

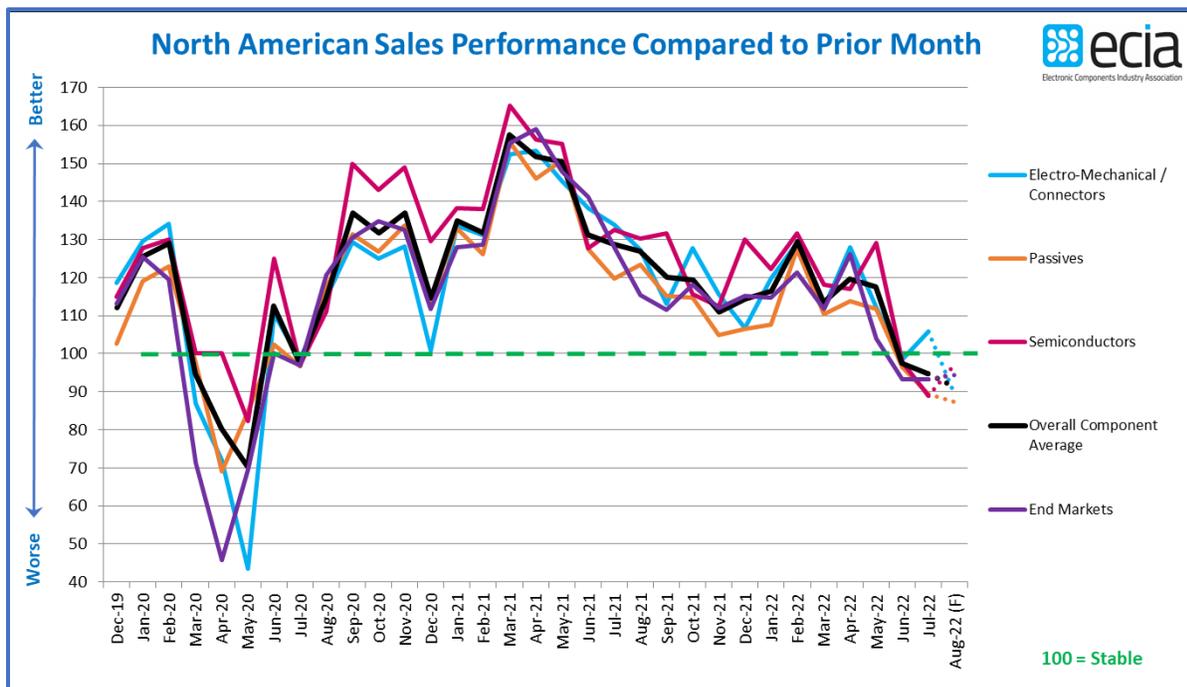
## North America Electronic Component Sales Sentiment Points to Industry Contraction Continuing into July and August

### ECIA's Electronic Component Sales Trend (ECST) July 2022 Survey Results

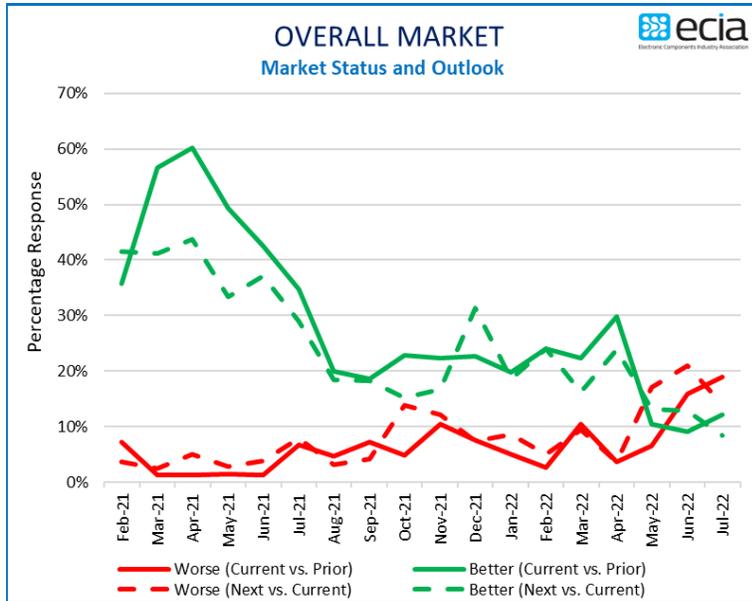
**Dale Ford, Chief Analyst**

The July 2022 Electronic Component Sales Trend Survey (ECST) index indicates that the sales contraction that began in June continued into July. The overall index average slipped from 97.5 in June to 94.3 in July. Measurements below the benchmark level of 100 indicate negative sales growth. The July results point to a large difference between the Electro-Mechanical/Connector segment compared to Semiconductors and Passives. The Electro-Mechanical/Connector index average outperformed expectations and jumped from 98.4 to 105.8. The Semiconductor and Passive indices continued their tumble down to 88.9 and 89.3 respectively. The end-market sentiment remained flat month-to-month at 93.2. In a contrast to June, there are several component subcategories reporting positive growth sentiment in July. Connectors and Electro-Mechanical components achieved the most positive result followed by Discrete semiconductors. Memory ICs and Analog/Linear ICs also achieved positive outcomes. Interestingly, the average of the semiconductor subcategories is above 100 while the sentiment reported for overall semiconductors is below 89. It appears that survey participants are experiencing some cognitive dissonance between their overall views and focused sentiments.

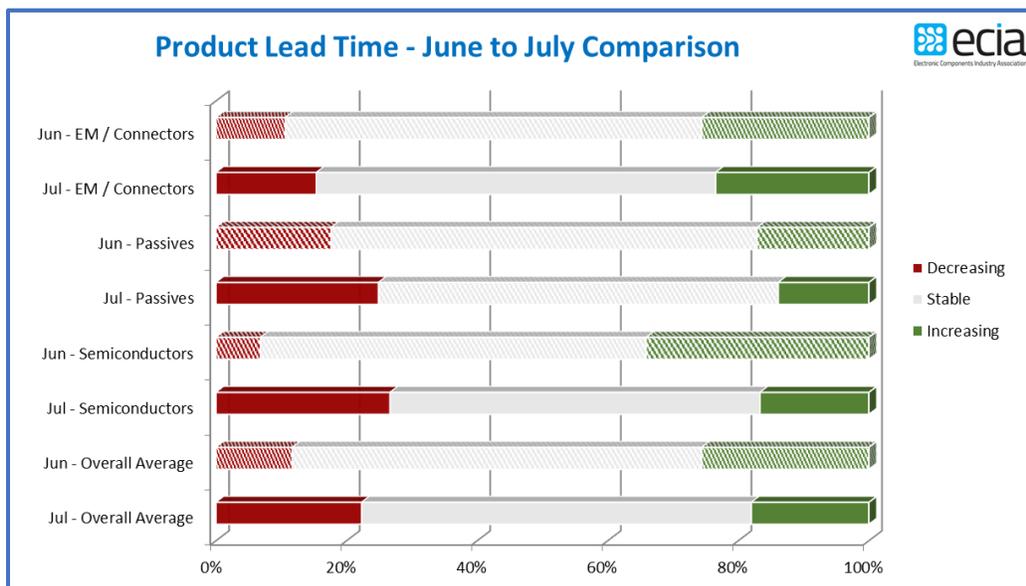
Two years ago, when the index dropped below 100 in July 2020, the index saw a strong rebound above 100 in the following month of August. Alas, it appears that will not be the case in August of this year. The outlook calls for the index to decline further to 91.3 with individual market results ranging from 87 to 97. The current economic environment is a polar opposite from two years ago when strong economic growth continued, and consumers & businesses were optimistic. With interest rates skyrocketing and debates about whether the economy is in a recession the business climate has soured. The index for every component subsegment as well as the end market all come in below 100 in the August outlook. Both the cyclical behavior of the electronic components industry and the current economic picture point to an extended period of sales contraction.



The sales sentiment reported for individual end-markets shows Avionics/Military/Aerospace completely detached from the other markets as sentiment in this segment remains robust throughout. Industrial electronics also sustained strong positive sentiment while Automotive Electronics dipped slightly below 100 in July. In a reversal of fortunes, the Industrial Electronics outlook falls below 100 in August while Automotive Electronics rebounds above 100. The index for all other market segments sets expectations for continued sales declines into August. Consumer Electronics shows the deepest decline in sentiment and outlook with its index in the 64-to-66-point range in July and August.



The combination of improved supply chain conditions and softer sales has benefited the lead time picture significantly. The percentage of survey participants seeing declining Semiconductor lead times jumped by 20% from June to reach 27% in July. At the same time, those reporting increased semiconductor lead times fell by half to only 17%. Passive components also saw improved conditions with the share reporting decreasing lead times growing from 18% to 25%. While Passives saw increasing and decreasing lead time reports evenly balanced in June, the scales have clearly tipped to decreasing lead times in July. Electro-Mechanical/Connectors also saw improving lead time pressure. The overall lead time picture is the most encouraging aspect of the ECST report for July!



The ECST survey provides highly valuable and detailed visibility on industry expectations in the near-term through the monthly and quarterly surveys. This “immediate” perspective is helpful to participants up and down the electronics components supply chain. In the long-term, ECIA shares in the optimism for

the future as the continued introduction and market adoption of exciting innovative technologies should motivate both corporate and consumer demand for next-generation products over a growth cycle that still appears to have legs to go an extended distance.

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.