

EE Times: Semi News
Semico sees upswing for ICs thru 2008

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SAN JOSE, Calif. — Semico Research Corp.'s new Inflection Point Indicator (IPI) model shows two years of moderate growth for the worldwide semiconductor industry in 2005 and 2006, followed by a strong double-digit upswing in 2007 and 2008.

Semico (Phoenix) continues to forecast worldwide semiconductor revenue shipments will increase by 2.0 percent to \$217.3 billion in 2005. Semico developed the IPI model to assist in forecasting semiconductor revenues approximately two quarters in advance.

Looking ahead, the IPI shows early indications that 2006 will be another "moderate" year, with revenues increasing 8.1 percent to \$234.9 billion, according to Semico.

The IC market will show stronger growth in 2007 and 2008, which are projected to jump 19.8 percent and 18.1 percent, respectively, according to the research firm.

Semico's figures are somewhat different than other projections. Recently, the World Semiconductor Trade Statistics (WSTS) group projected that the IC market would reach \$226.5 billion in 2005, up 6.3 percent over 2004.

In 2006, the WSTS projected the IC market will hit \$238.2 billion, up 5.2 percent over 2005. In 2007, the WSTS projected the IC market will reach \$263.3 billion, up 10.5 percent (see May 31 story).

In contrast, at his company's mid-year forecasting conference, Malcolm Penn, chief executive of Future Horizons, continued to pound the argument for 2005 as a 15 percent growth year for the global semiconductor market and argued that 2006 is likely to be even better, at more than 20 percent annual growth (see July 26 story).

However, in the short term, the market looks flat for 2005, at least according to Semico. Semico's IPI registered a figure of 15.4 in May of 2005, up from a restated 14.9 number in April.

"Inventory levels have improved, and are now only mildly out of kilter," according to Semico. "We continue to experience pricing pressures, combined with low capacity utilization. However, end-use market strength is sustaining, preventing prices from collapsing."

For the remainder of 2005, the state of the industry is best described as "temperate." Looking ahead, the IPI shows early indications that 2006 will be another moderate year.

"Similar to 2005, we do not expect large fluctuations in quarterly revenue growth in 2006," according to Semico. "The recovery will experience stronger growth in 2007 and 2008, with each year projected to increase by more than 18 percent; 2007 revenues are expected to escalate 19.8 percent, followed by another relatively strong 18.1 percent growth in 2008."