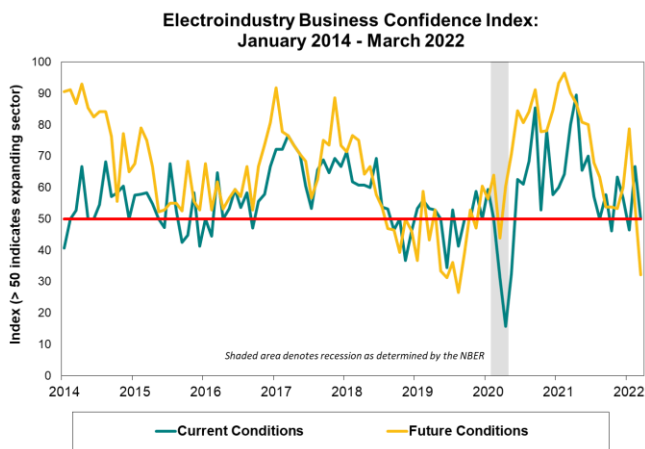


# March 2022 NEMA Electroindustry Business Confidence Index

March 31, 2022

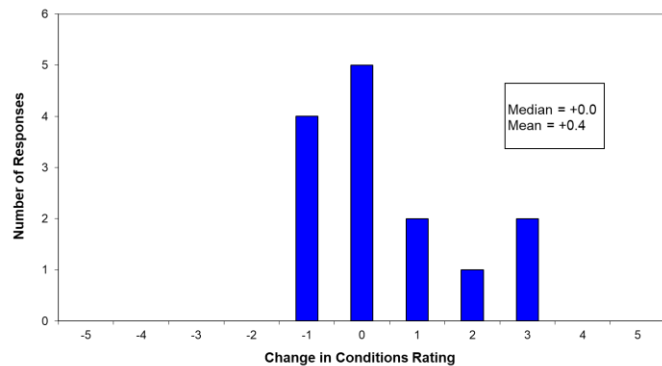
## Future component sags under weight of economic and geopolitical headwinds



As electrical manufacturers contended with ongoing supply chain difficulties and rapidly rising inflation, Russia launched the most significant armed conflict on the European continent since WWII. Although mounting challenges facing the industry no doubt contributed to a softening of the current conditions component, which slid from 66.7 in February to 50 this month, continued strong demand arguably prevented the reading from sliding into contraction territory. One respondent summed up the situation by noting “concern over Ukraine, but current order rates are strong with the same challenges from a supply chain/inflation standpoint.”

The median reported magnitude of change in current electroindustry business conditions slid back to 0.0 this month after briefly reaching +1.0 in February. The mean value of the magnitude measure also dipped but remained positive as it eased from +0.8 last month to +0.4 in March. *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: March 2022**



For the first time since early in the pandemic, the future conditions component dropped out of expansion territory with half of the respondents expecting “worse” conditions in six months. The top line reading for the look-ahead component pulled back from February’s 54.2 points, registering 32.1 this month, placing the March value at its lowest point since the summer of 2019. Comments were mixed regarding the expected environment related to supply chain, inflation, and Russia/Ukraine but on net exposed an uncomfortable level of uncertainty ahead. Added to that mix of market stressors, one panel member suggested the likelihood that current demand is artificially inflated and will soften as market impediments unwind.

## SURVEY RESULTS:

	<b>Current Conditions</b> (Compared to Previous Month)		<b>Conditions Six Months From Now</b> (Compared to Current Conditions)	
EBCI	50.0	▼	32.1	▼
% Better	21%	▼	14%	▼
% Worse	21%	▲	50%	▲
% 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 March 10-25, 2022.*

## 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.