Electroindustry optimism increases in both current and future conditions

Following a modest stumble in October, confidence in electroindustry business conditions surged once again, reaching 78.1 in November. A majority of respondents noted "better" conditions, but some residual of "worse" conditions response remained. Comments were generally reflective of the improved index number, although a cautionary observation indicated that a greater share of year-end work was delayed than has been the case in recent years.

The median reported intensity of change in electroindustry business conditions rebounded to +1.0 after falling to 0 in October, and the mean also bounced back from 0 to +0.8 in November. 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 also landed at 78.1 this month but traveled a much shorter distance to get there from the October reading of 77.8. The share of respondents expecting better conditions edged up somewhat in November, but expectations for "worse" conditions ticked up slightly as well. The greatest shift in responses from October’s to November’s survey was seen in a sharp drop in the proportion of panelists indicating "unchanged" conditions in six months. Comments were uniformly positive, with one going so far as to foresee that "things will be back to normal.”
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>78.1</td>
<td>78.1</td>
</tr>
<tr>
<td>% Better</td>
<td>69%</td>
<td>69%</td>
</tr>
<tr>
<td>% Worse</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>% Unchanged</td>
<td>19%</td>
<td>19%</td>
</tr>
</tbody>
</table>

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 November 10-20, 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.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/