

Press Release

Zurich, 4 May 2020, 9am

KOF Employment Indicator: Employment Prospects Collapse

Short-term prospects on the Swiss labour market have deteriorated sharply as a result of the COVID-19 pandemic. The KOF Employment Indicator has fallen to -19.9 points and is currently lower than at the height of the financial and economic crisis in 2008/2009. With the exception of the insurance industry, all sectors are affected by this decline.

The COVID-19 pandemic is severely impacting the employment plans of the companies that were surveyed by KOF in April about their current situation. In the first quarter of this year the KOF Employment Indicator was still in positive territory (2.9 points). However, these companies now expect to see significant job cuts over the coming months. For this reason the Indicator fell to -19.9 points in the second quarter.

The extent of the slump in the second quarter of 2020 is comparable to the decline in the Indicator during the economic crisis of 2008/2009, although the Indicator is currently actually slightly lower than it was at the peak of this crisis, when it stood at -16.5 points in the second quarter of 2009. Moreover, the Indicator's decline was spread over three quarters at that time, whereas the current decrease is concentrated in a single quarter. As then, the sharp decline is expected to be mirrored by a significant fall in employment.

The Employment Indicator is calculated from the quarterly KOF Business Tendency Surveys. The evaluations for this quarter are based on the responses of 4,635 companies who were asked about their employment plans in April. These firms were asked, among other things, to assess their current staffing levels and to say whether they intended to adjust them over the next three months. On balance, a clear majority of the companies surveyed believe that their current employment levels are too high. At the same time, many companies are planning to reduce their headcount in the next three months. The Employment Indicator represents the average of these employment assessments and expectations.

Employment outlook strongly negative; job cuts are on the horizon

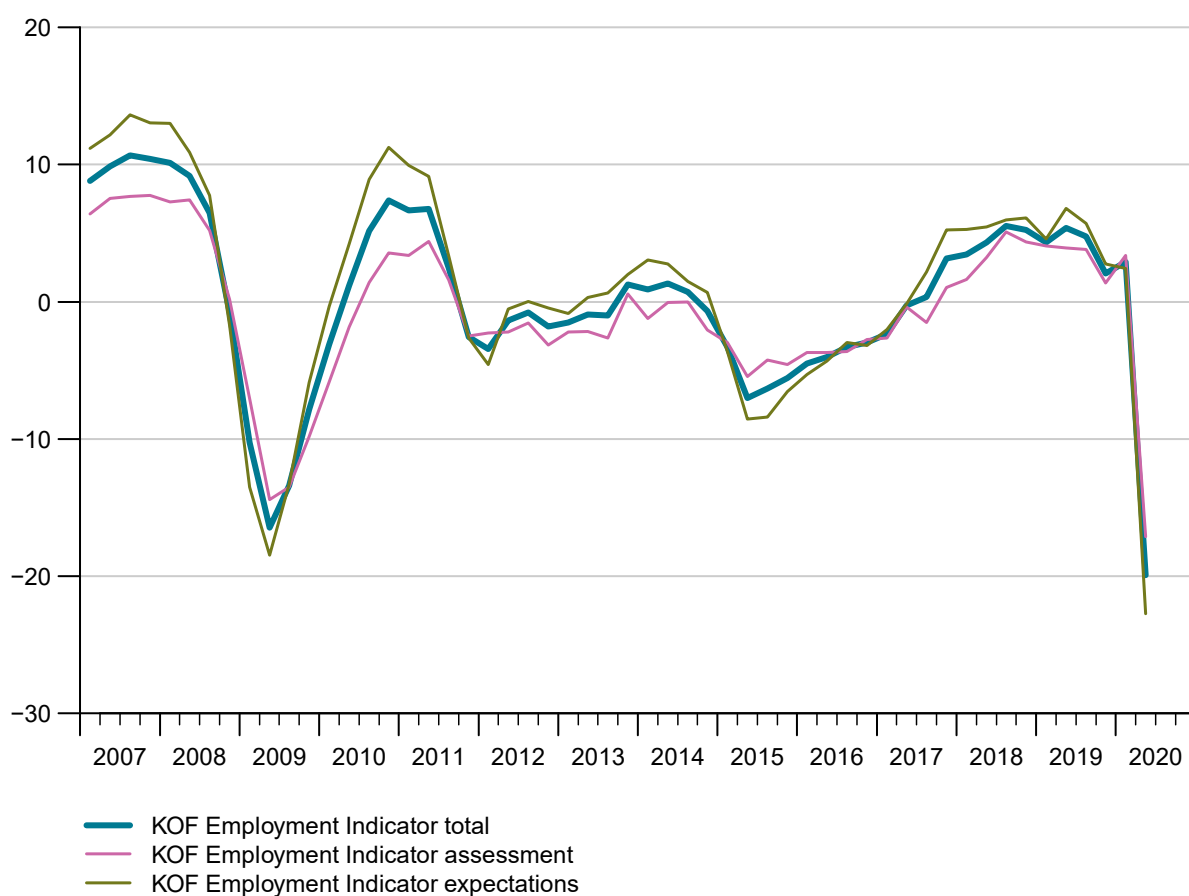
As was to be expected, the Employment Indicator for the hospitality sector, which is affected by the complete shutdown at present, suffered the sharpest fall. However, employment expectations have also deteriorated sharply in almost all other sectors of the economy.

The retail trade and the construction sector deserve a special mention. Although both industries are only affected by partial closures, companies in both sectors are expecting substantial job cuts in the coming months. Many other service industries, such as transport, which had previously stabilised the national Employment Indicator for years, are also experiencing sharp falls.

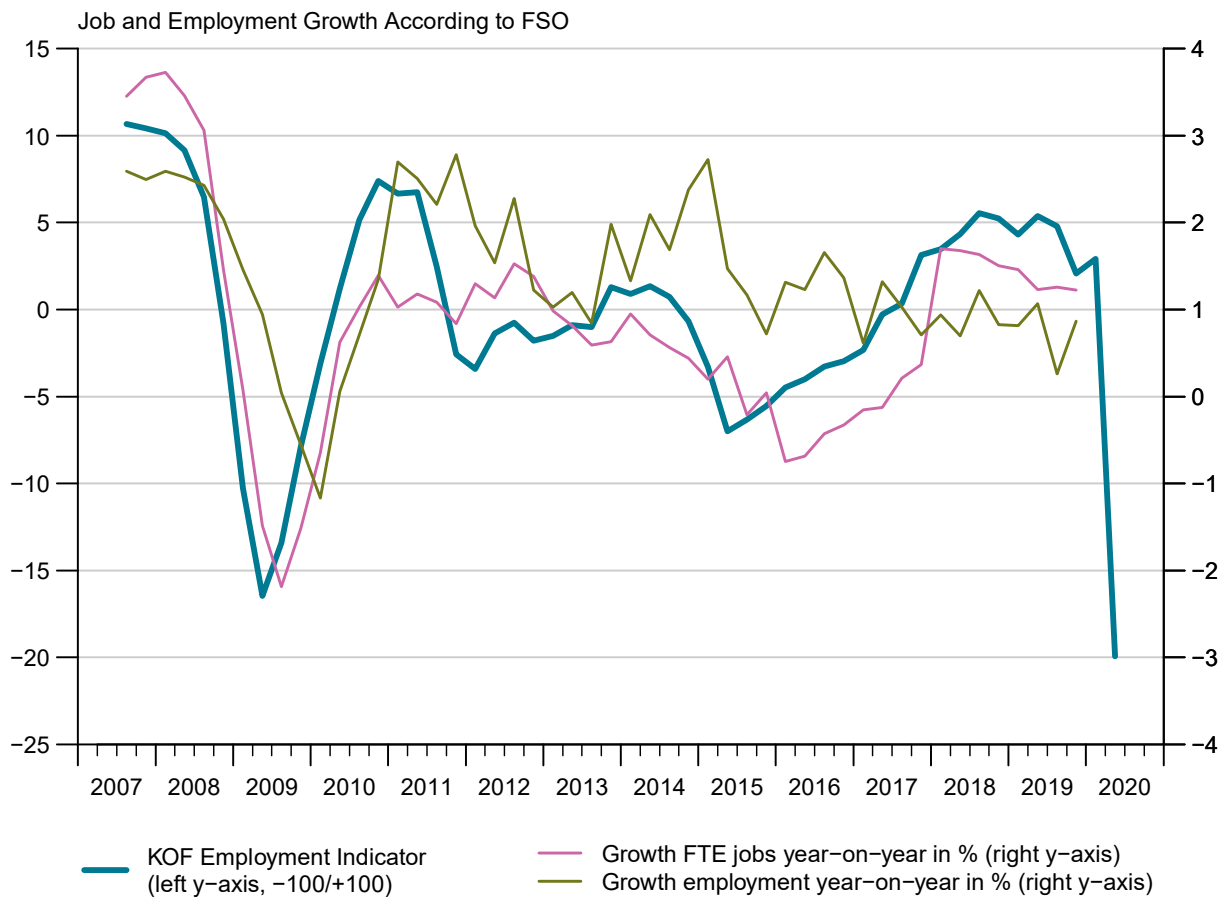
The decline in the manufacturing sector has been somewhat less pronounced. However, this industry was already in a difficult situation before the coronavirus crisis, and job cuts were generally expected. This trend has now intensified. Companies in the manufacturing sector reckon that the current situation is similar to that immediately after the Swiss franc shock at the beginning of 2015. The only sector with a consistently positive employment outlook is insurance.

Period	Current indicator value	Value in the preceding quarter
3rd quarter 2018	5.5	5.5
4th quarter 2018	5.2	5.3
1st quarter 2019	4.3	4.5
2nd quarter 2019	5.4	5.2
3rd quarter 2019	4.8	4.7
4th quarter 2019	2.1	2.1
1st quarter 2020	2.9	3.9
2nd quarter 2020	-19.9	

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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