



Back and Forth

The ongoing back-and-forth surrounding the Strait of Hormuz caused energy prices to rise last week. On the spot market, a barrel of Brent crude oil cost between \$103 (May 11) and \$109 (May 15). These prices are in the middle range of all prices since the start of the Iran conflict. The positive aspect lies in the outlook. On the futures market—i.e., for deliveries in six months, for example—the price was recently significantly lower at \$88. A de-escalation is therefore expected, even though this was clearly not a key topic at the summit between Xi Jinping and Donald Trump.

In any case, Trump's state visit to Beijing ended with few tangible economic results. The agreements amounted to a fraction of what was decided more than eight years ago during his last visit to China. No agreements were announced regarding China's industrial policy, the dramatic overcapacity, or export controls on rare earths, nor regarding military activities in Asia.

Clearly, Xi dictated the agenda, and the two sides agreed on “constructive strategic stability” “for the next three years and beyond.” Surprise sanctions, tariffs, or attacks must be prevented. The Chinese leadership's goal was to at least outlast Trump's term in office. Xi thus gains time, particularly regarding Taiwan policy, and very elegantly characterized the U.S. as a nation that may be in decline. Trump found no arguments to counter this.

When Trump began his return journey empty-handed, the markets were disappointed. Oil reserves are falling at a record pace, and new troubles loom at gas stations. Between 700 and 900 million barrels of oil and oil products are waiting in a tanker queue in the Strait of Hormuz for the green light. But the lights remain red. Bond markets were particularly sensitive last week because they fear interest rate hikes in response to rising inflation. Yields on 30-year U.S. Treasury bonds rose to 5.1% (the third-highest level since July 2007), prompting a negative reaction from stock markets as well. Yields on 10-year U.S. Treasury bonds recently stood at 4.6%, a significant 56 basis points higher than before the Iran war. Such high interest rates pose a risk to growth.

While losses on U.S. stock markets remained moderate, stock markets in Europe fell by around one percent in many places. The Swiss Market Index (SMI) ended last week slightly higher at 13'220 points (+0.7%). Amrise (-7%) fell to its lowest level in six months, and Swiss Life (-6%) is still searching for a solid foundation for a sustained recovery. In contrast, Zurich Insurance (+4%) impressed with its first-quarter report. Two other SMI heavyweights, Novartis and UBS (both +3%), helped lift the index.

Market data

Stock markets	since 31/12/2025	
SMI	13'220.2	-0.4%
SPI	18'681.0	+2.5%
DAX €	23'950.6	-2.2%
Euro Stoxx 50 €	5'827.8	+0.6%
S&P 500 \$	7'408.5	+8.2%
Dow Jones \$	49'526.2	+3.0%
Nasdaq \$	26'225.1	+12.8%
MSCI EM \$	1'668.2	+18.8%
MSCI World \$	4'741.6	+7.0%

Bond markets	since 31/12/2025	
SBI Dom Gov TR	218.3	-2.1%
SBI Dom Non-Gov TR	121.2	-0.2%

Real estate markets	since 31/12/2025	
SXI RE Funds	588.4	-2.2%
SXI RE Shares	4'746.4	+5.0%

Commodities	since 31/12/2025	
Oil (WTI; \$/Bbl.)	105.4	+83.6%
Gold (CHF/kg)	114'858.7	+4.4%
Bitcoin (USD)	79'081.2	-9.8%

Currencies	since 31/12/2025	
EUR/CHF	0.9147	-1.7%
USD/CHF	0.7869	-0.7%
EUR/USD	1.1625	-1.0%

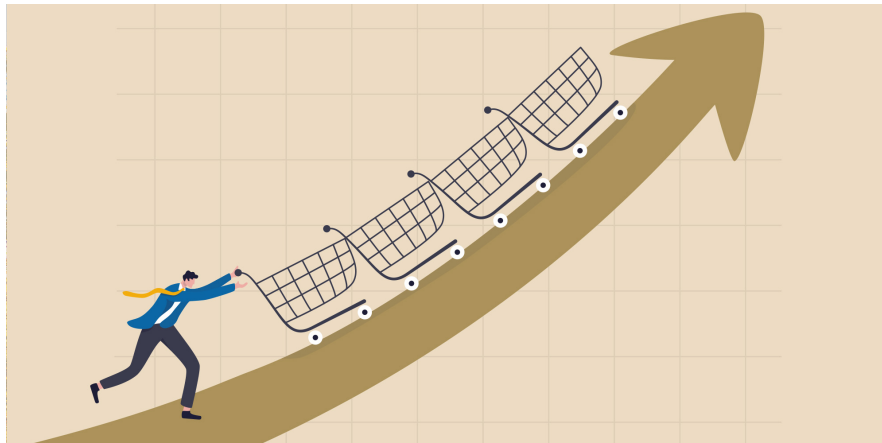
Short-term interest rates	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.05%	-0.1%–0.0%	-0.1%–0.0%
EUR	2.23%	1.9%–2.1%	1.7%–1.9%
USD	3.65%	3.4%–3.6%	3.0%–3.3%

Long-term interest rates	10-years	3-m. fcst.	12-m. fcst.
CHF	0.54%	0.2%–0.5%	0.4%–0.7%
EUR	3.14%	2.8%–3.0%	2.5%–2.8%
USD	4.59%	4.1%–4.4%	3.7%–4.0%

Inflation	2025	2026P	2027P
Schweiz	0.1%	0.3%	0.5%
Euroraum	2.2%	1.8%	1.8%
USA	3.0%	2.5%	2.0%

Economy (real GDP)	2025	2026P	2027P
Switzerland	1.2%	1.3%	1.5%
Eurozone	1.4%	1.4%	1.7%
USA	2.3%	2.2%	2.0%
Global	3.0%	3.0%	3.0%

Topic of the week: Economy and Reality



Concerns about many people’s purchasing power are growing by the day. In many countries, inflation is currently rising faster than wages. The ongoing bottleneck in the Strait of Hormuz is driving up energy prices around the globe, and this is gradually spreading to other sectors as well. Added to this are reports of declining competitiveness among traditional industrial nations in the global market. Some products have become relatively more expensive, while others are less compelling in terms of their features. One example is the European automotive industry, which has lost market share to Chinese competitors.

And on the stock markets, there are certain sectors that are nevertheless racing from one record high to the next. How does that all fit together?

People live in the present. Their concerns revolve around everyday life, stable prices, and individual job prospects. On the stock markets, however, it is the future that is being traded. When the prevailing view is that the present will not get worse and the future will be better, stock prices rise. Although the VIX risk indicator has risen from 14 to 18 since the start of the year, exceptional confidence is particularly evident in technology stocks in the fields of AI, cloud services, and semiconductors. Key stocks in these sectors are racing toward new records.

Many data centers where AI models are trained are debt-financed. Construction requires not only concrete, steel, copper, and silicon, but also becomes quite costly with interest rates of 5% or higher. Accordingly, stocks in related “supply industries” react sensitively if interest rates continue to rise.

Added to this is the short development cycle of AI models as well as AI-specific chips, which are often obsolete after just two or three years. What is also contributing to the concern meter in reality is the servers’ voracious appetite for energy. In countries like the Netherlands, Denmark, and Ireland, the rapid expansion of large data centers has been halted for the time being because the power grid is already at its limit. In Ireland, data centers already account for around 32% of total electricity demand. Microsoft, Amazon, and Google wanted to build more data centers. Demand for AI will certainly grow, but physical reality is reaching limits that cannot be shifted just as quickly.

The most important data points in the new week

May 18, 2026	U.S.: NAHB Housing Market Index for May
May 20, 2026	United Kingdom: CPI and PPI Inflation, April
May 21, 2026	Eurozone, U.S.: Various PMI Purchasing Managers’ Indices for May
May 22, 2026	Germany: ifo Business Climate & Expectations in May

Podcast / Events

New: “Zugerberg Finanz Perspektive” – Financial insights on the go.

The podcast offers concise insights into markets, the economy, and investments. Chief Economist Maurice Pedergrana and CIO Cyrill von Burg explain complex topics in an easy-to-understand way. Finance doesn’t have to be complicated.

[Listen to the podcast here](#)
(Podcast in Swiss German)

Zugerberg Finance Economic and Stock Market Outlook – June 2026

The next Zugerberg Finance Economic and Equity Market Outlook will take place on **Tuesday, June 16, 2026, at the Theater Casino in Zug**, and on **Thursday, June 18, 2026, at the KKL in Lucerne**.

The program will be led by founder and CEO **Timo Dainese**. Chief Economist **Prof. Dr. Maurice Pedergrana** and CIO **Cyrill von Burg** will discuss the outlook for the economy and capital markets in a panel discussion. We are also pleased to welcome **Dr. phil. Helmut Stalder** as a guest speaker, a renowned historian, publicist, and author of numerous historical non-fiction books and biographies.

[To registration](#) (event in Swiss German)

Information event for private individuals – presentation in Swiss German – Investing is also a matter of trust

On **Thursday, 17 September 2026**, we will be hosting an information session for private individuals at the Lüssihof. This event is primarily aimed at those who are interested in getting to know us better.

[To registration](#) (event in Swiss German)

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