MACRO RESEARCH INSIGHT

CROSS-ASSET ANALYSIS — *SWISS ASSETS*

September 2026

THE SWISS ECONOMY SURPRISES WITH ITS STRENGTH – Part 1

- ✓ Largest GDP growth since the pandemic
- ✓ GDP growth returning to normal in H2

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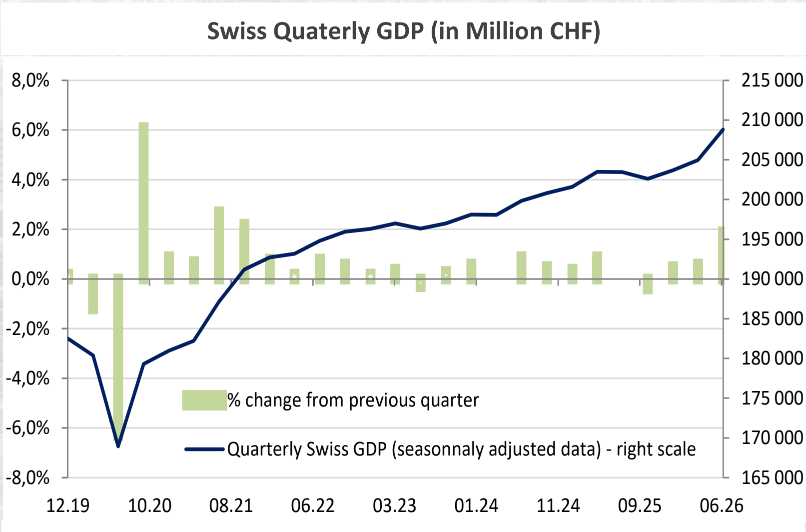
Q2 Real GDP Surges +1.5% in Post-Pandemic Record

The Swiss economy accelerated sharply in Q2 2026, posting an extraordinary real GDP growth rate of +1.5% (+1.9% unadjusted for sporting events) and +2.8% year-over-year. This performance far surpassed consensus forecasts of +2.2% and well exceeded Switzerland's historical average quarterly growth pace. The spectacular quarterly rebound effectively ended a prolonged period of indecisive economic trends. It positions Q2 2026 among the most dynamic individual quarters for domestic output over the past five years. This sharp acceleration establishes a high statistical baseline for total full-year economic performance.

Pharma Exports Drive Manufacturing Rebound

A dramatic industrial recovery was led predominantly by the chemical and pharmaceutical industries, whose large-scale production fueled massive export flows to global markets. Other manufacturing branches, machinery, equipment, electronics, and watchmaking, remained stable while benefiting from favorable U.S. trade conditions. Robust pharmaceutical shipments easily overcame the headwind of a structurally strong Swiss franc. A modest increase in imports allowed the net trade balance to deliver a major positive contribution to overall GDP. Without this specialized export surge, broader industrial growth would have appeared considerably more subdued.



Sources : Bloomberg, BBGI Group

Moderate Household Spending Anchors Service Sector

Private consumption grew at a modest +0.3% pace, supported by steady local demand, the summer tourist season, and low unemployment. However, a temporary uptick in headline inflation to +0.8% in August, driven by energy and fuel cost fluctuations, encouraged consumer selectivity. A resilient labor market continues to insulate household purchasing power from severe erosion. Retail, hospitality, and catering activity stabilized without entering an outright discretionary spending boom. Meanwhile, steady government spending (+0.4%) provided additional baseline support to domestic demand.

Growth Normalizes Toward +0.2%–+0.3% in H2

Following Q2's exceptional peak, economic activity is projected to slow to a normalized rate of +0.2% to +0.3% per quarter in H2 2026. This deceleration reflects the natural fading of pharmaceutical spillover effects and persistent industrial weakness across key Eurozone trading partners, particularly Germany. Full-year 2026 GDP growth is now forecasted at a solid +1.3%. Non-pharmaceutical exports remain constrained by strong currency valuations and hesitant global order volumes. As temporary tailwinds dissipate, overall momentum will naturally align closer to long-term potential growth.

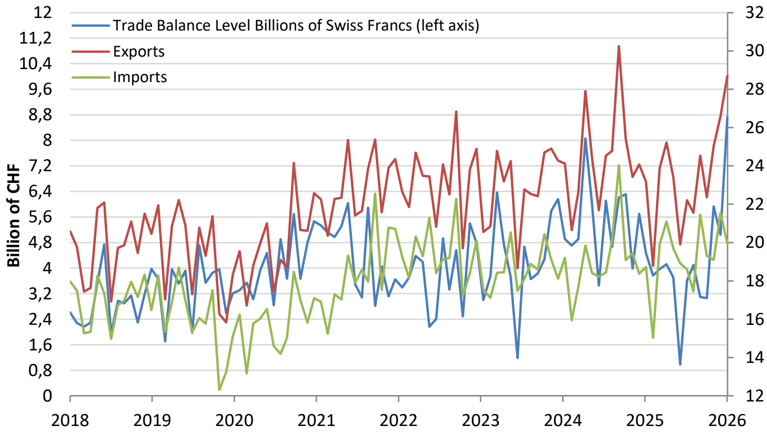
Predictable SNB Policy Supports Business Investment

Monetary policy from the Swiss National Bank provides a stable, predictable backdrop for institutional capital allocation despite ongoing international trade friction. However, corporate gross fixed capital investment remains cautious as firms navigate global geopolitical risks and high input costs. A stable monetary environment prevents severe credit tightening across domestic corporate balance sheets. Businesses are prioritizing operational efficiency and risk management over aggressive capacity expansion. This measured corporate stance ensures financial stability even as foreign market uncertainty lingers.

Services Sector Pivotal Ahead

As the year draws to a close, the primary test for the Swiss economy will be whether the domestic service sector can sustain growth if foreign industrial demand cools. The combination of a tight labor market and firming real wages offers a reliable buffer against immediate downturn risks. Achieving steady expansion through early 2027 hinges on resilient domestic service activity. If international industrial orders decelerate further, internal consumption must assume the primary growth role. Ultimately, Switzerland's balanced economic structure leaves it well-positioned to navigate external market volatility.

Trade balance, Swiss imports and exports



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