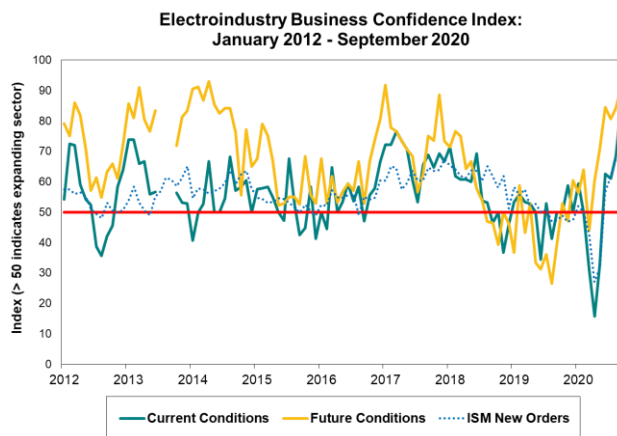


September 2020 NEMA Electroindustry Business Confidence Index

September 29, 2020

Bullish outlook for electroindustry as current conditions component hits record high in September



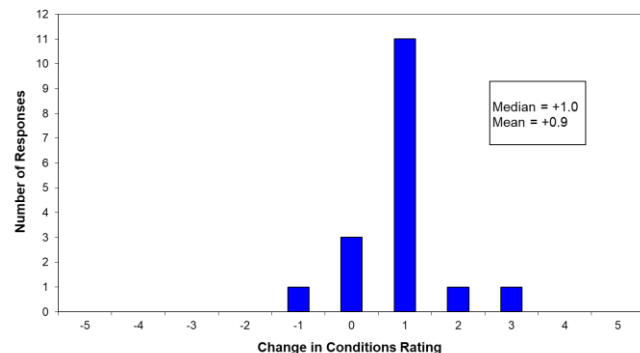
No month has fared better when compared to the previous month than September 2020 scored vis a vis August. With not one report of outright worse conditions, and nearly three-quarters indicating a better business environment, the current conditions gauge rose nearly 17 points to an all-time high reading of 85.3. The tenor of respondent comments helps to highlight a caveat regarding the topline number. Despite the record-setting reading, business was not necessarily booming but was better across most of the electroindustry when assessed against last month. As one panelist

noted, conditions were “improving slowly.”

The mean reported intensity of change in electroindustry business conditions ticked up half a percentage point to +0.9 in September from +0.4 last month. The median score held steady at +1.0. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

The future conditions component did not set a record this month. Nevertheless, the measure of confidence in business conditions facing the electroindustry six months from now expanded considerably from an already-elevated 84.2 in August to reach 91.2 points in September. As with the current component, none of the respondents indicated an expectation for worse conditions, and less than 20 percent even expected conditions to remain unchanged. Most comments were more unambiguously upbeat than were those about current conditions, with suggestions of a “strong recovery” ahead.

EBCI Current Conditions Magnitude:
September 2020



Please note that survey responses were collected from the period of September 10-25, 2020.

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	85.3	▲	91.2	▲
% Better	71%	▲	82%	▲
% Worse	0%	▼	0%	▼
% Unchanged	29%	▼	18%	▲

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.

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>