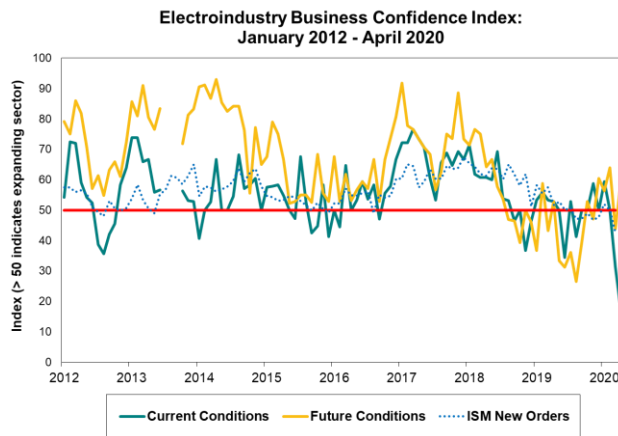


April 2020 NEMA Electroindustry Business Confidence Index

April 29, 2020

Nowhere to Go but Up? Future Component Points to Better Days

Please note that survey responses were collected from the period of April 10-24, 2020.

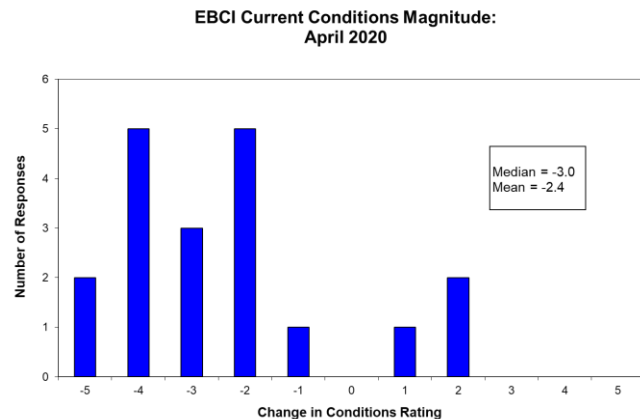


With lockdown policies fully in effect across most of the country, the current conditions component fell by more than 15 points to 15.8 in April. The last time this reading had drifted so far below 50, the United States was in the midst of the 2007-2009 recession. No one reported unchanged conditions, and the vast majority of respondents unsurprisingly noted that conditions were worse. However, a handful of panelists indicated seeing better conditions in their sectors, with one describing business activity as “torrid.” Of course, most of the other comments conveyed deep concern in light of, in

the words of one commenter, a “significant drop in orders.”

At -3.0, the mean value of the reported intensity of change in electroindustry business conditions fell to the lowest point in series history this month. The median value dropped to -2.4. Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).

A review of respondents’ comments suggested that the nearly 17-point gain in the future conditions component, from 43.8 in March to 60.5 this month, was more a reflection of the belief that the worst effects of the pandemic response will have dissipated six months from now. The panel was far from unanimous in that relative optimism, with a combined 42 percent expecting worse, or at best unchanged, conditions. Many commenters assumed improved conditions ahead, but the qualitative assessments of potential gains ranged widely, from “better than during the shutdown, but a slow and difficult recovery” to “a strong rebound starting in the third quarter.”



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	15.8	▼	60.5	▲
% Better	16%	▼	58%	▲
% Worse	84%	▲	37%	▼
% Unchanged	0%	▼	5%	▼

Number of Respondents =19

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>