Memory market reset: **Burning questions about the shortage, answered**

The memory market is undergoing a fundamental shift. Industry experts came together to provide insights and answer pressing questions from those navigating today's disruptions.

Market dynamics

Q: How do geopolitical factors and supplier consolidation impact today's memory market?

Geopolitics around US-China dynamics, tariffs, and export controls are influencing the market, but the bigger issue is where capacity is being directed. Most suppliers are prioritizing high-margin products like HBM and DDR5 for AI, leaving industrial and embedded markets facing a structural shortage. That imbalance is expected to persist for at least the next two years.

Q: How much do export restrictions and the "chip war" affect availability?

They add complexity, but aren't the root cause. Even if all restrictions disappeared tomorrow, we'd still face a global capacity shortfall. Estimates suggest only 60–75% of demand can currently be met, leaving a significant and persistent gap.

Q: Does the shift from DDR4 to DDR5 and HBM create bottlenecks?

Yes. This is now a supplier-driven market. As manufacturers shift capacity to higher-margin technologies, legacy products are squeezed. We're also seeing a major behavioral shift: companies are now buying 6–12+ months of inventory to secure supply. That creates downstream challenges across the full bill of materials.

Q: In light of global trade disruptions, are you aware of any production disruptions in the memory fabs due to reduced access to certain raw materials?

Yes, memory fabs are facing real problems with raw materials. Qatar provides 30% of the world's helium supply, which South Korean memory suppliers and Southeast Asian chipmakers depend on. An even bigger risk is bromine. South Korea imports 97.5% of it from Israel, and there is no real replacement for it. Likewise, South Korean chemical suppliers have declared force majeure on naphtha, and tungsten prices have tripled in the first quarter of 2026.

Supply constraints + availability

Q: How can companies anticipate shortages at the fab and design node level?

It comes down to close collaboration and understanding node-level capacity. The challenge is that the same product can be built across multiple nodes, complicating forecasts. Lead time signals are key, for when it stretches from weeks to 30–50+ weeks, it's an indicator of systemic constraints.

Q: Is it feasible to reproduce or extend the life of legacy memory components?

In theory, yes, but in practice, no. The issue isn't licensing, but capacity. Fabs are already full, and there isn't enough production space to support legacy continuation at scale. That's the core constraint in today's market.

Q: Are companies panic-buying or hoarding memory?

It's less about panic and more about securing supply. With lead times extending +12 months, companies are locking in what they need for the next year or more. Those with capital are bringing inventory in-house because it's the only way to guarantee availability, but it's very costly.

Q: Do you know when new memory capacity will come online for the various manufacturers?

Samsung is progressively scaling production at its P4 fab, aiming for 200K wafers per month by Q4 2026. P5 is not targeted for mass production before late 2028. SK Hynix's M15X should reach around 50K wafers per month by Q4 2026. Its Y1 fab will begin equipment installation in Q2 2027. Micron's ID1 fab is expected to produce its first wafers by mid-2027. ID2 should be operational by the end of 2028. Micron's New York Fab 1 will not deliver meaningful output before 2030.

The market will experience a structural shortage through 2026, followed by gradual relief in 2H27 and a supply-demand balance in 2028/2029.

Risk mitigation + compliance

Q: How should EMS companies respond to severe memory shortages?

Visibility is critical with extensive forecasts, ideally out to 2027. Multi-sourcing is also essential as qualifying alternatives now will pay off later. Lastly, flexibility in supply strategy is key to navigating ongoing disruption fast. The broker market is now a necessary part of a modern sourcing strategy. Companies must weigh the cost of higher pricing against the risk of no product at all.

Q: Are supply shortages leading to disputes between suppliers and customers?

Historically, a $100M customer sat high in the priority chain. Today, those same customers may not even be in the top 10%. That shift is fundamentally changing supplier relationships. Disputes now include delivery commitments, volumes, timelines, ordering processes, and prices.

Simultaneously, most electronics companies are managing 100+ suppliers, each with fluctuating lead times, pricing, and availability. Most companies can't manage an increasingly opaque and volatile supply chain. That's what distributors are for.

Q: Within your pre-shipment testing process, does your company generally conduct solderability testing for older date-coded components?

Yes. We perform solderability testing based on customer requirements, such as for parts over 3-4 years old or if the EVI identifies a defect or concern.

Need support navigating memory market volatility?

Watch the ***Memory market reset: Proactively manage disruption*** for more information on solutions to combat ongoing memory shortages effectively. Ready to start sourcing smarter? Get in touch with our global sales representatives now **info@sourceability.com**