

## Industrial Production Performance A Leading Indicator of Economic Performance

Industrial Production (IP) is a leading economic indicator measuring the output of the industrial sector of the economy. The industrial sector includes manufacturing, mining, electric and gas industries. Year-over-year growth in these sectors, particularly manufacturing, are a good leading indication that the connector industry will see growth as well.

In this new monthly report, we will show you the industrial production performance of key countries and regions of the world. The intent is to provide a peek into future performance of the connector industry through the trending of industrial production.

The countries and regions that will be covered in these news briefs include: United States, Europe, Japan, China, India and South Korea, Brazil and Russia. The following table is an overview for the months of April/May results (some regions/countries consistently report two months behind the current month). These countries/regions represent approximately 93% of the worldwide connector sales.

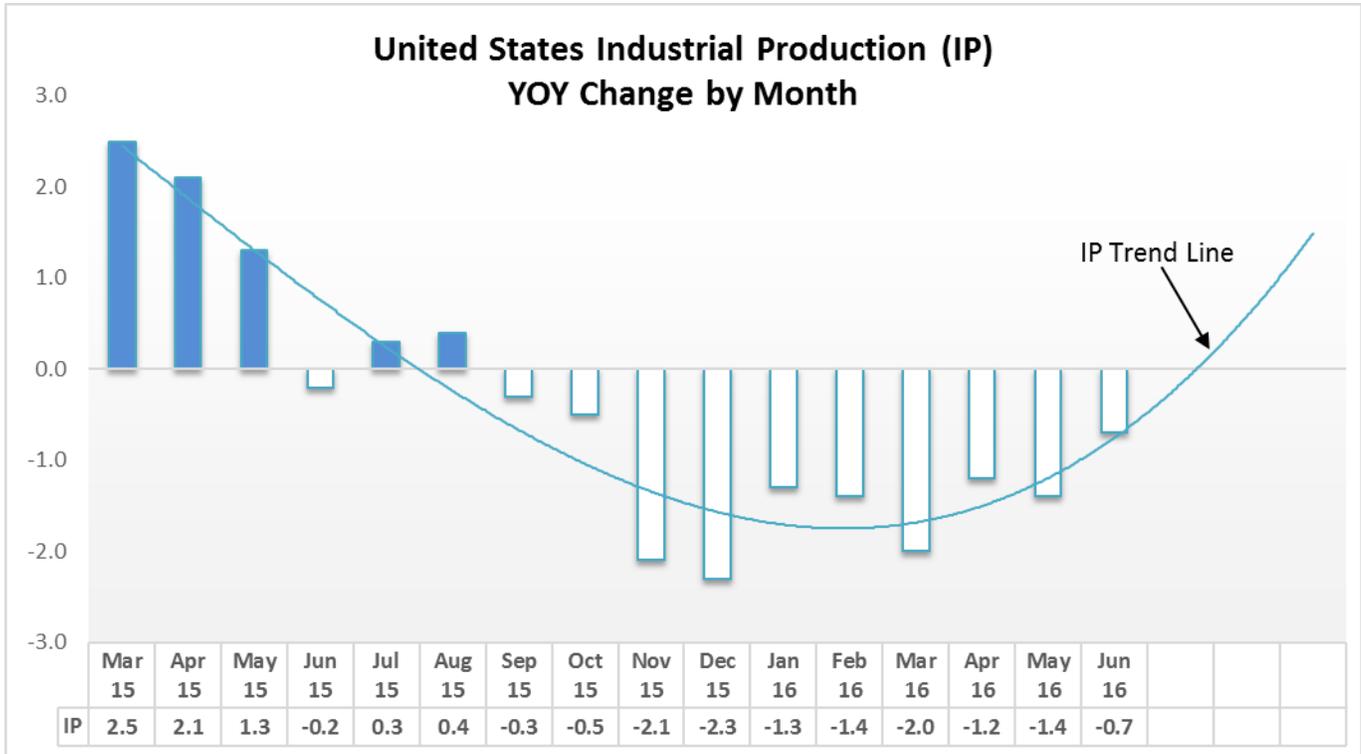
The following table is for a quick reference to the results.

### Overview of Current Month IP and IP Trend

	IP Current Month Percent Change	IP Trend
United States	Negative	
Europe	Positive	
Japan	Negative	
China	Positive	
India	Positive	
South Korea	Positive	
Brazil	Negative	
Russia	Positive	

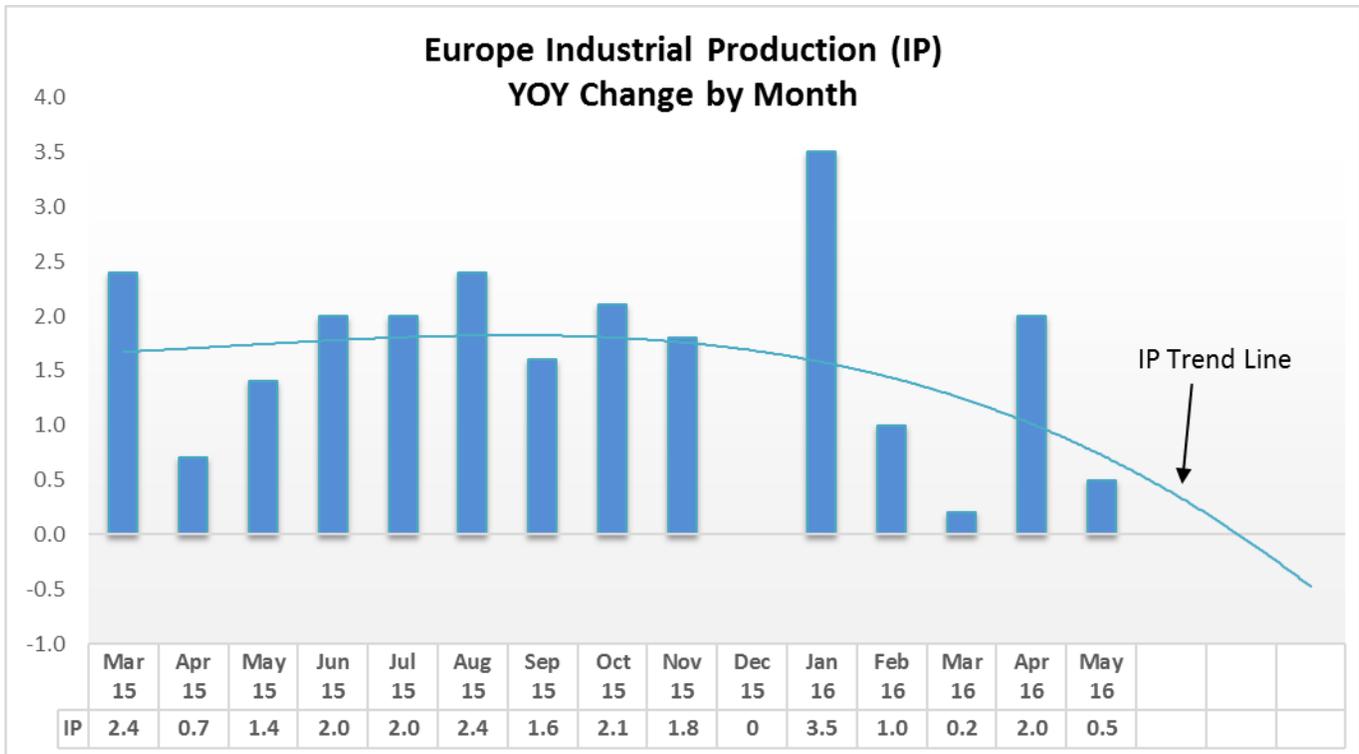
The graphs on the following pages show 15-16 months of IP data for each region/country.

## United States



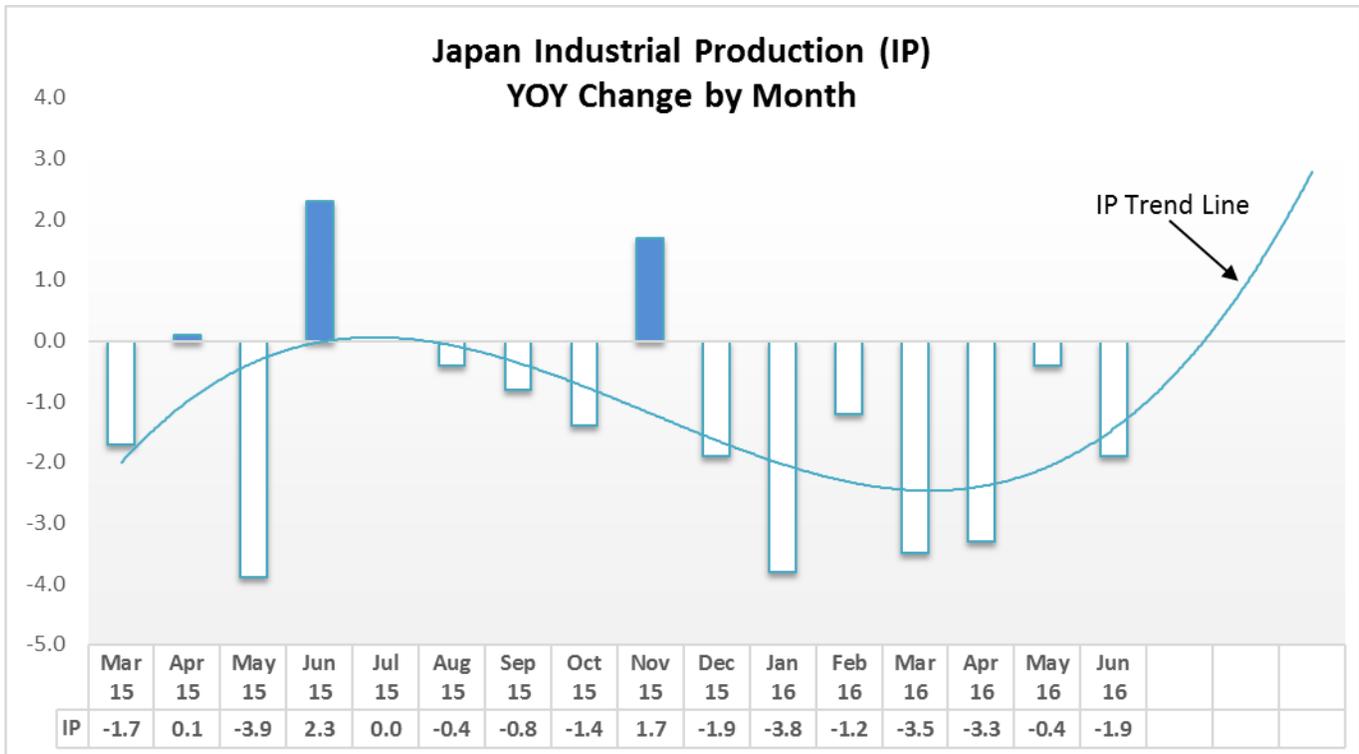
The United States has produced declines in industrial production for the last ten months. There is a coefficient of correlation of 81.3% with the YOY change in the monthly connector sales. Although negative, the IP trend line is heading upwards, and, coincidentally, connector sales have shown single digit growth for the last three months. 2Q16 connector sales were up +2.3% over 2Q15 in North America.

## Europe



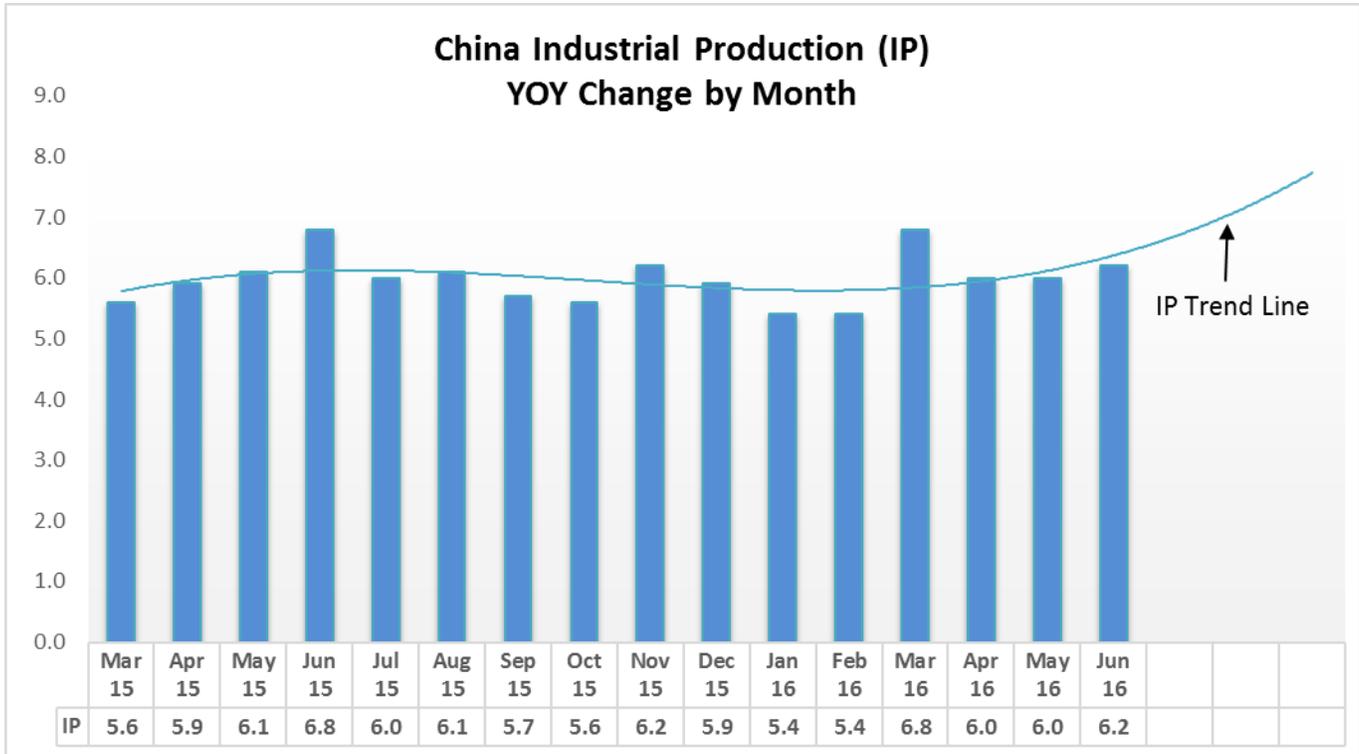
Europe has produced IP growth in most of the 15 months covered in this graph (they typically report two months behind the current month). The IP trend line shows a downward trend, although it could easily turn up with one good month's results. The connector sales trend, has been and continues to be upward, although the YOY comparison are easier in 2016 as the monthly YOY sales contracted in every month in 2015. There is a low correlation between connector sales growth and IP growth during this time period. 2Q16 connector sales grew +6.8% YOY.

## Japan



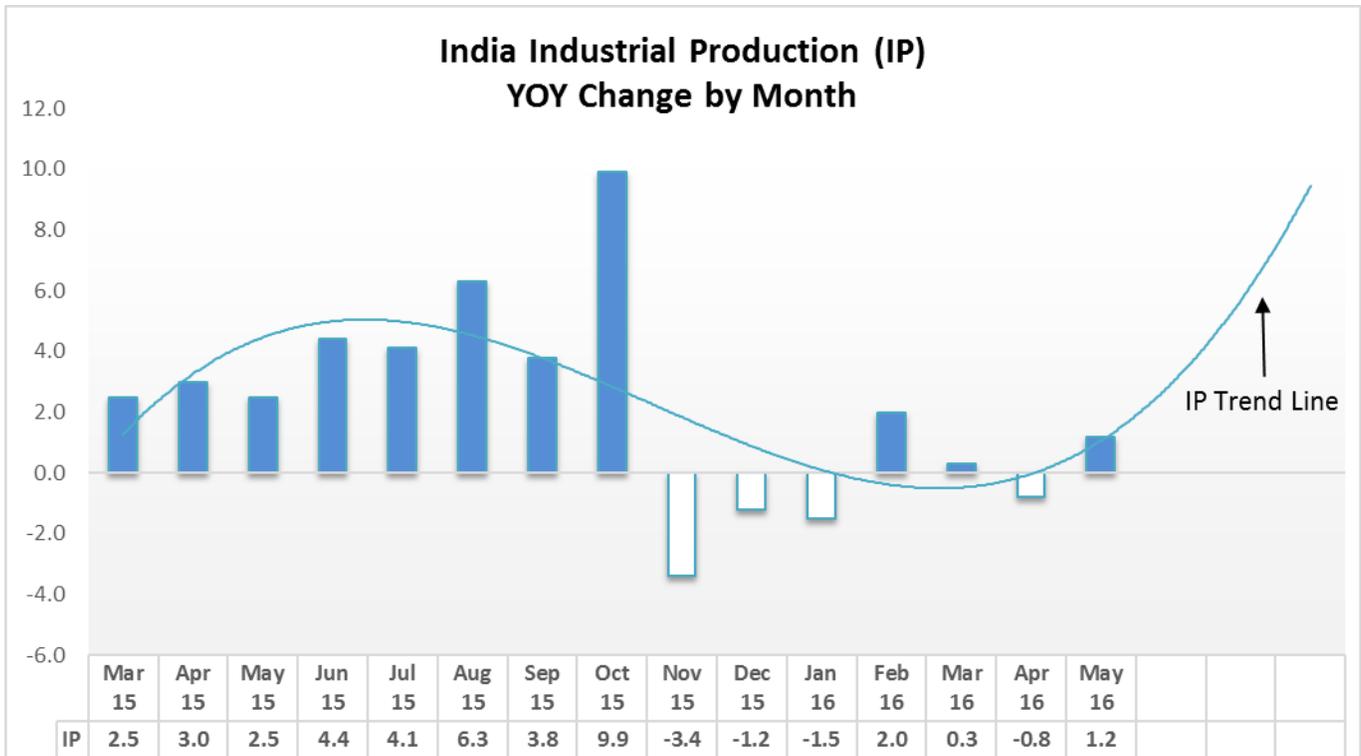
Japan has produced only four months of grow or flat results in the last 16 months. The trend is distinctly down for both IP and connector growth, however, there is very little month-to-month correlation. Connector sales currently stand at a YTD contraction of -25.2%. Over the last eight quarters, Japan's GDP has contracted in four QoQ. Connector sales for 2016 will likely show no growth.

## China



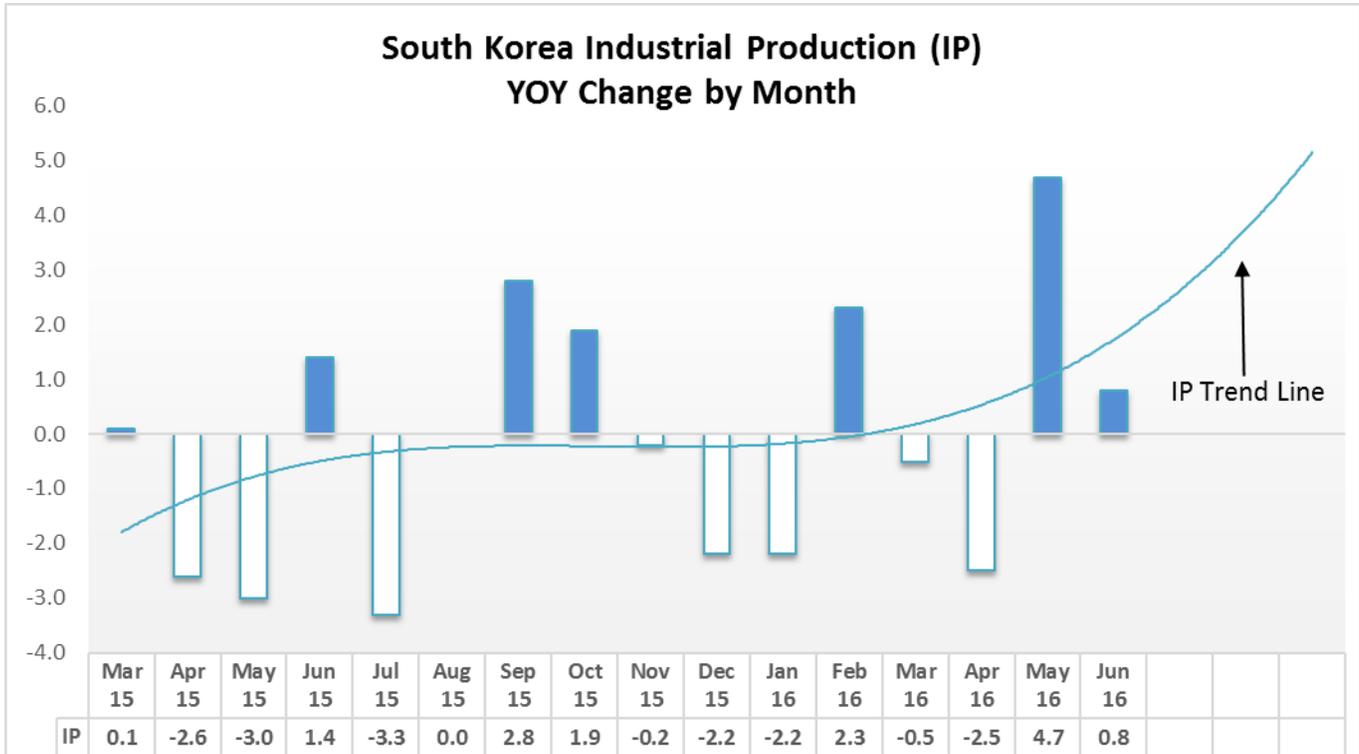
China's IP growth is very flat at around 6-7%. The IP growth trend is up. The correlation between IP and connector growth is good at 82.4%. Connector sales are currently trending up with 2Q16 YOY growth of +5.4%.

**India**



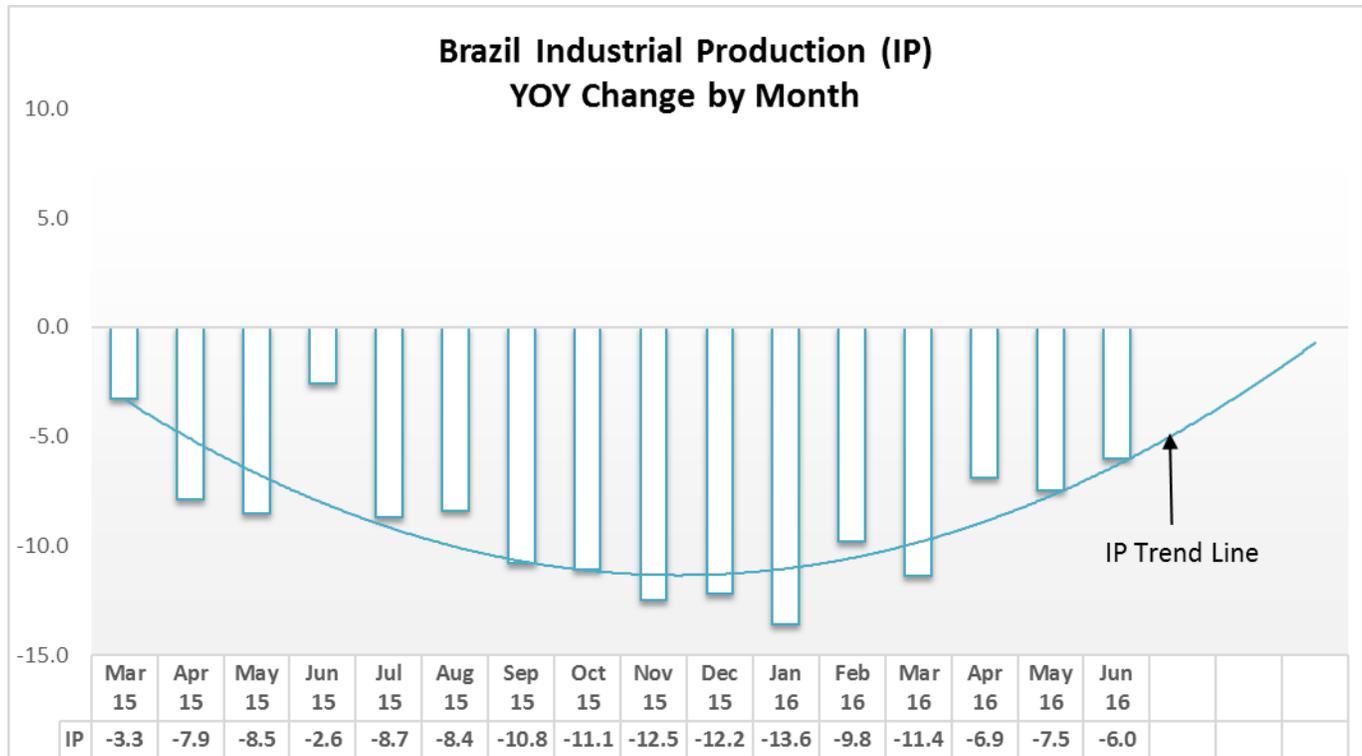
India's IP growth has been weak for the last seven months. Connector sales performance has also been trending down and weak during this time period. The trend line is positive which could indicate better connector sales going forward. Asia Pacific connector sales contracted -5.8% in 2Q16.

## South Korea



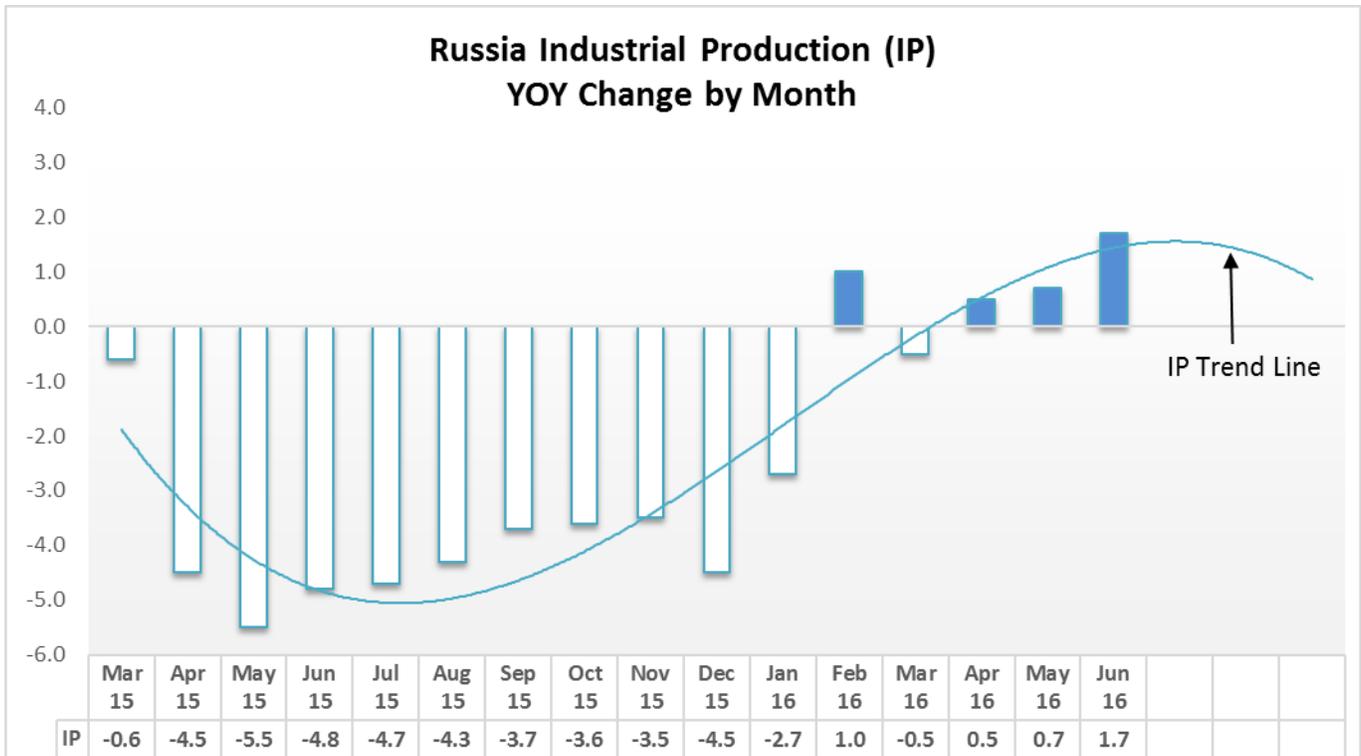
South Korea's IP has been weak for the last 15 months. Connector sales performance has also been trending down and weak during this time period for Asia Pacific. Asia Pacific connector sales contracted -5.8% in 2Q16.

**Brazil**



Brazil's IP performance is trending up slightly, likely to do with easier comparisons, but still negative. April was the 28<sup>th</sup> consecutive month of negative IP results. Brazil's economy has been contracting for the last eight quarters. We do not expect to see their connector sales grow in 2016.

## Russia



Russia's IP performance has been positive for the last three months. Their economy contracted in the last five quarters. ROW connector sales, however, grew +6.8% in 2Q16.