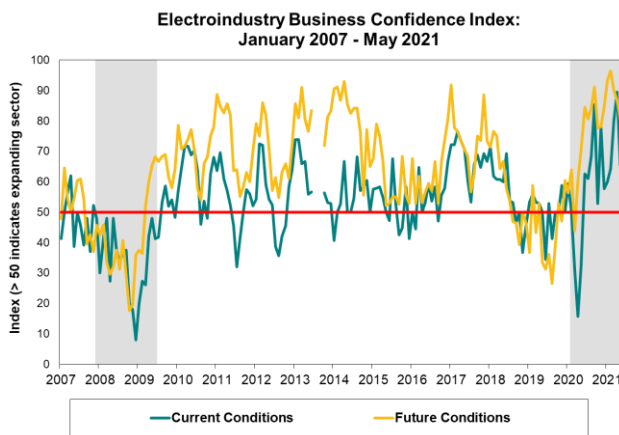


May 2021 NEMA Electroindustry Business Confidence Index

May 28, 2021

Current and future conditions pull back but remain at expansionary levels



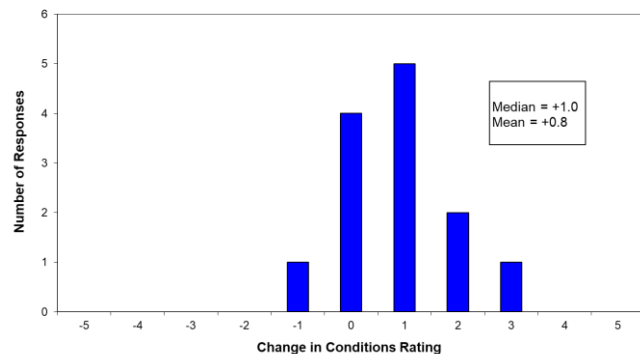
Sentiment regarding current conditions appeared to take a breather this month after reaching a high-water mark in April. With responses of “unchanged” conditions making up a majority of the EBCI panel’s input, the current component retreated 24 points to a still-robust reading of 65.4 in May. Comments, largely focused on labor and materials shortages and resultant inflationary pressures, were suggestive of constrained growth. Those comments aligned with the quantitative summary that showed not only mostly unchanged conditions, but also a smattering of

“better” conditions reported and very few indications that the business environment was “worse.”

The median reported magnitude of change in current electroindustry business conditions shed one full point from last month in dropping back to +1.0 in May. The mean magnitude measure also declined, sliding from +1.5 in April to +0.8 this month. *Panelists are asked to report the magnitude of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Like the current conditions component, future conditions also pulled back this month, but by a much more subdued amount, moving from 86.8 last month to 80.6 in May. More than two-thirds of respondents expected conditions to be “better” in six months, but that number marked a modest decline from last month, pointing to slightly reduced enthusiasm for the road ahead. Commentary about future conditions mostly mirrored remarks about the current conditions, with concerns about supply constraints featured prominently. However, optimism remained as one participant noted the expectation that previously delayed projects will be released and underway in the coming months.

EBCI Current Conditions Magnitude: May 2021



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	65.4	▼	80.8	▼
% Better	38%	▼	69%	▼
% Worse	8%	▲	8%	▲
% Unchanged	54%	▲	23%	▲

Number of Respondents =13

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 May 11-21, 2021.

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.