Here is Your Supply Chain Bulletin

October 2022

Electronic Component Market Review

The good news is that there are signs of the electronic component market beginning to loosen. The bad news is that this improvement does not include many critical manufacturers and commodities. The passive market has shown good improvement in many areas with challenges remaining in specific pockets of automotive and military grade products. Overall lead-times have shown approximately 45% in a downward trend and 30% flat (25% still increasing). Microcontrollers continue to be extremely challenged in the market with lead-times still in excess of 52 weeks in many scenarios.

Capacity and lead-time issues

Broad-based suppliers ON Semi and NXP (both with significant automotive exposure) saw upticks in lead-times. The ON NCNR conditions are still in place for a one-year rolling period for many new orders. Many of ON's PMICs and MOSFETs may remain constrained due to production issues resulting from lockdowns. Checks show shortages remain mixed on NXP's automotive MOSFETs. Industrial product LTs are stretched as long as 78 weeks. NXP management has said they are still not servicing ~20% of demand (ex. double ordering) and the situation will not reach equilibrium in 2022.

Texas Instruments continues to be challenging. Checks for TI have been mixed, with some saying slack has appeared while others suggest backlog is “unstable”, and they continue to push out deliveries for certain power management products. However, production has been shifted to higher-value products (PMICs, which are now seeing price increases in 3Q) and away from lower-value (diodes and MOSFETs) products. SFG has also heard from checks that TI is allocating substantial capacity to potentially support supply for Apple’s next iPhone 14.

Xilinx (AMD) LTs were also up. LTs have been steadily rising since 2019 but rose substantially at the start of COVID and now float around SFG’s 52-week cap. FPGAs are maxed out at SFG’s 52-week cap. SFG hopes AMD can give Xilinx more wafers and substrate supply over the coming quarters. Most parts are on allocation at this point, and FPGAs have likely become THE most constrained part in the ecosystem. SFG notes Xilinx/AMD and Altera/Intel have been unable to provide timely supply, SFG hears customers have been seeking supply from Lattice as an alternative.

ST Micro and Infineon lead-times have shown improvement, but both are still constrained. ST Micro’s NCNR program is now extended through 2022. Checks have said ST Micro remains focused on serving tier one automotive and medical customers, where LTs are >80 weeks. Infineon’s automotive series analog parts are still in tight supply, but they have shifted focus to this end market.

Pricing Uncertainty

Rate of price increases appear to be slowing. Conversations with the channel suggest the rate of price increases has slowed, while others may have been tabled indefinitely. There are some pockets that may still have increases though due to raw material price pressures remain (e.g., a 5x increase in neon prices and potential price bumps at NXP and STM).

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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