

Switzerland reduces interest rates again as major economies take different paths

Description

The **Swiss franc** experienced a decline following a recent announcement, with the **Euro** strengthening by 0.3% and the **U.S.** dollar increasing by 0.5% against the Swiss currency at 8:55 a.m. London time. The Swiss central bank has set its forecast for **inflation** at 1.3% for 2024, 1.1% for 2025, and 1.0% for 2026, assuming a SNB interest rate of 1.25%.

Switzerland's inflation rate remained stable at 1.4% in May after a slight rise in April. It is projected to stay at the same level throughout 2024, according to the latest projections from the **SNB**. The central bank also foresees economic growth of approximately 1% in the current year and around 1.5% in 2025, with expectations of a slight increase in unemployment and a slight decrease in **production capacity utilization**.

Analysts, such as those at **Nomura**, see a future rate cut as a carefully balanced decision, citing weak underlying inflation momentum as a reason for potential confidence in an inflation target convergence. This follows earlier rate cuts by major economies like Japan and the European Central Bank. The SNB's inflation forecast points towards the possibility of further rate cuts, **sparking speculation** about the potential for additional cuts later in the year.

Market analysts suggest that this economic outlook puts the Swiss franc in a **precarious position**. Amidst these developments, all eyes are on the U.S. Federal Reserve and the Bank of England, as investors eagerly await their decisions on monetary policy adjustments. The global financial landscape remains dynamic, with central banks navigating uncertain economic waters towards stability and growth.

Vocabulary List

- 1. **Inflation** /?n?fle???n/ (noun): The rate at which the general level of prices for goods and services is rising.
- 2. **Production capacity** /pr??d?k??n k??pæs?ti/ (noun): The maximum amount of goods or services a company can produce with its current resources.
- 3. **Utilization** /?ju?t?la??ze???n/ (noun): The action of making practical and effective use of something.
- 4. **Sparking speculation** /?sp??k?? ?sp?kj??le???n/ (verb): Causing or triggering rumors or conjecture.
- 5. **Precarious position** /pr??k??ri?s p??z???n/ (noun): A situation that is not secure or stable; likely to fall or collapse.

Vocabulary List:

1. **Inflation** // (noun): The rate at which the general level of prices for goods and services is rising.



- 2. **Production capacity** // (noun): The maximum amount of goods or services a company can produce with its current resources.
- 3. **Utilization** // (noun): The action of making practical and effective use of something.
- 4. **Sparking speculation** // (verb): Causing or triggering rumors or conjecture.
- 5. Precarious position // (noun): A situation that is not secure or stable; likely to fall or collapse.
- 6. **Economic outlook** // (noun): The anticipated future state of the economy based on various factors.

Comprehension Questions

Multiple Choice

1. What percentage did the Euro strengthen by against the Swiss franc following a recent announcement?

Option: 0.1%
Option: 0.3%
Option: 0.5%
Option: 1.0%

2. What is the SNB interest rate assumed for the inflation forecasts in 2024 2025 and 2026?

Option: 0.75% Option: 1.00% Option: 1.25% Option: 1.50%

3. What was Switzerland's inflation rate in May according to the SNB?

Option: 1.0% Option: 1.2% Option: 1.4% Option: 1.6%

4. Which major economies have previously implemented rate cuts according to the content?

Option: China and Brazil
Option: Japan and India
Option: Germany and France

Option: Japan and the European Central Bank

5. What is the expected economic growth rate for 2025 as per the content?

Option: 0.5%



Option: 1.0% Option: 1.5% Option: 2.0%

6. What are investors eagerly awaiting the decisions on according to the content?

Option: Interest rate hikes

Option: Cryptocurrency regulations
Option: Monetary policy adjustments

Option: Trade agreements

Answer

Multiple Choice: 1. 0.3% 2. 1.25% 3. 1.4% 4. Japan and the European Central Bank 5. 1.5% 6. Monetary policy adjustments

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. Who are individuals that expose secretive information within an organization?

Option: Employees
Option: Investors

Option: Government officials

Option: Competitors

2. What term refers to the maximum amount that a company can produce given its resources?

Option: Sales volume Option: Market share Option: Profit margin

Option: Production capacity

3. What is a sudden increase in the number of cases of a disease above what is normally expected in a population?

Option: Outbreak Option: Endemic Option: Pandemic Option: Epidemic

4. What are official rules and laws that control how things are done or what is acceptable in a particular country or activity?



Option: Standards **Option: Principles** Option: Regulations Option: Guidelines

5. What term describes a prolonged public dispute or debate often involving differing views?

Option: Agreement Option: Consensus Option: Resolution Option: Controversy

6. What is the formal approval or permission to do something?

Option: Restriction Option: Denial Option: License

Option: Authorization

7. What is an option or choice that can be taken instead of something else? NEWS.CO

Option: Imposition Option: Consequence Option: Alternative Option: Compromise

8. Who is a person officially charged with a crime in a court of law?

Option: Defendant Option: Witness Option: Judge Option: Accused

9. What is the quality of being thankful and showing appreciation?

Option: Complacency Option: Indifference Option: Entitlement Option: Gratitude

10. What is the act of officially giving someone the power to do something?

Option: Empowerment Option: Deprivation

Option: Disempowerment Option: Authorization



Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The company experienced a	increase in profits last quarter.
12. It is essential to	tasks based on their importance and urgency.
13. Optimizing the	of resources is crucial for efficiency.
14. The authorities reported two	in the accident.
15. We need to consider an	solution to this recurring problem.
16. The team presented their	findings at the conference.
17. The artist's work is often considered _	and innovative.
18. The renowned scientist's	have continued his legacy in research.
19. Rising can h	nave a significant impact on consumer purchasing power.
20. The media coverage was filled with _	statements against the political figure.
	statements against the political figure. efinition to the correct word from the vocabulary list.)
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- 29. A company that is controlled by another larger company known as the parent company.
- 30. Close and critical examination or observation of something.

Answer

Multiple Choice: 1. Employees 2. Production capacity 3. Epidemic 4. Regulations 5. Controversy 6.

Authorization 7. Alternative 8. Accused 9. Gratitude 10. Authorization

Gap-Fill: 11. substantial 12. prioritize 13. utilization 14. fatalities 15. alternative 16. preliminary 17. avant-

garde 18. progeny 19. inflation 20. accusing

Matching sentence: 1. Contractual 2. Fostering creativity 3. Sudden infant death syndrome 4. Rectifying 5. Sparking speculation 6. Economic outlook 7. Emphasizing 8. Permeated 9. Subsidiary 10. Scrutiny

CATEGORY

1. Business - LEVEL6

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