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Semiconductor market on track for record year

Chip sales for 2006 set to surpass \$240bn thanks to strong growth in Asia Pacific and US markets

Martin Lynch, CRN, 08 Sep 2006

The worldwide semiconductor market is on target to create a new world record for 2006 as July sales increased by 11.5 per cent compared with July last year.

According to the latest figures from the **Semiconductor Industry Association** (SIA), the sector is on track to top sales of \$240bn for the first time. Sales in July hit \$20.1bn, up by 1.8 per cent on the \$19.8bn recorded for June. With computer products representing more than 40 per cent of all chip sales, figures were buoyed by falling average selling prices and increased consumer spending.

George Scalise, president of the SIA, said: "The worldwide semiconductor industry is on track to surpass \$240bn in sales this year, which is a new record. Growth continues to be strong across a broad range of end markets and geographic regions, particularly Asia Pacific, which is up by more than 13 per cent year on year, and the US, where sales increased by almost 18 per cent over last year.

"July sales reflect the historical pattern for the industry, with growth in unit demand coupled with declining average selling prices. This trend helps make possible the very attractive prices for many consumer products. For example, the average selling price for a PC declined by about seven per cent year over year."

Notebook sales are still proving to be the strongest growth area of the PC sector, while the memory markets have benefited from increased prices and demand.

This solid market news comes as **Samsung** unveiled a new type of Nand Flash product aimed at the mobile device marketplace. MoviNand is an embedded combination of Nand Flash memory, a multimedia card controller and firmware. It will come in 1GB and 2GB varieties and data processing is carried out at 52Mbps. Samsung said it will suit device makers looking for a way to cram a lot of memory into very small devices.

Don Barnetson, director of Flash marketing at Samsung, said: "MoviNand solves a dilemma faced by many of our mobile customers: how to put a large amount of Nand flash in a small space behind a standard, high-speed serial interface."

According to Jim Handy, director of non-volatile memory services at **Semico Research**, Samsung could be onto a winner.

"As consumers look for increasing volumes of embedded storage in MP3 players and media player mobile phones, products that offer large Nand capacity while simplifying Nand interfaces will see a significant increase in demand," he said.

Semico estimates the market will be worth \$4bn by 2010.