



Press release

Date

5 May 2020

Consumer sentiment: poor prospects for the economy and labour market

Consumer sentiment in Switzerland is at a historic low. The coronavirus is dampening expectations regarding general economic development and unemployment. Respondents are also getting ready for tough times in terms of their own financial situation.

Swiss consumer sentiment has fallen from –9 points in January to –39 points.¹ This is well below the level seen in the 2008-2009 financial and economic crisis. The only other time consumer sentiment values have been this low was in the early 1990s in the wake of the real estate crisis, when the Swiss economy suffered a prolonged recession with a dramatic rise in unemployment.

Respondents' expectations regarding general economic development deteriorated severely in April, with the relevant sub-index declining to a record low of –78 points. Expectations regarding the labour market have also worsened accordingly. The index on expected unemployment has increased more sharply within a single quarter than it has since data was first collected in 2007 and has almost reached the historical maximum of the financial and economic crisis. Job security has also been assessed worse than in previous quarters but the drop is less severe.

Respondents are also getting ready for tough times in terms of their own budget. The sub-index on the expected financial situation comes in at –24 points, with similar values so far only being observed in the early 1990s. Anticipated opportunities to save over the coming months have also been rated much more negatively than in previous quarters.

The only positive note in April comes from the assessment of the past financial situation, where the recovery of previous quarters has continued. Falling consumer prices and moderately rising nominal salaries have supported households' purchasing power. At –7 points, the sub-index on the past financial situation has almost climbed back to its historical average for the first time in four years.

¹ Definitive results for the 2nd quarter of 2020. Slight revisions have been made to the provisional results of 15 April.

Finally, in April, the question about whether now is a good time to make major purchases received a more negative response than ever before. The relevant sub-index stands at –48 points, which can be explained by the current situation surrounding the coronavirus. Uncertainty is high, the economy is expected to develop unfavourably and, ultimately, the shop closures ordered due to the extraordinary situation are severely restricting purchasing opportunities.

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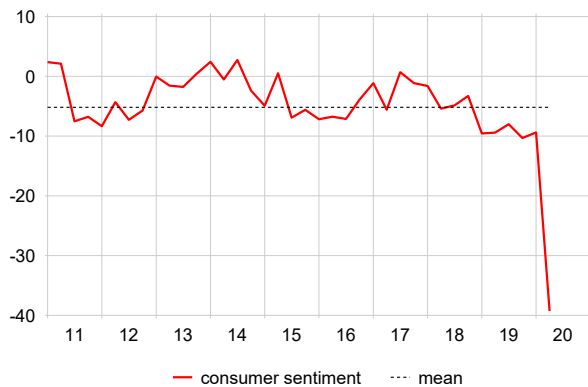
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Consumer sentiment

Appendix to the SECO's press release of May 5, 2020¹

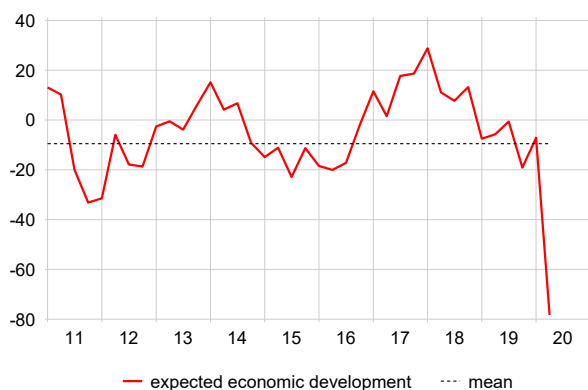
Consumer sentiment index²

Calculated from the four sub-indices below

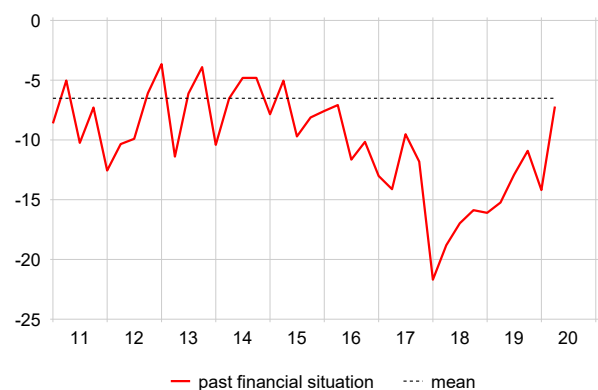


Quarter	19:3	19:4	20:1	20:2
Consumer sentiment	-8.0	-10.3	-9.4	-39.3
Expected economic development	-0.6	-19.1	-7.1	-78.3
Past financial situation	-12.9	-10.9	-14.2	-7.2
Expected financial situation	-7.7	-2.9	-8.0	-23.6
Major purchases	-10.8	-8.3	-8.3	-48.0

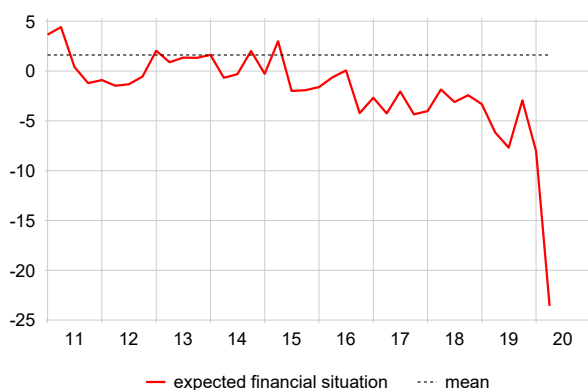
Sub-index 1: Expected economic development



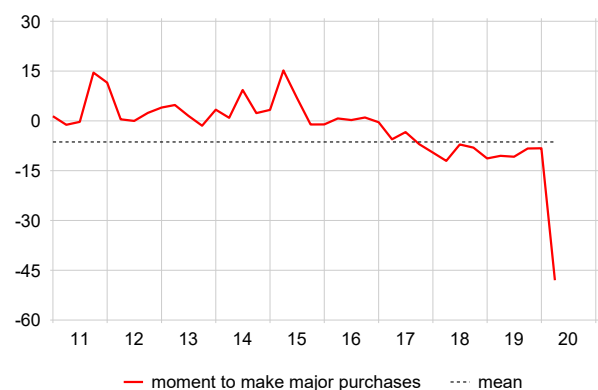
Sub-index 2: Past financial situation



Sub-index 3: Expected financial situation



Sub-index 4: Major purchases



¹ The survey is held every January, April, July and October and is conducted by telephone and online. A total of 1896 people aged 16 and over took part in the last survey in German, French or Italian. Further information and the data are available at www.seco.admin.ch/consumer-confidence.

² Seasonally and calendar adjusted data. All means depicted in the figures refer to the time period from October 1972.