

Mortgage interest rate forecast

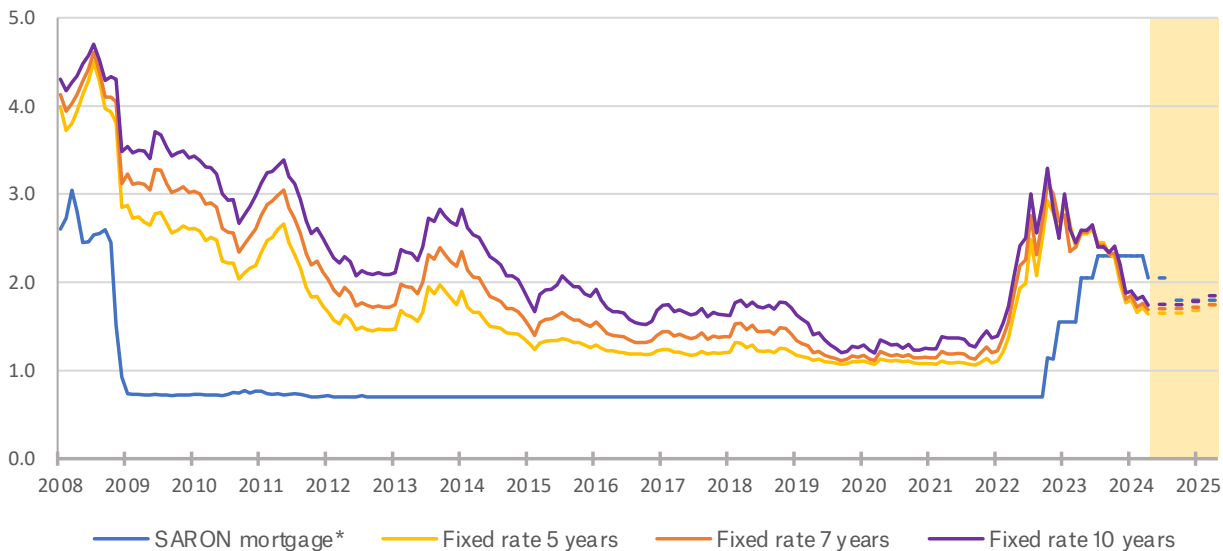
March 2024

The interest rate turnaround is here: the Swiss National Bank (SNB) sends a surprisingly bold signal

While the relevant economies abroad are struggling with rebound effects of inflation and therefore unchanged reference rates at the highest levels of the recent past, the SNB was able to revise the domestic inflation outlook downwards. To the surprise of many, this resulted in the decision to lower the domestic reference rate from 1.75% to 1.50% on 21st of March 2024. Although this decision to cut interest rates for the first time in nine years was sometimes described as a "coup" by experts and the media, the effect on mortgage rates seems manageable. The financial markets had already priced in a reference rate of 1.00-1.25% by the end of 2024

before this interest rate cut was announced – however, the first cut was expected to happen in June 2024. The potential for positive surprises (from the perspective of mortgage borrowers) is therefore very limited, as a medium-term reference rate of below 1.00-1.25% is considered unlikely from today's perspective. Mortgage interest rates for fixed-rate mortgages should remain at the current interest rate level in the coming months with situational fluctuations. Future interest rate trends will remain very much dependent on inflation trends and the economic situation, with exchange rate considerations also playing a role.

Historical mortgage interest rates



* Interest rate of the SARON mortgage as of 31.01.2021 (consisting the lender's Margin and the SARON rate). Before: LIBOR-rate.

Source: Data portal Schweizer Nationalbank (average mortgage interest rates) and SIX Swiss Exchange AG, last data point: 25.03.2024.

Mortgage interest rate forecasts

Interest rate in %	Forecast for				Trend
	25.03.2024	3 months	6 months	12 months	
SARON mortgage*	2.05	2.05	1.80	1.80	↘
Fixed rate mortgage 5 years	1.64	1.65	1.68	1.75	⇒
Fixed rate mortgage 7 years	1.69	1.70	1.72	1.80	⇒
Fixed rate mortgage 10 years	1.75	1.75	1.78	1.85	⇒

* Interest rate of the SARON mortgage consisting of the SARON rate and the margin of the lender.

The interest rates listed are expected benchmarks in the form of an average view on the offers of various providers. Historical performance and financial market scenarios are not reliable indicators of future results. This publication is for information purposes only and does not constitute a recommendation, offer or solicitation.