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## Capex to fall, warns analyst

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SAN JOSE, Calif. — While the outlook for semiconductors has improved for 2007, capital spending is expected to fall next year, warned an analyst.

Worldwide capital spending in the industry was \$42 billion in 2005, down 8.5 percent from 2004, according to Semico Research Corp.

In 2006, capital spending is expected to hit \$51 billion, up 21.1 percent from 2005, said Joanne Itow, an analyst with Semico. But in 2007, capital spending is expected to drop by 13.5 percent to \$44 billion, Itow said during a recent presentation.

[Semico](#) (Phoenix) is moving back towards the bull camp, as the market research firm raised its IC forecast for 2007. Fab-capacity utilization is projected to fall as a slew of new fabs are coming online.