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SAN JOSE – January semiconductor sales were flat year-over-year and slipped a notch sequentially, the **Semiconductor Industry Association** reported today.

Excluding memory products, however, the picture brightens, with semiconductor sales up 8.1% year-on-year.

For the month, worldwide sales were \$21.5 billion, up 0.03% from last year and down 3.6% from December. The sequential decline in sales was in line with traditional seasonal patterns, SIA said.

“Virtually all product lines and all geographic markets experienced slightly lower sales in January,” said SIA president George Scalise. “Unit shipments of DRAMs and NAND flash grew modestly in January. Even with healthy demand from important end-markets, however, a very competitive environment resulted in price pressures for these products, which in turn led to continued erosion in average selling prices.”

Unit shipments of PCs and cellular handsets were in line with expectations in January. Analysts are projecting unit growth of around 12% for PCs and 12 to 15% for cellular handsets in 2008. PCs and cell phones together account for approximately 60% of worldwide semiconductor sales.

Nonetheless, citing the economy and sluggish memory sales, research firm **Gartner** cut its forecast for total semiconductor growth in 2008 to 3.4%, compared with 6.2% last quarter. “The US economy has entered a period of slower growth that may impact consumer purchases of electronic products,” Scalise said. “However, the emergence and growth of large consumer markets outside the US has created new opportunities for chipmakers.”

Scalise noted that PC demand outside the US has grown steadily through the past decade. “In 1998, the US accounted for more than 40% of all unit sales of personal computers,” he said. “In 2008, according to **JP Morgan** and **Gartner**, the US will account for approximately 21% of PC units. Several foreign markets will account for higher unit sales of PCs than the US. The emergence of these global markets underscores the importance of maintaining open markets and eliminating barriers to international commerce.”