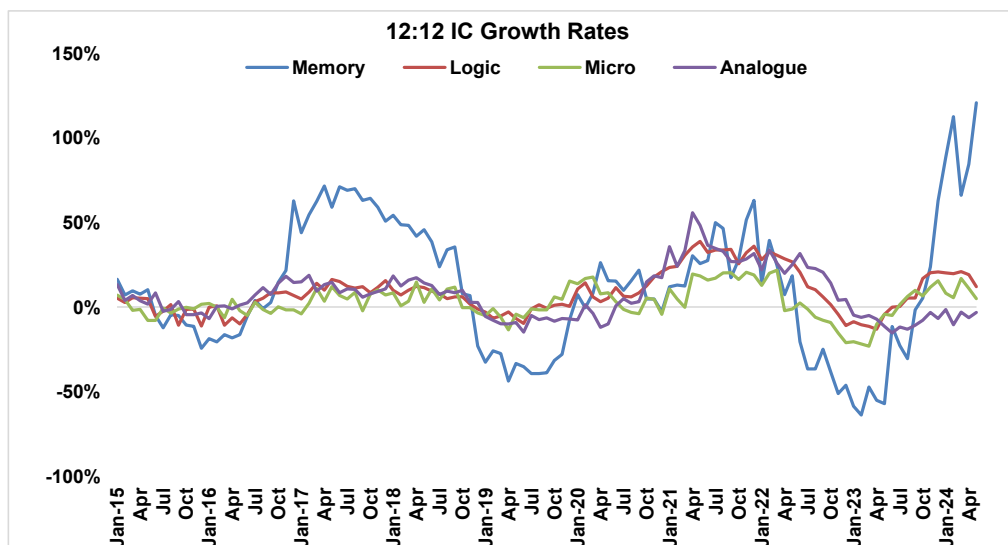


Research Brief: 2024/14 – SMU Market Update – Jul 2024

The Memory Market's Booming ...Sadly, Other Sectors Are Not



Source: WSTS / Future Horizons

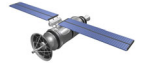
Executive Summary

After last month's temporary pause, May saw Opto continue on the downward trajectory it started in November 2023, declining 5.7 percent annualised growth vs. May 2023.

Likewise, Discretes saw its annualised growth fall even further to minus 15.3 percent vs. 13.0 percent in April and minus 9.9 percent in March. This broader industry bellwether sector is not yet showing any signs of abatement.

At the same time, ICs, the power force behind the industry's current revenue growth spurt, saw its sixth consecutive month of strong double-digit monthly annualised growth, up 29.7 percent vs. May 2023, reflecting the impact of the strong rebound in memory. The annualised IC sector growth excluding memory was a more subdued 7.0 percent, down from April 2024's 10.7 percent number.

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



Don't Get Drunk On The Headline Numbers ... The Devil's In The Detail

The overall year-on-year total Semiconductor market grew 22.1 percent, up from the 17.4 percent number of April 2024.

This was the seventh consecutive month of double-digit annualised growth since the market turned positive in September 2023.

As mentioned several times before, nice as they are, it is important not to get drunk on these heady headline numbers, given both the huge impact from memory, the stubbornly weak demand for IC units and the still-declining Analog IC, Discrete and Opto markets.

You cannot have a real and sustainable market recovery whilst these sectors remain weak. Based on current trends, a broader-based industry recovery is unlikely before the first half of 2025.

Unit Sales Lagging

May was the seventh 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. There is now ever-diminishing hope for a second-half year IC unit rebound.

Excess inventory remains the industry's number one problem, affecting not only unit shipments but capacity utilisation rates as well. Forcing customers to honour the Long-Term Agreements (LTAs) signed in the 2022-23 market boom has clearly frustrated efforts to liquidate stocks and rebalance supply with demand, pushing the unit recovery further down the road.

Market Outlook

The extent of the memory market rebound, following one of the steepest recessions in memory history, is having an immediate impact on the memory firms' P&L, with Samsung Electronics announcing more than a 15-fold increase in second-quarter operating profit.

Their stronger than expected guidance underscores a boom in data centres and AI development, as big tech companies race to develop their own advanced AI models, sparking demand for cutting-edge DRAM chips such as high-bandwidth memory.

Having cut back costs to the bone, any increase in ASP drops immediately to the bottom line.

The news on the non-memory front, however, remains a much bleaker picture. There is still a long way to go before the broader non-Memory market recovers.

Malcolm Penn

9 July 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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- ☑ Sep 2020 – Correctly Called Systemic & Widespread 2021-22 Shortages
- ☑ Dec 2021 – Correctly Called Market Downturn In 2H-2022
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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>

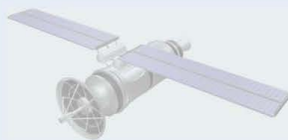


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Malcolm Penn is the founder and CEO of Future Horizons, with over 55 years experience in all aspects of the IT industry, from semiconductors to end-electronics equipment; advance research to manufacturing and applications together with an extensive 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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