

Weekly commentary

February 2, 2026

BlackRock

Tapping infrastructure's potential

- Most investors could increase their infrastructure exposure, we think. It benefits from multiple mega forces yet currently trades at a discount.
- Stocks ended unchanged, masking big intraday moves triggered by jitters over AI investment. We see this as a reshuffling of winners, not the AI trade's end.
- U.S. jobs data this week could give some clarity on the Fed's rate path. We see the nomination of Kevin Warsh as Fed chair easing pressure on the U.S. dollar.

The latest earnings from mega cap tech are still showing massive spending on AI, even amid market volatility and dispersion. We see a clear beneficiary: infrastructure. Most investors could increase their exposure to this diverse asset class, in our view. Beyond the AI buildout, multiple mega forces support long-term demand. Valuations look low to fair versus history. And cash flows that often adjust with rising prices can help hedge inflation risk.



Jean Boivin
Head – BlackRock Investment Institute



Wei Li
Global Chief Investment Strategist – BlackRock Investment Institute



Vivek Paul
Global Head of Portfolio Research – BlackRock Investment Institute



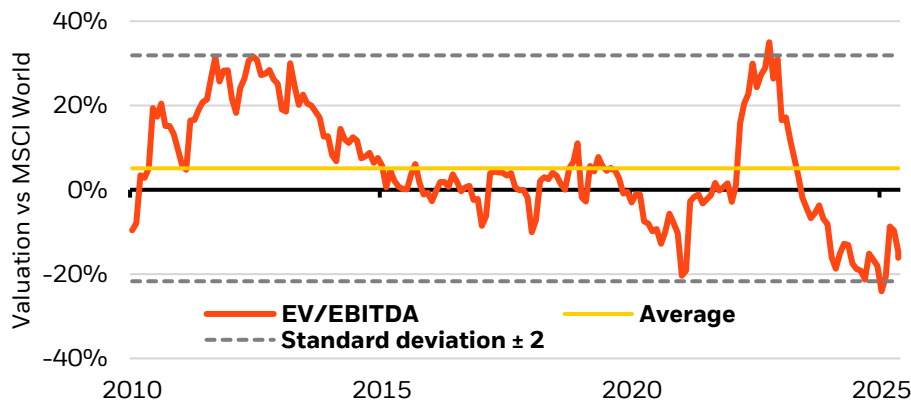
Christopher Kaminker
Head of Sustainable Research and Analytics – BlackRock Investment Institute



Serge Lauper
Global Head for Infrastructure Solutions

A valuation discount

Listed infrastructure vs MSCI World valuations, 2010–2025



Past performance is no guarantee of future results. Source: BlackRock Investment Institute, with data from MSCI, FTSE, November 2025. Note: The chart compares the ratio of enterprise value to earnings before interest, tax, depreciation and amortisation for listed infrastructure and global equities. Positive values mean listed infrastructure is valued at a premium vs. global equities, negative values indicate a discount. The lines show the average relative valuation and the ± 2 standard deviation from that average. Index proxies: FTSE World Core Infrastructure 50/50 and MSCI World.

Infrastructure, traditionally viewed as a stodgy defensive sector, is now at the center of interlocking mega forces. Geopolitical fragmentation is leading governments to emphasize energy security. Population growth in emerging markets requires upgrading urban infrastructure. Nuclear and renewable power for the low-carbon transition often need more up-front investment than traditional energy sources. Yet valuations, weighed down as interest rates have climbed, do not reflect this growth potential. Listed infrastructure equities trade at nearly 20% below their long-term average on enterprise-value-to-EBITDA multiples – below levels at the financial crisis and similar to the COVID shock. See the chart. Private infrastructure assets trade closer to long-term averages, we believe, but lets investors tap a much wider universe of assets.

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

BlackRock Investment Institute

Investors can tap infrastructure through a wide range of sectors and exposures. It spans transport, energy, telecom and digital networks and water and waste management, and can be accessed through debt and equity in both listed and private markets. Yet most investors are under-allocated, even the large institutions that historically dominate illiquid asset investing. Analysis from [our recent paper](#) (for professional investors only) shows that a typical U.S. corporate pension with similar risk to a 70/30 equity-bond split has infrastructure-like exposure of about 4 to 5% through equity and credit holdings such as utilities. Why so little? Infrastructure lacks the familiarity of mainstream stocks and bonds, and its long investing horizons has made it the purview of select institutional investors. Yet our analysis shows that corporate pension funds can more than double their current levels of exposure for increased portfolio efficiency: greater return for similar overall risk.

Infrastructure holdings are particularly helpful when supply chain constraints stoke inflation and mega forces cloud the long-term outlook. Growth is solid right now, but inflation is getting “stickier,” as Federal Reserve Chair Jerome Powell said after holding policy rates steady last week. Investors need income sources that have a low risk of eroding in such an environment. Infrastructure’s cash flows are often supported by regulation or long-term contracts that adjust with inflation, offering predictable income. We especially like infrastructure equity among private growth assets on a five-year-plus horizon.

What are the risks? First: an AI bust chokes data center and energy infrastructure demand. We see this as overblown for the sector. The reason: strong legal protections. Companies pay for space even if they don’t use it; early lease terminations are limited; and tenants front any increases in energy costs. Second: the risk of rising real rates raising the return bar for infrastructure assets. This risk has been front and center recently, with a rapid rise in the term premium pressuring the U.S. dollar and Treasuries as global investors rethink U.S. exposure. We see the nomination of Kevin Warsh as Federal Reserve chair mitigating the risk for now thanks to his financial crisis experience and likely focus on preventing global spillovers.

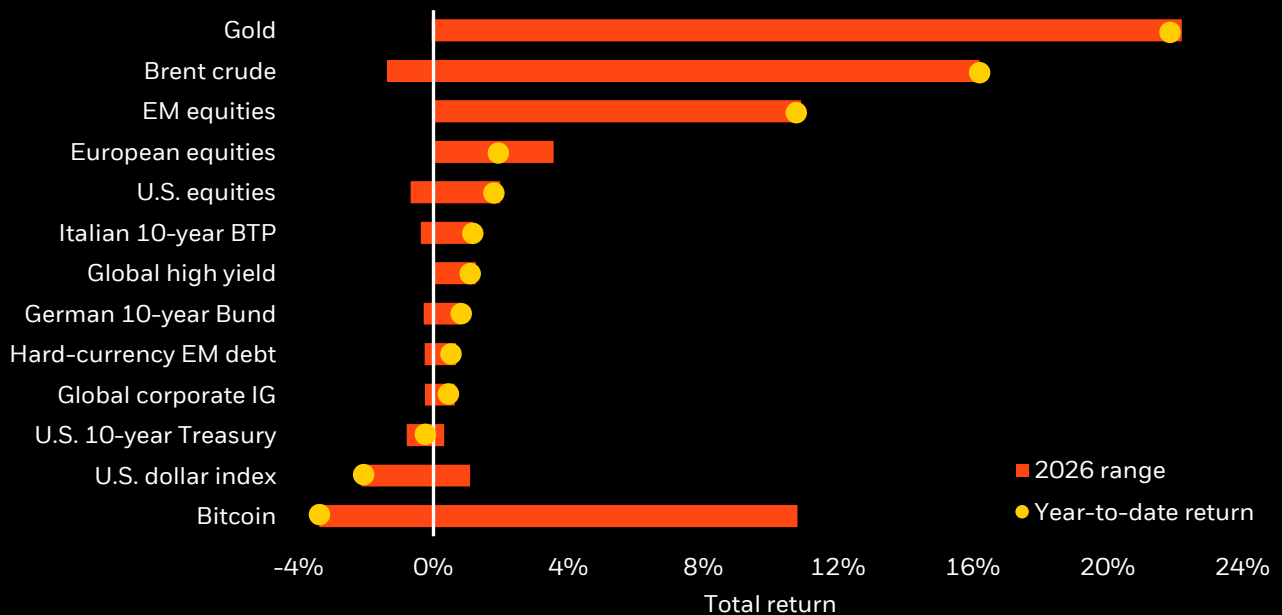
Bottom line: We like infrastructure. Mega forces like AI are driving long-term demand, but valuations don’t yet reflect that. We think most investors can allocate more and particularly favor infrastructure equity among private growth assets.

Market backdrop

Stocks were little changed on the week, even as the S&P 500 notched a 1.7% intra-day decline last Thursday on jitters over AI investment. We see the latter as a reshuffling of winners, not as backlash against the AI trade. The U.S. dollar plumbed four-year lows, then perked up on news of the Warsh nomination. Precious metals that had become perceived safe havens during the term premium shock saw their biggest losses since the 1980s.

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 January 29, 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

Feb. 3	U.S. job openings and labor turnover	Feb. 5	ECB, BoE policy rate decisions
Feb. 4	Euro area inflation	Feb. 6	U.S. payrolls, University of Michigan consumer sentiment

We look to U.S. jobs data for a cleaner read on the labor market. A “no hiring, no firing” stasis let the Fed trim rates last year, but wage pressures could limit cuts in 2026. The bigger question: How would Fed chair nominee Kevin Warsh navigate pressure to cut rates? Given Warsh’s financial crisis experience, we think he will focus on preventing global market spillovers. We see this supporting the U.S. dollar and easing the risk of spikes in long-term yields.

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

	Asset	View	Commentary	
Equities	Developed markets			
	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.	
	Emerging markets			
	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.	
	Fixed Income	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.		

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 February 2, 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 No375, 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.