Market Commentary Blog

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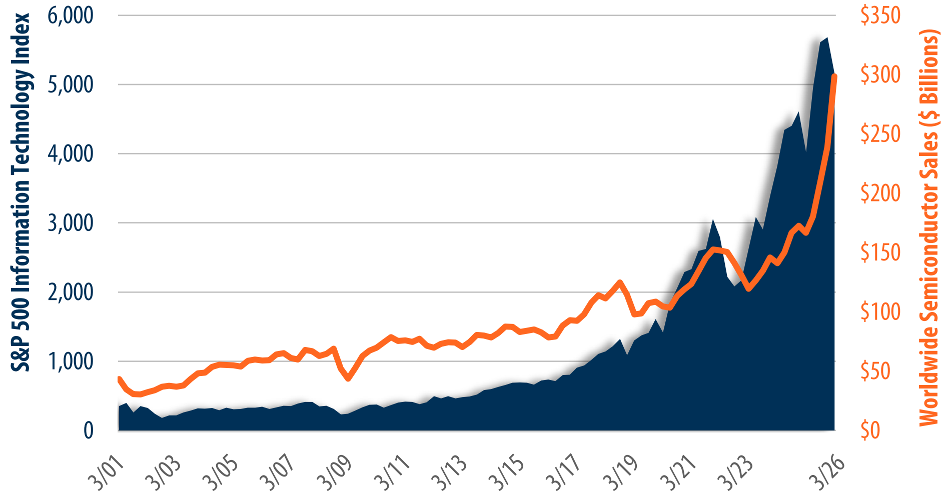
Technology Stocks and Semiconductors

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



Bloomberg. Quarterly Data Points from 3/31/01 through 3/31/26. **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, semiconductors continue to be integrated into everyday life in increasingly creative ways.

Worldwide sales of semiconductors surged by 79.2% year-over-year (y-o-y) to a record $298.5 billion in Q1 2026, up from $166.6 billion in Q1 2025.

Semiconductor sales continue to benefit from rising demand. Global sales totaled a record $99.5 billion in March 2026 alone, up from $55.5 billion in March 2025. Demand increased the most in the Asia Pacific region, where semiconductor sales increased by 108.5% y-o-y in March 2026, followed by the Americas (+83.1%) and China (+74.8%), 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 29.1% over the trailing 12 months ended March 2026. As noted above, annual semiconductor sales increased by 79.2% over the same period.

Takeaway

Volatility among technology stocks has been elevated in 2026, with the Technology Index shedding 9.1% (total return) in Q1 2026 before rebounding 31.8% in Q2 2026. Month-to-date through July 24, the sector has shed 4.3%, making it the broader S&P 500 Index's second-worst performer so far this month. Even so, it appears the general correlation between sales and total return persists, for now. Capital expenditure (capex) on AI buildouts continues to grow. Aggregate capex is estimated to total $691 billion among the top five U.S. hyperscalers (in their respective 2026 fiscal years), up from $379 billion in fiscal year 2025, according to FactSet. Record sales have led to astronomical earnings growth estimates. According to Bloomberg data as of July 24, 2026, semiconductor subsector earnings are estimated to grow 117.6% in 2026 alone, compared to an estimate of 58.5% as of January 2, 2026. As always, these estimates are subject to change.