



# Press release

Date

9 December 2021

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## Economic forecast: recovery delayed

**Supply bottlenecks and stricter COVID-19 measures are putting a strain on the economy internationally in winter 2021/22. The expert group has lowered its growth forecast for Switzerland 2022 to 3.0% (GDP adjusted for sporting events). A growth rate of 2.0% is expected for 2023 as the economy normalises, meaning that the Swiss economy would grow at above-average rates for another two years after 2021 (3.3%).<sup>1</sup>**

The domestic economy has continued to recover strongly as expected due to the easing of most COVID-19 restrictions up until mid-year; in the summer, GDP rose above the pre-crisis level of Q4 2019. However, international supply and capacity bottlenecks are putting pressure on the industrial sector and causing sharp price increases globally. In addition, the uncertainty surrounding the pandemic has recently become strongly accentuated and several countries have stepped up their containment measures.

Against this backdrop, the expert group expects a significant slowdown in economic growth globally and in Switzerland in the 2021/22 winter period. Provided there are no severely restrictive health policy measures, such as broad business lockdowns, economic recovery is not, however, expected to come to a standstill in the medium term.

Factors that have slowed down recovery should gradually dissipate in the course of 2022. Economic growth should pick up significantly, driven by catch-up effects not only in consumer spending and in investment, but also in exports. Overall, the expert group expects above-average **growth of 3.0% in GDP adjusted for sporting events for 2022** (forecast from September: 3.4%), after 3.3% in 2021. Accordingly, unemployment is expected to fall further to an annual average of 2.4% in 2022. Inflation is also predicted to increase moderately to 1.1% on average for the year due to increased prices for energy and materials; inflation rates are expected to peak in the current 2021/22 winter period.

In the second half of the forecast period, the catch-up effects will weaken and the economy is expected to normalise. The strong growth in domestic demand and the export industry should therefore gradually decrease. For **2023** as a whole, the expert group forecasts **GDP growth of 2.0%** (adjusted for sporting events), which is still higher than average. Accordingly, the unemployment rate is expected to fall further to 2.3%, while inflation is expected to come in at 0.7%.

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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 Winter 2021/2022' and at <https://www.seco.admin.ch/economic-forecasts>.

## **Economic risks**

Uncertainty is currently very high and risks are tilted to the downside. In particular, there is a renewed risk of setbacks in the development of the pandemic, including in connection with the Omicron variant of the coronavirus. Any severely restrictive health policy measures would greatly hinder the recovery.

A slowdown in the economic recovery would also be likely if the global capacity bottlenecks were to last longer than expected and inflation increases were to lead to sustained price pressure with significantly higher interest rates. Existing risks related to sovereign and corporate debt would then also be significantly exacerbated, as would risks in the domestic real estate sector.

China's real estate sector also poses risks globally. A property crisis with a strong impact on demand in China could weigh heavily on the global economy.

Conversely, it is also possible that 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 in the form of consumer spending.

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# Economic Forecasts Switzerland

Appendix to the SECO press release from 09.12.2021<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

	2020	2021 *	2022 *	2023 *
<b>GDP and components: volumes, foreign trade: excluding valuables</b>				
GDP, sport event adjusted	-2.5	3.3 (3.2)	3.0 (3.4)	2.0
GDP	-2.5	3.5 (3.4)	3.2 (3.6)	1.7
Private consumption	-3.7	2.6 (2.6)	3.8 (4.2)	2.0
Government consumption	3.5	6.3 (6.4)	-1.5 (-2.5)	-1.9
Investment in construction	-0.5	1.3 (1.8)	0.0 (0.4)	0.2
Investment in fixed assets and software	-2.5	3.7 (4.5)	4.0 (4.3)	4.0
Exports of goods	-1.7	7.7 (5.9)	3.8 (5.1)	4.1
Exports of services	-14.6	8.5 (7.2)	10.0 (10.3)	5.6
Imports of goods	-6.3	4.0 (4.1)	4.3 (5.1)	5.0
Imports of services	-10.5	7.0 (5.9)	8.4 (8.4)	5.5
<b>Contributions to GDP-growth</b>				
Final domestic demand	-2.0	2.8 (3.0)	2.4 (2.6)	1.5
Foreign trade	0.1	2.0 (1.3)	0.7 (1.0)	0.4
<b>Labor market and prices</b>				
Employment in full-time equivalents	0.1	0.5 (0.2)	1.5 (1.3)	0.9
Unemployment rate in %	3.1	3.0 (3.0)	2.4 (2.7)	2.3
Consumer price index	-0.7	0.6 (0.5)	1.1 (0.8)	0.7

\* Forecasts by the Federal Expert Group on Business Cycles from 09.12.2021, forecasts from 16.09.2021 in brackets. Sources: FSO, SECO

## International and monetary environment

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

	2020	2021 *	2022 *	2023 *
<b>GDP international, real</b>				
United States	-3.4	5.6 (6.0)	4.0 (4.0)	2.4
Euro area	-6.5	4.9 (4.8)	3.7 (4.2)	2.5
Germany	-4.9	2.7 (3.0)	3.9 (4.4)	2.5
United Kingdom	-9.7	6.8 (6.7)	5.0 (5.5)	2.3
Japan	-4.7	1.8 (2.3)	3.8 (3.0)	1.4
BRIC-Countries	-0.9	7.4 (7.6)	5.6 (5.7)	4.9
China	2.3	8.0 (8.3)	5.3 (5.6)	5.4
Global demand	-4.7	5.5 (5.6)	4.0 (4.2)	2.6
Price of crude oil in USD/barrel Brent	41.8	70.7 (68.1)	77.3 (72.3)	80.9
<b>Switzerland</b>				
SARON in %	-0.7	-0.7 (-0.7)	-0.7 (-0.7)	-0.6
10-year Swiss federal bonds, return in %	-0.5	-0.3 (-0.3)	-0.1 (-0.2)	0.1
Real exchange rate index	3.9	-2.5 (-2.4)	0.6 (0.0)	0.0

\* Assumptions by the Federal Expert Group on Business Cycles from 09.12.2021. Assumptions from 16.09.2021 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)