June 2019

North American PCB Sales Continue to Lead Industry Growth Through April

North American electronics industry sales growth through April 2019 has been mostly positive. The printed circuit board (PCB) fabrication segment continued to lead the industry in April with double-digit sales growth. Sales growth for electronics manufacturing services (EMS) has slowed very slightly but remains in positive territory, while semiconductor sales continued to trend sharply downward, although the downward slope eased a bit in April. These year-over-year growth rates reflect three-month rolling averages.

The leading indicators remained positive in April 2019. The U.S. Purchasing Managers’ Index (PMI), which tends to lead industry sales by two to six months, experienced normal volatility. It has been trending downward since late 2018, 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 April 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 fell to 1.00 in March but recovered modestly to 1.02 in April. The ratio has been at or 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 slowing but continued sales growth for the EMS and PCB segments of the industry at least 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.
4. The U.S. Department of Commerce revised its historical data on U.S. new orders for computers and electronic products, as of May 16, 2019. This graph reflects the revised data.

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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