SNB Rate Decision due on Thursday, 11th December 2025 at 08:30 GMT

- **The SNB is expected to keep its policy rate at 0.00%, with markets assigning a 94% probability to such a decision and banks including BofA and GS also expecting no change.**
- **Recent inflation data have undershot expectations and sit at the lower end of the SNB's 0–2% target range, keeping the door open to a potential move into negative territory – albeit unlikely.**
- **Beyond the policy decision, attention will centre on 1) any adjustment to the FX language, which currently states the SNB "remains willing to intervene in FX if needed", and 2) the 2026 inflation projections.**

Overview: The SNB is widely expected to keep its policy rate at 0.00% at Thursday's meeting, with markets assigning a 94% probability to such a decision. A recent Reuters poll showed 38 of 40 economists expect the SNB to hold, while two forecast a 25bps cut. However, a move into NIRP cannot be ruled out after a cooler-than-expected inflation report. Despite data favouring a cut, policymakers have pushed back on negative rates, with Chairman Schlegel saying the "bar for negative rates is high, but ready to go negative if necessary". Beyond policy, attention will fall on the inflation projections, which offer insight into policymakers' views of the Swiss economy, and traders will monitor any change to the current FX language. Policy decision at 08:30 GMT, with the presser at 09:00 GMT thereafter.

Data: November inflation was cooler than expected, with Y/Y at 0.00% (exp. 0.10%, prev. 0.10%) versus the SNB's Q4 projection of 0.40%. EUR/CHF saw mild pressure at the time, though market pricing was little changed given the high bar for negative rates and earlier comments that inflation will pick up. Tschudin said inflation "will rise slightly in upcoming quarters", a view echoed by UBS economists. In activity data, the Swiss Unemployment Rate (Nov) held at 3.0% (exp. 3.0%), while Swiss GDP fell 0.5% (exp. -0.4%). The recent US-Swiss trade deal is expected to ease growth concerns. Projections: Markets will focus on the updated 2026 inflation projection (currently 0.50%), with analysts warning that a cut towards 0.00% would signal mounting concern about the inflation outlook. BofA expects the SNB's new annual averages to be 0.2% this year, 0.4% in 2026 and 0.7% in 2027. Current projections are 0.2% in 2025, 0.5% in 2026 and 0.7% in 2027.

FX: Beyond the policy decision, attention will centre on potential CHF intervention or any shift in language. The latest meeting noted that the Bank remains "willing to intervene in FX if needed", a line Chairman Schlegel repeated on 21 November 2025. However, Board Member Tschudin previously said the Franc's value is "not decisive for the monetary policy of the SNB". The Swiss Franc hit a decade high against the EUR in the days before the US-Swiss trade deal and has since pared those gains, losing about 2% against the EUR to trade around 0.9370. Desks say the SNB is unlikely to adjust its intervention language, partly to avoid US retaliation that could label Switzerland a currency manipulator. With the trade-weighted CHF little changed, the SNB is expected to reiterate its FX stance.

Analyst Commentary: Analysts at Nomura expect the SNB to keep rates at 0.00% despite weak inflation and GDP data. The firm expects the SNB to forecast inflation rising again and continued GDP growth in 2026, suggesting no further cuts are needed. Further out, BofA expects the Bank to hold rates at 0.00% through 2027, while GS expects rates to stay at 0.00% for the "foreseeable" future.

Last meeting: In September, the policy rate was kept at 0.00%, FX guidance was reiterated, and the tiering system for sight deposits remained in place. The statement provided little forward guidance, and inflation forecasts were maintained for 2025, 2026 and 2027. At the press conference, Chairman Schlegel repeated that the bar for negative rates is higher than for a standard cut.