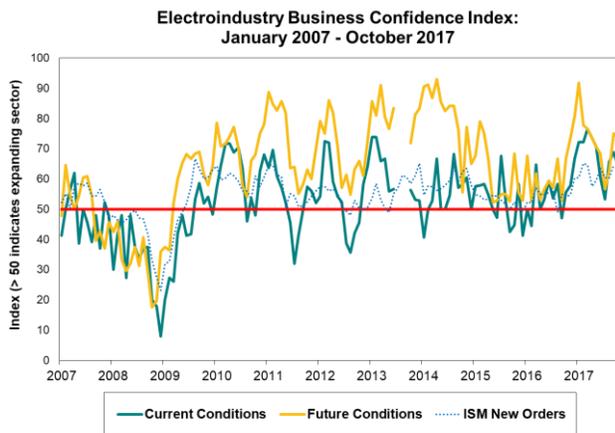


October 2017 NEMA Electroindustry Business Confidence Index

October 25, 2017

Weather and Politics Bring Uncertainty, but Fundamentals Remain Solid

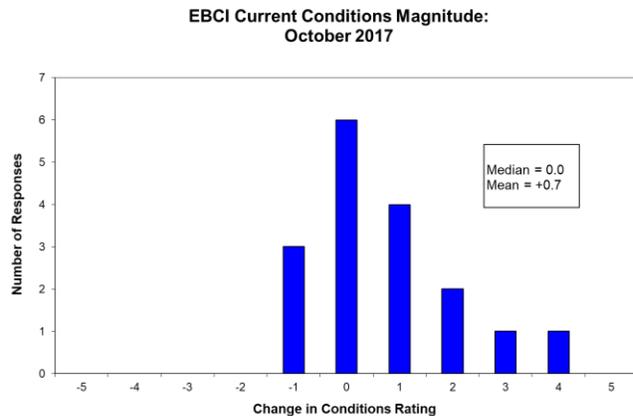


The current conditions component of NEMA’s Electroindustry Business Confidence Index edged down from 68.8 points in September to 64.7 this month, a reading still well within the range considered to be indicative of expansion in the electroindustry. The largest shift from last month came from the share of respondents that noted worse conditions, which increased by more than five percentage points to 18 percent in October. The proportion of panel members reporting better conditions fell from 50percent in September to 47 this month, while the percentage of those indicating unchanged

conditions similarly declined from 38 to 35 percent.

The reported *intensity* of change in electroindustry business conditions shifted somewhat toward the more positive end of the scale. Although the median value declined incrementally, the distribution of responses pulled the mean up slightly. The median value now stands at 0, down from 0.5 last month, but the mean value added three-tenths of a point to last month’s reading to reach 0.7 in October. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Although the share of panelists expecting better conditions increased two percentage points to 65 percent in October, the future conditions component declined modestly to 73.5 points in October after having reached 75.0 last month. The proportion of respondents who expect worse conditions grew from 13 percent in September to 18 percent this month while expectations for unchanged conditions dropped seven points to hit 18 percent in October.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	64.7	▼	73.5	▼
% Better	47%	▼	65%	▲
% Worse	18%	▲	18%	▲
% Unchanged	35%	▼	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>