



Vol. 251

## *High-tech Sector*

Week ended October 14, 2007

### **Japanese Telecom Carriers Apply for WiMAX Licenses**

Three major Japanese telecom carriers, NTT DoCoMo (Stock-code: 9437), KKDI (stock Code: 9433) and the E.Access(Stock code: 9427)/Softbank (Stock code: 9984) group have applied for WiMAX licenses, a 2.5Ghz band wireless communications standard that is being hailed as the next-generation high-speed wireless communications standard. Japan's WiMAX forum has 460 members.

### **Machinery Orders Down in August**

Private sector machinery orders (excluding ships and electric power) in August declined 7.7% compared to the previous month to 1.3 trillion yen. This was the first drop in orders in two months and the decline was due mainly to the very high growth rate recorded last month. The government takes the position that machinery orders will continue to bob up and down but will remain strong. Orders from the manufacturing sector fell 8.6% and those from the service sector were off 7.6%. In the machinery sector, orders fell particularly sharply from the electrical machinery and precision instruments sectors. Orders in the non-manufacturing sector were hurt by weakness in the finance, insurance and mining sectors. On the hand total machinery orders (including public sector and overseas orders) were strong, rising a healthy 7.1% to 2.7 trillion yen, the second highest since the May high.

### **Production of Solar Cells Likely to See Explosive Growth**

Production of solar cells doubled between 2004 and 2006 to 2,500MW/Y, according to PV News, and the growth rate is unlikely to falter anytime soon. The world's largest solar cell producer, Japan's Sharp (Stock code: 6753), has maintained the leadership position for seven years in a row. Production is expected to continue to expand rapidly, reaching 9,600MW/Y in 2010. Sharp is likely to be still in the lead, accounting for 1,700MW/Y of the total production in 2010.

### **Global Semiconductor Production Set for Steady Growth**

Global semiconductor production in 2007 is expected to increase 2.3% to roughly 30 trillion yen, according to the most recent WSTS forecast. This is a 6.3 percentage point downward revision to the forecast released in autumn 2006. WSTS has also scaled down growth forecast for 2008 from 12.1% to 10.2%. The trade body is projecting growth of 5.2% in 2009. As a result, the average annual growth rate through 2009 will be an estimated 5.8%. Production in Asia will see stronger growth, rising at an annual rate of 8.2%, the semiconductor trade body added. By product, production of MOS memories in 2007 is likely to be up only 2.2% and that of MOS logic up 6.4%. On the other hand, output of MOS micros will be down 1.2%.

### **Outlook for Electronic Components and Devices in Japan**

Production of electronic components and devices in Japan in 2007 will rise an estimated 5.2%

from the previous fiscal year to 10.6 trillion yen, according to JEITA, the electronic sector's trade body. This will be the second year of consecutive growth. Production of electronic components will rise 2.9% year-on-year to 3.37 trillion yen and that of electronic devices will be up 6.3% to 7.7 trillion yen, a sharp slowdown from 11% recorded in the previous year. In electronic components, production of transformer parts is expected to decline as more production shifts offshore. On the other hand, output of passive parts, connectors and printed circuit boards should chalk up healthy gains due to strong sales of digital home electronics. Of particular note is the 4.6% production gain forecast for connectors. In electronic devices, microprocessors should see strong growth, with output rising 4.6%. In memories, production of flash memories is likely to increase by nearly 10%. Production of electronic components and devices in the first half of the year was up 1.1% 4.9 trillion yen despite price declines. In the first half, production of electronic components rose 3.4% YoY but that of electronic devices slipped 0.1%.

### Initial Public Offerings

<http://www.tokyoipo.com/top/en/index.php?id=&seqid=>

### Hinokiya Juutaku (1413 NSE2)

Hinokiya Juutaku Co., Ltd., a company specializing in building wooden homes, will list on the Second Section of the Nagoya Stock Exchange on November 15. The company operates mainly in Tokyo and Saitama, Chiba, Ibaraki and Tochigi prefectures. It will offer 10,000 shares to the public in its initial public offering. Of those, 5,000 are newly issued shares and 5,000 are shares currently held in private. The tentative offering price will be decided on October 24. The fixed offering price will be announced on November 5. Socius Securities is the lead underwriter of the offer.

### Basic Electronics Industry Statistics

	Prod	Shp.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Electronic devices	Semicon (Production)	Consumer electronics (sales)
Aug	114.3	116.8	81.9	71.8	2,306	1,271	15,894	1,990	5,286	8,618	3,918	208
Sept	109.8	115.5	81.5	85.8	2,849	1,456	18,072	2,472	6,461	9,139	4,022	203
Oct	113.2	118.7	83.4	80.5	2,474	1,500	17,032	2,897	5,311	8,823	3,904	218
Nov	112.9	118.2	85.0	82.9	2,507	1,545	17,643	2,939	5,972	8,731	3,823	238
Dec	111.6	116.0	83.6	85.4	2,568	1,771	16,809	2,468	6,005	8,337	3,544	306
Jan	110.8	116.8	82.9	76.3	2,327	1,342	15,193	1,657	5,335	8,201	3,626	257
Feb	110.4	117.4	84.0	84.1	2,507	1,463	16,648	2,070	6,535	8,043	3,539	177
Mar	102.6	112.3	78.9	94.7	3,487	1,550	19,984	2,448	8,513	9,023	4,053	214
Apr	108.9	114.8	78.3	96.5	2,410	1,739	15,644	2,552	5,024	8,068	3,592	205
May	110.3	117.3	77.2	101.5	2,359	1,624	15,402	2,427	4,781	8,195	3,722	198
June	108.6	118.2	72.4	116.2	2,615	1,828	16,731	2,357	5,956	8,419	3,835	209
July	112.0	114.8	79.8	105.5	2,569	1,645	18,515	2,251	5,934	10,330	3,991	280
YoY	4.0	1.0	-5.2	5.9	9.5	1.6	14.6	12.6	-8.66.6	20.3	5.2	9.3

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

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