

## Big Upturn Seen for Semis

Written by Chelsey Drysdale

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**SCOTTSDALE, AZ --** Following a lackluster period of average annual market growth in the semiconductor industry, a significant upturn is in store for the next five years, according to **IC Insights**.

For the NAND flash memory market, in particular, average annual growth from 2011-2016 is forecast to remain strong, the research firm said. NAND flash is forecast to have the highest average annual growth rate among the major product segments, increasing 16.6% annually, slightly ahead of its 16.0% average annual growth rate from 2006-2011, the research firm noted.

The DRAM market is forecast to show a healthy turnaround by growing 9.6% annually through 2016, reversing a five-year span in which average growth declined, IC Insights indicated. Increasing sales in the NAND flash and DRAM market segments will help to more than double the growth rate of the total semiconductor and total IC markets through 2016 as compared to the 2006-2011 time period, the firm believes.

### Semiconductor Market Growth Rates Forecast to Improve

	06-11 CAGR	11-16 CAGR
Total Semi	3.9%	8.0%
ICs	3.3%	7.4%
O-S-D	6.9%	10.6%
DRAM	-2.2%	9.6%
NAND Flash	16.0%	16.6%
MPU	6.2%	7.8%
Analog	3.1%	3.3%
IC ASP	-2.9%	1.7%

Source: IC Insights

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Other key markets like microprocessors (MPUs) and the analog market are forecast to enjoy a modest increase in average annual market growth through 2016, IC Insights said. Meanwhile, total market growth for optoelectronics, sensors, and discrete (O-S-D) devices is forecast to outperform the IC market by averaging 10.6% annual growth compared to 7.4% for ICs.

Tablet computers, smartphones, and the wide array of other portable wireless devices will keep semiconductor units growing at a steady pace through 2016, but strengthening average selling prices will be the main driver behind improving market conditions, IC Insights pointed out.

With many semiconductor companies closing their doors and others that are merging or being acquired (e.g., **Micron's** pending acquisition of **Elpida**), fewer players have the capital resources required to build new 300mm wafer fabs, IC Insights said. Consequently, the chance of an overcapacity situation throughout the industry (and the associated steep price declines it often creates) will be reduced. The outcome is expected to be steadily upward-trending average selling prices through 2016, compared to the 3% annual decline that ASPs averaged between 2006 and 2011, according to IC Insights.

Semiconductor orders are considered a leading indicator for future printed circuit board demand.