

# Press Release

Zurich, 3 February 2022, 10am

## **KOF Business Tendency Surveys: Swiss economy on course for recovery despite omicron wave**

**The Swiss economy's recovery is continuing despite the omicron wave at the beginning of the new year. This is demonstrated by the KOF Business Tendency Surveys for January. Although many employees are currently having to quarantine or self-isolate, a specially included KOF question reveals that the loss of sales due to staff absences is limited. The availability of intermediate products, on the other hand, remains a problem.**

### **Omicron wave is causing staff shortages**

Complaints about a shortage of skilled workers increased in many sectors as early as the second half of 2021. The loss of employees due to the omicron wave is now further exacerbating an already challenging staffing situation. A specially included question asked companies participating online in the KOF Business Tendency Surveys in January what proportion of their total workforce was quarantining or self-isolating owing to a COVID infection in the two weeks prior to the survey. The proportion across all sectors averaged around 7 per cent. Reflecting the trend in case numbers, staff absences tended to be slightly higher for companies that responded to the survey later in January than for firms that responded early. The highest staff shortages reported were in the hospitality sector.

### **But the impact on turnover is relatively small in most cases**

Another specially included question asked how staff absences due to self-isolation and quarantine affected the firms' turnover in the two weeks prior to the survey. On average, about 9 per cent of the firms that answered this question reported that staff absences reduced turnover. However, it is also clear that companies are usually able to compensate for absences of small numbers of workers. Among the companies that responded, the loss of turnover is about 1 per cent when up to 15 per cent of their workforce is quarantining or self-isolating. If even more staff are absent, however, the decline in turnover increases significantly. This suggests that companies are able to absorb smaller staff absences fairly well. Only when a significant proportion of the workforce is absent does this have a noticeable impact on turnover. The decline in turnover is particularly substantial in the hospitality industry, which has already been hit hard by the pandemic. Overall, however, there are still significantly more businesses in the hospitality industry that are complaining about a shortage of guests than about unavailable staff.

### **Industries are moving in different directions**

The coronavirus-induced gap between the sectors surveyed is widening again slightly in terms of their business situation. In some sectors, where business activity was already above average, it is tending to improve further. This is the case in manufacturing, the retail sector, construction and project engineering and, especially, among financial and insurance service providers. In contrast, the recovery is faltering in sectors where business activity was already below average, such as in other services and the hospitality industry. There is also a tendency throughout January for hospitality businesses that responded later in the month to assess their situation less favourably than businesses that provided their information earlier. In the other sectors, however, such a pattern is not quite so evident.

### **Primary products remain in short supply**

In the goods-producing and goods-distributing sectors – manufacturing, construction, retailing and wholesaling – the availability of intermediate products continues to be a considerable problem and is even more significant than the problem of staff shortages. At least the difficulties around input products in the construction industry and the retail sector have not increased further since the autumn. In manufacturing and wholesaling, on the other hand, they have, although there are signs of stabilisation at a high level around the turn of the year. More than half of the companies responding in the manufacturing and wholesale sectors are currently reporting disruption owing to insufficient supplies of intermediate products.

### **Prices are rising in almost all sectors**

Prices continued to increase across many sectors of the economy in January. Price pressures are again particularly pronounced in goods-producing and goods-distributing sectors such as manufacturing, construction, retailing and wholesaling. But the trend towards price rises was growing in other services as well at the beginning of the year.

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

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

[https://ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2022/DetailedResults\\_BusinessTendencySurvey\\_2022Q1\\_with\\_graphs.pdf](https://ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2022/DetailedResults_BusinessTendencySurvey_2022Q1_with_graphs.pdf)

**The relevant data and an interactive chart on 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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