



STRATEGY UPDATE

MAY 2026





REVIEW

THE FINANCIAL MARKETS IN APRIL

April 2026 was a month of contrasts. On one side, the Iran-related conflict continued to shape energy markets and pushed inflation expectations higher. On the other, emerging markets and technology stocks saw a strong upswing, driven by robust chipmaker results out of Asia. The month ended with a further surprise: the UAE's departure from OPEC after nearly 60 years of membership.

The dominant theme remained the Middle East conflict. The de facto blockade of the Strait of Hormuz is keeping energy prices at elevated levels: Brent is currently trading at \$114, WTI crude at \$110 per barrel. As the UAE holds the second-largest spare production capacity within the cartel after Saudi Arabia, its departure is likely to structurally weaken OPEC's market power while giving Abu Dhabi the flexibility to expand production to 5 million barrels per day by 2027.

Rising energy costs are intensifying inflationary pressure, weighing on growth and narrowing the room for manoeuvre at central banks. The ECB, particularly exposed as a net energy importer, faces an uncomfortable choice between fighting inflation and supporting growth. The Fed, for its part, held interest rates unchanged: faced with persistent inflation and geopolitical uncertainty, it is keeping all options open. The next move now lies with the ECB, whose upcoming decision is being watched closely.

The most notable counterbalance to this uncertainty came from Asia. Emerging market equities climbed to a new all-time high, driven by strong gains in Asian technology stocks. The MSCI Emerging Markets Index posted a gain of around 14.7% over the month.

The primary drivers were semiconductor stocks: TSMC, Samsung Electronics and SK Hynix effectively single-handedly pulled the EM index out of its Iran conflict-related losses. A handful of Asian technology names now dominate the MSCI EM to a degree that would have been unthinkable not long ago, making the index increasingly a vehicle for AI infrastructure exposure.

The chipmaker rally was not confined to Asia. Equity markets around the world enjoyed a strong April. The Nasdaq 100 and Nikkei 225 gained between 15% and 18%, while the S&P 500 added around 13%. By comparison, European markets, with gains of between 5% and 10%, almost looked modest, though Italy's FTSE MIB stood out as the strongest European market. The SMI held its own with a solid gain of around 5%.

In bond markets, yields remained elevated. Government bonds once again proved poor diversifiers, underscoring the structural shift in the interest rate environment. The 10-year US Treasury yielded around 4.43%, the German Bund 3.12%. Corporate bonds showed more resilience, with spreads tightening slightly, pointing to continued robust credit demand. Gold consolidated after its strong prior months, declining by around 2% in April.

April 2026 thus delivered a familiar picture in a new guise: geopolitics shapes sentiment, but corporate earnings in the technology sector continue to hold their ground. The UAE's departure adds a new structural variable to an already complex energy market. And Asia's chipmakers are a reminder that in a fragmented world, regional strengths can shift global weightings.

Marktüberblick 28.04.2026		Wertentwicklung		
		Aktueller Wert	April	YTD
Währungen	EUR/CHF	0.92	0.08	-0.68
<i>Performance in %</i>	USD/CHF	0.79	-1.28	-0.42
	EUR/USD	1.17	1.38	-0.29
	USD/JPY	159.72	0.57	1.86
Geldmarkt - Zinsen	CHF Saron 3M	0.0	0.03	0.04
<i>Differenz Zinsen</i>	EUR Euribor 3M	2.2	0.09	0.14
	USD SOFR 3M	3.7	-0.01	0.02
Staatsanleihen - Zinsen	CH Govt 10Y	0.4	0.08	0.12
<i>Differenz Zinsen</i>	DE Govt 10Y	3.1	0.06	0.21
	US Govt 10Y	4.3	0.03	0.18
Unternehmensanleihen - Zinsen	EU Corp	3.6	-0.14	0.39
<i>Differenz Zinsen</i>	US Corp	5.1	-0.05	0.28
Spreads	US Zinsgefälle (10Y-2Y)	0.51	-0.01	-0.18
	EU Zinsgefälle (10Y-2Y)	0.42	0.03	-0.32
	CH Zinsgefälle (10Y-2Y)	0.29	0.02	-0.09
	Kreditaufschlag Italien (zu DE)	0.82	-0.08	0.12
Aktien	SMI	13'148	4.25	1.72
<i>Performance in %</i>	SPI Extra	6'134	2.85	1.85
	EuroStoxx 50	5'836	5.35	1.69
	DAX	24'018	5.90	-1.83
	S&P 500	7'139	9.41	4.65
	NASDAQ 100	27'029	13.88	7.25
	TOPIX	3'772	7.84	11.79
	MSCI EM	1'617	15.92	15.78
Rohstoffe	GOLD	4'585.3	-1.53	6.42
<i>Performance in %</i>	Erdöl WTI	99.7	-1.43	74.03
Gehandelte Volatilität	VIX (Volatilitätsindex S&P 500)	17.8	-29.39	19.26





OUTLOOK

NORMALIZATION IN ENERGY MARKETS: AN ILLUSION OR A REALITY?

The conflict is on a path toward de-escalation, energy supply chains will recovery very fast, geopolitical tensions are easing, and inflation is set to decline.” This is the narrative currently embraced by financial markets. Yet, such optimism appears increasingly at odds with persistent structural fragilities on the energy supply side. The energy market, in particular, remains a critical source of vulnerability. Strategic chokepoints—most notably the Strait of Hormuz—continue to pose significant risks to global oil flows. Even temporary disruptions can trigger disproportionate spikes in prices, transportation costs, and regional supply imbalances. As long as these corridors remain exposed, the system cannot be considered resilient. Moreover, the normalization of global inventories is likely to take longer than markets anticipate, reflecting a tendency to underestimate the depth of current constraints. The parameter of time is creating a divergence in opinions regarding the future of energy supply flows, creating a further gap between the actual impact on real economies and market predictions.

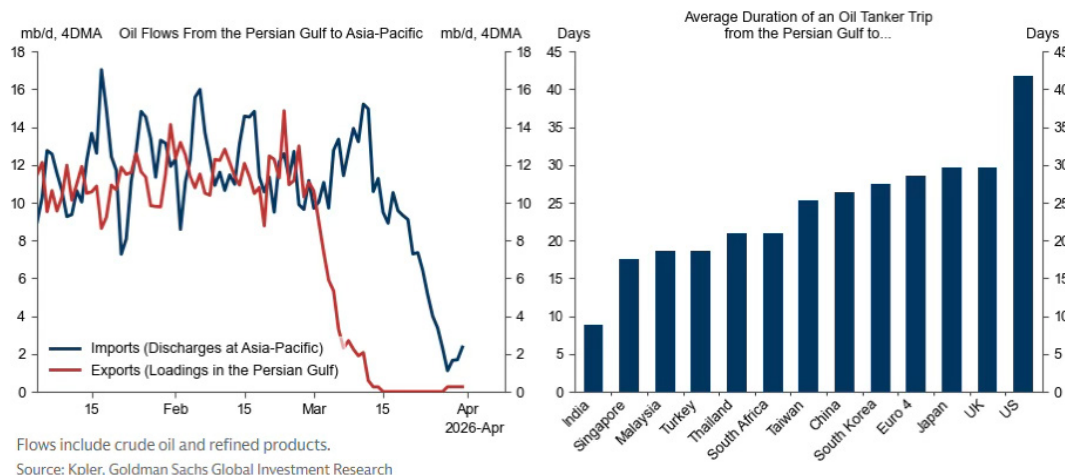
Within this context, energy commodities appear undervalued. Market sentiment remains divided, with many expecting oil prices to decline over the course of the year. However, history suggests that the consequences of energy shocks rarely remain contained. They tend to propagate across sectors—affecting transportation, industrial production, fertilizers, and ultimately food prices. In essence, energy shocks generate a cascading inflationary effect throughout the broader economy.

As a result, inflation may prove more persistent than currently priced in by fixed income and equity markets. This stands in direct contrast to the prevailing expectation of a gradual disinflation accompanied by monetary easing. Should price pressures remain elevated, central banks may be forced to maintain restrictive policies for longer than anticipated, delaying rate cuts or even pushing them up further.

At the same time, the role of the US dollar as a safe-haven asset is facing growing scrutiny. Political uncertainty, sustained fiscal deficits, and a less compelling interest rate differential—combined with a deficit of USD 1.9 trillion (approximately 5.8% of GDP)—raise legitimate concerns about the long-term stability of US assets, including Treasuries.

Against this backdrop, the investment implications become clearer. Portfolios should tilt toward real assets and sectors that benefit from constrained and fragile supply dynamics, particularly energy and commodities. In such an environment, inflation protection is paramount, favoring tangible assets and inflation-linked instruments. Additionally, reducing concentration in USD exposure through diversification into real or inflation-resilient assets appears increasingly prudent. In conclusion, the underlying macroeconomic landscape suggests a trajectory that diverges from current market consensus. Rather than a smooth normalization of supply chains and energy markets, the more likely outcome may be a prolonged period of structurally persistent, or “sticky,” inflation.

Exhibit 5: End of March Was a Turning Point for Asia as Tankers Arrival from the Middle East Faded





FOCUS

SWISS SME SENTIMENT BAROMETER

Swiss SMEs are navigating a challenging environment in 2026: geopolitics, tariffs and a strong franc are weighing on sentiment, yet resilience, active M&A activity and stable export prospects testify to the structural strength of the SME sector.

SENTIMENT

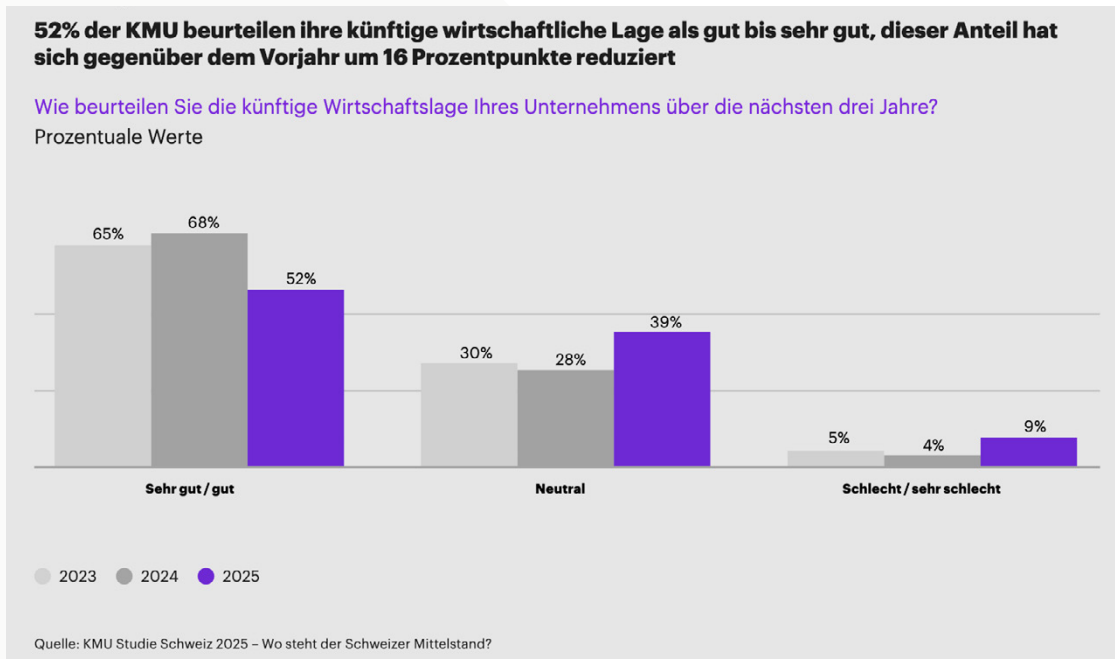
How are Swiss SMEs faring at the start of 2026? The answer is nuanced. Sentiment has become noticeably more cautious, but it is by no means pessimistic. A closer look reveals an environment of heightened uncertainty combined with remarkable stability.

Swiss SMEs, which account for over 99% of all companies, once again find themselves operating in an environment shaped by global developments. According to the SME Mid-Market Study by Kearney and Swiss export, as well as the SME Barometer of the Swiss Trade Association, the focus has clearly shifted towards geopolitical risks, tariffs and currency issues, following years dominated by the pandemic, energy prices and supply chains. 70% of companies cite geopolitical developments as the greatest economic risk, an increase of 29 percentage points compared to the previous year.

48% of SMEs are concerned about the unclear relationship with the EU, and an equal share worry about rising protectionism. US tariff policy imposed an additional duty of 39% on Swiss exports from August 2025, before being reduced to 15% in November. Even at the reduced level, competitiveness relative to EU peers remains under pressure.

Only 52% of SMEs assess their future economic outlook over the next three years as good or very good, 16 percentage points less than the previous year (68%). For the coming twelve months, merely 30% expect favourable economic policy conditions, compared to 53% the year before. The mood has darkened most notably among medium-sized and large companies, with 40% expecting a deterioration in conditions. The Swiss Trade Association confirms this picture in its current SME Barometer: every second cantonal section expects a worsening of economic conditions for SMEs over the next twelve months, and not a single one anticipates an improvement.

And yet, there is no sense of crisis. Around three quarters of companies (74%) feel capable of mastering the current challenges. Swiss SMEs appear not euphoric, but remain resilient.





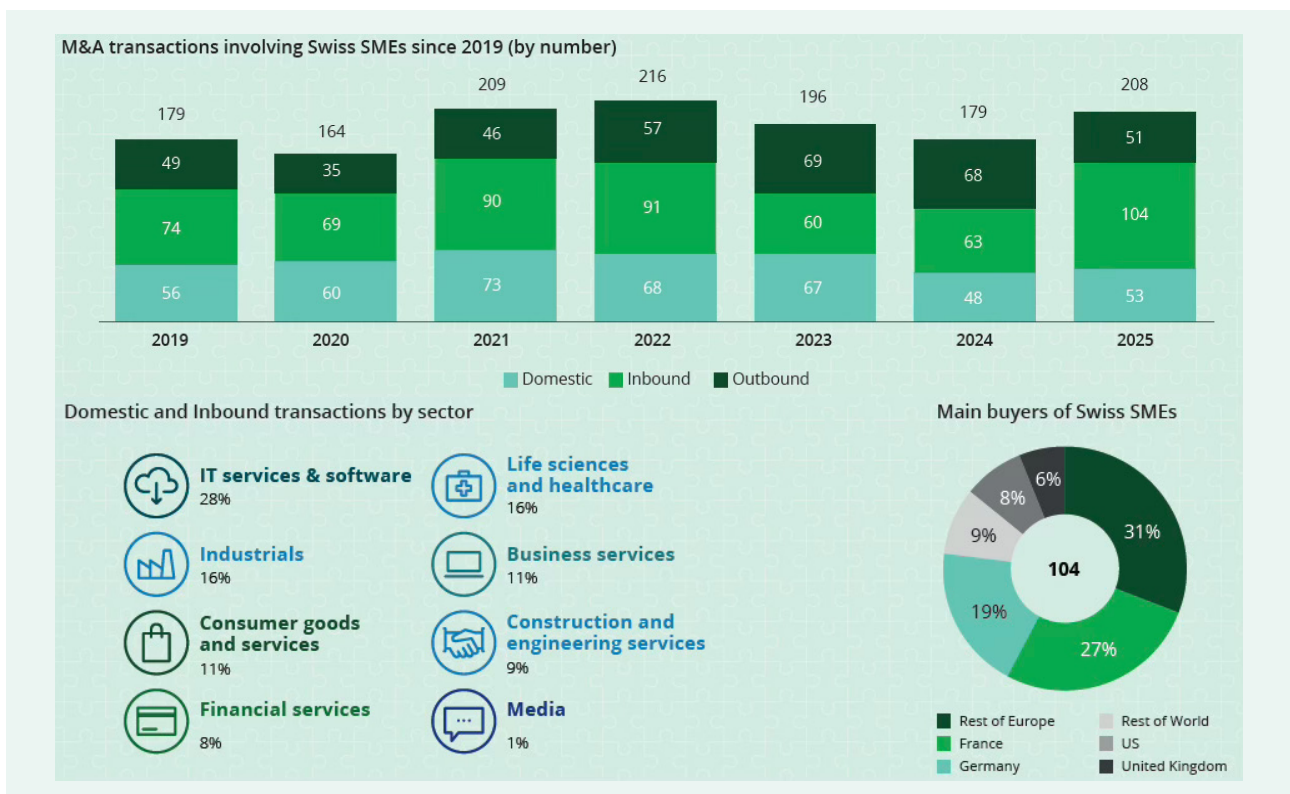
OPERATING ENVIRONMENT

A look at business developments reveals where the pressure lies. 40% of SMEs expect declining revenues in 2025, twice as many as the previous year, and almost half anticipate margin pressure. Large SMEs with revenues above CHF 10 million are particularly affected: 42% expect revenue declines and 49% expect falling margins. Domestically oriented businesses are proving considerably more resilient, benefiting from stable local demand and being less exposed to currency and tariff risks.

In the industrial sector, the Raiffeisen SME PMI is hovering just below the growth threshold, falling to 49.4 points in December 2025. No collapse, but stagnation. For the machinery, electrical and metal industry, the Swissmechanic Business Climate Index paints an even starker picture: with around minus 30 points, the index remains firmly in negative territory, and three quarters of companies assess their current business situation as unfavourable. A sustainable recovery is, according to the industry association, still not in sight. SECO projects below-average GDP growth of 1.0% for 2026, recently revised slightly downward due to rising energy prices stemming from the Middle East conflict. Planning certainty has become a scarce commodity.

EXPORT OUTLOOK

A central concern remains the exchange rate. The strong Swiss franc acts as a structural margin dampener and appreciated by around 15% against the US dollar in 2025. While this makes Swiss companies more attractive acquisition targets for foreign acquirers, it simultaneously weighs heavily on the margins of exporting SMEs. According to the SME Export Sentiment report by Switzerland Global Enterprise, the current export sentiment index stands at 63.5 points, clearly above the growth threshold. 57% of internationally active SMEs expect export growth in the first half of 2026, and as many as 63% are optimistic for the full year. The reduction of US tariffs from 39% to 15% brought tangible relief: while 58% of companies expected a negative impact from US tariffs on their business in the summer of 2025, that figure has fallen to 40% today, even though the absolute tariff level is higher than originally anticipated. Currency risks have since overtaken tariff policy in the ranking of export concerns, cited by 58% of exporting SMEs as their greatest challenge. Export markets remain strongly European in character: Germany leads the list of export markets at 81%, followed by Italy (62%) and France (59%). The United States remains significant despite the tariff issue, with 55% of SMEs continuing to export there.





STRUCTURAL SHIFT

What stands out is the structural adaptation underway across many companies. Digitalisation, technological competence and regulatory requirements are gaining in importance. Over 80% of SMEs view European regulations as a significant influencing factor, particularly smaller businesses, which feel the rising administrative burden disproportionately. Topics such as energy prices and the shortage of skilled workers have not disappeared, but have lost relative prominence compared to geopolitical and trade policy uncertainties.

At the same time, artificial intelligence is seen as an opportunity by 82% of SMEs surveyed, the highest share of any development assessed. The challenges have thus shifted away from acute supply questions and towards strategic positioning in a fragmented world order. Many companies are responding pragmatically through new partnerships (27%), market and supplier diversification (22%), and targeted resilience building (20%). This adaptability is a structural characteristic of the Swiss mid-market and explains why, despite a demanding environment, it shows no signs of crisis.

M&A AND OUTLOOK

While the operational mood has deteriorated, the strategic picture tells a strikingly different story. M&A activity involving Swiss SMEs rose by 16% in 2025, with 208 transactions recorded compared to 179 the previous year. The increase in foreign buyers was particularly pronounced: inbound transactions surged by 65% to a record 104 deals.

56% of all transactions involved private equity, an increase of 45% year on year. The primary driver was the IT and software sector, which accounted for 28% of all deals.

Despite global headwinds, the Swiss mid-market remains attractive to international investors. Innovation, specialisation and political stability make many SMEs highly sought-after acquisition targets. At the same time, succession pressure is intensifying, particularly in capital and regulation-intensive sectors, making consolidation an increasingly common reality. For 2026, Deloitte expects this momentum to continue: abundant dry powder at private equity firms, further interest rate cuts and a resilient macroeconomic environment all point to sustained high levels of M&A activity.

What is the overall picture? The Swiss SME Sentiment Barometer 2026 shows neither euphoria nor crisis. It reflects heightened sensitivity to geopolitical risks, a clear focus on competitiveness and a realistic assessment of the margin environment. Short-term momentum is constrained, but the underlying substance remains intact. Companies are acting more cautiously, investing more selectively and diversifying more actively, yet they are not retreating.

For investors, this means the Swiss mid-market is operating in a demanding environment, but remains structurally well positioned. Quality, pricing power and international niche positioning continue to gain in importance. Between caution and resilience, a familiar pattern emerges: Swiss SMEs are not trend-setters in sentiment, but they are adaptable. And that is precisely where their strength lies.

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