Zuger Kantonalbank

Market Minute

Trend-following pays off: Rally for global equities

17.08.2026

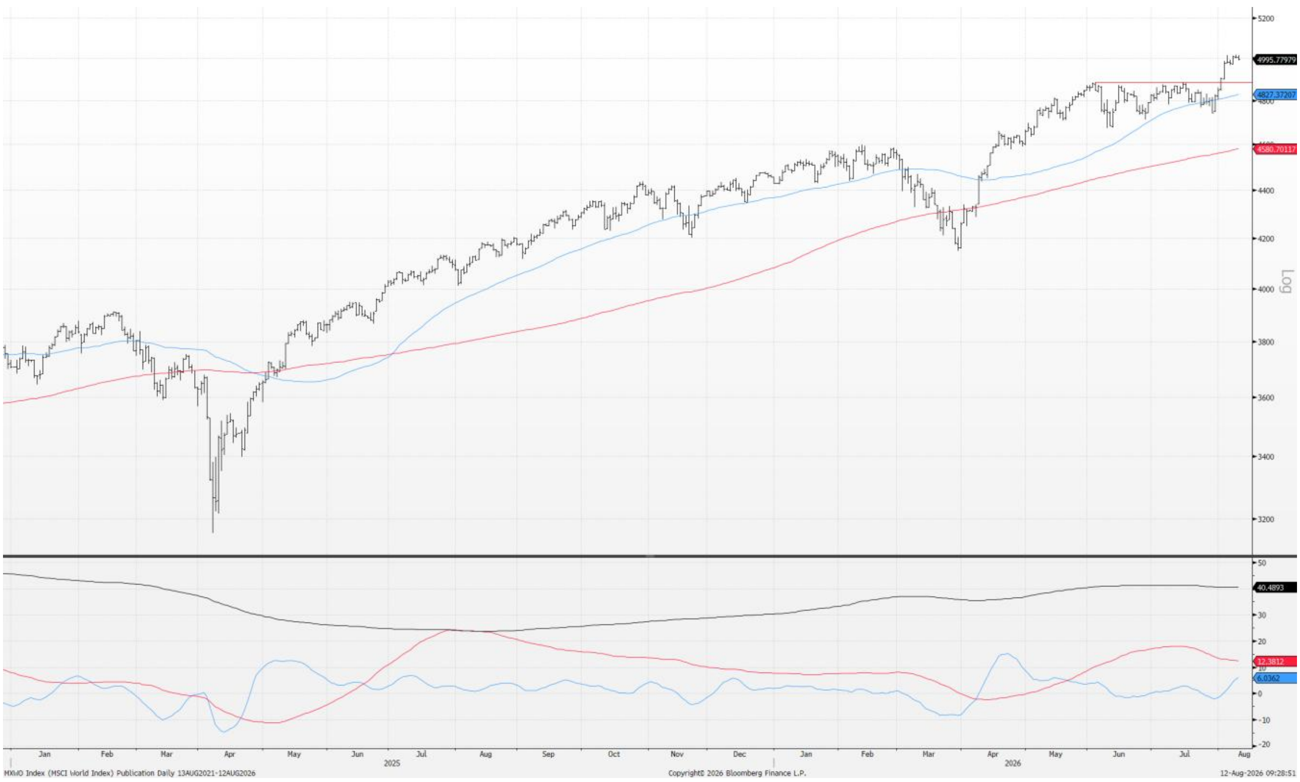
Global equity markets are marking new record highs. From a technical analysis perspective, there is no evidence at present of any significant divergence that would seriously threaten the ongoing rally in the medium and long term. In fact, we think the biggest risk lies in not being invested in equities or in holding too low an equity allocation relative to your personal risk budget. Accordingly, we remain positive on global equities.

MSCI World Index climbs to new record highs

The MSCI World Index has achieved an upside breakout after several months of consolidation and is trading significantly above its medium-term 63-day and long-term 200-day average. In addition, two of the three momentum indicators are rising, This all points to a continuation of the intact uptrend.

We expect further record highs on global equity markets in the coming one to six months. In relative terms, we see US equities as especially attractive. With a share of over 70%, they are the key driver of the MSCI World Index.

MSCI World Index on daily chart basis



MSCI World Index with 63-day and 200-day average (upper half of chart) and technical momentum indicators (lower half of chart).

Source: Bloomberg, Zuger Kantonalbank, 12.8.2026

MSCI USA Index also at record highs

The MSCI USA Index is also providing impressive confirmation of its technical strength and marking new record highs. The index is trading significantly above its medium-term 63-day and long-term 200-day average. In addition, two of the three momentum indicators are signalling positive momentum. US equities have a lot going for them in fundamental terms, too. A clear pattern has emerged in recent years, with US companies delivering the most robust and broadest-based earnings growth. The "US exceptionalism" theme is based on two central pillars: robust domestic consumption and a productivity boost due to generative AI, cloud use and automation. These factors are improving operating margins in structural terms and fostering a virtuous cycle of higher earnings and valuation premiums. In addition, the concentration on a handful of dominant platform companies (mega caps) is delivering above-average economies of scale – even if growth has recently extended to other sectors. From a technical as well as fundamental perspective, we therefore think US stocks will continue to reach new record highs and outperform the other equity markets on a relative basis.

MSCI USA Index on daily chart basis

MSCI USA Index with 63-day and 200-day average (upper half of chart) and technical momentum indicators (lower half of chart).

Source: Bloomberg, Zuger Kantonalbank, 12.8.2026

MSCI Europe Index on solid uptrend

European equity markets have likewise achieved new record highs. The MSCI Europe Index is trading significantly above its medium-term 63-day and long-term 200-day average. At the same time, the fact that all three momentum indicators are showing positive market dynamics points to a continuation of the existing uptrend.

Structural weaknesses nevertheless continue to weigh on margins. These include an export-dependent and energy-intensive industrial base, geopolitical uncertainties and trade conflicts, as well as high dependence on Chinese demand – particularly in the automotive and luxury goods industries. Added to that, the fact that Europe lacks a comparable counterweight to the dominant US tech platforms serves to limit earnings growth and the associated valuation premium.

Improved sentiment on financial markets has nevertheless had a particularly positive impact on European banking stocks, which have provided additional support for the MSCI Europe Index's recent rally. We therefore think European stocks can continue to make gains in absolute terms too.

MSCI Europe Index on daily chart basis

MSCI Europe Index with 63-day and 200-day average (upper half of chart) and technical momentum indicators (lower half of chart).

Source: Bloomberg, Zuger Kantonalbank, 12.8.2026

SPI confirms our positive assessment

The Swiss Performance Index (SPI) has made strong gains since the last issue of Market Minute and achieved new record highs. All three momentum indicators are rising, pointing to continued, broad-based support on the Swiss equity market. The uptrend likewise remains solidly intact, with the index trading significantly above its medium-term 63-day and long-term 200-day average.

Although Swiss companies cannot compete with their US counterparts in terms of earnings growth, the index nevertheless looks technically solid on an aggregate basis. In addition, the traditional strength of the Swiss franc is an additional argument favouring exposure to Swiss stocks.
We therefore think Swiss stocks can continue to make gains in absolute terms.

SPI Index on daily chart basis

SPI Index with 63-day and 200-day average (upper half of chart) and technical momentum indicators (lower half of chart).
Source: Bloomberg, Zuger Kantonalbank, 12.8.2026

Exploiting the equity market uptrend

From a technical viewpoint, there is still a lot to be said for global equities. We believe that a broadly diversified portfolio of US, European and Swiss equities is likely to offer attractive return potential for Swiss investors going forward. US stocks are particularly attractive in our view, above all due to their robust and broadest-based earnings growth. We therefore think global stocks will continue to reach new record highs and that the US will continue to outperform the other equity markets on a relative basis. We would be delighted to tell you more about our implementation ideas:

"The record run continues apace: We expect new highs on global equity markets, led by the US."

Pascal Zingg, Investment Advisor

Conclusion

Zuger Kantonalbank offers in-house equity funds – managed by our Portfolio Management team in Zug – for all three investment regions discussed here. Please contact your client advisor if you would like a personal consultation.

Implementation idea

- Aktienfonds ESG USA (USD), Security no. 43583068
- Aktienfonds ESG Europa (EUR), Security no. 43583064
- Aktienfonds ESG Schweiz (CHF), Security no. 43583062

Do you have any questions or thoughts on this publication?

Please do not hesitate to contact your client advisor.

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