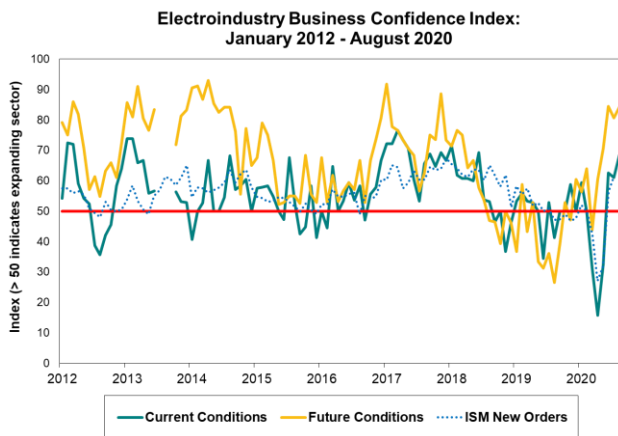


August 2020 NEMA Electroindustry Business Confidence Index

August 27, 2020

Conditions continue to improve for most of the electroindustry in August

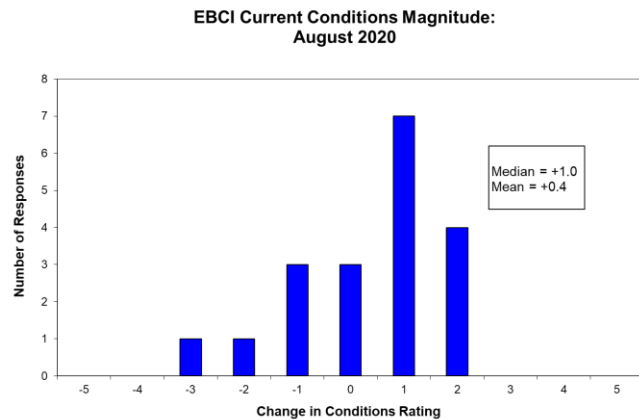


With a majority of respondents reporting better conditions, the current component of the Electroindustry Business Confidence Index increased by more than seven points, reaching 68.4 this month. In retrospect, July's survey results pointed to a relatively widespread sense of a plateau in the market, but in August only around one-third of the panel indicated unchanged conditions. Comments largely reflected the Improvement suggested by the numbers, with one panelist noting that, "order rates are strong."

The mean reported intensity of change in electroindustry business conditions edged up insignificantly to +0.4 in August from +0.3 last month. The median score returned to +1.0 this month after slipping to +0.5 in July. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Bullish expectations for conditions six months from now expanded in August as the score added nearly four points to a new total of 84.2.

A decrease in the share of respondents expecting worse conditions was the primary driver of the increased score, compared to last month's. Common themes found in the comments included an expectation that "the economy doesn't shut down again," and pointing out that this election cycle will have been completed.



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	68.4 ▲	84.2 ▲
% Better	53% ▲	79% ▲
% Worse	16% ▼	11% ▼
% Unchanged	32% ▼	11% ▲

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>