

Press Release

Zurich, 28 December 2018, 9.00 a.m.

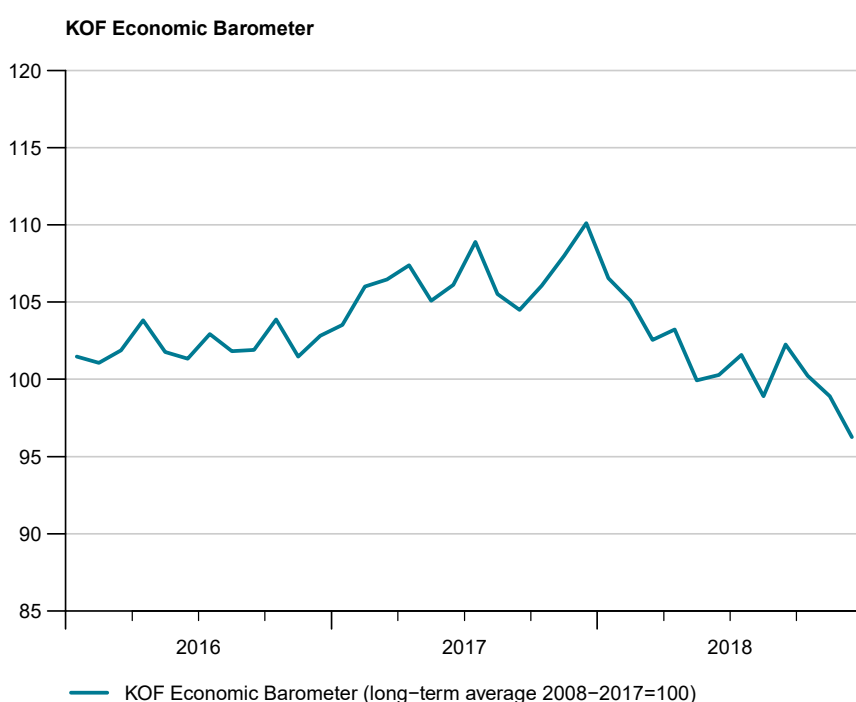
KOF Economic Barometer: Downward Tendency Proceeds

The KOF Economic Barometer closes 2018 with 96.3 points. More clearly than last month, the indicator lies below its long-term average. The high growth levels of the Swiss economy observed at the beginning of the year, can therefore no longer be maintained. As a result, the economic outlook for early 2019 is more clouded.

In December, the KOF Economic Barometer fell by 2.6 points to 96.3 points compared with November (revised to 98.9 points from 99.1 points). The main drivers of this development stem from indicators belonging to the producing sector (manufacturing and construction). In addition, a weakly negative signal is sent by the financial sector and private consumption. Favorable export prospects, on the other hand, cushion this downward tendency.

The gloomier mood of the producing sector is driven by various factors. Negative prospects for incoming orders and the purchase of intermediate goods are a major factor here. The indicators for actual production development and the number of employees also reinforce this impulse.

Within manufacturing, both the electrical and the metal industries are mainly responsible for its negative development. Further, deteriorating assessments of the paper, printing and wood industries arise. However, the outlook for the chemical industry remains positive, as in the previous month.



Values for the past months

Current level / Level a month ago

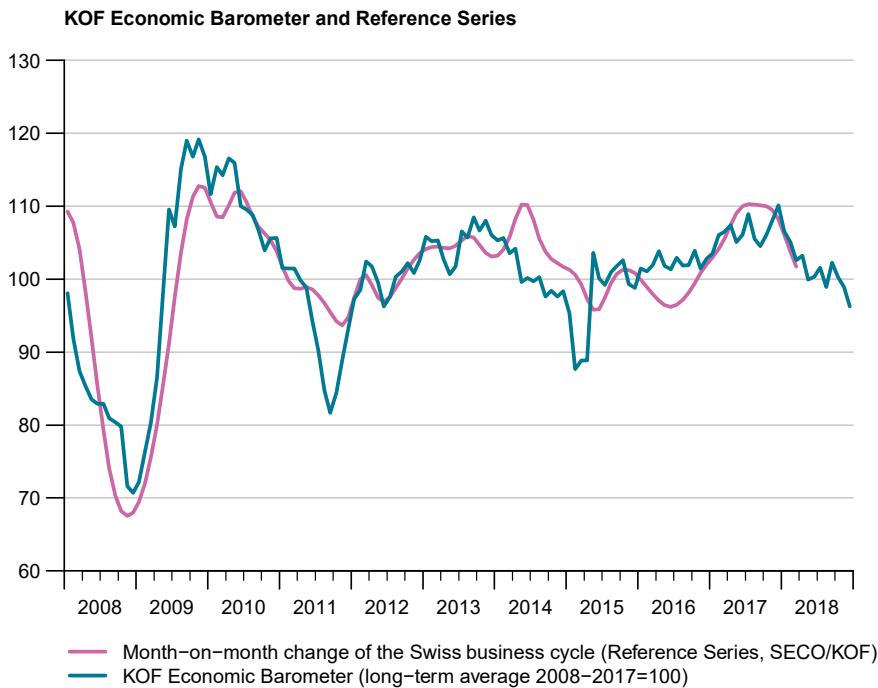
2017m12	110.1	110.1
2018m1	106.5	106.5
2018m2	105.1	105.1
2018m3	102.6	102.6
2018m4	103.2	103.2
2018m5	99.9	99.9
2018m6	100.3	100.3
2018m7	101.6	101.6
2018m8	98.9	98.9
2018m9	102.3	102.3
2018m10	100.2	100.2
2018m11	98.9	99.1
2018m12	96.3	

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.



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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