April 2019

North American EMS and PCB Sales Growth Continued in February, Indicators Remain Positive

North American electronics industry sales growth in February 2019 remained positive for electronics manufacturing services (EMS) and printed circuit boards (PCBs), while the trend for semiconductor sales continued its decline further into negative territory. These year-over-year growth rates reflect three-month rolling averages.

The leading indicators remained positive in February. The U.S. Purchasing Managers’ Index (PMI), which tends to lead industry sales by two to six months, experienced normal volatility. The PMI appears to have started trending slowly downward in recent months, but it remains positive (above 50), where it has been for over two years. The 3/12 rate of change for U.S. new orders for electronic products, which leads industry sales by one to three months, held steady in February in positive territory.

Another leading indicator is IPC’s PCB book-to-bill ratio. It is based on three-month rolling averages of orders and sales, and normally leads industry sales by three to nine months. The book-to-bill ratio bounced back to 1.06 in February after retreating to 1.02 in January. The ratio has been above parity (1.00) for over two years. Ratios above parity indicate greater demand than supply, which may be a precursor of sales growth for electronics manufacturers, especially when a run of positive ratios over several months is seen. Ratios below parity indicate the reverse.

These indicators suggest the likelihood of continued sales growth for the EMS and PCB segments of the industry through the first half of 2019.

Market Trends in North American Electronic Products

Notes:
1. This information is provided by IPC International, Inc.
2. Other industry data can be found at www.ipc.org.
3. Three-month rolling averages smooth out some of the volatility in monthly data to show clearer trends.

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.

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