

Intel freezes hiring for chip division as PC market faces 8.2% YoY decline

Article

The news: Intel's chip division is the latest casualty of the current [era of uncertainty](#), as the company is reportedly freezing all hiring in its Client Computing Group (CCG), which designs

hardware and PC chips.

Reevaluating priorities: Reuters obtained an internal memo stating that all hiring and job requisitions in the CCG were on hold for at least two weeks.

- Intel said the hiring freeze comes as it is reevaluating its priorities with “increased focus and prioritization in our spending (to) help us weather macroeconomic uncertainty,” per The Register.
- Intel also plans to cut travel for members of the CCG participating in industry events and is asking the team to shift to virtual meetings.
- **The news could scare away potential engineers looking at Intel careers.** It also foreshadows a possible step back from focusing on PC chips.
- Intel, which has long-term plans to pivot into auto chip manufacturing and foundry services for other companies, is facing competition from **Apple, Samsung, AMD, and Qualcomm**.
- Apple announced its Apple Silicon M2 processor last week, Samsung overtook Intel as the leading chipmaker in 2021, and Qualcomm is doubling down on mobile and gaming chips.

Chip overcapacity feared as PC sales decline: PC sales are expected to slow in 2022, per IDC, which forecasts an 8.2% YoY drop to 321.1 million units.

- Orders for PCs will be constrained as consumers reel from rising inflation, the war in Ukraine, and supply chain woes due to continued lockdowns in many countries.
- **Ryan Reith**, program vice president of IDC’s Worldwide Mobile Device Tracker, said analyst data “shows strong demand and supply activity aimed at the commercial PC market, but the consumer and education markets are seeing increased concerns and, as a result, reduced orders.”
- TrendForce says high demand for silicon has given chip manufacturers leverage to raise prices. In context, TSMC is planning a 5% to 8% increase after hiking **advanced chip prices by 10% and less advanced chip prices by 20% in August**.

The problem: We predicted overcapacity or a surplus of semiconductors as a result of various aggressive chip manufacturing projects around the world.

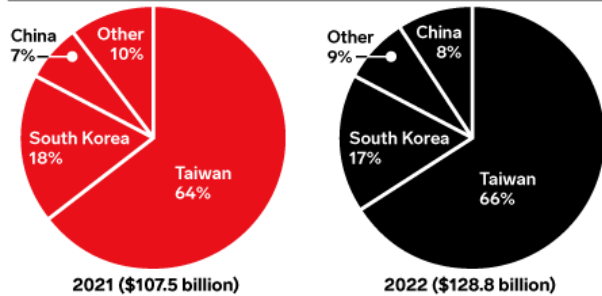
“Longer term, the new fabs and investment announcements will add significant capacity and could increase the risk of overcapacity beyond 2023,” said Nina Turner, research manager for semiconductors at IDC.

What's next? Intel's hiring freeze could be indicative of the slowdown in chip demand or simply an acceleration of long-term plans to pivot away from PCs.

Semiconductors are expected to decline toward the end of the year—or once chip supplies have caught up with demand. Expect chipmakers to make inventory adjustments to avoid overproduction that could lead to plunging chip prices.

**Semiconductor Foundry Revenue Share
Worldwide, by Country, 2021 & 2022**

% of total



Source: TrendForce as cited in press release, April 25, 2022

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