

Monthly Market Insights



**Rebound
Electronics**
A JABIL COMPANY

July 2026

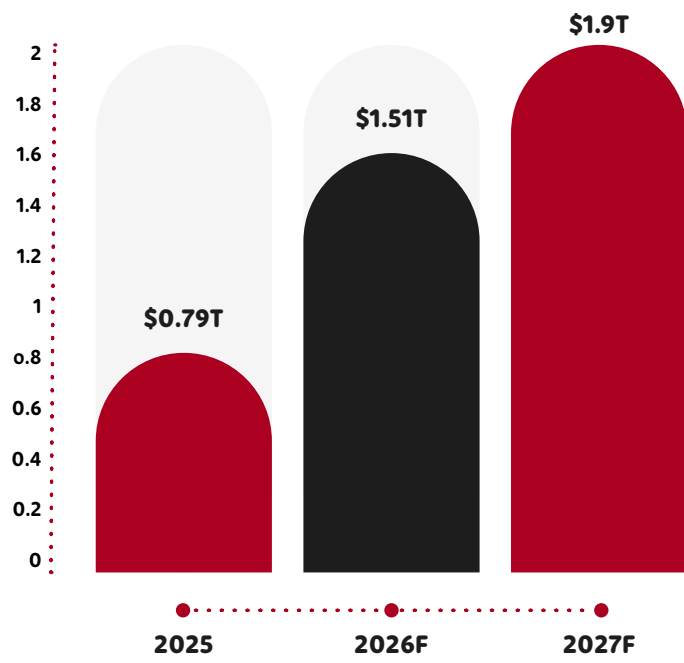
Market Updates



The semiconductor industry's growth outlook has strengthened significantly, with analysts substantially raising their forecasts for 2026 and 2027 as AI-driven demand continues to accelerate, particularly across the memory market. WSTS's Spring 2026 forecast now puts the global semiconductor market on course for US\$1.51 trillion in 2026, a 90% jump on 2025, with memory alone expected to surge around 250% to over US\$800 billion. Growth is forecast to continue into 2027, when WSTS expects the market to reach roughly US\$1.9 trillion, up a further 27%, with memory again leading the way.

TSMC's 16 July earnings call is the next major signpost. Having already guided for full-year 2026 revenue growth above 30%, analysts are forecasting third-quarter earnings to rise around 45% year-on-year, and the accompanying Q3 revenue guidance should indicate whether AI-linked demand can hold its pace into year-end.

Global Semiconductor Forecast 2026-2027

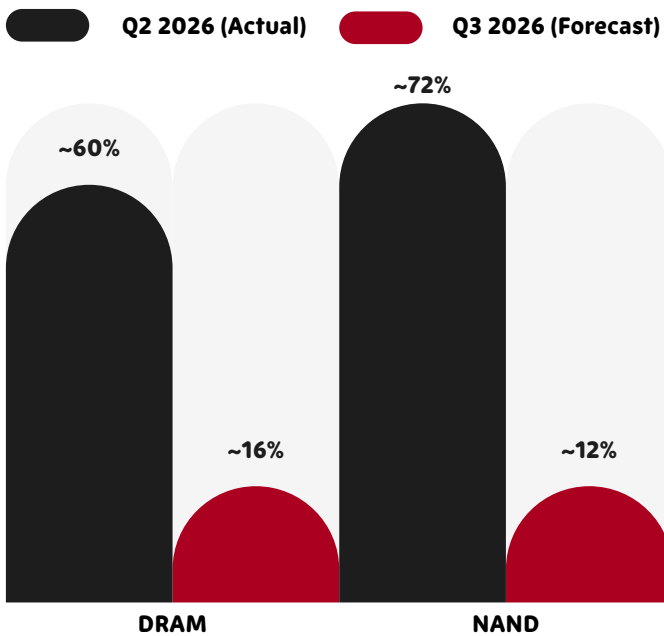


Source: WSTS Spring 2026 Forecast
Figure 1: WSTS global semiconductor market forecast, 2025 to 2027.

Memory Outlook

The pace of memory price increases is expected to cool, though not reverse. TrendForce now forecasts conventional DRAM contract prices to rise 13 to 18% quarter-on-quarter in Q3, with NAND up 10 to 15%, a marked slowdown from the roughly 60 to 75% jumps seen in Q2 as consumer buyers reach their affordability limit. UBS, for its part, expects a steeper path, forecasting DRAM contract prices up 32% in Q3 and 18% in Q4, with NAND following at 30% and 12%.

Memory Contract Price Growth, QoQ: Q2 vs Q3 2026



Source: Trendforce memory pricing survey, July 2026
Figure 2: Memory Contract Price Growth, QoQ: Q2 vs Q3 2026 Forecast

Server DRAM is expected to stay undersupplied through the third quarter, per TrendForce, although long-term supply agreements should temper the increases customers actually see. PC DRAM forecasts have just been revised upward too, to 15 to 20% growth in Q3 and 3 to 8% in Q4, while most analysts continue to place meaningful supply relief no earlier than late 2027, with some pointing to 2028.

MLCCs Emerge as a Silent but Sizeable Cost Driver in the Memory Squeeze

Multilayer ceramic capacitors, long treated as an afterthought in bill-of-materials planning, are proving to be one of the sharpest cost lines in this cycle. Quectel's latest cost pass-through notice shows MLCC pricing climbing 5 to 20% industry wide, with Kemet alone raising prices by 20 to 30%, while in some LTE

module configurations single-component MLCC costs have jumped by well over 100%, in one case reaching 229% quarter on quarter. Although MLCCs typically account for a modest slice of total module cost, their price swings are now rivalling memory as a driver of overall bill-of-materials inflation, particularly in smaller, lower-cost modules where memory carries less absolute weight. With upstream raw material costs and capacity reallocation squeezing passive components much as they have squeezed DRAM and NAND, distributors should treat MLCCs less as a rounding error and more as a line item worth tracking in its own right.

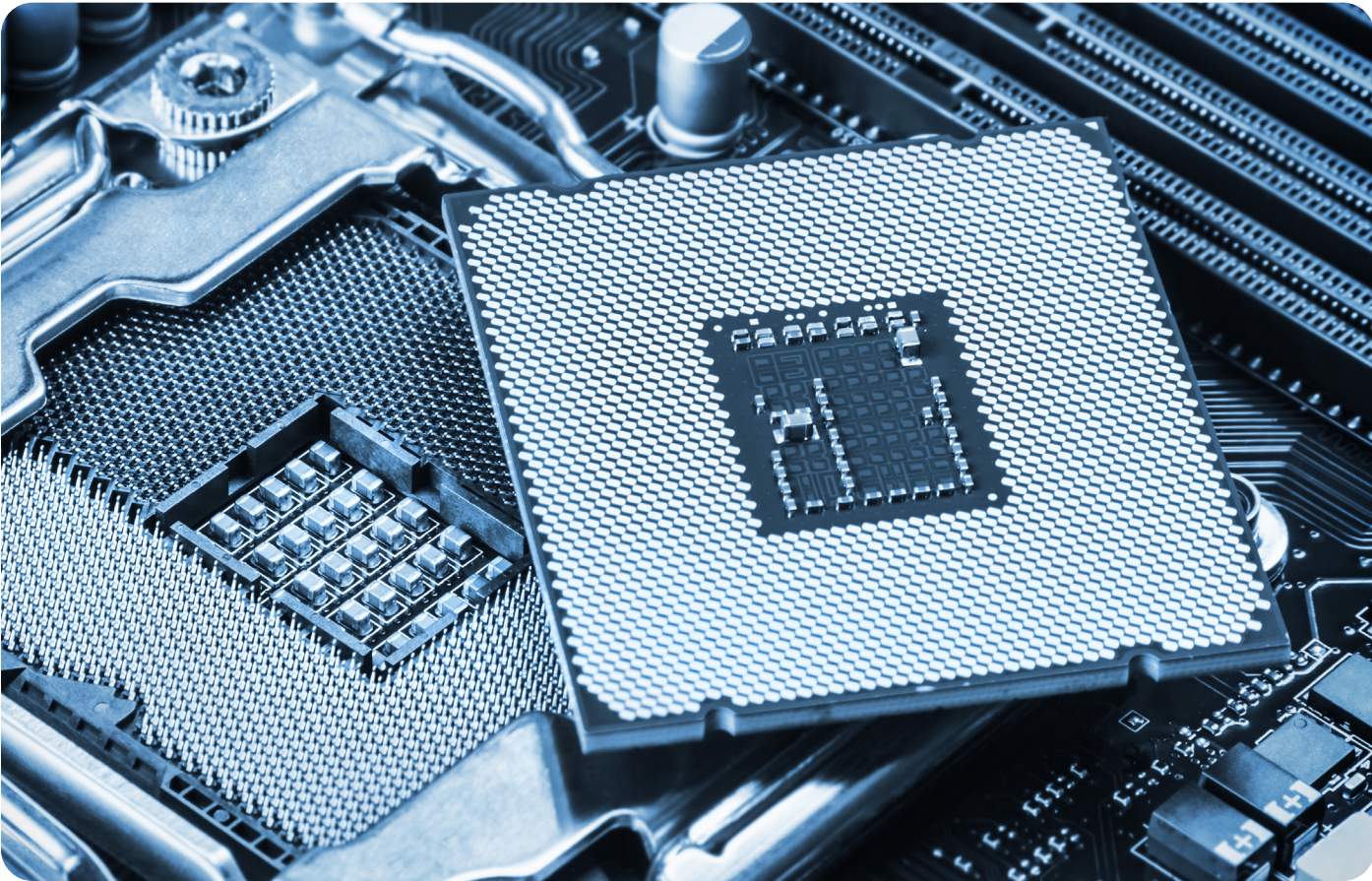
PCBs and Substrates Market

Little relief is expected on the materials side before next year. China Merchants Securities projects the copper-clad laminate price upcycle will extend into the first half of 2027, as glass fibre and copper foil supply remains structurally tight. Ajinomoto's roughly 30% ABF build-up film increase, effective this quarter, is still expected to work its way through to finished substrate and PCB pricing over the coming months.

Capacity additions from suppliers such as Fulltech and Kingboard should help at the margin, but are not expected to close the gap before 2027. Distributors should plan for lead times and allocation, rather than price alone, to remain the binding constraint through the rest of the year.

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Market Updates



New Fabs and Manufacturing Outlook - Several major facilities are approaching key milestones this half

Samsung - Taylor, Texas

- Risk production targeted for H2 2026
- Full operations expected by end of 2026

Micron - Idaho, USA

- Manufacturing facility remains on track
- Production scheduled to begin in 2027

TSMC - Arizona Fab 2

- Equipment installation starts in Q3 2026
- High-volume 3nm production expected in 2027

Advanced Packaging and Capacity Expansion

TSMC CoWoS Packaging

- Capacity projected to reach 200,000 wafers per month by 2027
- Packaging bottlenecks are expected to continue into 2027

Samsung & SK Hynix - South Korea

- Confirmed combined investment of KRW 800 trillion
- New fab construction to ramp up over the coming quarters
- Additional manufacturing capacity expected to come online progressively throughout the remainder of the decade.

Memory Costs Drive Vehicle Prices

Expect more automakers to follow General Motors in locking down supply rather than buying on the spot market. Micron's Strategic Customer Agreement with GM points the way, and further such deals are likely as automotive DRAM prices are projected to keep climbing while legacy DDR4 and LPDDR4 supply is progressively phased out toward 2028, according to S&P Global Mobility.

With memory now one of the largest single cost lines in vehicle electronics, further cost pass-through into retail vehicle pricing looks likely over the second half of the year, particularly for models with higher ADAS and infotainment content.



PC Growth Slows, Smartphone Shipments Fall

The consumer hardware picture is expected to stay soft into year-end. IDC does not expect a repeat of the inventory pull-forward seen earlier in the year, pointing instead to a sharper slowdown in PC growth rates during the second half as vendors prepare for further price increases heading into 2027.

On smartphones, full-year 2026 shipments are still projected to fall around 12.9% to roughly 1.12 billion units, the lowest annual total in over a decade, even as average selling prices are forecast to climb toward a record US\$523. TrendForce expects the largest, best-capitalised vendors to keep taking share from smaller rivals as memory allocation remains the deciding factor.



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WASHINGTON'S AI
OVERWATCH ACT COULD
SOON GIVE CONGRESS
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MOVEMENT LIKELY BY
NOVEMBER.
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Geopolitics Outlook

Trade policy looks set for a quiet stretch before it doesn't. Following the Trump-Xi summit, the current freeze on new technology restrictions is generally expected to hold at least through September 2026, while China's suspension of rare-earth export controls runs until November, making the autumn the next real test of the relationship rather than anything imminent.

In Washington, the AI Overwatch Act remains in play, and its progress through Congress over the coming months is worth tracking closely, as it would hand lawmakers veto power over future AI chip export licenses currently held by the Commerce Department. Distributors with exposure to cross-border AI hardware flows should treat the September to November window as the period most likely to bring policy movement.

Company-Specific Updates

AMD

- AMD announced it will unveil its next-generation Zen 6 processors and AI roadmap at Advancing AI 2026 on 22–23 July, highlighting continued investment in AI infrastructure.
- The company strengthened its AI software ecosystem by expanding customer adoption of its Instinct accelerator platform ahead of its July product announcements.
- AMD remained a key beneficiary of TSMC's expanding CoWoS advanced packaging capacity as AI accelerator demand continued to outpace supply.

Infineon Technologies

- Infineon officially opened the world's largest power semiconductor and analog/mixed-signal fab in Dresden on 2 July, significantly increasing future production capacity.
- The company completed its acquisition of ams OSRAM's non-optical analog and mixed-signal sensor business on 1 July, broadening its sensor portfolio.
- Infineon announced a collaboration with LS ELECTRIC on 13 July to develop high-efficiency direct-current power solutions for AI data centres.

Intel

- Intel continued customer qualification of its 18A process technology ahead of planned product launches later in 2026.
- The company participated in major AI industry events throughout June to showcase its AI and foundry roadmap ahead of its Q2 earnings announcement.
- Intel maintained execution on its global foundry expansion while preparing for its 23 July second-quarter earnings update.

onsemi

- onsemi announced its \$35 billion acquisition of Synaptics on 25 June to expand into Physical AI and intelligent edge computing.
- onsemi agreed to divest two manufacturing facilities on 7 July as part of its Fab Right strategy to improve operational efficiency.
- onsemi highlighted AI-driven growth in power semiconductors as demand from AI data centres accelerated.

Panasonic

- Panasonic continued expanding automotive battery production programmes to support increasing EV demand during the period.
- Panasonic maintained investment in industrial electronic component manufacturing to strengthen long-term supply.
- Strengthened supply capabilities for high-reliability electronic components supporting electrification trends

TDK

- TDK expanded production of electronic components supporting AI servers, including advanced inductors and power solutions, to meet rising infrastructure demand.
- TDK increased manufacturing capacity for passive components used in AI servers and automotive electronics during the period.
- The company continued investing in high-performance magnetic materials to support next-generation computing applications.

Texas Instruments

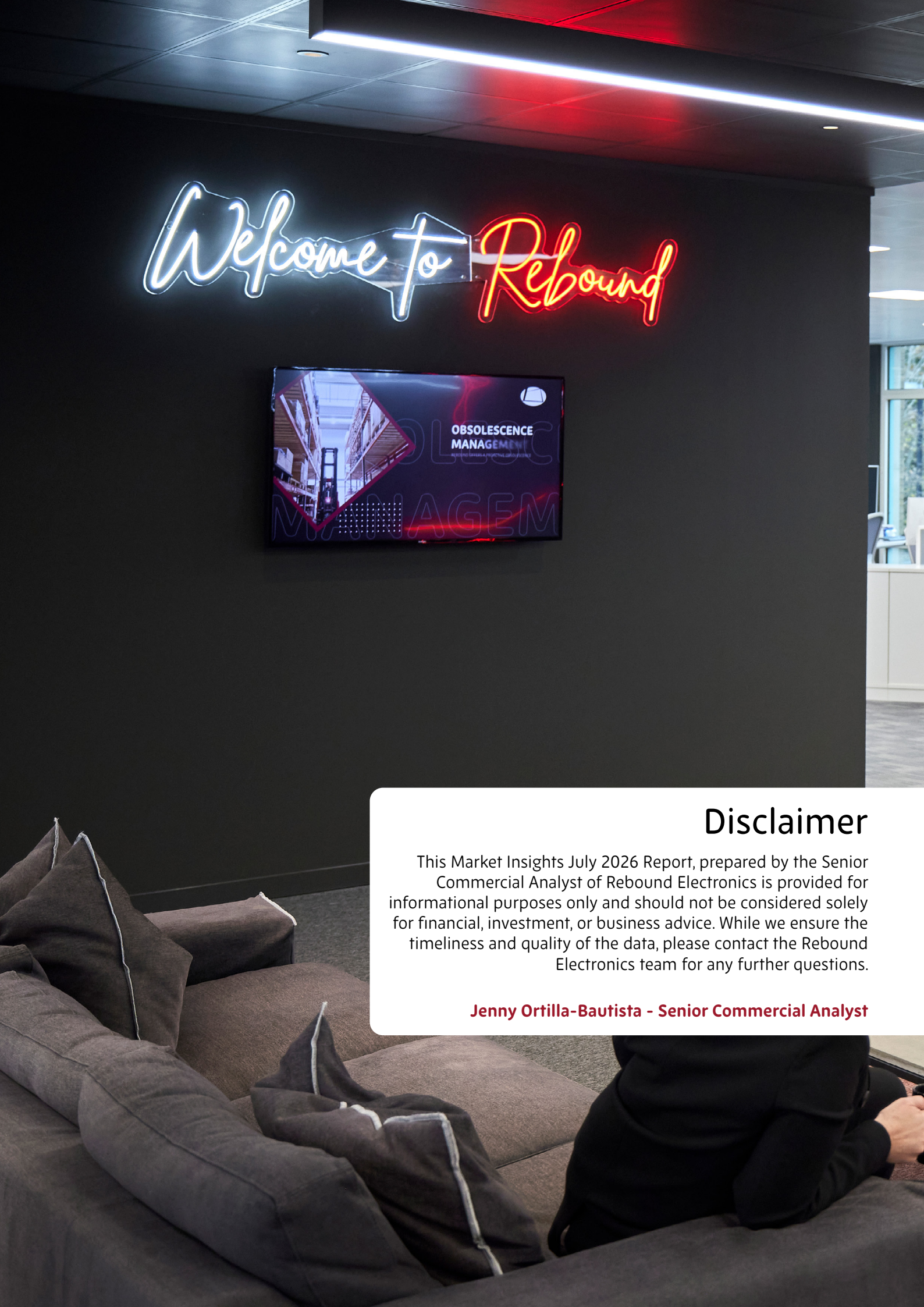
- Texas Instruments implemented a price increase effective 1 July covering selected analogue ICs, PMICs and MOSFET products amid rising manufacturing costs.
- Continued expanding output from its 300mm wafer manufacturing strategy to improve long-term supply resilience.
- The company maintained investment in domestic manufacturing capacity supporting automotive and industrial semiconductor demand.

TSMC

- TSMC continued moving equipment into Arizona Fab 2, keeping high-volume 3nm production on schedule for 2027.
- TSMC expanded its CoWoS advanced packaging capacity, with total ecosystem output projected to approach 200,000 wafers per month by 2027.
- TSMC entered its quarterly quiet period ahead of its 16 July Q2 earnings announcement, with guidance pointing to continued AI-driven revenue growth.

Vishay

- Vishay introduced automotive-grade optocouplers for 800V EV battery systems on 25 June to improve isolation performance in electric vehicles.
- The company launched new 34 PHE multi-turn absolute position sensors on 2 July offering improved accuracy at a lower cost.
- Vishay released new 40V standard-level MOSFETs on 7 July designed to reduce noise and prevent false triggering in motor control applications.



Disclaimer

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