ETH zürich

KOF

KOF Bulletin

No. 89, October 2015

ECONOMY AND RESEARCH

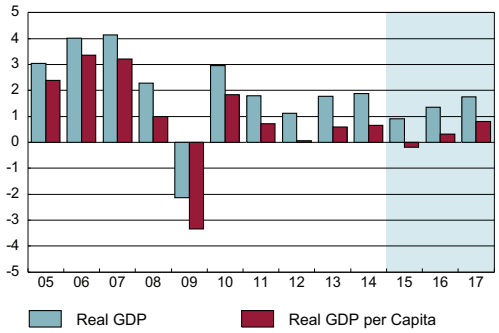
KOF AUTUMN FORECAST: PRICE DECLINES CUSHION COLLAPSE – DEPRECIATION IMPROVES PROSPECTS

In contrast to many economic observers fear, the Swiss economy recorded a slight increase in real production in the second quarter 2015. Prices, however, came under pressure and are likely to plunge this year given the current margins. KOF expects Switzerland's real GDP to expand by 0.9 per cent this year and 1.4 per cent next year. Unemployment will rise slightly and prices will continue to decline. Globally, emerging markets will be catching up more slowly with the industrial countries than before.

While KOF had expected the strong Swiss franc appreciation to pull the Swiss economy into a brief technical recession, new official figures published by the State Secretariat for Economic Affairs (SECO) paint a more positive picture. Once again, the Swiss economy has proved to be more flexible and robust than anticipated after the "Swiss franc shock". There is, however, a price to pay for flexibility: With many producers lowering their selling prices, margins have slumped. In the first six months of 2015, the price level in the domestic production industry declined by a significant 0.9 per cent compared to the previous year.

G 1: Real GDP and GDP per Capita

(per cent changes)

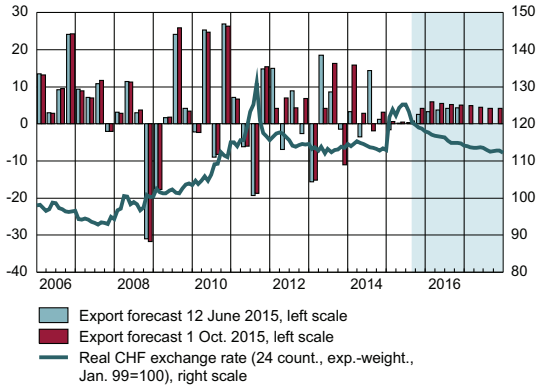


This cave-in mostly affects goods destined for exports. If adjusted for price, the export goods figure actually increased in the second quarter while the nominal volume went down compared to the previous quarter. Another noticeable development was the decline in real goods imports in the second quarter. The pressure on profit margins, which went hand in hand with the substantial drops in prices, is likely to have had a particularly negative impact on the engineering and metal industry. The slight decline of the Swiss franc at the beginning of the second half of the year may, however, give the domestic economy a bit more breathing space. Throughout the forecast period, margins are expected to stabilise and may even perk up slightly.

In terms of GDP, KOF expects an average growth rate of 0.9 per cent (June: 0.4%) for the current year. Given Switzerland's population growth of 1.1 per cent, per capita GDP will thus record a slight decline (–0.2%). A robust development is anticipated in 2016, resulting in a GDP growth rate of 1.4 per cent (June: 1.3%) (see G 1). Stable domestic consumption and positive impulses from the global economy will promote growth. Although this year private consumption looks somewhat less dynamic (1.2%), consumer spending is likely to recover in 2016 and record a real increase of 1.7 per cent. In terms of exports, KOF expects a 1.1 per cent rise this year, going up to 4.4 per cent next year (see G 2). Total imports are predicted to expand by 1.6 per cent in 2015 and as much as six per cent in 2016.

G 2: Total Exports and CHF Exchange Rate

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



SLIGHT INCREASE IN UNEMPLOYMENT

The unemployment rate is currently going up slightly, which is partially due to rising youth unemployment. In the second quarter, the seasonally-adjusted rate of registered unemployment increased by around 0.1 percentage points compared to the previous quarter. KOF anticipates an average unemployment rate of 3.3 per cent this year, followed by 3.6 per cent in 2016 (see G 3). Unemployment as defined by the International Labour Organisation (ILO) will also rise, from 4.3 per cent to 4.4 per cent. The outlook for the labour market is thus similar to the last forecast.

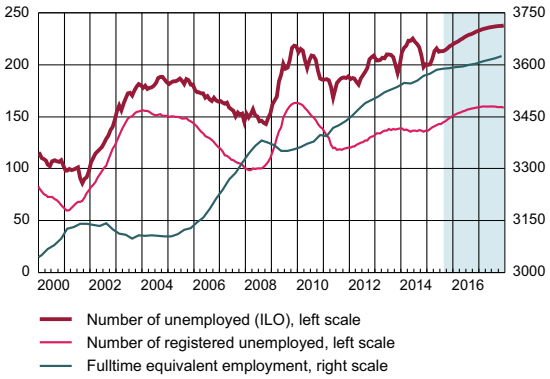
All in all, the capital investment development was rather weak. For the current year, KOF expects a stagnation in construction investments, followed by a 0.7 per cent increase in 2016. The outlook for equipment investments indicates moderate growth (2015: 2.7%). In 2016, they are expected to rise by 3.6 per cent with growth dominated by one-time effects, namely the purchase of new aircrafts and new rolling stock.

ANTICIPATED EXCHANGE RATE DEVELOPMENT

Now that the Greek debt crisis appears to be over, the Swiss franc to euro exchange rate has stabilised. Despite the turbulent development of the Asian financial markets, the Swiss franc has depreciated in the second half of the year. Its previous role as a safe haven appears to have receded into the background. KOF forecasts a Swiss franc to euro exchange rate of 1.10, which is expected to persist throughout the forecast period. The inflation rate will firmly remain in the negative zone. This year, prices are expected to decline by 1.1 per cent, the lowest annual figure since the turn of the century. Average annual prices will continue to drop in 2016 (–0.2%).

G 3: Employment and Unemployment with Forecast

(in 1,000 persons, seasonally adjusted)



You can find the detailed figures about the current KOF Forecast by following the link below:
http://kof.ethz.ch/static_media/bulletin/89/forecasts_autumn_en.pdf »

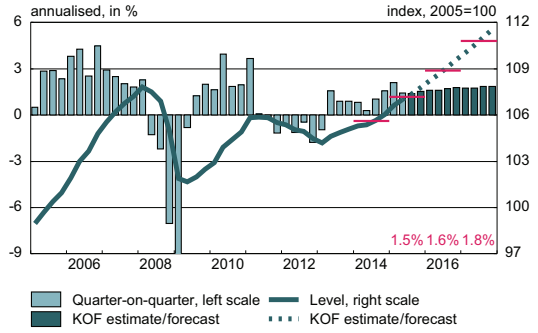
INTERNATIONAL ECONOMY: WORLD ECONOMY ON THE BACK FOOT

The world economy currently appears to be in a similar condition to 2013 when the announcement by the US central bank (the Federal Reserve) that it would be reining in its quantitative easing policy ("tapering") resulted in severe turbulence on the financial markets. However, responsibility for this does not lie solely with the Fed or the first rise in interest rate for almost ten years, which is still slated for this year. In fact, the cause may also be found in the home-made problems of developing countries along with economic structural change. Pleasingly, by contrast, there has been development within the Eurozone.

Overall, the Eurozone's domestic economy has stabilised: production will increase this year by 1.6 per cent, driven on, above all, by private and public sector consumption (see G 4). Growth in gross domestic product (GDP) is expected to amount to 1.6 per cent in the coming year, accelerating to 1.8 per cent in 2017. Accordingly, the European Central Bank (ECB) will continue to pursue the current course along with its expansive monetary policy.

G 4: Eurozone: Real GDP With Forecast

(seasonally adjusted)



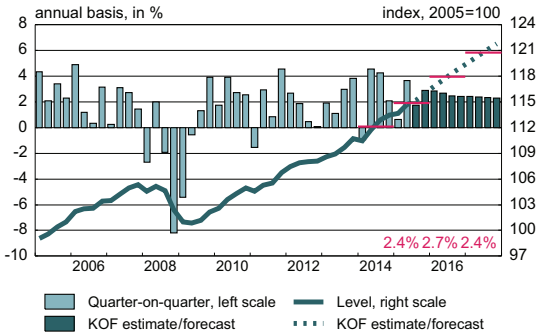
Propelled by internal demand, the German economy is expected to post robust growth once again over the coming quarters (1.5 per cent). Next year, the recovery will increase further to 1.9 per cent, followed by 2.1 per cent in 2017. In France, private and public consumption will provide an important basis for GDP growth, as previously. Overall it will amount to 1.1 per cent this year. Over the next two years, growth will accelerate slightly, thus achieving a rate of 1.4 per cent next year and 1.6 per cent in 2017. Consumer assessments are very positive also in Italy. GDP is forecast to increase by 0.7 per cent this year. Over the coming years, growth will increase to 1.1 per cent in 2016 and 1.2 per cent in 2017. Although second quarter GDP growth in the United Kingdom was much higher than the previous year, with an annualised rise of 2.7 per cent, there is likely to be a marked rise in uncertainty on the part of businesses in the run-up to the 2017 Brexit referendum. GDP will grow by 2.6 per cent this year. Next year growth will slow slightly to 2.4 per cent.

USA: OUTPUT GAP CLOSES

At the end of July 2015, the US Department of Commerce published revised figures for economic growth over the 2012–2014 period. Government consumption on 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. Following the interest rate rise which the Fed is expected to make in December 2015, investment growth is however expected to fall gradually, with private consumption no longer being fuelled by falling oil prices.

G 5: USA: Real GDP With Forecast

(seasonally adjusted)



Due to the strong US dollar and the weak world economic climate, foreign trade is expected to contribute negatively to economic growth during the reporting period (until the end of 2017), as occurred last year. Overall production growth, measured in terms of real GDP, is expected to amount to 2.4 per cent this year, followed by 2.7 per cent next year and 2.4 per cent in 2017 (see G 5). Fiscal policy on federal level represents a risk for the positive outlook. Unless a deal is reached with Congress, there is a risk that parts of the federal government will shut down, as occurred in 2013, which will have negative knock-on effects on the economy.

JAPAN: CONSUMPTION AND EXPORTS COLLAPSE

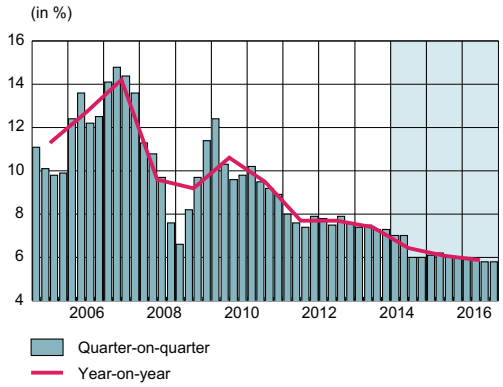
In Japan, the fall in GDP by an annualised 1.2 per cent compared to the previous quarter has been caused above all by private consumption (–2.7 per cent) and exports (–16.6 per cent). Private consumption is performing weakly over the medium term and foreign trade has been negatively affected by the slowdown in Asia. For 2015, the KOF is forecasting GDP growth of 0.7 per cent, followed by 0.7 per cent in 2016. In 2017, which will see an increase in value added tax, a rise of 0.2 per cent is projected.

THE BRIC COUNTRIES: UNCERTAIN ECONOMIC CLIMATE, WITH THE EXCEPTION OF INDIA

China's economic slowdown became more marked in the second quarter. Following the bursting of the Chinese stock market bubble, the high contributions to growth in the financial sector have disappeared: it is expected that this fact alone will lead to a substantial reduction in GDP growth. The KOF is forecasting GDP growth of 6.4 per cent in 2015. In 2016, a figure of 6.1 per cent is expected, followed by 5.9 per cent for 2017 (see G 6).

India posted relatively robust economic growth in the first half of 2015, and thus stands in stark contrast to many other developing countries. One of the reasons for this is the fall in oil prices since the middle of 2014. GDP will grow by 7.2 per cent this year. Figures of 7.3 per cent and 7.5 per cent are projected for 2016 and 2017, respectively. The forecast is based on the assumption that the reforms planned by the government will only be adopted and implemented at a slow pace.

G 6: China: Real GDP With Forecast



As had been expected, the fall in the price of oil and the related fall in the value of the rouble in the second half of 2014 hit the relatively undiversified Russian economy extremely hard. Inflation at present has fallen slightly to figures of between 15 and 16 per cent, having previously lain at under seven per cent at the start of 2014 and more than 16 per cent in the spring of 2015. Various short-term indicators suggest that Russia will only recover slowly from the recession, returning to positive rates of growth in 2016. For 2015, the KOF is expecting GDP growth of –4.4 per cent, followed by –0.7 per cent in 2016 and 2.1 per cent in 2017.

The Brazilian economy went through its worst period since the Great Recession in the first half of 2015. According to revised figures, GDP fell in the first quarter at an annualised rate of 2.9 per cent. For the whole of 2015, the KOF is forecasting GDP to fall by 2.6 per cent. Despite the return to positive quarterly growth rates in the coming year, the severe drop is expected to have negative effects on 2016 growth (–0.7 per cent). The KOF is forecasting growth of 1.6 per cent in 2017.

SUSTAINED PRICE FALLS IN SWITZERLAND

The significant increase in the value of the Swiss franc and the low price of oil have had a considerable impact on domestic prices over the last few months. Prices in Switzerland, measured according to the National Consumer Price Index (NCPI), have fallen significantly over the course of the last year. Compared to the previous year, the average price increase up until August amounted to minus one per cent, following a figure of zero for 2014. The cause for the fall is the negative development in the prices of imported goods and for public services, above all. Producer prices have also fallen sharply.

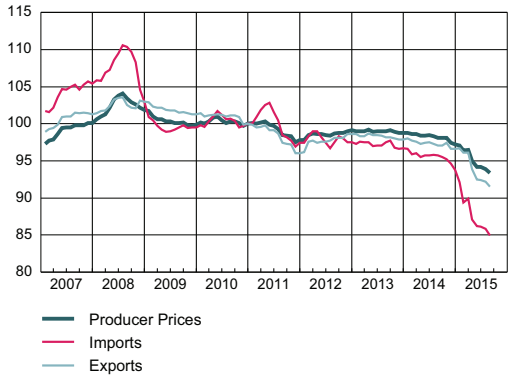
Due to the strength of the franc, inflation for goods has slowed significantly. Prices for services up to August 2015 were, on average, 0.3 per cent higher than prices during the corresponding months of the previous year. However, inflation for services fell from 0.6 per cent in January to 0.1 per cent in August. This was fuelled by a relatively constant negative contribution by prices for public services. As for the previous year, this is attributable to falling prices for hospital treatment. A positive contribution was provided by rents, as in previous years. Compared to the previous year, these have increased by around one per cent on average, which is in line with last year's growth. Overall, inflation for domestic goods and services has slowed, falling from 0.6 per cent in January to zero per cent in August.

GENERAL PRICE FALLS

As expected, due to the strong franc, the prices of imports and exports have come under significant pressure. During the first half of the year, both the price deflators from the overall national accounts as well as producer prices fell sharply (see G 7). According to the partial index of producer prices, raw materials prices have fallen by a good six per cent. Import inflation, in particular, is also being influenced by the significant fall in the price of oil. Following a slight rise in the price of oil in April and May, it has fallen once again. At the end of September it was around 50 per cent lower than the previous year's level of under 50 dollars. The cause for this is high global supply along with stagnating demand.

G 7: Producer and Import Price Index

(Index, December 2010 = 100)



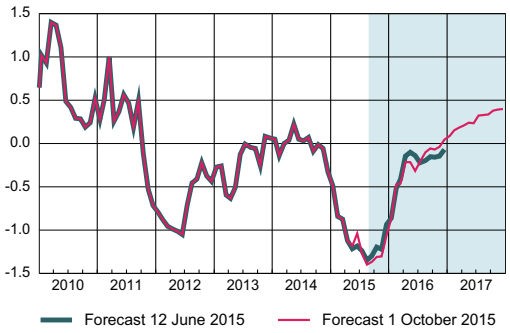
Alongside low energy prices, consumers can also benefit from other price reductions. For example, cars, motorcycles and electronic equipment such as PC hardware, televisions and telecommunications devices have become cheaper. Overall, imported goods and services were 4.7 per cent cheaper than last year. Around one half of the fall in prices is attributable to the drop in the prices for mineral oil products. The partial index for petroleum products of the NCPI was around 18 per cent lower this year compared to the previous year. The NCPI without petroleum products is so far on average only 0.3 per cent lower than the previous year's level, as against 0.7 per cent in August.

INFLATION EXPECTED TO RETURN POSITIVE IN 2017

It is expected that the coming years will see only very restrained inflation at most (see G 8). The price-damping effect of the increase in the value of the franc will continue. However, it must be added that a significant price adjustment has already occurred. Should the exchange rate situation relax once again, price falls for imports over the forecasting period will slow further. In addition, the effect of the significant fall in the price of oil will disappear next year from year-on-year rates of change and bring about a significant increase in year-on-year inflation, even if there is no significant increase in the price of oil.

G 8: Consumer Prices

(Change compared to previous year, in per cent)



However, domestic inflation will remain low for the time being. This is due first to restrained prospects for nominal wage growth. The next wage agreements are expected to be comparably moderate due to the high pressure on prices and margins and the significantly negative inflation. In addition, the further prospects for public service inflation remain low, whilst rents are expected to climb further.

Overall, inflation will increase over the reporting period, although a return to positive rates of inflation is only expected in 2017. The KOF is forecasting prices to be 1.1 per cent lower in 2015 than in the previous year. For next year it is proceeding on the assumption that inflation will increase slightly to –0.2 per cent, but will still remain just inside negative territory. For 2017, we are forecasting a slightly positive rate of inflation of 0.3 per cent. A further fall in the value of the franc or a significant increase in the price of oil could however accelerate a return to positive growth rates. Overall, expectations relating to inflation remain restrained.

SWITZERLAND'S TRADE IN SERVICES WITH MAIN TRADING PARTNERS

Services play an important role in Swiss foreign trade. Every third Swiss franc earned in the export business is associated with services.[1] According to figures calculated by the Swiss National Bank (SNB), income from cross-border services amounted to approximately 108.5 billion Swiss francs in 2014, corresponding to around 18 per cent of GDP at current prices. Imported services accounted for 90.2 billion Swiss francs in the same period. On balance, a surplus of 18.3 billion Swiss francs was generated.

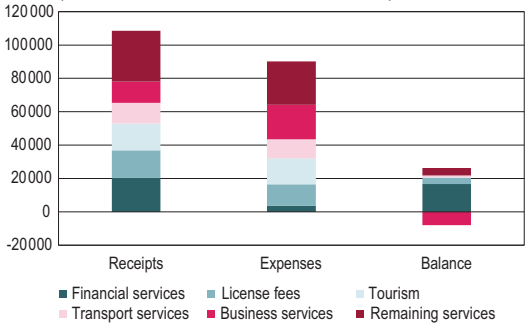
FINANCIAL SERVICES GENERATE LARGEST SURPLUS

It is well-known which service categories occupy the top receipt and expense positions. While revenue and expenditure were roughly the same in the tourism and transport services, the largest surplus revenue was generated by financial services (see G 9). License fees and legal services also ended the year with a surplus[2], while business services finished with a deficit.[3]

1) Service exports compared to goods exports including merchanting and excluding non-monetary gold, at current prices.
2) Remaining services include "manufacturing services, maintenance and repair, construction services", "insurance services", "telecommunications, computer and information services", "research and development" as well as "other services".
3) Business services include "consultancy services" as well as "technical and trade-related services".

Up until now, information regarding Switzerland's main service trading partners was difficult to come by. The SNB only started collecting this information after its 2012 revision of the current account calculation. This September, Switzerland's service trade figures in the different categories were, for the first time, also broken down according to country (with the exception of tourism and other services).[4]

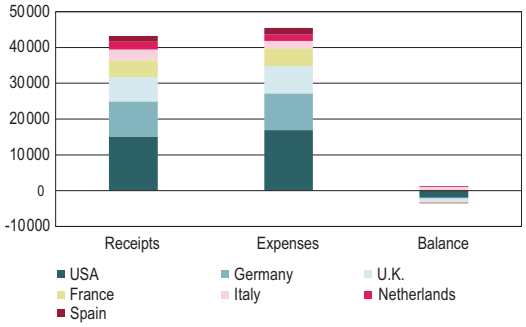
G 9: Trade in Services by Category
(2014, in million Swiss francs, Source: SNB)



FIVE TRADING PARTNERS ACCOUNT FOR HALF OF TOTAL SERVICE TRADE VOLUME

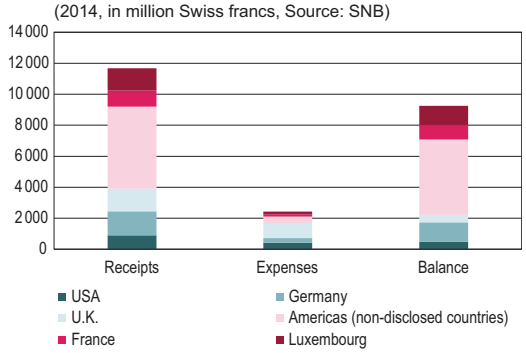
Switzerland's main trading partners by volume[5] are the USA (volume in 2014: CHF 31.9 billion), Germany (CHF 20.1 billion), the U.K. (CHF 14.5 billion), France (CHF 9.7 billion) and Italy (CHF 5.1 billion) (see G 10). These five countries account for more than half of Switzerland's trade in services. Other countries with a significant trading volume include the Netherlands, Spain, Luxembourg and Ireland. Among the emerging markets, the main trading partners are Russia (CHF 3.1 billion), China (CHF 3 billion) and the Arab states of the Gulf (CHF 2.7 billion).

G 10: Trade in Services by Selected Country
(2014, in million Swiss francs, Source: SNB)



Analysis of the service categories by trading partner is more illuminating. As regards financial services – the category with the largest surplus that has, however, been dominated by a trend towards declining receipts since the financial crisis – one group of countries has generated an exceptional revenue surplus: At 4.9 billion Swiss francs, the group of non-disclosed countries in the Americas (America, non-disclosed countries)[6] contributed over one-quarter of the total receipts in the financial services trade (see G 11). Tax havens in which branches of Swiss financial institutions transact commission business, such as the Bahamas, the Cayman Islands and Panama, are likely to be responsible for the significant receipts generated in this group of countries. A substantial surplus in financial services receipts is also generated with Germany, Luxembourg and France.

G 11: Financial Services by Selected Country
(2014, in million Swiss francs, Source: SNB)



4) Up until now, Switzerland's bilateral service trade volume could be derived to some extent from the statistics compiled by the respective trading partners.
5) For calculation purposes, the receipts and expenses per trading partner is aggregated over all service categories (excluding tourism and other services) in order to arrive at the trading volume per country.
6) The only countries disclosed in the 'Americas country aggregate' are Canada, the USA, Mexico, Brazil and Chile.

In the field of business services, which include consultancy as well as technical and trade-related business services, high expenses in the trade with the U.K., Germany and the USA contributed to a trade deficit of 8 billion Swiss francs in the past year. At 14.4 billion Swiss francs, consultancy costs – of which 50 per cent are imported from the three countries mentioned above – accounted for the most substantial expense item. License fees consisted to a large degree of intercompany payments.

Accounting for more than a third of the respective income and expenditure, the USA are Switzerland's main license fee trading partner. In many cases, license fees are also the main service category in Switzerland's trade with smaller countries and emerging markets. As regards transport services, two-thirds of Switzerland's trade is transacted with European countries, with its immediate neighbours Germany, France and Italy all accounting for high trading volumes.

KOF INDICATORS

KOF BUSINESS SITUATION INDICATOR: BUSINESS SITUATION INDICATOR SLIGHTLY DOWN

The KOF Business Situation Indicator for the Swiss private sector fell slightly once again in September (see G 12). Over the preceding, the Business Situation Indicator had been practically stable on three successive occasions. The most recent dip is only very minor. The results of the survey show that Swiss businesses are continuing to navigate through very difficult economic waters.

The business situation worsened somewhat for retailers and financial service providers (see G 13). The situation remained practically unchanged for manufacturers, construction companies and in the project engineering 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.

G 12: KOF Business Situation Indicator
(balance, seasonally adjusted)

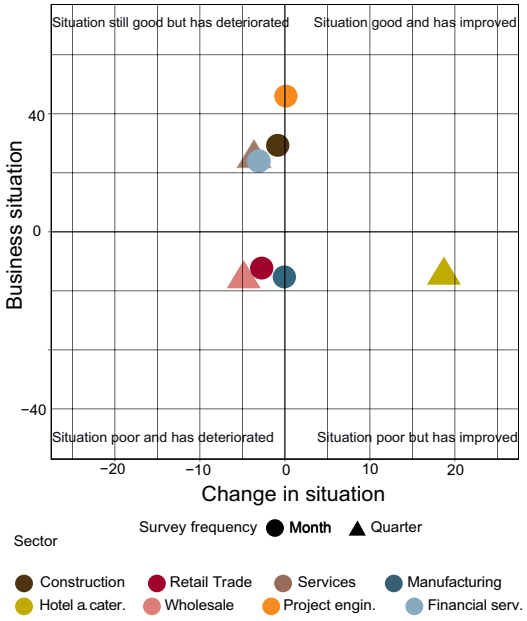
The business situation deteriorated in August in particular in the Espace Mittelland region (see G 14). However, the indicator followed a slight downward course also in the Zurich region. In the Lake Geneva Region, Eastern Switzerland and Central Switzerland, the business situation hardly changed. Positive trends are recognisable in Ticino and North West Switzerland. Thus, overall, the business situation in North West Switzerland has not worsened compared to the early summer, following the particularly dramatic deterioration for this region, alongside Eastern Switzerland and Zurich, as a result of the franc shock in January.

EXPLANATION OF GRAPHS

Graph G 12 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 13 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.

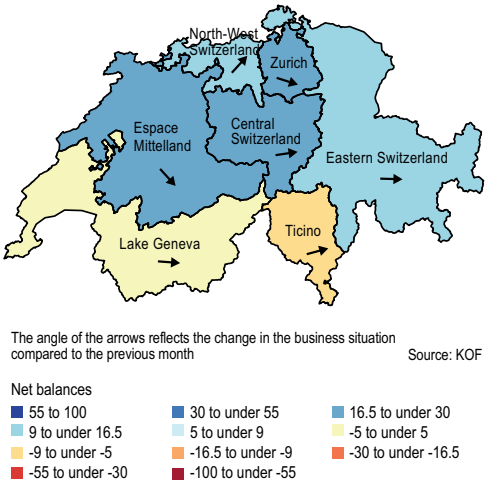
G 13: KOF Business Situation: Change in Different Sectors



Graph G 14 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".

G 14: KOF Business Situation in the Private Sector



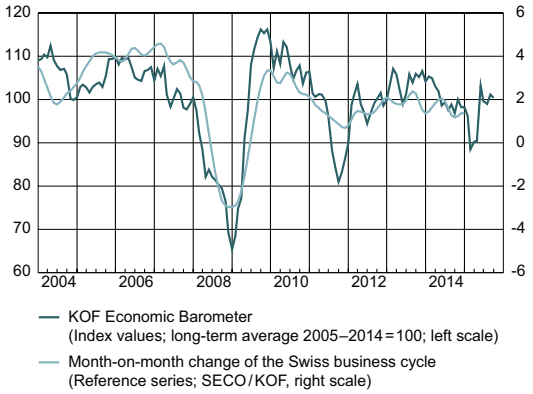
You can find more information about the KOF Business Tendency Surveys on our website:
www.kof.ethz.ch/en/surveys/business-tendency-surveys/ »

KOF ECONOMIC BAROMETER: STABILISATION CONFIRMED

The KOF Economic Barometer, with a current reading of 100.4, showed a minor decrease of 0.8 points in September 2015 (from revised 101.2 in August (see G 15)). The Barometer continues to hover just slightly above its long-term mean value. The outlook for the Swiss economy remains unchanged since the previous release of the KOF Economic Barometer in August.

In September 2015, with a new reading of 100.4 points, the KOF Economic Barometer stays just above its long-term mean value. Overall, slightly positive tendencies in the international environment are counterbalanced by slightly negative developments primarily in the manufacturing as well as construction sectors. With the indicators capturing tendencies in domestic consumption and the banking sector stabilising at their previous readings, the overall result is a minor decrease in the Barometer.

G 15: Economic Barometer and Reference Series



Within the manufacturing sector, the outlook improved in the metal, mechanical engineering as well as in the paper industry. Slightly negative tendencies are observed in chemical, food- and wood-processing, textile as well as special industries. With the outlook in the electrical industry remaining stable, the manufacturing sector as a whole exerts a dampening effect on the dynamics of the Barometer. The deterioration of sentiment in manufacturing is reflected in the assessment of employment, production, business climate as well as intermediary goods. A small positive impulse comes from indicators related to the assessment of inventories.

KOF ECONOMIC BAROMETER AND REFERENCE TIME SERIES: ANNUAL UPDATE

In September 2015, the scheduled annual update of the KOF Economic Barometer took place. This annual update concerns the following stages: redefinition of the pool of indicators that enter the selection procedure, update of the reference time series, a new execution of the variable selection procedure and a technical adjustment how to cope with missing monthly values of quarterly variables. Compared to 479 indicators that entered the variable selection procedure in October 2014, the current pool comprises 420 indicators due to the elimination of KOF surveys related to prices and monthly changes in inventories. The updated 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 August 2015, which takes into account the release of the previous year's annual Gross Domestic Product (GDP) data by the Swiss Federal Statistical Office. As a result of the indicator variable selection procedure, the updated KOF Economic Barometer is now based on 238 indicators (instead of 217 as in the previous vintage) that are combined using statistically determined weights. Last but not least, with this annual update we introduce a slight modification of how the variables observed only at the quarterly frequency are treated when computing the Barometer. Instead of freezing those values until the next quarterly release is available, we now implement a statistical procedure to interpolate data values for these variables using the information contained in all other variables that are available at monthly frequency.

For detailed information on the new version of the KOF Economic Barometer see:
http://www.kof.ethz.ch/en/indicators/economic-barometer/ »

AGENDA

KOF EVENTS

KOF Research Seminar:

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

Unbundling Curbside Parking Costs from House Prices and Rents
Eren Inci – Sabanci University
ETH Zurich, 28 October 2015

Trade and Labor Market Dynamics
Lorenzo Caliendo – Yale University
ETH Zurich, 2 November 2015

tba
Peter Stalder – University of Zurich and Swiss National Bank
ETH Zurich, 9 November 2015

On Capital Income Taxation
Ray Rees – University of Munich
ETH Zurich, 11 November 2015

tba
Kai Gehring – University of Zurich
ETH Zurich, 2 December 2015
Stefan Hoderlein – Boston College
ETH Zurich, 9 December 2015
Thorsten Beck – Cass Business School
ETH Zurich, 13 January 2016
Reinhard Madlener – RWTH Aachen University
ETH Zurich, 20 January 2016
Kai Konrad – Max Planck Institute for Tax Law and Public Finance
ETH Zurich, 27 January 2016
Simone Meraglia – University of Exeter
ETH Zurich, 2 February 2016

www.kof.ethz.ch/en/events/k/kof-research-seminar/

KOF-ETH-UZH International Economic Policy Seminar:

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, 3 December 2015

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/ »

CONFERENCES/WORKSHOPS

5th Workshop on "Financial Determinants of Exchange rates"

(Call for Papers: 30 October 2015)

Zurich (Switzerland), 17 – 18 December 2015

http://www.snb.ch/n/mmr/reference/sem_2015_12_17_callforpaper/source/sem_2015_12_17_callforpaper.n.pdf »

9th Annual Conference on the Political Economy of International Organizations

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

peio.me/ »

Annual Meeting of the European Public Choice Society

(Call for Papers: 30 November 2015)

Freiburg (Germany), 30 March – 2 April 2016

www.eucken.de/veranstaltungen/epcs-2016.html »

Workshop: The Politics of Education Policy: An International Perspective

(Call for Papers: 15 November 2015)

Cambridge MA (USA), 5 – 6 May 2106

www.cesifo-group.de/de/ifoHome/events/Archive/conferences/2016/05/2016-05-05-pep16-Woessmann.html »

33rd CIRET Conference

Copenhagen (Denmark), 14 – 17 September 2016

www.ciret.org/conferences/ »

Add event: www.kof.ethz.ch/publications/bulletin/event/index_en »

CUSTOMER SERVICE

The KOF Bulletin is a free service by e-mail which informs you about the latest developments relating to the economy, our research and important events on a monthly basis.
Register: www.kof.ethz.ch/publications/bulletin/registration/en

For previous KOF Bulletins, visit our archive:
www.kof.ethz.ch/publications/bulletin/archive/en

Visit us at: www.kof.ethz.ch

You can also extract time series from our extensive database via the KOF data service (in German):
www.kof.ethz.ch/de/ueber-uns/services/datenservice/

ISSN 1662-4289

IMPRINT

PUBLISHER
ETH Zurich, KOF Swiss Economic Institute, LEE G 116, Leonhardstrasse 21, 8092 Zurich
Phone +41 44 632 53 44 | Fax +41 44 632 12 18 | kof@kof.ethz.ch

EDITORIAL TEAM
Anne Stücker | David Iselin
bulletin@kof.ethz.ch

NEXT PUBLICATION DATES
6 November 2015 | 4 December 2015

TABLES – KOF Autumn Forecast 2015

SWITZERLAND

Real Gross Domestic Product by Type of Expenditure

		Percentage change against														
		previous quarter (annualized, trend cycle component)												previous year		
	2006-	2015				2016				2017				2015	2016	2017
	2014	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Private consumption	1.7	0.9	1.2	1.3	1.6	1.9	1.9	1.7	1.6	1.6	1.4	1.2	1.0	1.2	1.7	1.5
Public consumption	1.0	4.0	0.2	-2.8	-1.5	2.5	3.7	2.0	0.5	0.2	0.4	0.5	0.2	1.8	1.0	0.7
Gross fixed capital formation	1.9	-0.3	3.1	4.9	4.8	3.5	-0.8	-3.6	-1.2	2.8	2.0	0.0	1.1	1.6	2.5	0.1
– Construction	1.6	-1.3	1.9	3.4	2.8	0.3	-1.1	-1.0	0.0	0.9	0.0	-1.1	-1.4	0.0	0.7	-0.1
– Machinery and equipment	2.0	0.9	3.5	5.7	6.1	5.3	-0.6	-5.1	-2.0	4.0	3.4	0.7	2.6	2.7	3.6	0.3
Exports of goods (1) and services	3.6	1.3	1.2	1.0	3.4	5.6	6.3	5.3	4.9	4.7	4.8	4.4	4.0	1.1	4.4	4.8
– Goods	3.3	-5.1	-2.3	2.5	5.1	6.7	5.8	6.2	7.2	6.7	5.2	4.9	5.3	-0.8	5.2	6.1
– Services	3.0	-1.0	1.6	4.8	4.3	5.0	4.6	3.2	3.0	3.7	3.7	3.0	3.2	1.5	4.3	3.4
Imports of goods (1) and services	3.3	-1.0	-1.2	1.4	7.3	10.3	7.3	2.5	3.1	5.4	4.6	3.7	4.1	1.6	6.0	4.2
– Goods (1)	2.6	-6.7	-6.5	-1.0	9.7	13.9	9.2	2.6	2.8	5.5	4.7	4.0	4.2	-2.0	6.9	4.4
– Services	5.1	10.6	8.3	6.4	3.3	4.0	3.4	2.7	3.8	4.8	4.3	3.5	4.0	9.0	4.2	4.0
Change in stocks (2)	0.2	-1.3	-2.4	-0.8	-0.6	-1.0	-0.5	0.0	0.1	0.5	0.0	-0.2	0.4	-0.3	-0.8	0.2
Gross Domestic Product (GDP)	2.0	0.7	0.3	0.5	0.9	1.6	1.9	1.8	1.9	1.8	1.7	1.6	1.6	0.9	1.4	1.8

(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														
		previous quarter												previous year		
	2006-	2015				2016				2017				2015	2016	2017
	2014	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real effective exchange rate of Swiss Franc (1)	1.5	38.7	7.5	-11.6	-8.3	-4.5	-2.3	-4.7	-1.9	-2.9	-0.5	-3.1	-0.4	6.9	-4.9	-2.3
Short term interest rate ((3-month Libor CHF) (2)	0.8	-0.7	-0.8	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.6	-0.6	-0.4	-0.2	-0.7	-0.7	-0.5
Yield of 10 years federal bonds (2)	1.8	0.0	0.0	-0.1	0.1	0.2	0.3	0.3	0.4	0.5	0.6	0.7	0.8	0.0	0.3	0.7
Consumer prices (3)	0.4	-0.7	-1.1	-1.3	-1.2	-0.6	-0.2	-0.1	0.0	0.1	0.2	0.3	0.4	-1.1	-0.2	0.3
Full-time equivalent employment (4)	1.5	1.2	0.9	0.5	0.2	0.2	0.3	0.4	0.5	0.5	0.6	0.6	0.6	0.9	0.4	0.5
Unemployment rate (2,5)	3.0	3.2	3.3	3.3	3.4	3.5	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.3	3.6	3.7

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

GLOBAL ECONOMY

		Percentage change against														
		previous quarter (annualized, seasonal adjusted)												previous year		
	2006-	2015				2016				2017				2015	2016	2017
	2014	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real Gross Domestic Product (GDP)																
– OECD total	1.3	1.9	2.1	1.6	2.1	2.1	2.0	2.0	2.0	2.4	1.0	1.9	2.0	2.0	2.0	1.9
– European Union (EU-28)	0.8	2.2	1.8	1.6	1.8	1.7	1.8	1.8	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.9
– USA	1.3	0.6	3.7	1.7	2.9	2.8	2.7	2.5	2.4	2.4	2.4	2.3	2.3	2.4	2.7	2.4
– Japan	0.5	4.5	-1.2	1.1	0.8	0.8	0.9	0.9	0.9	3.7	-6.1	0.8	1.1	0.7	0.7	0.2
Oil price ($ per barrel) (1)	89.8	54.1	62.1	50.5	50.0	50.2	50.5	50.7	51.0	51.3	51.5	51.8	52.0	54.2	50.6	51.6

(1) Level