
Maintaining price stability in a small open economy with a safe-haven currency

Martin Schlegel
Chairman of the Governing Board
Swiss National Bank

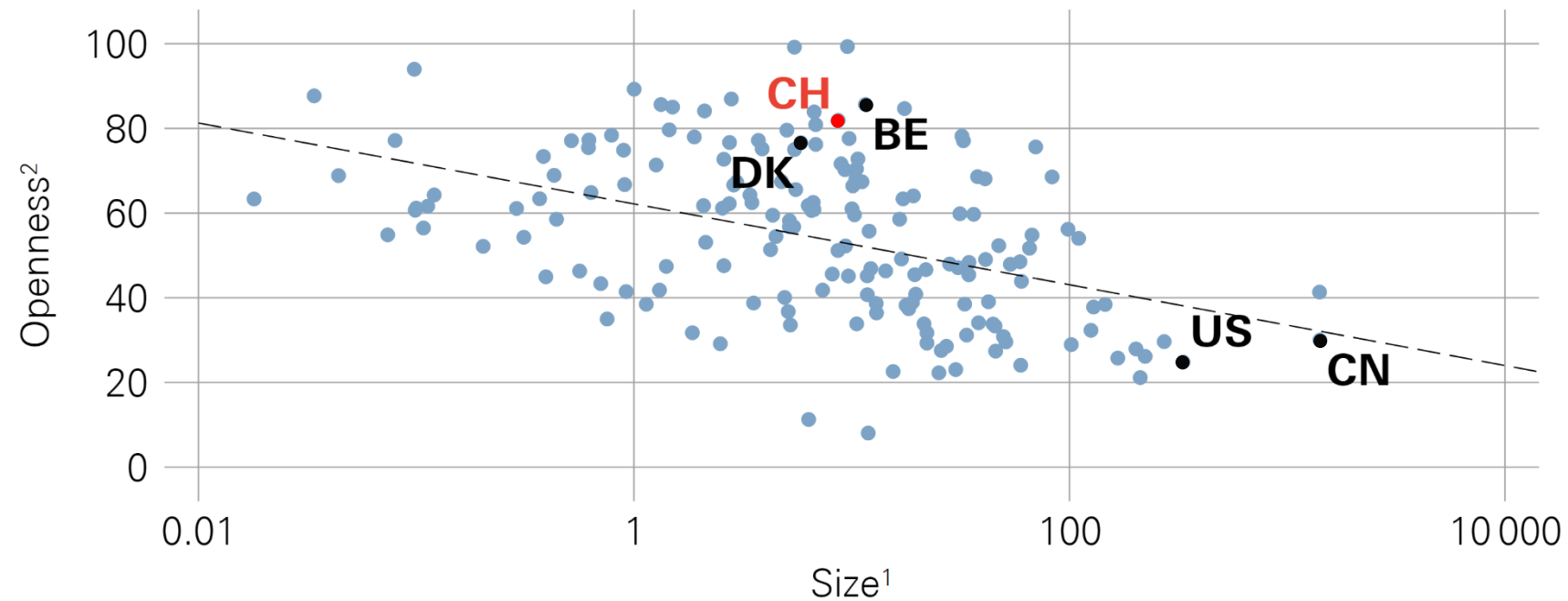
The SNB and its Watchers Conference
Zurich, 22 November 2024

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK



Switzerland – a small open economy ...

COUNTRIES BY SIZE AND OPENNESS



1 Million inhabitants (logarithmic scale)

2 KOF Globalisation Index: trade globalisation, de facto

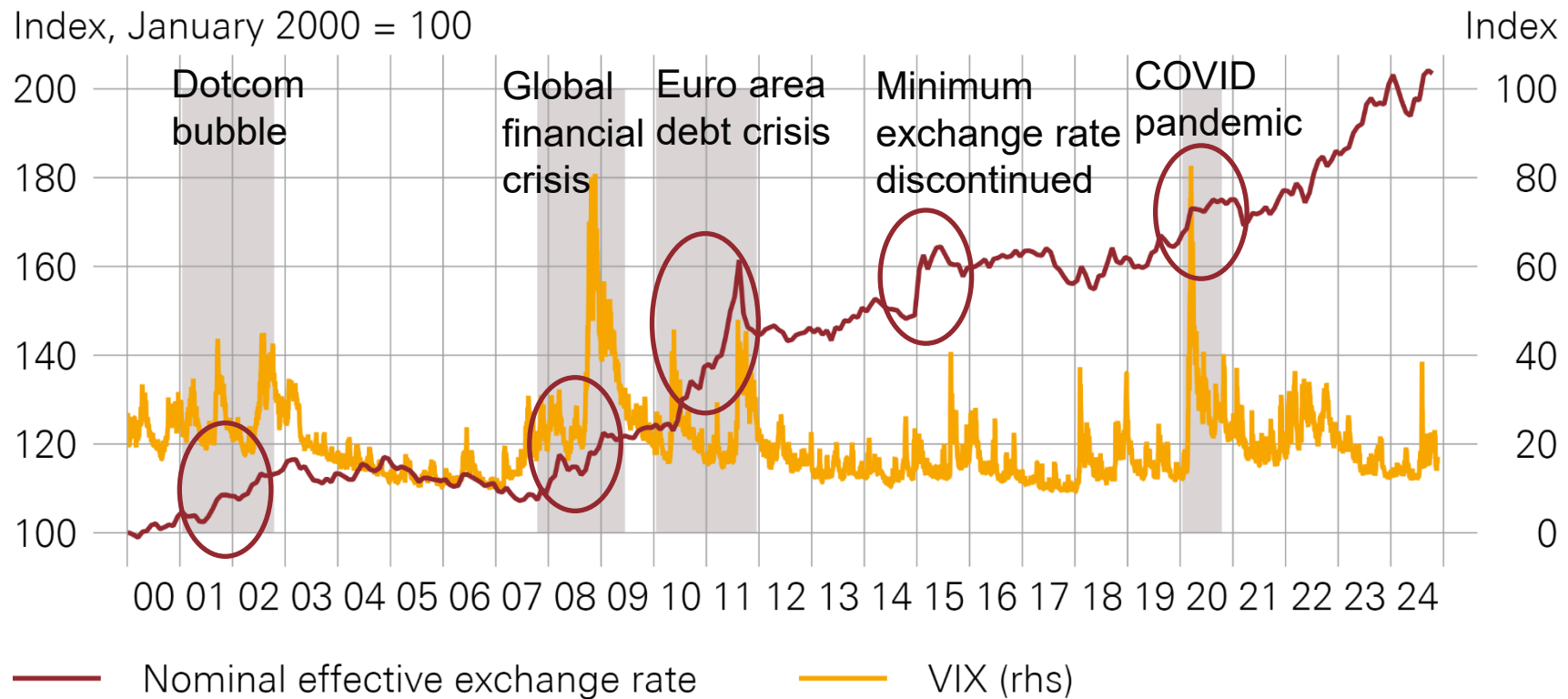
Source(s): IMF, KOF



Source(s): Adobe Stock

... with a safe-haven currency

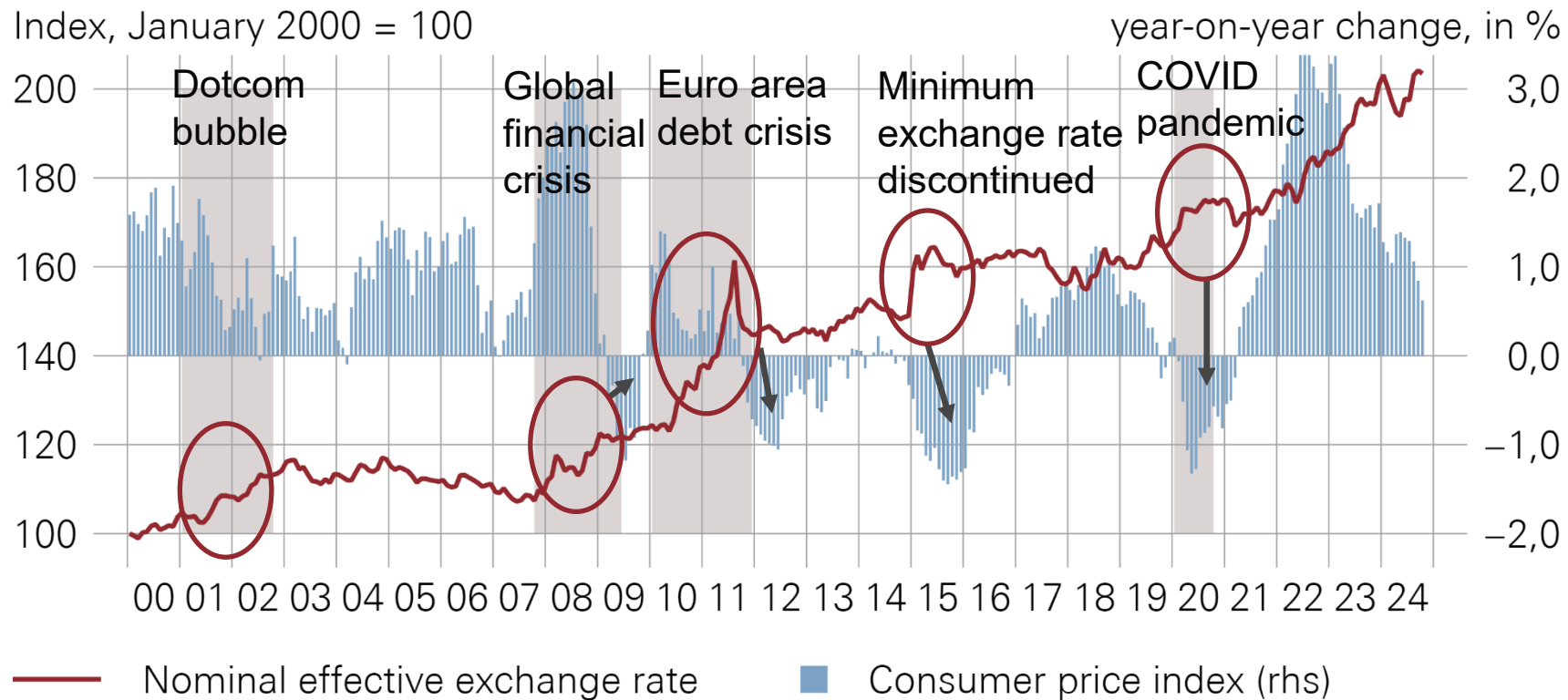
SWISS FRANC EXCHANGE RATE AND VIX



Source(s): LSEG Datastream, SNB

Global economic downturns have repeatedly been followed by significant decreases in inflation

SWISS FRANC EXCHANGE RATE AND INFLATION

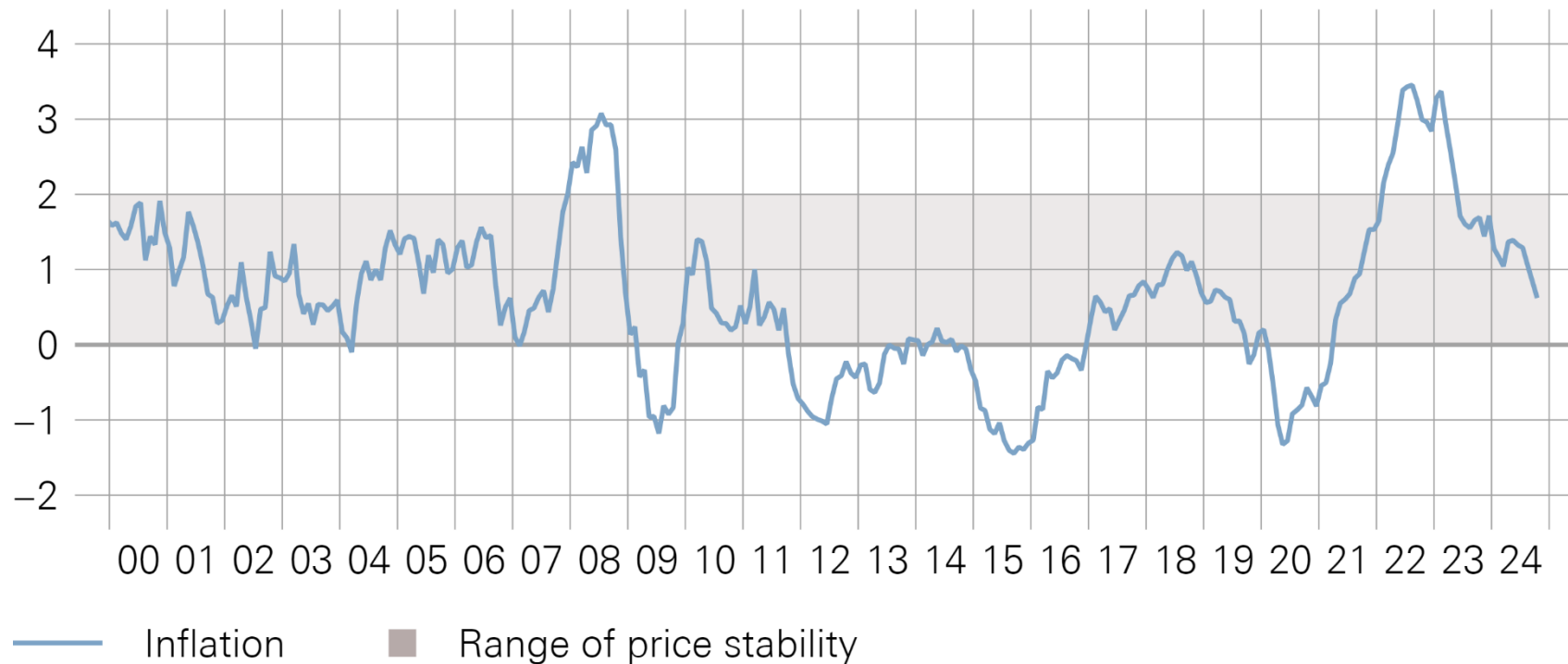


Source(s): SFSO, SNB

The SNB's monetary policy framework allows for some flexibility in the monetary policy response – this is essential for Switzerland

SWISS CONSUMER PRICE INDEX

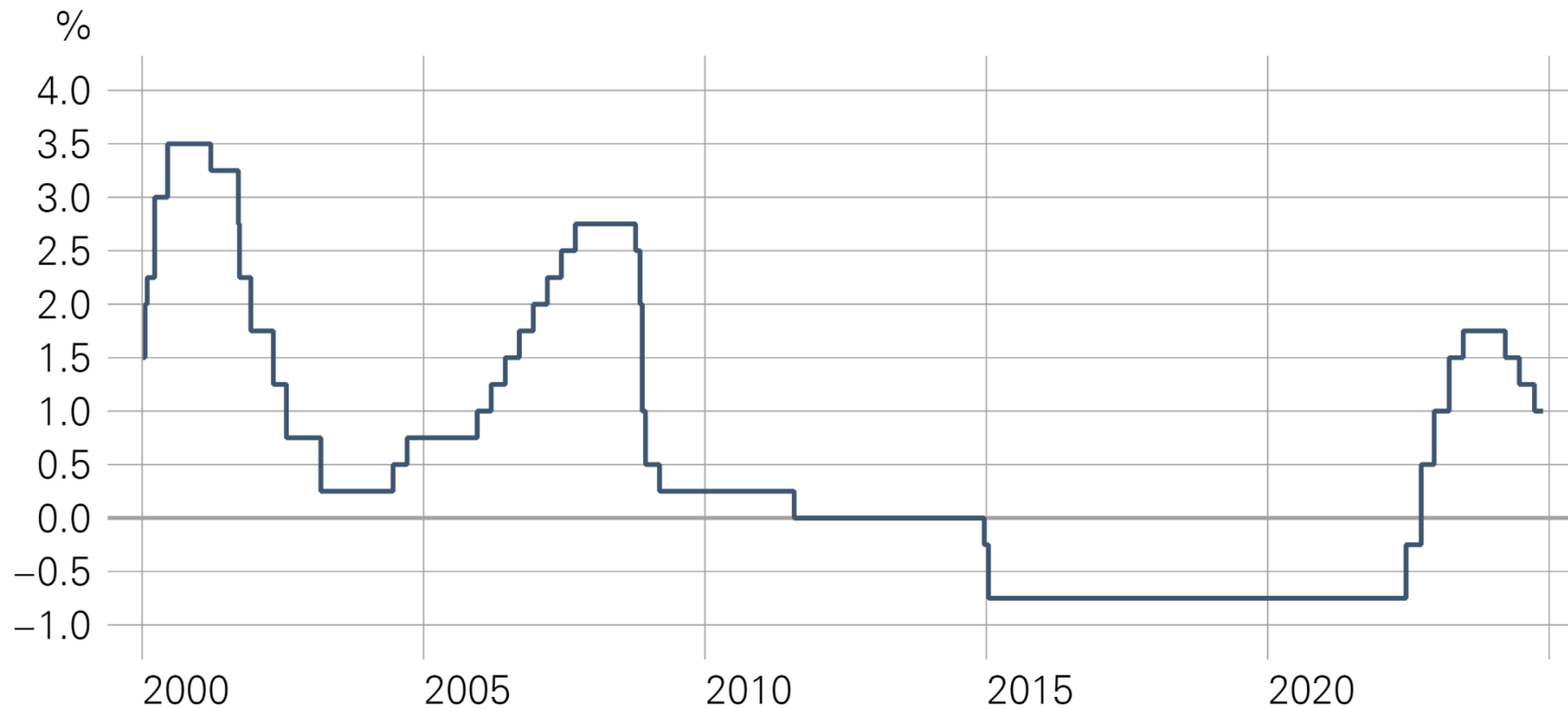
Year-on-year change, in %



Source(s): SFSO

The SNB must maintain appropriate monetary conditions in order to ensure price stability. While the SNB policy rate is the main tool ...

SNB POLICY RATE

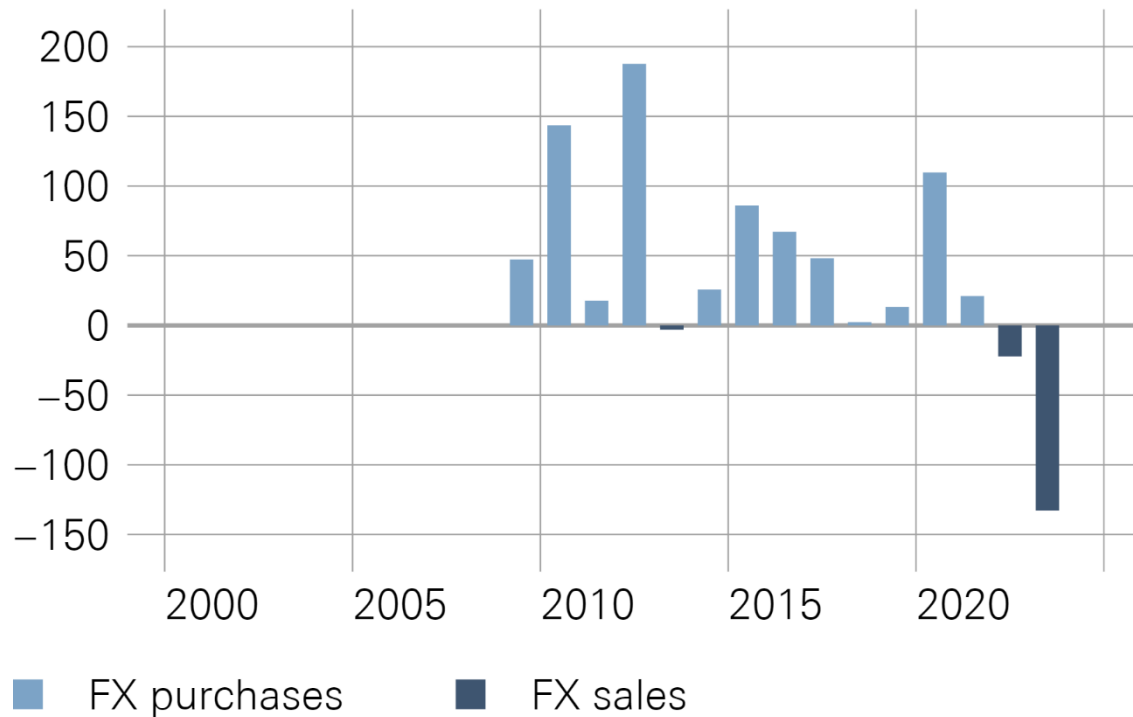


Source(s): SNB

... additional measures may also be used

FX INTERVENTIONS

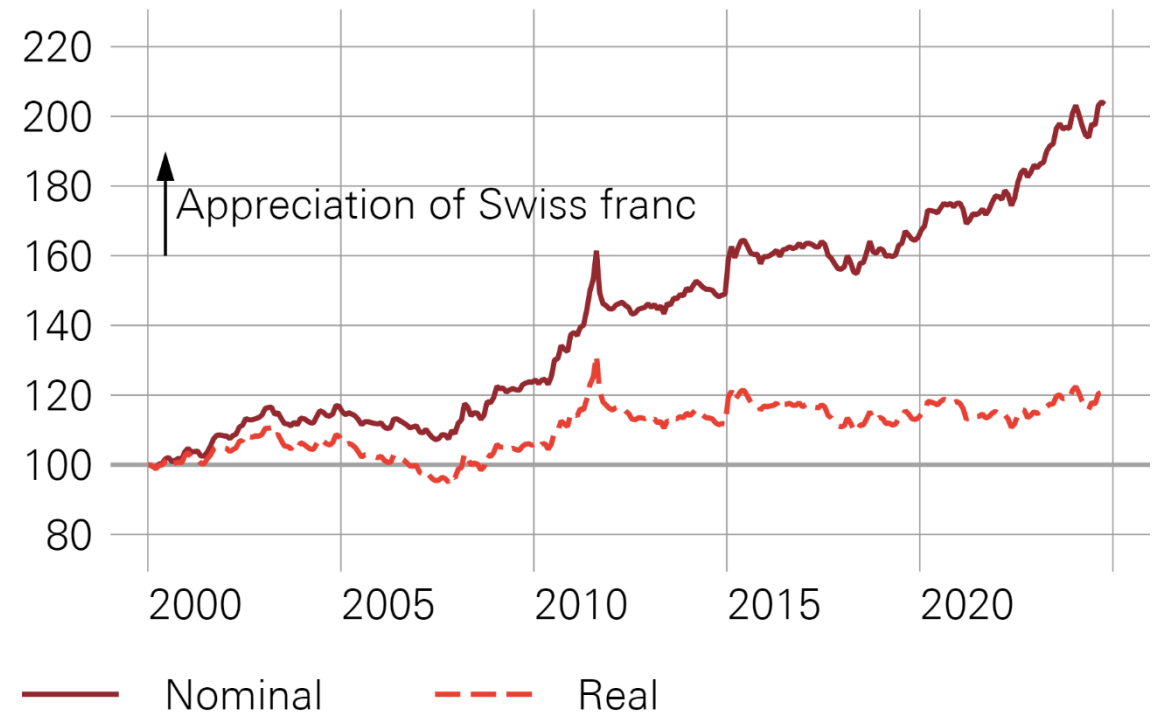
In CHF billions



Source(s): SNB

SWISS FRANC EFFECTIVE EXCHANGE RATES

Index, Jan 2020 = 100

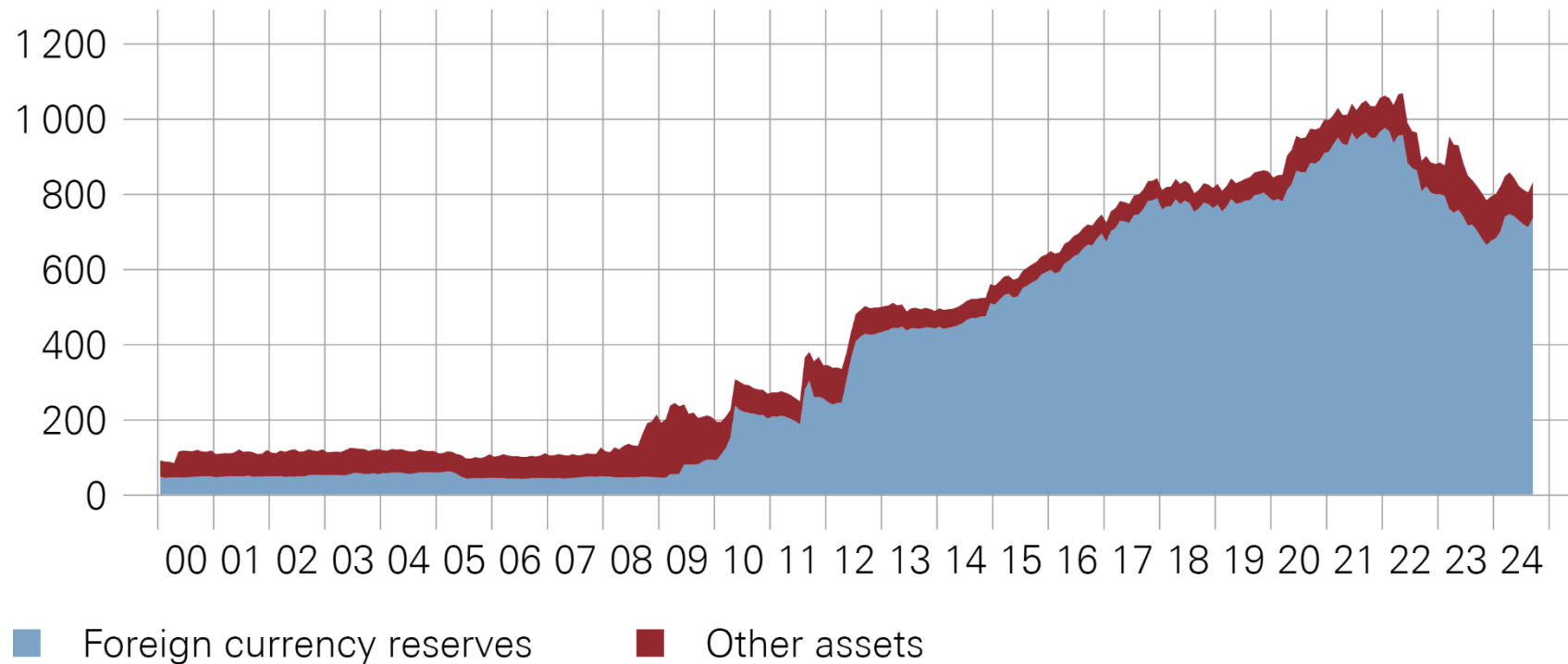


Source(s): SNB

The SNB's balance sheet expansion is a result of its monetary policy ...

SNB'S BALANCE SHEET

In CHF billions

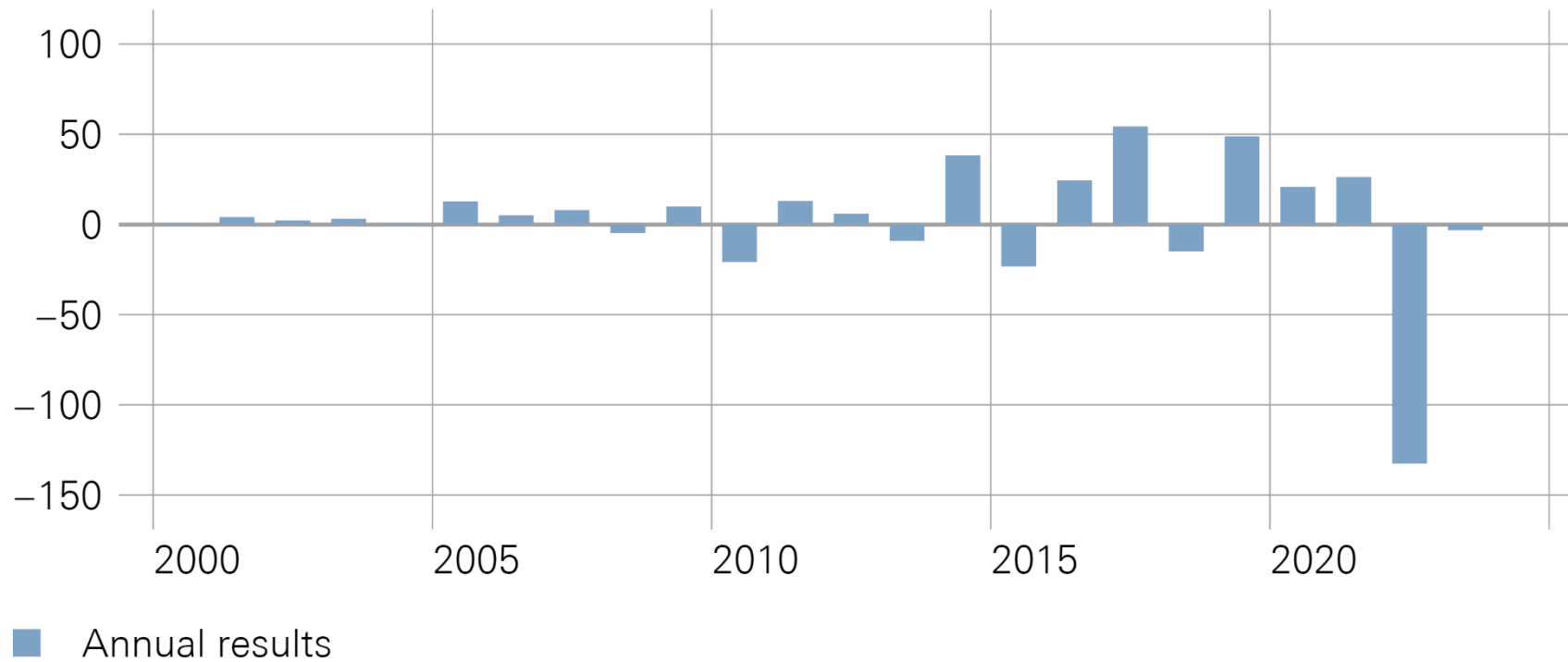


Source(s): SNB

... and leads to significant volatility in annual results

SNB ANNUAL RESULTS

In CHF billions



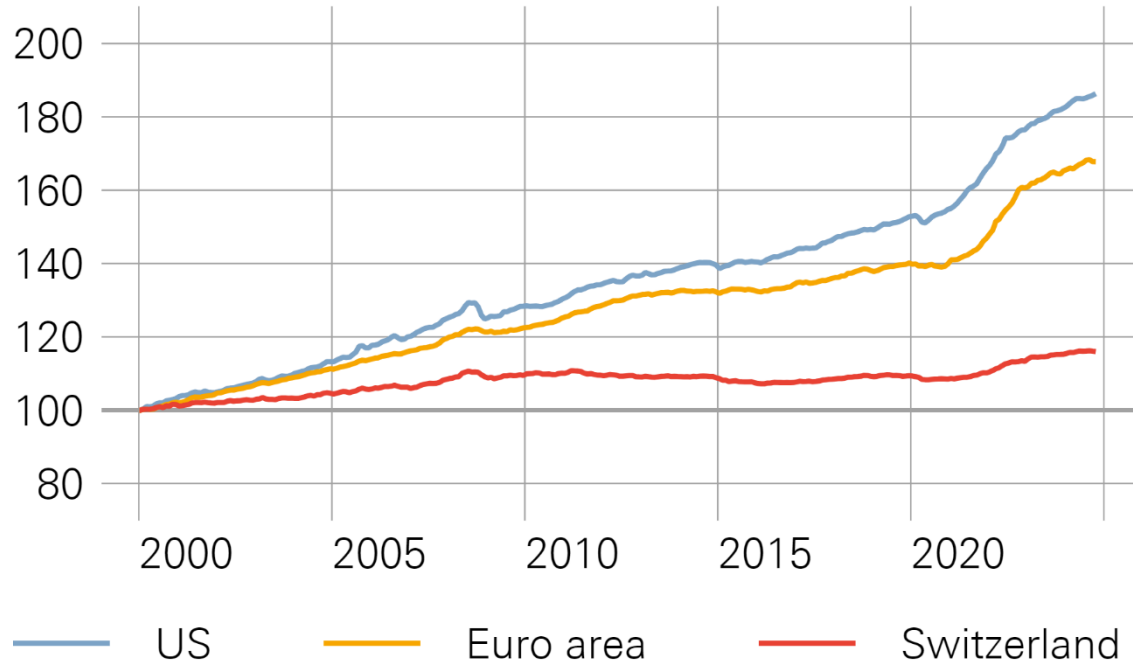
Source(s): SNB

The Swiss economy has performed relatively well; the SNB will continue to ensure price stability in Switzerland in the future

CONSUMER PRICE INDEX

Level, seasonally adjusted

Index, Jan. 2000 = 100

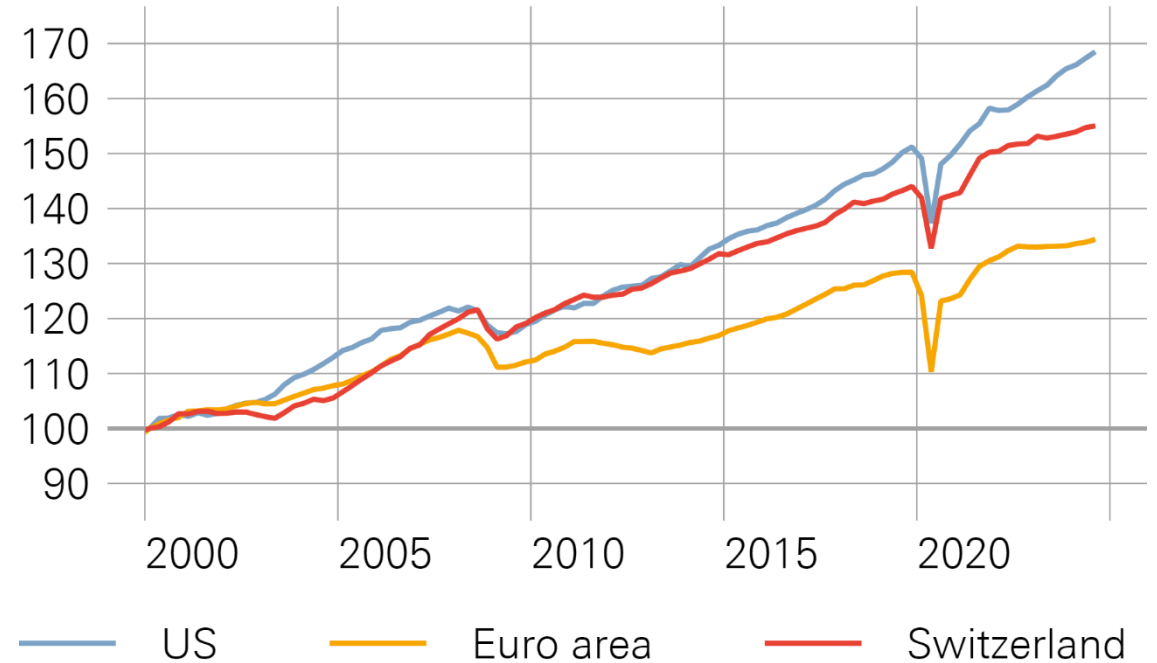


Source(s): LSEG Datastream, SFSO

REAL GDP

Level, seasonally adjusted

Index, Q1 2000 = 100



Source(s): LSEG Datastream, SECO

Thank you for your attention.

© Swiss National Bank

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK

