

# Capex forecast check, 3Q23: Telco capex slides

Preliminary 3Q23 results: bad quarter for many vendors, plus cautious telco commentary, points to full-year telco capex of ~\$300B, down 5-10%

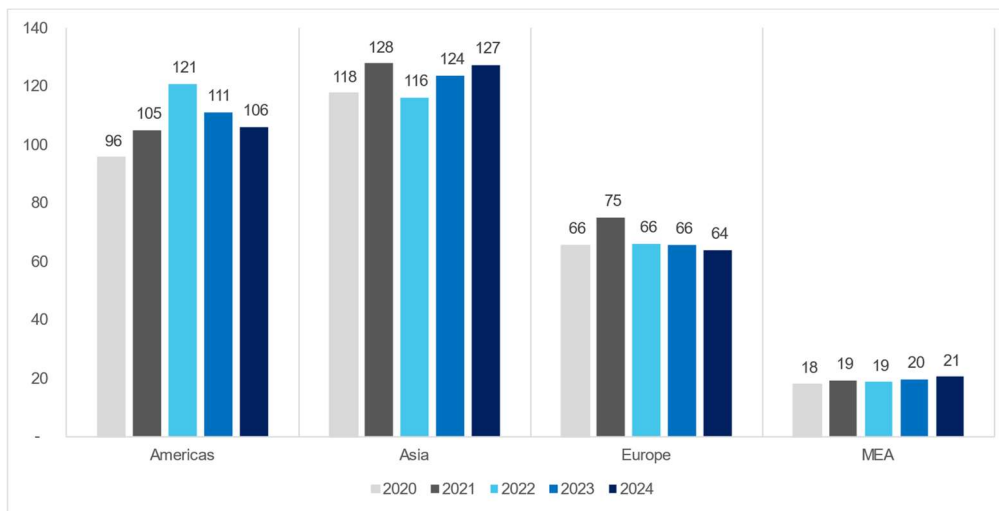
## Summary

This short note provides an early review of 3Q23 market growth and spending metrics for the telecommunications operator (telco) market. MTN Consulting's latest forecast called for \$320B of telco capex in 2023, down only slightly from the \$328B recorded in 2022. Early 3Q23 revenue reports from vendors selling into the telco market call this forecast into question. The dip in the Americas is worse than expected, and Asia's expected 2023 growth has not materialized. Key vendors are reporting significant YoY drops in revenue, pointing to inventory corrections, macroeconomic uncertainty (interest rates, in particular), and weaker telco spending. Network infrastructure sales to telcos (Telco NI) for key vendors Ericsson and Nokia dropped 11% and 16% YoY in 3Q23, respectively, measured in US dollars. By the same metric, NEC, Fujitsu and Samsung saw +1%, -52%, and -41% YoY growth; Adtran, Casa, and Juniper declined 29%, 7%, and 20%; fiber-centric vendors Clearfield, Corning, CommScope, and Prysmian all saw double digit declines. MTN Consulting will update its operator forecast formally next month. In advance, this comment flags a weaker spending outlook than expected. Telco capex for 2023 is likely to come in around \$300-\$310B.

## Introduction

MTN Consulting tracks three types of network operators: telcos, web-scalers and carrier-neutral operators. We publish a market forecast for these operators two times a year: around December, and around June/July. Our last [forecast](#) was published in July 2023, prior to 2Q23 earnings season. Last week we published a brief [commentary](#) on capex directions in the webscale and CNNO market. This comment addresses telco capex based on early datapoints emerging from the 3Q23 earnings season. Figure 1 illustrates this forecast's projections by region for 2023, and the last few years of actual data.

**Figure 1: Telco capex by region (US\$B), 2020-24, per 7/23 forecast**



Source: MTN Consulting's "[Network Operator Forecast Through 2027: Mid-Year Update](#)"