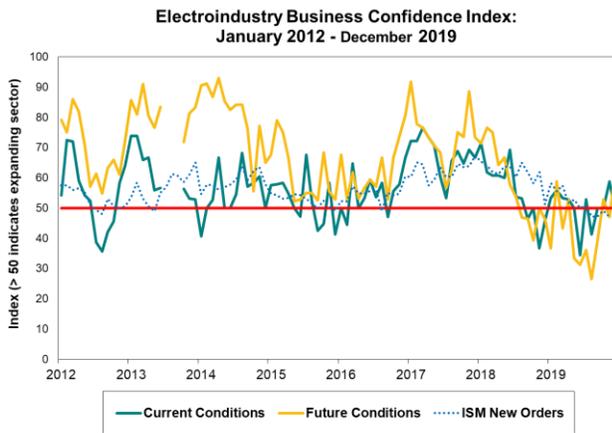


Confidence Holds Steady in Current Conditions Reading as Optimism for Future Builds

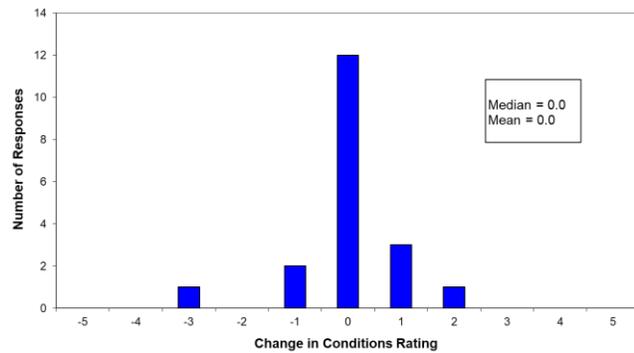


In the wake of the vast majority of panel members' reporting unchanged conditions, the December current conditions component narrowed to 50 points after hitting 58.8 last month. An undercurrent of unease and uncertainty rippled through many comments, touching on trade concerns, weakness in the industrial sector, and the impeachment drama. However, similar to last month's report, the quantitative results were probably best reflected in the remark noting, "business conditions [are] steady but at a high level."

Both the mean and median values of the reported intensity of change in electroindustry business conditions settled on 0 in December, further validating the relatively steady state of market conditions reported in the current conditions component. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

A sharp upswing in the share of respondents expecting better conditions in six months pushed the future conditions component to its highest reading since June 2018. The forward-looking indicator benefitted from a pullback in the share of "unchanged" responses. One commenter noted improved expectations for a strong year, and others offered conditional optimism largely centered around the satisfactory resolution of trade and tariff battles.

EBCI Current Conditions Magnitude:
December 2019



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	50.0 	60.5 
% Better	11% 	42% 
% Worse	11% 	21% 
% Unchanged	79% 	37% 

Number of Respondents =19

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>