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No. 78, October 2014

ECONOMY AND RESEARCH

GOLD INITIATIVE: GOLDEN CHAINS FOR THE SNB?

On 30 November 2014, the Swiss electorate will vote on the popular initiative "Save our Swiss Gold" (the Gold Initiative). The freedom of choice and scope for action of the Swiss National Bank would be limited by this initiative.

The Gold Initiative stipulates that the Swiss National Bank (SNB) would be subject to a constitutional obligation to hold at least 20 per cent of its assets in gold. In addition, any sales of gold would be prohibited, and all gold reserves would have to be stored nationally. The aim of the promoters of the initiative is to secure a stable foundation for the value of the Swiss franc over the long term, without limiting the National Bank's freedom of action.

The initiative was adopted in the wake of the sale of 1,550 tonnes of gold between 2000 and 2008. Reserves now amount to 1,040 tonnes which means that Switzerland currently has the seventh highest gold reserves in the world. 70 per cent of this amount is stored in Switzerland, 20 per cent at the Bank of England and 10 per cent at the Bank of Canada.

A GLANCE AT MONETARY POLICY IN THE HISTORY BOOKS

Gold has played a central role in the history of international currencies. Prior to the introduction of the current standard of paper or scriptural money, also known as fiat money, which is not backed up by any tangible assets, the system was based on commodity money, which is mostly backed by rare precious metals. When the Gold Standard was introduced in 1870, all major currencies were convertible into gold at fixed rates. The period leading up to the First World War (the classical gold standard) is generally regarded as a period of considerable stability with low interest rates and low inflation.

However, this image changes completely when the interwar period is considered: the Gold Standard played a major role in the international transmission of the financial crisis during the 1930s and was a central factor behind the Great Depression.[1] In countries such as the United Kingdom and Sweden, which suspended convertibility of their currencies into gold –albeit involuntarily– as early as 1931, the economic collapse and deflation was felt less strongly than in countries that retained it for longer. According to research by the University of Zurich, had Switzerland left the Gold Standard in 1931, rather than 1936, the Swiss economy would have been spared a further fall of 10-15 per cent of output.[2] Since the dollar's gold peg was abolished in 1971, heralding the end of the Bretton Woods System, there has been practically no further linkage with gold reserves.

QUICK ACTION BY THE SNB IMPORTANT IN A CRISIS

Under the current system based on fiat money, monetary stability is not directly related to the balance of payments and thus to the level of gold reserves. The SNB is responsible for ensuring monetary stability as an independent institution. The National Bank is thus subject to a statutory obligation to retain sufficient foreign currency reserves –part of which must be held in gold– in order to be able to implement its monetary and currency policy. The actual level and composition of these reserves is a matter for the SNB.

1) Barry Eichengreen, Golden Fetters: The Gold Standard and the Great Depression, 1919–1939. Oxford University Press, 1992.

2) Peter Rosenkranz & Tobias Straumann & Ulrich Woitek, 2014. "A Small Open Economy in the Great Depression: the Case of Switzerland", ECON – Working Papers, Department of Economics – University of Zurich 164, Department of Economics – University of Zurich.

The disruption caused by the Euro crisis over recent years has clearly shown that the National Bank must be able to adjust the size and composition of its balance sheet quickly in order to be able to implement a suitable monetary and currency policy. The requirement that it must always hold 20 per cent of its assets in gold would limit this flexibility. For example, when it intervened on the foreign currency market during the Euro crisis it would have been required to buy large amounts of gold, which would have made its intervention significantly more difficult. The high credibility of the SNB on the financial markets could be impaired by this requirement.

However, the bar on the sale of gold reserves would have a greater effect. Were the balance sheet of the SNB to be reduced in future, this would automatically bring the portion of gold above the minimum requirement of 20 per cent due to the prohibition on sales. The prohibition on sales would thus lead to an accumulation of gold reserves, irrespective of the level of the balance sheet. In extreme cases the balance sheet assets could be comprised almost exclusively of gold reserves. This would be problematic from the viewpoint of diversification. In addition, the potential for payments to the federation and the cantons would be affected since gold does not yield any return and, due to the prohibition on sales, no valuation gains could be realised. Gold reserves are often of central importance for currency policy when intervening on foreign currency markets. However, this would not be possible due to the prohibition on sales.

A further requirement of the initiative is that all gold must be held in Switzerland. This would be associated with costs for the SNB, along with a loss of geographical diversification. Similar attempts are being made to repatriate national gold reserves, for example in Germany, although the German Bundesbank stores most of its gold reserves abroad. In case of need, a reserve stored in Switzerland could only be released following a further constitutional amendment, in order, for example, to finance imports if the Swiss franc were to lose its international purchasing power, although this is rather unlikely.

THIRD SERIES OF CORPORATE TAX REFORMS: THE ECONOMIC EFFECTS OF THE LICENCE BOX SOLUTION

A discussion was held in the context of the corporate tax reform III as to whether licence boxes would be a way of mitigating the anticipated exodus of specialist companies. As a KOF analysis shows, a drop in tax revenue of 3.5 billion Swiss francs is expected without licence boxes. Their introduction would at least prevent some of the exodus, but not stop it completely.

Both the BEPS (Base Erosion and Profit Shifting) action plan drawn up by the OECD as well as the EU Commission's action plan to combat tax avoidance and tax evasion have significantly increased the pressure on Switzerland and in particular on the special Swiss tax regime in recent years. In response to this increasing criticism from abroad, discussions concerning a reform of Swiss corporate taxation have been given fresh impetus. The third series of corporate tax reforms (CTR III) is intended to bring the current tax system into line with the EU and OECD action plans, whilst maintaining Switzerland's attractiveness as a tax location. Accordingly, the Federal Council launched the consultation process on 22 September 2014.

The key element of the reform is the introduction of a licence box by which income, for example from patents, licences and trade marks, may be taxed at a reduced rate.

3.5 BILLION LESS TAX REVENUE WITHOUT THE LICENCE BOX

In a new analysis, KOF assesses the implications of different variants of such a licence box solution through simulated calculations (see table 1). The results of these investigations show that if the special tax regime is abolished without compensation, around 88 per cent of the tax base of special companies, which include holdings, management companies and mixed companies, will leave Switzerland. This corresponds to a loss of tax revenue from special companies of around 67 per cent, or just under 3.5 billion Swiss francs. This level of tax revenue loss could be largely contained by the introduction of a licence box. For instance, the introduction of a narrowly defined licence box in parallel with the reduction of the (cantonal) tax rates on earnings by four percentage points could reduce the erosion of the tax base of special companies to just under 40 per cent.

However, the additional tax revenue generated by the abolition of the special tax regime and the taxation of income that does not qualify for the licence box is more than cancelled out by the deadweight effect and lower tax revenue on cantonal level. This means that –despite the long-term growth dynamic– lower tax revenue cannot be entirely avoided.

Table 1: Simulation Results for the Various Scenarios

Reform scenario	Abolition of the special tax regime	narrow licence box	narrow licence box	wide licence box	wide licence box
Change in tax rate		**0% points**	**–4% points**	**–0% points**	**–4% points**
GDP	0.0019	0.1260	0.4818	0.3682	0.6542
Investments	0.0053	0.3290	1.2669	0.9659	1.7263
Employment	0.0004	0.0271	0.1034	0.0791	0.1404
Tax base Status companies	–88.08 %	–57.12 %	–39.74 %	–33.05 %	–23.21 %
Tax base Status companies	–67.21 % (–3.46 billion CHF)	–2.93 % (–0.15 billion CHF)	+15.61 % (+0.80 billion CHF)	+18.87 % (+0.97 billion CHF)	+19.48 % (+1.00 billion CHF)
Tax revenues (3yr.av./longterm)[1]	–3.765 (billion CHF) –3.764 (billion CHF)	–0.870 (billion CHF) –0.391 (billion CHF)	–1.951 (billion CHF) –0.137 (billion CHF)	–1.085 (billion CHF) 0.310 (billion CHF)	–2.796 (billion CHF) –0.353 (billion CHF)

[1]) The first value is the change in the total tax revenue as a 3-year average, the second is the long-term change.

Source: In-house calculations

A BROADLY DEFINED LICENCE BOX WOULD REDUCE EROSION, THOUGH NOT ENTIRELY

If a broadly defined licence box were implemented in conjunction with a reduction in the (cantonal) tax rate on earnings by four percentage points, the erosion of the tax base of special companies would be accordingly reduced, and could be limited to around 23 per cent. However, in such a scenario the deadweight effect of ordinarily taxed companies would be significantly stronger, with the result that the broadly defined licence box would end up being significantly higher.

Florian Chatagny, Marko Köthenbürger and Michael Stimmelmay: Third Corporate Tax Reform (CTR III): The Economic Effects of the Licence Box Solution, KOF Analysis, No. 3, Autumn, Zurich:
http://kof.ethz.ch/en/media/press-releases/k/other-press-releases/1174/2014/09/corporate-tax-reforms/ »

IMITATIONS VERSUS "REAL" INNOVATIONS: WHAT DISTINGUISHES THE TWO?

Researchers of the KOF conducted a study in which they tried to characterise the imitation and innovation behaviour of Swiss companies and identify any possible differences. Companies that only imitate other companies' innovations seem to follow a more "extrovert" or more open strategy in acquiring knowledge than the innovators who develop their innovations themselves. This strategy is reflected, for example, in the fact that the sales achievements of imitators tends to be based on the acquisition of external knowledge, R&D partnerships and the acquisition of R&D services, while innovators exploit their internal knowledge and human capital resources.

Imitations are incremental innovations of competitors, i.e. innovations that contain concepts already known from previous inventions. By contrast, "real" innovations include new concepts that are not readily derived from previous inventions. Innovations also have the potential of opening up new markets and customer groups, but they are also risky and expensive. The introduction of imitations can therefore be a cost-effective, low-risk innovation strategy.

SMALL COUNTRIES SHOWING THEIR STRENGTH WITH NEW PRODUCTS ON THE MARKET

Terms such as the "Innovation Success" and "Imitation Success" of a company were used in the survey research as indicators of the degree to which a company attained sales in the market through its innovations or imitations. "Innovation Success" is defined as the share of sales of a company through market innovations, i.e. innovations that placed the company as the first on the market. "Imitation Success" is defined as the share of sales through new company products, i.e. innovations that are new to the company but already exist on the market in a similar form. An international comparison shows that small European economies such as Switzerland are particularly strong players when it comes to the share of sales for new products on the market (see table 2).

Table 2: Innovation Companies from Swiss Industry
Reference period: 2008-2010 (Switzerland: 2009-2011)

	Share of sales from products "new to the company" (%)	Share of sales from products "new to the market" (%)
Switzerland	12.2	13.4
Belgium	8.9	7.3
Denmark	16.0	16.0
Germany	18.2	5.9
Finland	11.7	15.7
Ireland	7.3	5.9
Holland	5.9	8.9
Austria	10.6	8.5
Sweden	4.9	5.8

Source: Arvanitis, S., M. Ley, F. Seliger, T. Stucki and M. Wörter (2013): Innovation Activities in the Swiss Economy – An analysis of the results of the innovation survey 2011 KOF Studies, 39, Zurich, April 2013.

That is why Spyridon Arvanitis, Marius Ley, Florian Seliger, Tobias Stucki and Martin Wörter have undertaken to examine the possible determinants of imitative versus innovative behaviour on the basis of a large number of variables. These constitute the availability of well-trained personnel, the internal R&D activities, R&D collaborations, the appropriation of external R&D and external knowledge and the breadth and depth of the external knowledge. External knowledge comes primarily from other companies (customers, suppliers and competitors), universities, colleges and other research institutions. All variables come from three cross-sections of the KOF Innovation Panel with Swiss companies from the manufacturing industry.

By using econometric models, the researchers show that the internal R&D activities of a company have a significant effect on the share of sales through innovations but not on the turnover for imitations. The same also applies to the proportion of employees with a university education (it only has a positive effect on the share of sales through innovations). By contrast, the proportion of employees with vocational training only has a positive effect on the turnover for imitations. This result is likely to be of particular interest with respect to the discussions on the status of higher education and vocational training. The results indicate that personnel with a university education are needed to unleash the innovative potential of a company.

INNOVATIVE COMPANIES GENERATE KNOWLEDGE THEMSELVES

The degree to which companies access freely available technological and product-specific knowledge has a positive correlation with the success of the sales of imitations, but not that of innovations. This indicates that companies that are successful with new products on the market tend to generate more knowledge than accessing publicly available knowledge. R&D partnerships and the acquisition of external R&D services play a role for the imitators but not for the innovators. Furthermore, the breadth of the sources of knowledge used only has a positive effect on the share of sales through imitations.

In conclusion, it can be said that acquiring knowledge from external sources is relevant for the imitation performance of a company, but not for their real innovation performance. However, the internal R&D services and the highly qualified employees required for these services are crucial to the success through market innovations. Moreover, the extroverted acquisition of knowledge by imitators appears to be rather non-specific, i.e. the breadth of the acquisition of knowledge is more decisive in the success of the sales than the use of specific sources of knowledge.

Spyros Arvanitis and Florian Seliger (2014): Imitation versus Innovation: What Makes the Difference?, KOF Working Papers No. 367, August:

www.kof.ethz.ch/de/publikationen/p/kof-working-papers/367/ »

CHINA'S ECONOMIC FORECAST: WHICH INDICATORS ARE USEFUL?

China's influence on the global economy is growing rapidly. Economic forecasts for the country are therefore becoming increasingly important. But which economic indicators should we rely on for an accurate forecast?

Comments on or analyses of the Chinese economy include various indicators for assessing the economic prospects: sub-components of the gross domestic product (GDP) such as industrial production and exports, inflation, house prices, (base) interest rates, money supply, lending ("Total Social Financing"), exchange rates, leading indicators, purchasing manager indices, business climate, consumer confidence, stock indices and many more. But which of these indicators are in fact the right ones for predicting the Chinese quarterly GDP, which is of particular interest to forecasters?

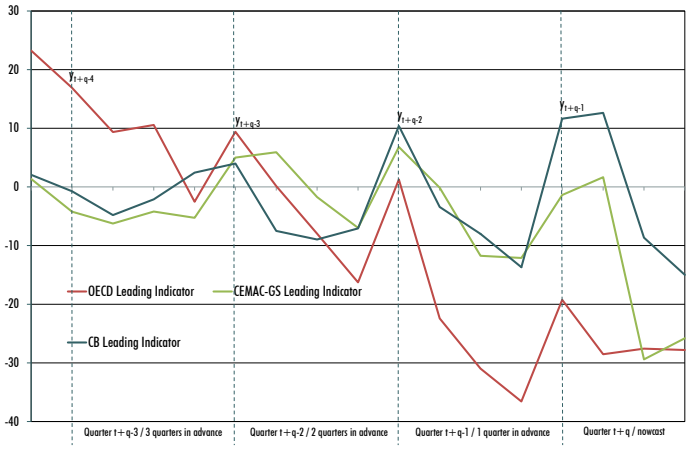
KING MIDAS

Heiner Mikosch and Ying Zhang examine this question with the help of the "Mixed Data Sampling (MIDAS)" forecast model for the forecast period of first quarter 2008 to fourth quarter 2013. First, the authors compare the quality of the forecast of three well-known leading indicators for China's

economy: the leading indicator of the Organisation for Economic Cooperation and Development (OECD), the Conference Board (CB-) leading indicator and the leading indicator produced by China's Economic Monitoring and Analysis Center (CEMAC) in cooperation with Goldman Sachs (GS).

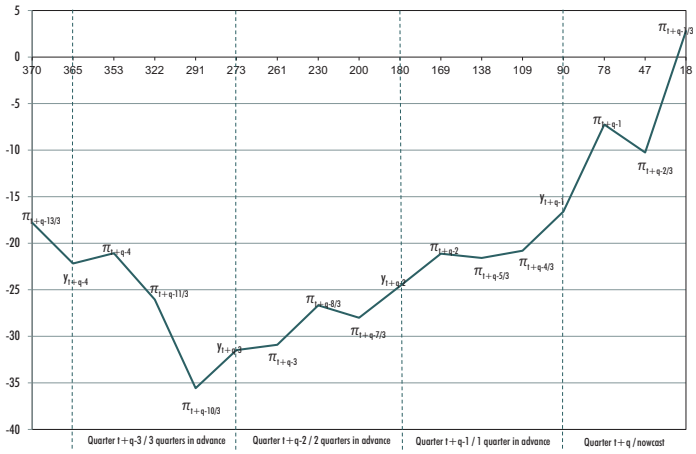
Graph G 1 shows whether and to what extent the forecast can be improved through the use of these three indicators. The horizontal axis represents the reduction of the forecast error as a percentage in relation to a simple autoregressive comparison model. The forecast horizon is plotted on the vertical axis, i.e. the number of days until the publication of the respective GDP to be predicted. Here is an example: The point marked in yellow (horizontal axis: –15, vertical axis: 207) indicates that the forecast error can be reduced by 15 per cent by using the OECD leading indicator 207 days (= almost 7 months) before the GDP is published. As the figure shows, the quality of the forecast of the OECD leading indicator is markedly higher than that of the two other indicators from a forecast horizon of 180 days. Nevertheless, the CEMAC-GS leading indicator significantly improves the quality of the forecast in the GDP quarter ("nowcast").

G 1: Leading Indicators



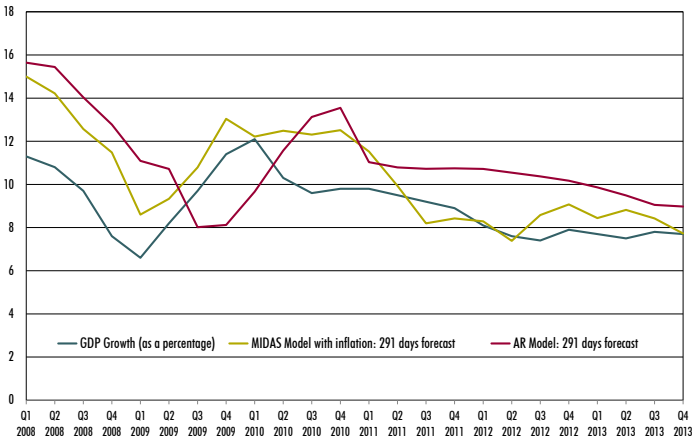
Graph 2 explicitly shows just how much the consumer price index (inflation) can improve the quality of the forecast.

G 2: Inflation



The relative predictive power of the consumer price index (inflation) is particularly strong at the end of the Q3 forecast (291 days). In relation to an autoregressive comparison model, it attains a reduction in the forecast error of approximately 35 per cent. The relationship between inflation and GDP is negative for this period. One reason could be that the Chinese government attenuates (stimulates) economic activity during periods of stronger (weaker) inflation. Graph G 3 shows China's quarterly growth over the forecast period together with the "291 days" prediction of the Inflation-MIDAS-Model and the autoregressive comparison model.

G 3: "291 Days" Prediction



Both models overestimate the growth for 2008. However, the MIDAS model does at least correctly predict the turning point in the first quarter of 2009, whereas the comparison mode does not. From the second quarter of 2011, the predictions of the MIDAS model are relatively accurate, while the predictions of the comparison model are too high.

THE AMAZINGLY ACCURATE PREDICTIVE POWER OF INDUSTRIAL PRODUCTION

We can expect a relatively reliable prediction in the "nowcast" period for the monthly growth of industrial production. After all, industry in China represents a major portion of the economy as a whole. In fact, we can see that the relative predictive power of industrial production is rather low (at least, if the data is published relatively late). Conclusions drawn on the GDP from industrial production must therefore be treated with due caution.

Mikosch and Zhang examine the quality of the forecast of a number of other indicators. As a result, for example, they find that the Shenzhen overall stock market index has a greater predictive power for the quarterly GDP growth than the Shanghai overall stock market index, despite the latter being much more comprehensive (measured by market capitalisation).

Heiner Mikosch and Ying Zhang (2014): Forecasting Chinese GDP Growth with Mixed Frequency Data: Which Indicators to Look at?, KOF Working Papers No. 359, Zurich:
www.kof.ethz.ch/de/publikationen/p/kof-working-papers/359/ >>

KOF INDICATORS

KOF BUSINESS SITUATION INDICATOR: BUSINESS SITUATION SLIGHTLY IMPROVED

The KOF Business Situation Indicator for the Swiss private sector increased in September for the fourth time in a row. It is now more or less at the same level as at the start of the year (see G 4). The Swiss private sector is in a robust condition and is slowly recovering from the weaknesses that were apparent last spring.

The more favourable business situation is sustained in particular by the financial services sector. The previously sound business situation improved further in September (see G 5). The business situation also improved in the project engineering sector. The situation remains practically unchanged in the construction and manufacturing sectors. By contrast, retailers suffered a setback, with a bleaker business situation. Wholesalers, the hotel and catering sector and other service providers were most recently questioned in August. At that time, wholesalers reported an improved business situation. The situation remained unchanged for other service providers, though declined noticeably in the hotel and catering industry.

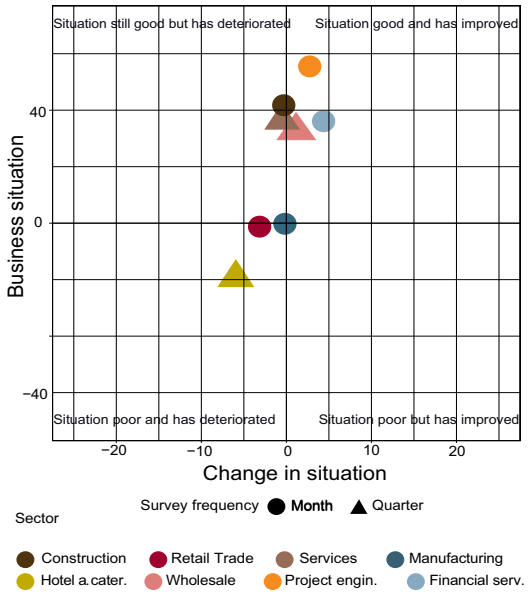
G 4: KOF Business Situation Indicator

(balance, seasonally adjusted)

EXPLANATION:

The KOF Business Situation is based on more than 6,000 responses from companies in Switzerland. Companies in the industrial, retail, construction and project engineering sectors as well as financial and insurance services are surveyed on a monthly basis. Companies in hotel and catering, wholesale and other services are surveyed every three months during the first month of a quarter in each case. Companies are asked to assess their current business situation, amongst other things. They can rate their situation as "good", "satisfactory" or "bad". The final result for the current business situation is obtained from the difference in the percentages of "good" and "bad" responses.

G 5: KOF Business Situation: Change in Different Sectors



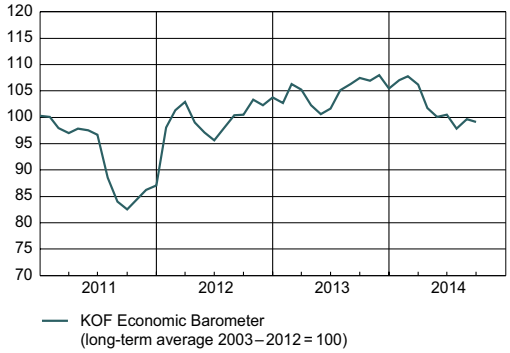
Graph G 4 shows the original data from the KOF Business Situation for all the sectors that were included in the survey. The business situation of sectors that are only surveyed every three months is kept constant in the intervening months. Graph G 5 shows the business situation and the actual change in the situation. The change over the previous month is invariably subtracted from the monthly surveys. The quarterly surveys plot the change in the most recent quarterly data over the previous quarter. The quarterly data are not changed in the intervening months and are only updated in the first month of the respective quarter. An "S" is also entered against the results for industry and retail that are produced when the survey results that are used are adjusted for seasonal factors. A seasonal adjustment cannot be made for the other monthly surveys due to the short monthly time series.

KOF ECONOMIC BAROMETER: SMALL DECREASE

The KOF Economic Barometer decreased half of a point in September 2014. With a reading of 99.1 (from a revised 99.6 in the previous month) it stays slightly below its long-term average for the third month in a row (see G 6). Regardless of the Barometer's decrease, with a reading close to the long-run average, perspectives for the Swiss economy remain relatively stable.

Positive impulses come from manufacturing and construction-related indicators. The indicators for the international environment as well as consumption-related indicators contribute negatively to the change of the Barometer, outweighing positive tendencies observed in manufacturing and construction. The indicators for the banking sector as well as for the hotel and catering industry contribute only marginally to changes of the Barometer, indicating a stable development in these two sectors.

G 6: KOF Economic Barometer
(Index values)



Within manufacturing the picture is heterogeneous. The positive impulses come from indicators for chemical, machine and vehicle construction as well as food-processing industries. The outlook for electric and paper industries and for other products is unchanged. Indicators for wood- and metal-processing as well as textile industries lend a negative contribution to the changes of the Barometer, signalling a less favourable outlook in these sectors. The positive impulses of the manufacturing sector come from indicators related to inventories, production and prices; the negative impulses from indicators related to intermediate products.

BAROMETER AND REFERENCE SERIES

The KOF Economic Barometer is a composite leading indicator for the Swiss economy. The latest vintage comprises 219 indicator variables, which are combined based on statistically determined weights. The indicator variable selection and their weights are updated annually. These updates are performed after the release of the previous year's annual Gross Domestic Product (GDP) data by the Swiss Federal Statistical Office. In 2014, this will be in October. The reference series is a smoothed continuous growth rate of Swiss GDP.

Please find detailed information on our website:

http://www.kof.ethz.ch/en/indicators/economic-barometer/ »

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You will find a complete list of all KOF publications (KOF Analyses, KOF Working Papers and KOF Studies) on our website.

http://kof.ethz.ch/en/publications/ »

KOF ECONOMIC FORECAST

How much GDP growth does the KOF expect for this year? How will the labour market develop? You find the latest KOF Economic Forecasts here:

http://www.kof.ethz.ch/static_media/bulletin/78/kof_bulletin_forecasts_2014_10_en.pdf »

AGENDA

KOF EVENTS

KOF Autumn Forecast Conference
Guest speaker: Urs Schaeppi, CEO Swisscom
Konferenzzentrum Grünenhof, Zurich, 29th october 2014
www.kof.ethz.ch/de/veranstaltungen/k/prognosetagung/206/2014/10/kof-prognosetagung-2014/ »

KOF Research Seminar:
The Effects of Training Incidence and Duration on Labor Market Transitions
Bernd Fitzenberger, University of Freiburg
ETH Zurich, 8 October 2014
Markets for Technology and the Importance of Firm-Specific Search for Innovation Performance
Christoph Grimpe, Copenhagen Business School
ETH Zurich, 15 October 2014
The Empirics and Political Economy of Slumps
Richard Blum – Maastricht University
ETH Zurich, 20 October 2014
tba
Alexander Tarasov – University of Munich
ETH Zurich, 21 October 2014
Thomas Gresik, University of Notre Dame
ETH Zurich, 22 October 2014
Christian Schumacher, Deutsche Bundesbank
ETH Zurich, 29 October 2014
University Patenting without Professor's Privilege
Dirk Czarnitzki, KU Leuven
ETH Zurich, 5 November 2014
tba
Annette Alstadsæter, University of Oslo
ETH Zurich, 12 November 2014
Tommaso Nanncini, Bocconi University
ETH Zurich, 3 December 2014
Pavel Chakraborty, University of Oxford
ETH Zurich, 10 December 2014
Hartmut Egger, University of Bayreuth
ETH Zurich, 16 December 2014
Andreas Peichl, University of Mannheim, ZER
ETH Zurich, 17 December 2014

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KOF-ETH-UZH International Economic Policy Seminar:
Fiscal Policy, Sovereign Default, and Bailouts
Falko Jüssen, Wuppertal University
ETH Zurich, 23 October 2014
Closing the Loop? Testing for Moral Hazard before the Mexican crisis of 1982
Juan Flores, University of Geneva
ETH Zurich, 6 November 2014
No Price Like Home: Global House Prices, 1870 – 2012
Thomas Steger, University of Leipzig
ETH Zurich, 13 November 2014
tba
Roland Hodler, University of St. Gallen
ETH Zurich, 4 December 2014
Alejandro Cunat, University of Vienna
ETH Zurich, 11 December 2014
Non-Tariff Barriers, Integration, and the Trans-Atlantic Economy
Doug Nelson – Tulane University
ETH Zurich, 18 December 2014

www.kof.ethz.ch/de/veranstaltungen/k/kof-eth-uzh-seminar-in-international-economic-policy/ »

KOF Media Agenda: www.kof.ethz.ch/en/medien/agenda/ »

OTHER EVENTS

Schweizer Tage der öffentlichen Statistik
Die Statistik: Kommunikationsmittel und Entscheidungshilfe
Yverdon-les-Bains (Switzerland), 8 – 10 October 2014
www.statoo.ch/jss14/ »
Annual CIRET Conference
Hangzhou (China), 9 – 11 October 2014
www.ciret.org/conferences »
SNB: Workshop on Foreign Currency Lending since the Financial Crisis
Zurich (Switzerland), 21 November 2014
www.snb.ch/en/ifor/research/conf/id/sem_2014_11_21 »
8th Annual Conference on the Political Economy of International Organizations
Berlin (Germany), 12 – 14 February 2015
www.peio.me/ »
Young Swiss Economists Meeting – YSEM 2015
(Call for Papers: 10 November 2014)
Zurich (Switzerland), 12 – 13 February 2015
www.kof.ethz.ch/de/veranstaltungen/d/251/ »
Annual Meeting Swiss Society of Economics and Statistics
The Solvency of Pension Systems
Basel (Switzerland), 2 – 3 June 2015
sgvs.ch/ »

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NEXT PUBLICATION DATES
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TABLES – KOF Summer Forecast 2014

SWITZERLAND

Real Gross Domestic Product by Type of Expenditure

		Percentage change against														
		previous quarter (annualized, trend cycle component)												previous year		
	2004-	2013				2014				2015				2013	2014	2015
	2012	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Private consumption	1.7	2.8	2.0	1.6	1.2	1.5	2.1	2.5	2.0	1.8	1.9	1.6	1.6	2.3	1.7	1.9
Public consumption	0.7	3.3	3.1	2.2	0.8	-0.6	-0.4	0.5	1.3	2.0	1.5	0.8	0.6	3.0	0.3	1.3
Gross fixed capital formation	2.5	-0.6	1.8	2.7	2.6	2.6	2.7	3.7	4.0	3.4	3.3	2.9	3.3	0.3	3.0	3.4
– Construction	1.7	-3.7	-2.4	2.5	5.6	4.6	1.0	-1.5	-0.7	0.3	0.5	0.9	2.3	0.2	2.6	0.0
– Machinery and equipment	3.0	0.4	6.0	5.1	0.5	1.3	4.8	8.0	7.5	6.5	5.4	4.3	4.6	0.3	3.3	6.4
Exports of goods (1) and services	4.8	-1.3	1.9	3.8	3.7	4.4	4.8	3.2	3.9	5.1	4.9	5.3	5.2	1.1	4.0	4.6
– Goods	4.5	-4.0	-0.4	1.8	3.5	6.0	6.2	3.8	4.2	5.6	5.4	5.9	5.9	-0.5	3.9	5.1
– Services	5.7	4.0	3.5	5.5	6.7	4.6	2.3	2.6	2.6	3.3	4.9	4.3	3.3	4.4	4.2	3.5
Imports of goods (1) and services	4.2	-0.4	2.2	4.1	2.3	1.4	1.5	3.1	3.8	4.5	5.2	5.2	5.4	1.3	2.2	4.3
– Goods (1)	3.4	-1.2	1.9	3.2	0.9	0.7	2.0	4.6	4.8	5.3	5.3	5.0	5.3	0.1	2.1	4.9
– Services	7.7	4.1	3.8	8.5	8.6	2.1	-2.1	-1.9	-0.3	2.3	6.0	5.4	5.1	5.7	2.8	2.3
Change in stocks (2)	0.0	1.4	1.3	0.4	-0.7	-1.1	-1.0	-0.8	-0.3	-0.2	0.0	0.0	-0.2	0.9	-0.7	-0.2
Gross Domestic Product (GDP)	2.1	2.1	2.4	1.8	1.3	1.6	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.0	1.8	2.0

(1) Without valuables (i.e. precious metals, precious stones and gems as well as objects of art and antiquities)
(2) Percentage contribution to GDP-growth

Other Macroeconomic Indicators

		Percentage change against														
		previous quarter												previous year		
	2004-	2013				2014				2015				2013	2014	2015
	2012	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real effective exchange rate of Swiss Franc (1)	1.4	-3.0	-0.7	-0.7	4.4	2.3	1.5	-3.8	0.1	-2.9	-2.3	-4.4	-1.1	-1.6	1.0	-2.1
Short term interest rate ((3-month Libor CHF) (2)	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Yield of 10 years federal bonds (2)	2.1	0.8	0.8	1.1	1.1	1.0	0.8	0.9	1.1	1.2	1.3	1.4	1.5	0.9	1.0	1.4
Consumer prices (3)	0.7	-0.4	-0.4	0.0	0.0	0.0	0.1	0.0	0.3	0.4	0.6	0.6	0.6	-0.2	0.1	0.6
Full-time equivalent employment (4)	1.3	1.2	1.1	1.0	1.1	1.3	1.4	1.4	1.3	1.2	1.2	1.3	1.3	1.3	1.2	1.3
Unemployment rate (2,5)	3.1	3.1	3.2	3.2	3.2	3.2	3.1	3.1	3.0	2.9	2.8	2.8	2.7	3.2	3.1	2.8

(1) Annualized
(2) Level
(3) Same quarter of previous year
(4) Smooth components annualized
(5) Unemployed as percentage of labour force according to census of 2010

GLOBAL ECONOMY

		Percentage change against														
		previous quarter (annualized, seasonal adjusted)												previous year		
	2004-	2013				2014				2015				2013	2014	2015
	2012	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real Gross Domestic Product (GDP)																
– OECD total	1.7	1.2	2.3	2.6	1.8	1.0	1.6	2.0	2.3	2.3	2.4	2.6	2.2	1.3	1.8	2.3
– European Union (EU-28)	1.1	-0.2	1.6	1.2	1.6	1.2	1.2	1.7	1.8	1.8	1.9	1.8	1.9	0.1	1.4	1.8
– USA	1.7	1.1	2.5	4.1	2.6	-1.0	3.3	3.2	3.2	3.2	3.2	3.1	3.1	1.9	2.1	3.2
– Japan	0.7	4.9	3.5	1.3	0.3	5.9	-2.1	-0.1	1.0	1.6	1.9	3.4	0.7	1.6	1.5	1.3
Oil price ($ per barrel) (1)	77.0	112.9	103.0	110.1	109.4	107.9	109.2	109.7	110.2	110.8	111.3	111.9	112.5	108.8	109.2	111.6

(1) Level