

# Press release

Zurich, 8 February 2023, 9am

## **KOF Business Tendency Surveys: Swiss economy starting the year with renewed confidence**

**The KOF Business Situation Indicator for the Swiss private sector, which is calculated from the KOF Business Tendency Surveys, rose significantly in January. While firms' business had deteriorated in the autumn, a clearly positive trend was visible in January. The operating outlook for the coming months is more encouraging than before.**

The business situation improved across the board – in some cases substantially – in January. Compared with the previous survey this improvement was particularly pronounced in the wholesale trade, hospitality, manufacturing and financial and insurance services. This positive trend is not quite as strong – albeit still clearly evident – in other services, the retail trade, construction and project engineering. The business outlook for the near future paints a similarly broadly encouraging picture. Only the construction industry is not following suit. Otherwise, confidence is growing in all sectors.

### **Price buoyancy easing slightly**

Swiss companies' plans to raise their prices remain strong, even though their intentions are no longer pointing to price rises being quite as steep as those in the autumn. However, this trend varies significantly from sector to sector. Firms in the wholesale and manufacturing sectors, for example, are planning to raise their prices less frequently than they did before. In contrast, the construction industry and other service providers are planning more price increases. Companies' pricing intentions have changed little in the retail and hospitality industries.

Since last summer, KOF has also been asking firms on a quarterly basis about their expectations for future Swiss consumer price inflation. Here, too, the results suggest that the situation is easing. Whereas, back in the autumn, companies had expected to see an inflation rate of 3.7 per cent over the next twelve months, they now expect prices to rise by 2.9 per cent over this period. When asked about a time horizon of five years, firms last autumn gave a forecast of 3 per cent. Survey respondents now reckon that the inflation rate in five years' time will be around 2.6 per cent.

### **Pressure on firms' earnings is easing**

Companies are indicating that their earnings have performed better in the past three months than they did before. This easing trend with respect to earnings is at least vaguely discernible in almost all of the sectors surveyed. The hospitality industry stands out positively in terms of earnings performance.

The results of the KOF Business Tendency Surveys for January 2023 include the responses of around 4,500 firms from manufacturing, construction and the major service sectors. This equates to a response rate of around 59 per cent.

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

[https://www.kof.ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2023/Detailed\\_results\\_economic\\_survey\\_2023\\_Q1\\_with\\_graphs.pdf](https://www.kof.ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2023/Detailed_results_economic_survey_2023_Q1_with_graphs.pdf)

**The relevant 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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