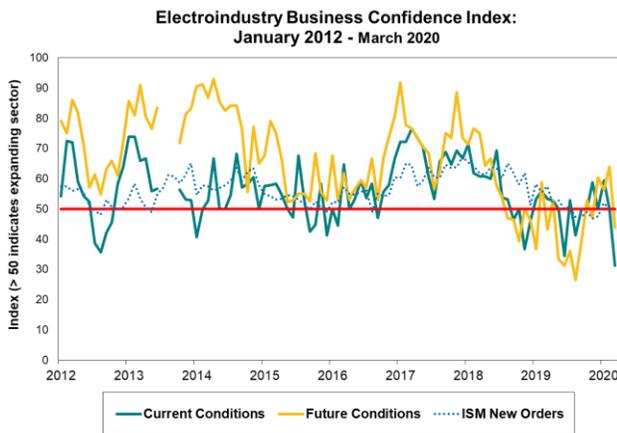


March 2020 NEMA Electroindustry Business Confidence Index

March 27, 2020

Pandemic Fallout Rattles Both Current and Future Components

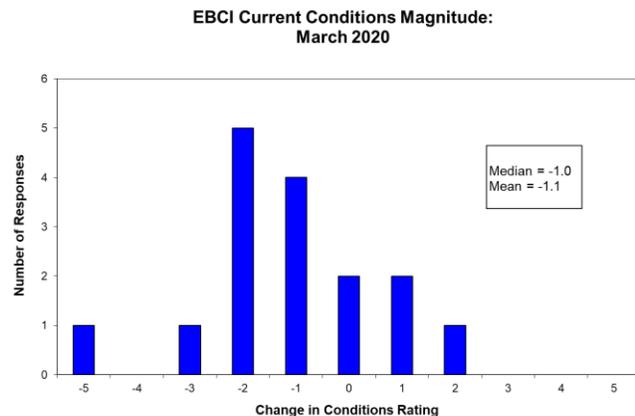
Please note that survey responses were collected from the period of March 10-20, 2020.



Some parts of the electroindustry were reporting healthy business in March, but most respondents were already reporting worsening conditions by the middle of the month. The current conditions component, with a majority of panel members reporting worse conditions, shrunk to 31.3 points in March from last month's reading of 50. Most of the responses were submitted prior to the wave of state-imposed "stay in place" and lockdown orders and so appear to be more reflective of reduced demand driven by uncertainty than by the effect of planned shutdowns.

The mean value of the reported intensity of change in electroindustry business conditions plunged to -1.1 this month, a level not seen since March 2009. The median value dipped to -1. Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).

Although it too pulled back sharply in March, the future conditions component and associated comments nevertheless retained a slightly hopeful air. As with the current conditions measure, a surge in the proportion of responses expecting worse conditions in six months left the forward-looking component at 43.8 after having reached 63.9 in February. Again, the shift in tactics by policymakers largely occurred after most questionnaires had been submitted. Commenters expressed insights that ranged from expecting the situation to worsen to hoping that the main effects of the COVID-19 pandemic will have passed. One remark effectively captured the situation most businesses are facing: "Cannot even forecast at this point."



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	31.3	▼	43.8	▼
% Better	19%	▼	31%	▼
% Worse	56%	▲	44%	▲
% Unchanged	25%	▼	25%	▼

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>