

Uncertainties in the Market Rise while a Bounce in NAND Flash Prices Remains Unlikely in 3Q, Says TrendForce

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According to the latest investigations by [DRAMeXchange](#), a division of [TrendForce](#), demand for smartphones and servers go below expected levels in 2019 as the US-China trade dispute heats up. Adding the CPU shortage, which continues to haunt notebook shipments, we may see the shipments of eMMC/UFSs, SSDs etc. failing to meet expectations for peak season 3Q, and cause contract prices to fall uncontrollably.

OEMs focused on de-stocking for various products with a rather weak re-stocking momentum in 1H19. The average NAND flash contract price has already fallen by nearly 20% QoQ for two quarters straight, and disappointed market expectations of a rebound which was supposed to result from price elasticity. TrendForce asserts that despite international tensions and other unfavorable factors, demand will still see improvements in 3Q looking forward, and the decline in contract prices may see a shrink. But a rebound in contract prices will prove veritably difficult thanks to the incomplete clearing of suppliers' inventories and an uneventful dip in shipments expected for 2H.

For eMMC/UFSs and SSDs, which form the market mainstream, smartphone and notebook PC vendors are expected to gain stocking momentum in 3Q, which, along with the large price adjustments in the first two quarters, will narrow the decline of contract prices from that of the previous two quarters to about 10% QoQ. For production processes, 64/72-layer 3D NAND processes still are mainstream for eMMC/UFSs, whose market mainly consists of mobile devices, whereas 92/96-layer 3D NAND processes find wider visibility in Client SSDs and help alleviate costs.

As for wafer contract prices seen in marketing channels, the prices settled on are currently closing in on cash costs, causing reluctance on the side of suppliers to drive down prices any further. Thus we see priority being strategically given to eMMC/UFS and SSD products in negotiations, with any action towards wafer contract prices withheld unless inventory pressure becomes unbearable. Some suppliers even hope to bring 256Gb products back up to profitable prices. TrendForce suggests that wafer prices are unlikely to make a comeback due to the weakening market, but the declines for the months to come are expected to remain within 5% QoQ.

About TrendForce

TrendForce is a global provider of the latest development, insight, and analysis of the technology industry. Having served businesses for over a decade, the company has built up a strong base membership base of 435,000 subscribers. TrendForce has established a reputation as an organization that offers insightful and accurate analysis of the technology industry through five major research divisions: DRAMXchange, WitsView, LEDinside, EnergyTrend and Topology. Founded in Taipei, Taiwan in 2000, TrendForce has extended its presence in China since 2004 with offices in Shenzhen and Beijing. For more details about TrendForce, please visit www.trendforce.com

Major research divisions:

DRAMeXchange focuses on memory, storage and the consumer electronics industry including PC DRAM, Mobile DRAM, Server DRAM, NAND Flash, SSD and smartphone.

WitsView offers comprehensive coverage of the display industry from upstream components, midstream panels/touch modules to downstream system integrators, brands and channels.

LEDinside covers all aspects of the LED supply chain from upstream equipment/materials, midstream chip/packaging to the downstream backlight and lighting market.

EnergyTrend specializes in green energy research, such as solar energy, lithium battery, energy storage systems and xEVs.

Topology studies structural trends of technology industries in the Greater China Region and beyond, focusing on semiconductors, photovoltaic technology, telecommunications, and IA.

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