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Press release

Joint statement by central banks

Throughout the current financial crisis, central banks have engaged in continuous close consultation and have cooperated in unprecedented joint actions such as the provision of liquidity to reduce strains in financial markets.

Inflationary pressures have started to moderate in a number of countries, partly reflecting a marked decline in energy and other commodity prices. Inflation expectations are diminishing and remain anchored to price stability. The recent intensification of the financial crisis has augmented the downside risks to growth and thus has diminished further the upside risks to price stability.

Some easing of global monetary conditions is therefore warranted. Accordingly, the Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve, Sveriges Riksbank and the Swiss National Bank are today announcing reductions in policy interest rates. The Bank of Japan expresses its firm support of these policy actions.

Swiss National Bank – relaxation of monetary policy

The Swiss National Bank (SNB) has decided to ease conditions in the money market by 50 basis points in a bid to bring down the Swiss franc three-month Libor from its most recent level of 3% to 2.5%. To this end, the SNB is lowering the target range to 2–3%.

The global financial crisis has intensified and is having a considerable impact on the international economy. The slowdown in economic activity in the US and Europe is more severe than what the SNB had forecast at its last monetary policy assessment of 18 September 2008.

The Swiss economy is also affected by these developments. Economic growth for 2009 will be weaker than expected at the last assessment. In view of the improved inflation outlook, as a result of the economic downturn and the low oil prices, the SNB is now able to loosen its monetary policy reins.

The Swiss National Bank will continue to provide the Swiss franc money market with liquidity in a generous and flexible manner. It will keep a close watch on developments in the financial markets, so as to assess their impact on economic activity and the inflation outlook and be able to react swiftly, if necessary.