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MPUs and MCUs Will Reach Record Sales in 2008, but DSPs Struggle

IC Insights sees an end to sharp price erosion in overall microcomponent segment

The \$61 billion microcomponents segment of the IC industry continues to be a mixed bag of market conditions for microprocessors, microcontrollers, and digital signal processors in 2008, but overall sales growth in the category will strengthen slightly this year and remain stable in 2009 thanks to healthy unit demand and an end to sharp price erosion on devices that started in 2006. New analysis in IC Insights' *2008 Mid-Year Update* report breaks down the microcomponents market segment (Figure 1) this way:

MORE INFORMATION CONTACT

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- **Microprocessors** will see a stronger recovery in 2008, following a modest rebound in 2007 after a rare setback in 2006. Thanks to strong demand for new personal computers—especially notebook PCs—this year, microprocessor sales are now expected to increase 10% in 2008 to \$38.2 billion compared to \$34.6 billion in 2007, when MPU dollar volumes grew only 4%. In 2006, severe price erosion in PC processors played a key factor in MPU sales falling 2%. IC Insights is now forecasting 9% growth for MPU sales in 2009 to a record-high \$41.6 billion.
- **Microcontrollers** will achieve new record-high sales in 2008 with MCU unit volume shipments rising 13% this year. Worldwide microcontroller revenues are forecast to reach \$15.8 billion in 2008, which will be an 11% increase from \$14.3 billion in 2007. In 2009, MCU sales are expected to rise 6% to \$16.8 billion with unit-volume growth easing back to 10% next year, based on IC Insights' mid-year forecast.
- **Digital signal processors** remain bogged down in another difficult year. DSP sales are expected to decline 9% in 2008 due to inventory corrections in cell-phone equipment markets. In 2007, worldwide DSP sales dropped 7% after rebounding with 9% growth in 2006 following a 2% increase in 2005. It's worth noting that 2007 and 2008 represent the first back-to-back annual declines ever suffered by the DSP market. In 2008, DSP dollar volumes are expected to total \$7.1 billion compared to about \$7.8 billion in 2007. DSP unit volumes have been weak in 2008 as well, with device shipments forecast to drop 12% this year compared to 2007. IC Insights sees a modest recovery for DSP sales in 2009 with revenues rising 3% to \$7.3 billion and unit volumes bouncing back up by 5% from 2008 shipments.

The entire microcomponents market segment accounts for about one quarter of the worldwide IC market. IC Insights' forecast shows total sales in the microcomponents segment growing at a cumulative average growth rate (CAGR) of 10% per year between 2007 and 2012. Combined MPU/MCU/DSP sales are expected to reach \$91.2 billion in 2012 compared to \$56.6 billion in 2007.

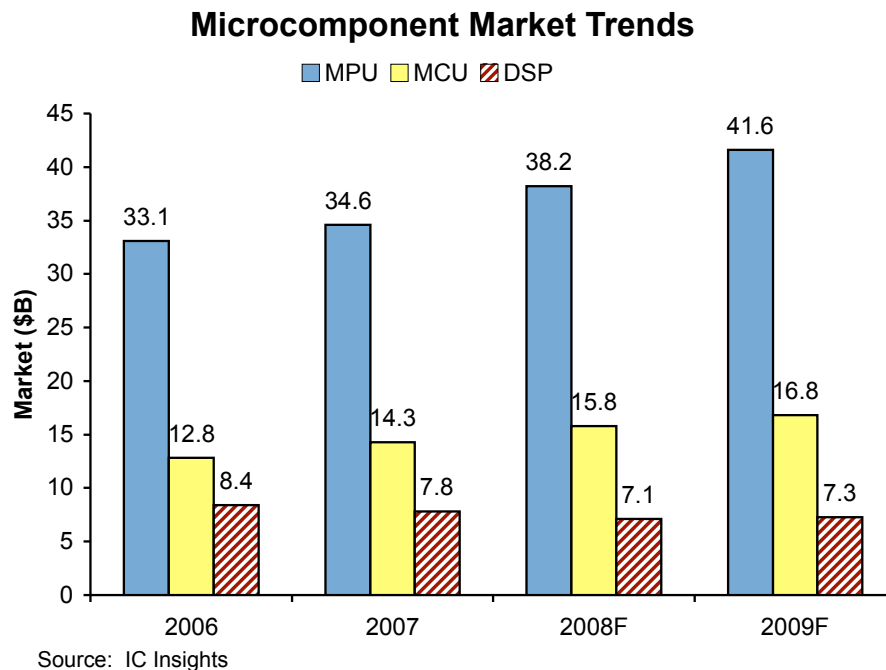


Figure 1

Report Details

IC Insights' *2008 Mid-Year Update* is provided free to subscribers of *The McClean Report*, a comprehensive annual forecast report for the IC industry. In a special offer, IC Insights is now making available stand-alone copies of the *2008 Mid-Year Update* at a price of \$1,690. IC Insights' 200 page *Mid-Year Update* contains analyses of all major integrated circuit market segments and global economic trends as well as updated projections on semiconductor capital spending and forecasts on IC product revenues, unit volumes, and ASPs through 2012. *The McClean Report*—the complete annual forecast package with monthly updates and the *Mid-Year Update*—is priced at \$2,790 for a single copy in CD-ROM or three-ring binder format. A bundled CD-binder set is priced at \$3,285. An Internet access password is available as a \$695 option. The report is also available under a multi-user corporate license for \$5,990.

Announcements

Our *Fall Forecast Seminar* will take place at the Sheraton Sunnyvale Hotel in Sunnyvale, California, on September 18, 2008. Visit www.icinsights.com/events/fallforecast/fallforecast.html to find out more about this informative, half-day update and forecast of the IC market through the end of 2008 and into 2009.

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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