



Resilient economic development

Global economic development proved resilient to trade-related uncertainties, which emerged particularly in the spring. Globally, corporate earnings are even on track to record their best performance in three years. Worldwide, earnings growth rose by around 11%, whereas in the past two years it was closer to the long-term average of 5%. There were positive surprises, particularly in Europe.

In emerging markets, Chinese companies repeatedly fell short of expectations. The economy has been caught in a deflationary spiral for 30 months now. Youth unemployment is estimated at 30% to 40%. In addition, repeated rounds of wage cuts are leading to growing consumer reluctance.

The spiral of falling factory prices, shrinking corporate profits, lower tax revenues, falling wages, lower demand, and declining investment is exacerbated by collapsing real estate prices. Therefore, China is and remains not directly investable for us, even though developments in the current year have been very positive.

In contrast, India is growing as the fastest-growing G20 nation. The Indian index advanced in the fourth quarter (+5.4% in local currency), but larger increases are not expected until next year. A tax deal with the US is nearing completion. Many analysts also failed to notice that the inflation rate in India fell from 6% to around 0% within a year. This is unprecedented in India's economic history and will allow the central bank to significantly lower key interest rates without jeopardizing the overall economic growth rate of 7% per annum in the coming years.

Concerns about a possible bubble surrounding artificial intelligence (AI), particularly in the US markets, caused the Nasdaq technology index and the dollar to fall equally last week.

The higher the valuations of technology stocks, the greater the risk that the implied profits will ultimately fall short of expectations.

Added to this is the increasing importance of a small number of technology companies for global stock indices. With significantly greater sector diversification than can be found in the global stock index, we are proactively counteracting the consequences of a possible AI-related correction.

At the same time, the chances of a Christmas rally remain. The line between overvaluation and enthusiasm remains narrow and can change rapidly from region to region and from sector to sector. We were generally pleased with the lively reporting season in Switzerland and our discussions with numerous company executives.

The Swiss Market Index (SMI) therefore rose significantly last week (+2.7%) amid increased volatility. Since the beginning of the month, the SMI (+3.3%) has been the best-performing stock index by far, while the US tech index Nasdaq, for example, lost considerable ground (-3.5% in USD, -4.8% in CHF) and has only just remained in positive territory since the beginning of the year (+3.8% in CHF).

The global stock index also suffered from the decline of the dollar (-12.5% since the beginning of the year). At the end of last week, it stood at +3.4% (in CHF).

Market data

Stock markets	since 31/12/2024	
SMI	12'634.3	+8.9%
SPI	17'391.5	+12.4%
DAX €	23'876.6	+19.9%
Euro Stoxx 50 €	5'693.8	+16.3%
S&P 500 \$	6'734.1	+14.5%
Dow Jones \$	47'147.5	+10.8%
Nasdaq \$	22'900.6	+18.6%
MSCI EM \$	1'385.6	+28.8%
MSCI World \$	4'343.6	+17.1%

Bond markets	since 31/12/2024	
SBI Dom Gov TR	226.8	+1.4%
SBI Dom Non-Gov TR	122.1	+1.2%

Real estate markets	since 31/12/2024	
SXI RE Funds	581.4	+7.0%
SXI RE Shares	4'341.8	+18.4%

Commodities	since 31/12/2024	
Oil (WTI; \$/Bbl.)	60.1	-16.2%
Gold (CHF/kg)	104'254.1	+36.2%
Bitcoin (USD)	94'976.6	+1.3%

Currencies	since 31/12/2024	
EUR/CHF	0.9227	-1.8%
USD/CHF	0.7940	-12.5%
EUR/USD	1.1621	+12.2%

Short-term interest rates			
	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	0.2%–0.5%	0.2%–0.5%
EUR	2.07%	1.9%–2.1%	1.7%–1.9%
USD	3.85%	4.0%–4.4%	3.4%–3.8%

Long-term interest rates			
	10-years	3-m. fcst.	12-m. fcst.
CHF	0.18%	0.6%–0.9%	0.5%–0.7%
EUR	2.71%	2.8%–3.0%	2.5%–2.8%
USD	4.15%	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%
Global	3.0%	3.0%	3.0%

Topic of the week: Encouraging reports



In Europe, fundamental data and developments have been surprisingly positive in recent weeks. They provide fertile ground for growing corporate earnings and dividends. The corresponding expectations at the corporate level are therefore the most important support for stock markets, which continue to be moderately valued.

In Munich, Deutsche Telekom, together with chip designer Nvidia, will offer an AI cloud for the German economy from the first quarter of 2026. Europe's digital sovereignty is being promoted in many other places, encouraging investment in efficient power grids and sustainable energy infrastructure. Siemens is also planning an accelerated phase of digital growth.

Insurer Swiss Life not only increased its premium volume in the third quarter, but also significantly improved its fee business. As one of Europe's largest real estate owners, the experienced Swiss Life expects higher margins in particular from the development of real estate projects.

Reinsurer Swiss Re increased its profit to \$4 billion (+85%) in the first nine months, but misjudged disability risks, particularly in Australia (for example, young people are increasingly suffering from depression and are therefore off work for longer periods), whereupon new business was suspended.

Novartis' share price rose to a new all-time high following the success of a study on a malaria drug. And in ophthalmology, Alcon was more confident than before after a 6% increase in sales. The new product platform for cataract and retinal surgery is particularly well received.

Zurich Airport recorded 3.17 million passengers in October (+6.7% vs. previous year), another step towards a new annual record. A significant dividend increase is on the cards. The real estate company PSP Swiss Property is also doing well and is expected to generate gross profits of CHF 300 million for the year as a whole. For patient investors, the attractive valuation of Burckhardt Compression, which is on a long-term growth path, is also appealing.

The most important data points in the new week

17 November 2025	Italy: HICP core inflation and inflation October
19 November 2025	Euro area: CPI core inflation and inflation October
20 November 2025	Euro area: consumer confidence October
21 November 2025	Euro area, USA: manufacturing & services PMI November

Save taxes with 3a

Regular savings contributions invested in the third pillar not only help to build up a financial cushion for retirement, but also offer immediate tax advantages. Insured persons who are members of a pension fund can pay in up to CHF 7,258 and deduct the corresponding amount in their tax return for 2025.

Depending on your location and income, this can save you over CHF 2,500. In addition, interest and dividend income is exempt from income tax. To break the tax progression later on, you should set up a new 3a securities account for amounts between CHF 50,000 and CHF 75,000. In most cases, two to three 3a accounts per person are a good solution.

At the beginning of this year, a new regulation came into force: anyone who does not pay in the maximum amount in the 2025 calendar year can make up for this in 2026 (or 2027) with a supplementary payment into their 3a account. To be eligible for such a voluntary payment, you must have income subject to AHV contributions in Switzerland, both in the year of the additional payment into the 3a account and in the year for which contributions are paid retrospectively.

Those who are not affiliated with a pension fund can pay up to 20% of their net income (maximum CHF 36,288) into pillar 3a and claim it for tax purposes.

Please use the QR payment slips, which can be found in the Zugerberg Finanz app under “Deposit money,” to make payments. We recommend that you make payments by December 22, 2025, at the latest, so that they can still be credited to your account in 2025.

Best regards,
Timo Dainese, CEO

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