
Monetary policy 2.0 – a Swiss perspective

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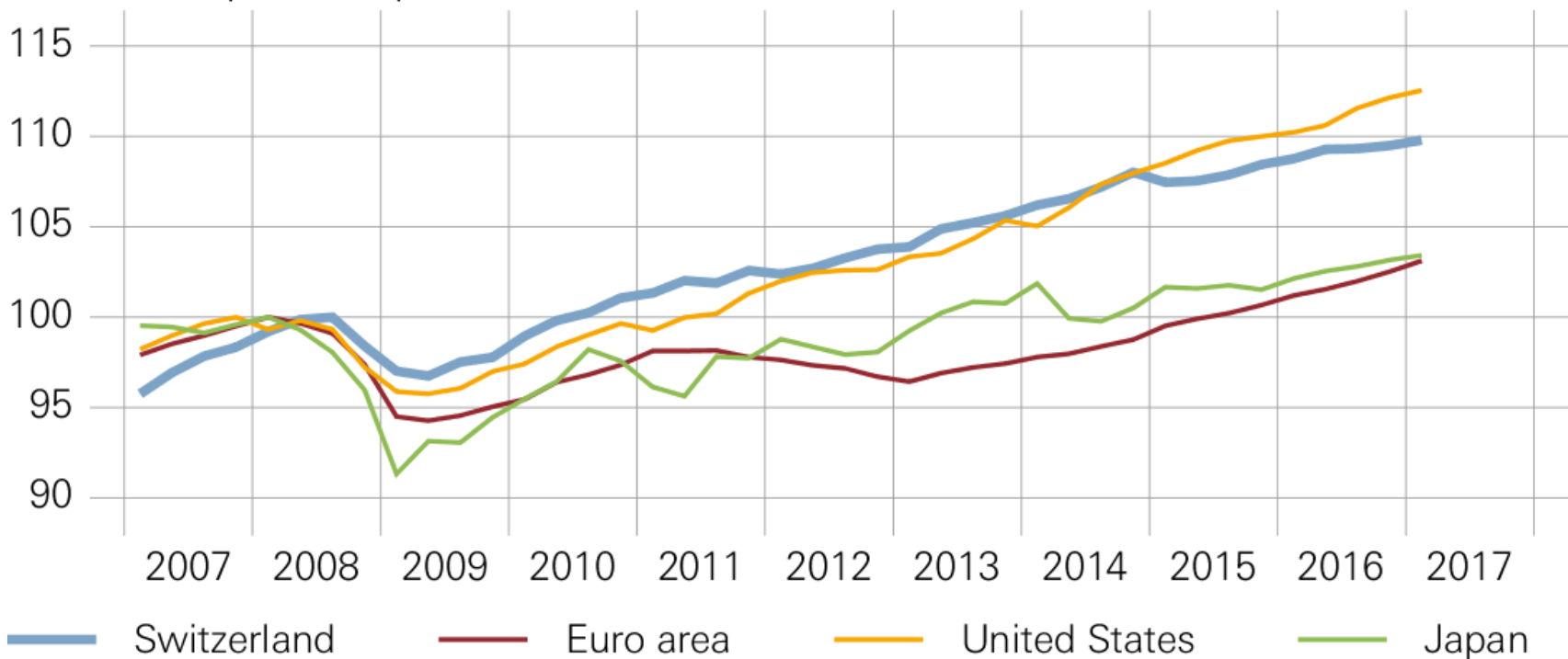
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Swiss economy and the financial crisis: a comparatively benign outcome

REAL GDP, SELECTED ADVANCED ECONOMIES

Index 100 = pre-crisis peak



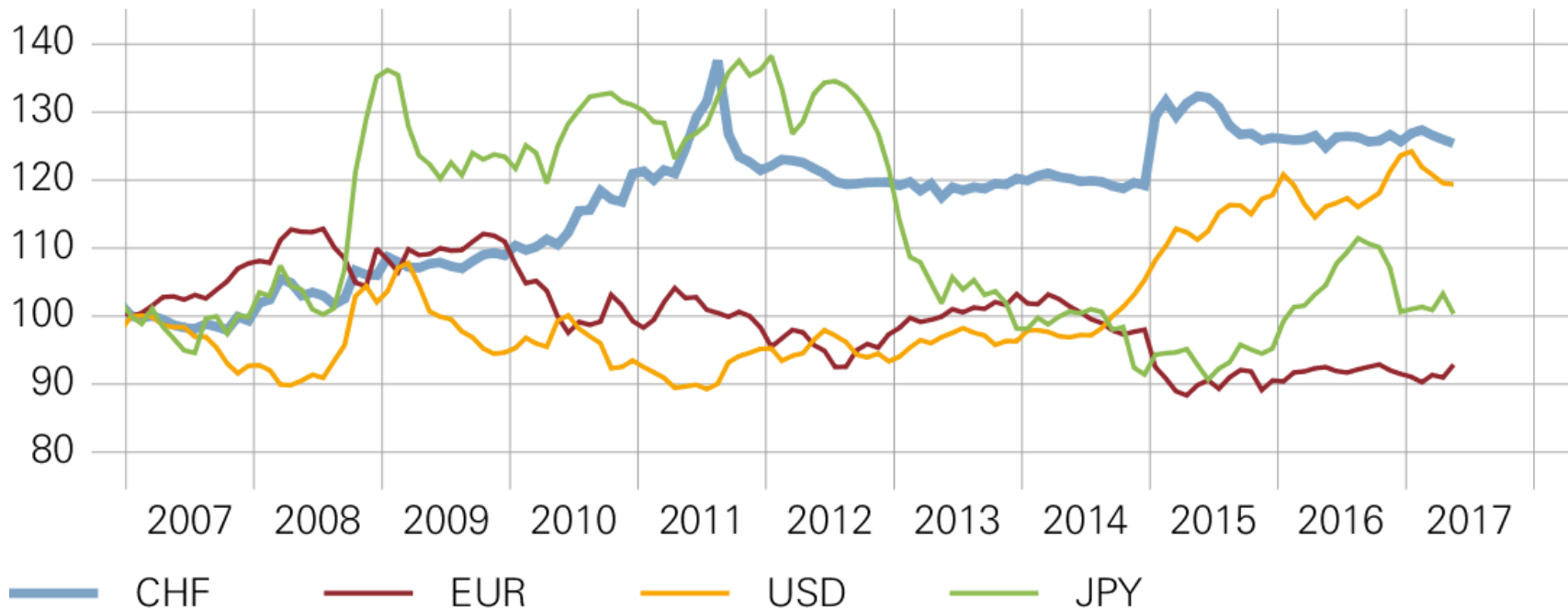
Source: SNB

Swiss franc appreciated substantially in the wake of the crisis – persisting overvaluation

REAL EFFECTIVE EXCHANGE RATES

Trade-weighted (BIS: 27 countries), CPI based

Index (01 Jan 2007 = 100)

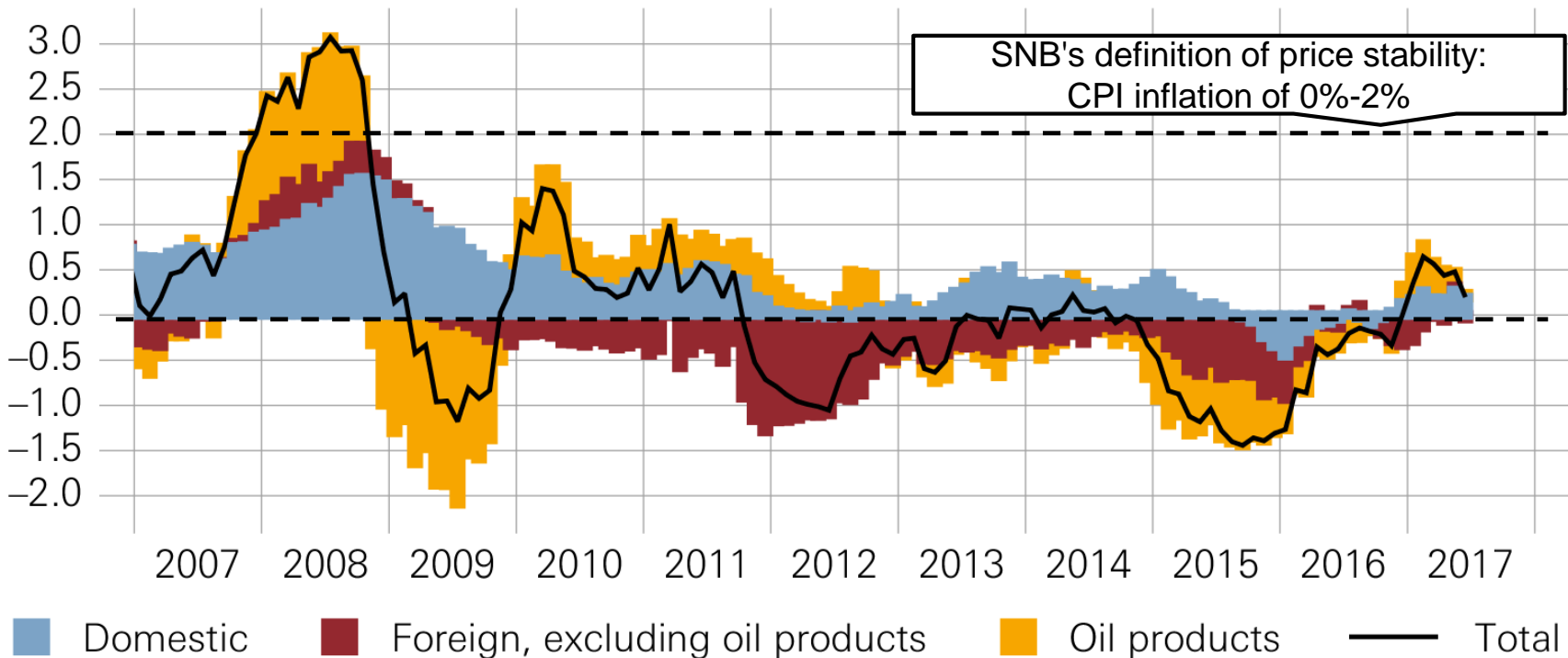


Sources: BIS, SNB

Overvaluation as a major challenge for monetary policy and the globally integrated Swiss economy

SWITZERLAND: CPI INFLATION AND COMPONENTS

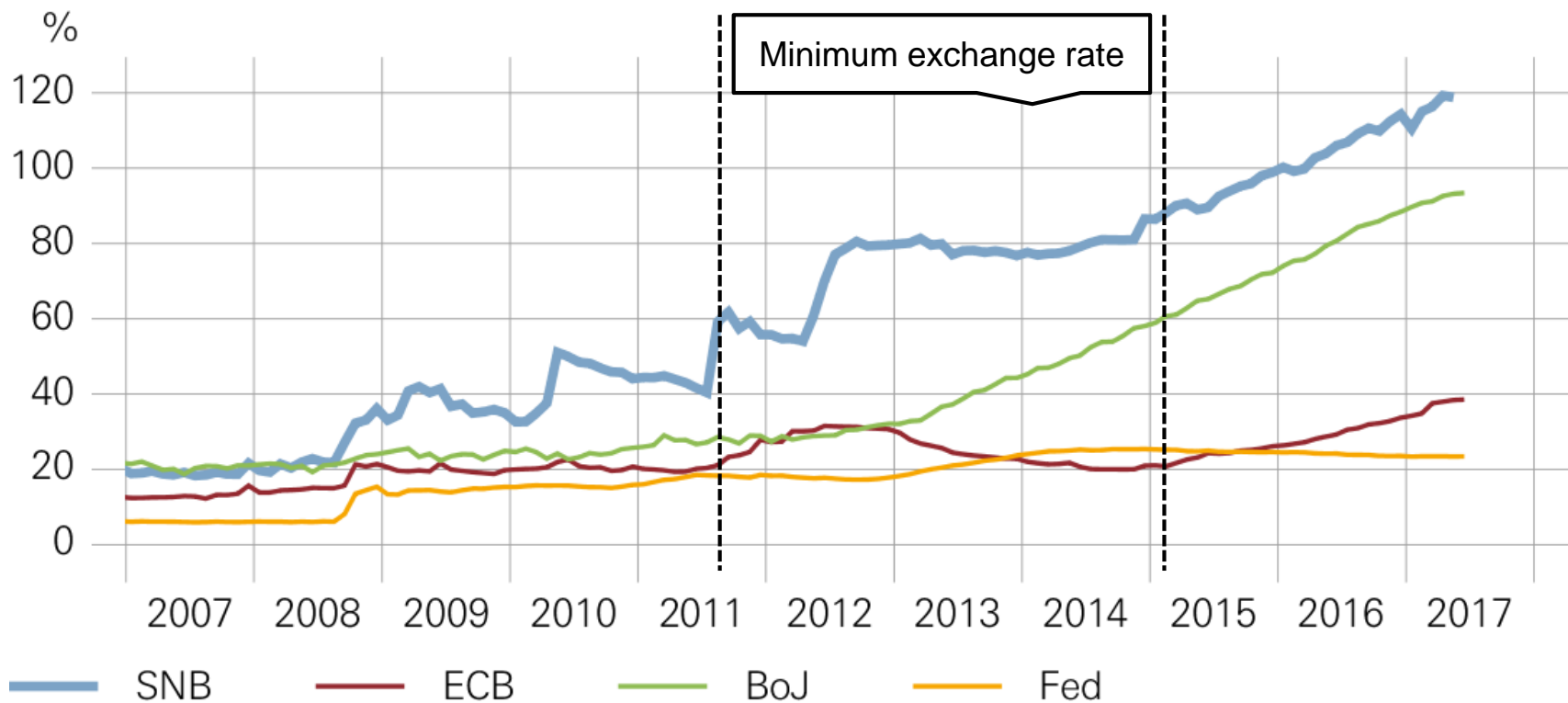
Annual change in %, contribution of components in percentage points



Sources: SFSO, SNB

Unprecedented monetary policy responses: foreign exchange interventions as necessary...

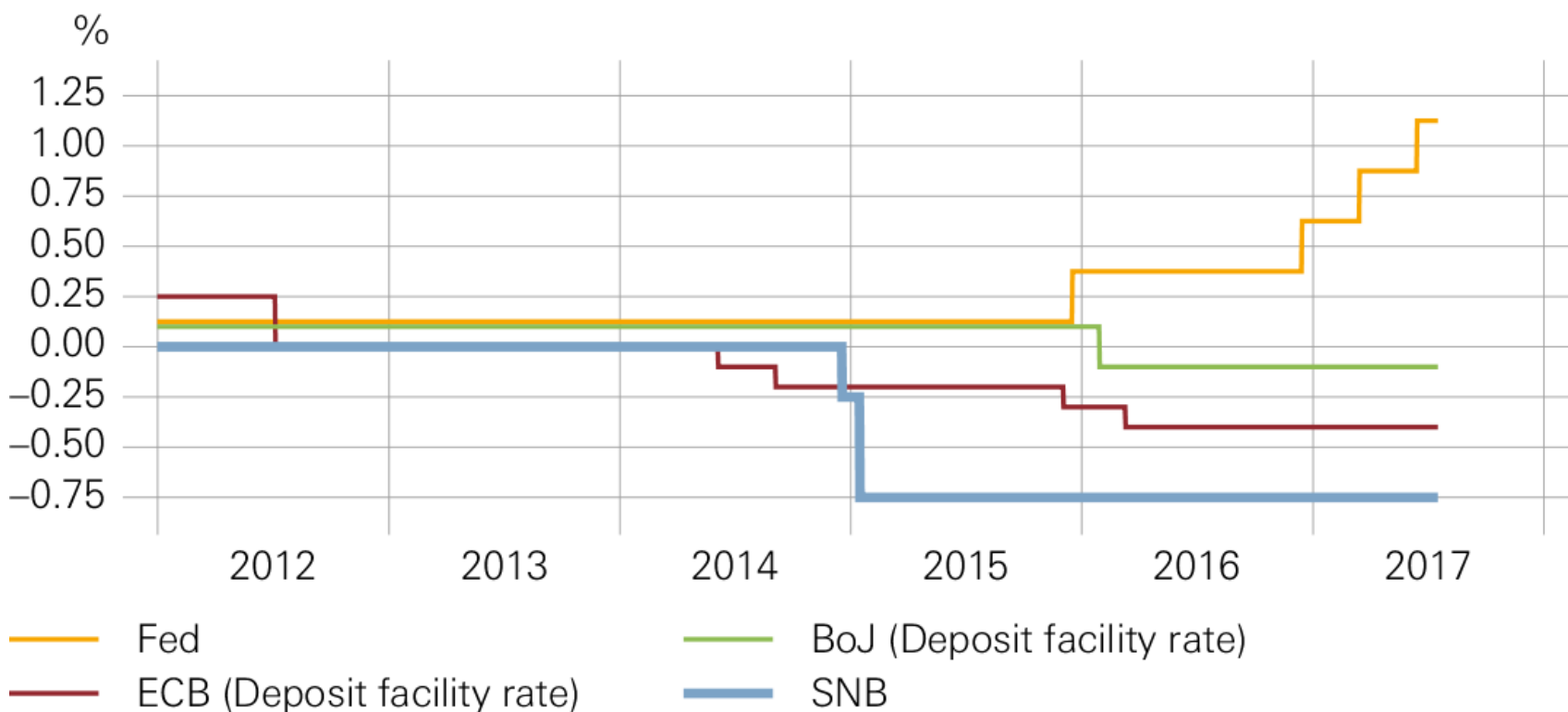
CENTRAL BANKS: TOTAL ASSETS TO GDP RATIO



Sources: Bloomberg, BIS, SNB

...combined with negative interest at -0.75% since early 2015

CENTRAL BANKS: POLICY RATES

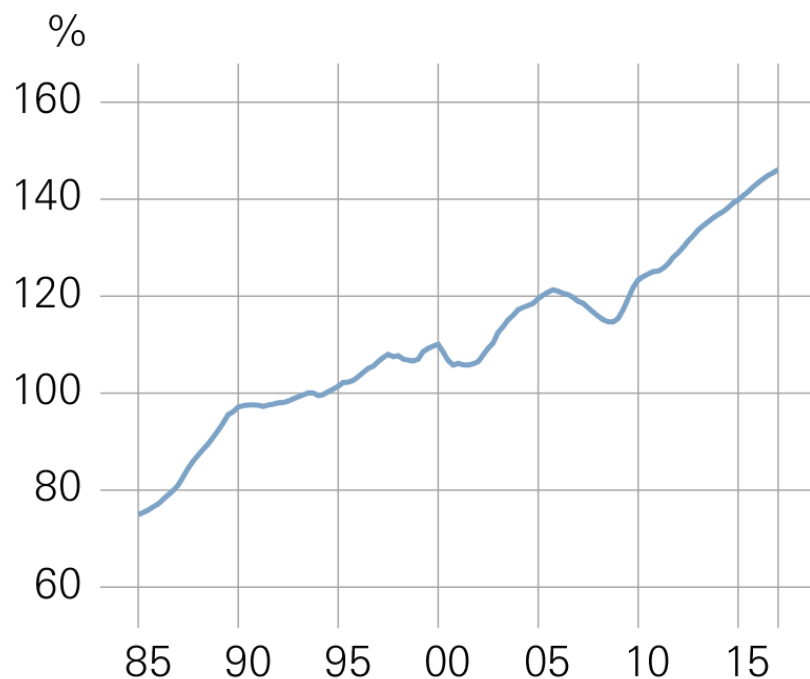


Sources: Bloomberg, SNB

Expansionary monetary policy appropriate and necessary but with potential side effects

SWITZERLAND: MORTGAGES

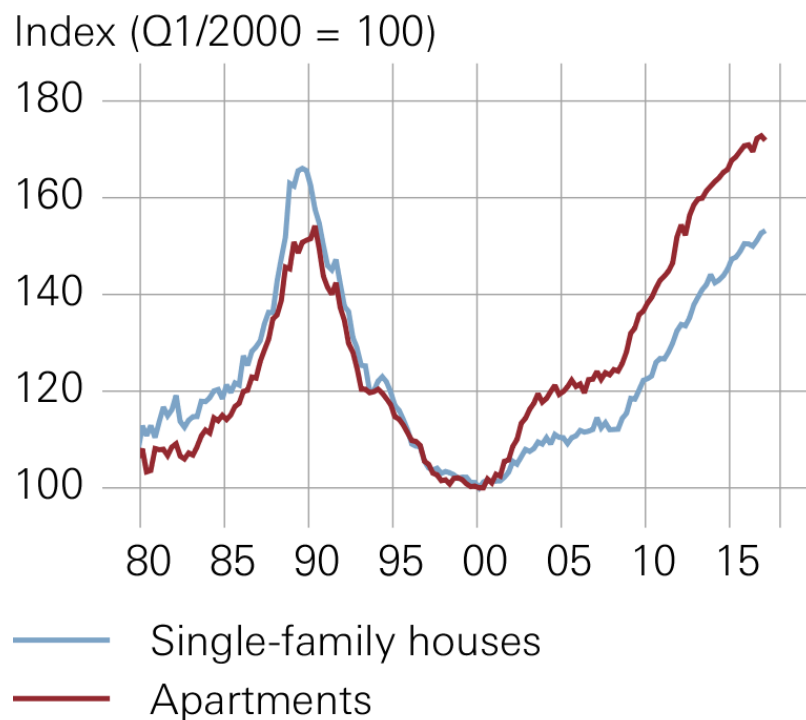
Mortgages-to-GDP ratio



Sources: SECO, SFSO, SNB

REAL ESTATE PRICE INDICES

Asking prices, in real terms



Sources: SFSO, Wüest Partner

New macroprudential tools help alleviate trade-offs between price and financial stability objectives

SNB's financial stability toolkit before the crisis

- **Moral suasion:** Financial stability reports (FSR)
- **Ex post:** Emergency liquidity assistance (ELA)

SNB's financial stability toolkit today

- FSR
- ELA
- **Countercyclical capital buffer (CCyB):** proposal
- Authority to designate financial institutions as «**Too big to fail**»