

MONITOR

3rd Quarter 2026



Market review

SpaceX's record-breaking IPO highlighted the premium capital markets currently place on compelling long-term growth narratives. Investors remain willing to commit substantial capital to companies whose long-term earnings potential materially exceeds today's fundamentals. At the same time, the sustained rally in AI-related equities shows that optimism is not driven by future expectations alone. Industry leaders are already delivering strong earnings growth, resilient cash flows and persistently robust demand for their technologies. Meanwhile, the continued build-out of data centres and AI applications is driving electricity demand higher, bringing the structural themes of electrification and energy security further into focus.

Financial markets also received additional support following the signing of a memorandum of understanding between the US and Iran in mid-June. The prospect of easing tensions around the Strait of Hormuz reduced the energy risk premium and reinforced expectations of a continued moderate inflation environment.

We expect market breadth across global equity markets to improve further in the coming months, while the pronounced dispersion in sector performance should gradually normalise. Given the elevated concentration of a small number of stocks in major equity indices, broader participation in the rally would be a welcome development.

Against this backdrop, we recently revised our constructive bull-case scenario modestly higher. The main risks remain unexpectedly high financing costs, weaker-than-expected economic growth and overly optimistic growth assumptions for artificial intelligence.



Author

Jana Schenker

Macroeconomic environment

The conflict in the Middle East and its economic repercussions weighed on the global outlook over the past three months. Forecasts for global GDP growth in 2026 have been revised down to +3.1%, reflecting disruptions to oil supplies, refined petroleum products and global supply chains. A lasting reopening of the Strait of Hormuz would gradually restore international trade flows while materially easing inflationary pressures. At the same time, leading indicators increasingly point to a stabilisation in industrial activity, although consumer confidence remains subdued overall.

The US economy continued to outperform its developed-market peers. Employment growth remained broadly resilient despite workforce reductions at

selected companies as automation gathered pace. First-half GDP growth is estimated at around +2.3%. Meanwhile, sustained investment in data centres, semiconductors and digital infrastructure – fuelled by the AI investment cycle – is enhancing productivity and reinforcing business confidence. Survey data from both manufacturing and services continue to signal economic expansion.

The euro area, by contrast, continued to lose momentum. Core economies such as France and Germany have increasingly exhibited stagflationary characteristics. Weakness in the services sector reflects soft domestic demand, lower order volumes, persistent cost pressures, geopolitical uncertainty and more cautious hiring plans.

Market data

per 30.06.2026

	since 31.12.2025	
Equity Markets		
SMI CHF	14,193.92	6.98 %
S&P 500 USD	7,499.36	9.55 %
EURO STOXX 50 EUR	6,328.09	9.27 %
FTSE 100 GBP	10,497.12	5.70 %
MSCI Emerging Markets USD	949.30	23.85 %
NIKKEI 225 JPY	70,062.32	39.18 %
MSCI All Country World Local	612.91	12.16 %
Bond Markets		
Eidgenossen (10y)	0.25 %	1.6 Bps
US-Treasury (10y)	4.47 %	29.8 Bps
Bund (10y)	2.86 %	0.4 Bps
SBI AAA-BBB 3-5 TR	132.77	0.45 %
Money Markets		
CHF (SARON)	-0.04 %	4 Bps
USD (SOFR)	3.68 %	-19 Bps
EUR (ESTR)	2.18 %	26 Bps
Exchange Rates		
EUR/CHF	0.923	-0.81 %
USD/CHF	0.808	1.99 %
EUR/USD	1.142	-2.76 %
Alternative Investments		
Swiss Real Estate	606.38	0.84 %
Gold (USD/Ounce)	4,008.02	-7.21 %
US Crude Oil (USD/Barrel)	72.92	19.84 %
Bitcoin (USD/XBT)	58,642.15	-33.09 %

Encouraging progress in diplomatic relations between Iran and the US, together with advances in trade negotiations, has strengthened expectations of a cyclical improvement, provided inflation remains contained.

Switzerland continues to compare favourably within the European landscape. Economic activity is expected to gain traction during the second half of the year, supported by firmer exports as global industrial demand recovers. The Swiss State Secretariat for Economic Affairs (SECO) projects GDP growth of around 1.0% in 2026, while the unemployment rate is forecast to remain stable at 3.0%.

Traditional Investments

Currencies

The resilience of the US economy provided renewed support for the US dollar during the second quarter. The US Dollar Index advanced by 1.2%, reaching its highest level in a year. Against the Swiss franc, the greenback appreciated by 1.1% since the end of March, moving back above the 0.80 USD/CHF mark.

The euro, meanwhile, traded largely sideways against the Swiss franc over the past three months, fluctuating around 0.92 EUR/CHF. From a longer-term perspective, however, the broader trend remains one of gradual depreciation. Structural factors are likely to limit any sustained appreciation of the euro against the Swiss franc, despite the higher interest rate environment in the euro area. At the same time, currency hedging costs for Swiss-based investors have moved higher again and currently stand at around 2.4% per annum.

Bonds

Global government bond yields moved sharply higher in May as inflation expectations reaccelerated. Towards the end of the quarter, however, declining oil prices – with Brent crude falling below USD 73 per barrel – triggered a reversal, allowing yields to retreat. In the US, the 10-year Treasury yield has since stabilised at around 4.5%.

New Federal Reserve Chair Kevin Warsh made a confident debut in June, emphasising that maintaining price stability remains the central bank's overriding objective while leaving the policy rate unchanged, despite inflation currently running at +4.2%. Since then, views on the US interest rate outlook have diverged markedly, both within the Federal Open Market Committee (FOMC) and across financial markets, ranging from a rate cut to as many as three additional rate hikes by year-end.

In Switzerland, the zero-interest-rate environment is likely to persist for longer,

with inflation remaining well contained at +0.6%. By contrast, the ECB raised policy rates in June to prevent higher energy costs from feeding through into broader inflation. While another rate increase cannot be ruled out given the recent energy price dynamics, the fragile economic backdrop leads us to expect the ECB to remain on hold at its next policy meeting on 23 July.

Equities

The outbreak of war in the Middle East unsettled global equity markets only briefly. A strong rebound followed, lifting the MSCI All Country World Index (USD) by 15.1% over the second quarter. The recovery was driven by easing trade tensions, robust corporate earnings, advances in artificial intelligence, rising investment in digital infrastructure, improving industrial momentum and the return of institutional investors. Performance, however, remained concentrated in AI-related companies, allowing equity markets in the US, Japan, South Korea and Taiwan to deliver particularly strong gains. Against this backdrop, the technology sector – led by semiconductor manufacturers – outperformed virtually all other sectors. Strong investor demand was matched by healthy margins and exceptional earnings growth, with US technology firms reporting first-quarter EPS growth of +29%.

As the economic outlook improved, other cyclical sectors also participated in the second-quarter advance. In Europe, banks and travel & leisure companies ranked among the strongest performers. Within the Swiss Market Index, cyclical names such as *ABB* (+38%), *Richemont* (+35%), *UBS* (+30%) and *Sika* (+28%) generated the highest returns, while *Swisscom* (-8%), *Alcon* (-8%) and *Partners Group* (-22%) lagged behind. As is typical in the early phase of an economic recovery, small- and mid-cap equities outperformed their large-cap peers globally.

Alternative Investments

Precious metals such as gold and silver recorded their weakest quarterly performance in a decade. Gold has retreated to around USD 4,000 per ounce, as higher US interest rate expectations weighed on prices. With real yields in the US dollar market only marginally positive, continued central bank demand should help establish a price floor.

Swiss real estate funds saw their premium narrow modestly over the quarter to +34.7%. Even so, the asset class gained 5.3%, supported by lower interest rates, largely offsetting the lacklustre performance recorded in the first quarter.

Bitcoin extended its decline, losing 14% since the end of March. After a brief recovery in May, Bitcoin ETFs again experienced net outflows, partly reflecting portfolio reallocations ahead of several high-profile technology IPOs.

Private Markets

Private markets continued to be dominated by liquidity management in the second quarter. Within private equity, exit activity improved modestly, although a broader normalisation remains gradual against the backdrop of elevated US interest rates and persistent market uncertainty. In this environment, continuation vehicles have become an increasingly important solution, enabling managers to retain high-quality assets for longer while providing existing investors with a liquidity option. Historically low distributions to investors continue to underscore the ongoing challenges associated with capital realisation and the return of capital.

The conflict in the Middle East has also reinforced the investment case for private infrastructure, particularly in critical energy supply, electricity grids and other strategic infrastructure assets.



Discover yet more interesting facts in our magazine

Scan the QR code now

The material presented here is solely for purposes of illustration and discussion. The information contained in this document is in summary form for convenience of presentation. The information may be based in part or entirely on hypothetical assumptions, models and/or other analyses (which are in part contained in this document only) by Valterna AG. No representation or warranty is made by Valterna AG as to the reasonableness or correctness of the assumptions, models or analyses. The data set forth herein was gathered from various sources which Valterna AG believes, but does not guarantee, to be accurate. The information contained herein is confidential and may not be reproduced in whole or in part.



Valterna AG
Neuhofstrasse 32
6340 Baar, Schweiz
+41 41 768 83 83
info@valterna.ch
valterna.ch