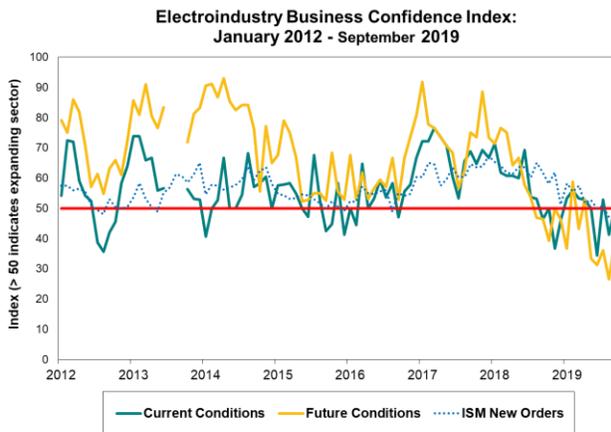


# September 2019 NEMA Electroindustry Business Confidence Index

September 27, 2019

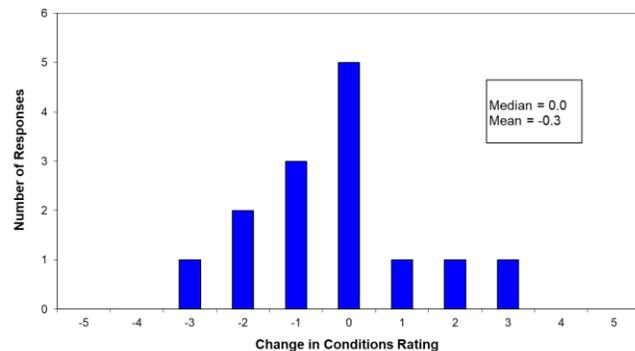
## Index Values Improve in September but Remain Weak



The current conditions component crept up to growth territory this month, bouncing back from August's 41.2 to reach an index value of 50 in September. Although a preponderance of panel members still reported unchanged conditions, the share of responses indicating better conditions edged up several percentage points. With only brief exceptions, this measure has remained largely range-bound in the low 50s to upper 40s since mid-2018. Commenters noted weakness in both long-term and short cycle spending alongside reports of steady to strong growth.

The mean value of the reported intensity of change in electroindustry business conditions edged up nearly imperceptibly in September but remained negative. As the mean moved one-tenth of a point to -0.3 this month, the median value of the intensity measure shifted into neutral, reading 0 this month after having dipped to -1.0 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).*

**EBCI Current Conditions Magnitude:  
September 2019**



Staging an even stronger upward move than the current component, the future conditions indicator nevertheless remained below 50 for the fifth month in a row. Having fallen last month to its lowest point since late 2008, the nearly 13-point gain left the six months ahead measure at an index value of 39.3 in September. Though still a majority view, a slightly lower percentage of respondents expected worse conditions ahead, and the proportion who reported expectations of better conditions in the future more than doubled. The mitigating effect of inventories on the impact of tariffs will diminish as those inventories are reduced, one commenter noted, while others remained positive about business conditions moving forward.

**SURVEY RESULTS:**

	<b>Current Conditions</b> (Compared to Previous Month)	<b>Conditions Six Months From Now</b> (Compared to Current Conditions)
EBCI	50.0 ▲	39.3 ▲
% Better	23% ▲	31% ▲
% Worse	31% ▼	54% ▼
% Unchanged	46% ▼	15% ▼

Number of Respondents =14

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>