

Interest rate forecast

Moderate interest rate cut by the SNB likely

Yields on Swiss government bonds and mortgage interest rates continued their sideways trend in March and April. The key interest rate cut by the Swiss National Bank (SNB) from 1.75 to 1.5 percent at the end of March did nothing to change this. This is because the bond markets had already anticipated a key interest rate cut in their prices in the run-up to the SNB's assessment. They are still assuming that the key interest rate will be lowered to 1 percent in the next 12 months.

The market expectation that the SNB will probably cut the key interest rate by just 0.75 percentage points in total differs significantly from the last two interest rate cut cycles in Switzerland. The SNB lowered the key interest rate from 3 to 0.375 percent in 2001, and from 2.75 to 0.125 percent in 2008. These two

interest rate cut cycles were triggered by global recessions: the dot-com recession in 2001 and the global financial crisis in 2008. A global recession of this kind seems unlikely today. On the contrary, the robust US economy makes it likely that the US Federal Reserve will not lower key interest rates until the second half of the year.

Consequently, we believe that the bond markets are assessing the SNB's monetary policy correctly. Longer-term Swiss interest rates are therefore also likely to trend sideways in the coming quarters. Mortgage interest rates linked to SARON, on the other hand, will no doubt benefit from two further interest rate cuts by the SNB in the next few quarters.

(Status as per 24 April 2024. Source: UBS Switzerland AG)

Long-term interest rate trend in %

Remark: Rates through the end of 2010 are based on Libor, and on SARON from 2011.



Sources: Bloomberg, UBS Switzerland AG

The effective interest rate of the product is calculated using the margin + compounded SARON of the accounting period. When calculating the interest rate, the compounded SARON can never be less than zero.

Interest rate forecast in figures

	19/04/24	30/06/24	31/12/24	30/06/25	31/12/25
SARON	1.45	1.25	1.00	1.00	1.02
Swap 3 years	1.10	1.06	0.88	0.87	0.93
Swap 5 years	1.13	1.09	0.97	0.95	1.01
Swap 10 years	1.25	1.20	1.11	1.09	1.15

Sources: Bloomberg, UBS Switzerland AG

Please note that the stated interest rate is in part a forecast and the actual interest rate may be higher or lower.

Historical developments and financial market scenarios are not reliable indicators of future performance. If this material contains forecasts, such statements are forward looking and therefore involve various risks and uncertainties. They are not a guarantee of future developments in interest rates.

Credit Suisse Financing

Our solution for your mortgage

For the right mix of security and flexibility, we recommend a combination of different mortgages and terms. This allows you to factor in possible interest rate risks and reduce the risk that you will have to renew the entire mortgage amount at high interest rates. Our recommendation is tailored to your individual risk profile, which we divide into three categories:

Your strategy

Security-oriented

You have a low tolerance for interest rate fluctuations not require flexibility and have a medium to long time horizon.

Balanced

You are prepared to accept average fluctuations in interest rates, are looking for medium flexibility, and have a medium time horizon.

Dynamic

You are prepared to accept strong fluctuations in interest rates are looking for a high degree of flexibility, and have a relatively short time horizon.

Further information

The Financing Experts at Credit Suisse will be happy to advise you and recommend the best product solution for your individual needs.

Call us at 0844 100 114*

For more information visit our website at credit-suisse.com/mortgages

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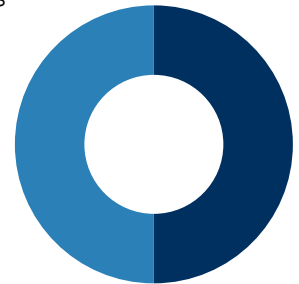
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Our proposal for the product mix in the current interest rate environment – depending on your individual risk profile

Security-oriented

Fix mortgages with different terms

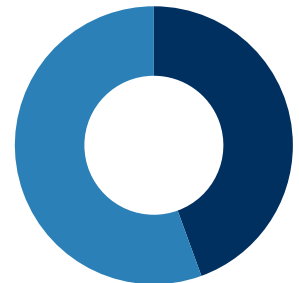
- 3-year Fix mortgage 50%
- 5-year Fix mortgage 50%



Balanced

Combination of Fix and SARON mortgages

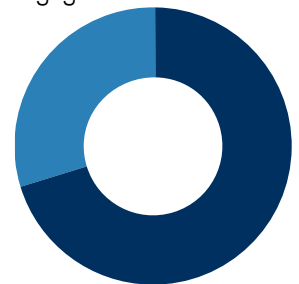
- 1-year SARON mortgage (3-month tranche), 40%
- 5-year Fix mortgage 60%



Dynamic

Combination of Fix and SARON mortgages

- 1-year SARON mortgage (3-month tranche), 70%
- 3-year Fix mortgage 30%



Source: Credit Suisse