Asset-Based Lenders See Encouraging Signs in Credit Utilization Growth

CFA Lending Index for Q2 2014 Shows Credit Utilization at Highest Levels in 22 Quarters as Many U.S. Companies Remain Optimistic But Cautious

NEW YORK, August 19, 2014 –Hopeful signs for the economy emerged as the Commercial Finance Association (CFA) today released its Quarterly Asset-Based Lending (ABL) Index Q2 2014, showing that U.S. businesses utilized 43.1% of their credit lines during the 2nd quarter, a significant increase of two full percentage points (5%) from the first quarter and 0.7 percentage points (1.6%) from the same period in 2013.

CFA’s ABL Index, based on information provided by 27 of the nation’s top asset-based lenders, showed that total committed credit lines grew 1.6% over the previous quarter and 6.0% over the same period one year ago. Total committed credit lines amounted to nearly $204 billion at the end of the Q2 2014.
While credit line utilization has consistently increased over the past four years, companies continue to utilize credit at levels significantly below levels in the years before the financial crisis when utilization of credit lines by U.S. businesses was generally higher than 50%.

New credit commitments increased by 9.6% over the previous quarter when severe winter weather dampened productivity in many areas of the U.S. New credit commitments during the second quarter, totaling $8 billion, were up 11.1% over the same period in 2013.

“Asset-based lending activity clearly picked up during the second quarter of this year and we look for this trend to continue as U.S. firms gain confidence and expand their business,” said CFA Chief Executive Officer Robert Trojan. “Asset-based lenders are uniquely positioned to help businesses grow and to prosper in the quarters and years ahead.”

CFA’s Quarterly Asset-Based Lending Index was conducted by R.S. Carmichael & Co., an independent market research firm. CFA has tracked asset-based lending activity and published the Quarterly Asset-Based Lending Index since March 2008 to provide insight on national commercial lending activity.

A full copy of CFA’s Quarterly Asset-Based Lending Index is available at CFA ABL Index.

Founded in 1944, the Commercial Finance Association is the international trade group of the asset-based lending, factoring and supply chain finance industries, with nearly 300 member organizations throughout the U.S., Canada and around the world. CFA provides education, networking opportunities and industry advocacy on a domestic and international basis to the commercial finance community.

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