

# Investments - Flash



M. Alain Freymond - Partner &amp; CIO

## INFLATION REGIME NORMALIZES IN SWITZERLAND

### Expected stabilisation of yield curves

Swiss GDP figures for the third quarter show a slowdown in the growth of the Swiss economy. The +0.2% increase in GDP is not surprising in the overall context of weakening external demand, while at the same time Q2 growth was revised downwards from +0.3% to only +0.1%.

A positive but weak economic situation in our country is fortunately accompanied by an encouraging development of inflation for several months, which contrasts with that of Switzerland's European economic partners. The high monthly inflation rate observed in our country until June (>+0.4%/month) has now given way to a more normal evolution of about +0.1% on average since then.

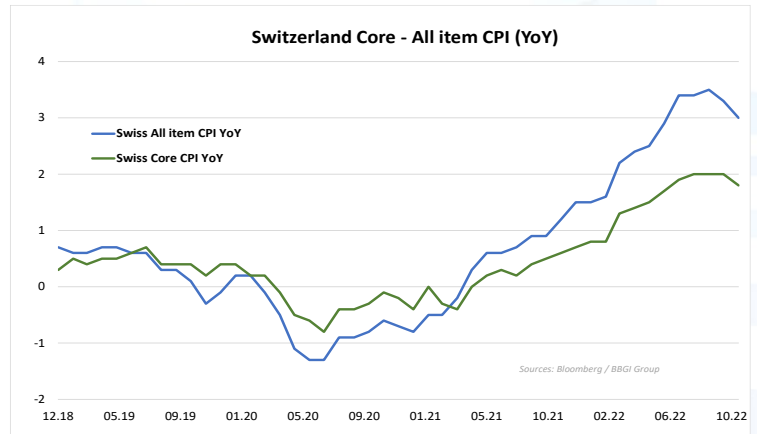
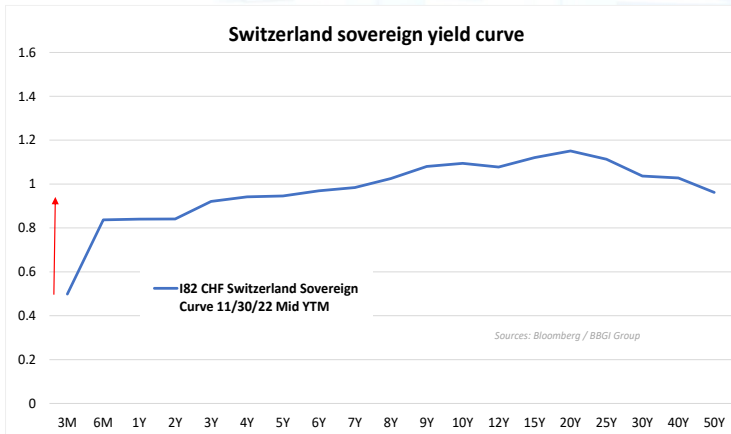
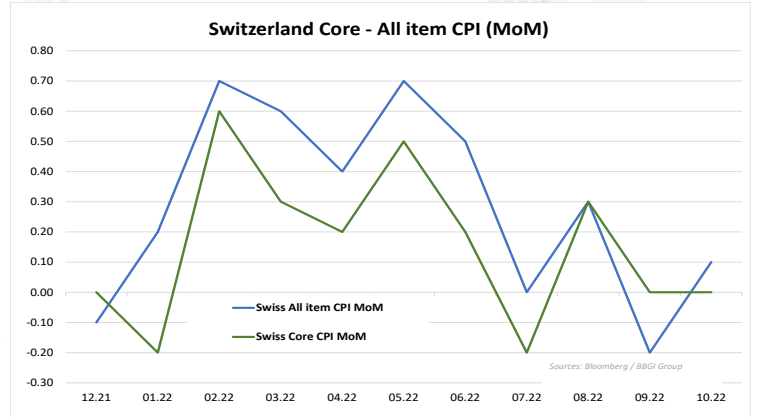
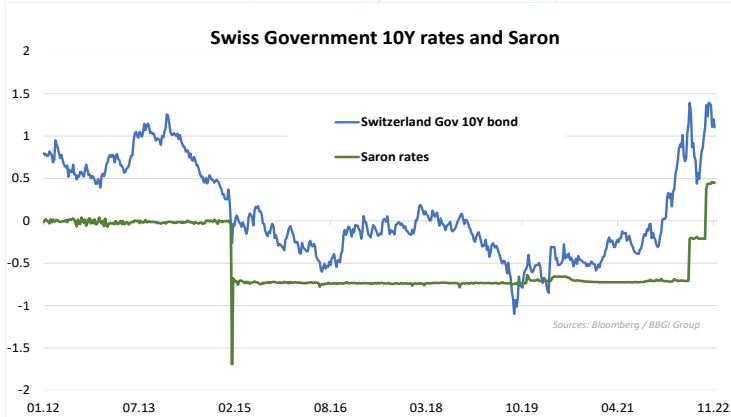
The SNB should already be observing this trend favourably, without showing too quick a sign of satisfaction. We therefore expect the SNB to adjust its key interest rates by 50 basis points

on December 15th, before reducing the pace of adjustment in 2023 to possible further increases limited to 0.25%.

The yield curve for Swiss government bonds is already virtually flat with a spread of just 0.18% between the 1- and 10-year yields and should not come under too much pressure during the SNB's next adjustment.

If inflation data continues its recent trend over the next few months, the economic downturn will allow yields to stabilise.

A reduction in risk in the interest rate markets will have positive effects on the investment climate for bonds, real estate and equities.



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