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Press release

Monetary policy assessment at year-end

Expansionary monetary policy to be continued – target range for the three-month Libor rate unchanged at 0.25%–1.25%.

The Swiss National Bank has decided to leave the target range for the three-month Libor rate unchanged at 0.25%–1.25%. For the time being, the three-month Libor is to be kept in the middle of the target range. Owing to the low level of inflation, the National Bank has been able to ease monetary policy substantially since March 2001, having since then lowered the target range for the three-month Libor by a total of 2.75 percentage points. The National Bank took decisive steps in response to declining economic growth and the upward trend of the Swiss franc. Interest rates were last lowered on 26 July of this year.

The imponderables with respect to the development of the global economy remain considerable, and a sustained economic upswing in Switzerland is not likely until some time in the second half of 2003. The National Bank is therefore maintaining its expansionary monetary policy and will keep the attractiveness of Swiss franc investments low. This does not jeopardise price stability. Assuming that the three-month Libor rate will remain stable at 0.75%, average annual inflation is expected to lie between 0.7% and 1.6% in the next three years. For 2003, the National Bank is anticipating economic growth of just over 1%, while zero growth is to be expected in the current year.

Swiss National Bank