

Press Release

Zurich, 29 September 2023, 9 a.m.

KOF Economic Barometer: After revision – outlook remains subdued

The KOF Economic Barometer remains pessimistic in September and now stands at 95.9 points, following a revised value of 96.2 in August. The barometer thus remains below its long-term average. The economic barometer, which has been weakening in recent months, indicates a cooling Swiss economy for the end of 2023.

The KOF Economic Barometer stands at 95.9 points in September, 0.3 points lower than in August. The slight decline is primarily attributable to bundles of indicators from the manufacturing and other services sectors. Indicators from the finance and insurance sector and the construction industry are sending positive signals.

The subdued negative developments within the manufacturing sector stem largely from indicators in the metals industry and the paper and printing sector, followed by indicators in the chemicals, pharmaceuticals and plastics sector. Indicators for the food and beverages sector, on the other hand, send a slightly positive signal.

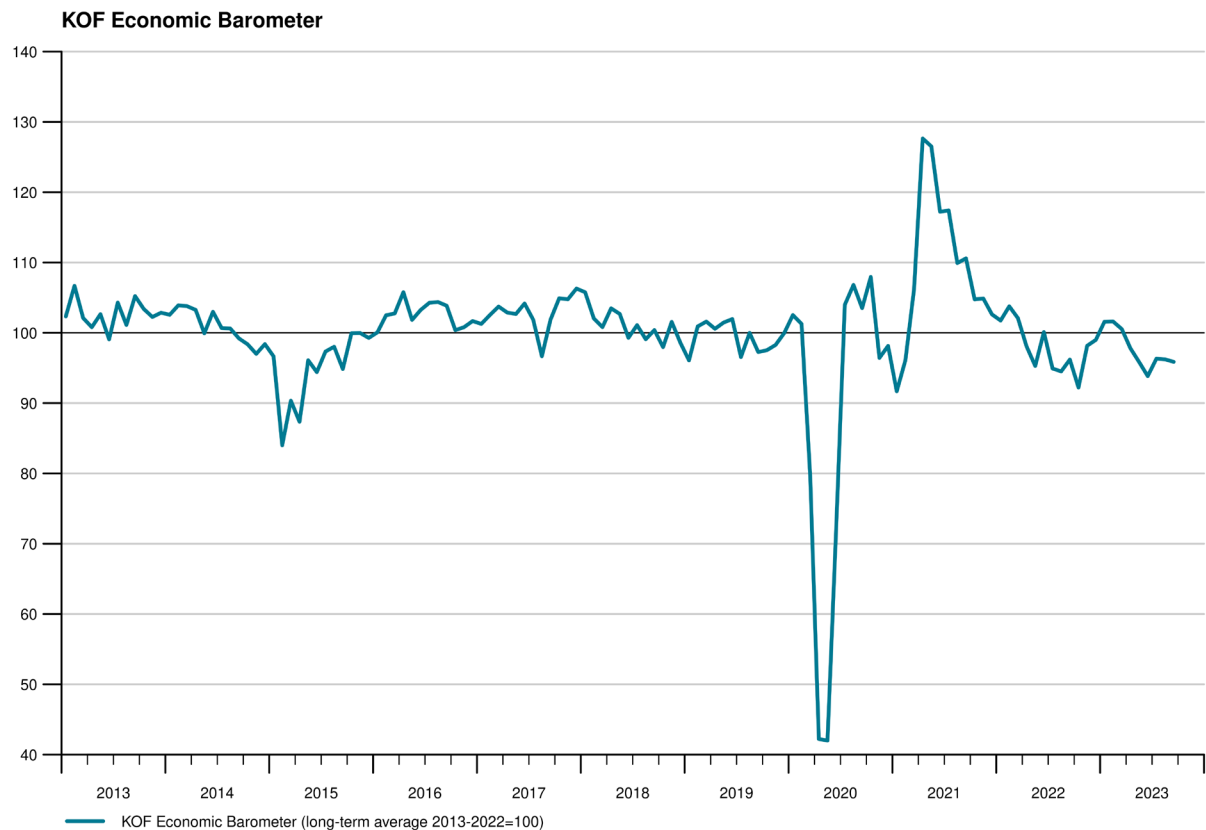
In the goods producing sector (manufacturing and construction), indicators for the assessment of the situation for intermediate products and for the assessment of the business situation point in a negative direction. This negative trend is reinforced by indicators assessing the employment outlook. By contrast, indicators assessing production point in a positive direction.

KOF Economic Barometer and Reference Series: Annual Update

The annual 2023 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. For further background information, we refer to a separate document.

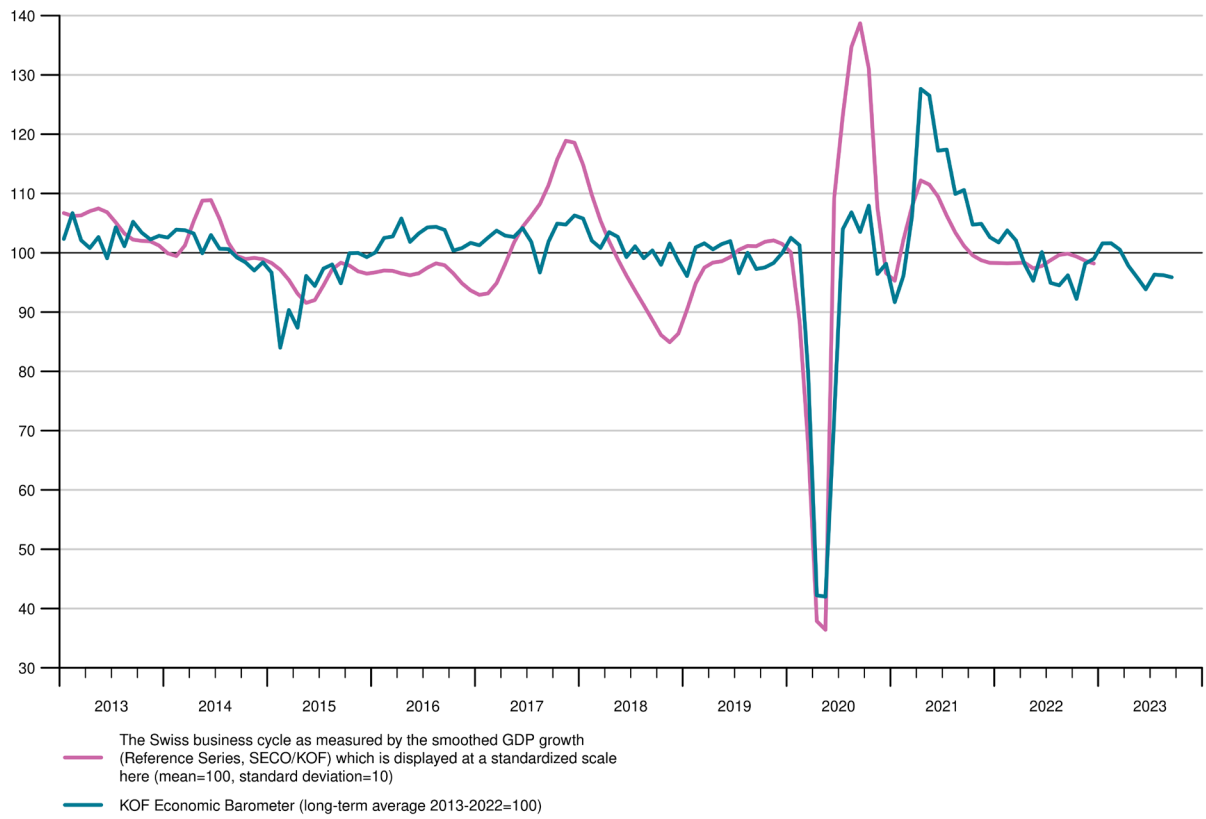
The updated pool of indicators now consists of 626 economic time series. The updated reference series is the smoothed continuous growth rate of Swiss GDP distributed across the three months of a quarter from 2013 until and including 2022, based on the official quarterly real GDP statistics, adjusted for the effects of major international sporting events, as released by the Swiss State Secretariat for Economic Affairs (SECO) in early September 2023. SECO, in turn takes the release of the previous year's annual GDP data published by the SFSO into account.

The 2022 vintage of the KOF Economic Barometer (published until August 2023) comprised 364 indicator variables. The current 2023 vintage, which is now replacing the 2022 vintage, consists of 324 indicator variables. Compared to the previous vintage, 57 indicators are new and 97 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.

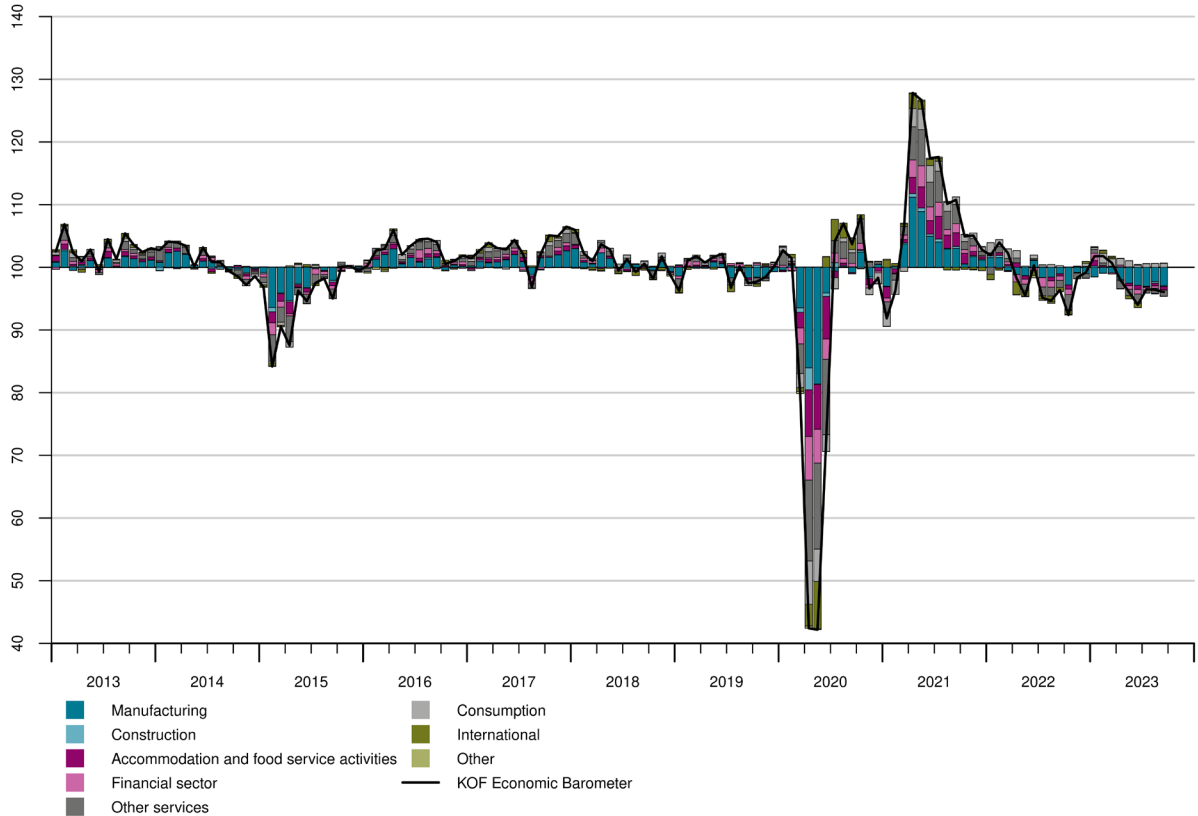


Month	Current level	Level previous month
Sep 2022	96.2	92.1
Okt 2022	92.2	90.9
Nov 2022	98.2	89.4
Dez 2022	99.0	91.6
Jan 2023	101.6	97.5
Feb 2023	101.6	98.8
Mär 2023	100.5	98.9
Apr 2023	97.8	96.1
Mai 2023	95.9	91.4
Jun 2023	93.8	90.6
Jul 2023	96.3	92.1
Aug 2023	96.2	91.1
Sep 2023	95.9	

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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