

# Macropru in Switzerland

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SIPA – IESE Conference

**Next Steps for Macroprudential Policies**

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# Switzerland

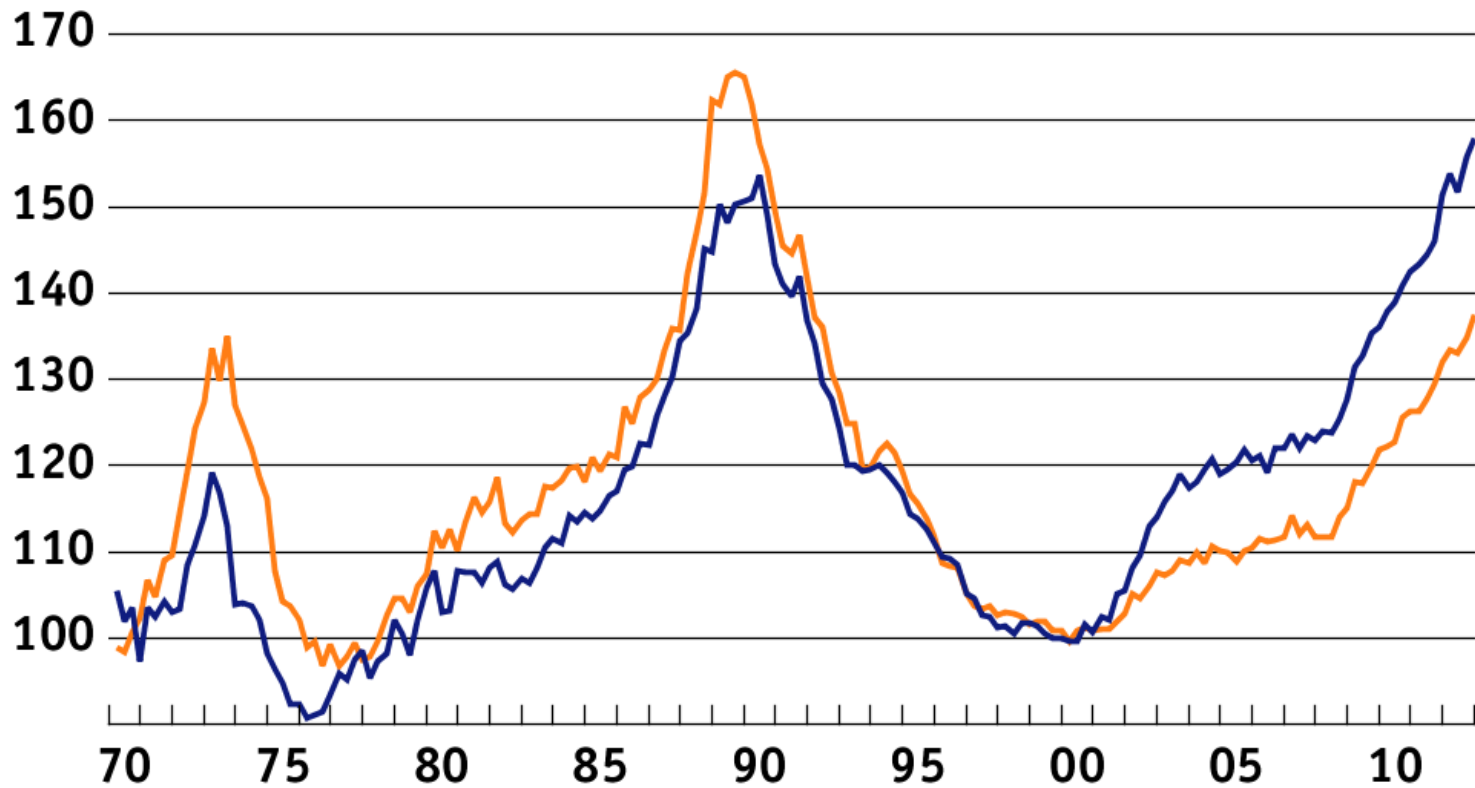
- SOE with a safe haven currency
- Financial stability risks are home-made
  - External capital flows present an ER and MP challenge - little interaction with financial stability issues
  - Two financial stability issues
    - Two SIBs, very large relative to the economy
    - A bubbly real estate market

# Real estate prices

## Swiss real estate price indices

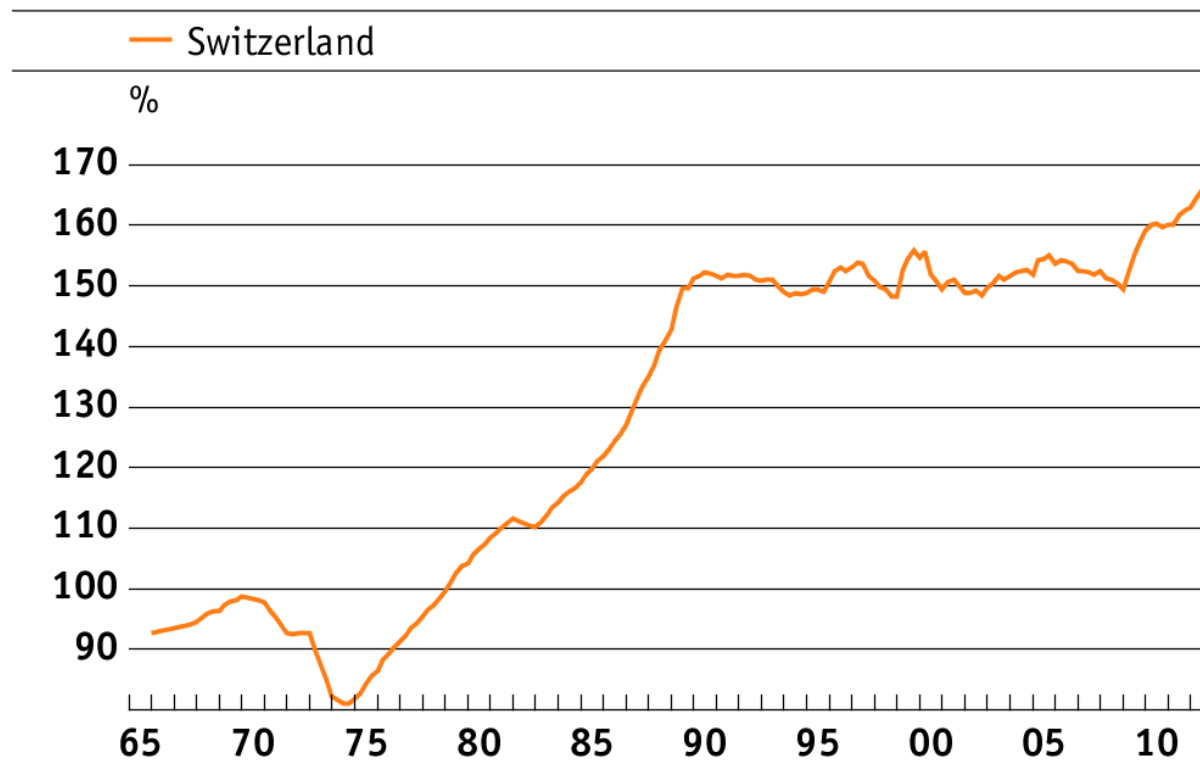
Asking prices (Q1/2000 = 100)

— single-family houses — Owner-occupied apartments



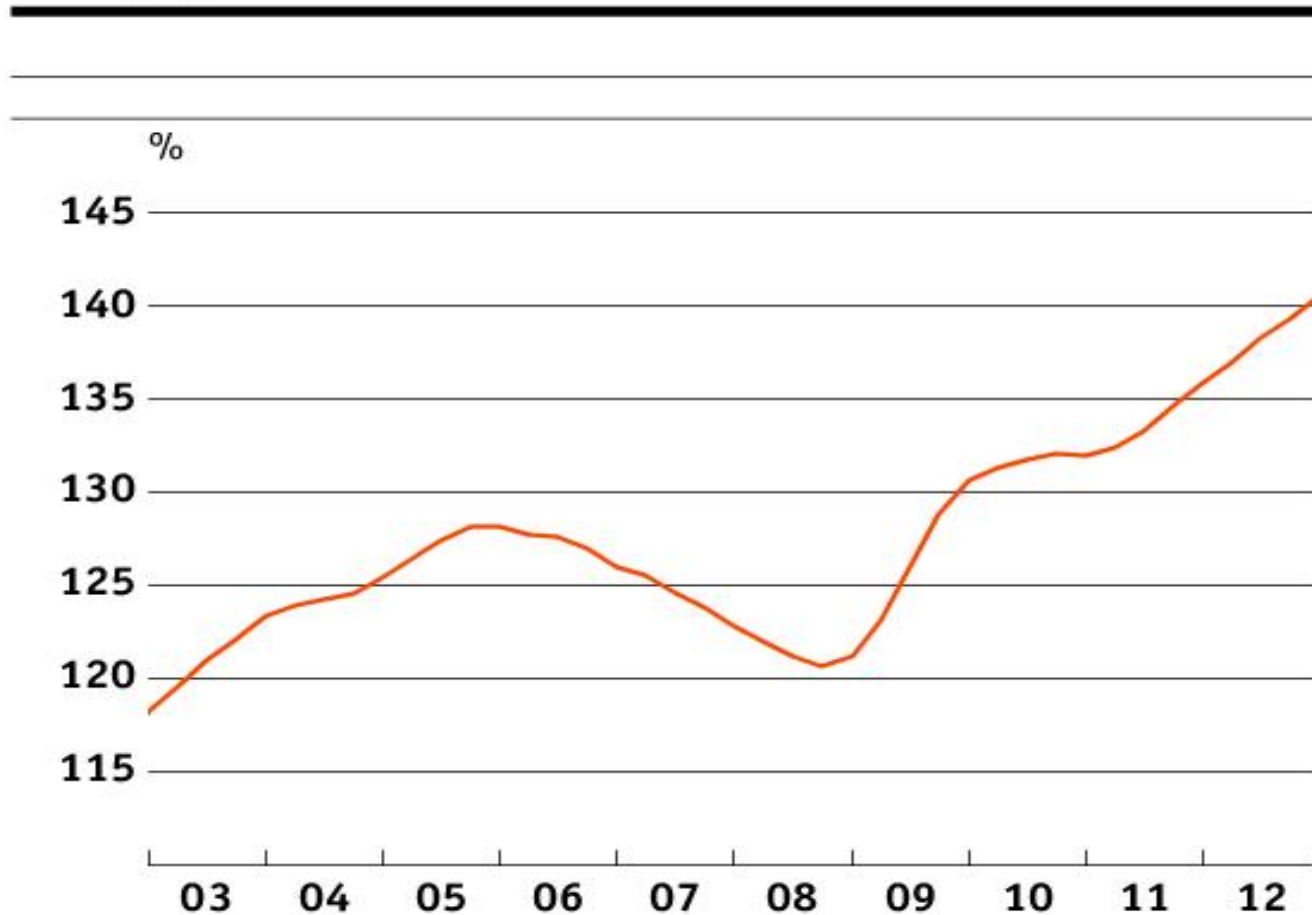
# Credit-to- GDP

## Domestic credit-to-GDP

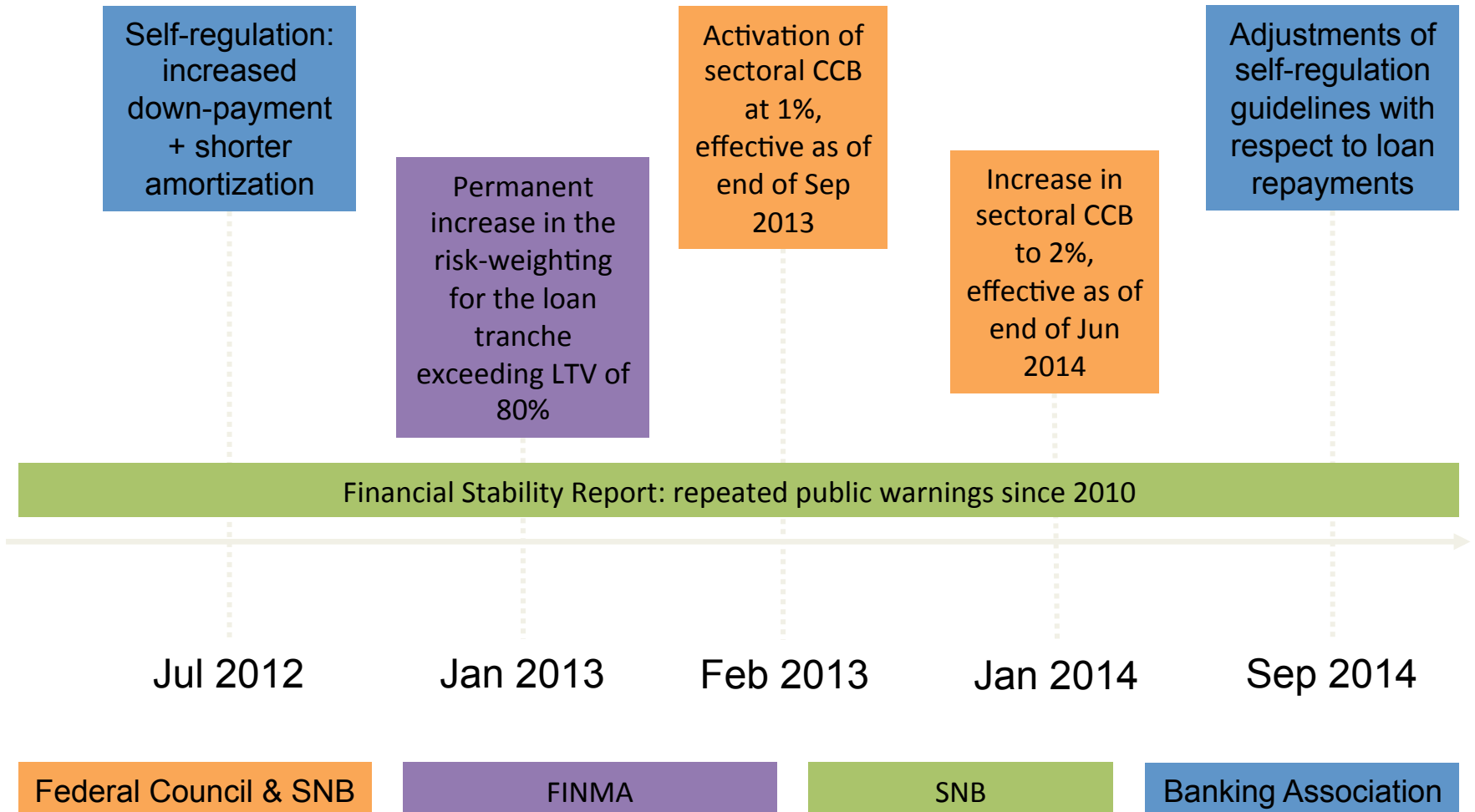


# Mortgage to gdp

Mortgages-to-GDP



# A pragmatic multipronged approach



# Effectiveness – evidence so far

## MORTGAGE GROWTH

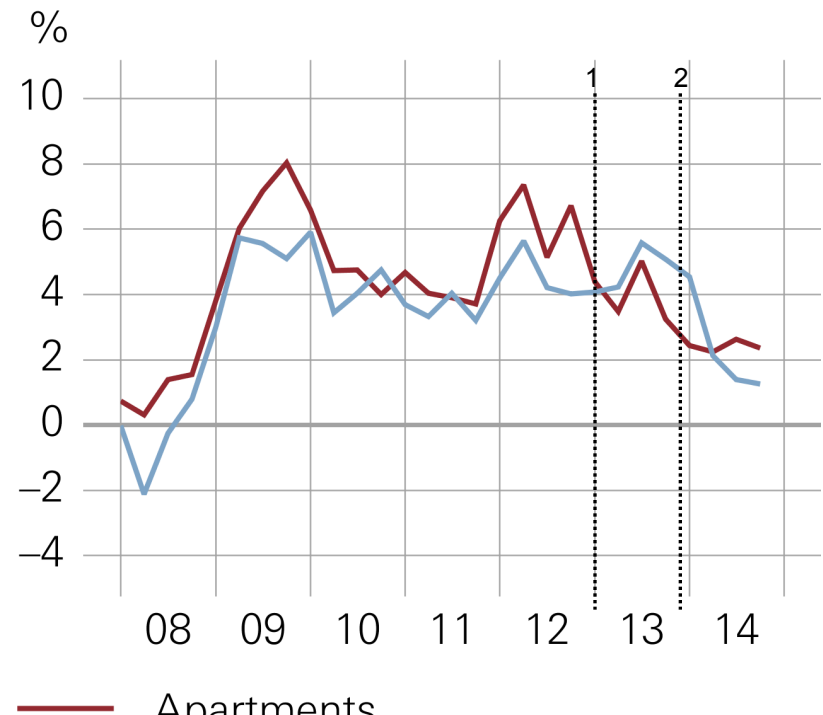
Annual growth rate, monthly data



1 Activation of CCB      2 Increase to 2%

## REAL ESTATE PRICE GROWTH

asking price indices, real annual rates



— Apartments  
— Single-family houses

# Financial stability: a Swiss message

- In the restricted context of the Swiss economy
- A stable financial system is not an impossible dream
- It is a matter of political will
- Build on the conviction that there is a need to act
- And the readiness to accept paying the price of precaution when knowledge is limited