

Press release

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KOF Business Tendency Surveys for October: downturn continues

The KOF Business Situation Indicator for the Swiss private sector, which is calculated from KOF's Business Tendency Surveys, fell in October for the second month in a row. Following a modest decline in the previous month, business activity cooled significantly in October. Meanwhile, upward pressure on prices is decreasing and companies' wage expectations are lower than last autumn.

The business situation in October deteriorated in the majority of sectors surveyed. In particular, the adverse trend in the manufacturing sector is weighing on the Swiss economy. However, the hospitality industry and the wholesale trade also suffered setbacks in October. Although the trend is slightly negative in other services and in the retail trade, it is very slightly positive in construction. There is a clearly visible improvement in the project engineering sector and in financial and insurance services.

Business expectations reveal a glimmer of hope

The situation is reversed when it comes to the outlook for business activity over the coming six months. While the manufacturing sector was still predominantly sceptical in the summer, confidence is now on the rise. The outlook has also brightened in financial and insurance services, the retail trade, project engineering, construction and other services. On the other hand, optimism in the hospitality industry is declining slightly, and wholesalers are becoming much more sceptical. Overall, these business expectations reflect the budding hopes for the performance of the Swiss economy going forward.

Price buoyancy continues to decline

Companies are planning fewer price increases than before, and the upward pressure on prices caused by Swiss firms is weakening. Price increases in the manufacturing sector, the retail trade and other services are less steep than before. In the construction industry, on the other hand, price increases are being considered slightly more frequently than in the previous month.

Companies expecting smaller wage rises than in autumn of last year

KOF also asks firms about their expectations regarding wage levels over the next twelve months. As of October 2023, companies were expecting wage increases to average 1.9 per cent over the year as a whole. They are thus expecting to see a smaller rise than in the autumn of last year. At that time they had factored in an increase of 2.5 per cent. Firms in manufacturing, the retail trade and wholesalers currently expect to see a slightly below-average wage round compared with the rest of the sector. Wage adjustments in the hospitality industry, construction and the project engineering sector could be above average.

The results of the KOF Business Tendency Surveys for October 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 61 per cent.



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

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

Further information on KOF's Business Tendency Surveys is available here:

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

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