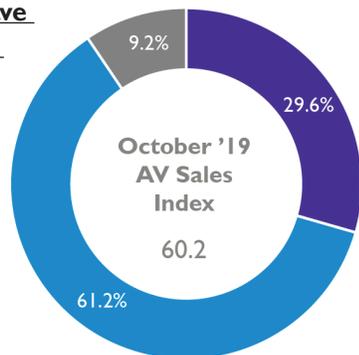


October Offers Positive Counterpoint to So-So September

AVIXA™, the Audiovisual and Integrated Experience Association, has published the monthly Pro-AV Business Index since September 2016, gauging sales and employment indicators for the pro-AV industry. The index is calculated from a monthly survey that tracks trends. Two diffusion indexes are created using the data, the AV Sales Index (AVI-S) and AV Employment Index (AVI-E). The diffusion indexes are calculated based on the positive response frequency from those who indicated their business had 5 percent or more increase in billings/sales from the prior month plus half of the neutral response. An index of 50 indicates firms saw no increase or decline in the business activity; an index of more than 50 indicates an increase, while an index less than 50 indicates a decline.

Compared with the previous month, have the billings/sales at your location...

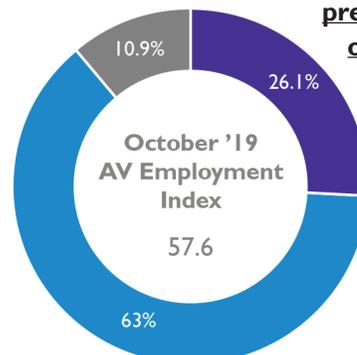
N-152



- Sales increased significantly (5% or more)
- Sales remained unchanged
- Sales decreased significantly (5% or more)

Compared with the previous month, is the overall employment at your location...

N-165



- Employment increased significantly (5% or more)
- Employment remained unchanged
- Employment decreased significantly (5% or more)

Highlights:

- In August, the AV Sales Index (AVI-S) and AV Employment Index (AVI-E) both came in hot, showing substantially faster growth than the previous month. Those gains were reversed — and a little more besides — in September, as both indices showed much slower growth. Would October continue the slide? Thankfully no. Both indices edged upward, from 59.5 to 60.2 for the AVI-S,

and from 55.7 to 57.6 for the AVI-E. An unusual number of commenters talked about business conditions in general this month. While some respondents reported strong growth or clear contraction, the general sentiment centered on the idea of stasis, that growth has flattened for the time being.

- October was unequivocally a good month for trade. The U.S. government announced a partial trade deal with China and stated that a complete deal would be finalized in stages. This was later supported when the Chinese government announced that it had agreed to roll back tariffs in stages. President Trump later contradicted the Chinese story, stating that he had not yet agreed to roll back U.S. tariffs, so uncertainty remains in force. In Europe, the EU and Great Britain agreed to postpone the Brexit deadline to the end of January 2020, which allows time for an election in Great Britain. This is only a continuation of the saga, of course, but a détente beats the no-deal exit scenario that Prime Minister Boris Johnson had threatened.
- In a sign of appreciation for easing international tensions, equity markets had a great month. Global markets were up nearly 4% for the month. The S&P 500 hit a record high at the end of October, and global markets are on average very near their record highs as well. Positive equity market numbers make it easy to raise money for major business investments, which can boost demand for pro AV, but of course the stock market can turn rapidly.
- The October jobs report was strongly positive, though in an unusual way. The headline number was 128,000 jobs added, which is comfortably below the average of 206,000 jobs added each month between January 2011 and January 2019. But 128,000 was substantially above the consensus prediction of 75,000, and, even more positively, it was accompanied by substantial revisions of the August and September numbers, with August being revised from 168,000 to 219,000 and September being boosted from 136,000 to 180,000.

“Business levels have seemingly plateaued ... but not dropped. Possible reasons: local, national and global economy concerns, U.S. political uncertainty, instability, partisan battling”

– Independent Rep, North America

“Finance is one major factor that is having a great impact on our business. As the technology is advancing so is the cost, especially if you need the right one.”

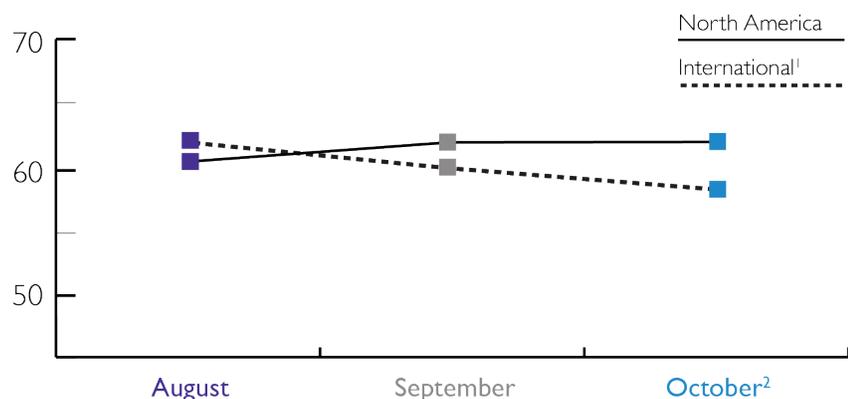
– AV Integrator, North America

“We are concerned that the clients and associated stake holders are making decisions slower than the required pace in order to plan for the audiovisual projects progress of works. This is a worry.”

– AV Integrator, Middle East

International Outlook

Over the last few months, North American billings have trended toward faster growth while International billings have trended slower². As a result, the North American index is now about 4 points higher than the International index. This trend will bear monitoring going forward to see if a truly substantial regional gap develops, or if the numbers converge once again.



¹ International regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

² Due to the small sample, the North American and International indexes are based on a 3-month moving average. October 2019 index is preliminary, based on the average of September 2019 and October 2019 and will be final with November 2019 data in the next report.

Global regional indexes are three-month moving averages (based on prior, forward and current months) due to relative small sample size.

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 1,191 members of the AVIXA Insights Community, Oct. 28 to Nov. 4, 2019. A total of 285 Insights Community members completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their company’s business conditions were factored in Index calculations. The AV Sales and AV Employment Indexes are computed as diffusion indexes, with the monthly score calculated as the percentage of firms reporting a significant increase plus half the percentage of firms reporting no change. Comparisons are always made to the previous month. Diffusion indexes, typically centered at a score of 50, are used frequently to measure change in economic activity. If an equal share of firms reports an increase as reports a decrease, the score for that month will be 50. A score higher than 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score lower than 50 indicates a decrease in activity. Any score higher than 50 indicates an increase in activity.

About the AVIXA Insights Community

The AVIXA AV Intelligence Panel (AVIP) is now part of AVIXA's Insights Community, a research group of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the community are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Community members will also have the opportunity to participate in discussions, polls and surveys.

Community members will be eligible to:

- Earn points toward online gift cards
- Receive free copies of selected market research
- Engage directly with AVIXA's market intelligence team to help guide research
- Ask and answer other industry professionals' questions

The Insights Community is designed to be a global group, representative of the entire commercial AV value chain. AVIXA invites AV integrators, consultants, manufacturers, distributors, resellers, live events professionals, and AV technology managers to get involved. If you would like to join the community, enjoy benefits, and share your insights with the AV industry, please apply at avip.avixa.org.