

Press Release

Zurich, 30 September 2021, 9:00 a.m.

KOF Economic Barometer: A further weakening of the recovery

The KOF Economic Barometer declines for the fourth time in a row in September and now stands at 110.6 points. However, the Barometer remains above its long-term average. The recovery of the Swiss economy in the wake of the pandemic is thus slowing somewhat but is likely to continue in the upcoming months.

The KOF Economic Barometer stands at 110.6 points in September, 2.9 points lower than in August. The recurring decline is primarily attributable to bundles of indicators concerning foreign demand. Indicators of the manufacturing sector send an additional negative signal, followed by indicators of the economic sector other services. By contrast, indicators from the finance and insurance sector are providing slightly positive impulses.

The negative developments within the manufacturing sector stem largely from indicators concerning the metal industry, the paper and printing sectors, the mechanical engineering and vehicle manufacturing sector, followed by indicators for the textile industry. Bundles of indicators from the remaining industries - including the chemicals, pharmaceuticals and plastics sectors as well as food and beverage manufacturers -, hardly change compared to the previous month.

In the goods producing sector (manufacturing and construction), indicators for assessing the order backlog point in a positive direction. By contrast, sub-indicators assessing employment prospects, the competitive situation and production developments point in a negative direction, resulting in a negative balance for the indicators in the goods producing sector.

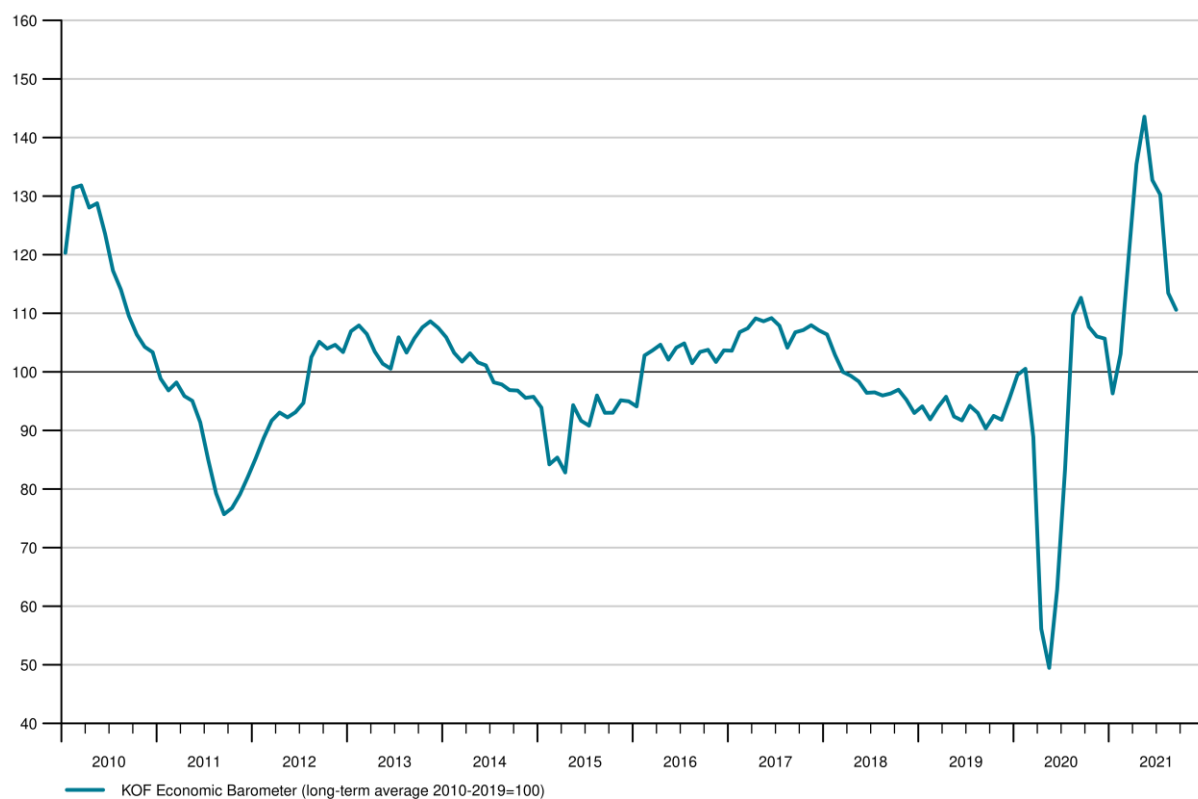
KOF Economic Barometer and reference time series: annual update

The annual 2021 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 609 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 late August 2021. SECO, in turn takes the release of the previous year's annual GDP data published by the SFSO into account. Unlike the revisions of previous years, this year the reference period for the selection of indicators in the wake of the pandemic has been kept constant and thus continues to cover the period between January 2010 and December 2019.

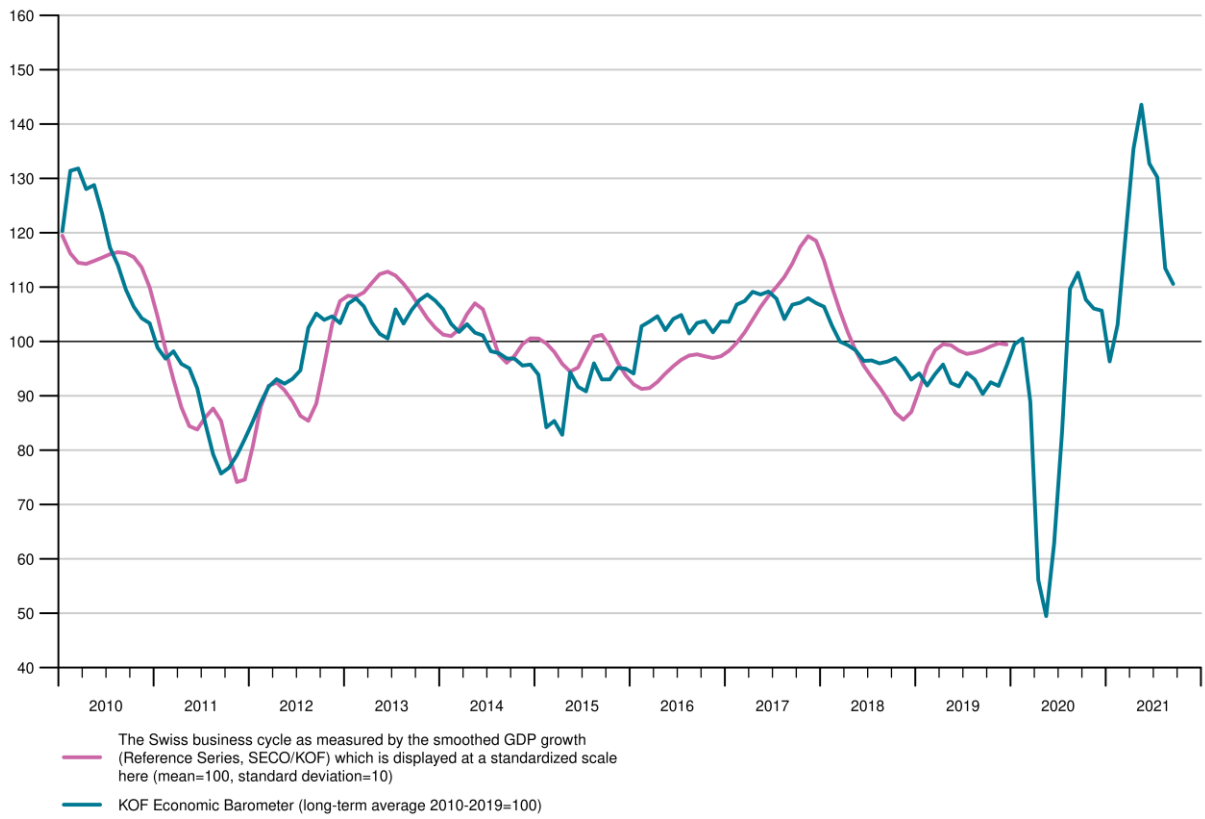
The 2020 vintage of the KOF Economic Barometer (published until August 2021) comprised 335 indicator variables. The current 2021 vintage, which is now replacing the 2020 vintage, consists of 322 indicator variables, selected from a pool 609 candidate variables. Compared to the previous vintage, 7 indicators are new and 20 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

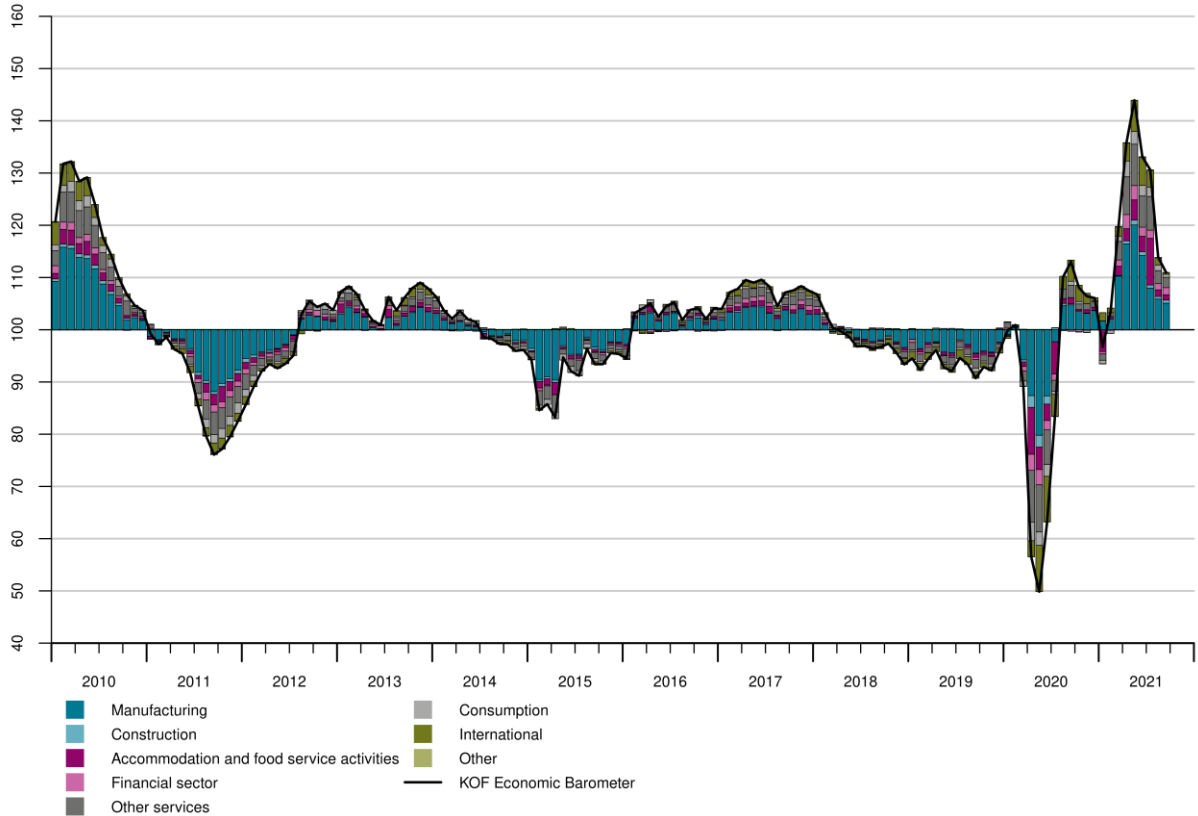


Month	Current level	Level previous month
Sep 2020	112.6	109.9
Oct 2020	107.7	106.4
Nov 2020	106.0	103.9
Dec 2020	105.7	104.3
Jan 2021	96.3	96.6
Feb 2021	103.1	102.5
Mar 2021	119.4	117.7
Apr 2021	135.4	136.2
May 2021	143.6	143.7
Jun 2021	132.7	133.5
Jul 2021	130.2	130.9
Aug 2021	113.5	113.5
Sep 2021	110.6	

KOF Economic Barometer and Reference Series



Contribution of variable groups to the KOF Economic Barometer



This graph shows the deviations of the variable groups from the long-term group mean, which is standardized at 100. The variables included in the KOF Economic Barometer are divided into groups. The group values are calculated from the weighted group totals calculated with individual variable weights. Example: A group value of 102.0 means that the weighted group total deviates upwards by 2.0 from the group average. A contribution of 98.0 means that the weighted group total deviates downwards by –2.0 from the group average. The total deviations of all groups from their respective group average plus 100 result in the value of the KOF Economic Barometer.

Detailed information regarding the KOF Economic Barometer:

www.kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-economic-barometer.html/

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