Taiwan Tech Margins Could Weaken Under A Persistently Strong Exchange Rate, Says Report

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This report does not constitute a rating action.

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A persistently strong new Taiwan dollar (NT$) would erode margins for Taiwan's tech firms and weaken their cost competitiveness. While this is unlikely to significantly erode the overall financial strength of most rated tech companies in 2025-2026, it could prove more painful for those heavily reliant on domestic production with little flexibility to shift manufacturing overseas.

That's according to a report Taiwan Ratings published today, titled "**Taiwan Tech Brief: Margins Could Weaken Under A Persistently Strong Exchange Rate**."

"A weaker U.S. dollar would reduce margins on tech firms' predominantly U.S. dollar-denominated revenues, at least in the near term," said Taiwan Ratings credit analyst Anne Kuo.

"We view semiconductor and component companies have higher foreign exchange risk than other technology subsectors," Ms. Kuo said.

"Sustained appreciation of the new Taiwan dollar against regional currencies could therefore incentivize manufacturing relocation overseas over the next few quarters."

The full report is available to subscribers of TRC's Rating Research Service (https://rrs.taiwanratings.com.tw/) and for members of the media by contacting Simon Chen at +886-2-2175-6871 or via email at simon.chen@taiwanratings.com.tw.