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Swiss National Bank takes measures against strong Swiss franc

The Swiss National Bank (SNB) considers the Swiss franc to be massively overvalued at present. This current strength of the Swiss franc is threatening the development of the economy and increasing the downside risks to price stability in Switzerland. The SNB will not tolerate a continual tightening of monetary conditions and is therefore taking measures against the strong Swiss franc.

Effective immediately, the SNB is aiming for a three-month Libor as close to zero as possible, narrowing the target range for the three-month Libor from 0.00–0.75% to 0.00– 0.25%. At the same time, it will very significantly increase the supply of liquidity to the Swiss franc money market over the next few days. It intends to expand banks' sight deposits at the SNB from currently around CHF 30 billion to CHF 80 billion. Consequently, with immediate effect, the SNB will no longer renew repos and SNB Bills that fall due and will repurchase outstanding SNB Bills, until the desired level of sight deposits has been reached.

Since the SNB's last quarterly monetary policy assessment, the global economic outlook has worsened. At the same time the appreciation of the Swiss franc has accelerated sharply during the last few weeks. Consequently, the outlook for the Swiss economy has deteriorated substantially.

The SNB is keeping a close watch on developments on the foreign exchange market and will take further measures against the strength of the Swiss franc if necessary.