News conference

Embargo
19 June 2025, 10.00 am

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, 19 June 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. Petra Tschudin and I will begin by explaining the monetary policy decision and looking at inflation and economic developments. Antoine Martin will then present the Financial Stability Report. After our introductory remarks, we will as usual be pleased to take any questions you may have.

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%. The new policy rate applies from tomorrow, 20 June 2025. Banks' sight deposits held at the SNB will be remunerated at the SNB policy rate up to a certain threshold. The discount for sight deposits above this threshold remains unchanged at 0.25 percentage points.[1] We remain willing to be active in the foreign exchange market as necessary.

Inflationary pressure has decreased compared to the previous quarter. With today's easing of our monetary policy, we are countering the lower inflationary pressure. 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. Inflation has declined further since the last monetary policy assessment. It decreased from 0.3% in February to −0.1% in May. This decline was mainly attributable to the development of prices in tourism and for oil products.

Compared to March, our new conditional inflation forecast is lower in the short term. In the medium term, there is hardly any change from March. The forecast is within the range of price stability over the entire forecast horizon (cf. chart). It puts average annual inflation at 0.2% for 2025, 0.5% for 2026 and 0.7% for 2027 (cf. table). Our forecast is based on the assumption that the SNB policy rate is 0% over the entire forecast horizon. Without today's rate cut, the forecast would have been lower.

This brings us to the economic outlook, which Petra Tschudin will present.

Global economic outlook

The global economy continued to grow at a moderate pace in the first quarter of 2025. This was supported by the dynamic development in global manufacturing and global trade in goods. However, this was partly attributable to the fact that deliveries to the US were brought

[1] Further information is available in the updated Instruction sheet governing interest on sight deposits. The SNB will continue to use liquidity-absorbing open market operations.

forward in anticipation of higher US import tariffs, which led to a significant increase in exports in many countries. But this effect is only temporary. The global economic outlook for the coming quarters has deteriorated due to the increase in trade tensions. Monetary policy has been left unchanged in the US. In the euro area, monetary policy has been eased further.

In our baseline scenario, we anticipate that growth in the global economy will weaken over the coming quarters. The higher US import tariffs are likely to curb global trade and lead to a loss of purchasing power for US consumers. Furthermore, the high level of trade policy uncertainty is having a negative impact on global investment momentum. Inflation in the US is likely to rise over the coming quarters. In Europe, by contrast, a further decrease in inflationary pressure is to be expected.

Our scenario for the global economy remains subject to high uncertainty. For example, trade barriers could be raised further, leading to a more pronounced slowdown in the global economy. At the same time, it cannot be ruled out that fiscal policy will support growth more strongly than expected.

Swiss economic outlook

Swiss GDP growth was strong in the first quarter of 2025. However, this development was largely due to the fact that, as in other countries, exports to the US were brought forward. When adjusted for these effects, growth momentum was more moderate.

Following the strong first quarter, growth is likely to slow again and remain rather subdued over the remainder of the year due to the appreciation of the Swiss franc in recent months and weaker global demand. We expect GDP growth of 1% to 1.5% for 2025 as a whole. We currently also anticipate GDP growth of 1% to 1.5% for 2026. Unemployment is likely to continue to rise slightly.

The economic outlook for Switzerland remains uncertain. 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.

Over the last one and a half years, we have significantly eased our monetary policy, thereby countering the decline in inflation at an early stage. We took heightened downside risks into account with our interest rate cut in March. These downside risks have since materialised.

Inflation has declined further in recent months. Our new conditional inflation forecast is below that of the previous quarter in the short term. With our policy rate cut today, we are countering the lower inflationary pressure.

Ladies and gentlemen, we are today lowering the SNB policy rate to 0%, bringing it to the verge of negative territory. Between 2015 and 2022, negative interest was an important instrument for ensuring price stability in Switzerland in an exceptional phase. However, we are also aware that negative interest can have undesirable side-effects and presents challenges for many economic agents.

With our easing today, we are ensuring appropriate monetary conditions. Nevertheless, uncertainty about the development of inflation is still elevated. We will continue to monitor the situation and adjust our monetary policy if necessary, to ensure price stability over the medium term.

In closing I would like to hand over to Antoine Martin, who will present the Financial Stability Report.

Financial Stability Report

The SNB published its latest Financial Stability Report today. Since the publication of our last report in June 2024, the conditions relevant for the Swiss financial sector have deteriorated somewhat. Several factors are at play. Trade policy tensions have dampened the global economic outlook and led to a significant increase in financial market volatility, particularly during spring 2025. Furthermore, the interest rate environment in Switzerland has started to weigh on banks' profitability, especially for domestically focused banks. Profits constitute the first line of defence for absorbing losses in a stress event. In addition to these factors, vulnerabilities in the domestic mortgage and residential real estate markets persist. In this context, banks' capital and liquidity buffers remain key. They contribute to the banking sector's resilience and ongoing lending capacity.

Important topics from this year's report

I would like to highlight three important topics from this year's report – regulatory developments, the dynamics in the Swiss credit market, and non-bank financial intermediaries (or NBFIs).

First, further progress has been made in addressing the weaknesses in the regulatory framework revealed by the crisis at Credit Suisse in 2023. The Federal Council has proposed a package of measures in the area of crisis prevention and crisis management. These include measures addressing the potentially high liquidity needs of banks in a crisis as well as others addressing the weaknesses in the capital framework. As we recently stated in the joint press conference of the Federal Council, FINMA and the SNB on 6 June, the SNB supports these measures. We consider their timely and comprehensive adoption essential for strengthening financial stability in Switzerland.

Second, the Swiss credit market has been facing notable changes over the past few years, including the structural shift that occurred with the acquisition of Credit Suisse by UBS and the regulatory changes resulting from the introduction of the final Basel III standards this year. As described in more detail in the report, credit volumes have continued to increase, and momentum has picked up recently. Following the acquisition of Credit Suisse by UBS, the number of customers seeking to build credit relationships with a new bank has increased, and the banking sector has been able to meet this demand overall. Meanwhile, the implementation of Basel III Final has had no visible impact so far on credit market activity, and we do not anticipate significant effects on the banking sector's lending capacity going forward.

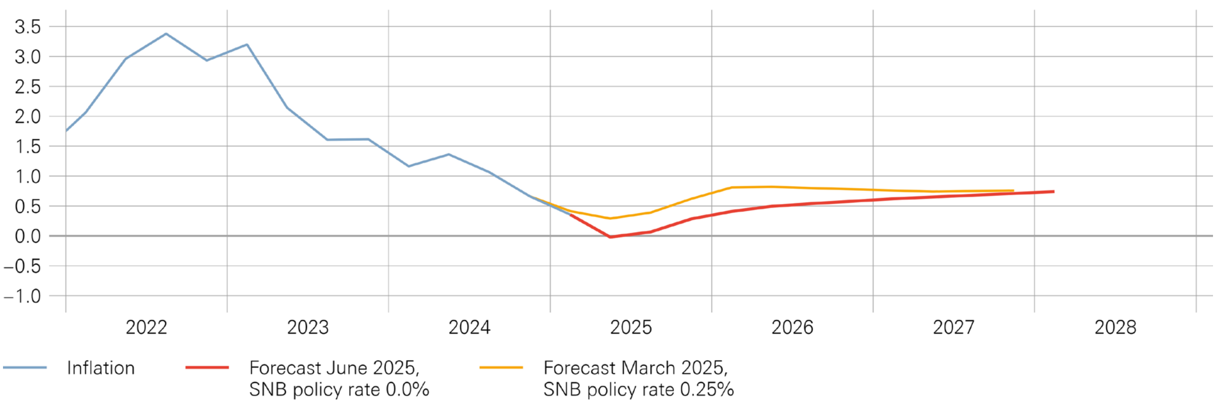
Third, this year's report contains a special topic on NBFIs, reflecting the importance of this sector as a potential source of risk to financial stability. NBFIs encompass financial institutions outside of the banking sector, including investment funds, pension funds and insurance companies. The Swiss NBFI sector is large and has grown faster than the banking sector over the past 15 years. The report examines the size and role of NBFIs and their interlinkages with banks. It highlights the need for sustained and coordinated efforts at both national and international level to assess and address potential vulnerabilities in this sector.

I will now hand back to Martin Schlegel.

Ladies and gentlemen, thank you for your attention.

CONDITIONAL INFLATION FORECAST OF JUNE 2025

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



Source(s): SFSO, SNB

OBSERVED INFLATION IN JUNE 2025

	2022				2023				2024				2025				2022	2023	2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Inflation	2.1	3.0	3.4	2.9	3.2	2.1	1.6	1.6	1.2	1.4	1.1	0.7	0.4				2.8	2.1	1.1

Source(s): SFSO

CONDITIONAL INFLATION FORECAST OF JUNE 2025

	2025				2026				2027				2028				2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
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
Forecast June 2025, SNB policy rate 0.0%		0.0	0.1	0.3	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.7				0.2	0.5	0.7

Source(s): SNB