

Utmel: Memory Chip Prices Plunge

Since this year, memory and flash memory prices of two kinds of memory chips have been declining.

HONGKONG, December 30, 2022 /EINPresswire.com/ -- This year, many products have bottomed out in price, or even sold at a loss, such a situation also makes it difficult for storage manufacturers.

According to new data released by [Utmel](#), [DRAM](#) industry revenue in the third quarter of 2022 was \$18.19 billion, down 28.9% sequentially, the second-highest decline since the financial crisis in 2008. Contract price declines expanded to 10-15% due to continued contraction in consumer electronics demand. In addition, the market is expected 2022 inventory de-stocking to last at least until the first half of 2023.

NAND Flash, the third quarter supplier bit shipments decreased by 6.7%, the average unit price continued to fall, and the overall NAND Flash industry revenue of about \$ 13.71 billion, a decline of up to 24.3%. The fourth quarter NAND Flash product price pressure is still there but also caused the industry revenue scale to be difficult to grow, it is estimated that the fourth quarter NAND Flash contract price will fall to 20-25%, and the revenue decline is estimated to be nearly 20%.

According to a report released by the World Semiconductor Trade Statistics (WSTS), the size of the semiconductor market in 2023 will decrease by 4.1% year-on-year to \$556.5 billion, after an expected growth of 4.6% - this is also the expected negative growth of the market again after four years. At the same time, WSTS also pointed out that the largest decline in 2023 is the market size of more than two percent of the [memory](#) chip, which is expected to reduce by 17% more than in 2022, dragging down the overall growth of the semiconductor market.

In line with the cold performance of the end market, some analysts also threw out the storage chip's "bottoming out" point of view. For the time being, although the storage chip factory and the channel actively go to inventory, the results will gradually emerge until next year's Q1. For various memory chips, NOR Flash-related manufacturers will perform better than pure DRAM manufacturers.

Most storage vendors expect demand will not rebound sharply, but will gradually recover, mainly due to the increase in inventory in the supply chain and the longer time required to consume inventory in the general global economic environment. Many companies believe that the outlook will remain gloomy until Q1 next year, with a gradual recovery beginning in Q2 or the second half

of next year, as supply chain inventories are still in high gear and will only gradually pick up by then.

Utmel released a report pointing out that in the fourth quarter of this year, the quarterly decline in memory chip prices will exceed 20%. As customers continue to reduce inventory, storage manufacturers are expected to reduce inventory in the first quarter of 2023.

As many storage manufacturers have announced significant cuts in capital expenditure plans, storage prices are expected to fall sharply in the first half of next year, down at least 50% from the end of 2021, and with the simultaneous reduction in inventory, lower prices should lead to a recovery in demand and a rebound in prices in the second half of the year.

Although the consumer market downturn, the car-class, enterprise-class storage brings a glimmer of light, the current industry development node is in the DDR series replacement cycle, from DDR5's first product launch has been two years in the past, which is just consistent with the successive generations of DDR series products replacement cycle, and DRAM products from DDR4 series gradually transition to DDR5 generation trend has emerged. It is believed that DDR5 Server DRAM products will be gradually mass-produced in 2022 and replace the existing DDR4-related products.

In addition, some analysts believe that leaving aside cell phones, servers, and laptops/desktops, continue to replace hard drives with SSD NAND, with 22% year-on-year growth in 2021, and 13% CAGR in 2019-2024, plus each server due to the speed of the CPU and access speed accelerated, a variety of new AI applications for These reasons will drive the increase in SSD NAND capacity per server, and therefore NAND flash usage for servers is expected to grow 35-40% year-over-year CAGR from 2020-2022.

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