



IT Market Alert September 2024

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

The largest number of price increases happened on August 19th with **44,545**

- GenAI smartphones to grow substantially this year.
- AI-based PCs already selling well (especially notebooks).
- TWS earphones hold 72.6% market share.

The European channel is recovering from a period of uncertainty stoked by high interest rates and inflation. Regional revenues increased 2.1% YoY in Q2 according to [CONTEXT Research](#), beating the company's forecast of a 1.3% shrinkage. The UK fared particularly well, with revenues moving from 4% shrinkage in Q1 to 6% growth in Q2. Nevertheless, the rocky period has taken its toll, with 13% fewer technology resellers in the UK in July than a year ago as the channel consolidated.

GenAI technology is making a significant impact across phones and PCs alike (and of course in data centre applications). That's a large part of why semiconductor demand remains high.

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Exchange Rate

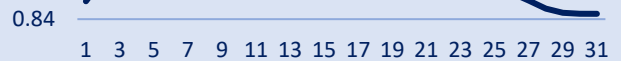
EUR-USD start at its monthly low of 1.0787 on August 1. The most significant jump came early to 1.0921 on August 2. It then consolidated until the middle of the second week, when it began rising to its monthly high of 1.207. From there, it fell back steadily to finish the month at 1.1060.

The EUR-GBP chart looks as though it was flipped horizontally compared to EUR-USD, with the Euro's best fortunes coming early as it rose from its start of 0.8747 to its high of 0.8619 on August 6. From there, it saw a gradual decline to its monthly low of 0.8431 on August 28, barely recovering any ground by the month's end.

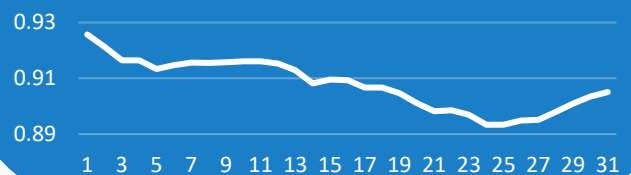
The different narratives of these currency pairs suggests that the Euro's counterparts had a large influence this month. Good news for the US economy could paradoxically have contributed to the dollar's poor fortunes; the scaling back of market expectations on Fed rate cuts and a rebound in US equities might have tempted investors into riskier assets.

While the Bank of England cut rates for the first time since the pandemic on August 1, this was largely expected. The pound was buoyed by strong UK economic data. Productivity was up, as were retail sales, services output, and GDP. Household debt was down to its lowest level since 2007.

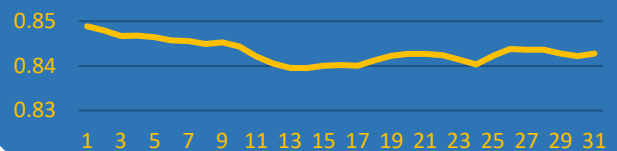
BRITISH POUND (GBP) PER 1 EURO (EUR)



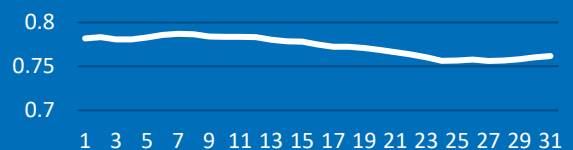
US DOLLAR (USD) PER 1 EURO (EUR)



EURO (EUR) PER 1 BRITISH POUND (GBP)



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





Price Changes and News Through August 2024

Phones and Tablets

[IDC](#) expects worldwide smartphone shipments to grow 5.8% this year to 1.23bn units, driven by strong Android sales in emerging markets and the rise of GenAI smartphones in premium segments. Android growth is projected to outpace iOS significantly at 7.1% versus 0.8%. GenAI smartphones will grow by 344% in 2024, said the analyst company, capturing 18% of the market, though at higher prices than non-GenAI devices. Apple's performance may improve with the iPhone 16 and its GenAI features, influencing growth into 2025.

Traditional PCs

[Canalys](#) said that 8.8m AI-capable PCs shipped in Q2 2024, representing 14% of all PCs sold. Windows devices accounted for just under 40% of these. The lion's share of the rest were macOS-based. The company expects 44m AI-based PCs to ship this year, and 105m next year. [CONTEXT Research](#) said that in Europe, AI notebooks accounted for 23% of all notebooks sold. Most of these were sold into the consumer market, it added.

Premium Ultramobiles & Wearables

The global smart personal audio market grew 10.6% YoY in Q2 2024, according to [Canalys](#), with 106m units shipped. True wireless stereo (TWS), which connects left and right audio to separate Bluetooth streams, accounted for 77m units, while wireless headphones reached 15m. TWS continues to lead, holding a 72.6% market share and growing 12.6% YoY. Sub-\$50 models now make up over 50% of the market. Open-form earphones, led by brands like Shokz and Huawei, are growing rapidly. GenAI features are increasingly integrated into premium devices, boosting market differentiation. Established brands like Bose and Sony dominate the high-end market, focusing on premium sound quality to maintain leadership.

Canalys also found that global wearable band shipments grew 0.2% YoY in Q2 2024 to 44.3m devices. Basic watches, led by Huawei and Xiaomi, grew 6% YoY, capturing 48% market share. Smartwatch shipments were flat, with Apple's decline offset by gains from Samsung, Garmin, and others. Basic band shipments fell 14%. GenAI integration and advanced features like health tracking are seen as key to smartwatch growth, while basic watches face a limit on innovation. Shipments of GenAI devices are expected to grow rapidly.



Processors, MEMS, Semiconductors

Taiwan Semiconductor Manufacturing Company (TSMC) witnessed a substantial growth in its July revenue, owing to an ongoing strong demand for AI chips, said TechPowerUp. The world's largest semiconductor foundry registered a whopping 45% YoY increase in its July income to NT\$256.95bn (US\$7.94bn).

Germany's federal government and the state of Brandenburg have approved a state aid measure worth approximately \$5bn to help build a new semiconductor fab from European microelectronics company ESMC, reported Post Online Media. It's part of a drive to bolster the EU's production capacity. The German government deemed the investment necessary due to the country's heavy reliance on semiconductor imports, against the backdrop of a global semiconductor shortage.

Memory

[TrendForce](#) noted a 24.8% QoQ revenue increase in the DRAM industry, reaching \$22.9bn in Q2 2024. This growth was driven by increased shipments and higher contract prices, influenced by geopolitical factors and high demand for HBM products. Samsung, SK hynix, and Micron all saw significant revenue boosts. Geopolitical tensions and procurement strategies have led to an upwards Q3 price forecast revision. Chinese companies are stockpiling memory in fear of sanctions, driving up prices further. HBM3e production is taking priority, indicating sustained high DRAM prices into 2025.

However, things were less rosy in the spot market. [The analyst company reported](#) surging DRAM inventories due to low consumer electronics demand, with smartphone and notebook sales particularly weak. Memory prices dropped over 30% in Q2 2024, and shipments of consumer NAND Flash fell 40% year-on-year. Inflation and rising interest rates have suppressed consumer spending, making it difficult for memory module makers to pass on increased costs. AI smartphones and PCs may not drive substantial demand in the near term. While DRAM prices are expected to rise in 2025 due to HBM3e adoption and constrained supply, weak consumer demand could limit price increases, the company added.

Storage

TrendForce reported a sharp increase in demand for enterprise SSDs due to AI applications, with orders rising significantly in the past two quarters. AI server customers prefer 4 TB/8 TB TLC SSDs for model training and high-capacity SSDs (16 TB or more) for AI inference, leading to over 80% price growth from Q4 2023 to Q3 2024. AI SSD demand is projected to grow over 60% annually, with SSDs increasingly used for AI model storage and optimization. Suppliers are accelerating upgrades, aiming for mass production of 2YY (high-density 3D NAND) products in 2025 to meet future AI-driven demand.

Still, there's life in the HDD market yet. Western Digital has obtained approval to extend its manufacturing operation for HDDs in Thailand, according to a report by Tom's Hardware. The company will invest around \$468m in the project, covering construction costs and purchasing additional equipment. The expanded facility will mainly focus on the production of energy-assisted magnetic recording (HAMR and MAMR) HDDs.

This expansion plan aligns with IDC's forecast that HDDs will continue to drive the bulk of enterprise capacity demand in the foreseeable future. The YoY growth rate for high-capacity enterprise HDDs is projected to be about 16%, suggesting robust market potential.



Display

Global TV shipments rose 0.8% YoY to 90.7m units in 1H24, [TrendForce](#) said. Despite weaker sales in China, North America and Europe saw stronger demand. TCL is poised to challenge Hisense for second place in global shipments, supported by strong market coverage and growth in key regions. Mini LED TV shipments will grow 55%, with Chinese brands like TCL gaining market share. OLED TV shipments rebounded by 15.9% YoY, driven by LG's promotional discounts. However, rising panel and shipping costs challenge profitability, leading brands to focus on larger, mid-to-high-end models.

Care Packs

In July, Intel announced that faults in its 13th and 14th generation Raptor Lake processors was causing some of them to fail because their core voltages were too high. In August, the company said that it would offer an extra two years of warranty for the chips, bringing them up to five years for boxed, tray, and OEM versions.

Several countries are seeing a year-on-year revenue decline in warranties across several countries, said CONTEXT Research. Germany was worst hit with a 24% drop, while France saw an 18% revenue decline and the UK saw warranty sales slip 8%. These trends are linked to extended machine refresh cycles, a preference for standard warranties, and some users choosing third-party options.

Network Products

Spending on service provider routers dropped 33% YoY in Q2 2024, according to [Dell'Oro Group](#). This was the fourth consecutive quarter of shrinking revenues, pointing to softening demand from service providers. Core routers fared worst with a 50% drop. On the bright side, analysts at Dell'Oro believe that the inventory readjustment is now almost complete.

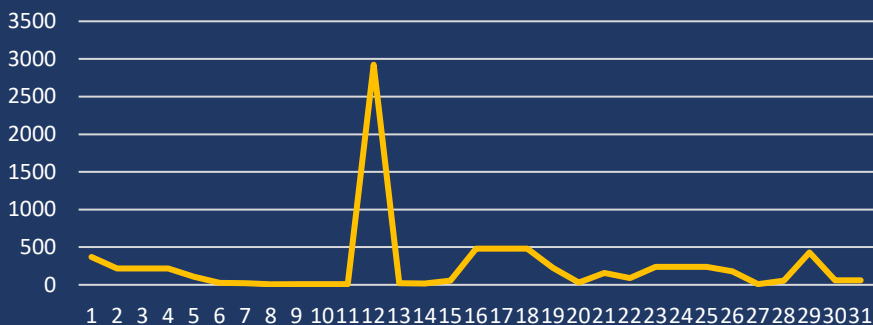
Monthly Statistics

Price increases peaked early on August 5 at 47,268, reaching their low point of 5,189 on August 22. Price decreases started at their low point of 3,710 at the beginning of the month and then reached their high (44,545) on August 19. Cisco increased prices the most during the month.

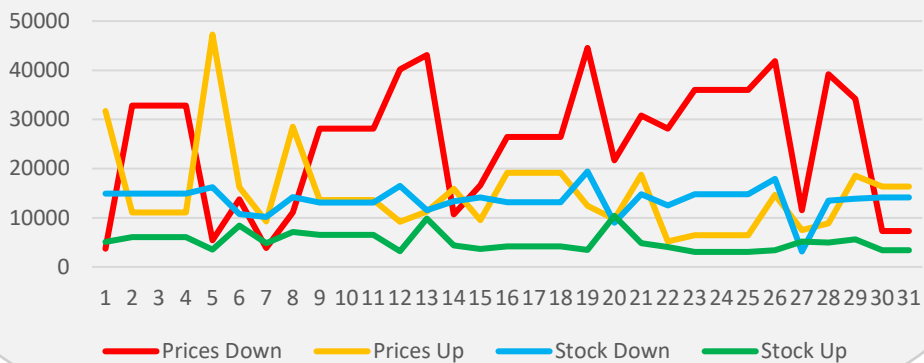
Stock increases peaked on August 20 at 10,396, falling to their low of 3,059 three days later on August 23. The peak for stock decreases came on the same day as the peak in price reductions - August 19 - at 19,413. Their low point came on August 27 at 3,137.



NEW PRODUCTS



MONTHLY STATS





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