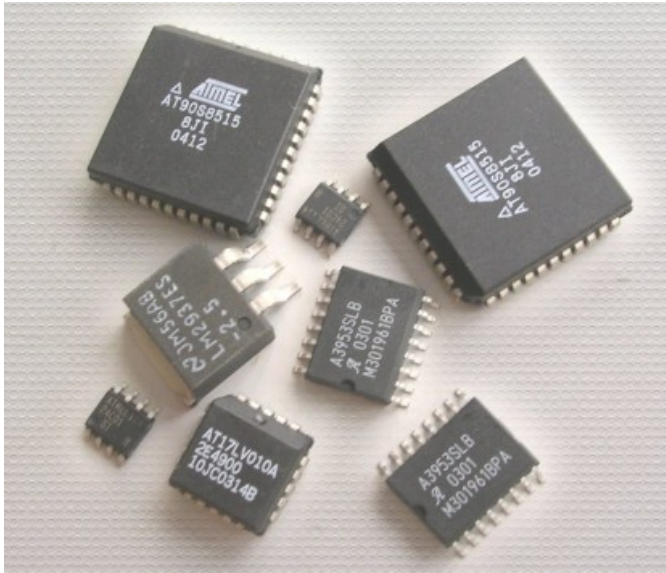


Semiconductors Will Grow, But Not That Much

Written by Marco Attard
22 June 2011

Gartner revises its projections for the WW semiconductor market's growth in 2011, saying it will reach totals of \$315Bn with 5.1% Y-o-Y growth (from 2010's \$299Bn).



Such totals are down from Gartner's earlier projections (from Q1 2011) of 6.2% Y-o-Y growth.

One of the reasons for Gartner's forecast scaling down is the impact of the recent earthquake and tsunami in Japan-- but not due to supply constraints.

The actual problem is vendors' response-- double ordering from March all through Q2 2011 "in efforts to secure supply in the face uncertainty and potential shortfalls", Gartner says.

The analyst now predicts residual effects on the supply chain in Q3 2011, which could impact some production and cause a few surprises in the process. Efforts to draw down inventory numbers can weaken the semiconductor market in Q4 2011 - Q1 2012.

More than 66% of the semiconductor industry's revenue through 2013 will come from smartphones and tablets, with the combination of increasingly high-end processors and larger amounts of DRAM and NAND flash memory, all based around the application processor hosting the OS of choice.

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Gartner says the WW application-specific standard product (ASSP) market will reach revenues of \$79.1Bn in 2011, and will grow to \$99.4Bn by 2015's end. The application-specific integrated circuit (ASIC) market will also see growth, thanks to Apple's investment.

However the sector that will see highest growth is nonoptical sensors-- primarily driven by automotive applications, but also seeing rapid growth from increasing sensor use in smartphones, tablets and videogame hardware.

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