



# Press release

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## Forecast: Economic growth set to rise in 2025

**As before, the expert group expects economic growth in Switzerland (GDP adjusted for sporting events) to be well below average in 2024 (1.1%; September forecast: 1.2%). As the global economy gradually recovers, growth should return to normal in 2025, at 1.7%.<sup>1</sup> Risks in connection with the monetary environment remain a primary concern.**

The Swiss economy grew moderately in the third quarter of 2023, driven in particular by the services sector. In the more cyclically sensitive industrial sectors, value added declined again. Many of the current indicators are below average, pointing to moderate growth in the Swiss economy in the near future.

Until recently, the global economy was characterised by a high degree of heterogeneity. The US economy grew more strongly than expected in the third quarter, while economic growth in China was also substantial. In the eurozone and Germany, on the other hand, the weak performance of the previous quarters continued, particularly in the industrial sector. Overall, global demand is likely to grow more slowly than the historical average in the forecast period and is expected to be curtailed by international monetary policy, as before. However, there are currently no signs of a global recession; labour markets have remained sound up to now, while inflation is falling internationally.

Against this backdrop, the expert group is forecasting economic growth in Switzerland of 1.1% in 2024 (September forecast: 1.2% for 2024, compared with 1.3% in 2023). This would mean significantly below-average growth of the Swiss economy for two consecutive years. In particular, the subdued momentum in the eurozone in 2024 is likely to hold back the exposed areas of the Swiss export industry. Declining capacity utilisation and higher financing costs are expected to curb investment activity. Private consumer spending can still be expected to provide some support: employment should continue to grow, albeit at a slightly slower rate than previously forecast. As a result of the economic slowdown, the average unemployment rate for 2024 is expected to rise to 2.3%, compared with 2.0% in 2023.

As in other countries, inflation is also falling in Switzerland. After an annual rate of 2.1% in 2023 (September forecast: 2.2%), inflation should come in at 1.9% in 2024 (unchanged forecast). While current business surveys point to easing price pressure thanks to lower purchasing prices and full inventories, and industrial tariffs will be abolished on 1 January 2024, rising

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<sup>1</sup> Further information on the forecast of the federal government's expert group can be found in the enclosed chapter 'Economic Forecast' in the winter 2023/2024 edition of *Konjunkturtendenzen* at [www.seco.admin.ch/economic-forecasts](http://www.seco.admin.ch/economic-forecasts).

electricity tariffs, VAT adjustment and rent increases are likely to have an inflationary effect. A significantly lower inflation rate of 1.1% is not expected until 2025.

Real economic activity should see a degree of normalisation in the second half of the forecast period. The expert group expects the global economy and Europe in particular to gradually recover from the lull of the previous two years in 2025. As a result, Swiss exports and investment will also regain momentum. Overall, the expert group forecasts a 1.7% growth in GDP adjusted for sporting events in 2025, with average annual unemployment of 2.5%.

### **Economic risks**

The economic risks are considerable. The geopolitical risks have increased with the armed conflict in the Middle East. An escalation of this conflict could be accompanied by a sharp rise in oil prices and, as a result, rising inflation rates. In view of relatively high core inflation, there is still a risk that a tighter international monetary policy will be necessary. This would further curb global demand. In addition, existing risks in connection with global debt, risks of corrections on the property and financial markets and balance sheet risks at financial institutions could intensify. Against the backdrop of simultaneous interest rate hikes in many countries, the shift of tighter monetary policy to the real economy could be greater than currently assumed.

Developments in Germany and China also pose risks for the international economy and thus for Swiss foreign trade. German industry could slow down more significantly and weaken the exposed areas of the Swiss economy more than expected. The Chinese economy could also cool down more than expected because of the crisis in the property sector, high levels of debt and subdued sentiment by businesses and households.

Finally, the risks in the energy sector remain, despite some easing to date. This forecast is based on the assumption that there will be no energy shortages over the entire forecast period. Should there be a pronounced energy shortage in Europe with production losses on a broad scale and a significant downturn, a recession twinned with high price pressure is also likely in Switzerland.

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# Economic Forecasts Switzerland

Appendix to the SECO press release from 13.12.2023<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

	2022	2023 *	2024 *	2025 *
<b>GDP and components, sport event adjusted**</b>				
GDP	2.5	1.3 (1.3)	1.1 (1.2)	1.7
Private consumption	4.2	2.2 (2.2)	1.1 (1.1)	1.3
Government consumption	-0.8	0.6 (0.8)	-1.0 (-1.1)	-0.6
Investment in construction	-5.5	-2.0 (-2.1)	0.9 (0.7)	1.9
Investment in fixed assets and software	4.6	-0.7 (0.8)	1.3 (1.1)	3.1
Exports of goods	4.0	4.7 (3.4)	2.7 (4.1)	4.1
Exports of services	6.0	3.2 (2.8)	2.4 (3.0)	3.2
Imports of goods	7.6	0.4 (1.2)	2.5 (3.8)	3.5
Imports of services	4.3	13.0 (8.0)	2.0 (3.5)	4.6
<b>Contributions to GDP-growth, sport event adjusted**</b>				
Final domestic demand	2.3	0.9 (1.2)	0.8 (0.7)	1.3
Foreign trade	-0.2	0.0 (0.1)	0.5 (0.5)	0.4
<b>Labor market and prices</b>				
Employment in full-time equivalents	2.7	1.9 (2.1)	0.6 (0.8)	1.0
Unemployment rate in %	2.2	2.0 (2.0)	2.3 (2.3)	2.5
Consumer price index	2.8	2.1 (2.2)	1.9 (1.9)	1.1
GDP, not adjusted for sport events	2.7	0.8 (0.8)	1.5 (1.6)	1.3

\* Forecasts by the Federal Expert Group on Business Cycles from 13.12.2023, forecasts from 20.09.2023 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

	2022	2023 *	2024 *	2025 *
<b>GDP international, real</b>				
United States	1.9	2.4 (2.0)	1.4 (1.0)	1.8
Euro area	3.4	0.5 (0.5)	0.8 (1.0)	1.6
Germany	1.9	-0.1 (-0.3)	0.7 (0.9)	1.2
United Kingdom	4.3	0.6 (0.4)	0.6 (0.8)	1.3
Japan	0.9	1.7 (1.6)	0.9 (0.9)	0.8
BRIC-Countries	3.3	5.5 (5.0)	4.5 (4.4)	4.4
China	3.0	5.5 (5.1)	4.6 (4.6)	4.3
Global demand	2.9	1.5 (1.3)	1.3 (1.3)	1.8
Price of crude oil in USD/barrel Brent	100.9	82.7 (82.2)	80.0 (82.7)	76.5
<b>Switzerland</b>				
SARON in %	-0.2	1.5 (1.5)	1.7 (1.9)	1.5
10-year Swiss federal bonds, return in %	0.8	1.1 (1.1)	1.2 (1.2)	1.4
Real exchange rate index	-0.6	2.8 (3.2)	0.2 (1.5)	0.0

\* Assumptions by the Federal Expert Group on Business Cycles from 13.12.2023. Assumptions from 20.09.2023 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)