

Kynix: Collective cut orders without shortage of cores

The semiconductor industry has been in a state of core shortage for a long time, but the current automotive chips have been warned of an oversupply.

HONGKONG, CHINA, November 28, 2022 /EINPresswire.com/ -- The semiconductor industry has been in a long-term state of core shortage since the outbreak, but current information suggests that the drought will end, and even the automobile chips that were initially short of cores have already been warned of an oversupply.

According to distributor [Kynix](#), the most recent Asia-Pacific automotive semiconductor report indicates that some automotive semiconductor manufacturers, including [MCU](#) and CIS, Renesas Semiconductor, ON Semiconductor, and others, are currently reducing some chip test orders for the fourth quarter, indicating that automotive chips are no longer out of stock.

According to Kynix, the overproduction of chips in the semiconductor industry was caused by a lack of cores in the early stages due to the expansion of the worldwide market for new energy vehicles. When the yearly compound growth of automotive semiconductor income is compared to changes in vehicle production, it is discovered that the former is growing at a rate of up to 20% while the latter is only growing at 10%.

By the end of 2020, the chip shortage should have been totally alleviated based on this trajectory. However, the epidemic's spread has paralyzed the world's industrial chain, leaving an ongoing shortage of automotive-grade chips.

2021 will see a 17 percentage point increase in worldwide semiconductor demand over 2019. Although semiconductor shipments are substantially below demand due to the epidemic's closure and other factors, numerous vehicle makers have had to halt production due to chip shortages.

Chip manufacturing capacity is steadily recovering as well, as significant chip makers gradually began work and production at the beginning of the year and increased their production capacity to deal with the prior chip scarcity.

Shipments of electronic equipment around the world have fallen as a result of a decline in consumer demand. Using the fall in mobile phone sales as an example, an excess of 5G

processors will be available in 2022. Major mobile phone producers have reduced their shipment goals and reduced their purchases from downstream chip producers.

Because there is not a significant market overlap between the consumer electronics and automotive industries for chips, many chips in the consumer electronics industry cannot be used directly for automobiles.

The main issue is that it isn't stable and safe enough. Do you dare let the car's high-grade chips crash while you're driving? Consumer electronic devices like mobile phones and PCs allow the equipment to crash. The fundamental cause of why automotive processors such as microcontrollers MCU are still out of supply is that mobile phone PCs have surplus production capacity.

Similar to chips used in other industries, automotive chips can be classified according to their purposes as microprocessors (MCUs), power semiconductor IGBTs, sensors (such as cameras, radars, etc.), memory, and communication chips.

Among these, MCU is the one that cars need the most. MCUs are a sort of chip that has a lot of them but do not need to be very performant. On the other hand, there is typically less of a demand for chips that require a lot of processing power.

For instance, Tesla's first-generation self-developed FSD only utilized two 14nm process Intel Atom car-standard CPUs, and AMD has since replaced the Qualcomm 8155 chip that several automakers attempted to promote not long ago.

Even while the rise in oil prices sparks an enormous growth for new energy vehicles, it is still far behind the latter when compared with the increased production of chips, thus automotive-grade chips are now readily available due to the entry of numerous chip manufacturers into the market. Chip overcapacity will soon have negative effects.

It now appears inevitable that the automotive chip business will be impacted by the wave of cutting orders that once swept through the sector of consumer electronics chips.

Alan Smith

Kynix Semiconductor Limited

+86 133 5296 4541

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