ZUGERBERG FINANZ

Weekly Report 51/2025

China's economy remains a hybrid

There were a few surprises last week. China continues to engage in currency dumping in order to maintain its export machine. For the first time, it achieved an export surplus of USD 1 trillion. Domestically, however, the situation remains dire. The real estate crisis continues. Prices are now 35% to 50% below their peak levels. China's economy remains a hybrid of innovative technology and export companies and a sluggish domestic economy with falling prices.

Despite the collapse of the real estate industry, however, the authorities are determined to prevent a depressive mood from taking hold in the country. According to official figures, tens of thousands of accounts and posts have been deleted and thousands of livestreams sanctioned for talking down the real estate market. The party and the authorities are taking rigorous measures against "malicious rumors and slander."

Another surprise is the bidding war between Netflix (-29% since the summer) and Paramount for the legendary Warner Brothers film studios. However, this would inevitably lead to high levels of debt: Netflix would become Debtflix – a highly indebted company that would have to raise a lot of money on the expensive US capital market to finance the takeover of the Warner Bros. Discovery media group. Wall Street's view is also shared by Hollywood.

But Donald Trump is also getting involved, badmouthing Netflix's plans with a lengthy takeover and approval process. He is much closer to Paramount and its CEO David Ellison; his son-in-law Jared Kushner works with Arab sovereign wealth funds on Paramount's side. Kushner reports positively on Trump: this vanity is much more important to him than the economic appeal of combining the No. 1 in streaming and the No. 1 in the traditional film industry with an attractive library.

In the speculative world of AI-related investments, there are now some signs of disillusionment. Just two months ago, hyperscaler Oracle was being celebrated for its visionary AI data center plans. Now, many investors have already lost heart, and the stock is trading 42% lower. Surprisingly weak growth in the important cloud division has led to Oracle's quarterly results falling short of market expectations. The group's revenue doubled to $16.01 billion, according to the SAP rival. However, analysts had expected $16.21 billion. The increase in cloud revenue slowed to 50% from 55% in the previous quarter. They had hoped for an increase of a good 71%.

Swiss Re is under pressure. The reinsurer wants to offset the foreseeable decline in profits in property and casualty reinsurance in the coming years with growth in other structurally growing areas. The long-standing trend of rising prices for insurance against natural disasters and other major losses is currently threatening to reverse. Health reinsurance suffered huge losses in Australia. Actuaries had not anticipated the sharp increase in depression among young people.

Market data

Stock markets		since 31/12/2024
SMI	12'887.5	+11.1%
SPI	17'729.2	+14.6%
DAX €	24'186.5	+21.5%
Euro Stoxx 50 €	5'720.7	+16.8%
S&P 500 $	6'827.4	+16.1%
Dow Jones $	48'458.1	+13.9%
Nasdaq $	23'195.2	+20.1%
MSCI EM $	1'390.0	+29.2%
MSCI World $	4'407.8	+18.9%

Bond markets		since 31/12/2024
SBI Dom Gov TR	222.7	−0.4%
SBI Dom Non-Gov TR	121.3	+0.6%

Real estate markets		since 31/12/2024
SXI RE Funds	585.2	+7.7%
SXI RE Shares	4'341.3	+18.4%

Commodities		since 31/12/2024
Oil (WTI; $/Bbl.)	57.4	−19.9%
Gold (CHF/kg)	110'005.9	+43.6%
Bitcoin (USD)	90'101.7	−4.1%

Currencies		since 31/12/2024
EUR/CHF	0.9343	−0.6%
USD/CHF	0.7958	−12.3%
EUR/USD	1.1740	+13.4%

Short-term interest rates

	3-m	3-m. fcst.	12-m. fcst.
CHF	-0.04%	0.2%–0.5%	0.2%–0.5%
EUR	2.08%	1.9%–2.1%	1.7%–1.9%
USD	3.79%	4.0%–4.4%	3.4%–3.8%

Long-term interest rates

	10-years	3-m. fcst.	12-m. fcst.
CHF	0.34%	0.6%–0.9%	0.5%–0.7%
EUR	2.86%	2.8%–3.0%	2.5%–2.8%
USD	4.18%	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: Deeply divided Federal Reserve

Increasing differences of opinion are shaping the decision-making body of the world's largest central bank. The US Federal Reserve voted 9 to 3 in favor of a 25 basis point interest rate cut to a range of 3.50% to 3.75%. The three dissenting votes were unusual. Some members feared that inflation remained too high, while others feared increasing weakness in the labor market. Powell acknowledged that the dissenting votes reflected emerging "tension" regarding the Fed's goals.

Two dissenters did not want any cut at all in order to maintain pressure on inflation, which remains stubbornly around 3%. One dissenter wanted a larger cut because he was more concerned about employment. After all, unemployment is already at 4.4%, and significantly higher in some less skilled circles. Very different views are also reflected in the key interest rate forecasts for 2026 and 2027.

But when experts working under the same mandate, looking at the same data and using the same dominant models, can no longer agree on which threat – unemployment or inflation – is more pressing, it raises a more profound question:

Is the framework itself collapsing? When experts look at the same economic data and come to conflicting conclusions, it is not merely a difference of opinion, but theoretical instability. There is no need to wait for the minutes of the meeting. The differences of opinion within the decision-making body make it clear that monetary policymakers are divided on whether weak labor markets or persistent inflation pose the greater threat.

A stable framework should provide interpretable signals. This is no longer the case here. If the dual mandate framework (full employment and price stability) leads to growing disagreement among its own experts, perhaps it is not the experts who need to be adjusted – perhaps it is the framework.

The most important data points in the new week

16 December 1, 2025	Eurozone: HCOB Flash Purchasing Managers' Index for December
17 December 2, 2025	Germany: ifo Economic Situation Index for December
18 December 3, 2025	USA: Philly Fed Business Indicator and CPI (Core) Inflation November
19 December 5, 2025	USA: PCE inflation and core inflation for October

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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