

The Consumer Electronics Market is in the Doldrums

HONG KONG, CHINA, March 20, 2023 /EINPresswire.com/ -- From January to March of 2023 (February to April for some companies, etc.), some companies recorded a decrease in revenue. Both institutional expectations and corporate performance are dire. In its latest report, IDC said it expects total semiconductor revenue to decline 5.3 percent in 2023, after declining from last year in each of the first three quarters and growing in the fourth quarter.

Global semiconductor revenue is expected to decline 13.8% in the first quarter from a year. Due to inventory adjustments and low demand, it will not turn positive until the fourth quarter, with total revenue forecast to decline 5.3% for the whole year, according to IDC. For the first quarter of 2023, Supplyframe's Commodity IQ forecast indicates that delivery times and commodity volumes in the global market will decline by 8%, partially split between active and passive components. World demand and procurement activity for electronic components is expected to decline 2% quarter-on-quarter in the first quarter.

US research firm Gartner said the world's top 10 electronics manufacturers' semiconductor purchases in 2022 fell 7.6 percent from the previous year to about 224 billion yuan. Demand for personal computers and smartphones fell sharply in 2022 amid fears of global inflation and recession. The top 10 electronics makers, which account for global semiconductor consumption, accounted for 37.2 percent of purchases, down from 40.7 percent last year. According to Gartner's semiconductor market report, the combined sales of the world's semiconductor manufacturers in 2022 will be about \$601.6 billion, with a growth rate of only 1.1% compared to the previous year.

Consumers are reining in spending amid sluggish demand for computers and smartphones, and companies are starting to cut costs amid recession warnings. All these factors affect the growth of the overall semiconductor market.

A slump in the consumer electronics market is nothing new, and the downward pressure that started in 2022 is not improving in 2023. According to data released by Canalys, global smartphone shipments fell 12 percent year on year to less than 1.2 billion units in 2022. PC and smartphone makers, among others, are working hard to reduce inventories built up by the pandemic amid waning end demand and a slowing economy. In January-March, "customers are likely to reduce inventories at a significantly higher rate than in recent quarters due to the weak market," one view said.

The backlog has forced consumer-electronics makers to cut back on semiconductor purchases. Apple, the largest buyer of semiconductors, saw its semiconductor purchases drop 2.6 percent year on year, while its purchases of [microprocessors](#) (MPUs), including maps, fell 11.7 percent year on year. Most of the top 10 semiconductor buyers are major PC/smartphone vendors. The top 10 companies have failed to increase the number of units they produce or ship as consumer demand for these devices has plummeted. Lenovo, Dell, BBK, Xiaomi, Huawei Technologies, and HP all saw double-digit declines in semiconductor spending from a year earlier. In such a market, it is not difficult to understand consumer electronics-related chip product shipments plummeted.

The storage market is the most obvious example. SSD prices have been plummeting since January due to a large surplus of NAND flash memory. According to Tom's Hardware, SSD prices have been reduced by 15% to 30% since the beginning of 2023, and further reductions are expected in the coming months. NAND flash makers have been reducing production since last year to stem a sharp drop in prices. Micron's December to February sales forecast (median) is down 51 percent year on year, and the market expects a final loss, which will be four times larger than last quarter. Samsung's semiconductor device Solutions unit lost at least 2 trillion won (10.48 billion yuan).

The chill is not just in the consumer electronics market. The global economy is in bad shape and high inflation pressures have affected demand for servers. TrendForce expects Amazon, Meta, Google and Microsoft, the four major cloud service providers, to cut their purchase volume, with the forecast for annual growth falling from 6.9% to 4.4%. Server giants such as Dell and HPE have also cut motherboard production.

Such a market has led TrendForce to cut its forecast for the server market several times. In November 2022, TrendForce forecast 2.8% annual shipment growth in 2023, but cut that figure to 1.87% in January 2023 and 1.31% in March, cutting the original growth estimate in half. The total shipment forecast also dropped to 14.43 million units.

Commodity IQ global electronic component demand forecast is weaker in the first half of 2023 compared to 2022, with only 1% growth expected in the first quarter compared to the fourth quarter of 2022. But orders in many declining markets remain upbeat.

Texas Instruments vice President David Paul said only the automotive market grew in the first quarter of 2022. The popularity of pure electric vehicles will also give a boost to automotive semiconductors. Chip executives say the growth in the number of chips used in cars is staggering. The average car will have about 1,200 chips by 2021, double the number in 2010, and that number is likely to increase, executives said.

Chip companies are generally preparing to increase production capacity in automotive electronics to meet the growing demand for cars. Texas Instruments said last month it would

build an \$11 billion chip plant in Lee High, Utah, and NXP has said it is considering expansion in Texas.

The cold market not only affects [IC](#) design companies but also makes the life of wafer foundry very difficult. In the first quarter of 2023, the demand for various processes from mature to advanced wafer foundry continued to decline, and the wafer-cutting order of all major IC design plants will spread from the first quarter to the second quarter. It is observed that the capacity utilization performance of all wafer foundries from the first quarter to the second quarter is not ideal, some processes in the second quarter are even lower than in the first quarter, and there is still no obvious sign of the return of orders. 2023 will likely remain a stressful year for the foundry industry. One sign of this is that foundries are starting to cut prices, and it is clear that manufacturers are working hard to counter the easing in capacity utilization.

In January, TSMC said at its earnings briefing that demand continued to slow as inventories were still being adjusted due to sluggish end demand, and while inventories were expected to shrink in the first quarter, overall market uncertainty remained high, leading to a decline in capacity utilization. The company forecast a decline in first-quarter revenue, forecasting consolidated revenue of \$16.7 billion to \$17.5 billion, down 14.2 percent. Looking ahead to the semiconductor industry in 2023, TSMC believes that the supply chain inventory level will be significantly reduced in the first half of 2023, and sees some signs of demand stabilization. It expects the semiconductor cycle to bottom out in the first half of the year and recovers steadily in the second half of the year.

Umc revealed that demand in most of its semiconductor terminal markets slowed significantly in the fourth quarter of last year. Combined with continued inventory adjustment in the overall industry, UMC's wafer shipments decreased by 14.8 percent from the same period in 2021, with overall capacity utilization falling to 90 percent. Wang Shi, co-manager and general manager of UMC, said the company expects the first quarter to be full of challenges due to the weak global economy in 2023, higher-than-normal inventory days for customers, and low order visibility. In response to the current economic downturn, UMC has implemented strict cost control measures and postponed some capital expenditures as much as possible.

World Advanced said the first quarter of 2023 will be the "coldest quarter" as the industry enters a severe inventory adjustment cycle. On the capacity side, weak end demand has led to aggressive inventory adjustments from customers, with visibility of world advanced orders reduced to three months and capacity utilization forecast down 10 percent in the first quarter. World Advanced Chairman Fang Li expected the second quarter is expected to moderate recovery, gross margin will also improve quarter by quarter. From the business segment, large-size TV panel driver IC customer inventory correction in the fourth quarter of last year has come to an end, and the first quarter is gradually back to warm; Inventory revisions for large-size panel drivers have moderated in Q1, and demand is expected to stabilize in Q2. Power management chip, data center/cloud-related demand continues to face inventory correction.

To keep costs under control, capital expenditure is expected to be about NT \$10 billion this year, down more than 48 percent from a year earlier, with an estimated production capacity of 3.39 million eight-inch wafers in 2023, World Advance said at its earnings briefing.

The year 2022 began amid a shortage of semiconductor devices. As delivery times have been delayed and prices have risen, electronics makers have responded by stockpiling. But in the second half of the year, the world economy began to slow. Global supply chains are under pressure from inflation, rising interest rates, and high resources. As for the recovery of the market, foreign media say that the key to the recovery of earnings is the trend of the Chinese economy. Intel CEO Pat Gelsinger said, "A certain recovery in the Chinese economy is one of the reasons for optimism in the second half of the year."

According to [JAK Electronics](#), China's purchasing managers' index (PMI), released by the National Bureau of Statistics on March 1, came in at 52.6 in February, above the 50-point mark that separates expansion from contraction for two consecutive months. The central bank expects the domestic economy to generally pick up in 2023. "Global markets cheered the PMI's big surprise," foreign media reported. "Asian stocks and the Australian dollar reversed earlier losses, the offshore yuan strengthened and oil prices rose. Investors are more optimistic about the outlook for the Chinese economy." "If the economy recovers fully and the yuan stabilizes, China is likely to become a high-income country this year," Japanese media said.

Earlier, many semiconductor companies mentioned that changes in the Chinese market due to the COVID-19 pandemic had a big impact on their business performance when discussing their supply chains. International semiconductor companies are turning their attention to the Chinese market as the epidemic improves. According to the Semiconductor Industry Association, in the first quarter of 2023, China remained the largest semiconductor market, accounting for 29% of the global semiconductor market, despite an 8% decline in sales. The recovery of the Chinese market will inevitably drive the global semiconductor industry chain.

JAK Electronics
JAK Electronics
+852 9140 9162
[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/622925840>

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.