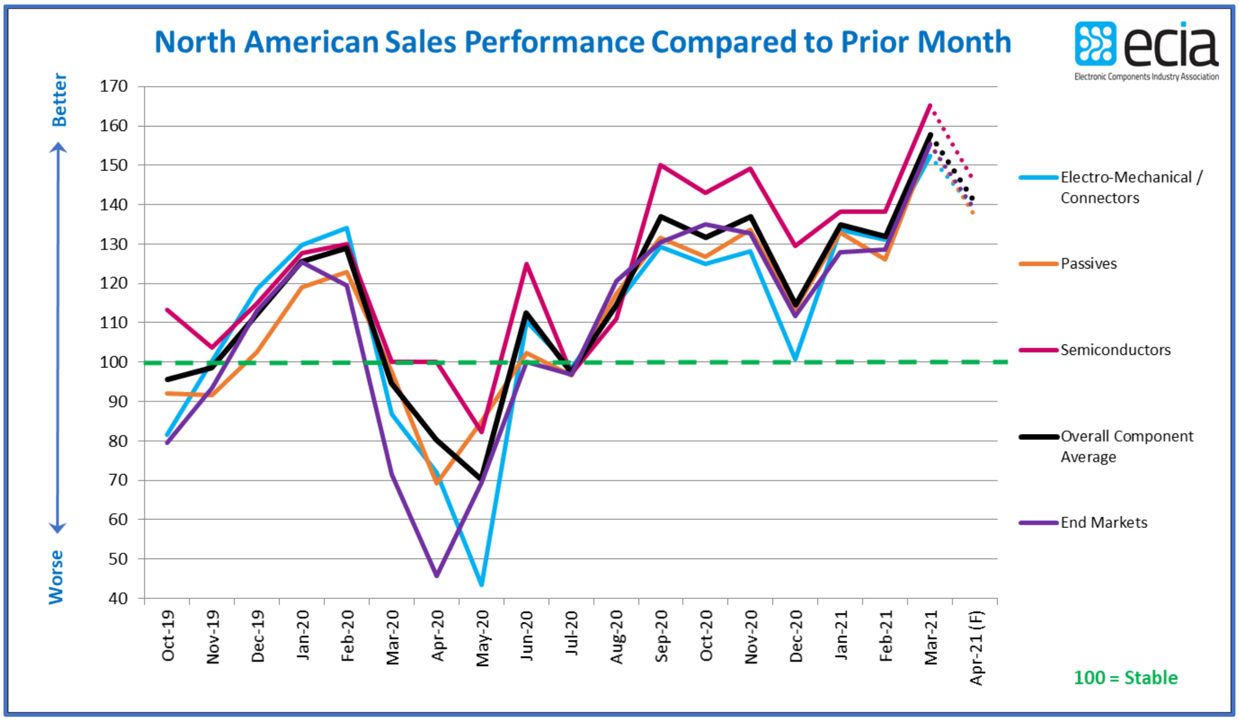
Electronic Components Industry Association

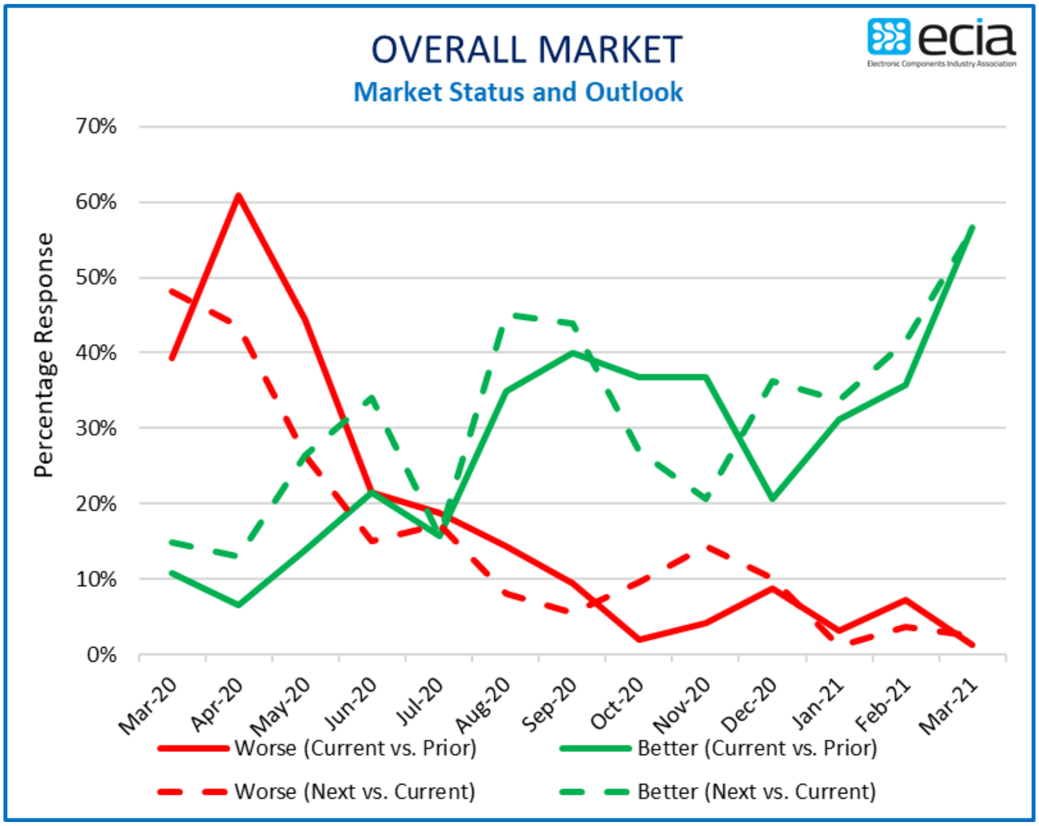
Component Market & Product Sales Assessment Surges to Dramatic High

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

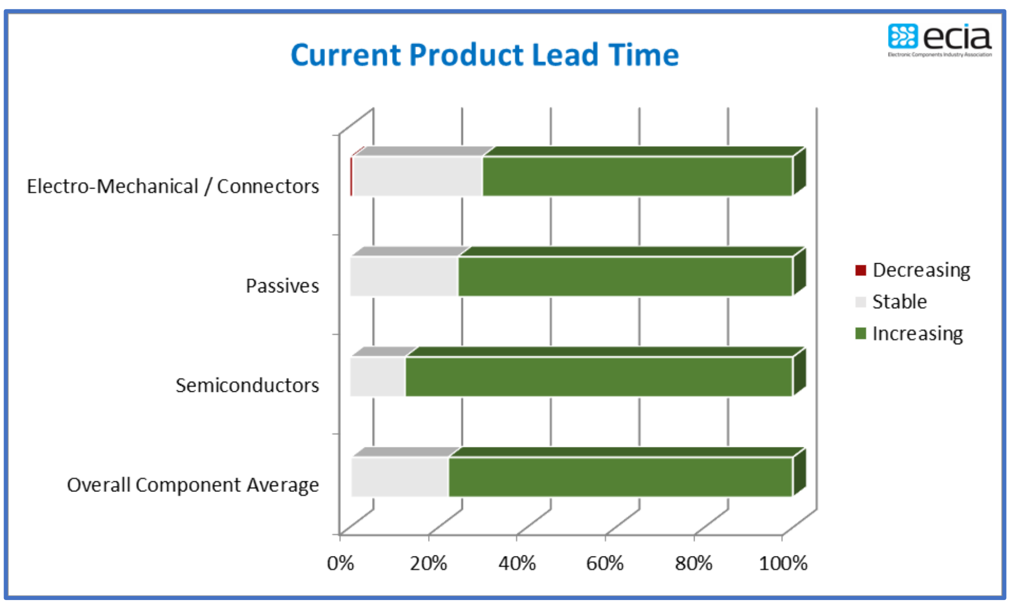
Industry sentiment for the electronics component market sales rocketed upward in March as quantified by the ECIA's Electronic Component Sales Trend (ECST) monthly survey. The survey which assesses month-to-month sales growth sentiment leapt up between 26 and 27 points in component and end-market measures from February to March. As shown in the accompanying figure the overall component average soared to 158 points in March compared to 132 points in February. This market performance far outpaces the expectations looking toward March from February and continues a strong surge in the index that started in January. While expectations for month-to-month sales growth from March to April are not as strong as the March actual measurement it should be remembered that any score above 100 indicates growth expectations. In this light, the overall index average looking toward April is extremely strong.



The survey measurement of end-market sales demand continues to mirror the product sales demand index. The figure below shows the percentage of survey respondents that expect market growth in the end-markets compared to the previous month. The average market growth assessment for March extends to 57% of survey respondents compared to virtually zero percent viewing the market as declining in March. The overall outlook for April achieves a similar level of optimism. The ECST index reflects the incredible market strength as it is propelled by multiple powerful forces. First, the market continues to exhibit cyclical behavior and the upward trend in the cycle that started in late Q3 of 2019 actually overcame the negative effects of the pandemic in the quarter-over-quarter and annual revenue growth. On top of this, pent-up demand has been unleashed in a market that was reshaped and redefined by the changes in social and purchasing behavior due to the pandemic. Finally, new technologies are gaining traction in this re-energized market and stimulating strong levels of excitement for adopting and accessing products built on the foundation of these new technologies.



As participants in the electronics component supply chain know all too well, the jump in product demand has far outpaced the surge capacity of the supply base. As a result, lead times have extended to such a degree that many companies are struggling to access adequate and timely supply to support demand from their customers. This effect is amplified by the bullwhip effect as increased demand in the end market is amplified up the supply chain as companies work to restock inventory and prepare for future growth. The ECST survey also measures the increase in lead times which validates other lead time measures published by ECIA. The chart illustrating increasing vs. decreasing lead times highlights the strong upward lead time pressure which is also manifest in strong increasing price pressure.



The complete ECIA Electronic Component Sales Trends (ECST) Report is delivered only to those who participate in the survey. <u>All participants in the electronics component supply chain are invited and</u>

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 and eight end markets. Also, survey results are segmented by aggregated responses from manufacturers, distributors, and manufacturer representatives.

With this latest report additional detail and new views of the data enable additional analysis. A summary of the enhancements is described below:

1- Addition of new component sub-categories: Data is now captured for the semiconductor subcategories of Memory, MCU/MPU, Analog/Linear ICs, and Discretes. The data is provided in the trend tables in this report and will be charted in the trend graphs next month after we have two months of data from the survey.
2- We now present a distinction between product “Cancellations/Push-Outs” and product “Decommits.” This data will be presented in a trends tab next month when there is more than one month of data. You can see the current Product Decommit data in the Product_Decommits tab at the end of the report.
3- For each component and market category two new views of the data is presented in additional tabs in the spreadsheet.