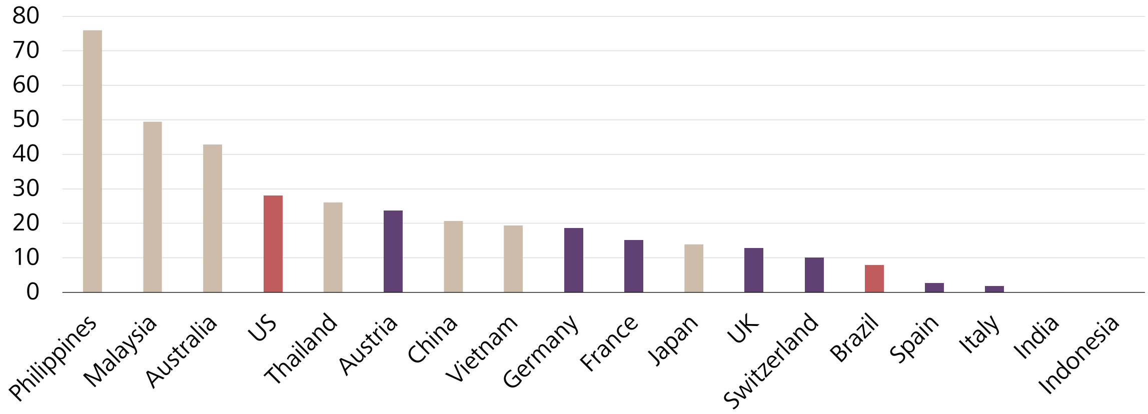
APRIL 2026

Macro Check-up

A two-week ceasefire aimed at facilitating talks between the United States and Iran has raised hopes that the conflict will remain contained and that energy supplies from the Gulf region could stabilize later this year. At the same time, the sharp surge in energy prices has already begun to weigh on the global economy. Switzerland is less affected thanks to its lower energy intensity. Even so, under the baseline assumption of a temporary supply shock, we expect GDP growth in 2026 to slow slightly to 0.9%, while inflation is projected to edge up to 0.5%. There is, however, no need for policy action by the Swiss National Bank.

CHART OF THE MONTH: MAIN TRANSMISSION CHANNEL: FUEL PRICES

Increase in petrol prices in March 2026 compared with the previous month (in %)



Source: GlobalPetrolPrices, Raiffeisen Economic Research

In the short term, fuel prices are the primary transmission channel through which the supply of oil and liquefied natural gas – which has been severely restricted by the war in Iran – affects the global economy. In March, prices for refined petroleum products reacted even more sharply, in some cases more than historical trends in oil prices would have suggested. This reflects the increased importance of refining capacity in the Gulf region.

Global energy inventories were high at the outbreak of the war. However, reserves are distributed very unevenly, with large shares held in the US, China and Japan. In Europe, too, there are generally no fears of immediate shortages. The problem is more acute after several weeks in the emerging Asian economies, which were predominantly supplied by the Gulf states. Almost 85% of shipments passing through the Strait of Hormuz were destined for Asia. The governments of the Philippines, Thailand and Vietnam have therefore called for energy-saving measures. Due to lower price levels, rising fuel prices generally have a greater impact in emerging markets. In response, policymakers are responding in part by introducing subsidies and price caps. In India and Indonesia, government price controls have kept prices stable so far. However, this means there are even longer queues at the gas stations. Such caps send the wrong message to consumers.

In the US and China, low energy taxes mean higher relative price increases, despite the better supply conditions. As a result, the decline in purchasing power is no less severe than in Europe. In the Eurozone, some governments have also introduced temporary fuel tax relief. Petrol prices at the pumps in Spain and Italy have therefore fallen back towards pre-war levels. In Switzerland, the additional burden from fuel prices is more moderate even without subsidies, partly due to the strong Swiss franc. Moreover, energy products account for a significantly smaller share of consumer spending in Switzerland – 5% compared with 9% in the Eurozone.

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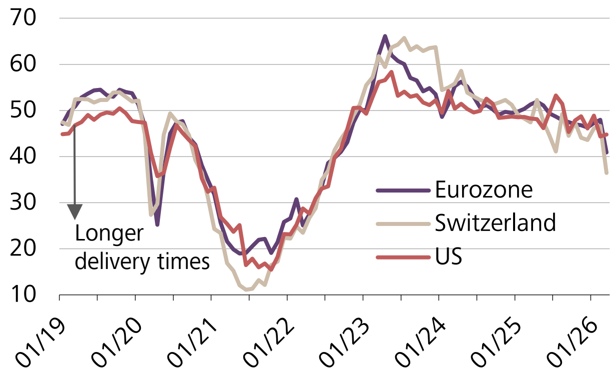
Economy

DELIVERY TIMES

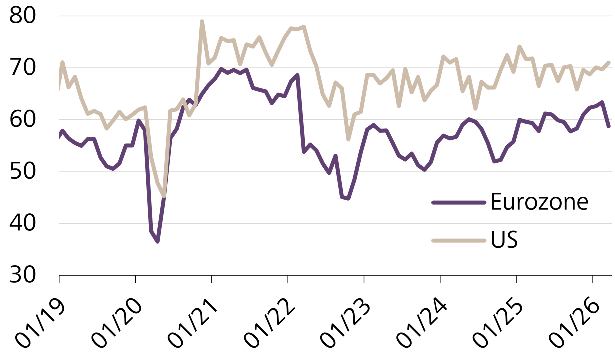
Purchasing Managers' Index (PMI)



Source: LSEG, Raiffeisen Economic Research

BUSINESS EXPECTATIONS

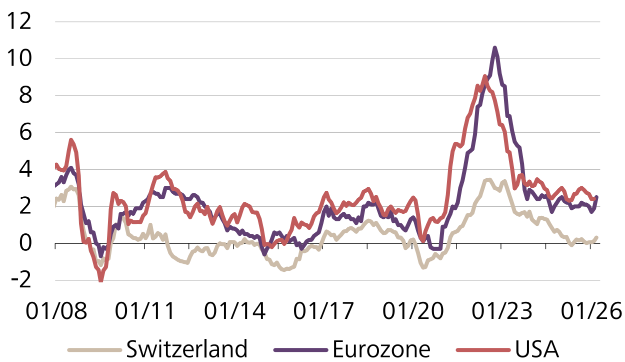
Purchasing Managers' Index (PMI)



Source: LSEG, Raiffeisen Economic Research

CONSUMER PRICES

Year-on-year change in %



Source: LSEG, Raiffeisen Economic Research

Energy prices remain elevated

Even in the event of a rapid de-escalation, the war in Iran would still leave lasting scars on the global economy. Significant damage has been inflicted on the oil and gas infrastructure in the Gulf region. For some facilities, repairs or reconstruction are likely to take years. While energy markets had previously been oversupplied, prices are likely to remain elevated – even if the Strait of Hormuz were to be fully reopened, which is by no means certain – until supply conditions normalise. This will have negative economic impacts, particularly for countries with high net energy imports. European industry is therefore under pressure once again. More energy-intensive sectors had already suffered greatly as a result of the war in Ukraine. US industry, by contrast, is becoming more competitive, largely thanks to more stable gas prices.

Subdued business expectations

Accordingly, business sentiment among US companies appears more resilient than in Europe. The Eurozone Purchasing Managers' Index (PMI) for the manufacturing sector rose in March. However, this was driven by longer delivery times. Normally, longer delivery times indicate steady demand. However, as was the case during the pandemic, they currently reflect disrupted supply chains. Business expectations have rather unsurprisingly once again taken a turn for the worse. This applies not only to manufacturing, but also to the service sector, particularly tourism, logistics and retail trade, where higher energy prices are eroding consumers' purchasing power. The KOF survey indicates a similar trend for Switzerland, although the results are far from crisis levels. Even in the base scenario of a temporary supply shock, the energy price shock will dampen Swiss economic growth. However, given the country's relatively low energy intensity, we currently expect GDP growth to be only slightly lower this year at 0.9%.

Inflationary pressure lower than in 2022

The immediate impact of rising oil prices on fuel prices had already pushed up inflation rates worldwide as early as March. The future trend in consumer energy prices and the extent of the indirect effects will depend on the duration of the conflict. Companies are reporting sharp rises in purchase prices across the board, which points to higher overall price pressure, at least for the time being. However, current price component levels remain well below the peaks of four years ago. Supply bottlenecks are far less widespread this time, while demand is weaker. The same applies to the labour market. Planned price pass-throughs will therefore be more limited. In Switzerland, in addition to lower energy price elasticity due to high price levels, the strong Swiss franc helped to keep the rise in inflation in March moderate – rising from 0.1% to 0.3% compared to 1.9% to 2.5% in the Eurozone.

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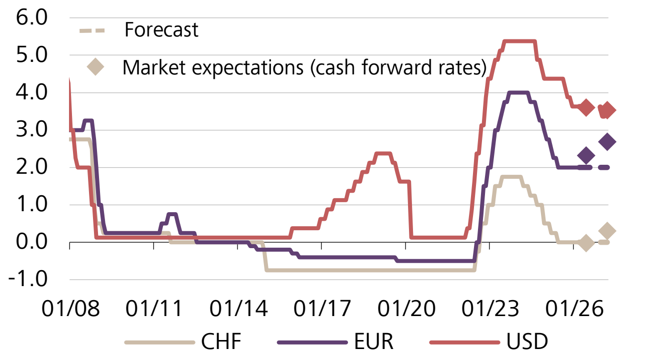
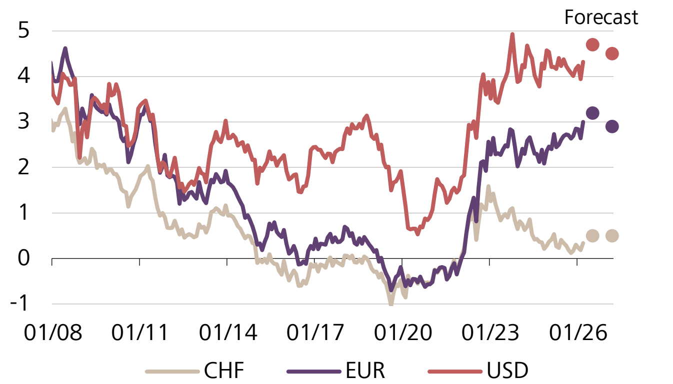
Interest rates

KEY POLICY RATES, IN %



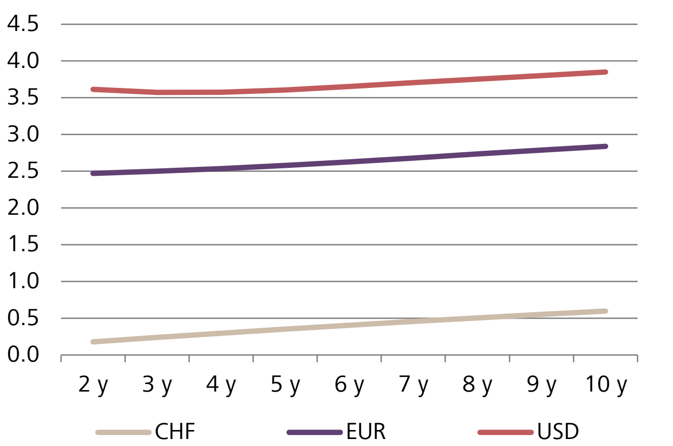
Source: LSEG, Raiffeisen Economic Research

10-YEAR GOVERNMENT BONDS, IN %



Source: LSEG, Raiffeisen Economic Research

YIELD CURVE (AS AT: 10 APRIL 2026), IN %



Source: LSEG, Raiffeisen Economic Research

Fed signals fewer rate cuts

At its first meeting since the outbreak of the Iran war, the US Federal Reserve (Fed) left its target rate unchanged at 3.625%. After the oil price shock, FOMC members now expect fewer interest-rate cuts this year. At the same time, no member expects an increase in the still slightly restrictive policy rate. Despite frustration over persistent inflation in the services sector, Fed Chair Jerome Powell noted that the waning impact of tariffs on goods inflation later in the year could still argue for slightly lower interest rates. Meanwhile, in the interest-rate markets, the ongoing oil price shock has led to the view that there will be no further interest-rate adjustments this year.

ECB faces a lower bar for tightening

The European Central Bank (ECB) has struck a different tone. At its March meeting, it expressed greater concern about the inflation outlook. In the baseline scenario of a temporary conflict, the ECB likewise does not expect significant second-round effects. And Christine Lagarde emphasised that the ECB would not take action until there was sufficient evidence regarding the scale and duration of the shock and its consequences. Nevertheless, following the experience of the previous high-inflation phase, the threshold for tightening appears lower. Lagarde considers moderate tightening appropriate if it has a significant impact on headline inflation while second-round effects remain limited. Even if the shock is entirely driven by supply bottlenecks, there would be a communication risk if no response were given at all. This assessment makes one or two interest-rate rises more likely – perhaps not as early as April, but from June at the latest – if there is no sustained easing of the current situation.

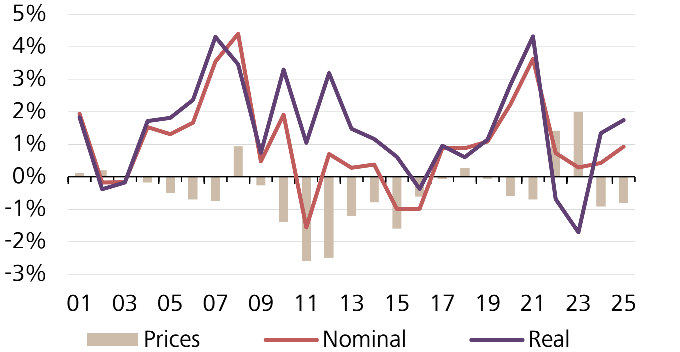
SNB increasingly concerned about exchange rates

By contrast, the SNB showed little sign of inflationary concerns in its quarterly policy assessment. Instead, it expressed far greater concern about exchange rate movements and reiterated its increased willingness to counter a rapid and excessive appreciation of the Swiss franc through foreign-exchange interventions. However, despite the Swiss franc's appreciation since the start of the year, the SNB does not currently consider it to be excessively overvalued. This argues against the need for significant intervention – or indeed any intervention at all – and even more so against a return to negative interest rates, for which the hurdle remains higher still, according to Martin Schlegel. The current level of the key interest rate therefore remains entirely appropriate for the SNB, with no need to cut it, let alone raise it. Rising market expectations of pre-emptive monetary policy tightening by the ECB have also recently led to a widening of the expected interest-rate differential between the Eurozone and Switzerland. This has made investments in Swiss francs relatively less attractive and, despite the continuing high level of uncertainty regarding the outcome of the conflict, has eased the upward pressure on the Swiss currency.

Swiss industries

RETAIL

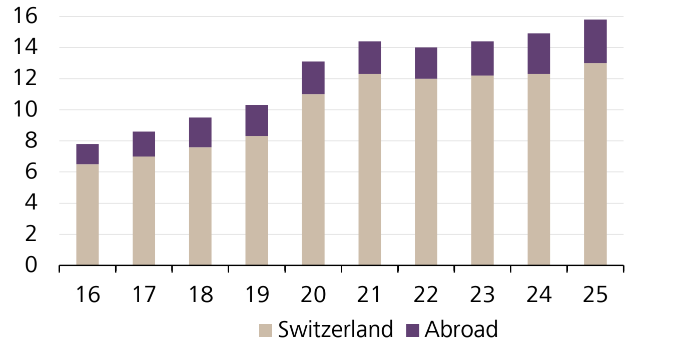
Turnover and prices compared with the previous year (excluding fuel)



Source: FSO, Raiffeisen Economic Research

ONLINE SALES

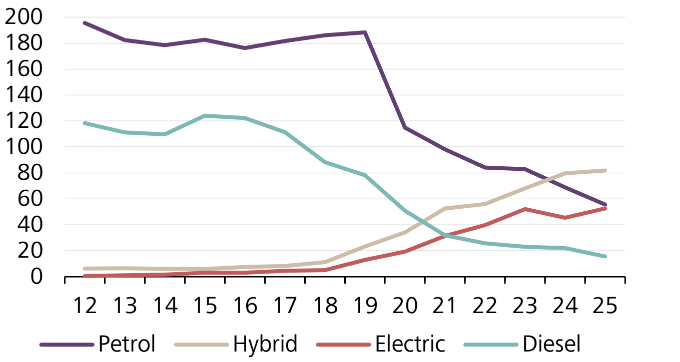
In CHF billion, by domain origin



Source: Handelsverband.swiss, Raiffeisen Economic Research

NEW REGISTRATIONS OF PASSENGER CARS

By drive type, in thousands



Source: FSO, Raiffeisen Economic Research

Retail sector with a subdued start to the year

Despite muted consumer sentiment, the Swiss retail sector achieved sales growth of around 1% in 2025. Adjusted for prices, the sales volume actually rose by 1.7%. The positive annual result was mainly driven by the performance of the non-food segment, which recorded strong growth both in nominal terms (+2%) and in real terms (+3.5%). Declining prices played a significant role in this. Prices for durable goods have been falling noticeably for some time now and, unlike food prices, are now below the levels seen before the price surge in 2022.

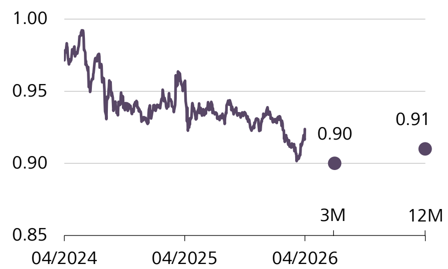
At the beginning of 2026, however, growth momentum in the retail sector had weakened. In the non-food sector, companies attribute this trend, among other things, to increasing competitive pressure from low-cost Chinese online retailers. Temu, in particular, is rapidly gaining market share: according to estimates, the company generated turnover of approximately CHF 1 billion in Switzerland in 2025, almost three times as much as in 2023. The conflict in the Middle East represents an additional risk factor. Rising energy prices make a recovery in consumer sentiment less likely. According to the KOF Business Survey, retailers are already significantly less optimistic about the months ahead.

Car importers face substantial penalties

When it comes to buying cars, however, consumers have been cautious for some time now. Last year, 231,000 passenger cars were newly registered for road use. This figure is 2% down on the previous year and around 25% lower than before the pandemic. The transition to electric cars is progressing, but more slowly than hoped. As a result, the new target for CO_2emissions from new vehicles was missed last year. These target values have been tightened every five years since 2020. If car importers' vehicle fleets fail to meet the prescribed targets, they face penalty payments in the summer of the following year, typically in the low double-digit million range. However, following the tightening of the target values in 2020, total penalties amounted to around CHF 130 million. Due to the recent tightening, car importers may face similarly high fines this year. As a result, fuel-intensive vehicles are becoming even less attractive. However, many households are still reluctant to purchase an electric car, partly due to higher upfront costs. Running costs are, by contrast, significantly lower — an advantage that really comes into its own when petrol prices rise.

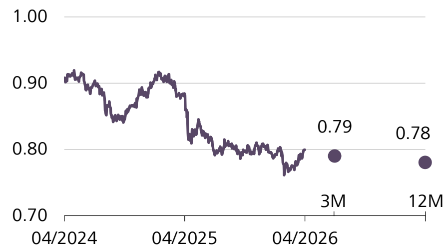
Exchange Rates

FORECAST



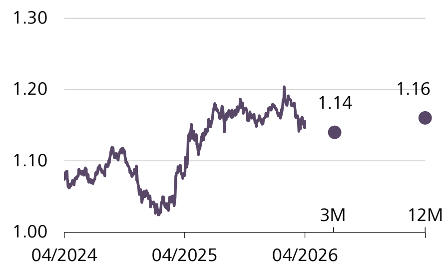
EUR/CHF

The outbreak of war in Iran pushed the euro temporarily below CHF 0.90 in March. By the end of the month, however, the single currency had still posted a gain of 1.7%. This rebound was supported by a shift in the monetary policy backdrop. In light of the looming inflationary uptick, potential interest-rate cuts by the European Central Bank are now effectively off the table, with policymakers no longer ruling out rate hikes. However, looking ahead, the Swiss franc is expected to continue benefiting from its safe-haven status. As a result, we have revised our three- and twelve-month forecasts for the EUR/CHF exchange rate down to 0.90 and 0.91, respectively.



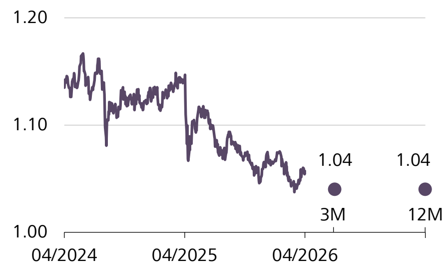
USD/CHF

The US dollar proved to be a safe haven last month, rising by 3.9% against the Swiss franc. We do not, however, expect this strength to be sustained. Slowing economic momentum, the risk of war-driven inflation, the persistently large US fiscal deficit and the resulting rise in public debt continue to weigh on the greenback. Debt levels, in particular, are set to increase further as a result of war spending and tariff policies that have been ruled illegal by the US Supreme Court. Against this backdrop, we expect the USD/CHF exchange rate to move broadly sideways.



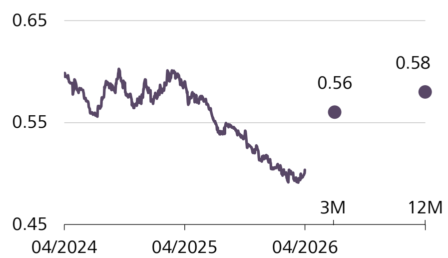
EUR/USD

The risk of an economic slowdown stemming from the Iran conflict is weighing on the euro, given its cyclical nature. In March, the single currency lost 2.2% against the US dollar. In the near term, we see scope for further downside and have therefore cut our three-month forecast to USD 1.14. Over a twelve-month horizon, however, EUR/USD is expected to trade somewhat higher, at around 1.16. This outlook is underpinned in particular by President Donald Trump's erratic policymaking as well as the continued sharp rise in US public debt, both of which are undermining investor confidence in the dollar.



GBP/CHF

Persistently higher energy prices have prompted market participants to revise their interest-rate expectations for the Bank of England, with investors now anticipating a more restrictive monetary policy stance. As a result, sterling appreciated by 1.9% against the Swiss franc last month. We view this move as overstated, however, as the UK economy has been struggling for some time and is now facing additional headwinds from the conflict in the Middle East. Against this backdrop, we have revised our three- and twelve-month forecasts for GBP/CHF to 1.04.



JPY/CHF*

Japan's economy has recently posted surprisingly strong growth, but the outlook remains clouded by the war in Iran. At the same time, inflation has fallen to its lowest level since spring 2022. However, the sharp rise in energy prices is likely to feed renewed inflationary pressure further down the pipeline. Meanwhile, the yen traded in a narrow range between CHF 0.49 and CHF 0.50 in March. Over the medium term, we continue to expect another policy rate hike of 25 basis points by the Bank of Japan, which should support a stronger JPY/CHF exchange rate..

* Multiplied by 100

Sources: LSEG, Raiffeisen Switzerland CIO Office, Raiffeisen Switzerland Economic Research

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Raiffeisen forecasts (I)

ECONOMIC SITUATION

GDP (average annual growth in %)

	2023	2024	2025	2026 forecast	2027 forecast
Switzerland*	1.3	1.2	1.4	**0.9**	**1.4**
Eurozone	0.6	0.8	1.5	**0.8**	**1.3**
US	2.9	2.8	2.1	**2.0**	**1.9**
China**	5.2	5.0	5.0	**4.0**	**4.0**
Japan	0.7	-0.2	1.2	**0.4**	**0.9**
Global (PPP)	3.5	3.3	3.2	**2.8**	**2.8**

Inflation (annual average in %)

	2023	2024	2025	2026 forecast	2027 forecast
Switzerland	2.1	1.1	0.2	**0.5**	**0.9**
Eurozone	5.5	2.4	2.1	**2.6**	**1.9**
US	4.1	3.0	2.7	**3.7**	**2.4**
China	0.2	0.2	0.1	**1.1**	**0.8**
Japan	3.3	2.7	3.2	**2.3**	**2.0**

FINANCIAL MARKETS

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

	2024	2025	Current****	3M forecast	12M forecast
CHF	0.50	0.00	0.00	**0.00**	**0.00**
EUR	3.00	2.00	2.00	**2.00**	**2.00**
USD	4.25-4.50	3.50-3.75	3.50-3.75	**3.50-3.75**	**3.25-3.50**
JPY	0.25	0.75	0.75	**1.00**	**1.00**

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

	2024	2025	Current****	3M forecast	12M forecast
CHF	0.27	0.28	0.40	**0.50**	**0.50**
EUR (Germany)	2.36	2.85	3.02	**3.20**	**2.90**
USD	4.57	4.17	4.30	**4.70**	**4.50**
JPY	1.09	2.06	2.44	**2.50**	**2.30**

Exchange rates (end of year)

	2024	2025	Current****	3M forecast	12M forecast
EUR/CHF	0.94	0.93	0.92	**0.90**	**0.91**
USD/CHF	0.90	0.79	0.79	**0.79**	**0.78**
JPY/CHF (x 100)	0.58	0.51	0.50	**0.56**	**0.58**
EUR/USD	1.04	1.17	1.17	**1.14**	**1.16**
GBP/CHF	1.14	1.07	1.06	**1.04**	**1.04**

Commodities (end of year)

	2024	2025	Current****	3M forecast	12M forecast
Crude oil (Brent, USD/barrel)	75	61	96	**90**	**70**
Gold (USD/ounce)	2'625	4319	4'744	**5250**	**5'500**

*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) ****10.04.2026

Raiffeisen forecasts (II)

SWITZERLAND – DETAILED FORECASTS (ADJUSTED FOR SPORTING EVENTS)

	2022	2023	2024	2025	Forecast 2026	Forecast 2027
GDP, real, % change	**3.5**	**1.2**	**1.2**	**1.4**	**0.9**	**1.4**
Private consumption	4.9	1.4	2.4	1.5	1.4	1.6
Government consumption	-0.6	1.4	1.3	1.0	0.6	0.7
Investment in equipment	4.7	3.8	1.2	-0.5	0.9	2.1
Investment in construction	-6.9	-1.5	-1.4	-0.5	1.3	1.6
Export	5.8	-2.0	3.0	2.0	0.0	2.8
Import	6.6	1.1	3.7	4.0	2.4	3.2
Unemployment rate in %	**2.2**	**2.0**	**2.4**	**2.8**	**3.1**	**3.1**
Inflation in %	**2.8**	**2.1**	**1.1**	**0.2**	**0.5**	**0.9**

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