



# IT Market Alert June 2024

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

The largest number of price increases happened on May 22<sup>nd</sup> with **44,362**

- Dell selling AI servers at rock-bottom margins
- Wearables shipments are healthy but ASPs are not
- NAND flash demand is up and rising further

It's strange being in the middle of a technology paradigm shift. AI is supposedly taking the world by storm, yet Dell is selling AI servers at near-zero margins. The move to AI-powered phones, laptops, and servers will doubtless generate big profits in the next couple of years but we're in a holding pattern at the moment as vendors try to stir up the demand for AI.

We're seeing increasing revenues in the PC market as it continues to recover after a long slump, along with the promise of more to come. Demand for semiconductors, DRAM and SSDs is reassuringly high. OLED display sales are also increasing nicely, as concerns over the economy seem to be abating a little. If you're a printer vendor, though, you should still be concerned. There's nothing like a one-fifth YoY drop in shipments to wake you up.

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## Exchange Rate

EUR/USD started low at 1.0719, rising to a peak of 1.0894 on May 17. From there it dipped back to 1.0812 on May 23 before rallying, dipping to 1.0801 on May 29, and finally recovering to 1.0856 on May 31.

EUR/GBP rose steadily from a starting point of 0.8549 to reach 0.8647 on May 11. Then its fortunes took a slide for the rest of the month, gliding downward to a low of 0.8502 on May 27, broken by two sharp but short-lived rallies on May 18 and May 25. It nosed up slightly at the month's end to finish at 0.8524.

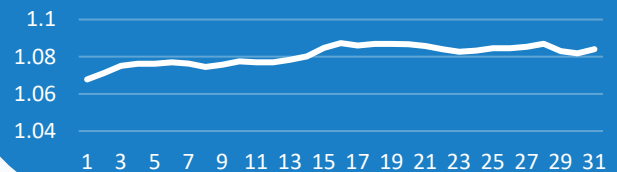
The Euro's moderate uptick against the dollar in early May still leaves it at historic lows. This is due to a discrepancy in their economic policies. The ECB halted rate hikes and signalled potential rate cuts due to declining inflation and economic stagnation in the Eurozone, while the Fed maintained a hawkish stance with higher interest rates due to persistent inflation in the U.S.

The Bank of England was expected to keep rates static until August or September, while the ECB's dovish stance on rates could account for some of the Euro's falloff against the pound in late May.

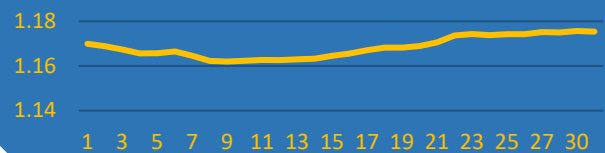
### BRITISH POUND (GBP) PER 1 EURO (EUR)



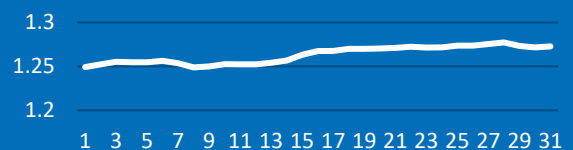
### US DOLLAR (USD) PER 1 EURO (EUR)



### EURO (EUR) PER 1 BRITISH POUND (GBP)



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





## Price Changes and News Through May 2024

### Phones and Tablets

The tablet market saw a modest 1% growth in Q1 2024, [said Canalys](#), marking the first positive movement after five consecutive quarters of YoY decline. It attributed this growth to the revival of consumer spending and the stabilisation of the global economy. Apple continues to lead the market with a 36% share, shipping 12m units, while Samsung shipped 6.8m, experiencing a minimal 1% increase. Huawei, Lenovo, and Amazon follow in market share.

In Latin America, smartphone shipments increased by 26% YoY with Samsung leading the market, [Canalys noted](#). The U.S., however, experienced an 8% decline in shipments, marking the sixth consecutive quarter of YoY decline, said [Counterpoint](#). Generative AI-capable smartphones accounted for 6% of global smartphone sales in Q1 2024, the analyst firm [added](#), up from 1.3% in the previous quarter. Samsung's Galaxy S24 series dominated this segment, capturing 58% of the market. The premium segment (priced above \$600) contributed over 70% of GenAI-capable smartphone sales.

### Traditional PCs

Things were looking up for HP, which [published](#) Q2 revenue of \$12.8bn, exceeding analysts' expectations. This included a 3% YoY increase in its Personal Systems segment, which includes PCs and servers. Its growth stemmed from a recovery in PC demand as customers upgraded their systems. The company reported a net income of \$607m, with adjusted profits of \$812m. HP's stock price surged following the earnings report, reflecting investor optimism about the company's future prospects in the AI era.

Lenovo Group was [also optimistic](#) about the recovery in PC demand, and like HP plans to drive 10% of its computer shipments with AI-powered PCs in the second half of 2024. This strategy aligns with the broader industry trend towards integrating AI capabilities into personal computers to enhance productivity and user experience.

These reports collectively indicate a positive outlook for the PC market, driven by the adoption of AI technologies and a recovery in demand following a period of decline. The integration of AI capabilities into PCs is expected to be a significant growth driver for the industry in the coming years.

### Premium Ultramobiles & Wearables

Global shipments of wearable devices grew 8.8% YoY to 113.1m units in Q1, [according to IDC](#), yet average selling prices (ASPs) declined for the fifth consecutive quarter, this time dropping 11%. Apple maintained the top position but saw a decline in shipments due to macroeconomic conditions and a temporary ban on certain watch models. Xiaomi, Huawei, and Samsung followed, with Xiaomi and Huawei showing significant growth.



## Processors, MEMS, Semiconductors

Jon Peddie Research [found](#) Q1 PC client CPU shipments down 9.4% to 62m units from 69m units the previous quarter but up by 33% YoY. Integrated GPU (iGPU) shipments followed a similar trend, with a 30% YoY increase but a QoQ slip. Expect iGPUs to reach 98% market penetration in the PC segment over the next five years, the report said.

The report also notes a growing preference for laptops over desktops, with mobile CPUs increasing their market share to 73% in Q1 2024. Despite the growth in client PCs, server CPU shipments fell significantly (down 13% QoQ and 17% YoY) indicating a sluggish server market. If this is a return to traditional cyclical behaviour, then JPR President Jon Peddie suggests that Q2 CPU shipments could also be down.

Gartner [predicted](#) a 33% YoY increase in global revenue from AI semiconductors to \$71bn in 2024 from \$54bn in 2023. Servers will account for \$21bn of that revenue, increasing to \$33bn by 2028. AI PCs, which include neural processing units, will account for 22% of total PC shipments in 2024, with 100% of enterprise PC purchases expected to be AI PCs by 2026.

## Memory

The booming demand for high-bandwidth memory (HBM) may lead to DRAM shortages in the second half of the year, TrendForce [said](#). Industry sources indicate that memory giants Samsung, SK Hynix, and Micron are all actively investing in production of HBMs, which feed data quickly to AI servers. This could strain the supply of traditional DRAM products, the company warned.

Expect DDR5 penetration to exceed 50% by the year's end, TrendForce added, driving by Intel's Sapphire Rapids and AMD's Genoa, both of which require it.

## Storage

The NAND flash market is experiencing significant growth, driven by demand for enterprise SSDs for AI servers, [said TrendForce](#). This has led to increased prices and shipment levels, with NAND flash revenue growing by 28.1% in Q1 2024. That doesn't mean AI servers are making much profit, though; Dell shares lost 18% when it [revealed](#) that it had been selling them at 'near zero' margins. The company is still turning the crank on AI to make it profitable.

That hasn't stopped NAND fabs trying to serve this market, though - after all, Dell [said](#) that it doubled its revenues from AI servers even if it's selling them at bargain basement prices. It also predicts a 20% jump in SSD costs in the latter half of this year as fabs struggle to meet demands in the AI server market.

Samsung [is expected](#) to unveil new QLC-based NAND products in the second half of 2024 as part of this quest to meet growing demand for high-capacity storage in AI data centres. The company also reported a 28.6% increase in NAND flash revenue in Q1 2024, driven by strong demand for enterprise SSDs.

## Display

TrendForce [saw](#) OLED monitor shipments reach 200,000 units in Q1, marking a 121% YoY growth. The momentum is expected to continue with a projected 52% quarterly growth in Q2, bringing the total for the first half to 500,000 units. Annual shipments will soar to 1.34m units, achieving a 161% growth rate, it said. This is largely down to brands increasing their investment in monitors, along with panel makers aggressively promoting their products.





## Printers

The same HP results that buoyed the PC market were disappointing for the printer segment; the company [saw](#) an 8% YoY drop in Q2 net revenue to \$4.4bn for its printing unit.

Western European hard copy shipments [declined](#) by 20.6% year-on-year to 3.3m units in Q1, due to market maturity and increasing digitisation. Multi-function printer shipments fell by 20.7%, and laser and ink jet devices saw declines of 19.6% and 21.1%, respectively. Despite this, HP led the market with a 37.4% share, followed by Brother, Canon, and Epson. The demand for printing continues to drop as digitisation and environmental awareness grow.

## Network Products

The global ink and toner market is projected to grow from USD 31,620m in 2021 to USD 35,568.2m by 2031, with a compound annual growth rate (CAGR) of 4.0% during the forecast period, said [Business Research Insights](#).

## Monthly Statistics

The highest number of price increases during the month came on May 2nd at 34,688, contrasted sharply by the low of 1,643 increases on May 24th.

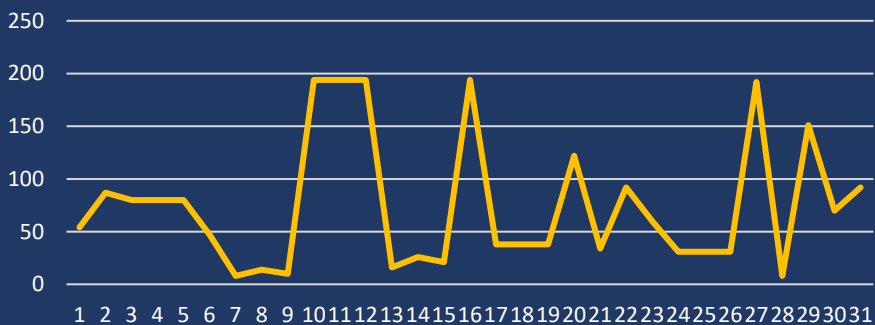
Price decreases also showed significant fluctuations, with the greatest number of on May 22nd at 44,362. May 10th saw the fewest reductions, at just 740.

The highest number of stock additions was on May 14th, with 12,244 increases (the only day in the month where they reached five figures). The lowest number was on May 10th at 2,636.

The maximum reduction in stock fell on May 13th with 19,862 decreases, contrasting with the minimum on May 28th, where stock reductions came in at just 2,230.



### NEW PRODUCTS



### MONTHLY STATS

