



Swiss Franc Falls on Speculation of Central Bank Intervention

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By Mary Childs and Ben Levisohn

May 20 (Bloomberg) -- Switzerland's franc erased a gain versus the euro and declined much as 1.2 percent on speculation the Swiss National Bank sold the currency to curb its gains.

The franc rose versus 13 of its 16 most-actively traded counterparts after earlier gaining as much as 1 percent. A Swiss National Bank spokesman wasn't immediately available to comment. Traders speculated the European Central Bank may do the same for the shared currency, erasing the euro's loss against the U.S. dollar.

"Euro-Swiss jumped, so there's lots of chatter in the marketplace," said [Alan Ruskin](#), head of foreign-exchange strategy at Royal Bank of Scotland Group Plc in Stamford, Connecticut. "Somebody would know. They can do it visibly or they can keep it in quite a constrained fashion if they wanted to choose to do that. They can keep it in a tight group of people or they can spread it around."

The franc fell 0.9 percent to 1.4410 per euro at 3:17 p.m. in New York, from 1.4280 yesterday. Switzerland's currency has declined 2.3 percent this year, compared with a 5.6 percent loss for the 16-nation euro, according to Bloomberg Correlation- Weighted Indices.

SNB Vice Chairman [Thomas Jordan](#) said earlier today that the central bank has "countered" pressure on the franc during the financial crisis.

"During the financial crisis, there has been much pressure on the Swiss franc which appreciated," Jordan said in Wettingen, Switzerland. "The SNB has countered that pressure so that until now we haven't seen an excessive appreciation of the Swiss franc."

Swiss Intervention

Switzerland's central bank started selling francs in March 2009 to ward off deflation and revive the economy. Pressure on the currency has increased as the euro tumbled this year on concern the region's sovereign-debt crisis may lead to the collapse of the shared currency.

The nation's economy will probably expand by 1.5 percent this year, compared with 1.1 percent growth in the 16-nation euro area, according to Bloomberg surveys. The currency rose earlier even as a report showed investor confidence declined in May.

"There's a lot of talk of intervention particularly by the SNB," said [Richard Franulovich](#), a senior currency strategist at Westpac Banking Corp. in New York. "The market is more sensitive, especially in the wake of the chatter yesterday."

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Last Updated: May 20, 2010 15:18 EDT

