THE SUMMER OF CENTRAL BANKS

Nothing has been able to curb the stock markets in the first half of 2026. War in the Middle East, war in Ukraine, oil on the rise, Trump and his continuous predictably unpredictable statements, gold and bitcoin falling, the dollar strengthening, fears about colossal investments in artificial intelligence, inflation and uncertainty about interest rates: all this has only temporarily cracked the mood of investors, without extinguishing the desire to participate in a *bull market* which seems to want to stay young thanks to the "anti-aging supplements" of artificial intelligence.

The metaphor recalls the *baby boomers*, today the richest generation of retirees in history, committed to slowing down aging with vitamins, antioxidants and Omega-3s, while continuing to invest enthusiastically through now almost professional platforms such as TradingView, Investing or Swissquote.

In the first six months of the year, the Nasdaq 100 gained 20.11**%,** clearly outpacing the S&P 500 (+9.35%), driven by artificial intelligence stocks. Even more spectacular were the performances of some Asian stock exchanges, with Seoul (+100%) and Japan (+40%). But the rise has not only affected technology. Traditional markets such as Switzerland (SMI +10%) and Europe also ran: the EuroStoxx50 (+9.37%) slightly outperformed the S&P 500, while the Italian FTSE MIB recorded a brilliant +13.9%. Only Hong Kong (-11.03%) and India (-11%) were excluded from the holiday.

In June, however, the first divergences emerged. European and Japanese equities maintained a generally positive trend (apart from the German DAX, -0.35%), while in the United States the S&P 500 lost 1.32% and the Nasdaq 100 0.19%. Nothing to worry about, especially when compared to the correction in March (about -10%), caused by the first consequences of the war in Iran.

At the root of the tensions remains the clash between the old and new economy. The first still revolves around oil, geopolitics and the search for power. Donald Trump's United States uses it as a strategic lever: controlling energy flows means strengthening the negotiating position vis-à-vis China and, indirectly, putting pressure on Europe. Combining this advantage with leadership in artificial intelligence, the goal no longer seems to be just to reposition the United States, but to gain a dominant position in the new world economic order.

The markets welcomed the *tycoon*'s return, seeing in him a president close to Wall Street and supportive of innovation, from cryptocurrencies to artificial intelligence. However, the attack on Iran has begun to crack support even within the MAGA movement, which wants a strong America but not involved in new conflicts. It is therefore not surprising that Trump's approval rating has fallen to its lows.

Hyperscalers – Google, Apple, Meta, Amazon and Microsoft – are also starting to show some signs of fatigue. After years of undisputed leadership, they have on average underperformed their benchmark index in the first half of the year, as if they had become victims of their own success.

At the confluence of geopolitics and artificial intelligence lies the central theme of the coming months: inflation. This is where the role of central banks returns to the forefront, called upon to move between demand, expansionary fiscal policies and new *geopolitical* shocks.

Donald Trump has chosen Kevin Warsh to lead the Federal Reserve with the aim of encouraging a reduction in rates. The real question, however, is another: how will this be possible if inflation remains high?

For the moment, Warsh has not yet indicated a definitive strategy. It has set up five working groups to redefine the operations of the central bank. The composition of these committees shows a willingness to adapt the Federal Reserve to an economy in which central banks will have to focus more on data quality, leaving markets to play an increasing role in price formation.

Among the objectives also seems to emerge a revision of the methodologies for measuring inflation, to obtain indicators more adherent to the new economy. It is significant to note that the Atlanta Fed's estimates are now significantly lower than the official indicators. At the same time, the progressive reduction of the central bank's balance sheet remains on the table.

Kevin Warsh and Treasury Secretary Scott Bessent share a common background gained alongside Stanley Druckenmiller, one of the most brilliant investors in American finance. From this experience comes a profoundly pragmatic approach: the central bank's credibility in controlling inflation is a prerequisite for keeping long-term yields low.

Both look particularly closely at the bond market, the yield curve, credit, the dollar and commodities, considering them the main source of information on the real economy. More than theoretical models, they attach importance to the incentives produced by monetary and fiscal policy.

Both Warsh and Bessent see artificial intelligence as a structurally disinflationary force due to increased productivity. In the short term, however, they recognize that huge investments, demand for semiconductors and production bottlenecks can continue to fuel inflation.

The "Druckenmiller school" interprets financial markets, geopolitics, capital flows and currencies as elements of a single system: the Federal Reserve's decisions can no longer be separated from the international context.

The dialogue between the Treasury and the Federal Reserve could therefore become much more fluid than in the past. This does not mean a loss of central bank independence, but a more similar reading of macroeconomic data.

It is no coincidence that at the ECB Forum in Sintra (29 June-1 July) a significant convergence of views emerged between Kevin Warsh and Christine Lagarde. While leading different economies, both defended central bank independence, prioritizing inflation control and a more cautious approach to communication, abandoning the promise to indicate the path of rates in advance.

In a historical phase in which many international organizations appear weakened, central banks – under the direction of the Bank for International Settlements – seem to have chosen a line of greater prudence and humility, without renouncing their stabilizing role in the era of artificial intelligence.

It is therefore not surprising that the dollar has started to strengthen again. The Bessent-Warsh couple seems destined to represent an institutional counterweight to the American president's excesses, in a country that today spends more on paying interest on its public debt than on defense.

What to expect now?

Historically, July is a favorable month for the markets. Quarterly reports should be positive on average. Investors, however, are likely to be much more selective, favoring companies capable of offering credible growth prospects, as well as even excellent quarterly results.

It is also possible that Trump's rhetoric has led markets to underestimate two elements: on the one hand, the possible inflationary impact of the war in the Middle East on the US economy; on the other hand, the growing reaction of the European Union, which could accelerate investments and industrial policies to support domestic demand.

For these reasons, a summer correction would not be surprising. Rather than a change of scenario, it could represent a physiological rotation of portfolios between sectors, geographies and investment styles.