

# Cash Flow and Carey



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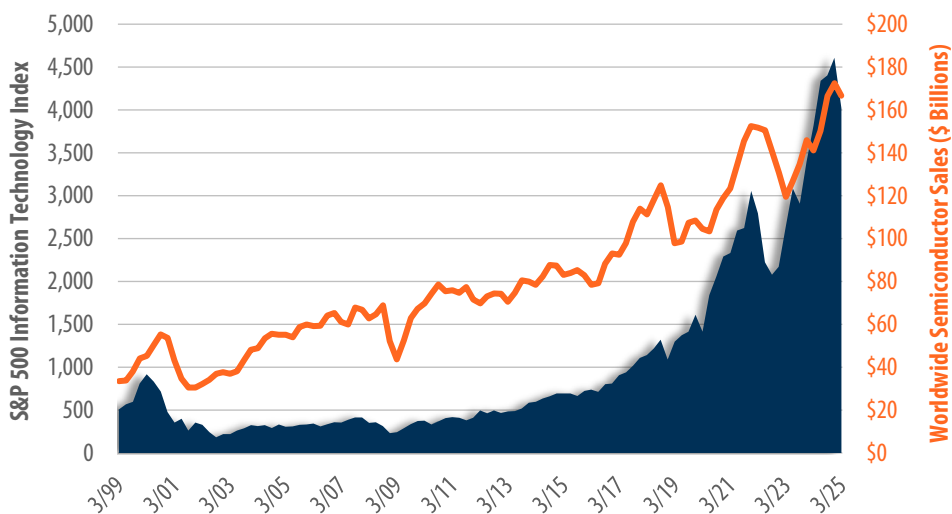
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This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Information Technology Index is capitalization-weighted and comprised of S&P 500 constituents representing the technology sector. The S&P 500 Communication Services Index is capitalization-weighted and comprised of S&P 500 constituents representing the communication services sector.

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## Technology Stocks and Semiconductors

### Worldwide Semiconductor Sales vs. S&P 500 Information Technology Index (Price-Only)



Bloomberg. Quarterly Data Points from 12/31/1998 through 3/31/2025. Past performance is no guarantee of future results.

### View from the Observation Deck

Tracking the direction of worldwide semiconductor sales can provide investors with additional insight into the potential demand for tech-oriented products and the overall climate for technology stocks, in our opinion. As evidenced by continued developments in artificial intelligence (AI) and robotics, as well as the vast market for smartphones, tablets, and wearables, we continue to find creative and innovative ways to integrate semiconductors into our everyday lives.

**Worldwide sales of semiconductors totaled \$166.7 billion in Q1'25, an increase of 18.1% from Q1'24, but down from Q4'24's record of \$172.6 billion.**

Semiconductor sales continue to benefit from surging demand. Global sales totaled a record \$55.9 billion in March 2025, an increase of 1.8% from February. The Semiconductor Industry Association reported that March's total represents the 11th consecutive month where sales increased by at least 17% year-over-year.

**Semiconductor sales appear to follow fluctuations in the price of technology stocks.**

As observed in today's chart, changes in semiconductor sales often mirror changes in the performance of the S&P 500 Technology Index (Technology Index). This phenomenon persisted during the first quarter. Case in point, the Technology Index suffered a total return of -12.65% in Q1'25. By contrast, semiconductor sales declined by 3.42% over the same time frame.

**The Technology Index increased by 8.05% (total return) year-to-date through 6/30/25, ranking the sector fifth out of the eleven sectors that comprise the broader S&P 500 Index.**

For comparison, the Technology Index was the top performer over the same period last year, surging by 28.24% (total return).

### Takeaway

The Technology Index had a dismal start to the year, declining by 12.65% (total return) in the first quarter. The only sector to underperform it was the S&P 500 Consumer Discretionary Index, which shed 13.80% over the same time frame. Semiconductor sales declined during the quarter as well. Elevated geopolitical tensions, wars, and tariff threats were significant headwinds which contributed to the sector's dismal performance, in our opinion. That said, recent developments, including the potential for easier monetary policy, trade agreements, and peace accords, combined with persistent semiconductor sales (which increased by 18.1% y-o-y in Q1'25) resulted in a stunning reversal for technology stocks in the most recent quarter. Notably, the Technology Index surged by 23.71% (total return) in Q2'25, making it the top performing sector within the broader S&P 500 Index. While we do not have semiconductor sales figures for Q2'25 yet, we will be watching to see if sales also trended higher and will report back when we have the data.