

Press Release

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Investment Growth Set to Slow in 2019

Growth in total capital spending in Switzerland will decline this year. This is among the findings of the twice-yearly KOF Investment Survey of over 14,000 companies. Although survey respondents plan to raise their capital expenditure further in 2019, the rate of increase will be lower than in recent years.

As revealed by the KOF Investment Survey conducted back in the spring of 2018, firms expect growth in capital expenditure to slow this year. They believe that investment in both machinery and equipment and in construction will increase by less than previously, and they are forecasting that spending on research and development will grow more slowly than it has to date.

Companies with greater planning certainty

The surveyed capital spending trends constitute firms' investment plans, the implementation of which is not always certain. In order to determine the accuracy of the rates of change specified in these plans, companies were asked how subjectively certain they were that their investment plans would be implemented. In the autumn of 2018, 91.3 per cent of firms stated that their investment plans for 2019 were either certain or very certain, while 8.7 per cent were uncertain or very uncertain about their plans. Planning implementation certainty as a whole is therefore currently slightly above where it has been in recent autumn surveys.

Technology development driving investment

The key factor driving capital expenditure last year was the strong growth in demand. Although demand remains a driving force this year, it is slightly less important. The findings of the KOF Investment Survey suggest that technology development is likely to be the main reason for companies' capital spending this year. Benign financial conditions have also had – and continue to have – a positive impact on investment activity, with small and medium-sized enterprises benefiting the most from these conditions.

The latest KOF Investment Survey was conducted among a panel of over 14,000 companies chosen to reflect the structure of the Swiss economy. The public sector, semi-state enterprises and households are not included in calculations of investment figures. With a total of 3,600 companies taking part in the survey, the response rate was 26 per cent.

The February edition of the KOF Bulletin contains a detailed report on the latest KOF Investment Survey: <https://www.kof.ethz.ch/en/news-and-events/news/kof-bulletin/kof-bulletin/2019/02/investment-dynamics-lower-this-year.html> →

Further information on the KOF Investment Survey is available here:

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

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