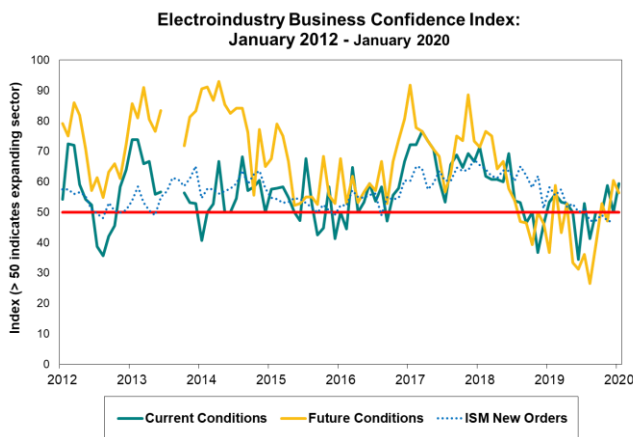


January 2020 NEMA Electroindustry Business Confidence Index

January 29, 2020

Electroindustry Confidence Steady as Both Current and Future Indexes Remain Expansionary

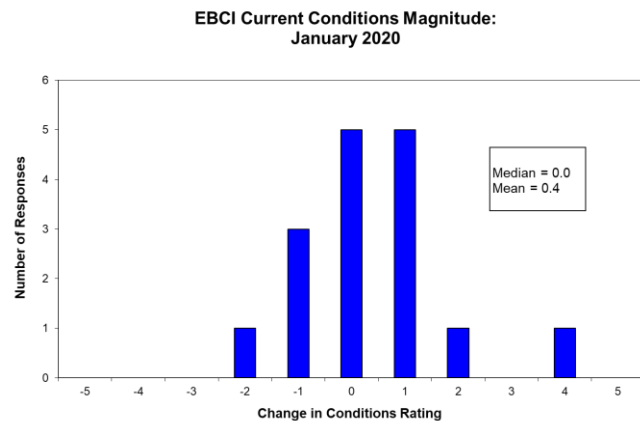


For the fifth consecutive month the current conditions component of the EBCI topped or equaled 50 points, which signaled conditions conducive to an expanding electroindustry. At 59.4, a 9.4 point increase from December's level, the January score marked this component's highest reading since June 2018. A majority of panelists reported unchanged conditions, but the share of responses noting better conditions increased by 20 percentage points from last month. Despite the overall manufacturing malaise reflected in the Institute for Supply Management (ISM) survey results,

confidence in the electroindustry remained steady to improved.

The mean value of the reported intensity of change in electroindustry business conditions edged up to +0.4 in January, as the median value held steady at 0. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Taking a slight step back, from 60.5 in December to 56.3 this month, the future conditions component nevertheless stayed firmly in expansion territory. Erosion in the proportion of responses expecting better conditions highlighted the undercurrent of uncertainty still at play regarding the policy environment on the international stage. The percentage of respondents expecting unchanged conditions in six months increased in January, nearly offsetting the pullback in "better" responses. Comments largely, though not uniformly, pointed to expectations for growth as 2020 unfolds.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	59.4 ▲	56.3 ▼
% Better	31% ▲	31% ▼
% Worse	13% ▲	19% ▼
% Unchanged	56% ▼	50% ▲

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.

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.

NOTE: The chart of NEMA EBCI scores uses ISM New Orders Index values for comparison purposes. The current month Manufacturing ISM® *Report On Business*® may be found here:

<https://www.instituteforsupplymanagement.org/ismreport/mfgrob.cfm>