

State of the nation for the **electronic components industry...**

2018 has been a year of continued solid growth across global electronic components markets. The promise of new applications, particularly around 5G infrastructure build-out and automotive driver assistance, has been tempered by capacity constraints and extending manufacturer lead-times, further M&A activity – and the looming threat of trade wars. **Adam Fletcher, Chairman of the Electronic Components Supply network (ecsn)**, reviews the 'state of the nation' for the industry and shares his thoughts about what might happen going into 2019 – while at the same time doing his best to avoid the dreaded 'B' word...

Just as *ecsn* authorised distributor members predicted last year, the UK electronic components market is currently experiencing sustained year-over-year quarterly growth. In fact, the last ten quarters have seen the longest period of sustained growth since 2000 (see Figure 1).

ecsn members forecast that the UK & Ireland market for electronic components would grow in the range of 7.8% to 12% in the period Q1 to Q3 2018, compared to the same period the previous year. In the event, the outcome for the first three quarters was actual growth of 9.6% – almost exactly matching the association's midpoint forecast of 9.7% growth. The forecast also predicted that growth would then slow into Q4 in the range of 2.5% to 6%, which is in-line with historical growth patterns (the green and red bars in Figure 1 indicate the forecast range).

Driven by the promise of new applications, 2018 has been a year of continued solid growth across global electronic components markets. Sales around the world – in the UK, Europe, the US, China, Japan and Asia-Pacific – continue to be strong.

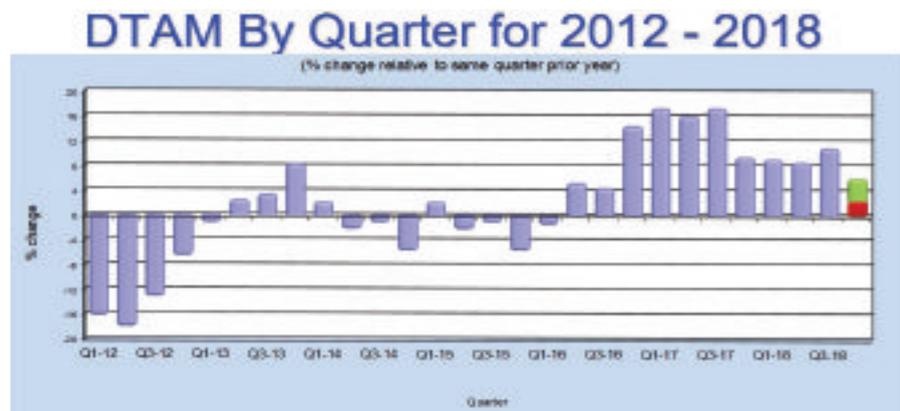


Figure 1. *ecsn/afdec* UK DTAM (distributor total available market) by quarter 2012-2018

The latest figures from the Office for National Statistics and the IHS Markit/CIPS (Chartered Institute of Procurement & Supply) UK Manufacturing PMI (purchasing managers' index) Survey confirm that the UK's manufacturing sector is slowing into the end of the year, suggesting weakening consumer markets. But the outlook is positive, with both domestic and export orders for intermediate and investment goods increasing. It's therefore realistic to assume that growth in Q4 2018 will also come out around *ecsn*'s predicted mid-

point, indicating that the outcome for the UK & Ireland electronic components market in 2018 will be around 8.5% year-on-year growth – an undeniably super result!

European electronic components markets

Comparing the first three quarters of 2018 to the same period in 2017, the overall European electronic components market grew by 7% in 2018. Individual country markets reported the following growth: Austria 14%; Italy 12%; UK 10%; France 5%; Germany 5%; and Switzerland 1%. The Nordic region, however, reported a 1% decline. Figure 2 shows the shape of European market growth by quarter. Stronger growth in the first three quarters, followed by a slowing Q4, is in line with historical trends.