Market Commentary Blog

Cash Flow *and Carey*

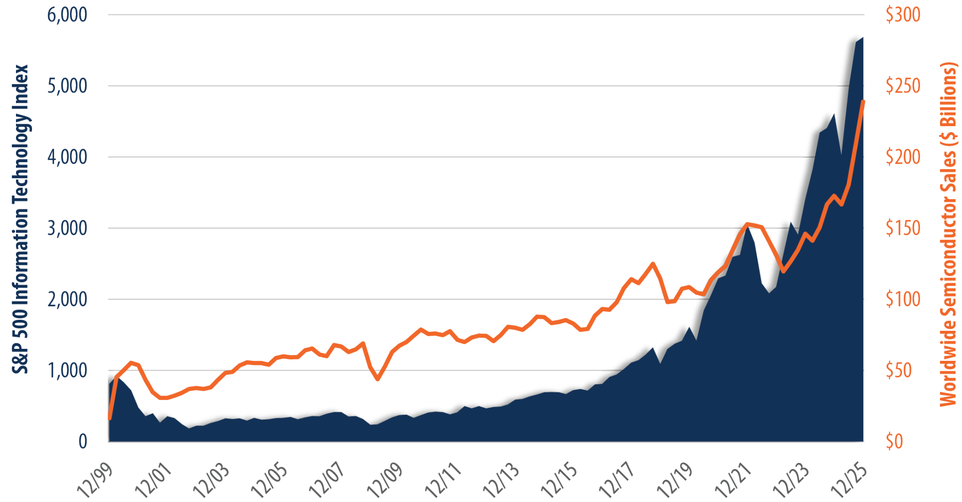
Robert Carey, CFA
Chief Market Strategist

Peter Leonteos
Market Strategist

4/23/26

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 12/31/25. **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 surged 26.2% year-over-year (y-o-y) to a record $795.6 billion in 2025, up from $630.5 billion in 2024.

Semiconductor sales continue to benefit from rising demand. Global sales totaled a record $238.9 billion in Q4'25, an increase of 13.9% quarter-over-quarter. Demand increased the most in the Asia Pacific region, where semiconductor sales increased by 45.0% y-o-y in 2025, followed by the Americas (+30.5%) and China (+17.3%), 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 realized a total return of 24.04% in 2025. As noted above, annual semiconductor sales increased by 26.2% over the same period.

Takeaway

Volatility among technology stocks has been elevated so far in 2026, with the Technology Index shedding 9.1% (total return) in the first quarter before rebounding by a staggering 15.2% month-to-date through April 21. Even so, it appears the general correlation between sales and total return persists, for now. AI's impact continues to evolve in unexpected ways. One such development is the current global memory chip shortage. Nikkei Asia reported that memory chip shortages are expected to persist through 2027, with top U.S. and South Korean suppliers increasing production at a pace that will cover just 60% of estimated demand over the period. Insufficient supply growth has led to surging prices, sending the Philadelphia Semiconductor Index soaring by 36.44% year-to-date through 4/21/26. Record sales have led to astronomical earnings growth estimates. On 4/17/26, data from Bloomberg showed semiconductor subsector earnings are estimated to grow 88.9% in 2026 alone. As always, these estimates are subject to change. Stay tuned!