

Global Markets Outlook 2026

Have we seen it all yet?



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Executive Summary

AFTER SURVIVING AGGRESSIVE RATE HIKES, GEOPOLITICAL SHOCKS, AND RAPID TECHNOLOGICAL CHANGE, INVESTORS MAY ASSUME RECENT TRENDS WILL PERSIST. THAT **ASSUMPTION IS DANGEROUS.**

MARKETS HAVE WEATHERED EXTRAORDINARY STRESS — BUT RESILIENCE SHOULD NOT BE MISTAKEN FOR INVINCIBILITY. THE FORCES THAT SHAPED 2024-2025 ARE EVOLVING, NOT STABILIZING. CAPITAL ALLOCATION MUST NOW ACCOUNT FOR STRUCTURAL SHIFTS BENEATH THE SURFACE CALM.

ITS A CLASSIC MICROWAVE WATER.

CONTENTS HOT!

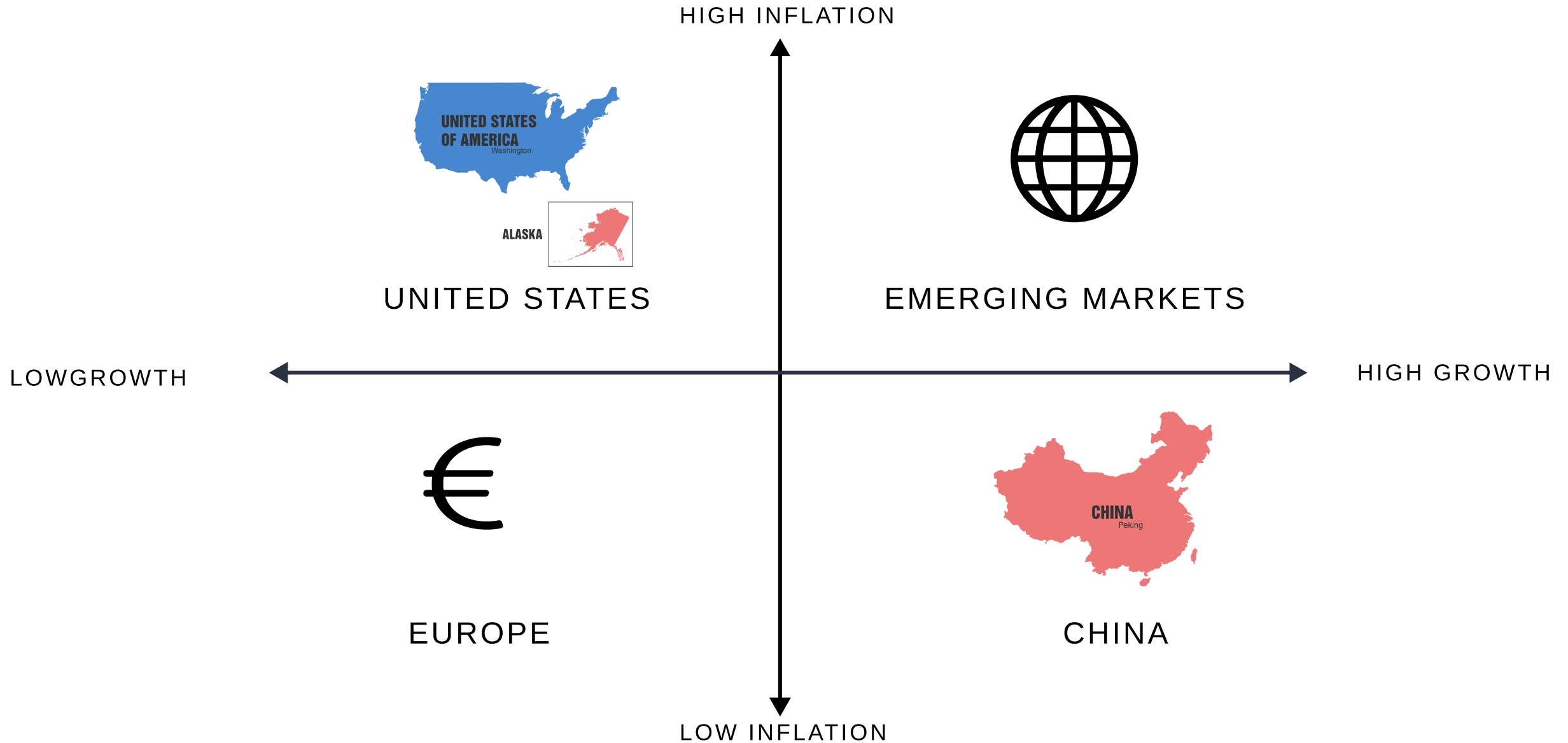
SLOWING, NOT STALLING

Growth remains positive but constrained by structural headwinds

INFLATION RESET

Easing but structurally higher than pre-pandemic norms

REGIONAL POSITIONING: GROWTH VS INFLATION



THIS POSITIONING HIGHLIGHTS THE TRADE-OFFS INVESTORS FACE, FROM REGIONS BALANCING MODERATE GROWTH WITH PERSISTENT INFLATION TO THOSE COMBINING HIGHER GROWTH WITH EITHER CONTAINED OR ELEVATED PRICE PRESSURES. CAPITAL ALLOCATION STRATEGIES MUST CAREFULLY CONSIDER THESE DIVERGENT MACROECONOMIC LANDSCAPES TO OPTIMIZE RISK-ADJUSTED RETURNS.

AI

1

Moved from narrative to deployment. Capex surged across data centers, semiconductors, and cloud infrastructure. Early gains remained concentrated among platform leaders.

Equities

2

Returns were highly concentrated in US mega-cap technology. Broader markets lagged, masking rising dispersion beneath index strength.

Macro Growth

3

Global growth proved resilient despite aggressive tightening. The US avoided a hard landing, while Asia and India outperformed structurally.

Inflation

4

Inflation eased from prior peaks but stayed structurally higher than pre-pandemic levels. This limited policy flexibility and market confidence.

Gold & Commodities

5

Gold strengthened as a hedge against geopolitical and fiscal risk. Energy and commodities remained volatile amid supply discipline.

Geopolitics

6

Geopolitical risk stayed elevated, reshaping trade and supply chains. Political factors increasingly influenced currencies and capital flows.

Institutional Perspectives on 2026

Company	AI & Technology	Global Growth	Rates & Inflation	Equities	Gold, Real Assets & Energy	Risk & Portfolio Stance
Goldman Sachs	AI-led capex WILL be the strongest growth driver. Returns WILL shift to semis, power, and automation. Valuation discipline WILL decide winners.	Global growth WILL stay positive but uneven. The US WILL lead, Europe WILL stabilise, China WILL restructure.	The Fed WILL cut modestly. Inflation WILL stay above target. Japan WILL remain the tightening outlier.	US large-cap tech WILL stay strong but leadership WILL broaden. Dispersion WILL rise sharply.	Energy transition WILL drive metals and infrastructure demand. Gold WILL benefit from fiscal stress.	High debt and geopolitics WILL dominate risks. Active management IS mandatory.
BlackRock	AI buildout WILL be unprecedented in scale. Capital intensity WILL create clear winners and losers.	A few mega forces WILL dominate the macro environment. Neutral positioning WILL fail.	Policy easing WILL support risk assets, but debt WILL cap flexibility.	US equities WILL benefit most from AI leadership. Index investing WILL become riskier.	Infrastructure and private markets ARE timely. Gold WILL support diversification.	Big calls are unavoidable. Diversification will be harder but essential.
Amundi	AI-driven capex WILL extend the cycle, not create a bubble. Tech leadership WILL broaden beyond the US.	2026 WILL be a transition year, not a downturn. Europe WILL show structural improvement.	Inflation WILL remain sticky. Central banks WILL ease cautiously.	Returns WILL move beyond mega-cap tech. Europe and EM WILL offer value.	Gold WILL remain a core hedge. Infrastructure WILL support inflation resilience.	Risk-on exposure MUST be balanced with hedges.
Invesco	AI optimism WILL persist, but execution WILL decide outcomes. Infrastructure and utilities WILL benefit.	Asia and EM WILL offer growth pockets. Global recovery WILL remain uneven.	Inflation WILL stay manageable. Policy divergence WILL persist.	Equity markets WILL remain volatile. Selective exposure WILL be essential.	Energy transition WILL progress slowly but steadily. Materials demand WILL stay strong.	Diversification across assets IS critical.

Institutional Perspectives on 2026

Company	AI & Technology	Global Growth	Rates & Inflation	Equities	Gold, Real Assets & Energy	Risk & Portfolio Stance
Fidelity International	AI WILL boost productivity, but benefits WILL spread slowly. Bottom-up stock selection WILL outperform.	Growth WILL stay steady but fragile. Fundamentals WILL matter more than macro calls.	Inflation WILL ease but stay above target. Rates MAY stay higher for longer.	Stock picking WILL dominate index returns. Quality balance sheets WILL win.	Energy transition WILL support long-term demand. Gold WILL diversify portfolios.	Focus on fundamentals. Prepare for volatility.
Franklin Templeton	AI WILL remain a long-term opportunity. Spillovers WILL benefit industrials and services.	US growth WILL remain resilient. EM WILL benefit from a weaker dollar. India WILL stand out.	Rate cuts WILL be gradual. Policy credibility WILL matter.	Equities WILL favour quality and value. Sector rotation WILL continue.	Gold WILL remain a tactical hedge. Infrastructure WILL benefit from fiscal spending.	Balanced portfolios WILL outperform extremes.
Robeco	AI adoption WILL support productivity gains. Sustainability-linked tech WILL gain relevance.	Macro outlook WILL stay cautiously optimistic. Structural trends WILL dominate cycles.	Inflation WILL decline but stay sticky. Central banks WILL remain data-dependent.	Equity opportunities WILL align with sustainability. Quality growth WILL outperform.	Energy transition WILL drive long-term returns. Gold WILL hedge systemic risk.	Integrate ESG with risk management.
Deutsche Bank	AI investment WILL fuel earnings growth. Not all tech stocks WILL win.	2026 WILL be constructive but volatile. Trade relations WILL remain fragile.	Rate cuts WILL support growth. Inflation risks WILL persist.	Equities WILL remain attractive with discipline. Diversification WILL matter.	Gold and alternatives WILL hedge volatility. Infrastructure WILL offer stability.	Actively manage risk. Stay invested with strategy.

Institutional Perspectives on 2026

Company	AI & Technology	Global Growth	Rates & Inflation	Equities	Gold, Real Assets & Energy	Risk & Portfolio Stance
BNP Paribas	AI IS not a bubble yet but WILL require selectivity. Infrastructure investment WILL be essential.	Global economy WILL show resilience. Europe WILL benefit from fiscal support.	Monetary policy WILL support markets. Debt WILL limit policy space.	Equities WILL remain divided across regions. Europe and EM WILL offer selective value.	Energy transition WILL accelerate. Gold WILL diversify portfolios.	Focus on resilience. Avoid binary bets.
Brookfield	AI WILL drive massive infrastructure demand. Data centres and power WILL be critical.	Real economy WILL be supported by megatrends. Private markets WILL gain relevance.	Rates WILL stabilise. Inflation-linked revenues WILL stay attractive.	Public markets WILL stay volatile. Private equity WILL focus on transformation.	Energy transition IS a multi-decade theme. Real assets WILL hedge inflation.	Deploy patient capital. Prioritise resilience.
Morningstar	AI growth expectations ARE high. Overpricing risk IS real.	Economic growth WILL be moderate. Valuations WILL matter more than narratives.	Rate cuts WILL support bonds. Inflation uncertainty WILL persist.	Equities WILL show mixed valuations. Value opportunities WILL emerge.	Gold WILL diversify portfolios. Real assets WILL balance risk.	Stay valuation-aware. Avoid chasing trends.
JP Morgan	AI WILL mark a regime shift. Capital WILL flow to infrastructure, energy, and defence tech.	Global economy WILL move into a fragmented post-globalisation phase.	Inflation WILL stay structural. Central banks WILL ease cautiously.	Equity returns WILL be driven by dispersion, not momentum.	Real assets WILL gain importance. Gold WILL remain a strategic hedge.	Balance growth themes with defensives.

Investment Implications: Selectivity Over Momentum

Broad momentum is unreliable in this environment. Disciplined risk management, active diversification, and quality bias become the primary drivers of alpha generation. Sticking to first principles may not feel exciting but in 2026, it may prove decisive.

Quality Over Growth

Prioritize balance sheet strength, cash flow generation, and pricing power over revenue acceleration

Active Diversification

Active Diversification
Correlations are shifting, passive allocations may amplify concentration risk unintentionally

Disciplined Patience

Volatility will create opportunity, but timing and conviction matter more than speed

"In 2026, the challenge is — it is preserving capital while capturing them selectively. Discipline, not daring, defines success."

Key 2026 Themes for Indian Residents: The Case for Overseas & EM Exposure

Why domestic strength alone is not enough

India Remains a Structural Growth Story

India continues to benefit from domestic demand, reforms, and capital inflows. However, strong performance has also led to rising valuations and concentration risk for local portfolios.

Concentration Risk Is Rising at Home

Indian portfolios are increasingly exposed a narrow set of sectors and themes. Overreliance on domestic markets raises vulnerability to local shocks

Global Cycles Are Diverging, Not Converging

While India and select EMs show resilience, growth across developed markets remains uneven. This divergence creates opportunities beyond domestic equities.

Diversification Is No Longer Optional

For Indian investors, diversification across geographies is becoming a risk-management necessity, not a return-chasing strategy.

Building Resilient Portfolios: Overseas & EM Exposure Strategies

Overseas Diversification

Access to global innovation, infrastructure, and defensive assets reduces dependence on domestic cycles and broadens opportunity sets.

FX Exposure as a Portfolio Stabiliser

Foreign currency exposure can act as a natural hedge during global stress, fiscal pressure, or periods of rupee volatility.

Emerging Markets Beyond India

Selective exposure to other EMs allows participation in global growth pockets while reducing single-country concentration risk.

Quality Over Geography

Returns will depend less on where investors allocate and more on what they own — balance sheets, pricing power, and execution matter.

Investor Takeaways for 2026

As we navigate the complexities of the 2026 investment landscape, certain principles become paramount. These key takeaways summarize the strategic considerations for building resilient and successful portfolios.

Opportunity Exists, But Is Uneven

Returns will be driven by selectivity and execution, not broad market participation.

Stick to First Principles

Quality, balance, and patience remain the most reliable guides.

Volatility Is Structural

Managing risk is as important as seeking returns in 2026.



Discipline Matters More Than Prediction

Valuations, balance-sheet strength, and pricing power matter more than narratives.

Policy Support Is Limited

Central banks can cushion shocks, but cannot rescue markets as in past cycles.

Diversification Must Be Real

Geographic exposure, asset mix, and FX diversification are essential risk tools



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