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Weekly commentary

BlackRock

November 9, 2026

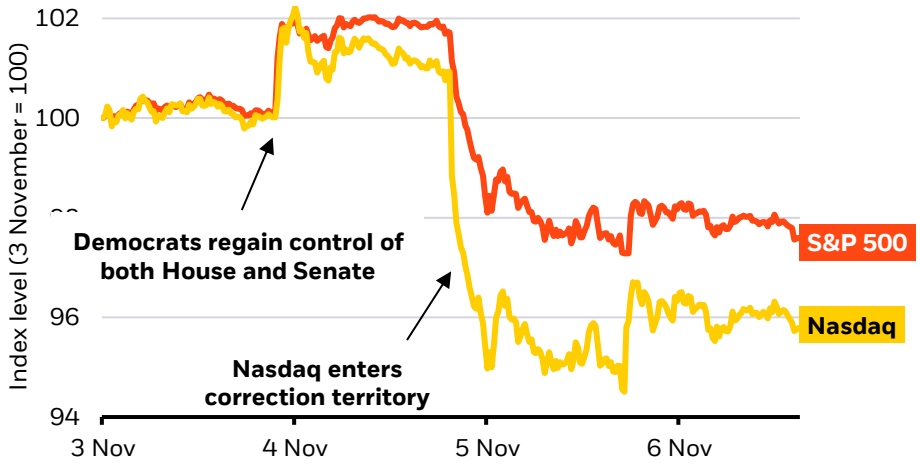
Midterms and AI in focus at 2027 Forum

- At our internal 2027 Forum last week, the U.S. midterms, AI adoption and competition for capital ran through the debates among our portfolio managers.
- U.S. stocks fell sharply after a brief post-midterm rally, with the Nasdaq entering correction territory as concerns over the AI buildout intensified.
- Following last week's strong U.S. payrolls report, CPI and PPI will offer fresh clues on inflation this week ahead of the Fed's December meeting.

The U.S. midterms dominated headlines last week as Democrats took control of Congress. Our 2027 Outlook Forum was consequential given the big unresolved macro questions. The supply-driven regime we've described for five years is largely priced in, making the outlook less directional. For AI, attention has shifted from the buildout toward demand, adoption and who benefits as competition for capital intensifies. These debates will shape next month's 2027 Global Outlook.

From election bounce to correction

S&P 500 and Nasdaq intraday performance, November 3–6, 2026



Past performance is not a reliable indicator of current or future results. Source: BlackRock Investment Institute with data from Bloomberg, November 2026. Note: Index levels rebased to 100 on Nov. 3, 2026. Nasdaq correction refers to a decline of at least 5% from its previous peak.

U.S. stocks rallied the day after the elections, sold off sharply on Thursday and steadied on Friday. See the chart. The swings illustrate a key conclusion from our 2027 Outlook Forum: the AI story is moving into a more nuanced phase. In the initial phase of the AI transformation, the investment opportunity was about pricing the conviction that the buildout needed to happen. Now the focus is shifting to assessing the size and speed of the buildout relative to how quickly AI is adopted and spreads across different tasks. A material slowdown in 2027, though far from certain, could have significant adverse market consequences. But it could also ease competition for capital and lower bond yields, while its economic fallout could temper policy initiatives. This two-sided uncertainty underpinned our move to neutral on U.S. equities and our upgrade of U.S. Treasuries last month.



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The AI infrastructure boom has been a powerful driver of growth, earnings and market returns. But how long will scarcity persist, and where might abundance emerge as constraints ease? These questions ran through our Forum discussions. Participants debated how much AI capacity will ultimately be built, whether demand from adoption can justify the scale of investment and when opportunities might shift from suppliers to adopters. We heard directly from corporate CFOs about how they are deploying AI and assessing its benefits, offering a window into demand that remains difficult to measure. Another question was what would happen if capital spending slowed before productivity gains from adoption materialized. And who ultimately captures the gains and who gets disrupted – technology providers, businesses adopting AI or their customers?

Competition for capital was another major topic, as the extraordinary financing needs of AI collide with government borrowing and investment in energy security and defense. Our portfolio managers debated whether this growing demand for funding could crowd out other borrowers, even as AI investment supports economic growth and risk assets. With credit markets becoming more selective, participants also discussed whether greater equity issuance could help hyperscalers manage leverage and preserve their capacity to borrow as the buildout continues. Another key question was whether stronger growth and earnings can continue to offset higher financing costs – and where the pressure might emerge next.

The Forum came at a consequential juncture. After four years of an AI-driven bull market, markets have largely priced in the new regime of structurally higher interest rates we've talked about for five years. That makes the investment outlook less directional and more nuanced. Discussions ranged from shifting global capital flows and changing relationships between stocks, bonds and currencies to investment opportunities across Europe, China and emerging markets. Participants also explored how evolving market structures could affect market liquidity and volatility. The reliability of traditional portfolio hedges and the importance of retaining flexibility were also major topics.

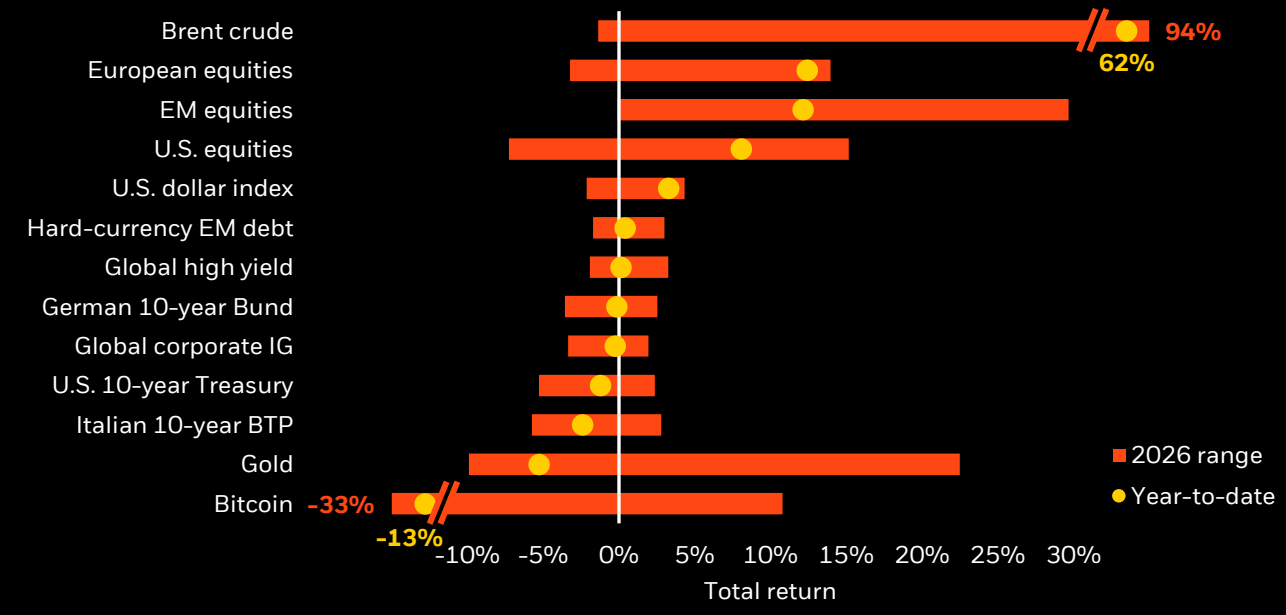
Bottom line: Our 2027 Outlook Forum highlighted the questions facing investors as the supply-driven regime we've described for five years becomes increasingly priced in. Look out for more in our 2027 Global Outlook next month.

Market backdrop

U.S. stocks fell sharply last week following the Democratic sweep in the midterm elections, despite a rebound on Friday. For the week, the Nasdaq 100 lost 4.7%, leaving it 14% below its October peak, while the S&P 500 dropped 2.4%. U.S. Treasuries rallied, with 10-year yields falling 13 basis points over the week to 4.86%. Brent crude fell 17% to $97 a barrel amid hopes for an end to the Middle East conflict.

Assets in review

Selected asset performance, 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 November 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.

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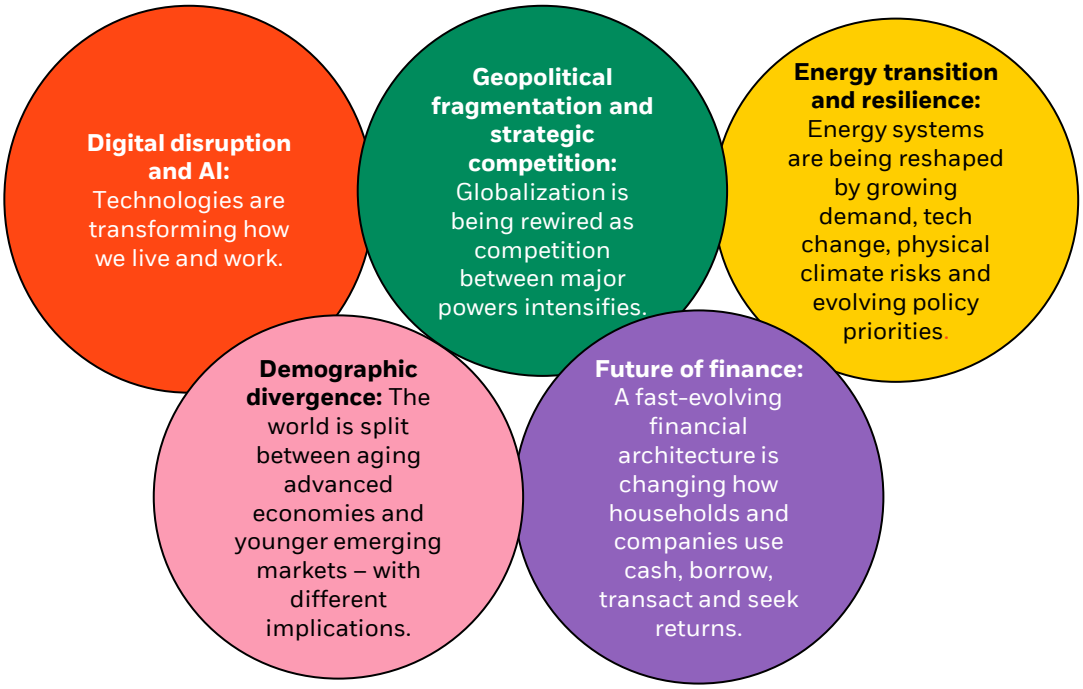
Week ahead

Nov. 9th	China PPI & CPI	**Nov. 12th**	UK GDP estimate
Nov. 10th	U.S. CPI; China trade balance	**Nov. 13th**	U.S. PPI; EU GDP & employment flash estimate

U.S. inflation data take center stage this week, with CPI and PPI offering the latest read on price pressures ahead of the Fed's December policy meeting. We expect persistent inflation pressures to keep market expectations for further Fed rate hikes alive. China's inflation and trade data will shed light on domestic demand and external activity, while UK and euro area GDP figures will provide a snapshot of European growth.

Intersecting mega forces

Since we launched our mega forces framework, it has become clearer how their intersection shapes almost all our investment views and opens up alpha opportunities. They cut across asset class labels, spurring a rethink of portfolio construction. Investors need to be deliberate about the economic or thematic exposures they own, the vehicles they use to implement them and their investment horizons.



From drivers to portfolio expressions

Our highest conviction views, November 2026

Driver	What we think	Portfolio expression
Growth and AI scarcity	AI fundamentals are strong, but we eye near-term volatility.	Neutral U.S. equities and overweight EM equities; favor AI- and tech-related opportunities.
Duration and diversification	Higher starting yields improve prospective returns and income.	Overweight short-term U.S. Treasuries for solid income and a cushion against higher rates; neutral long-term Treasuries.
Credit spreads and liquidity	Selectivity is crucial amid tight spreads and uneven fundamentals.	Credit with clear cash flows, lender protections and recovery value; higher-rated high yield.
Inflation and scarcity	Scarcity, secure supply and power demand carry inflation risks.	Infrastructure, energy bottlenecks, EM local debt and real-asset-linked exposures.
Alpha opportunity	Macro outcomes matter again in the new regime.	Macro hedge funds, venture capital, market-neutral strategies, and selected private credit and non-U.S. alpha.

Note: Views are from a U.S. dollar perspective, November 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.

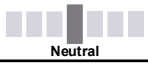
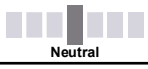
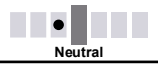
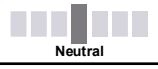
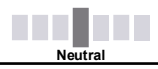
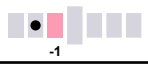
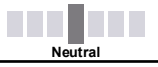
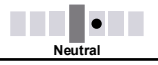
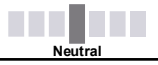
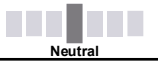
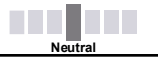
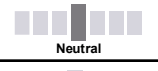
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Asset class implications

Six- to 12-month tactical positioning, November 2026

This shows the implementation of our key investment views from the previous page through an asset class lens.

Underweight | **Neutral** | **Overweight** ● Previous positioning

	Asset	Positioning	Commentary
Equities	**Developed markets**		
	United States		We are neutral. Strong AI fundamentals remain supportive, but policy uncertainty could fuel near-term volatility. We continue to favor AI and tech.
	Europe		We are neutral. We would need to see more business-friendly policy and deeper capital markets for Europe to outperform. We favor financials, infrastructure and industrials.
	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. Strong corporate balance sheets and governance reforms remain supportive. We prefer targeted exposures to physical AI and the buildout's bottlenecks.
	Emerging markets		We are overweight. Strong earnings and cheaper valuations create opportunities. We particularly like different expressions of the AI scarcity theme across Asia and Latin America.
	China		We are neutral. We see opportunities in physical AI. Cheap, open-source AI could drive adoption, but that doesn't necessarily translate into AI-provider profitability.
Fixed Income	Short U.S. Treasuries		We are overweight. Much of the repricing we anticipated has occurred, and expectations for further Fed hikes look excessive. We favor the front end for attractive income and a greater breakeven buffer.
	Long U.S. Treasuries		We are neutral. Higher yields offer attractive income and a bigger cushion against further rate increases. We still see room for yields to rise as competition for capital intensifies.
	Global inflation-linked bonds		We are neutral. We see inflation settling above pre-pandemic levels, but markets may not price this in the near term as economic growth could slow.
	Euro area govt bonds		We are neutral on short- and medium-term bonds. Current ECB rate pricing looks fairly valued given the balance of risks. Higher energy prices could push rates higher. We prefer to deploy risk elsewhere.
	UK gilts		We are neutral. We expect periods of elevated volatility given political uncertainty, longer-term bonds making up a larger market share, and buyers becoming more price-sensitive.
	Japanese govt bonds		We are underweight. The substantial repricing in yields has improved the risk-reward, but further rate hikes and heavy issuance could push yields higher.
	China govt bonds		We are neutral. China bonds offer stability and diversification but developed market yields are higher. A shift in investor sentiment toward equities limits upside.
	U.S. agency MBS		We are neutral and lean into the stable income MBS provide despite tight spreads.
	Short-term IG credit		We are neutral. Spreads are tight due to corporate strength, but attractive overall yields help offset the risk of increased issuance.
	Long-term IG credit		We are underweight. We prefer short-term bonds less exposed to interest rate risk over long-term bonds. But attractive overall yields help offset the risk of increased issuance.
	Global high yield		We are neutral. High yield offers attractive income. We prefer higher-rated U.S. and European high yield over investment grade and see dispersion of returns increasing.
	Asia credit		We are neutral. Overall yields are attractive and fundamentals are solid, but spreads are tight.
	Emerging hard currency		We are neutral. Fundamentals have improved, but we see a more attractive risk-reward profile in EM local debt.
	Emerging local currency		We are overweight. We like the yield relative to its volatility and improving fundamentals.

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