

# Rates and bonds

## July

01.07.2026

**The Strait of Hormuz has reopened, inflationary pressure is subsiding, and the trend in capital market interest rates is pointing south again. The European Central Bank has nevertheless raised interest rates in what is described as a “dovish hike”; meanwhile, the SNB and the Fed remain on hold for now. We take a look back at developments on interest rate and bond markets in June, as well as turn to market expectations for the months ahead.**

### Swiss bond market

June was a comparatively quiet month in terms of new issues. Several well-known industrial companies from Switzerland and abroad were nevertheless active in the Swiss market. The quite infrequent issuers Sulzer (BBB), Kühne + Nagel (A) and Stadler Rail (BBB-) each placed two tranches with maturities between three and eight years. In addition, there were noteworthy issues from L'Oréal and Novo Nordisk: Neither company had issued Swiss franc-denominated bonds before, having refinanced almost exclusively in euros. Danish pharmaceuticals firm Novo Nordisk capitalised on brisk demand in the Swiss market, raising over CHF 1 billion through four tranches with maturities between 2029 and 2041.

### SNB: no move on rates for now

As expected, the Swiss National Bank (SNB) kept its policy rate on hold in June at 0% and signalled that there would be no change over the coming quarters either. We are therefore unlikely to see any interest rate moves in 2026, with no changes expected until 2027 at the earliest. The SNB views the negligible uptick in inflation as primarily energy-driven rather than due to structural factors, hence the fact that core inflation remains low and the medium-term inflation projection has been left largely unchanged. Nevertheless, the central bank has subtly softened its message on currency market intervention from “increased readiness” to “if necessary”; this suggests that the SNB is happy with the Swiss franc's trajectory and that the easing of the geopolitical situation is having a stabilising impact.



**“The SNB is likely to keep its policy rate at 0% for now. But with the ECB hiking, the SNB gains some flexibility.”**

Joel Gubser  
Investment Advisor

With the opening of the Strait of Hormuz and consequent easing of inflationary pressure, the market is no longer pricing in any rate hikes between now and the end of the year: In fact, the derivatives market implies unchanged interest rates of 0% until well into the first quarter of 2027.

This is also reflected in capital market interest rates, which are key for bondholders and mortgage borrowers: Swiss interest rates have eased significantly, notwithstanding the hike in key interest rates in Europe. Two-year swaps – often taken as an indicator of the development of key interest rates – have fallen to 0.08%, while ten-year swaps have fallen by over 10 basis points and were back at 0.53% again at the end of June.

### Europe: ECB hikes by 0.25%, further steps unclear

As expected, the European Central Bank (ECB) increased interest rates by 0.25 percentage points on 11 June; consequently, the deposit rate now stands at 2.25%. The fact that the latest inflation numbers for the Eurozone showed prices rising at 3.2%, i.e. well in

excess of the ECB's 2% target, was the reason for the rate hike. The inflation forecast for 2026 was consequently raised again significantly to 3% (previously 2.6%). The ECB expects only a temporary acceleration in inflation, forecasting that the rate of price growth will fall to 2.3% as early as 2027 before returning to 2.0% again in 2028. This confirms the ECB's assessment that the current, energy-driven rise in prices is temporary and that any broader second-round effects are likely to be minimal.

### Overview of current key interest rates

Country	Key interest rate	Last changed
Switzerland	0.00%	19.06.2025 (-0.25%)
Eurozone	2.25%	11.06.2026 (+0.25%)
US	3.5-3.75%	11.12.2025 (-0.25%)

Data as at 30 June 2026

Source: Zuger Kantonalbank

The ECB is therefore signalling that there is no imminent need for further rate hikes – which the market saw as a dovish message. Capital market interest rates reacted accordingly, with both two and ten-year yields easing by around 10 basis points over the course of the month.

What is most remarkable about the forecast is that the inflation rate for 2028 has been revised downwards from 2.1% to 2.0%. Economic concerns are likely to have played a role here, although market participants are not paying much attention to this factor at the moment. The latest sentiment data from the Eurozone do show a slight recovery and optimism on the part of companies; expectations nevertheless remain below the growth threshold, with data from Germany having come in weaker than had been hoped.

This tallies with comments from the country's businesses, with representatives from various sectors having criticised the rate hike; in their view, it curbs investment, increases the cost burden and particularly affects SMEs – most of which take out loans to finance their modernisation plans.

### US: no rate move and less communication

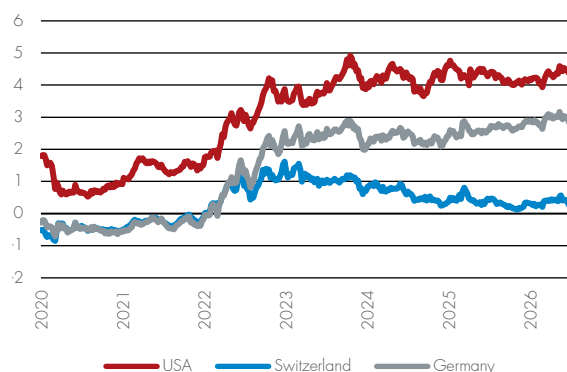
In a closely watched decision, the US Federal Reserve left key interest rates unchanged in June and also issued an unusually brief statement – an indication that we are already seeing the influence of the new Chairman, Kevin Warsh. He had previously announced a fundamental review of the Fed's communications strategy. Going forward, communication with the public will be significantly reduced. Specifically, the plan is to

significantly reduce forward guidance through dot plots and statements, for example. Warsh himself has already stopped submitting his own expectations.

For financial markets, this consequently presents a conflicting picture: On the one hand, Warsh has demonstrated his independence and refused to bow to political pressure from President Trump, who continues to call for rate reductions. This is seen as positive by international investors in US government bonds, as the Fed's credibility essentially hinges on its independence.

On the other hand, the reduced forward guidance is likely to lead to heightened volatility on government bond markets. In the absence of a clearly marked-out path for interest rates, uncertainty regarding future monetary policy increases. At the same time, the move gives the Fed greater flexibility in terms of making decisions on a case-by-case basis and without any pressure to justify its stance. Overall, therefore, the expectation is that less pronounced forward guidance will tend to lead to higher medium- and long-term interest rates.

### Historical comparison of 10-year government bonds



Comparison of 10-year YTM of government bonds as at 30.6.2026

Source: Zuger Kantonalbank, Bloomberg LP

Economic forecasts have likewise been revised as a result of the FOMC decision: An inflation rate of 3.6% is now expected for 2026, along with an anticipated core inflation rate of 3.3% (both previously 2.7%). Expected inflation therefore remains well above the 2% target figure. This target is likely to be retained, with Warsh having very clearly emphasised the importance of the 2% inflation target and price-stability mandate on multiple occasions.

Against this backdrop, cuts in interest rates are highly unlikely in the short term given that such a move would be very difficult to justify at a time of above-target inflation.

## New Swiss-franc issues

Currency	Coupon	Issuer	Maturity	Price	Yield	Spread	Denomination	ISIN	Issue volume
CHF	1,4925%	Africa Finance Corp	28.07.2031	100.13	1.49	117	5k + 5k	CH1484612093	250 million
CHF	1,1525%	Landesbank Hessen-Thüringen GZ	04.08.2036	100.30	1.15	55	100k + 100k	CH1571219414	130 million
CHF	1,45%	Ferring Holding SA	30.07.2032	100.15	1.44	110	5k + 5k	CH1580409089	125 million
CHF	1,9%	Ferring Holding SA	31.07.2036	100.64	1.85	129	5k + 5k	CH1580409097	125 million
CHF	1,255%	Allreal Holding AG	21.07.2034	100.27	1.25	78	5k + 5k	CH1562934740	105 million
CHF	0,8%	Banque Cantonale Vaudoise	16.07.2030	100.52	0.71	45	5k + 5k	CH1576559947	165 million
CHF	1,9406%	Aroundtown SA	09.01.2034	100.39	1.92	150	5k + 5k	CH1571219398	180 million
CHF	0,819%	Kühne + Nagel International AG	02.11.2029	100.19	0.76	59	5k + 5k	CH1571219349	170 million
CHF	1,09%	Kühne + Nagel International AG	02.11.2032	100.50	1.02	68	5k + 5k	CH1571219356	230 million
CHF	1,105%	Sulzer AG	08.07.2030	100.27	1.05	82	5k + 5k	CH1571219315	205 million
CHF	1,42%	Sulzer AG	08.07.2033	100.84	1.31	92	5k + 5k	CH1571219323	175 million
CHF	1,35%	Zug Estates Holding AG	30.06.2033	100.67	1.27	88	5k + 5k	CH1562934732	100 million
CHF	1,0725%	Swiss Prime Site Finance AG	30.06.2033	100.41	1.03	64	5k + 5k	CH1562934724	100 million
CHF	1,1%	Barclays PLC	24.06.2031	100.29	1.09	81	200k + 200k	CH1571219299	180 million
CHF	1,493%	Barclays PLC	24.06.2034	100.62	1.46	103	200k + 200k	CH1571219307	225 million
CHF	1,3%	Stadler Rail AG	03.07.2030	100.57	1.16	94	5k + 5k	CH1562934708	150 million
CHF	1,8%	Stadler Rail AG	03.07.2034	101.01	1.67	125	5k + 5k	CH1562934716	150 million
CHF	1,1%	Würth Finance International BV	08.11.2033	100.71	1.01	62	5k + 5k	CH1562934690	300 million
CHF	1,05%	PSP Swiss Property AG	01.07.2032	101.12	0.91	54	5k + 5k	CH1537606811	100 million
CHF	0,93%	L'Oreal SA	16.06.2032	101.06	0.75	44	5k + 5k	CH1564881949	225 million
CHF	1,25%	L'Oreal SA	16.06.2036	102.12	1.10	50	5k + 5k	CH1564881956	275 million
CHF	1,1%	Aargauische Kantonalbank	30.06.2036	102.05	0.91	35	5k + 5k	CH1574864281	160 million
CHF	0,9925%	Credit Agricole next bank Suisse SA	26.06.2034	101.14	0.87	41	5k + 5k	CH1533656216	100 million
CHF	1,3725%	Banco Itau Chile/New York	24.06.2031	100.97	1.15	91	5k + 5k	CH1564881931	120 million
CHF	1,55%	Glärner Kantonalbank	02.07.2036	101.81	1.35	92	5k + 5k	CH1571219224	125 million
CHF	0,575%	Novo Nordisk A/S	11.06.2029	100.35	0.48	30	100k + 100k	CH1572819956	180 million
CHF	0,9425%	Novo Nordisk A/S	11.06.2032	100.73	0.84	51	100k + 100k	CH1572819964	400 million
CHF	1,315%	Novo Nordisk A/S	11.06.2036	101.21	1.19	66	100k + 100k	CH1572819972	335 million
CHF	1,6325%	Novo Nordisk A/S	11.06.2041	101.90	1.51	77	100k + 100k	CH1572819980	175 million
CHF	1,27%	Transports Publics Genevois	26.06.2036	102.12	1.12	51	5k + 5k	CH1571219232	120 million
CHF	1,01%	Commonwealth Bank of Australia	17.06.2036	101.36	0.88	33	5k + 5k	CH1564488729	110 million
CHF	1,25%	Commonwealth Bank of Australia	17.06.2041	102.14	1.12	37	5k + 5k	CH1564488737	135 million

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

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

## Conclusion

The ECB has hiked interest rates for the first time, but only issued cautious guidance for the path ahead. Although the market expects rate hikes in the US, it is questionable whether this will actually become a reality given the fact that Kevin Warsh is Trump's pick for Chairman of the Fed and the President has repeatedly called for lower interest rates.

We think a predominantly negative scenario is still priced into interest rate and bond markets. This situation nevertheless provides opportunities, and we are critical of global expectations regarding rate hikes. We therefore think the current elevated level of capital market interest rates provides an attractive buying opportunity for bonds. Swiss bonds look particularly attractive: With an average yield of around 0.78% within the Swiss Bond Index, this segment offers an attractive entry level.

## 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

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