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Firm bucks trend, sticks with original 2007 industry forecast

By Colleen Taylor, Contributing Editor

While a host of analysis firms have downgraded their outlooks for the chip industry's 2007 performance in recent weeks, market research firm [Advanced Forecasting](#) has instead reaffirmed its forecast from February 2007 in which it predicted a "significant downward turning-point" in underlying demand for ICs in mid-2007.

Several other forecasting sources, including [iSuppli Corp.](#), the [Semiconductor Industry Association](#), [Gartner Inc.](#), and the [World Semiconductor Trade Statistics](#) group, have recently revised their forecasts to reflect this decrease in demand, modifying forecasts that were promising growth as high as 10 percent for 2007 to below 2 percent in some cases.

Unlike these industry watchers, however, Advanced Forecasting has not committed itself to specific numbers, instead predicting "single-digit growth" for IC revenues in 2007 in its [February statement](#).

Advanced Forecasting said it will maintain its original projections because it has a policy of never modifying forecasts retroactively after publishing them and because it had already predicted a downturn.

Moshe Handelsman, Advanced Forecasting's founder, has called for firms to stop using extrapolations to make industry forecasts. Advanced Forecasting uses a quantitative model it calls the "recovery index," a forecasting model that identifies the minimum point of any recession. According to the firm, this model performed perfectly in the 1996, 1998, and 2001 recessions, estimating accurately when the industry returned to normalcy. Recently, Handelsman has suggested that other firms' revisions, like the ones being issued for 2007, could actually have an [undue impact on 2008](#).