



IT Market Alert December 2023

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

The largest number of price increases happened on November 13th with **36,355**

- Global smartphone shipments looking up in Q4
- Printer shipments down in Western Europe
- PC shipments nose up in Q4

We're starting to see those green shoots of recovery that everyone was hoping for. The PC market is beginning to rebound again, as is the smartphone space. While economic conditions remain sensitive, there are positive signs as inflation regains some stability in the UK (down to 4.6% in November from 6.7% in September).

This all bodes well for next year. CONTEXT Research has predicted a return to growth through in IT revenue sales through distributors in 2024, reaching a modest but still welcome 2.6%. AI will help stoke that recovery, aided by a delayed product refresh cycle. Business confidence is also stabilising.

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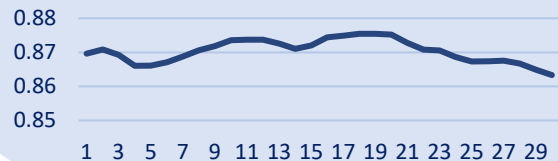
Exchange Rate

The EUR/USD currency pair trended upwards through most of the month, driven by a notable mid-month spike to its peak before retreating slightly by month's end while still above early November levels. It started the month at 1.0585, rising to 1.0736 by November 3rd. The rate fluctuated between 1.06 and 1.07 for the next week before spiking significantly to 1.088 on November 14th. It remained elevated above 1.08 over the following days. By November 21st, the rate had risen and dipped slightly to 1.0917 but was still well above its early November position. It hit new heights of 1.1000 on Nov 28, finishing slightly off at 1.0892.

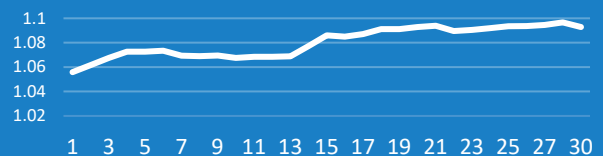
Conversely, the EUR/GBP currency pair trended downwards overall in November after a couple of pronounced peaks. At the start of the month it stood at 0.8691, and after a short dip it spiked to its peak of 0.877 on Nov 10. It fell off until Nov 14 before rallying again to hit 0.8763 on Nov 18. From there, it was mostly downhill until it finished the month at its low of 0.8624.

EUR/USD's fortunes were stoked by a weakening US dollar as the market anticipated interest rate cuts. European data showed some stability, with more positive PMI data than expected. The UK PMI was also robust, though, with the S&P Global/CIPS UK Composite PMI rising to 50.1 in November from 48.7 in October, exceeding market expectations.

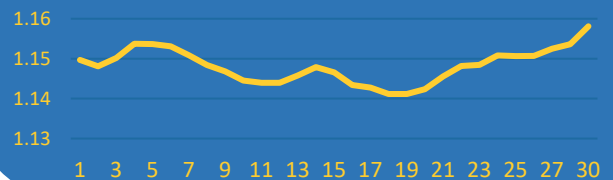
BRITISH POUND (GBP) PER 1 EURO (EUR)



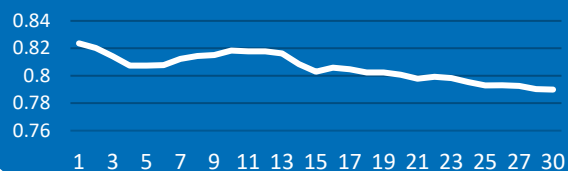
US DOLLAR (USD) PER 1 EURO (EUR)



EURO (EUR) PER 1 BRITISH POUND (GBP)



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





Price Changes and News Through November 2023

Phones and Tablets

Worldwide smartphone shipments are [forecast](#) to see 7.3% growth in the fourth quarter of 2023 after modest improvement in the previous quarter. For the full year 2023, shipments are expected to decline 3.5% but growth is expected to return in 2024 with a 3.8% rise. The recovery comes as consumer sentiment improves, particularly in China, where it has been fuelled by Huawei's resurgence.

Over the long term, the smartphone market is maturing with low single digit growth expected. However, average selling prices and market value will remain higher than pre-pandemic levels. 5G adoption continues to be a bright spot, with 5G shipments forecast to grow 11% in 2023 and 20% in 2024, reaching 83% of all smartphones by 2027.

Traditional PCs

The PC market will return to growth in 2024 after two years of declines, according to [Canalys](#), which says shipments will increase by 5% in the fourth quarter of 2023 and rise 8% for the full year of 2024. This recovery will be fueled by renewed interest in AI capabilities and the adoption of PCs powered by ARM processors like Qualcomm's Snapdragon X Elite CPUs.

While 2021 saw high shipments due to pandemic demands, sales have fallen since then. The report predicts shipments in 2024 will match 2019 levels and hit 2020's levels again by 2026. Improving economic conditions could also boost consumer spending on PCs. Notably, AI-powered PCs are expected to account for 19% of shipments by 2024 and help drive the market recovery.

Premium Ultramobiles & Wearables

Global smartwatch shipments increased 9% YoY in the third quarter of 2023, according to [Counterpoint Research](#). The Indian and Chinese markets contributed heavily to growth, driven by sales from Huawei, with the Indian market doing especially well in basic budget smartwatches.

New products from Samsung and Apple also helped drive a 23% QoQ growth, although a more modest 9% YoY increase for high-level operating system smartwatches globally came courtesy of strong sales from Huawei. The basic smartwatch market did better overall with a 16% YoY global bump. That is a sign of India's growing power in this space, along with continued price sensitivity among western consumer spooked by economic uncertainty.

Sluggish sales from Apple will mean weak growth in North America overall this year, the analyst firm said. The European market is also still recovering from the Ukraine war's effects.



Processors, MEMS, Semiconductors

The global semiconductor industry grew 8.4% in the third quarter of 2023, with total revenue reaching \$139bn, [said OMDIA](#). AI demand continued to be a major driver, benefiting companies like NVIDIA and SK Hynix which saw large revenue increases. However, other segments also showed improvement, such as wireless and automotive. NVIDIA has risen to the number two spot in semiconductor revenue, splitting the top positions long held by Intel and Samsung. In addition to AI, demand is growing for applications across various industries. Overall, the data signals a broad-based recovery in the semiconductor industry after a period of decline.

Memory

According to [OMDIA](#), the memory market rebounded after hitting its lowest point in the first quarter. It rebounded from \$19.3bn in Q1 revenues to \$24.5bn in Q3. Four of the top five memory makers increased production by double-digit percentage points QoQ in Q3, the analyst firm added, attributing a lot of the good fortune to AI. TrendForce also said that memory prices are gradually rising, indicating the market may be escaping its low point. SK Hynix saw improved market conditions with higher DRAM shipments and prices.

Storage

Increased costs or supply issues could force HDD manufacturers to raise prices for their products following the [collapse of Resonac](#), a major Taiwanese supplier of thin films used in hard disk drives (HDDs). The company has reportedly decided to close its factory in Hsinchu after laying off workers.

The latest financial reports from Samsung, SK Hynix, Micron, Kioxia, and Western Digital show a slowdown in revenue losses, said [TrendForce](#). Micron expects recovery in the storage market in 2024 and beyond. Kioxia's losses improved due to rising NAND prices and a stronger yen. Western Digital exceeded expectations due to growth in flash memory shipments. Overall, storage companies expect that demand growth in areas like AI servers and data centres will help sustain an upward trend in prices in the second half of 2024.

CONTEXT Research predicts a positive year for enterprise storage in 2024. The midpoint in its projected 2024 revenue growth range for this category is 3.75%.

Display

[OMDIA](#) predicted that panel makers will drop their display fab usage to around 70% in Q4 to slow down falling LCD TV display prices. They had been raising prices in Q3, putting pressure on TV brands, but with brands now cutting panel orders and requesting price reductions, panel makers are moving to a production-to-order model. Chinese panel makers are considering dropping fab utilization to under 60% in Q4. Slower IT LCD demand until early 2024 may also cause further Q1 usage cuts for notebooks, PCs and monitors.

CONTEXT Research predicts that revenues from desktop monitors could experience anything from a 6.2% fall to a 2.6% bump in 2024, indicating a midpoint of -1.8%. Large format display (LFD) revenues will grow anywhere from 1.7% to 11.7% (a 6.7% midpoint).



Printers

Hardcopy peripheral shipments in Western Europe fell 11.6% to 3.4m units YoY in Q3 2023, said [IDC](#). Laser shipments fell 14.3% due to weak sales of monochrome devices, while ink jet shipments dropped 10.4%. However, colour laser shipments grew in most countries.

IDC attributes the overall declines to softening demand from customers facing a weakening economic environment. HP maintained the largest market share at 36.2%, and Canon, Epson, and Brother increased their shares despite falling shipments. Supply chain issues had disappeared by Q3, returning HCP availability to normal. With the cost gap narrowing, monochrome devices will continue losing market share to colour models. IDC predicts demand will remain soft as the tough economic backdrop persists across Western Europe.

Network Products

Wi-Fi access point revenues have been consistently upbeat in an otherwise depressed IT channel. No more, warns [Dell'Oro Group](#), which reported worldwide revenues for wireless LAN vendors down 4% YoY in Q3 as vendors depleted backlogs of orders faster than expected. Cisco bucked the trend with a modest 3% gain, mostly from license revenues, but some other vendors saw revenues drop up to 50%.

The slowdown is expected to continue in the coming quarters as enterprises take time to deploy existing equipment before purchasing new projects. Not all verticals declined, with healthcare wireless LAN sales growing.

Adoption of newer Wi-Fi 6E technology continued climbing to just over 10% of units shipped. Wi-Fi 7 won't provide must of a revenue bump until next year. Going forward, only select vendors are positioned to continue growing revenues in the challenging market conditions.



Monthly Statistics

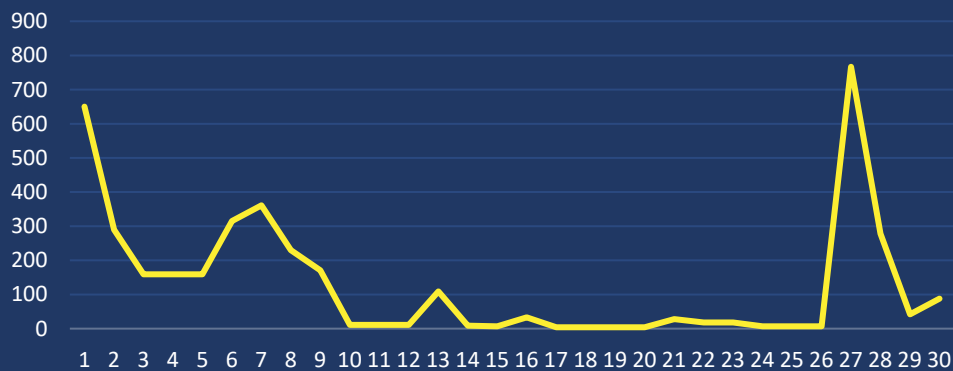
Price increases reached their peak on November 13, with 36,355 increases, followed by 28,601 increases on November 17 and 25,537 on November 24. Extreme Networks saw the largest number of price increases.

Price decreases topped out at 31,589 on 15 November, followed by 30,202 on November 27 and 28,927 on November 23.

Stock increases hit their peak early in the month on November 3, at 12,205, which was the only time they broke into five figures. The next highest barely broke 5,000 on November 15. The low point came on November 24 at 2,183.

Stock decreases started on a high of 16,272 on November 1, coming closest on November 10 when it climbed back to 15,450. The fewest stock decreases were on November 3 (8,796).

NEW PRODUCTS



MONTHLY STATS

