

KOF Forecast Conference 2015

Economic development and monetary policy in Switzerland under new premises?
with Dr. Fritz Zurbrügg, Vice Chairman of the Governing Board, SNB
ETH Zürich focusTerra, 1 October 2015
<http://kof.ethz.ch/en/events/>

KOF Bulletin

No. 88, September 2015

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ECONOMY AND RESEARCH

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THE BURSTING OF THE CHINESE STOCK MARKET BUBBLE

The upheavals on the Chinese stock market are a side-effect of years of low savings rates. The share price crash is expected to worsen China's economic downturn. Those affected will be above all Asian trade partners and exporters of raw materials.

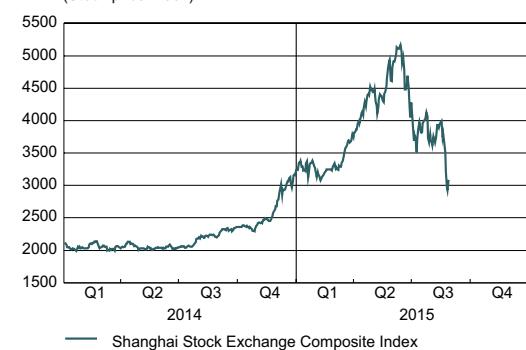
The Chinese stock market bubble has burst. Between mid-July 2014 and mid-July 2015, the Shanghai share market index spiralled from just over 2,000 points to more than 5,010 points (see G 1). Since then, it has fallen back to 3,200 (as at 31.08.2015).

REASONS FOR THE BUBBLE

The potential for a speculative bubble within China's real estate and share market may be regarded as a by-product of the successful investment-driven growth policy in China, at least until the Great Recession: despite gradual liberalisations, interest rates have been – and still continue to be – kept artificially low in order to keep down the costs of investment and to bolster the state banking sector with profit reserves. Consequently, investors have looked for alternative, profitable investments in areas such as property or shares, which has fuelled the formation of a bubble in these sectors. In addition to this structural problem, the statutory debt limits for equity investments have been lowered gradually since 2010, the financial sector has developed various strategies for circumventing the limits mentioned above, and official media have encouraged private investors to purchase shares. The action taken by regulators, when confronted with increasingly evident excesses, of gradually reining back in the possibilities for leveraged investments may in the end have contributed to bursting the bubble.

G 1: Trend of the Stock Market in China

(Stock price Index)



IMPLICATIONS FOR THE CHINESE ECONOMY

The share price crash is expected to worsen China's economic downturn further. Already in the first half of the year, it was only a massive contribution to growth from the financial sector resulting from the temporary stock market boom (transaction volumes, commissions) that prevented the rate of gross domestic product (GDP) growth from falling under seven per cent. If this distortion is factored out, the increase was lower than 6.5 per cent. Already on account of the lack of the contribution from the financial sector, GDP growth is once again expected to fall sharply.

COUNTERMEASURES

The Chinese central bank is countering the downturn with further reductions in the base rate and the minimum reserve requirements for banks. It has also permitted pension funds to invest in shares. There is some scope for downward adjustment of the base rate and minimum reserve requirements. However, the measures are not capable in principle of correcting the structural reasons for the downturn. In order to do so, radical debt rescheduling, write-offs and bail-out programmes would be necessary to reduce the rampant indebtedness within the Chinese corporate sector and local public authorities. This would abate the climate of mistrust now prevailing amongst investors

and free up capital for new sources of growth. The Chinese central government would definitely have the power to implement such measures and the potential to control them, although has only taken minor action in this regard as yet.

EFFECTS ON THE GLOBAL ECONOMY

The available expenditure-side indicators show that foreign trade will be affected by the downturn more heavily than national demand components – a paradigm which reflects the economic cycle in other countries. However, a specific feature of the current downturn in China is the high elasticity of imports, which have fallen significantly since the start of the year in both nominal and real terms. This is having negative effects on the global economy, including above all Asian trade partners and exporters of raw materials. The negative effects on the Swiss economy will remain limited as the economic development of European trade partners is currently proving to be relatively robust, despite the various risks it is exposed to.

UNEMPLOYMENT IN SWITZERLAND: WHO REGISTERS, WHO DOESN'T?

In July, the KOF published a study assessing the risk of unemployment for different population groups. The authors also investigated which groups are more and which are less likely to register as unemployed, i.e. apply to their regional employment office (RAV). They found a significant difference between the language regions. Furthermore, it appears that unemployed women are less likely to register with the RAV than men, although the gap between men and women has narrowed significantly over the last few years.

Having investigated the factors predisposing an unemployed person to register with the employment office RAV, the KOF Study found that registration affinity appears to be highest among individuals with a vocational qualification. Looking at the entire period under review, unemployed persons without a school-leaving certificate beyond the mandatory qualification, those with no other certificates beyond a higher education entrance qualification or apprenticeship and those with degrees from a university or university of applied science are less likely to register with the RAV.

The values compiled in the study are so-called marginal effects. Hence, when all other personal characteristics are equal, the probability of an unemployed person with a tertiary education registering with the RAV is 5.5 percentage points lower than that of a person whose highest qualification is an apprenticeship. Analysis of registration affinity according to age confirms the thesis that above-average numbers of young unemployed do not appear in the registered unemployment figures since they do not apply to the RAV. Unemployed individuals under 25 are substantially less likely to register with the RAV than those over 25. Since, in many cases, this group is not entitled to unemployment benefits, registration with the RAV does not pay off. Registration affinity is highest among the age bracket 55 to 64 and is statistically much higher than among the 25 to 55 year-olds.

WOMEN LESS LIKELY TO REGISTER

Women are significantly less likely to register with the RAV than men. *Ceteris paribus*, the probability of a woman applying to the RAV is as much as 12.8 percentage points lower than that of a man. However, the results also show that the gap between the sexes has narrowed over time: While in the period 1991 to 1998, the difference between women and men with the same characteristics was as high as 16.4 percentage points, this difference had declined to 8.9 percentage points in the most recent period 2009 to 2013 – a trend that is backed up by statistical evidence.

The household situation also affects registration affinity: Unemployed individuals who have separated from their partners register substantially more often with RAVs than married and single individuals. This may, among other reasons, be due to the protection against loss of income that a second income provides to individuals in partnerships.

FRENCH-SPEAKING POPULATION MORE LIKELY TO REGISTER

Interestingly, the major regions of Switzerland show significant differences in their registration affinity. When all other characteristics are equal, in the period 1991–2013, the likelihood of an unemployed person in French-speaking Switzerland registering with the RAV was, on average, 8.4 percentage points higher than that of an unemployed person in Central Switzerland. Within the German-speaking region, the registration behaviour does not vary substantially. The jobless population in Ticino, however, is also more willing to register than unemployed individuals in German-speaking Switzerland.

The reasons behind these regional differences require more in-depth research since the results of the estimates for the three periods selected for this study indicate that regional differences in registration behaviour have declined in recent years (2008–2013). Broken down according to residence permit status, the results of the estimates also show that foreign nationals who had lived in Switzerland for more than six years were more likely to register with the RAV than Swiss nationals with the same characteristics. This difference had disappeared by the most recent period (2008–2013): Today, the registration behaviour among foreign nationals and Swiss nationals appears to be similar.

Finally, the study also shows that out-of-work individuals who used to be employed in government-related sectors (education, social welfare, healthcare) are less likely to register with the RAV. Registration affinity is highest among those who used to work in the manufacturing industry. Within the same sector, machine operators and managers in particular are associated with high registration affinity. In fact, compared to the 1990s, this affinity appears to have increased among managers in recent years.

The KOF Study entitled «Für wen erhöhte sich das Risiko in der Schweiz, arbeitslos zu werden?» by Thomas Bolli, Christoph Breier, Ursula Renold and Michael Siegenthaler is available on the KOF website:

[www.kof.ethz.ch/de/publikationen/p/kof-studien/3757/ >>](http://www.kof.ethz.ch/de/publikationen/p/kof-studien/3757/)

ARE PROJECTIONS OF FUTURE TAX REVENUE COLOURED BY POLITICS?

Tax revenue estimates represent a central element of public finance control and fiscal policy. Incorrect estimates of future tax revenue may lead to massive budget imbalances. Does the political ideology of the finance ministers in the cantonal governments affect these projections? How significant is the impact of fiscal rules on the effect of the finance minister's political ideology and errors in tax revenue projections?

POLITICAL IDEOLOGY OF THE FINANCE MINISTERS AND TAX PROJECTION ERRORS

With finance ministers responsible for tax revenue projections in all Swiss cantons, the question whether their political ideology affects forecast errors is relevant at both the scientific and the political level. In his recent analysis, Florian Chatagny measures errors in revenue projections in terms of the difference between the revenues estimated in the annual budgets and the respective realised tax revenue as published in the annual accounts. The party affiliation of the individual finance ministers is taken as the determinant of their political ideology.

A comparison of tax revenue projections with actual budgeted tax revenue shows that the projections are significantly lower than the actual revenue (see T 1). The one exception are finance ministers who are members of the liberal party (LP).¹ It was also found that finance ministers who are members of left-wing parties (SP, GP) tend to underestimate tax revenue to a larger extent than centre-right parties (FDP, CVP). The latter, in turn, underestimate future revenue to a larger extent than their colleagues in right-wing parties (LP, SVP).

T 1: Average Tax Revenue Projection Error According to Political Ideology

Ideology	Average	Stand. dev.	Min	Max	N
SP	-177.40	287.21	-1237.16	224.15	60
GP	-1146.36	401.21	-1430.06	-862.66	2
Misc	-101.98	185.06	-344.73	167.07	11
CVP	-66.62	112.72	-672.38	300.28	275
FDP	-84.21	181.48	-839.13	436.70	254
LP	50.69	387.49	-1029.02	1142.73	32
SVP	-16.69	128.75	-437.07	299.51	94
Total	-73.78	193.35	-1430.06	1142.73	728

This obvious correlation between the finance ministers' political ideology and errors in tax revenue projections is confirmed by statistical analysis based on econometric models which also include other factors impacting revenue projection errors, among them the individual cantons' economic and budget situation or the political majority currently in power. This counter-intuitive result can be explained by the fact that voters a priori perceive left-wing finance ministers to be less competent when it comes to balancing budgets.² Hence, left-wing finance ministers have an incentive to implement more restrictive fiscal policies via significant underestimates, thus counter-acting the voters' negative prejudice.

- 1) During the investigation period (1980–2007), the Liberals still existed as an independent party. Following Ladner's system, the political parties have been presented according to their position along the political left-right spectrum with the parties to the left at the top and those to the right at the bottom (Ladner, A., 2006. Das Schweizer Parteiensystem in Bewegung. In: Niedermayer, O., R. Stöss, M. Haas. (Eds.), Die Parteiensysteme Westeuropas. VS Verlag für Sozialwissenschaften, Wiesbaden).
- 2) This prejudice has been confirmed by surveys carried out among the population on the subject of the fiscal policy credibility of the different parties (see Longchamp, C., Finanzmonitor 2008 Souverän für eine Nachhaltige Finanzpolitik, Economiesuisse, 2008).

IMPACT OF FISCAL RULES ON THE CORRELATION BETWEEN POLITICAL IDEOLOGY AND REVENUE PROJECTION ERRORS

At the normative level, political factors should not bias revenue projection errors. However, Florian Chatagny's study indicates that strict fiscal rules tend to reduce the impact of political ideology on tax revenue projection errors. The comparison of the average projection errors broken down according to the political ideology of finance ministers who are not subject to fiscal rules and those who are obliged to comply with such rules shows that fiscal rules have the effect of narrowing the gap in revenue projection errors between representatives of the different political ideologies (see T 2). This result suggests that fiscal rules are an effective tool for improving the budgeting process.

T 2: Average Projection Error According to Political Ideology

Projection error...						
Ideology	... without fiscal rules			...with fiscal rules		
	Average	Stand. dev.	N	Average	Stand. dev.	N
SP	-204.34	331.36	43	-109.26	95.20	17
GP	-1146.36	401.21	2	-	-	-
Misc	-101.98	185.06	11	-	-	-
CVP	-70.77	110.53	191	-57.17	117.66	84
FDP	-86.25	185.15	225	-68.34	151.84	29
LP	50.69	387.49	32	-	-	-
SVP	-13.79	136.73	68	-24.29	107.15	26
Total	-77.69	208.55	572	-59.45	121.91	156

CONCLUSION

Based on tax revenue projections in the Swiss cantons between 1980 and 2007, Florian Chatagny's research shows that left-wing finance ministers underestimate future revenue to a larger degree than right-wing finance ministers. The study furthermore indicates that strict fiscal rules reduce the impact of the finance ministers' political ideology on tax revenue projection errors.

The full article will appear in KOF Analyses No. 3, 2015:

[www.kof.ethz.ch/de/publikationen/kof-analysen/ >>](http://www.kof.ethz.ch/de/publikationen/kof-analysen/)

The study can also be found in: Chatagny, F. (2015): Incentive Effects of Fiscal Rules on the Finance Minister's Behaviour: Evidence from Revenue Projections in Swiss Cantons, European Journal of Political Economy, 39, 184–200.

NEW FIGURES FOR US ECONOMIC GROWTH OVER THE LAST THREE YEARS

At the end of July, the US Department of Commerce published revised figures for economic growth over the 2012–2014 period. As has occurred on various occasions during the current upswing, the growth rates initially reported were corrected downwards, as the dynamism within the US economy was weaker than previously thought for the years 2012 and 2013. At present, on the other hand, the situation is somewhat rosier. Contrary to previous indications, the US economy did not shrink during the first quarter of this year, whilst the growth trend accelerated in the second quarter.

In contrast to other countries, US national accounts are regularly revised for a long way back into the past using the latest statistical methods and definitions. Every couple of years (most recently 2013), the economic figures are recalculated in “comprehensive revisions”, in some cases going back as far back as 1929, whilst each year a revaluation is made for the last three years.

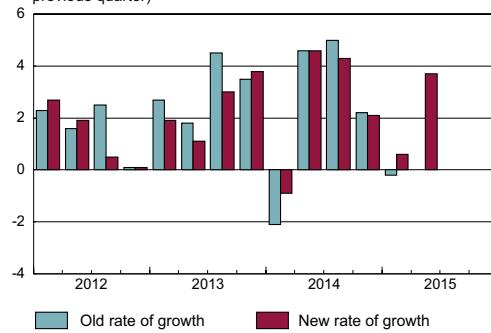
Such a review was carried out at the end of July. As has occurred on various occasions during the current upswing, the growth rates previously reported were corrected downwards. For 2012, gross domestic product (GDP) growth of 2.8 per cent had initially (2013) been reported. This rate was lowered to 2.3 per cent in the last annual review in July 2014, and has now been dropped further to 2.2 per cent. This is now the definitive figure – at least until the next “comprehensive revision”. For 2013, the previously applicable rate of 2.2 per cent was reduced to 1.5 per cent. This figure will be revised once again next July. For 2014, the previously announced rate of 2.4 per cent has been provisionally maintained. Nevertheless, this figure will be examined in the next two annual revisions and will be adjusted if appropriate.

A significant contribution to the downward correction for 2012 and 2013 came from the reassessment of private and public sector consumption. The contribution of private sector consumption to overall economic growth was lowered for 2012 by 0.2 percentage points to one per cent, and for 2013 by 0.4 percentage points to 1.2 per cent. Government consumption at federal level has been falling continuously since the second quarter of 2010 and its current price-adjusted level is 13 per cent below the level reached in that year. This represents a downward revision of around two percentage points. The main reason for the fall in government consumption at federal level is the drop in military spending due to the end of foreign deployments of the US army, whilst the non-military consumption expenditure of the federal government has tended to move sideways, with that of the federal states and counties growing slightly.

There was less need for a correction in relation to foreign trade and the total amount of gross capital investment. Overall, the trend in US economic growth now appears to be flatter than before, with the result that swings in GDP growth rates are less extreme (see G 2). However, the situation is the opposite for investment in capital equipment (see G 3). Graph 2 also shows that the US economy has been suffering from weak levels of investment for three quarters. This is the case at least for investment in equipment (not including intellectual property).

G 2: GDP, USA

(in %, economic growth in real terms compared to the previous quarter)



On the other hand, investment in residential construction was very strong during the same period and was revised significantly upwards. The growth rate for commercial construction was likewise corrected upwards in the first quarter of 2015: from -18.8 per cent to -7.4 per cent. It was known that the collapse in the price of oil would cause investments in extraction equipment, which fall under commercial construction, to come under the radar. Extrapolated to the whole year and expressed in price adjusted terms, these investments contributed 44.5 per cent in the first quarter of 2015 followed by 68.3 per cent in the second quarter. We now know that investments in other forms of commercial construction in the first quarter increased more strongly than was previously known, thereby enabling a certain level of offsetting, namely investments related to construction in the industry and energy generation sectors and communications. Alongside these sectors, construction investment in the trade, healthcare and hotel sectors grew strongly in the second quarter of 2015, with the result that, despite the drop in extraction equipment, overall commercial construction increased by 3.2 per cent. GDP growth accelerated from an annualised 0.6 per cent in the first quarter of 2015 to 3.7 per cent in the second quarter.

KOF INDICATORS



KOF BUSINESS SITUATION INDICATOR: HARDLY CHANGED ONCE AGAIN

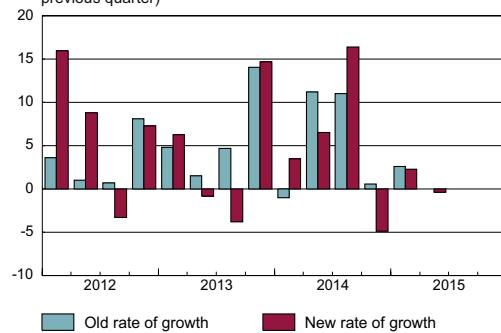
The KOF Business Situation Indicator for the Swiss private sector increased in August for the third time in a row, albeit only minimally (see G 4). Although the rises are too low to be able to be interpreted as a genuine improvement of the situation, they show that the situation within the Swiss economy has stabilised over the last three months. However, it will still take some time to work through the effects of the franc shock.

The business situation recovered slightly in the manufacturing and retail sectors (see G 5). Despite this tendency towards improvement, the situation continues to be tense within both of these sectors of the economy. The situation is practically unchanged for financial service providers and in the project engineering sector. By contrast, the business situation has worsened slightly in the construction sector. Wholesalers, the hotel and catering sector and other service providers were most recently questioned in July. At the time, wholesalers and other service providers assessed their business situation as less favourable than three months before. In the hotel and catering sector by contrast, the business situation was no longer as bleak as previously.

In regional terms (see G 6), the Business Situation Indicator developed once again unevenly. In Central Switzerland the indicator increased further. This means that the business situation in this

G 3: Investment in Equipment, USA

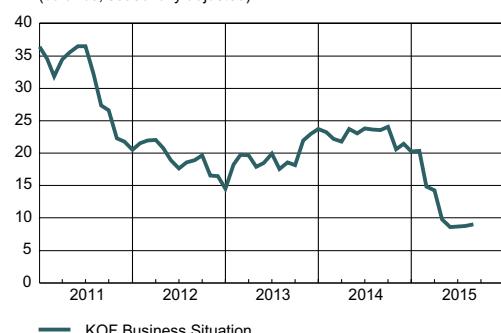
(in %, economic growth in real terms compared to the previous quarter)



Legend: Old rate of growth (light blue bar); New rate of growth (dark red bar)

G 4: KOF Business Situation Indicator

(balance, seasonally adjusted)



Legend: KOF Business Situation (line)

region is currently only slightly worse than it was before the Swiss franc exchange rate floor was removed in January. In the other major regions, assessments of the business situation are significantly down compared to January. In East Switzerland and the Lake Geneva Region, however, the situation also improved. It has hardly changed in Ticino and Espace Mittelland. By contrast, the situation in North West Switzerland and the Zurich Region worsened somewhat.

EXPLANATION OF GRAPHS

Graph G 4 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.

Graph G 5 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.

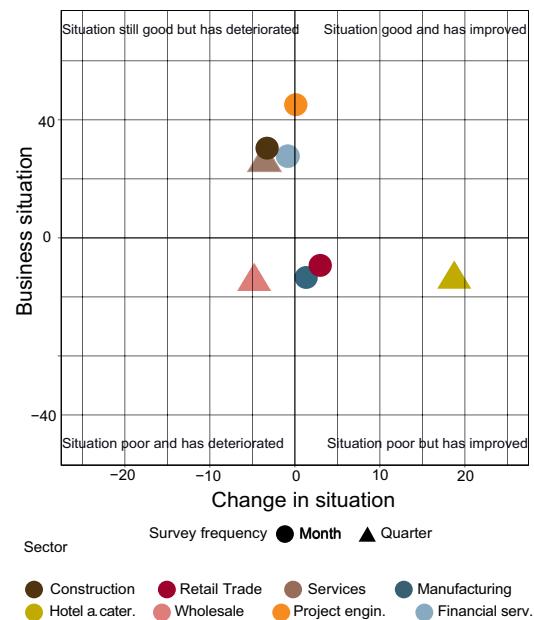
Graph G 6 reports the business situation in the major regions according to the Federal Statistics Office. The regions are coloured differently depending on the business situation. The arrows within the regions indicate the change in the business situation compared to the previous month. For example, an upward arrow means that the situation has improved compared to the previous month.

The KOF business situation 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".

You can find more information about the KOF Business Tendency Surveys on our website:

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

G 5: KOF Business Situation: Change in Different Sectors



G 6: 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

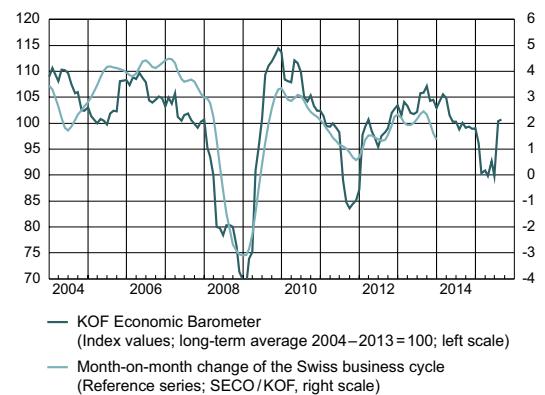
Net balances

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	

KOF ECONOMIC BAROMETER: STABILISATION AT THE LONG-TERM MEAN VALUE

The KOF Economic Barometer, with a current reading of 100.7, showed a minor increase of 0.3 points in August 2015 (See G 7). The Barometer hovers just slightly over its long-term mean value. The outlook for the Swiss economy remains unchanged since the previous release of the KOF Economic Barometer in July.

The KOF Economic Barometer stays, with a new reading of 100.7 points, just over its long-term mean value in August 2015. Overall slightly positive tendencies in the manufacturing and banking sectors are balanced by slightly negative developments in primarily the construction sector. With the indicators capturing tendencies in the international environment as well as domestic consumption more or less stabilising at their previous readings, the overall result is a slight rise in the Barometer.

G 7: Economic Barometer and Reference Series

Within the manufacturing sector, the outlook improved in the metal, the machine building, textile as well as special industries. However, the positive outlook in these sectors is overshadowed by the less favourable outlook in chemical, food-processing, and paper industries. The outlook in electrical and wood-processing industries remains stable. Among the different indicators the most pronounced improvement is displayed by the indicators related to the assessments of production and intermediary goods followed by order books and employment. The only deterioration of sentiment is noticeable in the assessment of the business climate in the food-processing industry, reflecting enduring shopping tourism across the border, and by architects.

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.

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/)

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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://kof.ethz.ch/static_media/bulletin/86/forecasts_summer_en.pdf >>](http://kof.ethz.ch/static_media/bulletin/86/forecasts_summer_en.pdf)

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KOF EVENTS

KOF Prognosetagung 2015

Schweizer Konjunktur und Geldpolitik unter neuen Vorzeichen?

Referent: Dr. Fritz Zurbrügg, Vizepräsident des Direktoriums, SNB

ETH Zurich *focusTerra*, 1 October 2015[http://kof.ethz.ch/de/veranstaltungen/k/prognosetagung/303/2015/10/kof-prognosetagung-2015/ >>](http://kof.ethz.ch/de/veranstaltungen/k/prognosetagung/303/2015/10/kof-prognosetagung-2015/)

KOF Research Seminar:

The Joint Dynamics of Sovereign Ratings and Government Bond Yields

Makram El-Shagi – Henan Universiy

ETH Zurich, 15 September 2015

Relational Contracts and Supplier Turnover in the Global Economy

Jens Südekum – University of Düsseldorf

ETH Zurich, 16 September 2015

The Geography of Development: Evaluating Migration Restrictions and Coastal Flooding

Klaus Desmet – Southern Methodist University

ETH Zurich, 23 September 2015

tba

Hannes Schwandt – Universität Zürich

ETH Zurich, 14 October 2015

R&D Offshoring and Home Industry Productivity

Gaétan de Rassenfosse – École Polytechnique Fédérale de Lausanne

ETH Zurich, 21 October 2015

tba

Lorenzo Caliendo – Yale University

ETH Zurich, 2 November 2015

Peter Stalder – University of Zurich and Swiss National Bank

ETH Zurich, 9 November 2015

Matz Dahlberg – Uppsala University

ETH Zurich, 18 November 2015

Claus Thustrup Kreiner – University of Copenhagen

ETH Zurich, 25 November 2015

Stefan Hoderlein – Boston College

ETH Zurich, 9 December 2015

Thorsten Beck – Cass Business School

ETH Zurich, 13 January 2016

Kai Konrad – Max Planck Institute for Tax Law and Public Finance

ETH Zurich, 27 January 2016[www.kof.ethz.ch/en/events/k/kof-research-seminar/ >>](http://www.kof.ethz.ch/en/events/k/kof-research-seminar/)

KOF-ETH-UZH International Economic Policy Seminar:

Aid and Growth at the Regional Level

Axel Dreher – University of Heidelberg

ETH Zurich, 17 September 2015

Global Supply Chains and Trade Policy

Chad Bown – World Bank

ETH Zurich, 24 September 2015

tba

Bernd Hayo – University of Marburg

ETH Zurich, 15 October 2015

Managing Trade: Evidence from China and the US

Kalina Manova – University of Stanford / University of Oxford

ETH Zurich, 5 November 2015

tba

Beata Javorcik – University of Oxford

ETH Zurich, 12 November 2015[www.kof.ethz.ch/en/events/k/kof-eth-uzh-seminar-in-international-economic-policy/ >>](http://www.kof.ethz.ch/en/events/k/kof-eth-uzh-seminar-in-international-economic-policy/)**KOF Media Agenda:** [www.kof.ethz.ch/en/medien/agenda/ >>](http://www.kof.ethz.ch/en/medien/agenda/)**CONFERENCES/WORKSHOPS**

Jahrestagung 2015 des Vereins für Socialpolitik:

Ökonomische Entwicklung – Theorie und Politik

Münster (Germany), 6–9 September 2015[www.socialpolitik.de/De/jahrestagung-2015 >>](http://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 >>](http://www.de.amiando.com/AEEP2015.html)

9th Annual Conference on the Political Economy of International Organizations

(Call for Papers: 30 September 2015)

Salt Lake City (USA), 7–9 January 2016[peio.me/ >>](http://peio.me/)**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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ISSN 1662-4289

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PUBLISHER

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NEXT PUBLICATION DATES

2 October 2015 | 6 November 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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