

European Market for Passives 2011 and Outlook 2012

At its March meeting in Karlsruhe (Germany) the members of the European Passive Components Industry Association (EPCIA) discussed the market development 2011 and the forecast for 2012. Ralph Bronold, President of EECA-EPCIA, commented:

*"After an exceptional increase by 46% and a full **recovery** of the **European Passives market in 2010** and a further growth by **7% in 2011** the experts of EPCIA forecast a decrease by 1% in 2012. This yields in a **market volume** of approx. **4.5 Bn. Euro** overall **Passive Components** in 2012.*

*After a tremendous increase of the **Capacitors** market by **64%** in **2010** there was a further growth by **12%** in **2011**. As a consequence of the current economical situation but also due to the high inventory levels in the industry a **5% drop** is forecasted for **2012**, down to a turnover of around 1720 Mio. Euro. The **Resistors** market has improved strongly by **47%** in **2010** and a further **2%** in **2011**, up to **730 Mio. Euro**. In **2012** a slight increase by **2%** is expected.*

*The combined market for **Electromagnetic Components and RF-Filters** has increased by **5%** in **2011** after an exceptional growth of **43%** in **2010**. For **2012** a further growth of **3%** is expected."*

It is difficult to forecast to what extent the financial and political problems throughout the world will impact the further development of the European Passive Components market. The standard lead-times, reported by the EPCIA members, are mostly back to normal. However some companies see an increasing level of short-term orders, especially from automotive and industrial customers. Some members are worried that because of the higher demand foreseen in the second half of 2012 the market may get tight again and short term orders then can not be satisfied.

Main European market segments for Passive Components

The **Automotive** sector is still of major importance for Passives due to the ever increasing safety and comfort requirements and the new market for electric and hybrid-electric vehicles. The automotive market has been particularly strong in 2011 (+13%) due to the success of European premium car makers. The outlook for 2012 seems a little less positive according to recent signals coming from the car industry.

The **Industrial** market is of same importance in Europe due to the strong need for energy-efficient drives, the growth of renewable energy and industry automation segments. In contrast to the first half, the second half of 2011 has developed badly (-19%), especially due to the weaker photo voltaic and wind power business. Overall 2011 ended at the same level as 2010. The outlook for 2012 has recently slightly improved, especially since the inventory level in the market has come down substantially in the recent months.

The **Telecom** market has benefitted from the strong sales of smart phones in 2011 and the need for more base stations due to the increasing data traffic. This has resulted in a 6% growth in 2011.

The **Consumer Electronics** market has improved until late summer 2010 but showed a reduction by 9% in 2011. Sales of Flat Panel TV did not pick up as expected and it seems that the market is getting already very saturated. For 2012 no mentionable growth, despite the Olympic Games and the European Championship in Football, is expected.

Distribution reports about high inventory levels. This leads to lower order intake in the first half of 2012. Only in the second half of 2012 the distribution business might go up again in preparation of an overall increase of the business.