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High-tech Sector

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Mobile Phone Market Shares in Japan

The total number of mobile phone subscribers in Japan is certain to hit the 100 million mark by the end of the year since the subscriber count had risen to 99.7 million by the end of November according to TCA. When personal handy phones are included the number already tops 100 million. NTT DoCoMo (Stock Code: 9437) was the leading carrier with a market share of 53%. KDDI (Stock code: 9433) was second with a market share of 29.4%. Softbank Mobile had a market share of 17.4%.

Competition Heats Up in FOTA Market

Competition is heating up in the Firmware-Over-The-Net (FOTA) market while the market continues to expand rapidly. It was back in 2000 that mobile phone manufacturers in Japan started installing firmware on mobile phones. Recently they are switching to FOTA. There is also a change underway in market shares as Red Head Software is catching up rapidly with the industry leader InnnoPath. About 90% of all mobile phones are expected to come with FOTA by 2011, according to Vision Gain, a British market research firm.

Asia to Get the Lion's Share of New Semiconductor Manufacturing Facilities

A recent survey by a leading electronics industry daily revealed that 25 new major semiconductor manufacturing facilities are being planned for East Asia (excluding Japan). The number of such large facilities planned in Japan is only 17 and only eight large semiconductor production facilities are on the drawing boards in the U. S. and Europe. East Asia is thus expected to become an even more important center for semiconductor manufacturing.

Tuner Makers Hiking Production of 1SEG Tuner Modules

Japan's tuner manufacturers are rapidly increasing production of tuner modules for the 1SEG broadcast receivers to meet increasing demand for use in a range of products from mobile phones and personal computers to mobile video game machines. Production is expected to increase to 43.9 million units in 2010 from an estimated 22.2 million units for 2007. Production was just 4.1 million units in 2006.

Next Generation Internet Service – Second Life – Gaining Popularity

Second Life, a next-generation Internet service (3D Cyber Space), is attracting attention, with the number of registered users worldwide topping 10 million for the first time, according to Nomura Research Institute. In a recent survey more than half the respondents said that they were aware of the Second Life Internet service but only 2.4% were using it at present.

Global Shipments of Electronic Components Up in First Half

Global shipments of electronic components in the first half (April – September) of the current

fiscal year rose 7% compared to the same period a year earlier to 2.5 trillion yen, according to JEITA, the electronic industry's trade body. Shipments to China showed a stronger increase during the same period, rising 18% year-on-year. Shipments in September rose 5.8% to 448.5 billion, registering a year-on-year gain in monthly shipments for 31 months in a row. By product category, shipments of connectors were up 9.1% in September. Passive part shipments increased 5.2% and shipments of transformer parts were up 5.1%.

Video Software Sales Drop in October

Video software sales in October declined 16.4% year-on-year to 23 billion yen, according to statistics recently released by Japan's video software association. The volume of shipments also plunged 25.4%.

Earnings Roundup

IT Service Firms Report Strong Interim Profit

Japan's 42 major IT service firms have released their interim business results. Of the total, nearly 80% or 30 firms reported higher sales, 27 posted higher operating income and 27 higher net income. However, there were only a few posting both sales and earnings gains. Furthermore, there was a marked difference between the performance of large and mid-size firms, with the former outpacing their smaller rivals. Several smaller IT service firms were forced to revise their full-year forecasts downward. Companies revising their full-year forecast of sales and earnings upwards included Otsuka Corp. (Stock code: 4768), Nomura Research Institute (Stock code: 4307), and Hitachi System and Service (Stock code: 3735).

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	Ship.	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	112.2	118.1	72.7	77.9	2,963	1,227						
YoY	2.2	2.7	-10.8	-9.6	3.5	-15.2	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