Current Conditions Measure Improves as Future Reading Slips in November

After two months of straddling the line between signaling growth or slowdown, the EBCI current conditions component moved firmly into growth territory with a nearly 9 point increase from last month’s score to 58.8. Although the share of “better” responses increased, the preponderance of panelists noted unchanged conditions, and that mix is reflected well in the comments. The tenor of those remarks was largely unenthusiastic but somewhat positive-leaning and may be best summarized by one respondent’s note that conditions are “steady but at a strong level.”

For the first time since March, the mean value of the reported intensity of change in electroindustry business conditions shifted to the right of 0, coming in at +0.2. The median score, meanwhile, remained at 0. *Panelists are asked to report intensity of change on a scale ranging from −5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

A large drop-off in the proportion of responses expecting better conditions in six months alongside an even larger increase in the share of panel members anticipating an unchanged business environment, pushed the future component to a 47.1 reading. The 5.8 point decline from October to November led the forward-looking measure to fall below 50 for the eighth time this year. Politics and policy weighed on some commenters’ assessments of the months ahead, but the general tone appeared to be more wary than downbeat.
SURVEY RESULTS:

<table>
<thead>
<tr>
<th>EBCI</th>
<th>Current Conditions (Compared to Previous Month)</th>
<th>Conditions Six Months From Now (Compared to Current Conditions)</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>EBCI</td>
<td>58.8</td>
<td>47.1</td>
</tr>
<tr>
<td>% Better</td>
<td>35%</td>
<td>18%</td>
</tr>
<tr>
<td>% Worse</td>
<td>18%</td>
<td>24%</td>
</tr>
<tr>
<td>% Unchanged</td>
<td>47%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Number of Respondents = 17

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