

Semi Growth to Take Flight in 2013

Written by Mike Buetow
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FRAMINGHAM, MA – Following a mostly flat 2012, worldwide semiconductor revenues will rebound slightly in 2013, **IDC** said today.

The research group forecasts semiconductor revenues will grow 4.9% to \$319 billion in 2013, up from less than 1% in 2012.

The firm says the market will reach \$368 billion in 2016, a compound annual growth rate of 4.1% from 2011-2016.

Weakness in PC demand, DRAM and overall memory price deterioration, and semiconductor inventory rationalization, coupled with continued global macroeconomic uncertainty from lower global GDP growth, a slowdown in China, the Eurozone debt crisis and recession, Japan's recession, and ongoing fear of fiscal cliff negotiations' impact on IT spending by corporations have all been levers affecting global semiconductor demand this year. Bright spots for the semiconductor market include smartphones, tablets, set-top boxes, and automotive electronics, which IDC expects will continue to be key drivers of growth over the coming years.

IDC expects semiconductor inventories to come into balance with demand in the second quarter of 2013 with growth to resume in the second half of 2013. "We expect lower, but positive global GDP growth in 2013. Semiconductors for smartphones will see healthy revenue growth as appetite for data, multimedia processing, and multitasking will drive high-end smartphone demand in developed countries while an ongoing transition to 3G networks will accelerate smartphone adoption in developing regions. PC demand will continue to remain in a period of transition next year until more technology and design innovation begin to change the course of demand," said Mail Venkatesan, research manager.

Regionally, Japan and Europe continue to be the two weakest regions. Although GDP growth has slowed in China, India, and Brazil, demand for smartphones, tablets, and automotive electronics remains strong. In the U.S., 4G phones, mobile consumer devices (tablets and e-readers), network infrastructure, and set-top box deployments will drive a healthy semiconductor growth cycle over the next five years.

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Other key findings include:

- Semiconductor revenues for the Computing industry segment will log year-over-year growth of 1.7% for 2013 and will show a muted CAGR of only 1.7% for the 2011-2016 forecast period. Semiconductor revenues from mobile PC demand will register 5.5% year-over-year growth in 2013, after declining 7.7% in 2012.

- Semiconductor revenues for the Communications segment will grow 6.5% year over year in 2013 with a five-year CAGR of 5.5%. Semiconductor revenues for 4G phones will experience annual growth of 140.1% in 2013 and a CAGR of 103.4% for 2011-2016.

- Media tablets, e-Readers, set-top boxes, and blu-ray players, will continue to see above average semiconductor revenue growth. Sales of traditional devices such as DVD players, DVD recorders, DVD players, portable media players, and game consoles will continue to erode. Overall, semiconductor revenues for the Consumer segment will record year-over-year growth of 9.8% in 2013 and a 2011-2016 CAGR of 6.0%.

- Driven by strong global demand for automobiles and increased semiconductor content (i.e. applications such as in-vehicle infotainment, automobile body electronics, and driver safety systems), semiconductor revenues for the Automotive segment is expected to grow 5.9% (CAGR) for the five-year forecast period.

- Regionally, Asia/Pacific will continue to grow its share of semiconductor revenues, with year-over-year growth of 5.5% in 2013 and a five-year CAGR of 5.3%.