



# Press release

Date

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## Economic forecast: recovery continues at a slower pace

**The expert group has downgraded its outlook for Switzerland's GDP growth to 2.6% in 2022 and 1.9% in 2023 (GDP adjusted for sporting events). The Swiss economy made a solid start to the year, but prospects for the international environment have waned. In particular, the global economy is at risk from the war in Ukraine and developments in China.<sup>1</sup>**

The Swiss economy continued to recover during the first quarter, as expected. GDP growth came in at the upper end of forecasts, supported in particular by industry. Nonetheless, parts of the service sector were still being held back at the beginning of the year by the most recent wave of the pandemic and the accompanying restrictions.

The lifting of public health measures is expected to further boost the domestic recovery. Catch-up potential will likely be realised, especially in the leisure and hospitality sector. Favourable employment data is propping up private consumer spending, and inflation remains moderate by international standards. Going by current indicators, the expert group expects the Swiss economy to continue its recovery in the near future.

Over the further course of the forecast horizon, however, the war in Ukraine could have a more severe impact than previously expected. The outlook for the international economy has deteriorated. World market prices have risen sharply for key Russian and Ukrainian exports, such as energy resources and certain food staples and animal feeds. The resulting inflationary pressure is curbing demand in major trading partners, with adverse effects on exposed sectors of the Swiss economy. At the same time, China's drastic pandemic containment measures are likely to weigh heavily on its economy.

Against this backdrop, the expert group has lowered its **2022 growth forecast** for Switzerland to **2.6%** (GDP adjusted for sporting events; forecast from March: 2.8%). It has revised its inflation forecast for Switzerland to 2.5% (forecast from March: 1.9%) and is assuming a negative knock-on effect on private consumer spending. Increased uncertainty, supply bottlenecks and rising prices are deterring investment activity. For the time being, therefore, the Swiss economy looks set to continue its recovery from the pandemic with above-average GDP growth, but at a slower pace than projected in the previous forecast. This is assuming no significant downturn

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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 attached 'Konjunkturprognose' chapter of the 'Konjunkturtendenzen Sommer 2022' report and at <http://www.seco.admin.ch/economic-forecasts>.

in important trading partners and, in particular, no pronounced energy or commodity shortages in Europe.

In the second half of the forecast period, the catch-up effect in relation to the pandemic is likely to fade. The economy is expected to normalise, provided that the current limiting factors gradually ease, especially the global supply chain problems and high international inflation. The tightening of monetary policy worldwide is likely to have a dampening effect. For **2023** as a whole, the expert group has lowered its GDP growth forecast to **1.9%** (adjusted for sporting events; forecast from March: 2.0%). Inflation is predicted to fall to an average of 1.4% for the year (forecast from March: 0.7%).

For the labour market, the expert group anticipates further recovery and is forecasting an average unemployment rate of 2.1% in 2022, followed by 2.0% in 2023.

### **Economic risks**

Uncertainty in relation to the Ukraine conflict is very high. Even without international military escalation, there is a risk of more severe economic impacts than assumed in the current forecast.

The Swiss economy would be significantly affected if its key trading partners were to suffer a major economic downturn. This could happen, for example, as a result of widespread shortfalls in energy supplies from Russia. Such a **scenario**<sup>2</sup> would likely lead to continued high price pressures combined with an economic downturn, both in Switzerland and the rest of Europe.

In the face of rising interest rates, the risks associated with the surge in international debt levels are intensifying. There is an increased probability of financial market corrections. In real estate, too, risks still prevail both in Switzerland and abroad.

Moreover, setbacks caused by the pandemic cannot be ruled out, for example as a result of new virus variants. In particular, there is a risk of China's strict pandemic containment measures negatively impacting the global economy.

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<sup>2</sup> Cf. the supplementary negative scenario from SECO in the 'Konjunkturprognose' chapter of the attached 'Konjunkturtendenzen Sommer 2022' report.

# Economic Forecasts Switzerland

Appendix to the SECO press release from 15.06.2022<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</b>						
GDP, sport event adjusted	-2.5	3.6	2.6	(2.8)	1.9	(2.0)
GDP	-2.5	3.7	2.8	(3.0)	1.6	(1.7)
Private consumption	-3.7	2.6	3.5	(3.6)	1.8	(1.9)
Government consumption	3.5	4.0	0.3	(-0.7)	-0.9	(-1.4)
Investment in construction	-0.5	1.1	-1.9	(-0.5)	-0.4	(0.2)
Investment in fixed assets and software	-2.5	4.6	2.3	(3.4)	3.0	(3.4)
Exports of goods	-1.7	11.4	4.7	(4.2)	2.5	(3.7)
Exports of services	-14.6	12.0	8.0	(8.5)	4.0	(5.0)
Imports of goods	-6.3	4.6	7.3	(4.7)	2.5	(3.9)
Imports of services	-10.5	8.0	7.5	(8.0)	4.5	(5.5)
<b>Contributions to GDP-growth</b>						
Final domestic demand	-2.0	2.7	2.0	(2.2)	1.3	(1.4)
Foreign trade	0.1	3.6	0.1	(0.6)	0.3	(0.4)
<b>Labor market and prices</b>						
Employment in full-time equivalents	0.1	0.6	2.1	(1.8)	0.8	(0.9)
Unemployment rate in %	3.1	3.0	2.1	(2.1)	2.0	(2.0)
Consumer price index	-0.7	0.6	2.5	(1.9)	1.4	(0.7)

\* Forecasts by the Federal Expert Group on Business Cycles from 15.06.2022, forecasts from 14.03.2022 in brackets.  
Sources: FSO, SECO

## International and monetary environment

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

	2020	2021	2022 *		2023 *	
<b>GDP international, real</b>						
United States	-3.4	5.7	3.0	(3.5)	2.3	(2.4)
Euro area	-6.5	5.4	2.8	(3.4)	2.2	(2.6)
Germany	-4.9	2.9	2.0	(3.0)	2.6	(2.9)
United Kingdom	-9.3	7.4	3.7	(4.1)	1.3	(2.0)
Japan	-4.6	1.7	2.0	(3.1)	2.2	(1.8)
BRIC-Countries	-0.8	7.5	3.5	(5.0)	4.6	(4.8)
China	2.3	8.1	3.8	(5.0)	5.7	(5.3)
Global demand	-4.7	5.8	2.9	(3.5)	2.4	(2.7)
Price of crude oil in USD/barrel Brent	41.8	70.7	106.3	(101.2)	94.7	(87.9)
<b>Switzerland</b>						
SARON in %	-0.7	-0.7	-0.6	(-0.7)	0.0	(-0.5)
10-year Swiss federal bonds, return in %	-0.5	-0.3	0.6	(0.2)	0.9	(0.4)
Real exchange rate index	3.9	-2.6	-0.8	(0.8)	-0.5	(-0.0)

\* Assumptions by the Federal Expert Group on Business Cycles from 15.06.2022. Assumptions from 14.03.2022 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)