FIRST QUARTER 2026

Custer Momentum: *Four Tiers Green, One Gap at a 105-Quarter High*

Semiconductor suppliers and PCB fabricators both set revenue records in the first quarter of 2026. Neither got there smoothly. Semiconductor revenue was flat from the first quarter of 2022 to the first quarter of 2025, up 1.8 percent in three years, then rose 56 percent in a single year: 97 percent of its four-year gain is in the last twelve months. Board revenue fell 19 percent over those same three years and has rebounded 32 percent since, leaving it 6.6 percent above where it started four years ago. The gap between the two did not open all at once. It has widened every year since 2022 and broke out of its twenty-four-year range in the fourth quarter of 2023. Measured against each other they are now further apart than at any point in twenty-six years, including the peak of the dot-com boom, and 29 percent beyond the dot-com extreme itself.

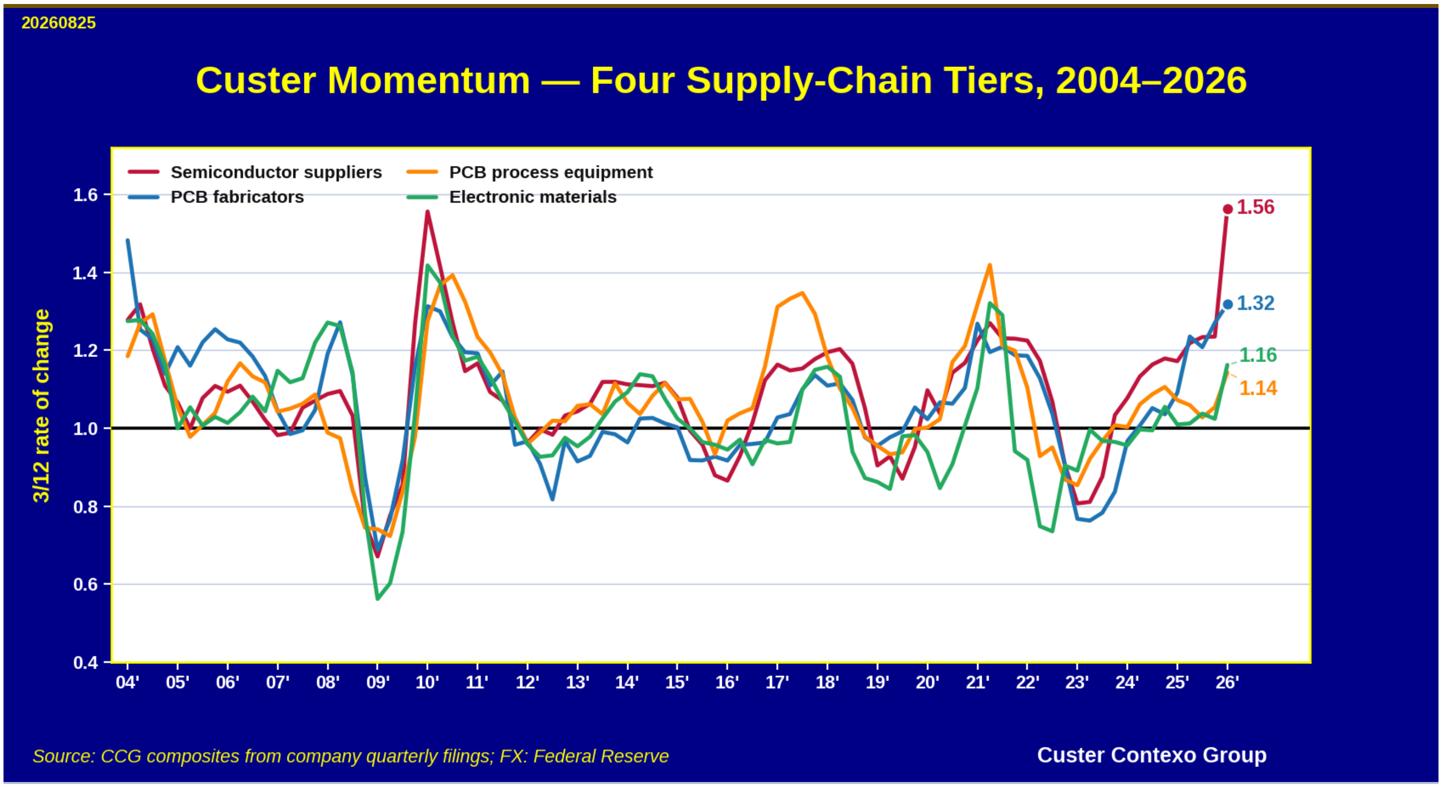
23.76x **Semi revenue per $1 of board revenue** Series high of 105 quarters. The Q1 2000 extreme was 18.45x.	**10** **Consecutive quarters above 18x** Before Q4 2023 it had happened once, for one quarter, in 2000.
62% **Of all composite growth, one sector** The rest of the composite grew 8.9 percent, all six sectors above their post-2021 median.	**+24.8%** **Datacom inventory, Y/Y** Q4 2025, against 4.4 percent revenue growth in the same quarter.

FIRST, THE CYCLE IS REAL

Every tier is accelerating at once

Walt Custer measured this industry with two ratios for forty years. The 3/12 compares a quarter with the same quarter a year earlier; the 12/12 compares four trailing quarters with the four before them. Above 1.00 is growth, and the 3/12 above the 12/12 means accelerating.

Right now all four supplier tiers are above 1.00 and every one has its 3/12 above its own 12/12. Semiconductor suppliers 1.56, PCB fabricators 1.32, electronic materials 1.16, PCB process equipment 1.14. Semiconductor suppliers set a record at 158.8 billion dollars and PCB fabricators at 6.68 billion. PCB process equipment reached 4.12 billion, its highest since the verified member panel took over that series in the fourth quarter of 2020. On the rate-of-change charts alone this is an unambiguous, synchronised upturn.

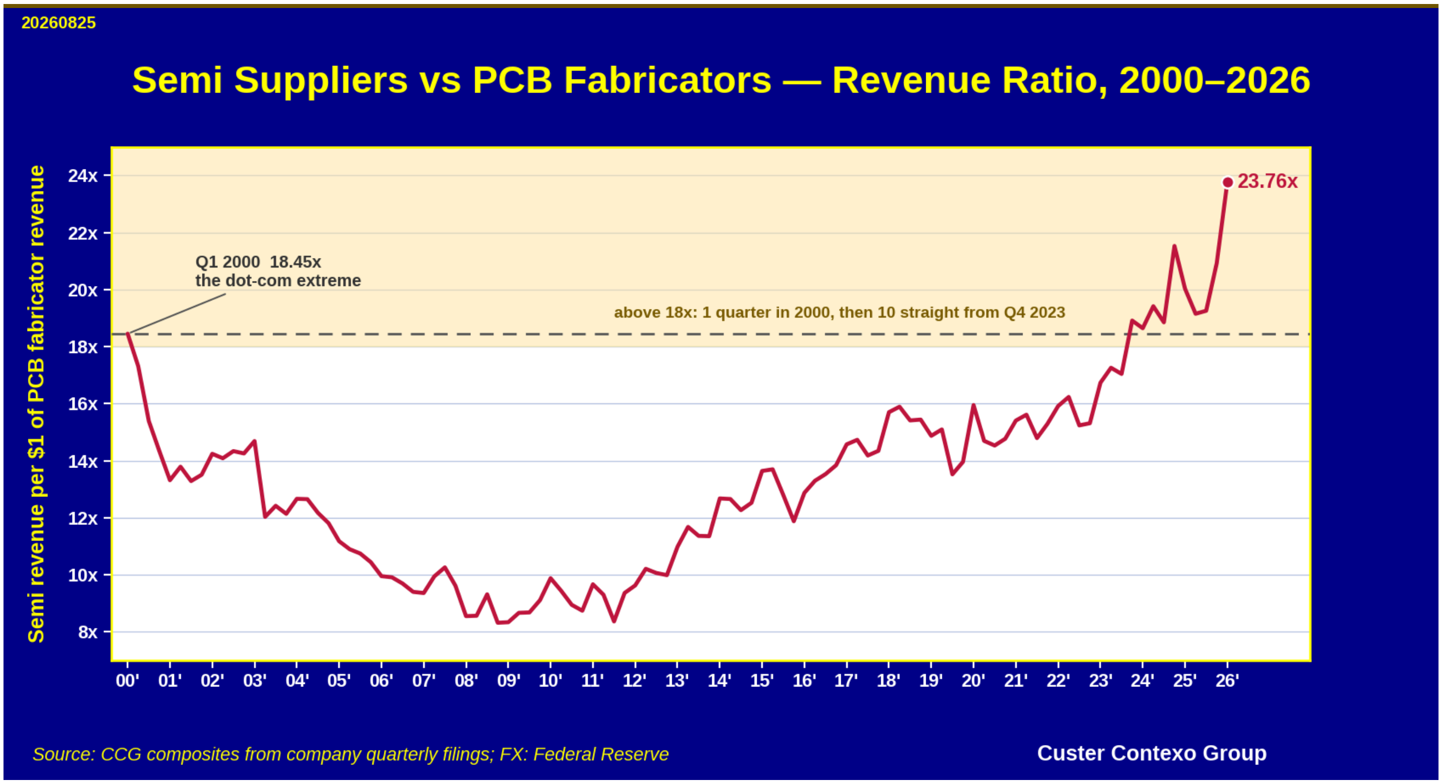


AND YET

These two composites have never been this far apart

Divide semiconductor supplier revenue by PCB fabricator revenue and you get a single number for how the front and the middle of the chain compare. Both are fixed rosters of public companies, the PCB side 35 listed fabricators of which 19 report today. This measures two composites against each other, not global industry output, and because the listed-fabricator roster's share of world board production over twenty-six years is not something we can measure, the twenty-six-year trend is a statement about these rosters and not about the industry. The ratio also runs about three percent above trend in first quarters; adjusted for that, Q1 2026 is still the series high. For the twenty-four years to the third quarter of 2023 it moved between **8.3x** and **18.5x**. It broke above that range in the fourth quarter of 2023 and has stayed above it in every quarter since, running from 18.6x to 21.5x through the end of 2025. In the first quarter of 2026 it is **23.76x**, the highest of all 105 quarters.

The ratio has been above 18x in eleven of those quarters. One was Q1 2000, a single quarter at the top of the dot-com boom. The other ten run consecutively from Q4 2023 to now. This is not a spike, and both layers are at record revenue, so it is not boards collapsing either, though board revenue did fall 19 percent between the first quarter of 2022 and the first quarter of 2025 before this year's rebound.



`Dating the separation:` on a rolling four-year growth differential, semiconductor suppliers led PCB fabricators by just 2 points in Q1 2022. Since then: 15 points, 19, 29 and now 53. The median across twenty-two years of rolling windows is 9 points and the previous widest was 44. The gap is still opening.

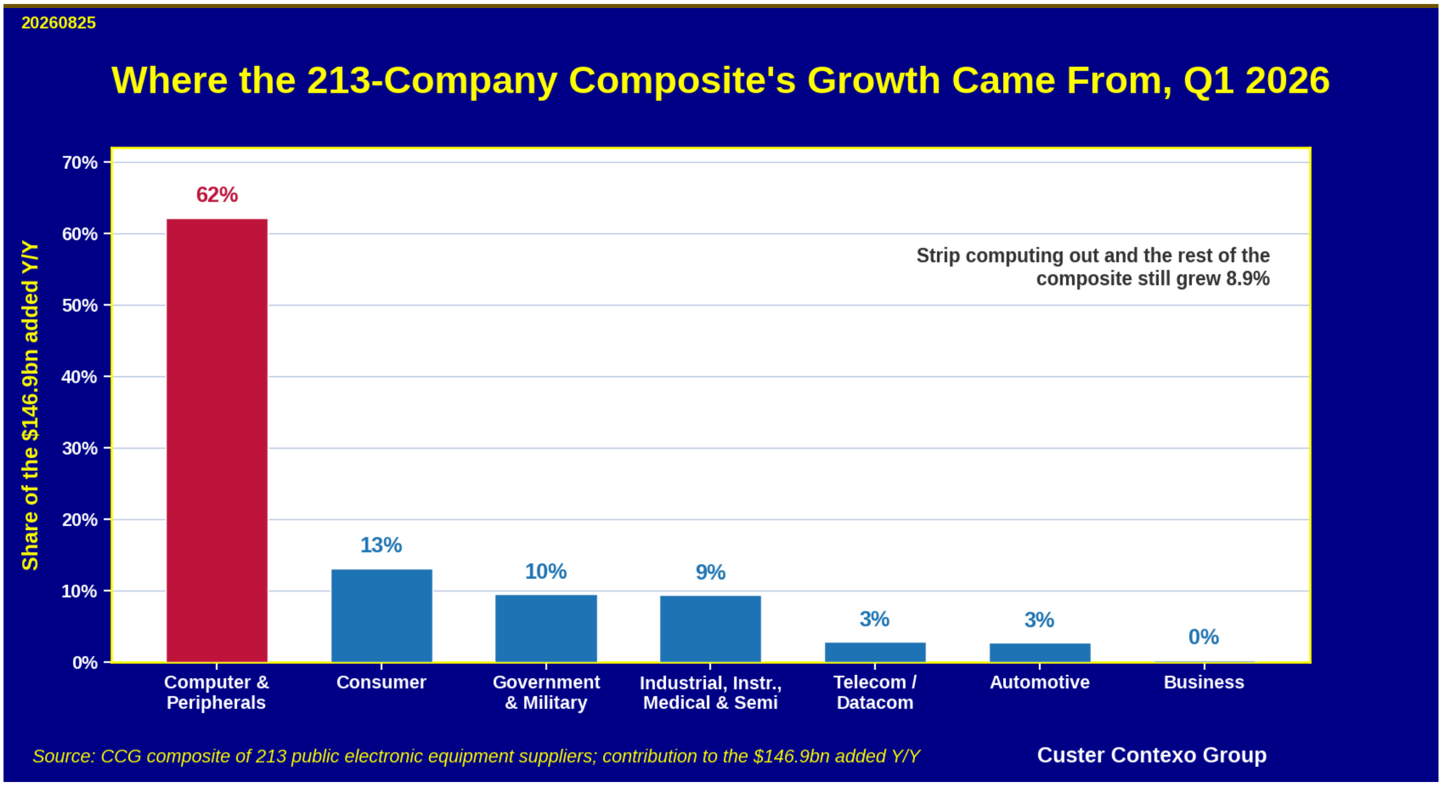
WHERE THE GROWTH WENT

One sector, sixty-two percent of it

The 213-company electronic equipment composite added **146.9 billion dollars** of revenue year over year. Computer and peripheral suppliers accounted for **62 percent** of that on their own. Consumer added 13 percent, government and military 10, and industrial, instruments, medical and semiconductor 9. Automotive, business equipment and telecom and datacom together added under 6.

Strip computing out and the remaining companies grew **8.9 percent**. That is not weak. All six non-computing sectors grew, and all six beat their own median across the seventeen quarters whose year-on-year comparison is fully clear of the Q4 2020 sector redefinition, the first quarter of 2022 onward, the only quarter in that record where both are true. Automotive clears its own median only narrowly, by half a point, but it grew 4.4 percent, its strongest reading since the fourth quarter of 2023, after seven of the previous nine quarters were negative.

So two things are running at once, several times different in size. The rider is the base the non-computing side runs off: the non-computing composite stood at 626.7 billion dollars in the first quarter of 2023 and 626.1 billion in the first quarter of 2025. It compounds at **2.8 percent** over three years. Read the quarter as a broad rebound off a flat base, not as a new trend, until a second quarter confirms it.



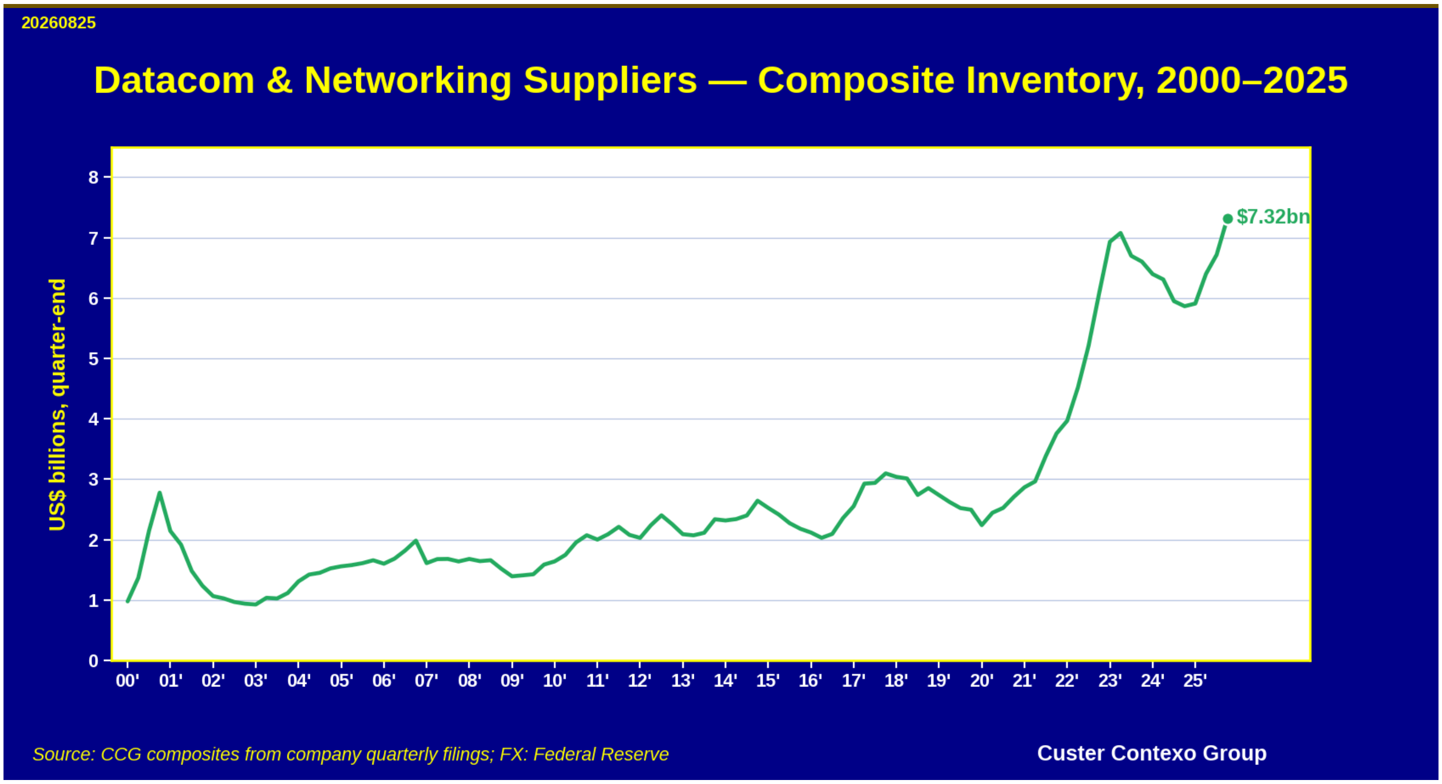
Corroborating the two composites, from outside our data: against a first quarter 2022 base, Eurostat European loaded electronic board production stands at 102 in the first quarter of 2026 and our own global PCB fabricator composite at 107. These are not matched measures, European production volumes against global company revenue in dollars, but two independent methodologies land five points apart over the same four-year window. On the semiconductor side, SIA/WSTS global semiconductor billings rose 123.6 percent year over year in the month of June 2026.

ONE SIGNAL RUNS THE OTHER WAY

Inventory is building faster than sales

The datacom and networking equipment composite closed the fourth quarter of 2025 holding **7.32 billion dollars** of inventory, up **24.8 percent Y/Y**, against **4.4 percent** revenue growth in the same quarter. Inventory now stands at 37.6 percent of quarterly revenue against a 31.0 percent average for the twenty quarters ending in the same quarter. Across 100 quarters this divergence has been a weak negative indicator: correlations with revenue growth one to eight quarters out range from zero to minus 0.25 and average about minus 0.14, a few percent of the variance. The current reading ranks sixteenth of a hundred. Treat it as a balance-sheet fact worth watching, not a demand warning.

Revenue for this composite hit a record in the first quarter of 2026, so this is stock building into strength, not a demand shortfall. It is the one place in the data on this page where the chain is absorbing more than it ships, and it sits in the segment closest to data-center demand.



`Roster: ADTRAN, Arista, Cisco, Extreme Networks, Juniper, Netgear, Sierra Wireless, Ubiquiti. Quarter-end inventory summed in US dollars, foreign reporters converted at Federal Reserve quarterly-average rates.`

THE ONE PRECEDENT

The only other time this ratio came close to these levels was the first quarter of 2000. Over the nine years that followed it fell from 18.45x to 8.32x in the fourth quarter of 2008. It did not close because semiconductors fell: semiconductor supplier revenue went from 27.4 billion dollars to 31.0 billion across that span. It closed because PCB fabricator revenue grew two and a half times, from 1.49 billion to 3.72 billion. That is one precedent, not a pattern, and nothing here is a forecast. It is simply the closest these two composites have come to this before, and the arithmetic of how it un-stretched.

HOW THE COMPOSITES ARE BUILT

Filed results, seams disclosed

Archive-to-panel handovers are disclosed in the caption beneath each composite's revenue chart. Semiconductor suppliers hand over to the panel in Q2 2018, tested and carrying no level step. Process equipment and electronic materials hand over to the panel in Q4 2020. Electronic materials also lost roughly a fifth of its revenue base at Q4 2021 when a member was taken private, so it is excluded from every long-run comparison here. The ratio above uses only the two composites whose level series run continuously back to 2000. PCB fabricators have no archive-to-panel handover, though two allocation conventions apply throughout: semiannual reporters are split evenly across quarters, and Ibiden is carried on the series' labeled fiscal convention. Neither is a level step, but both smooth single-quarter readings. Semiconductor suppliers hand over from archive to panel after the first quarter of 2018: the handover quarter moves plus 5.1 percent against a plus 4.3 percent average second-quarter move across the whole series, so it carries no level step.

213	public electronic equipment suppliers in the flagship composite: computers, communications, consumer, datacom, storage, military and aerospace, medical, instruments, automotive, semiconductors, EMS and business equipment.
165	roster positions still reporting. Members that delist or merge are carried through their acquirers, so the series never breaks and no company is counted twice.
99%	of roster revenue in the first quarter of 2026 comes from filed results. Where a figure is allocated rather than filed, a semiannual reporter split across quarters, the caption says so.
391	slides in the Electronics Business Outlook, refreshed weekly alongside the global economy, automotive and solar editions.

Sources: Custer Contexo Group composites, built from company quarterly filings; foreign reporters converted at Federal Reserve quarterly-average exchange rates. Revenue, ratio and contribution figures are first quarter 2026; datacom inventory is fourth quarter 2025. External series: Eurostat industrial production and SIA/WSTS semiconductor billings, both to June 2026. Custer Momentum describes the state of the cycle as filings confirm it. It is not a forecast.