Global Market Wrap-up

Higher for longer…again

KEY MESSAGE

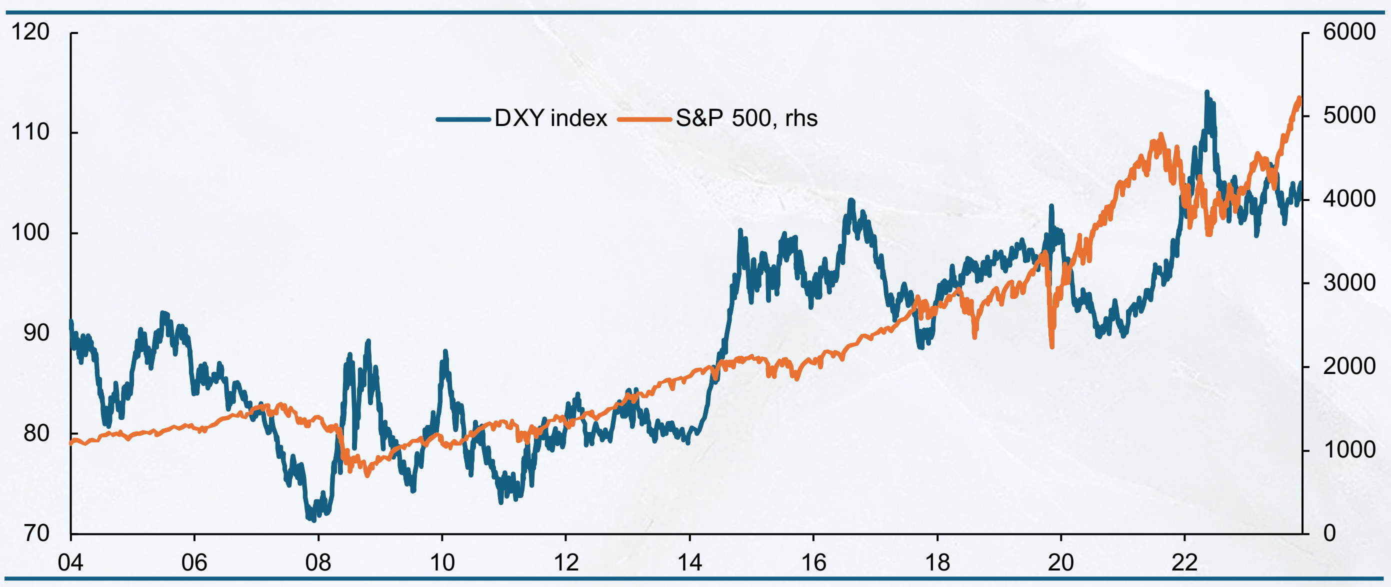
The latest manufacturing PMI of US exceeded expectations at 50.3, indicating expansion after a period of contraction since November 2022. However, non-manufacturing PMI fell short. Despite strong payroll figures with 303k new jobs and a 3.8% unemployment rate, Fed officials show disagreement on potential rate cuts. Powell remains cautious, while others like Waller and Mester advocate for patience and more evidence of inflation decline before rate adjustments.

Eurozone's inflation fell to 2.4%, prompting ECB to consider rate cuts, decision expected April 11. Producer Price Index dropped by 1.0% in February, suggesting future inflation decline. Despite this, Eurozone's Composite PMI rose to 50.3, indicating improved business activity. EUR/USD remains under pressure below 1.0850, influenced by strong US labor market data.

In Q1, China's manufacturing PMI reached 50.8%, indicating expansion. The central bank observes economic recovery and suggests further rate cuts in the future. They also emphasized that stabilizing the exchange rate is a top priority, since the sustainability of Q2 recovery remains crucial amid the backdrop of a strong US dollar.

BoJ Governor Ueda suggests potential rate adjustments as wage hikes may boost inflation. He anticipates an earlier rate hike in September amidst wage increases, tight labor market, and CPI inflation. Also, he reiterates that exchange rate has been monitored by the authority and excessive yen weakness may prompt intervention.

Chart of the week: Greenback remain robust amid risk-on sentiment



Source: Refinitiv, CUIRS. Noted that Asia LY contains TWD, KRW, THB, MYR & SGD, while HY includes IDR, INR, PHP & VND.

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United States: Long-end yield at YTD high

Over the week, treasuries sold off ~20bps while S&P 500 -1% on geopolitical escalation and hawkish Fedspeak. PMI and NFP this week are unambiguously solid, while Brent broke $90 on Israel/Iran tension. Equities down 1% this week, primarily from sharp intraday reversal on Thursday due to geopolitics/Fedspeak.

Fig. 1: US30Y at YTD high

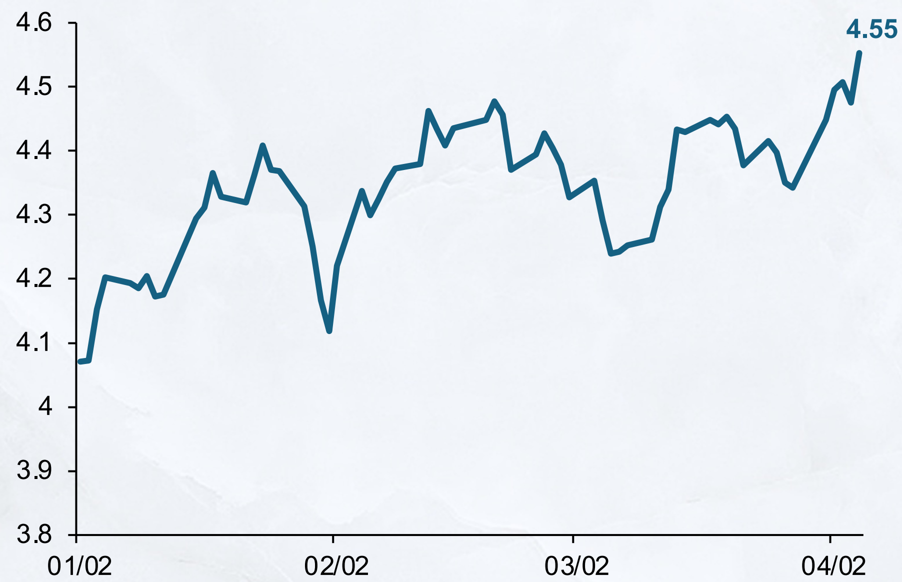
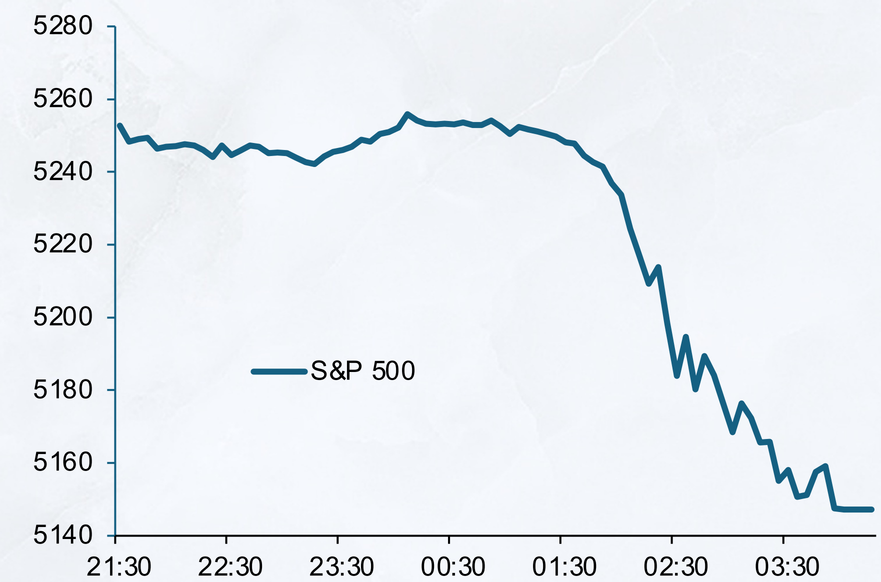


Fig. 2: Thursday reversal in equities



Hot manufacturing PMI and payroll: ISM manufacturing PMI prints at 50.3 (vs 48.5e, 47.8 prior) with strength in both manufacturing prices (55.8 from 52.5) and new orders (51.4 from 49.8). This is also the first time since 2022 November that manufacturing PMI is back in expansion territory. Interestingly, non-manufacturing PMI misses (51.4 vs 52.8e) amid a softening in both new orders and prices. NFP prints at 303k vs 212k was exceptionally strong. Unemployment rate prints at 3.8% vs 3.9% and average hourly earnings at 0.3%M inline on the whole still feels hot enough to keep the Fed patient and cast further doubt on a June cut (just below 50% in FFF pricing, 2.5 cuts priced now for this year).

Disagreement within the Fed: Powell spoke this week, largely reiterating the same message from his March FOMC presser. He indicated the softening in inflation seen in February relative to January was in line with his expectations and still looked to cut rate at some point this year (although he did comment long-run r-star may be higher than it used to be). Other Fed governors, however, showed some dissent:

- **Waller:** did not gloss over the Jan/Feb inflation data as Powell did, and repeated that he needs to see a "couple more prints" to be convinced to cut. Unlike Powell who sees the healing of global supply chains and recovery in labor supply helpful in disinflation, Waller pays less attention to supply-side and sees the risk of delaying rate cut is still far lower than cutting too soon.
- **Mester:** emphasized a patient sentiment and noted the need for more evidence that inflation is headed lower before cuts to policy rate begin. She maintains her expectation of three cuts but "it's a close call."
- **Bostic:** reiterated his expectation of only one cut this year (down from two earlier), noting they will continue to monitor if the trajectory of inflation slows and remain patient.
- **Kashlari:** floated the idea of potentially no rate cuts this year if the progress on inflation stalls.
- **Bowman:** delivered on potential sources of upside risk to inflation (e.g., fiscal to AI and housing services inflation), and she sees the risk of rate hike if inflation stalls (though not base case).

Fig. 3: ISM Manufacturing PMI – back in expansion

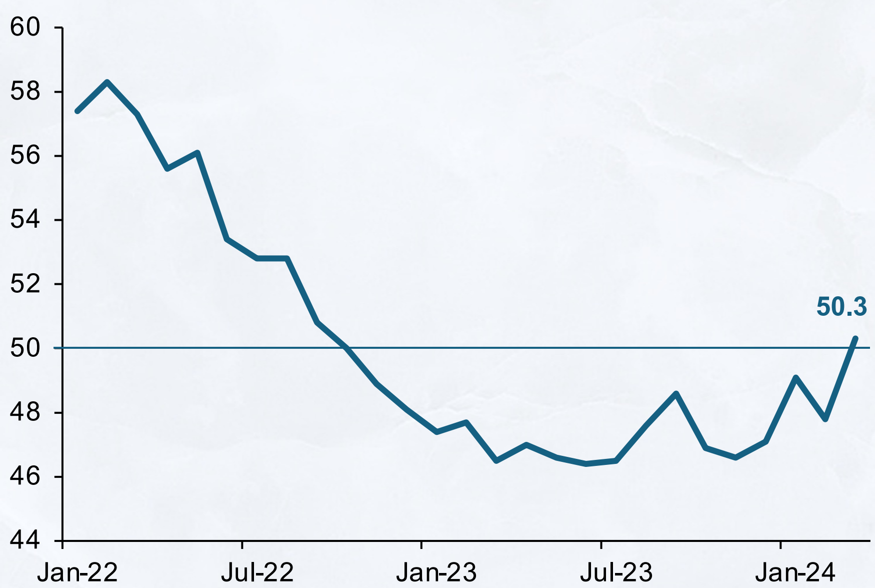
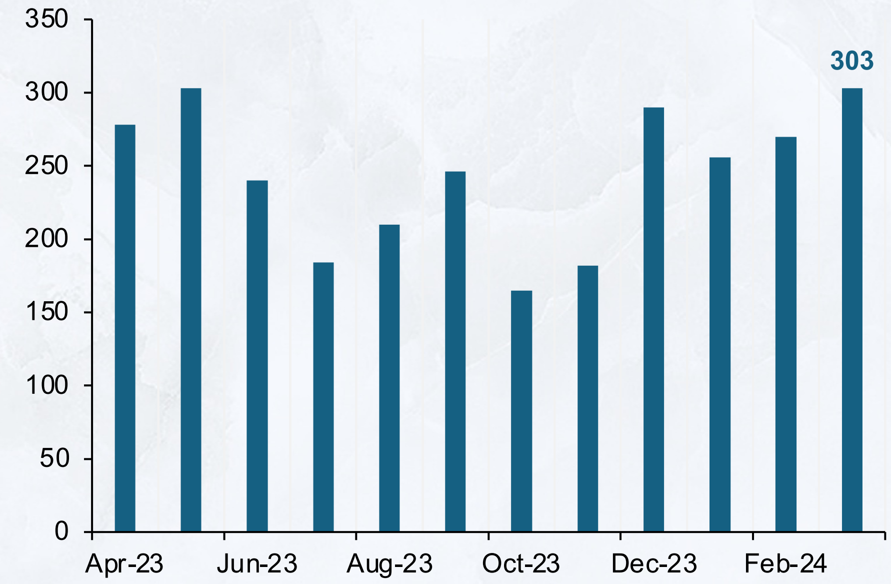


Fig. 4: Nonfarm payroll – reacceleration



Fed speaks this week reminded a general sense of patience and caution within the committee that is more hawkish than Powell's tone in March presser. As we approach the start of a rate cut cycle, different interpretations of macro data has led to split views within the Fed (remember the 10-9 vote on 3 cuts this year). While hot labor data could be attributed to an labour supply expansion from immigration, CPI next week would be the touchstone to see whether Jan/Feb inflation data was indeed "seasonal".

Israel/Iran Tension: Suspected Israel warplanes bombed Iran's embassy in Syria on Monday in a strike. Iran said 7 of its military advisers were killed. A public funeral was held on Friday, with now focus turning to potential Iran retaliation, with the US having picking up intelligence that Iran is planning a retaliatory attack with unknown timing and target. Netanyahu said Israel will "hurt those who hurt us **or plan to hurt us".** Oil surged to $90 on Thursday and equities reversed 2% intraday on risk off mode, in the worry of escalation of Israel-Hamas war into a broader Arab-Israeli conflict.

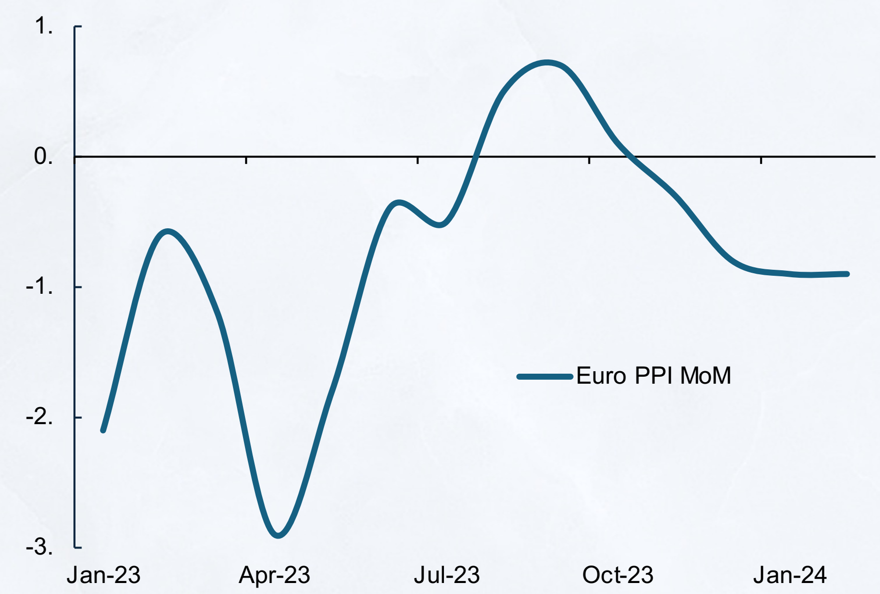
Eurozone: ECB gained more confidence from the latest inflation figure

The eurozone's annual inflation rate dropped for the third straight month to 2.4% in March, down from 2.6% in February and below the market's expectation of 2.6%. The core rate decreased to 2.9%, marking the lowest since February 2022 and below the forecasted 3.0%. The cooling inflation provides more confidence to the ECB to lower the interest rate. ECB policymakers will meet to decide the benchmark rate next week, 11 April 2024. We expect an unchanged rate as the ECB would prefer to wait for more data on wages and new forecasts from their economists before starting to ease policy. We are still confident that the ECB will start the rate cut in June as we see a continuously cooling inflation and weary demand.

Meanwhile, the Eurozone PPI dropped by 1.0% from the previous month in February, marking the most decline in 9 months, mainly driven by lower energy costs. As the PPI serves as a leading indicator for the CPI, the lower PPI figure provides more clues that the headline inflation will fall to the ECB's target.

Fig. 1: Eurozone inflation drops to 2.4% in March

Fig. 2: Eurozone PPI falls the most in 9 months



The HCOB Eurozone Composite PMI was revised upward to 50.3 in March, marking the highest level in ten months. This encouraging figure indicates improved business activity and optimistic business sentiment in the Eurozone. We think that it is because of gaining confidence in cooling inflation and a better economic outlook with lower borrowing costs in the coming months.

FX: The EUR/USD stays below 1.0850 after a strong-than-expected US nonfarm payrolls report, which suggested that the Fed may not rush in easing the monetary policy amid the continued strong labor market. With the continued easing inflation in the Eurozone which diverges from the US, we expect more pressure on Euro in the coming months.

Fig. 3: Eurozone economic activity improved

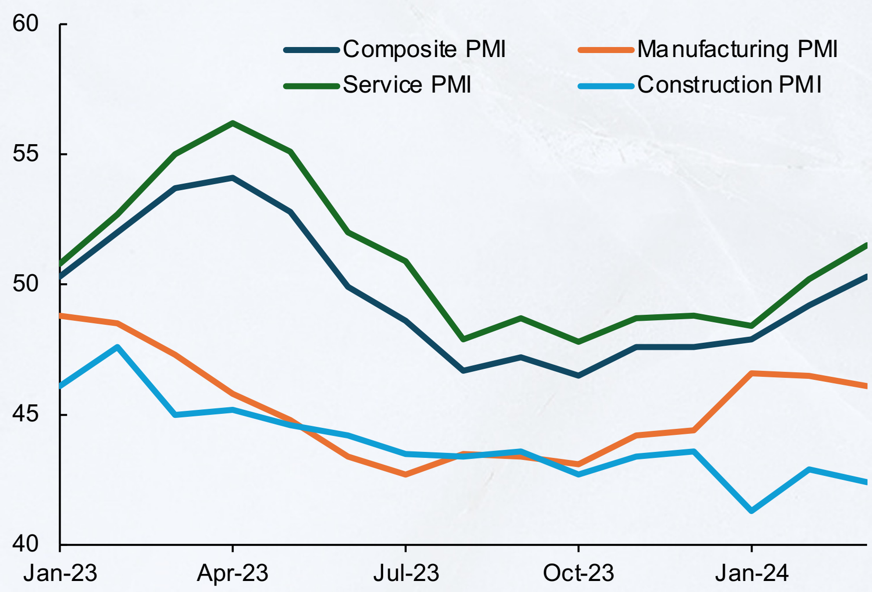
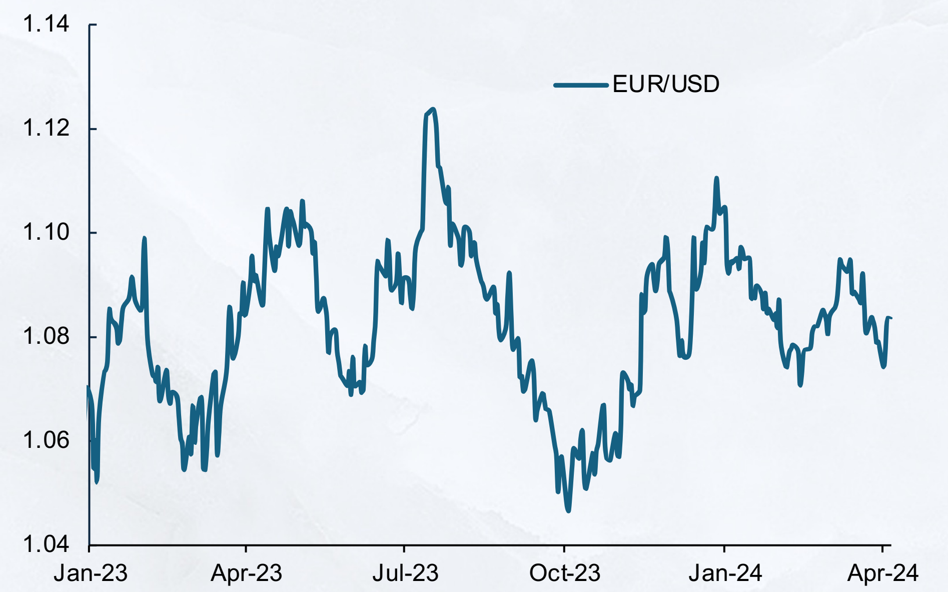


Fig. 4: EUR weakens on strong US jobs report



United Kingdom: Green shoots blossom anywhere

After a rebounded GDP figure in January, the UK PMI data also signals a rebound in the economy. S&P Global's construction PMI edged up to 50.2 in March from 49.7 the previous month, ending six months of falling output. It is worth noting that the figures for all three main sectors, services, manufacturing, and construction, are above 50 since June 2022, indicating an expansion in the economy. This reinforces our belief that the UK is escaping from shallow recession as stronger business confidence and a more optimistic economic outlook with the global economics return to normal. We think that improving real wages as inflation eases and expected interest rate cuts in the coming months are proving to be the right medicine to end the economic activity downturn, with all major sectors of the industry now showing flat or marginally rising output and larger expected consumption and demand in the future.

Net mortgage approvals for home-buyers in the United Kingdom, an indicator of future borrowing, climbed to 60.4 thousand in February from 56.1 thousand in the previous month, beating the market expectations of 56.5 thousand and marking the highest level since September 2022 as interest rates on newly drawn mortgages dropped sharply. It is encouraging to see that more consumers are returning to the mortgage market amid the current high-rate environment, though investors are betting on a first rate cut in August.

The UK government bond yield surged after a strong-than-expected US nonfarm payrolls and a hawkish speech from the Fed, as investors re-priced in their expectations of the Fed's interest rate cut and repositioned their portfolio.

Fig. 1: PMI shows an expansion in the UK economy

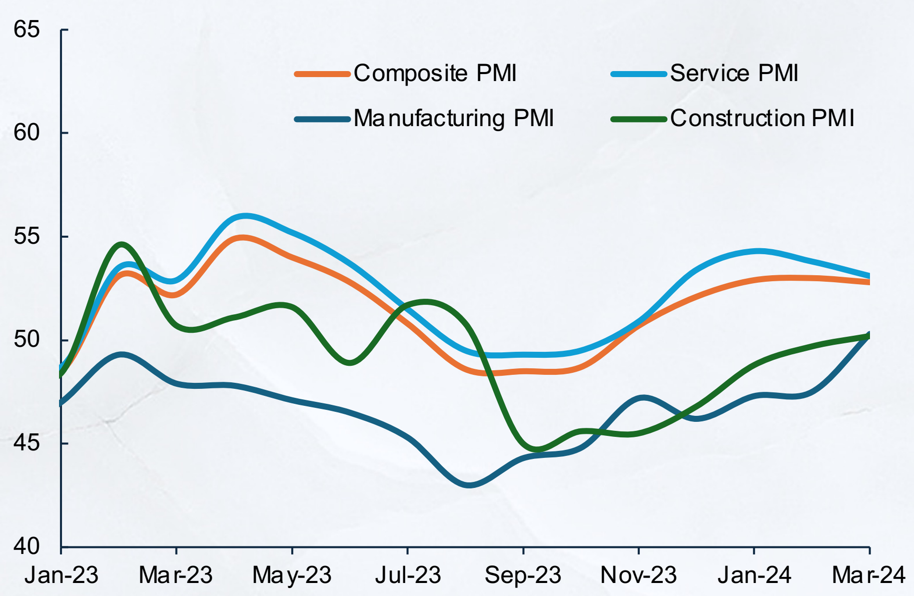


Fig. 2: UK mortgage approvals increase to 1.5-year high

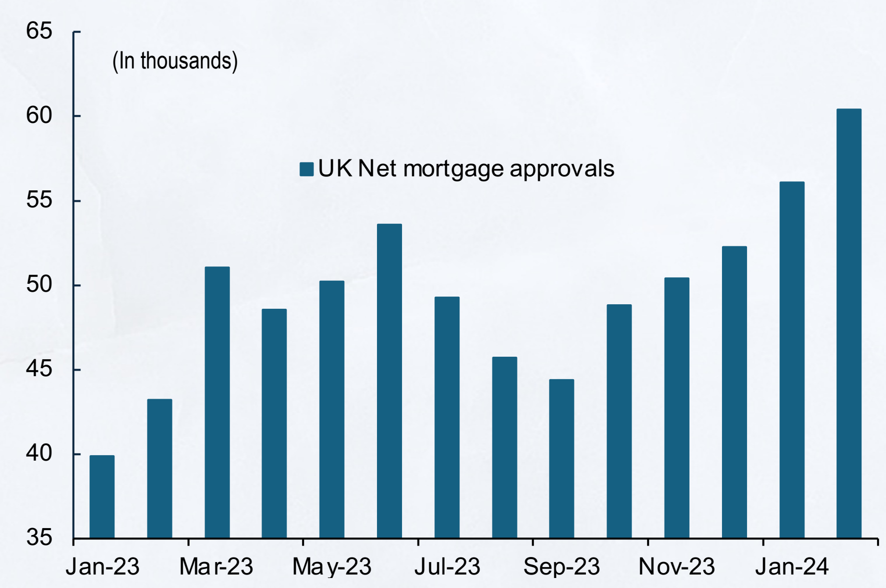
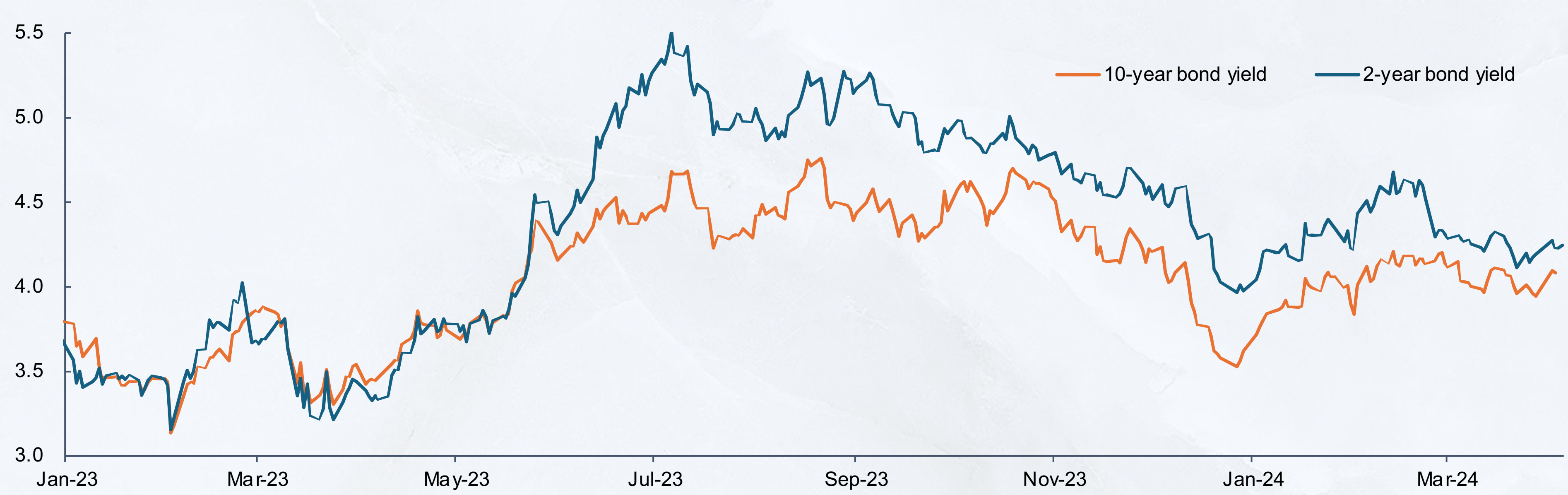


Fig. 3: UK gilts yield surges as strong US jobs data



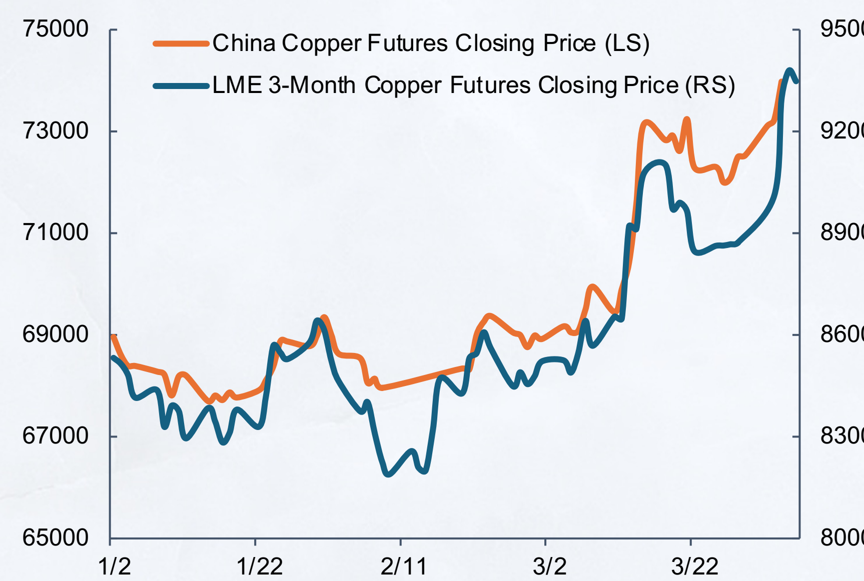
Commodity: gold and cocoa hit record highs, oil breaches $90, copper volatile

Gold price has been continuously rising, Amidst expectations of interest rate cuts by the United States, speculative buying, and central bank purchases**.** As of April 5th, it reached a new record high of $2324.15 per ounce. Against the backdrop of the continuous upward trend in international gold prices, central banks around the world have been increasing their strategic gold reserves, becoming absolute bulls in market. According to March data, top ten countries in terms of global gold reserves held 24,260.63 tons in total, an increase of 15.58 tons compared to Feb, marking 17th consecutive month of growth. Despite the record highs in gold prices, holdings of global gold ETFs have been declining. Data compiled by ING Bank shows that as of April 4th, the holdings of gold ETFs have dropped from around 856,000 ounces at the beginning of this year to approximately 820,000 ounces.

Brent crude oil has seen a 4.22% increase, reaching $91.17 per barrel. This marks the first time in five months that Brent crude oil has risen above the $90 mark. An article published on the CME Group's official website on April 5th stated that recent attacks involving major oil-producing countries have had an impact on crude oil supply. Earlier, the escalating geopolitical tensions between Iran, the third-largest oil producer in the OPEC, and Israel raised concerns about further tightening of oil supply. Next week, international oil prices are expected to remain high and volatile, with the possibility of further upward movement if the geopolitical situation continues to deteriorate. The mainstream trading range for Brent's range is expected to be $86-$92 per barrel.

Fig. 1: The international and domestic gold prices have reached new highs

Fig. 2: Copper prices continue to fluctuate upwards



Cocoa prices have surged, while the strength of USD has caused copper prices to fluctuate. The sharp decline in cocoa supply has led to record-high prices this year. Ghana, the world's second-largest cocoa producer, may only harvest 25,000 metric tons of cocoa, significantly lower than the previous forecast of 150,000 metric tons. On the other hand, London copper prices soared during the holiday period, reaching a 14-month high of $9,397.5 per metric ton on 4/4. This was mainly driven by better-than-expected manufacturing activity data from China, a major consumer of metals, as well as hopes for interest rate cuts in the United States and Europe, which boosted industrial metals reliant on economic growth. However, the subsequent better-than-expected job growth in US, along with a rise in the US dollar, led to a retreat in London copper prices from their 14-month high.

Fig. 3: Cocoa breaks the 10,000 mark, doubling Y/Y

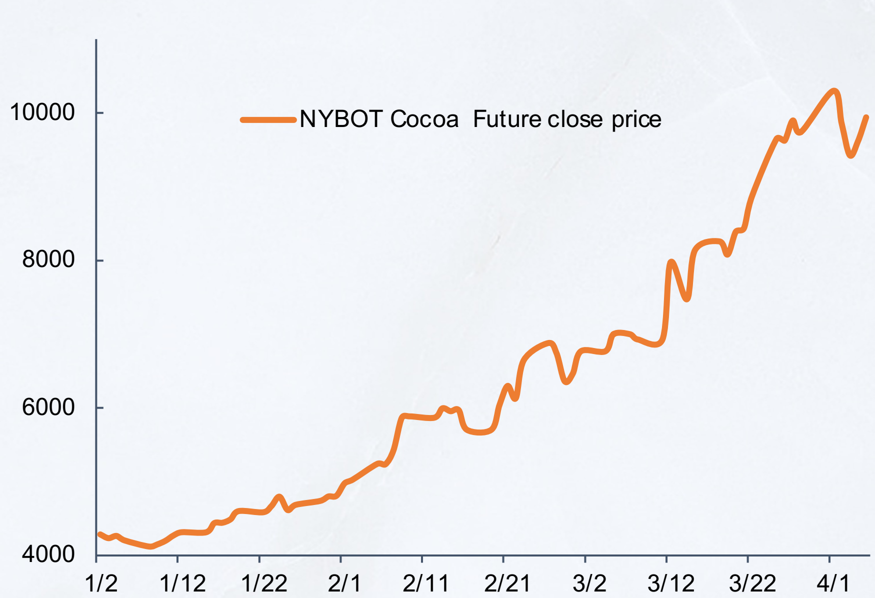
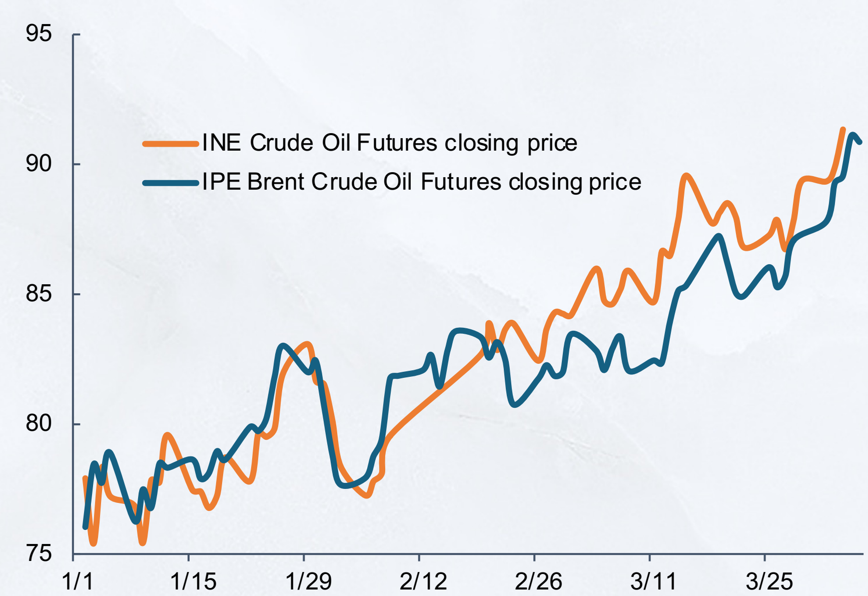


Fig. 4: International oil prices surpass $90



China: A "good start" in Q1 with cloud in housing

In March, the manufacturing PMI and non-manufacturing business activity index were 50.8% and 53.0% respectively, up 1.7% and 1.6% from the previous month. The manufacturing PMI rebounded sharply in March, returning to the expansion range after 6 months, significantly exceeding market expectations. The main driver is the rebound in orders driven by the rebounding global manufacturing prosperity. The PMI new orders index jumped from 49.0% in February to 53.0% in March (+4.0pct mom). In addition to domestic demand, external demand has also rebounded strongly. The PMI new export orders index in March recorded 51.3% (+5.0pct mom), rising back above the boom-bust line from last month. The global manufacturing PMI has continued to rise this year, which has also led to improvements in the demand side of the manufacturing industry.

In addition to the manufacturing PMI, the construction PMI and the service PMI also rebounded in March. The PMI of the construction industry in March was 56.2% (+2.7pct mom). Although it has rebounded, the absolute value remains at the second lowest level in history after the epidemic. The subsequent issuance of ultra-long-term special government bonds may "recharge" the construction industry PMI. The PMI of the service industry achieved a good result of 52.4% (+1.4pct mom). After the Spring Festival, consumption performance rebounded steadily.

The Monetary Policy Committee of the People's Bank of China will hold a regular meeting in the first quarter of 2024. We believe that the main line of this meeting continues the spirit of the Central Financial Work Conference, the Central Economic Work Conference and the National Two Sessions.

Internally, the central bank affirmed the "good start" this year. When talking about the economy, it indicated that "the recovery trend continues to improve"; in terms of prices, the central bank adjusted from the "low recovery" in the fourth quarter of last year to "moderate recovery", implying that the price level has entered the recovery range. In terms of interest rates, the central bank mentioned for the first time in its regular meeting that it "pays attention to changes in long-term yields during the economic recovery process," which shows that it is more confident in the mid-to-long-term economic recovery.

As for monetary policy, it was adjusted from "doing counter-cyclical and inter-cyclical adjustments" in the fourth quarter of last year to "doing counter-cyclical adjustments", indicating that there is still room for interest rate cuts and RRR cuts; in terms of housing, it is basically the same as the statement in the last quarter's, and the core is Simultaneous efforts will be made at both ends of supply and demand to promote a soft landing for the real estate industry.

Externally, the central bank's attitude towards stabilizing the exchange rate has not relaxed. This regular meeting maintained the strong stance in the fourth quarter of last year, "resolutely correcting procyclical behavior and resolutely preventing the risk of exchange rate overshooting." The recent stabilization of the RMB central parity rate under the strong US dollar also indicates the important goal of the central bank to stabilize the exchange rate for a certain period of time.

Overall, the U.S. dollar remains high in the short term, and the key point of China's monetary policy easing lies in whether the momentum of economic recovery in the second quarter can be sustained.

Fig. 1: Fiscal policies become more proactive

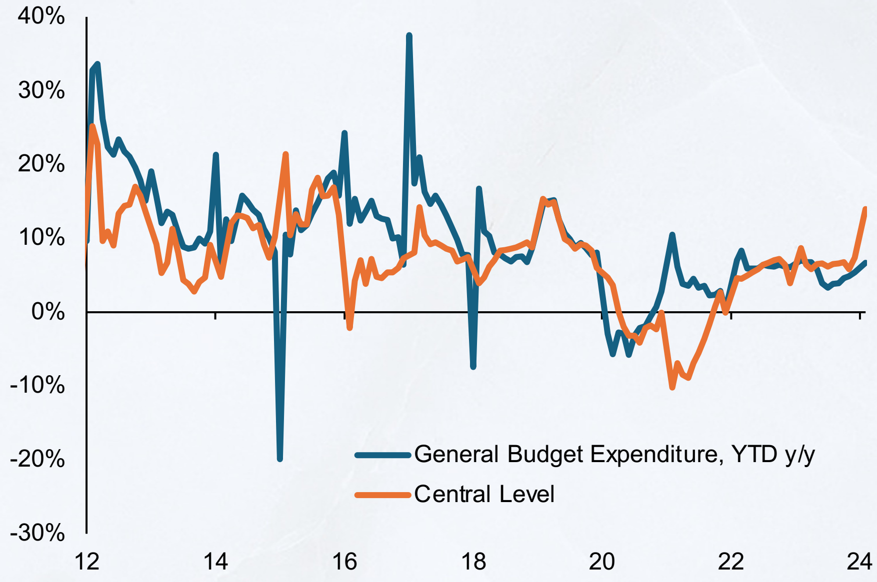
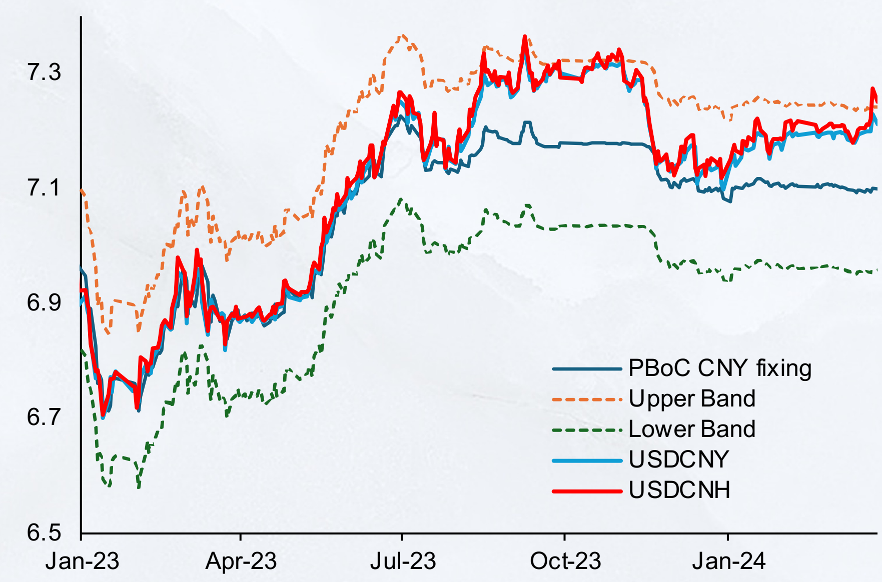


Fig. 2: RMB is currently under great pressure



Japan: Ultra Yen weakness could lead earlier hike

In an interview with Japan's Asahi newspaper, BoJ Governor Ueda asserted that "**the possibility of achieving the BoJ's long-awaited target will further increase** as wage hikes are reflected in higher consumer prices from summer through autumn" along with his declaration of intent to proceed with further short-term interest rate adjustments.

We have the view that in anticipation of sizable wage hikes continuing into 2025 against a backdrop of spillovers from previous pay increases to services prices, core CPI inflation of around 3%, further tightening of the labor market, and continuing improvement in corporate earnings, triggering our expectation on an earlier hike in September. Ueda's latest comments appear to back up this working hypothesis.

Ueda reiterated that "if exchange rate trends affect the cycle between wages and prices that cannot be ignored, that would become a reason for responding to the situation through monetary policy". It implies that while the BoJ will not have any particular exchange rate level in mind when deciding how to manage its monetary policy settings, it is prepared to step in if it senses that excessive yen weakness might be eroding households' purchasing power and thereby posing a further threat to the private consumption outlook. Such remarks are also consistent with our view that currency depreciation could end up giving the BoJ cause to hike sooner rather than later. Although the decisive factor that led the BoJ to end its negative interest rate policy in March was that the initially reported average spring wage hike came in at an extremely high 5.3%, we believe that concerns about a potential adverse impact of yen weakness on household spending may also have factored into its thinking to some degree.

Oil prices have meanwhile been rising of late amid escalating geopolitical tensions, and although households should receive at least some relief from additional pay increases as well as June's one-off income tax cut, we think any further weakening of the yen is liable to be seen as doing more harm than good and thus deserving of some sort of response from the BoJ. That said, if the yen were to depreciate sharply from here, we think the initial response from Japanese authorities will likely be yen-supportive intervention by the Ministry of Finance. The BoJ might bring forward a rate hike if the MoF's action fails to achieve the desired outcome.

As we stated in our APAC FX analysis, **It's time to eye on Asian central banks' actions again**. USDJPY has risen on what the market saw as the BoJ's "dovish hike" at its March monetary policy meeting. The yen's decline can continue if the Fed does not cut the rate as much as the price. We argue FX intervention is a realistic option for Japanese government to combat the yen's weakness. The risk of intervention increases with USD/JPY 152-155 and/or 1m implied vol above 10. Moreover, the magnitude of intervention may be initially limited to JPY2-4trn / shot and JPY11-12trn total, and smoothing type intervention may be more likely this time.

However, FX intervention is not a fundamental fix for the yen; For Japan to use domestic policies to reverse the JPY weakness, we believe that a "kitchen sink" approach is required. This likely means engendering a material shift in capital back to Japan via a combination of changed GPIF asset allocation and more aggressive BoJ rate hikes. Another BoJ hike may come as early as July if the JPY keeps weakening, as of now it seems that the BoJ will be reactive to currency weakness rather than proactive in trying to encourage currency strength.

Fig. 1: short positions are breaking historical high

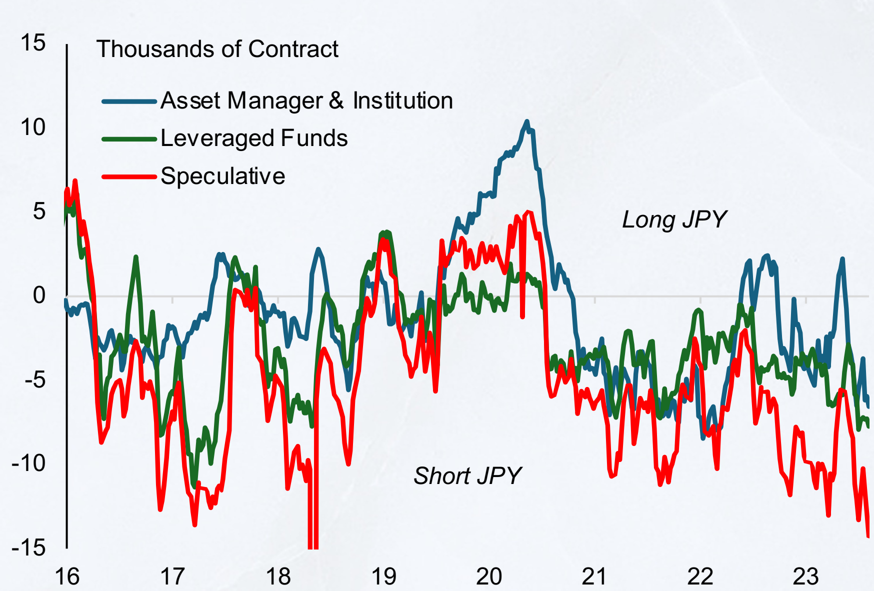
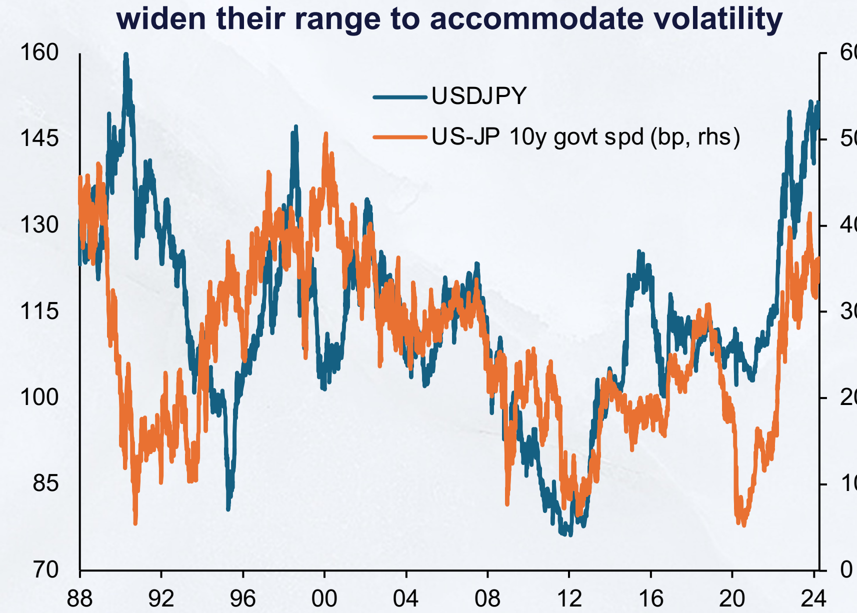


Fig. 2: The break of 30y range could make Asian CBs widen their range to accommodate volatility



Korea: Sticky headline CPI and gradual export recovery

The slowdown in export recovery is primarily due to the Deceleration in semiconductor export growth. South Korea's March customs exports increased 3.1% y/y (which was 4.8% in February), fall short of BBG's expectation of 4.2%. With adjustment for number of working days, average daily shipments also came in softer, with increasement of 9.9% from a year earlier (which was 12.5% in February). The trade surplus came to $4.3 billion. South Korean semiconductor export increased 35.7% (which was 63.0% in February) from a year earlier in March to $11.7 billion. Despite this is the all-time high since the $12.3 billion recorded in June 2022, semiconductors still drove the overall softening of % y/y momentum in exports. Although the semiconductor exports slowdown was partially driven by the high base in 2023, the indication of a halt in the DRAM daily spot price suggests that the ongoing rebound in memory markets could be limited by the persistently restrained global demand for electronic products. However, we may continue to anticipate that demand from major economies will propel South Korea's exports for the remainder of 2024.

Noncore components (food and oil) keep March headline CPI inflation sticky. The March headline CPI inflation rate remained steady at 3.1% y/y, matching February's figure, which slightly exceeded expectations (BBG consensus: 3.0% y/y). However, m/m inflation softened to 0.2%, compared to 0.4% in February. The sustained headline CPI inflation was primarily driven by the increase in international oil prices due to geopolitical tensions and elevated food prices. To mitigate "shopping basket inflation," the South Korea government has already authorized a budget allocation of 150 billion KRW to fund subsidies, temporarily reduce tariffs on improved agricultural goods, and instructed one of Korea's major wheat flour producers to lower prices by 6.6%. Nevertheless, domestic agricultural and seafood prices remain elevated, largely due to last year's adverse weather conditions affecting production levels, the relatively closed nature of Korea's agricultural markets, and inefficiencies in the domestic supply chain. Core inflation has maintained its sequential momentum since February, although upward momentum is constrained by weak private consumption. The impact of rising living costs on inflation expectations among the public may potentially delay the BoK decision to cut interest rates.

Fig. 1: Noncore components keep disinflation bumpy

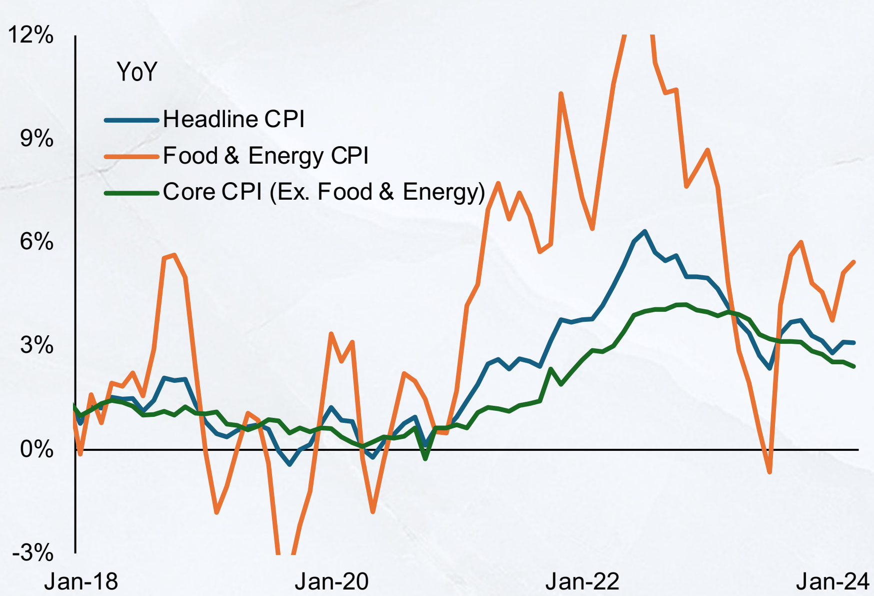
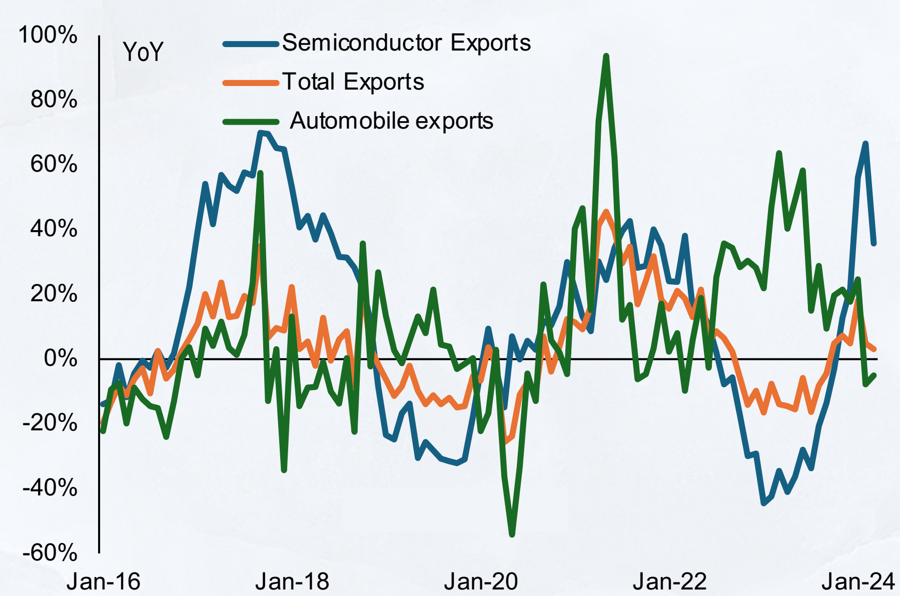


Fig. 2: Semiconductor industry leads export recovery



The current account surplus has maintained black for ten consecutive months. The current account of South Korea has posted a surplus of $6.86 billion in February 2024 from USD3.05bn in January, primarily owing to increased trade surplus and investment income. The trade surplus reached USD6.61bn (which was USD4.2bn in January), as exports increased by 3.0% y/y to $52.16 billion and imports decreased by 12.2% y/y to $45.55 billion. The weakening of commodity prices and auto demand covered the effect of goods exports softening. On the other hand, the primary income surplus increased to USD2.4bn (which was USD1.6bn in January) owing to the dividend income on equity. The primary income could continue to expand as more dividends will be paid in April. Besides, the services deficit narrowed modestly to USD1.8bn from USD2.7bn in January, mainly because of the modest recovery of the seaborne transportation and tourism surplus.

As for financial accounts, the enthusiasm of retail investors remained lit in February. Notably, the investment abroad in February has reached the highest since 2022 to USD9.0bn, +39% m/m, +248.0% y/y. This was driven by residents' net overseas equity and bond purchases, as well as NPS and shareholders continuing purchases of overseas assets. However, the foreigners' portfolio inflows have also been strong, keeping the portfolio investment balance at a deficit of USD1.6bn. More long-term real money is expected to be potentially attracted around the globe after the inclusion of the flagship WGBI in 2024 or early 2025.

Fig. 3: The CA surplus turned positive since May 2023

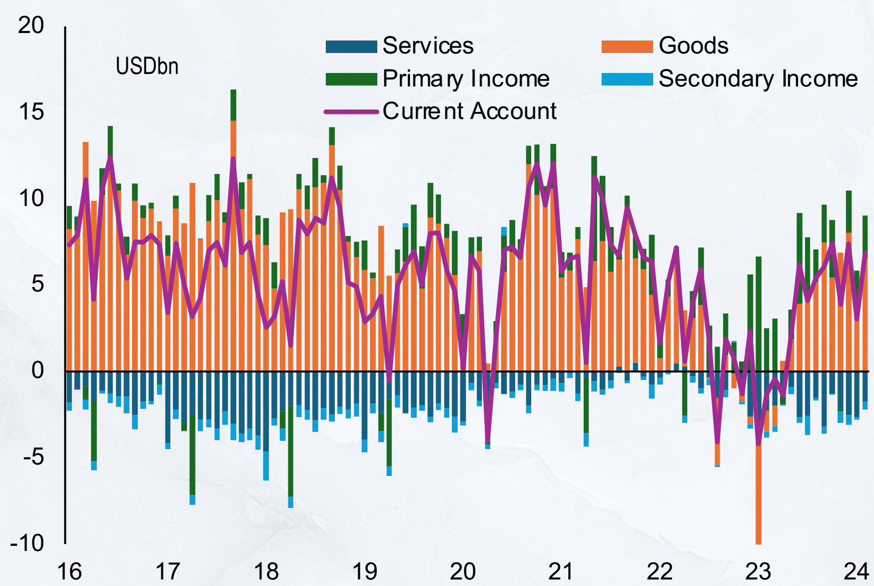


Fig. 4: BBBoP has softened in Feb

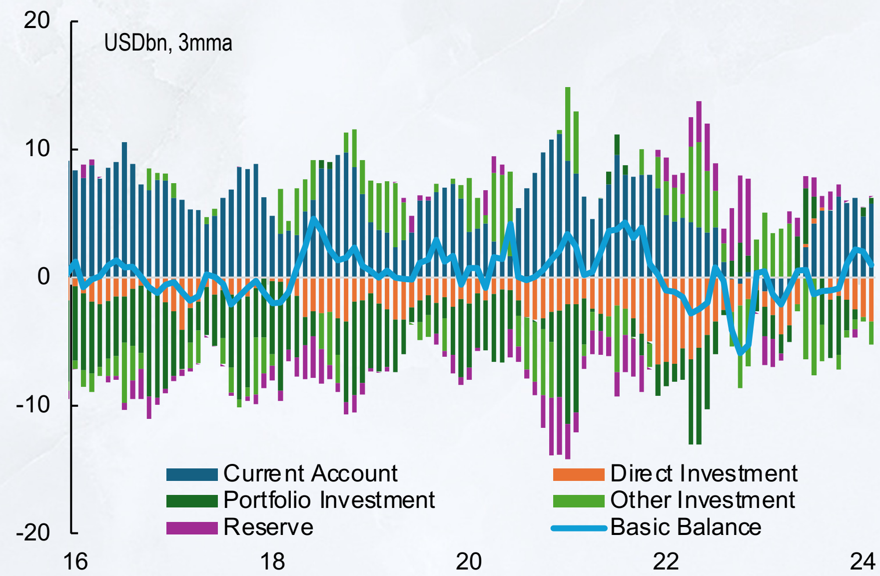


Fig. 5: Service deficit widen with less tourist arrivals

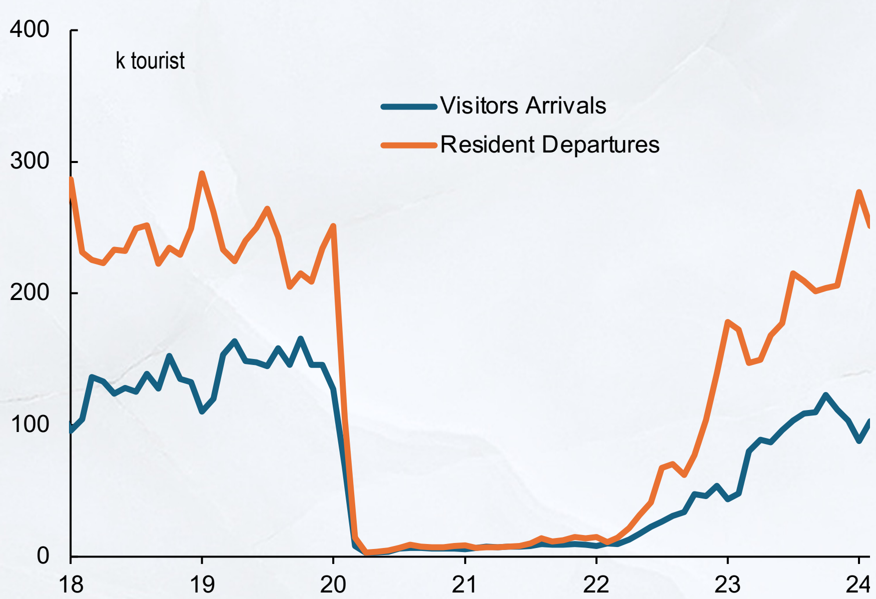


Fig. 6: Foreigner interests on local asset remain strong

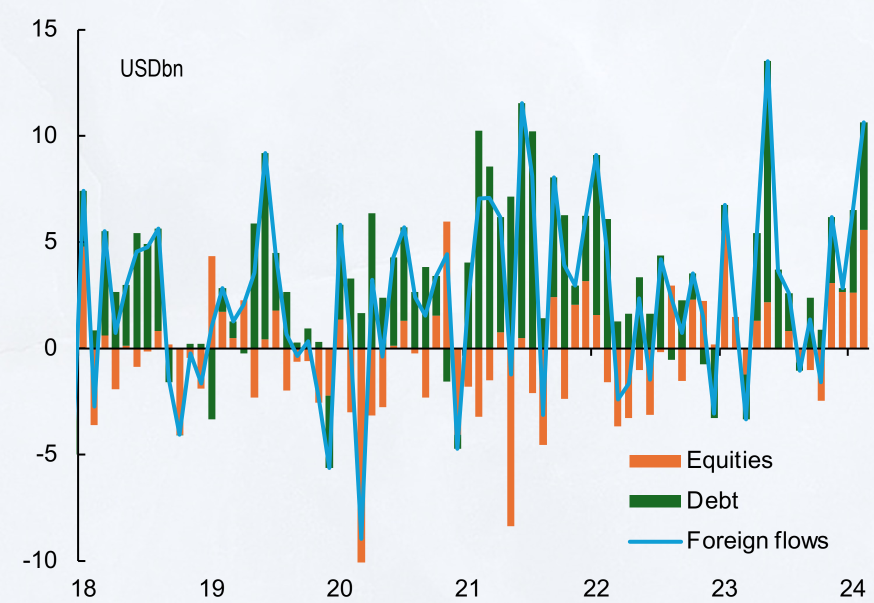
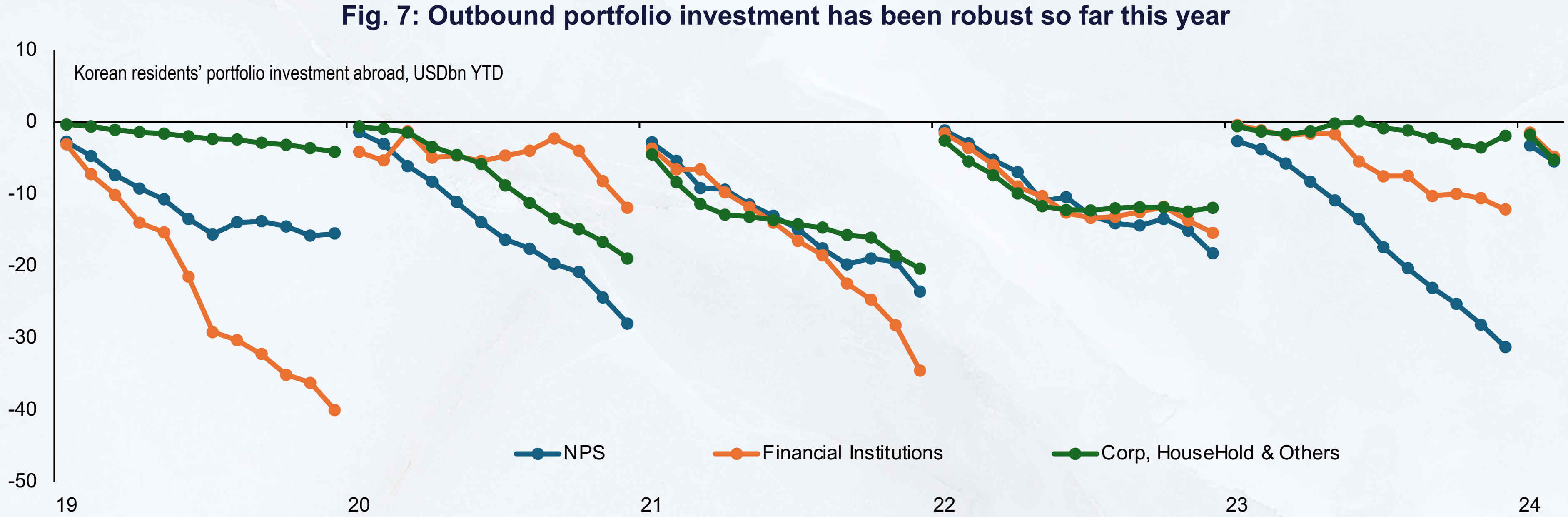


Fig. 7: Outbound portfolio investment has been robust so far this year



Taiwan: The largest quake in 25 years brings only limited impact

A magnitude 7.4 earthquake shook Taiwan at 7:58am local time on 3 April 2024. The earthquake hit 25.0km south-southeast of Hualien, a city in eastern Taiwan that has had six major earthquakes in the past 10y. However, this earthquake marked the strongest we track since the island-wide earthquake on 21 September 1999 (magnitude 7.7).

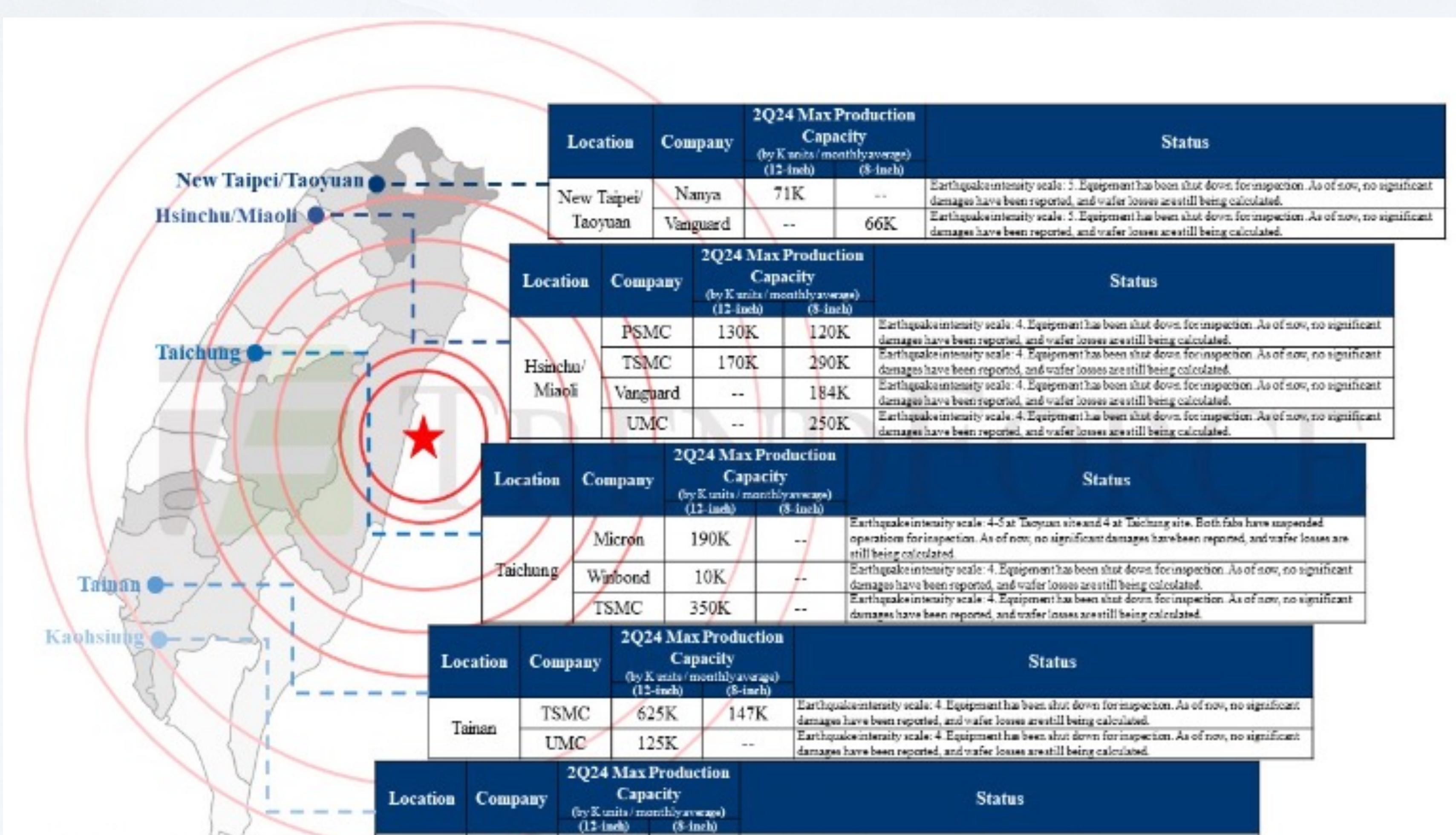
Electronics supply chain impact could create some disruption. While casualties and damages are still being assessed, there have been reports of industrial disruptions in Taiwan. TSMC reportedly moved its staff out of certain areas and is assessing the impact of temblor, and United Microelectronics (UMC)'s operations were also disrupted in some of its plants. Micron also is reportedly evaluating operations in Taiwan following the earthquake. Some chip assembly companies, such as ASE, reported operation remains normal. TSMC preliminarily said it would take around six hours to inspect the damages and estimated a USD60mn impact on its second-quarter earnings from the earthquake.

According to Trendforce, Most wafer foundries were situated in areas that experienced a Level 4 intensity shake. Owing to the high-spec construction standards of Taiwan's semiconductor factories, which feature world-class seismic mitigation measures capable of reducing seismic impacts by 1 to 2 levels, the facilities were largely able to resume operations after inspection shutdowns quickly.

The quake could support DRAM price in short term. Micron, with its DRAM production capacity mainly located in Taiwan, has led the suspension of DRAM pricing, with a reassessment of post-disaster losses to restart negotiations for 2Q24 contract prices. Furthermore, Samsung and SK hynix have also halted their pricing, opting to wait and see the market's direction. Despite the earthquake, the spot market for DRAM and NAND Flash memory had been showing signs of weak demand for several weeks. Therefore, although Micron and Nanya experienced shutdowns, the ample supply has prevented significant price fluctuations. The overall price increase was minimal, with purchasing enthusiasm remaining low. TrendForce concludes that while there may be a slight short-term increase in DRAM spot prices, the continuation of this trend is uncertain due to persistent weak demand.

Regarding wafer foundry operations, TSMC's R&D headquarters Fab 12 suffered some water damage to equipment due to broken pipes, mainly affecting the not-yet-mass-produced 2nm process. This is expected to have a short-term impact on operations, potentially necessitating the acquisition of new equipment, thus slightly increasing capital expenditures. Its advanced 5/4/3nm process plants, boasting higher capacity utilization rates, did not evacuate personnel and managed to resume more than 90% of their operations within 6–8 hours post-quake, with impacts remaining within controllable limits.

Fig. 1: The quake could imply a short-term interruption on advanced chip manufacturing



Location	Company	2Q24 Max Production Capacity (by K units / monthly average) (12-inch)	(8-inch)	Status
New Taipei/ Taoyuan	Nanya	71K	--	Earthquake intensity scale: 5. Equipement has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.
	Vanguard	--	66K	Earthquake intensity scale: 5. Equipment has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.

Location	Company	2Q24 Max Production Capacity (by K units / monthly average) (12-inch)	(8-inch)	Status
Hsinchu/ Miaoli	PSMC	130K	120K	Earthquake intensity scale: 4. Equipment has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.
	TSMC	170K	290K	Earthquake intensity scale: 4. Equipement has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.
	Vanguard	--	184K	Earthquake intensity scale: 4. Equipement has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.
	UMC	--	250K	Earthquake intensity scale: 4. Equipment has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.

Location	Company	2Q24 Max Production Capacity (by K units / monthly average) (12-inch)	(8-inch)	Status
Taichung	Micron	190K	--	Earthquake intensity scale: 4-5 at Taoyuan site and 4 at Taichung site. Both fabs have suspended operations for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.
	Winbond	10K	--	Earthquake intensity scale: 4. Equipement has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.
	TSMC	350K	--	Earthquake intensity scale: 4. Equipment has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.

Location	Company	2Q24 Max Production Capacity (by K units / monthly average) (12-inch)	(8-inch)	Status
Tainan	TSMC	625K	147K	Earthquake intensity scale: 4. Equipment has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.
	UMC	125K	--	Earthquake intensity scale: 4. Equipment has been shut down for inspection. As of now, no significant damages have been reported, and wafer losses are still being calculated.

Location	Company	2Q24 Max Production Capacity (by K units / monthly average) (12-inch)	(8-inch)	Status
Kaohsiung	Winbond	14K	--	Earthquake intensity scale: 3-4. The fab continues to operate normally.

Source: TrendForce, Apr., 2024

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