



## Press release

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# Consumer sentiment falls almost back to its average

**Consumer sentiment in Switzerland has almost dropped back to its long-term average. While consumers still expect a positive economic development, they are less optimistic than in recent quarters. Consumers' expectations regarding their own budget also remain subdued, while they adjusted their assessment of inflation upwards. Correspondingly, the likelihood of consumers making major purchases remains low.**

Having suffered a marked decline, the consumer sentiment index<sup>1,2</sup> from July 2018 stands at -7 points and is now close to its long-term average (-9 points). Consumers had seemed far more optimistic in the previous four quarters.

Respondents rated the business cycle development less positively than in the previous surveys, with the sub-index on anticipated economic growth dropping considerably for the second time in a row. At 6 points, however, it remains well above its long-term average (-9 points). Conversely, predictions regarding the unemployment trend worsened again for the first time in almost three years. The corresponding sub-index (35 points) rose considerably, but it remains well below its average (49 points). Consumers' assessment of job security, on the other hand, is still positive.

As in recent quarters, consumers anticipate a positive development of the economy and labour market. However, presumably in view of increasing global economic risks such as the uncertainty surrounding the trade dispute of the USA with other key economic areas, they expect momentum to ease. From consumers' perspective, the peak of the business cycle now appears to have been passed.

Consumers' expectations for their own budget remain subdued for the time being. The sub-index on their expectations regarding the financial situation of their own households (-5 points) is slightly below its average (2 points). At the same time, in line with the rise in oil and import

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<sup>1</sup> The survey of randomly chosen consumers is held every January, April, July and October and has been conducted by market research institute LINK by telephone and online since January 2017. A total of 1,080 people over the age of 16 took part in the July 2018 survey in German, French or Italian. The proportion of online interviews was 23%, following 24% in the previous quarter.

<sup>2</sup> The four sub-indices used to calculate the consumer sentiment index include an assessment of economic prospects, the future unemployment trend, the future financial situation of domestic households and opportunities to save over the next twelve months.

prices consumers have again raised their price expectations. Overall, they anticipate that their purchasing power will increase only slightly in the near future. In light of this, their inclination of making major purchases remains just below average and the sub-index on how likely consumers believe it is that they will be able to save money (6 points) is well below its average (20 points).

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