

Interest rate forecast

SNB: Interest rate cut as the next step

Yields on Swiss government bonds decreased slightly in November. Mortgage interest rates, on the other hand, have fallen significantly as a result of a marked decline in swap interest rates.

The Swiss National Bank (SNB) decided against raising the key interest rate in September due to economic concerns, maintaining it at 1.75 percent. We are not expecting the SNB to intervene in December either.

The next change to the key interest rate will probably be a reduction. However, this is not likely to happen until mid-2024,

when the SNB can be sure that inflation risks have been averted.

Future interest rate trends will therefore no doubt depend more than ever on the SNB. The expectation of a key interest rate cut in 2024 should lead to slightly lower interest rates in the coming quarters. However, the potential is limited for government bond yields and mortgage interest rates.

(Status as per 22 November 2023. 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

	24/11/2023	31/12/23	30/06/24	31/12/24	30/06/25
SARON	1.71	1.71	1.75	1.25	1.24
Swap 3 years	1.37	1.31	0.90	0.87	0.96
Swap 5 years	1.34	1.30	1.05	1.00	1.08
Swap 10 years	1.44	1.41	1.29	1.27	1.33

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.

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P.O. Box

CH-8070 Zurich

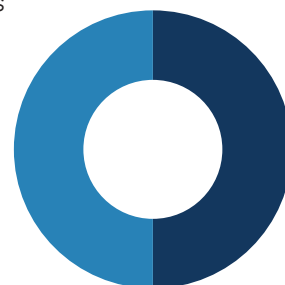
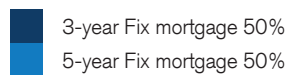
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Our proposal for the product mix in the current interest rate environment – depending on your individual risk profile

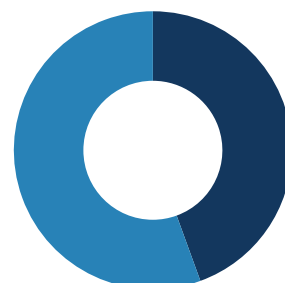
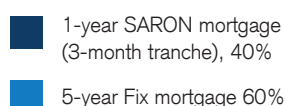
Security-oriented

Fix mortgages with different terms



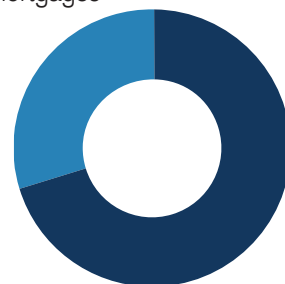
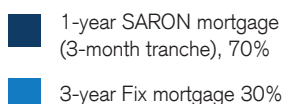
Balanced

Combination of Fix and SARON mortgages



Dynamic

Combination of Fix and SARON mortgages



Source: Credit Suisse