

Easybom: A Decline in the 2023 Global Chip Market

HONGKONG, CHINA, February 3, 2023 /EINPresswire.com/ -- According to [Easybom](#), the unfavorable circumstances that hindered semiconductor sales in the second half of 2022 are anticipated to continue into the first half of the following year. Total semiconductor sales are predicted to decrease by -5% in 2019 due to a faltering global economy, weak demand for new enterprises, PCs, and smartphones, rising chip inventories, and persistent deterioration in the memory IC sector. While total sales of OSD devices are anticipated to increase somewhat, total IC sales are predicted to fall by -6%.

There are predictions for a rebound in semiconductor sales and faster growth over the following three years following a cyclical fall in 2023. At a CAGR of 6.5%, semiconductor sales are anticipated to increase to \$843.6 billion by the end of the projection period in 2026.

Through 2022, steady double-digit revenue growth is predicted for the four main semiconductor product groups. Optoelectronics and [micro components](#) are predicted to grow in single digits. Only the extremely cyclical memory market is anticipated to have a fall this year, and that decline is projected to be substantial, amounting to -17%.

Figure: A 5% decline in total semiconductor sales is anticipated in 2019. The total sales of discrete (OSD) components, optoelectronics, sensors, and actuators are all included in the overall sales of semiconductors. Global semiconductor sales are anticipated to expand by 3% in 2022 and reach a record \$636 billion in sales this year, following a 25% increase to \$614.7 billion in 2021.

Due to the robust post-Covid-19 economic activity, semiconductor suppliers experienced an increase in orders at the beginning of the year. For the majority of fabs, utilization rates are considerably above 90% due to the strong demand. Many semiconductor foundries operate at full capacity. The capital budget for 2022 is set up to reflect the ongoing, robust demand.

But this year's forecast abruptly shifted in the middle. The world economy has experienced a sharp slowdown due to soaring prices, causing many semiconductor makers to scale back their aggressive expansion plans.

Capex for the semiconductor industry will increase by 10% in 2020 and by 35% in 2021. If industry spending increases by the anticipated 19% this year, the semiconductor sector will

experience its first three years of double-digit capital growth since 2020.

The memory market is likely to remain poor through the first half of 2023 after collapsing in the second part of this year, and capital spending on memory is anticipated to fall by at least 25% the following year. Additionally, it is anticipated that Chinese companies will cut their capital expenditure in the semiconductor industry by 30% or more in 2023 as a result of new U.S. sanctions against Chinese semiconductor producers, particularly with regard to the purchase of equipment for semiconductor production from American firms. The combined effects of these two causes are expected to result in the greatest decrease in worldwide semiconductor sector investment since the 2008–2009 global financial crisis, a predicted -19% decline in 2023.

A noteworthy point is that the \$52 billion in grants that are anticipated to be awarded to American semiconductor producers as part of the U.S. CHIPS and Science Act, which was passed earlier this year, would not result in an increase in semiconductor capex. The majority of the American semiconductor manufacturers who got funding would instead use it to offset the costs they would have incurred in the absence of the grant. In other words, it is not anticipated that CHIPS and Science Act money will "add-on" to budgeted spending in the semiconductor industry; rather, they may take the place of those dollars if CHIPS and Science Act funds are not available.

Ashley

Easybom

+1 718-737-2822

[email us here](#)

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