

# Weak Yuan Boosts the Appeal of Hong Kong Stocks Over China's

HSCEI set for best quarterly showing versus CSI 300 since 2011 "The FX argument is weighing on onshore equities," UBP says

[Jane Lanhee Lee](#) January 16, 2025 at 1:34 PM GMT+8

China Is Scouring the Globe in Search of New Food Suppliers

by Andy Lin, Hallie Gu, Nguyen Xuan Quynh, Helen Nyambura and Sergio Mendoza

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[Taiwan Semiconductor Manufacturing Co.](#) projected quarterly sales and capital expenditure ahead of analysts' [estimates](#), fueling hopes that spending on AI hardware should remain resilient in 2025.

The main chipmaker to [Apple Inc.](#) and [Nvidia Corp.](#) foresees spending \$38 billion to \$42 billion on technology and capacity this year, or up to 19% more than analysts anticipated. It predicted revenue of \$25 billion to \$25.8 billion in the March quarter, as much as 6% above projections. Shares in TSMC suppliers including [Tokyo Electron Ltd.](#) and [Advantest Corp.](#) [spiked](#) in Asia.

TSMC's strong performance buoyed optimism around an unprecedented AI spending cycle that drove the likes of Nvidia to new heights. The advent of ChatGPT spurred a frenzied datacenter build-out over the past two years, benefiting a host of companies that provide the piping and brains of the AI boom.

Still, the lack of a big profit-generating AI application so far stoked

concerns about a potential bubble. And like much of the industry, TSMC is grappling with uncertainties stemming from a US-China tech conflict that threatens to disrupt supply chains and stem the flow of chips around the world. The US this month announced new export control rules on AI chips to curtail their supply to China.

TSMC CEO C.C. Wei *Photographer: Annabelle Chih/Bloomberg*

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Away from AI, TSMC remains heavily reliant on consumer electronics and smartphones, given Apple remains its largest customer. iPhone sales have proven [muted](#), though the industry expects mobile AI features to expand over time, driving the broader market.

On Thursday, Chief Executive Officer C.C. Wei warned that smartphone unit growth will remain in the low-single-digits in 2025. But he added that there would be mild recovery in segments other than AI.

The world's biggest chipmaker reported a better-than-expected 57% rise in net income.

"For the driver, besides the ongoing robust AI chip demand, there will be support from new smartphone chips and AI PCs, possibly more outsourcing orders from Intel, and WiFi 7 chips," Bloomberg Intelligence analyst Charles Shum said about the 2025 revenue outlook.

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## What Bloomberg Intelligence Says

TSMC may be able to retain over half of its existing orders from China, following the Biden administration's restrictions on advanced-chip production for country-exempt chips with fewer than 30 billion transistors, as reported by Bloomberg News. This would allow TSMC to maintain sales of smartphone SoCs and mid-range computing chips

for China. Chinese chip orders accounted for 12.6% of TSMC's revenue in January-September.

- Charles Shum and Steven Tseng, analysts

Click [here](#) for the research.

Investors monitor TSMC's capex for clues not just to chip and electronics demand, but also on the pace of its international expansion. The 2025 projection given Thursday represented a rise in spending of as much as 40% from 2024.

Geopolitical tensions have pushed TSMC to manufacture abroad. It's [planning](#) more plants in Europe with a focus on the market for artificial intelligence chips, according to a senior Taiwanese official. That's on top of a German plant under construction in Dresden.

On Thursday, executives affirmed that the factory it's building in Arizona — a cornerstone of Biden administration policy — will house cutting-edge technology in future. But they stopped short of outlining a specific timeline. The most advanced semiconductors would continue to be produced domestically, executives stressed.

For 2025, TSMC projected growth in the [mid-20%](#) range, roughly in line with analysts' estimates. Executives emphasized that, despite a volatile smartphone arena, spending on AI will continue to drive growth.

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— *With assistance from Cindy Wang, Vlad Savov, Ville Heiskanen, and Debby Wu*

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