Current conditions component pulls back from record-setting September, but still suggests growth

It was nearly inevitable that the current conditions component would pull back from the historic high point of 85.3 it reached last month. Though sharp, the retreat to 52.8 still indicated favorable growth conditions, just at a slower pace. A plurality of respondents noted that conditions were unchanged from September to October. Commentors skewed slightly to the negative, but with one notable exception pointing out a rapid breakdown, most comments alluded to either modest growth or slight slowing in the current period.

The reported intensity of change in electroindustry business conditions fell to 0 in both measures of central tendency as the mean slid from +0.9 last month and the median score dropped from +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 tightened somewhat from a near record setting reading of 91.2 last month to 77.8 in October, still pointing to a relatively broad-based expectation for improvement in six months. Although there was minimal sentiment for worse conditions, one-third of respondents pointed to unchanged conditions half a year from now. Much of the commentary reflected a wait and see approach to the pandemic and the U.S. election cycle.
SURVEY RESULTS:

<table>
<thead>
<tr>
<th></th>
<th>Current Conditions (Compared to Previous Month)</th>
<th>Conditions Six Months From Now (Compared to Current Conditions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBCI</td>
<td>52.8</td>
<td>77.8</td>
</tr>
<tr>
<td>% Better</td>
<td>33%</td>
<td>61%</td>
</tr>
<tr>
<td>% Worse</td>
<td>28%</td>
<td>6%</td>
</tr>
<tr>
<td>% Unchanged</td>
<td>39%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Number of Respondents = 18

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 October 10-23, 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