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NAND Market Prepares for Growth 8/1/06

After a phenomenal first-quarter price collapse, the NAND market is preparing itself to break all revenue records in 2006. That's the finding in Semico Research Corporation's newly-released NAND forecast. Even though prices plummeted over 50% in the first quarter, this market's stunning growth will allow it not only to meet 2005's amazing \$11 billion in sales, but will support a full 44% growth to record-breaking revenues of over \$16 billion.

"Although many have used the Q1 price fall as an excuse to trim their forecasts to relatively modest growth rates, our data shows that the balance of 2006 will experience very strong growth," said Jim Handy, Director of Nonvolatile Memory Services at Semico Research Corp. "This growth will not only allow NAND to overcome the first-quarter setback, but will turbo-boost the market to higher sales than ever before!"

The NAND market, the fastest-growing semiconductor market in history, has enormous price elasticity: As prices drop more new applications adopt the technology. This allows NAND to displace existing forms of media, fostering accelerated growth.

Handy adds: "This not only affects existing suppliers: Samsung, Toshiba, SanDisk, Renesas, and msystems, but also the emerging suppliers: companies like Hynix, STMicroelectronics, Micron Technology, and Qimonda (Infineon's memory spin-off). Meanwhile the card suppliers: like Lexar Media, Kingston, Viking Technologies; camera companies, like Nikon, Olympus, Kodak, Canon, & Fuji Film; MP3 Player companies like Apple, Creative, and Sony, and some of their suppliers like SigmaTel, all have to wait and hold their breath trying to anticipate what the NAND business will do next. We hope that the report will help them cut through some of this anxiety and doubt."

The Semico NAND forecast methodology is perhaps the most complete and accurate model in the market. Over the course of the forecast year Semico's quarterly flash forecasts hovered within 4% of actual revenues in 2003, within 13% of actual in 2004, a year marked by a 65% NAND price collapse, and within 12% in 2005. 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, company financials, and Semico's Inflection Point Indicator.

[NAND Prices Stable-Growth Ahead: Second Quarter 2006 Pricing & Forecast](#)