



IT Market Alert June 2023

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

- Smartphone shipments fall
- Memory prices plummet
- Business demand for printers is strong

The largest number of price increases happened by May 10th with **41,046**

The channel is still shouldering falling shipments and revenues in many areas, including PCs and smartphones, but there is also light at the end of the tunnel. Analysts predict easing conditions towards the end of this year and into 2024.

Loosening supply constraints are changing stock and pricing trends. CONTEXT Research expected a fall in revenue growth through European distribution sales, from 17% in Q1 to 7% in Q2, although shipments will improve, it said. Prices are declining as inventory levels find balance.

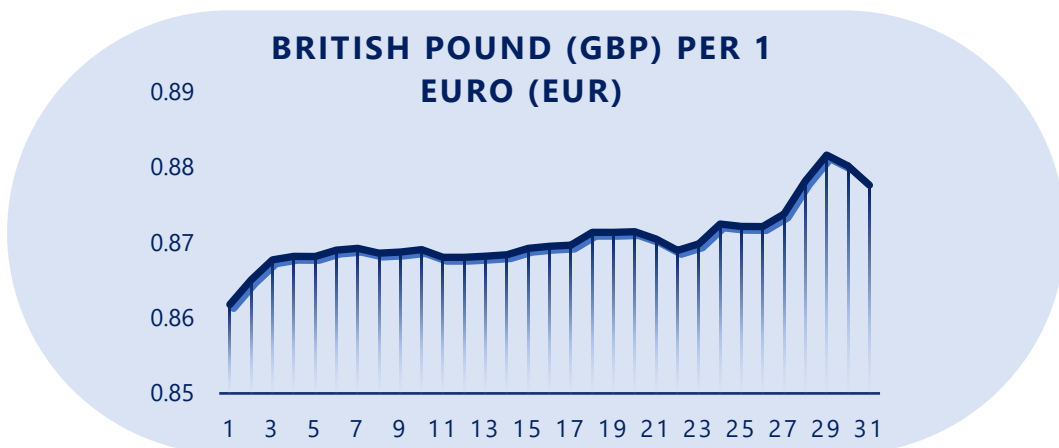
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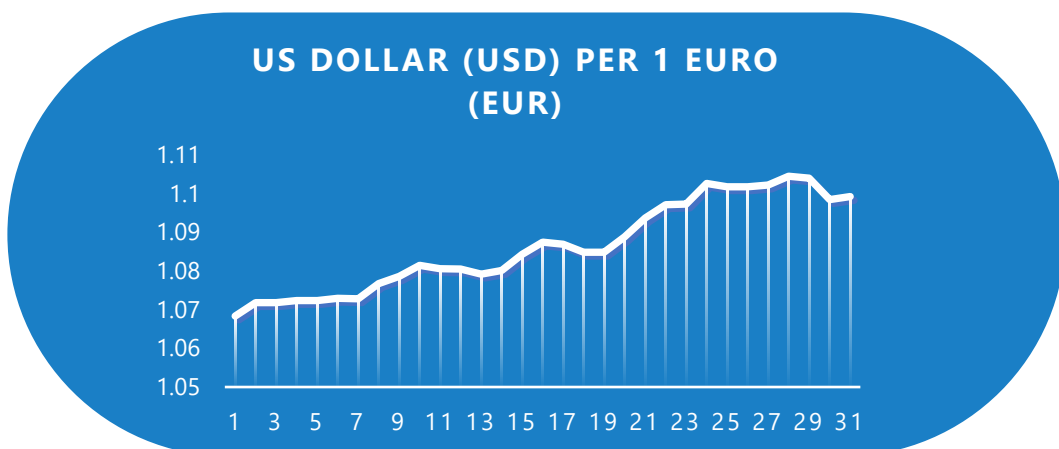
Exchange Rate

Price Changes and News Through May 2023

The euro's performance against the dollar got off to a good start, rising from 1.0992 at the start of the month to 1.1045 on May 4. However, things got worse from then on. It fell slightly to 1.1026 on May 8 before beginning a larger decline throughout the rest of the month.



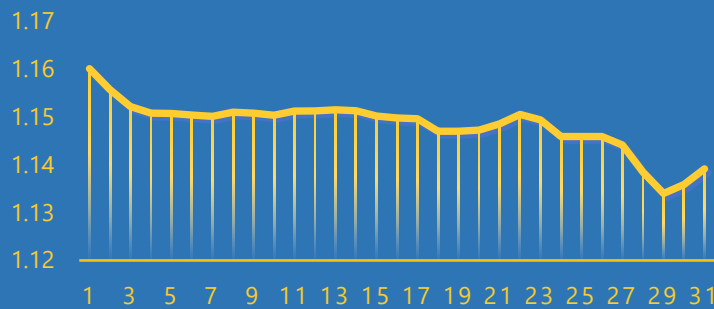
The euro didn't fare much better against the pound. It rose from a 0.8776 start to 0.8816 on May 3 but from there, the decline was swift, with the currency slipping to 0.8690 on May 10. A slight rise took it to 0.8715 two days later but didn't last, and it languished in the high 0.8600s until May 29. It sputtered at the month's end, falling to 0.8618.



Confidence in the euro took a hit early in the month following the European Central Bank's easing of rate hikes. The 25 basis-point rise to 3.25% was the smallest in the region's recent seven-rise streak. The ECB said that it wouldn't be the last, but interest rates tend to drive up currency values, so the market reacted to this timid move by driving down the value of the euro.

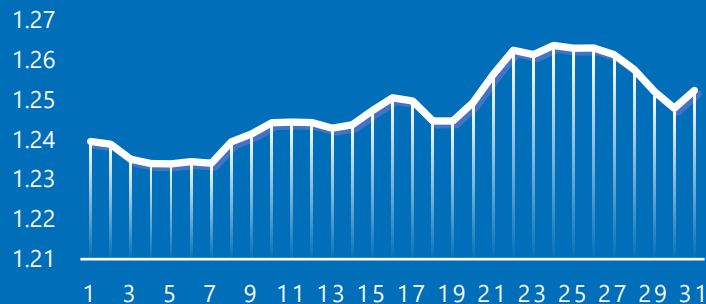


EURO (EUR) PER 1 BRITISH POUND (GBP)



The same sentiment drove the EUR/GBP, compounded by a [divergence in bond yields](#). German yields fell, while British yields were up. [Reports of German deflation](#) darkened the picture still further at the very end of the month.

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



Phones and Tablets

The Western European smartphone market saw a 13% drop in shipments to 23.7m units in Q1, Canalys [said](#). Lower consumer demand and extended purchasing cycles are to blame. There are brighter times ahead, though; it predicts 6% growth next year. The company noticed a spike in unit shipments for more expensive phones, which jumped from 35% to 41% of the market YoY in Q1. Device prices have climbed in the region, up 16% on average YoY. However, competition is also growing at the lower end, which will be important for shorter-term growth, it added.

Samsung claimed the top spot with a 35% market share, followed by Apple at 33% and Xiaomi at 15%. The market outside the top three vendors is growing increasingly competitive, and there will be significant changes in the ranking table before the end of 2023, the analyst firm concluded.

The broader smartphone market might be in disarray, but foldables continue to be a bright spot. TrendForce [expects](#) shipments in this niche category to soar 55% YoY in 2023 to 19.8m units. Initially high prices are set to fall as more vendors enter the fray, it said. Market penetration will reach 1.7% this year and surpass 5% by 2027. For now, Samsung still leads this subcategory with around 70% market share.



Global tablet shipments fell 18% YoY to 31.7m units in Q1, [reported Canalys](#), marking it as the lowest number since the pandemic began. Vendors will see some respite from the premium consumer segment, and the company also expects commercial and public sector budgets to bounce back. Digitisation in healthcare and manufacturing will also create more tablet customers, it said, adding that expects tablet demand to gradually recover in the second half of this year and accelerate in 2024.

Apple remained the top tablet vendor at 12.4m units, followed by Samsung with 6.7m and Amazon with 2.5m. Lenovo narrowly secured fourth place, while Huawei finished fifth with a modest decline of 4%.

units in 2023. VR devices will suffer the most as high-end device sales fall short, leading to a down-trend in sales. AR headset shipments will remain stable for now at over 780,000 units, but their growth trajectory will also slow, said the company.

Apple's unit will mostly target developers, given its price and two-hour battery life, limiting TrendForce's shipment [predictions](#) to 200,000 units in 2024. Apple seems to be playing the long game here and is likely to target consumers with successive versions of the unit. That could tie in with a TrendForce [prediction](#) that the VR and AR market won't hit critical mass with annual 40% increases in shipment volumes until 2025.

Traditional PCs

Western European PC shipment details were scarce this month, although CONTEXT predicted that European demand for PCs will remain low for SMBs and consumers due to the economic and geopolitical situation. Inventories are still bloated, it warned, but predicted that Windows 11 upgrades will drive new sales towards the latter half of the year.

The US PC market [saw](#) a 28% YoY decline to 14m units in Q1 according to Canalys, with notebook shipments falling 31% to 11.4m units and desktop shipments down 28% to 2.7m.

A seasonal drop in business after the holidays along with economic pressures on businesses contributed to the decline, the company said. It expects a market recovery, with US PC shipments growing 6% YoY in Q4 and full-year shipments in 2024 spiking 13% higher than this year.

Premium Ultramobiles & Wearables

All eyes were on Apple in early June, as the company launched its long-awaited Vision Pro mixed reality headset. It will cost an eye-watering \$3,500 when it ships in 2024.

The launch comes at a tricky point for the subcategory. TrendForce still predicted an 18.2% YoY fall in AR and VR device shipments to 7.45m

Memory

A glut of products sent Q1 DRAM revenues spiralling by 21.2% QoQ to \$9.67bn, according to [TrendForce](#). ASPs fell for the three main suppliers (Samsung, Micron, and SK hynix), although Micron managed to boost shipments for the quarter. This is the third consecutive quarter of falling revenue for the industry, but it will pull out of the nosedive by cutting production, said the analyst firm. Expect rising shipments in Q2, but limited revenue growth due to falling prices.



Storage

Inflation was the main culprit in a 47.3% SSD revenue slump to \$1.998 billion during Q1, [TrendForce said](#). It expects a slight uptick in demand for server SSDs in Q2, along with a return to revenue growth for enterprise SSDs.

TrendForce also [saw](#) a slowdown in NAND Flash momentum during Q1 2023, with only a marginal growth of 2.1% in bit shipment volume and a 15% drop in ASP. SK Group and WDC experienced over a 20% revenue drop due to falling volume and price. Samsung's attempt to boost bit shipments via high-capacity products fell short, resulting in an 18.3% decrease in ASP and a 15.8% decrease in revenue. TrendForce anticipates an increase in buyer purchasing intentions in Q2, but ongoing inventory clearance pressures are expected to cause a further decline in ASP, resulting in an estimated 7.9% decrease in revenue for the NAND Flash industry.

Display

Panel makers have been working to balance supply and demand in the TV market by lowering production rates. Now they might have to push their capacity usage higher to cope with a bump in demand for Gen 5+ LCD panels, said [TrendForce](#). Supply and demand in this category will stay healthy in Q2, but total output will still be lower YoY.

Printers

The printer business has been relatively buoyant in Q1 2023 compared to the rest of the IT sector, due in large part to a loosening of supply chain constraints and the filling of pent-up orders. Global revenues rose 14% YoY to \$11bn on shipments up 2.2% to 22.8m units, [said IDC](#). Western European revenues grew third fastest at 11.7%, lagging China in second place and the US, which soared 27.7%. Three of the top five vendors - Epson, Brother and Pantum - recorded YoY unit shipment growth in the quarter.

In Europe, consumer ink and laser segment is soft, warned CONTEXT. SMB demand is stronger, especially for mono single-function and colour laser multifunction printers (MFPs). Promotions and price erosion will help to reduce excess inventory, it added.

Monthly Statistics

Price rises saw two early high spots on May 2 and 4, at 25,400 and 27,580. They peaked at 39,238 on May 15, and saw two other breaks above 25,000, at 28,392 on May 24 and 28,555 on May 26. They bottomed out at the end of the month, at 1,471.

Price reductions saw three notable peaks above 30,000. They started early at 36,490 on May 1, hitting 33,684 on May 8 and 32,478 on May 16. The low point came on May 19 at 4,691.

Stock increases saw one main spike on May 5, when it hit 16,266, although there was a smaller peak on May 2, when it reached 10,059.

Stock decreases peaked early at 25,051 on May 1, also breaking the 20,000 mark to reach 24,036 on May 8.

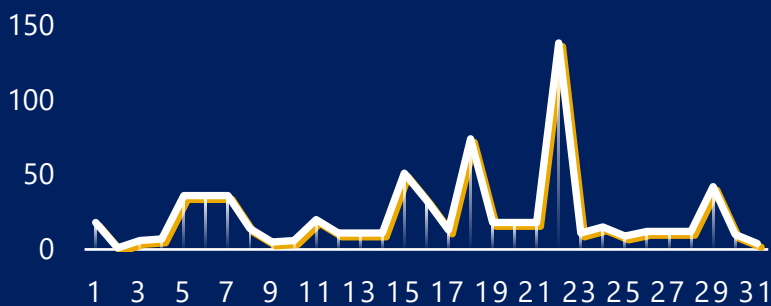


Network Products

IDC [predicted](#) that the worldwide revenues for the 5G and 4G/LTE Enterprise Wireless WAN market will reach \$5.5bn in 2027, with a CAGR of 23.8% in the four years till then. Enterprise Wireless WAN has moved beyond servicing backup connectivity into a primary networking option, the company said. 4G/LTE/5G solutions are becoming important in SD-WAN and enterprise edge infrastructure.

CONTEXT saw decreasing order backlogs for enterprise networking products, adding that prices will decrease in the second half of the year. Wireless sales will slow with the completion of Wi-Fi 6 upgrades, the company said.

NEW PRODUCTS



MONTHLY STATS

