

Press Release

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ZEW-CS Financial Market Test Switzerland

Economic Sentiment for Switzerland

Slightly Recovers

In September 2016, the ZEW-CS Indicator for the economic sentiment in Switzerland rose by 5.5 points to a reading of 2.7 points. This is the first increase of the ZEW-CS Indicator after it had been falling for the last two months. As in the previous month, optimists and pessimists hold almost equal shares among the experts. When it comes to the current economic situation in Switzerland, however, experts are less positive in their evaluation than in the previous month: The corresponding indicator declined by 3.3 points to a level of 8.0 points.

The ZEW-CS Indicator reflects the expectations of the surveyed financial market experts regarding the economic development in Switzerland on a six-month time horizon. It is calculated monthly by the Mannheim

Centre for European Economic Research (ZEW) in cooperation with Credit Suisse (CS), Zurich.

Despite its slight increase, the ZEW-CS Indicator remains close to zero. The share of respondents forecasting a positive economic development for the coming six months is only slightly higher than the share of experts expecting a negative development. 60 per cent of the experts expect the Swiss economy to remain unchanged in the coming six months. Given the latest figures on economic growth, this is rather surprising. In the second quarter of 2016, the real Swiss GDP rose by 0.6 per cent compared to the previous quarter, and by 2.0 per cent compared to the second quarter of 2015.

The expectations regarding the long-term interest rates in Switzerland have risen considerably in the current survey. The corresponding indicator climbed by 18.6 points to a level of 50.1 points. A majority of almost 53 per cent expect the long-term interest rates to rise. Against this backdrop, the expectations for the inflation rate have also seen an increase, with the respective indicator climbing by 16.6 points to a reading of 42.2 points. This means that the share of experts predicting a rising inflation rate greatly outweighs the share of respondents expecting the inflation rate to decrease.

Detailed Results:

More detailed results – including survey participants' assessment of developments in other countries – can be found in this month's edition of the "Switzerland Financial market report" (please note that the URL is case sensitive):

<http://www.zew.de/zew-cs-financialmarketreport>

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ZEW Credit Suisse Financial Market Survey Switzerland: September 2016

Current economic situation	good		normal		bad		balance	
Switzerland	10.6	(-3.6)	86.8	+3.9)	2.6	-0.3)	8.0	(-3.3)
Eurozone	0.0	(-3.0)	91.7	(+18.2)	8.3	-15.2)	-8.3	(+12.2)
USA	13.8	(-7.4)	80.6	+1.8)	5.6	-5.6)	8.2	(-13.0)
Economic expectations	improve		no change		worsen		balance	
Switzerland (Credit Suisse ZEW indicator)	21.1	(+6.8)	60.5	-8.1)	18.4	-1.3)	2.7	(+5.5)
Eurozone	8.6	(-6.1)	65.7	+6.9)	25.7	-0.8)	-17.1	(-5.3)
USA	36.1	(+6.7)	47.2	-11.6)	16.7	-4.9)	19.4	(+1.8)
Inflation rate	increase		no change		decrease		balance	
Switzerland	44.8	(+16.3)	52.6	-16.0)	2.6	-0.3)	42.2	(+16.6)
Eurozone	48.7	(+19.2)	48.6	-19.0)	2.7	-0.2)	46.0	(+19.4)
USA	48.7	(+1.6)	48.6	-1.4)	2.7	-0.2)	46.0	(+1.8)
Short-term interest rates	increase		no change		decrease		balance	
Switzerland	0.0	(-2.8)	92.1	+3.5)	7.9	-0.7)	-7.9	(-2.1)
Eurozone	0.0	(-2.9)	94.6	+3.4)	5.4	-0.5)	-5.4	(-2.4)
USA	68.5	(+24.7)	28.6	-24.5)	2.9	-0.2)	65.6	(+24.9)
Short-term interest rates (difference)	increase		no change		decrease		balance	
Eurozone-Switzerland	8.5	(+2.4)	88.6	-5.3)	2.9	-2.9)	5.6	(-0.5)
Long-term interest rates	increase		no change		decrease		balance	
Switzerland	52.7	(+15.5)	44.7	-12.4)	2.6	-3.1)	50.1	(+18.6)
Germany	54.1	(+18.8)	45.9	-12.9)	0.0	-5.9)	54.1	(+24.7)
USA	70.3	(+18.8)	18.9	-14.4)	10.8	-4.4)	59.5	(+23.2)
Long-term interest rates (difference)	increase		no change		decrease		balance	
Germany-Switzerland	8.4	(-6.7)	83.3	+4.5)	8.3	-2.2)	0.1	(-8.9)
Stock market indices	increase		no change		decrease		balance	
SMI (Switzerland)	52.9	(+1.4)	32.4	-0.9)	14.7	-0.5)	38.2	(+1.9)
EuroStoxx 50 (Eurozone)	47.1	(+/-0.0)	38.2	(+/-0.0)	14.7	(+/-0.0)	32.4	(+/-0.0)
S&P (USA)	48.5	(+6.1)	33.3	-3.1)	18.2	-3.0)	30.3	(+9.1)
Exchange rates (Swiss franc vs.)	appreciate		no change		depreciate		balance	
Euro	16.2	(-3.8)	59.5	-0.5)	24.3	-4.3)	-8.1	(-8.1)
US dollar	10.5	(-4.2)	42.1	-2.0)	47.4	-6.2)	-36.9	(-10.4)
Commodities	increase		no change		decrease		balance	
Oil (North Sea Brent)	20.0	(-16.1)	68.6	+15.8)	11.4	-0.3)	8.6	(-16.4)
Gold (per ounce)	36.4	(-10.6)	39.4	+7.0)	24.2	-3.6)	12.2	(-14.2)
Other indicators for Switzerland	increase		no change		decrease		balance	
Export momentum (situation)	5.4	(+5.4)	70.3	+0.6)	24.3	-6.0)	-18.9	(+11.4)
Export momentum (expectations)	11.1	(+2.0)	72.2	+2.5)	16.7	-4.5)	-5.6	(+6.5)
Unemployment rate	37.8	(-10.8)	62.2	(+10.8)	0.0	(+/-0.0)	37.8	(-10.8)

Note: Thirty-eight analysts participated in the September survey, which was conducted during the period from 29 August to 12 September 2016. Analysts were asked about their expectations for the next six months. The numbers displayed are percentages. Balances refer to the difference between positive and negative assessments.

Source: ZEW, Credit Suisse

The Mannheim Centre for European Economic Research (ZEW)

ZEW works in the field of frontier empirical research in economics. The institute especially distinguished itself by working on internationally comparative studies in the context of Europe and by creating important scientific data bases, e.g. the Mannheim Innovation Panel (MIP) and the ZEW Start-up Panel. ZEW's key objectives are to conduct excellent economic research, provide science-based economic policy advice and transfer knowledge. ZEW was founded in 1991. ZEW currently has a staff of approximately 190 employees, two thirds of whom are researchers.

Research at ZEW:

Labour Markets, Human Resources and Social Policy; Industrial Economics and International Management; Information and Communication Technologies; International Finance and Financial Management; Environmental and Resource Economics, Environmental Management; Corporate Taxation and Public Finance; International Distribution and Redistribution; Competition and Regulation; Market Design.