

Press release

Zurich, 7 August 2024, 9am

Swiss economy recovering slightly during summer

The KOF Business Situation Indicator for the Swiss private sector, which is calculated based on the KOF Business Tendency Surveys, rose slightly in July. However, the indicator had fallen even more sharply in the previous month. Nonetheless, firms are currently being hampered in part by adverse weather conditions. Companies are similarly confident about their business expectations for the next six months as they were in the previous month.

The slight improvement in the business situation in July was mainly due to developments in manufacturing industry. This is remarkable as manufacturing in particular has been suffering from weak activity for some time. This month, however, it has managed to turn a corner. Project engineering firms are reporting a modest improvement on the previous month, although their overall business situation has remained fairly stable for several months. Business activity in the hospitality industry is virtually unchanged.

The business situation is deteriorating in all other sectors surveyed: primarily in retail but also in wholesale, construction, and financial and insurance services as well as – very slightly – in other services.

Manufacturing industry providing a ray of hope; weather conditions hampering growth

All in all, it was manufacturing that provided a ray of hope at the beginning of the summer quarter during an otherwise moderate trend. However, economic activity was also hampered in part by the weather conditions. Firms in the construction and food-service sectors, for example, reported a fairly unusual number of weather-related problems for the time of year.

Companies see short- and medium-term consumer price inflation within the Swiss National Bank's target range

Although firms are planning to raise their sales prices slightly more frequently on balance than before, the overall price increase will be significantly lower than in the winter of this year and even less than in 2022. Companies in the manufacturing and retail sectors are planning to raise their prices slightly more frequently than before. In contrast, the tendency to raise prices in the hospitality industry is declining significantly, while in the other services sector it is decreasing slightly. A scenario of sharply rising services prices therefore appears to have become less likely.

When asked about their expectations for general consumer price inflation over the next twelve months, firms' average response was 1.6 per cent – as in the previous quarter. Companies expect inflation to be below 2 per cent over the next five years. They therefore predict that consumer price inflation in Switzerland will remain below the 2 per cent target defined by the Swiss National Bank (SNB) as the upper limit for price stability in the short and medium term.



Press release

The results of the KOF Business Tendency Surveys for July 2024 include responses from around 4,500 firms from the manufacturing, construction and major service sectors. This equates to a response rate of around 59 per cent.

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

https://www.kof.ethz.chhttps://www.kof.ethz.ch/content/dam/ethz/special-interest/dual/kof-dam/documents/Medienmitteilungen/Konjunkturumfragen/2024/BTS_detaillierte_Ergebnisse_2024_07.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> →

Contacts:

Klaus Abberger | tel. +41 44 632 51 56 | abberger@kof.ethz.ch

KOF Corporate Communications | tel. +41 44 633 99 48 | kofcc@kof.ethz.ch

