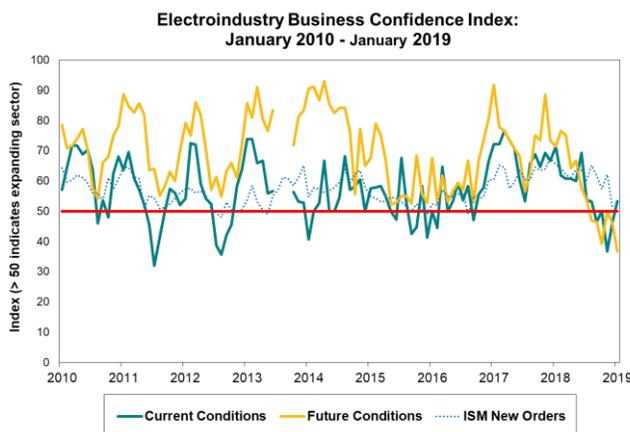


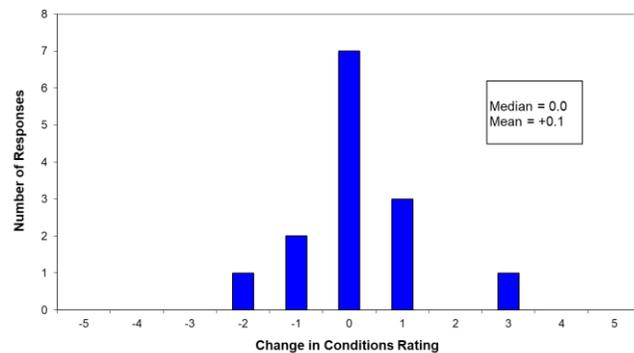
Electrical Manufacturers See Improving Conditions Near Term, Less Favorable Environment Longer Term



The current conditions component moved above 50 for the first time since last August, adding 7 points to last month's mark to reach 53.3 in January. The responses presented a much more straightforward view than in recent months as the share of respondents that noted better conditions increased compared to last month, and the proportion of those who reported unchanged or worse conditions declined. Although some comments alluded to unease because of trade policy and the partial federal government shutdown, one respondent described a solid start to the year.

Edging back to positive following a three-month stretch of negative results, the mean value of the reported intensity of change in electroindustry business conditions came in at +0.1 in January. The median value held steady at 0 for the second straight month after briefly visiting negative territory late last year. *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: January 2019



In contrast with current conditions, the future conditions component slid further below 50, hitting the lowest level since near the end of the last recession. Losing 9.5 points from December, the six-month-ahead measure of electroindustry business confidence came in at 36.7 this month. It is important to note that all responses were collected prior to the announcement of a temporary funding measure that re-opened shuttered agencies and before Chairman Powell announced that the Federal Reserve is likely to hold steady on interest rates. Much of the commentary focused on the uncertainty caused by evident federal government dysfunction. One commenter noted expected weakness in the economy, particularly the construction sector.

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	53.3	▲	36.7	▼
% Better	27%	▲	20%	▼
% Worse	20%	▼	47%	▲
% Unchanged	53%	▼	33%	▲

Number of Respondents =15

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>