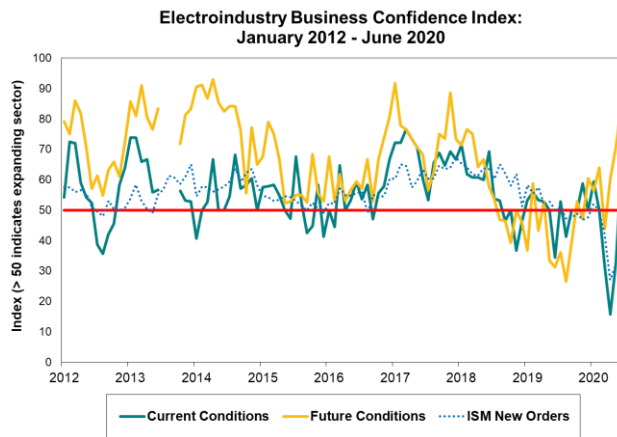


Business conditions improve as lockdowns abate

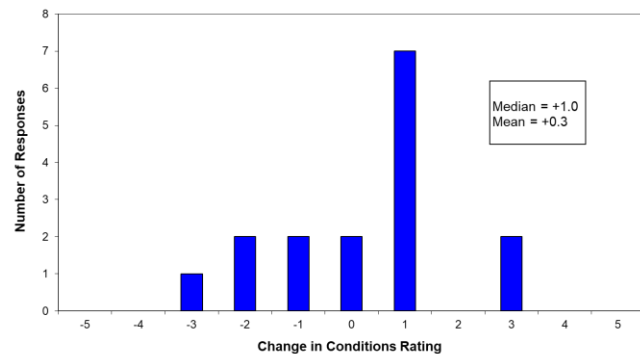


Bearing in mind that the EBCI measures perceived changes relative to a prior time period, the current conditions component for June marked a vast improvement versus May, gaining 30 points to 62.5. The June result validated the assumption that conditions facing the electroindustry hit bottom in April, and expansion relative to that low point and a dismal May has begun. Some corners of the industry have thrived throughout the pandemic and continued to do so this month. Even among those sectors that had struggled, the tone of comments improved in June reflecting an

assessment that "business is still spotty but the level of day-to-day activity... is picking up."

After a string of three consecutive negative readings the mean value of the reported intensity of change in electroindustry business conditions flipped positive in June, reaching +0.3 compared to a -2.2 reading last month. The median improved from -2 in May to +1 this month. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

EBCI Current Conditions Magnitude: June 2020



Eighty-one percent of respondents indicated that they expect better conditions in six months, as the future conditions component expanded from 70.6 last month to 84.4 in June. Only six percent of the survey panelists expected conditions to remain unchanged. Nevertheless, uncertainty remains high for some, with concern of slowing in those sectors that had seen strong activity despite the deep recession. Potential disruptions from pandemic waves and a contentious presidential election cycle weighed on the mind of one respondent. However, the sentiment reflected in the index value may best be summed up by the comment, "this is going to be amazing."

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	62.5	▲	84.4	▲
% Better	44%	▲	81%	▲
% Worse	19%	▼	13%	▼
% Unchanged	38%	▲	6%	▼

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.

Please note that survey responses were collected from the period of June 10-19, 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>