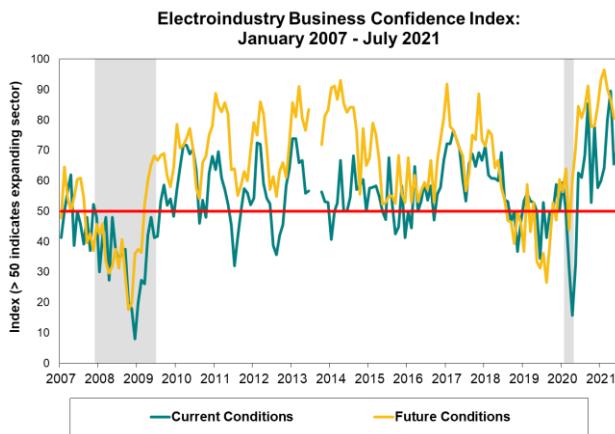


July 2021 NEMA Electroindustry Business Confidence Index

July 28, 2021

Current component softens but remains in positive territory

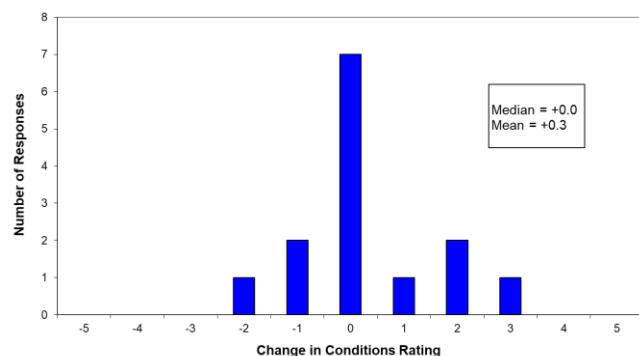


The current conditions component slid nearly 13 points to 57.1 in July from 70 the month before, leaving it still in positive territory but with the lowest reading since last October. At 57 percent, the majority of respondents considered July's conditions unchanged from the previous month's, but a noticeable uptick in the share of responses noting worse conditions helped claw the current component back from its recent loftier readings. Comments were relatively negative in tone with all of them touching in one form or another on lingering supply chain woes. Concern about the potential

of an unwelcome change in the pandemic's trajectory also found its way back into the comments.









The median reported magnitude of change in current electroindustry business conditions dropped from +1.0 in June to zero this month, while the mean magnitude measure slipped down to 0.3 in July after holding steady at +0.8 for the previous two months. *Panelists are asked to report the magnitude of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

EBCI Current Conditions Magnitude:
July 2021



Despite retreating to its lowest value since the early days of the pandemic last year, the future conditions component remained well within expansion territory this month at 67.9, which reflected a 12-point change from June's reading. Fully half of the responding panelists still expect better conditions in six months, but the share of those indicating worse conditions ahead doubled to 14 percent in July, and the proportion of respondents expecting the business environment to be unchanged edged up as well. In addition to supply difficulties mentioned in regard to current conditions, panel members also expressed concern about macroeconomic trends such as rising inflation and interest rates.

SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	57.1 	67.9 
% Better	29% 	50% 
% Worse	14% 	14% 
% Unchanged	57% 	36% 

Number of Respondents =14

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 July 12-23, 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.