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Electronic Components Industry Association

Positive Electronic Components Industry Sentiment Continues to Brighten According to Latest ECST Survey Results

ECIA's Electronic Component Sales Trend (ECST) March 2024 Survey Results

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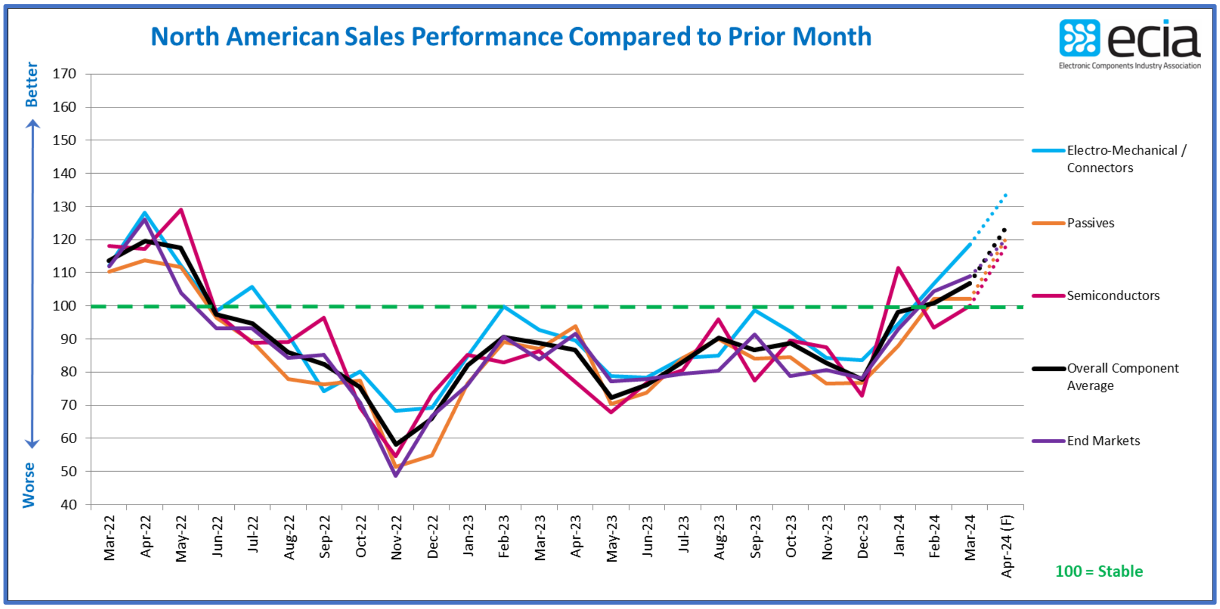
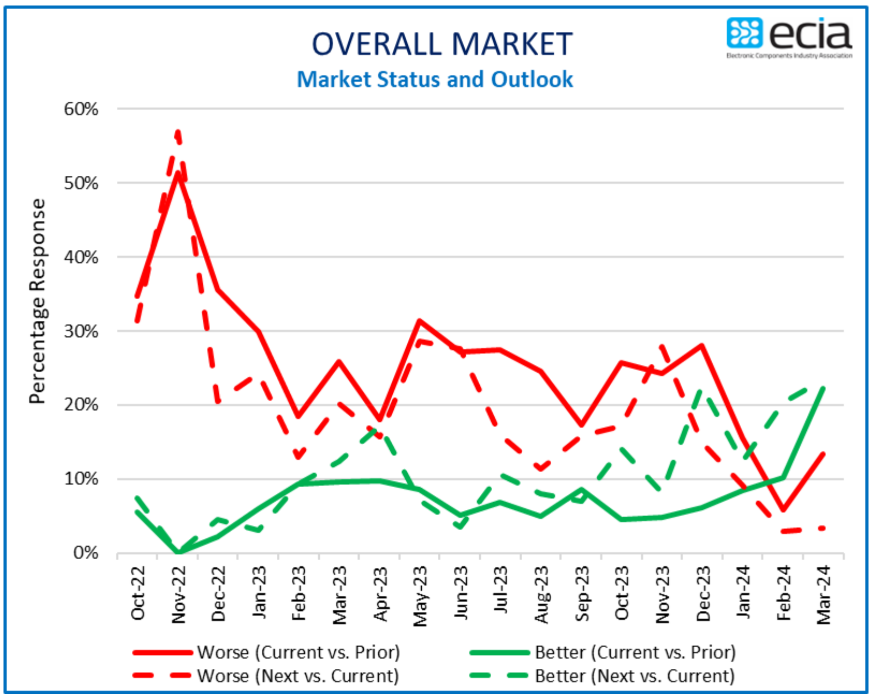
Optimism reigns among participants in the electronic components supply chain as positive overall sentiment accelerates in the March ECST results and April outlook. As forecast, all three major segments reached at least 100 in the sentiment index as the Semiconductor score recovered back to 100 and Passive components sustained a score of 102.1. Leading the parade is Electro-Mechanical components with an index score of 118.6 in March. That is just the beginning of the good news as all three segments are projected to see a dramatic jump of between 14.7 and 17.9 in the April sales sentiment index. The scores for the major segments are expected to register between 117.8 and 133.3 in April. This would drive an overall average of 123.7 in April, the highest score since February 2022. While the typical pattern is for the actual results to fall short of projected results, the March overall average of 106.9 is within 3 points of the March forecast of 109.8. The key takeaway from the latest ECST survey is that positive overall sales sentiment has been sustained for a second month and survey participants are enthusiastic about future prospects in April.

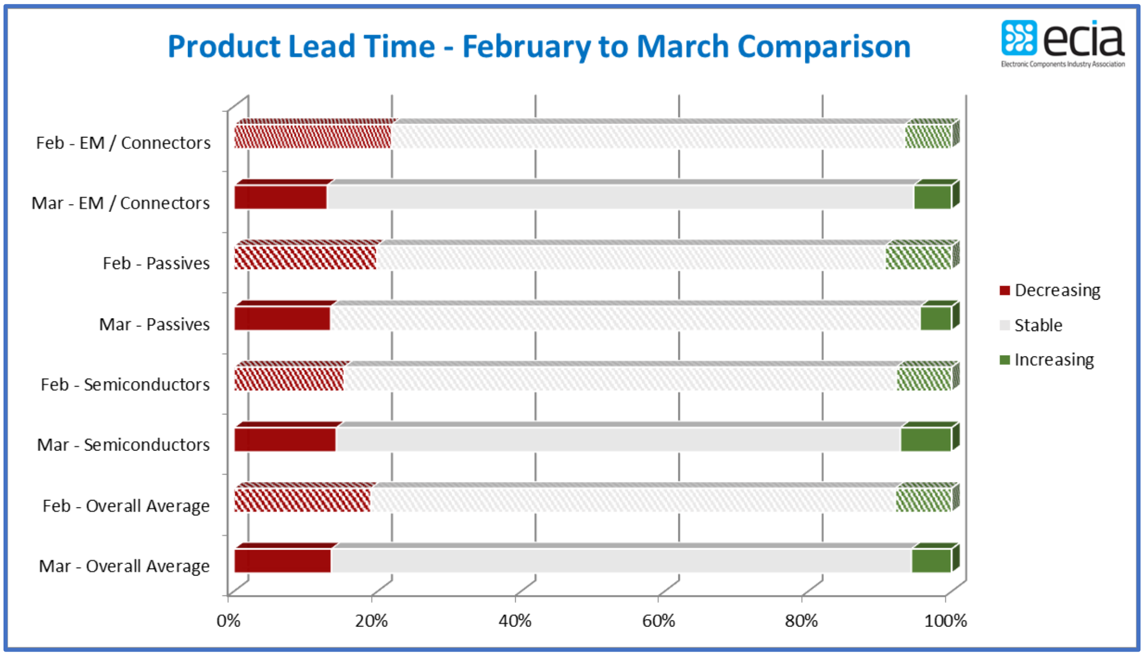
Another very positive development in the latest survey results is the exceptionally strong improvement in sentiment among Manufacturer Representatives. Typically, this group has been notably pessimistic compared to Manufacturers and Distributors. However, in the March survey Manufacturer Representatives registered a jump in their overall index score of 23.6 points to reach 101.2. Their April outlook jumps up by 19.6 index points resulting in strongly positive sentiment for March and April that is closely in line with the other groups. This broad-based optimism among all three groups lends support to the overall positive sentiment in the electronics components industry.

The survey results for end markets match the positive sentiment reported for the product segments with the March end market index improved to 108.9. It is projected to see increased positive momentum with an index score of 120 in April. Avionics/Military/Space, Medical, and Industrial Electronics continue to be the strong drivers of positive sentiment in the end-market index. All three registered scores indicating positive sales sentiment in March. However, much more impressive is the forecast that every market except one will top the index threshold of 100 in April. Only Telecom Mobile Phones falls short at 93.8 in the April outlook. The overall picture presented by the sales sentiment survey results for March actuals and April forecasts for electronic components is extremely encouraging as the industry moves through 2024 and recovers from the lows of 2023.





The product lead time results continue to portray a very stable environment in all major categories. The share of survey respondents reporting stable lead times grew from 73% in February to 81% in March. Reports of both increasing and decreasing lead times shrank in March with only 6% reporting increasing lead times. The only exception to the overall view of lead times is found in the DRAM and NAND Flash markets. These segments averaged increasing lead time reports by 25% of survey respondents. Still, even in the memory segment with its surging markets, stable lead times were reported by 66% of participants. While there are continued concerns in many areas of the electronic components supply chain, especially excess inventory, the metrics measured by the Electronic Components Sales Trend (ECST) survey portray an industry in a very healthy state.



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 the long term.

The complete ECIA Electronic Component Sales Trends (ECST) Report is delivered to all ECIA members as well as others who participate in the survey. <u>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</u>. 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.