



Swiss Stock Market Hits New All-Time High

It certainly doesn't feel like euphoria—quite the opposite. Amid a period of global turbulence, the Swiss Market Index reached a new all-time high. The index, which launched at 1'500 points in June 1988, closed at 14'172 points last week. This corresponds to an annual return of 6.1% over the past 38 years—achieved in the rock-solid Swiss franc amid low inflation. Since the end of 2025, the SMI has risen by 6%, and there is still no end in sight to this trend.

The Swiss benchmark index has recently benefited from its defensive heavyweights—Novartis, Roche, and Nestlé. Often, when stocks on globally significant markets begin to slide, investors turn back to the conservative SMI. Technology and growth stocks in both the U.S. and Asia have recently come under pressure. While the SMI gained ground, the technology-heavy Nasdaq lost 3.3% last week.

Although Alphabet was added to the Dow Jones Index, its stock is trading only 8% higher than at the start of the year. Most recently, the stock lost 5%—not because of its financial results, but because key experts have left the company. John Jumper, a Nobel laureate and co-developer of Alphabet's AI ecosystem, moved to Anthropic. A few days earlier, the co-head had moved to OpenAI. This reduced Alphabet's value by tens of billions.

That says everything about the true competitive advantage of AI. Chips, GPUs, and data centers can be bought, but exceptional AI researchers cannot. AI is no longer just a race for infrastructure; it is a battle for talent. When it comes to the technology that is currently transforming the world the most, silicon is not the scarcest resource. It is the people who know how to turn it into groundbreaking achievements.

As expected, consumer sentiment improved in both Europe and North America, driven by the peace plans in the Middle East. In particular, inflation concerns eased due to lower energy prices. Economic expectations brightened slightly, although the rapid adoption of AI is causing staffing setbacks in the tech and financial sectors.

At the major Spanish bank Santander, up to 3'000 employees are expected to participate in a voluntary early retirement program. Banks across Europe are adapting their structures to the increasing use of AI. The technology is intended to make processes more efficient and reduce staffing needs. UBS currently has 500 AI applications in use and is in the process of introducing another 700 to maintain its competitiveness. But this affects even small Raiffeisen banks in central Switzerland: The bank in Freiamt, for example, is halving its branch network from four to two locations.

The Ifo Business Climate Index, Germany's most important economic barometer, rose for the second consecutive time. Signs of easing tensions are also evident in the fact that the Strait of Hormuz has recently been traversed by 20 to 30 ships per day.

Market data

Stock markets	since 31/12/2025	
SMI	14'172.7	+6.8%
SPI	19'954.4	+9.5%
DAX €	24'671.2	+0.7%
Euro Stoxx 50 €	6'221.6	+7.4%
S&P 500 \$	7'357.5	+7.5%
Dow Jones \$	51'920.6	+8.0%
Nasdaq \$	25'358.6	+9.1%
MSCI EM \$	1'706.4	+21.5%
MSCI World \$	4'744.4	+7.1%

Bond markets	since 31/12/2025	
SBI Dom Gov TR	223.8	+0.3%
SBI Dom Non-Gov TR	122.6	+0.9%

Real estate markets	since 31/12/2025	
SXI RE Funds	597.1	-0.7%
SXI RE Shares	4'831.1	+6.9%

Commodities	since 31/12/2025	
Oil (WTI; \$/Bbl.)	71.9	+25.3%
Gold (CHF/kg)	106'437.5	-3.3%
Bitcoin (USD)	59'626.3	-32.0%

Currencies	since 31/12/2025	
EUR/CHF	0.9218	-1.0%
USD/CHF	0.8097	+2.2%
EUR/USD	1.1384	-3.1%

Short-term interest rates	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	-0.1%–0.0%	-0.1%–0.0%
EUR	2.29%	1.9%–2.1%	1.7%–1.9%
USD	3.74%	3.4%–3.6%	3.0%–3.3%

Long-term interest rates	10-years	3-m. fcst.	12-m. fcst.
CHF	0.26%	0.2%–0.5%	0.4%–0.7%
EUR	2.85%	2.8%–3.0%	2.5%–2.8%
USD	4.37%	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: Extreme Heat Is Taking a Toll on Us All



Summer has only just begun, and some people are already suffering greatly from the heat wave. Only 40% of the space in nursing homes, hospitals, offices, restaurants, movie theaters, and service counters in Switzerland is air-conditioned. In other countries, air conditioning is celebrated as one of the great inventions of the modern age. In the U.S., 90% of households have air conditioning, compared to just 19% in Europe. Places like Singapore, Dubai, or Hong Kong/Shenzhen would not have become the economic hubs they are today without air conditioning.

Eckart von Hirschhausen, the well-known TV doctor, compares our brain—a heat-sensitive organ—to a computer: “Like any computer, our brains depend on stable temperatures: If the central processor in our heads isn’t running properly, productivity drops dramatically.” In addition, people become more irritable, erratic, and aggressive, and rates of suicide and accidents rise: “It’s not for nothing that they say you have to keep a cool head.” In Hirschhausen’s view, people overlook the fact that medication intake must also be adjusted for the heat. Blood pressure drops in hot weather. “If patients then take blood pressure medication or diuretics on top of that, they can collapse.”

Extreme heat costs us all, Allianz recently calculated: as employees, as companies, and as taxpayers. It estimates the fiscal damage at around 0.9% of gross domestic product per year. Concentration and cognitive performance decline at temperatures above 26 degrees. This decline in performance leads to lower productivity and, ultimately, lower output. In addition to lower tax revenues, there would be significant additional expenditures for healthcare, for repairing infrastructure damage, and for social security. Europe must stop viewing heat as merely a summer problem and instead recognize it as an ongoing economic policy challenge.

Another economic phenomenon is that, during the current heat wave, a lot of solar power can be generated, but the hot air barely moves—meaning that, in effect, the wind turbines stand still (“heat calm”). This affects the price of electricity. During the day, the spot market price for electricity plummets; after 8 p.m., it skyrockets to many times its previous level. Yet most households do not notice this. Germany does not have dynamic electricity rates, which exacerbates the situation. The rise of electric vehicles and the growth of data centers will intensify the problem. The lack of expansion of the power grid is driving up the costs of the energy transition.

The most important data points in the new week

- 29 June 2026 Portugal: Central Bankers’ Summit in Sinta
- 30 June 2026 U.S.: JOLTS Job Openings for May
- 1 July 2026 Eurozone: HICP inflation and core inflation for June
- 2 July 2026 U.S.: Employment, hourly wages, and unemployment for June

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