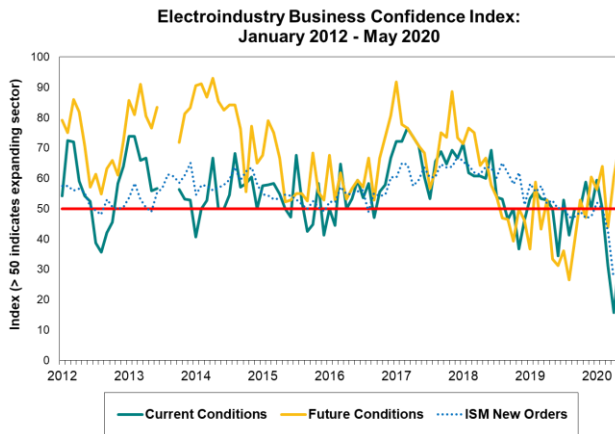


May 2020 NEMA Electroindustry Business Confidence Index

May 28, 2020

Current Conditions Component Suggests Nadir Has Passed



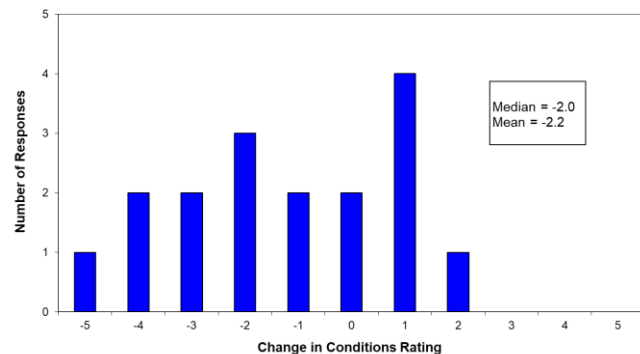
Still deep in contractionary territory, the current conditions component for May nevertheless pointed to the likelihood that the electroindustry bottomed out in April and began clawing back toward growth this month. The nearly 17-point increase to 32.4 point from April to May was driven largely by a significant decline in the share of panelists that reported worse conditions this month. Very few additional respondents rated conditions as better, but many more registered unchanged conditions, suggesting that the bleeding has stopped for now. Survey results regarding

current conditions may have been best summarized by the comment that “although not great, April is better than March.”

Turning slightly less negative, the median value of the reported intensity of change in electroindustry business conditions edged up to -2.0 in May after falling to -3.0 last month. The mean score also ticked up, reaching -2.2. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Gaining 10 points from last month, the future conditions component expanded to 70.6 in May. The numerical result, based on the relative expectation of business conditions in six months compared to current conditions, belied the sentiment expressed by many panel members. As one commenter noted, although expecting “an uptick in business,” they “do not expect anything that would closely approximate a return to originally forecasted levels of activity for quite some time.” Indeed, 18 percent of respondents expected worse conditions half a year from now. However, a substantial majority of panelists indicated that business conditions will have improved by November.

EBCI Current Conditions Magnitude:
May 2020



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	32.4	▲	70.6	▲
% Better	18%	▲	59%	▲
% Worse	53%	▼	18%	▼
% Unchanged	29%	▲	24%	▲

Number of Respondents =17

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 May 10-22, 2020.

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>