



Portfolio perspectives
August 2022

Positioning for a new regime of higher volatility

We lay out how our strategic asset views are positioned for a new regime of greater macro and market volatility.

BlackRock
Investment
Institute

Summary

- **The Great Moderation, a period of steady growth and inflation, is over**, in our view. Instead, we are in a new regime of heightened macro volatility driven by production constraints – due to post-Covid supply disruptions and labor shortages in the near-term and structural forces such as a bumpy net-zero transition and a rewiring of global supply chains amid geopolitical tensions over a longer horizon. This warrants higher risk premia – the compensation investors want for holding assets – for bonds and equities. We ultimately expect central banks to live with inflation, but only after stalling growth. The result? Persistent inflation amid sharp and short swings in economic activity.
- What does it mean for investments? Typically stable strategic views and asset allocations need more frequent adjustments in the new regime. **A higher risk premium and worsening macro backdrop lowers our expected equity returns**, spurring a reduction in our overweight to the asset class to only a modest preference.
- In fixed income, the rising rate environment, higher inflation and elevated debt loads means **we go maximum underweight nominal developed market (DM) government bonds. We prefer inflation-linked bonds (now maximum overweight) and credit, particularly investment grade**, where we turn overweight for the first time in two years. Overall in duration, our preference for IG credit and inflation-linked bonds offsets our underweight nominal government bonds.
- **We like publicly-traded credit – including high yield – as our expected returns for the asset class are up significantly due to attractive valuations and income potential.** The brighter appeal of public credit means the relative attractiveness of private credit diminishes in our strategic allocations.
- We have edged up our medium-term estimates of the risk premia for equity and credit to reflect the wide range of macro outcomes ahead. **A more volatile world should mean investors demand more compensation to take on risk.** Our prior estimates were calibrated to movements of macro and market variables over the Great Moderation – and so are no longer applicable, in our view. We don't see current levels of macro volatility falling back to pre-pandemic levels – even as things calm down a bit from here.
- Our capital market assumptions (CMAs) latest estimates of how the transition to net zero carbon emissions will unfold. **A key takeaway of our ongoing work is that we see a bumpier transition than before as economies and sectors such as energy and transportation are reshaped. The upshot: more macro volatility, regional divergence and supply shocks.** We will detail how our updated views on the transition play into our strategic views in coming months. Access all our portfolio construction work on our hub.

Authors



Jean Boivin
Head – BlackRock
Investment Institute



Anthony Chan
Portfolio Research,
BlackRock Investment
Institute



Natalie Gill
Portfolio Research,
BlackRock Investment
Institute



Paul Henderson
Portfolio Research,
BlackRock Investment
Institute



Christian Olinger
Portfolio Research,
BlackRock Investment
Institute



Vivek Paul
Head of Portfolio Research,
BlackRock Investment
Institute

Our latest strategic views

The post-pandemic period marks a departure from an unusual period of mild volatility in output and inflation. See the chart on the left below. The Great Moderation – the four decades from the early 1980s to 2019 that sustained a multi-decade stocks and bonds bull market – is over, in our view. We don't expect the current, elevated level of macro volatility to persist, yet we believe that we're in an era of persistent inflation amid sharp and short swings in economic activity. The new regime is a riskier one than the Great Moderation, in our view. That means investors should demand more compensation for taking the same levels of risk – higher risk premia.

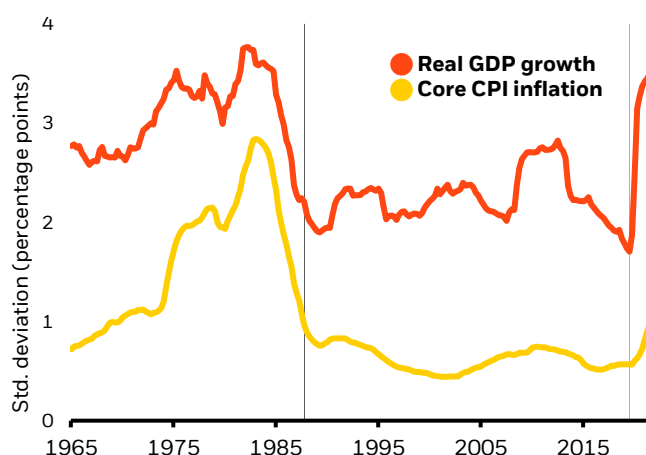
Our CMAs and strategic views had already been positioned for a high inflation risk premium – most directly via an overweight to inflation-linked bonds and a long-standing underweight to nominal developed market government bonds. In our latest update, we incorporate the impact of a higher – currently unpriced equity risk premium – that lowers our expected risk-adjusted equity returns at a 10-year horizon. A higher equity risk premium and deteriorating macro backdrop trims our overweight to DM equities to a modest one at +1. We still have a strategic preference for equities for the long term as we see central banks ultimately pivoting to living with some inflation. Another notable change this quarter is that we turn overweight public credit for the first time in more than a year. The colored boxes on the chart on the right below shows our latest strategic preferences compared to our prior views shown by the dots. We think strategic allocations – that typically would have remained relatively stable in a world of low macro and market volatility – will likely need more frequent adjustments.

Three factors are driving the regime change, in our view. First, production constraints – stemming from a massive shift in spending and labor shortages – are hampering the economy and driving inflation. Over a strategic horizon, we expect structural forces such as a bumpier transition to net zero and a rewiring of global supply chains to contribute to supply shocks. Second, record debt levels mean small changes in interest rates have an outsized impact on governments, households and companies – limiting how far central banks can go in raising rates and forcing them to live with some inflation. Third, the politicization of everything – from inflation to climate change to geopolitics – feeds growing populism and greater polarisation and raises the risk of oversimplified policy solutions in a more complex world.

Policymakers face a tougher trade-off between growth and inflation today than when demand shocks dominated. Monetary policy was more effective in influencing demand – and helped to suppress volatility. It is less suited to supply shocks, in our view, meaning policymakers may face a worse mix of higher output or inflation volatility. Reining inflation comes at a much greater cost to growth. Preserving growth comes with much higher inflation. That is at the crux of the problem central banks are grappling with currently. We see most developed market central banks taking policy into restrictive territory, but ultimately pivoting and choosing to live with some inflation as the cost to growth becomes clear. That's why we think the volatility of each will be higher in the new regime. We expect inflation to remain above target in the U.S. over the next 5 years. The choppy restart following Covid offered a glimpse of the long-term impact structural supply shocks may have on the economy. A notable example is the net-zero transition, as we now believe it will be bumpier and a bigger drag in coming years than we previously anticipated.

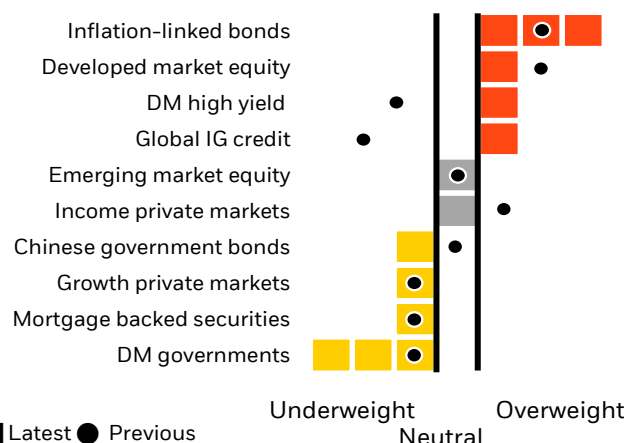
End of the Great Moderation...

Volatility of U.S. GDP and CPI, 1965–2022



... calls for more dynamic strategic allocations

Hypothetical U.S. dollar 10-year strategic tilts, August 2022



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, U.S. Bureau of Economic Analysis and Labor Department, with data from Haver Analytics, August 2022. Notes: The chart of the left shows the standard deviation of the annualized quarterly change of U.S. GDP and the Consumer Price Index. The chart on the right 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 include 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. Index proxies are listed in the Appendix. 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.

Upgrading credit to overweight

There is great uncertainty around how the conundrum facing policymakers gets resolved. Central banks have turned increasingly hawkish to counter elevated inflationary pressures, sparking a sharp repricing higher of expected policy rate paths. That rhetoric has intensified since our last update as policymakers continue to respond to the politics of inflation. We no longer expect central banks to pause at neutral – the level of rates that is neither restrictive or stimulative – even though tighter policy does little to address supply-driven inflation. It does mean growth over the near term suffers as interest rate-sensitive sectors of the economy bear the brunt. In our CMAs, we further raise our estimates for the policy path across major central banks that feed directly into our expected returns across asset classes, most notably fixed income.

We see nominal yields in five years' time significantly higher than current levels. That repricing is a valuation drag on expected returns for nominal government bonds. We go back to a maximum underweight stance on the asset class and prefer to take duration risk in credit, particularly higher quality investment grade. We turn overweight both IG and high yield (HY) credit in developed markets for the first time in more than two years.

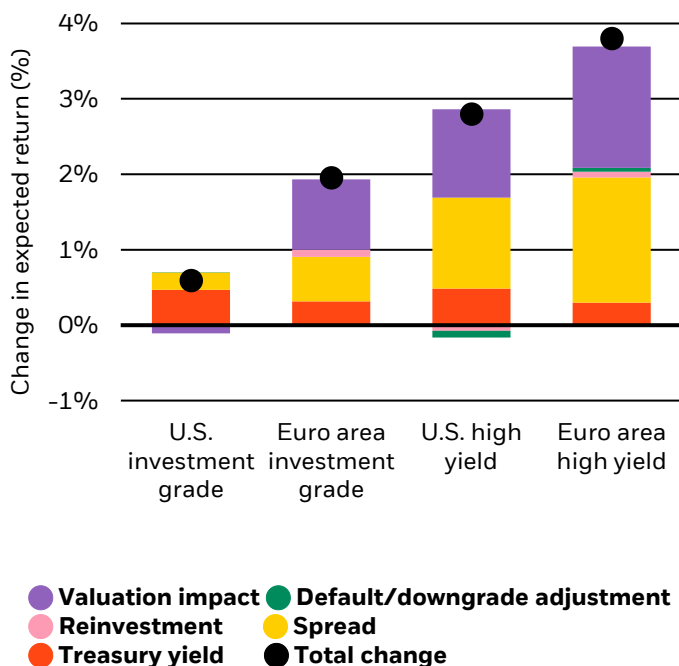
Widening spreads – partly a reflection of growth fears – have pushed up our expected returns and brightened the risk-reward for credit. Slowing economic growth is a valid risk – yet we don't expect the kind of deep recession that would cause defaults and downgrades to explode higher and damage the case for credit. In that backdrop, we think higher spreads and higher government bond yields – both drivers of our expected credit returns – make credit an asset class with attractive income potential. An anticipation of wider spreads and higher yields had kept us underweight public credit. Both are now at more attractive levels – and spreads are no longer a drag to returns. The chart on the left below shows how valuation, the impact of higher spot yields and higher expected income have pushed up our expected returns across DM credit markets. We see spreads compressing over a strategic horizon as the economy stabilizes following central bank pivots. We see spreads compressing over time, yet not immediately.

The repricing of public credit reduces the relative attractiveness of private credit over public. For instance, wider HY spreads have made the asset class competitive against private income markets such as direct lending. We turn neutral private income in our latest update, yet maintain a significant allocation. Within private income, we prefer floating rate exposures as we believe they are better positioned for a rising rate environment, in our view.

Finally in fixed income, we return to a maximum overweight on inflation-protected government bonds. Why? We believe markets are once again underappreciating the persistence of higher inflation. The U.S. inflation breakeven rate fell sharply over the second quarter from its March 2022 peaks – see chart on the right below – due to broader risk-off sentiment and as recession fears took hold. The drop has taken market-implied pricing well below our estimates for forward inflation expectations over the next five years – the yellow dot in the chart.

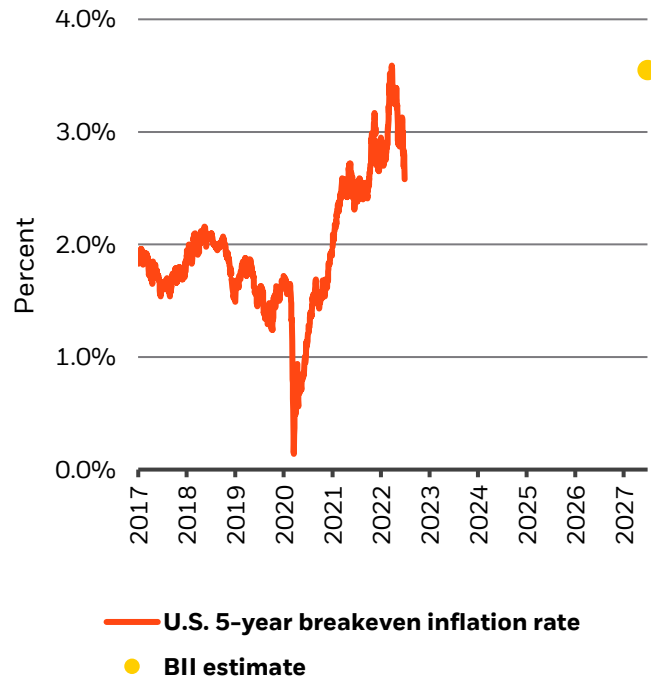
Bump up in our expected returns for credit

Quarter-on-quarter change in credit expected returns



Higher inflation over the medium term

U.S. inflation breakevens vs our estimate



Sources: BlackRock Investment Institute, New York Federal Reserve, with data from Eikon, August 2022. BlackRock Investment Institute, estimate as of 29 June 2022. Notes: The chart on above shows the breakdown of our expected five-year, U.S.-dollar returns for respective credit markets. See <https://www.blackrock.com/institutions/en-zz/insights/charts/capital-market-assumptions#methodology> for more details. Index proxies: Bloomberg Barclays U.S. Credit Index, Bloomberg Barclays Euro Aggregate Corporate Index, Bloomberg U.S. Corporate High Yield and JPM EMBI Global Diversified. BBG Euro High Yield Index. The chart on the right market pricing of the five-year U.S. inflation breakeven rate and our estimate of average five-year forward inflation expectations.

Trimming the equity overweight

Global equities struggled over the second quarter. Markets have recovered some losses in recent weeks, yet the broad MSCI World index of DM equities is still down 15% year-to-date, according to Refinitiv data as of Aug. 8, 2022. Typically, falling prices would mean we would expect to see higher expected returns as, all else equal, valuations become more attractive. Yet, all else has not remained equal. Markets have grappled with the difficult trade-off that central banks face between choking off growth via sharply higher rates or living with supply-driven inflation. Tough rhetoric from central banks on inflation suggests interest rates – across most of DM – are likely to move past neutral into restrictive territory. Beyond tighter monetary policy, the implications of the energy price shock – particularly painful for Europe – and China's strict Covid lockdowns are weighing on the near-term economic outlook.

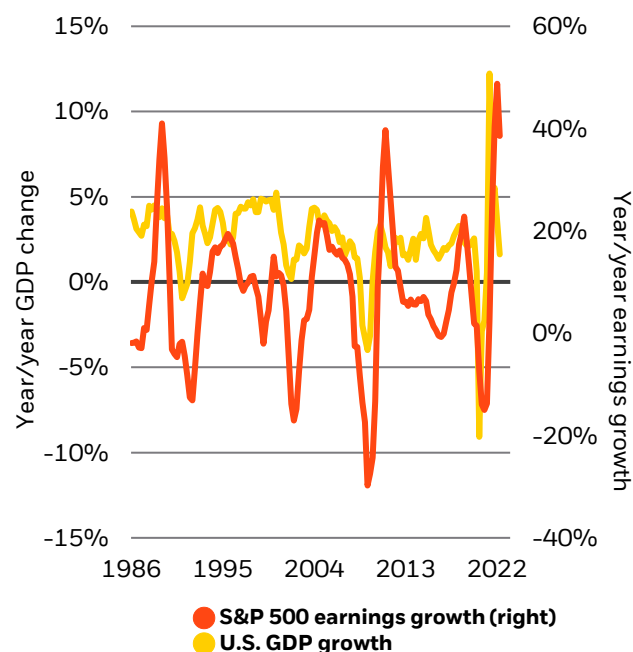
The impact of these feed into our equity CMAs and inform our asset preferences by offsetting the boost from lower equity prices. Our estimate of where interest rates may get to has moved higher and the short-term path has steepened as discussed on previous pages. Higher short-term rates mean a higher discount rate for equities – a drag on valuations that diminishes our expected returns. Also, the near-term outlook for corporate earnings growth has worsened. The chart on the bottom left shows that current earnings are not fully reflecting the deterioration in the underlying growth picture, in our view. We see current consensus earnings expectations as too optimistic and expect downgrades ahead.

We have also modestly increased our estimate of the five-year ahead equity risk premium (ERP). We prefer the ERP as a valuation gauge over PE ratios, as the ERP takes into account both the price earnings in the year ahead and interest rate outlook. PE ratios only consider price and year-ahead earnings. Our prior expectations of the level of ERP in 5 years time were partly informed by historical data from 1995 onwards – the period of the Great Moderation. This is no longer an accurate benchmark for the future, in our view as it does not consider the new regime. Our revised estimates for the U.S. are shown on the chart on the right below. We now assume an ERP of about 4.2% for the U.S. vs. 3.9% earlier. We think this increase in risk premia is justified, with moderately higher volatility over the coming years.

We still prefer equities to bonds in our strategic views, yet trim our stance on equities to a modest overweight of +1. Over a 10-year horizon, we expect some of the market factors roiling equities to wash out. We expect central banks to live with some inflation after the damage to growth and employment from fighting supply-driven inflation starts becoming apparent. We believe that pivot will ultimately be supportive of equities. Yet we also do not expect that central banks will cut rates back down to stimulative levels as inflation is likely to stay stubbornly above their targets. Our lower expected returns for equities – and trimmed overweight – reflects these dynamics. A similar dynamic is at play in growth private markets such as private equity. Valuations here are slow moving, yet are not immune to higher interest rates. We stay modestly underweight.

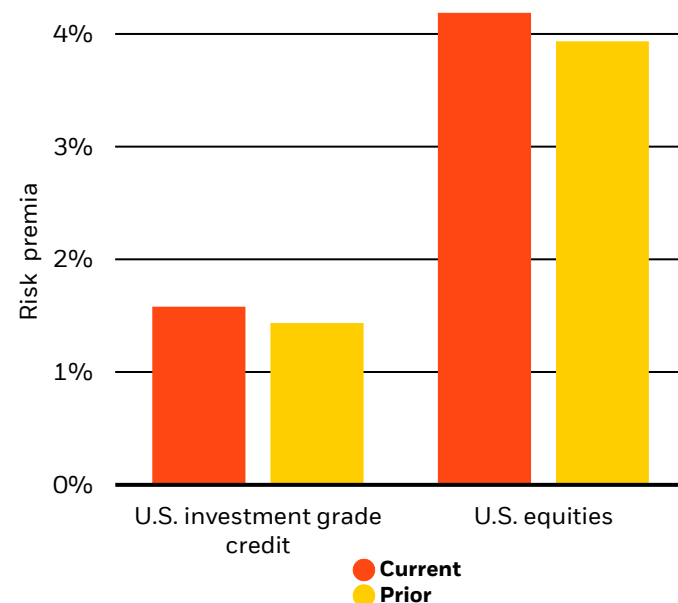
Growth disconnect

U.S. GDP vs. S&P 500 earnings, 1986-2022



More compensation needed for taking risk

Estimated risk premia in five years' time, current vs. prior



Sources: BlackRock Investment Institute, New York Federal Reserve, with data from Refinitiv Datastream, August 2022. Notes: The chart on the left shows annual U.S. GDP growth and realized year-on-year earnings growth for the S&P 500. The chart on the right shows our current and prior estimate of the risk premia for U.S. equities and U.S. investment grade credit. Index proxies: Bloomberg Barclays U.S. Credit Index, MSCI USA Index It is not possible to directly invest in an index.

Appendix

Index proxies

Asset	Index
Equities	MSCI Developed - US Gross TR Index
	MSCI Developed - United Kingdom
	MSCI EMU Index
	MSCI Developed Europe ex UK Gross TR Ind
	MSCI Developed - Japan Gross TR Index -
	MSCI Daily TR Gross Developed Pacific Ex
	MSCI China A Inclusion NET Index
	MSCI Emerging - China in CNY
	MSCI Emerging Markets ex China (Net)
Fixed Income (Sovereign bonds and investment grade)	Bloomberg Barclays U.S. Treasury 1-10 Yr Index
	Bloomberg Barclays U.S. Treasury 10+ Yr Index
	Bloomberg Barclays Euro Treasury 1-15 Year Index
	Bloomberg Barclays Euro Treasury 1-15 Year Index
	Bloomberg Barclays Sterling Aggregate Gilts (1-10)
	Bloomberg Barclays Asian Pacific Japan Treasury
	Bloomberg Barclays China Treasury + Policy Bank Total Return Index
	Bloomberg Barclays U.S. Government Inflation-Linked Bond 1-10yr Index
	Bloomberg Barclays U.S. Tips Index 10Yr Plus - USD GROSS TR
	Bloomberg Barclays Euro Government Inflation-Linked 1-10 Years Index
	Bloomberg Barclays Inflation Linked Eurozone Inflation 10+Y
	Bloomberg Barclays MBS Index
	Bloomberg Barclays U.S. Credit Index
	FTSE Actuaries UK Index-Linked Gilts up to 5 Years Index
	FTSE Actuaries UK Index-Linked Gilts over 5 Years Index
	Bloomberg Barclays Euro Aggregate Corporate Index
	Bloomberg Barclays Sterling Aggregate Corporate Bond Index
Fixed income (High yield)	Bloomberg Barclays U.S. Credit Index
	Bloomberg Barclays Euro Aggregate Corporate Index
	JP Morgan EMBI Global Diversified Index
	JP Morgan GBI-EM Global Diversified Index
Income and growth private markets*	U.S. private equity
	Global direct lending
	Global Infrastructure equity
	U.S. core real estate
	Real estate mezzanine debt
	Hedge funds (global)
	U.S. infrastructure debt
	Developed markets infrastructure debt

* We use BlackRock proxies for selected private markets because of 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.

BlackRock Investment Institute

The **BlackRock Investment Institute (BII)** leverages the firm's expertise to provide insights on the global economy, markets, geopolitics and long-term asset allocation – all to help our clients and portfolio managers navigate financial markets. BII offers strategic and tactical market views, publications and digital tools that are underpinned by proprietary research.

BlackRock's Long-Term Capital Market Assumption Disclosures: This information is not intended as a recommendation to invest in any particular asset class or strategy or product or as a promise of future performance. Note that these asset class assumptions are passive, and do not consider the impact of active management. All estimates in this document are in US dollar terms unless noted otherwise. Given the complex risk-reward trade-offs involved, we advise clients to rely on their own judgment as well as quantitative optimisation approaches in setting strategic allocations to all the asset classes and strategies. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. If the reader chooses to rely on the information, it is at its own risk. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal, or tax advice. The outputs of the assumptions are provided for illustration purposes only and are subject to significant limitations. "Expected" return estimates are subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios; in the event a particular scenario comes to pass, actual returns could be significantly higher or lower than forecasted. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. The model cannot account for the impact that economic, market, and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact future returns.

Index Disclosures: Index returns are for illustrative purposes only and do not represent any actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index.

General disclosure: This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. This material may contain estimates and forward-looking statements, which may include forecasts and do not represent a guarantee of future performance. 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. The opinions expressed are as of August 2022 and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

In the **U.S. and Canada**, this material is intended for public distribution. 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: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded. In the **UK and Non-European Economic Area (EEA) countries**: this is Issued by BlackRock Advisors (UK) Limited, which is 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. 00796793. For your protection, calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. 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. In **Switzerland**: From 1 January 2022, this document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA"). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: www.blackrock.com/finisa For investors 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 **DIFC** this material can be distributed in and from the Dubai International Financial Centre (DIFC) by BlackRock Advisors (UK) Limited – Dubai Branch which is regulated by the Dubai Financial Services Authority (DFSA). This material is only directed at 'Professional Clients' and no other person should rely upon the information contained within it. BlackRock Advisors (UK) Limited - Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit 06/07, Level 1, Al Fattan Currency House, 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 the **Kingdom of Saudi Arabia**, issued in the Kingdom of Saudi Arabia (KSA) by BlackRock Saudi Arabia (BSA), authorised and regulated by the Capital Market Authority (CMA), License No. 18-192-30. Registered under the laws of KSA. Registered office: 29th floor, Olaya Towers – Tower B, 3074 Prince Mohammed bin Abdulaziz St., Olaya District, Riyadh 12213 – 8022, KSA, Tel: +966 11 838 3600. The information contained within is intended strictly for Sophisticated Investors as defined in the CMA Implementing Regulations. Neither the CMA or any other authority or regulator located in KSA has approved this information. The information contained within, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Any distribution, by whatever means, of the information within and related material to persons other than those referred to above is strictly prohibited. In the **United Arab Emirates** is only intended for -natural Qualified Investor as defined by the Securities and Commodities Authority (SCA) Chairman Decision No. 3/R.M. of 2017 concerning Promoting and Introducing Regulations. Neither the DFSA or any other authority or regulator located in the GCC or MENA region has approved this information. In the **State of Kuwait**, those who meet the description of a Professional Client as defined under the Kuwait Capital Markets Law and its Executive Bylaws. In the **Sultanate of Oman**, to sophisticated institutions who have experience in investing in local and international securities, are financially solvent and have knowledge of the risks associated with investing in securities. In **Qatar**, for distribution with pre-selected institutional investors or high net worth investors. In the **Kingdom of Bahrain**, to Central Bank of Bahrain (CBB) Category 1 or Category 2 licensed investment firms, CBB licensed banks or those who would meet the description of an Expert Investor or Accredited Investors as defined in the CBB Rulebook. The information contained in this document, does not constitute and should not be construed as an offer of, invitation, inducement or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. 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 **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 **South Korea**, this material is for distribution to the 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. 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 Professional Investors only (Professional Investor is defined in Financial Instruments and Exchange Act). In **Australia**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. 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. 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

©2022 BlackRock, Inc. All Rights Reserved. **BLACKROCK** is a trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.