First Read

China Optical Fibre Industry

Monthly optical fibre price tracker: China prices remain elevated while overseas prices catch up

Equities

Asia Pacific Ex. Japan

Telecommunications

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Pricing: China/US G657.A1 bare fibre spot price -1.6%/+3.7% MoM in Sep 2026

According to CRU, China's G657.A1 bare fibre price was Rmb133.1/fkm (~US$19.83/fkm) in Sep 2026, -1.6% MoM, vs. +3.5% in Aug, with price premium to US levels narrowing to 17% from 23%/40% in Aug/June 2026. On telecom side, China's G652.D bare fibre price was Rmb88.1/fkm (~US$13.13/fkm) in Sep 2026, +2.8% MoM, vs. +5.2% in Aug, remaining at elevated levels as incremental capacity are reallocated toward G657.A1/A2 production.

In overseas market, US's G657.A1 bare fibre price has been catching up with China as supply tightness spills over globally, and reached US$17.00/fkm in Sep 2026, +3.7% MoM, vs. +2.5% in Aug. Europe's G657.A1 bare fibre was priced at EUR13.28/fkm (~US$15.10/fkm) in Sep, +4.6% MoM, vs. +0.9% in Aug. G652.D bare fibre price also saw continued solid growth at 5.0%/7.2% MoM in US and Europe, underpinned by tightening supply.

Demand: strong US demand growth driven by data centre expansion

CRU reported Q326 demand estimates. China's optical cable consumption was down 3% YoY in Q326 (-6% in Q226), mainly due to subdued telecom demand given elevated fibre pricing and expiry of telcos' centralized procurement contracts. That said, US demand recorded continued strong growth at 46% YoY (+40% in Q226) and 7% QoQ in Q326, driven by both telecom network and hyperscale data centre expansion. Demand from Europe, ASEAN, and LatAm showed stable blended growth at 4% YoY.

Industry updates: capacity expansion on track; solid fibre demand

In China, Hengtong (600487.SH, not covered) announced new capital raise plan of Rmb4.3bn for fibre-related business, including capacity expansion of fibre preform and specialty fibre, as well as R&D of CPO and other connectivity products. This doesn't change our view of limited fibre oversupply risk as the preform expansion plan is in-line with our expectation while new connectivity products take time to go through customer verification. In addition, YOEC (688143.SH, not covered) announced a new order of Rmb147mn of PM fibre from a customer. The order is likely for next-generation AI network deployment, in our view.

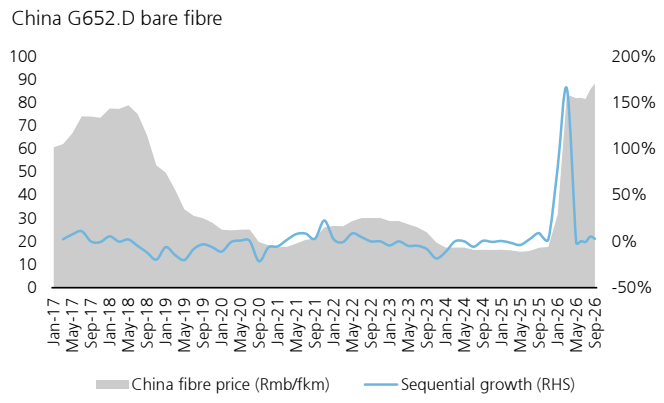
In the US, both Verizon and AT&T announced multi-year and multi-billion-dollar deals with Corning to secure fibre supply that meets surging demand of broadband expansion for homes and businesses while building national long-haul backbone required by AI.

Valuation: ASP to remain stronger than market fears; reiterate Buy on YOFC (H)

We recently assumed coverage on YOFC and reiterated our positive view on the China optical fibre sector (sector note, YOFC (H - Buy), YOFC (A - Neutral)); we believe fundamentals remain well intact for YOFC given stronger-than-expected fibre pricing as industry preform capacity expansion remains slow at 2+ years while upside from downstream connectivity products and overseas market penetration could be underappreciated by the market. We remain constructive on the structural growth in data centre demand and prefer companies with higher exposure to this end market, where technology leadership and deep customer relationships should support more durable long-term growth. YOFC (H) remains our top pick as the stock trades at an attractive 7-8x 2027E PE on the back of a 16% 2027-30E earnings CAGR.

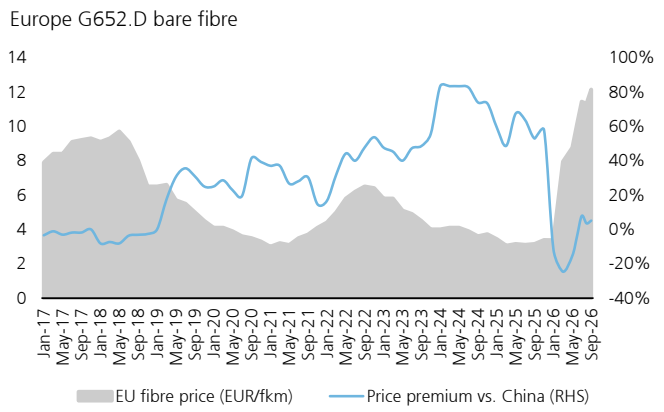
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Figure 1: China G652.D bare fibre price



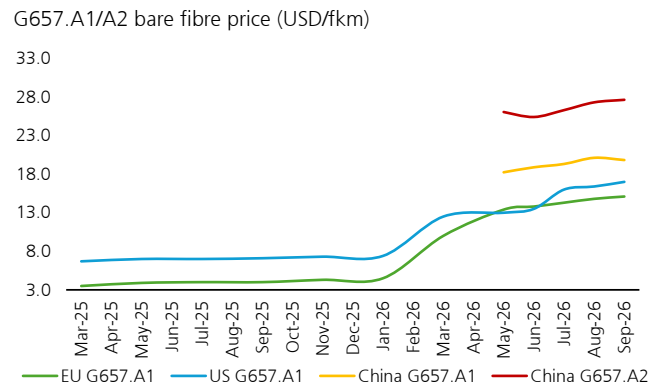
Source: CRU

Figure 2: Europe G652.D bare fibre price



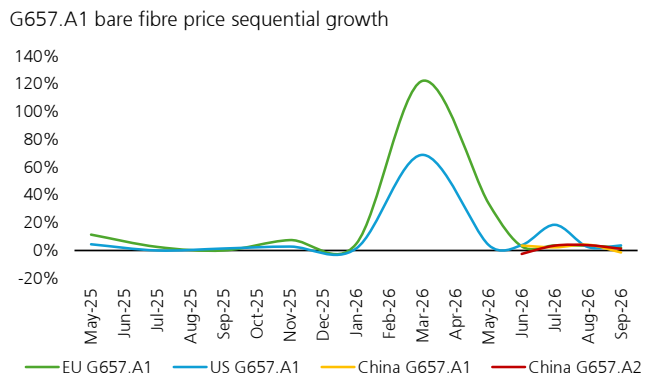
Source: CRU

Figure 3: Global G657.A1/A2 bare fibre price



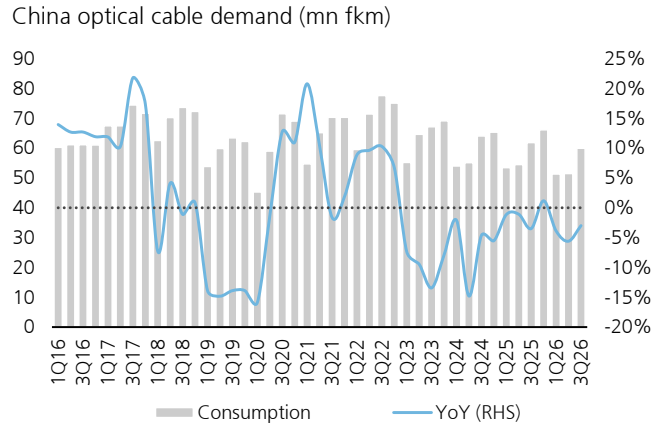
Source: CRU

Figure 4: Global G657.A1 bare fibre price growth



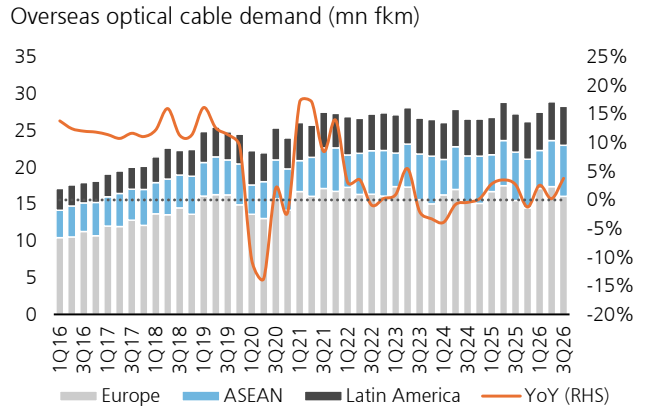
Source: CRU

Figure 5: China optical cable demand



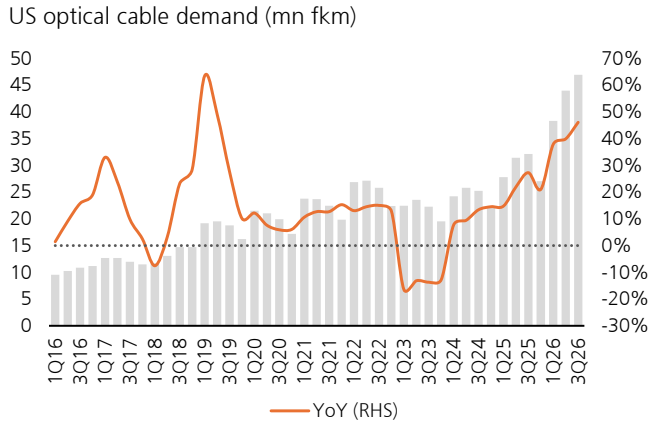
Source: CRU

Figure 6: Overseas optical cable demand



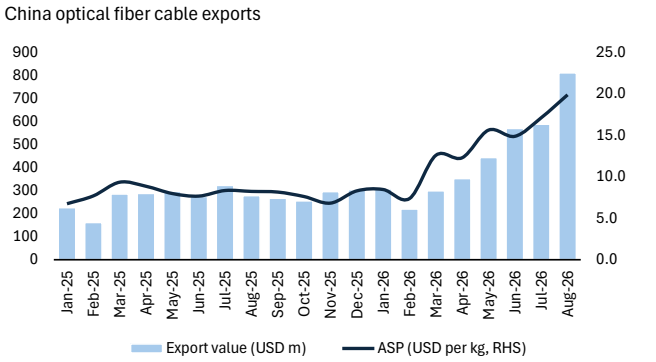
Source: CRU

Figure 7: US optical cable demand



Source: CRU

Figure 8: China optical cable export value



Source: China Customs

Valuation Method and Risk Statement

Upside risks to the optical fibre/cable industry include: 1) higher-than-expected global AI demand growth; 2) government-backed digital infrastructure initiatives; 3) improving competitive dynamics; and 4) technology breakthrough accelerates demand for specialty fibre products.

Downside risks to the optical fibre/cable industry include: 1) weakening telcos capex; 2) slower-than-expected AI data center rollouts; 3) raw material cost volatility; and 4). faster-than-expected capacity expansion by competitors.

We value both YOFC (H) and YOFC (A) based on PE methodology.

