

TrendForce: US-China Trade War Affects DRAM Prices

Written by Alice Marshall
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DRAM prices are set to further drop in Q3 2019, the DRAmEXchange division of TrendForce warns-- the US ban of Huawei is to affect peak-season demand for DRAM products, leading to a price drop of -10-15%.



According to the analyst, a heated US-China trade war may send H2 2019 DRAM demand in "quick-freeze," with increasing uncertainty leading datacentres to make reductions to capex. As a result, DRAM suppliers may end up having to write off excessive inventories by end 2019, essentially putting themselves in the red.

Previously TrendForce did not believe such a situation could take place but, because of the ban, "Huawei's shipments of smartphone and server products are feared to face heavy obstacles for the next 2-3 quarters." As a result prices are also expected to drop by a further -10% in Q4 2019, whereas earlier analyst reports predicted a slight 2-5% decline.

As for 2020, TrendForce hopes price elasticity, limited supply bit growth and "other factors" will lead to a rebound in DRAM prices. But for the near future suppliers will be "under prolonged pressure to adjust prices downwards."

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