

Press Release

Zurich, 2 November 2020, 9am

KOF Employment Indicator: bleak outlook for the labour market

The KOF Employment Indicator is continuing to recover following its historic slump in the second quarter of 2020. However, the Indicator remains firmly in negative territory at minus 7.1 points. Businesses in the hospitality, wholesale and industrial sectors are especially pessimistic.

The KOF Employment Indicator for October stands at minus 7.1 points. This means that it is at least higher than it was when it hit a historic low of minus 20.5 points in the second quarter of 2020, and it has risen slightly compared with the third quarter of this year (minus 11.7 points, revised upwards from minus 12.9). Nonetheless, we are not out of the woods yet because the Indicator remains firmly in negative territory; this means that there are still many more companies planning to shed jobs than those looking to hire additional workers. Moreover, it is unclear whether the Indicator will be able to continue its recovery over the next few months. A large proportion of firms gave their assessment of their employment situation in the first half of October, i.e. before the coronavirus restrictions were recently tightened.

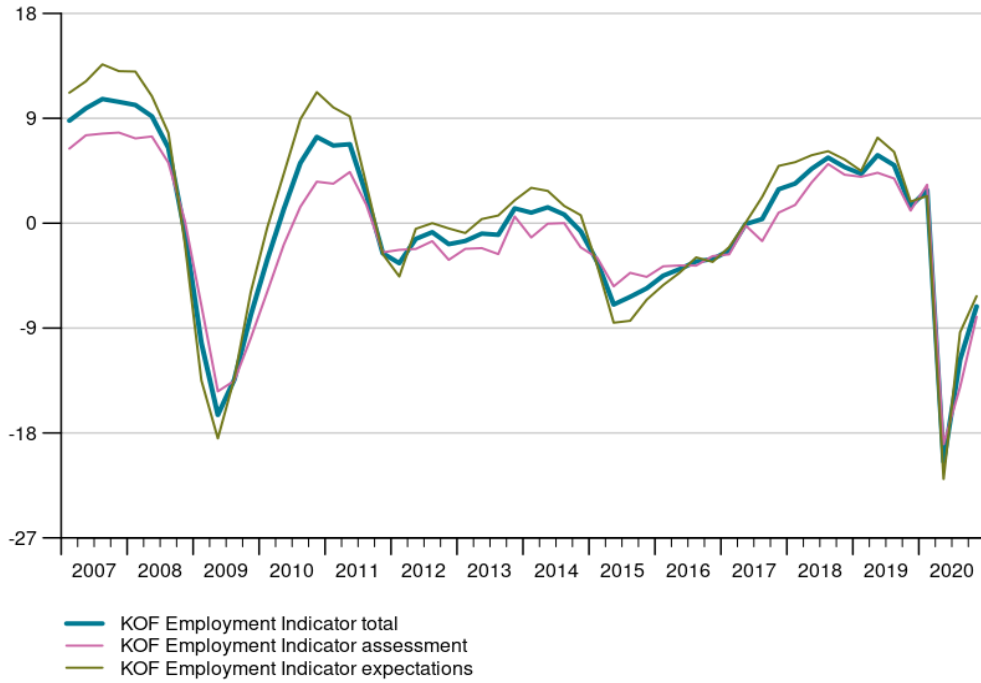
Indicator for the hospitality sector deep in negative territory

Strong differences between sectors are evident. Despite having staged a modest recovery, hospitality reports by far the lowest indicator value of all sectors (minus 25.4 points). Many of the firms surveyed in this sector expect to shed jobs over the next three months. The outlook is also bleak in the wholesale (minus 13.8 points) and manufacturing (minus 13.6 points) sectors. Forecasts for manufacturing are currently at the level they were at during the Swiss franc shock of early 2015. By contrast, most insurance companies expect to *increase* their staffing levels. The Indicator for the other service sectors is close to zero.

The Employment Indicator is calculated from KOF's quarterly Business Tendency Surveys. The evaluations for this quarter are based on the responses of more than 4,500 firms that were asked about their employment plans and expectations in October. The findings of the survey suggest that the COVID-19 crisis will lead to further job losses over the coming weeks.

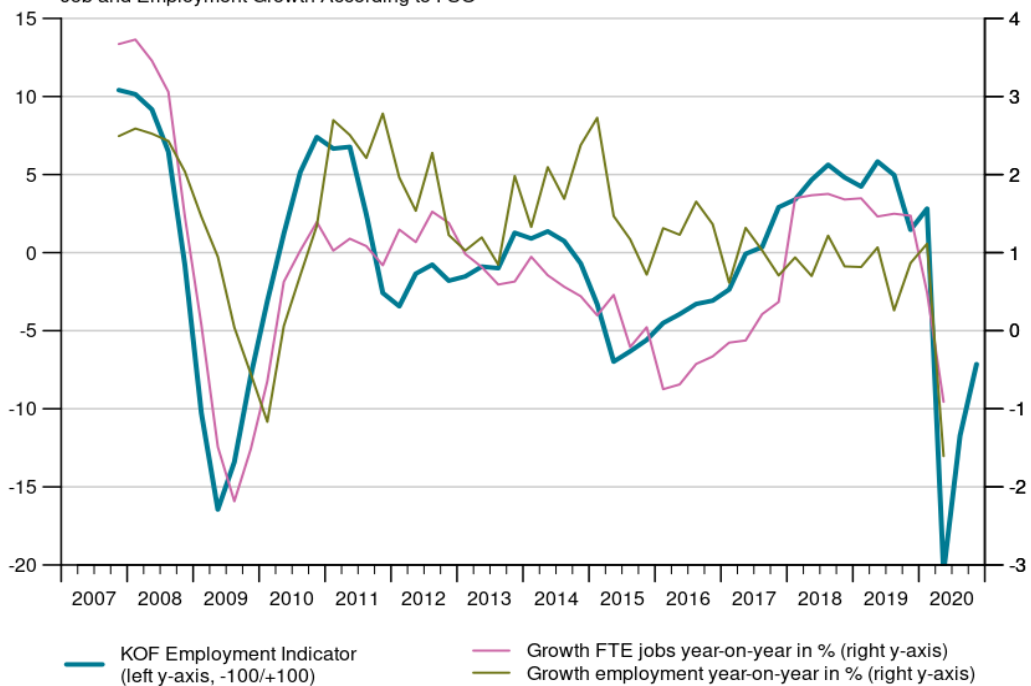
Period	Current indicator value	Value in the preceding quarter
4th quarter 2018	5.6	5.1
1st quarter 2019	4.2	4.3
2nd quarter 2019	5.8	5.7
3rd quarter 2019	5.0	4.6
4th quarter 2019	1.5	1.9
1st quarter 2020	2.8	2.9
2nd quarter 2020	-20.5	-20.6
3rd quarter 2020	-11.7	-12.9
4th quarter 2020	-7.1	

KOF Employment Indicator



KOF Employment Indicator, Job and Employment Growth

Job and Employment Growth According to FSO



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://www.kof.ethz.ch/prognosen-indikatoren/indikatore/kof-beschaefigungsindikator.html> →

Contacts:

Michael Siegenthaler | phone +41 44 633 93 67 | siegenthaler@kof.ethz.ch

KOF Corporate Communications | phone +41 44 633 99 48 | kofcc@kof.ethz.ch