

Rates and bonds

March

02.03.2026

Key interest rates in the US, Switzerland as well as the Eurozone remain unchanged for now. However, the Swiss National Bank and the European Central Bank are coming under growing pressure to act due to the strength of CHF and EUR versus the USD. We take a look back at developments on interest rate and bond markets in February, as well as turn to market expectations for the months ahead.

Swiss bond market

Issuance activity was fairly low in February due to the ongoing reporting season. Swiss industrial company SGS placed a 7-year and a 12-year issue on the capital market – its third dual tranche within a year. While we are retaining the bond maturing in 2032 on our Top Picks list for now, we also think the new issues are attractive. In addition, French chemicals firm Air Liquide acted as issuer on the Swiss franc market for the first time: The company – which is rated A by S&P – launched three issues amounting to CHF 640 million with maturities between 2031 and 2038. The bonds were well received by the market and issued without the usual risk premium for first-time borrowers.

Also worth noting was the significant issue by Google parent company Alphabet: The company raised a total of CHF 3 billion through five tranches, marking the first time it has refinanced itself on the Swiss franc bond market. The move means Alphabet is now one of the largest issuers in the CHF corporate bonds segment. Maturing between 2029 and 2051, the bonds met with solid demand and were placed successfully. Alphabet was simultaneously active in the US dollar and UK pound markets, issuing bonds with a total value equivalent to around USD 30 billion. Two aspects in particular stand out: The order book for the USD issue reached over USD 100 billion – the largest order book ever recorded for a corporate bond. The 100-year GBP tranche was also unusual: Such a long-term bond from a US issuer is a rarity. Century bonds were last issued by US firms in the dotcom era. In fact, Motorola was the



“The downward trend in interest rates reflects growing demand for stability and Swiss francs.”

Joel Gubser
Investment Advisor

most recent issuer of a 100-year bond – following IBM in 1996 and Disney in 1993.

SNB: Strength of Swiss franc poses challenge

The downward movement in Swiss interest rates continued in February. 10-year swap yields are once again in the region of 0.45% – a level last seen in November. This development is being driven by three key factors: First, the Swiss franc continues to strengthen and as a safe haven is attracting capital flows from abroad, which is also clearly reflected in the exchange rate. Second, the correlation with US interest rates is having an effect: The latter have recently fallen significantly, sparked by weaker consumer price data and declining retail sales numbers. Third, the European Central Bank is taking centre stage: With the EUR-USD exchange rate nearing a critical level and the euro making significant gains against the US dollar, verbal intervention or rate cuts are becoming increasingly likely. Consequently, European interest rates have also seen a significant fall.

This increases monetary pressure on the SNB and makes the return to negative interest rates less unlikely than was the case just a few weeks ago. The Swiss National Bank will take its first rate decision of the year on 19 March; investors will primarily be on the lookout for comments on the EUR-CHF exchange rate and possible currency intervention.

Europe: Weak inflation and a strong euro increase pressure on ECB

The European Central Bank (ECB) left the deposit rate unchanged at 2% on 5 February and at its press conference stressed the Eurozone's economic strength and resilience. Inflation, meanwhile, fell to 1.7% year-on-year (from 2.0% in December), significantly below the 1.9% forecast for the first quarter of 2026. If prices continue to rise more slowly than expected, the ECB will likely need to turn its attention to the price trend once again. In addition, the Eurozone is suffering from currency strength: Indeed, the euro is up more than 7% year-on-year on a trade-weighted basis, making European goods more expensive on the world market and weighing on the export sector.

Overview of current key interest rates

Country	Key interest rate	Last changed
Switzerland	0.00%	19.06.2025 (-0.25%)
Eurozone	2.00%	05.06.2025 (-0.25%)
US	3.5-3.75%	11.12.2025 (-0.25%)

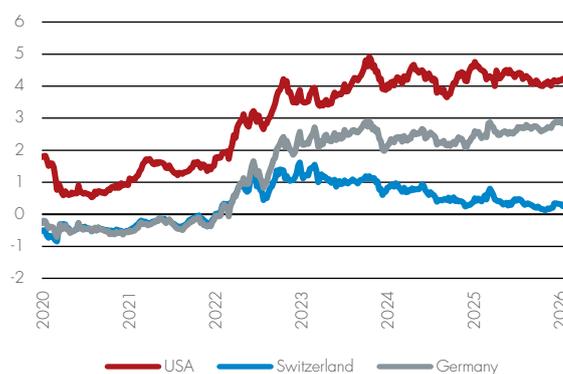
Data as of 27 February 2026

Source: Zuger Kantonalbank

US: Mixed picture on economic front

There was no central bank decision in the US in February, with the next FOMC meeting due to take place on 18 March. The latest economic readings from the US show a mixed picture: On the one hand, the key December retail sales numbers – reflecting consumer sentiment during the Christmas trading season – were significantly weaker than expected. On the other hand, the labour market data closely watched by the Fed are trending slightly upwards again while the latest consumer price data point to slowing inflation. Market expectations have once again shifted as a result, with the consensus once again forecasting at least two rate cuts for the current year.

Historical comparison of 10-year government bonds



Comparison of 10-year YTM of government bonds as of 27.2.2026

Source: Zuger Kantonalbank, Bloomberg LP

Safe havens: Why the Swiss franc remains the last true safe haven

Historically there have been several safe havens alongside the Swiss franc: Japanese yen, US dollar, US government bonds and gold. For various reasons, however, these safe havens are currently becoming less stable. The US dollar and US treasuries are suffering from growing concerns about the deficit as well as political unpredictability, which could once again unleash the "Sell America trade" at any time. The yen is structurally weakened by high government debt, expectations of further deficits, as well as pronounced volatility. Gold, meanwhile, currently shows a higher correlation with the equity market and heightened volatility, which also favours profit taking in the event of market stress.

Thus, the demand for safe havens is likely to be channelled increasingly into the Swiss franc, putting additional upward pressure on the currency. Although the market does not currently expect any further rate cuts from the SNB, the need to act could increase quickly in the event of a deterioration in sentiment and significant renewed Swiss franc strength.

New issues in Swiss francs

Currency	Coupon	Issuer	Maturity	Price	Yield	Spread	ZKB rating	Denomination	ISIN	Issue volume
CHF	0.7%	Basler Kantonalbank	17.03.2034	100.58	0.64	30	AAA	5k + 5k	CH1480163711	200 million
CHF	0.85%	Banque Cantonale Neuchateloise	24.03.2036	100.29	0.86	38	A+	5k + 5k	CH1522256168	105 million
CHF	Floater	Cembra Money Bank AG	04.02.2028	100.14	0.42	43	A-	5k + 5k	CH1515238512	155 million
CHF	0.6225%	Air liquide Finance SA	05.03.2031	100.13	0.62	47		5k + 5k	CH1523561962	140 million
CHF	0.9571%	Air liquide Finance SA	03.03.2034	100.22	0.95	61		5k + 5k	CH1523561970	300 million
CHF	1.3125%	Air liquide Finance SA	05.03.2038	100.33	1.30	73		5k + 5k	CH1523561988	200 million
CHF	0.915%	Swisscom AG	09.03.2035	100.48	0.87	49	A-	5k + 5k	CH1515238504	125 million
CHF	1.06%	Bank Vontobel AG	12.03.2032	100.40	1.01	80		5k + 5k	CH1224630231	250 million
CHF	0.925%	NRW Bank	12.03.2041	101.00	0.88	20		5k + 5k	CH1533150962	100 million
CHF	0.885%	Cie de Financement Foncier SA	06.03.2036	100.61	0.86	38		5k + 5k	CH1533150954	150 million
CHF	0.6075%	Landwirtschaftliche Rentenbank	18.03.2036	100.44	0.60	12		5k + 5k	CH1536312163	100 million
CHF	0.95%	SGS SA	03.03.2033	100.47	0.91	64	A-	5k + 5k	CH1515238488	250 million
CHF	1.35%	SGS SA	03.03.2038	100.77	1.30	75	A-	5k + 5k	CH1515238496	200 million
CHF	1.3375%	Société Générale SA	02.03.2034	100.72	1.25	98		200k + 200k	CH1522231351	175 million
CHF	0.5075%	Kreditanstalt für Wiederaufbau	16.03.2034	100.70	0.44	9		5k + 5k	CH1522231369	100 million
CHF	0.427%	Alphabet Inc.	01.03.2029	100.32	0.33	35		5k + 5k	CH1504033700	905 million
CHF	0.89%	Alphabet Inc.	03.03.2032	100.78	0.75	58		5k + 5k	CH1504033718	700 million
CHF	1.2525%	Alphabet Inc.	03.03.2036	101.58	1.09	66		5k + 5k	CH1523561939	575 million
CHF	1.5823%	Alphabet Inc.	01.03.2041	102.20	1.43	78		5k + 5k	CH1523561947	455 million
CHF	1.8675%	Alphabet Inc.	03.03.2051	102.71	1.74	96		5k + 5k	CH1523561954	420 million
CHF	0.95%	Swiss Prime Site Finance AG	27.02.2032	100.79	0.83	62	BBB+	5k + 5k	CH1533071135	130 million
CHF	0.7%	Luzerner Kantonalbank AG	25.02.2033	101.09	0.57	28	AAA	5k + 5k	CH1513428453	180 million
CHF	0.75%	Schwyzner Kantonalbank	18.02.2033	101.26	0.59	31	AAA	5k + 5k	CH1531704422	150 million
CHF	0.9725%	Credit Agricole Home Loan SFH SA	18.02.2036	101.74	0.84	35		5k + 5k	CH1522231245	125 million
CHF	0.85%	Banque Cantonale de Fribourg	02.03.2034	101.49	0.68	34	AA	5k + 5k	CH1530910103	200 million
CHF	1.76%	Landesbank Hessen-Thüringen GZ	10.03.2036	101.86	1.58	113		100k + 100k	CH1522231203	110 million
CHF	0.5225%	Volvo Treasury AB	16.02.2029	100.31	0.43	45		100k + 100k	CH1530340244	225 million
CHF	0.88%	Volvo Treasury AB	16.02.2032	100.87	0.75	55		100k + 100k	CH1530340251	125 million

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

Source: Zuger Kantonalbank, cbonds.com, 27 February 2026

Conclusion

Swiss franc as well as euro and US dollar capital market interest rates continue to fall, while benchmark interest rates remain stable for now. The Swiss franc is benefiting from international capital flows on the hunt for a safe haven. This is resulting in price gains for bond holders, with nearly all new issues of recent weeks trading above their issue price. Therefore, we continue to view Swiss bonds as an attractive, safe investment class that can provide stability for a mixed 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.

"Six 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.