



IT Market Alert January 2024

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

The largest number of price increases happened on December 11th with **30,761**

- Premium smartphones capture more of the market.
- Windows 10 EOL will drive a resurgence in 2024 PC sales.
- VR/AR shipments will soar this year.

As we finish out the year, there were still plenty of falling shipment and revenue figures, in areas including PCs and semiconductors. Nevertheless, analysts are optimistic for 2024. For example, [CONTEXT](#) Research predicted enterprise server revenues growing at up to 7.6% in the next year (far better than the best scenario of 19.4% shrinkage in 2023). Probable refresh cycles, combined with potential interest rate reductions, and a rise in component prices all contributed to its optimism.

While 2024 looks likely to outpace 2023 thanks to the prospect of lower interest rates and inflation, the channel should still be on its guard for lower-than-expected economic performance. [The International Monetary Fund](#) predicted in December that the UK's 2023 annual GDP would slightly exceed expectations at 0.5% growth. 2024's would be slightly better, at 0.6%, it said, but noted that this would be less than the original forecast of 1% growth.

The UK's only fully Certified IT Price Benchmarking Solution – Find out more at www.knowledgebus.co.uk



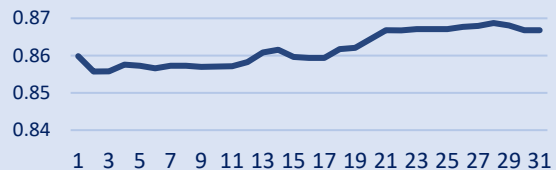
Exchange Rate

EUR-USD fared well in December, experiencing several significant movements along the way. The month began with an exchange rate of 1.0893, dropping to 1.0837 on December 4, but it rebounded significantly to 1.0884 by December 13. The most notable increase occurred on December 14, when the rate surged to 1.0993. Following this, the rate experienced some fluctuations, dipping to 1.0907 on December 15, then climbing back to 1.0981 by December 19. Towards the end of the month, the rate reached 1.1108 on December 27, marking the highest point for the month. However, it decreased slightly to close the month at 1.1055 on December 31.

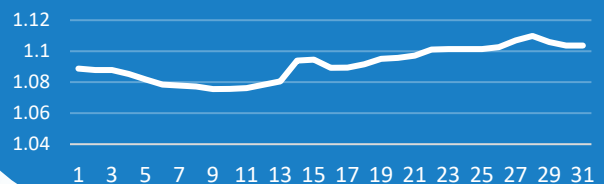
EUR-GBP also showed positive movements during the month, starting with an exchange rate of 0.8576 and increasing to 0.8623 by December 13, followed by a fall to 0.8608 on December 14. The rate then fluctuated over the next few days, reaching 0.8634 on December 18, and then slightly decreasing to 0.8625 on December 19. It reached its high of 0.8698 on December 24, slightly decreasing thereafter and finishing at 0.8684 on December 31.

Sterling slipped after a sharp fall in UK inflation to 3.9% in November from 4.6% the prior month, causing markets to bet on when the Bank of England will cut rates. The euro's big move against the dollar earlier in the month reflected a broader dip in the dollar as the federal reserve decided to hold interest rates steady on December 13 and took a dovish position on future interest rate cuts.

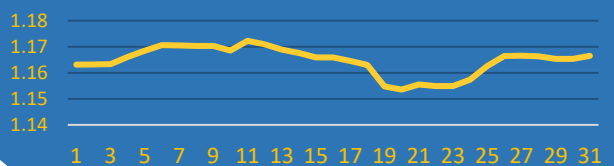
BRITISH POUND (GBP) PER 1 EURO (EUR)



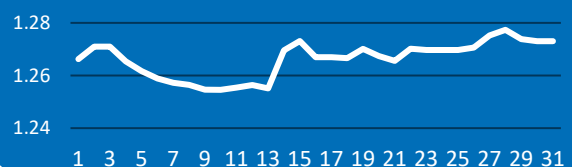
US DOLLAR (USD) PER 1 EURO (EUR)



EURO (EUR) PER 1 BRITISH POUND (GBP)



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





Price Changes and News Through December 2023

Phones and Tablets

Counterpoint Research predicted record 2023 global sales of premium smartphones, consisting of devices with a wholesale price over \$600. It expected 6% YoY growth to capture nearly a quarter of the overall smartphone market.

Premium devices are becoming more desirable as status symbols and affordable through financing options. While Apple remains the leader, Huawei and Samsung have gained share this year with new flagship phones and foldables. Much of the growth is driven by China, Western Europe, India, and the Middle East and Africa, with India experiencing the fastest growth.

Within premium phones, the ultra-premium segment over \$1,000 now accounts for over a third of sales. The premium segment is expected to continue outperforming the smartphone market overall as brands differentiate and strengthen their appeal.

Foldable phone shipments hit record numbers in Q3 2023, exceeding 7m, according to [Display Supply Chain Consultants](#). Samsung led the market with a 72% share, down from 86% during the year prior. Competitors like Huawei and Honor will increase their shares to around 20% each during Q4, the analyst predicted. Despite the category's impressive growth, sluggish high-end Android sales were a hindrance.

Traditional PCs

[IDC](#) predicted a recovery in global PC shipments after unprecedented declines in 2023. While shipments exceeded expectations in Q3 2023, the analyst company still envisioned a 13.8% decline for the entire year due to tightened budgets and macroeconomic conditions. Ageing commercial PCs surpassing four years combined with the need to migrate to Windows 11 are expected to drive a refresh cycle and 3.4% growth in 2024.

Integration of AI capabilities into PCs beginning in 2024 may also serve as an upgrade catalyst initially for enterprises. Shipments are projected to surpass pre-pandemic levels by 2027, reaching 285m units. This downturn still pales in comparison to 19 consecutive quarters of declines from 2012-2016. Recovery factors like hybrid work and premium PC growth could lead to a 3.1% CAGR from 2023 to 2027.

Premium Ultramobiles & Wearables

Global wearable device shipments grew 2.6% YoY to reach 148.4m units in Q3 2023, [according to IDC](#). Smaller brands and emerging categories like smart rings contributed significantly to growth. Smartwatches and ear-wear remain the top categories, finding new users through affordable options and strong refresh cycles.

Apple saw a 26.7% decline while Imagine Marketing and Xiaomi experienced strong gains of 19.4% and 36% respectively. Overall market share was more dispersed with smaller brands gaining ground. IDC predicts smart rings will continue to drive the wearables market forward in coming quarters by pressuring incumbent brands to innovate further on health tracking.



[IDC also expected](#) that shipments of augmented and virtual reality headsets will fall 8.3% in 2023 to 8.1m units due to macroeconomic pressures. However, shipments are predicted to rebound in 2024 with 46.4% growth thanks to new headsets like Meta's Quest 3 and Apple's Vision Pro.

While these new headsets will help drive volumes, their higher prices may alienate some consumers as average selling prices increase. The Vision Pro in particular is seen as targeting businesses due to its high cost. AR headset shipments are also forecast to rise sharply over the next few years, reaching 6.8m units in 2027, as more affordable tethered options become available. IDC expects diversification in AR products to increasingly address different needs across both enterprise and consumer segments.

Processors, MEMS, Semiconductors

Global semiconductor sales increased 3.9% month-over-month in October, said the [Semiconductor Industry Association](#). While sales were up compared to September, they declined 0.8% YoY. It expected annual sales to decrease 9.4% in 2023 but rebound with strong 13.1% growth in 2024.

This marks the eighth consecutive month semiconductor demand has increased on a monthly basis, demonstrating positive momentum heading into the end of the year. Regionally, all major markets saw month-over-month growth except Japan, while Europe saw the largest YoY increase of 6.6%. The SIA forecasts annual sales will reach \$520bn in 2023 and \$588.4bn in 2024.

[IDC](#) predicted a strong recovery for the semiconductor market in 2024 with an annual growth rate of 20%. Demand will be driven by AI, high-performance computing, and stabilising smartphone sales. Memory price increases and robust AI demand across applications will fuel market growth.

The earthquake in Japan's Ishikawa Prefecture on January 1 temporarily halted several semiconductor and wafer facilities. This included MLCC manufacturer TAIYO YUDEN, silicon wafer producers Shin-Etsu and GlobalWafers, and fabrication plants from Toshiba and TPSCo. However, preliminary inspections found no significant damage to machinery, said [TrendForce](#).

Shin-Etsu's crystal growth operations were primarily unaffected as they are located in Fukushima. Toshiba's Kaga facility and the three TPSCo factories are undergoing shutdowns for inspection. MLCC manufacturer TAIYO YUDEN's earthquake-resistant new plant reported no equipment damage. The impact is expected to be manageable given industry conditions and existing inventories.

Memory

[TrendForce](#) predicted that mobile DRAM and NAND Flash prices will surge 18-23% in the first quarter of 2024 as smartphone brands continue stockpiling. Chinese smartphone makers are steadily increasing production planning. The price rise is driving buyers to actively boost purchasing and establish secure inventory levels.

With stockpiles low and manufacturing recovery slow, memory prices are set to climb higher than other sectors in early 2024. Sustained client demand and slow scale-up of production will likely widen the supply-demand gap. Overall, TrendForce anticipates memory prices to be the leading factor in the seasonal upward trend.



Storage

The NAND flash market saw a 3% increase in revenue in Q3, ending over a year of declines, according to [TrendForce](#). SK hynix and Western Digital were up 11.9% and 13% respectively, while Samsung was flat and Kioxia and Micron declined. Overall Q3 revenue rose 2.9% over Q2. TrendForce anticipates at least a 20% boost in Q4 revenue driven by production cuts and increased demand from PCs and smartphones. Notably, NAND chip prices have risen significantly since July and especially in October-November, suggesting the 20% Q4 increase may be conservative. While good news for the struggling NAND industry, rising prices mean SSD costs are likely to continue climbing for consumers.

At the end of December, [TrendForce](#) said that current quotes still leave suppliers like Samsung, Kioxia, SK Hynix and Micron below the break-even point, suggesting that prices may need to rise over 40% again for major manufacturers to break even, and by at least 50% for profitability.

Samsung currently leads the market with a 31.4% share, followed by SK with 20.2% and Western Digital at 16.9%. International giants are reducing NAND production due to lower profitability compared to DRAM. Samsung has cut NAND chip production by 50% since September focused on 128 layers or less, with plans to gradually raise prices through 2024 to stabilise them.

The enterprise storage market is looking up in 2024, with revenue growth between -0.2% and 7.7%, as opposed to -8.2% to -5.6% in 2023, said [CONTEXT](#).

Display

Global shipments of smart TVs are forecast to decline 5.5% in 2023, per [IDC](#). However, the market is expected to stabilise with flat growth in 2024 and slow increases in subsequent years. Emerging markets will be the main drivers of future growth as refresh cycles lengthen in developed nations.

Within mature markets, smart TVs are evolving into home ecosystem hubs that integrate with other connected devices. However, weak consumer demand in North America is expected to weigh on shipments through much of 2024. Vendors anticipate economic headwinds will continue to impact the market in the first half of the year.

Android and Tizen operating systems currently dominate the market, holding over 59% combined in 2023, though Roku OS is gaining ground. IDC predicts Android will remain the leading platform through 2027 with its share rising to 39% as Tizen grows to 23% of the market.

Printers

[IDC](#) saw worldwide shipments of industrial printers fall 2.4% YoY in Q3 2023. The decline appears to be slowing as shipments dropped only 1.2% compared to the previous quarter.

Growth in direct-to-shape, industrial textile, and label & packaging printers offset a softening in the direct-to-garment market. North America saw total shipment growth of 4% while Central and Eastern Europe led regions with a 14% increase. Shipments in China declined 2.9% after strong growth in the previous quarter.



Network Products

[Dell'Oro Group](#) said worldwide campus switch sales increased 24% YoY in Q3 2023, reaching record levels. HPE grew the fastest among major vendors, gaining over three points of market share. While total port shipments declined, higher prices for faster 2.5/5Gbps switches and modular form factors led to continued revenue growth. Growth was broad except in China, which saw an 8% decline. Notably, shipments of faster 5Gbps ports more than tripled to meet rising demand from Wi-Fi 6E adoption.

[CONTEXT](#) expected networking sales to fall in the coming year due to tougher YoY comparisons, with a predicted range of -10.2% to -1.3% YoY revenue growth for 2024, compared to 10.9% to 13.1% for 2023

Monthly Statistics

Notable price increases were evenly distributed throughout the month of December, falling on Dec 6 (27,971), Dec 11 (30,761), Dec 15-17 (25,375), December 25 (the monthly high, at 29,716) and Dec 27 (26,660). There were three noticeable low periods for price increases, at the start of the month, on Dec 12, Dec 18 (the lowest, at 3,859), and the end of the month at 4,928. Extreme Networks made the largest number of price increases through the month by far, followed by Cisco. Extreme Networks also topped the number of price reductions, with Cisco also taking second place.

The largest number of price drops came on Dec 18 (38,180), followed by Dec 4 (33,697) and then at the end of the month (26,837 on Dec 28 up to 29,064 the next day). The notable low came on Dec 27, at just 1,560.

Stock increases saw one marked high spot on Dec 8, at 7,059. Not surprisingly, they plummeted on Dec 26 and Dec 27 (590 and 37 respectively). There were no stock decreases that stood out in December other than a small spike on Dec 13, but there were far fewer decreases from the day after Christmas until the month's end.

