



Press release

Date

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Economic forecast: Swiss economic growth to be significantly below average in 2023

The expert group on business cycles has largely reaffirmed its previous assessment. Growth for the Swiss economy is projected to come in significantly below average at 1.1% in 2023, rising to 1.5% in 2024 (GDP adjusted for sporting events). The energy situation in Europe has eased in recent months. However, inflationary pressure remains high internationally.¹

Switzerland's GDP was flat in the fourth quarter of 2022. The more cyclical industrial sectors were held back by a challenging international environment, and goods exports contracted. Meanwhile, domestic demand continued to strengthen, buoyed in part by a robust increase in employment. While recent sentiment surveys have been mixed, the latest indicators point to the Swiss economy putting in a solid performance in the first quarter of 2023.

Internationally, the current economic situation is somewhat brighter than predicted in December. China's economy has recovered significantly since the end of its zero-Covid policy. Moreover, Europe's energy situation has eased in recent months. However, core inflation in the major advanced economies has not fallen as much as expected, increasing the likelihood of further international monetary tightening and a slowdown in global demand.

On the domestic front, too, comparatively high inflation rates may be expected in the short term. For 2023, inflation in Switzerland is projected to reach 2.4%. Private consumption should see modest growth over the coming quarters, bolstered by a solid labour market and nominal wage increases. In the current environment, investment growth is likely to be below average.

Against this backdrop, the expert group expects the Swiss economy to expand by 1.1% in 2023 (December forecast: 1.0%). This would be significantly below average but not drive the economy into recession. As before, the expert group is assuming in its forecast there will be no energy shortages with widespread production outages in the coming winter of 2023/24. At the same time, however, gas and electricity prices are expected to remain high by historical standards.

By the end of 2024, the energy situation in Europe should further stabilise and inflation rates internationally should gradually decline. Global demand will likely recover somewhat. For 2024,

¹ Further information on the projections of the federal expert group on business cycles can be found in the attached 'Konjunkturprognose' section of the spring 2023 'Konjunkturtendenzen' report (available in German and French) and at <https://www.seco.admin.ch/economic-forecasts>.

the expert group has lowered its economic growth forecast for Switzerland slightly to 1.5% (December forecast: 1.6%) with annual average inflation at 1.5%.

The economic slowdown is also likely to have an effect on the labour market, albeit with a lag. Following an average rate of 2.0% in 2023, unemployment is projected to reach 2.3% in 2024.

Economic risks

Internationally, risks related to inflation and the monetary policy response have come to the fore. Of particular concern is the risk of inflation proving even more persistent, creating increased pressures on global demand and a need for further monetary policy tightening. This would elevate the existing risks associated with increased global debt and the risk of property and financial market corrections.

Risks also remain in relation to energy supply and prices, particularly for the 2023/24 winter. If a severe energy shortage were to occur in Europe, with large-scale production losses and a significant downturn, a recession twinned with high price pressure could also be expected in Switzerland.

It is also possible, however, that the economy will fare better than projected. This could happen, for example, if the energy situation and inflation turn out to be more favourable than expected. In turn, this would likely lead to more robust demand both in Switzerland and abroad.

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Economic Forecasts Switzerland

Appendix to the SECO press release from 16.03.2023¹

Economic forecasts Switzerland

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

| | 2021 | 2022 | 2023 * | 2024 * |
|--|------|------|-------------|-------------|
| GDP and components, sport event adjusted** | | | | |
| GDP | 3.9 | 2.1 | 1.1 (1.0) | 1.5 (1.6) |
| Private consumption | 1.7 | 4.0 | 1.5 (1.5) | 1.2 (1.3) |
| Government consumption | 3.5 | -0.5 | -0.6 (-2.1) | -1.8 (-2.1) |
| Investment in construction | -3.0 | -4.3 | -1.3 (-0.2) | 0.2 (0.1) |
| Investment in fixed assets and software | 8.1 | 1.1 | 1.7 (1.7) | 1.3 (1.4) |
| Exports of goods | 10.7 | 1.5 | 3.0 (3.0) | 4.9 (4.9) |
| Exports of services | 8.0 | 10.5 | 4.7 (4.7) | 3.5 (3.5) |
| Imports of goods | 4.3 | 8.0 | 2.0 (2.0) | 3.3 (3.3) |
| Imports of services | 4.3 | 2.4 | 6.5 (7.0) | 4.5 (4.5) |
| Contributions to GDP-growth, sport event adjusted** | | | | |
| Final domestic demand | 2.4 | 1.8 | 0.9 (0.8) | 0.6 (0.7) |
| Foreign trade | 3.4 | -0.3 | 0.3 (0.2) | 0.9 (0.9) |
| Labor market and prices | | | | |
| Employment in full-time equivalents | 1.0 | 2.7 | 1.1 (0.7) | 0.7 (0.7) |
| Unemployment rate in % | 3.0 | 2.2 | 2.0 (2.3) | 2.3 (2.4) |
| Consumer price index | 0.6 | 2.8 | 2.4 (2.2) | 1.5 (1.5) |
| GDP, not adjusted for sport events | 4.2 | 2.1 | 0.8 (0.7) | 1.8 (1.9) |

* Forecasts by the Federal Expert Group on Business Cycles from 16.03.2023, forecasts from 13.12.2022 in brackets.

** Affected by sport event effects are: GDP, exports of services, imports of services, foreign trade.

Sources: FSO, SECO

International and monetary environment

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

| | 2021 | 2022 | 2023 * | 2024 * |
|--|------|-------|-------------|-------------|
| GDP international, real | | | | |
| United States | 5.9 | 2.1 | 1.2 (0.8) | 1.2 (1.3) |
| Euro area | 5.3 | 3.5 | 0.7 (0.6) | 1.3 (1.3) |
| Germany | 2.6 | 1.9 | 0.1 (0.0) | 1.2 (1.2) |
| United Kingdom | 7.6 | 4.0 | -0.3 (-0.4) | 1.0 (1.0) |
| Japan | 2.2 | 1.0 | 1.2 (1.5) | 1.1 (1.1) |
| BRIC-Countries | 7.9 | 3.3 | 4.5 (3.7) | 4.5 (4.4) |
| China | 8.4 | 3.0 | 5.2 (4.5) | 4.6 (4.6) |
| Global demand | 5.9 | 3.0 | 1.2 (0.9) | 1.5 (1.6) |
| Price of crude oil in USD/barrel Brent | 70.7 | 100.9 | 82.5 (84.3) | 78.3 (79.1) |
| Switzerland | | | | |
| SARON in % | -0.7 | -0.2 | 1.6 (1.2) | 1.9 (1.3) |
| 10-year Swiss federal bonds, return in % | -0.3 | 0.8 | 1.6 (1.4) | 1.7 (1.5) |
| Real exchange rate index | -2.6 | -0.9 | 0.8 (0.3) | 0.0 (0.0) |

* Assumptions by the Federal Expert Group on Business Cycles from 16.03.2023. Assumptions from 13.12.2022 in brackets.

Sources: SECO, corresponding statistical institutions

¹Data and further information: www.seco.admin.ch/economic-forecasts