We completed our monthly survey last weekend (~7.3k respondents) which showed an improvement in C2Q growth expectations. However, C2Q bookings expectations were weaker. We believe while this signals near term demand remaining OK but indicates anticipation in weaker demand and/or higher inventories as we move into 2H.

Availability of critical parts are still a concern with lead-times extending and inventories remaining low. Slide 6, which shows a more granular view of inventory by key components, showed a marked decrease in inventory and availability (especially DRAM & Passives) as we believe we are headed towards longer component lead-times and allocation is some instances.

End customers have been reluctant to cancel production to their manufactures instead pushing out production into future qtrs. The main exception appears to be smartphone production where we have seen significant cuts.

The survey showed a growth outlook for C1Q20 remaining generally the same as last month; while C2Q’s growth outlook increased with 58% expecting q/q growth vs. 49% previously, but only 19% see it as weaker.

However, the survey showed a downtick uptick in bookings growth outlook for C2Q20 which we believe indicates anticipation in weaker demand and/or higher inventories as we move into 2H.

Backlog cancellation expectations (slide 5) showed a slight increase in cancellation activity but not that great of a change. Orders appear to be being pushed out vs. cancelled.

Inventories appear to be getting better.
Q/Q Bookings Growth Expectations

C1Q20 Bookings Expectations Seasonality

C2Q20 Bookings Expectations Seasonality

1Q Bookings Expectations

2Q Bookings Expectations
Backlog Order Cancellations vs. 30 Days Ago
(Delta between increasing and decreasing cancellations – Higher % is more positive)
Inventory Status

(Using a scale of 1 to 5 with 1 being extremely low inventory, 3 being the normal amount, and 5 being extremely high; how do you view inventory levels for the following products?)

Still seeing most products now at or BELOW normal inventory levels. Leadtimes in DRAM & Caps continue to extend.
Q/Q Inventory Growth

C1Q20 Inventories vs. C4Q19

C2Q20 Inventories vs. C1Q20

- Decreasing
- Same
- Increasing
Q/Q Pricing Trends

C1Q20 Pricing vs. C4Q19

C2Q20 Pricing vs. C1Q20
The outlook for Communications continues to be above previous years while Auto continues to erode.