



## Press release

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# Gross domestic product in the 3rd quarter: economic growth abruptly interrupted

**Switzerland's GDP fell by 0.2% in the 3rd quarter of 2018 due to both the industrial and service sectors. On the expenditure side, domestic demand and foreign trade had a negative impact.**

Switzerland's GDP fell by 0.2% in the 3rd quarter of 2018, after climbing by 0.7% in the previous quarter.<sup>1</sup> The strong, continuous growth phase enjoyed by the Swiss economy for one and a half years was suddenly interrupted. Switzerland is thus following the significant economic downturn seen at the same time in other European countries, particularly Germany.

Both the industrial and service sectors contributed to the negative quarterly result. Value added in **manufacturing** dipped slightly (–0.6%); however, in the context of the particularly dynamic growth of the past few quarters, this amounts to a normalisation at a high level. In the **energy sector** too, value added decreased after two extremely positive previous quarters (–2.2%), with the dry summer resulting in production downtime at hydropower plants. In line with the fall in production in these sectors, exports of industrial goods and energy decreased sharply. Total **exports of goods**<sup>2</sup> (–4.2%) also contracted substantially. At least, October's foreign trade figures are already indicating a swift recovery.

The quarterly result for the service sector was hardly better. Value added in **trade** (–1.0%) declined significantly following an already negative previous quarter, driven down by both retail and wholesale. The **financial sector** also recorded a minor drop, with the steady expansion lasting for several quarters being interrupted. Both value added (–1.1%) and exports of financial services decreased. In contrast, the positive development of the previous quarters persisted in the **business services** (+0.7%) and **health** sectors (+0.5%). The sluggish growth in services reflects, on the one hand, the generally subdued foreign demand for Swiss services. On the other hand, the weak domestic economy in the course of the subdued consumption climate in Switzerland also affected the 3rd quarter.

Private households barely increased their **consumption expenditures** (+0.1%) in the 3rd quarter, showing little willingness to make major purchases in light of weak real wage development. **General government consumption** (–0.1%) decreased slightly, while **investment**

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<sup>1</sup> Percentage changes on the previous quarter of chained series, price, seasonal and calendar adjusted national accounts aggregates in accordance with ESA 2010.

<sup>2</sup> Excluding non-monetary gold and valuables.

**in construction** (+0.02%) almost flatlined. **Investment in equipment** (–2.0%) fell sharply in almost all categories – only investment in machineries was slightly higher than in the previous quarter. In line with the decline in domestic demand, **imports**<sup>3</sup> of goods and services (–1.6%) also slackened considerably.

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<sup>3</sup> Excluding non-monetary gold and valuables.

## Gross domestic product, expenditure approach (ESVG 2010)

**Table 1:** Quarter-on-quarter growth rates (real)

	2017:3	2017:4	2018:1	2018:2	2018:3
Consumption of households and (NPISHs)	0.5	0.1	0.3	0.2	0.1
General Government consumption	0.5	0.6	0.1	0.2	-0.1
Equipment and software investment	1.4	0.9	1.8	0.5	-2.0
Construction investment	0.6	0.6	0.0	0.6	0.0
Changes in inventories (GC)	-2.5	2.5	-0.3	0.3	1.0
Exp. of goods excl. valuables	4.9	-1.5	3.1	-0.3	-4.2
Exp. of goods excl. merchanting and valuables	2.4	1.8	1.6	0.7	-3.8
Exports of services	3.9	-1.3	-0.9	-0.1	-0.6
Imp. of goods excluding valuables	-0.5	5.6	2.0	-1.1	-2.4
Imports of services	-0.9	-2.2	-2.7	-0.1	0.0
<b>Gross domestic product</b>	<b>0.8</b>	<b>0.7</b>	<b>0.9</b>	<b>0.7</b>	<b>-0.2</b>

Growth rates in % with respect to the previous quarter (seasonally adjusted) or with respect to the previous year and growth contributions (GC); at prices of preceding year, chained values. The valuables contain precious metals, jewellery and gems, works of art and antiques and non-monetary gold. Further figures on foreign trade are published on the following website: <https://www.seco.admin.ch/seco/en/home/wirtschaftslage---wirtschaftspolitik/Wirtschaftslage/bip-quartalsschaetzungen-.html>

**Table 2:** Year-on-year growth rates (real)

	2016	2017	2017:4	2018:1	2018:2	2018:3
Consumption of households and (NPISHs)	1.5	1.1	0.7	1.1	1.2	0.7
General Government consumption	1.2	0.9	1.3	1.4	1.4	0.8
Equipment and software investment	5.4	4.5	5.0	4.8	4.8	1.1
Construction investment	0.5	1.4	2.5	0.9	2.2	0.7
Changes in inventories (GC)	-1.9	-0.1	1.5	1.2	0.2	3.9
Exp. of goods excl. valuables	6.7	5.1	7.9	6.2	7.4	-3.3
Exp. of goods excl. merchanting and valuables	6.6	6.0	8.8	5.7	7.9	0.0
Exports of services	7.6	0.7	-6.5	0.3	1.4	-2.8
Imp. of goods excluding valuables	4.4	5.5	10.2	11.2	7.8	4.0
Imports of services	5.3	1.6	-4.9	-6.6	-5.9	-4.0
<b>Gross domestic product</b>	<b>1.6</b>	<b>1.6</b>	<b>2.5</b>	<b>2.9</b>	<b>3.5</b>	<b>2.4</b>

Growth rates in % with respect to the same period of the previous year and growth contributions (GC); at prices of preceding year, chained values; raw data (unadjusted). The valuables contain precious metals, jewellery and gems, works of art and antiques and non-monetary gold. Further figures on foreign trade are published on the following website: <https://www.seco.admin.ch/seco/en/home/wirtschaftslage---wirtschaftspolitik/Wirtschaftslage/bip-quartalsschaetzungen-.html>

**Table 3:** Price indices

	2016	2017	2017:4	2018:1	2018:2	2018:3
Consumption of households and (NPISHs)	-0.1	0.5	0.7	0.5	0.6	0.6
General Government consumption	0.2	0.3	0.5	0.7	1.0	1.1
Equipment and software investment	-1.0	0.0	0.9	1.6	1.9	1.6
Construction investment	-0.5	-0.6	-0.3	0.1	0.5	0.6
Exp. of goods excl. valuables	-2.7	0.1	-0.1	-0.1	3.0	3.0
Exp. of goods excl. merchanting and valuables	-2.3	-1.2	-0.9	-1.1	1.2	1.5
Exports of services	-1.0	-0.3	1.8	4.1	4.6	3.3
Imp. of goods excluding valuables	-0.3	1.5	1.7	3.1	3.7	2.1
Imports of services	1.3	2.8	6.9	10.2	9.4	4.8
<b>Gross domestic product</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.1</b>	<b>-0.5</b>	<b>1.1</b>	<b>1.0</b>

Growth rates in % with respect to the same period of the previous year; raw data (unadjusted). The valuables contain precious metals, jewellery and gems, works of art and antiques and non-monetary gold. Further figures on foreign trade are published on the following website: <https://www.seco.admin.ch/seco/en/home/wirtschaftslage---wirtschaftspolitik/Wirtschaftslage/bip-quartalsschaetzungen-.html>

## Gross domestic product, production approach ESA2010

**Table 4:** Quarter-on-quarter growth rates (real)

	2017:3	2017:4	2018:1	2018:2	2018:3
Agriculture, & industry	1.7	1.4	1.7	1.7	-0.7
Construction	-0.2	1.8	0.7	-0.8	0.5
Trade, comm., transp. & food service activities	0.8	0.0	0.3	-0.3	-0.4
Financial & other services	0.4	0.7	0.5	0.6	0.3
Public administration & rest	0.6	0.7	1.5	1.3	-0.4
<b>Gross domestic product</b>	<b>0.8</b>	<b>0.7</b>	<b>0.9</b>	<b>0.7</b>	<b>-0.2</b>

Growth rates in % with respect to the previous quarter (seasonally adjusted) or with respect to the previous year; at prices of preceding year, chained values

**Table 5:** Year-on-year growth rates (real)

	2016	2017	2017:4	2018:1	2018:2	2018:3
Agriculture, & industry	0.8	3.8	7.3	4.5	7.9	5.8
Construction	1.6	1.3	2.0	2.7	1.3	2.0
Trade, comm., transp. & food service activities	1.9	0.9	1.3	2.1	0.7	-0.8
Financial & other services	0.1	1.6	1.8	2.3	2.2	2.1
Public administration & rest	3.6	0.5	0.8	3.1	4.3	3.1
<b>Gross domestic product</b>	<b>1.6</b>	<b>1.6</b>	<b>2.5</b>	<b>2.9</b>	<b>3.5</b>	<b>2.4</b>

Growth rates in % with respect to the same period of the previous year; at prices of preceding year, chained values; raw data (unadjusted)

**Table 6:** Price indices

	2016	2017	2017:4	2018:1	2018:2	2018:3
Agriculture, & industry	-1.1	-2.8	-2.7	-0.8	-0.2	0.6
Construction	-0.8	-0.6	-0.5	-0.6	-0.9	-0.6
Trade, comm., transp. & food service activities	-1.5	1.4	1.3	1.3	3.2	3.6
Financial & other services	0.3	-0.4	-0.3	0.2	0.7	1.0
Public administration & rest	-0.4	0.1	1.2	-2.6	1.2	-0.9
<b>Gross domestic product</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.1</b>	<b>-0.5</b>	<b>1.1</b>	<b>1.0</b>

Growth rates in % with respect to the same period of the previous year; raw data (unadjusted)

**Agriculture, & industry:** Agriculture, forestry and fishing; Mining and quarrying; Manufacturing; Energy and water supply, waste management

**Trade, comm., transp. & food service activities:** Trade; repair of motor vehicles and motorcycles; Transportation and storage; Information and communication; Accommodation and food service activities

**Financial & other services:** Financial and insurance service activities; Real estate activities, professional, scientific and technical activities; Administrative and support service activities

**Public administration & rest:** Public administration; Education; Human health and social work activities; Arts, entertainment, recreation and other services; Activities of households as employers and producers for own use; Taxes on products; Subsidies on products