

Media Release

Zurich, 6 May 2015, 10.30 am

Results of the KOF Business Tendency Survey from April 2015 KOF

Business Situation Indicator with Downward Tendency

In April, Swiss businesses rated their business situation as being considerably worse than in previous months. Compared to the situation at the start of the year when the Swiss franc exchange rate floor was still in place, the situation has become distinctively worse in various sectors of the economy. In addition, for the first time in more than three years, businesses are mainly sceptical regarding future business development. The strong franc takes its toll.

Business situation according to region

From a regional perspective, the only region in which the business situation did not deteriorate further in April was Espace Mittelland. By contrast, the business situation indicator fell in all other major regions. Compared to the situation at the start of the year before the removal of the exchange rate floor, the business situation has deteriorated in all major regions. The slowdown since then has been particularly marked in Eastern Switzerland, but also in North-west Switzerland and the Zurich region. In most regions however, the number of businesses reporting a good business situation continued to be higher than those complaining of a negative business situation. The only regions in which positive responses did not prevail were Ticino and the Lake Geneva area.

Development according to economic sector

The fall in the KOF business situation indicator in April was due in particular to the assessment of the quarterly questioning of wholesalers and businesses from the hotel and catering sector. They were reporting their situation in the KOF April surveys for the first time after the exchange rate floor was removed. Compared to the previous month, the business situation for retailers and manufacturers – which are both surveyed monthly by the KOF – was stable and slightly improved respectively. Compared to the situation at the start of the year, however, the economic outlook in these sectors is at present much less favourable. The stronger franc has had a negative impact in particular on the manufacturing sector, the hotel and catering sector and retail and wholesale trade. In addition, the position is no longer as good as it previously was also for other service providers. On the other hand, the business situation has improved recently for financial service providers.

The results of the current KOF Business Tendency Surveys from April 2015 incorporate the answers provided by more than 4,500 businesses from industry, construction and the major service sectors. This corresponds to a response rate of around 54%.

Selected preliminary results of the KOF Investment Survey from spring 2015

The KOF surveys businesses' investment plans twice per year in the spring and the autumn. Data collection for the current survey will be concluded shortly. It is apparent from the results already obtained that, on average, businesses plan to expand investments in 2015 slightly less than planned in autumn 2014. This trend is gradual, and no abrupt correction in investment plans is apparent. The reasons provided for investment point towards a slight shift towards investment in replacements and rationalisation. The reason "expansion of production capacity" has become less important. In a special survey, businesses were also asked about their expectations concerning the euro-franc exchange rate. On average, businesses are expecting an exchange rate of around 1.10 over the next 24 months.

The KOF will provide detailed results concerning the investment survey in a special media release at the end of May.

More detailed information regarding the KOF Business Tendency Surveys:

<http://www.kof.ethz.ch/en/surveys/business-tendency-surveys/>

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