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# Switzerland and Swiss Monetary Policy through the Crisis

Joint Conference NBP-SNB, Zurich, 4 June 2013

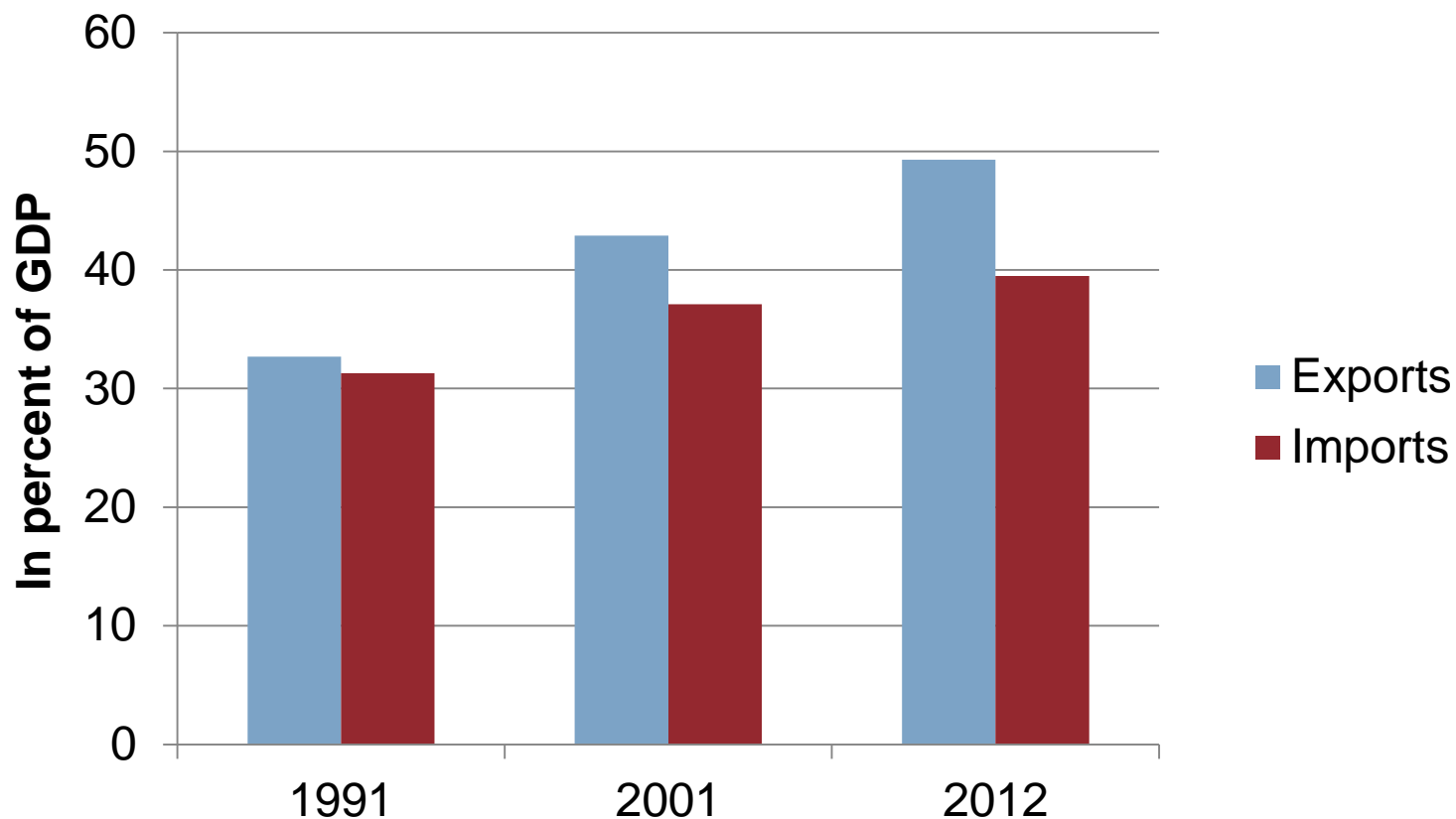
Thomas J. Jordan  
Chairman of the Governing Board  
Swiss National Bank

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BANCA NAZIONALE SVIZZERA  
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SWISS NATIONAL BANK



# An increasingly open economy

## Exports and imports as a percentage of GDP



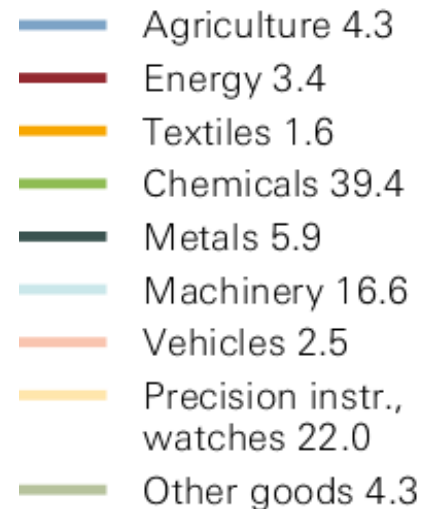
# What do we export? Not just watches

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## EXPORT SHARES BY GOODS CATEGORY

2012

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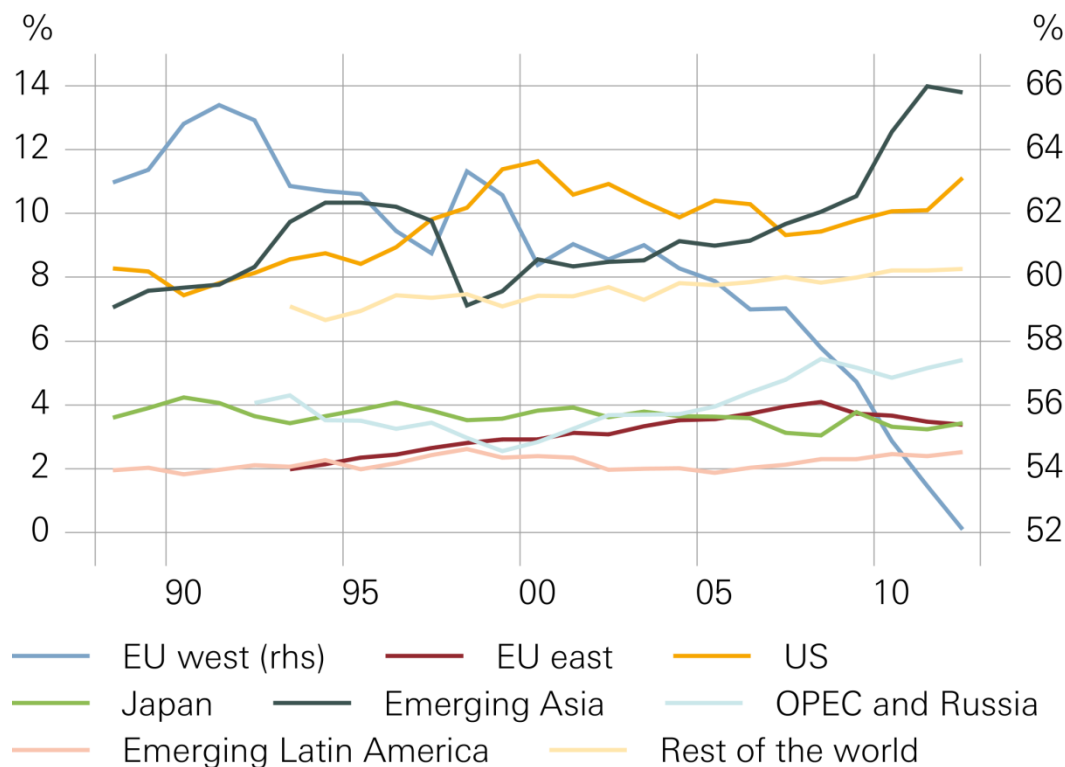


# Where do goods exports go?

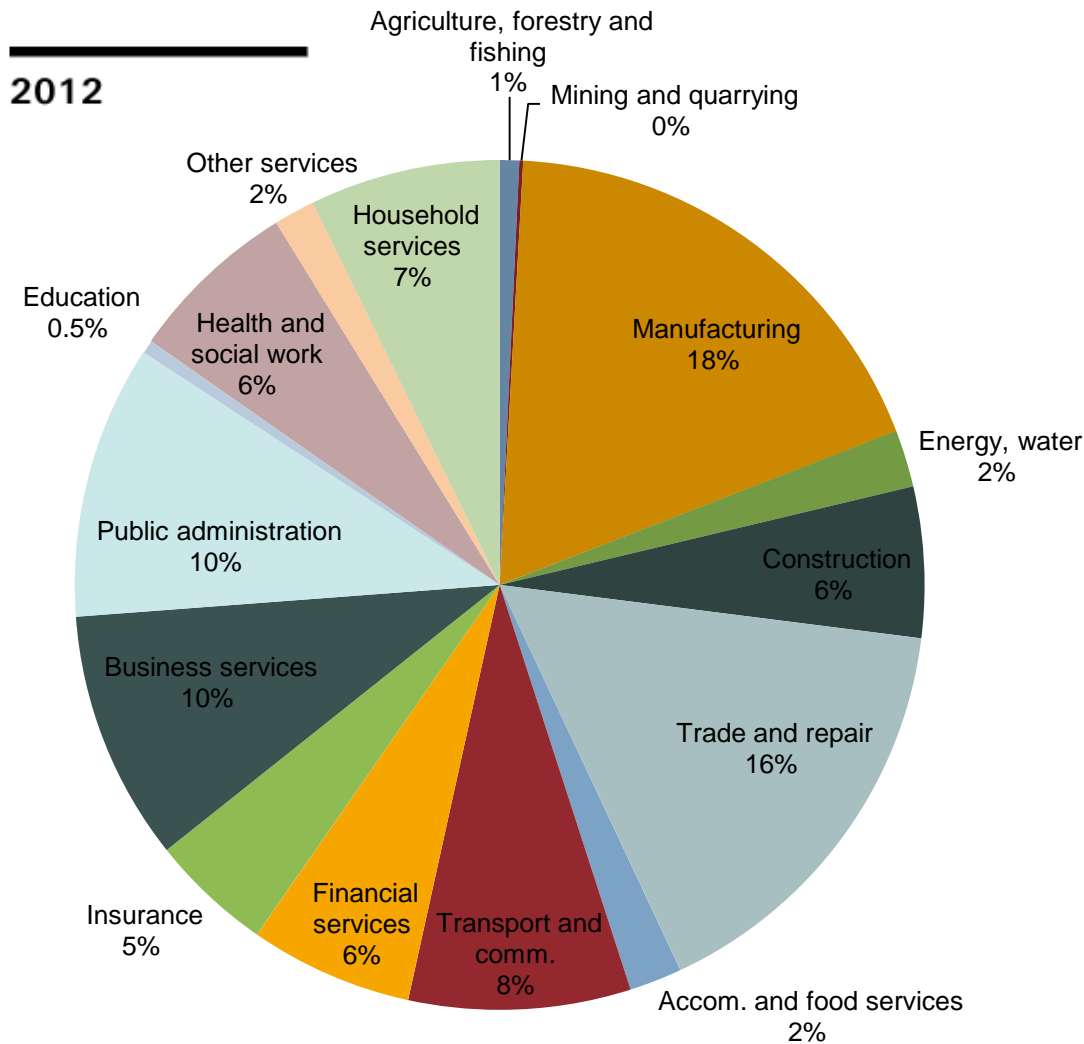
The increasing role of emerging markets – old EU still substantial but declining, 2012 vs. 1990

## EXPORT SHARES, BY TRADING PARTNER

In % of total exports



# A diversified structure, where manufacturing still plays a very significant role

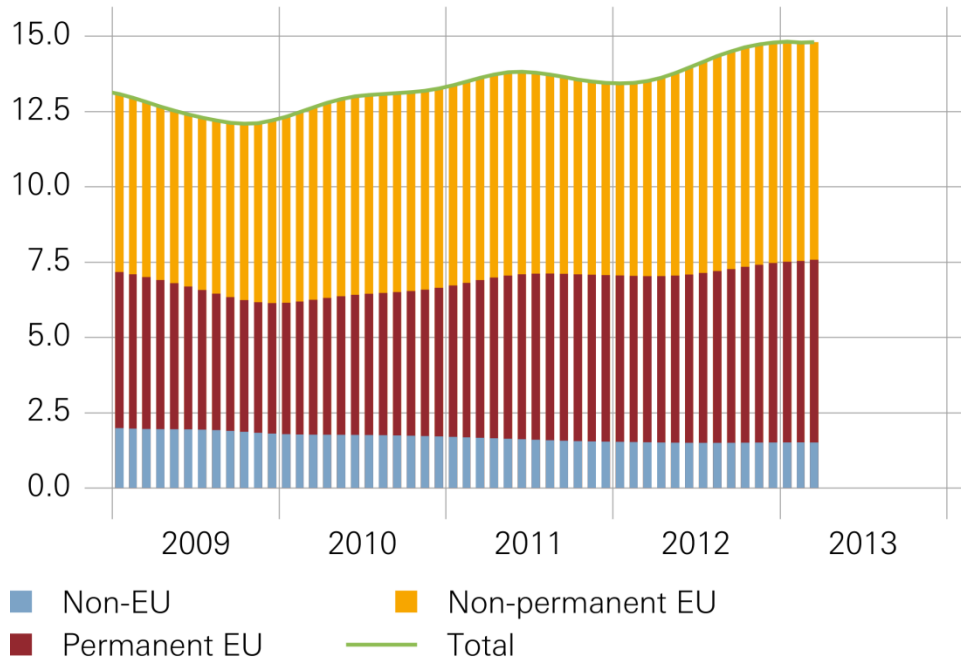


# A flexible labor market: positive immigration throughout the crisis as a sign of health

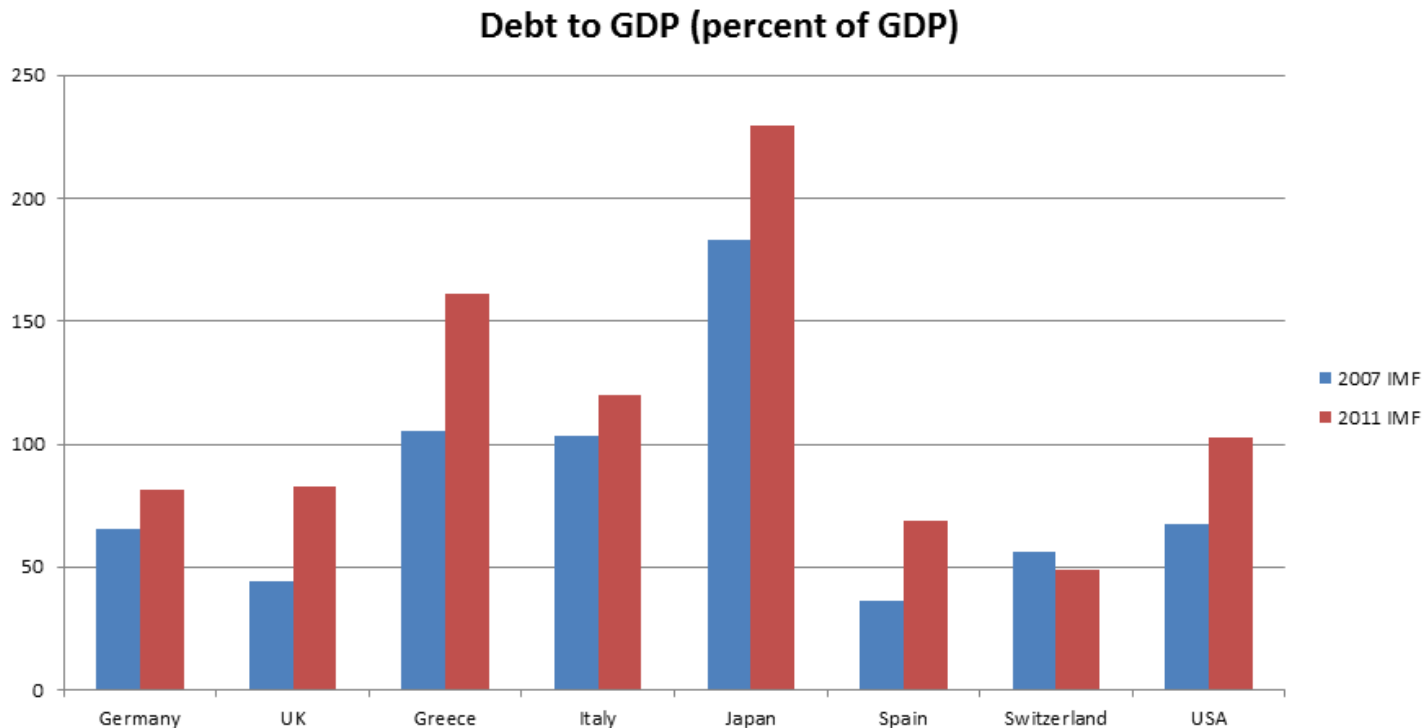
## IMMIGRATION OF FOREIGN WORKERS

Seasonally adjusted

In thousands

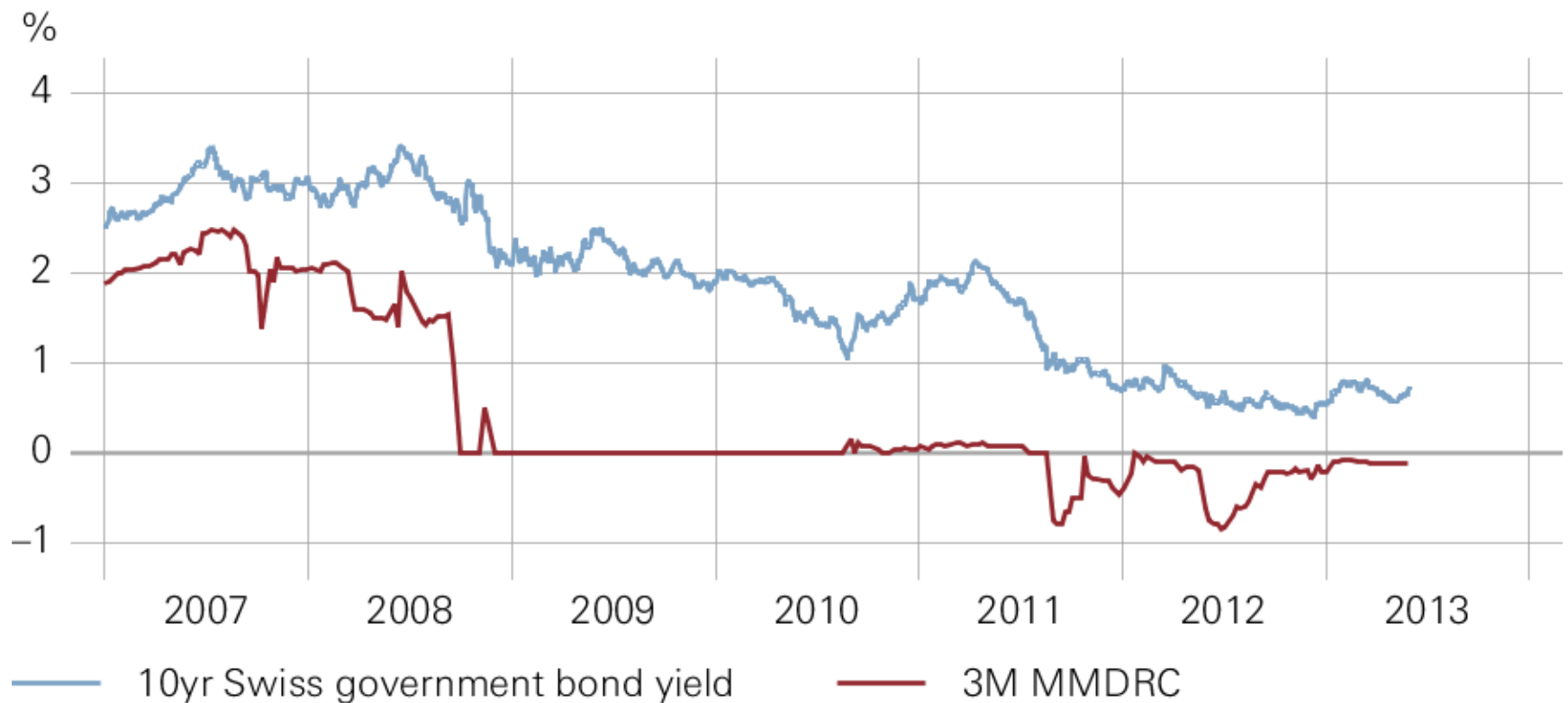


# Sound public finance: debt/GDP ratio has actually been reduced during the crises



# CHF as a safe haven: long-term yields at historical lows, government bills with negative returns !

## SHORT AND LONG-TERM INTEREST RATES



Sources: SNB MAP, Bloomberg

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# Save haven flows generated extreme exchange rate developments – trend accentuated with the Euro area crisis

## EFFECTIVE EXCHANGE RATE - TRADE WEIGHTED, RE.

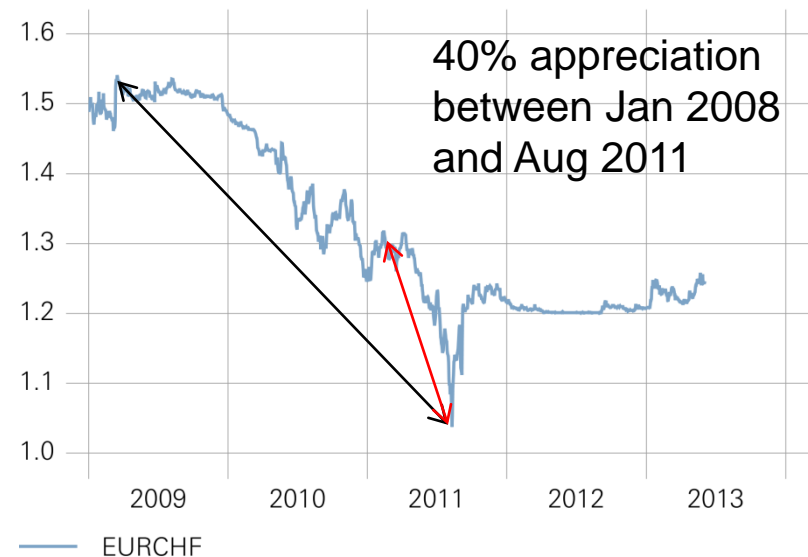
Double-weighting, updated monthly

Index (1.1.2000 = 100)



Sources: SNB MAP, BIS

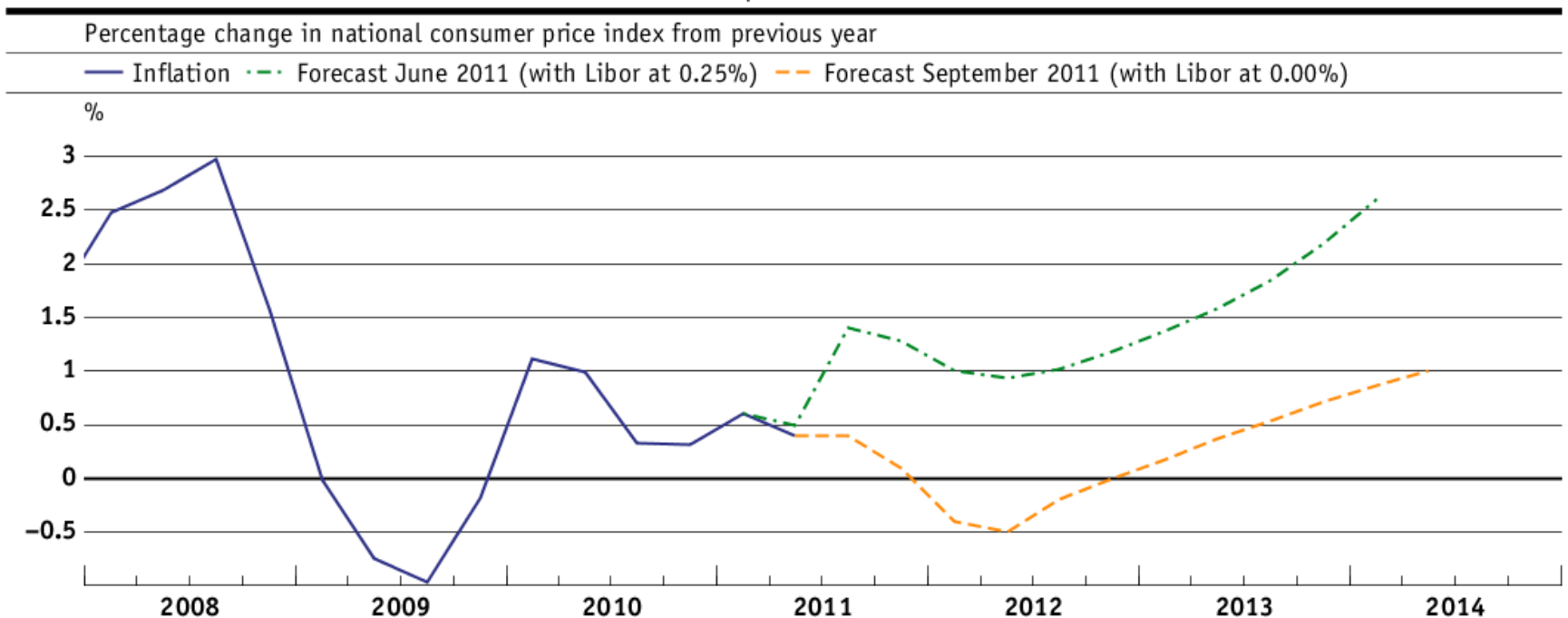
## NOMINAL EXCHANGE RATES



Sources: SNB MAP, Bloomberg

# SNB inflation forecast in September 2011: significant downward shift, in spite of the introduction of the exchange rate floor

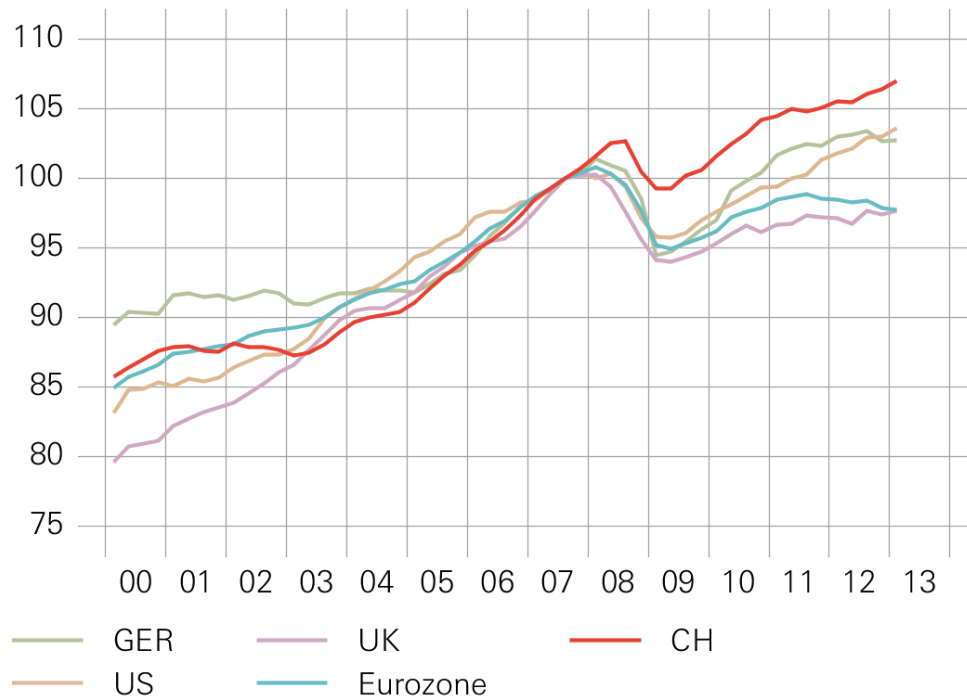
Conditional inflation forecast of June 2011 and of September 2011



# Recession and recovery – better than others

## GDP IN COMPARISON

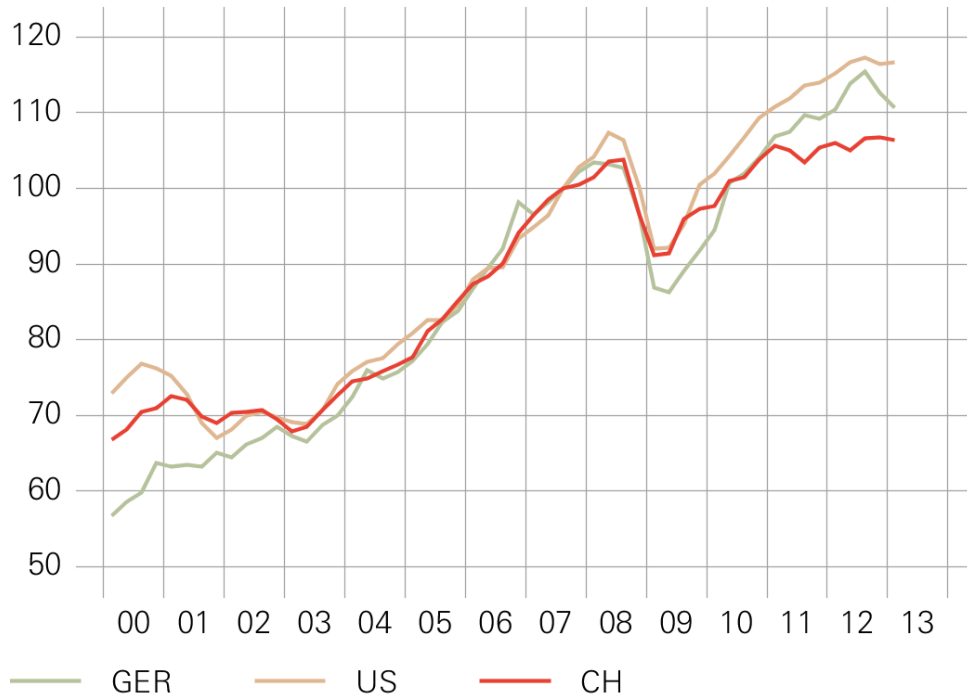
sa, real, 2007-Q3 = 100



# Still, dampening impact of strong CHF clearly visible – goods export have stagnated since the beginning of 2011

## EXPORTS

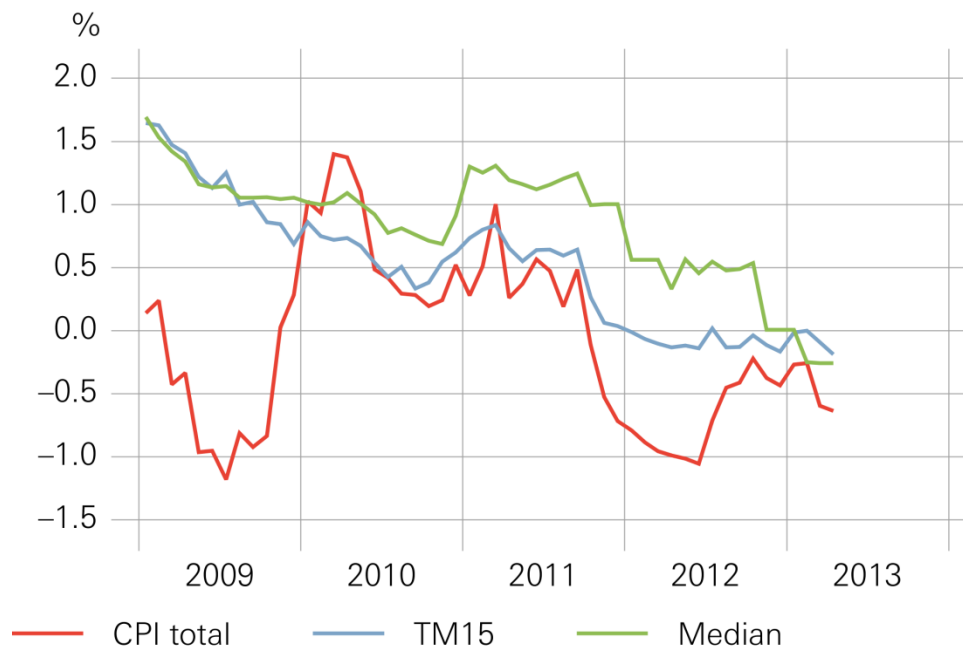
sa, real, local currency, 2007-Q3 = 100



# Strong CHF and negative output gap: negative imported inflation, zero domestic inflation

## CORE INFLATION (SNB)

Percentage change from previous year

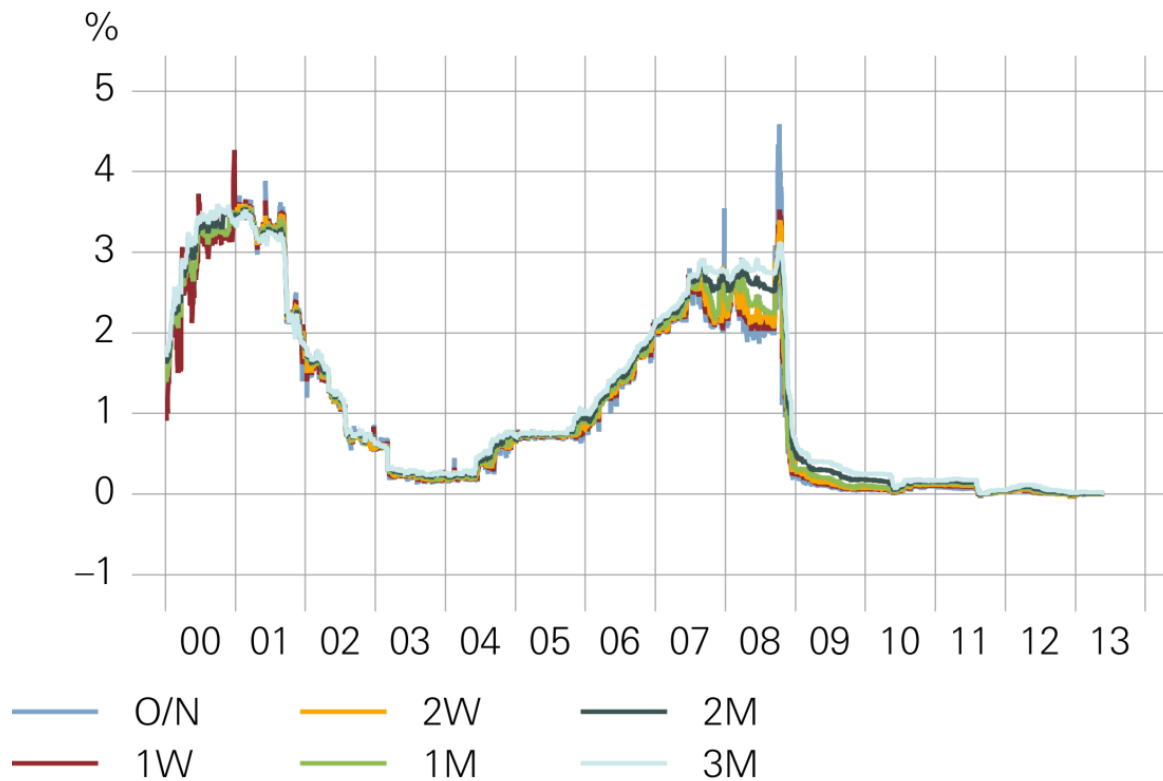


Sources: SFSO, SNB

# Rapid reduction in short-term interest rates

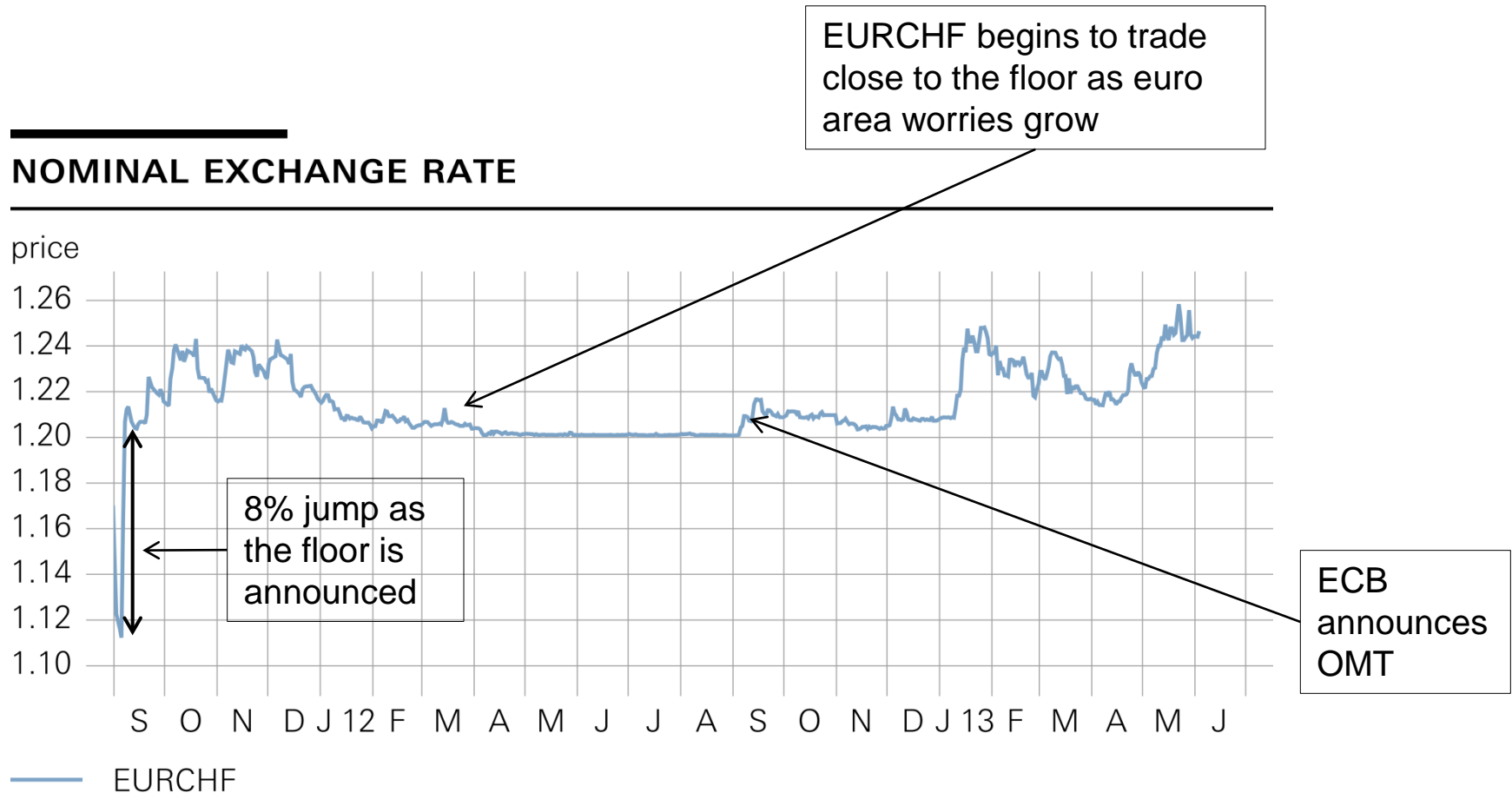
## UNSECURED MONEY MARKET RATES

CHF Libor



Source: Reuters

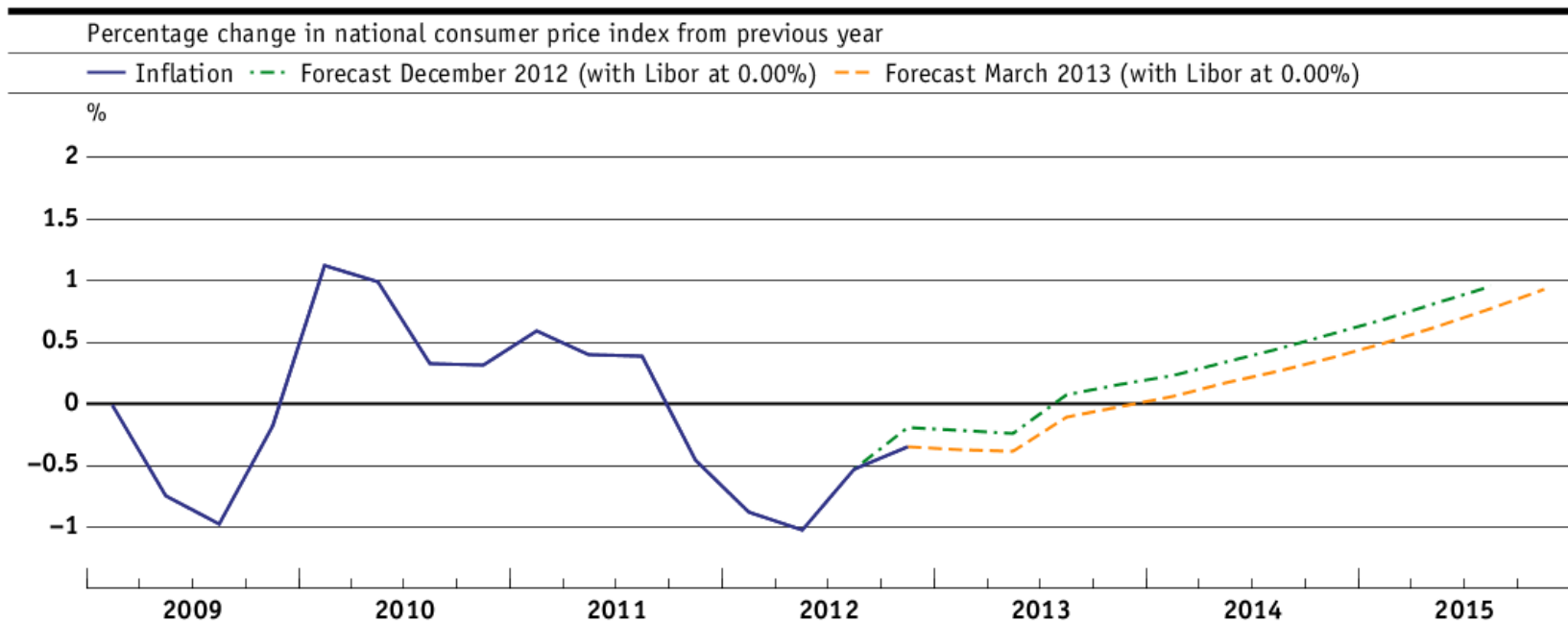
# Introduction of the exchange-rate floor to avoid an undesired tightening of monetary conditions



Sources: SNB MAP, Bloomberg

# Inflation forecast remains low

Conditional inflation forecast of December 2012 and of March 2013





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# Thank you for your attention!

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