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Press release

Swiss National Bank - Year-end assessment of monetary policy

No monetary policy change - target range for the three-month Libor of 3%-4% to be maintained

The Swiss National Bank, in agreement with the Federal Government, has decided to adhere to its current monetary policy. It will leave the target range for the three-month Libor rate, which has stood at 3.0% - 4.0% since 15 June 2000, unchanged. For the time being, the Bank intends to keep the three-month Libor rate in the middle of the target range. Since there are no discernible signs of a long-term threat to price stability, the National Bank will refrain from another tightening of monetary policy.

The National Bank expects that economic growth will continue at a slower pace. After a growth rate of 3.3% during the current year, it anticipates an increase in real gross domestic product of 2.2% in 2001.

The latest inflation forecast still gives a favourable picture of the future inflation trend. In essence, it corresponds to the inflation development forecast in June 2000. On average, the National Bank expects inflation to increase from 1.6% in 2000 to 2.1% in 2001. During the course of the year 2002, inflation is likely to fall below 2% again; hence, within the range which the National Bank equates with price stability. The anticipated temporary deviation from this target can be explained by the vigorous development of economic activity during the current year and, above all, by the massive rise in oil prices.

Swiss National Bank