

# KOF Bulletin

No 49, February 2012

## Worsened Mood Among Swiss Companies

### THE ECONOMY

Swiss Property Market: Justified Concerns? >>

KOF Business Tendency Surveys: Individual sectors with significant recessive tendencies >>

KOF Employment Indicator: Decline Stopped, But Still Negative >>

All in All, Swiss Exports Did Well in 2011 >>

USA: Finishes the Year with Accelerated Growth >>

More Economic News >>

### KOF INDICATORS

KOF Economic Barometer: Returns to Negative Territory >>

### RESEARCH

Does Export Concentration Increase Volatility? >>

Sentiment in News and Private Consumption – What's the Relationship? >>

Further Working Papers >>

### AGENDA

KOF Media Agenda >>

KOF Events >>

Other Events >>

Careers >>

### CUSTOMER SERVICE >>

### IMPRINT >>

### TABLES – KOF Winter Forecast 2011/2012

Switzerland >>

Global Economy >>

## THE ECONOMY



### SWISS PROPERTY MARKET: JUSTIFIED CONCERNS?

Property prices in Switzerland have been increasing significantly over the past several years. This is particularly apparent in the Lake Geneva Region, in Greater Zurich and in various tourist areas such as the Upper Engadine. But is this a property bubble similar to those we have experienced in a lot of other countries?

A booming property market is usually accompanied by an expanding construction sector, which is also the case in Switzerland. The construction industry, particularly residential construction, has done very well in recent years. As a result of substantially lower mortgage interest rates, a solid economic growth and a very good employment situation as well as the country's high level of immigration and a trend towards larger properties, demand has been pushed up significantly.

The additional demand for owner-occupied property has resulted and continues to result in both increased residential construction activity and the conversion and refurbishment of many flats and houses. Rising property prices increase the wealth of home owners and an expanding construction industry is likely to have a positive effect on overall economic growth. As we know from the sub-prime crisis in the USA, a simultaneous boom in property markets and the construction industry can have medium to long-term destabilising effects on a national economy.

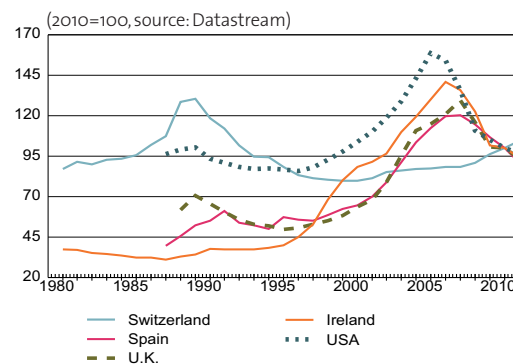
As observed in a number of European countries (such as Spain) and overseas, house prices stop rising or even fall when the demand for owner-occupied property slackens. This negative price effect can lead to a variety of adverse impacts on the national economy such as negative effects on assets, rising loan defaults, reduced economic activity and a downturn in the construction sector.

The resultant restructuring costs are likely to be enormous, depending on the importance of residential construction: For example, employees in the residential construction sector have to look for new jobs in other sectors of the economy, suppliers to the residential construction industry have to find new customers for their products in other sectors of the economy or in other countries, etc. With respect to an analysis of four countries affected by falling property prices, certain conclusions regarding the importance of residential construction can be drawn upon the extent of Switzerland's exposure to weakening demand in the residential property sector.

### IRELAND AND SPAIN AS A SALUTARY REMINDER

Although house prices dropped in equal measure in both Great Britain and Spain in 2006–11 (see G 1), the decline in the residential construction sector expressed as a proportion of the gross domestic product (GDP) turned out to be more pronounced in Spain (9 percentage points) than in Great Britain (1 percentage point). Ireland and the USA present a similar picture. Whereas the price effects are comparable, the decline in Ireland amounted to approximately 8 percentage points of the GDP, residential construction in the USA fell only half as much (4 percentage points).

G 1: Development of Real Internat. Real Estate Prices



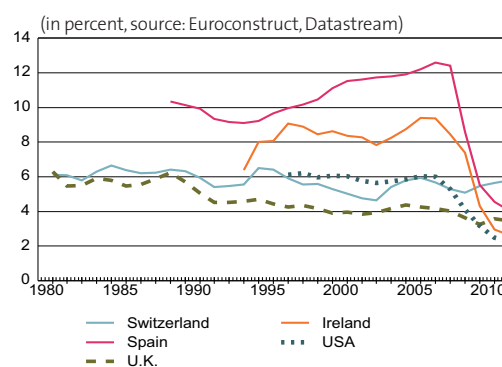
In view of the poor performances of both the economies of Great Britain and the USA – although still doing better than Spain and Ireland – the difference is even greater than shown above. The residential property sector played a much more important role in Spain and Ireland. Thus, their costs of restructuring the national economy is far higher than in Great Britain or in the USA, as shown by the Euroconstruct data (Euroconstruct is a conglomeration of European economic research institutes in the construction sector in which the KOF is the Swiss member). With respect to the residential construction sector, Spain and Ireland are currently not the only major European headaches. Portugal, the Czech Republic and Slovakia are also recording declines in property prices and residential construction activity.

### SWITZERLAND HAS FEWER WORRIES BUT THEY SHOULD NOT BE IGNORED

What is the situation in Switzerland? Where residential construction as a proportion of the GDP fell by 2 percentage points in the 1990s, the economy simultaneously stagnated for several years. The Swiss economy suffered the repercussions of the property crisis in the 1990s for several years. However, the restructuring problems faced by Spain and Ireland are far more serious. Due to a highly diversified Swiss economy, the negative impact caused by a contraction in residential construction would be manageable, even if a property bubble were to exist in Switzerland at present and subsequently burst. It should be emphasized once again that no consideration has been given here to all the other negative effects caused by a property price slump.

Residential construction as a proportion of the GDP is around 6%, which equates to the long-term average (see G 2). An approximately unchanged proportion of the GDP implies that both residential construction and the Swiss economy have grown at virtually the same pace overall during recent years. These arguments should certainly not play down the negative effects of a slump in house prices and residential construction. The Swiss economy is merely less exposed to the residential construction sector than in other countries that are now severely affected by a property and banking crisis.

G 2: Share of Housing Construction in GDP



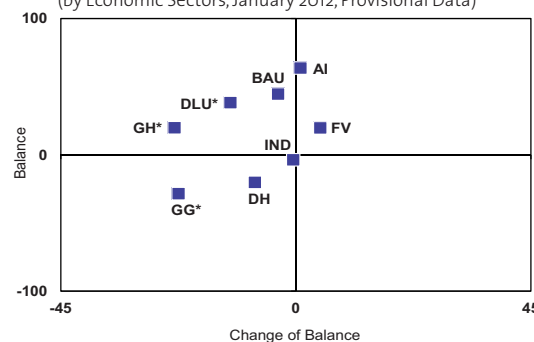
### KOF BUSINESS TENDENCY SURVEYS: INDIVIDUAL SECTORS WITH SIGNIFICANT RECESSIVE TENDENCIES

According to the KOF's January surveys, companies report a further deterioration in their business situation throughout the past few months. The competitiveness of Swiss companies has declined. In the coming three to six months, the business situation is expected to deteriorate even further. Recessive trends are prevalent in the export-oriented industries.

According to the close to 7,000 surveyed companies, the business situation in Switzerland has deteriorated substantially since the middle of last year (see G 3). This is particularly true for exchange rate-dependent, price-sensitive industries. In contrast, domestically-oriented companies still have a positive outlook. In the industrial sector, the main casualties are the textile and paper industries. Capacity utilisation in the industrial sector has declined to 82.6%, falling below the long-standing average of 84%. Lower selling prices affect the companies' income situation while the continuous strength of the Swiss franc weakens the competitiveness of Swiss industrial companies.

G 3: Business Situation Overview

(by Economic Sectors, January 2012, Provisional Data)



Monthly Surveys: **AI** Architects and Engineers, **BAU** Construction, **DH** Retail Trade, **FV** Financial Activities, **IND** Manufacturing.  
 Quarterly Surveys\*: **DLU** Service Industries, **GG** Hotel and Catering, **GH** Wholesale Trade

### HOTELS LOSE CUSTOMERS

Hotels, and to a lesser degree restaurants, recorded a decline in turnover. In the 2nd half of 2011, the number of reservations fell into a nosedive. The retail and wholesale trades also reported falling sales figures. Customer frequency in the retail trade declined compared to the previous year, leading both large and small retailers to adopt a pessimistic outlook. The volume of goods sold in the wholesale trade declined, affecting companies' income situations. Increasingly, companies consider warehouse stocks to be too high.

In contrast, the situation in the construction industry is still favourable, albeit somewhat less dynamic (see article further below). Order books are still full for the next four months and construction companies consider the volume of orders to be rather high. With rising order backlogs, engineers and architects also gave a positive assessment of their business situation. Demand in the financial and insurance sector has recovered to some degree. Banks recorded rising demand from private domestic customers while demand in the remaining service industries declined slightly, particularly in the transport, information and communication sectors.

### BLEAK OUTLOOK IN PARTS OF THE ECONOMY

The expectations of the Swiss companies suggest a further downturn in the first quarter of 2012, although the decline should level out towards the end of the period. A drop in production is expected in the industrial sector, especially in the case of exchange rate-dependent companies. Nevertheless, companies do not anticipate a further deterioration in demand (see G 4). Actually, the outlook for the first six months of 2012 is not much better. For the first time, the construction industry is anticipating a decline in construction activities, albeit from a very high level. In contrast, engineers and architects do not foresee a deterioration of their favourable business situation in the coming six months.

The distributive trades expect a slight decline in turnover, causing retailers to exercise restraint in their purchasing plans. Close to half of all retailers stated that they do not intend to increase their purchase volume. With wholesalers assuming that selling prices will decline on a long-term basis, expectations for the near future are bleak.

The hotel and restaurant business anticipates a further substantial decline in demand with differences in the assessments of hotels and restaurants getting smaller. The financial and insurance sector is cautiously positive. Although the other service sectors still expect a rise in demand, the number of positive assessments has declined significantly.

KOF Business Tendency Surveys: <http://www.kof.ethz.ch/en/surveys/business-tendency-surveys/> >>

#### KOF EMPLOYMENT INDICATOR: DECLINE STOPPED, BUT STILL NEGATIVE

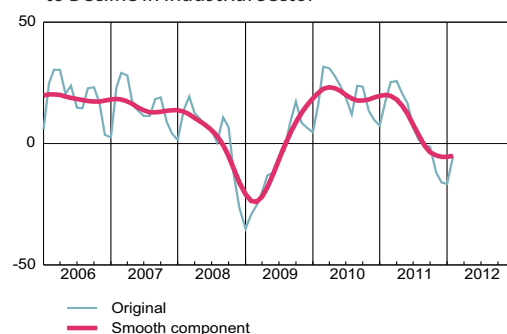
The latest KOF Employment Indicator remains in minus territory, which points to future job cuts. However, the indicator has not fallen further compared to the last publication in October 2011. An analysis of the different sectors shows the various trends.

The KOF Employment Indicator fell sharply in the second half of 2011. At the end of October 2011 it showed a negative value for the first time since the start of 2010. In addition to seasonal factors, increasing uncertainty about future economic development outside and inside Switzerland is likely to have played a role in this sharp fall. The most recent data on the KOF Employment Indicator show that the decline has halted in the meantime. In January 2012, a minimal increase was recorded again (see G 5).

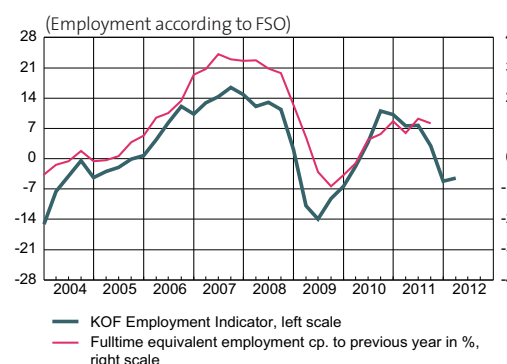
The indicator nevertheless remains in negative territory at  $-4.4$  (October 2011:  $-5.2$ ). The employment indicator is one quarter ahead of the proportional change in the full-time equivalent employment rate compared to the corresponding period of the previous year. This enables an early assessment of the situation of the labour market to be made. The negative level of the indicator points to a probable fall in employment in Switzerland in the coming months compared to the same period of the previous year.

The slight improvement in the employment indicator is largely attributable to the slightly improved assessment of the current employment situation compared to three months ago. However, the expectations for future employment remain almost as pessimistic as in October 2011.

G 4: Incoming Orders Expected to Decline in Industrial Sector



G 5: Further Decline in Employment



### SECTOR-BASED RESULTS

A differentiated sector-based analysis shows that the composite index conceals a relatively pronounced divergent sector-based trend. The employment indicator for the banking sector (effective date: January 2012: -12.0), for the construction sector (-3.4) and the hotel and catering trade (-19.2) thus rose sharply, but remained in negative territory for all three sectors. The values remain at a very low level, particularly in the hotel and catering sector. Although, thanks to a sharp rise, the wholesale trade sector produced a black zero (0.5). In the industry, the indicator moved sideways at a low level (-14.3). By contrast, a sharp fall was observed in insurance companies – compared to the results three months ago (-2.7). There was a sustained, albeit slight, fall in the employment indicator for retail trade (-4.7) and project engineering (-2.4). The only sector to show a significantly positive value in the most recent employment indicator was other services (3.1), although the indicator fell slightly in this case as well.

You will find further information here:

[www.kof.ethz.ch/en/indicators/employment-indicator/](http://www.kof.ethz.ch/en/indicators/employment-indicator/) >>

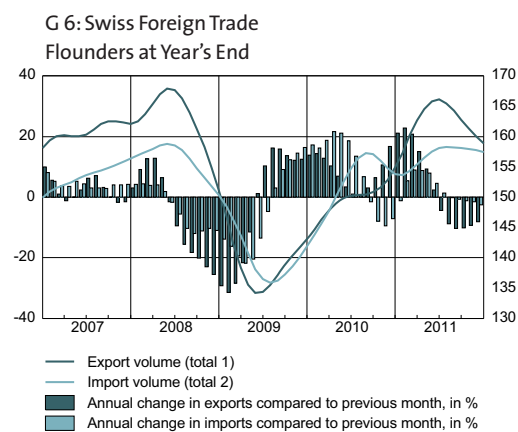
### ALL IN ALL, SWISS EXPORTS DID WELL IN 2011

Given the difficult global economic conditions, Swiss exports performed surprisingly well. Global demand for Swiss watches formed a particularly reliable mainstay of the export business. Despite stable domestic demand and lower import prices, caution prevailed in the import business.

According to current data published by the Swiss Federal Customs Administration (FCA), Switzerland recorded substantial real growth of total merchandise exports in 2011, with figures up 8.1% from 2010. At the same time, despite the fact that exchange rates resulted in favourable prices and the domestic economy was robust, import activities were rather restrained, rising by no more than 1.9%.

This led to a further increase in the trade balance surplus. Nevertheless, the annual growth rates of both exports and imports belie the fact that the foreign trade trend was not exceedingly favourable, with negative growth occurring especially in the second half of the year (see G 6). The high annual growth rates are predominantly due to the dynamic trend at the beginning of last year. In December 2011, exports (smoothed values) declined by 8.1% and imports by 2.5% compared to the previous month. Relative to the previous year, an increase of 6.9% and 3.5% was recorded respectively.

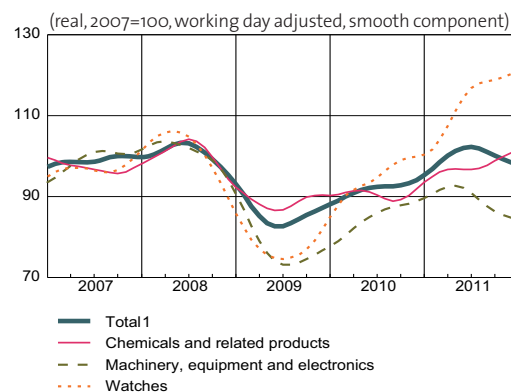
The FCA breakdown according to use, type of merchandise and country sheds light on the actual development. In terms of use, capital goods exports recorded the biggest slump with exports and imports of commodities and intermediate goods next in line. In contrast, demand for capital goods from abroad was positive among Swiss companies. Exports and imports of consumer goods declined.



### WATCH INDUSTRY: MAINSTAY OF THE EXPORT BUSINESS

In terms of sectors, the surprising success of the country's export business in 2011 was predominantly due to the Swiss watch industry (20.8%) (see G 7). Foreign demand for chemical goods (7.7%) was another positive factor and automotive exports also grew significantly (15.5%). Exports of machinery, equipment and electronic goods followed a different trend. Although growing by a total of 5.6% in 2011, they have been on a downward slope since spring - analogous to metal exports. The import trends for machinery (2.7%) and watches (15.7%) followed a similar pattern. In contrast, Swiss demand for chemical imports declined (-1.3%).

G 7: Watch Industry Drives Exports



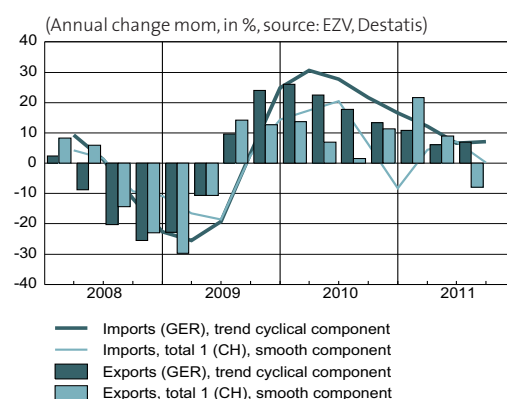
Nominal figures broken down by region indicate that demand in Europe, especially Germany and the U.K., increased in the second half of the year, while imports from the EU declined steadily. Exports to emerging markets in Asia as well as Japan and Russia soared while growth of exports to China slowed.

Export prices (based on the mean value index) show that Swiss exporters reduced their prices to compensate for competitive disadvantages. The mean value index declined throughout the entire year and did not pick up until December when it increased compared to the previous month (working day adjusted). The total decline in prices in 2011 amounted to 5.6%. Accordingly, nominal exports grew by no more than 2.1% in 2011. Since merchandise from abroad became relatively cheaper, the mean value index of imports also declined in the same period (-2%). All in all, nominal imports stagnated in 2011 (-0.1%).

### WHAT IF ... THE SWISS FRANC HAD BEEN LESS STRONG?

Given the consistently high Swiss franc and the decline in foreign demand - the latter being the primary determinant of foreign trade development - the slump in the second half of the year did not come as a surprise. Germany's monthly foreign trade figures are an indication of how the Swiss export business may have developed if the franc had been less strong: In Germany, the trend was positive throughout the entire year (see G 8). It is true that Germany's foreign trade flows are not really comparable with Switzerland, not least due to its size. Nevertheless, just like Switzerland, the German economy was dominated by solid fundamental factors. Hence, had it not been for the strength of the franc, Swiss foreign trade would presumably have enjoyed consistently positive dynamics on a similar scale.

G 8: Export Trend Germany/Switzerland



Imports recorded negative month-to-month growth in the last two quarters of 2011. Seasonally adjusted, they declined by 7.8% in the 4th quarter. After bottoming out in the 3rd quarter, exports recorded 2.3% quarter-to-quarter growth in the last quarter of 2011. It remains to be seen whether the end of the year was indeed a turning point in the export trend. According to the KOF business tendency surveys, companies remain pessimistic and their expectations regarding exports and preliminary products purchases, as well as orders from abroad, have become bleaker. One can only hope that intervention by the Swiss National Bank will create sufficiently reliable conditions in the medium term.

### USA: FINISHES THE YEAR WITH ACCELERATED GROWTH

The US economy grew by 1.7% in 2011. Growth accelerated throughout the year and peaked at 2.8% in the 4th quarter. The economy also appears to have had a good start to the new year. Yet despite this, consumption remains weak.

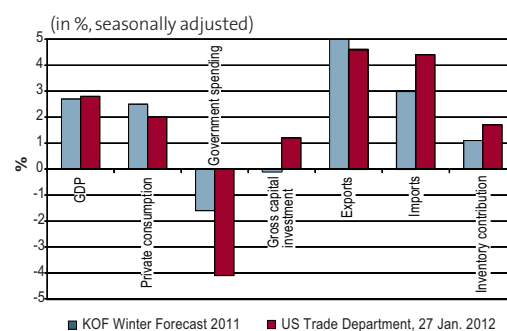
At the end of January, the US Department of Commerce published interim figures for economic performance in the 4th quarter of 2011, according to which the US economy grew by an annualised 2.8% in this period. In its winter forecast, the KOF had estimated that this value would be one tenth of a per cent lower. Despite this, these values are likely to change considerably as the Department of Commerce is planning to revise its figures on two more occasions in the coming months. For example, the increase of 2.5% which had initially been reported for the 3rd quarter in 2011 was revised to 1.8%.

### LACKLUSTRE CONSUMPTION

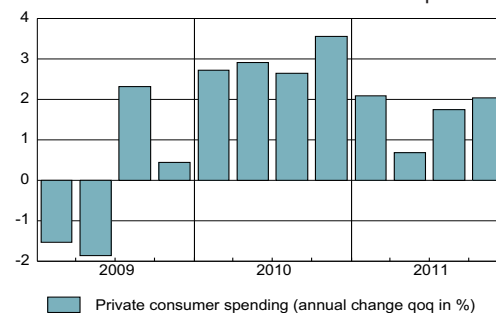
When the KOF forecast is compared with the individual interim figures that have been published, it is noticeable that consumption did not perform as well as expected (cf. G 9). Private consumption rose by only 2% instead of 2.5%. An explanation for this weak figure is to be found in the unemployment rate which remains high at 8.5%. It is nevertheless striking that the consumption dynamics in 2010, a time when the labor market situation was even worse than it is now, are higher than in 2011 (cf. G 10). US consumers have evidently become more cautious. The values for retail sales and consumer confidence (Conference Board) during the month of January are actually the only major economic indicators that were a cause for disappointment. The consumption dynamics are likely to remain subdued for some time.

Government expenditure was also disappointing with its decline being far more pronounced than expected. This was mainly due to a sudden downturn in the very volatile area of defence expenditure. However, a reduction of just under 3% in expenditure by the federal states and municipalities was steeper than anticipated. Investments in the public sector also fell – in the context of our forecast by just under 7%.

G 9: USA – Unemployment Affects Consumption



G 10: USA - Growth of Real Private Consumption



**INVESTMENTS IN PLANT AND MACHINERY PERFORMED BETTER THAN EXPECTED**

In contrast, private sector gross fixed capital formation was slightly underestimated. This was mainly due to the fact that investments in plants and machines were unexpectedly robust. As they had soared by over 15% in the previous quarter, a rebound effect was to be expected. This was also indicated by subsequent falls in incoming orders and deliveries of capital goods in October and November; instead, an increase of around 5% in investments in plant and machinery throughout the 4th quarter was recorded. In December, incoming orders and deliveries of capital goods rallied, which points to the continuation of a good level of investment activity in the new year.

**TREND REVERSAL ON THE PROPERTY MARKET?**

The decline of the commercial building sector by 7% in the 4th quarter of 2011 runs counter to this trend. This may have been a rebound after two very strong previous quarters. In contrast, the residential building sector value increased by more than 10%. A firmly established trend reversal in the residential building sector appears increasingly likely; moreover the oversupply of houses is falling sharply. Despite this, the continued decline in house prices points to the reverse. As long as this is the case, prospective house buyers and property developers would do well to wait.

Exports performed in line with our expectations. Imports were higher than we anticipated. They are offset by a slightly higher inventory contribution.

**MORE ECONOMIC NEWS**

Are you looking for a specific economic indicator? Search here:

[www.kof.ethz.ch/static\\_media/bulletin/49/kof\\_bulletin\\_tables\\_2012\\_02\\_en.pdf](http://www.kof.ethz.ch/static_media/bulletin/49/kof_bulletin_tables_2012_02_en.pdf) >>

Precise details relating to the current KOF forecast can be found in the tables:

[www.kof.ethz.ch/static\\_media/bulletin/49/kof\\_bulletin\\_forecasts\\_2012\\_02\\_en.pdf](http://www.kof.ethz.ch/static_media/bulletin/49/kof_bulletin_forecasts_2012_02_en.pdf) >>

KOF data service is able to provide you with time series from our extensive database:

[www.kof.ethz.ch/en/about-us/services/](http://www.kof.ethz.ch/en/about-us/services/) >>

## KOF INDICATORS



### KOF ECONOMIC BAROMETER: RETURNS TO NEGATIVE TERRITORY

The KOF Economic Barometer has weakened further. It is now showing a negative value for the first time since 2009 (see G 11). However, the pace of decline has eased somewhat. Relative to December 2011, the Barometer fell 0.18 points, and is now at -0.17 points. The current Barometer indicates that over the coming months Swiss Gross Domestic Product (GDP) is likely to contract slightly in year-on-year terms.

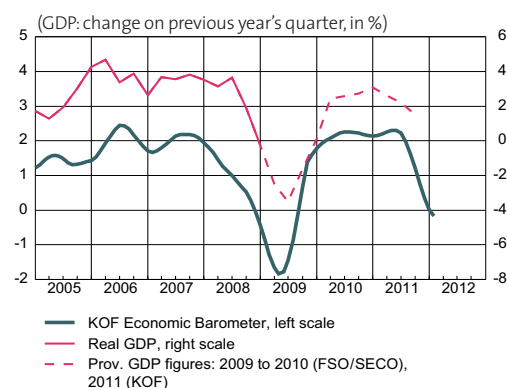
The Economic Barometer is based on a multi-sector design with three modules. These are contributing towards the overall development of the Barometer as follows: the “Core GDP” module (GDP excluding construction and banking) has fallen further into negative territory, although the slide is less pronounced than in December. The “Construction” module deteriorated further, and has fallen to zero. Only the “Banking” module remains stubbornly in positive territory. However, it is continuing to move sideways.

The “Core GDP” module, encompassing some 90% of Swiss GDP, dominates the KOF Economic Barometer. The parameters upon which this is based are “Swiss Industry”, “Swiss Consumption” and “Export Destination EU”. These are all moving in clear negative territory. In the case of the “Swiss Industry” and “Export Destination EU” parameters, the negative momentum eased somewhat in January 2012. The downwards trend recorded by the “Swiss Consumption” parameter came to a halt.

**Further information:** <http://www.kof.ethz.ch/en/indicators/economic-barometer/> >>

**Join the SGK:** [www.kof.ethz.ch/en/about-us/official-bodies/sgk-society/](http://www.kof.ethz.ch/en/about-us/official-bodies/sgk-society/) >>

G 11: Negative Trend



## RESEARCH

**DOES EXPORT CONCENTRATION INCREASE VOLATILITY?**

In his study, Christian Busch analyses the causal relationship between concentrated export structures and the volatility of various macroeconomic aggregates, such as terms of trade, export growth and exchange rates. Endogenous effects represent a major problem in the studying of the causal effects of export concentration on volatility. In his research, Christian Busch employs a gravity approach: geographically disadvantaged countries frequently have a highly concentrated export structure, making them more vulnerable to external shocks. Hence, a country's geographical characteristics may be defined as an indicator of export concentration that is not correlated with other determinants of volatility. This indicator is suitable for obtaining instrumental variable estimates of the effect of export concentration on volatility. With regards to the calculation of the indicator, Christian Busch suggests an inequality decomposition method. He finds that export concentration has a particularly strong effect on volatility of terms of trade and export growth rates. An effect on exchange rate volatility, however, was not found.

**Busch, Christian (2011): Does Export Concentration Cause Volatility?, KOF Working Papers, No. 292, December.**

[www.kof.ethz.ch/publikationen/p/kof-working-papers/292/](http://www.kof.ethz.ch/publikationen/p/kof-working-papers/292/) >>

**SENTIMENT IN NEWS AND PRIVATE CONSUMPTION – WHAT'S THE RELATIONSHIP?**

In the USA, TV news has replaced printed media news as the principal source of information. Matthias Uhl exploits this phenomenon in his study of the effect of TV sentiment on private household consumption. The TV sentiment variable is composed of sentiments from quotes taken from over 10,000 US TV newscasts in the period 2005 to 2009. In his study, Matthias Uhl uses principal component analyses from the "University of Michigan Index of Consumer Sentiment" in combination with TV sentiment to gain information on sentiment structure and content. He finds that TV sentiment provides a distinct added value for the nowcasting of private consumption. Furthermore, he reasons that TV sentiment performs markedly better than the "Index of Consumer Sentiment", suggesting that TV sentiment has higher explanatory power than survey-based sentiments.

**Uhl, Matthias W. (2011): Nowcasting Private Consumption with TV Sentiment, KOF Working Papers, No. 293, December.**

[www.kof.ethz.ch/de/publikationen/p/kof-working-papers/293/](http://www.kof.ethz.ch/de/publikationen/p/kof-working-papers/293/) >>

**FURTHER WORKING PAPERS**

[www.kof.ethz.ch/en/publications/p/kof-working-papers/](http://www.kof.ethz.ch/en/publications/p/kof-working-papers/) >>

## AGENDA

KOF MEDIA AGENDA

February 2012

29.02. KOF Economic Barometer

March 2012

02.03. KOF Bulletin

07.03. KOF Consensus Forecast

08.03. Monetary Policy Communicator

16.03. KOF Index of Globalization 2012

23.03. KOF Spring Economic Forecasts 2012

30.03. KOF Economic Barometer

KOF Media Agenda (in German): [www.kof.ethz.ch/en/media/media-agenda/](http://www.kof.ethz.ch/en/media/media-agenda/) >>CER-ETH/KOF LECTURE

Prof. Martin Hellwig

Max Planck Institute for Research on Collective Goods, Bonn, Germany

Zurich, 7 March 2012

[http://www.kof.ethz.ch/events/cer\\_eth/](http://www.kof.ethz.ch/events/cer_eth/) >>

Prof. Dale W. Jorgenson

Harvard University Department of Economics, Cambridge, USA

Growth in the Knowledge Economy

Zurich, 27 April 2012

[http://www.kof.ethz.ch/events/cer\\_eth/](http://www.kof.ethz.ch/events/cer_eth/) >>KOF EVENTS

EEAG Report: Presentation:

Euro Crisis, A Leap into the Future

Rüschlikon (Switzerland), 2 March 2012:

[cgd.swissre.com/events/EEAG\\_Report\\_on\\_the\\_European\\_Economy\\_2012.html](http://cgd.swissre.com/events/EEAG_Report_on_the_European_Economy_2012.html) >>

KOF Research Seminar:

Long-Term Growth and Persistence with Endogenous Depreciation: Theory and Evidence

Diego Romero-Ávila, Pablo de Olavide University

ETH Zurich, 2 May 2012:

[www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/50/2012/05/kof-research-seminar/](http://www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/50/2012/05/kof-research-seminar/) >>

Offshoring of Tasks: Taylorism versus Toyotism

Rainer Lanz, LMU München

ETH Zurich, 16 May 2012:

[www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/48/2012/05/kof-research-seminar/](http://www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/48/2012/05/kof-research-seminar/) >>

tba

Francis Kramarz, CREST

**ETH Zurich, 30 May 2012:**

[www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/49/2012/05/kof-research-seminar/](http://www.kof.ethz.ch/de/veranstaltungen/k/kof-research-seminar/49/2012/05/kof-research-seminar/) >>

**KOF-ETH-UZH International Economic Policy Seminar:**

Financial Integration and Growth – Why is Emerging Europe Different?

Isabel Schnabel, Universität Mainz

**ETH Zurich, 16 February 2012**

tba

Max-Stephan Schulze, London School of Economics

**ETH Zurich, 1 March 2012**

Albrecht Ritschl, London School of Economics

**ETH Zurich, 15 March 2012**

Sascha Becker, University of Warwick

**ETH Zurich, 3 May 2012**

Harald Badinger, WU Wien

**ETH Zurich, 10 May 2012**

Paul De Grauwe, KU Leuven

**ETH Zurich, 31 May 2012**

[www.kof.ethz.ch/de/veranstaltungen/k/kof-eth-uzh-seminar-in-international-economic-policy/](http://www.kof.ethz.ch/de/veranstaltungen/k/kof-eth-uzh-seminar-in-international-economic-policy/) >>

#### OTHER EVENTS

2nd World Congress of the Public Choice Societies

**Miami (USA), 8–11 March 2012:**

[www.pubchoicesoc.org/](http://www.pubchoicesoc.org/) >>

10th EAOHP Conference

**Zurich (Switzerland), 11–13 April 2012:**

<http://eaohp.org/conference.aspx> >>

30th SUERF Colloquium

The State, Banks, and the Financing of the Economy

**Zurich (Switzerland), 5–6 September 2012:**

[www.suerf.org/index.php?option=com\\_k2&view=item&id=202&Itemid=128](http://www.suerf.org/index.php?option=com_k2&view=item&id=202&Itemid=128) >>

**Add event:** [www.kof.ethz.ch/publications/bulletin/event/index\\_en](http://www.kof.ethz.ch/publications/bulletin/event/index_en) >>

#### CAREERS

IT/Web developer (20–25%, in German)

[www.kof.ethz.ch/en/about-us/jobs/](http://www.kof.ethz.ch/en/about-us/jobs/) >>

## CUSTOMER SERVICE



The KOF Bulletin is a free service by e-mail which informs you about the latest developments relating to the economy, our research and important events on a monthly basis.

Register: [www.kof.ethz.ch/publications/bulletin/registration/en](http://www.kof.ethz.ch/publications/bulletin/registration/en) >>

For previous KOF Bulletins, visit our archive:

[www.kof.ethz.ch/publications/bulletin/archive/en](http://www.kof.ethz.ch/publications/bulletin/archive/en) >>

Visit us at: [www.kof.ethz.ch](http://www.kof.ethz.ch) >>

You can also extract time series from our extensive database via the KOF data service (in German):

<http://www.kof.ethz.ch/de/ueber-uns/services/datenservice/> >>

The reproduction of this Bulletin (including excerpts thereof) is permitted only with the written permission of the publisher and with the citation of the original source.

ISSN 1662-4289

## IMPRINT

**PUBLISHER**

ETH Zurich, KOF Swiss Economic Institute, WEH D 4, Weinbergstrasse 35, 8092 Zürich

Tel. +41 44 632 53 44 | Fax +41 44 632 12 18 | [kof@kof.ethz.ch](mailto:kof@kof.ethz.ch)

**EDITORIAL TEAM**

Anne Stücker | David Iselin

[bulletin@kof.ethz.ch](mailto:bulletin@kof.ethz.ch)

**NEXT PUBLICATION DATES**

2 March 2012 | 4 April 2012

## TABLES – KOF Winter Forecast 2011/2012

## SWITZERLAND

Real Gross Domestic Product by Type of Expenditure																
Percentage change against																
	2002-2010	previous quarter (annualized, trend cycle component)												previous year		
		2011				2012				2013				2011	2012	2013
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Private consumption	1.4	0.8	0.9	1.4	1.3	1.1	0.9	0.8	0.9	1.4	1.5	1.4	1.3	1.2	1.1	1.2
Public consumption	1.4	1.4	1.3	1.3	1.3	1.6	1.7	1.7	1.5	1.5	1.6	1.8	2.1	1.3	1.5	1.6
Gross fixed capital formation	2.1	5.4	-1.0	-2.4	-0.7	0.4	1.2	0.6	1.5	3.1	3.4	2.8	2.8	4.1	0.1	2.4
– Construction	1.6	2.7	-1.6	-1.8	3.4	4.1	2.7	0.7	0.9	0.3	0.1	0.9	0.8	2.8	1.8	0.6
– Machinery and equipment	2.5	6.8	-0.3	-2.0	-3.2	-2.6	-0.4	0.2	2.4	5.9	6.2	4.3	4.8	5.1	-1.4	4.0
Exports of goods (1) and services	4.0	5.8	-0.7	-5.0	-1.7	2.5	2.5	2.8	4.4	5.2	6.0	6.6	5.9	3.0	0.8	4.9
– Goods	3.6	8.8	3.0	-2.5	-2.7	0.2	3.2	5.1	5.0	4.2	4.9	6.0	6.2	4.5	0.9	4.9
– Services	5.0	0.1	-8.3	-8.6	0.5	5.2	1.9	-0.5	3.2	5.9	8.5	8.5	5.4	-0.1	0.4	4.9
Imports of goods (1) and services	3.2	2.7	0.7	-1.4	0.4	2.8	4.3	6.0	6.9	6.3	6.4	7.2	7.1	2.0	2.6	6.4
– Goods (1)	2.8	2.5	-0.2	-2.3	-2.4	0.0	3.0	5.7	7.1	6.5	6.5	7.4	7.4	1.4	1.0	6.4
– Services	5.2	0.8	1.2	2.7	11.3	14.0	10.1	6.8	5.7	6.1	6.8	6.1	5.6	4.1	9.0	6.5
Change in stocks (2)	-0.3	-0.9	1.5	1.4	0.3	0.0	0.3	1.1	1.3	0.5	0.0	0.6	1.2	-0.2	0.6	0.7
Gross Domestic Product (GDP)	1.7	2.2	1.2	0.0	-0.5	-0.3	0.2	1.1	1.9	2.0	2.1	2.6	2.9	1.8	0.2	1.9

(1) Without valuables (i.e. precious metals, precious stones and gems as well as objects of art and antiquities)

(2) Percentage contribution to GDP-growth

Other Macroeconomic Indicators																
Percentage change against																
	2002-2010	same quarter of previous year												previous year		
		2011				2012				2013				2011	2012	2013
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real effective exchange rate of Swiss Franc	1.1	8.3	16.4	23.2	-25.5	-4.3	-0.8	-7.4	-1.9	-5.6	-3.6	-6.4	0.5	10.0	-4.2	-4.2
Short term interest rate ((3-month Libor CHF) (1))	1.1	0.2	0.2	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.2	0.3	0.1	0.0	0.1
Yield of 10 years federal bonds (1)	2.5	1.9	1.9	1.2	1.0	1.1	1.4	1.5	1.6	1.7	1.8	1.9	2.0	1.5	1.4	1.9
Consumer prices	0.9	0.6	0.4	0.4	-0.4	-0.7	-0.5	0.0	1.0	1.1	1.1	1.1	1.1	0.2	0.0	1.1
Full-time equivalent employment (2)	0.9	1.2	1.0	0.2	-0.7	-0.9	-0.7	-0.2	0.1	0.2	0.3	0.5	0.7	0.8	-0.4	0.2
Unemployment rate (1,3)	3.3	3.4	3.1	3.0	3.0	3.2	3.3	3.4	3.5	3.6	3.6	3.6	3.6	3.1	3.3	3.6

(1) Level

(2) Percentage change against previous quarter (annualized, trend cycle component)

(3) Unemployed as percentage of labour force according to census of 2000

## GLOBAL ECONOMY

Percentage change against																
	2002-2010	previous quarter (annualized, seasonal adjusted)												previous year		
		2011				2012				2013				2011	2012	2013
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real Gross Domestic Product (GDP)																
– OECD total	1.6	1.5	1.4	2.1	1.2	1.0	1.4	1.5	1.6	1.8	1.9	2.0	2.1	1.8	1.4	1.8
– European Union (EU-27)	1.3	2.9	1.0	1.1	-0.2	0.5	0.6	0.9	1.1	1.6	1.7	1.8	1.9	1.7	0.6	1.4
– USA	1.6	0.4	1.3	2.0	2.9	1.2	1.8	2.0	2.2	2.2	2.3	2.3	2.4	1.8	1.9	2.2
– Japan	0.8	-2.7	-1.3	6.0	1.1	2.2	2.7	2.1	1.5	1.5	1.6	1.8	1.8	-0.3	2.3	1.7
Oil price (\$ per barrel) (1)	58.2	104.9	117.1	112.5	110.0	110.6	111.1	111.7	112.3	112.9	113.6	114.2	114.9	111.1	111.4	113.9

(1) Level