iShares by BlackRock

Precision insights: Sectors

Updated May 2026

Opportunity amidst dispersion

In this refresh of our global sector views, we lean into dislocated markets amid geopolitical uncertainty. We keep some cyclical exposure, but increase our conviction in defensives, given the slowing growth backdrop, higher inflation and an uncertain earnings outlook.

Blending bright spots and havens

We outline our latest views on sectors, reflecting the latest macro and microeconomic developments.

Click through to explore our precision sector views in detail.

Sector	View	Outlook
Communication services	–	We stay mixed on the global communication services sector after a period of strong performance, especially in Europe.
Consumer discretionary	↓	We turn less constructive on the consumer discretionary sector overall, given the uncertain growth backdrop, expectations for higher inflation, and elevated geopolitical tensions.
Consumer staples	–	We keep a mixed view on consumer staples balancing consumer-related growth concerns against the sector's defensive qualities.
Energy	↑	Energy remains one of our highest-conviction global sector calls, supported by persistent supply tightness, resilient demand, and strong earnings revisions.
Financials	↑	We stay constructive on the financials sector, but shift our geographic preference back to Europe, where banks are driving overall earnings, alongside technology and energy.
Healthcare	–	We have moderated our positivity on healthcare due to a lack of catalysts. We continue to favour Medtech/Biotech, given stronger earnings and innovation.
Industrials	↑	We remain positive on industrials as the sector continues to benefit from the global investment and infrastructure super cycle, rather than consumer demand.
Information technology	↑	We maintain conviction in technology, using the sector to add quality to equity allocations, supported by a relatively solid earnings backdrop.
Materials	↑	We are constructive on materials but remain selective, with a preference for segments linked to infrastructure, power and AI-related demand.
Real estate	–	We stay mixed on global real estate, with a developed market (DM) rate cutting backdrop a tailwind for the sector. We prefer exposure in Europe, where the European Central Bank (ECB) rate path is well telegraphed.
Utilities	↑	We are positive on utilities as a high asset, low obsolescence (HALO) investment, supported by durable profit moats that are resilient to AI disruption. Regionally, we favour the US over Europe, given stronger demand growth and better earnings momentum.

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A framework for analysing sectors

We pay close attention to how profitability and valuations appear in the current environment and use this framework in conjunction with our qualitative assessment of macro and microeconomic trends to gauge each sector's outlook. The tables below highlights Z-scores for MSCI World, Europe and US sectors across a range of metrics, with high profitability and reasonable valuations increasing the attractiveness of a sector. We show high profitability and low valuations in green, the opposite is shown in red. This is done to identify sectors that are potentially improving their profitability trends, which may not be reflected by market pricing.

Figure 1: Framework for analysing profitability and valuations of MSCI World sector index range, June 2026

	Profitability			Valuations		
	EPS	EBITDA	CPS	P/E	P/B	Earnings yield prem./disc. to 10Y avg
MSCI World Communication Services	3.18	1.85	1.60	1.20	2.06	1.00%
MSCI World Cons Discr	1.59	1.94	1.59	0.58	0.89	0.52%
MSCI World Cons Staples	1.83	1.99	1.95	0.89	1.89	0.21%
MSCI World Energy	1.45	1.84	1.20	-0.34	2.33	-1.09%
MSCI World Financials	2.56	3.74	0.82	0.83	2.07	0.61%
MSCI World Health Care	1.58	1.71	1.40	-0.21	0.28	-0.07%
MSCI World Industrials	2.13	2.24	2.29	1.64	2.48	1.05%
MSCI World IT	3.44	3.53	2.90	0.34	1.40	0.27%
MSCI World Materials	1.56	1.74	1.08	0.31	2.12	0.27%
MSCI World Real Estate	1.66	1.59	1.56	1.75	2.34	0.66%
MSCI World Utilities	2.36	2.72	1.96	0.71	1.87	0.31%

Source: BlackRock and LSEG Datastream, as of 1 June 2026.

Figure 2: Framework for analysing profitability and valuations of MSCI Europe sector index range, June 2026

	Profitability			Valuations		
	EPS	EBITDA	CPS	P/E	P/B	Earnings yield prem./disc. to 10Y avg
MSCI Europe Communication Services	0.05	-0.93	-0.56	0.84	2.59	0.5%
MSCI Europe Consumer Discretionary	0.09	1.50	0.18	-0.11	-1.32	-0.2%
MSCI Europe Consumer Staples	2.09	2.12	2.37	-1.57	-0.57	-0.8%
MSCI Europe Energy	1.33	1.86	1.00	-0.32	2.12	-1.2%
MSCI Europe Financials	2.69	2.83	0.84	0.24	2.51	0.3%
MSCI Europe Health Care	2.04	2.10	1.21	-1.05	-0.79	-0.5%
MSCI Europe Industrials	2.38	2.43	2.45	-0.11	-1.32	-0.2%
MSCI Europe Information Technology	2.76	3.06	2.74	1.34	2.03	0.8%
MSCI Europe Materials	0.76	0.97	0.53	0.80	1.17	0.7%
MSCI Europe Real Estate	0.02	1.00	0.05	-1.25	-1.26	-1.7%
MSCI Europe Utilities	2.43	2.37	1.64	0.93	2.02	0.6%

Source: BlackRock and LSEG Datastream, as of 1 June 2026.

Figure 3: Framework for analysing profitability and valuations of MSCI USA sector index range, June 2026

	Profitability			Valuations		
	EPS	EBITDA	CPS	P/E	P/B	Earnings yield prem./disc. to 10Y avg
MSCI USA Communication Services	3.07	2.22	2.10	0.94	1.87	0.9%
MSCI USA Consumer Discretionary	2.33	2.42	2.28	0.25	-0.15	0.2%
MSCI USA Consumer Staples	1.50	1.59	1.52	2.30	2.19	0.7%
MSCI USA Energy	1.38	1.62	1.18	-0.28	1.53	-2.1%
MSCI USA Financials	2.24	4.03	1.05	0.43	1.47	0.4%
MSCI USA Health Care	1.35	1.49	0.87	0.47	0.75	0.2%
MSCI USA Industrials	2.06	2.10	2.35	1.90	2.36	1.1%
MSCI USA Information Technology	3.52	3.59	3.00	0.31	1.09	0.2%
MSCI USA Materials	1.88	2.17	1.28	-0.17	0.34	-0.1%
MSCI USA Real Estate	1.75	1.62	0.37	-0.60	0.71	-0.2%
MSCI USA Utilities	2.29	2.63	2.12	0.18	1.00	0.1%

Source: BlackRock and LSEG Datastream, as of 1 June 2026.

Figure 4: Five-year performance of MSCI regional and sector indices

Total asset returns (%)	2021	2022	2023	2024	2025	2026 YTD
Global Healthcare	18.30	-6.63	2.38	-0.14	13.21	-3.75
Global Tech	29.08	-31.28	52.27	32.18	22.95	23.77
Global Energy	35.09	41.05	-0.72	-0.37	9.81	24.92
Global Financials	25.10	-12.36	13.08	23.75	26.06	-0.70
Global Materials	12.94	-13.69	11.72	-7.46	23.38	14.94
Global Consumer Staples	10.81	-8.00	0.06	3.45	6.43	3.74
Global Consumer Discretionary	17.12	-34.02	33.55	20.36	7.42	0.76
Global Communication Services	13.44	-37.57	44.03	32.57	30.94	8.09
Global Utilities	7.09	-6.99	-2.51	9.96	21.69	5.66
Global Real Estate	25.90	-27.10	6.78	-0.59	3.74	6.39
MSCI World	21.82	-18.14	23.79	18.67	21.09	10.49
MSCI USA	26.45	-19.85	26.49	24.58	17.31	10.90
MSCI Europe	25.13	-9.49	15.83	8.59	19.39	7.50

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. 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 and Bloomberg, as of 1 June 2026.

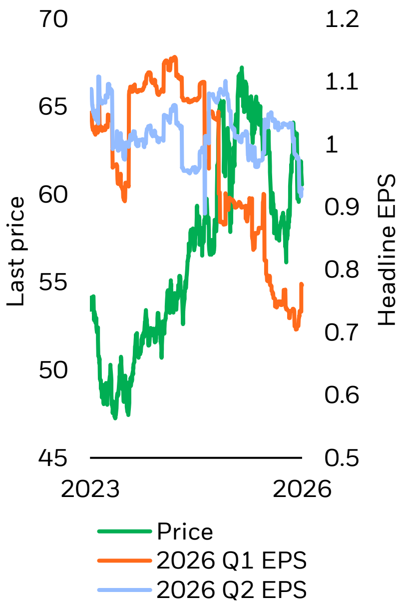
Communication services

We maintain a mixed view on the communication services sector, after a period of strong performance across the US and Europe. At a global level, the sector currently trades at a premium to its own history across all metrics we track. In Europe, earnings momentum has slowed, and profitability is weaker compared to the US communication services index and to other European sectors. Yet price momentum has continued, creating a dislocation we think could correct.[1] The media subsector has seen the second-largest downgrade to 2026 earnings per share (EPS), only behind autos.[2] However, we still see more long positioning in the telecoms subsector – where we have higher conviction.[3]

In the US, the earnings backdrop is more supportive, and the sector screens as highly profitable – leading us to hold a relative preference for the US over Europe. Structural tailwinds persist, particularly from generative AI adoption and usage – another key driver of our preference for US communication services companies over their European peers. We see the larger companies in the US index as better-suited to navigate a landscape shaped by AI, while smaller companies may face margin pressure from the high cost of developing and training models. The sector also faces a complex consumer environment, which may pressure advertising spending.

Our Fundamental Equity colleagues highlight growing divergence within Communication Services, where Google and Meta are increasingly using AI as an offensive growth driver, in contrast to much of the broader sector, where AI is seen as a defensive necessity—creating something of a "tale of two cities" within the space.

Figure 5:
MSCI Europe earnings estimates versus price, April 2023 – April 2026



Source: BlackRock and Bloomberg, 14 April 2026.

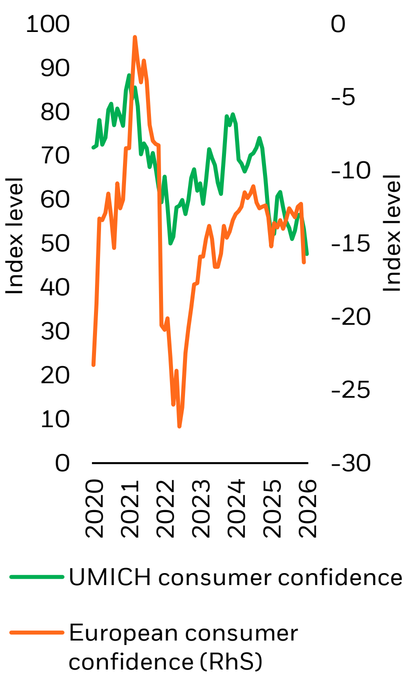
Consumer discretionary

We turn less constructive on the consumer discretionary sector overall, given the uncertain growth backdrop, expectations for higher inflation and elevated geopolitical tensions. While we did have a preference for European names, we see few tailwinds for the sector to recover. Valuations in Europe have eased: our framework shows the sector now trades at a discount to its long-term history, while the US trades in line with its long-term history.[4] In the US, the sector continues to score highly on profitability metrics, but we remain concerned about the medium-term strength of the US consumer, which has become increasingly bifurcated. Tariff costs, while not front-of-mind, also inform our view of the US.

Within Europe, we remain less constructive on autos, given structural headwinds and heightened vulnerability to tariffs, despite the sector's relative strength in managing FX risk. The luxury subsector remains broadly expensive versus its long-term history.[5] Although it's a USD earner, which could be a tailwind for those expecting USD appreciation, our expectations are more muted. We see the currency as range-bound versus the euro this year, and playing less of a safe-haven role – as we have seen play out in Q1. The US consumer discretionary index is less exposed to the consumer than Europe's, given its sizeable weighting to companies such as Amazon and Tesla, whose return drivers differ from more mature and traditional discretionary names.

Our MASS Diversified Strategies investment team sees a conditional opportunity in consumer discretionary under a US–Iran ceasefire or broader deal scenario, where lower oil prices could provide a meaningful tailwind to spending and sentiment, particularly benefiting the most de-rated consumer segments and names that appear to be pricing in a more challenging macro backdrop.

Figure 6:
US and European consumer confidence, 2020-2026 YTD



Source: Blackrock and Bloomberg, 14 April 2026. University of Michigan Consumer Confidence Index and European Commission Consumer Confidence Index.

1, 4, 5 Source: Bloomberg as of, 18 May 2026. **2** Source: Barclays equities tactical strategies, as of 13 April 2026. **3** Source:

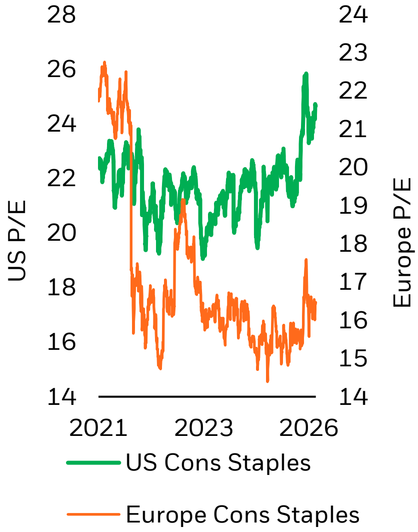
Consumer staples

We keep a mixed view on consumer staples balancing the sector's defensive qualities against a less constructive view on the global consumer. Globally, the sector trades just above long-term trends, while in Europe the sector has derated to trade at a discount to its own history. Valuations for the broad consumer discretionary and consumer staples sectors in Europe have come down sharply. Both are now trading near the bottom of their 20-year historical price-to-earnings (P/E) ranges, with staples the cheapest since 2009, just after the global financial crisis (GFC).[6] Profitability continues to screen relatively well across both Europe and the US, which underpins the positive side of our mixed view.

However, earnings momentum is lacking, especially in the US, despite a broader market backdrop in which we see more room for earnings breadth. In Europe, weak demand and pricing power are two key headwinds. Positioning data shows that long positioning fell significantly between the end of February and April, with a slight pick-up in short positioning.[7] Short interest in some food-and-beverage names sits at multi-year highs.[8]

Heightened macro uncertainty and a weaker consumer may also limit global companies' pricing power. Analysts expect operating margins to remain subdued over the next 12 months.[9]

Figure 7:
12m forward price/earnings ratio, May 2021-May 2026



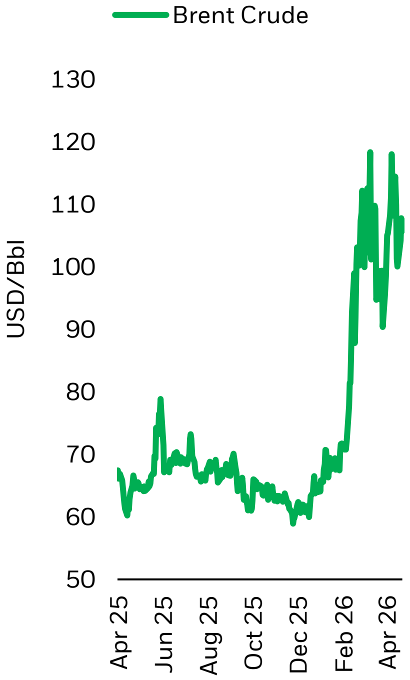
Source: Bloomberg, as of 18 May 2026.

Energy

Energy remains one of our highest-conviction global sector calls for Q3, as conflict in the Middle East has pushed global energy prices structurally higher. Q1 results confirmed energy as one of the few sectors still seeing positive EPS revisions globally, alongside semiconductors and materials, while most consumer-linked sectors continue to face downgrades.[10] At the same time, oil fundamentals remain tighter than current market pricing implies: Brent is still up significantly year-to-date (YTD) despite a modest pullback in May, inventories continue to decline globally, and refined product markets – particularly middle distillates – remain structurally constrained, according to recent sell-side research.[11] Importantly, the market appears increasingly comfortable with the assumption of a near-term geopolitical resolution, yet the Strait of Hormuz remains effectively disrupted and supply-chain pressures have not fully normalised.

We continue to prefer global and US energy exposure over Europe, given the stronger macro backdrop, more resilient earnings revisions and better operating leverage to sustained commodity strength. US energy benefits from pricing power and strong nominal earnings growth, while many other sectors struggle with margin compression. Historically, energy has also shown one of the strongest positive relationships with inflation among global equity sectors, making it an effective hedge against further upside inflation surprises.[12] Unlike previous commodity cycles, capital discipline across the sector remains relatively tight, so higher cash flows are increasingly being returned to shareholders rather than recycled aggressively into new supply. We therefore continue to favour high-quality upstream names with strong free cash flow generation and shareholder return capacity under a sustained $90-100 per barrel (USD/Bbl) oil environment. Our Fundamental Equities Sectors and Thematics team also favour clean energy given its growing size, with 75% of global electricity demand growth in 2025 was met by solar, as well as attractive starting valuations.[13]

Figure 8:
Brent Crude oil price, 22 Apr 2025 – 13 May 2026



Source: Bloomberg, as of 13 May 2026.

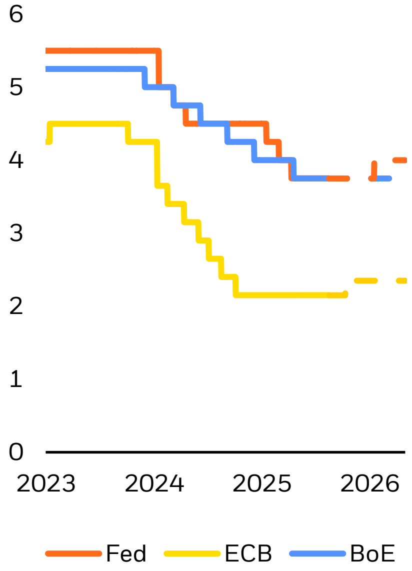
6,7 Source: Barclays equities Tactical Strategies, as of 13 April 2026. **8** Source: Barclays, as of 8 April 2026. **9** Source: **10, 13** Source: Bloomberg, as of 18 May 2026. **11,12** Source: Barclays, as of 18 May 2026.

Financials

Financials remain one of our preferred sectors, with a particular preference for European banks, following a strong Q1 earnings season and an increasingly supportive rates backdrop. European financials were among the strongest sectors in terms of earnings beats during Q1 reporting, while the sector continues to benefit from the upward repricing in global rate expectations. Markets are now pricing ECB rate hikes through 2026, while Fed pricing has also turned more hawkish as inflation proves stickier than expected.[14] European banks have been a longstanding conviction of the team, and we continue to see a compelling investment case for the sector, underpinned by several structural and cyclical factors: resilient nominal growth, higher-for-longer rates, and elevated inflation all support net interest income, while credit quality has so far remained relatively stable despite weaker consumer sentiment.

Financials also continue to screen as one of the strongest inflation hedges globally, alongside energy and materials, with sector correlation analysis showing one of the highest positive sensitivities to the consumer price index (CPI).[15] Valuations in Europe remain significantly less demanding despite improving profitability, while positioning and earnings expectations still appear relatively conservative versus the strength of recent delivery.[16] In addition, European financials stand to benefit from longer-term structural tailwinds tied to deeper capital market integration, and the potential mobilisation of c.€10T of European household savings into higher-return financial assets over time, according to recent sell-side estimates.[17] By contrast, while US financials continue to benefit from stronger macro growth and resilient capital markets activity, current valuations already reflect a much more optimistic earnings and economic outlook. We therefore see better asymmetry in Europe, particularly among large-cap banks.

Figure 9:
Option Implied Pricing of DM Central Bank Paths



Source: Bloomberg, as of 18 May 2026.

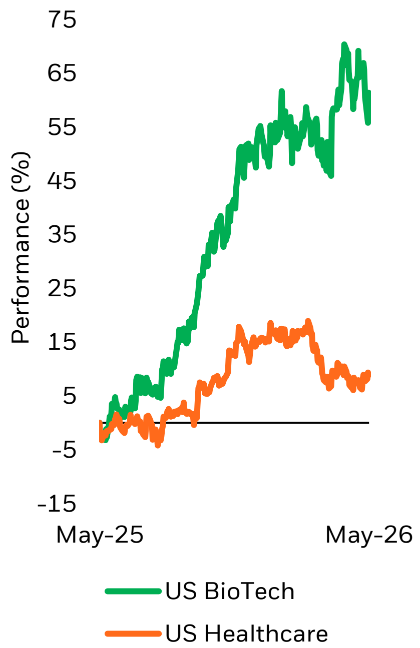
14, 16 Source: Bloomberg, as 18 May 2025. **15** Source: Bloomberg, as 15 May 2025. **17** Source: Barclays, as 13 May 2025.

Healthcare

Our view on healthcare remains mixed, having moved away from a more positive stance earlier in the year. The sector has not behaved defensively so far this year despite the more uncertain macro and geopolitical backdrop and lacks a clear near-term catalyst for relative outperformance. While fundamentals remain relatively solid, market leadership has remained concentrated in higher-beta sectors such as technology and energy, where earnings momentum and revisions remain materially stronger. Healthcare continues to attract positive ETP flows globally, supported by the sector's earnings resilience and cash flow visibility, but performance has remained relatively muted.

The outlook across several healthcare subsectors, however, is becoming increasingly constructive. In biopharma, conditions have improved materially relative to 2025, supported by a pick-up in M&A and IPO activity, a strong slate of second-half pipeline catalysts, and a more benign policy environment. AI adoption is also approaching an important inflection point, with recent regulatory and technological developments beginning to address inefficiencies in drug discovery and development. Recent FDA initiatives allowing certain computer-based alternatives to animal testing could materially reduce early-stage development timelines and costs, while broader federal AI initiatives using data from 17 national laboratories aim to accelerate biotech research productivity.[18] Medtech fundamentals also remain solid, supported by resilient procedure volumes, stable utilisation trends, and ongoing product upgrade cycles. Managed care – one of the sector's largest laggards over the past 18 months – is beginning to stabilise, with major managed care organisations beating on medical loss ratios during Q1 2026 as utilisation remains elevated but is no longer accelerating.[19] Life-science tools remain the weak spot, as government and academic funding normalisation has lagged. However, improving bioprocessing demand and recovering biopharma spending suggest the recovery increasingly appears to be a question of timing, rather than trajectory.

Figure 10:
US Biotech vs healthcare last 12m



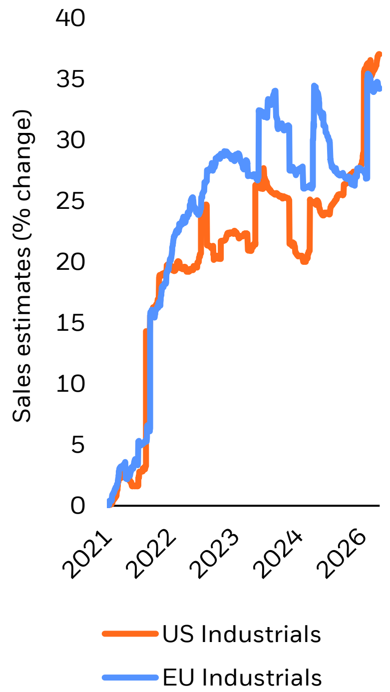
Source: BlackRock and Bloomberg, 18 May 2026.

Industrials

Industrials continue to stand out as one of the clearest beneficiaries of the global investment cycle, supported by sustained spending on infrastructure, electrification, defence, reshoring, and AI-related capacity build-out across the US and Europe. Q1 earnings reinforced the sector's resilience: alongside technology, industrials were among the most bullish sectors globally on forward guidance despite broader macro uncertainty and ongoing geopolitical disruption. Importantly, the divergence between investment-led and consumer-led sectors continues to widen, with industrials benefiting from structural capex tailwinds while consumer-facing sectors continue to see downgrades. This is especially relevant in the current environment, where investment is expected to contribute roughly as much as consumption to US GDP growth going forward, representing a notable shift versus prior cycles.[20]

By subsector, we continue to favour infrastructure, electrification, aerospace and defence, capital goods linked to AI build-out, and power-generation exposure. The AI infrastructure cycle is becoming increasingly relevant for industrials through grid investment, data-centre construction, cooling systems, factory automation, and power equipment demand. Hyperscaler capex is currently running 70-80% above last year's levels, supporting a multi-year order backdrop for industrial supply chains tied to electrification and digital infrastructure.[21] In Europe, we continue to favour defence, aerospace, and select infrastructure-linked industrials as fiscal spending and energy-security priorities remain supportive, despite weaker macro data overall. Meanwhile, US industrials continue to benefit from stronger nominal growth, resilient labour markets and policy support for domestic manufacturing and infrastructure reshoring. Overall, industrials remain one of the clearest beneficiaries of the ongoing investment super cycle, with earnings momentum, order books and pricing power continuing to hold up materially better than feared despite broader economic uncertainty.

Figure 11:
US and European industrials sales growth



Source: Bloomberg, 20 May 2026.

18, 19, 20, 21 Source: Bloomberg, as of 18 May 2026

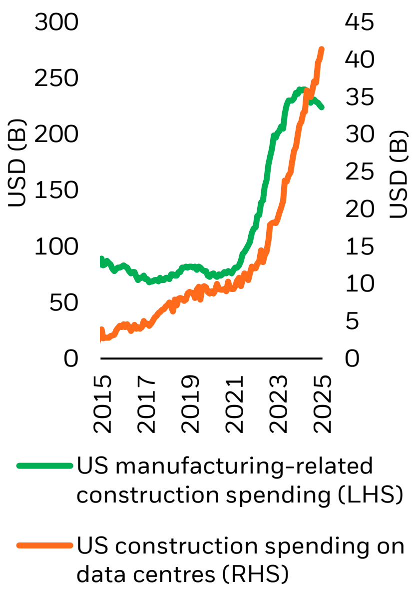
Information technology

Information technology remains our highest-conviction global equity allocation and a cornerstone of our quality growth preference. Our conviction is underpinned by the sector's exceptional earnings profile. That said, technology has not been a uniform success story YTD. One of the defining features of the market has been the significant rotation occurring within the sector, with investors increasingly differentiating between companies directly benefiting from the AI build-out and those facing a more uncertain path to monetisation. As a result, the sector is experiencing one of its highest levels of internal dispersion in recent years, with performance and earnings expectations varying materially across sub-industries.

The divergence has been particularly evident within the AI value chain. Semiconductors have remained the primary beneficiaries of the current investment cycle, while hardware and infrastructure-related companies have also performed strongly as the physical build-out required to support AI adoption continues.[22] By contrast, software has been a relative laggard, as investors increasingly question whether AI tools could erode long-term pricing power, reduce barriers to entry and compress terminal values for incumbent software-as-a-service (SaaS) business models. Consequently, markets have become far more selective, rewarding companies with clear AI monetisation opportunities while penalising those perceived to face greater disruption risk.

Against this backdrop, we continue to favour semiconductors, hyperscalers and select AI infrastructure beneficiaries, while maintaining a more active and discerning approach within software.

Figure 12:
Trailing profit margins for MSCI World Tech and MSCI World, 2015-2025 YTD



Source: Bloomberg, 20 May 2026.

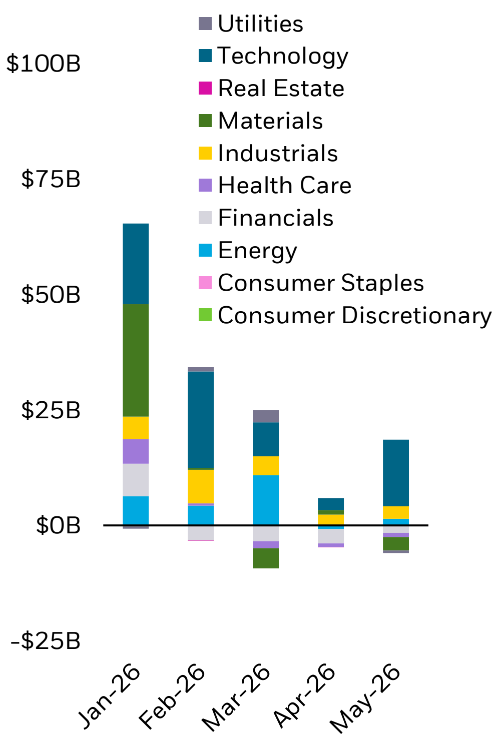
Materials

Our view on global materials is constructive, but remains selective. The sector has benefited from a combination of cyclical support and emerging structural demand. Leadership in value stocks YTD has been helped by energy and materials, where higher energy prices and supply bottlenecks have supported earnings momentum.[23] In Europe, materials have also been part of a broader earnings upside story, alongside financials and consumer discretionary, even as recent EMEA-listed materials flows softened in March after very strong inflows in January and February.[24]

From a valuation perspective, the MSCI World Materials sector has moved through a sharp post-pandemic reset. The sector's P/E multiple spiked in late 2020, fell materially through 2022 as profitability surged, and has since recovered steadily to around 22x by Q1 2026. Profitability remains below the post-pandemic peak, but the recent uptick in Q1 2026 suggests early signs of improvement.[25]

The longer-term opportunity is most compelling in segments tied to commodity equities, critical minerals, mining and infrastructure demand. Our Fundamental Equities Natural Resources team highlight that aluminium supply has been particularly affected, with approximately 9% of global supply coming from the Middle East. AI and data-centre expansion are also increasingly important demand drivers: data centres are highly energy- and materials-intensive, requiring copper, silicon, lithium, aluminium, steel, concrete and iron ore across power, cooling, storage, and construction systems. As AI-related capacity grows, materials linked to electrification, grid build-out, data-centre construction, and power infrastructure could see more durable demand. Overall, our view is that the global materials sector warrants selective exposure, with the strongest structural case in copper, aluminium, steel, critical minerals and mining companies positioned to benefit from AI, power and infrastructure investment.

Figure 13:
Flows into global sector ETPs, Jan 2026-June 2026



Source: BlackRock, with data from Bloomberg, 1 June 2026.

22 Source: Bloomberg, as of 18 May 2026. **23** Source: Bloomberg, as of 13 May 2026. **24,25** Source: Bloomberg, as of 31 March.

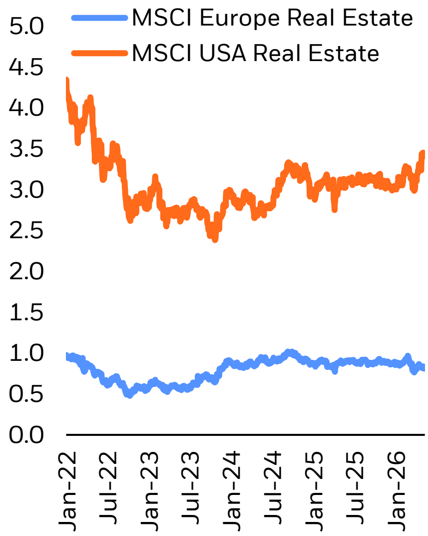
Real estate

Shares in global REITs broadly rallied in April with the pause in active hostilities, recovering much of their March losses. Overall, global real estate earnings point to industrial/logistics and high-quality assets as winners, while consumer-exposed segments remain under pressure. However, higher interest rates represent a risk to the sector globally by complicating refinancing, introducing FX and interest rate volatility, and weighing on leasing demand.

US real estate Q1 earnings reflect a clear K-shaped consumer, with weakness concentrated in lower-income segments and resilience at the high end.[26] This has translated into pressure on lower-tier retail, discretionary-driven formats and some segments of hospitality. Meanwhile, premium assets and higher-end demand remain more stable. Improving industrial activity is supporting logistics and industrial real estate, which stands out as a relative outperformer.

European real estate is less about consumer weakness and more about interest rates and valuations, with cheaper starting valuations supporting a broader recovery across sectors. Asia is driven more by policy and macro factors, with uneven residential markets, especially China, but better momentum in structural growth areas such as logistics and data centres.

Figure 14:
MSCI Europe and S&P 500 price-to-book ratios, 2022 - May 2026



Source: Bloomberg, as of 13 May, 2026.

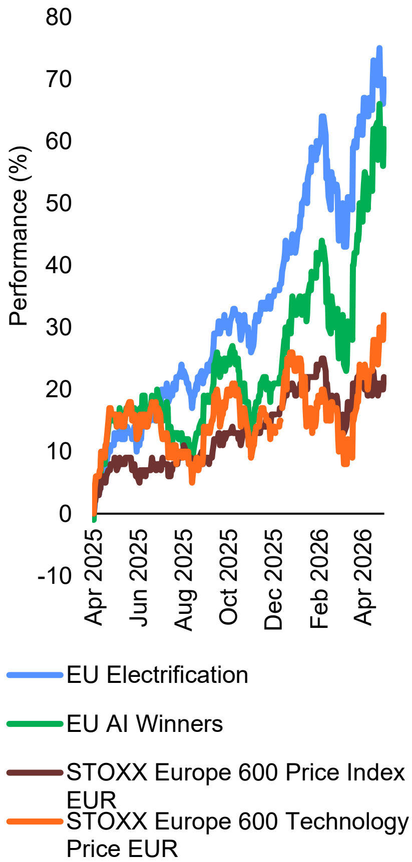
Utilities

We see the global utility sector as a primary beneficiary of the powerful structural earnings tailwind from AI and data centre expansion. Data centre electricity demand is expected to quadruple over the next decade, [27] creating a sustained growth runway for utilities involved in capacity build-out. Utilities are a good example of high asset, low obsolescence (HALO) investments, with a protective moat around their profits that is not threatened by AI-driven disruption. This framework positions utilities not just as defensive holdings but as attractively valued assets with durable earnings power in a market environment where investors are increasingly rotating toward value-oriented strategies, following years of mega-cap growth dominance.

The principal factors we identify as shaping both the earnings trajectory and valuation outlook for global utilities centre on the evolving AI infrastructure cycle, geopolitical energy security and the transition from a delivery' phase to a 'capacity' phase of power investment. Hyperscaler earnings have revealed a growing constraint in power availability, signalling that the investment opportunity is shifting toward traditional power infrastructure. The opportunity set includes regulated utilities building out capacity (e.g., NextEra Energy), independent power producers supplying incremental load (e.g., Vistra), and transmission, distribution, and storage companies enabling grid expansion (e.g., Quanta Services).[28]

Meanwhile, geopolitical fragmentation is reinforcing energy security as a structural investment theme, with oil price volatility acting as a key macro transmission channel that affects both consumer demand and corporate margins. Near-term risks include potential overbuild/underbuild cycles and project delays, which could create equity volatility. Still, the long-term thesis for power and utility infrastructure remains intact, supported by broadening earnings growth beyond mega-cap technology and a valuation backdrop that has become markedly more compelling after the early-2026 market correction.[29]

Figure 15:
IEA total electricity consumption projections, as of June 2025



Source: UBS and Bloomberg, as of 20 May 2026.

26, 27, 28, 29 Source: Bloomberg, as of 30 April.

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GPS0626-5555151-EXP0527-11/12

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