

KOF Bulletin

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ECONOMY AND RESEARCH

**KOF SUMMER FORECAST: EU RECOVERS – SWITZERLAND TAKES A DIP**

As in its forecast of March this year, KOF expects a brief recession in Switzerland that will be over in the second half of the year. Due to the strong Swiss franc and the relative weakness of the global economic trend, GDP growth will remain low at 0.4 per cent. In contrast, the economic situation in Europe is now looking better than it has for a long time. In the medium term, this will also give the Swiss economy a boost. GDP is expected to grow by 1.3 per cent in 2016 (see G 1). Unemployment, which traditionally lags behind the economic trend, is likely to increase for the foreseeable future. The decline in prices will continue.

From a Swiss perspective, compared to the March 2015 forecast, the international environment has improved to some degree due to the trend in the EU countries, but deteriorated to some degree in respect of the non-EU countries (see text concerning international economy). At the same time, the negative impact that the Swiss National Bank's (SNB) scrapping of the minimum exchange rate on January 15 is having on the domestic economy is becoming more pronounced. As already anticipated in March, there will be a quarter-on-quarter decline in value-added in the second quarter.

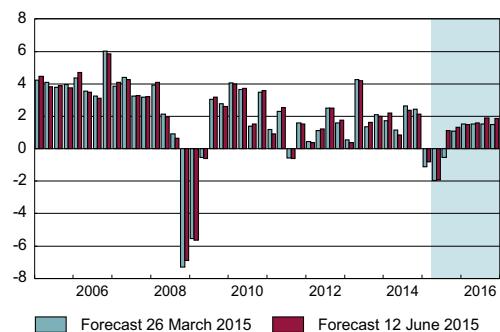
All in all, KOF expects an annual growth rate of 0.4 per cent this year.

After the scrapping of the minimum exchange rate on January 15, the Swiss franc has gained significantly against the euro, but very little against the US and Asian currencies. Hence, this year's exchange rate turbulence has a minor effect on companies with high turnover in these currency regions and little competition from European enterprises. The situation is far less rosy for companies that predominantly sell to other European countries or are under pressure from European competitors on the Swiss market. They experience rising pressure on margins that can only be alleviated through higher efficiency or a transfer of production, or parts thereof, abroad.

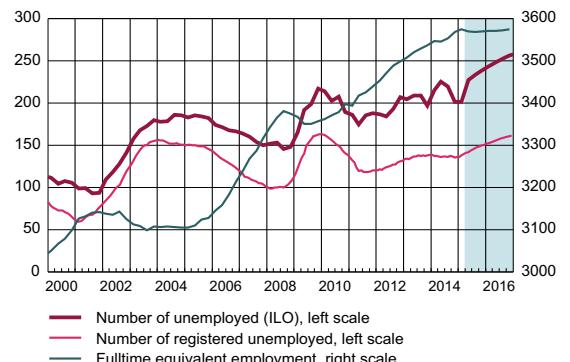
During the forecast period, the macroeconomic slowdown will also affect employment (see G 2). Declining demand for labour due to the competitive situation in the export sector, combined with high insecurity regarding the implementation of the Anti-Mass Immigration Initiative, is putting a break on employment. The negative labour market trend is expected to take effect in the second quarter 2015; fulltime-equivalent employment will slightly decline. Due to a decline in employment prospects, unemployment is likely to rise in the

G 1: Switzerland: Real GDP

(annualised quarter-on-quarter change, in %)

**G 2: Employment and Unemployment with Forecast**

(in 1,000 persons, seasonally adjusted)



second half of 2015 at an expected average annual unemployment rate of 3.3 per cent according to the definition used by the State Secretariat for Economic Affairs (SECO) and 4.4 per cent according to the International Labour Organisation (ILO).

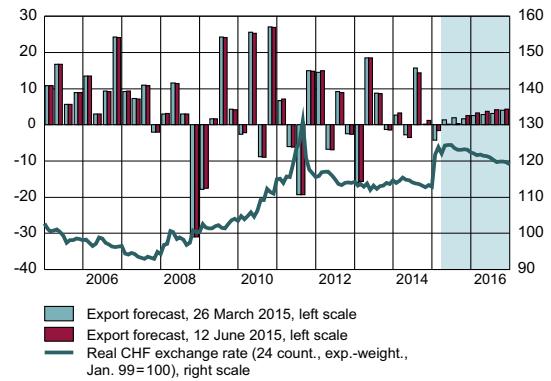
At 1.5 per cent, growth in exports will remain weak in 2015 (see G 3). Goods and tourism exports will actually decline while the other service exports will remain positive. In 2016, exports are expected to pick up again (2.8 per cent). Import growth is more dynamic at three per cent this year and 3.8 per cent in the following year. The strong Swiss franc will continue to exert pressure on import prices. KOF therefore anticipates a decline in price levels during the forecast period. However, so far, the Swiss economy has given no indication that it is entering a deflationary downward spiral. Nevertheless, at 1.1 per cent, consumer prices will go down substantially this year while the following year will see a more moderate decline at 0.3 per cent.

The trend in construction investments and investments in plant and machinery is also on the weak side this year. Construction investments, in particular, will decline (−1.1 per cent), albeit from a high level. At 1.2 per cent, growth of investments in plant and machinery is relatively slow. In contrast, private consumption continues to prop up the economy. At 1.9 per cent (2015) and 1.8 per cent (2016), the growth rates are at their usual level both in the current and in the coming year.

For detailed information visit our website:

[http://kof.ethz.ch/static_media/bulletin/forecasts_summer_en.pdf >>](http://kof.ethz.ch/static_media/bulletin/forecasts_summer_en.pdf)

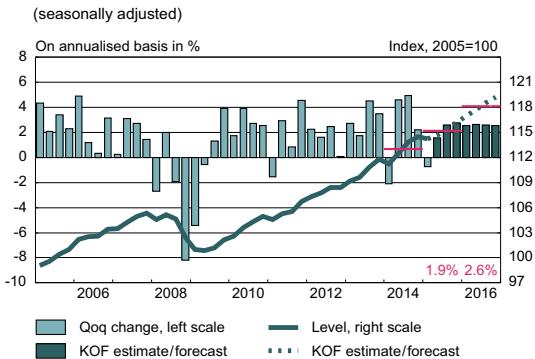
G 3: Total Exports and CHF Exchange Rate
(annualised quarter-on-quarter change, in % resp. index)



INTERNATIONAL ECONOMY:**RECOVERY IN THE EUROZONE DESPITE THE WEAK GLOBAL ECONOMY**

Thanks to the expansive monetary policy of the European Central Bank (ECB) and the low oil price, Eurozone economies have made a dynamic start to 2015. On the other hand, the first few months of this year were less dynamic for the USA and the major emerging countries. The prospects continue to be positive for Europe, whilst the world economy is losing ground slightly.

Gross domestic product (GDP) in the USA fell slightly in the first quarter of 2015 (see G 4). Alongside special factors such as the bad weather and the strike by West Coast Longshoremen, this was essentially due to the collapse of the oil price, which put a brake on investment in extraction facilities. In addition, exports were weighed down by the strong dollar. By contrast, the Japanese economy grew above expectations thanks to a robust increase in national private sector consumer demand and inventory investments.

G 4: USA: Real GDP with Forecast

In the eurozone, growth increased in the first quarter of 2015 to an annualised 1.6 per cent. Out of the large countries, Spain (3.6 per cent) and France (2.2 per cent) posted the highest growth rates. On the other hand, the German economy disappointed with a rise limited to only 1.1 per cent, which was even slightly lower than the figure for Italy (1.2 per cent). However, at a second glance, the underlying economic dynamism in Germany continues to be strong, and the first quarter was affected above all by heavy destocking.

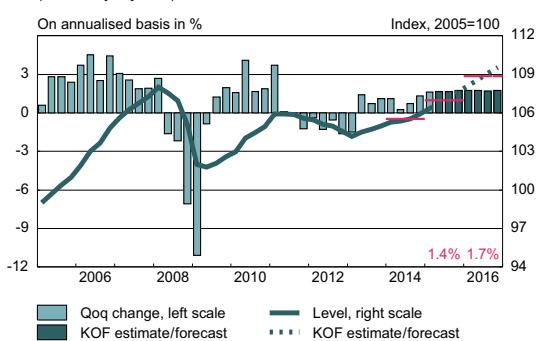
With the exception of India, the rate of expansion in the major developing countries slowed. In China, the now large capital stock can no longer accumulate at the same high rates as in the past. The government has therefore reduced the target rate of growth from 7.5 per cent to 7.0 per cent. In order to boost the economy, in May 2015 the Central Bank cut the base rate for the third time in six months. Brazil's economy has been stagnating since 2013 and is threatened by recession. In addition, the depreciation of the real is fuelling inflation. Russia is already in recession. This has been caused not only by the low oil price but also by Russia's Ukraine policy and the sanctions imposed by the West, which were adopted in response to Russian policies.

The world economy is expected to become gradually more dynamic over the later stages of the forecasting period. In the USA, investments in equipment and residential property have finally picked up again and, thanks to the collapse of the oil price, commercial construction investment is no longer exposed to pressure. The ISM National Purchasing Managers Index for the manufacturing sector bottomed out in May and started to climb again for the first time since last October. With rates above 2.5 per cent, the growth trend is expected to remain higher than potential growth until the end of 2016, resulting in the closing of output gaps. Thereafter a return to the potential level is projected. In Japan, trend rates of around 1.2 per cent are being recorded already in the forecasting period, which approximately corresponds to potential growth.

In the Eurozone, the recovery is projected to continue (see G 5), supported by the further relaxation of monetary policy ("Quantitative Easing") by the European Central Bank (ECB), a less restrictive fiscal policy, the continuing devaluation of the euro against the dollar and the ongoing low oil price. An expansion is likewise on the cards for most emerging countries. The Indian economy will also experience dynamic growth in 2016, whilst Russia and Brazil should be able to move out of the period of recession/stagnation. China however will see a further gradual slowdown in economic growth.

G 5: Eurozone: Real GDP with Forecast

(seasonally adjusted)



SWISS COMPANIES LOWER THEIR INVESTMENT EXPECTATIONS

According to the results of the KOF Investment Survey conducted in spring 2015, nominal investments in Switzerland are likely to go up slightly in 2015. The increase will, however, be less substantial than in 2014. As reported by the respondents, investment activities rose by a nominal two per cent last year. In the current year, companies anticipate an approximate one per cent increase in gross capital investments. Over 3,200 companies took part in the survey.

The results of the latest KOF Investment Survey show that this year the nominal capital investments of Swiss companies may exceed the previous year by around one percentage point. The rise in capital investments is primarily due to higher investments in plant and machinery (+2.5 per cent) and investments in research & development (+1.5 per cent). Construction investments are likely to stagnate in 2015.

Although companies usually draw up their investment plans at the end of the year, the scrapping of the minimum Swiss franc/euro exchange rate on 15 January and the sudden revaluation of the Swiss franc forced a number of companies to adjust their investment plans. This circumstance is reflected in the current Investment Survey of spring 2015.

It seems plausible that, in conjunction with other economic factors, the scrapping of the minimum exchange rate is partly responsible for the revision. Nevertheless, it is relevant to determine the impact the revaluation is likely to have on nominal investments. From a theoretical perspective, the sudden appreciation of the Swiss franc is likely to have affected the revision of investment plans via different channels and in different directions.

REVALUATION IMPACTS VIA VARIOUS CHANNELS

On the one hand, the Swiss franc appreciation results in lower prices of foreign capital goods. As a consequence of this decline in prices, investments imported from abroad had a lower book value in spring 2015 than in autumn 2014. Even if real investments are stable, the resultant effect is a lower nominal investment figure.

Aside from this technical factor, it appears that there has also been a real adjustment of investment plans. According to various indicators, such as the KOF Business Situation and Employment Indicators, Swiss companies have adopted a more pessimistic outlook since the start of the year. It is therefore conceivable that a number of Swiss companies reduced their investments due to less optimistic expectations. In the case of a potential downscaling of investment plans, it is currently unclear whether the respective investments have been suspended, postponed or transferred abroad.

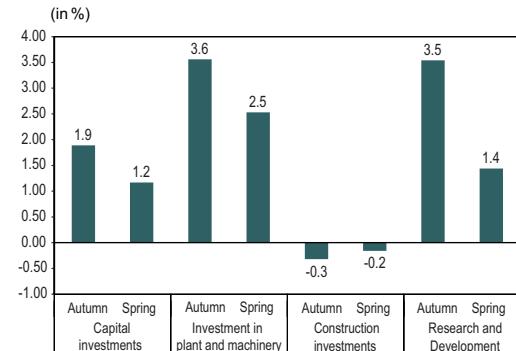
RATIONALISATION INVESTMENTS ON THE RISE

It should be pointed out that the Swiss franc revaluation will not necessarily lead to a lower level of investment. Ultimately, the lower price of foreign capital goods also means that the price of capital has declined against the price of labour. In combination with intensifying competition, this circumstance may well motivate companies that are in a position to replace labour with capital to increase their rationalisation investments.

Comparative analysis of the percentage change in the 2015 investment plans based on the recent survey results and the percentage change based on the KOF Investment Survey of autumn 2014 shows a clear downward revision of investment plans (see G 6). While the respondents in the autumn 2014 survey still expected investments in plant and machinery to rise by around 3.6 per cent, the companies now anticipate no more than a 2.5 per cent increase. The downward revision is even more pronounced in the case of R&D investments. Construction is the only field in which the revision of investment plans is minor, with respondents expecting 2015 construction investments to stagnate both in the autumn and in the spring survey.

Aside from quantitative investment figures, as presented in graph G 6, the respondents were also asked to make a qualitative statement regarding their future investment activities, indicating whether they are planning to increase or decrease investments compared to 2014 or leave them unchanged.

**G 6: Percentage Changes – 2015
Comparison Autumn 2014/Spring 2015**



The graph presents the percentage change in nominal investments, broken down into capital investments, investments in plant and machinery (excluding R&D), construction investments and R&D investments. The percentage change is calculated on the basis of the quantitative investment figures supplied by the respondents.

While graph G 6 shows that the percentage change in investments in plant and machinery and R&D underwent a downward revision between the autumn and the spring survey, graph G 7 reflects this tendency in the case of R&D expenditure only. On balance, no revision of investments in plant and machinery took place between autumn and spring.

More than 3,200 of the 8,000 companies that received a questionnaire actually took part in the survey. The KOF Investment Survey is based on a sample of companies selected to provide a representative picture of the Swiss corporate landscape. Since neither the public sector, non-governmental undertakings or private households are included in the calculation of the percentage changes, these figures cannot be compared with the equivalent figures according to the Swiss national accounts (VGR). The current questionnaire as well as further information is available on the KOF website.

KOF INVESTMENT SURVEY:

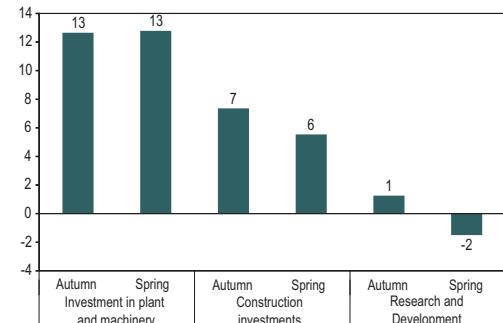
IMPLEMENTATION CERTAINTY VARIES FROM SECTOR TO SECTOR

Aside from establishing the volume Swiss companies are planning to invest, the KOF Investment Survey also investigates how certain the respondents are about implementation. The recent survey shows that there has been a significant change in the type of planned investments compared to autumn 2014, with replacement investments recording the greatest increase. The companies' expectations regarding the exchange rate trend are also interesting: In the medium-term, they anticipate a slight devaluation of the Swiss franc against the euro.

To arrive at a more accurate assessment of the companies' investment plans, the respondents are asked to state how certain they are about implementation (see G 8). They can choose between "very certain", "certain", "uncertain" and "very uncertain". All in all, certainty regarding implementation in the current year changed very little. However, a closer look reveals that there are, in some cases significant, differences between the various sectors. While implementation certainty has risen among construction companies and service providers, industrial companies are less certain in spring 2015 than they were in autumn 2014.

G 7: Investment Trends in 2015

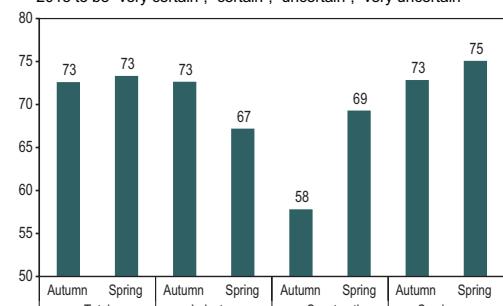
Compared to 2014, are you planning to increase or reduce your investments in 2015 or leave them unchanged? (Balance)



The bars represent the balance of the qualitative question regarding changes in investments. The balance is calculated on the basis of the percentage of positive indications less the percentage of negative indications. In this case, it is calculated on the basis of the percentage of companies stating an increase in investments less the percentage of companies specifying a decline in investments.

G 8: Investment Certainty

All in all, we consider the implementation of our investment plans for 2015 to be "very certain", "certain", "uncertain", "very uncertain"



The above graph maps the balance of the question regarding implementation certainty for the year 2015. This balance is calculated on the basis of the percentage of companies with "certain" and "very certain" investment plans less the percentage of companies with "uncertain" and "very uncertain" plans.

In addition to investment volumes and implementation certainty, the KOF Investment Survey also investigates the structure of planned investments (see G 9). In this context, the companies are asked to state the type of investments they envisage, i.e. expansion, replacement, rationalisation, environmental protection or other investments.

STRUCTURAL CHANGE COMPARED TO AUTUMN SURVEY

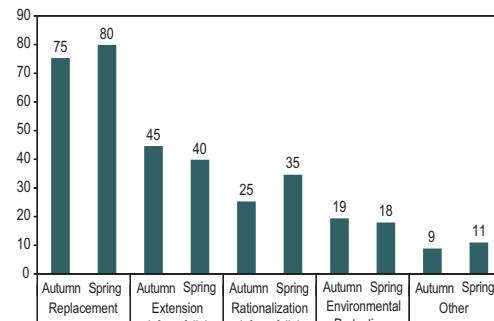
Comparative analysis of the results of the autumn 2014 and spring 2015 surveys shows that a substantial structural change has taken place. While 25 per cent of the respondents in the autumn 2014 survey were planning to invest in rationalisation in 2015, their share had risen to 35 per cent in spring 2015. Since rationalisation investments frequently involve the replacement of current production facilities with more efficient plants, the rise in rationalisation investments also provides a partial explanation for the increase in replacement investments that has been observed (+5 per cent). In contrast to replacement and rationalisation investments, the share of companies planning to invest in expansion declined by approximately five percentage points, while the share of companies planning to invest in environmental protection and other areas remained relatively stable.

The increase in rationalisation investments seems to indicate that the sudden revaluation of the Swiss franc prompted a number of companies to invest in rationalisation. Furthermore, the decline in expansion investments may imply that a number of companies have postponed their investments. It is not clear whether these investments will actually be implemented at a later date or whether they have been generally suspended or transferred abroad.

The profitability, and hence the probability, of investment projects depends on the expected trend in various variables, among them the exchange rate. Following the sudden rise of the Swiss franc against the euro accompanied by increased insecurity regarding the future exchange rate, it is thus helpful to investigate the exchange rate expectations on which the investment plans are based. In the course of its Investment Survey, KOF has therefore asked the respondents to state the range (upper and lower threshold) in which they expect the future exchange rate to move. Aside from specifying an upper and lower threshold, the companies were also asked to indicate the most likely value within this range.

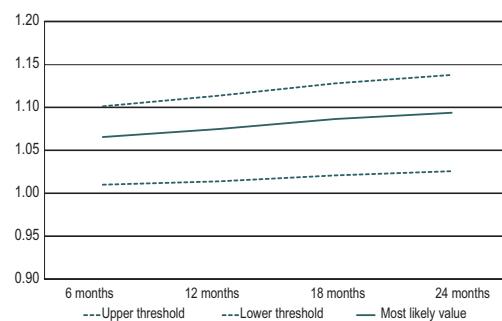
All thresholds and values were asked in respect of the coming six, 12, 18 and 24 months. It emerged that the respondents expect a minor devaluation in the coming two years (see G 10). In six months, the average of the companies anticipates an exchange rate of approximately 1.065 Swiss francs per

G 9: Investment Structure



The graph maps the reasons for the investments planned in 2015. The bars represent the percentage of companies planning investments for the specified reason. "Autumn" refers to the results of the autumn 2014 Investment Survey and "Spring" to the results of the spring 2015 Investment Survey.

G 10: Expected Exchange Rate



The graph presents the companies' expectations regarding the future EUR/CHF exchange rate. The upper and lower thresholds (dashed lines) indicate the range in which the companies expect the future exchange rate to move. The most likely value (continuous line) indicates the value the companies consider to be most likely.

euro and in 24 months of approximately 1.095 Swiss francs. The graph G10 shows that investment plans are based on a slight decline of the exchange rate, which is, however, expected to remain significantly below the 1.20 Swiss franc to euro mark. Hence, it may be assumed that as long as the actual rate remains within the range, the respondents' investment plans will go ahead. Should the exchange rate slip below the lower threshold in the longer term, however, the downside risk will become more substantial.

The expectations represented in graph G10 are calculated on the basis of the average of all replies without regard to the effective time of participation in the survey. Since the euro continued to slide faintly against the Swiss franc in the survey period from February 2015 to May 2015 while the majority of the respondents replied at the beginning of the survey period, the level of the exchange rate expectations in graph G10 are difficult to interpret. More thorough analysis shows that the short-term exchange rate expectations (6 months) are based to a large degree on the current exchange rate and exceed the actual exchange rate to a very small extent only, if at all. In contrast, the medium-term expectations (24 months) are almost entirely above the current exchange rate, thereby confirming that the companies anticipate a devaluation of the Swiss franc against the euro at least in the medium term.

KOF CONSENSUS FORECAST:

ECONOMIC EXPERTS SURVEYED IMPROVE FORECASTS FOR 2015

The economic experts surveyed every three months by the KOF have adjusted their expectations for 2015 upwards compared to the last survey in March. They are now estimating GDP growth of 0.7 per cent in 2015, and expecting higher GDP growth of 1.2 per cent in 2016.

ECONOMIC SITUATION

The economists surveyed forecast an increase in gross domestic product (GDP) of 0.7 per cent in 2015. This represents an upward adjustment compared to the GDP growth forecast of 0.5 per cent in the last survey in March. Forecasters have raised their assessments relating to the increase in investments in construction and plant and machinery to 0.7 per cent in real terms (March 2015: 0.4 per cent). They have also made a minor upward correction of expectations relating to exports, and are now forecasting Swiss exports to remain stagnant in 2015 (0 per cent). In March the corresponding consensus figure was still -0.2 per cent. According to the economic experts, prices are expected to fall significantly by -1 per cent this year. In March a price fall of -1 per cent was also forecast for 2015. The consensus figure for the expected rate of unemployment for the current year is 3.5 per cent, which is thus in line with the previous survey in March.

According to the experts questioned by the KOF, economic growth will improve further into 2016, with GDP growth expected to reach 1.2 per cent. According to the forecasts, the recovery will be driven by a return to export growth of 2.3 per cent. This amounts to a significant upward adjustment compared to the 1.8 per cent in March. In addition, the consensus figure for the increase in investments in construction and plant and machinery was 1.5 per cent which, whilst higher than the 2015 figure, remained unchanged compared to the assessment made in March. The experts surveyed are projecting an end to the deflationary period for consumer prices in 2016. Prices are stagnating with zero per cent growth (March: 0.1 per cent). The unemployment rate will increase to 3.6 per cent in 2016 compared to 2015 (March: 3.7 per cent).

FINANCIAL MARKETS

The experts surveyed are expecting the SPI to increase further to around 9,500 points over the next three months. Within 12 months the SPI is then expected to reach just under 9,900 points.

The consensus figure for the Swiss franc to euro exchange rate over the next three months is 1.05. Within the next year, the economic experts are expecting a slight weakening of the Swiss franc to 1.08. As regards the Swiss franc to dollar exchange rate, the experts are forecasting 98 cents to the dollar over the next three months and 1.03 Swiss francs to the dollar over the next twelve months.

The economists surveyed have kept their forecasts for the short-term interest rate at a consensus figure of –0.7 per cent (3-month LIBOR). Within 12 months, interest rates are expected to reach –0.5 per cent. As regards the longer-term spot rate for 10-year government bonds, they are forecasting an interest rate of 0 per cent in three months and 0.3 per cent in 12 months.

The experts were surveyed for the second time regarding their long-term expectations (five years). Over the longer term, forecasters are projecting GDP growth of 1.7 per cent (March: 1.6 per cent). The average inflation rate was 1.0 per cent, compared to the slightly higher expectations in March of 1.1 per cent. Over the longer term, unemployment is not expected to fall, with an increase in the figure from 3.3 per cent to 3.4 per cent compared to March.

16 economists participated in the 78th KOF Consensus Forecast in June 2015. For 2015 and 2016 they have forecast both overall economic performance (GDP growth, increased investment in construction and plant and machinery, price rises and increased unemployment) as well as financial market parameters (short and long-term interest rates, exchange rates and stock market growth). The Consensus Forecast is obtained from the averaged answers. The Consensus Forecast draws on the experiences of economists from industry, administration and universities in order to forecast economic performance. The survey of experts must not be confused with the KOF economic forecast.

For detailed information visit our website:

[http://www.kof.ethz.ch/en/prognosen/kof-consensus-forecast/ >>](http://www.kof.ethz.ch/en/prognosen/kof-consensus-forecast/)

KOF FORECASTS FOR TOURISM IN SWITZERLAND

The effects of the abrupt increase in the value of the Swiss franc are making themselves felt in the Swiss tourist industry. Following the slight upward trend over the last two years, overnight stays have fallen again during the current year. It is forecast that there will be a –0.6 per cent fall over the course of 2015. However, the KOF is expecting the figure to pick up slightly again in 2016 with a 0.8 per cent rise. KOF has been entitled by the State Secretariat for Economic Affairs (SECO) to produce bi-annual tourism forecasts for Switzerland.

You can find the press release regarding the KOF Forecasts for Swiss Tourism here:

<http://www.kof.ethz.ch/en/media/press-releases/k/tourismusprognose/1219/2015/05/tourism-forecasts/ >>>

KOF INDICATORS

**KOF BUSINESS SITUATION: NOSEDIVE IN THE BUSINESS SITUATION INDICATOR**

The KOF Business Situation Indicator for the Swiss private sector fell once again in May. This meant a drop in the business situation for the fifth time in a row (see G 11). Since the exchange rate floor for the Swiss franc was removed in January, the Business Situation Indicator has fallen significantly. This trend continued into May, though was not as marked as in April. The sudden increase in the value of the Swiss franc due to the removal of the exchange rate floor continues to weigh down the Swiss economy.

The business situation worsened in May above all for the manufacturing sector (see G 12). In the retail, financial and construction sectors the Business Situation Indicator virtually matched the figure for April, changing only slightly. The position hardly changed also for the project engineering sector. The situation in construction-related sectors thus continues to be quite stable. Wholesalers, the hotel and catering sector and other service providers were most recently questioned in April. All three sectors had major concerns regarding the exchange rate situation and made significant downward adjustments to their assessments of the business situation.

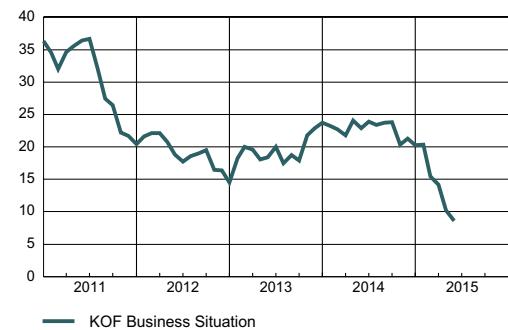
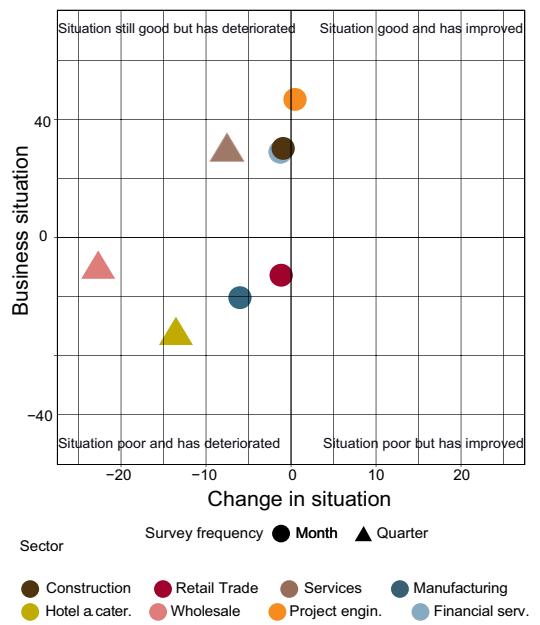
From a regional perspective (see G 13), the business situation deteriorated above all in Ticino. Here there had been relatively little movement in the indicator over previous months. However, after a time lag, a slowdown has now set in. The indicator only suffered marginally in East Switzerland and Espace-Mittelland. The situation in May was more stable in Central Switzerland, the Greater Zurich Region and in North West Switzerland. The business situation improved marginally in the Lake Geneva Region.

EXPLANATION OF GRAPHS

Graph G11 shows the KOF business situation for all sectors of the economy covered by the survey. For economic sectors that are only surveyed quarterly, the business situation is kept at the same level during the intervening months.

G 11: KOF Business Situation Indicator

(balance, seasonally adjusted)

**G 12: KOF Business Situation: Change in Different Sectors**

Graph G 12 shows the business situation and the current change in the situation. For monthly surveys the changes compared to the previous month are highlighted. For quarterly services the changes in the most recent quarter compared to the previous quarter are reported. The quarterly values are not changed in the intervening months and are only updated in the first month of each quarter.

Graph G 13 reports the business situation in the major regions according to the Federal Statistics Office. The regions are coloured differently depending on the business situation. The arrows within the regions indicate the change in the business situation compared to the previous month. For example, an upward arrow means that the situation has improved compared to the previous month.

The KOF Business Situation Indicator is based on more than 4,500 reports from businesses in Switzerland. Each month businesses are surveyed in the economic sectors of industry, retail trade, construction, project engineering and financial and insurance services. Businesses in the hotel and catering sector, wholesalers and other service providers are surveyed quarterly in the first month of each quarter. Businesses are requested amongst other things to assess their current business situation. They may class their situation as "good", "satisfactory" or "bad". The balance of the current business situation is the percentage difference between the answers "good" and "bad".

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: PERCEIVABLE RISE

In May 2015, the KOF Economic Barometer rose to 93.1; compared to the previous month the change amounts to 3.3 points (see G 14). After the composite indicator had again shown another small drop in April, it now appears to signal a slight improvement, albeit from a low level. Hence, according to the May reading of the barometer, in the near future the Swiss economy can be expected to exhibit growth rates clearly below average.

The rise of the Barometer in May is mainly driven by a recovery of the indicators on Swiss manufacturing activity. Positive but considerably lower contributions stem from the indicators related to domestic consumption and construction. While no significant signals come from the financial or the hospitality sector, the indicators related to Swiss exports exerted a dampening influence on the Barometer. Within the manufacturing sector, the outlook particularly improved in the metal and the mechanical engineering industry, followed by the electrical and the chemical industry.

G 13: 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

Net balances

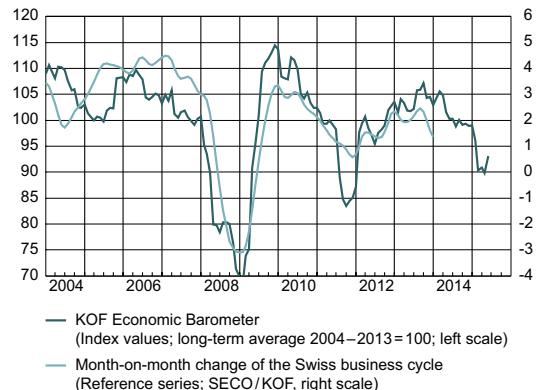
■ 55 to 100	■ 30 to under 55	■ 16.5 to under 30
■ 9 to under 16.5	■ 5 to under 9	■ -5 to under 5
■ -9 to under -5	■ -16.5 to under -9	■ -30 to under -16.5
■ -55 to under -30		■ -100 to under -55

A look at the different indicators reveals that the most pronounced improvement is found amongst the indicators related to order books. Somewhat less pronounced but still positive signals stem from the assessments of production and intermediary goods. The only deterioration of sentiment relates to inventories. A swift recovery of the Swiss economy is thus not to be expected soon, but the likelihood of an upward trend reversal should have increased.

KOF ECONOMIC 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. Last 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 ESVG 2010, released at the end of September 2014.

G14: Economic Barometer and Reference Series



More information about the KOF Economic Barometer on our website:

[http://www.kof.ethz.ch/en/indicators/economic-barometer/ >>](http://www.kof.ethz.ch/en/indicators/economic-barometer/)

FURTHER KOF PUBLICATIONS

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AGENDA

«»

KOF EVENTS

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A Theory of Group Goods: Concept, Model, Welfare

Anton Kim – University of Wyoming

ETH Zurich, 17 June 2015

tba

Jens Südekum – University of Düsseldorf

ETH Zurich, 16 September 2015

Matz Dahlberg – Uppsala University

ETH Zurich, 18 November 2015

Claus Thustrup Kreiner – University of Copenhagen

ETH Zurich, 25 November 2015

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

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Golden Decade: 2015 Global Conference on Asian business

Hong Kong (China), 18–20 June 2015

www.conceptzportal.com/conference »»

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/ »»

11th World Congress of the Econometric Society

Montreal (Canada), 17–21 August 2015

eswc2015.com/ »»

Jahrestagung 2015 des Vereins für Socialpolitik:

Ökonomische Entwicklung – Theorie und Politik

Münster (Germany), 6–9 September 2015

www.socialpolitik.de/De/jahrestagung-2015 »»

5th IWH/INFER Workshop on Applied Economics and Economic Policy:

Trade and Capital Liberalizations – Boost for Growth or Bane of Spillover?

Halle (Germany), 17–18 September 2015

www.de.amiando.com/AEEP2015.html »»

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Salt Lake City (USA), 7–9 January 2016

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NEXT PUBLICATION DATES

3 July 2015 | 4 September 2015

TABLES – KOF Summer Forecast 2015

SWITZERLAND

	Real Gross Domestic Product by Type of Expenditure															
	Percentage change against															
	2005-2013	previous quarter (annualized, trend cycle component)												previous year		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014	2015	2016
Private consumption	1.7	0.9	1.4	1.8	1.6	1.9	2.2	2.0	2.1	1.9	1.6	1.5	1.6	1.3	1.9	1.8
Public consumption	1.1	0.0	0.4	2.7	3.8	2.6	0.6	-0.1	0.8	1.8	1.8	1.1	1.5	1.4	1.9	1.2
Gross fixed capital formation	2.0	0.0	1.9	3.1	1.1	-1.2	-0.6	-0.7	1.9	5.0	2.4	-2.4	-2.2	1.5	0.3	1.6
– Construction	1.4	0.9	-0.9	-2.4	-2.0	-0.9	-0.1	-1.4	-0.8	-0.5	-0.7	0.1	1.2	0.9	-1.1	-0.6
– Machinery and equipment	2.3	-0.4	3.9	6.3	2.9	-1.2	-0.7	0.2	3.9	8.0	3.7	-3.9	-4.3	2.0	1.2	2.9
Exports of goods (1) and services	4.0	-0.3	3.7	6.1	3.7	-0.2	-0.4	-0.1	1.8	4.5	3.7	3.4	4.2	3.8	1.5	2.8
– Goods	3.6	5.7	6.4	4.0	0.0	-3.2	-1.8	0.9	2.7	3.6	3.0	4.0	5.2	4.0	-0.5	3.2
– Services	3.7	-0.9	-2.6	0.1	7.2	6.0	1.2	0.1	2.2	3.6	4.8	4.5	2.6	1.9	2.8	2.9
Imports of goods (1) and services	3.6	-0.6	0.7	2.2	2.9	3.7	2.3	1.1	4.9	6.6	4.5	1.5	1.5	1.5	3.0	3.8
– Goods (1)	3.0	3.4	2.1	0.7	-1.7	-1.9	1.2	3.1	6.4	8.3	4.5	0.5	1.1	1.5	0.8	4.8
– Services	5.2	-2.8	-2.1	2.3	12.2	12.4	5.2	1.4	1.6	2.4	3.8	4.3	2.9	1.7	7.6	2.1
Change in stocks (2)	0.2	1.7	-0.3	-2.2	-2.0	-0.1	0.4	0.9	0.1	-1.1	-0.2	0.2	-0.3	-0.1	-0.3	-0.4
Gross Domestic Product (GDP)	2.1	1.9	1.8	1.9	1.5	-0.4	-0.9	0.1	1.2	1.7	1.9	1.7	1.6	2.0	0.4	1.3

(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															
	Percentage change against															
	2005-2013	previous quarter												previous year		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014	2015	2016
Real effective exchange rate of Swiss Franc (1)	1.3	2.0	-0.2	-3.6	-1.7	38.5	5.9	-3.5	-1.3	-3.5	-1.8	-4.4	-1.3	0.6	8.2	-2.2
Short term interest rate ((3-month Libor CHF) (2)	0.9	0.0	0.0	0.0	0.0	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	0.0	-0.8	-0.8
Yield of 10 years federal bonds (2)	1.9	1.0	0.8	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.7	0.0	0.0
Consumer prices (3)	0.5	0.0	0.1	0.0	-0.1	-0.7	-1.2	-1.3	-1.1	-0.6	-0.1	-0.2	-0.1	0.0	-1.1	-0.3
Full-time equivalent employment (4)	1.4	0.6	0.5	1.0	1.3	0.6	-0.1	-0.2	0.0	0.1	0.2	0.2	0.2	0.8	0.5	0.0
Unemployment rate (2,5)	3.0	3.2	3.2	3.2	3.1	3.2	3.3	3.4	3.5	3.5	3.6	3.7	3.7	3.2	3.3	3.6

(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		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Real Gross Domestic Product (GDP)																
– OECD total	1.4	0.9	1.7	2.4	1.8	1.0	1.6	2.0	2.1	2.1	2.1	2.1	2.1	1.8	1.7	2.1
– European Union (EU-28)	0.9	1.5	0.8	1.3	1.6	1.6	1.8	1.7	1.8	1.9	1.9	1.9	1.9	1.3	1.6	1.9
– USA	1.5	-2.1	4.6	5.0	2.2	-0.7	1.6	2.6	2.8	2.6	2.6	2.6	2.6	2.4	1.9	2.6
– Japan	0.7	4.4	-6.8	-2.0	1.2	3.9	1.1	1.2	1.2	1.2	1.2	1.2	1.2	-0.1	0.9	1.2
Oil price (\$ per barrel) (1)	84.8	107.9	109.8	102.1	76.0	54.1	63.7	65.0	65.5	65.8	66.1	66.5	66.8	98.9	62.0	66.3

(1) Level

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