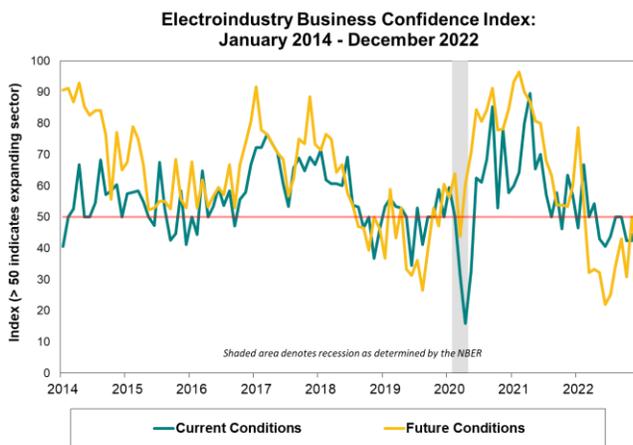


December 2022 NEMA Electroindustry Business Confidence Index

January 3, 2023

Electroindustry current conditions component edged up in December



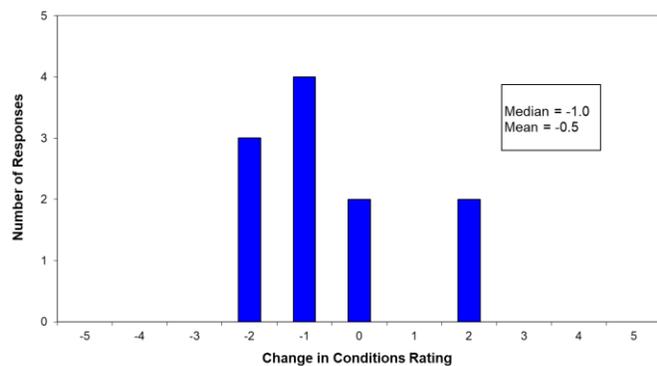
The electroindustry experienced a month of relative stability in December, as the current conditions component edged up 7.7 points from November's reading to reach 50.0, a level indicating conditions had not changed from the previous month. This marked the fourth time the current conditions had hit the midpoint in the past calendar year. The modest uptick was driven by a slight increase in the share of panel members that reported "better" conditions while the majority of panelists noted "unchanged" conditions. Comments indicated that some respondents

have seen pockets of growth, with "strong demand in key segments of the electrification transition," while others noted evident cooling in the residential market and slowing orders activity.

The reported magnitude of change did not budge in December compared to the prior month, as the median value remained unchanged at -1.0, and the mean value held steady at -0.5. *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 hit 36.4 in December, falling 13.6 points from November's reading. The majority of respondents expected "worse" conditions in six months, and the share of those that anticipated "better" conditions decreased significantly. Commenters raised concerns about the effects of rising interest rates and recession fears but also noted expectations for supply chain and labor market improvement. Despite the contractionary future component score, comments were less definitive than the index number would suggest, with one noting that the "economy is slowing but [we are] still expecting growth, just not at the pace we saw in 2022."

EBCI Current Conditions Magnitude: December 2022



SURVEY RESULTS:

	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
EBCI	50.0 ▲	36.4 ▼
% Better	18% ▲	18% ▼
% Worse	18% ▼	45% ▲
% Unchanged	64% ▲	36% ▲

Number of Respondents =11

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 December 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.