

October 2019

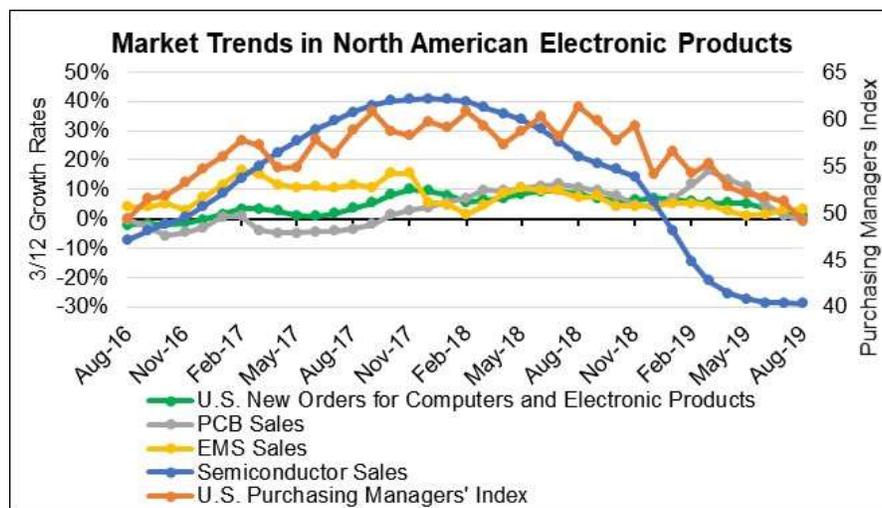
## North American Electronics Industry Growth Flattens

North American electronics industry growth has been slowing since the beginning of this year. Sales growth in August 2019 for printed circuit board (PCB) fabricators is essentially flat (-0.4 percent) and electronics manufacturing services (EMS) growth remains positive but slow. The steep decline in semiconductor sales continues, but the negative growth rate appears to have bottomed out at nearly -30 percent where it has been since June. These year-over-year growth rates reflect three-month rolling averages.

The leading indicators mixed but weak as of August 2019. The U.S. Purchasing Managers' Index (PMI), which tends to lead industry sales by two to six months, has been declining all year. Recent declines may reflect growing concern about the impact of new tariffs and economic uncertainty. In August the PMI slipped into negative territory (below 50). The 3/12 rate of change for U.S. new orders for electronic products, which leads industry sales by one to three months, is nearly flat but remains 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 had been at or just below parity (1.00) in since May, but strengthened to 1.02 in August based on a modest rebound in orders. Ratios above parity indicate greater demand than supply, which may be a precursor of sales growth for electronics manufacturers, while ratios below parity indicate the reverse.

These indicators suggest that sales growth is likely to remain slow for the EMS and PCB segments of the industry in the coming months.



Notes:

1. This information is provided by IPC International, Inc.
2. Other industry data can be found at [www.ipc.org](http://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.