

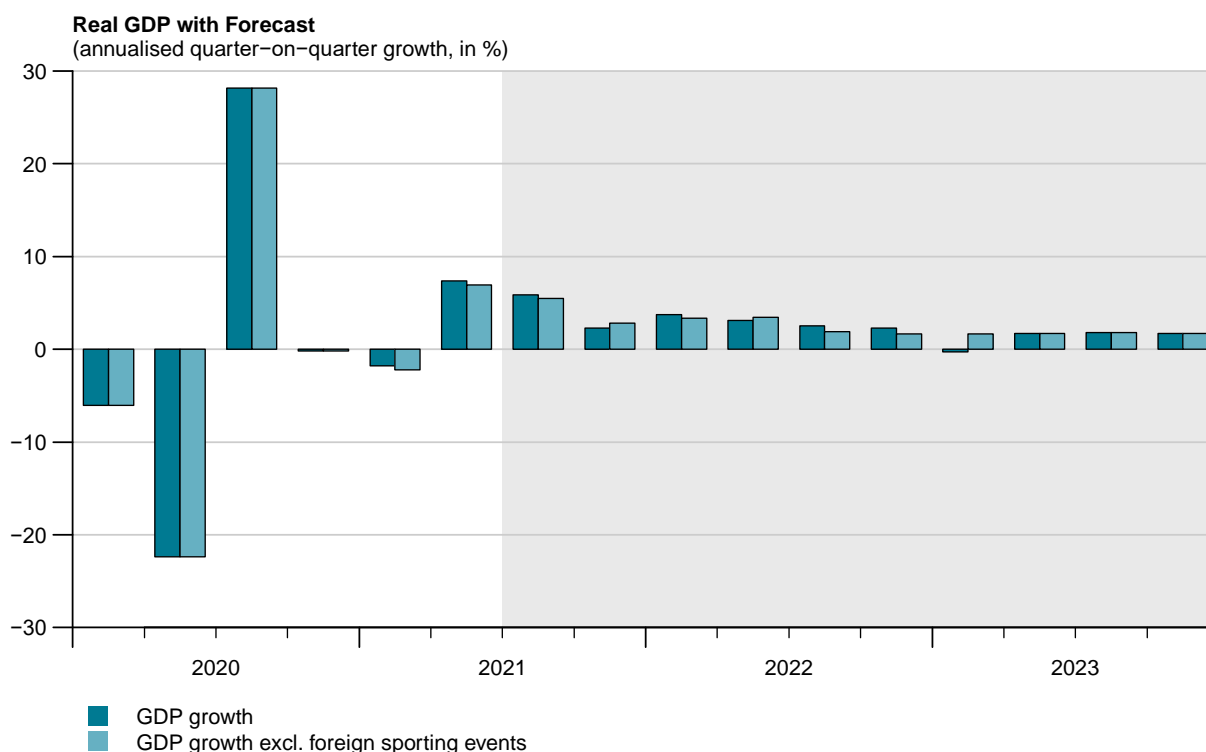
Executive Summary of KOF's Economic Forecast, autumn 2021

6 October 2021

This is a summary of the 2021 autumn forecast for Switzerland, released by the KOF Swiss Economic Institute at ETH Zurich on 6 October 2021, with a forecast horizon up to the end of 2023.

Swiss economy on a recovery growth trajectory until 2022, returning to potential growth from 2023

KOF's autumn forecast as at 6 October 2021 is predicting growth of 3.2 per cent in gross domestic product (GDP) for this year, while for 2022 we are expecting an annual growth rate of 3.6 per cent, and for 2023 – which has only recently been included in our forecasting period – we are predicting a rate of 1.5 per cent, which is in line with the Swiss economy's potential growth. Adjusted for major sporting events – which do not take place every year, have a fairly isolated impact on GDP and have little relevance for economic activity – our forecast is for GDP growth of 3.0 per cent in 2021, 3.4 per cent in 2022 and 1.8 per cent in 2023. The overall picture for this year and 2022 has therefore not changed fundamentally compared with June's forecast. However, the supply bottlenecks throughout the global economy and the evolution of the pandemic in Switzerland make our forecast for the current year slightly more cautious. This means that some of the recovery will be delayed until 2022, for which the latest forecast represents a modest upward revision. The output gap remains strongly negative this year at –1.3 per cent following –2.8 per cent in 2020. KOF expects it to overshoot slightly to 0.6 per cent and 0.7 per cent in 2022 and 2023 respectively.



Recovery of the global economy continues: growth rates are returning to normal

According to the latest data available, the recovery of the global economy continued surprisingly strongly in the second quarter of 2021 despite occasional increases in infection rates in many regions. This suggests that the level of economic activity has managed to decouple further from the evolution of the pandemic. This is likely to be partly a result of the improved efficiency of the COVID-19 restrictions imposed (more effective measures and more targeted application). The decisive factor here, however, is probably the progress made on vaccinating people, especially the most vulnerable groups of individuals. Global output weighted according to Switzerland's share of exports has almost returned to its pre-crisis levels. However, growth

rates in the international goods trade are now likely to return to normal because the catch-up effects in the categories of goods hit particularly hard by the pandemic are largely over. A further factor is that some of the value chains disrupted by the pandemic are not yet operating at their pre-crisis levels again, which is causing supply-chain bottlenecks. These bottlenecks are giving rise to production constraints and price rises, which are likely to dampen the economic recovery until well into this winter. KOF expects, however, that these capacity bottlenecks will decline sharply next year. Services also have significant further potential until they return to their pre-crisis growth path.

Current situation of the Swiss economy

Having collapsed in the spring of 2020, the Swiss economy is on a bumpy path to recovery following the gradual easing and tightening of COVID-19 restrictions and the careful precautions taken by individuals. The correlation between the officially recorded infection rates and the constraints on economic activity has declined over the course of the pandemic both in Switzerland and elsewhere. Government-imposed restrictions and the precautions taken by individuals have become more efficient with increasing experience. However, the decisive turning point was the launch of the vaccination campaign at the beginning of 2021. Just over half of the Swiss population has now been fully vaccinated. There is also a not precisely recorded number of people who are immune because they have already been infected with COVID-19 and survived. For the purposes of our forecast we have assumed that the number of vaccinated and immune individuals in Switzerland will continue to rise and that there will be no further outbreaks of the pandemic that would significantly constrain economic activity.

Following its explosive growth in the third quarter of 2020 owing to the optimism of that deceptive summer, the Swiss economy only returned to its path of recovery in the spring of this year, and Switzerland's economic output in the second quarter – according to the provisional GDP figures published by the State Secretariat for Economic Affairs (SECO) – was only less than 1 per cent below its pre-crisis levels. The key drivers of this recovery were, on the demand side, pent-up consumer spending and, on the supply side, the reopening of businesses. The recovery in industry was relatively weak, especially in the production lines affected by international supply-chain problems – with the notable exception of the pharmaceutical sector. Exports in this industry are proving to be a mainstay of growth. They have been rising sharply for years both in absolute terms and as a share of Switzerland's exports of goods. This trend is being intensified by the pandemic, partly because Switzerland – as a key manufacturer of mRNA vaccines – is likely to become a major exporter of these highly sought-after COVID-19 inoculations. The export volumes expected in this sector should give a significant boost to the Swiss trade in goods over the next few quarters.

The leading indicators used by KOF confirm the bumpy nature of the recovery for the international and Swiss economies. The Global Economic Barometers hit historic highs in the summer (of the northern hemisphere). Although they have recently been indicating that the pace of the recovery is slowing markedly, they remain at levels that suggest above-average growth for the global economy in the near future. The KOF Economic Barometer for Switzerland fell in September for the fourth time in succession after having hit an all-time high in May. As in the case of the Global Barometers, however, it is still well above the long-term average, which means that the economic recovery is likely to continue – albeit at a slower pace – over the coming months.

Pharmaceutical industry is a mainstay of growth during the pandemic

The Swiss economy has been hit hard by the pandemic. However, the crisis has been less severe than in otherwise similar economies. One reason for this is that the most productive sector of the Swiss economy overall – the pharmaceutical industry – has so far proved its resilience during the crisis. Medical treatments and medicines are not among the goods initially affected by cost savings when people's incomes are falling or they are in a difficult financial situation. Because the crisis has been caused by a virus, this has increased demand for drugs that combat the pathogen and the illness that it triggers. Although the necessary postponement of other treatments owing to capacity constraints in hospitals has affected the value added in the healthcare sector in particular, it has not reduced (international) demand for medicines. However, improved hygiene is likely to have curbed demand for treatments and drugs for colds and seasonal flu. The pharmaceutical industry has increased its sales overall during the pandemic. The chemical and pharmaceutical sectors raised their value added by 4.6 per cent in 2020. Falling prices meant, however, that the nominal value added was 0.5 per cent lower than in the previous year. The share of total

value added has continued to rise and is now 6.6 per cent, more than 5 per cent of which is attributable to the pharmaceutical industry alone. The pharmaceutical sector has therefore more than doubled its share of value added since 2000. The production and packaging of COVID-19 vaccines in Switzerland will ensure that this industry continues to grow significantly this year. The boost to growth that this has caused is likely to last for a further two years. The upward revision of our growth forecast for 2022 can largely be attributed to the expected increase in vaccine exports.

Public sector and fiscal policy are supporting the recovery

Public consumption remains high as a result of the pandemic, with the latest data showing a further sharp rise for the second quarter of 2021. The main reason for this is likely to be the provision of social benefits (vaccinations, payment of the cost of diagnostic COVID-19 tests at pharmacies and testing centres, provision of free self-tests). Public consumption is forecast to fall sharply in the near future as payments for the cost of testing are due to be withdrawn shortly and the pandemic situation is expected to ease. Fiscal policy will remain expansionary this year owing to the pandemic. The federal government's deficit in 2021 is expected to be similar to that in 2020. Public consumption will include not only the aforementioned components but also transfer payments (additional funding for social security as well as income support for the self-employed and businesses). The economic slump at the federal level has also impacted on the revenue side, for example in terms of value added tax and withholding tax. Receipts of income tax and profit tax payments will decline this year. Because of the lengthy periods between taxable income generation and invoicing in Switzerland (only individuals without the right to settle permanently in Switzerland are subject to timely income taxation), the pandemic will continue to impact on tax revenues over the coming years. On the other hand, the additional funds that the Swiss National Bank has distributed to the federal government and the cantons will boost their revenues. Next year is therefore expected to see a return to surpluses overall. Austerity measures and tax rises are likely to remain the exception and might only be necessary occasionally – if at all – at local authority level. The federal government, which has borne most of the cost of COVID-19, plans to reduce its deficits over a lengthy period without any budgeted surpluses (see Box 1 for the federal government's debt reduction plans).

Consumption will return to its pre-crisis growth path from mid-2022

The decline in gross domestic product in 2020 affected virtually all private expenditure components. The main driver of the decrease in gross domestic product in the first quarter of 2021, on the other hand, was private consumption. Slightly delayed in comparison with gross domestic product (excluding sporting events), private consumption is currently forecast to return to its pre-crisis levels in the third quarter of 2021. Taken together, private consumption is likely to continue to recover in the second half of this year and to grow by 2.8 per cent year on year, having slumped by 3.7 per cent in 2020. KOF expects consumer spending to rise by a substantial 6.1 per cent in 2022. Consumer spending in 2023 is forecast to become more closely aligned with disposable incomes; real disposable incomes will grow by 1.1 per cent and private consumption will rise by 1.9 per cent.

Saving ratio will return to its pre-crisis levels from mid-2022

In the first quarter of 2021 the saving ratio peaked for the second time during this crisis and is likely to gradually fall back again over the remaining course of the year. The future reduction of savings accumulated during the pandemic will be limited. These savings are mainly attributable to high-income households because they have lost less of their income and spend a larger proportion of their disposable income on the types of consumption that have been restricted in recent months. Because high-income households have a lower propensity to consume than low-income households, a significant proportion of their savings is more likely to be invested in real estate or stocks and shares instead of being spent on additional consumer goods over the next few months. Moreover, a large proportion of the slump in consumption can be attributed to spending on consumer-related services such as bars and restaurants, events and tourism, which – unlike physical goods – can only be replicated to a limited extent. This pandemic-linked substitution effect, replacing services with consumer durables such as furniture and electrical appliances, means that much of this longer-term demand has now been met. At the same time, however, it is expected that the high level of saving is likely to make people more willing to spend their money, which could boost consumption. KOF expects the saving ratio to return to normal from the third quarter of 2022 onwards. It is likely to settle somewhere between 21 per cent and 22 per cent in the second

half of 2022 and in 2023 and will therefore fall just slightly below its pre-crisis level from the fourth quarter of 2019 (22 per cent).

Construction investment has remained fairly robust during the pandemic

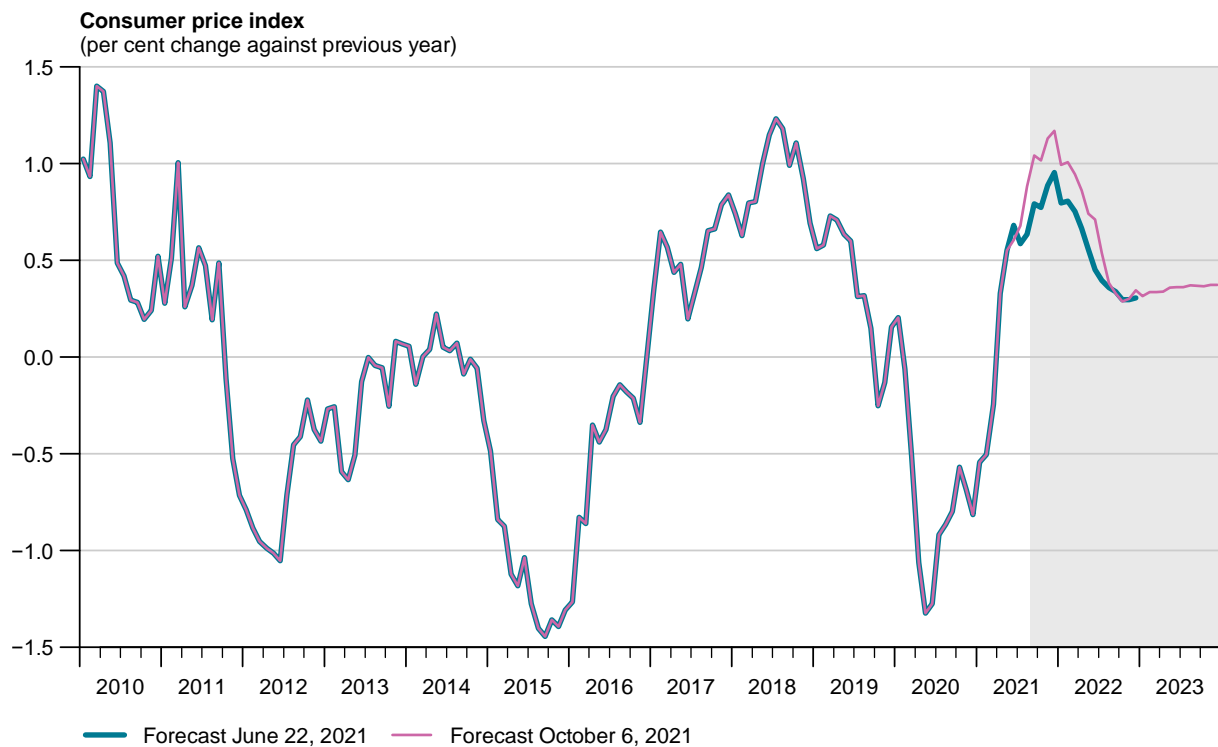
Construction spending has, on the whole, proved to be resilient during the crisis. It is likely to rise significantly this year on the back of strong stimulus from residential construction. Investment in residential construction is benefiting from a surge in demand triggered by the pandemic and will grow this year. Since 2018, however, this sector has been witnessing a slowdown, which is likely to continue in the medium term owing to years of buoyant construction activity and the resultant excess capacity. Nonetheless, low mortgage interest rates continue to make cheap financing available and encourage investment in residential property. Although investment in industrial and commercial construction fell last year as a result of the pandemic, it will increase this year. Because a few big-ticket projects are coming to an end, however, spending on industrial and commercial construction is set to slow over the coming years and to grow only modestly. Investment in civil-engineering infrastructure will support the construction sector over the forecasting period. Capital spending on rail and road transport infrastructure will continue to boost construction investment because its funding has been secured by plentiful infrastructure funds, which will remain largely unaffected by the performance of the economy over the coming years.

The employment outlook is encouraging but wage prospects are less positive

The latest data available suggests that the labour market is recovering well from the pandemic. The summer half-year went well in terms of the numbers of registered unemployed, short-time working, and the employment statistics published by the Swiss Federal Statistical Office. However, the situation looks less benign if we look at the recently published unemployment figures as defined by the International Labour Organization (ILO) and the employment statistics, which have been published simultaneously for the first and second quarters. The unemployment rate as defined by the ILO remained high by Swiss standards in the second quarter. Unlike registered unemployment, which has been falling on a seasonally adjusted basis since mid-2020, the ILO unemployment rate also rose on a seasonally adjusted basis between the second quarter of 2020 and the first quarter of 2021. Moreover, the ILO unemployment rate hardly fell at all between the first quarter and the second quarter. These figures show that the summer crisis in the labour market is not yet over. Despite this unpleasant surprise, KOF continues to forecast that the situation in the labour market will improve considerably in the second half of 2021 and in the coming winter half-year. Short-time working should continue to decline, the unemployment rate is likely to fall significantly and employment is expected to rise sharply as labour-intensive service sectors benefit from the lifting of restrictions. Workers, however, are likely to be disappointed by the level of wage growth which, after allowing for inflation, will hardly deliver any purchasing-power gains in real terms.

Temporary rise in inflation

The latest data available shows that the Swiss national consumer price index rose by 0.9 per cent in August 2021. The main contributing factors here were rents and the prices of air travel and hotel accommodation. Inflation had already been creeping up during the previous months. However, it is more the case that prices are merely returning to normal from their low in the pandemic year of 2020. The key drivers here are the prices of air travel, package holidays and hotel accommodation, which had plummeted as a result of the pandemic. The same applies to the current rise in energy prices, which is one of the main factors contributing to the general increase in prices. Current inflationary pressures are therefore likely to be temporary. Underutilised production capacities and minimal nominal wage growth will, on the whole, continue to keep Swiss inflation low. Nonetheless, our inflation forecast is very slightly higher than it was in June owing to higher rents and the prices of goods from abroad. KOF is now predicting average inflation of 0.5 per cent this year, 0.6 per cent next year and 0.4 per cent in 2023. In our last forecast we were expecting the rate of inflation to be 0.4 per cent in 2021 and 0.5 per cent in 2022.



Forecasting risks no longer solely dominated by the pandemic

Uncertainty about the evolution of the pandemic overshadowed all other forecasting risks at the beginning of the pandemic and the economic crisis that it triggered. This assessment was vindicated by reality. The frequent and sometimes dramatic forecast revisions carried out by KOF and other institutes can be almost totally explained by coronavirus-related surprises. Now, however, KOF reckons that the causes of these forecasting risks lie not only in the ongoing pandemic-related uncertainty but also in the economy itself. The main contributing factors to highlight here are the worldwide transportation and production bottlenecks, the inflationary risks associated with these bottlenecks and, in particular, with the sharp rise in energy prices, and developments in the Chinese real-estate market. There are also warnings that the Swiss property market could overheat. The situation is being exacerbated by the geopolitical tensions between China and the United States and its allies.

Further information on the KOF Economic Forecast can be found here:

<https://www.kof.ethz.ch/en/forecasts-and-indicators/forecasts/kof-economic-forecast.html> →

APPENDIX

Tables

Table A-1											
Detailed historical data and forecasts for Switzerland 2009–2023											
a) Real Gross Domestic Product (GDP): Expenditures											
(Million Swiss franc; chained volumes (reference year 2018); per cent change against previous year at previous' year's prices and mean per cent change, respectively)											
	09-18	2019		2020		2021		2022		2023	
		(1)		(1)		(2)		(3)		(3)	
1. Consumption	1.5	457 718	1.2	-	-2.4	-	3.3	-	3.9	-	1.5
thereof: private households and NPISHs	1.6	377 285	1.4	363 380	-3.7	373 736	2.8	396 935	6.2	404 705	2.0
general government	1.2	80 433	0.7	83 219	3.5	87 603	5.3	82 737	-5.6	81 986	-0.9
2. Gross fixed capital formation	1.6	185 060	0.6	-	-1.8	-	3.5	-	2.3	-	1.7
thereof: construction	2.1	65 917	-0.9	65 635	-0.4	66 725	1.7	67 228	0.8	67 457	0.3
machinery and equipment	1.4	119 143	1.4	116 146	-2.5	121 472	4.6	125 396	3.2	128 380	2.4
Domestic final demand	1.6	642 778	1.1	-	-2.2	-	3.4	-	3.5	-	1.5
3. Changes in inventories	-	878	-	-5 121	-	-8 715	-	-8 643	-	-8 287	-
Domestic demand (*)	1.7	643 656	1.6	-	-3.2	-	1.3	-	3.3	-	1.5
4. Exports of goods and services (*)	3.0	412 717	1.5	-	-5.6	-	8.1	-	10.1	-	4.1
thereof: goods excl. merchanting	2.5	233 127	4.9	226 330	-2.9	254 237	12.3	271 241	6.7	282 451	4.1
merchanting (net)	7.1	44 313	-3.6	48 299	9.0	41 333	-14.4	47 225	14.3	49 473	4.8
services	2.6	135 277	-2.3	115 611	-14.5	125 036	8.2	144 488	15.6	150 211	4.0
Total demand (*)	2.1	1 056 373	1.5	-	-4.1	-	3.8	-	6.0	-	2.6
5. Imports of goods and services (*)	3.3	328 391	2.3	-	-8.0	-	5.2	-	11.6	-	4.9
thereof: goods (*)	2.4	206 911	2.8	194 065	-6.2	206 649	6.5	229 225	10.9	238 900	4.2
services	5.1	121 480	1.4	108 152	-11.0	111 212	2.8	125 384	12.7	133 104	6.2
6. Statistical difference	-	0	-	-	-	-	-	-	-	-	-
thereof: chaining of expenditure components	-	0	-	-392	-	363	-	157	-	65	-
inventory valuation	-	0	-	-327	-	-10 327	-	-12 399	-	-13 226	-
Gross Domestic Product	1.7	727 982	1.2	710 563	-2.4	733 604	3.2	759 756	3.6	771 212	1.5
without large international sports events	1.7	727 982	1.5	710 563	-2.4	732 177	3.0	757 420	3.4	771 211	1.8
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 6 October 2021											
(2) KOF estimation 6. Oktober 2021											
(*) Adjusted by the non-cyclical exports and imports of valuables, i.e. precious metals incl. non-monetary gold and stones, gems as well as objects of art and antiquities. This adjustment has no influence on the GDP.											
(+*) FSO publish the national account data without those adjustments. For comparison reasons we list the non-adjusted figures in the lines below. In the forecast period the growth rates of the trade in valuables are the same as the predicted ones for the goods without valuables, causing fluctuations in the net acquisitions of valuables.											
3. Net acquisitions of valuables (+)	-	-1 534	-	6 860	-	8 936	-	10 912	-	11 282	-
Domestic demand (+)	1.3	642 122	1.8	-	-1.7	-	1.7	-	3.7	-	1.6
4. Exports of goods and services (+)	2.8	472 118	-0.8	-	-6.0	-	9.4	-	9.6	-	4.1
thereof: goods (+)	2.8	336 841	-0.1	328 177	-2.6	360 476	9.8	387 841	7.6	404 174	4.2
Total demand (+)	2.0	1 114 240	0.7	-	-3.1	-	4.1	-	6.4	-	2.7
5. Imports of goods and services (+)	2.5	386 258	-0.2	-	-4.5	-	5.8	-	11.4	-	4.7
thereof: goods (+)	1.5	264 778	-1.0	260 386	-1.7	278 329	6.9	308 736	10.9	321 767	4.2

Table A-2											
Detailed historical data and forecasts for Switzerland 2009–2023											
b) Nominal Gross Domestic Product (GDP) and Gross National Income (GNI): Expenditures											
(Million Swiss franc at current prices; per cent change against previous year and mean per cent change, respectively)											
	09-18	2019		2020		2021		2022		2023	
		(1)		(1)		(2)		(3)		(3)	
1. Consumption	1.6	457 157	1.1	443 862	-2.9	460 943	3.8	483 919	5.0	494 136	2.1
thereof: private households and NPISHs	1.4	375 926	1.0	360 020	-4.2	372 240	3.4	399 450	7.3	409 573	2.5
general government	2.1	81 231	1.7	83 843	3.2	88 703	5.8	84 469	-4.8	84 563	0.1
2. Gross fixed capital formation	1.3	185 415	0.8	181 795	-2.0	190 019	4.5	195 993	3.1	199 653	1.9
thereof: construction	2.3	66 303	-0.3	66 073	-0.3	67 953	2.8	69 477	2.2	69 668	0.3
machinery and equipment	0.9	119 112	1.4	115 722	-2.8	122 066	5.5	126 515	3.6	129 985	2.7
Domestic final demand	1.5	642 572	1.0	625 657	-2.6	650 962	4.0	679 911	4.4	693 789	2.0
3. Changes in inventories	-	1 083	-	4 351	-	-7 350	-	-8 303	-	-8 392	-
Domestic demand (*)	1.5	643 655	1.6	630 008	-2.1	643 612	2.2	671 609	4.3	685 397	2.1
4. Exports of goods and services (*)	1.9	408 723	0.5	367 323	-10.1	412 885	12.4	461 593	11.8	484 318	4.9
thereof: goods excl. merchanting	1.1	230 159	3.5	216 006	-6.1	245 491	13.7	266 092	8.4	279 415	5.0
merchanting (net)	5.5	41 873	-8.9	40 514	-3.2	44 866	10.7	51 019	13.7	52 292	2.5
services	2.3	136 691	-1.3	110 804	-18.9	122 528	10.6	144 483	17.9	152 612	5.6
Total demand (*)	1.7	1 052 378	1.2	997 331	-5.2	1 056 498	5.9	1 133 202	7.3	1 169 716	3.2
5. Imports of goods and services (*)	1.9	325 166	1.3	291 089	-10.5	318 738	9.5	361 270	13.3	379 451	5.0
thereof: goods (*)	0.8	204 504	1.6	184 862	-9.6	206 204	11.5	235 001	14.0	246 298	4.8
services	4.2	120 662	0.7	106 227	-12.0	112 534	5.9	126 269	12.2	133 154	5.5
Gross Domestic Product	1.5	727 212	1.1	706 242	-2.9	737 759	4.5	771 932	4.6	790 264	2.4
without large international sports events	1.5	727 212	1.4	706 242	-2.9	736 344	4.3	769 555	4.5	790 264	2.7
6. Balance of property income	-	-568	-	-641	-	3 317	-	7 576	-	9 368	-
7. Balance of labour income	-	-25 708	-	-24 672	-	-25 237	-	-26 363	-	-27 682	-
8. Balance of production taxes	-	0	-	0	-	0	-	0	-	0	-
Gross National Income	1.8	700 936	1.5	680 929	-2.9	715 840	5.1	753 145	5.2	771 951	2.5
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 6 October 2021											
(2) KOF estimation 6 October 2021											
(*) Adjusted by the non-cyclical exports and imports of valuables, i.e. precious metals incl. non-monetary gold and stones, gems as well as objects of art and antiquities. This adjustment has no influence on the GDP.											
(+*) FSO publish the national account data without those adjustments. For comparison reasons we list the non-adjusted figures in the lines below. In the forecast period the growth rates of the trade in valuables are the same as the predicted ones for the goods without valuables, causing fluctuations in the net acquisitions of valuables.											
3. Net acquisitions of valuables (+)	-	-2 602	-	14 122	-	11 123	-	17 437	-	18 090	-
Domestic demand (+)	1.3	641 053	1.7	644 130	0.5	654 735	1.6	689 045	5.2	703 487	2.1
4. Exports of goods and services (+)	2.1	476 555	0.2	440 285	-7.6	498 311	13.2	554 188	11.2	581 549	4.9
thereof: goods (+)	2.0	339 864	0.7	329 482	-3.1	375 783	14.1	409 705	9.0	428 937	4.7
Total demand (+)	1.6	1 117 607	1.0	1 084 416	-3.0	1 153 046	6.3	1 243 233	7.8	1 285 036	3.4
5. Imports of goods and services (+)	1.8	390 395	0.8	378 174	-3.1	415 287	9.8	471 301	13.5	494 772	5.0
thereof: goods (+)	0.9	269 734	0.9	271 947	0.8	302 753	11.3	345 032	14.0	361 619	4.8

Table A-3											
Detailed historical data and forecasts for Switzerland 2009–2023											
c) Implicit deflators of Gross Domestic Product (GDP): Expenditures											
(Indices, 2018 = 100; per cent change against previous year and mean per cent change, respectively)											
	09-18	2019		2020		2021		2022		2023	
		(1)		(1)		(2)		(3)		(3)	
1.Consumption	0.0	99.9	-0.1	99.4	-0.5	99.9	0.5	100.9	1.0	101.5	0.6
thereof: private households and NPISHs	-0.2	99.6	-0.4	99.1	-0.6	99.6	0.5	100.6	1.0	101.2	0.6
general government	0.9	101.0	1.0	100.7	-0.2	101.3	0.5	102.1	0.8	103.1	1.0
2.Gross fixed capital formation	-0.2	100.2	0.2	100.0	-0.2	101.0	1.0	101.8	0.8	102.0	0.2
thereof: construction	0.2	100.6	0.6	100.7	0.1	101.8	1.2	103.3	1.5	103.3	-0.1
machinery and equipment	-0.5	100.0	0.0	99.6	-0.3	100.5	0.9	100.9	0.4	101.3	0.4
Domestic final demand	-0.1	100.0	0.0	99.6	-0.4	100.2	0.7	101.1	0.9	101.7	0.5
3.Changes in inventories	-	-	-	-	-	-	-	-	-	-	-
Domestic demand (*)	-0.1	-	0.0	-	1.1	-	0.9	-	1.0	-	0.5
4.Exports of goods and services (*)	-1.0	99.0	-1.0	94.3	-4.8	98.0	4.0	99.5	1.5	100.2	0.7
thereof: goods excl. merchanting	-1.4	98.7	-1.3	95.4	-3.3	96.6	1.2	98.1	1.6	98.9	0.8
merchanting (net)	-1.5	94.5	-5.5	83.9	-11.2	108.5	29.4	108.0	-0.5	105.7	-2.2
services	-0.3	101.0	1.0	95.8	-5.1	98.0	2.2	100.0	2.0	101.6	1.6
Total demand (*)	-0.5	-	-0.4	-	-1.2	-	2.1	-	1.2	-	0.6
5.Imports of goods and services (*)	-1.3	99.0	-1.0	96.3	-2.7	100.3	4.1	101.9	1.6	102.0	0.1
thereof: goods (*)	-1.6	98.8	-1.2	95.3	-3.6	99.8	4.8	102.5	2.7	103.1	0.6
services	-0.8	99.3	-0.7	98.2	-1.1	101.2	3.0	100.7	-0.5	100.0	-0.7
Gross Domestic Product	-0.1	99.9	-0.1	99.4	-0.5	100.6	1.2	101.6	1.0	102.5	0.9
without large international sports events	-0.1	99.9	-0.1	99.4	-0.5	100.6	1.2	101.6	1.0	102.5	0.9
(1) Preliminary calculation from the Federal Statistical Office (FSO)						(3) KOF forecast 6 October 2021					
(2) KOF estimation 6 October 2021											
(*) Adjusted by the non-cyclical exports and imports of vauables, i.e. precious metals incl. non-monetary gold and stones, gems as well as objects of art and antiquities. This adjustment has impacts on the deflators.											
(+) FSO publish the national account data without those adjustments. For comparison reasons we list the non-adjusted figures in the lines below. In the forecast period the growth rates of the trade in valuables are the same as the predicted ones for the goods without valuables.											
3.Net acquisitions of valuables (+)	-	-	-	-	-	-	-	-	-	-	-
Domestic demand (+)	0.0	-	-0.2	-	2.2	-	-0.1	-	1.5	-	0.5
4.Exports of goods and services (+)	-0.7	100.9	0.9	99.2	-1.7	102.6	3.4	104.2	1.5	105.0	0.8
thereof: goods (+)	-0.8	100.9	0.9	100.4	-0.5	104.2	3.8	105.6	1.3	106.1	0.5
Total demand (+)	-0.3	-	0.3	-	0.2	-	2.1	-	1.3	-	0.6
5.Imports of goods and services (+)	-0.6	101.1	1.1	102.6	1.5	106.5	3.8	108.5	1.9	108.7	0.2
thereof: goods (+)	-0.6	101.9	1.9	104.4	2.5	108.8	4.2	111.8	2.7	112.4	0.6

Table A-4					
Detailed historical data and forecasts for Switzerland 2019–2023					
d) Current account					
(Million Swiss franc at current prices)					
	2019 (1)	2020 (1)	2021 (2)	2022 (3)	2023 (3)
Goods (balance) (*)	67 528	71 657	84 153	82 110	85 409
Services (balance)	16 029	4 577	9 994	18 214	19 458
Property income (balance)	-568	-641	3 317	7 576	9 368
Labour income (balance)	-25 573	-24 672	-25 237	-26 363	-27 682
Goods, services and primary income (balance) (*)	57 416	50 920	72 228	81 536	86 553
Current transfer (secondary income, balance)	-17 853	-18 322	-19 140	-20 027	-20 505
Current account balance (*)	39 563	32 598	53 088	61 510	66 048
Current account balance in per cent of GDP (*)	5.4	4.6	7.2	8.0	8.4
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 6 October 2021					
(2) KOF estimation 6 October 2021					
(*) Adjusted by the non-cyclical exports and imports of valuables, i.e. precious metals incl. non-monetary gold and stones, gems as well as objects of art and antiquities. (+) FSO publish the national account data without those adjustments. For comparison reasons we list the non-adjusted figures in the lines below. In the forecast period the growth rates of the trade in valuables are the same as the predicted ones for the goods without valuables.					
Goods (balance) (+)	70 130	57 535	73 030	64 673	67 318
Goods, services and primary income (balance) (+)	60 018	36 798	61 105	64 099	68 462
Current account balance (+)	42 165	18 476	41 965	44 073	47 958
Current account balance in per cent of GDP (+)	5.8	2.6	5.7	5.7	6.1

Table A-5											
Detailed historical data and forecasts for Switzerland 2009–2023											
e) Disposable income, consumption and saving of private households and non-profit institutions serving households (NPISH)											
(Million Swiss franc at current prices; per cent change against previous year and mean per cent change, respectively)											
	09-18	2019 (1)		2020 (1)		2021 (2)		2022 (3)		2023 (3)	
Disposable income of private households	1.3	433 668	0.1	456 149	5.2	468 388	2.7	471 428	0.6	478 552	1.5
Private consumption	1.4	375 926	1.0	360 020	-4.2	372 240	3.4	399 450	7.3	409 573	2.5
Saving (4)	0.2	57 742	-5.2	96 129	66.5	96 147	0.0	71 978	-25.1	68 979	-4.2
Saving (5)	0.4	98 381	1.3	136 899	39.2	137 732	0.6	114 395	-16.9	112 244	-1.9
Saving rate (4,6)	-	-	13.3	-	21.1	-	20.5	-	15.3	-	14.4
Saving rate (5,6)	-	-	20.7	-	27.5	-	27.0	-	22.3	-	21.5
(1) Preliminary calculation from the Federal Statistical Office (FSO), KOF (4) Excluding adjustment for change in pension entitlements											
(2) KOF estimation 6 October 2021 (5) Including adjustment for change in pension entitlements											
(3) KOF forecast 6 October 2021 (6) Saving in % of disposable income											

Table A-6						
Detailed historical data and forecasts for Switzerland 2009–2023						
f) Macroeconomic data outside of the National Accounts						
(Per cent change against previous year and mean per cent change, respectively)						
	09-18	2019	2020	2021	2022	2023
Monetary variables						
Real exchange rate of the Swiss franc	1.2	0.7	3.9	-2.5	-0.5	-0.2
Government bonds, 10 years (1)						
- annual average	0.9	-0.5	-0.5	-0.3	-0.4	-0.3
- end-of-year	0.8	-0.5	-0.5	-0.3	-0.3	-0.2
3-months-CHF-SARON (1)						
- annual average	0.0	-0.7	-0.7	-0.7	-0.7	-0.7
- end-of-year	-0.2	-0.7	-0.8	-0.7	-0.7	-0.7
Consumer prices						
- annual average	-0.1	0.4	-0.7	0.5	0.6	0.4
- end-of-year	0.0	0.2	-0.8	1.2	0.3	0.4
Employment and labour market						
No. of workers	1.0	1.6	-0.1	0.3	1.6	1.6
No. of workers, full time equivalents (FTE)	0.9	1.6	0.1	0.2	1.6	1.5
Employment	1.3	0.7	-0.5	0.1	2.3	1.5
Total hours worked	0.8	0.6	-4.6	3.3	4.1	0.7
Labour productivity per FTE	0.8	-0.1	-2.5	2.9	1.8	0.3
Labour productivity per hour	0.9	0.9	2.3	-0.2	-0.7	1.2
Nominal wages (wage index)	0.8	0.9	0.8	0.3	0.6	1.1
Average wage compensation per FTE (2)	1.1	1.4	1.5	0.6	0.5	1.1
Unemployment rate, ILO definition (1)	4.7	4.4	4.8	5.0	4.5	4.3
Unemployment rate, registered, Seco definition (1)	2.9	2.3	3.1	3.0	2.5	2.3
Population and per capita indicators						
Population	1.1	0.7	0.7	0.8	0.8	0.9
Real Gross Domestic Product per capita	0.6	0.5	-3.1	2.4	2.7	0.6
Real Gross National Income per capita (3)	0.9	1.2	-3.0	3.8	3.3	1.0
(1) Level						
(2) Wage compensation per employee (full time equivalents)						
(3) Using deflator of private consumption						

Table 0-1						
Growth contribution to the Swiss Gross Domestic Product 2009-2023 (1)						
(per cent change against previous year's GDP at previous' year's prices and mean per cent change, respectively)						
	09-18	2019	2020	2021	2022	2023
Private consumption	0.8	0.7	-1.9	1.5	3.1	1.0
General government consumption	0.1	0.1	0.4	0.6	-0.7	-0.1
Construction investment	0.2	-0.1	0.0	0.2	0.1	0.0
Machinery and equipment investment	0.2	0.2	-0.4	0.8	0.5	0.4
Domestic final demand	1.4	0.9	-2.0	3.0	3.1	1.3
Changes in inventories	-	0.3	-0.8	-0.5	0.0	0.0
Domestic demand	1.5	1.4	-2.8	1.1	2.9	1.3
Exports	1.5	0.8	-3.1	4.2	5.7	2.5
Total demand	3.0	2.2	-6.0	5.4	8.6	3.8
./. Imports	1.4	1.0	-3.6	2.1	5.0	2.3
Gross Domestic Product	1.7	1.2	-2.4	3.2	3.6	1.5
thereof: contribution of foreign trade	0.2	-0.2	0.4	2.1	0.7	0.2
large international sports events	0.0	-0.3	0.0	0.2	0.2	-0.3
Statistical differences from chaining and inventory valuation	-	0.2	0.0	-1.3	-0.2	-0.1
(1) Unlike the national accounts the figures are adjusted by the non-cyclical exports and imports of valuables, i.e. precious metals incl. non-monetary gold and stones, gems as well as objects of art and antiquities (cf. Table A-1 and appendix).						

Table 3-1						
Balance of accounts: Federal Government, Cantons, Municipalities and National Insurances 2008-2022						
(Million Swiss franc at current prices)						
	09-18 (C)	2019 (C,E)	2020 (C,E)	2021 (E)	2022 (E)	2023 (E)
Federal Government	3 110	4 791	-15 168	-16 087	1 082	1 990
Cantons	-424	-2 259	1 095	-448	1 104	2 055
Municipalities	-530	-581	-610	-550	-1 100	-1 156
Total without National Insurances	2 157	1 950	-14 684	-17 084	1 087	2 889
National Insurances	1 196	677	2 298	1 024	1 436	2 098
General Government	3 353	2 628	-12 385	-16 060	2 523	4 986
in % of GDP	0.5	0.4	-1.8	-2.2	0.3	0.6
(C) Calculation of the Federal Finance Administration (FFA) (E) KOF estimation and forecast 6 October 2021						

Table 1-1								
Historical data and forecasts for the world economy 2009–2023								
(in trillion US-Dollar; change against previous year at previous year's prices in % or mean change in %) (1)								
	2018		09-18	2019	2020	2021	2022	2023
	nominal	in %						
Gross Domestic Product								
World (total)								
Weighted by Nominal GDP Shares	80.3	100		2.6	-3.4	6.0	4.1	2.8
Weighted by Shares in Swiss Exports				1.8	-4.8	5.2	3.9	2.1
Weighted by PPP-Adjusted GDP Shares				2.9	-3.3	6.4	4.6	3.2
Important Country Aggregates (2)								
Euro Area	13.7	17	0.8	1.5	-6.5	4.8	3.9	1.6
European Union	16.0	20	1.0	1.7	-6.0	4.8	3.8	1.7
G20	74.2	92	2.5	2.6	-3.4	5.8	4.2	2.8
OECD	53.0	66	1.6	1.7	-4.7	5.2	3.5	1.8
Europe								
Germany	4.0	5	1.3	1.1	-4.9	2.4	4.6	1.7
France	2.8	3	1.0	1.8	-8.0	6.0	3.5	1.5
Italy	2.1	3	-0.3	0.3	-8.9	5.2	2.8	0.8
United Kingdom	2.9	4	1.3	1.4	-9.8	6.5	4.7	1.3
Central and Eastern Europe	1.4	2	2.4	4.2	-4.0	5.3	4.1	2.6
North America								
United States of America	22.3	28	1.7	2.3	-3.5	5.4	3.3	1.9
East Asia								
China	24.5	31	4.7	4.1	-0.1	6.8	4.3	4.0
Japan	13.8	17	8.0	6.0	2.4	8.2	5.3	5.2
Southeast Asia	5.0	6	0.6	0.0	-4.7	2.0	2.1	1.2
South Asia (incl. India)	5.6	7	4.1	3.2	-2.4	7.5	3.3	3.1
Central Asia and Russia	2.7	3	7.3	4.8	-7.3	6.7	8.9	6.4
Latin America	1.8	2	0.6	1.9	-2.5	6.4	9.6	5.0
Africa und Middle East	4.6	6	1.8	0.7	-6.8	8.1	4.1	1.7
Oceania (incl. Australia)	2.7	3	3.7	1.2	-2.1	5.6	3.6	2.3
Consumer Prices								
Euro Area								
Germany			1.3	1.2	0.3	2.2	1.7	1.2
France			1.3	1.4	0.4	2.8	1.7	1.5
Italy			1.2	1.3	0.5	1.9	1.7	1.0
Further countries								
United States of America			1.3	0.6	-0.1	1.6	1.3	0.7
United Kingdom			1.6	1.8	1.2	4.3	3.3	2.1
China			2.3	1.8	0.9	2.2	3.2	2.0
Japan			2.2	2.9	2.4	1.2	2.2	2.3
Globally Relevant Variables								
World Trade (3)			0.6	0.5	0.0	0.0	0.8	0.1
Brent Crude Oil (US-Dollar per Barrel)			2.2	-0.3	-5.4	11.4	4.9	3.5
Euro/US Dollar Exchange Rate			81.2	64.8	41.5	69.7	75.2	76.3
3-Month Euribor			1.28	1.12	1.14	1.19	1.18	1.18
3-Month US Dollar Libor			0.7	-0.4	-0.4	-0.6	-0.6	-0.6
10-Year German Bund Yield			0.9	2.3	0.7	0.1	0.1	0.3
10 Year US Treasury Bond Yield			1.8	-0.2	-0.5	-0.3	-0.3	0.0
			2.6	2.1	0.9	1.4	1.5	1.6
(1) Historical Data: OECD, IMF, Eurostat, national statistical agencies. Forecasts: KOF								
(2) The aggregates are defined in the appendix.								
(3) Source: Centraal Planbureau (CPB), Netherlands								
The KOF provides a comprehensive report on its international projections in the publication «KOF International Forecasts».								