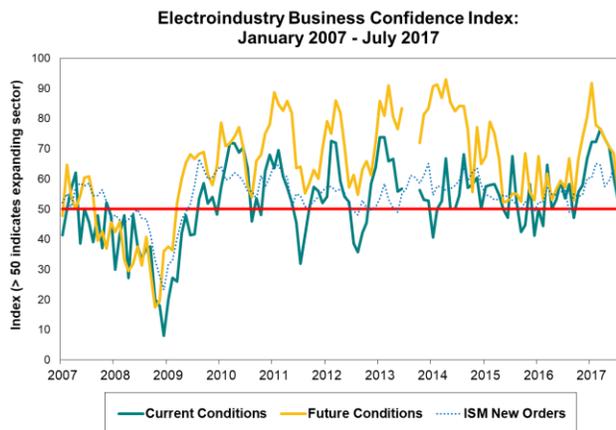


# July 2017 NEMA Electroindustry Business Confidence Index

July 26, 2017

## Confidence Indexes Decline Sharply but Remain above 50

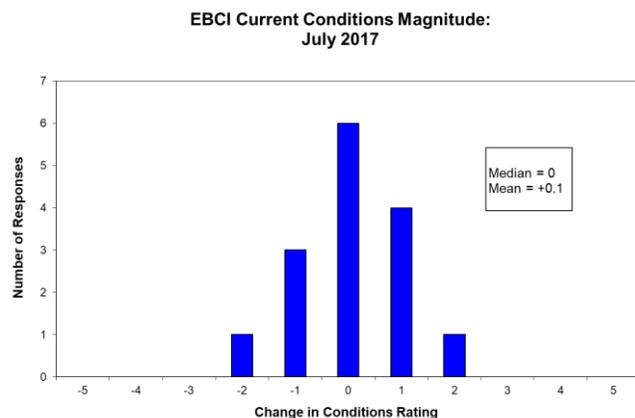


The current conditions index slid by more than 20 points from the near-term high of 76.5 reached in March of this year. As recently as last month, the current conditions index topped 60 but fell 7.2 points to reach July’s value of 53.3. Most of the change came from a larger share of respondents – 67 percent in July versus 58 percent last month – who reported unchanged conditions. The share of those who noted that conditions are worse increased by only 2 points to 13 percent this month. Some respondents mentioned sluggishness in key markets, while others noted improving

economic conditions overall and the seasonal boost typical of summertime.

The reported *intensity* of change in electroindustry business conditions continued to erode in July. The median value of this measure remained at 0 for the second consecutive month. The mean value, which is a more volatile measure, declined from 0.3 in June to 0.1 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).*

The future conditions index fell even more dramatically than the current index. In January 2017, the six-month ahead index stood at 91.7 but dropped 35 percentage points since that zenith. July’s reading clocked in at 56.7 points, down from 68.4 last month. Unlike the current index composition changes, most of the decline in the future index could be attributed to the 27 percent share of July’s panelists who expected worse conditions in six months, which was an 11 point increase from June. The share of those expecting unchanged conditions edged up only slightly from 32 percent in June to 33 percent this month.



## SURVEY RESULTS:

	<b>Current Conditions</b> (Compared to Previous Month)		<b>Conditions Six Months From Now</b> (Compared to Current Conditions)	
EBCI	53.3	▼	56.7	▼
% Better	20%	▼	40%	▼
% Worse	13%	▲	27%	▲
% Unchanged	67%	▲	33%	▲

Number of Respondents =15

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>