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Press release

Monetary policy assessment at year-end

Libor target range left unchanged at 0% - 0.75%

The National Bank has decided to leave the target range for the three-month Libor rate unchanged at 0.0%-0.75%. For the time being, the three-month Libor is to be kept around 0.25%. In the past two years, the National Bank reacted to the decline in economic activity and the upward trend of the Swiss franc by considerably relaxing its monetary policy. Now the signs of an economic recovery in Switzerland are intensifying. The upswing is not yet assured, though. At the same time, the inflation potential is small. For this reason, the National Bank is adhering to its expansionary monetary policy and is keeping down the attractiveness of Swiss franc investments.

The National Bank assumes that the economy will grow by slightly over 1.5% in 2004, while a moderate decline in economic activity is expected for the current year. If monetary policy remains unchanged, average annual inflation is likely to amount to 0.4% in the coming year, to 1.0% in 2005 and to 2.3% in 2006. The National Bank is of the opinion that price stability can be maintained by tightening monetary policy at a later point in time.

Swiss National Bank