

KOF Bulletin

No. 31, June 2010

The Swiss Franc as Safe Haven: Burden or Blessing?

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THE ECONOMY



THE RISE IN THE VALUE OF THE SWISS FRANC AND THE PERSEVERANCE OF THE SNB

The value of the Swiss franc has recently been rising again. It is difficult to judge to what extent this movement is being driven by temporary fears or long-term fundamentals. The Swiss National Bank (SNB) is endeavouring to counter an “excessive” rise in value by intervening on currency markets. With what results?

Over a year ago, in March 2009, the price of one euro slipped significantly below CHF 1.50. Since then, the SNB has intervened actively in the currency market. This active intervention was justified on the grounds of looming deflationary threats, accentuated in particular by sinking import prices, against the backdrop of the global economic crisis. Up until the beginning of December 2009 the declared objective was to counter any possible rise in the value of the franc.

The SNB was in fact very successful with this policy. The CHF/EUR 1.50 ratio was not undercut. From December onwards the SNB loosened its rhetoric a little in respect of the exchange rate: the credo had now become to prevent an excessive rise in value. Pressure on the Swiss franc rose sharply as spring progressed, and the value of the franc rose strongly in nominal terms.

WHAT IS THE SOURCE OF THIS UPSIDE PRESSURE?

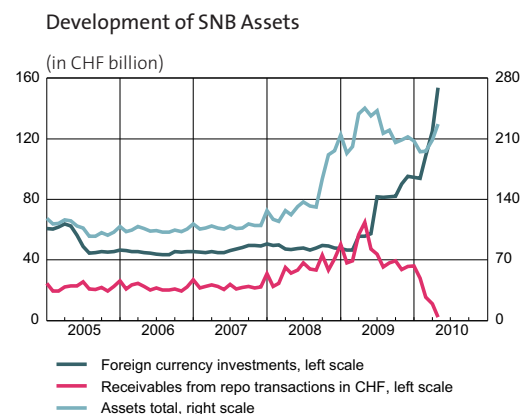
The reasons for the persistent upside pressure are known. For example, the Swiss economy emerged from the crisis in better shape than most other European economies. In addition, the eruption of financial policy problems within the Eurozone led to an increasing flight into the Swiss franc.

It is understandable that the SNB did not wish to expose the export sector, which had been worst hit by the recession, to the additional problem of an appreciating currency. However, it did not explicitly stress this strategy. The SNB repeatedly argued that it was solely concerned about deflationary trends that caused it to take this decision. It was also clear from the outset that the unilateral exchange rate strategy would not be maintained indefinitely.

WHAT IS THE IMPACT OF THE INTERVENTION?

This raises the question of what repercussions the continuing intervention of the SNB is having on the currency market. Some answers are to be found in the SNB's balance sheet (see G 1). The impact here is plain to see: the largest intervention so far took place in April. As the recently-published Monthly Statistical Bulletin for May 2010 indicates, foreign currency investments, consisting largely of euro-denominated reserves, rose CHF 28 billion within one month. Further jumps were apparent in June 2009 as well as in February/March 2010. In the interim, foreign currency reserves have reached the record total of CHF 153 billion. There is no end in sight to the growth in foreign currency reserves, at least as long as the SNB sticks to its current policies.

Intriguingly, though, the SNB's interventions prior to March 2010 did not result in any balance sheet expansion. By reducing other assets, it proved possible to offset the active and substantial



intervention in foreign exchange markets. This is because the normalisation of the interbank market strongly reduced demand for repo transactions in Swiss francs. In addition, temporary repo transactions and swap transactions vis-à-vis the Swiss franc expired. This deflated the asset side of the balance sheet.

THE BALANCE SHEET IS BEING EXPANDED

Since then, further foreign exchange purchases have almost automatically led to an expansion of the balance sheet. This is clearly apparent in the Monthly Statistical Bulletin for May 2010. This means the money supply is likely to rise. In order to block inflationary trends, however, this development needs to be defused. Additional measures are urgently needed. The SNB has two instruments at its disposal here. On the one hand it can issue its own debt securities, so-called SNB bills. On the other, the use of “reverse repos” would also be possible.

This consequently means that any further currency market intervention is likely to prove a great deal more costly. At present, it is not merely the case that significantly more money would be needed to stabilise the Swiss franc. Additional defusing measures would also be required to prevent an expansion in the Central Bank’s money supply. Hence, it can be assumed that the balance sheet is set to remain heavily expanded for a protracted period of time.

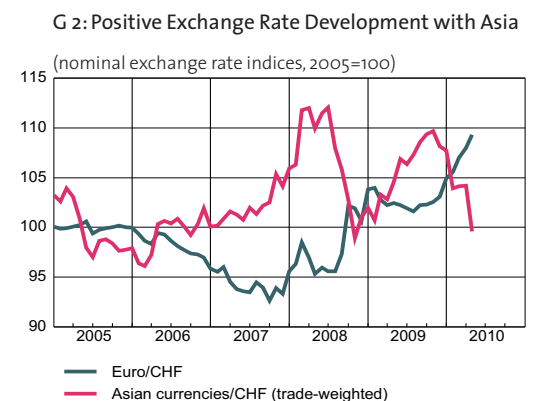
As long as the situation is defused, an increased foreign currency reserves position does not represent a direct risk to price stability within an economy. Furthermore, the SNB has now established a cushion which it could also use in the opposite direction, namely in the event of a substantial decline in the value of the Swiss franc. It would then be able to ensure that the adjustment phase proceeded in a gentler manner. At the same time, however, the need to defuse currency reserves causes costs to rise. And in addition, the balance sheet risk rises likewise. This is because the value of foreign currencies fluctuates relative to the Swiss franc, and can lead to losses.

ASIAN ECONOMIC REBOUND BOOSTS SWISS EXPORT SECTOR

The Swiss economy is currently overshadowed by worries about a further fall in the value of the euro. This would once again make Swiss exports to its most important trading partners massively more expensive. However, hope for Swiss exporters comes from Asia. Thanks to China’s massive economic stimulus programme, Asia was the first region to emerge from the crisis in mid 2009. With China’s momentum, which has extended to the entire region, Asia is acting as the locomotive of the global economic upturn. The Swiss economy is also benefiting from this.

Production, exports and employment levels in many of Asia’s emerging and transition countries have broadly returned to the levels seen before the economic crisis. While Japan is somewhat trailing this development, during the recent recovery phase it posted the strongest growth in Gross Domestic Product (GDP) of all industrialised nations.

The revival in Asian demand is benefiting above all those countries which have close trading links with the region. With its advantageous trading structure, Switzerland is also well-placed to profit from the



Asian economic rebound. Even before the crisis began, it was already one of the few countries to report a trading surplus with China. This means that in the past it benefited disproportionately strongly from growth in demand from Asia. None of the EU15 countries are able to report such a positive balance.

EXPORTS TO ASIA EXTEND MARKET SHARE

While the rise in the value of the Swiss franc relative to the euro has been squeezing Swiss exports, the development of Switzerland's exchange rate with Asia since the end of 2009 and the deteriorating euro crisis have been exerting an increasingly positive effect (see G 2). Against this backdrop, and with the strong growth in domestic demand within Asia, exports to Asian emerging and transition countries (China, Thailand, Malaysia, Singapore, Hong Kong, Taiwan, South Korea, Philippine) recovered much faster than Switzerland's other exports. While these, too, saw substantial downturns in late 2008 and early 2009, above-average growth rates meant that exports to Asia subsequently extended their market shares sharply. This then helped cushion the impact of the weaker euro on Swiss exports (see G 3).

In line with China's persistently high level of growth, however, risks have also increased sharply. In particular, the rapid rise in real estate prices and the looming excess capacities brought about by high growth in investment are increasingly a cause for concern for the Chinese government. For this reason, economic policy measures need to walk a fine line between overheating the economy with high inflation rates, and a possible recession brought about by the excessive tightening of monetary conditions.

SWITZERLAND WOULD BE HARMED BY RECESSION IN CHINA

Should this not prove possible, and should China's boom end in recession, Switzerland would be hit particularly hard for two reasons – despite the relatively low proportion of exports to China. Firstly, China's importance as a trading partner has become greater not just directly, but also indirectly as many Asian exports are now destined for China (see G 4). Since these trade flows have become intertwined, it is much more likely that a recession in China would have an impact on the entire region.

And secondly, the strong growth in Swiss goods exports to China seen since the mid nineties was based predominantly on goods which are especially pro-cyclically sensitive. This constitutes products whose demand responds particularly strongly to changes in non-domestic income levels, such as for example machinery or electronics (see G 5). In the case of Switzerland this means: a recession in China could have a disproportionately detrimental impact on exports through these direct and indirect channels.

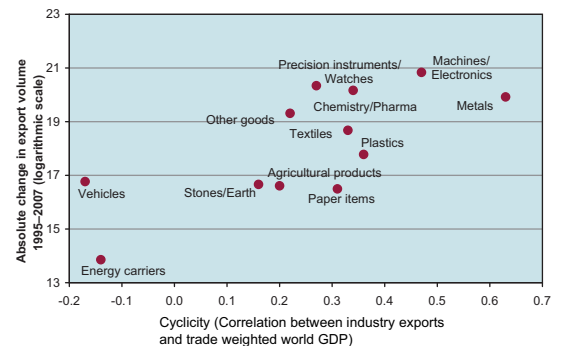
G 3: Asia Stabilises Exports



G 4: Asia's Increasing Exports to China



G 5: Pro-cyclical Exports to China



CONTINUOUS RISE OF HEALTH EXPENSES— SAVINGS PACKAGES CURB GROWTH

Health expenses will continue to rise over the next few years. Due to the quicker economic recovery, the higher wage cost increases associated with this and the sustained population growth, the forecasts for 2010 and 2011 are higher than those made in autumn. Health expenses should rise by 3.7% in each of the two years. Health is increasingly gaining importance. The percentage of health expenses in relation to the Gross Domestic Product will be around 11.5% for 2010, and 11.6% for 2011.

The forecast for 2009 is +5.0%. Compared to the last forecast in autumn, this is a slight upwards adjustment (see T 1). This revision is due to the fact that the wage growth for 2009 was higher than expected in autumn. On the other hand, it is also due to the growth in population, which, according to provisional data, was greater than stated in the scenarios formulated by the Federal Statistical Office (FSO). The population growth was 1.2% instead of the predicted 0.7%. The main reason for this was the rise in immigration and the older sections of the population growing more than expected. This group is of particular significance for predicting health expenses.

| T 1: Growth in Overall Health Expenditure | | | | |
|--|-------------|-------------|-------------|-------------|
| | 2008 | 2009 | 2010 | 2011 |
| KOF forecast / Spring 2010 | 5.3% | 5.0% | 3.7% | 3.7% |
| KOF forecast / Autumn 2009 | 5.3% | 4.3% | 2.4% | 2.5% |

In 2008, health expenses experienced a drastic rise of 5.3%. This was particularly due to the employment market situation, which was still favourable at the time, and a correspondingly high wage growth. The forecast made by the KOF regarding Swiss health expenses also includes the previous years, as the corresponding data is only published with substantial delays.

Taking into account the entire 2008–2011 period, the growth in health expenses will slow down. However, this decline will not persist in the mid-term. Instead, it is to be expected that higher growth rates will again be achieved in the near future. The wage pressure, which will increase once more in the mid-term, plays a crucial role here.

PHARMACEUTICALS SHARE FALLS SHORT OF THE 10% MARK

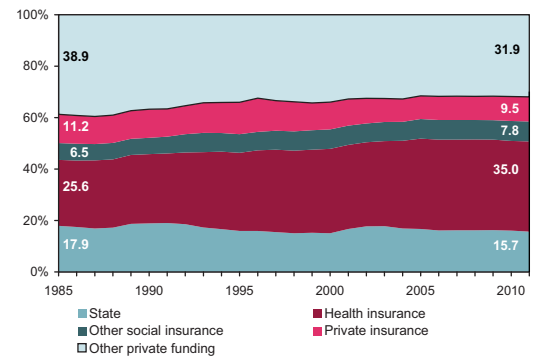
With regard to the benefits the savings packages of the recent years impacted the sale of pharmaceuticals. The pharmaceuticals share falls short of the 10% for the first time: the percentage of pharmaceutical sales in relation to total expenses is only 9.8% for 2010 and 9.9% for 2011. This forecast used the estimate given by the Federal Office of Public Health (FOPH), which quotes the savings potential of price reductions for medications for the current year to be CHF 400 million. Benefits in the area of “outpatient treatment at hospitals” should this year increase by 9.4% to CHF 4.9 billion, and by 8.8% to CHF 5.3 billion in 2011. The expenses for hospitals and socio-medical institutions will increase by around CHF 1.4 billion within this year. The benefits for inpatient treatments should be around CHF 29 billion for 2010, followed by around CHF 30 billion the next year. Pharmacists can breathe again. Although their pharmaceuticals sales will slightly decline in value (–1.2%) this year, they will rise again by 5.3% next year, insofar as no other savings measures are taken in this area.

WHO PAYS?

The KOF formulates forecasts on the development of all health expenses, as well as on the expenses in the sub-categories of “Benefits”, “Benefit Providers” and “Direct Payers”, as provided by the FSO. The FSO data should not be confused with the “gross costs for mandatory health-care insu-

rance per policyholder”, published by the Federal Office of Public Health which are relevant to premium trends and developments. “Only” around 35% of the total health expenses are paid by the health insurance funds (see G 6). Private households pay a similarly large chunk from their own pockets, such as for medications not covered by mandatory health insurance or as part of excesses and co-payments. The state chips in around 15%. This is mainly in the form of cantonal contributions to hospitals, which are considered subsidies. The rest is borne by the private policyholders and other social insurance institutions (disability insurance, pensions etc.).

G 6: Percentage Health Expenses



The approximately 50% of expenses financed by health insurance premiums and taxes poses a major political issue because they involve compulsory levies which nobody likes to pay. There are thus constant discussions on ways to contain the “cost explosion” in the health sector. Using this to conclude that only half the health sector is regulated and the other half is a free market would be incorrect. At the providers’ end, virtually the whole health market is state-controlled. And the key drivers of health expenses identified by the KOF would also reveal their full impact if private households had to pay all the costs directly out of their own pocket, rather than approximately one third, unless this resulted in people beginning to cut corners with their own health. The mandatory health-care insurance has been put in place to effectively prevent this and other things.

The complete report on the KOF health expense forecasts (in German) can be found here: https://kof.ethz.ch/publications/science/show_studien. The forecast for Switzerland’s health expenses, compiled on a half-yearly basis by the KOF, is supported by a research article from Merck Sharp & Dohme-Chibret AG (known as MSD in Switzerland).

MORE ECONOMIC NEWS

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

www.kof.ethz.ch/publications/bulletin/pdf/kof_bulletin_tables_news_2010_o6_en.pdf >>

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

www.kof.ethz.ch/publications/bulletin/pdf/kof_bulletin_tables_2010_o6_en.pdf >>

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

www.kof.ethz.ch/services/data >>

COMPOSITE INDICATORS AND SURVEY RESULTS

**COMPOSITE INDICATORS: CONSTANT UPWARD TREND**

Current trend: The KOF Business Situation Indicator has once again improved dramatically compared to the previous month, reaching its highest level to date (see G 7). The indicator has not been this high since 2001. The sub-indicator manufacturing in particular once again recorded a drastic improvement. The retail trade sub-indicator has also recovered somewhat, and made the leap onto the positive side of the scale. The indicator is based on the evaluation of the business situation existing in the industrial sector, which, for the first time, is predominantly optimistic. The business situation evaluation has also improved in the retail trade sector, recording a positive result. The overall balance is higher than in the industrial sector.

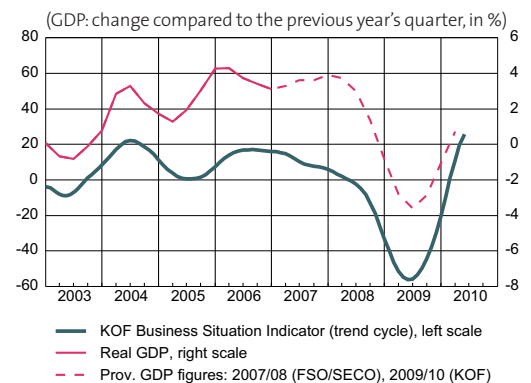
Further trend: The KOF Economic Barometer has risen 0.11 points relative to April and now shows a reading of 2.16 (see G 8). This level was surpassed for the last time in August 2006. Accordingly, in the next few months, the year-on-year growth rate of Swiss Gross Domestic Product (GDP) should be clearly positive. The KOF Economic Barometer is based on a multi-sectoral design with three modules. Their contribution to the development of the barometer is as follows: The Core GDP module (GDP excluding construction and banking) indicates continuously high growth rates. The Construction and the Banking modules are also in positive territory, albeit less significantly so than Core GDP. The Core GDP module accounts for more than 90% of Swiss GDP and hence dominates our barometer. The measurement model Swiss Industry is still at a high level, moving almost horizontally. The measurement model Swiss Exports Destination EU appears to indicate an upper turning point. On the other hand, the Swiss Consumption measurement model reveals positive dynamics.

The KOF currently publishes two composite indicators: the Economic Barometer with a lead relative to the GDP growth rate in comparison to the previous year, and the Business Situation Indicator, which tracks the GDP trend. The Barometer has a complex structure, while the Business Situation Indicator has a simpler structure. The Barometer, for example, bundles 20 individual indicators together in several steps; by contrast, two single indicators flow into the Business Situation Indicator in a single step.

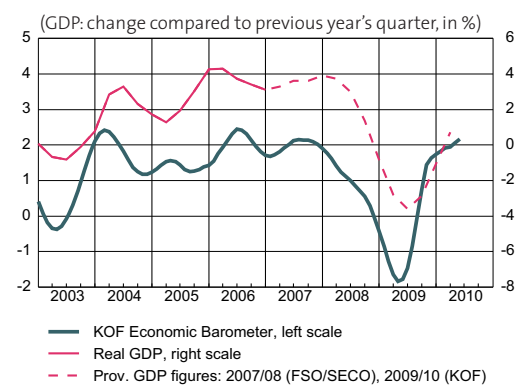
Discover more about the similarities and differences between the two composite indicators:

www.kof.ethz.ch/publications/bulletin/pdf/kof_bulletin_indicator_comparison_en.pdf >>

G 7: Rapid Rise



G 8: Another Rise



The latest press release and technical information (in German) relating to the KOF Economic Barometer is available here:

www.kof.ethz.ch/economic_barometer >>

Further information about the KOF Business Situation Indicator is available here:

www.kof.ethz.ch/publications/bulletin/business_situation/en >>

INDUSTRY AGAIN ON THE UP

For the first time since January 2009, the business situation of industrial companies was, thanks to a drastic improvement, back into the positive area in May (monthly survey) compared to the previous month. The retail trade figures also improved somewhat; the balance has now just scraped into the positive area (see G 9). The other economic areas, which were last surveyed in April, rate their business situations differently. The wholesale sector is quite optimistic. The situation at insurance companies and project planning agencies (architects and engineers) continues to be labelled as good, although the insurance companies were the only industry to be rated somewhat more negatively than in the previous survey. The construction industry and service-providing companies still assess their business situation to be positive. The service providers in particular have become more confident. The business situation at banks has continued to improve slightly, and is not far from breaking into the positives. The hotel and restaurant industry was more optimistic, but the balance remains negative. The survey questions enterprises in manufacturing, retail trade, wholesale trade, and construction along with banks and insurances, architects and engineers as well as selected service industry branches.

Further information on the business situation overview is available in the explanations:

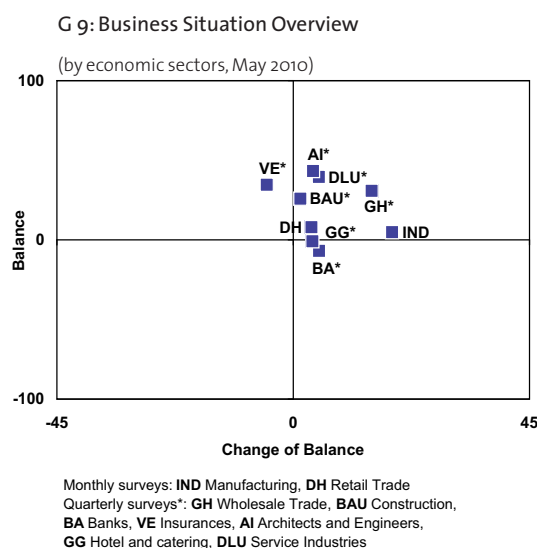
www.kof.ethz.ch/publications/bulletin/business_overview/en >>

The business situations shown above are only a very small part of the available survey results. As a respondent to the survey, you will receive a complete and detailed report on your economic sector and your branch. As an SGK member, you will receive comprehensive information about all sectors of the economy and the branches belonging to them.

Join the SGK (in German): www.kof.ethz.ch/services/sgk >>

Take Part in Survey: www.kof.ethz.ch/publications/bulletin/business_surveys/en >>

KOF Business Surveys: www.kof.ethz.ch/surveys/bts/en >>



NOWCASTING CONSUMPTION WITH GOOGLE

Konstantin A. Kholodilin, Maximilian Podstawski and Boriss Siliverstovs analyse in their working paper if Google search activity can help in nowcasting the US private consumption. They compare the nowcasting performance of the model with Google indicators with the benchmark model (a pure AR[1] process) as well as with models with competing indicators like consumer surveys and financial variables. For the forecast comparison the authors use the popular Diebold-Mariano test for pair wise comparison of the models as well as the test of superior predictive ability and the test based on the Model Confident Set (MCS) suggested in Hansen (2005) and Hansen et al. (2005), respectively. The latter two test procedures control for possible data-snooping bias. Overall the authors conclude that the Google-based indicators contain useful information about the current development of private consumption in the USA, but they cannot conclude that the Google-based indicators perform significantly better than alternative indicators.

Kholodilin, Konstantin A., Maximilian Podstawski and Boriss Siliverstovs (2010): Do Google Searches Help in Nowcasting Private Consumption? A Real-Time Evidence for the US, KOF Working Papers, No. 256, April.

www.kof.ethz.ch/workingpapers >>

DOES AID ALLOCATION BY NGOS DEPEND ON THE DEGREE OF PUBLIC REFINANCING?

Critique is often raised that Non-Governmental-Organisations (NGOs) might be less autonomous from their governments than widely believed and that they implement the policy agenda of governments. Using a new dataset for 41 German NGOs, Axel Dreher, Peter Nunnenkamp, Susann Thiel and Rainer Thiele analyze in their working paper the allocation of NGO aid across recipient countries in a Tobit regression framework. By identifying for each NGO the degree of public refinancing, the largely unresolved issue of whether financial dependence on the government impairs the targeting of NGO aid is addressed. It turns out that German NGOs are more active in poorer countries, while they do not complement official aid by working under difficult local conditions. Beyond a certain threshold, rising financial dependence weakens their “poverty orientation” and provides an incentive to engage in “easier” environments. In addition, the scientists find that the NGOs follow the state as well as NGO peers when allocating aid. This herding behaviour is, however, hardly affected by the degree of public refinancing.

Dreher, Axel, Peter Nunnenkamp, Susann Thiel and Rainer Thiele (2010): Aid Allocation by German NGOs: Does the Degree of Public Refinancing Matter?, KOF Working Papers, No. 247, January.

www.kof.ethz.ch/workingpapers >>

AGENDA

KOF MEDIA AGENDA

June

- 09.06. Consensus Forecast (in German)
- 10.06. Monetary Policy Communicator
- 18.06. KOF Summer Forecast 2010
- 30.06. KOF Economic Barometer

July

- 02.07. KOF Bulletin
- 08.07. Monetary Policy Communicator
- 30.07. KOF Economic Barometer

KOF Media Agenda (in German): www.kof.ethz.ch/agenda >>

KOF EVENTS

KOF and Zurich University of Applied Sciences

Conference on Qualitative Survey Data:
New Methods and Applications

Zurich, 24–26 June, 2010:

www.kof.ethz.ch/events/surveys/ >>

KOF Forecast Presentation

Development of the Swiss Economy until 2012

External Speakers:

State Secretary Jean-Daniel Gerber (SECO)

Prof. Dr. Klaus F. Zimmermann (DIW)

Zurich, 20 September 2010

KOF, ETH Zurich, University Zurich and Princeton University

4th Annual Conference on the Political Economy of International Organizations

(Call for Papers: 30 September 2010)

Zurich, 27–29 January 2011:

www.peio.me/ >>

CER-ETH/KOF LECTURES

There are no planned events at the moment.

OTHER EVENTS

Monte Verità Conference on Sustainable Resource Use and Economic Dynamics – SURED 2010

Ascona (Switzerland), 7–10 June 2010:

www.cer.ethz.ch/sured_2010/index >>

8th INFINITI Conference on International Finance

International Credit and Financial Market Integration: After the Storm?

Dublin (Ireland), 14–15 June 2010:

www.tcd.ie/business/news-and-events/events/ >>

69th Euroconstruct Conference

Macroeconomic Trends and Forecasts for the European Construction Market to 2012

Dublin (Ireland), 24–25 June 2010:

www.euroconstruct.org/conference/conference.php >>

CESifo Workshop

Central Bank Communication, Decision-Making and Governance

Venice (Italy), 23–24 July 2010:

www.cesifo-group.de/portal/page/portal/ifoHome >>

6th Colloquium on Modern Tools for Business Cycle Analysis

The Lessons from the Global Economic Crisis

Luxembourg (Luxembourg), 26–29 September 2010:

epp.eurostat.ec.europa.eu/portal/page/portal/euroindicators_conferences/6th_colloquium >>

30th CIRET Conference

Economic Tendency Surveys and the Services Sector

New York (USA), 13–16 October 2010:

www.ciret.org/conferences/newyork_2010/ >>

International Conference: Tax Policy Decision Making

(Call for Papers: 15 July 2010)

Mannheim (Germany), 14–15 October 2010:

www.zew.de/en/veranstaltungen/details.php?LFDNR=1204 >>

6th Annual Workshop on Data Revision in Macroeconomic Forecasting and Policy

CIRANO and Federal Reserve Bank of Philadelphia

(Call for Papers: 15 June 2010)

Philadelphia (USA), 18–19 October 2010:

www.philadelphiafed.org/research-and-data/ >>

Add event: www.kof.ethz.ch/publications/bulletin/event/en >>

CAREERS

PhD Research Position

www.kof.ethz.ch/about/jobs/pdf/2010-04_KOF_PhD_Arbeitsmarkt%202_2_.pdf >>

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NEXT PUBLICATION DATES

2 July 2010 | 3 September 2010

TABLES – KOF Spring Forecast 2010

SWITZERLAND

| Real Gross Domestic Product by Type of Expenditure | | | | | | | | | | | | | | | | |
|--|-----------|--|------|------|------|------|------|------|------|------|------|------|-----|---------------|------|------|
| Percentage change against | | | | | | | | | | | | | | | | |
| | 2001-2008 | previous quarter (annualized, trend cycle component) | | | | | | | | | | | | previous year | | |
| | | 2009 | | | | 2010 | | | | 2011 | | | | 2009 | 2010 | 2011 |
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Private consumption | 1.5 | 1.4 | 2.2 | 2.4 | 2.4 | 2.1 | 1.7 | 1.7 | 2.0 | 2.2 | 2.2 | 2.1 | 1.9 | 1.6 | 2.1 | 2.0 |
| Public consumption | 1.3 | 2.6 | 2.5 | 1.3 | -0.2 | -1.2 | -0.9 | 0.3 | 0.1 | -0.5 | -0.2 | 0.6 | 0.7 | 2.4 | -0.2 | 0.0 |
| Gross fixed capital formation | 1.6 | -6.5 | -3.2 | 0.8 | 1.4 | 0.8 | 3.0 | 4.5 | 5.3 | 7.5 | 8.1 | 7.2 | 4.3 | -4.0 | 1.8 | 6.3 |
| – Construction | 0.6 | 2.0 | 3.1 | 0.9 | -0.6 | 1.0 | 2.4 | 1.3 | 0.0 | 0.7 | 1.6 | 1.7 | 1.4 | 0.6 | 1.0 | 1.1 |
| – Machinery and equipment | 2.4 | -12.8 | -7.2 | 0.9 | 2.2 | 0.5 | 4.0 | 7.2 | 9.5 | 13.1 | 13.5 | 11.3 | 6.4 | -7.4 | 2.4 | 10.5 |
| Exports of goods (1) and services | 4.9 | -17.2 | -7.0 | 4.7 | 8.9 | 4.2 | -0.3 | 1.1 | 3.9 | 5.3 | 5.4 | 5.3 | 5.5 | -9.4 | 3.0 | 4.2 |
| – Goods | 4.9 | -18.9 | -5.9 | 7.4 | 11.5 | 6.0 | 0.5 | 2.5 | 5.5 | 7.0 | 7.1 | 6.5 | 6.6 | -11.0 | 4.8 | 5.7 |
| – Services | 4.7 | -9.6 | -7.0 | -2.3 | 1.2 | -0.6 | -2.6 | -2.4 | 0.2 | 1.0 | 1.6 | 2.2 | 2.5 | -5.7 | -1.0 | 0.5 |
| Imports of goods (1) and services | 3.7 | -10.0 | -4.9 | -0.5 | 3.9 | 4.5 | 4.0 | 5.0 | 7.0 | 8.1 | 8.1 | 7.3 | 6.5 | -5.7 | 3.2 | 7.0 |
| – Goods (1) | 3.2 | -13.7 | -6.7 | -1.3 | 4.5 | 5.3 | 4.6 | 6.7 | 9.1 | 9.4 | 8.8 | 8.1 | 6.9 | -8.2 | 3.5 | 8.3 |
| – Services | 6.0 | 8.1 | 2.0 | 3.0 | 2.0 | 1.5 | 0.5 | -1.0 | -0.4 | 2.7 | 4.8 | 4.1 | 5.2 | 5.9 | 2.0 | 2.2 |
| Change in stocks (2) | 0.0 | 1.6 | -1.6 | -3.4 | -2.0 | 1.0 | 2.6 | 1.7 | 0.5 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 | -0.1 | 0.5 |
| Gross domestic product (GDP) | 1.9 | -4.7 | -2.5 | 0.6 | 2.5 | 2.4 | 2.1 | 2.2 | 2.2 | 2.2 | 2.4 | 2.5 | 2.4 | -2.5 | 1.7 | 2.2 |

(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 | | | | | | | | | | | | | | | | |
| | 2001-2008 | same quarter of previous year | | | | | | | | | | | | previous year | | |
| | | 2009 | | | | 2010 | | | | 2011 | | | | 2009 | 2010 | 2011 |
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Real effective exchange rate of Swiss Franc | 0.4 | 5.5 | 0.3 | -0.7 | 9.4 | -0.9 | 0.4 | -1.9 | 4.5 | -3.5 | -2.3 | -4.5 | 1.9 | 3.6 | 1.5 | -1.2 |
| Short term interest rate ((3-month Libor CHF) (1)) | 1.5 | 0.5 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.5 | 0.7 | 0.8 | 1.1 | 1.3 | 0.4 | 0.3 | 1.0 | |
| Yield of 10 years federal bonds (1) | 2.8 | 2.2 | 2.4 | 2.2 | 2.1 | 2.0 | 2.1 | 2.3 | 2.4 | 2.6 | 2.7 | 2.9 | 3.0 | 2.2 | 2.2 | 2.8 |
| Consumer prices | 1.1 | 0.0 | -0.7 | -1.0 | -0.2 | 1.1 | 0.8 | 0.7 | 0.8 | 0.7 | 0.9 | 1.0 | 1.2 | -0.5 | 0.9 | 1.0 |
| Full-time equivalent employment (2) | 1.0 | -0.9 | -1.1 | -0.5 | 0.4 | 0.7 | 0.7 | 1.0 | 1.4 | 1.6 | 1.6 | 1.4 | 1.1 | -0.1 | 0.5 | 1.4 |
| Unemployment rate (1,3) | 3.0 | 3.1 | 3.6 | 3.9 | 4.1 | 4.2 | 4.1 | 4.0 | 4.0 | 3.9 | 3.8 | 3.7 | 3.6 | 3.7 | 4.1 | 3.7 |

(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 | | | | | | | | | | | | | | | | |
|-----------------------------------|-----------|--|------|------|------|------|------|------|------|------|------|------|------|---------------|------|------|
| | 2001-2008 | previous quarter (annualized, seasonal adjusted) | | | | | | | | | | | | previous year | | |
| | | 2009 | | | | 2010 | | | | 2011 | | | | 2009 | 2010 | 2011 |
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Real gross domestic product (GDP) | | | | | | | | | | | | | | | | |
| – OECD total | 2.1 | -8.4 | 0.2 | 2.5 | 3.7 | 2.0 | 0.8 | 1.3 | 1.9 | 2.3 | 2.6 | 2.8 | 2.9 | -3.3 | 1.9 | 2.1 |
| – European Union (EU-25) | 2.0 | -9.6 | -0.9 | 1.1 | 0.5 | 1.5 | -0.2 | 1.2 | 1.8 | 2.2 | 2.8 | 2.9 | 3.0 | -4.2 | 0.8 | 2.1 |
| – USA | 2.2 | -6.4 | -0.7 | 2.2 | 5.9 | 3.1 | 1.7 | 1.5 | 1.9 | 2.1 | 2.6 | 3.0 | 3.2 | -2.4 | 2.7 | 2.2 |
| – Japan | 1.2 | -12.3 | 5.2 | 0.0 | 4.6 | 1.5 | 0.6 | 0.8 | 1.5 | 2.0 | 2.2 | 2.3 | 2.3 | -5.0 | 1.9 | 1.8 |
| Oil price (\$ per barrel) (1) | 50.8 | 45.0 | 59.1 | 68.4 | 76.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 62.1 | 80.0 | 80.0 |

(1) Level

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