
Between Oil Shock and Interest Rate Pressure

Investment report – 30th September 2026



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Between Oil Shock and Interest Rate Pressure

The economy remained resilient in the third quarter despite higher energy costs and restrictive monetary policy. The renewed escalation of the conflict in the Middle East weighed on energy supplies, while private consumption and strong corporate investment supported economic activity, particularly in the United States. Financial markets reflected the same tension: global equities advanced overall, albeit with substantial regional differences, while bond markets came under pressure as yields rose.

Hopes for a lasting easing of tensions in the Middle East remained unfulfilled, as renewed hostilities and stalled negotiations between the United States and Iran hampered the normalisation of oil shipments from the Gulf region. Supplies of refined products such as diesel remained particularly tight. The sharp rise in oil prices once again brought energy costs into sharper focus. At the same time, the ongoing Russia-Ukraine war remained an additional geopolitical risk factor. It continues to keep uncertainty over Europe's security situation elevated and threaten energy infrastructure and transport routes. For energy-importing economies, this meant higher production costs and additional pressure on purchasing power.

Three of the world's most important central banks – the US Federal Reserve, the European Central Bank and the Bank of Japan – raised their policy rates in the third quarter. On 10 September, the ECB increased its deposit rate by 25 basis points to 2.50%. The Fed followed on 16 September with a move of the same magnitude, taking its target range to 3.75–4.00%. On 18 September, the Bank of Japan raised its target for the short-term interest rate to around 1.25%. In the United States and the euro area, the focus was on containing persistent inflation, while Japan also continued the normalisation of its monetary policy. By contrast, the Swiss National Bank left its policy rate unchanged at 0.0% on 24 September. Despite higher energy prices, medium-term inflationary pressure in Switzerland remained comparatively subdued.

The US economy proved resilient despite these headwinds. The comparatively sound balance sheets of households and companies helped cushion higher financing and energy costs. Private consumption and

corporate investment remained important pillars of growth. Additional momentum came from the expansion of artificial intelligence infrastructure. Strong demand for data centres and high-performance semiconductors improved the business outlook for key suppliers. The quarterly results reported by Nvidia and Micron underscored this momentum.

The euro area economy also proved more resilient than previously expected. However, weaker sentiment indicators towards the end of the quarter point to growing uncertainty about the economic outlook. In Switzerland, companies surveyed by the Swiss National Bank reported solid business conditions. At the same time, the KOF Economic Barometer signalled an improved outlook for the coming months. In Asia, the global expansion of AI infrastructure provided particular support to the semiconductor industry: Taiwan and South Korea benefited from strong chip demand, while Japan benefited mainly as a supplier of semiconductor manufacturing equipment and components. In China, a slight stabilisation in industrial activity continued to contrast with weak domestic demand. Subdued consumption and declining property investment held back the recovery. The following market overview shows how these developments affected the individual asset classes.

Market developments in the third quarter of 2026

Equities¹

Global equity markets advanced overall in the third quarter, although performance varied considerably by region and market segment. The MSCI World gained

1.9%. Robust demand and strong investment in AI infrastructure faced headwinds from higher interest rates and energy costs.

In the United States, the S&P 500 rose by 2.3%, while the Nasdaq 100 posted only a modest gain (+0.6%). US small caps, by contrast, came under significant pressure, with the Russell 2000 falling by 7.2%. The resilience of large US companies therefore did not translate into a broad-based advance across the equity market.

These market headwinds were also evident in Europe. The Stoxx Europe 600 declined by 0.7%, while the Swiss SPI fell by 2.0%. In addition to the weaker market environment, index heavyweights Nestlé and Novartis weighed on the Swiss equity market. Given their substantial index weights, the share price declines in both stocks had a corresponding impact on the overall market.

The differences were particularly pronounced in Asia. While equity markets in Japan (+3.8%), Taiwan (+4.9%) and Hong Kong (+8.6%) advanced, China's CSI 300 fell by 11.8% and South Korea's KOSPI by 19.2%. The economic impetus from the expansion of AI infrastructure therefore did not translate into share-price gains across all of the region's equity markets.

Bonds¹

The global sell-off in bond markets pushed long-term yields in many developed economies to multi-year highs. In the United States, the yield on 10-year government bonds reached its highest level since 2002 towards the end of the quarter. Long-term financing costs also rose markedly in the United Kingdom and parts of Europe. In addition to expectations that policy rates would remain high for longer, markets were weighed down in particular by governments' substantial financing requirements.

The rise in yields consequently led to price declines in existing bonds. Swiss-franc bonds, as measured by the SBI AAA–BBB Index, lost 1.7%; high-quality euro bonds fell by 3.8%; and the US Treasury index declined by 3.0%.

Higher long-term interest rates make borrowing and refinancing more expensive and could increasingly weigh on investment and consumption.

Alternative investments²

Gold rose by 3.3%, although it gave back part of its gains in September. Rising yields increased the appeal of interest-bearing assets and therefore acted as a headwind for the precious metal.

Oil prices rose much more sharply: US WTI crude gained 31.7% during the quarter and was up 58.9% year to date. Continued uncertainty in the Strait of Hormuz and the resulting shortages of refined products kept security of supply in focus.

Industrial metals also benefited from geopolitical uncertainty, gaining 5.4%. Listed private-equity companies recorded modest share-price gains of 1.6%. Cryptocurrencies staged a particularly strong recovery: Bitcoin rose by 44.3%, although it still ended the quarter below its level at the start of the year.

Conclusion and outlook

The resilient economy and strong investment in AI infrastructure supported equity markets in the third quarter. The key question remains whether corporate earnings and demand can withstand higher financing costs.

At the same time, geopolitical risks, energy prices and long-term yields remain key drivers. If the higher interest-rate environment persists, corporate investment, property markets and consumption could come under greater pressure.

With the US midterm elections approaching in November, the political agenda is moving more firmly into focus. For President Trump, lower energy prices and positive stock-market performance would be politically advantageous. Historically, the fourth quarter tends to be more favourable for US equities in midterm-election years; renewed share buybacks from the end of October could provide additional support once the relevant blackout periods expire.

¹ All market data, unless stated otherwise, are shown in the respective local or index currency.

² All figures in USD; Private Equity Index in EUR.

Performance of the equity markets since the beginning of the year:

All equity markets shown recorded gains year to date. The strongest increases were seen in Asia and Japan. US equity markets also posted gains, while Europe and Switzerland lagged the global equity market. Hedge funds also recorded gains, with the CS Hedge Fund Index rising by 4.0% year to date.

		December 2025	September 2026	Change
Asia ex Japan	MSCI AC Asia ex Japan	765.0	962.0	25.8%
Europe	DJ STOXX 600	1'481.7	1'622.7	9.5%
Japan	MSCI Japan	4'675.8	5'750.1	23.0%
Switzerland	SPI	18'219.5	19'612.1	7.6%
USA	MSCI USA	19'713.7	22'147.2	12.3%
World	MSCI World Index	14'205.8	15'875.5	11.8%
Hedge Funds	CS Hedge Fund Index	943.1	980.8	4.0%

Development of index in local currency. Exceptions Asia ex Japan and World in USD. MSCI-Indices are net total return.

Since the beginning of the year, yields on 10-year government bonds have developed as follows:

Yields on 10-year government bonds rose year to date in all countries shown, particularly in the United States, Japan and the United Kingdom. In Switzerland, the increase was more moderate and yields remained significantly lower by international comparison.

	December 2025	September 2026	Change
Switzerland	0.32 %	0.58 %	0.26 %
Germany	2.86 %	3.59 %	0.73 %
United Kingdom	4.48 %	5.42 %	0.95 %
USA	4.17 %	5.28 %	1.12 %
Japan	2.07 %	3.07 %	1.00 %

Since the beginning of the year, the selected foreign exchange rates have developed as follows:

The Swiss franc depreciated year to date against all currencies shown. The weakening was particularly pronounced against the US dollar and the yen. At the same time, the US dollar strengthened against the euro.

	December 2025	September 2026	Change
Euro / CHF	0.9312	0.9470	1.7%
USD / CHF	0.7934	0.8351	5.3%
GBP / CHF	1.0674	1.1077	3.8%
CHF / Yen	197.6520	188.3220	-4.7%
USD / EUR	0.8521	0.8819	3.5%
USD / Yen	156.8300	157.2700	0.3%

Average growth and inflation forecasts from the "Bloomberg Composite Contributor Forecast" poll of economists:

Consensus forecasts continue to point to economic growth. In 2027, activity in Europe is expected to pick up slightly, while China may lose some momentum. Core inflation is expected to decline in most Western developed economies; Switzerland remains characterised by comparatively subdued price pressures.

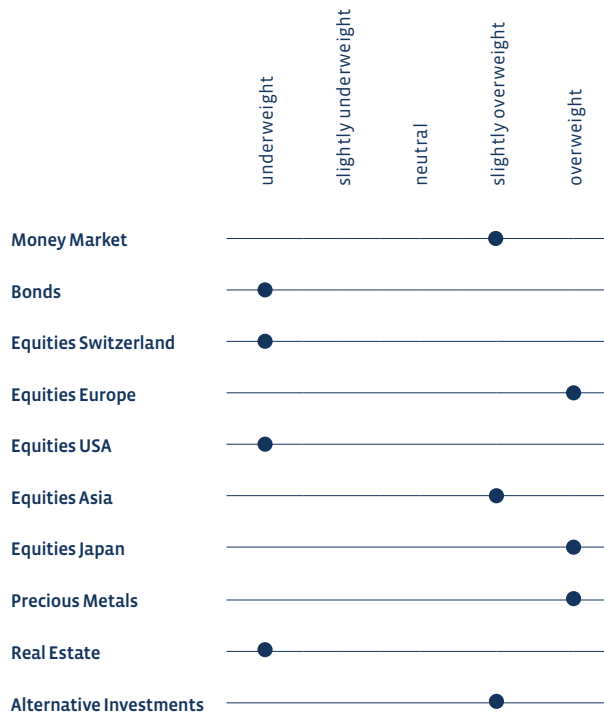
	Real GDP Growth		Core-Inflation	
	2026	2027	2026	2027
China	4.6%	4.4%	1.0%	1.1%
Germany	1.0%	1.1%	2.7%	2.5%
EU	1.2%	1.5%	2.9%	2.5%
United Kingdom	1.2%	1.2%	3.1%	2.7%
Japan	0.8%	0.8%	1.9%	2.1%
Switzerland	1.3%	1.4%	0.6%	0.7%
USA	2.2%	2.2%	3.4%	2.5%

Our asset allocation:

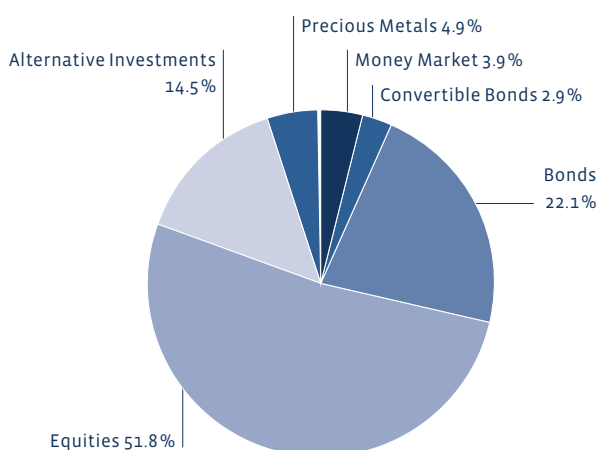
At our latest investment committee meeting, we agreed on the following asset allocation for a balanced CHF portfolio with medium risk and no client restrictions. Mandates in other reference currencies may have different allocations, which can be obtained from your relationship manager upon request.

Since the previous meeting, we have established a position in convertible bonds, slightly increased our allocation to emerging-market bonds and modestly raised liquidity. These adjustments were financed by a moderate reduction in investment-grade bonds. The remainder of the asset allocation was unchanged.

Current positioning of our CHF portfolio:

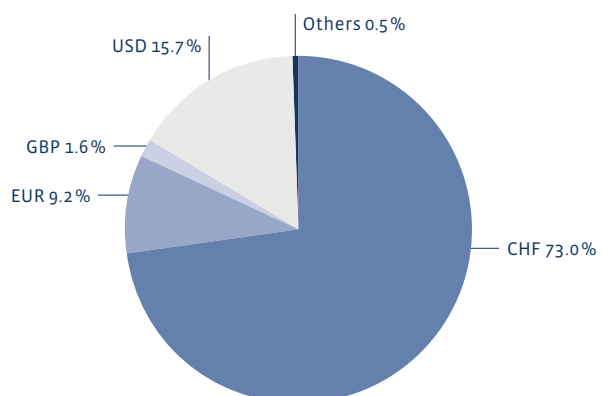


Tactical asset allocation by asset class:



Based on reference currency Swiss Franc.

Current allocation by currency:



Company update

René Frank stepped down from the Board of Directors at the end of June 2026. Since joining Salmann in September 1994, he has played a defining role in our company for more than three decades: first as a member of the Executive Board, from 2000 to 2021 as its Chairman, then as a member of the Board of Directors and most recently as Chairman of the Board of Directors. We sincerely thank him for his exceptional commitment, foresight and longstanding dedication to Salmann. We wish him all the very best for the future and are delighted that he will remain with us as a partner.

Dr Reto Degen has served as Chairman of the Board of Directors since 1 July 2026. Dr Degen has several years of experience in senior positions at a private bank and spent more than twelve years in leadership roles at the Financial Market Authority Liechtenstein (FMA). As a member of the Executive Board, he was responsible for Asset Management and Markets and oversaw the supervision of asset management companies and investment funds. Today, he is a partner at gw&p financial services advisory in Vaduz.

Michael Frank, René Frank's son, also joined the Board of Directors in July 2026. After completing a Bachelor's degree in Business Administration and a Master's degree in Accounting & Finance at the University of St. Gallen, he began his career as a Management Consultant at KPMG. He subsequently held various positions in Business Controlling and Internal Audit at the Schindler Group. He is currently studying Psychology at the ZHAW.

We warmly welcome Reto Degen and Michael Frank to their new roles.

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