

### Communications

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## Monetary policy assessment of March 2026: Summary of discussion

At the monetary policy assessment of 17 and 18 March 2026, 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 19 March 2026.

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 International, Regional Economic Relations, Economic Data Science, Forecast and Analysis Switzerland, and Communications units.

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### Financial markets

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

Since the last monetary policy assessment in December 2025, the financial market situation has been characterised by elevated volatility. This was triggered by geopolitical tensions and renewed concerns about the earnings potential of US technology stocks. This environment was beneficial for defensive equities, which particularly supported European stock markets. With the escalation in the Middle East, energy prices surged, which led to a global rise in inflation expectations. The markets did not expect an adjustment to the SNB policy rate at the monetary policy assessment in March.

The Governing Board and the Alternate Members of the Governing Board discussed the various factors responsible for the movements in the Swiss franc exchange rate since the last monetary policy assessment. One factor is the Swiss franc's role as a safe haven, which led to appreciation pressure as a result of geopolitical tensions and the escalation in the Middle East. The discussion with the experts also addressed the latest developments in energy prices, in particular market expectations for the current year. Uncertainty about the future course of oil prices remains high. Further developments on the energy markets will depend, among other things, on the duration of the war, the accessibility of the Strait of Hormuz, and damage to the energy infrastructure in the Middle East. The discussion also explored why global capital market interest rates have risen for all maturities since the last monetary policy assessment. A major driver here was inflation expectations, which increased as a result of the escalation in the Middle East and higher energy prices.

### Monetary indicators

The Economic Affairs division presented analyses of the monetary indicators.

Compared with the monetary policy assessment in December, there was a slight shift upwards in the yield curve for Confederation bonds. The Swiss franc appreciated significantly against the euro and the US dollar. The Swiss stock market recorded modest price gains. Residential real estate prices continued their upward trend, while growth in mortgage lending stabilised at a robust level. Growth in the broad monetary aggregates also remained stable.

The Governing Board and the Alternate Members of the Governing Board discussed the current monetary conditions resulting from the interest rate level and the exchange rate. With the appreciation of the Swiss franc since the monetary policy assessment in December, monetary conditions are tighter.

Monetary policy remains expansionary, however. The impact of the easing of monetary policy in recent quarters is reflected, among other things, in robust growth in lending, which is now back at the level recorded before the last tightening cycle. There are no signs of a credit crunch, and monetary policy transmission is working well, as evident in the increase in

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excess liquidity and in lending conditions, for example. Excess liquidity continues to be consistent with price stability in the medium term.

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.

Global economic growth was solid in the fourth quarter of 2025. International trade in goods also grew. While inflation remained elevated in the US, it was close to target in the euro area. Key rates were left unchanged in both currency areas. However, the war in the Middle East latterly led to a significant rise in energy prices. This development also influences the new international baseline scenario of the Economic Affairs division, which forms the basis for the forecasts for Switzerland. Owing to the higher energy prices, inflation is likely to rise in many countries over the coming quarters. Furthermore, global economic growth is likely to temporarily slow somewhat. Uncertainty surrounding the global economic outlook has increased significantly. For example, the war in the Middle East could lead to a further rise in energy prices. If this were to happen, inflation could increase more substantially than assumed in the baseline scenario, and global economic growth could decline more sharply. Supply chain disruptions and the heightened uncertainty could weigh further on growth. In addition to the situation in the Middle East, the trade policy outlook also remains uncertain.

The Members and Alternate Members of the Governing Board discussed in depth with the specialists how the conflict in the Middle East could affect the global economy. Transmission is likely to be primarily through higher energy prices, but increases in the price of fertilisers and thus higher food prices are also possible. All this can lead to a loss of purchasing power, which in turn has a negative impact on consumer spending, and can increase production costs. Countries whose economies are heavily dependent on energy imports are particularly affected.

But even in countries that are net exporters of energy, energy prices are likely to rise for consumers and producers. A scenario in which energy prices increase further and remain elevated for an extended period of time could cause inflation to rise more strongly worldwide and economic activity to be substantially curbed. Discussions addressed the impact such a scenario could have on the monetary policy stance in the major currency areas.

The Governing Board and the Alternate Members of the Governing Board also discussed other factors with the specialists, such as trade policy, fiscal policy as well as the potential impact of artificial intelligence (AI).

## 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 January and March.

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The companies expected solid turnover growth for the first quarter, again driven by the services sector. While signs of a slight upturn were confirmed in manufacturing, utilisation of technical capacity is still considerably lower than usual. Overall, the companies surveyed were optimistic regarding the future development of turnover, including the majority of those surveyed after the start of the escalation in the Middle East. Some directly affected companies significantly lowered their expectations, however. Companies rated the uncertainty as high. This also applies to price expectations. It remains uncertain how strongly costs for companies will rise due, among other things, to the increase in energy prices, and to what extent companies will be able to adjust their sales prices.

Together with the delegates for regional economic relations, the Governing Board and the Alternate Members of the Governing Board discussed the assessment by the companies surveyed. Their outlook for the economy is positive. This also applies to those companies that were surveyed only after the war broke out in the Middle East. Given the increase in energy prices, companies are expecting higher purchase prices. At the same time, they do not yet have a clear view of the further development of sales prices, which usually react with a time lag to an increase in purchase prices. The sharp rise in energy prices is of particular concern to energy-intensive industries, where capacity is underutilised in some cases. Increased transport costs and the stronger Swiss franc are also cited by companies as factors weighing on business. Staffing levels are described as adequate and companies are currently finding it easier to recruit than in previous quarters.

US trade policy remains an issue for the companies surveyed. However, the proportion of those reporting strongly negative effects from US tariffs fell markedly compared to the previous quarter.

The Economic Affairs division then gave an overview of the latest developments in consumer prices in Switzerland. Inflation rose again somewhat in recent months and stood at 0.1% in February. The slight increase was above all attributable to goods prices. Core inflation stood at 0.4% in February, unchanged compared to November and still above CPI inflation.

The Members and Alternate Members of the Governing Board discussed the expected future course of inflation. In the short term, it is likely to increase more strongly than expected in December, owing to the war in the Middle East and the resulting increase in energy prices. In particular, this is likely to lead directly to higher fuel and heating oil prices. Indirectly, the prices of other goods and services could also be affected, such as prices for air travel or food.

## Economic outlook for Switzerland

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

GDP grew again in the fourth quarter of 2025. The main driver was value added in the pharmaceuticals industry, which rose again following its marked decline in the third quarter.

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In the services sector, value added continued to increase. Unemployment remained stable over recent months. At the beginning of the year, the economy developed solidly overall.

With the outbreak of war in the Middle East, the economic outlook for the coming quarters has become more uncertain. Growth could be rather subdued in the short term, before recovering again in the medium term. GDP growth of around 1% is expected for 2026 and around 1.5% for 2027. Inflation is likely to increase in the short term due to higher energy prices, but remain within the range consistent with price stability. In the medium term, it is likely to decline again. Uncertainty remains high. The main risk to the economic and inflation outlook for Switzerland stems from developments in the global economy. In particular, the war in the Middle East could curb economic activity more strongly and increase upward pressure on the Swiss franc.

In the discussion with the experts, the Governing Board and the Alternate Members of the Governing Board considered how the effects of the war in the Middle East were factored into the current forecasts and analyses. The Economic Affairs division drew on a range of timely indicators to portray the current situation. These indicators confirm the assessment of the SNB's delegates for regional economic relations that only a slight downturn in sentiment is evident so far. In addition, the Economic Affairs division used various scenarios to illustrate how energy prices could influence inflation and economic activity in Switzerland.

The Governing Board and the Alternate Members of the Governing Board also addressed the question of why Switzerland is less affected by high energy prices than other countries. The reason for this is that energy is of lower significance for consumption than in other countries, which is also reflected in the lower weighting given to energy prices in the Swiss consumer price index (CPI). Furthermore, Switzerland's manufacturing industry is less dependent on energy prices.

The Governing Board discussed the conditional inflation forecast, which assumes that the SNB policy rate remains unchanged at 0%. The forecast is within the range of price stability over the entire forecast horizon. In the short term, it is higher than the December forecast due to the rise in energy prices. In the medium term, the appreciation of the Swiss franc reduces inflationary pressure, countering possible second-round effects of the rise in energy prices. The inflation forecast over the medium term is therefore very close to that of the previous quarter.

## Monetary policy decision

At the beginning of the second day of the monetary policy assessment, the Governing Board summarised 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 addressed the situation in the financial markets and reported on the implementation of monetary policy in the money and foreign exchange markets.

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The Economic Affairs division then summarised the background situation for the monetary policy decision. Medium-term inflationary pressure is virtually unchanged compared with the last monetary policy assessment. The conditional inflation forecast shows that, assuming an unchanged SNB policy rate, inflation should rise in the coming quarters due to the higher energy prices and that it is within the range consistent with price stability over the entire forecast horizon.

Despite the escalation in the Middle East, the scenario for global economic developments has not changed fundamentally. Accordingly, interest rate expectations in markets in other countries did not adjust downwards, but rather upwards in light of inflation risks.

The economic outlook for Switzerland improved slightly in the first months of the year. While the economic outlook for Switzerland in the coming months is uncertain and growth could be rather subdued in the shorter term, in the medium term the growth outlook is expected to improve. Although the output gap is currently negative due to the decline in GDP in the third quarter, it is expected to close in the coming quarters. Unemployment has stabilised and should decline somewhat in the coming quarters.

In summary, the Governing Board noted that, owing to the appreciation of the Swiss franc, monetary conditions are tighter than at the time of the monetary policy assessment in December. However, in light of the outlooks presented with regard to inflation and the economy, they remain appropriate. It also concluded that monetary policy can currently still be considered expansionary as evident, among other things, in the growth in credit and in the broad monetary aggregates. The Governing Board decided to leave the SNB policy rate unchanged at 0%. In view of the geopolitical situation and the associated flight to safe havens, however, the SNB's willingness to intervene in the foreign exchange market should remain high in order to counter a rapid and excessive appreciation of the Swiss franc, which would jeopardise price stability in Switzerland.