



IT Market Alert February 2024

Welcome to this month's IT Market Alert, delivering you key market knowledge viewed during **January 2024**. Get more from your IT procurement with KnowledgeBus.

The largest number of price increases happened on January 5th with **35,349**

- PC shipments break out of eight-quarter decline
- Global smartphone shipments grew 8% YoY in Q4
- AI gives HDDs a temporary reprieve from price decline

January's news saw things looking a little more positive for the channel than they have in recent months. Q4 saw PC sales nose up slightly, while smartphones broke out of a decline lasting for nearly two years during the same quarter. This positive news also helped to prompt a nascent recovery in the memory market as demand for memory in these devices increased.

Still, every silver lining is shadowed by a cloud. One thing to watch out for in the coming months is the effect of the ongoing piracy crisis in the Red Sea, as Houthi rebels continue to attack ships there. This has led to some shipping companies avoiding the Suez Canal, instead routing shipments from Asia to Europe around the Cape of Good Hope. The extended journey adds at least 15 days to shipping times and inflates fuel costs, spiking Shanghai-to-Europe container spot rates by 167% in January compared to December, according to the [United Nations Conference](#) on Trade and Development. The Conference also tracked a 67% decline in shipping container transits through the Suez Canal in January compared to a year ago. [Logitech](#) has already warned that the shipping crisis will impact its margins.

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Exchange Rate

In January 2024, the EUR-USD currency pair experienced a general downward trend, punctuated by two notable rallies on Jan 10 and Jan 18. These didn't ultimately halt the pair's ongoing decline. It started the month at 1.1038 and ended at its January low of 1.0803. The most significant daily drop occurred on January 2nd, when the exchange rate fell from 1.1038 to 1.0941, a decrease of 0.0097. Conversely, the largest daily rise was observed on January 10th, with the exchange rate moving from 1.0931 to 1.0975.

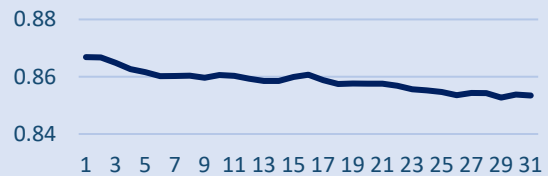
EUR-GBP fared no better, starting at a high of 0.8672 and bottoming out at 0.8522 on January 31st. The steepest drop came early in the month, when the pair dropped from 0.8668 on January 2 to 0.8622. Another steep drop came on January 17th, when the pair fell from 0.8608 to 0.8587.0021. The largest daily rise was seen on January 19th, when the rate increased from 0.8559 to 0.8591. This rise temporarily bucked the overall downward trend but the rally was short lived.

The similarity in these graphs suggests that the problem with the Euro's decline lay more in the Euro zone than in other currencies' good fortune. While Eurostat figures saw the Eurozone avoid a recession, the overall perception is that the regional economy is still struggling. Germany's economic contraction of 0.3% in the fourth quarter was a particular concern, as it continued to drive economic weakness in Europe.

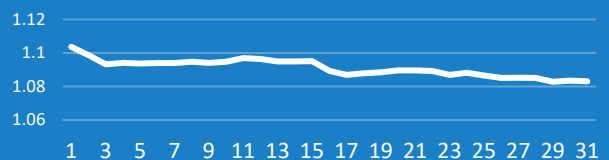
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The European Central Bank (ECB) was also in the spotlight with growing speculation about a potential rate cut. Comments from ECB officials suggested that a rate reduction was within reach, possibly as early as April or June, which likely negatively influenced the currency pair.

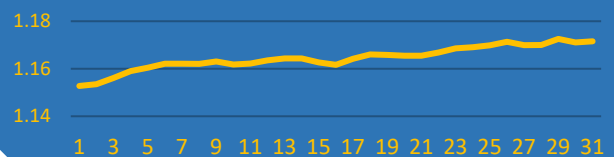
BRITISH POUND (GBP) PER 1 EURO (EUR)



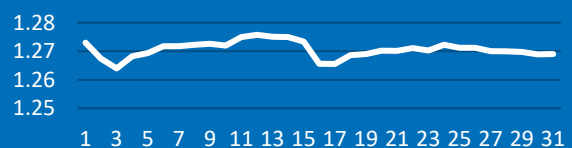
US DOLLAR (USD) PER 1 EURO (EUR)



EURO (EUR) PER 1 BRITISH POUND (GBP)



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





Price Changes and News Through January 2024

Phones and Tablets

According to [Canalys research](#), the global smartphone market [grew](#) 8% year-on-year in Q4 2023, reaching 319.2m units and breaking a seven-quarter downhill run. Smartphone vendors witnessed a significant profitability improvement despite the market declining, the company said.

Vendors have been cautious with their business operations by streamlining expenses and focusing on profitability, reducing inventory backlogs in 1H 2023. Additionally, components and chipset prices were relatively low over the past year, allowing vendors to increase profit margins and develop competitive products.

Consumer demand significantly increased toward the end of the year in APAC and LATAM, but mature markets including Europe and North America still face strong headwinds.

Apple led the field with 24% market share, followed by Samsung at 17%. Xiaomi was in third place, benefiting from emerging market demand to register over 20% YoY growth.

Full-year figures saw global smartphone shipments hit 1.1bn, down 4% on the prior year. Apple pulled ahead of Samsung into first place for the full year's shipments too.

Canalys also saw global tablet shipments drop 11% year-on-year in Q4 2023 to 37.8m units.

Traditional PCs

Gartner [saw](#) worldwide PC shipments rise 0.3% in Q4 2023 to 63.4m units, breaking eight consecutive quarters of decline. EMEA saw an especially positive 8.7% growth, its first since Q4 2021, putting it out in front in terms of regional growth.

The year's global shipments were still down 14.8% to 241.8m units, dipping below 250m for the first time since 2006.

Premium Ultramobiles & Wearables

[Canalys](#) predicted that final 2023 figures would show a 2% bump in the global wearable band market to 186m units for the year, driven by shipments of basic watches in emerging markets like India (which will see a 22% growth surge). However, shipments of basic bands and smartwatch shipments will have declined in shipments by 10% and 9%, respectively.

2024 looks more positive, said the company, anticipating 10% overall global growth fuelled by resurging interest in smartwatches prompting a 17% shipment increase in that category to 83m units. This demand will stem from more advanced smartwatches with new health and fitness features and longer battery life, which Canalys believes will encourage more consumers to upgrade their devices.

Growth will continue into 2025 with the share of the smartwatch category rising from 38% in 2024 to 44% in 2025, said analysts, predicting that the integration of cloud-based generative AI services with these wearables would also play a role.



Processors, MEMS, Semiconductors

Global semiconductor industry revenues fell 8.8% in 2023 due to slowing consumer and enterprise spending, [said Counterpoint Research](#). Intel reclaimed the top spot from Samsung, whose smartphone and memory businesses struggled.

However, AI continues to spark positive interest in the semiconductor sector, with a basket of semiconductor-related stocks [jumping](#) 2% in mid-January based on upbeat comments from chip giant TSMC. It anticipates a 20% revenue bump in 2024.

Counterpoint said that NVIDIA benefited the most from the growth in AI, more than doubling its revenue. Looking ahead, AI and a recovery in memory will drive growth in 2024, along with increased automotive semiconductor content and solid foundry expansion plans.

Memory

Counterpoint also noted that memory makers like Samsung, SK hynix and Micron all saw over 30% declines in 2023, but [TrendForce](#) said that the memory market is recovering nicely with several Taiwanese memory makers seeing month-on-month growth in December. SK hynix indicated that it might reduce the scale of DRAM production cuts in the first quarter of 2024.

Major manufacturers also announced plans to expand their DDR5 and High Bandwidth Memory (HBM) production. HBM is especially important in AI data centre infrastructure.

TrendForce anticipated a 13-18% increase in DRAM contract pricing in Q1. [SMYG Ltd](#) said Samsung and Micron are considering a 15%-20% increase in DRAM prices in response to evolving market dynamics and the companies' shift towards advanced nodes while concurrently reducing production volumes.

Storage

HDD revenues have been declining since 2012, but average unit prices are rising as the growth of SSD push the HDD segment to higher capacities, [said a report](#) in Tom's Hardware. Boosted demand from AI could arrest the decline in HDD shipments in 2024 (although don't expect a big rebound).

Seeking Alpha [saw](#) NAND pricing begin to stabilise from Q3 2023 and rebound with pricing up 28% in Q4. However, the increase did not offset the declines in the first half of the year, resulting in a full-year -12% decline in the category. The financial analysis service expected NAND market supply growth to be lower than demand growth, with a supply growth of 7.4% in 2024 compared to a demand growth of 25.7%. NAND pricing recovery will reach 18.3% for the whole of 2024, it added.



Display

[TrendForce](#) noted production cuts by TV panel manufacturers, stoking price increases for 32-inch TV panels. Monitor panel prices are expected to remain stable for mainstream sizes, while open cell panels (LCD panels without back lights) may decrease slightly in price. Laptop panel prices are under downward pressure as brand customers request lower costs from manufacturers. Notably, 16:10 laptop models are still converging in price with 16:9 models, so 14 and 16-inch 16:10 panels are expected to see larger price drops than mainstream 16:9 IPS panels.

Printers

The global 3D printer market struggled in the third quarter of 2023 due to high inflation and interest rates, said [CONTEXT Research](#). Shipments of industrial systems dropped while entry-level printers under \$2,500 grew due to customers seeking cheaper alternatives. One area of growth was directed energy deposition printers, with Spanish company Meltio leading the category. Shipments will accelerate in future years once interest rates decline and the value of additive manufacturing is more recognised. Notably, the previously overlooked entry-level segment of the market is ripe for more investment and innovation as more companies realise its potential.

Network Products

[Dell'Oro](#) Group predicted sales of Wi-Fi 7 access points to reach nearly three quarters of total access point revenues by 2028. While Wi-Fi 6E access points will still outsell Wi-Fi 7 models in 2024, adoption of Wi-Fi 7, the analyst company expected the newer standard to power all revenue growth in the market by 2025. However, total wireless LAN revenues will decline 9% in 2024 after high backlog sales in 2023. One notable trend is the changing geographic balance of revenues, with North America and Europe gaining share from China in 2023.

The big news in January was HPE's announced intent to purchase Juniper Networks, which Dell'Oro expected to increase revenues from public cloud-managed WLAN.

[Dell'Oro](#) also said that port shipments in the 800 Gbps data centre switch market will quadruple in 2024, despite some project delays in general-purpose or front-end networks. Several cloud service providers have shifted focus and funding to AI infrastructure build-outs, causing delays or holds on other projects. Amazon is expected to be a major driver in adopting 800 Gbps ports in 2024. 1600 Gbps ports are predicted to start shipping in 2025-2026 and make up around 40% of data centre switch ports by 2028.



Monthly Statistics

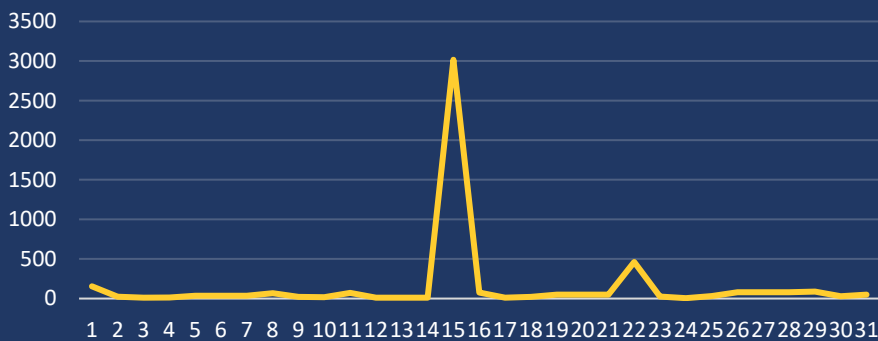
January started with a high number of price increases, reaching 21,724 on the first day, dropping dramatically to 3,407 on Jan 5th. Another noteworthy peak occurred on the 11th, with 28,415 price increases, marking the highest point of the month. Towards the end of the month, on the 29th, there was another significant rise to 25,323 price increases, before the numbers started to decrease again, ending the month at 11,301. The lowest number of price increases came on January 10, at only 2,290.

The highest number of price decreases occurred on January 5th, with a total of 35,349, followed by a close second of 34,107 on January 10 and a third-highest peak later of 28,582 on January 26. The lowest number of price decreases came on January 2nd at 2,138.

The highest stock increase occurred on January 9, at 6,693. The lowest came on January 2 at only 224. There were significant daily changes, such as the increase from 2,083 units on January 5 to 5,473 units on January 8, and another substantial rise from 3,979 units on January 29 to 5,962 units on January 30.

Peak stock decreases occurred on January 25, with 15,848 instances. The low came on January 2 at 1,516. January 17 saw a remarkable increase in stock decreases to 15,645 from the prior day's 13,905.

NEW PRODUCTS



MONTHLY STATS

