

Economy

April export orders to grow 35.4% YoY; however, we expect orders to retreat from recent peaks as early pull-in demand fades

Key message

1. Taiwan export orders reached US\$91.12bn in March, up 42.7% MoM (up 14.1% MoM seasonally-adjusted) and up 65.9% YoY, exceeding our forecast of 18.6% and consensus estimate of 44.1% (Figure 1).
2. By category, ICT orders outperformed electronics, which in turn outperformed optics, while machinery was the key beneficiary of the AI theme among traditional industries; raw material categories also showed signs of improvement. By region, the US and ASEAN markets performed the best, followed by China and Europe.
3. We estimate April export orders to grow 35.4% YoY. However, as early pull-in effects gradually fade and rising crude oil prices potentially weigh on orders through higher costs and transportation channels, near-term order growth is likely to moderate from recent highs.

Event

Taiwan export orders reached US\$91.12bn in March, up 42.7% MoM (up 14.1% MoM seasonally-adjusted) and up 65.9% YoY, far exceeding our forecast of 18.6% and consensus estimate of 44.1% (Figure 1).

Analysis

ICT outperformed electronics, which in turn outperformed optics, while machinery was the key beneficiary of the AI theme among traditional industries; raw material categories also showed signs of improvement. Among major products, ICT export orders reached US\$34.28bn, surging 50.9% MoM and 120.9% YoY, driven by strong demand for AI and cloud computing services, which lifted orders for server and networking equipment, alongside contributions from new NB product launches. Electronics orders totaled US\$36.71bn, up 39.9% MoM and 73.7% YoY, supported by robust growth in AI and high-performance computing (HPC), fueling continued strength across IC manufacturing, chip distribution, and memory. Optical instrument orders increased to US\$2.03bn, rising 36.9% MoM and 4.2% YoY, mainly on sustained demand for semiconductor optical inspection and metrology equipment, though weak panel demand partially offset the upside. Raw material segments improved broadly, with base metals up 27.8% MoM and 2.9% YoY on rising AI-related demand and higher copper prices benefiting copper foil and CCL orders, although weak galvanized steel demand capped gains. Plastics and rubber orders rose 51% MoM and 9.2% YoY, mainly driven by higher international oil prices following the US–Iran conflict, which lifted upstream raw material prices, alongside improving inventory restocking sentiment among downstream customers. Chemicals orders rose 49.9% MoM and 14.7% YoY, driven by growth in pharmaceuticals and industrial chemicals orders, as well as higher product pricing. Machinery orders grew 20.8% YoY, supported by aggressive semiconductor capacity expansion and sustained demand for automation equipment (Figures 2 & 3).

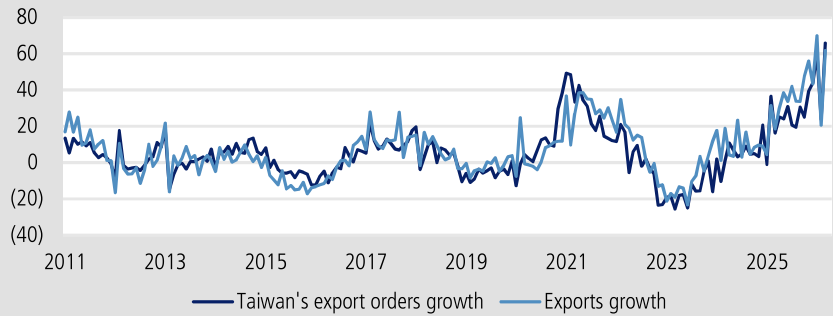
Order growth strongest in US & ASEAN, followed by China & Europe. Orders from the US increased 76.4% YoY, with ICT products contributing the largest increase during January–March, up 128.1%, or US\$19.1bn. Orders from China and Hong Kong grew 45.7% YoY, driven by electronics orders, which rose 54.9% (or US\$9.31bn) over the first three months of the year. Orders from Europe increased 45.2% YoY, with ICT products posting the strongest growth, up 53.1% YoY during January–March. Meanwhile, orders from ASEAN and Japan rose 94.4% YoY and 32.9% YoY, respectively (Figures 4 and 5).

Conclusion

March export orders posted a sharp acceleration in YoY growth, reflecting not only robust demand from AI-driven applications, but also early pull-in effects as customers front-loaded orders amid rising geopolitical risks. This pattern resembles the order front-loading observed during last year's trade tensions. Meanwhile, since March, ongoing conflicts have yet to cause any material disruption to raw material supply or logistics, allowing early demand release and smooth supply conditions to occur simultaneously, thereby further amplifying headline monthly growth. The export order diffusion index for April stood at 48.1 based on the number of firms and 44.4 based on order value (Figure 6). Looking ahead, as early pull-in effects gradually dissipate, and with higher crude oil prices potentially weighing on order placements through cost and transportation channels, near-term order growth is expected to moderate from elevated levels. We estimate April export orders to grow 35.4% YoY.

Figure 1. March export orders rose by 65.9% YoY, exceeding our forecast

Taiwan export orders growth & exports growth YoY, percent



Source: Bloomberg; KGI Research

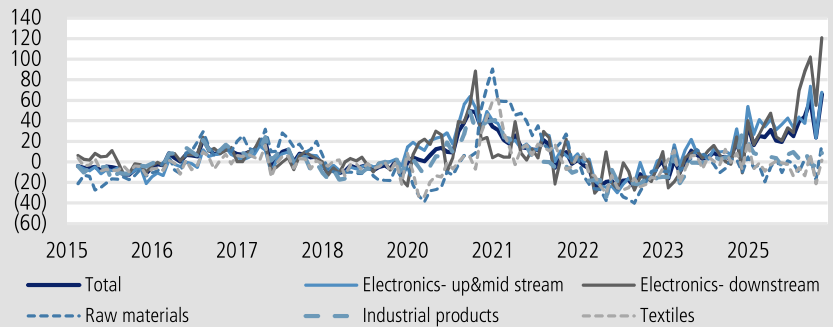
Figure 2: Main export order categories

	Mar-26			From Jan-25 to Mar-25		
	Value (US\$bn)	MoM (%)	YoY (%)	Value (US\$bn)	Weighting (%)	YoY (%)
ICT	34.3	50.9	120.9	82.2	35.4	92.8
Electronics	36.7	39.9	73.7	95.6	41.2	58.7
Optics	2.0	36.9	4.2	5.4	2.3	2.9
Base metals	2.2	27.8	2.9	5.9	2.5	1.5
Machinery	2.1	36.3	20.8	5.7	2.5	20.7
Plastics/rubber	1.7	51.0	9.2	4.3	1.9	0.5
Chemicals	1.7	49.9	14.7	4.1	1.8	0.7
Total	91.1	42.7	65.9	231.9	100.0	50.0

Source: Bloomberg; KGI Research

Figure 3. Within the electronics segment, ICT outperformed electronics, which outperformed optics; among traditional industries, machinery benefited more from the AI theme, while raw material categories also showed improvement

Taiwan export orders growth YoY (by category), percent

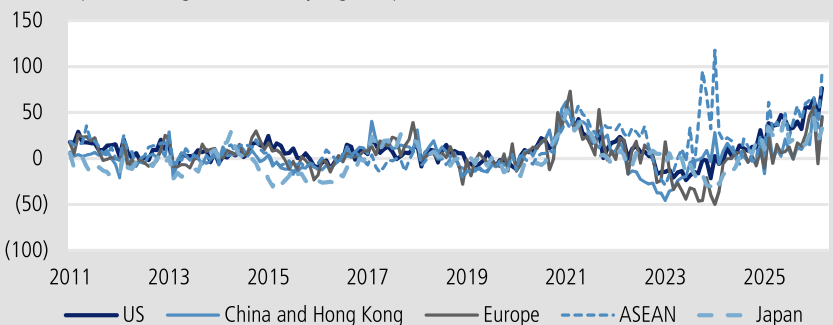


Note: Midstream/ upstream electronics are electronic products and optical apparatus; downstream electronics are information and communication products; raw materials include chemicals, plastic & rubber products, base metals and minerals; industrial products are machinery, electrical machinery products and transportation equipment.

Source: Bloomberg; KGI Research

Figure 4: US & ASEAN saw strongest orders growth, followed by China & Europe

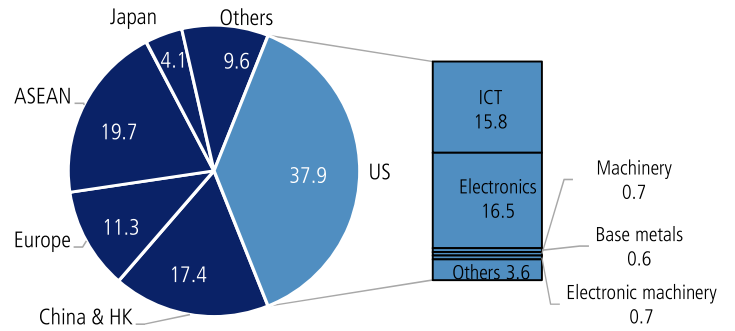
Taiwan export orders growth YoY (by region), percent



Source: Bloomberg; KGI Research

Figure 5: Orders from China & Europe rebounded; US orders edged down slightly

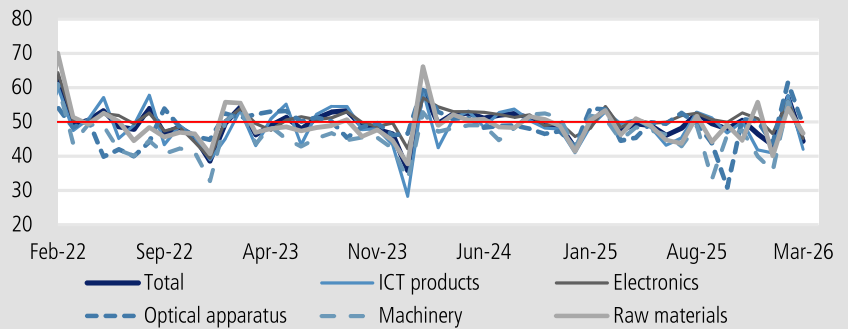
Taiwan export orders weighting (by region), December, percent



Source: Bloomberg; MOEA; KGI Research

Figure 6: Order value-based diffusion index at 44.4 in April

Diffusion index by order type (value), percent



Note: Raw materials are chemicals, plastics & rubber products, base metals, and minerals
Source: Bloomberg; KGI Research

Figure 7. Export orders vs. Taix revenue growth

Taiwan export orders YoY, percent (LHS); Taix monthly revenue growth YoY, percent (RHS)



Source: Bloomberg; KGI Research

Figure 8: Major international political & economic events over the next quarter

Date	Major event	Possible effect
4/27-28	BOJ meeting	Potential announcement of a rate hike, but abrupt rate hikes are not in line with Prime Minister Takaichi's policy objectives
4/28-29	FOMC meeting	No rate cut will be announced, but market expectations may change depending on developments in the Iran war
May	Inauguration of Kevin Warsh as US Fed Chair	The market will focus on the new Fed Chair's policy changes, if any
5/14-15	Trump-Xi meeting	President Trump may want to secure more deals with China to bolster Republican midterm election campaigns; the event may bring positive news for the market
6/15-16	BOJ meeting	We believe a rate hike is more likely to be announced during this meeting; well-paced interest rate normalization bodes well for market sentiment
6/16-17	FOMC meeting	Odds of a rate cut will be low; all eyes will be on the tone of Chair Warsh's very first FOMC meeting announcement
2Q26	Military drills in the Asia-Pacific region, South Korea, the Philippines, the Arctic, Europe, & the US	Frequent military drills indicate unstable geopolitics and looming regional risks

Source: KGI Research

Figure 9: Key economic data - US

Indicators		Units	2021	2022	2023	2024	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	
GDP	GDP QoQ SAAR	QoQ % SAAR							3.8			4.4			0.5				
	GDP YoY	YoY %	6.2	2.5	2.9	2.8			2.1			2.3			2.0				
Consumer prices	CPI	YoY %	4.7	8.0	4.1	3.0	2.3	2.4	2.7	2.7	2.9	3.0		2.7	2.7	2.4	2.4	3.3	
	Core CPI	YoY %	3.6	6.2	4.8	3.4	2.8	2.8	2.9	3.1	3.1	3.0		2.6	2.6	2.5	2.5	2.6	
	PCE price index	YoY %	4.1	6.5	3.8	2.6	2.3	2.5	2.6	2.6	2.7	2.8		2.7	2.8	2.9	2.8	2.8	
	Core PCE index	YoY %	3.6	5.3	4.2	2.9	2.6	2.8	2.8	2.9	2.9	2.8		2.8	2.8	3.0	3.1	3.0	
Labor market	Labor force participation rate	%	62.0	62.3	62.5	62.5	62.6	62.4	62.3	62.2	62.3	62.5		62.5	62.4	62.1	62.0	61.9	
	Unemployment rate	%	5.4	3.6	3.6	4.0	4.2	4.3	4.1	4.3	4.3	4.4		4.5	4.4	4.3	4.4	4.3	
	Non farm payrolls	'000	7,268	4,526	2,515	1,459	108	13	(20)	64	(70)	76	(140)	41	(17)	160	(133)	178	
	Net Change in total employment in labor force	'000	6,078	4,526	2,515	1,459	389	(654)	83	(187)	230	286		232	(895)	(185)	(64)		
	Challenger job cut announce	YoY %	(1.2)	(1.7)	2.1	(0.9)	63	47	(2)	140	13	(26)		175	24	(8)	118	(72)	(78)
	Opening/ hiring	x	1.56	1.75	1.58	1.42	1.32	1.37	1.35	1.36	1.34	1.37		1.38	1.36	1.24	1.35	1.42	
Economic activity & business condition	Avg. hourly earnings	YoY %	4.9	4.9	4.1	4.1	3.9	4.0	3.9	4.0	4.0	3.8		3.9	3.9	3.7	3.7	3.5	
	Industrial production	YoY %	4.4	1.7	(0.2)	(0.7)	0.9	0.1	0.6	1.9	1.2	1.9		1.8	1.8	1.3	1.5	1.2	0.7
	Durable goods orders	YoY %	18.4	8.8	3.7	(1.7)	2.6	17.5	12.6	3.6	5.1	9.7		4.6	10.5	12.8	9.0	7.4	
	Core capital goods orders	YoY %	13.4	8.6	(2.5)	(0.6)	0.5	2.2	4.5	4.4	2.5	5.3		6.2	4.1	8.0	2.9	5.8	
	Total business inventory/ sales ratio	x	1.29	1.36	1.41	1.40	1.38	1.39	1.38	1.37	1.37	1.37		1.38	1.37	1.36	1.35		
	Manufacturing inventory/ sales ratio	x	1.49	1.53	1.59	1.58	1.58	1.57	1.57	1.56	1.56	1.56		1.56	1.57	1.56	1.55	1.53	
	Retail inventory/ sales ratio	x	1.14	1.23	1.27	1.31	1.29	1.30	1.29	1.29	1.28	1.28		1.29	1.28	1.28	1.29		
	ISM manufacturing index	Point	60.6	53.5	47.1	48.2	48.8	48.6	49.0	48.4	48.9	48.9		48.8	48.0	47.9	52.6	52.4	52.7
	ISM non-manufacturing index	Point	62.4	56.1	52.7	52.4	51.6	50.2	50.8	50.5	51.9	50.3		52.0	52.4	53.8	53.8	56.1	54.0
	ISM manufacturing index: new orders	Point	64.3	51.6	46.0	48.7	47.5	48.3	46.9	47.5	51.1	48.7		48.7	47.3	47.4	57.1	55.8	53.5
	Chicago Fed National activity Index	Point	0.37	(0.06)	(0.12)	(0.20)	(0.36)	(0.29)	(0.07)	0.01	(0.36)	(0.31)		(0.51)	(0.13)	(0.12)	0.20	(0.11)	
	Conference board leading index	YoY %	7.1	0.4	(7.5)	(4.8)	(4.3)	(3.9)	(4.0)	(3.5)	(3.5)	(3.3)		(3.3)	(3.8)	(3.9)	(3.8)		
	C&I Loans for large/medium - tightening lending standard	%	(15.1)	11.8	43.9	9.5	18.5			9.5				6.5				5.3	
	C&I Loans for large/medium - stronger demand	%	(1.2)	12.4	(42.3)	(18.2)	(20.3)			(28.6)				11.5				16.1	
Housing market	Building Permits	'000, SAAR	1,735	1,684	1,516	1,474	1,422	1,394	1,393	1,362	1,330	1,415	1,411	1,388	1,455	1,386			
	Housing starts	'000, SAAR	1,603	1,552	1,421	1,371	1,398	1,282	1,382	1,420	1,291	1,328	1,272	1,324	1,387	1,487			
	New home sales	'000, SAAR	769	637	665	685	706	627	662	639	706	719	650	764	712	587			
	Existing home sales	mn, SAAR	6.1	5.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.3	4.0	4.1	4.0	
	NAHB housing market index	Point, SA	81	59	44	45	40	34	32	33	32	32		37	38	39	37	37	38
	S&P/Case-Shiller 20-city composite home price index	YoY %	18.7	4.9	6.4	4.6	3.4	2.8	2.1	1.8	1.6	1.4	1.4	1.5	1.5	1.2			
Consumption	Personal expenditures	YoY % SA	8.8	3.0	2.6	2.9	3.1	2.5	2.5	2.6	2.8	2.4	2.5	2.2	1.6	2.2	2.5		
	Retail sales	YoY %	18.1	9.1	3.5	2.6	5.0	3.4	4.4	4.1	5.0	4.1	3.2	3.2	2.4	3.2	3.7		
	Retail sales ex-autos	YoY %	17.2	10.6	3.3	2.8	4.1	3.7	4.0	4.0	4.8	3.8	3.7	4.1	3.3	3.9	3.6		
	Domestic vehicles sales	mn, SA	179.2	164.8	185.2	189.3	17.3	15.7	15.3	16.4	16.1	16.4	15.3	15.6	16.0	14.9	15.8	16.3	
	Conference board consumer confidence	Point	112.7	104.5	105.4	104.5	85.7	98.4	95.2	98.7	97.8	95.6	95.5	92.9	94.2	89.0	91.0	91.8	
	Michigan Consumer Sentiment Index	Point	77.6	59.0	65.4	72.5	52.2	52.2	60.7	61.7	58.2	55.1	53.6	51.0	52.9	56.4	56.6	53.3	
Fiscal	Budget balance	As % of GDP	(10.4)	(5.3)	(6.3)	(6.9)	(6.8)	(6.7)	(6.3)	(6.4)	(6.2)	(5.8)	(5.9)	(5.3)	(5.4)	(5.3)	(5.2)	(5.2)	
	Current account balance	As % of GDP	(3.7)	(3.8)	(3.3)	(4.1)			(4.3)			(4.0)			(3.6)				
Int'l balance	Net foreign securities transactions	US \$bn	907	1,321	1,005	776	(24.0)	257.2	157.8	37.5	132.7	172.1	31.1	196.4	100.2	2.4	58.6		
	Federal funds rate	%	0.25	4.50	5.50	4.50	4.50	4.50	4.50	4.50	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.75	
Monetary & financial	10-Year treasury yield	%	1.51	3.87	3.88	4.57	4.16	4.40	4.23	4.37	4.23	4.15	4.08	4.01	4.17	4.24	3.94	4.32	
	Dollar index	Point	95.7	103.5	101.3	108.5	99.5	99.3	96.9	100.0	97.8	97.8	99.8	99.5	98.3	97.0	97.6	100.0	

Source: Bloomberg; KGI Research

Figure 10: Key economic data - Taiwan

Indicators		Units	2021	2022	2023	2024	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
GDP	GDP YoY	YoY %	6.7	2.7	1.1	5.3			7.7			8.4			12.7			
Consumer prices	CPI	YoY %	2.0	3.0	2.5	2.2	2.0	1.5	1.4	1.5	1.6	1.3	1.5	1.2	1.3	0.7	1.8	1.2
	Core CPI	YoY %	1.9	2.7	2.4	1.7	1.7	1.6	1.5	1.7	1.8	1.5	1.8	1.7	1.8	1.3	2.6	1.9
Labor market	Unemployment rate	%	3.7	3.6	3.4	3.4	3.4	3.3	3.4	3.3	3.3	3.4	3.3	3.4	3.4	3.4	3.4	3.3
Economic activity	Industrial production	YoY %	14.7	(1.7)	(12.5)	11.6	25.4	24.6	20.6	20.1	15.2	18.2	15.9	18.4	23.1	27.9	17.8	
	Market Taiwan manufacturing PMI	Point				50.9	47.8	48.6	47.2	46.2	47.4	46.8	47.7	48.8	50.9	51.7	55.2	53.3
	NDC monitoring light signal						Yellow-red	Green	Green	Green	Green	Yellow-red	Yellow-red	Yellow-red	Red	Red	Red	
	NDC monitoring indicators	Point	39.0	24.2	14.4	34.0	33.0	31.0	29.0	29.0	31.0	34.0	35.0	37.0	38.0	39.0	40.0	
	NDC composite leading index	YoY %	4.8	(3.2)	(1.6)	2.1	8.9	8.2	7.9	8.1	8.9	10.0	11.3	12.5	13.7	14.6	15.5	
	NDC composite coincident index	YoY %	8.7	(1.4)	(9.5)	3.3	15.8	16.3	16.5	16.7	17.1	17.8	18.6	19.4	19.9	20.3	20.3	
Consumption	Retail sales	YoY %	3.3	7.4	9.7	3.3	(0.6)	(1.4)	(2.9)	(3.6)	0.4	(1.6)	1.9	1.6	0.9	(3.4)	7.7	
Trade	Exports	US\$bn	446.6	479.7	432.6	475.3	48.7	51.7	53.3	56.7	58.4	54.2	60.9	64.1	62.5	65.8	49.8	80.2
	Imports	US\$bn	381.3	428.1	352.1	394.7	41.2	39.1	41.3	42.3	41.7	41.9	39.2	48.0	43.0	46.8	37.0	58.9
	Trade balance	US\$bn	65.3	51.6	80.5	80.6	7.4	12.6	12.1	14.4	16.8	12.4	21.7	16.1	19.4	18.9	12.8	21.3
	Export growth	YoY %	29.4	7.4	(9.8)	9.9	29.9	38.6	33.7	42.0	33.9	33.7	47.5	56.0	43.4	69.9	20.6	61.8
	Import growth	YoY %	33.4	12.3	(17.8)	12.1	32.9	24.8	17.2	20.4	29.5	25.1	14.5	44.9	14.9	63.5	6.8	38.3
	Export orders	US\$bn	674.1	666.8	561.0	589.6	59.1	60.8	59.8	60.5	60.1	70.3	69.4	73.0	76.2	76.9	63.9	91
	Export order growth	YoY %	26.3	(1.1)	(15.9)	5.1	25.2	24.2	31.0	20.8	19.5	30.6	25.0	39.5	43.8	60.1	23.8	65.9
Monetary & financial	M1B	YoY %	12.8	4.1	3.1	4.0	1.9	2.0	2.4	2.9	4.5	5.2	4.8	4.9	4.9	5.6	7.1	
	M2	YoY %	8.0	7.1	5.3	5.5	3.9	3.3	3.5	3.4	4.8	5.4	5.0	5.1	5.0	5.2	5.4	
	Foreign reserves	US\$bn	548.4	554.9	570.6	576.7	582.8	593.0	598.4	597.9	597.4	602.9	600.2	599.8	602.6	604.5	605.5	596.9
	Rediscount rate	%	1.1	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	Exchange rate	USD/TWD	27.7	30.7	30.7	32.8	32.0	29.9	29.6	29.9	30.6	30.5	30.7	31.4	31.4	31.5	31.2	32.0

Source: Bloomberg; KGI Research

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