

First to Market

June 23, 2026

IS AMD'S TAIWAN PLAY REALLY A SUPPLY-CHAIN BET?



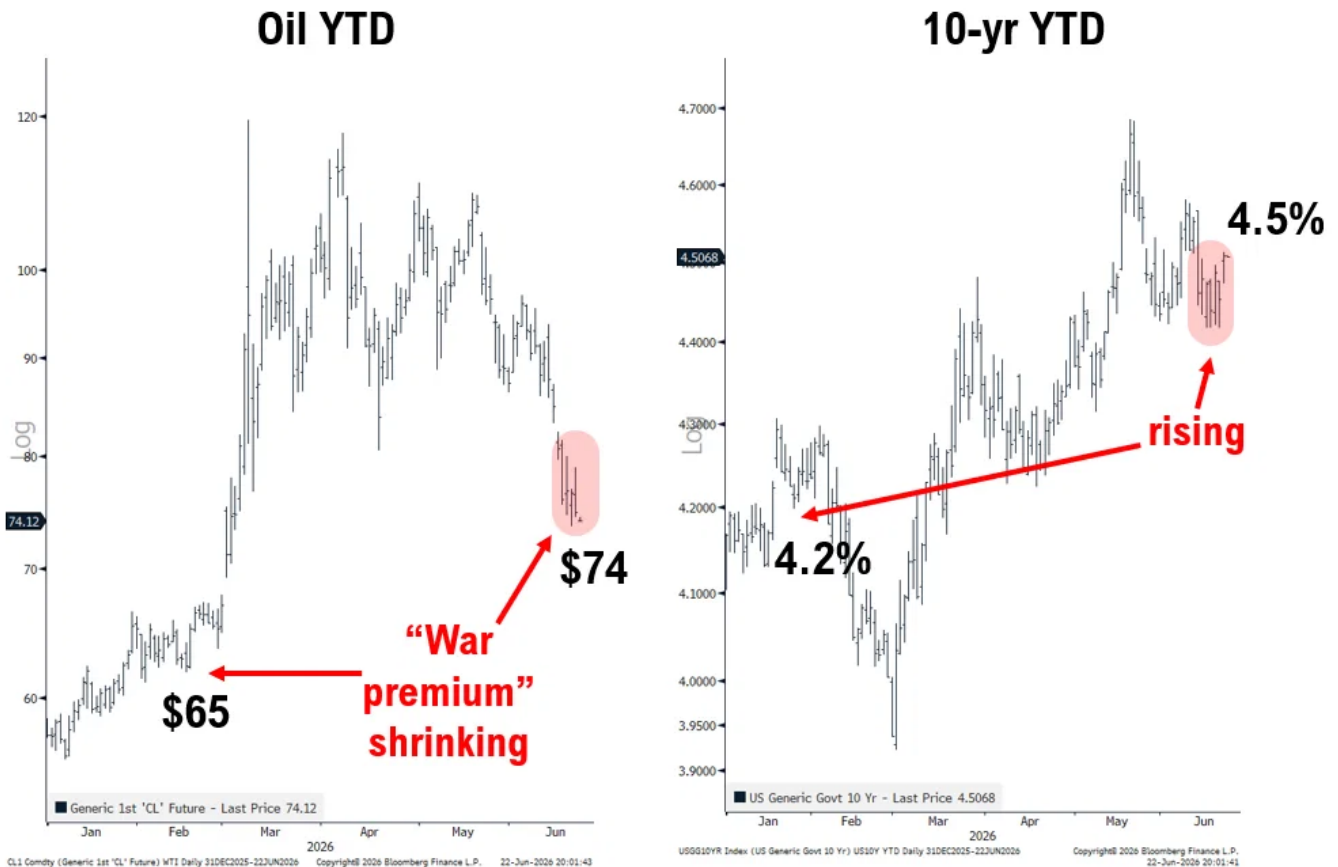
Kent Fung

VICE PRESIDENT, MARKET INTELLIGENCE

"One word sums up probably the responsibility of any vice-president, and that one word is 'to be prepared'." – Dan Quayle

Chart of the Day

INFLATION: Oil and 10-yr yields tell different stories



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Good morning!

Earlier this year, while investors were focusing on Iran-related geopolitics, the changing of the guard at the Federal Reserve, and the evolving situation with global tariffs, the Taiwanese stock market quietly became one of the largest in the world. It is now larger than the United Kingdom's by market value, and within the MSCI's Emerging Markets Index, it has a larger weighting than China.

It will surprise few Fundstrat readers to learn that the primary driver behind this development is Taiwan Semiconductor Manufacturing Corp \$TSMC, whose longtime importance to the tech sector has only intensified alongside the AI boom. It might be a mistake to think that Taiwan is a one-trick pony, however.

Certainly AMD chief executive Lisa Su doesn't think so. Su recently announced that AMD would be investing \$10 billion in Taiwan's tech sector. AMD's investments will take the form of partnerships and collaborations with an array of Taiwan-centric companies, including Sanmina \$SANM, ASE \$ASX, and SPIL (an ASE subsidiary). (Sanmina is based in the U.S. but has a significant presence in Taiwan.)

It's worth noting that almost all of the companies AMD listed have (and we assume will maintain) existing relationships with AMD's leading rival, Nvidia. In that light, AMD's move can be seen as a strategic investment in its own supply chain, a way of ensuring that it has access to the products, services, and/or expertise it needs to bring its own AI offerings to market.

Here's a different way of looking at it: AMD and Su took a look down the road at the supply-chain bottlenecks that might impede their operations in the near to intermediate future, and they moved to mitigate that risk. Having gone through multiple such bottlenecks since the end of the pandemic, most recently with memory stocks, AMD's proactiveness makes sense.

For investors, therefore, there might be a signal in AMD's list regarding what types of stocks might stand to behave like memory chipmakers have in recent months if potential shortages do in fact materialize.

ASE and SPIL are companies that specialize in the packaging and testing of semiconductors. After silicon wafers are etched with billions of transistors and cut into individual chips (typically this has been happening at TSMC), those chips remain incredibly fragile and thus, virtually unusable until they have been packaged into a protective casing that comes outfitted with wires or leads that allow them to be mounted on circuit boards and installed into machines. Sanmina, meanwhile, is a contract manufacturer whose business lines include the manufacture of AI server racks. (Similar observations can be made about the other companies in which AMD intends to invest and/or collaborate, though the others are traded only on the Taiwan Stock Exchange.)

To me, the takeaway is that the bottlenecks facing the AI industry might have shifted – or expanded to a new front. As the industry increasingly looks for every possible

way to eke out performance improvement at every stage from design to installation and beyond, it might be time for investors to consider previously overlooked parts of the process.

Economic data summary:

On Alan Greenspan: Alan Greenspan, the former chair of the Federal Reserve from 1987-2006, passed away yesterday at the age of 100. Although his impact on monetary policy and the U.S. economy is undisputed, opinions about his legacy are mixed. He famously coined the term “irrational exuberance” in a 1996 speech to describe how surging stock prices were detached from logic. “But how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?” he said. Shortly after the dot-com bubble popped, he oversaw a cut in the Fed funds rate to a shocking 1% to tackle the 2001 recession. Over the following years, lower interest rates encouraged increased borrowing, which contributed to a housing boom. Critics argue that this policy, among others, contributed to the 2008 financial crisis. Rest in Peace. — *Kieran McBride*

Share your thoughts

What do you make of AMD's Taiwan investments? Click [here](#) to send us your response.

Here's what a reader commented

Q: Does declining interest of foreign scientists studying and working in the U.S. concern you?

A: I see your point on attracting the best of the best. But as a father of a daughter who went through the college mill this year, I found myself wondering why America doesn't worry more about Americans. My lovely daughter will be fine and will thrive where the Lord leads her, but don't tell me the big problem we have is a slowdown in

citizens of other [countries] being warmly welcomed here. I have no problem with sharing the bounty but the bounty is being denied many here.

Catch up with Fundstrat

Stocks have not advanced in the past week with the S&P 500 at 7,500. In our view, this reflects investors still digesting Kevin Warsh's first appearance as Fed Chair.

Technical

After the Mag 7 have fallen in relative terms since January, the recent weakness now looks like an opportunity, with weekly DeMark exhaustion present on the \$MAGS/\$QQQ ratio and \$MAGS itself pulling back to initial support.

Crypto

In terms of looking for bullish takeaways amidst what was unequivocally a hawkish output from the yesterday's Fed meeting, I think it is that right now, the 2Y yield is rising while 2Y inflation swaps are moderating alongside a commodity complex that is showing signs of relief. This suggests that the rise in yields is being driven by real growth rather than inflation.

News We're Following

Breaking News

- Big Tech leads sell-off in global stocks FT
- U.S. issues sweeping Iran oil sanctions waivers, unlocking billions in revenue for Tehran CNBC

Markets and economy

- 'Looking over our shoulder:' traders are loading up on Vix calls BBG

- US gasoline prices tumble for sixth straight week REU

Business

- Fatal Tesla crash into Texas home now under federal safety investigation WSJ
- Amazon Prime Day shoppers plan to hold out for steep discounts BBG
- Heineken names outsider Rafael Oliveira as CEO tasked with boosting sales REU

Politics/U.S.

- AI groups spend \$20 million in New York race pitting Bores, Lasher, Schlossberg CNBC
- Senate overwhelmingly passes sweeping bipartisan housing affordability bill HILL
- Nancy Guthrie: Ransom note connected to her disappearance said she had died CNN

Overseas

- AI-powered threats may succeed 'within months', Five Eyes warns FT
- Right-wing populist wins Colombia presidential runoff SEM
- A red alert over France, and heat that may rewrite the record books AP

Of Interest

- Clive Davis, music mogul behind Whitney Houston and Bruce Springsteen, dies aged 94 BBC
- Here's what 'the most important Mozart discovery in decades' sounds like NYT

Overnight

S&P Futures	-100 ▼ point(s) (-1.33% ▼)
overnight range:	-120 ▼ to +8 ▲ point(s)

APAC

Nikkei	-3.55% ▼
Topix	-2.56% ▼
China SHCOMP	-1.37% ▼
Hang Seng	-1.82% ▼

Korea	-9.99% ▼
Singapore	+0.03% ▲
Australia	-0.33% ▼
India	-1.16% ▼
Taiwan	-1.34% ▼

Europe

Stoxx 50	-1.11% ▼
Stoxx 600	-0.85% ▼
FTSE 100	-0.43% ▼
DAX	-0.94% ▼
CAC 40	-0.61% ▼
Italy	-1.36% ▼
IBEX	-0.55% ▼
Canada	+0.42% ▲
Mexico	-0.86% ▼
Brazil	+1.21% ▲

FX

Dollar Index (DXY)	+0.27% ▲ to 101.29
EUR/USD	-0.39% ▼ to 1.1384
GBP/USD	-0.29% ▼ to 1.3212
USD/JPY	+0.04% ▲ to 161.50
USD/CNY	-0.15% ▼ to 6.7864
USD/CNH	-0.20% ▼ to 6.7914
USD/CHF	-0.15% ▼ to 0.9000

USD/CHF	-0.10% ▼ to 0.8099
USD/CAD	-0.22% ▼ to 1.4190
AUD/USD	-0.99% ▼ to 0.6933

UST Term Structure

2Y-3M Spread narrowed	-3.2bps ▼ to 42.1bps
10Y-2Y Spread widened	1.0bps to 28.8bps
30Y-10Y Spread widened	1.4bps to 45.1bps

USD HY OaS

All Sectors	+6.9bps ▲ to 296bps
All Sectors ex-Energy	+6.8bps ▲ 294bps
Cons Disc	+7.6bps ▲ to 472bps
Indu	+7.0bps ▲ to 246bps
Tech	+5.3bps ▲ to 222bps
Comm Srvcs	+7.6bps ▲ to 291bps
Materials	+3.9bps ▲ to 246bps
Energy	+6.9bps ▲ to 281bps
Fin Snr	+6.8bps ▲ to 197bps
Fin Sub	+6.9bps ▲ to 297bps
Cons Staples	+10.6bps ▲ to 455bps
Healthcare	+7.0bps ▲ to 312bps
Utes	+5.7bps ▲ to 202bps *

DATE

TIME DESCRIPTION ESTIMATE LAST

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
6/23	9:45 AM	Jun P S&P Srvcs PMI	51.1	50.7
6/23	9:45 AM	Jun P S&P Manu PMI	54.6	55.1
6/24	10:00 AM	May New Home Sales	638.35	622
6/24	10:00 AM	May New Home Sales m/m	3.3	-6.2
6/25	8:30 AM	May PCE m/m	0.5	0.4
6/25	8:30 AM	May Core PCE m/m	0.31	0.24
6/25	8:30 AM	May PCE y/y	4.1	3.8
6/25	8:30 AM	May Core PCE y/y	3.4	3.2892
6/25	8:30 AM	1Q F GDP QoQ	1.6	1.6
6/25	8:30 AM	May P Durable Gds Orders	-5	8
6/26	10:00 AM	Jun F UMich 1yr Inf Exp	4.8	4.6
6/26	10:00 AM	Jun F UMich Sentiment	50	48.9

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