

# Rates and bonds

## February

02.02.2026

**After three consecutive rate cuts, the US Federal Reserve is also on hold, and benchmark interest rates in the US, Switzerland and the Eurozone remain unchanged for now. Attention is turning to Japan, however, where worries about government debt pose a dilemma for the country's central bank. At the same time, the Swiss franc's renewed appreciation puts the SNB under pressure to act. We take a look back at developments on interest rate and bond markets in January and also turn to market expectations for the months ahead.**

### Swiss bond market

After a quiet December, January began as expected with numerous issues. Swiss and international banks tapped the market with dual- or even triple-tranche deals. However, several domestic and international companies also issued new bonds. Despite the comparatively steep yield curve, an above-average number of bonds with a seven- to ten-year maturity were issued.

### SNB: next move in March

The Swiss National Bank will take its first rate decision of the year on 19 March. After the comparatively sharp rise in Swiss capital market interest rates in November and December, interest rates fell again significantly in January as renewed US tariff threats against Europe caused a flight to the Swiss franc. Two-year interest rates are consequently in negative territory again, while ten-year rates have fallen significantly below 0.6%.

The Swiss franc showed strength, trading at 0.9149 to the euro on 29 January – its lowest-ever closing value. Likewise, against the US dollar: The USD temporarily fell to 0.7605 – a level not reached since 2015, when the SNB's exchange rate cap against the euro was removed.

There were very few surprises on the Swiss macro front in January. The national consumer price index points to a bottoming phase at headline level. In a detailed view, prices of imported goods are falling once again while services, domestic goods and core inflation show a slight acceleration in inflation.



**"The weak US dollar is a major challenge – not just for the SNB, but also for the ECB."**

Joel Gubser  
Investment Advisor

### Europe: euro strong versus US dollar

There was no interest rate decision from the European Central Bank (ECB) either in January, with the next meeting scheduled for 5 February. The expectation is that key interest rates will be unchanged. German inflation numbers for December were surprisingly low, with year-on-year inflation amounting to just 1.8% in December – a good 0.5% or so lower than in November. Meanwhile, various sentiment indicators from Germany's key manufacturing sector are trending upwards again and pointing to a potential recovery in the economic situation.

Due to currency strength, the ECB is facing the same problem as the SNB and coming under pressure: The erratic claims being made by US politicians in connection with Greenland have significantly strengthened the euro versus the US dollar. The EUR/USD exchange rate temporarily rose above 1.20 – its highest level since 2021. Back in July last year, the ECB's vice president had indicated that a rise in the

value of the euro above 1.20 could potentially force the central bank to act. Against this backdrop, further rate cuts cannot be ruled out – even if they have not been required to date amid a context of inflation and growth. We do not think the ECB will cut rates at its forthcoming meeting on 5 February, although we do anticipate a “dovish” note at the press conference so as not to buoy the euro even further.

### Overview of current key interest rates

Country	Key interest rate	Last changed
Switzerland		
Eurozone		
US		

Data as at 30.1.2026

Source: Zuger Kantonalbank

### US: Fed stays between 3.50% and 3.75%

After three rate cuts in succession, the US Federal Reserve left its key interest rate band unchanged at 3.50% to 3.75%, as expected. Accordingly, the rate decision was of limited relevance for the markets; the communication from the Federal Open Market Committee (FOMC) in the policy statement was also calming overall. Only an adjustment to the labour market assessment attracted attention: The FOMC had stated in December that downside risks in the labour market had increased; however, this passage was removed from the January communication. The adjustment did not come as a surprise, however, given that the most recently released labour market data point to a slight stabilisation with a fall in new claims for unemployment benefit and renewed job creation.

Yields on US government bonds showed volatility in January: Neither the demands for a takeover of Greenland nor the risk of a renewed shutdown were well received on the market. Since the US rate-cutting cycle began in September 2024, with key interest rates having been reduced by 1.75%, medium- and long-term interest rates have risen on the market. This can be seen as an indicator of uncertainty and mistrust in the administration and the government finances.

### Historical comparison of 10-year government bonds



Comparison of 10-year YTM of government bonds as at 30.1.2026

Source: Zuger Kantonalbank, Bloomberg LP

### Japan: major volatility in government bonds

Japanese government bonds have recently moved to the centre of the global stage: Yields have risen to a new post-1990s peak; at the same time, the yen has lost significant value. Drivers of this development include persistent inflation, the announcement of higher government spending with the potential for further inflationary pressure, as well as growing worries around high government debt. The developments also harbour global risks. Around the world, various carry trades are financed with loans in Japanese yen. Investors lend money at low interest rates in yen and invest it in higher-yielding investments such as US government bonds, emerging-market bonds or equities. Rising yen interest rates diminish the attractiveness of these strategies and may lead to a rapid, broad-based reduction in risk positions on global financial markets.

The BoJ – Japan’s central bank – therefore faces a monetary policy dilemma: If interest rates remain too low, there is a risk of a further acceleration in inflation and an additional weakening of the yen. On the other hand, a significant increase in interest rates could spark an abrupt dissolution of carry trades and at the same time weigh on the Japanese government’s debt sustainability. Comments from the Japanese government on possible measures, plus the fact that in the currency market the Fed in New York has made inquiries to major banks regarding the USDJPY exchange rate, were seen by the markets as a positive, potential intervention and have brought a degree of recovery for now.

## New issues in Swiss francs

Currency	Coupon	Issuer	Maturity	Price	Yield	Spread	ZKB rating	Denomination	ISIN	Issue volume
CHF	0,9275 %	Corp. Andina de Fomento	25.02.2033	100.07	0,93	52		5k + 5k	CH1522231195	125 Mio.
CHF	0,705 %	Bayerische Landesbank	11.02.2031	100.26	0,67	41		5k + 5k	CH1522231187	100 Mio.
CHF	0,82 %	Landeskreditbank Ba-Wue Förderbank	20.02.2036	100.85	0,77	15		5k + 5k	CH1527366558	130 Mio.
CHF	1,82 %	Aroundtown SA	03.02.2033	100.85	1,72	132		5k + 5k	CH1526684712	160 Mio.
CHF	0,5395 %	MassMutual Global Funding II	02.02.2029	100.34	0,46	37		5k + 5k	CH1526685008	200 Mio.
CHF	0,8675 %	European Investment Bank	19.02.2038	100.59	0,84	13		200k + 200k	CH1472996961	150 Mio.
CHF	0,63 %	Landwirtschaftliche Rentenbank	17.02.2034	100.55	0,60	9		5k + 5k	CH1512677001	100 Mio.
CHF	1,5075 %	Telefonica Emisiones SA	03.02.2034	100.85	1,41	95		5k + 5k	CH1504033684	170 Mio.
CHF	0,775 %	Nordic Investment Bank	13.02.2036	100.76	0,73	11		5k + 5k	CH1525839945	175 Mio.
CHF	0,9838 %	Credit Agricole next bank (Suisse) SA	30.07.2035	100.70	0,98	36		5k + 5k	CH1513428404	100 Mio.
CHF	0,73 %	Kreditanstalt für Wiederaufbau	12.02.2036	100.48	0,71	9		5k + 5k	CH1472996953	150 Mio.
CHF	1,34 %	Hiag Immobilien Holding AG	18.02.2033	100.45	1,29	88	BBB	5k + 5k	CH1499437247	100 Mio.
CHF	1,21 %	Scotiabank Chile SA	05.02.2032	100.59	1,13	79		5k + 5k	CH1512676995	100 Mio.
CHF	1,57 %	Deutsche Telekom AG	29.01.2041	100.91	1,51	73		5k + 5k	CH1524516932	250 Mio.
CHF	Floater	Banca Dello Stato del Cantone Ticino	28.10.2027	100.14	0,30	30	A+	5k + 5k	CH1515238413	200 Mio.
CHF	1,45 %	LGT Bank AG	11.02.2036	101.00	1,37	77		200k + 200k	CH1512676961	150 Mio.
CHF	1,5516 %	Vonovia SE	23.10.2034	101.18	1,44	91		5k + 5k	CH1512676979	150 Mio.
CHF	0,75 %	Amag Leasing AG	06.06.2029	100.65	0,59	46	BBB	5k + 5k	CH1515238397	175 Mio.
CHF	0,95 %	Amag Leasing AG	06.02.2032	100.80	0,84	50	BBB	5k + 5k	CH1515238405	125 Mio.
CHF	1,465 %	BNP Paribas SA	20.01.2033	100.88	1,34	95		200k + 200k	CH1504033650	265 Mio.
CHF	0,7875 %	International Finance Corporation	03.02.2036	100.85	0,73	12		5k + 5k	CH1523170046	110 Mio.
CHF	1,875 %	Swiss Life AG	23.01.2042	100.79	1,75	144	A-	5k + 5k	CH1515238389	225 Mio.
CHF	1,0875 %	Royal Bank of Canada	02.02.2033	100.51	1,02	69		5k + 5k	CH1512676953	150 Mio.
CHF	0,75 %	Münchener Hypothekenbank eG	02.02.2033	100.86	0,66	24		5k + 5k	CH1489902531	165 Mio.
CHF	0,435 %	UBS Switzerland AG	15.01.2029	100.27	0,38	29		5k + 5k	CH1512676912	150 Mio.
CHF	0,745 %	UBS Switzerland AG	15.01.2032	100.96	0,64	27		5k + 5k	CH1512676920	190 Mio.
CHF	1,0225 %	UBS Switzerland AG	15.01.2036	101.14	0,92	33		5k + 5k	CH1512676938	345 Mio.
CHF	1,475 %	Crédit Agricole SA	22.01.2036	101.30	1,35	76		5k + 5k	CH1512676904	235 Mio.
CHF	1,25 %	Plazza AG	31.03.2031	100.68	1,11	87	BBB-	5k + 5k	CH1512676854	100 Mio.
CHF	0,9025 %	Banco Santander S.A.	29.01.2031	100.59	0,80	55		5k + 5k	CH1512676862	215 Mio.
CHF	1,36 %	Banco Santander S.A.	29.01.2036	101.18	1,26	66		5k + 5k	CH1512676870	170 Mio.
CHF	Floater	Berner Kantonalbank AG	26.10.2028	100.41	0,34	33	AA-	5k + 5k	CH1516795957	200 Mio.
CHF	1,3075 %	Metropolitan Life Global Funding I	16.01.2034	101.09	1,18	71		5k + 5k	CH1485827419	215 Mio.
CHF	0,63 %	Canadian Imperial Bank of Commerce	20.01.2031	100.55	0,54	28		5k + 5k	CH1512676821	325 Mio.
CHF	0,8025 %	Inter-American Development Bank	29.01.2036	100.95	0,74	12		5k + 5k	CH1521313051	185 Mio.
CHF	1,35 %	Mobimo Holding AG	30.03.2034	101.04	1,23	75	BBB	5k + 5k	CH1512676839	155 Mio.
CHF	1,35 %	Nant de Drance SA	03.03.2036	101.19	1,24	64	A-	5k + 5k	CH1516795940	200 Mio.
CHF	1,375 %	New York Life Global Funding	23.01.2034	102.10	1,11	65		5k + 5k	CH1503892791	200 Mio.
CHF	1 %	Kraftwerke Oberhasli AG	30.05.2033	100.99	0,87	45	A	5k + 5k	CH1503892783	160 Mio.
CHF	0,7 %	Walliser Kantonalbank	02.09.2030	100.63	0,59	36	AA-	5k + 5k	CH1516795932	185 Mio.
CHF	0,75 %	Zürcher Kantonalbank	27.01.2032	100.85	0,62	29		5k + 5k	CH1498422984	160 Mio.
CHF	1 %	Zürcher Kantonalbank	25.01.2036	101.14	0,89	30		5k + 5k	CH1498422992	125 Mio.
CHF	0,8375 %	Asian Development Bank	30.01.2036	101.10	0,75	14		5k + 5k	CH1520602934	155 Mio.

New issues in January in Swiss francs (excludes government borrowers and reopenings, only includes issues over CHF 100 million)

Source: Zuger Kantonalbank, cbonds.com, 30 January 2026

## Conclusion

Geopolitics, currency fluctuations and worries about government finances brought unexpected volatility to bond markets in Japan at the start of the year.

Intervention by the ECB to lower the value of the euro, or joint action between the Fed and the BoJ to halt the yen's downward trend, cannot be ruled out.

Despite low interest rates, the Swiss market is benefiting from an incomparably strong currency.

Therefore, we continue to view Swiss bonds as an attractive, safe haven for stabilising a balanced portfolio in an environment characterised by uncertainty.

## Implementation options

Individual security recommendations:  
Fixed Income Top Picks, available from your client advisor

ZugerKB Fonds – Obligationen ESG:  
Distributing: Security no. 129774937  
Reinvesting: Security no. 129774938

## Do you have any questions or thoughts on this publication?

Please do not hesitate to contact your client advisor.

We are signatories to or members of the following organisations:



## Disclaimer

This document has been prepared for information and marketing purposes only and does not constitute an offer or an invitation by, or on behalf of, Zuger Kantonalbank (ZugerKB) to buy or sell financial instruments or banking services. It is addressed to recipients designated by ZugerKB with residence in Switzerland for personal use and may not be reproduced, in whole or in part, changed or distributed or disseminated to any other addressees without the written permission of ZugerKB. The information in this document is given as of a specific date and has been obtained from sources that ZugerKB believes to be reliable. Nevertheless, ZugerKB cannot make any representation that the information is accurate, complete or up-to-date. ZugerKB does not accept liability for any loss arising from an investment behaviour based on the information in this document. The prices and values of investments mentioned and any income resulting therefrom may fluctuate, rise or fall. A reference to past performance does not include statements about future results. This document does not contain any recommendations of a legal nature or regarding accounting or taxes. Nor should it in any way be construed as an investment or strategy that is appropriate for or tailored to the personal circumstances of the recipient. (V2026)

This publication may contain data from third parties.

"Swiss Exchange AG ("SIX Swiss Exchange") is the source of SIX indices and the data comprised therein. SIX Swiss Exchange has not been involved in any way in the creation of any reported information. SIX Swiss Exchange does not give any warranty and excludes any liability whatsoever (whether through negligence or otherwise) – including without limitation for the accuracy, adequateness, correctness, completeness, timeliness, and fitness for any purpose – with respect to any reported information or in relation to any errors, omissions or interruptions in the SIX indices or their data. Any dissemination or further distribution of any such information pertaining to SIX Swiss Exchange is prohibited. Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. The MSCI EMU Top 50 index is a custom index. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Zuger Kantonalbank. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. The use of data from MSCI ESG Research LLC or its subsidiaries ("MSCI") by Zuger Kantonalbank and the use of MSCI logos, trademarks, service marks or index names do not constitute sponsorship, endorsement, recommendation or promotion of Zuger Kantonalbank by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided "as is" and without warranty. MSCI names and logos are trademarks or service marks of MSCI. Bloomberg® and Bloomberg indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by Zuger Kantonalbank. Bloomberg is not affiliated with Zuger Kantonalbank, and Bloomberg does not approve, endorse, review, or recommend products from Zuger Kantonalbank.