

Taiwan Semiconductor Stock Poised For Breakout After Earnings Beat

Taiwan Semiconductor Manufacturing(TSM), the world's biggest chip foundry, on Thursday beat expert quotes for the 4th quarter. TSM stock popped greater in early trading.

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Taiwan Semi made \$1.15 per U.S. share in the December quarter, up 19% from the year-earlier duration. Experts anticipated profits of \$1.12 a share, according to FactSet. The business's sales increased 24% to \$157.4 billion, likewise topping views.

For the present quarter, Taiwan Semi anticipates to create income of \$166 billion to \$172 billion. The midpoint of \$169 billion topped the agreement price quote of \$157 billion.

In premarket trading on the stock exchange today, TSM stock leapt 4%, near 137.50. Over the past 48 weeks, TSM stock has actually formed a cup-with-handle base with a buy point of 135.60, according to IBD MarketSmith charts. A weekly MarketSmith chart reveals a secondary buy point of 142.29 in a dish base.

Sales Driven By Industry-Leading Chips

Taiwan Semi makes chips for fabless semiconductor companies such as **Apple**(AAPL), **AMD**(AMD), **Nvidia**(NVDA) and **Qualcomm**(QCOM).

"Our fourth-quarter company was supported by strong need for our industry-leading 5-nanometer innovation," Chief Financial Officer Wendell Huang stated in a press release. "Moving into very first quarter 2022, we anticipate our company to be supported by HPC (high-performance computing) associated need, continued healing in the automobile section, and a milder smart device seasonality than over the last few years."

In the 4th quarter, deliveries of 5-nanometer chips represented 23% of overall wafer income. 7-nanometer chips accounted for 27% of wafer income. Circuit widths on chips are determined in nanometers, which are one-billionth of a meter.

Smartphone chips represented 44% of Taiwan Semi's earnings in the December quarter. High-performance computing chips comprised 37% of earnings in the duration.

TSM Stock In Highly Rated Industry Group

Taiwan Semi prepares to invest \$40 billion to \$44 billion in 2022 to broaden and update its production capability amidst a worldwide chip scarcity. In 2021, it invested \$3004 billion on capital investment.

The increased costs on semiconductor devices is favorable news for chip-gear makers such as **ASML** (ASML), **Applied Materials**(AMAT) and **Lam Research**(LRCX).

TSM stock ranks 8th out of 40 stocks in IBD's semiconductor production market group. It has an IBD Composite Rating of 97 out of 99, according to IBD Stock Checkup. The Composite Rating ratings a stock's crucial development metrics versus all other stocks despite market group.

The chipmaking group ranks No. 12 out of 197 market groups that IBD tracks. Picking extremely ranked stocks from leading market groups in a validated stock exchange uptrend usually increases your possibilities of making earnings in development stocks.

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