

# US and European market

## — part company

Last week was marked by a striking paradox. On one hand, geopolitical risk in the Middle East heated up, while on the other, US equity markets remained resilient— even outperformed. The persistent disruption to shipping through the Strait of Hormuz, combined with stop-start negotiations between Washington and Tehran, pushed energy prices higher but did not trigger a lasting correction in risk assets. Brent crude rose by roughly 10% over the week to reach USD 104.75 per barrel. US oil exports climbed to record levels, partially offsetting supply shortfalls. Even so, the persistently high prices represent a tangible inflation risk, particularly for Europe, which remains structurally dependent on energy imports.

### US: a TINA mood in connection with AI

In equity markets, the reaction was again counterintuitive. After a brief bout of consolidation early in the week, Wall Street quickly resumed its upward trajectory. The S&P 500 and Nasdaq charted new highs, supported by continued investment into the AI super-cycle, which once again dominated the narrative. The semiconductor index extended a historic run of gains, underscoring the extreme clustering of returns in AI-related stocks. This sequence confirms the re-emergence of the TINA paradigm (There Is No Alternative). Sectors directly exposed to AI, such as semiconductors, power infrastructure and data centres, continued to account for the bulk of upward earnings revisions.

On the macro front, data releases took the back seat. Flash PMI readings pointed to broadly resilient economic activity that did not depart from earlier numbers. Investor attention instead shifted to US monetary authorities, with the congressional hearing of Kevin Warsh as potential Fed chair. Further, political tensions culminated on Friday in the Department of Justice dropping its case against Jerome Powell..

### Europe: the nagging issue of energy procurement

By contrast, Europe appears constrained on two fronts. First, its energy dependence amplifies the impact of the oil

supply-side shock. Second, its limited exposure to global tech leaders reduces scope ability to attract AI-driven capital flows. The Stoxx Europe 600 has struggled to break above its yearly highs, while US indices have regained the upper hand in relative performance terms. The earnings season, although supportive in selected segments (notably luxury goods and consumer staples in Switzerland and France) has not been sufficient to reverse this trend. In Switzerland, results from defensive heavyweights such as Nestlé and Roche have underpinned the SMI, but without triggering any meaningful re-rating. The market remains heavily influenced by external variables, particularly the trajectory of energy prices and the strength of the Swiss franc.

Over the past week, the decoupling between US and European equity markets became more pronounced, with the S&P 500 and Nasdaq advancing by 0.55% and 1.50%, respectively. Meanwhile, the Euro Stoxx 50 declined by 2.88% and the SMI fell by 1.91%. Looking ahead, markets will remain focused on the Strait of Hormuz and more of the earnings season, with nearly 40% of S&P 500 companies still to report their numbers. The Fed meeting on 28-29 April (probably Jerome Powell's last as chair) will also be a focal point, particularly amid renewed energy-driven inflationary pressures.

### Swiss Market Index (SMI)

The SMI once again tested the support at 13050 but this held fast. Trend-following indicators are poised neutrally. We expect a period of drift capped by resistance at 13370.



### 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	0.78	0.92	13'169.70	5'883.48	24'128.98	8'157.82	10'379.08	7'165.08	24'836.60	59'716.18	1'610.00
Trend	➡	➡	➡	⬆	⬆	➡	➡	⬆	⬆	⬆	⬆
YTD	-1.00%	-1.22%	-0.74%	1.59%	-1.48%	0.10%	4.51%	4.67%	6.86%	18.63%	14.64%

(values from the Friday preceding publication)

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