

Electronic Components Sales Sentiment in September 2023 Survey Reveals Struggle to Sustain Improvement – But Hope Springs Eternal

ECIA's Electronic Component Sales Trend (ECST) September 2023 Survey Results

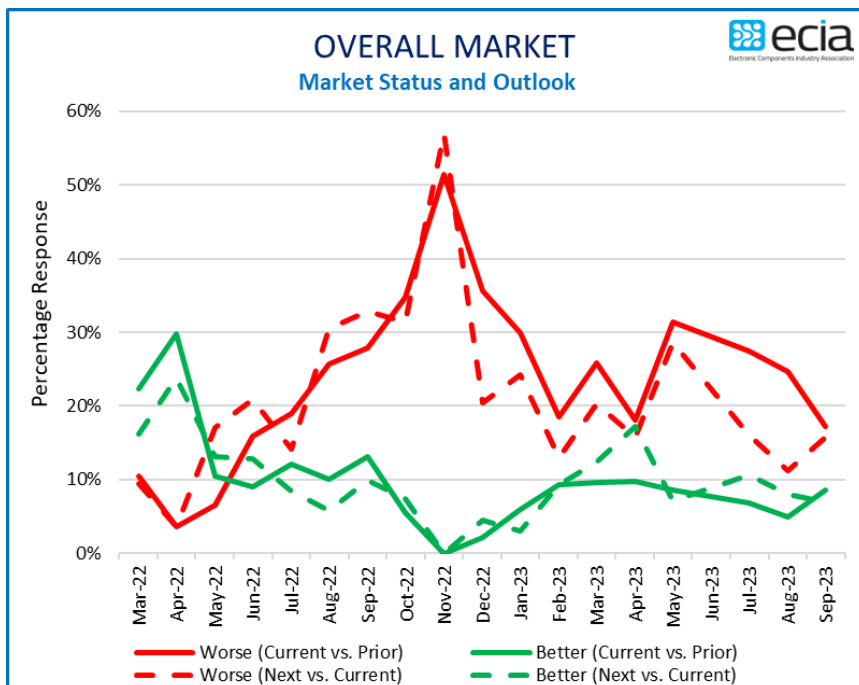
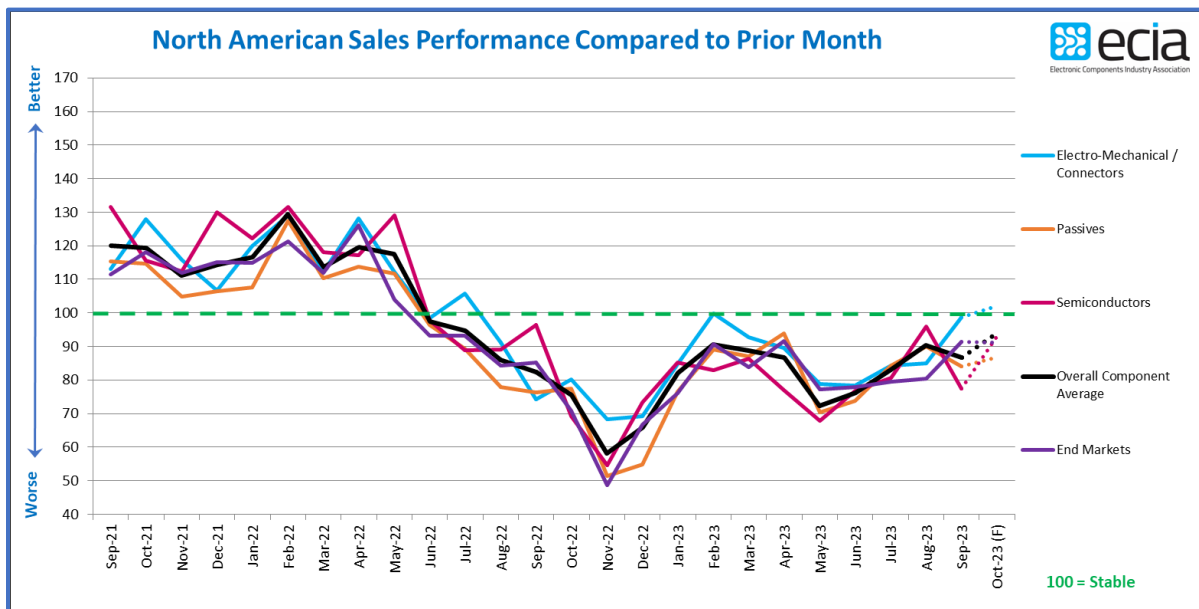
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The latest results from the September sales sentiment survey show the overall electronic component markets index struggling to sustain improvement. The latest overall score dipped 3.6 points to 86.7 in September. Despite the disappointing September results which fell short of expectations, the industry continues to sustain a positive outlook. Looking toward October, survey participants project industry sentiment will improve to 94.0, the highest level since July 2022 and only 6 points below the threshold of 100 indicating sales growth. However, actual results have typically fallen short of expectations in recent months.

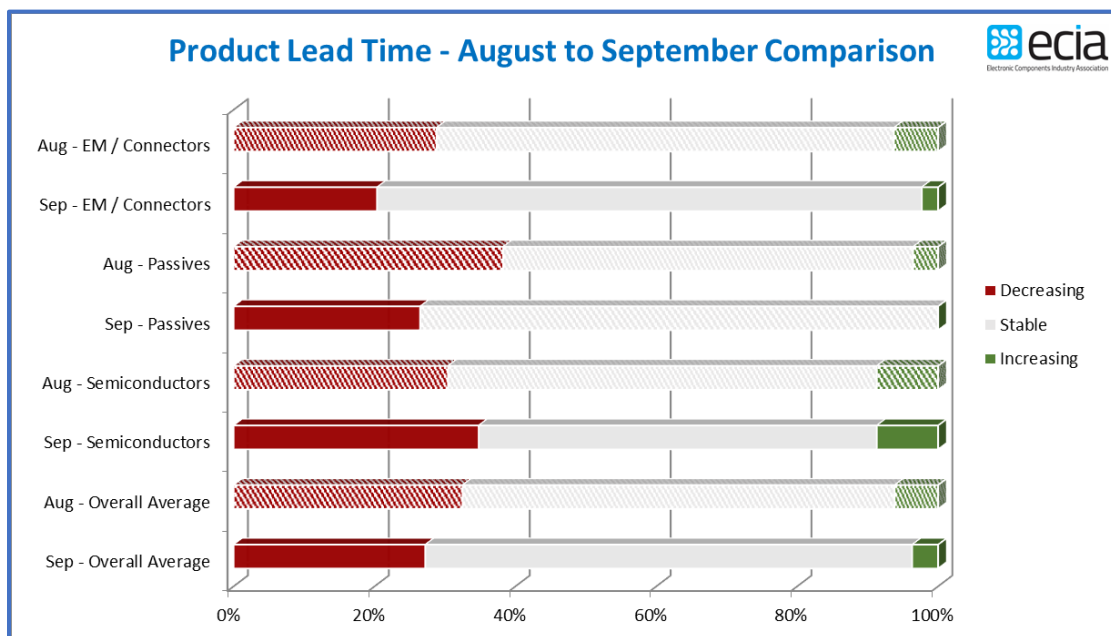
The most encouraging results in September were reported for Electro-Mechanical / Connector components. This category improved by 13.8 points to reach 98.7 for September and the outlook calls for this segment to break into positive growth territory in October. Unfortunately, Semiconductors lost all their gains from August and fell back to a score of 77.4. Hope in the future continues to boost the outlook for Semiconductors in October with an anticipated increase of 15.7 points. While the change was more modest, Passive components also saw their August gains evaporate in September with expectations of slight improvement in October. Even though the September survey results present a setback in the struggle to recover, the electronic components industry is still positioned to potentially reach a breakeven point by the end of the year with the potential for return to broad-based growth at the beginning of 2024.

The chasm in sales sentiment between manufacturer representatives and manufacturers and distributors persisted in the September survey. A major disconnect began in April and widened in June and July before narrowing somewhat in August and September. However, there is still a stark difference in perspectives. The index scores from Distributors are at or above 100 for nearly every category in September. The Manufacturer scores are also strong and come in around 100. By contrast, the manufacturer representative scores range between 44 and 87. Given that the Distributors report such positive results it is difficult to attribute this difference to the need to resolve inventory balances. Nevertheless, Manufacturers and Distributors see a world fairly aligned with end market demand while Manufacturer Representatives appear to be struggling significantly in the current market.

The overall end-market index saw a healthy jump up to 91.4 in September and sustains this level in the October outlook. The scores and improvements are uneven across the different markets. Avionics/Military/Space sustained and improved its score above 100. Medical Equipment and Industrial Electronics achieved scores in the mid to high 90s in September. The most positive result from the end market survey is the expectation of large improvements in the index in every category including some double-digit increases expected for October.



The picture for product lead time trends has developed into an extremely healthy view. Stable lead times dominate the responses with stable average lead times jumping from 61% in August to 69% in September responses. There were zero reports of increasing lead times for every Passive component category in September. In addition, there were zero reports of increasing lead times in the MPU, MCU and Discrete categories. Once again, the lead time results provide some of the most positive outcomes in the ECST survey.



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. 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.