

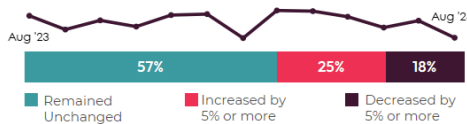
LARGE INCREASE IN “NO CHANGE” DRIVES LOWER INDEX

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 survey: 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 a 5% 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 business activity; more than 50 indicates an increase, while less than 50 indicates a decrease.

SALES INDEX

AUGUST 2024

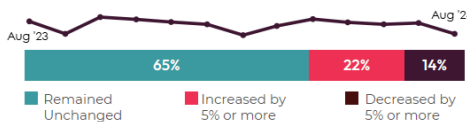
53.5



EMPLOYMENT INDEX

AUGUST 2024

54.2



“New Australian Financial Year has seen an uptick in Federal Government work. We are slightly stretched at the moment staff wise but are hopeful that our current recruitment activities will see that situation ease within the coming month.”

– END USER, APAC

HIGHLIGHTS:

- August’s reading in the Pro AV Business Index came in lower than hoped, declining to 53.5 from 58.7 in July (5.2 points decline). Generally, lower scores involve more respondents reporting contraction. Not so this month: The percent reporting contraction was 17.4% in July and 17.8% in August. Instead, the difference was driven by a 9.4% increase in the percent reporting “no change” from month-to-month (57.3% vs 47.9%). This result is the second lowest score this year, fractionally ahead of the February score of 53.4. February’s disappointing result proved to be an aberration, with the index above 60 in the next two months. That’s too positive to expect in September and October, but we are optimistic that the index will be back in the upper 50s soon.
- A change in the interest rate environment has been in the pipeline for many months. Now, it’s finally here. U.S. Federal Reserve communications and market expectations have long pointed to September as the time for the first rate cut (specifically September 18th). If there was any doubt, the past month’s news has removed it. The most recent numbers confirmed declining inflation that is in close range of the Fed’s 2% target. But more critically, the BLS released the annual update to their monthly job numbers, with a downward revision of 818,000 over 12 months (April 2023 to

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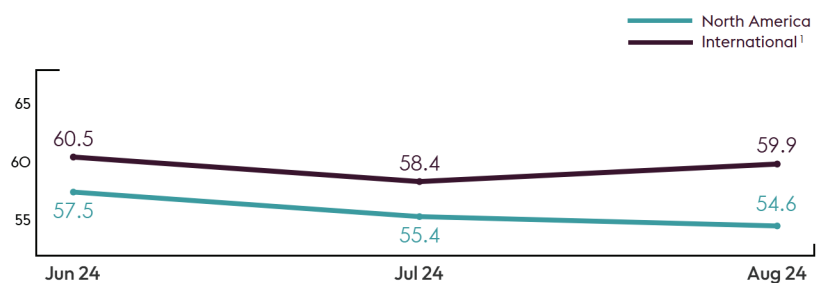
HIGHLIGHTS: *(continued)*

March 2024). Instead of an average of 242,000 jobs per month—a level strong enough to suggest an overheated economy—the average is 174,000. 174,000 is perfectly fine, but when you consider that the numbers are trending downward and that the robustness of the jobs numbers was a primary justification for delaying rate cuts, you can see why the new numbers demand Fed action.

- The AV Employment Index (AVI-E) also fell in August, but more modestly than the AVI-S, dropping 3.3 points from 57.5 to 54.2. Employment reliably moves slower than sales, since these decisions are so deliberate and large. This year in particular has seen little total movement on employment (i.e., index scores closer to 50) after the post-pandemic hiring boom. Companies are not laying off workers, and, in fact, hiring workers remains difficult. But by and large, companies are maintaining their payrolls steady. That steadiness is increased by low quit levels. Essentially, after the large post-pandemic rebound and reshuffle, things have hit equilibrium. How long will that hold? That comes down to the economy. Per the previous bullet point, the economy has cooled substantially. If the forthcoming rate cuts steady the ship and launch healthy growth, we should see increasing revenue gains and employment gains starting probably early next year. If the shift to low interest rates turns out to be too late, we could enter a rough patch soon. The positive scenario is more likely, but only time will tell.

INTERNATIONAL OUTLOOK

The growth advantage of the Rest of the World over North America increased in August, stretching from 3 points in July to 5.3 points in the initial August reading.² The preliminary moving averages are 54.6 for North America and 59.9 for the Rest of the World. That marks the twelfth consecutive month where the Rest of the World has outpaced North America. This advantage has been surprising in light of global economic news, and it still is. That said, the substantial jobs data revision injects a bit of sense into the gap. While the U.S. still looks like a particularly strong economy, the weaker labor market makes the gap look smaller.



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



“Supply Chain issues have improved. Finance and operating costs increased. Transport and fuel expense are higher than the previous year. Insurance costs have increased.”

– AV INTEGRATOR, APAC

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. August 2024 index is preliminary, based on the average of July 2024 and August 2024 and will be final with September 2024 data in the next report.

METHODOLOGY

The survey behind the AVIXA Pro AV Business Index was fielded to 2,000 members of the AVIXA Insights Community between August 28, 2024, and September 9, 2024. A total of 325 AV professionals 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. The monthly score is 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 the aggregate, are reporting an increase in activity that month compared to the previous month. In contrast, a score lower than 50 is a decrease in activity.

“We seem to be in a little bit of a holding pattern with the election cycle and the economy. We have proposal requests coming in, but not quite as many as a year ago.”

- AV INTEGRATOR, NORTH AMERICA

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.