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Press Release

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KOF Economic Barometer: Pronounced Fall

In February 2015, the KOF Economic Barometer fell by 6 points to a value of 90.1. After the indicator had fallen by close to 3 points in January 2015, following a stagnation phase in the autumn of 2014, the downward movement is now accelerating; and the present reading is clearly below the long term average. The 6 point drop is the strongest since 2011; but the present level is still higher than shortly before the introduction of the now abandoned one-sided peg of the franc to the euro.

Of the 217 variables entering into the barometer, 180 stem from the KOF Business Tendency Surveys. In the surveys completed in January, nearly 94% of the participants responded before the repeal of the currency floor by the Swiss National Bank. The monetary policy change thus largely became manifest in our barometer during the month of February. The current fall of the barometer is thus likely to mainly reflect the deteriorating sentiment of the survey participants in the light of the appreciating franc, just like during the previous appreciation phase.

The fall of the Barometer is driven by a deterioration of business sentiment in practically all sectors of the Swiss economy. The most pronounced impacts stem from manufacturing, construction and activities related to domestic consumption. Within the manufacturing sector the strongest negative signals are found in metal production, electrical equipment, wood and "others".

KOF Economic Barometer

(Index values)



Values for the past months

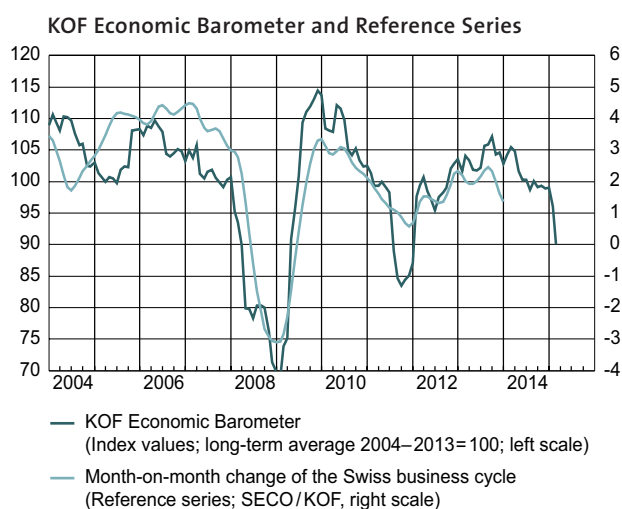
Current level/Level a month ago

2014-2	105.5	105.5
2014-3	104.8	104.8
2014-4	101.6	101.7
2014-5	100.3	100.2
2014-6	100.3	100.3
2014-7	98.7	98.8
2014-8	100.1	100.0
2014-9	99.1	99.2
2014-10	99.4	99.5
2014-11	98.9	98.9
2014-12	99.0	98.8
2015-1	96.1	97.0
2015-2	90.1	

The survey items that reflected the strongest decline during the month of February are related to the firm's order books. This indicates that the monetary policy shock has already moved beyond the realm of sentiment and is now starting to manifest itself in the real economy.

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 ESG 2010, released at the end of September 2014.



For detailed information on the KOF Economic Barometer and on the October 2014 revision, see:
<http://www.kof.ethz.ch/en/indicators/economic-barometer/> >>

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