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# 10th annual BCC conference

## “Heterogeneous impact of inflation”

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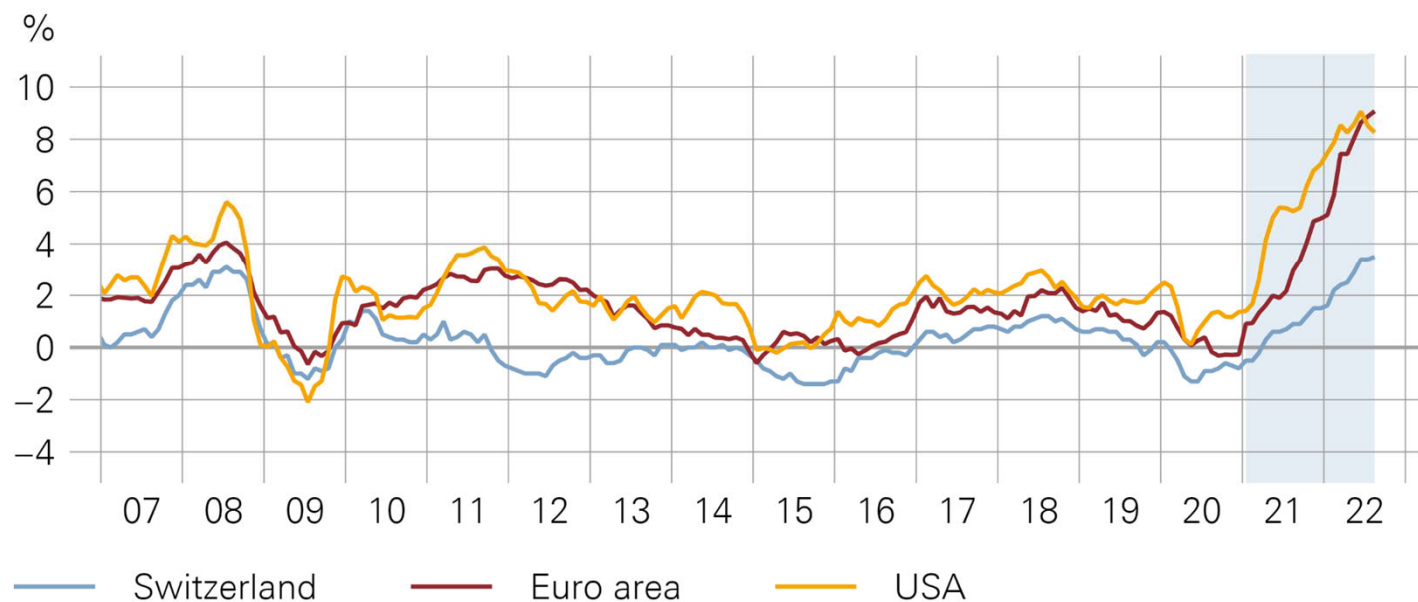
23 September 2022

SCHWEIZERISCHE NATIONALBANK  
BANQUE NATIONALE SUISSE  
BANCA NAZIONALE SVIZZERA  
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SWISS NATIONAL BANK 

# Surge in inflation so far less pronounced in Switzerland than in most advanced economies

## ADVANCED ECONOMIES: HEADLINE CPI INFLATION

Year-on-year change

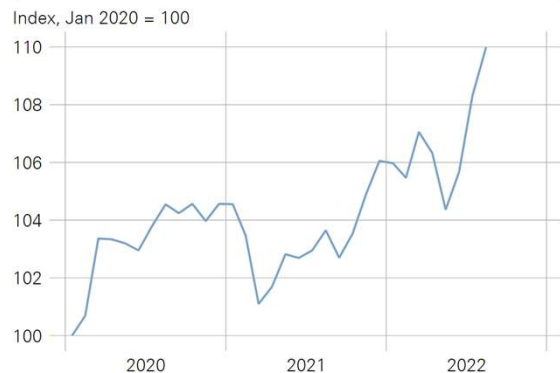


Sources: SFSO, Refinitiv Datastream

# Why is inflation in Switzerland lower than in other advanced economies?

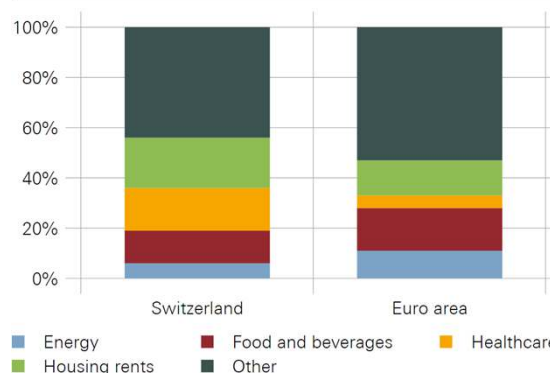
1. Monetary policy and CHF appreciation
2. Items weights in consumption basket
3. High level of domestic prices
4. Regulated prices

**SWISS FRANC EFFECTIVE EXCHANGE RATE** 1.  
Nominal



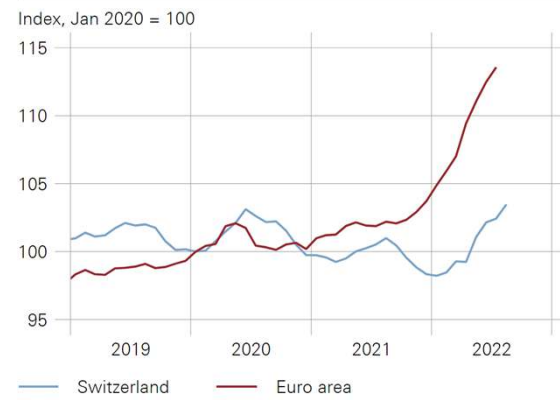
Source: SNB

**WEIGHTS IN CPI BASKET** 2.  
Selected items, 2022



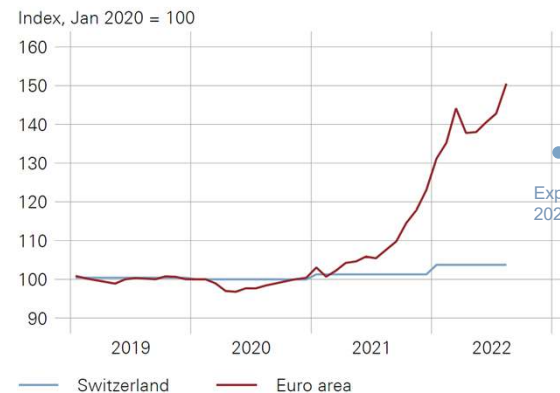
Sources: Eurostat, SFSO

**CPI FOOD AND NON-ALCOHOLIC BEVERAGES** 3.



Sources: Eurostat, SFSO

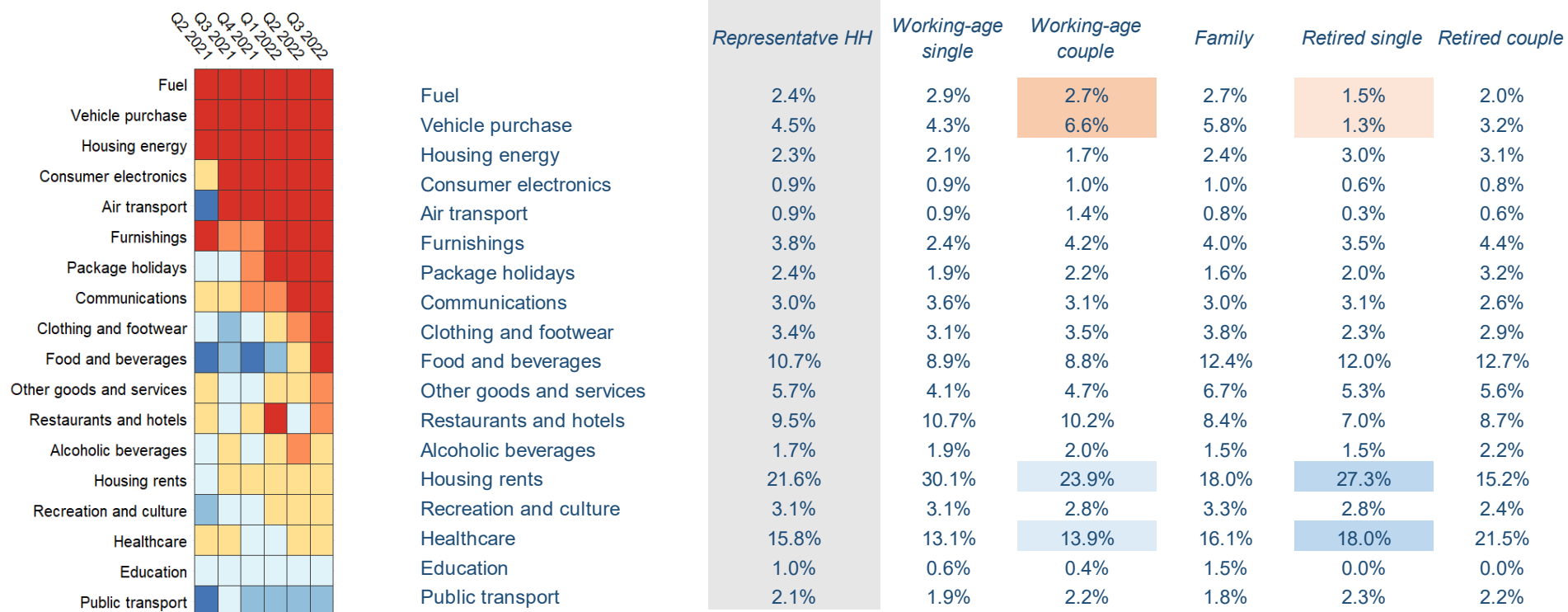
**CPI ELECTRICITY** 4.



Sources: Eurostat, SFSO

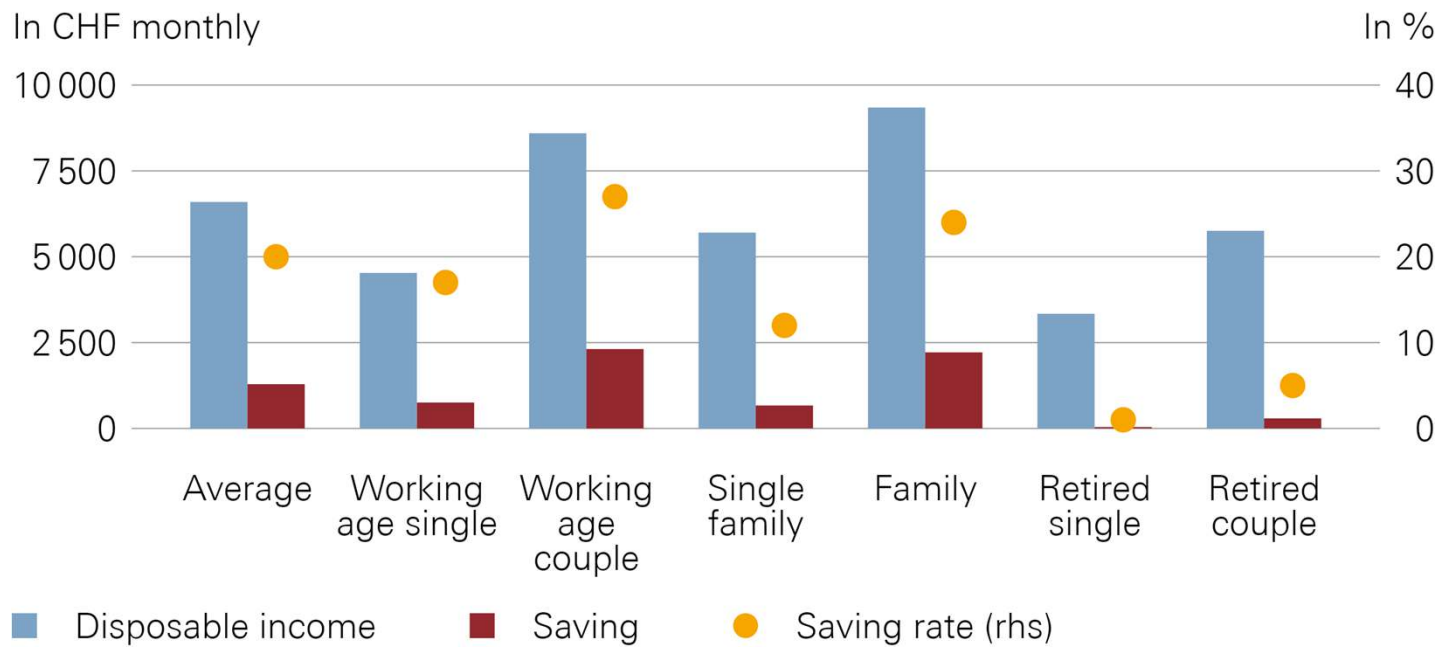
# Heterogeneous impact of inflation on households: Different consumption baskets

	Jan 2021 Aug 2022	Jan 2010 Dec 2019
Working-age single	4.7%	0.5%
Working-age couple	5.0%	-1.1%
Family	4.7%	-1.1%
Retired single	3.9%	1.0%
Retired couple	4.6%	-0.9%
<b>Representative HH</b>	<b>4.7%</b>	<b>-0.4%</b>



# Heterogeneous impact of inflation on households: Different propensity to consume

## HOUSEHOLDS DISPOSABLE INCOME AND SAVING



Source: SFSO

## Conclusion

- Indeed, different households experience different levels of inflation.
- But, first order observations:
  - Inflation is a regressive tax
  - Inflation produces inefficient allocation of resources
  - The higher and more persistent inflation is, the costlier the return to price stability

→ Central bank must act decisively to re-establish price stability as quickly as possible

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# Thank you for your attention!

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