

Press Release

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Sustained Investment Momentum of Swiss Firms Results of the latest KOF Investment Survey

Companies in Switzerland plan to increase their investment activities by some eight percent in 2018. Specifically, they want to increase not only their capital investments, but their expansion investments as well. This trend reflects the current health of the Swiss economy. These findings and more are the results of the KOF's latest investment survey.

The most recent KOF Investment Survey has delivered an initial estimate of how much Swiss businesses plan to invest in 2018. Companies have revealed that they are much more keen to invest: 29 percent of survey respondents said that they will increase their investments in plant and machinery in 2018, and 16 percent said they would invest more in construction. In contrast, some 16 percent reported a desire to invest less in plant and machinery, and just 8 percent said they planned to cut back their construction investments.

Company confidence regarding investment is similar to what it was in autumn 2014, i.e. before the Swiss franc crisis. The survey results indicate that private companies will increase their capital investments by some eight percent¹ (in nominal terms) this year. This means that the investments planned for this year are close to the level observed in 2017: according to the autumn 2017 edition of the survey, companies expected to increase investment that year by 8.5 percent.

The investments planned for 2018 can be split into three types: replacement, expansion and rationalisation. Each of these three categories has a different level of impact on the development of the overall economy. Whereas pure replacement investment (as the name suggests) tends to replace existing plant and equipment, and not change an economy's production capacity, expansion investment increases that capacity, and thus plays a key role in an economy's future.

Heightened expectations of demand growth and a decrease in uncertainty are driving the high growth rates of 2017 and 2018. Since companies are anticipating increased demand for their products, they need to increase their production capacity; hence, expansion investments. Meanwhile, a drop in uncertainty means that companies can finally realise postponed investment projects, which gives investment activity an additional boost. Amongst the survey participants, more than 47 percent are planning to make expansion investments in 2018. This is the highest level since 2010, and indicates companies' increased optimism. A substantial part of the budgeted eight-percent increase in capital investments will likely go towards expanding existing capacity. Alongside expansion investment, this year should also see a rise in rationalisation investment. With this kind of investment, companies replace existing production facilities with ones that are more efficient, the idea being that this will enhance their competitiveness.

¹ The rates of change in the survey results depict capital investments made by private companies in Switzerland; agriculture, private households and semi-public companies are reflected only partially if at all. This means the rates of change are not directly comparable with those in the national accounts.

About the KOF Investment Survey

The current KOF investment survey is sent to a sample of over 8,000 companies, forming a representative cross-section of the Swiss economy. It does not include the public sector, semi-public companies or private households. All in all, 3,000 companies took part in the survey, for a response rate of 38 percent.

Further information regarding the KOF Investment Survey can be found at:

<https://www.kof.ethz.ch/en/surveys/business-tendency-surveys/investment-survey.html> →

If you want to receive the KOF Investment Survey report, please send an email:

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