

Philipp M Hildebrand: Monetary policy situation and economic prospects

Summary of a speech by Dr Philipp M Hildebrand, Member of the Governing Board of the Swiss National Bank, at the Centre for Banking Studies, Lugano, 28 September 2004.

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

* * *

In formulating its medium-term monetary policy, the Swiss National Bank (SNB) must take the uncertainty surrounding the development of the economic environment into consideration. The SNB believes that the economy is well on the road to recovery, both in Switzerland and abroad. For our country, it anticipates real GDP growth of close to 2% in 2004. Sustained growth is also expected for the coming years. Consequently, the utilisation of the economy's production capacity will steadily improve, while unemployment will gradually decline. The improved utilisation rate will be accompanied by a rise in inflationary pressure in the medium term. This scenario could be revised, however, if new information were to come to light. The SNB will thus continue to monitor economic developments closely and will subsequently draw the necessary monetary policy conclusions.