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More Downside than Upside Risk to IC Insights' 2016 IC Market Growth Forecast

Worldwide GDP growth and currency exchange rate fluctuations expected to have major impact on the forecast.

In conjunction with the new 19th annual (2016) *McClean Report* year-long service, Bill McClean, president of IC Insights, will be presenting half-day seminars in Scottsdale, AZ (Tuesday January 26), Sunnyvale, CA (Thursday January 28) and Boston, MA (Tuesday, February 2). This seminar reviews IC Insights' IC industry assumptions and forecasts for 2016 through 2020.

MORE INFORMATION CONTACT

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IC Insights has always believed that an IC market forecast is essentially useless unless one knows the assumptions behind it. Including stock market and financial analysts, there are at least 15 entities that release IC market forecasts. One way that IC Insights attempts to separate itself from the "pack" is by always including a detailed analysis of the assumptions behind its IC market forecasts. In that way, our clients can fully understand the forecast and can make their own intelligent assessment of whether they believe the forecast looks good or, in their opinion, is too low or too high.

Figure 1 lists IC Insights' assumptions for its 2016 IC market forecast of 4% growth. As depicted, the most likely 2016 IC market scenario is for 2%-6% growth. Worldwide GDP is forecast to increase by 2.7% in 2016, 0.2 percentage points greater than the 2.5% growth rate registered in 2015, which is expected to drive a 2% increase in electronic system sales (four points higher than the 2% decline in 2015). Overall, IC Insights believes the correlation between worldwide GDP growth and IC market growth in 2016 will be very tight, as it has been since 2010.

IC industry capacity utilization rates are forecast to be in the low-90s percent range (with 300mm fabrication facility utilization expected to be in the mid-90s) in 2016. Moreover, IC unit volume growth is forecast to grow 5% in 2016, slightly better than the 4% increase in IC unit shipments registered in 2015, as servers and smartphones experience continued good demand.

A market forecast essentially comes down to unit and ASP growth. With the expectations for a relatively healthy 5% increase in IC unit volume growth, coupled with a 1% decline in IC ASPs, a mid- to low-single-digit growth rate in the 2016 IC industry currently appears to be the most likely outcome.

IC Insights' IC Market Forecast Assumptions for 2016

Factors	<2% IC Market Growth	2% to 6% IC Market Growth	>6% IC Market Growth
Worldwide GDP Growth	<2.5% Growth	2.5%-2.9% Growth	>2.9% Growth
Emerging Market Economies GDP Growth	<3.9% Growth	3.9%-4.3% Growth	>4.3% Growth
IC Capacity Utilization	<90% Utilization	90%-93% Utilization	>93% Utilization
IC Unit Volume Shipments	<4% Growth	4%-6% Growth	>6% Growth
Worldwide Electronic System Sales (\$)	<1% Growth	1%-3% Growth	>3% Growth
IC ASP Change	>2% Decline	0%-2% Decline	>0% Increase
Foreign Currency/U.S. Dollar Exchange Rate	Extremely Deflationary	Slightly Deflationary	Neutral
Negative "Event" (e.g., major terrorist attack, earthquake, etc.)	One or More	None	None
IC Insights' Forecasted Probability of Occurrence	20%	70%	10%

Source: IC Insights

Figure 1

Report Details: *The 2016 McClean Report*

The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry is IC Insights' flagship market research report, with more than 400 charts and graphs providing data on all aspects of IC industry. A subscription to *The McClean Report* includes **free** attendance to an upcoming *McClean Report* half-day seminar that will be held in the following locations:

- **Scottsdale, Arizona Tuesday, January 26**
- **Sunnyvale, California on Thursday, January 28**
- **Boston, Massachusetts on Tuesday, February 2**

The new 478-page *McClean Report* provides IC market and technology trend forecasts from 2016 through 2020. 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 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.

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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