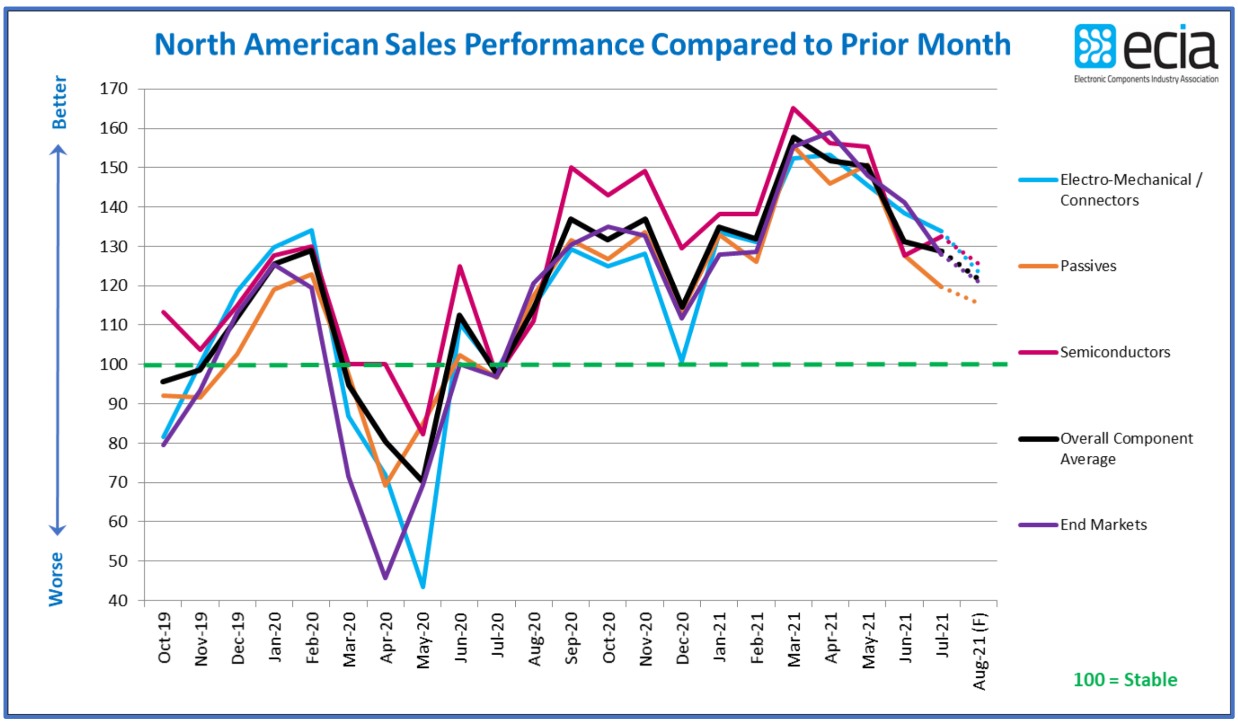
Electronic Component Market Sales Growth Continues to Lose Momentum

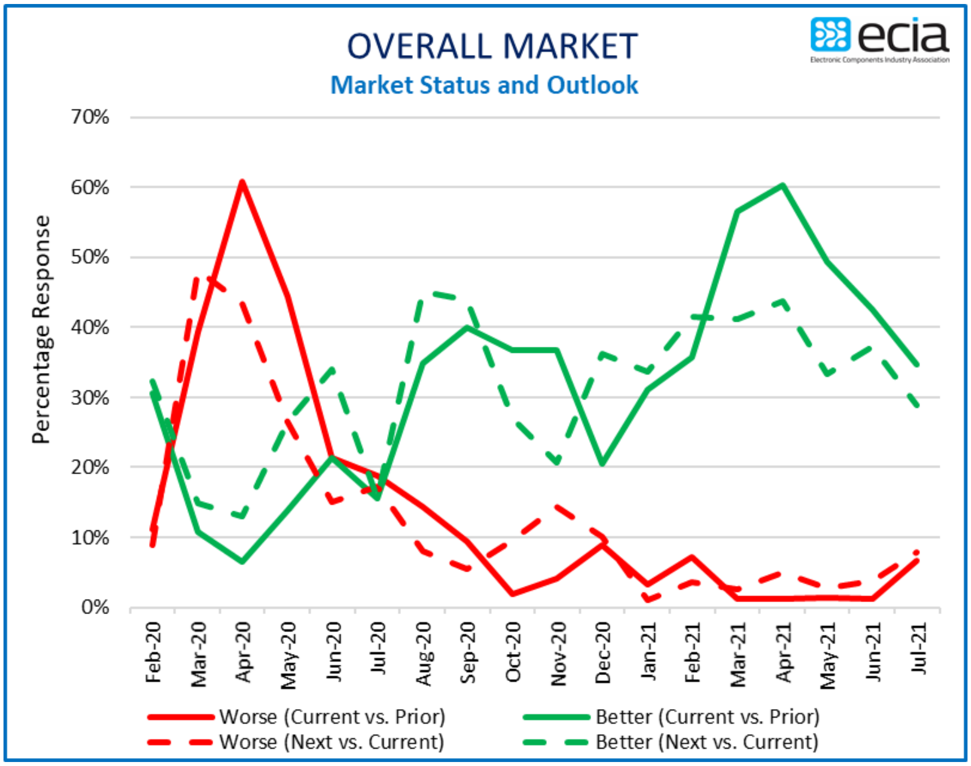
ECIA's Electronic Component Sales Trend (ECST) July 2021 Survey

Beginning in the summer of 2020 the industry sentiment for the electronics component market sales experienced a major rebound that peaked in the March/April 2021 timeframe according to ECIA's Electronic Component Sales Trend (ECST) monthly survey. The overall component average sentiment index hit 157.7 in March 2021. However, the following four months has seen a steady loss of month-to-month sales growth momentum. By July 2021 the overall component index had dropped to 128.7 – a decline of 29 index points over four months. In addition, survey participants expect a continued drop in the index with the outlook for August coming in at 121.6 overall. The assessment of the overall end-market demand has mirrored the component demand perspective as it has dropped from an index score of 159.0 in April to 128.0 in July. Again, it is important to remember that any score above 100 indicates growth expectations. However, the decline in the index shows a clear softening in growth expectations through the summer of 2021. Given the decreasing pressure on growth it would be expected that upward pressure on lead times might be reduced. Unfortunately, that is not the case.

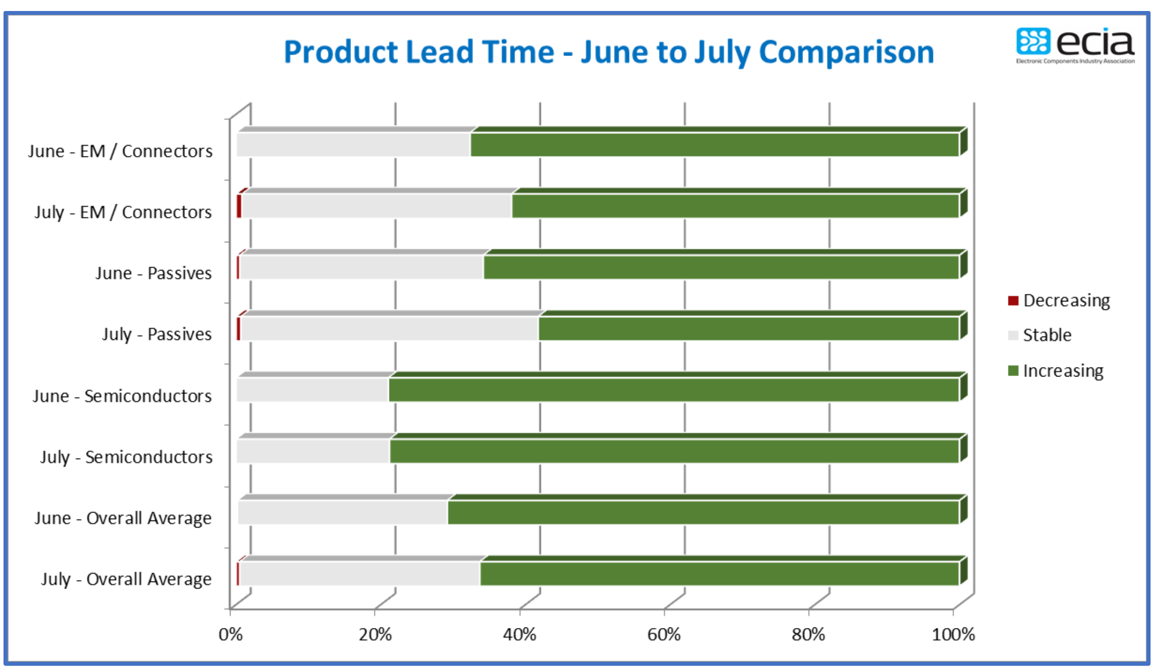


Looking more closely at the picture for end-market demand expectations it is seen that the assessment of month-to-month growth peaked with 60% answering "Better" in April. Only 1% saw the month-to-month growth as worse in April. Following the same trend as noted in the overall index, the end-market survey responses of "Better" dropped to 35% in July. Perhaps of greater concern is the uptick to 7% of those who saw the market as "Worse." This is not a dramatic change, but it adds a slight degree of concern on top of the downward trend in "Better" responses. The figure below illustrates the shifting market sentiment in the past three to four months.

Concerns related to the economy and the emergence of inflationary pressure could account for the shifting sentiment in the index. In addition, supply chain challenges likely add to the concerns as supply constraints in one category have a ripple effect on demand in other areas. Within individual market segments Computers and Telecom Network equipment have seen the biggest decline in positive sentiment. On the other hand, the Avionics/Military/Space segment is seeing improved expectations. Perhaps there is a psychological boost from the first successful space tourist flights. There is certainly cause for optimism looking forward as the continued introduction and market adoption of exciting new technologies should motivate both corporate and consumer demand for next-generation products.



Comparison between June and July lead time assessment shows some slight relief in the Electro-Mechanical/Connector and Passive segments, but Semiconductor lead time pressure remains stubbornly high with 79% still seeing increasing lead times. The data presented in the full report show that DRAM, NAND Flash and Discrete semiconductor components continue to exhibit the strongest lead time pressure. Connectors, Capacitors and Analog/Linear ICs show the next highest level of lead-time pressure.



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.