



Press release

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Economic forecast largely unchanged: Swiss growth in 2024 to be below average

The Federal Government Expert Group on Business Cycles continues to expect Switzerland's economic growth in 2024 to come in well below average (GDP adjusted for sporting events: 1.2%; March forecast: 1.1%). As the global economy gradually recovers, growth is likely to normalise to 1.7% in 2025 (unchanged forecast).¹ The economic outlook is subject to both downside and upside risks.

In the first quarter of 2024, Switzerland's GDP adjusted for sporting events continued the moderate pace of growth from the previous quarters. The services sector expanded again, and private consumption increased solidly. However, the industrial sector stagnated. Numerous indicators currently point to moderate growth for the Swiss economy in the near future.

The world economy has been largely heterogeneous in the recent past. The US economy weakened noticeably in the first quarter, and Japan's GDP contracted. On the other hand, the UK and China saw relatively strong GDP growth. The eurozone recovered somewhat from the previous weak phase, but growth is likely to remain subdued in the coming quarters. This will have a correspondingly dampening effect on exposed areas of the Swiss export economy. Overall, global demand from the Swiss perspective is expected to remain below its historical average in the coming quarters.

Against this backdrop, the Expert Group on Business Cycles projects growth of 1.2% for the Swiss economy in 2024 (March forecast: 1.1%). As already seen in 2023, this would mean the Swiss economy growing at a significantly below-average rate. Low capacity utilisation in industrial production and high financing costs are likely to curb investments. Exports will offer some degree of support, not least in light of the Swiss franc's depreciation in recent months. However, growth should be fuelled in particular by private consumption, buoyed by a further rise in employment and a fairly stable rate of inflation; the latter is expected to average 1.4% for the current year (March forecast: 1.5%).

For the coming year, economic activity is expected to normalise to a certain extent. The Expert Group on Business Cycles expects the global economy, and Europe in particular, to gradually recover in 2025 from the weakness of the past two years. This should also help boost Swiss exports and investments. On the whole, growth of GDP adjusted for sporting events in 2025 is projected to reach 1.7% (unchanged forecast) with inflation at 1.1% (unchanged forecast).

¹ Further information on the forecast by the Federal Government Expert Group on Business Cycles can be found in the attached economic forecast section of 'Konjunkturtendenzen Sommer 2024' (available in German) and at www.seco.admin.ch/economic-forecasts.

The subpar economic growth is also reflected in the labour market. Unemployment is projected to stand at an annual average of 2.4% in 2024 (March forecast: 2.3%), followed by an annual average of 2.6% in 2025 (March forecast: 2.5%).

Economic risks

Cyclical risks are currently considered balanced.

Armed conflicts in the Middle East and Ukraine in particular continue to pose geopolitical risks. This could have a knock-on effect on inflation if commodity prices or shipping costs were to rise sharply. Notwithstanding this, there is still a risk that high core inflation rates will cause international monetary policy to remain restrictive, which would dampen global demand for longer than expected. In addition, existing risks associated with global debt, corrections on the property and financial markets and the balance sheet risks at financial institutions could intensify.

Developments in Germany and China pose additional risks for the international economy and Swiss foreign trade. A more pronounced slowdown in German industry could have a worse impact than expected on the affected sectors of the Swiss economy. Also, China's economy could cool down more than expected due to the crisis in the property sector, the high level of debt and the downbeat sentiment of companies and households.

On the other hand, it is possible that growth will normalise more quickly than is currently foreseeable. This could happen if global inflation falls faster than expected, for example in response to a rapid de-escalation of armed conflicts. This would boost household purchasing power and allow a more rapid easing of monetary policy, which would further support demand.

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Economic Forecasts Switzerland

Appendix to the SECO press release from 17.06.2024¹

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 *	
GDP and components, sport event adjusted**						
GDP	2.4	1.3	1.2	(1.1)	1.7	(1.7)
Private consumption	4.2	2.1	1.3	(1.2)	1.4	(1.3)
Government consumption	-0.8	-2.0	0.5	(0.3)	0.2	(0.7)
Investment in construction	-5.5	-2.0	0.1	(0.5)	1.9	(1.9)
Investment in fixed assets and software	4.6	-1.1	-0.7	(-0.7)	3.5	(3.5)
Exports of goods	3.9	2.8	3.6	(3.3)	3.8	(3.8)
Exports of services	6.0	2.7	3.6	(2.4)	3.2	(3.2)
Imports of goods	7.6	0.8	2.9	(2.9)	3.6	(3.6)
Imports of services	4.3	11.6	4.0	(2.0)	4.6	(4.6)
Contributions to GDP-growth, sport event adjusted**						
Final domestic demand	2.3	0.4	0.6	(0.6)	1.5	(1.5)
Foreign trade	-0.2	-0.8	0.5	(0.6)	0.2	(0.2)
Labor market and prices						
Employment in full-time equivalents	2.7	2.0	1.2	(0.9)	1.1	(1.0)
Unemployment rate in %	2.2	2.0	2.4	(2.3)	2.6	(2.5)
Consumer price index	2.8	2.1	1.4	(1.5)	1.1	(1.1)
GDP, not adjusted for sport events	2.7	0.7	1.6	(1.5)	1.3	(1.3)

* Forecasts by the Federal Expert Group on Business Cycles from 17.06.2024, forecasts from 19.03.2024 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 *	
GDP international, real						
United States	1.9	2.5	2.4	(2.4)	1.8	(1.8)
Euro area	3.5	0.5	0.8	(0.8)	1.6	(1.6)
Germany	1.9	0.0	0.3	(0.4)	1.2	(1.2)
United Kingdom	4.3	0.1	0.8	(0.3)	1.3	(1.5)
Japan	1.0	1.9	0.0	(0.3)	0.9	(0.8)
BRIC-Countries	3.3	5.5	5.1	(4.6)	4.4	(4.4)
China	3.0	5.2	5.0	(4.6)	4.3	(4.3)
Global demand	3.0	1.5	1.5	(1.5)	1.8	(1.8)
Price of crude oil in USD/barrel Brent	100.9	82.5	82.6	(80.9)	78.0	(76.0)
Switzerland						
SARON in %	-0.2	1.5	1.4	(1.6)	1.1	(1.1)
10-year Swiss federal bonds, return in %	0.8	1.1	0.9	(1.0)	1.2	(1.2)
Real exchange rate index	-0.4	3.4	-0.7	(1.5)	-1.1	(-0.3)

* Assumptions by the Federal Expert Group on Business Cycles from 17.06.2024. Assumptions from 19.03.2024 in brackets.

Sources: SECO, corresponding statistical institutions

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