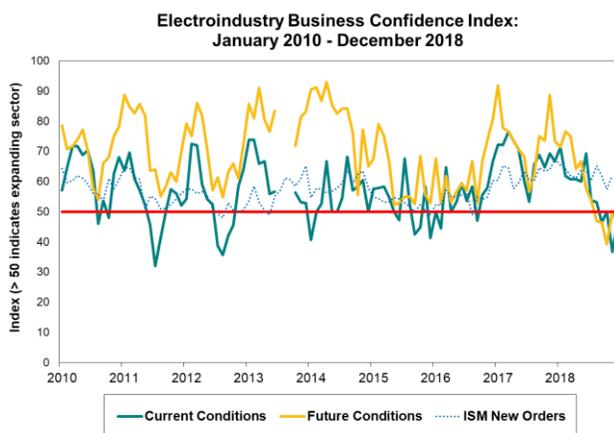


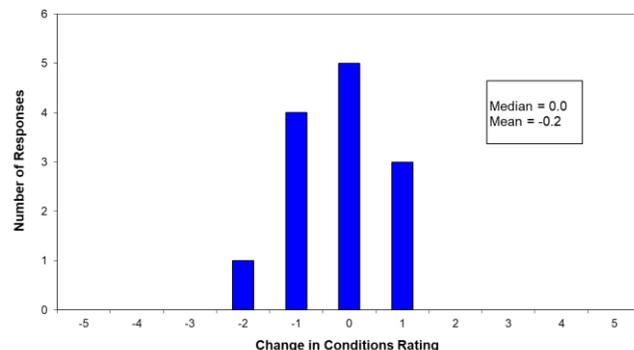
Current and Future Conditions Components Land below Expansion Line



The current conditions component of the Electroindustry Business Conditions Index bounced back from last month's 36.7, but at 46.2 points it did not return to expansionary territory. As with November's results, a majority of respondents reported unchanged conditions. Although the number of panel members that noted better conditions remained relatively sparse, the share of those whose companies experienced worse conditions declined by 10 percentage points from November to December.

The mean value of the reported intensity of change in electroindustry business conditions remained on the negative side of the scale for the third consecutive month but edged up slightly from -0.4 in November to -0.2 in December. The median value returned to 0 from last month's foray into the negative. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

EBCI Current Conditions Magnitude:
December 2018



After flirting with an expansionary reading last month, the future conditions component retreated to 46.2 points in December. The decline was driven by an increase in the share of respondents expecting worse conditions in six months. General optimism mixed with hope for a positive resolution of the tariff kerfuffle with China was tempered by concern about how the coming two-party rule in Washington will affect the business environment.

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	46.2	▲	46.2	▼
% Better	15%	▲	31%	▼
% Worse	23%	▼	38%	▲
% Unchanged	62%	▲	31%	▼

Number of Respondents =13

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>