WSTS Semiconductor Market Forecast Autumn 2004

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From The WSTS Board Of Directors:

According to the World Semiconductor Trade Statistics (WSTS), the world semiconductor market is expected to reach a size of $213B in 2004, an increase of 28% over 2003, virtually unchanged from the last forecast presented in May 2004 ($214B). Within the environment of a generally recovering world economy and growing demand in major application end-markets, semiconductor industry growth was stronger than expected in the first half of 2004. However, industry shipments growth rates in 3Q 2004 are suggesting an earlier than expected deceleration in growth in the second half of 2004, compared to the May WSTS forecast. This semiconductor industry slowdown is expected to extend into 2005 with the WSTS currently projecting 1.2% growth, revised down from the May WSTS forecast of 8.5%. The earlier than anticipated deceleration in semiconductor market growth has lead to expectations of a soft landing in 2005, thus moving the projected next industry downturn closer to the present, but lessening its severity, compared to the May WSTS forecast. The WSTS forecast for 2006 semiconductor market growth is now +3.0%, revised up from the May WSTS forecast of -0.7%, with gradual gains in momentum leading to double-digit growth in 2007. While the forecasted semiconductor market cycle is much smoother than previous cycles, the different regions and products maintain their historical patterns. That is, the memory product cycle is more pronounced than the other products and Asia Pacific continues to be the fastest growing region, due not only to a continuing shift in equipment production but also to rising internal demand in those countries. The growth of equipment production in Mainland China will help sustain faster than average growth in Asia throughout the forecasting period.

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