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Walt Was Right: Business Outlook



Printed Circuit Board Leading Indicators Show Continued Growth

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Executive Summary: The Electronics Decoupling

1. THE MACRO FLOOR

1.



Running at trend, not accelerating. Global factory activity easing, U.S. flat. The consumer remains soft.

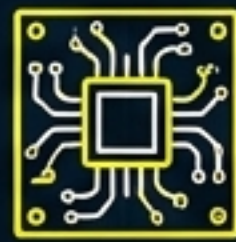


2. THE PCB/SILICON SURGE

2.



Total durable goods orders fell, but **electronics decoupled**. Walt Custer's model maps a robust, validated expansion through late 2026 driven by high-performance compute.



3. THE END-MARKET REALITY

3.



A stretched supply chain meets a soft consumer. Cost inflation is stranding at the manufacturer level.



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The Walt Custer Methodology: A Leading Indicator Framework



The 30-month PMI-revenue correlation has shifted from **+0.85 (2024)** to **+0.31 (2026)** due to massive increases in advanced technology content per board, but the directional signal remains ironclad.

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The Initial Signal: Global Manufacturing Activity

Global factory activity remains in expansion for an eleventh consecutive month, easing slightly from a 50-month high but providing a solid foundational floor.



(S&P Global & J.P.Morgan, 2026)

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Validating the Model: Taiwan PMI Signals Expansion Through November

Taiwan PMI leads the Top-13 composite by roughly two quarters. June's 55.2 reading already maps continuous growth through November 2026. Since 2019, the composite has never contracted following a PMI above 50.

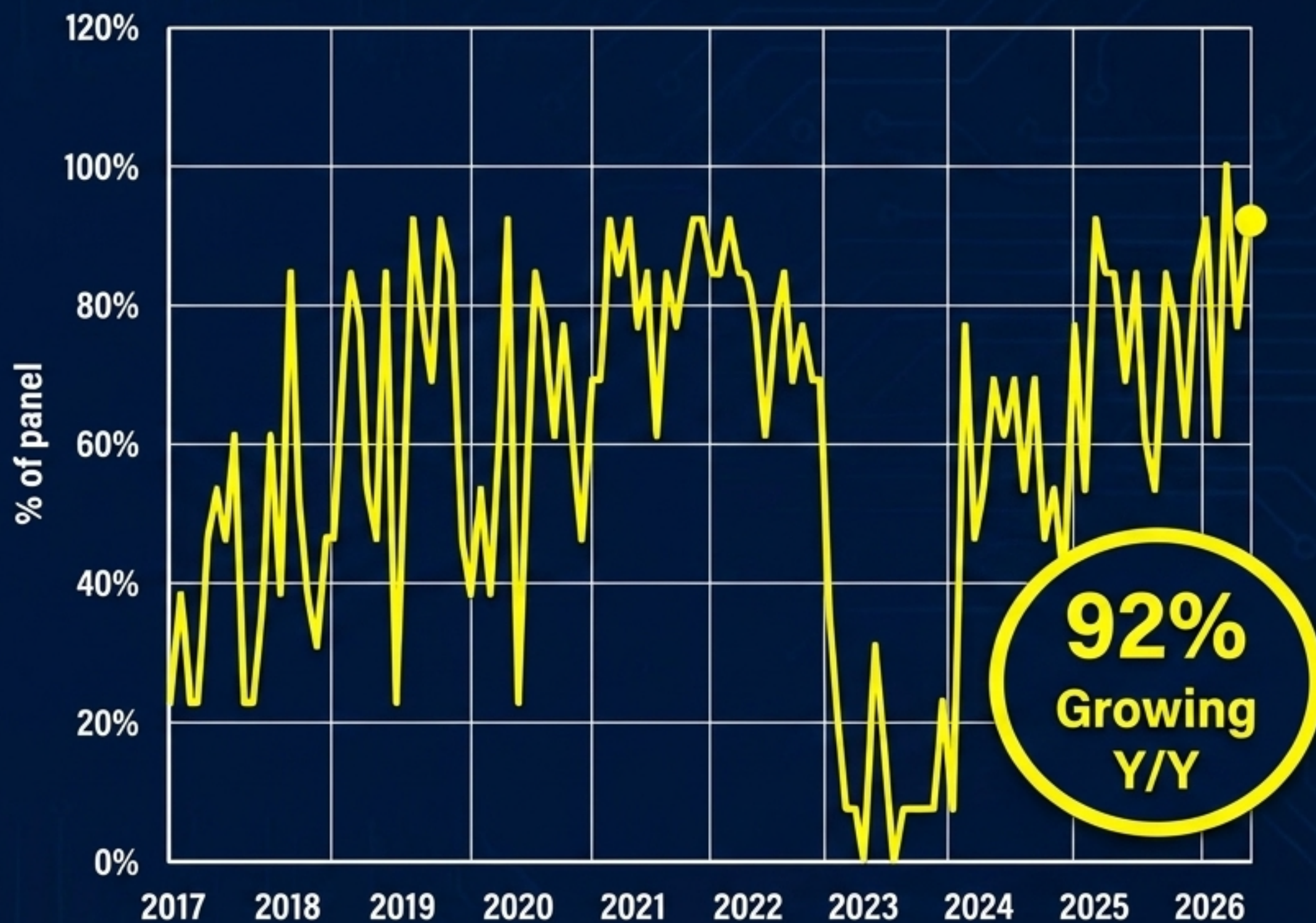


(S&P Global & Custer Contexo Group, 2026)

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Breadth of Expansion: The Top-13 PCB Panel

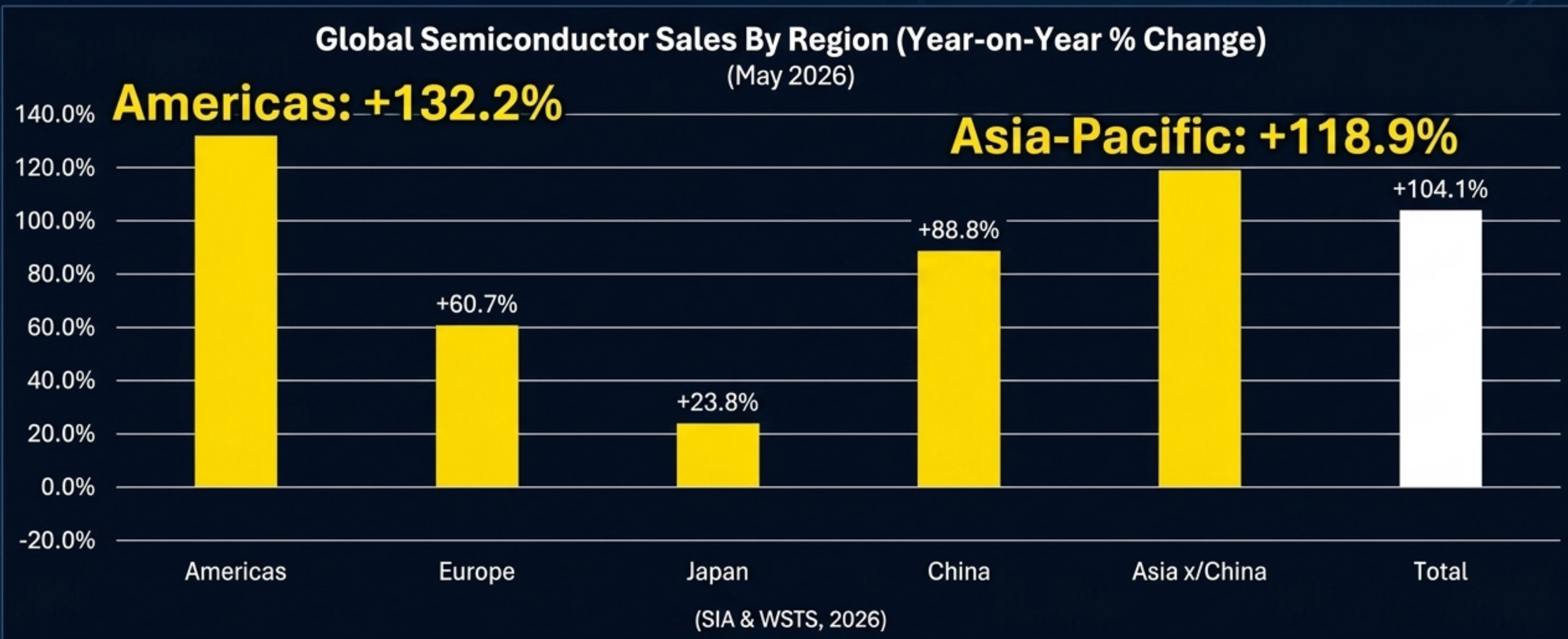
92% of the Top-13 board-makers are growing year-over-year (12 of 13 fabricators). This is a highly **broad-based structural expansion**, heavily weighted toward advanced substrates and high-layer HDI.



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Upstream Shock: Silicon Sales Hit Historical Records

Worldwide semiconductor revenue reached \$120.6 billion (3-month average), the highest monthly total on record. Growth is hyper-concentrated in advanced infrastructure builds.



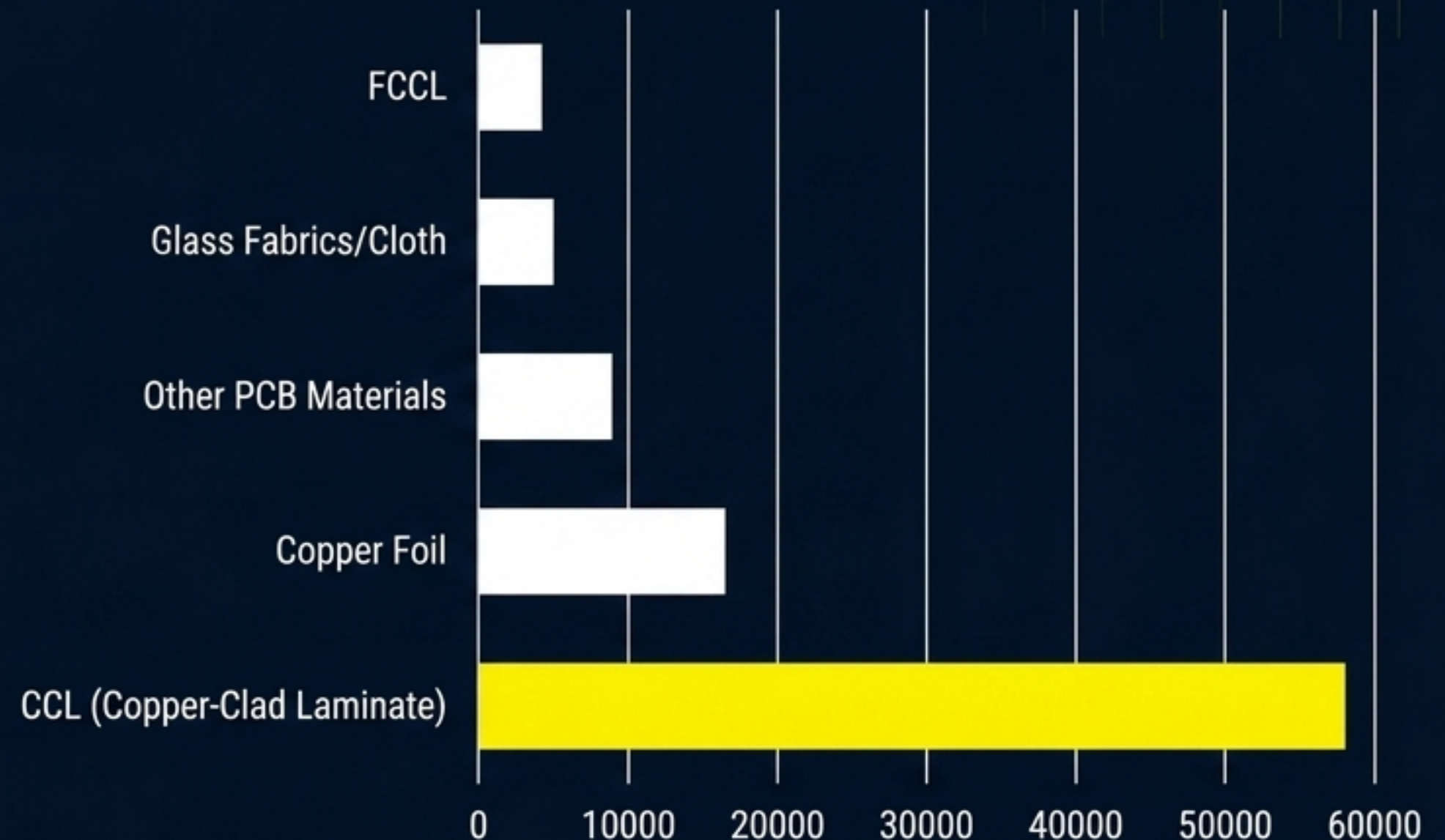
Upstream Shock: The Raw Material Squeeze

Material is growing faster than the boards it feeds—a historical indicator of acute supply chain tightness.

Taiwan PCB raw material revenue jumped 41.9% Y/Y, with Copper-Clad Laminate (CCL) accounting for roughly 70% of the total volume.

(TPCA, 2026)

Taiwan PCB Raw Materials — May 2026 Revenue by Category (NT\$M, TPCA)



Macro Context: Electronics Decouple from Durable Goods

THE STAGNANT MACRO

Total U.S. durable goods fell 4.5% in May on a transportation-led decline.

Overall industrial activity is running flat at trend.

THE ELECTRONICS SUPER-CYCLE

U.S. electronics orders are decisively rising while the durable goods economy around them contracts. Communication equipment orders surged to \$5.06 billion.

U.S. Communication Equipment Orders & Shipments

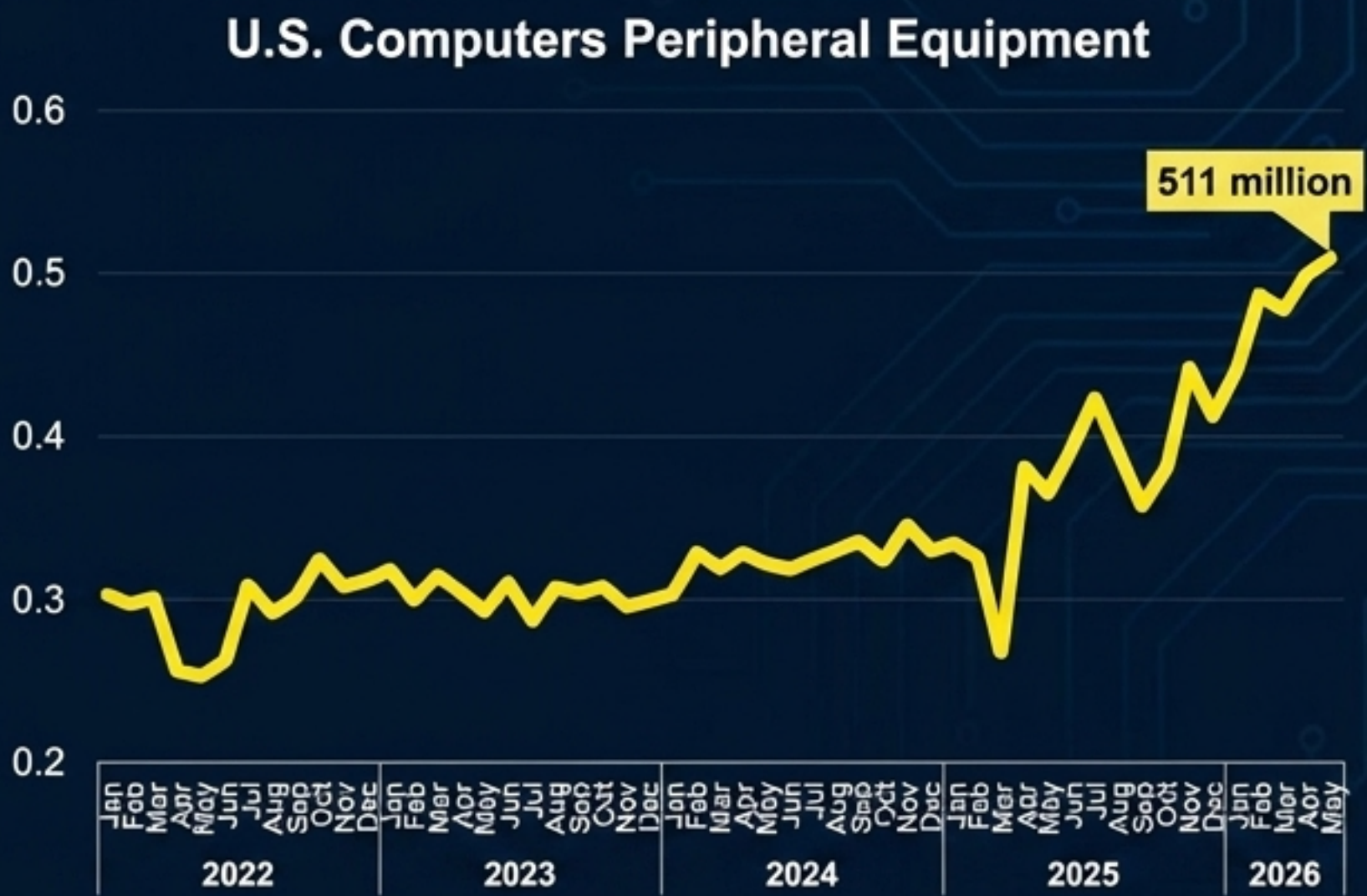


(U.S. Census Bureau, 2026)

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Component Demand: Defense & Peripheral Acceleration

Secondary engines are firing. Beyond core infrastructure, defense aircraft/parts and computer peripherals show sustained, multi-month shipment acceleration.



Source: (U.S. Census Bureau, 2026)

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Supply Chain Friction: Volatility and Slowing Deliveries

The robust demand environment is colliding with stretched capacity. Shortages sit at a 3.5-year high, resulting in macro-level delivery slowdowns and reactive safety stockpiling.

Control Tower



GEP Supply Chain Volatility Index

Far above the zero line separating slack from stretched capacity.

Control Tower



U.S. ISM Supplier Deliveries

7th straight month of slower deliveries.

(GEP & ISM, 2026)

End-Market Dynamics: The Automotive Content Multiplier

Volume growth is geographically fragmented, but advanced technology content per vehicle is aggressively rising everywhere, shifting the constraint to automotive memory and copper.

Unit Volume Winners - Europe: +31% - China NEV: +58.5% record share	Unit Volume Laggards - U.S. market shifting to hybrids - Revised plug-in forecasts downgraded
Advanced Compute Transition - Chinese OEMs moving from buying compute to designing it 4nm and 5nm smart-driving chips replacing legacy hardware	Input Cost Inflation - Copper up 30-40% - Automotive memory spot prices tripled (Mar-Jun) (BloombergNEF & SNE Research, 2026)

End-Market Dynamics: Solar Value Migrates Up The Stack

Solar is now a power-electronics and storage business with a module attached. The binding constraint is no longer panels; it is interconnection and high-performance power conversion.



(OPIS & Wood Mackenzie, 2026)

Synthesis: The Structural Margin Squeeze

A trend-growth economy with a stretched supply chain and a soft consumer is a favorable backdrop for advanced content, but a dangerous one for volume. Cost inflation gets stranded at the manufacturer level because it cannot be passed to a tapped-out buyer.

**UPSTREAM
COSTS** (Silicon
& Materials)



(Conference Board, 2026)

WEAK CONSUMER
(Index at 91.2)

Strategic Outlook for the Supply Chain

1 Trust the PMI Lead

The board window remains decisively open through November 2026 based on the 5-month leading signal.

2 Secure Upstream Materials

Laminate, copper, and memory are growing faster than boards. Anticipate severe spot shortages and lengthening lead times.

3 Prepare for Margin Compression

The second-half risk is not fading demand. It is memory-driven cost inflation pulling volume out of standard consumer end markets.