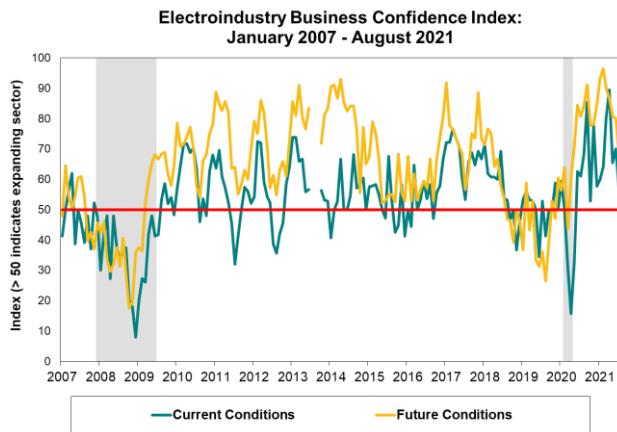


August 2021 NEMA Electroindustry Business Confidence Index

August 25, 2021

Current component suggests unchanged conditions compared to last month

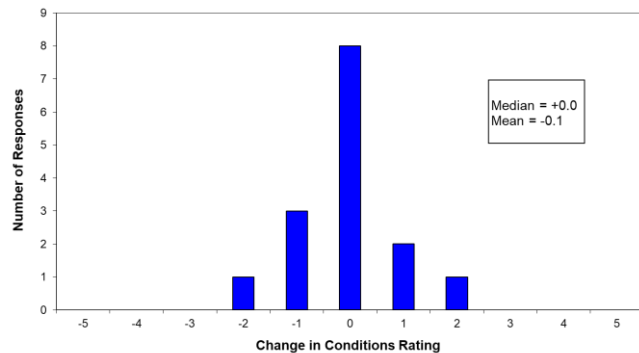


Hitting its lowest reading since coming out of the pandemic-induced recession, the current conditions component lost just over seven points from July's result to land at 50 this month. An equal share of respondents noted better conditions and worse conditions, but a substantial majority of panel members, 60 percent, rated the current business as unchanged from a month ago. Comments were uniformly negative with common concerns centering on difficulty in finding qualified labor, inflationary pressures, and broad supply constraints.

The median reported magnitude of change in current electroindustry business conditions held steady at zero this month, while the mean magnitude measure edged slightly into the negative, moving to -0.1 this month from +0.3 in July. *Panelists are asked to report the magnitude of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

The future conditions component also fell to a post-recession low point in August, but remained well into expansion territory at 63.3, even after shedding nearly 5 points from the previous month. The lower score revealed expectations for continued expansion in six months but at a slower pace than suggested by results obtained from earlier in the year. A majority of respondents continued to expect better conditions ahead, but the share of those anticipating a worsening business environment increased as well. One comment mentioned the positive effects of "the release of projects in [the] second half," but most others remained cautious to outright negative about the road ahead.

EBCI Current Conditions Magnitude: August 2021



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)		Conditions Six Months From Now (Compared to Current Conditions)	
EBCI	50.0	▼	63.3	▼
% Better	20%	▼	53%	▲
% Worse	20%	▲	27%	▲
% Unchanged	60%	▲	20%	▼

Number of Respondents =15

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 August 10-20, 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.