



# IT Market Alert August 2023

Welcome to this month's IT Market Alert, delivering you key market knowledge viewed during July 2023. Get more from your IT procurement with KnowledgeBus.

- Phone revenues fall for eighth consecutive quarter
- PC shipments down for sixth quarter running
- European semiconductor sales up YoY, bucking negative global trend

The largest number of price increases happened on July 28<sup>th</sup> with **34,133**

It was more of the same for the global tech market and the European channel this month, with mainly negative figures highlighting the ongoing effects of inflation and the continued effects of high interest rates. The consumer price index is falling, hitting 7.9% in June from a high of 11.1 in October, but is still high. Meanwhile the Bank of England continues hiking borrowing rates to cool the economy down, putting pressure on businesses.

This continues to pressure the channel, which has resolved many of its supply issues but is now struggling to shift product. Device revenues are mostly down, although business monitors did quite well as people continue to return to the office. Semiconductor sales are still down on last year and NAND flash is in oversupply. That might stabilise, but a likely economic slowdown from the extensive central bank tightening cycle could temper expected upticks in demand.

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## Exchange Rate

### Price Changes and News Through July 2023

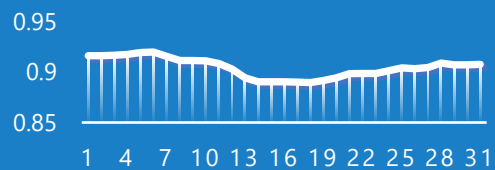
The middle of July looked good for EUR/USD, but its good fortunes proved to be short-lived and the currency pair ended just a little better than when it began. From a start of 1.0908, it dipped to its monthly low of 1.0868 on July 6 before beginning an impressive rise to reach 1.1228 on July 14. It plateaued until July 18, when it reached its monthly high of 1.1229, but then lost ground. It began a halting decline that lasted all the way through until the end of the month, when it settled at 1.1014.

EUR/GBP's monthly graph looked similar, although it was slower to rise. From a 0.8590 start, it fell to its monthly low of 0.8529 on July 11 before beginning a sharp rally to 0.8667 on July 20. A small drop-off to 0.8655 by July 23 preceded a far hastier fall 0.8571 by July 26. The currency pair then limped in to finish the month at 0.8567.

Confidence in the euro was strong as investors, predicting a July hike by the US Federal Reserve, felt that it could be the last. The rally didn't last because the European Central Bank tempered its own July rate hike with signs that it might also pause its tightening round.



### US DOLLAR (USD) PER 1 EURO (EUR)



### EURO (EUR) PER 1 BRITISH POUND (GBP)



### US DOLLAR (USD) PER 1 BRITISH POUND (GBP)





## Phones and Tablets

Net sales of global smartphones fell YoY for the eighth consecutive quarter, [reported](#) Counterpoint Research. Sales slipped 8% YoY and 5% QoQ in Q2. In spite of the overall decline, premium segment demand held up to achieve a Q2 record. The segment's poor fortunes were worse in mature markets; Western European net sales fell by double digits. Although the analyst firm expects the market to recover slowly in the next few quarters, it warned that the smartphone market overall is in a new phase of more modest growth, as consumer replacement cycles lengthen and a more mature market for refurbished devices flourishes, especially in the low-to-mid-tier segment.

Samsung came first with a 22% market share, followed by Apple, which reported its highest-ever Q2 market share, up 1% YoY to 17%.

Counterpoint Research also [predicted](#) that global foldable smartphone shipments will pass 100m by 2027. They will grow from an estimated 18.6m shipments this year to 78.6m in 2026 and then 101.5m in 2027.

## Traditional PCs

IDC [saw](#) global PC shipments fall 13.4% YoY in Q2 2023, marking the sixth consecutive quarter of contraction, although this was better than it expected, the company said. The weak demand has bumped up inventory levels. All leading PC companies, except for Apple and HP suffered double-digit drops in shipments during the quarter. Apple's success is due in part to loosening supply constraints, while HP suffered the reverse and has now eliminated an inventory glut, paving the way for growth.

IDC noted a switch in consumer demand from PCs to multiple other devices, primarily smartphones. In the commercial sector, workforce reductions and the introduction of generative AI have complicated budget allocation decisions, it added.

## Premium Ultramobiles & Wearables

Global XR headset shipments declined by 33% YoY in Q1 2023, [said Counterpoint](#), due to waning consumer interest in the market. Meta hasn't updated its Quest series in two years, choosing instead to cut pricing on the Quest 2 headset until it launches the Quest 3 later this year, but it still sold the most headsets in Q1, at 20m. The Quest 2 accounted for 18m of those shipments.

The fall in overall shipments in this category could have been worse were it not for Sony's launch of the PSVR2, which leaped to second place behind Meta with a 32% market share.

All eyes will now be on the next generation of headsets, including not just the Quest 3 and PSVR2 but also the DPVR E4 and HTC Vive XR Elite. The market will also be watching for Apple's performance with the Vision Pro, although given its ridiculously high price, that product and cheaper subsequent models will take longer to gain traction.



## Processors, MEMS, Semiconductors

TrendForce [reported](#) that Intel had delayed its Sapphire Rapids Xeon Server CPU, which had entered mass production in Q1. It found bugs in the 32-core version, TrendForce said, and is now testing affected chips. This won't do anything to help the adoption rate of the chips, although the immediate revenue effect on Intel will be muted given the low contribution of the affected SKUs to overall server revenue.

Global semiconductor sales sat at \$124.5bn in Q2, up 4.7% QoQ but down 17.3% YoY, [said](#) the Semiconductor Industry Association. Sales in June were up 1.7% month-on-month to \$41.5bn. The revenue uptick is a good sign that things will rebound in the second half of the year, executives added.

Europe did well YoY, bumping sales 7.6% - the only positive yearly increase across all regions. This left less room for monthly improvement, with a 0.1% improvement in June compared to May.

## Memory

Don't expect DDR5 adoption's rate to surpass DDR4's until the end of Q3 next year, [warned TrendForce](#). Many vendors are delaying DDR5-based products and extending the life of DDR4 devices instead. The analyst firm expects a projected penetration rate of 13.4% for this year.

## Storage

TrendForce [said](#) that the NAND Flash market is expected to remain in a state of oversupply in the third quarter of 2023. Buyer caution is preventing price stabilisation, despite an anticipated surge in demand in the second half of the year. Prices for module products such as SSDs, eMMCs, and UFS are likely to continue falling due to weak downstream demand, and the overall ASP for NAND Flash will likely drop between 3-8% in Q3, the analyst firm said, with a possible start to recovery in Q4.

Client SSD shipments will recover slowly in Q3, but face downward pressure on ASP from buyers who are discounting their own products. This could force down Q3 prices by up to 13%. Enterprise SSDs are facing stronger demand but strong competition among manufacturers operating at a loss will see prices fall up to 10%.

## Display

According to CONTEXT Research, week 23 of 2022 saw European distributor desktop monitor revenues lag below its 2021 rolling average baseline. This was due to poor consumer sales, which fell more than 80 points under the baseline, stymied by cost-of-living concerns. This has also hit gaming and graphics monitors hard, leaving them below the baseline for most of the year.

The poor consumer performance contrasted with business sales, which were almost 20 points above the 2021 baseline. Ongoing demand for post-pandemic office upgrades and refurbishments fuelled this trend. Business-focused products have fared well, especially docking monitors, which fit nicely with hot-desking and hybrid working arrangements. This subcategory sat at over double the 2021 revenue baseline in week 23, driving up the ASP in the business market. CONTEXT doesn't see a rebound in the desktop monitor market until the autumn, because consumers will be focused on holiday making rather than equipment purchases.



## Printers

Inflation and the threat of recession led to patchy product shipment growth across different sectors in the 3D printing market, said CONTEXT Research. Q1 saw lower global shipments of new additive manufacturing systems in the industrial (down 15% YoY) and professional (down 30% YoY) price classes. Midrange shipments were up 18% YoY thanks to new products and strong Chinese demand. Professional unit shipments grew 34% while personal shipments rose 29%.

Revenues were healthy overall thanks to inflationary price increases and the shift in demand to higher-end industrial metal systems from companies seeking more efficient printing processes. Overall, system revenues rose 15% YoY in Q1. Nevertheless, the good news was not evenly distributed.

Industrial metal 3D printers saw revenue up 25% in Q1 despite an 8% decrease in unit sales, as companies demanded more efficient metal printing machines. Better supply chain conditions improved personal and kit/hobby printer sales, although the full-year outlook for this category is more muted as the effects of pent-up demand dissipate in the second half. Conversely, professional system revenues dropped 15% YoY.

Industrial polymer 3D printer revenues declined overall, though, particularly in vat photopolymerization, which fell 33% due to weaker sales in various geographies. Consumer spending shifts contributed to this fall. People concerned about inflation concentrated on the necessities, rather than discretionary investments like cosmetic dental jobs that often use 3D printers in this class.

## Monthly Statistics

Price increases in August saw three peaks when they edged above 30,000, on August 20, 24, and 31. They came close to this threshold on August 3 and 18. The monthly high on August 20 reached 31,262, while the monthly low came at the end of the month, when price increases dropped to 564 on August 28. Price drops saw peaks on August 4 (33,288), August 10 (32,494), August 14 (32,919), and August 28 (the monthly high at 34,133). They hit their low point on August 20 at 1,304. Extreme Networks raised prices the most during the month, while Zebra Technologies decreased them the most.

Stock increases peaked at 5,568 on August 24, with the only other occurrence above 5,000 on August 6. The low point came on August 20, when they hit 2,053. Stock decreases saw a high of 15,945 on August 24 and a low of 5,728 on August 5.



### NEW PRODUCTS



### MONTHLY STATS

