

Cash Flow and Carey



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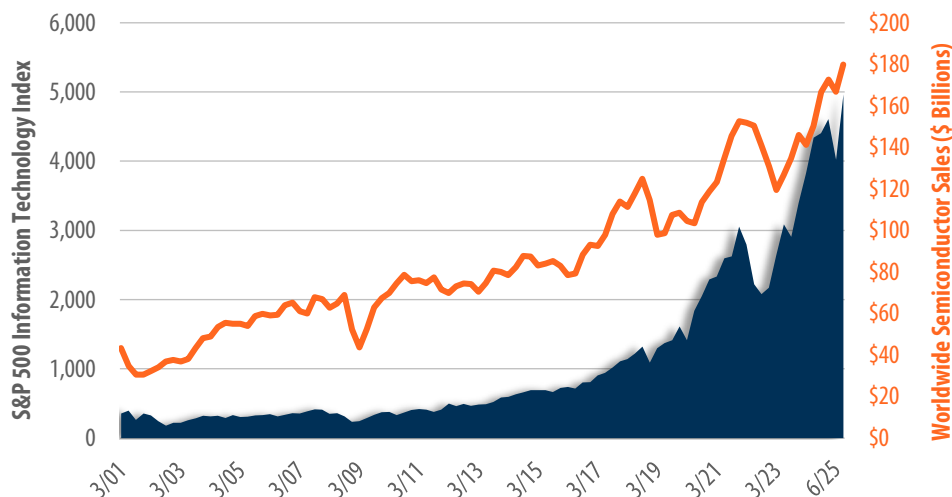
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Technology Stocks and Semiconductors

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



Bloomberg. Quarterly Data Points from 3/31/2001 through 6/30/25. **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 a record \$179.9 billion in Q2'25, an increase of 19.7% from \$150.3 billion in Q2'24.

Semiconductor sales continue to benefit from surging demand. Global sales totaled a record \$64.5 billion in June 2025, an increase of 18.1% from June 2024. Demand increased the most in the Asia Pacific region, where semiconductor sales surged by 34.2% year-over-year (y-o-y) in June 2025, followed by the Americas and China, which saw y-o-y sales growth of 24.1% and 13.1%, respectively, during the month, according to the Semiconductor Industry Association.

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 second quarter. Case in point, the Technology Index surged by 23.71% in Q2'25 alone. As noted above, semiconductor sales set a quarterly record over the same time frame.

The Technology Index increased by 18.10% (total return) year-to-date through 9/16, ranking the sector second out of the eleven sectors that comprise the broader S&P 500 Index.

For comparison, the Technology Index was the second-best performer over the same period last year, surging by 25.63% (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. In our last post on this topic, we highlighted the Technology Index's stunning turnaround in Q2'25 and noted that we would report back when we had semiconductor sales data. As revealed in today's chart, it appears the correlation between sales and total return performance holds, for now. As we see it, expectations regarding AI's capacity to deliver unprecedented efficiency gains will likely drive continued technology investment over the near-term. That said, an overly myopic view, brought on by an increasingly hostile geopolitical environment, continued tariff threats, and the looming possibility of an economic recession cannot be fully discounted. Stay tuned.