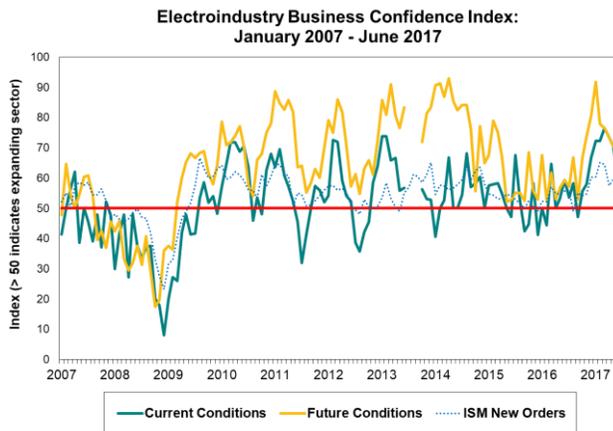


# June 2017 NEMA Electroindustry Business Confidence Index

June 28, 2017

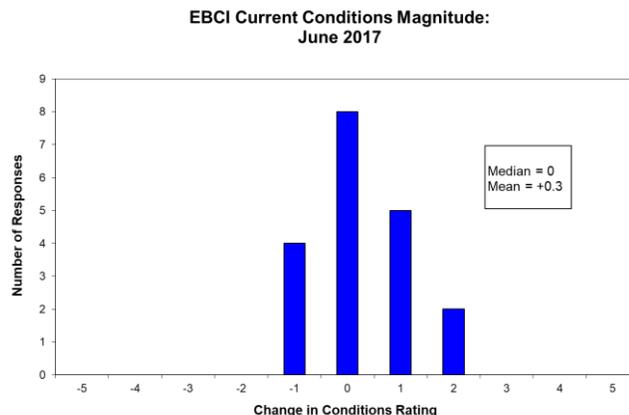
## Perceived Lack of Policy Progress Dampens Confidence, but Strength in Key End Markets Provides Counterbalance



The current conditions index's 10-point slide from 70.6 in May to 60.5 this month brings it to the lowest level since November 2016. Nevertheless, because it remains above 50, the index value is still in the expansionary range. The share of those reporting better conditions dropped by 15 percentage points from May to June, but most of that sentiment shifted to "unchanged" as that component jumped 11 points from 47 percent last month to 58 percent in June. The proportion of panel members noting worse conditions edged up to 11 percent from 6 percent in May.

The *intensity* of change in electroindustry business conditions swung to a much less buoyant mark as both the median and mean scores declined. The median, which had settled in at 1.0 since January, edged down to 0 this month. Likewise, the mean value, which had not dropped below 0.6 this year, slid to 0.3 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).*

Although the future conditions index also declined, easing to 68.4 in June from 70.6 last month, most respondents remained optimistic about conditions facing the industry in six months. In both May and June, 53 percent of our panel members reported expectations of better conditions six months out, while 16 percent foresaw worse conditions in the latest survey. A sizeable proportion of respondents, 32 percent, expected to see future conditions unchanged.



## SURVEY RESULTS:

	<b>Current Conditions</b> (Compared to Previous Month)		<b>Conditions Six Months From Now</b> (Compared to Current Conditions)	
EBCI	60.5	▼	68.4	▼
% Better	32%	▼	53%	▬
% Worse	11%	▲	16%	▲
% Unchanged	58%	▲	32%	▼

Number of Respondents =19

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>