

# Weekly commentary

February 9, 2026

**BlackRock**

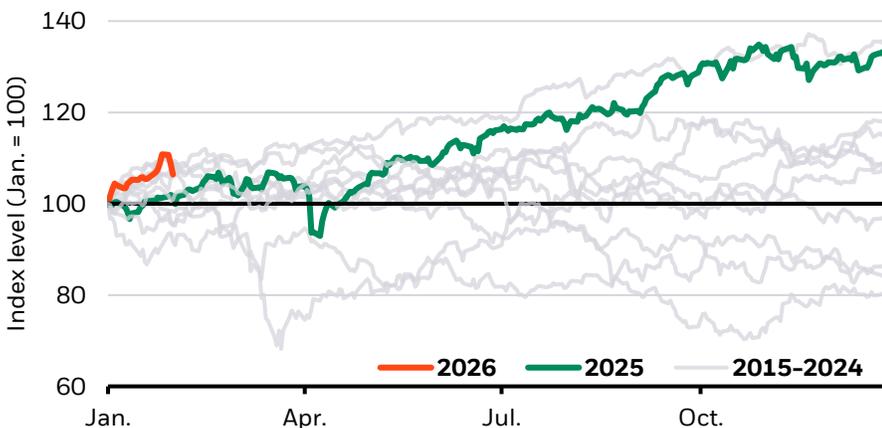
## Staying positive on emerging markets

- We think emerging market (EM) assets can build on a solid start after a strong 2025. We prefer EM hard currency debt and are selective in EM equities.
- The S&P 500 fell slightly but rebounded from lows driven by a global selloff. We think recent moves are evidence of the power and scope of the AI mega force.
- Fresh U.S. inflation and jobs data this week should clarify whether January's price pressures fade and if the labor market's "no hiring, no firing" stasis holds.

Emerging market (EM) stocks and bonds are off to a strong start to the year following a stellar 2025. We think returns can deliver again: an upbeat global macro outlook with stable inflation and disciplined policy should be supportive, in our view, though selectivity is key. We focus on mega forces driving returns in EM stocks – notably in AI across tech hardware in Asia and commodity-linked shares in Latin America. We stay overweight EM assets and prefer hard currency debt.

### Off to the races?

MSCI Emerging Markets index performance, 2015-2026



Past performance is no guarantee of future results. It is not possible to invest in an index. Indexes are unmanaged and performance does not account for fees. Source: BlackRock Investment Institute, MSCI, with data from LSEG Datastream. Note: The chart shows the annual performance of the MSCI EM\$ index through the calendar year from 2015 to 2026.

EM equities strength has carried over to 2026: the MSCI Emerging Markets index notched a nearly 9% gain last month, its best January clip since 2012 and one of its largest monthly gains in recent years, easily beating the 2.2% gain in developed market stocks. See the chart. 2025's outperformance was led by tech and the AI theme. While EM stock strength has broadened out, dispersion and the impact of mega forces like AI are still evident. South Korean stocks have surged more than 20% after last year's big gains, while India is still lagging even with the recent U.S. trade deal. We think such differentiation among EM rewards an active approach and being selective. We expect both EM stocks and bonds to be supported by resilient – if steady – global economic growth and a stable to softer U.S. dollar.



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Solid global growth is one of the broader drivers we see supporting EM returns, along with both major and EM central banks – including the Federal Reserve thanks to a softer labor market – leaning toward rate cuts. This provides a stable macro backdrop for EM economies, even with episodic, policy-driven volatility. Immutable economic laws – such as supply chains can’t be rewired overnight – are easing policy uncertainty on trade and should support a risk-on stance in EM, encouraging further capital inflows and firmer currencies. Investor appetite for EM remains strong: 2025 was a record year for inflows, with EM debt and equity ETPs drawing \$152 billion and \$103 billion, according to BlackRock and Markit data.

We are also seeing mega forces trump the traditional macro in EM. The AI theme has broadened out to markets like South Korea and Taiwan over the past year, with their strength in manufacturing AI hardware – especially semiconductors – driving gains. The big increase in AI capital spending plans announced by the U.S. mega cap tech “hyperscalers” should be another positive, in our view. EM is key to the AI buildout from industrial metals to manufacturing supply chains: the industrial metals such as copper needed to power the technology’s buildout are largely located in EM countries. We also see persistent supply constraints pushing up commodity prices, another potential boost for EM – especially Latin America. Demographics are also a strength for countries like India as major economies struggle with aging populations.

We lean into EM with our overweight to hard currency EM debt. Improved fiscal policy in some large EM countries stands in contrast to our theme of leveraging up happening in DM. We also like high yield EM issuers and see heightened dispersion forging opportunities for active returns. Elections this year and the potential for currency volatility, such as in Brazil, is another reason we favor EM hard currency bonds over local currency. In EM equities, markets benefiting from even more AI capex stand out. We favor leaders in China’s new economy – AI, automation and renewable energy. We also see the rewiring of global supply chains benefiting Mexico, Brazil and Vietnam, while stronger commodity prices are a boon to Latin America.

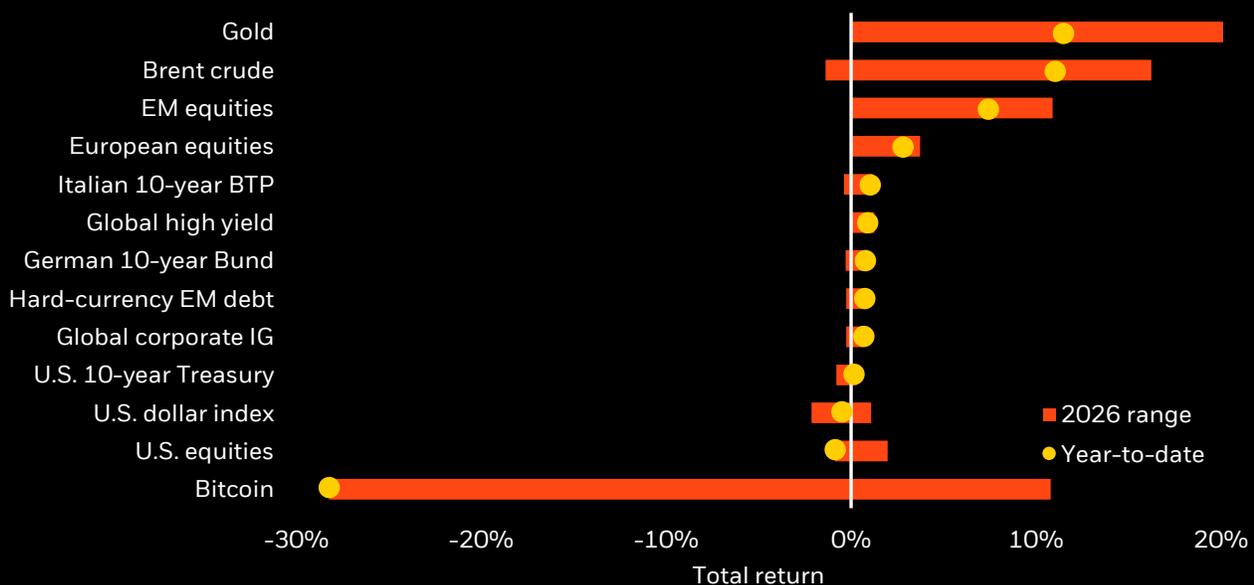
**Bottom line:** We see bullish themes that drove EM outperformance in 2025 still playing out – though we favor selectivity as dispersion rises. We prefer EM hard currency debt and stay selective in EM equities, favoring mega force beneficiaries.

## Market backdrop

The S&P 500 dipped on a global tech stock selloff tied to concerns about AI disruption and investment, though stocks trimmed losses into the weekend. The tech-heavy Nasdaq shed 2% as software shares were hard hit on concerns about Anthropic’s new AI tools hurting business models. We think this shows markets reacting to AI as a real economic disruptor that will sort winners and losers – not a speculative narrative. Gold prices bounced after their slide from all-time highs.

## Assets in review

Selected asset performance, year-to-date return and range



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Sources: BlackRock Investment Institute, with data from LSEG Datastream as of February 5, 2026. Notes: The two ends of the bars show the lowest and highest returns at any point year to date, and the dots represent current year-to-date returns. Emerging market (EM), high yield and global corporate investment grade (IG) returns are denominated in U.S. dollars, and the rest in local currencies. Indexes or prices used are: spot Brent crude, ICE U.S. Dollar Index (DXY), spot gold, spot bitcoin, MSCI Emerging Markets Index, MSCI Europe Index, LSEG Datastream 10-year benchmark government bond index (U.S., Germany and Italy), Bloomberg Global High Yield Index, J.P. Morgan EMBI Index, Bloomberg Global Corporate Index and MSCI USA Index.

## Week ahead

<b>Feb. 10-17</b>	China total social financing	<b>Feb. 12</b>	UK GDP
<b>Feb. 11</b>	U.S. payrolls	<b>Feb. 13</b>	U.S. CPI, euro area trade balance

This week provides a cleaner read on U.S. inflation and jobs growth after data in previous months was distorted by last year's government shutdown. We're watching whether early-year price pressures will be contained after strong core inflation in January. The jobs report for January will shed light on whether the "no hiring, no firing" stasis in jobs persists. If so, and inflation proves little changed, we see the Fed leaving rates unchanged at its next meeting.

## Big calls

Our highest conviction views on six- to 12-month (tactical) and over five-year (strategic) horizons, February 2026

Tactical	Reasons
Still favor AI	We see the AI theme supported by strong earnings, resilient profit margins and healthy balance sheets at large listed tech companies. Continued Fed easing into 2026 and reduced policy uncertainty underpin our overweight to U.S. equities.
Select international exposures	We like Japanese equities on strong nominal growth and corporate governance reforms. We stay selective in European equities, favoring financials, utilities and healthcare. In fixed income, we prefer EM due to improved economic resilience and disciplined fiscal and monetary policy.
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 don't see it as a long-term portfolio hedge.
Strategic	Reasons
Portfolio construction	We favor a scenario-based approach as AI winners and losers emerge. 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, February 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.

## Tracking five mega forces

Mega forces are big, structural changes that affect investing now – and far in the future. They change the long-term growth and inflation outlook and are poised to create big shifts in profitability across economies and sectors. This creates major opportunities – and risks – for investors. See our [web hub](#) for our research.

- 1. Demographic divergence:** The world is split between aging advanced economies and younger emerging markets – with different implications.
- 2. Digital disruption and artificial intelligence (AI):** Technologies are transforming how we live and work.
- 3. Geopolitical fragmentation and economic competition:** Globalization is being rewired as the world splits into competing blocs.
- 4. Future of finance:** A fast-evolving financial architecture is changing how households and companies use cash, borrow, transact and seek returns.
- 5. Transition to a low-carbon economy:** The transition is set to spur a massive capital reallocation as energy systems are rewired.

# Granular views

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

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

Asset	View	Commentary
<b>Developed markets</b>		
United States	+1	We are overweight. Strong corporate earnings, driven in part by the AI theme, are supported by a favorable macro backdrop: continued Federal Reserve easing, broad economic optimism and less policy uncertainty, particularly on the trade front.
Europe	Neutral	We are neutral. We would need to see more business-friendly policy and deeper capital markets for recent outperformance to continue and to justify a broad overweight. We stay selective, favoring financials, utilities and healthcare.
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	+1	We are overweight. Strong nominal GDP, healthy corporate capex and governance reforms – such as the decline of cross-shareholdings – all support equities.
<b>Emerging markets</b>		
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. We still favor China tech within our neutral view.
<b>Fixed Income</b>		
Short U.S. Treasuries	Neutral	We are neutral. We see other assets offering more compelling returns as short-end yields have fallen alongside the U.S. policy rate.
Long U.S. Treasuries	-1	We are underweight. We see high debt servicing costs and price-sensitive domestic buyers pushing up on term premium. Yet we see risks to this view: lower inflation and better tax revenues could push down yields near term.
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. We agree with market forecasts of ECB policy and think current prices largely reflect increased German bond issuance to finance its fiscal stimulus package. We prefer government bonds outside Germany.
UK gilts	Neutral	We are neutral. The recent budget aims to shore up market confidence through fiscal consolidation. But deferred borrowing cuts could bring back gilt market volatility.
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 and investors rotate into U.S. Treasuries as the Fed cuts.
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 in an environment where growth is holding up – 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.
Emerging hard currency	+1	We are overweight. A weaker U.S. dollar, lower U.S. rates and effective EM fiscal and monetary policy have improved economic resilience. We prefer high yield bonds.
Emerging local currency	Neutral	We are neutral. A weaker U.S. dollar has boosted local currency EM debt, but it's unclear if this weakening will persist.

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