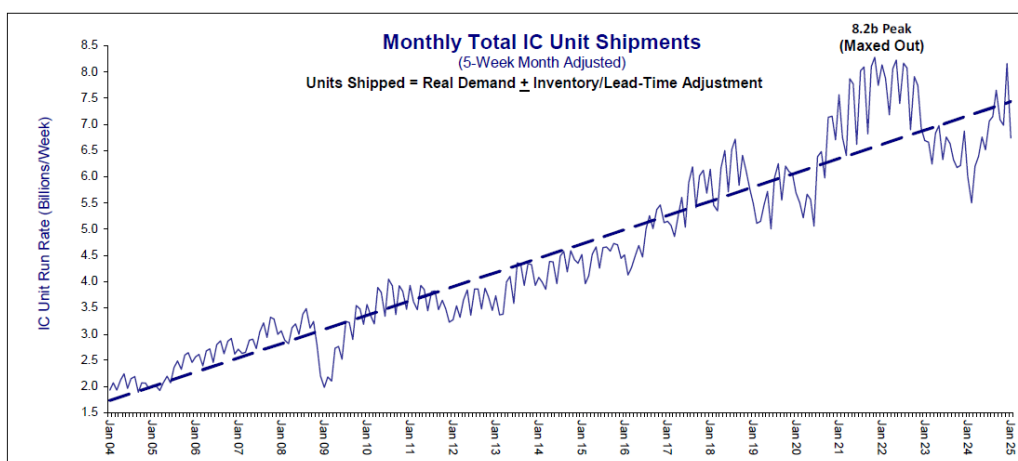


Research Brief: 2025/03 – SMU Market Update – Mar 2025

Uncertain Outlook For 2024 ... “It’s The AI Wildcard Stupid”

WW Monthly IC Unit Long Term Shipment Trend
(Jan 2004-Jan 2025 – 5-Week Month Adjusted, Billions of Units)



Source: WSTS/Future Horizons (Growth rates adjusted for 5-week months)

Executive Summary

Annualised growth rates continued their declining trend in January, with Total Semiconductors growing 14.8 percent, down from 15.9 percent in December and 22.8 percent in November, led by Total Memory, at 29.3 percent, a further sharp reduction from December's 38.8 and November's 87.2 percent numbers.

Logic growth was the star performer, at a healthy 29.7 percent growth, up from 23.1 percent in December, with Analog ICs losing ground at minus 1.0 percent, compared with December's 3.3 growth.

Total Micro was also stuck in the doldrums, chalking up a 0.5 percent decline, albeit an improvement on December's minus 2.5 percent growth.

The overall IC market ended up growing 19.3 percent year-on-year, down slightly from last month's 20.3 percent number but significantly lower than November's 29.5 percent growth. The overall trends are more favouring retrenchment vs. growth.



Annualised growth rates are, however, just one side of the coin. Our preferred measure is the month-on-month growth trends which we believe are a more accurate reflection of the overall industry health.

The picture here paints a much darker outlook, compared with the dizzy double-digit annualised monthly rates, with January's sales down 5.6 percent from December, on top of November's 8.7 percent decline. This decline was broadly spread across all industry segments, with Logic ICs the only sector seemingly bucking this trend.

Quite where the overall 2025 growth rate ends up will be determined by how much longer the current Hyperscale AI server market boom lasts. Were that to stumble, watch out for the annualised growth rate to implode.

AI aside, the overall chip market is now entering its eleventh quarter of recession since the Covid boom collapse in July 2022, with the high growth rate numbers propped up solely by the current AI-fueled market frenzy. All other mainstream product sectors are still wallowing in excess inventory and weak end-user demand.

History shows how difficult it is to spot the exact moment markets turn but the parallels between the current AI exuberance and the late 1990s telecoms network infrastructure bonanza remain uncannily profound, with the only obvious difference being most of the dotcom companies were ephemeral newcomers whereas today's AI champions include some of the world's most profitable and impressive groups including Apple, Amazon and Microsoft, as well as vNVIDIA, the main supplier to the AI economy.

The sword of dotcom bust 2.0 hangs unnervingly from a thread. If the AI market were to even slow, let alone implode, it would take the chip market with it and our 15 percent growth forecast would overnight become a 15 percent decline.

Boom and bust cycles are often forewarned but past experiences are more often forgotten than learned and bad practices mostly unaltered.

Malcolm Penn

11 March 2025

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



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- ✓ Correctly Call 2021 Double-Digit Growth, With Upside Of 24% (Sep 2020)
- ✓ Correctly Call Systemic & Widespread Shortages Throughout 2021-22 (Sep 2020)
- ✓ Only Analyst To Warn Of A Market Downturn In 2H-2022 (Dec 2021)

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- ✓ Sep 2020 – Correctly Called Systemic & Widespread Shortages Throughout 2021-22
- ✓ Dec 2021 – Correctly Warned Of 2H-2022 Market Downturn
- ✓ May 2022 – Warned Of Negative 22% Growth In 2023

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Dates For Your Calendar

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

Industry Update Webinar

May 13, 2025 – 3pm UK GMT (On-Line)

Check out the update to our industry forecast for 2025-26. Details Coming Shortly

January Webinar video recording and slide deck now available

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

International Electronics Industry Forum – IEF2025

Jul 13-15, 2025 – Esplanade Hotel, Zagreb, Croatia

Launched in 1991, Future Horizons International Electronics Forum (IEF) is the premier global networking platform for C-suite executives and senior management, attracting key decision-makers from the world's top IT companies. More details and registration at:

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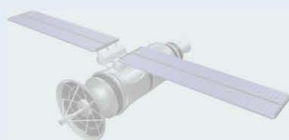


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Malcolm Penn is the founder and CEO of Future Horizons, with over 55 years experience in all aspects of the IT industry, from semiconductors to end-electronics equipment; advance research to manufacturing and applications together with an extensive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