

Recent Price Trends in the Semiconductor Industry



www.bls.gov

Q: How did import semiconductor prices compare with other economic data? (See chart 1.)

- Subtle differences in the trends for import prices and producer prices for semiconductors can be seen for 2009 and most of 2010.
- Although the volume of semiconductor imports dropped significantly during the onset of the financial crisis, the negative trend quickly reversed, leading to a steady increase in import volumes for most of 2009 through mid-2010. After that period, the growth trend leveled off.

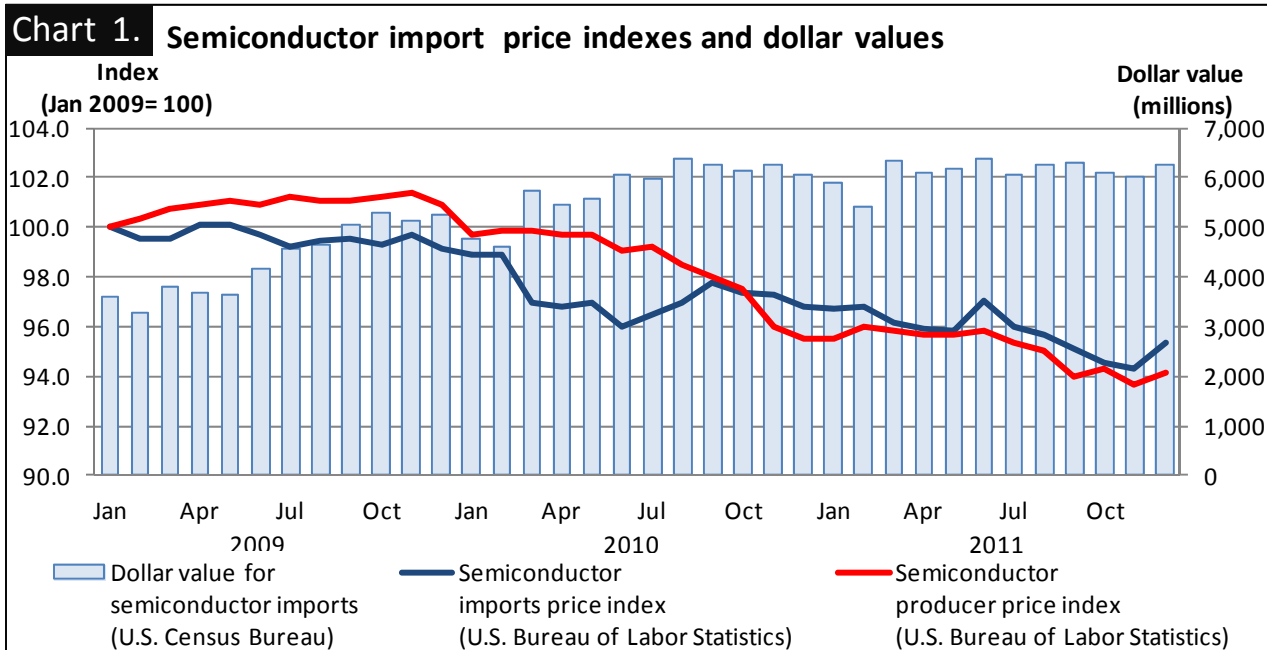
Q: How have import semiconductor prices trended over the 2009–2011 period?

- With the exception of a few sporadic and short-lived increases, the import price index indicated a steady decline in the prices for semiconductors over the past 3 years.
- Weak demand following the financial crisis at the end of 2008 confirmed the negative price trend and continued to push prices down for the first part of 2009.

- Inventory levels tightened during 2010 and led to a sharp increase in prices from June to September. Another sharp break in the negative trend occurred in mid-2011 as a result of market worries about the supply from Japan after the March 11 earthquake.

Q: How did export semiconductor prices compare with other economic data? (See chart 2.)

- Diverging trends in the export index estimated in foreign currency terms compared with the export index in dollar terms can be seen from late 2009 to mid-2010.
- However, the overall trends were similar over the 3-year period analyzed. Semiconductor prices in foreign currency terms declined as concerns about the U.S. debt and the slow economic recovery held the value of the dollar down in international markets.
- Although export volumes fell in late 2008 due to the recession, the chart shows that the trend reversed in 2009 and has reached a fairly stable level since 2010.



Q: How have export semiconductor prices trended over the 2009–2011 period?

- After an initial upward movement in the index, prices began to fall around September 2009. The overall price trend has been negative after this point.
- Prices inched upward slightly during 2011, helped by a general build up of inventory in the market.
- Prices were eventually brought down by high inventory levels, but the decline was partially offset by a disruption in supply following the floods in Thailand.

Q: How are International Price Program data useful to you?

Import and export price indexes can provide a new perspective for your trade analysis. Although many sources report domestic market prices and trade volume, IPP data are unique in measuring import and export price inflation.

For example, if you are involved in the semiconductor industry and you are considering conducting business overseas, IPP semiconductor indexes can supplement your industry research, by providing long-term import and export price trends.

Q: What are import and export price indexes?

Import and export price indexes are measures that show how the price of a market basket of goods and services change from one period to the next. The International Price Program (IPP) of the U.S. Bureau of Labor Statistics produces these indexes, which are Principal Federal Economic Indicators. The indexes contain data on changes in the prices of nonmilitary goods and services traded between the United States and the world.

Q: How are import and export price indexes used?

Import and export price indexes are used for a variety of purposes:

- In the conversion of U.S. trade figures from current dollars to constant dollars in U.S. trade statistics including the Bureau of Economic Analysis' Quarterly Balance of Payments Account and the Census Bureau's monthly U.S. trade statistics.
- To assess the impact of international trade on domestic inflation and the competitive position of the United States.
- As a tool for analyzing fiscal and monetary policy, measuring the impact of exchange rates, and escalating trade contracts.
- To identify industry-specific and global price trends.

