



IT Market Alert July 2024

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

The largest number of price increases happened on June 4th with **42,606**

- Smartphone sales up
- Server and storage market skyrockets
- NAND flash prices depressed

Fortunes continued to increase in some areas during while falling in others. Smartphones were healthy, as were sales of AI-related data centre hardware. However, analyst cited overall weak demand in consumer markets, along with overstocking, as key factors depressing prices in NAND flash prices more recently.

Revenues in the IT channel shrunk 6.5% in Q1 2024, according to CONTEXT Research, leading the company to downgrade its 2024 forecast from 2.3% annual growth to 0%, with a predicted 1.3% YoY shrinkage for Q2. The company still expects a market turnaround, but anticipates a delay until Q3, when it expects 3.1% YoY sales growth. The company noted that UK consumer and business confidence has risen in March and April.

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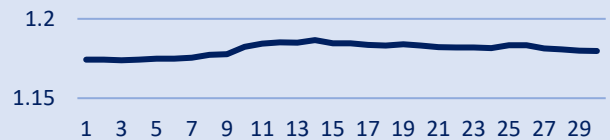
Exchange Rate

June's EUR-USD rate began with a relatively high rate of 1.0857, peaking early on June 3rd at 1.0907. That preceded a general downward trend, punctuated by brief recoveries, until it reached its low of 1.0680 June 26th. It rallied slightly to end the month at 1.0735.

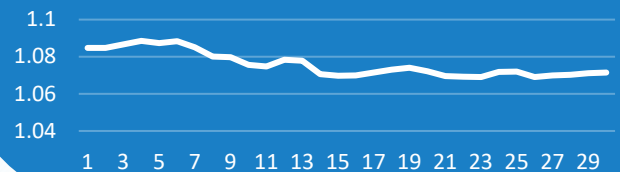
EUR-GBP started at its monthly high of 0.8524, ranging over the first week and then falling sharply in the second week to its low of 0.8419 on June 13th. From there, it recovered moderately over the second half of the month to finish at 0.8487.

The Euro's fortunes were hindered by the ECB's June 6 rate cut, contrasted with the Federal Reserve's more hawkish tone. Federal Reserve (Fed) Governor Michelle Bowman said the Fed is not yet ready to cut interest rates and could even raise them if inflation's downward trajectory stalls. The UK held steady on interest rates in its June 19 meeting too. These disparities with the Eurozone widened the yield spread between bonds in the Eurozone and elsewhere, making the dollar and pound more attractive to investors. Additionally, the Eurozone's cooling inflation and political uncertainties further contributed to the Euro's depreciation.

BRITISH POUND (GBP) PER 1 EURO (EUR)



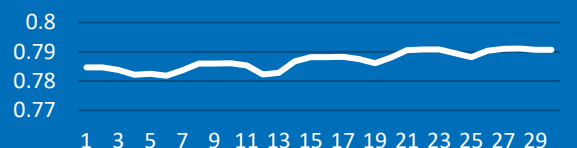
US DOLLAR (USD) PER 1 EURO (EUR)



EURO (EUR) PER 1 BRITISH POUND (GBP)



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





Price Changes and News Through June 2024

Phones and Tablets

[IDC](#) saw global smartphone shipments increase 11.8% YoY in Q1 2024 to 300.3m units. Samsung regained the top position from Apple, even though its market share fell from 22.5% last year to 20.1% in Q1 this year. Apple's fall to second place saw it slip to a 17.5% market share, down from 20.7% a year ago. Xiaomi, Transsion, and vivo followed up the pack, with both Xiaomi and Transsion seeing significant growth. The market shows signs of recovery, with higher value and average selling prices as consumers opt for pricier devices.

Traditional PCs

June saw the rollout of AI PCs containing onboard 'neural processing units' to handle AI tasks. This will drive PC sales this year, [IDC](#) said in its Worldwide Quarterly Personal Computing Device Tracker. Overall, though, it predicted a flat global market for traditional PCs this year, with shipments reaching 260.2m units. China's economic challenges are the culprit, as they will drive down purchases there.

The market looks better with China removed from the equation, growing 2.6% YoY in 2024. Along with the emergence of AI PCs, key drivers for shipments this year include an education refresh cycle and a Windows refresh cycle due to Windows 10 end of support in 2025. Consumer market shipments will grow 1.6% YoY if China is excluded. AI PCs are not likely to drive significant shipment volume in the long term but are forecast to increase average selling prices, IDC, said, adding that the technology will eventually become ubiquitous on PCs. Nearly two in three PCs sold by 2028 will include an NPU.

Microsoft launched its latest Surface devices, the Surface Laptop 7 and the Surface Pro 11, which support its Copilot+ AI technology. One notable development has been a rise in repairability, which could bode well for independent repair and refurbish players in the future. The devices [went from the worst to among the best](#) in iFixit's repairability rankings.

Premium Ultramobiles & Wearables

Worldwide shipments of wearable devices grew 8.8% YoY in Q1 to 113.1m units, [said IDC](#), although average selling price decreased 11%. This was down to the increased demand for lower-priced devices from vendors in emerging markets. Apple remained the top vendor despite a 19.1% decline in Apple Watch shipments and a similar slip in hearables like AirPods. Xiaomi, Huawei, and Samsung also maintained strong market positions, with Xiaomi showing significant growth.

Canalys [expects](#) wearable bands to see a 5% growth in shipments this year to 158m units, driven by the increasing popularity of basic smartwatches, which already made up 48% of total wearable band sales in Q1 and are expected to grow by 10% throughout the year, the company said. Smartwatches, which took a 9% downturn in Q1, will grow 4% this year, while basic bands will shrink 6%.



Processors, MEMS, Semiconductors

AMD's Ryzen AI 300 chip will not be certified for Microsoft's Copilot+ at launch, the company said. Support will come via a Windows update later in the year. Intel's Lunar Lake series, which will be certified with the technology, won't arrive until September. That leaves the Copilot+ certified ARM-based Snapdragon X series in an advantageous position for now.

Dell'Oro Group said that unprecedented demand for GPUs and custom accelerators in the hyperscale cloud market prompted a 152% growth in the server and storage component market in Q1. General purpose server and storage components also saw double-digit revenue growth in the period following an inventory correction, marking a return to positive YoY growth after an eight-quarter decline, it said.

Component average selling prices have increased, with CPUs commanding higher prices due to the shift towards more advanced generations with enhanced features, Dell'Oro said. NVIDIA led the market in component revenues, accounting for nearly half of the reported figures, followed by Samsung and Intel. The strong growth in accelerators will continue throughout this year, with GPUs remaining the primary choice for AI training and inference. NVIDIA's upcoming Blackwell platform is set to strengthen its leadership position, although competitors like AMD and Intel are gaining ground with their own offerings.

Memory

[TrendForce](#) expects DRAM prices to rise 8-13% Q3 2024, driven by recovering demand for general servers and an increased production share of High Bandwidth Memory (HBM) by DRAM suppliers. PC DRAM prices will rise 3-8%, as will mobile DRAM prices, while server DRAM prices will spike 8-13%. Graphics DRAM prices are anticipated to rise 3-8%, influenced by the introduction of GDDR7 and continuous stocking strategies by buyers.

Things are different in the [DRAM spot market](#), which saw a significant downturn in June with prices falling by 5-10%. This decline is attributed to two main factors: high inventory levels and China's crackdown on smuggling activities. The oversupply situation has been exacerbated by weak demand in various sectors, including PCs, servers, and smartphones.

China's efforts to combat smuggling have disrupted the grey market, leading to a surge in available inventory. As a result, buyers are hesitant to make purchases, expecting further price drops. The spot price for DDR4 8Gb 2666MHz chips has fallen to around US\$1.8, while DDR5 16Gb 5600MHz chips are priced at approximately US\$5.2. This downward trend is expected to continue in the short term, with the possibility of prices stabilising only if manufacturers implement more aggressive production cuts or if demand unexpectedly improves.

Consumer DRAM, including DDR3 and DDR4, will see a 3-8% price increase despite oversupply, due to capacity constraints from HBM production, the analyst firm added. In Q4, smartphone manufacturers and cloud service providers will replenish inventories, supporting continued price increases. As 2024 ends, both buyers and sellers will develop procurement strategies based on the 2025 supply and demand outlook, potentially leading to further inventory increases in anticipation of shortages caused by increased HBM production.



Storage

The NAND flash spot market also [suffered](#) in June. Prices initially rose due to China's crackdown on smuggling, which led to a temporary shortage. However, this upward trend was short-lived as high inventory levels and weak demand quickly reversed the price increase. The market is now seeing a downward trend in NAND flash spot prices, especially in high-capacity products, with 1TB client SSDs experiencing the most substantial price drops. The oversupply situation in the NAND market remains a key factor, with manufacturers struggling to reduce their inventories. Despite attempts to cut production, the excess stock continues to pressure prices. The overall weak demand for consumer electronics, especially in the PC and smartphone sectors, further contributes to the challenging market conditions for NAND flash memory.

Display

Monitors started 2024 on a strong note, which will continue, [said CONTEXT Research](#). In March, this product category remained above the Revenue Trend Index baseline, which is calculated from 2023's monthly revenue average. The company expects the segment to do well for the rest of the year.

Printers

Per [IDC](#), worldwide shipments of hardcopy peripherals dropped by 17.6% YoY in Q1, totalling 18.8m units, with shipment value also falling 15.6% to \$9.3bn. Major regional markets experienced declines between 19.9% and 18.2%, influenced by a high base from the previous year and vendors limiting shipments to manage profitability. Among the top five vendors, Brother had the smallest decline at 8.0%, partly due to increased shipments in the Asia/Pacific region, excluding Japan and China. HP Inc. retained the largest market share at 34.9%.

Network Products

Campus Ethernet switch revenues plummeted 23% YoY to their lowest level in two years, [according to Dell'Oro Group](#). This decline was due to vendors exhausting backlogs and entering a multi-quarter digestion cycle. Arista and Ubiquiti were the only vendors to see revenue growth, with Arista gaining market share for the third consecutive quarter. Cisco, however, saw a significant reduction in shipments. The contraction affected all regions except the Caribbean and Latin America, with some vendors managing to increase average sales prices through richer product mixes.

[Dell'Oro also noted](#) that smart NIC and DPU revenues grew by over 50 percent in Q1, driven by strong adoption in both AI and non-AI applications within the hyperscale market.

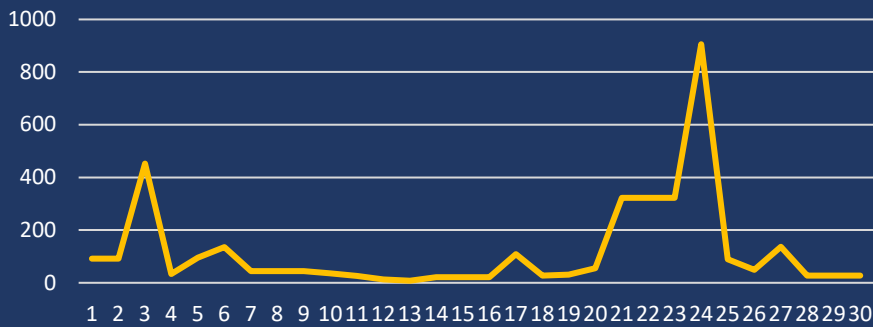
Monthly Statistics

During the month, the highest number of price increases occurred on June 4th at 42,606, while the lowest was on June 5th with 1,472 increases. The highest price decrease fell on June 14th with 31,049 decreases, while the lowest was on June 1st with 3,027 decreases.

The highest stock increase occurred on June 26th with 12,060 increases, which was the only day that saw a five-figure increase. The lowest fell on June 17th with 2,882 increases.



NEW PRODUCTS



MONTHLY STATS

