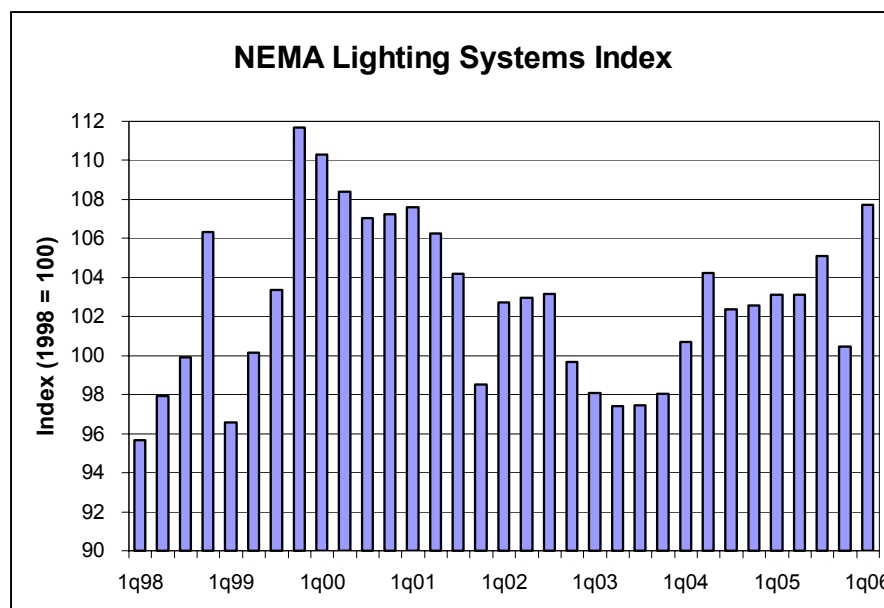


Shipments of Lighting Equipment Surge in First Quarter of 2006

The NEMA Lighting Systems Index increased 7.2 percent during the first quarter of 2006, climbing to its highest reading in nearly six years. The topline index was supported by strong gains in domestic shipments of emergency lighting, fixtures and fluorescent ballasts. By contrast, large and miniature lamps posted modest declines in shipments compared to the prior quarter.



Evidence suggests shipments of lighting equipment will continue to expand going forward. However, the underlying demand drivers for lighting equipment, namely residential and nonresidential construction, will begin to move in opposite directions going forward. Indeed, the housing market has begun to show broad-based signs of weakening, including reports of skyrocketing

inventories of unsold homes, tumbling orders for new homes and slowing house-price appreciation. The steady rise in mortgage rates is expected to continue, which will further erode affordability and reduce purchasing opportunities for some potential homebuyers.

By contrast, prospects are better for lighting equipment for commercial and industrial end-uses. Indeed, after six quarters of lackluster growth, construction of new offices, manufacturing plants and other nonresidential facilities increased at a 9 percent annualized rate in the first quarter of 2006. Demand drivers for commercial and industrial space, such as job growth in office-using industries and expanding manufacturing output, are expected to further buoy shipments of lighting equipment. Finally, the Energy Policy Act could also provide a boost to demand, as the legislation offers tax incentives for the installation of more energy-efficient lighting systems.

The NEMA Lighting Systems Index is a composite measure of NEMA-member companies' U.S. shipments of a variety of lighting products, including lamps, luminaire, ballasts, emergency lighting, and exit signs. Product shipments data are drawn from NEMA statistical surveys and are adjusted for inflation and seasonal fluctuations.

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