A Nervous Week

The past week was marked by nervousness. On the one hand, there were some hopes for a successful diplomatic resolution regarding the Strait of Hormuz, and almost simultaneously, Donald Trump issued the most severe threats. Within 24 hours, the difference between the lowest and highest prices for crude oil exceeded 8%. Although this unusual nervousness did not subside toward the end of the week, at least there is more dialogue than confrontation. Negotiations for a ceasefire between the U.S. and Iran calmed the markets somewhat. However, the price of Brent crude oil has roughly doubled since the beginning of July, triggering a sell-off, particularly in the bond markets.

This made the conciliatory close to this nervous week all the more surprising, with the Swiss Market Index (SMI) closing at 13'945 points (+1.2%). The broad S&P 500 Index (+1.2%) and the resilient global equity index (+0.9%) also managed to gain ground, even though consumer sentiment deteriorated sharply in some cases. High energy prices are fueling uncertainty among consumers and, given the general economic outlook, are particularly reducing their inclination to use savings to purchase durable goods. In addition, leasing costs have risen significantly—worldwide, in fact.

The rally in the stock markets came as something of a surprise, as bond yields rose last week—driven by energy prices—to levels we can barely remember. Fears that energy prices will remain elevated for much longer sparked global inflation concerns, which manifested in lower bond prices. In Switzerland, the yield on 10-year Swiss government bonds reached its annual high at the end of the week, and the index of all Swiss government bonds continued to fall. Year-to-date performance has been negative; however, the yield on the Swiss government bond index (-2.5%) is less negative than that of the global bond index (-4.1% year-to-date).

The yield curve in Switzerland has risen by about 40 basis points at the longer end to 0.6%, while in the U.S., France, and Italy it has risen by about 100 basis points. This has resulted in nominal yields not seen in many countries for 20 years. This makes it all the more surprising that investors continue to sell bonds and shift their risk capital into real assets such as stocks and real estate. This may also reflect the view that it is better to entrust capital to a well-managed company than to a government that is caught in a debt spiral and is unlikely to be able to reduce its debt-to-GDP ratio to a sustainable level in the foreseeable future.

The changing interest rate landscape took a toll on financial institutions both domestically and internationally last week. In the SMI, the four biggest losers were all financial stocks (Zurich Insurance -3%, Partners Group and UBS each -2%, Swiss Life -1%). The five biggest gainers, on the other hand, all belong to the defensive "health care" sector: Givaudan +6%, Lonza, Novartis, and Sandoz each +4%, and Galderma +3%.

Market data

Stock markets		since 31/12/2025
SMI	13'945.7	+5.1%
SPI	19'771.2	+8.5%
DAX €	25'408.6	+3.7%
Euro Stoxx 50 €	6'302.8	+8.8%
S&P 500 $	7'743.4	+13.1%
Dow Jones $	51'828.6	+7.8%
Nasdaq $	27'068.7	+16.5%
MSCI EM $	1'732.4	+23.4%
MSCI World $	4'958.0	+11.9%

Bond markets		since 31/12/2025
SBI Dom Gov TR	217.5	−2.5%
SBI Dom Corporate TR	120.5	−0.8%

Real estate markets		since 31/12/2025
SXI RE Funds	583.2	−3.0%
SXI RE Shares	4'620.8	+2.2%

Commodities		since 31/12/2025
Oil (WTI; $/Bbl.)	92.4	+60.9%
Gold (CHF/kg)	114'103.8	+3.7%
Bitcoin (USD)	83'865.6	−4.3%

Currencies		since 31/12/2025
EUR/CHF	0.9436	+1.4%
USD/CHF	0.8283	+4.5%
EUR/USD	1.1391	−3.0%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	-0.1%–0.0%	0.2%–0.4%
EUR	2.61%	2.9%–3.1%	2.5%–2.7%
USD	4.05%	4.0%–4.2%	3.6%–3.8%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.66%	0.2%–0.5%	0.4%–0.7%
EUR	3.59%	3.2%–3.5%	2.8%–3.2%
USD	5.16%	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 National Bank (SNB) confirmed its assessment that we can expect only low inflation in Switzerland going forward. It considers monetary policy to be appropriate for keeping inflation within the price stability range and supporting economic growth. At 0.0%, Switzerland has the lowest key interest rate in the world.

For 2026 as a whole, the SNB currently expects growth of between 1.5% and 2.0%. This is an unusually wide range just a few months before the end of the year. For 2027, the SNB expects growth of around 1.5%. These are positive prospects.

The main risk to Switzerland's economic outlook is developments in the global economy. In particular, the situation in the Middle East could continue to escalate and put a greater brake on global economic activity. The trade policy environment and exchange rate trends also remain sources of uncertainty.

For the time being, we see potential particularly in corporate earnings prospects. The relative weakening of the Swiss franc means that earnings contributions from the major currency regions (dollar, euro) will be more substantial than expected. This has not yet been fully priced in by many market valuations.

Last week, the stock exchange operator SIX implemented the previously announced adjustments to the SMI benchmark index. The skincare company Galderma Group and the generics and biosimilars group Sandoz Group were added to the SMI, while Swisscom (19% total return year-to-date) and the logistics provider Kühne+Nagel (37%) were removed.

Roche announced that the European Commission has approved the ophthalmic drug Susvimo for the treatment of vision loss in people over 60. It offers an alternative to frequent eye injections. In the U.S., the combination of the drug and implant system is already approved as a single product.

The third-quarter earnings season will begin next week. Recently, there have been some interesting transactions on the financing front. Insurer Helvetia Baloise successfully placed a subordinated bond worth 275 million Swiss francs on the Swiss capital market. The bond carries a coupon of approximately 2.3% and has a 20-year term with a first call date in 2036. It accounts for about 1% of the Zugerberg Income Fund's portfolio.

The most important data points in the new week

September 29, 2026	EU: Business Climate and Economic Sentiment for September
September 30, 2026	U.S.: PCE inflation and core inflation for August; Q2 GDP
October 1, 2026	U.S.: ISM Manufacturing Purchasing Managers' Index for September
October 2, 2026	U.S.: Labor Market Data, Average Earnings for September

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)

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)

Information Session for Private Individuals – Presented in Swiss German – Investing Is Also a Matter of Trust

On **Thursday, November 12, 2026 at 6:00 p.m**, 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)