

### **Exchange rate shocks and mental health**

How does a significant exchange rate shock affect the mental health of individuals? We address this question in the context of the appreciation of the Swiss Franc in 2015. This unexpected shock increased the value of the Swiss Franc against the Euro by 10.7%. We exploit the fact that individuals living closer to the Eurozone border are more exposed to the exchange rate shock. Thereby, we focus on two main channels. From a consumer perspective, the higher purchasing power of the Swiss Franc allows individuals living closer to the Eurozone border to buy goods and services at lower costs abroad. From a worker perspective, the pressure on the labor market increases as working in Switzerland becomes more attractive for cross-border workers and export-oriented firms become less competitive. Using individual-level data on mental health treatments from a large insurance company, we find that the appreciation of the Swiss Franc increased the likelihood and the number of meetings with psychologists and psychiatrists. This effect is most pronounced among working-age individuals and among those who face lower out of pocket costs.