



Vol . 113

High-tech Sector

Week ended Apr. 18, 2004

Mobile Phone Shipments Drop in February

Shipments of mobile phones in February fell 3.6% to 3.49 million units, according to JEITA. This was the second consecutive decline in monthly shipments. Shipments from April 2003 to February 2004, however, were up 17.8% to 46.25 million units.

Optical Fiber Demand in Japan Slows

The demand for optical fiber cable in Japan is expected to decline below 10 million kcm in fiscal 2004. This is the first time in four years that demand will be below the 10 million kcm mark and is a steep decline from the 17.3 million kcm recorded in fiscal 2001. The demand fell an estimated 33.4% to 10.04 million kcm in fiscal 2003. Demand is unlikely to recover for at least two more years.

Secondary Battery Market in Growth Phase Again

Demand for lithium-ion batteries, used in portable electronic devices such as mobile phones, PDAs, and digital cameras, has been regaining momentum from the middle of 2002. Production is expected to rise from 781 million pieces in 2003 to 950 million in 2004. The lithium-ion battery is uniquely suited for high capacity and long battery life.

Home Theater Market Poised for Solid Growth

Japan's home theater market in 2004 is expected to grow 67% from a year before to some 75,000 units. The forecast for 2005 is for an increase of 53% to 115,000 units. In addition to the popularization of the DVD, the launch of digital terrestrial broadcasting in the nation's three major metropolitan areas is boosting demand.

Electronic Materials Prices on the Rise

Prices of electronic materials have risen 10% to 15% compared to 2001. Price hikes have been sharper in certain categories of materials such as metallic electronic materials, where prices are up 20% to 40%. An increasingly strained supply-demand balance amid rising production of electronic devices is driving up prices. Suppliers from NEOMAX and Hitachi Metals to Matsushita and Nippon Electric Glass have raised prices from April shipments.



Electronic Devices and Components Exports Jump in August

Exports of electronic components and devices in January rose 15.8% year-on-year to ¥677.8 billion. In electronic components, all devices (except transformers) recorded double-digit gains, pushing up the January export growth rate to 19.8%. Exports of electronic devices rose 14.4%. Exports of optical semiconductor devices for use in CDs and DVDs were particularly strong.

Toshiba(6502 TSE1) to Boost Flash Memory Output

Toshiba plans to increase production of flash memories by 50% from its current level. The company expects the flash memory market to grow from around ¥400 billion in 2003 to an estimated ¥1,200 billion in 2007.

Non-contact IC Card Demand Set to Grow

The demand for non-contact IC cards in fiscal 2005 is expected to increase 2.7-fold to 58.35 million cards from an estimated 21.48 million cards in fiscal 2003, according to Yano Economic Research Institute. Demand should balloon to 160 million cards by 2010, according to the report..

White Goods Selling Well Again

Led by air conditioners, IH cookers and dishwashers, sales of white goods, which had been in the negative territory since the middle of 2001, are growing again. Sales of refrigerators in February rose 12% as manufacturers introduced new models. The demand recovery comes at a time when digital home electronics is also taking off. The main beneficiaries of the rebound are Matsushita, Hitachi, and Mitsubishi

PC Shipments to Grow 6.5% in FY2004

PC shipments in fiscal 2004 are expected to increase 6.5% to 13.65 million units, after rising 2.8% to 12.81 million units in fiscal 2003. With market shares of top vendors largely unchanged, the leading suppliers are strengthening their hold on the market. The largest vendor is NEC with a share of 20.6% in desktops. Fujitsu came in second and was followed by Dell, Sony and HP. In notebooks, NEC had a share of 21.7%. Fujitsu ranked second. Toshiba came in third and was followed by Sony and IBM Japan.

Fujitsu (6702 TSE1) to Shift to Linux for its Major Servers

Fujitsu is planning to develop a high-performance server running on the Linux OS. The company plans to invest ¥20 billion over the next one year for the development project. The server will run on Linux and install a 64-bit Intel CPU. Forecasts see shipments of about 1,000 units in fiscal 2005, the year ending March 2006.



Earnings Roundup

Casio Micronics (6760 JQ) to Report Strong Profit Growth

Casio Micronic's non-consolidated ordinary income for the fiscal year ended March 2004 is likely to have increased 2.6-fold from the previous fiscal year to ¥1,370 million. The company is likely to report a 36% year-on-year increase in sales to ¥21,000 million. Strong demand for mobile phone LSIs and LCD drivers pushed up sales. With production facilities operating at full capacity, the gross profit margin increased by three percentage points. Successful reduction of debt also helped to bring down interest expenses.

CCI Posts Strong Profit

Internet ad agency Cyber Communications said that its consolidated ordinary income for the fiscal year ended March 2004 rose 79% to ¥500 million, on a revenue gain of 18% to ¥15,000 million as demand grew for e-mail advertisements and mobile phone advertisements, in addition to the core banner ads on portals.

Profit on the Upswing at Trend Macro

Consolidated net income for the first quarter of 2004 (January – March) rose 81% year-on-year to ¥3,100 million, surpassing the previous forecast by some ¥1,000 million. Consolidated net sales rose 25% to ¥13,600 million.

Initial Public Offerings News (For detailed information, go to: <http://www.ipotokyo.com>)

No new issues were approved for listing in the week ended April 18.



Basic Electronics Industry Statistics

	Prod	Ship.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Semicon (Production)	Electronic devices	Consumer electronics (sales)
Mar.	88.6	88.7	84.4	107.7	3,155	1,691	19,029	1,748	9,561	3,456	7,720	266
Apr.	86.6	92.6	82.7	96.2	1,788	1,677	14,103	1,783	5,261	3,171	7,059	216
May	92.0	96.2	81.1	97.0	1,857	1,707	14,721	1,952	5,501	3,307	7,269	205
June	92.6	96.2	81.1	115.9	2,003	2,039	16,003	1,954	6,481	3,449	7,569	229
July	91.3	90.4	92.6	106.4	2,023	1,924	15,859	1,823	6,206	3,545	7,830	247
Aug.	91.2	95.8	87.0	60.5	1,771	1,165	14,332	1,577	5,593	3,388	7,362	230
Sept	94.1	96.4	82.7	74.3	2,495	1,313	18,078	2,314	7,335	3,761	8,430	209
Oct.	98.6	104.9	80.8	75.2	2,005	1,397	16,942	2,473	6,100	3,698	8,370	228
Nov.	99.4	99.8	81.8	74.1	1,913	1,465	16,360	2,310	5,897	3,611	8,153	244
Dec.	100.2	102.4	81.3	80.9	2,123	1,529	17,484	2,289	7,034	3,596	8,160	321
Jan.	102.5	105.4	81.5	76.1	1,996	1,396	15,531	1,517	6,073	7,941	3,629	273
Feb.	95.4	99.1	78.5	-	-	-	-	-	-	-	-	193
YoY	8.4	6.8	-3.8	5.7	2.2	11.2	10.4	15.8	3.0	15.6	15.6	-17.3

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

