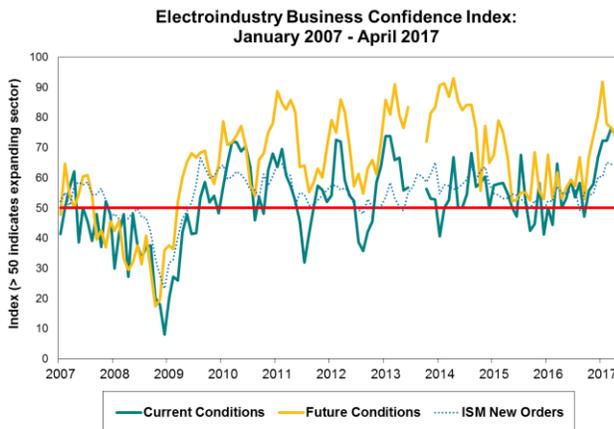


Current and Future Conditions Indexes Down from Peak but Remain Strong



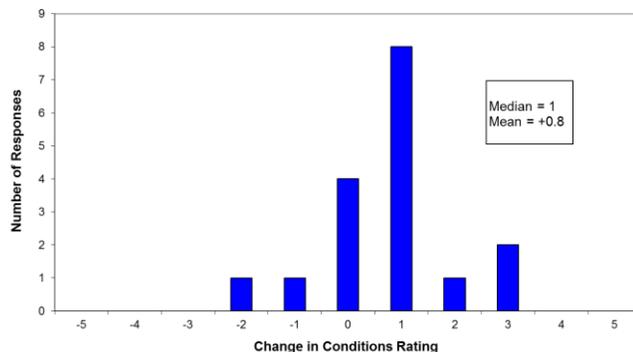
For the second month in a row, the current and future conditions index values matched up exactly, as both edged down from 76.5 in March to April's reading of 73.5. Although the topline values were identical, the underlying response patterns diverged. In the current conditions measure, 53 percent of the respondents reported better conditions this month, down from 59 percent in March. On the flip side, the share of panel members noting unchanged conditions increased by 6 percentage points to 41 percent in April, while those seeing worse conditions held steady at 6 percent.

The survey's measure of the *intensity* of change in electroindustry business conditions showed improvement, and a wider range of responses, from last month, as the mean score moved up by one-tenth of a point to +0.8 in April while the median value remained at +1. In March, reported intensity values ranged from -1 to +2, but widened to include a minimum value of -2 and a top end of +3 this month. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

As federal policy makers appear to be settling into something of a new normal, the current conditions reporting seems driven less by inside the Beltway goings on and more by on-the-ground business activity. However, the view six months ahead is still clouded by concerns about the shape of infrastructure plans and healthcare and tax reform proposals.

A smaller share of our panel – 18 percent now versus 35 percent in March – expects conditions to be unchanged in six months. Sixty-five percent of our respondents expect better conditions, up from 59 percent in March, but the proportion of those expecting worse conditions tripled from 6 percent last month to 18 percent in April.

EBCI Current Conditions Magnitude:
April 2017



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	73.5 ↓	73.5 ↓
% Better	53% ↓	65% ↑
% Worse	6% ↔	18% ↑
% Unchanged	41% ↑	18% ↓

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>