

Philipp Hildebrand: Swiss monetary policy and financial markets

Summary of a speech by Mr Philipp Hildebrand, Member of the Governing Board of the Swiss National Bank, at the Autumn forecast of the Swiss Institute for Business Cycle Research, Zurich, 5 October 2006.

The complete speech can be found in German on the Swiss National Bank's website (www.snb.ch)

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Transparency and communication enhance the impact and the precision of monetary policy. Monetary policy functions through expectations. This means that it is first and foremost expectation management. Central banks strive for transparency regarding their methods and approaches. All in all, the current economic and, in particular, the structural uncertainties are resulting in a greater range of possible economic scenarios and thus also in an increase in the range of expectations regarding our future monetary policy. In other words, being transparent does not automatically mean being predictable. Therefore, the Swiss National Bank (SNB) considers it particularly important to communicate its monetary policy concept to the markets and the public. This allows them to arrive at similar conclusions to those reached by the SNB.