

Quarterly Bulletin, 3, September 2000

Contents

Abstracts

Monetary policy decisions for the 4th quarter 2000

Economic and monetary policy developments in Switzerland

Frank Wettstein and Hubert Lieb: Life cycle assessment of Swiss banknotes

Chronicle of monetary events

Abstracts

1. Monetary policy decisions

On 14 September 2000, the Swiss National Bank decided to adhere to the tighter monetary policy implemented in the summer. It intends to keep the 3-month Libor rate in the middle of the target range of 3%-4% for the time being. The target range had last been raised by half a percentage point to the present level on 15 June.

2. Economic and monetary developments

The vigorous and broad-based economic growth in Switzerland was sustained in the second quarter of 2000. At 3.8%, real gross domestic product grew at approximately the same pace as in the first quarter. The favourable state of the economy worldwide as well as the continued low Swiss franc against the dollar and the yen stimulated exports. Domestic demand also provided strong support for the economy. Compared to the previous period, economic growth lost some momentum, however, which was largely attributable to the slower build-up of stocks. Overall economic capacities were almost fully utilised. This was especially evident on the labour market. Along with receding unemployment figures, employment continued to grow and in different sectors of the economy labour shortages were felt increasingly. As a result of temporarily lower oil prices, inflation dropped to 1.3% in August, after having risen to 2% in July. Overall economic prospects remained favourable. According to leading indicators, however, the economic upswing is expected to proceed at a more relaxed pace in the next few months than in the first half-year.

In order to counter increasing inflationary dangers, the Swiss National Bank tightened its monetary reins in the second quarter. On 15 June, it lifted the target range for the 3-month Libor rate by 0.5 percentage points to 3%-4%, aiming at the middle of the target range. In the following months, the three-month Libor rate was close to the 3.5% mark. The real, export-weighted Swiss franc rate increased and in August, it stood at approximately the same level again as a year ago. On the other hand, long-term interest rates - measured by the yield on Confederation bonds with a 10-year residual maturity - dropped slightly; at 3.8%, they were only a little higher than the short-term rates at the end of August.

3. Life cycle assessment (LCA) for Swiss banknotes

This project analyses the life cycle of the Swiss banknotes from their development and production to their destruction. The report begins with some facts and figures on the amount and significance of banknote circulation, continuing with a description of the designing and planning process of a new banknote series, using the example of the latest issue. Subsequently, a broad outline of the production, issue and redemption, as well as the processing and the destruction of banknotes is given. The last two chapters deal with the economic and ecological costs. In its ecological charter, the SNB set itself the goal to design, distribute and dispose of banknotes in a way that is as environmentally compatible as possible. Consequently, in 1999, a comprehensive product environmental performance evaluation for Swiss

banknotes was compiled. The final chapter of this report describes the process and provides a summary of results.

4. Chronicle of monetary events

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3. Life cycle assessment (LCA) for Swiss banknotes

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4. Chronicle of monetary events

Target range for three-month Libor rate unchanged

At its quarterly monetary policy assessment meeting on 14 September 2000, the Swiss National Bank decided to leave the target range for the three-month Libor rate at 3.0%-4.0%.