



Addendum to the Press Release dated 7.05.2013

Simplified method of communicating the Consumer Confidence Index

With the press release dated 7.5.2013 the SECO will be switching over completely to the new EU-compatible consumer confidence index for communicating the survey results. The change in the old index will no longer be commented on. Since the new index can only be calculated from April 2007 a retrospective calculation (*retropolation*) was carried out for the period prior to April 2007 back to October 1972.

1 Overview

The consumer confidence index is an important, early available indicator of the Swiss economy. The index is based on a representative survey of private individuals conducted on behalf of the SECO. Each quarter around 1200 randomly selected people throughout Switzerland are asked about their assessment of the economic situation. The survey has been conducted in a similar form since 1972.

The SECO has been calculating the *new consumer confidence index*, based on four of the eleven questions in the survey, since November 2009¹. As with the harmonised consumer confidence index for the EU countries the new SECO index is based on questions that relate to the next 12 months ahead. The survey asks private individuals about the future development of the general economic situation, their personal financial situation, unemployment and personal savings opportunities (Table 1).

2 Old index no longer to be commented

Since November 2009, the new index of consumer confidence has been published together with the old one which was calculated from the average of three questions which were partly related to households appreciation on their past (the last twelve months) (Table 1). In order to simplify the interpretation of the results, with effect from this media release, the communication of the results switched fully to the new index. Instead of the words 'new index', reference will now only be made to the ***index of consumer confidence***. In future the SECO will

¹ See note attached to the Press Release of November 5, 2009, Consumer Confidence Survey in Switzerland: new Index with improved international comparability (extension of current survey)
<http://www.seco.admin.ch/themen/00374/00453/index.html?lang=en>.

no longer show or comment on the old index in the press release. It will however continue to be still calculated and can be found in the detailed data tables on the Internet².

3 Retropolation of the new index

Of the four questions which are included in the calculation of the new consumer confidence index, those relating to the future development of unemployment and personal savings opportunities are only available since April 2007. This means that a full calculation of the new index can only be made from this date.

In order to provide the longest possible time series of the Swiss consumer confidence index, the new index was retropolated to October 1972. The two questions which have been available since 1972 (Table 1) were used for the retropolation of the new index. A basic average was produced from the question relating to the future development of the general economic situation and personal financial situation. The resultant series has been linked with the first complete survey point in April 2007³.

The retropolation of the index therefore represents a *simplified version* of the new index. The correlation coefficient between the old and the new retropolated consumer confidence index over the period October 1972 - January 2007 is 0.8⁴.

The simplified new index, which can also be calculated over the period April 2007 - April 2013, represents a good approximation of the new index. As shows, a high correlation also exists between the new index and the simplified version in the timeframe from April 2007 which is covered by both indices (the simultaneous correlation coefficient over this period, calculated using the first difference of the data, is 0.9).

The average of the new index between April 2007 and April 2013 is -9 points and that of the retropolated new index between October 1972 and January 2007 also -9 points.

² <http://www.seco.admin.ch/themen/00374/00453/index.html?lang=en>

³ In order to avoid any distortion in the series (between April and January 2007), the new index prior to April 2007 has been retropolated by using the first difference of the average from Questions 1.2 and 4.2.

⁴ The correlation coefficient was calculated with series corrected for their own autocorrelation. When dealing with consumer survey data, even if not strong, the presence of a seasonal component should be considered. If a small seasonal component is present in the data, cross correlations can be affected by this component. The seasonal adjustment of the consumer survey data is currently being analysed.

Table 1: Questions used for calculating the old and new index plus the retropolation of the new index

| Old Index | New Index | Retropolation of the New Index |
|---|---|--|
| <p>average from 1.1, 4.1, 4.2 available since October 1972</p> <p>1.1 How, in your view, has the general economic situation developed over the last 12 months?</p> <p>4.1 How, in your view, has your household's financial situation changed over the last 12 months?</p> <p>4.2 How do you expect your household's financial situation to develop over the next 12 months?</p> | <p>average from 1.2, -3.2, 4.2, 5.3 available since April 2007</p> <p>1.2 How do you think the general economic situation will developed over the next 12 months?</p> <p>3.2 How do you expect the number of people unemployed in Switzerland to change over the next 12 months?</p> <p>4.2 How do you expect your household's financial situation to develop over the next 12 months?</p> <p>5.3 Over the next 12 months, how likely is it that you save any money?</p> | <p>average from 1.2 and 4.2 available since October 1972</p> <p>1.2 How do you think the general economic situation will developed over the next 12 months?</p> <p>4.2 How do you expect your household's financial situation to develop over the next 12 months?</p> |

Figure 1 : Old Index (October 1972 – April 2013), **retropolated New Index** (October 1972 – January 2007) and **New Consumer Confidence Index** (since April 2007)

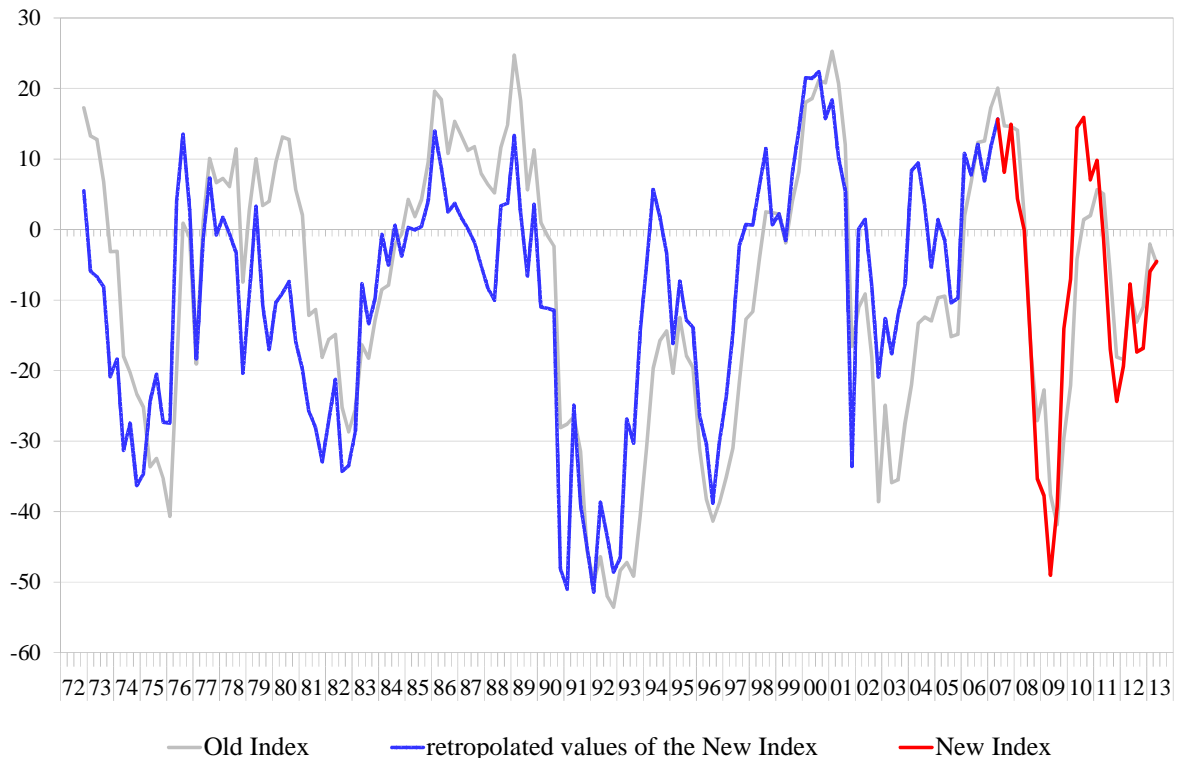
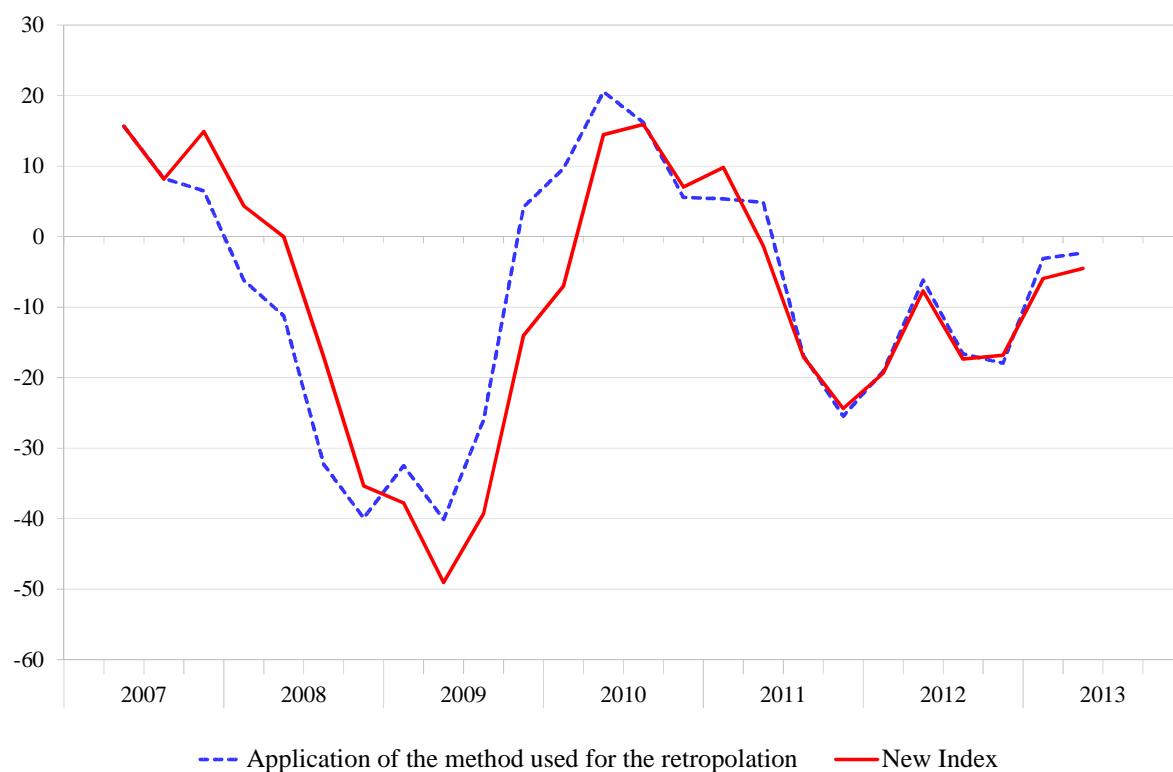


Figure 2 : Application of the method used for the retopolation of the New Index over the period April 2007 and April 2013⁵ and **New Index**



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⁵ The sole purpose of the calculation of the simplified version of the new Index over the period April 2007 - April 2013 is to assess the quality of the approximation over this period.