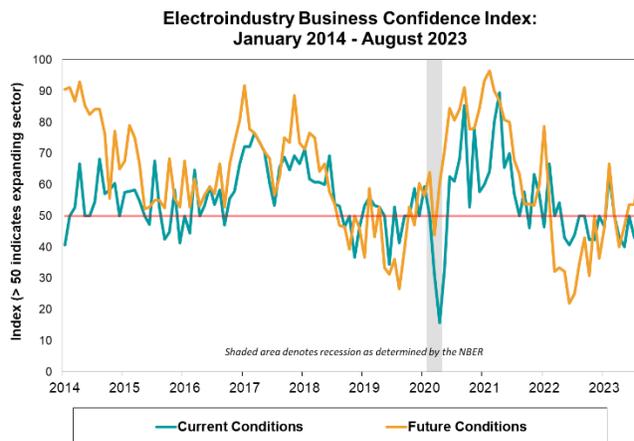


## Current conditions unchanged as optimism about future conditions edges higher

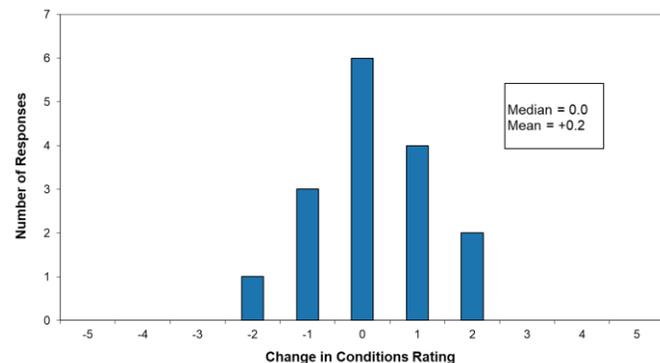


The August current conditions index landed at 50, suggesting unchanged conditions from July. The last time the index clearly broke through to expansionary territory was February 2023, implying that the post-lockdown boom is in the rearview mirror. Less than one-fifth of survey respondents indicated facing “worse” conditions in August while a solid majority, 63 percent, noted that conditions remained “unchanged” from the prior month. Comments revealed mixed sentiment, with one panel member

reporting “pushback on terms,” while another mentioned strong investment in some markets alongside soft residential and commercial segments.

The reported magnitude of change in current conditions continued to hover near zero, with a slight positive bias, as the median value stayed anchored to 0.0 for the fourth consecutive month, and the mean flipped from -0.2 in July to +0.2. *Panelists are asked to report the magnitude of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

**EBCI Current Conditions Magnitude: August 2023**



With half of the panel expecting “better” conditions in six months, the August future conditions component remained in expansion territory for the third month in a row. The latest score of 65.6 points marks the forward-looking indicator’s highest reading since February. Panelists mentioned positive drivers of the upbeat outlook including new demand for power related products and replacement of depleted industrial product inventories, fulfillment of order backlogs likely to run into next year, and government subsidies that “support several of our end user markets.” However, some tempered the relatively optimistic outlook with cautionary notes, including one who pointed out that “the signs of an economic slowdown are all around us so it’s time to be cautious.”

## SURVEY RESULTS:

	<b>Current Conditions</b> (Compared to Previous Month)		<b>Conditions Six Months From Now</b> (Compared to Current Conditions)	
EBCI	50.0	▲	65.6	▲
% Better	19%	▲	50%	▲
% Worse	19%	▼	19%	▼
% Unchanged	63%	▲	31%	▼

Number of Respondents = 16

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.

*Please note that survey responses were collected from the period of August 10-25, 2023.*

## 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.