
Normalizing monetary policy: Some aspects

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SCHWEIZERISCHE NATIONALBANK

BANQUE NATIONALE SUISSE

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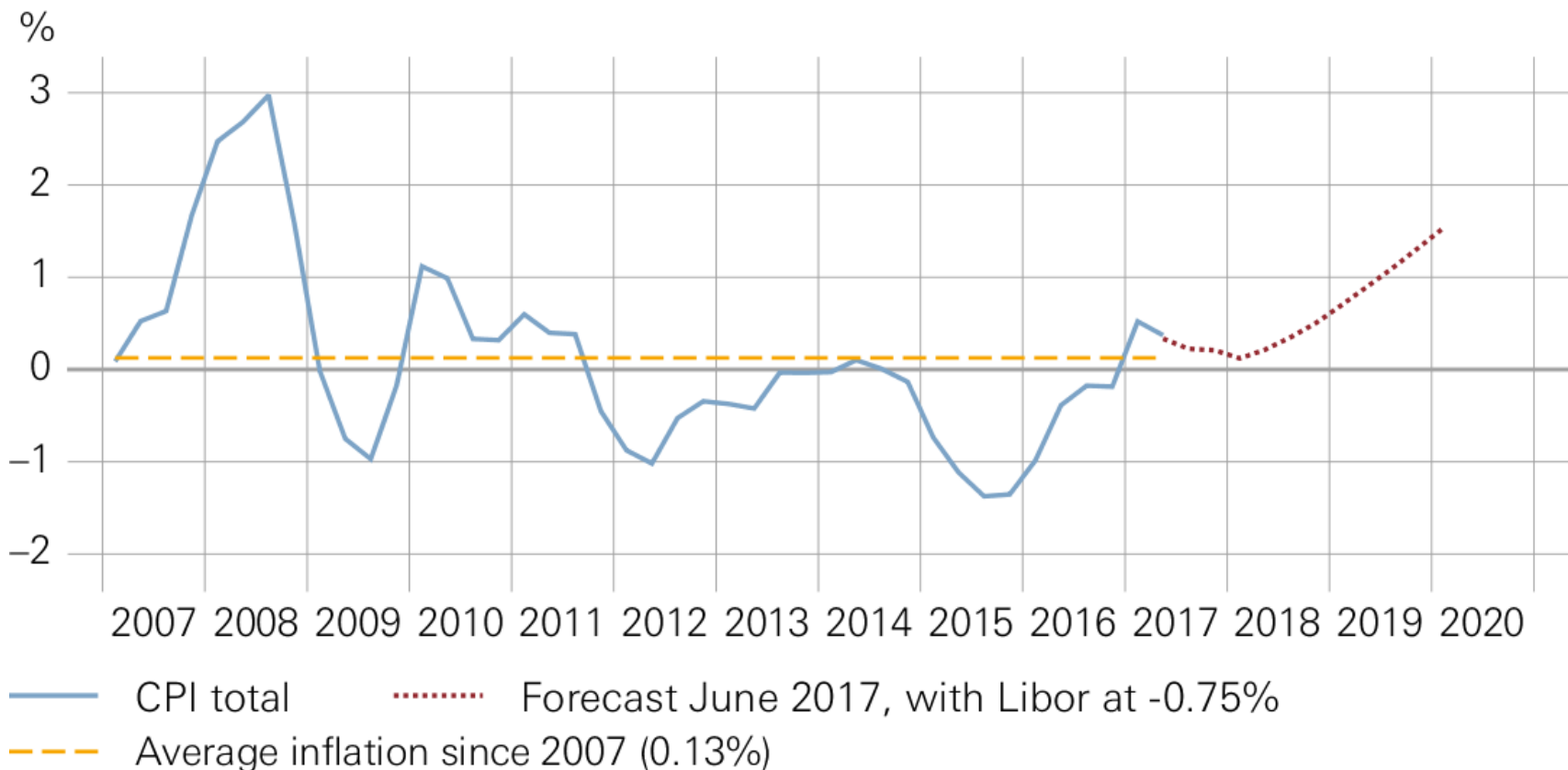
BANCA NAZIUNALA SVIZRA

SWISS NATIONAL BANK



Protracted period of very low inflation in Switzerland

CPI INFLATION AND CONDITIONAL FORECAST

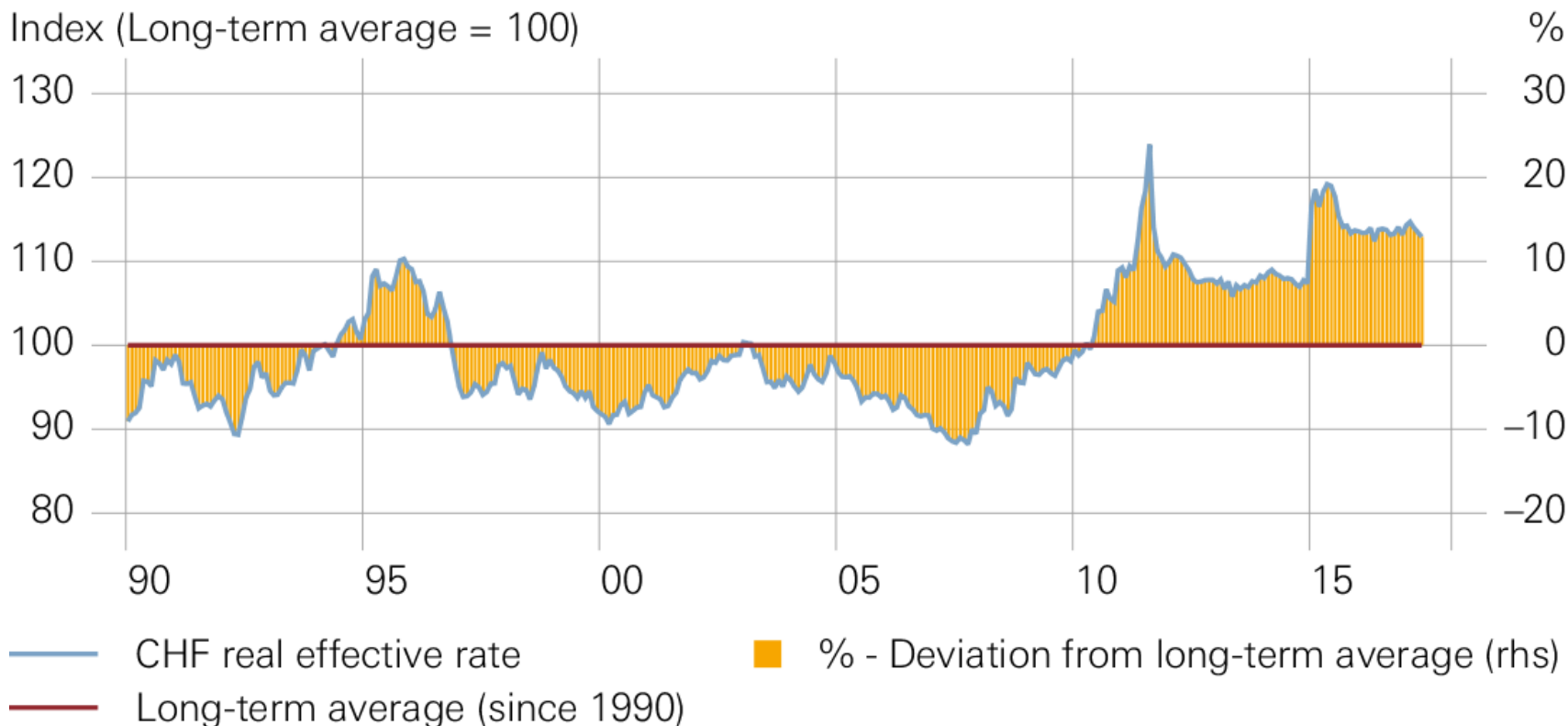


Source: SNB

Swiss franc remains significantly overvalued

CHF EFFECTIVE EXCHANGE RATE

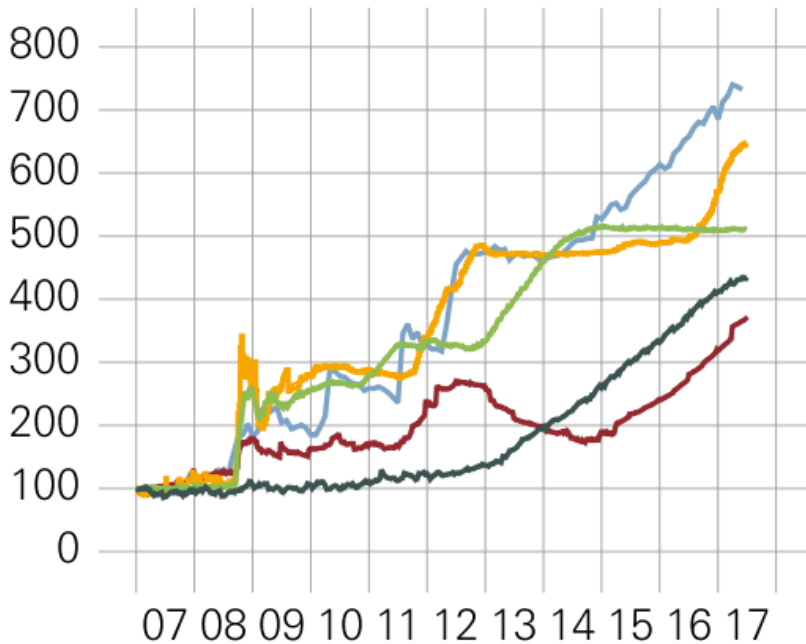
Real, trade weighted (27 countries)



Strong rise in central bank balance sheets

CENTRAL BANKS: ASSETS

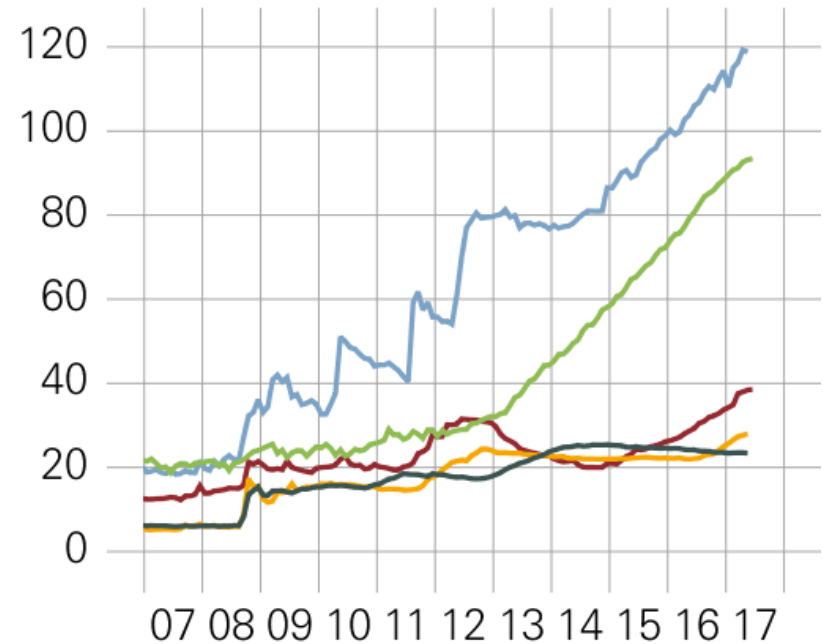
Index (2007 = 100)



— SNB — BoE — BoJ
 — ECB — Fed

CENTRAL BANKS: ASSETS

% of GDP



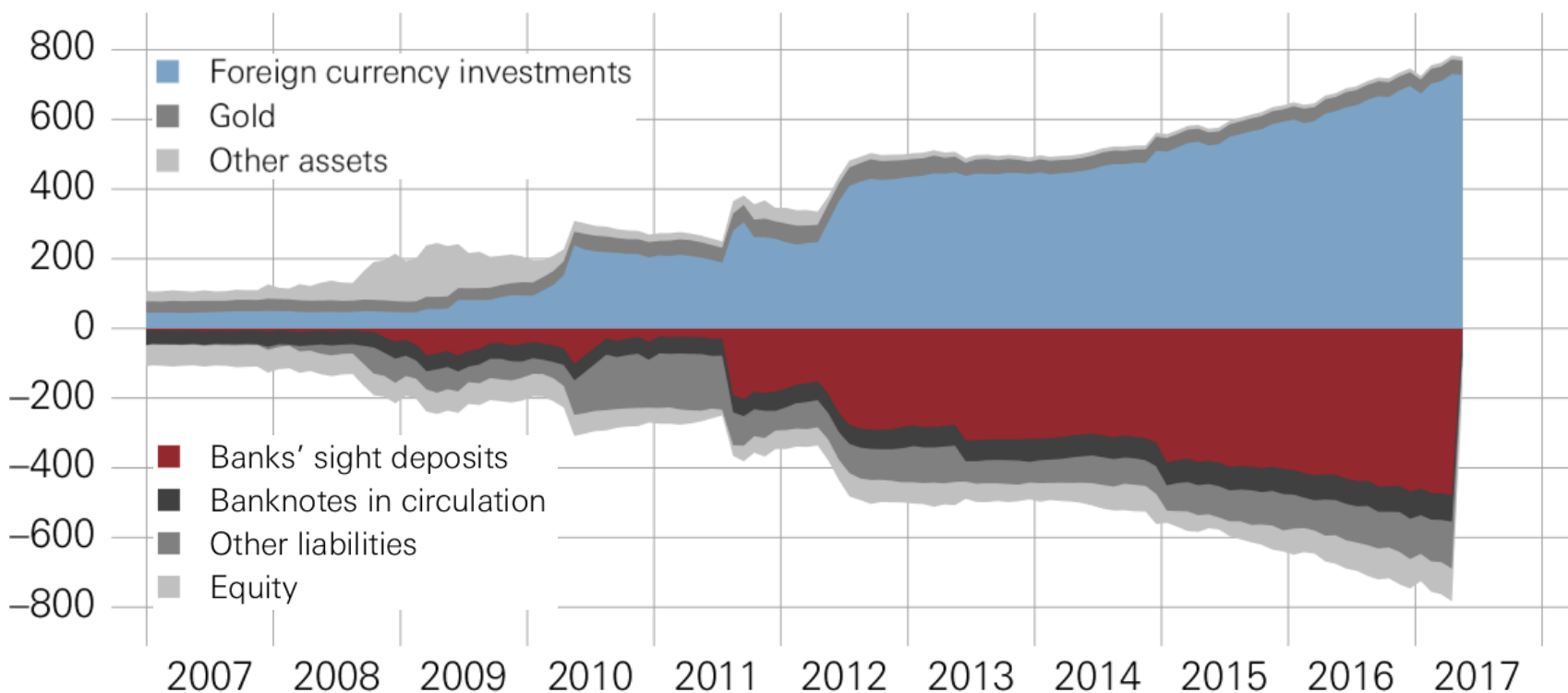
— SNB — BoE — Fed
 — ECB — BoJ

Sources: BIS, Bloomberg, SNB

Increase in monetary base reflects foreign currency purchases

SNB: BALANCE SHEET DEVELOPMENT

bn CHF

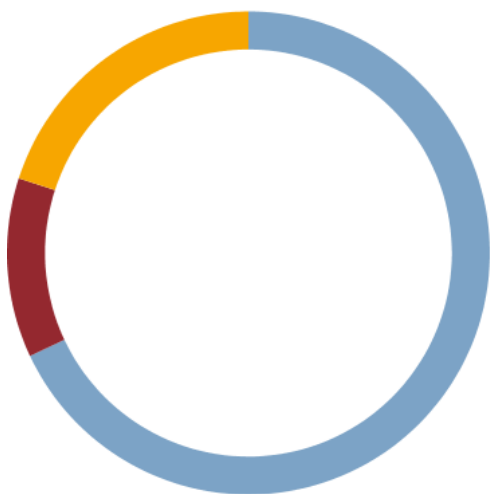


Source: SNB

Broad diversification across asset classes and currencies – currency risk dominates

FX RESERVES: INVESTMENT CATEGORIES

As of 31.03.2017

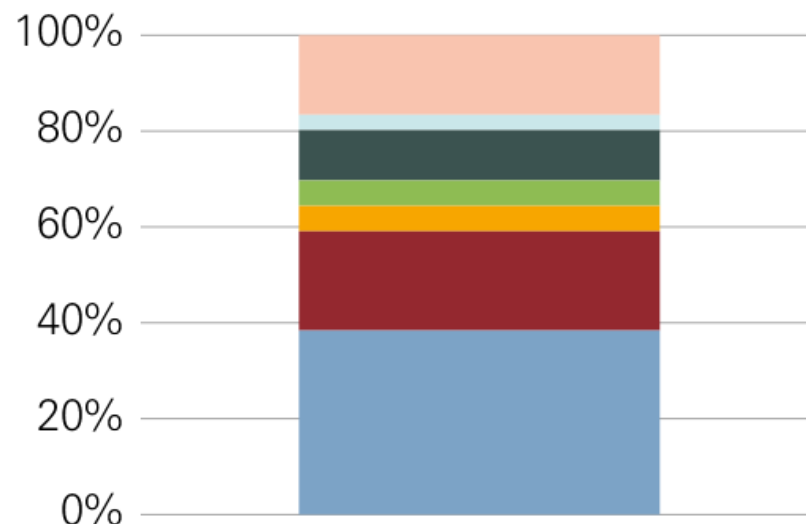


- Government bonds*, 68%
- Other bonds, 12%
- Equities, 20%

*including deposits at other central banks and BIS

FX RESERVES

Risk decomposition



- USD
- EUR
- GBP
- JPY
- Other currencies
- Interest rates
- Equities

Source: SNB

Timing and Communication matters – effects on the real economy and financial markets

Financial Markets:

Targeted communication can help to minimize extra market volatility.

Real Economy:

Accurate timing and speed of normalization is important to dampen growth and inflation as desired.

Thank you for your attention.

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