Oil Prices Continue to Cause Concern

The Swiss Market Index ended last week virtually unchanged at 13,786 points (+0.1%). Yet beneath this apparent stability, there were significant fluctuations. Healthcare stocks such as Roche (+4%) as well as Novartis, Lonza, and Givaudan (each +3%) led the SMI higher, while Amrize (-6%) and UBS (-7%) were at the other end of the spectrum. All U.S. and European telecom companies also suffered a setback due to concerns about being replaced by satellite operators such as Starlink.

Nestlé (-2%) got off relatively lightly last week when its Russian subsidiary fell into Putin's hands. The assets were seized and transferred to L.E.V. Management, a company that was only recently founded and is headed by Andrei Kraiushkin, a general in the Russian Ministry of Internal Affairs. Nestlé operates six factories in Russia and employs around 7,000 people there. The financial impact is relatively minor because Russia now accounts for just over one percent of the group's revenue. Overall, however, the stock continues to trade below its level at the start of the year.

At UBS, the battle over new capital requirements is entering a lengthy and complex legislative process in parliament. On the other hand, higher interest rates are working in its favor, allowing its interest rate spread business to flourish. This has also been noticeable recently in the mortgage lending business, where benchmark rates have risen sharply. Higher interest rates are weighing on the construction sector and related companies such as Holcim and Amrize. The market has recently been particularly concerned about Amrize because the Federal Reserve has shifted to a restrictive monetary policy course aimed at curbing economic growth.

The oil price shock caused by the U.S. war against Iran is spreading ever more widely throughout the global economy. Crude oil prices remain above $100 per barrel, refining margins are skyrocketing and effectively doubling the price yet again. Diesel prices are at a record high, as are European natural gas prices, and heating oil is following suit. Consequently, transportation and heating costs are rising, and this, of all times, just as the cooler days are approaching.

This is leading to key interest rate hikes in all relevant currency regions worldwide to combat inflation. In the United Kingdom, average mortgage rates are already over 6%, and real estate prices—even in London's most desirable neighborhoods—continue to fall. In the U.S., new mortgage rates are not available below 7%, which is pushing more and more people into the rental market, where sharp price increases are also being recorded. Even though corporate profits are still rising overall, there are sectors showing clear signs of slowing down. The longer the U.S. continues the war, the longer the disruptions in the commodity markets will persist, and the greater the risk of a more severe economic slowdown. The momentum from growth in data center investments is likely to gradually peak. Several major hyperscalers are even calling for a slowdown in growth. Profit growth, even outside of AI companies, is at least jeopardized by the ongoing war in Iran.

Market data

Stock markets		since 31/12/2025
SMI	13'786.7	+3.9%
SPI	19'515.0	+7.1%
DAX €	25'304.1	+3.3%
Euro Stoxx 50 €	6'236.2	+7.7%
S&P 500 $	7'650.5	+11.8%
Dow Jones $	51'682.6	+7.5%
Nasdaq $	26'522.5	+14.1%
MSCI EM $	1'710.9	+21.8%
MSCI World $	4'914.0	+10.9%

Bond markets		since 31/12/2025
SBI Dom Gov TR	219.0	−1.8%
SBI Dom Corporate TR	121.0	−0.4%

Real estate markets		since 31/12/2025
SXI RE Funds	588.0	−2.2%
SXI RE Shares	4'655.5	+3.0%

Commodities		since 31/12/2025
Oil (WTI; $/Bbl.)	100.3	+74.7%
Gold (CHF/kg)	115'771.7	+5.2%
Bitcoin (USD)	81'096.8	−7.5%

Currencies		since 31/12/2025
EUR/CHF	0.9442	+1.5%
USD/CHF	0.8224	+3.8%
EUR/USD	1.1486	−2.2%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	-0.1%–0.0%	0.2%–0.4%
EUR	2.62%	2.9%–3.1%	2.5%–2.7%
USD	3.98%	4.0%–4.2%	3.6%–3.8%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.58%	0.2%–0.5%	0.4%–0.7%
EUR	3.50%	3.2%–3.5%	2.8%–3.2%
USD	5.00%	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: Monetary Policy Assessment

This week, the Governing Board of the Swiss National Bank will meet to conduct its monetary policy assessment for Switzerland. Unlike the European Central Bank and the U.S. Federal Reserve (Fed), inflation in Switzerland has long since returned to the target range. Due to the relatively low share of energy per unit of GDP, the oil price shock has had a lesser impact in Switzerland than abroad. This has created an interest-rate-related "island of bliss."

The major difference compared to the U.S. is that there, the share of energy per unit of GDP is about three times higher, and higher input costs drive up transportation and production costs much more rapidly. That is why the Federal Reserve unanimously decided to raise the benchmark interest rate for the first time in three years. Chairman Kevin Warsh explained the decision as follows: "The simple fact is that inflation is too high, and has been for far too long." Recent inflation data did not indicate that underlying inflation trends had improved significantly.

He aims to strengthen the Fed's credibility as a fighter against inflation. However, the Fed's official statement was terse. "The rate hike is intended to help bring inflation back to the 2% target more quickly." The Fed will ensure price stability.

The main factor here lies in the White House. It is the decisive variable. As the market braces for a prolonged conflict with Iran, expectations are also rising that further interest rate hikes will be necessary to reduce aggregate demand. This could also dampen the high expectations on the stock markets. The Dow Jones, a broad index representing the U.S. economy, recorded only 9 gainers and 21 losers last week (-1.7%).

At the brief press conference, Warsh refused to answer questions that would cast Donald Trump in a negative light. He blamed "geopolitics in general" and the strong economic power of the U.S. for the rise in yields. He did not mention the rampant government deficit or the resulting rise in inflation expectations. The market took care of that. The price of Bitcoin rose by more than 5% last week.

The most important data points in the new week

September 22, 2026	Eurozone: September Consumer Confidence
September 23, 2026	U.S. / U.K.: S&P Global Purchasing Managers' Index (PMI) for September
September 24, 2026	U.S. / China: Summit between Donald Trump and Xi Jinping
September 25, 2026	U.S.: University of Michigan Consumer Sentiment, September

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