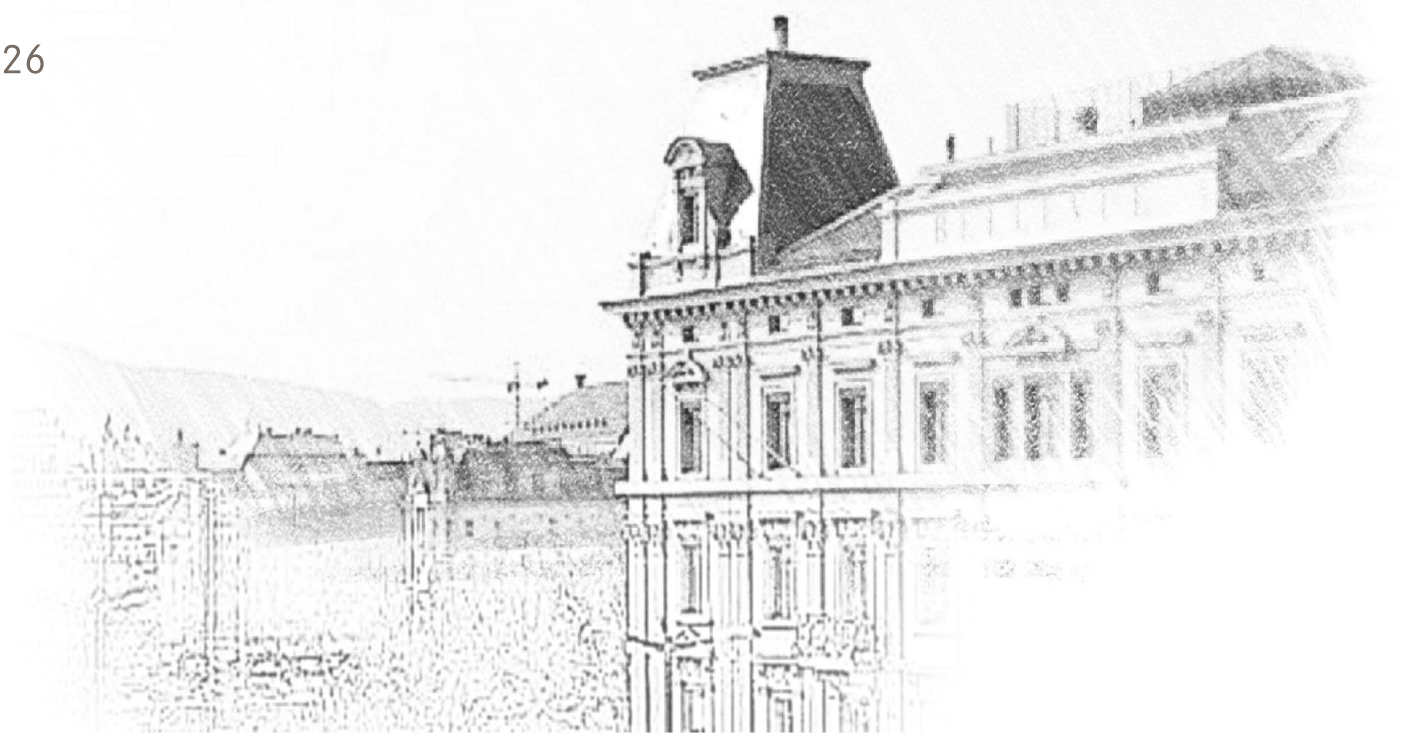
NPB

Neue Privat Bank AG

Private Banking is a People's Business



CIO Office – Chartbook Q1 2026

Zurich, January 2026

NPB | Neue Privat Bank 25 YEARS

Content

Chartbook Categories

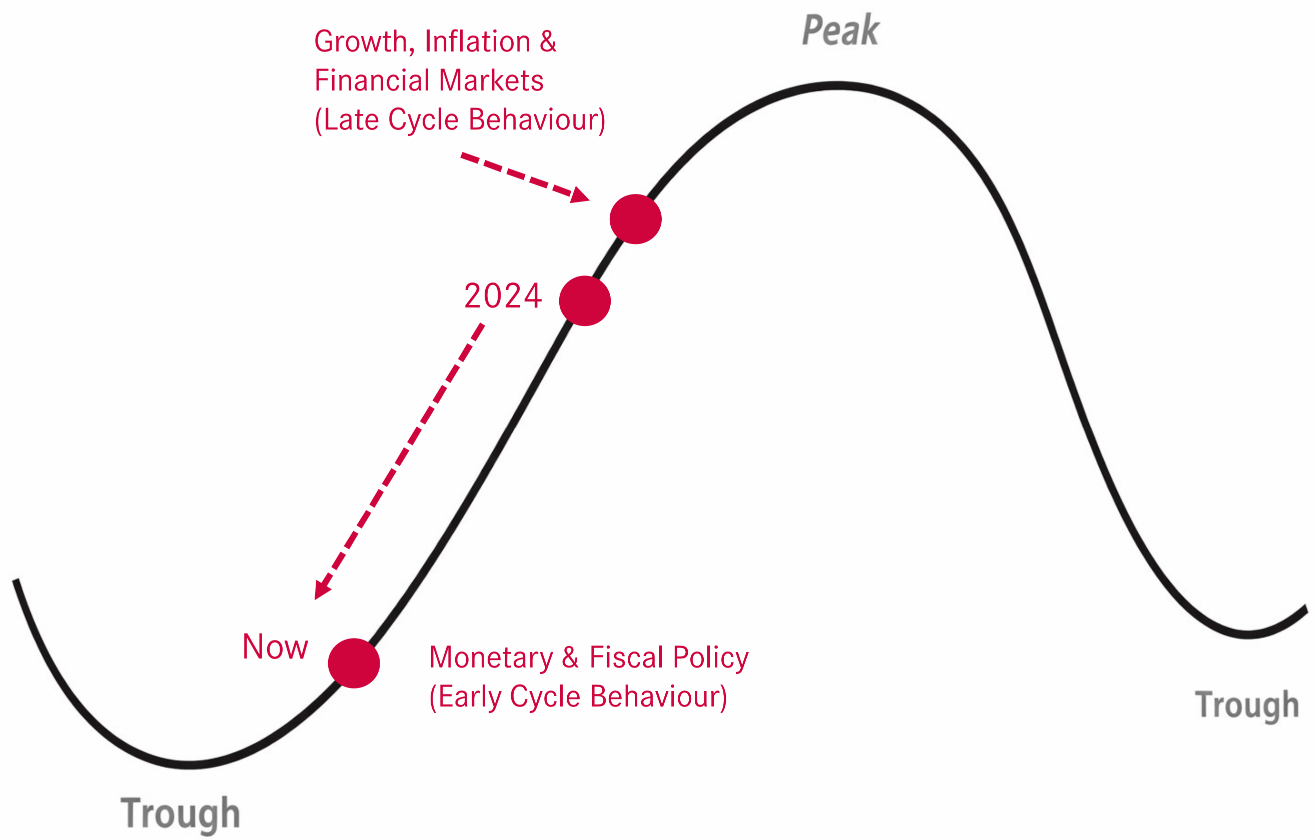
> “There is no means of avoiding the final collapse of a boom brought about by credit expansion.”
>
> — Ludwig von Mises

Chart of the Quarter

Clear and Present Danger

Monetary and fiscal authorities in the US are attempting to reset an earlier phase of the policy cycle to stimulate growth and inflate asset values …

… which is a **clear and present danger** to CPI inflation starting to accelerate again.



Source: NPB, mrb partners

Macroeconomics

GROWTH

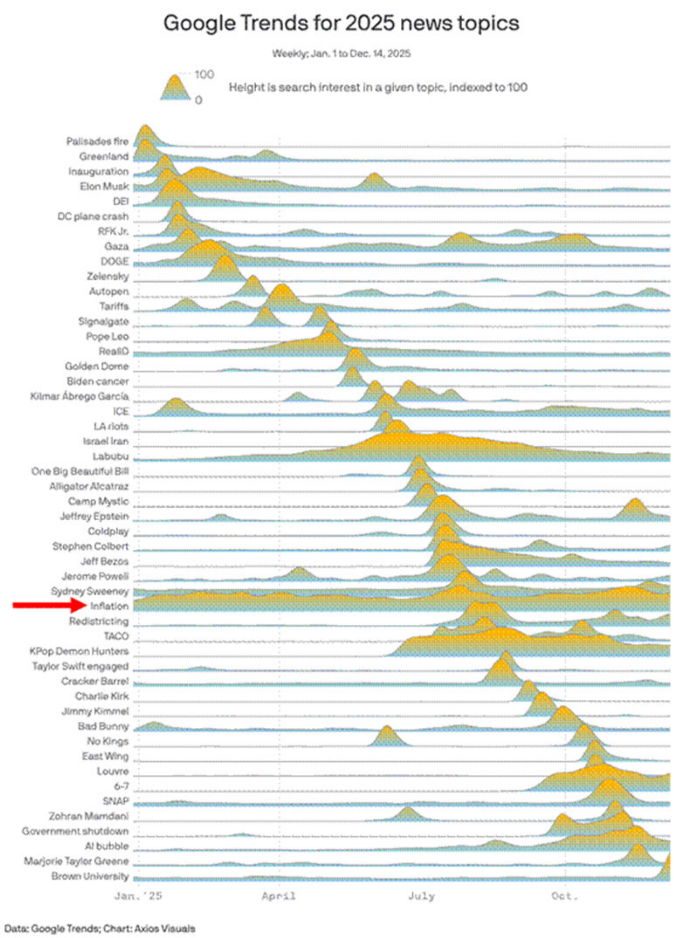
Chartbook Q1 2026

Economic Chart of the Quarter

NPB | Neue Privat Bank

Inflation is the most persistent worry

As the Google Trends chart shows to the right, worries, fads, trend have come and gone in 2025, but there was one very persistent one during the entire year: INFLATION.

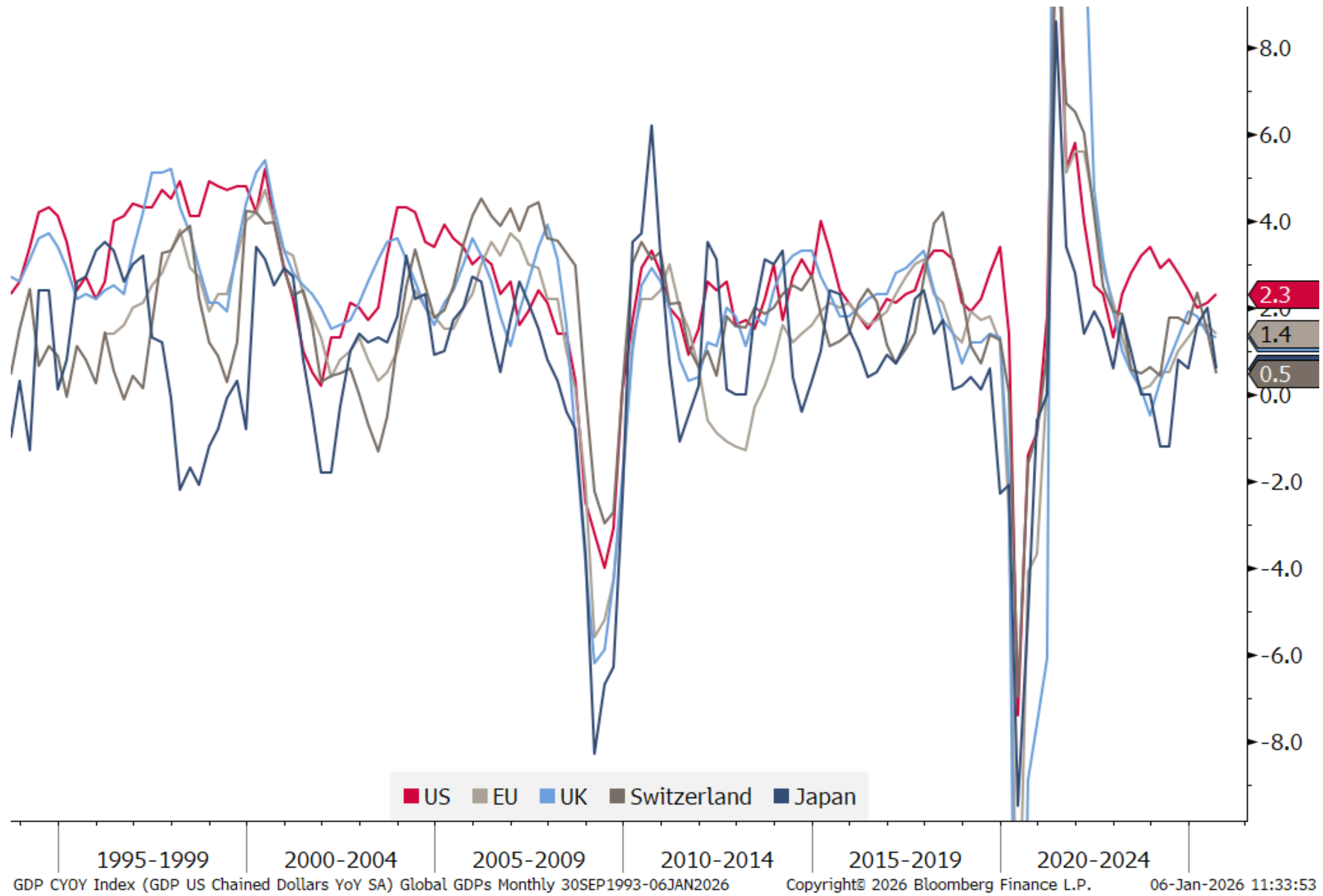


Global GDPs

Selected Developed Countries

The (lagging) economic data in US has continued to accelerate somewhat in Q3 of last year. We are now awaiting Q4 numbers, which are due towards the end of this month.

Quite to the contrary, our other observed economies have seen further stalling in their GDP numbers.

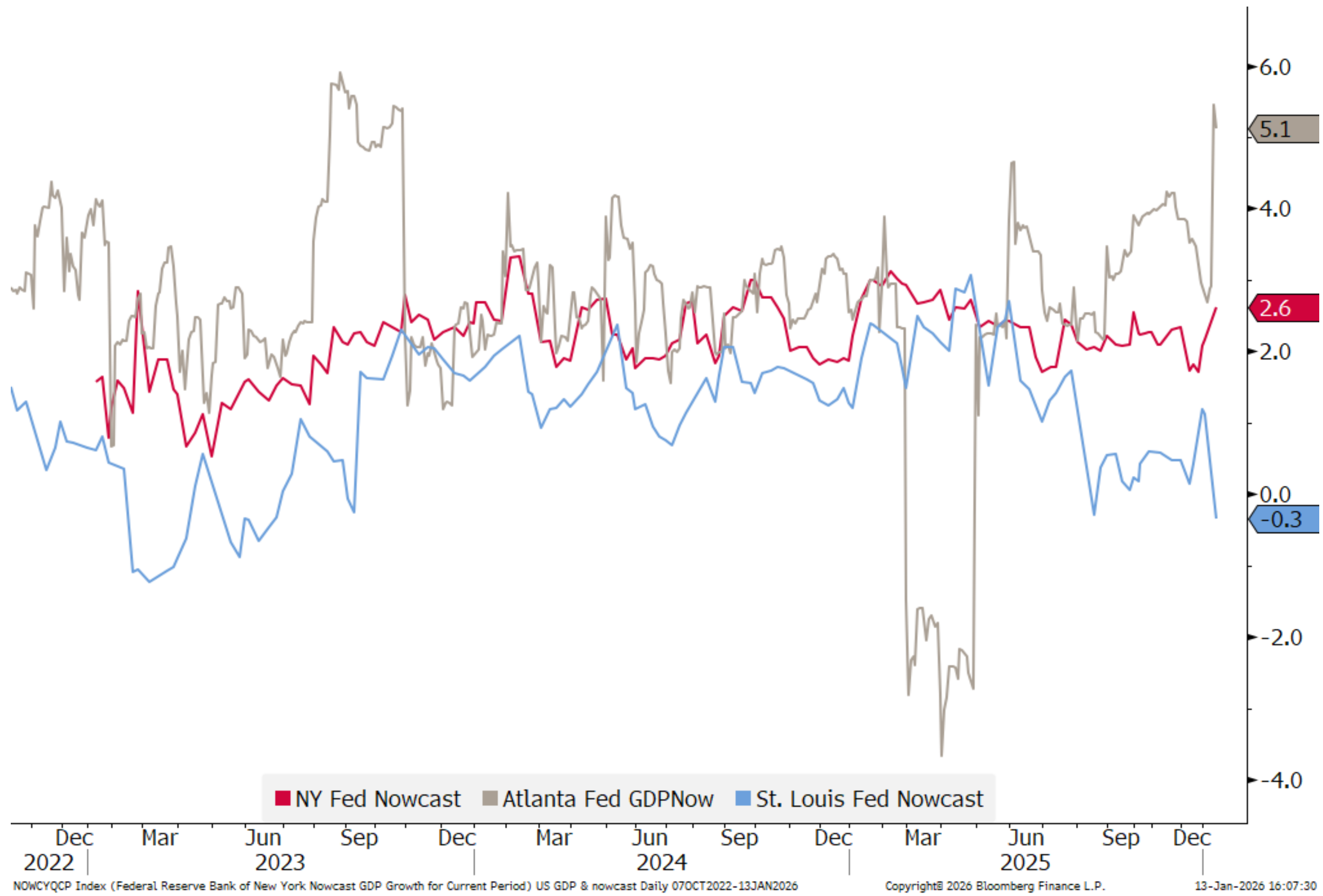


Source: Bloomberg, NPB calculations (G17)

GDP Nowcasts

US

All three nowcasts from the different Federal Reserve banks are pointing upwards now, confirming our 'intuition' that growth in the US (and globally) is stronger than expected and stronger than shown in current (strongly lagging) data.

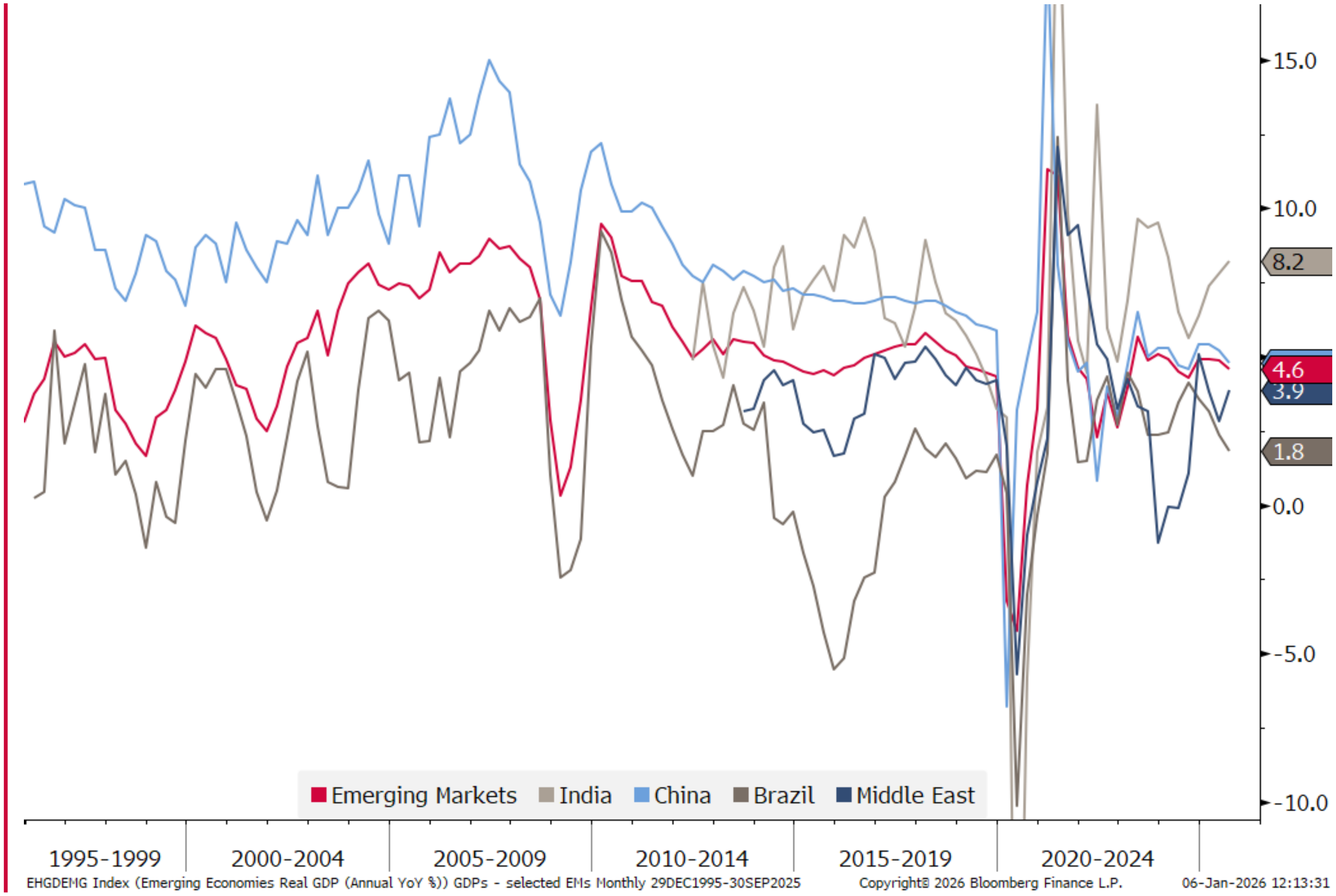


Source: Bloomberg, NPB calculations (G170)

Global GDPs

Selected Emerging Countries

The Indian economy growth has seen re-acceleration and continues to be the fastest grower amongst our selection of emerging market economies.



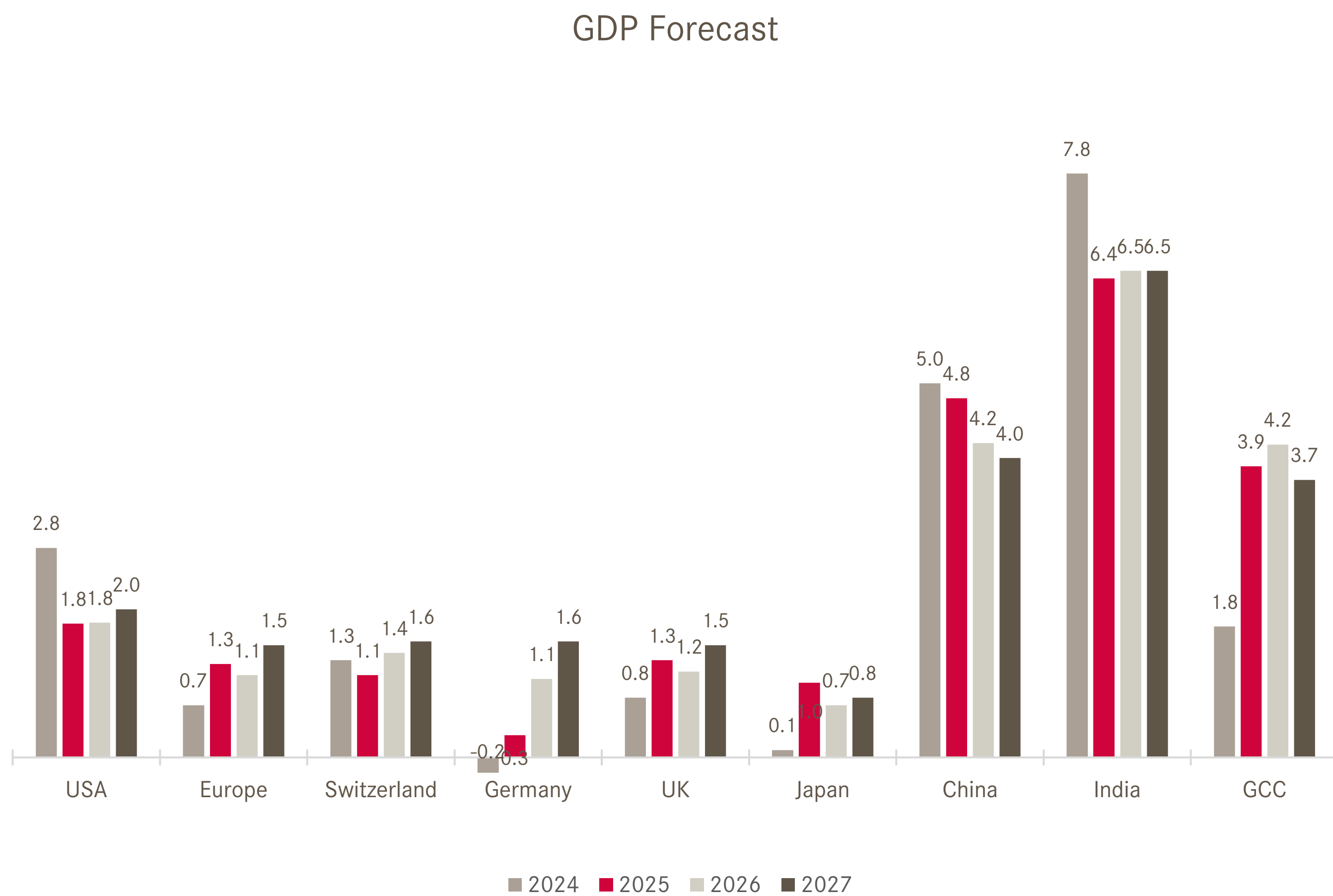
Source: Bloomberg, NPB calculations (G16)

Global GDP Forecasts

NPB Universe

Economists have upgraded their 2026 GDP growth forecasts somewhat for the US (1.8% → 2.1%), Europe, Japan, China, India and the GCC area.

Switzerland, Germany and the UK saw some minor de-ratings.



Source: Bloomberg, NPB calculations

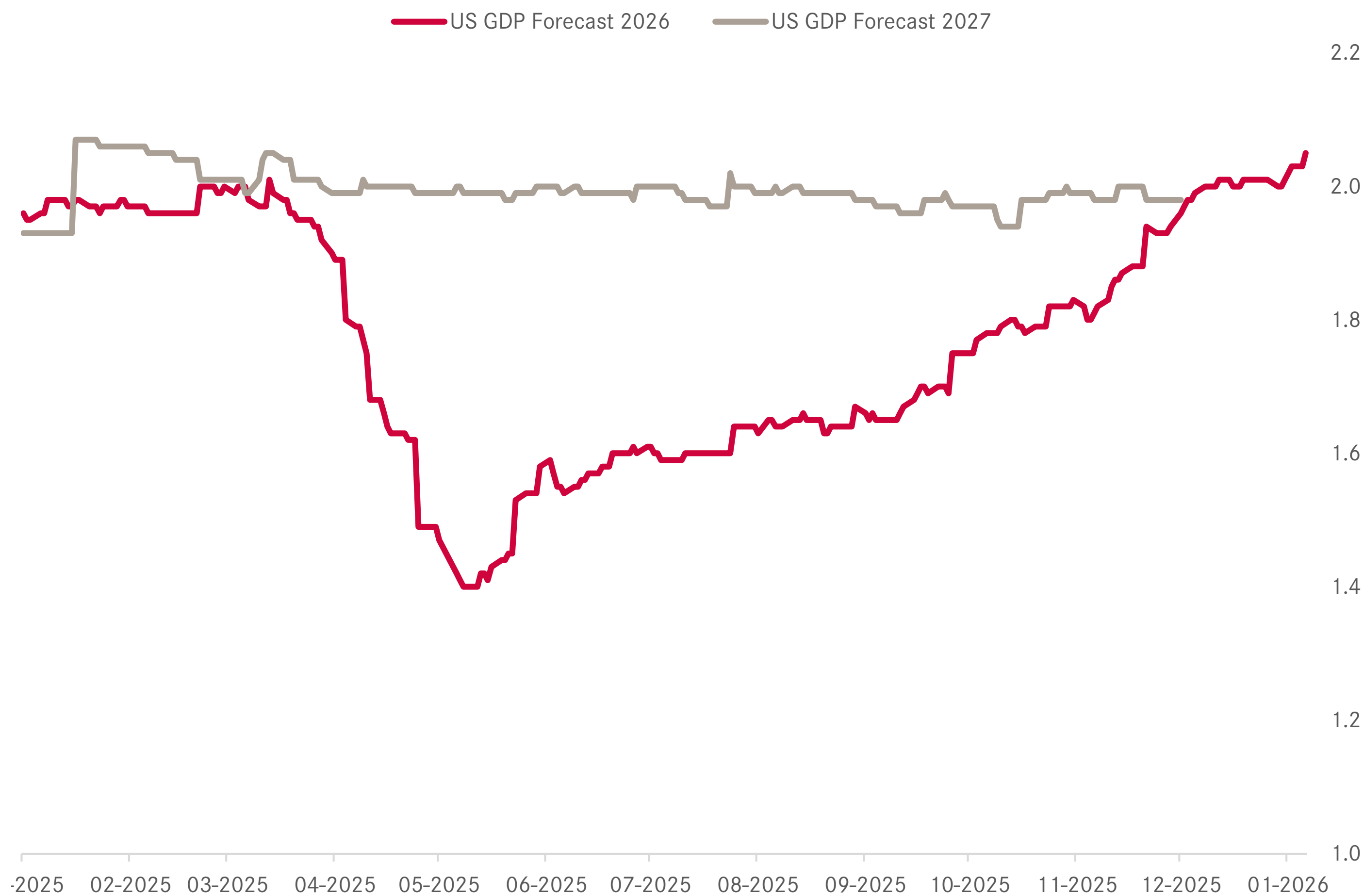
US GDP Forecasts

2026 & 2027

NPB | Neue Privat Bank 25 YEARS

Economists continue to upgrade growth outlook for the US, as the impact from tariffs is reassessed.

We feel they may still be too contained.

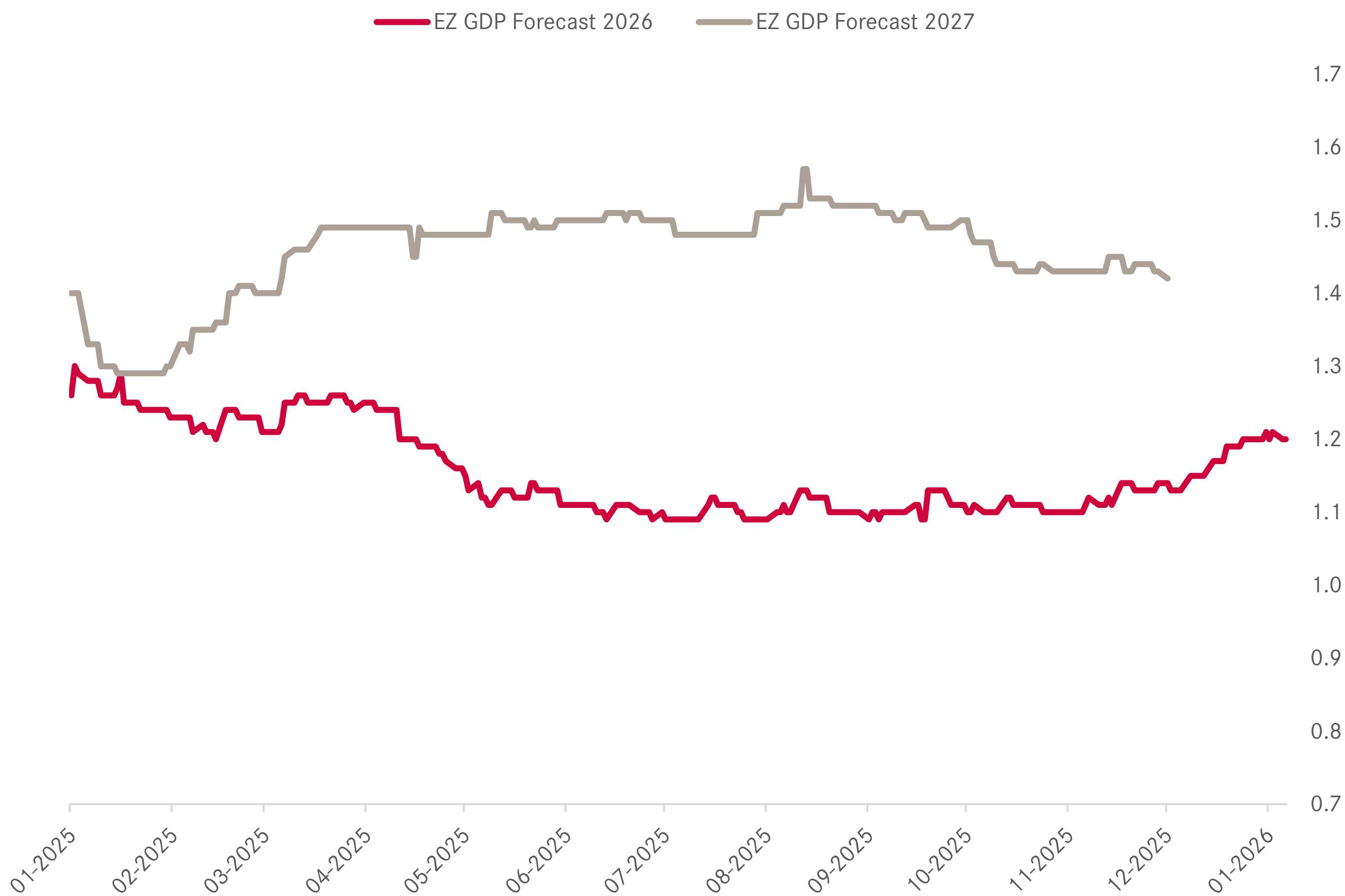


Source: Bloomberg, NPB calculations

Eurozone GDP Forecasts

2026 & 2027

Watching Eurozone GDP Forecasts is more painful than sitting through the "Dune" movies. Which are great, btw, but just veryyy looong and slow.

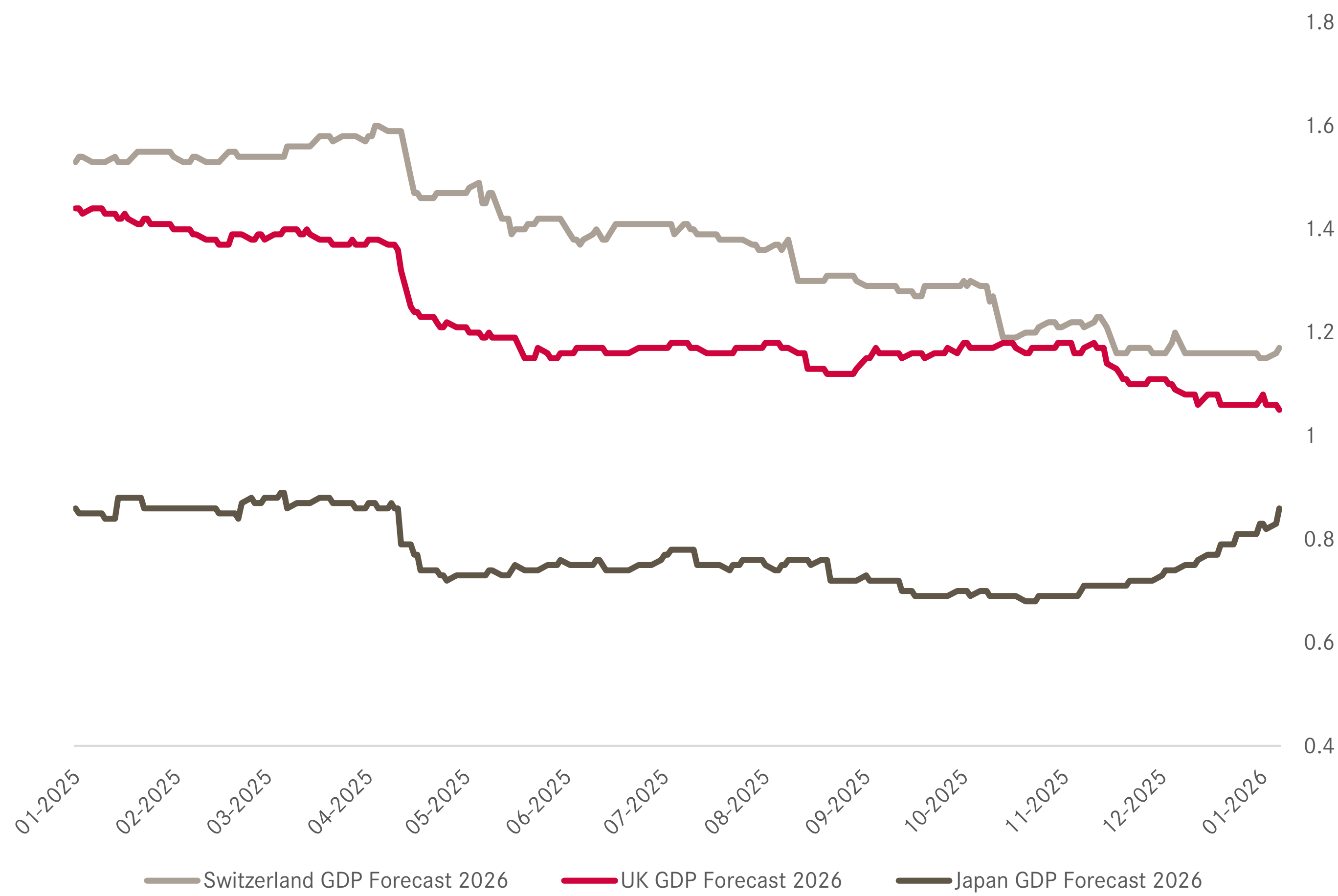


Source: Bloomberg, NPB calculations

Other DM GDP Forecasts

2026

Japan is living a growth forecast upside cycle, whilst Japan and the UK are … well… meh!

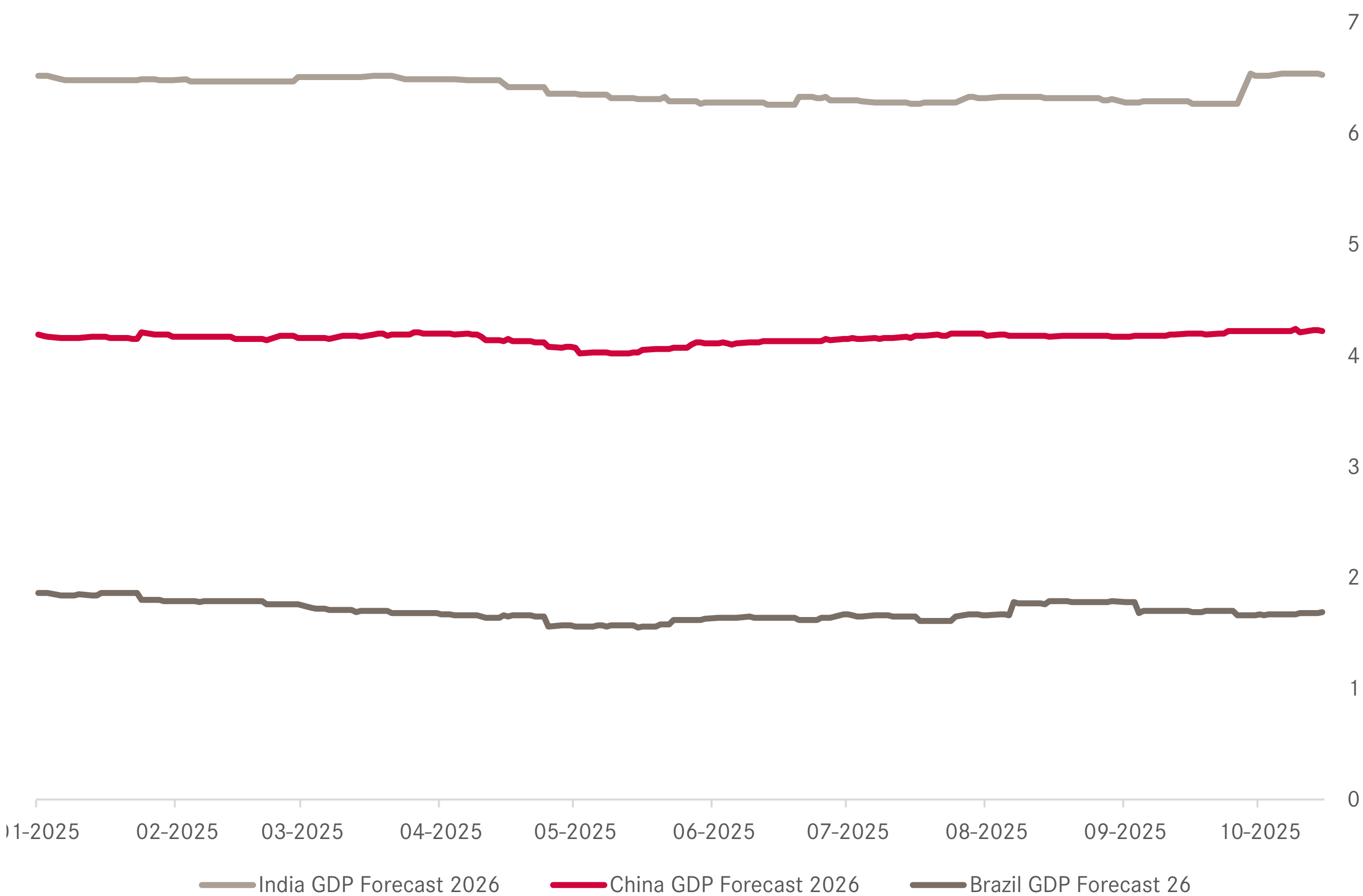


Source: Bloomberg, NPB calculations

EM GDP Forecasts

2026

Except the recent upgrade to the Indian growth outlook, nothing to write home about.

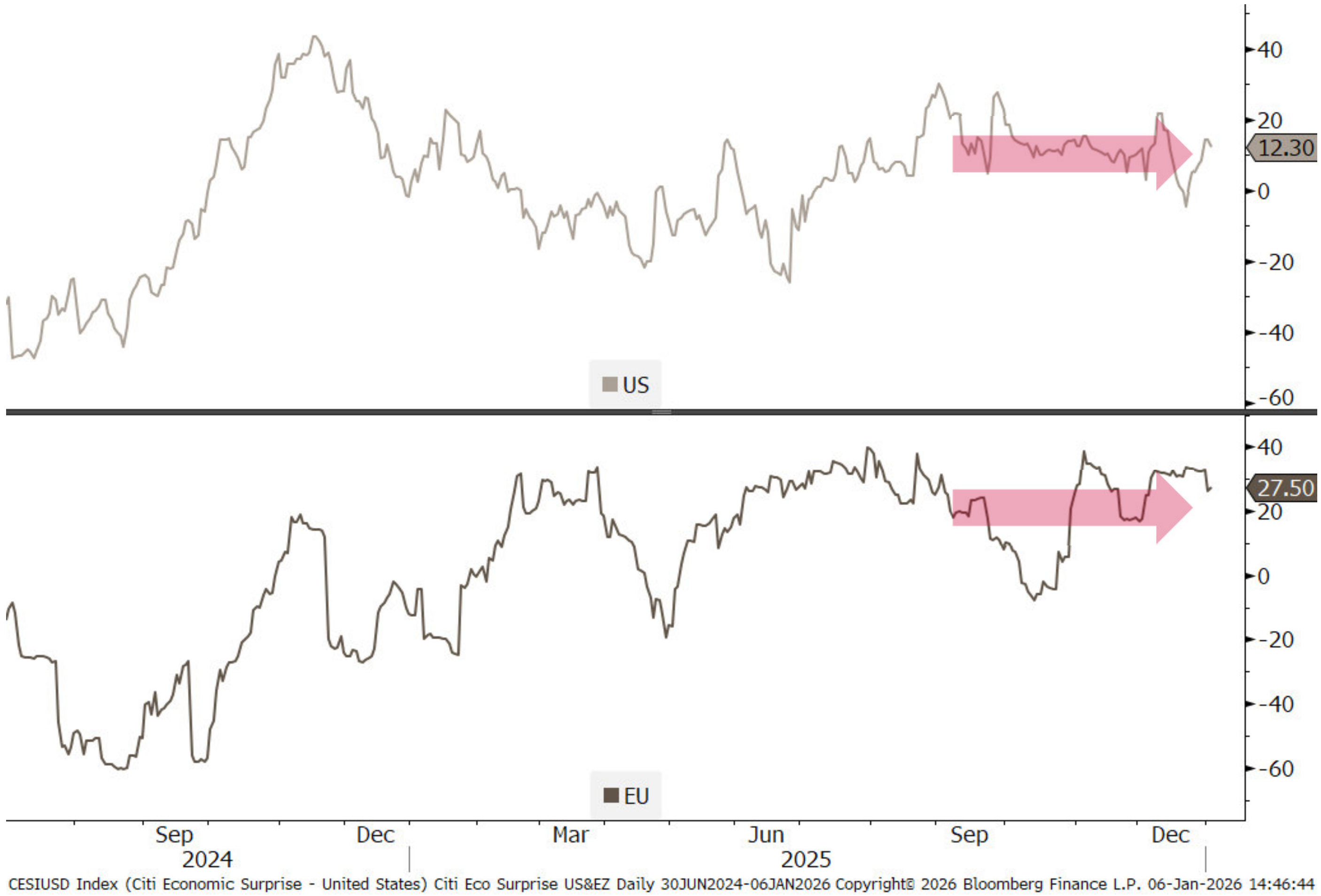


Source: Bloomberg, NPB calculations

Citi Economic Surprise Indices

US & Eurozone

Economic surprises have shown no clear trend over the past quarter or so. We must however keep in mind that in the case of the US a lot of economic data was not gathered due to the government shut-down.



Source: Bloomberg, NPB calculations (G447)

Macroeconomics

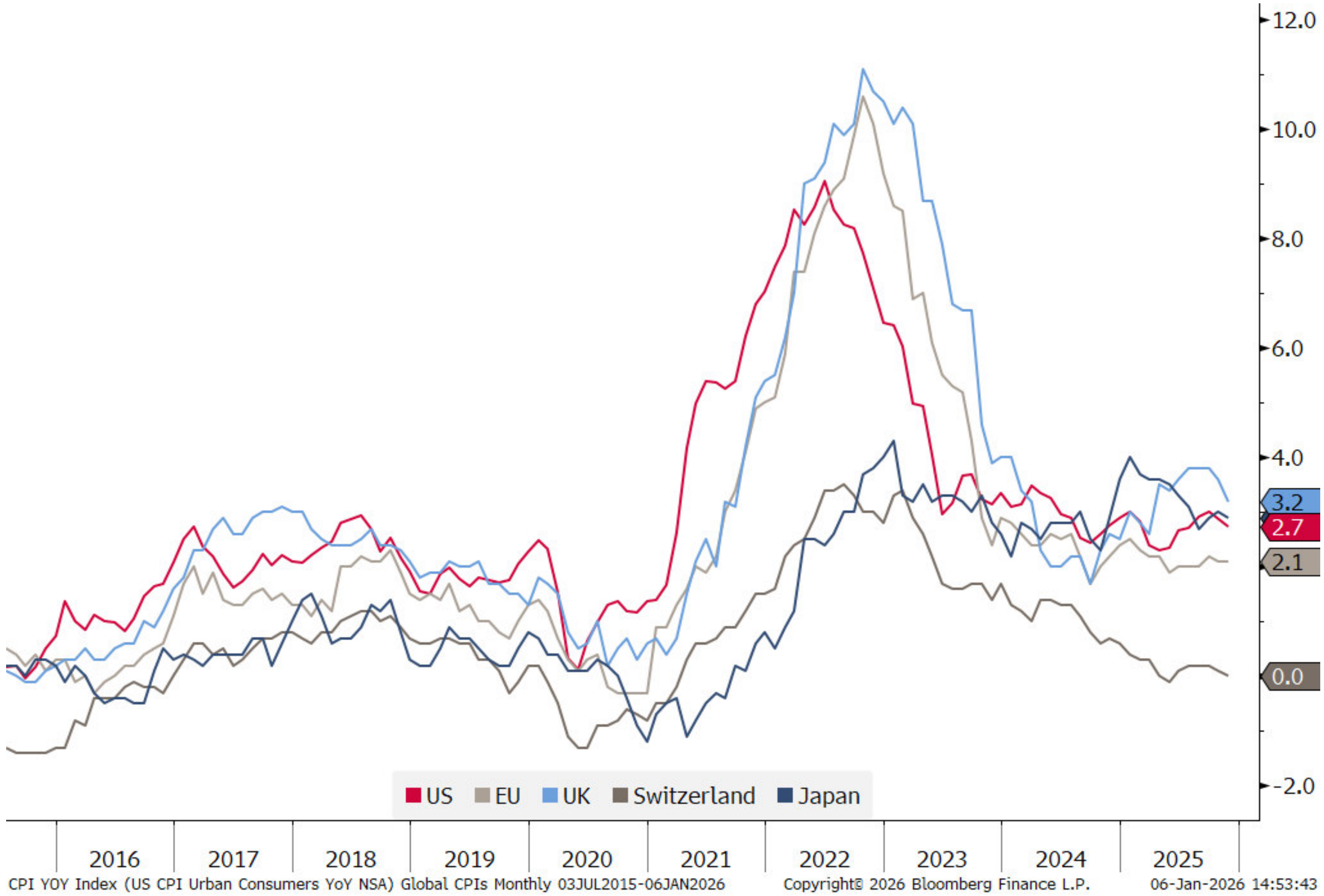
INFLATION

Chartbook Q1 2026

Global Inflation Rates

Selected Developed Countries

Ignoring Switzerland, there is no denial that consumer inflation, has stopped heading lower.

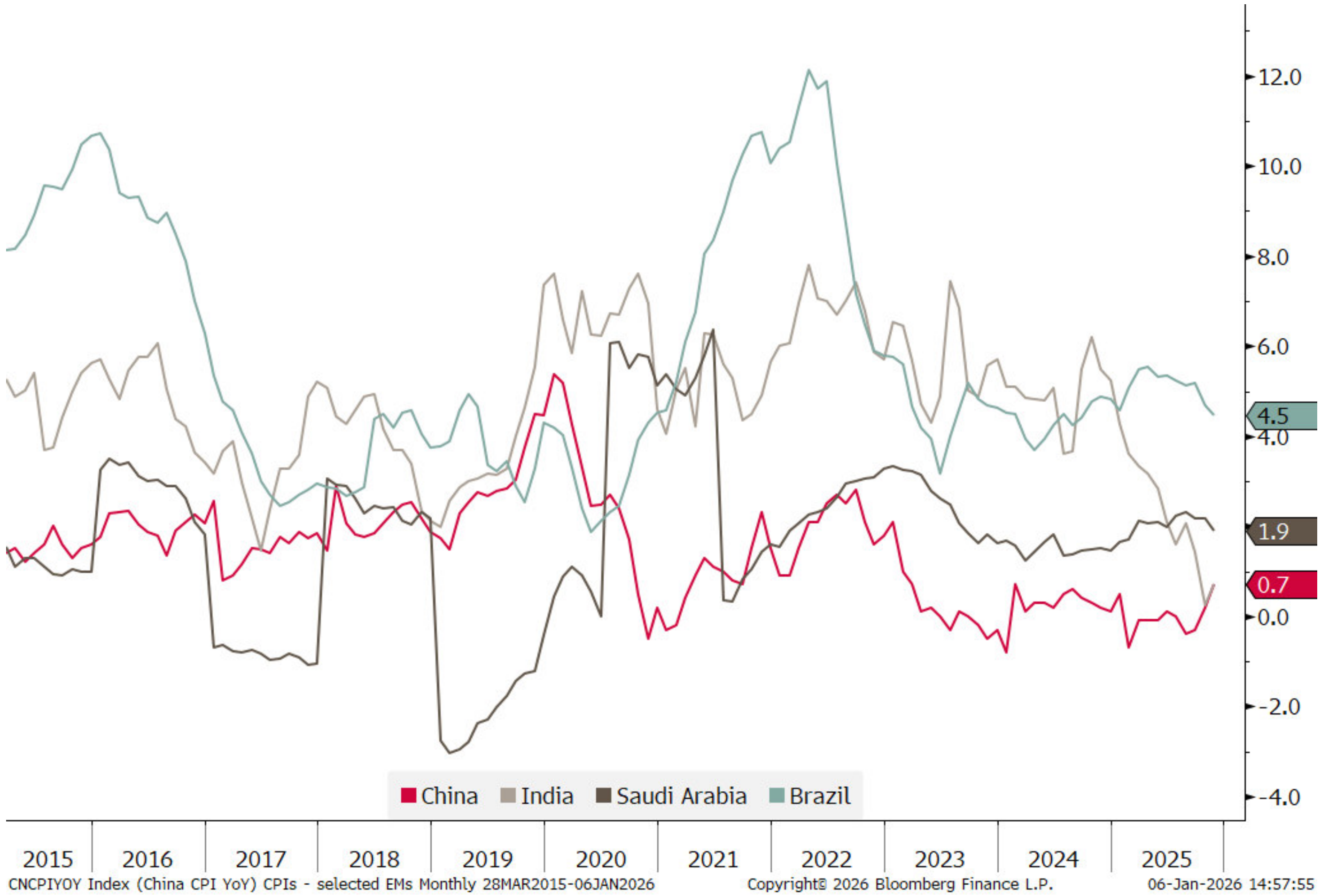


Source: Bloomberg, NPB calculations (G107)

Global Inflation Rates

Selected Emerging Countries

The most notable line on the chart to the right is that of Indian inflation, which has plummeted from 6% at the beginning of 2025 to sub one percent.



Source: Bloomberg, NPB calculations (G108)

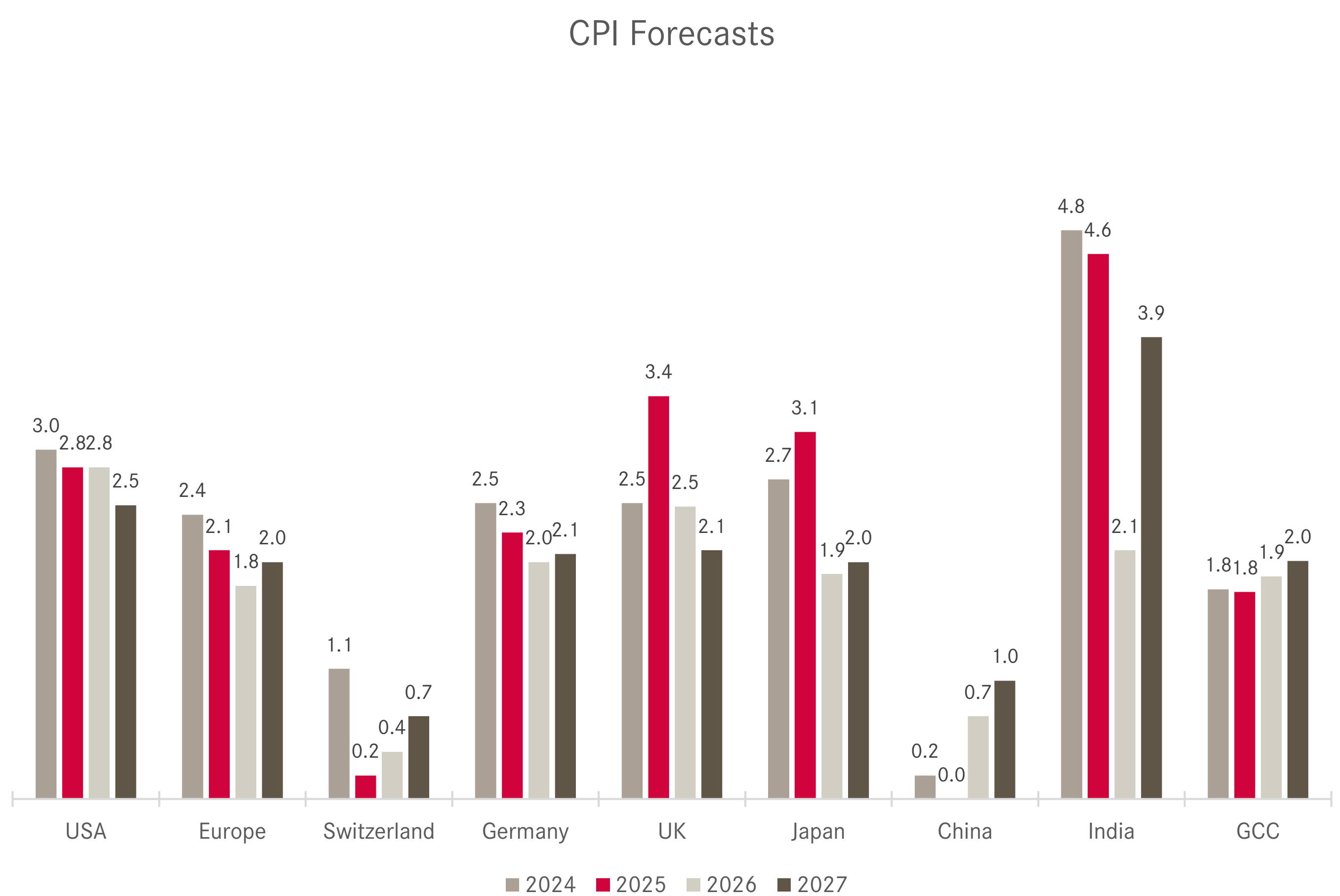
Global Inflation Forecasts

NPB Universe

NPB | Neue Privat Bank 25 YEARS

There have been no mentionable inflation expectation adjustments by economists over the past quarter.

However, worth noting that the average of economists does not see US inflation fall back into the long-term, pre-pandemic range of 0-2%.

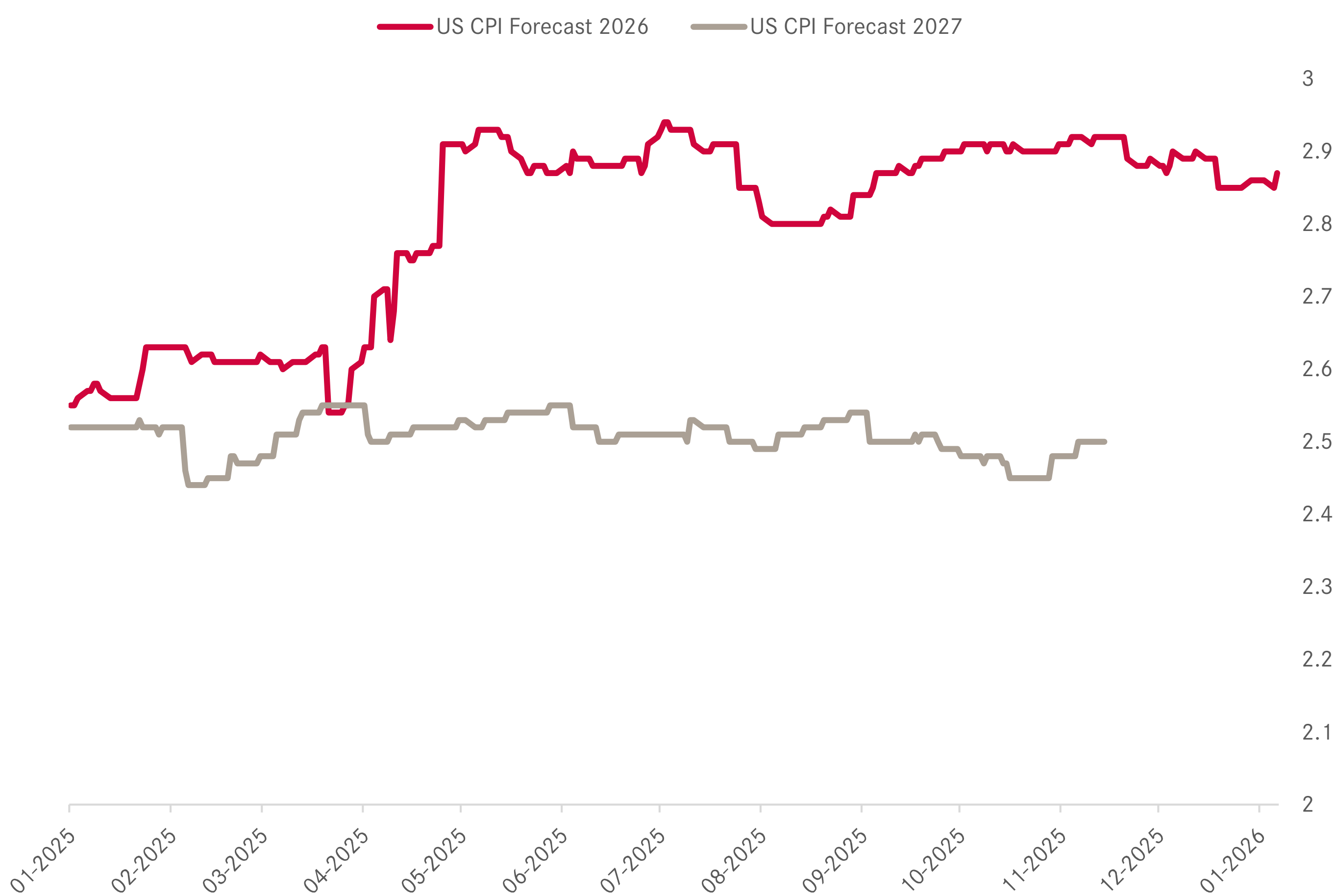


Source: Bloomberg, NPB calculations

US CPI Forecasts

2025 & 2026

Inflation expectations have been held steady at between 2.5% and 3.0% by economists.



Source: Bloomberg, NPB calculations

US – Market Implied Inflation Expectations

NPB | Neue Privat Bank 25 YEARS

Breakeven Yields (Treasury minus TIPS)

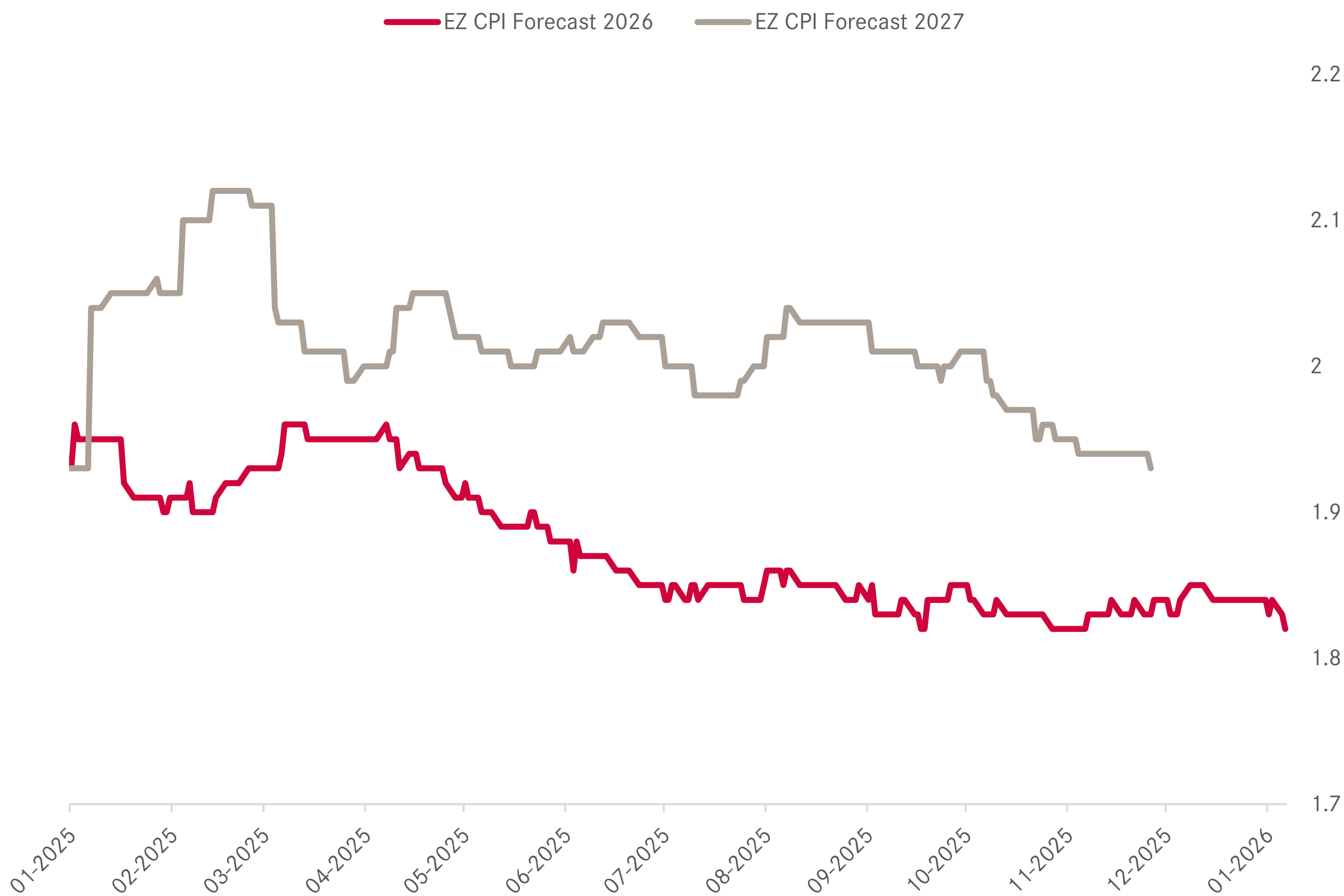
Market-implied inflation expectations via breakeven yields have been drifting lower in H2/2025, however, recently the pattern of lower lows and low highs has been interrupted.

Source: Bloomberg, NPB calculations (G180)

Eurozone CPI Forecasts

2025 & 2026

Inflation expectations for the Eurozone have settled in and around the ECB's target zone.

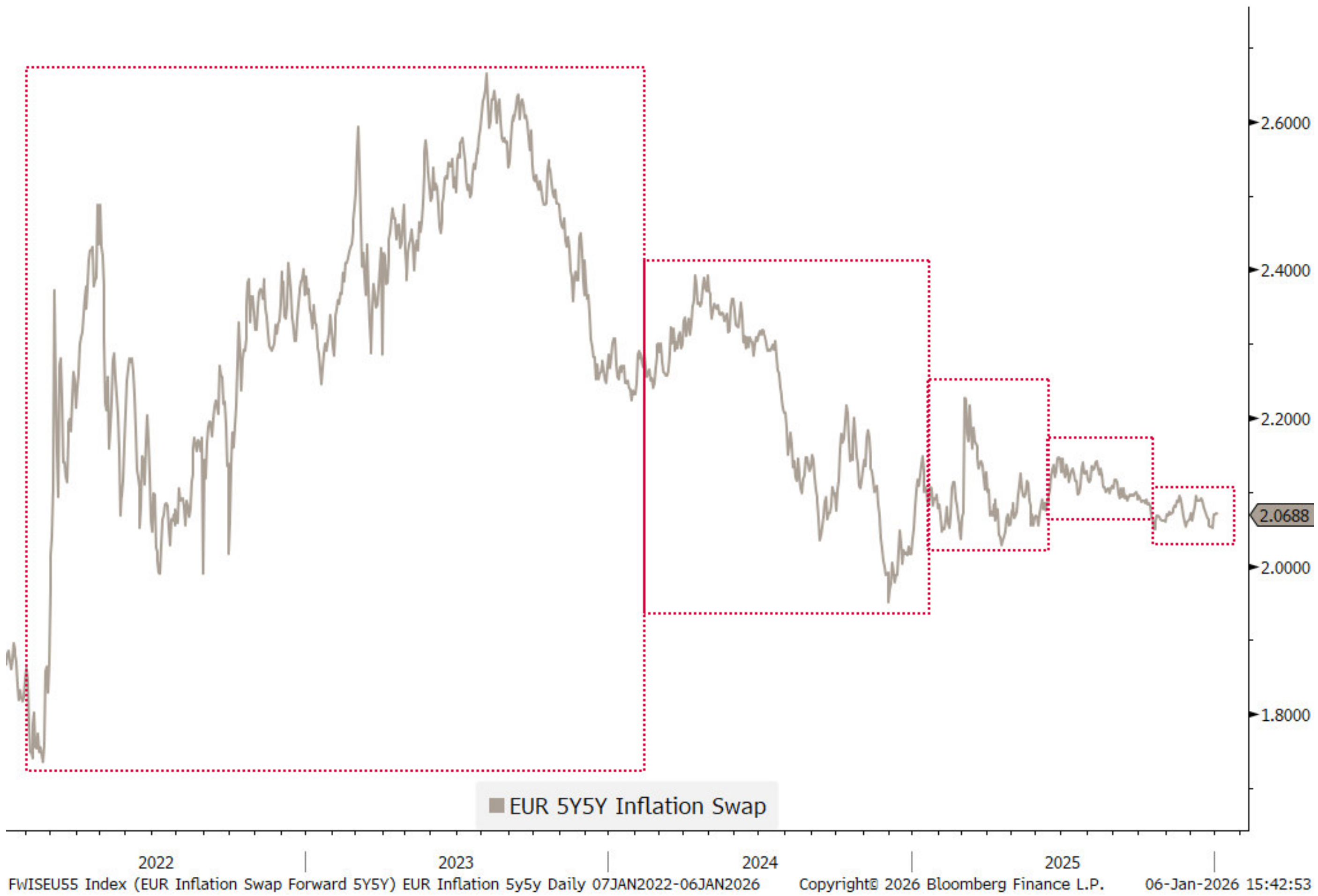


Source: Bloomberg, NPB calculations

Eurozone – Market Implied Inflation Expectations

EUR 5-year, 5-year Inflation Swap Rate

No better chart than this one to demonstrate how market implied inflation expectations have been normalizing post the COVID-induced volatility spike.

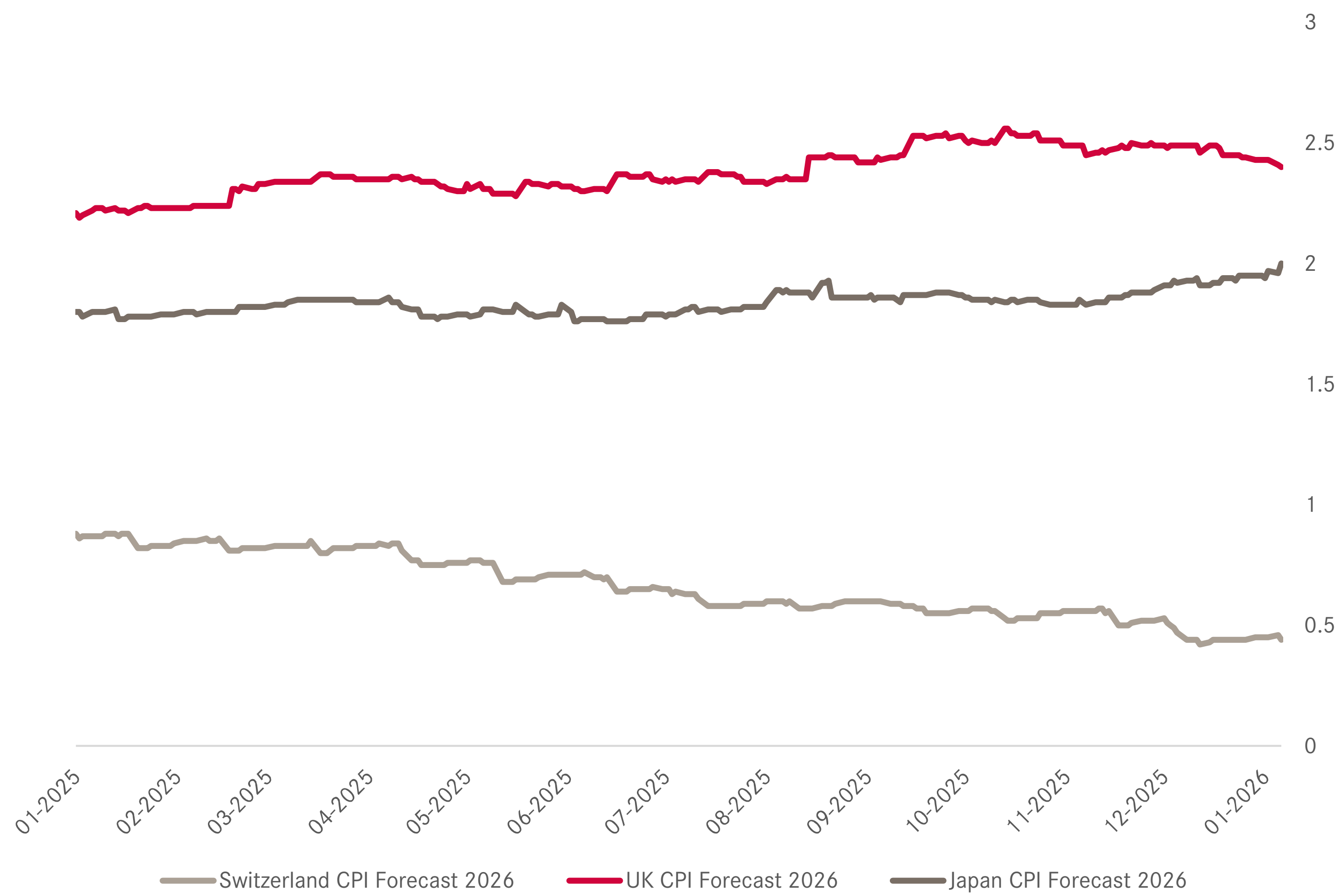


Source: Bloomberg, NPB calculations (G106)

Other Selected DM CPI Forecasts

2026

Worth noting that Japan and the UK now have similar CPI forecasts, albeit the latter seems a bit too benign, given that is has been closer to 3% over the past 20 years.

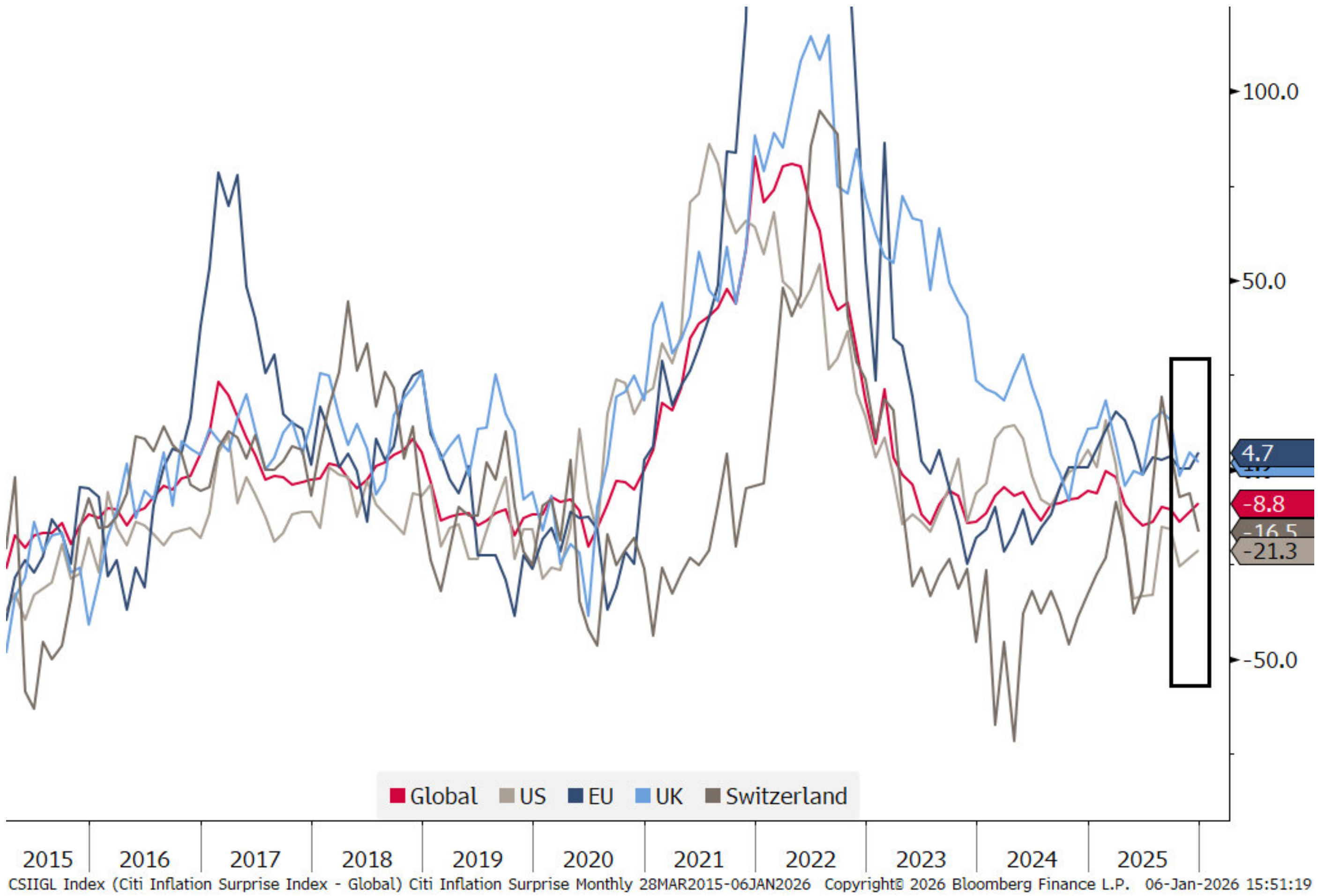


Source: Bloomberg, NPB calculations

Citi Inflation Surprise Indices

Selected Developed Countries

Except for Switzerland, inflation surprises have happened to the upside as of recent late.



Source: Bloomberg, NPB calculations (G111)

Macroeconomics

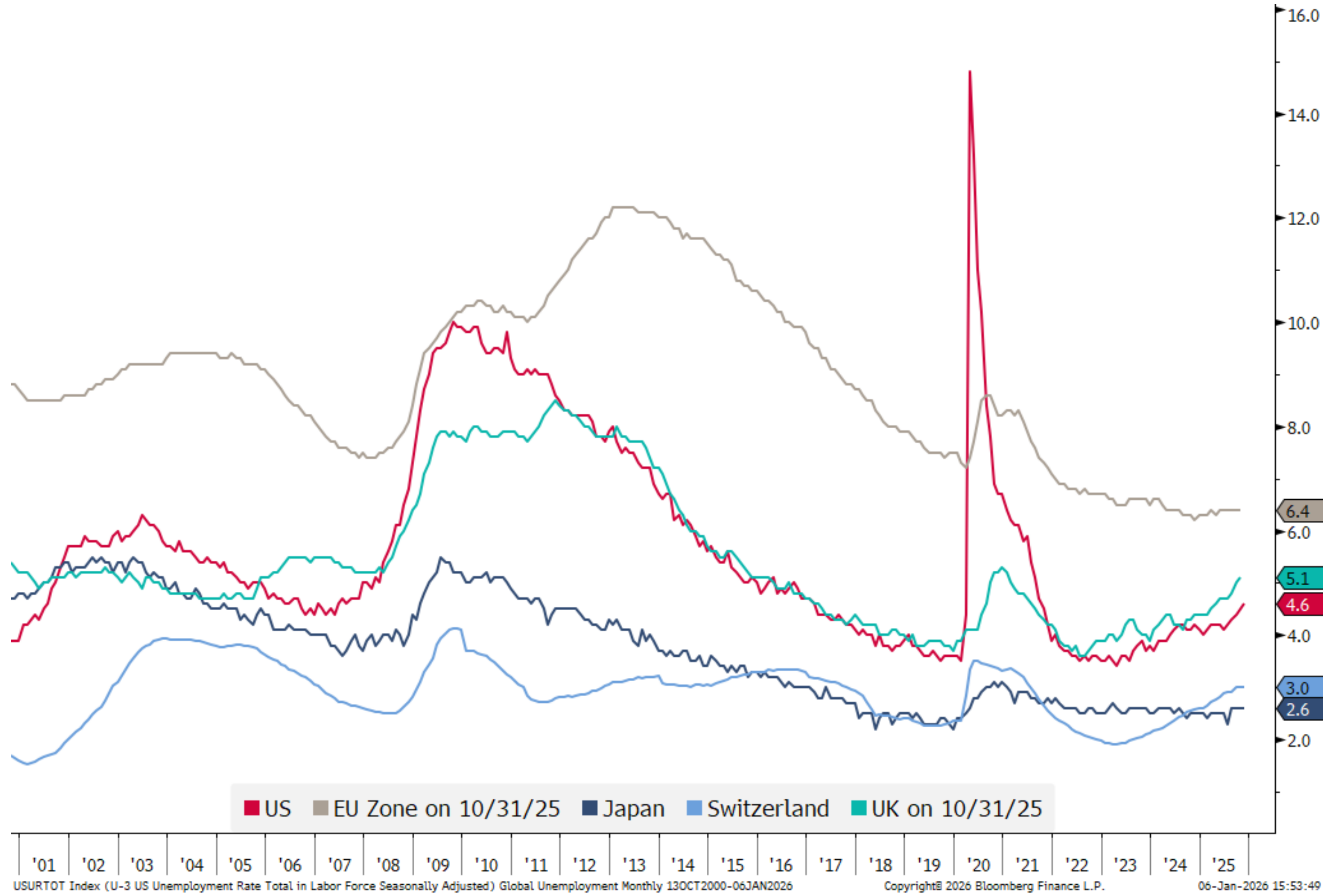
OTHER

Chartbook Q1 2026

Global Unemployment

Selected Developed Countries

Unemployment continues to increase in the US, but as it is happening outside a recession, the rise is much more muted and slower than in previous cycles.



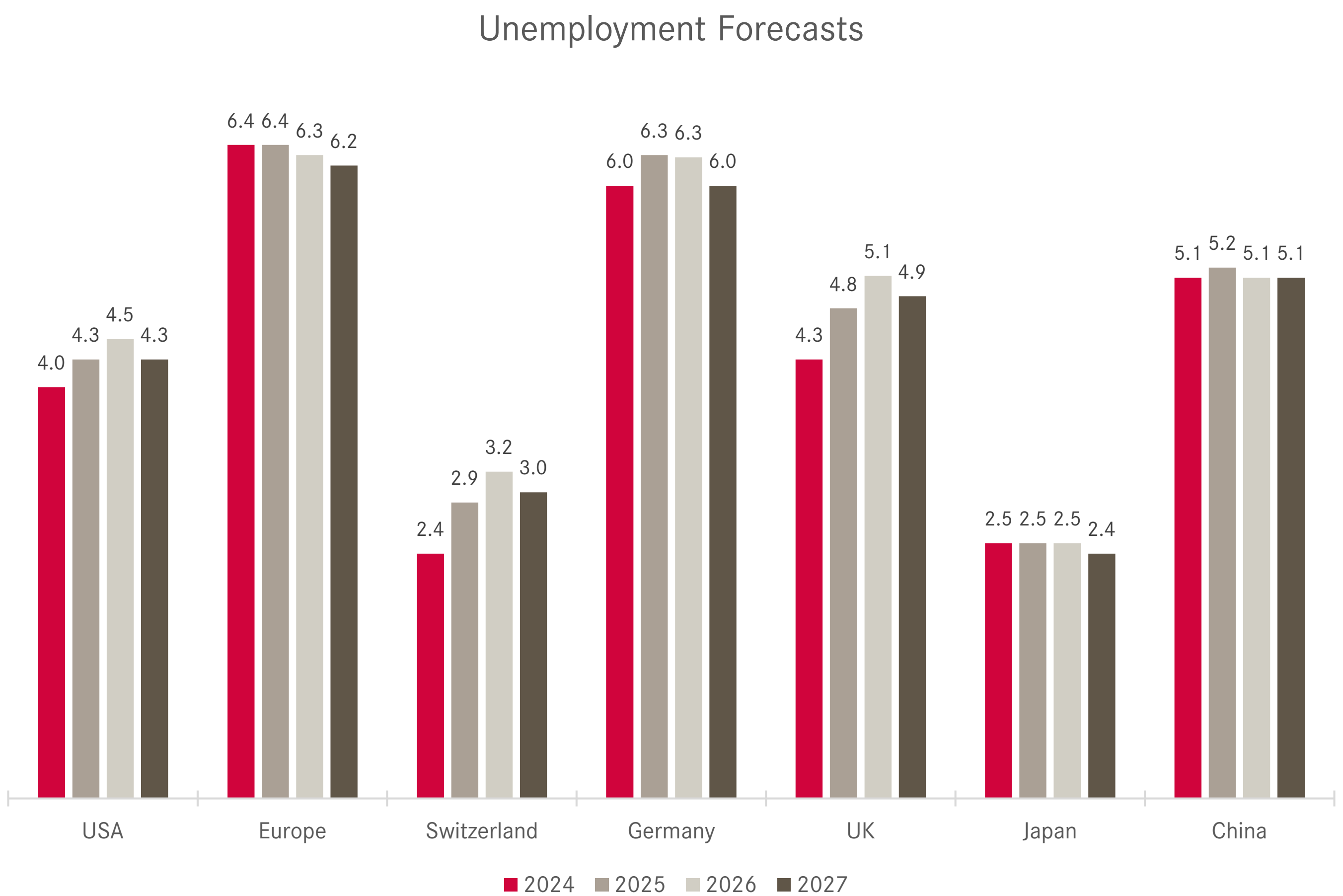
Source: Bloomberg, NPB calculations (G110)

Unemployment Forecast

NPB Universe

Watching a glacier ebb and flow is more exciting than waiting for economists to adapt their views on employment outlook.

But fret not, they will frantically adapt ex-post.

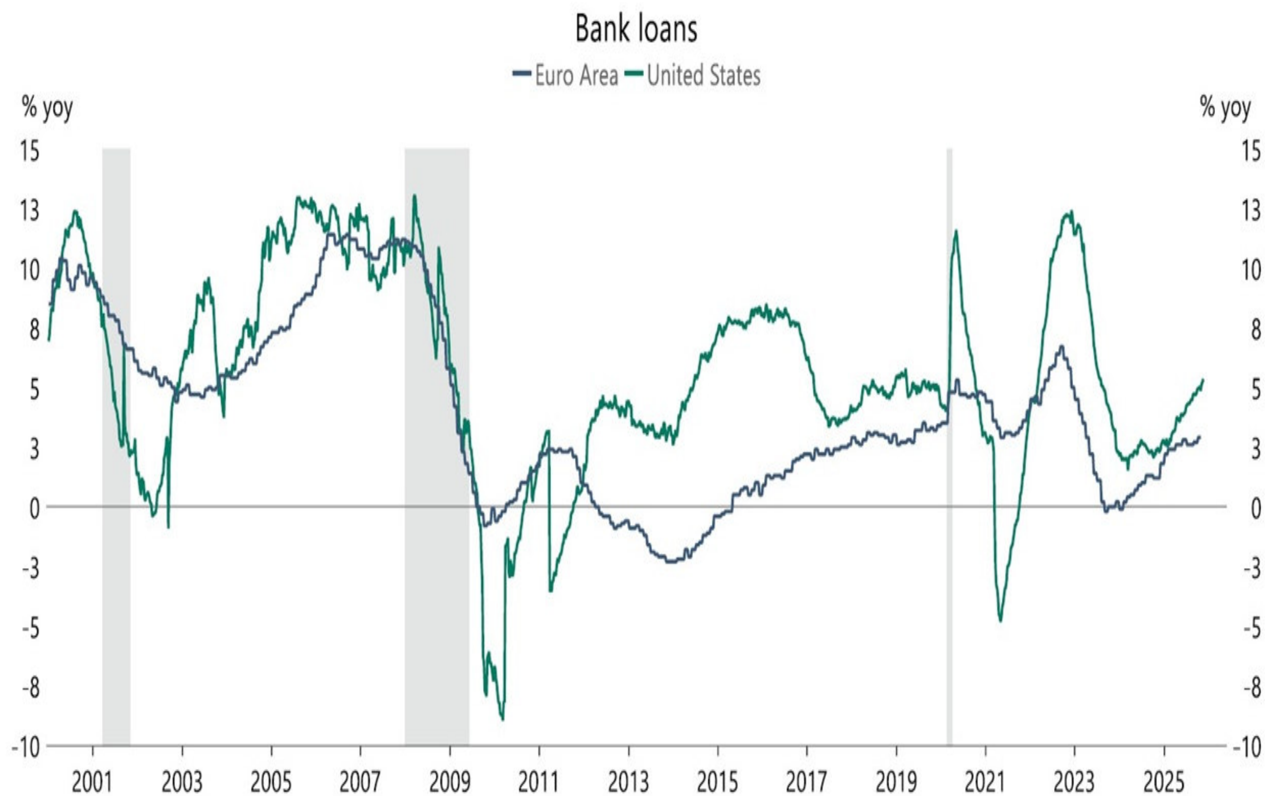


Source: Bloomberg, NPB calculations

Loan Growth

Gradual Recovery in Bank Lending

Loan Growth is seen a goldilocks-paced (not to cold, not to hot) increase in bank lending, post the wild swing around the COVID-crisis and the ensuing inflation spike.

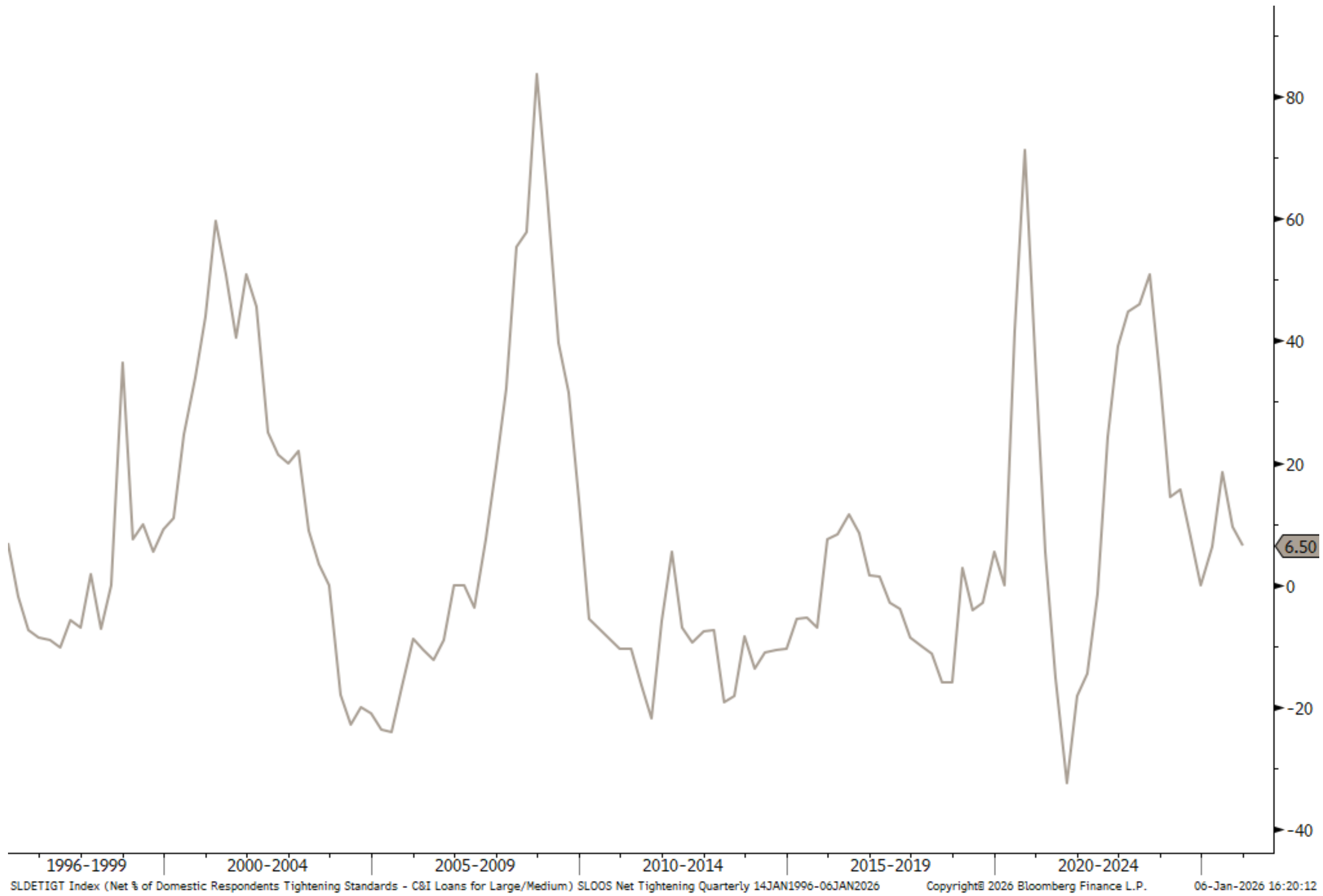


Source: Apollo Chief Economist

SLOOS

Net % of Respondents Tightening Standards

The number of credit officer tightening their lending standards has been falling for the last two quarters, confirming (at the least the US) numbers from the previous slide.

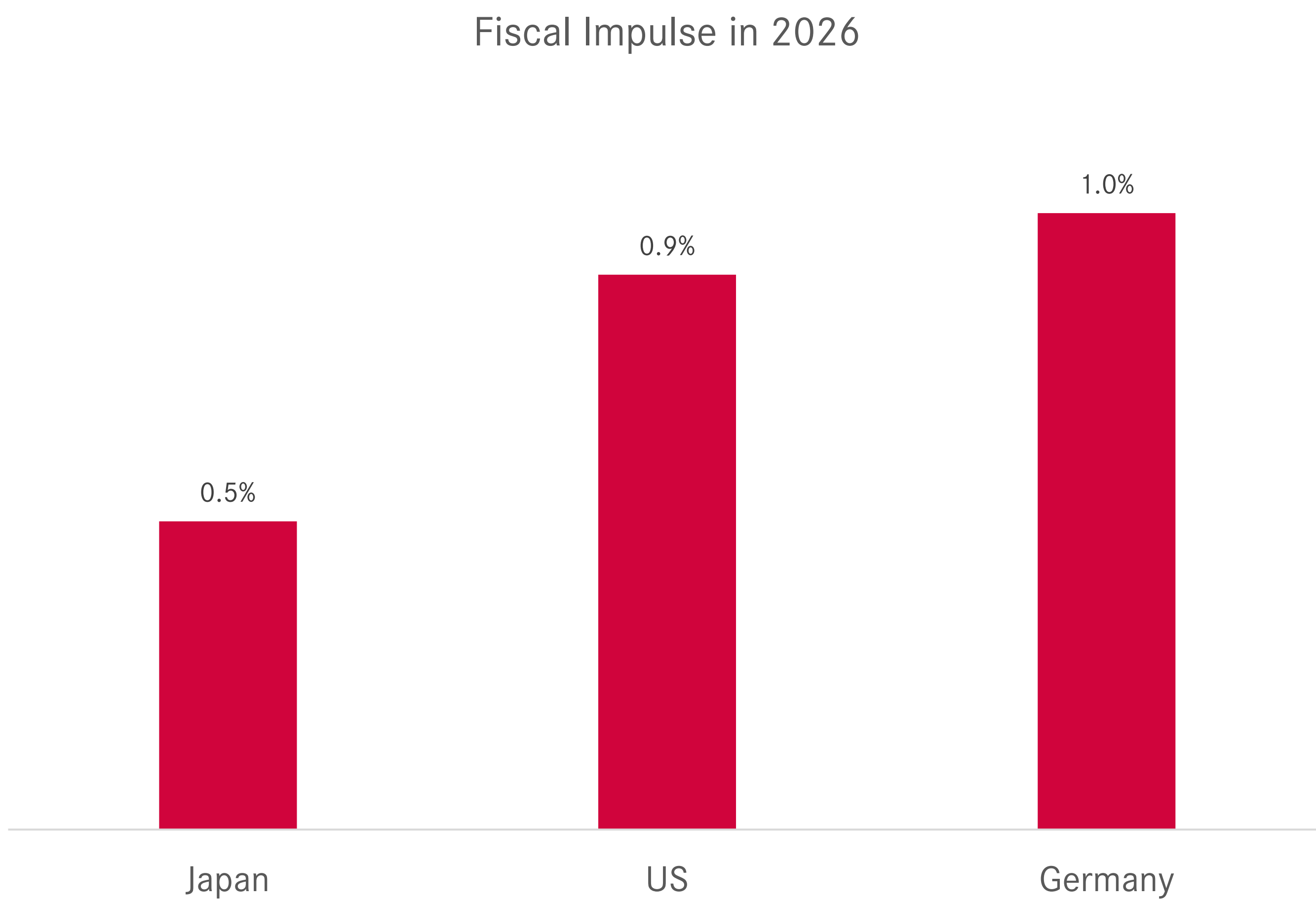


Source: Bloomberg, NPB calculations (G555)

G3 Fiscal Policy

Strong Fiscal Boost Coming in 2026

The IMF estimates that fiscal policy will boost growth by 1% in Germany and 0.5% in Japan in 2026. The CBO estimates that the One Big Beautiful Bill will boost US growth by 0.9%. The bottom line is that fiscal policy in the G3 will be very expansionary over the coming quarters.

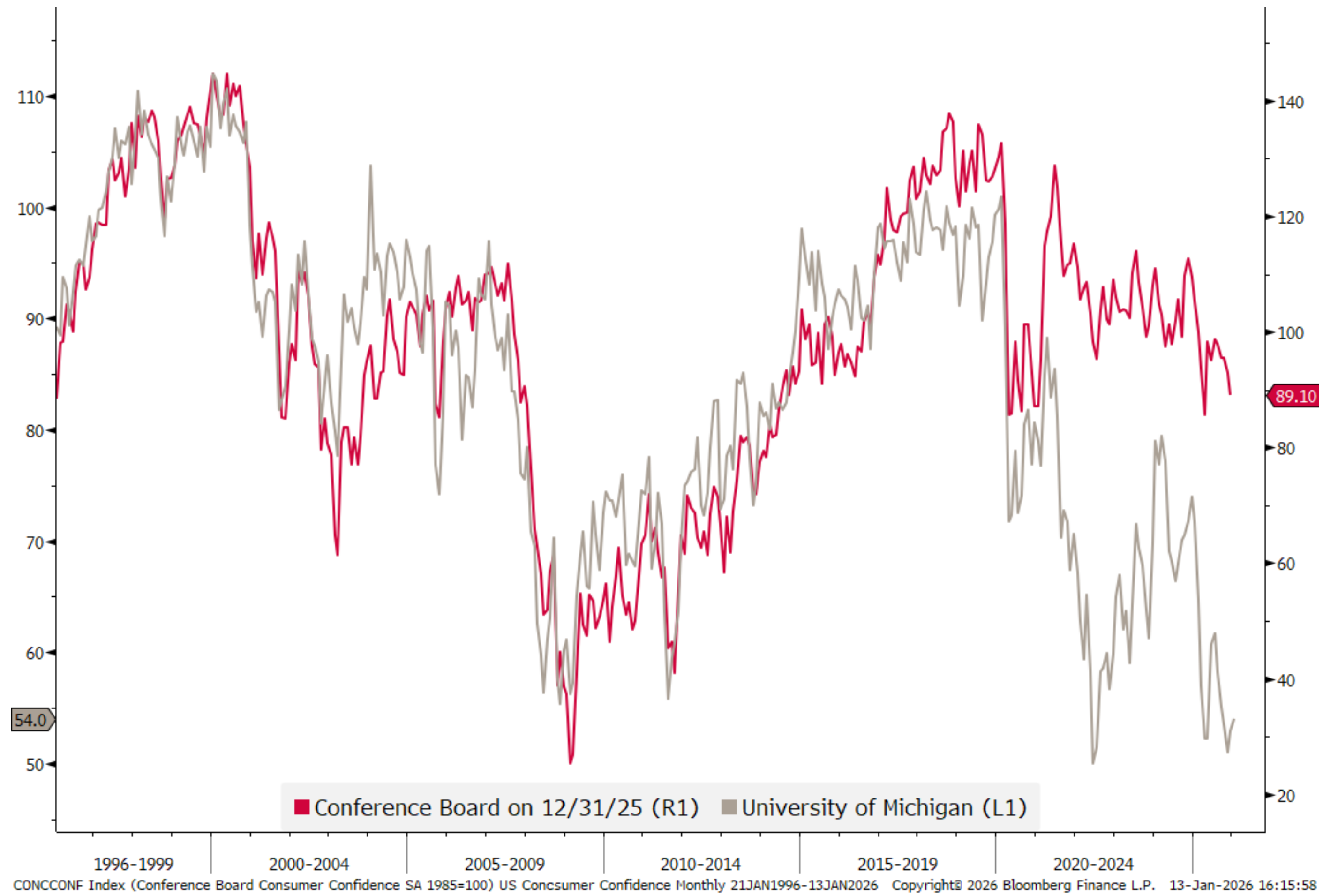


Source: IMF Fiscal Monitor, CBO, Haver Analytics, Apollo Chief Economist

US Consumer Confidence

Low

Consumer confidence is at historical lows in the University of Michigan (grey) survey and at cycle lows in the Conference Board survey (red).



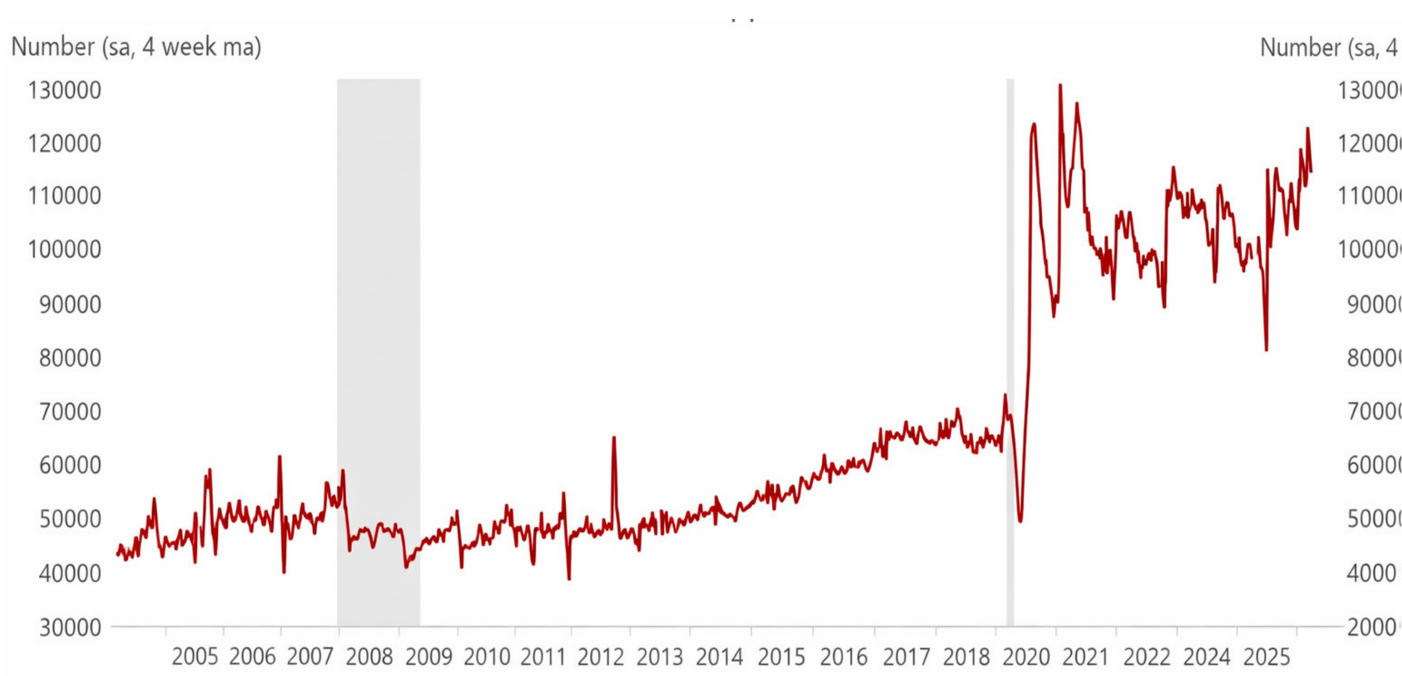
Source: Bloomberg, NPB calculations (G597)

US Business Applications

of Applications

However, when check hard data we see that the number of business applications in the US is at all-time highs, hardly a sign of lacking confidence.

Maybe they just survey the wrong cohort?



Source: Apollo Chief Economist

Equity

Chartbook Q1 2026

“Volatility is not a risk we fear; it is an opportunity we seek.”

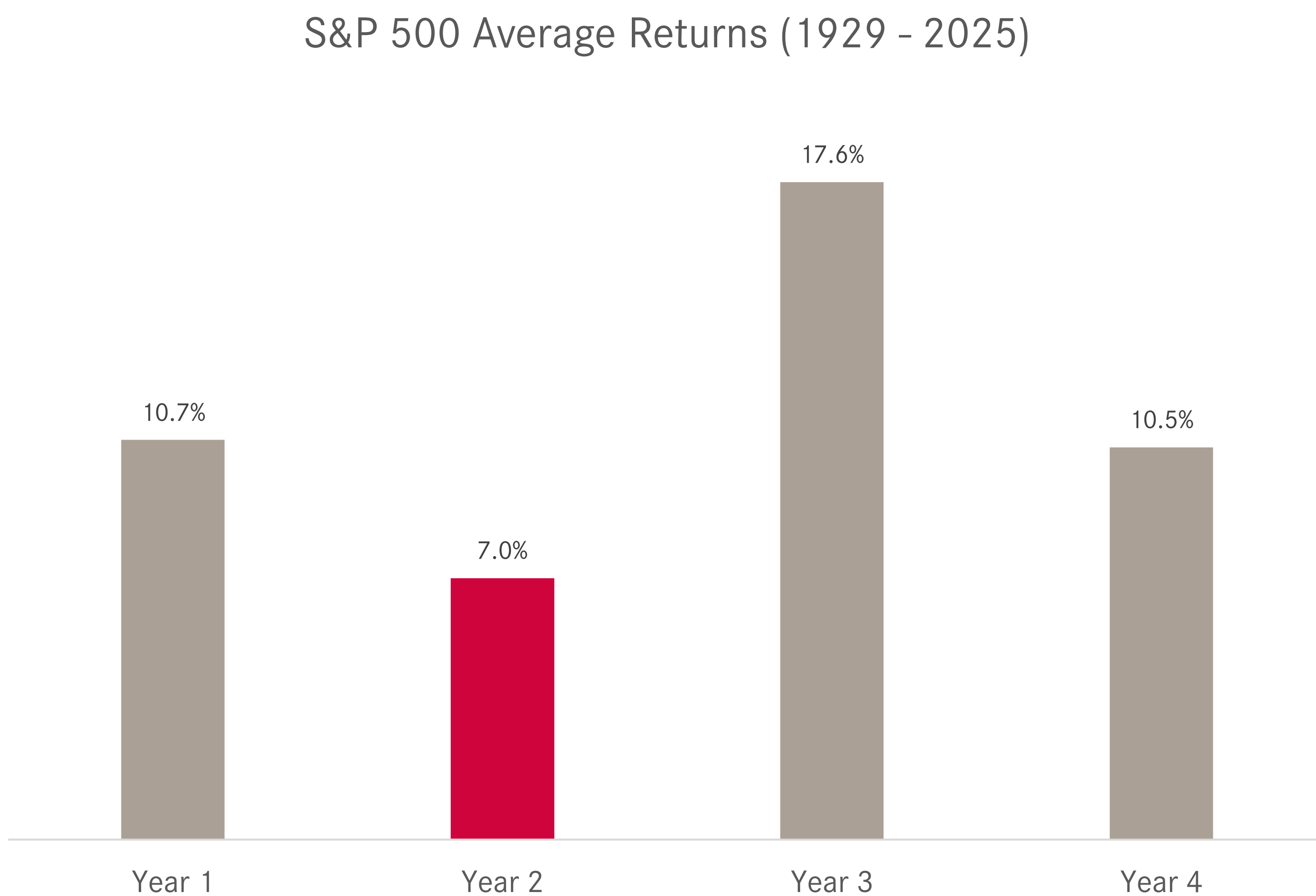
– Warren Buffet

Equity Chart of the Year (1 of 2)

US Presidential Cycle – Year 2

Oh dear! Here we are in presidential year number two, aka the midterm year. As the chart to the right shows, this tends to be the year with the 'weakest' returns for equities … on average

And this is the caveat this year. Everybody, except the current President, knows that the sitting President tends to lose the mid-term elections. Hence, Mr. Trump may be inclined to throw anything at the public and the market to make sure he gets elected again, which may be a major tailwind right up to the elections.



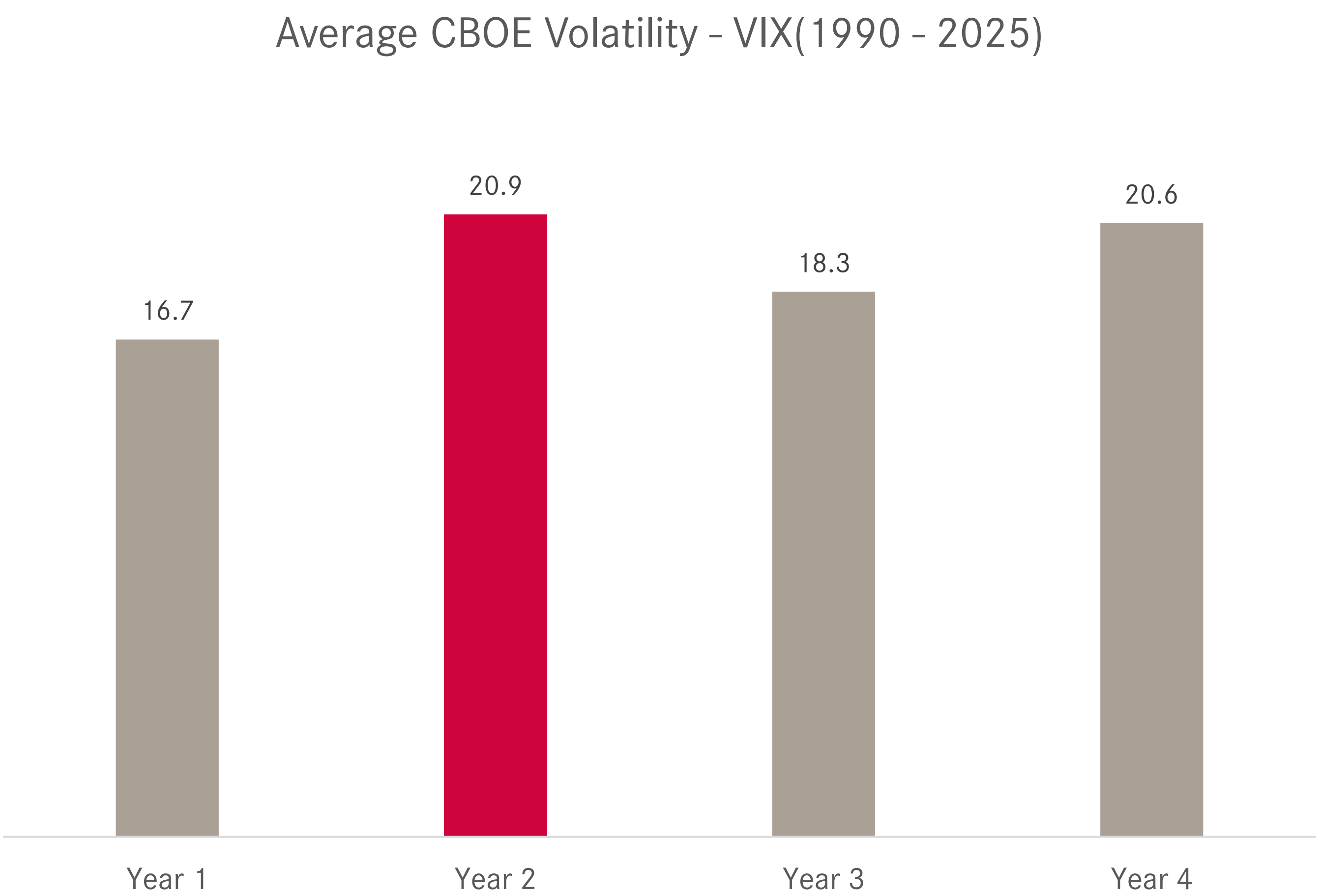
Equity Chart of the Year (2 of 2)

US Presidential Cycle – Year 2

Probably not surprising then, is equity volatility also the highest during the year of lowest returns.

Which brings us back to Howard Mark's quote two pages ago:

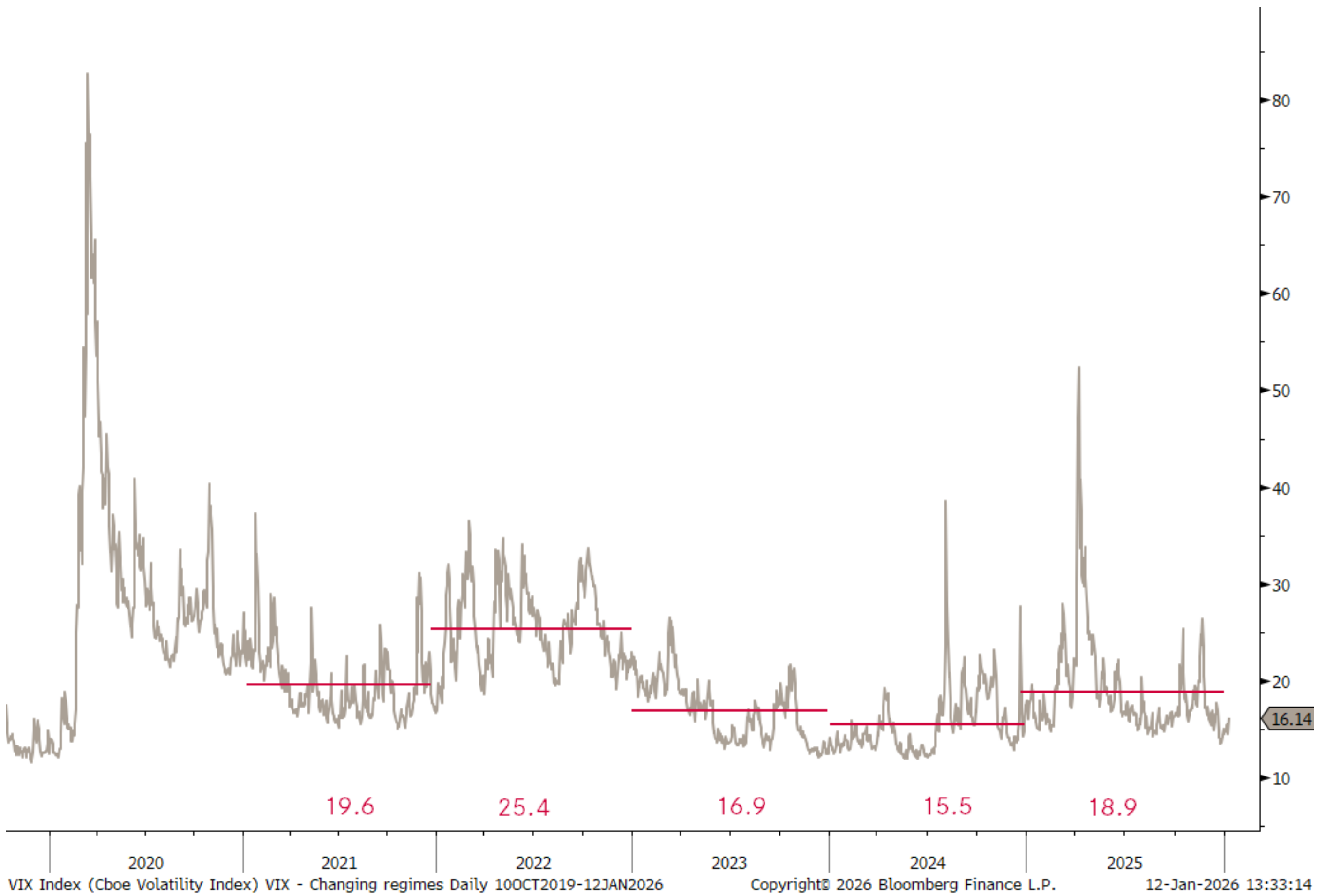
"Volatility is not a risk we fear;
it is an opportunity we seek."



Equity Volatility

VIX

In that context, whilst our call at the beginning of 2025 for a higher volatile regime than the previous two years was spot on, the real 'fun' may just be beginning.



Source: Bloomberg, NPB calculations (G456)

Equity Valuations

Price/Earnings Ratios across Major Regions

The North American market, or at least parts of it, has now become really expensive, whilst other regions are witnessing what could be considered a 'normal' P/E expansion.

Source: Bloomberg, NPB calculations

Equity Valuations

Price/Earnings Ratios across Major Regions – EQUAL WEIGHT

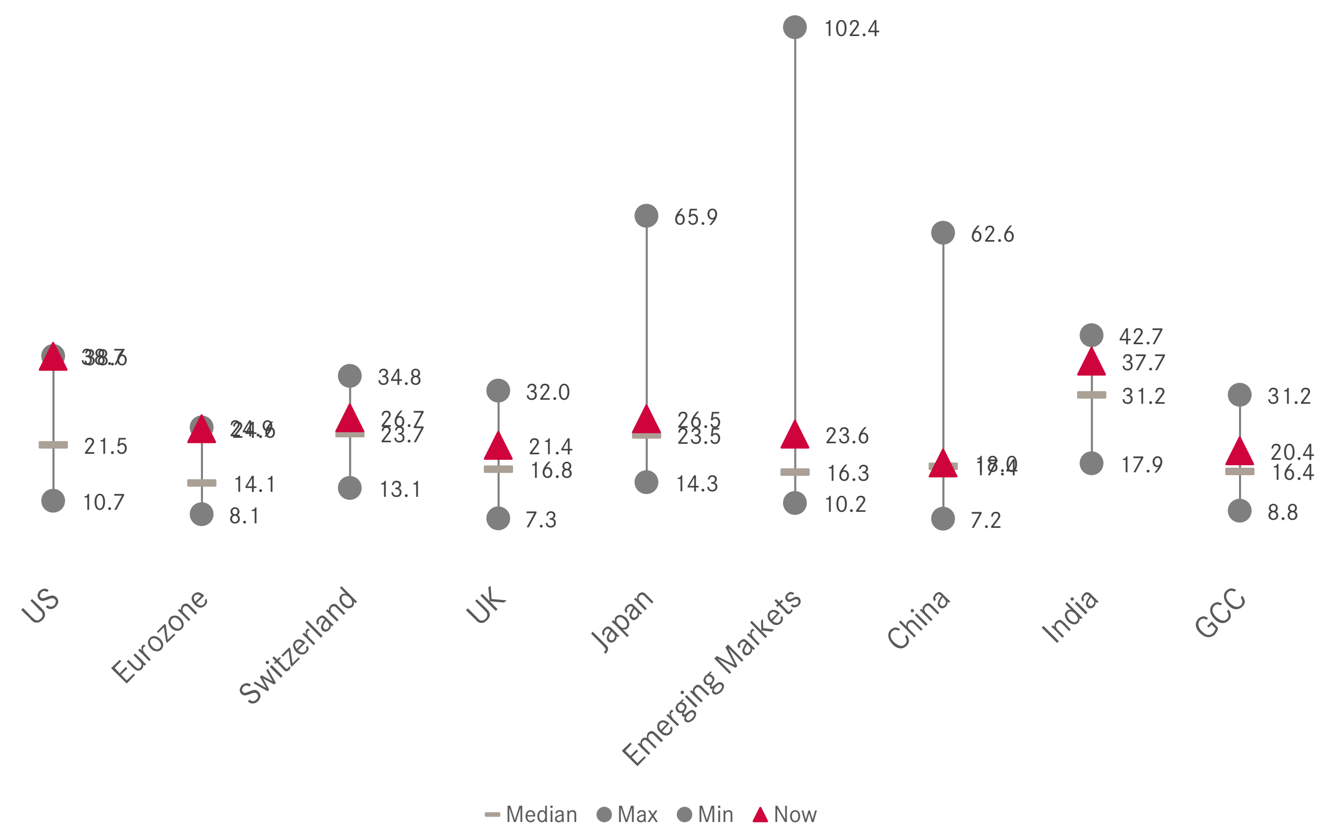
Equal-weighting the regional indices gives an inversed valuation picture, where the US is suddenly not so expensive anymore, however, the Asia Pacific Rim and Emerging Markets are hovering close to their respective highest levels.

Source: Bloomberg, NPB calculations

Equity Valuations

Price/Earnings Ratios across the NPB Universe

P/E's are pushing their upper boundaries in the US and now also in the US, but especially in case of the latter this upper level is not very demanding in international comparison.

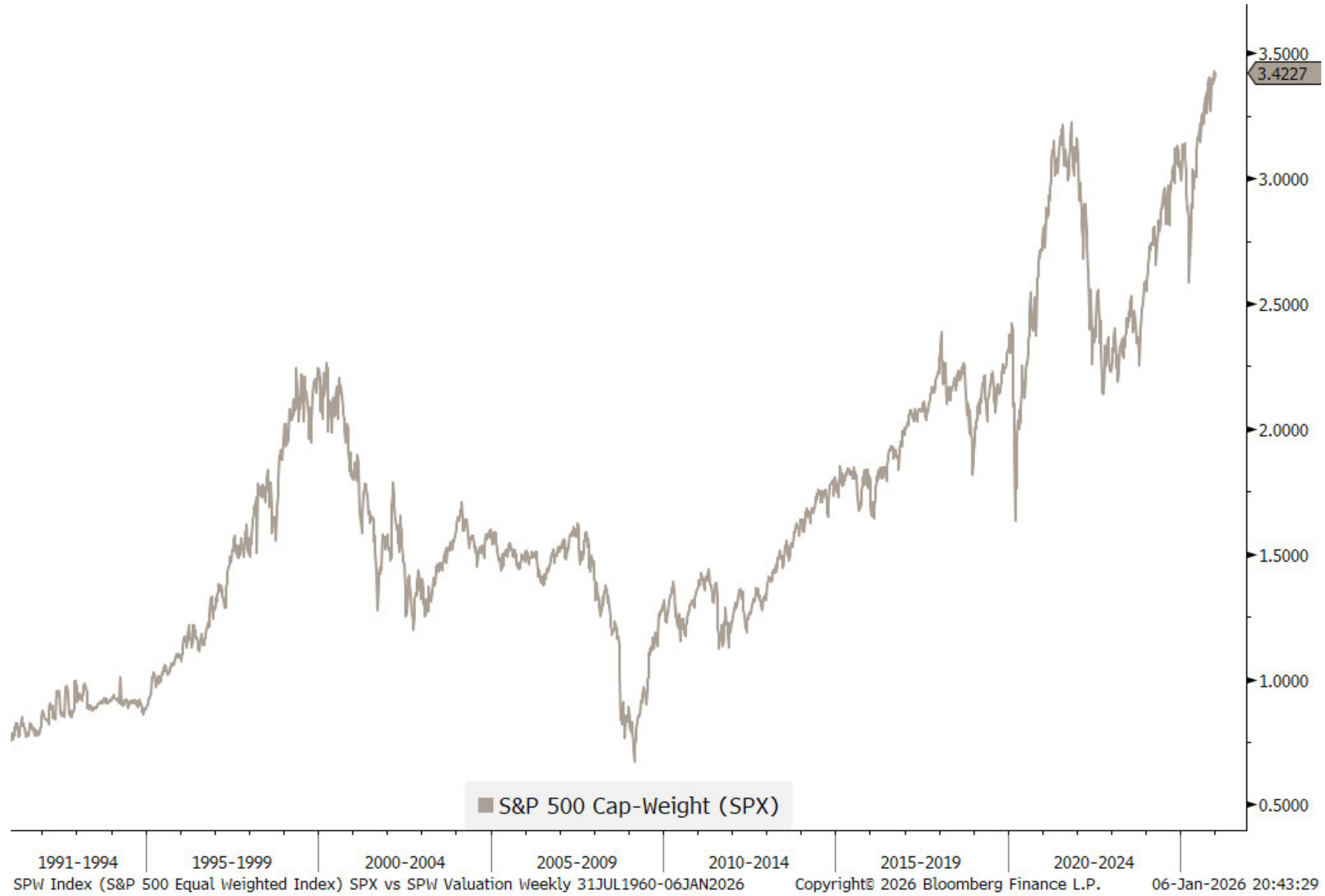


Source: Bloomberg, NPB calculations

US Equity Valuation

S&P 500 Price-to-Sales Ratio

And then again, in terms of revenue to sales, the market is in nosebleed territory.

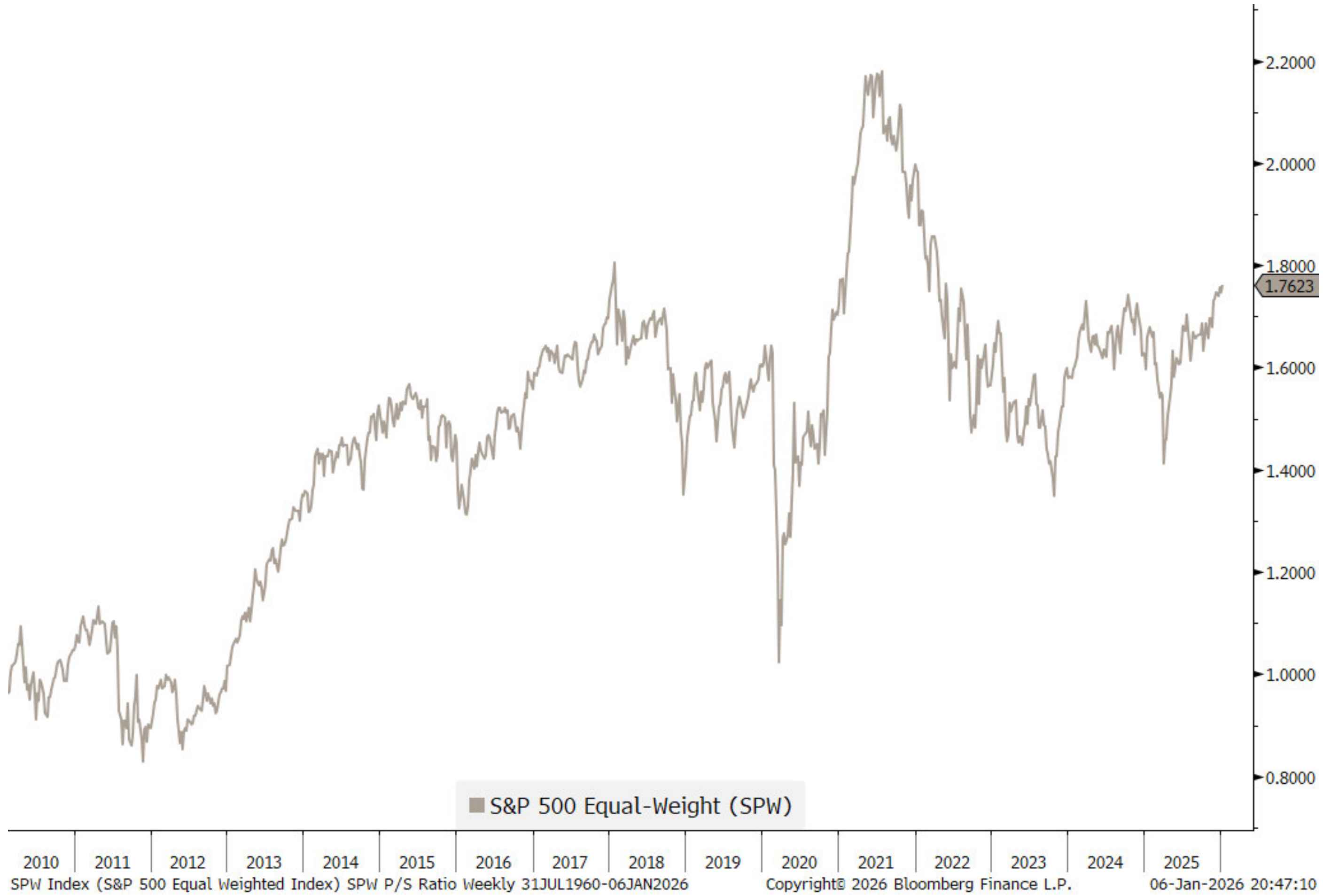


Source: Bloomberg, NPB calculations (G363)

US Equity Valuation

S&P 500 Equal-Weight Price-to-Sales Ratio

Applying the price-to-sales ratio to the equal-weight version of the S&P 500 improves 'things' a little, but also here it is not good value anymore.



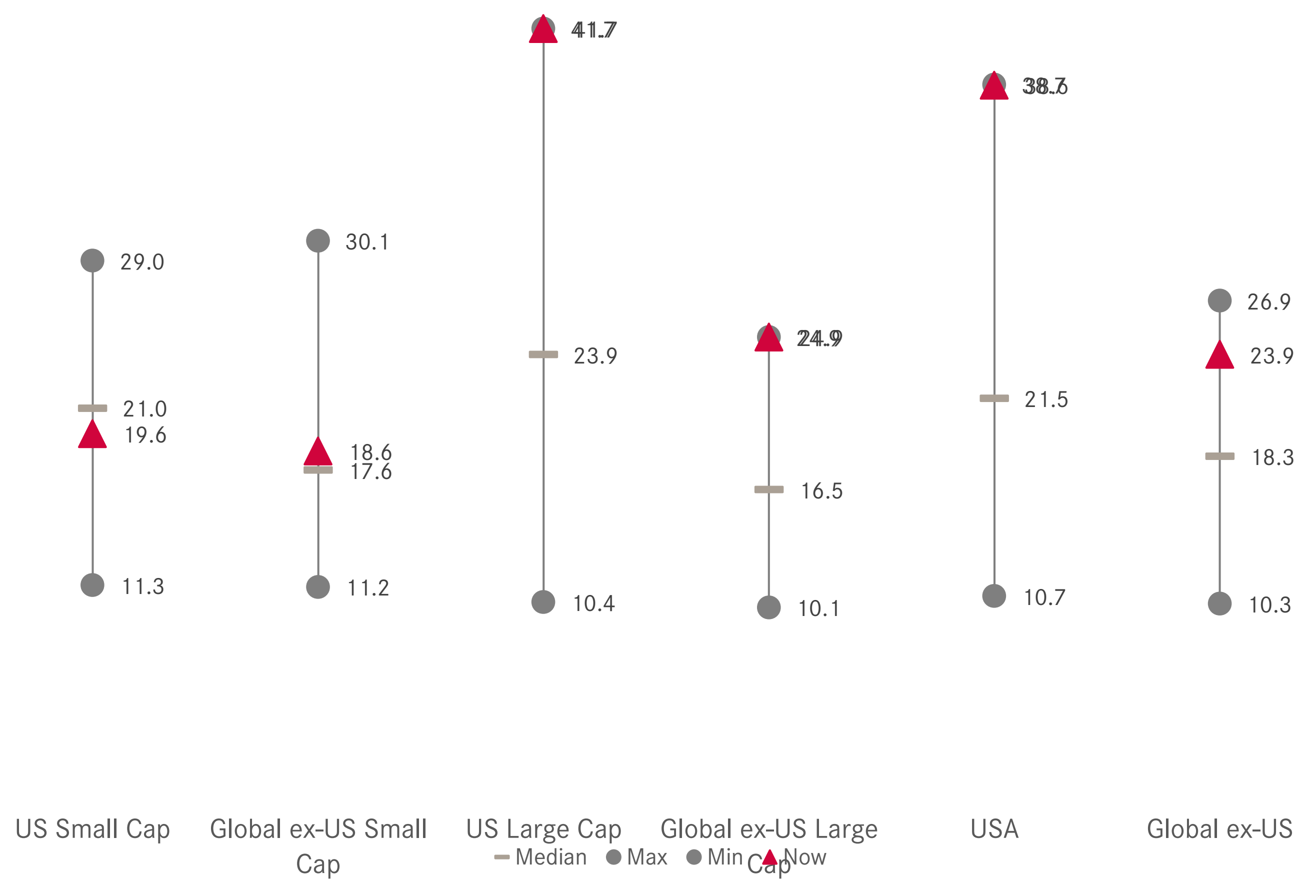
Source: Bloomberg, NPB calculations (G363)

Valuations

Pockets of Opportunity

We highlighted some pockets of value in our previous quarterly report. All of them have seen rising P/Es, meaning the trades have worked.

And, most of them (e.g. small cap, Global ex-US) should continue to work.



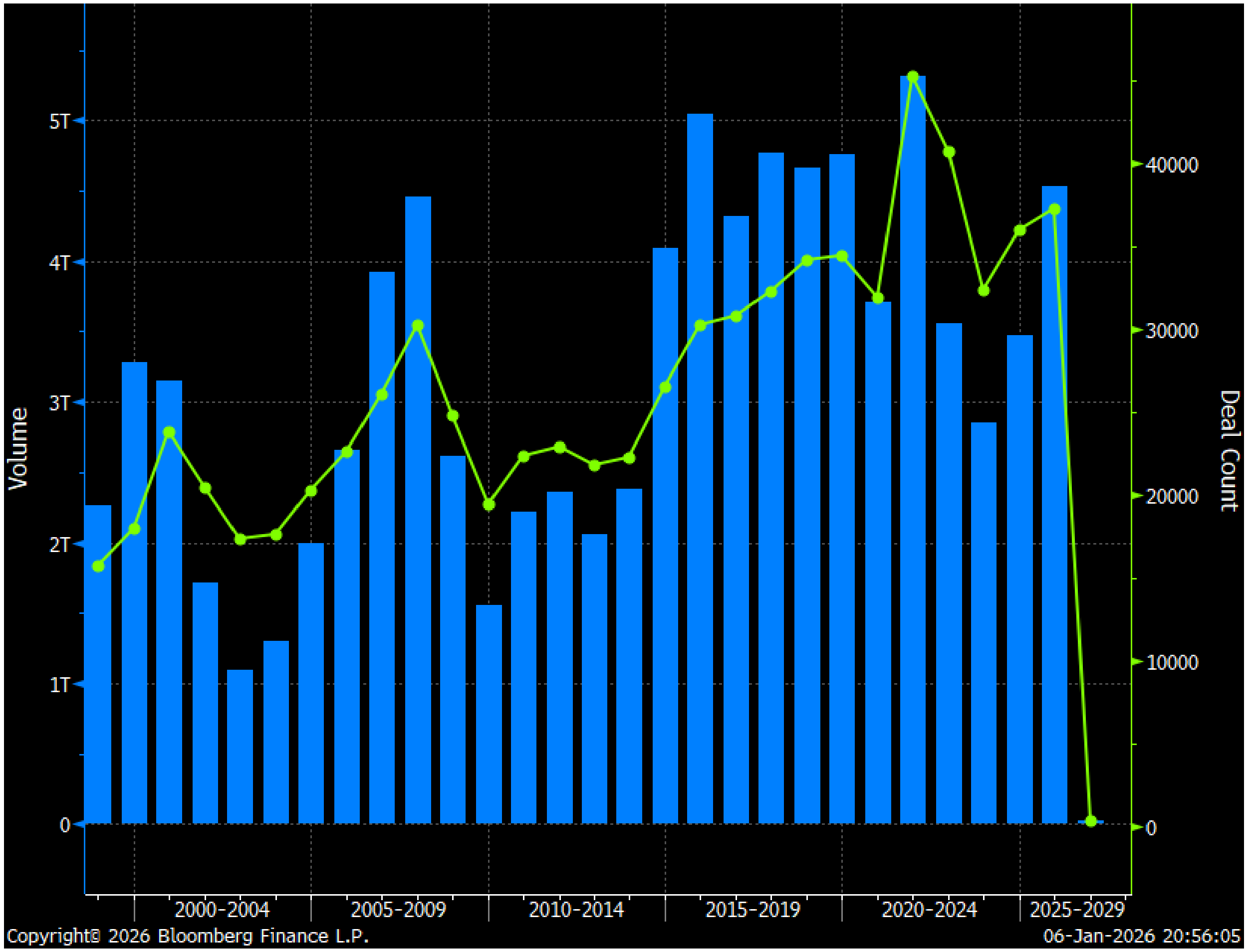
Source: Topdown Charts, LSEG, Bloomberg

M&A Activity

M&A is back!

As we highlighted in our previous report, 2025 could turn out to be a great year for investment banks active in the M&A realm.

And indeed, was last year the second-best year this decade in terms volume and the third best ever in terms of number of deals.



Global Markets

MSCI World (in local currency)

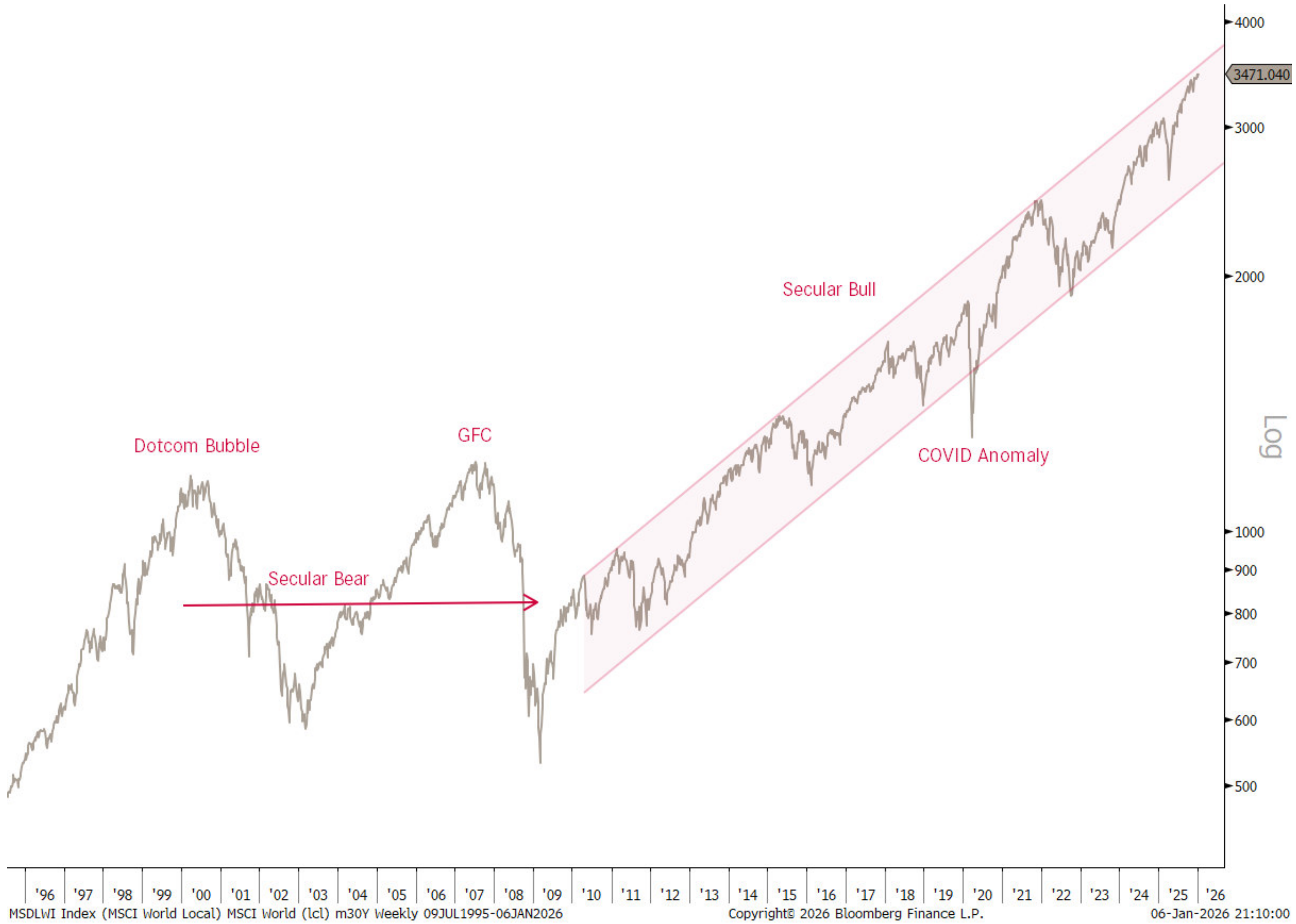
Global stocks continue to move within there well-established uptrend channel intact since the last cyclical bear ended in late 2022.

Source: Bloomberg, NPB calculations (G366)

Global Markets

MSCI World (in local currency)

The longer-term version of the same chart reveals the secular uptrend starting post-GFC is also still in full force.



Source: Bloomberg, NPB calculations (G367)

Global Equities

MSCI World (ex-US) to MSCI US Ratio (1 of 3)

After all of us (non-US) investors got excited in Q2 of last year, that, finally, finally, the underperformance of global stocks to US stocks is ending, it all turned out to be just a big, fat Ooops ☹

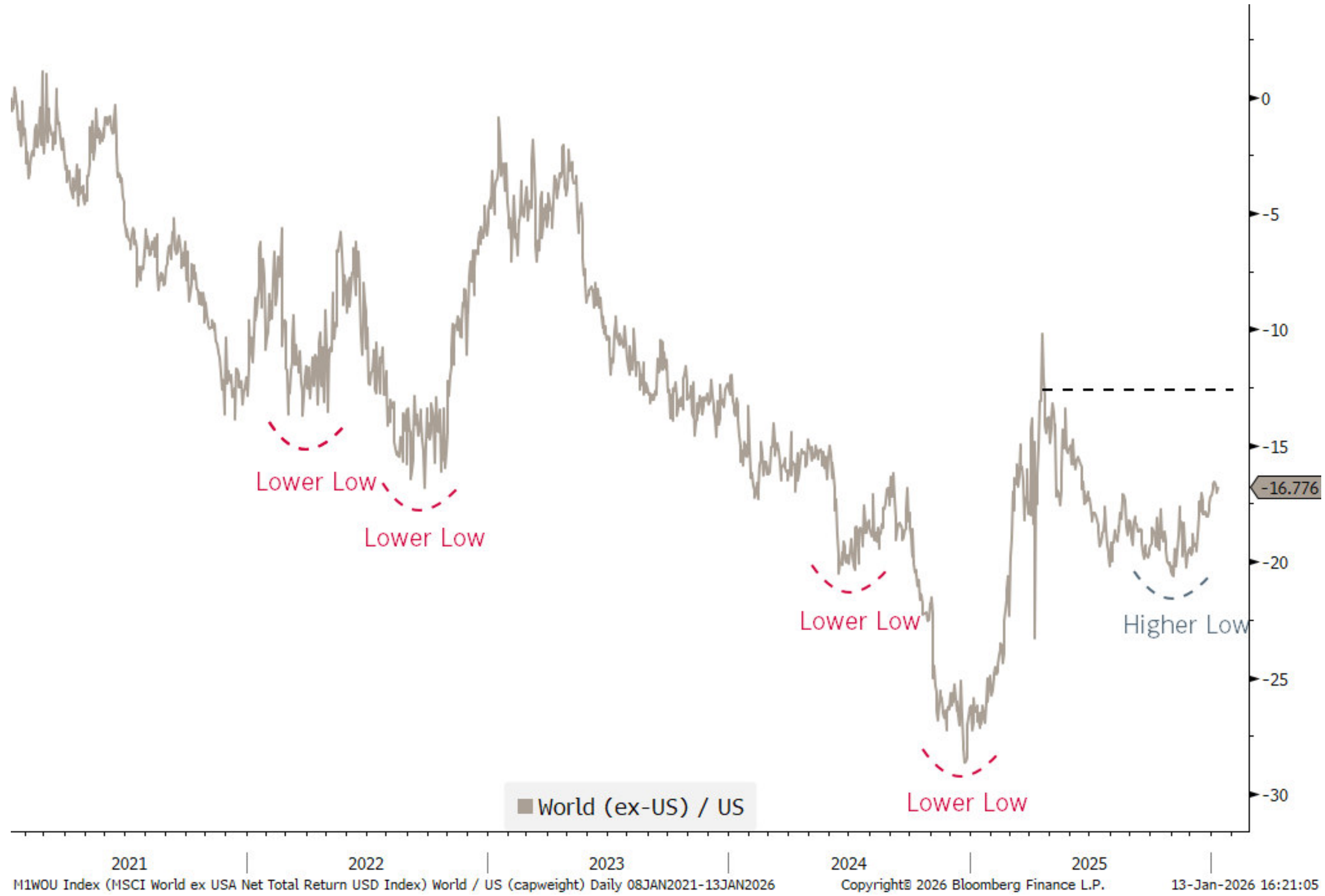
However …

Source: Bloomberg, NPB calculations (G344)

Global Equities

MSCI World (ex-US) to MSCI US Ratio (2 of 3)

...when zooming on the same chart with see that a) non-US stocks have recently started a new outperformance attempt and b) the pattern of lower lows has for now been interrupted. A new higher high would be a very bullish signal.



Source: Bloomberg, NPB calculations (G559)

Global Equities

MSCI World (ex-US) to MSCI US Ratio (3 of 3)

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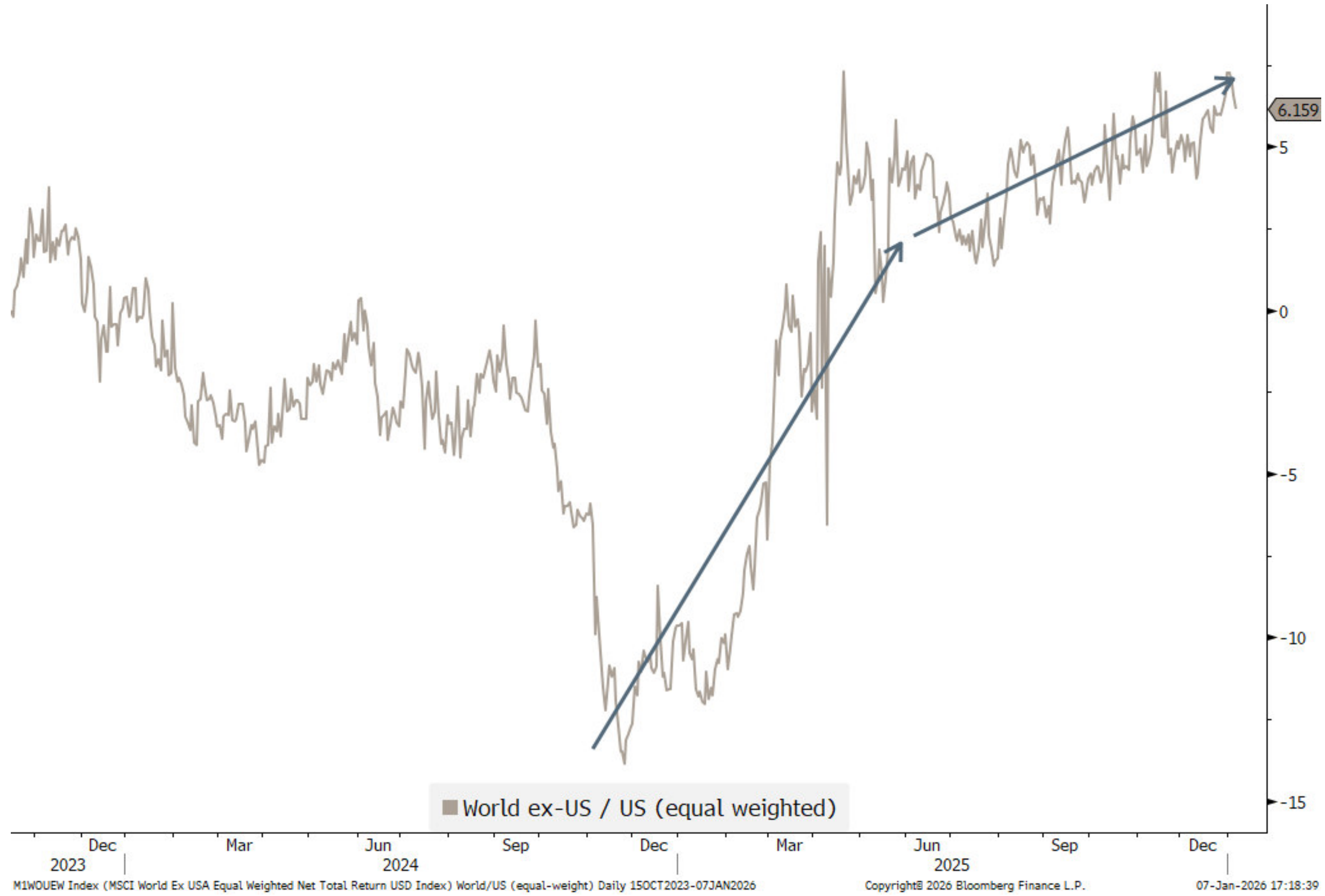
Maybe the equal-weight version of the ratio is already indicating that this non-US outperformance could become a cyclical reality. The uptrend never stopped, just last a tad of momentum.



Source: Bloomberg, NPB calculations (G560)

US Equities

S&P 500

This chart is simply called: "Don't Fight"

Source: Bloomberg, NPB calculations (G449)

US Equities

Full Steam Ahead

All three market cap classes how now clearly exceeded their previous cycle highs.

In the case of small- -cap stocks, they have just now broken out of a multi-year base, with potentially substantial more upside.

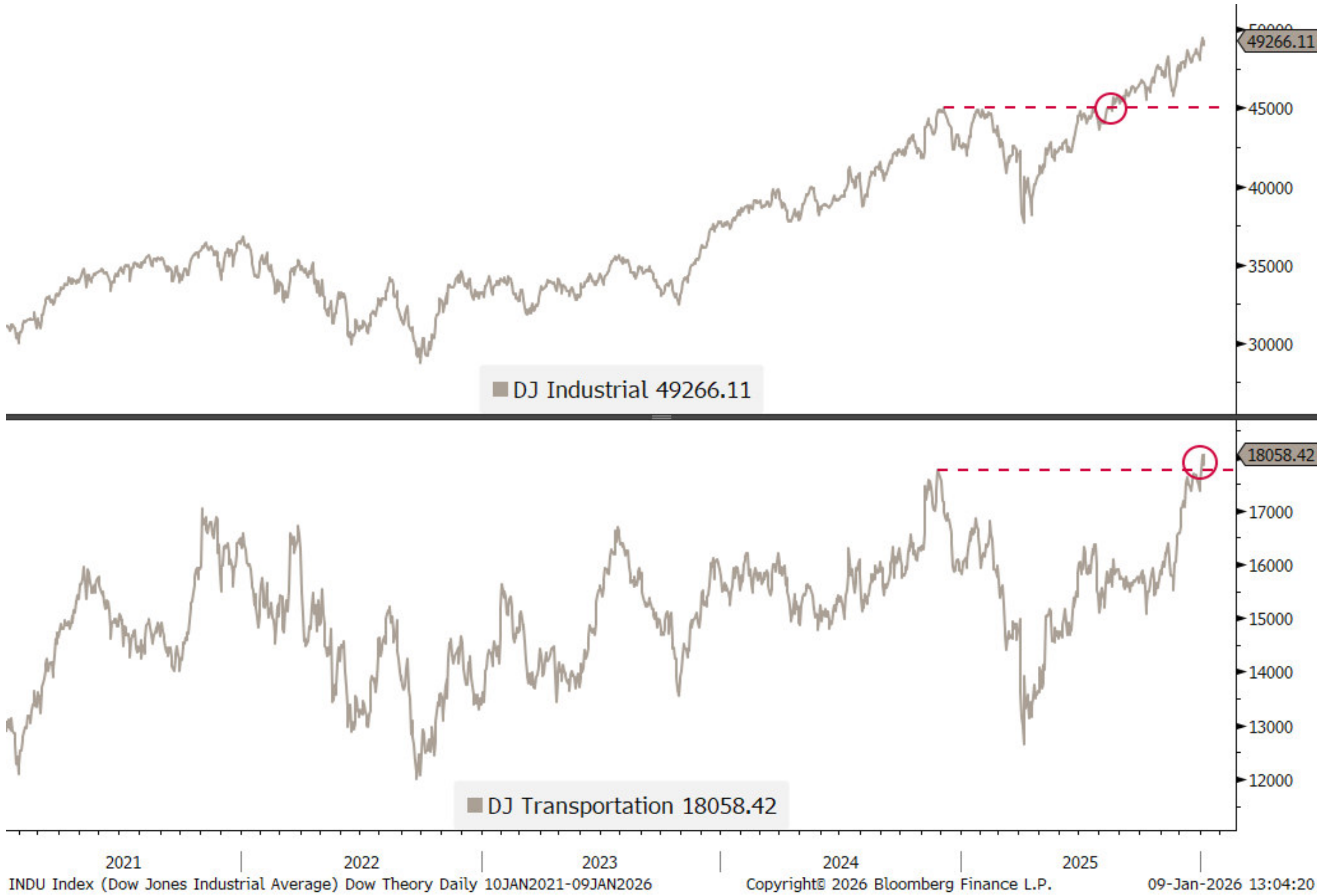
Source: Bloomberg, NPB calculations (G256)

US Stocks

Dow Theory

In short, the Dow Theory stats that when the DJ Industrial makes a new (all-time) high, which is then confirmed by a new (all-time) high in the DJ Transportation index, a long-term Dow Theory buy signal is triggered.

“Houston, we have liftoff.”



Sentiment

AAII Survey of Bulls & Bears

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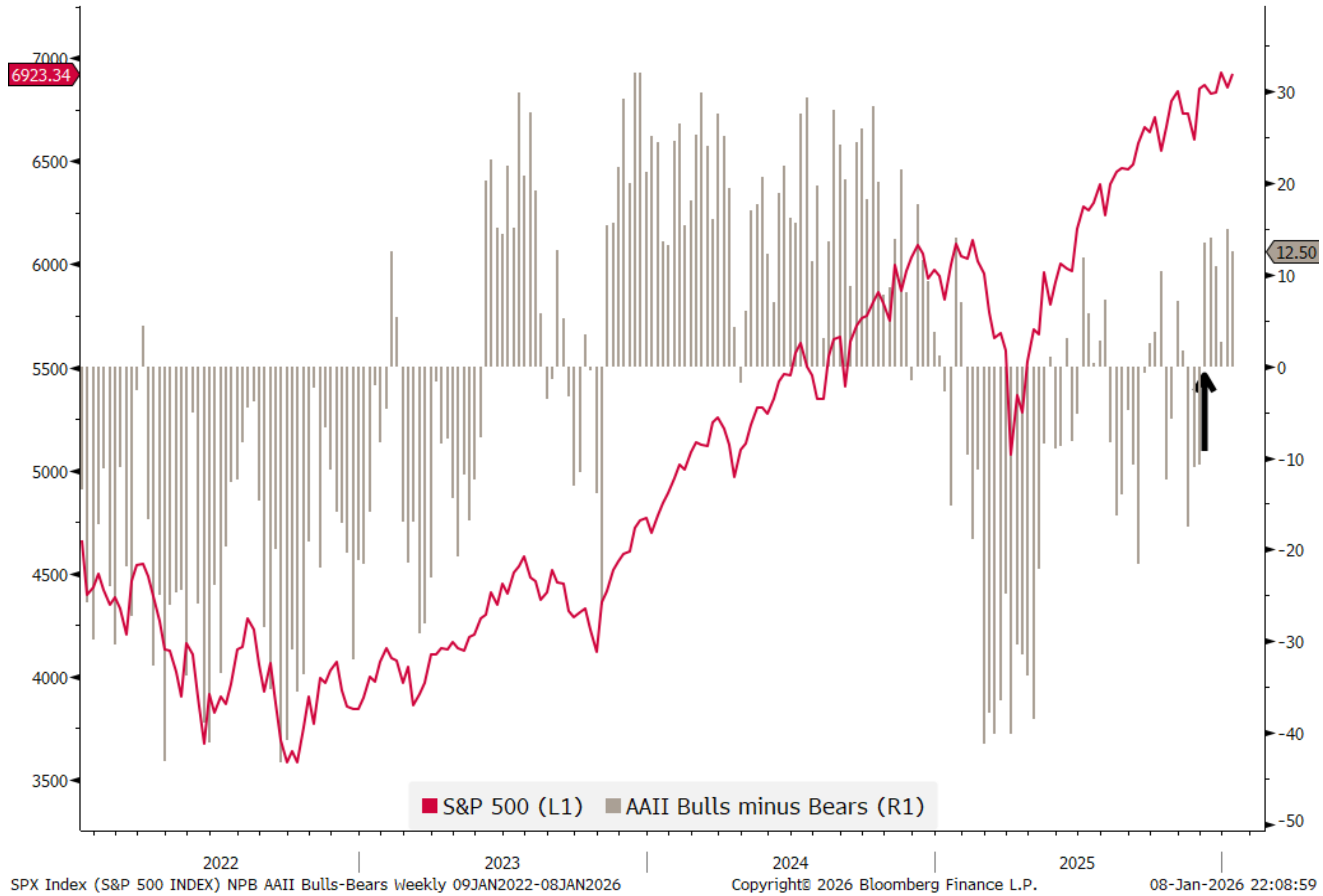
After moving spending most of 2025 in negative territory, the AAII Bull-Bear spread has finally turned more persistently bullish in early December.

It is currently far away from extreme readings or indicating any divergence, hence the bull market has still legs.

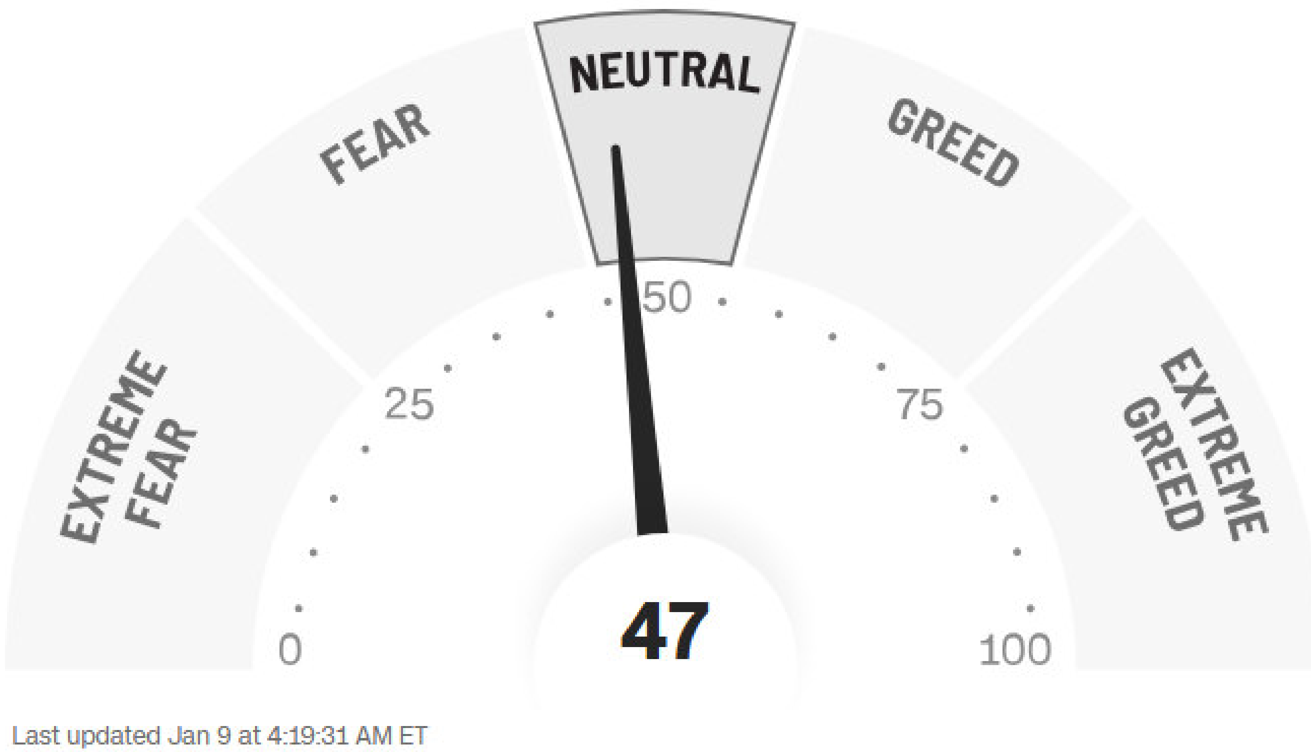


Source: Bloomberg, NPB calculations (G255)

Sentiment

CNN Fear and Greed Indicator

Similarly, the CNN Fear and Greed Indicator has just recently moved into the ‘Neutral’ zone out of the ‘Extreme Fear’ and ‘Fear’ zone only a few weeks ago. It will take at least a few weeks to get to ‘Extreme Greed’.



Source: CNN

Sentiment

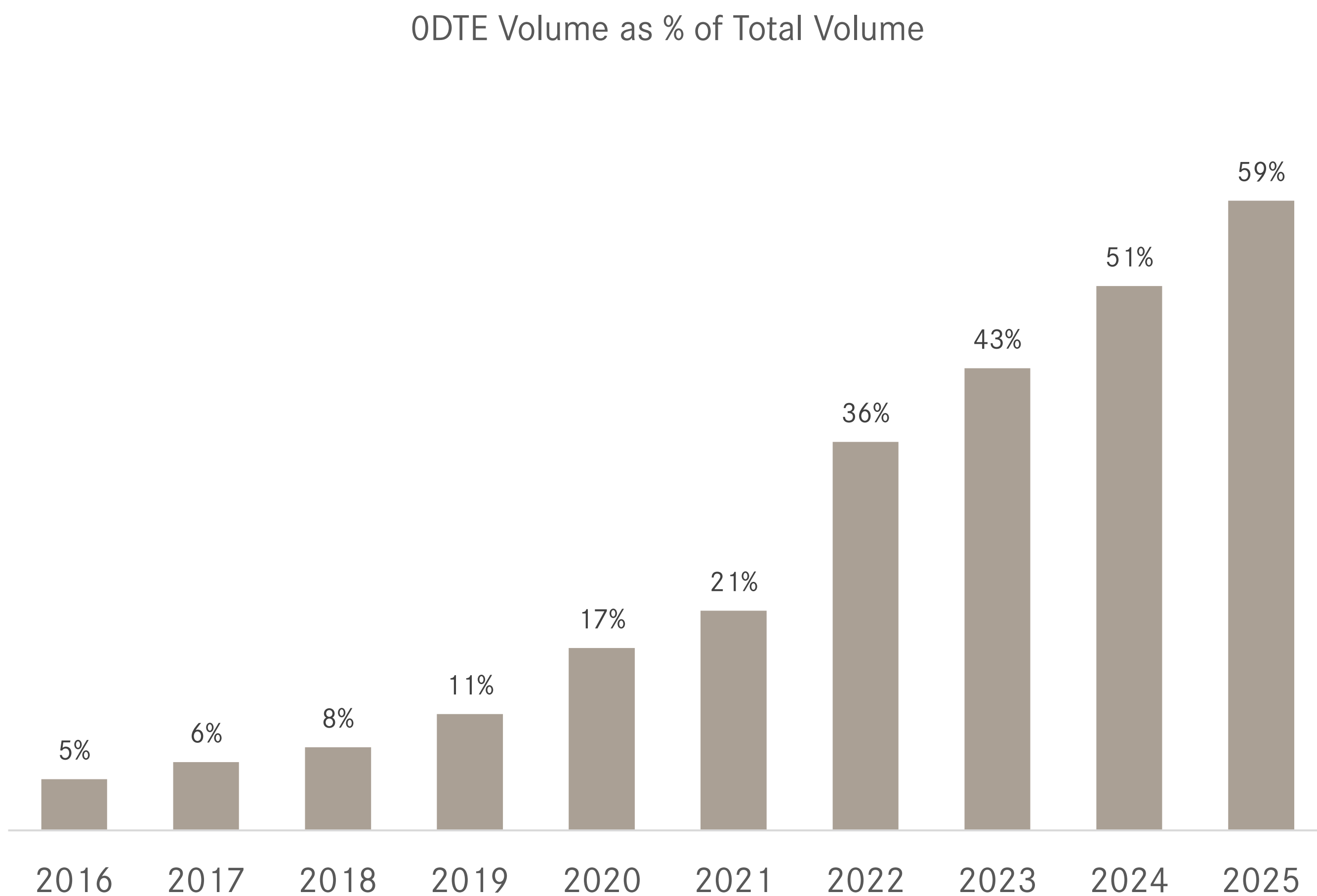
Hidden Leverage – 0DTE Volume has exploded

One sentiment indicator, maybe less prone to market timing, but clearly a longer-term warning sign, is the sharp increase in 0DTE options.

As a reminder, 0DTE options are equity options which investors buying today and which are expiring, well, today…

A 60% of total volume reading clearly speaks to the speculative fervor currently going on:

YOLO, FOMO, BTFD!



Source: Bloomberg, NPB calculations (Research Hub)

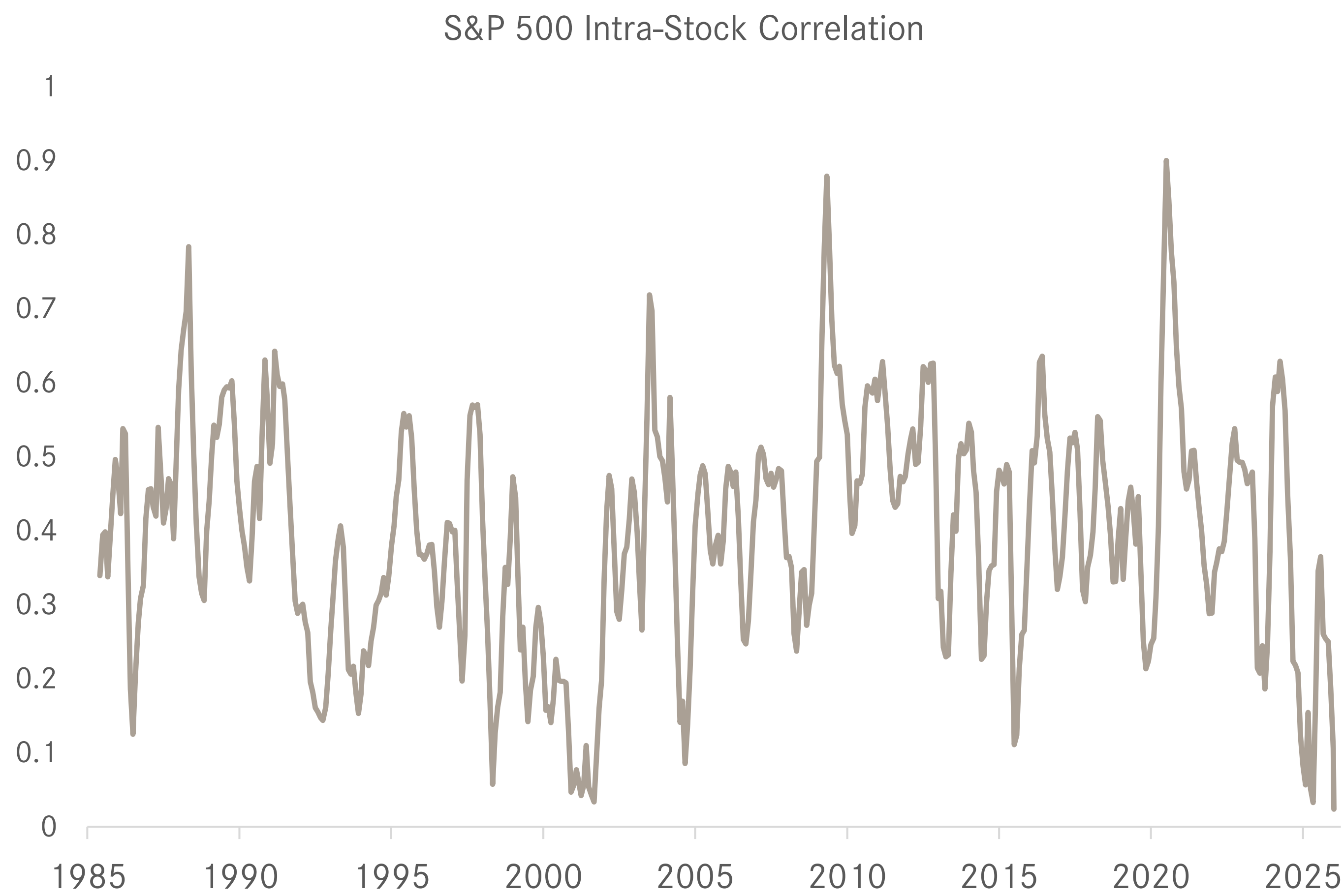
S&P 500 Intra-Stock Correlation

Dispersion Galore!

Intra-stock correlation are as low as they get, meaning that stocks are moving more at their own pace and less in tandem.

This should make it a stock picker's paradise (or hell), depending on his acumen.

Typically, correlations with move closer to 1 during times of crisis.



Source: Bloomberg, NPB calculations (Research Hub)

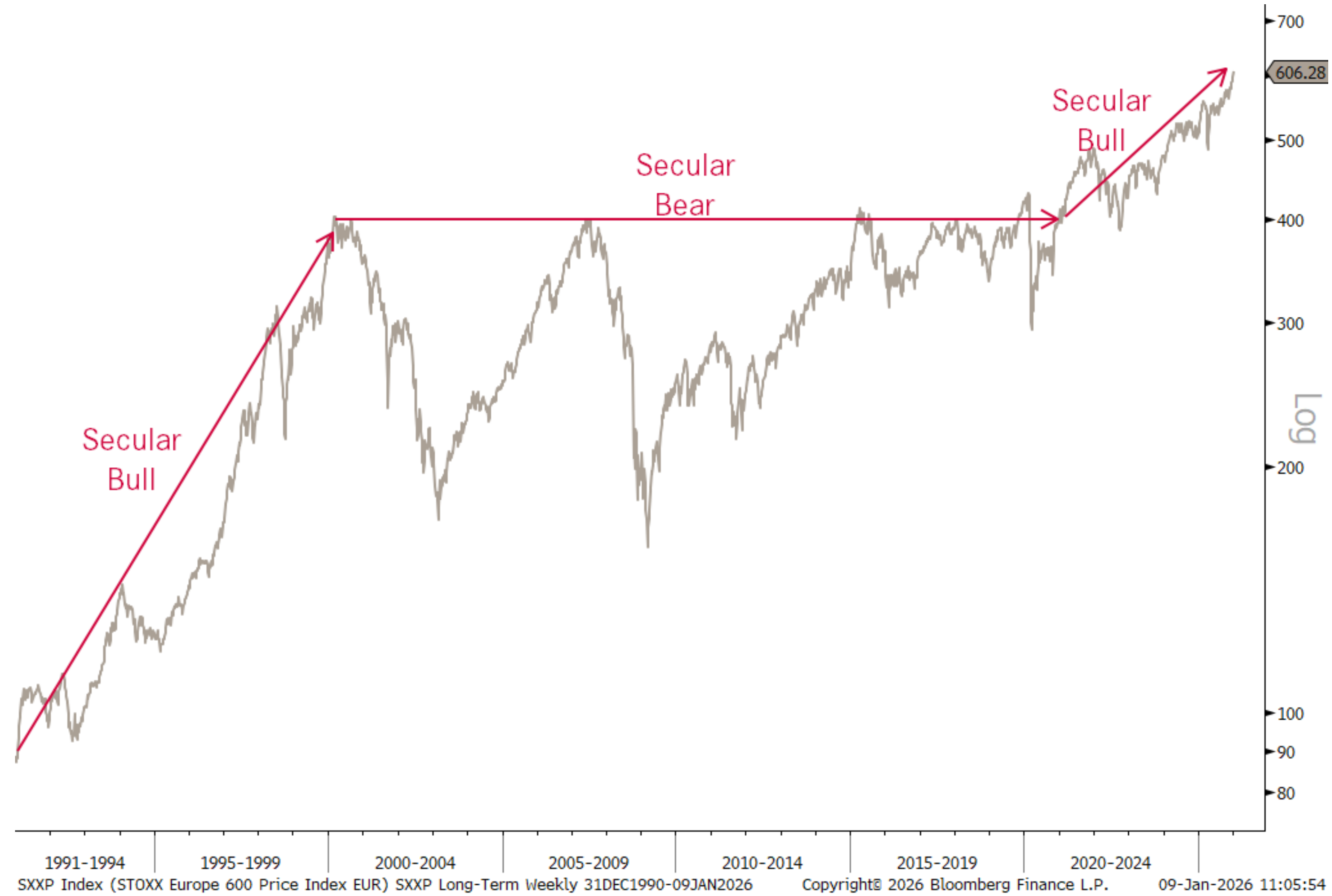
Europe Equities

STOXX 600 Europe – Long-Term View

NPB | Neue Privat Bank 25 YEARS

Arguably, European equities only left their 21-year secular bear market at the back-end of 2020, hence, the current secular bull market is only four years young.

There are many different ways to measure the potential upside from here, but even the most conversative would suggest at least 60-80% more.



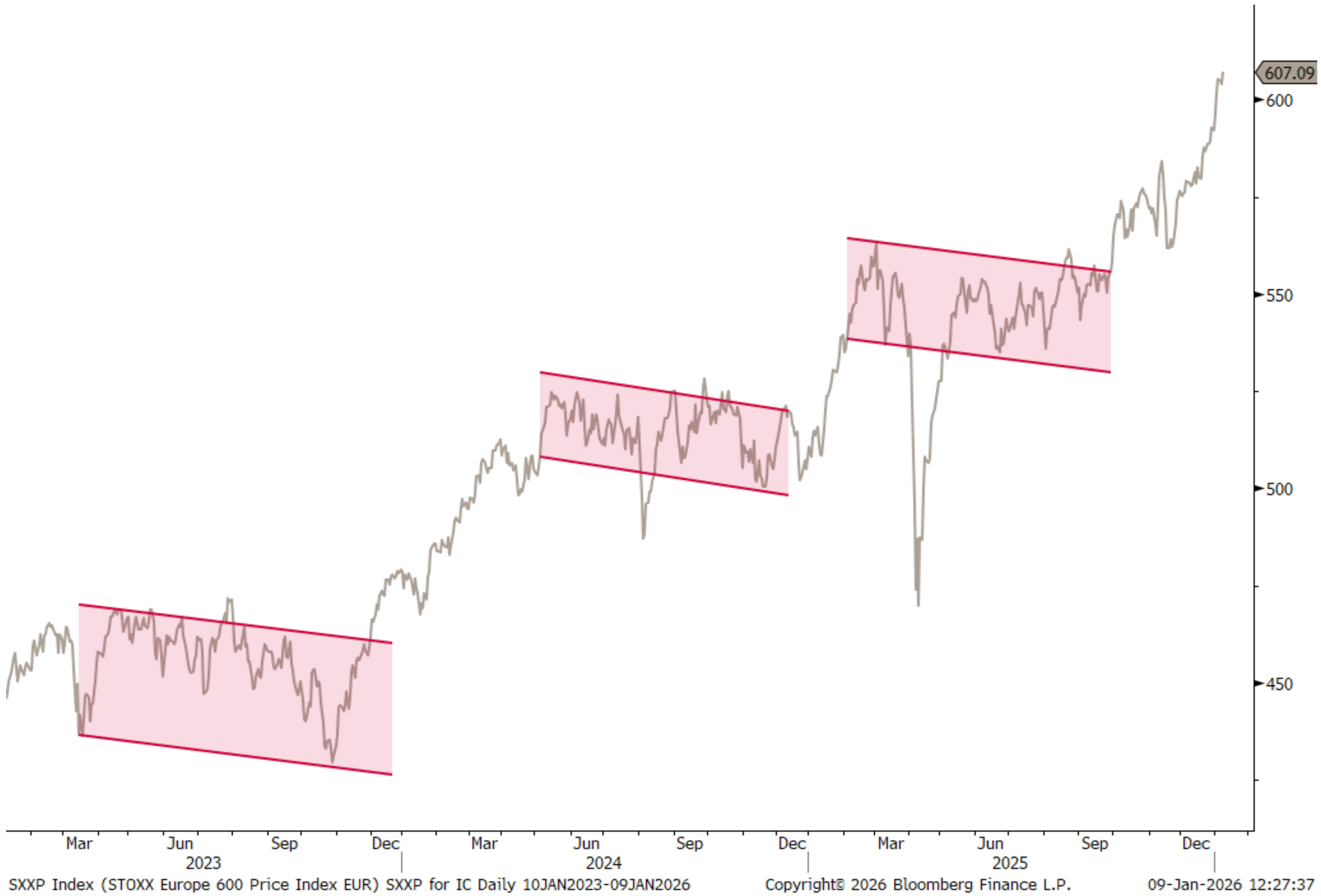
Source: Bloomberg, NPB calculations (G562)

Europe Equities

STOXX 600 Europe

On the more tactical chart, the SXXP continues to stair-step higher, but is currently somewhat stretched.

A pull-back would offer a buy/add opportunity.



Source: Bloomberg, NPB calculations (G563)

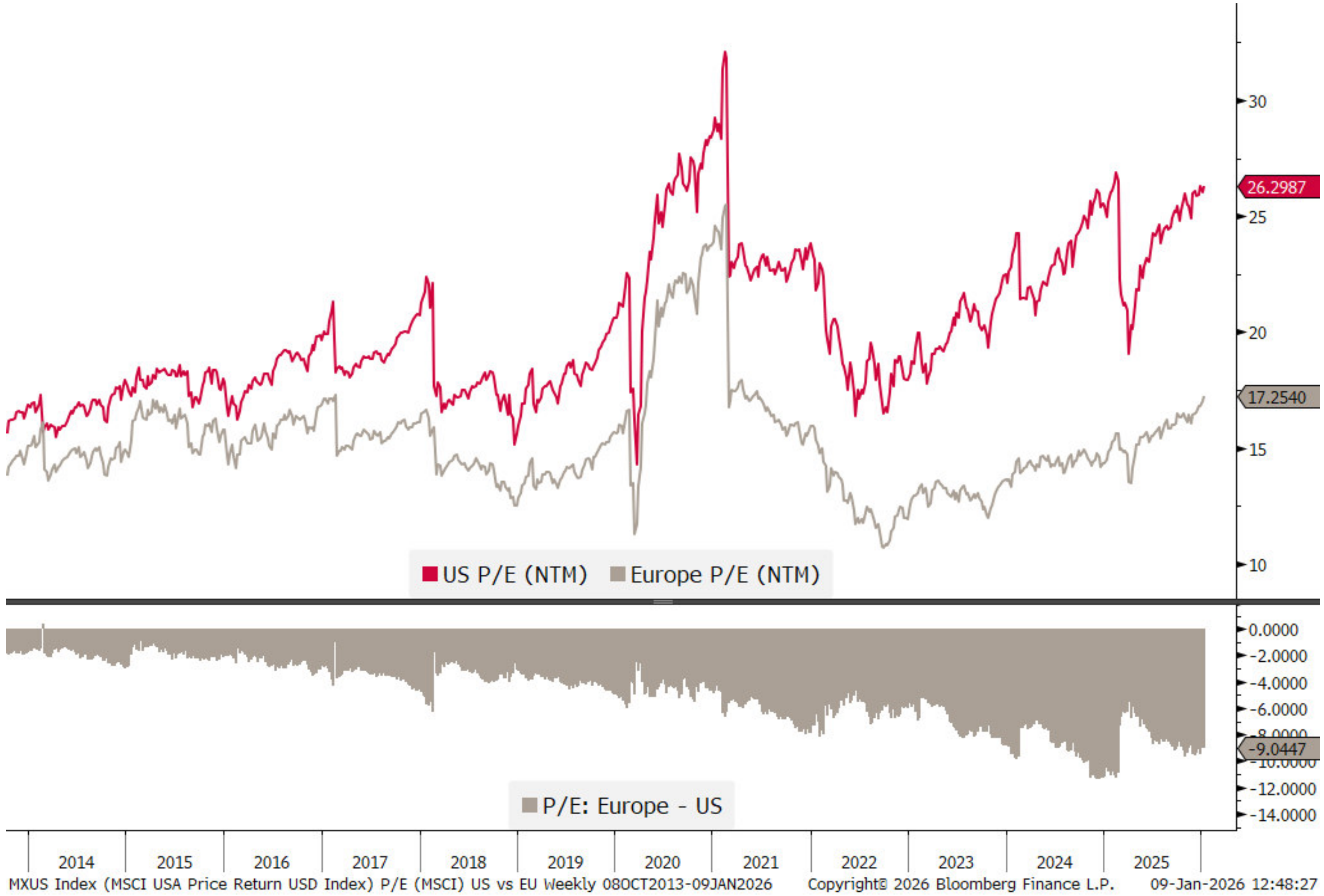
Europe Equities

Valuation

European stocks have been outperforming their US counterparts by a wide margin when adjusting for currency.

However, the valuation discount on European stocks has only marginally narrowed.

Continue to favour European stocks over US stocks, especially now that momentum seems to be turning in favour of the old continent too.



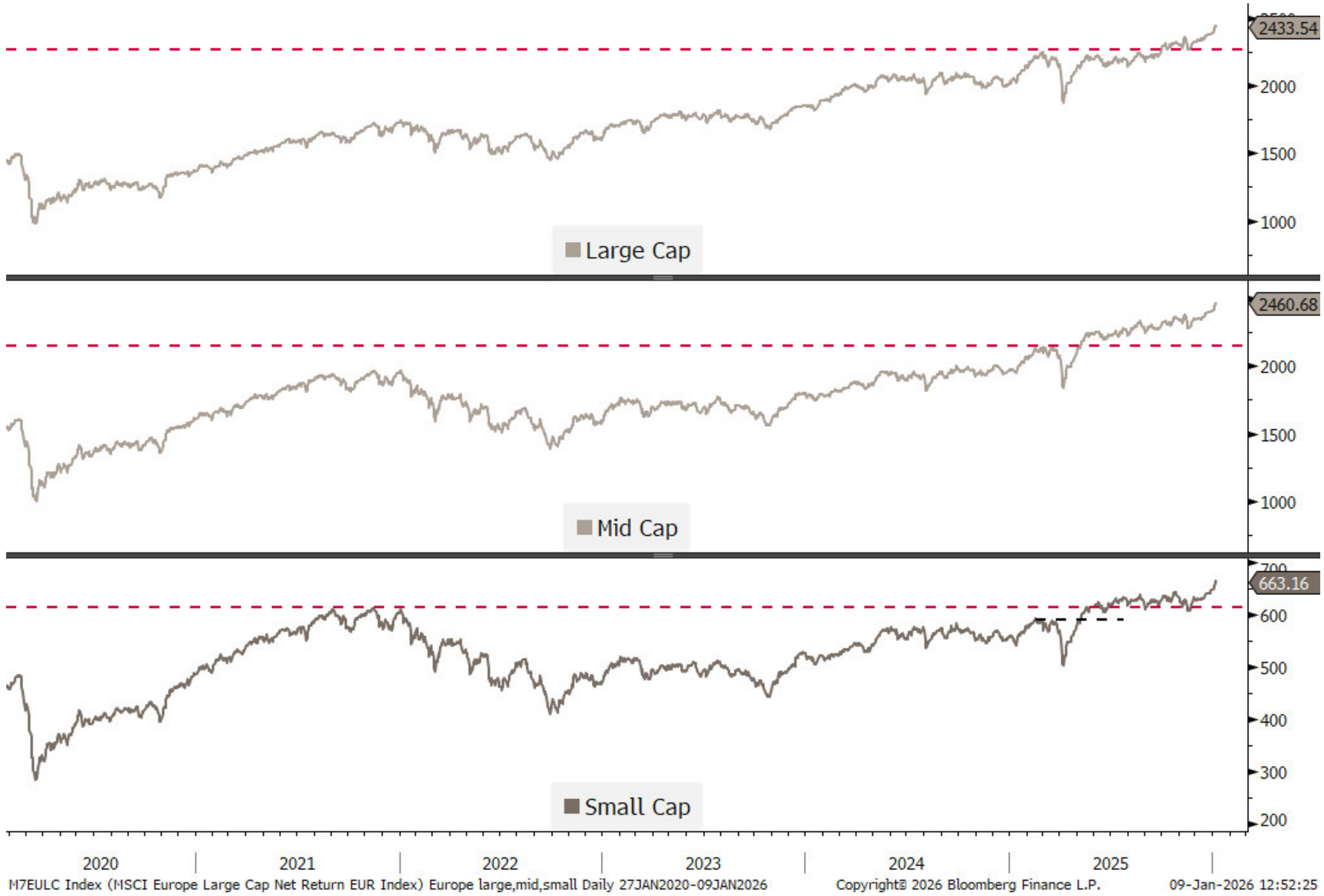
Source: Bloomberg, NPB calculations (G53)

Europe Equities

Large-, mid- and small-cap indices

European small- and mid-cap stocks have made new all-time, respectively new cycle highs much earlier than their US counterparts.

There is nothing bearish to these three "lines".



Source: Bloomberg, NPB calculations (G177)

Swiss Equities

Swiss Market Index (SMI)

Finally, the Swiss equity market was able to find some traction during Q4 of last year and made a new all-time high two days before x-mas.

Momentum has been unabated since early December and whilst the index looks overbought now (RSI>80), any pullback should be used to add to existing exposure.

Source: Bloomberg, NPB calculations (G565)

UK Equities

FTSE-100

As Mark Twain famously quipped, “Reports of my death are greatly exaggerated.”, so has the UK equity market refused to die amid a dire economic situation in the country and an even worse political environment.

On the second day of the new year, the Footsie was able to tick above psychological 10,000-mark and hasn’t looked back since.

Source: Bloomberg, NPB calculations (G566)

Japan Equities

Nikkei

The Japanese equity markets was the strongest amongst the G-10 countries, all measured in local currency terms.

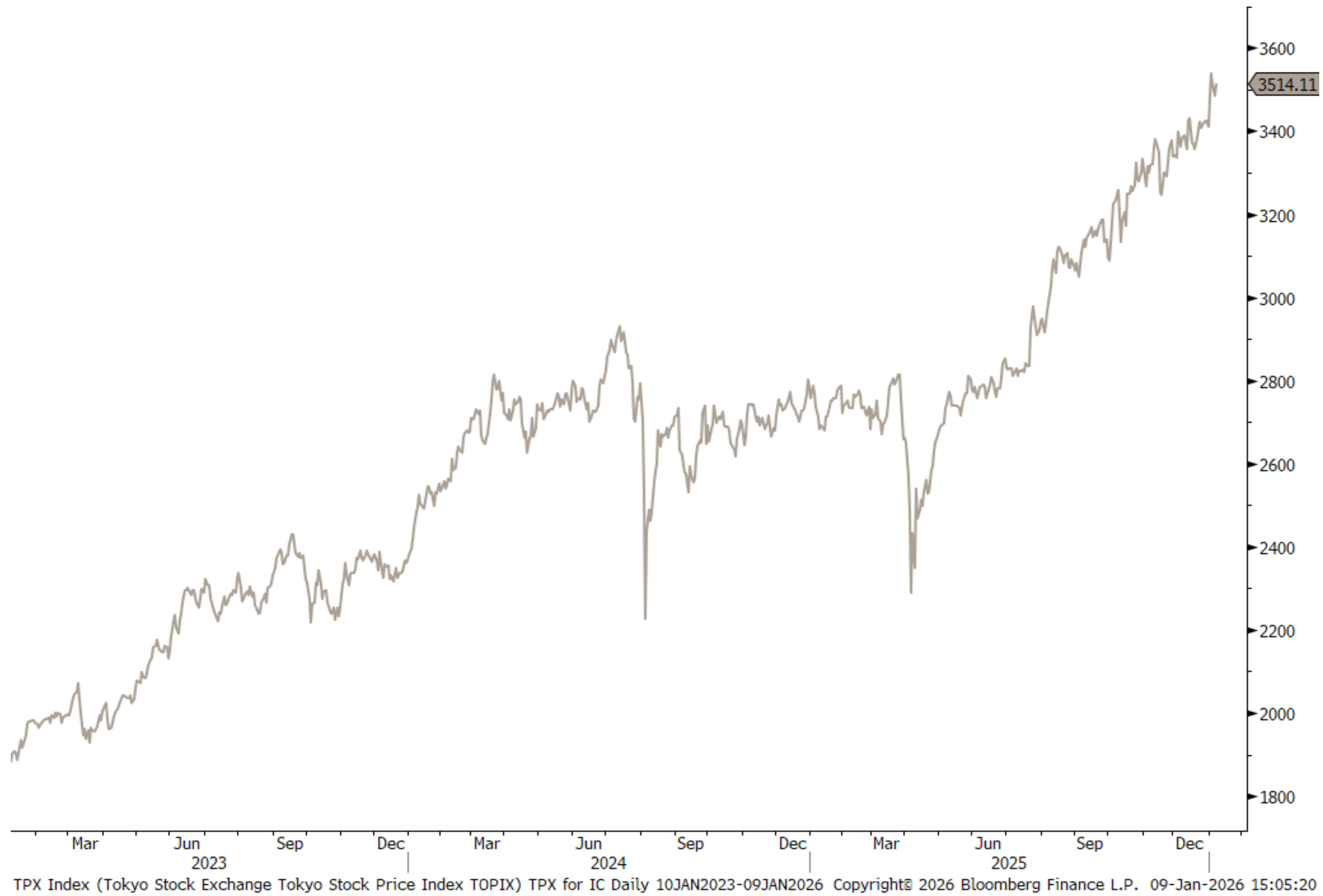
Recently though, it failed to reach a new all-time high, creating the danger of a double-top.

Source: Bloomberg, NPB calculations (G567)

Japan Equities

Topix

However, swapping the tech-oriented Nikkei for the broad Topix index, we note that the wider Japanese equity market as already making new all-time high after new all-time high, leaving little doubt that the Nikkei will soon follow suit.

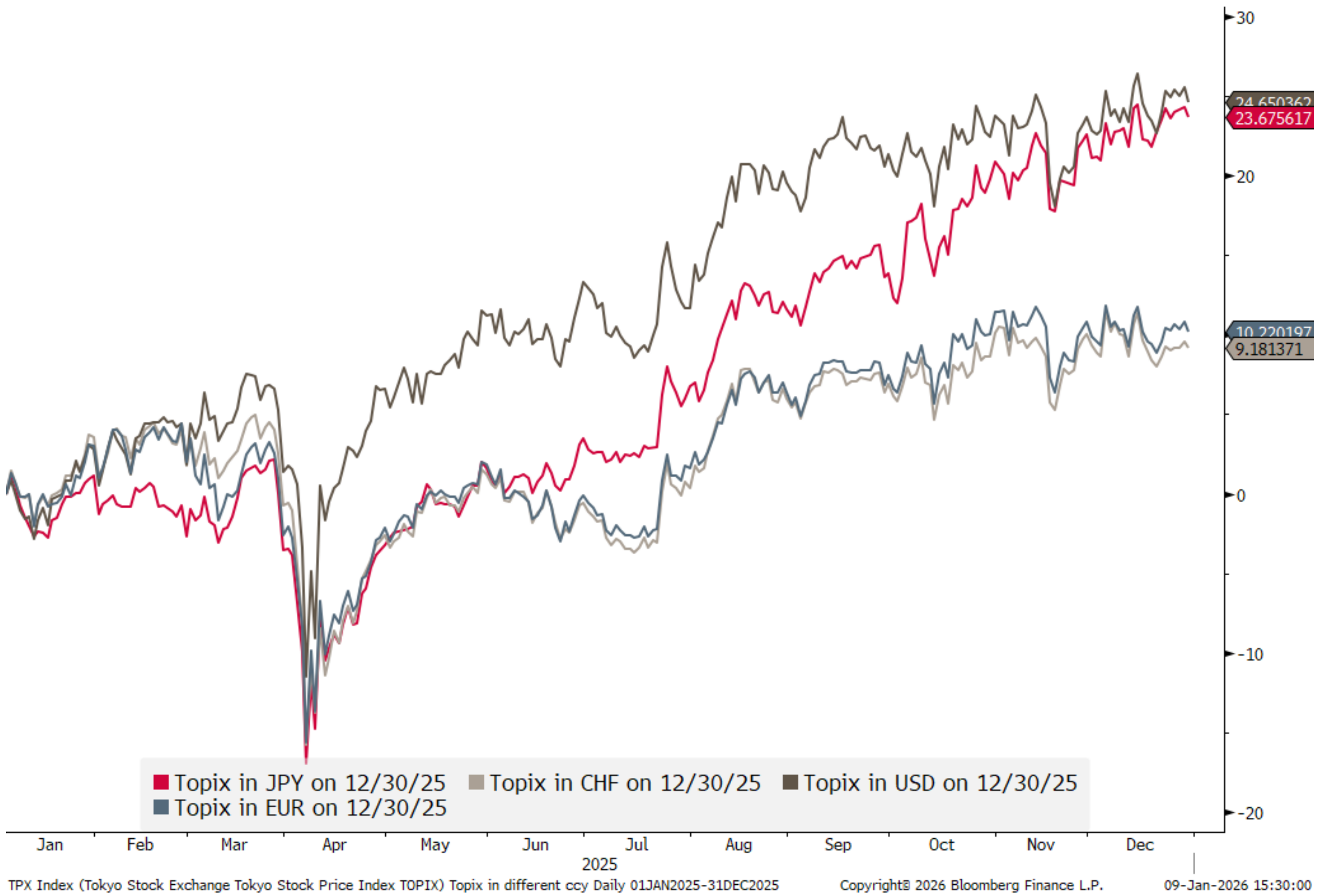


Source: Bloomberg, NPB calculations (G568)

Japan Equities

It's All About the … Currency!

IF you were invested in the Japanesee stock market, it of course mattered big time what your base currency was and if you hedged that JPY exposure or not …



Source: Bloomberg, NPB calculations (G569)

Emerging Markets

The Good, the Bad and the Ugly

The Good:

EMs had an excellent run in 2025 (+38%) and are up over 60% since there 2020 lows.

The Bad:

For now, prices have been rejected at the previous all-time high (red line), set all the way back in 2021.

The Ugly:

Not shown on this chart is that the current rejection level is also the upper line from the long-term channel on the monthly chart, plus, the RSI is overbought on a daily, weekly and monthly level.

Spinning it positively, a pullback and a buying opportunity seem to be approaching.

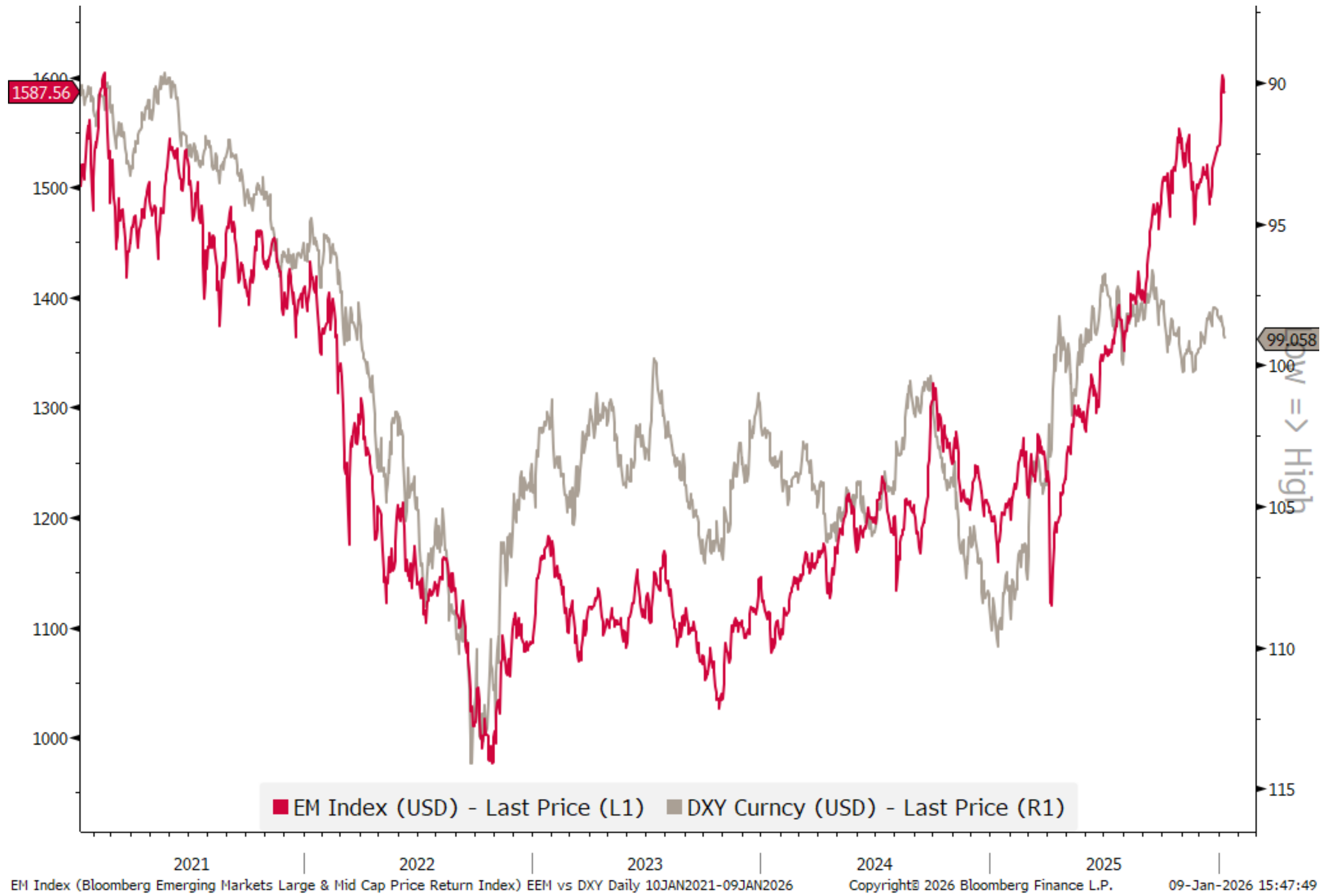
Source: Bloomberg, NPB calculations (G570)

Emerging Market Equities

Tailwinds from a weaker USD abating for now

Another issue for Emerging Markets is, as already highlighted in our Q4/2025 outlook, is that the tailwind from a weaker USD (DXY, rhs, inverted) has abated.

Should the Greenback find, against our expectations, further demand, a deeper correction could unfold on EM stocks.



Source: TradingView, NPB calculations

Emerging Markets

EM / DM

From a chartist point of view, the cyclical, steep downtrend in place since 2021 for EM vs. DM stocks has been interrupted and successfully retested (arrow).

Source: Bloomberg, NPB calculations (G102)

India Equities

Nifty 50

The Indian stock market, an underperformer since Q3 of 2024, finally started reacting to the upside in the second half of last year.

However, just when everybodydy started getting excited and bullish again, the index has been rejected at its previous all-time high levels, including a mean, little overthrow.

Source: Bloomberg, NPB calculations (G571)

India Equities

MSCI India / MSCI EM

From a relative point of view, the Indian stock market has broken down again versus its EM peers.

Worse, the chart starts looking awfully similar to a shoulder-head-shoulder pattern, where the neckline (dashed line) has just been broken. Implications are a strong (relative) underperformance by the Indian stock market over the coming months and quarters.

Source: Bloomberg, NPB calculations (G435)

China Equities

Hang Seng Index

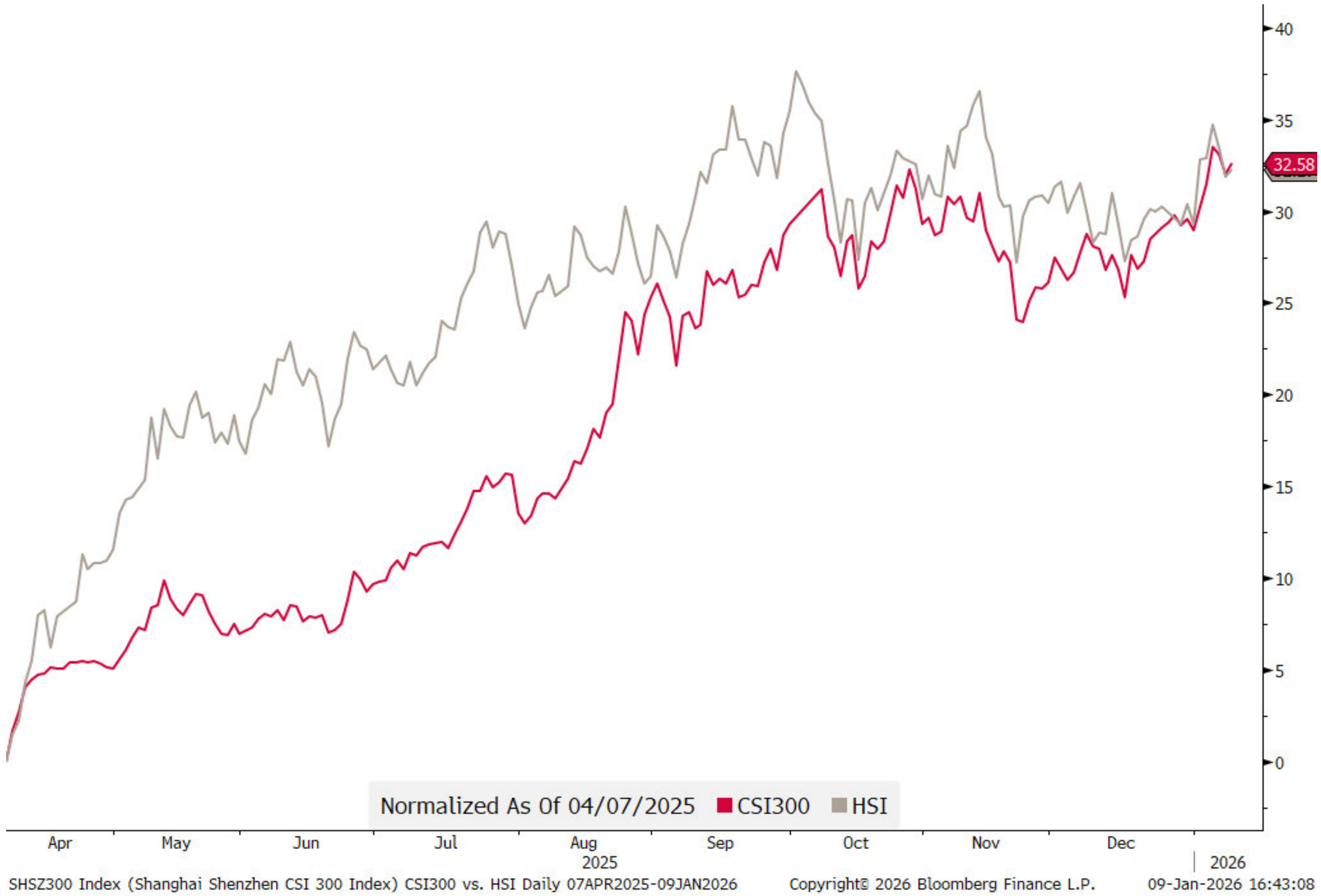
Hong Kong stocks seem to be in an intermediate term consolidation pattern. Breakout (higher?) should follow over the next one to two months.

Source: Bloomberg, NPB calculations (G451)

China Equities

HSI vs. CSI300

The performance gap in place since the Liberation Day low between Mainland and Hong Kong stocks has been closed.



Source: Bloomberg, NPB calculations (G451)

Middle East

Saudi Arabia – Tadawul All Share Index

"Fortuna audaces iuvat"

or, as Matt Damon would have translated it in that Crypto.com commercial:

"Fortune favours the brave".

The brave would buy the Tadawul index here, but of course, with a safety net (aka stop loss).

Source: Bloomberg, NPB calculations (G455)

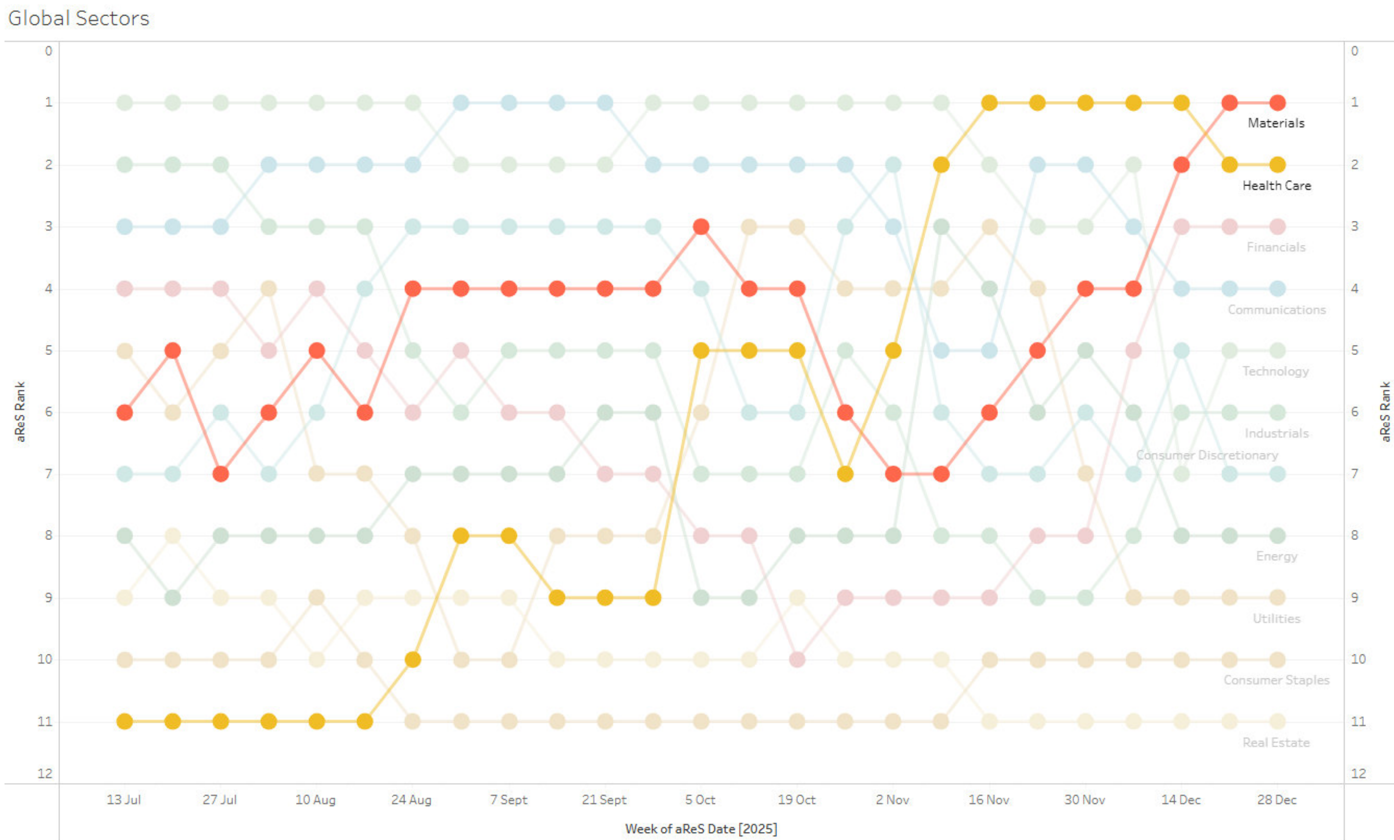
Sector Analysis

Proprietary aReS™ Model

We highlighted two sectors in our previous quarterly report: Materials and Health care, which after showing some momentum where ranked #3 and #5 out of eleven on a relative strength basis at the time.

Guess where they were by year end.

Exactly!



Source: Bloomberg, Tableau, NPB calculations

Sector Focus

Health Care

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Global health care stocks have underperformed the broader market (MSCI World) since the current cyclical bull market started in 2022.

As we are putting this document together, health care stocks are trying to end this relative underperformance (circle) after a very decent second half rally in 2025.

Source: Bloomberg, NPB calculations (G576)

Sector Focus

Health Care

On an absolute basis, the MSCI World Health Care Index has set-up a pattern that in the past has led to a trend acceleration.

Will it also happen this time?

In our books, odds are good, yes.

Source: Bloomberg, NPB calculations (G574)

Sector Focus

Health Care

Maybe a basket of equal-weight US Health Care stocks, which are just breaking out to new all-time highs, serve as leading indicator?

Source: Bloomberg, NPB calculations (G577)

Sector Focus

Metals & Mining

One of the best sectors (next to defense) playing into our “Age of Empires” theme are of course Metals & Mining stocks.

However, arguably, the rally has already been impressive (see chart to the right).

Source: Bloomberg, NPB calculations (G579)

Sector Focus

Metals & Mining

However, putting it into a long-term and relative (to MSCI World) context, we realize that this may be just getting started.

By the way, the materials sector, of which metals & mining are a subset, is less than 4% of the MSCI World in terms of weighting.

Source: Bloomberg, NPB calculations (G578)

Sector Focus

Metals & Mining

Similar as in our Health Care analysis, here to the US market may be giving early hints in terms of relative outperformance.

After creating a nine-year base, metals & mining stocks are finally breaking out higher.

Is the same about to happen on a global level?

Fixed Income

Chartbook Q1 2026

> “The critical difference between a stock trader and a bond trader is the latter is a pragmatist dealing on facts and probabilities, while the former will happily believe six improbable things before breakfast.”
>
> – Bill Blain (British Financial Broadcaster)

Fixed Income "Chart" of the Quarter

Gravity Pull

We already mentioned in our previous report that the first quarter or two of 2026 will be dominated by chatter surrounding the independence of the US Federal Reserve Bank and its interest-rate setting Federal Open Market Committee.

Latest developments (e.g., Fed served with subpoenas by DOJ) confirm that this period is now upon us.

Source: Bloomberg, NPB calculations (G369)

The Kevins – Home Alone

Polymarket Prediction Markets

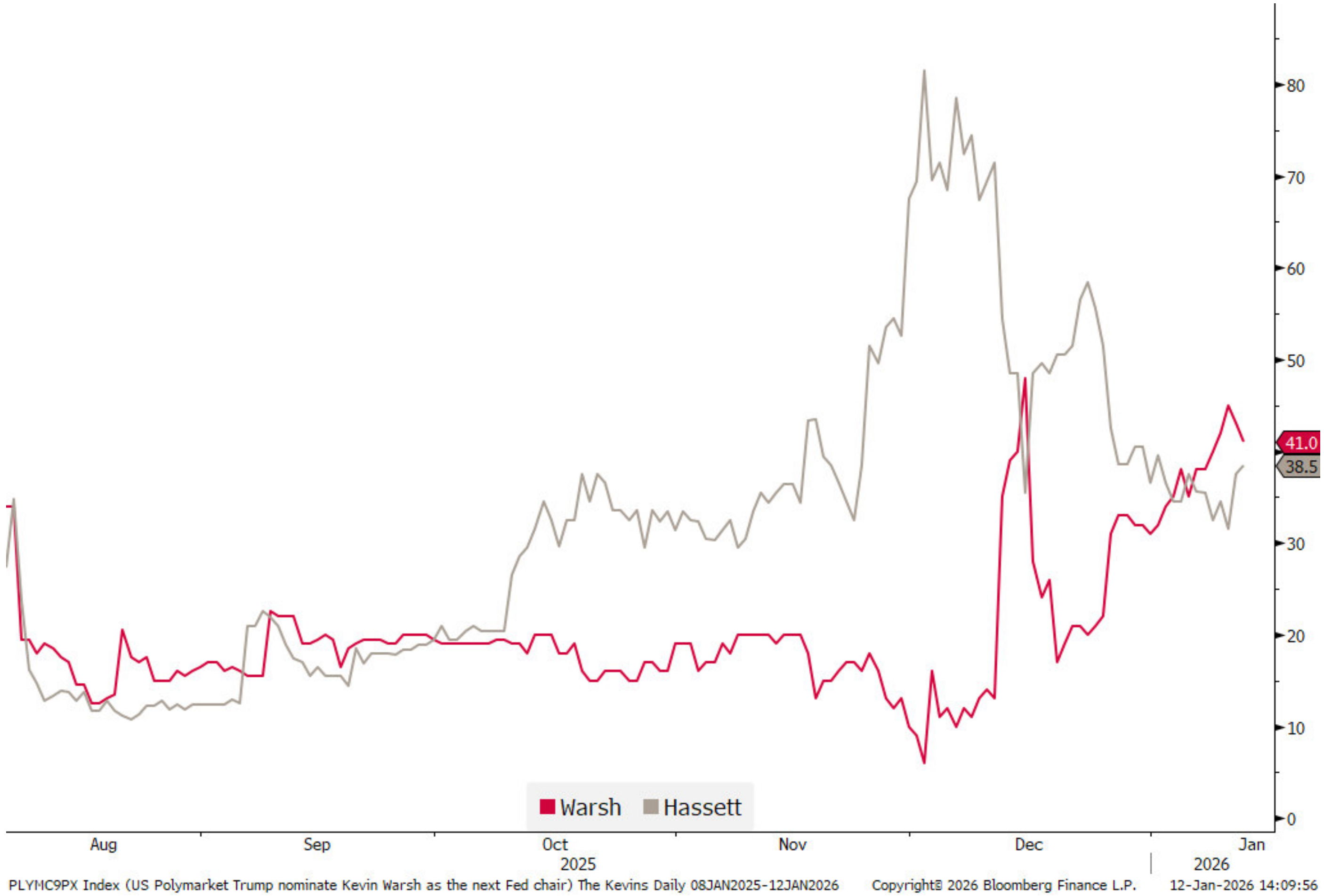
NPB | Neue Privat Bank 25 YEARS

Nowadays, you can take a bet on nearly anything, everything and anybody.

In the case of who is going to be nominated as next Fed Chairman by President Trump, you can chose between:

a) Kevin Warsh – an Uber-Dove

b) Kevin Hasset – a super-hyper-uber-dove

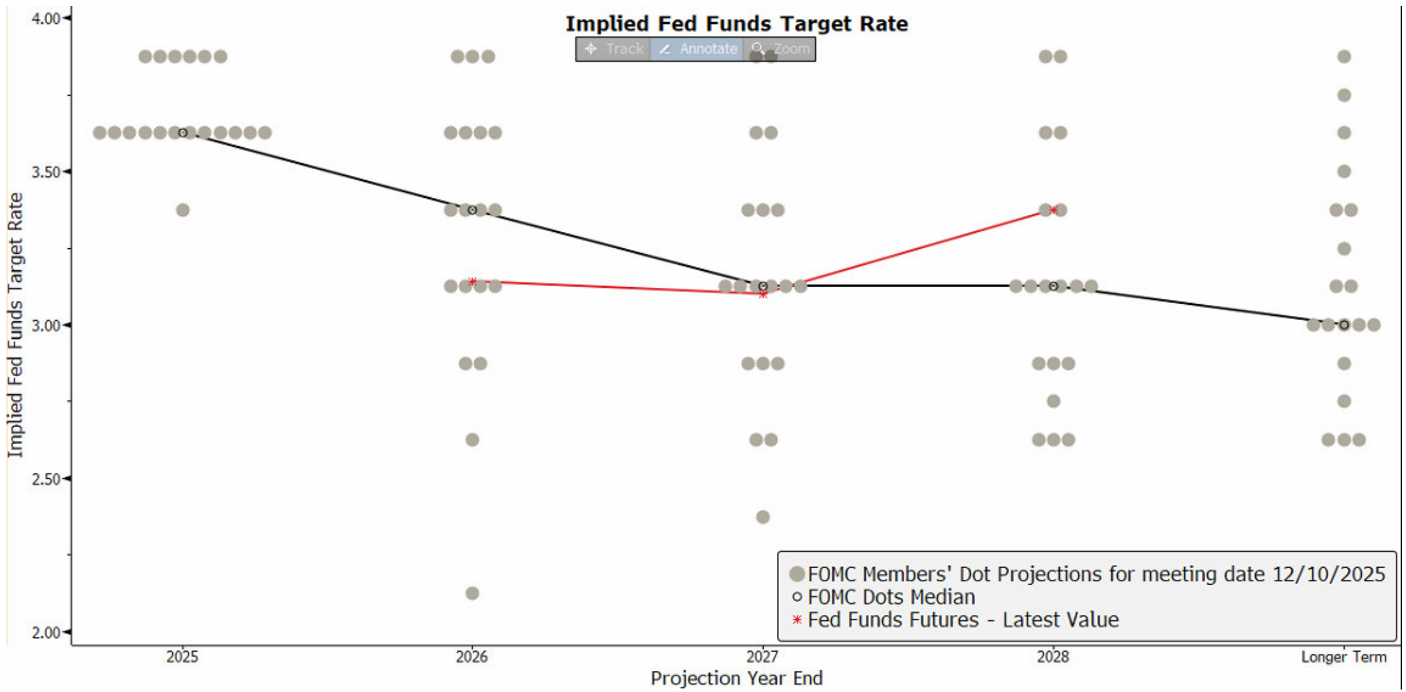


Federal Open Market Committee

Dot Plot

The divide amongst FOMC voting members visible in the Dot Plot is formidable.

Whilst the average (black line) roughly coincides with what futures markets currently imply (red line) is the dispersion astonishing and should be the promise for a ‘fun’ period ahead.



Source: Bloomberg, NPB calculation (DOTS)

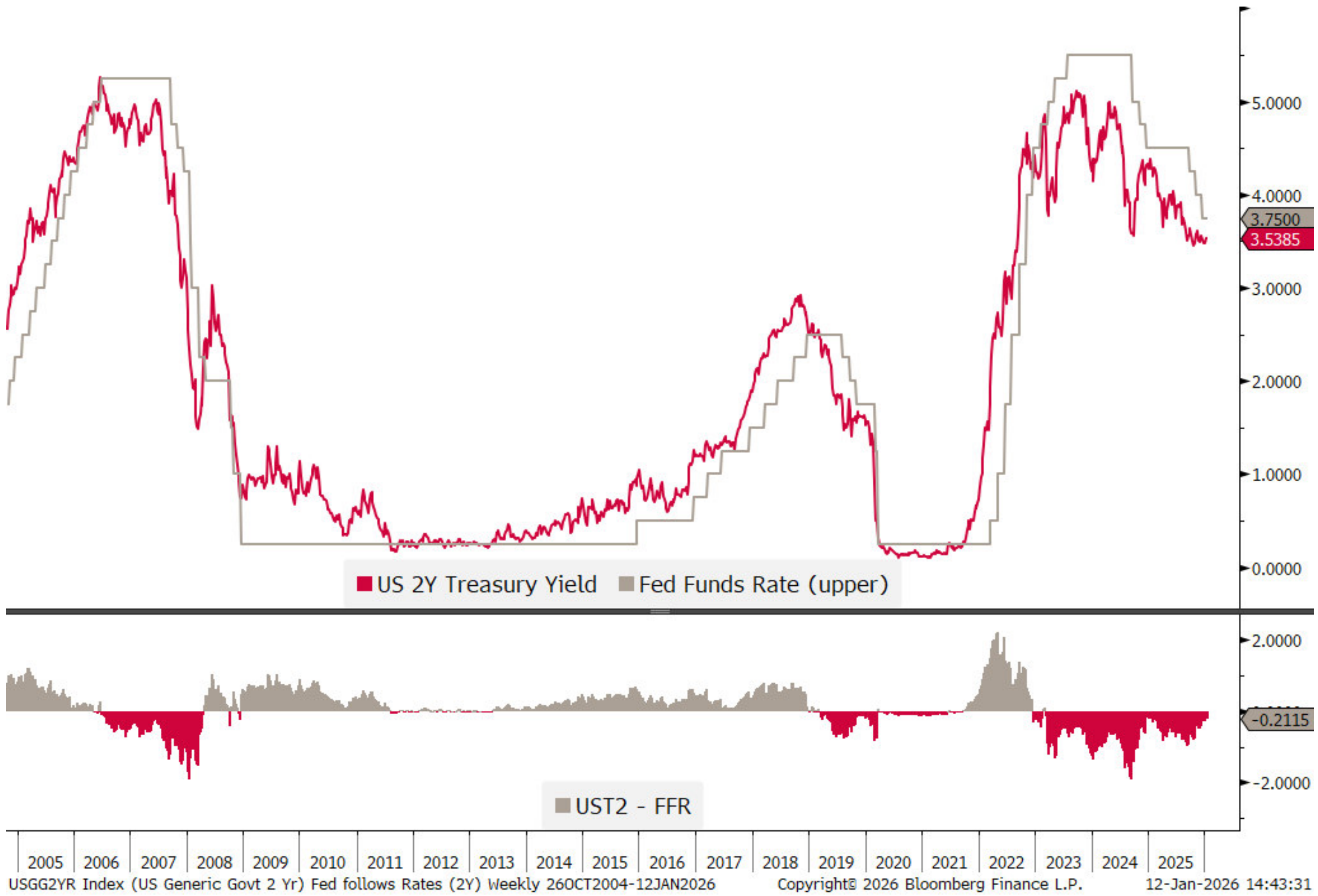
US Monetary Policy

2-year Treasury Yield vs Fed Fund Rate

From a market point-of-view the average from the Dot Plot makes sense, but not the wide dispersion.

The spread between the Fed Fund rates and the 2-year yield is its narrowest for the past few years.

In other words, ‘the market’ agrees with the current level of the policy rate.

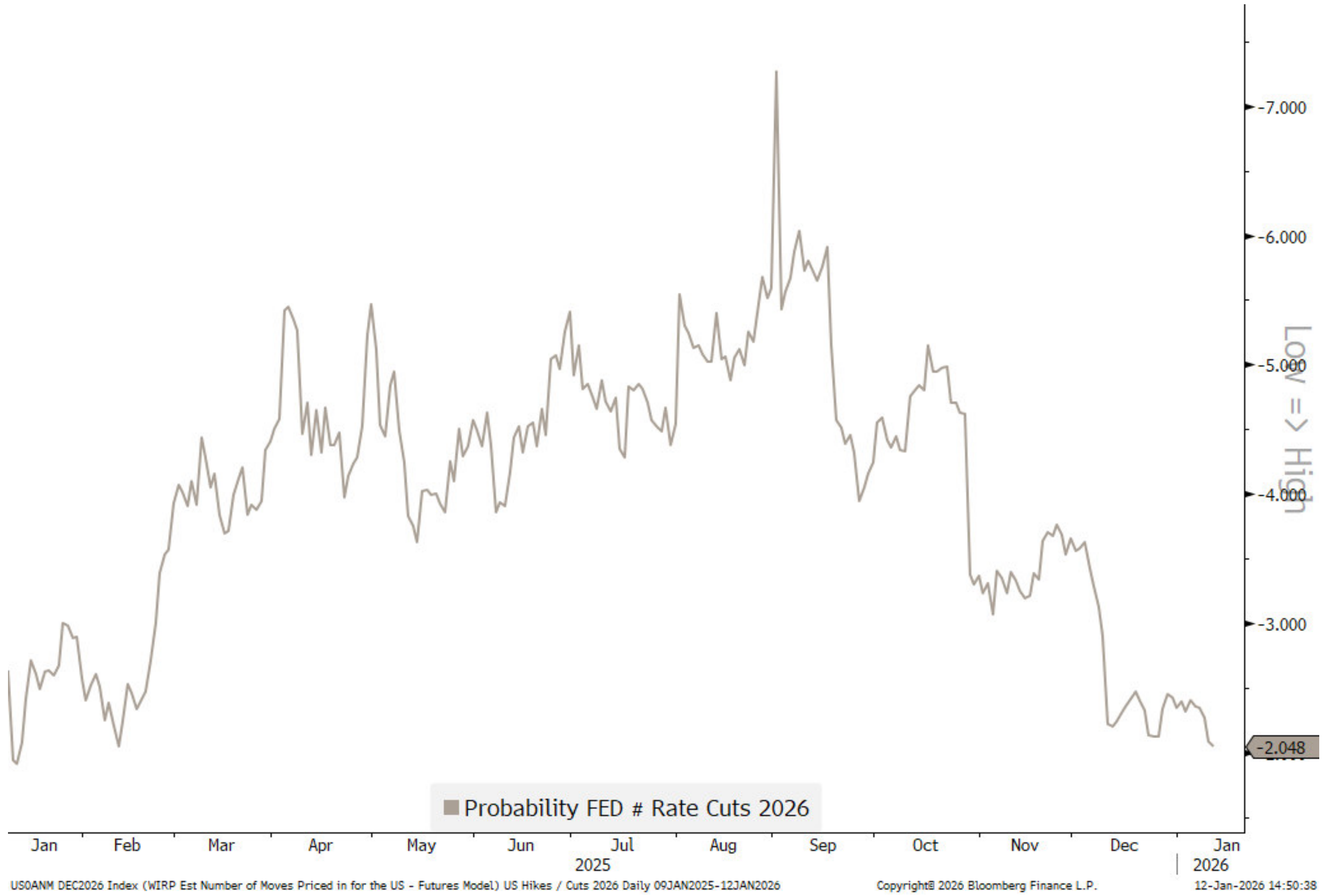


Source: Bloomberg, NPB calculations (G182)

US Monetary Policy

Fed Fund Futures

Fed fund futures are in slight disagreement with 2-year yields, as they still see two cuts, though also this is down strongly since the middle of last year.



Source: Bloomberg, NPB calculations (G531)

US Breakevens

5- and 10-Years

Market implied inflation expectation have suddenly seen a spike since the beginning of this year.

What's the trigger? Probably the whole forementioned Fed independence chatter.

Source: Bloomberg, NPB calculations (G180)

US 10-year Yields

Consolidation

US 10-year yields continue to be in a wide consolidation range and we do not see it falling below 3.90ish for now.

In Technical Analysis (aka Voodoo), there is a rule that a symmetric triangle (red lines) is usually not resolved until the last third in the apex (right black dashed line).

This would give us an ever-narrower trading range until at least Q2 of next year, when yields should resolve out of the triangle (direction unknown).

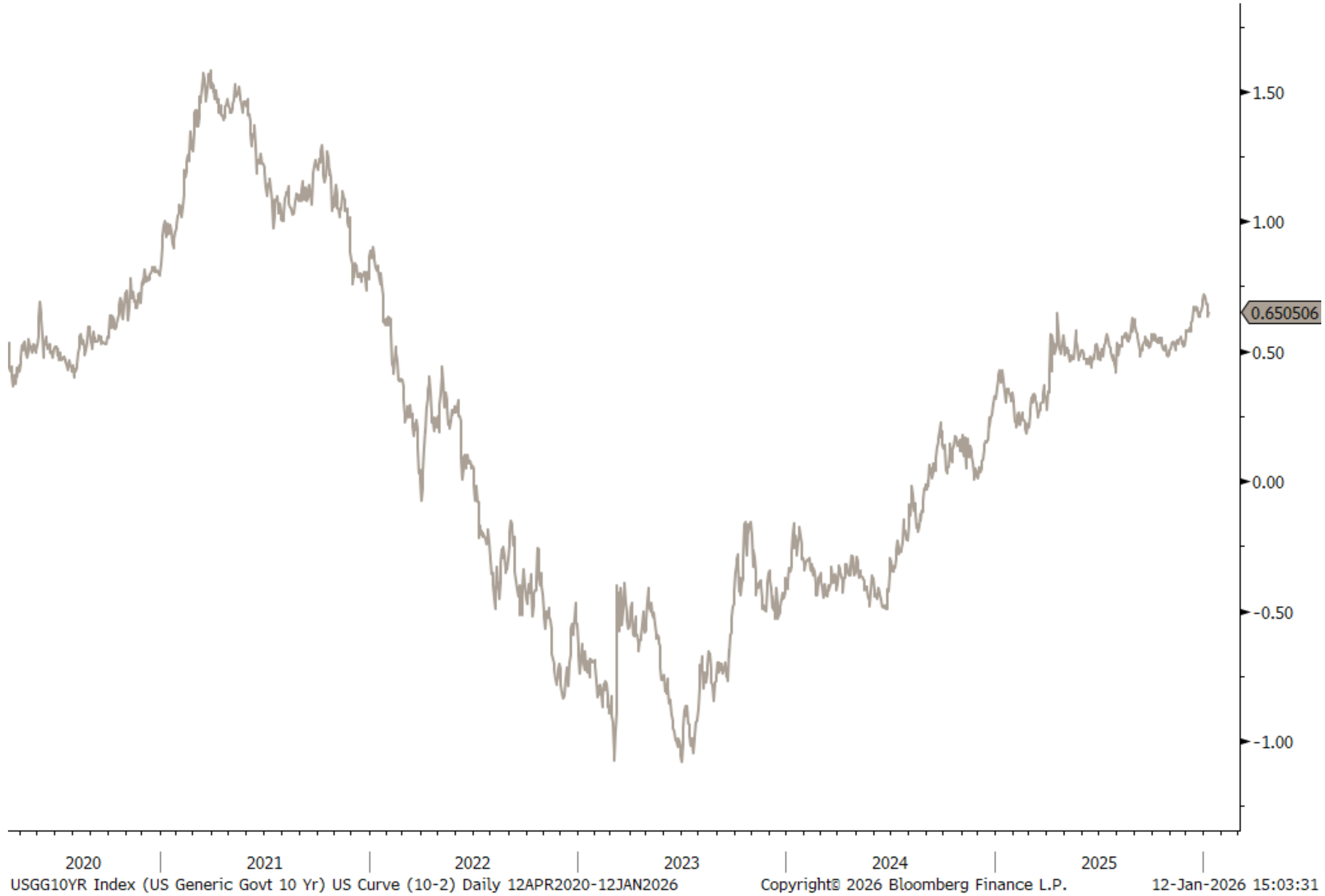
Source: Bloomberg, NPB calculations (G558)

US Yield Curve

10s minus 2s

As we wrote in our last quarterly outlook, we expect the steepening process of the curve to continue and this is what we are currently seeing as short-term rates are anchored while long-term rates are moving higher (bear steepening)

There is even the danger of a grizzly steepening (aka Twist Steepening) if the Fed is too dovish and the long-term reacts higher.



Source: Bloomberg, NPB calculations (G459)

Eurozone

Expected rate cuts

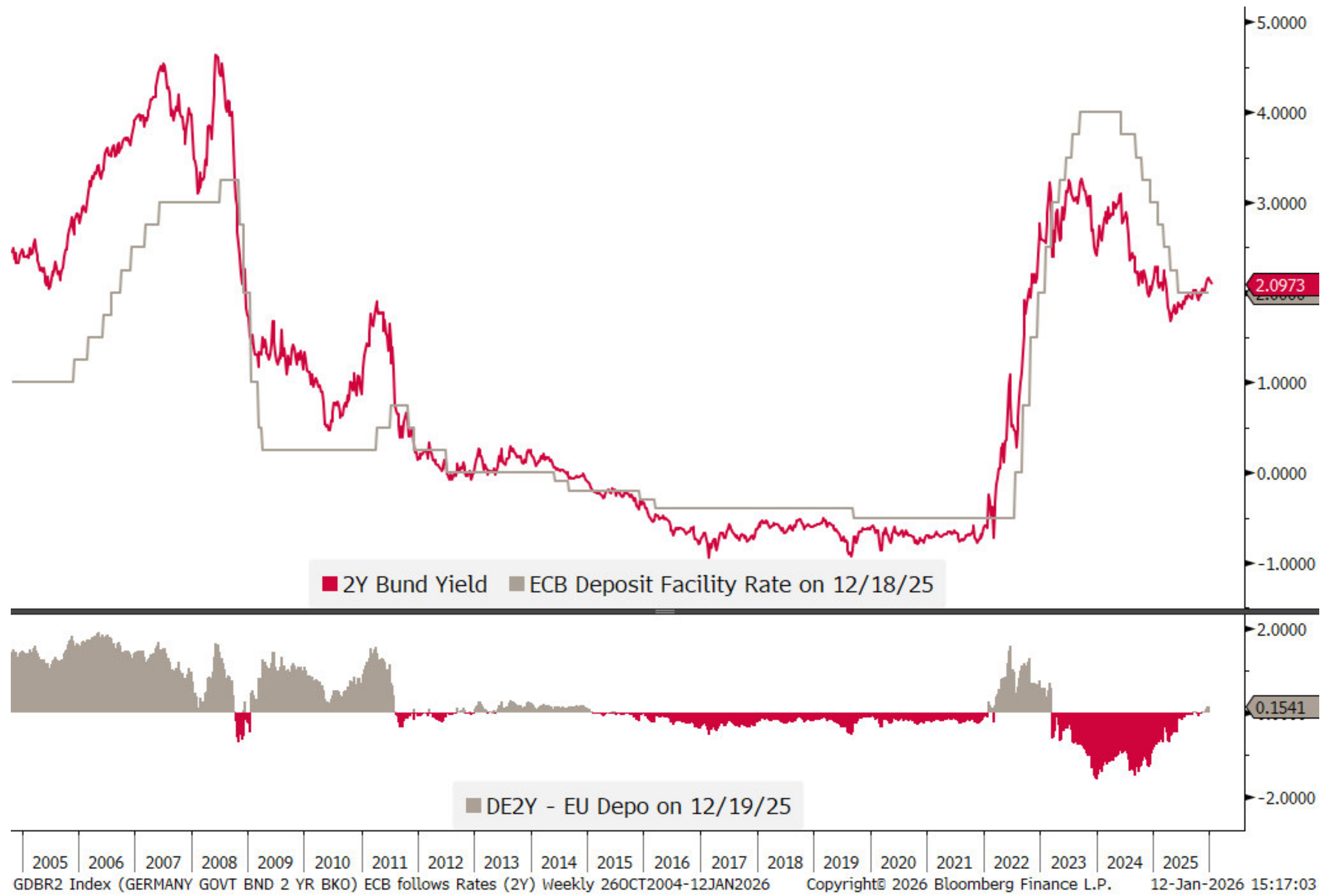
According to market implied predictions, the ECB is not going to move on their key policy rate this year.

Source: Bloomberg, NPB calculations (G307)

ECB Monetary Policy

2-year Bund Yield vs ECB Facility Rate

2-year yields are actually a tad higher than the ECB Facility Rate for a first time since early 2023. However, this can largely be interpreted that the two are in agreement and no immediate policy change seems to be on the horizon.



Source: Bloomberg, NPB calculations (G370)

European Yield Curve

Proxied via German 10-Year Bunds

An end to the ECB easing cycle also neatly fits with the steepness of the curve, which has reached the peak levels of the previous cycle.

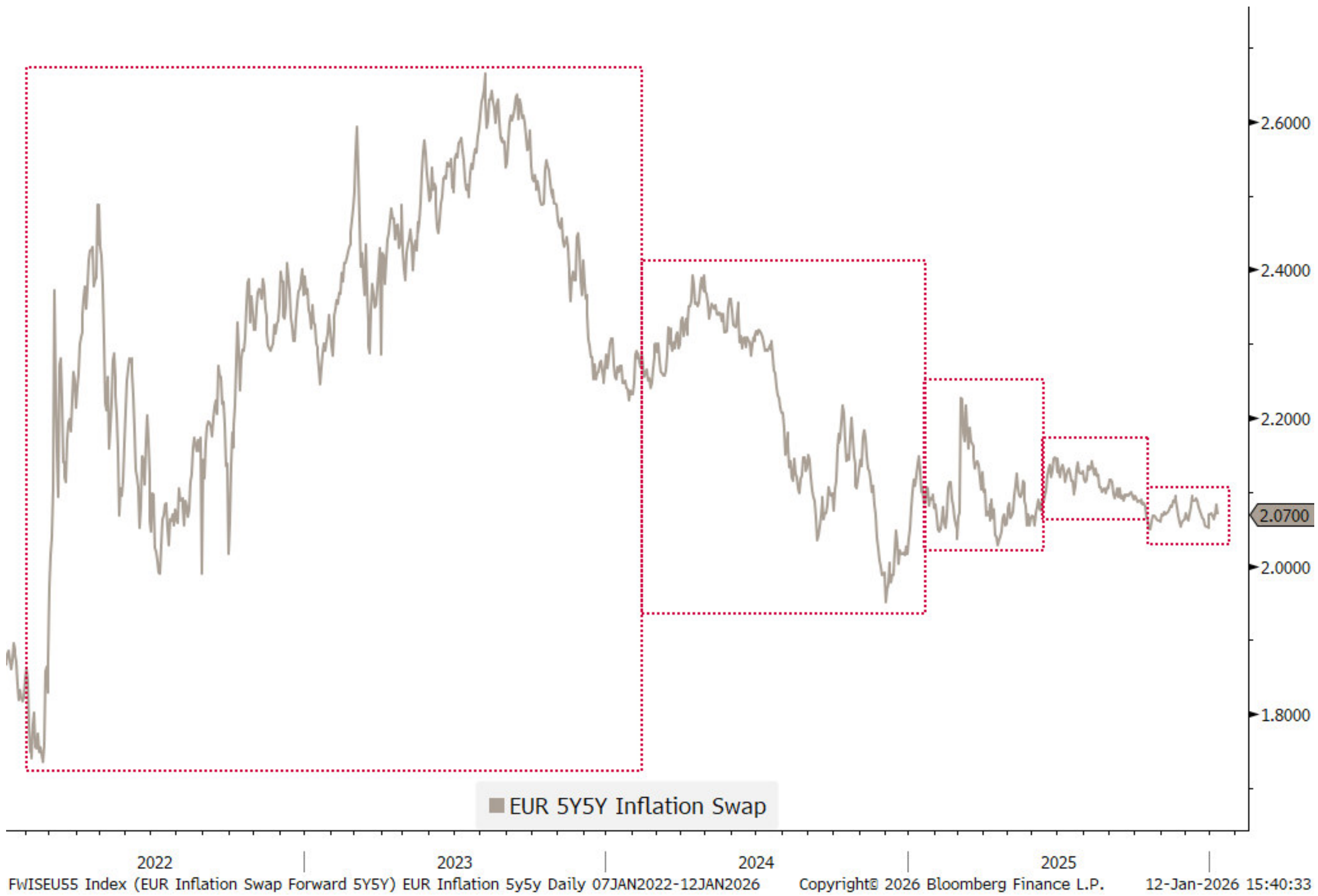
Source: Bloomberg, NPB calculations (G461)

Market Implied Inflation Expectations

EUR 5y5y Inflation Swap

And finally, the absolute calm in inflation expectations derived from the 5-year, 5-year inflation swap rate also suggest that cycle has ended and everything is in equilibrium now.

(Famous last words...)



Source: Bloomberg, NPB calculations (G106)

Eurozone Yields

France vs. Germany

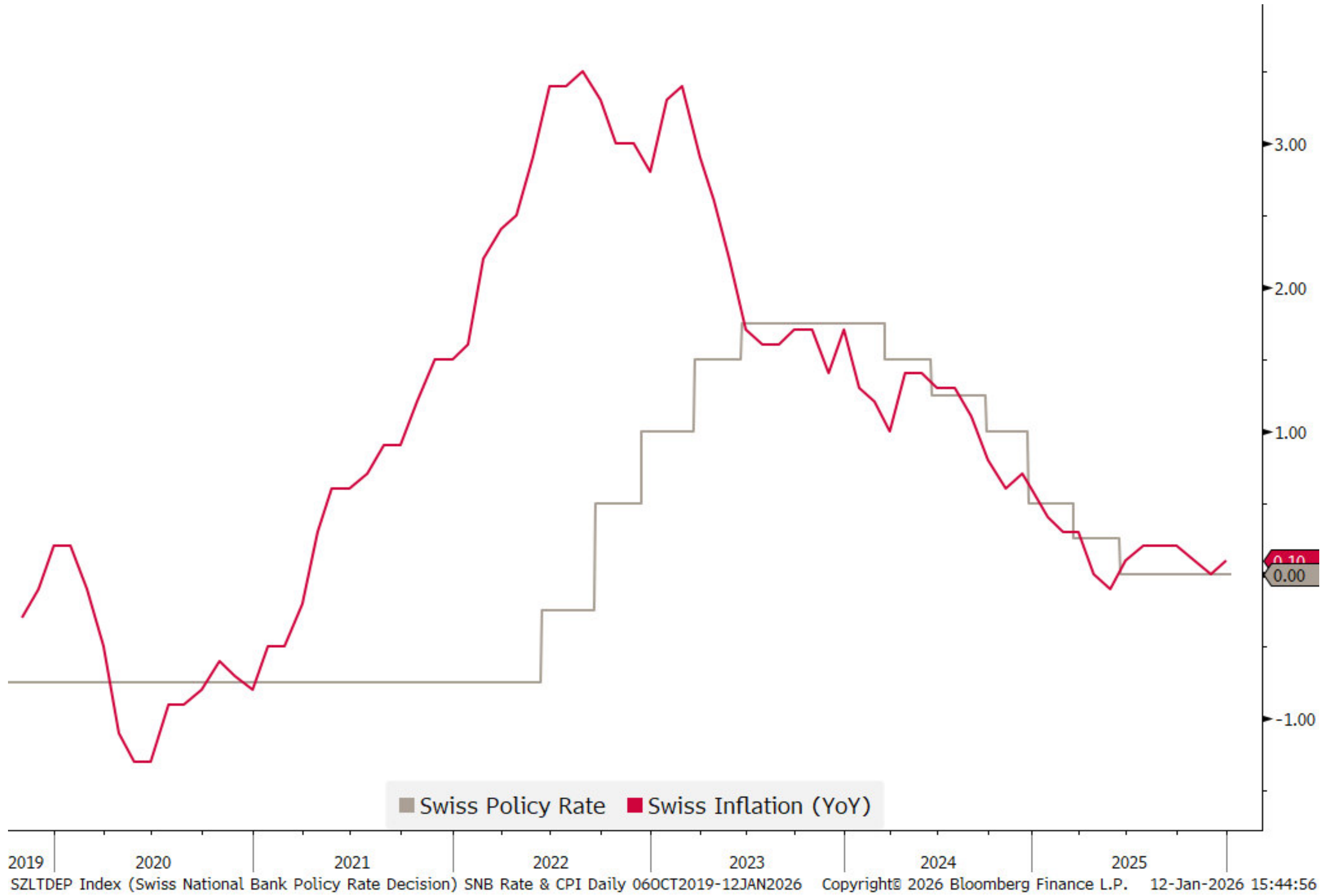
The worst of concerns over French debt seems to be over for now, as the OAT-Bund spread has relaxed meaningfully from its two peaks in 2024 and 2025.

Source: Bloomberg, NPB calculations (G184)

Switzerland

SNB Policy Rate & Inflation

"Inflation" and the SNB's policy rate are in sync for now.

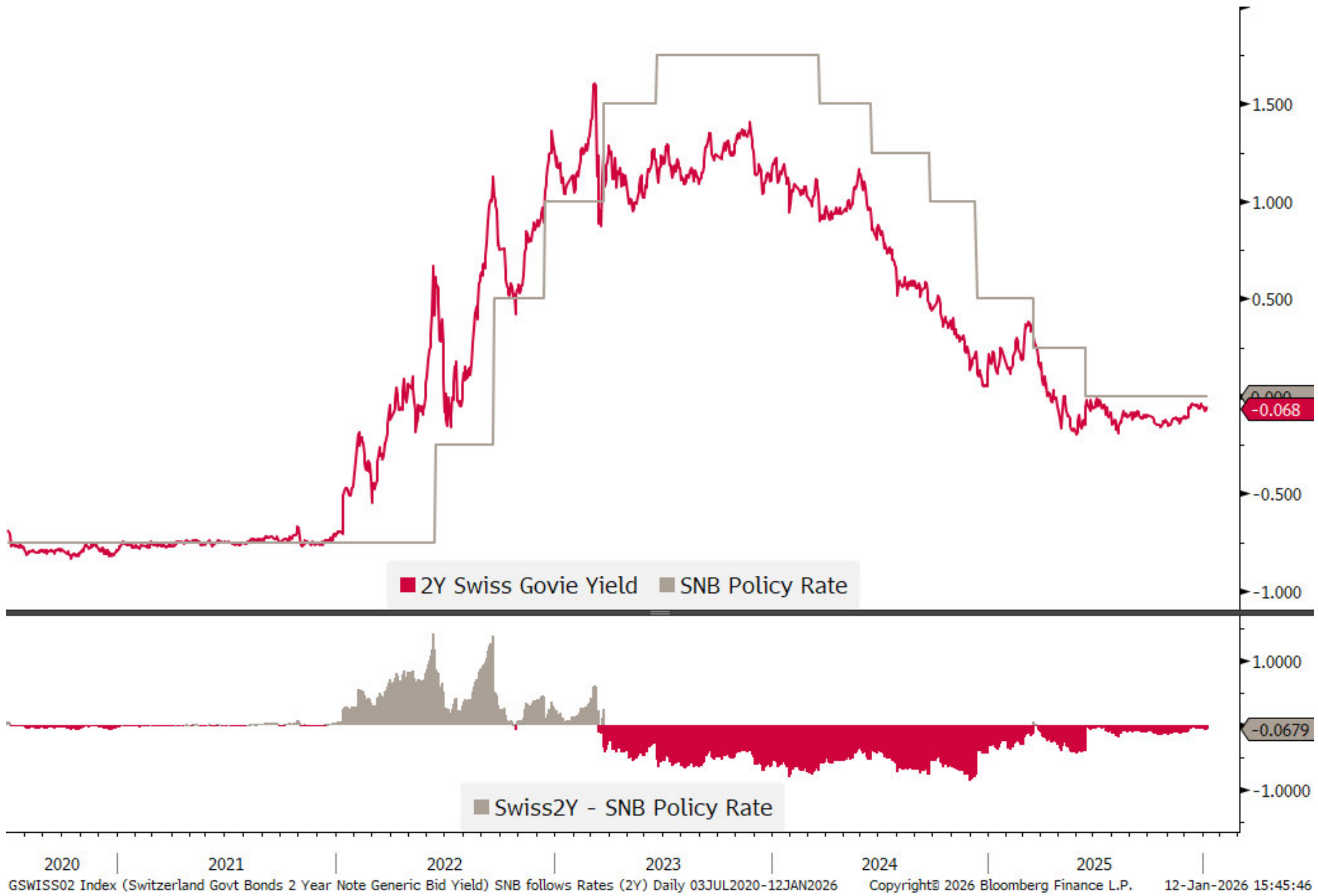


Source: Bloomberg, NPB calculations (G260)

SNB Monetary Policy

SNB Policy Rate & 2-Year Swiss Government Bond Yields

This “all is fine” message is further reinforced via the bond market (2-year yields) which are also in agreement with the current key policy rate.



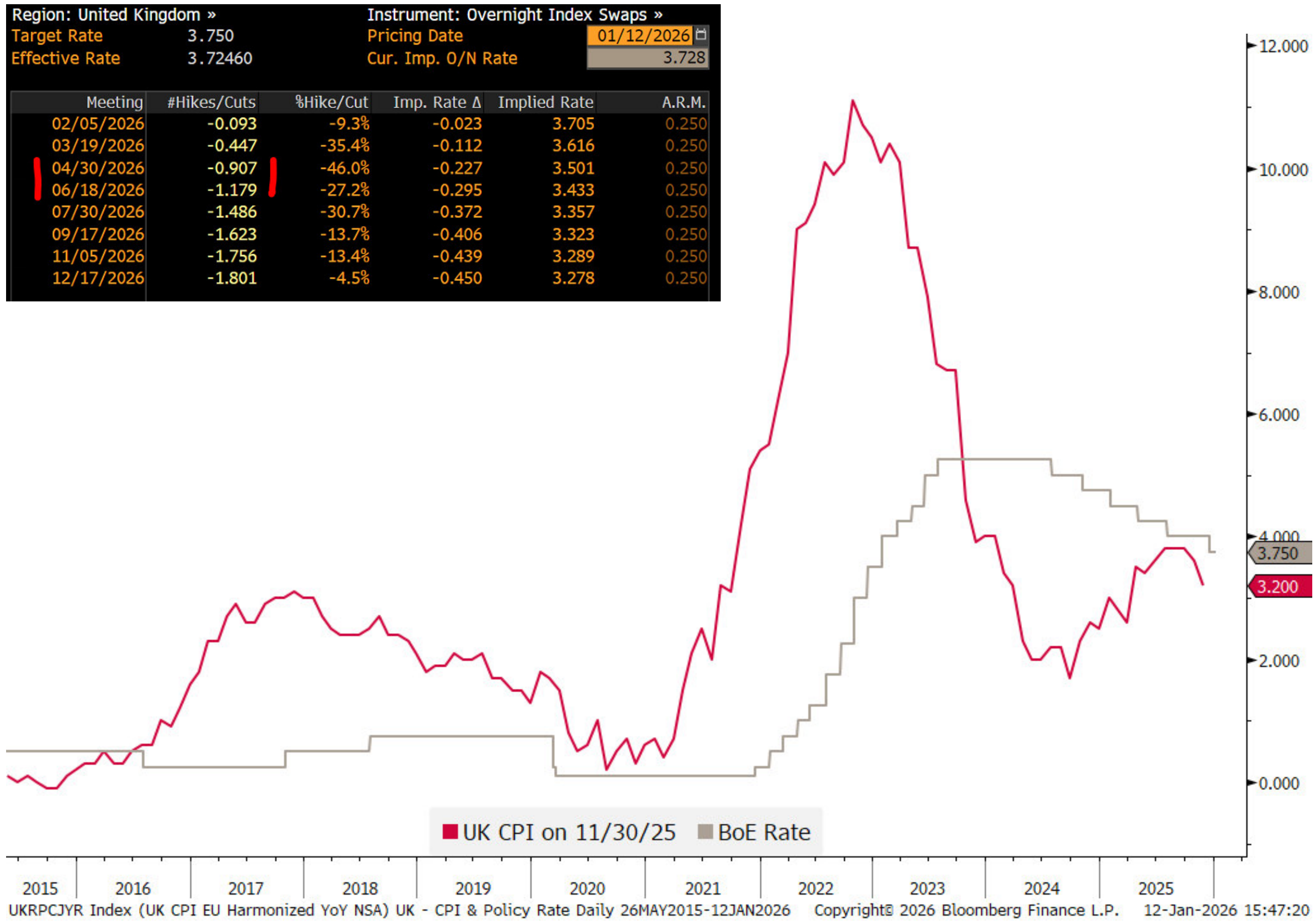
Source: Bloomberg, NPB calculations (G371)

United Kingdom

Monetary Policy

Recent inflation readings in the UK have surprised to the downside, leaving the Bank of England more leeway to cut.

However, the market (via OIS futures) do not expect a cut before April earliest.


Region: United Kingdom » Instrument: Overnight Index Swaps »
Target Rate 3.750 Pricing Date 01/12/2026
Effective Rate 3.72460 Cur. Imp. O/N Rate 3.728

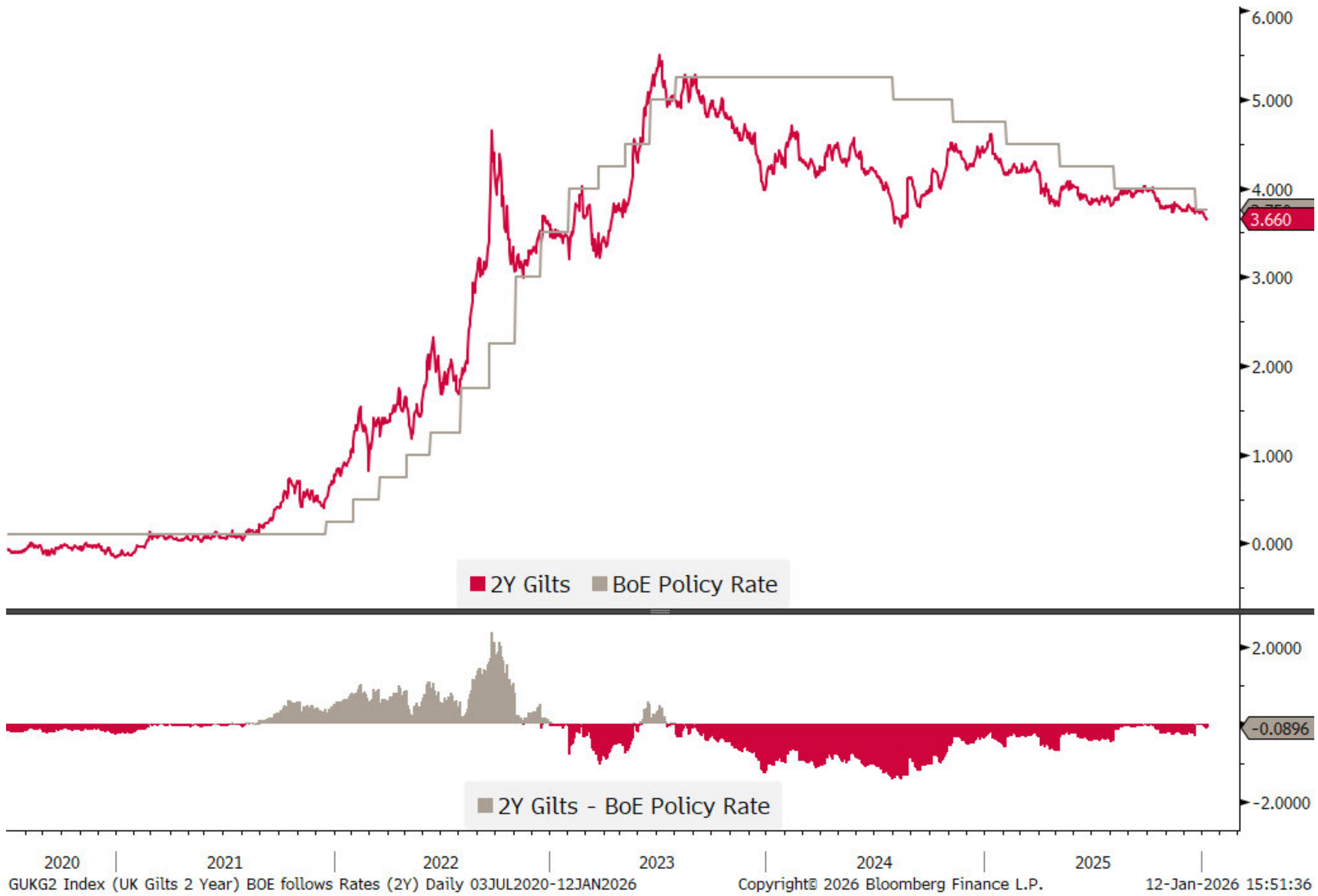
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
02/05/2026	-0.093	-9.3%	-0.023	3.705	0.250
03/19/2026	-0.447	-35.4%	-0.112	3.616	0.250
04/30/2026	-0.907	-46.0%	-0.227	3.501	0.250
06/18/2026	-1.179	-27.2%	-0.295	3.433	0.250
07/30/2026	-1.486	-30.7%	-0.372	3.357	0.250
09/17/2026	-1.623	-13.7%	-0.406	3.323	0.250
11/05/2026	-1.756	-13.4%	-0.439	3.289	0.250
12/17/2026	-1.801	-4.5%	-0.450	3.278	0.250

Source: Bloomberg, NPB calculations (G92)

Bank of England Monetary Policy

BoE Policy Rate & 2Y Gilt Yield

These rate cut doubts are further reinforced by the level of the 2-year Gilt yield, which is bang on in-line with the policy rate.



Source: Bloomberg, NPB calculations (G373)

Bank of England Monetary Policy

10-Year UK Gilt Yield

Interesting to observe then that the 10-year Gilt yield is about to move out of the apex of its triangle formation of the past two years – to the downside!

Source: Bloomberg, NPB calculations (G464)

Japanese Bond Yields

10-, 20- and 30-Year JGBs

In Japan, 10-year yields continue to push higher.

Whilst still relatively low in absolute terms the speed of the ascend is worrisome.

Remember, that Japan is one of the biggest pieces in the global carry-trade puzzle.

Source: Bloomberg, NPB calculations (G120)

Emerging Markets

EM Yield – DM Yield Spread

As we wrote last quarter, despite being at record lows, the EM over DM spread might compress further in a world starved for yield. And indeed, this is what happened.

Can it continue to compress? Probably.

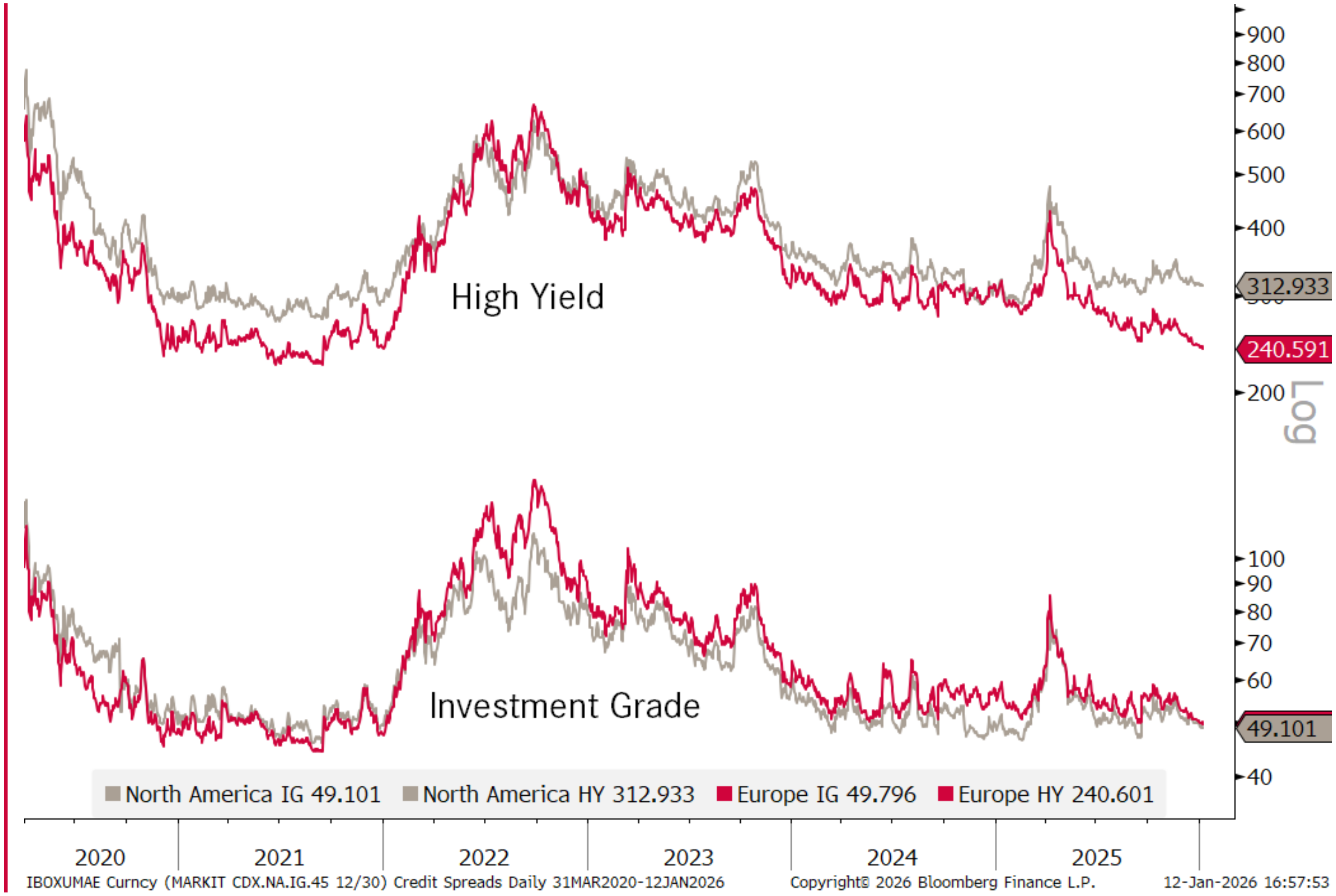
Source: Bloomberg, NPB calculations (G375)

Credit Spreads (1 of 3)

US & European IG/HY

Unfortunately, the situation for credit spreads has not gotten better in terms of excess yield offering.

Credit spreads, ex-US high yield, are at their tightest levels since 2021.



Source: Bloomberg, NPB calculations (G37)

Credit Spreads (2 of 3)

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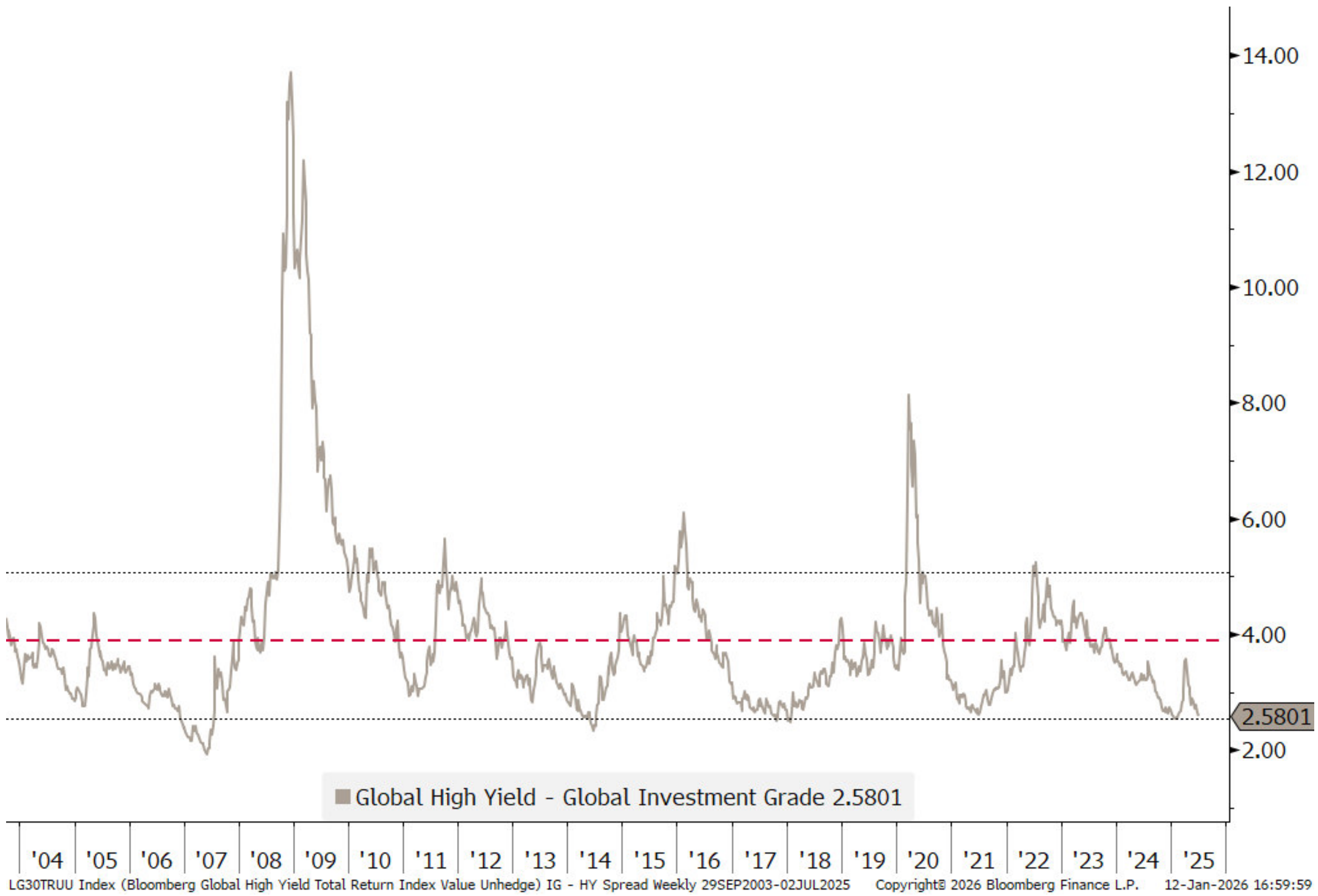
HY – IG Spread

The same message is given by this chart.

To us, it really does not seem worth taking on additional risk via high yields bonds, given the violent spread widening that could await us in case of an "accident".



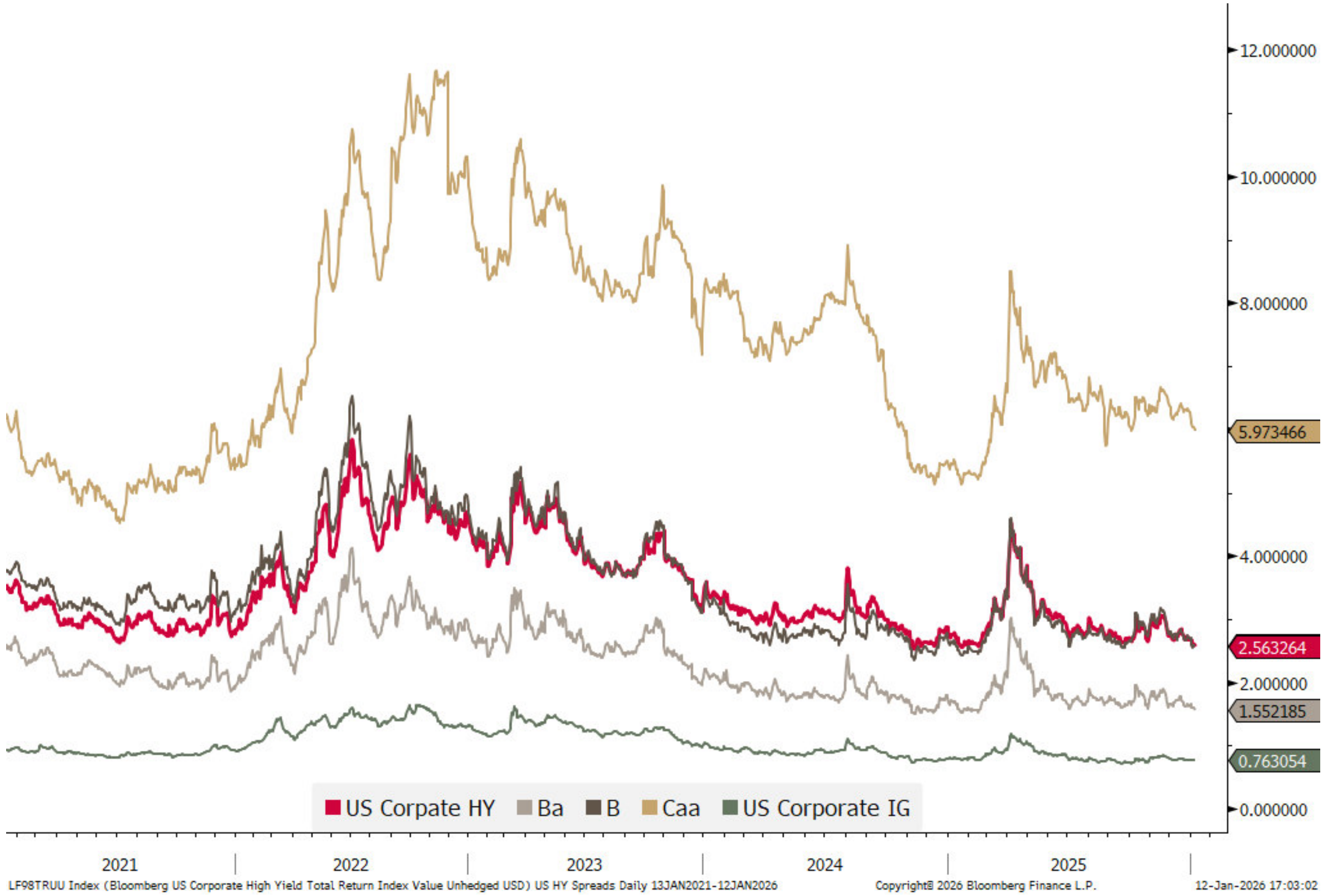
Source: Bloomberg, NPB calculations (G120)

Credit Spreads (3 of 3)

IG vs. different HY segments

A message that is further reinforced by this chart.

All the (little) yield left is in the distressed Caa (CCC) segment.



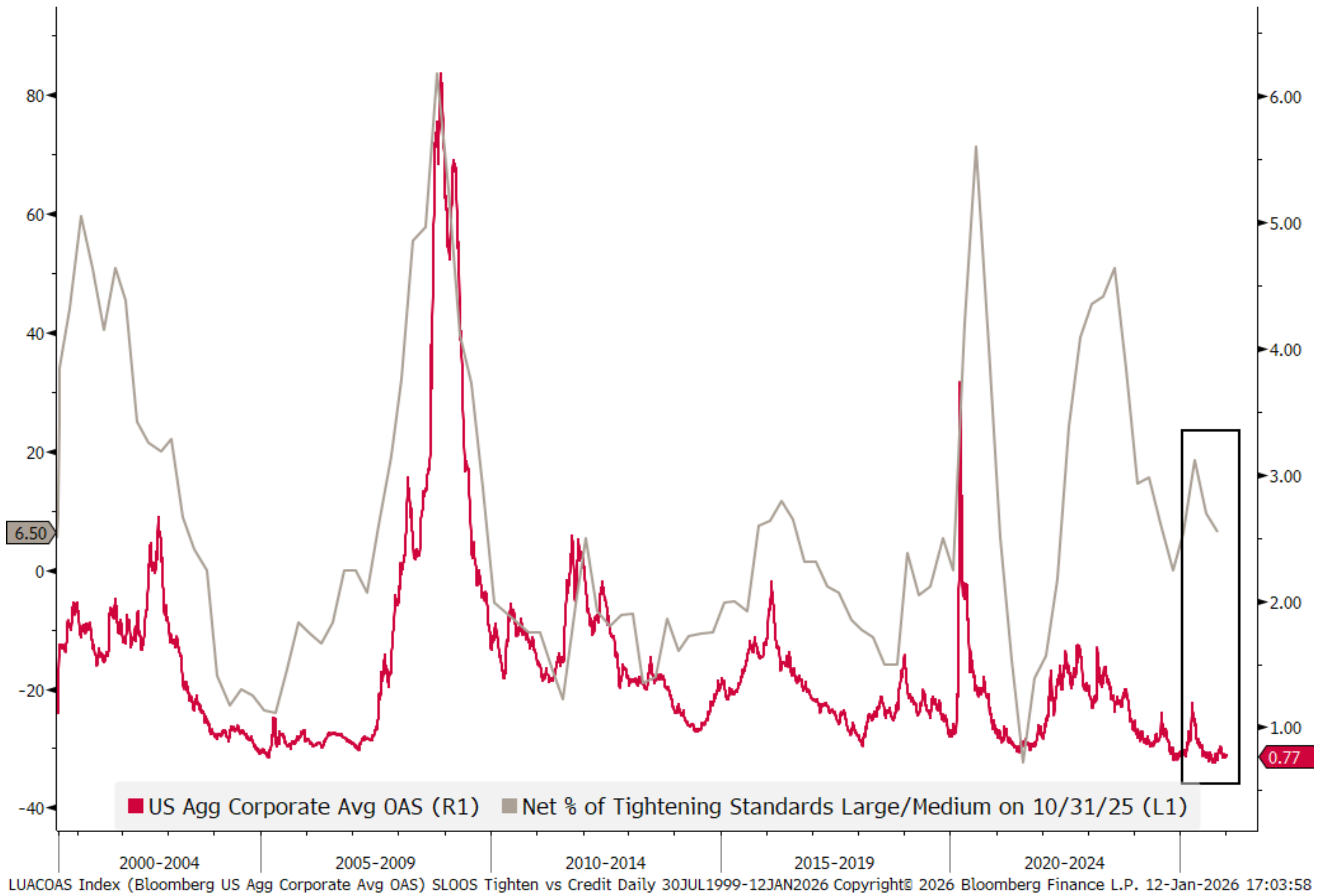
Source: Bloomberg, NPB calculations (G319)

Senior Lending Officers Opinion Survey (SLOOS)

NPB | Neue Privat Bank 25 YEARS

No warning signs here

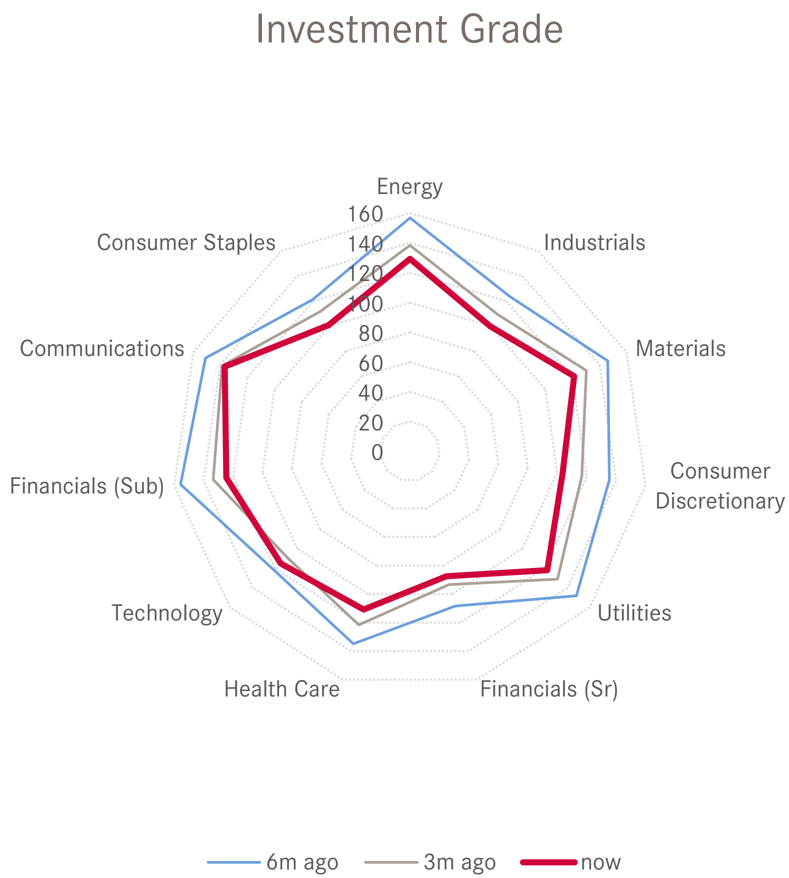
The SLOOS survey shows that credit officers are not tightening standards and hence are not giving a “canary in the coal mine” warning.

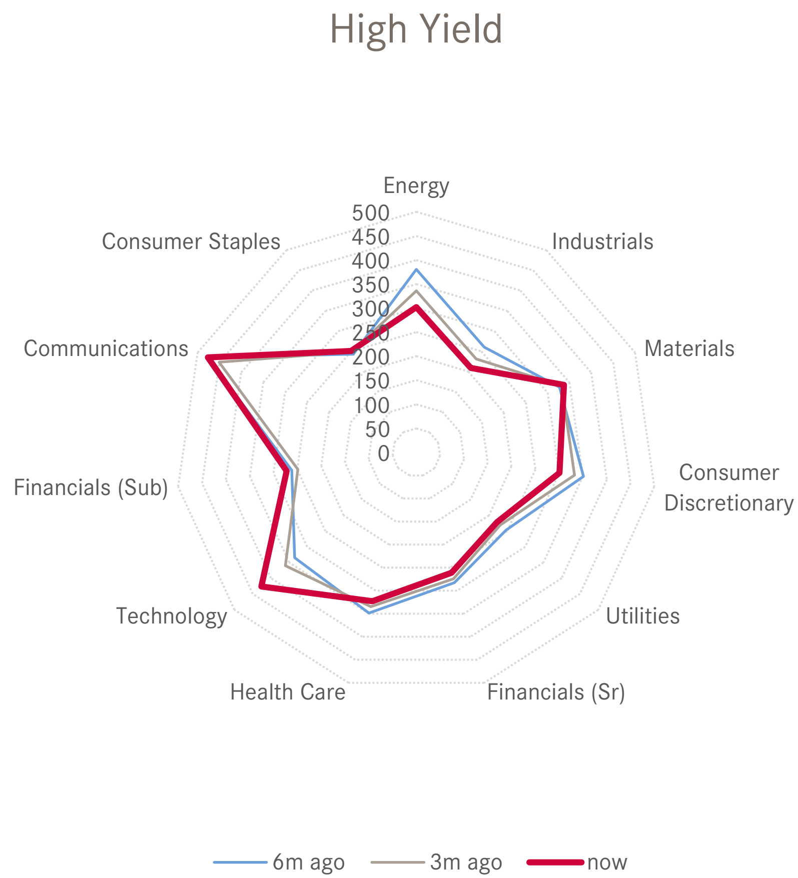


Source: Bloomberg, NPB calculations (G126)

Credit Spreads – Sectors (1 of 2)

US Dollar IG & HY



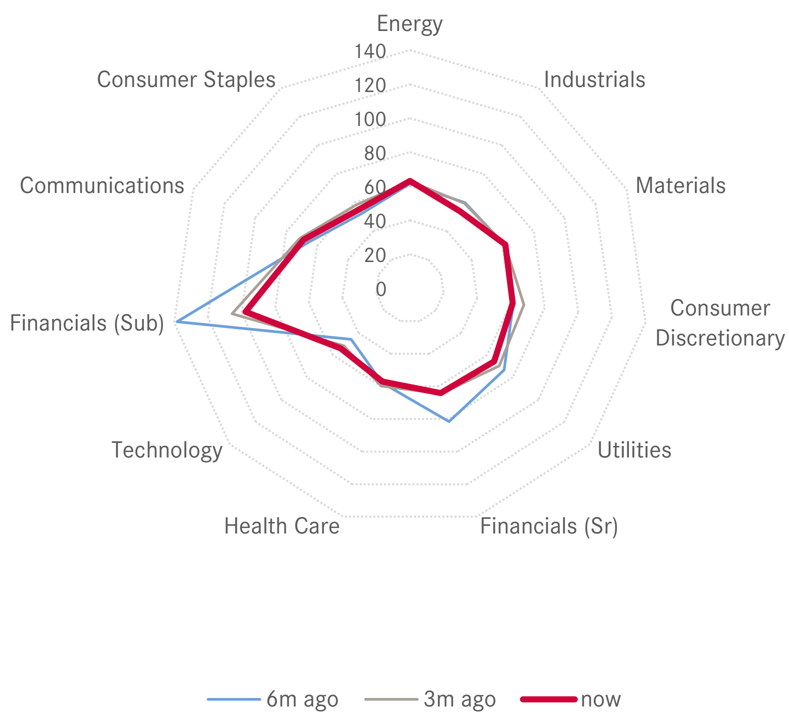


Source: Bloomberg, NPB calculations

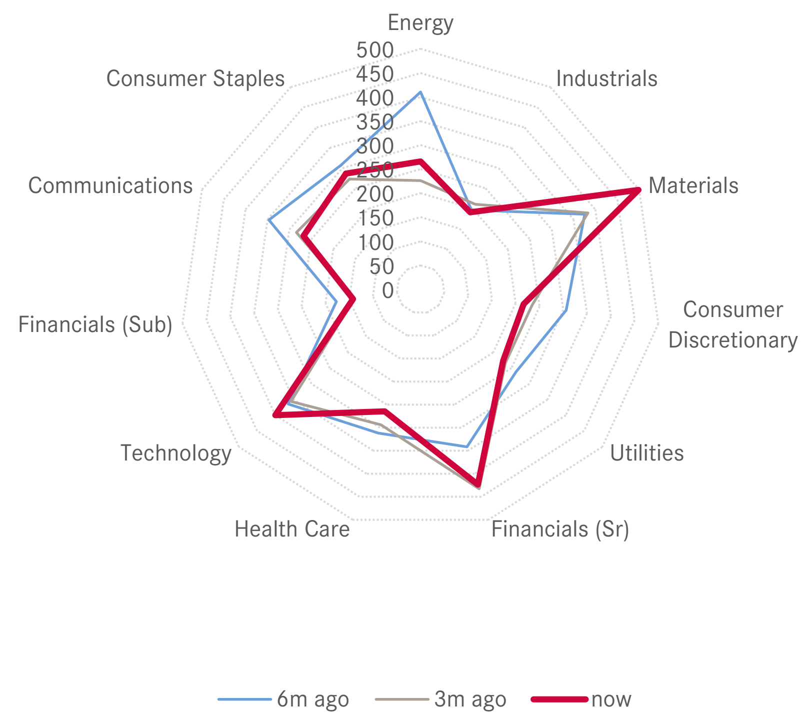
Credit Spreads – Sectors (2 of 2)

Euro IG & HY

Investment Grade



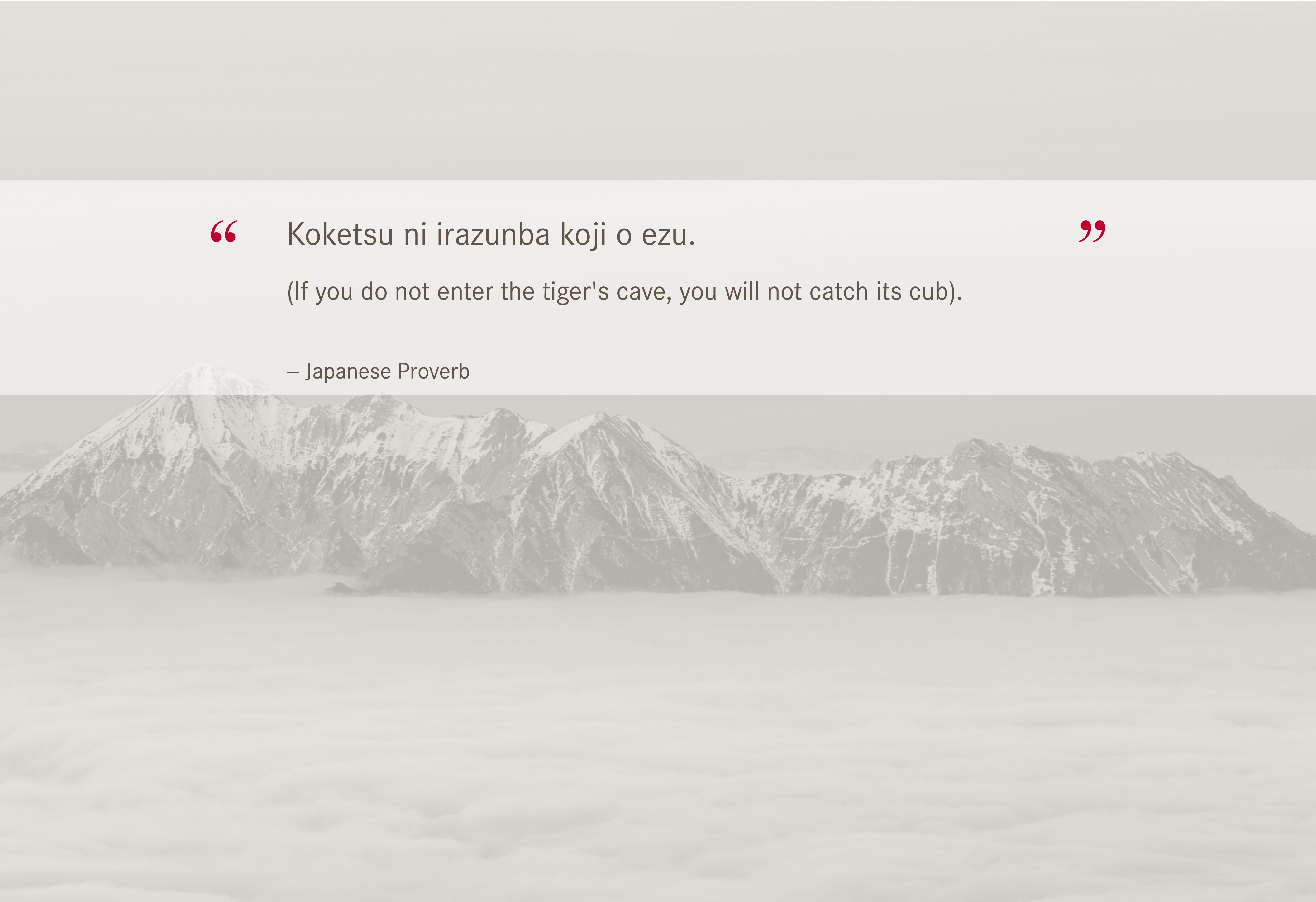
High Yield



Source: Bloomberg, NPB calculations

FX

Chartbook Q1 2026



“Koketsu ni irazunba koji o ezu.”

(If you do not enter the tiger's cave, you will not catch its cub).

– Japanese Proverb

Currency Chart of The Quarter

Is the EM Carry Trade Just Getting Started?

The chart to the right shows the The EM-8 Carry Trade Index, which measures the cumulative total return of a buy-and-hold carry trade position that is long eight emerging market currencies (BRL, MXN, INR, DR, ZAR, TRY, HUF, PLN) that is fully funded with short positions in the U.S. dollar.

This index just broke out of fourteen years consolidation period.

Is the EM carry trade just getting started?

Source: Bloomberg, NPB calculations (G550)

FX Forecasts

Economists' Forecasts

Here are the currency forecast from a bunch of strategists, economists and other seers. FWIW.

	FX Forecasts								
	30-09-25	Q1-2026	Q2-2026	Q3-2026	Q4-2026	12-2026	12-2027	12-2028	12-2029
EUR/USD	1.1746	1.17	1.19	1.2	1.2	1.2	1.22	1.25	1.26
USD/CHF	0.7926	0.8	0.8	0.8	0.8	0.8	0.8	0.77	0.88
EUR/CHF	0.9307	0.94	0.95	0.95	0.95	0.95	0.97	0.95	0.97
GBP/USD	1.3475	1.33	1.34	1.36	1.35	1.35	1.38	1.4	1.43
EUR/GBP	0.8717	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88
USD/JPY	156.71	154	152	150	147.5	147.5	145	139	134
USD/INR	89.8763	89.5	89.85	90.13	90	90	89.4	87	86.5
USD/CNH	6.9757	7.03	7	6.98	6.95	6.95	6.9	6.88	6.86
AUD/USD	0.6673	0.67	0.68	0.69	0.69	0.69	0.7	0.74	0.73
USD/CAD	1.3724	1.38	1.38	1.37	1.36	1.36	1.35	1.33	1.33
EUR/NOK	11.8417	11.59	11.55	11.5	11.35	11.35	10.85	10.8	n.a.
EUR/SEK	10.8169	10.8	10.7	10.6	10.6	10.6	10.43	10.5	10.4

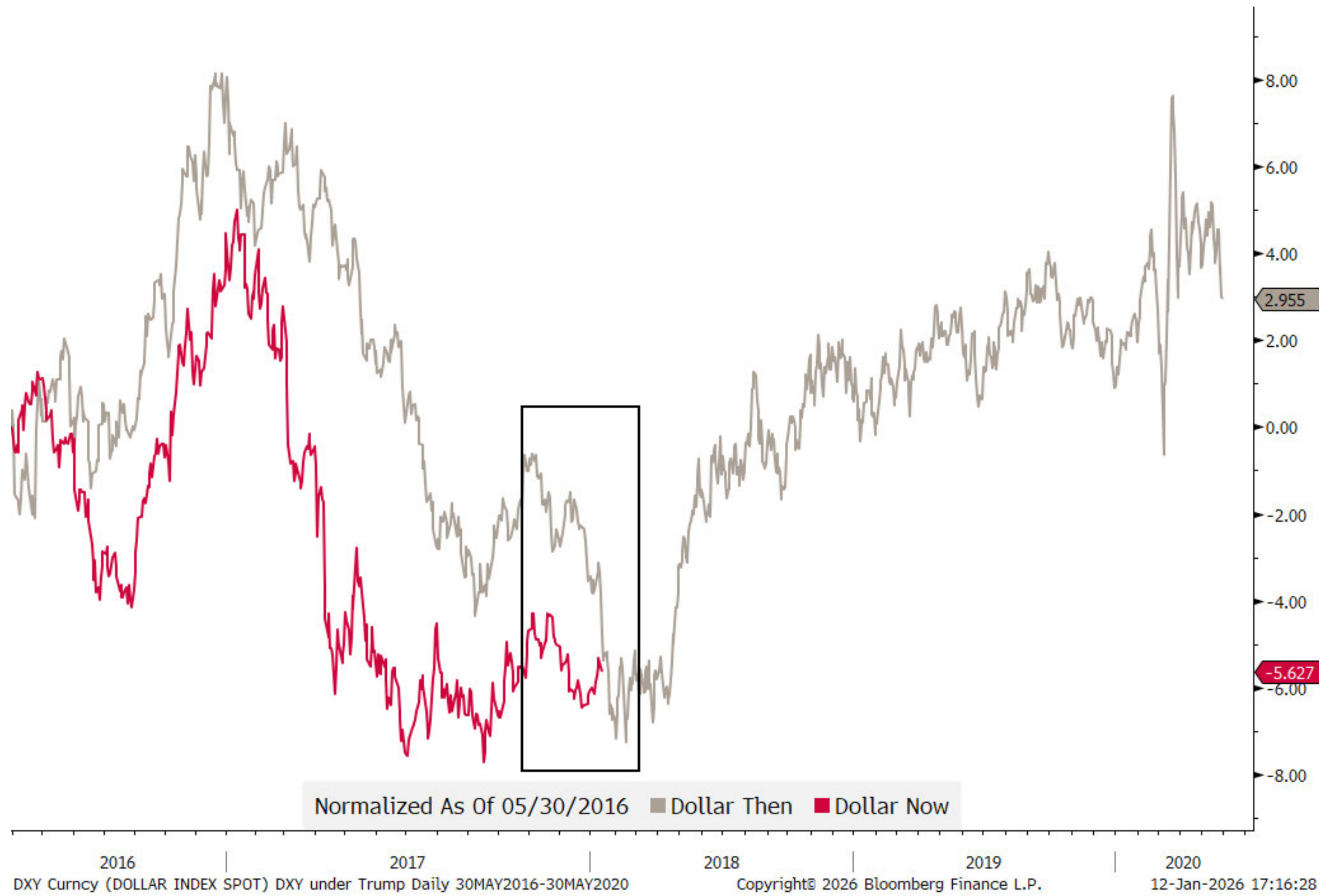
Source: Bloomberg, NPB calculations

Trump Presidencies

Dollar Parallelum

Our US Dollar parallel between Trump I (grey) and Trump II (red) has kind of held up, but recently maybe not well as expected.

We guess that's why the saying is: "History does not repeat itself, but it does rhyme pretty well."



Source: Bloomberg, NPB calculations (G264)

Currencies

Purchasing Power Parity (PPP)

Despite last year's sell-off the US Dollar is not cheap in terms of PPP.

However, with the same being true for equities, valuations are not a great timing tool.

Source: Bloomberg, NPB calculations

Dollar Index (DXY)

At a critical juncture

On the chart, the US Dollar Index is respecting its upward sloping trend line – for now.

Source: Bloomberg, NPB calculations (G469)

USD / JPY

Weak

Helping the Dollar Index to stay above that forementioned trendline was for sure a very weak Yen in the second half of 2025.

Source: Bloomberg, NPB calculations (G473)

USD/JPY

Currency Manipulator

The hope for us ~~JPY fans~~ mean reversion enthusiasts is that the current levels are BoJ intervention (i.e. buy JPY) levels and those will eventually bite. But then we all know, “hope” is what dies last and does not make up for a good investment strategy.

We continue to be astonished regarding the lack of “currency manipulation” accusations by one particular US administration…

EUR / USD

Trend remains up

The EUR/USD cross is refusing to move above 1.20 – for now.

The newsflow for the USD has already been plentiful this year, positive (Venezuela) and negative (Fed independence). Maybe we will also start seeing some fundamental shifts coming out of Europe to move the Euro?

In any case, for European industries (and the stock market) a range contained Euro is probably not the worst of news.

Source: Bloomberg, NPB calculations (G470)

USD / CHF

Ouch!

The below was our comments from the previous quarterly report and quite frankly, nothing has changed:

"That 2011 all-time low at 0.7855 continues to be a key level to observe."

Source: Bloomberg, NPB calculations (G471)

EUR / CHF

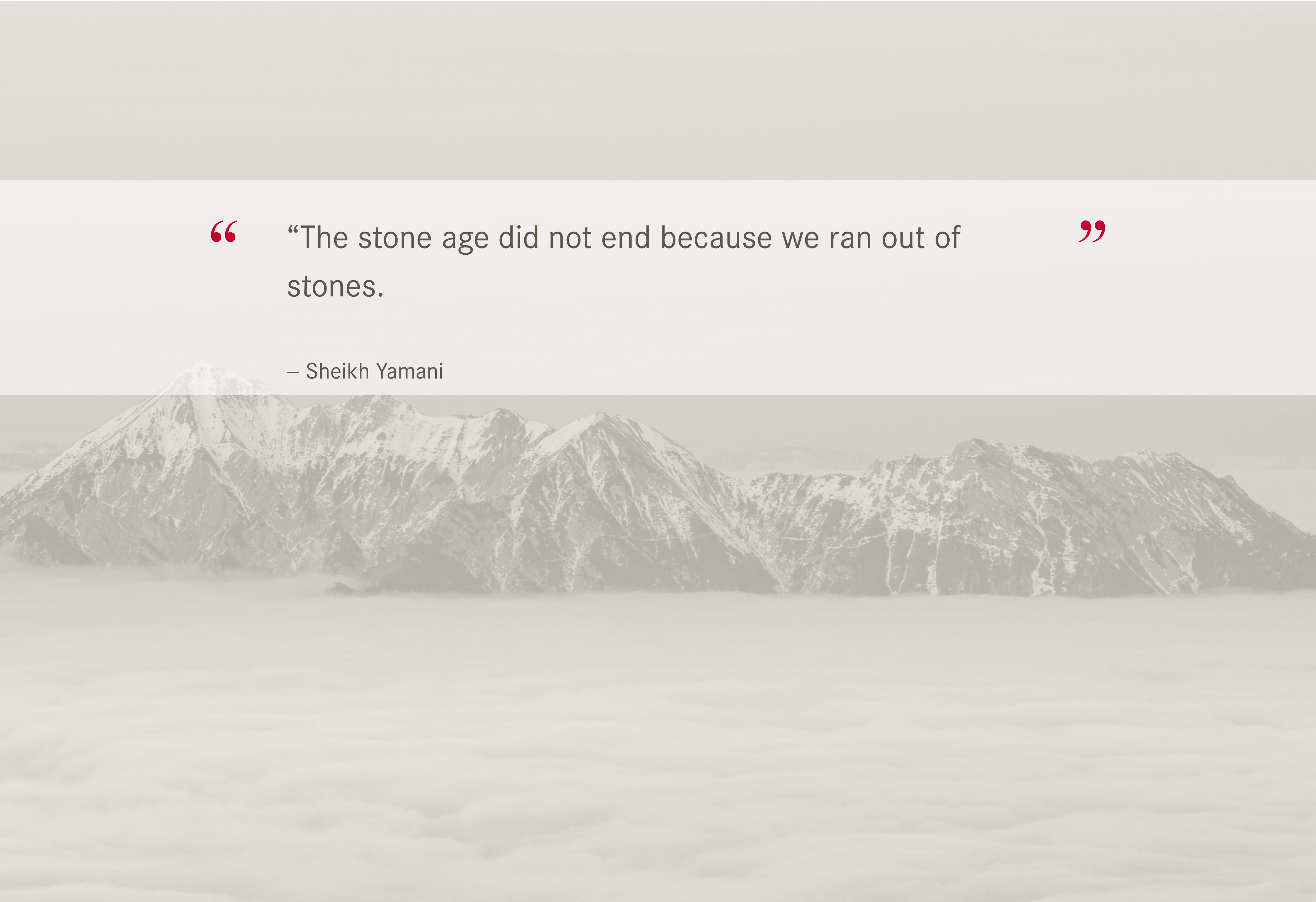
Ouch!

The EUR/CHF is far into the last third of its descending triangle. A resolve should come soon, otherwise it is declared "invalidated". That might be the best outcome for this cross...

Source: Bloomberg, NPB calculations (G472)

Commodities

Chartbook Q1 2026



“The stone age did not end because we ran out of stones.

– Sheikh Yamani

Commodity Chart of the Quarter

Silver

Silver is have a rare "déjà vu" moment, with prices currently spiking above 50.

The question then is – how far will it take the silver price this time around?

Source: Bloomberg, NPB calculations (G474)

Commodity Chart of the Quarter

Silver

Silver is have a rare "déjà vu" moment, with prices currently spiking above 50.

The question then is – how far will it take the silver price this time around?

Update

Source: Bloomberg, NPB calculations (G474)

Commodities

Bloomberg Commodity Index (BCOM)

The BCOM index broke out of its 2-year plus base formation in Q4 of last year. This despite that the crude oil exposure of the index, roughly 15%, is still not helping to add to momentum.

Source: Bloomberg, NPB calculations (G588)

Commodities

S&P GSCI Commodity Index & Equal-Weight Version

The truth is that the equal-weight version of the S&P GSCI Commodity index had been signaling the possibility of this breakout happening well before-hand, as we discussed here last quarter.

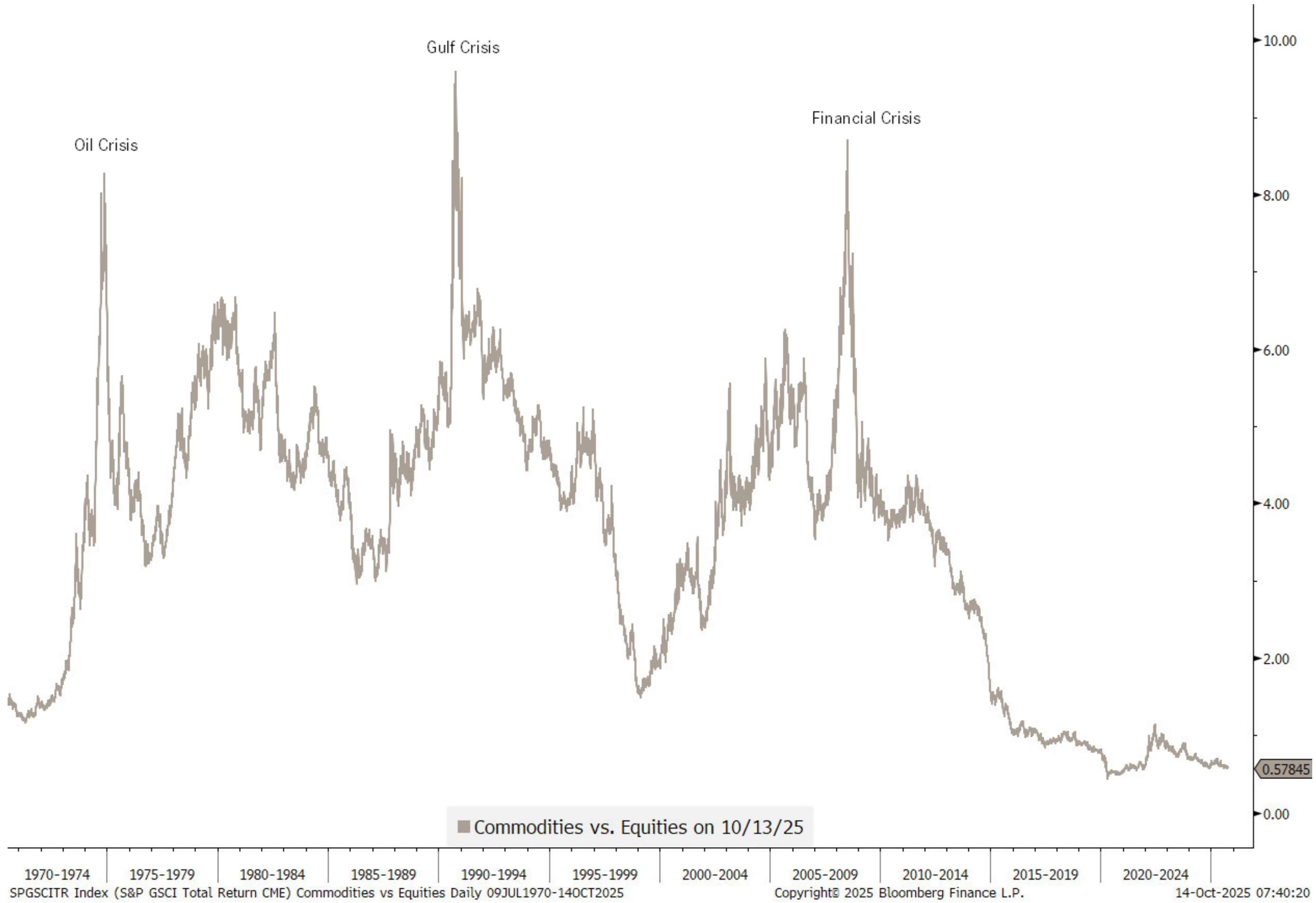
Source: Bloomberg, NPB calculations (G475)

Commodities vs. Stocks

Long-Term

A look at the long-term, relative chart of commodities versus stocks, shows that commodities still not outperform – very frustratingly so.

Or?



Source: Bloomberg, NPB calculations (G198)

Commodities vs. Stocks

Equal-Weight

Taking a closer look at the ratio of equal-weigh commodities to global equal-weight stocks (both on a total return basis) shows that, after an initial leg up in early 2022, prices have been consolidation but seem ready to move higher soon.

Source: Bloomberg, NPB calculations (G590)

Commodities vs. Bonds

Commodity EW vs. Global Aggregate Bonds (USD Hedged)

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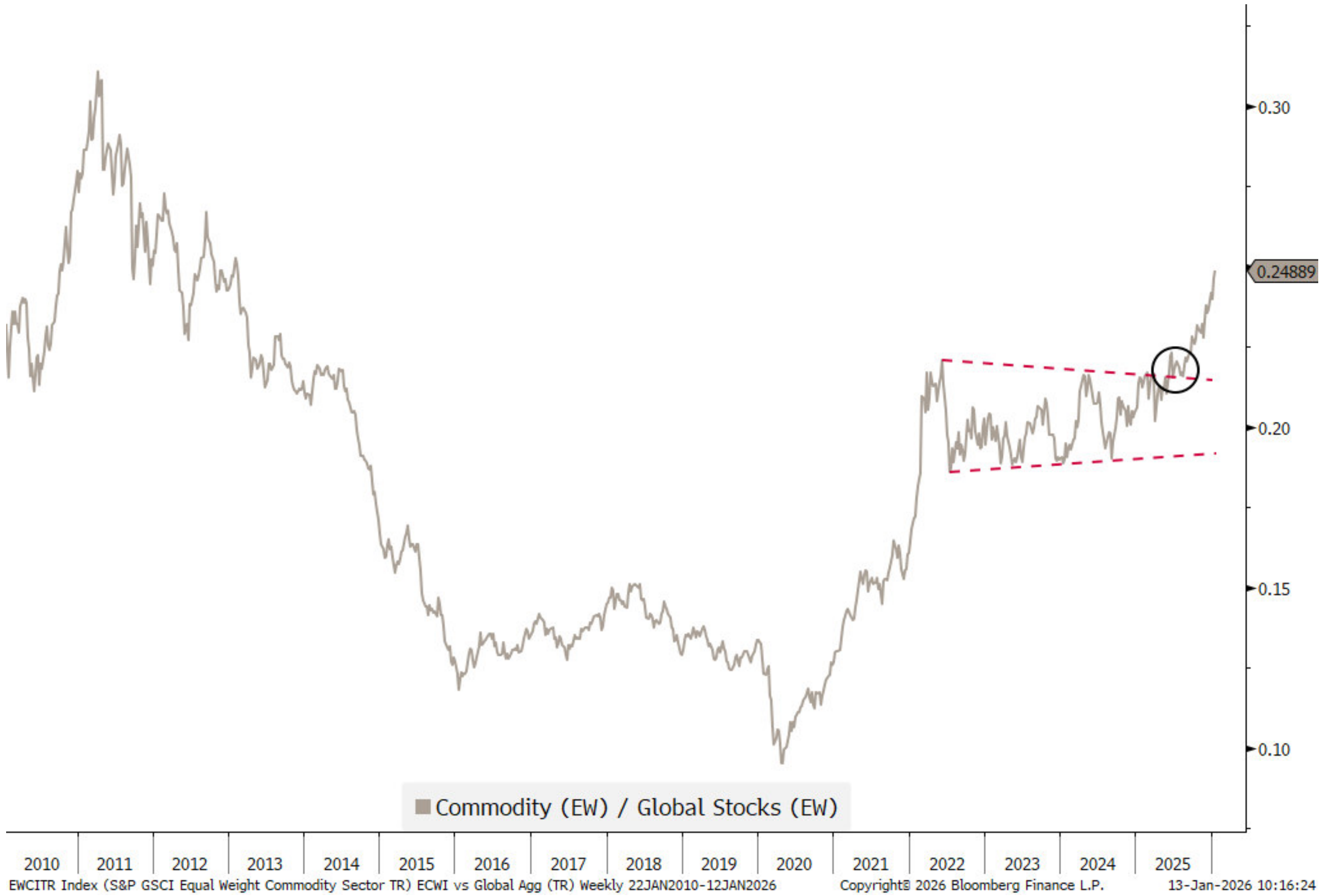
This breakout and second leg up discussed on the previous slide has already happened versus bonds.

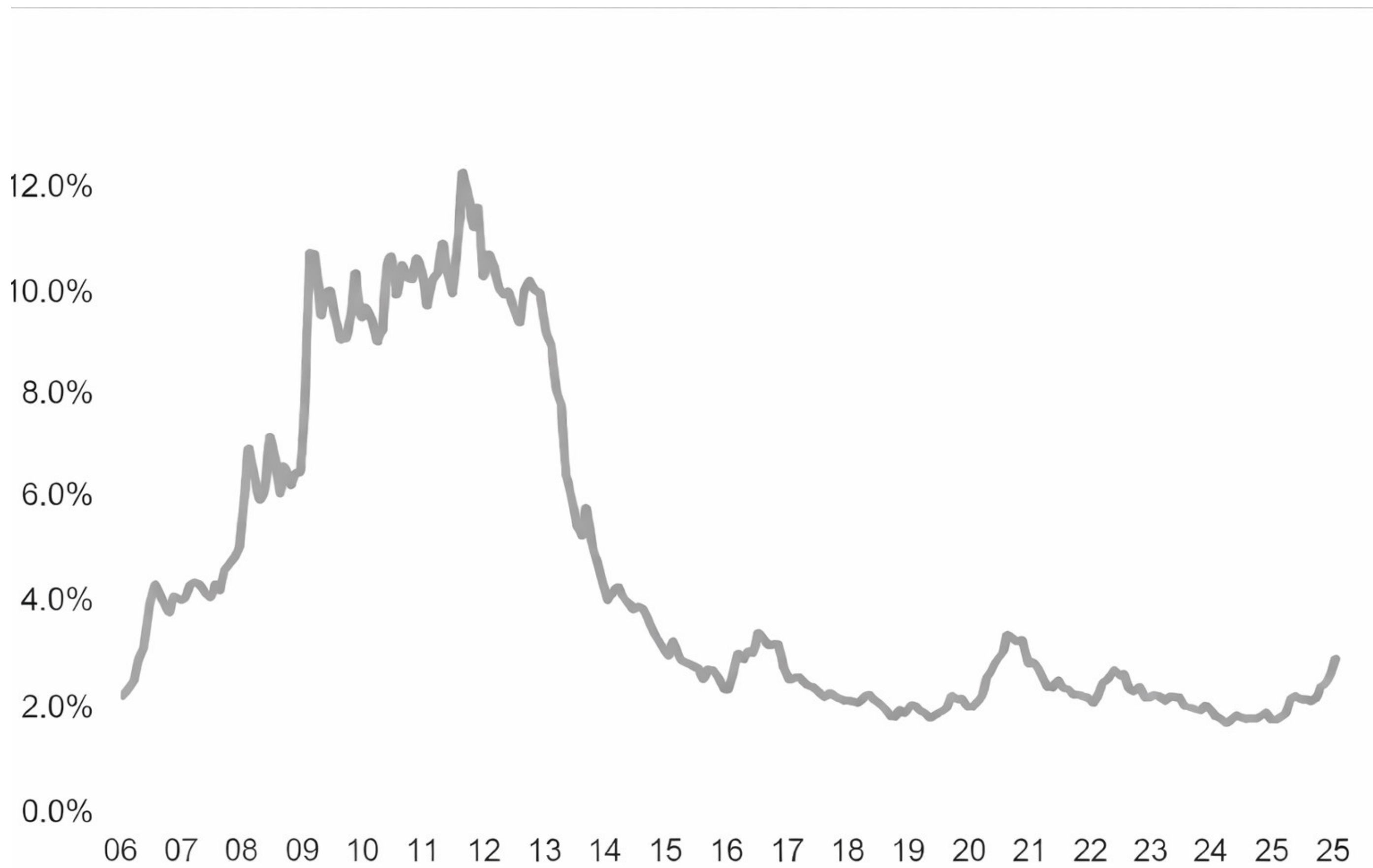


Source: Bloomberg, NPB calculations (G591)

Commodities

Implied Commodity Allocation

When considering the allocation to commodities, proxied via the ratio of all Commodity ETFs to All ETF Assets, it is safe to assume that investors are strongly underweight commodities. What's more, the recent uptick was probably purely (gold) performance driven.

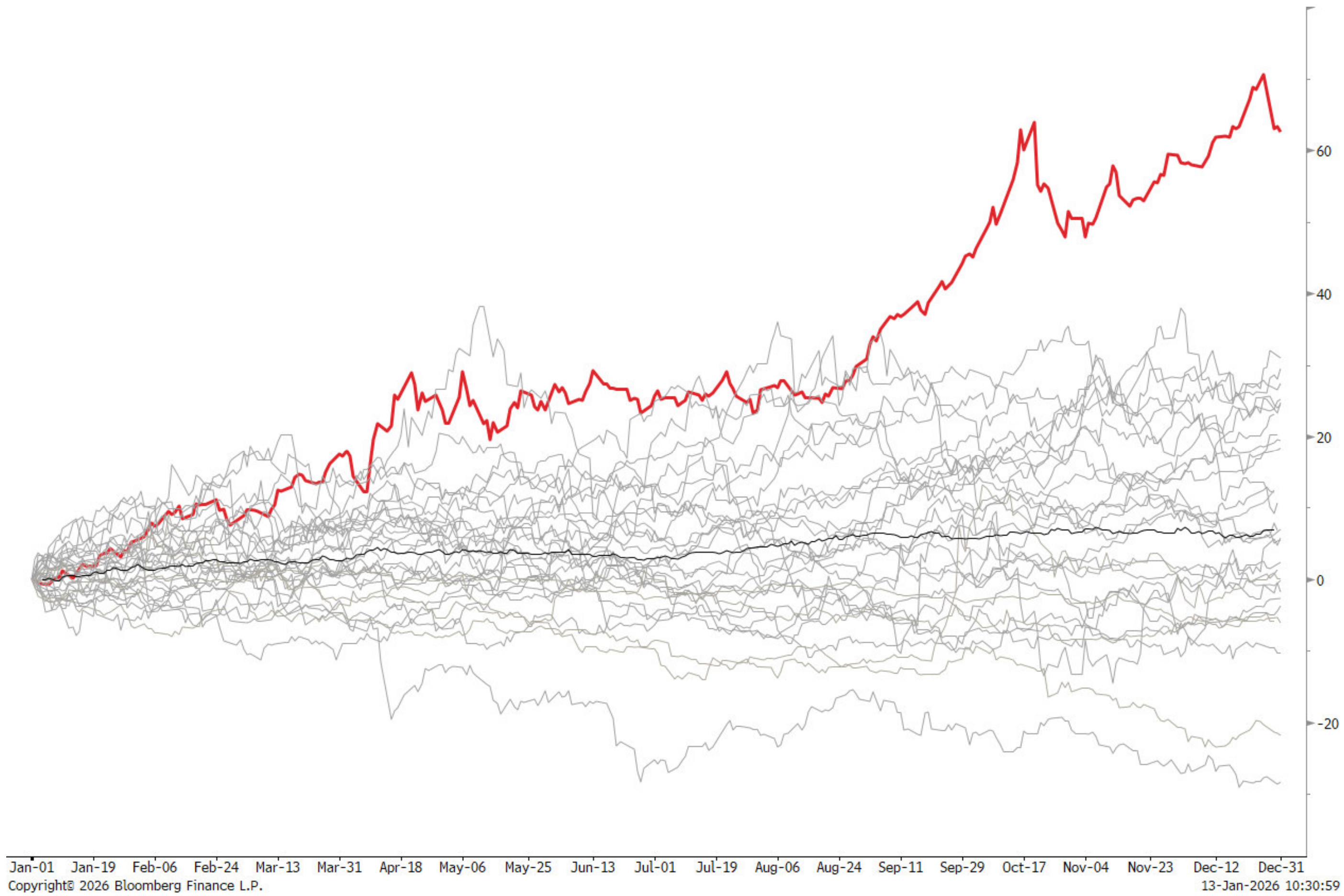


Source: Topdown Charts, LSEG

Gold

2025 – Best year for Gold

Gold had its best year since 1979 (+127%), up 64% in 2025.

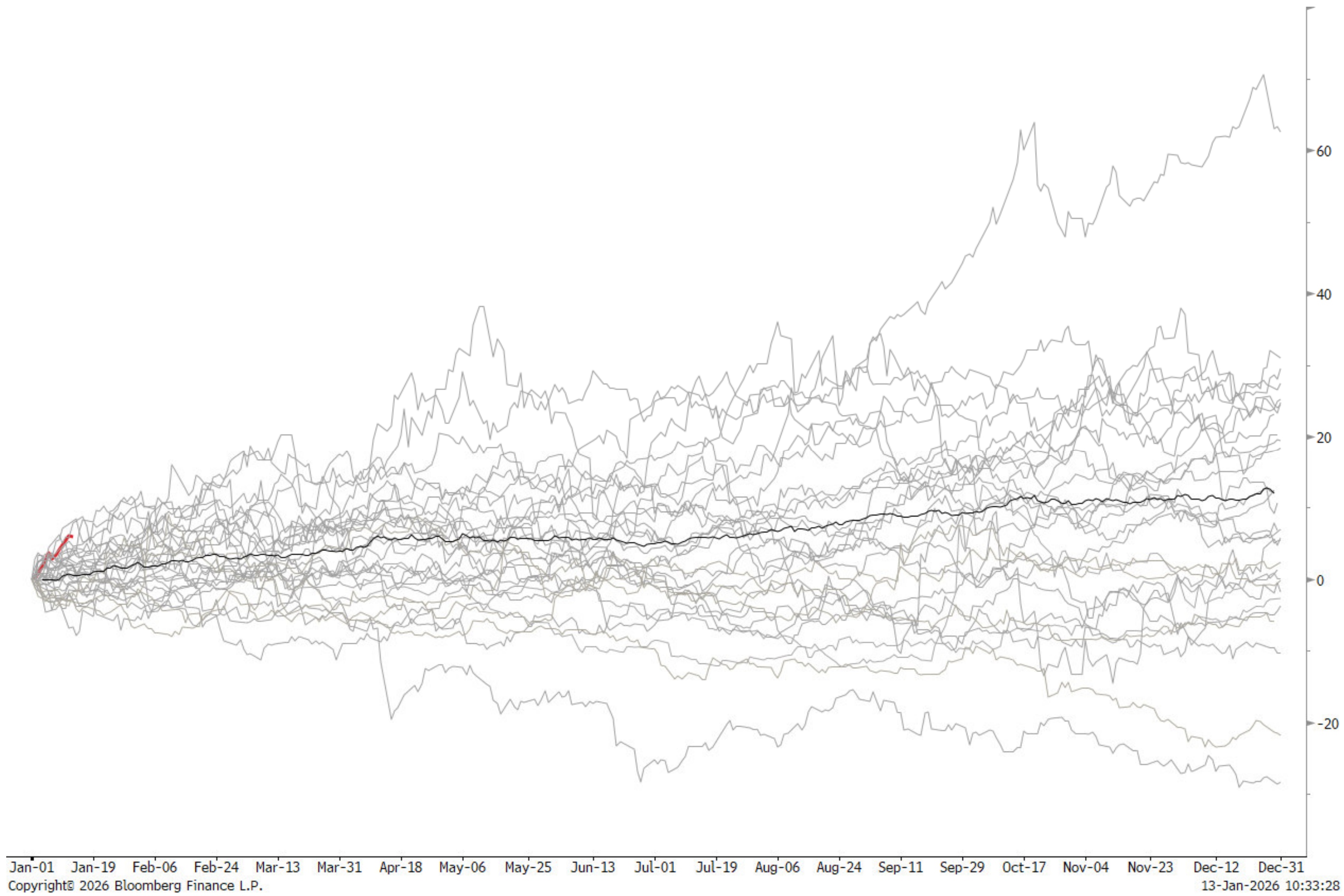


Source: Bloomberg, NPB calculations (G446)

Gold

2026 so far

And the start to 2026 has not been bad either, being the second or third best of the past 30 years.

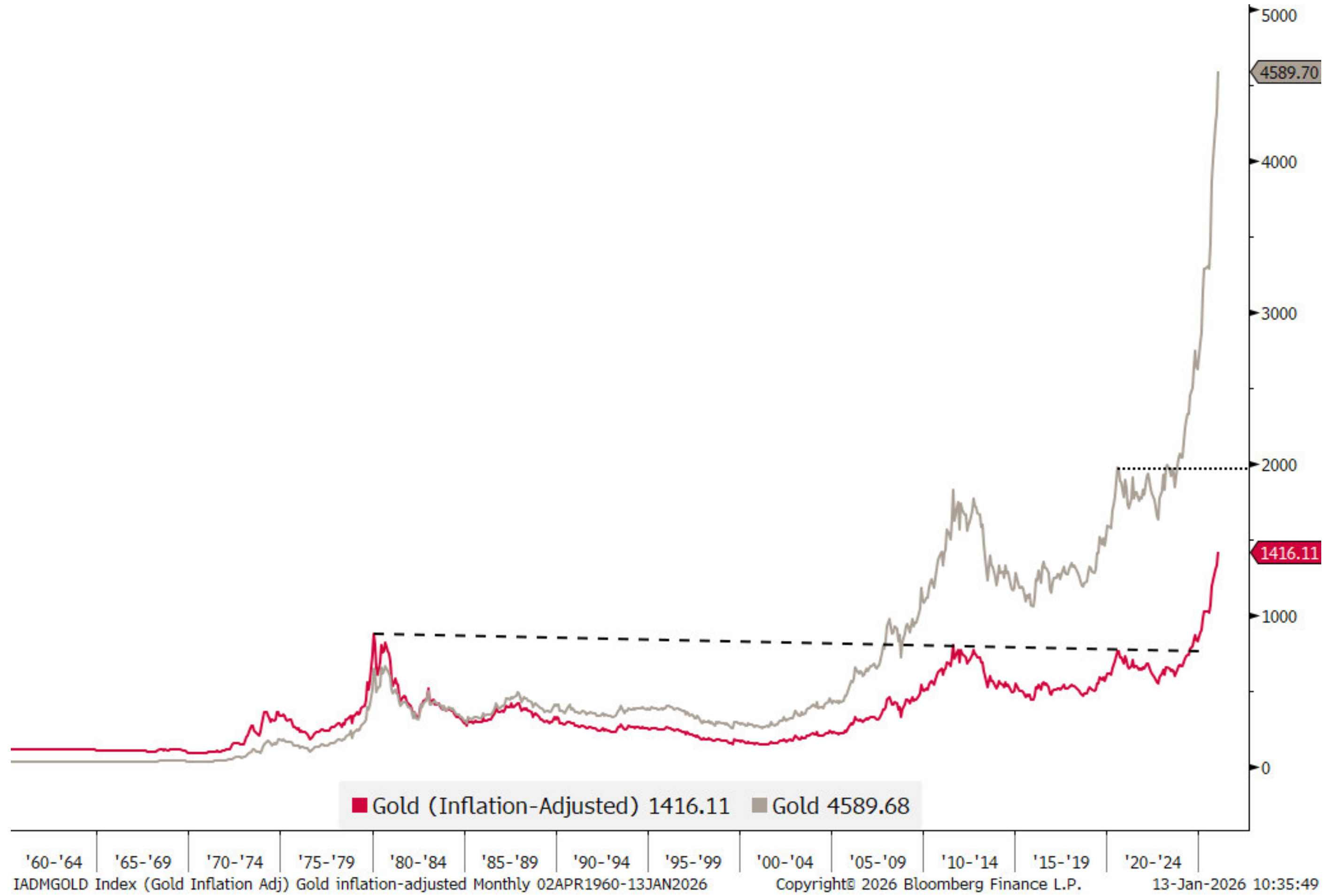


Source: Bloomberg, NPB calculations (G446)

Gold

Inflation-Adjusted

Whilst of course the ascent of the price in Gold per USD/ounce (grey line) is eye-watering, even the inflation-adjusted gold price has jolted higher in 2025.

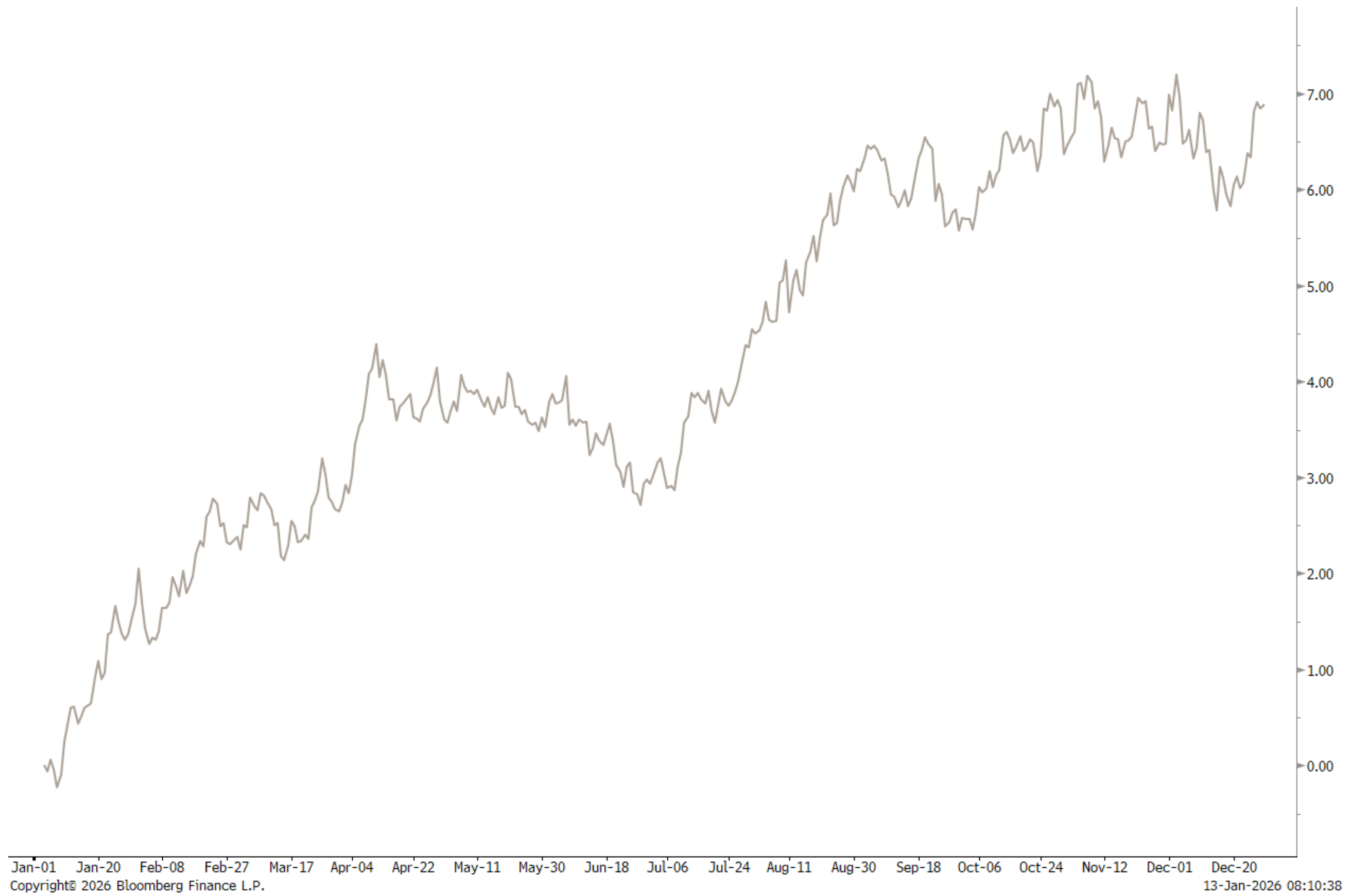


Gold

Seasonality

Is the move overdone? With the daily RSI at 70, the weekly RSI at 73 and especially the monthly RSI at 94(!!) the answer is: PROBABLY!

And then again, seasonality (chart to the right) shows that we are in a period of the strongest tailwinds for Gold.

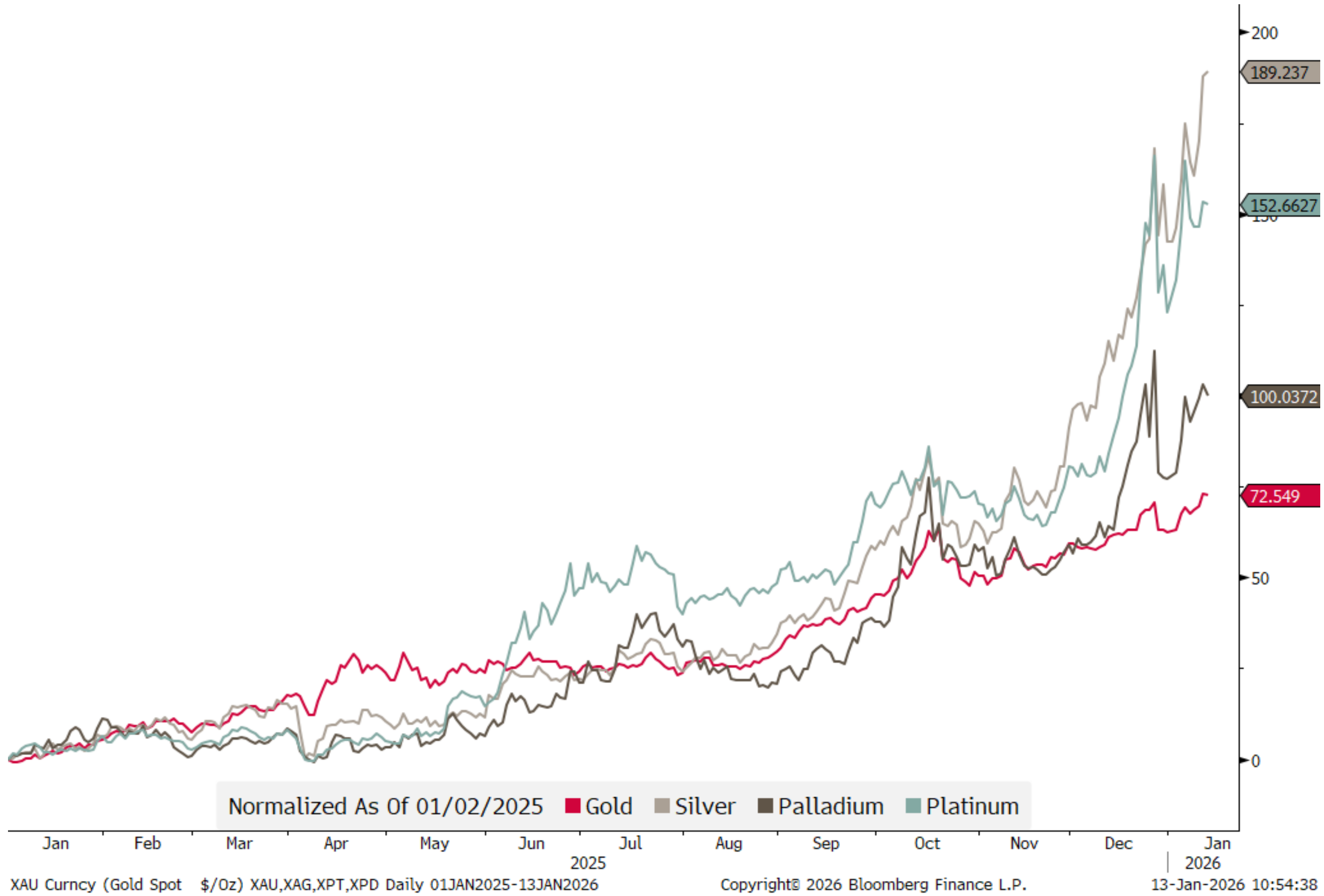


Source: Bloomberg, NPB calculations (G585)

Precious Metals

A Tactical Opportunity

The crazy thing about Gold in 2025 is though, that actually it was the WORST performing precious metal!



Source: Bloomberg, NPB calculations (G339)

Silver

Seasonality

The same is true for Silver, at least until mid-April, after which the trend gets much more volatile.

Source: Bloomberg, NPB calculations (G586)

Silver

Only half-way there?

Even though Silver is at least has hopelessly overbought as Gold, previous “experiences” show that we may be only half-way there ($150 target).

Crude Oil

Brent

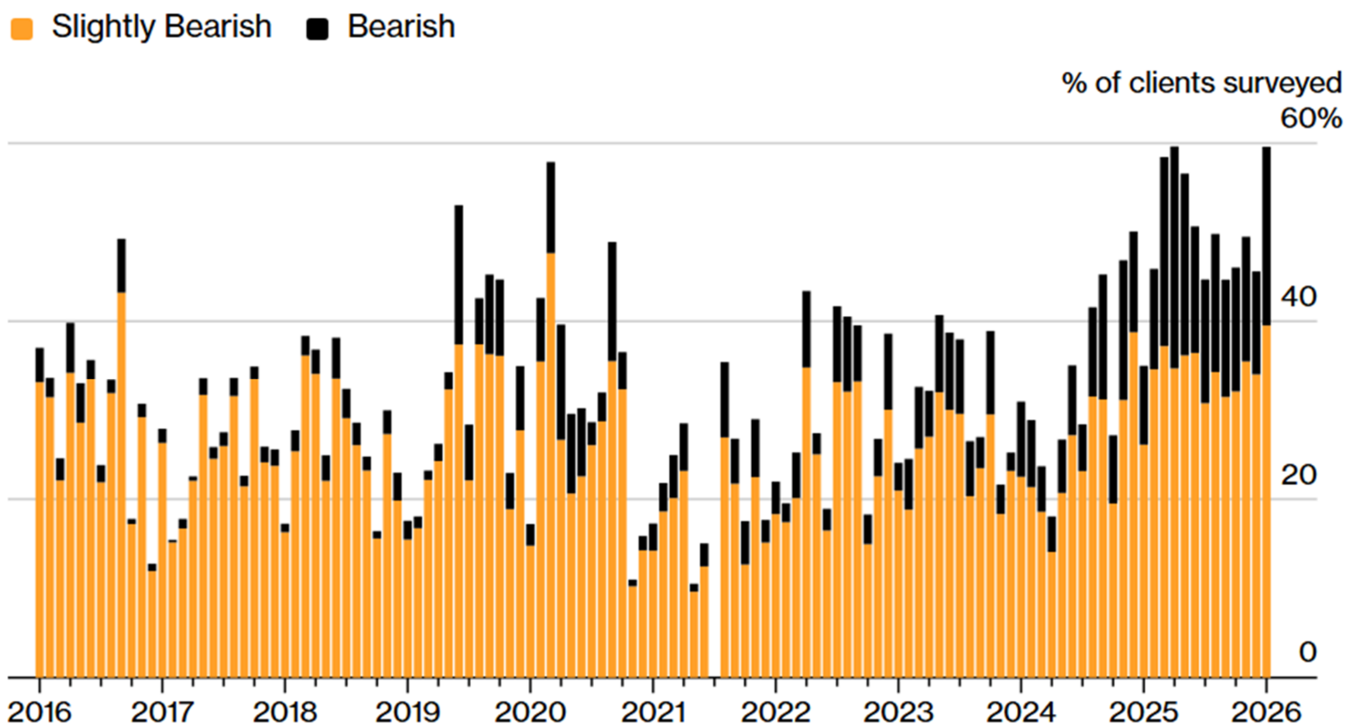
Crude continues to hover in a wide, downward slanting trend. We continue to think that the downside is limited from here. Not list to a record, negative sentiment (see next slide).

Source: Bloomberg, NPB calculations (G476)

Crude Oil

Sentiment via GS Survey

A Goldman Sachs survey of 1,100 of their clients shows that this cohort is the most bearish on oil it ever has been over the past ten years a few days ago (next slide, red arrow).



Source: Golman Sachs Marquee Market View

Crude Oil

Sentiment via GS Survey

Only at the end of April 2025 did they express a similar bearishness (grey arrow).

Source: Bloomberg, NPB calculations (G596)

Appendix

NPB Market Cycle Framework

Quadrant Analysis

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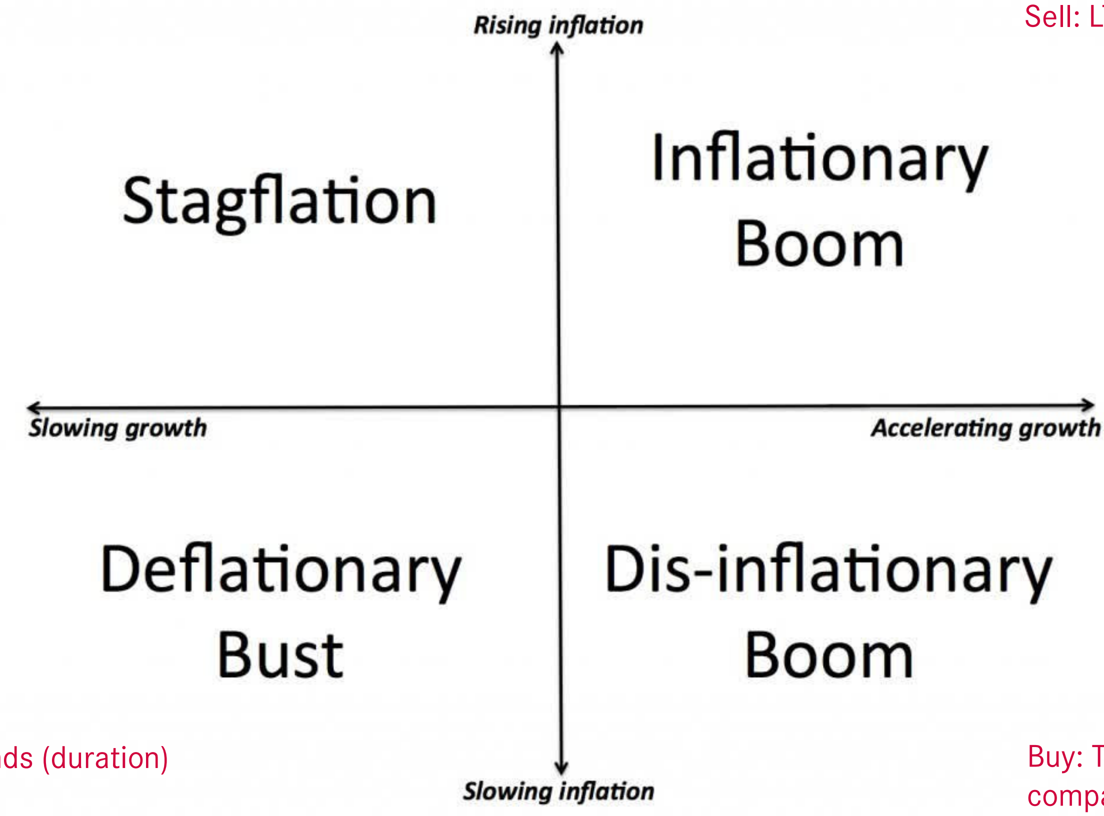
Buy: Cash
Sell: Financial assets

Buy: Gold, Commodities, cyclical producers
Sell: LT Bonds (duration)



Buy: Government bonds (duration)
Sell: Everything else

Buy: Tech & co (i.e. innovative companies)
Sell: Companies without pricing power

Source: NPB

Glossary

Initialism	Term	Explanation
PMI	Purchasing Managers' Index	The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions are expanding, staying the same, or contracting as viewed by purchasing managers. The purpose of the PMI is to provide information about current and future business conditions to company decision-makers, analysts, and investors.
AAII	American Association of Individual Investors	The American Association of Individual Investors (AAII) is an investor education organization. It is a membership-driven nonprofit with local chapters throughout the United States.
CPI	Consumer Price Index	The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending.1U.S. Bureau of Labor Statistics. "Consumer Price Index."
CNN Fear and Greed Index	CNN Fear and Greed Index	The Fear and Greed Index was developed by CNN Business to measure how emotions influence how much investors are willing to pay for stocks. The index is calculated daily, weekly, monthly, and yearly and is based on the logic that excessive fear will drive share prices down, and too much greed will drive prices up.
PPP	Purchasing Power Parity	A popular macroeconomic analysis metric to compare economic productivity and standards of living between countries is purchasing power parity (PPP). PPP is an economic theory that compares different countries' currencies through a "basket of goods" approach. According to this concept, two currencies are in equilibrium—known as the currencies being at par—when a basket of goods is priced the same in both countries, taking into account the exchange rates.
GOP	Grand Old Party	The Republican Party, also known as the GOP (Grand Old Party), is one of the two major contemporary political parties in the United States.
ATH/ATL	All-Time High / All-Time Low	The highest or lowest price a financial instrument has ever reached

Glossary

Initialism	Term	Explanation
Core Inflation	Core Inflation Rate	Core inflation is the change in the costs of goods and services, but it does not include those from the food and energy sectors. This measure of inflation excludes these items because their prices are much more volatile. It is most often calculated using the consumer price index (CPI), which is a measure of prices for goods and services.
Halloween Indicator	Halloween Indicator	The Halloween strategy, Halloween effect, or Halloween indicator is a market timing strategy based on the hypothesis that stocks perform better from Oct. 31 (Halloween) to May 1 than they do from the beginning of May through the end of October.
NPB Liquidity Index	NPB Liquidity Index	Fed Total Assets – (Treasury General Account + Fed Reverse Repo)
FDI	Foreign direct investment	Foreign direct investment (FDI) is the category of international investment that tracks resident entities in one country obtaining a lasting interest in enterprises from another country.
U-3	U-3 US Unemployment Rate Total in Labor Force	The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.
Gig Economy	Gig Economy	A gig economy is a labor market that relies heavily on temporary and part-time positions filled by independent contractors and freelancers rather than full-time permanent employees.
OAT	Obligations Assimilables du Trésor	OATs (Obligations assimilables du Trésor) are government bonds issued by Agence France Trésor (French Treasury), generally by auction according to an annual calendar published in advance.
BoJ	Bank of Japan	The Bank of Japan is Japan's central bank, managing currency issuance, monetary policy, and financial stability, while conducting economic research and ensuring transparency.

Glossary

Initialism	Term	Explanation
aReS	aReS	Proprietary Relative Strength System, which calculates what prices are moving the fastest up (or down). It is designed to identify pockets of strength under the assumption that such strength will then persist for an investible period.
RRG	Relative Rotation Graph	A visual method for identifying in what stage of their usual cycle financial instruments are in absolute AND relative terms.
MoF	Ministry of Finance	The Ministry of Finance (MoF) manages a country's public finances, including budgeting, taxation, and economic policy.
JOLTS	Job Openings and Labor Turnover Survey	JOLTS is a monthly survey of U.S. job vacancies, hiring, and job separations released by the Bureau of Labor Statistics of the U.S. Department of Labor.
SLOOS	Senior Loan Officer Opinion Survey on Bank Lending Practices	The Senior Loan Officer Opinion Survey on Bank Lending Practices is a survey the Federal Reserve conducts to gain insight into bank lending practices and conditions.
GEPU Index	Global Economic Policy Uncertainty Index With Current Price GDP Weights	The index is constructed by analyzing the frequency of newspaper coverage using terms related to the economy, policy, and uncertainty, based on a consistent set of major newspapers in each country (approximately 21 countries). The number of articles meeting all criteria is then normalized. Each country's contribution to the index is weighted according to its share of global nominal GDP (unadjusted for inflation).

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