SNB Comment

CHF Desk Analysis

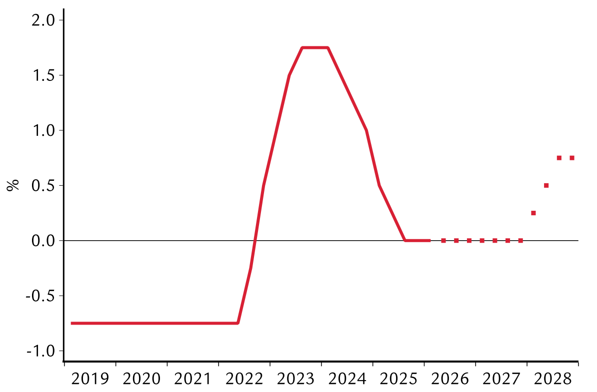
June 2026

At a glance

Following the ECB's interest rate hike of 25 basis points last week, the SNB did not follow suit and instead left its key interest rate at 0.0%, as expected. In addition to still moderate domestic inflation, the latest developments in the Middle East, including for the first time tangible signs of possible political convergence, dampened inflation risks, which further supports the wait-and-see approach of the SNB. At the same time, the central bank is underlining its continued willingness to intervene on the foreign exchange market in order to stop the Swiss franc from appreciating excessively.
Overall, the Swiss market environment thus favours ongoing stability rather than rising interest rates, which is why we do not expect any tightening of monetary policy in the foreseeable future.

Extended zero interest rate environment

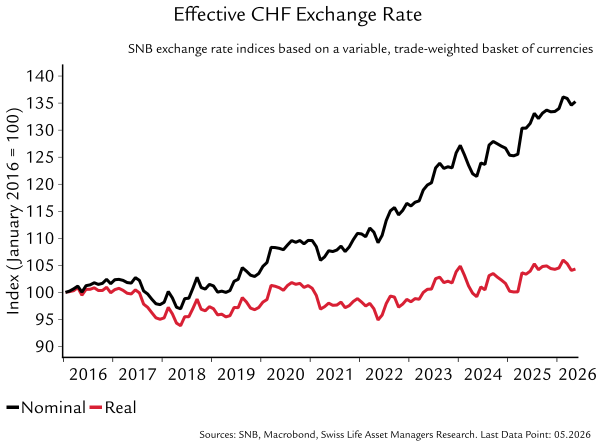
SNB policy rate including projections Swiss Life Asset Managers



Sources: SNB, Macrobond, Swiss Life Asset Managers Research. Last data point: June 2026

On 11 June 2026, the ECB raised key interest rates by 25 basis points and revised the expected inflation in its baseline scenario upwards due to higher energy costs. The market continues to price in slightly higher key interest rates in the eurozone, albeit to a lesser extent recently, and is putting the SNB in a somewhat more comfortable position due to the widening interest rate differential.
Against this backdrop, we see no direct need for the SNB to take action: at 0.6%, realised inflation was at a very moderate level in May 2026, and the updated conditional inflation forecast also remains between 0.5% and 0.8% over the forecast horizon.
We therefore continue to expect an extended zero interest rate environment in Switzerland and only believe monetary policy will gradually normalise to 0.75% starting in 2028. Any faster tightening by the SNB would only be expected if there were a series of policy rate hikes by the ECB, which is less likely given the current inflation outlook. From today's perspective, we do not expect a scenario such as in 2022/23 involving a 2.5% increase in the SNB key interest rate within five quarters.

Real strength of the franc puts nominal appreciation into perspective



The SNB continues to signal an increased willingness to intervene in the foreign exchange market and allow the Swiss franc to depreciate – but according to estimates, actual interventions have remained limited in recent months.

Since January 2016, the Swiss franc (trade-weighted according to the SNB method) has strengthened by around 35%. However, the decisive factor for foreign trade is not the nominal exchange rate, but the inflation-adjusted and therefore real exchange rate: this only rose by around 4% over the same period.

While it cannot be denied that the Swiss franc has appreciated, this is much less pronounced than it appears at first glance in nominal terms. This limits both the potential scope and probability of any interventions that may be made. In addition, the recent key interest rate hike by the ECB eased some pressure on the SNB here as well.

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