

Credit Suisse

Mortgage interest rate forecasts

Mortgage interest rates to remain low in 2019

Economic growth in Switzerland can be expected to weaken to 1.7% in 2019. While growth stimuli from abroad will weaken, we are anticipating stronger domestic consumption. With the US still locked in trade disputes with Europe and China, and political uncertainties unresolved in the EU (Brexit, Italy), geopolitical risks have become more pronounced. Inflation is still at reasonable levels and the Swiss National Bank (SNB) considers the medium-term inflation trend to be unproblematic. Accordingly, the SNB can continue to make the development of the franc the focus of its monetary policy. We are not expecting the first hike in key interest rates before the fall of 2019. The precise timing of this step will depend on the

economic development of the eurozone and the monetary policy of the European Central Bank. Since CHF LIBOR interest rates remain in negative territory despite this expected increase, the interest rates of Flex rollover mortgages are unlikely to increase over the next twelve months and should remain close to their current lows. By contrast, the interest rates of Fix mortgages with medium and long terms should experience a gradual and slight increase in the coming months, by a total of 30 to 50 basis points. Even if the interest rates of Fix mortgages remain low in the historical context, they are increasingly moving away from their nadirs. As previously, the further increase is likely be accompanied by upward and downward fluctuations.

Interest rates for new mortgages in %



Source: Credit Suisse. Last data point: 07.01.2019

Mortgage interest rate forecasts

	Interest rate	Forecasts for			Trend
	07.01.2019	3 mth	6 mth	12 mth	12 mth
Flex rollover mortgage ¹	1.18%	1.18%	1.18%	1.18%	→
Fix mortgage (3 years) ²	1.13%	1.25%	1.35%	1.45%	↗
Fix mortgage (5 years) ²	1.12%	1.30%	1.40%	1.50%	↗
Fix mortgage (10 years) ²	1.54%	1.70%	1.80%	2.00%	↗
Fix mortgage (15 years) ²	2.00%	2.15%	2.25%	2.45%	↗

The interest rates listed are indicative values and apply to top-quality residential property and borrowers with impeccable creditworthiness.
¹ Flex rollover mortgage (framework term three years). Interest rate based on three-month CHF LIBOR. Interest rate adjusted every three months.
² Fix mortgages. Fixed term and interest rate for the entire term.

Credit Suisse Financing

Optimum combination of security and flexibility

We recommend a combination of various mortgages and maturities to achieve an optimum mix between security and flexibility. This structure allows the factoring in of potential interest rate risks and the reduction of the risk of the entire mortgage amount needing to be extended during a high interest phase. Of course, we take into account the optimum mix for your individual risk profile, which we divide into three categories:

Your risk profile

Security-oriented

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

Balanced

You are willing to accept average fluctuations in interest rates, seek medium flexibility, and have a medium time horizon.

Dynamic

You are willing to accept high-interest rate fluctuations, want a high degree of flexibility, and plan for a relatively short time horizon.

Further information

The mortgage specialists at Credit Suisse will be glad to advise you on the best product solution for your individual needs.

Call us at 0844 100 114*

Monday–Friday, 8:00 – 20:00.

For more information visit our website at

[credit-suisse.com/mortgages](https://www.credit-suisse.com/mortgages)

* Please note that telephone conversations may be recorded. By making a call, you acknowledge your agreement with this business practice.

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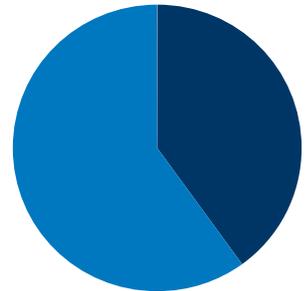
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Our proposal for the product mix in the current interest rate environment – based on your individual risk profile

Security-oriented

Fix mortgages with different terms

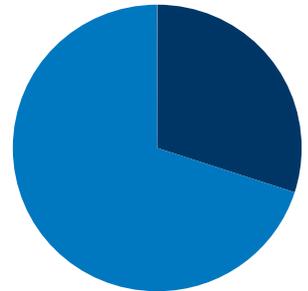
- Fix mortgage, 8 y 40%
- Fix mortgage, 12 y 60%



Balanced

Combination of Fix and Flex rollover mortgage

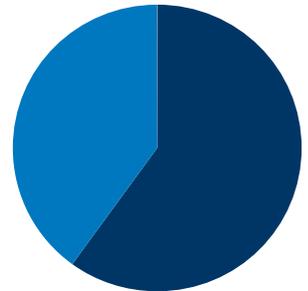
- Flex rollover mortgage (3-month LIBOR) 30%
- Fix mortgage, 12 y 70%



Dynamic

Combination of Fix and Flex rollover mortgage

- Flex rollover mortgage (3-month LIBOR) 60%
- Fix mortgage, 12 y 40%



Source: Credit Suisse