

Semico IPI Points to September Recovery

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PHOENIX, Feb. 15 /PRNewswire/ -- Semico's Inflection Point Indicator (IPI) rose sharply this month, indicating market recovery could occur late in 3Q05. The December IPI reading of 15.56 was up 10.0% from the November IPI of 14.14. This was the greatest percentage increase in five and a half years, when the June 1998 IPI increased by 19.6%.

Since the IPI is designed to forecast the semiconductor market 8 to 9 months in advance, this is a predictor of the market conditions for the August/September timeframe. Semico has long predicted 2005 would be a downturn. A quarter-by-quarter look at Semico's IPI indicates:

Q105: The worldwide semiconductor market peaked in November 2004. January, February, and March revenue shipments are forecast to decline, as high inventory levels remain an issue. December inventories for non-defense communications reached the highest point for all of 2004. Additionally, inventory levels for computers and related products, electromedical, and electronic components remained at elevated levels.

Q205: The downturn will continue, as the drop in aggregate ASPs extends into the second quarter. We expect weak monthly revenues and a decline for the second quarter.

Q305: 3Q05 will continue to be weak, with the third quarter forecast to be the lowest point of the year. The doldrums in the market will continue into July and August. However, inventory problems should be behind us and capacity utilization on the rise as OEMs begin replenishing inventories. The industry's overcapacity situation will improve throughout Q3. With the latest reading, it now appears that the recovery will begin in September.

A weaker economy, coupled with an overcapacity situation will result in a down year for the worldwide semiconductor industry. Semico forecasts worldwide semiconductor revenue shipments will fall nearly 5% in 2005.

About Semico

Semico Research Corp is a marketing and consulting research company located in Phoenix, Arizona. Semico was founded in 1994 by a group of semiconductor industry experts. We have improved the validity of semiconductor product forecasts via technology roadmaps in end-use markets. <http://www.semico.com>

Semico Research developed the Inflection Point Indicator to assist in forecasting semiconductor revenues approximately three quarters in advance. To order the Semico IPI and receive this report monthly in its entirety, please contact Connie Wong at conniew@semico.com

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Web Site: <http://www.semico.com>

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