

Semico Raises '05 Rev Forecast 2%

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Market researcher Semico Research Corp. said today that it was raising its chip forecast slightly, saying that semiconductor revenue shipments will increase 2 percent this year to \$217.3 billion.

The Phoenix-based market research firm cited recent improvements in inventory levels and its own Inflection Point Indicator (IPI) pointing to strength in Q4.

Semico's IPI, which is designed to forecast the market 8 to 9 months in advance, registered 15.1 in April, down from 15.8 in March, the firm said. The April IPI points to the December 2005 and January 2006 timeframe.

Semico forecasts that chip revenue shipments will peak in November. Additional analysis indicates that although December is forecast to be weaker than November, revenue shipments will still be amongst the highest all year, resulting in Q4 growth, according to the market researcher.

Semico said it remains cautious about pricing and inventory levels in Q2 and Q4. April data showed a fairly significant softening in pricing, with aggregate ASPs falling 9.5 percent, from 53 cents to 48 cents. It anticipates that June quarter revenues will decline just under 2 percent as a result, compared to the March quarter.

Q3, however, will be the period in which OEMs and ODMs place orders to replenish inventory, but the bulk of these shipments will not occur Q4, Semico suggested. It forecasts a slight revenue dip of 1.1 percent in Q3, followed by positive growth of 2.1 percent in Q4.

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