

Press release

Zurich, 6 May 2024, 9am

KOF Business Tendency Surveys from April: modest recovery in the business situation

The KOF Business Situation Indicator for the Swiss private sector, which is calculated from KOF's Business Tendency Surveys, improved slightly in April. The situation in the manufacturing sector eased, while it deteriorated slightly in the construction industry.

The persistently tough business situation – particularly in manufacturing industry – eased in April. Business also improved in financial and insurance services and in the retail trade. This was already the third slight increase in the Business Situation Indicator for the retail trade in a row. Firms engaged in other services are also reporting a gradual improvement.

Private consumption could boost the economy

In contrast, business in the project engineering and construction sectors – both of which are associated with building activity – deteriorated slightly, while in the hospitality and wholesale sectors it deteriorated significantly. The improvement in the retail and manufacturing sectors – particularly in consumer goods production – as well as the weaker but still fairly encouraging business situation in the hospitality industry together indicate that private consumption could provide stimulus to the Swiss economy.

Companies' inflation concerns easing

Firms expect to see moderate levels of general consumer price inflation in Switzerland going forward. As far as trends over the next twelve months are concerned, company reports indicate an average inflation forecast of 1.6 per cent. Expected inflation over this time horizon fell below 2 per cent for the first time to 1.9 per cent in January. Inflation of 2.6 per cent had been forecast for the next twelve months in April 2023. Over an extended time horizon – i.e. the inflation rate in five years' time – firms' forecasts fell to an average of 1.9 per cent and thus below 2 per cent for the first time in April.

Wage growth expected to keep pace with inflation

As far as companies' policies with regard to their own sales prices are concerned, the upward pressure on prices, which picked up at the beginning of the year, is now subsiding again. The pressure on firms' earnings situation has eased. Companies expect their average gross wages to increase by 1.6 per cent over the next twelve months. This means that expected wages are lower than they were in January (1.8 per cent) and are on a par with firms' average inflation forecasts.

The results of the KOF Business Tendency Surveys from April 2024 include responses from around 4,500 firms from the manufacturing, construction and major service sectors. This equates to a response rate of around 61 per cent.



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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/2024/Detailed_results_economic_survey_April_2024.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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