

Weekly commentary

April 13, 2026

BlackRock

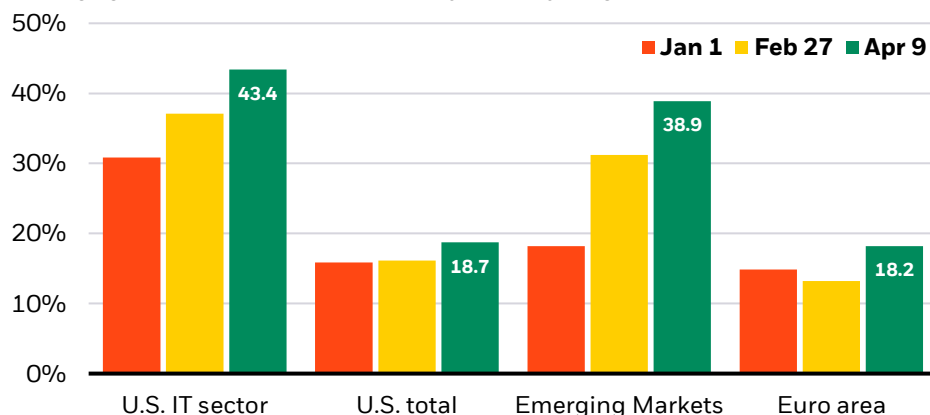
Back to overweight U.S. stocks

- U.S.-Iran negotiations collapsed for now, but we see talks as evidence of an economic incentive to end the conflict. We upgrade risk in U.S. and EM stocks.
- A U.S.-Iran ceasefire saw oil prices slide, stocks bounce and bond yields drop. We could see a partial unwind of those moves after the breakdown in talks.
- We watch U.S. PPI to see if energy-driven cost pressures keep pushing prices up. We expect modest growth in China as external demand fuels recovery.

We flagged two signposts to dial up risk-taking after the Middle East conflict led us to reduce risk and turn neutral on U.S. equities a few weeks ago. First: evidence of actions that could re-open shipping traffic in the Strait of Hormuz. Second: signs that any lingering macro impact is contained. We eye developments on both fronts. Plus, corporate earnings expectations are up even through the conflict, partly on the AI theme. We go back to modest risk taking and turn overweight U.S. stocks.

Earnings unscathed

Earnings growth expectations for 2026, year-on-year growth



Forward-looking estimates may not come to pass. 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 IBES consensus, sourced from LSEG Datastream, April 2026. Indices used are MSCI USA IT and MSCI USA in US\$ terms, and MSCI EMG and MSCI EMU in local currency terms.

Talks between the U.S. and Iran broke down over the weekend, but we think the fact that they began in the first place indicates that there are strong economic incentives for all parties to end the conflict. We saw two signposts that would lead us to re-up risk after reducing it a few weeks ago. First, tangible evidence of actions that would reopen flows through the Strait of Hormuz. And second, visibility on the lingering macro impact being contained. This comes as expectations for corporate earnings have climbed for both the U.S. and EM for 2026 – even since the conflict began on Feb. 28. See the chart. We see the AI theme at play in both. Companies in South Korea and Taiwan – key producers of the hardware needed for AI – are driving EM earnings upgrades. In the U.S., the forecast 80% boost to semiconductor stock earnings this year are helping drive upgrades in tech and overall, LSEG data show.



Jean Boivin

Head – BlackRock Investment Institute



Wei Li

Global Chief Investment Strategist – BlackRock Investment Institute



Helen Jewell

International Chief Investment Officer for Fundamental Equities – BlackRock



Natalie Gill

Senior Portfolio Strategist – BlackRock Investment Institute

Visit [BlackRock Investment Institute](#) for insights on the global economy, markets and geopolitics.

BlackRock Investment Institute

We are eyeing developments on both of these signposts. A breakdown in U.S.-Iran negotiations over the weekend could add to near-term pressure on risk assets. But both countries agreeing to start talks is concrete evidence of economic incentives to de-escalate, in our view. China’s role – and U.S. President Donald Trump’s planned summit with Chinese President Xi Jinping in mid-May – is likely factoring into those economic incentives. Flows through the Strait of Hormuz would need to pick back up for a sustained positive impact on markets. We use our proprietary tracker to monitor traffic through the strait. In terms of the macro impact, we see it as significant and don’t necessarily expect a return to the environment in place before the conflict began – but think other drivers can outweigh that impact and go back to moderate risk taking on a tactical horizon.

One of those drivers? Corporate earnings getting revised up, even as equities have pulled back. Tech’s valuation premium has been eroded, with the 12-month forward valuation of the U.S. IT over other sectors at its lowest level since mid-2020. At the same time, the tech sector is now seen posting earnings growth of 43% in 2026, up from 26% last year. These bright spots partly inform our upgrade to U.S. equities. AI earnings exposure also contributes to our modest EM overweight. We are funding this equity upgrade by reducing our cash-like preference of front-end euro area government bonds, which we took a few weeks ago after a sharp pricing in of European Central Bank rate hikes early in the conflict.

We will keep emphasizing thematic opportunities accelerated by events in the Middle East – and think those exposures will benefit no matter the outcome. We saw mega forces creating a world shaped by supply factors such as tariffs and labor constraints before the conflict began – and think this will persist after it ends. We see geopolitical fragmentation supporting defense and aerospace, spurring governments to push even harder for energy independence and leading companies to invest more in supply chain resilience. Along with the AI theme, that will drive demand for infrastructure and power.

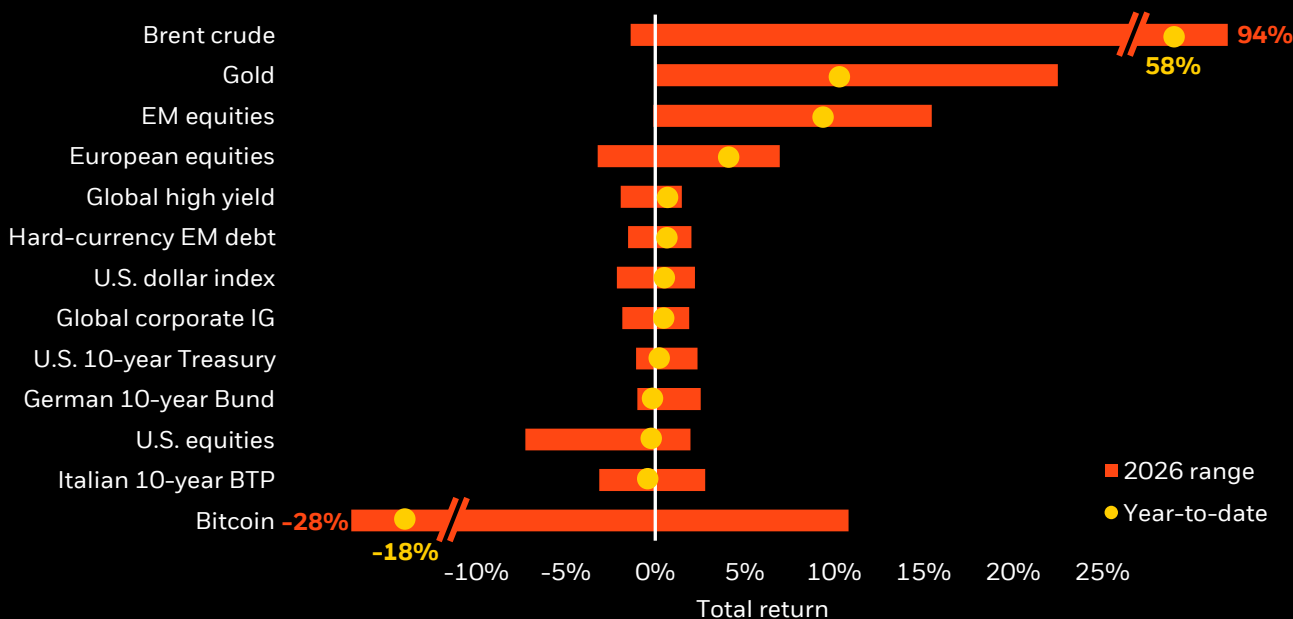
Bottom line: We see evidence of economic incentives to end the U.S.-Iran conflict. We turn moderately positive risk and like U.S. stocks as a relative preference, seeing them holding up better even if absolute performance disappoints. We also turn overweight EM stocks and still favor thematic opportunities like defense.

Market backdrop

A U.S.-Iran ceasefire saw Brent crude fall below \$100 a barrel, the S&P 500 gain about 3.6% on the week and 10-year U.S. Treasury yields off their highs at 4.32%. A breakdown in negotiations on Sunday could see a partial unwind of those moves. The impact of higher energy prices had yet to show in March U.S. core inflation and would need to stay higher for that to happen. But inflation is still too high to achieve the Federal Reserve’s 2% target soon, dimming hopes for rate cuts in 2026.

Assets in review

Selected asset performance, 2026 year-to-date return and range



Past performance is not a reliable indicator of current or future results. Indexes are unmanaged and do not account for fees. It is not possible to invest directly in an index.

Sources: BlackRock Investment Institute, with data from LSEG Datastream as of April 9, 2026. Notes: The two ends of the bars show the lowest and highest res at any point year to date, and the dots represent current year-to-date res. Emerging market (EM), high yield and global corporate investment grade (IG) res 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

April 14

U.S. PPI; China trade balance

April 17

EU trade balance

April 16

U.S. Philadelphia Fed survey; U.K. GDP; China GDP

The U.S. PPI will show if energy-driven cost pressures are still pushing prices upward after February's data came in higher than expected. The U.S. March CPI showed a surge in energy inflation at the headline level but limited impact in core inflation. In China, we expect to see signs of modest but steady growth as external demand – rather than domestic momentum – gradually powers a recovery.

Big calls

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

| Tactical | Reasons |
|--|---|
| Favor AI beneficiaries | Markets are increasingly focused on identifying companies exposed to AI disruption. We favor physical infrastructure and equipment supporting the AI buildout – such as semiconductors, power and data center assets – that we think we stand to benefit no matter the winners or losers. |
| Selected 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. In Europe, we are overweight short-term European government bonds on valuation and 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 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 returns 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.

Tracking five mega forces

Mega forces are big, structural changes that affect investing now – and far into 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, April 2026

| | Underweight | Neutral | Overweight | ● Previous view | |
|-------------------------|-------------------------------|---------|------------|---|---|
| | | | | | Asset |
| | | | | | View |
| | | | | | Commentary |
| Equities | Developed markets | | | | |
| | United States | | | | We go overweight. Contained damage to global growth from the Mideast conflict and strong earnings expectations – particularly in tech – keep us risk-on. |
| | Europe | | | | 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 | | | | We are neutral. Valuations remain attractive relative to the U.S., but we see few near-term catalysts to trigger a shift. |
| | Japan | | | | We are neutral. Japan’s exposure to imported energy may erode strong equity gains powered by healthy corporate balance sheets and governance reforms. |
| Fixed Income | Emerging markets | | | | |
| | China | | | | We go overweight, yet stay selective. We favor Asian countries that manufacture critical AI components and Latin American energy and commodity exporters. |
| | Short U.S. Treasuries | | | | 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 | | | | 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 | | | | 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 | | | | We go 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 | | | | 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 | | | | We are underweight. Rate hikes, higher global term premium and heavy bond issuance will likely drive yields up further. |
| | China govt bonds | | | | 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 | | | | 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 | | | | We are neutral. Corporate strength means spreads are low, but they could widen if issuance increases. |
| | Long-term IG credit | | | | We are underweight. We prefer short-term bonds less exposed to interest rate risk over long-term bonds. |
| | Global high yield | | | | 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 | | | | We are neutral. Overall yields are attractive and fundamentals are solid, but spreads are tight. |
| | Emerging hard currency | | | | We are overweight. EM hard-currency indexes lean toward Latin American commodity exporters such as Brazil that stand to benefit as Mideast supply plummets. |
| Emerging local currency | | | | 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. | |

Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index. Note: Views are from a U.S. dollar perspective. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast or guarantee of future results. This information should not be relied upon as investment advice regarding any particular fund, strategy or security.

BlackRock Investment Institute

The BlackRock Investment Institute (BII) leverages the firm's expertise and generates proprietary research to provide insights on macroeconomics, sustainable investing, geopolitics and portfolio construction to help BlackRock's portfolio managers and clients navigate financial markets. BII offers strategic and tactical market views, publications and digital tools that are underpinned by proprietary research.

FOR PUBLIC DISTRIBUTION IN THE U.S., CANADA, LATIN AMERICA, AUSTRIA, BELGIUM, DENMARK, FINLAND, FRANCE, GERMANY, IRELAND, ISRAEL, ITALY, LIECHENSTEIN, LUXEMBOURG, NETHERLANDS, NORWAY, PORTUGAL, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, THE UNITED KINGDOM, HONG KONG, SINGAPORE AND AUSTRALIA. FOR INSTITUTIONAL, PROFESSIONAL, QUALIFIED CLIENTS/INVESTORS IN OTHER PERMITTED COUNTRIES.

General disclosure: This document is marketing material, is intended for information and educational purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities or any investment strategies. The opinions expressed are as of April 13, 2026 and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks. This information is not intended to be complete or exhaustive and no representations or warranties, either express or implied, are made regarding the accuracy or completeness of the information contained herein. This material may contain estimates and forward-looking statements, which may include forecasts and do not represent a guarantee of future performance.

In EMEA, in the UK and Non-European Economic Area (EEA) countries: this is Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. **In the European Economic Area (EEA):** this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded. **In Italy,** for information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in Italian. **BlackRock Advisors (UK) Limited - Abu Dhabi Global Market (ADGM) Branch** is a Branch of a Foreign Company registered with the Abu Dhabi Global Market Registration Authority (Registered number 21523), with its office at Floor 25, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE, and is regulated by the ADGM Financial Services Regulatory Authority ("FSRA") to engage in the regulated activities of 'Arranging Deals in Investments'; 'Advising on Investments or Credit'; 'Managing Assets'; and 'Managing in a Collective Investment Fund' (FRSA Reference 240099). **BlackRock Advisors (UK) Limited - Dubai Branch** is a Dubai International Financial Centre (DIFC) Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit L15 - 01A, ICD Brookfield Place, DIFC, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738).

In Albania, Angola, Armenia, Azerbaijan, Botswana, Bulgaria, Egypt, Georgia, Ghana, Jordan, Kazakhstan, Kenya, Kosovo, Lebanon, Mauritius, Morocco, Mozambique, Namibia, Nigeria, North Macedonia, Pakistan, Rwanda, Serbia, Tanzania, Turkey, Uganda, Uzbekistan, Zambia, Zimbabwe, this document is intended strictly for central banks and sovereign investors only. **In Israel:** BlackRock Investment Management (UK) Limited is not licensed under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder. **In South Africa,** please be advised that BlackRock Investment Management (UK) Limited is an authorized financial services provider with the South African Financial Services Board, FSP No. 43288. **In the ADGM,** the information contained in this document is intended strictly for Professional Clients. **In the DIFC,** this material is intended strictly for Professional Clients as defined under the Dubai Financial Services Authority ("DFSA") Conduct of Business (COB) Rules. **In the Kingdom of Bahrain and the Sultanate of Oman,** the information contained in this document is intended strictly for sophisticated institutions. **In the State of Kuwait,** the information contained in this document is intended strictly for sophisticated institutions that are 'Professional Clients' as defined under the Kuwait Capital Markets Law and its Executive Bylaws. **In Qatar,** the information contained in this document is intended strictly for sophisticated investors and high net worth investors. **In the Kingdom of Saudi Arabia,** this material is for distribution to Institutional and Qualified Clients (as defined by the Implementing Regulations issued by Capital Market Authority) only and should not be relied upon by any other persons. **In United Arab Emirates (UAE) (excluding the DIFC and the ADGM):** the information contained in this document is intended strictly for Professional Investors. **In Australia and New Zealand,** issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMA). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Refer to BIMAL's Financial Services Guide on its website for more information. **In New Zealand,** this material is for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the New Zealand Financial Advisers Act 2008 respectively. BIMAL is not licensed by a New Zealand regulator to provide 'Financial Advice Service' 'Investment manager under an FMC offer' or 'Keeping, investing, administering, or managing money, securities, or investment portfolios on behalf of other persons'. BIMAL's registration on the New Zealand register of financial service providers does not mean that BIMAL is subject to active regulation or oversight by a New Zealand regulator. **In China,** this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services. **In Hong Kong,** this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. **In Japan,** this is issued by BlackRock Japan Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No.375, Association Memberships: Japan Investment Advisers Association, The Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association) for Institutional Investors only. All strategies or products BLK Japan offer through the discretionary investment contracts or through investment trust funds do not guarantee the principal amount invested. The risks and costs of each strategy or product we offer cannot be indicated here because the financial instruments in which they are invested vary each strategy or product. **In Singapore,** this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore. **In South Korea,** this information is issued by BlackRock Investment (Korea) Limited, for distribution to Qualified Professional Investors (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations). **In Taiwan,** independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600. **For other APAC countries,** this material is issued for Institutional Investors only (or professional/sophisticated/qualified investors, as such term may apply in local jurisdictions). **In Latin America,** no securities regulator within Latin America has confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services is a regulated activity in Mexico thus is subject to strict rules. For more information on the Investment Advisory Services offered by BlackRock Mexico please refer to the Investment Services Guide available at www.blackrock.com/mx.

©2026 BlackRock, Inc. or its affiliates. All Rights Reserved. BLACKROCK is a trademark of BlackRock, Inc., or its affiliates. All other trademarks are those of their respective owner.