

## Swiss National Bank: No reason to change

The SNB meeting in September did not bring any changes to monetary policy in Switzerland. Nothing is expected to change in the coming years



Meetings of the Swiss National Bank all look very much alike these days. Once again, the SNB decided to maintain its key rate at -0.75%, the lowest rate in the world, and reiterated its intention to intervene in the foreign exchange market, if necessary. It still believes that the franc is "highly valued".

The SNB's inflation forecast is still extremely modest. It has revised its forecasts for 2021 and 2022 slightly upwards (+0.1 percentage points) to 0.5% and 0.7%, respectively, due to higher energy prices, but has not changed its forecast for the end of the forecast horizon, i.e. 0.6% to 2023. Despite the fact that the Swiss economy [has almost reached its pre-crisis level](#), Switzerland is still in a very low inflation environment and this is expected to continue in the coming years. SNB President Thomas Jordan believes that this is a direct consequence of the high value of the franc and that inflation would otherwise be much higher, thus justifying the maintenance of an extremely expansionary monetary policy.

These forecasts and the SNB's speech indicate that we should not expect anything from the SNB in the coming months. While the other major central banks are about to start, or are thinking of starting, the path towards taking away some of the monetary stimulus, the SNB is waiting and remains a spectator.

We believe that nothing should be expected from the SNB until the European Central Bank starts to raise interest rates. Our house view is that this will not happen until the second half of 2023, at the earliest. Therefore, we do not expect any change in the SNB's monetary policy until the end of 2024. In the next few years between now and then, the global economic situation is likely to change significantly, but the SNB will probably always remain at the same point: watch what others do and wait to act.

## Author

### Charlotte de Montpellier

Senior Economist, France and Switzerland

[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).