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Swiss National Bank expands measures against strong Swiss franc

The substantial rise in risk aversion on the international financial markets has further intensified the overvaluation of the Swiss franc in the last few days. In the light of these developments, the Swiss National Bank (SNB) is taking additional measures against the strength of the Swiss franc. It will again significantly increase the supply of liquidity to the Swiss franc money market. The SNB aims to rapidly expand banks' sight deposits at the SNB from currently CHF 80 billion to CHF 120 billion.

To accelerate the increase in Swiss franc liquidity, the SNB will additionally conduct foreign exchange swap transactions. The foreign exchange swap is a monetary policy instrument which the SNB uses to create Swiss franc liquidity. It was last employed in autumn 2008.

The massive overvaluation of the Swiss franc poses a threat to the development of the economy in Switzerland and has further increased the downside risks to price stability. The SNB is keeping a close watch on developments on the foreign exchange market and on financial markets. If necessary, it will take further measures against the strength of the Swiss franc.