

# Utmel: The Global Chip Industry in 2023 is Hardly Optimistic

HONGKONG, HONGKONG, HONGKONG, January 29, 2023 /EINPresswire.com/ -- The weak consumer electronics market consisting of smartphones, personal computers, and home appliances is the most important factor for the chip industry to go into a downward cycle. However, emerging industries such as 5G, autonomous driving, data centers, industrial automation, artificial intelligence, the Internet of Things, metaverse, and wearable devices, which have boomed in recent years, will also form a strong future force for semiconductor demand.

For the global chip industry, which has been suffering in a cramped market environment for nearly a year, the next trend, [Utmel](#) predicts that the global chip industry revenue will decline by about 2.5% in 2023, while the World Semiconductor Trade Statistics Society (WSTS) is more pessimistic, it estimates that the global chip market size in 2023 will shrink by 4.1% to \$ 557 billion. The market downturn is bound to map to corporate investment management, the Semiconductor Equipment and Materials International (SEMI) predicted that in 2023 the global chip industry capital expenditure of only \$ 138.1 billion, a year-on-year decline of up to 26%.

The chip market has historically had a more obvious cyclical nature, each round of full release of capacity is often followed by a new round of excess and recession, from this experience, it makes sense that the global chip market in 2022 into the adjustment period. Of course, there are many reasons for this result, the first of which should be attributed to the sharp and substantial convergence of global monetary policy. In the past year, the Federal Reserve seven times to raise interest rates, the European Central Bank, and dozens of other national monetary regulators around the world followed suit, and the cost of corporate finance rose, at the same time, high inflation has also weakened the ability of residents to spend money, the global stock market has neatly fallen to dilute the incremental consumption of investors may allocate, therefore, both enterprises and individuals, demand has been directly damaged and suppressed, and ultimately and necessarily reverse suppress the supply of chip products.

In fact, based on the chip continued two years of strong demand and the chip supply market conditions, the chip manufacturing industry even after entering 2022 is still in full swing to increase supply and expand production capacity; on the demand side, based on the "lack of core" panic and pressure, customers also continued to repeat orders and over-ordering behavior in the past year This situation is inevitably fed back to the supply side to stimulate manufacturers to meet customer orders more fully, but also actively carry out collective action to fill inventory. However, when the demand inflection point and contraction occurs, the

consequences of this mismatch between supply and demand that misjudged the actual demand of the consumer market will immediately appear, and the inventory backlog becomes an industry-wide pain.

Supply and demand determine the price. Inventory hoarding will objectively impact chip prices, and in order to clear inventory, chip industry manufacturers were forced to take action to reduce prices, but price cuts have not only caused vicious competition in the industry and a sharp decline in revenue, but more importantly, the premise of weakness in the demand side has not been fundamentally improved, even if the price cuts are difficult to achieve the effect of promoting consumption and inventory, while the universal price is also invariably reinforced downstream And terminal sellers to take goods on demand and the purchase of a reduced amount of stocking options, correspondingly in advance of the order and the willingness to stock up on goods significantly weakened, ultimately forcing upstream suppliers to maintain high levels of inventory.

It must be admitted that the supply chain stability of the chip industry in the past year has indeed suffered the distortion and destruction of natural and man-made disasters. On the one hand, the new crown epidemic is still spreading around the world. The daily surge in the number of infections has led to a shortage of labor supply from production to logistics and then to sales, interrupting the normal industrial operation timeline; on the other hand, after the outbreak of the Ukraine crisis, the U.S. took the lead in announcing export controls on Russia, and the EU, Japan, Australia, the UK, and Canada have also joined the ranks of sanctions against Russia. At the same time, the U.S. introduced the Chip and Science Act, which subsidizes high tax breaks for chip companies investing in the U.S., with the aim of localizing the chip industry chain. And more importantly, the U.S. Department of Commerce introduced the Export Control Regulations, which, in addition to initiating export restrictions on chips and chip manufacturing technology for China, also prohibits Americans from supporting advanced chip development or production in China. Such a series of evils directly formed a tear on the global chip supply chain, making the vulnerability of the global supply chain further magnified, and the market supply and demand distorted and damaged.

Of course, compared with all the above factors, the weak consumer electronics market consisting of smartphones, personal computers, and home appliances is the most important factor for the chip industry to enter the downward cycle. Statistical results show that consumer electronics currently account for more than 60% of the demand market for chips, but with the disappearance of special demand during the epidemic, the first three-quarters of 2022 global smartphone, personal computer, and home appliance shipments have seen three consecutive quarters of decline, according to IDC forecasts, 2022 annual smartphone shipments will be reduced by 10%, personal computer shipments will decline by nearly 20%, the TV shipments fell nearly 4% and hit a new low in shipments in the past decade.

Relative to 2022, the market pressure faced by the global chip industry in 2023 is still not easy. On the one hand, with the global economy into a downward cycle, Europe and the United States,

and other major economies enhance the probability of recession, corporate and personal consumption demand is still difficult to get an effective boost; on the other hand, inventory digestion and clearance need time, the situation of oversupply of chips is difficult to be rewritten in the short term; not only that, the industry's excess capacity to loosen more time, Morgan Stanley predicts that global wafer capacity utilization to 2023 Morgan Stanley predicts that global wafer capacity utilization will decline to 70%-80% in the second quarter of 2023, and will not recover to 90% until the second half of the year. The existence of the above series of factors will overall weaken the market's expectations for chip demand, WSTS stressed in this regard, the global chip market in 2023 is still a negative tone.

However, changes and an active market will also bring some hope. In recent years, the booming 5G, autonomous driving, data centers, industrial automation, artificial intelligence, Internet of Things, metaverse, wearable devices, and other emerging industries will form a strong future force for semiconductor demand, take the automotive scene, not only the gradual application of autonomous driving systems will generate a great demand for advanced processor chips, storage chips, and sensors, but also a large number of other functions of the car Chips for management, such as intelligent cockpit, airbag and power management, etc. At the same time, the higher the car's intelligence, the greater the amount of data generated during operation, and the more demand for chips.

According to Utmel, the global automotive [memory chip](#) market is expected to grow at a CAGR of 14.94% through 2025, while Utmel notes that the value of semiconductor components included in each vehicle will increase from \$712 to \$931 from 2022 to 2025. In a comprehensive review, Utmel believes that the global chip market will have a total market value of more than \$1 trillion in the next 10 years.

Sophia  
Utmel Electronic CO.,LTD  
+ 13189752889

[email us here](#)

Visit us on social media:

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/613985098>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.