ETH_zürich_ **KOF**

Press Release

Zurich, 30 August 2016, 9.00 a.m.

## KOF Economic Barometer: A Dip below the 100 Points Level

The KOF Economic Barometer, with a current reading of 99.8, showed a drop of 3.7 points in August 2016 (from revised 103.5 in July). The Barometer fell just below its long-term average for the first time since December 2015. The outlook for the Swiss economy is less upbeat than one month ago, returning to its long-term average path.

In August 2016, the KOF Economic Barometer, with a new reading of 99.8 points, dipped just below its long-term mean value. Compared to the previous month, the deteriorating outlook in the Swiss manufacturing, banking and tourism sectors as well as international business situation account for the recorded overall drop of 3.7 points in the value of the Barometer. These negative tendencies are slightly mitigated by the indicators capturing positive tendencies in domestic consumption and construction sectors.

Within the manufacturing sector, the worsening outlook is visible in all – electrical, wood- and metal-processing, textile, machine-building and special – but three industries (chemical, food-processing and paper). For the chemical and food-processing industries the outlook remained largely unchanged whereas for the paper industry the outlook actually improved. The deterioration of sentiment in manufacturing as a whole is primarily reflected in the assessment of incoming orders and in the assessment of the overall business climate.

KOF Economic Barometer

(Index values)
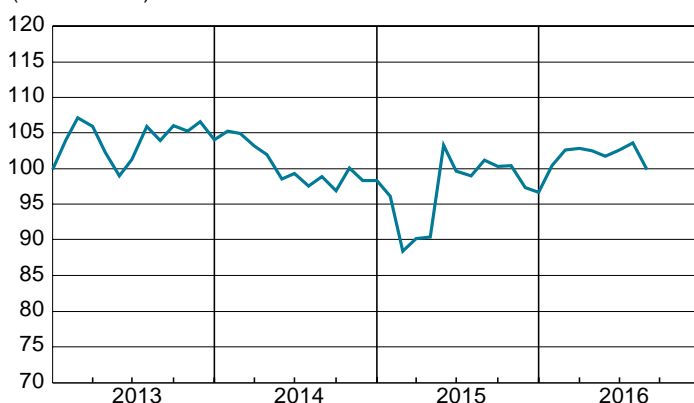
KOF Economic Barometer
(long-term average 2005 – 2014 = 100)
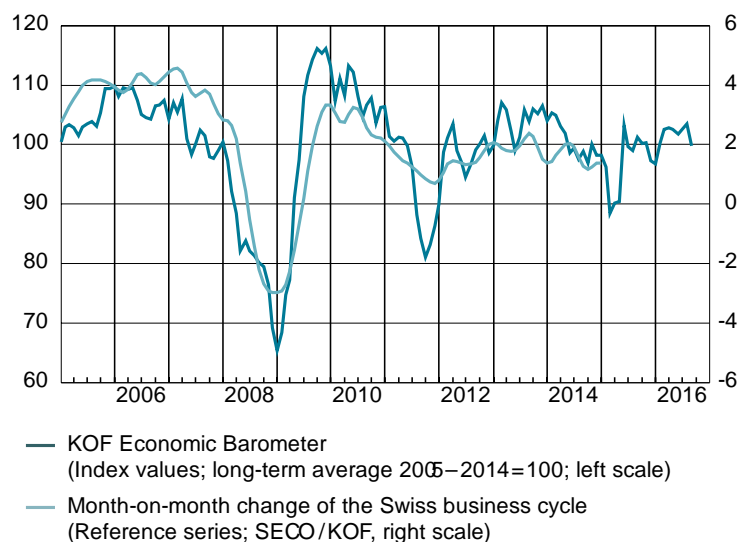
Values for the past months

Current level / Level a month ago

	Current level	Level a month ago
2015-8	101.3	101.3
2015-9	100.3	100.3
2015-10	100.4	100.4
2015-11	97.3	97.3
2015-12	96.7	96.7
2016-1	100.4	100.4
2016-2	102.6	102.6
2016-3	102.8	102.8
2016-4	102.6	102.6
2016-5	101.8	101.8
2016-6	102.6	102.6
2016-7	103.5	102.7
2016-8	99.8	

KOF Economic Barometer and reference time series: annual update

In September 2015, the scheduled annual update of the KOF Economic Barometer took place. This annual update concerns the following stages: redefinition of the pool of indicators that enter the selection procedure, update of the reference time series, a new execution of the variable selection procedure and a technical adjustment how to cope with missing monthly values of quarterly variables. Compared to 479 indicators that entered the variable selection procedure in October 2014, the current pool comprises 420 indicators due to elimination of KOF surveys related to prices and monthly changes in inventories. The updated reference series is the smoothed continuous growth rate of Swiss GDP according to the new System of National Accounts ESVG 2010, released at the end of August 2015, which takes into account the release of the previous year's annual Gross Domestic Product (GDP) data by the Swiss Federal Statistical Office. As a result of the indicator variable selection procedure, the updated KOF Economic Barometer is now based on 238 indicators (instead of 217 as in the previous vintage) that are combined using statistically determined weights. Last but not least, with this annual update we introduce a slight modification of how the variables observed at only the quarterly frequency are treated when computing the Barometer. Instead of freezing those values until the next quarterly release is avail-able, we now implement a statistical procedure to interpolate data values for these variables using the information contained in all other variables that are available at monthly frequency.

KOF Economic Barometer and Reference Series

— KOF Economic Barometer
(Index values; long-term average 2005–2014=100; left scale)

— Month-on-month change of the Swiss business cycle
(Reference series; SECO/KOF, right scale)

More detailed information regarding the KOF Economic Barometer:
www.kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-economic-barometer.html/ →

Contacts
Boriss Siliverstovs | Phone +41 44 632 46 24 | siliverstovs@kof.ethz.ch
Corporate Communications | Phone +41 44 632 42 39 | kofcc@kof.ethz.ch