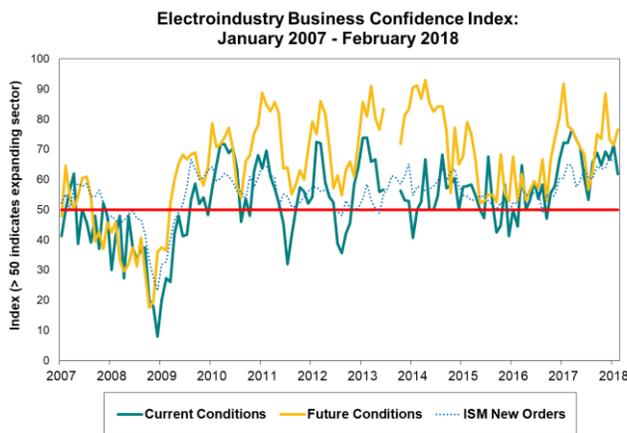


Current Conditions Component Softens as Future Conditions Sentiment Jumps



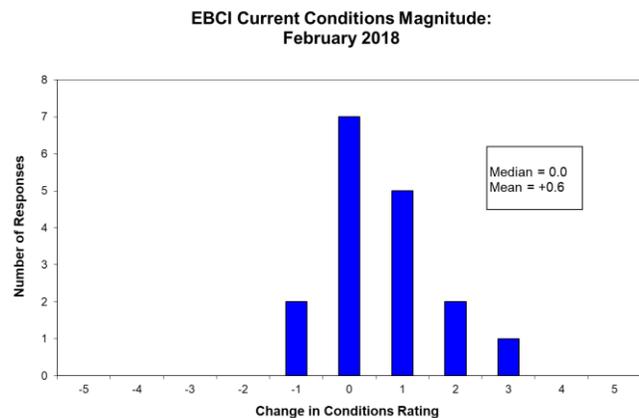
Some EBCI panel members noted softer conditions in February relative to the strength of recent months. The share of those reporting worse conditions this month increased while the proportion of “better” responses declined, lending quantitative support to the anecdotal information. Despite sliding nearly 10 points to 61.8, February’s current conditions component remained firmly in expansionary territory. The most recent U.S. Census Bureau data depicted a similar mixed for last December when year over year electroindustry shipments grew by almost 4 percent while new orders ticked down

slightly.

The reported intensity of change in electroindustry business conditions diminished slightly, with the mean value edging back from 0.9 in January to 0.6 in February. Likewise, the median value declined to 0 in the current reading after having reached 1.0 in each of the previous three months. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Synchronized global growth, corporate tax reform, and an improved business climate were cited as contributing to respondents’

expectations of better conditions in six months as the future conditions component increased from 71.4 last month to 76.5 in February’s report. Although the share of respondents who anticipated worse conditions increased slightly from January, the number of those expecting to see better conditions grew substantially. One commenter sounded a note of caution in the otherwise upbeat outlook by pointing to the potential for increased inflation and interest rates.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	61.8	▼	76.5	▲
% Better	35%	▼	65%	▲
% Worse	12%	▲	12%	▲
% Unchanged	53%	▲	24%	▼

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>