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High-tech Sector

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DRAM Prices Plunge amid Supply Glut

Prices of DRAM, the representative semiconductor memory, plunged below one dollar for the first time in six years. While production of personal computers in which many of these chips are installed is brisk, supplies have outpaced demand as semiconductor manufacturers have boosted production and squeezed prices. While personal computer manufacturers welcome the situation, lower prices will hurt semiconductor manufacturers. The price of the mainstay 512MB DRAM was US\$0.91-US\$1.2, about one-sixth of the price at the beginning of the year.

Electronic Materials Production Brisk in August

Production of electronic materials in August rose 12% year-on-year to ¥43.7 billion, according to JEITA, the electronic industry's trade association. The highest production gains were in metallic materials, with materials for lamps and lead frames chalking up 51% and 61% gains, respectively. On the other hand, production of soft ferrites was down 3%.

Shift to Larger Size FPD Televisions Slows Down

While total sales of flat panel televisions continue to forge ahead, the shift toward larger sizes seems to have slowed. Total sales of FPD TVs in the first nine months of year increased nearly 30% from the same period a year earlier to 4.7 million units, according to JEITA. However, the share of models larger than 40" remains a shade below 20%. About half of all FPD models sold in Japan are between 32" and 40". The primary reason for the slow shift is higher price tags manufacturers have put on larger models as they and retailers try to compensate for the declining prices on smaller models.

China's Electronics Industry Forges Ahead

Sales of electronic goods in China in the first nine months of 2007 were up 20% year-on-year to 3.4 trillion yuan, according to Chinese government statistics. On the production basis, output of mobile phones was up 25.4% in volume and that of personal computers rose 34.7%. Output of VTRs was up 45.5%.

Silicon Wafer Shipments in 3Q Flat

Global shipments of silicon wafers in the July-September quarter totaled 2.17 square inches, almost unchanged from the previous quarter but up 5% year-on-year, according to SEMI, the semiconductor industry's trade body. The trade body is predicting an annual growth rate of about 8%.

SEAJ Announces SME Demand Forecast

Demand for Japan-made semiconductor production equipment will rise at an annual rate of 7.8% (CAGR) and reach ¥2.9 trillion in 2009, according to SEAJ, a SME trade body. Sales of

SME in Japan in fiscal 2007 will, however, fall 7.9% dragging down the CAGR for the most recent three-year period to 0.2%, the trade body warned.

Demand for Flash Memory MCUs Rising Rapidly

Demand for semiconductor products installing flash memories in MCUs is rising rapidly as manufacturers have expanded the line up and managed to lower power consumption. Since these semiconductors allow memory to be reprogrammed at device manufacturers, it helps to shorten new product development cycles. As a result, a shift from the mask-ROM is accelerating.

Earnings Roundup

Yamada Denki (9831 TSE1) Posts Record High Interim Sales

Yamada Denki (Stock code: 9831), an electronic goods mass merchandiser, reported a 22.5% year-on-year gain in consolidated net sales to 829.4 billion. Ordinary income rose 25.9% to ¥36.6 billion. Net income was up 30.7% to ¥22.6 billion. Opening of 18 new stores and the inclusion of a new subsidiary in the consolidation lifted sales. By product, sales of flat panel televisions were strong, rising 23.5% to ¥122.5 billion, the company said. Sales of air conditioners, up 20.9%, also contributed to the gains. For the full year, the company projects net income of ¥53 billion, an increase of 22.2% from the previous year on a sales gain of 23.2% to ¥1.7 trillion.

Meiko (6787 JAQ) Reports Sharply Higher Interim Net Income

Meiko (Stock code: 6787) posted a 59.6% year –on-year gain in consolidated operating income on a sales gain of 30.7% to ¥38.8 billion. Interim net income was up 2.3 fold to ¥2.7 billion. Printed circuit board sales were up 26.9% to ¥35.0 billion and sales of electronic devices rose 79.5% to ¥3.8 billion. The company forecasts full year net income of ¥4.8 billion, up 49.8%, on sales of ¥77 billion, an increase of 17.9%.

Interim Net Rises at NEC Tokin (6759 TSE1)

Consolidated net sales for the interim period declined 4% year-on-year to ¥64.7 billion at NEC Tokin (Stock code: 6759). Although operating income and ordinary income fell 20.2% and 44.9%, respectively, net income was up 33.6% to ¥538 million. Sales were lower in all of its three major segments: energy devices, network devices and functional devices.

Shimadzu (7701 TSE1) Reports Higher Interim Sales

Shimadzu Corp. (Stock code: 7701) reported a 15% gain in interim consolidated sales to ¥138.2 billion. Operating income rose 10.3% to ¥12.4 billion. Net income was ¥6.58 billion. Domestic sales rose 10.9% to ¥95.3 billion. Overseas, sales were up 38.2% to ¥13.5 billion in the Americas, 26.7% to ¥10.1 billion and 18.6% to 19.3 billion in Asia and Oceania. For the full fiscal year, the company is projecting net income of ¥14.8 billion, up 10.6% on sales of ¥283.0 billion, an increase of 7.8%.

Initial Public Offerings

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

No new initial public offerings were approved during the week.

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)
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
Aug	114.5	123.6	75.1	72.9	2,474	1,198	16,581	2,268	5,532	8,781	3,995	255
Sept	111.5#	117.3#	72.9									
YoY	1.5	2.0	-10.6	1.3	7.1	-5.2	4.6	14.3	4.4	2.4	2.0	22.4

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