



October 27 – 29, 2020
Virtual Event

Archive

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Semiconductor Market Overview Making sense of the data

TestConX China 2020

John West

VLSI Research Europe

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What's happening and what does it mean for you?

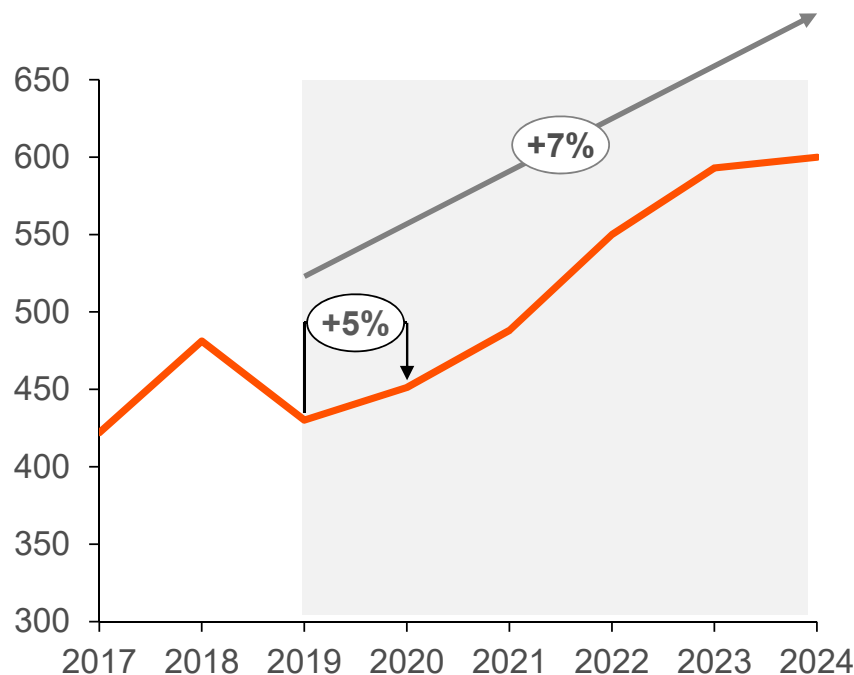
What we know

What we don't know

How should you be thinking about the future?

Semiconductors: Beating Expectations

Revenue in \$B, Outlook for 2020 is improving

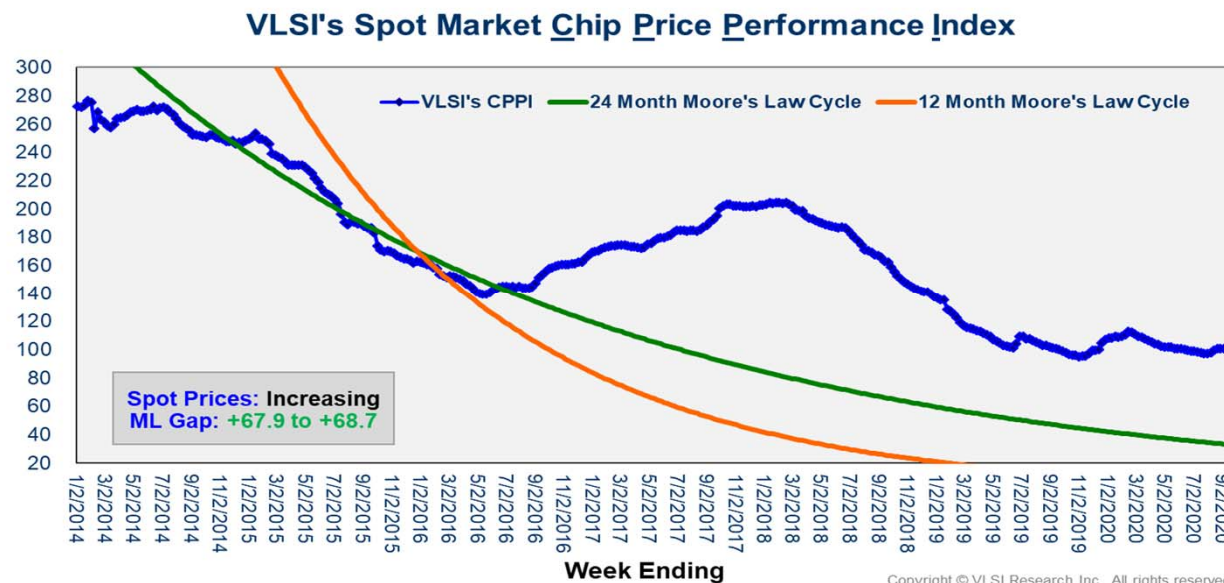


VLSI's April forecast for 2020 was for sales to fall by 4%

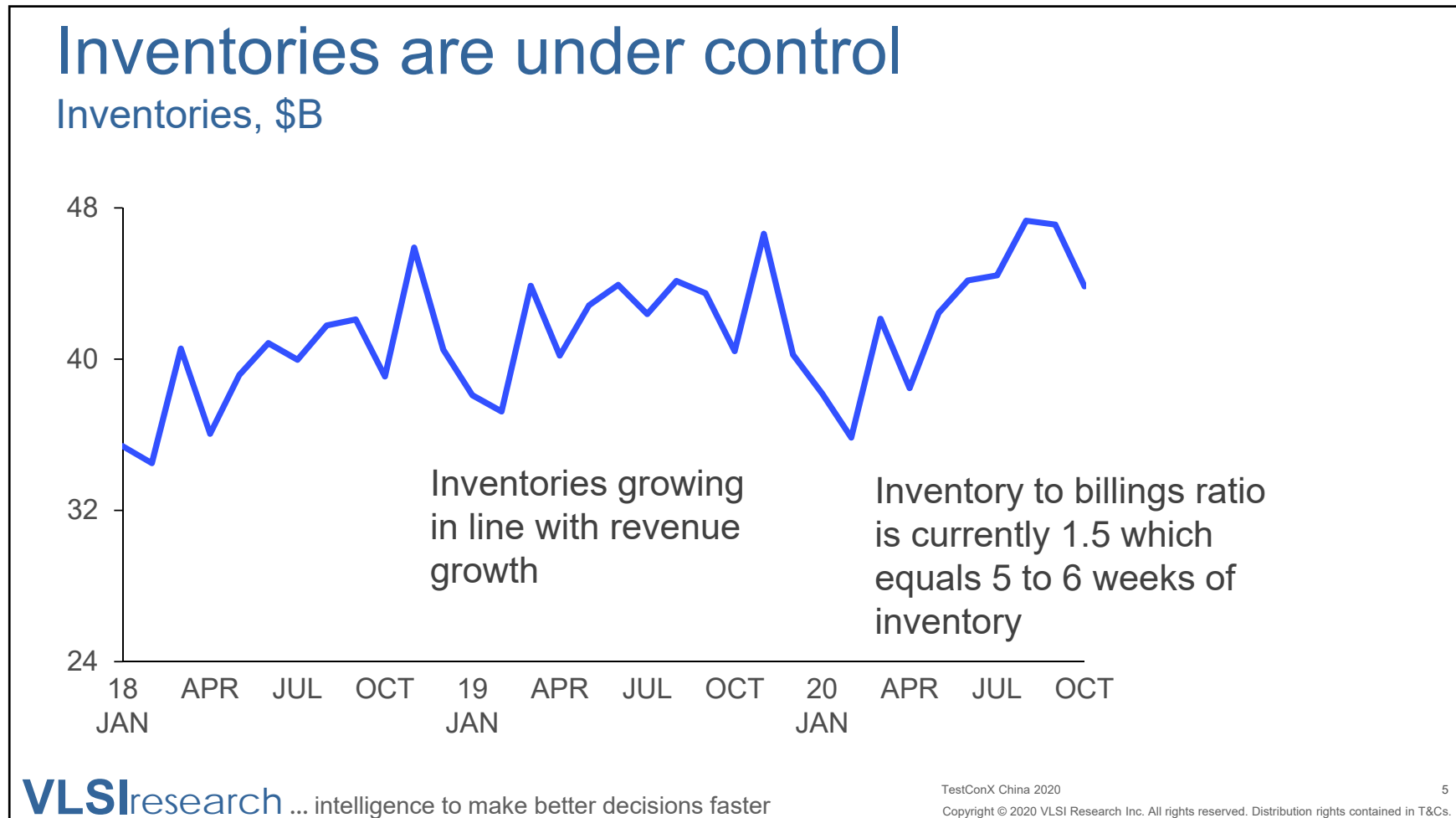
August forecast for 2020 is now for sales to increase by 5%

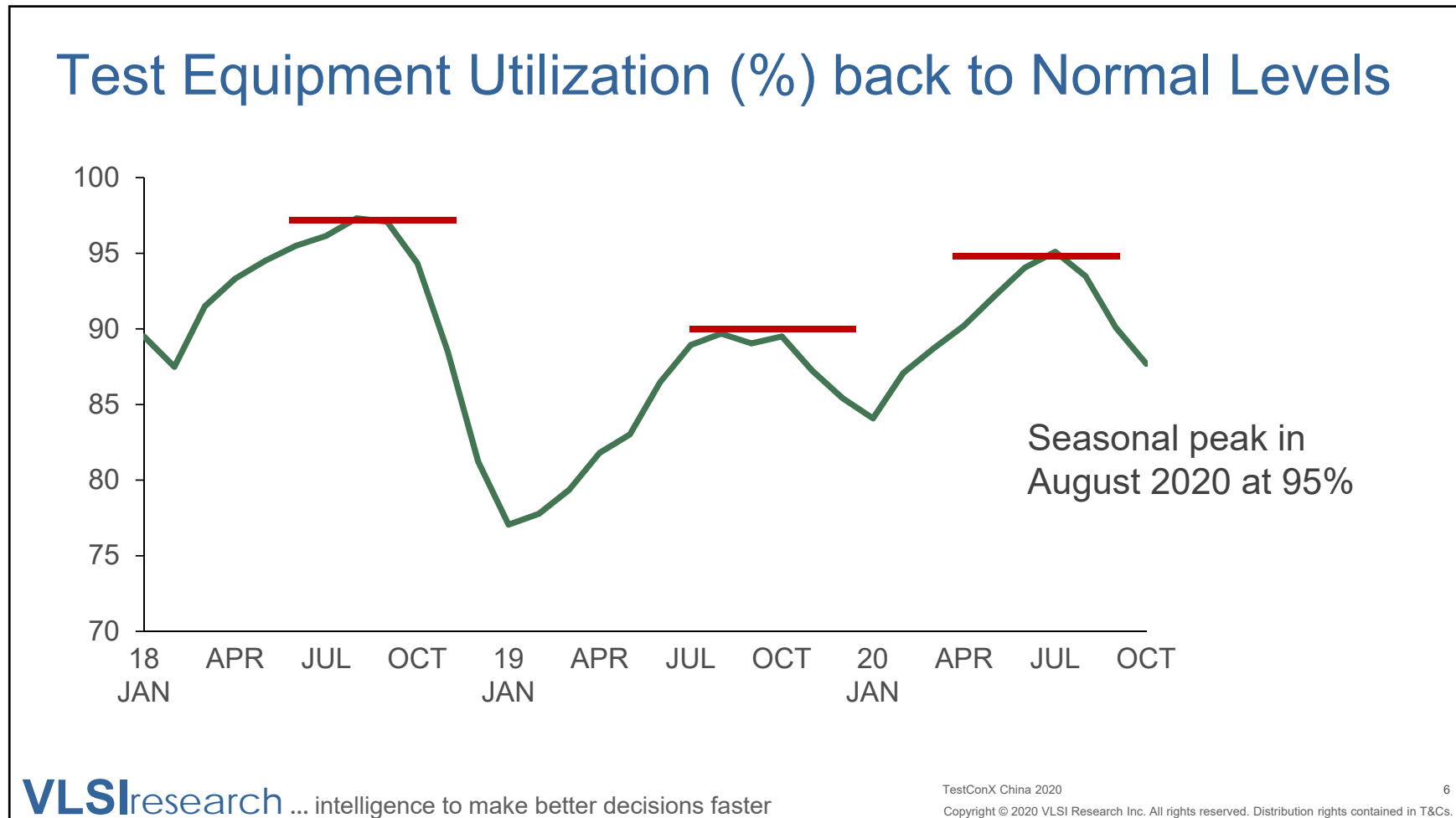
Long-term growth trend back on track

Prices for chips remain strong



VLSI's CPPI
trending flat to
slightly down
since mid 2019.





Summary of what we know

- Semiconductor sales keep beating expectations in 2020
- Chip prices are strong
- Inventories are under control
- Test equipment utilization rates are at normal levels

However, these are not normal times...

What we don't know...

COVID-19

Outcome of the US-China trade dispute

2 significant and unpredictable factors are in play

Look out for a trigger event(s)

Unpredictable

You'll know it when you see it

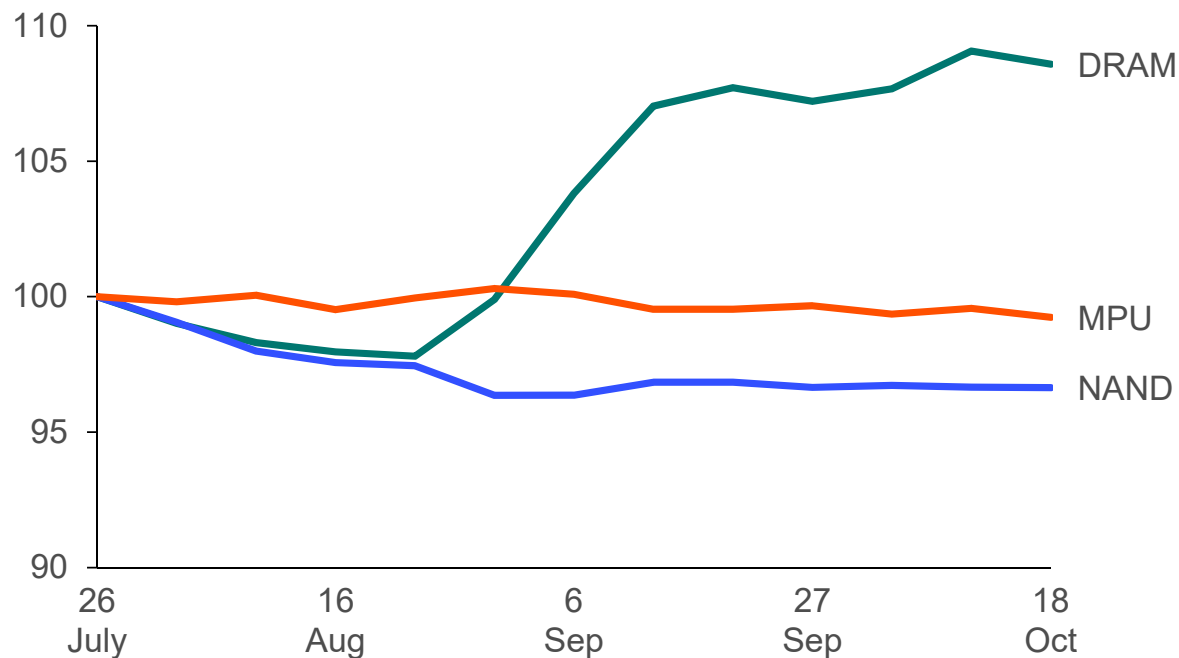
What can we do?

Use higher frequency data sets – daily/weekly

Collect and Analyze Anecdotal Information

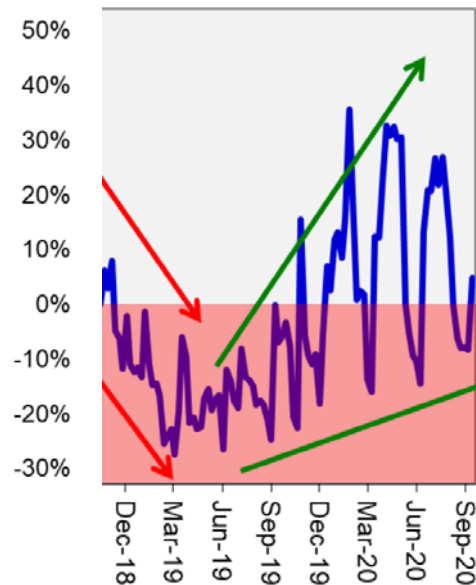
Higher frequency data sets – chip spot market pricing

Price change normalized to 26 July 2020



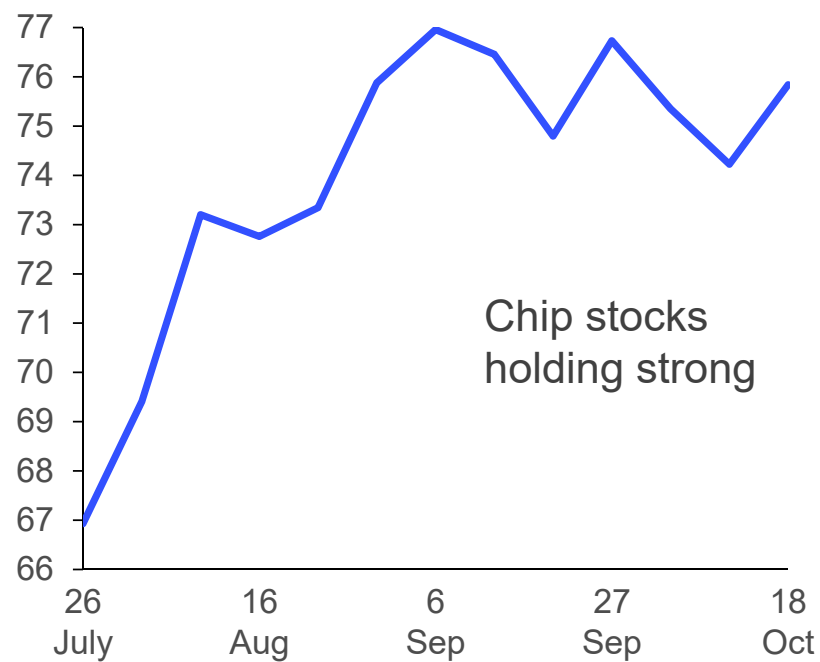
Higher frequency data sets

Weekly chip sales compared to the same week last year



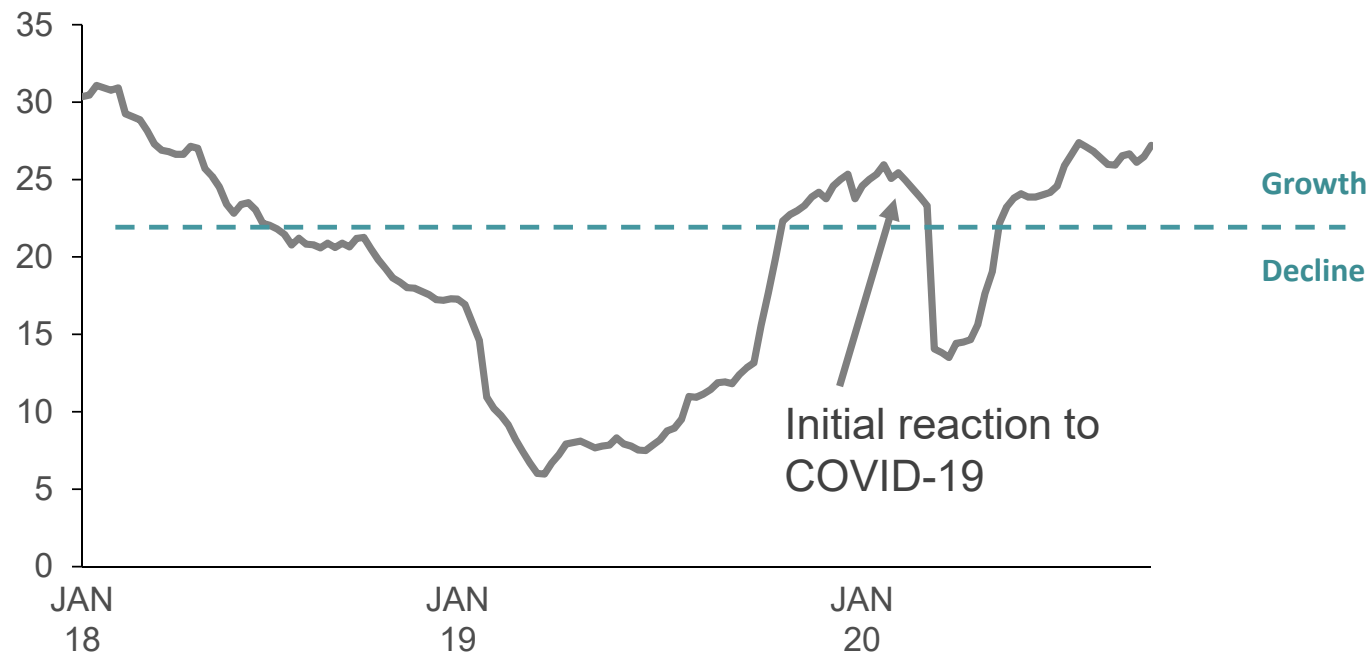
Increased volatility, but trending upwards

Higher frequency data sets – chip stock prices



Anecdotal data

Industry sentiment (Temperature in C)



How should you think about the future?

Be cautiously optimistic

Keep track of the usual industry health indicators – chip prices, inventories and equipment utilization rates

Pay attention to changes in higher frequency data sets – chip prices, weekly chip sales, stock prices

Collect and analyze anecdotal data

Expect the unexpected

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Final thoughts

Semiconductors will play a key role in the future

Worse case scenario – short sharp drop with fast recovery

Best case scenario – sustained, above average growth

Businesses need to be able to ramp production up or down fast

Decision makers need data so they can better decisions faster



Questions?

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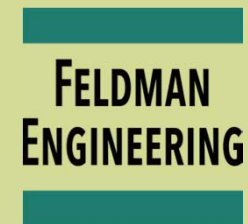


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