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Press release

Monetary policy assessment at year-end

Further easing of monetary policy – target range for the three-month Libor lowered by 0.5 percentage points to 1.25%–2.25%

The Swiss National Bank has decided to lower the target range for the three-month Libor rate by 0.5 percentage points to 1.25%-2.25%. For the time being, the three-month Libor is to be kept in the middle of the target range. Recently, the National Bank has adjusted its monetary policy twice already. On 17 and 24 September 2001, it lowered the target range for the three-month Libor rate by 0.5 percentage points each. At the time, the National Bank acted in response to the decrease in inflationary pressures and the undesirable development of the Swiss franc exchange rate. The economic outlook has since continued to deteriorate around the globe. In Switzerland, there are no signs that price stability might be jeopardised in the medium term. This development makes it possible to reduce rates again. Accordingly, since the beginning of 2001, the National Bank has lowered the target band for the three-month Libor by a total of 1.75 percentage points, thus easing monetary policy considerably. Assuming that the three-month Libor rate will remain stable at 1.75%, inflation is expected to hover between 0.9% and 1.5% in the next three years. The National Bank projects real gross domestic product to increase by 1.5% in 2001. For 2002 it anticipates a growth rate of around 1%.

Swiss National Bank