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Asia: Is the export upcycle broadening beyond tech?

AI-related investment spillovers, commodity price effects and a boost to EV exports due to the push for energy security are driving non-tech export growth.

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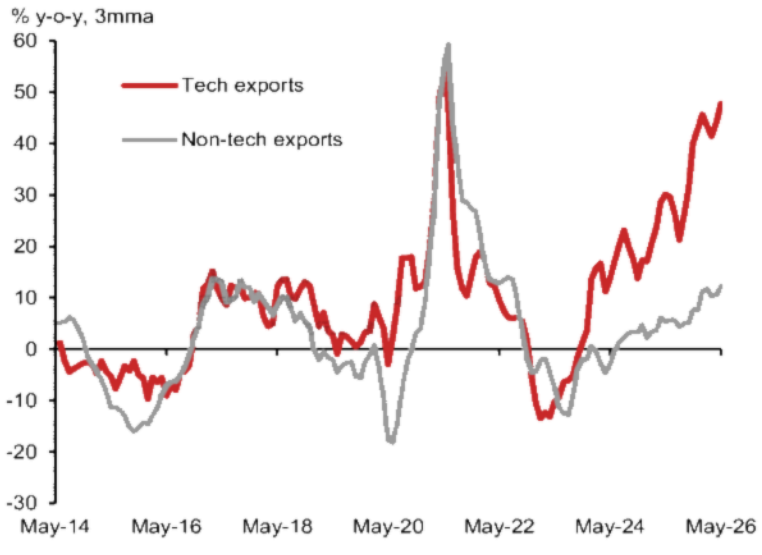
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- **Non-tech exports finally pick up:** After lagging the broader export recovery through much of 2025, non-tech export growth has accelerated into double-digit territory since early 2026. By country, this is most apparent in the open economies, namely Malaysia, Singapore, South Korea, Taiwan and Thailand.
- **Three drivers of non-tech export growth**: 1) Capital goods – like electrical machinery and precision instruments – have led the recovery, reflecting spillovers from the AI-driven capex cycle; 2) Several traditional products such as chemicals, mineral products & fuel, plastics & rubber, and precious metals have improved due to price effects; and 3) the push towards energy security have boosted EV exports, particularly from China.
- **Outlook on non-tech exports:** We expect a durable recovery in capital goods exports (machinery), but export growth in the commodity-related sectors is likely to moderate as war-driven price effects unwind, since underlying demand is still subdued. The recovery in auto exports also remains heavily concentrated in China. Overall, the outlook for non-tech export growth appears mixed.

Non-tech exports finally stage a recovery

After lagging the broader export recovery through much of 2025, non-tech exports have gathered momentum in recent months (Figure 1). Non-tech export growth has accelerated into double-digit territory since early 2026, reaching 10.9% y-o-y in May from -2.2% in October 2025. This suggests the export upcycle is broadening and is no longer confined to semiconductors and AI servers.

Fig. 1: AeJ tech versus non-tech exports



Source: CEIC and Nomura Global Economics.

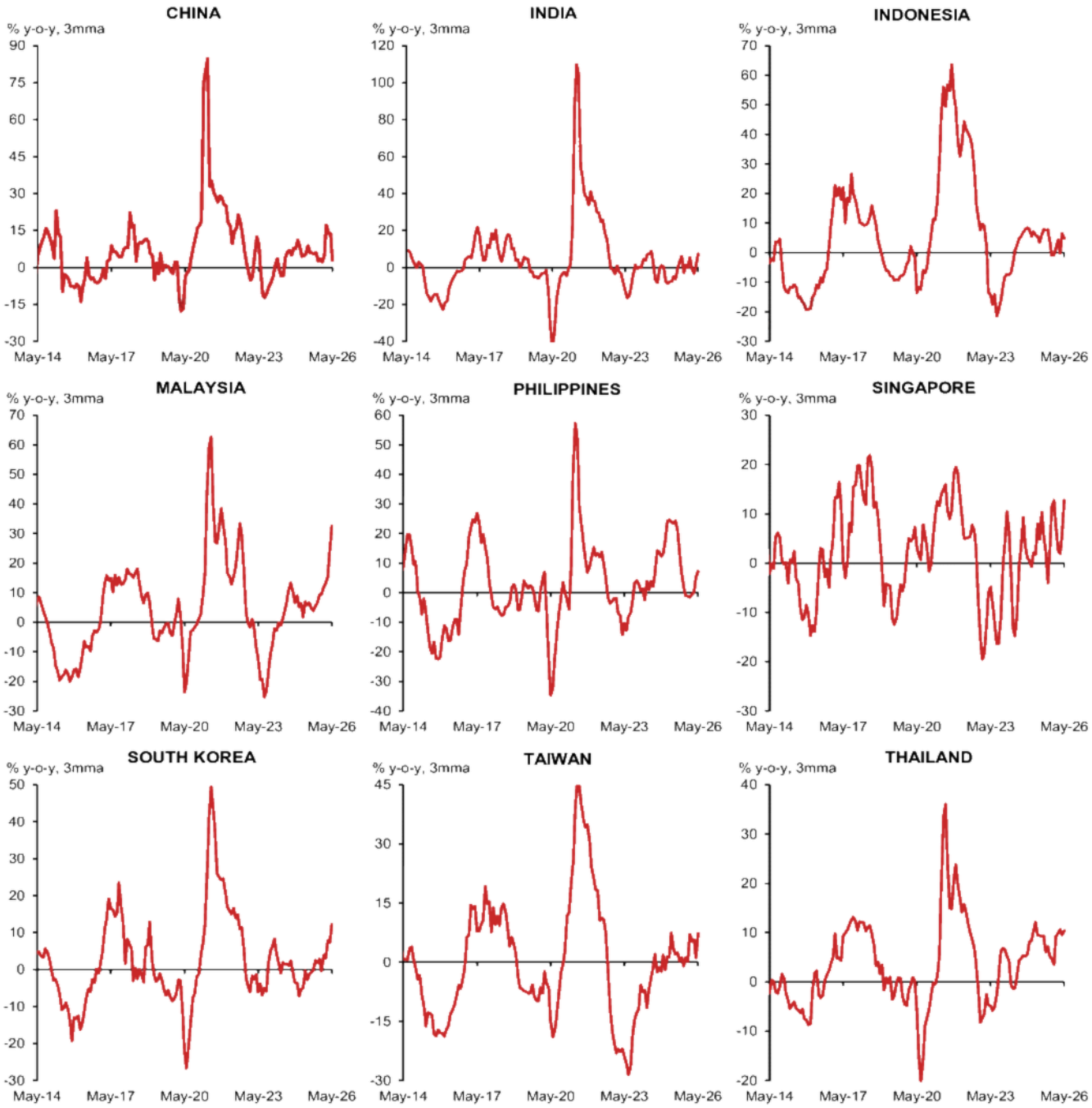
Non-tech export growth: By country

By country, the recovery in non-tech export growth is most visible in the open economies, namely Malaysia, Singapore, South Korea, Taiwan and Thailand (Figure 2).

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Fig. 2: Picture book: Non-tech export growth across Asia



Source: CEIC and Nomura Global Economics.

Non-tech export growth: By product

We find that the strongest improvement is visible in capital goods, particularly electrical machinery and optical & precision instruments (Figures 3 and 4). In addition, export growth has also improved across several traditional product segments, including chemicals, mineral & fuel products, plastics & rubber, precious metals & jewellery, and autos.



Fig. 3: Asia ex-Japan non-tech export growth, by product category (% y-o-y)

Asia ex-Japan non-tech export growth, by product category (% y-o-y)										
	2024				2025				2026	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Apr
Food, beverages and tobacco	-2.5	4.2	4.4	14.6	10.5	8.2	8.0	0.9	1.7	10.0
Mineral products, fuel and fertilizers	-6.9	8.9	-10.5	-19.7	-19.0	-16.7	-2.2	-1.9	0.6	33.6
Chemicals	-7.3	0.1	2.7	4.7	0.2	0.0	3.6	5.4	8.8	26.1
Pharmaceuticals	2.9	5.2	5.7	0.0	7.0	11.4	12.6	15.0	4.1	1.4
Plastics & rubber	4.2	7.3	6.2	10.3	2.1	1.0	0.3	-5.7	3.1	15.0
Hides, leather, wood, ceramic and glass	1.6	-3.4	-5.8	-0.7	-7.6	-0.4	-1.5	-8.0	7.4	-9.9
Textiles, apparel, footwear and headgear	3.7	0.1	-0.9	8.4	-1.9	0.3	-2.6	-8.1	5.1	-0.5
Precious metals & jewelry	1.3	5.3	13.5	11.3	48.8	20.1	29.4	22.4	23.1	26.7
Base metals and related products	-1.4	2.4	4.6	12.3	1.0	4.1	6.1	4.0	10.8	6.7
Machinery	3.3	4.2	7.7	13.4	8.6	10.3	10.1	4.4	17.6	14.0
Autos	4.9	7.1	6.3	4.5	3.1	7.1	11.4	16.7	21.0	17.0
Ships	37.0	37.1	65.4	22.6	4.6	25.8	30.6	32.5	47.1	-2.0
Trains and aircraft	52.7	29.7	54.6	64.4	11.3	-5.4	-13.0	-31.2	-3.4	-3.7
Optical and precision instruments	-1.6	-2.2	7.4	9.8	7.0	9.1	7.8	5.6	12.3	19.5
Others	6.0	1.0	-2.8	5.3	-0.6	3.6	-3.9	-10.4	7.2	-1.3

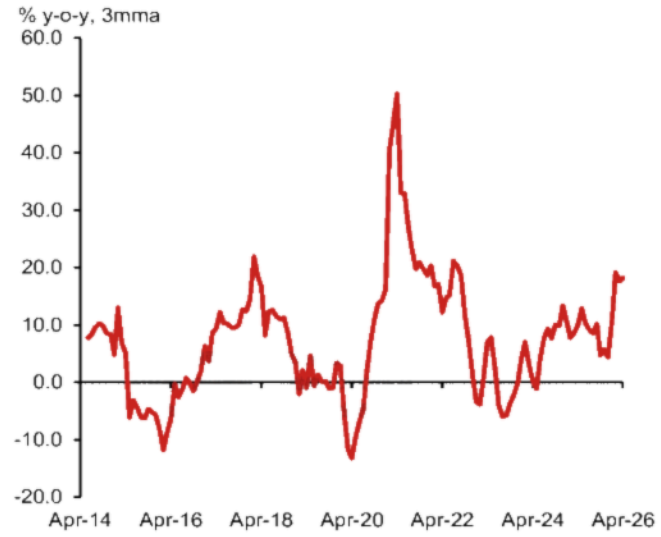
Source: CEIC and Nomura Global Economics.

What is driving non-tech export growth?

We see three key drivers behind the recovery in non-tech exports:

1. **AI-related investment spillovers:** We believe the recovery in machinery exports is driven by spillover effects from the ongoing AI-related capex upcycle. Investment in AI infrastructure, data centres, electrification and industrial automation has generated demand well beyond semiconductor manufacturing. Building AI infrastructure requires substantial investment in electrical equipment, precision instruments, industrial machinery and more. As a result, beneficiaries of the current capex cycle are no longer limited to chip producers. Unsurprisingly, the improvement in capital goods exports, in particular electrical machinery and optical & precision instruments, has been most evident in Malaysia, Taiwan, Singapore and China, reflecting their dominant positions in precision engineering and their ability to capitalize on spillover effects from AI demand.
2. **Commodity price effects:** Supply disruptions caused by the US-Iran war had led to higher energy and petrochemical prices, lifting the export values of mineral products & fuel (across Asia), chemicals (China, Malaysia, Singapore, South Korea and Thailand), and plastics & rubber (China, Malaysia, Thailand, South Korea and Taiwan), while heightened geopolitical uncertainty has boosted precious metal prices. These gains have been driven primarily by favourable price effects rather than a sustained improvement in underlying demand.
3. **Energy security boosts EV exports:** The Iran-US war has refocused the policy push towards energy security and greater EV penetration. The benefit of this primarily accrues to China's expanding vehicle exports. Chinese manufacturers continue to gain global market share through strong competitiveness in EVs, aggressive pricing and a continued expansion into overseas markets. In May, *China's* auto export growth (including chassis) remained elevated at 39.3% y-o-y. *Korea's* aggregate auto exports stayed tepid in June, due to weaker internal combustion engine exports, but its hybrid (38.6% y-o-y) and EV (18.1%) exports are strong. Auto exports from other Asian economies remain subdued amid increasing competitive pressure from Chinese producers.

Fig. 4: Asia ex-Japan machinery exports (% y-o-y, 3mma)



Source: CEIC and Nomura Global Economics.

Fig. 5: Nomura's leading index of Asian exports



Note: Nomura's export leading index can be found on Bloomberg (see ticker: NMEIXLI). Asia ex-Japan's aggregate (nominal) exports include those of China, Hong Kong, India, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand. China's exports to Hong Kong are excluded due to outsized swings on some occasions that seem unrelated to trade activity. Nomura's export leading index is a weighted (inverse of mean-squared errors) sum of the following Z-score standardized variables: Shanghai Shipping Exchange Containerized Freight Index, China's imports, China's imports from Asia, global semiconductor sales, US manufacturing ISM, S&P EM manufacturing PMI, China RatingDog (formerly Caixin) manufacturing PMI, South Korea's semiconductor exports and Philadelphia Semiconductor index. (For more details on its construction, see *Re-calibrating our Asia export leading index*, 16 August 2022).
Source: IHS Markit, CEIC, Bloomberg and Nomura Global Economics.

Will the recovery in non-tech exports sustain?

We believe the outlook for non-tech export growth is mixed.

The positives

Our Nomura Export Leading Index (NELI) continues to *signal* that Asia's export upcycle should extend into Q3 (Figure 5). Importantly, the recent improvement in the index has become increasingly broad-based, supported not only by tech-related indicators but also by improving manufacturing sentiment and firmer demand from China. This suggests that the recovery is gradually spreading across the wider manufacturing complex.

We remain most positive on capital goods, particularly electrical machinery and precision instruments, where the ongoing AI-driven capex upcycle should continue to generate spillover demand, providing a more durable source of export growth.

Inventory dynamics reinforce this view. Within non-tech manufacturing, electrical equipment has experienced the most notable improvement. Its I-S ratio has fallen to 1.05 in April from an average of 1.14 in 2025, as shipments strengthened while inventories were steadily reduced (Figure 6). Interestingly, production growth in electrical equipment has turned negative (Figure 7), despite stronger exports, which suggests firms are currently fulfilling demand through inventory drawdowns rather than increased production. If export demand remains firm, inventories will eventually become sufficiently lean to necessitate a recovery in production. Basic metals present a similarly constructive picture, with its I-S ratio easing to 1.11 from 1.19, driven by a combination of firmer shipments and declining inventories, pointing to a gradual recovery in industrial activity.

The negatives

By contrast, the drivers are less supportive for chemicals and autos. In the chemicals sector, inventories have fallen primarily because producers have curtailed output rather than a material strengthening of shipments, which suggests underlying demand remains relatively subdued. Combined with our view that recent export gains have been supported by higher energy and commodity prices owing to the US-Iran war, the recent pickup in chemicals exports appears less likely to prove durable.

Similarly, although regional auto exports have improved, the recovery remains highly concentrated in China. Elsewhere in Asia, inventory-to-shipment ratios for autos continue to rise as inventories accumulate against sluggish shipments, consistent with softer

external demand and growing competitive pressure from Chinese automakers. Unless demand strengthens more broadly or competitive pressures ease, the regional auto export recovery is likely to remain uneven.

Finally, export growth in other sectors that have benefited from temporary geopolitical price effects – including mineral & fuel products, plastics & rubber, and precious metals – are likely to moderate as these price effects unwind, since underlying demand is still soft.

Overall, non-tech export growth has picked up, but its drivers and the country-level dynamics reveal an uneven recovery.

Fig. 6: Inventory-to-shipment ratios (sa), by country and sector

	2011-2019 average	2024 average	2025 average	Latest
Average	**0.93**	**1.11**	**1.06**	**1.02**
Semiconductor	1.32	0.97	0.80	0.78
Chemicals	0.89	1.08	1.10	1.07
Basic metals	0.90	1.14	1.19	1.11
Autos	0.81	1.24	1.29	1.44
Electrical equipment	0.88	1.14	1.14	1.05
Japan	**0.89**	**1.03**	**1.01**	**0.95**
Semiconductor	1.51	0.68	0.62	0.52
Chemicals	0.80	0.95	0.95	0.91
Basic metals	0.85	1.02	1.01	1.01
Autos	0.96	1.21	1.08	1.31
Electrical equipment	0.87	1.16	1.16	0.97
South Korea	**0.88**	**1.05**	**0.97**	**0.98**
Semiconductor	1.55	0.93	0.58	0.53
Chemicals	0.92	1.09	1.11	1.09
Basic metals	0.80	0.98	1.01	0.98
Autos	0.60	0.97	1.05	1.13
Electrical equipment	0.85	0.95	0.83	0.78
Taiwan	**1.00**	**1.25**	**1.19**	**1.12**
Semiconductor	0.90	1.29	1.18	1.28
Chemicals	0.96	1.20	1.23	1.23
Basic metals	1.06	1.43	1.55	1.36
Autos	0.87	1.55	1.74	1.88
Electrical equipment	0.92	1.31	1.43	1.42

Note: Latest refers to April 2026.
Source: CEIC and Nomura Global Economics.

Fig. 7: Industrial production, by country and sector

	2023	2024	2025	2026 ytd	Latest
	% y-o-y				
Average	-4.0	3.6	6.4	8.5	6.4
Electronics	-4.8	11.6	11.7	14.4	11.8
Chemicals	-6.8	0.6	-0.8	-0.6	-3.7
Basic metals	-3.6	-1.9	-3.3	1.0	3.0
Autos	9.6	-4.8	-1.4	-0.3	-2.6
Electrical equipment	-2.6	-2.1	1.7	-1.5	-1.2
Japan	-1.2	-2.6	-0.3	1.4	2.0
Electronics	5.0	-3.9	-6.1	-2.1	-0.1
Chemicals	-3.8	-0.7	-0.6	-0.6	-2.2
Basic metals	-2.9	-2.6	-1.8	0.4	1.5
Autos	15.1	-7.1	1.5	2.3	2.3
Electrical equipment	0.8	-5.9	0.6	2.7	5.8
South Korea	1.2	1.7	1.2	2.8	2.4
Electronics	-4.2	18.1	10.8	9.7	11.5
Chemicals	-8.6	2.1	-1.2	0.5	-3.2
Basic metals	0.9	-2.9	-3.1	3.1	3.5
Autos	11.1	-1.8	1.3	-1.0	-7.1
Electrical equipment	-0.4	-6.8	0.4	-0.5	-5.4
Taiwan	-12.1	11.6	18.3	21.4	14.9
Electronics	-15.2	20.6	30.4	35.7	24.0
Chemicals	-7.9	0.4	-0.5	-1.6	-5.6
Basic metals	-8.9	-0.1	-4.8	-0.4	3.9
Autos	2.7	-5.5	-7.2	-2.1	-3.1
Electrical equipment	-8.3	6.5	4.0	-6.6	-3.9

Note: Latest refers to April 2026.
Source: CEIC and Nomura Global Economics.