

## Gartner: Watch Q2 to Predict Annual Semi Sales

Written by

Monday, 07 April 2008 12:04 - Last Updated Monday, 07 April 2008 12:06

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**STAMFORD, CT – Gartner Inc.** forecasts a 7% sequential decline for first-quarter semiconductor sales, and says growth prospects for 2008 will hinge largely on the second quarter.

This year's fate for the semiconductor market was not determined by the first quarter, according to Gartner.

Using **WSTS** figures for February showing semiconductor sales at \$18.7 billion, down 2% sequentially, but up 4% year-over-year, the market research firm determined its forecast. The \$18.7 billion in sales was about \$1 billion lower than Gartner's expectations.

The company now expects first-quarter semiconductor sales to total approximately \$62 billion, compared with WSTS reported sales of approximately \$67 billion in the fourth quarter last year. "Unless sales were much weaker than expected in March, the seasonal decline in sales in early 2008 is likely to be within the normal range and should not be a cause for major alarm (despite worries about the weakening US economy and its potential impact on global macroeconomic conditions)," Gartner analyst Richard Gordon said.

The impact of the troubled economy cannot be ignored, however. **iSuppli Corp.** reported it slashed its 2008 NAND growth forecast by two-thirds in large part because softening consumer spending has encouraged NAND buyers like

**Apple**

to cut back purchasing.

"If quarterly sales decline in the second quarter, even if we see some strength in the market in the second half of the year, annual sales in 2008 will still struggle to exceed the level of 2007," Gordon said. "We believe that flat-or-better Q2 sales will confirm the global semiconductor industry has managed to avoid a sharp slowdown and place the market on a growth track through the second half of 2008 and into 2009."

Gordon wrote Gartner reduced its forecast for total semiconductor market growth in 2008 to 3.4%, compared with 6.2% in the fourth quarter, on a more-cautious demand-side outlook.