Asian Semis

July WSTS: Memory growth accelerates on strong units and elevated ASPs; logic moderates on weaker CE demand

Overall semi revenues rose 129% YoY in July (vs 143% YoY in June), with logic semis increasing 35% YoY (vs 38% YoY in June) and memory increasing 435% YoY (vs 399% YoY in June). Semis continued to mark meaningful YoY growth this month, driven by: (1) memory's sustained structural tightness, with favorable LTA terms (50–70% volume contribution, 20–25% prepayment) locking in elevated pricing through 2027–28; (2) accelerating memory unit shipments as allocation to AI compute intensifies; and (3) logic maintaining solid growth, supported by continued AI demand across accelerators, AI CPUs, and networking, as well as strong AI-peripheral demand (power management, analog). The slight deceleration in semis growth, after ten consecutive months of acceleration, was due to weaker consumer electronics demand.

Logic semi revenue rose 35% YoY (vs 38% in June), marking 35 consecutive months of YoY growth. At the leading edge, we continue to see 100%+ UTR at N5/N3 driven by strong demand for AI accelerators and agentic AI CPUs, with utilization expected to remain at 100%+ into 2028. We expect the AI upcycle to continue, and TSMC has also indicated that AI demand visibility now extends into 2029–30, driven by stronger datacenter AI demand. At mature foundries, pricing momentum is strengthening in 8" capacity and AI-peripheral applications (power management, analog, MCU), while 12" pricing remains mixed due to weak consumer electronics demand.

Overall semi units increased 16% YoY (vs 9% YoY in June). Memory units increased 79% YoY (vs 50% YoY in June), and logic semi units rose 13% YoY (vs 7% YoY in June). Within memory, content optimization across SOCAMM (1.5TB reduced to 768GB per CPU) and Rubin Ultra (16-Hi HBM4E downticked to 8-Hi/12-Hi) reflects a coping mechanism to manage insufficient supply rather than the intent to de-spec. We continue to expect DRAM wafer allocation to HBM to reach 32% capacity mix by 2028E-end, with AI CPU unit TAM expected to grow at a 155% CAGR. Logic unit growth was supported by continued AI compute demand and pockets of strength in power management applications, partially offset by weak consumer electronics.

Overall semi ASPs were up 97% YoY (vs 124% YoY in June), with logic ASPs up 19% YoY (vs 30% YoY in June). Logic ASP growth moderated on weaker consumer electronics demand at mature nodes, partially offset by advanced node mix improvements at TSMC. Memory ASPs rose 199% YoY (vs 233% YoY in June), with LTAs providing favorable terms for memory makers and flexible pricing structures. We see upside risk to our HBM ASP assumption of +42% YoY in 2027E given tight market conditions and strong Agentic AI CPU demand, with memory makers indicating 2027E HBM pricing negotiations are in the later stages of review. We believe NAND is also tracking better than our expectations, supported by KV cache offloading demand with multiple emerging solutions being discussed.

Technology and Telecoms

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See page 5 for analyst certification and important disclosures, including non-US analyst disclosures.

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Looking ahead, we expect the AI-driven semiconductor upcycle to continue, supported by strong hyperscaler capex momentum and extended demand visibility. Major US hyperscalers reported accelerating 2Q26 cloud revenue growth (2Q26 combined AWS/MSFT/GCP revenue at $106bn, +43% YoY accelerating from +35% YoY last quarter). Within AI, demand is broadening out with Neoclouds (including SpaceX) now representing a new vector of compute demand in addition to strong CSP buying intent. On the logic side, we believe TSMC will retain 95%+ market share in N2/A16. Although Intel competition remains a key investor focus, we do not see major front-end project wins given the technology lag (Intel 18A comparable to TSMC N3E), with TSMC's N2 family expected to reach $50-60bn revenue run rate by 2028 when Intel 14A enters mass production. At mature foundries, we expect continued 8" pricing strength, while 12" price hikes are confined to selectively tighter nodes such as 40nm and 65nm driven by AI-peripheral demand, with broader 12" pricing constrained by weak CE demand. On memory, memory makers delivered positive messaging on elongated tightness keeping prices elevated, while LTAs are expected to re-shape the business model allowing better demand foresight and less cyclicality.

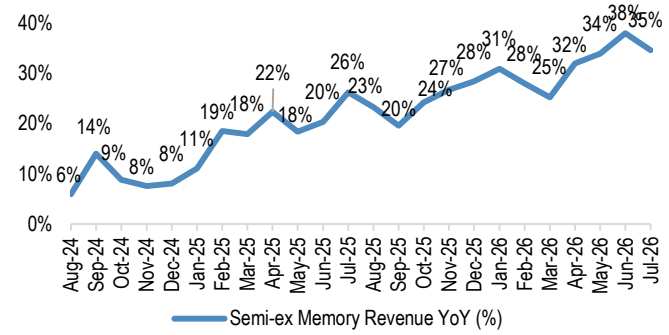
Stock picks: We reiterate our top picks: TSMC, ASE, Unimicron, Aspeed, Hon Precision, SKH, Chroma, Advantest, and Tokyo Electron.

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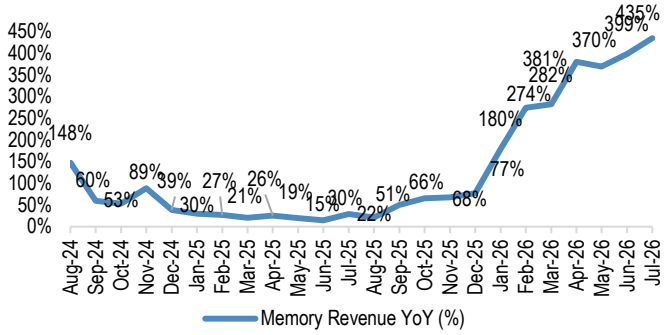
Key charts

Figure 1: Semi ex-memory revenue YoY (Aug-2024 onwards)



Source: WSTS.

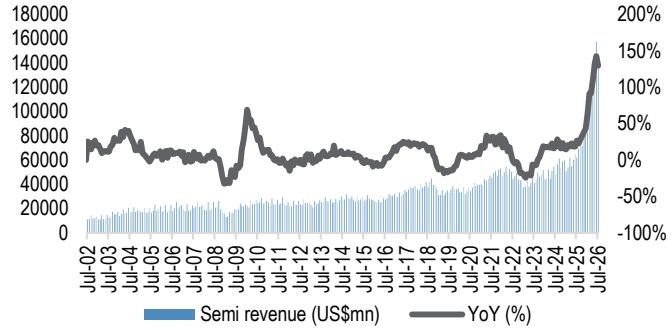
Figure 2: Memory revenue YoY (Aug-2024 onwards)



Source: WSTS.

Figure 3: Semi revenue (monthly) and YoY

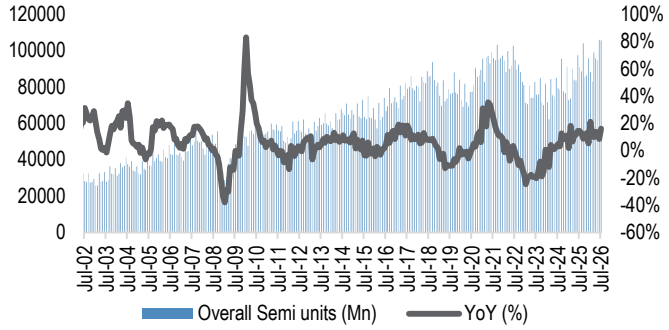
US$mn, %



Source: WSTS.

Figure 4: Semi units (monthly) and YoY

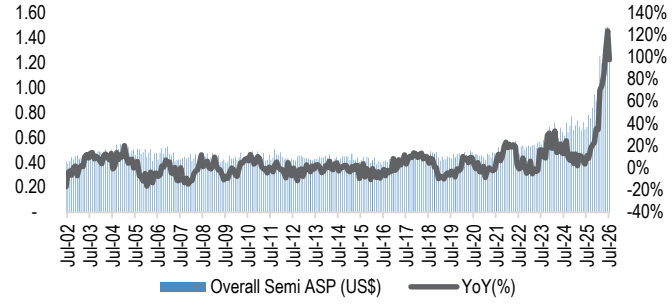
mn, %



Source: WSTS.

Figure 5: Semi ASP and YoY

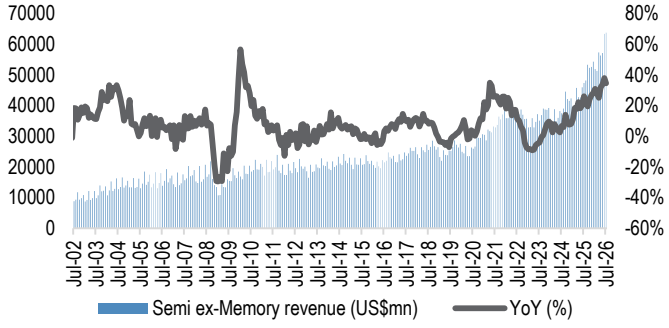
US$, %



Source: WSTS.

Figure 6: Semi ex-memory revenue (monthly) and YoY

US$mn, %

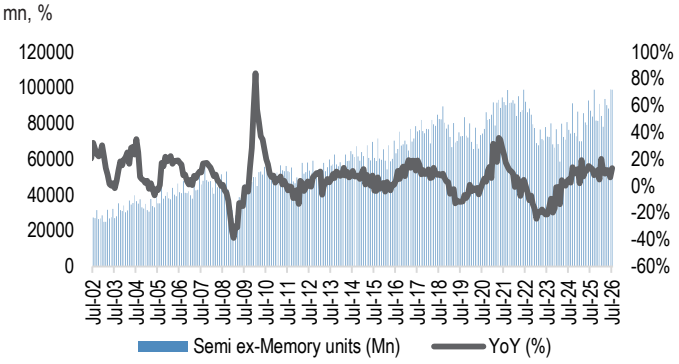


Source: WSTS.

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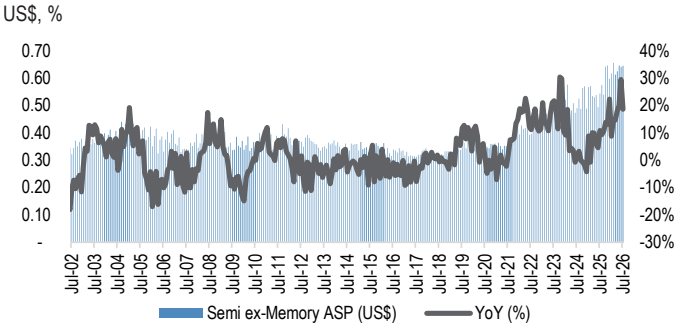
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Figure 7: Semi ex-memory units and YoY



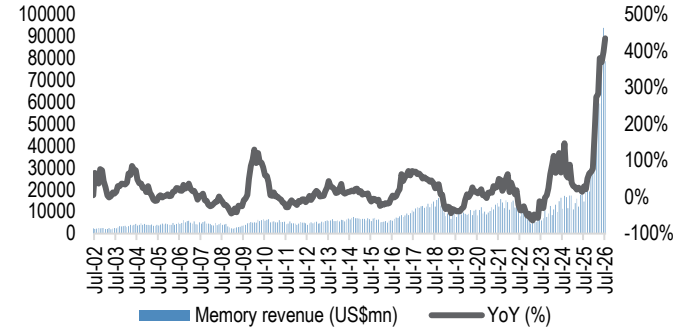
Source: WSTS.

Figure 8: Semi ex-memory ASP and YoY



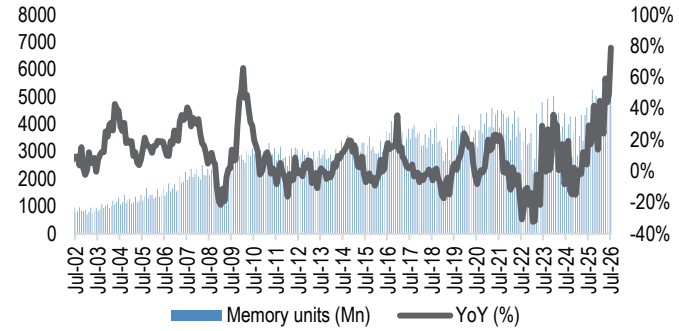
Source: WSTS.

Figure 9: Memory revenue (monthly) and YoY



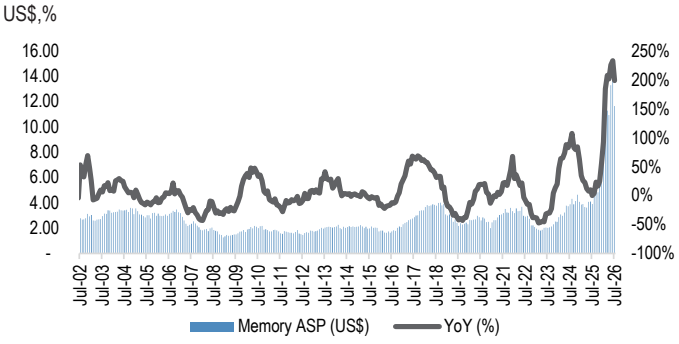
Source: WSTS.

Figure 10: Memory units and YoY



Source: WSTS.

Figure 11: Memory ASP and YoY



Source: WSTS.