SCHWEIZERISCHE NATIONALBANK
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Introductory remarks by the Governing Board

Martin Schlegel, Antoine Martin and Petra Tschudin

Chairman of the Governing Board / Vice Chairman of the Governing Board / Member of the Governing Board
Swiss National Bank
Zurich, 20 March 2025

Ladies and gentlemen

On behalf of the Governing Board, it is my pleasure as Chairman to welcome you to the SNB's news conference. After our introductory remarks, we will take questions from journalists as usual.

Monetary policy decision

I will begin with our monetary policy decision. We have decided to lower the SNB policy rate by 0.25 percentage points to 0.25%. The new policy rate applies from tomorrow, 21 March 2025. Banks' sight deposits held at the SNB will be remunerated at the SNB policy rate up to a certain threshold, and at 0% above this threshold. We also remain willing to be active in the foreign exchange market as necessary.

With our rate adjustment today, we are ensuring that monetary conditions remain appropriate, given the low inflationary pressure and the heightened downside risks to inflation. We will continue to monitor the situation closely and adjust our monetary policy if necessary, to ensure that inflation remains within the range consistent with price stability over the medium term.

Inflation forecast

Allow me to address the development of inflation in more detail. Since the last monetary policy assessment, inflation has developed in line with expectations. It decreased from 0.7% in November to 0.3% in February. This decline is attributable in particular to the drop in electricity prices in January. Overall, inflation is still being driven mainly by domestic services.

Our new conditional inflation forecast has hardly changed since December. Without today's rate cut, the forecast would have been lower in the medium term. The forecast is within the range of price stability over the entire forecast horizon (cf. chart). It puts average annual inflation at 0.4% for 2025, 0.8% for 2026 and 0.8% for 2027 (cf. table). Our forecast is based on the assumption that the SNB policy rate is 0.25% over the entire forecast horizon.

I will now hand over to Antoine Martin, who will address the global economic outlook.

Global economic outlook

Global economic growth was moderate in the fourth quarter of 2024. While growth was solid in the US and China, it was more subdued in the euro area. The services sector continued to contribute positively to economic activity worldwide. In large parts of manufacturing, by contrast, developments remained muted.

Inflation recently rose again somewhat in many countries, primarily driven by energy products. Underlying inflationary pressure is still elevated in many countries, albeit less markedly than a few quarters ago. Various central banks have therefore cut their policy rates further.

In our baseline scenario, we anticipate that growth in the global economy will remain moderate over the coming quarters. The high level of uncertainty surrounding trade policy is likely to weigh on investment and on global economic momentum. By contrast, monetary policy easing that has been implemented abroad will support growth. Underlying inflationary pressure should continue to ease gradually over the next quarters, particularly in Europe. Inflation in the US, however, is expected to remain elevated for some time.

Our scenario for the global economy is currently subject to high uncertainty. The situation could change rapidly and markedly, particularly from a trade and geopolitical perspective. For example, increasing trade barriers could lead to weaker global economic development. At the same time, a more expansionary fiscal policy in Europe could provide stimulus to the economy in the medium term.

This brings us to the situation in Switzerland, which Petra Tschudin will present.

Swiss economic outlook

Economic growth in Switzerland was solid in the fourth quarter of 2024. The services sector and parts of manufacturing developed favourably. There was a further slight increase in unemployment, while the utilisation of overall production capacity was normal.

We expect GDP growth of between 1% and 1.5% for the current year. Domestic demand is likely to benefit from rising real wages and the easing of monetary policy. By contrast, moderate economic activity abroad looks set to have a dampening effect on foreign trade. In this environment, unemployment is likely to continue to rise slightly. We anticipate GDP growth of around 1.5% for 2026.

The economic outlook for Switzerland has become considerably more uncertain. Against the backdrop of increased trade and geopolitical uncertainties worldwide, developments abroad continue to represent the main risk.

I will now hand back to Martin Schlegel.

Monetary policy outlook

Ladies and gentlemen, allow me to return to our monetary policy.

We have eased our monetary policy considerably over recent quarters. This easing has helped to stabilise the inflation outlook in the medium term.

Since our last monetary policy assessment in December, inflation has developed in line with expectations. Over the entire forecast horizon, our conditional inflation forecast is within the range consistent with price stability, which we equate with an inflation rate of between 0% and 2%.

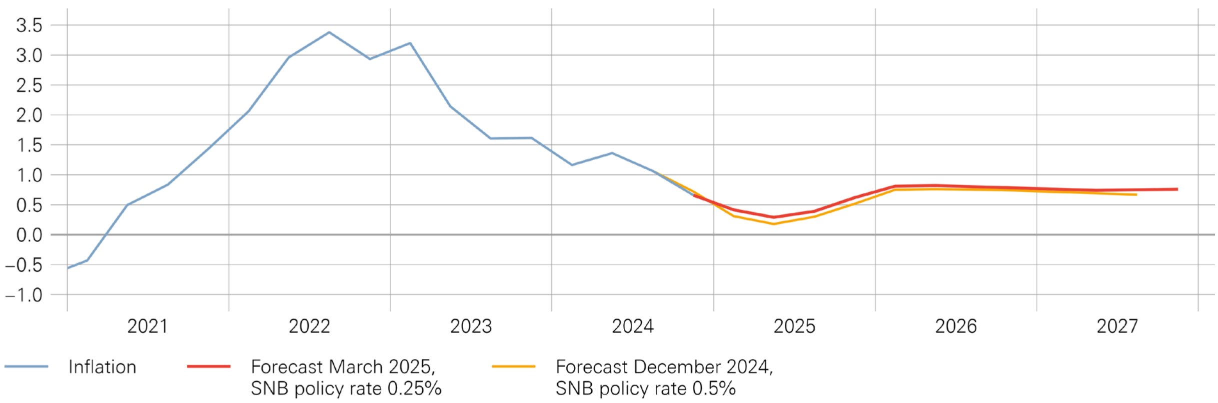
Nevertheless, uncertainty about global economic and inflation developments has increased significantly. As a result, the outlook for inflation in Switzerland, too, is currently very uncertain. At present, the risks are predominantly to the downside.

With our interest rate cut, we are taking into account the low inflationary pressure and the downside risks. At the same time, we are supporting economic activity in Switzerland. In light of the heightened uncertainty, we will continue to monitor the situation closely and adjust our monetary policy if necessary, to ensure that monetary conditions remain appropriate.

Ladies and gentlemen, thank you for your attention.

CONDITIONAL INFLATION FORECAST OF MARCH 2025

Year-on-year change in Swiss consumer price index in percent



Source(s): SFSO, SNB

OBSERVED INFLATION IN MARCH 2025

	2021				2022				2023				2024				2022	2023	2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Inflation	−0.4	0.5	0.8	1.4	2.1	3.0	3.4	2.9	3.2	2.1	1.6	1.6	1.2	1.4	1.1	0.7	2.8	2.1	1.1

Source(s): SFSO

CONDITIONAL INFLATION FORECAST OF MARCH 2025

	2024				2025				2026				2027				2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Forecast December 2024, SNB policy rate 0.5%				0.7	0.3	0.2	0.3	0.5	0.8	0.8	0.8	0.7	0.7	0.7	0.7		0.3	0.8	
Forecast March 2025, SNB policy rate 0.25%					0.4	0.3	0.4	0.6	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.4	0.8	0.8

Source(s): SNB