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High-tech Sector

VoIP Market Set to Take Off

Growing at an annual average rate of some 60%, the demand for VoIP equipment and devices will rise to ¥61.6 billion in 2007, according to a forecast by IDC Japan. By type of equipment, demand for IP-PBX will grow at the fastest rate, as carriers and providers install more PBX equipment.

SMD Type Increasing Share of Liquid Crystal Devices

The weight of SMD type LCD devices in total liquid crystal device production in 2002 rose 36.7% from the previous year to 2.29 billion devices. This was a four-percentage point increase to 49.8%. A strong demand for use in mobile phones is driving production. This trend is expected to continue for the foreseeable future.

Rush of LCD Glass Substrate Production Facilities in the Far East

Asahi Glass, Corning, NH Technologies and Nippon Electric Glass are adding capacity for the fifth-generation TFT-LCD in Japan, S. Korea and Taiwan.

Outlook for Japan-made SPE

SEAJ, the semiconductor production equipment manufacturers' trade association, released forecast for Japanese-made SPE equipment and the outlook for SPE demand in Japan. This translates into a double-digit growth rate from 2003 through 2006. According to the report, sales of Japanese-made SPE in 2006 will rise to ¥1.33 trillion and sales in the Japanese market would total an estimated ¥704.9 billion.

PC Shipments Rebound

Shipments of personal computers in the April-June quarter rose 4% year-on-year to 2.52 million units, according to JEITA, an industry trade body. This was the first year-on-year gain in quarterly shipments in two years. Corporate demand, spurred by IT investment tax credit, is underpinning shipment growth. Demand from the corporate sector accounts for 60% of total PC demand in Japan. The picture looks promising in the consumer market also, where shipments of notebook PCs rose 37%. However, JEITA warned that it would be premature to declare that the slump in the consumer market has touched bottom.



Personal Computers Account for 10% of the PC Market

Used personal computer demand in Japan has grown steadily and now equals about 10% of new personal computer sales. This will push up used personal computer sales to over one million units this year. Attractive price is the most important factor driving demand. Major computer manufacturers are entering the business. IBM Japan has even launched a used PC brand, IBM Refresh PC.

Digital Consumer Electronic Devices to Drive Demand

Three major digital consumer electronic products – PDP televisions, LCD televisions, DSCs and DVD pdecks – are reviving the electronics sector. The demand for PDP televisions is expected to rise from 830,000 units in 2003 to some 2.7 million units in 2005 and that for LCD televisions from 4 million units in 2003 to an estimated 12 million units in 2005. The demand for DVD decks is likely to jump from 4.4 million units to 22.6 million units during the same period. Similarly, demand for DSCs is also on the upswing and is expected to jump from 25.5 million units in 2003 to an estimated 36 million units in 2003.

Telecommunications Equipment Production Rises for the Fifth Month in a Row

Telecommunications equipment production in April registered its fifth month of consecutive growth. Production of terminal equipment rose 42.1% from the same month a year earlier, driven by strong demand for mobile phones. On the other hand, production of network devices continues to be sluggish, with no signs of recovery. Output of wireless equipment slowed in April after steady growth since October 2002.

Semiconductor Manufacturers to Work through Summer Vacations

Japan's semiconductor manufacturing facilities will be operating at full capacity through the upcoming summer vacation period in August as they increase production to meet growing demand.

Connector Manufacturers Turn Bullish

In a recent survey of Japanese connector manufacturers 40% of the companies polled expect sales in fiscal 2003 to increase by double-digit figures. None of the companies polled expected global demand to decline in comparison to 2002.

Showa Denko Develops a Unique Solar Cell Panel

Showa Denko has developed a thin, lightweight solar cell panel that can be bent. The company hopes that the new solar cell panel will find a variety of applications. For instance, it can be sewn into your shirt or coat. However, the energy conversion ratio at 4% is still only about one-fifth of conventional solar cells. However, an A4 size panel can produce sufficient power to recharge mobile electronic devices. Commercial shipments are scheduled to start early next year.



Earnings Roundup

Ordinary Income Up Sharply at Hoya

Consolidated ordinary income for the April-June quarter increased 36% at Hoya. The company cited sharply higher sales of digital camera lenses and semiconductor materials; areas in which it has strong market positions, for record-high sales and profit. Operating income increased 15% to ¥14,900 million as consolidated net sales rose 4% year-on-year to ¥63,900. Operating margin was 32.8%, a record for any quarter. Net income was ¥9,700 million, up 43%.

Nippon Densan's Net Income Increases Nine-fold

Nippon Densan's consolidated net income in the April-June quarter increased nine times from the same period a year ago to ¥3,400 million on a sales gain of 2% to ¥75,100 million. Sales were driven by strong demand for its mainstay HDD motors and medium-size motors for automotive use. Sales of precision equipment, shutters for digital cameras, were also favorable. Operating income rose 24% to a record ¥6,500 million. Ordinary income increased four times to ¥6,200 million.

Basic Electronics Industry Statistics

	Prod.	Ship.	Inv.	Capacity utilization.	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	El. devices
Jan.	90.9	95.2	83.9	72.0	1,953	1,255	14,010	1,302	5,837	6,871
Feb.	88.8	92.8	81.6	85.2	2,091	1,439	15,026	1,420	6,573	7,033
Mar.	88.6	88.7	84.4	107.7	3,155	1,691	19,029	1,748	9,561	7,720
Apr.	86.6	92.6	82.7	96.2	1,788	1,677	14,103	1,783	5,261	7,059
May	92.0	96.2	81.1	97.0	1,857	1,707				
YoY	4.2	7.4	-7.3	-4.4	2.6	-8.9	3.8	21.4	-8.7	1.3

Base year 2000 = 100 (seasonally adjusted); 100 million yen, YoY: Year-on-year percentage change

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

