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U.S. Equipment & Software

Investment Momentum Monitor

September 2025

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.

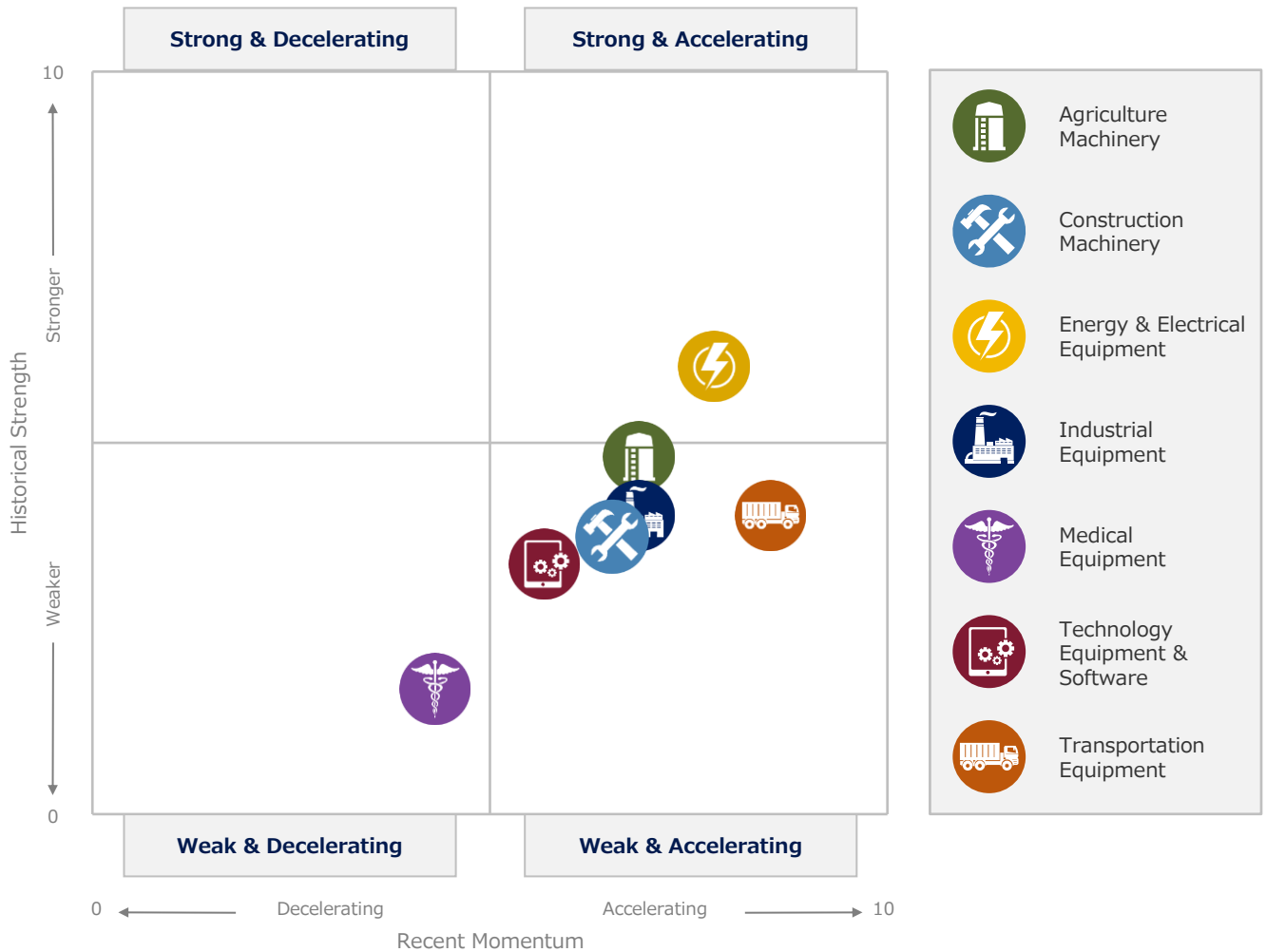
U.S. Equipment & Software Investment Momentum Monitor – 7 Verticals

- 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

September 2025

Momentum Monitor Sector Matrix



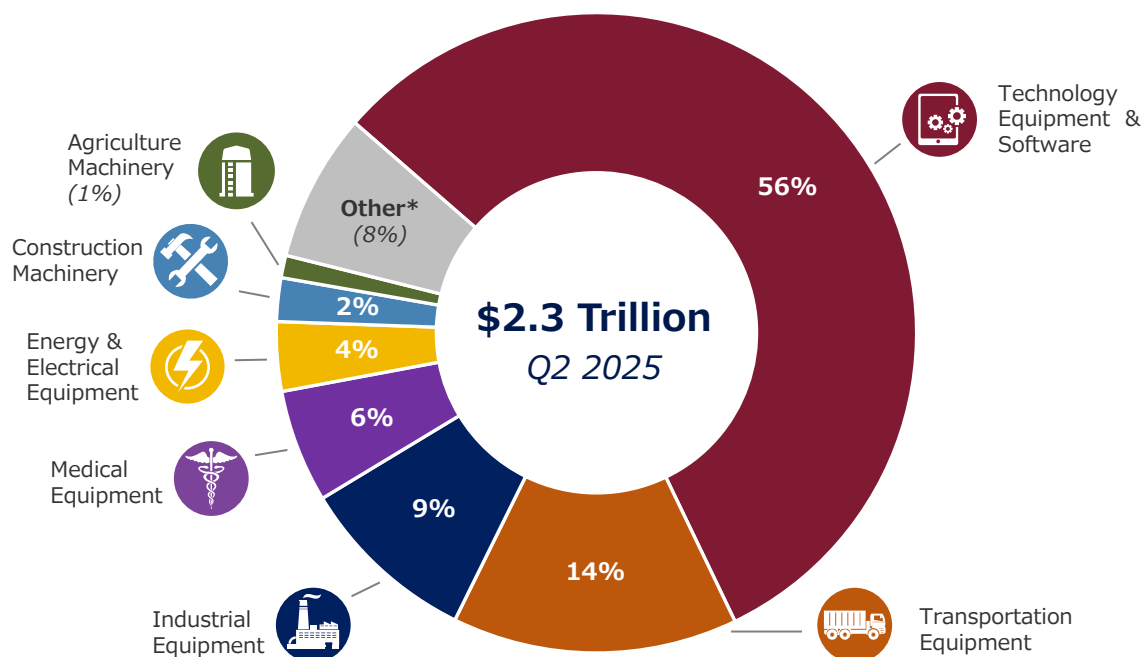
The matrix above summarizes the current values of each of the seven Equipment & Software Investment Momentum Indices based on two factors:

- **"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.

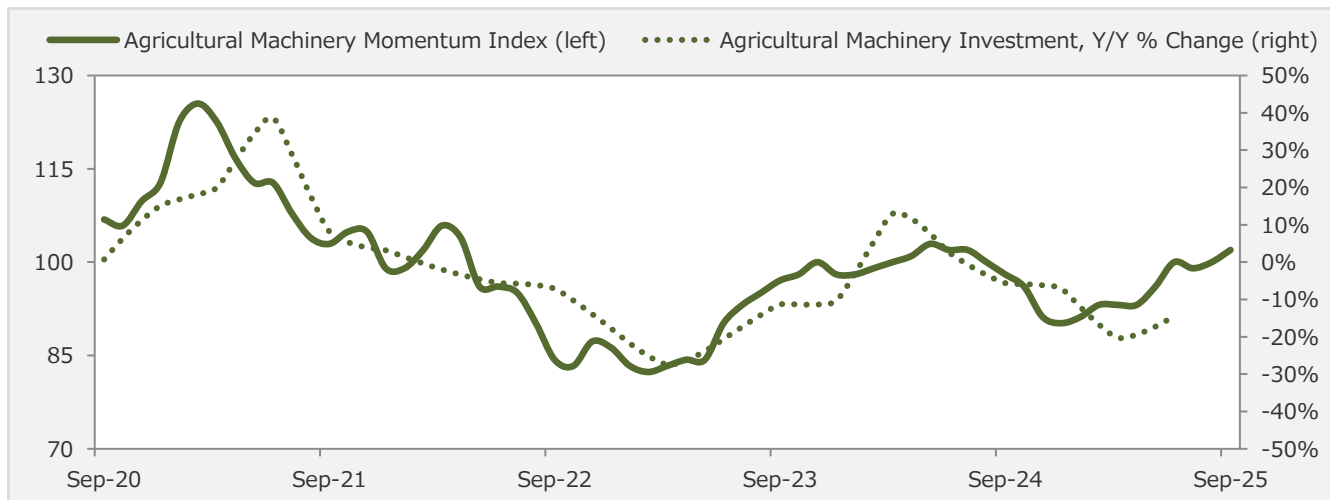
Agriculture Machinery	Agricultural machinery includes farm machinery and equipment, farm-type (power take-off hp) wheel tractors, and other agricultural equipment.
Construction Equipment	Construction machinery includes mixers, pavers, and related equipment, tractor shovel loaders, graders, rollers, compactors, 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

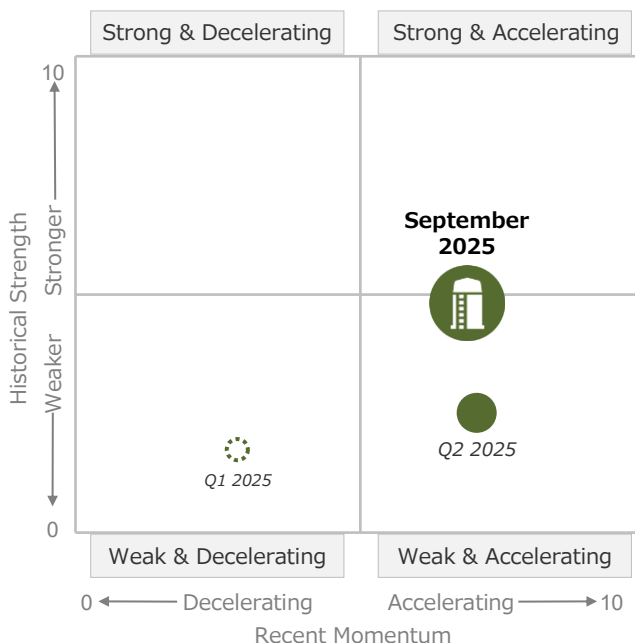
Investment in Agricultural Machinery rose 13% (annualized) in Q2 2025 but is down 14% from its year-ago level. The Agricultural Machinery Momentum Index increased from 100.0 (revised) in August to 102.0 in September. The improvement was driven by an uptick in industrial production of agriculture, construction, and mining machinery (+0.7% M/M in July) and farm machinery shipments (+1.1% M/M in July). The Index continues to suggest that annual investment growth in agricultural machinery likely bottomed out in Q1 2025 and 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)	-14.4%
Investment Growth (Q/Q, SAAR)	+13.2%
Vertical Investment (SAAR)	\$25.9 Billion
Share of Total E&S Investment	1.1%

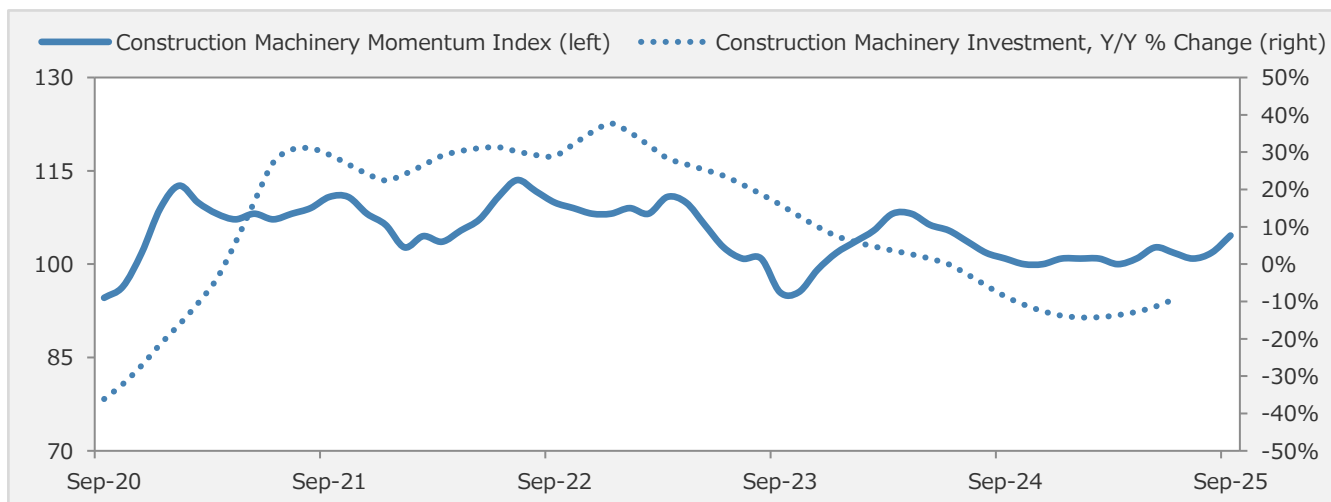
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Construction Machinery

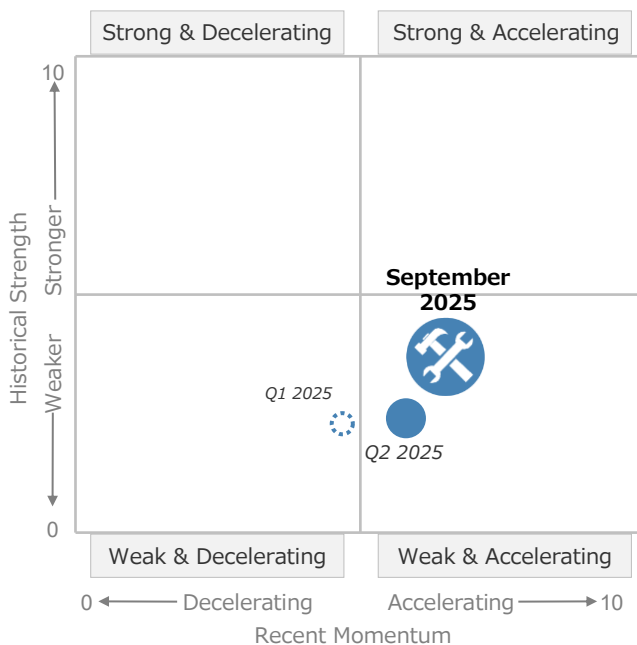
Investment in Construction Machinery climbed 17% (annualized) in Q2 2025 but is 9.3% below its year-ago level. The Construction Machinery Momentum Index increased from 101.9 (revised) in August to 104.6 in September. The growth was driven by a 2.2% M/M rise in construction machinery shipments in July. Overall, the Index points to stronger investment in construction machinery over the next two quarters, though year-over-year growth is likely to remain negative in the near term.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	-9.3%
Investment Growth (Q/Q, SAAR)	+16.6%
Vertical Investment (SAAR)	\$50.2 Billion
Share of Total Investment	2.2%

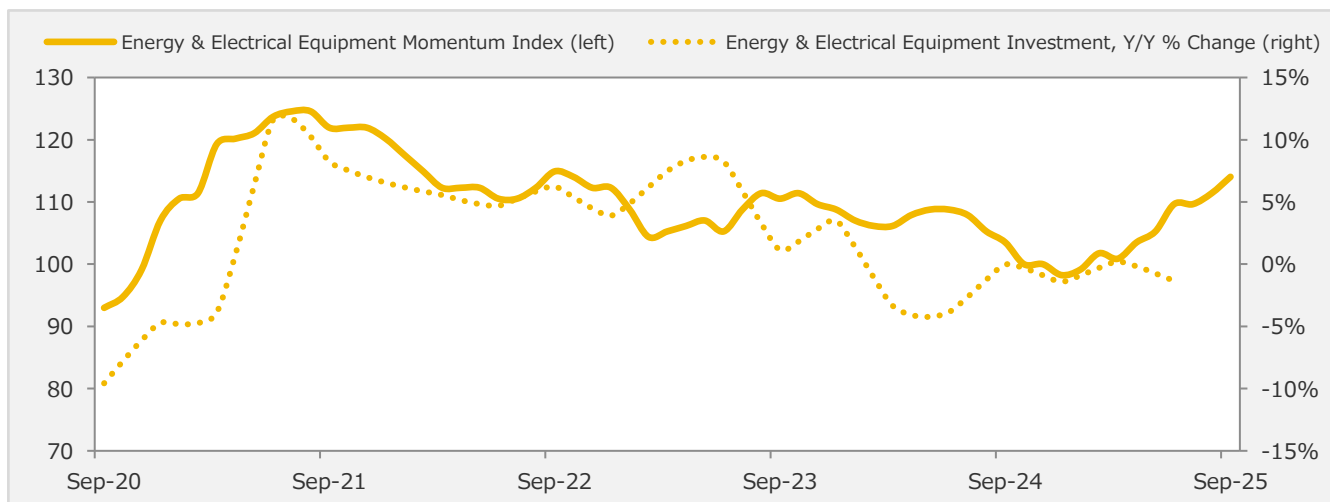
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Energy & Electrical Equipment

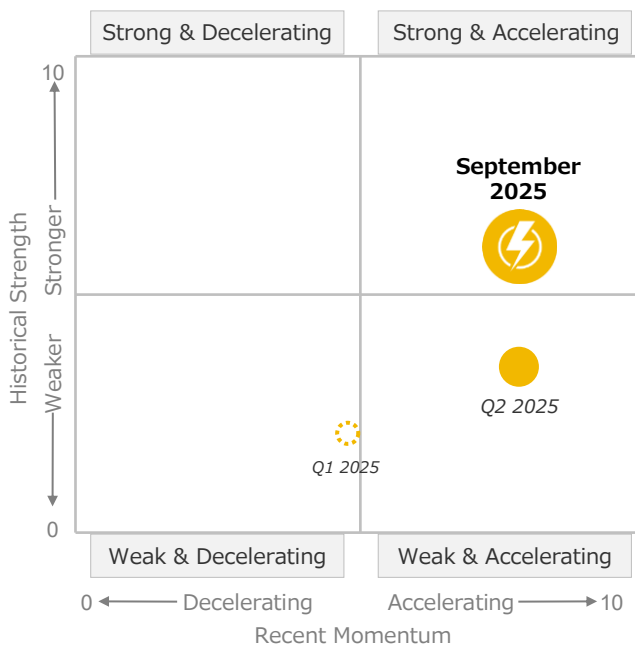
Investment in Energy & Electrical Equipment fell 5.5% (annualized) in Q2 2025 and is 1.3% below its year-ago level. The Energy & Electrical Momentum Index rose from 111.4 (revised) in August to 114.0 in September. The Index improved due to a decline in the Economic Policy Uncertainty Index (-7.4% M/M in August), higher average weekly labor hours in agriculture, construction, and mining machinery manufacturing (+1.3% M/M in July), and higher production capacity of power and gas utilities. The Index's steady upward trend suggests that annual investment growth in energy and electrical equipment should strengthen over the next two quarters.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	-1.3%
Investment Growth (Q/Q, SAAR)	-5.5%
Vertical Investment (SAAR)	\$79.9 Billion
Share of Total Investment	3.5%

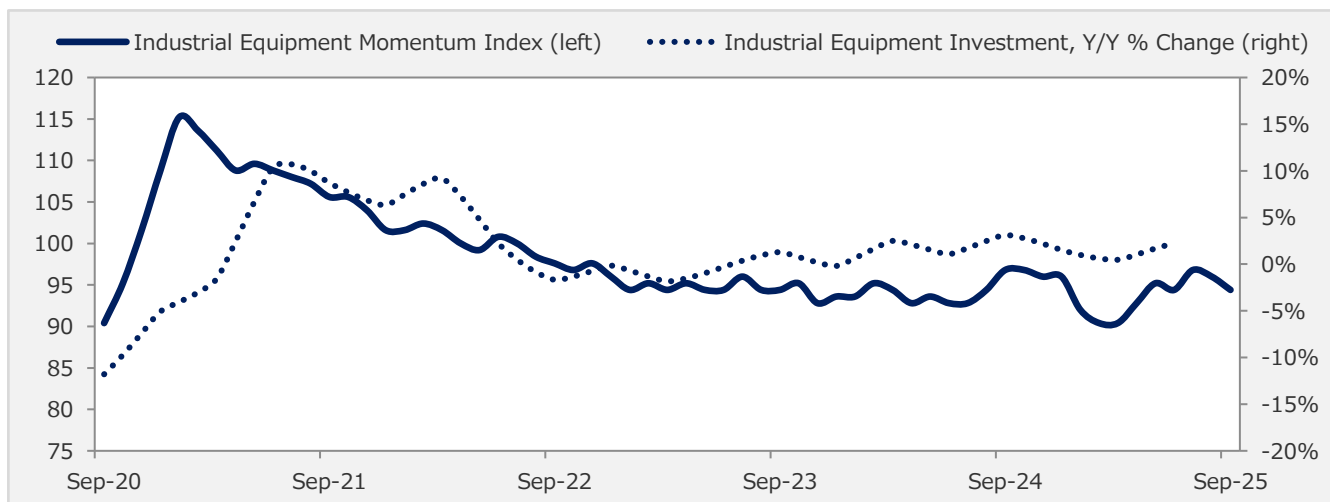
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Industrial Equipment

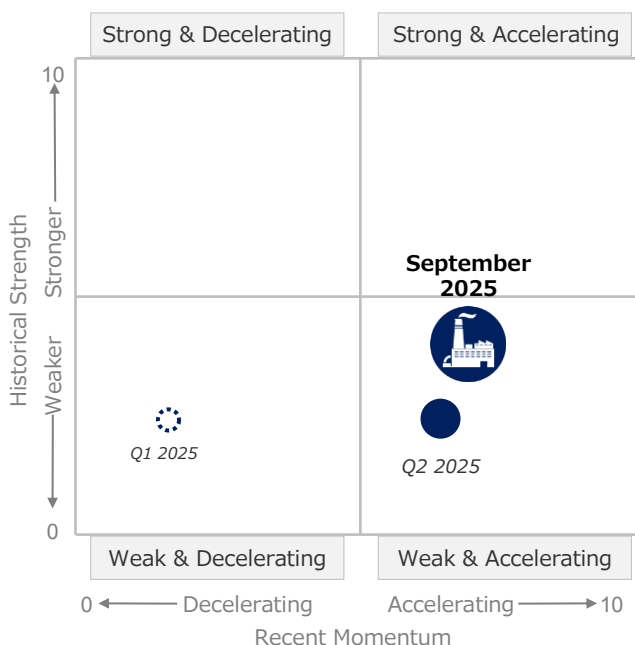
Investment in Industrial Equipment rose 1.9% (annualized) in Q2 2025 and is up 2.2% from its year-ago level. The Industrial Equipment Momentum Index decreased from 96.0 in August to 94.4 in September. The decline was primarily driven by a contraction in manufacturing employment (-12,000 jobs in August). Overall, the Index's current position and recent movement suggests that annual investment in industrial equipment should remain modestly positive over the next two quarters.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+2.2%
Investment Growth (Q/Q, SAAR)	+1.9%
Vertical Investment (SAAR)	\$206.9 Billion
Share of Total Investment	9.1%

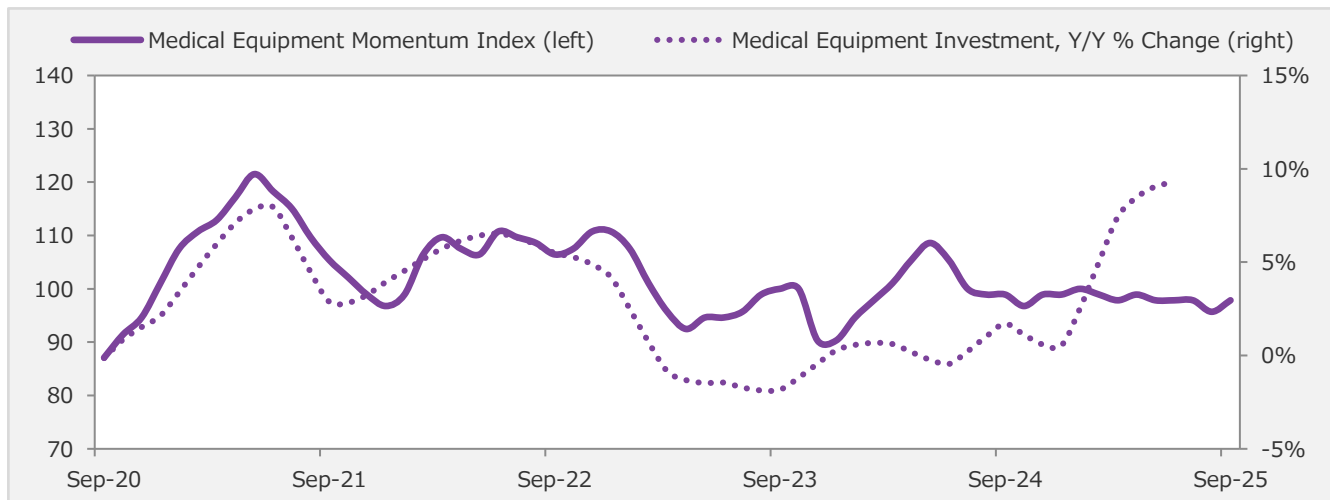
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Medical Equipment

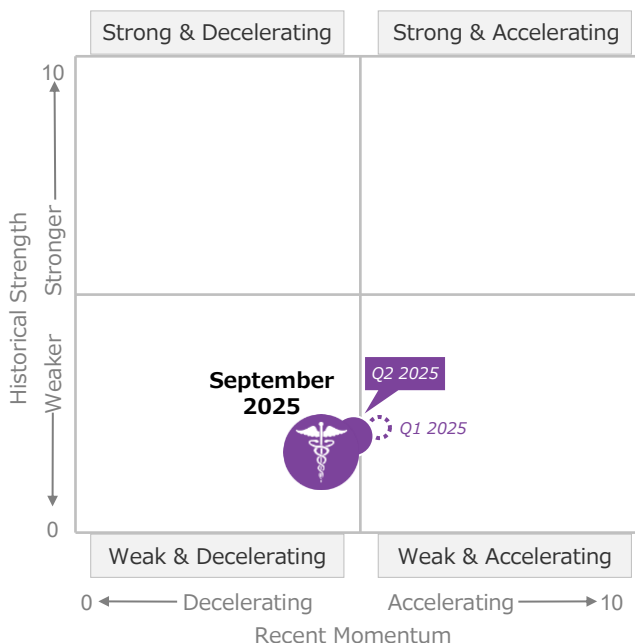
Investment in Medical Equipment rose 5.2% (annualized) in Q2 2025 and is now 9.3% above its year-ago level. The Medical Equipment Momentum Index increased from 95.7 (revised) in August to 97.8 in September. The Index's uptick was driven by higher prices for medical care, dental, and outpatient hospital services in July; however, the below-average Baxter International Market Cap (-35% Y/Y in August) continues to drag on momentum readings. The Index's position and movement suggest that while annual investment growth in medical equipment may moderate in the next two quarters, it is likely to remain in positive territory.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+9.3%
Investment Growth (Q/Q, SAAR)	+5.2%
Vertical Investment (SAAR)	\$130.5 Billion
Share of Total Investment	5.7%

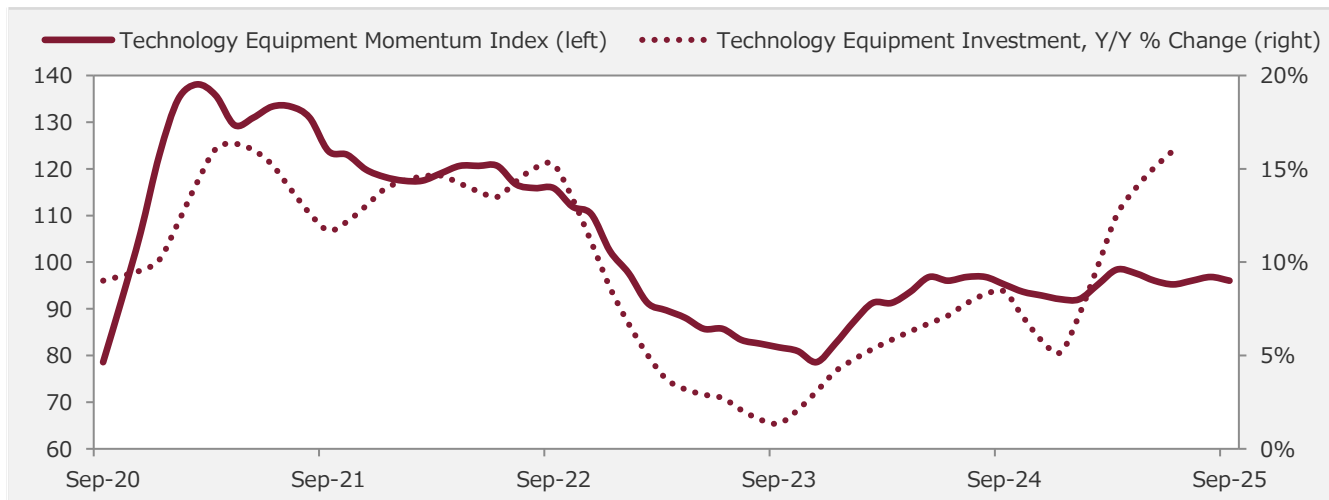
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Technology Equipment & Software

Investment in Technology Equipment & Software increased 20% (annualized) in Q2 2025 and is up 16% from its year-ago level. The Technology Equipment & Software Momentum Index edged down from 96.8 (revised) in August to 96.0 in September. Key indicators were mixed in July: weekly earnings for computer and software wholesalers rose 5.6% Y/Y and consumer goods shipments ticked up 0.1% M/M, while computer and software accessories prices fell 2.6% M/M, offsetting those gains. The Index continues to point to solid annual growth in technology equipment and software investment, though recent standout growth may soften in the coming months.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+16.0%
Investment Growth (Q/Q, SAAR)	+19.5%
Vertical Investment (SAAR)	\$1.3 Trillion
Share of Total Investment	56.5%

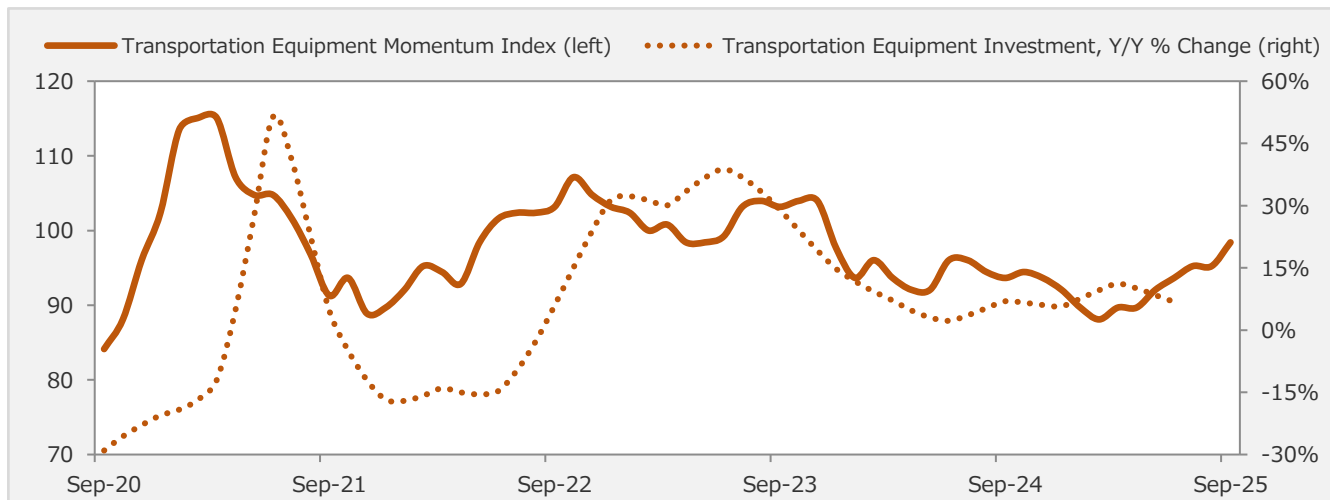
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Transportation Equipment

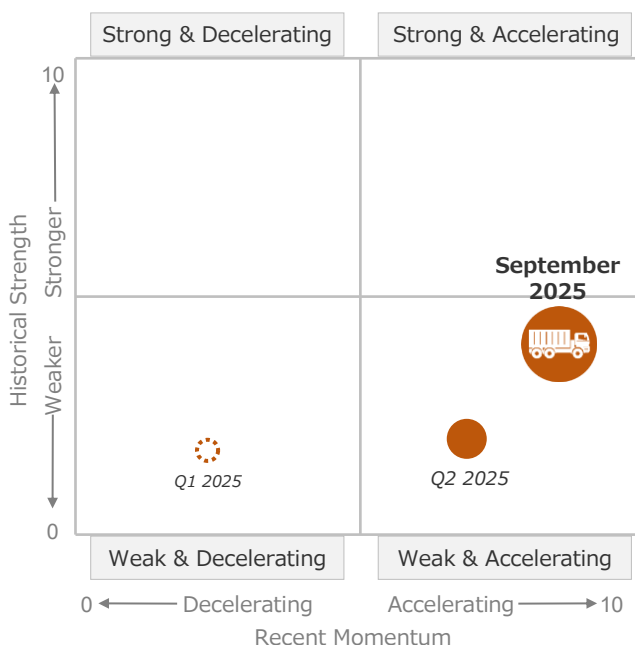
Investment in Transportation Equipment grew 20% (annualized) in Q2 2025 and is up 6.8% on a year-over-year basis. The Transportation Equipment Momentum Index increased from 95.2 (revised) in August to 98.4 in September. Improvement was driven by a 19% M/M increase in motor and aviation gasoline consumption in June, which more than offset a 0.3% M/M downtick in motor vehicle parts manufacturing in July. The Index's steady upward movement and current position point to steady annual growth in transportation equipment over the next six months.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+6.8%
Investment Growth (Q/Q, SAAR)	+20.4%
Vertical Investment (SAAR)	\$329.2 Billion
Share of Total Investment	14.4%

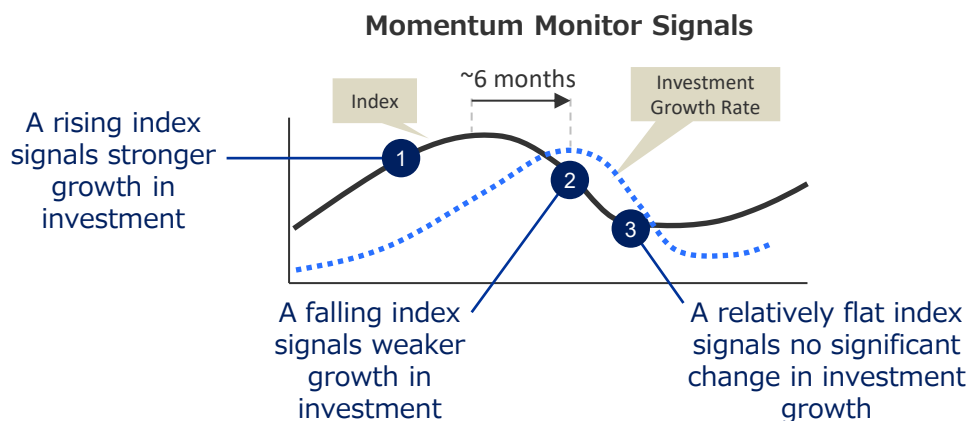
Current and Previous Readings



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.