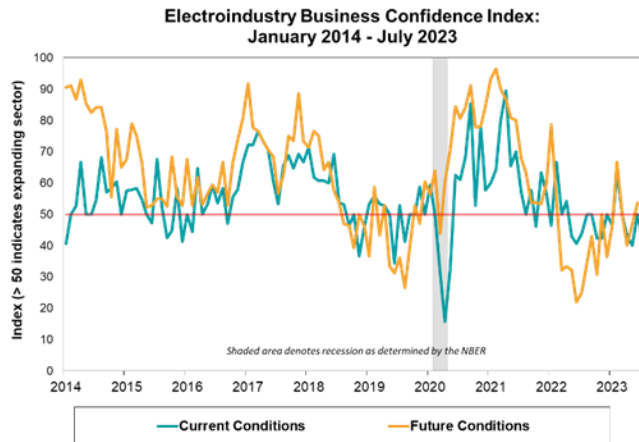


Future conditions component suggests growth ahead

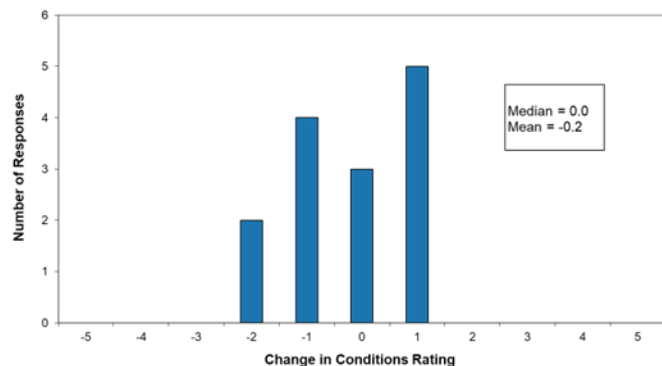


The current conditions component has not shown evidence of sustained growth since early 2022. After settling on the threshold value of 50 points last month, the current gauge once again slipped in July, dropping seven points to 42.9, signaling "worse" conditions overall compared to June. Although reports of "unchanged" conditions remained the most common response, the share of panel members indicating "worse" conditions jumped to nearly 30 percent of all responses in July. Despite this month's

underwater reading, some bright spots emerged in the comments with reports of strength in markets such as infrastructure and utility upgrades. However, commenters also pointed out cautionary notes such as reports of customers' future spending plans being put on hold, slowing demand in some segments, and "over inventoried positions being worked down."









The reported magnitude of change in current conditions did not change meaningfully this month, as the median value stayed put at 0.0 for the third straight month in July, and the mean shifted imperceptibly from -0.1 in June to -0.2 in this month's tally. *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: July 2023



Matching June's reading of 53.6, the July future conditions component marked the first time since February 2022 that this six-months ahead metric remained in growth territory for two consecutive periods. A run-up in the share of respondents expecting "unchanged" conditions, combined with a still robust proportion of those anticipating "better" conditions helped buoy the outlook indicator. Cracks, such as distributors reducing inventories, have started to appear, but the "electrification boom" supported at least one respondent's positive expectations.

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	42.9 	53.6 
% Better	14% 	29% 
% Worse	29% 	21% 
% Unchanged	57% 	50% 

Number of Respondents = 14

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 July 12-21, 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.