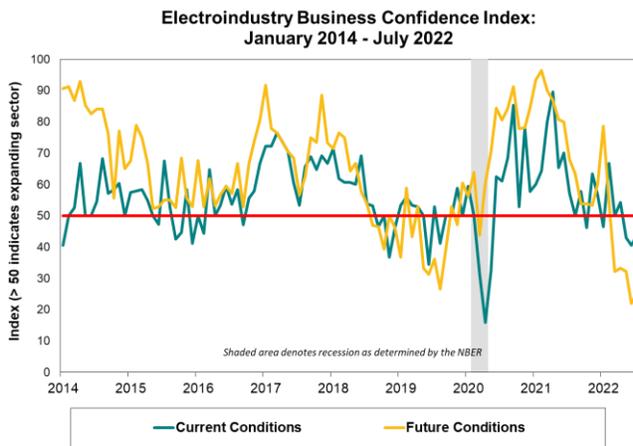


Facing headwinds, business confidence plateaus



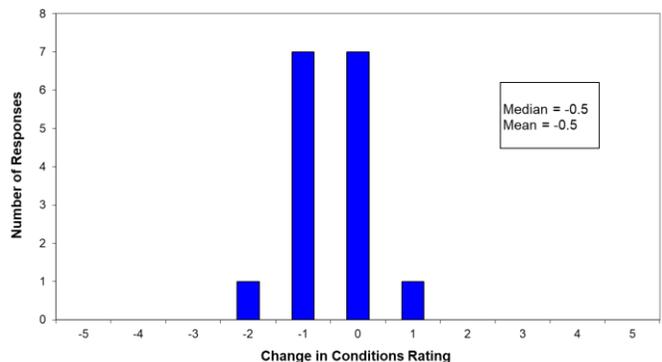
Despite eking out a slight increase from 40.6 in the prior month to 43.8 in July, the current conditions component remained range-bound in the low 40s for the third consecutive month. The collective indication from the panel suggests a plateauing of sorts as both the share of those who reported “better” conditions and those who pointed to “worse” conditions declined compared to June’s results, while the proportion of panel members that selected “unchanged” surged. Not surprisingly, many comments mentioned supply chain constraints, and while most of

that commentary noted continued difficulties in that regard, a slight shift in sentiment may have gotten underway as more than one panelist described signs of improvement. Even with that glimmer of hope, inflation, inventory concerns, labor shortages, and recession fears served as a drag on business confidence.

The median reported magnitude of change in current electroindustry business conditions slid to -0.5 in July after a briefly returning to zero last month. The mean value recorded a third straight month of negative readings after dipping to -0.5 from the previous month’s -0.1 mark. *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 gained from last month by a similar magnitude and through a similar mix of underlying responses as explained above for the current conditions component. However, having started at a much lower reading, 29.1 points in June, the minor improvement posted this month left the July reading mired near the series historical low at 25.0. Inflation, continued labor concerns, manufacturing slowdowns likely to follow cleared backlogs, and geopolitical instability played a role in the low score for some commenters, while mentions of supply chain suggested continued expectations of improvement ahead.

EBCI Current Conditions Magnitude: July 2022



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	43.8 	25.0 
% Better	6% 	13% 
% Worse	19% 	63% 
% Unchanged	75% 	25% 

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 July 11-22, 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.