



CIO expects a fourth year of double-digit returns for global stocks in 2026 and their base case is the MSCI AC World Index will end the year about 11% higher than its current levels. (UBS)

# Will a solid start to trading set the tone for 2026?

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**2025 will be a year to remember for diversified investors—with a third year of double-digit gains in global stocks, the best performance for fixed income since 2020, and the largest gains for gold in almost 50 years. The new year kicked off with a solid performance.**

The MSCI All Country World rose 0.5% on the first day of trading for 2026, after returning 20.2% in 2025. The S&P 500 gained 0.2%, to stand just 1% below a record high struck shortly before the Christmas break.

Investors will be asking whether this open will set the tone for trading in the coming year—especially given renewed geopolitical uncertainty following the US deposition of Venezuelan leader Nicolas Maduro. Our view is that balanced portfolios can perform well again this year—once again overcoming concerns over political flux and anxiety that US tech stocks have become too expensive. Capital spending on AI and broadening adoption of the technology should add impetus behind profits, and we expect earnings growth for the MSCI AC World Index of around 10% both this year and next. While the US labor market is cooling sufficiently to justify a further rate cut, we expect consumer spending to hold up. Economic growth looks set for a healthy 1.7% this year, in our view, only fractionally slower than a projected 1.9% for 2025. This should be accompanied by a cyclical upswing in the Eurozone, where demand for goods is rising, borrowing costs are low, and a healthy banking system is better positioned to lend. Fiscal stimulus in Germany should bolster growth in the region's largest economy.

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Against this backdrop, we expect a fourth year of double-digit returns for global stocks in 2026 and our base case is the MSCI AC World Index will end the year about 11% higher than its current levels. We view most major markets as Attractive, including the US, Eurozone, China, emerging markets, and Japan. We are Neutral on Switzerland, the UK, and Taiwan.

Original report – [Weekly Global: What to watch in the week ahead, 5 January 2026.](#)

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