

# Rates and bonds

May

04.05.2026

**The broad equity market has rebounded from its 30 March low point as investors speculate on an imminent end to the Iran war and the reopening of the Strait of Hormuz. The bond market reflects the same expectation, with interest rates around the world having fallen since 30 March. Nevertheless, volatility and event risk remain high, and the future direction of central banks is unclear. We take a look back at developments on interest rate and bond markets in April, as well as turn to market expectations for the months ahead.**

## Swiss bond market

Despite calmer markets, new issuance activity in Switzerland remained comparatively subdued in April. Helvetia Baloise Holding AG appeared on the market for the first time since the merger, placing three tranches with a total volume of CHF 550 million. Bonds with maturities of two, six and ten years enjoyed strong demand and were fully placed within a matter of minutes. The rare issuer Bank Julius Bär & Co. AG was likewise active on the Swiss market: In a dual-tranche issue, it placed two bonds with maturities of three and six years with a total volume of CHF 500 million.

## SNB: Swiss franc strengthens again and remains central bank's primary focus

The SNB left rates on hold in April, though it did release the minutes of its March interest rate decision: These show that the SNB Governing Board still considers the monetary situation to be expansionary, and readiness to intervene on the currency market remains high. The SNB is less worried about inflation, which is only likely to remain elevated for a short period (if at all) due to energy prices; instead, its main concern is renewed safe-haven demand for the Swiss franc, which could put price stability under pressure. Following the Swiss franc's temporary weakening to 0.9251 against the euro, this trend was not sustained – indeed the EUR/CHF exchange rate was increasingly trading below 0.92 again in April.

After jumping sharply in March, interest rates found their feet in April with ten-year swap rates trading close to 0.6% again. Although derivative markets continue to point



**“Switzerland is caught between currency strength, inflation fears and economic uncertainties.”**

Joel Gubser  
Investment Advisor

to an SNB rate hike of 0.25% or more by the end of the year, this is unlikely in our view given current market conditions and economic prospects.

## Europe: On hold at 2% with outlook uncertain

The ECB decided to leave its policy rates on hold on 30 April. At its press conference, the central bank stressed the downside risks to growth but at the same time also highlighted increased inflation risks. The market consensus on the direction of travel of interest rates continues to signal clear upward pressure, with up to three rate hikes of 0.25 percentage points each expected by the end of the year. This is due to the energy shortage caused by the blockade of the Strait of Hormuz, which is hitting Europe particularly hard and adding to inflationary pressures.

## US: No hike in benchmark rates, but Powell's successor moving into place

The Fed left its key interest rate unchanged in April at 3.5–3.75%, although there is evidence of growing dissension within the FOMC, and the decision was not unanimous. This was probably the last meeting to be led by current Fed Chairman Jerome Powell. In a surprise move, however, the latter is to stay as a regular member of the Committee member until January 2028. This decision is unusual, as Fed chairs usually step down fully at the end of their term and also give up their role as regular member. This is the first time since 1948 that a departing chair is not fully leaving the board.

## 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%)
USA	3.5–3.75%	11.12.2025 (-0.25%)

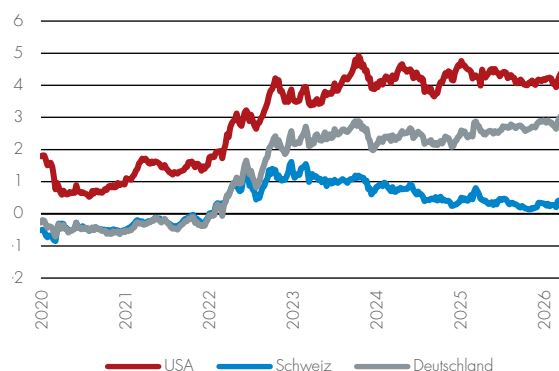
Data as of 30.4.2026

Source: Zuger Kantonalbank

Meanwhile, the market is looking towards his successor: Kevin Warsh, President Trump's nomination as Fed Chair, was confirmed in a US Senate Banking Committee hearing in April. Against the backdrop of Trump's repeated calls for lower interest rates, his failed attempt to oust Lisa Cook from the Fed Board, and the punitive investigations against Jerome Powell, the hearing was closely watched by market participants.

Warsh found himself walking a tricky tightrope. On the one hand, he had to convince the Committee that he would govern independently and not as an extended arm of the government. On the other, he had to take account of the administration's monetary expectations though without undermining investor confidence or fuelling inflation concerns due to overhasty rate cuts. Warsh therefore avoided saying anything specific about the future course of interest rates; instead, he called for a new framework for fighting inflation, while remaining deliberately vague about what shape it would take. Particular attention was paid to his critical stance on forward guidance. Warsh's confirmation by Congress would likely mean less forward-looking communication on monetary policy – which would be tantamount to a reduction in transparency. On the other hand, the fact that he put his previous demands for rapid balance sheet reduction in context and stressed that structural changes would need to take place gradually and over a longer period of time provided a degree of relief.

## Historical comparison of 10-year government bonds



Comparison of 10-year YTM of government bonds as at 30.4.2026

Source: Zuger Kantonalbank, Bloomberg LP

Overall, Warsh's comments were seen as constructive by the market. Fed independence does not appear to be called into question in the short term, and neither the indicated changes in monetary policy nor prospects for balance sheet policy are a cause for uncertainty.

If Kevin Warsh is successfully confirmed by Congress, he will chair his first FOMC meeting and follow-up press conference in June.

## New Swiss franc issues

Currency	Coupon	Issuer	Maturity	Price	Yiel	Spread	Denomination	ISIN	Issue volume
CHF	1.6%	Stiftung Kantonsspital Graubünden	19.05.2036	100.56	1.56	88	5k + 5k	CH1515238736	150 million
CHF	0.735%	Kreditanstalt für Wiederaufbau	01.06.2035	99.91	0.80	13	5k + 5k	CH1484612085	100 million
CHF	1.6497%	Heathrow Funding Ltd	05.05.2034	100.14	1.65	107	5k + 5k	CH1538715306	205 million
CHF	0.625%	Banque Cantonale de Geneve	16.03.2029	99.57	0.80	48	5k + 5k	CH1553934667	100 million
CHF	1.16%	Banque Fédérative du Crédit Mutuel SA	26.05.2031	99.87	1.21	77	5k + 5k	CH1560736162	190 million
CHF	0.875%	Cornèr Banca SA	12.05.2031	100.22	0.86	41	5k + 5k	CH1548688352	150 million
CHF	0.6495%	Cembra Money Bank AG	14.09.2028	99.96	0.71	39	5k + 5k	CH1515238686	150 million
CHF	0.625%	Helvetia Baloise Holding AG	12.05.2028	99.91	0.70	43	5k + 5k	CH1548688311	150 million
CHF	1.125%	Helvetia Baloise Holding AG	12.05.2032	100.23	1.12	63	5k + 5k	CH1548688329	175 million
CHF	1.5%	Helvetia Baloise Holding AG	12.05.2036	100.96	1.43	75	5k + 5k	CH1548688337	225 million
CHF	0.85%	Berner Kantonalbank AG	05.05.2031	99.84	0.90	47	5k + 5k	CH1416797525	125 million
CHF	1.05%	Bank Julius Bär & Co. AG	30.04.2029	99.99	1.07	76	5k + 5k	CH1515238660	250 million
CHF	1.4%	Bank Julius Bär & Co. AG	30.04.2032	100.13	1.39	92	5k + 5k	CH1515238678	250 million
CHF	0.95%	Universitätsspital Basel	24.04.2029	100.09	0.93	62	5k + 5k	CH1515238645	150 million
CHF	1.6%	Universitätsspital Basel	24.04.2036	101.03	1.54	84	5k + 5k	CH1515238652	250 million
CHF	0.7825%	Asian Infrastructure Investment Bank/The	30.04.2036	99.88	0.83	14	5k + 5k	CH1548688287	110 million
CHF	0.8975%	Toronto-Dominion Bank/The	30.04.2030	99.76	1.01	68	5k + 5k	CH1553715603	150 million
CHF	0.65%	Liechtensteinisches Pfandbriefinstitut AG	24.04.2031	99.88	0.71	26	100k + 100k	CH1548688246	150 million
CHF	0.9%	Liechtensteinisches Pfandbriefinstitut AG	24.04.2036	99.53	0.97	29	100k + 100k	CH1548688253	100 million
CHF	1.03%	Nordea Bank Abp	14.04.2033	99.56	1.15	59	200k + 200k	CH1548688238	175 million

Source: Zuger Kantonalbank, cbonds.com, 30.4.2026

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

## Conclusion

Following the sharp U-turn in interest rates in March, the market is now significantly calmer again and a resolution to the conflict is expected imminently. However, the latest oil price shock is once again fuelling inflation expectations in Europe. Consequently, derivative markets are now pricing in rate hikes of 25 basis points or more in Switzerland and around 75 basis points in the Eurozone by the end of the year. Whether these expectations actually materialise remains questionable, however – with various economic indicators pointing to a slowdown in economic momentum.

Against this backdrop, we think the current elevated level of capital market interest rates is an attractive buying opportunity for bonds. Swiss bonds look particularly attractive: With an average yield of around 0.90% within the Swiss Bond Index, we think 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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