

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 44 631 31 11
Telefax +41 44 631 39 10
www.snb.ch
snb@snb.ch

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Press release

Monetary policy assessment at year-end

National Bank leaves the target range for the three-month Libor rate unchanged at 0.25%–1.25%

The Swiss National Bank is leaving the target range for the three-month Libor rate unchanged at 0.25%–1.25%. For the time being, it intends to keep the rate in the middle of the target range at around 0.75%.

Economic growth in Switzerland has lost some of its momentum. For this year, the National Bank continues to anticipate GDP growth to be close to 2%. In the coming year, it expects the economy to expand by 1.5% to 2%. On the assumption that the three-month Libor rate will remain unchanged at 0.75%, the National Bank expects an annual inflation rate of 1.1% in 2005 and 1.3% in 2006. Less dynamic growth, the weaker US dollar and the decline in excess liquidity have dampened the anticipated inflationary pressure somewhat. The target range for the three-month Libor rate will therefore be left unchanged, and the rate will again be kept in the middle of the range. The National Bank's monetary policy continues to have an expansionary effect. Should unexpected developments push up the Swiss franc sharply, the National Bank will take appropriate action.

Swiss National Bank