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Article Title: Semicon no longer business as usual!  
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UK: The Global [Semiconductor](#) Monthly Report June 2008 from [Future Horizons](#), states: *Let the market beware; it is no longer business as usual!*

According to Malcom Penn, CEO, Future Horizons, compared with March, the IC units were up and ASPs were down in April, even after adjusting for March being a five-week month. The net result was a 7.7 percent revenue decline. Did this spell more bad news for the beleaguered chip market?

Certainly, this seems to be the industry consensus view. Always the contrarian, Future Horizons' views are different. April's results came in exactly as expected. The unit rise and fall was simply the result of the engrained 'making the quarterly number' mentality!

Digging beneath the layers reveals a set of market fundamentals that are in remarkably strong form. The penny may not yet have dropped to the table, but, even for the chip industry ever full of surprises, let the market beware; it is no longer business as usual.

***We will be running the full presentation later this week. So click back here!***

Penn says: "To paraphrase the late Sir Winston Churchill's comments on Russia, "The chip industry too is a riddle wrapped up in an enigma". It marches to its own complex interwoven pattern of rules, each relatively simple when viewed in isolation, but contriving to interact in a volatile and unique way. Right now the industry is at its most confused for a decade, battered by a barrage of uncertainties and contradictions. Shell-shocked and confused, confidence is off the agenda ... just when what is needed most is cool heads and determination."

Be it falling cap ex, tight capacity, focus on profits, continuing strong market demand, second half seasonal effects, according to him, the forecast tea leaves all seem to be pointing in the same positive direction. Has the worm finally turned then for the industry? He thinks so! Future Horizons also thinks that the "penny has yet to drop and that the impact on the market will be seismic and dramatic".

Earlier, the [Semiconductor Industry Association \(SIA\)](#) reported that worldwide sales of semiconductors of \$21.8 billion in May were 7.5 percent higher than the \$20.3 billion reported for May 2007, reflecting continued strong sales of consumer electronic products. May sales were 2.8 percent higher than the \$21.2 billion reported for April 2008.

Do bear in mind that May is historically a strong month for semiconductor sales, as per SIA.

## **NAND strong minus Apple effect**

[DRAMeXchange](#) has indicated in its monthly review on the DRAM segment that the NAND Flash prices are likely to gradually stabilize after mid-July pushing by lower price, new demand from 3G iPhone, smart phones and low-cost PCs.

Elsewhere, as reported by *Semiconductor International*, according to [Semico](#), NAND unit shipments are likely to cross over 3.5 billion units in 2008 as against 2.5 billion units in 2007, leading to a year-over-year growth of 35 percent.

However, reflecting the memory segment's ASP (average selling price) crunch, NAND revenues will grow 13 percent in 2008, down compared to 25 percent in 2007." Semico has said that the NAND industry will record a growth year in 2008, without experiencing what it has called the '[Apple effect](#)'.

## **Heartening solar initiatives**

The one heartening thing to note has been the various [solar related initiatives](#) that have taken place over the past month. In fact, iSuppli has probably been spot on while analyzing that [investments in solar and semiconductors](#) could be on par by 2010!

SVTC Technologies, an independent semiconductor process-development foundry, announced that its SVTC Solar business unit has launched the [Silicon Valley Photovoltaic Development Center](#) in San Jose. Canadian Solar and LDK Solar signing a new agreement for an additional 800MW of solar wafers, besides LDK updating on its polysilicon plant in China.

National Semiconductors also entered the PV market with its [SolarMagic technology](#) that maximizes solar energy production. Evergreen Solar, a maker of solar power panels with its proprietary, low-cost String Ribbon wafer technology, signed two new long-term sales contracts. [Tokyo Ohka Kogyo Co. Ltd and IBM](#) are also collaborating to establish new, low-cost methods for developing the next generation of solar energy products.

Not be left behind, Intel too is spinning off key assets of a start-up business effort inside Intel's New Business Initiatives group to form an independent firm called [SpectraWatt](#).

In India, solar has been making rapid strides, especially at the Fab City in Hyderabad. There is a possibility of something similar [happening in Karnataka](#) state as well.

Indeed, semiconductors are no longer business as usual!

Send your questions to [webmasterciol@cybermedia.co.in](mailto:webmasterciol@cybermedia.co.in)

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