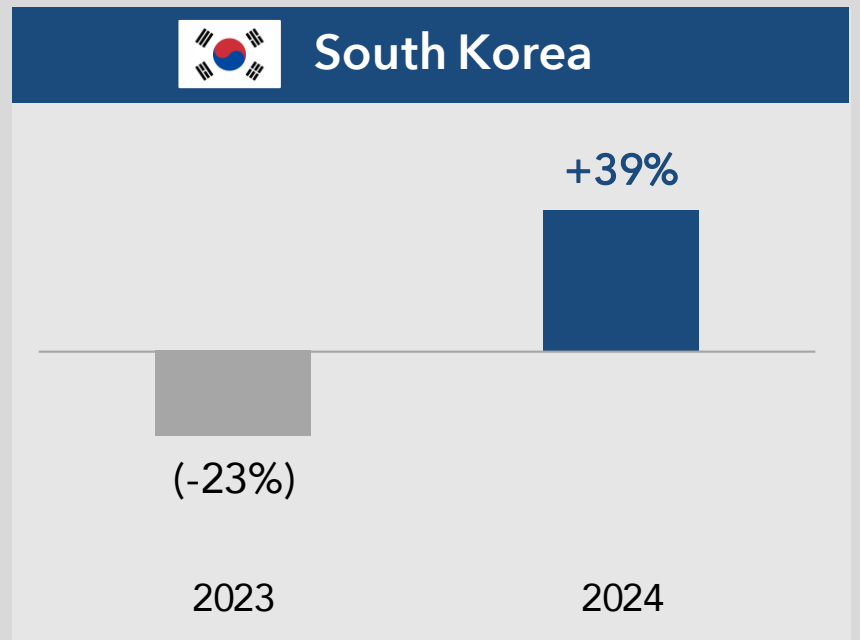
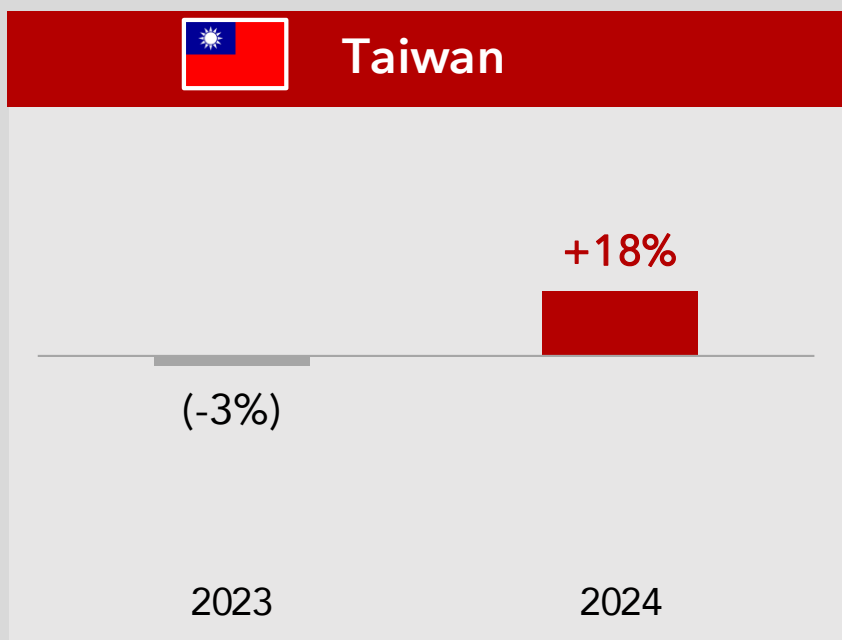


Chart of the Day



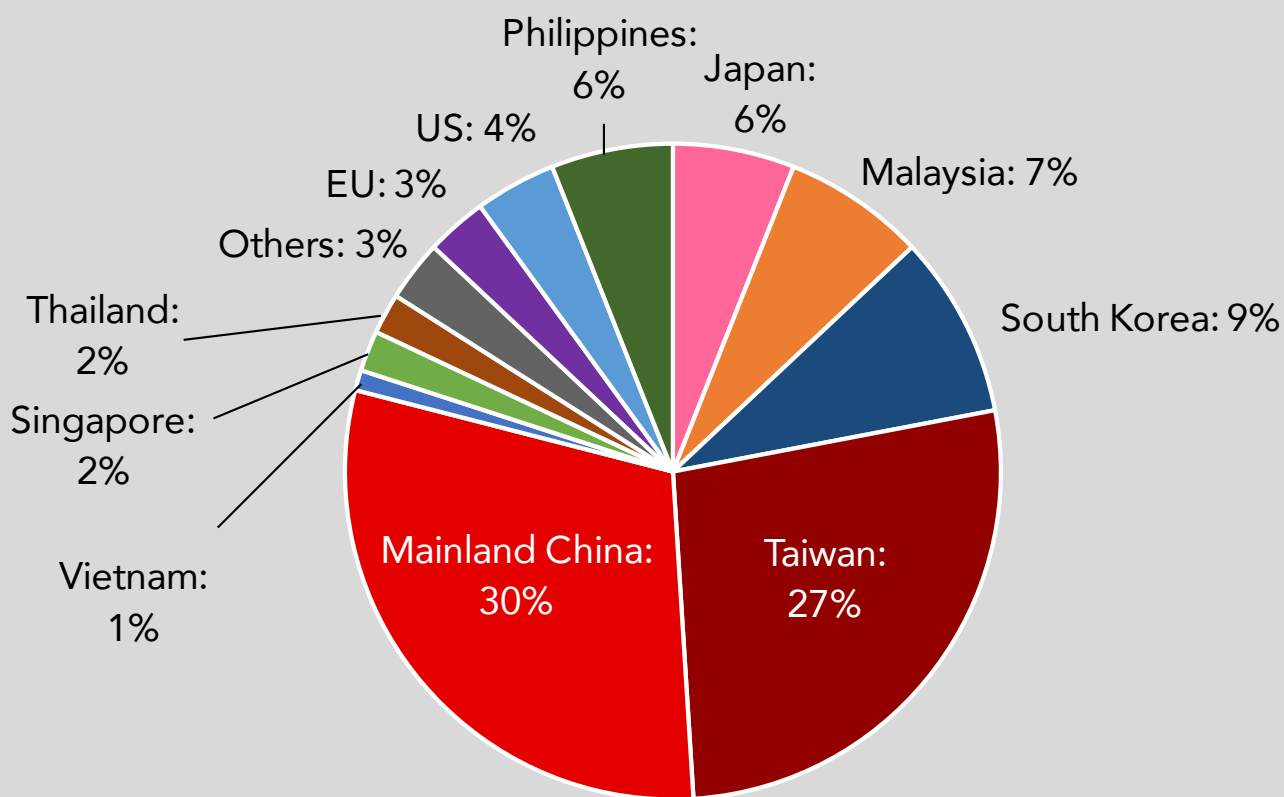
The United States dominates global semiconductor design, as well as the software tools critical to such design. The US, Japan and Europe also hold dominant market share positions in semiconductor capital equipment. Asia, however, accounts for 75% of semiconductor production. As highlighted in a recent report from Oxford Economics, **Taiwan and South Korea have nearly 100% market share in the fabrication of the most sophisticated chips (< than 10 nanometers) critical to advanced AI functionality.** Through the first eight months of 2024 (January-August), chip exports in both Taiwan and South Korea have risen significantly.

Electronics export growth in Taiwan and South Korea (Jan - Aug, y/y)



Asia also dominates the final stage of semiconductor production - assembly, test & packaging (ATP) - with over 90% global market share, led by China, Taiwan, South Korea, Malaysia, Japan, Philippines, Thailand, Singapore and Vietnam. In aggregate, electronics make up about 30% of all exports from East Asia (ex Hong Kong).

2022 Global ATP capacity, by region



Source: (1-2) Oxford Economics, "Exports are riding the AI frenzy" (Betty Wang, Sheana Yue). Others includes Mexico, Indonesia, India, Canada, Brazil, Costa Rica, Israel and Morocco.

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"Macro stability isn't everything, but without it, you have nothing."