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Semico sees chip market fall until Q4, raises annual forecast

(06/21/2005 6:06 AM EDT)

URL: <http://www.eetimes.com/showArticle.jhtml?articleID=164901382>

LONDON — Semico Research Corp. predicted that the semiconductor market would decline quarter-on-quarter through 2005 until the fourth quarter, but nonetheless raised its forecast for annual growth to 2.0 percent.

This implies a semiconductor market size in 2005 of \$217.3 billion but the 2.0 percent growth figure leaves Semico as one of the more bearish of the market prognosticators.

Nonetheless Semico (Phoenix, Ariz.) has swung from predicting market contraction to market growth. Back in January 2005 Semico was predicting the 2005 market would fall by 4.7 percent compared with 2004.

With its latest announcement revenue shipments are expected to peak in November. Additional analysis indicates that although December is forecast to be weaker than November, revenue shipments will still be amongst the highest all year, resulting in fourth quarter growth. "We remain cautious about pricing and inventory levels in the second and third quarters. April data showed a fairly significant softening in pricing, with aggregate ASPs falling 9.5 percent, from \$0.53 to \$0.48. As a result, we continue to forecast the second quarter to be weaker than the first quarter, with revenues declining just under 2 percent," Semico said in a statement. Semico went on to say that the third quarter would be the time when OMs and ODMs place orders to replenish inventory, but that the bulk of these shipments will not occur until the fourth quarter. Semico forecasts a slight revenue dip of 1.1 percent in the third quarter, followed by positive growth of 2.1 percent in the fourth quarter.

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