

# RESEARCH BULLETIN

**SEPTEMBER 8, 2009**

## IC Capacity Utilization Rising in 2H09 to Pre-recession Levels

*Little capex spending will contribute to upward trend through 2010. Rising ASPs will result.*

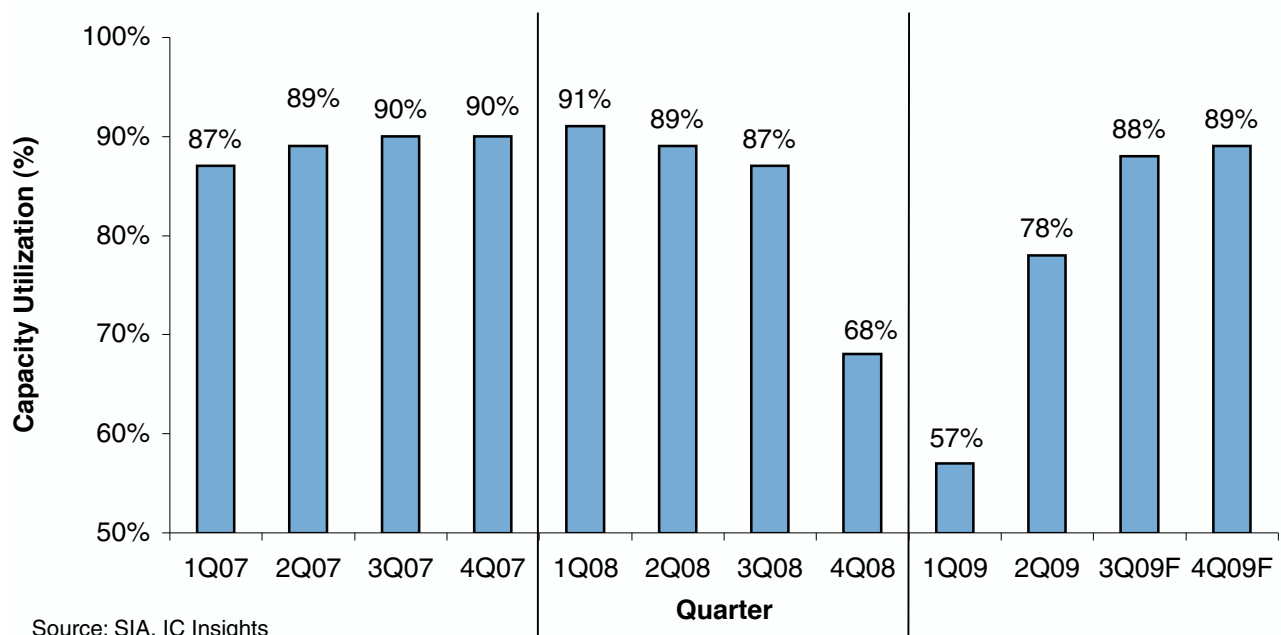
Industry-wide wafer fab capacity utilization is forecast to rise sharply in the third and fourth quarters of 2009, reaching levels not seen since 3Q08, according to data in IC Insights' recently released *Mid-Year Update to The McClean Report*.

As shown in Figure 1, the IC capacity utilization rate hovered around 90% in 2007 and through the first three quarters of 2008 before the economy soured and the utilization rate plunged to 68% in 4Q08. According to the SICAS data, IC capacity utilization reached its low point of 57% in 1Q09, then rebounded 21 points to 78% in 2Q09 as OEMs started to replenish inventory levels. Industry capacity utilization is forecast by IC Insights to increase another 10 points to 88% in 3Q09—essentially the same level as a year earlier prior to the economic collapse.

### MORE INFORMATION CONTACT

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### IC Capacity Utilization Trends



**Figure 1**

IC Insights keeps a close watch on IC capacity trends as an indicator of future IC ASPs and overall IC industry strength. High utilization figures (90% or greater) usually indicate a strong market and rising IC ASPs, whereas declining utilization rates are often indicative of a weakening market and sometimes declining ASPs.

Though not sinking to the all-time annual low rate of 71.2% in 2001, IC Insights expects the average IC industry capacity rate for the entire global recession year of 2009 to drop to 77.4%. Strengthening IC capacity utilization rates due to the tremendous capital spending cutbacks in 2008 and 2009 will cause IC ASPs to rebound, with annual increases of 5% forecast between 2010 and 2012.

## Report Details

IC Insights' *2009 Mid-Year Update* is a part of its new "Half-Year" *McClean Report* service. The *2009 "Half-Year" McClean Report* subscription includes the 200+ page *Mid-Year Update* (released July 31, 2009), the August, September, October, and November *Monthly Updates*, as well as access to *The McClean Report* subscriber-only Webcasts in August and November. The new *2009 Half-Year McClean Report* subscription is **value priced at only \$1,890**.

Note: Current *2009 McClean Report* subscribers will receive the products/services described above as part of their full-year subscription.

To review additional information about IC Insights' new and existing market research products and services please visit our web site: [www.icinsights.com](http://www.icinsights.com)

## Announcements

With several indicators pointing to improving business conditions, the time is right to reassess the IC market for the balance of 2009 and the next several years. IC Insights will provide this opportunity when it examines current and developing economic and IC market trends at its 6th annual *Fall Forecast Seminar* to be held from 9:00am to 12:00pm on September 17, 2009 at the Sheraton Sunnyvale Hotel in Sunnyvale, California. Visit [www.icinsights.com](http://www.icinsights.com) for more information.

### 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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