

Press Release

Zurich, 4 November 2019, 9am

KOF Employment Indicator: Industry's Employment Expectations Deteriorate Significantly

The short-term prospects for the Swiss labour market have deteriorated, with the KOF Employment Indicator falling from 4.6 points to 2.3 points. This decline is being driven by industry, whose employment expectations are almost as low as in the aftermath of the Swiss franc shock of 2015. By contrast, most construction firms and banks are planning to increase their staffing levels.

The KOF Employment Indicator currently stands at 2.3 points. In the last quarter it stood at 4.6 points (revised from 5.0 points). Although the decline in this leading indicator of employment trends is not a good sign for the Swiss labour market, it is currently still slightly above its long-term average of close to zero.

The Employment Indicator is calculated from the quarterly KOF Business Tendency Surveys. In October, firms were asked to assess their present staffing levels and to say whether they planned to alter them over the coming three months. On balance, most of the companies surveyed were of the view that their workforce was too small. Consequently, the majority of these firms plan, on balance, to increase their headcount in the next three months. The Employment Indicator represents the average of these employment assessments and expectations.

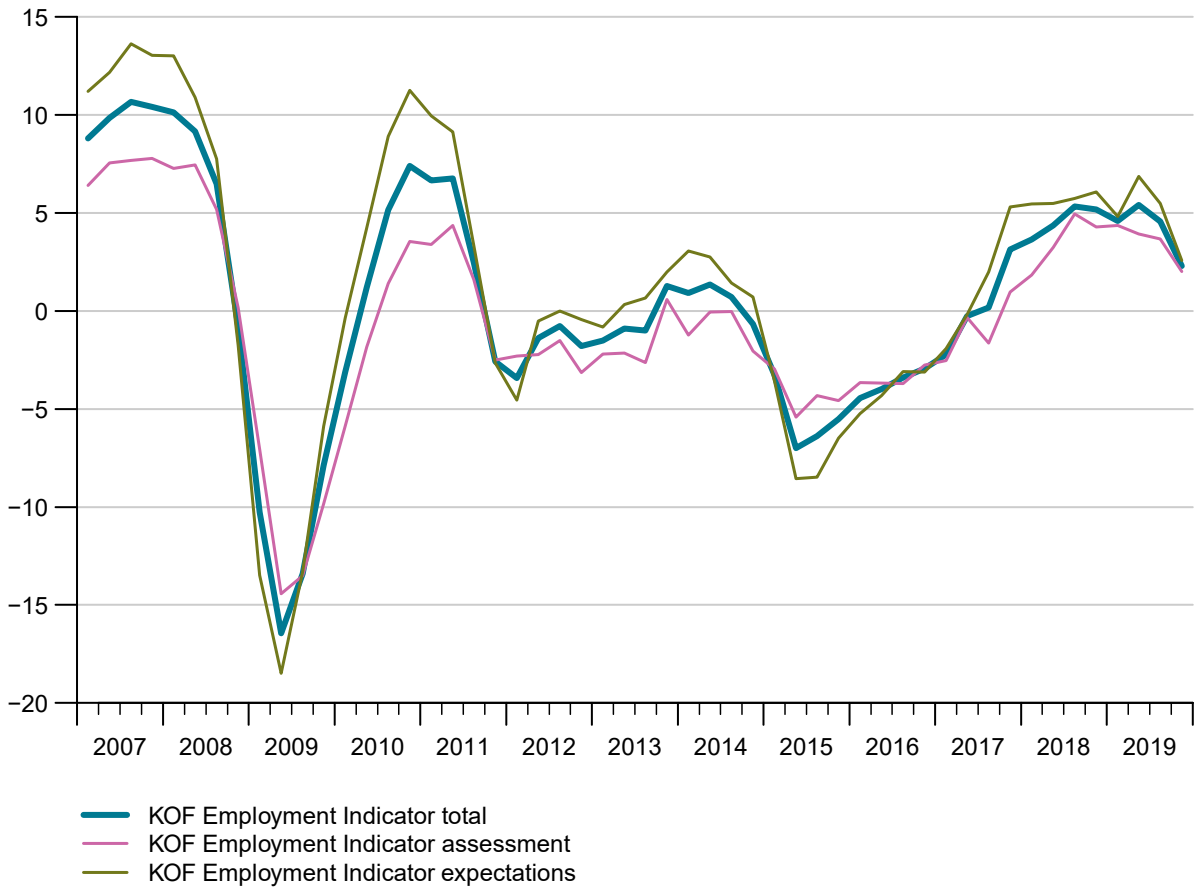
Industry in the doldrums – banks and construction on a high

Macroeconomic trends conceal the fact that the employment prospects and assessments of industrial firms in Switzerland have deteriorated significantly in recent months. Whereas the Employment Indicator for industry had been close to zero at the beginning of this year, in October it fell to minus 10.5 points. Its current level is therefore similarly low to where it was in the first quarter of 2015, when it suddenly plummeted to minus 11.8 points after the cap on the Swiss franc was abandoned.

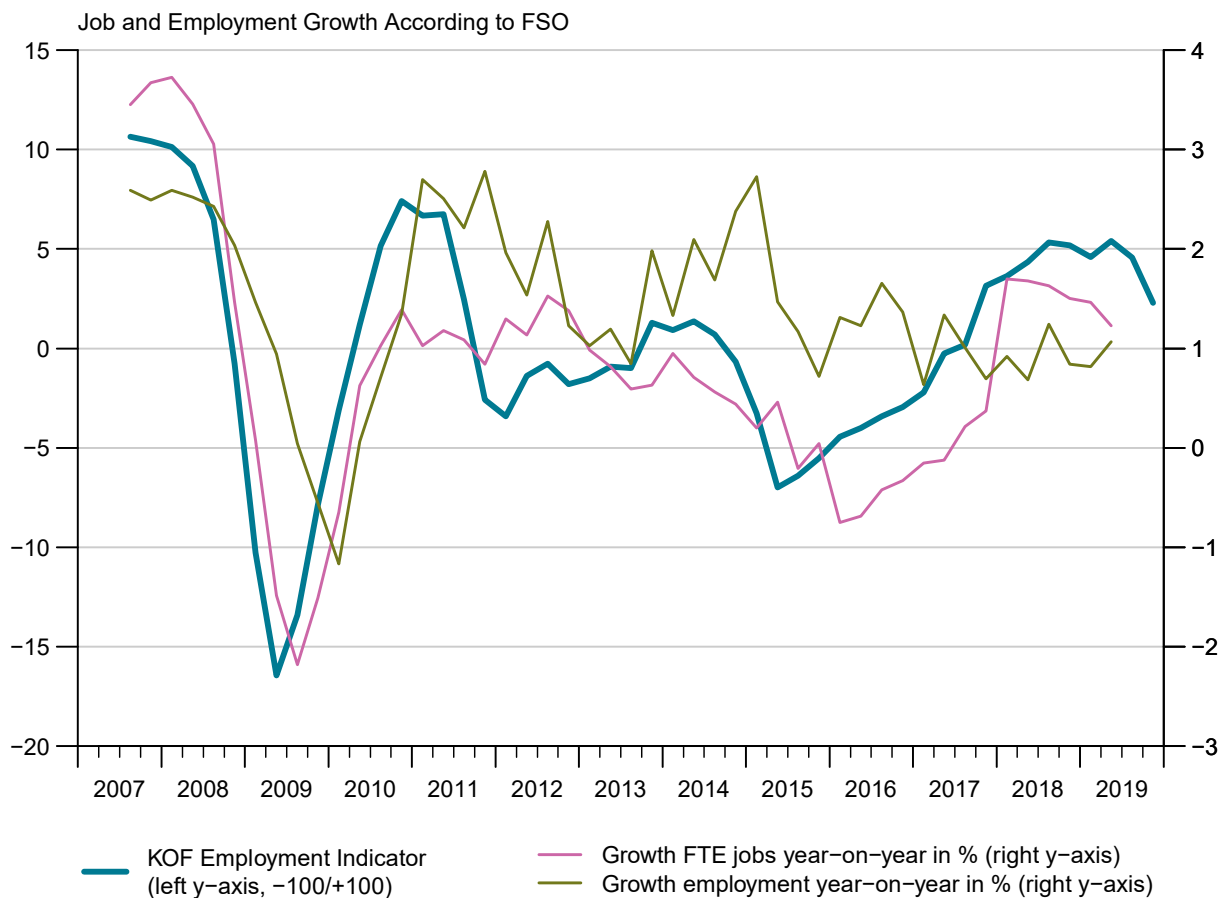
These results suggest that workers at Swiss industrial companies could well be facing tough times ahead – quite the opposite of the prospects for employees in construction, banking and other services. Most of the firms surveyed in these sectors plan, on balance, to increase their staffing levels. Their employment indicators are therefore high. The banking industry's indicator is actually at its highest level since 2001.

Period	Current indicator value	Value in the preceding quarter
1st quarter 2018	3.6	3.5
2nd quarter 2018	4.4	4.3
3rd quarter 2018	5.3	5.6
4th quarter 2018	5.2	5.0
1st quarter 2019	4.6	4.4
2nd quarter 2019	5.4	5.4
3rd quarter 2019	4.6	5.0
4th quarter 2019	2.3	

KOF Employment Indicator



KOF Employment Indicator, Job and Employment Growth



The KOF Employment Indicator

The KOF Employment Indicator is calculated on the basis of the quarterly KOF Business Tendency Surveys. As part of these surveys, KOF asks private businesses in Switzerland to assess their current staffing levels and to state whether they intend to change them over the coming three months. A positive indicator value means that the number of surveyed firms considering staff cuts during the reference quarter is smaller than the number of businesses intending to create jobs. It has been shown in the past that these assessments anticipate actual trends in the labour market.

Click here for more information about the Indicator and its methodology and to download the data for the Indicator:

<https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-employment-indicator.html> →

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