

Large-Sized LCDs Set for 18% Growth in 2008

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EL SEGUNDO, CA – The global market for large-sized LCD panels appears to be shrugging off economic concerns, with rising demand for monitor, notebook-PC and television panels expected to generate a 17.7% increase in shipments this year compared to last,

iSuppli Corp.

predicts.

Large-sized LCD panel (10" or more diagonally) shipments are projected to rise to 458.9 million units, the firm says. The market is expected to reach 737.6 million units by 2012, a CAGR of 13.6% from 2007.

"The market for large-sized LCD panels struggled with an oversupply situation starting in November and into the first quarter," said Sweta Dash, director, LCD, for iSuppli. "However, concern over expected tight supplies in the second and third quarters due to Olympic Games-related demand and slower capacity expansion plans is prompting buyers of large-sized LCD panels to pull in their orders earlier and to maintain high inventory levels – a marked contrast from late 2007."

The global large-sized LCD market will expand to \$88.9 billion in 2008, up 19.9% year-over-year. The fact that revenue will grow more quickly than unit shipments reflects stronger ASPs for large LCDs as a result of supply constraints, says iSuppli.

Large-sized TFT-LCD panel revenue is expected to reach \$120.7 billion in 2012, maintaining a CAGR of 10.2% from 2007.

Many were concerned about the large-sized LCD panel market this year, mostly because of economic slowdowns. However, first-quarter large-sized LCD panel shipments declined only 2.8% sequentially. Generally, the first quarter is seasonally slow, but this year, even after dips in January and February, first-quarter shipments recovered somewhat as a result of strong growth in March, says the research firm.

Most panel buyers are expecting the LCD market to be in tight supply in the second and third quarters because of the Olympics and slower capacity expansions in the first half of the year.

So, although the end-system market remains slow due to the general deceleration in the US and the worldwide economy, the panel market is growing at a faster rate. Notably, first-quarter panel shipments fell 5.3% sequentially, according to iSuppli.

With the strong pickup in sales in the first quarter, shipments increased 40.1% year-over-year.

While the supply glut did continue in the first quarter, the strong demand for monitor, television and notebook PC panels has begun boosting the large-sized LCD market, a phenomenon expected to continue through the third quarter.

Panel suppliers are expected to spend about \$17 billion in 2008 alone to increase their capacity at higher-generation fabs. Strong growth in all three major application markets – TVs, notebooks and monitors – will propel large-sized LCD revenue into the future.