

DRAM

DRAM Wafer input has been cut significantly to stabilize market price before the Thailand flooding.

Due to the HDD supply chain disruption the DRAM Market will experience further pressure. Current DDR3 DRAM prices are not sustainable and are much below cash cost.

A lot of Semiconductor-related online journals report about output-reduction of the DRAM manufacturers; among those Samsung, Elpida, Nanya and PowerChip.

We expect a sharp correction by the end of Q1-2012.

We see DDR1 going EOL with some major manufacturers and therefore a potential of a slight upwards price pressure may occur. DDR2 process technology will not be shrunk and at present price levels, we expect an upward correction of 10-20% in the following Quarters.

FLASH

We are aware of the current flooding situation in Thailand and the impact on the Thai life and economy.

The worldwide output of HDD has been impacted by the Thailand Flooding.

To rebuild the factories and getting back online it will take at least around 6-9 months from the time the area is accessible. Some factories are permanently lost.

Thailand is expecting that the water will start to retreat by the end of December.

HDD makers will concentrate in building HDD which produces higher ASP rather than lower End HDD in their other factories around the world.

The spot market for HDD has already tripled. Some Channels will not receive any HDD shipments in Q4-2011. A lot of customers will experience shortages or even non-availabilities on the needed HDD's and it's likely that the HDD manufacturers focus on serving their most important direct accounts only so that the industry sector is likely to suffer from non-availabilities.

Flash based SSD cannot fill the huge gap of created by the Thailand flooding on HDD and they cannot be at the same price level.

Typically a standard MLC based SSD is 3 times more expensive than a HDD with the same capacity.

We predict that a lot of our industrial customers who typically were buying 150 or 500 GB HDD but only using maybe 8 or 16 GB effectively, will have a difficult time in sourcing HDD and maybe be reluctant in using a MLC based SSD due to reliability issues.

In the meantime the lowest HDD density reached price parity with 8 / 16 GB SLC SSD.

Swissbit is currently not increasing the SSD pricing as current demands and orders can be covered from stock. In addition to that we are expanding production capacities of our SSD products at present.

We are now ramping up an additional sample stock to quickly serve our customers with evaluation samples of SSD's when needed.

If you need technical advice, design-in or product information of any kind, please contact your local Swissbit Sales Representative for immediate help.

