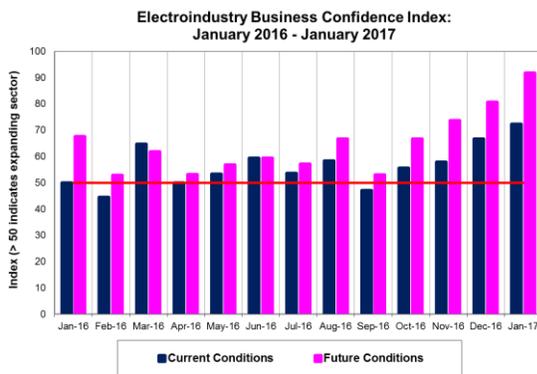


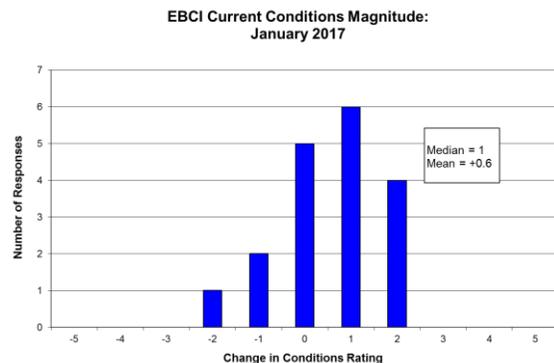
# January 2017 NEMA Electroindustry Business Confidence Index

January 25, 2017

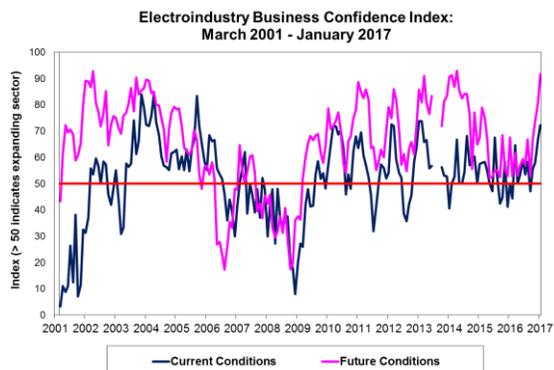
## Confidence Indexes Soar in Spite of Some Year End Weakness and Lingering Uncertainty about Policy Environment



Mixed in with guarded optimism, panel comments also noted some market softness and uncertainty about the policy course being charted by Washington. Nevertheless, buoyed by a surge of respondents reporting better conditions the current conditions index moved to 72.2, which is the highest reading in nearly 4 years. Most of the movement came from fewer panelists reporting unchanged conditions: only 22 percent in January versus 44 percent last month. Although some of that exodus resulted in a 6 point increase in those seeing worse conditions, 61 percent registered better conditions now compared to 44 percent in December.



The survey's measure of the *intensity* of change in electroindustry business conditions continued to move further into positive territory, as the mean rating increased from +0.4 in December to +0.6 this month. Even the median measure, usually stuck on 0, increased to 1. Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).



Optimism for 6 months out was unblemished by even one respondent who expected worse conditions. In December, 6 percent had expressed misgivings. Combining the absence of expectations for worse conditions with 11 percent fewer responses foreseeing unchanged conditions boosted the future index to a near-record high of 91.7.

## **SURVEY RESULTS:**

	<b>Current Conditions</b> (Compared to Previous Month)	<b>Conditions Six Months From Now</b> (Compared to Current Conditions)
EBCI	72.2	91.7
% Better	61%	83%
% Worse	17%	0%
% Unchanged	22%	17%

Number of Respondents =18

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 (formerly the National Association of Purchasing Management) in the construction of their manufacturing index.