AI is shaping the Markets

After several months of nearly boundless AI euphoria on the capital markets, doubts have recently been mounting as to whether this might in fact be a bubble. This is typical in the early stages of groundbreaking technological breakthroughs. When Gutenberg invented the printing press, the nobility and the Church feared a loss of control, as knowledge and education suddenly became available to the general population. In fact, this marked the birth of mass communication.

Meanwhile, various technologies such as the internet, satellites, and fiber-optic cables have caused global communication to explode and driven marginal costs down to nearly zero. Every 60 seconds, approximately 69 million messages are sent on WhatsApp; around 241 million emails are sent; and 625 million TikTok videos are viewed. And 1.7 million AI prompts are already being sent per minute. These are inputs, questions, or instructions directed at artificial intelligence. AI prompting is currently growing exponentially, which in turn requires computing and storage capacities (as well as a range of other factor) so that AI can fully fulfill its tasks in line with high expectations. The use of AI is still in its infancy.

Individual companies like Meta are building data centers the size of Manhattan (e.g., Hyperion data center in Louisiana), while others are smaller but no less ambitious. This has driven up demand for infrastructure, energy, cooling systems, and chips—as well as demand for stocks and bonds of the companies involved, whether large or small, near or far. However, these massive investments can no longer be financed by free cash flow from day-to-day operations. Consequently, companies have tapped into various sources of external financing: bank loans, bond markets, and stock markets. But skepticism about whether all these investments will ultimately pay off caused bond and stock prices to fall, and hedge funds aggressively pulled out of the "AI trade" that they had been fueling globally since April.

We remain convinced, however, that the innovations of this era will generate significant wealth. Since we are still in the early stages of all these inventions and innovations, it remains unclear who will emerge as the actual winners in the medium and long term. Stock prices are not reliable indicators of future performance. We therefore use specific ETFs to cover a certain breadth of the market in order to capture the most successful business models. And we combine these with a core portfolio of solid, cash-flow-generating stocks that offer fair valuations, sound management, a robustly growing customer base, and a convincing ability to pay dividends.

The Swiss Market Index ended July on a positive note (+1.1%), while the tech indices Nasdaq Composite (-3.2%) and Nasdaq 100 (-6.6%) suffered significant losses. Emerging market stocks also corrected (-3.3%). The global equity index (-0.1%) remained stable in July, while the global bond index (-1.4%, hedged in CHF) declined relatively sharply. The Swiss bond index also lost a surprisingly large amount by its standards (-1.1%).

Market data

Stock markets		since 31/12/2025
SMI	14'346.1	+8.1%
SPI	20'161.2	+10.7%
DAX €	25'629.2	+4.7%
Euro Stoxx 50 €	6'358.0	+9.8%
S&P 500 $	7'489.7	+9.4%
Dow Jones $	52'485.0	+9.2%
Nasdaq $	25'373.9	+9.2%
MSCI EM $	1'665.9	+18.6%
MSCI World $	4'847.9	+9.4%

Bond markets		since 31/12/2025
SBI Dom Gov TR	219.6	−1.6%
SBI Dom Non-Gov TR	121.7	+0.1%

Real estate markets		since 31/12/2025
SXI RE Funds	599.2	−0.4%
SXI RE Shares	4'800.3	+6.2%

Commodities		since 31/12/2025
Oil (WTI; $/Bbl.)	84.7	+47.5%
Gold (CHF/kg)	105'042.6	−4.6%
Bitcoin (USD)	62'899.3	−28.2%

Currencies		since 31/12/2025
EUR/CHF	0.9304	0.0%
USD/CHF	0.8075	+1.9%
EUR/USD	1.1527	−1.9%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.05%	-0.1%–0.0%	-0.1%–0.0%
EUR	2.48%	1.9%–2.1%	1.7%–1.9%
USD	3.82%	3.4%–3.6%	3.0%–3.3%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.44%	0.2%–0.5%	0.4%–0.7%
EUR	3.16%	2.8%–3.0%	2.5%–2.8%
USD	4.73%	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: Poland is a Success Story

Poland is an economic success story. As a result, Poland will soon be reclassified in all indices from an emerging market to an industrialized nation. Market leader MSCI still classifies Poland as an "emerging country", but S&P Dow Jones Indices has officially considered Poland a "developed market" since July 14, one of only 25 countries.

This is the result of a remarkable 35-year transformation. In 1989, Poland was a communist country with a collapsed economy. The intelligentsia had been wiped out. Store shelves were empty, chewing gum wrappers were traded like a stable currency, and people had to wait years for a tiny Fiat 126p. There were no shopping malls, no brand-name products, and no McDonald's.

Since then, Poland has become one of Europe's fastest-growing economies and weathered the 2008 financial crisis without a single quarter of recession. Per capita gross domestic product (GDP) stood at $1'800 in 1991 and is now $25'000 (higher than in Spain!) and Poland could soon catch up to the United Kingdom as well. It is also higher than the per capita GDP of the Czech Republic, Slovakia, and Hungary—all of which were likewise supported by the European Union in their structural development as full members.

Poland has a well-educated population. The country is characterized by hard work, entrepreneurial spirit, and modern infrastructure. Poland is Germany's fourth-largest trading partner, having surpassed France. It is to be hoped that similar developments will take place in Southeast Europe. Many financial institutions are outsourcing services to reliable Poland, as are an increasing number of industrial companies such as Huber+Suhner, whose fastest-growing product segment originates from Krakow, where the company has two production facilities.

Poland is currently growing at a rate of 3.8% annually and has a bright future ahead if political stability improves. The country will be able to maintain its position as a growth leader in the EU, provided that investment momentum in the energy and innovation sectors continues to be driven forward. For example, defense spending has long since exceeded NATO's target ratio. In this regard, too, Poland is regarded as a "model student." In any case, Poland has now received an invitation to the G-20 meeting in Miami this December.

The most important data points in the new week

August 3, 2026	U.S.: ISM Manufacturing PMI for July
August 5, 2026	U.S.: ADP Employment Report, ISM Services PMI for July
August 6, 2026	Germany: Industrial Orders, June
August 9, 2026	China: Consumer and Producer Prices 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 Swiss German)

Introduction Event for Private Individuals – Presented in English – Longevity II: Investing for a Longer Life – October 2026

Our next information session for individuals, held in English, will take place on Wednesday, October 21, 2026 at 6:00 p.m.
The event is aimed at English-speaking individuals who would like to get a feel for our company with no obligation.

Register here
(Event in English)