

JANUARY 5, 2010

The "Reset" Economy and the 2010 IC Industry

In 4Q08, General Electric's chief executive Jeff Immelt coined the term "reset economy." He used this phrase in an attempt to describe what he expected to be a very different world after the global economic crisis came to an end as compared to before the meltdown. His belief was that businesses, governments, and consumers would operate very differently in the post-crisis economy and that GE needed to adjust to this new environment.

IC Insights believes that this "reset" philosophy can be applied to the worldwide IC industry outlook. In only 12 months, the IC industry endured the most volatile quarterly swings in its history. While 4Q08 and 1Q09 set records for dramatic sequential quarterly IC unit shipment declines, 2Q09 and 3Q09 set records for the *fastest-ever* sequential quarterly growth for IC units! After such a period, it is probably best to step back and take a fresh look at the IC industry as it stands today and assess what can be expected for 2010.

The 2010 edition of *The McClean Report* provides IC Insights' current outlook for the new environment in the "reset" IC industry. Consider some of the following points:

- The Americas IC market was the only major region to show growth in 2009! Even the high-flying Asia-Pacific IC market declined in 2009. Why? Think memory market.
- Capital spending for memory devices is forecast to more than double in 2010! Find out why IC Insights believes this is not enough to avert memory shortages and significant price increases in 2010.
- Since late in 2008, IC Insights stressed that the 2009 IC market should be thought of in quarterly segments and not in total. IC Insights' clients heard early in the year to expect a big finish to 2009. It should be noted that the worldwide 4Q09 IC market was 47% greater than it was in 1Q09.
- Overall, the worldwide IC market declined 10% in 2009. In contrast, the NAND flash memory market surged by 20% during the year! Even better growth is expected in the NAND flash market in 2010! Moreover, 2011 is forecast to show even stronger NAND flash memory growth than in 2010. What is driving this expansion?

MORE INFORMATION CONTACT

Bill McClean
President
IC Insights, Inc.
Phone: +1-480-348-1133
Email: bill@icinsights.com

- DRAM average selling prices (ASPs) in 4Q09 were 65% higher than in 1Q09! Find out why IC Insights believes this is only the beginning of the trend toward higher DRAM ASPs. Are **severe** shortages in store for 2010?
- PC unit shipments were flat in 2009! Considering that the global economy endured its worst recession in 63 years (since 1946) in 2009, flat PC unit shipments were quite an amazing accomplishment. Moreover, cellphone unit shipments were down only 5%. Now consider that both PC and cellphone unit volume shipments are forecast to increase at double-digit rates in 2010! What effect will this have on the IC industry? Are we on the cusp of an all-out IC market boom for 2010?
- Microprocessor sales reached almost \$10.0 billion in 4Q09. This was an all-time record high, surpassing the previous high set in 4Q07! This record high was set during the worst global recession since 1946. What happens when the PC market takes off in 2010?
- China's IC *production* accounted for 1.8% of the worldwide total market in 2009, up from 1.2% in 2004. As previously forecast by IC Insights, China is playing only a very minor role in IC production. Will this situation change by 2014?

There has been a 180-degree turn in the fortunes of the IC industry in the 12 months from December of 2008 to December of 2009!

Isn't it time you "reset" your outlook for the new and very different IC industry of the future?

Report Details

A subscription to *The McClean Report* is your key to understanding one of the most volatile markets in the world—the IC market. Learn from the researchers that understand the IC industry cycles, the *only* researchers that predicted the correct shape of the IC market rebound in 2009! Packed with 400 tables and graphs, the 2010 edition of the report is available in three-ring binder, CD-ROM, and on-line formats, and also comes with free monthly updates by e-mail from March through November. A single copy of the report in CD-ROM or binder format is priced at \$2,890. A bundled CD-binder set is priced at \$3,385. An Internet access password is available as a \$695 option. The report is also available under a multi-user corporate license for \$5,990.

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.

Web Site: www.icinsights.com • **Phone:** +1-480-348-1133 • **E-mail:** info@icinsights.com