

# Investments - Flash

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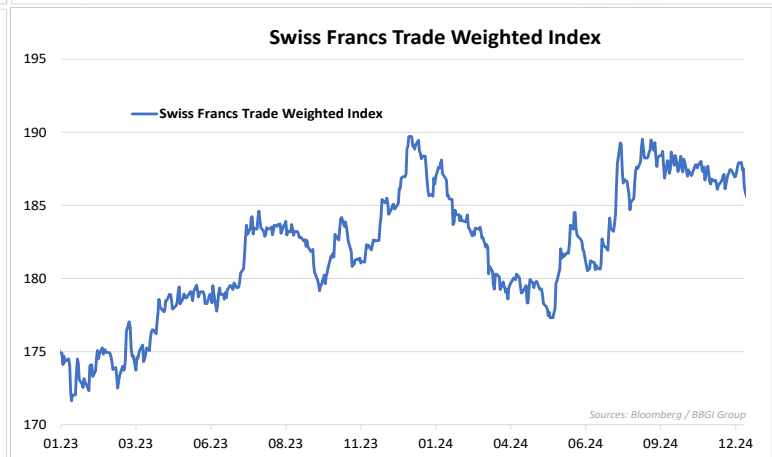
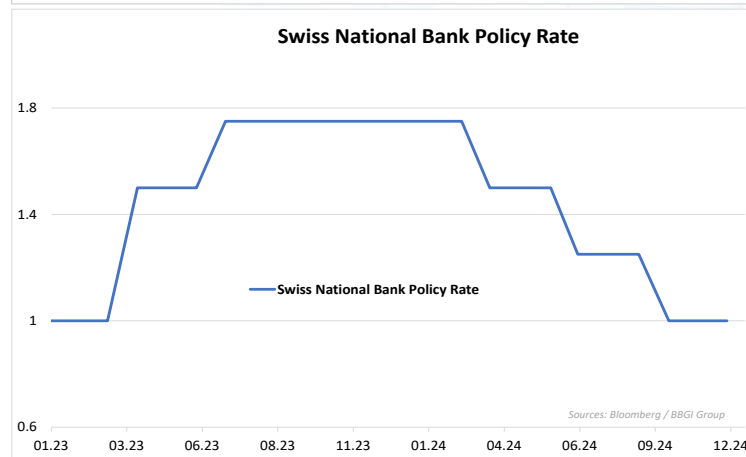
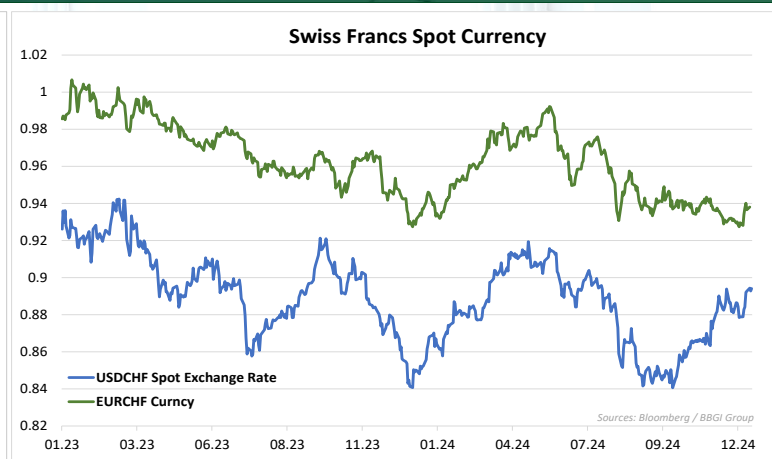
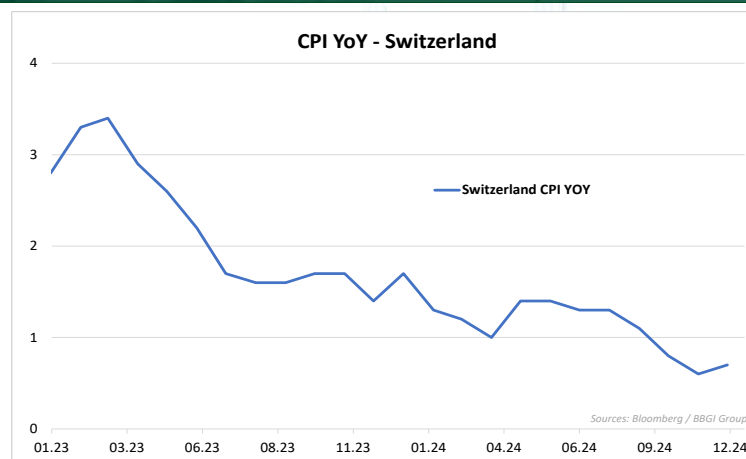


## A NEW TREND FOR THE SWISS FRANC?

The SNB creates the conditions for further weakening of the franc

As we had expected, on December 12, the SNB cut its key interest rates by 50 bps to 0.5%, surprising most economists by its magnitude. In our view, the SNB needed to surprise the consensus with more decisive action if it was to counter the franc's appreciation and the risk of deflation. It has therefore decided to act to protect Swiss exporters from declining export competitiveness, against a backdrop of growing threats to the future of international trade and tariff hikes introduced by the Trump administration in 2025. The SNB also suggests that further cuts are still possible depending on the situation, and that a temporary trend in inflation outside the 0% to 2% zone would be tolerated, thus evoking the fear of a negative CPI, but with a low probability of negative key rates. The SNB remains prepared to act on the foreign exchange market. The Swiss franc had benefited from its safe-haven status against the

euro, particularly in recent months from political uncertainty in France and Germany, as well as from the ECB's rate cuts. New President Schlegel has sent a strong message to the markets, which have begun to adjust their expectations by sharply lowering their expectations of a rising franc. Since we announced the possible 50 bp cut by the SNB and hinted at a probable reversal in the franc's trend in early October, our currency has already depreciated by -6.4% against the US dollar, but is just beginning to weaken against the euro. We expect the franc to weaken further against the USD, CAD, AUD and GBP over the coming months. The high yield differential for these currencies will remain in their favor. Overall, they should appreciate by around +3% to +6%.



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