China factory automation data: June 2026

EQUITY: JAPAN MACHINERY

Airtac sales up 28% y-y in June

Down m-m, partly for seasonal reasons

Research Analysts

Japan machinery

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Airtac daily sales estimated to be up 22% y-y and down 11% m-m in June

Taiwanese pneumatic equipment manufacturer Airtac [1590 TT], which generates around 90% of its sales in China, released June sales data on 2 July, with CNY-denominated sales up 28% y-y and down 1% m-m (Figure 4). We estimate that daily sales were up 22% y-y and down 11% m-m (based on 23 business days). Daily sales tend to fall m-m in June and July owing to seasonality (Figure 1). Apr–Jun sales were TWD12.2bn, exceeding our TWD11.6bn forecast.

Management's comments were largely unchanged from the previous month. The company said order value this month has stayed above shipment value and that both have been trending higher than it had been anticipating. Quarterly sales stayed at a record high as market demand is in an upcycle. The company said the 15th five-year medium-term business plan released by the Chinese government focuses on smart manufacturing and industrial advancement, and it expects both to contribute to increased demand in the pneumatic equipment market. It expects the government to continue to announce support measures as needed. It maintains an optimistic view on pneumatic industry demand in FY26.

User industry breakdown: Solid y-y performance across user industries other than energy and lighting

By user industry, we estimate sales rose 25% y-y in electronics (27% sales weighting), rose 50% in batteries (17%), rose 30% in autos (10%), rose 15% in packaging machinery (7%), rose 45% in machine tools (8%), rose 28% in general machinery (5%), rose 19% in textile machinery (4%), and fell 8% in energy and lighting (solar-power related) (3%). Daily sales fell m-m for all user industries, but the declines for autos and electronics were relatively small. In absolute terms, sales to the auto and machine tool industries have continued to rise, and those to the electronics and battery industries have been on a slight downward trend since peaking in April.

We think machine tool orders as tracked by the Japan Machine Tool Builders' Association could well peak in the near term, partly for seasonal reasons. Monthly data from Airtac shows consistently strong demand from the auto industry, and it remains to be seen whether there will be an immediate slowdown in demand from the automotive industry, which hit an all-time high in Chinese machine tool orders in May. In China, the five-year plan includes plans for AI and data center-related investment, and we expect these areas to continue to drive demand over the longer term.

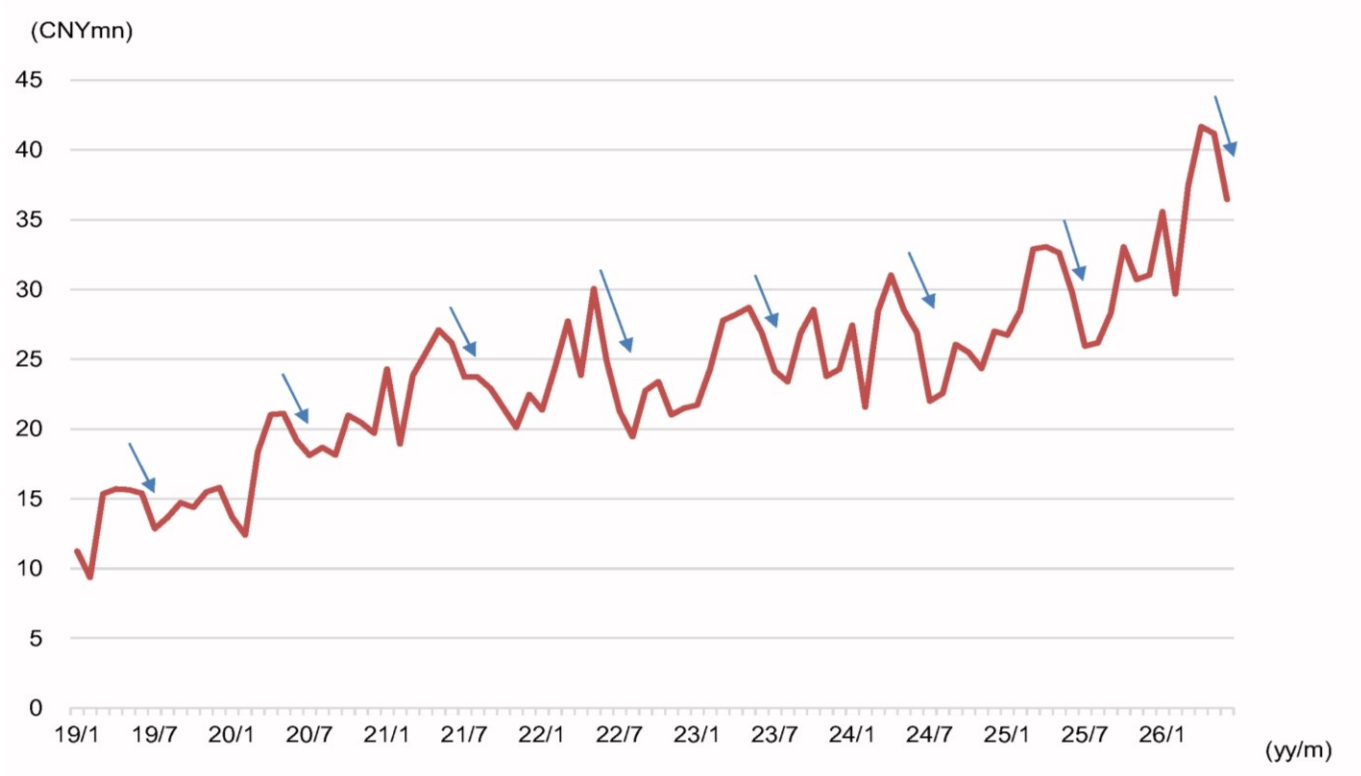
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Reference figures

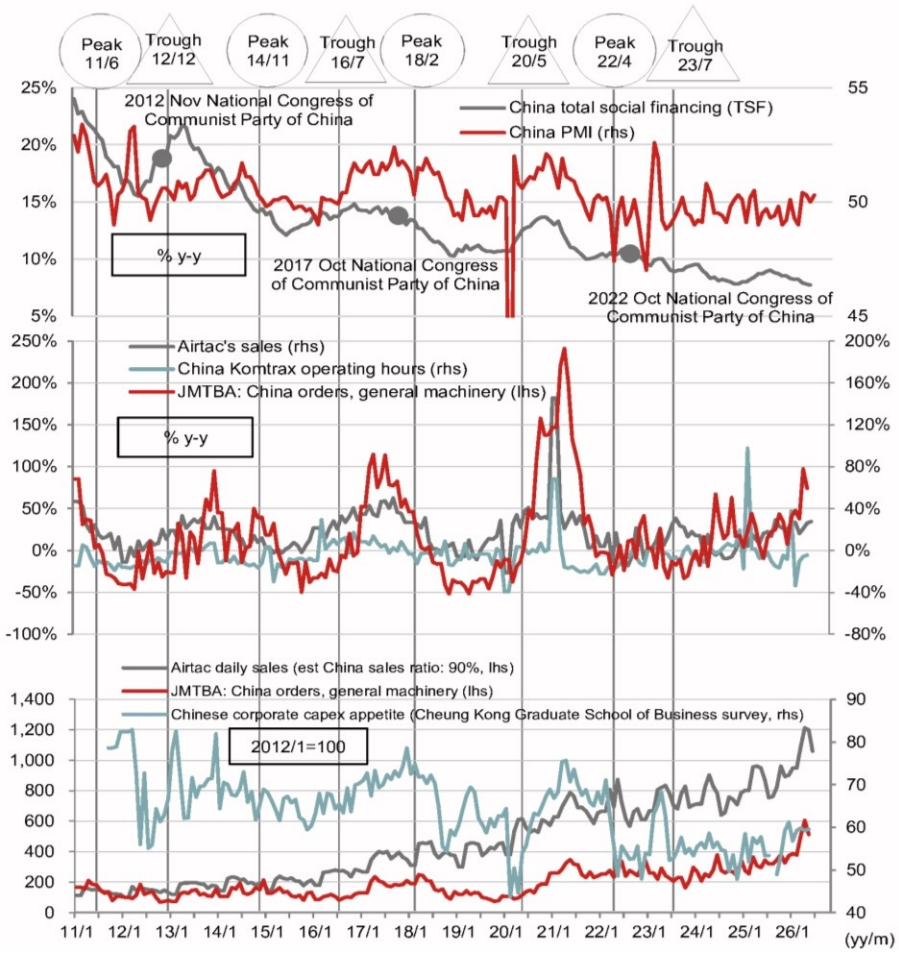
Fig. 1: Airtac daily sales

Sales tend to decline m-m in June and July owing to seasonality



Note: Daily sales = monthly sales ÷ number of business days.
Source: Nomura, based on company data

Fig. 2: China: Total social financing, Airtac sales, Komtrax operating hours, machine tool orders



Source: Nomura, based on People's Bank of China data, Cheung Kong Graduate School of Business data, data disclosed by each company, and Japan Machine Tool Builders' Association data

Fig. 3: Airtac's sales mix by user industry

Broad mix of customer industries, biggest is electronics

(%)	2022	2023	2024	2025
Electronics	25	22	29	27
Machinery	13	12	14	13
Batteries	17	14	8	14
Packaging	7	8	9	9
Autos	6	6	8	10
Energy and lighting	6	13	5	3
Other	26	25	27	24

Source: Nomura, based on company data

Fig. 4: China: Airtac sales, Komtrax operating hours, JMTBA machine tool orders for general machinery in China

Key data for considering machinery demand in China

	Airtac sales		Komtrax China		JMTBA: China orders, general machinery	
	(CNY '000)	(y-y)	(Hours)	(y-y)	(¥mn)	(y-y)
24/1	658,253	102%	80	88%	9,384	-1%
2	323,593	-39%	28	-62%	7,349	-18%
3	668,579	-4%	92	-11%	8,958	16%
4	698,022	15%	97	-4%	8,364	-19%
5	627,134	-1%	101	1%	9,852	15%
6	565,363	-4%	88	-3%	13,358	67%
7	549,841	-1%	88	-1%	9,795	34%
8	541,490	-7%	93	3%	9,199	14%
9	547,280	-7%	95	7%	9,744	20%
10	510,106	-6%	105	4%	9,369	63%
11	571,907	0%	105	4%	8,593	17%
12	621,207	11%	108	19%	12,320	18%
25/1	494,763	-25%	66	-18%	9,749	4%
2	526,614	63%	56	98%	9,017	23%
3	773,101	16%	94	2%	12,908	44%
4	776,591	11%	98	1%	10,809	29%
5	668,675	7%	93	-7%	10,401	6%
6	656,312	16%	81	-7%	12,112	-9%
7	648,335	18%	87	-2%	11,279	15%
8	615,003	14%	83	-11%	11,280	23%
9	707,606	29%	81	-15%	12,200	25%
10	627,824	23%	88	-17%	13,430	43%
11	690,959	21%	100	-5%	11,529	34%
12	744,836	20%	99	-8%	13,247	8%
26/1	817,845	65%	91	38%	13,655	40%
2	475,088	-10%	37	-34%	13,328	48%
3	899,165	16%	85	-10%	17,769	38%
4	937,464	21%	92	-6%	21,341	97%
5	843,821	26%	89	-5%	18,095	74%
6	838,485	28%				
23/1-2	860,331	3%	118	0%	18,378	3%
24/1-2	981,846	14%	108	-8%	16,733	-9%
25/1-2	1,021,377	4%	122	13%	18,766	12%
26/1-2	1,292,933	27%	128	5%	26,983	44%

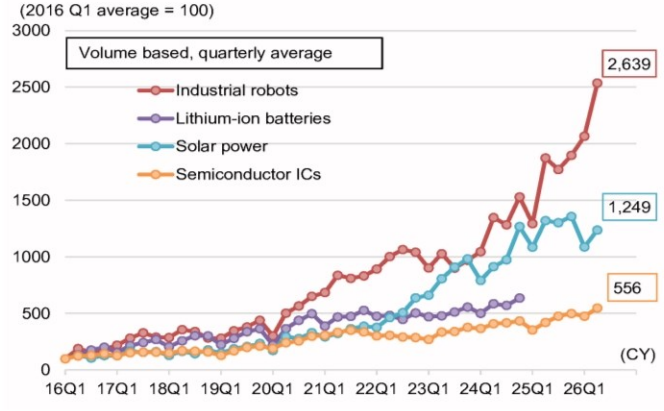
Source: Nomura, based on Japan Machine Tool Builders' Association and company data

Fig. 5: Timing of Chinese New Year

Year	Chinese New Year
11	3 Feb
12	23 Jan
13	10 Feb
14	31 Jan
15	19 Feb
16	8 Feb
17	28 Jan
18	16 Feb
19	5 Feb
20	25 Jan
21	12 Feb
22	1 Feb
23	22 Jan
24	10 Feb
25	29 Jan
26	17 Feb
27	6 Feb

Source: Nomura

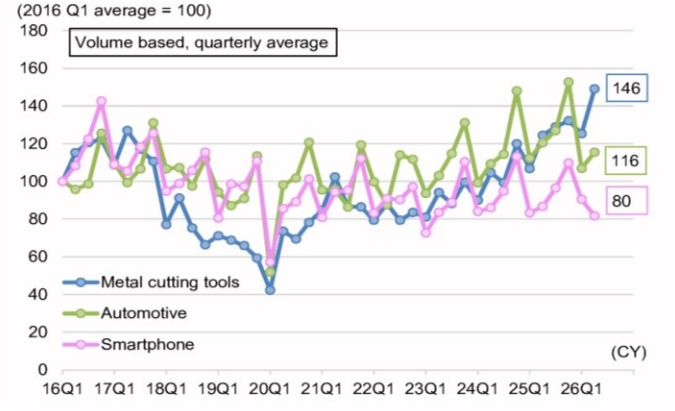
Fig. 6: Chinese industrial production: Growth areas



Note: Latest data is for 2026 Q2 (average of Apr and May). Figures inside boxes are most recent available monthly data (May). Figures for Li-ion batteries are through 2024 Q4.

Source: Nomura, based on CEIC (original data is from National Bureau of Statistics of China)

Fig. 7: Chinese industrial production: Cyclical areas



Note: Latest data is for 2026 Q2 (average of Apr and May). Figures inside boxes are most recent available monthly data (May).

Source: Nomura, based on CEIC (original data is from National Bureau of Statistics of China)

Appendix A-1

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Transactions involving convertible bonds are subject to a sales commission of up to 1.10% (tax included) of the transaction amount (or a commission of ¥4,400 (tax included) if this would be less than ¥4,400). When convertible bonds are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Convertible bonds carry the risk of losses owing to factors such as interest rate fluctuations and price fluctuations in the underlying stock. In addition, convertible bonds denominated in foreign currencies also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When bonds are purchased via public offerings, secondary distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates. Bond prices may also fall below the invested principal as a result of such factors as changes in the management and financial circumstances of the issuer, or changes in third-party valuations of the bond in question. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index. The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For JI17 and subsequent issues, the maturity value shall not undercut the face amount.

Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.5% (tax included) of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset

management fee (trust fee) of up to 5.5% (tax included/annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.
Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract.
In interest rate swap transactions and USD/JPY basis swap transactions ("interest rate swap transactions, etc."), only the agreed transaction payments shall be made on the settlement dates. Some interest rate swap transactions, etc. may require pledging of margin collateral. In some of these cases, transaction payments may exceed the amount of collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the transaction. Interest rate swap transactions, etc. carry the risk of losses owing to fluctuations in market prices in the interest rate, currency and other markets, as well as reference indices. Losses incurred as such may exceed the value of margin collateral, in which case margin calls may be triggered. In the event that both parties agree to enter a replacement (or termination) transaction, the interest rates received (paid) under the new arrangement may differ from those in the original arrangement, even if terms other than the interest rates are identical to those in the original transaction. Risks vary by transaction. Please thoroughly read the written materials provided, such as documents delivered before making a contract and disclosure statements.
In OTC transactions of credit default swaps (CDS), no sales commission will be charged. When entering into CDS transactions, the protection buyer will be required to pledge or entrust an agreed amount of margin collateral. In some of these cases, the transaction payments may exceed the amount of margin collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the financial position of the protection buyer. CDS transactions carry the risk of losses owing to changes in the credit position of some or all of the referenced entities, and/or fluctuations of the interest rate market. The amount the protection buyer receives in the event that the CDS is triggered by a credit event may undercut the total amount of premiums that he/she has paid in the course of the transaction. Similarly, the amount the protection seller pays in the event of a credit event may exceed the total amount of premiums that he/she has received in the transaction. All other conditions being equal, the amount of premiums that the protection buyer pays and that received by the protection seller shall differ. In principle, CDS transactions will be limited to financial instruments business operators and qualified institutional investors.
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