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High-tech Sector

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Mobile Phone with Camera Pushing Up LCD and IC Demand

Mobile phones with built-in cameras and mobile phones with color LCD panels are pushing up demand for LCDs and ICs. Of the total 433 million mobile phones which are expected to be sold worldwide in 2003, 47% are likely to have color LCDs. The share of color LCD type phones is expected to increase to 80% by 2006, according to NEC. Mobile phones with cameras will account for 65 million of the total mobile phone shipments in 2003.

Mobile Phone Subscribers Up 1.7% in March

The number of mobile phone subscribers in March increased 1.7% from the previous month to 81.11 million. The three leading carriers, NTT, J-Phone and au, recorded net increases with NTT topping the list. It accounted for 630,000 of the 1.28-million increase. Mobile phone diffusion ratio in Japan has now risen to 63.7%.

Lenses for Digital Cameras in Short Supply

With shipments of digital cameras and mobile phones with cameras rising rapidly, supply shortages have started to appear for key components, such as CCDs, LCDs and now lenses. Lens shortages are becoming so acute that they may start affecting shipment growth. Major lens manufacturers are now boosting production to cope with the growing demand.

Taiwan's Capital Investment in LCD Facilities to Stay Firm

Capital investment by LCD manufacturers in Taiwan in 2003 is likely to be around ¥240 billion, largely unchanged from the previous year. However, concerns about over capacity are rising and this could lead to mid-term downward revisions to the original plans.

Crystal Device Production in 2003 to be Marginally Higher

Production of crystal devices in fiscal 2003 is likely to increase 1.5% year-on-year to ¥183.7 billion, according to forecasts released by QIAJ, a trade body. Demand from the automotive sector is expected to underpin production growth, the association says.



Japanese Manufacturers Catch Up in MRAM Technology

NEC and Toshiba have jointly developed a 1mB MRAM memory and have also succeeded in developing technologies for lowering power consumption to one-third of the conventional level. With this development, Japan seems to have caught up with the U. S., which so far had a clear technological lead in this area.

Govt. Likely to Unload More NTT Stock in 2003

The Ministry of Finance in 2003 plans to sell more NTT shares that the government holds. However, given the state of the market, it is doubtful whether it will be able to determine the right timing before the end of the year.

Electrical Component Manufacturers Focus on LAN/Bluetooth

Japan's electronic component manufacturers are focusing on the wireless market, including wireless LAN and Bluetooth. Shipments of devices installing the Bluetooth module are expected to rise from an estimated 86 million in 2003 to some 800 million in 2007, according to IMS.

Semiconductor Manufacturers Continue to Boost Flash Memory Production

Affected by the IT recession, demand for flash memories had been slack since 2000 but is now in the recovery phase after touching bottom in 2001. Demand for flash memories in 2003 is expected to increase 29% over the previous year to ¥1.2 trillion and rise to ¥1.6 trillion in 2004. Fujitsu plans to merge its flash memory operations with AMD, which would make it the second largest player with a market share of 19% after Intel which has a market share of 27%.

Number of Cars Installing ETC System Growing

The number of vehicles installing the ETC system as of the end of March reached 811,543, a figure slightly more than 1% of all cars on the street, according to government statistics. There was an increase of 95,000 cars installing this system in March.

Report Identifies High Growth Devices

A recent report from Fuji Kimera Research Institute, a high-tech research firm identified 21 electronic devices, the markets for which could triple in the next five years. The highest growth rate (32.3 times) is projected for application processors for mobile phones. The market is expected to grow from ¥3.9 billion in 2002 to ¥126 billion in 2007, the report forecasts. The markets for three devices, embedded circuit boards, SOG and lenses for optical communications are expected to increase more than 10 times during the same period.



Earnings Roundup**Sharp to Report Strong Profit Growth**

Sharp is expected to report a 35% year-on-year increase to ¥99 billion in consolidated operating income for the fiscal year ended March 2003. Consolidated net sales seem to have increased 11% to some two trillion yen, driven by strong demand for small to medium-size LCD panels, LCD color televisions and mobile phones, in addition to a favorable semiconductor business. Ordinary income is likely to be up 64% to ¥80 billion, with net income rising 2.8 times to ¥32 billion. The company expects to report higher sales and profit in the current term to March 2004.

Sluggish Stock Market Hurting Japan's Electrical Equipment Manufacturers

Although operating income at Japan's electrical equipment manufacturers is rebounding, their net income is being hurt by the sluggish stock market, which is forcing them to write down their investment portfolios. Of the nine major firms, five are now expected to report net losses.

General Economy**Machinery Orders Down in February**

Machinery orders (excluding ships and electric power), a leading indicator of capital investment, fell 9.6% compared with the previous month. This was the first fall in monthly orders in three months and is due in part to high order levels in January. Orders from the manufacturing sector fell 9.1 and those from the non-manufacturing sector were off 9.8%.

Environmental Machinery Orders Surge in February

Orders for environmental protection machinery in February rose 92% to ¥86,578 million and registered the first YoY gain in four months. Orders for garbage incinerators rose 3.5 fold to ¥49,652 million. Orders from the non-manufacturing sector increase a 3.57 times to ¥13,783 million. Export orders were up 16.23 times to ¥37,492 million.



Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
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
Jan.	118.4	128.4	89.3	68.5						
YoY	18.4	20.8	-2.9	5.4	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

