



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** /ɪnˈfleɪʃən/ (noun): The rate at which the general level of prices for goods and services is rising.
2. **Production capacity** /prəˈdʌkʃən kəˈpæsəti/ (noun): The maximum amount of goods or services a company can produce with its current resources.
3. **Utilization** /juːˈtɪləʒeɪʃən/ (noun): The action of making practical and effective use of something.
4. **Sparking speculation** /ˈspɜːkɪŋ ˌspeɪkjəleɪʃən/ (verb): Causing or triggering rumors or conjecture.
5. **Precarious position** /preˈkəriəs pəˈzɪʃən/ (noun): A situation that is not secure or stable; likely to fall or collapse.

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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?
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 have a significant impact on consumer purchasing power.



20. The media coverage was filled with _____ statements against the political figure.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The agreement between the two parties was based on specific terms and conditions.
22. Providing a supportive environment that encourages innovative thinking and original ideas.
23. A tragic and unexplained phenomenon primarily affecting infants during sleep.
24. Taking corrective actions to fix errors or resolve issues in a systematic manner.
25. Generating discussions and theories about possible outcomes or scenarios.
26. An analysis of the anticipated financial conditions and trends in a specific region or globally.
27. Placing special importance on a particular aspect or idea to bring attention to it.
28. Spread throughout or infused into every part of a system or organization.
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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