UPDATE 3-TI sees further demand decline in Q4

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* Q3 EPS excluding items $0.60 VS Street View $0.58-CFO

* Sees Q4 EPS $0.28-$0.36, including Nat Semi charges

* Sees Q4 rev $3.26 bln to $3.54 bln including Nat Semi

* Shares fall 1 percent

By Sinead Carew

Oct 24 (Reuters) - Texas Instruments said revenue will come under further pressure this quarter due to a drop in demand for its chips in almost every market because of macroeconomic weakness.

Shares in the maker of chips for products ranging from cellphones to industrial equipment fell 1 percent in late trade as it could not say when growth would resume, reinforcing fears about the European financial crisis and high U.S. unemployment.

Chief Financial Officer Kevin March said the decline in demand appeared to be slowing but that it was too soon to say when orders would hit a bottom and resume growth.

"Orders had a sharp drop in July and fell at a slower rate in August and September ... It suggests to us that demand is beginning to hit a bottom. You'll typically see some growth after that." March told Reuters.

March said that while "it's tough to guess when we'll achieve a bottom" history would suggest that it could happen sooner rather than later. "Having been through cycles in the past the revenue and order pattern does suggest the decline is coming to an end," he said.

Also on Monday, European semiconductor maker STMicroelectronics warned of much weaker demand and forecast an 8 percent drop in revenue in the current quarter.

Charter Equity Research analyst Edward Snyder said he did not take too much comfort from March's comments.

"Investors should take the comments regarding bottoming with a big grain of salt. Like all semiconductor companies they have very little visibility," Snyder said.

Including revenue from National Semiconductor, which TI bought for $6.5 billion in September, TI fourth quarter revenue in a range of $3.26 billion to $3.54 billion, implying a midpoint about 2 percent lower than third quarter revenue.

But without National, TI's fourth-quarter revenue would decline 10 percent, according to March.

He cited weaker than expected demand for its chips in markets such as automobiles, computers and consumer electronics, which are often boosted by the end of year holiday shopping season. One bright spot was sales of chips for smartphones, which continued to be "solid," but March did not give details.

TI forecast a decline in fourth quarter earnings per share from the third quarter to a range of 28 cents to 36 cents, including 15 cents per share of acquisition related costs.

"The future doesn't look that great," said Charter's Snyder. "These guys are the canary in the coal mine."

The chip maker said third quarter revenue and earnings were slightly ahead of its targets, but those target was already low. In September TI cut its expectations for the third quarter due to a broad-based slowdown in demand due to economic concerns.

For the third quarter, TI said net income fell to $601 million or 51 cents per share from $859 million or 71 cents per share in the year-ago quarter.

Third quarter revenue fell seven percent to $3.47 billion from $3.74 billion a year ago but was ahead of its forecast range of $3.23 billion to $3.27 billion. TI closed its purchase of chip maker National Semiconductor on Sept. 23, just before the quarter ended.

TI shares fell 1.3 percent to $31.29 in late trade after closing up 4 percent at $31.69.

relevant interests.