

7.3 Magnitude Earthquake off Japan Coast



OBJECTIVE ANALYSIS SEMICONDUCTOR MARKET RESEARCH



Sendai Area Hit Again

An earthquake of magnitude 7.3 struck Friday December 14, at 5:18 PM roughly 300km off the coast of Japan's main island, Honshu. The earthquake caused a 1-meter high tsunami, but is said not to have disrupted power. No deaths have been reported.

Although this event was only about one fortieth as powerful as Japan's 8.9-point Miyagi Prefecture earthquake of April 2011, it is still a very important episode. In comparison, the Taiwan earthquake in 1999 that caused significant damage in Taipei and stopped semiconductor manufacturing in Hsin Chu had a magnitude of 7.6, and California's 1989 Loma Prieta earthquake that stopped production in Silicon Valley measured 6.9.

Prior Japan earthquakes that have caused concerns to the semiconductor industry have been far smaller than today's, including a 5.9 magnitude earthquake in September 2008, two measuring 6.0 and 6.8 in July 2007, and one measuring 6.9 in March of 2007.

Significantly less powerful earthquakes in other countries have killed hundreds of people. Japan, however, is more prepared for earthquakes of this magnitude than are many other areas.

Wafer Fab Impact

The map below illustrates the relationship between the epicenter of the earthquake and most of the semiconductor wafer fabrication plants in Japan. Objective Analysis will contact as many of these companies as we can to check on their status and will keep the clients of our syndicated services apprised of any findings.



Will this impact sales of consumer electronics goods during the holiday season? A shortage is unlikely before Christmas, because most of the Christmas inventory has already been manufactured, but there could be some repercussions during the Lunar New Year. Over 30% of the world's NAND flash and roughly 15% of the world's DRAM are manufactured in Japan, with Elpida providing an important share of the mobile SDRAMs found in smartphones and tablet PCs. Japan is a significant source of chips to support consumer electronics devices.

It doesn't take a large production decrease to cause prices to increase dramatically. Objective Analysis anticipates short-term price swings as a result of this earthquake, but significant shortages are unlikely.

Objective Analysis will update this information as we receive reports from the companies struck in Japan.

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