A Good Start to the New Month

The Swiss Market Index closed last week at 14'424 points, representing a gain of 1.6% compared to the end of the month. The SMI is thus continuing its positive trend, as are other European stock markets. As we had expected given the decline in energy prices, cyclical stocks in particular posted gains. Since the start of the month, Kuehne+Nagel (+7%), Holcim (+6%), Lonza and Sika (both +5%), and DKSH (+4%) have gained momentum, while Swisscom and Sunrise (both -2%) brought up the rear.

Among international stocks, losers from the first half of the year, such as Netflix (+9%), Apple (+7%), Microsoft and Deutsche Telekom (both +5%), and SAP (+4%), posted gains. In contrast, the U.S. technology index, the Nasdaq, faltered (-1.5% since the start of the month), and the U.S. dollar followed suit. The dollar has risen over the past five weeks because the majority of investors expected the Federal Reserve to raise interest rates twice in the foreseeable future.

Following the weak jobs report, expectations for a rate hike have diminished, and the dollar has lost value. Amid falling inflation expectations, there is unlikely to be any rate hike at all for the time being. In the medium term, we anticipate a rate cut to stimulate the economy, which is growing at a rate well below 2% and thus below its potential.

According to the Fed Atlanta GDP Now Index, gross domestic product (GDP) is currently growing at an annualized rate of just 1.2%. By U.S. standards, this is practically stagnation. In any case, from a monetary policy perspective, it makes no sense to respond to higher import prices (e.g., for computer chips from Taiwan and memory chips from South Korea) with an interest rate hike in the U.S.

As was also to be expected, a gap has opened up between crude oil prices and gasoline prices at the pumps. This particularly infuriates Donald Trump, who sees U.S. households being "squeezed" by the major oil companies and wants disinflation to proceed more quickly. The price of crude oil has apparently fallen to the level it was at before the hostilities began. Gasoline, on the other hand, still costs $4.40 per gallon – 25% more than at the end of February, when the war in Iran began. At that time, the average price was $3.51. Only when gasoline prices return to that range will the recent caution in U.S. household spending subside.

The surplus of crude oil could drive prices even lower in the coming weeks. In any case, suppliers have recently been struggling to find buyers for their crude, as oil from Iran has emerged as a new, powerful player in the market. The physical oil market is showing signs of weakness more extreme than at any time since the collapse in demand during the COVID-19 pandemic. Concerns about persistent oil-price-driven inflation are easing with each passing day. Inflation in the eurozone has fallen significantly from 3.2% to 2.8% within a month, and the downward trend continues. We expect comparable declines in the U.S. as well, which will ultimately weaken the dollar.

Market data

Stock markets		since 31/12/2025
SMI	14'424.2	+8.7%
SPI	20'326.8	+11.6%
DAX €	25'779.3	+5.3%
Euro Stoxx 50 €	6'412.7	+10.7%
S&P 500 $	7'483.2	+9.3%
Dow Jones $	52'900.1	+10.1%
Nasdaq $	25'832.7	+11.1%
MSCI EM $	1'721.5	+22.6%
MSCI World $	4'842.5	+9.3%

Bond markets		since 31/12/2025
SBI Dom Gov TR	222.3	−0.3%
SBI Dom Non-Gov TR	122.3	+0.7%

Real estate markets		since 31/12/2025
SXI RE Funds	613.2	+2.0%
SXI RE Shares	4'792.5	+6.0%

Commodities		since 31/12/2025
Oil (WTI; $/Bbl.)	68.7	+19.6%
Gold (CHF/kg)	107'874.0	−2.0%
Bitcoin (USD)	62'715.8	−28.4%

Currencies		since 31/12/2025
EUR/CHF	0.9189	−1.3%
USD/CHF	0.8033	+1.3%
EUR/USD	1.1437	−2.6%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	-0.1%–0.0%	-0.1%–0.0%
EUR	2.32%	1.9%–2.1%	1.7%–1.9%
USD	3.75%	3.4%–3.6%	3.0%–3.3%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.34%	0.2%–0.5%	0.4%–0.7%
EUR	2.94%	2.8%–3.0%	2.5%–2.8%
USD	4.48%	4.1%–4.4%	3.7%–4.0%

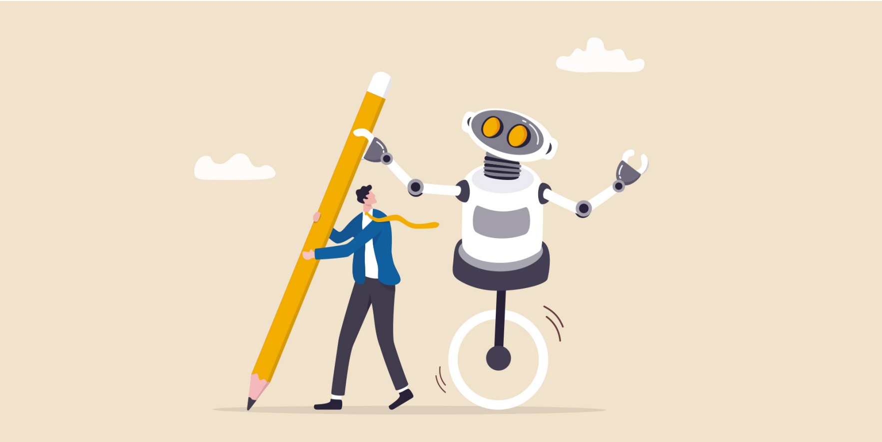
Inflation

	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: AI Continues to Dominate the Headlines



Investment in AI-specific data centers is growing rapidly. There have been some recent changes in the various expense categories, as more money than originally planned must be spent on memory chips. Some estimate that up to 50% of total AI investments will have to be spent on memory in the coming years. This is because it takes years to build and certify a state-of-the-art memory chip factory. When inelastic supply meets a sharply rising demand curve, prices skyrocket.

For many decades, chip manufacturers undercut their own prices because the cost per unit of computation ("bit") fell by about 30% per year, so that even price cuts of 25% still led to wider margins. Any oversupply was remedied by deflation. From the consumer's perspective, this was convenient, as each new generation of devices had to offer significantly more for roughly the same price.

Currently, however, costs are barely falling anymore, and the deflationary cycle we've grown accustomed to is stalling. For thirty years, when buying a laptop or a smartphone, we could assume that if we postponed the purchase by a year, we'd get significantly more performance for the same money or the same performance for significantly less money.

Now, however, we're facing a paradigm shift, and memory chips are becoming more expensive. The market capitalization of memory chip stocks rose from 420 billion to 3'900 billion dollars within 18 months. As a result, the market capitalization of the Taiwanese stock exchange (with TSMC as its flagship) has now reached 485% of GDP – a threefold increase since 2022. In South Korea, with its flagship companies Samsung Electronics and SK Hynix (formerly Hyundai Electronics), this figure has reached 242% of GDP. But it would be wrong to claim that semiconductor stocks have become completely decoupled from reality.

To illustrate this AI concentration risk, a comparison with the U.S. is interesting. The combined market capitalization of all companies accounts for a record-high 236% of GDP and has nearly doubled since 2022. There are signs of overheating in some areas, but the stock market rally remains intact for the time being.

The most important data points in the new week

6 July 2026	U.S.: S&P Global Purchasing Managers' Index (PMI) for June
8 July 2026	Japan: Current Account, May
9 July 2026	China: Consumer and Producer Price Inflation for June
10 July 2026	Germany: June HICP Inflation and Core Inflation

Podcast / Events

"Zugerberg Finanz Perspektive" – Financial Insights on the Go

The podcast provides concise insights into markets, the economy, and investments. Chief Economist **Prof. Dr. Maurice Pedergnana** and CIO **Cyrill von Burg** explain complex topics in an accessible way.

Listen to the podcast here
(Podcast in Swiss German)

Information Session for Private Individuals – Presented in Swiss German – Investing Is Also a Matter of Trust

On **Thursday, September 17, 2026**, our next information session for private individuals will take place here at the Lüssihof. This event is primarily aimed at those interested in getting to know us better and who would like to gain a non-binding impression of our company.

Register here
(Event in in Swiss German)

Zug Trade Fair 2026

We'll be back at the Zug Fair again this year. The largest fall trade show for commerce and industry in Central Switzerland will take place from **Saturday, October 24**, through **Sunday, November 1, 2026**, at the **"Stierenmarkt"** grounds in Zug.

We look forward to welcoming you at the Zug Fall Fair for a chat and a glass of wine. More information will follow shortly on our website.