

## **Philipp M Hildebrand: Current monetary policy situation and economic prospects**

Speech by Dr Philipp M Hildebrand, Member of the Governing Board of the Swiss National Bank, at "Finanzinstitute Thurgau bei der Universität Konstanz", Kreuzlingen, 26 April 2004.

*The complete speech can be found in German on the Swiss National Bank's website ([www.snb.ch](http://www.snb.ch)).*

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Due to the vigorous monetary and fiscal policy stimuli from the US, the global economy is expanding again. In Switzerland, too, the upswing has become a reality. In the current year, the Swiss National Bank (SNB) is expecting growth of 1.5% - 2%, which slightly exceeds the present growth potential. Since capacity utilisation is still fairly modest, such economic growth does not bring an immediate threat of inflation for Switzerland at the moment. The downward risks still existing therefore justify a cautious monetary policy. In order to be able to ensure price stability in the medium term, the SNB must, however, bring its expansionary monetary policy back on normal course again as soon as the economic recovery sets in and capacity utilisation improves markedly.