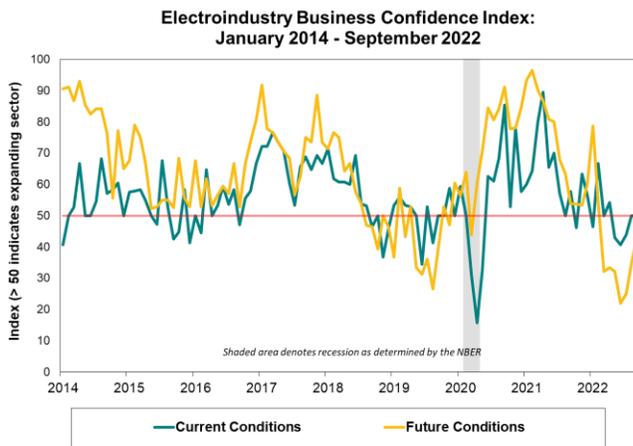


Current business conditions remain unchanged



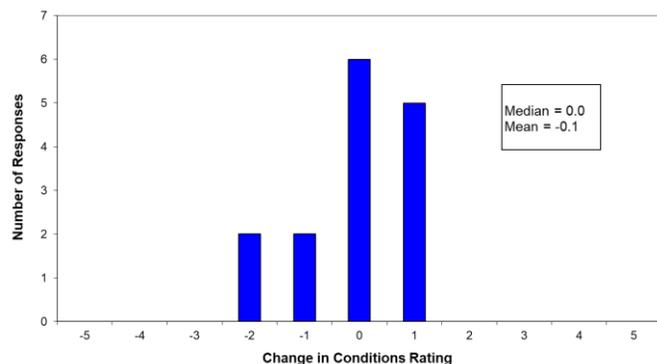
In the midst of volatile swings in the stock market, rapid inflation, and a Federal Reserve campaign to knock down rising prices through swift and steep interest rate hikes, the electroindustry has settled into a position of relative calm, according to EBCI survey responses. For the third time in seven months, the current conditions index came in at 50 points in September, indicating that conditions were unchanged from the previous month. Indeed, nearly 70 percent of respondents reported “unchanged” conditions in the latest poll. Since January,

the current component has averaged just under 50, suggesting a bias toward slower growth. Comments were quite mixed, with reports of continued strength in orders activity tinged with lingering concerns about supply chain disruptions. One comment expressed the confounding environment as one of “still strong demand with continued supply chain challenges.”

The reported magnitude of change in current electroindustry business conditions remained largely unchanged in September, as the median held at 0.0, and the mean value ticked up imperceptibly from -0.2 to -0.1. *Panelists are asked to report the magnitude of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

Although the future conditions component revealed a lessened sense of pessimism in September, the 42.9 reading was still suggestive of softening in the near future. The forward-looking indicator hit bottom at 21.9 in June and has been steadily improving since that time, but with a plurality of respondents expecting “worse” conditions in six months, the indicator does not yet point to expected growth ahead, just less of a downturn. Among the comments, concerns about rising interest rates mixed with some optimism about opportunities provided by recent federal legislation such as the IIJA and IRA.

**EBCI Current Conditions Magnitude:
September 2022**



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	50.0 	42.9 
% Better	14% 	21% 
% Worse	14% 	36% 
% Unchanged	71% 	43% 

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 September 12-23, 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.