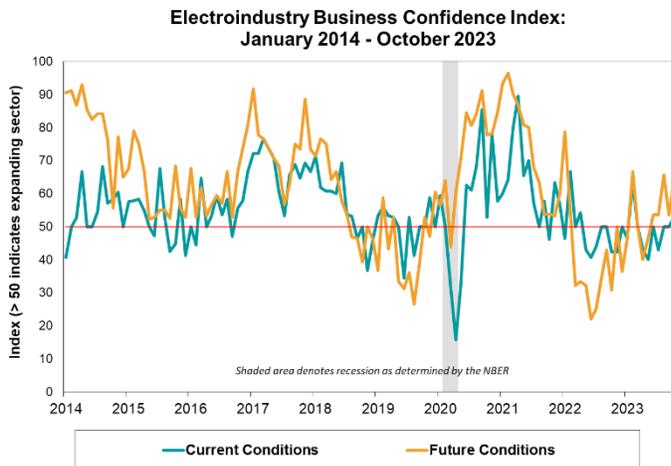


Current and future conditions components point to expansion

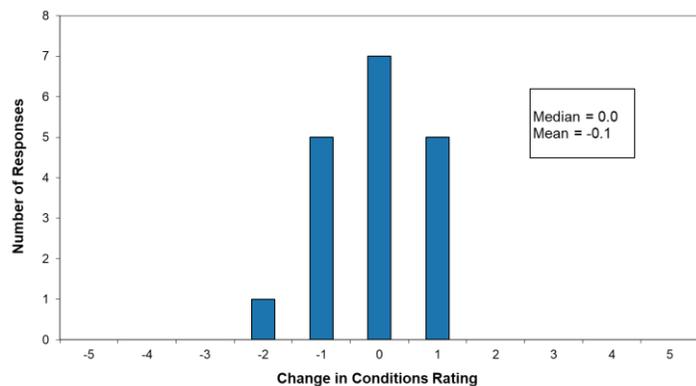


For the first time since February 2023, the current conditions component broke into expansionary territory as October’s reading hit 52.8 points. The proportion of respondents reporting “better” conditions actually declined in October, compared to the previous month, but panel members indicating “unchanged” conditions leapt to a 72 percent share. Comments revealed solid growth in sectors bolstered by the electrification movement, as well as in construction related to data

centers, power, and industrial. However, some commenters shared concerns about unstable geopolitics and deteriorating financial conditions, with one reporting a slowdown in orders.

The reported magnitude of change in current conditions did not stray from the midpoint in October. For the sixth consecutive month, the median value held firm at 0.0 as the mean edged down slightly from +0.3 in September to -0.2 in the latest survey. *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: October 2023



Placing it firmly in expansionary territory, the future conditions component increased by more than 10 points in October, as the expectations for business conditions six months from now reached 63.9, compared to 53.6 points in September. The share of panel members expecting either “better” or “unchanged” conditions increased during the October survey period. That relative bullishness was supported by commenters’ expectations for an improved residential market and growth from energy transition efforts. On the flip side, one respondent already noted a decrease in the book to bill ratio, while another indicated “market softening to continue into 2024.”

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	52.8	▲	63.9	▲
% Better	17%	▼	44%	▲
% Worse	11%	▼	17%	▼
% Unchanged	72%	▲	39%	▲

Number of Respondents = 18

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 October 10-22, 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.