



U.S. Equipment & Software

# Investment Momentum Monitor

February 2026



EQUIPMENT LEASING &  
FINANCE ASSOCIATION

A stylized, abstract background graphic featuring a globe and various data visualizations like bar charts and line graphs in shades of blue, green, and red.

The Equipment Leasing & Finance Association (ELFA) is the leading trade association for the \$1.3 trillion U.S. equipment finance industry. We are the voice of an industry that provides the vital capital needed for businesses to acquire equipment and drive economic growth. Our diverse membership includes financial services companies, manufacturers, and service providers dedicated to financing capital goods. Through our work, we advance and promote the equipment leasing and finance industry to empower businesses and solve the most pressing challenges facing our sector.

**Equipment Leasing & Finance Association**

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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 Association 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 2025.

#### **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

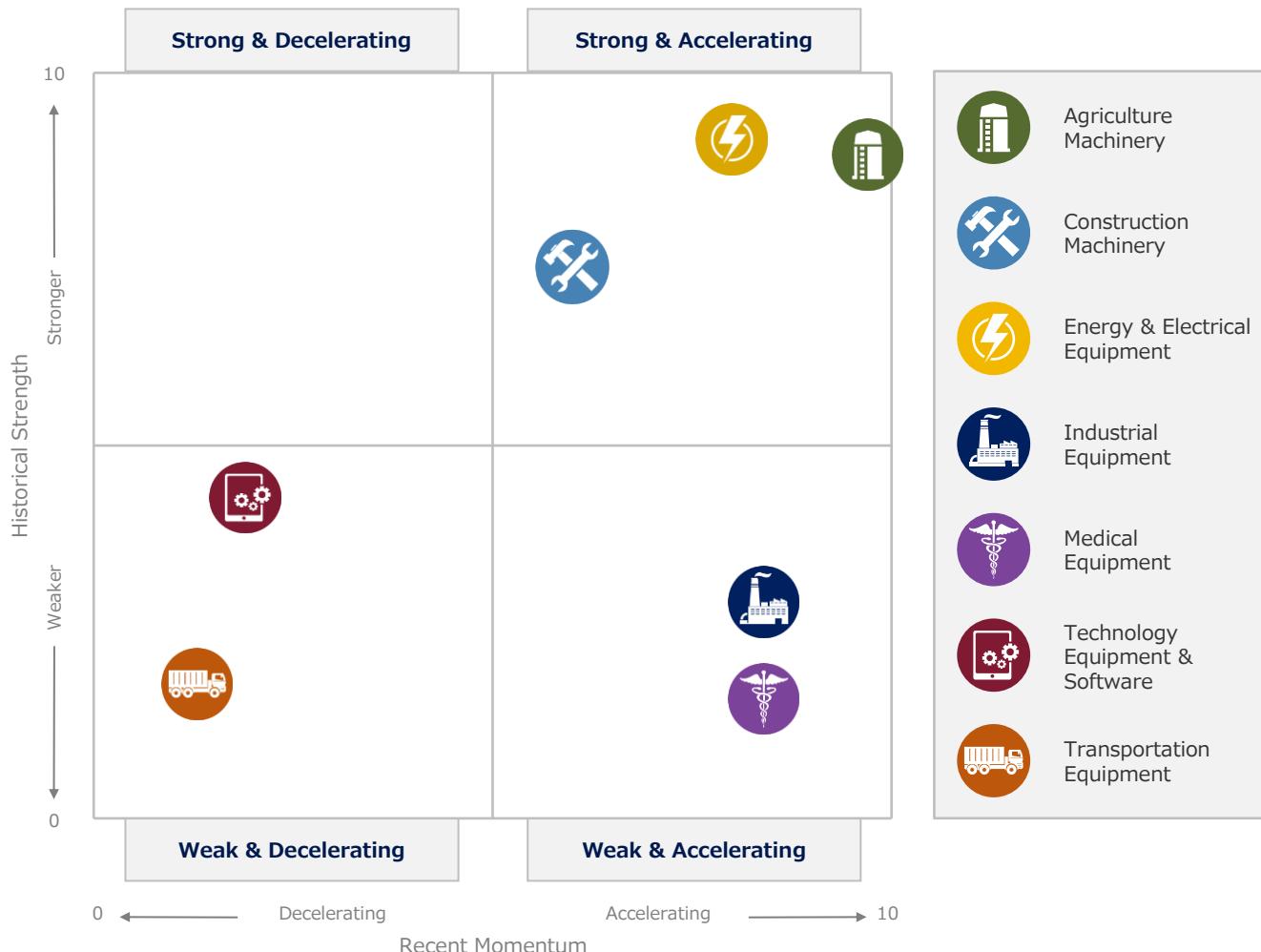
#### **Reoptimized and Recategorized Momentum Monitor Forecasts**

Each year, Keybridge reexamines the composition of its Equipment and Software Investment Momentum Monitor indices. Over the past month, we conducted this review, resulting in revised and improved data. This process involves adjusting the weighting scheme of the investment indicators that comprise each index and, in some cases, swapping out one or more indicators. The result is a reoptimized suite of indices that maximizes correlation with investment trends (including the identification of investment "turning points" over the last two decades), while minimizing false signals and maintaining an approximate two-quarter lead time.

# U.S. Equipment & Software Investment Momentum Monitor

## February 2026

### Momentum Monitor Sector Matrix



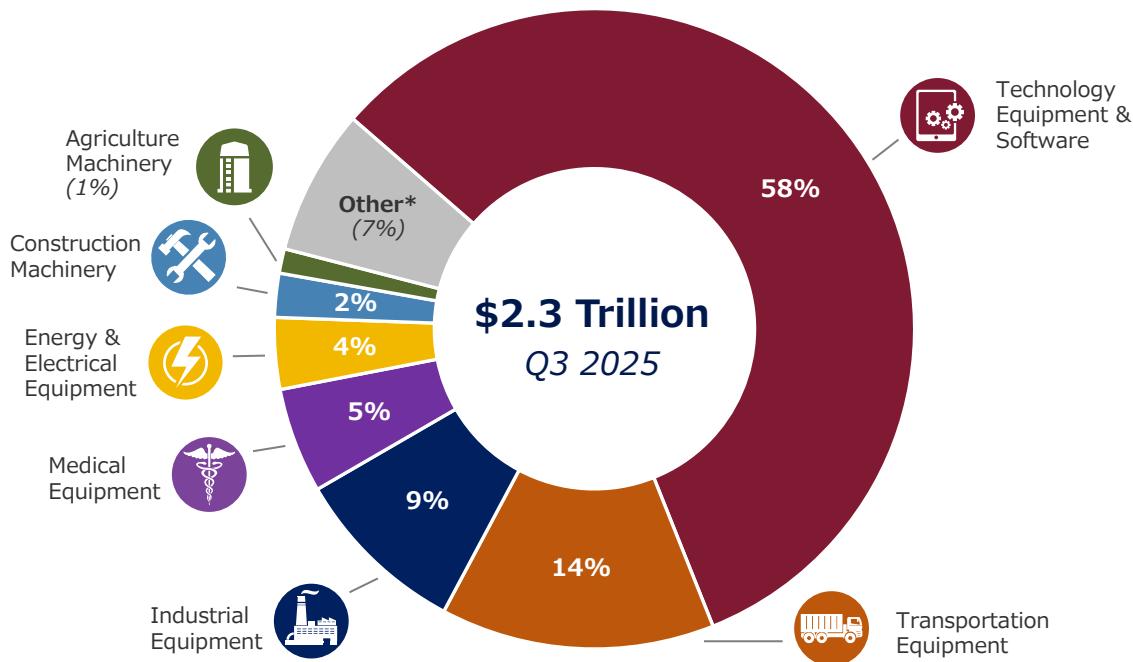
The matrix above summarizes the current values of each of the seven Equipment & Software Investment Momentum Indices based on two factors:

- “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 &amp; Software Investment Momentum Monitor

## Definitions and Distribution of Investment by Vertical



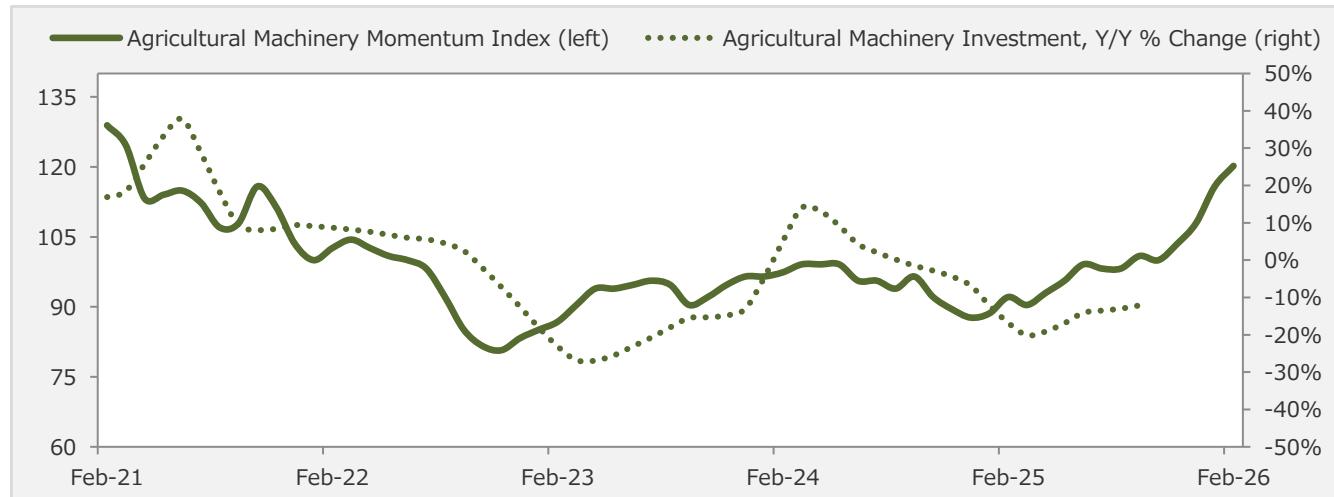
<b>Agriculture Machinery</b>	Agricultural machinery includes farm machinery and equipment, farm-type (power take-off hp) wheel tractors, and other agricultural equipment.
<b>Construction Equipment</b>	Construction machinery includes mixers, pavers, and related equipment, tractor shovel loaders, graders, rollers, compactors, and forklifts.
<b>Energy &amp; Electrical Equipment</b>	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.
<b>Industrial Equipment</b>	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.
<b>Medical Equipment</b>	Medical equipment includes medical imaging equipment, electronic medical equipment, surgical and medical instruments, dental equipment and supplies, irradiation apparatus, and electromedical apparatus.
<b>Technological Equipment &amp; Software</b>	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.
<b>Transportation Equipment</b>	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 rose 0.2% (annualized) in Q3 2025 but is 12% below its year-ago level. The Agricultural Machinery Momentum Index increased from 115.8 (revised) in January to 120.2 in February. Several indicators drove the improvement: in December, lamb and mutton production grew 27% M/M, industrial production of agricultural, construction, and mining machinery edged up 0.3% M/M, and food, beverage, and tobacco output rose 0.5% M/M. The Index's steady upward movement and current position point to strengthening annual growth in agricultural machinery investment over the next two quarters.



### Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	<b>-12.1%</b>
Investment Growth (Q/Q, SAAR)	<b>+0.2%</b>
Vertical Investment (SAAR)	<b>\$28.5 Billion</b>
Share of Total E&S Investment	<b>1.2%</b>

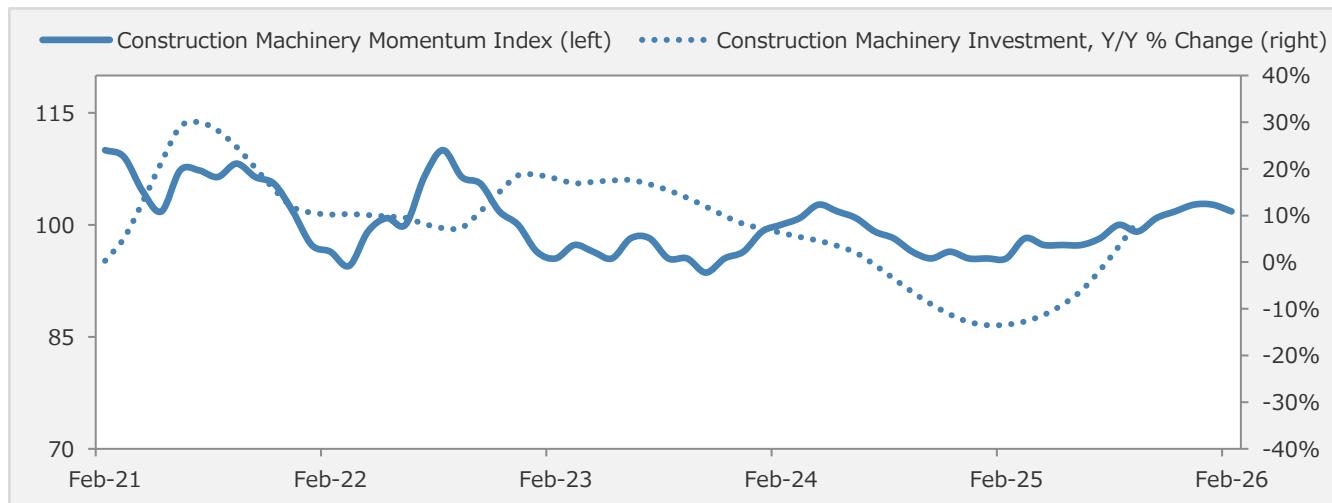
### Current and Previous Readings



## U.S. Equipment & Software Investment Momentum Monitor

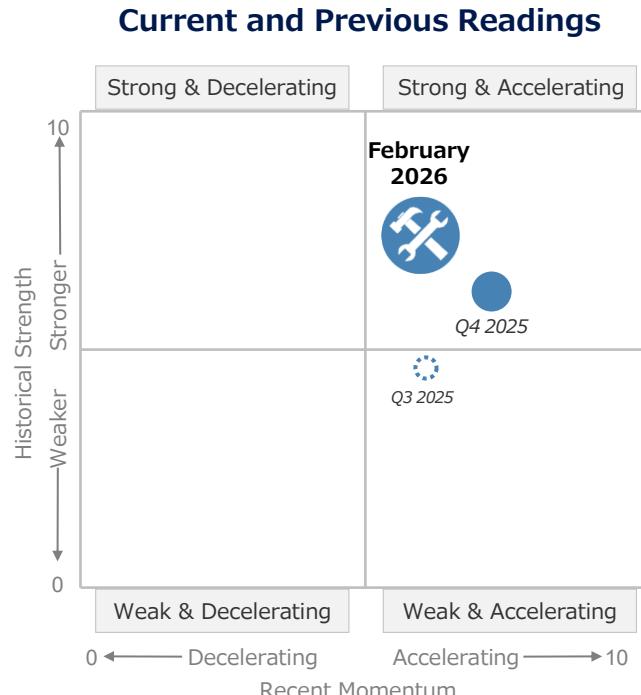
## Construction Machinery

Investment in Construction Machinery grew 40% (annualized) in Q3 2025 and is up 8.8% from its year-ago level. The Construction Machinery Momentum Index edged down from 102.7 (revised) in January to 101.8 in February. The Index's downturn was driven by a 18% M/M decline in existing home sales in December, which offset the 17% Y/Y increase in multifamily housing permits in October. The Index's current position suggests that annual investment growth in construction machinery should remain strong over the next six months.



## Summary of Current Conditions

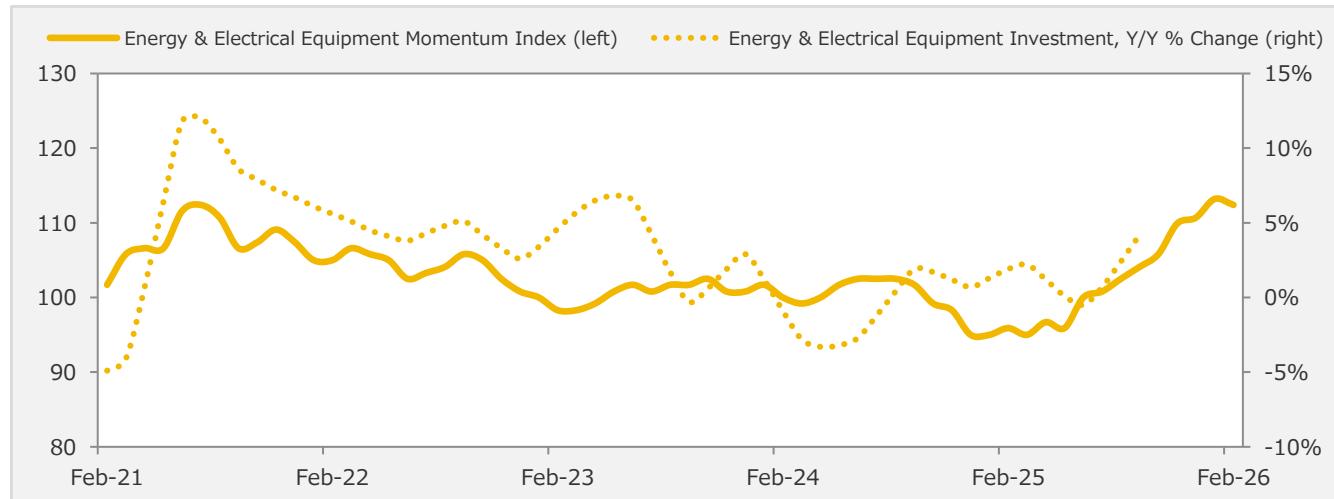
Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+8.8%
Investment Growth (Q/Q, SAAR)	+39.6%
Vertical Investment (SAAR)	\$51.1 Billion
Share of Total Investment	2.2%



## U.S. Equipment & Software Investment Momentum Monitor

### Energy & Electrical Equipment

Investment in Energy & Electrical Equipment rose 20% (annualized) in Q3 2025 and is 4.2% above its year-ago level. The Energy & Electrical Momentum Index inched down from 113.2 (revised) in January to 112.4 in February. Recent signals in key indicators were mixed: in December, production capacity at power and gas utilities ticked up 0.1% M/M and weekly hours in machinery manufacturing rose 1.5% M/M; however, these gains were offset by a 27% M/M increase in the Economic Policy Uncertainty Index in January. Overall, the Index suggests annual investment growth in energy & electrical equipment is likely to strengthen over the next two quarters.



### Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+4.2%
Investment Growth (Q/Q, SAAR)	+19.6%
Vertical Investment (SAAR)	\$83.2 Billion
Share of Total Investment	3.6%

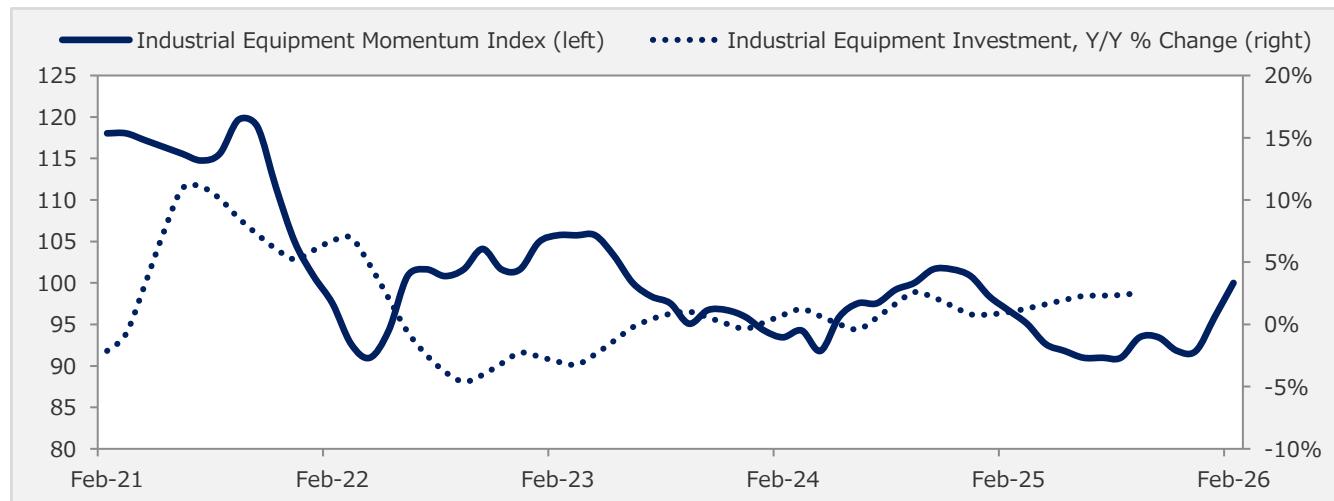
### Current and Previous Readings



## U.S. Equipment & Software Investment Momentum Monitor

### Industrial Equipment

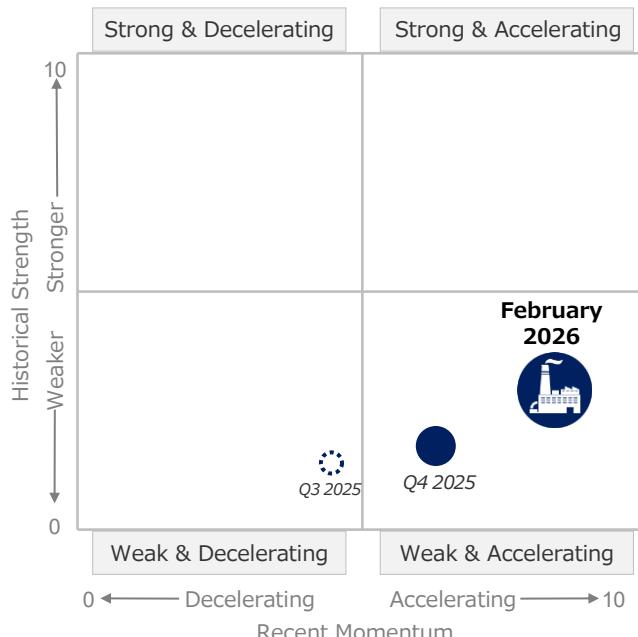
Investment in Industrial Equipment increased 6.8% (annualized) in Q3 2025 and is up 2.5% from its year-ago level. The Industrial Equipment Momentum Index rose from 95.9 (revised) in January to 100.0 in February. The increase was due to a 20% Y/Y gain in the S&P 500 Industrials Index in January, a 1.3-pt M/M uptick in capacity utilization for electrical equipment manufacturing and 0.3% M/M increase in durable equipment parts production in December. The Index's recent upward movement is encouraging, suggesting annual growth in industrial equipment investment should improve over the next six months.



### Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+2.5%
Investment Growth (Q/Q, SAAR)	+6.8%
Vertical Investment (SAAR)	\$203.9 Billion
Share of Total Investment	8.9%

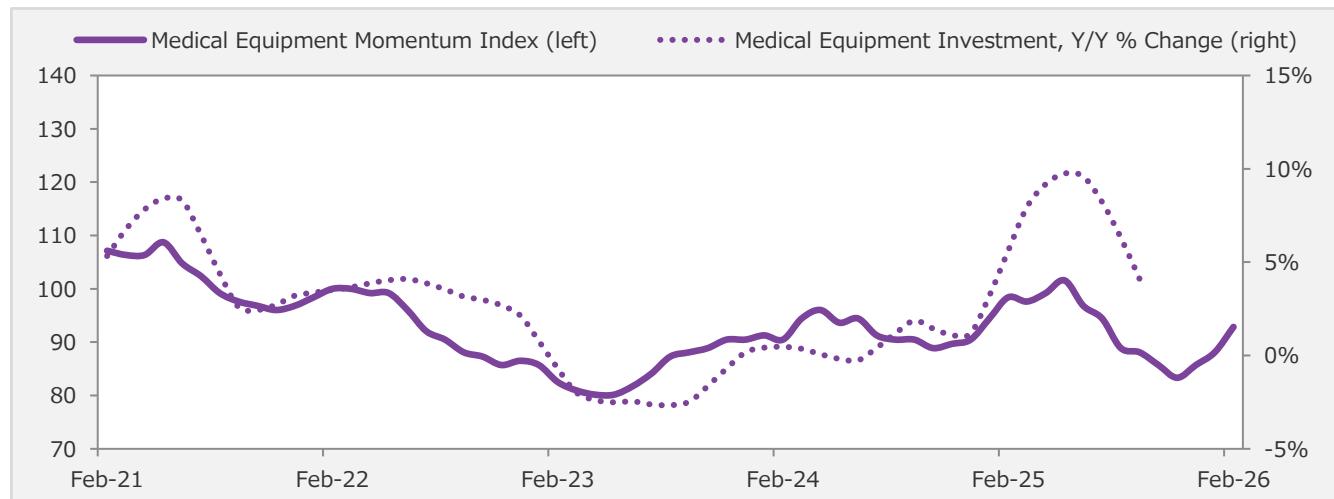
### Current and Previous Readings



## U.S. Equipment & Software Investment Momentum Monitor

### Medical Equipment

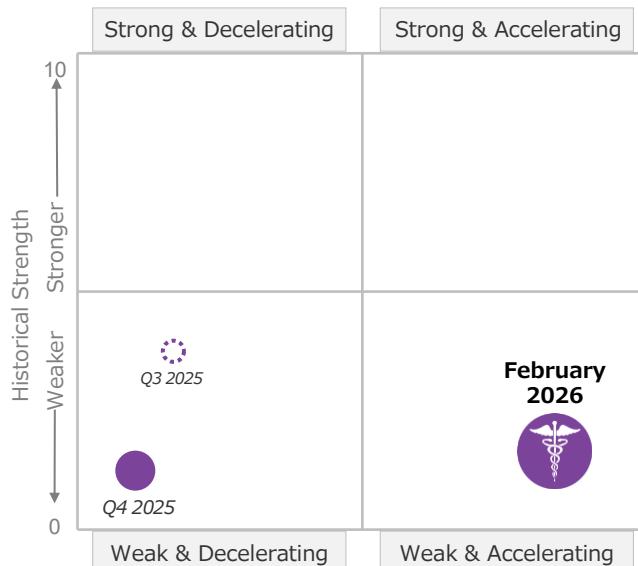
Investment in Medical Equipment fell 14% (annualized) in Q3 2025 but remains 4.1% above its year-ago level. The Medical Equipment Momentum Index grew from 88.1 (revised) in January to 92.9 in February. The improvement was driven by a 0.4% M/M increase in the industrial production of medical equipment in December and a 6.1% Y/Y rise in medical products consumption in November, more than offsetting slower annual growth in hourly earnings in health and education. The Index's recent upward movement suggests that annual growth in medical equipment investment may improve over the next two quarters.



### Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+4.1%
Investment Growth (Q/Q, SAAR)	-13.9%
Vertical Investment (SAAR)	\$122.5 Billion
Share of Total Investment	5.3%

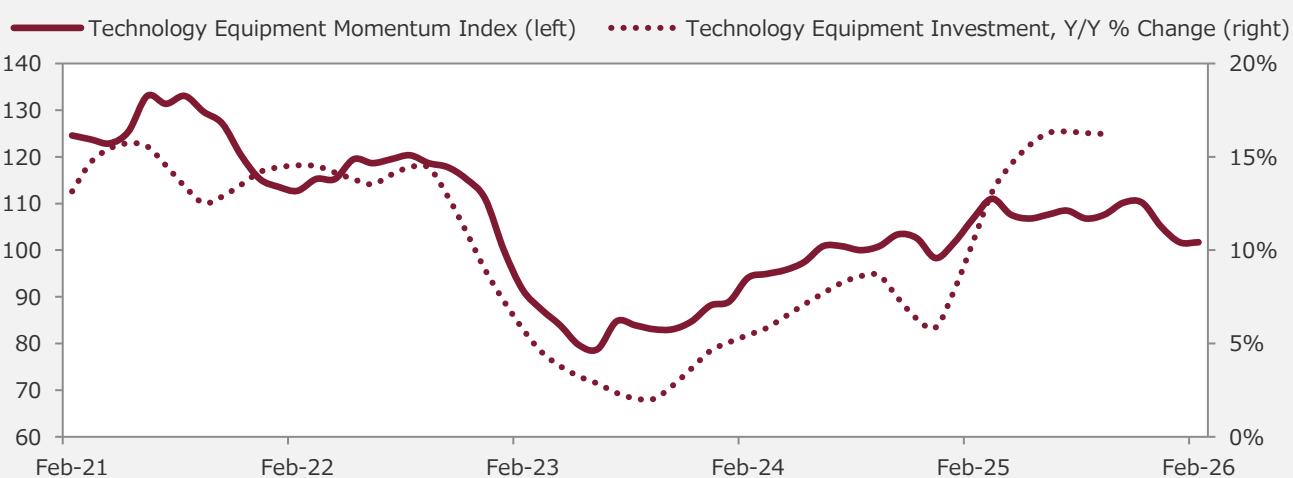
### Current and Previous Readings



## U.S. Equipment & Software Investment Momentum Monitor

### Technology Equipment & Software

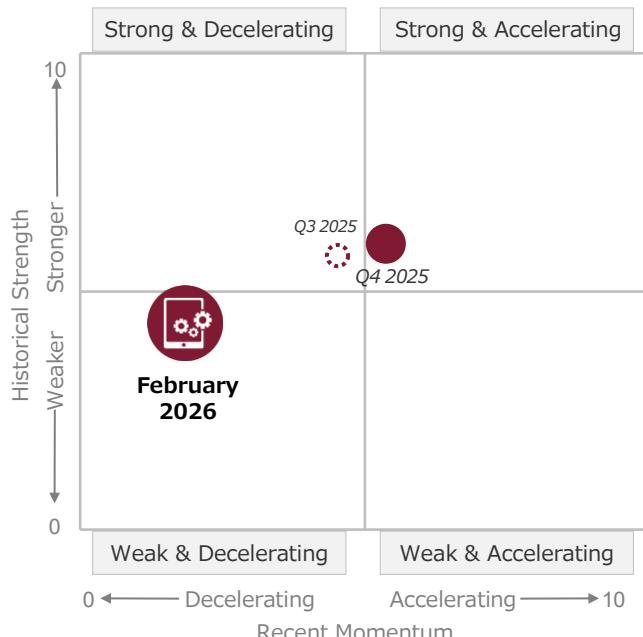
Investment in Technology Equipment & Software rose 7.5% (annualized) in Q3 2025 and is up 16% from its year-ago level. The Technology Equipment & Software Momentum Index was unchanged at 101.7 (revised) from January to February. An 11-pt M/M jump in the Chicago Business Barometer Index in January and a 7% M/M increase in consumer prices for computers and accessories in December was counterbalanced by recent weaker performance in the S&P 500 Information Technology Index. Overall, the Index suggests that annual growth in technology equipment & software investment will soften (though it should remain solid) over the next six months.



### Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+16.2%
Investment Growth (Q/Q, SAAR)	+7.5%
Vertical Investment (SAAR)	\$1.3 Trillion
Share of Total Investment	57.6%

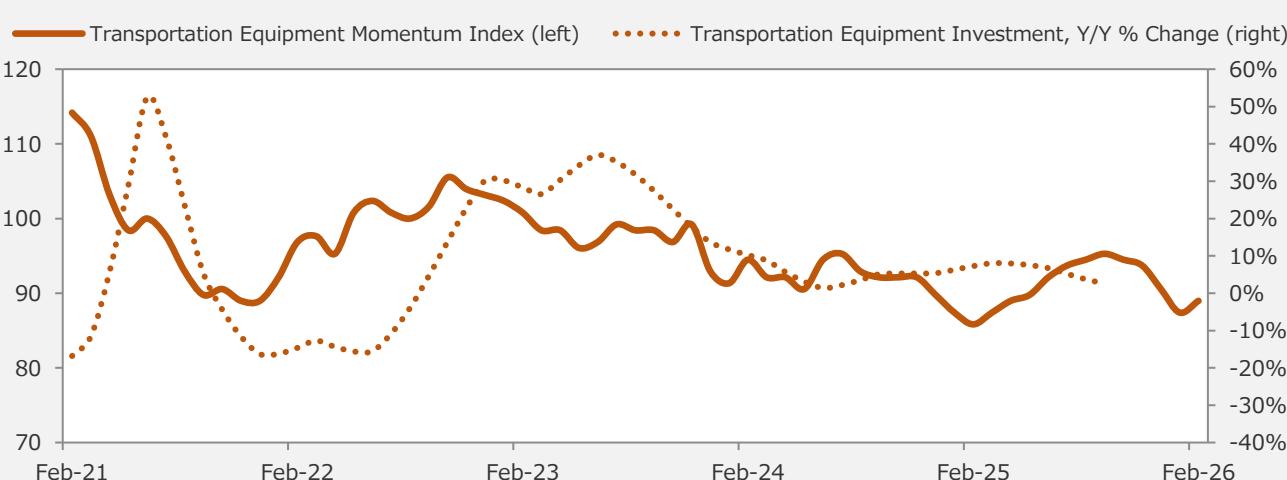
### Current and Previous Readings



## U.S. Equipment & Software Investment Momentum Monitor

### Transportation Equipment

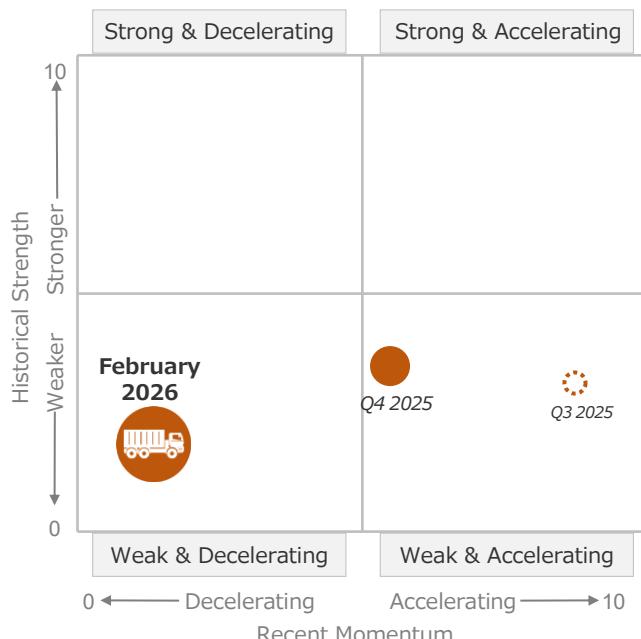
Investment in Transportation Equipment decreased 4.2% (annualized) in Q3 2025 but remains 2.6% above its year-ago level. The Transportation Equipment Momentum Index inched up from 87.4 in January (revised) to 89.0 in February. The Index's growth was driven by a 4.7-pt M/M increase in the ISM Manufacturing Purchasing Managers' Index in January, offsetting a 3.7% Y/Y decline in motor vehicle parts manufacturing in December. While the slight uptick in the Index is worth monitoring, momentum remains historically weak, suggesting that annual investment growth in transportation equipment will slow and may turn negative over the next six months.



### Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+2.6%
Investment Growth (Q/Q, SAAR)	-4.2%
Vertical Investment (SAAR)	\$318.8 Billion
Share of Total Investment	13.8%

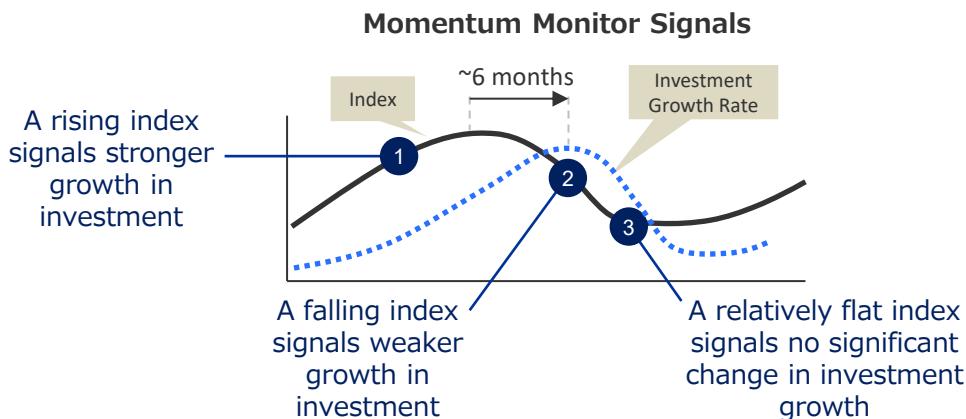
### Current and Previous Readings



## 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.

