

Semico: Indicator Signals Impending Slowdown

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Confirming the beliefs of many industry pundits, the latest Semico Research Corp. Inflection Point Indicator (IPI) declined from the previous month, signaling an impending slowdown next year.

The IPI peaked two months ago with the decline in this month's IPI being the first real evidence the market will experience a downturn beginning in early 2005.

Semico expects worldwide revenues to increase 33.8 percent this year, reaching \$222.6 billion with additional strength in pricing possibly driving percentage growth into the upper 30's. Next year, in-line with the IPIs prediction of a slowdown, the firm forecasts market revenue will decline 6.8 percent.

"The 2004 semiconductor market conditions are very similar to what occurred in 2000," Jim Feldhan, president of Semico, noted in a statement. "Both 2000 and 2004 are characterized by strong GDP growth, an election year, and upgrades and growth in the cellular phone market. New cellular subscribers, smart phones, and camera phones are a key factor in driving semiconductor demand."

In 1999 and 2000, total worldwide semiconductor revenue shipments increased 18.9 percent and 36.8 percent, respectively. Similarly, the market increased by 18.4 percent in 2003, and is forecast to grow between 34 and 39 percent this year.

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About Semico

Semico Research Corp is a marketing and engineering research company located in Phoenix, Arizona. Semico was founded in 1994 by a group of semiconductor industry veterans who believed that the validity of semiconductor product forecasts could be greatly improved if the forecasts were based on semiconductor consumption in end-use markets. Semico forecasts, today, are based on that idea. Corporate Headquarters: P.O. Box 9850 Phoenix, AZ 85068-9850 Tel: 602-997-0337 Fax: 602-997-0302 Web: www.semico.com