

TSMC's resurgence: What lies ahead for the architect of AI



🕒 5 minute read | 11 Jun 2025

📄 Shares

🌐 International shares

Related products

Taiwan Semiconductor Manufacturing Co Ltd ▲ 2.305pts (0.59)% - Day

Sell 387.88 Buy 387.93



Client sentiment



Pricing is indicative. Past performance is not a reliable indicator of future results. Client sentiment is provided by CMC Markets for general information only, is historical in nature and is not intended to provide any form of trading or investment advice - it must not form the basis of your trading or investment decisions. Number of instruments available on MT4 may vary.

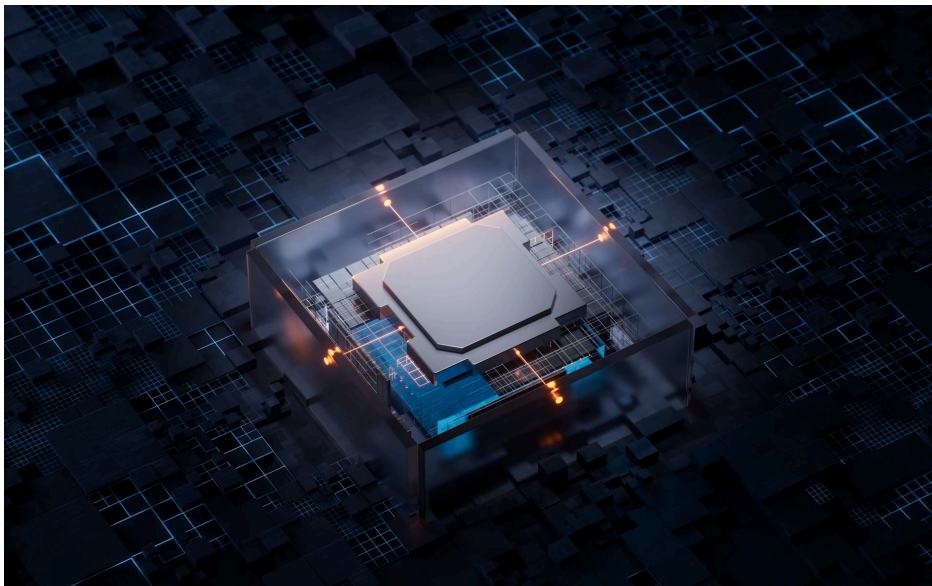


Table of contents

1. AI's engine room: TSMC's chip dominance
2. Going global: TSMC's strategic power move
3. Capex fuels the AI future
4. Analyst view
5. Final word

AI and U.S. growth stocks have rebounded to record highs after declines earlier this year, particularly in February and March. This has resulted in positive performance for investors in IT and AI sectors. At

Support

the heart of this resurgence is Taiwan Semiconductor Manufacturing (TSM), better known as simply “[TSMC](#)”, the silent powerhouse behind the AI boom. The stock is within grasp of yet another historic high around the \$225 mark. TSMC produces the chips that drive everything from Nvidia’s GPUs to Apple’s iPhones, and it’s now experiencing accelerated growth fuelled by surging AI demand, global factory expansion, and massive capital investment.

AI’s engine room: TSMC’s chip dominance

Many tech giants are currently riding the AI wave, but when it comes to TSMC, it’s more appropriate to say that the company is steering it. As the world’s largest contract chipmaker, it produces the advanced processors that [Nvidia \(AMD\)](#), and [Apple \(AAPL\)](#) rely on to bring AI to life. In TSMC’s latest earnings call in April, CEO C.C. Wei revealed that AI chip revenue, which tripled in 2024, is expected to double again this year.

This is currently a major tailwind for TSMC, driving a 41.6% year-over-year revenue surge. Specifically, advanced 3nm and 5nm chips, critical for AI’s heavy lifting, made up 73% of wafer sales. With cloud giants like [Microsoft \(MSFT\)](#) and [Amazon \(AMZN\)](#) building AI data centres at breakneck speed, the company’s factories are running at full capacity, with no signs that demand is slowing down anytime soon.



[Track all markets on TradingView](#)



Going global: TSMC's strategic power move

In the meantime, with AI entering the sphere of national security, TSMC has been incentivised to not keep its magic in Taiwan. It's spreading its wings to secure its AI dominance and sidestep geopolitical risks. The company is investing \$165 billion in U.S. factories, with Arizona's first fab already fully booked by heavyweights like Nvidia and [Qualcomm \(QCOM\)](#).

Moreover, in Europe, a new \$10 billion plant in Dresden, Germany, and a chip design centre in Munich are positioning TSMC to capture the continent's growing AI market. Beyond the motive of diversifying supply chain and hedging geopolitical risk, TSMC has managed to secure long-term, high-value contracts with global tech titans through these moves, as they, in turn, can make such commitments with notably less risk involved.

Wei emphasised that these expansions could cement TSMC's leadership for decades, even as U.S. trade policies loom as a potential headwind. By building closer to its customers, TSMC ensures its chips remain the go-to for AI innovation.

Capex fuels the AI future

TSMC is doubling down on AI with an aggressive capital expenditure plan of \$38–\$42 billion for this year, up from \$29.8 billion in 2024. Over 70% of that spending is allocated to next-generation 3nm and 2nm chip production, set to launch later this year, which will deliver the performance needed to stay well ahead in the AI race. Realistically, few competitors are even operating at TSMC's level.

This investment reflects a broader trend, as tech giants invest billions in AI infrastructure. TSMC sits at the centre of this transformation, converting that capital into the cutting-edge chips driving AI's next evolution. As CEO C.C. Wei put it, "AI demand is insatiable," and TSMC is positioning itself to meet it, powering years of potential growth.

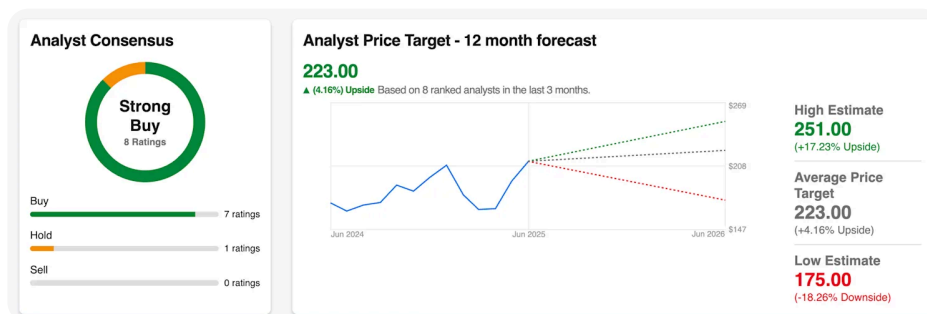
Analyst view

Even after significant gains, several market commentators continue to consider TSMC fairly valued. With Wall Street projecting a 33% jump in EPS this year, TSMC trades at a forward P/E of just 22. For a cyclical chipmaker, that might seem high, but TSMC isn't a typical

Support 

semiconductor company. The AI boom is a multi-year tailwind, driving sustained top and bottom-line growth. With over 60% global foundry market share and continued international expansion, TSMC's scale and strategic positioning are viewed by some analysts as supporting its current valuation, even if future EPS growth moderates.

Wall Street appears to be bullish on TSMC's prospects, further emboldening the stock's recent rebound alongside most other high-growth tech stocks. TSMC stock carries a Strong Buy consensus rating, with seven analysts currently bullish and one neutral. TSMC's average stock price target of \$223 indicates a modest 5% upside potential over the coming twelve months, amid a broader long-term trend that could deliver returns for several years to come.



Source: TSM analyst consensus, TipRanks data via CMC Invest, as at 12 June.

Final word

Calling TSMC just a chipmaker misses the bigger picture, it's the backbone of the AI era. With AI demand soaring, global fabs in development, and billions in capex reinforcing its dominance, TSMC appears well-positioned to pursue continued growth in the years ahead. Trading at a forward P/E of approximately 26, TSMC is considered by some market analysts to be reasonably valued, given its sector position and historical growth profile. While geopolitical risks remain, TSMC's international expansion and scale are seen by some market observers as helping to mitigate exposure to such factors. Given its role in AI chip production, TSMC continues to attract attention from those monitoring long-term trends in the semiconductor sector. Future performance will depend on a range of factors, including global demand trends, policy developments, and competitive dynamics.

The content provided above is for general information purposes only, and does not take into account your financial situation, needs or objectives. The content has been prepared by an independent third party not affiliated with CMC Markets Stockbroking Limited (ABN 69

Support 

081 002 851) and its related parties (individually and collectively CMC Markets Invest, as applicable). Nothing in the content should be construed as financial, investment or other advice on which reliance should be placed and is warranted to be complete, accurate, or timely. No opinion given in the content constitutes a recommendation by CMC Markets Invest that any particular investment, security, transaction or investment strategy is suitable for any specific person. All investment involves risks. Past performance is not a reliable indicator of future results. CMC Markets Invest is an execution-only service provider. CMC Markets Invest does not endorse or offer opinions on the trading strategies outlined in the content, which do not guarantee any returns. CMC Markets Invest and each and or any of its or their (as applicable) directors, employees and representatives shall not be held responsible for any loss that you may incur, either directly or indirectly, arising from any investment based on any information contained herein. It is important to verify the Information before making any investment decisions and refrain from doing so solely based on this Information without seeking advice from a professional financial adviser.

 Australia ▾

GROUP ALPHA CONNECT PRO



CMC Markets Asia
Pacific Pty Ltd
Level 20, Tower 3,
International Towers
300 Barangaroo Avenue
NSW 2000 - Sydney -
Australia



Proud


Supporters of St Kilda
Saints


Share Investing

General enquiries:
7:30am – 7:00pm
(Sydney time)
Monday - Friday

**International Share
Trading Support:**
24 hours, Monday –
Saturday morning
(in line with global market
hours)

 1300 303 888

 From overseas:
+61 2 8221 2100

**Australia Postal
Address**
 GPO Box 5351,
Sydney NSW 2001

Crypto Support


24 hours, 7 days a week

 1300 303 888

CFD Trading

General enquiries:
24 hours, Monday -
Saturday morning
(in line with global market
hours)

 1300 303 888

**Australia Postal
Address**
 GPO Box 5351,
Sydney NSW 2001

Support 

SHARE INVESTING

[Pricing](#)
[Our platform](#)
[Switch to CMC Invest](#)
[All products](#)

CFD TRADING

[Pricing](#)
[The CMC Markets Platform](#)
[Metatrader \(MT4\)](#)
[TradingView](#)

KNOWLEDGE HUB

[Market news](#)
[Learn share investing](#)
[Learn CFD trading](#)
[OPTO for investors](#)

SUPPORT

[About CMC](#)
[Share investing](#)
[CFD trading](#)
[Contact us](#)

PREMIUM

[CMC ALPHA](#)
[CFD Professional account](#)

Investing in CMC Markets derivative products carries significant risks and is not suitable for all investors. You do not own, or have any interest in, the underlying assets. We recommend that you seek independent advice and ensure you fully understand the risks involved before trading. Spreads may widen dependent on liquidity and market volatility.

The information on this website is prepared without considering your objectives, financial situation or needs.

Consequently, you should consider the information in light of your objectives, financial situation and needs. CMC Markets Asia Pacific Pty Ltd ABN 11 100 058 213, AFSL No. 238054 (the derivative product issuer), CMC Markets Stockbroking Limited, Participant of the ASX Group (Australian Securities Exchange) and SSX (Sydney Stock Exchange) and Cboe (previously known as Chi-X), ABN 69 081 002 851, AFSL No. 246381 (the stockbroking services provider) provides the financial products and/or services. It's important for you to consider the relevant Product Disclosure Statement ('PDS') or Information Memorandum (for CMC Pro accounts) and any other relevant CMC Markets Documents before you decide whether or not to acquire any of the financial products. Please also refer to our Financial Services Guide and Information Memorandum (for CMC Pro accounts) containing details of our fees and charges and our Target Market Determinations for our CFD products and Exchange Traded Options which include a description of who our financial products are suitable for. All of these documents are available at cmcmarkets.com.au or you can call us on 1300 303 888.

Apple, iPad, and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries. App Store is a service mark of Apple Inc. Android is a trademark of Google Inc.

References made to the number of instruments, stocks, securities, ETFs, or other products tradeable on our platforms, are subject to change.

[Legal documents](#) [Fraud awareness](#) [Important information](#) [Privacy](#) [Cookies](#) [Public relations](#) [Careers](#)

[Contact us](#)

© 2026 CMC Markets

Support 