

# KOF Bulletin

No. 81, January 2015

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## ECONOMY AND RESEARCH



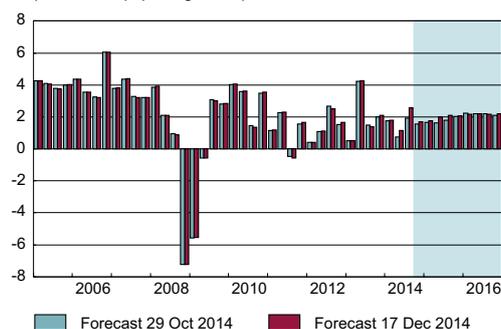
### KOF WINTER FORECAST: INTERNATIONAL TAIL WIND KEEPS SWISS ECONOMY ON COURSE

The Swiss economy keeps on growing, with GDP expected to go up by 1.9 per cent in 2015 and by 2.1 per cent in 2016 (see G 1). KOF's assessment has thus improved since autumn. The main growth drivers for the Swiss economy are an improved global economic situation and private consumption, while the decline in oil prices keeps inflation low and the unemployment rate stagnates.

The Swiss economy continues to follow a solid trend: With the third quarter 2014 turning out more favourably than expected, the Swiss export industry will benefit from the global recovery in the coming months. Both the trend in the industrialised countries and the consistently sizeable growth rates recorded by the Chinese economy are having a positive impact on the course of the economy. The US economy has been going strong for a considerable period of time while the economic development in the eurozone and Japan is more restrained. Low oil prices and the favourable euro exchange rate should have a positive impact on the development in Europe.

**G 1: Switzerland: Real GDP**

(annualised qoq change, in %)

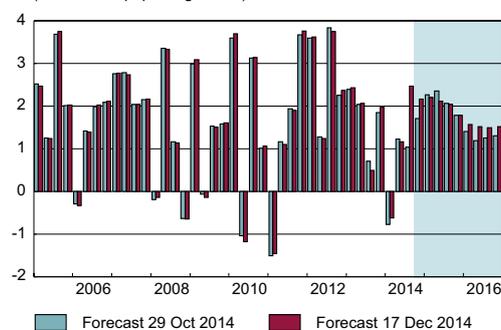


### ROBUST DEVELOPMENT IN SWITZERLAND

Due to the collapse in oil prices, KOF has reduced its inflation forecast for the coming year to  $-0.1$  per cent (autumn projection:  $0.3$ %) and to  $0.5$  per cent for 2016 (autumn projection:  $0.6$ %). Consumers benefit from lower fuel prices, which stimulate private consumption. Stable income growth, the continuance of relatively high immigration and a low interest rate level will further encourage private consumption. In 2015, private consumption is expected to grow by  $2.1$  per cent. In 2016, dynamics will slow down to  $1.7$  per cent since the decline in oil prices will have been absorbed by then (see G 2).

**G 2: Real Private Consumption**

(annualised qoq change, in %)

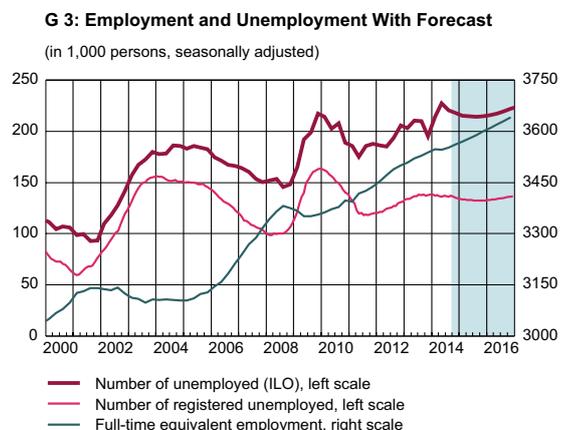


The assessment of the import trend is more restrained. Due to postponements of equipment investment in the form of airplanes and rolling stock, combined with a slower inventory increase, imports will rise moderately (growth in 2015:  $3.3$ %). Investment in machinery and equipment will grow by two per cent in 2015 and by  $4.3$  per cent in 2016.

The situation in the construction industry, in contrast, is expected to cloud over. KOF expects a  $-0.6$  per cent decline in construction investments in the coming year. The number of building applications is going down and the tightening of financial terms in the form of higher equity financing

and restrictions on pension fund withdrawals are keeping the number of applications low. In 2016, however, the civil engineering segment should create some momentum thanks to additional funds from the envisaged railway infrastructure fund (2016: 1.6%).

The weak trend in the construction industry is affecting the number of registered unemployed. In addition, the trend in public administration, a steady employment driver since the beginning of the financial crisis, is expected to be below average in the coming years. As a consequence, unemployment will stagnate in the forecast period (until 2016). For the next year, KOF expects an unemployment rate of 3.1 per cent (see G 3). At 4.1 per cent, the unemployment rate according to the International Labour Organization (ILO), which also includes jobseekers who are not registered with regional unemployment offices, is slightly higher.



In terms of sectors, KOF anticipates positive impulses in the precision instrument and pharmaceutical industries. Demand for financial products and services will also go up as increasing wealth in emerging markets provides insurance companies with new business opportunities.

#### SWISS FRANC STAYS STRONG

Thanks to low inflation, KOF does not expect the Swiss National Bank (SNB) to adopt restrictive monetary policies in the forecast period. Upward pressure on the Swiss franc could be triggered by the quantitative easing programme based on securities purchases announced by the European Central Bank (ECB).

#### GLOBAL ECONOMY: STRONG USA AS YET FAILING TO STIMULATE GLOBAL ECONOMY

At the end of this year, the USA and the UK are the only big developed economies that are following a stable growth trend, while the eurozone is stagnating and Japan has sunk into a technical recession following the VAT rise in April – the third since 2010. The main emerging markets are going in two different directions: relatively robust economies in India, Indonesia and China are juxtaposed with stagnating production in Brazil, Russia and South Africa. Inflation in the whole triad is below target and the Eurozone is in danger of deflation.

#### EUROZONE SLOWLY STABILISING

In the coming year, dynamics in the eurozone should benefit significantly from the lower oil price and the depreciation of the euro. Fiscal policies should put less of a brake on dynamics since several eurozone countries look likely to fail their savings targets for 2015. A further imminent easing of monetary policy should also support the economy. All in all, the eurozone is expected to grow by 0.8 per cent in the coming year, compared to one per cent this year. In 2016, when the recovery will have

taken hold, economic growth should increase to 1.6 per cent (see G 4). The price trend in the coming year will be mostly affected by lower oil prices which will distort inflation rates in a downward direction until the summer. Real inflation in 2015 is expected to be as low as 0.3 per cent.

The big countries will continue to follow divergent trends: At 1.1 per cent, Germany's recovery in the coming year will still be moderate. In 2016, the economy is expected to gain momentum and generate a growth rate of two per cent. Although the French economy is recovering more slowly (2015: +0.8%), it is expected to gain ground and achieve a growth rate of 1.5 per cent in 2016. Growing slowly at 0.2 per cent, Italy is not likely to get out of recession until the beginning of 2015. At 0.8 per cent, its upswing will continue to lag behind other countries in 2016. The domestic driven upswing in the UK is likely to continue in the forecast period, albeit at a slower pace than this year (3%). In the course of increasing monetary restrictiveness, the economic situation will calm down further, resulting in a growth rate of 2.2 per cent in 2016.

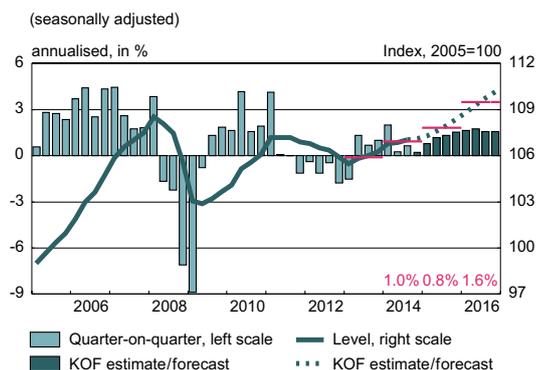
#### USA BECOMES GLOBAL ECONOMIC DRIVER

The predominantly domestic driven upswing in the USA is expected to continue in the forecast period, albeit at a slower expansion rate than in the past summer months. In the forecast period, rising strain should lead to higher wage growth and, in combination with consistent substantial employment growth, to higher consumption dynamics, as well as higher inflation. GDP growth for the whole year should therefore amount to 2.3 per cent. In 2015, the expected rate is 3.1 per cent and in 2016 2.7 per cent (see G 5). Inflation should decline from 1.8 per cent in the current year to one per cent in the coming year and is expected to level off at two per cent in 2016.

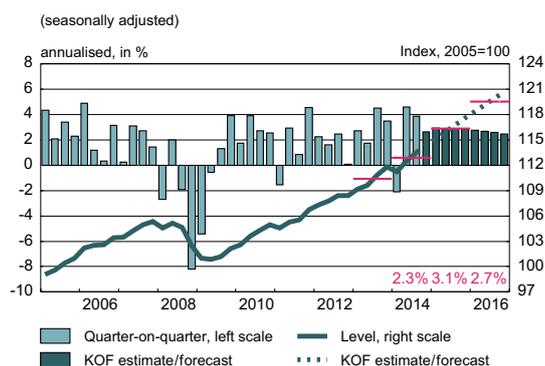
#### ASIA AND EMERGING MARKETS WILL NOT RETURN TO FORMER STRENGTH

Dynamics in the emerging markets are unlikely to weaken further. However, the countries are not expected to return to their former strength. In China, growth rates will continue to decline, albeit not below the seven per cent mark (see G 6) since, similar to this year, the government will launch stimulus packages if the slowdown becomes too pronounced. With its surprise cut in interest rates in November, the central bank has also signalled its willingness to support the economy, and especially the construction sector. The Japanese economy is in a fragile condition and will remain mired in weak growth. In the forecast period, the economy will recover slowly at one per cent in the coming year and 1.4 per cent in 2016.

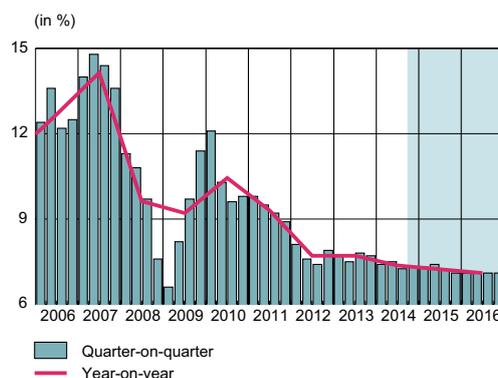
**G 4: Eurozone: Real GDP With Forecast**



**G 5: USA: Real GDP With Forecast**



**G 6: China: Real GDP With Forecast**



### CONSTRUCTION INDUSTRY SHIFTS DOWN A GEAR

This year was once again a solid year for the Swiss construction industry. The outlook for the coming years is more restrained as a decline in incoming orders, tighter financing terms and uncertainty caused by the implementation of various initiatives place a strain on the construction trend.

Following the building boom of the last few years, KOF expects the industry to achieve a soft landing in the coming years. On the one hand, the construction of schools, hospitals and retirement homes continues to expand and the public sector is set to award a substantial number of contracts due to the adoption of the Railway Infrastructure Fund (FABI).

On the other hand, the trend in building applications is slowing down due to insecurity regarding future developments that will be set off by the adoption of the Anti-Mass Immigration Initiative, a build-up of overcapacities in both the residential and the commercial construction sector, tighter terms applying to the early withdrawal of funds from the second pillar and new guidelines for the amortisation of mortgage debts. On top of this, the trend in the construction of detached houses is weak thanks to stricter planning laws and regulations. In contrast, the favourable trend in apartment buildings continues.

### UNFAVOURABLE SITUATION IN STRUCTURAL ENGINEERING SECTOR

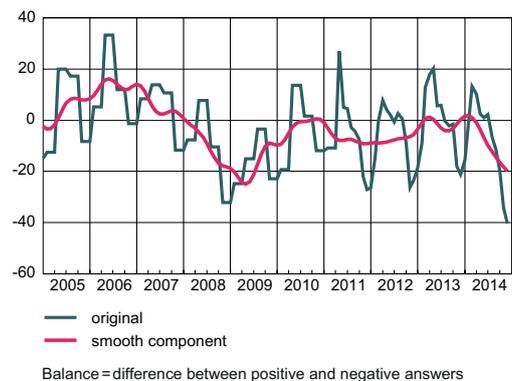
The above factors explain why the structural engineering sector is rather pessimistic about demand in the coming months. With demand already declining significantly in the past three months, the sector now worries about a slump that could turn out to be more pronounced than the one which occurred at the beginning of the financial crisis in winter 2008/09 (see G 7). The anticipatory effects caused by the Second-Home Initiative are likely to fade slowly and construction activities in the respective tourist areas are likely to decline substantially in 2015. In contrast, the conversion industry still has full order books and the business situation is excellent (see G 8).

The imminent implementation of the Anti-Mass Immigration Initiative by 2017 places a big question mark over the construction trend. If regulations turn out relatively lenient, the outlook for property investors could improve again, affording construction investments a soft landing instead of a hard impact.

A soft landing is also supported by the fact that long-term interest rates will not change significantly until 2016 thanks to the European Central Bank's expansive monetary policy and the preservation of the

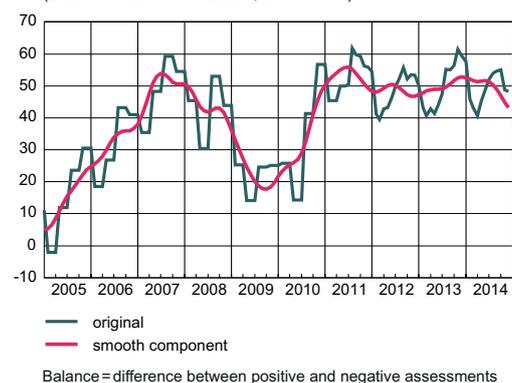
**G 7: Low Demand Expectations in Structural Engineering Sector**

(Balance of expected demand, coming 3 months)



**G 8: Positive Business Assessment by Conversion Sector**

(Balance of business situation, assessment)



minimum exchange rate threshold by the Swiss National Bank. As a consequence, mortgage interest should remain consistently low. Commercial construction, which is dominated by overcapacities and declining returns, is not expected to produce positive growth rates before 2016, thanks, mainly, to a few large-scale projects. Given this background, KOF expects construction investment to decline by –0.6 per cent in the coming year and grow by 1.6 per cent in 2016.

#### THE MORE INTERNATIONAL THE OUTLOOK OF A COMPANY, THE BETTER IT IS PROTECTED AGAINST THE STRONG FRANC

Swiss exporters have now been exposed to a strong franc for several years, but have apparently been able to counter the negative effects relatively well. From an economic perspective, even temporary currency fluctuations may have lasting detrimental effects on exports if exporters are forced out of the market. One way of countering this risk is through a high level of integration into the global value-added chain. This may potentially avert the negative effects of currency appreciation while at the same time making foreign inputs cheaper.

As a small, open economy, incorporation into global value-added chains is crucial. Contrary to popular belief, compared to other OECD countries Switzerland does not have a particularly high level of integration. Its level of integration is average for the OECD. The foreign value-added share of Swiss exports in 2009 was around 28 per cent (backward participation). In significant Swiss export sectors such as the chemicals, engineering and electrical industries, the share of foreign value-added to exports was however significantly above 30 per cent, thus lying at the upper end on an international comparison.

#### **“NATURAL HEDGING” HELPS**

How is it possible to test whether the negative correlation between currency appreciation and exports can be offset by enhanced integration into the GVC? In theory, it can be assumed that the negative effects of an increase in the value of the franc on profit margins and demand can be mitigated in industries with a high proportion of imported inputs: a stronger franc should reduce the prices of imported inputs and reduce the need to increase the prices of exports. A consequence of this would be the enhanced resilience of export demand to exchange rate fluctuations. This mechanism is referred to as “natural hedging”.

As Dario Fauceglia (Zurich University of Applied Sciences) and Andrea Lassmann (KOF) have shown in a study for the Swiss State Secretariat for Economic Affairs (SECO), the impact of a more expensive franc on exporters is being countered by increasing the share of imported inputs. First, they estimate the effect of currency appreciation on exports using product data. The figure is around –0.7. This means that exports fall by around seven per cent for a 10 per cent increase in the value of the franc. In addition, the likelihood that a product group may be exported also decreases by around 0.75 to one percentage points.

In a further step, the authors investigated the impact of imported inputs on the overall exchange rate effect, which takes natural hedging into account. The analysis shows that a 10 per cent increase in the exchange rate weighted for imported inputs increases the likelihood of exports by

slightly more than one percentage point and offsets the detrimental direct effect of the exchange rate. However, researchers were unable to demonstrate any compensatory effect of the exchange rate weighted for imports on exports. An additional analysis by a KOF company panel (Innovation Panel) provides qualitative support for these results.

#### **DIFFERENT INDUSTRIES HAVE DIFFERENT LEVELS OF EXPOSURE**

Overall, the authors show that, on the whole, natural hedging occurs on a significant scale in the event of exchange rate fluctuations. This applies both to exports and export likelihood. If integration into global value-added chains is considered according to industry, it is possible to make general inferences regarding sectoral exposure.

According to the OECD, important export sectors such as the chemicals or engineering industries report high shares of foreign value-added to exports (chemicals: 42%, engineering: 33%). This should most likely be able to offset the most recent increase in the value of the franc. By contrast, the food and paper industry (24%) are more heavily exposed. Overall, the results of the investigation imply that companies and industries with a high level of international integration as regards inputs will be less affected by the negative effects of any increase in the value of the franc.

This article is an abridged version of the article “Effects of the exchange rate on the Swiss export economy and integration into global value-added chains” by Dario Fauceglia and Andrea Lassmann in the economic policy magazine:

[www.dievolkswirtschaft.ch/](http://www.dievolkswirtschaft.ch/) >>

KOF INDICATORS



**KOF BUSINESS SITUATION INDICATOR: THE BUSINESS SITUATION AT THE END OF THE YEAR REMAINS VIRTUALLY UNCHANGED**

The KOF business situation for the Swiss private sector deteriorated slightly in December. In the previous month it had improved to a similar extent, so that the overall situation indicator has hardly changed in the 4th quarter (see G 9). Therefore, the business situation of the Swiss private sector at the end of 2014 is significantly less favourable than at the beginning of this year.

After a business situation recovery in November, the retail trade business situation deteriorated again in December (see G 10). The project engineering offices and financial service providers are also experiencing a slightly less favourable business situation. The business situation indicator in construction and manufacturing has barely changed. The wholesale trade, restaurant and catering industry and other service providers were last surveyed in October. The wholesale trade and other service providers reported a business situation that was no longer quite as good. However, the situation in the restaurant and catering industry had eased somewhat.

In regional terms (see G 11), the business situation has mostly deteriorated slightly. The fall of the situation indicator in East and North West Switzerland is slightly more apparent. But the business situation has also cooled significantly in the Lake Geneva region. In Espace Mittelland and Ticino, the business situation has almost stabilised. In Central Switzerland the situation indicator rose again slightly after three consecutive declines in December.

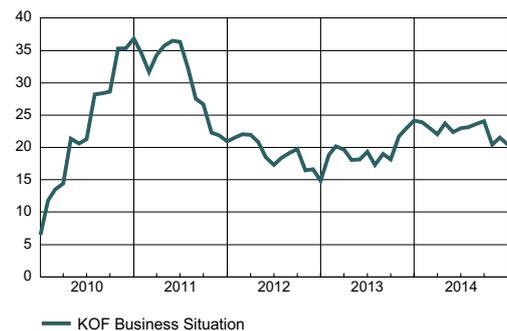
**EXPLANATION OF GRAPHS**

Graph G 9 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.

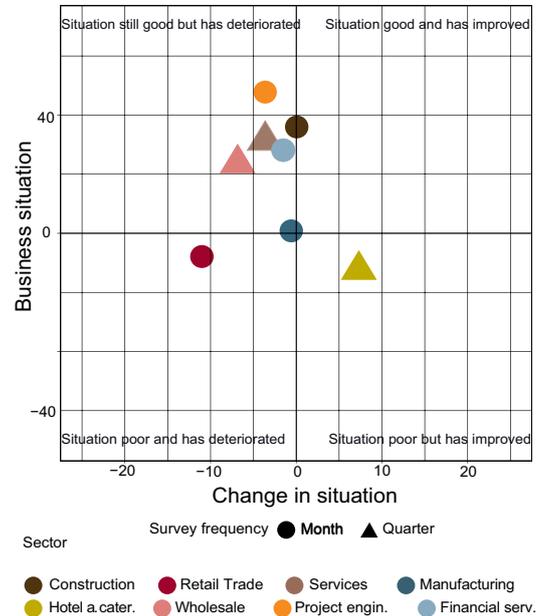
Graph G 10 shows the business situation and the actual change in the situation. The change over the previous month is invariably subtracted from the monthly surveys. The quarterly surveys plot the change in the most recent quarterly data over the previous quarter. The quarterly data are not changed in the intervening months and are only updated in the first month of the respective quarter.

**G 9: KOF Business Situation Indicator**

(balance, seasonally adjusted)



**G 10: KOF Business Situation: Change in Different Sectors**



Graph G 11 represents the business situation in the regions as defined by the Federal Office of Statistics. The regions are coloured differently depending on the business situation. The arrows within the regions indicate the change in the situation as compared to the previous month. An upward pointing arrow means that the situation has improved in comparison with the previous month.

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.

Further information regarding the KOF Business Tendency Surveys is available at:

[www.kof.ethz.ch/en/surveys/business-tendency-surveys/](http://www.kof.ethz.ch/en/surveys/business-tendency-surveys/) >>

### KOF ECONOMIC BAROMETER: JUST BELOW THE LONG-RUN AVERAGE

In December, the KOF Economic Barometer stands at 98.7 – the same level as was recorded in November. However, due to an upward revision of the initial reading for November to 98.9, the KOF Barometer falls slightly by 0.2 points in December (see G 12). With this reading, the KOF Economic Barometer stays slightly below its long-term average for the fourth month in a row. Accordingly, the near-future economic outlook for Switzerland is cautiously steady.

The negative impulses for the KOF Economic Barometer come from the banking and consumption sectors. The slightly negative tendencies in these sectors are counterbalanced by positive signals from construction. Also, the international environment, reflecting a strengthening of the economic outlook especially for Germany, contributes positively to the Barometer. Compared to the previous month, the situation in the industrial sector displays an overall marginally positive tendency. These positive impulses come from the paper, textile, metals and electrical industries as well as mechanical-engineering. On the other hand, developments in such industries as chemical, wood and food exert a dampening effect on the Barometer.

G 11: KOF Business Situation in the Private Sector

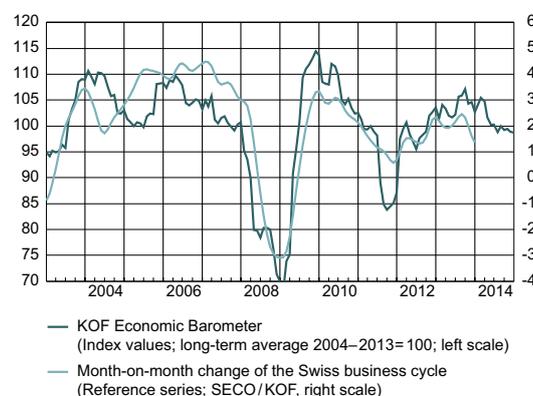


The angle of the arrows reflects the change in the business situation compared to the previous month

Source: KOF



G 12: Economic Barometer and Reference Series



As in the previous month, the order situation stays under pressure. However, the indicators for purchasing primary goods as well as the indicators reflecting production display an improvement compared to the situation in November. Positive signals also come from the indicators tracking inventories.

#### **BAROMETER AND REFERENCE SERIES**

The KOF Economic Barometer is a composite leading indicator for the Swiss economy. The latest version comprises 217 indicator variables, which are combined based on statistically determined weights. The indicator variable selection and their weights are updated annually after the release of the previous year's annual Gross Domestic Product (GDP) data by the Swiss Federal Statistical Office. This year's revision took place in October. Our new reference series is the smoothed continuous growth rate of Swiss GDP according to the new System of National Accounts ESGV 2010, released at the end of September 2014.

More information about the KOF Economic Barometer on our website:

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

#### **FURTHER KOF PUBLICATIONS**

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/81/kof\\_bulletin\\_forecasts\\_2015\\_01\\_en.pdf](http://www.kof.ethz.ch/static_media/bulletin/81/kof_bulletin_forecasts_2015_01_en.pdf) >>

## AGENDA

KOF EVENTS**KOF Research Seminar:**

Knowledge Base, Exporting Activities, Innovation Openness and Innovation Performance:

A SEM Approach Towards a Unifying Framework

Areti Gkypali – University of Patras

**ETH Zurich, 20 January 2015**

tba

Yasusada Murata – Nihon University

**ETH Zurich, 21 January 2015**

Michela Redoano – University of Warwick

**ETH Zurich, 4 February**

Mathieu Parenti – Université Catholique de Louvain

**ETH Zurich, 25 February 2015**

David Tripe – Massey University

**ETH Zurich, 9 June 2015**

[www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/](http://www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/) >>

**KOF Media Agenda:** [www.kof.ethz.ch/en/medien/agenda/](http://www.kof.ethz.ch/en/medien/agenda/) >>

CONFERENCES/WORKSHOPS

8th Annual Conference on the Political Economy of International Organizations

**Berlin (Germany), 12–14 February 2015**

[www.peio.me/](http://www.peio.me/) >>

Young Swiss Economists Meeting – YSEM 2015

**Zurich (Switzerland), 12–13 February 2015**

[www.kof.ethz.ch/de/veranstaltungen/d/251/](http://www.kof.ethz.ch/de/veranstaltungen/d/251/) >>

The 2015 Meeting of the European Public Choice Society

The Solvency of Pension Systems

**Groningen (Netherlands), 7–10 April 2015**

[www.rug.nl/feb/research/epcs2015/](http://www.rug.nl/feb/research/epcs2015/) >>

Annual Meeting Swiss Society of Economics and Statistics

The Solvency of Pension Systems

**Basel (Switzerland), 2–3 June 2015**

[sgvs.ch/](http://sgvs.ch/) >>

Silvaplana Workshop in Political Economy

**Silvaplana (Switzerland), 25–29 July 2015**

[www.journals.elsevier.com/european-journal-of-political-economy/call-for-papers/silvaplana-workshop-in-political-economy/](http://www.journals.elsevier.com/european-journal-of-political-economy/call-for-papers/silvaplana-workshop-in-political-economy/) >>

11th World Congress of the Econometric Society

(Call for Papers: 15 February 2015)

**Montreal (Canada), 17–21 August 2015**

[eswc2015.com/](http://eswc2015.com/) >>

**Add event:** [www.kof.ethz.ch/publications/bulletin/event/index\\_en](http://www.kof.ethz.ch/publications/bulletin/event/index_en) >>

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## IMPRINT



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### NEXT PUBLICATION DATES

6 February 2015 | 6 March 2015

## TABLES – KOF Winter Forecast 2014

## SWITZERLAND

Real Gross Domestic Product by Type of Expenditure																
	2005-2013	Percentage change against												previous year		
		previous quarter (annualized, trend cycle component)												2014	2015	2016
		2014				2015				2016						
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Private consumption	1.7	0.5	1.1	2.1	2.2	2.3	2.3	1.9	1.7	1.7	1.6	1.4	1.5	1.1	2.1	1.7
Public consumption	1.1	-0.1	0.6	3.1	3.7	2.3	0.3	-0.6	0.8	2.5	2.1	0.9	1.0	1.5	1.7	1.3
Gross fixed capital formation	2.0	0.4	0.6	0.5	0.4	0.1	1.6	2.5	3.3	4.0	3.8	2.8	2.4	0.9	1.0	3.3
– Construction	1.4	1.1	0.0	-0.4	-0.4	-1.3	-0.9	-0.3	1.3	2.5	2.2	1.8	2.1	1.3	-0.6	1.6
– Machinery and equipment	2.3	-0.1	1.1	1.0	0.8	1.1	3.3	4.3	4.5	4.9	4.9	3.3	2.6	0.7	2.0	4.3
Exports of goods (1) and services	4.0	-1.1	2.7	5.7	6.4	5.2	4.7	3.6	4.8	6.0	4.6	4.3	5.1	3.4	5.0	4.8
– Goods	3.6	5.0	7.2	6.5	5.5	4.0	4.0	5.1	6.7	6.5	4.8	5.3	6.0	4.6	5.0	5.7
– Services	3.7	0.2	-1.3	1.9	6.4	6.6	5.5	3.8	2.9	3.8	4.6	4.6	4.0	2.6	4.2	4.0
Imports of goods (1) and services	3.6	0.5	0.5	1.9	2.7	3.7	3.7	3.9	5.2	5.5	5.0	4.3	4.6	1.7	3.3	4.8
– Goods (1)	3.0	3.0	2.5	2.7	3.1	3.1	3.0	4.1	5.5	5.4	4.7	4.4	4.6	2.0	3.7	4.8
– Services	5.2	-2.0	-3.8	-2.2	3.0	4.4	4.2	4.9	4.5	4.9	5.2	5.1	4.4	0.9	2.4	4.8
Change in stocks (2)	0.2	2.8	0.6	-1.8	-2.2	-0.7	-0.1	0.4	-0.4	-1.3	-0.3	0.3	-0.2	0.5	-0.8	-0.4
Gross Domestic Product (GDP)	2.1	1.8	1.7	1.9	2.0	1.8	2.0	2.0	2.1	2.2	2.2	2.2	2.2	1.9	1.9	2.1

(1) Without valuables (i.e. precious metals including non-monetary gold, precious stones and gems as well as objects of art and antiquities)

(2) Percentage contribution to GDP-growth

Other Macroeconomic Indicators																
	2005-2013	Percentage change against												previous year		
		previous quarter												2014	2015	2016
		2014				2015				2016						
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real effective exchange rate of Swiss Franc (1)	1.3	1.7	-0.2	-3.7	-2.2	-2.4	-0.5	-2.7	-0.5	-3.6	-1.4	-4.0	-0.9	0.4	-2.0	-2.2
Short term interest rate ((3-month Libor CHF) (2))	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yield of 10 years federal bonds (2)	1.9	1.0	0.8	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.5	0.5
Consumer prices (3)	0.5	0.0	0.1	0.0	-0.1	-0.2	-0.2	-0.2	0.1	0.4	0.6	0.5	0.6	0.0	-0.1	0.5
Full-time equivalent employment (4)	1.4	0.8	0.5	0.6	0.9	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.1	0.8	0.9	1.1
Unemployment rate (2,5)	3.0	3.2	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2	3.1	3.1

(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																
	2005-2013	previous quarter (annualized, seasonal adjusted)												previous year		
		previous quarter												2014	2015	2016
		2014				2015				2016						
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real Gross Domestic Product (GDP)																
– OECD total	1.4	1.1	1.6	1.9	1.9	1.9	2.1	2.3	2.2	2.1	2.1	2.0	1.9	1.8	2.0	2.1
– European Union (EU-28)	0.9	1.6	0.9	1.2	0.6	1.2	1.5	1.8	1.8	1.9	1.9	1.7	1.7	1.3	1.3	1.8
– USA	1.5	-2.1	4.6	3.9	2.7	2.9	2.9	2.9	2.8	2.8	2.7	2.6	2.5	2.3	3.1	2.7
– Japan	0.7	5.8	-6.7	-1.9	3.6	1.4	1.6	2.3	1.6	1.1	1.1	1.1	1.1	0.2	1.0	1.4
Oil price (\$ per barrel) (1)	84.8	107.9	109.8	102.1	79.7	70.0	70.3	70.7	71.0	71.4	71.7	72.1	72.4	99.9	70.5	71.9

(1) Level

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