



Nov. 28, 2002

Vol . 48

High-tech Sector

Display Devices Market Set for Solid Growth

The display devices market is set for solid growth, with demand rising from ¥5.6 trillion in 2002 to ¥9 trillion in 2007. Particularly strong growth will be seen in EL, color PDPs and FLCDS, according to a report released by Fuji Kimera Research Institute. The same report estimated demand for medium- to small-size color LCD panels at 100 million panels in 2002. The CAGR (annual compound average growth rate) between 2002 and 2007 for EL panels is estimated at 97.7%, that for color PDPs at 57% and for FLCDS at 39.9%.

Small-Size Color LCD Panel Demand Tops Supplies

Small-size LCD color panel manufacturers report a flood of orders for new types of color panels with improved picture quality. Toshiba Matsushita Display Technologies has doubled production compared to March and is investing heavily to add more capacity. Seiko Epson has the largest (39%) share of the market, followed by Toshiba (18%), NEC (16%) and Sharp (14%).

Fujitsu and AMD to Merge Their Flash Memory Operations

Fujitsu and AMD are planning to set up a new company and transfer their flash memory operations to the new entity. An agreement is expected by the end of the year. Intel has the largest (26%) global market share in flash memories, followed by AMD, with a share of some 13%. Other players have shares of less than 10%.

Olympus Optical Plans to Hike Production of Digital Cameras

Olympus Optical is planning to increase production of digital cameras to 4.6 million units in fiscal 2002, up from 3 million units produced in the previous fiscal year. The company hopes to win a 20% share of the global market.

Fujitsu-Hitachi Plasma Displays to Double Production

Fujitsu-Hitachi Plasma Displays plans to double production of PDP panels from the current monthly 30,000 panels to 60,000 by 2004. With demand for PDP televisions on the increase, the production hike plans may be moved up.



Alps Electric Ups Production of GMR Heads

Alps Electric's GMR heads for the next generation 60GB/PL and 80GB/PL have been well received in the market. The company's share of the OEM market has also tripled to some 36% and is likely to reach about 40% in the last quarter of the year. Sales of GMR heads in the current term to March 2003 are likely to double from the previous year to ¥65.4 billion.

Demand for High-frequency Units for Broadcasting Rising

Demand for high frequency units for digital broadcasting is rising worldwide as TV broadcasters are gearing up to switch to digital broadcasting. Japan's broadcasters are planning to go digital at the end of 2003 and recent FCC decision in the U. S. is expected to accelerate the switch in the U. S. Demand for TV tuners for mobile devices is also rising worldwide and is expected to reach 18 million units in 2005, up from some 10 million in 3.5 million in 2003.

Right to Set Telephone Charges Rests With the Fixed-line Carrier Says the Government

The government said on the 22nd that the right to set rates for calls placed from fixed line phones to mobile phones rests with the fixed-line carrier and not mobile carriers. At present rates are set by mobile carriers. The government hopes that rates will come down if the right to set rates is given to the fixed-line carrier.

Consolidation Starts in Japan's Game Software Sector

With leading game software producers Enix and Square planning to merge, consolidation seems to have started in Japan's game software sector. The merger between two game software producers with excellent track records in bringing out hits is aimed at further strengthening their position in the increasingly competitive global market. Japan's game software market shrank by 10.8% YoY in 2001 but the U. S. and European markets (double the size of Japan's markets) are experiencing strong growth.

Industrial Robot Shipments Up in July-Sept. Quarter

Production of industrial robots in the July-Sept quarter rose 5.3% compared with the same period a year earlier to ¥81.5 billion, according to the Japan Robot Industry Association. Domestic shipments were down 16.7% but exports were up 38.6%. Shipments of electronic component mounting robots (inserters, mounters etc.) increased 13.1% in Japan and exports were up 39.5%.



Earnings Roundup

Profits Drop at Nippon Television

Interim net profit for the six months ended September 2002 dropped 45% year-on-year to ¥10.9 billion at Nippon Television. Lower advertising revenue and extraordinary losses resulting from revaluation of investment securities was to blame, according to the company. Revenue was down 9% to ¥170.4 billion.

Fuji Television Reports Lower Profit

Interim net profit for the six months ended September 2002 dropped 19% year-on-year to ¥10.2 billion at Fuji Television. Spot advertising revenue from the consumer electronics and automobile sectors was favorable but those from the communications and the financial sectors was down. The company expects full-year sales to decline 4% YoY to ¥416.5 billion, with net profit dropping by 8% to ¥16.0 billion.

Sales Levels Separate Winners from Losers in the Game Software Sector

For the interim period ended Sept. 2002, Namco reported an 89% increase to ¥2.7 billion in ordinary income while Sega suffered a 22% drop to ¥4.0 billion. Namco, benefiting from rising sales of its game software, saw strong profit growth.

General Economy

Office Rents Coming Down in Tokyo

According to a survey of office rents in Tokyo by a leading economic daily, rents in October for new buildings were down an average 3.7% compared with the same month a year ago. Excess supply combined with a sluggish economy is driving down rents.

Recession Starting to Affect Temporary Help Services

The number of temporary workers dispatched in the metropolitan Tokyo area in the July-Sept quarter declined 2.6% year-on-year, the first such drop in 11 quarters, according to the industry's trade body. The number of workers dispatched was also down (YoY) for four months in a row. Temporary help service firms are shifting focus from clerical staff to marketing and technical staff, where profit margins are better.

Tertiary Industry Index Drops in September

According to government statistics, the tertiary industry index for September dropped 0.1% from August to 106.6 (base year 1999 = 100). This was the first drop in three months. By components included in the index, telecommunications was down 9.3% and transportation was off 0.7%. On the other hand amusement services index was up 3.4% mainly because September is a holiday-studded month.



Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
Sept.	100.8	107.6	107.2	71.1	2,674	1,582	17,918	1,648	9,491	6,779
Oct	99.2	103.2	102.9	68.8	2,037	1,683	15,311	1,847	6,803	6,661
Nov	98.5	104.0	98.4	69.7	2,026	1,624	15,443	1,695	7,233	6,515
Dec.	101.6	105.6	95.8	66.3	2,010	1,601	15,310	1,411	7,488	6,411
Jan	100.0	106.3	92.3	65.0	1,920	1,358	13,562	1,093	6,342	6,127
Feb.	101.4	106.9	90.8	77.0	2,123	1,736	14,969	1,365	7,184	6,421
Mar.	104.8	110.3	85.6	91.7	3,009	1,887	19,197	1,582	10,386	7,228
Apr.	108.7	114.4	84.2	77.2	1,849	1,797	14,411	1,470	5,760	7,182
May	117.2	123.2	87.9	80.9	1,818	1,872	15,451	1,649	6,324	7,478
June	115.4	121.2	85.8	86.2	1,875	2,078	16,176	1,691	6,881	7,604
July	113.7	118.0	90.8	86.3	2,015	2,060	16,056	1,775	6,285	7,997
Aug	117.1	123.5	89.9	72.6	1,841	1,297	14,736	1,482	5,937	7,318
Aug	116.2	120.9	93.9	84.9	2,465	1,555				
YoY	15.5	12.6	-12.3	18.4	-8.4	-0.7	-4.0	1.8	-15.0	16.8

Base year 1995 = 100; 100 million yen, YoY: Year-on-year percentage change

Source: Ministry of Economy, Trade and Industry, Japan Electronics Industry Association and other trade associations

