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Press release

The Swiss National Bank lowers its interest rate target range by 0.5 percentage points to 0.25%-1.25%

Economic recovery slower than expected – dissatisfaction with the exchange rate

The Swiss National Bank will lower the target range for the three-month Libor rate with immediate effect by 0.5 percentage points to 0.25%-1.25%. For the time being, it intends to keep the three-month Libor rate in the middle of the new target range. By further loosening the monetary reins, the National Bank reacts to increasing signs from Switzerland and abroad pointing to a delay in economic recovery and slower-than-anticipated economic growth in 2002. It now forecasts the average growth rate for real GDP to fall considerably short of 1% in 2002. Moreover, the further real appreciation of the Swiss franc has led to a tightening of monetary conditions which is clearly undesirable under the current circumstances. The renewed easing of monetary policy will not jeopardise price stability in the short and medium term.

The strengthening of the Swiss franc reflects the sustained economic and political uncertainties, which led to a loss in confidence also on the international stock markets. The turbulence in the stock markets could, however, turn into a risk factor should it persist contrary to expectations. The National Bank will continue to follow the development of the economy very closely.

Swiss National Bank