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Ramifications of Cheap Oil on IC Market Growth to be Discussed at the Upcoming *McClean Report 2015* Seminars!

The current price trend for oil gives credible upside potential to IC Insights' current expectations for worldwide GDP and semiconductor market growth.

As part of its release of The McClean Report 2015 later this month, IC Insights will present its McClean Report seminars on January 20, 22, and 29, that discuss its IC market analyses and forecasts through 2019.

IC Insights has always believed that a semiconductor market forecast is essentially useless unless one knows the assumptions behind it. One way that IC Insights attempts to separate itself from other research organizations is by always including a detailed analysis of the assumptions behind its semiconductor market forecasts. In that way, our clients can fully understand the forecast and can make their own assessment of whether they believe the forecast looks good or, in their opinion, is too low or too high.

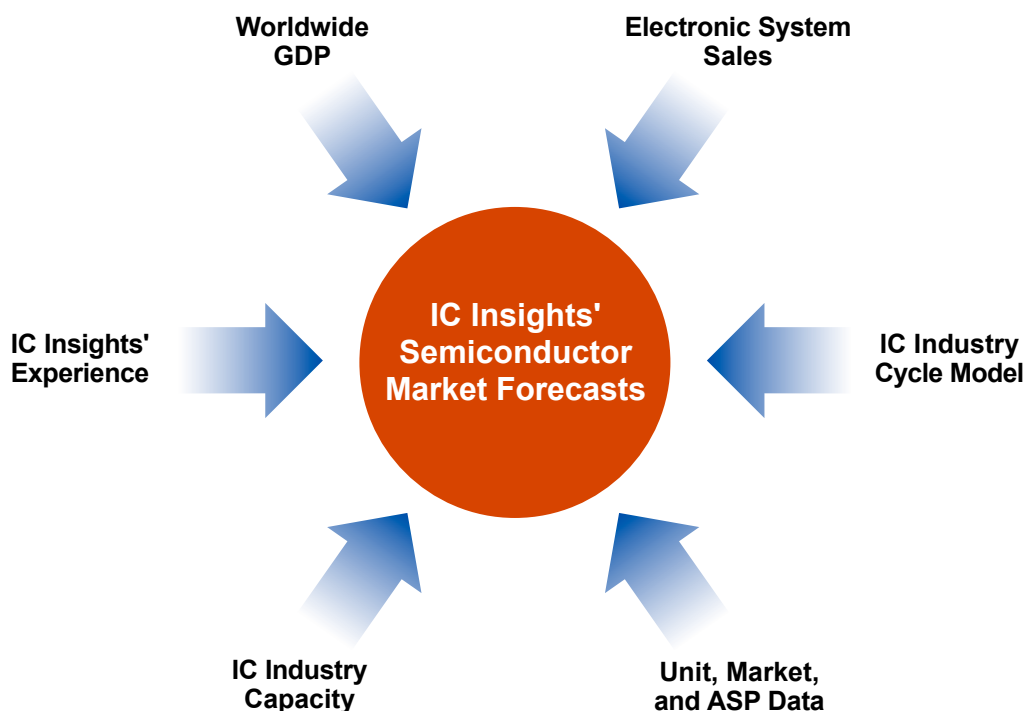
Many of IC Insights' clients have asked about our forecast methodology and what "model" we use. Our response has always focused on the various inputs and crosschecks that go into creating our forecast and how it is not a model in the truest sense of inputting data into a formula and having the market forecast percentage figure come out at the end. Figure 1 describes the basic components that comprise IC Insights' forecast methodology. As shown, it can best be described as a "Top-Down/Bottom-Up/Cycle/Experience/Crosscheck" model. One of the important inputs into IC Insights' model is the worldwide GDP forecast, and a very important part of that input is oil prices.

Historically, there has been a good correlation between oil prices (U.S. dollars per barrel) and worldwide GDP growth, with lower prices correlating to stronger future growth. The average price per barrel of oil declined 31% in 2009 as compared to 2008, and the price of oil transitioned from being a "headwind" on the fortunes of the worldwide economy to a "tailwind." Partially driven by lower oil prices, 2010 worldwide GDP registered a very strong 4.1% increase. ***Given the current forecast for the price of oil in 2015, IC Insights expects oil prices to once again be a "tailwind" for worldwide GDP growth.***

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IC Insights' Forecast Methodology (A Top-Down/Bottom-Up/Cycle/Experience/Crosscheck Model)



Source: IC Insights

Figure 1

The steep drop in the price of oil in the second half of 2014 took many oil producing countries and companies by surprise. Although countries such as Russia, Nigeria, Venezuela, and Iran will likely face severe economic distress from slumping oil prices, these countries' impact on worldwide GDP is very small (Figure 2). However, the countries and regions that will benefit most from low oil prices (e.g., U.S., Eurozone, China, and Japan) represented over 58% of worldwide GDP in 2014. Thus, when looking at the "big picture," low oil prices, in the long run, have always had a positive influence on worldwide GDP growth.

IC Insights believes that the price of oil will continue to be one of the most important factors to watch with regard to worldwide GDP and semiconductor market growth in 2015 and beyond.

More details on the 2015-2019 IC market forecasts will be provided in *The 2015 McClean Report*.

NOTE: IC Insights is currently taking orders for *The 2015 McClean Report*, which will be released later this month. If you need to fully understand the fast-changing IC market, you need to subscribe to *The 2015 McClean Report*.

Winners and Losers with Cheap Oil

Most Negatively Impacted by Cheap Oil	2014 Share of Worldwide GDP
Russia	2.8%
Nigeria	0.7%
Venezuela	0.6%
Iran	0.5%
Total	4.6%
Most Positively Impacted by Cheap Oil	2014 Share of Worldwide GDP
U.S.	22.1%
Eurozone	16.0%
China	12.4%
Japan	7.9%
Total	58.4%

Source: World Bank, IC Insights

Figure 2

Report Details: *The 2015 McClean Report*

The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry (released in January 2015) will feature more than 400 tables and graphs in the main report alone. A subscription to *The McClean Report* includes **free** attendance to one of *The McClean Report* half-day seminars that are presented by IC Insights' President Bill McClean later this month. *The McClean Report* seminars will be held in the following locations:

- **Scottsdale, Arizona on Tuesday, January 20**
- **Sunnyvale, California on Thursday, January 22**
- **Boston, Massachusetts on Thursday, January 29**

In addition to the seminar, 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 **2015** edition of *The McClean Report* is priced at \$3,590 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,590.

To review additional information about IC Insights' new and existing market research products and services please visit our website: www.icinsights.com

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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