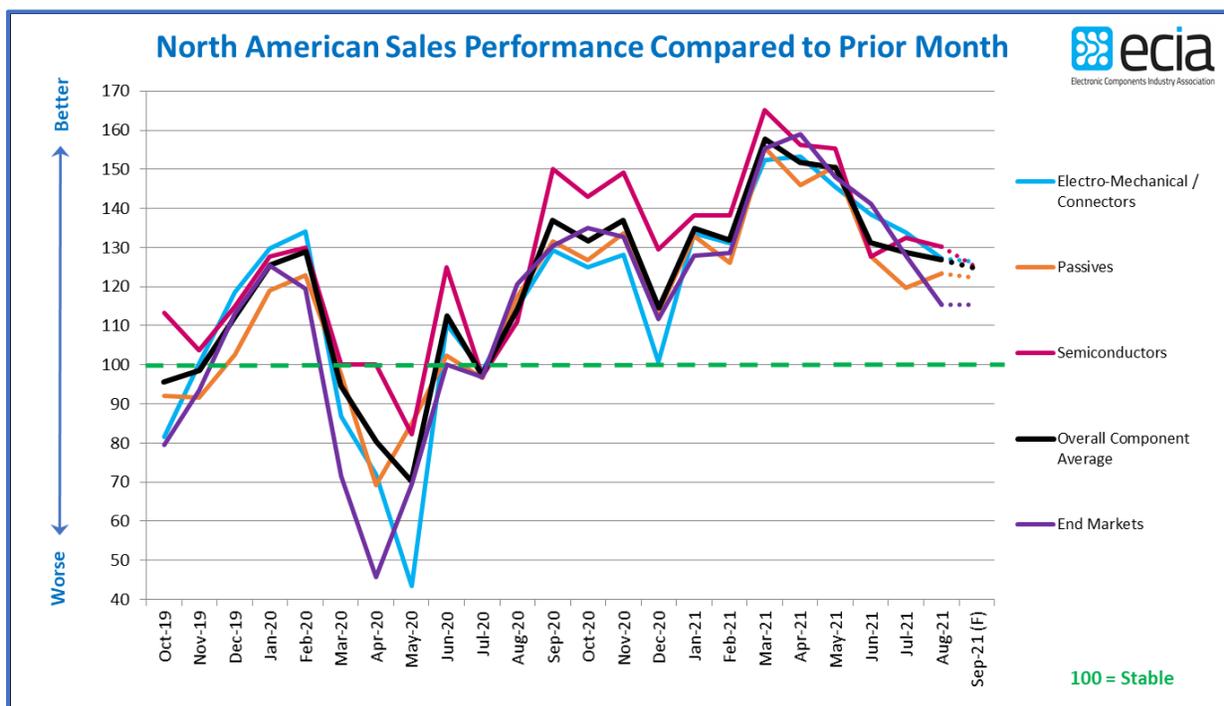


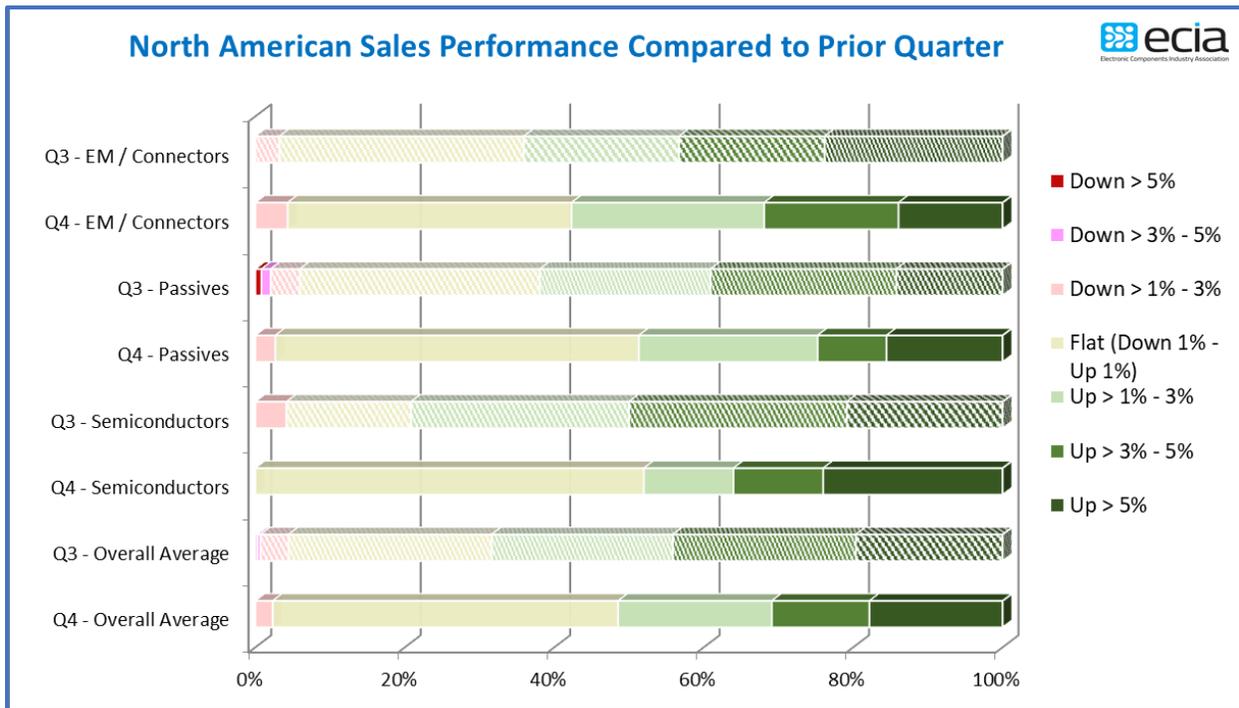
Electronic Component Sales Growth Sees Continued Cooling Trend

ECIA's Electronic Component Sales Trend (ECST) August and Q3 2021 Surveys

The latest results from ECIA's Electronic Component Sales Trend (ECST) surveys for August and Q3 2021 show a continuing but moderating cooling of sales expectations in September and through the end of 2021. Following the peak in the index for overall component average sentiment of 157.7 in March 2021, the index began a decline that saw a significant drop in June. However, the overall component index for July, August and the September forecast has seen a moderating decline of month-to-month sales growth momentum. The average decline in the index in these months was only -2.2 points compared to a drop of -19.2 points in June. The assessment of overall end-market demand provides an encouraging sign as the index score remains stable between August and the outlook for September at 115.4. Again, it is important to remember that any score above 100 indicates growth expectations. However, the decline in the index shows an ongoing cooling in growth expectations continuing through September.

The quarterly ECST survey results present a similar picture looking through the end of 2021. A comparison between growth expectations for Q3 2021 and Q4 2021 shows continued optimism for sales growth in both Q3 and Q4. The share of participants expecting growth in Q3 is 68% followed by continued optimism in Q4 but lower at 51% of participants. Only between 2% and 4% of participants expect a decline of between -1% and -3% in Q3 and Q4. The remaining survey participants expect stable revenues for the second half of 2021. This slightly longer-term outlook signals a continuation through the end of the year of the trends expected in September. The more modest growth picture for the remainder of 2021 should offer some relief to suppliers and supply chain managers as they have been challenged by demand that has outstripped supply in many areas and resulted in inventory shortages and significantly extended lead times.

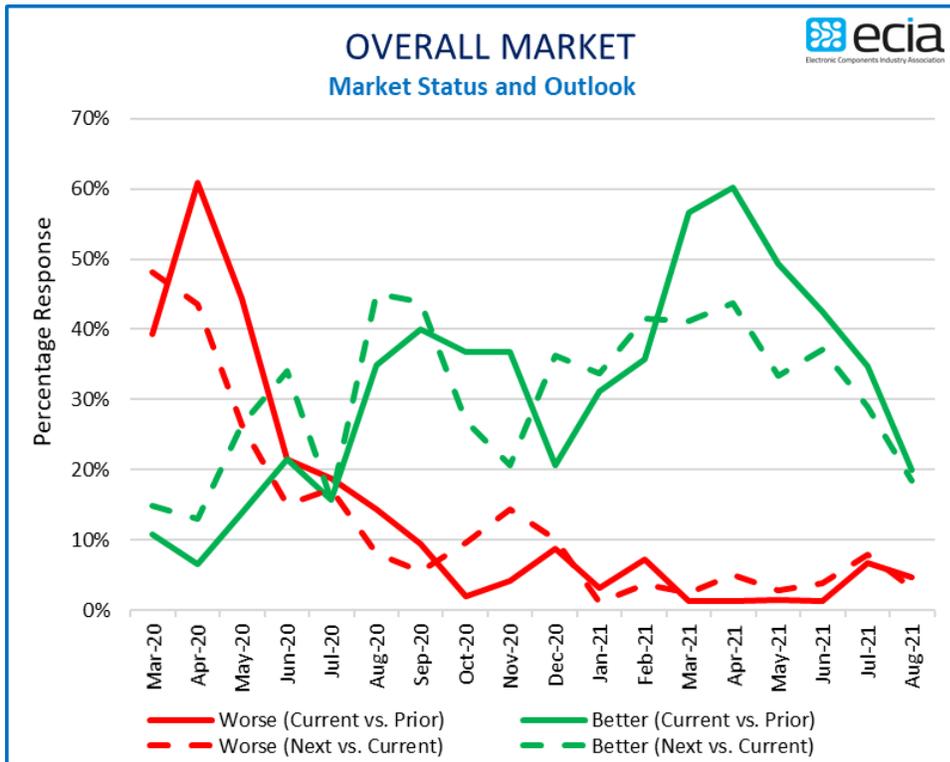




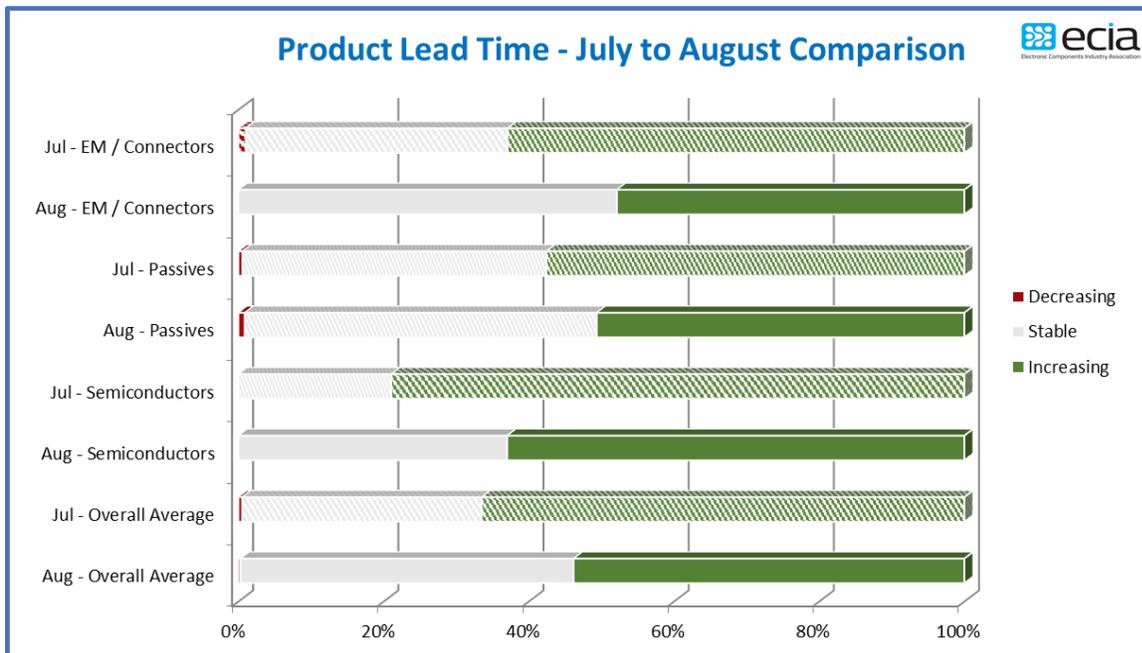
The monthly survey measurement of expectations for end-market demand shows a continuing closure of the gap between those who expect improved sales vs. those who expect worse sales in August. While those who expect worse sales declined from 7% to 5%, those who expect better sales fell from 35% to 20% - only a 15% gap between better vs. worse. The difference in better vs worse for September remains the same. Once again, this points to a more stable, yet positive, overall sales expectation for end market demand.

Concerns and uncertainty related to the economy, emergence of inflationary pressure, and resurgence of COVID-19 with potential shutdowns could account for the continuing shift of 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 Avionics/Military/Space and Medical Equipment have the brightest outlook for September followed by Telecom Networks and Industrial Electronics. Expectations for Consumer Electronics and Telecom Mobile Phones are essentially flat. Automotive Electronics saw the biggest drop in expectations for September compared to August.

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 over a growth cycle that appears to have legs to go an extended distance.



Given the decreasing pressure on growth it would be expected that upward pressure on lead times might be reduced. This was not the case between the June and July assessments. But the most recent survey shows significant easing on product lead time pressures across all categories moving from July to August. The data presented in the full report show that Discrete semiconductors and Capacitors experienced the strongest lead time pressure in August. However, all product categories saw a notable reduction in lead time pressure in August compared to July. But a note of caution, in a separate question on the level of inventories, survey participants reported low to extremely low inventories for between 66% and 93% across component categories. DRAM and Data Flash memory were under the greatest 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.