ecia
Electronic Components Industry Association

SURVEY SYNOPSIS

May 2020

Coronavirus Survey – Update 6

Results of Manufacturer & Distributor Survey Ended May 6, 2020

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Introduction

Electronics components supply chain participants continue to manage the continuing impact of the Coronavirus / COVID-19 pandemic. While the pandemic is global in its reach, businesses must manage on a country-by-country, state-by-state and individual location level. Varying rules and regulations and the timing of their implementation and phase-out periods have created a complex patchwork of business conditions. Meanwhile, the virus continues to expand, albeit at varying rates. The extreme uncertainty and volatility associated with this crisis as created a need for visibility on how this crisis is impacting the electronics components industry and the supply chain. In order to provide important visibility, ECIA began conducting surveys of member manufacturing and distributor companies at the start of February to gain an understanding of this ever-evolving situation. ECIA has published survey results on a bi-weekly basis in an attempt to provide continuous updates to our members.

This most recent survey was conducted between Tuesday, April 28th and Tuesday, May 5th. Between the most recent survey and the previous survey that ended April 20th governments in several areas have started to ease quarantine orders. However, conflict between governments, citizens and businesses has resulted in some localized turbulence. A sense of urgency to reopen the economy continues to build and additional funding has been approved after the initial round of funding to support businesses, especially small businesses, was exhausted quickly. Common expectations continue to point to a deep and extended economic crisis as GDP reports reveal the painful impact of this pandemic on major economies around the world

The survey ended May 5th reflects a somewhat mixed trend since the last survey results were reported. Many areas show a slight increase on concern regarding end market demand. There is a notable improvement in reports about the health in the supply chain with improvement in every stage except raw materials supply. There is also a significant improvement in the impact of government restrictions and quarantine orders on businesses. Most respondents assess the impact of these measures as minimal to moderate compared to moderate to serious in the last survey. The Automotive and Industrial Electronics markets continuing to represent the segments of greatest concern with expectations of a decline in Automotive electronics worsening to 72% and Industrial Electronics decline outlook recovering slightly to 55%. Despite expectations for weak end-market demand, the confidence in order backlog remains quite robust in every product segment. Weak expectations were reported by less than 16% of respondents in all major categories. The semiconductor segment continues to show the highest degree of confidence. However, the level of participation on this question for semiconductors is still relatively low.

It is important to note that ECIA released the results of a new survey of Manufacturer Representatives this week. These important players in the supply chain have struggled along with other small businesses around the country. Healthy support of the manufacturer representatives should be a part of an effective supply chain strategy by major players.

The full report provides detailed data by component type for the major categories of:

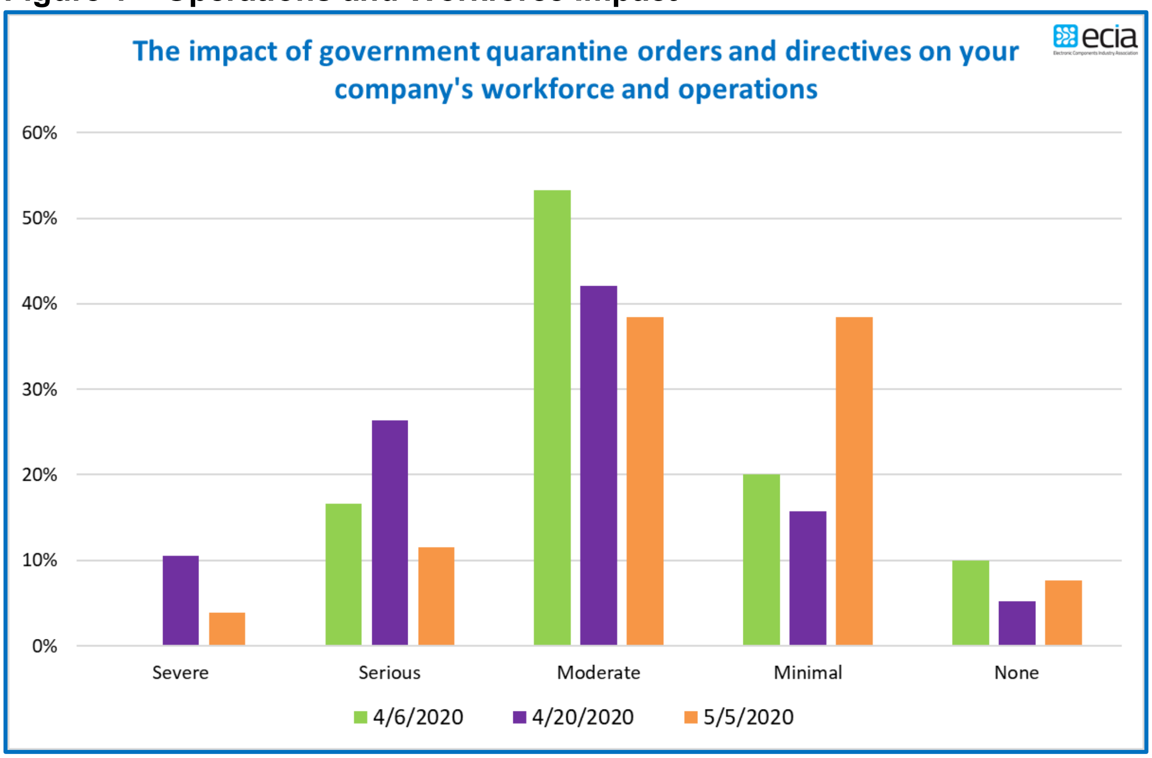
- Electro-Mechanical
- Passives
- Semiconductors

The complete report presents data in 15 detailed tables and 24 figures. In addition, this report presents indexes to provide a perspective on how sentiment has shifted over time.

Market and Supply Chain Impact

Expectations for end-market demand and confidence in bookings backlogs continue to be somewhat inconsistent. Consumer electronics outlooks did improve significantly since the last survey. However, forecasts for industrial and automotive electronics still see more than 50% expecting a decline in market demand. Weak to very weak confidence in automotive backlog is reported by 53% of respondents. Industrial and defense/aerospace see 22% and 21% sharing concern about weak bookings. However, strong to very strong confidence on order backlogs related to these same markets registers at 43% and 42% respectively. Medical electronics demand/confidence continues to reflect expectations for a strong increase. The latest results on the question about the impact of government quarantine orders on a company's workforce and operations show an encouraging decrease in disruption. Only 16% report a serious or severe disruption. By contrast, 46% now see minimal to no impact on their operations or workforce.

Figure 1 – Operations and Workforce Impact

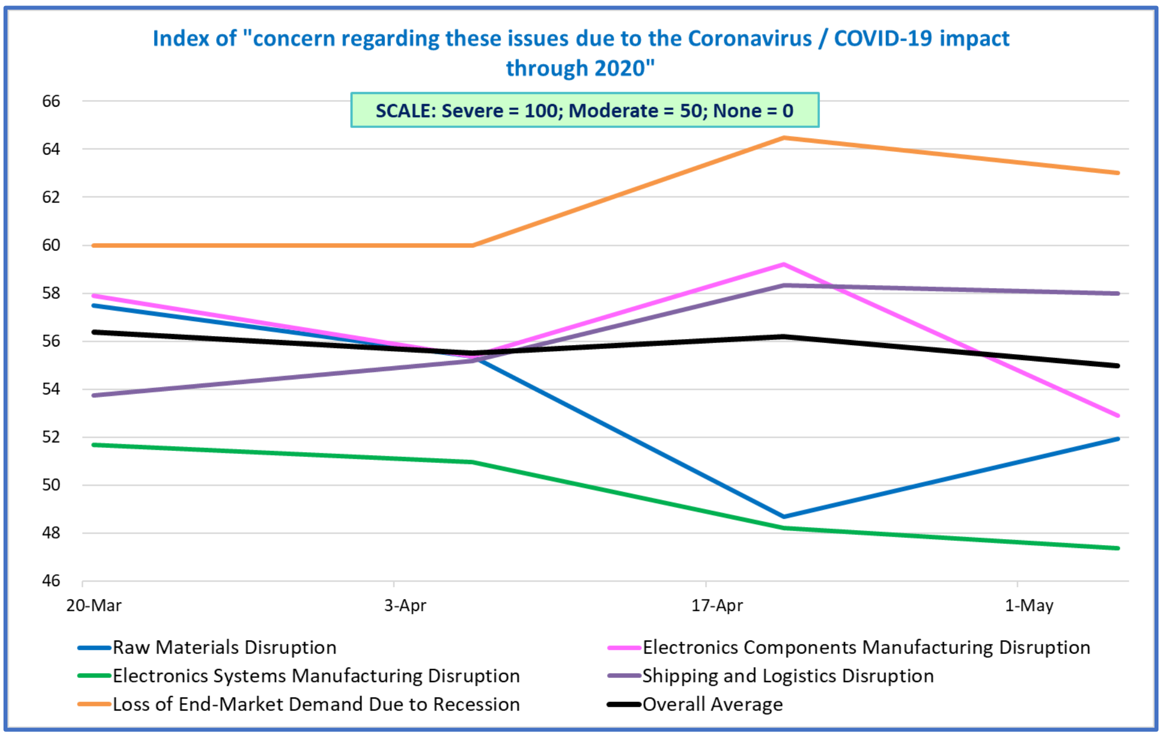


Source: ECIA

Top Level Averages and Indexes

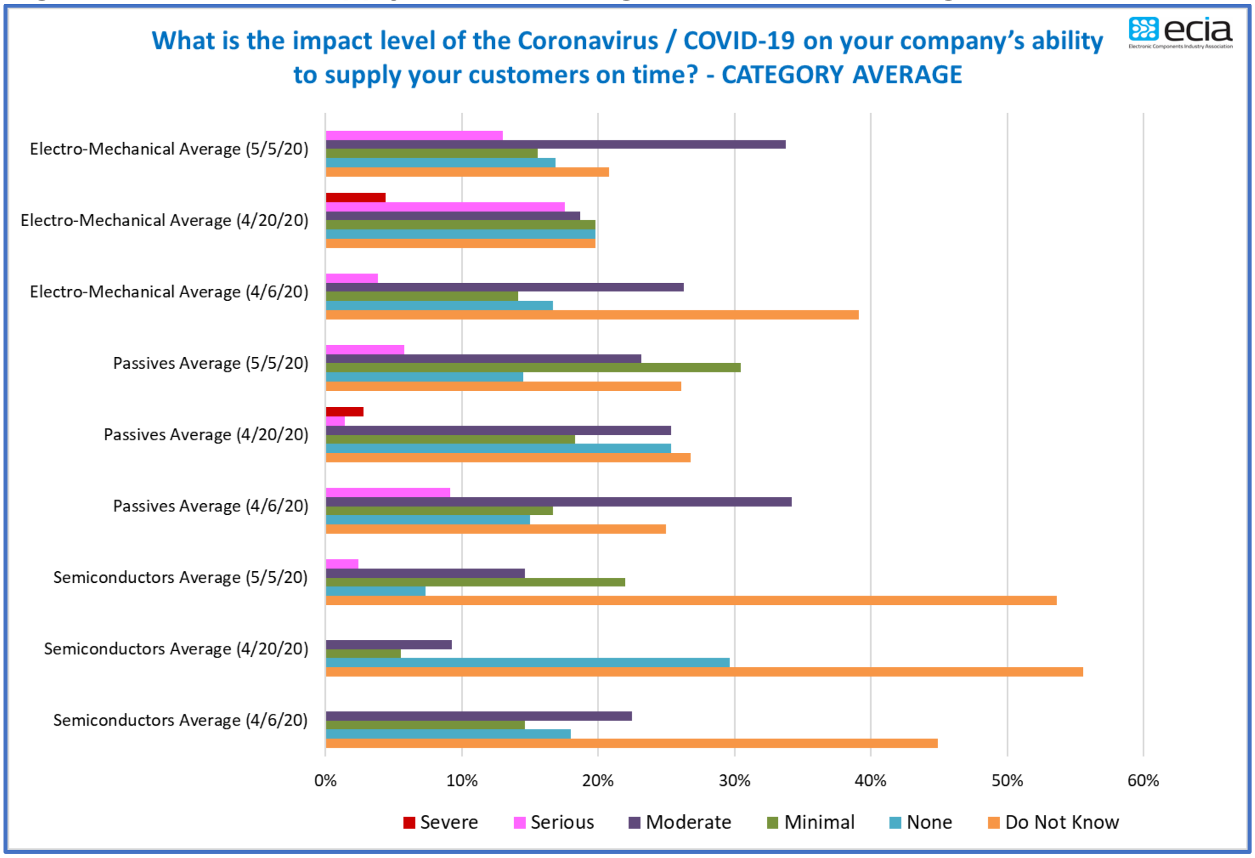
The indexes in this latest report show a modest increase concern about ability to supply customers on time in the semiconductor and passive segments while semiconductors remained relatively constant. The index summarizing end-market demand expectations shows automotive electronics markets continuing to slide – falling below 15%. Consumer electronics and industrial electronics improved slightly to 38%. The overall index stayed relatively constant at 46%. The index measuring overall lead-time increase expectations saw improvements in electro-mechanical and passive components while semiconductors jumped up. As noted previously, the supply chain impact index saw reduced concern in every area except raw material supply which reversed the improvements it saw in the last survey.

Figure 2 – Index of Supply Chain Concerns



Source: ECIA

Figure 3 – On Time Supply Impact Average on Top Level Categories



Source: ECIA