

**Embargo**  
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## **Introductory remarks by the Governing Board**

**Martin Schlegel, Antoine Martin and Petra Tschudin**

Chairman of the Governing Board / Vice Chairman of the Governing Board / Member of the  
Governing Board  
Swiss National Bank  
Berne, 12 December 2024  
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Ladies and gentlemen

On behalf of the Governing Board, it is my pleasure as Chairman to welcome you to the SNB's news conference. After our introductory remarks, we will take questions from journalists as usual.

### **Monetary policy decision**

I will begin with our monetary policy decision. We have decided to lower the SNB policy rate by 0.5 percentage points to 0.5%. The new policy rate applies from tomorrow, 13 December 2024. 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. We also remain willing to be active in the foreign exchange market as necessary.

Underlying inflationary pressure has decreased again this quarter. With today's easing of monetary policy, we are taking this development into account. We will continue to monitor the situation closely, and will adjust our monetary policy if necessary to ensure inflation remains within the range consistent with price stability over the medium term.

### **Inflation forecast**

Allow me to address the development of inflation in more detail. Inflation in the period since the last monetary policy assessment has again been lower than expected. It decreased from 1.1% in August to 0.7% in November. Both goods and services contributed to this decline. Overall, inflation in Switzerland is still being driven mainly by domestic services.

What does our new conditional inflation forecast look like? In the shorter term, the new forecast is below that of September. This above all reflects the lower-than-expected inflation in the case of oil products and food. Thanks to our policy rate cut today, there is little change in the medium term. The new forecast is within the range of price stability over the entire forecast horizon (cf. chart). It puts average annual inflation at 1.1% for 2024, 0.3% for 2025 and 0.8% for 2026 (cf. table). Our forecast is based on the assumption that the SNB policy rate is 0.5% over the entire forecast horizon. Without today's rate cut, the conditional inflation forecast would have been lower.

I will now hand over to Antoine Martin, who will address the global economic outlook.

### **Global economic outlook**

Global economic growth was moderate in the third quarter of 2024. Economic activity remained solid in the US, while in the euro area it improved only slightly. Growth in the Chinese economy was rather modest by longer-term comparison. The services sector continued to contribute positively to economic activity worldwide. By contrast, momentum in large parts of manufacturing remained subdued.

Recently, inflation in many countries was again close to central banks' targets. This was due, among other things, to lower energy prices. However, core inflation remained elevated. In

anticipation of a continued decline in inflation, various central banks cut their policy rates further this quarter.

Underlying inflationary pressure abroad is likely to carry on easing gradually over the next quarters. At the same time, the pace of global growth should remain moderate. Household purchasing power should continue to recover and, together with the monetary policy easing, support growth.

Uncertainty about the economic outlook has increased in recent months. In particular, the future course of economic policy in the US is still uncertain, and political uncertainty has also risen in Europe. In addition, geopolitical tensions could result in weaker development of global economic activity. Equally, it cannot be ruled out that inflation could remain higher than expected in some countries.

This brings us to the situation in Switzerland, which Petra Tschudin will present.

### **Swiss economic outlook**

As expected, GDP growth in Switzerland was only modest in the third quarter of 2024. Growth in the services sector was again somewhat stronger, while value added in manufacturing declined. There was a further slight increase in unemployment, and employment growth was only subdued. The utilisation of overall production capacity was normal.

We anticipate GDP growth of around 1% for the current year. Thanks also to the easing of monetary policy in recent quarters, growth should pick up somewhat next year, albeit only slightly due to the moderate global economic activity. We currently expect growth of between 1% and 1.5% for 2025. In this environment, unemployment should continue to rise slightly, while the utilisation of production capacity is likely to decline somewhat.

Our forecast for Switzerland, as for the global economy, is subject to significant uncertainty. Developments abroad represent the main risk.

I will now hand back to Martin Schlegel.

### **Monetary policy outlook**

Ladies and gentlemen, allow me to return to our monetary policy.

At our September assessment, we had already indicated that further monetary policy easing might become necessary. Inflation has since declined further.

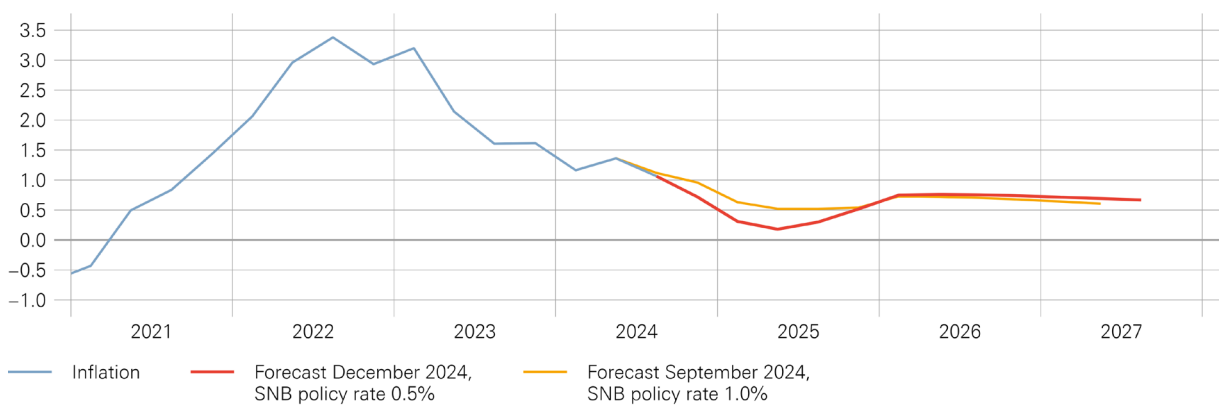
Although inflation is still within the range consistent with price stability, it has recently been lower than we had expected in September. Our new conditional inflation forecast is thus markedly lower in the short term than that of September. But in the medium term, too, inflationary pressure has again decreased markedly. With our easing of monetary policy today, we are countering the lower inflationary pressure.

Uncertainty about the future path of inflation is still high. The development of the Swiss franc is still an important factor. Policy rate cuts continue to be our main instrument should monetary policy have to be eased further. At the same time, we remain willing to intervene in the foreign exchange market as necessary.

Ladies and gentlemen, thank you for your attention.

### CONDITIONAL INFLATION FORECAST OF DECEMBER 2024

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



Source(s): SFSO, SNB

### OBSERVED INFLATION IN DECEMBER 2024

	2021				2022				2023				2024				2021	2022	2023
	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		0.6	2.8	2.1

Source(s): SFSO

### CONDITIONAL INFLATION FORECAST OF DECEMBER 2024

	2024				2025				2026				2027				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Forecast September 2024, SNB policy rate 1.0%			1.1	1.0	0.6	0.5	0.5	0.5	0.7	0.7	0.7	0.7	0.6	0.6			1.2	0.6	0.7
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	0.7		1.1	0.3	0.8

Source(s): SNB