

Fed rate action commentary from Swiss Re chief US economist

Contacts:

Corporate Communications, New York
Telephone +1 212 317 5663

Media Relations, Zurich
Telephone +41 43 285 7171

Corporate Communications, London
Telephone +44 20 7933 3445

Corporate Communications, Asia
Telephone +852 2582 3660

Swiss Reinsurance Company 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, 28 April 2010 – 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 US Economist, Kurt Karl, commented, “In the past, the Fed has held rates steady after a recession until there have been at least 12 months of solid employment growth. Thus, the Fed is likely to be on hold until early next year. Core inflation continues to trend lower, so the Fed need be in no hurry to tighten monetary policy.”

“The latest signs of recovery come from consumers, whose confidence and spending are rising on the back of recent employment gains. The manufacturing sector also continues to expand at a robust pace – the Purchasing Managers Index was 59.6 in March, (above 50 implies growth). Real GDP growth is expected to be 3.2% this year and 3.7% in 2011. The yield on the 10-year Treasury note will be mostly between 3.5% and 4.0% this year. The downside and upside risks remain balanced at 15% each, but downside risks are receding,” Karl said.

“The forecast of a “U” recovery in Europe and Japan is on track, while Asia, excluding Japan, is growing rapidly. Most emerging market countries are doing well due to high demand and relatively high prices for commodities. China continues to boom with 11.9% GDP growth y-o-y in the first quarter. Exuberant property price increases have prompted the government to restrain credit, although its overall monetary stance remains accommodative. Real GDP growth in Euroland, the UK and Japan is forecast to be 1.3% this year in all three economies. Government bond yields in Europe and the US will mostly be in a trading range in 2010 of: 3.5% to 4.0% in the US; 3.1% to 3.6% in Germany; and 3.9% to 4.4% in the UK. Currently, the ECB is expected to lead on the monetary tightening late this year, with the US to follow early next year,” added Karl.

Notes to editors

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company’s traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated “A+” by Standard & Poor’s, “A1” by Moody’s and “A” by A.M. Best.

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.