

# Interest rate forecast for companies



Mortgages from UBS key4 mortgages in the current interest rate environment – May 2024

## 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.

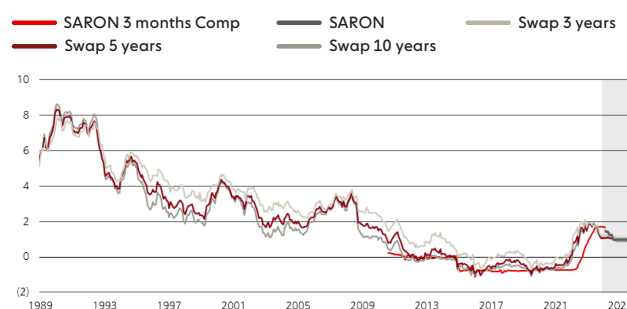
(Status as per 24 April 2024)

## The perfect real estate financing for every need

The type of financing has a significant effect on the profitability of your investment properties. We offer you tailor-made financing models and support you in optimizing your earnings through the whole life cycle of your properties.

- With a fixed-rate Mortgage or a fixed-rate from UBS key4 mortgages Loan, we fix the capital, duration and interest rate in the long term. This makes calculating costs easy.
- If you are looking for highly flexible, short-term financing, we recommend UBS key4 mortgages fixed advances, a UBS key4 mortgages Floating Rate loan or a UBS key4 mortgages saron flex mortgage.

## Long-term interest rate trend in %



Sources: Bloomberg, UBS Switzerland AG  
This is only an indicative interest rate. The effective interest rate is calculated using the margin + Compounded SARON of the accounting period. The Compounded SARON cannot be negative.

## Interest rate forecast in figures

	19.04.24	30.06.24	31.12.24	30.06.25	31.12.25
<b>SARON</b>	1.45	1.25	1.00	1.00	1.02
<b>Swap 3 years</b>	1.10	1.06	0.88	0.87	0.93
<b>Swap 5 years</b>	1.13	1.09	0.97	0.95	1.01
<b>Swap 10 years</b>	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.

## UBS key4 mortgages offer attractive combinations for all mortgage profiles under any interest rate conditions

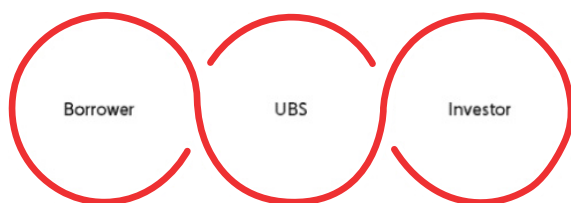
Interest rate level	UBS key4 fixed-rate mortgage			UBS key4 saron mortgage
	short	medium	long	
high	●	●	●	●
decreasing	●	●	●	●
normal	●	●	●	●
rising	●	●	●	●
low	●	●	●	●

● suitable    ● suitable under certain conditions    ● not suitable

With an overall limit under Real Estate financing von UBS key4 mortgages, you have maximum flexibility for covering your financial needs thanks to a variety of loan usage options.

## What you can expect from UBS key4 mortgages




[UBS key4 mortgages](#) is a platform for financing investment property, where borrowers and Swiss institutional investors searching for reliable long-term financing opportunities in the Swiss real estate sector can meet. Place just one request and you will receive multiple offers at the best possible conditions from the range of available products. The offers are easy to compare and the choice of investor is completely up to you.



- ✓ Always at your side  
We assess and broker requests and take care of the entire administration.
- ✓ Several offers  
With one request you will receive several attractive offers.
- ✓ Transparent costs  
There are no hidden costs. You only pay fees if you take out a mortgage.

UBS Switzerland AG  
Platforms UBS key4 mortgages  
P.O. Box  
8098 Zurich

## For all your questions

-  [key4.ch](https://key4.ch)
-  [sh-key4-ipre@ubs.ch](mailto:sh-key4-ipre@ubs.ch)
-  0844 003 399