



U.S. Equipment & Software

Investment Momentum Monitor

January 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. 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.

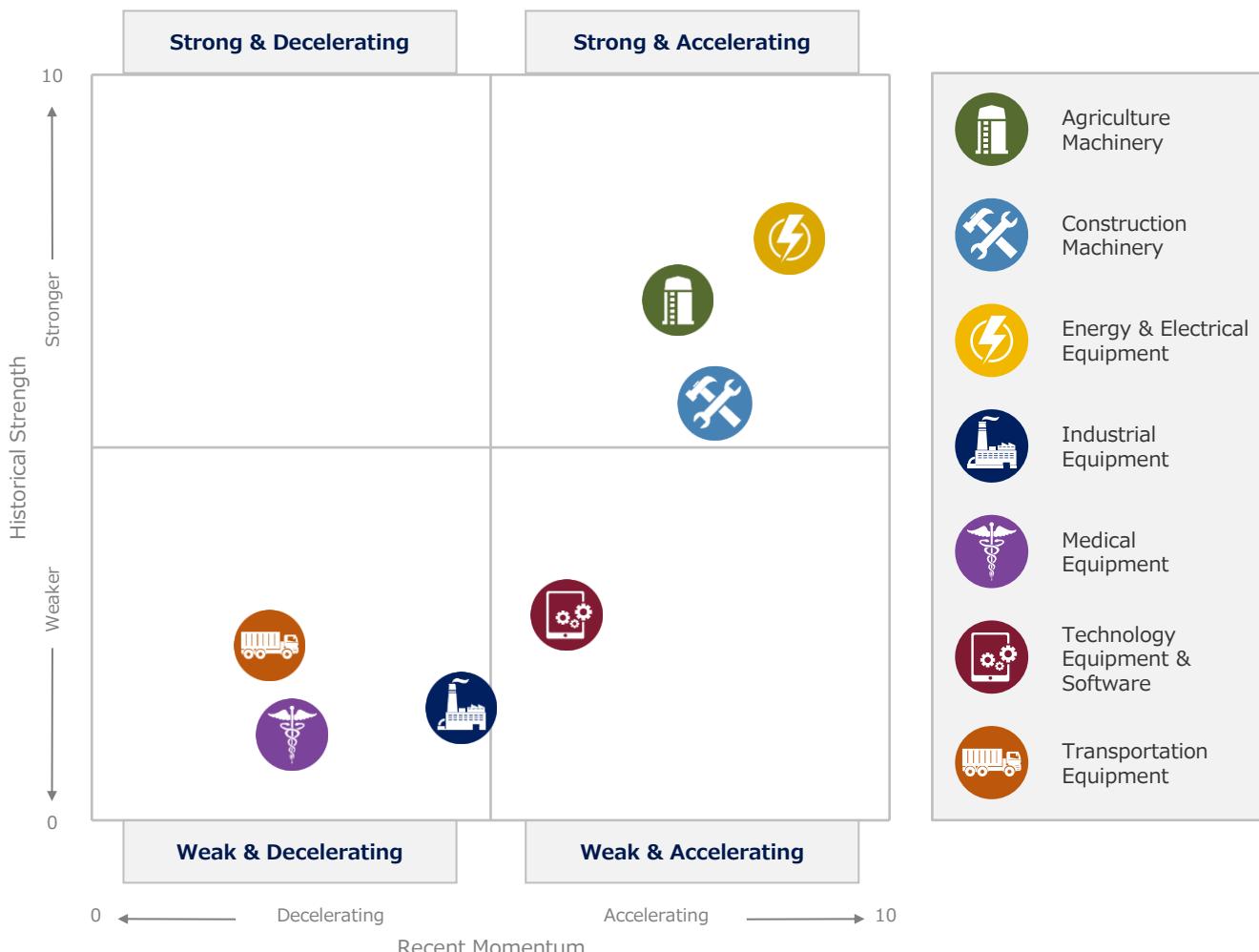
U.S. Equipment & Software Investment Momentum Monitor – 7 Verticals

- 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

January 2026

Momentum Monitor Sector Matrix



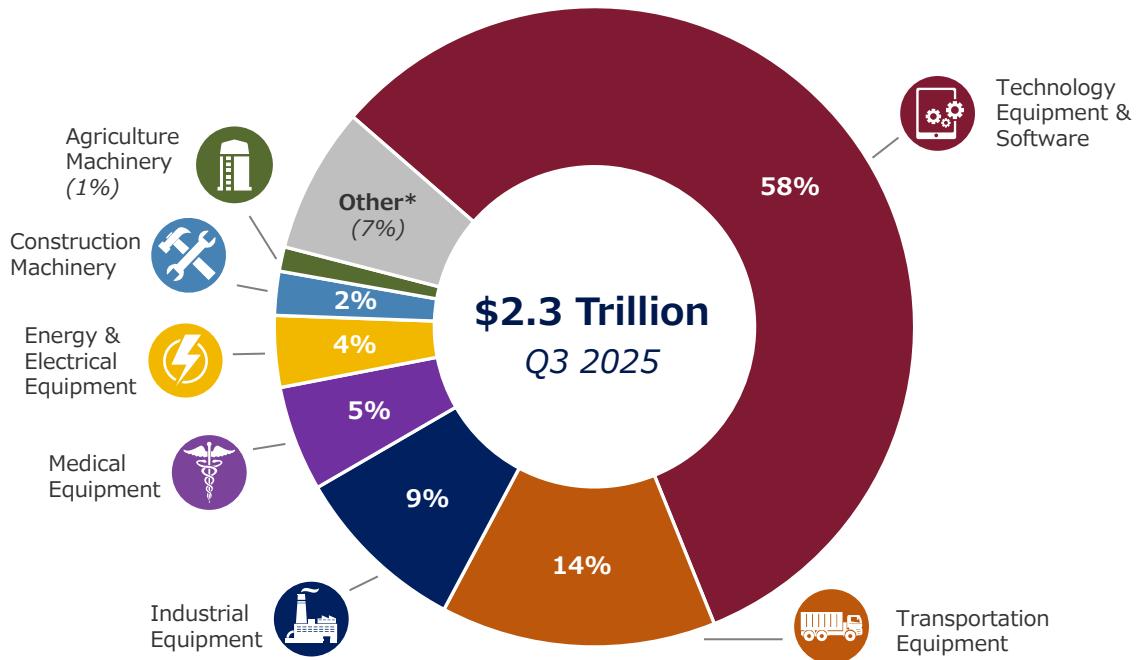
The matrix above summarizes the current values of each of the seven Equipment & Software Investment Momentum Indices based on two factors:

- “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 & 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.

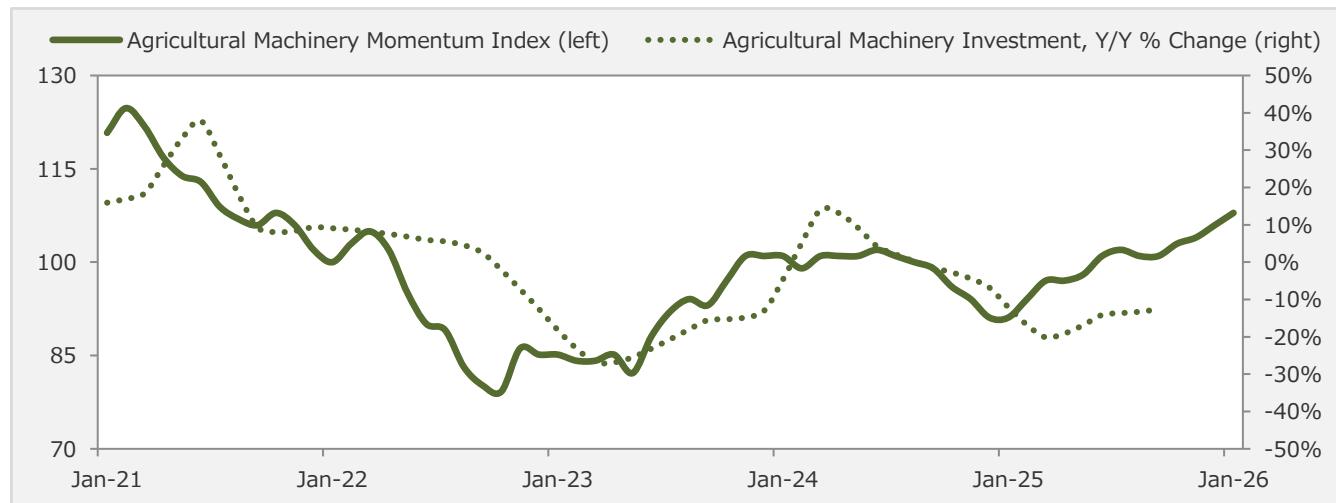
Agriculture Machinery	Agricultural machinery includes farm machinery and equipment, farm-type (power take-off hp) wheel tractors, and other agricultural equipment.
Construction Equipment	Construction machinery includes mixers, pavers, and related equipment, tractor shovel loaders, graders, rollers, compactors,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

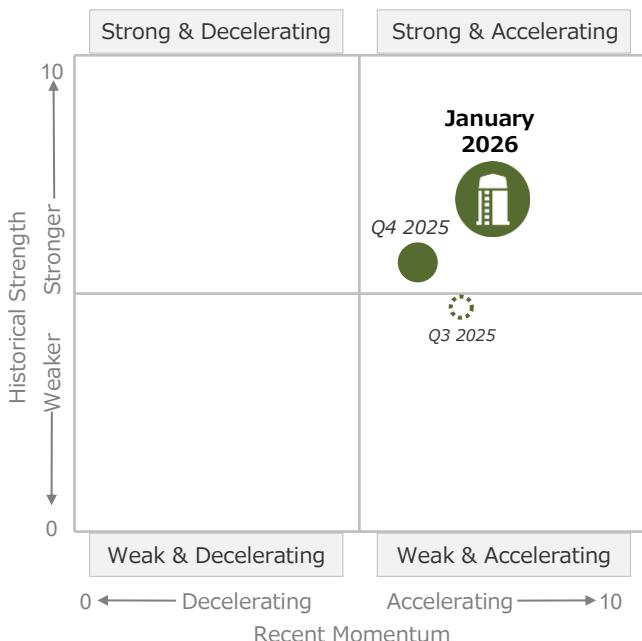
Investment in Agricultural Machinery fell 2.0% (annualized) in Q3 2025 and is 13% below its year-ago level. The Agricultural Machinery Momentum Index increased from 105.9 (revised) in December to 107.9 in January. The Index improved due to a 2.4% M/M increase in industrial production of agriculture, construction, and mining machinery in November and a 5.1% M/M uptick in farm machinery shipments in October. Given the Index's current position and steady improvement over the past six months, annual growth in agricultural machinery investment is expected 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)	-12.6%
Investment Growth (Q/Q, SAAR)	-2.0%
Vertical Investment (SAAR)	\$28.4 Billion
Share of Total E&S Investment	1.2%

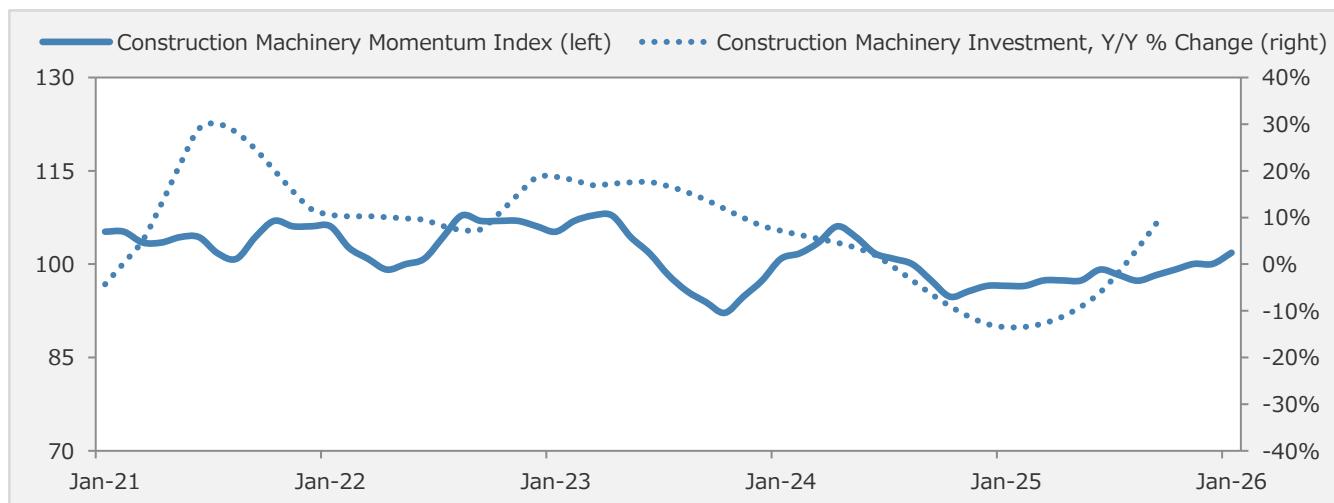
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Construction Machinery

Investment in Construction Machinery jumped 39% (annualized) in Q3 2025 and is up 8.7% from its year-ago level. The Construction Machinery Momentum Index rose from 100.0 (revised) in December to 101.8 in January. The Index's improvement was driven by a 16% Y/Y increase in construction machinery shipments in October. The Index's current position suggests annual growth in construction machinery 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)	+8.7%
Investment Growth (Q/Q, SAAR)	+39.3%
Vertical Investment (SAAR)	\$51.1 Billion
Share of Total Investment	2.2%

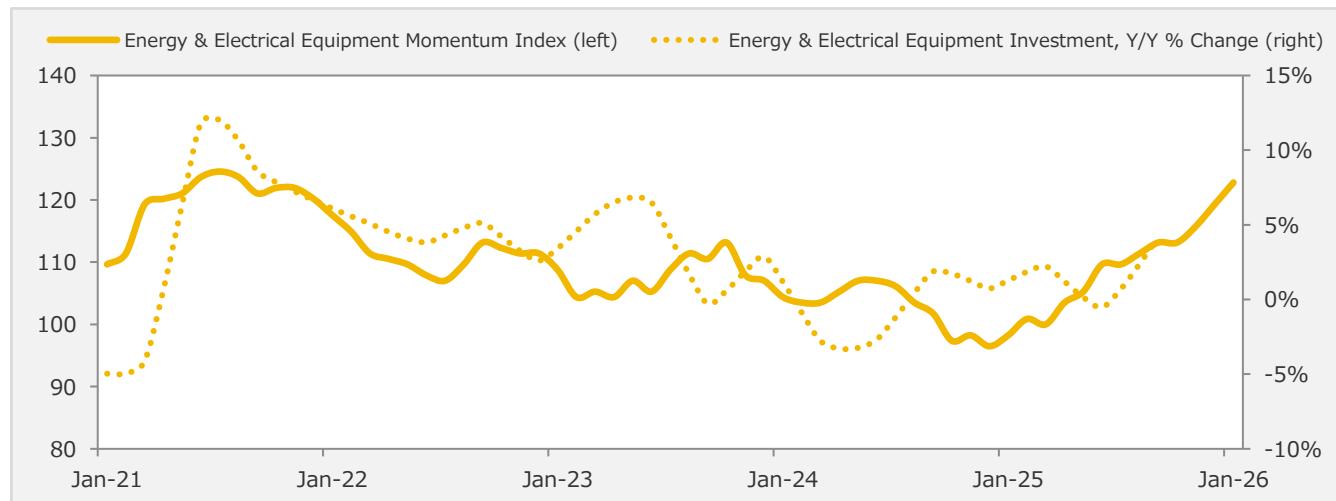
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Energy & Electrical Equipment

Investment in Energy & Electrical Equipment increased 20% (annualized) in Q3 2025 and is 4.2% above its year-ago level. The Energy & Electrical Momentum Index rose from 119.3 (revised) in December to 122.8 in January. The Index's improvement was driven by several indicators, including a 2.0% M/M increase in industrial production of mining, oil, and gas field machinery and a 0.1% M/M uptick in the production capacity of power and gas utilities in November. The Index's current position and recent steep upward movement points to continued strength in annual energy and electrical equipment investment 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)	+19.7%
Vertical Investment (SAAR)	\$83.2 Billion
Share of Total Investment	3.6%

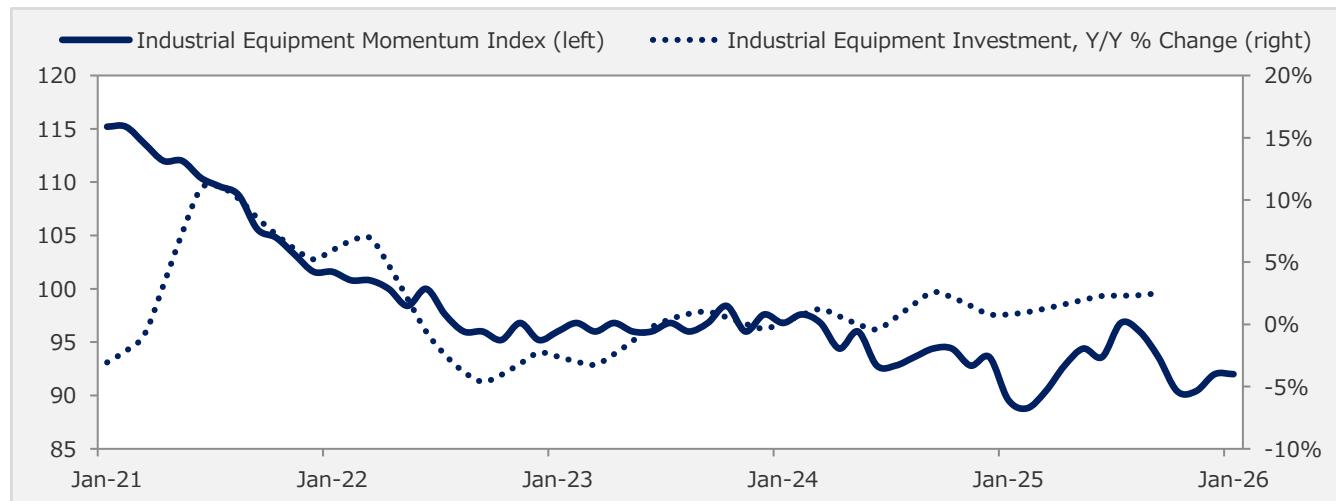
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Industrial Equipment

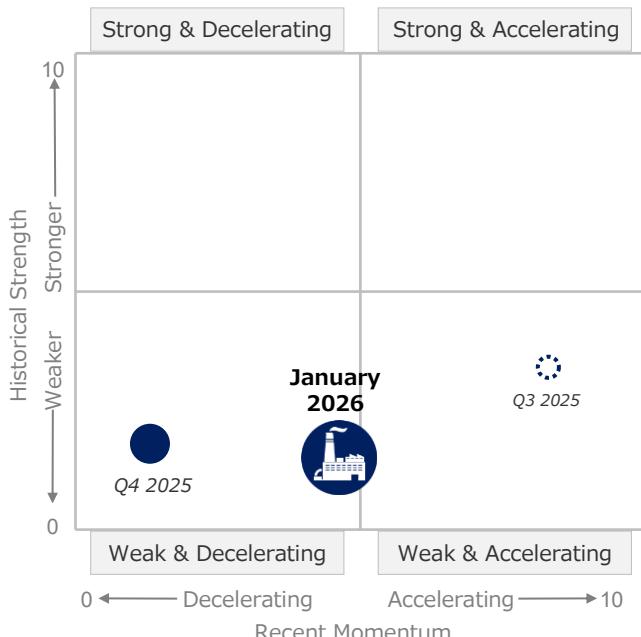
Investment in Industrial Equipment rose 6.7% (annualized) in Q3 2025 and is up 2.5% from its year-ago level. The Industrial Equipment Momentum Index held steady at 92.0 (revised) from December to January. A 7.1-pt M/M increase in the Chicago Business Barometer Index in December and a 0.5-pt M/M uptick in capacity utilization for electrical equipment in November were counterbalanced by a contraction in manufacturing employment (-8,000 jobs in December). The Index's current position suggests that annual investment in industrial equipment is likely to moderate over the next two quarters.



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)	+6.7%
Vertical Investment (SAAR)	\$203.8 Billion
Share of Total Investment	8.9%

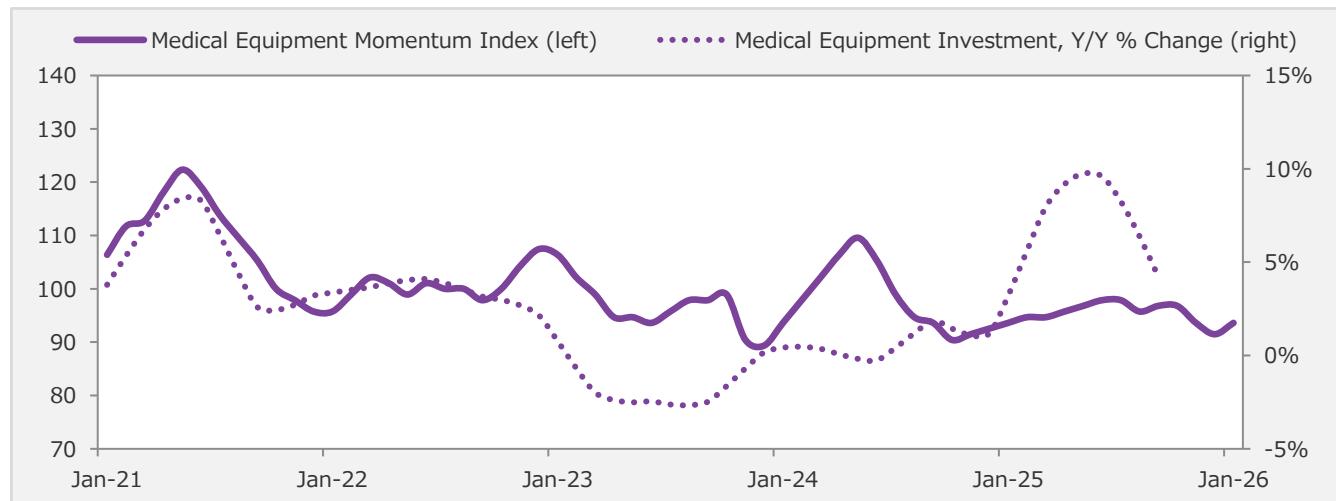
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Medical Equipment

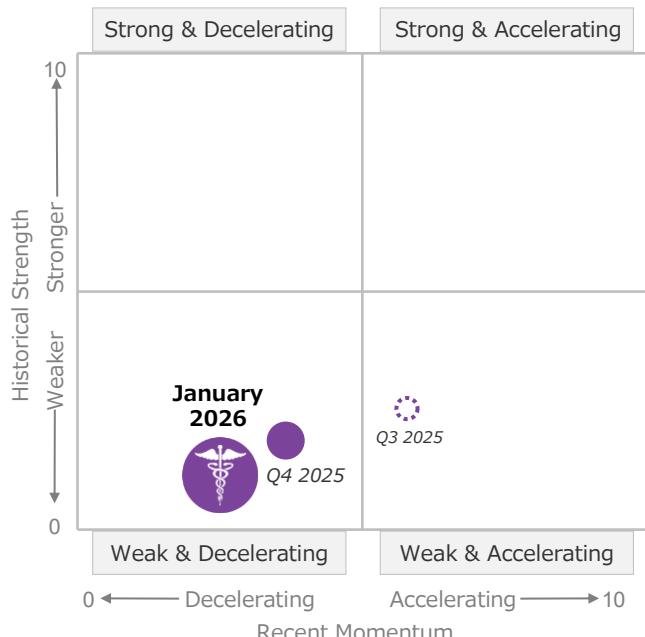
Investment in Medical Equipment contracted 14% (annualized) in Q3 2025 but remains 4.2% above year-ago levels. The Medical Equipment Momentum Index rose from 91.5 (revised) in December to 93.6 in January. The steady Index reading was driven by a 0.8% M/M uptick in shipments of electromedical, measuring, and control instruments in October, which offset recent slower annual growth in dental services inflation. The Index's current level, which remains weak by historical standards, suggests that annual growth in medical equipment investment is likely to soften over the next six months.



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)	-13.5%
Vertical Investment (SAAR)	\$122.7 Billion
Share of Total Investment	5.3%

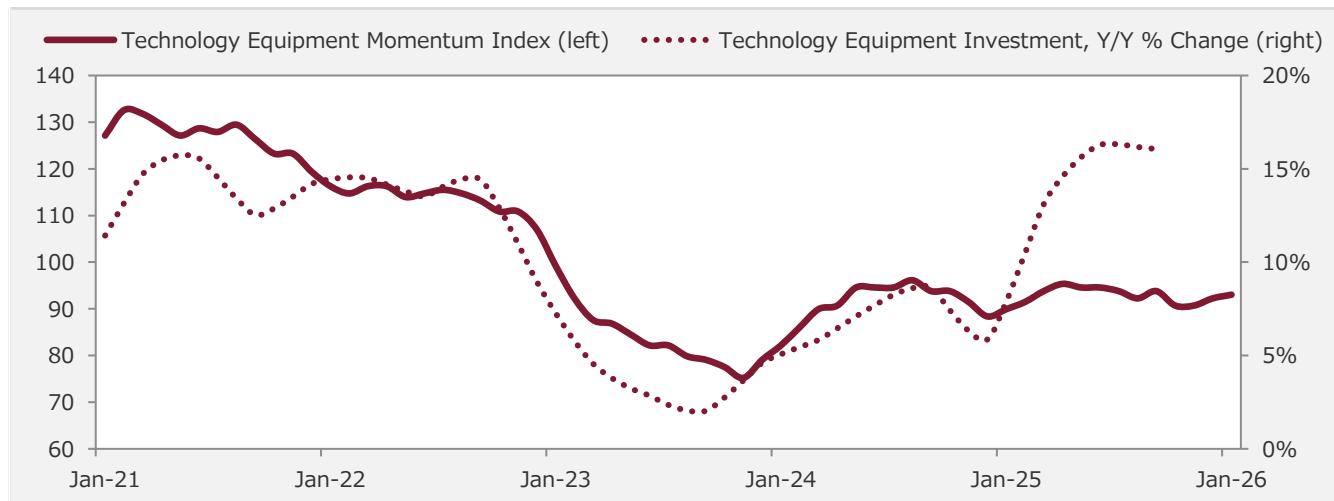
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Technology Equipment & Software

Investment in Technology Equipment & Software increased 6.9% (annualized) in Q3 2025 and is up 16% from its year-ago level. The Technology Equipment & Software Momentum Index ticked up from 92.2 (revised) in December to 93.0 in January. The Index was driven higher by a 6.1% M/M increase in average weekly earnings for computer and software merchant wholesalers in November and a 0.8% M/M uptick in new orders of electromedical, measuring, and control instruments in October. Overall, the Index suggests that annual growth in technology equipment and software investment 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)	+16.1%
Investment Growth (Q/Q, SAAR)	+6.9%
Vertical Investment (SAAR)	\$1.3 Trillion
Share of Total Investment	57.5%

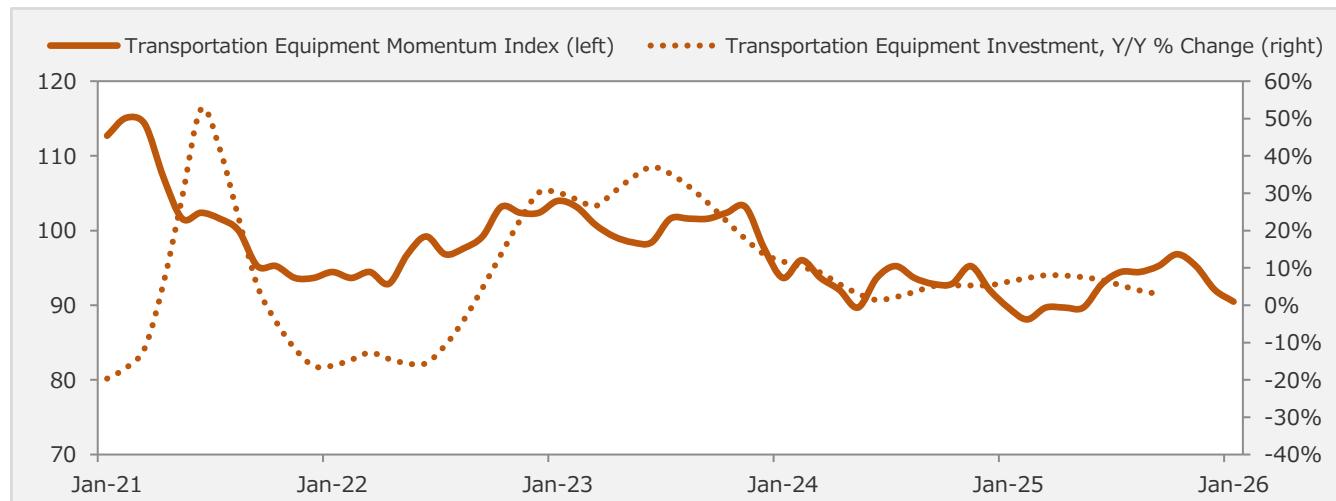
Current and Previous Readings



U.S. Equipment & Software Investment Momentum Monitor

Transportation Equipment

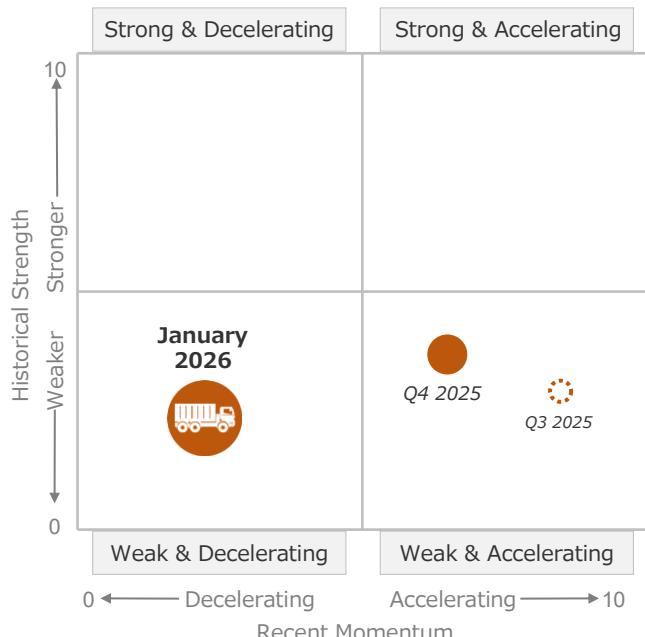
Investment in Transportation Equipment declined 2.7% (annualized) in Q3 2025 but remains 3.0% above its year-ago level. The Transportation Equipment Momentum Index decreased from 92.1 (revised) in December to 90.5 in January. Several indicators weighed on the Index, including 1% M/M contraction in motor vehicle parts manufacturing and a 0.1-pt M/M decline in manufacturing and transportation equipment capacity utilization which offset a 16.2% M/M increase in motor and aviation gasoline consumption. Overall, the Index points to moderating and potentially contracting annual investment growth in transportation equipment over the next two quarters.



Summary of Current Conditions

Historical Strength of Vertical Momentum	
Historical Strength of Investment Growth	
Investment Growth (Y/Y)	+3.0%
Investment Growth (Q/Q, SAAR)	-2.7%
Vertical Investment (SAAR)	\$320.0 Billion
Share of Total Investment	13.9%

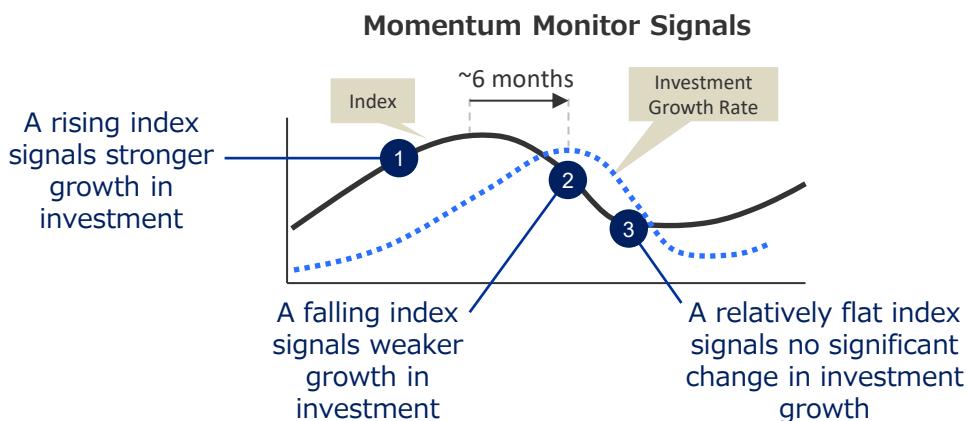
Current and Previous Readings



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.

