

Disinflation returns as investors eye earnings.

Equity markets ended the second quarter on a particularly strong note. Despite ongoing geopolitical tensions in the Middle East, investors quickly set aside oil-related risks in favor of a more favorable scenario combining slowing inflation, a more accommodative monetary policy outlook, and sustained growth.

Job creation slows in the United States

However, the markets appear to be entering a wait-and-see phase, with the quarterly earnings season—which begins on July 13—now serving as the main short-term catalyst.

In the United States, this week reinforced the scenario of an orderly economic slowdown. Employment data sent mixed signals but were generally favorable for the markets. Job growth was a significant disappointment, with only 57,000 new jobs created in June compared to the expected 110,000, while figures for previous months were revised downward. At the same time, the unemployment rate edged down slightly to 4.2%, underscoring a labor market that is slowing without deteriorating sharply. This combination reduces the risk of further monetary tightening by the Federal Reserve and reinforces expectations of a more accommodative policy in the coming months. Remarks by the Fed chair also reassured investors by reaffirming the goal of price stability while refusing to preemptively signal future changes in key interest rates. Beyond economic indicators, the continued rise in financial markets is fueling a significant wealth effect, which is supporting consumption among the wealthiest households. A recent study shows that this effect is estimated to have contributed to nearly 40% of U.S. consumption growth in 2025, largely offsetting economic and political uncertainty. This dynamic partly explains the persistent resilience of the U.S. economy despite weaker economic indicators.

Inflation eases in Europe

In Europe, disinflation has set in more quickly than expected. Inflation in the eurozone fell to 2.8% in June from 3.2% in May, driven by a decline in energy prices following the easing of tensions in the Middle East. Core inflation also slowed to 2.4%, returning to its pre-conflict level. In France, inflation fell back below the 2% mark to 1.8%, while in Germany the unemployment rate remained stable at 6.3%, reflecting an economic recovery that remains fragile. This environment reinforces the prospects for a gradual continuation of monetary easing by the European Central Bank, while limiting the risks of a resurgence in inflation.

In Switzerland, the macroeconomic environment remains particularly favorable. Inflation continued to slow to 0.5% year-over-year in June, down from 0.6% the previous month, while prices remained unchanged month-over-month, despite the consensus expecting a slight increase. This stability gives the Swiss National Bank ample room to maneuver to maintain a monetary policy supportive of economic activity if necessary. The start of the third quarter likely marks a transition from a phase dominated by macroeconomic data to a period in which corporate earnings reports will once again become the main driver of the markets. After an exceptional first half of the year, valuations—particularly in the U.S. technology sector—now once again require confirmation of earnings.

Swiss Market Index (SMI)

The SMI index continues to perform well. As long as it remains above 14,000 points, we remain positive, with a target of 14,700–15,000 points; however, on the downside, the index could test the 13,750-point level.



Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI Emerging Markets
Last	0.80	0.92	14424.24	6412.68	25779.31	8508.07	10679.03	7483.24	25832.67	69744.07	949.42
% 5 days	-0.35	-0.29	1.77	3.12	4.49	1.61	1.64	1.73	1.88	0.62	1.02
% YTD	1.53	-1.19	11.91	13.18	5.26	7.09	9.46	9.96	11.50	39.72	23.86

(values from the Friday preceding publication)

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