



Press release

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Forecast unchanged: Swiss economic growth below average in 2024

As previously forecast, the Federal Expert Group on Business Cycles expects Swiss GDP growth adjusted for sporting events to be significantly below average in 2024 (1.1%; unchanged forecast). As the global economy gradually rebounds, growth is projected to normalise at 1.7% in 2025 (unchanged).¹ The economic outlook is subject to both downside and upside risks.

The Swiss economy sustained a moderate pace of growth in the fourth quarter of 2023. Once again, services proved the main pillar of growth, while manufacturing saw a decline in value added, especially in the chemical-pharmaceutical industry. Numerous indicators currently suggest that Swiss economic growth will remain moderate in the near future.

The world economy has been largely heterogeneous until recently. In the fourth quarter, US economic growth exceeded expectations. The Chinese economy also expanded substantially. Meanwhile, the eurozone stagnated and German GDP actually contracted. Eurozone growth is likely to remain subdued in the coming quarters, weighing on exposed sectors of the Swiss export economy. Overall, Switzerland expects global demand to remain below its historical average until the end of 2025.

Against this backdrop, the Expert Group on Business Cycles projects growth of 1.1% for the Swiss economy in 2024 (unchanged forecast). As was the case last year, this is well below average. Investment expectations have been revised downwards since the December forecast. The loss of investment momentum is mainly due to falling industrial capacity utilisation and higher financing costs. Nonetheless, consumer spending should continue to support growth, helped by a favourable labour market situation and a decline in inflation.

Employment is set to grow slightly faster in 2024 than previously forecast. Given the moderate pace of economic growth, the unemployment rate should average 2.3% over the year (unchanged forecast). As in other countries, inflation in Switzerland has also been declining recently, due in part to energy prices but also the strengthening of the Swiss franc. Inflation is expected to average 1.5% this year (December forecast: 1.9%).

A degree of normalisation is expected in the second half of the forecast horizon. In 2025, the Expert Group on Business Cycles expects the global economy, and Europe in particular, to

¹ Further information on the forecast by the federal government's expert group on business cycles can be found in the attached 'Konjunkturprognose' section of the spring 2024 economic forecasts report (available in German) and at www.seco.admin.ch/economic-forecasts.

gradually recover from the weakness of the previous two years. This will also boost Swiss exports and investment. All in all, the Expert Group on Business Cycles expects GDP growth adjusted for sporting events to reach 1.7% in 2025, with an average annual unemployment rate of 2.5% (unchanged forecast). The inflation rate is predicted to be 1.1% (unchanged forecast).

Economic risks

The economic risk landscape is more balanced than in the previous forecast from December 2023.

Armed conflicts in the Middle East and Ukraine continue to pose geopolitical risks. Escalating tensions could be accompanied by soaring commodity prices. Given the relatively high core inflation rates, there is a risk that international monetary policy will remain restrictive for longer than expected. This would further slow down global demand. Moreover, there could be an increase in existing risks associated with global debt, the risk of property and financial market corrections and the balance sheet risks of financial institutions.

Developments in Germany and China pose risks for the international economy and thereby also for Swiss foreign trade. Germany's industrial sector, for example, could weaken more significantly and hold back the exposed sectors of the Swiss economy more than expected. Also, China's economy could cool down more than assumed in view of the crisis in the real estate sector, the high level of debt and the gloomy sentiment of companies and households.

On the other hand, it is also conceivable that the economic recovery will be faster than currently anticipated. This could be the case, for example, if international inflation were to fall more quickly than expected, further boosting household purchasing power and allowing a faster easing of monetary policy. This would further support demand.

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Economic Forecasts Switzerland

Appendix to the SECO press release from 19.03.2024¹

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	2.5	1.3	1.1 (1.1)	1.7 (1.7)
Private consumption	4.2	2.1	1.2 (1.1)	1.3 (1.3)
Government consumption	-0.8	-0.5	0.3 (-1.0)	0.7 (-0.6)
Investment in construction	-5.5	-2.1	0.5 (0.9)	1.9 (1.9)
Investment in fixed assets and software	4.6	-1.9	-0.7 (1.3)	3.5 (3.1)
Exports of goods	4.0	4.8	3.3 (2.7)	3.8 (4.1)
Exports of services	6.0	3.4	2.4 (2.4)	3.2 (3.2)
Imports of goods	7.6	0.6	2.9 (2.5)	3.6 (3.5)
Imports of services	4.3	14.7	2.0 (2.0)	4.6 (4.6)
Contributions to GDP-growth, sport event adjusted**				
Final domestic demand	2.3	0.5	0.6 (0.8)	1.5 (1.3)
Foreign trade	-0.2	-0.3	0.6 (0.5)	0.2 (0.4)
Labor market and prices				
Employment in full-time equivalents	2.7	2.0	0.9 (0.6)	1.0 (1.0)
Unemployment rate in %	2.2	2.0	2.3 (2.3)	2.5 (2.5)
Consumer price index	2.8	2.1	1.5 (1.9)	1.1 (1.1)
GDP, not adjusted for sport events	2.7	0.8	1.5 (1.5)	1.3 (1.3)

* Forecasts by the Federal Expert Group on Business Cycles from 19.03.2024, forecasts from 13.12.2023 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 *
GDP international, real				
United States	1.9	2.5	2.4 (1.4)	1.8 (1.8)
Euro area	3.4	0.5	0.8 (0.8)	1.6 (1.6)
Germany	1.9	-0.1	0.4 (0.7)	1.2 (1.2)
United Kingdom	4.3	0.1	0.3 (0.6)	1.5 (1.3)
Japan	0.9	1.9	0.3 (0.9)	0.8 (0.8)
BRIC-Countries	3.3	5.5	4.6 (4.5)	4.4 (4.4)
China	3.0	5.2	4.6 (4.6)	4.3 (4.3)
Global demand	3.0	1.5	1.5 (1.3)	1.8 (1.8)
Price of crude oil in USD/barrel Brent	100.9	82.5	80.9 (80.0)	76.0 (76.5)
Switzerland				
SARON in %	-0.2	1.5	1.6 (1.7)	1.1 (1.5)
10-year Swiss federal bonds, return in %	0.8	1.1	1.0 (1.2)	1.2 (1.4)
Real exchange rate index	-0.4	3.5	1.5 (0.2)	-0.3 (0.0)

* Assumptions by the Federal Expert Group on Business Cycles from 19.03.2024. Assumptions from 13.12.2023 in brackets.

Sources: SECO, corresponding statistical institutions

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