

WEEKLY ANALYSIS

Mr. Alain Freymond—Partner & CIO



SWISS GDP GROWTH IS ON TRACK TO REACH +3.5% IN 2021 AND +3% IN 2022

The Swiss economy is in top form. Growth figures leading to trend reversal in bond markets. The SNB is still not afraid of inflation. Significant correction underway in equity markets.

Key Points

- Swiss GDP grows +1.8% in Q2 2021 and +7.7% year-on-year
- Strong comeback of domestic demand
- Leading indicators support a solid growth outlook
- Manufacturing sector is doing well and diversifying its supply chain
- Inflationary risks rising in Switzerland too
- The SNB is not worried about inflation and is staying the course
- Towards a weakening of the Swiss franc
- The bond bubble is close to bursting
- Biggest decline in Swiss equities since October 2020

as Q2 2020 marked the pandemic-induced low point in the economic cycle.

The Swiss economy has thus returned to a quarterly GDP level higher than that of Q4 2019, before the health crisis. Our economy has thus recovered rather well from the second stoppage linked to the resurgence of Covid-19 variants after a logical dip at the beginning of the year.

The Swiss economy seems well positioned to grow by a further +1.6% in the current period before slowing slightly to +0.8% in the last quarter of 2021. Overall GDP growth for the year as a whole is thus expected to be +3.5%, followed by +3% in 2022 and +1.6% in 2023.

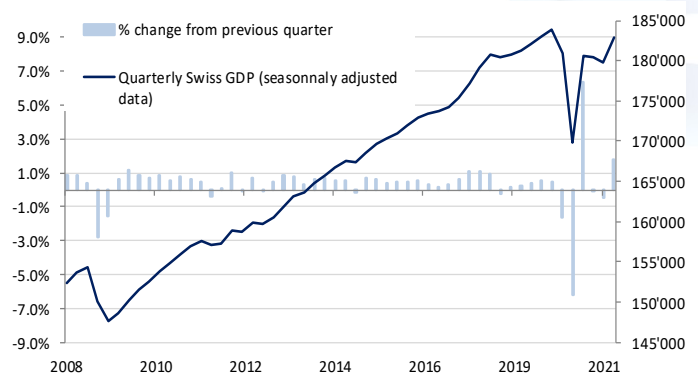
This series of annual GDP growth rates is high by historical comparison for our country, which has only experienced two periods of strong growth in the last thirty years (1997-1999 and 2005-2007).

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The State Secretariat for Economic Affairs (SECO) has published the Q2 2021 growth figures for our country (+1.8%), which show a very convincing economic comeback after a difficult first quarter (-0.4%) due to the reimposition of health measures in our country as well.

Overall, at CHF 186 billion, Q2 2021 seasonally adjusted nominal GDP is already slightly higher than the Q4 2019 pre-crisis GDP of CHF 185 billion. In a year-on-year comparison, the rebound in Swiss GDP looks quite extraordinary. The year-on-year growth rate of +7.7% is historic, although it results entirely from the base effect,

Performance of the Swiss economy (GDP) in million CHF



Sources: SECO, BBGI Group SA