

## Communications

P.O. Box, CH-8022 Zurich  
Telephone +41 44 631 31 11  
Fax +41 44 631 39 10

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## Further relaxation of monetary policy

### Swiss National Bank lowers the target range for the three-month Libor by 100 basis points to 0.5–1.5%

The Swiss National Bank (SNB) is lowering the three-month Libor target range by 100 basis points to 0.5–1.5% with immediate effect. It will provide the Swiss franc money market with a generous and flexible supply of liquidity in order to bring the Libor down to the middle of the target range.

As a result of the decline in the prices of raw materials and oil, price stability will be restored sooner than expected, and inflation is likely to fall below 2% as early as the end of this year. Moreover, international economic conditions have worsened appreciably, bringing a higher risk of a marked slowdown in economic activity in Switzerland next year. By lowering the Libor target range by 100 basis points, the SNB is making use of its room for manoeuvre.

The SNB will continue to monitor closely the situation on the money and foreign exchange markets.