



Semico Forecasts Restrained Year
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PHOENIX -- Semico's Inflection Point Indicator (IPI) registered 15.5 in March, down from 16.0 in February. This decline follows three consecutive months that the IPI has risen. Although the IPI gave back some of the ground it gained, the overall trend for the third and fourth quarter is still up.

Since the IPI is designed to forecast the semiconductor market 8 to 9 months in advance, the February and March IPI numbers point to the early 4Q05 timeframe. Fluctuations in the IPI indicate positive and negative factors working to moderate the current cycle. On the positive side, end market demand continues to increase. However, this will be partially offset by a decline in aggregate ASPs for individual components. Overall, Semico continues to forecast:

2Q05 will be weaker than the first quarter, with a temperate downturn occurring this quarter as the industry continues to burn off excessive inventories. In the U.S., inventory levels for Electronic Computers fell slightly (-0.3% from Feb. to March), but are at the highest level since April 2003. Inventories for Electronic Components rose 1.1%, and are also at the highest level since April 2003. These high inventory levels will have a negative effect on orders in 2Q05.

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 will be restrained, featuring slight upturns and downturns, and notably lacking a decisive turnaround point in the market.

[Semico Research Corp.](#)

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