ETH *zürich*

KOF

Press Release

Zurich, 28 September 2018, 9.00 a.m.

KOF Economic Barometer Climbing

In September 2018, the KOF Economic Barometer climbed by 3.3 points to a new reading of 102.2. It thus now pints to a level that is somewhat above its long-term average. Accordingly, in the near future the Swiss economy should grow slightly above its 10-year average.

In September 2018, the KOF Economic Barometer rose from 98.9 in the previous month (revised down from 100.3)[1] by 3.3 points to a level of 102.2. This may imply that the downward trend, which has been visible since the beginning of 2018, might have come to a halt.

The strongest positive contributions to this result come from manufacturing, followed by the indicators from the exporting sector and finally from the financial sector. The signals from the remaining sectors are slightly positive or neutral.

Within the manufacturing sector, the positive development can be attributed mainly to the metal processing industry, followed by the machine building and the food processing as well as the textile industries and finally the chemical industry. Slightly negative signals come from the wood processing industry and from firms in the "other industries" classification. The remaining industry branches record practically no change.

The overall improvement of sentiment in the manufacturing sector (including construction) is mainly driven by a more optimistic assessment of employment, followed by the assessments of production and the overall business situation. On the other hand, the assessment of firms' inventories has a slightly negative impact.

KOF Economic Barometer

KOF Economic Barometer (long−term average 2008−2017=100)
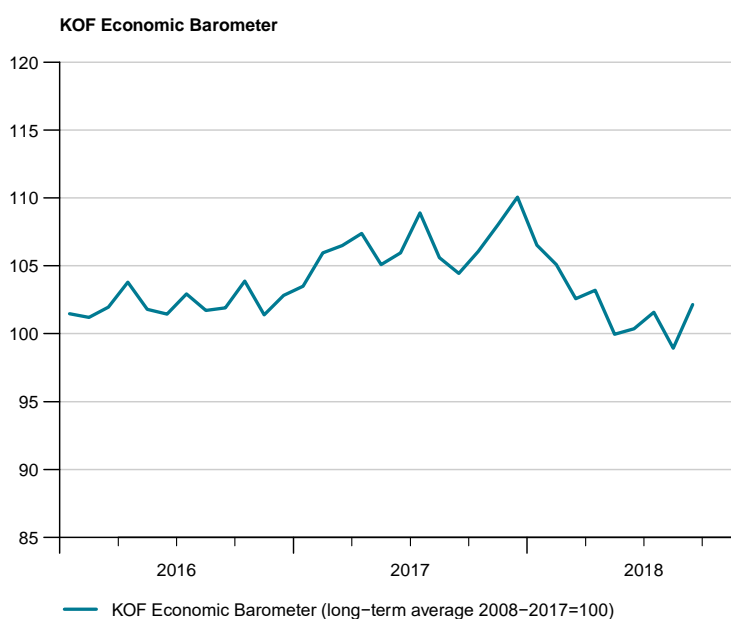
Values for the past months

Current level / Level a month ago

	Current level	Level a month ago
2017m9	104,4	106,1
2017m10	106,1	109,2
2017m11	108,0	110,3
2017m12	110,1	111,4
2018m1	106,5	107,5
2018m2	105,1	108,3
2018m3	102,6	105,0
2018m4	103,2	103,3
2018m5	100,0	100,0
2018m6	100,4	101,3
2018m7	101,6	101,7
2018m8	98,9	100,3
2018m9	102,2	

KOF Economic Barometer and reference time series: annual update

The annual 2018 revision took place in September. These updates always comprise the following steps: a redefinition of the pool of indicators that enter the selection procedure, an update of the reference time series and a renewed execution of the automated variable selection procedure.

The updated pool of indicators now consists of more than 500 economic time series. The updated 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, as released by the Swiss State Secretariat for Economic Affairs (SECO) in early September 2018. SECO, in turn takes the release of the previous year's annual GDP data published by the SFSO into account. The 2017 vintage of the KOF Barometer (published until August 2018) comprised 273 indicator variables.

The current 2018 vintage, which is now replacing the 2017 vintage, consists of 345 indicator variables, selected from a pool of more than 500 candidate variables. Compared to the previous vintage, 104 indicators are new and 32 dropped out of the set of selected indicators. The Barometer is the rescaled weighted average of the selected indicators, where the weights correspond to the loadings of the first principal component.

KOF Economic Barometer and Reference Series

Month–on–month change of the Swiss business cycle (Reference Series, SECO/KOF)
KOF Economic Barometer (long–term average 2008–2017=100)
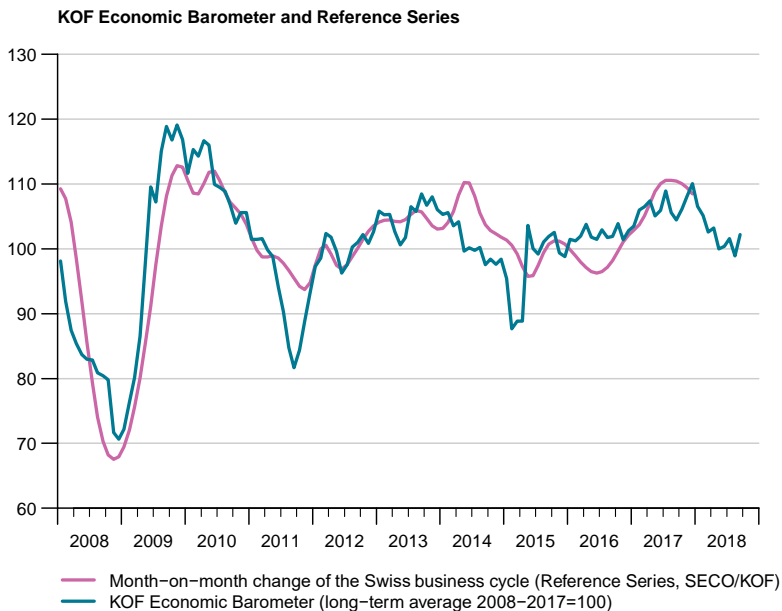
More detailed information regarding the KOF Economic Barometer:
www.kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-economic-barometer.html/ →

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1)   Note that, as always in autumn, the recalculation of the Barometer implies that the reference series has changed. Monthly changes of the Barometer must hence be interpreted only within the revised series. For methodological clarifications, see the comments at the end of this media release as well as the information at: