

Chip Index Points To Restrained Recovery In 3Q

Semico Research's index registered 15.5 in March, down from 16.0 in February, but is hinting at a moderate upturn in the next quarter.

By EE Times
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SAN JOSE, Calif. — Pointing towards a restrained to moderate IC upturn in the third quarter of 2005, Semico Research Corp.'s Inflection Point Indicator (IPI) registered 15.5 in March, down from 16.0 in February.

Semico (Phoenix, Ariz.), a market research firm, developed the IPI to assist in forecasting semiconductor revenues approximately two quarters in advance.

In the latest data, the decline in March follows three consecutive months that the IPI has risen. "2Q05 will be weaker than the first quarter, with a temperate downturn occurring this quarter as the industry continues to burn off excessive inventories," according to Semico.

Inventories for electronic components rose 1.1 percent, and are also at the highest level since April 2003, according to the firm.

"Although the IPI gave back some of the ground it gained, the overall trend for the third and fourth quarter is still up," according to the firm. "Semico predicts a moderate upturn in the market occurring in the 3Q05 timeframe, as OEMs begin to place orders to refill the pipeline."

The overall recovery, according to Semico, will be restrained, featuring slight upturns and downturns, and notably lacking a decisive turnaround point in the market.

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