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## Here is Your Supply Chain Bulletin

*June 2022*

### **Electronic Component Market Review**

Very little has changed in the global electronics, electrical and mechanical market. Unfortunately, the continuing supply chain issues are still prevalent with no end in sight for many commodities.

St Microelectronics recently requested customers place all orders and forecast for all of 2023 in an attempt to determine capacity requirements and allocation schedules. Along with this, most orders were non-cancelable/non-returnable, in an effort to get firm commitments.

Vishay semiconductor has pushed much of their open backlog out to 2024 while they re-assess their current backlog and capacity constraints amid multiple plant lockdowns due to COVID. With the continued and unexpected disruptions to supply chains, manufacturers are unable to 'catch up' to achieve normal levels of sales, with many continually running in backlog which is making efforts to reduce lead-times seem futile.

To add to this, there are now news articles predicting rolling blackouts for the summer of 2022 in the US (particularly the Midwest).

### **Capacity and lead-time issues**

**Infineon** lead-times are stable, but lengthy – up to 52 weeks for some product lines, expedites are only considered after lead-time has elapsed and even then, capacity for escalations is tight.

**St Micro** lead-times are at 52-56 weeks for most commodities.

**Panasonic** and **Vishay** resistor lead-times have been observed to be as long as 59 weeks and 99 weeks respectively; some stock is available within distribution.

**Texas Instruments** are still quoting lengthy lead-times, with orders fulfilled strictly on a 'FIFO' basis. Some catalogue stock and direct stock is becoming available.

**Microchip** lead-times are now at 52 weeks with little distribution stock available.

Three **Murata** plants in Japan suffered disruption due to the earthquake earlier in March. All facilities were back to fully operational status within six days.

**Toshiba** confirmed production was back up and running at full capacity on 28th February following a 6.6 magnitude earthquake off the coast of Kyushu on January 22nd.

## Pricing Uncertainty

As reported last month, on 8th March 2022, the London Metal Exchange suspended trading of nickel and cancelled trades that were made after midnight on this day. This is the first time since 1985 that LME have suspended trading, and it is reported that the trades cancelled were valued at \$3.9B. This was a result of the ongoing conflict between Russia and Ukraine and the sanctions in place globally, as well as the recent low-stock environment and high pricing volatility in various base metals.

Bulgin, Harwin, Schaeffler, Lapp, PowerSonic, Leuze, and Rittal have all reviewed and applied portfolio price increases, or surcharges during that last quarter. These continued and rapid increases are in relation to the ongoing increase in raw materials, energy pricing, transportation costs, and manufacturing cost increases and these costs are being pushed by all suppliers across any EMS company supplier portfolio.

Texas Instruments is expected to announce a price increase for July 1st that could be up to 30% on some components.

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**WE ARE HERE TO HELP.**

During times like this, it is highly recommended to extend order coverage as much as possible to identify supply chain issues early on, when mitigation is still possible.

We may recommend changes in purchasing volumes and forecasts to mitigate risk.

**Gary DeGrave, Corporate Director Supply Chain  
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