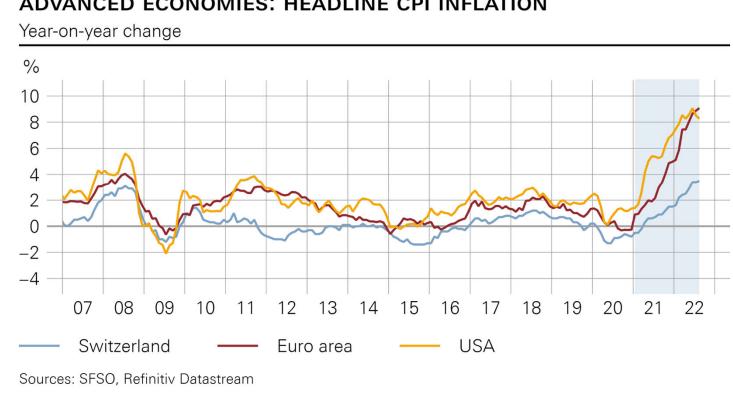
10th annual BCC conference "Heterogeneous impact of inflation"

Attilio Zanetti Alternate Member of the Governing Board Swiss National Bank

23 September 2022

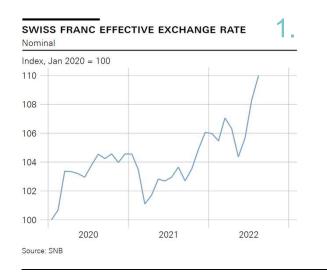
SCHWEIZERISCHE NATIONALBANK BANQUE NATIONALE SUISSE BANCA NAZIONALE SVIZZERA BANCA NAZIUNALA SVIZRA SWISS NATIONAL BANK Surge in inflation so far less pronounced in Switzerland than in most advanced economies

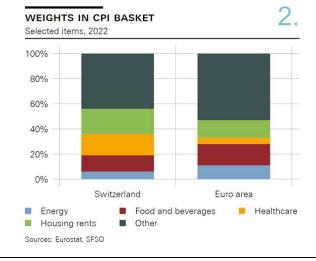


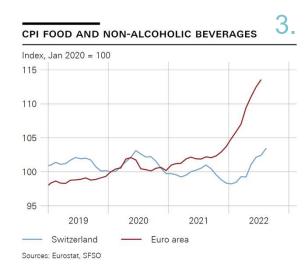
ADVANCED ECONOMIES: HEADLINE CPI INFLATION

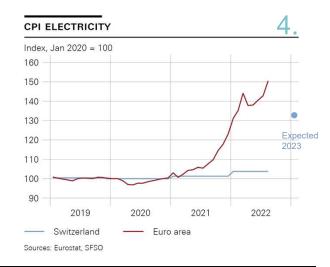
Why is inflation in Switzerland lower than in other advanced economies?

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









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Heterogeneous impact of inflation on households: Different consumption baskets

	Jan 2021	Jan 2010
	Aug 2022	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%
Representative HH	4.7%	-0.4%

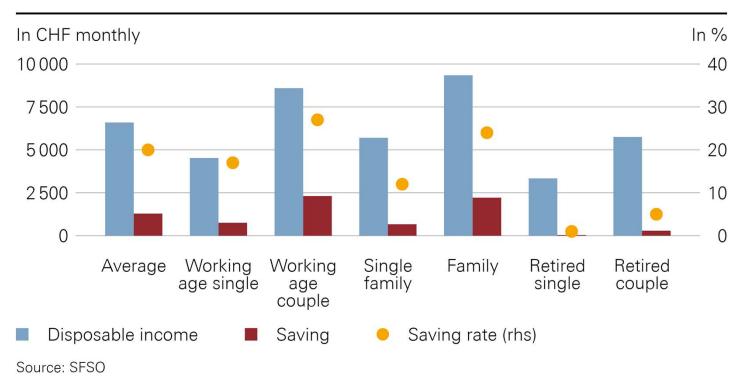
Fuel Vehicle purchase Housing energy Consumer electronics Air transport Furnishings Package holidays Communications Clothing and footwear Food and beverages Other goods and services Restaurants and hotels Alcoholic beverages Housing rents Recreation and culture Healthcare Education Public transport

Q.

	Representatve HH	Working-age single	Working-age couple	Family	Retired single	Retired couple
Fuel	2.4%	2.9%	2.7%	2.7%	1.5%	2.0%
Vehicle purchase	4.5%	4.3%	6.6%	5.8%	1.3%	3.2%
Housing energy	2.3%	2.1%	1.7%	2.4%	3.0%	3.1%
Consumer electronics	0.9%	0.9%	1.0%	1.0%	0.6%	0.8%
Air transport	0.9%	0.9%	1.4%	0.8%	0.3%	0.6%
Furnishings	3.8%	2.4%	4.2%	4.0%	3.5%	4.4%
Package holidays	2.4%	1.9%	2.2%	1.6%	2.0%	3.2%
Communications	3.0%	3.6%	3.1%	3.0%	3.1%	2.6%
Clothing and footwear	3.4%	3.1%	3.5%	3.8%	2.3%	2.9%
Food and beverages	10.7%	8.9%	8.8%	12.4%	12.0%	12.7%
Other goods and services	5.7%	4.1%	4.7%	6.7%	5.3%	5.6%
Restaurants and hotels	9.5%	10.7%	10.2%	8.4%	7.0%	8.7%
Alcoholic beverages	1.7%	1.9%	2.0%	1.5%	1.5%	2.2%
Housing rents	21.6%	30.1%	23.9%	18.0%	27.3%	15.2%
Recreation and culture	3.1%	3.1%	2.8%	3.3%	2.8%	2.4%
Healthcare	15.8%	13.1%	13.9%	16.1%	18.0%	21.5%
Education	1.0%	0.6%	0.4%	1.5%	0.0%	0.0%
Public transport	2.1%	1.9%	2.2%	1.8%	2.3%	2.2%

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Heterogeneous impact of inflation on households: Different propensity to consume



HOUSEHOLDS DISPOSABLE INCOME AND SAVING

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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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