

Cash Flow and Carey



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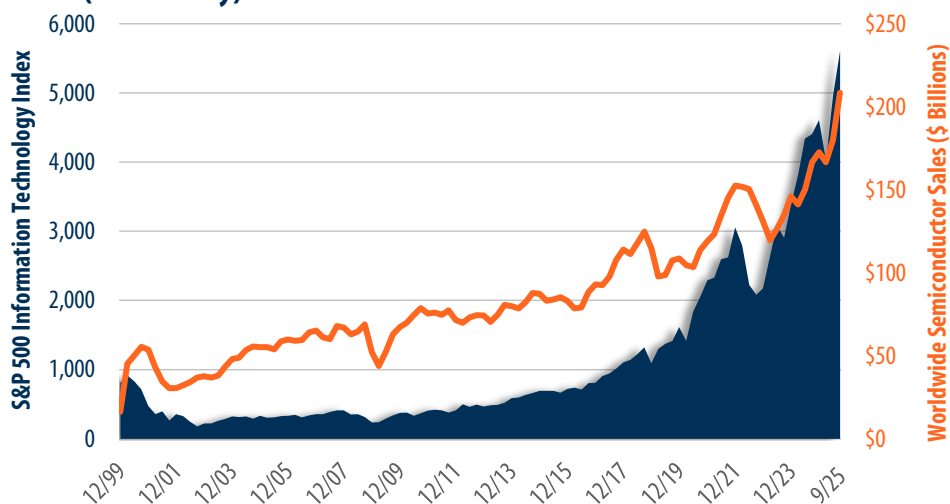
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This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses 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 12/31/99 through 9/30/25. **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 \$208.4 billion in Q3'25, an increase of 25.2% from \$166.5 billion in Q3'24.

Semiconductor sales continue to benefit from surging demand. Global sales totaled \$69.5 billion in September 2025, an increase of 25.1% from September 2024. Demand increased the most in the Asia Pacific region, where semiconductor sales surged by 47.9% year-over-year (y-o-y) in September 2025, followed by the Americas and China, which saw y-o-y sales growth of 30.6% and 15.0%, 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). Case in point, the Technology Index surged by 28.2% in the 12-month period ended in September 2025. As noted above, quarterly semiconductor sales increased by 25.2% y-o-y in Q3'25.

The Technology Index increased by 24.0% (total return) in 2025, ranking the sector second out of the eleven sectors that comprise the broader S&P 500 Index over the time frame.

For comparison, the Technology Index was the second-best performer in 2024 as well, surging by 36.6% (total return).

Takeaway

The Technology Index had a dismal start to 2025, declining by 12.7% (total return) in the first quarter alone. The only sector to underperform it was the S&P 500 Consumer Discretionary Index, which shed 13.8% over the same time frame. Technology stocks staged a stunning turnaround beginning in Q2'25, posting a total return of 42.0% through year's end. As revealed in today's chart, it appears the correlation between sales and total return performance continues to hold, 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. On 1/16/26, data from Bloomberg showed technology sector earnings are estimated to increase by 30.6% in 2026. Notably, the Semiconductor subsector is estimated to see astronomical earnings growth (60.4%) this year. As always, these estimates are subject to change. We will report back when we have the final quarter's semiconductor sales data.