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NOR struggles to maintain lead over NAND

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Currently enduring a period of declining revenues, the NOR flash market will have trouble exceeding NAND's sales for the first time this year, which has been accelerated by NOR's oversupply coinciding with an unanticipated NAND shortage, according to the latest data from Semico Research.

The first three months of 2005 saw NAND overtake NOR for the first time on a quarterly basis.

Although the NOR market is bound to recover its strength after price declines subside, the 2005 oversupply will cause revenues to drop by 15 per cent, the Phoenix-based market research firm noted.

Semico expects to see NOR return in force next year with revenues approaching \$9bn, jumping to a peak of more than \$12bn by 2008.

Jim Handy, Semico's director of nonvolatile memory services said: "Semico expects to see a correction in the second half of 2005 that will reverse 2004's sharp NOR price decline, a decline that started with a mid-2004 supply/demand imbalance."

"Unit and megabyte demand are still solid, so 2005's revenue decline will largely be offset by growth in 2006," he added.

The leading NOR suppliers Intel, Spansion, Sharp, STMicroelectronics, Renesas, SST, Atmel, and Macronix, will see a return to profits, while OEMs, like cell phone companies, Nokia, Motorola, and Ericsson, leading data processing OEMs like Dell, IBM, Apple, and HP, and contract manufacturers like Flextronics, Jabil, Sanmina-SCI, and Solectron, will slowly lose the upper hand in price negotiations, Semico believes.

"Such turns are inevitable, and it is critical to properly time transactions around them. This report helps to remove uncertainty about these market cycles' timing and effects," Handy remarked.

NOR is used in applications ranging from PCs and peripherals through myriad consumer electronics devices and into the automotive and telecoms spaces, the firm concluded.

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