

Cham, April 8th 2026

Outlook into the 2nd Quarter 2026

Inflation is returning

After a positive start, the stock market environment was hit by severe dislocations towards the end of March. The conflict involving Iran is escalating into a Gulf war, disrupting the supply of key inputs for important industries: oil as an energy source, fertilisers for agriculture, and helium for the production of microprocessors. The dramatic images in the media are weighing heavily on sentiment. Share prices oscillated in an apparently arbitrary manner, driven by managed quotations. During off-peak trading hours, the market is effectively in the hands of traders themselves. The equity market is periodically heavily oversold. The resulting undervaluations are creating attractive entry opportunities. Experience suggests that market sentiment will recover markedly over the course of the year.

In the coming weeks, attention will be dominated by developments surrounding the conflict in the Middle East, the wait for a 'dictated peace' in Ukraine, the appointment of a new President of the US Federal Reserve, and once again the term 'recession' is going to be on everyone's lips. It is not the first time that the supply chains of the global economy have been disrupted by a Gulf war. The transshipment port of Jebel Ali in Dubai is the tenth largest in the world. Freight costs have risen explosively: before the outbreak of hostilities, a tanker cost around USD 40,000 per day, whereas shipowners are now demanding more than USD 300,000 per day for vessels drifting without insurance. Oil prices are oscillating at new highs. However, oil supply no longer has the same effect as it did in the 1970s. The structure of the global economy has changed. Even so, energy-intensive industries such as glass, paper and metal processing, concrete works, mobility and related sectors are being hit particularly hard, in addition to the chaos caused by US import tariffs. As a result, we expect upward pressure on inflation rates. The release of a quarter of the strategic oil reserves should mitigate the cost effect over the coming six weeks, although oil companies and state budgets are benefiting from windfall profits. This year, global strategic reserves are estimated at around 8,250 million barrels, i.e. 1.3 trillion liters.

Little is being heard of the provocative term 'dictated peace' in relation to Ukraine. For the stock markets, the key question concerns the effects of any easing of sanctions, a discussion that keeps resurfacing. The fact is that Russia, like all sanctioned states, has adapted to the new situation over the past four years. Diplomacy often speaks of sanctions being light, while in reality the screws are being tightened ever further. Viewed soberly, the road back to the previous status quo remains a long one. Any tangible market effect will settle only over a prolonged period, if at all. For investors, it is more worthwhile to look at the five-year plan of Russia's ally China. The central themes of its economic strategy through to 2030 can be summarised in seven points:

1. Self-sufficiency in supply (energy, raw materials, food)
2. Self-sufficiency in communications, including the development of G6
3. Top-class defense through continued military expansion
4. Accelerated advancement of future technologies
5. AI as a central driving force
6. Expansion of infrastructure and the population's purchasing power
7. Promotion of productive forces over academic elites

Western export industries are therefore facing enormous challenges. Competitive pressure on flagship industries is undoubtedly intensifying. In nominal terms, China already has more partner countries than the USA.

Trump's tariffs, and their difficult-to-plan effects, have already significantly altered trade flows. Trade between the USA and China has fallen by 20%, while trade with the EU has shifted in favour of the USA. Remarkably, the volume of German exports to China, has increased by 9% despite the media's bleak narrative. As a political response to the expansive tariff policy of the USA — the latter invoking the Trade Expansion Act of 1962 — the idea of a trade NATO is now being raised.

The dispute over the chairmanship of the US Federal Reserve will add further volatility to the stock markets. It cannot be ruled out that Jerome Powell will remain on the Board. The US central bank is staying true to its economic line without yielding to political pressure. A renewed shutdown of the US administration as a form of political blackmail must also be taken into account. Powell recently spoke frankly and put the White House figures regarding the labor market and consumer sentiment into perspective. This data supports our growth forecasts.

Concerns about inflation are causing the eight most important central banks to hold back on interest rate cuts. The domestically driven rise in the cost of living in the USA means that a modest rate increase by the Federal Reserve cannot be ruled out.

The central bank of resource-rich Australia has already raised interest rates in two small steps. This environment is influencing the US dollar as a global power factor. As portfolio managers, we are closely monitoring the combination of economic growth and inflation in order to avoid, at an early stage, the effects of possible stagflation.

The invisible dangers beneath the surface are marked in shipping ... not so in the financial markets.



Source: G.E. Maier

Presently, the global economic environment continues to appear solid overall. The data in our selected regions remain stable, in line with the projections currently expected for 2026 and 2027. A closer look at the figures shows inflation in the EU and the USA in 2027 is running higher than economic growth.

| | ECONOMIC GROWTH | | | INFLATION | | |
|-------------|-----------------|------|------|-----------|------|------|
| | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 |
| WORLD | 3,5% | 3,2% | 3,1% | 3,3% | 3,1% | 2,9% |
| USA | 2,2% | 2,4% | 2,0% | 2,7% | 2,3% | 2,2% |
| THE EU ZONE | 1,5% | 1,3% | 1,5% | 2,1% | 1,6% | 2,0% |
| GERMANY | 0,3% | 1,2% | 2,3% | 2,2% | 1,8% | 1,7% |
| SWITZERLAND | 1,3% | 1,4% | 1,5% | 0,2% | 0,4% | 0,7% |

The energy supply and investment sectors in sustainable infrastructure are undergoing a reassessment. In the months ahead, stock selection and portfolio structure will need to be addressed with strategic sobriety. In this context, we regard balance sheet quality and earnings development as essential. Emotions are understandable, but they should not lead investors into fatal trading decisions. In a long-term strategy, experience shows that dislocations in stock market trading remain temporary. Planned initial public offerings (IPOs) are likely to be postponed in the short to medium term. Share buyback programmes at undervalued price levels should have a positive effect on valuations in the near future.

Artificial intelligence has dominated headlines for months. Narratives range from “AI as a societal atomic bomb” to visions of a golden future. Concerns about an impending AI stock market bubble, which weighed on sentiment over the past six months, have largely faded. In the AI sector, the key challenge is to separate the wheat from the chaff: earnings momentum is what ultimately matters. For companies, their position in the value chain is crucial, and in assessing individual companies, close attention must be paid to where they sit within it. It is striking that the IT/AI sector is generating earnings growth of around 26%, whereas the old economy is achieving annual earnings growth of only 1,4%. This goes some way towards explaining the high market valuations in the IT/AI sector. The IT/AI complex accounts for around 40% of global economic output. A corresponding weighting in a portfolio is therefore justifiable. Try living for a week without IT services: without telephone, television, media, or everyday services such as banking, credit cards and supermarket checkouts. What might still be possible for a private individual, no business would survive for even a single day. In the age of AI, entrepreneurs are being forced to reposition themselves strategically. While the redefinition of value chains generates enormous profits, traditionally structured small businesses perceive the speed of development as an existential threat to their very existence.

By 2027, AI-generated data is expected to exceed human-generated data. In marketing, even information that previously had little value is now being monetised. Anyone who clicks away from or blocks themselves on Reddit or Google will vanish into thin air. The extreme consolidation of many services and products is becoming a problem for small and medium-sized enterprises. Intermediaries will disappear, and expensive brands will be weakened. Business models and countless websites will become obsolete. This scenario is developing at breathtaking speed, unless the regulator intervenes. One of the realities is revealed by looking at China's five-year plan up to 2030: the development of China's AI infrastructure plays a central role.

Is the financial industry a friend of investors? In the event of credit defaults, banks and insurers protect themselves – at the expense of investors. The following internal comment from the industry leaves the answer to the investor. Quote:

'In principle, the market for insurance-linked securities (ILS) and private bonds ensures that major catastrophes remain insurable and, respectively, manageable at all. Through these vehicles, risks that threaten the very existence of financial institutions are transferred to the capital market and thereby made financially bearable.'

In November, the US administration faces midterm elections. The US president's omnipotence appears to be gradually crumbling, as US citizens are footing the bill for the war against Iran. As a result, the tax cuts have evaporated. Everyday life is becoming more expensive. We anticipate positive effects for the markets, and indeed for the global economy, from a new tone emerging from Washington toward the end of the year

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