News release

Swiss Re

Long-term rates should rise by year-end, predicts Swiss Re Chief Economist, Kurt Karl

Contact:

Media Relations, Zurich
Telephone +41 43 285 7171

Corporate Communications, Asia
Telephone +852 2582 3912

Corporate Communications, New York
Telephone +1 914 828 6511

Investor Relations, Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999
www.swissre.com

New York, 20 June 2012 – After today's decision by the Federal Reserve to maintain the target fed funds rate at zero to 25 basis points, Swiss Re's Chief Economist, Kurt Karl, commented: "The US economy has been weak recently, but is likely to strengthen in the second half of the year."

Karl added: "While downside risks to the global economic outlook have increased lately, along with the uncertainty surrounding the future of the Euro area, recent indicators continue to suggest that moderate growth of the US economy will be sustained. Consumer spending remains resilient, vehicle sales are strong, construction spending is growing, and more signs point to further improvement in housing activity. Housing starts and sales are up and prices appear to have bottomed-out. Real GDP growth is expected to rise from about 2% this year to 2.5 – 3% next year. As a consequence, yields on the 10-year Treasury note are forecast to rise to 2.2% by end-2012 and to 2.8% by end-2013."

He continued: "Concerns have increased recently about an exit of Greece from the Euro and about the Spanish banking sector. Strong policy action will be needed over the next couple of months to avoid a further deterioration of the situation. The European Stability Mechanism will need to be strengthened so it can play the role of lender of last resort. A growth plan, which is now more likely with François Hollande as French President, would also be helpful. Overall, the risk of a disruptive event in the Euro area has increased to about 30%, while the risk of an oil price shock has receded. Japan is expected to grow by 1.8% this year and 1.6% next year, partially on the strength of reconstruction spending. Monetary policy has generally become accommodative in emerging markets, with China, India and Brazil all lowering their policy rates. Growth in China will be about 8.2% this year and 8.5% next year, driven primarily by domestic consumption and investments."

Notes to editors

Swiss Re
The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk taking upon which enterprise and progress in society depend. Founded in Zurich, Switzerland, in 1863, Swiss Re serves clients through a network of over 60 offices globally and is rated "AA-" by Standard & Poor's, "A1" by Moody's and "A+" by A.M. Best. Registered shares in the Swiss Re Group

holding company, Swiss Re Ltd, are listed on the SIX Swiss Exchange and trade under the symbol SREN. For more information about Swiss Re Group, please visit: www.swissre.com or follow us on Twitter @SwissRe.

Disclaimer

The material and conclusions contained in this publication are for information purposes only and the author offers no guarantee for the completeness of its contents. The statements in this report may provide current expectations of future events based on certain assumptions. These statements involve known and unknown risks, uncertainties and other factors which are not exhaustive. The author of this report undertakes no obligation to publicly revise or update any statements, whether as a result of new information, future events or otherwise. Swiss Re shall not be held responsible in any way for, and specifically disclaims any liability arising out of or in any way connected to, reliance on or use of this publication.