



Communications

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## Monetary policy assessment of 20 March 2025

### Swiss National Bank eases monetary policy and lowers SNB policy rate to 0.25%

The Swiss National Bank is lowering the SNB policy rate by 0.25 percentage points to 0.25%. The new policy rate applies from tomorrow, 21 March 2025. Banks' sight deposits held at the SNB will be remunerated at the SNB policy rate up to a certain threshold, and at 0% above this threshold. The SNB also remains willing to be active in the foreign exchange market as necessary.

With today's rate adjustment, the SNB is ensuring that monetary conditions remain appropriate, given the low inflationary pressure and the heightened downside risks to inflation. The SNB will continue to monitor the situation closely and adjust its monetary policy if necessary, to ensure that inflation remains within the range consistent with price stability over the medium term.

Since the last monetary policy assessment, inflation has developed in line with expectations. It decreased from 0.7% in November to 0.3% in February. This decline is attributable in particular to the drop in electricity prices in January. Overall, inflation is still being driven mainly by domestic services.

The new conditional inflation forecast has hardly changed since December. Without today's rate cut, the forecast would have been lower in the medium term. The forecast is within the range of price stability over the entire forecast horizon (cf. chart). It puts average annual inflation at 0.4% for 2025, 0.8% for 2026 and 0.8% for 2027 (cf. table). The forecast is based on the assumption that the SNB policy rate is 0.25% over the entire forecast horizon.

Global economic growth was moderate in the fourth quarter of 2024. Inflation recently rose again somewhat in many countries, primarily driven by energy products. Underlying inflationary pressure is still elevated in many countries, albeit less markedly than a few quarters ago. Various central banks have therefore cut their policy rates further.



**Press release**

In its baseline scenario, the SNB anticipates that growth in the global economy will remain moderate over the coming quarters. Underlying inflationary pressure should continue to ease gradually over the next quarters, particularly in Europe.

This scenario for the global economy is currently subject to high uncertainty. The situation could change rapidly and markedly, particularly from a trade and geopolitical perspective. For example, increasing trade barriers could lead to weaker global economic development. At the same time, a more expansionary fiscal policy in Europe could provide stimulus to the economy in the medium term.

Economic growth in Switzerland was solid in the fourth quarter of 2024. The services sector and parts of manufacturing developed favourably. There was a further slight increase in unemployment, while the utilisation of overall production capacity was normal.

The SNB expects GDP growth of between 1% and 1.5% for the current year. Domestic demand is likely to benefit from rising real wages and the easing of monetary policy. By contrast, moderate economic activity abroad looks set to have a dampening effect on foreign trade. In this environment, unemployment is likely to continue to rise slightly. The SNB anticipates GDP growth of around 1.5% for 2026.

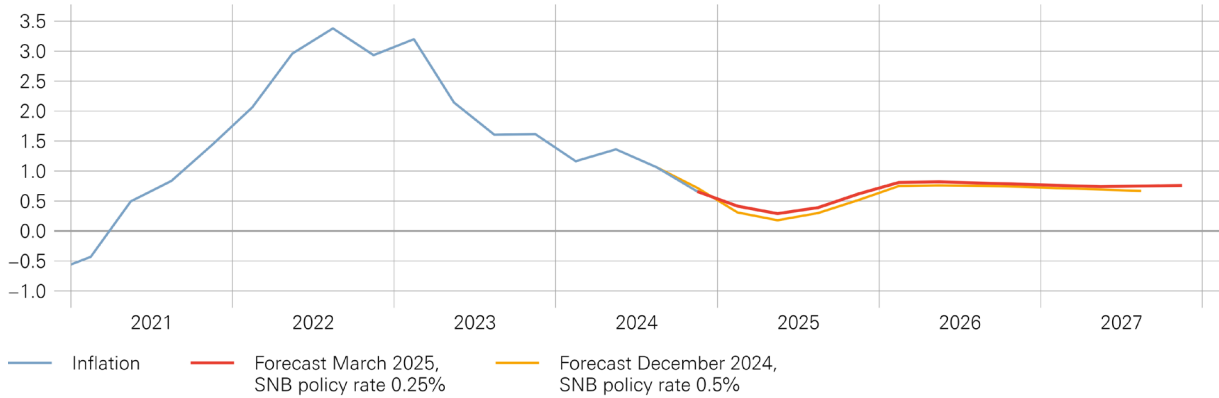
The economic outlook for Switzerland has become considerably more uncertain. Against the backdrop of increased trade and geopolitical uncertainties worldwide, developments abroad continue to represent the main risk.

More detailed information on the monetary policy decision can be found in the [introductory remarks of the Governing Board](#).

Press release

**CONDITIONAL INFLATION FORECAST OF MARCH 2025**

Year-on-year change in Swiss consumer price index in percent



Source(s): SFSO, SNB

**OBSERVED INFLATION IN MARCH 2025**

	2021				2022				2023				2024				2022	2023	2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Inflation	-0.4	0.5	0.8	1.4	2.1	3.0	3.4	2.9	3.2	2.1	1.6	1.6	1.2	1.4	1.1	0.7	2.8	2.1	1.1

Source(s): SFSO

**CONDITIONAL INFLATION FORECAST OF MARCH 2025**

	2024				2025				2026				2027				2025	2026	2027	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Forecast December 2024, SNB policy rate 0.5%					0.7	0.3	0.2	0.3	0.5	0.8	0.8	0.8	0.7	0.7	0.7	0.7		0.3	0.8	
Forecast March 2025, SNB policy rate 0.25%					0.4	0.3	0.4	0.6	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.4	0.8	0.8

Source(s): SNB