

SWISS DOMESTIC ECONOMY PROVIDING SUPPORT; FOREIGN TRADE WEAKENING

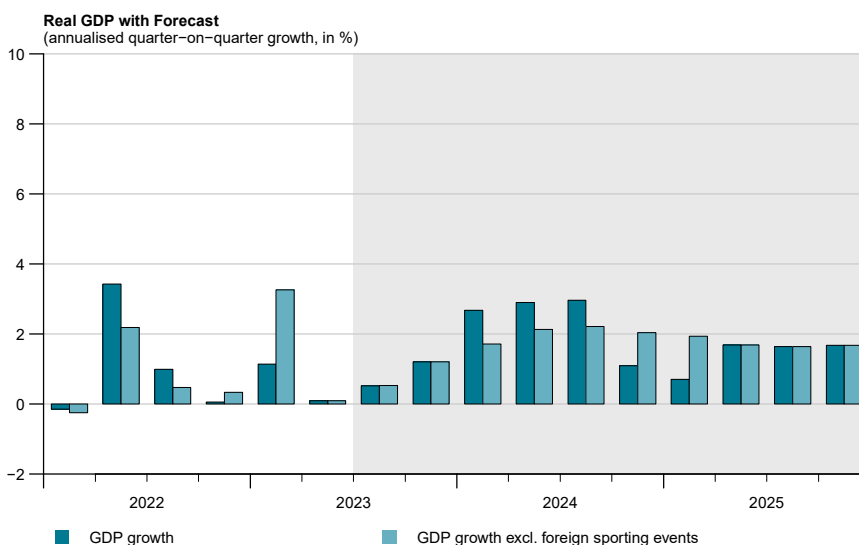
This is an Executive Summary of the 2023 autumn forecast of the KOF Swiss Economic Institute at ETH Zurich, with a forecast horizon up to the end of 2025.

27 September 2023

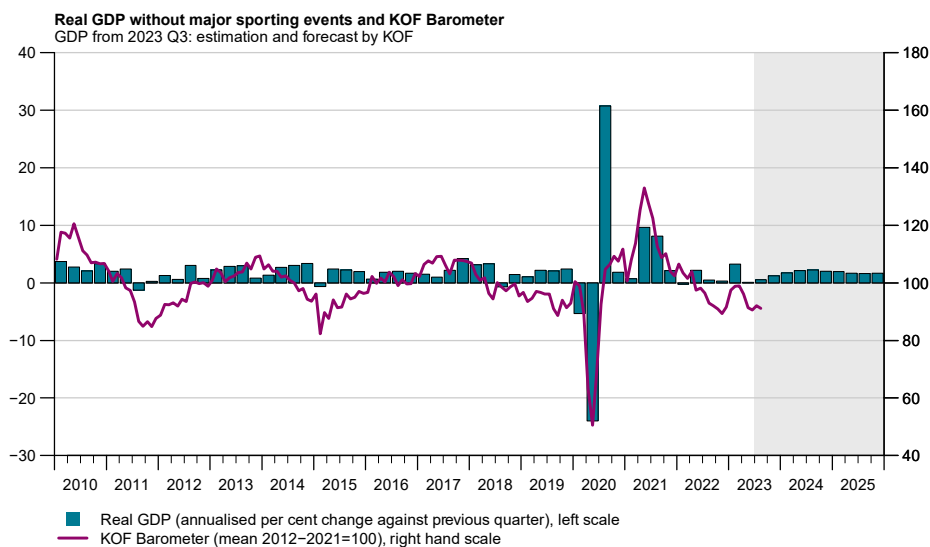
According to KOF's forecast, price-adjusted Swiss gross domestic product (GDP) will grow by 0.8 per cent in real terms this year (1.2 per cent adjusted for major sporting events). KOF has thus left the forecast growth rate for GDP in 2023 virtually unchanged compared with its June forecast (0.9 per cent for GDP overall and 1.2 per cent for GDP adjusted for major sporting events). For 2024, however, KOF has lowered its projections: GDP is expected to grow by an annual average of 1.9 per cent next year and by 1.5 per cent adjusted for major sporting events. In its June forecast KOF was still expecting to see GDP growth of 2.1 per cent overall and 1.7 per cent adjusted for major sporting events. The main reason for this revision is the weaker performance of Switzerland's trade balance compared with the previous forecast, which is primarily caused by lower growth in goods exports.

In its autumn analysis KOF has extended its forecast horizon to 2025. The growth rate for GDP overall should be around 1.6 per cent in 2025 (1.9 per cent adjusted for major sporting events).

The labour market will cool only slightly next year and the year after – as already forecast in the summer – despite the slightly less encouraging economic trend. After achieving strong growth of 2 per cent this year, employment should increase by 1 per cent next year and the year after. According to the forecast, the number of those in employment will increase by 1.4 per cent in 2024 and by 1.3 per cent in 2025. The unemployment rate calculated by the Swiss Federal Statistical Office (FSO) according to the definition used by the International Labour Organization (ILO) will rise slightly more than previously assumed from 4.1 per cent this year to 4.3 per cent in 2024 (June forecast: 4.2 per cent), but will remain relatively low – including on a historical comparison – and will increase to only 4.5 per cent in 2025. The rate of registered unemployment as defined by the State Secretariat for Economic Affairs (SECO) is also likely to rise slightly from 2.0 per cent this year to 2.2 per cent next year (June forecast: 2.0 per cent) and 2.4 per cent in 2025, which suggests that the labour market environment will remain buoyant.



KOF has revised its assessment of consumer price inflation more substantially. The national consumer price index (CPI) is expected to rise by 2.2 per cent this year, 2.1 per cent next year and about 1.1 per cent in 2025. KOF's previous forecast also estimated an increase of 2.2 per cent for the CPI this year but a smaller one of 1.5 per cent next year. The main reasons for revising its forecast for 2024 are that rent hikes will have a stronger impact on inflation than previously assumed and electricity prices will climb more sharply at the beginning of the year than previously expected.



Sluggish performance in the summer half-year

The Swiss economy started 2023 on a strong footing, with GDP adjusted for major sporting events rising by an annualised 3.6 per cent in the first quarter. Both domestic end-demand and, to an even greater extent, demand from abroad contributed to this positive start to the year. However, this tailwind had disappeared by the second quarter. Demand from abroad did not continue to rise and, instead, declined slightly. However, domestic end-demand also weakened, especially owing to declining levels of gross investment.

The international environment remains challenging for Swiss companies. The global economy was sluggish in the spring and continued to lose momentum at the beginning of the second half of 2023 owing to a slowdown in the services sector and a worsening downturn in manufacturing industry. Real incomes remain under pressure in a number of countries, hampering consumption growth. In addition, monetary tightening is likely to have slowed economic activity in many regions of the world. China's economic recovery following the end of its zero-COVID policy in the second quarter of 2023 did not continue as expected; contrary to many forecasts, growth there actually slowed. China is currently exhibiting economic weakness, which is characterised by a real-estate crisis and hesitant consumer demand. The German economy is undergoing a marked downturn, which is also having an impact on Switzerland. Overall, the economy in the euro area has performed less well than expected so far this year. A small ray of hope is provided by North America, where the economy has fared better than KOF had expected in the spring.

Gross fixed capital formation dampening domestic end-demand; consumption providing support

Domestic end-demand, which was also subdued in the second quarter, was mainly the result of Swiss companies reducing their spending on equipment investment. SECO's analysis reveals that the decline in equipment investment was broad-based. Less was invested in machinery, IT and IT services. However, this negative trend was reinforced by a one-off effect owing to the commissioning of several medium-sized aircraft in the first quarter.

Construction investment also declined slightly in the second quarter, but the decrease was much less noticeable than in equipment investment. Although more was invested in residential construction, this was concealed by lower investment in commercial and civil engineering.

Private consumption continued to be the main driver of the Swiss economy in the second quarter. Although it grew much more slowly than in the winter half-year, it nevertheless increased significantly. In particular, service sectors such as the hospitality industry felt a greater willingness to spend. Real wage losses were probably compensated for across the economy as a whole – as in 2022 – by a moderate reduction in the savings rate and by higher business-related and investment income.

Furthermore, immigration into the Swiss labour market has also contributed to the sharp increase in consumer spending. Reported net immigration to Switzerland is expected to reach a new record level this year. The driving force behind immigration in the first half of 2023 was strong job growth in the Swiss labour market. The number of those in employment rose by an annualised 3.8 per cent in the second quarter. Employment also increased by 2.4 per cent on an annualised basis, according to employment statistics. Overall, the number of individuals in employment grew by 149,000, while the number of jobs rose by 117,000 in just one year. The figures show that the Swiss labour market was in very good shape in the second quarter as well.

The stagnation seen in the second quarter had not been anticipated by KOF in its summer forecast. KOF assumed at the time that, following growth in the first quarter, GDP would also increase slightly in the second quarter. However, the indicators received in the meantime, such as the KOF Economic Barometer and the KOF Business Situation, suggest that this trend has stalled.

Private consumption will remain an important driver over the next two years

Although GDP is unlikely to make any major progress in the second half of this year, it should not fall either. It will then receive more of a boost in the first half of next year. Private consumption will remain the driving force behind Swiss economic activity during the forecasting period. After consumers have mainly demanded more services in recent months and the retail trade has more or less returned to normal from its pandemic-related high, the retail sector should also generate growth again in the near future. Although average real wages will not increase next year either, total real disposable incomes will grow. This is due in particular to the fact that the demand for labour will further increase the number of people in employment, which will continue to boost the already high levels of immigration into the labour market. In addition, households' income from business activity and investments is rising. Households will again finance their consumption through a slightly declining savings ratio. Real wages should then rebound noticeably in 2025. Now that the Swiss have started to travel abroad more frequently up to this year, there will be no further sharp increase in these tourism imports over the next two years. This higher consumer spending is therefore likely to boost domestic demand in particular. Overall, private consumption will increase by 2.3 per cent in real terms this year and by 1.5 per cent in each of the next two years.

Investment in equipment declined in the second quarter of this year after rising in the first. This interaction reflects the challenging investment environment for companies. Uncertainty about energy supplies, especially in Europe, was high last winter. By the beginning of the year, however, it had become apparent that these negative scenarios would not materialise. Nevertheless, international and domestic demand for industrial goods in particular tended to weaken in the spring. Capacity utilisation fell in many sectors: not only in manufacturing but also in construction and, most recently, in services. In addition, the level of firms' costs is placing a strain on their earnings, and this situation will not change significantly next year.

Since overall economic demand will not increase much in the near future, the expansion of production capacities is unlikely to become much more important as an investment motive. However, cost pressures are making rationalisation investment worthwhile. Environmental protection and climate change are increasingly playing a role in investment planning. The KOF Investment Survey from the spring of this year revealed that almost three-quarters of the companies surveyed are planning to invest to combat the effects of weather events and reduce CO₂ emissions. Equipment investment is expected to bounce back in the second half of this year – after having declined in the spring – and to continue to increase next year. Although equipment investment is not becoming a strong driving force, it will make a respectable contribution to growth next year and the year after. The total volume of equipment investment should grow by 1.5 per cent this year, 3.1 per cent next year and 3.2 per cent the year after next.

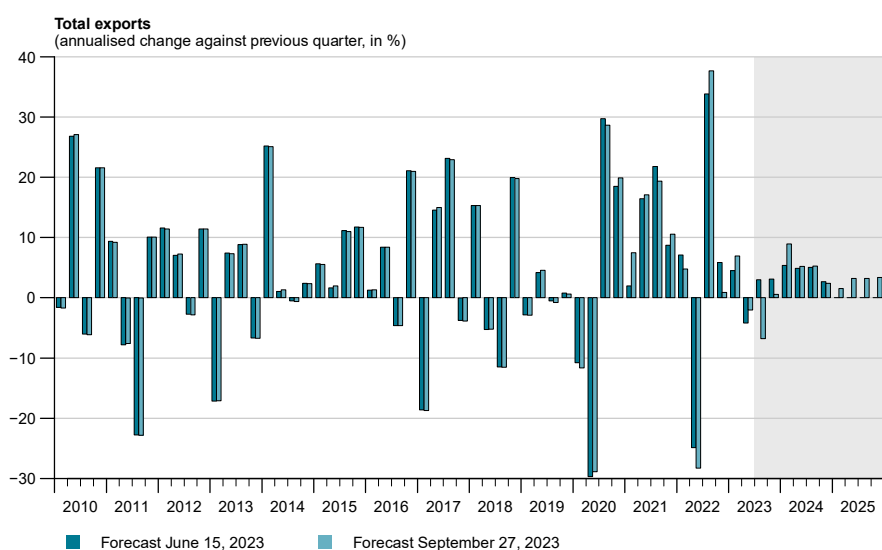
Construction investment regains momentum during the forecasting period

Investment in buildings declined significantly in real terms last year. Higher financing costs in the mortgage market and the sharply rising prices of building materials and services took their toll. Real construction investment also declined in the first half of this year. However, it should now have bottomed out. All construction sectors will slowly regain their footing. The strong upward pressure on prices, which made potential clients hesitate, is clearly decreasing. Rising demand in the housing market is coinciding with supply shortages. This will lead to a slight increase in real residential construction investment. Although investment in commercial property is slowing because of the sluggish performance of the manufacturing sector, the service sector is investing more in construction projects in return. In addition, major projects in Swiss road and rail transport are providing some momentum in the civil engineering sector. Total construction investment should therefore increase slightly in the second half of this year and continue to rise in small increments over the next two years. Real construction investment is once again declining (by an average of 1.7 per cent this year). It will increase by 1.7 per cent next year and by 2.6 per cent the year after, so this investment will no longer act as a drag on economic activity.

The government has significantly increased its consumer spending in recent years to combat the COVID-19 pandemic and mitigate the resulting economic consequences. In addition, some expenditure arose from the outbreak of the war in Ukraine and the resulting wave of refugees. A phase is now beginning in which the country's public finances are being consolidated and the debts incurred are gradually being reduced. The Swiss Federal Council has decided on a general cost-savings target for this purpose. It has set linear cost-cutting targets for all departments and the Federal Chancellery. They define the specific measures to be taken themselves. Government consumption spending will therefore continue to rise nominally – i.e. at current prices – over the forecasting period. In real terms (at prior-year prices), however, expenditure will decline over the next two years. In addition, KOF is assuming significantly lower growth in public consumption for the coming years of 2024 and 2025 than it did in its previous forecast. However, it is not yet clear how the measures taken in the various departments will affect public consumption as the cost savings made may also relate to investment or transfer payments, for example.

Exports will not pick up again until next year

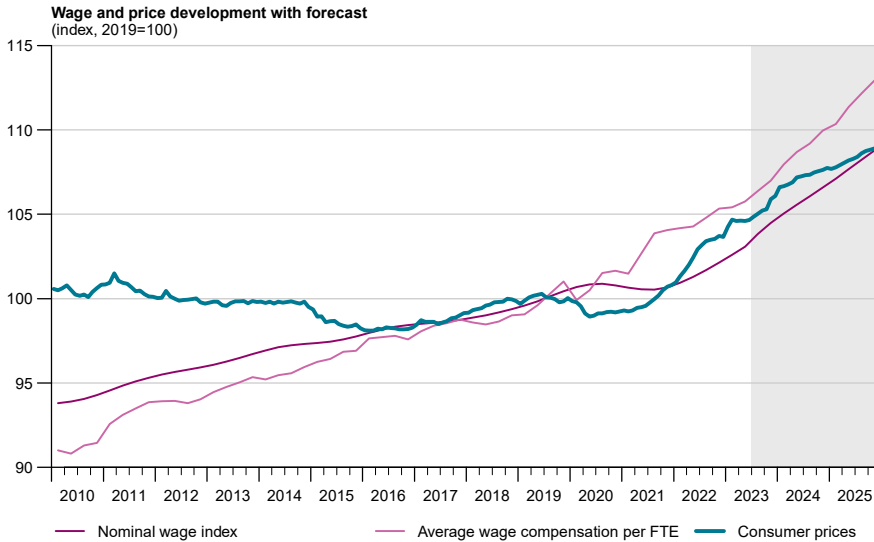
International demand will be subdued in the second half of this year. Swiss-export-weighted world GDP will increase only moderately. The more restrictive monetary policy environment and the real-wage losses abroad caused by inflation will continue to slow business activity. Over the course of the next year, however, the economy in western Europe in particular should perform better and provide greater stimulus for the Swiss economy for the first time since spring 2022. After the winter half-year 2023/24, the economy in Germany, for example, should regain its footing in the spring and gradually find a way out of its trough. Consequently, the export outlook for Swiss companies is subdued for the time being. The engineering sector, for example, which is influenced to a greater extent by German demand, has been adversely affected. On the other hand, the large volume of pharmaceutical exports, which are not very sensitive to the economic cycle, is providing a solid basis for the country's exports. Furthermore, some services – such as tourism, transport and consulting – are stabilising and stimulating exports. As economic activity recovers, especially in Europe, Swiss goods exports will stop shrinking over the course of next year and will continue to increase in 2025.



Slight slowdown in the labour market and weak growth in real wages

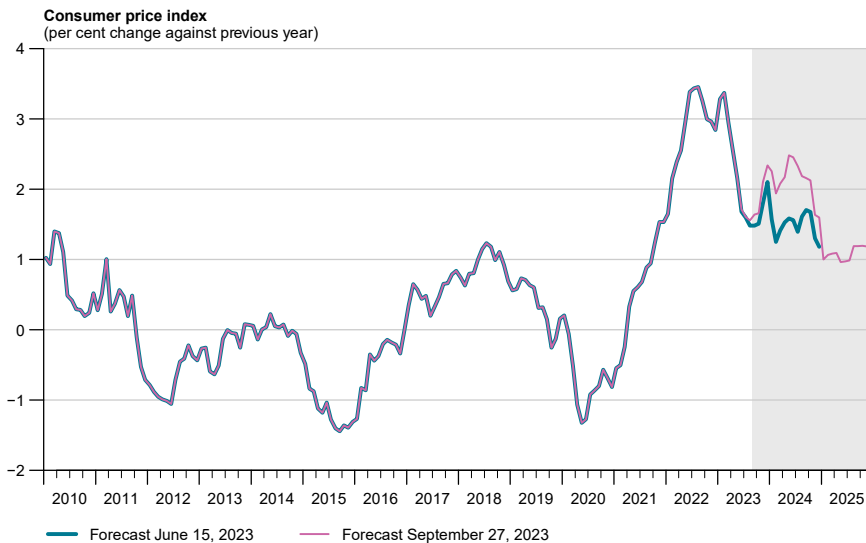
Job creation in the labour market is likely to continue this summer half-year despite the sluggish economy. Recent leading indicators such as the KOF Employment Indicator and the FSO Employment Outlook Indicator no longer showed the peak figures recorded in 2022. However, the decline from this level is only moderate. The situation is similar with the number of job vacancies. However, KOF expects the labour market to lose momentum over the coming months. This slowdown is likely to be felt primarily in the cyclically sensitive sectors of manufacturing and wholesaling in the third quarter but could increase somewhat in breadth during the coming winter half-year and increasingly affect other industries in the private sector. Although employment growth will pick up somewhat over the course of next year, it will remain slightly below its average annual rate. The weaker employment market, especially in the coming winter half-year, will result in a modest increase in unemployment over the forecasting period. Nevertheless, unemployment rates will remain fairly low on a historical comparison.

Although the labour market is characterised by employment growth and firms complaining about a shortage of labour, KOF predicts that nominal wages will increase by 2 per cent this year according to the Swiss wage index (SLI). Since the inflation rate will be more than 2 per cent during the same period according to the latest forecast, real wages will stagnate this year. Next year, according to this index, nominal wage growth should be slightly higher at 2.2 per cent. This implies another lean year for real wage growth. Only in 2025, when inflationary pressures ease significantly, are real wages likely to increase markedly again.



Inflation next year fuelled mainly by rising rents and electricity prices

Inflation, as measured by the year-on-year change in the national consumer price index (CPI), eased in Switzerland over the summer months as expected. The prices of domestic goods and services are currently making the largest contribution to inflation. Energy prices continue to have a strong impact. KOF still expects to see an inflation rate of 2.2 per cent for this year. Next year it will be only slightly lower at 2.1 per cent. This figure, which is again similarly high, is mainly due to the sharp rise in electricity prices at the beginning of the year. In addition, there will be further rent increases. These rent rises will contribute about one percentage point – i.e. roughly half – of next year’s inflation. Inflation imported from abroad will play hardly any role at all. Inflation the year after next should come down noticeably and amount to about 1.1 per cent.



Key interest rates plateau at a high level

Although inflation in the United States and the euro area remains excessive, key interest rates in these currency areas have probably peaked. The focus is now on the lagged effect of monetary policy. Previous monetary policy tightening will continue to have an impact in the near future. On the other hand, there will be no scope for interest-rate cuts for quite some time.

The Swiss National Bank (SNB) decided at its September meeting not to take any further action on interest rates and to leave its key rate unchanged at 1.75 per cent. It will keep rates on hold for the near future, having raised them by 250 basis points in about a year. The key interest rate in Switzerland will remain at 1.75 per cent for some time, and rate cuts will probably only be implemented at the end of the forecasting horizon. By taking its latest decision not to raise the key rate any further, the SNB has widened the interest-rate differential with the euro area, which now stands at 2.25 percentage points. It is expected that the SNB will intervene by selling currency in the foreign-exchange market to ensure a strong Swiss franc and further reduce imported inflation. KOF still expects the nominal effective exchange rate to appreciate.

Risks

As far as the risks to this forecast and the economy are concerned, inflation and the monetary policy derived from it play a significant role. This applies to both downside and upside risks. Stronger second-round effects could lead to inflation becoming more entrenched than assumed. Central banks could then be forced to pursue even tighter monetary policy and put a strong brake on the economy. On the other hand, inflation could fall more quickly than suggested in the forecast and thus enable monetary policy to be eased sooner.

Other downside risks include growing or additional geopolitical conflicts that would weaken global trade and/or trigger commodity or energy-price shocks. A bursting of the real-estate bubble in China could have a protracted and more severe impact on the country's economic growth and a negative impact on global trade.

One risk specific to Switzerland is the potential for retrenchment in the pharmaceutical industry. Following the pandemic, the Swiss chemical and pharmaceutical industries greatly expanded the value added by vaccine production and supply in 2021 and 2022. KOF assumes that the production capacity built up for this purpose in the biotechnology sector will now be retained to a large extent for new products. Should there be a sharp reduction in production capacity in the pharmaceutical industry, however, this would have a substantial impact on Swiss GDP. Unfavourable consumer price trends in Switzerland coupled with rises in health insurance premiums there could also dampen households' propensity to consume next year more than expected. This would weaken what is currently a key pillar of the Swiss economy.

Other upside risks include a rapid easing of geopolitical tensions, providing stimulus to the global economy. On the other hand, the Chinese government could decide to overcome challenges at home by creating strong forms of stimulus for both the domestic and global economies.

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

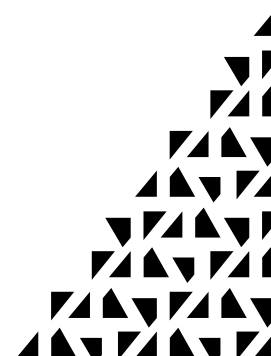
<https://www.kof.ethz.ch/en/forecasts-and-indicators/forecasts/kof-economic-forecast.htm>

KOF

ETH Zürich
KOF Konjunkturforschungsstelle
LEE G 116
Leonhardstrasse 21
8092 Zürich

Telefon +41 44 632 42 39
kof@kof.ethz.ch
www.kof.ch

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APPENDIX

Tables

Table A-1											
Detailed historical data and forecasts for Switzerland 2011–2025											
a) Real Gross Domestic Product (GDP): Expenditures											
(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 (1)	2022 (1)	2023 (2)	2024 (3)	2025 (3)					
1. Consumption	1.1	455'279	2.1	-	3.2	-	2.0	-	1.1	-	1.1
thereof: private households and NPISHs	1.0	367'999	1.8	383'333	4.2	392'206	2.3	398'094	1.5	404'062	1.5
general government	1.3	87'279	3.3	86'561	-0.8	87'004	0.5	86'426	-0.7	85'883	-0.6
2. Gross fixed capital formation	2.0	193'295	2.8	-	1.1	-	0.5	-	2.7	-	3.0
thereof: construction	1.3	63'654	-3.1	60'132	-5.5	59'106	-1.7	60'112	1.7	61'650	2.6
machinery and equipment	2.4	129'642	5.9	135'435	4.5	137'490	1.5	141'785	3.1	146'321	3.2
Domestic final demand	1.3	648'574	2.3	-	2.6	-	1.5	-	1.6	-	1.7
3. Inventory changes and statistical deviations (4)	-	-	-0.8	-	0.7	-	0.2	-	0.1	-	0.0
Domestic demand (*)	1.2	646'603	1.4	-	3.4	-	1.7	-	1.7	-	1.7
4. Exports of goods and services (*)	2.6	421'276	12.8	-	4.1	-	2.5	-	3.0	-	3.0
thereof: goods excl. merchanting	3.0	243'974	12.9	253'954	4.1	257'201	1.3	261'321	1.6	271'630	3.9
merchanting (net)	4.2	46'984	10.6	47'400	0.9	50'617	6.8	51'026	0.8	52'261	2.4
services	1.3	130'317	13.3	137'889	5.8	141'143	2.4	150'439	6.6	153'210	1.8
Total demand (*)	1.7	1'067'879	5.6	-	3.7	-	2.1	-	2.3	-	2.2
5. Imports of goods and services (*)	2.5	333'698	6.0	-	6.1	-	4.6	-	2.9	-	3.6
thereof: goods (*)	1.9	193'120	4.5	207'560	7.5	209'688	1.0	214'104	2.1	221'622	3.5
services	3.7	140'578	8.2	146'443	4.2	161'239	10.1	167'801	4.1	174'185	3.8
Gross Domestic Product	1.4	734'181	5.4	753'037	2.6	758'943	0.8	773'680	1.9	785'702	1.6
without large international sports events	1.4	731'972	5.1	749'390	2.4	758'551	1.2	770'133	1.5	784'761	1.9
Gross Domestic Income	1.2	737'747	5.9	755'950	2.5	756'851	0.1	773'967	2.3	787'311	1.7
without large international sports events	1.2	735'633	5.6	752'556	2.3	756'461	0.5	770'419	1.8	786'369	2.1
(1) Preliminary calculation from the Federal Statistical Office (FSO)											
(2) KOF estimation 27. September 2023											
(3) KOF forecast 27. September 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.											
Domestic demand (+)	1.3	651'019	-0.2	-	2.3	-	1.8	-	1.7	-	1.7
4. Exports of goods and services (+)	2.0	507'970	13.8	-	5.9	-	2.1	-	2.3	-	3.1
thereof: goods (+)	2.2	377'652	13.9	400'206	6.0	408'344	2.0	411'453	0.8	426'223	3.6
Total demand (+)	1.6	1'158'989	5.5	-	3.9	-	1.9	-	2.0	-	2.3
5. Imports of goods and services (+)	1.9	424'808	5.7	-	6.2	-	3.8	-	2.0	-	3.6
thereof: goods (+)	1.1	284'230	4.5	304'586	7.2	307'202	0.9	310'050	0.9	320'938	3.5

Table A-2											
Detailed historical data and forecasts for Switzerland 2011–2025											
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)											
	11-20	2021		2022		2023		2024		2025	
		(1)		(1)		(2)		(3)		(3)	
1. Consumption	1.0	457'716	2.6	482'637	5.4	502'675	4.2	518'155	3.1	530'682	2.4
thereof private households and NPISHs	0.8	368'934	2.1	393'761	6.7	411'392	4.5	426'200	3.6	438'093	2.8
general government	1.9	88'782	5.1	88'877	0.1	91'283	2.7	91'956	0.7	92'590	0.7
2. Gross fixed capital formation	1.8	195'768	4.1	205'137	4.8	211'752	3.2	218'197	3.0	224'388	2.8
thereof construction	1.6	65'441	-0.4	66'651	1.8	67'973	2.0	69'386	2.1	71'033	2.4
machinery and equipment	1.9	130'327	6.5	138'486	6.3	143'779	3.8	148'812	3.5	153'356	3.1
Domestic final demand	1.2	653'484	3.1	687'774	5.2	714'428	3.9	736'353	3.1	755'071	2.5
3. Changes in inventories	-	-5'299	-	-9'874	-	-9'162	-	-5'256	-	-2'055	-
Domestic demand (*)	1.3	648'185	1.6	677'900	4.6	705'265	4.0	731'097	3.7	753'015	3.0
4. Exports of goods and services (*)	1.2	442'721	18.5	497'174	12.3	495'937	-0.2	509'173	2.7	523'163	2.7
thereof goods excl. merchanting	1.4	249'223	15.4	267'302	7.3	263'739	-1.3	265'020	0.5	273'927	3.4
merchanting (net)	1.6	64'419	51.7	82'672	28.3	77'501	-6.3	80'475	3.8	83'514	3.8
services	0.6	129'079	12.2	147'201	14.0	154'696	5.1	163'678	5.8	165'723	1.2
Total demand (*)	1.3	1'090'906	7.9	1'175'074	7.7	1'201'202	2.2	1'240'270	3.3	1'276'179	2.9
5. Imports of goods and services (*)	1.7	347'575	10.4	393'614	13.2	400'709	1.8	409'597	2.2	423'997	3.5
thereof goods (*)	0.6	203'742	10.2	238'862	17.2	230'537	-3.5	231'603	0.5	238'622	3.0
services	3.4	143'833	10.7	154'752	7.6	170'172	10.0	177'995	4.6	185'375	4.1
Gross Domestic Product	1.1	743'330	6.7	781'460	5.1	800'493	2.4	830'672	3.8	852'182	2.6
without large international sports events	1.1	741'200	6.4	777'941	5.0	800'081	2.8	826'863	3.3	851'161	2.9
6. Balance of property income	-	14'649	-	13'237	-	17'215	-	19'606	-	21'863	-
7. Balance of labour income	-	-26'450	-	-29'022	-	-29'385	-	-30'310	-	-31'352	-
8. Balance of production taxes	-	0	-	0	-	0	-	0	-	0	-
Gross National Income	0.2	731'530	8.7	765'675	4.7	788'323	3.0	819'969	4.0	842'693	2.8
(1) Preliminary calculation from the Federal Statistical Office (FSO) (3) KOF forecast 27. September 2023											
(2) KOF estimation 27. September 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.											
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3. Net acquisitions of valuables (+)	-	3'575	-	-3'513	-	-3'958	-	-5'516	-	-6'138	-
Domestic demand (+)	1.5	651'760	0.0	674'387	3.5	701'307.0	4.0	725'581	3.5	746'877	2.9
4. Exports of goods and services (+)	1.0	529'902	18.7	601'221	13.5	603'764	0.4	615'850	2.0	633'529	2.9
thereof goods (+)	1.1	400'823	20.9	454'021	13.3	449'068	-1.1	452'172	0.7	467'806	3.5
Total demand (+)	1.3	1'181'662	7.6	1'275'608	8.0	1'305'071	2.3	1'341'431	2.8	1'380'406	2.9
5. Imports of goods and services (+)	1.5	438'331	9.1	494'148	12.7	504'578	2.1	510'758	1.2	528'224	3.4
thereof goods (+)	0.8	294'498	8.3	339'396	15.2	334'406	-1.5	332'764	-0.5	342'849	3.0

Table A-3											
Detailed historical data and forecasts for Switzerland 2011–2025											
c) Implicit deflators of Gross Domestic Product (GDP): Expenditures											
(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	2.1	107.0	1.9	108.3	1.3
thereof: private households and NPISHs	-0.2	100.3	0.3	102.7	2.5	104.9	2.1	107.1	2.1	108.4	1.3
general government	0.7	101.7	1.7	102.7	0.9	104.9	2.2	106.4	1.4	107.8	1.3
2. Gross fixed capital formation	-0.2	101.3	1.3	104.9	3.6	107.8	2.7	108.2	0.4	108.1	-0.2
thereof: construction	0.3	102.8	2.8	110.8	7.8	115.0	3.8	115.4	0.4	115.2	-0.2
machinery and equipment	-0.4	100.5	0.5	102.3	1.7	104.6	2.3	105.0	0.4	104.8	-0.1
Domestic final demand	-0.1	100.8	0.8	103.4	2.6	105.8	2.3	107.3	1.5	108.2	0.9
3. Inventory changes	-	-	-	-	-	-	-	-	-	-	-
Domestic demand (*)	0.1	-	0.2	-	1.1	-	2.3	-	1.9	-	1.3
4. Exports of goods and services (*)	-1.3	105.1	5.1	113.3	7.9	110.3	-2.7	109.9	-0.4	109.6	-0.3
thereof: goods excl. merchanting	-1.5	102.2	2.2	105.3	3.0	102.5	-2.6	101.4	-1.1	100.8	-0.6
merchanting (net)	-2.5	137.1	37.1	174.4	27.2	153.1	-12.2	157.7	3.0	159.8	1.3
services	-0.7	99.0	-1.0	106.8	7.8	109.6	2.7	108.8	-0.7	108.2	-0.6
Total demand (*)	-0.5	-	2.2	-	3.9	-	0.2	-	1.0	-	0.6
5. Imports of goods and services (*)	-0.8	104.2	4.2	111.2	6.7	108.2	-2.7	107.4	-0.7	107.3	-0.1
thereof: goods (*)	-1.2	105.5	5.5	115.1	9.1	109.9	-4.5	108.2	-1.6	107.7	-0.5
services	-0.3	102.3	2.3	105.7	3.3	105.5	-0.1	106.1	0.5	106.4	0.3
Gross Domestic Product	-0.3	101.2	1.2	103.8	2.5	105.5	1.6	107.4	1.8	108.5	1.0
without large international sports events	-0.3	101.3	1.3	103.8	2.5	105.5	1.6	107.4	1.8	108.5	1.0
(1) Preliminary calculation from the Federal Statistical Office (FSO)						(3) KOF forecast 27. September 2023					
(2) KOF estimation 27. September 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 (+)	-	-	-	-	-	-	-	-	-	-	-
Domestic demand (+)	0.2	-	0.1	-	1.2	-	2.2	-	1.7	-	1.2
4. Exports of goods and services (+)	-1.0	104.3	4.3	111.7	7.1	109.9	-1.7	109.6	-0.2	109.3	-0.2
thereof: goods (+)	-1.0	106.1	6.1	113.4	6.9	110.0	-3.1	109.9	-0.1	109.8	-0.1
Total demand (+)	-0.3	-	2.0	-	3.9	-	0.4	-	0.8	-	0.6
5. Imports of goods and services (+)	-0.3	103.2	3.2	109.6	6.2	107.8	-1.6	107.0	-0.7	106.8	-0.2
thereof: goods (+)	-0.3	103.6	3.6	111.4	7.5	108.9	-2.3	107.3	-1.4	106.8	-0.5

Table A-4					
Detailed historical data and forecasts for Switzerland 2021–2025					
d) Current account					
(Million Swiss franc at current prices)					
	2021 (1)	2022 (1)	2023 (2)	2024 (3)	2025 (3)
Goods (balance) (*)	109'900	111'112	110'704	113'893	118'819
Services (balance)	-14'754	-7'552	-15'475	-17'144	-19'653
Property income (balance)	14'649	13'237	17'215	19'606	21'863
Labour income (balance)	-26'450	-29'022	-29'385	-30'310	-31'352
Goods, services and primary income (balance) (*)	83'345	87'775	83'057	86'045	89'678
Current transfer (secondary income, balance)	-15'329	-15'470	-15'847	-16'444	-16'870
Current account balance (*)	68'016	72'305	67'211	69'601	72'808
Current account balance in per cent of GDP (*)	9.2	9.3	8.4	8.4	8.5
(1) Preliminary calculation from the Federal Statistical Office (FSO)			(3) KOF forecast 27. September 2023		
(2) KOF estimation 27. September 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.					
Goods (balance) (+)	106'325	114'625	114'662	119'409	124'957
Goods, services and primary income (balance) (+)	79'770	91'288	87'015	91'561	95'816
Current account balance (+)	64'441	75'818	71'169	75'117	78'946
Current account balance in per cent of GDP (+)	8.7	9.7	8.9	9.0	9.3

Table A-5											
Detailed historical data and forecasts for Switzerland 2011–2025											
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)											
	11-20	2021 (1)		2022 (1)		2023 (2)		2024 (3)		2025 (3)	
Disposable income of private households	1.4	453'332	0.3	476'700	5.2	493'331	3.5	509'090	3.2	525'053	3.1
Private consumption	0.8	368'934	2.1	393'761	6.7	411'392	4.5	426'200	3.6	438'093	2.8
Saving (4)	3.8	84'398	-6.6	82'939	-1.7	81'939	-1.2	82'890	1.2	86'960	4.9
Saving (5)	2.9	121'097	-5.0	120'046	-0.9	119'602	-0.4	121'118	1.3	125'761	3.8
Saving rate (4,6)	-	-	18.6	-	17.4	-	16.6	-	16.3	-	16.6
Saving rate (5,6)	-	-	24.7	-	23.4	-	22.5	-	22.1	-	22.3
(1) Preliminary calculation from the Federal Statistical Office (FSO), KOF (4) Excluding adjustment for change in pension entitlements											
(2) KOF estimation 27. September 2023						(5) Including adjustment for change in pension entitlements					
(3) KOF forecast 27. September 2023						(6) Saving in % of disposable income					

Table A-6						
Detailed historical data and forecasts for Switzerland 2011–2025						
f) Macroeconomic data outside of the National Accounts						
(Per cent change against previous year and mean per cent change, respectively)						
	11-20	2021	2022	2023	2024	2025
Monetary variables						
Real exchange rate of the Swiss franc	0.8	-2.6	-0.6	3.1	1.3	0.2
Government bonds, 10 years (1)						
- annual average	0.4	-0.2	0.8	1.2	1.9	2.0
- end-of-year	0.3	-0.1	1.6	1.5	2.2	1.9
3-months-CHF-SARON (1)						
- annual average	-0.4	-0.7	-0.1	1.5	1.7	1.6
- end-of-year	-0.4	-0.7	0.9	1.7	1.7	1.3
Consumer prices						
- annual average	-0.1	0.6	2.8	2.2	2.1	1.1
- end-of-year	-0.2	1.5	2.8	2.3	1.6	1.2
Employment and labour market						
No. of workers	1.2	1.3	2.6	2.0	1.0	1.0
No. of workers, full time equivalents (FTE)	1.1	1.0	2.7	2.0	0.8	0.9
Employment	1.3	0.6	1.5	2.6	1.4	1.3
Total hours worked	0.5	2.8	1.3	1.7	0.8	0.8
Labour productivity per FTE (2)	0.3	4.0	-0.3	-0.8	0.7	1.0
Labour productivity per hour (2)	0.9	2.2	1.1	-0.4	0.7	1.1
Gross Domestic Income per FTE (2)	0.1	4.5	-0.4	-1.5	1.0	1.2
Nominal wages (wage index)	0.7	-0.2	0.9	2.0	2.2	2.0
Average wage compensation per FTE (3)	1.0	2.1	1.6	1.4	2.7	2.5
Unemployment rate, ILO definition (1)	4.7	5.1	4.3	4.1	4.3	4.5
Unemployment rate, registered, Seco definition (1)	2.9	3.0	2.1	2.0	2.2	2.4
Population and per capita indicators						
Population	1.0	0.8	0.8	1.3	1.3	0.9
Real Gross Domestic Product per capita	0.4	4.6	1.7	-0.5	0.6	0.7
Real Gross National Income per capita (4)	-0.5	7.6	1.3	-0.5	0.6	0.6
(1) Level						
(2) Without large international sportevents						
(3) Wage compensation per employee (full time equivalents)						
(4) Using deflator of private consumption						

Table 0-1						
Growth contribution to the Swiss Gross Domestic Product 2011-2025 (1)						
(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	1.2	0.8	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	-0.1	0.1	0.2
Machinery and equipment investment	0.4	1.0	0.8	0.3	0.6	0.6
Domestic final demand	1.2	2.1	2.3	1.3	1.4	1.5
Inventory changes and statistical deviations	-	-0.8	0.7	0.2	0.1	0.0
Domestic demand	1.1	1.3	3.0	1.5	1.5	1.5
Exports	1.4	6.9	2.5	1.6	1.9	1.9
Total demand	2.5	8.1	5.4	3.1	3.4	3.3
./. Imports	1.1	2.7	2.9	2.3	1.5	1.8
Gross Domestic Product	1.4	5.4	2.6	0.8	1.9	1.6
thereof: contribution of foreign trade	0.3	4.1	-0.4	-0.7	0.4	0.1
large international sports events	0.0	0.3	0.2	-0.4	0.4	-0.3
(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 2011–2025						
(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	-1'720	-2'546	-523
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	-2'773	-138	1'278
National Insurances	1'693	1'679	5'019	5'017	6'110	4'517
General Government	979	-6'731	3'097	2'244	5'972	5'795
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 27. September 2023						

Table 1-1								
Historical data and forecasts for the world economy 2011–2025								
(in trillion US-Dollar; change against previous year at previous year's prices in % or mean change in %) (1)								
	2020		11-20	2021	2022	2023	2024	2025
	nominal	in %						
Gross Domestic Product								
World (total)								
Weighted by Nominal GDP Shares	87.0	100		6.5	3.1	2.4	2.4	2.8
Weighted by Shares in Swiss Exports				5.8	3.0	1.4	1.9	2.2
Weighted by PPP-Adjusted GDP Shares				6.7	3.4	2.7	2.8	3.1
Important Country Aggregates (2)								
Euro Area	12.8	15	0.5	5.5	3.4	0.6	1.4	1.7
European Union	15.1	17	0.8	5.7	3.5	0.6	1.6	1.9
G20	80.8	93	2.3	6.6	3.2	2.4	2.4	2.7
OECD	53.7	62	1.4	5.9	2.9	1.7	2.1	2.3
Europe	19.5	22	0.8	5.9	3.5	0.6	1.4	1.7
Germany	3.8	4	1.1	3.1	1.9	-0.4	1.2	1.6
France	2.6	3	0.4	6.4	2.5	0.8	0.9	1.3
Italy	1.8	2	-0.8	7.0	3.8	0.7	0.8	1.1
United Kingdom	3.2	4	0.6	7.6	4.1	0.4	0.3	0.8
Central and Eastern Europe	1.4	2	2.6	6.4	4.6	0.5	2.8	3.3
North America	22.8	26	1.7	5.9	2.2	1.9	1.7	2.1
United States of America	21.1	24	1.7	5.9	2.1	2.0	1.6	2.0
East Asia	26.5	30	4.4	6.7	3.0	4.0	3.3	3.7
China	16.3	19	6.7	8.7	3.2	4.9	3.5	4.1
Japan	4.5	5	0.3	2.3	1.0	2.3	1.3	1.2
Southeast Asia	5.8	7	3.1	4.5	3.8	2.6	3.9	4.1
South Asia (incl. India)	3.1	4	5.4	9.0	6.8	6.6	6.0	6.5
Central Asia and Russia	1.9	2	0.8	4.6	-4.3	2.9	2.0	1.7
Latin America	7.7	9	0.6	8.3	4.3	1.3	1.9	2.6
Africa und Middle East	3.8	4	3.4	8.2	5.6	2.8	3.9	3.7
Oceania (incl. Australia)	1.8	2	2.2	5.3	3.5	2.2	2.8	3.1
Consumer Prices								
Euro Area								
Germany			1.2	2.6	8.4	5.8	3.2	1.7
France			1.3	3.2	8.7	6.3	2.8	2.0
Italy			1.2	2.1	5.9	6.0	4.3	2.1
Further countries			1.1	1.9	8.7	6.2	2.5	2.2
United States of America			1.7	4.7	8.0	4.0	2.8	2.3
United Kingdom			2.0	2.6	9.1	7.7	4.2	2.6
China			2.5	1.0	2.0	0.2	0.3	1.4
Japan			0.5	-0.2	2.5	3.2	2.1	0.6
Globally Relevant Variables								
World Trade (3)			1.7	10.4	3.2	-1.6	1.0	1.5
Brent Crude Oil (US-Dollar per Barrel)			76.1	70.7	100.8	84.4	92.8	94.2
Euro/US Dollar Exchange Rate			1.22	1.18	1.05	1.08	1.08	1.08
€STR			0.1	-0.6	0.0	3.2	3.9	3.7
US SOFR			0.9	0.0	1.6	5.0	5.3	5.0
10-Year German Bund Yield			1.0	-0.3	1.2	2.5	3.5	3.5
10 Year US Treasury Bond Yield			2.3	1.4	3.0	4.1	5.8	5.9
(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».								