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2016 IC Market Forecast Raised from -2% to +1%

Rebound in DRAM market helps raise outlook for total IC market.

IC Insights will release its October *Update* to the 2016 *McClean Report* later this week. This *Update* includes a review of IC Insights' latest 2016 IC market forecast, an update on the rebounding DRAM market, and an extensive analysis of the optoelectronics, sensor/actuator, and discrete (O-S-D) markets. An excerpt from the October *Update*, describing the upgraded 2016 IC market forecast, is shown below.

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IC Insights has raised its IC market forecast for 2016 by three percentage points from a 2% decline to a 1% increase and its 2016 IC unit volume shipment growth rate forecast from 4% to 6%. A large portion of this revision is due to a strengthening DRAM market.

Although the average third quarter sequential increase in the worldwide IC market since 2002 has been 8%, last year's 3Q growth rate was barely positive with a meager 1% increase. However, 3Q16 results were slightly above the past 15-year average and posted a strong 9% jump. Moreover, with an anticipated increase of 1% next quarter, the total 4Q16 IC market is forecast to climb to \$76.9 billion, a new quarterly record high, surpassing the previous high of \$76.7 billion posted in 4Q14.

It should be noted that the average second half versus first half of the year growth rate in the IC market since 1990, including the forecast for 2016, is 8.9% (Figure 1). However, IC Insights is forecasting that the 2H16 IC market will be up 12.3% as compared to 1H16, a strong turnaround from the extremely poor second half result of -1.2% posted last year and the highest second half growth rate since 2009.

With expectations for slightly better worldwide GDP growth in 2017 as compared to 2016 and continued firming of both DRAM and NAND memory prices, IC Insights believes that the worldwide IC market will grow by 4% next year (IC Insights' detailed 2016-2020 IC market forecast by product type will be presented in the November Update).

26-Year History of 2H/1H IC Market Growth

Year	2H/1H % Change
1990	11.1%
1991	1.9%
1992	14.6%
1993	17.2%
1994	19.9%
1995	15.7%
1996	-6.3%
1997	3.5%
1998	7.5%
1999	22.4%
2000	13.9%
2001	-20.7%
2002	12.2%
2003	23.2%
2004	8.4%
2005	9.2%
2006	9.8%
2007	12.4%
2008	-6.0%
2009	33.0%
2010	6.6%
2011	-1.9%
2012	3.6%
2013	8.3%
2014	10.2%
2015	-1.2%
2016F	12.3%
1990-2016F Average	8.9%

Source: WSTS, IC Insights

Figure 1

Report Details: *The 2016 McClean Report*

Additional details on the updated IC market forecast are included in the October *Update* to the 2016 edition of IC Insights' flagship report, *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 Report*), and **free** access to subscriber-only webinars throughout the year. An individual-user license to the 2016 edition of *The McClean Report* is priced at \$3,890 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,890.

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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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