

Global electronics

Electronics sector slides into decline

- **Electronics manufacturing slides into decline for first time in over two years**
- **Downturn led by falling demand for computers and IT equipment**

The global electronics industry slipped into decline in June for the first time for over two years. The downturn was fuelled by the largest monthly drop in new orders for electronic goods seen since March 2013, which caused producers to cut output at the fastest rate since November 2012. Job creation in the sector meanwhile fell to the lowest since 2013 as producers sought to ease back on hiring amid the downturn in demand.

The Markit PMI™ (Purchasing Managers' Index) for manufacturers in the sector slipped below the 50.0 'no-change' level as a result, down from 50.5 in May to 49.9.

Computer and IT hardware manufacturers have seen the steepest downturn in recent months, with new orders falling in the three months to June at the fastest rate since the first quarter of 2009, when demand was pummelled at the height of the global financial crisis. The PMI for computer & IT equipment manufacturing has been in contraction territory since March.

Manufacturers of consumer-oriented electronic goods meanwhile saw business conditions deteriorate for the first time in over two years, with both order books and production falling at the fastest rates since early-2013.

The only major sectors to see expansion were therefore communication equipment manufacturing – though even here the rate of growth, as measured by the PMI, slowed to the weakest for just over a year – and industrial electronics goods. The latter saw growth pick up in June, but from near-stagnation in May. The industrial sector has seen the worst quarter of growth for two years, and a renewed drop in orders for the first time in over two years in June points to ongoing weakness in coming months.

Global Electronics PMI

PMI, 50 = no change in business conditions on prior month



Source: Markit.

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