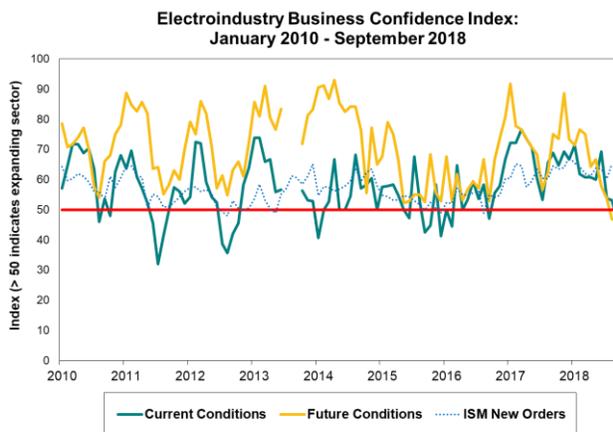


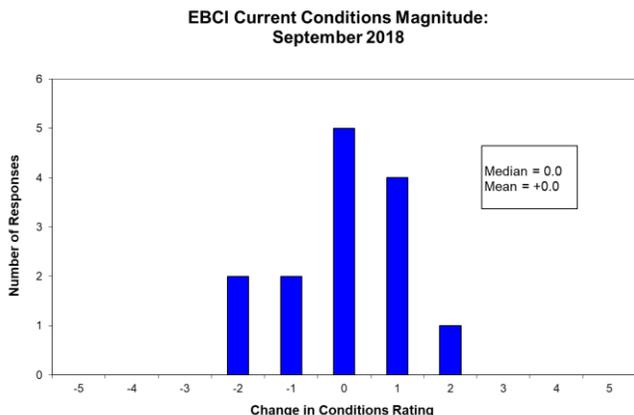
EBCI's Current and Future Conditions Components Converge below 50 for First Time since Recession



September 2018's reading of 46.4 marks the first time since September 2016 that the current conditions component dipped below 50. With the exception of a one-month blip in June, the current conditions measure has been generally trending down since February of this year. Although fully half of the panel reported unchanged conditions, the share of those noting worse conditions increased by 10 percentage points from August's results. Comments were mixed, with one mentioning transportation bottlenecks as a limiting factor.

The distribution of responses shifted, but the average value of the reported intensity of change in electroindustry business conditions did not change from last month. The mean value remained at 0.0, and the median value also held firm at 0 in September. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Marginal erosion in the future conditions component to 46.4 left its September score below 50 for the second straight month. Unlike the current component, the view six months ahead appears to be flattening rather than contracting further, as the proportion of respondents noting unchanged conditions surged by 31 points to 50 percent in September. Qualitative remarks were limited, but pointed to increased export opportunities as well as possible improvement once the noise from the election cycle has quieted.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	46.4	▼	46.4	▼
% Better	21%	▼	21%	▼
% Worse	29%	▲	29%	▼
% Unchanged	50%	▼	50%	▲

Number of Respondents =14

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>