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High-tech Sector

Mobile Phone Shipments up in January

Combined total shipments of mobile phones, car phones and PHS were up 17.2% to 3.83 million units. Shipments of mobile phones in January rose 22.4% from the same month a year ago to 3.77 million. This was the third consecutive year-on-year increase in monthly shipments. Shipments of PHS fell a sharp 66.1%.

KDDI to Slash Charges for Calls from Fixed Line Phones to Mobile Phones

KDDI said on March 5 that it intends go ahead with its plans to slash telephone rates for calls placed from fixed-line phones to its mobile phones up to 25%. The new lower rates will be effective April 21.

Over 50% in Japan Now Have Internet Connections

According to government statistics, 54.5%, or some 69.42 million, of Japanese now have Internet connections, making it the country with the second largest number of Internet users in the world. The numbers have risen sharply in recent years as a series of government initiatives cut costs. Internet connection rates in Japan are now among the lowest in the world.

Digital Content Market to Show Rapid Growth

Japan's digital content market is expected to grow at an annual rate of 15% through 2005, turning into a ¥14 trillion market that year, according to Mitsubishi Research Institute. Among the various sub-market sectors, the content applications market is likely to grow at an annual rate of 62.8% from the current level ¥177.2 billion. The report analyzes four sectors -- content, application services, platforms and terminal equipment

Router Market Forecast

Japan's router market is expected to grow (on value basis) at an annual average rate of 2.4% through 2007, according to IDC Japan, a high-tech research firm.



IT Terminal-related Demand Forecast

Among the display terminals, LCD monitors will experience the highest growth, with the market size in 2005 increasing 313% compared with 2002, according to JEITA, a trade association. On the other hand, demand for CRT terminals will fall by 40%. In printers, demand for inkjet printers is expected to be up 128% by 2006. In storage devices, R/W DVDs will see a 944% demand growth, the report claims.

HDD Market Expanding

Global demand for HDDs in terms of volume is expected to increase 11% in 2004 and 17% in 2005. In Japan demand is likely to be up 10% in 2004 and 16% in 2005. Demand growth is being driven by rising a volume of data handled by servers and PCs.

Japan's White Goods Manufacturers Reorganizing

Japan's general electrical goods manufacturers are reorganizing their white goods businesses in a bid to restore profitability and growth. All major manufacturers saw sales and profit in this division fall in the fourth quarter of 2002. Matsushita Electric Industrial is the only company that remains bullish. Most are re-channeling their resources into promising growth areas such as LSIs and digital components.

Earnings Roundup

Oki Electric to Report Higher Profit

Oki Electric is likely to see its consolidated operating income reach ¥20 billion in the fiscal year ending March 2004. Consolidated net sales are likely to increase 5% to ¥630 billion. Strong demand for ATMs, designed to accept new bills to be introduced in 2004, and semiconductors for PHS in China are likely to drive sales.

Casio Micronics Poised for Strong Profit Growth

Casio Micronics is expected to see ordinary income increase in the fiscal year ending March 2004 four-fold from current term forecasts to ¥2,000 million on a sales gain of some 27% to ¥19 billion.

Dainippon Ink to Report Lower Profit

Dainippon Ink's consolidated net income in the current term ending this month is likely to drop 55% to ¥2,000 million, mainly because of an estimated ¥7,200 extraordinary loss related to asset impairment at its U. S. subsidiary and the cost of reorganizing its European network.

General Economy

Industrial Machinery Orders Up in January

Orders for industrial machinery in January rose 38.5% compared with the same month in 2002 to ¥376.9 billion to register the first increase in three months. Domestic orders increased 2.9% while overseas orders were up 147.5%. Out of the 13 categories of industrial machines, orders were up in 10.



Machine Tool Orders up in February

Orders for machine tools increased 36.2% year-on-year to ¥68.5 billion, according to the Japan Machine Tool Manufacturers' Association. Driven by strong demand from China, monthly orders registered year-on-year gains for five months in a row. Exports were up 38.2% and domestic shipments rose 36.2%. Japanese manufacturers are stepping up capital investment in China and orders were strong from the automotive sector at home.

Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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
Sept.	116.2	120.9	93.9	84.9	2,465	1,555	17,659	1,762	8,117	7,780
Oct.	117.3	125.6	93.5	80.6	1,942	1,577	16,161	2,030	6,169	7,962
Nov.	112.7	120.0	89.5	76.5	1,995	1,546	15,127	2,086	5,588	7,452
Dec.	112.9	119.3	90.2	74.1	2,066	1,460	NA	NA	NA	NA
YoY	12.1	15.4	-8.0	10.1	3.0	-8.8	1.7	22.6	-18.5	17.9

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

