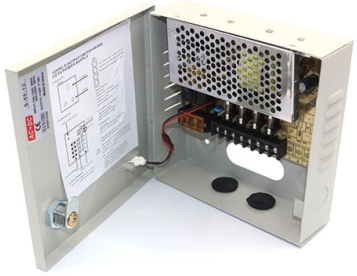
Reasons for the decline in optical cable prices



Overview

Coupled with the continued decline in optical fiber and cable prices, some companies are facing operational risks.

Key Takeaways

Optical cable prices are expected to decrease as new production capacity comes online, supply chain bottlenecks ease, and technological innovations improve manufacturing efficiency.Supply Expansion and Capacity Increases

One of the main reasons optical cable prices are projected to decline is the planned expansion of fiber production capacity. Major manufacturers in China (YOFC, Hengtong, FiberHome) and Western producers (Corning, Prysmian, Furukawa) have announced capacity increases totaling around 15% over 2025–2027, which will gradually reduce the supply-demand gap that caused recent price surges . New fiber draw towers and preform production facilities, once operational, will help stabilize the market and increase availability for both commercial and industrial applications .

Technological Advancements

Emerging technologies such as hollow-core fiber (HCF) and multicore fiber are improving production efficiency and fiber performance. Hollow-core fiber, which guides light through air rather than glass, reduces material costs and energy consumption during manufacturing, potentially lowering prices once scaled beyond pilot production . Additionally, improvements in bend-insensitive fibers and high-density cabling allow more fiber per unit length, effectively reducing the cost per transmitted bandwidth.

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Easing Supply Chain Constraints

Recent price spikes were exacerbated by tight preform availability, high energy costs, and logistics bottlenecks . As these constraints are addressed—through increased preform production, more efficient energy use, and improved shipping logistics—fiber supply will become more reliable, which typically leads to price reductions. Regional supply imbalances, such as Chinese exports exceeding European availability, are expected to normalize as production scales up .

Market Dynamics and Demand Stabilization

While demand from AI data centers, hyperscale cloud providers, and fiber-tethered drones drove prices to record highs, the market is expected to stabilize as manufacturers catch up with demand. Once the short-term surge in AI and drone-related consumption is met, the pressure on prices will ease, allowing for gradual decreases. Long-term contracts and strategic procurement by large buyers may also contribute to more predictable pricing.

Conclusion

In summary, optical cable prices are decreasing due to a combination of new production capacity, technological innovations, easing supply chain bottlenecks, and eventual stabilization of demand. While prices remain high in the short term, analysts predict that by mid-to-late 2027, the market could see more moderate pricing as supply catches up with demand and production efficiencies improve .

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