

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 1 631 31 11
Telefax +41 1 631 39 10
www.snb.ch
snb@snb.ch

Berne, 14 June 2001

Press release

Monetary policy assessment at mid-year

Unchanged monetary policy course - target range for the three-month Libor rate to be kept at 2.75%-3.75%

The National Bank has decided to continue its current monetary policy. It is leaving the target range for the three-month Libor rate unchanged at 2.75% to 3.75%. For the time being, the three-month Libor rate is to be kept in the middle of the target range. Monetary policy was last adjusted on 22 March 2001, when the target range was lowered by 0.25 percentage points. Since then, economic prospects in Switzerland have scarcely changed. The National Bank thus sees no reason at the time for a further relaxation of its monetary policy. The cyclical prospects of the Swiss economy remain favourable, and the inflation rate in the next three years should be in a range that the National Bank equates with price stability.

Real economic growth stabilised at the beginning of this year. In the coming months, the Swiss economy should continue to develop close to its potential growth level. The National Bank is expecting GDP to grow by 2.0% in 2001 and by 2.1% in 2002.

The latest inflation forecast is based on the assumption that inflation will remain below the 2% level in the next three years. On average, the National Bank expects a slight rise in inflation of 1.4% in 2001 to 1.6% in 2002. The average inflation rate for the year 2003 will presumably amount to 1.3%. The anticipated temporary rise in inflation in the next few months is due to two factors. For one thing, the tight real estate market in the large urban areas and surroundings is likely to lead to higher housing rents even though the mortgage rates have declined somewhat. For another, the price decline in the field of telecommunications will slow down considerably.

Swiss National Bank