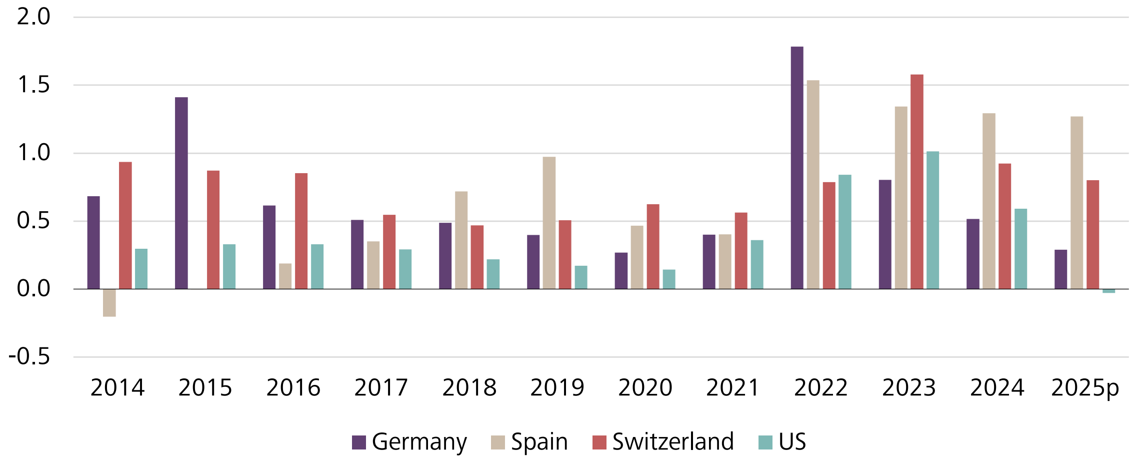
FEBRUARY 2026

Macro check-up

Tariff threats remain a standard policy tool for Donald Trump, continuing to weigh on global trade and the Swiss export sector. Thanks to tariff-related front-loading, the export industry nevertheless achieved record export volumes last year. The difficult competitive situation is also keeping job insecurity high. Despite below-average growth prospects, Swiss inflation has likely reached its trough, meaning that there is no reason for the SNB to pursue an even more expansionary monetary policy. The ECB's early interest rate pause and the resulting wide interest-rate differential between Switzerland and the Eurozone continue to be supportive.

CHART OF THE MONTH: IMMIGRATION DYNAMICS

Net immigration as % of the population



Source: Eurostat, Brookings, FSO, Raiffeisen Economic Research

Swiss economic growth has long benefited from high levels of immigration. The additional labour supply increases value creation and strengthens domestic demand. However, GDP per capita is developing noticeably less dynamically. Immigration also plays a key role for the economy in other industrialised economies.

In the US, a surge in immigration after the pandemic, together with massive government support measures, fuelled an extended boom in demand. At the latest since Donald Trump took office, however, immigration has quite literally been suppressed by force. Not least because many of those affected are unregistered immigrants, it is difficult to quantify developments precisely. Yet according to various estimates, net immigration to the US may have fallen slightly last year for the first time since the Great Depression. If the rigid immigration policy continues, this will mean persistently fewer new workers for the US labour market. In line with this, companies have recently been reporting renewed difficulties in recruiting qualified la-bour.

By contrast, the Spanish economy has received considerably more support from immigration in recent years, helping to make it the fastest growing of the major European economies. Before that, during the property and debt crisis, Spain recorded net emigration until the mid-2010s. Germany, the weakest performer in terms of growth, has recently seen lower immigration, not least for political reasons. Following a temporary strong influx of refugees from Ukraine, net immigration has dropped sharply.

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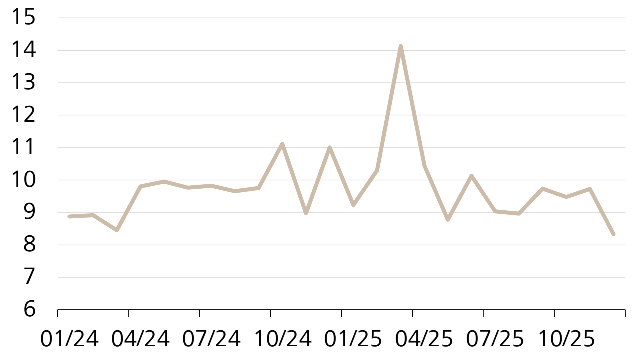
Economy

SWISS PHARMACEUTICAL EXPORTS

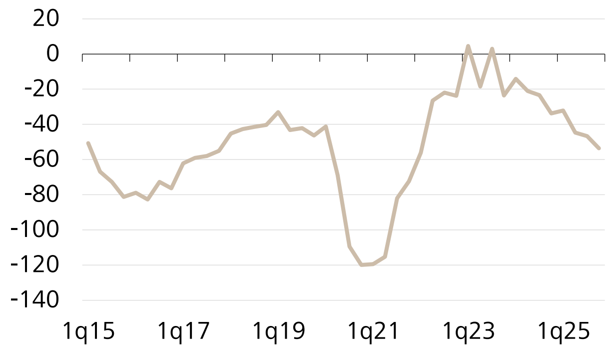
Nominal exports in CHF billion



Source: FOCBS, Raiffeisen Economic Research

JOB-MARKET CONCERNS

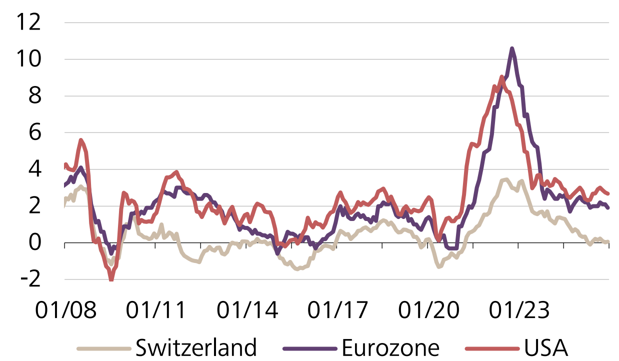
SECO Consumer Climate, job security sub-index



Source: SECO, Raiffeisen Economic Research

CONSUMER PRICES

Year-on-year change in %



Source: LSEG, Raiffeisen Economic Research

Industrial shifts

The tariff agreement with the US provided some relief for the Swiss export industry. However, new threats of additional tariffs aimed at countries with agreements in place are keeping uncertainty high. Moreover, tariff policy is likely to continue weighing on trade and investment. Despite all the adversity, Swiss exports reached a record level last year. Somewhat ironically, exports to the US led growth, driven by tariff-related advance shipments, especially in the pharmaceutical sector. Irrespective of the tariff deal, corrective effects slowed export momentum towards the end of the year. Swiss pharmaceutical multinationals have meanwhile been able to reach an agreement directly with the White House, making tariffs for the pharmaceutical sector less likely. The limited public information on this does not reveal any particularly burdensome concessions by the manufacturers. At the same time, total exports to China, even without tariffs, are on the decline in the wake of increasing domestic competition. There is renewed hope for European demand. However, Germany's investment offensive is only slowly gaining momentum and has so far been visible mainly in defence orders.

Unfavourable climate

Swiss tourism recorded another record year in 2025. Over-night stays increased by a further 2.5%, supported by the exceptionally good winter season. This time around, Swiss cable-car operators were once again reporting above-average numbers by year-end. However, the number of guests had fallen by 5% relative to the previous year. And after a good start, the lower-lying regions are struggling with a lack of snow, meaning tourism is likely to provide less support to growth. Many Swiss also perceive an unfavourable climate in the labour market. Even if economic expectations have become less negative after the tariff deals, fears about job security have risen once again. The rise in unemployment slowed considerably towards the end of the year. And low inflation continues to increase real wages noticeably, despite smaller wage increases. Nevertheless, many consumers still want to hold back on making major purchases. This is likely to keep consumption dynamics in check overall.

Inflation has reached its trough

In the US, business surveys indicate that tariff-related price pressure has peaked or is turning out less severe than feared. However, price pressure remains generally elevated due to the robust economy. In the Eurozone, by contrast, inflation concerns are low given the weaker demand. However, the calming of service-sector inflation is dragging on, with no signs of undershooting the inflation target. In Switzerland, on the other hand, inflation is at the lower end of the SNB's target range of 0% to 2%. Manufacturers and service providers are planning to raise their prices somewhat more strongly at the beginning of the year. Together with the stable Swiss franc, this signals a moderate upward path for consumer prices over the remainder of the year.

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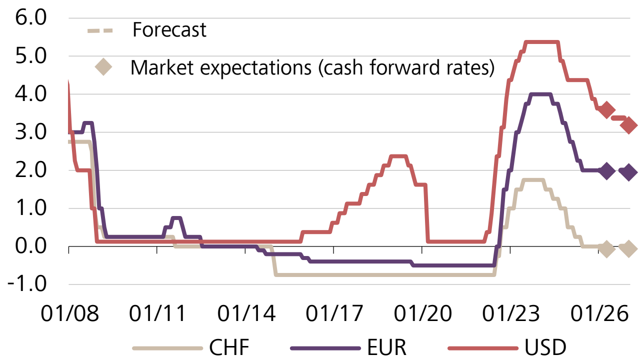
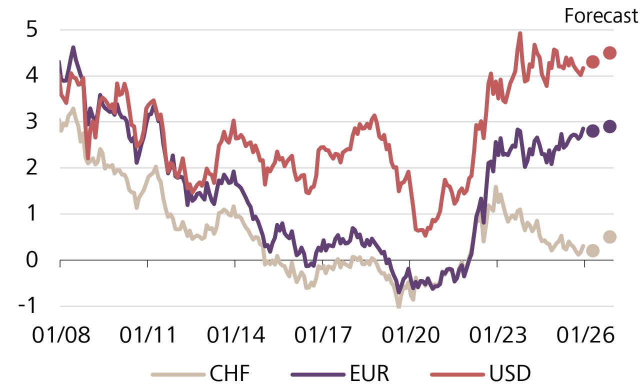
Interest rates

KEY INTEREST RATES, IN %



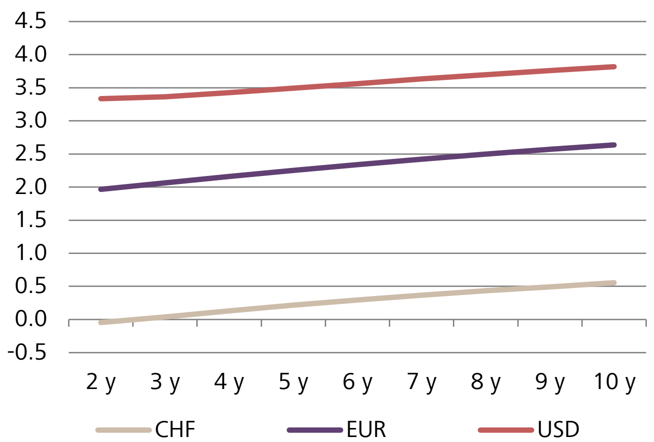
Source: LSEG, Raiffeisen Economic Research

10-YEAR GOVERNMENT BONDS, IN %



Source: LSEG, Raiffeisen Economic Research

YIELD CURVE (AS AT 09 FEBRUARY 2026), IN %



Source: LSEG, Raiffeisen Economic Research

Fed not significantly restrictive

Following three successive interest rate cuts, the US Federal Reserve paused again at its first meeting of the year, with the Fed funds target rate being left at 3.625%. In its assessment of the current situation, the central bank judged the economy to be more robust than in December on the basis of the data developments. As the Fed believes that the inflation outlook has hardly changed at the same time, the risks for the labour market and inflation are now being assessed as more balanced again. Powell remarked that, in view of the data, it was difficult to argue that monetary policy was significantly restrictive, stating that it was probably only slightly restrictive or almost neutral. With inflation forecasts still moderately elevated, the Fed now also sees itself in a good position to wait and observe further developments.

ECB maintains its orientation

The European Central Bank (ECB) last cut its key interest rates in June. Since then, the deposit rate relevant for the money market has remained at 2.0% – within the range estimated by the ECB as neutral. Since then, the central bank has been assessing economic and inflation risks as increasingly balanced. While economic momentum remains below average, underlying inflation is stubbornly persistent. This means that the central bank still sees no reason to act at the start of the year – neither in one direction nor the other. With reduced tariff risks and the first signs of fiscal stimulus in Germany, the window for a possible downward readjustment of key interest rates to support the fragile recovery now appears closed. Without a sudden, more pronounced deterioration in the economic out-look, we therefore do not expect any further interest rate cuts this year.

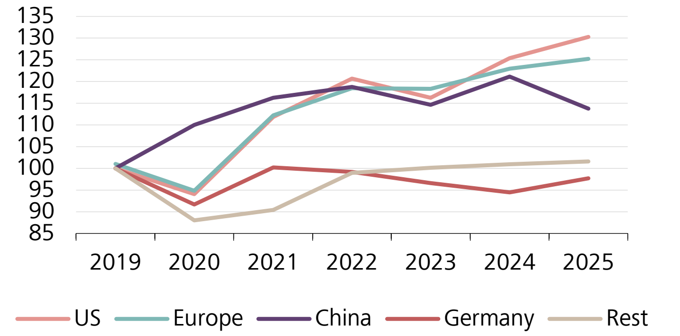
SNB benefits from the interest rate differential

The Swiss National Bank (SNB) has likewise seen no reason to adjust its monetary policy since last June. It is satisfied with its stance and is maintaining its zero interest rate policy. Inflation has indeed been somewhat weaker than originally expected in recent months. However, the SNB continues to expect a moderate upward trend in consumer prices over the further course of the year. The tariff deal with the US has reduced the downside risks for the economy. And the early interest rate cuts that have already been implemented continue to stimulate the economy. At the same time, the ECB's early pause makes life easier for the SNB. This means that the interest rate differential between the Eurozone and Switzerland remains high, making CHF investments relatively less attractive and reducing the upward pressure on the Swiss franc. In this environment, the zero interest rate policy remains appropriate even without the higher hurdle for a return to negative interest rates. With the stable outlook for the SNB key interest rate, Swiss long-term interest rates are also unlikely to change much in the coming months.

Swiss industries

EXPORTS BY MARKET

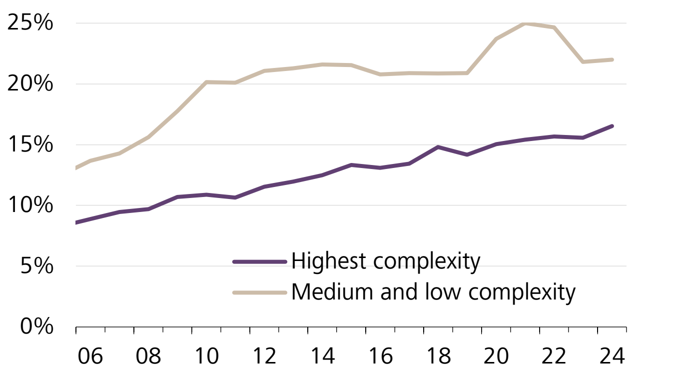
Indexed, 2019 = 100



Source: BAZG, Raiffeisen Economic Research

CHINA'S GLOBAL MARKET SHARE

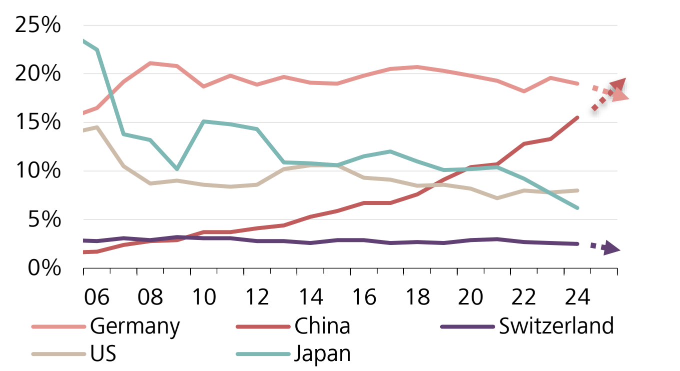
Machinery exports, by product complexity



Source: International Trade Centre, Harvard, Raiffeisen Economic Research

CUSTOMISED MACHINERY

Global market shares and estimate for 2025, HS code: 8479



Source: International Trade Centre, Raiffeisen Economic Research

Lacklustre export development

Exports recovered slightly in the final quarter of 2025 following two negative quarters in a row. Positive impetus came from Europe and, for once, also from Asia. However, exports to the US continued to decline slightly after the sharp de-creases seen in the second and third quarters. Over the year as a whole, however, a different picture emerges: US ex-ports rose in 2025 due to strong advance effects in the pharmaceutical industry in the first quarter. Exports to Asia, however, decreased as in the previous year, mainly due to China. Exports to Europe increased once more and, for the first time since 2021, a positive result was again recorded in trade with Germany. As far as sector developments are concerned, however, the fourth quarter was representative of the year as a whole. Outside of the chemical and pharmaceutical industry, which now accounts for 53% of exports, there was once again hardly any growth.

Competition from China on the rise

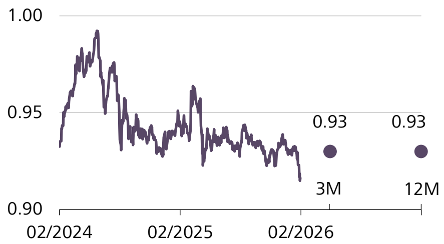
In addition to the weak global industrial economy, competition from China is also increasingly burdening the Swiss ex-port economy. This is currently affecting the mechanical engineering sector, in particular, whose exports were down for the second time in a row in 2025. As a capital goods industry, mechanical engineering is cyclically shaped and thus reacts sensitively to muted global investment activity. Tariffs have therefore hit the sector harder than many others.

Another burden is the rise of the Chinese machinery industry, which has accelerated in recent times. China's exports of complex and knowledge-intensive machinery increased by 16% in 2025 in US-dollar terms. This includes machines that are only produced by a few suppliers worldwide and have so far mainly originated from highly developed industrialised countries. In competitor countries such as Germany and Switzerland, developments have recently been negative. China's global market share of around 16% therefore in-creased significantly again last year.

Last year, the country even overtook Germany as the global market leader for customised machinery. This refers to project-based special-purpose machines that require close cooperation between manufacturer and user. Competition is thus primarily based on technical problem-solving expertise and not on price. China's rise in this segment is no longer attributable merely to production relocations by Japanese manufacturers, but rather reflects independent capability building. Companies from Switzerland and Germany were able to maintain their market share until recently. Last year, however, their exports fell by almost 10%, while Chinese exports (also measured in CHF) increased by 17%.

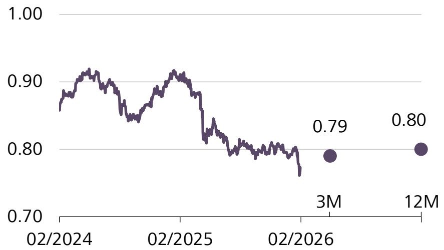
Exchange Rates

FORECAST



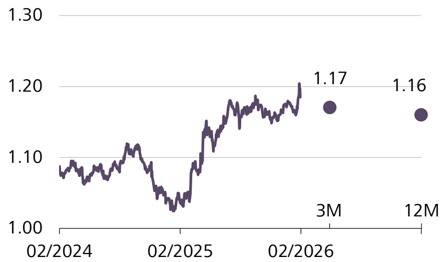
EUR/CHF

As a result of geopolitical tensions, the euro reached a record low against the Swiss franc in January—excluding the turbulence following the removal of the minimum exchange rate in early 2015. By the end of the month, it had recorded a loss of 1.3%. This suggests that the EUR/CHF exchange rate has likely overshot on the downside. Given the stable economic environment and the inflation rate within the European Central Bank's (ECB) target range, we assume that its rate-cutting cycle has come to an end. The resulting interest-rate advantage supports the euro. Accordingly, we have slightly raised our forecasts.



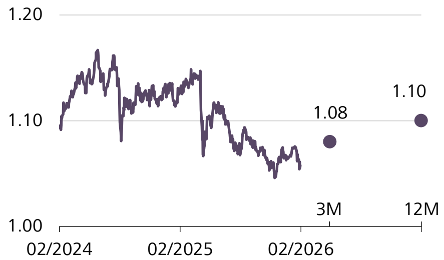
USD/CHF

At 0.76 francs, the US dollar was at times as cheap in January as it was last in 2011. By the end of the month, this resulted in a decline of 2.5%. The "greenback" faced headwinds from the US military intervention in Venezuela, the country's annexation plans regarding Greenland, as well as the criminal investigation against Federal Reserve Chair Jerome Powell. However, the nomination of Kevin Warsh as his potential successor supported the US currency. Markets expect that monetary policy under Warsh could be somewhat less accommodative than under the other candidates. We consider the recent movement in the USD/CHF exchange rate to be exaggerated.



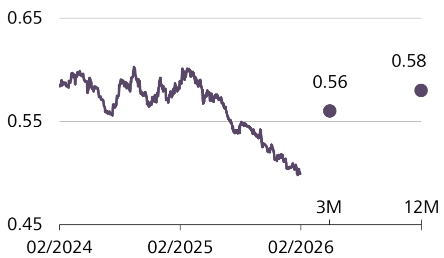
EUR/USD

The ECB as well as the US Federal Reserve left their key interest rates unchanged, as expected by the market. Unlike the ECB, however, the US central bankers are likely to deliver one final rate cut of 25 basis points over the course of the year. In January, the euro appreciated by 0.9% against the dollar. This was less a show of strength by the single currency and more a reflection of renewed weakness in the US dollar. In light of these market movements, we have slightly revised our 3-month forecast for the EUR/USD exchange rate upwards.



GBP/CHF

In the United Kingdom, the inflation rate recently rose again to 3.4%. This limits the Bank of England's room to manoeuvre in cutting interest rates and supporting an economy that continues to struggle. Accordingly, the Monetary Policy Committee kept rates unchanged at its early-February meeting. At the start of the year, the British pound gave back part of its pre-Christmas gains against the Swiss franc. In our view, too much pessimism remains priced into the GBP/CHF exchange rate. We therefore expect the currency pair to trade slightly higher over the 3- and 12-month horizon.



JPY/CHF*

Despite speculation about foreign-exchange interventions by the Bank of Japan (BoJ), the yen continued its slide against the Swiss franc in January. This was partly driven by geopolitical tensions, which once again increased demand for the Swiss currency as a safe haven. Stubborn inflation is likely to prompt the BoJ to raise its policy rate again in the medium term. However, a more pronounced tightening of monetary policy is unlikely given the weak economic environment. Against this backdrop, we expect a slight recovery in the JPY/CHF exchange rate. It will not, however, change the yen's chronic weakness.

* Multiplied by 100
Sources: Bloomberg, Raiffeisen Switzerland CIO Office, Raiffeisen Schweiz Economic Research

Raiffeisen Forecasts (I)

ECONOMIC INDICATORS

GDP (average annual growth in %)

	2022	2023	2024	2025 forecast	2026 forecast
Switzerland*	3.5	1.3	1.2	**1.2**	**1.0**
Eurozone	3.6	0.6	0.8	**1.3**	**1.0**
US	2.5	2.9	2.8	**2.2**	**2.1**
China**	3.0	5.2	5.0	**5.0**	**4.0**
Japan	1.3	0.7	-0.2	**1.2**	**0.8**
Global (PPP)	3.8	3.5	3.3	**3.2**	**2.9**

Inflation (annual average in %)

	2022	2023	2024	2025 forecast	2026 forecast
Switzerland	2.8	2.1	1.1	**0.2**	**0.5**
Eurozone	8.4	5.5	2.4	**2.1**	**1.6**
US	8.0	4.1	3.0	**2.7**	**3.0**
China	2.0	0.2	0.2	**0.1**	**0.5**
Japan	2.5	3.3	2.7	**3.2**	**1.9**

FINANCIAL MARKETS

Policy interest rates (end of year %)***

	2023	2024	Current****	3M forecast	12M forecast
CHF	1.75	0.50	0.00	**0.00**	**0.00**
EUR	4.00	3.00	2.00	**2.00**	**2.00**
USD	5.25-5.50	4.25-4.50	3.50-3.75	**3.50-3.75**	**3.25-3.50**
JPY	-0.10	0.25	0.75	**0.75**	**1.00**

Capital market interest rates (10-year government bond yields; end of year %)

	2023	2024	Current****	3M forecast	12M forecast
CHF	0.65	0.27	0.26	**0.20**	**0.50**
EUR (Germany)	2.02	2.36	2.85	**2.80**	**2.90**
USD	3.88	4.57	4.24	**4.30**	**4.50**
JPY	0.61	1.09	2.31	**2.10**	**1.90**

Exchange rates (end of year)

	2023	2024	Current****	3M forecast	12M forecast
EUR/CHF	0.93	0.94	0.92	**0.93**	**0.93**
USD/CHF	0.84	0.90	0.77	**0.79**	**0.80**
JPY/CHF (x 100)	0.60	0.58	0.49	**0.56**	**0.58**
EUR/USD	1.10	1.04	1.19	**1.17**	**1.16**
GBP/CHF	1.07	1.14	1.05	**1.08**	**1.10**

Raw materials (end of year)

	2023	2024	Current****	3M forecast	12M forecast
Crude oil (Brent, USD/barrel)	77	75	68	**60**	**65**
Gold (USD/ounce)	2'063	2'625	4’990	**4750**	**5250**

*Adjusted for sporting events **The GDP figures are more controversial in their accuracy than in other countries and should be viewed with some caution. *** The key interest rate relevant for money market rates (SNB deposit rate, ECB deposit rate, interest rate corridor for the Fed Funds target rate) ****09.02.2026

Raiffeisen Forecasts (II)

SWITZERLAND – DETAILED FORECASTS (ADJUSTED FOR SPORTING EVENTS)

	2021	2022	2023	2024	2025 forecast	2026 forecast
GDP, real, % change	**5.9**	**3.5**	**1.3**	**1.2**	**1.2**	**1.0**
Private consumption	2.2	4.9	1.4	2.4	**1.4**	**1.3**
Government consumption	2.9	-0.6	1.4	1.3	**1.3**	**0.7**
Investment in equipment	7.0	4.7	3.8	1.2	**-0.8**	**0.8**
Investment in construction	-3.1	-6.9	-1.5	-1.4	**-0.5**	**0.8**
Export	11.5	5.8	-2.0	3.0	**1.4**	**-0.6**
Import	4.8	6.6	1.1	3.7	**2.3**	**0.6**
Unemployment rate in %	**3.0**	**2.2**	**2.0**	**2.4**	**2.8**	**3.2**
Inflation in %	**0.6**	**2.8**	**2.1**	**1.1**	**0.2**	**0.5**

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