Disinflation is picking up speed

The most important news of the past week was about falling prices. For example, consumer prices in the USA dropped sharply in June. In terms of the statistics, this led to inflation declining from 4.2% to 3.5%. The decline in producer prices was even more pronounced, from 6.0% to 5.5%; excluding energy, the figure was as low as 5.1%.
Of course, Federal Reserve Chairman Kevin Warsh had to emphasize that this did not mean the monetary policy mission of price stability had been achieved yet. At the same time, it became clear to all market participants that any interest rate increases were off the table. The yields on two-year government bonds fell by more than ten basis points within a week, while those on ten-year bonds also dropped significantly.
Disinflation has been clearly noticeable recently. Inflation expectations have fallen, causing consumer confidence to rise more sharply than expected, according to the University of Michigan. In fact, beneath the surface, the US equity markets probably look healthier than the current sell-off in semiconductor stocks would suggest. A defensive rotation is underway, shifting away from the narrow focus on "AI" and towards a broader scope. This is evidenced by the fact that the equally-weighted S&P 500 Index closed at a record high last Thursday, even though the tech-heavy Nasdaq fell significantly and global chip manufacturers experienced a downturn.
Incidentally, this is also related to the rapid improvement in Chinese open-source large language models and associated valuations. One of the obvious reasons behind the slump in semiconductor share prices is that the faster the capabilities of affordable language models improve, the less hardware will be required. However, the exact opposite can actually be expected: the low cost of AI accelerates its rapid adoption across all business processes, in turn necessitating even greater computing and storage capacity.
This is exactly the kind of scrutiny that we consider our responsibility: we analyze technological advances as well as each business model and each component in detail. For example, Apple's capital expenditure is relatively modest. The company's free cash flow is increasing this year and is expected to continue to rise next year as well. Conversely, Alphabet and Amazon are "sacrificing" their current liquidity for significantly higher investments and the prospect of much more distant returns. Due to skepticism regarding the rapid monetization of data center investments, Apple's share price, for example, has risen in recent weeks—coinciding with the start of the defensive rotation—while the share prices of Amazon and Alphabet have fallen.
We will be paying particular attention to Alphabet's quarterly reporting. At the end of the first quarter, the company reported an order volume of 468 billion dollars, 99% of which was attributable to Google Cloud. 40% of these orders come from a single customer (Anthropic), who has committed to spending 200 billion dollars on Google's cloud services and chips over five years. The order books of Amazon and Microsoft contain similar customer risks. However, if these customers face competition from Chinese rivals, these orders could vanish into thin air.

Market data

Stock markets		since 31/12/2025
SMI	14'544.9	+9.6%
SPI	20'509.6	+12.6%
DAX €	26'319.5	+7.5%
Euro Stoxx 50 €	6'523.9	+12.6%
S&P 500 $	7'757.6	+13.3%
Dow Jones $	54'036.9	+12.4%
Nasdaq $	26'690.6	+14.8%
MSCI EM $	1'657.8	+18.0%
MSCI World $	5'007.8	+13.0%

Bond markets		since 31/12/2025
SBI Dom Gov TR	221.0	−0.9%
SBI Dom Non-Gov TR	122.1	+0.5%

Real estate markets		since 31/12/2025
SXI RE Funds	596.7	−0.8%
SXI RE Shares	4'725.9	+4.6%

Commodities		since 31/12/2025
Oil (WTI; $/Bbl.)	78.2	+36.2%
Gold (CHF/kg)	112'767.6	+2.5%
Bitcoin (USD)	64'935.4	−25.9%

Currencies		since 31/12/2025
EUR/CHF	0.9335	+0.3%
USD/CHF	0.8079	+1.9%
EUR/USD	1.1559	−1.6%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.05%	-0.1%-0.0%	-0.1%-0.0%
EUR	2.47%	1.9%-2.1%	1.7%-1.9%
USD	3.76%	3.4%-3.6%	3.0%-3.3%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.38%	0.2%-0.5%	0.4%-0.7%
EUR	3.10%	2.8%-3.0%	2.5%-2.8%
USD	4.65%	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: SAP – an example of analysts' valuations

Image source: kittyfly – stock.adobe.com

The AI boom has caused shares in software companies to suffer massive losses since the beginning of the year. Fears that their business model was being undermined led to mass sell-offs of software shares. This could have been Microsoft, or even SAP. SAP's software is primarily aimed at finance managers, heads of finance, and CFOs. They are conservative by nature and have little use for AI for the time being.

One reason for this lies in the complexity. Many companies are trialing the use of AI in certain individual areas. These are often pilot projects which may well work within a limited scope. But when it comes to "finance'", it's not enough for something to "nearly work". Drawing up monthly financial statements quickly and accurately across various product lines, business divisions, and national subsidiaries is a complex challenge. And of course, the key performance indicators (KPIs) must not change. For CFOs, even just upgrading to a new SAP release is a nightmare. The thought of everything being replaced by AI, with all its hallucinations, would keep them awake all night.

But the system design of a modern SAP ERP solution encompasses not only operational processes, but also all upstream and downstream processes. This can amount to more than 5,000 suppliers in a huge data pool at even a medium-sized company—and that's not even taking all the sales channels into account. You may well be able to let AI write a marketing text—it doesn't need to be that precise. But the finance sector takes a deterministic approach. All the documentation and reconciliations must consistently lead to the same result every time a forecast is repeated. Generative AI cannot do this. That's why these projects fail in finance departments.

But SAP does also provide AI tools for finance, of course, to identify more cost-efficient processes or speed up the production cycle. These are becoming increasingly popular, so the share price is rising, according to the latest quarterly reporting. It has risen from the annual low of 128 euros (June 23) to almost 178 euros. The price target of all analysts is now 196 euros, 10% higher than the current price. There are 27 recommendations to buy, 3 to hold, and 1 to sell. So the most valuable German company after Siemens still has potential, because an SAP application cannot be coded using AI.

The most important data points in the new week

August 12, 2026	USA: inflation data
August 13, 2026	Europe: industrial production
August 14, 2026	Europe: growth data

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)