BlackRock

April 2026

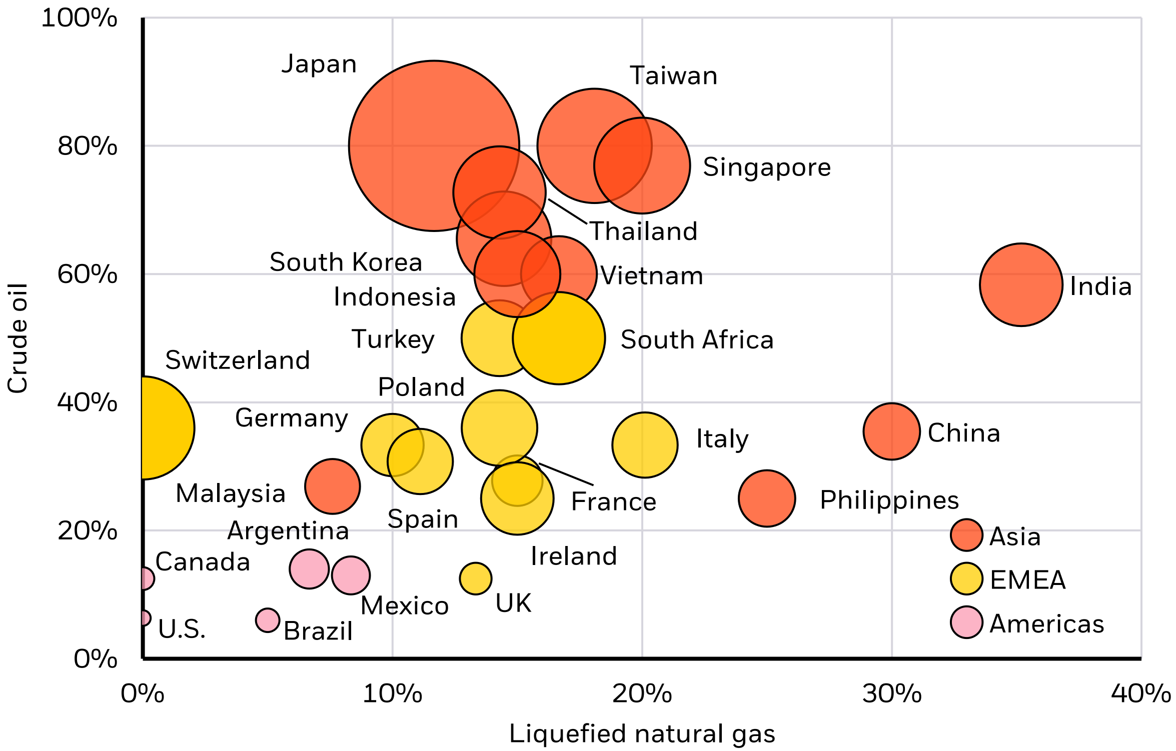
2026 Global Outlook
Q2 update

BlackRock
Investment
Institute

Mega forces are clashing, rewiring economies and markets

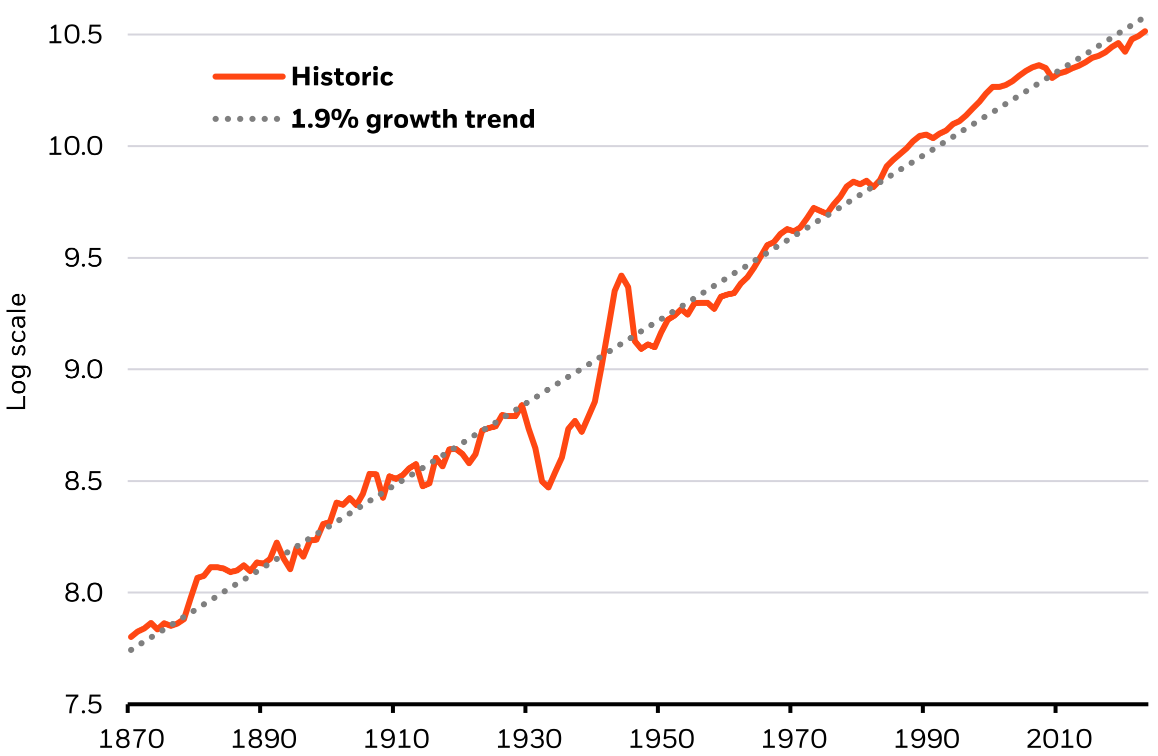
The Middle East conflict amplifies the "world shaped by supply," where supply constraints drive economic outcomes. Yet AI-driven innovation is also at play, making a potential breakout from 2% growth conceivable for the first time.

Share of energy imported via the Strait of Hormuz



Source: BlackRock Investment Institute with data from World Bank, International Energy Agency (IEA), U.S. Energy Information Administration, International Group of Liquefied Natural Gas Importers (GIIGNL), Organization of the Petroleum Exporting (OPEC) and commercial tanker-tracking databases, April 2026. Note: Sample includes the G7 and the 25 largest economies by trade. The scatter plots the share of crude oil imported via the Strait of Hormuz against the liquefied natural gas imported via the strait. The bubble size shows each region's dependence on oil and gas imports, measured by imports as a share of total oil and gas consumption.

U.S. GDP per capita and long-term trend, 1870-2024



Source: BlackRock Investment Institute and Macrohistory Database, December 2025. Note: Historical data compiled by Òscar Jordà, Moritz Schularick, and Alan M. Taylor. 2017. Macrofinancial History and the New Business Cycle Facts. In NBER Macroeconomics Annual 2016, volume 31, edited by Martin Eichenbaum and Jonathan A. Parker. Chicago: University of Chicago Press.

2026 themes playing out

1. Micro is macro

The capital spending ambitions tied to the AI buildout are so large that the micro is macro. Overall revenues could justify the spend – yet it's unclear how much will accrue to the tech companies driving the buildout. We also see this as a great time for active investing.

2. Leveraging up

The AI builders are leveraging up – investment is front-loaded while revenues are back-loaded. Along with highly indebted governments, this creates a more levered financial system vulnerable to shocks – including bond yield spikes. We see private credit and infrastructure supporting this financing.

3. Diversification mirage

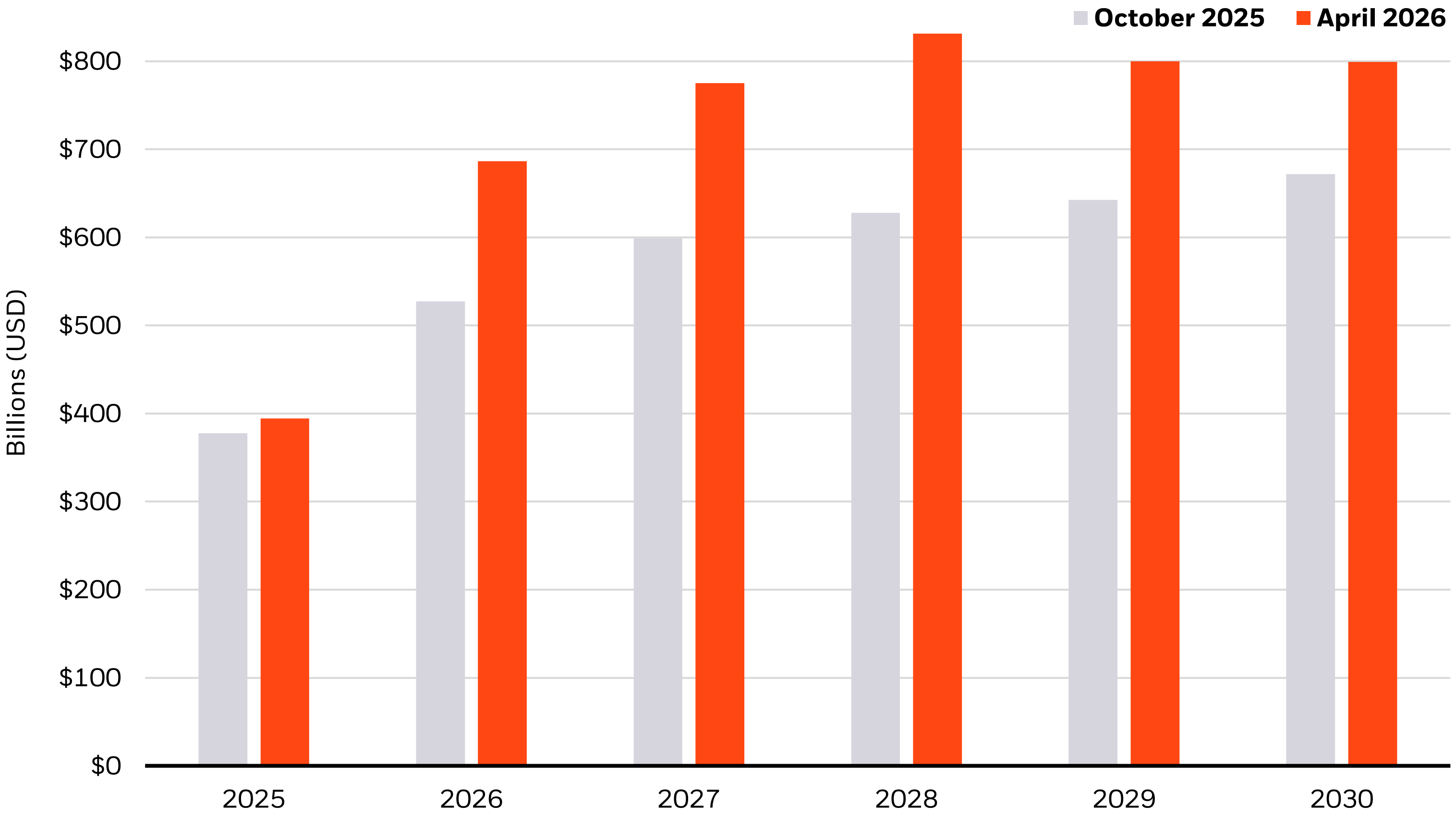
With a few mega forces driving markets, allocations made under the guise of diversification may now in fact be big active bets. We think investors should focus less on spreading risk indiscriminately and more on owning it more deliberately – a more active approach. We think portfolios require a clear plan B and a readiness to pivot quickly.

The opinions expressed are as of April 2026 and are subject to change at any time due to changes in market or economic conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

Micro is macro

Plans for massive capital investment from tech "hyperscalers" are ramping up, unaffected by the Middle East conflict. We think the spending ambitions of a few companies are so large, it means micro is macro now.

Estimated capex for tech "hyperscalers," 2025–2030

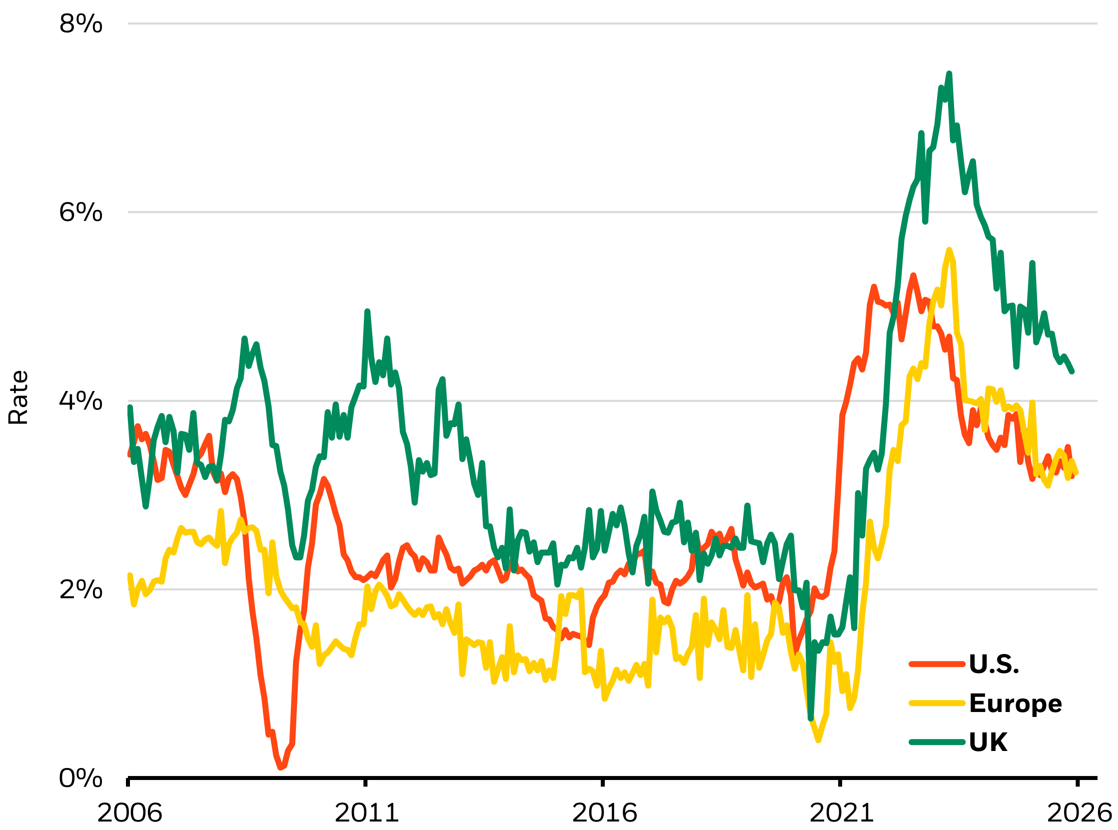


Forward-looking estimates may not come to pass. Reference to individual companies mentioned in this communication is for illustrative purposes only and should not be construed as investment advice or investment recommendation. Source: BlackRock Investment Institute, with data from Bloomberg, April 2026. Note: The bars show the total estimated capex, using Bloomberg consensus, for tech "hyperscaler" companies – Alibaba, Amazon, Google, Meta, Microsoft, Oracle, Tencent – in billions of U.S. dollars.

Even without a Mideast supply shock, inflation progress stalled

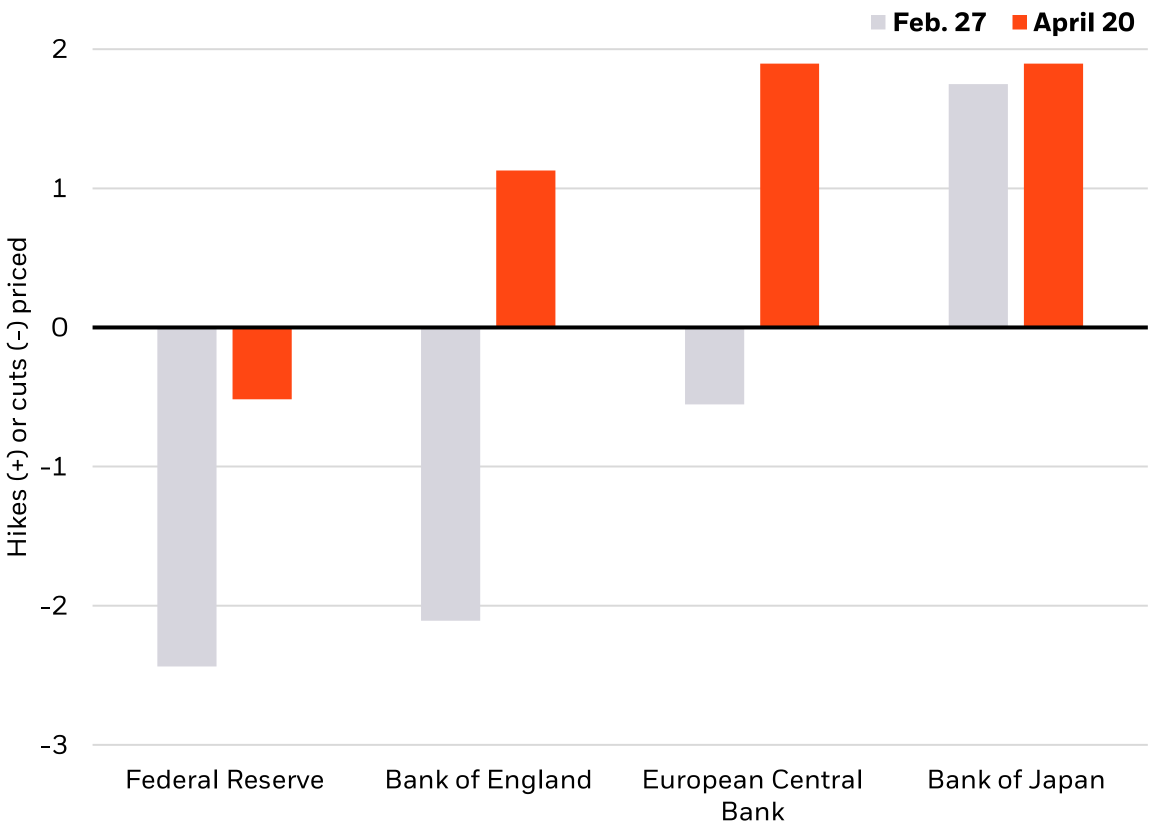
Before the Middle East conflict, underlying inflation was still too high for overall inflation to hit 2% policy targets. Soaring energy prices that may pile on to existing inflation pressure have dimmed hopes for easier monetary policy.

Annual core services inflation, 2006-2026



Source: BlackRock Investment Institute, U.S. Bureau of Economic Analysis, Eurostat, UK Office of National Statistics, with data from Haver Analytics, April 2026. Note: The line for the U.S. shows core services excluding shelter PCE inflation.

Market-implied 25-basis point rate moves in 2026

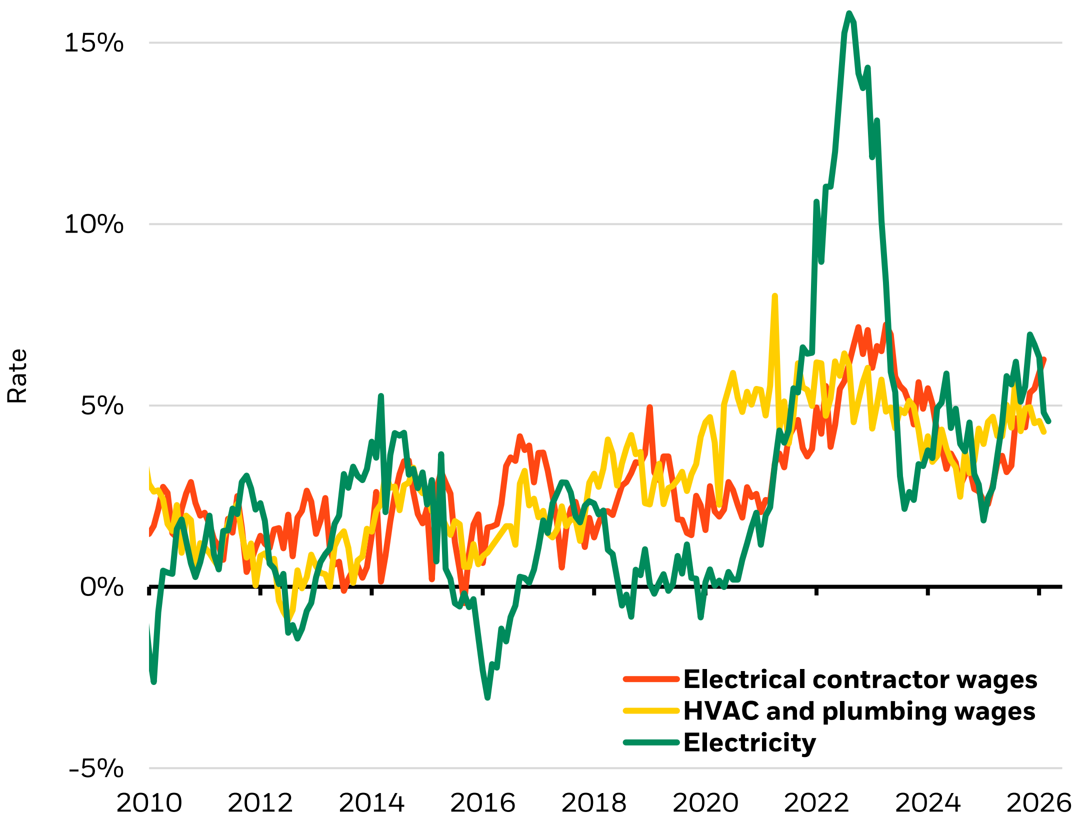


Forward-looking estimates may not come to pass. Source: BlackRock Investment Institute with data from Bloomberg, April 2026. Note: The bars show the market-implied number of 25-basis point moves by major central banks in 2026. Negative numbers represent rate cuts and positive numbers represent rate hikes.

We think the AI buildout could raise inflation before reducing it

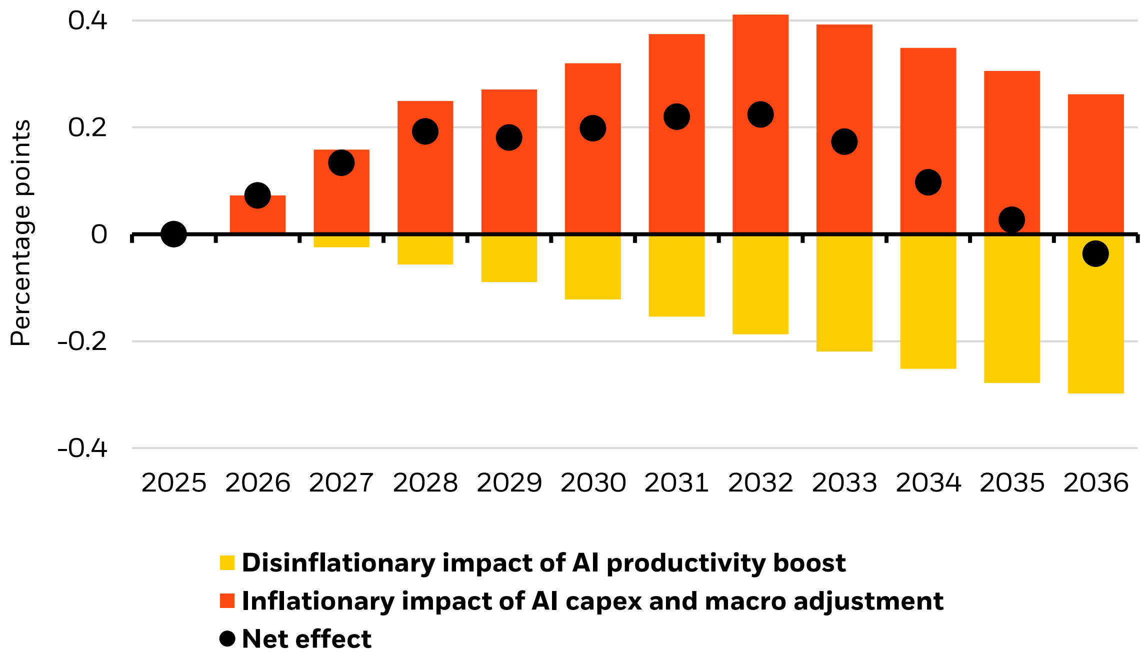
We see the AI mega force playing out in phases and believe the buildout of AI infrastructure must come first before any efficiency gains follow. That means AI could push up on inflation before bringing it down, in our view.

Annual U.S. inflation, 2010–2026



Source: BlackRock Investment Institute, U.S. Bureau of Labor Statistics, with data from Haver Analytics, April 2026. Note: The chart shows the annual change in U.S. electricity prices and wages for U.S. electrical, and HVAC & plumbing contractors.

Estimated impact of the AI buildout on U.S. inflation

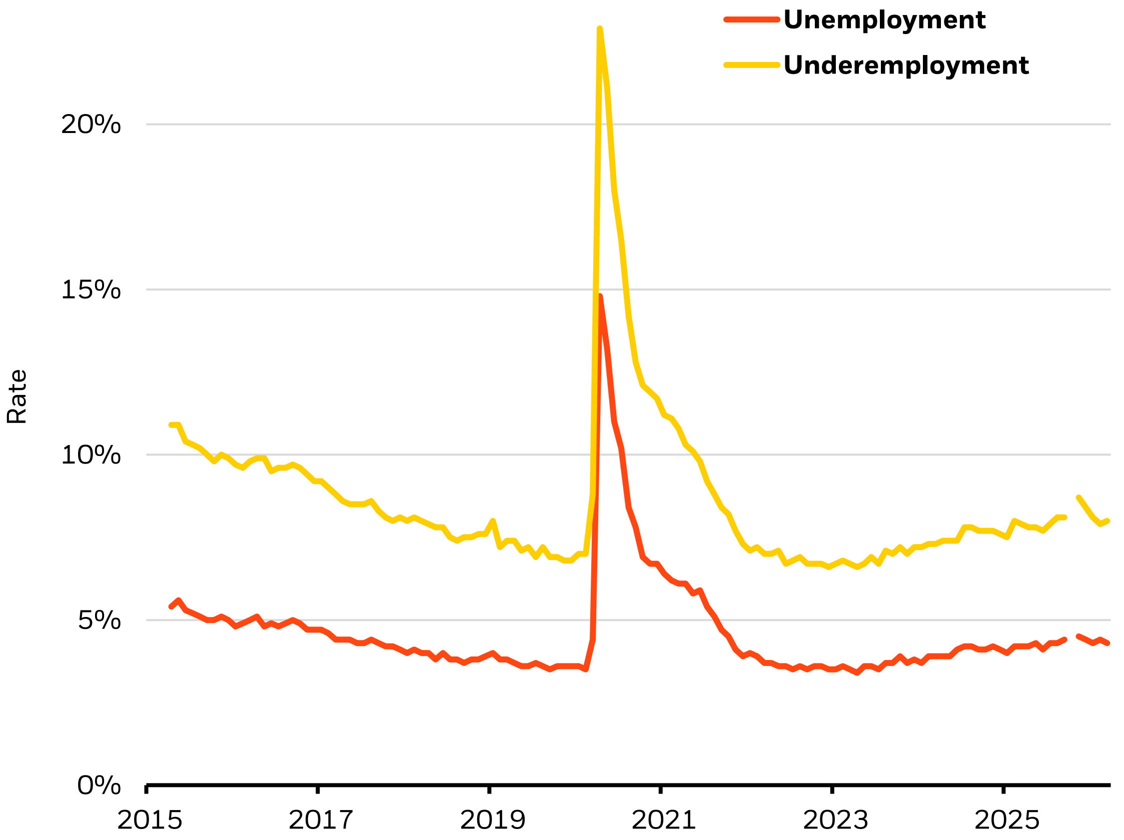


Forward-looking estimates may not come to pass. Source: BlackRock Investment Institute, April 2026. Note: The orange bars show hypothetical projections of the impact of AI capital expenditure (capex) on U.S. inflation, assuming that global capex is in line with projections of just under $6 trillion through 2025-2030 inclusive, and assuming AI capex crowds out some other activity in the economy. The yellow bars show hypothetical impact of AI-driven efficiency improvements on U.S. inflation under assumptions about the speed and extent of AI-driven productivity growth and resulting impact on inflation. Black dots show the net effect of the two together. These are estimates and there is material uncertainty around the timing and size of productivity-related effects particularly.

Labor markets are still tight

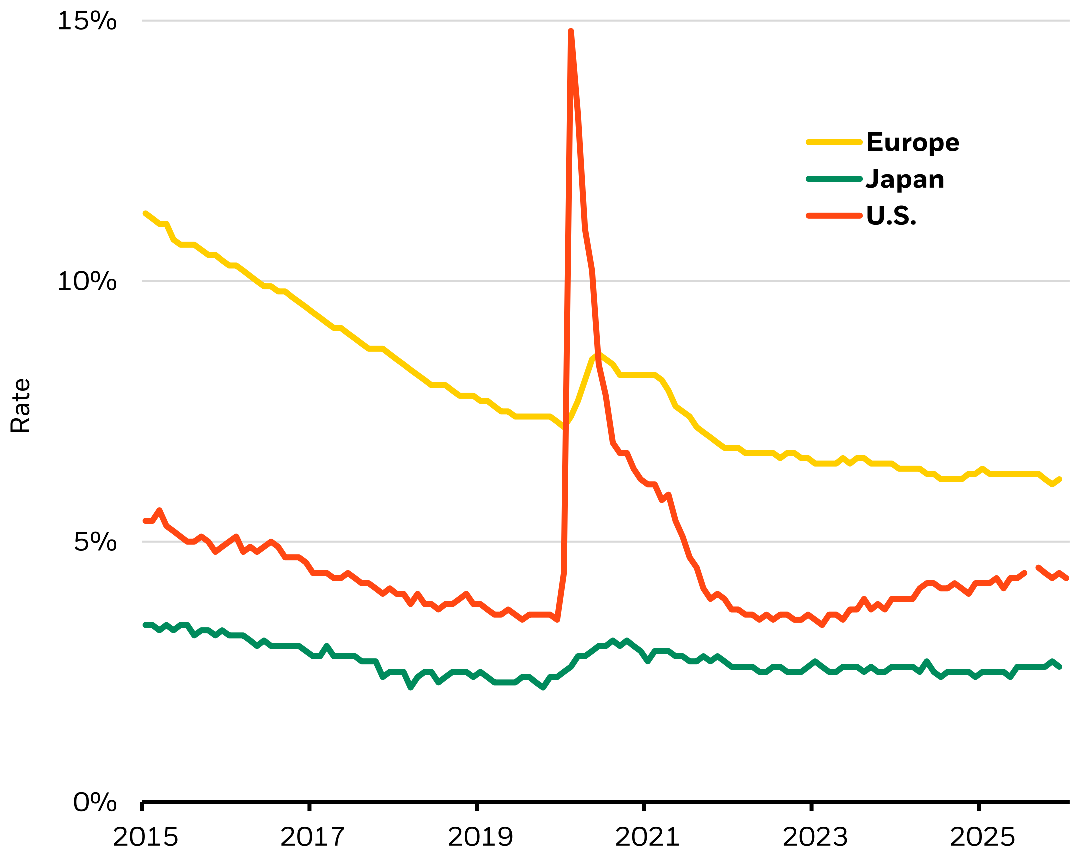
Various measures show labor markets remain tight. In the U.S., the number of unused or underused workers has risen little, even with weaker jobs growth. And AI has not yet impacted jobs in a way that would shift the inflation outlook.

U.S. employment, 2015–2026



Source: BlackRock Investment Institute, U.S. Bureau of Labor Statistics, with data from Haver Analytics, April 2026. Note: The lines show U.S. unemployment and underemployment rates. Underemployment captures those unemployed for economic reasons.

Unemployment rates, 2015–2026

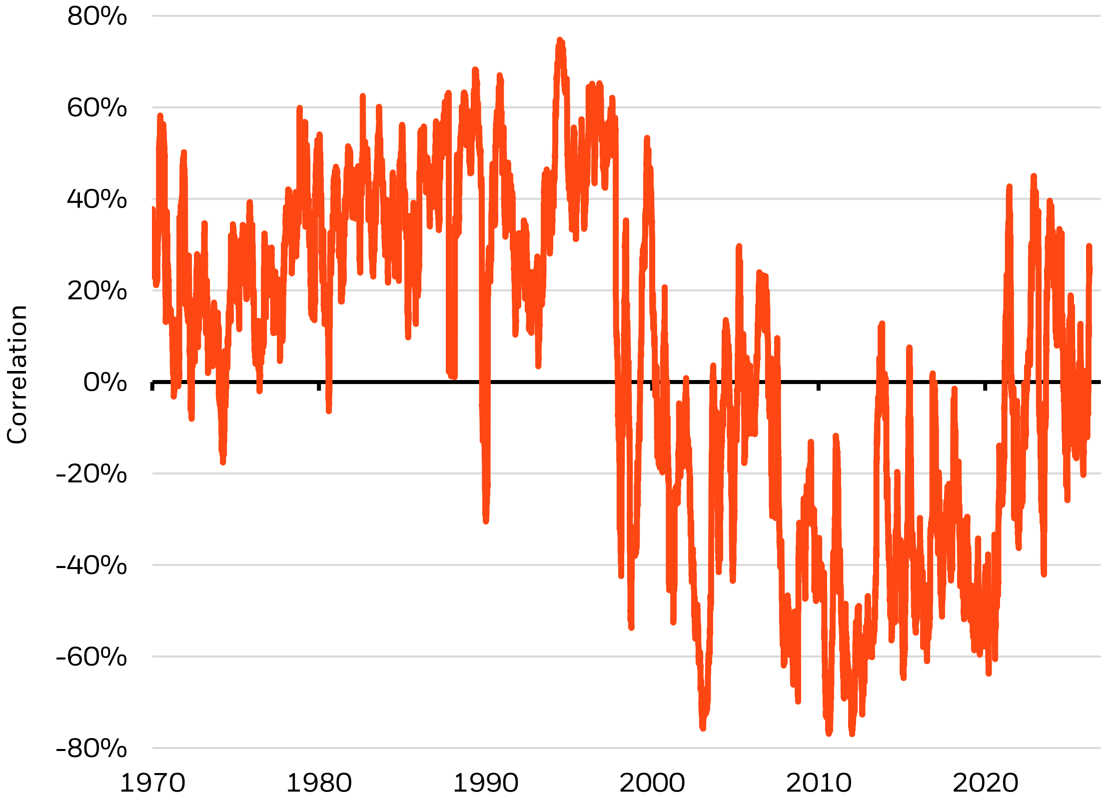


Source: BlackRock Investment Institute, Eurostat, Japan's Ministry of Internal Affairs and Communications, U.S. Bureau of Labor Statistics, with data from Haver Analytics, April 2026. Note: The lines show the unemployment rates for the U.S., Europe and Japan.

The diversification mirage lingers

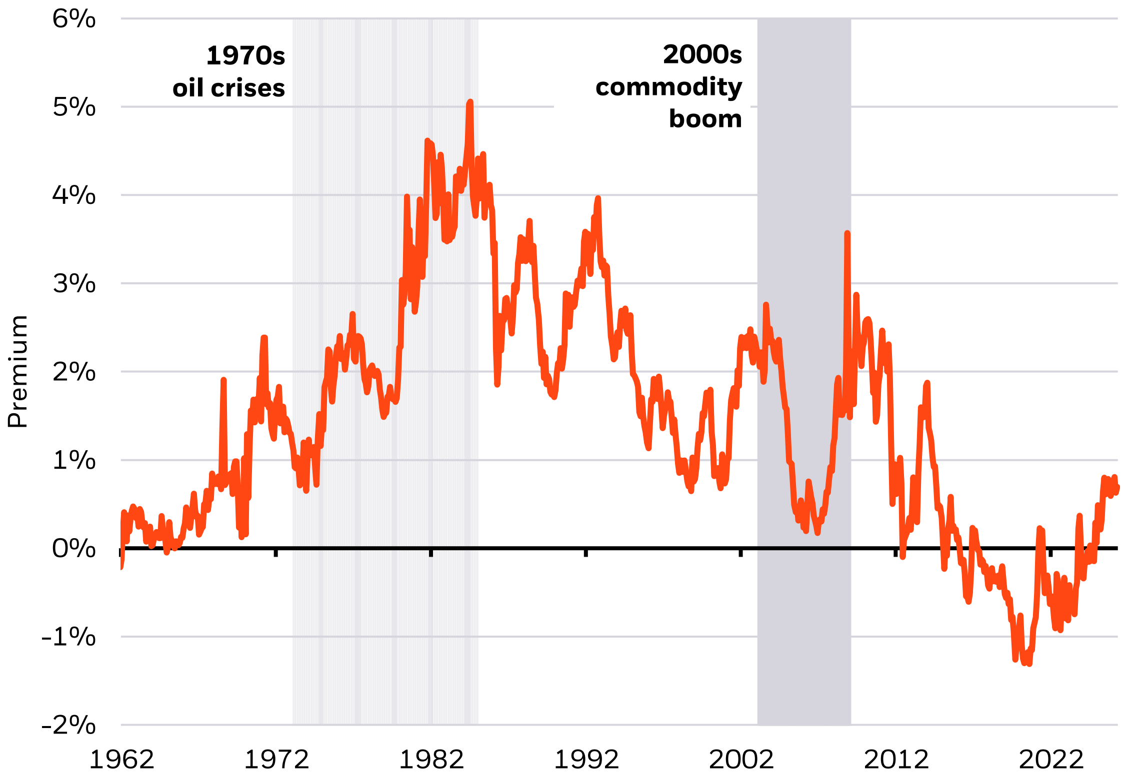
Since the pandemic, U.S. Treasuries have become less reliable at offering diversification from equity returns. Term premium remains historically low, leaving room for yields to rise.

U.S. stock-bond correlation, 1970–2026



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute with data from LSEG Datastream, April 2026. Note: The line shows the rolling 90-day correlation between daily returns of the S&P 500 and U.S. 10-year Treasuries.

U.S. 10-year term premium, 1962–2026

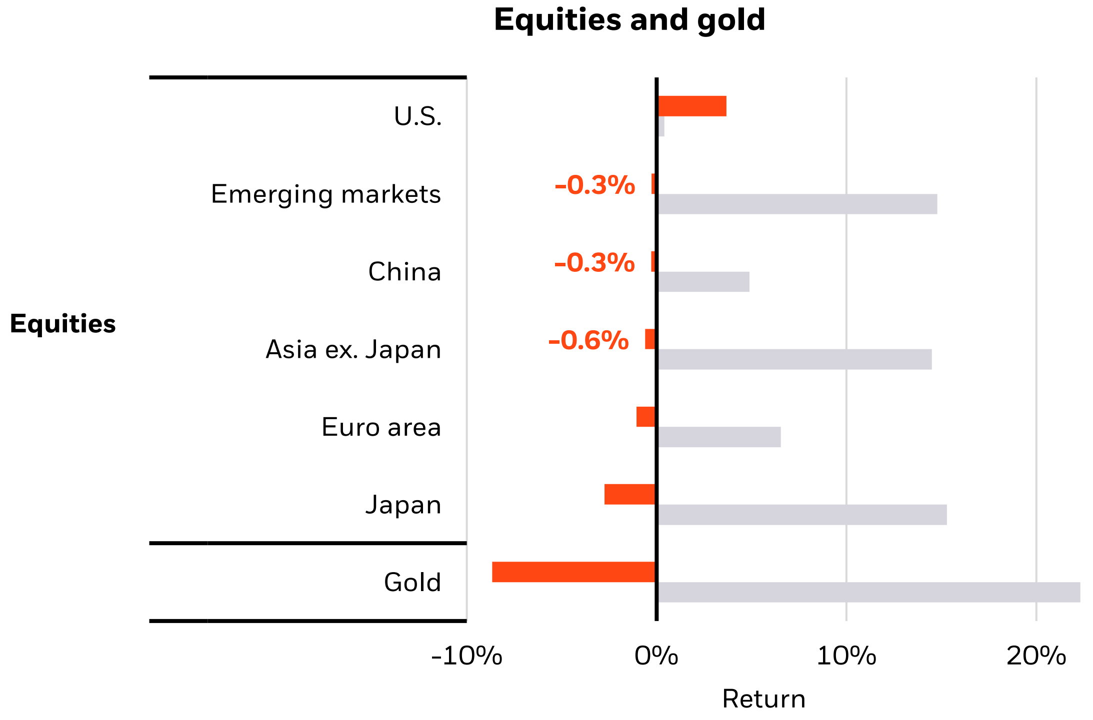


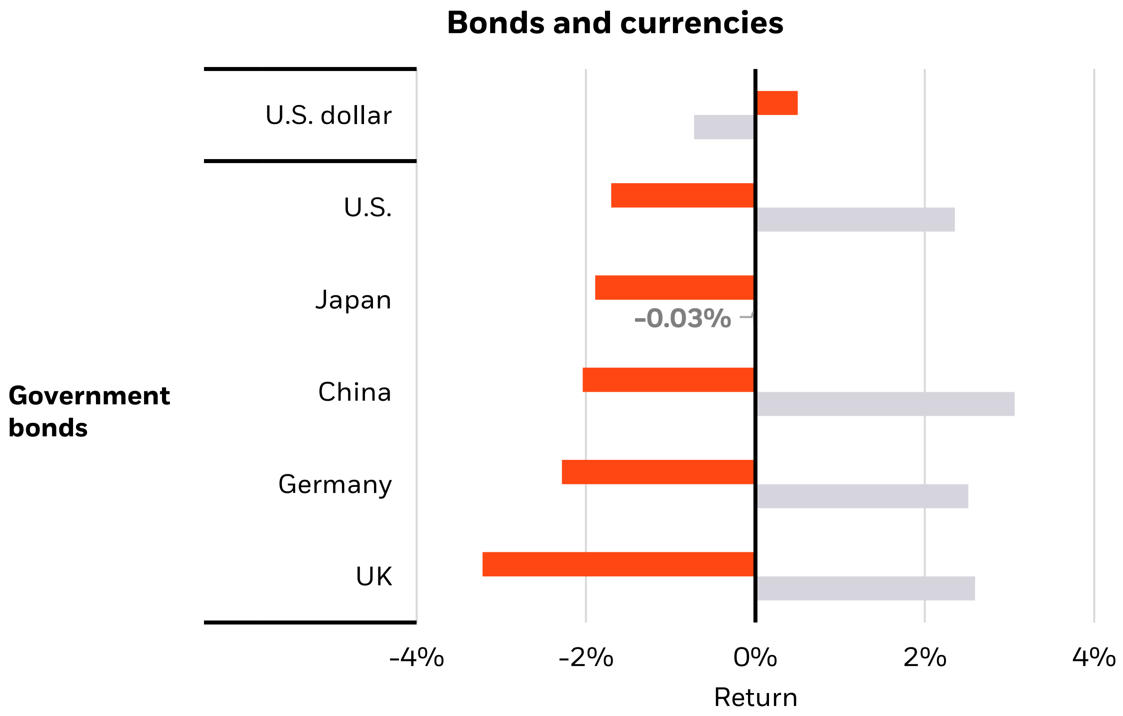
The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Source: BlackRock Investment Institute, New York Federal Reserve, with data from LSEG Datastream, April 2026. Note: The chart shows the New York Fed's estimate of U.S. term premium – the extra compensation investors demand for the risk of holding long-term bonds. The shaded bands cover the 1970s oil crises and the 2000s commodity boom, when the price of many physical commodities surged.

Markets offered little refuge from a historic geopolitical shock

An energy supply crunch sent oil and gas prices soaring, bruising stocks and bonds. Inflation worries and waning rate cut hopes drove markets, and returns were scarce – underscoring the challenge of investing amid geopolitical shocks.

Asset performance, 2026





Since Feb. 27 Up to Feb. 27

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Source: BlackRock Investment Institute with data from LSEG Datastream, April 2026. Data as of April 20. Note: The charts show returns across regional equities, government bonds, gold and the U.S. dollar until Feb. 27 and since Feb. 27, the day before U.S.-Israeli strikes on Iran. Index proxies used: MSCI USA, MSCI EMU, MSCI Emerging Markets, MSCI All Country Asia ex. Japan, MSCI Japan and the DXY dollar index for the U.S. dollar. Total returns are used for equities and bonds, and price return is used for the U.S. dollar and gold. Benchmark 10-year government bonds are used for government bond returns.

Our big calls for 2026

Our highest conviction views on tactical (6-12 month) and strategic (long-term) horizons, April 2026

Tactical	Reasons
Favor AI beneficiaries	• We favor physical infrastructure and equipment supporting the AI buildout – like semiconductors, power and data center assets – that we think stand to benefit no matter the winners or losers. We see the AI theme lifting U.S. corporate earnings, and that underpins our U.S. equity overweight.
Select international exposures	• We like hard-currency EM debt due to improved economic resilience, disciplined fiscal and monetary policy and a high ratio of commodities exporters. We also like EM equities, preferring commodity exporters and AI beneficiaries too. In Europe, we favor equity sectors such as infrastructure.
Evolving diversifiers	• We suggest looking for a “plan B” portfolio hedge as long-dated U.S. Treasuries no longer provide portfolio ballast – and to mind potential sentiment shifts. We like gold as a tactical play with idiosyncratic drivers, but we think it has become more unreliable as the diversification mirage grows.

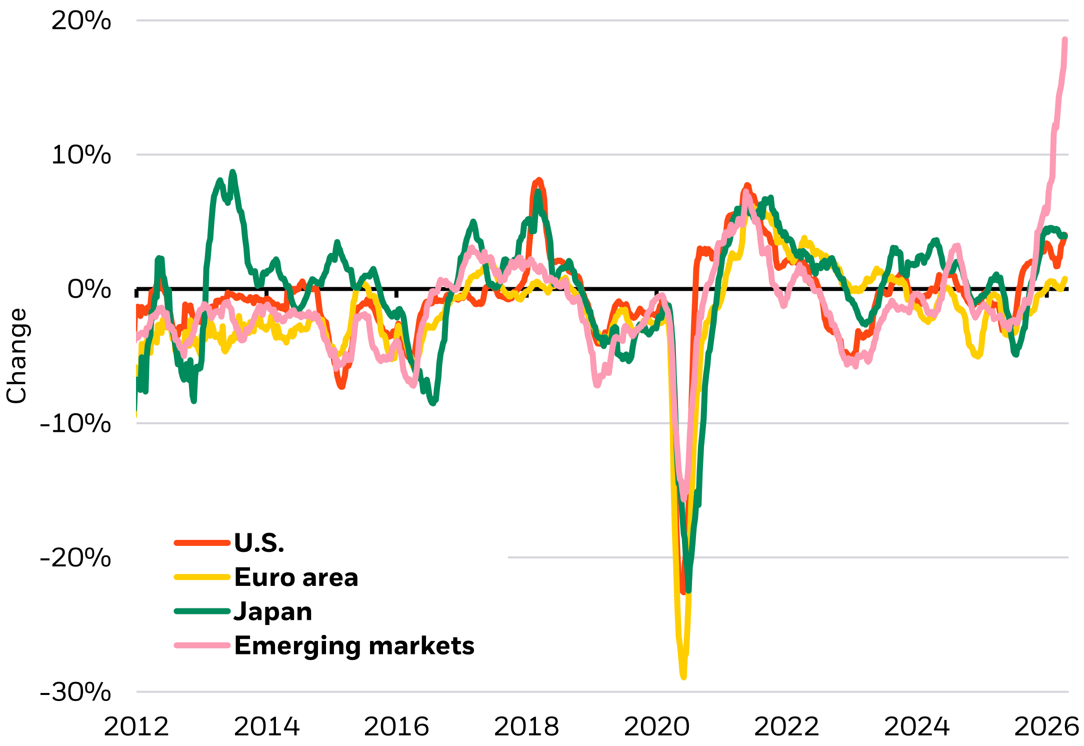
Strategic	Reasons
Portfolio construction	• We favor a scenario-based approach as we learn more about AI winners and losers. We lean on private markets and hedge funds for idiosyncratic return and to anchor portfolios in mega forces.
Infrastructure equity and private credit	• We find infrastructure equity valuations attractive and mega forces underpinning structural demand. We still like private credit but see dispersion ahead – highlighting the importance of manager selection.
Beyond market cap benchmarks	• We get granular in public markets. We favor DM government bonds outside the U.S. Within equities, we favor EM over DM yet get selective in both. In EM, we like India which sits at the intersection of mega forces. In DM, we like Japan as mild inflation and corporate reforms brighten the outlook.

Note: Views are from a U.S. dollar perspective, April 2026. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

We favor U.S. and emerging market (EM) stocks

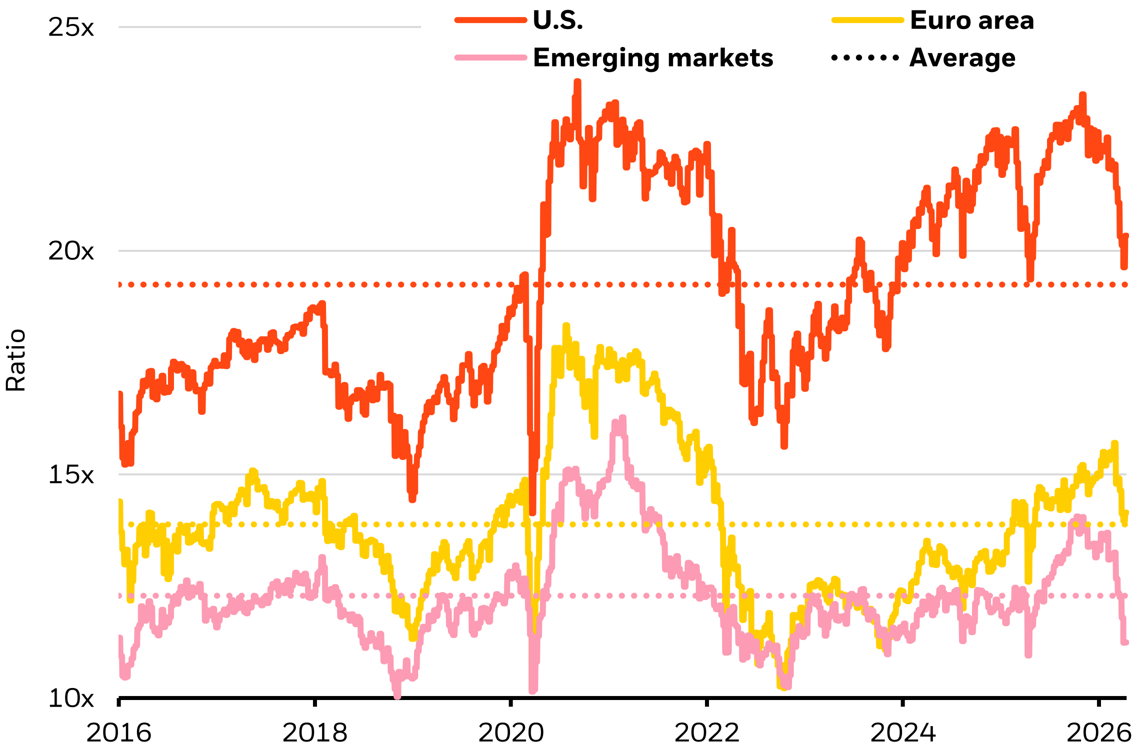
The AI theme is boosting earnings in the U.S. and EM, just as valuations fall close to long-term averages. In EM, we favor AI manufacturers and commodity exporters. Strong earnings expectations in both regions keep us risk-on.

Three-month change in 12-month forward earnings



Forward-looking estimates may not come to pass. Past performance is not a reliable indicator of current or future results. It is not possible to invest in an index. Indices are unmanaged and performance does not account for fees. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute, MSCI, IBES, with data from LSEG Datastream, April 2026. Note: The lines show the weighted three-month percent change in the 12-month forward earnings per share forecasts for U.S., euro area, Japan and emerging market equities. Index proxies used: MSCI USA, MSCI EMU, MSCI Japan and MSCI Emerging Markets. All indexes are in local currency except for MSCI Emerging Markets.

12-month forward price-to-earnings ratio, 2016-26



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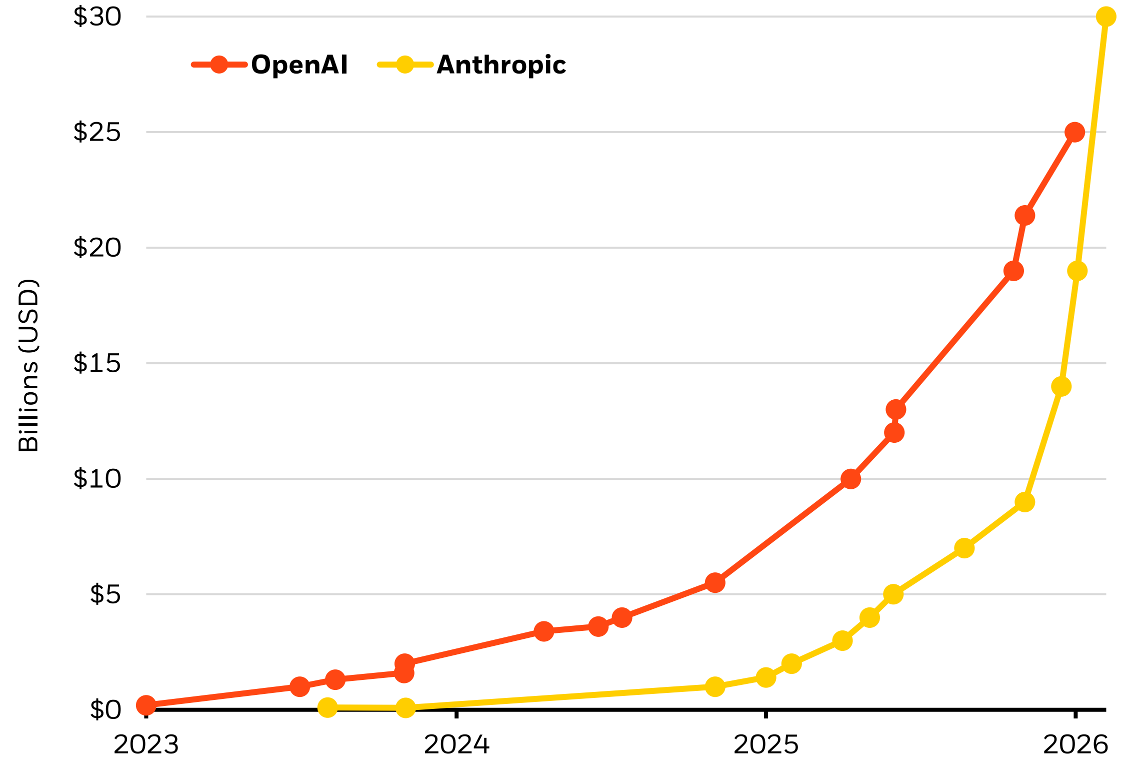
Early signs that AI capex could pay off are coming through

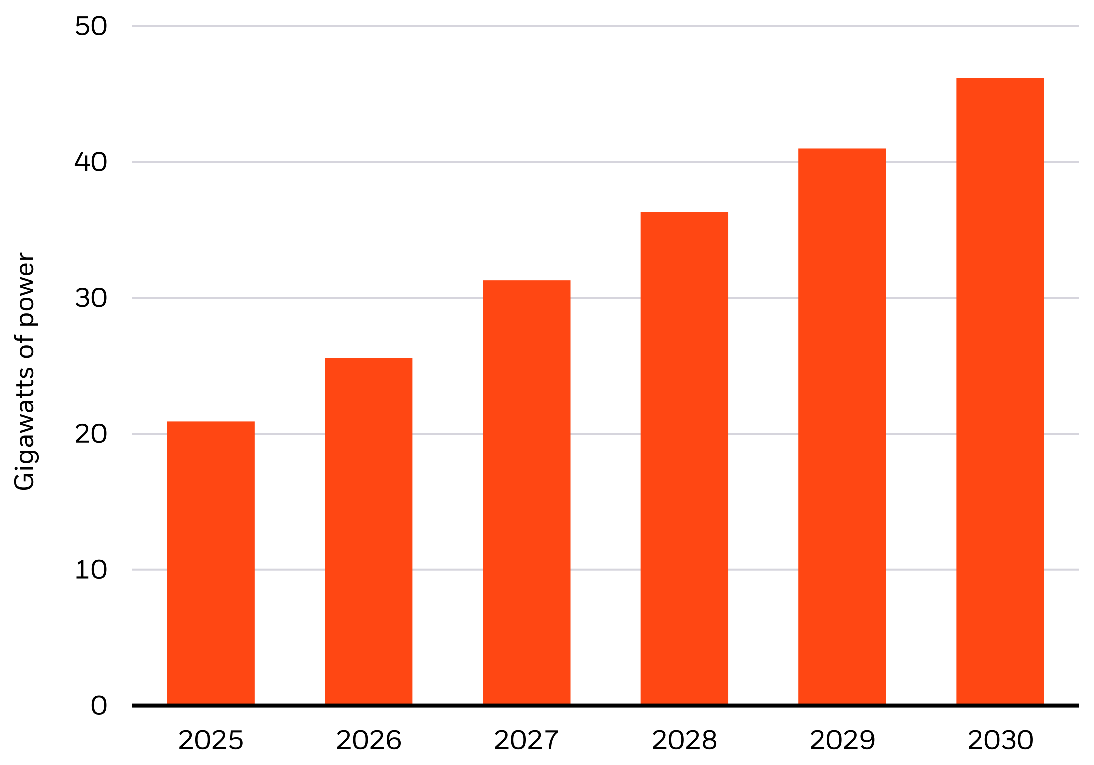
Uncertainty on whether massive AI spend will pay off remains, but the revenue growth of model builders is one positive development. New efforts to power AI "behind the meter" help avoid power grid constraints.

Annualized revenue, 2023–2026



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Reference to individual companies mentioned in this communication is for illustrative purposes only and should not be construed as investment advice or investment recommendation. Source: BlackRock Investment Institute with data from Epoch AI, 'Data on AI Companies.' Published online at epoch.ai. Retrieved from 'https://epoch.ai/data/ai-companies' [online resource]. Accessed 15 April 2026. Note: OpenAI and Anthropic are shown based on being the two largest AI labs by revenue, according to the data from Epoch AI.

Estimated U.S. "behind-the-meter" power capacity

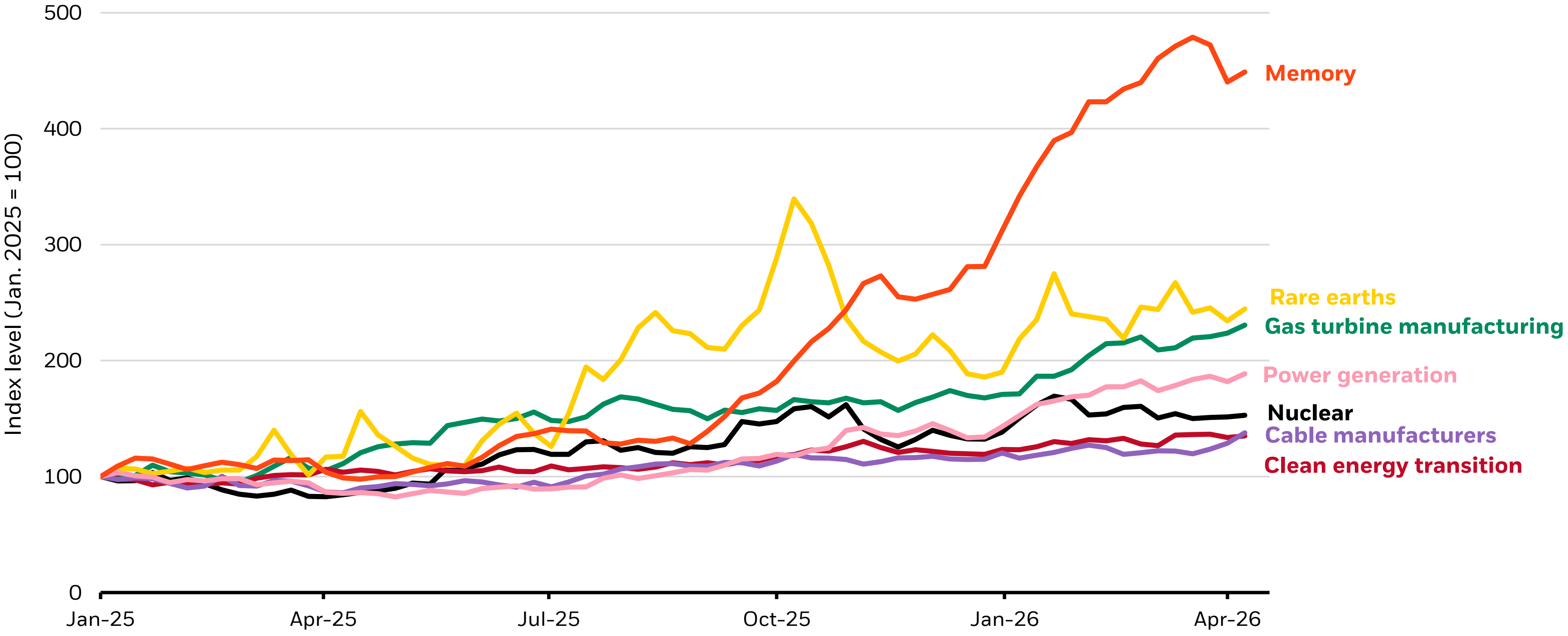


Forward-looking estimates may not come to pass. Source: BlackRock Investment Institute, with data from Jefferies, April 2026. Note: The bars show the estimated "behind-the-meter" capacity for the following power generation equipment companies: Wartsila, FTAI Aviation, Baker Hughes, Innio, Caterpillar, Bloom Energy. Power from Bloom Energy is from fuel cells. The others are from gas turbines.

We see a stronger case for thematic opportunities

The Middle East conflict has sharpened focus on energy security, defense and supply chain resilience. We also see the AI theme still powering on, creating opportunities in energy, infrastructure and even data center security.

Performance of select investment themes relative to MSCI World, 2025-26



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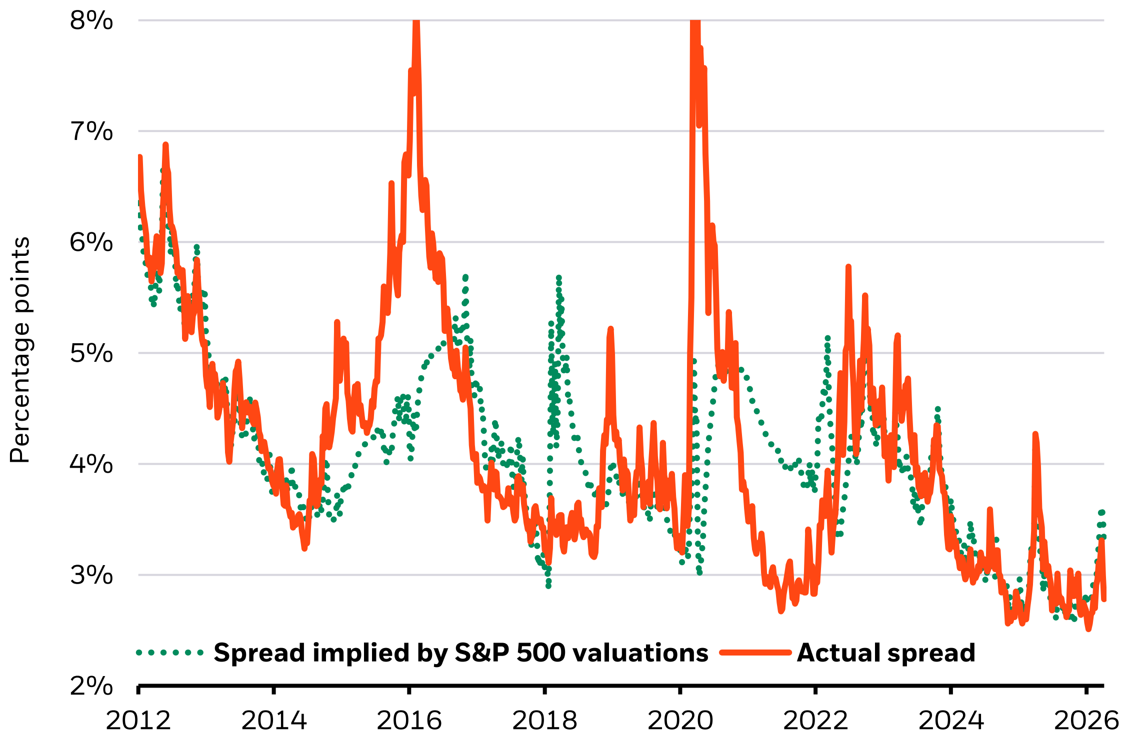
Source: BlackRock Investment Institute with data from Bloomberg, April 2026. Note: Indices are rebased to January 2025 and show relative performance vs. MSCI World. Index proxies used for "Gas turbine manufacturing" and "Cable manufacturers" are representative companies selected from the Bloomberg World Utilities Large & Mid Cap, Bloomberg World Industrials Large, Mid & Small Cap, and S&P Transatlantic AI-Related Data Center & Power Supply Infrastructure indexes. Index proxy for "Nuclear" is the Solactive Global Uranium & Nuclear Components Index "Rare earths" basket represents the top companies in terms of size and liquidity from indexes like Global Strategic Resource, ECPI Global Rare Earth, FTSE China A All Cap and BBG Australia. "Clean energy transition" refers to the SPDR US Utilities Select Sector. The "Memory" basket represents the top companies in terms of size and liquidity from the Solactive Global AI Memory Semiconductor Index. The "Power generation" basket is the top companies in terms of size and liquidity, from the S&P Composite 1500 energy index, S&P Machinery Industry GICS Level 3 index and other broker baskets.

We find that credit spreads are in line with equity valuations

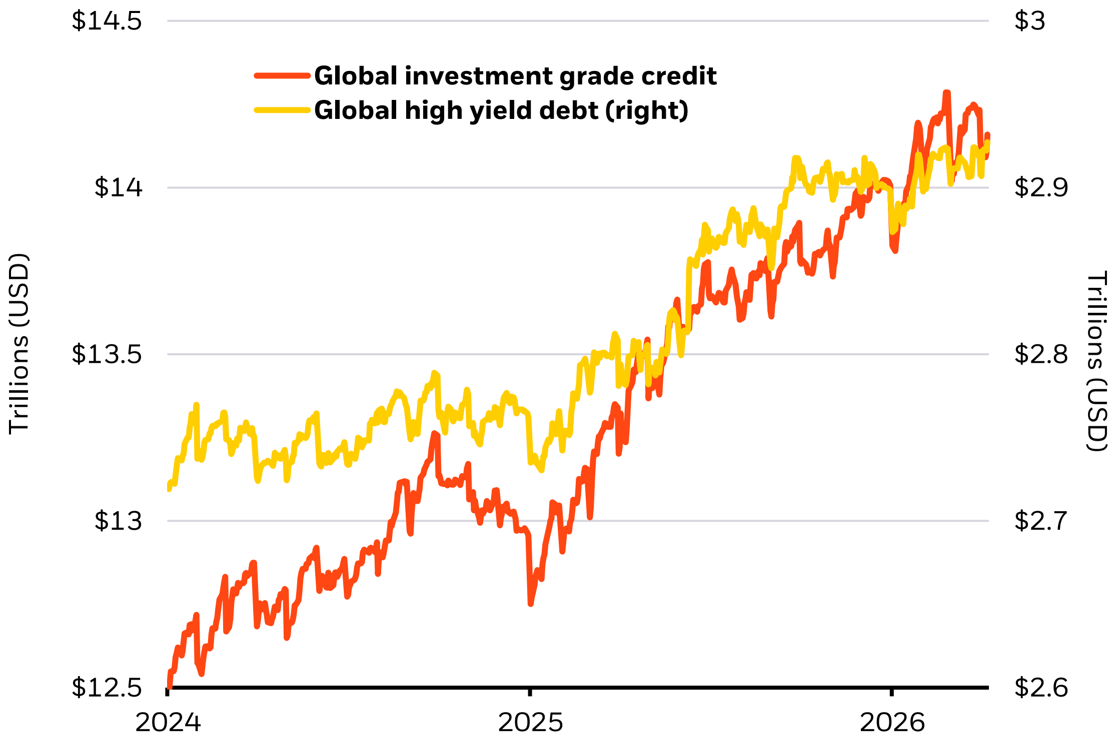
Credit spreads have lingered near historically tight levels, holding steady relative to previous periods of market stress. One potential explainer? Net corporate debt issuance has risen little so far this year.

U.S. high yield spread, actual and estimates



The figures shown relate to past performance and simulated past performance. Past performance is not a reliable indicator of current or future results. Index performance does not reflect fees or expenses, and it is not possible to invest directly in an index. Source: BlackRock Investment Institute with data from LSEG Datastream, April 2026. Note: The chart shows the actual spread for U.S. high yield debt, along with the spread implied by a two-year rolling regression of the actual high yield spread on the S&P 500's 12-month forward price-to-earnings ratio. Regression analysis is only an estimate of a relationship between the two. It is backwards-looking and one with the benefit of hindsight. The actual relationship may differ.

Outstanding debt, 2024–2026

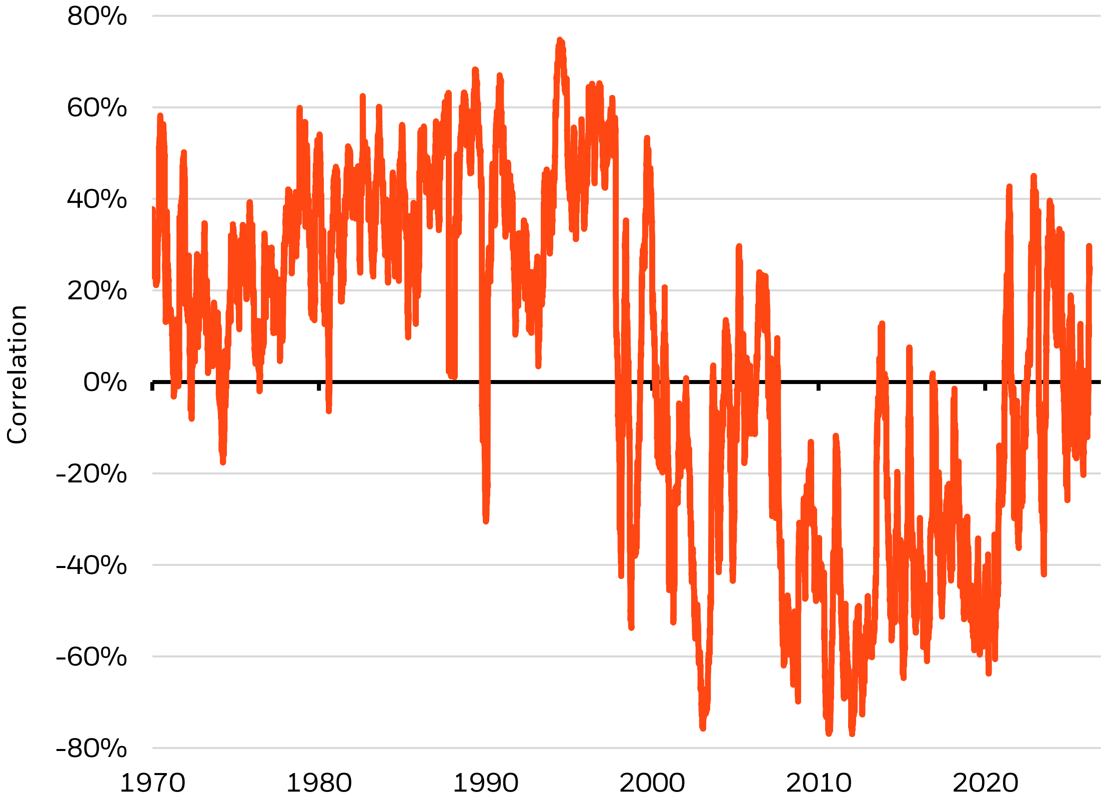


The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance does not reflect fees or expenses, and it is not possible to invest directly in an index. Source: BlackRock Investment Institute, with data from Bloomberg, April 2026. Note: The chart shows the total amount of debt included in the Bloomberg Global Agg Corporate and Global High Yield indexes. The lines show the amount issuers are due to repay at maturity, not the current market pricing of that issued debt.

We see more pressure on long-term U.S. Treasuries ahead

Since the pandemic, U.S. Treasuries have become less reliable at offering diversification from equity returns. Term premium remains historically low, leaving room for yields to rise. That keeps us underweight long-term U.S. Treasuries.

U.S. stock-bond correlation, 1970-2026



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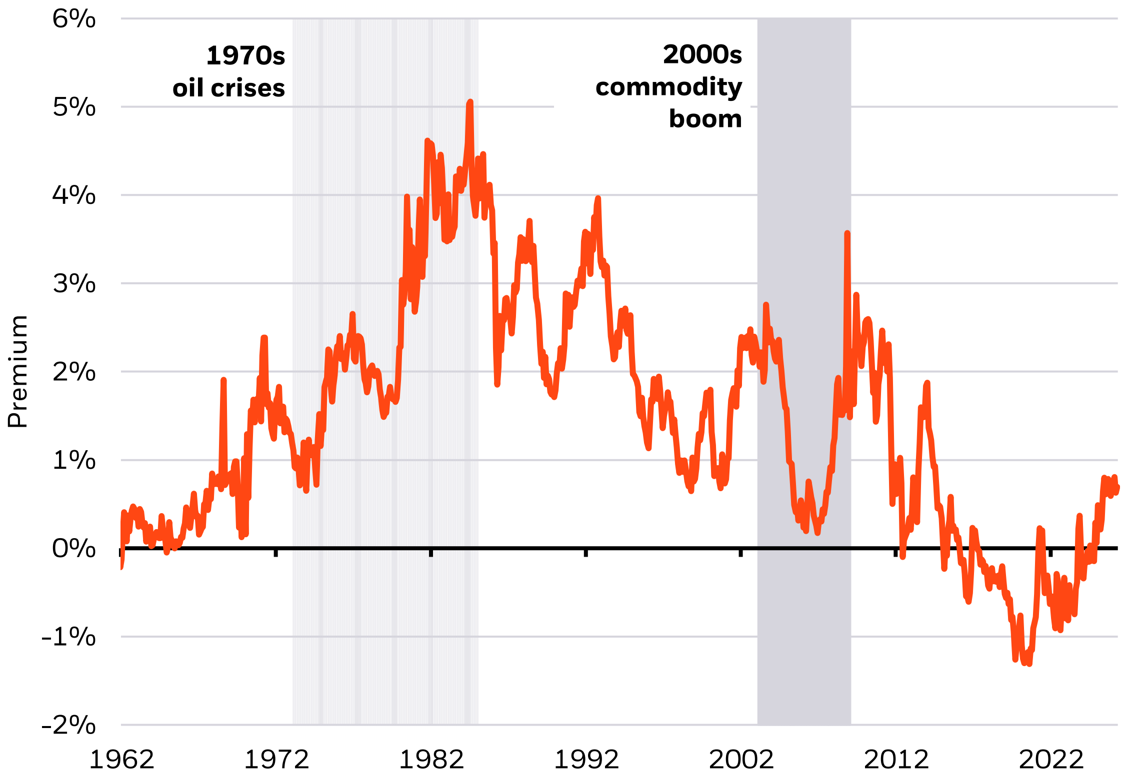
U.S. 10-year term premium, 1962-2026



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Evolving the asset allocation framework

Revisit big portfolio calls more often

We advocate for reviewing big portfolio calls more often as we learn more about how the mega force-driven transformation will play out. It also calls for having a plan B portfolio, in our view.

Have a common, whole portfolio lens

We look beyond asset class labels, focusing on whole portfolio exposures based on economic and investment factors that drive return and risk.

Take a holistic approach to risk budgeting

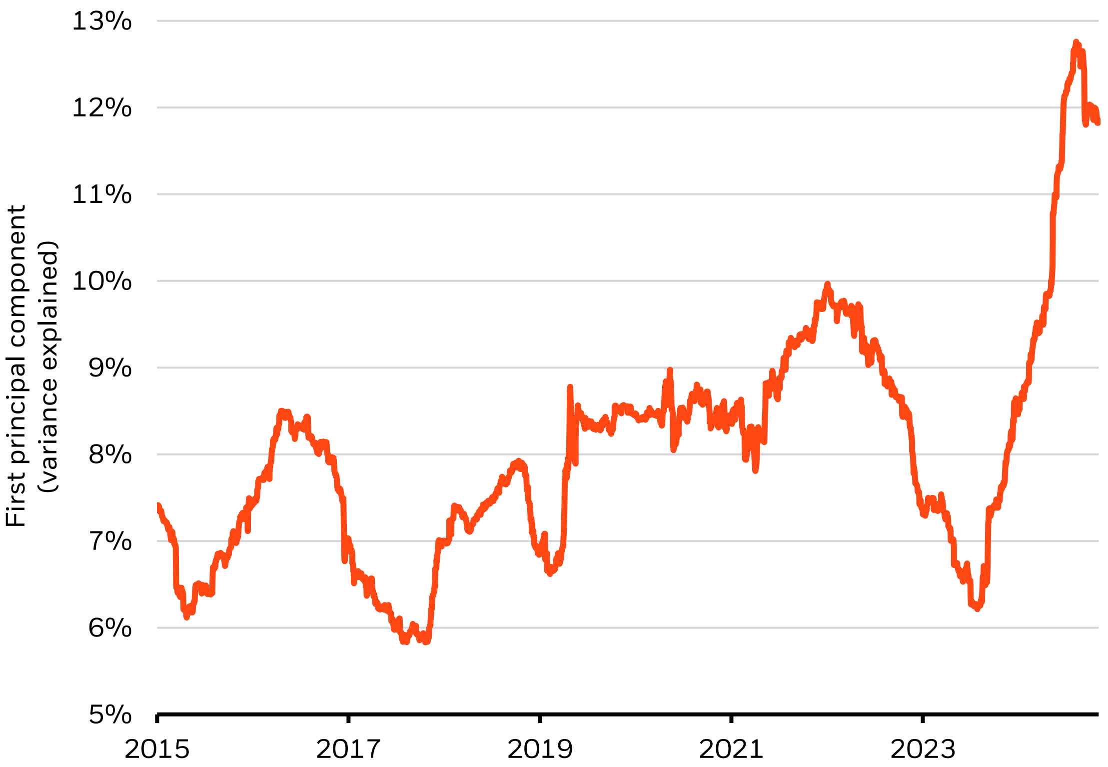
We think the transformation will create dispersion, demanding an explicit approach for budgeting risk between broad asset class exposures and alpha.

For illustrative purposes only. Source: BlackRock Investment Institute, April 2026.

Rethinking asset class buckets

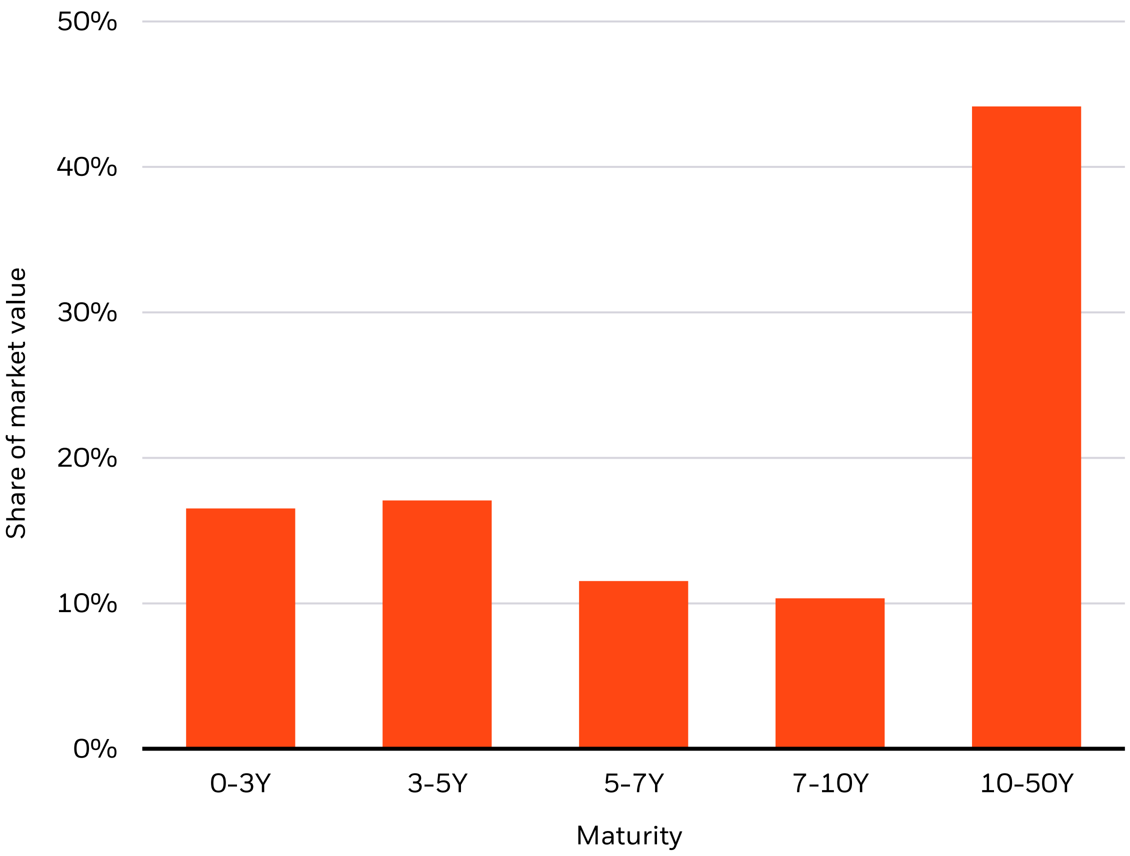
As the transformation unfolds, traditional broad market indices can become more concentrated. What looked diversified on paper can become a large, implicit bet on how the transformation plays out.

S&P 500 returns driven by non-Fama French factors



The figure shown relates to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute, with data from Bloomberg and Kenneth R. French, December 2025. Note: The line shows the variance of daily S&P 500 stock returns explained by a common driver after accounting for factors like stock value, size and momentum. This was calculated using the first principal component (PC1) of a principal component analysis (PCA) over a rolling 252-day window. PC1 attempts to determine the common driver in a set of numbers that change often – like stock returns, for example.

Bond maturities in Bloomberg's Global Aggregate Index

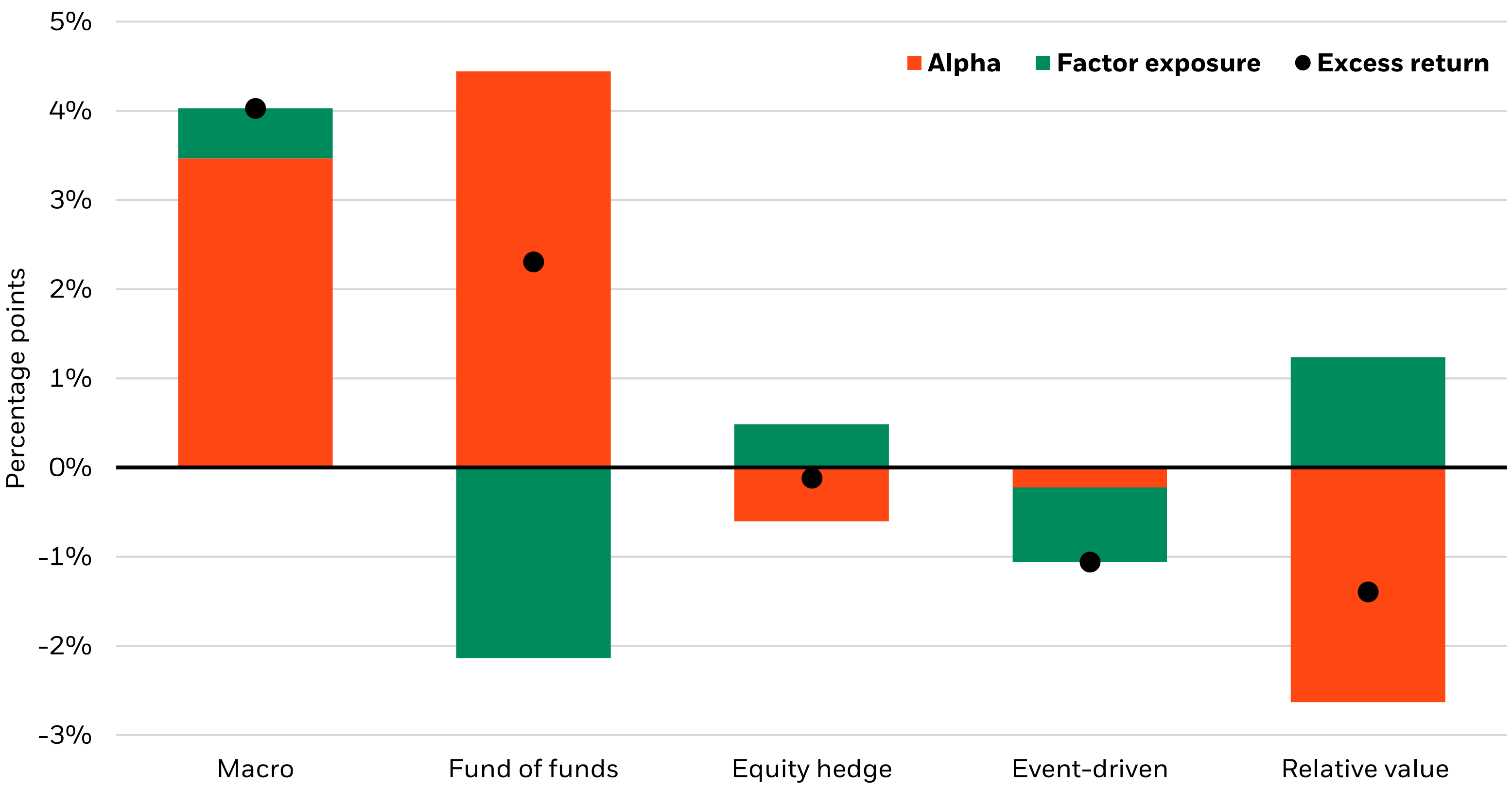


Source: BlackRock Investment Institute, with data from Bloomberg, February 2026. Note: The chart shows a breakdown of the Bloomberg U.S. Aggregate Index market cap by maturity length.

We think finding unique sources of return is more crucial now

In markets driven by only a few forces, we think finding unique return sources needs a more active approach. We find greater potential alpha on offer now versus pre-pandemic for some high-conviction strategies and skilled managers.

Estimated change in average returns for top-performing USD hedge funds between 2010–19 and 2020–25

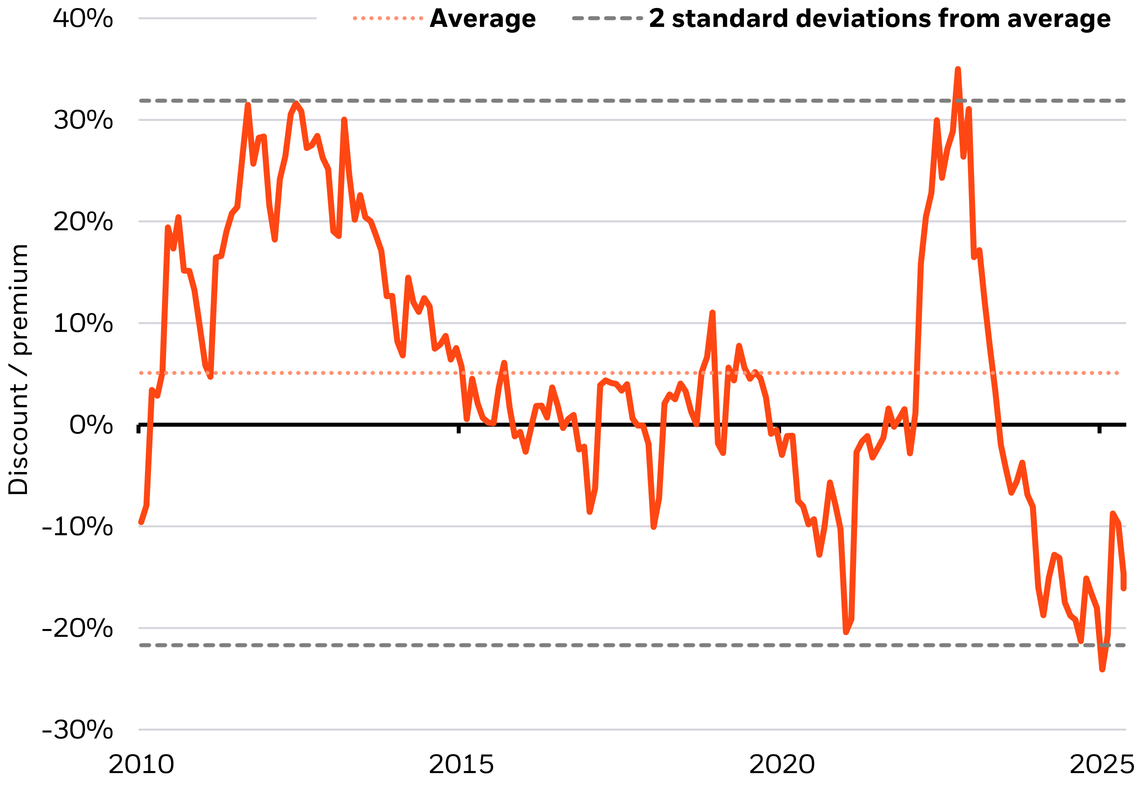


Past performance is not a reliable indicator of future performance. This information should not be relied upon by the reader as research or investment advice regarding any funds, strategy or security. Source: BlackRock Investment Institute, with data from Preqin and LSEG Datastream, December 2025. Note: The chart compares the rolling three-year average excess return (into alpha and factor contribution) between 2010-2019 and 2020-2025 – excluding January-June 2020 for both top-quartile hedge fund managers in the Preqin universe. We use regression analysis to estimate the relationship between alpha-seeking manager performance and market conditions. Regression analysis is backward-looking and is only an estimate of the relationship. The true relationship may differ.

We find infrastructure's relatively cheap valuations attractive

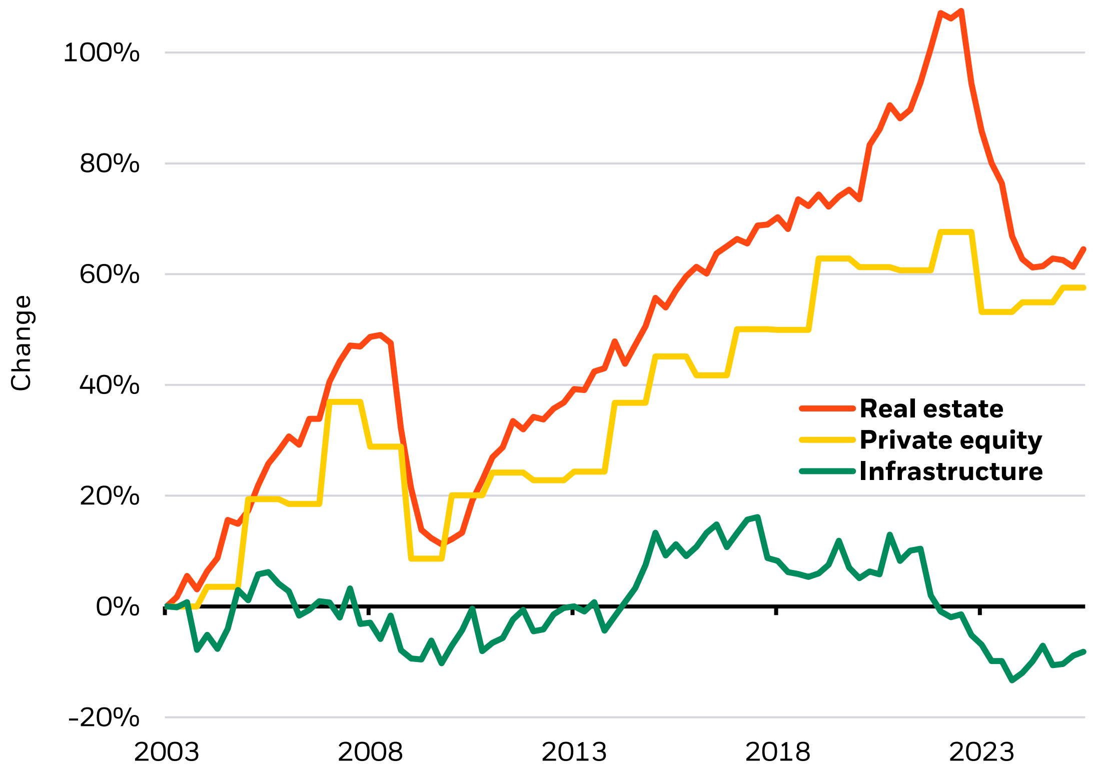
Listed infrastructure valuations do not reflect what we see as an attractive outlook for the asset class, while private infrastructure valuations have not risen as much as valuations in other private markets.

Listed infrastructure valuation vs. global equity



The figures shown also relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute, with data from MSCI, FTSE, November 2025. Note: The line shows the difference of the enterprise value to earnings before interest, tax, depreciation and amortization ratio between the FTSE World Core Infrastructure 50/50 Index and MSCI World Index.

Change in valuations since 2003

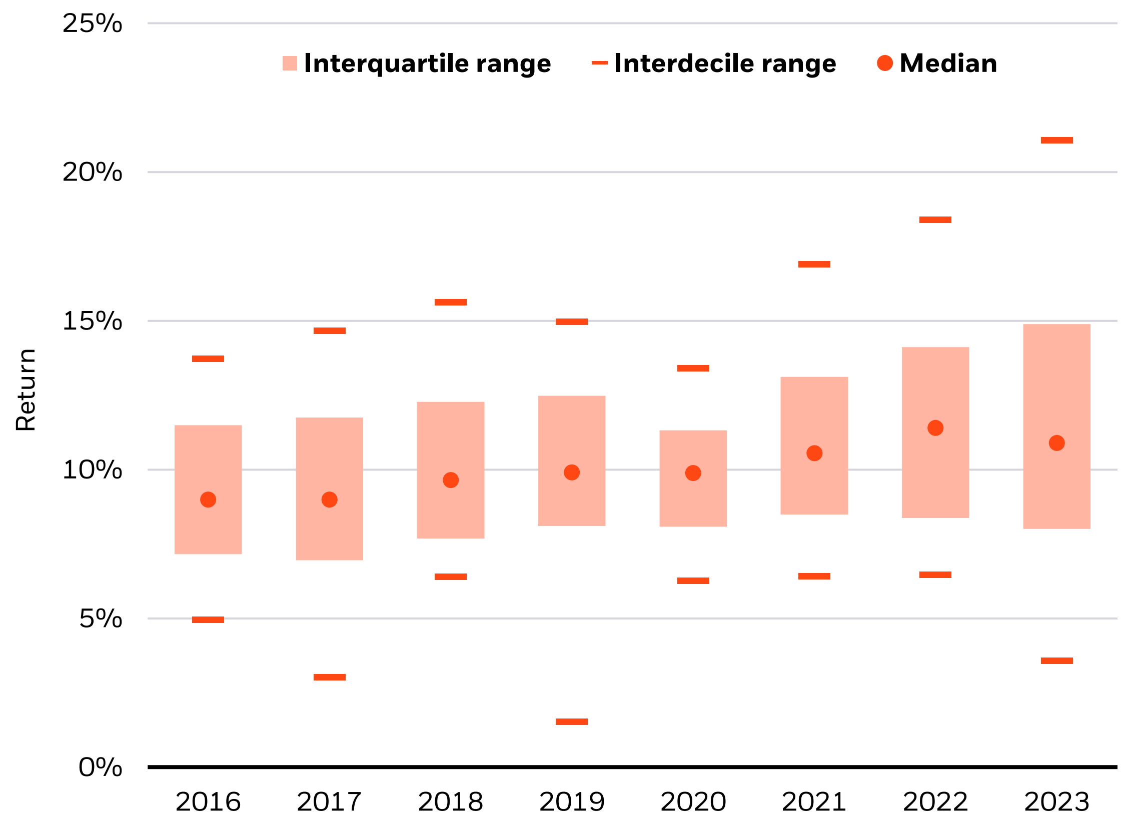


The figures shown also relate to past performance. Past performance is not a reliable indicator of current or future results. Source: BlackRock Investment Institute, with data from NCREIF, EDHEC and LCD Pitchbook, January 2026. Note: The chart shows the cumulative change in valuations since 2003 across infrastructure equity, private equity and real estate. Infrastructure equity and private equity valuations are gauged by the ratio between enterprise value and earnings before interest, tax, depreciation and amortization. The real estate valuation is gauged by the net operating income divided by the property value.

We see further dispersion ahead in private credit

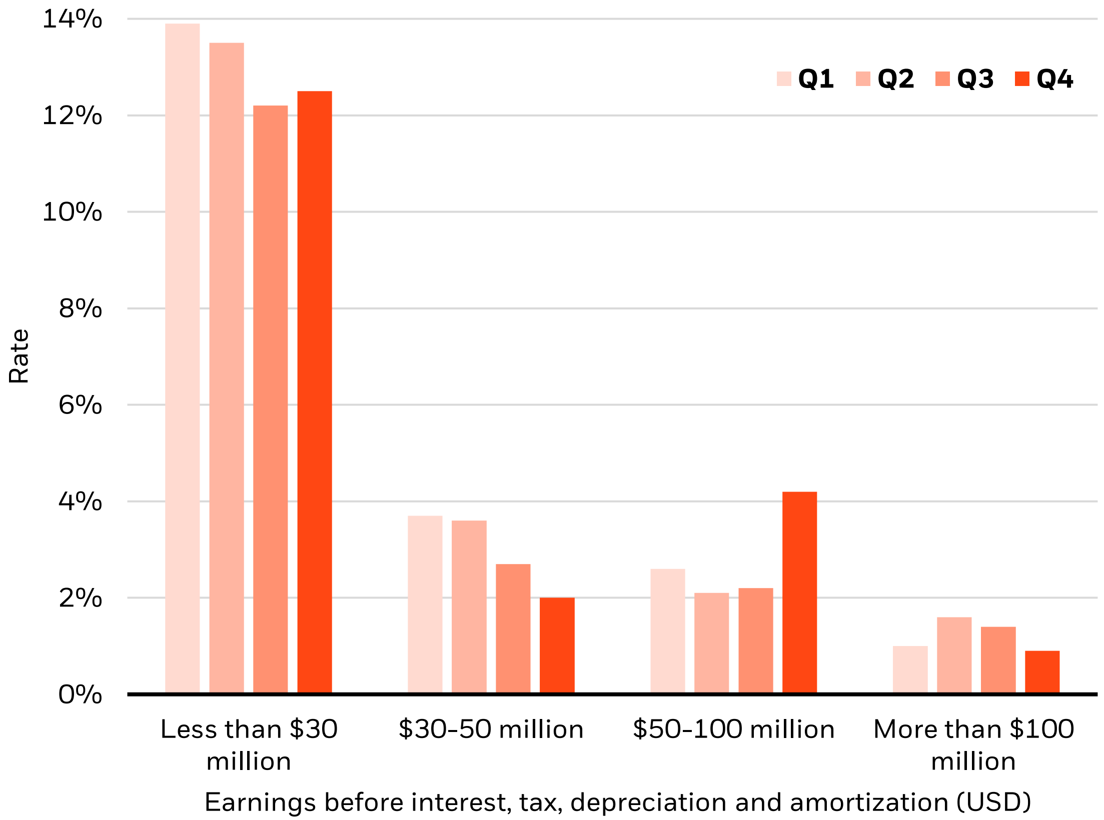
Private credit is entering a normalized but increasingly uneven phase, in our view, with stress concentrated in areas with less margin for error. We think heightened dispersion stresses the value of lender experience and selectivity.

Internal rate of return for U.S. private credit vintages



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Source: BlackRock Investment Institute with data from LCD Pitchbook, February 2026. Note: The chart shows the median, interquartile and interdecile ranges of the internal rate of return for U.S. private credit vintages from a universe of U.S. private credit funds built by Pitchbook.

Private credit covenant default rates, 2025



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Source: BlackRock Investment Institute, with data from Lincoln International, April 2026. Note: The bars show the default rate on U.S. private credit loans, split by the EBITDA of the companies receiving the loans.

Our big calls for 2026

Our highest conviction views on tactical (6-12 month) and strategic (long-term) horizons, April 2026

Tactical	Reasons
Favor AI beneficiaries	• We favor physical infrastructure and equipment supporting the AI buildout – like semiconductors, power and data center assets – that we think stand to benefit no matter the winners or losers. We see the AI theme lifting U.S. corporate earnings, and that underpins our U.S. equity overweight.
Select international exposures	• We like hard-currency EM debt due to improved economic resilience, disciplined fiscal and monetary policy and a high ratio of commodities exporters. We also like EM equities, preferring commodity exporters and AI beneficiaries too. In Europe, we favor equity sectors such as infrastructure.
Evolving diversifiers	• We suggest looking for a "plan B" portfolio hedge as long-dated U.S. Treasuries no longer provide portfolio ballast – and to mind potential sentiment shifts. We like gold as a tactical play with idiosyncratic drivers, but we think it has become more unreliable as the diversification mirage grows.

Strategic	Reasons
Portfolio construction	• We favor a scenario-based approach as we learn more about AI winners and losers. We lean on private markets and hedge funds for idiosyncratic return and to anchor portfolios in mega forces.
Infrastructure equity and private credit	• We find infrastructure equity valuations attractive and mega forces underpinning structural demand. We still like private credit but see dispersion ahead – highlighting the importance of manager selection.
Beyond market cap benchmarks	• We get granular in public markets. We favor DM government bonds outside the U.S. Within equities, we favor EM over DM yet get selective in both. In EM, we like India which sits at the intersection of mega forces. In DM, we like Japan as mild inflation and corporate reforms brighten the outlook.

Note: Views are from a U.S. dollar perspective, April 2026. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

Our latest strategic views

We maintain our preference for emerging market (EM) equities and inflation-linked bonds. We turn neutral on developed market (DM) government bonds and upgrade high yield debt to lean into its attractive income.

Hypothetical U.S. dollar strategic views vs equilibrium, February 2026

Asset Class	Strategic views	Granular views	
		Constructive	Cautious
DM high yield and EM debt	+1	Corporate HY	
Emerging market equity	+1	India	
Inflation-linked bonds	+1		
Mortgage-backed securities	Neutral		
Developed market equity	Neutral	Health care, IT and energy sectors	

Asset Class	Strategic views	Granular views	
		Constructive	Cautious
DM government bonds	Neutral	Non-U.S. bonds	
Income private markets	Neutral	Direct lending	Infrastructure debt
Growth private markets	Neutral	Infrastructure equity	U.S. core open-ended real estate
Global IG credit	-1		
Chinese government bonds	-1		

Underweight | Neutral | Overweight | ● Previous view

This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Source: BlackRock Investment Institute. Data as of 31 December 2025. Notes: The chart shows our asset views on a 10-year view from an unconstrained U.S. dollar perspective against a long-term equilibrium allocation. Global government bonds and EM equity allocations comprise respective China assets. Income private markets comprise infrastructure debt, direct lending, real estate mezzanine debt and U.S. core real estate. Growth private markets comprise global private equity buyouts and infrastructure equity. The allocation shown is hypothetical and does not represent a real portfolio. It is intended for information purposes only and does not constitute investment advice. Index proxies: a combination of Bloomberg Treasury 1-10 Year Index, Bloomberg US Long Treasury Index, Bloomberg Euro Treasury 1-15 Year index, Bloomberg Euro Aggregate Treasury 15 Year+ Index, Bloomberg Sterling Aggregate: Gilts 1-10 Year Index, Bloomberg Sterling Aggregate: Gilts 10+ Year Index and Bloomberg Asia Pacific Japan Treasury Index for DM government bonds. MSCI EM for emerging market equity, Bloomberg US Government Inflation-Linked Bond Index for inflation-linked bonds. MSCI World US$ for developed market equity. Bloomberg US MBS Index for mortgage-backed securities. A combination of the Bloomberg US High Yield, Bloomberg Euro High Yield and JP Morgan EMBI Global Diversified indexes for DM high yield and EM debt. A combination of Bloomberg US Credit, Bloomberg Euro Corporate Credit, Bloomberg UK Corporate Credit indexes for Global IG credit, Bloomberg China Treasury + Policy Bank Total Return Index for Chinese government bonds. We use BlackRock proxies for growth and income private market assets due to lack of sufficient data. These proxies represent the mix of risk factor exposures that we believe represents the economic sensitivity of the given asset class. The hypothetical portfolio may differ from those in other jurisdictions, is intended for information purposes only and does not constitute investment advice.

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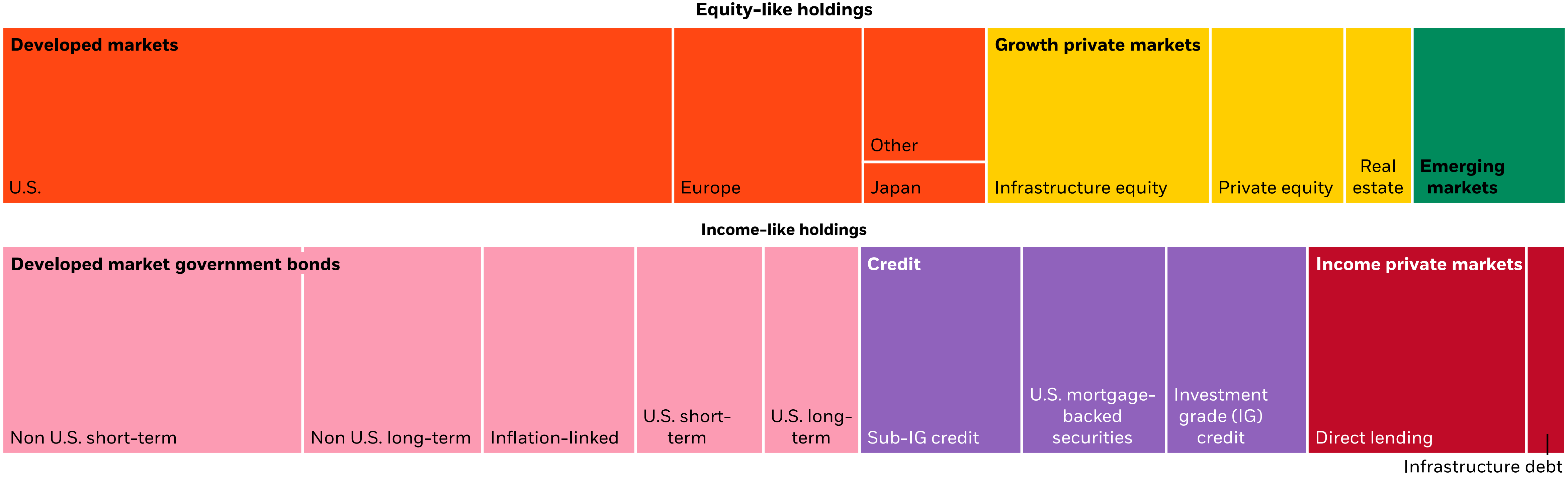
Hypothetical U.S. dollar 10-year strategic views vs equilibrium, February 2026



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Tactical granular views: equities

Six- to 12-month tactical views on selected assets vs. broad global asset classes by level of conviction, April 2026

The table below reflects our views on a tactical horizon and, importantly, leaves aside the opportunity for alpha, or the potential to generate above-benchmark returns – especially at times of heightened volatility.

Equities	View	Commentary
Developed markets		
United States	+1	We are overweight. Contained damage to global growth from the Mideast conflict and strong earnings expectations – particularly in tech – keep us risk-on.
Europe	Neutral	We are neutral. Europe's high exposure to the energy shock from the Mideast conflict makes it vulnerable to higher inflation and lower growth.
UK	Neutral	We are neutral. Valuations remain attractive relative to the U.S., but we see few near-term catalysts to trigger a shift.
Japan	Neutral	We are neutral. Japan's exposure to imported energy may erode strong equity gains powered by healthy corporate balance sheets and governance reforms.
Emerging markets	+1	We are overweight, yet stay selective. We favor Asian countries that manufacture critical AI components and Latin American energy and commodity exporters.
China	Neutral	We are neutral. Trade relations with the U.S. have steadied, but property stress and an aging population still constrain the macro outlook. Relatively resilient activity limits near-term policy urgency. We like sectors like AI, automation and power generation.

Underweight **Neutral** **Overweight** ● Previous view

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Tactical granular views: fixed income

Underweight | Neutral | Overweight | ● Previous view

Six- to 12-month tactical views on selected assets vs. broad global asset classes by level of conviction, April 2026

Fixed income	View	Commentary
Short U.S. Treasuries	Neutral	We are neutral. Shorter-term bonds are relatively attractive as the market has woken up to persistent inflation and higher rates.
Long U.S. Treasuries	-1	We are underweight. Yields already faced upward pressure from rising term premia, as investors demand more compensation for the risk of holding long-term debt. The recent energy price shock compounds this by aggravating pre-existing inflationary pressures.
Global inflation-linked bonds	Neutral	We are neutral. We think inflation will settle above pre-pandemic levels, but markets may not price this in the near term as growth cools.
Euro area govt bonds	Neutral	We are neutral short-term European government bonds. The market has repriced the ECB policy path more in line with our view. We think increased German bond issuance to finance its fiscal stimulus package is already largely reflected in the current level of 10-year yields.
UK gilts	Neutral	We are neutral. We expect volatility in gilts over the near-term. Gas powers much of the UK's electricity, but storage is limited – making it especially vulnerable to a resurgence in inflation.
Japanese govt bonds	-2	We are underweight. Rate hikes, higher global term premium and heavy bond issuance will likely drive yields up further.
China govt bonds	Neutral	We are neutral. China bonds offer stability and diversification but developed market yields are higher and investor sentiment shifting towards equities limits upside.
U.S. agency MBS	+1	We are overweight. Agency MBS offer higher income than Treasuries with similar risk and may offer more diversification amid fiscal and inflationary pressures.
Short-term IG credit	Neutral	We are neutral. Corporate strength means spreads are low, but they could widen if issuance increases.
Long-term IG credit	-1	We are underweight. We prefer short-term bonds less exposed to interest rate risk over long-term bonds.
Global high yield	Neutral	We are neutral. High yield offers more attractive carry and shorter duration, but we think dispersion between higher and weaker issuers will increase.
Asia credit	Neutral	We are neutral. Overall yields are attractive and fundamentals are solid, but spreads are tight.
EM hard currency	+1	We are overweight. EM hard-currency indexes lean toward Latin American commodity exporters such as Brazil that stand to benefit as Mideast supply plummets.
EM local currency	Neutral	We are neutral. The U.S. dollar has been strengthening as a safe-haven currency in the wake of the Middle East conflict. This could reverse year-to-date gains driven by a falling USD.

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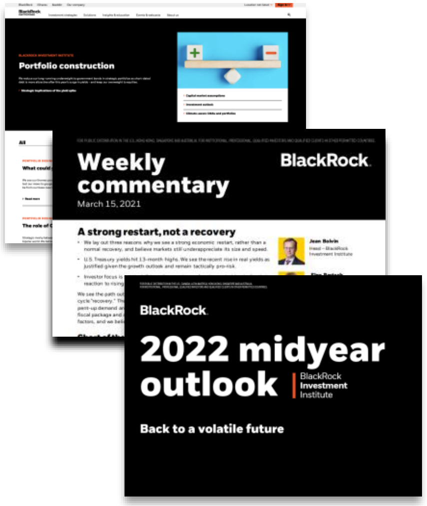
BlackRock **Investment** Institute

“

To build robust portfolios, you need to connect the dots between economics, markets, return drivers, policy and geopolitics.

”

Jean Boivin
Head – BlackRock Investment Institute



We generate macro, market and portfolio research to help our portfolio managers and clients navigate markets and build robust portfolios. We share our insights through publications on:

- Macro and market framing
- Portfolio design and return expectations for institutional and professional investors
- Policy and politics

We are the connective tissue for BlackRock’s portfolio managers and experts, setting up debates on market topics and structural trends via:

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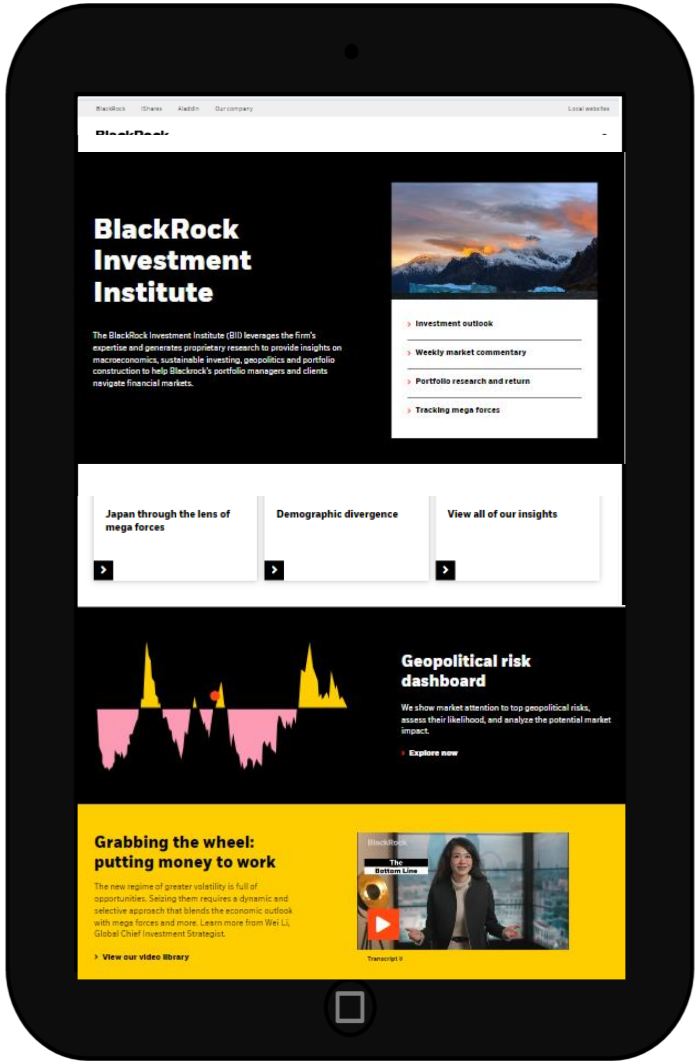
  - Global experts share market views and debate a weekly question
- **Global Outlook Forum**
  - BlackRock’s top 100 market experts gather twice a year to discuss the macro and market outlook

We have impact: We reached 217,000 clients across some 545 events in 2023. We also share our insights across media and social platforms.



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