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SNB's Jordan: Swiss Franc Still Strong, Rate Floor to Remain

By Neil MacLucas

BIEL, Switzerland--The Swiss National Bank will maintain its minimum Swiss franc to euro exchange rate as a necessary policy tool for the foreseeable future, the bank's president said Monday.

"There is no reason at the moment for the SNB to abandon the current minimum exchange rate for the euro-franc," Thomas Jordan said at a function in Biel.

The SNB imposed the CHF1.20-per-euro floor in September 2011 to prevent the Swiss economy tipping into recession and in order to head off the danger of deflation. The franc had surged to near parity with the euro, driven by investor demand for a haven from the debt crisis in the euro region.

The Zurich-based central bank has since repeatedly pledged its determination to defend the euro-franc floor with all means at its disposal.

Mr. Jordan also repeated that the SNB doesn't exclude the use of other monetary policy tools to preserve the stability of Swiss prices and the economy.

The SNB cut interest rates to near zero a month before introducing its minimum exchange rate, and has stressed this policy is likely to remain in place for the foreseeable future.

Turning to the dangers posed by a boom in the Swiss property market--driven by ultra-low interest rates--Mr. Jordan again warned of the dangers of imbalances building up.

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