

# Abstract

The objective of this thesis is to describe the situation in the Swiss economy before the SNB discontinued the minimum exchange rate. Furthermore, the aim is to analyse the impact of the abandonment of the exchange rate floor on key macroeconomic indicators such as GDP, year-on-year changes in consumer and producer prices or unemployment rate. The interactions between CHF/EUR exchange rate and real GDP, CPI and 3-month LIBOR are examined using VAR model on quarterly data from 1999 to 2016. The results suggest that the CHF/EUR exchange rate appreciation has temporary dampening effects on GDP, CPI and 3-month LIBOR. These results are consistent with the developments in macroeconomic variables after the discontinuation of the minimum exchange rate.

<b>JEL Classification</b>	C5, E24, E31, E43, F31
<b>Keywords</b>	exchange rate, gross domestic product, consumer price index, interest rate, vector autoregressive model
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