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Greater China Technology Hardware | Asia Pacific

PC demand and IDC 2Q PC Shipment Data

Intel's view on PC demand being resilient in 1H and weakening in 2H echoes our view. And on Agentic AI, we continue to view Wiwynn (Server ODM), Unimicron (CPU ABF), NYPCB (Networking ABF), Lotes/FIT (CPU socket and other peripheral connectors/cables), and GCE (Server PCB) as key beneficiaries.

Implications for our coverage from the Intel (covered by Joseph Moore) earnings call and commentary:

Intel mentioned the 15% Client revenue growth was primarily driven by higher ASPs, which were a function of higher high-end mix and price increases to pass through cost inflation, not units. This aligns with our checks with PC OEM/ODM that they have been prioritizing those more profitable, high-end PC models. Intel continues to expect PC demand to weaken in 2H26, guiding for total unit consumption to decline "low-double-digits" y/y in 2026 (Lenovo guided for 2H PC market to see high-teens y/y unit declines), with its 3Q Client revenue guided to be flattish q/q. This implies a fall in PC shipment units in 2H26, which aligns with our forecast of [major ODMs' NB builds being sub-seasonal at down 5% q/q \(-15% y/y\) in 3Q](#), reflecting a weakened demand outlook in 2H.

As for servers, demand still runs well ahead of supply, improving late 3Q into 4Q, though management admitted Intel will still be under-shipping in Q4. This aligns with our recent supply chain checks that legacy server CPU fulfillment rates currently hover around 80-90% (depends on CPU vendors) at some major server ODMs, with no signs of easing tightness in the near term. On long-term growth outlook, Intel wouldn't endorse AMD's US\$220B-by-2030 TAM (see Joe's report on [AMD Advancing AI event recap and takeaways](#)), but guided server growth "well north of a double-digit CAGR", with ASP uplift from rising core counts. Another striking claim on the call was that the CPU-to-GPU ratio is now near parity, vs. the 1:3-4 CPU-to-GPU ratio for inference suggested by Intel management last quarter. This boosts our confidence that general server demand will likely see another year of 20-30%+ y/y (more supply-driven) growth for the ODMs (clouds) in 2027.

"The industry as facing one of the most severe supply constraints in its history"

— leading-edge logic, wafers, memory and substrates — expected to persist, according to Intel. Its most-challenged links are back-end inputs including substrates, T-glass and memory, among which substrate was singled out as key bottleneck on the packaging side. Intel also admitted there are some requirements "in terms of putting money up in advance of getting the substrates". Intel has been expressing concerns about the supply tightness of substrates for a couple of quarters now, but to our knowledge it is the first time that it has said it has made "prepayments" to its suppliers in order to secure sufficient supply. This hints at a tighter supply environment vs. three months ago and reaffirms our view that substrate suppliers remain well-positioned to raise prices for substrates in a seller's market.

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GREATER CHINA TECHNOLOGY HARDWARE

Asia Pacific

Industry View

In-Line

Exhibit 1 : Our preferred stocks are mostly related to AI and cloud, which we believe are more defensive vs. consumer electronics

Company	Ticker	Rating	Rating	Closing Price (LC)	PT (LC)	Upside to PT
Wistron	3231.TW	OW	Overweight	179.00	210.00	17%
FIT Hon Teng	6088.HK	OW	Overweight	5.33 HKD	12.00 HKD	125%
Fit	6013.HK	OW	Overweight	60.25	12.80	37%
Wiwynn	6669.TW	OW	Overweight	5,730.00	7,500.00	31%
Quanta	2382.TW	OW	Overweight	328.00	385.00	17%
Delta	2308.TW	OW	Overweight	1,785.00	2,700.00	51%
GCE	2308.TW	OW	Overweight	901.00	1,660.00	84%
Lenovo	6952.HK	OW	Overweight	24.34 HKD	30.00 HKD	23%
Giga-Byte	2376.TW	EW	Equal-Weight	354.50	375.00	6%
Lotes	3533.TW	EW	Equal-Weight	1,970.00	2,350.00	19%

Source: Company data, Morgan Stanley Research estimates. Note: Priced as of July 24, 2026.

For more details on Intel's result, please see [Joseph Moore's July 24, 2026 result note](#).

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IDC's Preliminary 2Q26 Global PC Shipment Data, by Vendor

Preliminary 2Q26 PC shipments (excluding workstations) were above our estimate:

According to IDC, 2Q26 desktop and notebook shipments came in at 66.2M (~flat q/q, -5% y/y), 5% above our estimate of ~63M. It's the first decline after nine consecutive quarters of growth. IDC cite a persistent memory chip shortage as the reason for the reversal.

IDC think there is a disconnect between units and dollars: shipments are falling, but revenue is climbing because vendors are pushing through price increases faster than demand is dropping. And IDC don't expect another round of inventory pull-forward, which points to a sharp slowdown in growth rates in 2H26. According to IDC, vendors are bracing for further price hikes into 2027, and channels are already flagging concerns about elevated inventory at these higher price points.

IDC also note that amid the decline, two additional underlying trends stand out. The first is the growing risk that sustained cost pressure from the memory shortage could temper the broader PC upgrade cycle, even as interest in on-device AI processing continues to grow amid rising cloud compute costs. The second is further vendor consolidation, as top brands such as Apple, Dell, and Lenovo use their scale across adjacent business lines, including smartphones and servers, to secure memory supply and squeeze out smaller competitors.

Lenovo – Maintained #1 position

- **Market share (including Fujitsu):** 24.4% (+2bp q/q, +72bp y/y)
- **Shipments (including Fujitsu):** 16.6mn units (flat q/q, -2% y/y)

HP – Maintained #2 position

- **Market share:** 19.1% (+119bp q/q, -86bp y/y)
- **Shipments:** 13.0mn units (+7% q/q, -9% y/y)

Dell – Maintained #3 position

- **Market share:** 13.6% (-152bp q/q, flat y/y)
- **Shipments:** 9.3mn units (-10% q/q, -5% y/y)

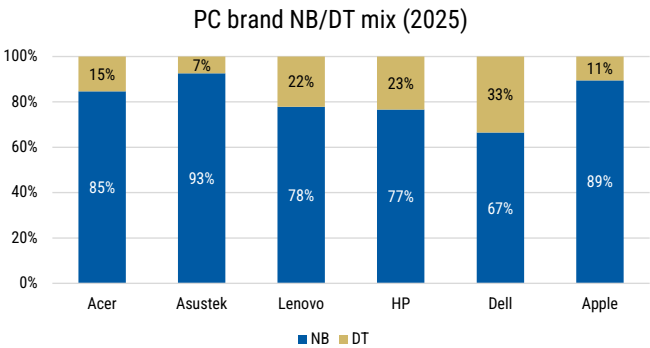
Apple – Maintained #4 position

- **Market share:** 9.9% (+55bp q/q, +135bp y/y)
- **Shipments:** 6.7mn units (+6% q/q, +10% y/y)

Asustek – Maintained #5 position

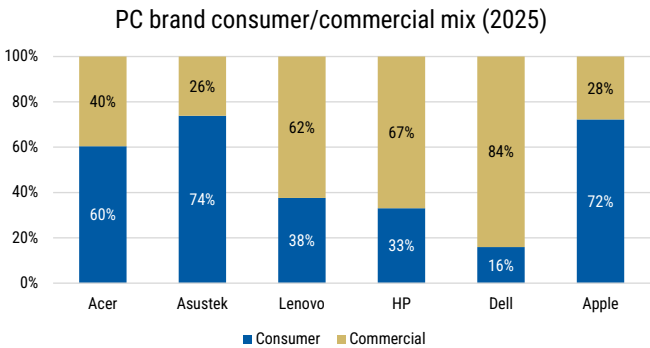
- **Market share:** 7.4% (+31bp q/q, +38bp y/y)
- **Shipments:** 5.0mn units (+5% q/q, flat y/y)

Exhibit 2: PC brand NB/DT mix (2025)



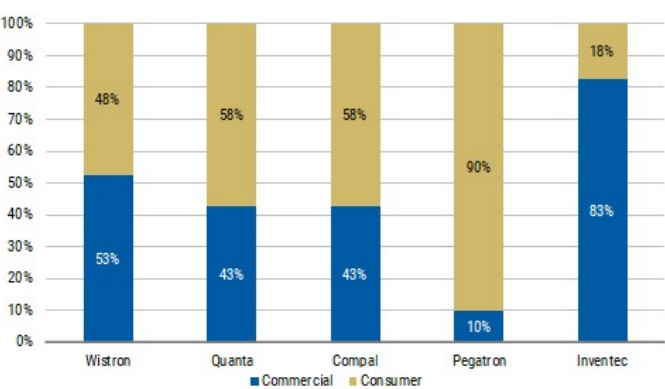
Source: IDC, Morgan Stanley Research.

Exhibit 3: PC brand commercial/consumer mix (2025)



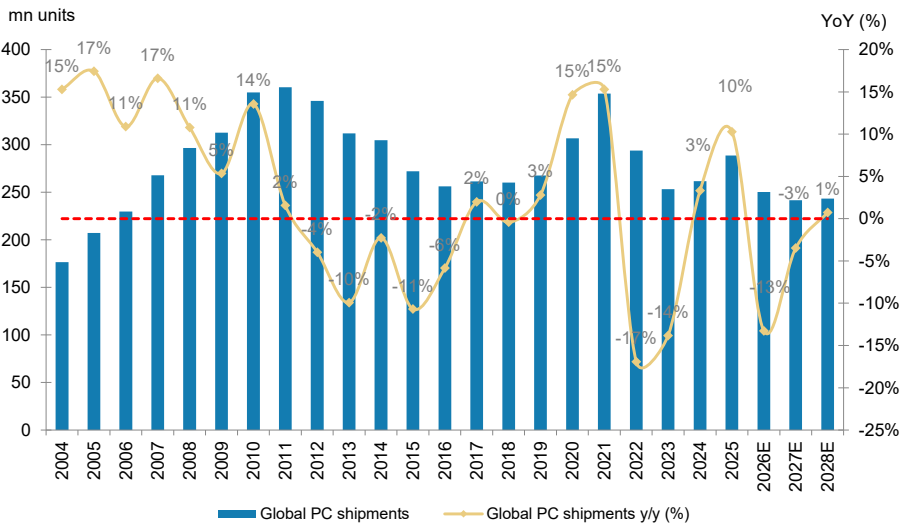
Source: IDC, Morgan Stanley Research.

Exhibit 4: NB ODM commercial/consumer mix (2025)



Source: IDC, Morgan Stanley Research.

Exhibit 5:
Morgan Stanley PC forecasts



Source: IDC, Morgan Stanley Research. E =Morgan Stanley Research estimates.

Key Takeaways from Intel's 2Q26 Earnings Call

Details on the quarter: Below is an excerpt from Joseph Moore's July 24, 2026 report, [Intel Corporation: Strong earnings, higher spending \(24 Jul 2026\)](#).

Details on the quarter: June non-GAAP revenue of \$16.128bn came in above the Street and our estimate of \$14.417bn and \$14.458bn, respectively. By segment, Client Computing and Physical AI Group (CCPG) revenue was \$8.877bn (up 12.8% y/y), Data Center & AI (DCAI) was \$6.262bn (up 59% y/y), and Intel Foundry (IFS) revenue was \$5.765bn (up 30.5% y/y). Gross margin of 41.8% (up 75bps q/q and 1212bps y/y) was ahead of the Street and our estimate of 39.8% and 39.5%, respectively. Non-GAAP EPS of \$0.43 came in ahead of the Street at \$0.21 and our estimate of \$0.24.

Details on guidance: Revenue was guided to \$16.3bn at the midpoint (up 1.1% q/q and 25.4% y/y), above the Street at \$15.067bn and our estimate of \$15.092bn. Gross margin of 42.0% was above our estimate of 40.5% and the Street also at 40.5%. EPS guidance of \$0.38 was above the Street at \$0.27 and our estimate of \$0.30.

Exhibits

Exhibit6: Worldwide PC Vendor Ranking, 2Q26

Worldwide PC Vendor Ranking, 2Q26									
Rank	Vendor	2Q26 Shipments	2Q26 Market share	1Q26 Shipments	1Q26 Market share	2Q25 Shipments	2Q25 Market share	QoQ	YoY
1	Lenovo	16,622	24.4%	16,541	24.4%	16,974	23.7%	0%	-2%
2	HP	13,002	19.1%	12,140	17.9%	14,294	19.9%	7%	-9%
3	Dell	9,290	13.6%	10,286	15.1%	9,774	13.6%	-10%	-5%
4	Apple	6,724	9.9%	6,326	9.3%	6,107	8.5%	6%	10%
5	ASUS	5,014	7.4%	4,780	7.0%	5,002	7.0%	5%	0%
	Others	17,526	25.7%	17,822	26.2%	19,577	27.3%	-2%	-10%
	Total	68,178		67,895		71,728		0%	-5%

Note: Shipments in '000s. Source: IDC; Morgan Stanley Research.

Exhibit7: US PC Vendor Ranking, 2Q26

US PC Vendor Ranking, 2Q26									
Rank	Vendor	2Q26 Shipments	2Q26 Market share	1Q26 Shipments	1Q26 Market share	2Q25 Shipments	2Q25 Market share	QoQ	YoY
1	HP	4,593	25.5%	3,227	20.3%	4,769	25.1%	42%	-4%
2	Dell	4,051	22.5%	3,959	24.9%	4,507	23.8%	2%	-10%
3	Lenovo	3,380	18.8%	3,146	19.8%	3,417	18.0%	7%	-1%
4	Apple	2,870	15.9%	2,686	16.9%	2,860	15.1%	7%	0%
5	Acer	1,291	7.2%	892	5.6%	1,144	6.0%	45%	13%
	Others	1,832	10.2%	1,980	12.5%	2,271	12.0%	-7%	-19%
	Total	18,017		15,890		18,968		13%	-5%

Note: Shipments in '000s. Source: IDC; Morgan Stanley Research.

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	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
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Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/24/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK\$38.90
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb186.80
BYD Electronics (0285.HK)	O (04/28/2023)	HK\$23.30
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.27
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb16.43

Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb476.02
Genius Electronic Optical Co. Ltd. (3406.TW)	E (04/23/2025)	NT\$507.00
GoerTek Inc (002241.SZ)	U (04/23/2025)	Rmb22.67
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.22
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb35.49
Largan Precision (3008.TW)	O (07/10/2026)	NT\$3,920.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb7.23
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb12.09
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb60.59
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.67
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK\$6.97
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb48.89
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK\$29.26
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb59.96
Sunny Optical (2382.HK)	E (03/23/2026)	HK\$58.35
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb203.41
Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb16.83
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK\$26.72
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb331.65
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK\$121.10
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb90.27
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb27.35
Zhongji Innolight Co Ltd (300308.SZ)	++	Rmb1,046.51
ZTE Corporation (0763.HK)	O (06/04/2026)	HK\$24.56
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb35.00
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT\$2,220.00
Advantech (2395.TW)	O (01/20/2021)	NT\$581.00
AirTAC International (1590.TW)	O (04/16/2025)	NT\$1,425.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT\$2,380.00
AU Optronics (2409.TW)	E (02/10/2026)	NT\$25.50
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT\$943.00
Bizlink (3665.TW)	O (03/10/2025)	NT\$2,205.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.79
Chenbro (8210.TW)	O (07/23/2025)	NT\$1,095.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT\$2,080.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT\$1,785.00
E Ink Holdings Inc. (8069.TWO)	O (05/11/2026)	NT\$191.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT\$54.60
Fositek Corp (6805.TW)	O (06/25/2025)	NT\$1,410.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT\$313.00
Innolux (3481.TW)	E (04/07/2025)	NT\$49.50
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT\$7,735.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb37.32
Lite-On Technology (2301.TW)	E (01/15/2025)	NT\$214.50
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb5.04
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.15
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb224.61
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT\$30.05
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT\$771.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT\$189.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT\$37.20
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK\$5.33
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb60.25

Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT\$354.50
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT\$901.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT\$252.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb85.31
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT\$1,760.00
Lenovo (0992.HK)	O (07/10/2026)	HK\$24.34
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT\$1,970.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT\$1,110.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT\$88.40
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT\$328.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb118.71
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb332.81
Unimicron (3037.TW)	O (02/23/2026)	NT\$839.00
Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT\$333.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT\$179.00
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT\$5,730.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT\$642.00
Zhen Ding (4958.TW)	O (05/18/2026)	NT\$482.00

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