Recent Developments

The rotation into defensive stocks continued last week, driving European stock prices higher while those in the U.S. tended to decline. In Europe, the purchasing managers' indices delivered a positive surprise, which bodes well for real-asset investments such as stocks, infrastructure, and real estate.

In the U.S., however, concerns are mounting over whether the massive investments made by tech companies will ever pay off. Even Google's parent company, Alphabet, is now reporting negative free cash flow for the first time since its 2004 IPO because it is investing so heavily in data centers.

But aside from that, there were also some surprising developments. On the political front, the U.S. peace agreement with Iran took a back seat until the U.S. temporarily ended a 13-day series of attacks against Iran over the weekend and with that, the door was open to a wonderful start into this week. However, because the Houthi militia from Yemen—an ally of Iran—targeted another oil route in the southern Red Sea, crude oil prices nevertheless rose again toward $100 per barrel (+27% in two weeks) before declining on Monday.

Kuwait responded to the de facto closure of the Strait of Hormuz with a $16 billion investment in a network of 13 oil export pipelines, which will be operated by the American-Canadian private equity giants Blackstone, Brookfield, and KKR as co-owners (49%) and are ultimately intended to transport the oil overland to the Mediterranean Sea. Amid the complex Middle East conflict, these represent the largest direct investments in the country's history.

European gas prices even reached a new annual high last week. And the price of diesel was recently more than 10% above its previous high from May, because refining capacity in the Persian Gulf was once again out of reach of the global market due to the renewed fighting. Compounding the situation, Russia was forced to halt its exports at the beginning of the month due to Ukrainian attacks on refineries.

This pushed up inflation forecasts and heightened fears of monetary tightening. Short- and long-term bond yields rose worldwide. Bond markets are under pressure from energy prices, but more recently also from the robust global economy. Corporate growth and record-high capital investments (including in data centers) are evidently draining liquidity from the capital markets. Another sell-off in the markets could lead to further declines in bond prices. In any case, bond yields in countries such as the U.S., the U.K., Germany, and France have reached levels not seen by an entire generation of investors.

On the Swiss stock market last week, heavyweights Roche and Novartis provided support, while Nestlé was punished for its lackluster growth prospects. Kuehne+Nagel impressed with its latest quarterly results, while the generic drug maker Sandoz reacted negatively to new U.S. tariffs on generic drugs.

Market data

Stock markets		since 31/12/2025
SMI	14'327.2	+8.0%
SPI	20'069.7	+10.2%
DAX €	25'099.0	+2.5%
Euro Stoxx 50 €	6'280.9	+8.5%
S&P 500 $	7'412.0	+8.3%
Dow Jones $	51'947.3	+8.1%
Nasdaq $	24'975.8	+7.5%
MSCI EM $	1'628.0	+15.9%
MSCI World $	4'788.9	+8.1%

Bond markets		since 31/12/2025
SBI Dom Gov TR	219.0	−1.8%
SBI Dom Non-Gov TR	121.4	−0.1%

Real estate markets		since 31/12/2025
SXI RE Funds	604.9	+0.6%
SXI RE Shares	4'760.1	+5.3%

Commodities		since 31/12/2025
Oil (WTI; $/Bbl.)	89.3	+55.5%
Gold (CHF/kg)	106'609.2	−3.1%
Bitcoin (USD)	64'113.7	−26.9%

Currencies		since 31/12/2025
EUR/CHF	0.9303	0.0%
USD/CHF	0.8182	+3.2%
EUR/USD	1.1370	−3.2%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	-0.1%–0.0%	-0.1%–0.0%
EUR	2.49%	1.9%–2.1%	1.7%–1.9%
USD	3.78%	3.4%–3.6%	3.0%–3.3%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.49%	0.2%–0.5%	0.4%–0.7%
EUR	3.15%	2.8%–3.0%	2.5%–2.8%
USD	4.68%	4.1%–4.4%	3.7%–4.0%

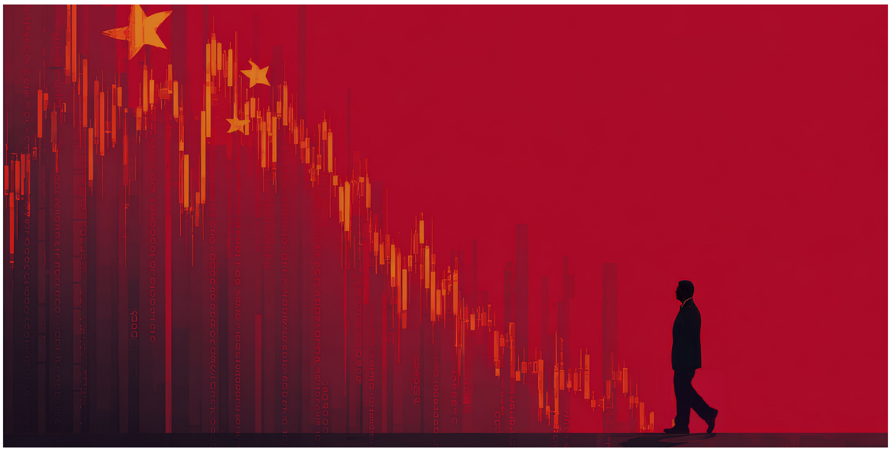
Inflation

	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: The Chinese Economy and the Party Leadership's Concerns



Chinese AI models are affordable and powerful. The same goes for Chinese industry, which is guided by a long-term strategy, whereas in Europe we often nip innovative potential in the bud with senseless overregulation.

China's technological excellence can be found in electric mobility, high-speed trains, solar panels, and quantum computing—as well as in humanoid robotics and the world of physical AI products. In contrast, Europe's automotive industry is currently experiencing a "China shock," but the real shock is likely yet to hit us across the board. In the airline industry, a new competitor to Airbus and Boeing is emerging. With the global fleet set to double by 2045, China aims to secure a significant share through the company Comac—a rather tempting prospect when you consider the demand for 42'000 new aircraft.

Keep an eye on companies like Geely, BYD, Unitree, and Xiaomi, as well as Foxconn. Huawei, TikTok, Temu, and Shein—like Alibaba and Tencent—have long since become household names, and "Made in China" has become a seal of quality. Of course, one can attribute China's trade surplus with Europe (one billion dollars per day) to unfair competition, an artificially undervalued currency, subsidized overcapacity, and export restrictions on materials. But this distracts from a sober self-assessment: the bulk of Europe's lost competitiveness is homegrown.

In fact, there is another side to China. In the effort to keep macroeconomic and social development under Party control, administrative oversight is increasing, as is frustration among the general population. More than 100 million people are unemployed, including about 20% of young people—despite having high school or college degrees. Export success comes at the cost of falling wages (and increased automation). Weak consumer spending is a consequence of deflation. Car sales in China have also plummeted; only exports have risen: 10 million cars are expected to be shipped in 2026. However, this is increasingly triggering defensive trade policy reactions in the export markets.

The population's confidence in the real estate market is also waning. Investment plummeted again by 18% in the first half of 2026. Prices have been declining for several years. Around 65 million apartments stand vacant. China's transformation is remarkable, but so are the concerns of the party leadership, as the situation is becoming increasingly unbalanced and the gap between reality and the party's promise of a better life is widening.

The most important data points in the new week

27 July 2026	Germany: ifo Business Climate Index for July
29 July 2026	Spain: June Unemployment Rate
30 July 2026	U.S.: Private Consumption and Unemployment, July
31 July 2026	France: Consumer Price Index for July

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.