



Press release

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Consumers more optimistic about economy and job market

Consumer sentiment in Switzerland is on the rise again in July. The index reached -3 points – well above the long-term average (-9 points). This confirms the recovery in sentiment from the lows following the sharp rise in the Swiss franc. In comparison to the survey of April, consumers' expectations for economic growth and for the job market have become considerably more optimistic. In contrast, consumers' expectations for their own financial situation and their ability to save money do not show any improvement. This could change, however, if the job market does recover as consumers expect.

The consumer sentiment index¹ stands at -3 points in July 2017, confirming the result from January (-3 points), after a slight dip in April (-8 points). It is three years since the index last exceeded this level.

The improved sentiment stems from answers to two of the four questions used to calculate the index.² On the one hand, consumers appear significantly more optimistic regarding the general economic prospects over the coming twelve months. The sub-index on this measure has climbed from +5 points in April to +16 points, putting it well above the long-term average (-10 points). On the other hand, consumers rate the future development in unemployment more positively. The corresponding sub-index dropped from +48 to +41 points. Thus, for the first time in three years, consumers' outlook for the labour market is far brighter than the long-term average (+50 points).

By contrast, the answers to the remaining two questions used to calculate the consumer sentiment index show little improvement. Consumers' expectations are somewhat subdued as regards the future financial situation of their own households and the likelihood of being able to save money over the next twelve months. At -4 points, the sub-index on the anticipated

¹ The telephone survey of randomly chosen consumers takes place every January, April, July and October. The LINK institute for market research has carried out the survey since January 2017. A total of 1,178 people over the age of 16 took part in the survey in July 2017 in German, French or Italian.

² The consumer sentiment index is derived from the following four sub-indices: assessment of future economic prospects, of future development of unemployment, anticipated development of the financial situation of private households, and savings possibilities over the next twelve months.

financial situation has remained virtually unchanged compared to April (-3 points), considerably below its long-term average (+2 points). As in April (+15 points), the sub-index on consumers' anticipated opportunities to save (+17 points) comes to lie slightly below the average (+21 points). Accordingly, the propensity to consume remains modest: when asked whether it is a good time to make major purchases, consumers' responses have been roughly in line with the long-term average.

The recent rise in consumer sentiment to a level clearly above the average confirms that the persistent gloomy mood recorded for six quarters following the sharp rise in the Swiss franc in 2015 has dissipated. Consumers expect the Swiss economy to continue recovering and now also believe that the situation on the job market will brighten considerably.

As in the previous two surveys, consumers appear cautious when it comes to their chances of benefiting from the economic recovery themselves. However, their expectations regarding the development in unemployment have recently reached the best level in three years, likely influenced by the fact that unemployment figures are now declining again. If consumers' positive expectations about the job market continue to prove true over the coming months, households should increasingly benefit from the economic recovery.

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