

Press Release

Zurich, 28 February 2019, 9 a.m.

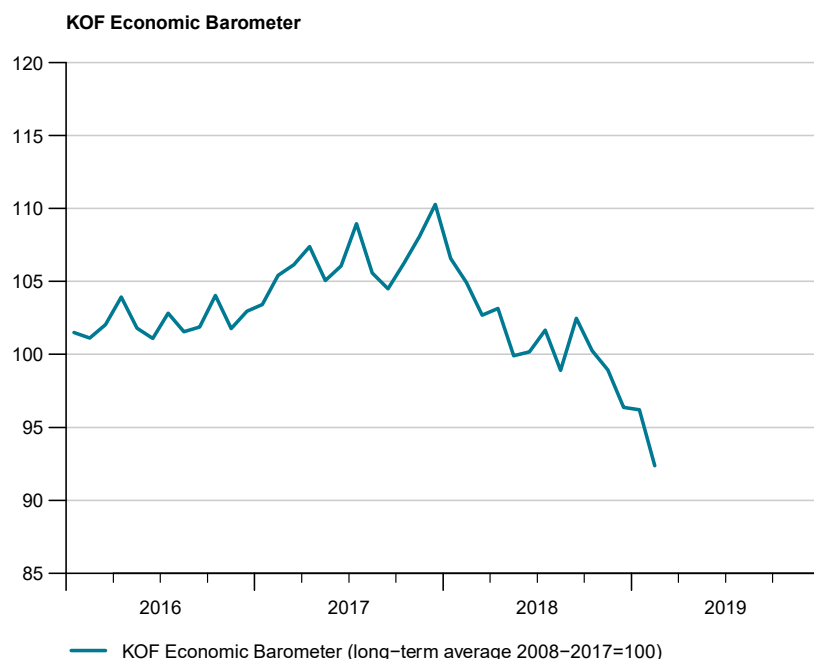
KOF Economic Barometer Continues to Fall

In February 2019, the KOF Economic Barometer dropped to a reading of 92.4. The recent downward tendency thus continued unabated. Accordingly, the Swiss economy can expect to experience a weak phase in the coming months.

The KOF Economic Barometer fell from 96.2 in January (revised from 95.0) by 3.8 points to 92.4 by the end of February. The marked decline is predominantly due to negative impulses from the manufacturing industry; but the deteriorating sentiment has meanwhile also extended to the other components of this barometer.

The negative tendency within the manufacturing industry is mostly driven by the mechanical engineering and the electrical industry; but the signals are now below average in all industry branches. Within the construction sector, in particular the architects have become more cautious.

In the goods producing sector (manufacturing and construction), the negative trend is above all attributable to the assessments of the order books and the overall business situation; but the assessments have also become more sceptical with respect to intermediate products and inventories.



Values for the past months

Current level / Level a month ago

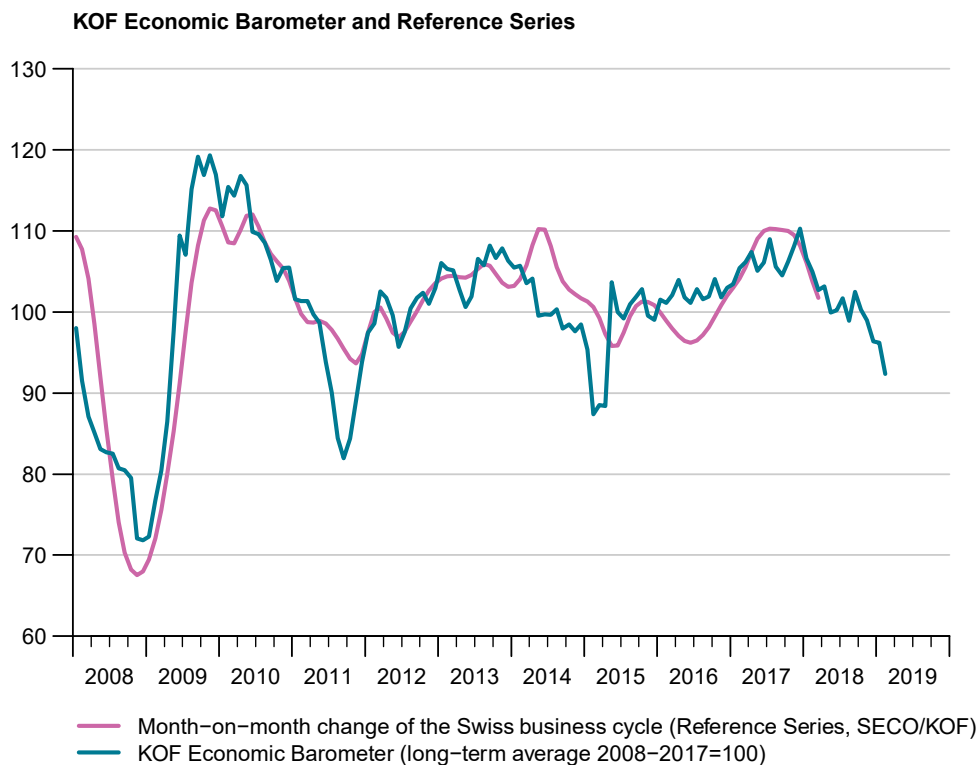
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|---------|-------|-------|
| 2018m2 | 104.9 | 105.1 |
| 2018m3 | 102.7 | 102.6 |
| 2018m4 | 103.2 | 103.2 |
| 2018m5 | 99.9 | 99.9 |
| 2018m6 | 100.2 | 100.3 |
| 2018m7 | 101.7 | 101.6 |
| 2018m8 | 98.9 | 98.9 |
| 2018m9 | 102.5 | 102.3 |
| 2018m10 | 100.2 | 100.2 |
| 2018m11 | 98.9 | 98.9 |
| 2018m12 | 96.4 | 96.4 |
| 2019m1 | 96.2 | 95.0 |
| 2019m2 | 92.4 | |

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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