

Switzerland Business Forecast Report Q3 2014

<https://marketpublishers.com/r/SDB7D68AFF4EN.html>

Date: April 2014

Pages: 38

Price: US\$ 1,195.00 (Single User License)

ID: SDB7D68AFF4EN

Abstracts

Core Views

Switzerland's growth trajectory over the medium term will be increasingly powered by consumer spending, with the potential for the government to step in and boost growth in the event that the situation in the eurozone puts a sharp break on Swiss growth. The Swiss National Bank has set a ceiling on the Swiss franc's value versus the euro in the face of substantial appreciatory pressures resulting from the eurozone sovereign debt crisis. This will help to protect the country's export sector from a severe loss of competitiveness and thereby limit the impact of external turbulence on near-term economic growth. However, the massive scale of the monetary easing involved in such foreign exchange intervention could dramatically inflate property prices if maintained into the medium term.

Major Forecast Changes

We have revised our 2014 and 2015 exchange rate forecasts to CHF1.24/EUR and CHF1.27/EUR from CHF1.26/EUR and CHF1.29/ EUR respectively.

Contents

Executive Summary
Core Views
Major Forecast Changes
Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis
BMI Political Risk Ratings
Domestic Politics
Immigration Quota Vote Risks EU Relationship

Swiss voters have supported a referendum bill to cap the level of immigration. Although the government does not support immigration quotas, it is obliged to implement the new law as a result of Switzerland's direct democracy system which enables the public to initiate referenda. The move has already sparked a backlash from Brussels, with Switzerland's current level of access to the single market at risk of being restricted. Moreover, we warn that over the longer term, foreign investors may be deterred from relocating to Switzerland if their ability to attract skilled labour is impeded.

Table: Political Overview

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis
BMI Economic Risk Ratings
Economic Activity
Recovery Will Gain Momentum In 2014

Despite a slowdown in the fourth quarter of 2013 - underpinned by a sharp increase in imports - we stick with our fundamentally bullish view for the Swiss economy in 2014 and over the medium term. We believe that robust economic growth will be underpinned by a recovery in international trade, which will bolster Switzerland's current account surplus, and a ramp up in domestic consumer spending. While adverse developments in the nearby eurozone will remain a risk to our outlook, we believe that these risks have receded sharply.

Table: ECONOMIC ACTIVITY

Economic Activity II
Deflation Runs Its Course

Despite a lurch back into deflation in February, we believe that Swiss prices will find a

firmer footing over the medium term. A combination of robust economic growth, loose monetary policy and a very modest multiyear depreciation of the Swiss franc will lay the foundations for a gradual build up in inflationary pressures. However, we warn that at this stage Switzerland is still vulnerable to a deflationary shock, with falling export prices in Germany and China, as well as a correction in global commodity markets, being a particular cause for concern.

Exchange Rate Policy

CHF Depreciation Delayed By Russia-Ukraine Crisis

During the period of intense financial market turmoil in the eurozone in 2012, Switzerland became a key destination for safe haven flows given the relatively benign economic and political environment and depth and liquidity of Swiss markets. With the Ukraine-Russia crisis still simmering, the Swiss franc is coming under renewed pressure. Indeed, having weakened at the beginning of the year to CHF1.24/ EUR, the franc has since appreciated to CHF1.22/EUR and is flirting with the de facto ceiling previously introduced by the Swiss National Bank (SNB) to prevent a continued and destabilising appreciation of the Swiss currency. With few signs that Ukraine-Russia crisis will suddenly and decisively deescalate, we expect the CHF to remain offered in the coming months.

Table: Currency Forecast

Table: EXCHANGE RATE

Balance Of Payments

Current Account Surplus Over Medium Term

We expect the Swiss current account to remain firmly in surplus over the medium term. This will be predicated on continued global trade recovery in general, and in eurozone demand more specifically. However, we also believe that the Swiss consumer will play a more significant role in driving growth over the medium term, with demand for imports curbing continued expansion of the current account surplus on a relative basis.

Table: CURENT ACOUNT

Banking Sector

Recovery Under Way

Our relatively positive outlook for the Swiss banking sector mirrors a similarly constructive view for the broader economy. We see opportunities for banks to boost profitability in the retail market, given our assumption that consumer spending will become a more important driver of economic growth over the medium term. We forecast the banking sector to expand broadly in line with GDP and therefore expect the relative size of the industry to remain unchanged.

CHAPTER 3: 10-YEAR FORECAST

The Swiss Economy To 2023

Steady Growth To Prevail Over Long-Term

We expect steady Swiss economic growth over our forecast period despite the global macroeconomic headwinds. We forecast Switzerland's real economic growth to average 1.8% over our forecast period on account of the solid fundamentals underpinning the domestic economy.

Table: Long -Term Macro economic For ecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

Business Environment Outlook

Institutions

TABLE: BMI BUSINESS AND OPERATION RISK RATINGS

TABLE: BMI LE GAL FRAMEWORK RATING

TABLE: LABOUR FORCE QUALITY

Infrastructure

TABLE: TRADE AND INVESTMENT RATINGS

TABLE: G20 - ANNUAL FDI INFLOWS

Market Orientation

Operational Risk

CHAPTER 5: KEY SECTORS

Telecommunications

Table: Telecom Sector - Fixed Lin e - Historica l Data And For ecasts

Table: Telecoms Sector - Int ern et - Historica l Data And For ecasts

Table: Telecoms Sector - Mobi le - Historica l Data And For ecasts

Other Key Sectors

Table: Pharma Sector Key Indicators

Table: Infrastructur e Sector Key Indicators

Table: Autos Sector Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Chinese Economy Under Pressure

Table: Global Assumptions

Table: Developed States, Real GDP Growth, %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH
FORECASTS, %

Table: Emerging Markets, Real GDP Growth, %

I would like to order

Product name: Switzerland Business Forecast Report Q3 2014

Product link: <https://marketpublishers.com/r/SDB7D68AFF4EN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/SDB7D68AFF4EN.html>