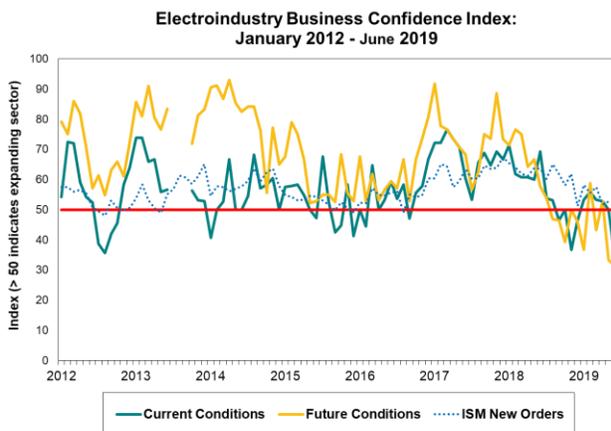


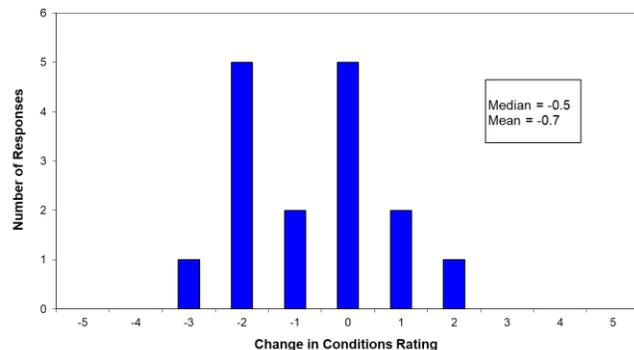
Current Conditions Component Pulls Back in June



At 34.4, the current component of the Electrical Industry Business Confidence Index suggested that business conditions may have softened in June. The nearly 16 point drop from the prior month reflected a complex mix of responses ranging from concern over the negative effects of ongoing tariff-related actions, to the salutary impact of those same trade moves, to continued or even increased strength in the market. Twenty percent of the panel reported unchanged conditions, which left the remaining 80 percent of responses evenly split between those noting better or worse conditions this month.

The mean value of the reported intensity of change in electroindustry business conditions dropped from 0.0 last month to -0.7 this month, and the median value slid from 0.0 to -0.5. The negative shift in the change in conditions rating is noteworthy, as average scores this far to the left of 0 were last reported in early 2009. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

EBCI Current Conditions Magnitude:
June 2019



For eight of the last 12 months, including the current period, the future conditions index has been under the growth threshold reading of 50. The June index value of 31.3, which marks a 2 point decline from last month, is the lowest future component reading since November 2008. Nearly 70 percent of this month's respondents expect business conditions to be worse in six months. Virtually all comments point to public policy, especially those having to do with trade, as the main reason for the low expectations made evident in the numerical score.

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	34.4	▼	31.3	▼
% Better	25%	▼	31%	▲
% Worse	56%	▲	69%	▲
% Unchanged	19%	▼	0%	▼

Number of Respondents =16

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>