15 Oct 2026 18:52:29 ET | 9 pages

US Aerospace & Defense

Chart of the Day: Semiconductor Supply Chain In-Focus At AUSA

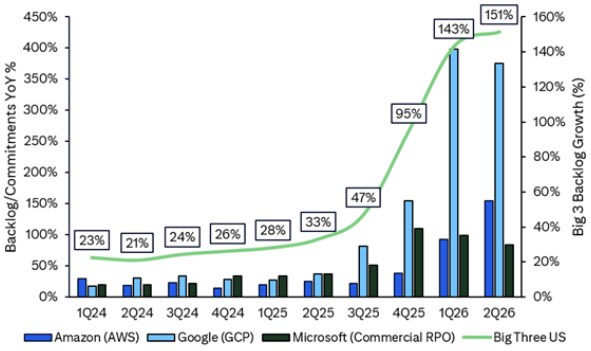
CITI'S TAKE

We recently returned from AUSA, where supply-chain was a focal point (see Top 10 Takeaways from AUSA). Certain specific raw materials were flagged but the 'loudest' emerging challenge appears to be semiconductors. Companies relayed examples of lead times extending to 1-year+ for products that they would have considered to be readily available commodities not long ago - like memory, connectors, and integrated circuits. NOC, for one, was quick to remind investors of its favorable differentiation on this theme through its Microelectronics Center at the company's Space Park foundry. Furthermore, the need to diversify away from China across the supply-chain adds additional pressure to pre-existing challenges. Finally, our recent *3Q26 Industry Pulse* survey flagged emerging supply-chain issues across aerospace (see 3Q26 Industry Pulse: Diving Into Our Proprietary Supply Chain Survey). Companies confirmed DPAS ratings help, but supply-chain challenges are quickly becoming a bigger risk across all of A&D.

John Godyn[AC]
Bradley Eyster
Jeremy E Jason



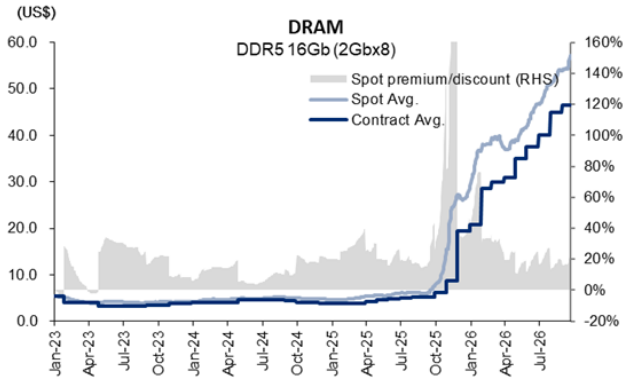
Figure 1. Hyperscaler backlog as a proxy for the vertical wall of demand



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Company Reports

Figure 2. DRAM pricing



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Bloomberg