

Foundries raise prices for low-end wafers

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Silicon foundries have raised prices selectively on wafers built around 0.35-micron, 0.25-micron and 0.18-micron processes, according to analysts at Semico Research in Phoenix. "It's different for every foundry," suggests analyst Joanne Itow, who cautions that wafer prices soon could jump for leading-edge 90-nm (nanometer) and 130-nm-process wafers.

Silicon wafer prices had been expected to drop for the remainder of 2005, but recent unexpected increases in low-end wafer demand has caused higher prices from supply leaders Chartered Semiconductor Manufacturing, Taiwan Semiconductor Manufacturing Co. and United Microelectronics Corp. This has prompted many chipmakers to seek competitive bids from second-tier foundries, many of which are holding their prices steady. Silicon foundry wafer demand was expected to show disappointing growth in 2005 and then show a rebound in 2006, according to Semico Research's mid-year report. This, in turn, was supposed to cause foundry wafer prices to drop for the remainder of 2005. So, for months, many silicon foundry vendors had been competing on price amid a slowdown in the industry. In fact, silicon foundry startups in China have been seen as the leaders in wafer-pricing discounts. Now that the more-established foundries have acknowledged that demand is growing for leading-edge and trailing-edge wafers by makers of semiconductors, the analysts see an imminent end to discounting.