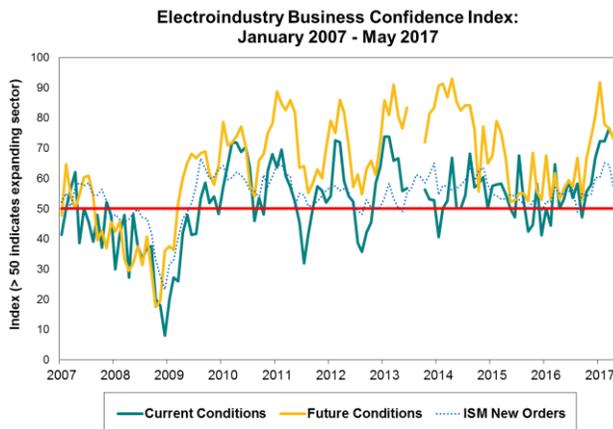


# May 2017 NEMA Electroindustry Business Confidence Index

May 31, 2017

## Confidence Indexes Remain Firmly in Expansionary Range



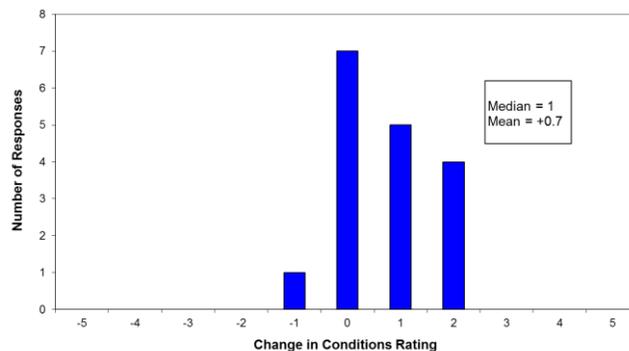
The current and future confidence indexes moved in lockstep for the third consecutive month, each pulling back nominally from 73.5 last month to 70.6 in May. At this level the indexes remain well into expansionary range, even as the current conditions responses suggest a movement toward a sense of status quo with the six percentage point decline in those registering better conditions – from 53 percent in April to 47 percent now – taken up entirely by the six point increase, to 47 percent, in those seeing unchanged conditions. Those

witnessing worse conditions held steady at 6 percent. Comments were largely positive, with a dash of uncertainty about specific end use sectors including the industrial and utility markets.

The range of responses to the survey's measure of the *intensity* of change in electroindustry business conditions narrowed somewhat, and the mean score ticked down slightly from +0.8 in April to +0.7 this month. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

A majority of respondents expect improved conditions in six months, although the 53 percent share of those who do marks a sharp pullback from the 65 percent reporting similarly last month. Unlike the current conditions reporting, the share of those expecting worse conditions declined from 18 percent last month to 12 percent in May. The largest swing came from those expecting conditions to remain unchanged. That share jumped from 18 percent in April to 35 percent this month. Comments regarding expectations for the business environment tend to be upbeat but political uncertainty remains a concern.

EBCI Current Conditions Magnitude:  
May 2017



## SURVEY RESULTS:

	<b>Current Conditions</b> (Compared to Previous Month)		<b>Conditions Six Months From Now</b> (Compared to Current Conditions)	
EBCI	70.6	▼	70.6	▼
% Better	47%	▼	53%	▼
% Worse	6%	▬	12%	▼
% Unchanged	47%	▲	35%	▲

Number of Respondents =17

Values reflect the percentage of respondents expecting "Better" conditions, plus one-half of the percentage of respondents expecting "Unchanged" conditions.

A score of 50 or higher suggests conditions appropriate to expansion of the electroindustry sector.

## EBCI METHODOLOGY:

The EBCI indexes are based on the results of a monthly survey of senior managers at NEMA member companies and are designed to gauge the business environment of the electroindustry in North America (defined here as the United States and Canada).

The survey contains the following questions:

1. How would you rate current economic conditions in North America, as they affect your business, compared to the previous month?
  - a. Using the following scale, please describe the magnitude of change in economic conditions in North America this month compared to economic conditions last month? [Scale structured as follows: 5 (improved significantly), 4, 3, 2, 1, 0 (stayed the same), -1, -2, -3, -4, -5 (deteriorated significantly)]
2. How do you expect economic conditions in North America, as they affect your business, to have changed six months from now?

Respondents are asked to indicate whether conditions are better, worse or unchanged. The survey also provides space for respondents to comment on current conditions. These comments are included below the table containing the index levels.

The index value is the percentage of respondents expecting "Better" conditions, plus one-half of the percentage of respondents expecting "Unchanged" conditions, which follows the methodology used by the Institute for Supply Management (ISM; formerly the National Association of Purchasing Management) in the construction of their manufacturing index.

NOTE: The chart of NEMA EBCI scores uses ISM New Orders Index values for comparison purposes. The current month Manufacturing ISM® *Report On Business*® may be found here:

<https://www.instituteforsupplymanagement.org/ismreport/mfgrob.cfm>