

EE Times: Semi News

Foundries raise prices for 'lagging' wafers

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SAN JOSE, Calif. — Amid a sudden demand for "lagging" chips, leading silicon foundry vendors have reportedly raised their prices for wafers based on trailing-edge processes, according to analysts. Leading foundries have increase their prices on a product-by-product and customer-by-customer basis for wafers, built around 0.35-, 0.25-, and 0.18-micron processes, according to analysts.

"It's different for every foundry," said Joanne Itow, an analyst with Semico Research Corp. (Phoenix). And based on current projections, wafer prices could jump for leading-edge 130-nm processes, she warned.

Vendors have been reluctant to invest in "trailing-edge" equipment for some time and have been caught by the surprising demand in the market. Chartered Semiconductor Manufacturing Pte. Ltd., Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC) and United Microelectronics Corp. (UMC) are reportedly among the foundries that have or are considering a plan to boost their respective prices for select "trailing-edge" products, according to sources.

Rising wafer prices have prompted chip makers to seek competitive bids from second-tier foundries, many of which are holding their prices steady and benefiting from a sudden boom for mature technologies.

Overall, silicon foundry wafer demand is expected to show disappointing growth in 2005, but the sector is projected to rebound in 2006, according to Semico (see Sept. 14 story).

Indeed, the tide has turned for the industry. The silicon foundry industry had been embroiled in a subtle but damaging price war for select products and processes. This, in turn, was supposed to cause foundry wafer prices to drop for the remainder of 2005, according to Semico.

For months, many silicon foundry vendors had been competing on price amid a slowdown in the industry. Some analysts pointed to the Chinese silicon foundry startups as the main culprits in the foundry pricing wars (see July 28 story).

Leading foundries declined to comment on pricing, but did say that demand is growing on both the leading- and trailing-edge fronts. That's welcomed news for the foundry industry, which suffered from lackluster demand in the first half due to a flattish cycle for semiconductors.

"The mature technologies are getting full [in terms of fab utilization]," said Kuen Chow, vice president of field engineering for Taiwan's UMC. "We're also seeing stronger demand for 130- and 90-nm."

Demand is especially strong for mature processes, said Kevin Meyer, vice president of worldwide marketing and platform alliances at Singapore's Chartered. "There are a lot of new applications that are driving demand," he said.

For example, display drivers for today's handsets are not based on leading-edge processes, but rather mature high-voltage technologies, he said.

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