

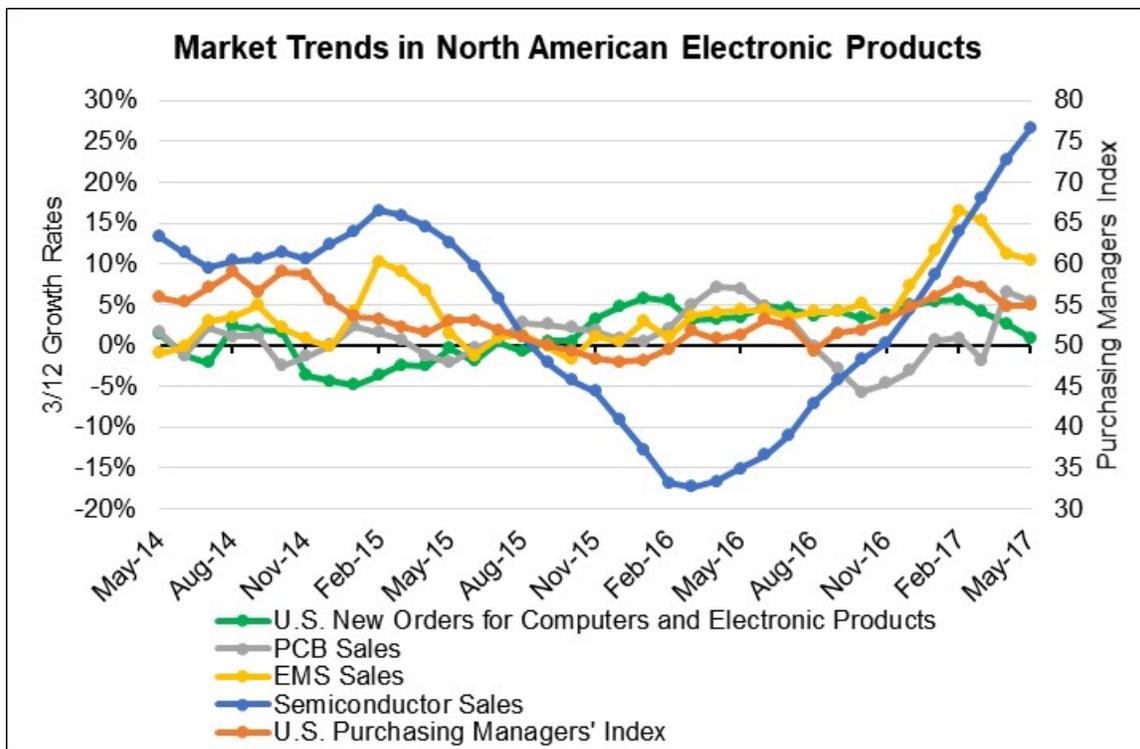
July 2017

North American Electronics Business Growth Positive but Slowing

Based on three-month rolling averages, year-on-year growth in North American semiconductor sales continued its upward climb in May 2017. Year-on-year growth in sales by electronics manufacturing services (EMS) companies and printed circuit board (PCB) manufacturers declined slightly in May but remained solidly positive.

The U.S. Purchasing Managers' Index (PMI), which tends to lead industry sales by two to six months, remains positive (above 50). The 3/12 rate of change for U.S. new orders for electronic products continued to decline but also remained in positive territory.

Another leading indicator, IPC's PCB book-to-bill ratio, is based on three-month rolling averages of orders and sales, and normally leads industry sales by three to nine months. The ratio has been in positive territory for the past four consecutive months and stands at a 1.05 as of May. Ratios above parity (1.00) indicate greater demand than supply, which may be a precursor of sales growth for electronics manufacturers. These indicators suggest the likelihood of sales growth in the industry this year, but with some volatility.



Notes:

1. Three-month rolling averages iron out some of the volatility in monthly data to show clearer trends.
2. This information is provided by IPC — Association Connecting Electronics Industries®.
3. Other industry data can be found at www.ipc.org.
4. The U.S. Department of Commerce revised its historical data on U.S. new orders and issued new data on May 18, 2017. The graph above reflects the revised data, showing that U.S. new orders have been positive for the past twenty months.

Sources: IPC statistical programs for the EMS and PCB industries; SIA for semiconductor data; U.S. Census Bureau for U.S. new orders for computer and electronic products; and Institute for Supply Management for the U.S. Purchasing Managers' Index.