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Semico cuts IC forecast for 2006, 2007

[Mark LaPedus](#)
[EE Times](#)

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SAN JOSE, Calif. — Amid some troubling economic issues in the marketplace, Semico Research Inc. has significantly lowered its semiconductor forecast in 2006, with a drastic slowdown projected in 2007.

Semico (Phoenix) now projects that the IC market will grow by 11 percent in 2006, but the business is expected to slow and grow only 3.4 percent in 2007. [In its previous forecast](#), the market research firm projected that the IC market would grow 17 percent in 2006 and 20 percent in 2007.

"Despite a slowdown looming in 2007, 2006 still looks promising," said Jim Feldhan, president of Semico. "We continue to see robust handset sales, notebook demand is solid, and the migration toward triple-play and the digital home are driving a host of end-use products. The markets are strong, but ASPs have recently taken a drastic decline, resulting in a revision of our overall semiconductor revenue forecast to \$250.7 billion, an 11 percent growth."

The market is expected to slow in 2007. "On the heels of the latest Semico Inflection Point Indicator (IPI) reading, Semico is forecasting the next slowdown in 2007 — one year sooner than previously forecasted," he said.

"With the recent results, the IPI has fallen for the last three months. The IPI's forward-looking view of the market three month ago points to an inflection point in January 2007 as the start of the next slowdown," he said. "Semico forecasts the semiconductor industry growth rate will fall to 3.4 percent in 2007."

[In a contributed article](#) posted on Tuesday (August 8), Feldhan explains the problems in 2007.