

Press Release

Zurich, 5 May 2021, 9am

KOF Business Tendency Surveys for April 2021: firms sense that spring is in the air

The recovery of the Swiss economy is progressing in leaps and bounds. The upward trend in the Business Situation Indicator, which has been ongoing since the beginning of the year, continued at an accelerated pace in April. Firms are also much more confident about developments over the coming months than they were in the previous month and at the beginning of this year. However, the availability of intermediate products is becoming a growing concern for companies.

The significant improvement in the business situation stems primarily from the manufacturing, retail and wholesale sectors, where things have clearly improved in each case. Business in these industries is now predominantly buoyant. The manufacturing sector hopes to gradually overcome the crisis. However, the timely availability of intermediate products is becoming a growing concern for manufacturers and wholesalers. Business in the retail sector is now stronger than it has been since before the beginning of the financial crisis in 2008. Business in project engineering is slightly better than it was in the previous month and at the beginning of the year. The situation in other services is not quite as bad as it was at the beginning of the year. However, the recovery among service providers is very slow and their overall position remains challenging. In construction, on the other hand, the situation is stable. Although business in financial services and insurance is no longer quite as strong as it was in the previous month, it remains predominantly encouraging. The worst performer is once again the hospitality industry, where there has been no improvement since the beginning of the year. The situation here remains bleak. However, most of the responses to the Business Tendency Surveys were received before the easing of restrictions announced by the Swiss Federal Council on 14 April this year. The responses received after this decision tended to be somewhat less pessimistic, especially in the food service sector.

Coronavirus-specific questions: service providers fear huge losses of revenue

The responses to the coronavirus-specific questions asked in the April Business Tendency Surveys reveal that businesses in the hospitality industry expect to see a COVID-related drop of 32 per cent in revenue this year. Also negatively impacted are other services (down 8 per cent), with businesses in transportation and warehousing as well as the arts, entertainment and leisure likely to face the steepest declines. Things might well look better in the manufacturing sector, where companies expect revenue to fall by only 2 per cent.

Availability of goods is increasingly a problem

While the decline in demand is restricting fewer and fewer businesses, the availability of goods, inputs and equipment is now a major constraint. The proportion of companies affected jumped by 10 percentage points to 24 per cent compared with January 2021. This restriction was cited particularly often in the wholesale (51 per cent), retail (43 per cent) and manufacturing (38 per cent) sectors. Construction firms are also being increasingly constrained by the availability of goods. The proportion of businesses affected has more than doubled to 36 per cent compared with the previous month, according to the latest data.

The findings of the latest KOF Business Tendency Surveys from April 2021 include responses from more than 4,500 firms from industry, construction and the major service sectors. This equates to a response rate of around 65 per cent. Since the beginning of the COVID pandemic these regular surveys have been supplemented with specific questions on the coronavirus crisis.

The detailed findings of the KOF Business Tendency Surveys from April (incl. charts and tables) are available here:

<https://ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2021/Business%20Tendency%20Surveys%20Detailed%20Results.pdf> →

Data and an interactive chart on the KOF Business Situation Indicator are available here:

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

Further information on the KOF Business Tendency Surveys is available here:

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

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