

Press release

The chief of the Swiss bank comforted the franc debtors

The Swiss franc has fallen by 0.10 PLN since the beginning of the week. On Thursday, it was as low as about 3.85 PLN. There are many reasons for the weakening, however, the most important one was the speech of the President of the National Swiss Bank (SNB). His words might have improved the moods of many franc debtors.

On a Thursday evening, Thomas Jordan, the SNB's President, gave a speech at one of the universities in Brussels. During his lecture, he frequently suggested that the Swiss currency is overvalued and thus is hurting the local economy. He also encouraged to buy denominated assets in the franc, e.g. debentures and securities. Jordan additionally assured that 'the negative interest rates are to adjust the franc quotes'. This means that the Swiss currency may be even cheaper. Jordan further announced that if the monetary policy assumptions demand it, the central bank will remain active on the currency market.

The potential goal of EUR/CHF is about 1.10, the goal which SNG indicated when it unpegged the Swiss currency. This would cause the franc to fall as low as 2.80.

An impulse for the euro's strengthening to the franc was also relative calmness in the East of the continent, where chances for prolonged peace are high after the withdrawal of the Ukrainian military forces.

Also the perspective of prolonging the financing of Greece, partly supports the common currency. This remains probable despite the fact that news agencies seem to give contradicting information. It is yet unknown if Athens is ready for the compromise, or whether they are stalling. However, if tomorrow's meeting of the eurogroup resulted in success and Greece receives funding for months to come, the euro will raise against the franc above the level of 1.08. If this is the case, the franc may cost less than 3.85 in a weeks' time.

** **Marcin Lipka** - currency analyst. A graduate of Management of the University of Warsaw. He has also obtained the Global MBA title at the University of North Florida (USA), Fachhochschule Koeln (Germany) and Dongbei University of Finance & Economics (China). He has been involved with capital markets for several years. Since September 2012 he has been a member of the Cinkciarz.pl team.*

INFORMATION ABOUT THE BRAND

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For additional information contact:

Kamil Sahaj
Marketing Manager
ks@cinkciarz.pl
+48 726 666 633

Kalina Stawiarz
PR Specialist
kst@cinkciarz.pl
+48 726 666 644

Cinkciarz.pl Sp. z o. o.
C | Sienkiewicza 9 | 65-001 Zielona Góra
B | Jerozolimskie 123a | 00-965 Warszawa
press: www.cinkciarz.pl
