

Background Information KOF Economic Barometer

September 2024 Revision from Vintage 2023 to Vintage 2024

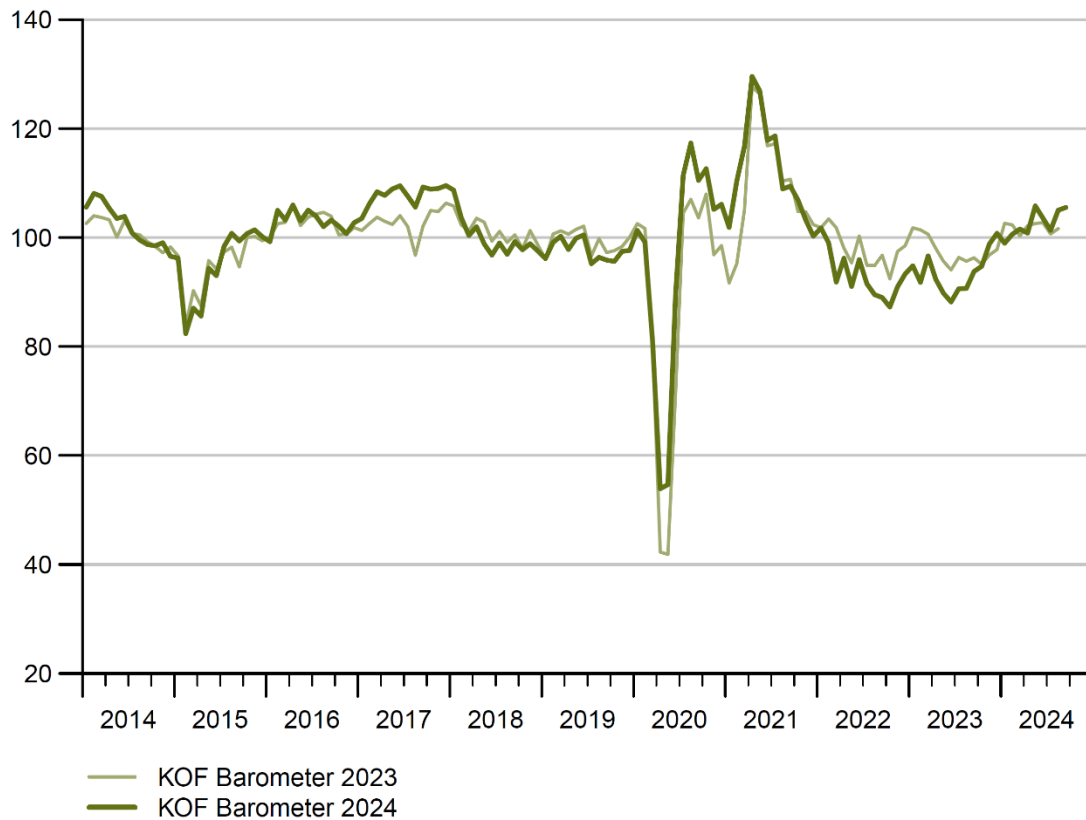
The KOF Economic Barometer is a composite leading indicator for the Swiss economy. KOF updates the set of underlying indicators and their weights annually after the release of previous year's annual Gross Domestic Product (GDP) data by the Swiss Federal Statistical Office (FSO). The 2024 revision took place in September.

Our reference series is the smoothed continuous growth rate of Swiss GDP distributed across the three months of a quarter, based on the official quarterly real GDP statistics, adjusted for the effects of major international sporting events, released by the Swiss State Secretariat for Economic Affairs (SECO) in early September 2024. SECO in turn takes the release of the previous year's annual GDP data published by the FSO into account.

Due to the decisions of the Federal Council regarding the coronavirus pandemic, the filter weights for calculating the reference series in the phase between the end of 2019 and the beginning of 2022 are not symmetrical, but rather mostly asymmetrical. The 2023 vintage of the KOF Barometer (published until August 2024) comprised 324 indicator variables. The current 2024 vintage, which is now replacing the 2023 vintage, consists of 360 indicator variables, selected from a pool of 553 candidate variables. Compared to the previous vintage, 74 indicators are new and 38 dropped out of the set of selected indicators (cf. table in the appendix).

The following graph shows the current and previous vintages. The revision affects the whole time span as covered by the Barometer. This is due to the changes in the reference series, the resulting indicator selection, the updating of the seasonal factors as well as the new indicator weights.

The change from the 2023 to the 2024 vintage resulted in a mean absolute revision of 3.5 index points (calculated from January 2014, the start of the in-sample period used for indicator selection, to December 2023, the last common in-sample data point for both vintages). The correlation between the two is 0.89, indicating a very strong coherence between the two vintages.



Further information:

Abberger, K., M. Graff, B. Siliverstovs and J.-E. Sturm (2018), Using rule-based updating procedures to improve the performance of composite indicators, *Economic Modelling*, 68, 127-144 (<https://doi.org/10.1016/j.econmod.2017.06.014>).

Abberger, K., M. Graff, B. Siliverstovs, J.-E. Sturm (2014), Das neue KOF Konjunkturbarometer – Version 2014, *KOF Analyse*, Frühjahr 2014, 91-106 (<https://www.research-collection.ethz.ch/handle/20.500.11850/976369>).

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