

Communications

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## Monetary policy assessment of 20 June 2013

### SNB reaffirms minimum exchange rate

The Swiss National Bank (SNB) is maintaining its minimum exchange rate of CHF 1.20 per euro. The Swiss franc is still high. An appreciation of the Swiss franc would compromise price stability and would have serious consequences for the Swiss economy. In the current environment, the minimum exchange rate remains important in order to avoid an undesirable tightening of monetary conditions for Switzerland in the event of sudden upward pressure on the Swiss franc. The SNB stands ready to enforce the minimum exchange rate, if necessary, by buying foreign currency in unlimited quantities, and to take further measures, as required. The target range for the three-month Libor will be left unchanged at 0.0–0.25%.

Since March, the SNB's conditional inflation forecast has remained almost unchanged, apart from inflation for the current year, which is slightly lower due to a reduction in the oil price. The forecast is again based on an unchanged three-month Libor of 0.0% over the next three years. For 2013, the SNB now anticipates slightly lower inflation of –0.3%. For 2014, the inflation forecast is unchanged at 0.2% and for 2015, at 0.7%. Consequently, inflation in Switzerland will remain very low in the foreseeable future.

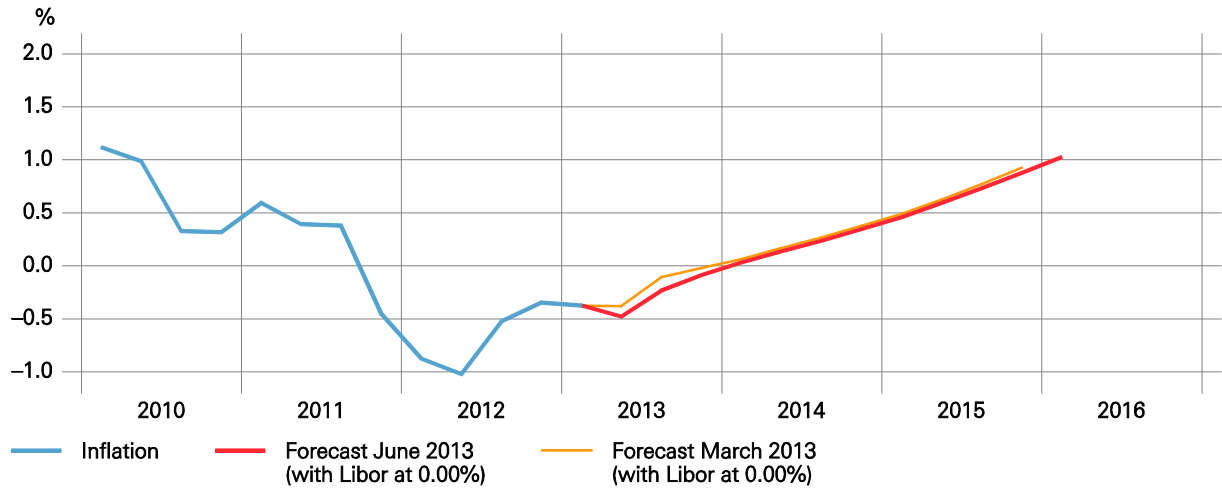
In the first quarter of 2013, the global economy was weaker than expected. The recession continued in the euro area. In the US, the recovery remained hesitant and in China, economic activity lost strength. In Switzerland, real GDP rose significantly in the first quarter. However, the SNB expects a perceptible weakening in growth for the second quarter. Overall, it still anticipates growth of 1.0–1.5% for 2013.

The risks for the Swiss economy remain high. They continue to originate, for the most part, from the international environment. A weakening in global economic momentum cannot be excluded. Further developments in the euro area financial and sovereign debt crisis remain uncertain. Tensions can reappear at any moment on global financial markets. Domestically, there is a risk that the imbalances on the mortgage and real estate markets will grow, given the sustained period of exceptionally low interest rates.

Press release

### CONDITIONAL INFLATION FORECAST OF JUNE 2013

Percentage change in Swiss consumer price index from previous year



### OBSERVED INFLATION IN JUNE 2013

	2010				2011				2012				2013				2010	2011	2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Inflation	1.1	1.0	0.3	0.3	0.6	0.4	0.4	-0.5	-0.9	-1.0	-0.5	-0.3	-0.4				0.7	0.2	-0.7

### CONDITIONAL INFLATION FORECAST OF JUNE 2013

	2013				2014				2015				2016				2013	2014	2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Forecast March 2013, with Libor at 0.00%	-0.4	-0.4	-0.1	0.0	0.1	0.2	0.3	0.4	0.5	0.6	0.8	0.9					-0.2	0.2	0.7
Forecast June 2013, with Libor at 0.00%		-0.5	-0.2	-0.1	0.0	0.1	0.2	0.3	0.5	0.6	0.7	0.9	1.0				-0.3	0.2	0.7