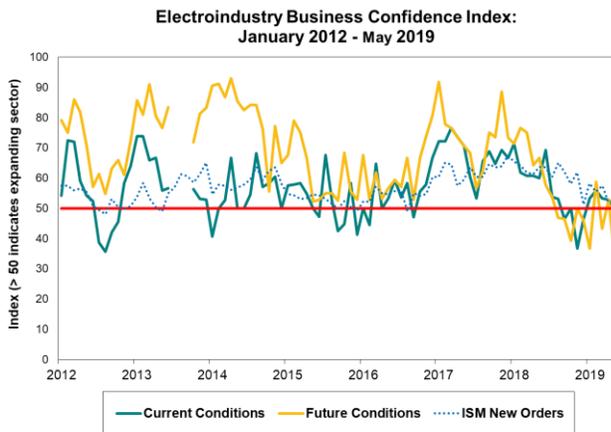


# May 2019 NEMA Electroindustry Business Confidence Index

May 29, 2019

## Tariffs Tarnish Future Conditions Component

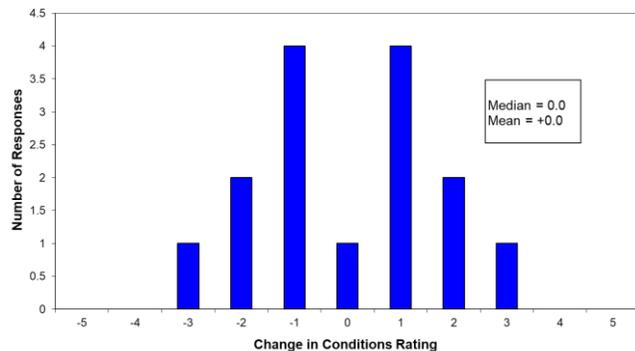


The current conditions component edged lower for the third consecutive month in May, moving from a reading of 52.8 in April to 50.0 this month. The share of panelists who reported unchanged conditions dropped sharply, and although the proportion of respondents that indicated better conditions increased over last month, the percentage that noted worse conditions increased by an even greater amount. For better or for worse, tariffs served as the focus for most comments, but one remark simply pointed out that this has been the “best start to the year” in some time.

Forming a mirror image bimodal distribution this month, both the mean and median values of the reported intensity of change in electroindustry business conditions calculated to 0.0, with the mean value having slipped from +0.3 in April. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Looking six months ahead, the burst of optimism exhibited last month soured quickly as the future conditions index fell nearly 17 points to 33.3, a level last seen amid the 2007 – 2009 recession. The percentage of responses expecting worse conditions ahead increased while the share of better and unchanged projections fell from April to May. The ever-growing trade imbroglio once again garnered significant attention in the comments, with one expressing concern that the “U.S. position on trade is leaning towards protectionism.”

**EBCI Current Conditions Magnitude: May 2019**



**SURVEY RESULTS:**

	<b>Current Conditions</b> (Compared to Previous Month)		<b>Conditions Six Months From Now</b> (Compared to Current Conditions)	
EBCI	50.0	▼	33.3	▼
% Better	40%	▲	27%	▼
% Worse	40%	▲	60%	▲
% Unchanged	20%	▼	13%	▼

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>