

Credit Suisse

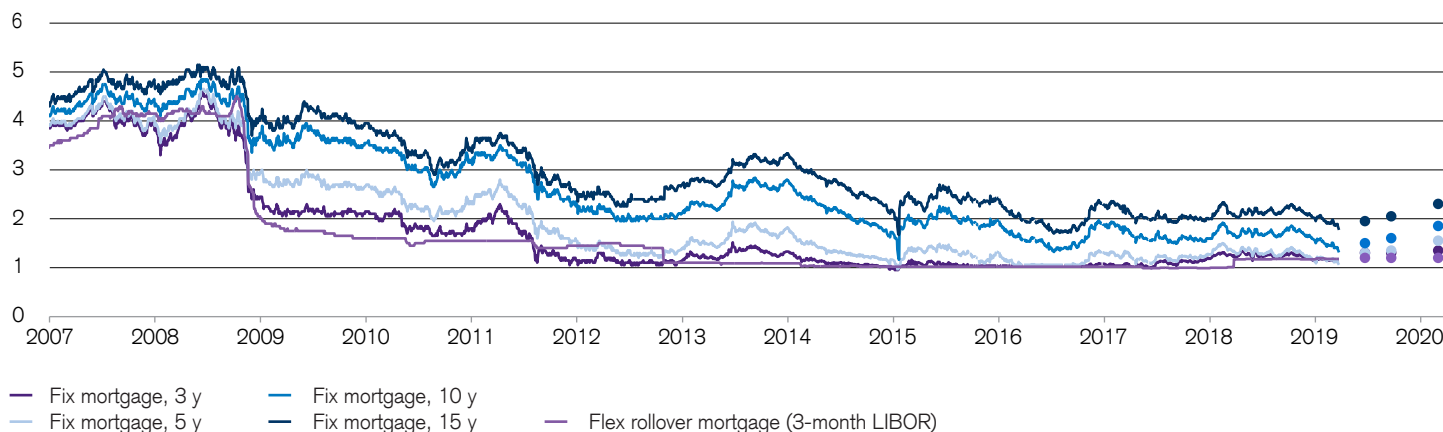
Mortgage interest rate forecasts

Mortgage interest rates recently reached new historic lows

Economic growth in Switzerland can be expected to slacken to 1.5% in 2019. While growth stimuli from abroad are likely to weaken, we are anticipating slightly stronger domestic consumption. With the US still locked in trade disputes with Europe and China, and political uncertainties unresolved in the EU (Brexit, Italy), global economic risks have increased. Inflation remains low and the Swiss National Bank (SNB) considers the expected medium-term inflationary trend to be unproblematic. Accordingly, the SNB can continue to make the development of the franc the focus of its monetary policy. We do not currently expect any change in key interest rates before the end of 2020. In the event of increased pressure on the Swiss franc, we actually think a further reduction in key interest rates is more likely than an

increase in the short term. Interest rates therefore remain heavily dependent on developments in the euro zone and the monetary policy of the European Central Bank. The interest rates of Flex rollover mortgages are therefore likely to remain at their current lows over the next 12 months. The interest rates of Fix mortgages have fallen again since the fourth quarter of 2018 due to the heightened economic uncertainty and recently reverted to a new all-time low due to the signs of a return to more accommodative US monetary policy. The interest rates of Fix mortgages are likely to undergo a slight rise again over the coming 12 months, increasing by a total of 20 to 35 basis points overall. However, this development is likely to be accompanied – as before – by upward and downward fluctuations.

Interest rates for new mortgages in %



Source: Credit Suisse; Last data point: 15.7.2019

Mortgage interest rate forecasts

	Interest rate	Forecasts for			Trend
	15.7.2019	3 mth	6 mth	12 mth	12 mth
Flex rollover mortgage ¹	1.11%	1.11%	1.11%	1.11%	→
Fix mortgage (3 years) ²	1.04%	1.10%	1.15%	1.25%	↗
Fix mortgage (5 years) ²	1.13%	1.25%	1.35%	1.40%	↗
Fix mortgage (10 years) ²	1.36%	1.45%	1.55%	1.70%	↗
Fix mortgage (15 years) ²	1.77%	1.85%	1.95%	2.10%	↗

The interest rates listed are indicative values and apply to top-quality residential property and borrowers with impeccable creditworthiness.

1 Two-year Flex rollover mortgage. 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.

Historical performance indications and financial market scenarios are no guarantee for current or future performance.

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

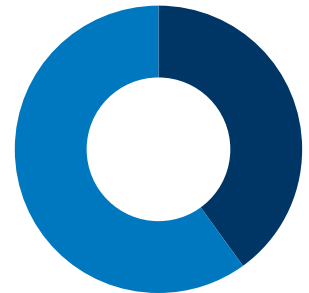
* Please note that telephone conversations may be recorded. By making a call, you acknowledge your agreement with this business practice.

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

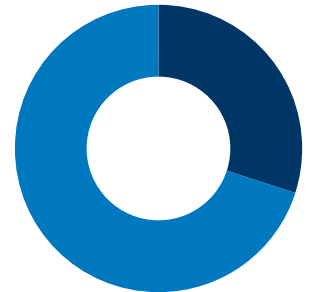
- Fix mortgage, 8 y 40%
- Fix mortgage, 12 y 60%



Balanced

Combination of Fix and Flex rollover mortgage

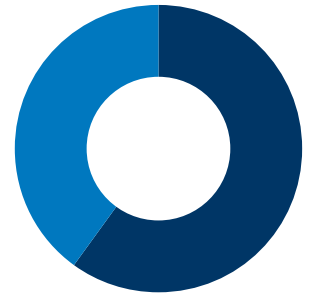
- Flex rollover mortgage (3-month LIBOR) 30%
- Fix mortgage, 12 y 70%



Dynamic

Combination of Fix and Flex rollover mortgage

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



Source: Credit Suisse

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