Tekrati

NOR Flash Market Struggles to Maintain Lead over NAND, Says Semico Research
http://www.tekrati.com/T2/Analyst_Research/ResearchAnnouncementsDetails.asp?Newsid=5521
Semico Research Corp. - August 3, 2005

The NOR flash market, currently enduring a period of declining revenues, will have trouble exceeding NAND's sales for the first time this year, according to a forecast published by Semico Research Corp. This transition has been accelerated by NOR's oversupply coinciding with an unanticipated NAND shortage.

Although the NOR market is bound to recover its strength after price declines subside, the 2005 oversupply will cause revenues to drop by 15%. Semico expects to see the market return in force, with revenues approaching $9 billion in 2006, zooming to a peak of more than $12 billion by 2008.

“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,” said Jim Handy, Semico’s Director of Nonvolatile Memory Services. “Unit and megabyte demand are still solid, so 2005’s revenue decline will largely be offset by growth in 2006.”

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. Handy remarked, “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.”

NOR is used in widespread applications, ranging from PCs and peripherals through myriad consumer electronics devices and into the automotive and telecom spaces, driving this pervasive technology to grow in accord with the penetration of electronics into our lives.

About the market research report

This Semico study, "2005 is Just Not NOR’s Year! Second Quarter 2005 Pricing & Forecast" (Report Number: NV105-05), is available for immediate delivery for $3,495.

Semico’s quarterly 2003 flash forecasts hovered within 4% of actual 2003 revenues, and in 2004, a year marked by both NAND and NOR price collapses, Semico’s flash forecast remained within 13% of actual over the course of the year. The forecast is built upon a model that compares end-application demand using the Semico MAP model to production capacity from Semico’s exhaustive fab database. This is layered upon pricing models extracted from historical market behavior, and is continually tested against WSTS history and Semico’s Inflection Point Indicator.