2027 Investment Outlook – Asia Equities

November 2026



Mike Shiao
Chief Investment Officer,
Asia ex. Japan, Invesco

Key takeaways

- Our outlook for Asia equities in 2027 centers on three themes: broader artificial intelligence (AI) adoption, expanding manufacturing capabilities and supportive domestic demand.
- We believe Asia equity opportunities extend beyond AI infrastructure to software, automation and regional manufacturing supply chains.
- Earnings delivery and valuations remain key considerations for stock selection amid trade tensions, geopolitical risks and uncertain financial conditions.

We believe Asia is entering a new phase of opportunity, with growth increasingly broadening across sectors and markets. Our 2027 outlook for Asia equities centers on three themes: broader AI adoption, expanding manufacturing and export capabilities, and supportive domestic demand. Technology remains an important part of the story, but equity opportunities are increasingly extending beyond the AI infrastructure cycle.

AI adoption beyond infrastructure
AI is likely to remain an important investment theme across Asia in 2027. Taiwan and Korea markets play central roles in global AI infrastructure through advanced semiconductors, packaging and high-bandwidth memory. Beyond infrastructure, we see potential applications in the next phase of the cycle across companies seeking to improve productivity, reduce costs and develop new products and services.

We expect AI opportunities to broaden to software, industrial automation, robotics, healthcare and financial services. China's large user base, manufacturing capabilities and established digital ecosystem provide a foundation for AI deployment at scale across consumer, enterprise and industrial applications. As adoption broadens, a key consideration will be whether companies can translate AI investment into measurable revenue, productivity or profitability improvements.

Manufacturing and exports beyond technology
Asia's export capabilities extend beyond AI hardware. Taiwan and Korea markets hold established positions in technology supply chains, while the China market remains highly competitive across a wider range of advanced manufacturing and industrial products. China's share of global nominal goods exports increased from 4% in 2000 to 15% in 2025, reflecting the scale and depth of its manufacturing base.[1]

The Southeast Asia market is also playing a growing role in regional production networks. Vietnam and Malaysia markets continue to attract investment in electronics, semiconductors and electrical equipment and machinery. The Thailand market retains established strengths in automotive production and components, while Indonesia contributes through commodities and an expanding resource-processing base. Together, these capabilities broaden Asia's production and export base beyond North Asian technology hardware, creating a more diversified regional manufacturing ecosystem.

1. Goldman Sachs, October 2026

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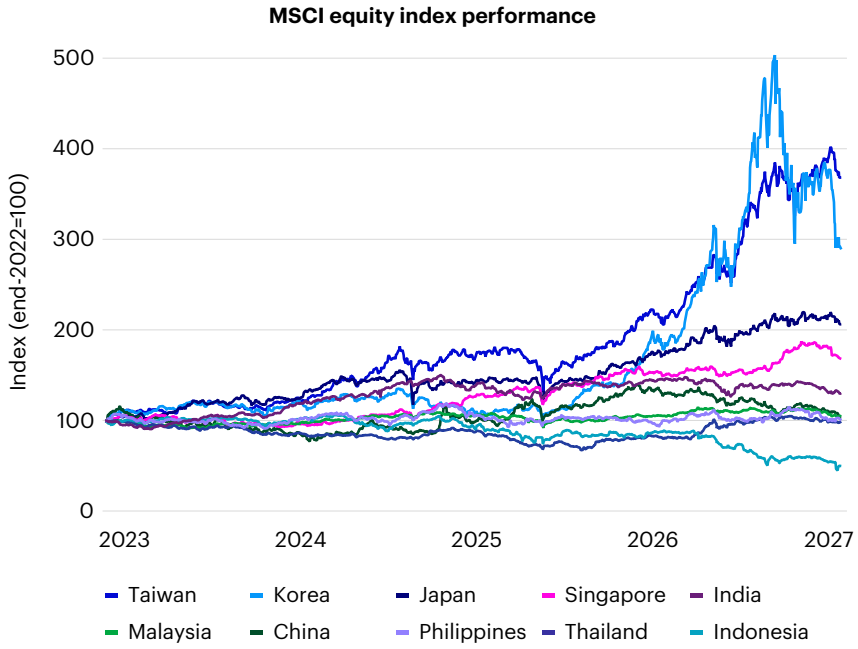
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Domestic demand as a growth driver
Alongside technology and exports, we continue to see domestic demand as a supportive pillar for Asia equities. We believe urbanization, digitalization, rising incomes and continued investment will support consumption and services across much of the region. This is particularly evident in markets such as India, where the economy is expected to grow by 7.1% in FY2027, supported by robust domestic demand and exports.[2]

In Taiwan and Korea markets, strong equity market performance in the past year could provide an additional tailwind to domestic consumption through household wealth effects. While the economy-wide impact may be modest, this could provide an incremental boost to consumer confidence and spending, complementing the region's technology-led growth.

Figure 1 – AI-heavy Korea and Taiwan equity markets boosted household wealth significantly, whereas other local markets saw more moderate gains



Source: Bloomberg, Goldman Sachs Global Investment Research.
Past performance does not predict future returns.

Earnings, valuations and liquidity
Following strong rallies in selected Asian markets in 2026, we remain constructive on the regional earnings outlook and see reasonable valuations in parts of the market. The market expects earnings to grow by 25% in 2027 and 14% in 2028. As the earnings cycle broadens, the focus is likely to shift from the strength of the overall recovery to companies' ability to deliver against expectations.

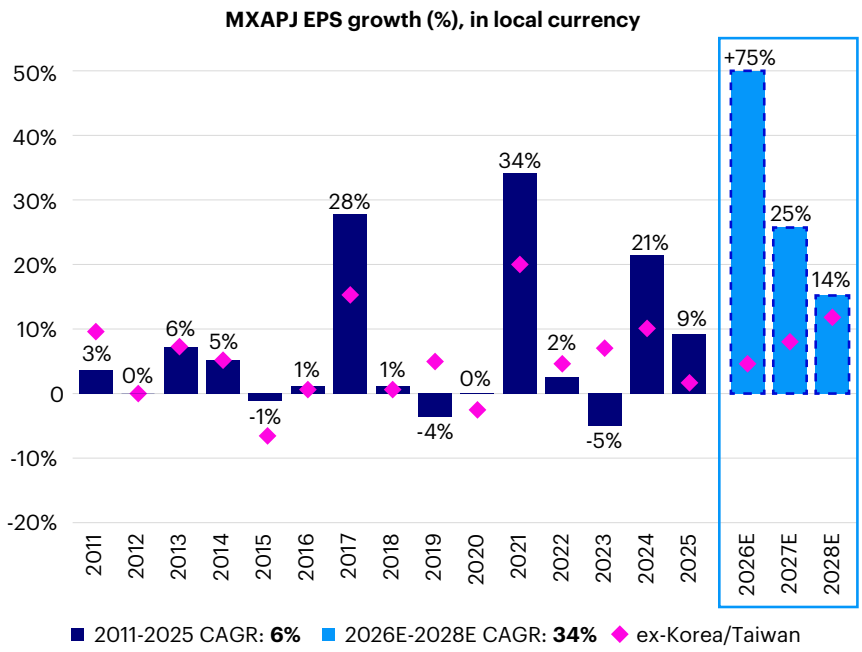
Liquidity conditions also warrant attention. A softer US dollar could support regional currencies and capital flows, providing a more favourable backdrop for Asian equities. The next phase of returns is increasingly likely to be driven by earnings delivery rather than valuation expansion alone. We believe companies with visible earnings growth, healthy balance sheets and sustainable returns on capital should be better placed to outperform, creating opportunities for active selection across markets and sectors.

2. World Bank, October 2026

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Figure 2 – MSCI Asia Pacific ex Japan Growth Index EPS growth (%) in local currency



Source: FactSet, Bloomberg, MSCI, Goldman Sachs Global Investment Research

Note: MXAPJ: MSCI Asia Pacific ex Japan Growth Index, CAGR: Compound Annual Growth Rate

Risks to monitor

While the fundamental backdrop remains constructive, several factors could shape the pace of opportunities. Trade policy and geopolitical tensions could affect external demand and supply chains, particularly in export-oriented economies. Elevated expectations around AI could also create risks if commercial adoption or earnings growth falls short.

Moreover, higher energy prices and tighter global financial conditions could put pressure on inflation, currencies and domestic demand, particularly in Asia's energy-importing economies. However, we believe the region's broader structural growth drivers remain supportive, providing some resilience against these external pressures.

As we enter 2027, we remain constructive on Asia equities, supported by structural growth opportunities and improving corporate fundamentals. We believe AI adoption, expanding manufacturing capabilities and resilient domestic demand should continue to broaden the investment opportunity set, strengthened by a supportive earnings outlook and liquidity environment. We remain positive on technology and favor the Taiwan market in particular, given its broad exposure to the AI value chain, spanning semiconductors, foundries and hardware manufacturing. Against this backdrop, we believe combining disciplined bottom-up selection with top-down macro insights remains important for identifying reasonably valued companies, assessing their competitive strengths and ability to translate structural opportunities into sustainable earnings, cash flows and long-term value.

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Investment risks

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When investing in less developed countries, you should be prepared to accept significantly large fluctuations in value.

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