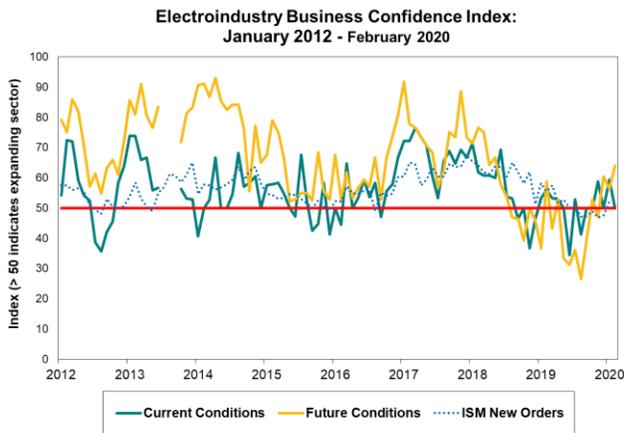


Confidence in Future Conditions Expands Despite Potential Market Disruptions

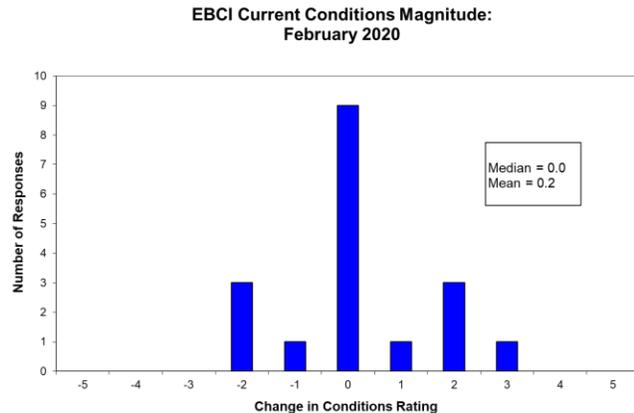


Current conditions retreated in February but did not fall back out of expansionary territory. The 9-point slide from last month's result left the February number at 50 points. The share of respondents noting better conditions declined, while the number reporting worse conditions increased by a similar amount. The proportion of unchanged responses held steady. Much of the commentary contained a sense of optimism shot through with concern over the coronavirus and its effects on supply chains.

The mean value of the reported intensity of change in electroindustry business conditions slid imperceptibly to +0.2 this month after reaching +0.4 in January. The median value once again 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).*

Driven largely by a decrease in the proportion of respondents expecting worse conditions, the future conditions component surged nearly 8 points this month to a 63.9 reading. The

February score marked the highest level of optimism since May 2018. According to comments, a solid start to the year and the improving trade environment has buoyed expectations despite market disrupters such as the coronavirus outbreak, Brexit, and the upcoming U.S. elections.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	50.0 	63.9 
% Better	22% 	33% 
% Worse	22% 	6% 
% Unchanged	56% 	61% 

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.

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>