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## Cross-border Spillover Effects of Unconventional Monetary Policies on Swiss Asset Prices

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### Abstract

Unconventional monetary policies (UMPs) announced by the Federal Reserve, the European Central Bank, the Bank of England and the Bank of Japan exert important spillover effects on asset prices in Switzerland. Using a broad UMP event set and a long-term bond-futures based measure of market anticipation, we show that surprisingly expansionary UMPs lower Swiss government and corporate bond yields, induce the Swiss franc to appreciate, and dampen Swiss equity prices. Four extensions provide further insights. First, the estimated effects are strongest for announcements by the ECB. Second, the impact on government bonds is largest for bonds with residual maturities of 7-10 years. Third, the impact of foreign UMP shocks on exchange rates and Swiss bond yields is less pronounced after the introduction of the minimum rate of 1.20 Swiss franc per Euro by the Swiss National Bank on September 6, 2011, indicating that domestic monetary policy action partially affects the impact of external monetary shocks on domestic financial markets. Fourth, the sign of spillover effects differs for positive and negative UMP surprises, but their strength does not.

*Keywords:* Unconventional monetary policy, announcement, spillover effects, Swiss asset prices

JEL classification: E52, E58, E65, F31, F42, G12

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