North American PCB Sales Lead First-Quarter Industry Growth

North American electronics industry sales growth in the first quarter of 2019 was mixed, but the printed circuit board (PCB) fabrication segment led the industry in strengthening growth. First-quarter sales growth for electronics manufacturing services (EMS) held steady in positive territory, while semiconductor sales continued to trend sharply downward. These year-over-year growth rates reflect three-month rolling averages.

The leading indicators remained positive in March 2019. The U.S. Purchasing Managers’ Index (PMI), which tends to lead industry sales by two to six months, experienced normal volatility. The PMI trended downward in 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 March 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. 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 slowing but continued sales growth for the EMS and PCB segments of the industry through the first half of 2019.