
Explaining the SNB's monetary policy in the context of higher-than-expected inflation

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The SNB and its Watchers
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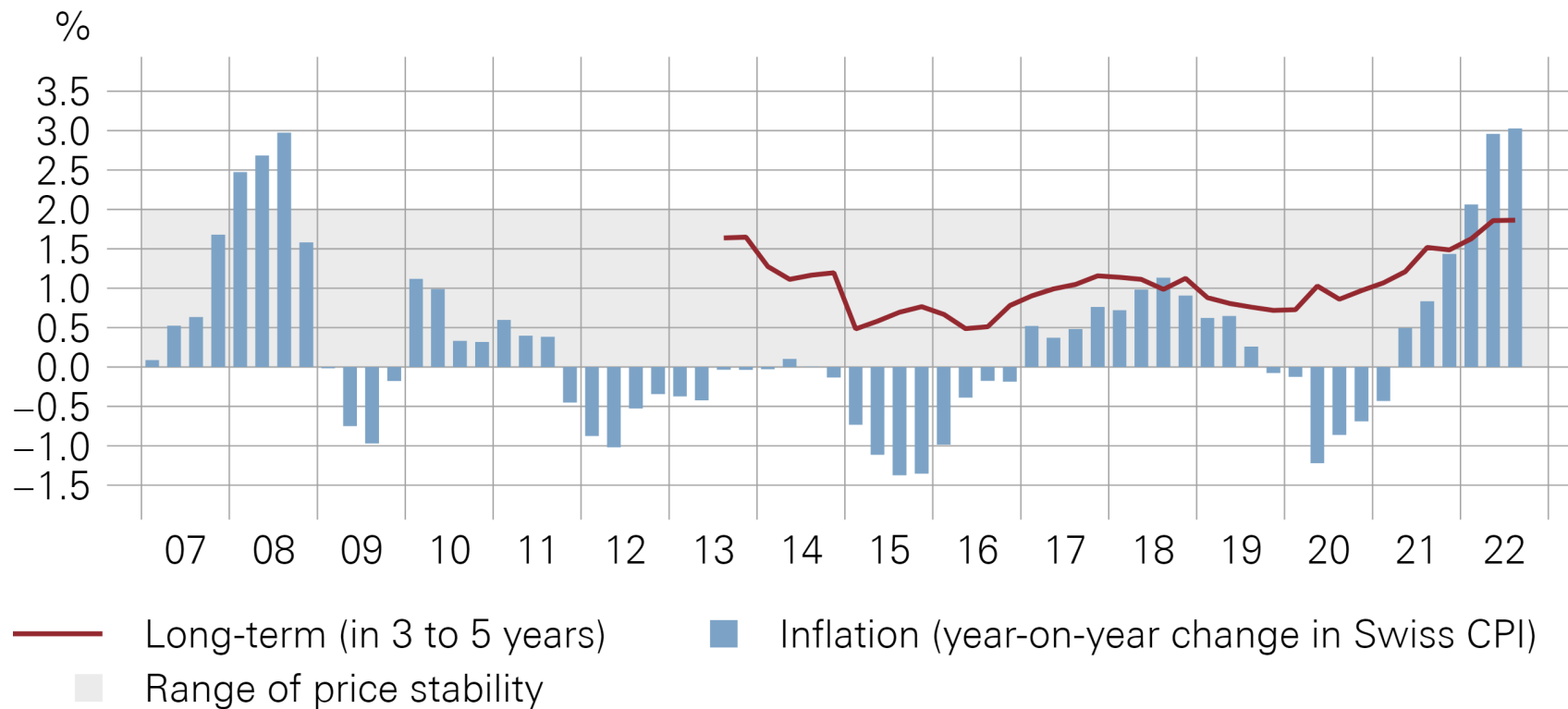


The SNB communicates via a number of channels to reach different groups of society – including live news conferences every quarter



Longer-term inflation expectations have remained stable despite temporary negative phases

INFLATION EXPECTATIONS FROM COMPANIES' PERSPECTIVE

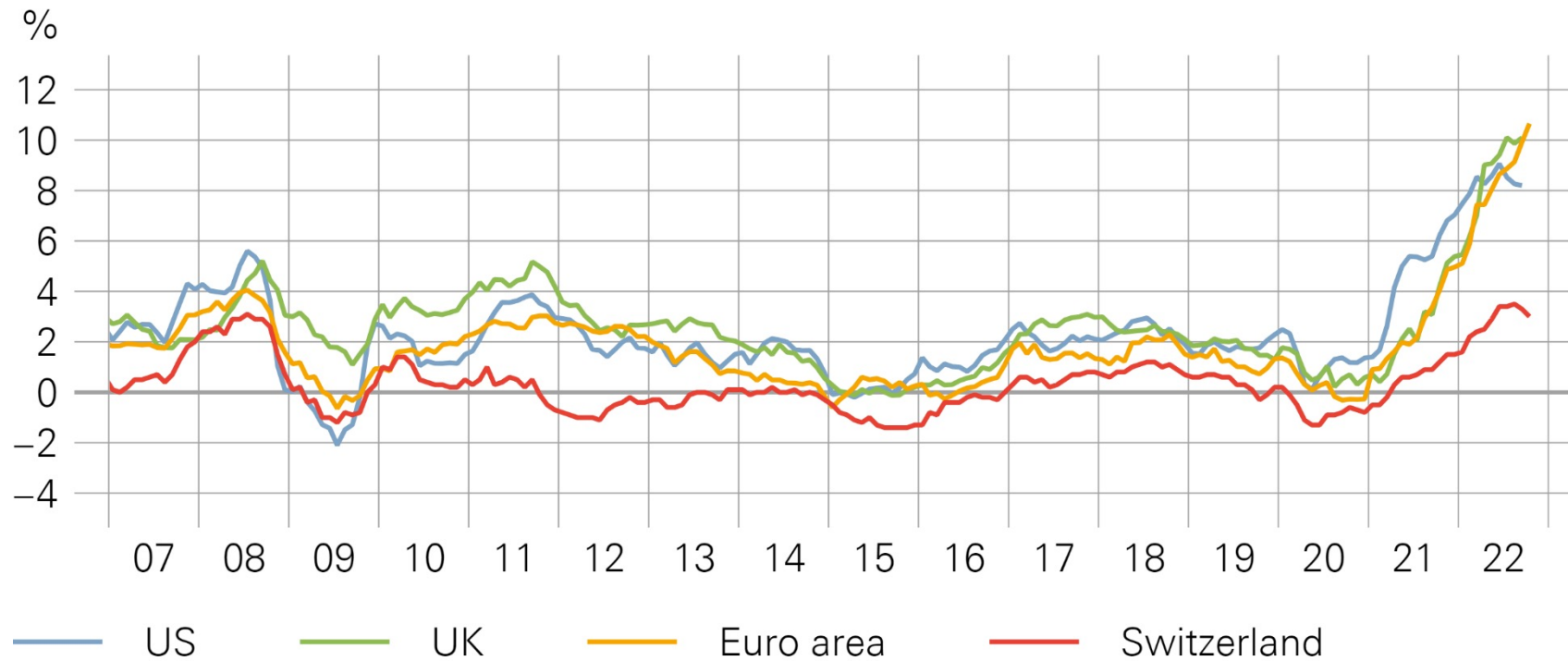


Source(s): SFSO, SNB

High inflation in many countries

CONSUMER PRICES

Year-on-year change

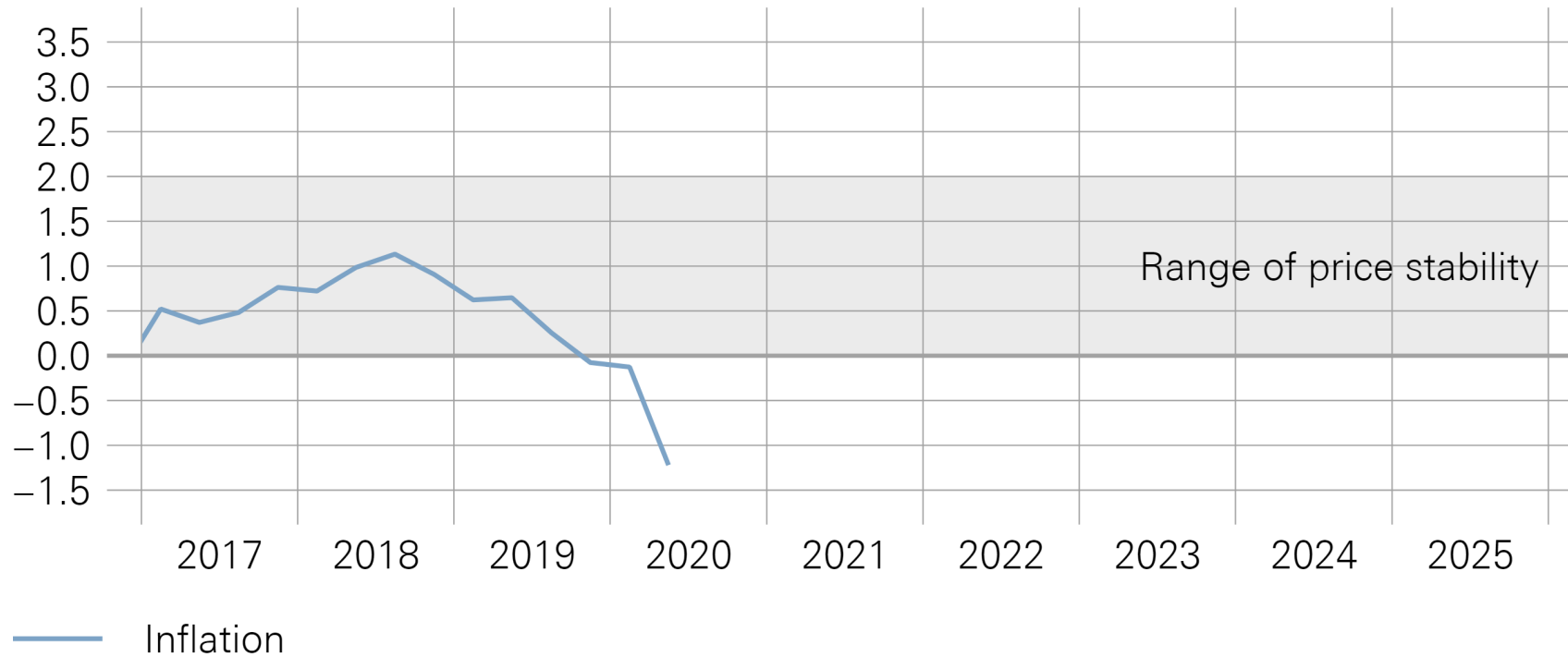


Source(s): Refinitiv Datastream, SFSO

Swiss inflation declined in wake of coronavirus pandemic

INFLATION

Year-on-year change in Swiss consumer price index in percent

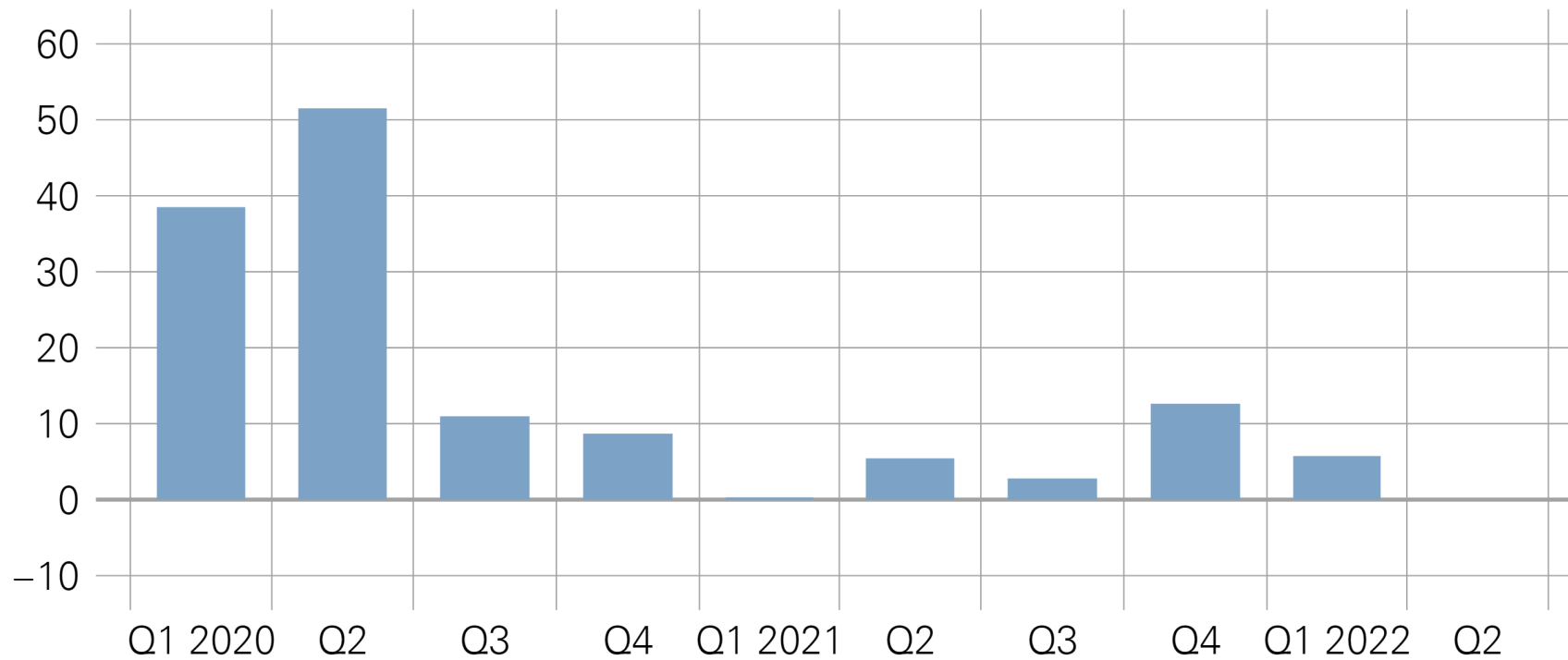


Source(s): SFSO, SNB

The SNB purchased large amounts of foreign currency in first half of 2020 to counter upward pressure on Swiss franc

FOREIGN CURRENCY PURCHASES BY THE SNB

CHF billions

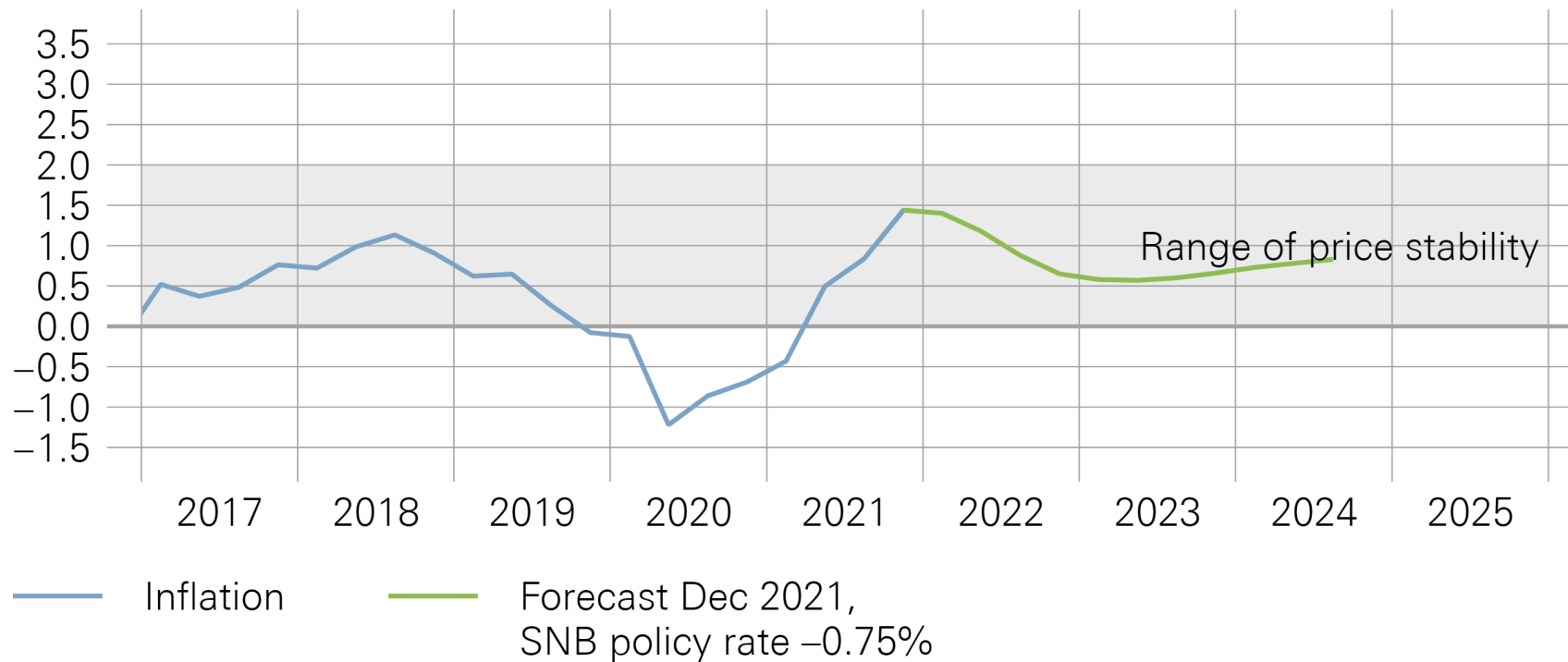


Source(s): SNB

Inflation recovered swiftly after low point of crisis; the SNB expected it to remain in range of price stability

INFLATION AND CONDITIONAL INFLATION FORECAST

Year-on-year change in Swiss consumer price index in percent

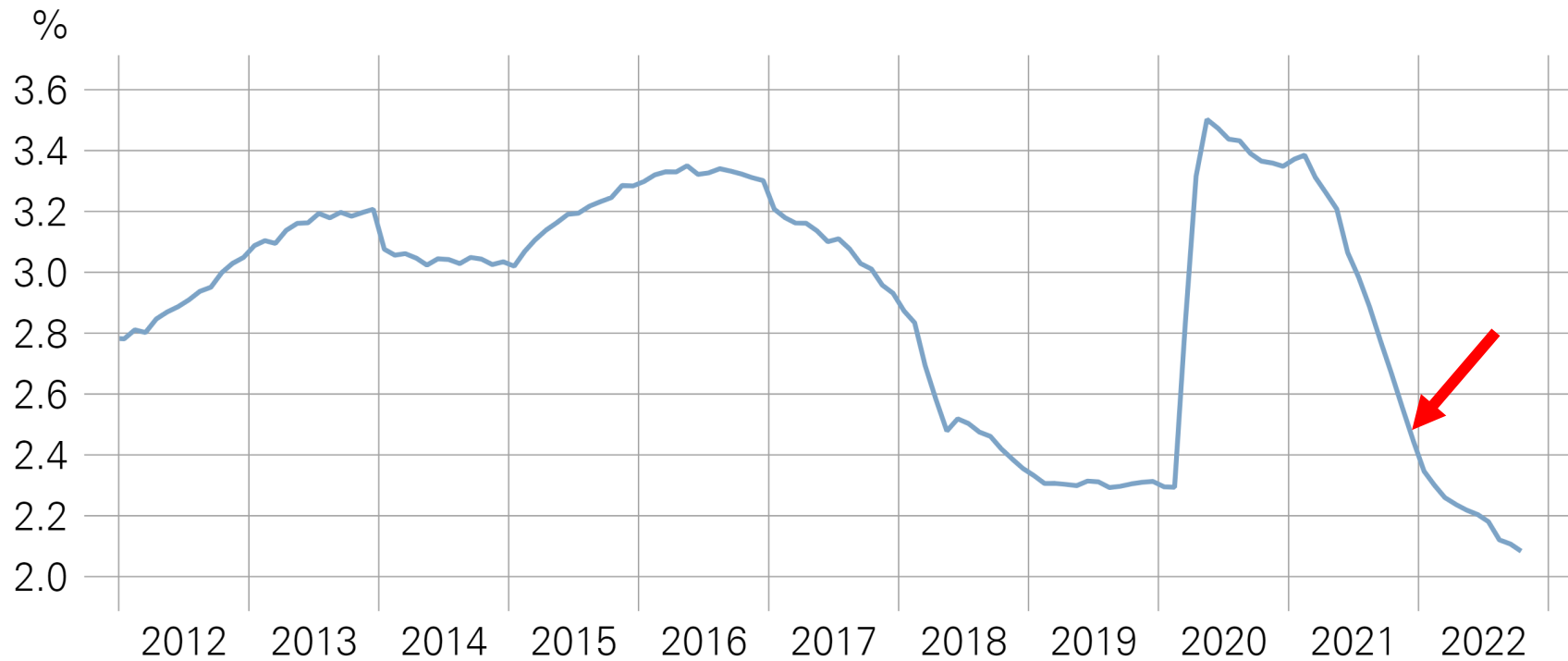


Source(s): SFSO, SNB

Swiss labour market was tightening

UNEMPLOYMENT RATE

Seasonally adjusted

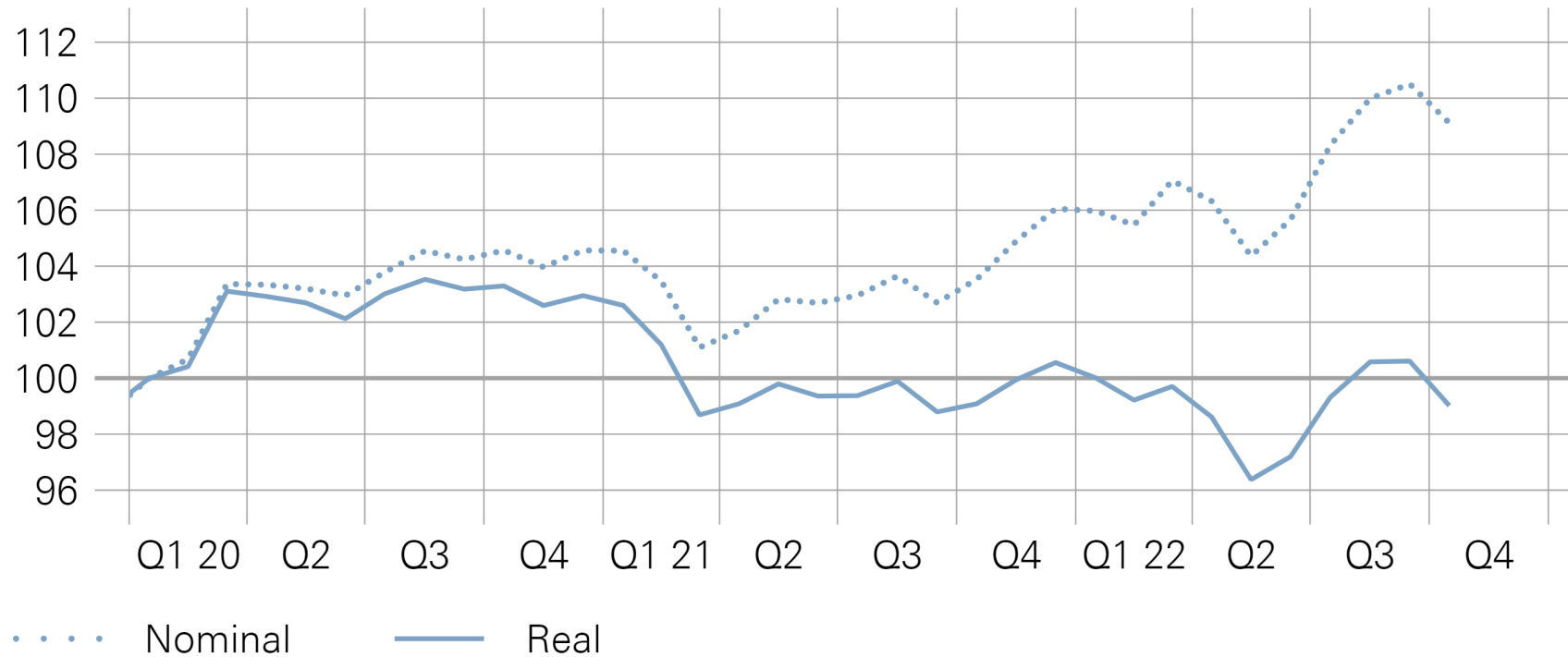


Source(s): SECO

Nominal appreciation to extent of inflation differential

SWISS FRANC EFFECTIVE EXCHANGE RATES

Index, Jan 2020 = 100

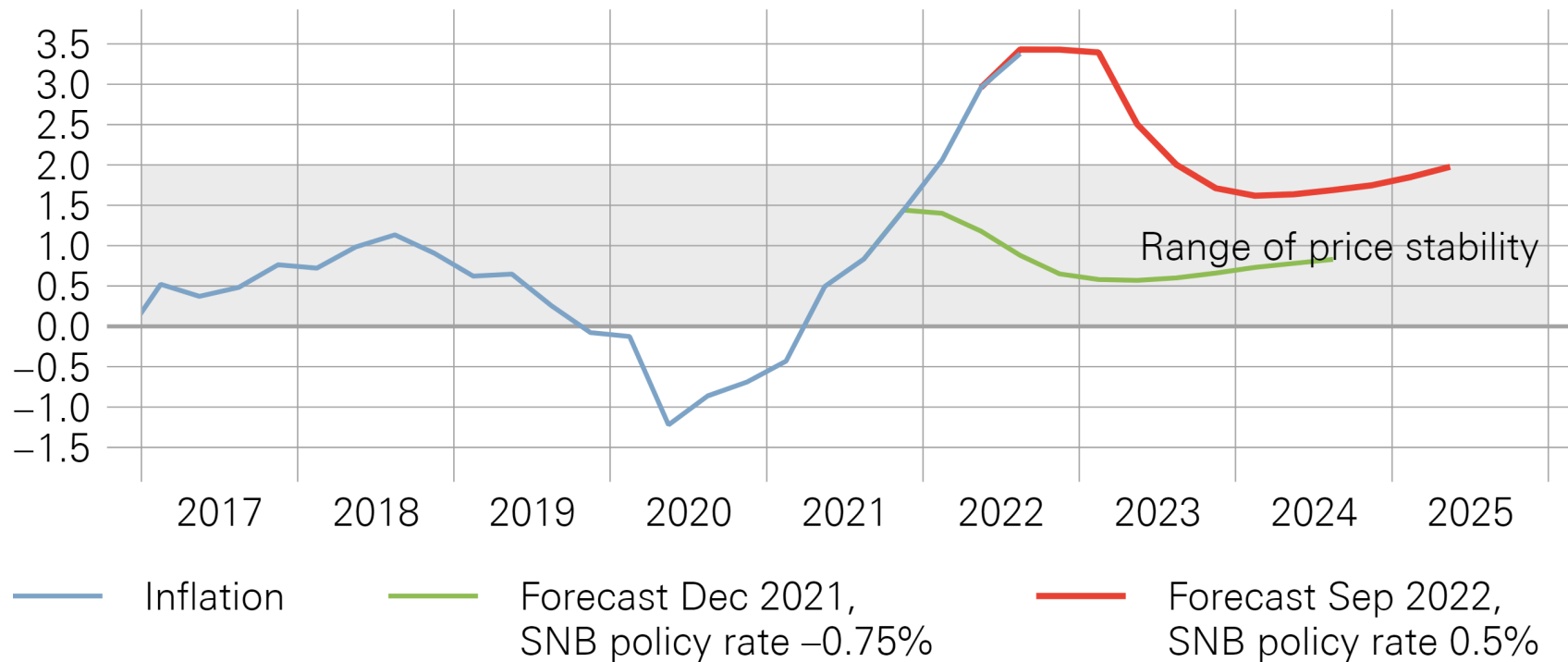


Source(s): SNB

Inflation increased more than expected

INFLATION AND CONDITIONAL INFLATION FORECAST

Year-on-year change in Swiss consumer price index in percent

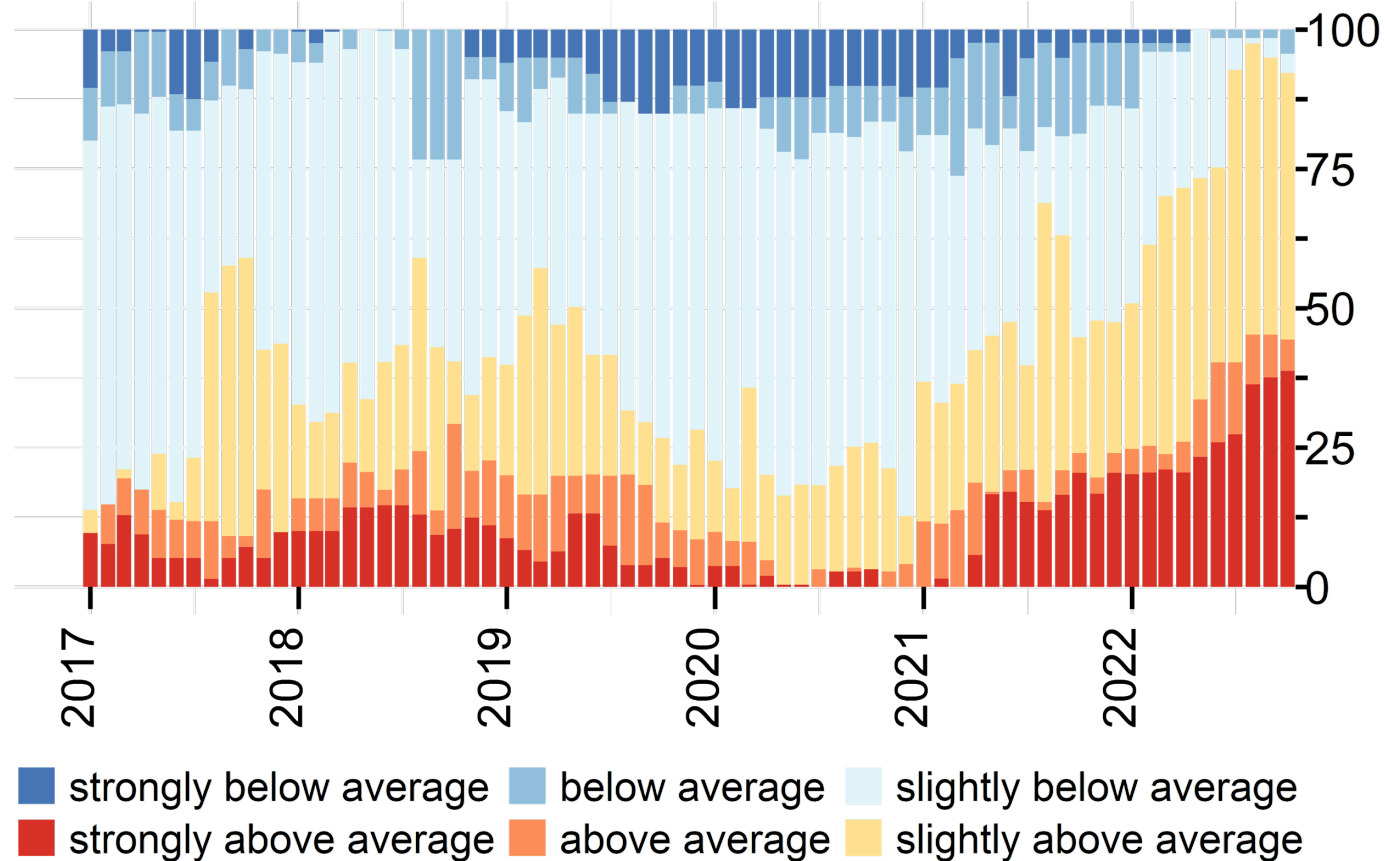


Source(s): SFSO, SNB

Inflationary pressure is broadening

Heatmap for Switzerland

CPI basket share of heatmap bins in percent

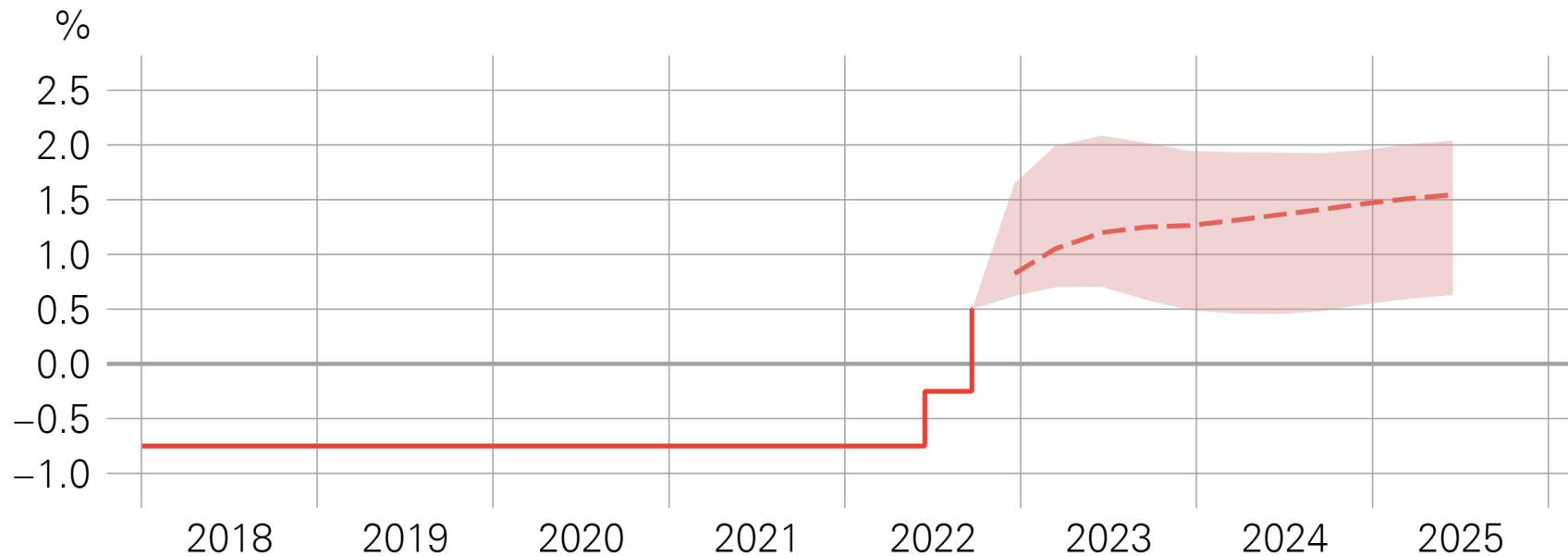


Source(s): SFISO, SNB

Markets expect more tightening

SNB POLICY RATE AND MARKET EXPECTATIONS

Dashed line shows current expectations. Area shows range of expectations since 1 July 2022

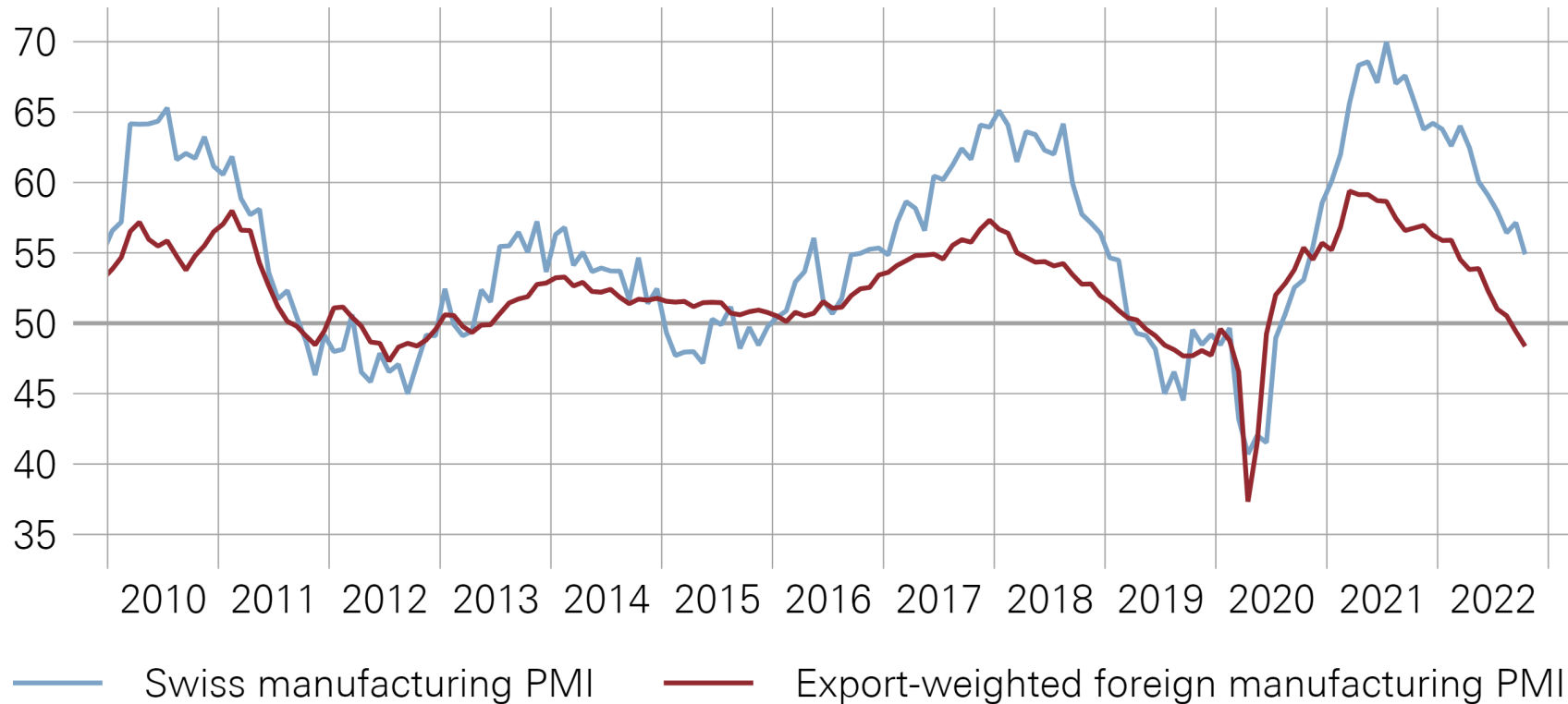


Market expectations derived from OIS and futures contracts

Source(s): Bloomberg, SNB

Economic outlook is deteriorating

SWISS AND EXPORT-WEIGHTED FOREIGN PMI



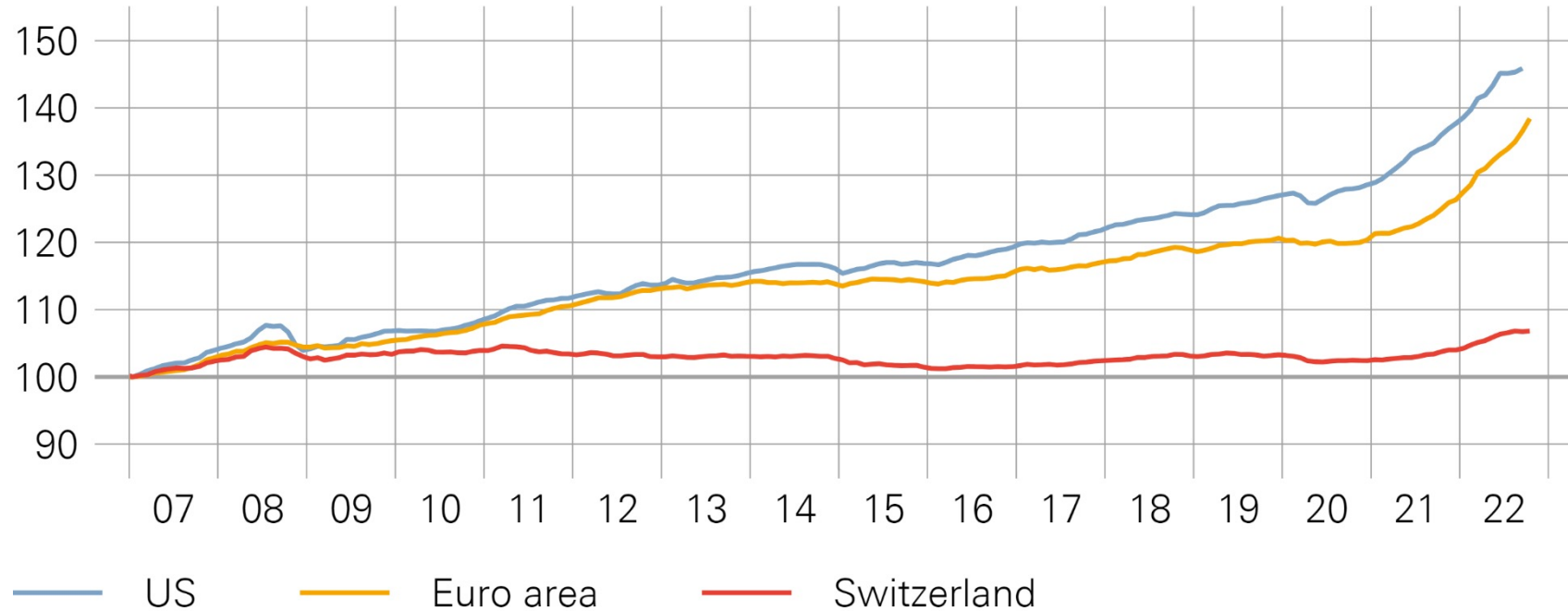
Source(s): Credit Suisse, Refinitiv Datastream, SNB

The SNB is prepared to take all measures necessary to ensure price stability

CONSUMER PRICE INDEX

Level, seasonally adjusted

Index Jan 2007 = 100



Source(s): Refinitiv Datastream, SNB

Thank you for your attention!

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