

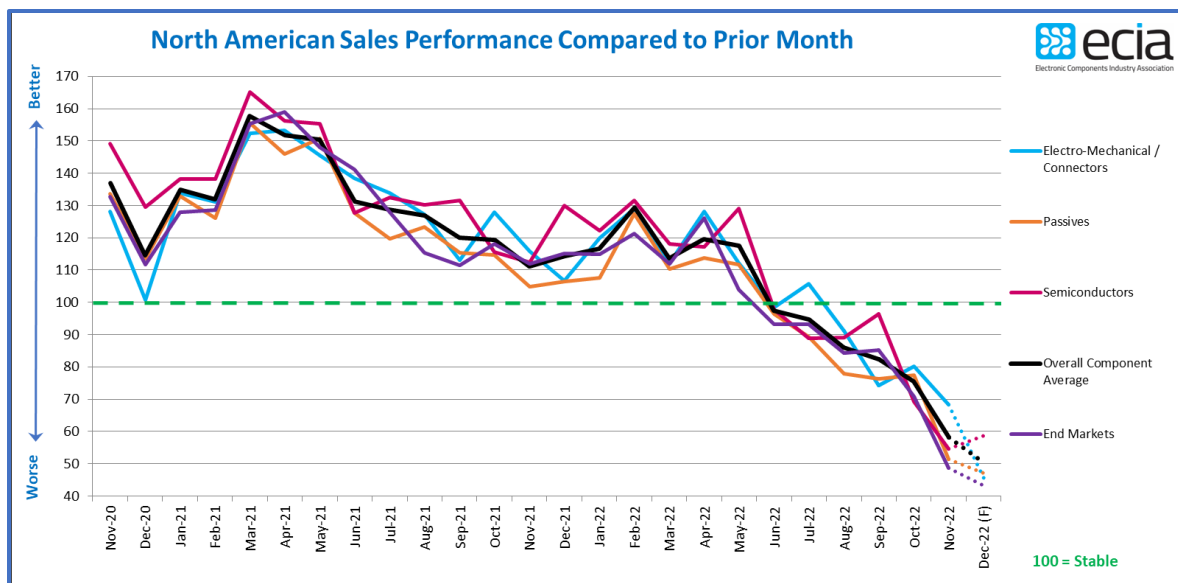
Electronic Components Sales Sentiment Accelerates into the Downturn as Year-End 2022 Approaches

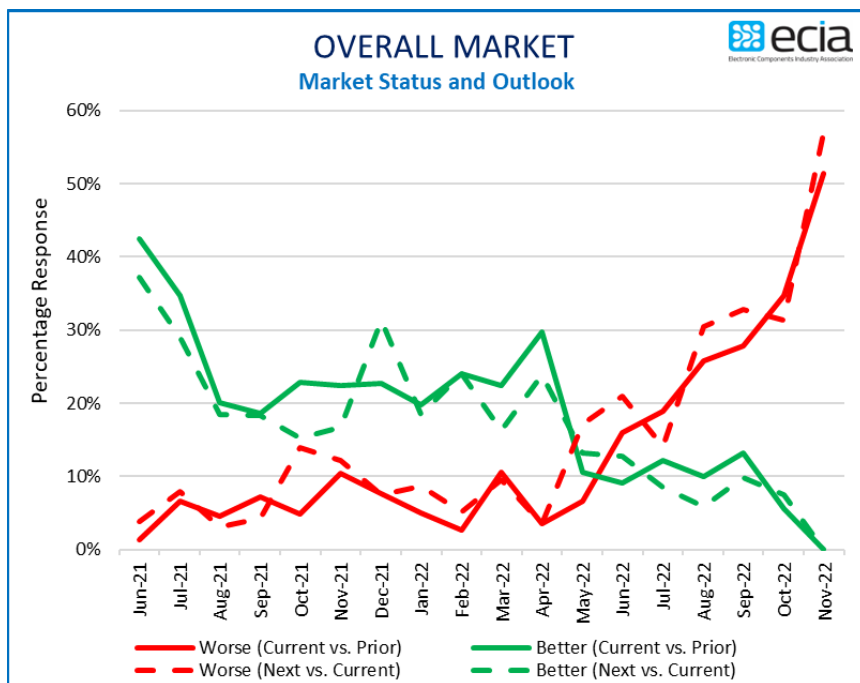
ECIA's Electronic Component Sales Trend (ECST) November 2022 Survey Results

Dale Ford, Chief Analyst

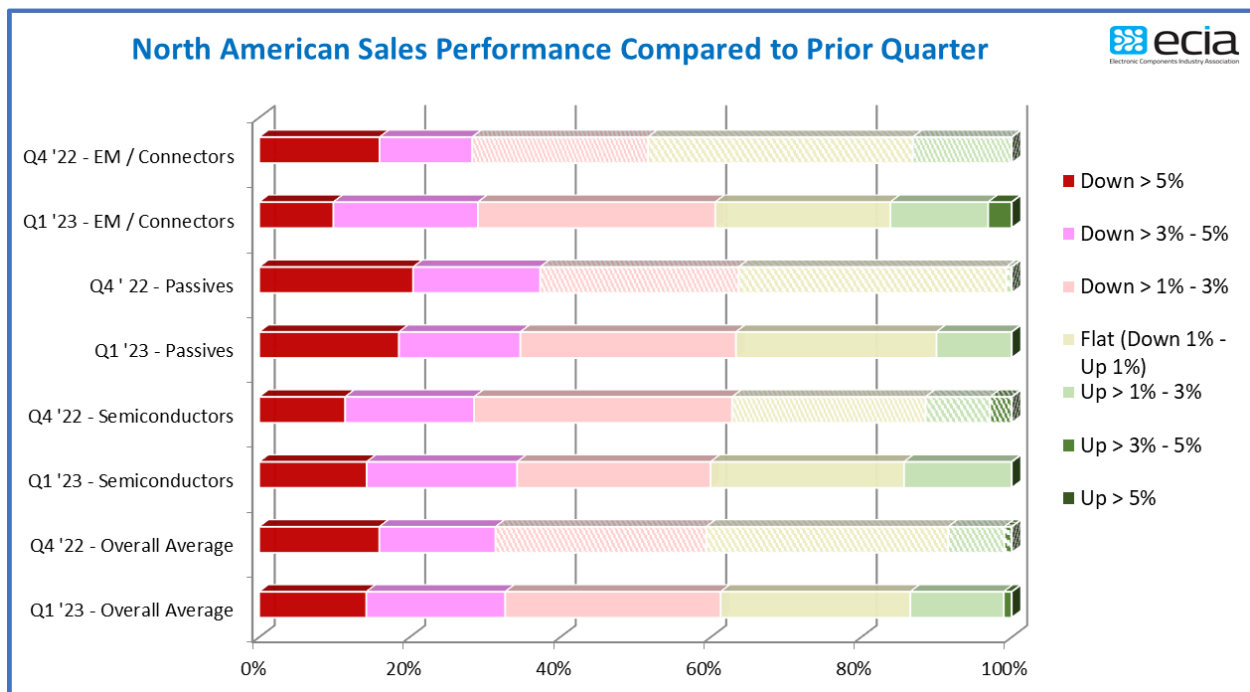
The overall electronic component average sales sentiment collapsed below the previous lowest level hit during the initial months of the pandemic shutdowns in May 2020, 2.5 years ago. The average sales sentiment fell to 58.1 in November 2022 and is projected to continue its free-fall to 50.4 in December. By contrast, the lowest index measurement in the early stages of the pandemic was 69.4. In addition, the average electronic component index was measured below 100, indicating declining month-to-month sales, for four months during the pandemic shutdowns. The current index has come in below 100 for six months through November in the current downturn and shows no signs of improvement in December and Q1 2023. Electro-Mechanical/Connectors and Passive Components are leading the charge down as they are projected to fall to 45.5 and 47.1 respectively in December. Semiconductors only fare marginally better at 58.8 in December. The slight rebound in Semiconductors projected for December could be a head fake as Semiconductors were projected to see a slight rebound between October and November also but then fell by 14.7 points in November.

The Overall End-Market index typically tracks slightly below the component index. This trend continues into November and December with the gap widening as the End-Market index drops to 48.6 in November and 43.1 in the December outlook. The end-market pessimism is reinforced by 0% of survey respondents seeing improvement in the end-market in both November and December. Every end-market measure is strongly negative in November and worsening in December with the exception of Avionics/Military/Space. The Avionics/Military/Space market segment eeks out a slightly positive result in November but then falls negative in December. The strongest level of pessimism for Electro-Mechanical and Passive Components is reported by Distributors in November. However, Manufacturer Representatives report the strongest negative sentiment in these markets by a wide margin in December. Distributors and Manufacturers are significantly less bearish in the Semiconductor segment compared to Manufacturer Representatives and also in comparison to their assessment of Passives and Electro-Mechanical components. Bottom line, the Americas electronic components markets are in a deep period of sales declines at this point in the market cycle.

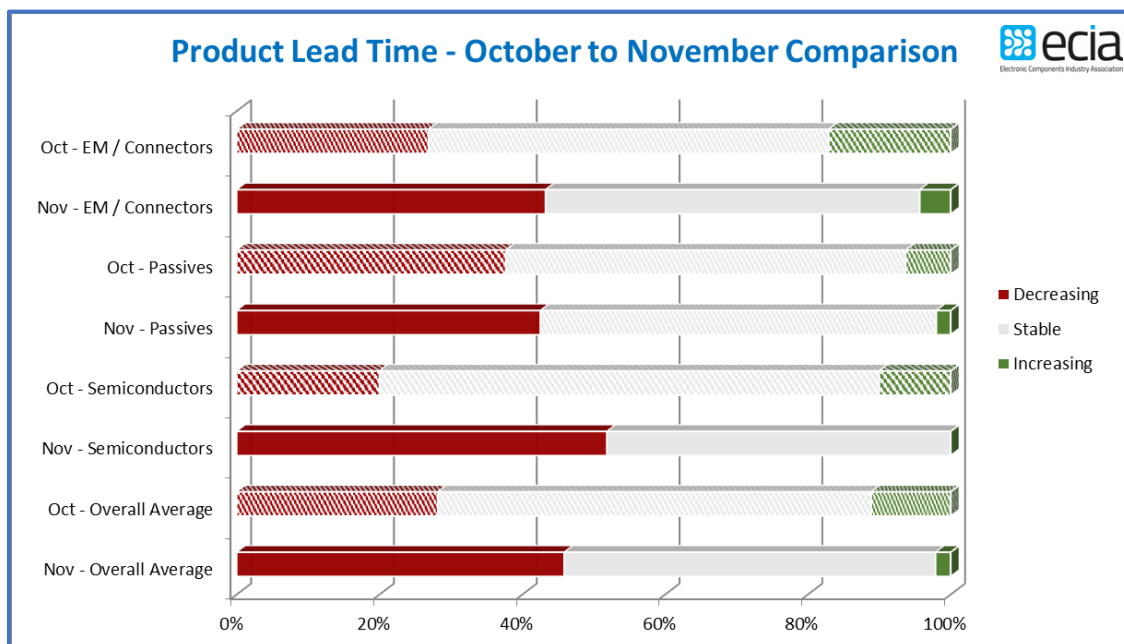




The results of the Q4 2022 ECST survey reinforce the sentiment expressed in the November ECST survey. In line with those results, roughly 60% of respondents reported an overall view that sales are declining in Q4 2022 compared to Q3 2022. Only 7% saw an increase between 1% and 3% and only 1% saw growth in the 3% to 5% range. Of greater concern is the expectation of continued declines looking toward Q1 2023. In this outlook the number of respondents expecting negative growth continues with expectations of an even steeper decline. Only 13% saw even weak growth expectations in Q1 2023.



The reported product lead time trends saw a large jump in decreasing lead times as the overall percentage jumped from 28% in October to 46% in November. At the same time, those still reporting increases dropped from 11% to 2% overall in November. In Semiconductors there were no reports of increasing lead times in November. This is especially good news given the extremely extended lead times for Semiconductors. Hopefully, this will allow a rebalancing of the supply chain and an ability to manage inventory levels overall.



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 the long term.

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.