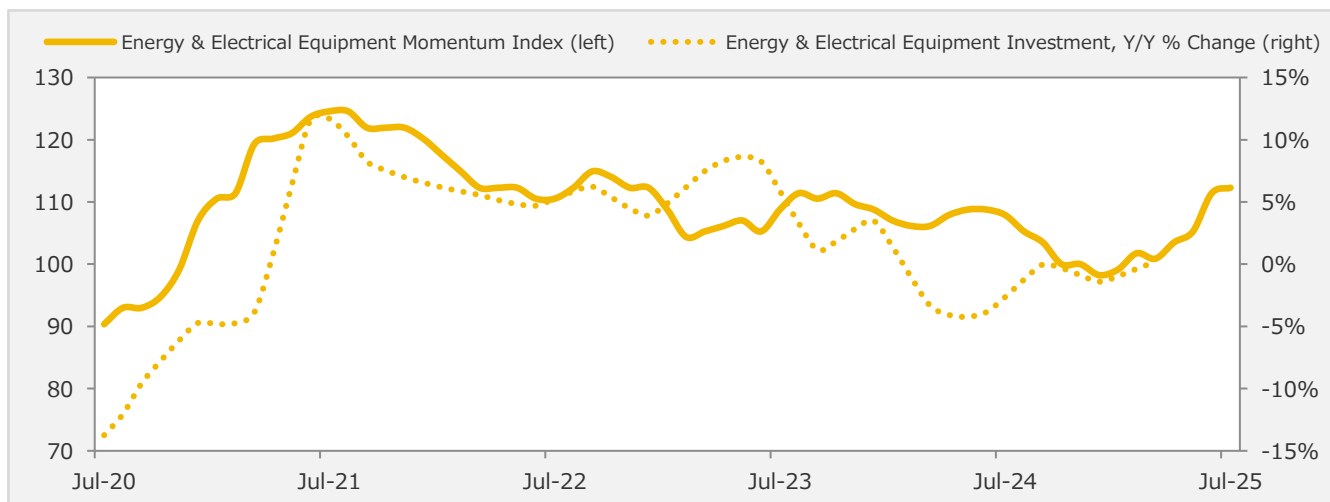
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Energy & Electrical Equipment

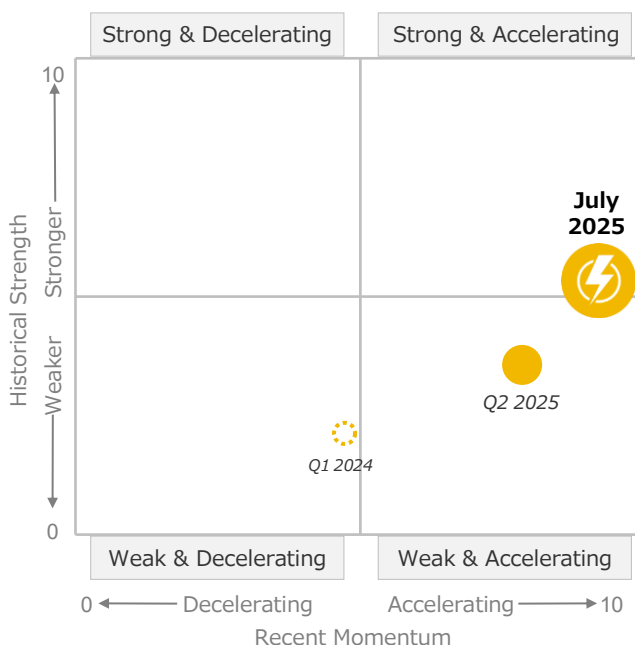
Investment in Energy & Electrical Equipment contracted 0.6% (annualized) in Q1 2025 and is 0.2% above its year-ago level. The Energy & Electrical Momentum Index ticked up from 111.4 in June (revised) to 112.3 in July, its fourth consecutive monthly increase. Production Capacity of Power and Gas Utilities rose 0.2% Y/Y in May and the Economic Policy Uncertainty Index fell 30% M/M in June, more than offsetting a 1.9% M/M decline in Average Weekly Hours for Machinery Manufacturing Employees. Overall, the Index continues to signal stronger Y/Y growth in energy and electrical equipment investment over the next six months.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+0.2%
Investment Growth (Q/Q, SAAR)	-0.6%
Vertical Investment (SAAR)	\$81.0 Billion
Share of Total Investment	3.7%

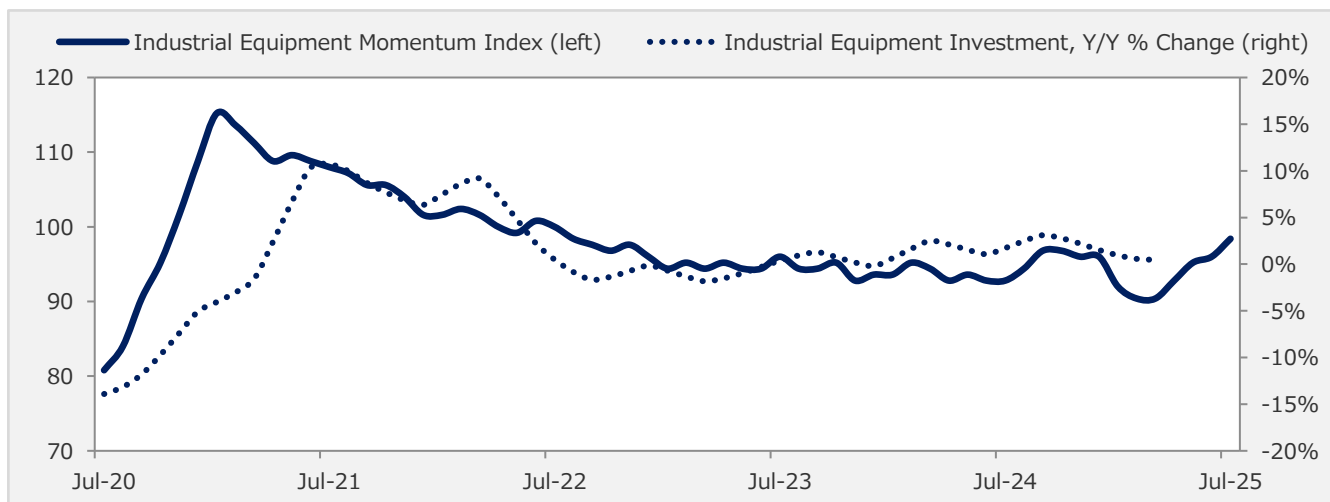
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Industrial Equipment

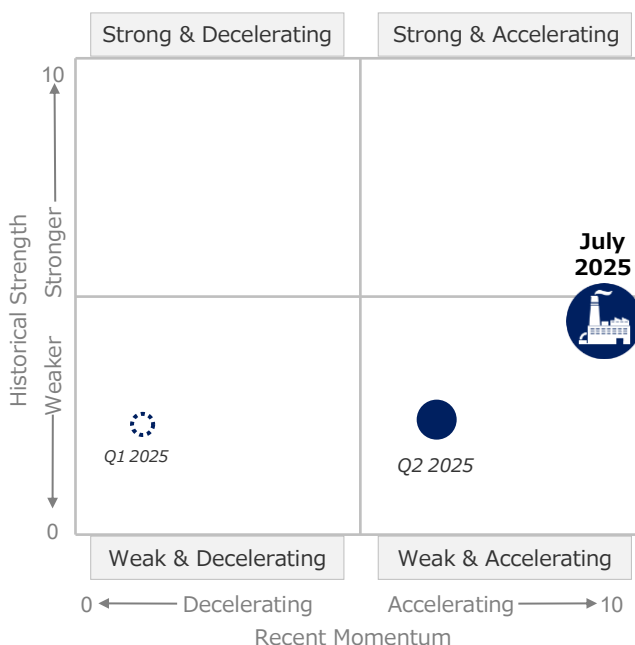
Investment in Industrial Equipment rose 5.2% (annualized) in Q1 2025 and is up 0.5% from its year-ago level. The Industrial Equipment Momentum Index increased from 96.0 in June to 98.4 in July. Improvement was driven by a 21% Y/Y surge in the S&P Industrials Index and a 0.5-point M/M improvement in the ISM Manufacturing Purchasing Managers' Index in June, which together more than offset a 0.1% M/M decline in Manufacturing Employment. Looking ahead, the Index suggests that annual growth in industrial equipment investment should strengthen over the next six months.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+0.5%
Investment Growth (Q/Q, SAAR)	+5.2%
Vertical Investment (SAAR)	\$206.0 Billion
Share of Total Investment	9.3%

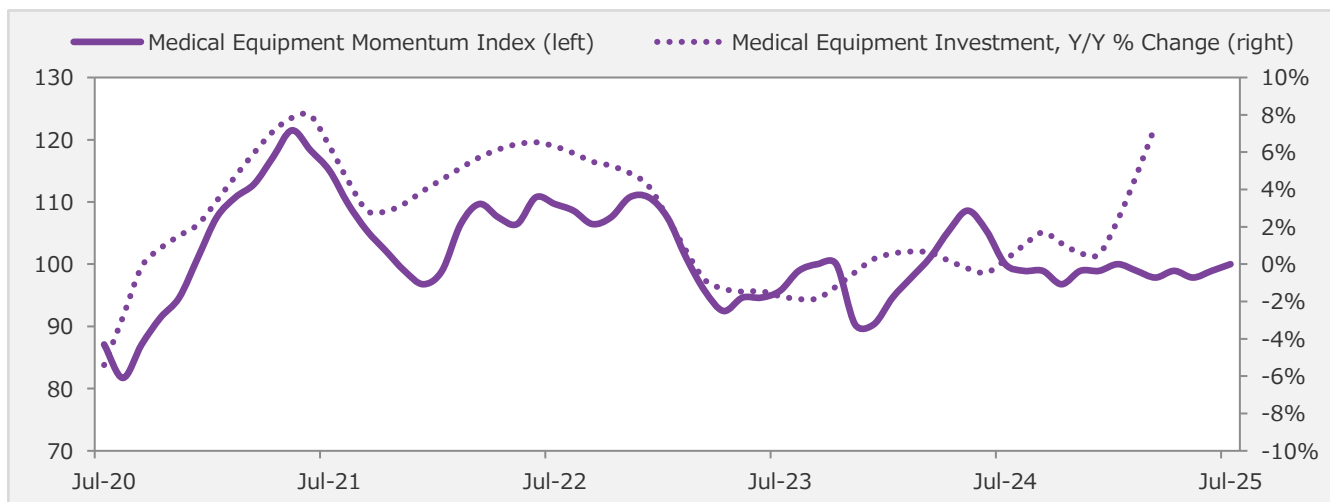
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Medical Equipment

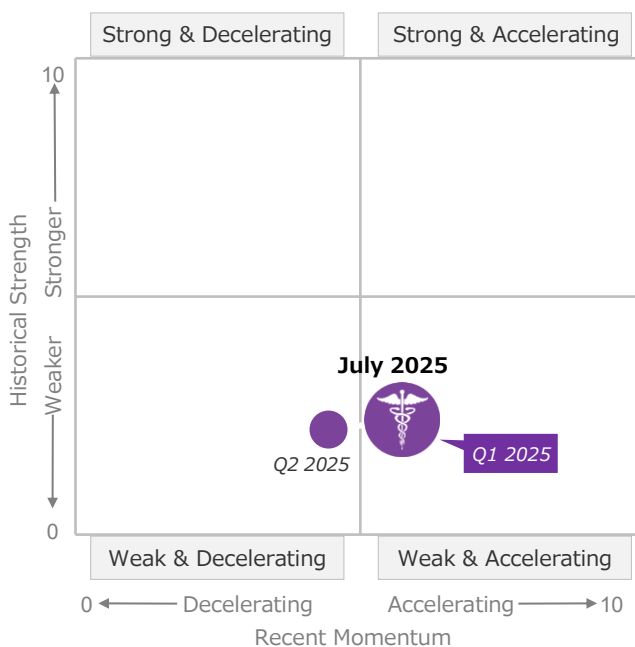
Investment in Medical Equipment climbed 22% (annualized) in Q1 2025 and is now above 7.4% its year-ago level. The Medical Equipment Momentum Index ticked up from 98.9 in June to 100.0 in July. Recent signals were mixed: in May, Shipments of Electromedical Instruments rose 1.4% and Industrial Production of Medical Equipment edged up 0.9%, offsetting a 0.2% M/M decline in the CPI for Dental Services. The Index has been essentially flat for two quarters and remains weak by historical standards, suggesting that annual growth in medical equipment will moderate over the next two quarters.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+7.4%
Investment Growth (Q/Q, SAAR)	+21.8%
Vertical Investment (SAAR)	\$128.8 Billion
Share of Total Investment	5.8%

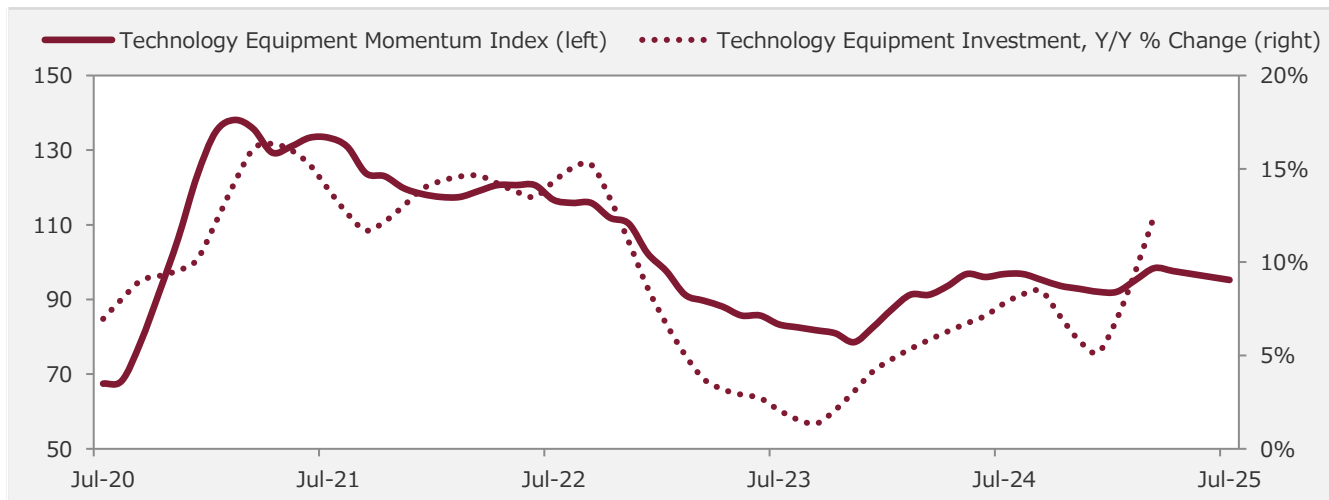
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Technology Equipment & Software

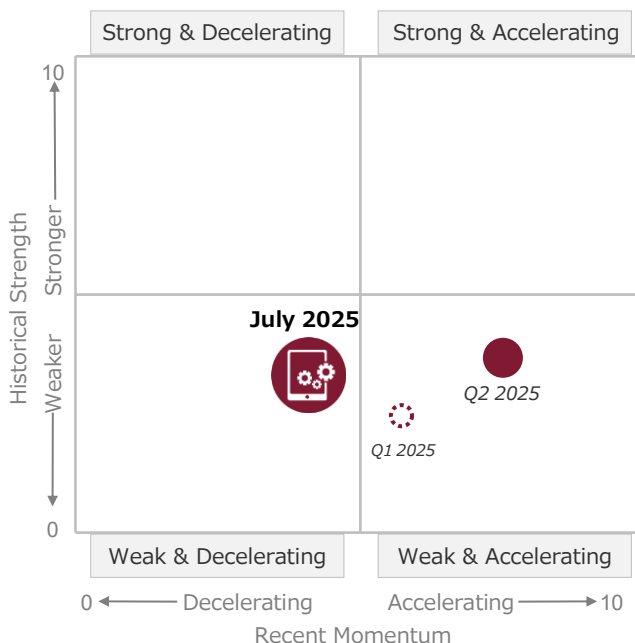
Investment in Technology Equipment & Software soared 43% (annualized) in Q1 2025 and is up 13% on a year-over-year basis. The Technology Equipment & Software Momentum Index edged down from 96.0 in June to 95.2 in July. The downtick was driven by a decline in Computer & Electronics Manufacturing Employment (-4,900 jobs M/M in June) and New Orders of Electromedical Instruments in (-0.6% M/M in May), offsetting an increase in Prices for Computer & Software Accessories (+6.1% Y/Y in May). The Index suggests that annual growth in technology equipment and software investment may soften but should remain positive over the next six months.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+12.5%
Investment Growth (Q/Q, SAAR)	+43.4%
Vertical Investment (SAAR)	\$1.2 Trillion
Share of Total Investment	55.8%

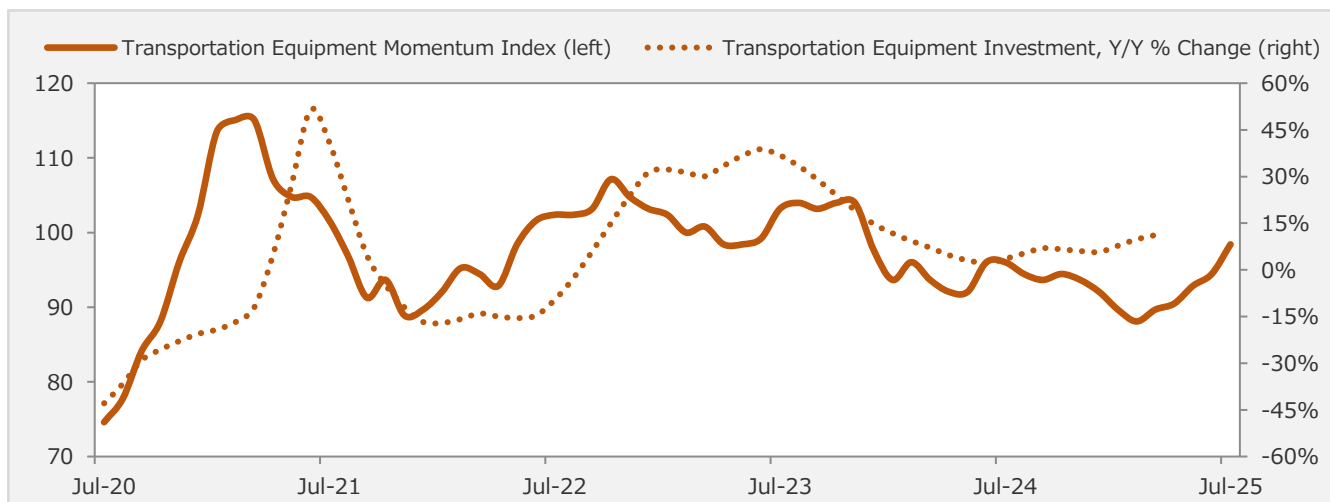
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Transportation Equipment

Investment in Transportation Equipment rose 6.8% (annualized) in Q1 2025 and is up 11% from its year-ago level. The Transportation Equipment Momentum Index improved from 94.4 in June to 98.4 in July. The Index's growth was driven by a 2.3-point M/M increase in Capacity Utilization for Transportation Equipment Manufacturing in May and a 22% M/M surge in Motor & Aviation Gasoline Consumption in April; these offset a 0.3% M/M decline in Manufacturing of Motor Vehicle Parts in May. The Index's steady upward trend suggests that annual growth in transportation equipment investment is likely to improve over the next two quarters.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+11.2%
Investment Growth (Q/Q, SAAR)	+6.8%
Vertical Investment (SAAR)	\$314.3 Billion
Share of Total Investment	14.2%

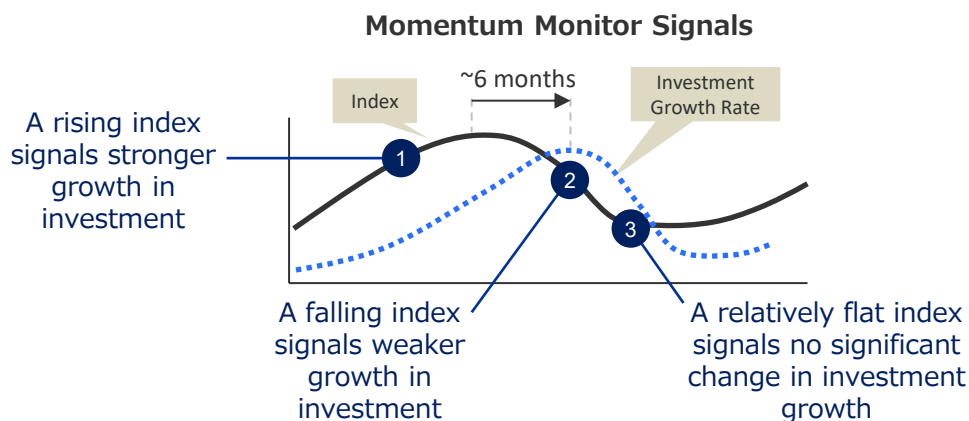
Current and Previous Readings



How to Read the Monitor

Each Momentum Monitor index provides a signal of the direction and magnitude of growth in equipment investment over the next six months. It is important to note that index values do not correspond to particular growth rates. Instead, the Momentum Monitor indices should be interpreted within the context of prior index readings and investment growth rates. For example, there are several simple rules to follow when examining the latest index values:

- 1) A rising index signals that growth in investment will accelerate from the current rate;
- 2) A falling index signals that growth in investment will decelerate from the current rate; and
- 3) No change in the index signals no meaningful change from the current growth rate.



To help the reader interpret the latest Momentum Monitor signals, a summary report for each equipment vertical follows a specific outline:

Industrial Equipment

- 1 Investment in Industrial Equipment inched up at a 0.3% annualized rate in Q4 2014 and is up 7.3% year-over-year.
- 2 The Industrial Equipment Momentum Index slipped from 93.5 in May to 92.5 in May.
- 3 A 23% decline in the MNI-Chicago Business Barometer and a spike in Economic Policy Uncertainty offset gains in Machinery Sales, Manufacturing Sales, and the ISM Manufacturing Suppliers Deliveries Index.
- 4 The Index's recent trend continues to indicate that growth may moderate over the next six months.

- 1) The first sentence reports the latest annual growth rate for investment in a given vertical. This provides a context for interpreting the order of magnitude of growth over the next six months.
- 2) The second sentence explains the latest movement in the index, indicating whether momentum is accelerating or decelerating.
- 3) The report then describes the recent movements of key indicators that helped drive the index's latest reading.
- 4) Finally, the report forecasts where annual investment growth is likely headed over the next six months based the index's recent movement and historical strength.

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