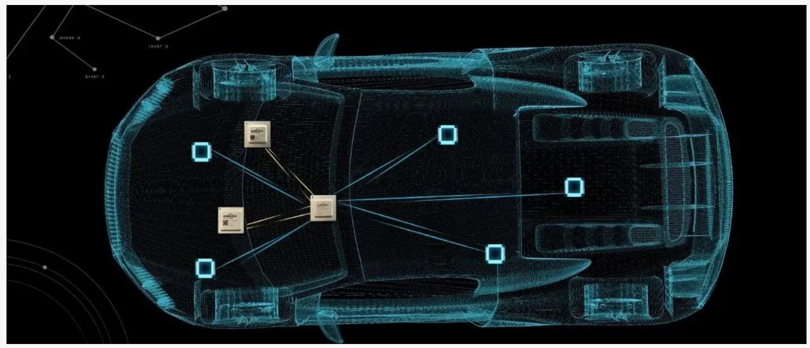
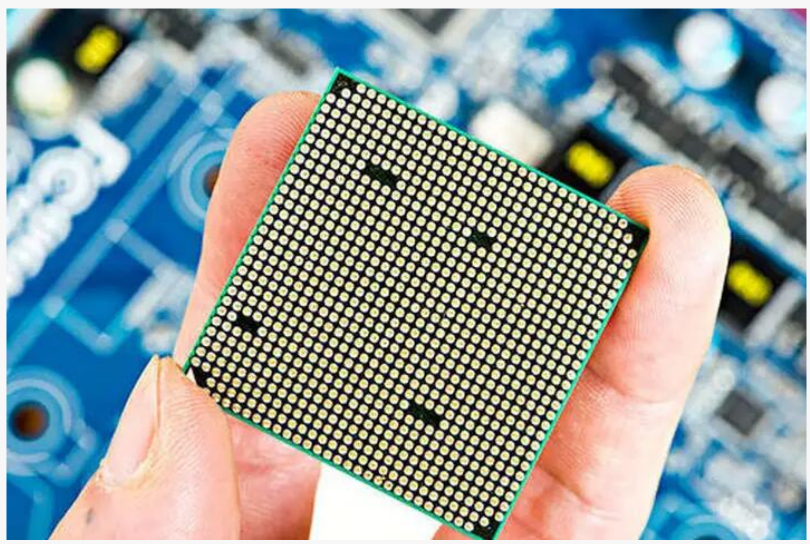
Kynix: Consumer IC price trend analysis in July 2022

Consumer IC prices are falling fast. High-end ICs are still in short supply


automotive IC


IC chips

HONG KONG, CHINA, July 27, 2022 /EINPresswire.com/ -- Kynix Electronics brings you the latest price trend analysis of the electronics and IC industry. The global "shortage of ICs" that has lasted for more than two years has gradually gone down in price. Recently, the market price of some ICs even plummeted from more than $600 to more than $10, a price reduction of more than 80%.

In the U.S. interest rate hike cycle and the Russian-Ukrainian conflict caused by the situation, manufacturers of cell phones, PCs, and TVs are all cutting orders. demand and prices of display panels, driver ICs, and other products are falling, which also affected upstream IC design manufacturers and foundry manufacturers.

TSMC has recently received order adjustment notices from three major customers in quick succession, namely Apple, AMD, and Nvidia. The shipped target of Apple's first 90 million new iPhone 14 has been reduced by 10%. AMD is reducing its 6nm and 7nm orders by a total of approximately 20,000 wafers from the fourth quarter of this year to the first quarter of 2023. Nvidia is also rumored to have requested a delay and scaling back of first-quarter orders.

Demand for consumer electronics is showing signs of slowing due to the epidemic and other reasons. Smartphones, laptops, and TVs are among the areas affected by the ripple effect.

However, the reduced demand for consumer electronics ICs will, to a certain extent, give way to chip foundry "capacity". Some manufacturers will shift production capacity to industrial control, automotive, and other applications with strong market demand. In the case of the current strong demand for new energy vehicles, the market demand for automotive ICs is also more massive.

There is no obvious trend of price reduction for vehicle-grade laser IC chips. In the first half of the year, some car dealers used the lack of IC as a reason to reduce the configuration and raise prices in order to gain more benefits. But along with the epidemic stable, now in addition to a small number of imported models, the required high-end IC chips are still relatively short, and most of the automotive chips have been adequately supplied.

The high-end chip supply shortage problem is relatively prominent, and its price rise is inevitable.

Conventional general-purpose and automotive models diverge

In the first half of the year, the demand for consumer electronics ICs fell, but the demand for automotive ICs is relatively high. The divergence in demand has also created a divergence in the component market, not only MCU, including analog devices, power devices, and passive components.

In the consumer electronics chain, cell phones are piling up high inventories in the supply chain, triggering manufacturers to reduce orders. This in turn led MediaTek and Qualcomm two major SoC factories to reduce the amount of investment. At the same time, PC, TV, and flat-panel demand declined, which also led to the panel driver chip (DDI) factory down two to three percent of the investment. At present, only the high-end brand of OLED DDI can maintain a high price in the driver IC.

As IC design houses have lowered their investment, the capacity utilization of foundries will also be threatened in the third quarter. The industry has predicted that, due to the automotive, industrial control, and other new applications of orders to fill the gap takes time, is expected in the third quarter, UMC, the world's advanced foundry capacity utilization will drop to 95%, and more dependent on consumer electronics foundries may directly decline to 90%.

The reason why the automotive market can maintain high demand, the primary reason is the electrification of the car, the deepening of the intelligent process, and the greater demand for components. In addition, there are also reasons for last year's epidemic and natural disasters, so the gap in the supply chain is slow to close. Until today, automotive-related materials are still in short supply.

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