MNI SNB Review: December 2025

11 December 2025 – By Moritz Arold

Executive Summary:

- **SNB held its policy rate at 0.0%, meeting market and analyst consensus**
- **The conditional inflation forecast was broadly unchanged at the key end-of-horizon**
- **Over the short term, the inflation forecast was downwardly revised, reducing room for an undershoot which in isolation may have pointed towards further easing. The message here could be that despite low readings incoming, the SNB's conviction for a medium-term CPI uptick remains firm**
- **In the press Q&A, Schlegel refrained from giving forward guidance, drawing attention to the bank's meeting-by-meeting approach, but gave the impression a cut into negative territory remains quite far away**
- **Market pricing was little changed over the decision announcement and press Q&A. Some chance of a hike by September 2026 continues to be implied, which was initially prompted by the global core FI repricing seen this week**

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

MNI Point of View – Remaining Neutral

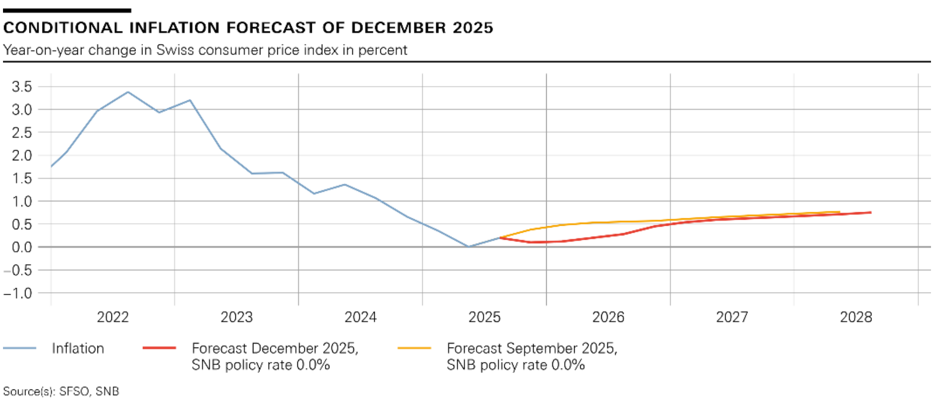
The Swiss National Bank left its key policy rate **unchanged at 0%** on Thursday in a decision that brought no material surprises to markets.

Economic forecasts saw some contained revisions, with some slight upside for 2026 GDP ("around" 1.0% from "just below" 1.0% previously) following lower US import tariffs on Swiss goods. The conditional inflation forecast meanwhile perhaps was the most interesting in the decision: The 2027 inflation projection has indeed moved marginally lower, from 0.7% to 0.6%, while the SNB says inflation pressure has remained "virtually unchanged". However, looking at the quarterly figures reveals that the (new) Q2'28 figure stands at 0.8% - that is unchanged from the 0.8% where the quarterly forecast ended in the last meeting (Q1'28).

The short-term downwardly revision (Q1 2026 for example now stands at just 0.1% Y/Y, down from 0.5%, while Q3'26 is 0.3%, from 0.6% seen in September) meanwhile indicates that despite low readings incoming, the SNB's conviction for a medium-term CPI uptick remains firm – also suggesting the SNB remains quite far away from a cut into negative territory.

The press statement, **rates guidance** was kept neutral: "Inflation in recent months has been slightly lower than expected. In the medium term, however, inflationary pressure is virtually unchanged compared to the last monetary policy assessment. The monetary policy helps to keep inflation within the range consistent with price stability and supports economic development. The SNB will continue to monitor the situation and adjust its monetary policy if necessary, in order to ensure price stability."

FX communications were also 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 remained roughly in line with tone of the press statement in his current monetary policy outlook:

- "Our monetary policy continues to have an expansionary effect. The low level of interest rates in Switzerland is having an effect via the exchange rate. Furthermore, the expansionary effect of our monetary policy is evident in credit growth. Our monetary policy is helping to ensure that inflation is likely to rise slowly in the coming quarters."

In the subsequent press **Q&A**, Schlegel provided markets with little signal for monetary policy ahead over what was mentioned in his opening remarks and press statement. Rough transcript below. The meeting minutes on the decision will be published on Thursday, January 8.

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

09:08:16 Q&A starting.

09:13:09 Q: With low economic growth, you've lowered your forecasts now, and also against the backdrop of the strong CHF - why didn't you cut now?
A: We call it low growth and low inflation. Decided for unchanged as a function of our analysis. Concluded that our monetary policy is appropriate as it is currently.
Q: You've reduced your inflation forecast for next year, and also for parts of 2027, what does that mean? Possible future action needed?
A: Regarding future action, we meet every quarter and come to a decision then. Can't give you hints here. What's important on the inflation forecast is the medium term, and that is unchanged here. Yes, in the short term some downside, but medium term more important.

09:13:13 Q: Where should inflation suddenly come from at the end of 2026 when the labour market and growth are soft?
A: We have expansionary monetary policy now, which supports growth and inflation in the medium term. The labour market will support inflation to pick up over the medium term.

09:16:07 Q: With today's inflation projection, did the likelihood for negative interest rates become higher?
A: I cannot make a statement about probabilities here. We meet once per quarter, and decide then.

09:21:49 Q: On June 2025. You have cut to 0% back then. If you could think back to that time, there have been quite some voices back then that the decision may have been hasty - there is the counterargument that you shouldn't "shoot all ammunition" too early. How do you view the decision now in hindsight?
A: It is very difficult (not appropriate) to look back to monetary policy decisions from the past. Yes, we have lowered interest rates quickly in the past, meaning rates now act expansively. We view that positively now looking at inflation - if you hold off too long with monetary policy decisions, the situation gets usually more tricky...

09:23:32 Schlegel repeating from his opening remarks that the global economy has developed better than expected in Q3; while uncertainty remains high, economic conditions proved resilient. Yesterday's Fed cut acts supportive on the margin, and we also expect fiscal to be supportive over the medium term.

09:25:55 Q: There has been a joint declaration between the SNB and the US treasury earlier this year. What happened there exactly, and who approached whom on that?
A: Yes, as you've mentioned, this was no agreement but a joint declaration. We are happy that that came together, as the statement highlighted that the SNB practice to be active in FX markets is not to manipulate the Swiss current account - but much rather to keep monetary policy conditions appropriate.

09:28:45 Q: How important are interest rate differentials for SNB monetary policy?
A: On FX, a wide set of factors have an effect - and interest rate differentials are one big one there. On negative interest rates, we've had that from 2015-22, to decrease the attractiveness of CHF investments against global peers.
• Points out that the relative level is perpaps more important than the absolute one for SNB monpol.

09:35:38 Q: Why didn't you diversify more into gold with your FX reserves? And on your equity investments, there have been reports that you've been scaling back recently, how come?
A: We are invested in gold, over 10% of our balance sheet. We look at our complete investment strategy repeatedly and are quite happy with how it is going recently. On stocks, we have set conditions of what we don't invest in, and take action accordingly. We do not comment on individual investments, however.

09:36:02 Schlegel thanks everyone and concludes the Q&A.

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

Bak Economics

- We assume that the SNB will not take any further interest rate measures after the reduction to 0% that has already taken place, which seems to be confirmed by statements made by the central bank in its monetary policy assessment today. A negative key interest rate would probably only become a reality if inflation were to surprise sharply downward again, the Swiss franc were to appreciate significantly against the euro, or the European Central Bank (ECB) were to cut interest rates significantly.

Bantleon

- Overall, the SNB's statements have been rather hawkish. Key interest rate cuts are apparently not on the agenda for the time being. The hurdles for further monetary easing therefore remain high....Our macroeconomic assessment largely corresponds to that of the SNB. Growth in the Swiss economy should pick up again over the coming months, which is already reflected in the economic barometers (KOF and Purchasing Managers' Index). Last but not least, the tailwind from the eurozone economy is likely to increase. This will also ease domestic disinflationary pressure.

BNY

- The decision comes as no surprise; the SNB is pretty much on autopilot. With inflation in this range until 2028, there is no need for action, but it must keep an eye on unemployment. If the SNB is nervous that an unchanged monetary policy could lead to a stronger franc, the clear signals from ECB policymakers last week have probably provided the much-needed respite. After President Lagarde emphasized that growth forecasts for the eurozone are likely to be revised upward next week, there is no longer any danger of the ECB cutting interest rates until 2026.

EFG

- Keeping key interest rates at 0% is the natural consequence of a very slight revision to the conditional inflation forecast, which remained at 0.8% at the end of the third quarter of 2028 […] The improved growth outlook supports the decision to leave interest rates unchanged […] The decision signals that the SNB's key interest rate is likely to remain at its current level for several more quarters, possibly into 2027.

Indosuez

- Although inflation has recently been below expectations (0.0% in November), the SNB appears to consider these figures temporary and acceptable, as it continues to assess medium-term inflationary pressure as largely stable. As a result, it lowered its short-term conditional inflation forecasts, particularly for the first half of 2026. It is also noteworthy that the SNB considers the economic outlook to have improved, partly due to the reduction in tariffs on the US (to 15%) and stronger-than-expected global economic growth. These factors are likely to further reduce the likelihood of a return to negative interest rates.

ING

- We believe the SNB will keep rates at 0% in the coming months. Even though this is not our base case, the probability that it will be forced to cut rates again is probably higher than markets currently expect. Interestingly, the SNB continues to indicate it is “ready to be active in the foreign exchange market if needed,” but seems very reluctant to use this tool at present. At the press conference, SNB officials stressed that the interest rate is their primary monetary policy tool. Their view on this has evolved significantly in recent years, as FX interventions were widely used during the negative rate period before the Covid pandemic.

LBBW

- A further interest rate cut is unlikely to be on the agenda for the time being, especially as the threshold for reintroducing negative interest rates is likely to be high. If necessary, the monetary authorities also have the option of intervening in the foreign exchange market as a control instrument. However, the SNB is likely to proceed cautiously in this regard so as not to arouse suspicion of foreign exchange market manipulation on the part of the US.

Lombard Odier

- The SNB is sticking to its guns and still thinks its monetary policy is appropriately expansionary. So, it's keeping its key interest rate the same in December. Inflation was a bit lower than the SNB expected in November, dropping 0.2% month-on-month, which means annual inflation is at 0%. The SNB has therefore also revised its inflation forecast slightly downwards. However, combined with a low GDP growth rate of 0.5%, this is not enough to push interest rates into negative territory. In contrast, the Swiss franc has depreciated over the past few weeks, which in turn weakens deflationary pressure on imports going forward. The SNB is also helped by the fact that Europe has a high interest rate differential with Switzerland. We still do not expect interest rates to move into negative territory.

LUKB

- A key interest rate of zero percent seems wrong: while the US Federal Reserve (Fed) lowered its key interest rate yesterday despite rising inflation, the SNB is keeping its key interest rate stable despite falling inflation. However, Swiss monetary policymakers have already emphasized in the past that the hurdle to pushing the key interest rate into negative territory is high. The SNB forecasts that the inflation rate will remain close to zero percent in the coming quarters. However, it expects the inflation rate to rise toward 0.8 percent by 2028. At the same time, SNB President Martin Schlegel and his colleagues are confident about the economic future... We therefore assume that the SNB will leave the key interest rate at zero percent in 2026. We do not consider an initial interest rate hike likely until 2027.

Migrosbank

- Comparing the SNB's situation with that of the Fed, it may seem surprising that the US central bankers are lowering their key interest rate while their Swiss counterparts are keeping their feet firmly planted. It's like the world has been turned upside down. And yet the SNB's restraint is the right approach... Despite the challenging situation for the Swiss economy, interest rates are unlikely to be cut into negative territory in the future. The effect of such a move would be primarily undesirable.

Nomura

- We believe the SNB will leave its policy rate unchanged at 0.00% for the foreseeable future. We forecast inflation to accelerate at a marginally faster rate than the SNB thinks, expecting it to average 0.3% y-o-y across H1 2026, supporting the view that another rate cut will not be necessary.

Postfinance

- The pressure on the SNB to act is currently too low for a return to negative interest rates. Inflation is within the SNB's target range, the Swiss franc is fairly valued, and monetary policy is already expansionary.... Pressure on the SNB is likely to increase in the medium term. Economic development remains fragile, and inflation threatens to weaken further.

Raiffeisen

- Although an additional interest rate cut cannot be ruled out, the economic environment would have to deteriorate significantly for this to happen. Another franc shock could increase the need for action by the National Bank. If targeted foreign exchange market interventions are not sufficient to curb exchange rate developments in the long term, the key interest rate remains the only remedy.

Safra Sarasin

- Most importantly, the SNB left the endpoint of its inflation profile at 0.8% which indicates that it regards the current policy level as sufficiently low to stimulate the economy and to deliver on its inflation mandate. The lower growth forecasts for 2025 and 2026 had to incorporate the -0,5% qoq that was published for Q3 25, so don't come as a surprise. The SNB lowered its inflation forecast for 2026 to just 0,3% and thereby signals that it is prepared for a prolonged period of low inflation in the coming quarters. Leaving policy rates at 0% now also implies that these low inflation rates will not be sufficient to trigger another rate cut. We don't expect policy rate changes in 2026 and forecast the first rate hike in H2 2027.

SYZ

- As expected, the SNB is leaving its key interest rate at 0.0% and justifying its decision by saying that the disappointingly low inflation in November and the recent contraction of the Swiss economy in the third quarter are temporary in nature – an assessment we share. In this context, the SNB also points out that the global economic outlook has brightened, which should help the Swiss economy over the next few quarters […] The fact that the National Bank is nevertheless leaving interest rates at 0% is further evidence that the hurdle for a move below zero remains high. We therefore continue to see no change in the SNB's key interest rate for the whole of 2026 and do not expect the possibility of an initial upward interest rate move away from zero until early 2027.

ZKB

- The undesirable side effects of negative interest rates are certainly a relevant factor in maintaining the current interest rate policy. But even if the key interest rate were still positive, the economic outlook would not justify further monetary easing. Nor is a more expansionary monetary policy currently necessary to ensure price stability. Although inflation has recently been slightly lower than expected by the SNB and market participants, it will remain within the SNB's target range of 0% to 2% in the medium term. On the other hand, we also consider an interest rate hike in 2026 to be unlikely. Although inflation is likely to rise slightly next year, it will remain at a low level. Taken together, there are therefore good reasons to expect interest rate policy to remain unchanged in the coming quarters.

VP Bank

- The SNB is doing the only right thing by leaving its key interest rates at 0%. Although the inflation rate fell back to 0% in November, the SNB's conditional inflation forecast shows that inflation is trending upward, at least moderately, and not downward. In our view, the SNB will leave its key interest rate at 0% for an extended period of time. Only if the SNB had its back against the wall, for example because of the prospect of sustained negative inflation rates, would a reduction of the key interest rate into negative territory be considered. If this does not happen, the next interest rate move will be upward and not downward.
