

SCHEDESEBECHE NATIONALEBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
SNB

Measures taken by the SNB
Martin Schlegel
16 June 2009

Tensions in the money market: Measures taken by the SNB

Martin Schlegel
Money Market & Foreign Exchange

Sixth Annual NBP-SNB Joint Seminar
16 June 2009

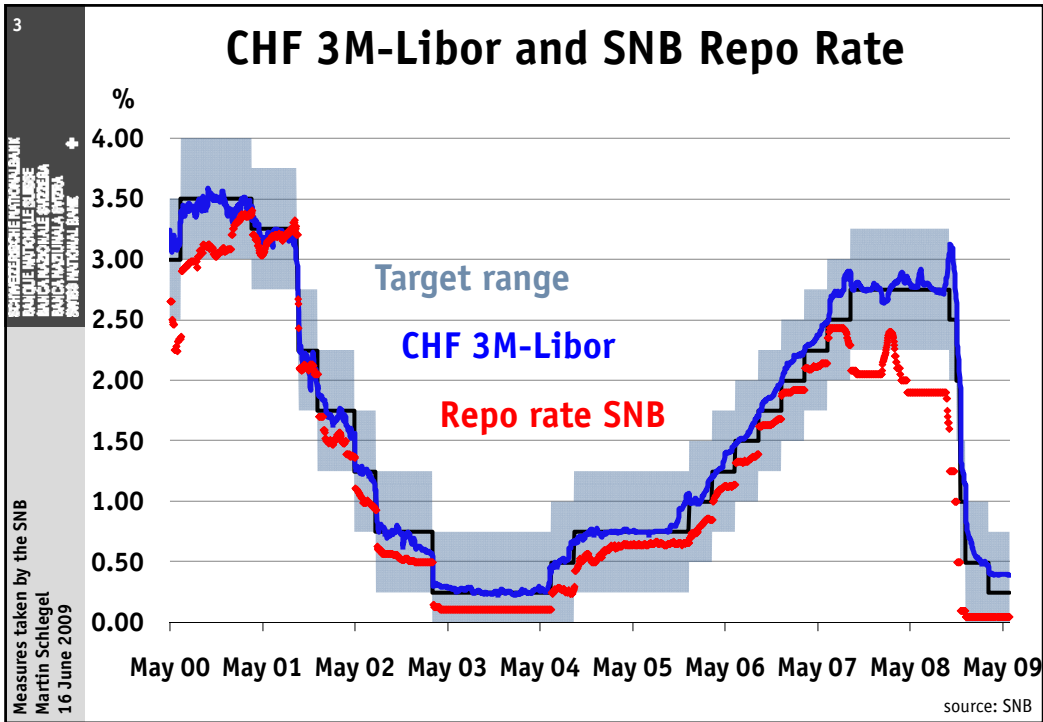
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The SNB's monetary policy framework

Price stability	Main objective
Inflation forecast	Main indicator
Target range CHF 3M-Libor	Operational target
Repo Transactions	Instrument



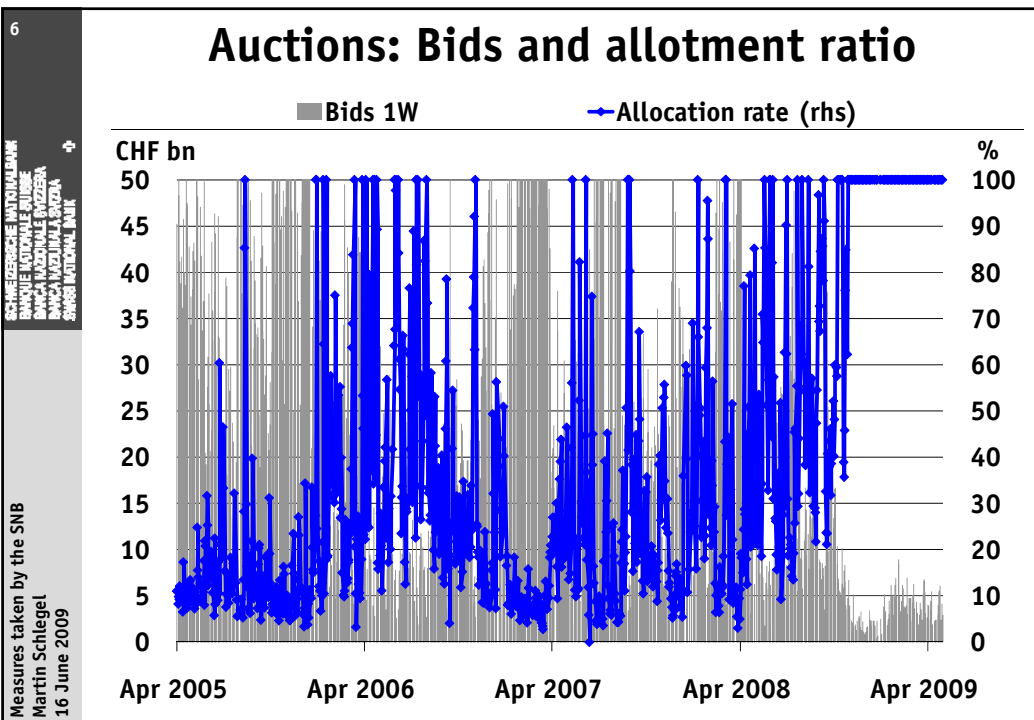
- ### Regular Monetary Policy Instruments
- **Open Market Operations**
 - Repo Auctions
 - Fine-Tuning Operations
 - Issue of SNB Bills
 - **Standing Facilities**
 - Intraday Facility
 - Liquidity-Shortage Financing Facility

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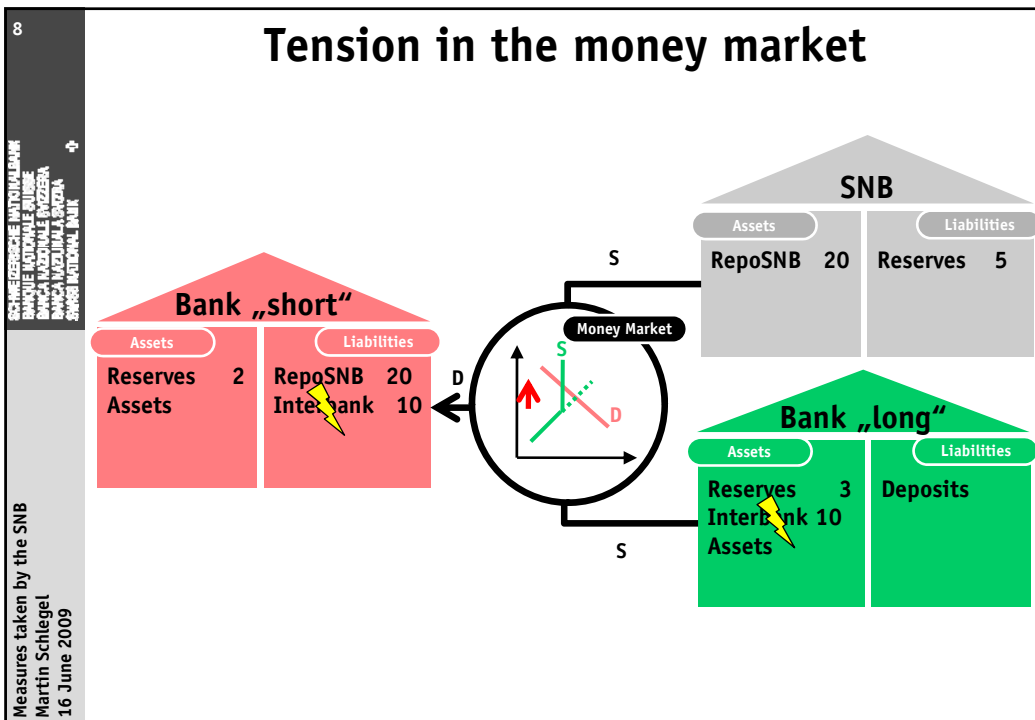
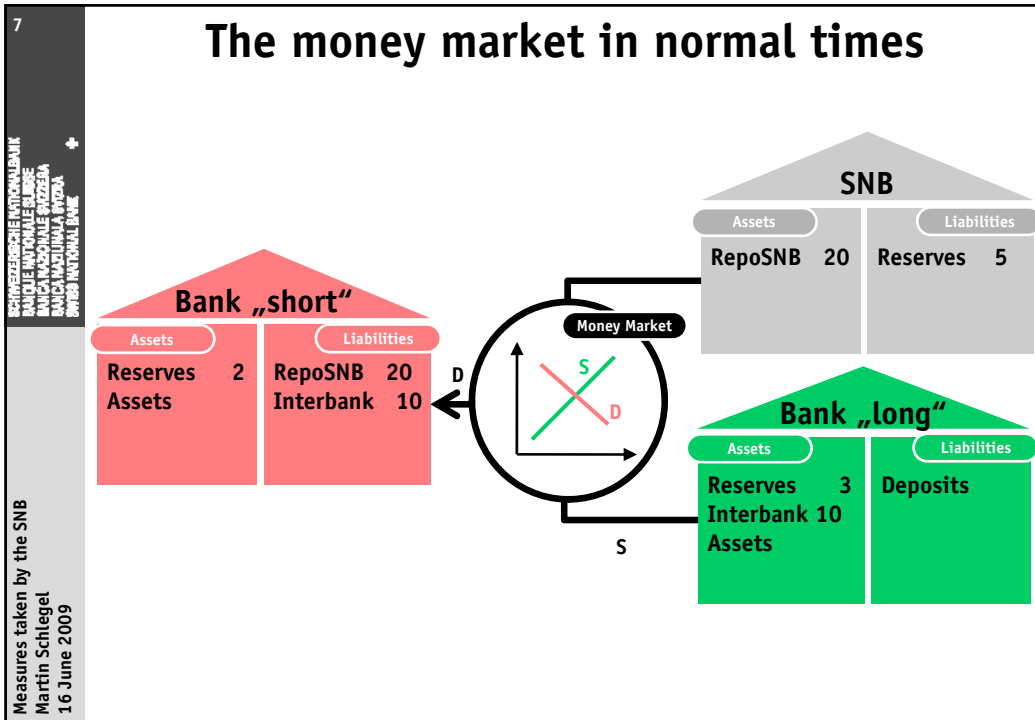
SNB's repo auction

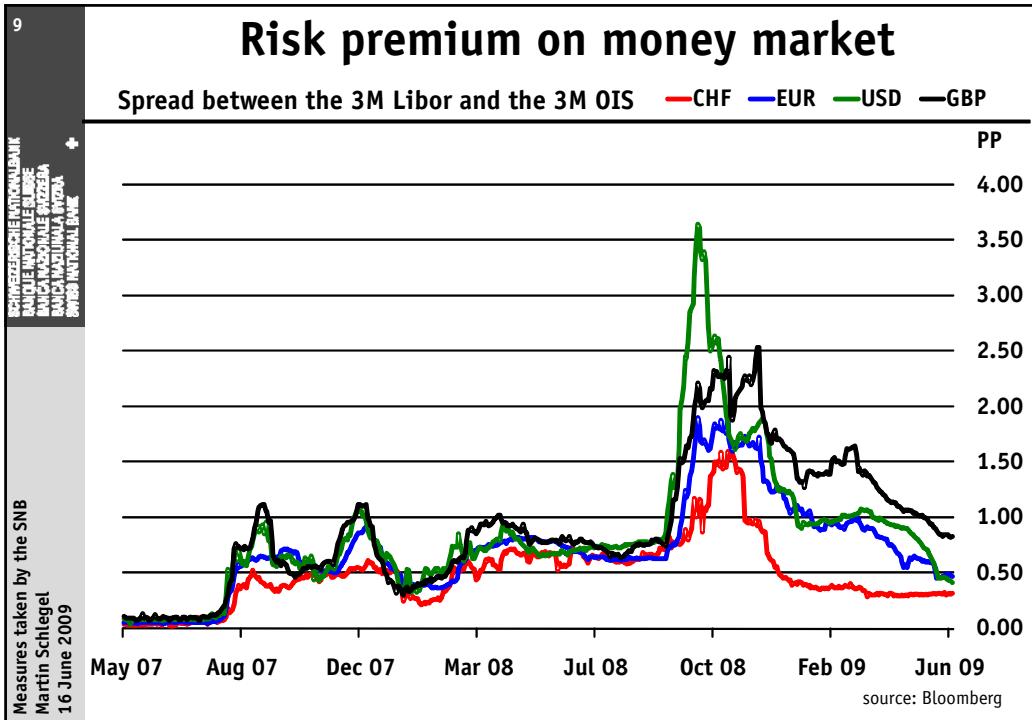
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Source: Eurex Zürich AG

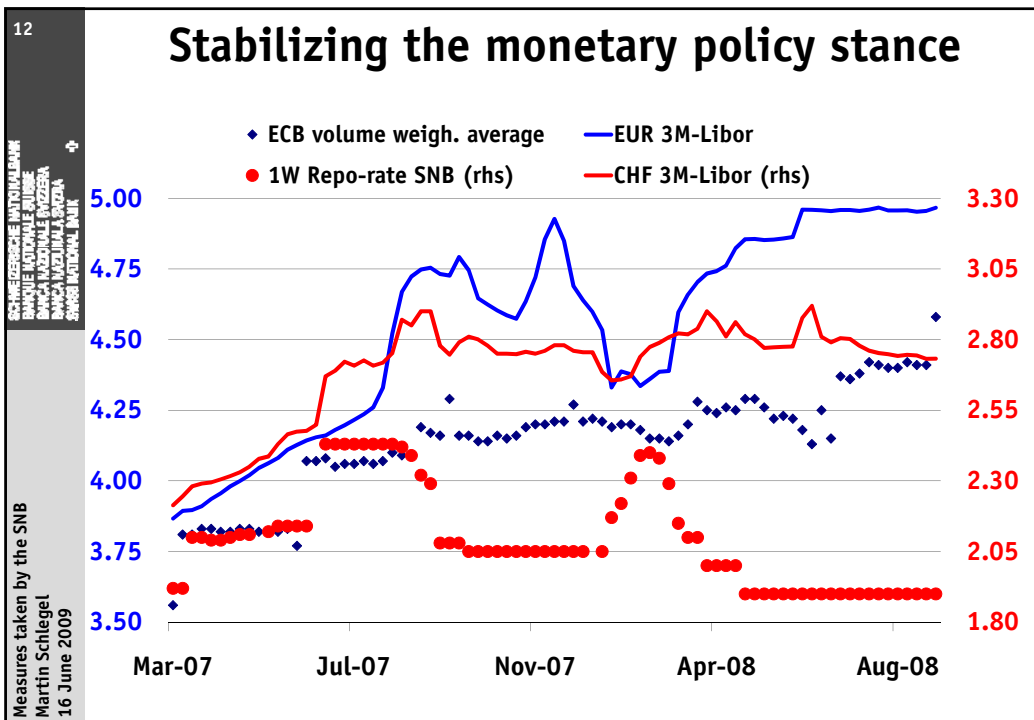
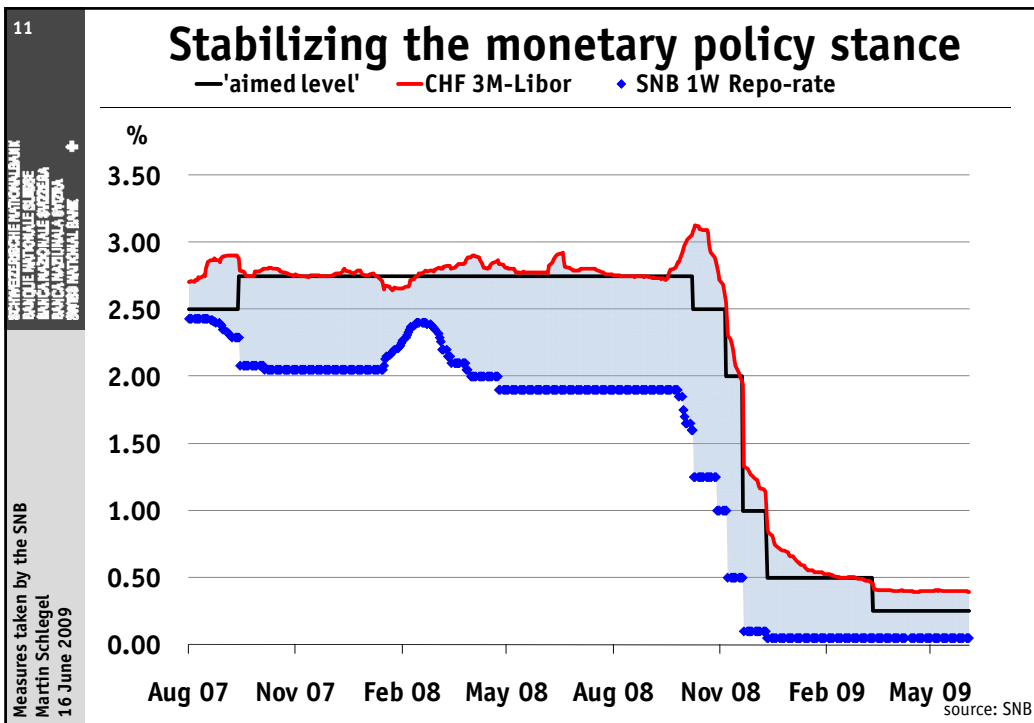


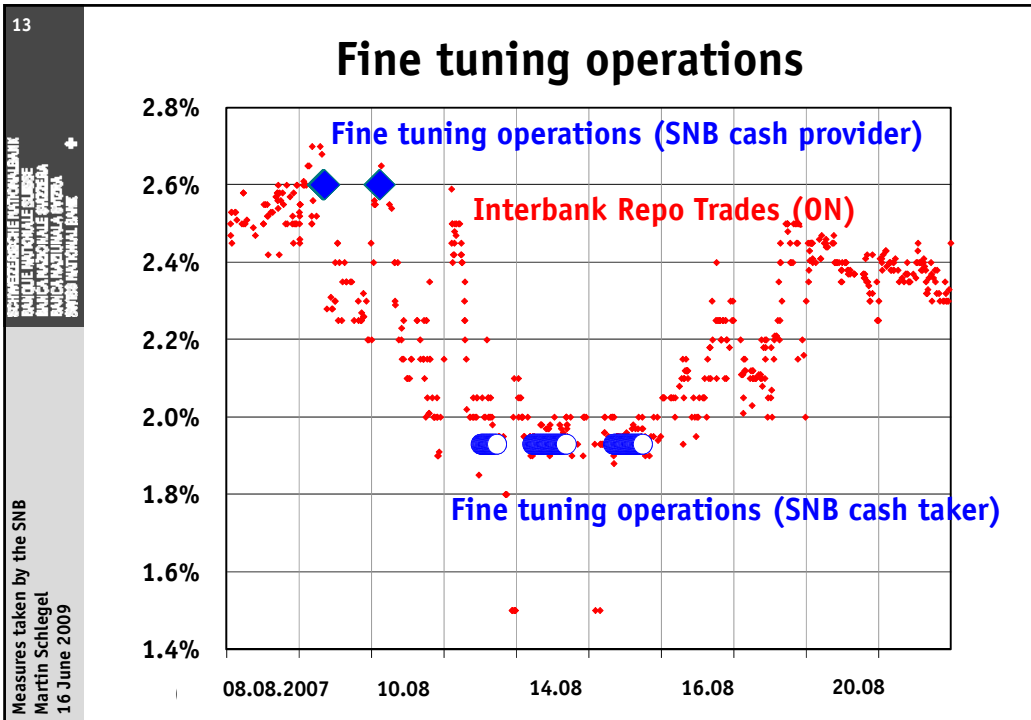
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- ### Overview of measures taken by the SNB
- Stabilizing the monetary policy stance
 - Exceptional fine tuning operations
 - Frontloading of reserves in maintenance period
 - Longer term repo operations
 - Broadening eligible collateral for SNB repos
 - Lowering surcharge on liquidity shortage financing facility
 - EURCHF-swaps (with ECB, NBP, MNB)
 - Issue of SNB Bills
 - Provision of liquidity in USD
 - Purchase of foreign currency on the FX market
 - Purchase of CHF bonds issued by private sector borrowers
- Measures taken by the SNB
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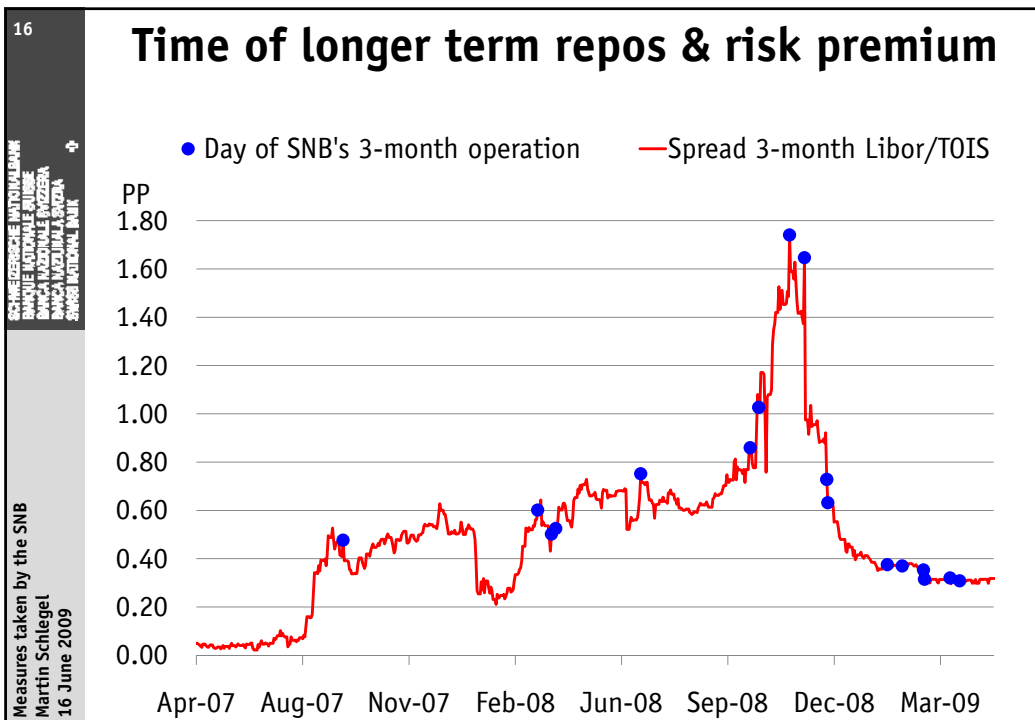
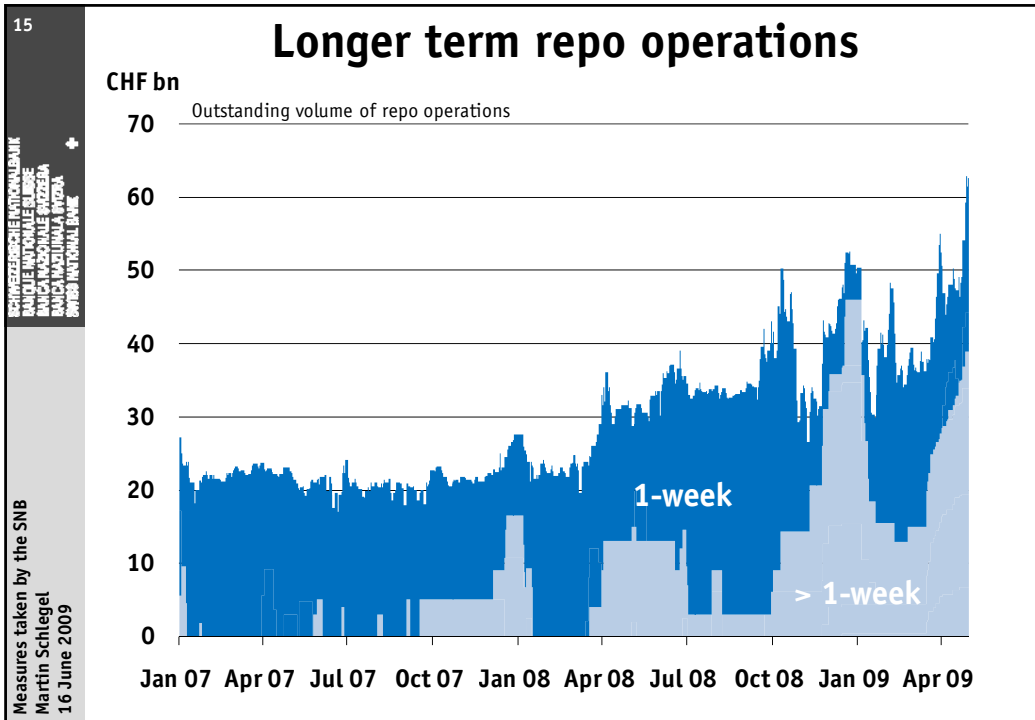
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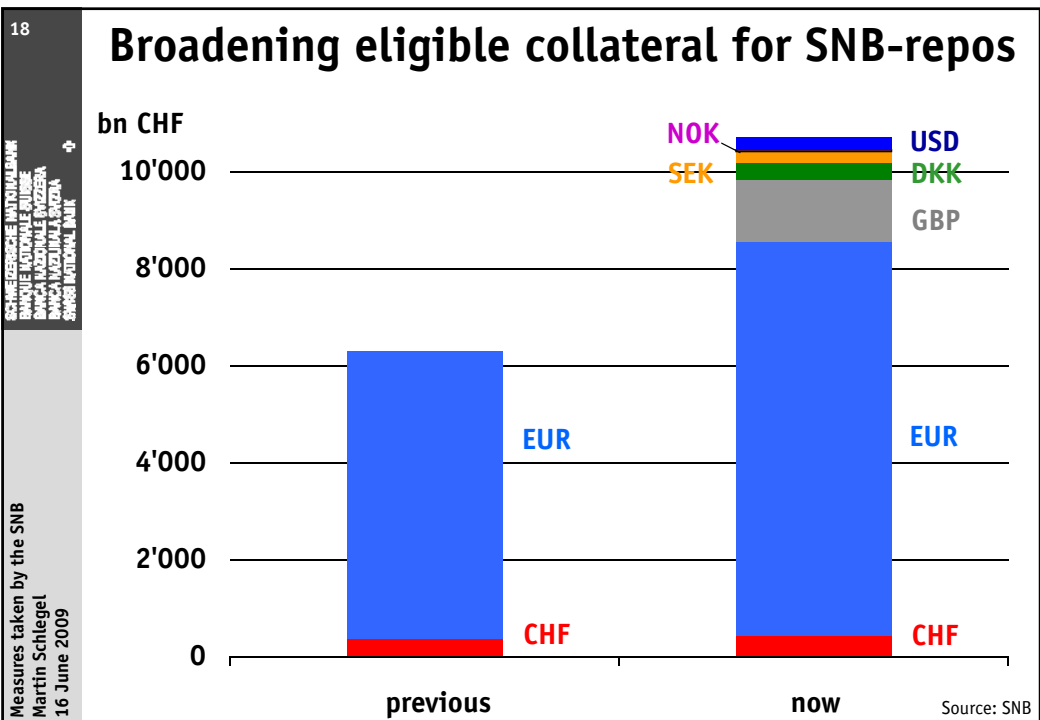
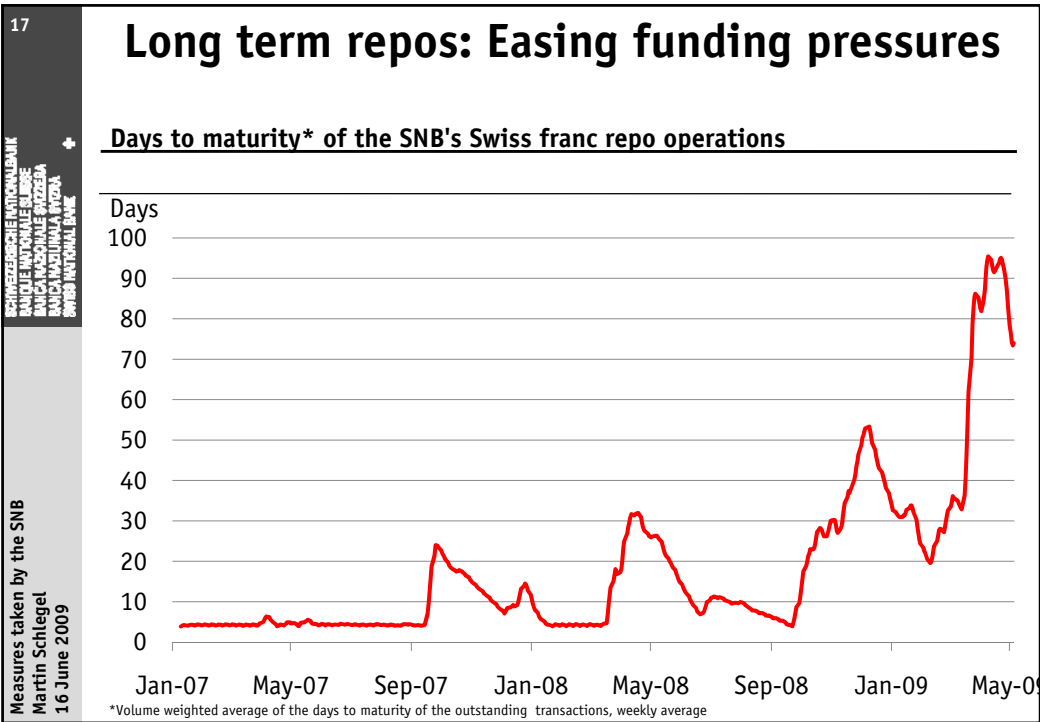
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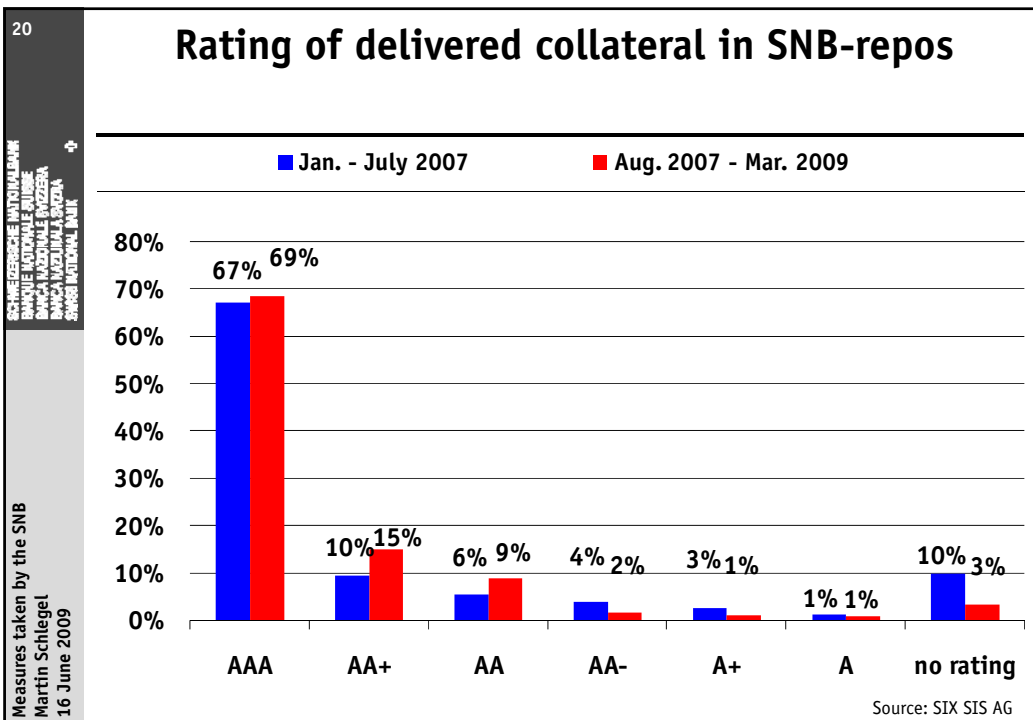
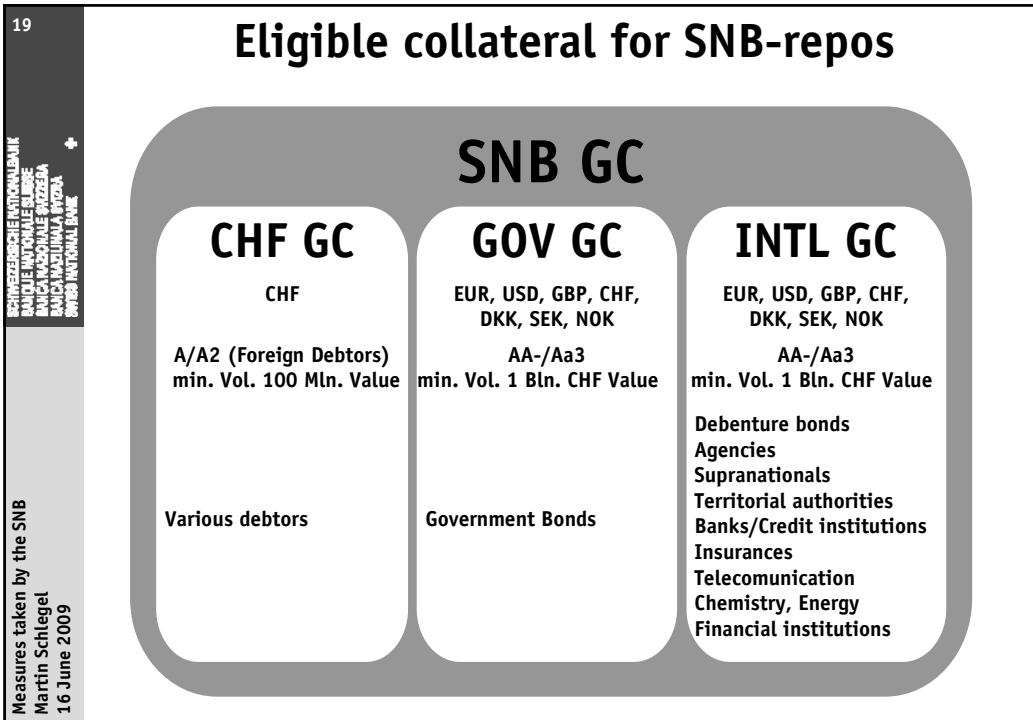
Fine tuning operations

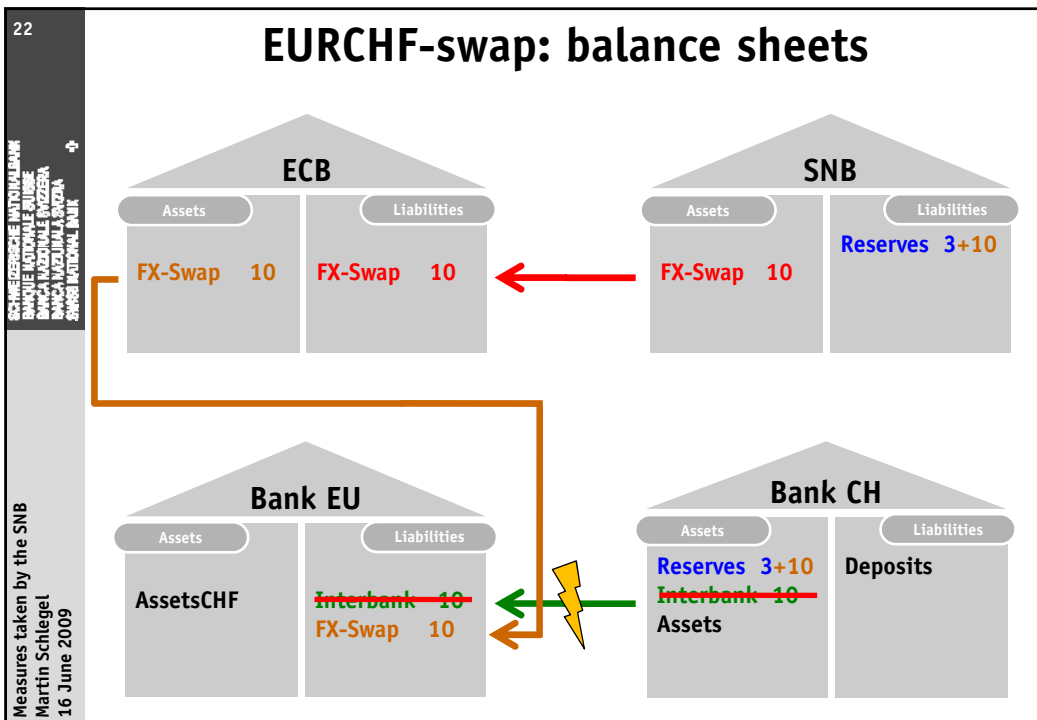
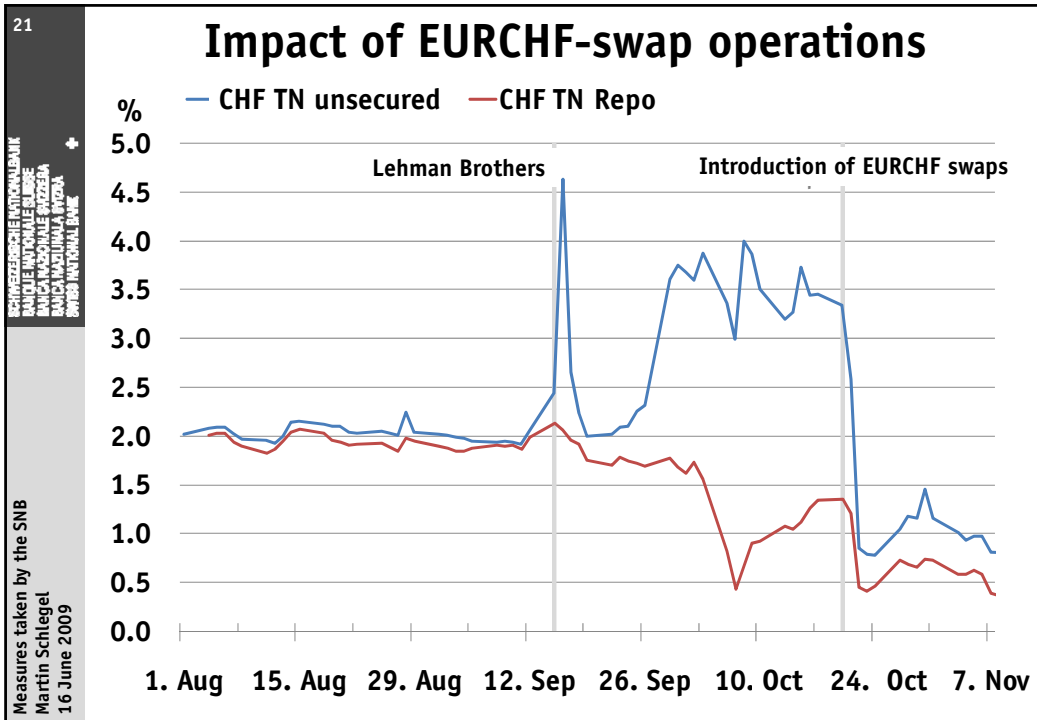
BUY Collateral / LEND Cash				SELL Collateral / BORROW Cash							
Own Buy Quote	Best Buy Quote	Term	Best Sell Quote	Own Sell Quote	Contract Type	Repo Rate	Currency	Cash Amou.	Purchase D.	Repurchase	Basket
100u/500 SNB OC(T)	00 ⁰⁰	IN			CHF OVERNIGHT	2.4500	CHF	40000000	07.03.08	10.03.08	SNB OC
100u/1000 SNB OC	45 ⁰⁰	ON	30 ⁰⁰	90c	CHF OVERNIGHT	2.3800	CHF	40000000	07.03.08	10.03.08	SNB OC
100c SNB OC	35 ⁰⁰	TN	25 ⁰⁰	50c	CHF 3 MONTHS	2.3500	CHF	50000000	11.03.08	11.06.08	SNB OC
100c SNB OC	27 ⁰⁰	SN	18 ⁰⁰	100c	CHF 2 MONTHS	2.3200	CHF	50000000	11.03.08	13.05.08	SNB OC
10c SNB OC	26 ⁰⁰	1W	23 ⁰⁰	100c	CHF 1 MONTH	2.2800	CHF	50000000	11.03.08	11.04.08	SNB OC
100c SNB OC	28 ⁰⁰	2W	18 ⁰⁰	100c	CHF NON-STD	2.2800	CHF	100000000	10.03.08	10.04.08	SNB OC
100c SNB OC	28 ⁰⁰	3W	21 ⁰⁰	100c	CHF OVERNIGHT	2.4000	CHF	47000000	07.03.08	10.03.08	SNB OC
50c SNB OC	25 ⁰⁰	1M	24 ⁰⁰	100c	CHF NON-STD	2.2800	CHF	100000000	10.03.08	10.04.08	SNB OC
100c SNB OC	33 ⁰⁰	2M	28 ⁰⁰	100c	CHF NON-STD	2.2800	CHF	100000000	10.03.08	10.04.08	SNB OC
100c SNB OC	36 ⁰⁰	3M	30 ⁰⁰	100c	CHF 1 MONTH	2.2800	CHF	30000000	11.03.08	11.04.08	SNB OC
100c SNB OC	39 ⁰⁰	6M	32 ⁰⁰	100c	CHF 3 WEEKS	2.2500	CHF	50000000	11.03.08	01.04.08	SNB OC
100c SNB OC	42 ⁰⁰	9M			CHF 2 WEEKS	2.2500	CHF	50000000	11.03.08	01.04.08	SNB OC

Detailed Order Book: CHF OVERNIGHT, (any collateral), Swiss Franc, Filtered													
File	Edit	View	Quote	Options	Help	Security	Security S.	Security P.	Fx Rate	Counterparty N			
Sender	Collateral	Max. Sec.	Fok	Tota	Size	Repo Rate	Repo Rate	Size	Tota	Fok	Max. Sec.	Collateral	Sender
CSZH	SNB OC	N	N	100c	2,500000					N		SNB OC	OOTLO
UBSZH	SNB OC	N	N	100c	2,500000					N		SNB OC	UBSZH
SNBZH	SNB OC	N	N	1000c	2,450000					N		SNB OC	DEXLUX
					2,300000	90c				N		SNB OC	DEXLUX
					2,250000	100c				N		SNB OC	DEXLUX
					2,250000	80c				N		SNB OC	NEBLU
					2,200000	100c				N		SNB OC	CADE
					2,180000	100c				N		SNB OC	D-BZH
					2,150000	100c				N		SNB OC	CSZH









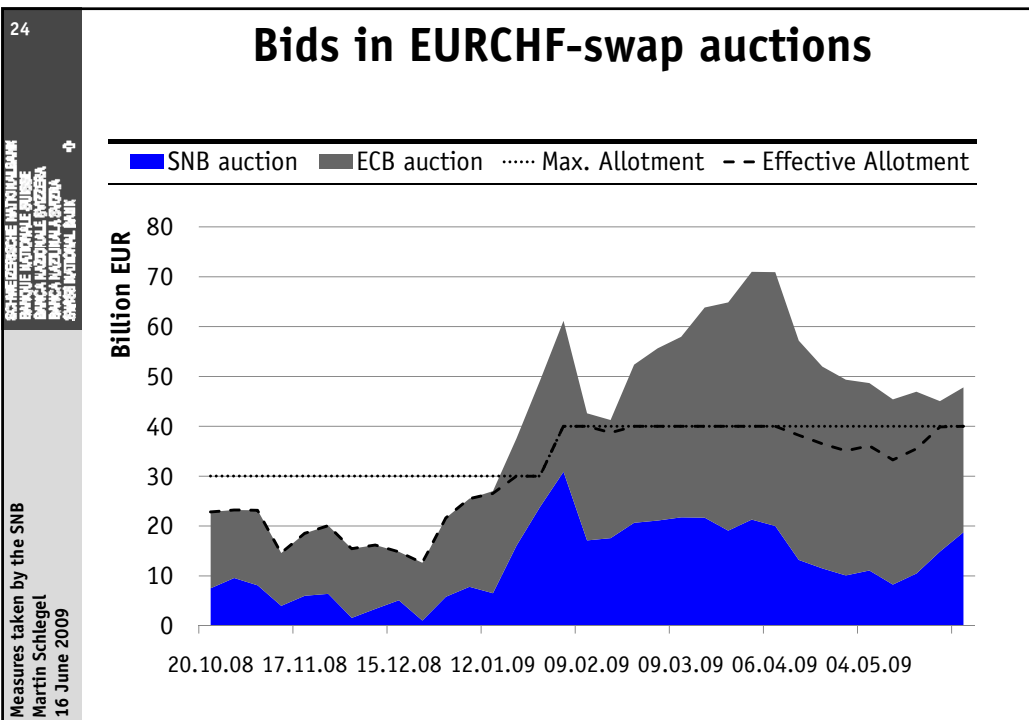
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Eligible counterparties in EURCHF-swaps

- Regular counterparties (Swiss and domiciled abroad)
- + Banks contributing in the Libor-fixing
- + Banks contributing in the TOIS-fixing
- + Eligible counterparties for ECB operations
- + Eligible counterparties for NBP operations
- + Eligible counterparties for MNB operations

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Issue of SNB Bills

- Instrument to absorb liquidity
- Variable rate tender auction (discriminatory)
- Term 1-week (weekly); synchronized with EURCHF-swaps
- Eligible for SNB-repos

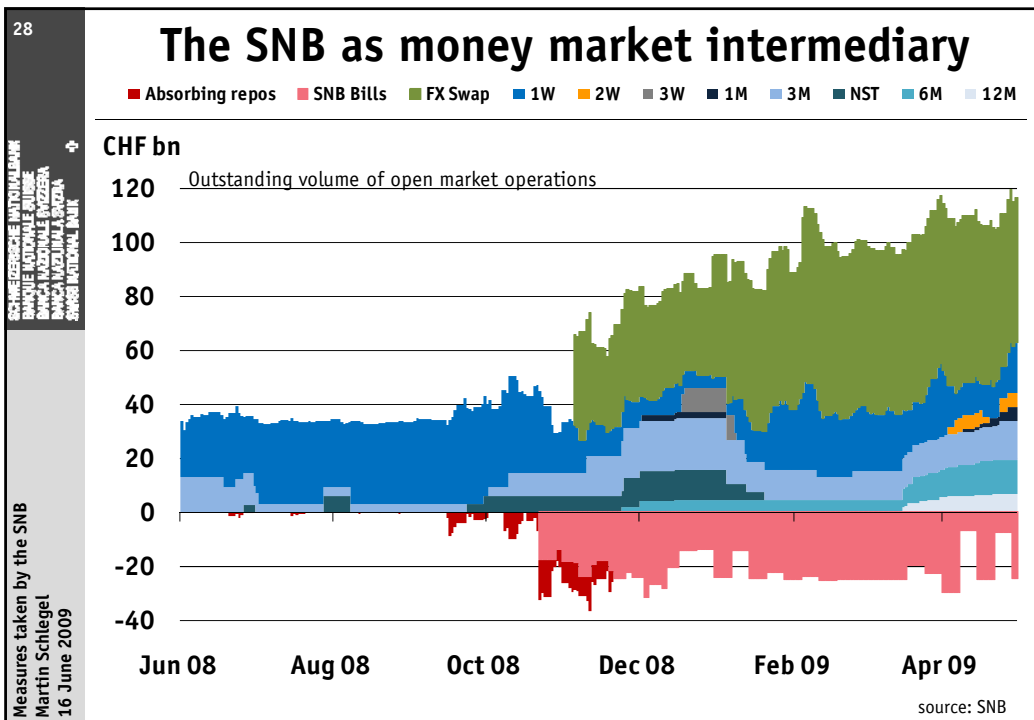
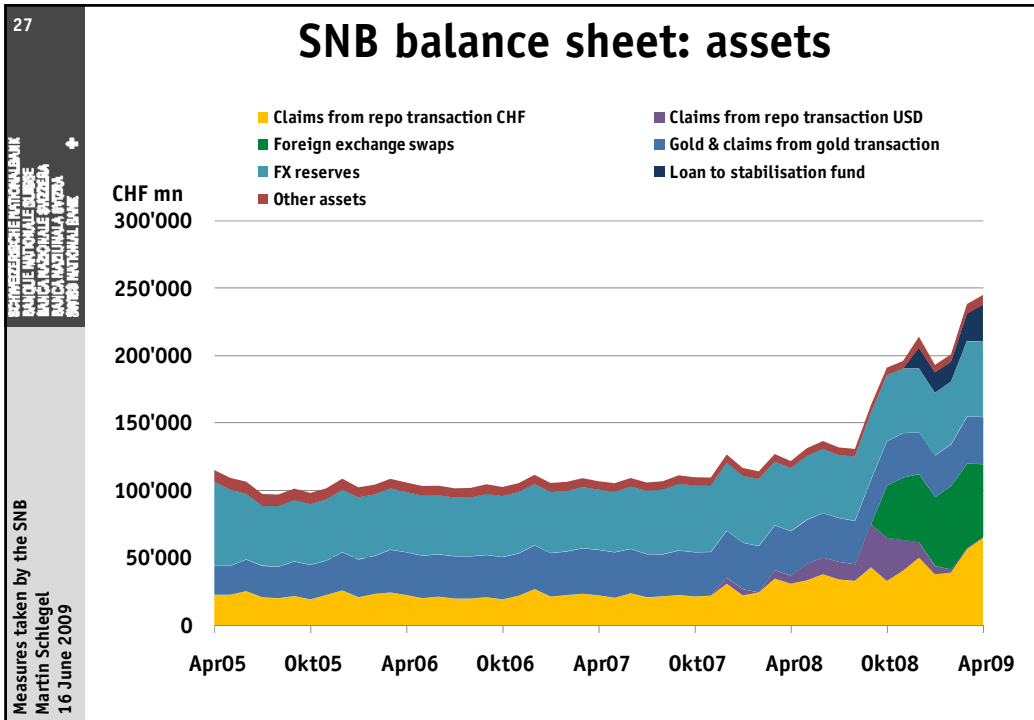
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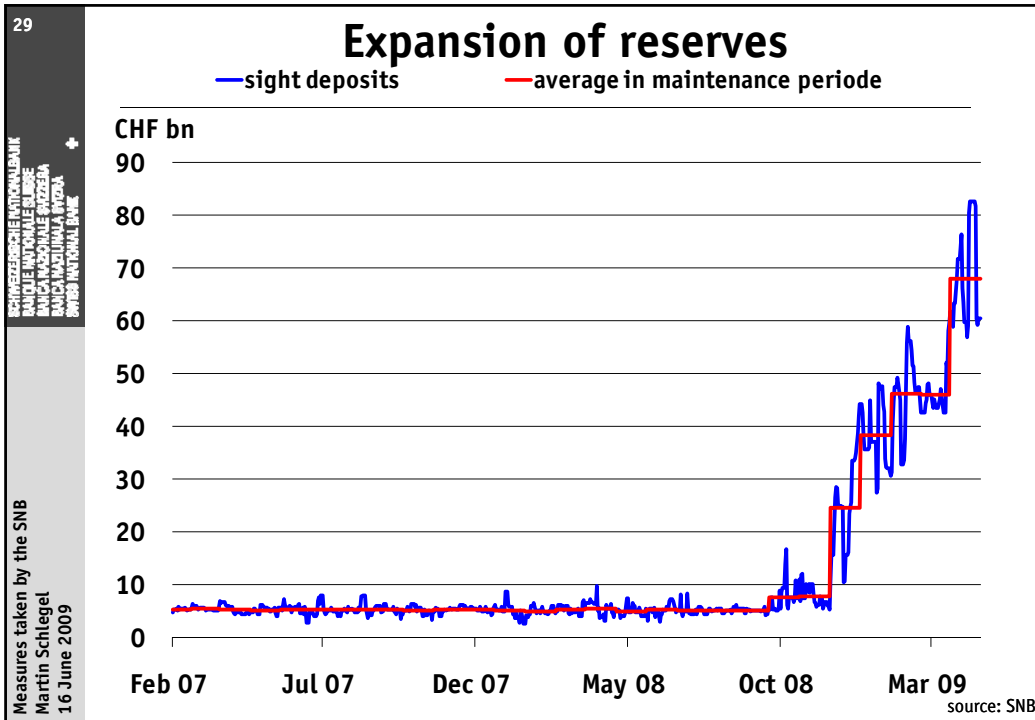
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Balance sheet SNB (April 2009)

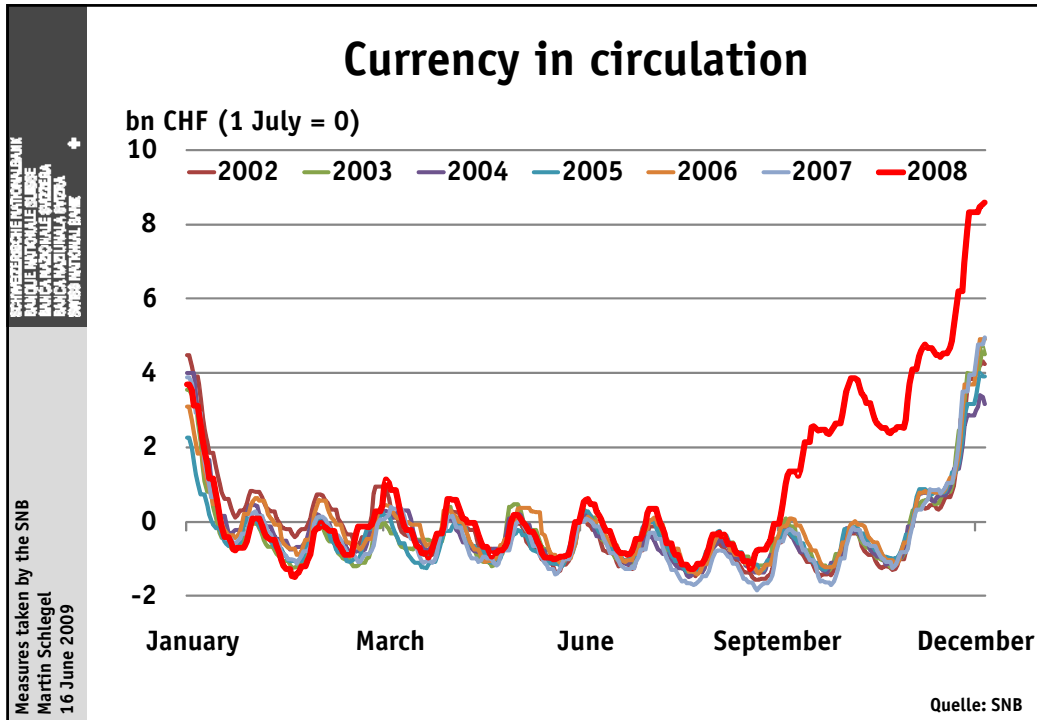
Assets	SNB	Liabilities	
Gold & claims from gold transact.	34'864	Banknotes in circulation	46'141
FX reserves	55'764	Sight deposits of domestic banks	71'315
Claims from repo transactions CHF	64'931	SNB Bills	37'174
Claims from repo transactions USD	1'151	Government balance	6'268
Foreign exchange swaps	53'689	Provisions and equity capital	61'066
Loan to stabilisation fund	27'526	Other liabilities	23'399
Other assets	7'437		
	245'363		245'363

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- ### Withdrawing excess reserves
- Refrain from renewing maturing repos
 - Discontinue FX-swaps
 - Increase the issue of SNB Bills
 - Purchase Swiss francs against currencies/securities
- Caveat: Limitations!
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