



Many headlines last week

A week full of headlines began with Prime Minister Sébastien Lecornu resigning in Paris, only to be reappointed shortly afterwards. In Washington, the shutdown meant that a lot of economic data was missing. For example, labor market statistics weren't published. But private data suggests that the job market is stagnating. That's not all. In the US, a classic immigration country, net immigration is negative for the first time ever.

The first consequences of this are already becoming apparent: demand for housing is declining, consumption is stagnating, agricultural harvests are becoming more expensive, and the remaining workforce is becoming more expensive. Doubts are arising about the resilience of the economy. Whereas gross domestic product in the US used to grow by 3% annually, a third of this growth could be attributed to immigration. As a result, many economists have recently reduced the growth potential to 2% per year.

The headlines surrounding the US automotive supplier First Brands, which went bankrupt with liabilities of more than \$10 billion, were also negative. Numerous banks and rating agencies failed to detect the off-balance-sheet financing practices that had been built up over many years. Anyone who really believes that a windshield wiper manufacturer in a stagnant industry can successfully manage a supply chain financing program with a 17% return must be naive. 'Such an extraordinarily high interest rate should have been a clear warning sign of the borrower's financial distress', sums up the New York Times.

The ceasefire in the two-year Gaza war reduced the risk premium on oil. In addition, a considerable oversupply is still expected on the market. At \$58 per barrel of crude oil, the price fell to a level last seen in spring 2021.

However, the biggest impact last week came from stricter export rules for rare earths decided in Beijing. Over decades, China has secured around 90% of the world's capacity. Without these critical raw materials, neither wind turbines nor weapons, semiconductors nor cars can be manufactured. Now the alarm bells are ringing in the West, which has relied on perpetually functioning supply chains during decades of boundless globalization. Donald Trump responded by saying that he would impose 'massive' (additional) tariffs on Chinese goods. He sees 'no reason' for a summit meeting with Xi Jinping. However, the higher tariffs have long since lost their scare factor for China.

Overall, the SMI remained largely unchanged (-0.2% last week), but the US stock markets fell significantly (-2.5%). Our most risky portfolios survived the past week with a slight decline (-0.3%) and proved to be significantly more stable than the global stock index (-2.1%), which is dominated by US stocks.

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Stock markets	since 31/12/2024	
SMI	12'481.4	+7.6%
SPI	17'212.2	+11.2%
DAX €	24'241.5	+21.8%
Euro Stoxx 50 €	5'531.3	+13.0%
S&P 500 \$	6'552.5	+11.4%
Dow Jones \$	45'479.6	+6.9%
Nasdaq \$	22'204.4	+15.0%
MSCI EM \$	1'365.7	+27.0%
MSCI World \$	4'237.7	+14.3%

Bond markets	since 31/12/2024	
SBI Dom Gov TR	224.9	+0.6%
SBI Dom Non-Gov TR	121.8	+0.9%

Real estate markets	since 31/12/2024	
SXI RE Funds	569.4	+4.7%
SXI RE Shares	4'131.1	+12.7%

Commodities	since 31/12/2024	
Oil (WTI; \$/Bbl.)	58.9	-17.9%
Gold (CHF/kg)	103'285.8	+34.9%
Bitcoin (USD)	114'341.4	+22.0%

Currencies	since 31/12/2024	
EUR/CHF	0.9289	-1.2%
USD/CHF	0.7996	-11.9%
EUR/USD	1.1619	+12.2%

Short-term interest rates			
	3-m	3-m. forecast	12-m. forecast
CHF	-0.04%	0.2%-0.5%	0.2%-0.5%
EUR	2.01%	1.9%-2.1%	1.7%-1.9%
USD	3.91%	4.0%-4.4%	3.4%-3.8%

Long-term interest rates			
	10-years	3-m. forecast	12-m. forecast
CHF	0.21%	0.6%-0.9%	0.5%-0.7%
EUR	2.63%	2.8%-3.0%	2.5%-2.8%
USD	4.03%	4.3%-4.6%	3.8%-4.2%

Inflation			
	2024	2025P	2026P
Schweiz	0.7%	0.5%	0.5%
Euroraum	2.2%	1.8%	1.8%
USA	2.8%	2.5%	2.3%

Economy (real GDP)			
	2024	2025P	2026P
Switzerland	1.8%	1.8%	1.8%
Eurozone	1.5%	1.6%	1.7%
USA	2.6%	1.8%	2.0%

Topic of the week: Not investing enough?



In Switzerland, saving is almost a national sport. People save, and this is also important for retirement provision. However, it is almost more important to invest the money wisely. Although people save a lot, they invest too little. Women in particular neglect securities savings, as a recent study by the Lucerne University of Applied Sciences and Arts confirmed. Numerous savings in the pension sector lie idle without earning interest, yet it is precisely those savings that serve truly long-term purposes that should be invested in real assets that increase wealth.

Saving alone is hardly enough to achieve your pension goals. In the long term, you are dependent on the interest earned on your capital. Even the safest bonds will not get you very far. Ten-year Swiss government bonds yield just 0.2% per annum. With real estate in the form of Swiss real estate funds, you can expect a distribution yield of around 2.2%. That is at least above the inflation rate and ensures real value preservation.

However, in order to participate in the real economy, an equity allocation of between 50% and 100% should be considered for truly long-term investments. With equities, around 5% per annum (after all costs and fees) can be achieved in Swiss francs.

If foreign securities are added to Swiss equities, the corresponding return in local currency must be higher. The dollar and the euro depreciate by around 3% per year, while the British pound tends to depreciate more.

The best thing is how much interest and tax savings contribute to your retirement savings goal. A 35-year-old single person in Berne invests in a high-dividend 3a pension solution. By the age of 65, the maximum possible contributions (CHF 7,258) accumulate to CHF 217,000. However, interest and tax savings result in a value of CHF 521,000.

This allows life dreams to be realized. Discipline in retirement savings also provides a good level of personal security against the unexpected. In this sense, securities savings are a booster for a happy future!

The most important data points in the new week

13 October 2025	New York: Annual Meeting of the World Bank and the International Monetary Fund
14 October 2025	Germany: ZEW Current situation and economic expectations October
15 October 2025	USA: CPI Inflation and core inflation September
17 October 2025	Euro zone: HICP inflation and core inflation September

Global	3.0%	3.0%	3.0%
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3a Deposit – a pending issue?

On Friday, we have sent our joint customers a reminder by mail not to forget the 3rd pillar deposits. In this mail and in this newsletter, we explain the advantages of regular payments into the 3rd pillar and remind existing customers that they can check the total amount of payments already made in our Zugerberg Finanz app.

Even those who have two or more 3a solutions with us can see the cumulative payments for all 3a solutions in the current year in all solutions, in order to avoid payments exceeding the annual maximum of CHF 7,258 (for all those who are affiliated with a pension fund).

Incidentally, we offer those customers who do not yet use the Zugerberg Finanz app the option of contacting Zugerberg Finanz to set it up on their smartphone. We can do this in just a few minutes on the phone.

And as a reminder: the (maximum) amount paid in can be deducted in your tax return for 2025. Depending on your location and income, you can save easily over CHF 2,500. In addition, interest and dividend income is exempt from income tax. This will not change in the future.

We kindly ask you to take care of this matter soon so that you can enjoy a stress-free end of the year.

Best regards,
Timo Dainese
 CEO
 Founder / Managing Partner

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