

Communications

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Monetary policy assessment of December 2025: Summary of discussion

At the monetary policy assessment of 9 and 10 December 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 11 December 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.

Financial markets

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

Trade tensions as well as concerns about certain segments of the US credit market and the valuation of US technology stocks resulted in temporarily elevated volatility in financial markets. The scarcity of data during the US government shutdown also contributed to market uncertainty. Against this backdrop, the uptrend in European and US equities lost momentum. The Swiss equity market benefited from its defensive nature and the above-average performance of individual stocks. The US dollar appreciated by around 1% in trade-weighted terms. The markets expected the SNB to leave its policy rate unchanged at the monetary policy assessment in December.

The Governing Board and the Alternate Members of the Governing Board discussed the latest developments at US companies active in the field of artificial intelligence (AI). In particular, the high stock market valuations of these companies were addressed with the experts.

According to some market observers, these companies are a source of great uncertainty given that their high valuations make them potentially susceptible to price corrections. This uncertainty has heightened further, since many of these companies have increasingly been obtaining funding on the bond market.

The discussion with the specialists also addressed the diverging interest rate development in the US and the euro area, which has continued since the last monetary policy assessment in September. While market expectations regarding interest rates have remained relatively stable for the euro area, in the US they have been more volatile.

Monetary indicators

The Economic Affairs division presented analyses of the monetary indicators.

Compared with the monetary policy assessment in September, yields on long-term Confederation bonds hardly changed. The Swiss franc depreciated against the US dollar, but showed barely any change against the euro. The Swiss stock market recorded significant price gains. Residential real estate prices continued their upward trend and growth in mortgage lending rose further. Following a significant increase in the previous quarters, growth in the broad monetary aggregates stabilised.

The Governing Board and the Alternate Members of the Governing Board discussed the current monetary conditions. Taking into account all available indicators, the effect of monetary policy is expansionary. The lowering of the SNB policy rate since 2024 has been transmitted to the general interest rate level. The stimulative effect is evident, among other things, in credit growth and in the broad monetary aggregates. The excess liquidity is positive and consistent with price stability in the medium term. The relatively high interest rate differential with other countries has helped to ensure that exchange rate conditions for Switzerland have remained quite stable since mid-year, despite high uncertainty at times in

financial markets. Since the monetary policy assessment in September, the Swiss franc has depreciated slightly on a real trade-weighted basis.

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 stronger than expected in the third quarter. The impact of US tariffs and trade policy uncertainty was smaller than assumed. The ongoing boom in AI also made a positive contribution to growth. Inflation remained elevated in the US, but monetary policy there was eased further due to concerns about the labour market. In the euro area, inflation was close to target and key interest rates were accordingly left unchanged.

The Economic Affairs division also presented the baseline scenario for the global economy, which forms the basis for the forecasts for Switzerland. According to the baseline scenario, the global economy is likely to grow moderately in the coming quarters. Inflation is likely to remain elevated in the US for some time yet, but stay close to target in the euro area. The global economic outlook is less uncertain than in September. Nevertheless, there are still significant risks. US tariffs and trade policy uncertainty remain a key factor. On the one hand, they could weigh more heavily on global economic momentum than observed thus far, and trade barriers could be raised again. On the other hand, the global economy could also develop better than expected in the coming quarters.

The Governing Board and the Alternate Members of the Governing Board discussed with the specialists the reasons for growth momentum having been stronger than expected. Although the significant rise in US tariffs compared with the previous year curbed US import demand as expected, global trade in goods remained remarkably resilient. An important reason for this was the strong demand for AI-related goods, which boosted exports from emerging Asian economies in particular. However, the exports of advanced economies also fared better than expected. Although trade policy uncertainty remains elevated, investment momentum has also been better than expected. This is especially true in the US, where investment in AI is currently particularly strong.

The Governing Board and the Alternate Members of the Governing Board also discussed with the experts the extent to which monetary policy and fiscal policy are likely to influence further developments in the global economy. Monetary policy and the more expansionary fiscal policy in the US and the euro area, particularly in Germany, are likely to support growth. Additional factors mentioned that could influence the future course of global economic developments were trade policy, high debt levels worldwide, further developments in AI, and geopolitics.

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 in October and November.

The companies expected a slight increase in growth for the fourth quarter. The main drivers were still the services sector and construction. Some upturn was also observed in parts of manufacturing, although profit margins remained under pressure due to ongoing underutilisation. The companies particularly affected by the US tariffs have already implemented a range of measures in response. Overall, the surveyed companies' expectations regarding the development of turnover were cautiously positive, with uncertainty still considered to be elevated.

Together with the delegates for regional economic relations, the Governing Board and the Alternate Members of the Governing Board addressed the companies' view on the current situation. They also discussed how the companies are likely to react to the reduction in US tariffs announced in November, as well as the companies' assessment of current price pressure and how the use of AI is affecting them. For the companies strongly affected by tariffs the reduction is a relief, also because the tariffs are no longer weighing on their competitive position compared to European firms. Price expectations have hardly changed quarter-on-quarter, and the companies expect purchase and sales prices to rise slightly. Inflation expectations also remained stable. Many companies are working intensively on the use of AI. However, this is unlikely to be a major reason for the current underutilisation of staff in manufacturing. In the services sector, staff levels are currently regarded as adequate.

The Economic Affairs division then gave an overview of the latest developments in consumer prices in Switzerland. Contrary to expectations, inflation declined somewhat in recent months and stood at 0.0% in November. This decrease was above all due to lower inflation in the hotel industry and for rents, as well as for certain imported goods, particularly clothing. Core inflation also declined somewhat, pointing to a slowdown in the underlying inflation dynamics.

The Members and Alternate Members of the Governing Board discussed the expected further course of inflation in the short term. Domestic services are likely to continue to support inflation, despite a slight decrease in the contribution from rents. Rent inflation is expected to decline somewhat further in the short term owing to the lower mortgage reference rate. The development of goods prices is likely to continue to weigh on inflation in the coming months, although the significance of energy prices, which have declined in recent months, should decrease. The main factors of uncertainty have remained unchanged since the September assessment, and relate in particular to rent inflation and tourism.

Economic outlook for Switzerland

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

GDP growth was negative in the third quarter. This was mainly due to value added in the pharmaceuticals industry, which continued to decline following the strong growth in the first quarter. Value added rose slightly in the other manufacturing industries and in the services sector. Unemployment has risen further in recent months.

The economic outlook has improved slightly as a result of the reduction in US tariffs and the more favourable economic situation abroad. The SNB expects GDP growth of just under 1.5% for 2025 and around 1% for 2026. Unemployment is likely to rise further marginally. Having declined somewhat in recent months, inflation is likely to increase again over the course of the forecast period, thus remaining within the range consistent with price stability. Uncertainty about the future development of inflation remains elevated. The economic outlook for Switzerland also remains uncertain. The main risk is the development of the global economy.

In the discussion with the experts, the Governing Board and the Alternate Members of the Governing Board addressed the reasons for the volatile development of GDP in 2025. The front-running effects in anticipation of the announced US tariffs and the subsequent compensation effects were the main drivers of the volatility. These were mainly observed in the chemicals/pharmaceuticals industry, but also in other industries. These compensations are now expected to have been completed. Manufacturing can be expected to make a positive contribution to growth towards the end of 2025. The Governing Board and the Alternate Members of the Governing Board also considered the risks to the outlook for Switzerland. In addition to the international environment and US trade policy, strong exchange rate movements also pose a risk.

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.

The Economic Affairs division then summarised the background situation for the monetary policy decision. The significant decline in inflation during the previous year stabilised in spring. Compared to the monetary policy assessment in September, inflationary pressure was practically unchanged. Inflation decreased slightly in the last two months, above all due to the development of prices in the hotel industry, as well as for rents and clothing. The conditional inflation forecast indicates that inflation should rise again in the coming quarters.

In the medium term, the conditional inflation forecast is virtually unchanged compared to September. Inflation is within the range of price stability over the entire forecast horizon.

The economic outlook for Switzerland has improved somewhat with the announced reduction in US tariffs. Many economic indicators point to a slight improvement in growth momentum. Although the output gap for the fourth quarter was somewhat more negative than forecast in September, it is likely to close more quickly than previously expected due to higher growth in the coming quarters. The rise in unemployment has flattened out and a further significant increase is unlikely.

In light of the outlooks presented with regard to inflation and the economy, the Governing Board determined that monetary conditions are currently appropriate. It also concluded that monetary policy is currently having an expansionary effect. The Governing Board found that there was currently no need for monetary policy action. Neither a tightening of monetary policy nor a further easing of monetary policy would be appropriate at this juncture.

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