



# SNB Interest Rate Cut: Review, Expectations and Recommendations

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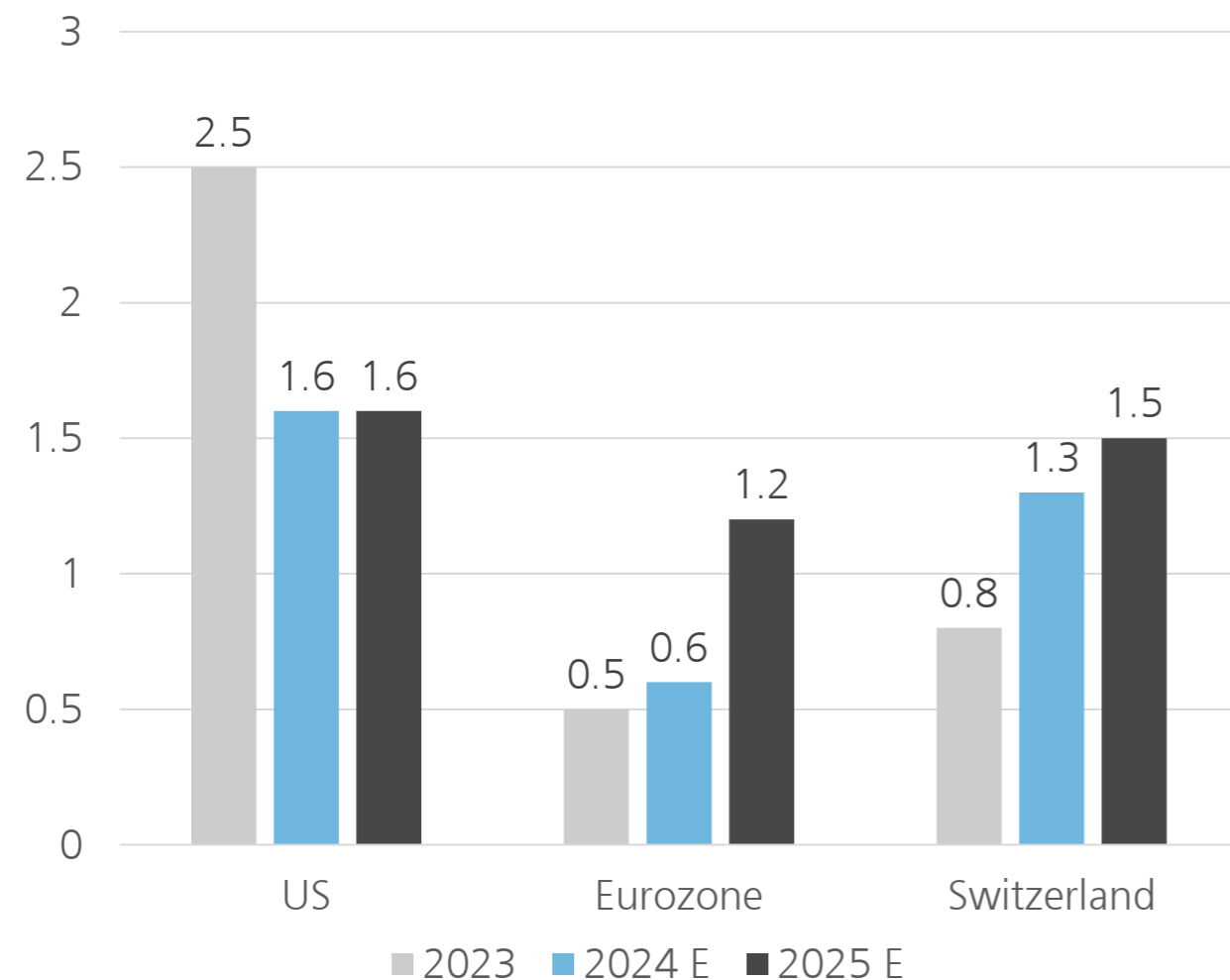
Live webast. Friday 22<sup>nd</sup> of March

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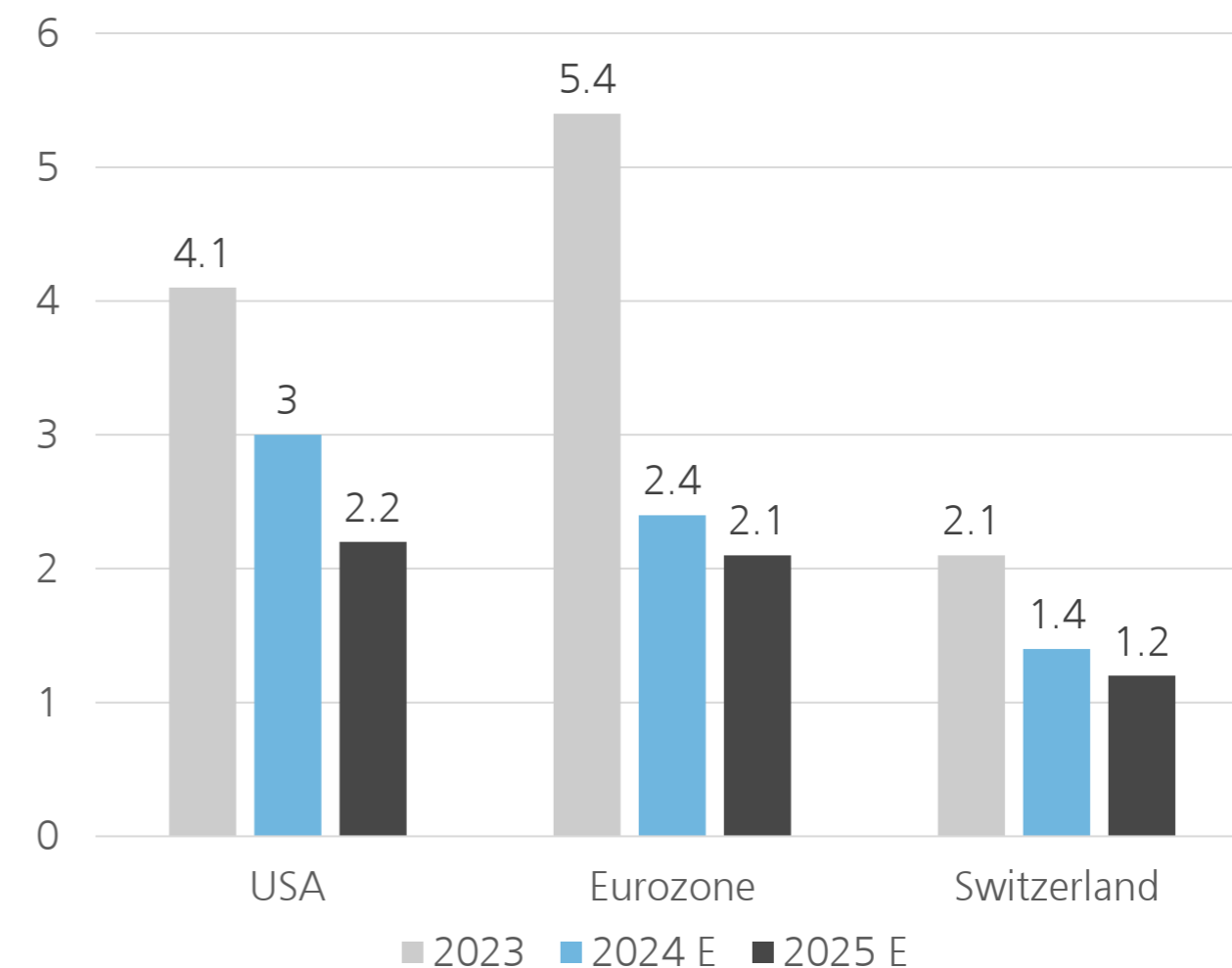


# The global economy is expected to make a soft landing

Annual growth rate of real **GDP**, in %, UBS forecast

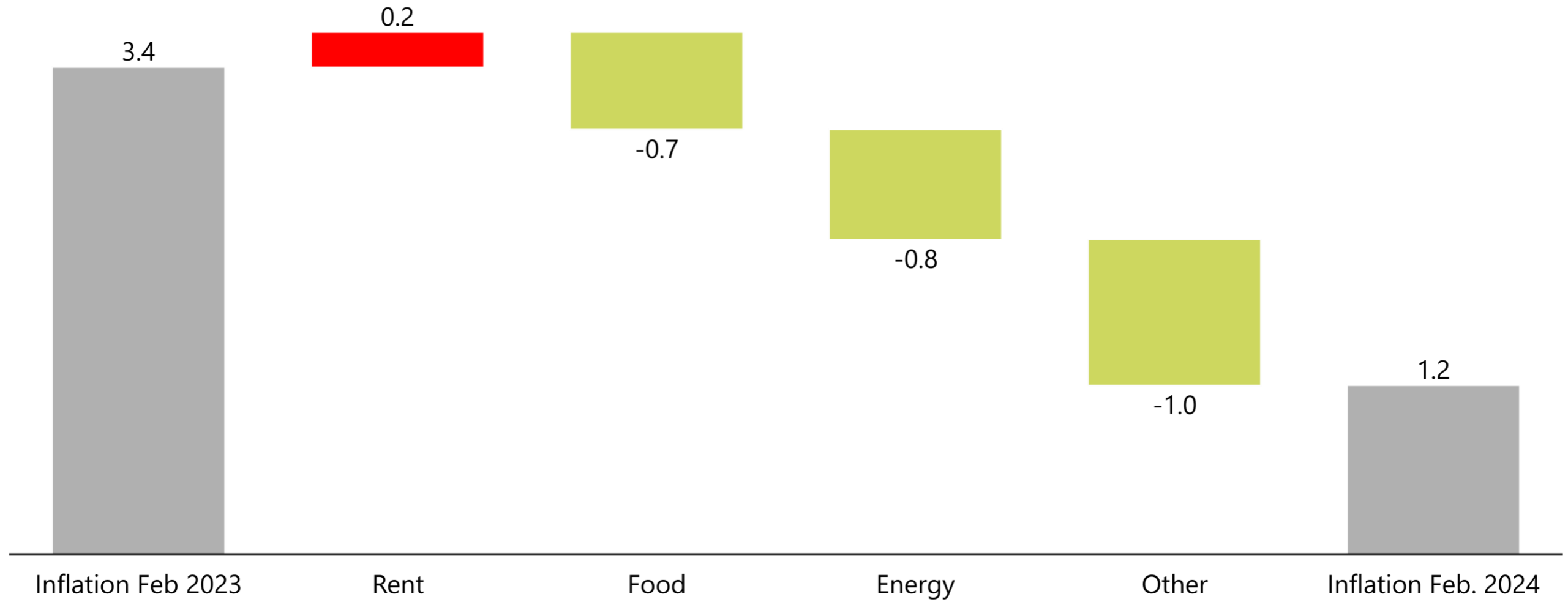


Average annual **inflation**, in %, UBS forecast



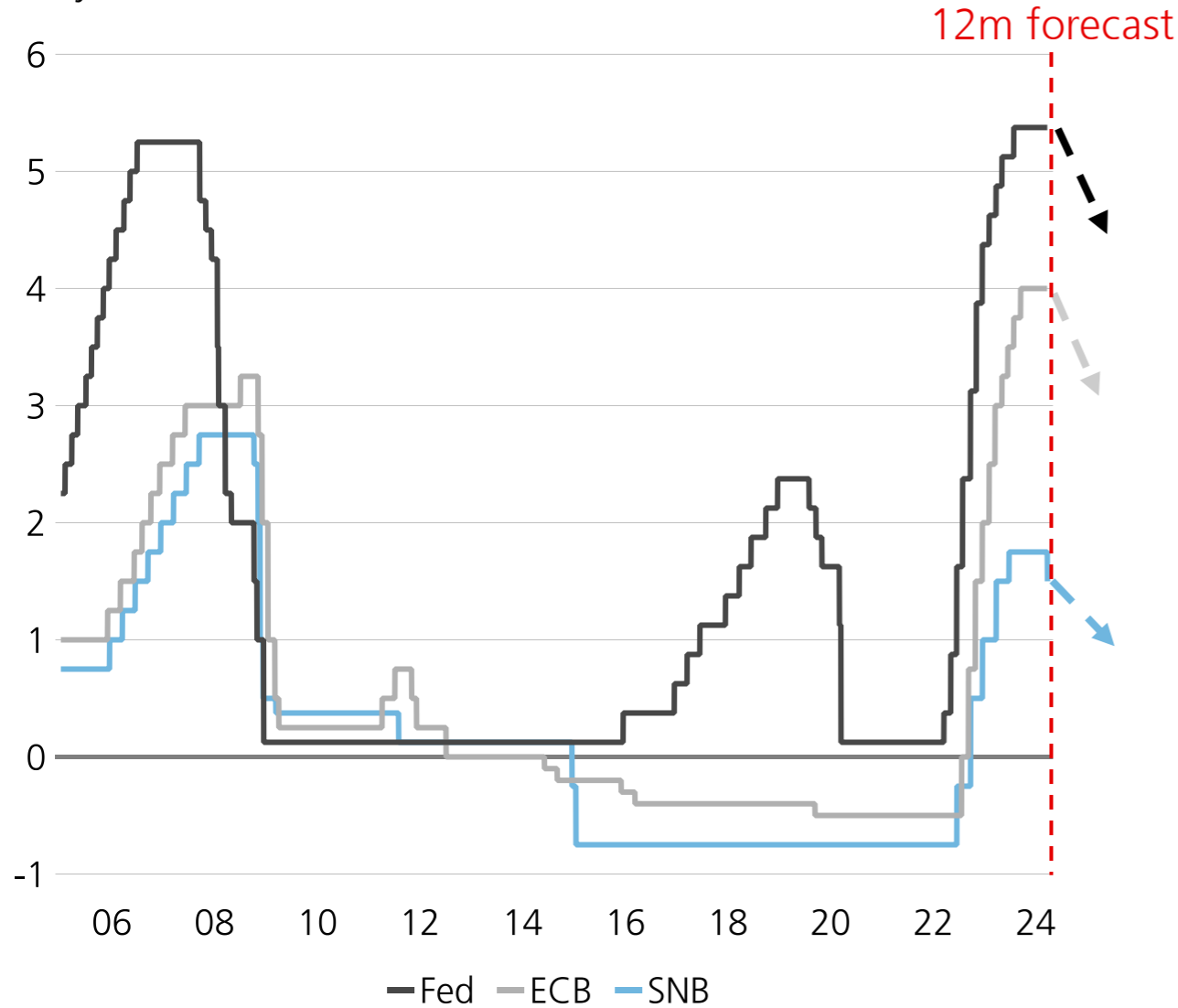
# No second-round effects in Switzerland

Swiss inflation (CPI) year-over-year with main contributors, in %



# Central banks will likely lower key interest rates in June

Key interest rates, in %

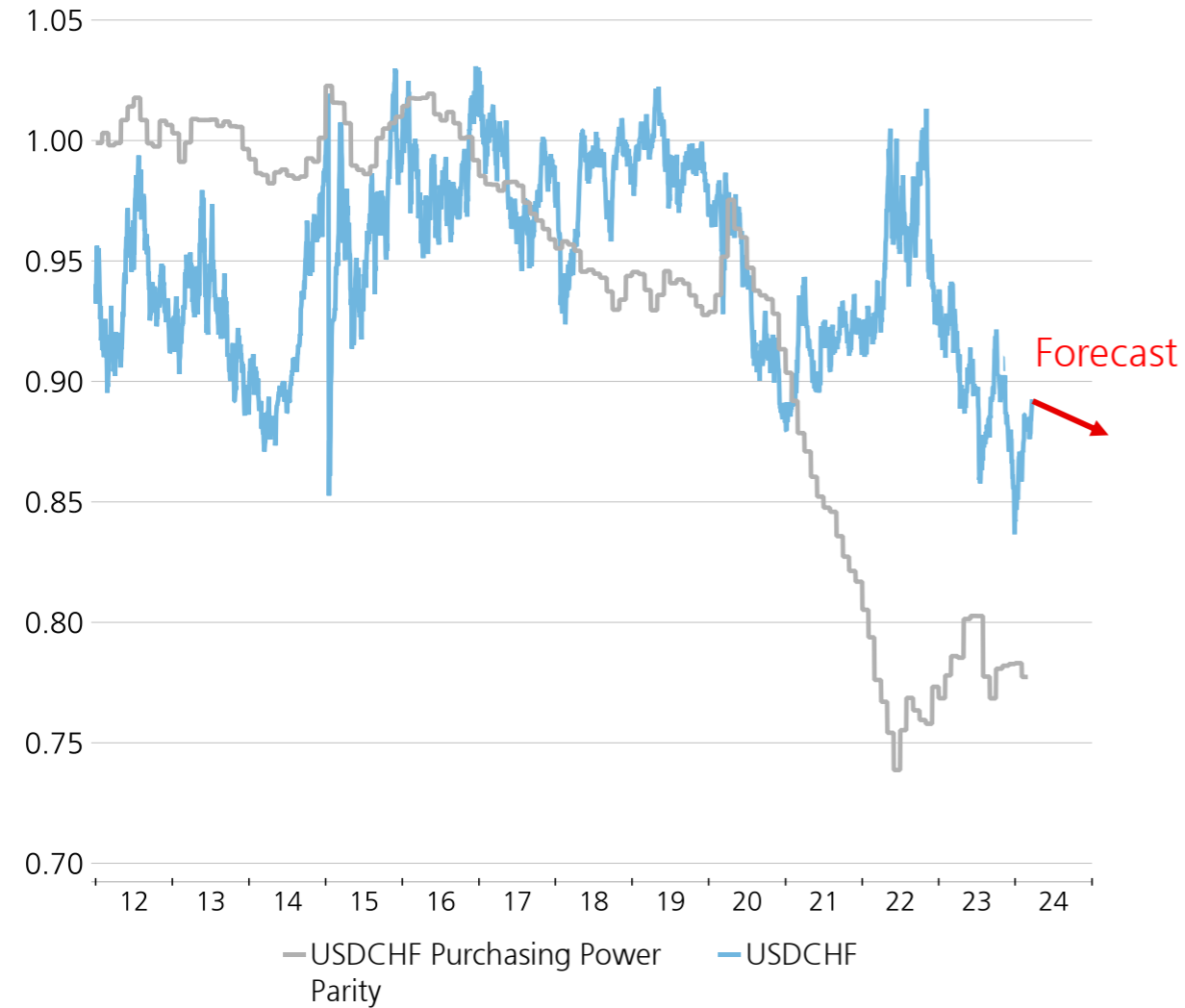


Yield to maturity of 10y government bonds, in %

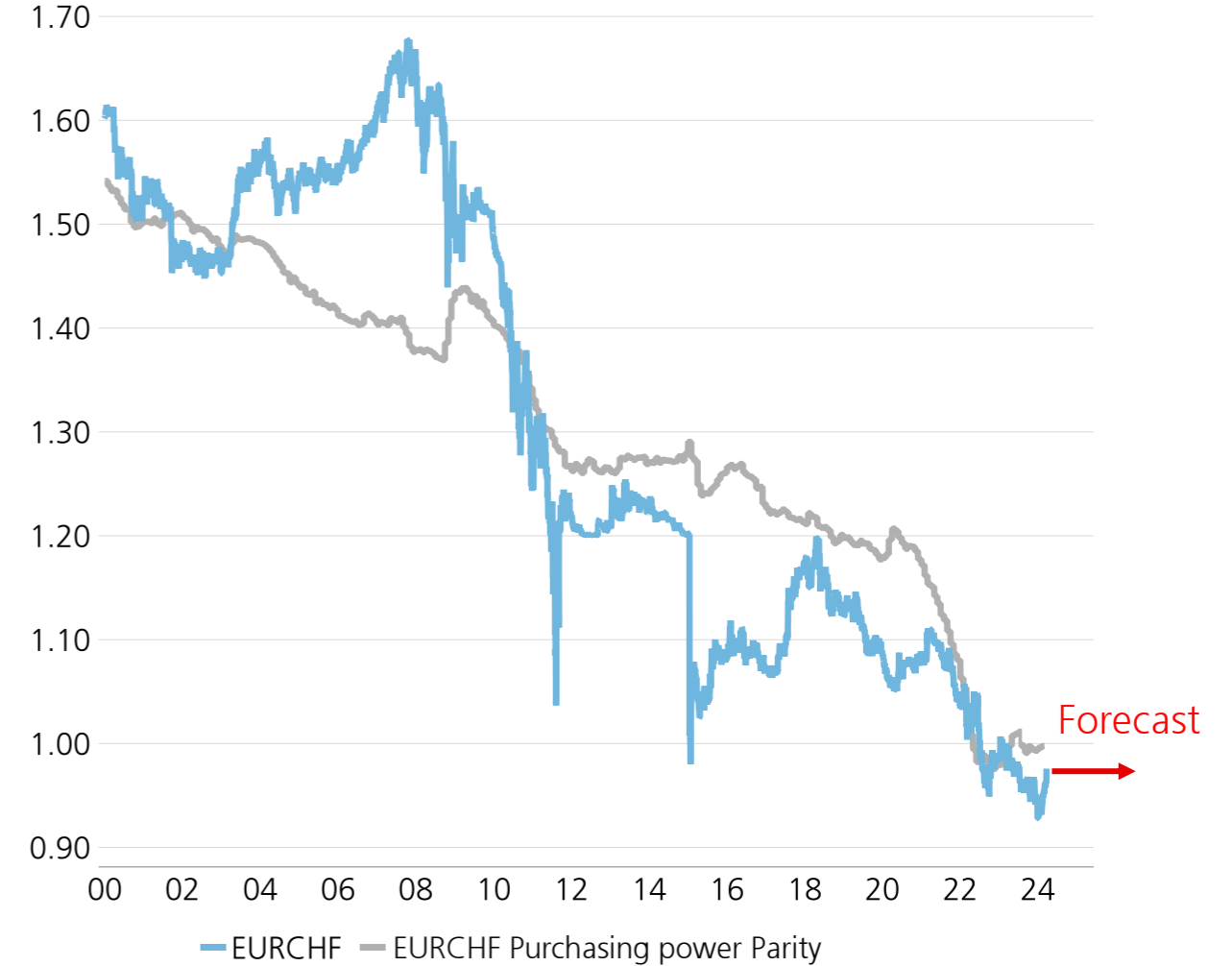


# Swiss franc: A steady currency

## USDCHF

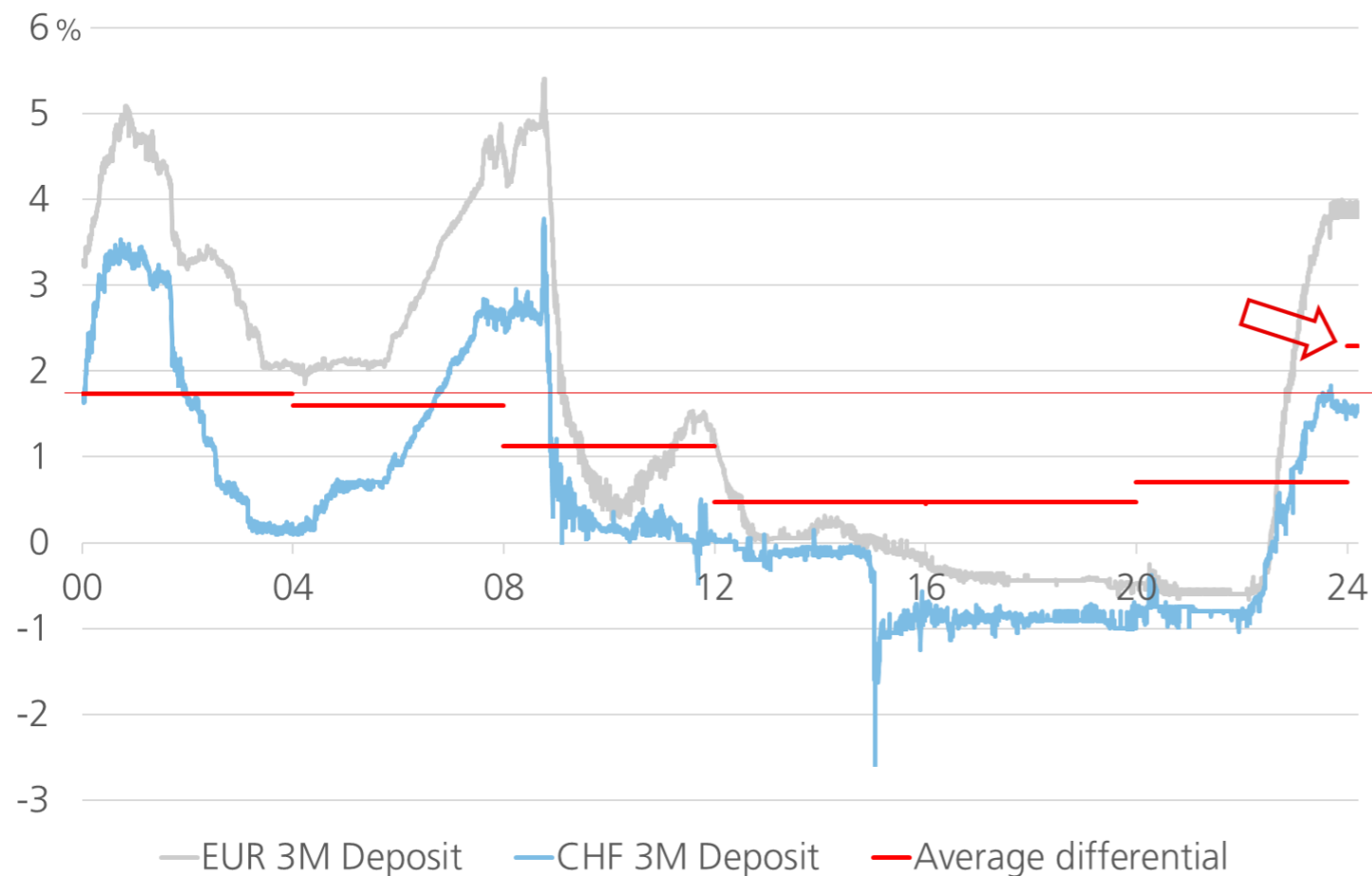


## EURCHF



# Swiss franc : the sizable rate differential is a headwind to the CHF

Money market rates 3 months deposits EUR et CHF, in %



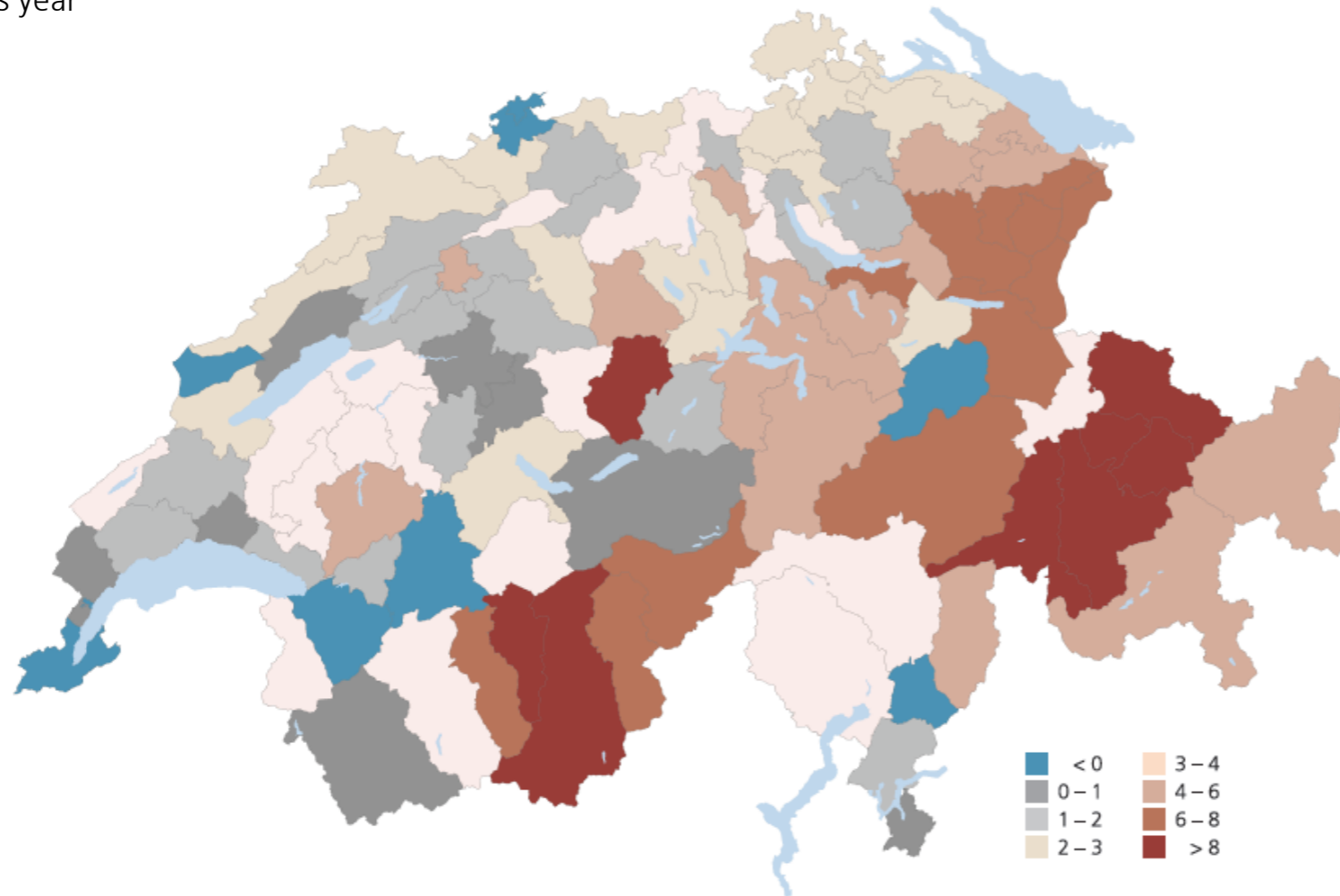
The rate differential between the 3M deposit rates is far more elevated this year than it has been since the introduction of the single currency.

This should be a headwind for the CHF which is expected to weaken some more amid relatively low interest rates in Switzerland.

# House prices – Important centers more sensitive to higher interest rates

Change in residential property prices in 2023

% of previous year



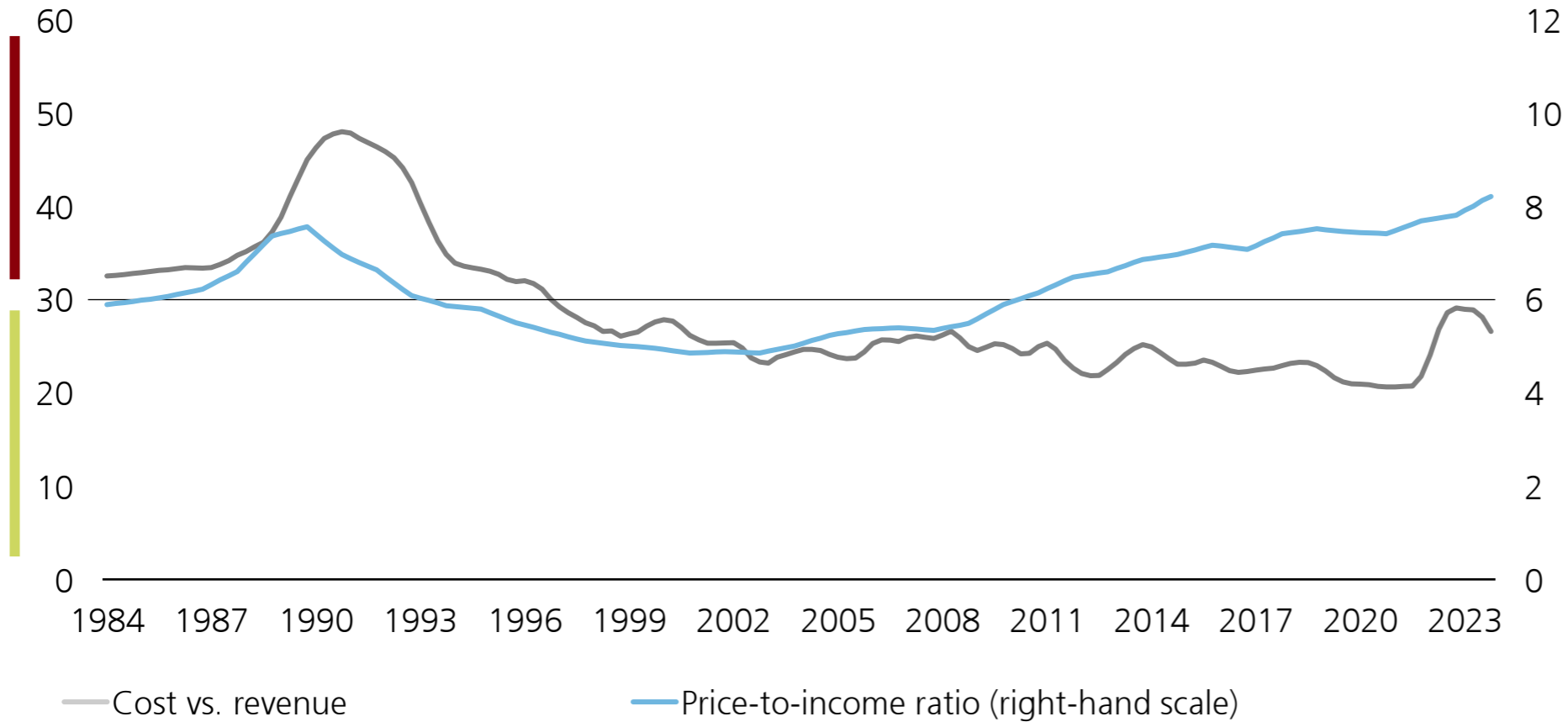
# Residential – Affordability is gradually deteriorating

## Affordability

Cost of using a home as a percentage of gross household income

## Financial Capacity

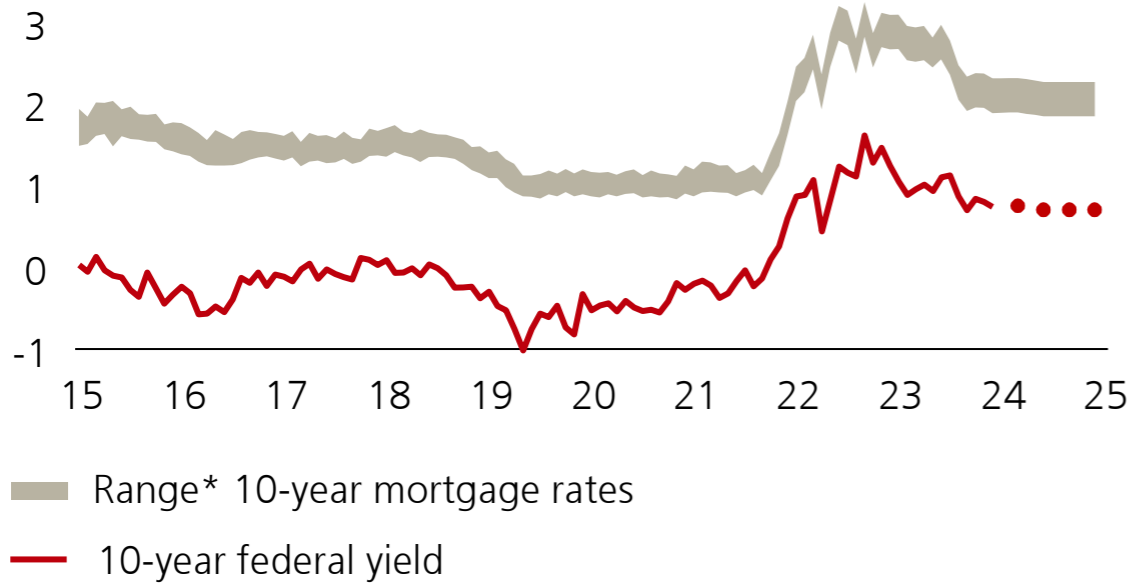
Average purchase price vs. gross household income



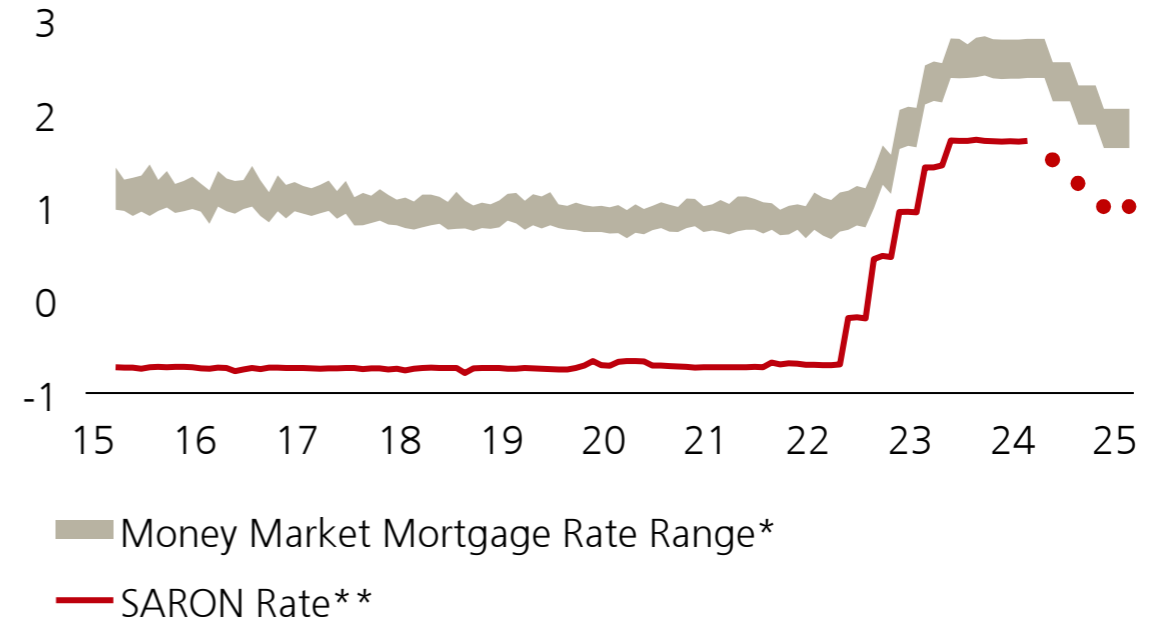


# Financing – Attractive scaling

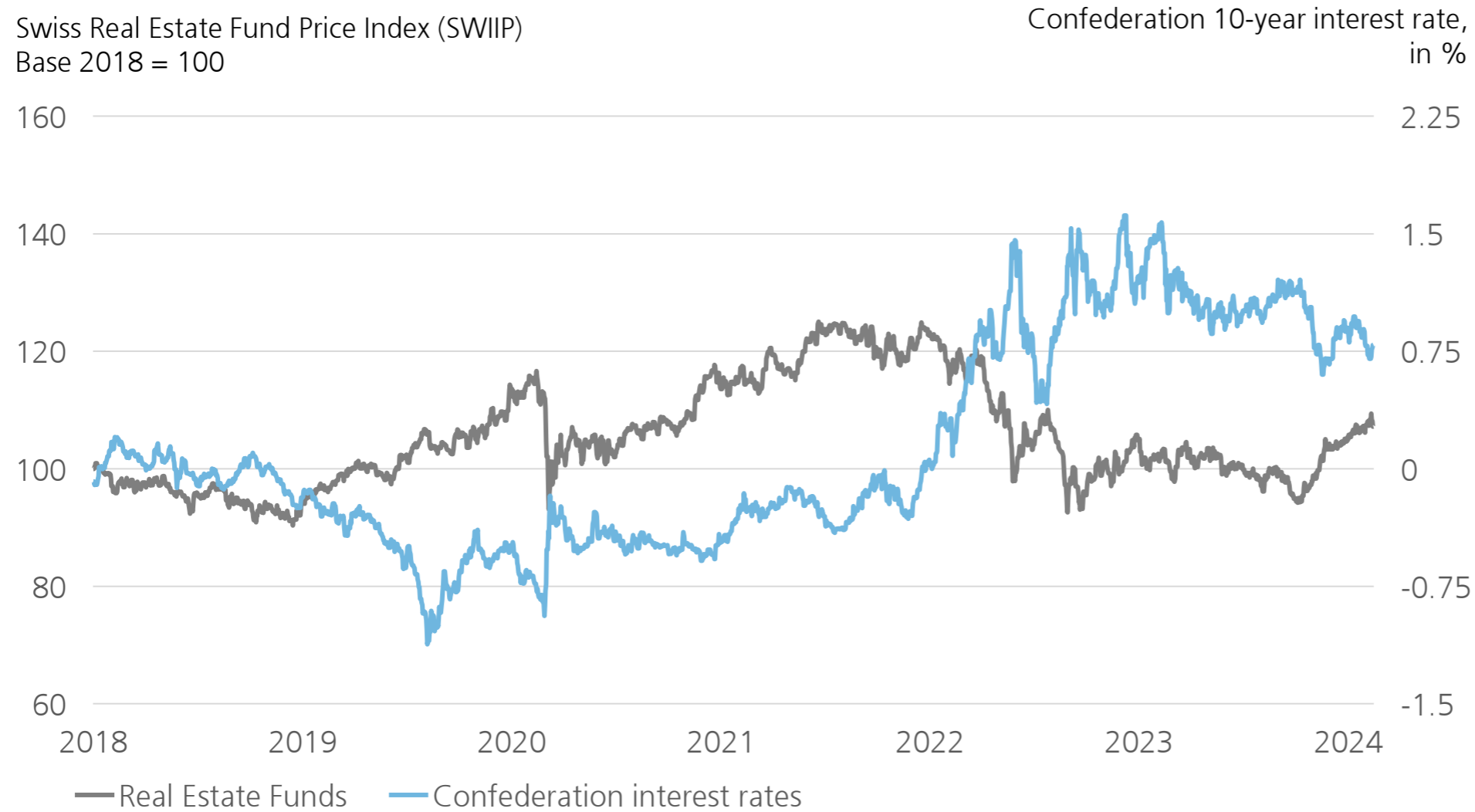
Fixed-rate mortgage  
In %



Money market rate mortgage  
In %



# Real Estate Funds – Lower rates to support prices



# Investment portfolio positioning



Topic	Investment ideas
<b>Optimize tech equity exposure</b>	<ul style="list-style-type: none"><li>• Global tech leaders</li><li>• Beneficiaries of tech disruption</li></ul>
<b>Opportunities beyond technology</b>	<ul style="list-style-type: none"><li>• Quality stocks</li><li>• US small caps, select European and Swiss mid caps</li><li>• High dividend stocks in Switzerland</li><li>• Disruptive companies in healthcare and energy sector</li></ul>
<b>Get in balance and diversify</b>	<ul style="list-style-type: none"><li>• High Grade and Investment Grade bonds, Sustainable bonds</li><li>• Structured investments with capital preservation features</li><li>• Swiss real estate funds</li><li>• Hedge funds, Infrastructure and Private Equity</li></ul>

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