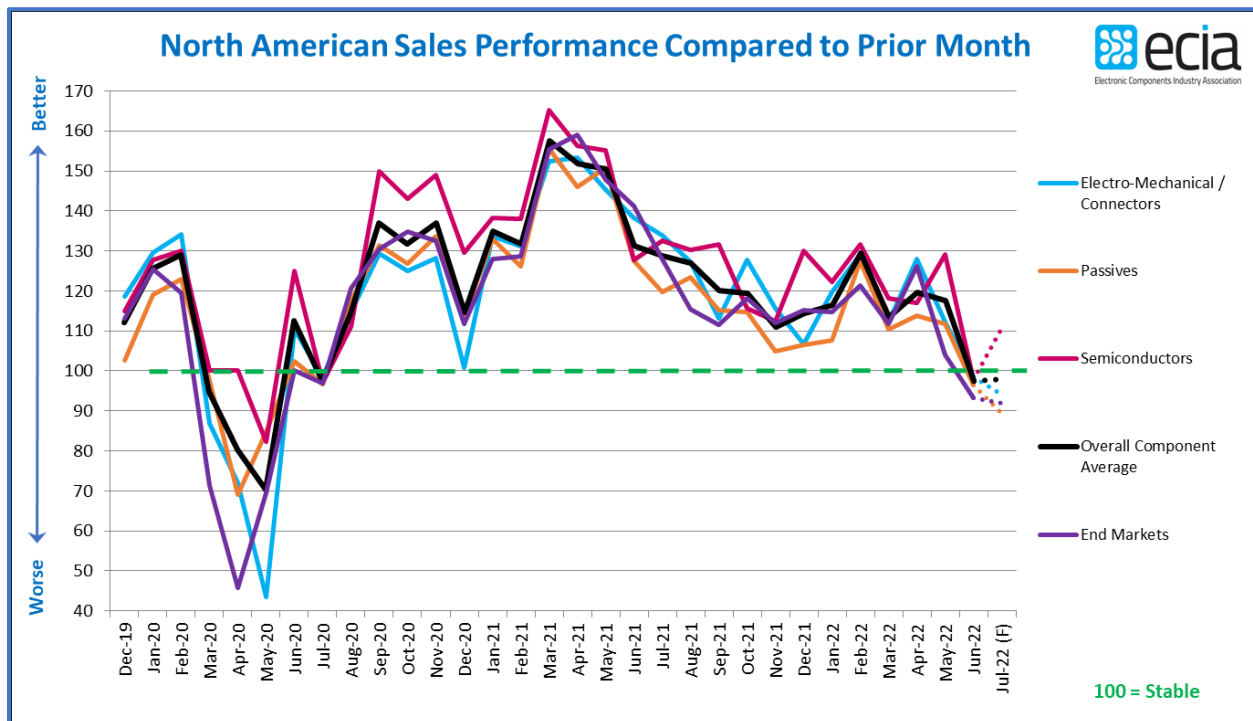


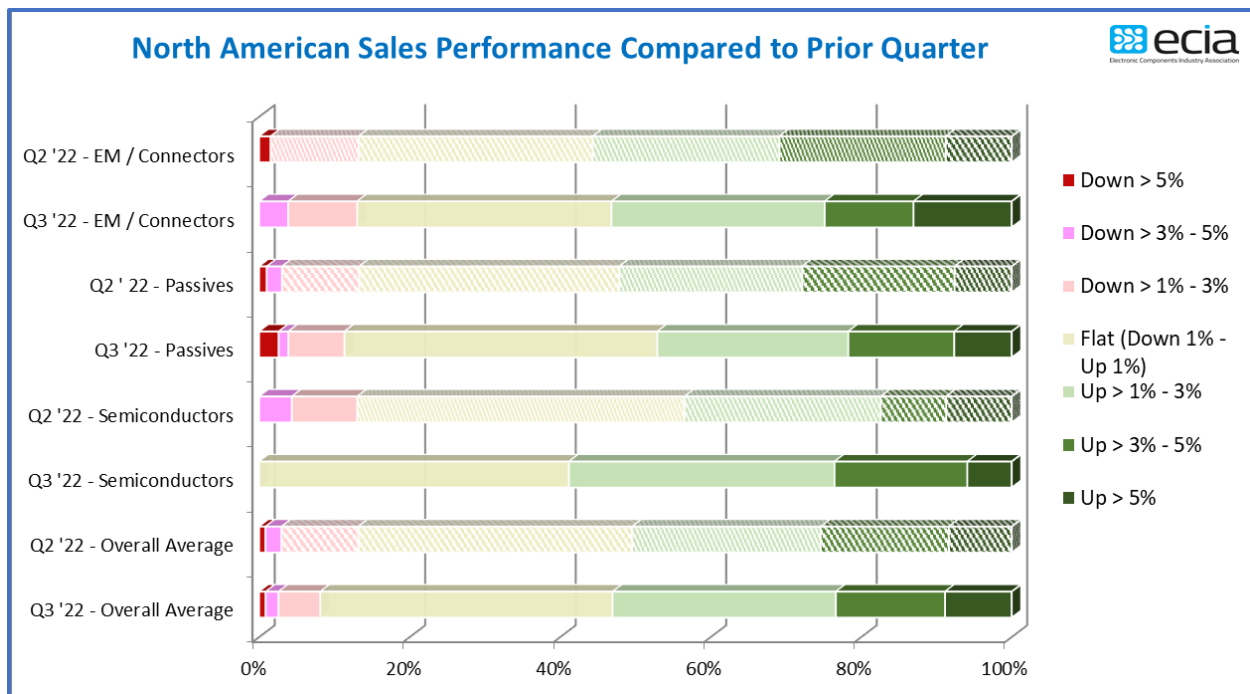
June Survey Reveals First Negative Growth Sentiment for North America Electronic Component Sales in Two Years

ECIA's Electronic Component Sales Trend (ECST) June 2022 Survey Results

Dale Ford, Chief Analyst

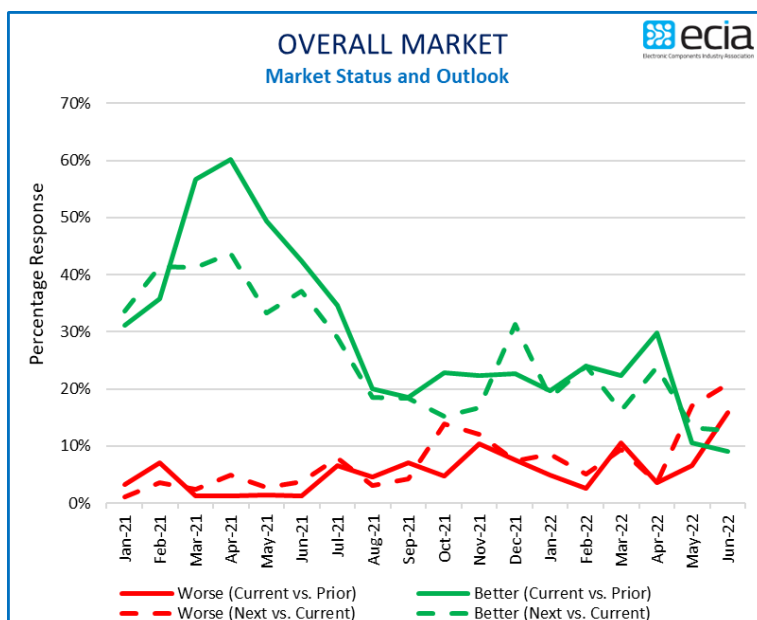
After a run of two years of overall positive sales sentiment and expectation for electronic components, the June 2022 Electronic Component Sales Trend Survey (ECST) dropped below the benchmark level of 100 indicating negative sales growth. The index for all major component categories measured below 100 driving an overall average sales sentiment of 97.5 in June. Similarly, the end-market sentiment registered at 93.2 for June, in line with forecast expectations in the May survey. The only component subcategory reporting positive growth sentiment in June was Analog/Linear ICs. MCU/MPU and Inductor sales sentiment for June was flat. Two years ago, when the index dropped below 100 in July 2020, the index saw a strong rebound above 100 in the following month of August. However, that rebound came during a period of strong economic growth and overall consumer and industry optimism. The current economic environment is a polar opposite from two years ago. While it can be hoped that the June results only reflect seasonal market behavior, other economic and industry indicators and expectations dim that prospect. In fact, the July ECST outlook remains essential flat compared to June, only rising to 98.1. Perhaps, in a triumph of hope over experience the Semiconductor index rebounds above 111 in the July outlook. The two other major component categories continue their slide in July as well as the end-market outlook. Only two out of eight individual end-market segments sustain a positive outlook for July. Bottom line – both the cyclical behavior of the electronic components industry and the current economic picture point to the possibility of a sustained negative month-to-month sales trend. On a hopeful note, the Q2 ECST survey sentiment results paint a clearly positive sales growth picture for Q2 and Q3 2022.



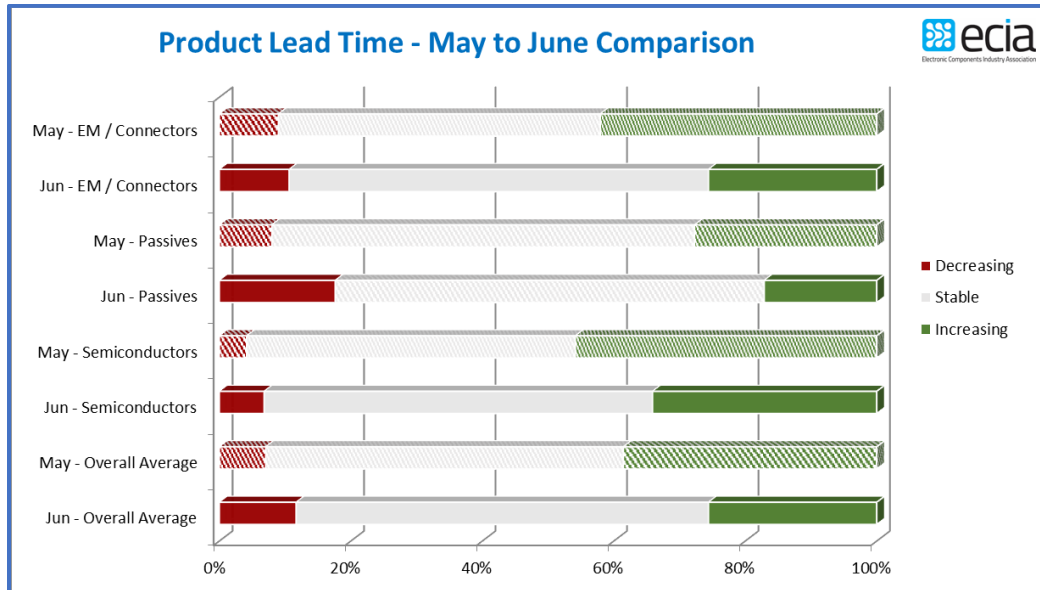


As a reminder of the quarterly ECST results reported last month, the medium-term outlook is positive through Q3 of this year. Over half of respondents report expectations of growth in Q2 and Q3 with roughly 25% expecting growth above 3%. An average of only 13% see a decline in Q2 and that drops to 9% in Q3. Expectations for Semiconductor growth jump significantly in Q3 as expectations of growth improve from 43% in Q2 to 59% in Q3. Nobody saw any possibility of a decline in Semiconductor sales in Q3. This is an encouraging result given the most recent monthly survey results from the June monthly survey. In contrast to Semiconductors, Passive and Electro-Mechanical sales sentiment becomes slightly more conservative in Q3 compared to Q2 – but still very positive overall.

The sales sentiment reported for individual end-markets shows Avionics/Military/Aerospace and Automotive Electronics with strongly positive sales sentiment in both June and the July outlook. Industrial Electronics is slightly positive for June but slips negative for July. Consumer Electronic, Mobile Phones, and Computers shift sharply negative for June and July. Mobile Phone and Computer end-market sales sentiment has trended negative for a number of months. But the June results show a dramatic negative movement in these markets as well as Consumer Electronics.



The Product Lead Times results for June are very hopeful as an average of 74% reported stable or declining lead times. All major categories see stable to declining lead times with Passives the most positive at 83% and Semiconductors still coming in strong at 66%. Overall, this is a 13% improvement compared to May. The lead time expectations for Passives are evenly balanced between increasing and decreasing with two-thirds seeing stable lead times. Once again, the most concerning view comes from Semiconductors with 34% still seeing an increase in lead times compared to only 7% seeing a decrease. It would appear that sales softness is contributing enabling some relief for lead times.



The ECST survey provides highly valuable and detailed visibility on industry expectations in the near-term through the monthly and quarterly surveys. This “immediate” perspective is helpful to participants up and down the electronics components supply chain. In the long-term, ECIA shares in the optimism for the future as the continued introduction and market adoption of exciting innovative technologies should motivate both corporate and consumer demand for next-generation products over a growth cycle that still appears to have legs to go an extended distance.

The complete ECIA Electronic Component Sales Trends (ECST) Report is delivered to all ECIA members as well as others who participate in the survey. All participants in the electronics component supply chain are invited and encouraged to participate in the report so they can see the highly valuable insights provided by the ECST report. The return on a small investment of time is enormous!

The monthly and quarterly ECST reports present data in detailed tables and figures with multiple perspectives and covering current sales expectations, sales outlook, product cancellations, product decommits and product lead times. The data is presented at a detailed level for six major electronic component categories, six semiconductor subcategories and eight end markets. Also, survey results are segmented by aggregated responses from manufacturers, distributors, and manufacturer representatives.