

## Materials & Supply Chain Bulletin February 2019



### **Slowing Production in Key Markets Allows for More Parts Availability**

#### **Allocation & Lead Time Summary:**

As we move into 2019, passive commodities continue to be a major challenge with no improvements to speak of.

The information is not all bad, though. One of the causes of a tight supply chain, is that the production of other products - in large amounts - squeezes the availability of parts that would otherwise be easy to secure.

The good news is, the Automotive market appears to be in a slight slowdown. Additionally, iPhoneX sales are much lower than projected. Production has slowed in both of those scenarios, which has allowed more product to be available for the rest of the manufacturing sectors.

That usage is so significant that this minor slowdown has resulted in some long-awaited relief for many SKUs. This may just be a temporary situation, so the recommendation is to continue to press the supply chain until further notice.

We also continue to see a higher than normal introduction of counterfeit product into the supply chain. It is advised to be very cautious when buying from non-authorized sources. While counterfeit product has typically been more prevalent in the higher dollar and/or active component market, there are now more and more instances of counterfeit activity in the passive components market.

If you are buying from a non-authorized source it is highly recommended to have the parts tested at an independent & trustworthy test house. In addition, there are many reports of test houses now being approached by counterfeiters to falsify test reports to bypass that hurdle.

## Tariff Summary:

Below is a summary of the tariffs that are in various stages of effect or proposed stages with dates.

Action	Covered Products	Rate Increase	Effective Date
Section 232	Steel and Aluminum	Steel – 25% Aluminum – 10%	6/1/2018
<b>Status:</b>	Steel – all countries of origin except South Korea, Brazil, and Argentina (agreed to quotas); and Australia (exempted).  Aluminum – all countries of origin except Argentina (agreed to quota); and Australia (exempted).		
Section 232	Autos and Automotive Parts	TBD	TBD
<b>Status:</b>	These tariffs are active and in effect at this time.		
Section 301	List 1	25%	7/6/2018
	List 2	25%	8/23/2018
	List 3	10% 25%	9/24/2018 1/1/2019
<b>Status:</b>	List 1 totaling \$34 billion worth of imports is composed of 818 tariff lines, and went into effect on 7/6/2018.  List 2 totaling \$16 billion worth of imports is composed of 284 proposed tariff lines identified by the interagency Section 301 Committee. These are in a public review process.  List 3 totaling approximately \$200 billion of imports was originally composed of 6,031 tariff lines. 5,745 full and partial lines went into effect on 9/24/2018.		

[View List 1](#)

[View List 2](#)

[View List 3](#)

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As always, we will continue to monitor this situation and look for options to reduce tariff costs wherever possible.

Thank You,  
**Gary DeGrave, Jr.**, Corporate Materials Director  
Milwaukee Electronics



## MANUFACTURER CONDITIONS - FEBRUARY 2019

MFG	Supply Chain Notes
Altera	Lead-times have stabilized at up to 34 weeks
Analog Devices	Lead-times and pricing are stable
AVX	Extending lead-time and heavy allocation; Long list of "suspended" parts - no new orders will be accepted.
Broadcom/Avago	Lead-times and pricing are stable
Freescale	Lead times stablized at up to 40 weeks
Infineon	Lead times extending to 38 weeks but stable
Kemet	MLCC demand continues to increase at an unprecedented pace. KEMET is currently at full manufacturing capacity and operating 7 days per week on all constrained lines. Even with record-breaking output 5 quarters in a row, orders are coming in at twice (2x) this level. Some part types in high demand are now sold out for 1 to 2 years. KEMET is investing in new capacity, but this will not mitigate the short-term supply shortage the market is experiencing.
KOA	Lead times out to 52 weeks
Microchip/Microsemi/Atmel	Lead-times at 24 weeks and stable
Micron	stable lead-times at up to 20 weeks with pricing stable to decreasing
Murata	Murata has 70% MLCC Market share, they currently have global demand for 1 billion units/mth, they can support 500 million / mth. Increasing capacity by end of 2019
NXP, Nexperia	Lead times at 26 weeks on average
Omron	Extending lead times up to 30 weeks, no allocations
On Semi/Fairchild	Lead-times at 30 weeks and stable
ST Micro	Lead-times stable at up to 34 weeks; pricing stable with some decreases
Vishay	Resistors are highly allocated with 52 week lead times, price increases and the new announcement of removing part marking; Transistors are extending to 30-40 weeks and mosfets are extending to 52 weeks. Re-started production of MLCCs from their Vitramon division.
Xilinx	Lead times stable at up to 24 weeks



## MARKET CONDITIONS - FEBRUARY 2019

Commodity	Specific Types	Price	Lead-Time	Notes
Passives and Magnetics	Inductors	Potential increases	Potential increases	Panasonic and Vishay remain in tight supply
	MLCCs/Ceramic Caps	Increasing	Increasing and Allocation	52+ week lead-times with severe allocation on many case sizes; mfg discontinuing some products; will continue at least until end of 2019
	Resistors	Increasing	Increasing and Allocation	Vishay remains on allocation, but some signs of better availability
	Tantalum Caps	Stable	Stable	Lead-times have decreased
Electromechanical	Frequency Control	Stable	Potential increases	12-24 weeks
	Relay	Potential increases	Potential increases	increasing lead-times on certain SKUs; in general relatively stable
	Switch	Potential increases	Potential increases	
Interconnect	Fiber Optic	Stable	Stable	
	Midplane/Backplane	Stable	Stable	
	Socket	Stable	Stable	
	Terminal	Stable	Stable	
	Board to Board	Stable	Stable	
Power	Batteries	Stable	Stable	
	Power Supplies	Stable	Stable	
Analog / Linear	Amplifiers	Stable	Stable	12-30 weeks; lead-times have stabilized albeit at a high level
	Converters	Stable	Stable	12-28 weeks; lead-times have stabilized albeit at a high level
	Interface	Stable	Stable	8-16 weeks
	Power Management	Stable	Stable	8-12 weeks
	Timing	Stable	Stable	8-12 weeks
High End Semi	Communication	Potential increases	Potential increases	
	Controllers and Processors	Potential increases	Potential increases	18-40 weeks; price increases across many lines; lead-times have settled at a high level
	Programmable Logic	Potential increases	Stable	8-24 weeks; lead-times are stabilizing
Logic / Discreet	Advanced Logic	Stable	Stable	12-28 weeks; lead-times have stabilized albeit at a high level
	Diodes	Stable	Stable	25-40 weeks; lead-times are stabilizing at a high level
	Standard Logic / Mosfets	Stable	Stable	averaging 24-48 weeks; lead-times stabilizing
	Transistors	Stable	Stable	12-30 weeks
Memory	DRAM	Stable	Stable	lead-time has stabilized; prices slightly decreasing
	Programmable Read Only	Stable	Stable	lead-time has stabilized
	NAND Flash	Stable	Stable	lead-time has stabilized
	SRAM	Stable	Stable	lead-time has stabilized

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