

Executive Summary of KOF's Economic Forecast, winter 2021/22

16 December 2021

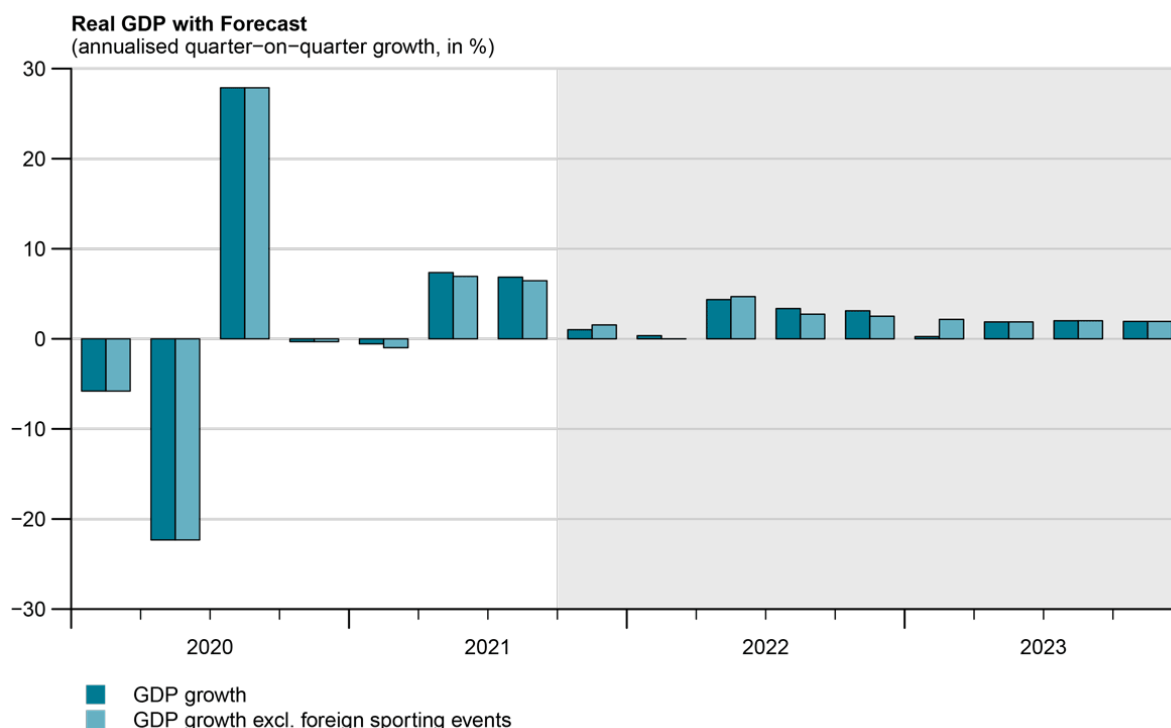
This is a summary of the 2021 winter forecast for Switzerland, released by the KOF Swiss Economic Institute at ETH Zurich on 16 December 2021, with a forecast horizon up to the end of 2023.

High infection rates put the recovery on hold for the time being

As expected, the Swiss economy increasingly managed to recover from the adverse effects of the coronavirus pandemic during the summer half-year, with both output and employment bouncing back to above their pre-crisis levels. Foreign trade grew significantly, hitting a new all-time high in the third quarter. Exports of goods increased across virtually all categories, with exports of watches and jewellery rising particularly sharply. However, the epidemiological situation has deteriorated lately in the wake of very high infection rates. The recently tightened restrictions and individuals' precautionary changes of behaviour will again act as a drag on activity in those sectors that have already been hit hard by the pandemic in the past. The impact on economic activity is, nonetheless, likely to be much less severe than it was during the second wave last winter, when hardly anyone had been vaccinated.

In addition, the slowdown in the worldwide economic recovery and the problems with international supply chains will adversely impact the manufacturing sector over the coming months. The outlook going forward remains positive, however, as the numbers of infections in the spring are expected to be much lower than they are during the current winter. Economic activity is therefore expected to pick up again starting in the spring of 2022. Given this outlook, KOF has revised downwards its forecast for gross domestic product (GDP) in the winter half-year, followed by higher growth rates over the course of 2022. Under its baseline scenario, KOF therefore expects GDP adjusted for sporting events to grow by 3.4 per cent this year, 2.9 per cent next year and 2.4 per cent in 2023 (3.6 per cent, 3.0 per cent and 2.1 per cent including sporting events). The markedly negative output gap from 2020 has steadily decreased this year and is likely to close at some point in 2022.

Given the currently high level of uncertainty around the evolution of the pandemic going forward and the further restrictions that might be imposed, KOF has supplemented its latest forecast with a scenario under which even stricter measures would need to be taken in order to contain the pandemic.



Epidemiological situation worse than expected

Despite the rising levels of immunisation as a result of people having been vaccinated or having recovered from coronavirus, the current wave of COVID-19 has placed much greater pressures on the healthcare system than had been assumed as recently as the autumn. The measures taken to limit social contact were therefore recently tightened further. Mandatory certification was already introduced back in September for visits to restaurants, cultural and leisure facilities, and indoor events. Given the increasingly intense pressures on the healthcare sector, however, the system of mandatory certification was expanded at the beginning of December and now allows the so-called '2G rule' – i.e. those who have been vaccinated or have recovered from coronavirus – to be applied, and the immigration rules have been tightened. The range of settings in which masks must be worn has been increased, and people have been recommended to work from home. In addition, the roll-out of booster vaccinations has been accelerated in order to contain the pressures on the healthcare sector. The emergence of the new omicron variant of COVID-19 has created even greater uncertainty around the evolution of the pandemic going forward.

Review of the last few quarters

The Swiss economy has mounted a strong and broad-based recovery in recent quarters. Its significantly above-average GDP growth rates can be attributed to the exceptionally large volume of foreign trade and to the fact that activity in the service sectors is increasingly returning to normal. Once the restrictions on high-contact services were gradually lifted over the course of the year, these sectors staged a particularly strong recovery. According to initial estimates by Switzerland's State Secretariat for Economic Affairs (SECO), third-quarter GDP rebounded to above its pre-crisis level. This applies to the value added in virtually all sectors. By contrast, the sectors that had been hit particularly hard by the pandemic – such as the events and entertainment sectors – remained below their pre-crisis levels. The hospitality and transport sectors continue to struggle despite the strong recovery and have attained only around 80 per cent of their pre-crisis levels. Company bankruptcies, which – thanks to government support measures – had temporarily fallen to below their normally expected levels, have now returned to normal.

International environment

Switzerland's international environment continued its dynamic recovery in the third quarter, albeit at a slightly slower pace. High growth rates were seen especially in Europe, where many countries had relaxed their COVID-19 restrictions and infection protection measures owing to their declining infection rates and the successful roll-out of their vaccination campaigns. Although this upturn was dampened by increasing supply problems, it was supported by the still recovering service sector. Supply-side bottlenecks, high inflation rates and resurgent new infections are again likely to curb the economic activity of key trading partners of Switzerland during the winter half-year. Even here, though, we can expect to see strong recoveries starting in the spring of 2022.

Temporarily gloomy economic outlook

Both the national and international leading and confidence indicators show a pronounced slowdown in economic activity at present. Those sectors that have already been hit particularly hard by the pandemic will have to expect to suffer further setbacks. Moreover, the slowdown in the international economy over the coming months is likely to act as a drag on the recently strong growth in Switzerland's manufacturing industry. Only the non-cyclical pharmaceutical sector will remain almost totally unaffected – partly thanks to the further expansion of its vaccine production capacity. Even business-related services will grow more slowly than they have recently. As the international economy picks up again over the course of 2022, however, this will enable stronger growth to return.

Tightened restrictions and voluntary changes of behaviour will curb demand in the high-contact service sectors. The transport sector will also suffer losses as a result of tighter travel restrictions and the recommendation for people to work from home. However, KOF reckons that these losses will be much smaller than those incurred last winter because the measures required will be less stringent owing to the increasing immunisation of the population. Furthermore, individuals' behavioural adjustments will be less pronounced. Demand in the tourism sector will be underpinned by domestic tourism, albeit not quite as robustly as over the recent summer and autumn months. The recovery in hospitality will probably continue to be partially dampened in the second quarter of 2022 as the usually large numbers of overseas guests during the interim season are likely to continue to stay away. The return of intercontinental guests has been considerably delayed compared with that of European visitors, partly because their tourism travel involves much longer lead times and in many cases is currently still subject to tighter restrictions. The long-term impact of the reduction in business tourism will be felt primarily in towns and cities. Once spring arrives, the gloomy economic outlook should give way to a brighter picture and the high-contact service sectors should bounce back.

The construction sector continues to be buoyed by the low level of interest rates and by the ample availability of public funding for transport infrastructure investment, which means that it is likely to remain stable at a high level. The retail sector, which, since the start of the pandemic, has benefited from consumers' substitution of services – which have not been available owing to the pandemic – in favour of goods, will return to normal next year because of the growing availability of services and the saturated demand for consumption of goods. The retail sector is therefore expected to contract next year. A more lasting impact is likely to be the accelerated structural shift towards online retail. This sector has seen an unusually high number of business start-ups since the beginning of the pandemic. Government activity, which has provided strong support over the last two years, will decline and fall back to a normal level from next year. Given the heightened uncertainty around the evolution of the pandemic going forward – driven by the new omicron variant – firms might become increasingly unsure about implementing their investment plans for 2022. This heightened uncertainty is likely to dampen firms' investment activity for the time being, causing them to postpone their investment projects.

Encouraging situation in the labour market

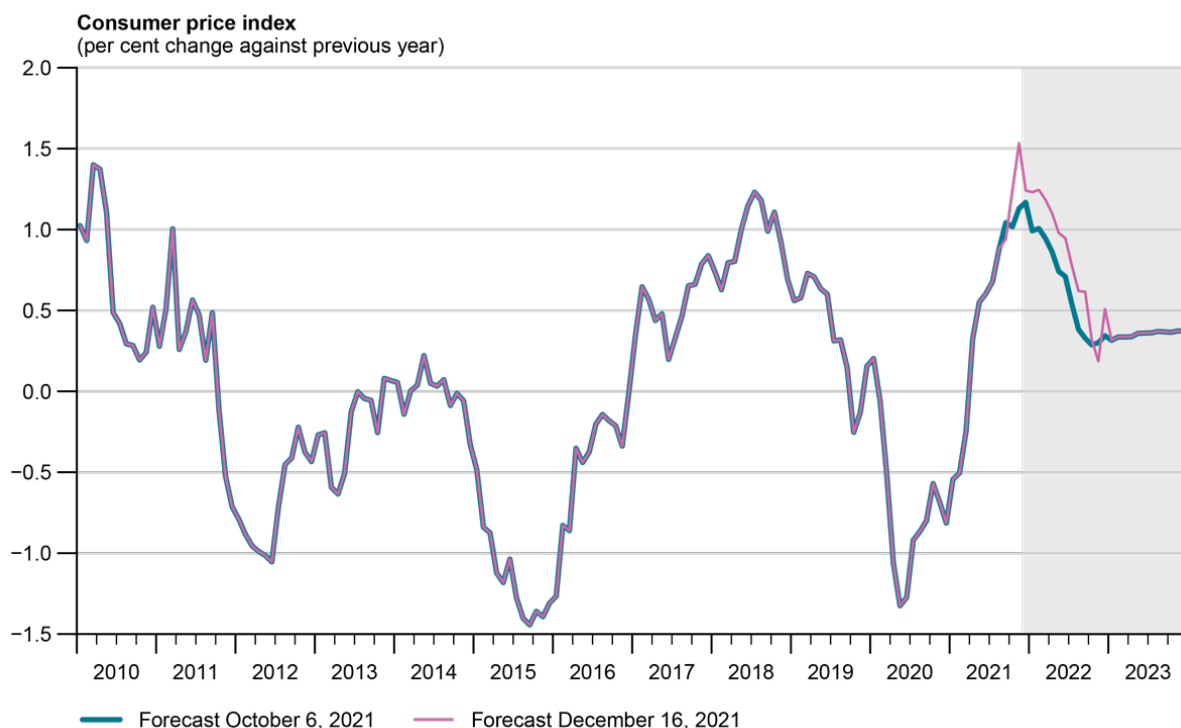
The economic recovery of recent quarters has had a clearly visible impact on the labour market. Employment grew significantly in the second half of the year and by the third quarter had rebounded to above its pre-crisis level. However, the relevant trends varied from one sector to another. The worst-

performing sector was hospitality, which nonetheless witnessed a sharp rise in employment during the second half of the year. Businesses in this sector are increasingly complaining about not being able to find sufficient staff. Although the value added in industry achieved an impressive increase, employment there had not yet returned to its pre-crisis level by the third quarter either. The unemployment rate as defined by the International Labour Organization (ILO) – and the one deemed appropriate for international comparisons – is likely to have fallen to 4.5 per cent in the fourth quarter, which is similar to its average for 2019. The situation in the labour market will not deteriorate much over the winter. Short-time working can continue to offset short-term fluctuations in demand. We do not expect the unemployment rate to change significantly over the next few years.

The large numbers of job vacancies in many sectors and the associated problems in recruiting staff have probably supported next year's wage settlements as well. However, employers' willingness to accept wage demands is likely to have been fairly modest in many areas owing to the disappointing levels of earnings in recent years. KOF therefore does not expect to see strong wage growth in 2022.

Private consumption

Having risen sharply in recent quarters, consumer spending is currently being dampened. The epidemiological situation is reducing demand for various consumer goods. Although most of the current measures are less strict than those in the past, restaurants and events still have to expect less customer footfall and lower consumer spending. Despite the fact that a large proportion of the population has been immunised, a certain amount of consumer reticence is to be expected as case numbers remain high. Consequently, KOF is forecasting that consumption will flatline in the first quarter of 2022, after which it should rise appreciably and continue to do so until the end of the year. The low unemployment rate and the associated perceived job security should fuel demand for home ownership and consumer durables. As the restrictions are gradually lifted, consumer spending as a share of disposable income is likely to return to its pre-crisis level. However, the savings accumulated during the pandemic are not expected to be totally depleted because retrospective consumption of services is only possible to a certain extent.



Fiscal policy

Fiscal policy continues to be shaped by the high levels of spending needed to combat the consequences of the pandemic. Additional pandemic-related spending has consisted mainly of transfer payments that the Swiss government has made, such as paying short-time working compensation and helping to meet the cost of the cantonal hardship assistance funds made available to firms hit particularly hard by the pandemic. Consumption spending by the public sector has also increased significantly because it has been providing social benefits in the form of procuring vaccines and bearing the cost of diagnostic tests. These economic and healthcare support measures have gradually been scaled back since the summer of 2021. Although this fiscal policy normalisation of government spending is likely to continue, it will probably proceed more slowly than recently assumed owing to the latest deterioration in the epidemiological situation. In terms of revenue the crisis has, first and foremost, impacted on indirect taxes. Losses of income tax and profit tax will probably also be noticeable from 2021 onwards. The Swiss government and the cantons will be supported by the revenue received from the additional payments distributed by the Swiss National Bank (SNB). The net result is that the public finances are expected to deliver a balanced budget in 2022 following fiscal deficits in 2020 (1.8 per cent of GDP) and 2021 (2.2 per cent of GDP).

Prices and monetary policy

Inflation rates in many countries have risen beyond their central banks' comfort zones in recent months. These price increases have largely been driven by rising commodity and energy prices, catch-up effects of prices that had fallen during the first year of the pandemic, supply shortages and pandemic-related one-off factors. Many central banks are facing a dilemma. This is the first time since the outbreak of the financial crisis that inflation rates in the major currency areas have exceeded their respective inflation targets. Although central banks still reckon that this rise in inflation is only temporary, the US Federal Reserve – among others – has announced that it will be reining in its highly expansionary policy stance. The European Central Bank is also likely to end its Pandemic Emergency Purchase Programme in March 2022. However, it will not yet be raising interest rates during the forecasting period.

In contrast to other countries, Swiss inflation in November remained at a level that the SNB defines as price stability. If we ignore the effect of oil prices and pandemic-related one-off factors, inflation was at more or less the same level as in 2019. The Swiss franc has recently appreciated considerably. Given that inflation in Switzerland is permanently lower than it is in other countries, the inflation-adjusted real effective exchange rate is currently – despite this appreciation – close to where it was before the minimum rate was lifted at the beginning of 2015. The differences in inflation between currency areas are especially pronounced at present. The SNB appears to be largely tolerating this currency appreciation for the time being and, by allowing the franc to appreciate, has already acted to head off rising inflation. The assumption of a higher oil price than that used in the autumn forecast has nudged up our inflation forecast for this year and next year. The appreciation in itself constitutes a tightening of monetary conditions. However, KOF does not yet expect the SNB to raise interest rates during the forecasting period.

Negative scenario

The evolution of the pandemic going forward remains highly uncertain. The current situation in hospitals is so challenging that the Swiss Federal Council has again called on the support of the army to accelerate the vaccination campaign and compensate for staff shortages in hospitals. In order to take account of this considerable uncertainty around developments during the winter half-year, KOF has supplemented its forecast with a scenario under which we assume that further measures are taken to contain the pandemic and relieve the pressures on hospitals (see box entitled 'Scenarios'). In addition, consumers change their behaviour more. This scenario predicts that output will decline in the first and second quarters compared with the baseline scenario. Although current trends appear slightly worse, the long-term outlook remains unchanged. Another consistent pattern is that economic activity is not as severely disrupted as it was last winter.

Forecasting risks

The major new uncertainty factor in this forecast is the emergence of the new omicron variant. As extensive data on the properties of this new variant was not yet available when we were compiling this forecast, we have decided not to factor any changes over the course of the pandemic into our baseline scenario. We have therefore assumed that omicron will not drastically alter either the rate or severity of infection, although it will increase the uncertainty facing economic actors in the short term. Nonetheless, the new variant poses not only significant downside risks but also, potentially, upside risks as well. Greater viral transmissibility or any loss of the existing vaccines' effectiveness could inflict further damage on the economy both domestically and internationally. On the other hand, it is possible that a less severe level of infection coupled with a successful vaccination strategy could unexpectedly relieve some of the pressures on the healthcare system and the economy could therefore bounce back sooner than expected. Further downside risks are posed by sharply rising inflation, the geopolitical situation, China's property bubble, and persistent supply shortages.

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	-	3.1	-	4.0	-	2.2
thereof: private households and NPISHs	1.6	377 285	1.4	363 380	-3.7	373 064	2.7	395 730	6.1	407 189	2.9
general government	1.2	80 433	0.7	83 219	3.5	87 208	4.8	83 278	-4.5	82 625	-0.8
2. Gross fixed capital formation	1.6	185 060	0.6	-	-1.8	-	3.0	-	1.1	-	3.2
thereof: construction	2.1	65 917	-0.9	65 635	-0.4	66 595	1.5	66 862	0.4	67 182	0.5
machinery and equipment	1.4	119 143	1.4	116 146	-2.5	120 653	3.9	122 464	1.5	128 270	4.7
Domestic final demand	1.6	642 778	1.1	-	-2.2	-	3.0	-	3.2	-	2.5
3. Changes in inventories	-	878	-	-5 121	-	-6 811	-	-6 974	-	-8 873	-
Domestic demand (*)	1.7	643 656	1.6	-	-3.2	-	1.3	-	4.0	-	2.4
4. Exports of goods and services (*)	3.0	412 717	1.5	-	-5.6	-	9.2	-	7.2	-	4.7
thereof: goods excl. merchanting	2.5	233 127	4.9	226 330	-2.9	255 113	12.7	268 848	5.4	280 126	4.2
merchanting (net)	7.1	44 313	-3.6	48 299	9.0	45 905	-5.0	48 677	6.0	50 112	2.9
services	2.6	135 277	-2.3	115 611	-14.5	124 263	7.5	138 525	11.5	147 329	6.4
Total demand (*)	2.1	1 056 373	1.5	-	-4.1	-	4.2	-	5.3	-	3.3
5. Imports of goods and services (*)	3.3	328 391	2.3	-	-8.0	-	5.7	-	10.7	-	6.0
thereof: goods (*)	2.4	206 911	2.8	194 065	-6.2	204 338	5.3	225 133	10.2	237 643	5.6
services	5.1	121 480	1.4	108 152	-11.0	115 108	6.4	128 342	11.5	137 222	6.9
6. Statistical difference	-	0	-	-	-	-	-	-	-	-	-
thereof: chaining of	-	0	-	-	-	-	-	-	-	-	-
expenditure components	-	0	-	-392	-	-430	-	-832	-	-1 089	-
inventory valuation	-	0	-	-327	-	-10 312	-	-5 303	-	-4 657	-
Gross Domestic Product	1.7	727 982	1.2	710 563	-2.4	735 803	3.6	757 801	3.0	773 350	2.1
without large international sports events	1.7	727 982	1.5	710 563	-2.4	734 377	3.4	755 471	2.9	773 338	2.4
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 16 December 2021											
(2) KOF estimation 16 December 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	-	2 754	-	5 902	-	7 445	-
Domestic demand (+)	1.3	642 122	1.8	-	-1.7	-	0.4	-	4.7	-	2.7
4. Exports of goods and services (+)	2.8	472 118	-0.8	-	-6.0	-	10.2	-	6.9	-	4.6
thereof: goods (+)	2.8	336 841	-0.1	328 177	-2.6	364 779	11.2	384 738	5.5	400 248	4.0
Total demand (+)	2.0	1 114 240	0.7	-	-3.1	-	3.9	-	5.7	-	3.5
5. Imports of goods and services (+)	2.5	386 258	-0.2	-	-4.5	-	4.6	-	10.6	-	5.9
thereof: goods (+)	1.5	264 778	-1.0	260 386	-1.7	270 601	3.9	298 140	10.2	314 706	5.6

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	459 972	3.6	483 414	5.1	496 714	2.8
thereof: private households and NPISHs	1.4	375 926	1.0	360 020	-4.2	371 678	3.2	398 466	7.2	411 670	3.3
general government	2.1	81 231	1.7	83 843	3.2	88 294	5.3	84 949	-3.8	85 044	0.1
2. Gross fixed capital formation	1.3	185 415	0.8	181 795	-2.0	189 736	4.4	193 442	2.0	199 631	3.2
thereof: construction	2.3	66 303	-0.3	66 073	-0.3	68 224	3.3	69 727	2.2	69 976	0.4
machinery and equipment	0.9	119 112	1.4	115 722	-2.8	121 512	5.0	123 714	1.8	129 655	4.8
Domestic final demand	1.5	642 572	1.0	625 657	-2.6	649 708	3.8	676 856	4.2	696 345	2.9
3. Changes in inventories	-	1 083	-	4 351	-	-11 963	-	-7 790	-	-9 125	-
Domestic demand (*)	1.5	643 655	1.6	630 008	-2.1	637 745	1.2	669 066	4.9	687 220	2.7
4. Exports of goods and services (*)	1.9	408 723	0.5	367 323	-10.1	421 089	14.6	454 099	7.8	476 527	4.9
thereof: goods excl. merchanting	1.1	230 159	3.5	216 006	-6.1	248 057	14.8	263 036	6.0	274 320	4.3
merchanting (net)	5.5	41 873	-8.9	40 514	-3.2	51 387	26.8	53 270	3.7	53 509	0.4
services	2.3	136 691	-1.3	110 804	-18.9	121 645	9.8	137 794	13.3	148 698	7.9
Total demand (*)	1.7	1 052 378	1.2	997 331	-5.2	1 058 835	6.2	1 123 165	6.1	1 163 747	3.6
5. Imports of goods and services (*)	1.9	325 166	1.3	291 089	-10.5	318 366	9.4	354 854	11.5	375 260	5.8
thereof: goods (*)	0.8	204 504	1.6	184 862	-9.6	202 607	9.6	226 773	11.9	240 024	5.8
services	4.2	120 662	0.7	106 227	-12.0	115 760	9.0	128 080	10.6	135 236	5.6
Gross Domestic Product	1.5	727 212	1.1	706 242	-2.9	740 468	4.8	768 312	3.8	788 487	2.6
without large international sports events	1.5	727 212	1.4	706 242	-2.9	739 061	4.6	765 957	3.6	788 487	2.9
6. Balance of property income	-	-568	-	-641	-	3 317	-	7 576	-	9 368	-
7. Balance of labour income	-	-25 573	-	-24 672	-	-25 237	-	-26 363	-	-27 682	-
8. Balance of production taxes	-	0	-	0	-	0	-	0	-	0	-
Gross National Income	1.8	701 071	1.5	680 929	-2.9	718 549	5.5	749 525	4.3	770 173	2.8
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 16 December 2021											
(2) KOF estimation 16 December 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	-	3 585	-	9 028	-	10 959	-
Domestic demand (+)	1.3	641 053	1.7	644 130	0.5	641 331	-0.4	678 095	5.7	698 179	3.0
4. Exports of goods and services (+)	2.1	476 555	0.2	440 285	-7.6	506 251	15.0	544 404	7.5	570 705	4.8
thereof: goods (+)	2.0	339 864	0.7	329 482	-3.1	384 606	16.7	406 610	5.7	422 007	3.8
Total demand (+)	1.6	1 117 607	1.0	1 084 416	-3.0	1 147 582	5.8	1 222 498	6.5	1 268 884	3.8
5. Imports of goods and services (+)	1.8	390 395	0.8	378 174	-3.1	407 114	7.7	454 186	11.6	480 397	5.8
thereof: goods (+)	0.9	269 734	0.9	271 947	0.8	291 354	7.1	326 106	11.9	345 161	5.8

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	101.4	0.5
thereof: private households and NPISHs	-0.2	99.6	-0.4	99.1	-0.6	99.6	0.6	100.7	1.1	101.1	0.4
general government	0.9	101.0	1.0	100.7	-0.2	101.2	0.5	102.0	0.8	102.9	0.9
2.Gross fixed capital formation	-0.2	100.2	0.2	100.0	-0.2	101.3	1.3	102.2	0.8	102.2	0.0
thereof: construction	0.2	100.6	0.6	100.7	0.1	102.4	1.8	104.3	1.8	104.2	-0.1
machinery and equipment	-0.5	100.0	0.0	99.6	-0.3	100.7	1.1	101.0	0.3	101.1	0.1
Domestic final demand	-0.1	100.0	0.0	99.6	-0.4	100.3	0.8	101.3	1.0	101.6	0.3
3.Changes in inventories	-	-	-	-	-	-	-	-	-	-	-
Domestic demand (*)	-0.1	-	0.0	-	1.1	-	0.0	-	0.9	-	0.3
4.Exports of goods and services (*)	-1.0	99.0	-1.0	94.3	-4.8	99.0	5.0	99.5	0.6	99.8	0.2
thereof: goods excl. merchanting	-1.4	98.7	-1.3	95.4	-3.3	97.2	1.9	97.8	0.6	97.9	0.1
merchanting (net)	-1.5	94.5	-5.5	83.9	-11.2	111.9	33.5	109.4	-2.2	106.8	-2.4
services	-0.3	101.0	1.0	95.8	-5.1	97.9	2.1	99.5	1.6	100.9	1.5
Total demand (*)	-0.5	-	-0.4	-	-1.2	-	1.9	-	0.7	-	0.3
5.Imports of goods and services (*)	-1.3	99.0	-1.0	96.3	-2.7	99.7	3.5	100.4	0.7	100.1	-0.3
thereof: goods (*)	-1.6	98.8	-1.2	95.3	-3.6	99.2	4.1	100.7	1.6	101.0	0.3
services	-0.8	99.3	-0.7	98.2	-1.1	100.6	2.4	99.8	-0.8	98.6	-1.2
Gross Domestic Product	-0.1	99.9	-0.1	99.4	-0.5	100.6	1.2	101.4	0.7	102.0	0.6
without large international sports events	-0.1	99.9	-0.1	99.4	-0.5	100.6	1.3	101.4	0.7	102.0	0.6
(1) Preliminary calculation from the Federal Statistical Office (FSO)											
(2) KOF estimation 16 December 2021											
(3) KOF forecast 16 December 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	-	-0.9	-	1.0	-	0.3
4.Exports of goods and services (+)	-0.7	100.9	0.9	99.2	-1.7	103.5	4.3	104.1	0.6	104.3	0.2
thereof: goods (+)	-0.8	100.9	0.9	100.4	-0.5	105.4	5.0	105.7	0.2	105.4	-0.2
Total demand (+)	-0.3	-	0.3	-	0.2	-	1.8	-	0.8	-	0.3
5.Imports of goods and services (+)	-0.6	101.1	1.1	102.6	1.5	105.5	2.9	106.5	0.9	106.3	-0.2
thereof: goods (+)	-0.6	101.9	1.9	104.4	2.5	107.7	3.1	109.4	1.6	109.7	0.3

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	96 837	89 532	87 805
Services (balance)	16 029	4 577	5 886	9 714	13 462
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	80 804	80 459	82 953
Current transfer (secondary income, balance)	-17 853	-18 322	-19 140	-20 027	-20 505
Current account balance (*)	39 563	32 598	61 664	60 432	62 448
Current account balance in per cent of GDP (*)	5.4	4.6	8.3	7.9	7.9
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 16 December 2021					
(2) KOF estimation 16 December 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	93 252	80 504	76 846
Goods, services and primary income (balance) (+)	60 018	36 798	77 219	71 431	71 994
Current account balance (+)	42 165	18 476	58 078	51 404	51 489
Current account balance in per cent of GDP (+)	5.8	2.6	7.8	6.7	6.5

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	456 201	5.2	470 312	3.1	473 581	0.7	478 118	1.0
Private consumption	1.4	375 926	1.0	360 020	-4.2	371 678	3.2	398 466	7.2	411 670	3.3
Saving (4)	0.2	57 742	-5.2	96 181	66.6	98 634	2.5	75 116	-23.8	66 447	-11.5
Saving (5)	0.4	98 381	1.3	136 951	39.2	140 219	2.4	117 533	-16.2	109 712	-6.7
Saving rate (4,6)	-	-	13.3	-	21.1	-	21.0	-	15.9	-	13.9
Saving rate (5,6)	-	-	20.7	-	27.6	-	27.4	-	22.8	-	21.0
(1) Preliminary calculation from the Federal Statistical Office (FSO), KOF (4) Excluding adjustment for change in pension entitlements											
(2) KOF estimation 16 December 2021 (5) Including adjustment for change in pension entitlements											
(3) KOF forecast 16 December 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	0.8	3.9	-2.5	0.4	-0.1
Government bonds, 10 years (1)						
- annual average	0.9	-0.5	-0.5	-0.2	-0.3	-0.3
- end-of-year	0.8	-0.5	-0.5	-0.2	-0.3	-0.2
3-months-CHF-SARON (1)						
- annual average	0.0	-0.7	-0.7	-0.8	-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	0.6	0.8	0.4
- end-of-year	0.0	0.2	-0.8	1.2	0.5	0.4
Employment and labour market						
No. of workers	1.0	1.6	-0.1	0.8	1.4	1.6
No. of workers, full time equivalents (FTE)	0.9	1.6	0.1	0.6	1.4	1.5
Employment	1.3	0.7	-0.5	0.3	2.6	1.9
Total hours worked	0.9	0.6	-4.6	3.3	4.3	1.6
Labour productivity per FTE	0.8	-0.1	-2.5	2.8	1.5	0.8
Labour productivity per hour	0.8	0.9	2.3	0.1	-1.4	0.8
Nominal wages (wage index)	0.8	0.9	0.8	0.3	0.6	1.0
Average wage compensation per FTE (2)	1.1	1.4	1.5	0.6	0.5	0.9
Unemployment rate, ILO definition (1)	4.7	4.4	4.8	5.1	4.5	4.3
Unemployment rate, registered, Seco definition (1)	2.9	2.3	3.1	3.0	2.4	2.4
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	2.8	2.1	1.1
Real Gross National Income per capita (3)	0.9	1.2	-3.0	4.1	2.3	1.4
(1) Level						
(2) Wage compensation per employee (full time equivalents)						
(3) Using deflator of private consumption						

Table 1-1						
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	1.4	3.0	1.5
General government consumption	0.1	0.1	0.4	0.6	-0.5	-0.1
Construction investment	0.2	-0.1	0.0	0.1	0.0	0.0
Machinery and equipment investment	0.2	0.2	-0.4	0.6	0.2	0.8
Domestic final demand	1.4	0.9	-2.0	2.7	2.8	2.2
Changes in inventories	-	0.3	-0.8	-0.2	0.0	-0.3
Domestic demand	1.5	1.4	-2.8	1.1	3.5	2.1
Exports	1.5	0.8	-3.1	4.8	4.1	2.8
Total demand	3.0	2.2	-6.0	5.9	7.6	4.8
/ . Imports	1.4	1.0	-3.6	2.4	4.6	2.8
Gross Domestic Product	1.7	1.2	-2.4	3.6	3.0	2.1
thereof: contribution of foreign trade	0.2	-0.2	0.4	2.4	-0.5	0.0
large international sports events	0.0	-0.3	0.0	0.2	0.1	-0.3
Statistical differences from chaining and inventory valuation	-	0.2	0.0	-1.3	0.7	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 2-1						
Balance of accounts: Federal Government, Cantons, Municipalities and National Insurances 2009-2023						
(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	-455	1 990
Cantons	-424	-2 259	1 036	-450	1 100	2 048
Municipalities	-530	-581	-628	-550	-1 101	-1 157
Total without National Insurances	2 157	1 950	-14 759	-17 086	-455	2 881
National Insurances	1 196	677	2 298	1 162	1 582	1 748
General Government	3 353	2 628	-12 461	-15 924	1 126	4 629
in % of GDP	0.5	0.4	-1.8	-2.2	0.1	0.6
(C) Calculation of the Federal Finance Administration (FFA) (E) KOF estimation and forecast 16 December 2021						

Table 3-1 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	5.8	3.7	3.0
Weighted by Shares in Swiss Exports				1.9	-4.8	5.2	3.4	2.5
Weighted by PPP-Adjusted GDP Shares				2.9	-3.4	6.1	4.1	3.4
Important Country Aggregates (2)								
Euro Area	13.7	17	0.8	1.6	-6.5	5.1	3.4	2.2
European Union	16.0	20	1.0	1.8	-6.1	5.1	3.4	2.2
G20	74.1	92	2.5	2.7	-3.4	5.6	3.8	3.0
OECD	52.9	66	1.6	1.7	-4.7	5.2	3.2	2.2
Europe	20.0	25	1.0	1.7	-6.3	5.2	3.6	2.2
Germany	4.0	5	1.3	1.1	-4.9	2.6	3.6	2.5
France	2.8	3	1.0	1.8	-8.0	6.7	2.9	1.8
Italy	2.1	3	-0.3	0.3	-8.9	6.1	3.7	1.4
United Kingdom	2.9	4	1.4	1.7	-9.7	6.8	5.1	2.0
Central and Eastern Europe	1.4	2	2.4	4.2	-3.9	5.3	4.1	3.1
North America	22.2	28	1.7	2.3	-3.5	5.3	3.0	2.1
United States of America	20.5	26	1.8	2.3	-3.4	5.4	3.0	2.1
East Asia	24.5	31	4.7	4.1	-0.3	6.2	3.6	4.2
China	13.8	17	8.0	5.9	2.2	7.8	4.6	5.4
Japan	5.0	6	0.6	0.0	-4.7	1.8	1.9	1.2
Southeast Asia	5.6	7	4.0	3.2	-2.4	5.9	2.4	3.4
South Asia (incl. India)	2.7	3	7.3	4.8	-7.3	7.3	8.5	6.1
Central Asia and Russia	1.8	2	0.6	1.9	-2.5	6.3	9.3	5.0
Latin America	4.6	6	1.9	0.6	-6.7	6.9	2.8	2.2
Africa und Middle East	2.8	3	4.0	1.2	-2.2	6.1	4.3	2.4
Oceania (incl. Australia)	1.6	2	2.6	2.1	-2.0	4.5	3.6	2.6
Consumer Prices								
Euro Area			1.3	1.2	0.3	2.5	2.6	1.4
Germany			1.3	1.4	0.4	3.0	2.5	1.7
France			1.2	1.3	0.5	2.0	2.4	1.2
Italy			1.3	0.6	-0.1	1.8	2.0	0.8
Further countries								
United States of America			1.6	1.8	1.2	4.6	4.2	2.0
United Kingdom			2.3	1.8	0.9	2.5	4.1	2.3
China			2.2	2.9	2.4	1.0	2.2	2.3
Japan			0.6	0.5	0.0	-0.3	0.5	0.2
Globally Relevant Variables								
World Trade (3)			2.2	-0.3	-5.3	9.7	3.6	3.4
Brent Crude Oil (US-Dollar per Barrel)			81.2	64.8	41.5	71.9	83.7	84.9
Euro/US Dollar Exchange Rate			1.28	1.12	1.14	1.18	1.14	1.14
3-Month Euribor			0.7	-0.4	-0.4	-0.6	-0.6	-0.6
3-Month US Dollar Libor			0.9	2.3	0.7	0.2	0.2	0.5
10-Year German Bund Yield			1.8	-0.2	-0.5	-0.3	-0.2	0.0
10 Year US Treasury Bond Yield			2.6	2.1	0.9	1.5	1.7	1.8
(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».								