

# Press release

Zurich, 4 November 2022, 9 am

## **KOF Business Tendency Surveys: business activity slowing while manufacturing sector starts to weaken**

**The KOF Business Situation Indicator for the Swiss private sector, which is calculated from the KOF Business Tendency Surveys, fell significantly in October. Although business remains predominantly encouraging, the last time the Business Situation Indicator was lower than it is at present was in June 2021. The signs of a slowdown in business activity in the manufacturing sector are unmistakable. This is shown by the results of the latest Business Tendency Surveys for October.**

The economic stimulus resulting from the relaxation of the COVID-19 restrictions is running out. This is because business is slowing in the very sectors that benefited from it, namely hospitality and services. In virtually all other sectors surveyed, however, the Business Situation Indicator declined in October, falling in financial and insurance services, the wholesale trade, (again) in manufacturing, (slightly) in the retail sector and in project engineering. Only the construction industry performed fairly well.

### **Almost all sectors are planning to increase their prices**

Companies' tendency to raise their prices has clearly grown across the board. Prices have recently risen even further, especially in the hospitality industry, among service providers and in manufacturing.

### **Easing shortages of intermediate products**

Although shortages of materials and intermediate products continue to pose a problem for firms, the situation is easing slightly. Wholesalers are expecting delivery times to increase less frequently than they did previously, and the manufacturing and construction industries are no longer reporting shortages of materials and intermediate products quite as often. In the construction industry the shortage of staff has actually been more significant over the past few months.

### **Companies expect wages to increase by 2.4 per cent on average**

Since July of this year, KOF's regular Business Tendency Surveys have included questions on companies' expected wage levels in their own organisations and on inflation trends (in the consumer price index). These questions are asked every three months, so October is the second time that they have been posed. Their results are still regarded as *experimental* and, therefore, preliminary. The gross wages expected over the coming twelve months rose minimally compared with the July survey. An average wage increase of 2.4 per cent is being forecast across all sectors (2.3 per cent back in July).

### **Manufacturing losing momentum; headwinds in international business**

The Business Situation Indicator for the manufacturing sector fell for the fourth month in a row. Both export-led and domestically focused firms reckon that their current business situation is less encouraging than it was before. However, the volumes of foreign orders on hand in particular are now considered to be fairly unsatisfactory. The Swiss franc exchange rate is probably also having an impact, and firms' competitive position in foreign markets has come under pressure.

The results of the KOF Business Tendency Surveys for October 2022 include the responses of around 4,500 firms from manufacturing, construction and the major service sectors. This equates to a response rate of around 58 per cent.

**The detailed results of the KOF Business Tendency Surveys for October (including charts and tables) are available here:**

[https://www.kof.ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2022/Detailed\\_results\\_economic\\_survey\\_2022\\_Q4\\_with\\_graphs.pdf](https://www.kof.ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2022/Detailed_results_economic_survey_2022_Q4_with_graphs.pdf)

**Data and an interactive chart relating to the KOF Business Situation Indicator are available here:**

<https://www.kof.ethz.ch/prognosen-indikatoren/indikatoren/kof-geschaeftslageindikator.html>

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

<https://www.kof.ethz.ch/umfragen/konjunkturumfragen.html>

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