

# Press Release

Zurich, 30 September 2022, 9:00 a.m.

## KOF Economic Barometer: Outlook remains subdued

**The KOF Economic Barometer remains virtually unchanged in September and now stands at 93.8 points, coming from a revised 93.5 points in August. However, the barometer remains below its long-term average. The barometer, which has been weakening in recent months, augurs a cooling of the Swiss economy for the end of 2022.**

The KOF Economic Barometer stands at 93.8 points in September, 0.3 points higher than in August. The slight increase is primarily attributable to bundles of indicators from the manufacturing and other services sectors. Indicators from the finance and insurance sector and for foreign demand are sending negative signals.

The subdued positive developments within the manufacturing sector stem largely from the metal and textile industries, followed by indicators for the mechanical engineering and vehicle manufacturing sectors. Indicators from the electrical industry, on the other hand, recorded a slight decline. Bundles of indicators for the remaining sectors – including chemicals, pharmaceuticals and plastics, and for food and beverages manufactures – remain virtually unchanged compared to the previous month.

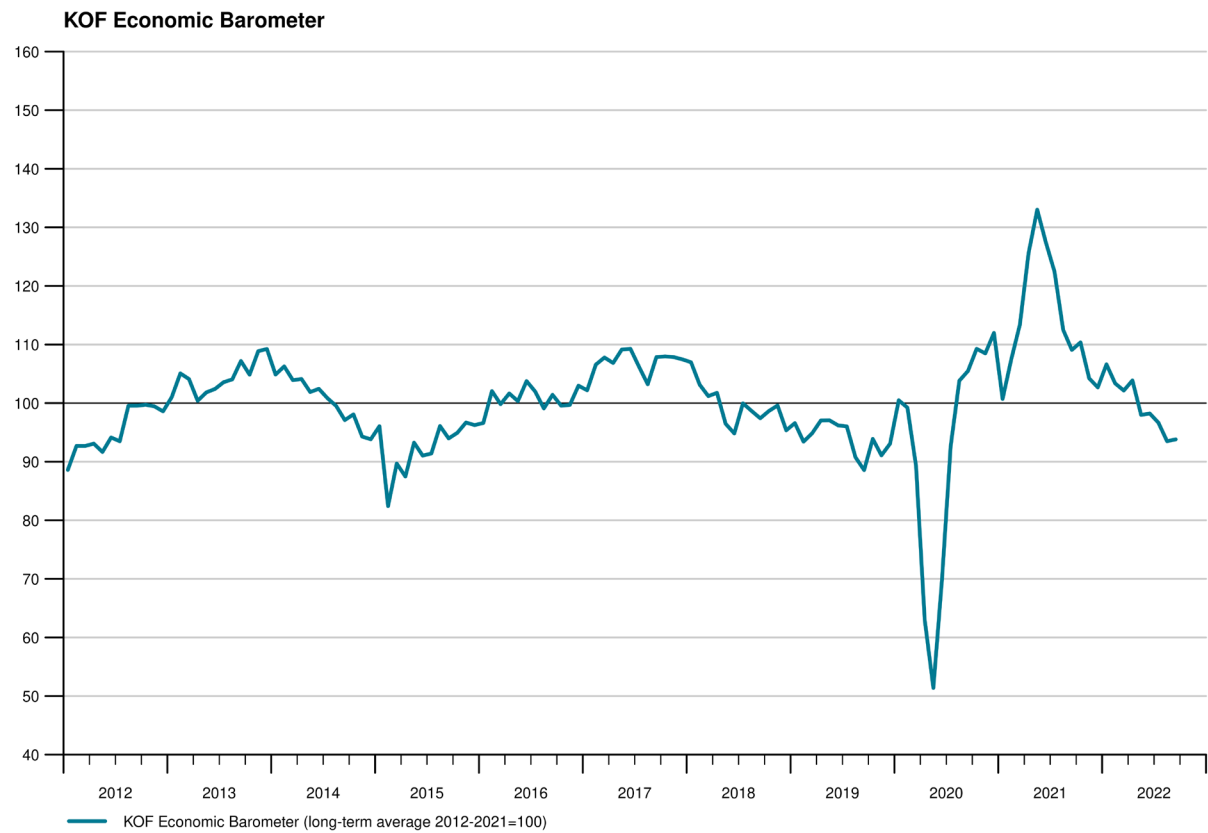
In the goods producing sector (manufacturing and construction), indicators assessing production developments and inventories point in a positive direction. By contrast, indicators assessing the employment outlook and the business situation point in a negative direction. Overall, however, the positive developments dominate, resulting in a positive balance for the indicators of the goods producing sector.

### KOF Economic Barometer and Reference Series: Annual Update

The annual 2022 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. In addition, two methodological changes were made this year, which are discussed in a separate document.

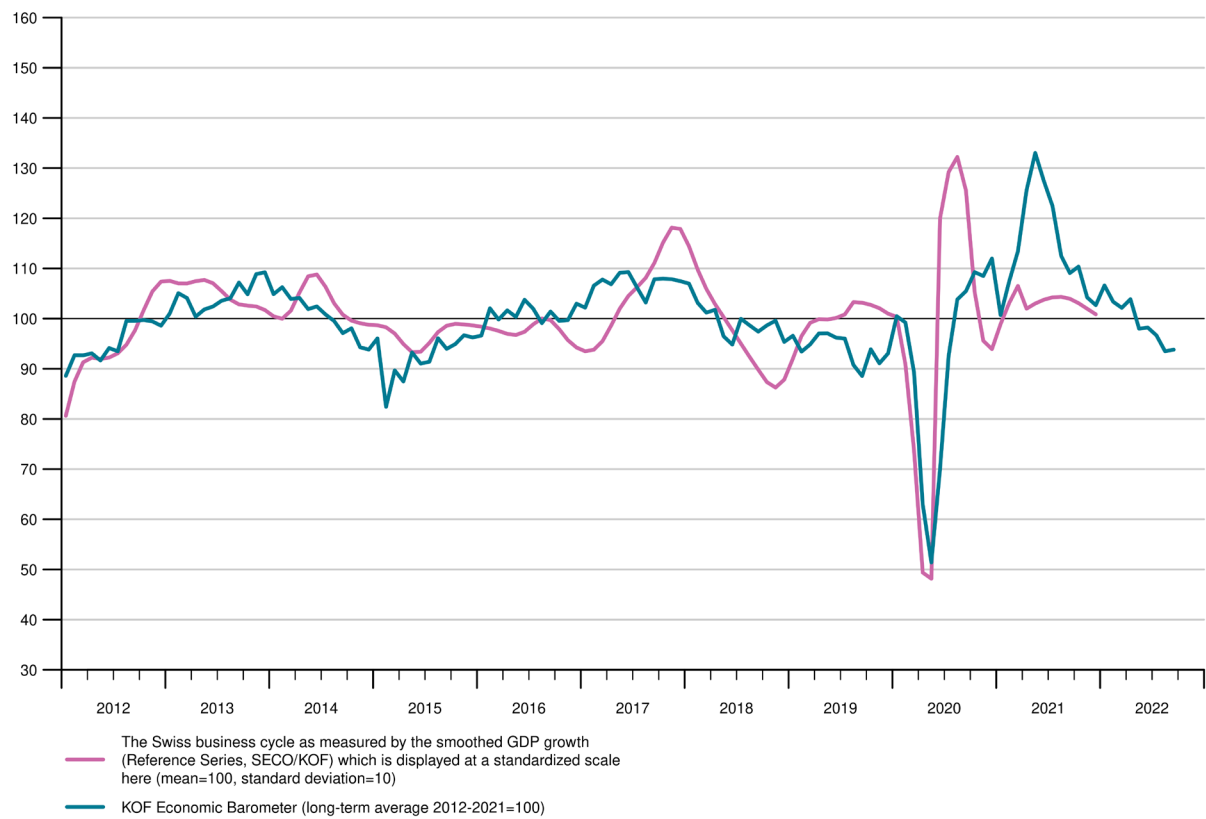
The updated pool of indicators now consists of 608 economic time series. The updated reference series is the smoothed continuous growth rate of Swiss GDP distributed across the three months of a quarter from 2012 until and including 2021, based on the official quarterly real GDP statistics, adjusted for the effects of major international sporting events, as released by the Swiss State Secretariat for Economic Affairs (SECO) in early September 2022. SECO, in turn takes the release of the previous year's annual GDP data published by the SFSO into account.

The 2021 vintage of the KOF Economic Barometer (published until August 2022) comprised 322 indicator variables. The current 2022 vintage, which is now replacing the 2021 vintage, consists of 364 indicator variables, selected from a pool 608 candidate variables. Compared to the previous vintage, 96 indicators are new and 54 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.

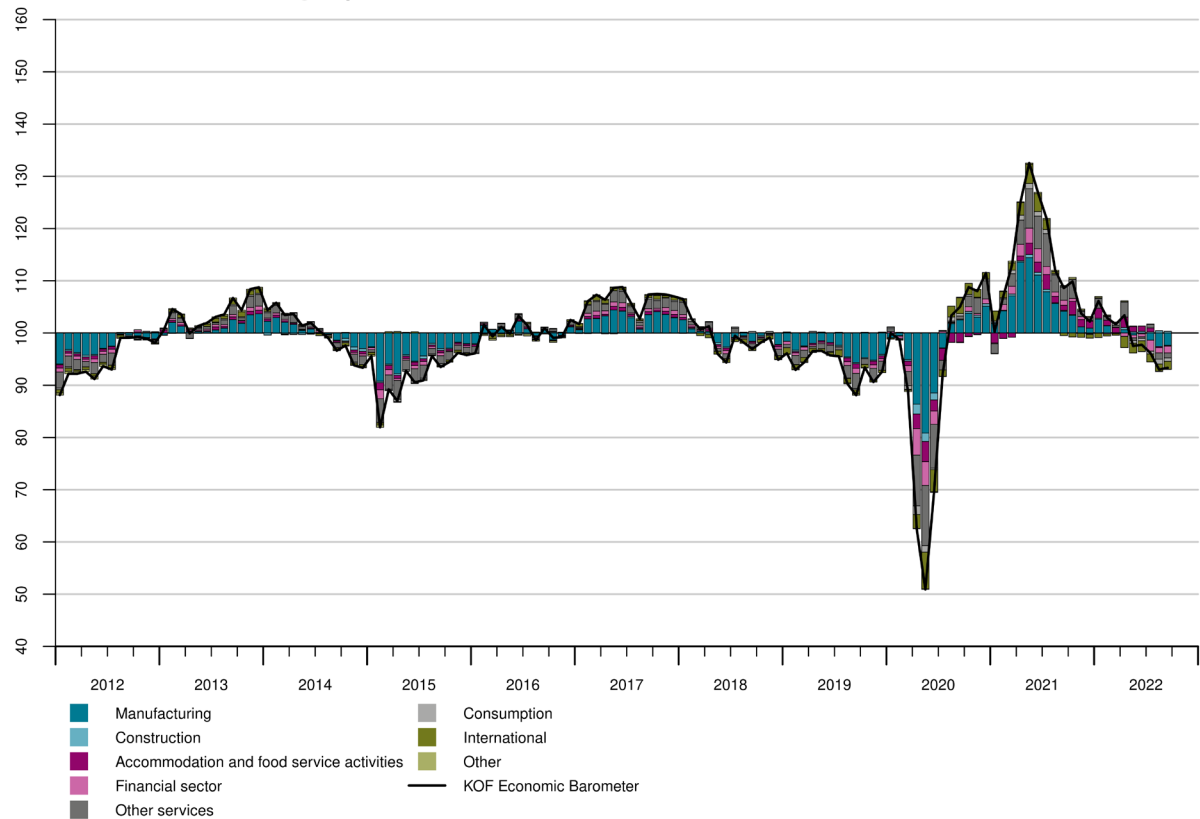


Month	Current level	Level previous month
Sep 2021	109.1	111.0
Oct 2021	110.4	110.1
Nov 2021	104.2	107.5
Dec 2021	102.7	107.0
Jan 2022	106.6	107.3
Feb 2022	103.4	104.8
Mar 2022	102.1	99.0
Apr 2022	103.9	102.9
May 2022	98.0	97.1
Jun 2022	98.2	96.1
Jul 2022	96.7	90.5
Aug 2022	93.5	86.5
<b>Sep 2022</b>	<b>93.8</b>	

**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/](http://www.kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-economic-barometer.html/)

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