



Business Information Services

Electroindustry Economic Outlook

EFC 2019 Economic Forecast Day

Toronto, ON

September 19, 2019

Donald R. Leavens, PhD

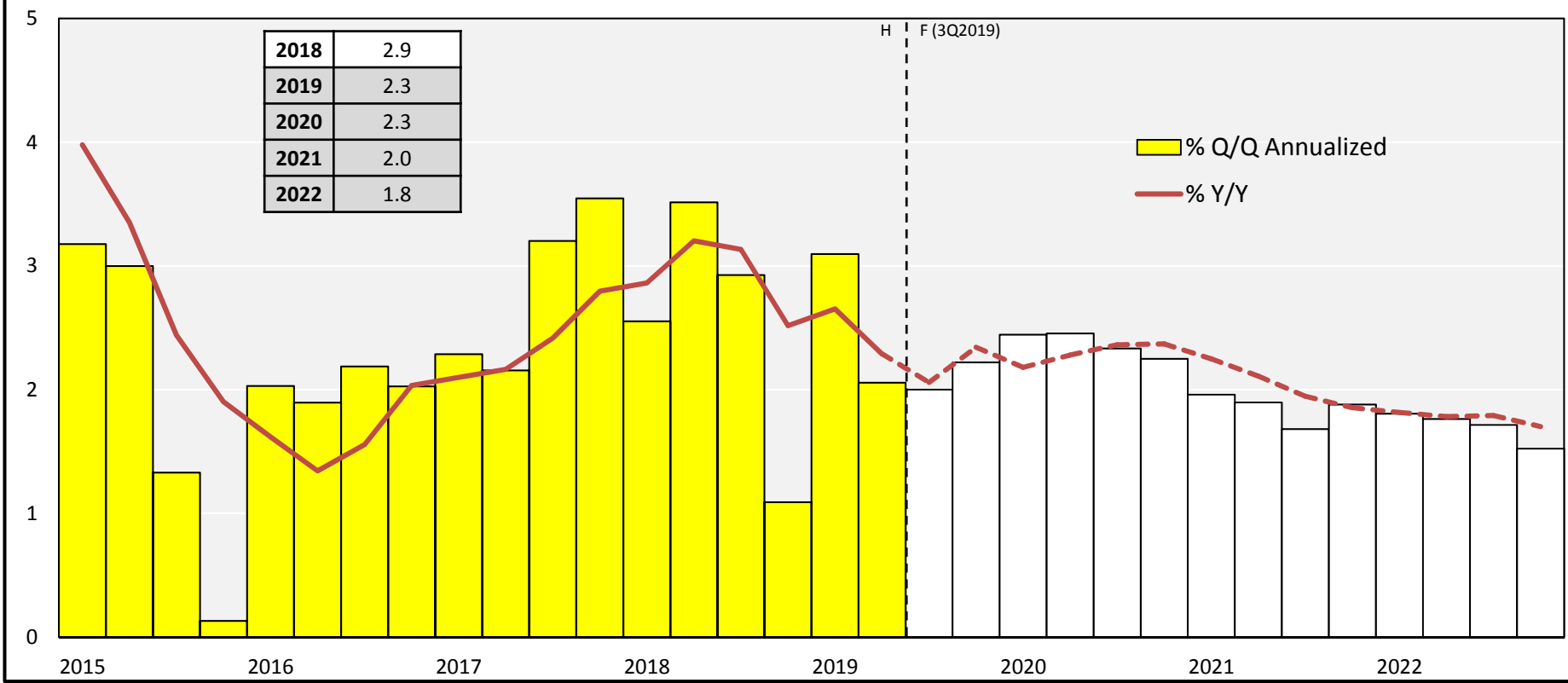
Vice President and Chief Economist

National Electrical Manufacturers Association



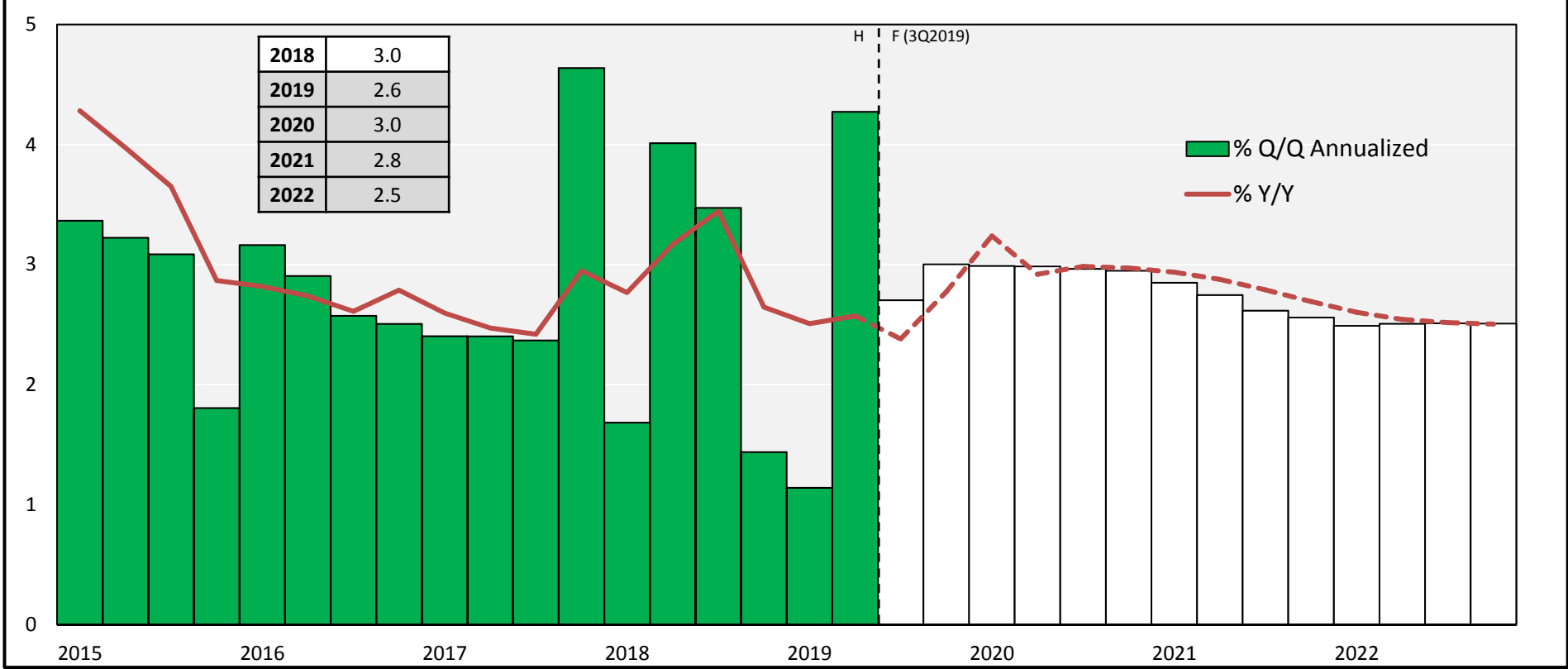
Percent Change in Real GDP

(BEA, NEMA/BIS simulation of IHS macro model)



Percent Change in Real Consumer Spending

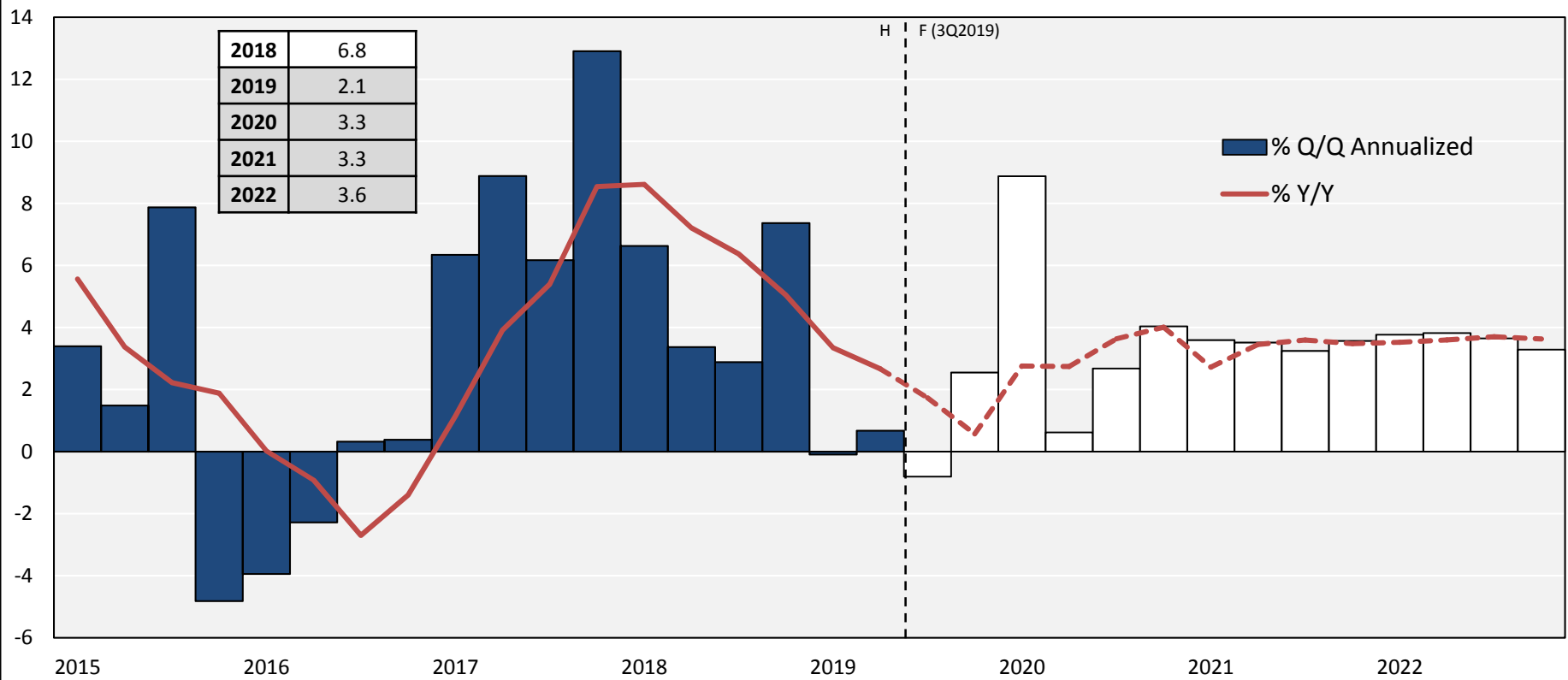
(BEA, NEMA/BIS simulation of IHS macro model)





Percent Change in Real Equipment Investment

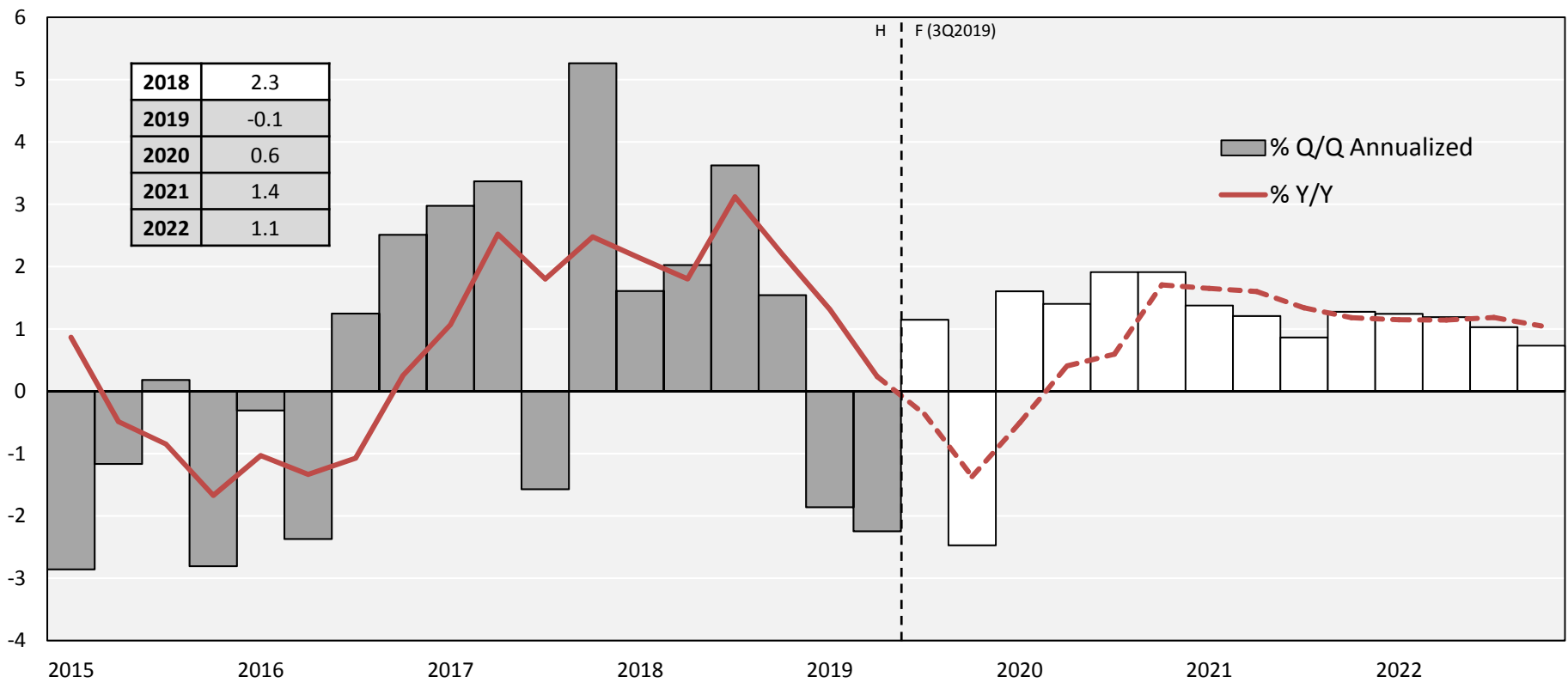
(BEA, NEMA/BIS simulation of IHS macro model)





Percent Change in Manufacturing Industrial Production

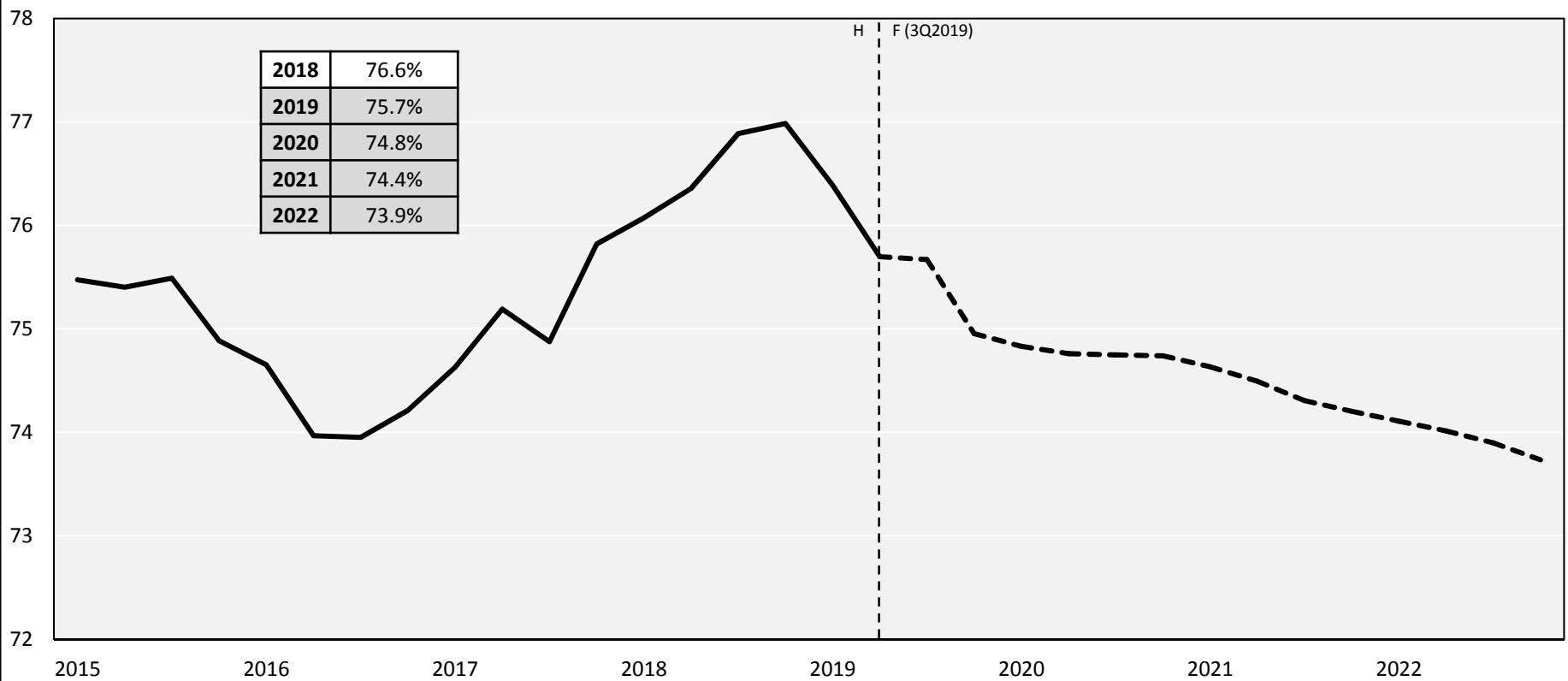
(FRB, NEMA/BIS simulation of IHS macro model)





Manufacturing Capacity Utilization, %

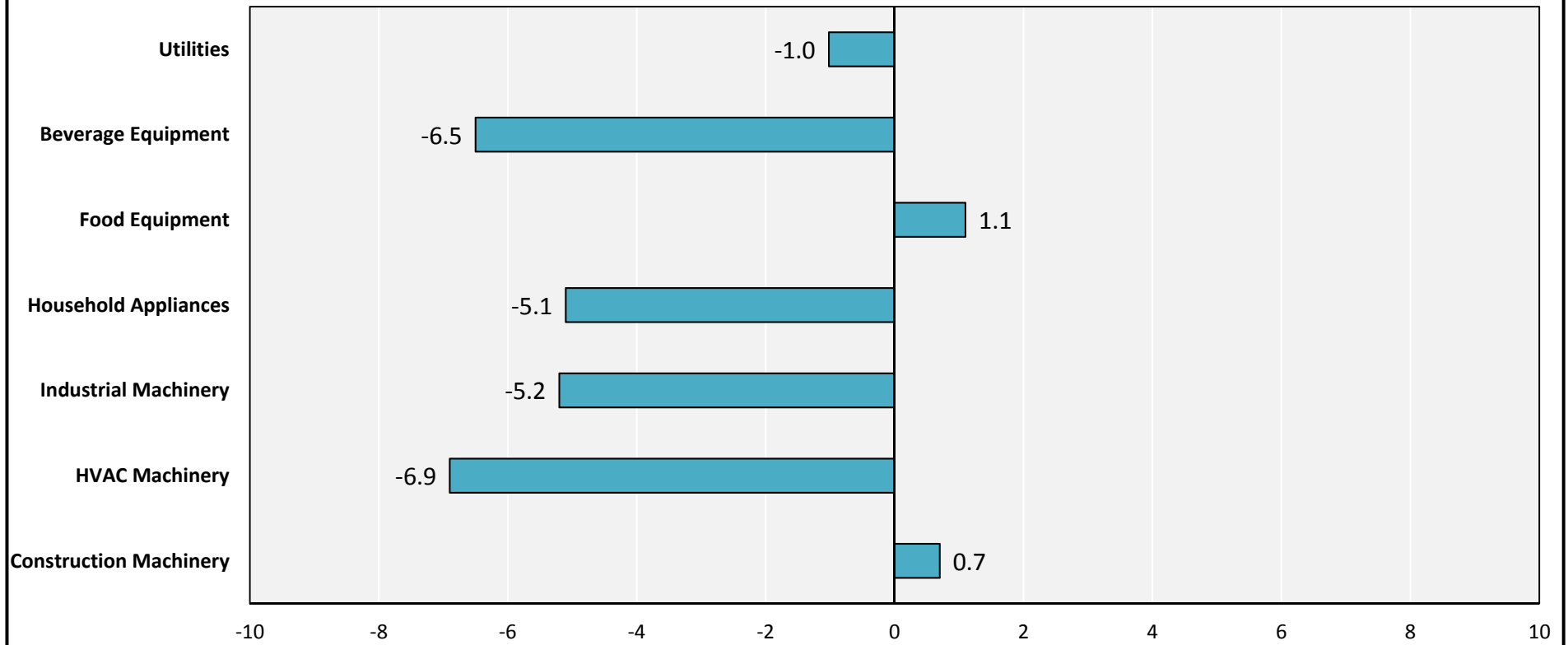
(FRB, NEMA/BIS simulation of IHS macro model)





2019 Industrial Production Growth, % Change Y/Y

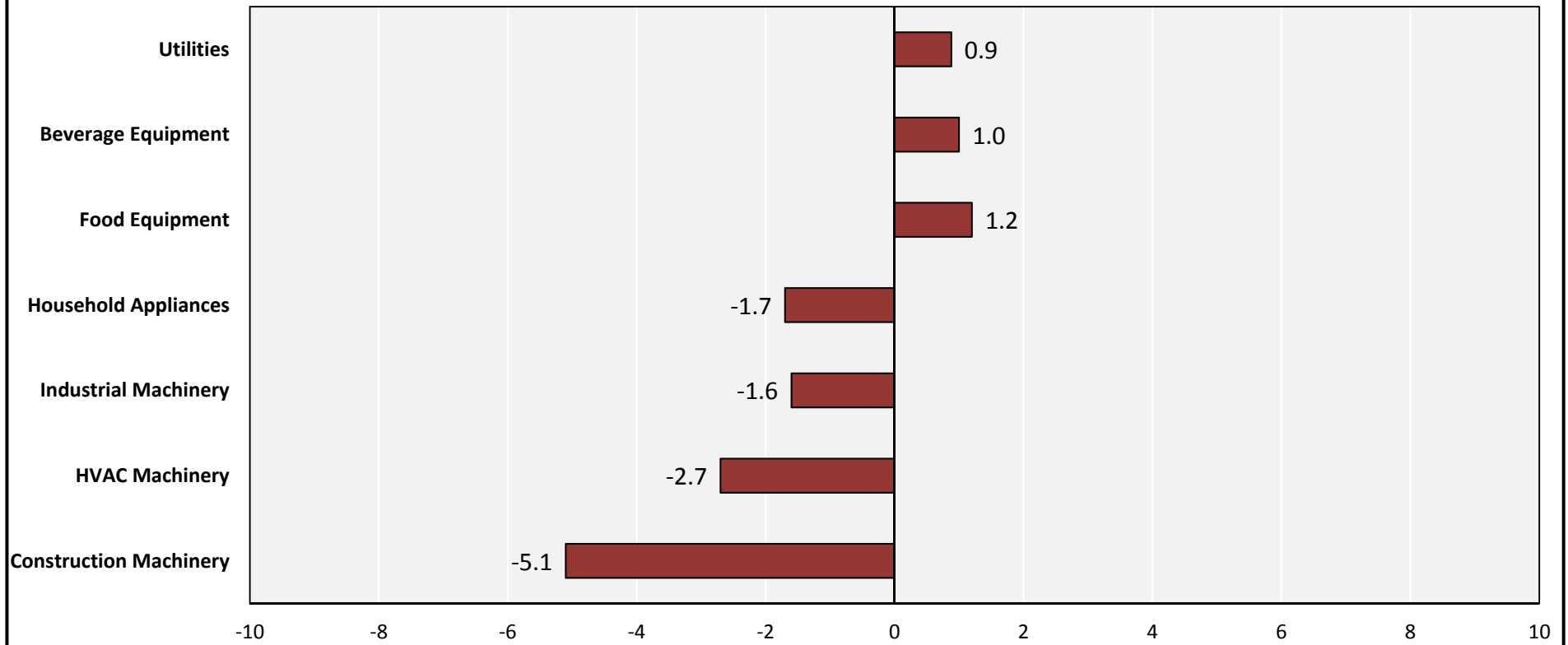
(Federal Reserve Board, NEMA/BIS Simulation of IHS Macro Model)





2020 Industrial Production Growth, % Change Y/Y

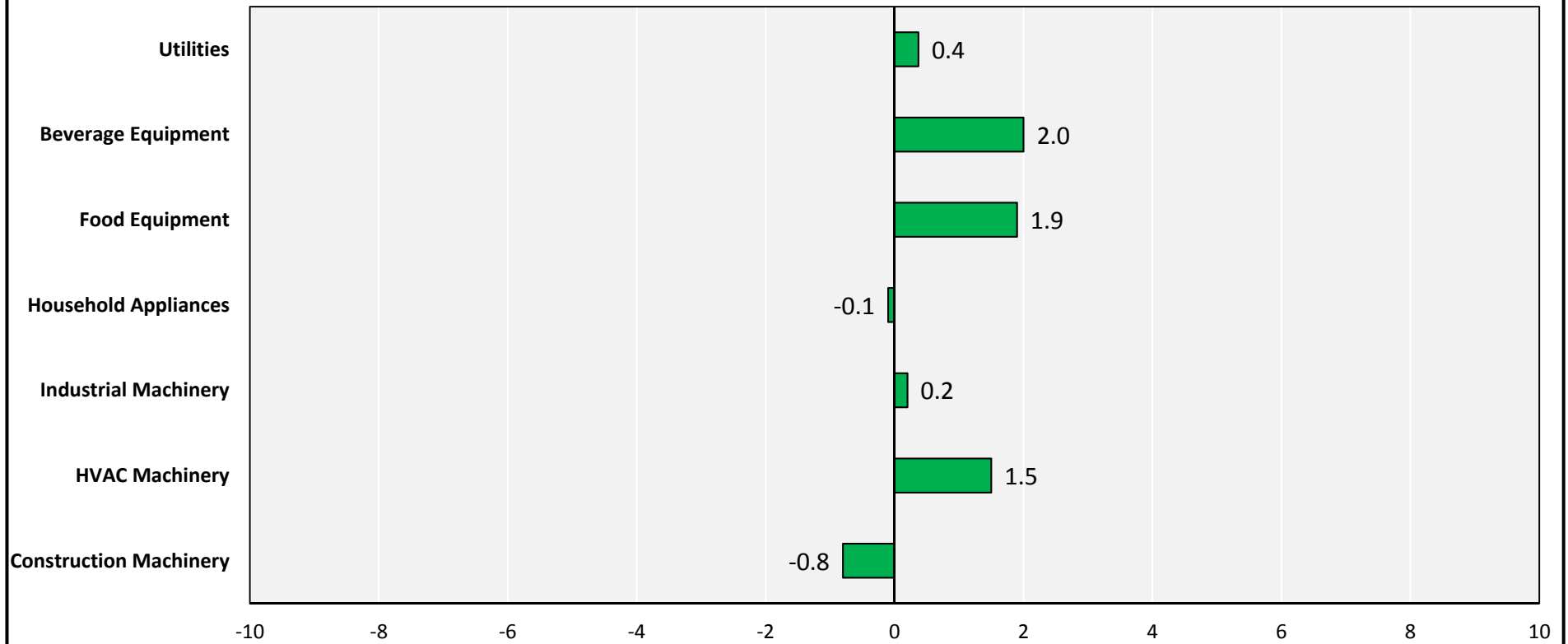
(Federal Reserve Board, NEMA/BIS Simulation of IHS Macro Model)





2021 Industrial Production Growth, % Change Y/Y

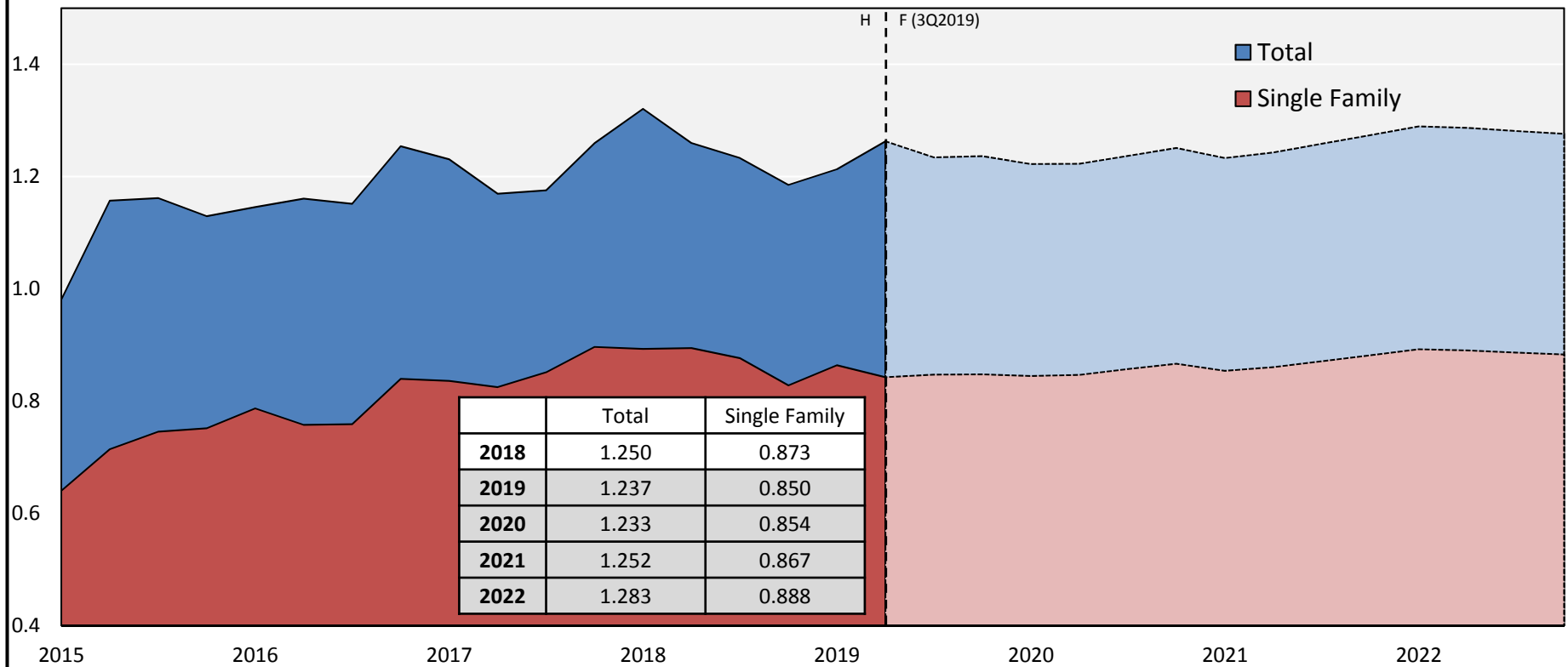
(Federal Reserve Board, NEMA/BIS Simulation of IHS Macro Model)





Housing Starts, Mil. Units, SAAR

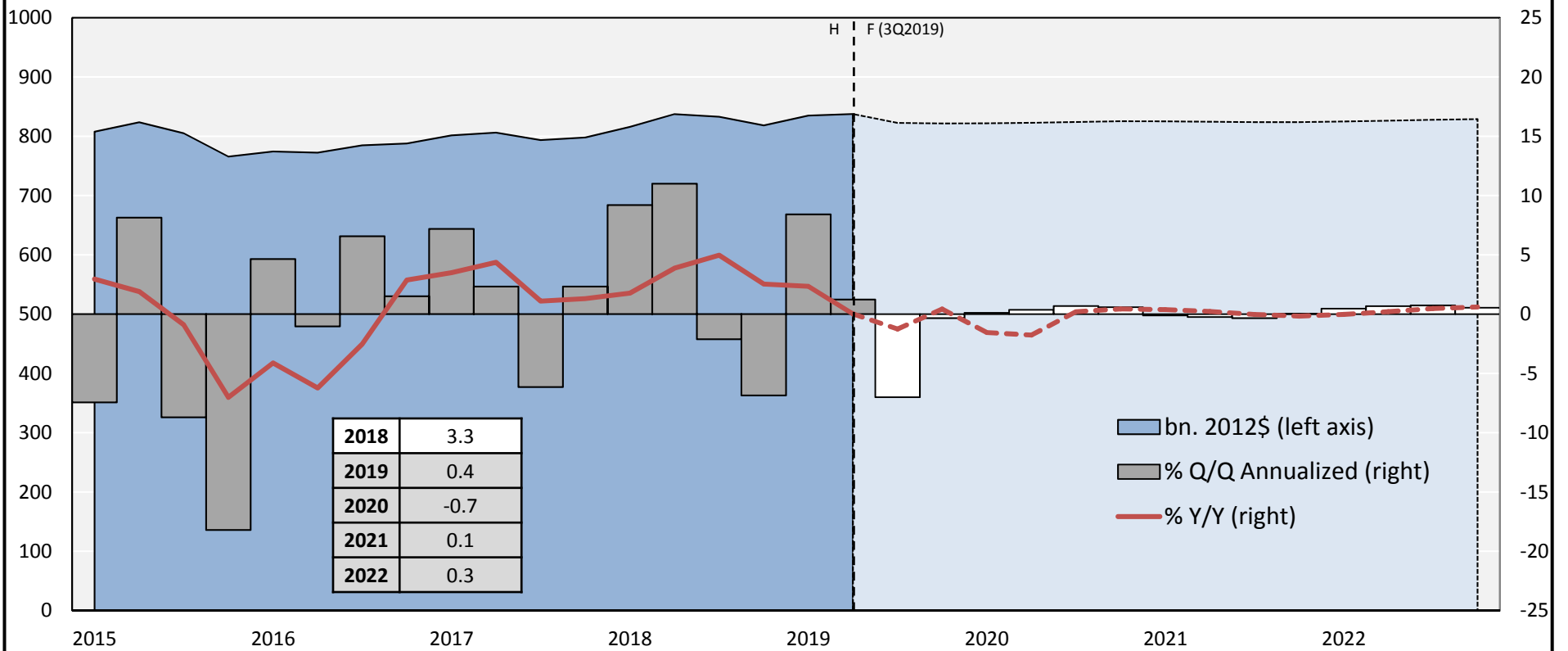
(Census, NEMA/BIS simulation of IHS macro model)





Nonresidential Construction

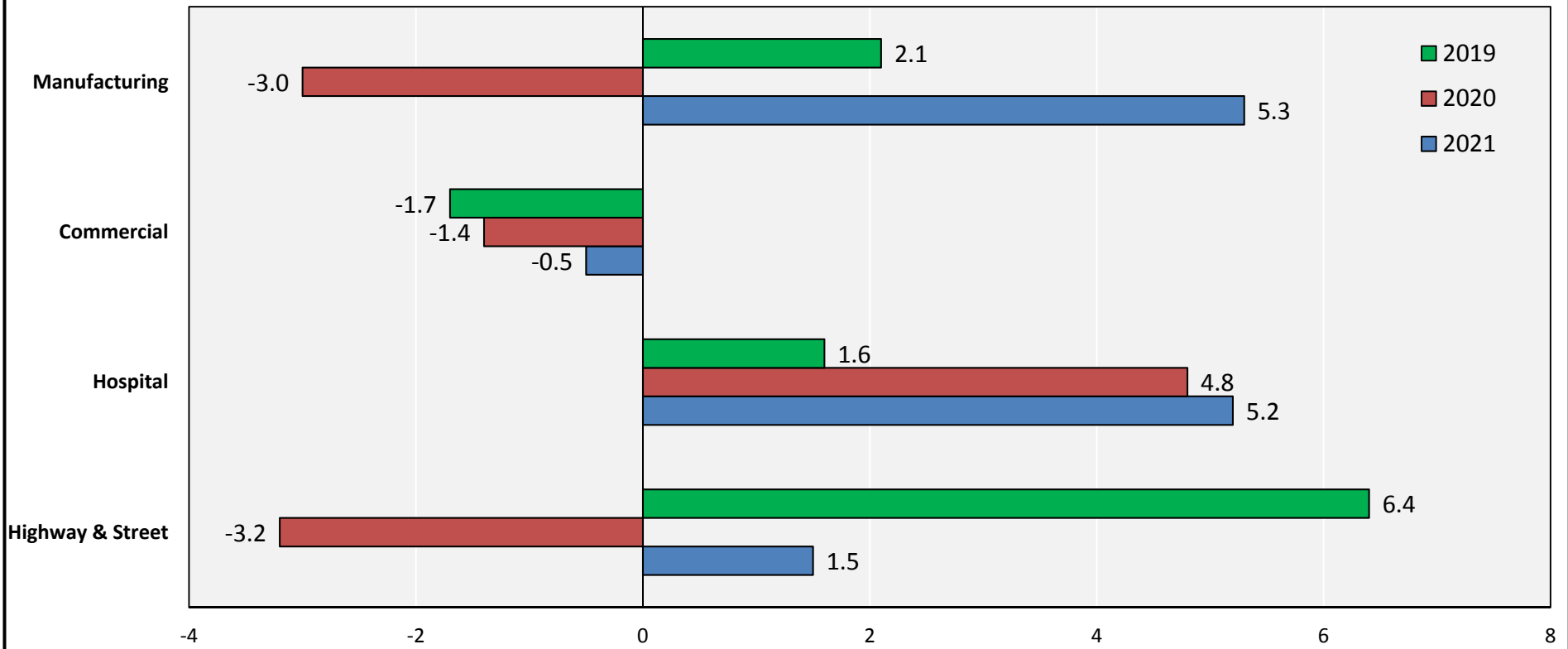
(BEA, NEMA/BIS simulation of IHS macro model)





Real Value of Construction Put-in-Place, % Change Y/Y

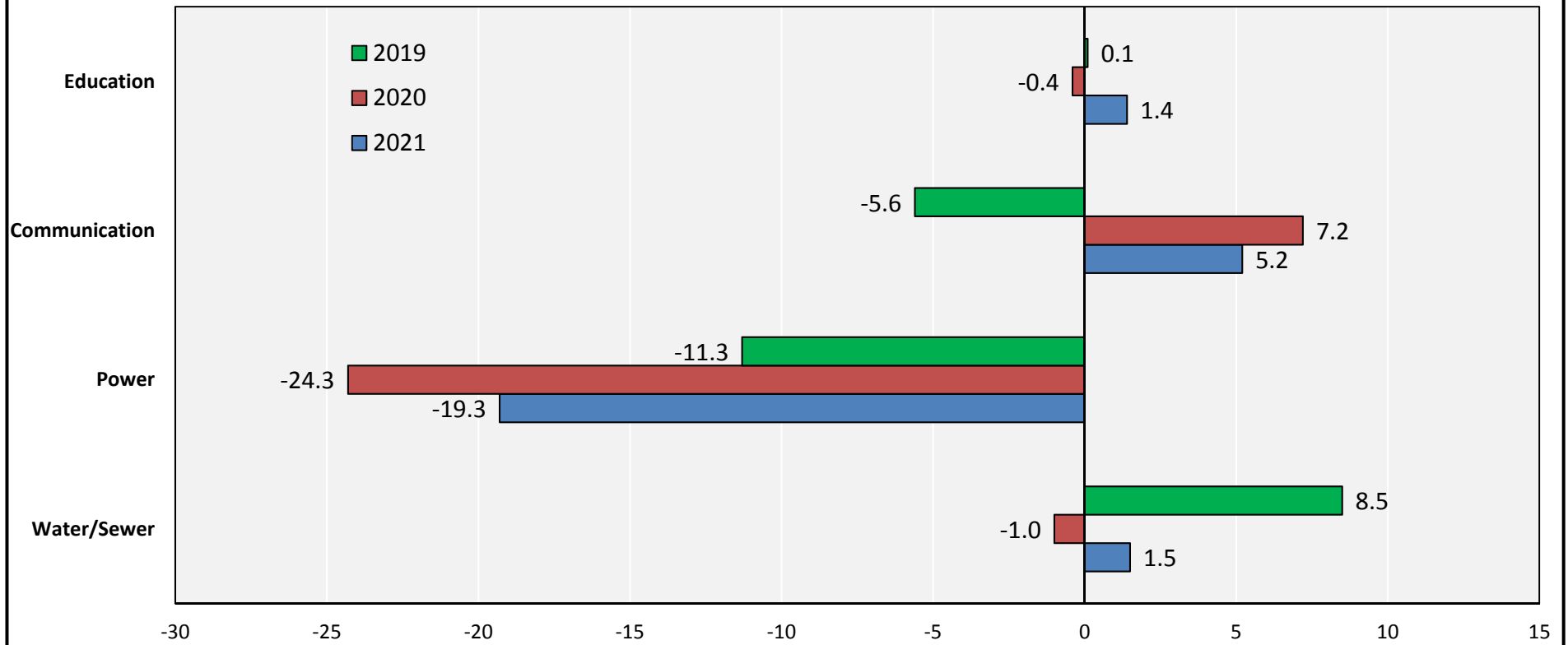
(Census, NEMA/BIS simulation of IHS macro model)





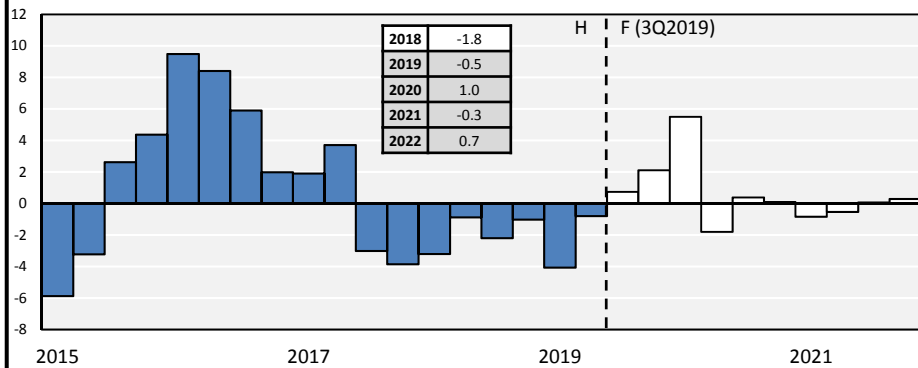
Real Value of Construction Put-in-Place, % Change Y/Y

(Census, NEMA/BIS simulation of IHS macro model)

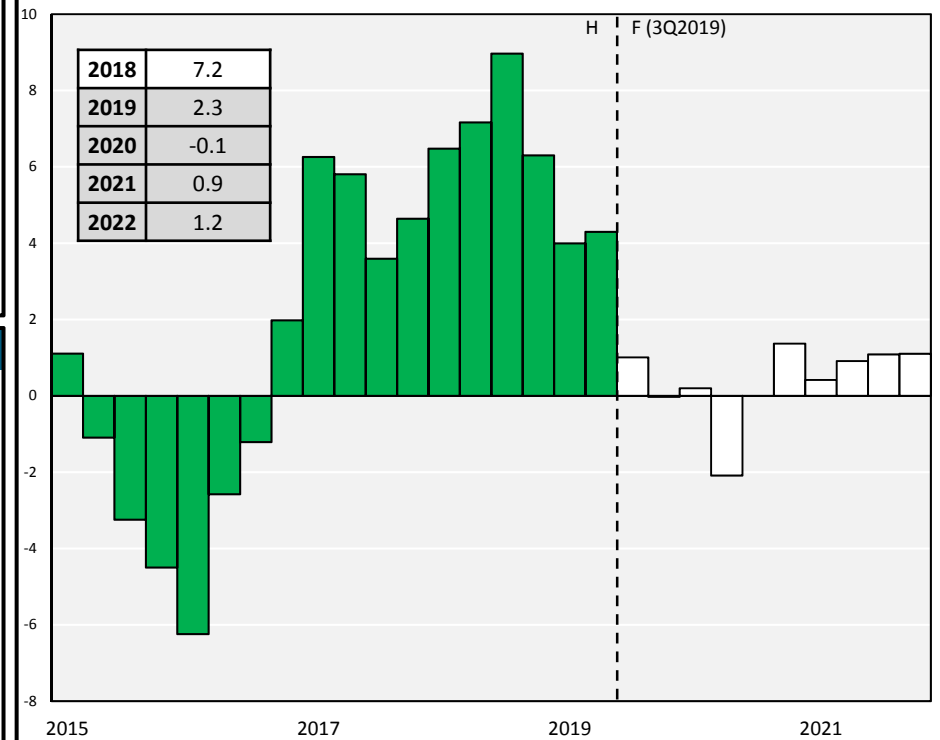




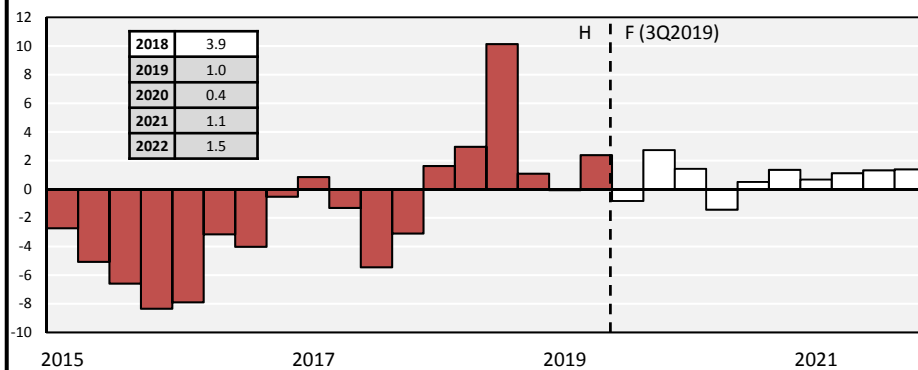
Quarterly Electric Lighting Equipment Shipments, % Change Y/Y (Census, NEMA/BIS)



Quarterly Electrical Equipment Shipments, % Change Y/Y (Census, NEMA/BIS)



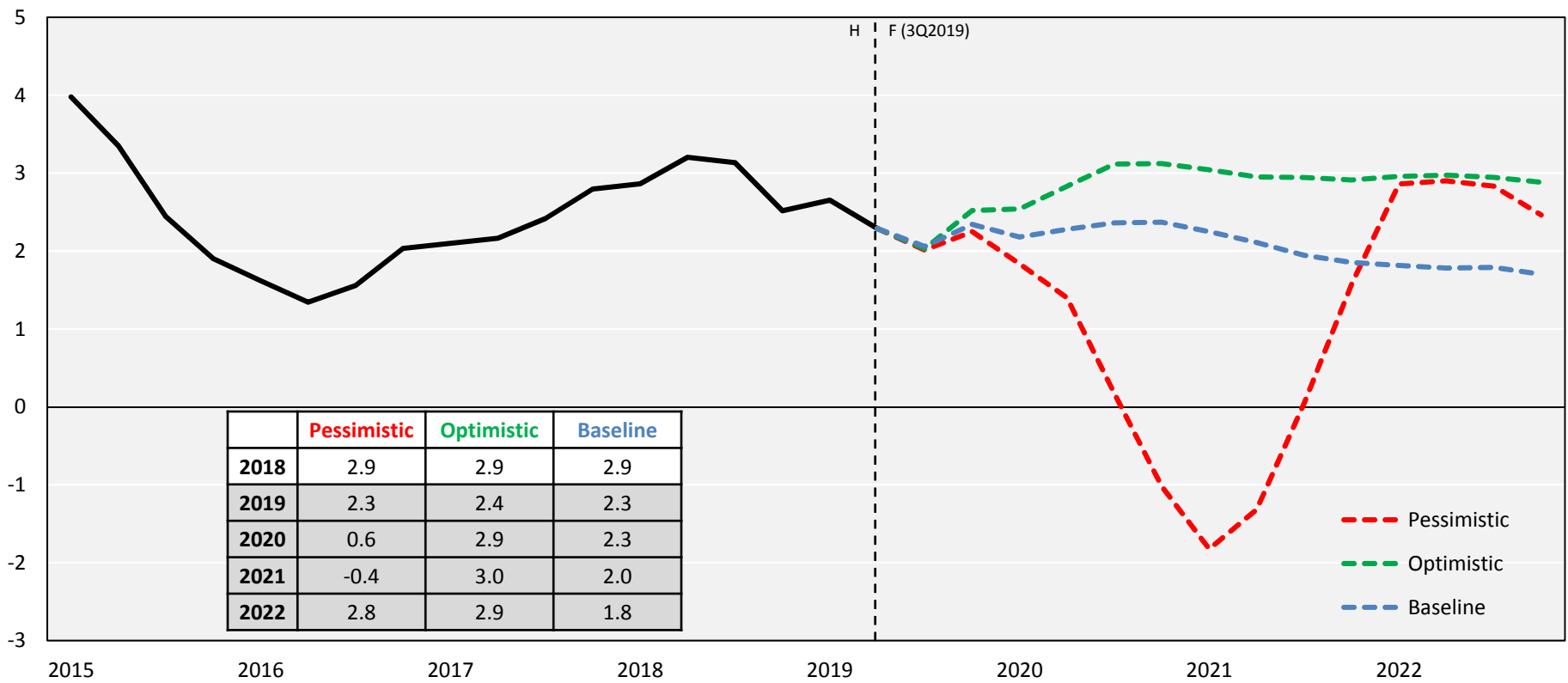
Quarterly Core Electrical Equipment Shipments, % Change Y/Y (Census, NEMA/BIS)





Real Gross Domestic Product Scenarios, % Change Y/Y

(Bureau of Economic Analysis, NEMA/BIS simulation of IHS macro model)





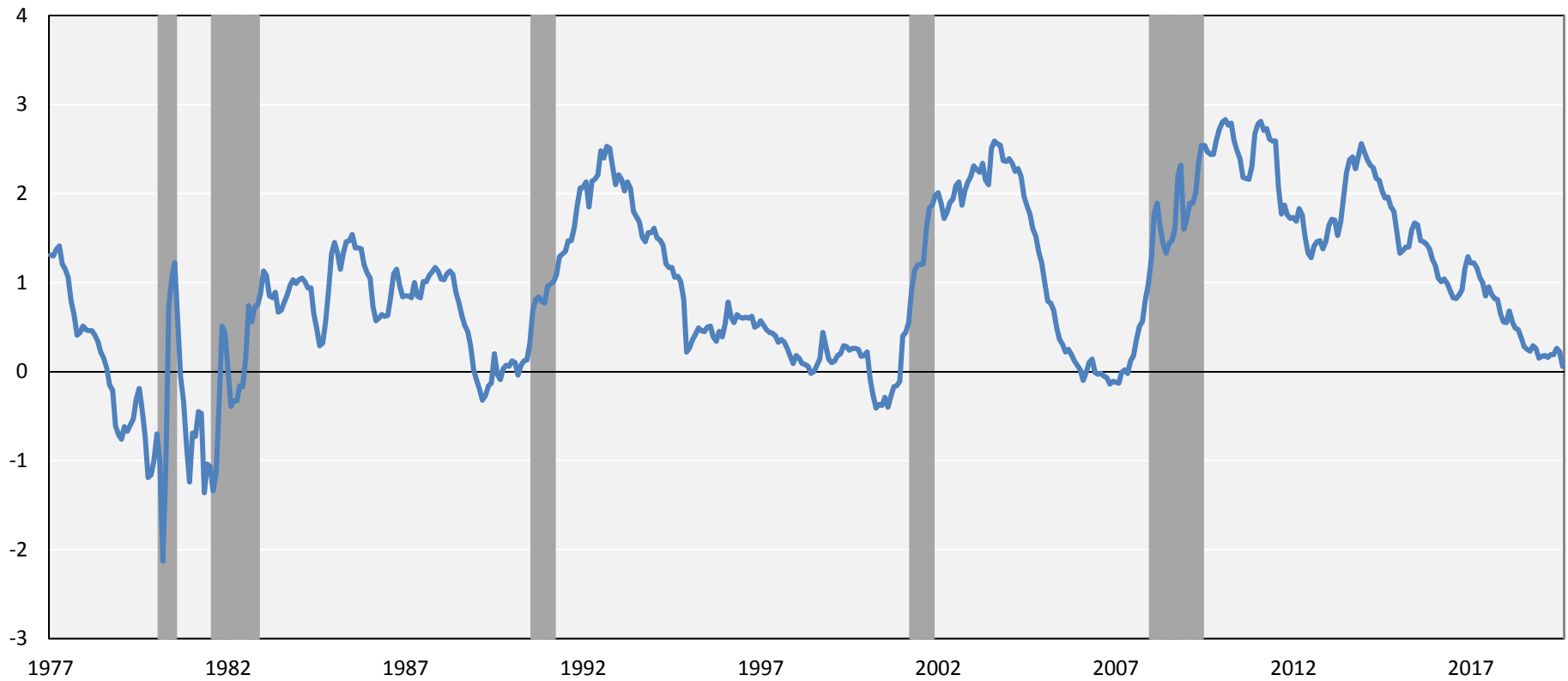
What to watch for

Financial Market Indicators (As of September 13, 2019)				
	Current Value	Pessimistic	Baseline	Optimistic
S&P 500 Index	YTD +22%	+5%	+19%	+22%
Interest Rate Spread: 10-year Treasury less 2-year Treasury	10-year: 1.831% 2-year: 1.753% Difference: +0.078	Stays negative for a prolonged period of time; Other yield curves also go/stay negative	Long term rates remain slightly above short term rates	Long term rates rise markedly above short term rates
Index of Consumer Sentiment	92.0	Falls 15 points from cycle high (101.4)	Remains above 90	Sets new cycle high



10-year Treasury Minus 2-year Treasury, Monthly, %

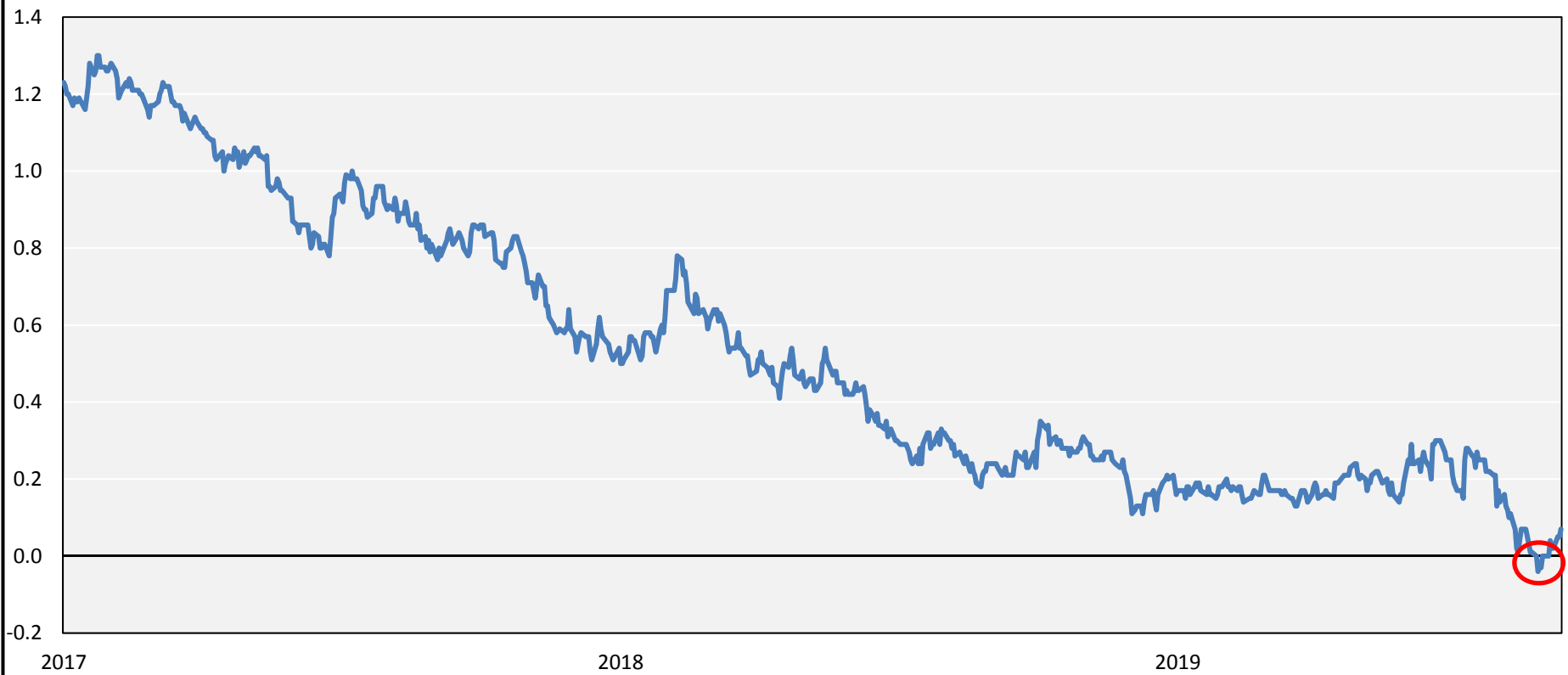
(Federal Reserve Bank of St. Louis)





10-year Treasury Minus 2-year Treasury, Daily, %

(Federal Reserve Bank of St. Louis)





What to watch for

Economic Data Releases (As of September 13, 2019)				
	Current Value	Pessimistic	Baseline	Optimistic
Housing permits	1.336 Mil.	Falls below 1.2 Mil.	Rises to 1.3 Mil.	Rises above 1.4 Mil.
Nonfarm job creation	+130,000	Job losses	+175,000/month	Above 200,000/month
4-week moving average of Initial Unemployment Claims	212,500	Rises above 300,000	Levels off around 250,000	Stays below 250,000
ISM Index of New Orders	47.2	Falls below 50	Stays between 51-54	Above 55
Core New Orders	1.8% y/y	Contracts	Between 1-5%	Above 5%



ISM Manufacturing and New Orders Indexes, >50 = Expansion

(Institute for Supply Management)

