

# RESEARCH BULLETIN

**MAY 21, 2019**

## After 2Q19 Bottom, Expectations Increase for a 3Q19 IC Market Rebound *Notably, the IC market has never shown more than three sequential quarters of decline.*

IC Insights will release its *May Update* to the 2019 *McClean Report* later this month. This *Update* includes a discussion of the 1Q19 IC industry market results, a detailed quarterly IC market forecast for the remainder of this year, and a look at the top-25 1Q19 semiconductor suppliers.

Over its 60-year history, the IC industry is well known for its cyclical behavior. Looking back to the mid-1970s, IC Insights cannot identify a period where the IC market declined for more than three quarters in a row. Assuming the 2Q19 IC market registers a slight decline of 1% as compared to 1Q19, the 4Q18-2Q19 timeperiod would mark the sixth three-quarter IC market drop on record (Figure 1).

### MORE INFORMATION CONTACT

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### Periods of Three Sequential Quarterly IC Market Declines

Period	Year	1Q	2Q	3Q	4Q	Annual
1	1981	-8%	-1%	-2%		10%
2	1985	-18%	-8%	-8%		-19%
3	1996	-9%	-14%	-3%		-9%
4	1997				-3%	4%
	1998	-10%	-6%			-9%
5	2001	-20%	-20%	-11%		-33%
6	2018				-9%	14%
	2019	-18%	-1%*			-13%*

\*Forecast

Source: WSTS, IC Insights

**Figure 1**

As shown, there hasn't been a three-quarter decline in the IC market since 2001. Moreover, the three-quarter decline in 2001 was the steepest on record, with three double-digit declines, which led to the most severe annual IC market drop in history with a 33% plunge.

Given that the IC industry has never registered a four-quarter sequential IC market decline, expectations are high for a rebound in IC market growth beginning in 3Q19. While the U.S. and China trade war is an unpredictable “wildcard” for near-term IC market growth scenarios, 3Q19 is currently expected to display the largest percentage growth in the quarter after a three-quarter downturn in IC industry history. ***However, even with a strong rebound in IC sales in 2H19 as compared to 1H19, the total IC market is forecast to drop by 13% this year, with more downside than upside risk to this forecast.***

### **Report Details: *The 2019 McClean Report***

Additional details on current IC market trends are provided in the *May Update to The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including a 250+ page *Mid-Year Update*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to the 2019 edition of *The McClean Report* is priced at \$4,990 and includes an Internet access password. A multi-user worldwide corporate license is available for \$7,990.

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#### **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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