MNI SNB Review: September 2025

25 September 2025 – By Moritz Arold

Executive Summary:

- SNB held its policy rate at 0.0%, meeting market and analyst consensus
- The conditional inflation forecast and press statement remained materially unchanged. However, it remains unclear if Schlegel's non-mention of side effects of potential negative rates in his opening remarks was an interesting development and could conceivably be argued to be a an implicit dovish or hawkish policy signal. We watch for any commentary on this in the new meeting summaries
- In the press Q&A, Schlegel refrained from giving forward guidance, drawing attention to the bank's meeting-by-meeting approach, but did continue to mention the high bar for a further cut
- Market pricing marginally moved in a hawkish direction over the decision announcement and press Q&A, with now a mere 6bps of easing being priced through June 2026

Link to press release here
Governing board opening remarks incl. monetary policy outlook here
Broadcast of the news conference here

MNI Point of View – All Neutral

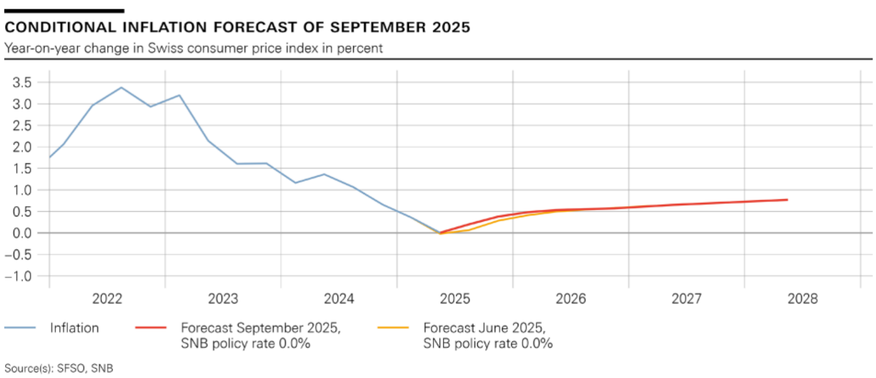
The Swiss National Bank left its key policy rate **unchanged at 0%** on Thursday in a decision that brought no material surprises to markets.

Economic forecasts were left materially unchanged, with some slight downside for 2026 GDP (1.0% from 1.0% to 1.5% previously) following high US import tariffs on Swiss goods. The end-of-horizon 2027 inflation forecast remained unchanged at 0.7%, leaving some room for a decline to become a threat to the SNB's definition of price stability.

The **press statement** leaves the key phrase ("continue to monitor the situation and adjust its monetary policy if necessary, in order to ensure price stability") neutral. We saw this as the base case but flagged the chance that the statement also pushes against negative.

FX communications were unchanged in the press statement as expected ("The SNB remains willing to be active in the foreign exchange market as necessary").

In the Governing Board **opening remarks**, President Schlegel did not repeat the "undesirable side-effects" and "challenges" of negative interest rates in his monetary policy outlook from last time, remaining more neutral on the monetary policy outlook. Two interpretations of this seem possible: Either, the Governing Board thinks the probability of negative rates has risen marginally vs June (or their assessment of the risks associated with them may be lower than previously seen), and even if they didn't comment on it in the Q&A, that led them to cut out the comments out of the opening remarks. However, the other option is that the Governing Board thinks that negative rates have moved out of focus or are improbable enough that comments in the opening remarks on them are not warranted any more. As the Governing Board was not asked on this in the Q&A, we watch for any details here in the new meeting minutes and whether there is any intended signalling in this change.



In the subsequent press **Q&A**, Schlegel refrained from giving forward guidance, drawing attention to the bank's meeting-by-meeting approach. As expected, he continued to mention that the bar to a further cut remains higher than where it stands for a move within positive rates territory because of the undesirable side effects such policy would have. For detailed considerations on how close the governing board was to a cut, he directed participants towards the new meeting summaries, with the first release scheduled for two weeks from today, October 23. See our rough meeting transcript below.

Schlegel gave some further guidance on these **meeting summaries** following their announcement around two weeks ago. He mentioned that "the Governing Board is a collegial body that communicates its decisions externally with one voice. The summaries will set out various considerations and arguments from the discussion, but without attributing them to individual members of the Governing Board. At our monetary policy assessments, we conduct our discussions openly – and, above all, with an open mind as to the outcome. A culture of frank discussions is central to our decision-making, and our summaries will safeguard this openness."

Rough Transcript Of Post-Announcement Q&A (Times Approximate BST)

09:10:26

SNB Q&A starting.

09:12:51

Q: After several meetings of cuts, you are now on hold. Are we now at the end of the cutting cycle? What would make you cut again?

A: Inflation rose since the last meeting. The inflation forecast rises over our forecast horizon. We will come together again next time and take a decision then. The bar for a cut into a negative rates remains higher. However, we are ready to use all tools we have to ensure price stability.

09:15:32

Q: After several meetings of cuts, you are now on hold. Are we now at the end of the cutting cycle? What would make you cut again?

A: Inflation rose since the last meeting. The inflation forecast rises over our forecast horizon. We will come together again next time and take a decision then. The bar for a cut into a negative rates remains higher. However, we are ready to use all tools we have to ensure price stability.

09:16:37

Q: You have been quite vocal on tariffs in your opening remarks. How much do you think they will play a role?

A: It is clear the tariffs will tend to dampen economic activity, but think the impact will overall be limited.

09:20:05

Q: On the impacts of US tariffs on the Swiss economy. The 39% are clearly high - I was thus a little surprised you didn't cut further into negative territory... Does that mean the situation in Switzerland is not as bad as a many people are saying re tariffs?

A: Around 4% of Swiss firms will be hit by the US tariffs directly. We are acknowledging that this represents a large challenge for these firms. However, we think the net effects on aggregate GDP will be limited.

09:21:18

Q: How close were you to cutting into negative?

A: Will repeat that the bar for a further cut is higher. For further details, refer to the meeting minutes which will be released in 4 weeks.

09:22:37

Q: Would you have cut further if the hurdle into negative rates would not be higher than for a usual cut?

A: This is purely hypothetical - I can't comment on that.

09:28:29

Q: If I look at the conditional inflation forecast, my reading is that if there is no material downside vs the outlook, you might get through with 0% rates but you will also not hike any time soon. Is that right? And would you rather switch to FX interventions again before cutting?

A: Can't answer that question directly. We are using all measures we have as appropriate, and decide in each case what is the right measure. So it depends.

09:31:55

Q: Further on the bar to a cut into negative rates... Why do you see a higher hurdle there? Is it mainly because of the potential side effects or because you think monetary policy is less effective in negative territory?

A: Monetary policy in negative territory functions slightly different than in positive territory. Banks do change their interest policies slightly, the main change we've seen happens on the mortgage side. They did not relay negative interest rates broadly to current account users we found. In FX markets, negative rates were well established during the last time we've had them, but challenges remain when using them.

09:35:03

Q: Last time we've had such low rates, we were in a crisis scenario - this leaves you quite little room to cut further in case the outlook deteriorates...

A: Under economists, the view prevails that r* decreased over the last decades. This means the interest we would set in equilibrium has decreased over that time. What the future will bring we don't know and we can't comment on - we are of course prepared to continue to use all measures we have in case necessary.

09:38:31

Q: Last time you've introduced a CHF minimum exchange rate, the franc had appreciated against the Euro which led you to conclude that price stability in Switzerland is threatened, making necessary the cap. This time the franc appreciates against the dollar, any comments?

A: Yes, exactly, we are in a different situation now than we have been back then, and we are not discussing a CHF minimum exchange rate currently.

09:43:13

Q: How heavily does the current CHF appreciation hit the Swiss export industry?

A: EURCHF has not moved heavily over this year. Against the dollar, the appreciation was more substantial, at around 12%. We do look at this on a real, weighted basis, however. We are not making monetary policy for singular sectors, but for Switzerland in total.

Q: You have mentioned you are willing to remain active in FX as necessary. Now against the US claims re currency manipulation, have there been any discussions with the federal government on this? How is the exchange going currently?

A: We have been in contact with the American officials for years. Traditionally, we have very good relations with the US, both with the Fed and with the government. On concrete negotiations I can't comment here. We are never intervening to push for BoP moves, or to bring unfair advantages for Swiss exporters.

09:46:52

Q: The KOF institute thinks you will keep 0% interest rates until mid-27. Previously, you have commented on interest rate expectations when you thought they may be a little inappropriate, last time you've pushed back against negative rates a little for example. Do you have any urge to give some comments at this stage?

A: We do not make forward guidance. Other institutes have a different value add than us, we continue to make monetary policy for us to fulfil our mandate.

09:48:00

Q&A ends.

Sellside Analyst Summaries (A-Z, partially sourced via Bloomberg)

BNP Paribas (via DJ):

- The decision "bolsters our conviction that the central bank will keep rates on hold at the current level through the remainder of this year and the next”

CIBC:

- “While EUR/CHF remains below the 200-day moving average (currently 0.93912), the cross has yet to trade through 0.93 or test early August lows. Hence, despite the SNB’s reluctance to act, we expect interest in buying EUR/CHF dips to persist.”

Goldman Sachs:

- “We continue to see the SNB on hold from here and don't expect significant FX interventions, in line with our estimate that there were no significant interventions in May to July. We expect additional insights on today's decision from the newly communicated short (4-5 pages) meeting minutes to be published on October 23.”

ING:

- “In our view, there’s a risk that inflation could be undershooting the SNB’s forecasts in the coming months. In August, both imported and domestic goods prices fell by 0.1% month-on-month, and service prices also declined. With global energy prices still low and Swiss growth slowing, annual inflation could edge closer to 0% or even turn negative again.”
- “At this stage, it’s clear the SNB would prefer to avoid returning to negative rates, and we do not expect further rate cuts. However, the door to future easing remains ajar. A sharper-than-expected deterioration in the economic outlook could quickly bring rate cuts back into the conversation.”
- “Conspicuous by its absence in today’s update is any greater concern over Swiss franc strength. There’s no description of the franc being "highly valued" or the SNB being prepared to intervene more strongly in FX markets. That may well be down to the realpolitik of a more interventionist US administration wary of trading partners limiting currency strength for trade gain.”
- “EUR/CHF is largely unchanged on today’s update, and our view is that it will continue to trade around these 0.92/93 levels until a more bullish eurozone/ECB story emerges in 2026. If anything, the SNB’s lack of concern over the strong franc – even as the inflation-adjusted franc trades up at the highs – is a mildly bearish development for EUR/CHF today.”

HSBC:

- “More clarity on the decision will be provided when the Governing Board presents its summary of discussion notes in four weeks’ time. Until then, the CHF is likely to remain rangebound whilst negotiations with the US on tariffs continue in the background, with no imminent sign of a deal.”

Nomura:

- ” With inflation likely to accelerate over the coming quarters and the SNB seeing the effects of tariffs on GDP growth as limited, we believe another rate cut is unlikely. Therefore, we believe the SNB will leave its policy rate unchanged at 0.00% for the foreseeable future. However, the impact of US tariffs remains a downside risk.”
- “We believe the central bank may be cautious on FX intervention, as Swiss officials are in the process of negotiating with their US counterparts over high tariffs.”

Syz Bank:

- “The Swiss National Bank is pursuing a steady monetary policy and left its key rate at 0% on Thursday. This is reasonable given the current economic and political situation”