Demand in Backlight and Lighting Applications to Reduce LED Oversupply in 2012

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In 2011, LED supply exceeded demand by 30% due to poor LED TV sales and slow growth in LED lighting. However, this gap is closing in 2012 due to recovering backlight demand and increasing demand for lighting. According to the recent NPD DisplaySearch Quarterly LED Supply/Demand Market Forecast Report, the glut will be 19% in Q112 and will drop to 16% in Q212.

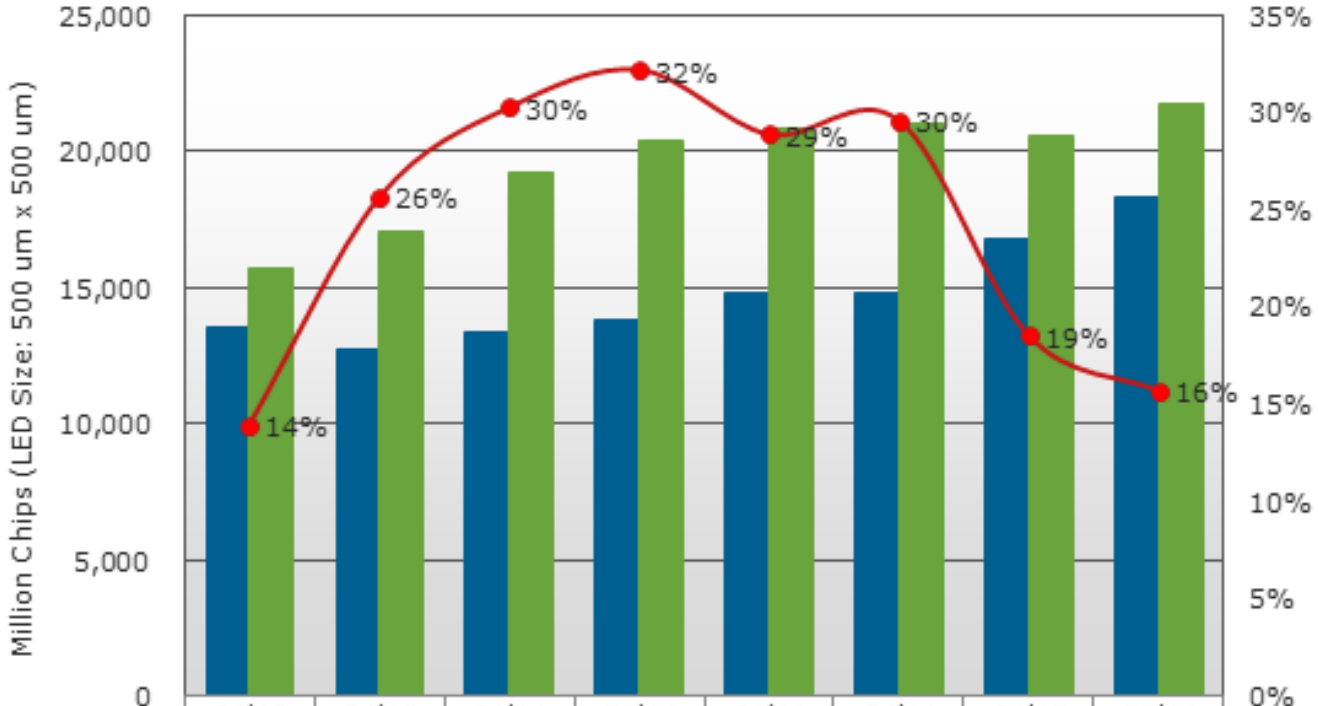
Key players such as Samsung LED, LGIT and Lextar rapidly increased their capacity for metal organic chemical vapor deposition in 2010, but found that they had overestimated market demand. In reaction to the oversupply, LED makers began to adjust utilization rates in late 2011, and the average utilization rate has dropped to 50%.

Two applications are forecast to drive LED demand in 2012. The first, the low-cost direct LED TV backlight, is likely to trigger LED demand because of its pricing. There is only a slight price difference between CCFL-backlit LCD TVs and low-cost direct LED-backlit TVs (approximately 5% for a 32" set).

The second, LED lighting, will also continue to gradually grow due to efficacy enhancements and cost reductions. For LED lighting products, the lumen per dollar is becoming closer to traditional light sources every day. Following the March 2011 Japan earthquake, LED lighting products saw sales increases in Japan due to electrical power shortages as well as a government incentive program. NPD DisplaySearch forecasts that sales will continue to rapidly increase in Japan in 2012. Other regions, such as China, the US and Korea, have aggressively promoted LED lighting.

Currently, LED backlights are used in all small/medium LCDs, and LED penetration in mobile PCs is nearly 100%. Penetration of LEDs in LCD monitors and LCD TVs continues to grow, while the number of LED packages per set is decreasing. Also, high growth is expected for low-cost direct LED TVs in 2012.

Figure 1: LED Supply and Demand for Backlight and Lighting Applications



	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
Total Demand	13,509	12,677	13,360	13,797	14,806	14,816	16,743	18,297
Total Supply	15,699	17,046	19,152	20,341	20,809	21,033	20,544	21,700
Glut (%)	14%	26%	30%	32%	29%	30%	19%	16%

Source: NPD DisplaySearch Quarterly LED Supply/Demand Market Forecast Report

The NPD DisplaySearch Quarterly LED Supply/Demand Market Forecast Report analyzes supply and demand on a quarterly basis for the entire LED industry. From chip prices to LED maker roadmaps, this report gives a clear outlook and reliable forecast of LED supply/demand, along with an analysis of the impacts on pricing. This report is delivered in PowerPoint and includes Excel-based data and tables. For more information on this report, please contact Charles Camaroto at 1.888.436.7673 or 1.516.625.2452, or contact@displaysearch.com [1] or contact your regional DisplaySearch office in China, Japan, Korea or Taiwan.

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