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IT Market Alert

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January 2026

Welcome to this month's IT Market Alert, delivering you key market knowledge viewed during **December 2025**. Get more from your IT procurement with KnowledgeBus.

The largest number of price increases happened on December 5th with **42,023**

- **Flat Western Europe smartphone sales lag international growth**
- **PC market posts strongest month in years on Windows 10 end-of-life deadline pressure**
- **Memory prices continue to rise, threatening device sales**

The IT channel heads into 2026 riding a wave of AI-driven investment that [IDC says](#) is pushing global IT spending to £3.17 trillion this year. That's a 14% increase and the fastest annual growth since 1996. Service provider datacenter infrastructure spending alone is set to jump 86% in 2025. Meanwhile, Q3 2025 foundry revenue hit nearly £33.7bn, up 8.1% QoQ, [according to TrendForce](#), with TSMC claiming 71% market share thanks to strong iPhone and NVIDIA Blackwell demand.

But there's a sting in the tail. Rising memory prices are squeezing margins across consumer electronics. [TrendForce has downgraded](#) its 2026 game console shipment forecast from a 3.5% decline to 4.4%, with memory modules projected to account for over 35% of PlayStation and Xbox BOM costs. Nintendo's Switch 2 launched at £335.82 (higher than its predecessor) partly due to doubled memory capacity. Console makers may have to abandon their traditional price-for-volume strategy altogether.

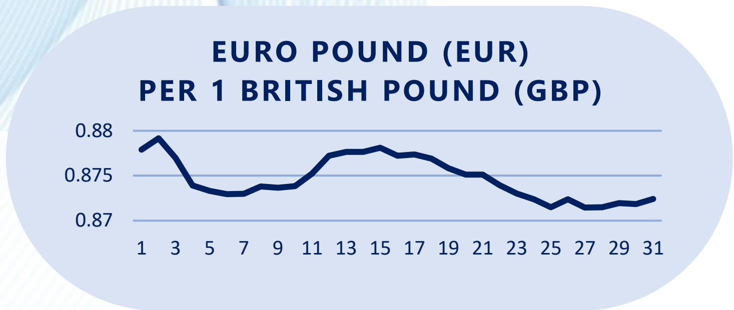
Exchange Rate

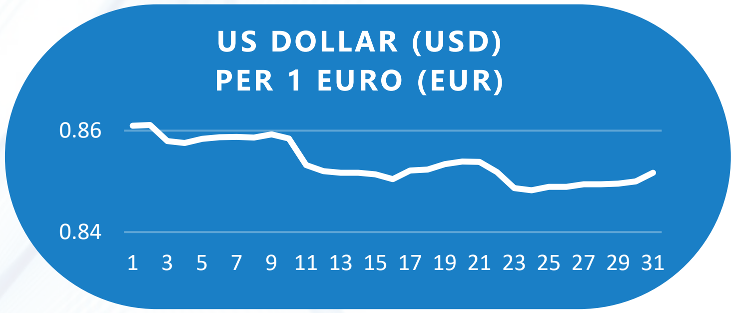
EUR/GBP weakened throughout December 2025, falling from an opening rate of 0.8778 to a closing rate of 0.8726. The currency pair reached its lowest point on December 30 at 0.8712, while the monthly high of 0.8796 occurred on December 02.

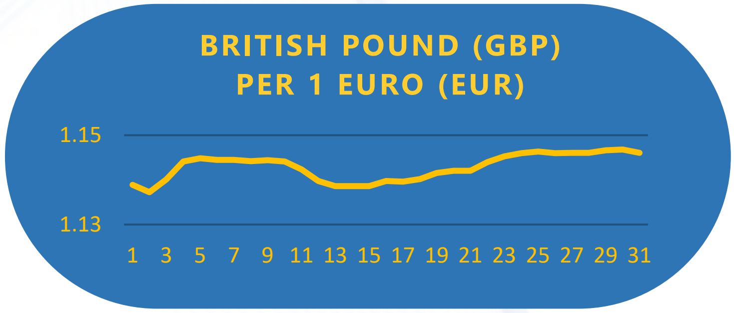
The euro strengthened from 1.1646 to 1.175 against the dollar. The month saw significant volatility, with the pair reaching a monthly low of 1.1614 on December 02 and a high of 1.1787 on December 24.

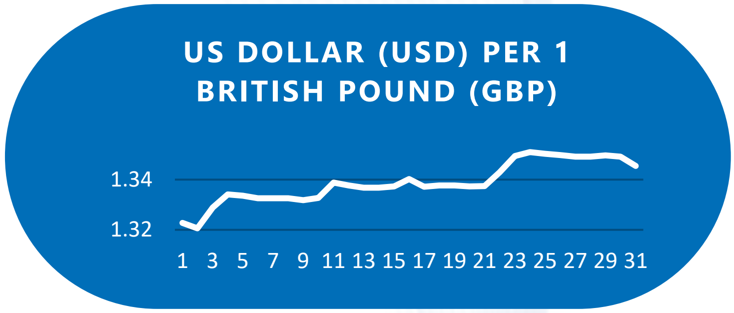
December's currency movements traced a central banking tale of three distinct paths. The Federal Reserve cut rates by 25 basis points on December 10, lowering its benchmark to a range of 3.5%-3.75%. This wasn't without drama, as three voting members dissented. Eight days later, the ECB held firm at 2%, a deposit rate that hasn't moved since June, with staff revising eurozone growth projections up to 1.4% for 2025. The divergence in approach pushed EUR/USD higher through the month, peaking at 1.1787 on Christmas Eve.

Sterling's weakening against the euro reflected the Bank of England's decision to trim rates to 3.75% on December 18. The vote split 5-4, with Governor Andrew Bailey warning of "closer calls" ahead in 2026. UK inflation had dropped to an eight-month low of 3.2% in November, providing the cover needed to cut, but GDP contracting for a second consecutive month put the MPC in an awkward spot. The ECB's comparatively hawkish stance (some governing members even hinted at rate hikes by late 2026) widened the rate differential and pushed EUR/GBP toward its monthly low.









Price Changes and News Through December 2025

Phones and Tablets

The global smartphone market is set for 1.5% growth in 2025, reaching 1.25bn units, according to IDC's latest Mobile Phone Tracker. Apple is having a record year: 247.4m units at 6.1% YoY growth, with the iPhone 17 driving more than 20% market share in China during October and November.

Q3 2025 saw global smartphone production hit 328m units (up 9% QoQ and 7% YoY), TrendForce reports. Samsung led with 63m units (19% share), followed by Apple's record Q3 production of 57m units. But memory shortages are expected to push smartphone ASPs to £347.01 in 2026, driving market value to a record £432.0bn even as unit shipments dip 0.9%.

Foldables remain a bright spot. IDC forecasts 30% YoY growth in 2026, up from just 6% in the prior forecast, driven by Apple's first foldable iPhone (expected this fall) and Samsung's Galaxy Z Trifold, launched at CES. Apple is expected to capture 22% of foldable unit share and 34% of market value in its first year, with an average price point of £1.8k.

Traditional PCs

The notebook market faces choppy waters. TrendForce has cut its 2026 global notebook shipment forecast to a 5.4% YoY decline, reaching roughly 173m units, and warns this could worsen to 10.1% if memory prices don't stabilise by Q2 2026.

Not everyone will suffer equally. Apple's integrated supply chain and pricing power give it more flexibility to absorb component costs. The company plans a 12.9-inch entry-to-mid-range model for spring 2026 that should attract buyers despite awkward timing. Lenovo's scale advantages may similarly help limit price increases and potentially grow market share even in a declining market.

Notebook LCD panel shipments will fall 7.9% YoY in 2026 as memory costs bite into demand.

Premium Ultramobiles & Wearables

The XR market is rebounding. IDC forecasts global XR device shipments (including headsets and glasses) to grow 41.6% in 2025, reaching 14.5m units. Mainstream acceptance of XR glasses and gamer enthusiasm for mixed reality experiences are the main drivers here.

Meta dominates with 75.7% share in Q3 2025 thanks to its Quest and Ray-Ban lineup. Xiaomi sits second at 4.3% following its AI glasses launch, with XREAL (2%), RayNeo (1.8%), and Viture (1.3%) rounding out the top five.

Traditional MR/VR headset shipments will suffer in this transition to lightweight XR headwear. They will decline 42.8% in 2025, although we can expect a rebound next year as new devices tempt gamers and businesses. Conversely, XR glasses are expected to grow at a 29.3% CAGR through 2029, with a stunning 211.2% 2025 bump. Google's Android XR platform and new hardware partners could challenge Meta's dominance, though battery life, app ecosystems, and privacy concerns remain hurdles.

Processors, MEMS, Semiconductors

AI accelerators are powering explosive growth in data centre IT components. Dell'Oro Group reports global server and storage component revenue increased 40% YoY in Q3 2025, with NVIDIA's Blackwell Ultra ramp across US hyperscalers and neo cloud providers leading the charge.

NVIDIA led vendors in data centre IT component revenues, followed by SK Hynix and Samsung (the latter two benefiting from HBM demand and rising DRAM and SSD prices). Custom accelerators from Google and Amazon also surged to support training and inference for foundational models. The server and storage systems component market is forecast to grow 48% in 2025.

Memory

Memory suppliers are regaining pricing power in a tight market. TrendForce reports that Q4 2025 server DDR5 contract prices have risen substantially above expectations. The ASP gap between HBM3e and DDR5 is expected to narrow from four-to-five times to one-to-two times by the end of 2026.

The shift started in Q3 2025 when AI server deployment exceeded expectations, prompting major CSPs to expand DDR5 inventories and plan procurement strategies through 2027. As conventional DRAM profitability improves, some suppliers are shifting capacity toward DDR5, creating room for HBM3e price increases.

Consumer device makers are feeling the pinch. TrendForce notes that memory price surges will persist into Q1 2026, forcing smartphone and notebook brands to raise prices and downgrade specifications. High-end ultrathin notebooks with soldered mobile DRAM face the earliest and most significant price pressure. Low-end smartphones are likely to return to 4GB DRAM in 2026.

Storage

Enterprise storage is a tale of two markets. The external OEM enterprise storage systems market grew a modest 2.1% YoY in Q3 2025, reaching £6.0bn, according to IDC. All Flash Arrays grew 17.6% YoY while Hybrid Flash and HDD arrays declined 9.8% and 6.3% respectively. Dell Technologies led with 22.7% share, followed by Huawei (12%), NetApp (9.4%), Pure Storage (6.8%), and HPE (5.6%).

Enterprise SSDs are a different story entirely. TrendForce reports the top five brands' combined revenue climbed 28% in Q3 2025 to approximately £4.9bn, representing a new record. Samsung led with £1.8bn (up 28.6%), followed by SK Group at £1.4bn (up 27.3%). With CSPs scrambling to prevent SSD shortages that might delay AI server deployments, Q4 enterprise SSD contract prices are expected to rise more than 25% QoQ.

In NAND Flash, the top five vendors' combined revenue grew 16.5% QoQ in Q3 2025 to nearly £12.8bn, TrendForce notes. NAND Flash wafer supply tightened further in November 2025, with mainstream wafer contract prices surging 20% to over 60% depending on category. The 512Gb TLC saw the largest increase of over 65% MoM, due to legacy node phase-outs. Suppliers currently hold significant pricing power, and contract prices are projected to keep climbing in December.

Display

Western Europe's TV market should outpace most regions in 2026, with shipments forecast by Omdia to grow 3.2% YoY as FIFA World Cup promotions drive demand. Eastern Europe follows close behind at 3.1%. Globally, shipments will edge up 1% to 210m units, though China's 4.7% decline post-subsidy will see Chinese brands hunting growth abroad — potentially intensifying European competition. Mini LED remains the bright spot, with 16.9% growth expected.

Printers

Canon has closed its Zhongshan printer factory in Guangdong province, effective 21 November, China Daily reports. The company blamed a shrinking global laser printer market, changing work styles, and accelerated contraction in office laser printer use, noting that long-term recovery is unlikely.

The Zhongshan factory, established in 2001, had produced 110m laser printers by April 2022 and generated 3.2bn yuan (£337.8m) in industrial output in 2022. IDC data shows Canon's China laser printer market share fell from 7.7% in 2018 to 3.9% in the first three quarters of 2025, while domestic brands have risen to 41.5% share. In H1 2025, Chinese A4 laser printing device shipments fell 5% YoY to 3.18m units; A3 devices dropped 10% YoY to 272,000 units.

Network Products

Enterprise networking is riding the AI wave. The worldwide Ethernet switch market recorded £11.0bn in revenue in Q3 2025, up 35.2% YoY, according to IDC, as hyperscalers and cloud service providers race to build AI-era infrastructure. The datacenter portion surged 62% YoY, with 800GbE switches rising 91.6% sequentially and now comprising 18.3% of DC segment revenue. ODM Direct sales jumped 152.4% YoY, now representing 30.2% of DC segment revenues.

NVIDIA's Ethernet switch revenues grew 167.7% YoY to reach £746m, claiming 11.6% share of the DC segment. Cisco's total Ethernet switch revenues rose 8.9% YoY to £3.3bn (29.8% share), while Arista grew 29.1% YoY to £1.4bn (12.8% share).

The enterprise WLAN market grew 7.8% in Q3 2025 to £2.0bn, IDC reports, driven by Wi-Fi 6E and Wi-Fi 7 adoption. Wi-Fi 7 made up 31.1% of dependent access point segment revenue in Q3 2025, up from 21% a quarter earlier.

Dell'Oro notes that Wi-Fi 7 represents Cisco's fastest WLAN technology adoption ever. Despite being late to market, aggressive pricing launched the vendor into first place for Wi-Fi 7 revenue. However, China remains a drag on global growth, with WLAN revenue contracting by double digits in the quarter.

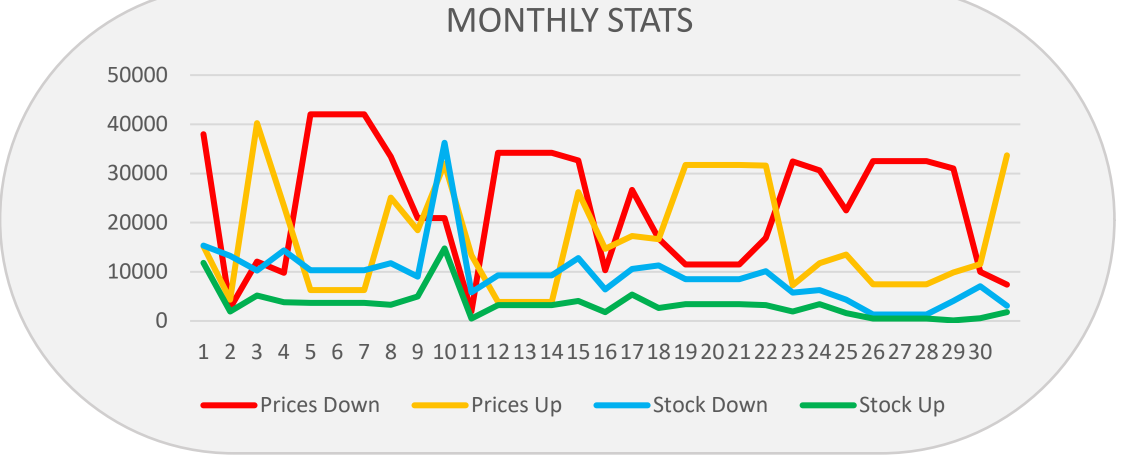
Monthly Statistics

Price increases ranged from a low of 3,867 on December 12 to a peak of 40,229 items on December 3, with an average of 16,584 daily price increases. This represented a notable decrease of 23.5% compared to the previous month.

Notable spikes occurred during the month, particularly on December 3. Price reductions were equally dynamic, fluctuating between 1,937 items on December 11 and a substantial peak of 42,023 items on December 5, averaging 23,793 daily decreases.

Stock replenishment displayed the most extreme variance, from just 110 units on December 29 to a massive 14,747 units on December 10, averaging 3,387 daily additions.

Stock reductions ranged from their low of 1,309 units on December 26 to the peak of 36,233 units on December 10, with an average daily decrease of 9,221 units.



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