

Press Release

Zurich, 30 September 2019, 9 a.m.

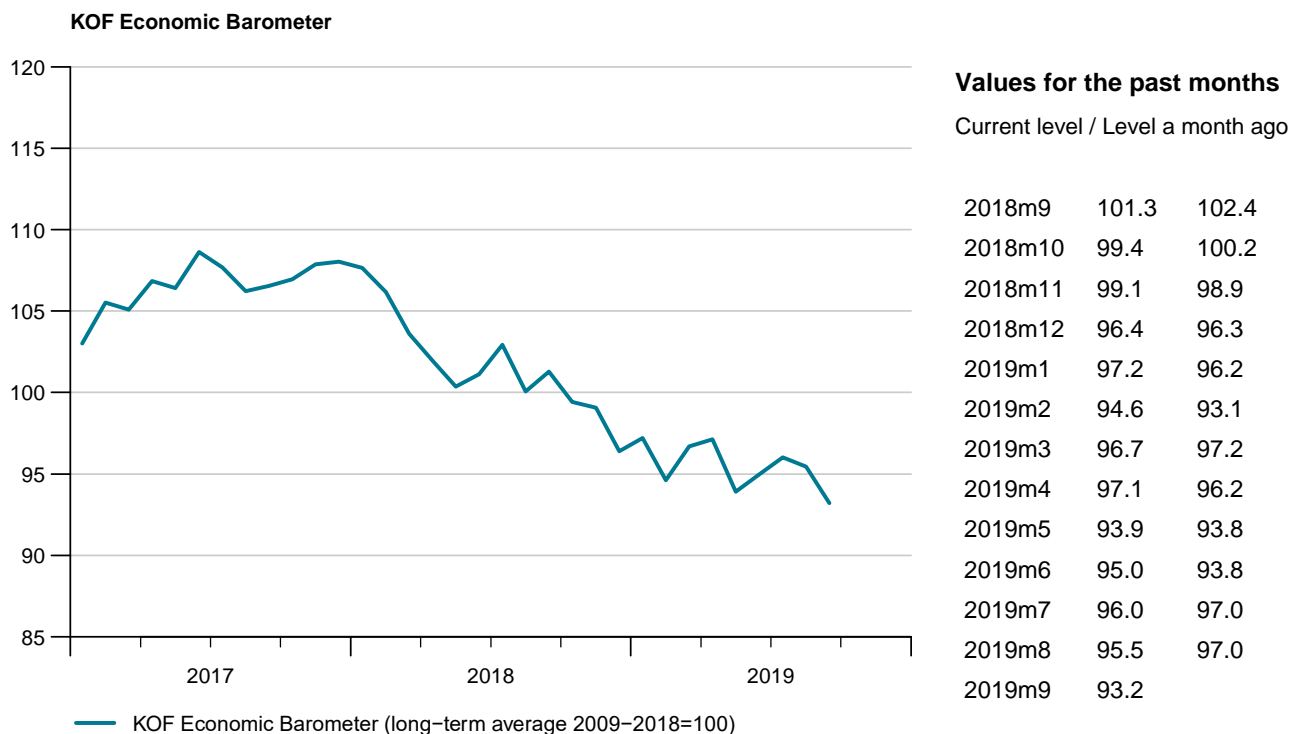
KOF Economic Barometer: Downward Dynamic Continues

In September, the KOF Economic Barometer falls to its lowest level since 2015. It now stands at 93.2 points, 2.3 points lower than in August (revised from 97.0 to 95.5 points). The downward tendency that has been evident since the beginning of the year is now continuing. The economic outlook for Switzerland remains gloomy towards the end of 2019.

The lower level of the KOF Economic Barometer in September is primarily due to declining developments in the manufacturing industry. The indicator bundle for the service industry and the accommodation and food service industry slightly reinforce this decline. By contrast, private consumption, foreign demand and the construction industry remain stable relative to the previous month.

In the goods producing sector (manufacturing and construction), indicators used to assess the order backlogs, the development of production and the overall business situation are mainly responsible for its negative development. By contrast, the assessment of the competitive position and export prospects remains virtually unchanged compared to the previous month.

The assessment within the manufacturing sector is predominantly clouded. Indicators for the metal, wood and chemical industry show the strongest negative tendencies. In addition, there are indicators from the machine and vehicle construction sectors that also point to a negative development.

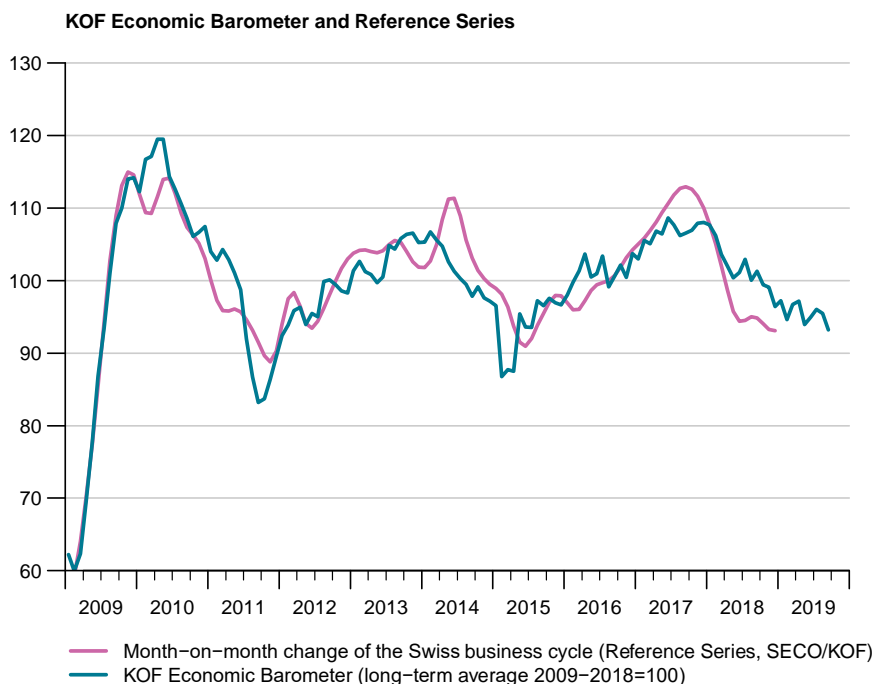


KOF Economic Barometer and reference time series: annual update

The annual 2019 revision took place in September¹. 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 600 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 2019. SECO, in turn takes the release of the previous year's annual GDP data published by the Swiss Federal Statistical Office (FSO) into account. The 2018 vintage of the KOF Barometer (published until August 2019) comprised 345 indicator variables.

The current 2019 vintage, which is now replacing the 2018 vintage, consists of 376 indicator variables, selected from a pool of more than 600 candidate variables. Compared to the previous vintage, 75 indicators are new and 45 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/ →

Contacts

Philipp Baumann | Tél. +41 44 633 87 35 | baumann@kof.ethz.ch

Corporate Communications | Phone +41 44 633 99 48 | kofcc@kof.ethz.ch

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: <https://www.kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-economic-barometer.html>