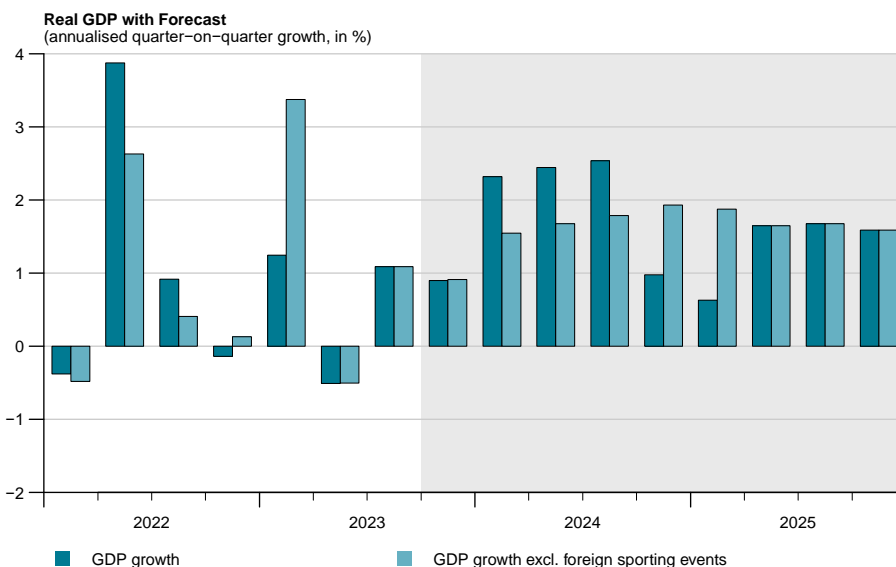


# SWISS ECONOMY IN THE WAKE OF THE INTERNATIONAL ECONOMIC DOWNTURN

This is an executive summary of the 2023 winter forecast by the KOF Swiss Economic Institute at ETH Zurich, released on 13 December 2023, with a forecast horizon up to the end of 2025.

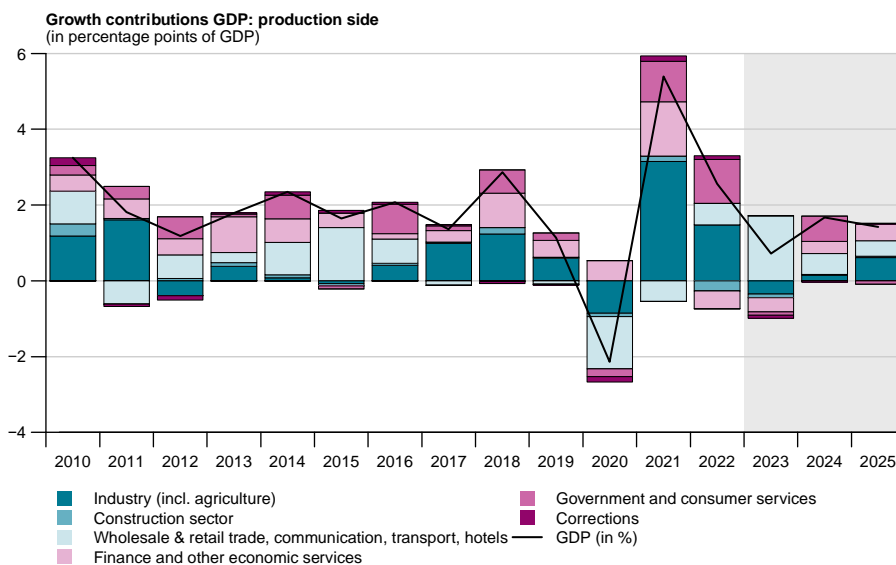
13 December 2023

KOF's latest economic forecast from winter 2023 predicts that Switzerland's inflation-adjusted gross domestic product (GDP) will rise by 0.7 per cent this year (1.2 per cent adjusted for major sporting events). KOF is thus leaving its forecast for GDP in 2023 virtually unchanged compared with its autumn forecast. However, the outlook for the coming year has deteriorated somewhat owing to the challenging global economic environment: GDP is likely to increase by an annual average of 1.7 per cent overall next year and by 1.3 per cent when adjusted for major sporting events. In its last forecast, KOF had still been expecting to see GDP growth of 1.9 per cent overall and 1.5 per cent for GDP adjusted for major sporting events. In 2025, sport-adjusted Swiss GDP is likely to rise by 1.8 per cent overall (autumn forecast: 1.9 per cent). The domestic economy will remain the main driving force over the entire forecast period, while foreign trade will be curbed by weak global economic activity.



## Retail, wholesaling, pharmaceuticals and healthcare boosted GDP in the third quarter

According to the latest figures from the State Secretariat for Economic Affairs (SECO), Swiss GDP adjusted for major sporting events rose by an annualised 1.1 per cent in the third quarter and thus more strongly than KOF had expected in its last forecast (increase of 0.5 per cent). However, SECO revised the GDP growth rate for the second quarter of 2023 downwards. A slightly negative trend is now estimated for the second quarter (decline of 0.5 per cent quarter-on-quarter and annualised). GDP in the third quarter was therefore at almost exactly the level forecast by KOF.



Looking at the latest SECO value-added figures by sector, the subdued performance of manufacturing industry is particularly striking. Value added in this sector stagnated in line with the weak momentum of the global economy. If the chemical and pharmaceutical industries are excluded, this was the second consecutive quarter-on-quarter decline in value added. Value added was also down in the hospitality and construction sectors. The economy in the past quarter was once again boosted by the chemical and pharmaceutical industries, the healthcare sector, and the retail and wholesale trades, which reported significant quarter-on-quarter growth rates. On the expenditure side, only government consumption and foreign trade were able to make a significant positive contribution to GDP growth. The latter was due to a sharp increase in goods exports, driven by high pharmaceutical exports and coupled with moderate growth in imports, resulting in a considerable foreign-trade surplus. Private consumption, which had generally made a major contribution to economic growth in previous quarters, was somewhat subdued in the third quarter with annualised growth of just 0.7 per cent quarter-on-quarter. KOF had expected this rate to be more than twice as high. While construction investment stagnated in real terms, equipment investment also felt the effects of weak international demand and suffered a noticeable decline for the second quarter in a row.

#### Global economy will remain weak until mid-2024

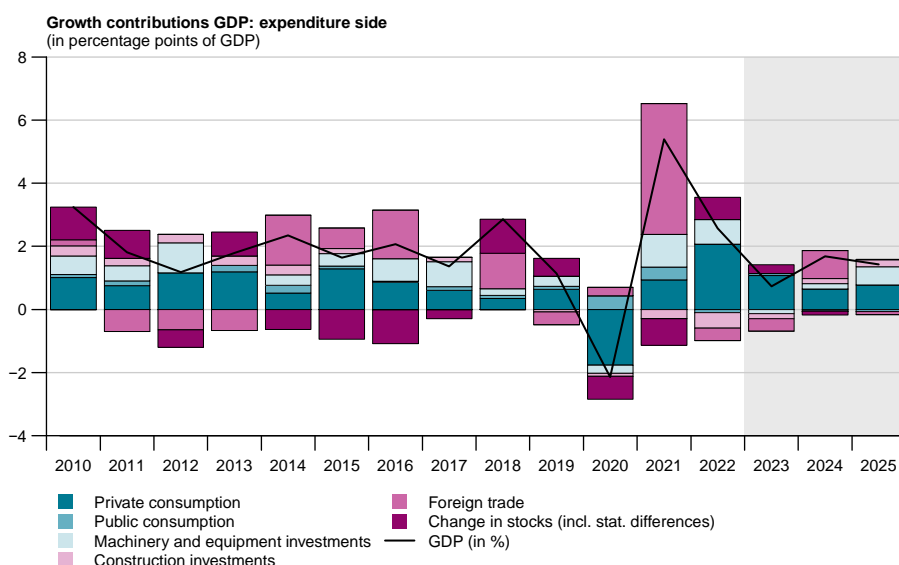
The outlook for the Swiss economy is clouded by the persistent weakness of the global economy which, since 2022, has been growing much less than previously – a weakness that continued in the third quarter of 2023. The volume of goods traded worldwide (as measured by the CPB institute) fell for the fourth quarter in a row. The German economy, for example, is undergoing a marked downturn that is also affecting Switzerland. Other eurozone countries also published weak GDP figures in the third quarter of 2023. These economies, which are important for Switzerland, were hit in particular by geopolitical uncertainty, high inflation and the restrictive monetary policies pursued by their central banks to curb inflation. Overall, obstacles on the demand side – such as subdued investment momentum and the reduced purchasing power of households – have replaced obstacles on the production side as the most significant brake on the economy in many countries. The performance of the US economy, which has fared better than KOF had expected in each of the last two quarters, and developments in the labour markets, which are in excellent shape in many countries despite low growth in value added, remain bright spots for the economy. Unemployment rates in key OECD countries remained at very low levels in the third quarter of 2023.

Most leading indicators of the global economy point to an incipient but less robust economic recovery next year. In recent months, for example, KOF's and Fundação Getúlio Vargas' leading global economic barometer, which takes into account the results of economic surveys in more than 50 countries, has been steadily approaching its long-term average. It was even slightly above this level most recently. However, the uncertain inflation outlook, high interest rates, ongoing geopolitical tensions and economic policy uncertainty will continue to impact global economic activity over the coming quarters. Real incomes in many countries remain under pressure owing to high inflation, which is slowing down growth in private consumption. Restrictive monetary policy, which is hampering investment momentum, will also continue to act as a brake. In addition, there is unlikely to be any major fiscal stimulus in key economies during the forecast period. KOF is forecasting annualised growth of 1.5 per cent in 2023 for global GDP weighted with Swiss export shares. The global economy will continue to grow only very weakly in the first half of

2024. According to this forecast, global GDP growth rates from a Swiss perspective will be below 2 per cent. Although the global economy will subsequently recover a little, there will not be a strong upturn. Overall, KOF is revising global GDP growth for 2024 and 2025 slightly downwards compared with its autumn forecast.

### GDP will grow at annualised rates of 1.5 per cent and 1.9 per cent per quarter in 2024

The challenging international environment will weigh on the Swiss economy over the coming quarters. Swiss GDP and GDP adjusted for major international sporting events are only likely to grow by an annualised 0.9 per cent quarter-on-quarter in the fourth quarter of 2023. The Swiss economy should increasingly pick up speed and grow solidly in 2024, achieving quarterly growth rates in sport-adjusted GDP of around 1.5 per cent at the beginning of the year to 1.9 per cent at the end of the year. Growth in the Swiss economy next year will primarily be driven by domestic activity. On the production side, the government and consumer-related services are forecast to make the largest contribution to growth. Growth stimulus will also come from most other service sectors, while industry and construction will not make any significant contribution. Excluding the chemical and pharmaceutical sectors, KOF is forecasting two further quarters of negative value-added growth for industry, meaning that the sector is likely to report four consecutive quarters of declining value added. This is consistent not only with the expected weak momentum in global trade but also with the fact that many industrial companies are currently describing their business situation as poor in the latest KOF Business Tendency Surveys. Industry is also being negatively impacted by the Swiss franc, which – according to figures from the Swiss National Bank (SNB) – has appreciated by around 3 per cent in both real and trade-weighted terms against other global currencies since the beginning of the year.



### Private consumption becoming less buoyant

On the expenditure side, the Swiss economy is likely to be driven slightly less by private consumption over the coming quarters than it has been in the last three years. Comparatively high inflation, which is eroding the purchasing power of nominal wages, is having a particularly dampening effect. Private consumption per capita will actually stagnate over the forecast period in line with currently poor consumer sentiment. On the other hand, the considerable population growth due to the currently high levels of immigration, which are largely attributable to the very strong employment growth of the recent past, is once again proving to be a key driver of consumption. Immigration will ensure that total real disposable incomes will rise over the coming years despite low real wage growth. Overall private consumption will increase by 2.1 per cent in real terms this year, by 1.2 per cent next year and by 1.5 per cent the following year. The forecast growth in private consumption this year and next is slightly lower than it was in KOF's autumn forecast.

Most of the other expenditure components of GDP will also grow only modestly during the forecast period. Growth in government consumption, for example, will be weak in 2024 and 2025 owing to the austerity measures adopted by the federal government. Given the high levels of extraordinary expenditure due to the pandemic and the war in Ukraine and the resulting wave of people fleeing to Switzerland, parliament is focusing on reducing debt and consolidating government spending over the coming years. The export outlook for Swiss companies is also subdued until at least the middle of next year. Consequently, exports of goods and services will begin to grow steadily but slowly from the start of next year after declining in the fourth quarter of 2023, which

was primarily due to the anticipated negative countervailing trend in merchandising following extremely high growth in the third quarter. Imports of goods and services are rising at a similarly subdued pace, which is partly due to the gloomy investment climate in Switzerland. As growth rates in imports are likely to be lower than those on the export side, however, the foreign trade surplus should still make a positive contribution to GDP growth in Switzerland next year.

### **Construction investment bottoming out**

Real construction investment has been constantly declining since 2019, a trend that continued in the first half of this year. The real decline in construction investment is primarily due to the downturn in residential construction, while major infrastructure projects mitigated this decline. The increased cost of financing construction projects is a major negative factor in construction investment. The rise in mortgage interest rates and the higher prices of materials and construction services are making construction projects more expensive for investors, firms and private individuals. This cost effect is now likely to become increasingly less significant owing to weakening inflationary pressures. As in its previous forecast, KOF therefore expects real construction investment to recover during the coming year and to post positive growth rates over the forecast period. Driven by investment in new infrastructure building for education and healthcare as well as in the transport sector, they are likely to increase by 1.9 per cent in 2024 at prior-year prices and by 2.7 per cent in 2025 after falling by 1.8 per cent in the current year. The substantial population growth coupled with the robust labour market trend is creating pressure to build new residential property. Consequently, the downturn in residential building is likely to end and residential construction investment should rise during the forecast period.

### **Weak investment in equipment during the forecast period**

Real investment in equipment fell relatively sharply for the second time in a row in the third quarter of 2023. The decline in equipment investment affected practically all capital-goods categories. There are thus growing signs that the strong momentum in equipment investment in 2021 and 2022 did not represent the new normal but rather an economic outlier. The relevant indicators also suggest that the situation will not improve in the near future. For example, various uncertainty indicators rose, capacity utilisation decreased, the expected demand for lending from banks and insurance companies declined and the earnings of Swiss firms in various sectors deteriorated. The less encouraging investment environment was reflected not least in the latest KOF Investment Survey from autumn 2023, which revealed that a higher proportion of companies than in the spring expect investment to decrease in 2024 compared with 2023. Given this worse outlook, KOF is revising its forecast for equipment investment downwards. According to its latest forecast, investment in equipment will shrink by 0.7 per cent in the current year. In its previous forecast it was still expecting modest growth of 1.5 per cent. KOF also anticipates a much slower increase in equipment investment over the coming year and has cut its forecast from 3.1 per cent to just 1 per cent.

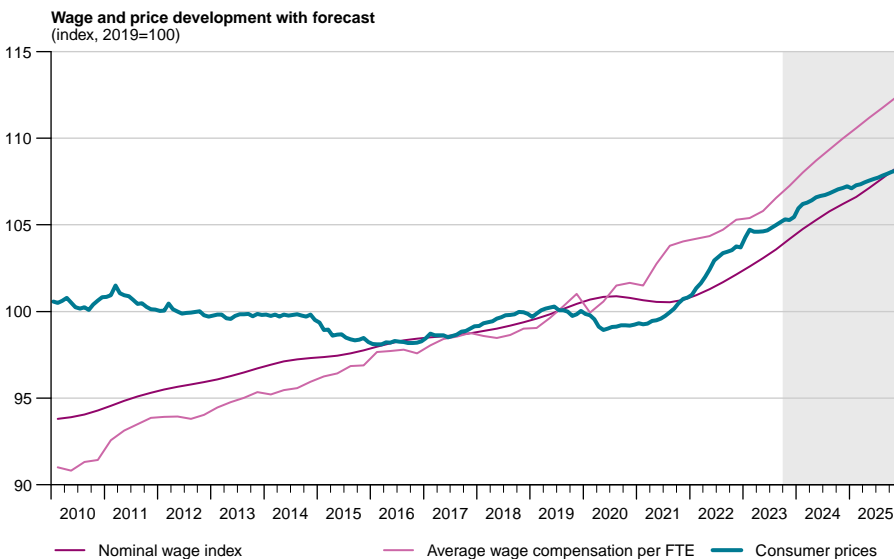
### **Signs of a slowdown in job growth**

The Swiss labour market has achieved impressive growth over the past two years. However, the latest figures show signs of a slowdown, the extent of which was stronger than KOF had expected in its previous forecast. Between June and September 2023, full-time equivalent employment stagnated and the number of people in employment fell by 0.2 per cent on a seasonally adjusted basis after both time series had recorded high growth rates in practically every quarter since mid-2021. At the same time, the unemployment rate as defined by the International Labour Organization (ILO) and the rate of registered unemployed recently rose slightly at a low level. Other labour market figures also point to a continued robust trend in the labour market in the third quarter. For example, immigration into the Swiss labour market remained high between July and October 2023, even comfortably exceeding the already high levels of the previous year. Although various leading labour market indicators showed signs of a certain normalisation, they remain well above their pre-pandemic levels.

Despite the relatively encouraging situation, however, KOF's forecast assumes, as it did in the autumn, that job growth will continue at a much slower pace over the coming quarters compared with the last two years. Overall employment in full-time equivalents will grow by 0.7 per cent in 2024 and 0.8 per cent in 2025. Unemployment will rise slightly as a result of the comparatively low growth in employment but will remain at a moderate level throughout the forecast period.

### Rents rising less than expected

The latest publication of the FSO's National Consumer Price Index (CPI) came as a pleasant surprise from a consumer perspective. According to these new figures, the rise in the mortgage reference interest rate in June 2023 had much less of an impact on rents than KOF and other forecasters had been expecting. Some of the rent increases triggered by the rise in the reference interest rate are likely to be reflected in the CPI over the coming months. Nevertheless, KOF reckons that the two reference interest rate increases will have a smaller overall impact on prices this year than in the previous forecast. The forecast for consumer price trends has therefore been revised downwards. Specifically, KOF is now forecasting inflation rates of 2.1 per cent this year, 1.7 per cent next year and 1 per cent the year after next. This means that KOF expects inflation to be significantly lower in 2024 than in the autumn forecast, when it was still estimated to be 2.1 per cent.

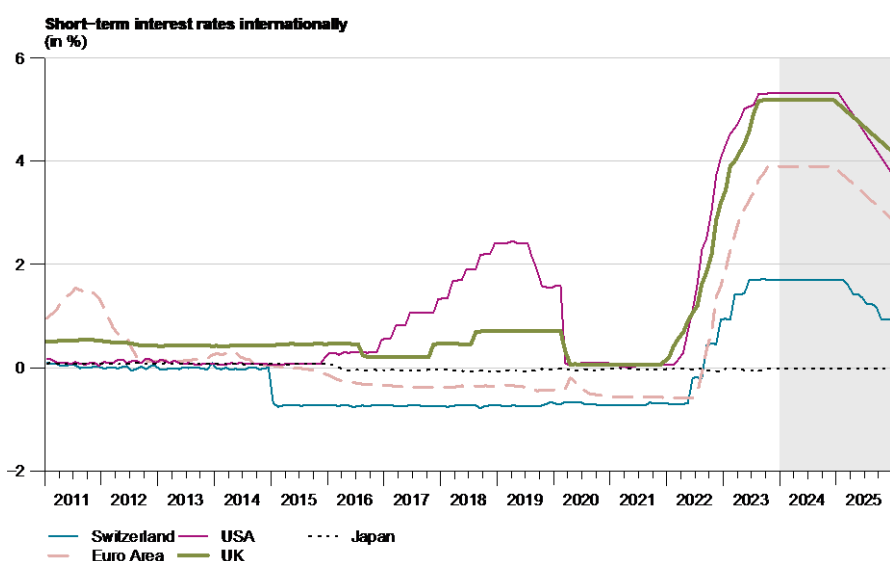


### SNB to cut interest rates at the beginning of 2025

Inflation both internationally and in Switzerland has exceeded its highs as expected and has fallen continuously in most currency areas over the course of this year, partly as a result of lower energy prices. The same was true of core inflation, although it currently remains above central banks' targets in many countries. As core inflation is forecast to move only slowly towards central banks' target ranges, KOF still does not expect key interest rates in the major currency areas to be cut by next year. Meanwhile, the SNB decided at its September meeting to leave its key interest rate unchanged at 1.75 per cent. KOF does not expect the SNB to tighten monetary policy any further over the coming quarters, but nor does it expect it to cut interest rates. However, KOF's latest forecast predicts that the SNB will reduce its key interest rate sooner than in the previous forecast. KOF now expects the SNB to introduce its first interest-rate cut at the beginning of 2025 owing to the slight deterioration in the outlook for the Swiss economy and the reference interest rate's unexpectedly low impact on inflation, which means that it will return to the SNB's target range sooner and will remain there. In addition, KOF is also postponing the reversal in interest-rate policy in other currency areas in this forecast as a result of the slightly weaker economic outlook.

### Wages likely to rise slightly in real terms in 2024

The fact that consumer price inflation as measured by the CPI is likely to be unexpectedly low next year is also good news for wage earners in Switzerland. This is because the latest inflation figures increase the likelihood that they will enjoy a modest rise in real wages in 2024 after two or three years of declining real wages. Specifically, KOF expects wages as measured by the Swiss wage index (SLI) to rise by 2.1 per cent next year and average AHV wages to increase by 2.6 per cent. After deducting expected inflation of 1.7 per cent, this nominal wage growth will be sufficient for a modest increase in real wages. This will result in slightly stronger real wage growth in 2025. SLI wages are expected to rise by 1.8 per cent in nominal terms and 0.8 per cent in real terms in 2025.



### Forecasting risks

This forecast is subject to both upside and downside risks. One upside risk is that the global economy recovers much more strongly than is assumed in the forecast. This could happen, for example, if inflation in key currency areas falls more quickly, allowing central banks to ease their restrictive monetary policies sooner and faster. Earlier interest-rate cuts at home and abroad would revitalise investment momentum and enable the global economy to stage a stronger recovery. Another upside risk is a swift easing of geopolitical tensions in Ukraine and the Middle East. Any such normalisation would reduce economic uncertainty and provide positive stimulus to the global economy.

A major downside risk for the forecast is if the war in the Middle East escalates and spreads to other countries. Any such escalation would weaken global trade and could trigger increases in commodity and energy prices, which would significantly slow the global economy. Another risk is a renewed deterioration of the property crisis in China, which would have the potential to plunge the Chinese economy into a prolonged period of weakness and affect global trade for several years. The occurrence of a sovereign debt crisis is also a significant downside risk because of the high sovereign debt ratios in many major economies such as Italy and the United States. Consumer prices in Switzerland could also exhibit a less favourable trend – for example because increases in the reference interest rate could have a greater impact on prices than the latest data suggests. This would have a negative impact on households' propensity to consume and could adversely affect the investment climate if the SNB is forced to pursue a restrictive policy for longer than assumed in this forecast. One particular risk in Switzerland is the potential for the pharmaceutical industry to lag behind. The chemical and pharmaceutical sectors boosted the value added in vaccine production and supply in the wake of the pandemic in 2021 and 2022. KOF expects the production capacity built up for this purpose to be largely retained for new products. Should there be a sharp reduction in production capacity in the pharmaceutical industry, however, this would have a significant impact on Swiss GDP.

**Further information on KOF's economic forecast is available here:**

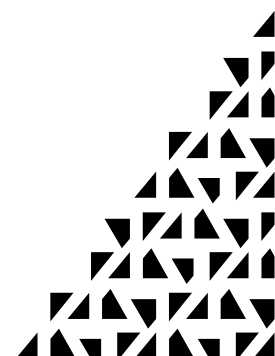
<https://kof.ethz.ch/en/forecasts-and-indicators/forecasts/kof-economic-forecast.html>

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# APPENDIX

## Tables

Table A-1											
<b>Detailed historical data and forecasts for Switzerland 2011–2025</b>											
<b>a) Real Gross Domestic Product (GDP): Expenditures</b>											
(Million Swiss franc; chained volumes (reference year 2020); per cent change against previous year at previous' year's prices and mean per cent change, respectively)											
	11-20	2021		2022		2023		2024		2025	
		(1)		(1)		(2)		(3)		(3)	
1. Consumption	1.1	455'279	2.1	-	3.2	-	1.9	-	0.9	-	1.1
thereof: private households and NPISHs	1.0	367'999	1.8	383'333	4.2	391'524	2.1	396'409	1.2	402'352	1.5
general government	1.3	87'279	3.3	86'561	-0.8	87'078	0.6	86'672	-0.5	86'133	-0.6
2. Gross fixed capital formation	2.0	193'295	2.8	-	1.1	-	-1.1	-	1.3	-	3.1
thereof: construction	1.3	63'654	-3.1	60'132	-5.5	59'033	-1.8	60'156	1.9	61'791	2.7
machinery and equipment	2.4	129'642	5.9	135'435	4.5	134'432	-0.7	135'797	1.0	140'324	3.3
<b>Domestic final demand</b>	<b>1.3</b>	<b>648'574</b>	<b>2.3</b>	<b>-</b>	<b>2.6</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>1.7</b>
3. Inventory changes and statistical deviations (4)	-	-	-0.8	-	0.7	-	0.3	-	-0.1	-	0.0
<b>Domestic demand (*)</b>	<b>1.2</b>	<b>646'603</b>	<b>1.4</b>	<b>-</b>	<b>3.4</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>0.9</b>	<b>-</b>	<b>1.7</b>
4. Exports of goods and services (*)	2.6	421'276	12.8	-	4.1	-	4.3	-	2.8	-	2.7
thereof: goods excl. merchanting	3.0	243'974	12.9	253'954	4.1	261'084	2.8	266'249	2.0	275'319	3.4
merchanting (net)	4.2	46'984	10.6	47'400	0.9	53'740	13.4	54'174	0.8	55'486	2.4
services	1.3	130'317	13.3	137'889	5.8	140'368	1.8	147'569	5.1	150'069	1.7
<b>Total demand (*)</b>	<b>1.7</b>	<b>1'067'879</b>	<b>5.6</b>	<b>-</b>	<b>3.7</b>	<b>-</b>	<b>2.6</b>	<b>-</b>	<b>1.7</b>	<b>-</b>	<b>2.1</b>
5. Imports of goods and services (*)	2.5	333'698	6.0	-	6.1	-	6.2	-	1.7	-	3.6
thereof: goods (*)	1.9	193'120	4.5	207'560	7.5	208'545	0.5	210'717	1.0	218'241	3.6
services	3.7	140'578	8.2	146'443	4.2	168'441	15.0	172'695	2.5	178'888	3.6
<b>Gross Domestic Product</b>	<b>1.4</b>	<b>734'181</b>	<b>5.4</b>	<b>753'037</b>	<b>2.6</b>	<b>758'551</b>	<b>0.7</b>	<b>771'345</b>	<b>1.7</b>	<b>782'340</b>	<b>1.4</b>
without large international sports events	1.4	731'972	5.1	749'390	2.4	758'164	1.2	768'171	1.3	781'808	1.8
<b>Gross Domestic Income</b>	<b>1.2</b>	<b>737'746</b>	<b>5.9</b>	<b>755'946</b>	<b>2.5</b>	<b>752'698</b>	<b>-0.4</b>	<b>764'397</b>	<b>1.6</b>	<b>776'521</b>	<b>1.6</b>
without large international sports events	1.2	735'632	5.6	752'552	2.3	752'314	0.0	761'252	1.2	775'993	1.9
(1) Preliminary calculation from the Federal Statistical Office (FSO)						(3) KOF forecast 13 December 2023					
(2) KOF estimation 13 December 2023						(4) Growth contribution					
(*) 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.											
<b>Domestic demand (+)</b>	<b>1.3</b>	<b>651'019</b>	<b>-0.2</b>	<b>-</b>	<b>2.3</b>	<b>-</b>	<b>1.1</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>1.8</b>
4. Exports of goods and services (+)	2.0	507'970	13.8	-	5.9	-	2.6	-	0.6	-	2.8
thereof: goods (+)	2.2	377'652	13.9	400'206	6.0	411'528	2.8	407'384	-1.0	420'322	3.2
<b>Total demand (+)</b>	<b>1.6</b>	<b>1'158'989</b>	<b>5.5</b>	<b>-</b>	<b>3.9</b>	<b>-</b>	<b>1.8</b>	<b>-</b>	<b>0.9</b>	<b>-</b>	<b>2.2</b>
5. Imports of goods and services (+)	1.9	424'808	5.7	-	6.2	-	3.5	-	-0.3	-	3.6
thereof: goods (+)	1.1	284'230	4.5	304'586	7.2	299'091	-1.8	293'761	-1.8	304'250	3.6

Table A-2											
<b>Detailed historical data and forecasts for Switzerland 2011–2025</b>											
<b>b) Nominal Gross Domestic Product (GDP) and Gross National Income (GNI): Expenditures</b>											
(Million Swiss franc at current prices; per cent change against previous year and mean per cent change, respectively)											
	11-20	2021		2022		2023		2024		2025	
		(1)		(1)		(2)		(3)		(3)	
1. Consumption	1.0	457'716	2.6	482'637	5.4	502'164	4.0	516'116	2.8	528'575	2.4
thereof private households and NPISHs	0.8	368'934	2.1	393'761	6.7	410'708	4.3	423'629	3.1	435'450	2.8
general government	1.9	88'782	5.1	88'877	0.1	91'457	2.9	92'487	1.1	93'125	0.7
2. Gross fixed capital formation	1.8	195'768	4.1	205'137	4.8	208'191	1.5	211'379	1.5	217'665	3.0
thereof construction	1.6	65'441	-0.4	66'651	1.8	67'763	1.7	69'179	2.1	70'932	2.5
machinery and equipment	1.9	130'327	6.5	138'486	6.3	140'428	1.4	142'200	1.3	146'733	3.2
<b>Domestic final demand</b>	<b>1.2</b>	<b>653'484</b>	<b>3.1</b>	<b>687'774</b>	<b>5.2</b>	<b>710'355</b>	<b>3.3</b>	<b>727'496</b>	<b>2.4</b>	<b>746'240</b>	<b>2.6</b>
3. Changes in inventories	-	-5'299	-	-9'874	-	-10'305	-	-11'626	-	-8'684	-
<b>Domestic demand (*)</b>	<b>1.3</b>	<b>648'185</b>	<b>1.6</b>	<b>677'900</b>	<b>4.6</b>	<b>700'050</b>	<b>3.3</b>	<b>715'870</b>	<b>2.3</b>	<b>737'556</b>	<b>3.0</b>
4. Exports of goods and services (*)	1.2	442'721	18.5	497'174	12.3	500'249	0.6	509'810	1.9	522'290	2.4
thereof goods excl. merchanting	1.4	249'223	15.4	267'302	7.3	266'237	-0.4	267'287	0.4	274'532	2.7
merchanting (net)	1.6	64'419	51.7	82'672	28.3	80'153	-3.0	81'758	2.0	85'131	4.1
services	0.6	129'079	12.2	147'201	14.0	153'858	4.5	160'765	4.5	162'627	1.2
<b>Total demand (*)</b>	<b>1.3</b>	<b>1'090'906</b>	<b>7.9</b>	<b>1'175'074</b>	<b>7.7</b>	<b>1'200'299</b>	<b>2.1</b>	<b>1'225'680</b>	<b>2.1</b>	<b>1'259'846</b>	<b>2.8</b>
5. Imports of goods and services (*)	1.7	347'575	10.4	393'614	13.2	404'370	2.7	406'428	0.5	420'460	3.5
thereof goods (*)	0.6	203'742	10.2	238'862	17.2	228'537	-4.3	226'929	-0.7	234'040	3.1
services	3.4	143'833	10.7	154'752	7.6	175'833	13.6	179'499	2.1	186'420	3.9
<b>Gross Domestic Product</b>	<b>1.1</b>	<b>743'330</b>	<b>6.7</b>	<b>781'460</b>	<b>5.1</b>	<b>795'930</b>	<b>1.9</b>	<b>819'252</b>	<b>2.9</b>	<b>839'386</b>	<b>2.5</b>
without large international sports events	1.1	741'200	6.4	777'941	5.0	795'523	2.3	815'880	2.6	838'815	2.8
6. Balance of property income	-	14'649	-	13'237	-	17'215	-	19'606	-	21'863	-
7. Balance of labour income	-	-26'450	-	-29'022	-	-29'285	-	-30'019	-	-30'938	-
8. Balance of production taxes	-	0	-	0	-	0	-	0	-	0	-
<b>Gross National Income</b>	<b>0.2</b>	<b>731'530</b>	<b>8.7</b>	<b>765'675</b>	<b>4.7</b>	<b>783'860</b>	<b>2.4</b>	<b>808'839</b>	<b>3.2</b>	<b>830'312</b>	<b>2.7</b>
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 13 December 2023											
(2) KOF estimation 13 December 2023											
(*) 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 (+)	-	3'575	-	-3'513	-	-5'557	-	-3'694	-	-3'730	-
<b>Domestic demand (+)</b>	<b>1.5</b>	<b>651'760</b>	<b>0.0</b>	<b>674'387</b>	<b>3.5</b>	<b>694'493.0</b>	<b>3.0</b>	<b>712'176</b>	<b>2.5</b>	<b>733'827</b>	<b>3.0</b>
4. Exports of goods and services (+)	1.0	529'902	18.7	601'221	13.5	599'964	-0.2	596'915	-0.5	612'045	2.5
thereof goods (+)	1.1	400'823	20.9	454'021	13.3	446'106	-1.7	436'150	-2.2	449'418	3.0
<b>Total demand (+)</b>	<b>1.3</b>	<b>1'181'662</b>	<b>7.6</b>	<b>1'275'608</b>	<b>8.0</b>	<b>1'294'457</b>	<b>1.5</b>	<b>1'309'092</b>	<b>1.1</b>	<b>1'345'872</b>	<b>2.8</b>
5. Imports of goods and services (+)	1.5	438'331	9.1	494'148	12.7	498'528	0.9	489'840	-1.7	506'485	3.4
thereof goods (+)	0.8	294'498	8.3	339'396	15.2	322'695	-4.9	310'341	-3.8	320'065	3.1



Table A-3											
<b>Detailed historical data and forecasts for Switzerland 2011–2025</b>											
<b>c) Implicit deflators of Gross Domestic Product (GDP): Expenditures</b>											
(Indices, 2020 = 100; per cent change against previous year and mean per cent change, respectively)											
	11-20	2021		2022		2023		2024		2025	
		(1)	(1)	(1)	(1)	(2)	(2)	(3)	(3)	(3)	(3)
1. Consumption	-0.1	100.5	0.5	102.7	2.2	104.9	2.2	106.9	1.8	108.2	1.3
thereof: private households and NPISHs	-0.2	100.3	0.3	102.7	2.5	104.9	2.1	106.9	1.9	108.2	1.3
general government	0.7	101.7	1.7	102.7	0.9	105.0	2.3	106.7	1.6	108.1	1.3
2. Gross fixed capital formation	-0.2	101.3	1.3	104.9	3.6	107.7	2.6	107.9	0.2	107.8	-0.2
thereof: construction	0.3	102.8	2.8	110.8	7.8	114.8	3.6	115.0	0.2	114.8	-0.2
machinery and equipment	-0.4	100.5	0.5	102.3	1.7	104.5	2.2	104.7	0.2	104.6	-0.1
<b>Domestic final demand</b>	<b>-0.1</b>	<b>100.8</b>	<b>0.8</b>	<b>103.4</b>	<b>2.6</b>	<b>105.7</b>	<b>2.3</b>	<b>107.2</b>	<b>1.4</b>	<b>108.1</b>	<b>0.9</b>
3. Inventory changes	-	-	-	-	-	-	-	-	-	-	-
<b>Domestic demand (*)</b>	<b>0.1</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>1.1</b>	<b>-</b>	<b>1.9</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>1.3</b>
4. Exports of goods and services (*)	-1.3	105.1	5.1	113.3	7.9	109.4	-3.5	108.5	-0.8	108.2	-0.3
thereof: goods excl. merchanting	-1.5	102.2	2.2	105.3	3.0	102.0	-3.1	100.4	-1.6	99.7	-0.7
merchanting (net)	-2.5	137.1	37.1	174.4	27.2	149.1	-14.5	150.9	1.2	153.4	1.7
services	-0.7	99.0	-1.0	106.8	7.8	109.6	2.7	108.9	-0.6	108.4	-0.5
<b>Total demand (*)</b>	<b>-0.5</b>	<b>-</b>	<b>2.2</b>	<b>-</b>	<b>3.9</b>	<b>-</b>	<b>-0.4</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>0.6</b>
5. Imports of goods and services (*)	-0.8	104.2	4.2	111.2	6.7	107.5	-3.3	106.3	-1.2	106.2	-0.1
thereof: goods (*)	-1.2	105.5	5.5	115.1	9.1	109.6	-4.8	107.7	-1.7	107.2	-0.4
services	-0.3	102.3	2.3	105.7	3.3	104.4	-1.2	103.9	-0.4	104.2	0.3
<b>Gross Domestic Product</b>	<b>-0.3</b>	<b>101.2</b>	<b>1.2</b>	<b>103.8</b>	<b>2.5</b>	<b>104.9</b>	<b>1.1</b>	<b>106.2</b>	<b>1.2</b>	<b>107.3</b>	<b>1.0</b>
without large international sports events	-0.3	101.3	1.3	103.8	2.5	104.9	1.1	106.2	1.2	107.3	1.0
(1) Preliminary calculation from the Federal Statistical Office (FSO)						(3) KOF forecast 13 December 2023					
(2) KOF estimation 13 December 2023											
(*) In the forecast period the growth rates of the trade in valuables are the same as the predicted ones for the goods without 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 (+)	-	-	-	-	-	-	-	-	-	-	-
<b>Domestic demand (+)</b>	<b>0.2</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>1.9</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>1.2</b>
4. Exports of goods and services (+)	-1.0	104.3	4.3	111.7	7.1	108.7	-2.7	107.5	-1.1	107.3	-0.2
thereof: goods (+)	-1.0	106.1	6.1	113.4	6.9	108.4	-4.4	107.1	-1.2	106.9	-0.1
<b>Total demand (+)</b>	<b>-0.3</b>	<b>-</b>	<b>2.0</b>	<b>-</b>	<b>3.9</b>	<b>-</b>	<b>-0.3</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>0.6</b>
5. Imports of goods and services (+)	-0.3	103.2	3.2	109.6	6.2	106.8	-2.5	105.2	-1.5	105.1	-0.2
thereof: goods (+)	-0.3	103.6	3.6	111.4	7.5	107.9	-3.2	105.6	-2.1	105.2	-0.4

Table A-4					
<b>Detailed historical data and forecasts for Switzerland 2021–2025</b>					
<b>d) Current account</b>					
(Million Swiss franc at current prices)					
	2021 (1)	2022 (1)	2023 (2)	2024 (3)	2025 (3)
<b>Goods (balance) (*)</b>	<b>109'900</b>	<b>111'112</b>	<b>117'854</b>	<b>122'115</b>	<b>125'623</b>
Services (balance)	-14'754	-7'552	-21'974	-21'575	-23'793
Property income (balance)	14'649	13'237	17'215	19'606	21'863
Labour income (balance)	-26'450	-29'022	-29'285	-30'019	-30'938
<b>Goods, services and primary income (balance) (*)</b>	<b>83'345</b>	<b>87'775</b>	<b>83'810</b>	<b>90'127</b>	<b>92'755</b>
Current transfer (secondary income, balance)	-15'329	-15'470	-15'847	-16'444	-16'870
<b>Current account balance (*)</b>	<b>68'016</b>	<b>72'305</b>	<b>67'963</b>	<b>73'683</b>	<b>75'885</b>
<b>Current account balance in per cent of GDP (*)</b>	<b>9.2</b>	<b>9.3</b>	<b>8.5</b>	<b>9.0</b>	<b>9.0</b>
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 13 December 2023					
(2) KOF estimation 13 December 2023					
(*) 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.					
<b>Goods (balance) (+)</b>	<b>106'325</b>	<b>114'625</b>	<b>123'411</b>	<b>125'809</b>	<b>129'352</b>
<b>Goods, services and primary income (balance) (+)</b>	<b>79'770</b>	<b>91'288</b>	<b>89'367</b>	<b>93'821</b>	<b>96'484</b>
<b>Current account balance (+)</b>	<b>64'441</b>	<b>75'818</b>	<b>73'520</b>	<b>77'377</b>	<b>79'615</b>
<b>Current account balance in per cent of GDP (+)</b>	<b>8.7</b>	<b>9.7</b>	<b>9.2</b>	<b>9.4</b>	<b>9.5</b>

Table A-5											
<b>Detailed historical data and forecasts for Switzerland 2011–2025</b>											
<b>e) Disposable income, consumption and saving of private households and non-profit institutions serving households (NPISH)</b>											
(Million Swiss franc at current prices; per cent change against previous year and mean per cent change, respectively)											
	11-20	2021 (1)		2022 (1)		2023 (2)		2024 (3)		2025 (3)	
<b>Disposable income of private households</b>	<b>1.4</b>	<b>453'332</b>	<b>0.3</b>	<b>476'700</b>	<b>5.2</b>	<b>494'694</b>	<b>3.8</b>	<b>509'494</b>	<b>3.0</b>	<b>524'806</b>	<b>3.0</b>
Private consumption	0.8	368'934	2.1	393'761	6.7	410'708	4.3	423'629	3.1	435'450	2.8
Saving (4)	3.8	84'398	-6.6	82'939	-1.7	83'986	1.3	85'864	2.2	89'356	4.1
Saving (5)	2.9	121'097	-5.0	120'046	-0.9	121'649	1.3	124'092	2.0	128'157	3.3
Saving rate (4,6)	-	-	18.6	-	17.4	-	17.0	-	16.9	-	17.0
Saving rate (5,6)	-	-	24.7	-	23.4	-	22.9	-	22.7	-	22.7
(1) Preliminary calculation from the Federal Statistical Office (FSO), KOF (4) Excluding adjustment for change in pension entitlements											
(2) KOF estimation 13 December 2023 (5) Including adjustment for change in pension entitlements											
(3) KOF forecast 13 December 2023 (6) Saving in % of disposable income											

Table A-6						
<b>Detailed historical data and forecasts for Switzerland 2011–2025</b>						
<b>f) Macroeconomic data outside of the National Accounts</b>						
(Per cent change against previous year and mean per cent change, respectively)						
	11-20	2021	2022	2023	2024	2025
<b>Monetary variables</b>						
Real exchange rate of the Swiss franc	0.8	-2.6	-0.4	3.2	1.0	0.1
Government bonds, 10 years (1)						
- annual average	0.4	-0.2	0.8	1.1	1.0	1.1
- end-of-year	0.3	-0.1	1.6	0.9	1.0	1.1
3-months-CHF-SARON (1)						
- annual average	-0.4	-0.7	-0.1	1.5	1.7	1.3
- end-of-year	-0.4	-0.7	0.9	1.7	1.7	0.9
<b>Consumer prices</b>						
- annual average	-0.1	0.6	2.8	2.1	1.7	1.0
- end-of-year	-0.2	1.5	2.8	1.7	1.7	0.9
<b>Employment and labour market</b>						
No. of workers	1.2	1.3	2.6	2.0	0.9	0.9
No. of workers, full time equivalents (FTE)	1.1	1.0	2.7	1.9	0.7	0.8
Employment	1.3	0.6	1.5	2.3	1.1	1.3
Total hours worked	0.5	2.8	1.3	1.5	0.7	0.7
Labour productivity per FTE (2)	0.3	4.0	-0.3	-0.7	0.6	1.0
Labour productivity per hour (2)	0.9	2.2	1.1	-0.4	0.6	1.0
Gross Domestic Income per FTE (2)	0.1	4.5	-0.4	-1.9	0.5	1.1
Nominal wages (wage index)	0.7	-0.2	0.9	1.8	2.1	1.8
Average wage compensation per FTE (3)	1.0	2.1	1.6	1.5	2.6	2.3
Unemployment rate, ILO definition (1)	4.7	5.1	4.3	4.1	4.4	4.6
Unemployment rate, registered, Seco definition (1)	2.9	3.0	2.1	2.0	2.3	2.4
<b>Population and per capita indicators</b>						
Population	1.0	0.8	0.8	1.3	1.4	0.9
Real Gross Domestic Product per capita	0.4	4.6	1.7	-0.6	0.3	0.6
Real Gross National Income per capita (4)	-0.5	7.6	1.3	-1.1	-0.1	0.5
(1) Level						
(2) Without large international sportevents						
(3) Wage compensation per employee (full time equivalents)						
(4) Using deflator of private consumption						

Table 1-1						
<b>Growth contribution to the Swiss Gross Domestic Product 2011-2025 (1)</b>						
(per cent change against previous year's GDP at previous' year's prices and mean per cent change, respectively)						
	11-20	2021	2022	2023	2024	2025
Private consumption	0.6	0.9	2.1	1.1	0.6	0.8
General government consumption	0.1	0.4	-0.1	0.1	-0.1	-0.1
Construction investment	0.1	-0.3	-0.5	-0.2	0.2	0.2
Machinery and equipment investment	0.4	1.0	0.8	-0.1	0.2	0.6
Domestic final demand	1.2	2.1	2.3	0.9	0.9	1.5
Inventory changes and statistical deviations	-	-0.8	0.7	0.3	-0.1	0.0
Domestic demand	1.1	1.3	3.0	1.1	0.8	1.5
Exports	1.4	6.9	2.5	2.7	1.7	1.7
Total demand	2.5	8.1	5.4	3.9	2.5	3.2
./. Imports	1.1	2.7	2.9	3.1	0.9	1.8
<b>Gross Domestic Product</b>	<b>1.4</b>	<b>5.4</b>	<b>2.6</b>	<b>0.7</b>	<b>1.7</b>	<b>1.4</b>
thereof: contribution of foreign trade	0.3	4.1	-0.4	-0.4	0.9	-0.1
large international sports events	0.0	0.3	0.2	-0.5	0.4	-0.4
(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						
<b>Balance of accounts: Federal Government, Cantons, Municipalities and National Insurances 2011–2025</b>						
(Million Swiss franc at current prices)						
	11-20 (C)	2021 (C,E)	2022 (C,E)	2023 (E)	2024 (E)	2025 (E)
Federal Government	816	-1'246	-2'910	-1'706	-2'614	-596
Cantons	-933	3'033	1'566	116	3'335	3'153
Municipalities	-598	-198	-577	-1'168	-928	-1'352
Total without National Insurances	-714	-8'410	-1'921	-2'759	-206	1'205
National Insurances	1'693	1'679	5'019	5'017	6'110	4'517
General Government	979	-6'731	3'097	2'258	5'904	5'722
in % of GDP	0.1	-0.9	0.4	0.3	0.7	0.7
(C) Calculation of the Federal Finance Administration (FFA) (E) KOF estimation and forecast 13 December 2023						

	2020		11-20	2021	2022	2023	2024	2025
	nominal	in %						
<b>Gross Domestic Product</b>								
<b>World (total)</b>								
Weighted by Nominal GDP Shares	87.0	100		6.6	3.1	2.4	2.0	2.4
Weighted by Shares in Swiss Exports				5.9	2.9	1.5	1.6	2.0
Weighted by PPP-Adjusted GDP Shares				6.8	3.4	2.8	2.5	2.9
<b>Important Country Aggregates (2)</b>								
Euro Area	12.8	15	0.5	5.9	3.4	0.5	0.9	1.5
European Union	15.1	17	0.8	5.9	3.5	0.5	1.1	1.7
G20	80.8	93	2.4	6.6	3.1	2.4	1.9	2.3
OECD	53.7	62	1.4	6.0	2.9	1.7	1.8	2.2
<b>Europe</b>	<b>19.5</b>	<b>22</b>	<b>0.8</b>	<b>6.3</b>	<b>3.6</b>	<b>0.6</b>	<b>1.1</b>	<b>1.6</b>
Germany	3.8	4	1.1	3.1	1.9	-0.1	0.4	1.0
France	2.6	3	0.4	6.4	2.5	0.9	0.9	1.3
Italy	1.8	2	-0.8	8.3	3.9	0.7	0.8	1.2
United Kingdom	3.2	4	0.6	8.7	4.3	0.6	0.6	1.0
Central and Eastern Europe	1.4	2	2.6	6.4	4.7	0.6	2.8	3.3
<b>North America</b>	<b>22.8</b>	<b>26</b>	<b>1.8</b>	<b>5.7</b>	<b>2.1</b>	<b>2.3</b>	<b>1.6</b>	<b>1.8</b>
United States of America	21.1	24	1.9	5.8	1.9	2.4	1.6	1.7
<b>East Asia</b>	<b>26.5</b>	<b>30</b>	<b>4.4</b>	<b>6.8</b>	<b>2.8</b>	<b>4.4</b>	<b>3.8</b>	<b>3.7</b>
China	16.3	19	6.7	8.8	3.0	5.5	4.5	4.1
Japan	4.5	5	0.3	2.3	0.9	1.6	0.3	1.1
Southeast Asia	5.8	7	3.1	4.5	3.9	2.8	3.9	4.2
<b>South Asia (incl. India)</b>	<b>3.1</b>	<b>4</b>	<b>5.4</b>	<b>9.0</b>	<b>6.8</b>	<b>7.2</b>	<b>6.8</b>	<b>6.6</b>
<b>Central Asia and Russia</b>	<b>1.9</b>	<b>2</b>	<b>0.8</b>	<b>4.6</b>	<b>-4.1</b>	<b>2.4</b>	<b>2.3</b>	<b>1.7</b>
<b>Latin America</b>	<b>7.7</b>	<b>9</b>	<b>0.6</b>	<b>8.3</b>	<b>4.3</b>	<b>-0.7</b>	<b>-1.6</b>	<b>0.5</b>
<b>Africa und Middle East</b>	<b>3.8</b>	<b>4</b>	<b>3.4</b>	<b>8.4</b>	<b>5.5</b>	<b>3.6</b>	<b>3.7</b>	<b>4.0</b>
<b>Oceania (incl. Australia)</b>	<b>1.8</b>	<b>2</b>	<b>2.2</b>	<b>5.3</b>	<b>3.5</b>	<b>2.2</b>	<b>2.6</b>	<b>3.0</b>
<b>Consumer Prices</b>								
<b>Euro Area</b>								
Germany			1.2	2.6	8.4	5.5	2.5	2.1
France			1.3	3.2	8.7	6.1	2.6	2.1
Italy			1.2	2.1	5.9	5.7	2.7	2.0
			1.1	1.9	8.7	5.9	1.9	2.2
<b>Further countries</b>								
United States of America			1.7	4.7	8.0	4.1	2.8	2.4
United Kingdom			2.0	2.6	9.1	7.4	3.8	2.3
China			2.5	1.0	2.0	0.3	0.1	1.4
Japan			0.5	-0.2	2.5	3.3	2.6	0.6
<b>Globally Relevant Variables</b>								
World Trade (3)			1.7	10.5	3.3	-2.0	0.6	1.2
Brent Crude Oil (US-Dollar per Barrel)			75.8	70.7	100.8	82.9	83.4	84.7
Euro/US Dollar Exchange Rate			1.21	1.18	1.05	1.08	1.09	1.09
€STR			0.0	-0.6	0.0	3.2	3.9	3.4
US SOFR			0.9	0.0	1.6	5.0	5.3	4.6
10-Year German Bund Yield			0.8	-0.3	1.2	2.5	2.9	3.1
10 Year US Treasury Bond Yield			2.2	1.4	3.0	4.0	4.7	4.9
(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».								