



## Press release

Date

16 September 2021

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### **Economic forecast: Recovery continues but temporarily loses some momentum**

**The economic recovery is set to continue as expected, though growth is initially less dynamic than forecast previously. The expert group has lowered its growth forecast for 2021 to 3.2 % (adjusted for sporting events). This is nonetheless significantly above average for the Swiss economy. In 2022, the growth rate is set to rise to 3.4 %.<sup>1</sup>**

Following the easing of pandemic measures at the beginning of March, the domestic economy recovered as expected from the setbacks of the winter half-year. Economic activity is likely to have exceeded pre-crisis levels during the summer. Globally, however, the recovery is likely to be somewhat less vigorous short term. Capacity bottlenecks are currently limiting the growth of global industrial production, which leads to price increases, and the services sector is hampered by stricter coronavirus measures in some countries.

The expert group therefore expects the recovery to continue in Switzerland as well, albeit somewhat less dynamically in the short term. In particular, highly exposed sectors such as international tourism are likely to emerge from the crisis more hesitantly. However, provided that severely restrictive measures such as business lockdowns are not imposed in the coming months, the economic recovery should continue uninterrupted.

Driven in particular by catch-up effects in consumer spending and investment, and also by considerable growth in exports, the Swiss economy is set to grow significantly faster than the historical average in the coming quarters. The expert group forecasts overall growth of **3.2 % in GDP adjusted for sporting events for 2021**. The downward revision compared with the June forecast (+3.6 %) is also due to the fact that, according to the latest data, the economic slump in 2020 was not quite as severe, meaning the catch-up potential is also lower overall.

The global economy is set to gain momentum over the coming year. Shortages of primary products and transport capacity should ease, and the pandemic situation should continue to normalise. This will broaden the scope of the economic recovery and positively impact international trade in services, such as tourism. As a result, both domestic demand and foreign trade will receive a boost, leading to greater growth. The expert group forecasts overall **GDP growth adjusted for sporting events of 3.4 % in 2022** (June forecast: +3.3 %).

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<sup>1</sup> Further information on the forecast by the federal government's expert group on economic forecasts can be found in the *Konjunkturprognose* chapter of the enclosed *Konjunkturtendenzen Herbst 2021* and at <https://www.seco.admin.ch/economic-forecasts>.

The ongoing recovery is having a clear impact on the labour market. Short-time working can now gradually be reduced, and **unemployment** is expected to fall sharply. The experts forecast an annual average unemployment rate of 3.0 % for 2021, with a further decline to an annual average of 2.7 % in 2022. They predict that **inflation** will be slightly higher than assumed in the June forecast (2021: +0.5 %, 2022: +0.8 %).

### **Economic risks**

The risk of setbacks as the pandemic progresses cannot be ruled out. Severely restrictive health policy measures would greatly hinder the recovery; these might be imposed if for example new virus variants were to spread coupled with greatly reduced vaccine-effectiveness.

The economic recovery can also be expected to slow if the capacity bottlenecks currently observed persist and the recent increases in inflation translate into sustained price pressures with rising long-term interest rates. In such a scenario, existing risks related to sovereign and corporate debt as well as financial market corrections would be significantly exacerbated, as would risks in the domestic real estate sector.

Conversely, the recovery in Switzerland and in other advanced economies may be stronger than assumed in the expert group's forecast. Having had limited spending opportunities since spring 2020, some households have built up considerable savings, and these may now be released to some degree in the form of consumer spending.

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# Economic Forecasts Switzerland

Appendix to the SECO press release from 16.09.2021<sup>1</sup>

## Economic forecasts Switzerland

Growth rates in % unless otherwise stated, growth contributions in percentage points, GDP and components: volumes, seasonally adjusted; foreign trade: excluding valuables

	2019	2020	2021 *	2022 *		
<b>GDP and components: volumes, foreign trade: excluding valuables</b>						
GDP, sport event adjusted	1.5	-2.5	3.2	(3.6)	3.4	(3.3)
GDP	1.2	-2.5	3.4	(3.8)	3.6	(3.5)
Private consumption	1.4	-3.7	2.6	(3.9)	4.2	(3.7)
Government consumption	0.7	3.5	6.4	(6.6)	-2.5	(-2.4)
Investment in construction	-0.8	-0.4	1.8	(1.0)	0.4	(0.2)
Investment in fixed assets and software	1.3	-2.5	4.5	(4.5)	4.3	(3.8)
Exports of goods	3.5	-1.7	5.9	(6.0)	5.1	(5.3)
Exports of services	-2.4	-14.6	7.2	(7.6)	10.3	(10.3)
Imports of goods	2.8	-6.3	4.1	(5.5)	5.1	(4.8)
Imports of services	1.5	-10.5	5.9	(6.0)	8.4	(8.3)
<b>Contributions to GDP-growth</b>						
Final domestic demand	0.9	-2.0	3.0	(3.6)	2.6	(2.2)
Foreign trade	-0.2	0.1	1.3	(1.1)	1.0	(1.2)
<b>Labor market and prices</b>						
Employment in full-time equivalents	1.6	0.1	0.2	(0.3)	1.3	(1.5)
Unemployment rate in %	2.3	3.1	3.0	(3.1)	2.7	(2.8)
Consumer price index	0.4	-0.7	0.5	(0.4)	0.8	(0.5)

\* Forecasts by the Federal Expert Group on Business Cycles from 16.09.2021, forecasts from 15.06.2021 in brackets.  
Sources: FSO, SECO

## International and monetary environment

Growth rates in % unless otherwise stated, GDP and global demand: volumes, seasonally adjusted

	2019	2020	2021 *	2022 *		
<b>GDP international, real</b>						
United States	2.3	-3.4	6.0	(6.6)	4.0	(3.5)
Euro area	1.5	-6.5	4.8	(4.8)	4.2	(4.2)
Germany	1.1	-4.9	3.0	(3.7)	4.4	(4.1)
United Kingdom	1.4	-9.8	6.7	(6.7)	5.5	(5.5)
Japan	0.0	-4.7	2.3	(2.9)	3.0	(2.8)
BRIC-Countries	4.9	-1.0	7.6	(8.2)	5.7	(5.4)
China	6.0	2.3	8.3	(8.8)	5.6	(5.4)
Global demand	2.0	-4.7	5.6	(5.7)	4.2	(4.1)
Price of crude oil in USD/barrel Brent	64.3	41.8	68.1	(66.0)	72.3	(69.1)
<b>Switzerland</b>						
3-month LIBOR in %	-0.7	-0.7	-0.7	(-0.7)	-0.7	(-0.7)
10-year Swiss federal bonds, return in %	-0.5	-0.5	-0.3	(-0.2)	-0.2	(-0.1)
Real exchange rate index	0.8	3.9	-2.4	(-2.7)	0.0	(-0.3)

\* Assumptions by the Federal Expert Group on Business Cycles from 16.09.2021. Assumptions from 15.06.2021 in brackets.  
Sources: SECO, corresponding statistical institutions

<sup>1</sup>Data and further information: [www.seco.admin.ch/economic-forecasts](http://www.seco.admin.ch/economic-forecasts)