

Start of the Fourth Quarter

The past week was ultimately marked by negative news. Despite a positive close on Friday, the Swiss Market Index ended the week at 13'660 points (-2.0%). Inflation rates in September were high, particularly in neighboring European countries, due to energy prices. In Germany, for example, inflation recently rose to 3.3%. Excluding energy prices, core inflation stands at 2.4%; close to the level of price stability.

However, due to the ongoing war in the Middle East, the average crude oil price rose to around $105 in September. The advantage of this analysis is that it allows us to pinpoint the cause of the rise in inflation. Accordingly, we can also forecast a decline in inflation as soon as the hostilities cease. There are signs that this is happening. Supply bottlenecks have recently eased significantly, and the price of crude oil has fallen slightly. This trend is likely to continue—albeit on a volatile path—in the final quarter as the political risk premium gradually fades.

Crude oil exports from the Middle East have already returned to 98% of their pre-war levels. This recovery was fueled by the resumption of shipments through Saudi Arabia's East-West pipeline and the increased use of alternative export routes. In addition, the G7 countries and their partners plan to release up to 100 million barrels of emergency reserves of oil and diesel over the next four months. This measure provides some short-term relief but does not represent a long-term solution regarding global fuel availability. Nevertheless, following this announcement, diesel prices on the European futures market immediately fell by more than 8%.

This also led to a slight recovery in the bond markets last Friday. Lower crude oil prices are accompanied by lower inflation expectations and more moderate assessments of monetary policy. The probability of a rate hike by the Federal Reserve on October 28 fell last week from nearly 75% to about 23%. A disappointing September jobs report also contributed to this. In addition, wage and salary figures for July and August were revised downward. Employment growth in the U.S. is losing momentum and has virtually stalled, with unemployment rising slightly.

This could be typical of the acceleration phase of artificial intelligence: an economic upswing accompanied by a stagnation in job creation. GDP is rising, productivity is rising, profits are rising, production is rising – only employment and real wages are not. In any case, if we look at stock prices and earnings forecasts, that is, the current "forward P/E ratio" for the next 12 months. It stands at ~19 for the broad S&P 500 Index. That is below the five-year average. This underscores the accelerated earnings growth driven by rising margins and a growing economy, which is largely fueled by AI investments.

In Europe, too, earnings expectations have recently risen – despite higher energy prices and inflation. Because we've recently observed sharply falling oil prices on the futures market, we remain confident for the final quarter.

Market data

Stock markets	since 31/12/2025	
SMI	13'660.9	+3.0%
SPI	19'397.2	+6.5%
DAX €	25'231.2	+3.0%
Euro Stoxx 50 €	6'238.5	+7.7%
S&P 500 $	7'722.7	+12.8%
Dow Jones $	51'177.0	+6.5%
Nasdaq $	27'190.9	+17.0%
MSCI EM $	1'708.9	+21.7%
MSCI World $	4'926.3	+11.2%

Bond markets	since 31/12/2025	
SBI Dom Gov TR	219.6	–1.6%
SBI Dom Corporate TR	121.2	–0.2%

Real estate markets	since 31/12/2025	
SXI RE Funds	592.7	–1.4%
SXI RE Shares	4'455.9	–1.4%

Commodities	since 31/12/2025	
Oil (WTI; $/Bbl.)	91.1	+58.7%
Gold (CHF/kg)	110'345.8	+0.3%
Bitcoin (USD)	84'436.9	–3.7%

Currencies	since 31/12/2025	
EUR/CHF	0.9327	+0.2%
USD/CHF	0.8288	+4.6%
EUR/USD	1.1255	–4.2%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	-0.1%–0.0%	0.2%–0.4%
EUR	2.60%	2.9%–3.1%	2.5%–2.7%
USD	4.08%	4.0%–4.2%	3.6%–3.8%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.54%	0.2%–0.5%	0.4%–0.7%
EUR	3.43%	3.2%–3.5%	2.8%–3.2%
USD	5.27%	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%

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Topic of the week: News from the Financial World



Last week, yields on certain government bonds spiraled out of control to an alarming extent. Stock markets ultimately suffered as a result, as AI giants like Amazon, Alphabet, Meta, and Microsoft—much like highly indebted nations—are seeking long-term capital to finance their investments in data centers. AI investor SoftBank, which is building the world's largest data center in Portsmouth, Ohio, recently had to offer a yield of just under 10% in dollars to raise debt for at least seven years.

In the competition for debt capital, central banks appear to be losing their room to maneuver. Given the growing debt burden of governments, high-quality global companies are viewed as less risky. In France, the yield spread between government bonds and German Bunds has therefore risen to 150 basis points. This is a level last seen in 2011, when the eurozone was plunged into a debt crisis by Greece. Anyone currently lending money to the German government for a ten-year term receives a 3.4% yield, while in France the yield is 4.9% (in €).

In the U.S., yields climbed to 5.3% (in $) for the first time in 20 years. Switzerland retains its top-tier AAA credit rating. The rating agency S&P stripped the U.S. of this rating back in 2011. Most recently, France experienced this, as its bonds were downgraded to "A+." Doubts about the shift in fiscal policy are growing, as implementing pension savings programs is proving difficult.

This seems to remain easier in the corporate world. The construction chemicals group Sika held its annual Investor Day last week. The CEO reaffirmed the targets for its "Fast Forward" efficiency program, which is expected to deliver a profit contribution of 150 to 200 million Swiss francs by 2028. Sika aims to drive its growth by focusing on the adhesives business. The acquired Turkish adhesives and sealants manufacturer Akkim is expected to play a central role in this effort, with its revenue set to double within five years. "Adhesives and sealants are among Sika's key competitive strengths," said CEO Thomas Hasler. This will enable Sika to gain additional market share.

The most important data points in the new week

October 5, 2026	EU/U.S.: Sentix Index for October and final PMIs for September
October 7, 2026	U.S.: Comprehensive Overall Risk, 4th Quarter
October 8, 2026	Germany: Comprehensive Total Risk, 4th Quarter
October 9, 2026	U.S.: University of Michigan Consumer Sentiment for October

Podcast / Events



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