

Communications

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Zurich/Berne, 23 October 2025

Monetary policy assessment of September 2025: Summary of discussion

At the monetary policy assessment of 23 and 24 September 2025, the Governing Board of the Swiss National Bank decided to leave the SNB policy rate unchanged at 0%. The SNB communicated its monetary policy decision to the public on 25 September 2025.

The decision was preceded by an analysis and discussion of the monetary policy conditions and the economic conditions. Areas covered included the situation on the financial markets, monetary indicators, international conditions, the economic situation and the economic outlook for Switzerland.

The decision was taken by Martin Schlegel (Chairman of the Governing Board), Antoine Martin (Vice Chairman of the Governing Board) and Petra Tschudin (Member of the Governing Board).

In addition to the Members of the Governing Board, the following also took part on the first day of the assessment: Alternate Members of the Governing Board Attilio Zanetti, Rosmarie Schlup, Sébastien Kraenzlin and Thomas Moser; representatives of the divisions Economic Affairs, Money Market and Foreign Exchange, Financial Stability, International Monetary Cooperation and the Secretariat General, as well as of the Communications unit.

On the second day, the Members of the Governing Board and the Alternate Members of the Governing Board held the final consultation with a select group of experts before the monetary policy decision was taken. In attendance were the heads of the divisions Economic Affairs, Money Market and Foreign Exchange, Financial Stability, International Monetary Cooperation and the Secretariat General, as well as senior staff from the Monetary Policy Analysis, Forecast and Analysis Switzerland, Regional Economic Relations, Forecast and Analysis International, Economic Data Science, and Communications units.

Summary

Financial markets

The assessment started with a report from the Money Market and Foreign Exchange division on developments in financial markets.

Overall, the financial market situation was characterised by low volatility in the third quarter of 2025. Signs of a cooling in the US labour market increased market expectations of a further easing of monetary policy in the US. Subsequently, yields on US Treasuries declined and US equity markets benefited. The announcement and introduction of surprisingly high US tariffs on Swiss goods exports had hardly any effect on the Swiss equity market. Following a phase of strong depreciation in the initial months of the year, the US dollar stabilised on a trade-weighted basis. The markets expected the SNB to leave its policy rate unchanged at the monetary policy assessment in September.

The Governing Board and the Alternate Members of the Governing Board discussed diverging interest rate developments in the US and the euro area with the experts. While financial markets were assuming that the European Central Bank had completed its monetary policy easing cycle, they were expecting the Federal Reserve to cut the federal funds rate further. Geopolitical risks and their potential impact on monetary conditions in Switzerland were also discussed in detail. Geopolitical shocks could lead to money flowing into currency areas regarded as safe havens by investors. This could result in an appreciation of the Swiss franc. This risk is currently being countered somewhat by the relatively high interest rate differential with other countries. The discussion with the specialists also addressed whether the current favourable risk sentiment in financial markets is sustainable given the trade policy risks and geopolitical risks.

Monetary indicators

The Economic Affairs division presented analyses of the monetary indicators.

Yields on Confederation bonds declined marginally compared with the June monetary policy assessment. The Swiss franc appreciated against the US dollar, but remained relatively stable against the euro. Prices on the Swiss stock market saw only little change. Residential real estate prices grew somewhat faster than in the previous quarter. Growth in the broad monetary aggregates and in mortgage lending continued to rise.

The discussion that followed led to the assessment that, taking all available indicators into account, monetary policy is currently continuing to have a stimulative effect.

The Governing Board and the Alternate Members of the Governing Board also discussed possible interplay between monetary policy and financial stability.

International conditions

The Economic Affairs division presented the analysis of global economic developments.

Summary

Global economic growth slowed somewhat in the first half of 2025. In the US, in particular, developments were less dynamic than in 2024. In the euro area, economic momentum remained subdued. China, by contrast, recorded solid growth. Inflation had risen in the US in recent months, but monetary policy there was eased somewhat nonetheless due to increasing downside risks to employment. In the euro area, inflation was close to target and key interest rates were left unchanged.

The Economic Affairs division also presented the baseline scenario for the global economy, which forms the basis for the forecasts for Switzerland. In this scenario, growth in the global economy is likely to be subdued in the coming quarters. US tariffs are likely to curb global trade and reduce the purchasing power of US households. Furthermore, uncertainty remains high, and this is likely to weigh on companies' investment activity. Inflation in the US will probably remain elevated for some time. In the euro area, on the other hand, inflation is expected to stay close to target. Global uncertainty remains high. For example, trade barriers could rise further, leading to a more pronounced slowdown in the global economy. At the same time, however, the global economy could prove to be more resilient than expected.

Together with the specialists, the Members of the Governing Board and the Alternate Members of the Governing Board discussed various global risk factors that could materialise for the global economy in an adverse scenario. Topics discussed included trade policy risks, rising sovereign debt in many regions of the world and geopolitical risks.

The effect of tariffs on the US economy was also discussed. Certain bilateral trade flows to the US, for example from China, are impacted by tariffs. Overall, however, import volumes into the US (excluding gold) have changed only little, mainly as a result of the strong rise in imports of technology goods – especially semiconductors – from Asia (excluding China). However, US companies have become more cautious with regard to investment due to the elevated uncertainty. US manufacturing, in particular, has subdued expectations regarding the future development of turnover.

Economic situation in Switzerland

The Economic Affairs division first reported on the quarterly company talks conducted by the SNB's delegates for regional economic relations between July and September.

These showed that companies were expecting solid growth in the third quarter. The services sector and construction were the main drivers. Companies in manufacturing also saw signs of an upturn. However, these positive tendencies were being overshadowed by the newly announced US tariffs. Correspondingly, the business outlook deteriorated. Companies, above all in manufacturing, anticipated only modest increases in turnover. In addition, companies reported considerable uncertainty surrounding US trade policy.

The Governing Board and the Alternate Members of the Governing Board asked the experts for details on the companies' feedback regarding how they had been affected by US tariffs and the conclusions the companies have drawn from this. Around one-fifth of the companies

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interviewed said they were directly or indirectly affected by the US tariffs. These companies are primarily in the manufacturing sector, particularly the mechanical engineering, electrical and metal (MEM) industries and watchmaking. Companies that are especially affected intend to negotiate with their US customers on a possible sharing of the tariff burden. Certain companies with manufacturing facilities in the US are considering expanding production there in the future in order to serve the American market. However, a large proportion of companies are waiting for the time being in the hope that there will still be an agreement with the US and thus lower tariff rates. Overall, the company talks were marked by a high level of uncertainty.

The Economic Affairs division then gave an overview of the latest developments in consumer prices in Switzerland. As expected, inflation in Switzerland had risen in recent months and was back in positive territory from June onwards. This increase was mainly attributable to higher inflation in tourism and on imported goods. The various core inflation metrics point to underlying inflation being virtually unchanged.

Subsequently, the Members and Alternate Members of the Governing Board discussed the elevated uncertainty surrounding the future course of inflation. In addition to the exchange rate, developments in rents and prices for tourism and healthcare were also cited as sources of uncertainty in the shorter term.

Economic outlook for Switzerland

The Economic Affairs division presented its assessment of recent economic developments and the baseline scenario for the Swiss economy.

Economic growth in Switzerland was weak in the second quarter. The strong fluctuations in the first half of the year were above all attributable to the pharmaceuticals industry, where the second quarter saw a countermovement to the strong increase in the first quarter.

Unemployment had risen further in recent months.

The economic outlook deteriorated with the significant increase in US tariffs in August. GDP growth of between 1% and 1.5% is still expected for 2025 as a whole. Next year, however, GDP is likely to grow by only just under 1% as a result of the higher US tariffs and uncertainty. In this environment, unemployment is likely to continue rising. Having increased again somewhat in recent months, inflation is likely to remain within the range consistent with price stability in the next three years. Uncertainty about the future development of inflation remains elevated. The economic outlook for Switzerland also remains uncertain. The main risks are still the development of US tariffs and global demand.

The Governing Board and the Alternate Members of the Governing Board discussed the inflation outlook for Switzerland in detail with the experts. All available information points to inflation remaining within the range consistent with price stability. At present, inflation in Switzerland is not expected to become persistently negative. However, the economic outlook for Switzerland is subject to high risks, above all due to US trade policy. In particular, US tariffs on pharmaceutical products would curb Swiss GDP in the short and medium term and

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weigh on the growth outlook. The extent of these effects is uncertain, however, and dependent on various factors. For the inflation forecast, large exchange rate movements are above all cited as a risk factor.

Monetary policy decision

At the beginning of the second day of the monetary policy assessment, the Governing Board recapitulated the previous day's presentations regarding the background situation, the economic situation and the scenarios for the global and Swiss economies, as well as the inflation forecast. Thereafter, the Money Market and Foreign Exchange division again summarised the situation in the financial markets, particularly as regards the implementation of monetary policy in the money and foreign exchange markets. The Governing Board concluded that the current implementation of monetary policy was appropriate under various scenarios and should therefore be maintained.

The Economic Affairs division then summarised the background situation for the monetary policy decision: The conditional inflation forecast is within the range of price stability over the entire forecast period, rising slightly through to the forecast horizon. Inflation surprised somewhat to the upside in the third quarter, and is likely to be slightly above the forecast of June 2025 in the coming quarters. In the medium term, the conditional inflation forecast is unchanged compared with June 2025. Medium and long-term inflation expectations are still well anchored within the range consistent with price stability. The GDP forecast for 2026 has been lowered somewhat. The increase in US tariffs is directly impacting only part of the economy. At present, there are hardly any signs of the negative effects of the tariffs spreading from the export-oriented industries affected to other parts of the economy. Despite the tariffs, the overall economic situation is not currently giving cause for concern. Most economic indicators continue to point to moderate growth. However, uncertainty remains high.

From the facts presented, the Governing Board concluded that monetary policy is currently having an expansionary effect. Moreover, the full impact of the monetary policy easing in past quarters will only take effect with a lag. In light of the weak inflationary pressure and the slight deterioration in the economic outlook, the SNB's expansionary monetary policy is contributing to a rise in inflation as per the conditional inflation forecast in the coming quarters, and is supporting economic growth.

Against this backdrop, the Governing Board concluded that a further easing of monetary policy was not appropriate. The inflation forecast and the economic outlook support the case for not changing monetary policy. The Governing Board therefore decided to leave the SNB policy rate unchanged at 0%. Banks' sight deposits held at the SNB are to be remunerated at the SNB policy rate up to a certain threshold, with the discount for sight deposits above this threshold remaining at 0.25 percentage points. The Governing Board also confirmed that it remains willing to be active in the foreign exchange market as necessary. The Governing Board will continue to monitor the situation closely and adjust monetary policy if necessary,

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to ensure that inflation remains within the range consistent with price stability over the medium term.