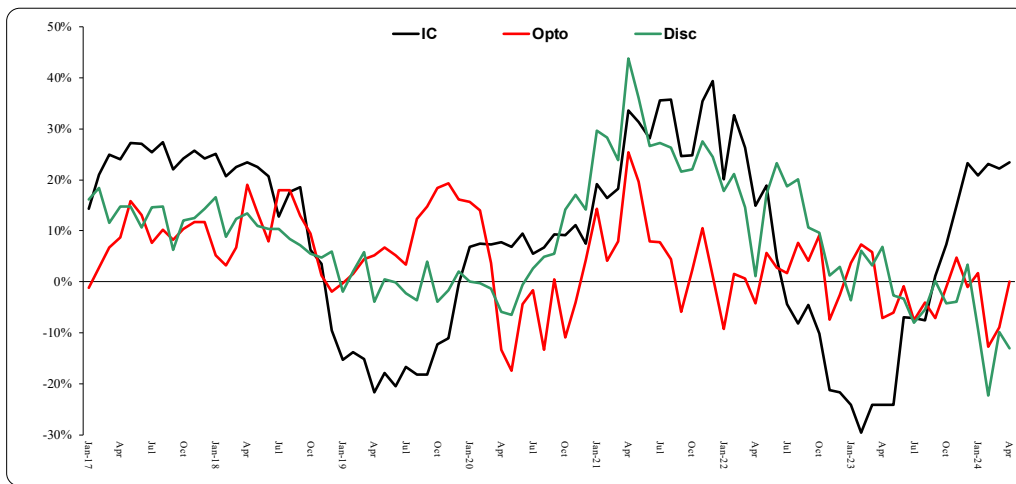


Research Brief: 2024/12 – SMU Market Update – Jun 2024

Annualised SC Growth Rate Trends (Jan 1998-Apr 2024 – Percent of US\$)



Source: WSTS / Future Horizons

Executive Summary

Opto continued its upwards surge in April, showing flat monthly annualised growth vs. April 2023, up from minus 8.9 percent in March and minus 12.7 percent in February.

Not so in Discretes, where growth fell back to minus 13.0 percent in April, vs. minus 9.9 percent in March and minus 22.3 percent in February. The all-important Discrete sector is still bathed in red ink.

As we have mentioned several times before, nice as they are, it is important not to get blindsided by these dizzy double-digit growth numbers as it is far from certain they are indicative of a real chip market recovery given the still stubbornly weak demand for IC units Analog and Discretes.

Read The Full Report Here: <https://www.futurehorizons.com/page/137/>



IC's Leading The Way

April's total IC sales were up 23.4 percent in value vs. the same period last year, with total Discretes down 13.0 percent and total Opto flat. The overall year-on-year total Semiconductor market grew 17.3 percent.

By comparison, the same datapoints for March were plus 15.7 percent for total Semiconductors, plus 22.1 percent for total ICs, minus 9.9 percent for total Discretes, minus 8.9 percent for total Opto.

The overall semiconductor year-on-year growth in value, at 17.3 percent, was the sixth consecutive month of double-digit growth since the market turned positive in September 2023.

Unit Sales Lagging

April was the sixteenth consecutive month where shipments were below the IC usage trend line, confirming our belief that the much-needed unit rebound is still a long way to go. On current trends, a second-half 2024-unit rebound is very unlikely.

With IC unit sales still 22.3 percent lower than their 2022 peak, and a significant amount on new capacity since added, the industry is likely to be in a severe excess capacity mode throughout 2025. It will take a long time before for the current installed production capacity to be absorbed.

To put that in perspective, during the July 2020-December 2022 period, accumulated excess IC unit shipments over and above the shipment trend line reached 108 billion units, represented by the area above the unit trend line. So far, only 44 billion of these have been compensated for, represented by the current period blow the trend line, only 64 billion more units to go?

Market Outlook

The overall semiconductor market may well still be showing a monthly annualised double-digit growth rate in value, but these numbers are still based off 2023's falling revenue numbers and are thus exaggerating the true health of the market.

Watch these annualised sales value growth rate numbers start to rein back from June 2024 onwards once the market data starts to be measured against an increasing 2023 revenue base. We believe the month-on-month revenue and unit shipment numbers paint a much more realistic, picture.

Whilst not wishing to rain on the parade, we remain somewhat sceptical on the depth and length of the current ASP-driven recovery and await more datapoints, especially on IC unit demand, before signalling the beginning of the real market upturn.

Malcolm Penn

10 June 2024



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- ☑ Dec 2021 – Correctly Warned Of 2H-2022 Market Downturn
- ☑ May 2022 – Warned Of Negative 22% Growth In 2023

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Future Horizons Ltd, Baines Green College, Thetford, Norfolk, England
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Future Horizons Ltd, Baines Green College, Thetford, Norfolk, England
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- ☑ Sep 2020 – Correctly Called Systemic & Widespread 2021-22 Shortages
- ☑ Dec 2021 – Correctly Called Market Downturn In 2H-2022
- ☑ Mar 2022 – Correctly Warned Of Double Digit Negative Growth In 2023

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The Silicon Chip Industry Awareness Workshop

Tue Jun 18, 2024 – 9:30am-4:00pm UK GMT, Holiday Inn, London W8 5SP, lunch included.

In person event: Ideally suited for both individuals with a non-technical background or specialists seeking to understand better the broader industry aspects, this one-day introduction to the Integrated Circuit (IC) industry covers the basics of semiconductor technology, manufacture, and markets. Sign up here:

<https://www.futurehorizons.com/page/12/silicon-chip-training>

Dates For Your Calendar

These events can also be held on customer premises, call for details.

Industry Update Webinar – Autumn Update

Sep 10, 2024 – 3pm UK BST, On-Line event: Check out the latest industry updates and forecast.

<https://www.futurehorizons.com/page/136/Industry-Update-Webinar>

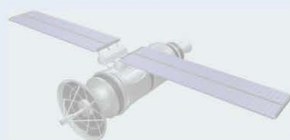


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Malcolm Penn is the founder and CEO of Future Horizons, with over 55 years experience in all aspects of the IT industry, from semiconductors to end-electronics equipment; advance research to manufacturing and applications together with an extensive network of C-level industry contacts. He has worked extensively throughout Europe as well as in the United States, the former USSR, Japan and Korea, and was an early pioneer of pan-European research and product development collaboration in the 1970s during his tenure with ITT Europe.

His wide range of experience includes brokering partnerships and helping firms develop their joint activity relationships. Prior to establishing Future Horizons, he held various operations, marketing and business development positions in the semiconductor and IT industry having worked his way through university as a professional musician.



Mike Bryant is Future Horizons CTO. With more than 45 years in the electronics industry, he is an experienced RF and analogue/mixed signal IC design engineer, specialist in providing IC design and consultancy services on hardware and systems design partitioning, software and digital signal processing design methodology and implementation. Recognising the convergence of many software and digital hardware design techniques, Mike was one of the first in Europe to use HDL and

logic synthesis exclusively for all logic design

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US Affiliate:
Lane Mason
Senior Industry Analyst
Palo Alto, California, USA
Tel: + 1 650 248 6178
lmason@futurehorizons.com

Israel Affiliate:
Amir Ben Artzi Content & Media
40 Derech Hayam St.
Havatzelet Hasharon, 42937 Israel
Tel: + 972 73 7367966
Fax: + 972 9 8665799
amir@amircm.com

Russian Affiliate:
ELINT
6th Floor, 40 Bldg, 1, 3y Proezd Maryinoy Roshchi
127018 Moscow, Russia
Tel: +7 459 228 0766
Fax: + 7 495 787 3869
elintsp@mail.ru

Indian Affiliate:
Pradeep Chakraborty PC Mediaworks
Tel: +91 99451 27632
pradeepchakra@gmail.com

Far East Affiliate:
Masanori Sugane
Director of Japan Office
Itabashi-ku, Tokyo, Japan
Tel: + 81 90 3141 7966
sugane@futurehorizons.com

European Affiliate:
GMC Suisse
Ch. de la Dauphine 20
CH-1291 Commugny
Switzerland
Tel: + 41 22 349 0939
wladek@grabinski.ch