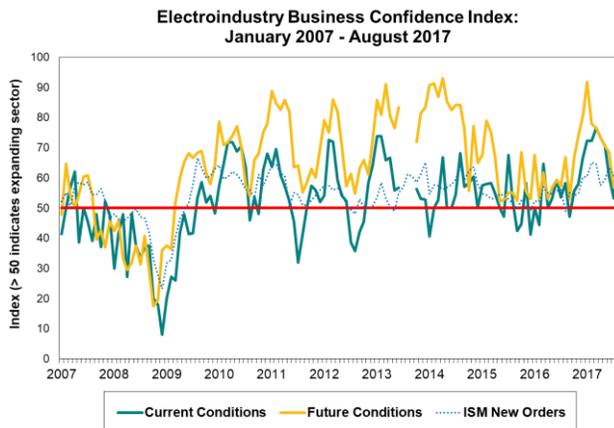


# August 2017 NEMA Electroindustry Business Confidence Index

August 30, 2017

## Respondents Cite Some Uncertainty Even as Indexes Rebound



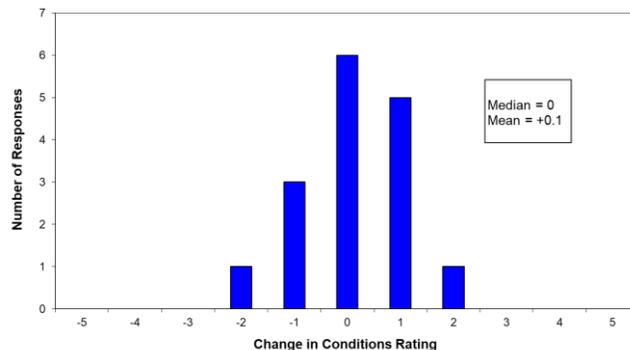
The current conditions index rebounded 12.3 points in August to 65.6, erasing last month's decline. The August reading is still 10.9 points below the recent high of 76.5 reached in March. The stronger reading resulted from a larger proportion of respondents – 44 percent in August versus 20 percent in July – that reported better conditions. The share of panel members that noted worsening conditions remained flat at 13 percent. Meanwhile 44 percent responded that conditions were unchanged in August compared to 67 percent in July. Some of those surveyed cited strong

demand and solid fundamentals, while others reported declines in industrial business lines.

The reported *intensity* of change in the electroindustry business conditions continued to signal a lack of conviction among survey respondents. The median value remained at 0 for the third consecutive month. The mean value, a more volatile measure, remained unchanged in August at 0.1. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

The future conditions index rebounded in August by 5.8 points to reach 62.5. Much of this improvement is attributable to a sharp decline in the number of respondents expecting worse conditions. In addition, the number of panelists anticipating better conditions six months from now increased from 40 to 44 percent. Despite the August rebound, the index measuring business conditions six-months ahead was still 29.2 points lower than the recent peak of 91.7 in January. Survey respondents noted tightening labor market conditions and increasing wages as causes for concern.

EBCI Current Conditions Magnitude:  
July 2017



## SURVEY RESULTS:

	<b>Current Conditions</b> (Compared to Previous Month)		<b>Conditions Six Months From Now</b> (Compared to Current Conditions)	
EBCI	65.6	▲	62.5	▲
% Better	44%	▲	44%	▲
% Worse	13%	▼	19%	▼
% Unchanged	44%	▼	38%	▲

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>