

Industry Approaching Historical Levels of Demand for Connectors

Demand for connectors and other electronic components is so robust that we are approaching record breaking, historical levels of growth. The demand is so strong that we are also becoming concerned that we may be experiencing an AI bubble.

The following displays the recent outstanding performance of the connector industry.

- Sales are up +19.2% in 1Q26. Double digit growth has been achieved for 12 consecutive months.
- Orders are up +38.9% in 1Q26. There have been 10 consecutive months of double-digit increases.

Orders and sales growth are shown in the following table.

2025 Orders and Sales Growth in 2025 by Month Percentage Change

Month	Orders	Sales
January	7.3%	2.3%
February	5.5%	7.9%
March	12.6%	7.2%
April	11.6%	11.4%
May	9.6%	16.5%
June	15.6%	17.1%
July	32.0%	18.4%
August	16.6%	16.2%
September	21.6%	21.6%
October	21.4%	17.4%
November	29.2%	19.8%
December	30.1%	19.7%
Year-to-Date	17.6%	14.7%

2026 Orders and Sales Growth in 2026 by Month Percentage Change

Month	Orders	Sales
January	34.1%	21.9%
February	32.6%	15.0%
March	49.6%	21.1%
April		
May		
June		
July		
August		
September		
October		
November		
December		
Year-to-Date	38.9%	19.2%

Connector demand is strong. We have recorded 24 consecutive months of growth in both orders and sales, allowing us to continue to believe 2026 will be a good year for the connector industry!

- The strong demand for new orders has increased the backlog to \$29 billion, up \$5 billion since 2025-year end.
- From a bookings and billings perspective, all geographic regions, except for sales in Japan, achieved double-digit growth in the first quarter.

1Q26 Connector Demand By Region

Region	YoY Change in Sales -1Q26	
	Orders	Sales
North America	49.3%	17.8%
Europe	32.3%	16.0%
Japan	16.0%	3.5%
China	39.2%	18.8%
Asia Pacific	35.8%	40.3%
ROW	34.0%	10.4%
World	38.9%	19.2%

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The growth in orders is the highest we have recorded in industry history. Our records go back to 1985.

- Normal book to bill ratios (BtB) are 1.01 to 1.05. The past five months have achieved BtB ratios of 1.08, 1.18, 1.16, 1.17, and 1.28 in March 2026. BtB ratios this high have never been recorded before.
- The two largest connector companies are achieving outstanding growth at or near historical levels.

1Q26 Change in Sales

Company	Orders	Sales
Amphenol	78%	33%
TE Connectivity	25%	15%

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- The industry has now reported nine quarters of consecutive growth (1Q2024 – 1Q2026).

The record is 11 quarters (2Q2016 – 4Q2018). We are clearly going to break this record.

As noted, these results are historic, breaking records by significant amounts. Considering the industry has experienced downturns and bubbles, we believe it is prudent to remain conservative in employment levels and capital investments.

Previous Downturns

There have been four downturns in connector demand in the 21st century. Two of the worst downturns were caused by demand bubbles. See the following table.

Period	# of Down Quarters	# of Negative Booking Months	Reason
2001-2002	5	15	Dot-com Bubble
2008-2009	4	13	Housing/Financial Crisis
2015-2016	5	16	Strong US Dollar, Weak Emerging Market Growth (China) and Low Commodity Prices (Crude Oil)
2019-2020	6	17	Contraction of Economic Activity Due to COVID-19 Causing Global Slowdown

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Decline in Annual Sales

Period	% Change in Sales	Reason
2001	-18.8%	Dot-com
2002	-6.9%	Dot-com
2009	-21.8%	Housing/Financial
2015	-6.1%	Oil/Strong Dollar/Weak China
2019	-3.8%	Slowing Economic Activity
2020	-2.2%	COVID-19 Shutdowns

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Bishop & Associates is watching connector demand closely. We will continue to report on this subject.