



Swiss GDP surprisingly proves most resilient among developed countries

Growth above expectations. Solid domestic demand. Positive outlook for 2021. The franc still seems overvalued. A digital Swiss franc? Consolidation of Swiss equities.

Key points

- Swiss GDP surged by +7.2% in Q3, almost making up for the -8.6% drop at the end of June
- Domestic demand is surprisingly strong
- Switzerland has better been able to withstand the Covid-19 shock
- Positive growth at the end of the year and favourable outlook for 2021
- SNB maintains a different course from that of the major central banks
- SNB assesses the desirability of a digital franc
- Will the special situation for Swiss yields soon come to an end?
- Further consolidation of Swiss equities

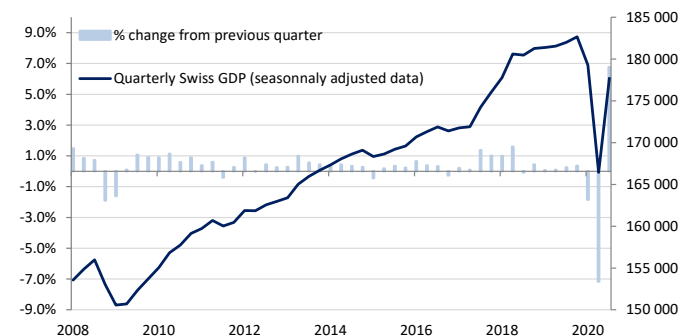
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The State Secretariat for Economic Affairs (SECO) published Q3 2020 growth figures for our country, which show that GDP (seasonally adjusted) rebounded by an extremely satisfactory +7.2% after declining by -7% in the previous quarter and by -8.6% cumulatively over the first six months of the year.

The Swiss economy thus erased the contraction of the previous quarter and could well end the year on just the slightest annual decline. To date, the size of the Swiss economy as expressed by seasonally adjusted real GDP is only 2% below its year-end 2019 level.

Domestic demand (+11.9%) clearly bolstered this economic rebound. The Swiss economy was already showing strong resilience to the crisis by international comparison, but this quarter it also proved that it is capable of rebounding strongly when international conditions permit. After recording its sharpest quarterly decline since this statistic was first published in 1980, it achieved its best result ever this quarter. By international comparison, Switzerland thus appears to have been much more resilient to the crisis and the generalised recession caused by the protective measures taken by governments and health authorities.

Performance of the Swiss economy (GDP in CHF million)



Sources: SECO, BBGI Group SA

Domestic demand is surprisingly strong

During the quarter, most of the components of GDP posted positive contributions with the exception of the finance and insurance component, which fell very slightly by -0.1%. The measures to lift the lockdown and normalise activity logically benefited sensitive sectors such as accommodation and catering, as well as sectors linked to recreational activities, which rebounded by +72.9% and +61.9% respectively during the summer period.