

Credit Suisse Mortgage interest rate forecasts

Gentle rise in long-term mortgage interest rates

The Swiss economy is experiencing a mini-boom. We expect economic growth of 2.7% for the year as a whole. The most significant driver of growth at present is the manufacturing sector, which is benefiting from robust international demand. With the current trading disputes the US is having with Europe and China, as well as the political risks in Italy, the global economic risks have increased. Inflation is still in check, and the Swiss National Bank (SNB) does not see inflation posing any problems in the medium term. The SNB can therefore continue putting the development of the Swiss franc at the forefront of its monetary policy. We do not expect the first hike in key interest rates before the fall of 2019.

The precise timing will depend on further developments in the eurozone as well as the monetary policy of the European Central Bank. Since the LIBOR interest rate, even with the expected increase, is still in the negative range, the interest rates of Flex rollover mortgages should not increase in the next 12 months and remain at their current low. In contrast, the interest rates of Fix mortgages with medium and long terms should increase at a gentle, gradual pace in the coming 12 months, by a total of 20 to 30 basis points. Even if the interest rates of Fix mortgages remain low in the historical context, they are increasingly moving away from their lows. As before, the further increase is likely to be marked by upward and downward fluctuations.

Interest rates for new mortgages in %



Source: Credit Suisse. Last data point: 1.10. 2018

Mortgage interest rate forecasts

	Interest rate	Forecasts for			Trend
		1.10. 2018	3 mth	6 mth	
Flex rollover mortgage ¹	1.18%	1.18%	1.18%	1.18%	→
Fix mortgage (3 years) ²	1.29%	1.30%	1.30%	1.30%	→
Fix mortgage (5 years) ²	1.38%	1.40%	1.50%	1.60%	↗
Fix mortgage (10 years) ²	1.80%	1.90%	1.95%	2.10%	↗
Fix mortgage (15 years) ²	2.25%	2.35%	2.40%	2.55%	↗

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

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

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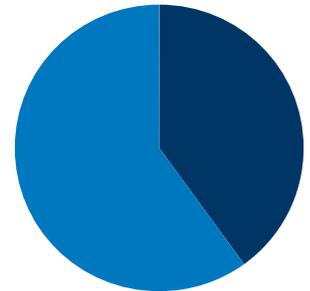
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Our proposal for the product mix in the current interest rate environment – based on your individual risk profile

Security-oriented

Fix mortgages with different terms

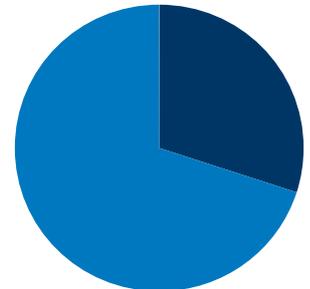
- Fix mortgage, 8 y 40%
- Fix mortgage, 12 y 60%



Balanced

Combination of Fix and Flex rollover mortgage

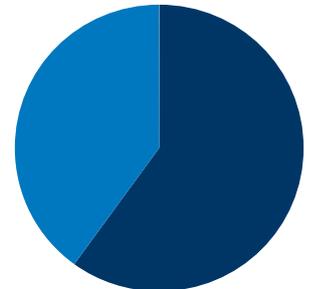
- Flex rollover mortgage (3-month LIBOR) 30%
- Fix mortgage, 12 y 70%



Dynamic

Combination of Fix and Flex rollover mortgage

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



Source: Credit Suisse