



(UBS)

# Are rate cuts outside the US winding down?

15 December 2025, 16:08 UTC, written by UBS Editorial Team

**The Federal Reserve hinted last week that an end to easing is probably in sight, while many of its peers appear to have already reached their destination.**

Last week, the Swiss National Bank (SNB) kept rates at zero, refraining from further easing despite recent data showing that inflation slowed to zero in November on an annual basis. SNB Chair Martin Schlegel stressed again that the “hurdle is high” for further easing. That partly reflects the potentially adverse side effects of negative rates on pension returns, the health of the banking system, and the risks of a property bubble. But there are signs that the SNB is not alone in having reached the end of its rate-cutting cycle, which we expect a range of central bank meetings coming up this week to underline.

The Chief Investment Office (CIO) sees the European Central Bank keeping rates on hold at 2% this week, and for the foreseeable future, despite subdued inflation. Nor do they expect Norway’s Norges Bank to lower rates, given inflationary pressures and a tight labor market. In CIO’s view, Sweden’s Riksbank has reached the end of its easing cycle. While the Bank of England is an exception, and CIO anticipates two more rate cuts this cycle, they see a broad global trend in which the US’s rate advantage is being eroded.

Against this backdrop, the DXY index, which tracks the US currency against six major peers, fell to its lowest level since October and is down around 9% year to date. That puts the dollar on track for its worst year since 2017. Aside from its narrowing rate advantage, CIO expects the dollar to face headwinds from its elevated valuation, the twin fiscal and current account deficits, as well as a move by central banks to diversify away from the US currency.

**This educational report has been prepared by UBS Financial Services, Inc. Please see important disclaimers and disclosures at the end of the document.**

CIO expects US dollar weakness to extend into the first half of 2026. Their current forecast is for the euro to strengthen to about 1.20 against the dollar in the first quarter, from around 1.16 at present. CIO are also positive on relatively high-yielding currencies, such as the Norwegian krone and Australian dollar.

Original report – [Weekly Global: What to watch in the week ahead, 15 December 2025.](#)

**Disclaimer**

**Hong Kong / Singapore:** For Global Wealth Management clients of UBS AG Singapore / Hong Kong branch, please refer to the [HK/SG Marketing Material Disclaimer](#).

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

**This document and the information contained herein are provided solely for your information and UBS marketing purposes.** Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties. Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

**Additional Disclaimer relevant to Credit Suisse Wealth Management:** Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

**Important information**

As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please see [www.ubs.com/workingwithus](http://www.ubs.com/workingwithus)

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.



There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.