

## 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

Geneva, 17 June 2004

Press release

# Monetary policy assessment at mid-year

## **Swiss National Bank increases the target range for the three-month Libor rate by 0.25 percentage points to 0.0%-1.0%**

The Swiss National Bank is increasing the target range for the three-month Libor with immediate effect by 0.25 percentage points to 0.0%-1.0%. For the time being, it intends to keep the three-month Libor rate in the middle of the target range at around 0.5%. After this step, the interest target range will again exhibit a spread of 100 basis points.

Economic activity in Switzerland is developing in line with the National Bank's expectations. For 2004, the National Bank anticipates economic growth of close to 2%. Higher oil prices will temporarily trigger price increases. The inflation potential, however, will remain modest within the short term. Since the economic recovery has strengthened and the threat of deflation has disappeared, monetary policy will be tightened slightly. Notwithstanding this interest rate rise, the National Bank will adhere to its expansionary monetary policy. It will continue to support the upswing and to keep the attractiveness of Swiss franc investments low. Should the Swiss franc appreciate markedly due to unexpected events, the National Bank will react appropriately.

According to the new inflation forecast, average annual inflation is likely to amount to 0.6% this year, to 1% in 2005 and to 2% in 2006. The inflation forecast is based on the assumption that the three-month Libor rate will remain steady at 0.5%.

Swiss National Bank