

NAND Flash Contract Price Decline Shrinks in 3Q, with Wafer Prices to Grow Against the Trend, Says TrendForce

2019-08-05 [Ben Yeh](#)

DRAMeXchange, a division of [TrendForce](#), has just released contract prices for various products in July, in which we see contract prices still trending down overall, but those for mainstream products shrinking due to the Toshiba outage directly impacting production. Furthermore, Japan's modifications to South Korean-bound export regulations were also anticipated by the market to impact South Korea's NAND flash supply. TrendForce suggests that Japan's move was merely the removal of South Korea from its white list, in which countries to receive favorable treatment were listed and with South Korea as the only Asian country listed in the past. South Korea will merely turn from a country receiving special treatment into a normal one, and South Korean semiconductor suppliers will have to go through the same proceedings as other Asian countries do. And since the Japanese government has already assigned additional personnel to speed up reviewing, this move probably won't be causing much of an impact.

An observation of quote trends one by one yields that wafer prices in channel markets will be impacted the most severely and show the most drastic bounce. The ASP for these products has already gone through a long period of decline since November 2017 until now and has neared cash costs. Western Digital, who carries a good deal of influence in the wafer market, was also directly impacted by the Toshiba outage. In light of these two factors, suppliers have all raised wafer prices in July, at the end of which it has already grown by over 15%. The effects of the outage may persist into August looking forward, and may continue to bring prices up, but the extent of that growth won't be as drastic as when it first bounced in July.

eMMC/UFS and Client SSD Contract Prices Continued Falling in 3Q, but May Stabilize in 4Q

TrendForce points out that looking at eMMC/UFS for consumer products and smartphone clients, contract prices for major customers were mostly agreed upon in June, and though demand in 3Q was propped up somewhat by the peak-season, it remained weak due to international uncertainties, causing contract prices to exhibit a decline of around 5%. TrendForce's outlook for 4Q gives that prices for some low-capacity products may be adjusted slightly upwards while the rest trend flat. Client SSDs were likewise affected by contract prices formerly agreed upon. Adding that market inventories remained high, 3Q still saw a near-10% decline. However, suppliers' inventories are forecast to fall to more healthier levels in 4Q, which will help stabilize prices and stop them from falling.

For enterprise SSDs, since Toshiba and Western Digital don't take up much of a share in this market, we don't see much of an effect on the supply side. And since demand performance was likewise affected by the US-China trade dispute, pull-ins weren't as optimistic as originally expected by the market, and contract prices for enterprise products fell by at least 15% in 3Q. The effects of the Toshiba outage will begin to manifest in 4Q, giving narrowing price declines as suppliers' inventory levels return to within more moderate ranges. But due to the fierce price competition in servers, contract prices for enterprise SSDs are projected to fall slightly.

TrendForce suggests that, judging from the overall composition of product portfolios, although wafers rose the most in price, it took up a rather low proportion of the market. In comparison, SSD and eMMC/UFSs took up nearly 80% of the NAND flash market and exhibited declines of 5~15%, causing prices for the overall NAND flash market to remain on a downtrend in 3Q.

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

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