

Earnings season got off to a promising start

The earnings season got off to an impressive start, and expectations have generally been exceeded so far. Above all, however, investor interest has extended far beyond the AI boom. This was also reflected in the Swiss Market Index (SMI), which has risen significantly since the start of the fourth quarter (+4.1%), while the Nasdaq tech index, for example, has slipped (-2.7% in dollars, -4.1% in Swiss francs).

The strongest gains in the SMI were posted by Givaudan (+15%), ahead of the heavyweights Nestlé, Roche, Swiss Re, and Zurich Insurance (each up around +8%). Givaudan's third-quarter revenue figures in the consumer and luxury fragrance segments were particularly impressive. Lonza (+5%) also gained ground and, in a surprise move at its Capital Markets Day, raised its medium-term targets for margin growth.

The current environment of sharply higher global interest rates is associated with a slowdown in construction activity. Holcim (-4%) suffered as a result. Ahead of the quarterly earnings report, profit-taking was observed at ABB (-5%).

Microsoft experienced an impressive recovery. In the spring, the stock entered a downward spiral amid fears that, thanks to AI, we would need significantly less software in the future, falling from $542 (end of October 2025) to $352 (end of June 2026). From that low, the stock has since rebounded to $543 (+54%), representing a $1.4 trillion increase in market capitalization. The stock closed the week at $529. The view that Microsoft would be among the AI losers has been completely reversed. Currently, many more analysts have regained confidence in Microsoft's ability to meet the demand for AI services. Of the 72 analysts covering Microsoft, 68 recommend buying the stock.

Apple recently crossed the $5 trillion market capitalization threshold once again. Interestingly, Apple appears to be benefiting from AI adoption without having to bear high costs for AI infrastructure. This sets Apple apart from those companies that are investing aggressively in AI and are currently suffering from sharply increased risk premiums in the capital markets.

The cost of hedging against defaults by technology companies has risen to record levels, signaling increasing credit stress as investors question whether massive investments will generate returns quickly enough to service rising debt costs. The cloud computing service provider CoreWeave collapsed as its mountain of debt continued to grow. Concerns on the capital markets and among banks are currently preventing both new bond issuances and bank loans.

As was the case in the run-up to the 2008 financial crisis, rapid infrastructure expansion is currently causing debt to pile up primarily off-balance-sheet, since current accounting rules require that a lease agreement (for a data center), even if already signed, be recognized on the balance sheet only from the date it begins. This had long been overlooked and has now come into the focus of bond and stock investors. As a result, the credit boom is stalling for companies that wanted to finance the rapid expansion of their data centers with high-yield bonds and personal loans.

Market data

Stock markets		since 31/12/2025
SMI	14'391.3	+8.5%
SPI	20'288.9	+11.4%
DAX €	25'622.6	+4.6%
Euro Stoxx 50 €	6'204.2	+7.1%
S&P 500 $	7'659.4	+11.9%
Dow Jones $	52'002.4	+8.2%
Nasdaq $	26'140.0	+12.5%
MSCI EM $	1'620.6	+15.4%
MSCI World $	4'907.8	+10.8%

Bond markets		Seit 31.12.25
SBI Dom Gov TR	219.3	–1.7%
SBI Dom Corporate TR	121.3	–0.2%

Real estate markets		Seit 31.12.25
SXI RE Funds	581.0	–3.4%
SXI RE Shares	4'557.6	+0.8%

Commodities		Seit 31.12.25
Oil (WTI; $/Bbl.)	101.4	+76.6%
Gold (CHF/kg)	110'352.9	+0.1%
Bitcoin (USD)	81'360.1	–7.0%

Currencies		Seit 31.12.25
EUR/CHF	0.9260	–0.6%
USD/CHF	0.8240	+3.9%
EUR/USD	1.1239	–4.2%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.05%	-0.1%–0.0%	0.2%–0.4%
EUR	2.64%	2.9%–3.1%	2.5%–2.7%
USD	4.06%	4.0%–4.2%	3.6%–3.8%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.55%	0.2%–0.5%	0.4%–0.7%
EUR	3.38%	3.2%–3.5%	2.8%–3.2%
USD	5.07%	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: The global economy is growing



In the global economy, we are seeing not only real growth of around 3%, but also an acceleration that will lead to growth in the range of 3.3% to 3.5% next year. The International Monetary Fund (IMF) released its World Economic Outlook at its annual meeting in Bangkok.

The trend regarding inflation was less encouraging. The consumer price index rose less sharply in the U.S. (+3.7% yoy) than in the eurozone (+3.8%), but even core inflation (+2.6%) reached a level that is causing frustration among an increasing number of U.S. households. The problems caused by significantly higher interest rates are also making housing less affordable, especially since recent price increases have outpaced wage growth. Prices for computers and accessories have also risen at a record-breaking pace (+28.4% year-over-year). This is a consequence of shortages stemming from the data center boom. Average hourly wages, by contrast, have fallen year-over-year for the sixth consecutive month.

Federal Reserve Chairman Kevin Warsh described the U.S. economy as resilient despite global geopolitical crises and persistently high inflation in the U.S. Speaking at the IMF Annual Meeting, he pointed to a surge in investment that extends far beyond the field of artificial intelligence. He said he had the impression that the U.S. economy is gaining strength and has “plenty of tailwind.” At the same time, Warsh reiterated that he did not want to preempt interest rate decisions. “I don’t think it’s wise to say right now what I might do at the remaining meetings this year,” he explained, a statement that already had a calming effect on the markets.

Corporate earnings revisions are encouraging. They have improved as the economic outlook has brightened. In Europe in particular, there have been more upward revisions than downward ones recently. In the U.S., the peak of AI euphoria may well be over. In any case, there has recently been a strong rotation out of semiconductor stocks and into other sectors. The semiconductor stock index has already fallen 24% from its high a few weeks ago. AI has dominated the equity, energy, and infrastructure markets, as well as emerging markets, and the bond markets, too. The interplay of these factors can no longer be overlooked amid the autumn AI storm.

The most important data points in the new week

October 20, 2026	Germany: ZEW Current Situation and Economic Expectations for October
October 21, 2026	United Kingdom: PPI and CPI Inflation for September
October 22, 2026	Eurozone: Consumer Confidence, October
October 23, 2026	U.S.: S&P Global PMI for Manufacturing and Services, October

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)

Zugerberg Finance Economic and Stock Market Outlook – January 2027

The next Zugerberg Finance Economic and Stock Market Outlook will take place on **Wednesday, January 13, 2027,** at **the Theater Casino in Zug,** and on **Tuesday, January 19, 2027, at the KKL in Lucerne**.
Founder and CEO **Timo Dainese** will lead the program. Chief Economist **Prof. Dr. Maurice Pedergnana** will discuss the outlook for the economy and the capital markets.

Register here
(Event in Swiss German)

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