Rising Inflation Concerns

Last week was dominated by U.S. President Donald Trump. With just a few weeks to go before the midterm elections on November 3, he played the role of the strongman. He remained tough in the face of all overtures from Iran and wants to rename the Strait of Hormuz "Trump Strait." He also promised every adult American $5'000, provided the Republicans retain their majority in Congress in the midterm elections. And he promised that the extremely unpopular war against Iran would end immediately after the elections. Then, he said, inflation would also come to an end. The price of a barrel of crude oil would fall to $40. These promises did nothing to change Trump's low approval ratings.

On the contrary, crude oil prices rose to over $109 last Thursday evening (+77% since the start of the year), and gas prices in Europe rose even more (+190%). The latter are now significantly higher than they were when the war in Ukraine broke out, and storage levels in Europe remain below 70%.

The rapid rise in oil and gas prices over the past two weeks is due to renewed hostilities in the Strait of Hormuz. This is fueling inflation fears and causing nervousness in the bond markets. The oil price has driven inflation in the eurozone above 3.3%, prompting the European Central Bank to raise key interest rates again last week to curb mounting inflation risks. In doing so, it is targeting, in particular, excessive inflation expectations, which are shaping companies' pricing policies and wage negotiations.

There is speculation in the financial markets as to whether the U.S. Federal Reserve will take the same step this week. Inflation rose to 3.4%. Core inflation, however—which excludes volatile energy and food prices—stood at only 2.4%. Nevertheless, the probability of a monetary policy tightening stands at just under 90%.

It would be the first key interest rate hike since July 2023. At that time, it marked the conclusion of the rate-hiking cycle in response to the post-pandemic surge in inflation, which had driven inflation rates up to 10%. The global bond index fell by 16% amid the inflationary surge and had recovered somewhat by the time the war in Iran began. Since then, however, it has lost another 4% and is once again 16% lower than it was five years ago.

From a global perspective, the bond markets are not only massive (around $300 trillion) but also larger than all stock markets combined. In calm times, bonds are barely noticed; in turbulent times, they attract even more attention. We have now entered such a phase.

Bond yields are at their highest levels in 20 years; and price losses are correspondingly large, particularly for securities with long remaining maturities. Doubts about the financial sustainability of government debt have spread not only to the U.S. but also to the United Kingdom, France, and Italy. There, yields on long-term government bonds now stand at more than 5%. Companies must offer even higher yields when they issue bonds.

Market data

Stock markets		since 31/12/2025
SMI	13'775.3	+3.8%
SPI	19'454.1	+6.8%
DAX €	25'568.6	+4.4%
Euro Stoxx 50 €	6'325.1	+9.2%
S&P 500 $	7'657.0	+11.9%
Dow Jones $	52'573.3	+9.4%
Nasdaq $	26'333.0	+13.3%
MSCI EM $	1'721.5	+22.6%
MSCI World $	4'937.3	+11.4%

Bond markets		since 31/12/2025
SBI Dom Gov TR	218.4	−2.1%
SBI Dom Corporate TR	121.1	−0.3%

Real estate markets		since 31/12/2025
SXI RE Funds	585.6	−2.6%
SXI RE Shares	4'639.3	+2.6%

Commodities		since 31/12/2025
Oil (WTI; $/Bbl.)	100.1	+74.2%
Gold (CHF/kg)	114'165.4	+3.7%
Bitcoin (USD)	77'310.7	−11.8%

Currencies		since 31/12/2025
EUR/CHF	0.9469	+1.7%
USD/CHF	0.8165	+3.0%
EUR/USD	1.1599	−1.3%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	-0.1%–0.0%	0.2%–0.4%
EUR	2.65%	2.9%–3.1%	2.5%–2.7%
USD	3.84%	4.0%–4.2%	3.6%–3.8%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.57%	0.2%–0.5%	0.4%–0.7%
EUR	3.48%	3.2%–3.5%	2.8%–3.2%
USD	4.97%	4.4%–4.8%	4.2%–4.6%

Inflation

	2025	2026P	2027P
Schweiz	0.1%	0.6%	0.7%
Euroraum	2.2%	2.7%	2.2%
USA	3.0%	3.5%	2.6%

Economy (real GDP)

	2025	2026P	2027P
Switzerland	1.2%	1.6%	1.6%
Eurozone	1.4%	1.5%	1.7%
USA	2.3%	2.3%	2.2%
Global	3.0%	3.1%	3.2%

Topic of the week: News from the Corporate World

Last week, the Swiss Market Index (-4.3%) fell significantly more than the U.S. Dow Jones (-1.6%) and the major European stock markets. Since the beginning of the month (-3.6%), the SMI has performed roughly in line with the Asia-Pacific markets, which are also struggling through a difficult September.

The pharmaceutical company Novartis (-14% last week) was the main driver behind the SMI's sharp decline. The stock lost virtually all of its positive year-to-date performance in just a few days. Despite a setback with its flagship drug for treating a rare muscle disorder, the pharmaceutical company is sticking to its medium-term growth forecast. Revenue is expected to continue growing by an average of 5% to 6% per year from 2025 to 2030. Shortly before this, Novartis had already reported a failure with a heart medication.

In contrast, Sandoz, the division spun off from Novartis, is delighting investors. Sandoz aims to more than double its net revenue between 2025 and 2035 and is realigning its focus to achieve this. With its new Bio100 strategy, the company plans to shift its focus from traditional generics to biosimilars (copycat versions of biopharmaceuticals). By 2040, the portfolio of these drugs is expected to grow from the current 13 to 100 products.

Nestlé's stock price is also back on the decline (-1%). The food company is raising prices and reformulating products to cope with increased energy, freight, and raw material costs resulting from the conflict in the Middle East. CEO Philipp Navratil said that every supplier is facing cost increases that the company must absorb. The conflict is leading to inflationary pressure among suppliers worldwide. To illustrate this using the general example of the U.S.: Average producer prices rose in August (+5.4% year-over-year). This is also one reason why Nestlé will discontinue products for which consumers are not willing to pay higher prices.

Apple (+4%) caused a global sensation with its entry into the fast-growing market for foldable smartphones. The new CEO, John Ternus, unveiled the "iPhone Duo", featuring the largest display ever on an iPhone, yet it still fits easily in a pants pocket. It will be available for pre-order starting October 16 at prices starting at $1'999.

The most important data points in the new week

September 15, 2026	Germany: ZEW Current Situation and Expectations for September
September 16, 2026	U.S.: Federal Reserve FOMC Interest Rate Decision for September
September 17, 2026	U.S.: Philly Fed Manufacturing Survey for September
September 18, 2026	U.S.: Industrial Production and Capacity Utilization for August

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)