Doubts about AI mount — central banks remain firm

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Central banks remain poised to raise rates further in the face of energy-driven inflation, while Brent crude has fallen for the third week in a row. However, doubts about the profitability of AI have triggered a flight to quality, pushing long-term rates lower.

AI under scrutiny, Fed unwavering

During a highly anticipated earnings release, Nvidia beat expectations with revenue of USD 115.8 billion (up 103% year-over-year) and a forecast of USD 130 billion, but the stock suffered its seventh consecutive weekly decline. News that the SEC is investigating potential accounting issues, following Jensen Huang's resignation, turned profit-taking into unwinding of AI positions, benefiting defensive sectors. The market no longer rewards growth alone: it is questioning the quality of earnings and debt financing, while Anthropic, which recently went public, carries nearly USD 900 billion in future commitments according to its prospectus. The credit market confirms this, with the high-yield spread widening by 29 basis points to 3.52%, while the 10-year yield fell by 23 basis points to 4.92%. Macroeconomic data is sending mixed signals: retail sales excluding autos rose 0.6%, but the Empire State (7.8) and Philadelphia (6.3) surveys showed a sharp decline, while Walmart raised its annual forecast for the second time, a sign that consumer spending remains resilient. Import prices (+1.1% versus an expected 0.7%) are keeping the Fed on alert: according to the minutes, nearly all participants consider further rate hikes likely, and Christopher Waller even mentioned a 50-basis-point hike. This rhetoric pushed the dollar to its highest level since April 2025 and caused gold to lose nearly 9%.

The ECB faces energy inflation

Eurostat confirmed inflation of 4% in October, the highest level in three years. Energy prices (+21.0%) account for nearly half of this, and the core inflation rate, revised to 2.6%, does not yet signal any significant second-round effects. The Commission nevertheless forecasts 3.1% inflation in 2027, making the trajectory of oil prices a key factor. Markets are pricing in a 25-basis-point rate hike at the next meeting, followed by two more by the end of 2027. The decline in German sovereign yields has widened peripheral spreads, with the French OAT trading about 155 basis points above the Bund. The German ZEW Economic Sentiment Index rose by 7.5 points to 35.6. On the institutional front, Germany is backing Pablo Hernández de Cos, former governor of the Bank of Spain and current managing director of the Bank for International Settlements (BIS), to succeed Christine Lagarde.

In Switzerland, GDP grew by only 0.2% in the third quarter according to SECO's flash estimate, but October exports surged 6.3%, driven by the pharmaceutical sector and North America. The Swiss franc appreciated against the euro, and the yield on 10-year Swiss government bonds remains close to 0.55%, which reinforces the SNB's status quo. The heavy weighting of defensive stocks, led by Nestlé and Novartis, cushioned the blow, with the exception of UBS, which fell by about 8% following the Council of States' vote requiring 90% coverage of foreign subsidiaries' equity.

The coming week, shortened by Thanksgiving, will bring the October PCE price index and the second estimate of U.S. GDP on Wednesday—both of which will be decisive in determining the magnitude of the Fed's rate hike in early December. In Europe, the Purchasing Managers' Index (PMI) and the German Ifo Business Climate Index will test the resilience of economic activity ahead of the OPEC+ meeting on November 29, which will be decisive for oil prices.

Swiss Market Index (SMI)

Rather than the expected consolidation, we saw a correction in the index. A break below 14,430 points would invalidate the uptrend that began in October 2026.



Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI Emerging Markets
Latest	0.84	0.92	14572.14	5941.95	24802.78	7927.75	10346.34	6910.39	22617.73	56436.65	788.75
% 5 days	-0.13	-0.07	-3.53	-6.96	-7.28	-5.27	-5.05	-8.57	-9.99	-7.70	-8.38
% YTD	5.50	-0.84	13.22	5.38	1.28	0.20	7.27	1.96	-2.17	13.87	2.90

(values from the Friday preceding publication)

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