

ROBO Global

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Robotics, automation, and AI stocks soar in 2Q, pushing ROBO Global index up 22% in year-to-date

ROBO Global said that despite mixed market signals, it was a steady second quarter for stocks that make up its ROBO Global Robotics & Automation Index, the world's first benchmark index to track companies that focus on robotics, automation and artificial intelligence.

Halfway into the year, the ROBO Global index has returned more than 22%, and the ROBO Global Artificial Intelligence Index climbed 30%, both largely outperforming global equities.

ROBO Global provides its expertise to the ROBO Global Robotics and Automation Index ETF (NYSEARCA:ROBO), which closed up at \$39.04 on Friday.

READ: ROBO Global captures the high-octane growth of robotics and artificial intelligence

The ROBO Global Robotics & Automation Index returned 3.4% in the second quarter, extending its gains to more than 22% year to date, compared with 16% for the MSCI World Index.

"Energy, 3D printing, and logistics automation led the gains, while consumer and security declined," wrote ROBO Global Director of Research Jeremie Capron in a report released last week.

"Importantly, manufacturing and industrial automation gained (+7%) for a second consecutive quarter after weighing heavily on the index in 2018. This confirms our view that factory automation has hit the bottom and is about to enter a new up cycle," he added.

Capron said that despite renewed fears of an escalation in US tariffs hitting capital investment plans in May, orders of factory automation equipment in China appear to have stabilized.

All eyes on Fed

Federal Reserve Chairman Jerome Powell is expected to cut interest rates this week for the first time since the 2008 financial crisis, even though the economy looks healthy.

There is no clear consensus from Fed officials about why they need to cut rates, particularly with the US unemployment rate near a 50-year low and the American economy puttering along as the best-in-class performer among developed nations.

"All eyes are on the Fed, which is expected to deliver its first rate cut in more than ten years, as well as on the US-China trade negotiations, which took a positive turn just days before the mid-year mark as the two countries' presidents agreed to resume negotiations," said the ROBO Global report.

Price: 50.51

Market Cap: \$2.82 billion

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: ROBO

Listing: NYSE

52 week	High	Low
	51.13	28.6

Sector: Medical technology & services

Website: www.roboglobal.com

Company Synopsis:

ROBO Global is an index, advisory, and research company wholly focused on helping investors capture the unique opportunities of fast-growing robotics, artificial intelligence, and healthcare technology companies around the world. In 2013, we launched the ROBO Global® Robotics and Automation Index Series.

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"In our view, barring any exogenous shock, economic growth is likely to turn up later in the year in most regions of the world due to an expanding US economy and the bottoming out of global manufacturing activity," it added.

Top performers

Index component Qualcomm Inc (NASDAQ:QCOM), which derives most of its revenue from chipmaking and its technology patent licensing businesses, was a top performer on the ROBO index.

"Qualcomm, the digital communication technology company, finally settled its worldwide litigation with Apple and later said it expected an additional \$2 in earnings per share as a result, sending its stock to a five-year high in May," Capron noted.

"The legal overhang had persisted for two years. We believe its removal will let investors refocus on Qualcomm's core business and clear leading position in 5G modem technology, which is ramping up coming into 2020," he added.

Brooks Automation

The second-best performer was index component Brooks Automation Inc (NASDAQ:BRKS), a life sciences and semiconductor fab automation provider, after closing on the \$675 million sale of its semi cryogenic pump business, which had been delayed by European regulators.

"The sale, combined with the \$450 million acquisition of genomic services provider Genewiz, has accelerated the company's transition to higher growth life sciences automation, with a leading position in bio sample management and now a foot in the \$2 billion genomic services market," wrote Capron.

Top decliners

The laggards were BioTelemetry Inc (NASDAQ:BEAT), which reported mixed results as sales growth slowed to the high single-digits, and component iRobot Corporation (NASDAQ:IRBT), the company which makes the Roomba robotic vacuum cleaner.

"iRobot gave back some of its outstanding Q1 gains as the US government moved to increase tariffs on Chinese goods from 10% to 25% starting 1 June," Capron pointed out.

"While the US-China trade negotiation has now resumed and iRobot is taking mitigating actions, including shifting some production to Malaysia, the company's earnings power is temporarily reduced," he added.

The ROBO index is used as a performance benchmark for funds and market growth. Since it's the first major index in the robotics, automation and AI space, the ROBO index has several low-cost ETFs tied to it at the hip.

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