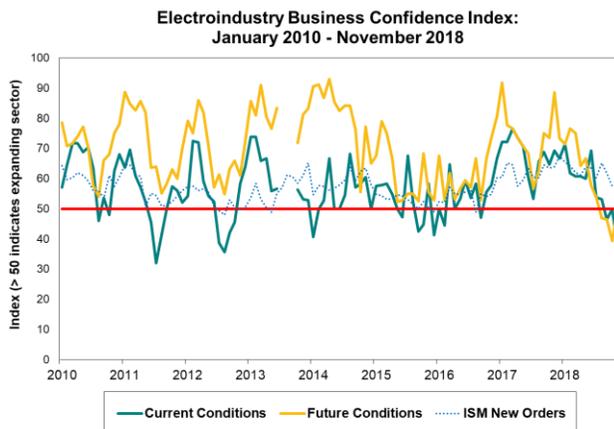


Current Conditions Component Dips to 37 as Response Mix Suggests Softening Business Environment

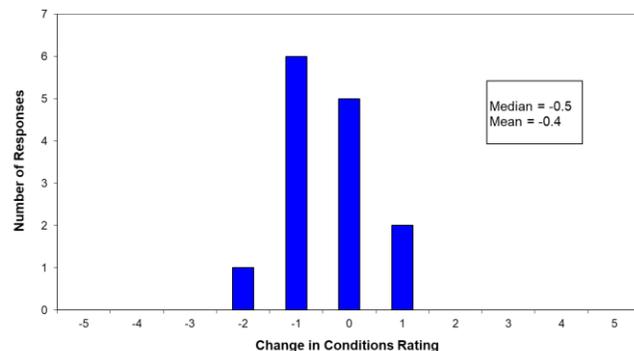


For the second time in three months, the current conditions component of the EBCI has dropped below 50, giving up more than 13 points from last month to a reading of 36.7 in November. This marks the lowest point in the series since August 2012. Although the share of respondents that reported worse conditions increased to 33 percent, a solid majority – 60 percent – noted unchanged conditions. The mix of responses is perhaps more telling than the headline number, likely signaling that the extent to which conditions are improving compared to the prior period may have peaked.

The mean value of the reported intensity of change in electroindustry business conditions slid from -0.1 last month to -0.4 in November, and the median value moved into negative territory, -0.5, for the first time since early 2009, in line with the growing share of respondents reporting worse conditions. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

By contrast, the future conditions component returned to expansionary territory, albeit just barely, following a three-month string of sub-50 readings. With responses about expectations for six months ahead split evenly between better, worse, and unchanged, the November score calculated to exactly 50 points. Panel member comments evinced ambivalence, along with a nod to continued strength in the industrial sector and some concerns about trade and inflationary pressures in the months ahead.

EBCI Current Conditions Magnitude:
November 2018



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	36.7 	50.0 
% Better	7% 	33% 
% Worse	33% 	33% 
% Unchanged	60% 	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>