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# Interest rates and foreign exchange interventions: Achieving price stability in challenging times

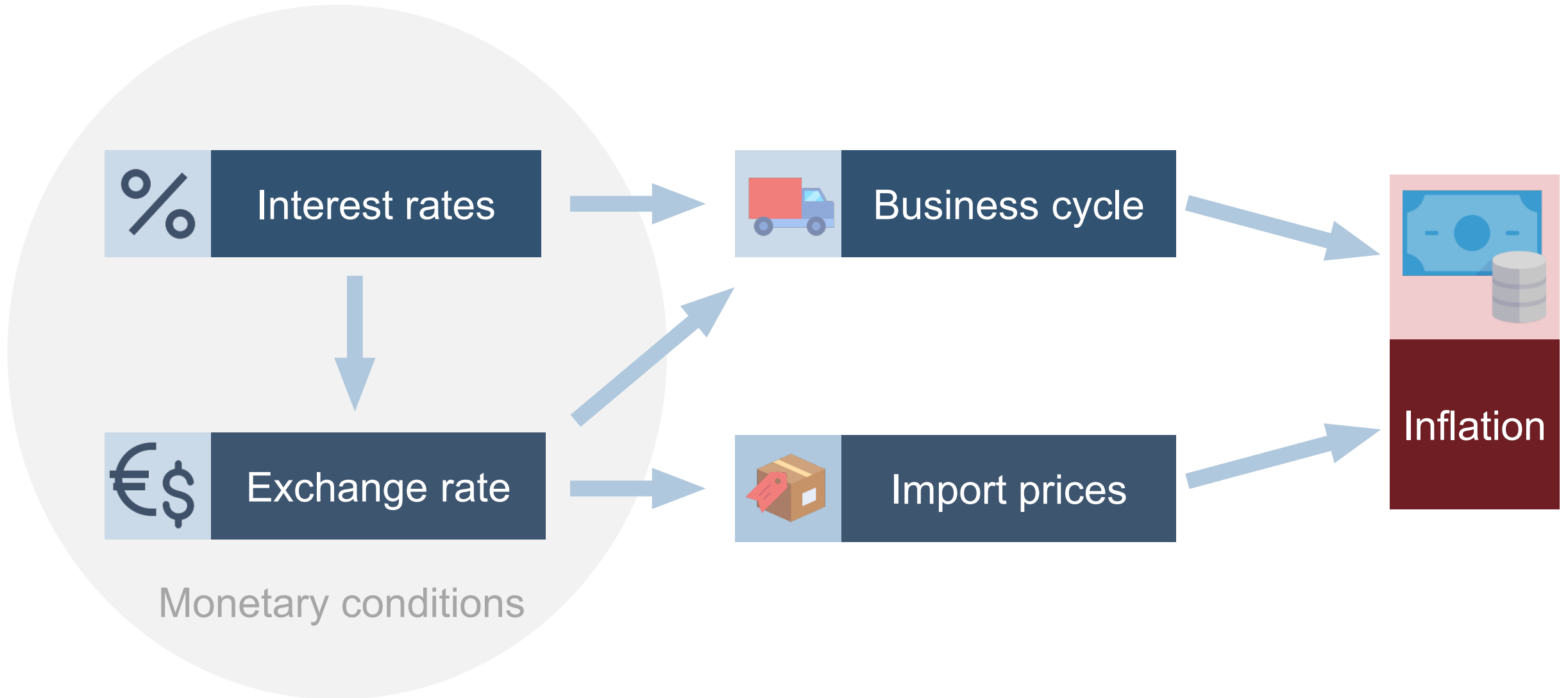
Martin Schlegel  
Vice Chairman of the Governing Board

ICMB Public Lecture, 9 April 2024

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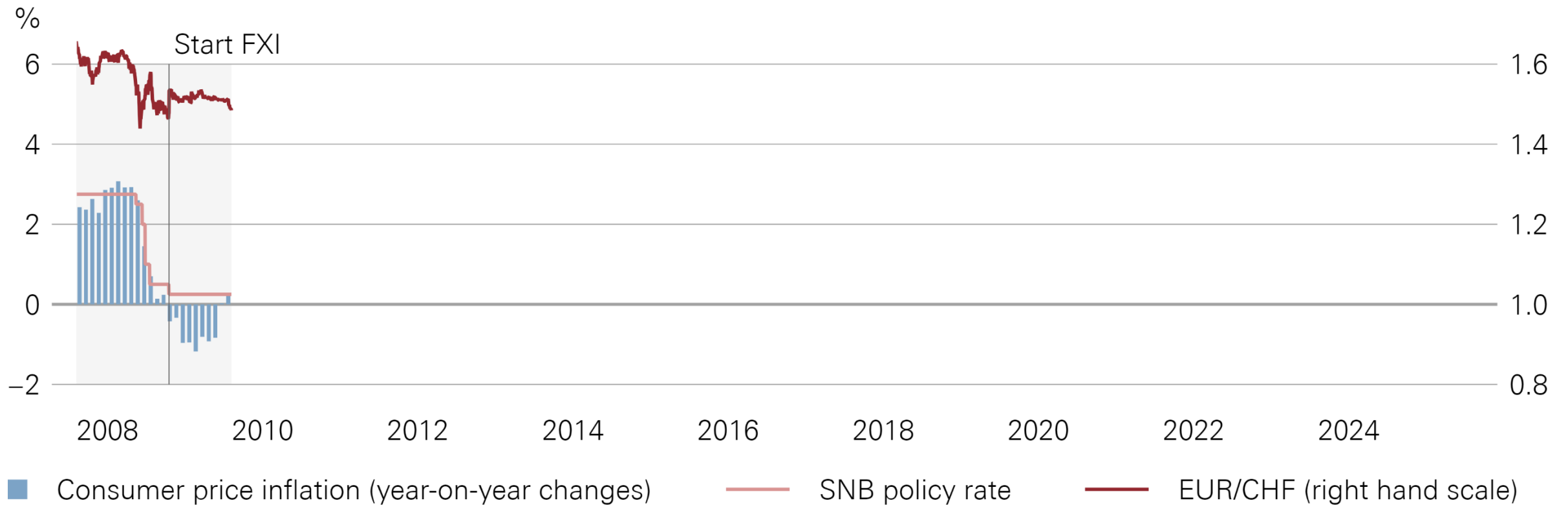


# Role of exchange rate in Swiss monetary policy



# March 2009: Start of foreign exchange interventions

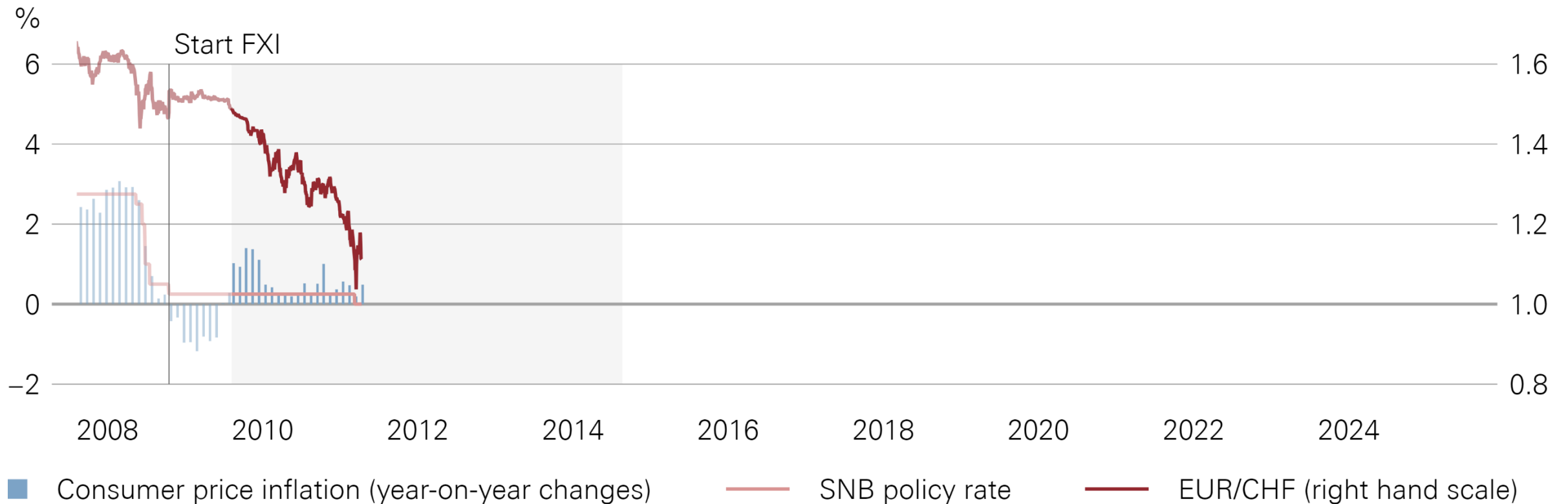
## INFLATION AND MONETARY CONDITIONS



Source(s): SFSO, SNB

# Euro crisis and introduction of minimum exchange rate

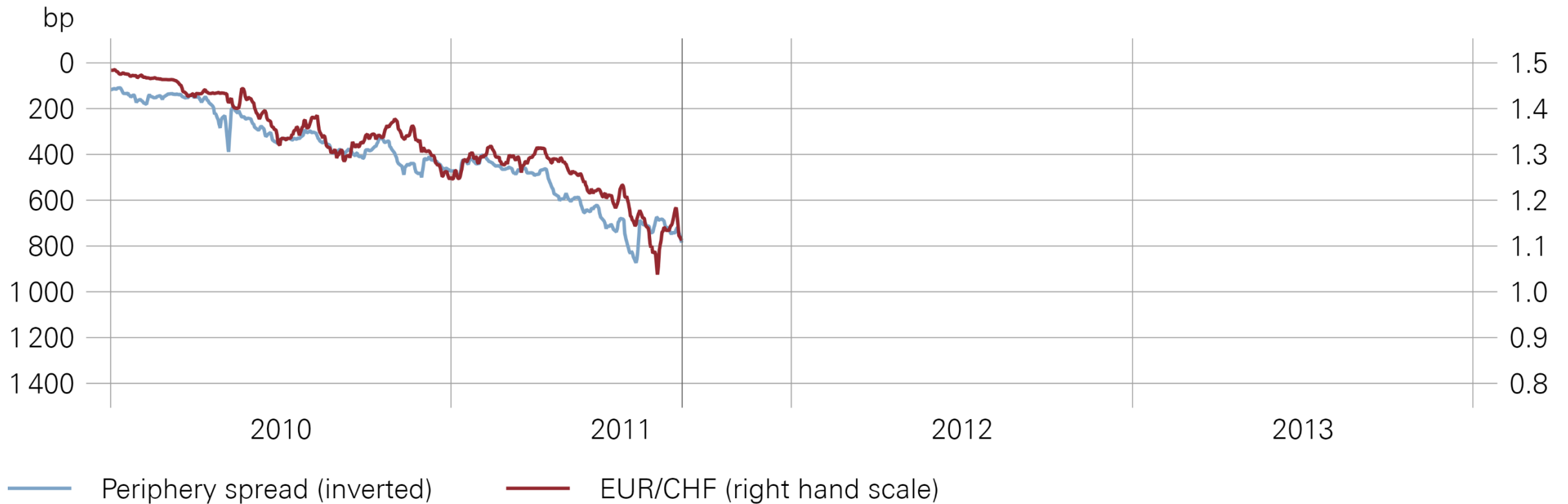
## INFLATION AND MONETARY CONDITIONS



Source(s): SFSO, SNB

# Swiss franc under strong appreciation pressure

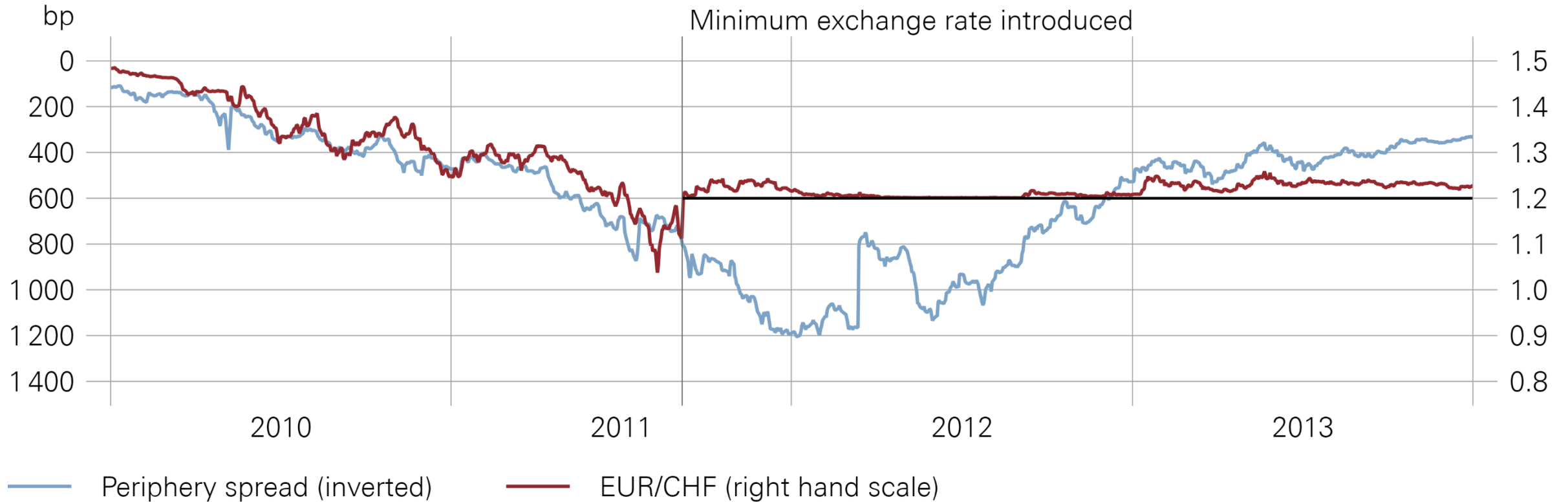
## EURO AREA PERIPHERY SPREAD VS EUR/CHF



Source(s): SNB, Bloomberg

# Swiss franc under strong appreciation pressure

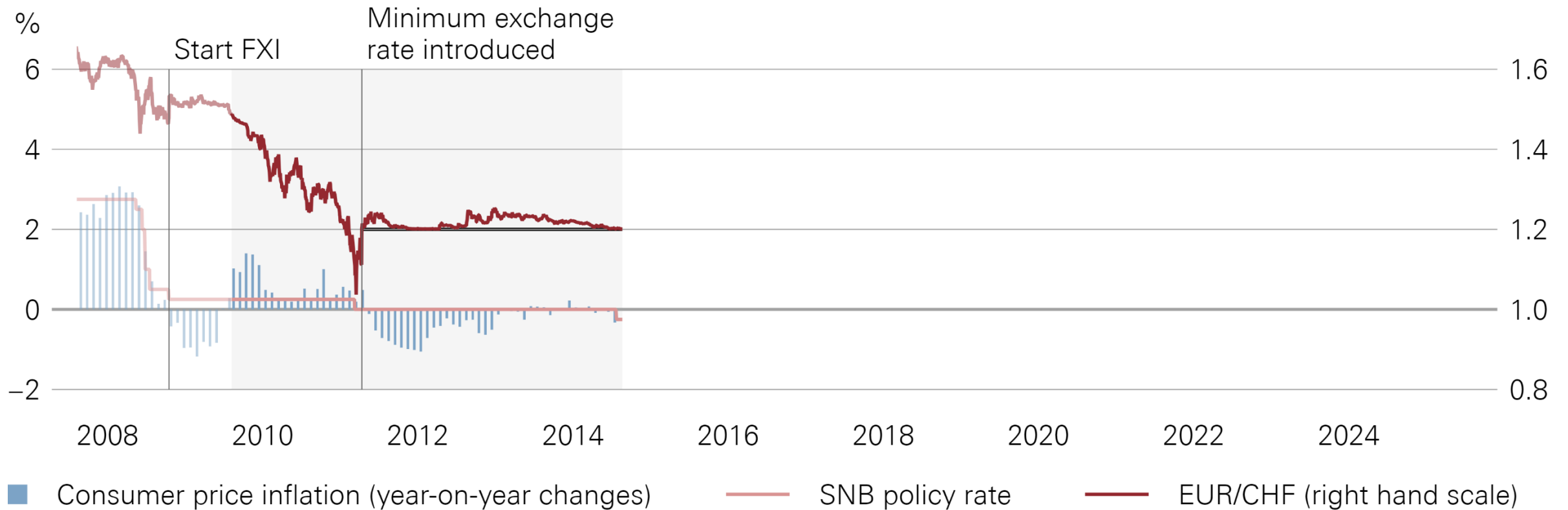
## EURO AREA PERIPHERY SPREAD VS EUR/CHF



Source(s): SNB, Bloomberg

# Euro crisis and introduction of minimum exchange rate

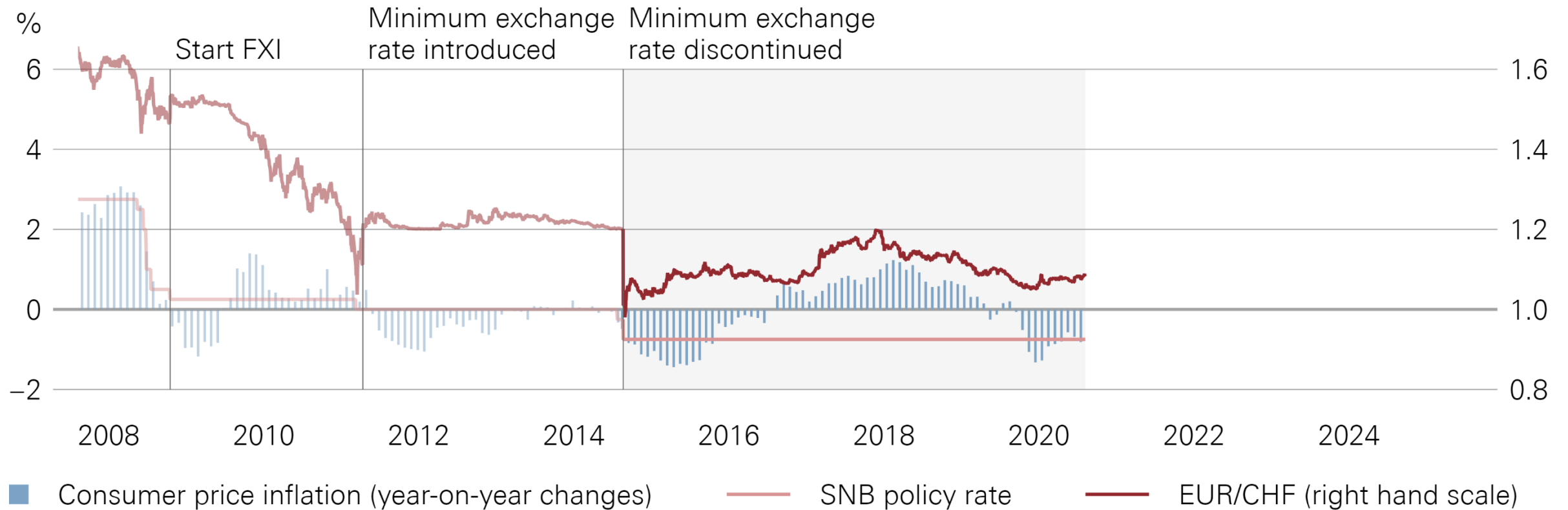
## INFLATION AND MONETARY CONDITIONS



Source(s): SFSO, SNB

# Discontinuation of minimum exchange rate and negative interest rate

## INFLATION AND MONETARY CONDITIONS



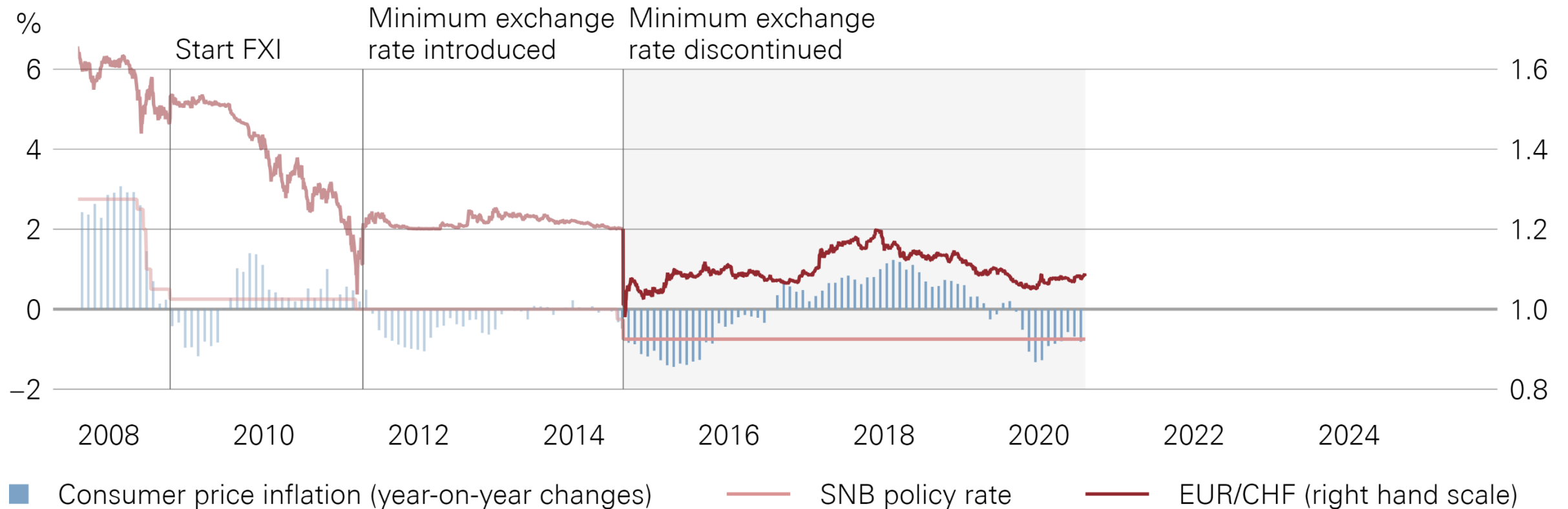
Source(s): SFSO, SNB





# Discontinuation of minimum exchange rate and negative interest rate

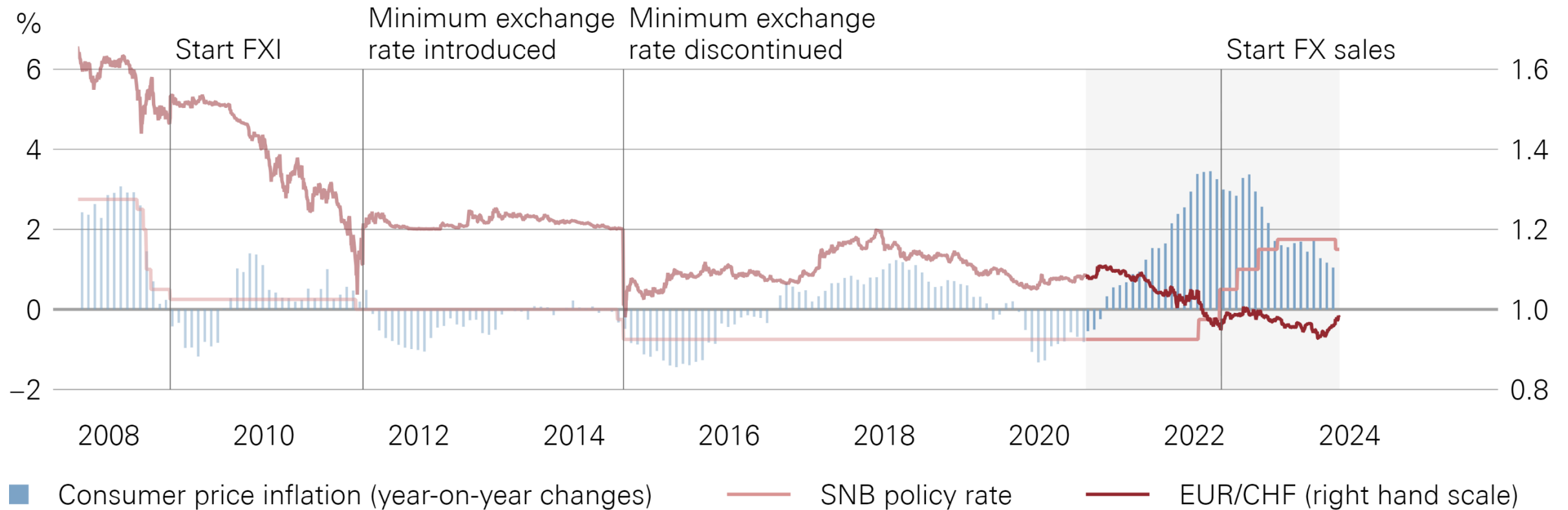
## INFLATION AND MONETARY CONDITIONS



Source(s): SFSO, SNB

# Foreign currency sales to counteract high inflation

## INFLATION AND MONETARY CONDITIONS

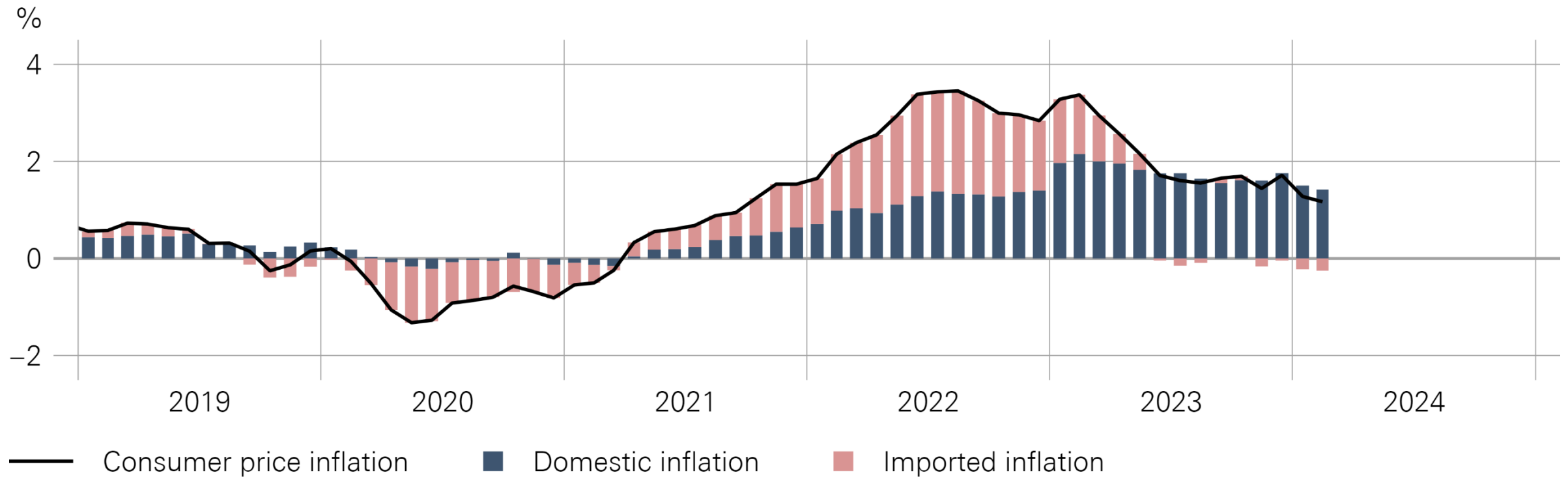


Source(s): SFSO, SNB

# Inflation brought back to price stability range

## CONTRIBUTIONS TO SWISS CONSUMER PRICE INFLATION

Non-seasonally adjusted, year-on-year changes

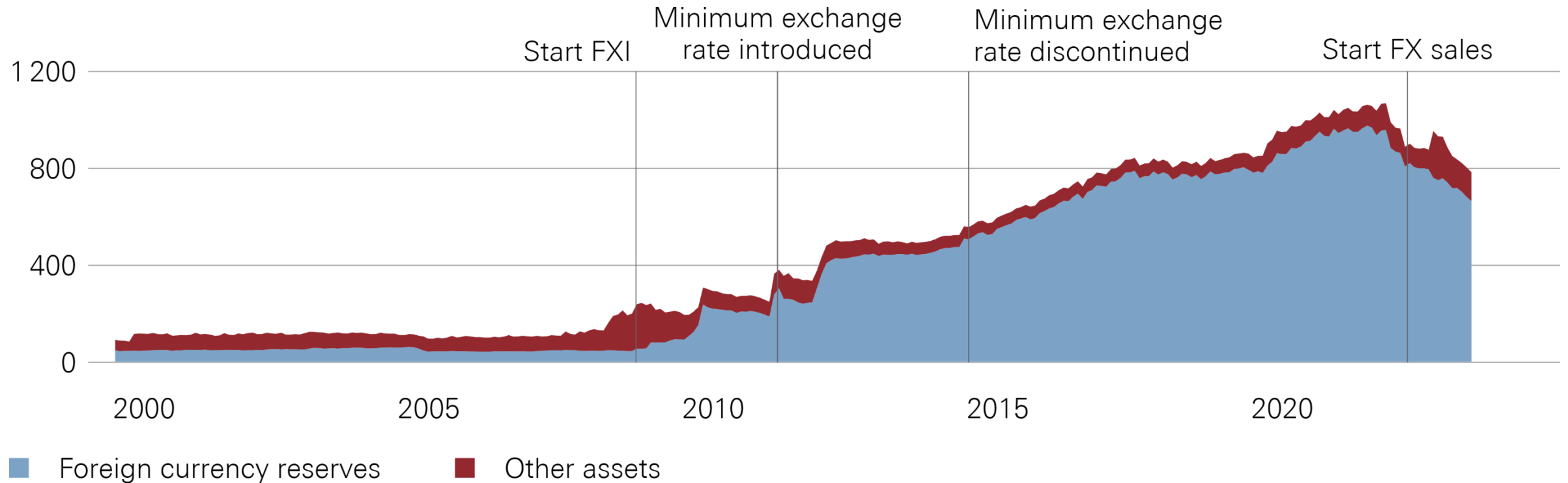


Source(s): SFSO, SNB

# Side effect: SNB's balance sheet increased...

## SNB'S BALANCE SHEET

In CHF billion

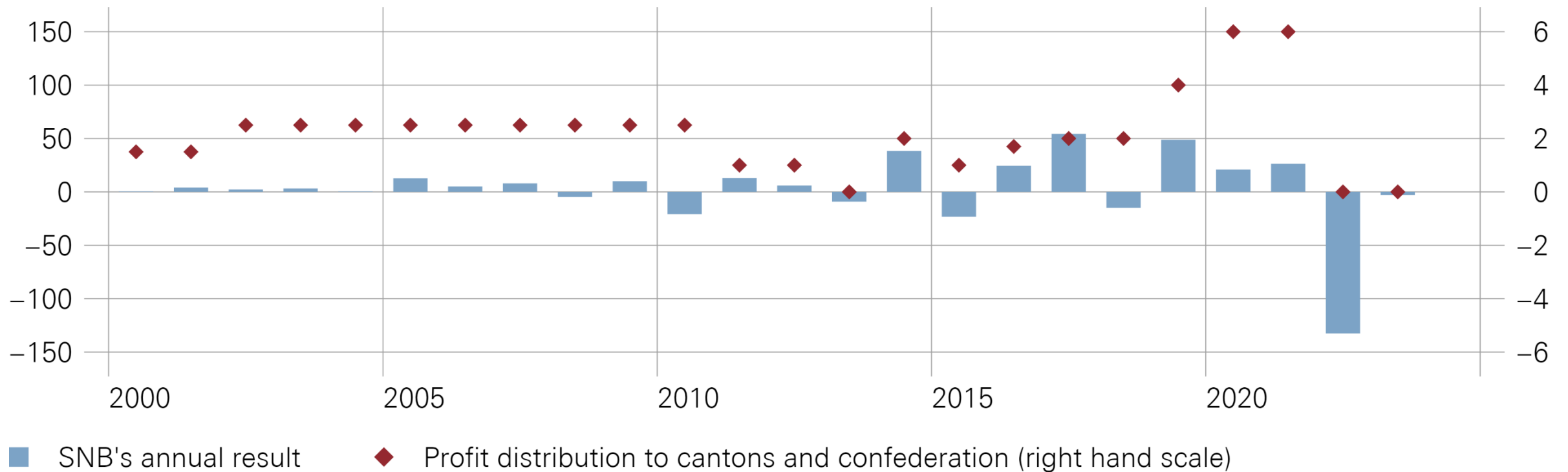


Source(s): SNB

# ... and led to higher fluctuation in SNB's annual result

## ANNUAL RESULT AND PROFIT DISTRIBUTION

In CHF billions



Source(s): SNB

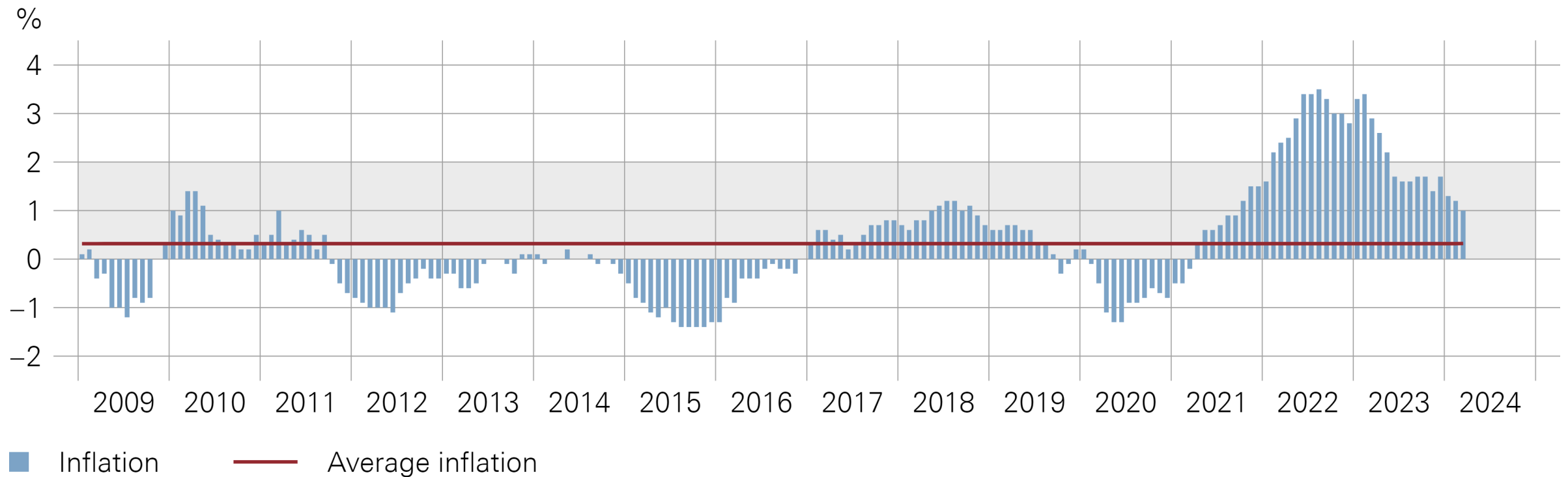




# FX interventions have contributed to achieving price stability

## CONSUMER PRICE INFLATION

Non-seasonally adjusted, year-on-year changes



Source(s): SFSO, SNB



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# Thank you for your attention.

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