

# The AI Weekly



Click or scan to view our website and access past reports, policy notes and more.

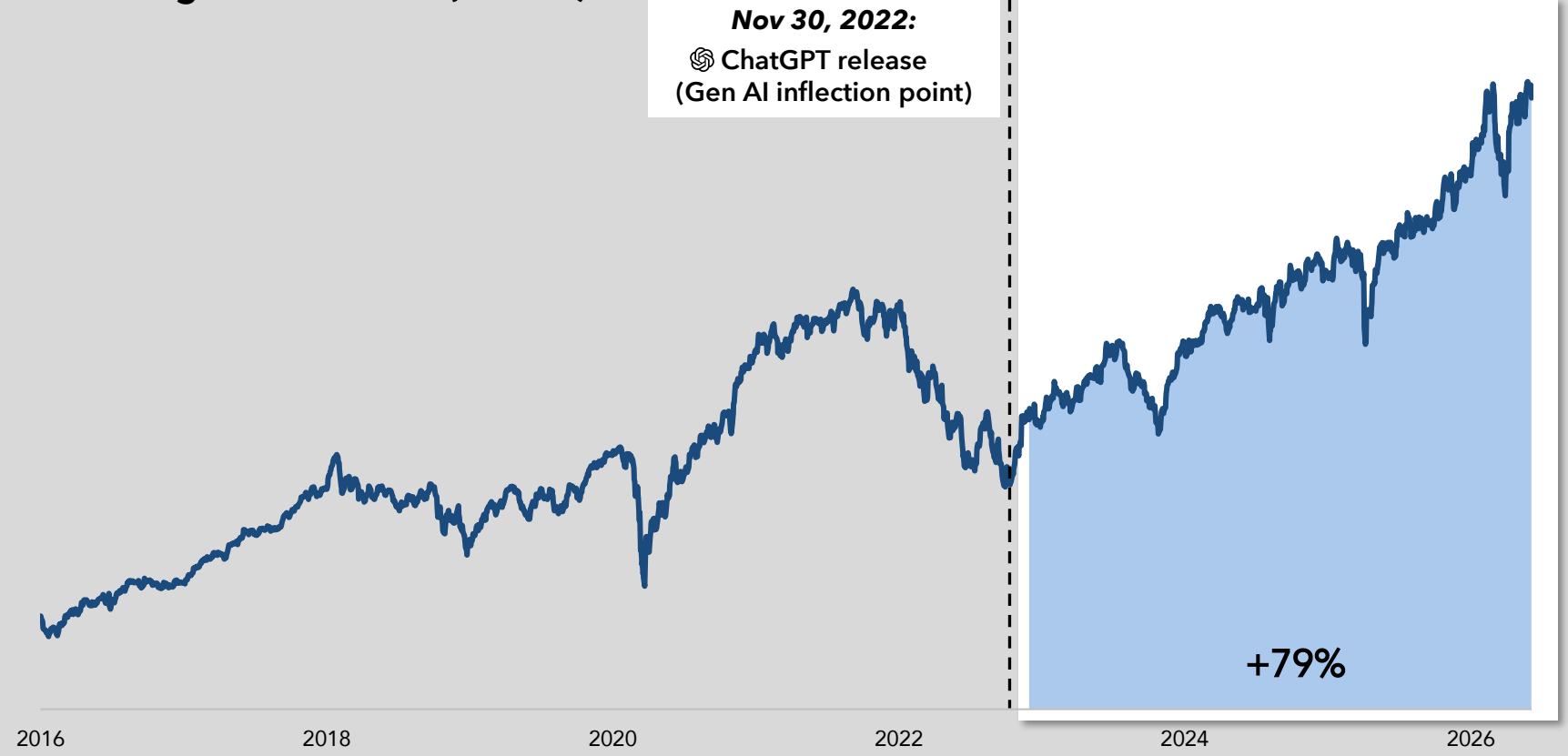


Physical AI is the convergence of advanced AI with systems (i.e., robotics) that perceive, reason and act within the physical world. It is distinguished from earlier generations of robotics by its heavy reliance on foundational AI models, physics-based simulation, data and independent decision-making. While traditional automation relies on rigid, pre-programmed scripts, physical AI leverages advanced sensors, computer vision and AI intelligence to respond to unpredictable physical variables in real time.

## Robotics Stocks Rally

Robotics equity indices have risen sharply over the past two years on a mix of AI-driven capex, progress in physical technologies and the more rapid industrial automation adoption. Robotics and physical AI also benefit from offering investors a second derivative opportunity on AI's rapid expansion given rich valuations in the initial big-tech buildout.

**Bloomberg robotics index (BROAT)**

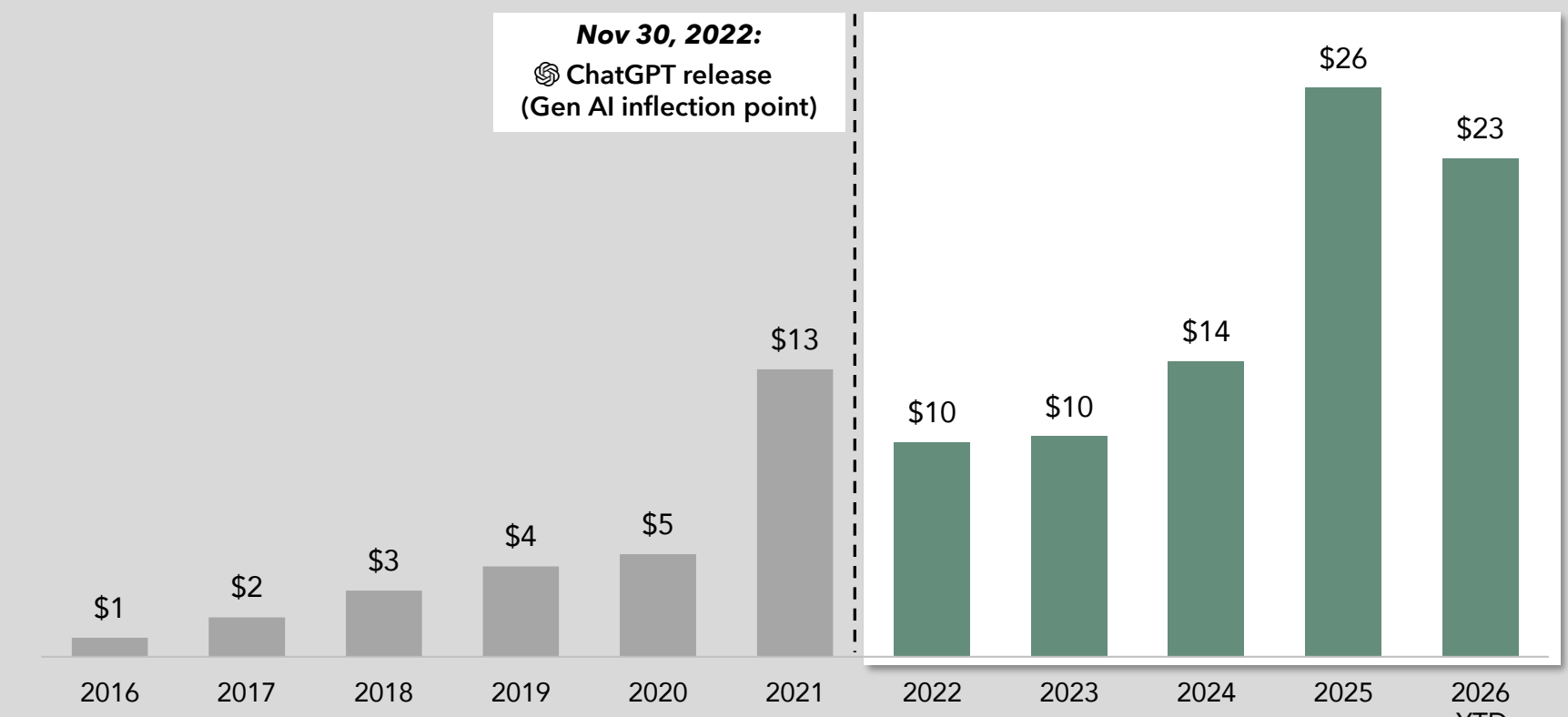


Source: (1) Bloomberg. Data as of June 5, 2026. Index is Bloomberg robotics total return index.

## Rising VC Investment in Physical AI & Robotics

More than 80% of global VC investment is currently AI-related. Though still early stage, the scale of VC funding in physical AI and robotics has been extraordinary, driven by: (1) success of funding pre-revenue AI infrastructure at scale; (2) FOMO - fears of missing a new high growth wave of AI expansion and implementation; (3) strong strategic corporate participation and co-investing; and (4) China's market leadership and success in robotics.

**Global VC investment in physical AI & robotics startups, USD bn**

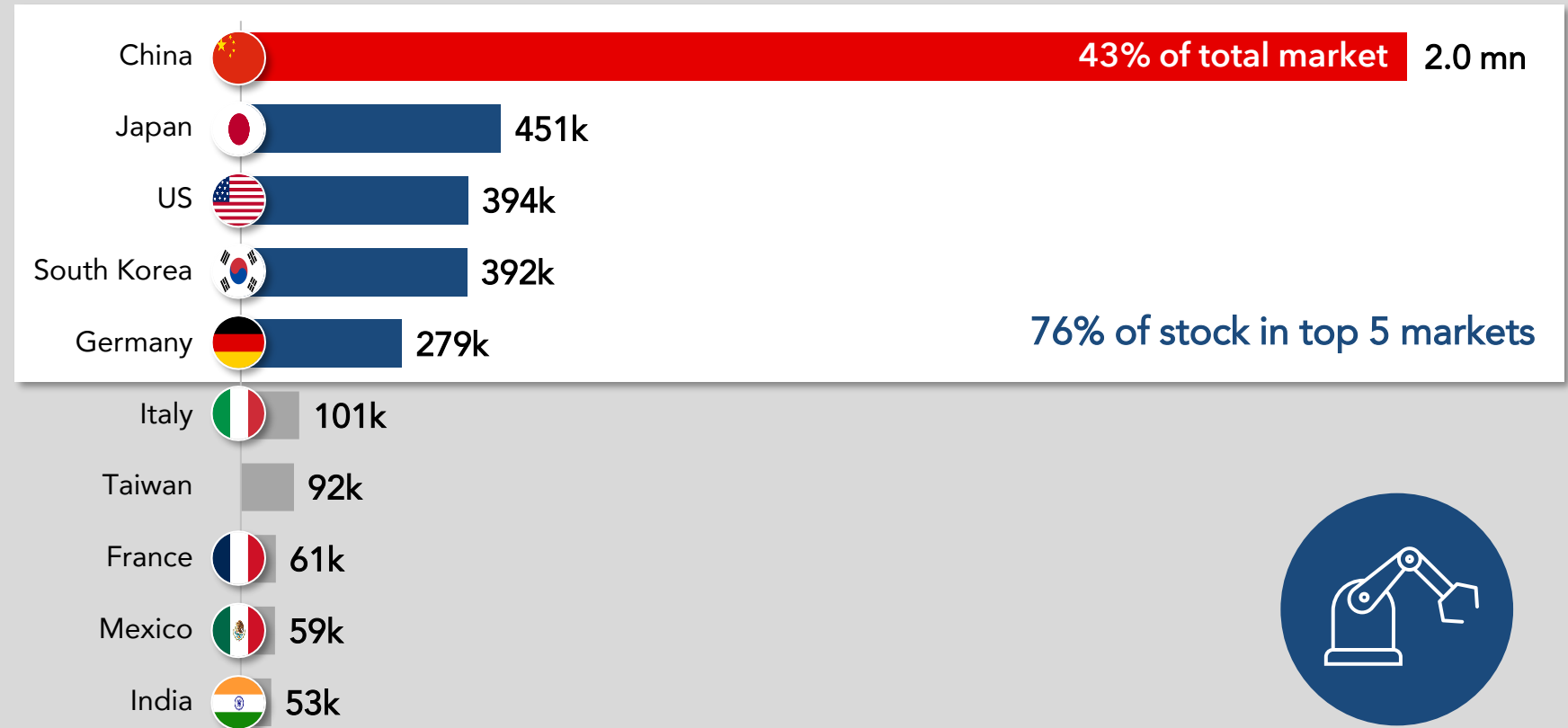


Source: (1) WSJ, "Venture Capital Turns to Hardware Bets as AI Threatens Software Companies". Pitchbook. Data through May 20, 2026.

## China Dominates the Industrial Robot Market

China is the world's largest market for industrial and increasingly, humanoid-embodied AI robotics, anchoring global demand growth and serving as the primary volume and deployment arena for the industry. According to World Robotics, China had more than 2 million industrial robots operating in factories by 2024, representing approximately half of global market share.

**Top 10 largest markets for industrial robot operational stock (2024)**

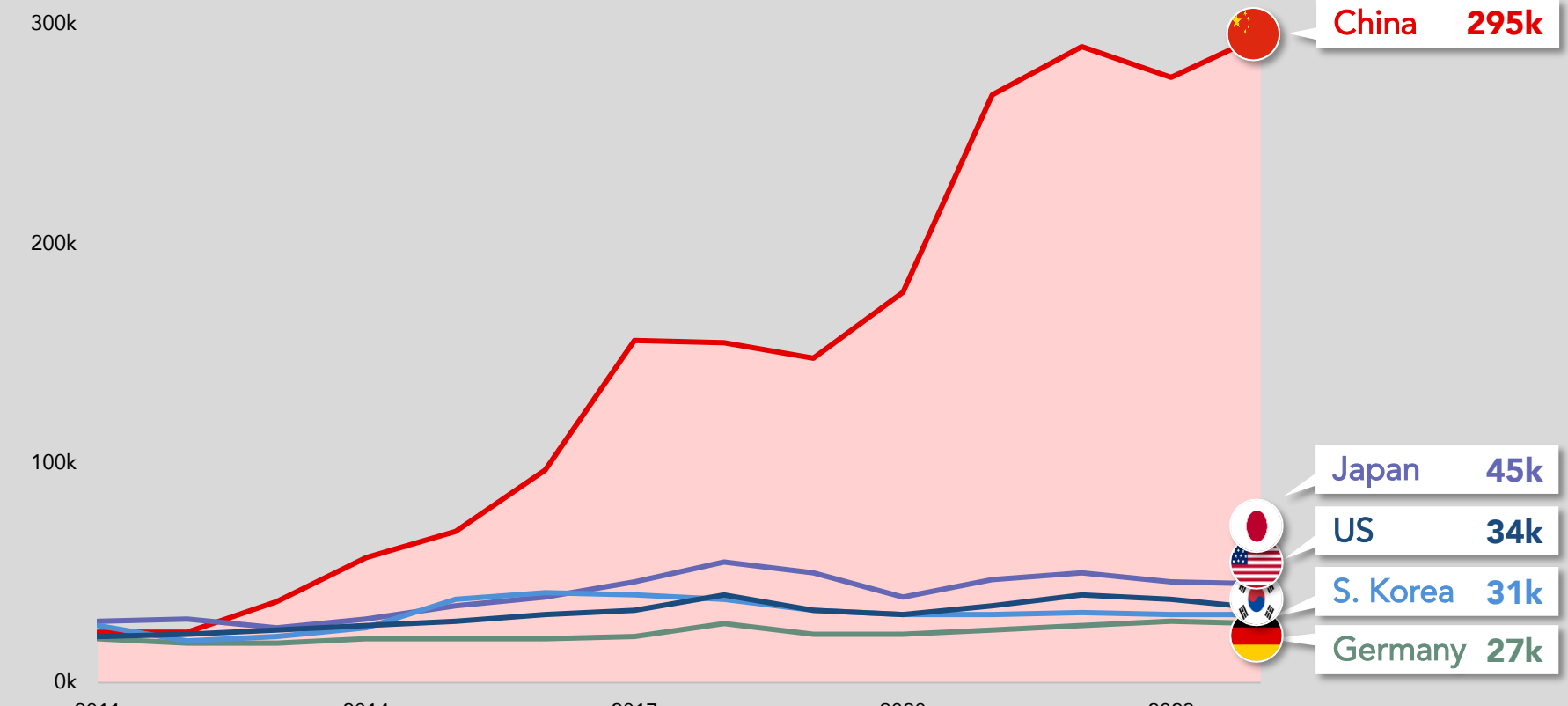


Source: (1) International Federation of Robotics. World Robotics (2025). Data as of 2024.

## China Deploys > 50% of the World's Industrial Robots

China now installs more industrial robots each year than the rest of the world combined, making it the dominant marginal buyer and primary driver of installation growth globally. At nearly 300,000 robots annually, China's robotic deployment is nearly 10x larger than each of US and Japanese deployment, and more than the rest of the world in aggregate per annum.

**Annual installation of industrial robots**

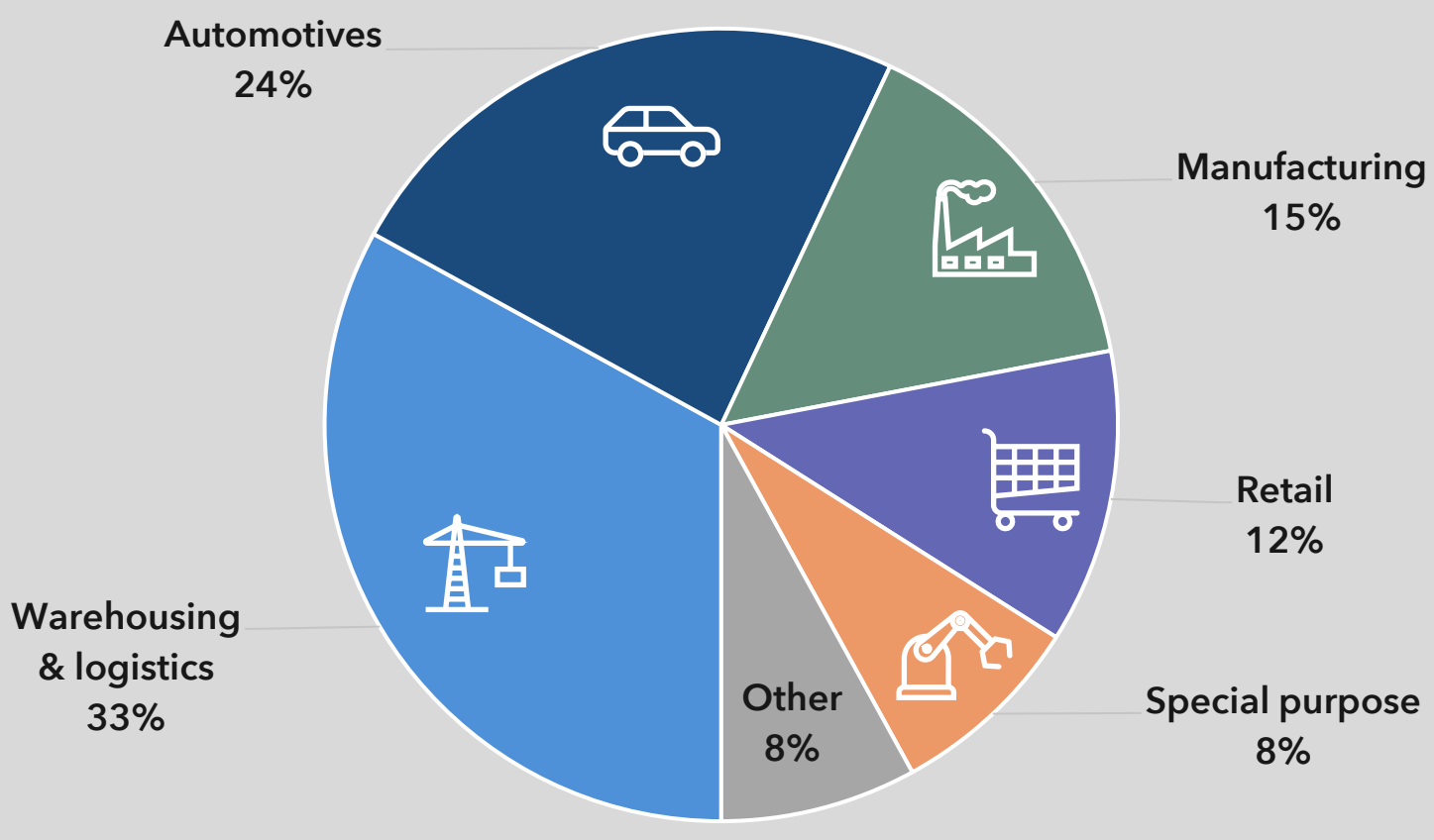


Source: (1) AI Index Steering Committee, Stanford University Institute for Human-Centered AI, "The AI Index 2026 Annual Report" (April 2026).

# Humanoid Robot Market Share by Use

Though still early stage, the most rapid growth in the deployment of physical AI and robotics is still in manufacturing and industrial settings.

Humanoid robot market share, by application (2027E)

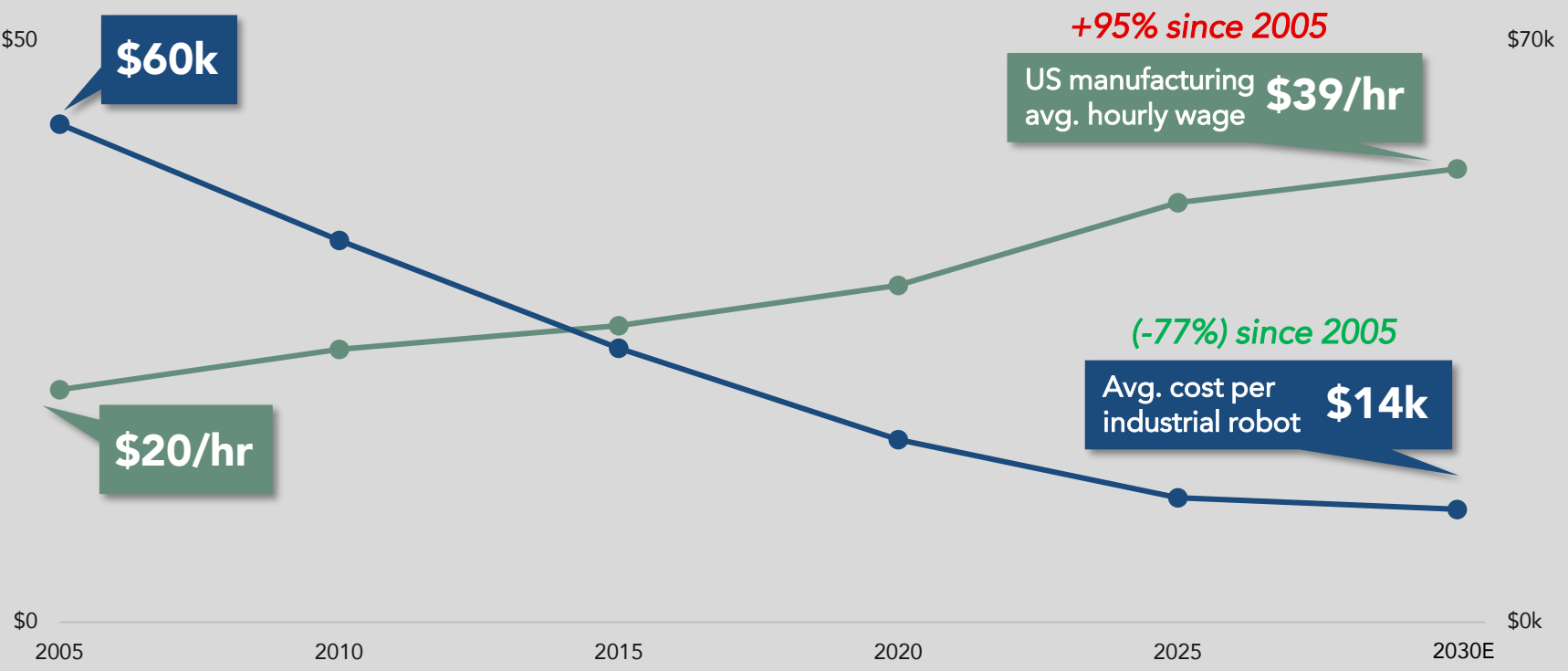


Source: (1) Counterpoint Humanoid Robot Research. Data is 2027 forecast.

## Rising US Labor Costs Driving Robotics Adoption

Rising US labor costs and structural labor shortages are a primary driver of increased robotics adoption, especially in manufacturing, logistics and service operations. One recent study found that each 1% increase in minimum wages is associated with a roughly 0.42% increase in robot usage, highlighting a relatively strong substitution effect in certain labor market segments and industries.

US manufacturing avg. hourly wages (LHS) vs. avg. cost of industrial robot (RHS)



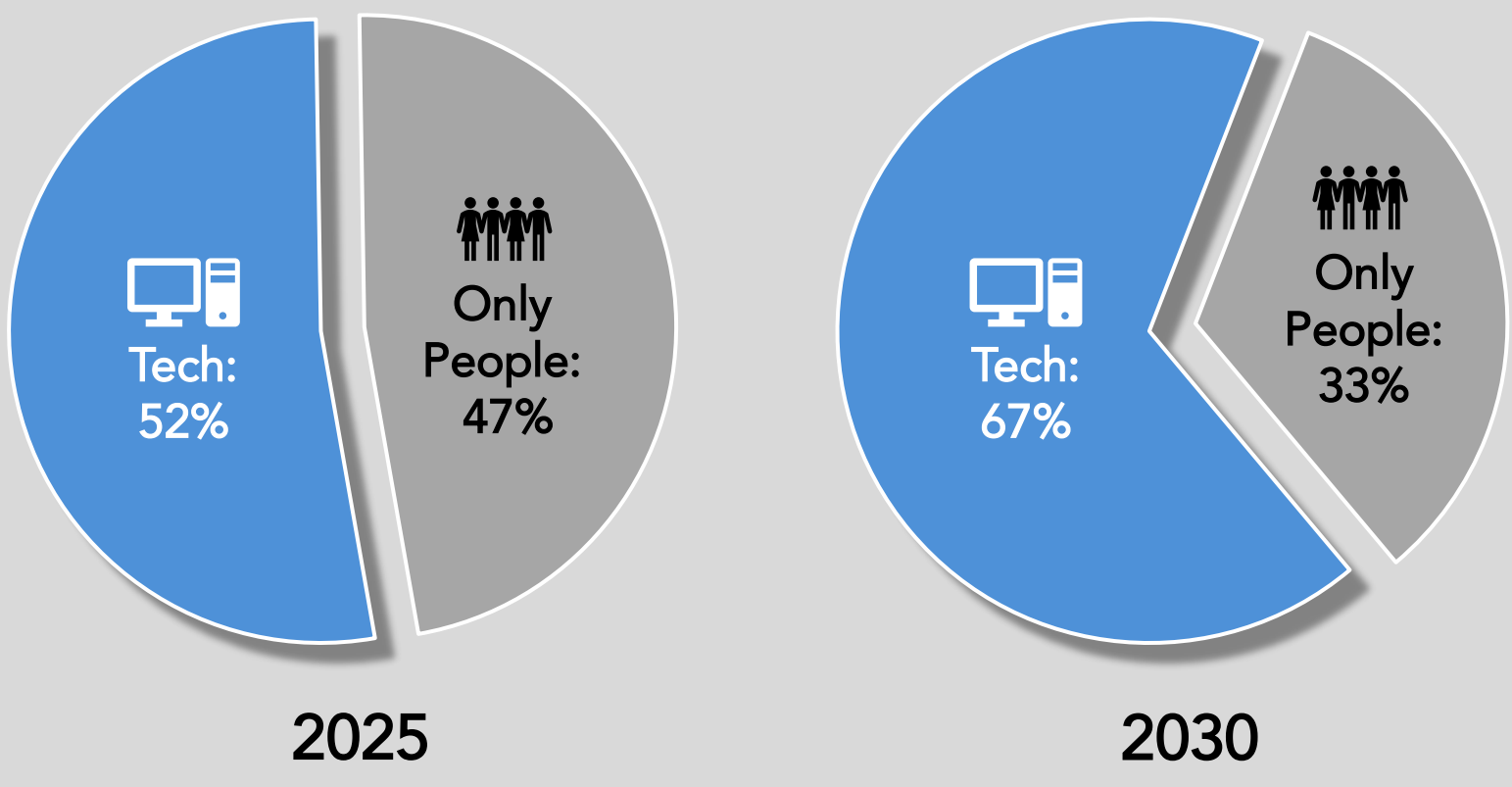
Source: (1) Bloomberg, "Charting Disruption - Outlook for 2026 and Beyond". Global X ETFs. American Economic Association (2024). MPRA. Goethe University (2021). 2030 is forecast, as of September 2025. Bureau of Labor Statistics.

## Automation Displacing Rising Share of Workflows



The World Economic Forum's recent Future of Jobs report concluded that rapid advances in AI, robotics and information-processing technologies will automate a growing share of routine and analytical workflow tasks by 2030, reshaping roles across nearly all industries. With millions of jobs displaced, much of the new job creation will shift toward oversight, problem-solving and collaboration with intelligent systems. At the task level, much of the impact will come from partial automation, with productivity in numerous existing positions increased in "co-pilot" mode with AI.

Share of tasks completed



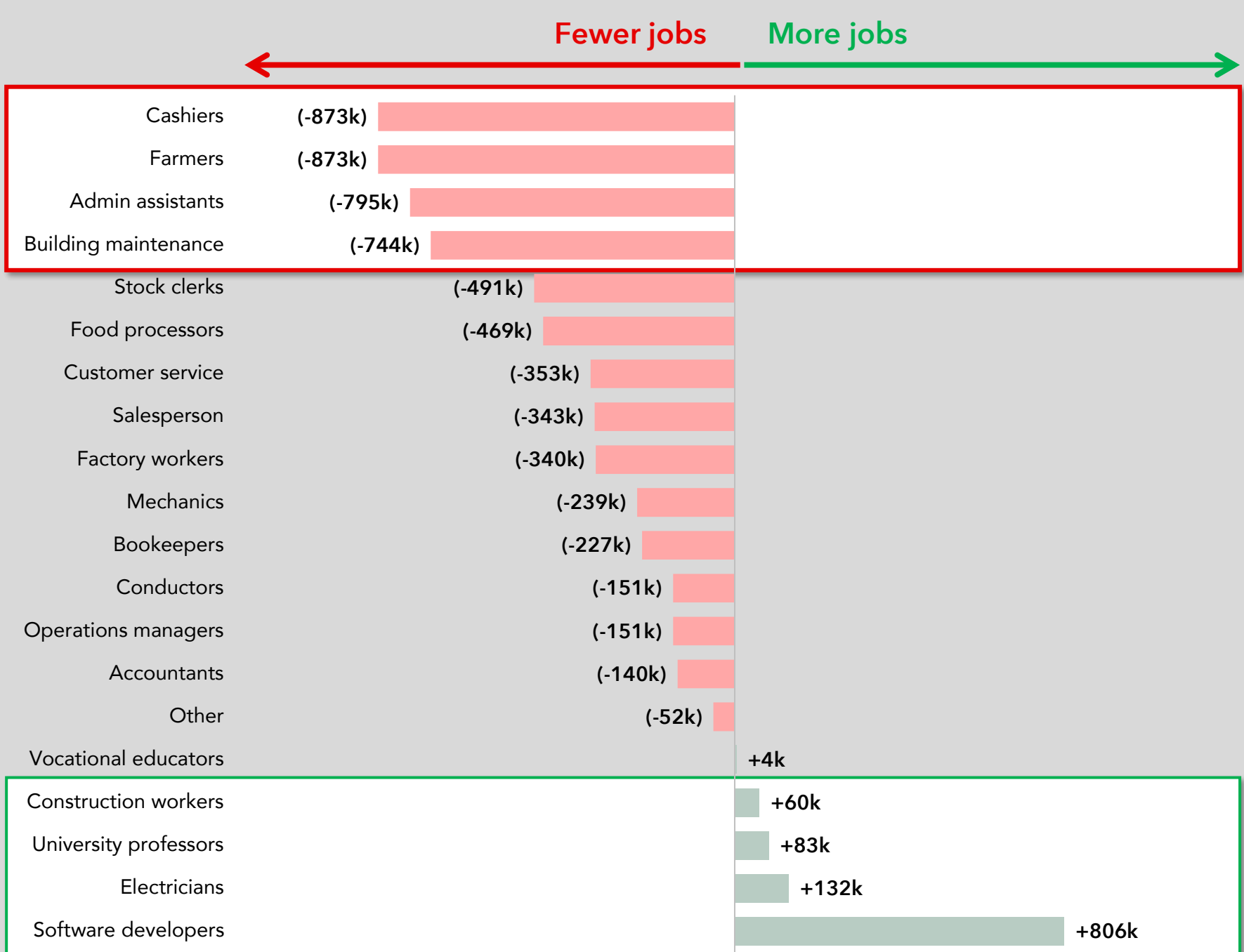
Source: (1) World Economic Forum, "The Future of Jobs Report 2025" (January 2025). Tech is tech only and tech & people. Percentages may not sum to 100% due to rounding.

## Projected Impact of Robotics on Labor Market



The World Economic Forum's Future of Jobs report - a survey covering over 1,000 employers across 22 industries in 55 economies - frames robotics as a major cross-industry disruptor that will automate a significant share of routine tasks, with the heaviest impact in manufacturing, logistics and industrial settings.

Expected net job impact of robots & autonomous systems (2025-2030)



Source: (1) World Economic Forum, "Future of Jobs Report" (2025). Data based on the job down and decline attribution expectations of surveyed employers and ILO employment figures by occupation. The projected net number of jobs created or destroyed attributed to each trend in the next five years is calculated by subtracting the total number of declining jobs from the total number of growing jobs.

## Global Corporate & Investment Banking Capital Markets Strategy Team



**Tom Joyce**  
Managing Director  
Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Stephanie Kendal**  
Vice President  
Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443



**Angela Sun**  
Associate  
Angela.Sun@mufgsecurities.com  
(212) 405-6952