

# Zürcher Kantonalbank

## Central Bank Seminar 2023



Christoph Buchser, September 2023

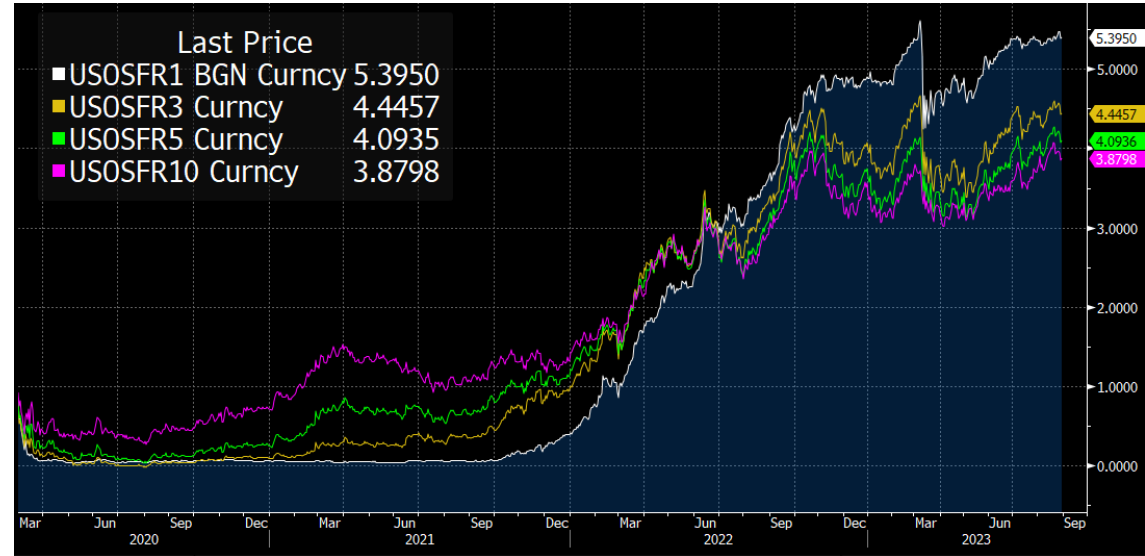


# Bond Yields

...are back...!

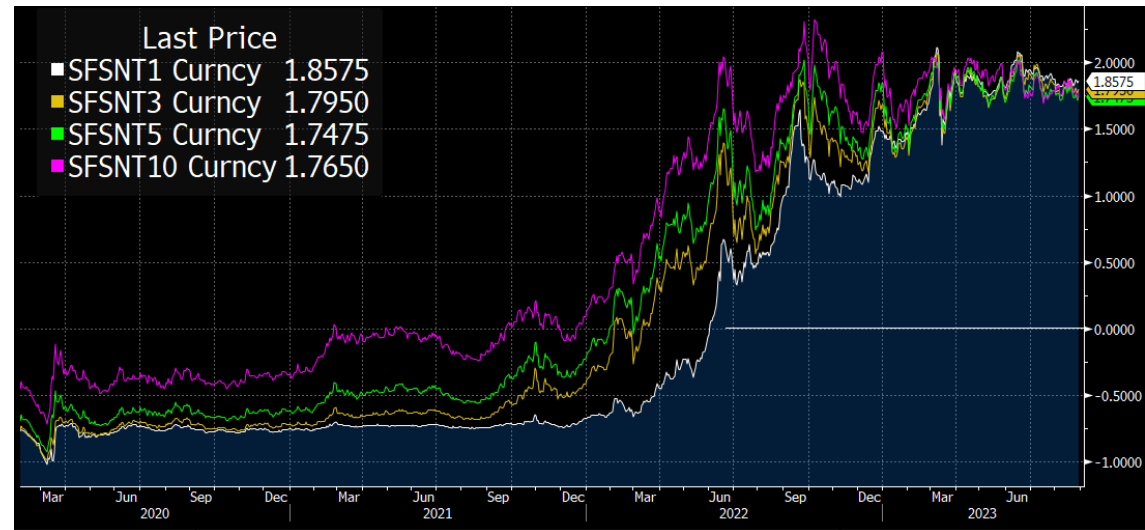
## USD SOFR rates 1-10y

(3/2020 – today)



## CHF SARON rates 1-10y

(3/2020 – today)



# Non-CHF Bond Trading

Our focus, strengths and rankings

|                            | USD | EUR | GBP | AUD | CAD | NOK,<br>SEK | JPY | BRL, MXN,<br>TRY, ZAR,<br>CNY |
|----------------------------|-----|-----|-----|-----|-----|-------------|-----|-------------------------------|
| Fins (incl. AT1 / SubInco) | ✓   | ✓*  |     |     |     |             |     |                               |
| Corps IG / HY              | ✓   | ✓*  |     |     |     |             |     |                               |
| EM (LATAM)                 | ✓   | ✓   | ✓   |     |     |             |     |                               |
| EM (CEE)                   | ✓   | ✓   |     |     |     |             |     |                               |
| Governments & SSAs         |     |     |     | ✓   | ✓   | ✓           | ✓   | ✓                             |

## Our strengths

- Our trading desk provides **full liquidity on USD bonds** already during **European morning hours**
- Our **balance sheet capabilities** allow us to show liquidity, even under challenging market conditions
- Reliable quotes with top hit ratio, in **~5700 bonds**
- Daily **RUNS** and real time **AXES** on BBG & Neptune
- AAA provides access to a large **borrowing pool**
- \* Active player in **AT1s / SubInco / Corp Hybrids**
- **Quality after sales service**, based in Switzerland

## Our rankings and positions

- Worldwide a **Top 10 market maker** on Bloomberg for USD credit
- LATAM Hard Currency\*\*:  
**#1** in Western Europe / APAC and Switzerland

\*\* according to Bloomberg reviews

# CHF Bond Trading

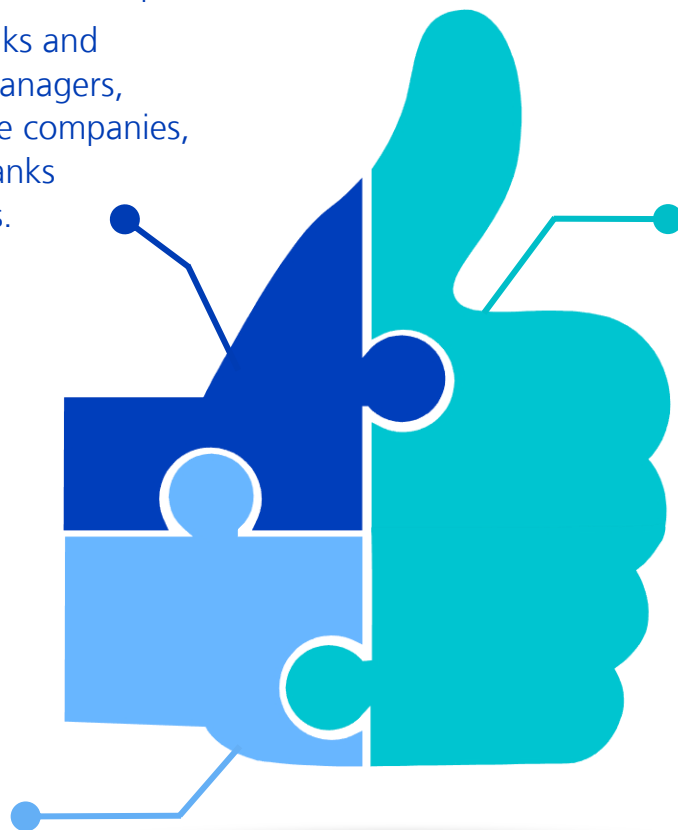
## Consistently among top 3 ranked market maker\*

In addition to our **large Swiss client base**, we are expanding our global footprint.

**Our clients** include banks and bank treasuries, asset managers, pension funds, insurance companies, family offices, central banks and corporate treasuries.

**ZKB is active on all major e-venues**

Bloomberg, Tradeweb and MarketAxess, on and off MTF trading



**Active market maker and liquidity provider in all sectors in the CHF bond market:**

- **SWISS** (Swiss government bonds) and **SWISTB** (Swiss T-Bills) / **SWNBK** (SNB Bills)
- Covered bonds (governed by Swiss Pfandbrief Act and Ordinance) of **PFZENT** (Pfandbriefzentrale Schweizer Kantonalbanken; and **PSHYPO** (Pfandbriefbank Schweizer Hypothekarinstitute), as well as other domestic and foreign covered bonds
- All **Kantonalbank bonds** (ZKB, being the largest amount outstanding ~CHF8bn)
- **SSAs**: domestic and foreign
- **Financials**: domestic and foreign (senior and subordinated)
- **Corporates** (senior and hybrids; IG to HY)
- **Emerging Markets**: CEEMEA, Asian and LATAM bonds
- **Illiquid** debt instruments / private placements

\*according to SIX Swiss Exchange data (on and off exchange volume)

# Buying Switzerland Risk

## Govt bonds, Swiss T-bills, SNB bills

### Swiss Govt Bonds

### Swiss T-Bills

### SNB Bills

|                          |                          |                      |                             |
|--------------------------|--------------------------|----------------------|-----------------------------|
| <b>Issuer</b>            | Swiss Government         | Swiss Government     | Swiss Nationalbank          |
| <b>BBG Ticker</b>        | SWISS                    | SWISTB               | SWNBK                       |
| <b>Rating</b>            | AAA/Aaa/AAA              | AAA/Aaa/AAA          | not rated                   |
| <b>Denom</b>             | CHF 1k                   | CHF 50k              | CHF 1mln                    |
| <b>Tenor</b>             | 2024 - 2064              | ~90d / ~180d / ~360d | ~28d / ~84d / ~168d / ~336d |
| <b>Auction Type</b>      | Dutch                    | Dutch                | American                    |
| <b>Auction Frequency</b> | monthly (~10x p.a.)      | weekly, Tuesday      | weekly, Thursday            |
| <b>Secondary Market</b>  | SIX / ZKB (Market Maker) | ZKB (Market Maker)   | ZKB (Market Maker)          |

# CHF New Issues

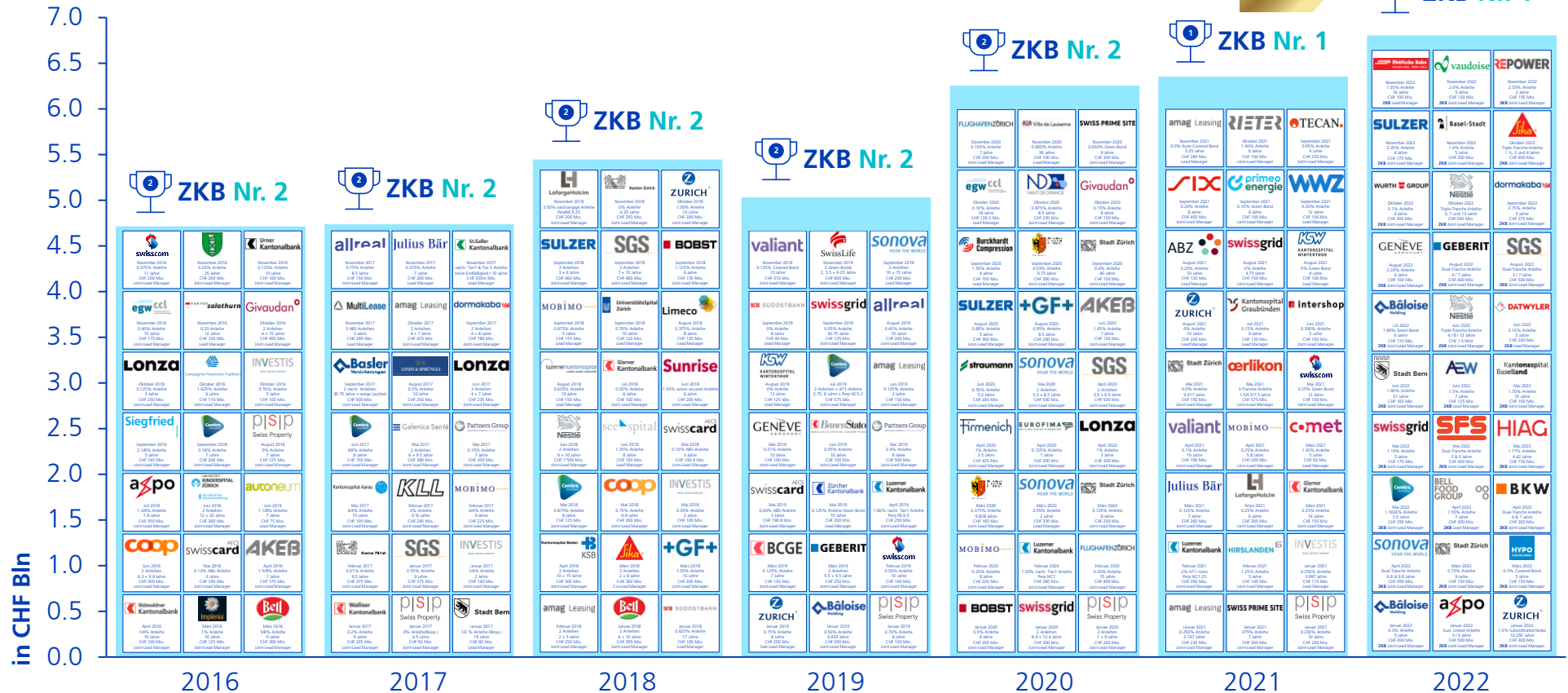
## A leading Swiss Franc syndicate

**Market Leader**  
**in CHF Domestic New Issues**  
 SSA, covered bonds, corporates (IG to HY)  
 and financials (senior to subordinated)

**Bloomberg League Table CHF domestic (excl. Pfandbriefe)**



**ZKB Nr. 1**



Source: Bloomberg & Zürcher Kantonalbank, December 2022

# Electronic Connectivity

Significant presence on all major systems

Price Contributing

Bid / Offer Axes

Post Trade Ticket  
Matching / Allocation

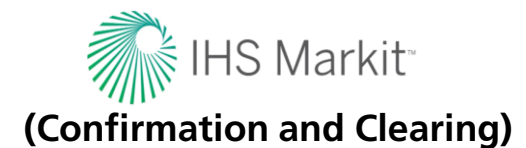
**Bloomberg**



**Bloomberg**



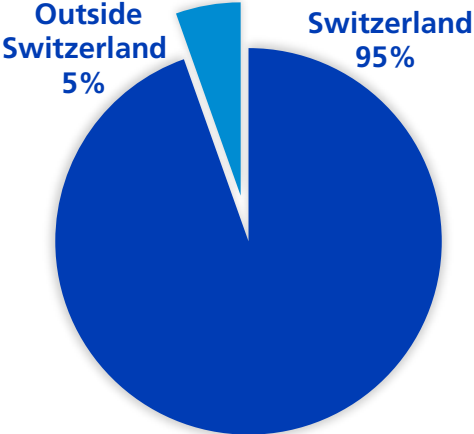
**Bloomberg**  
Trade Match



# ZKB Fixed Income Sales

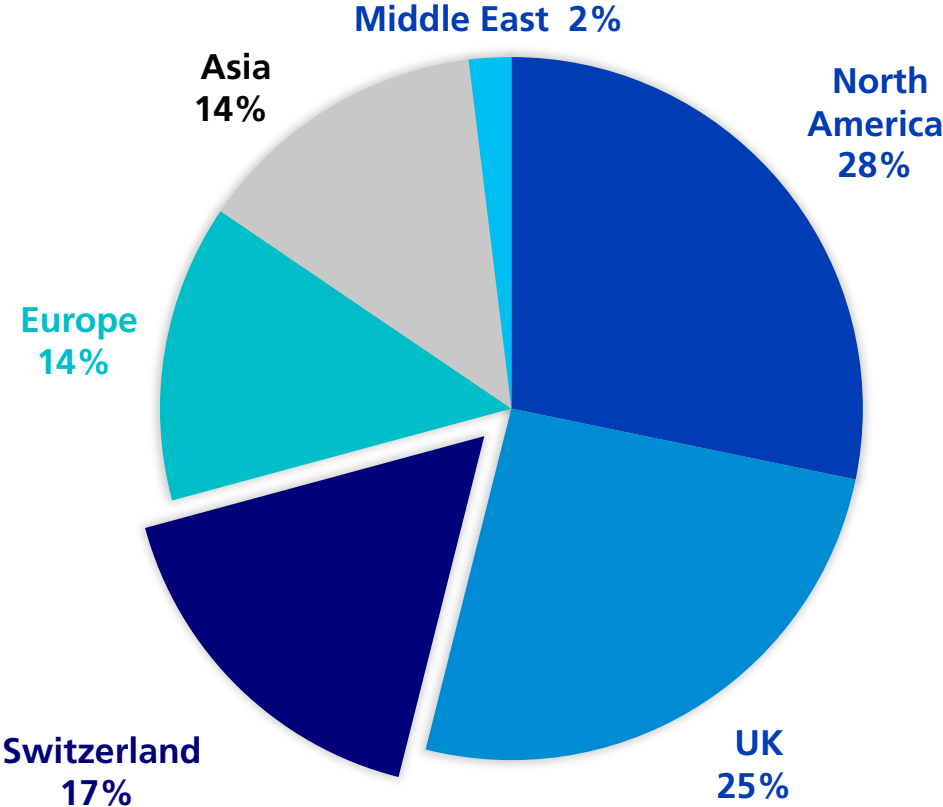
## Our global outreach

While the CHF Business is dominated by Swiss Clients...



Turnover 2023, Jan-July 2023

...our non-CHF Business is very international





# Investment Strategy & Economic Research

## From CIO view to specific investments topics

### Market Outlook 2023

Schweiz entgeht Rezession dank hoher Nettozuwanderung



CIO-Office | Christoph Schenk (CFA), Manuel Ferreira, Dr. David Marmet  
Zürich, 30. November 2022



- Economy and Financial Markets
- Interest Rates and Currencies
- Emerging Markets
- Precious Metals
- Equities
- Real Estate and more

### Market Insights

**Euro zone and Switzerland on the verge of an interest rate turnaround**  
18 November 2022

**Key message:** Under economic, fiscal and monetary, Chief Economist Sebastian Ursprung, Head Investment Strategy

**High inflation and the ongoing recovery argue for monetary policy normalisation in 2023**  
1. Inflation remains high in the euro zone and Switzerland, but is expected to decline in the second half of 2023. 2. The ECB and the Swiss National Bank are expected to raise interest rates in the second half of 2023. 3. The Swiss National Bank is expected to raise interest rates in the second half of 2023. 4. The Swiss National Bank is expected to raise interest rates in the second half of 2023.

**High inflation across the Euro zone**  
The ECB has raised interest rates in July and September 2022. The ECB is expected to raise interest rates again in November 2022. The ECB is expected to raise interest rates again in November 2022. The ECB is expected to raise interest rates again in November 2022.

**Switzerland: Inflation remains high**  
The Swiss National Bank has raised interest rates in July and September 2022. The Swiss National Bank is expected to raise interest rates again in November 2022. The Swiss National Bank is expected to raise interest rates again in November 2022.

**Three aspects for asset allocation**  
1. The Swiss National Bank is expected to raise interest rates in the second half of 2023. 2. The Swiss National Bank is expected to raise interest rates in the second half of 2023. 3. The Swiss National Bank is expected to raise interest rates in the second half of 2023.

**Asset Allocation Outlook: High Inflation in 2023**  
The Swiss National Bank is expected to raise interest rates in the second half of 2023. The Swiss National Bank is expected to raise interest rates in the second half of 2023. The Swiss National Bank is expected to raise interest rates in the second half of 2023.

### International Investments

**International Investments**  
Economy and Financial Markets  
April 2022, Nr. 4

### FX Monthly

**Fighting inflation**  
18 November 2022

**Key points:** 1. Inflation remains high in the euro zone and Switzerland, but is expected to decline in the second half of 2023. 2. The ECB and the Swiss National Bank are expected to raise interest rates in the second half of 2023. 3. The Swiss National Bank is expected to raise interest rates in the second half of 2023.

**Key message:** Under economic, fiscal and monetary, Chief Economist Sebastian Ursprung, Head Investment Strategy

### Daily Market Opinion (DMO)

**Bond Rating Actions**  
18 November 2022

| Country     | Rating | Change |
|-------------|--------|--------|
| Austria     | AAA    | Stable |
| Belgium     | AAA    | Stable |
| Denmark     | AAA    | Stable |
| France      | AAA    | Stable |
| Germany     | AAA    | Stable |
| Greece      | BBB    | Stable |
| Italy       | BBB    | Stable |
| Japan       | AAA    | Stable |
| Spain       | BBB    | Stable |
| Sweden      | AAA    | Stable |
| Switzerland | AAA    | Stable |
| UK          | AAA    | Stable |
| USA         | AAA    | Stable |

**"Investment Strategy & Economic Research evaluates asset classes, assesses all relevant input factors from an economic perspective and develops the basis for the optimal design of the investment policy, taking sustainability aspects into account."**

Manuel Ferreira, Head Investment Strategy & Economic Research

# Fixed Income Sales

Here to help



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**Bloomberg: ZKB**



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**Jan Wuhmann**



**Philipp Stalder**

*Focus on  
Non-CHF*



**Alain Zani**



**Martin Schneider**



**Reto Meyer**



**Roman Schenk**

*Focus on  
CHF*



Anything to do  
in Fixed Income ?

**We have the franchise,  
the products  
and a global outreach !**

**Happy to answer  
your questions !**

Now or at one of the  
events this week.

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