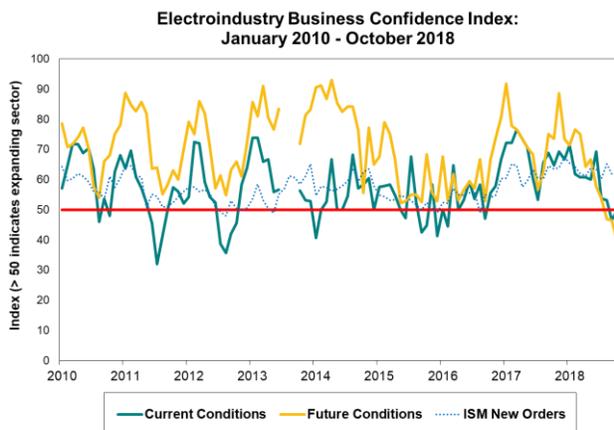


Current Conditions Component Bounces Back to 50 Even as Future Conditions Reading Continues to Erode

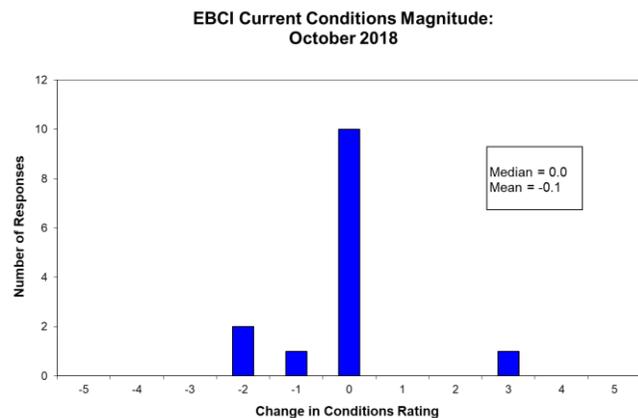


An uptick in the share of respondents that reported unchanged conditions, combined with a decline in the number of responses indicating a worsening business environment, have boosted the current component of the EBCI to an expansionary reading by the narrowest of margins. October's score of 50.0 is nearly 4 points higher than last month's. The underlying distribution reflects conditions that have been perceived as positive for 24 months and are now finely balanced with equal upside and downside risks.

Although the median measure remained at 0, the mean value of the reported intensity of change in electroindustry business conditions edged down to -0.1. This marks the first time the intensity indicator moved into negative territory since September 2016. 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 component continued to lose ground, sliding seven points to 39.3 in October, its lowest reading since February 2009.

Even though half of the respondents expect conditions to be unchanged six months from now, those foreseeing worse conditions outnumber those indicating a better environment ahead by almost 2 to 1. Concerns about the effect of tariffs, and the apparent likelihood that hoped-for infrastructure expenditures are off the table, serve as a backdrop to the erosion in optimism.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	50.0	▲	39.3	▼
% Better	21%	▬	14%	▼
% Worse	21%	▼	36%	▲
% Unchanged	57%	▲	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>