

Semico sees robust IC market in 2006

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In what could indicate a robust chip market for 2006, Semico Research Corp.'s Inflection Point Indicator (IPI) registered 16.5 in June, the highest level on record.

This month's IPI represents an improvement of 6.7 percent from May, according to Semico (Phoenix). It also marked the second consecutive month the IPI increased, up from 14.9 in April and 15.5 in May, according to the research firm.

Semico's IPI is designed to forecast the market 8 to 9 months in advance. The current IPI points to the February-to-March 2006 timeframe, which appears to be stronger-than-expected.

"Current expectations are for a moderate upswing in 2006," according to Semico. "If the trend continues, an upward revision to the 2006 forecast would be warranted, most likely with growth reaching into the upper teens. In turn, a strong 2006 start would accelerate new plant and equipment expansion by six months, from 2007 to 2H 06."

In that scenario, the market would ramp in 2007, continuing into the first half of 2008. "With the upturn occurring about six months sooner, the downturn - which is currently forecast for 2009 - would also occur six months earlier in 2H 08," according to Semico.

- Mark LaPedus
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