

EE Times: Latest News
Tight foundry capacity seen in 2006

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SAN JOSE, Calif. — Silicon foundry capacity is projected to be tight in 2006 — with possible shortages and allocations seen for select process technologies, warned an analyst. Select processes, including trailing-edge technologies, are already in tight supply, mainly due to huge OEM demand for liquid-crystal display (LCD) drivers, analysts said. Leading foundries have already increase their prices on a product-by-product and customer-by-customer basis for wafers, built around 0.35-, 0.25-, and 0.18-micron processes (see Sept. 26, 2001 story).

There is no indication that the foundry industry will build new capacity for trailing-edge processes. Most of the investments are aimed at mainstream or cutting-edge edge processes, which are also seeing a pick up in demand, according to vendors.

Overall foundry utilization has been steadily increasing over the last quarter or so due to a noticeable pick up in the worldwide semiconductor industry, said Jim Feldhan, president of Semico Research Corp. (Phoenix, Ariz.)

"Foundry utilization will go up in the fourth quarter," Feldhan said. "As we enter into next year, foundry capacity will run in the low-90 percent range."

Foundry demand is expected to spill over into next year, with demand exceeding supply. "We're going to be in a tight supply mode next year," he warned. "On some nodes, we will be sold out."

And still other technologies will be tight and on "allocation mode," he added. Semico projects that the overall semiconductor industry will grow by 4 percent to \$221.6 billion in 2005 over 2004. In 2006, the research firm projects the semiconductor industry will grow a whopping 18.2 percent to \$262.1 billion (see Sept. 15 story).

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