



# Press release

Date

19 September 2024

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## Economic forecast: Below-average growth, inflation lower than previously expected

**The Federal Government Expert Group on Business Cycles continues to expect Switzerland's economic growth in 2024 to be considerably below average (GDP adjusted for sporting events: 1.2%, unchanged from previous forecast). As global economic conditions gradually improve, a moderate acceleration in growth is anticipated for 2025 (1.6%; June forecast: 1.7%).<sup>1</sup> Inflation is expected to continue to fall.**

Switzerland's GDP experienced marked growth in the second quarter of 2024, primarily driven by the chemical and pharmaceutical industry and robust goods exports. However, the rest of the industrial sector performed weakly, as did domestic demand. Current indicators suggest moderate growth for the Swiss economy in the near future.

While the United States has outpaced Switzerland in economic growth, the euro area continues to grow only modestly, with Germany experiencing a slight economic contraction. From Switzerland's perspective, growth in global demand is likely to remain below average by historical standards in the coming quarters.

Given these conditions, the Expert Group on Business Cycles maintains its earlier projection of 1.2% growth for the Swiss economy in 2024, continuing the below-average growth seen in 2023.

The challenging economic environment, particularly in other European countries, coupled with the recent real appreciation of the Swiss franc, is adversely affecting Swiss export sectors sensitive to cyclical and exchange rate fluctuations. Nonetheless, an exceptionally strong second quarter has led the Expert Group to forecast strong export growth for the year overall.

Domestic growth is likely to be primarily consumer-driven. Recent consumer price data indicates a more rapid decline in inflation than previously anticipated, with projections now at 1.2% for 2024 (June forecast: 1.4%) and 0.7% in 2025 (June forecast: 1.1%). Furthermore, employment is likely to continue rising, albeit at a slower pace. Overall, this should bolster private consumption. By contrast, with low industrial capacity utilisation and weak order books, investment is likely to decline.

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<sup>1</sup> Growth rates of real GDP adjusted for seasonal/calendar effects and sporting events. 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 Herbst 2024' (available in German) and at <https://www.seco.admin.ch/economic-forecasts>.

Looking ahead to 2025, a gradual recovery in Europe in particular is expected to also stimulate Swiss exports and investments. The Expert Group forecasts GDP growth, adjusted for sporting events, at a slightly below-average rate of 1.6% (June forecast: 1.7%), which is then only slightly below the long-term average of 1.8%.

This moderate economic expansion is likely to be accompanied by a rise in unemployment, with average forecasts unchanged at 2.4% in 2024 and 2.6% in 2025.

### **Economic risks**

Armed conflicts in the Middle East and Ukraine in particular continue to pose geopolitical risks. These tensions could potentially trigger a sharp increase in commodity prices or transport costs, with a corresponding impact on inflation.

Regardless, the pace of monetary easing in the major currency areas could prove to be slower than anticipated. This would likely exacerbate existing vulnerabilities, including global debt concerns, balance sheet risks in financial institutions, and risks in real estate and financial markets. There is an increased probability of financial market corrections.

The global economic landscape presents additional challenges. A more severe downturn in German industry could have a stronger-than-expected impact on exposed sectors of the Swiss economy. Similarly, the Chinese economy could cool down more than expected. In the United States, there is still a risk that the economic slowdown may be more pronounced than expected or even lead to a recession.

Any significant weakening of international demand would have a direct impact on Swiss foreign trade and the domestic economy. Furthermore, should any of these risk scenarios materialise, the Swiss franc would likely face increased upward pressure.

### **Contact for enquiries**

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# Economic Forecasts Switzerland

Appendix to the SECO press release from 19.09.2024<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	2.9	1.2	1.2	(1.2)	1.6	(1.7)
Private consumption	4.3	1.5	1.5	(1.3)	1.5	(1.4)
Government consumption	-1.2	1.7	1.5	(0.5)	1.1	(0.2)
Investment in construction	-6.9	-2.7	0.5	(0.1)	1.9	(1.9)
Investment in fixed assets and software	3.4	1.4	-2.0	(-0.7)	3.1	(3.5)
Exports of goods	4.1	2.8	5.1	(3.6)	2.9	(3.8)
Exports of services	6.1	-0.6	2.3	(3.6)	3.5	(3.2)
Imports of goods	7.6	0.9	2.8	(2.9)	3.5	(3.6)
Imports of services	3.3	9.2	3.9	(4.0)	4.0	(4.6)
<b>Contributions to GDP-growth, sport event adjusted**</b>						
Final domestic demand	2.0	1.0	0.6	(0.6)	1.6	(1.5)
Foreign trade	0.1	-0.9	1.0	(0.5)	0.0	(0.2)
<b>Labor market and prices</b>						
Employment in full-time equivalents	2.8	2.1	1.4	(1.2)	1.2	(1.1)
Unemployment rate in %	2.2	2.0	2.4	(2.4)	2.6	(2.6)
Consumer price index	2.8	2.1	1.2	(1.4)	0.7	(1.1)
GDP, not adjusted for sport events	3.1	0.7	1.6	(1.6)	1.2	(1.3)

\* Forecasts by the Federal Expert Group on Business Cycles from 19.09.2024, forecasts from 17.06.2024 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 *	
<b>GDP international, real</b>						
United States	1.9	2.5	2.6	(2.4)	1.8	(1.8)
Euro area	3.4	0.5	0.7	(0.8)	1.5	(1.6)
Germany	1.4	-0.1	0.1	(0.3)	1.1	(1.2)
United Kingdom	4.3	0.1	1.1	(0.8)	1.4	(1.3)
Japan	1.1	1.7	-0.2	(-0.0)	0.9	(0.9)
BRIC-Countries	3.3	5.5	5.0	(5.1)	4.5	(4.4)
China	3.0	5.2	4.8	(5.0)	4.4	(4.3)
Global demand	2.9	1.5	1.5	(1.5)	1.8	(1.8)
Price of crude oil in USD/barrel Brent	100.9	82.5	81.7	(82.6)	75.0	(78.0)
<b>Switzerland</b>						
SARON in %	-0.2	1.5	1.3	(1.4)	0.8	(1.1)
10-year Swiss federal bonds, return in %	0.8	1.1	0.6	(0.9)	0.8	(1.2)
Real exchange rate index	-0.5	3.5	1.2	(-0.7)	1.0	(-1.1)

\* Assumptions by the Federal Expert Group on Business Cycles from 19.09.2024. Assumptions from 17.06.2024 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)