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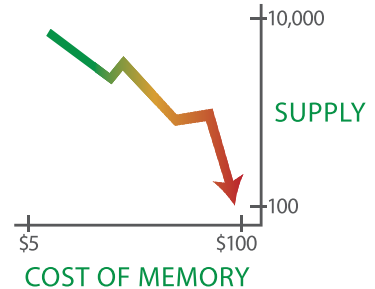
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**Q:**

Why do USB flash memory prices fluctuate so much?

**A:**

Flash memory is traded like a commodity, simply put, it's a matter of supply and demand. There are only a handful of memory chip manufacturers and therefore, a limited supply of chips.



Every day, large purchases of memory chips are made by companies from different sectors. Flash memory is used in a wide variety of electronic components including computers, MP3 players (like the iPod), mobile phones (think iPhone with their 8GB and 16GB memory chips), medical devices and of course USB drives. Companies from these sectors are buying large quantities of this limited supply of flash memory chips. When big purchases are made, like when Apple buys for their iPhone runs, it can quickly increase the price because there is less supply in the market.

It can help to imagine the memory chip market like the stock market. There are buyers and sellers and there are trades going on every minute. As the demand (the buys) increase, the price increases. But when demand starts to slow and the supply builds up, sellers of the memory chips start to lower their prices to move product.