Kynix: Analog IC Prices Already Falling in June 2022

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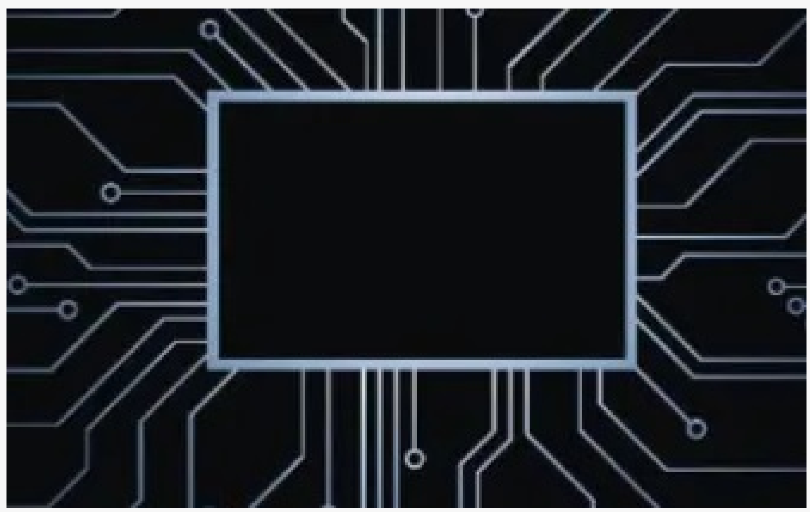
Kynix semiconductor



Analog IC

HONG KONG, CHINA, June 15, 2022 /EINPresswire.com/ -- Recently, some of the product prices of the global analog IC leader Texas Instruments (TI) in the market have declined. Kynix's analysis pointed out that in the unconventional channel, analog IC prices in the first half of last year can reach more than five times the normal price.

Sources said that TI has informed customers that the supply-demand imbalance in the second half of the year to ease. And before that, the industry has been rumored that in the last two months, the price of some TI's parts fell 80%. This released a signal: The risk of inventory backlog in analog ICs is beginning to emerge. The chip industry's "price wave" will end. However, Texas Instruments did not respond to the above news.

Distributor Kynix pointed out that the overall order price of TI is still very high, but the demand is down compared with previous years. In the spot market, some of TI's power management ICs do appear to have fallen in price. Take the model TPS61021 general-purpose consumer power management chip, for example, the chip price has fallen from a high of $45 last year to about $3 currently.

Structural growth in long-term demand, overlaid with short-term imbalances in the supply chain, has led to a widespread capacity shortage in semiconductors previously, with analog ICs being the hardest hit. PMICs (power management integrated circuits) for laptops were previously about $0.80 a pop, a price that has been adjusted upward.

PMIC (Power Management IC) is one of the categories affected by the wave of chip shortages last year. It is considered the "heart" of electronic equipment power supply, which is responsible for the electronic equipment required for power conversion, distribution, detection, and other control functions. It is also one of the largest segments of the analog IC market. However, due to market demand, the above-mentioned chips have experienced large price fluctuations this year.

According to statistics, the standard consumer analog IC prices fell more obviously. However, in general, the special class analog ICs still maintain a high price relative to the general class.

Analog IC applications are mainly divided into standard and special application analog ICs, including Voltage Regulators, Amplifiers, power management ICs, etc... They are widely used in computers, consumers, communications, home appliances, military, industrial and other fields, covering almost the entire IT industry.

The demand for electronic products including cell phones, notebooks, TVs, and home appliances is flat, so non-flush type, low specification, and short lead time analog ICs (such as amplifiers) will reach a balance between supply and demand, which leads to price fluctuations.

China market demand analysis

From the current segmentation track of China's electronics industry, the main five categories are semiconductors, components, optical optoelectronics, consumer electronics, and others. Among them, semiconductors include integrated circuits, discrete devices, semiconductor materials, semiconductor equipment four sub-sectors.

By 2021, benefiting from the semiconductor industry boom continues to improve, China A shares of the electronics sector stocks into the valuation expansion period. Since 2020, in the context of global liquidity expansion and lack of chips, the proportion of institutional positions in the electronics sector has been rising, and the proportion of positions in the fourth quarter of 2021 reached a high point of 14.41%. However, in the first quarter of 2022, affected by the sluggish demand for consumer electronics overlaid with the epidemic, the position share of the electronics sector fell back to 11.68%, down 2.73% sequentially. From the absolute amount, the total market value of positions fell 123.678 billion yuan, down 30.65%.

From a comprehensive view, the quarter electronic segment performance divergence is obvious. Power semiconductors, equipment materials, and other tracks performed better. Chip design segment growth has slowed down, as for consumer electronics, LED, panels, etc., there is a large year-on-year decline.

At the same time, China is the world's largest chip market, but the output value of integrated circuits only accounts for 9.7% of the world, China's wafer capacity gap in the short term will not be exceeded.

China has excess capacity for the production of consumer chips and low-end chips due to reduced demand, but orders from large design companies, mainly international companies, are still strong and have entered into long-term agreements with Foundry (factories). These combined factors led to the demand side of China's production capacity was not affected by the impact. In terms of expansion schedules, there is a tendency in the materials sector to reduce volume restrictions for Chinese companies due to the lengthening of delivery cycles for the required equipment. As well, the overall expansion rate of the Chinese industry is not fast because of the structural characteristics of the more dispersed distribution of Chinese factories. Therefore, China Foundry's capacity is still tight, 8-inch wafers are still hard to find, as are most 12-inch node wafers.

But there are pessimists who believe that in the period of high demand, not only Chinese companies, global semiconductor companies have made a lot of investments to expand production capacity, and the new semiconductor companies will form a considerable "bubble". When demand growth slows or declines, overcapacity can lead to lower revenues for manufacturers. It is worth noting that in the downward price cycle, the head chip makers can also "cut prices" to deter rivals.

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