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High-tech Sector

KDDI's 3G Phones Selling Well

Subscribers to KDDI's 3G-phone (CDMA2000 1x) service topped 3 million in just seven months after the service was launched. KDDI's 3G-phone offers 144Kbps communications speed for mobile Internet connection.

SPE Market Rebounds

Orders for Japanese-made semiconductor production equipment in September doubled from the same month a year earlier to ¥88,526 million. SPE sales increased 17.8% year-on-year to record the first gain in 17 months. Orders in the first half (April-Sept) of the current fiscal year were up 44%. Sustaining the growth will depend on how well SPE manufacturers can respond to customer needs for moving into deeper sub-micron territory, Cu wiring and new materials.

China's Investment for Semiconductor Production to Swell

Capital investment in semiconductor production facilities in China will reach ¥4.5 trillion in 2010. Production of semiconductors in China in 2005 is forecast at 20 billion pieces, valued at 80 billion Chinese Yuan. Even at this level China will represent only 2-3% of the global market. These figures are expected to rise to 50 billion and 200 billion respectively in 2010.

PDP Televisions Selling Well

Shipments of PDP television sets in September rose 3.2 times compared with the same month in 2001 to 19,000 units, with those of BS television sets doubling to 44,000 units. Shipments of LCD color television sets also jumped 1.3 times to 84,000 units.

Japanese Companies Stepping Up Investment Overseas

According to a recent survey by a leading economic daily, major Japanese companies are planning to increase overseas investment by 7.4% this year while cutting back capital investment in Japan by 4%.

Contents Management Software Market

With more than 500 companies planning to install contents management software in within the next 12 months this new market is set for solid growth. Contents management software is viewed as potentially massive market and is attracting new companies. Content management software costs anywhere between two to 30 million yen. All major vendors, including Microsoft and Oracle, offer the software.

Car Electronics Market Expanding Rapidly

The global car electronics market is expected to grow at an average annual rate of 7% between 2001 and 2005. Growth rate from 2005 to 2008 is projected at 4.4%. The growth rate for car navigation systems is projected at 20.7% and 15.7% respectively. ETC systems installed on cars are likely to grow at rates of 61.1% and 28.5% respectively.

Electronic Component Manufacturers View Car Electronics as a Promising Market

A recent survey by a leading industry daily revealed that 64% of electronic component manufacturers expect car electronics related sales to record double-digit gains in the second half of fiscal 2002, a period when overall demand is expected to be weak. Roughly half say that car electronics will represent more than 10% of their total sales. Car electronics related orders are strong at Alps, Mabuchi Motor, Mitsumi and SMK.

Electrical Equipment Manufacturers Report Recovery in Electronic Devices

Electrical equipment manufacturers reported favorable interim results. The favorable performance is attributed mainly to a recovery in their electronic devices segment and strong sales of digital consumer electronic appliances. Fujitsu reported strong sales of software services. Sales of servo systems were strong at Mitsubishi Electric. LCD sales were up 2.4 times at Sanyo Electric. Profit rebound at Sharp was also driven by LCDs.

PDA Market Cools Down

Sales of PDAs in fiscal 2001 ended March 2002 rose only 2.3% to 1.37 million units. The value of sales was only 63.5%, according to Yano Research Institute, a research firm. The trend sharply contrasts with the average annual growth rate of nearly 20% projected for the market. The market is unlikely to grow very much over the next few years, the research firm cautions. But not all PDA suppliers are suffering. Sony reported strong growth in its PDA sales.

Earnings Roundup

Pioneer Reports Strong Interim Profit

Pioneer reported a 9.8% year-on-year increase in consolidated interim sales to ¥333,294 million. The gains were driven by brisk sales in the home electronics division (up 7.5%) and the car electronics division (up 15.7%). The main profit driver was, however, car electronics, where operating income was up 52.6% to ¥16,498 million. The home electronics division lost ¥3,769 million. Patent royalties were down 45.7% to ¥5,418 million.

Canon Reports Sharply Higher Second Quarter Profit

Canon on Tuesday reported that its second quarter (July-Sept) consolidated net profit rose 53% year-on-year to ¥57.5 billion, a record high for any quarter. Brisk sales of printers in the U. S. combined with strong sales of digital cameras and copiers pushed up sales and profit.



Nihon Densan's Net Profit Up 2.6 Times

Nihon Densan reported interim consolidated net profit of ¥2.6 billion, up 2.6 times from the same period a year ago. Strong sales of precision motors for HDDs pushed up sales and profit.

General Economy

Government's Questionable Comprehensive Economic Revitalization Plan

The government came up with yet another economic revitalization plan that includes measures for accelerating bad-loan disposal at banks, boosting employment and industrial redevelopment. But many of the originally planned measures were watered down due to political resistance. The question remains whether more government intervention in the economy is the solution.

Japan's Birthrate to Drop Further

Japan's birthrate is expected to drop to 1.24, the number of children per woman, in 2017, according to the population research center at Nihon University. The figure is lower than the worst scenario painted by the government, which saw the birthrate bottoming out at 1.31 in 2007 and then rising gradually. If the projections hold, the government's economic plans and projections will go haywire. As more women enter the labor force and the wage differential between the sexes narrows the birthrate tends to fall, the university says.

Corporations Cutting Back on New Graduate Hiring

Businesses in a wide range of industries are planning to make fewer job offers to new university graduates this year. Companies are planning to reduce job offers for new graduates by 12.7%. The trend is pronounced in electrical machinery and telecommunications sectors. Job offerings for 2-year college graduates and high school graduates are expected to decline by 33.3% and 24.9% respectively.



Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
Aug	104.2	109.1	116.6	67.0	1,898	1,588	15,348	1,460	7,445	4,174
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							
YoY	12.6	13.3	-22.9	1.3	-12.6	-12.0	-3.9	4.2	-19.2	10.6

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

