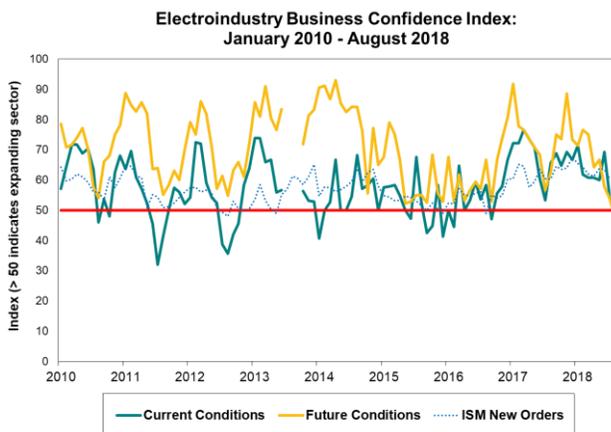


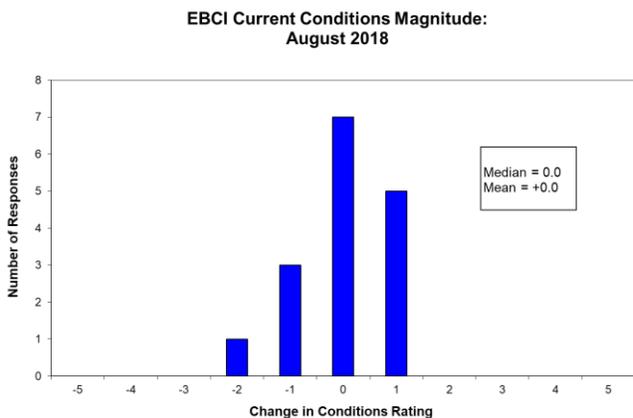
Little Change in EBCI's Current Conditions Component, but Tariffs Darken Six-Months Ahead View



The current conditions component declined slightly in August, but remained in expansionary territory at 53.8. A majority of respondents indicated conditions were unchanged from last month's robust business environment. Interestingly, the share of those who reported better conditions crept up marginally but so did the proportion that noted facing worse conditions. Several panel members mentioned tariffs were a concern and in more than one case had already begun affecting their businesses.

The average value of the reported intensity of change in electroindustry business conditions did not move from July's measurement. The mean value remained at 0.0, and the median value also held steady at 0 in August. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

For the first time since February 2009 the future conditions component dropped below 50, suggesting a potential industry deceleration six months from now. The nearly 7 point decline to August's 46.9 reading was driven largely by a sharp uptick in the share of panel members that reported expecting worse conditions. Most comments pointed to concerns about the new tariffs' effects – on both supply and demand – even as others expected policy and political uncertainties to fade by that time.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	53.1 	46.9 
% Better	25% 	38% 
% Worse	19% 	44% 
% Unchanged	56% 	19% 

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>