



IT Market Alert October 2023

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

The largest number of price increases happened on September 26th with **40,015**

- European smartphone sales will fall by double digits this year
- Enterprise storage arrays falls in Europe.
- Wearable device shipments return to growth in Q2.

Once again, device sales were unhealthy across most segments recently as smartphones, tablets, and gaming PCs suffered from ongoing inflation worries. With that said, European semiconductor sales were up YoY in July, and an overall global YoY fall in shipments during July was the lowest so far in 2023, which is an optimistic signal. Also, network products continue to be a bright spot as cloud service providers and hyperscalers continue to thrive.

The message remains the same as it has been for a while now: while inflationary worries and a lack of buyer confidence in the economy have had a chilling effect on the channel, things are set to change. Analysts point to next year, now just a quarter away, as a time of recovery. It can't come quickly enough.

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Exchange Rate

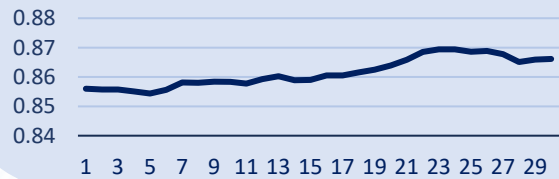
The euro had a rough month against the dollar, starting at a high of 1.0820 and suffering a bumpy decline throughout the month. It saw four mild rallies in an otherwise downhill slide. The first came on Sept 4 when it climbed to 1.0792 from 1.0773 on the prior Friday. The second saw it climb from 1.0698 on Sept 10 to 1.0740 on Sept 13, and the third was a mild bump from 1.0658 on Fri Sept 15 to 1.0689 on Wed Sept 20. From there it plummeted quickly to its monthly low of 1.0536 on Sept 27 before its final rally to 1.0582 on Sept 29, falling off to finish the month at 1.0573.

The single European currency's fortunes were reversed against the pound. It began at 0.8560 before falling slightly to 0.8544 on Sept 5. From there the only way was up for most of the rest of the month. It saw a smooth rise to reach a monthly high of 0.8694 on Sept 23, then falling off to 0.8651 on Sept 28. It rallied slightly to finish at 0.8662.

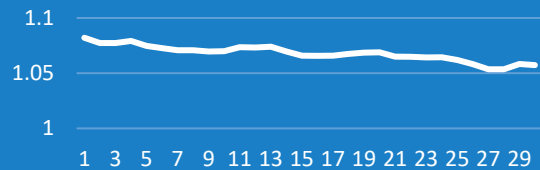
The US held interest rates steady on Sept 20 even as inflation rose again. While currency investors tend to favour higher interest rates, this rate hold was expected and likely priced in. However, the government also predicted another hike before the end of the year and revised economic growth projections up from 0.4% to 2.1% in 2023. Avoiding an imminent government shutdown likely boosted the dollar's fortunes further still.

The European Central Bank hiked rates another 0.5% to 4% in mid-Sept, while the UK paused its interest rate hikes amid reports of fall in inflation - a move that was less expected than in the US.

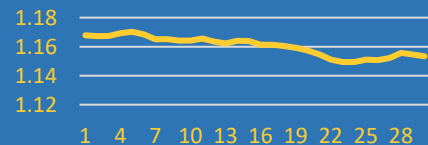
BRITISH POUND (GBP) PER 1 EURO (EUR)



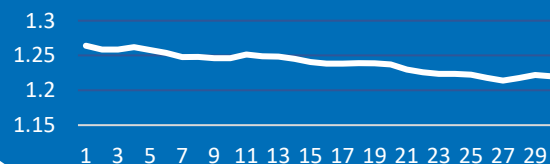
US DOLLAR (USD) PER 1 EURO (EUR)



EURO (EUR) PER 1 BRITISH POUND (GBP)



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





Price Changes and News Through August 2023

Phones and Tablets

September's big event was the launch of Apple's iPhone 15 range. Counterpoint Research [Counterpoint Research noted](#) that pre-order wait times for the iPhone 15 Pro Max were significantly longer than for last year's iPhone 14 Pro Max in key markets like the US, thanks to supply constraints and high demand. The base iPhone 15 model is also suffering from high wait times, particularly in China, thanks to strong consumer interest in the new Dynamic Island feature on the base model.

Apple still doesn't have a foldable offering, though. That nascent market is on the move, said Counterpoint. It grew 10% globally in Q2 to 2.1m units, offering a bright spot on overall global smartphone shipments down 9%. China is the biggest market for foldable smartphones, accounting for 58.6% of sales.

According to other research from [Counterpoint](#), global smartphone shipments from original design manufacturers (ODMs) fell 6% in 1H 2023 due to macroeconomic headwinds.

[Canalys predicts](#) a 7% rebound in Europe's smartphone market next year after declining 13% in 2023 due to extended replacement cycles and economic pressures. Central and Eastern Europe present short-term opportunities due to shorter refresh cycles there.

Growth will return in markets for premium mobiles over \$800 as pressures ease in late 2024, Canalys added, also pointing to opportunities in the budget segment below \$200 following Samsung stepping back from this market.

Global tablet shipments fell 18% YoY and 7% QoQ in Q2, Counterpoint [Counterpoint said](#). Dropping consumer confidence due to uncertain economic conditions continue to bite, while the educational and commercial markets are also starting to cool.

Traditional PCs

IDC expects a 10.5% fall in gaming PC shipments this year due to poor economic conditions reducing consumer purchasing power. While the global economy has started improving, many gamers remain cautious spenders and are holding onto existing PCs longer or considering refurbished options.

Looking ahead, gaming PCs are predicted to have a 4.6% CAGR from 2023 to 2027, while gaming monitors should see a 7.7% CAGR during the same period.



Premium Ultramobiles & Wearables

Global wearable device shipments returned to growth in Q2 2023 [according to IDC](#), increasing 8.5% YoY to 116.3m units. While average selling prices fell due to competition, IDC forecasts shipments will reach 520m units in 2023 and 625.4m by 2027. Hearables such as earbuds will remain the largest category of wearables at 62% of overall shipments, followed by smart watches at almost 32%.

Smaller companies are gaining more share by focusing on specific health tracking features or geographic markets. IDC expects consumers will increasingly demand holistic health metrics from their wearables. Although Apple, Samsung and Fitbit dominate the market, many smaller brands are finding niches in areas like sleep and stress tracking.

IDC predicts some of these smaller brands may grow to rival the most popular companies. Overall, the wearables market is forecast to have a compound annual growth rate of 4.7% through 2027.

Processors, MEMS, Semiconductors

Global semiconductor sales increased 2.3% month-over-month in July, [said the Semiconductor Industry Assosiation](#). However, sales were still down 11.8% compared to the same period last year. All regions saw month-to-month growth except Japan, which declined slightly.

Europe saw the only YoY increase at 5.9% while other regions declined, most sharply in China which was down 18.7% from July 2022.

The report noted modest but steady monthly growth this year, with the July decline from last year being the smallest so far in 2023. That's a cause for optimism in the rest of the year and beyond, it added.

Intel said that its forthcoming Meteor Lake processors will be used in desktop PCs from next year, but not ones with socketed motherboards. Since Meteor Lake is primarily designed for laptops, the CPUs will use a permanent ball grid array (BGA) mounting mechanism to power compact desktops and all-in-one machines. Socketed gaming and workstation desktops which will continue to use Raptor Lake until the second half of 2024, said Intel executives.

Memory

Samsung has [developed](#) a new Low Power Compression Attached Memory Module (LPCAMM) that uses LPDDR5X memory (which targets mobile devices) in a much smaller package than traditional memory modules. LPCAMM modules target high-end laptops. The Samsung module delivers up to 128GB of memory in a space 60% smaller, allowing for thinner and lighter laptop designs. They offer up to 50% higher performance and 70% better power efficiency than existing SO-DIMM modules.

Dell helped develop the underlying CAMM specification that Samsung's LPCAMMs are based on. Samsung has validated the modules to work with Intel systems and plans to test with other major customers this year, with the modules potentially useful for data centres as well. These modules are expected to ship in 2024 and could provide a massive boost to mobile performance within ultra-compact future device designs.



Storage

The war in Ukraine, high inflation, rising costs and interest rates have lowered business confidence in Europe, China and the US, [said](#) CONTEXT Research. This hit enterprise storage markets in Q2, sending storage array revenues plummeting 9.5%, dragged down by weak sales of hybrid and flash arrays.

Display

Per [IDC](#), global PC monitor shipments dropped 17.1% to 29.9m units in Q2, as demand fell and inventory stayed high. This figure just beat expectations at 29.9m units, although volumes remained below pre-pandemic levels from 2019. Western Europe joined North America as the two fastest-falling regions.

IDC expects a further 10.3% decrease in shipments for 2023 due to weak demand and economic uncertainties, followed by recovery in 2024 due to Windows 11 upgrades among businesses and a spike in consumer demand, along with mini-LED shipments and the availability of higher refresh rate panels. However, shipments likely won't beat 2019 levels until 2025.

With all that said, gaming monitors are a bright spot. After five quarters of declines, gaming monitors regained momentum in Q2 2022 as vendors focused on more profitable segments. At around \$300 each, gaming monitors provide a cost-effective way to enhance the user experience both inside and outside of gaming. Consequently, IDC [expects](#) gaming monitor shipments to grow 10.8% YoY in 2023.

Printers

European shipments of printers and multi-function peripherals declined 17.3% in Q2 2023, [according to IDC's](#) Hardcopy Peripherals Tracker. However, the total market value grew 1.5% to \$2.25bn as enhanced device accessibility fuelled sales of mid-range and high-end colour lasers.

While unit shipments will continue to fall in 2023 due to economic conditions, IDC notes that printing vendors have overcome major supply chain issues evidenced by four straight quarters of value growth. The top five vendors remained HP, Canon, Epson, Brother, and Pantum, with Brother gaining 3.3% market share. IDC expects a possible recovery in laser shipments starting in 2024.

Network Products

[IDC saw](#) worldwide Ethernet switch revenues grow 38.4% YoY in Q2 2023 to \$11.8bn, while the router market increased 9.4% to \$4.6bn. Easing supply chain issues helped to stoke growth, it said.

The non-data centre Ethernet switch market saw especially strong revenue growth of 52.5% during the period as vendors fulfilled backlogged orders. Meanwhile, higher-speed data centre switches grew rapidly, with 200/400GbE up 61.9% and 100GbE rising 18.5%, reflecting rising network capacity needs among hyperscalers and cloud providers. Cisco maintained the top share of the Ethernet switch market at 47.2%, while Arista grew 42.6% and Huawei increased 17.7%.



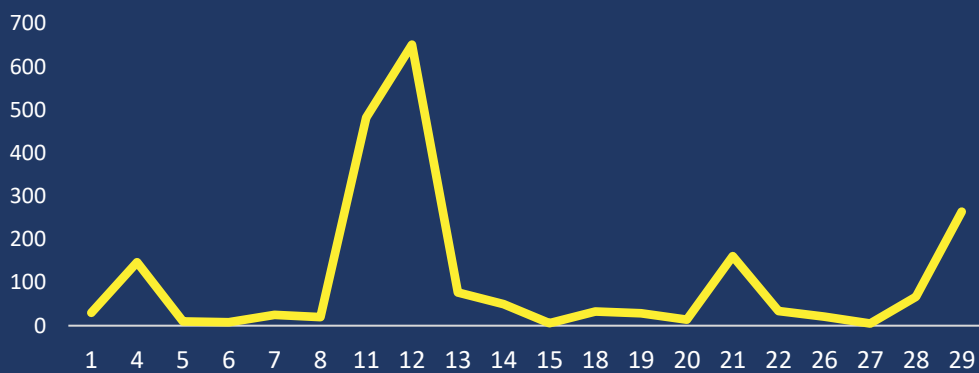
Monthly Statistics

Price increases saw two notable peaks, with the highest coming on Sept 26 at 40,015 and the other one occurring on Sept 8 at 33,257. There were four periods when price increases dropped below 10,000, on Sept 1 (the month's low of 5,463), Sept 5-6, Sept 12-13, and Sept 27.

Price drops saw one pronounced peak, at 30,400 on Sept 6. Their low came on Sept 20, at 3,786.

Stock increases hit their monthly high of 6,191 on Sept 26 and their low of 2,484 on Sept 8. Stock drops peaked at 17,383 on Sept 26 and hit their monthly low of 10,669 three days later, finishing up the month at that level.

NEW PRODUCTS



MONTHLY STATS

