

Schweizer Wirtschaft

Robust Swiss economy despite rising prices

Swiss PMI | 02/05/2022, 06:00, UTC

The procure.ch purchasing managers' index (PMI) still points to vigorous activity in the manufacturing sector, although momentum has weakened again slightly. Supply chain problems are gradually easing. However, prices are rising and there are no signs of this trend softening significantly for the time being. The high backlog of orders and solid labour market are encouraging signs for the trend going forward.

The service sector has also slowed down in April. Nevertheless, the service PMI remains well above the growth threshold. Prices are also rising widely across the service sector.

Claude Maurer
Head of Swiss Economics

A joint project with the Professional Association for Procurement and Supply Management:



PMI (manufacturing)

Figure 1: Manufacturing PMI in a downtrend

Growth threshold = 50



Source: procure.ch, Credit Suisse

Index level in April: 62.5 points (March: 64.0)

- Month-on-month change: -1.5 index points
- Year-on-year change: -5.9 index points

The procure.ch Purchasing Managers' Index (PMI) shed 1.5 points from the prior-month level in April 2022. Nonetheless, at 62.6 points, it remains well above the growth threshold and is close to the level seen before war broke out in Ukraine in mid-February. The recovery in Swiss manufacturing is therefore continuing. That said, there are growing signs that momentum is slowing, and this is also being reflected in the subindices.

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Output returning to normal

While the indicator for output is now significantly below the boom-like levels of the prior-year period, it is still clearly in growth territory. Thus, the dip in the subindex is more likely to represent a return to normal than a worrying downturn in output, especially as the order backlog remains at a high level, with the corresponding subindex actually rising again in April. The employment subindex also reflects an optimistic outlook, as 27% of the survey participants are currently adding staff.

Procurement remains challenging

In contrast, the tense procurement situation continues to create difficulties for businesses. However, there are at least signs that the delivery problems have eased a little. For the fifth consecutive month, suppliers' delivery times are no longer lengthening on such a widespread basis as they were previously, while companies have continued to replenish their inventories of intermediate goods. However, purchase prices are still rising on a broad scale, with 89% of the participating businesses reporting higher procurement prices.

Evolution of the PMI (manufacturing)

		PMI	PMI (s)
2020	Nov.	55.7	55.4
	Dec.	56.0	58.6
2021	Jan.	58.9	60.1
	Feb.	64.9	62.0
	Mar.	68.0	65.6
	April	70.5	68.3
	May	68.4	68.6
	June	68.7	67.1
	July	70.3	70.0
	Aug.	64.8	67.0
	Sep.	65.9	67.6
	Oct.	64.6	65.7
	Nov.	63.4	63.8
	Dec.	61.1	64.2
2022	Jan.	62.4	63.8
	Feb.	65.3	62.6
	Mar.	66.3	64.0
	April	64.4	62.5

Source: Credit Suisse, procure.ch

PMI (manufacturing) subindices

	higher (%)	same (%)	lower (%)	Index	+/-	Index (s)	+/- (s)
Output	32	55	14	59.0	-3.0	55.6	-3.6
Backlog of orders	46	40	14	65.6	-0.2	65.3	1.4
Quantity of purchases	41	46	13	63.8	-2.6	61.4	-0.6
Purchase prices	89	10	1	94.2	-1.1	90.1	-0.6
Suppliers' delivery times	57	41	2	77.7	-3.1	73.1	-3.7
Stocks of purchases	41	43	16	62.5	-0.7	58.7	-1.6
Stocks of finished goods	24	59	16	54.1	-0.3	52.3	0.8
Employment	27	67	6	60.3	-2.8	60.7	-1.7

(%) (%) (%) (s) (s)

The table summarises the results of the latest survey. For each subindex, the table shows the percentage of each response which is "higher than", the "same as" or "lower than" the previous month. The current level of the index is also indicated. The level of each subindex is the sum of the percentage of "higher" responses plus half of the percentage of "same" responses. The PMI is the weighted average (weights in brackets) of the following subindices: "output" (0.25), "backlog of orders" (0.30), "suppliers' delivery times" (0.15), "stocks of purchases" (0.10) and "employment" (0.20). If the PMI or a subindex is above the 50 mark this indicates growth, while an index below 50 indicates contraction.

Source: procure.ch, Credit Suisse

Purchasing managers' index (PMI) survey

The procure.ch Purchasing Managers' Index (PMI) is a collaborative undertaking of the Swiss Trade Association for Purchasing and Supply Management procure.ch and Credit Suisse. It is based on a monthly survey of procure.ch members. The survey and its evaluation are undertaken in accordance with the guidelines of the International Federation of Purchasing and Supply Management, which have been tried and tested in the United States for decades. The association procure.ch carries out the survey while Credit Suisse evaluates and publishes the results.

PMI (services)

Figure 2: High volatility in the service PMI

Growth threshold = 50



Source: procure.ch, Credit Suisse

Index level in April: 56.2 points (March: 61.1)

- Month-on-month change: -4.9 index points
- Year-on-year change: -1.1 index points

Pace of recovery declines again

The service PMI suffered a sharper decline than its manufacturing counterpart in April. Business activity in particular – the equivalent of "output" in the service sector – and the "new orders" subindex trended lower. However, as both subindices were previously at high levels after all measures to combat the spread of coronavirus were removed, this probably also

constitutes a return to normality. Moreover, the results are likely to have been affected by the timing of the survey (22 to 26 April) after the Easter holidays and during the spring holidays in numerous cantons.

Prices continuing to rise on a broad scale

Another encouraging aspect is that the employment subindex in the service sector has surpassed the growth threshold for the fifth consecutive month. Practically none of the companies participating in the survey are considering job cuts. Meanwhile, as in the manufacturing sector, the broad rise in purchase prices is creating headwinds in the service sector. However, the corresponding subindex has at least fallen back below the all-time high it reached a month earlier. Sale prices are continuing to rise on a less widespread scale, which signals limited pricing power in the domestic market – although 44% of the participating companies are still raising their prices. The days of purchasing power being immune to price trends are also over in Switzerland for the time being.

Evolution of the PMI (services)

		PMI	PMI (s)
2020	Nov.	52.4	49.1
	Dec.	48.1	50.0
2021	Jan.	47.5	50.8
	Feb.	52.4	52.7
	Mar.	58.0	55.6
	April	58.8	57.3
	May	58.4	58.1
	June	63.2	62.7

	PMI	PMI (s)	
July	55.5	60.4	
Aug.	57.9	60.2	
Sep.	64.3	60.9	
Oct.	61.2	59.3	
Nov.	62.8	59.2	
Dec.	57.5	59.9	
2022	Jan.	52.7	56.4
	Feb.	63.9	64.3
	Mar.	63.6	61.1
	April	57.6	56.2

Source: Credit Suisse, procure.ch

PMI (services) subindices

	higher (%)	same (%)	lower (%)	Index	+/-	Index (s)	+/- (s)
Business activity	32	52	16	57.5	-9.6	55.4	-6.5
New orders	32	55	14	58.9	-8.2	57.0	-8.1
Backlog of orders	32	55	14	58.9	-4.7	56.6	-3.0
Purchase prices	75	25	0	87.5	-0.8	84.7	-5.9
Sale prices	44	56	0	72.1	0.1	71.7	-0.2
Employment	14	81	5	54.1	-1.0	55.7	-1.7

The table summarises the results of the latest survey. For each subindex, the table shows the percentage of each response which is "higher than", the "same as" or "lower than" the previous month. The current level of the index is also indicated. The level of each subindex is the sum of the percentage of "higher" responses plus half of the percentage of "same" responses. The PMI is the weighted average (weights in brackets) of the following subindices: "business activity" (0.25), "new orders" (0.25), "backlog of orders" (0.30) and "employment" (0.20). If the PMI or a subindex is above the 50 mark this indicates growth, while an index below 50 indicates contraction.

Source: procure.ch, Credit Suisse

(27/04/2022)

PMI (manufacturing) and subindices (seasonally adjusted)

		PMI	Output	Backlog of orders	Quantity of purchases	Purchase prices	Suppliers' delivery times	Stocks of purchases	Stocks of finished goods	Employment
2020	Nov.	55.4	57.8	58.3	52.1	56.8	64.0	42.3	41.3	48.3
	Dec.	58.6	60.8	58.5	59.1	61.6	69.7	50.1	49.9	51.8
2021	Jan.	60.1	61.5	60.2	60.3	67.5	76.0	48.4	46.0	51.9
	Feb.	62.0	63.0	64.4	62.2	73.4	76.4	48.7	43.2	52.9
	Mar.	65.6	65.7	69.4	68.9	82.4	83.5	49.4	45.3	54.5
	April	68.3	69.1	74.5	70.9	83.4	84.7	50.0	42.8	55.1
	May	68.6	65.1	75.7	70.3	89.4	87.2	52.3	46.0	56.4
	June	67.1	64.3	70.4	69.1	92.5	86.2	53.8	42.3	57.9
	July	70.0	71.7	70.7	72.7	91.0	87.7	56.2	45.3	60.4
	Aug.	67.0	63.0	68.2	69.5	87.1	86.8	54.4	46.6	61.8
	Sep.	67.6	64.0	67.0	71.3	91.1	88.9	58.5	45.5	61.5
	Oct.	65.7	60.5	66.9	65.6	92.5	85.2	56.4	51.9	60.5
	Nov.	63.8	54.1	63.0	61.3	90.4	84.0	67.2	52.1	60.1
	Dec.	64.2	58.7	64.8	59.5	91.2	79.1	60.6	53.4	60.9
2022	Jan.	63.8	58.6	63.0	58.9	85.9	78.0	60.7	49.6	62.4
	Feb.	62.6	57.9	61.7	56.8	86.6	74.9	57.5	51.3	63.1
	Mar.	64.0	59.3	64.0	61.9	90.7	76.8	60.2	51.5	62.4
	April	62.5	55.6	65.3	61.4	90.1	73.1	58.7	52.3	60.7

Source: procure.ch, Credit Suisse

PMI (services) and subindices (seasonally adjusted)

		PMI	Business activity	New orders	Backlog of orders	Purchase prices	Sale prices	Employment
2020	Nov.	49.1	51.1	49.1	47.2	55.9	47.5	49.5
	Dec.	50.0	54.3	50.3	47.4	61.9	52.7	48.0
2021	Jan.	50.8	53.0	54.2	49.6	63.1	54.7	45.7

	PMI	Business activity	New orders	Backlog of orders	Purchase prices	Sale prices	Employment	
	Feb.	52.7	54.8	55.1	53.4	65.3	53.5	46.1
	Mar.	55.6	58.4	59.5	56.0	73.1	64.8	46.5
	April	57.3	61.4	60.6	55.5	75.2	65.0	51.0
	May	58.1	62.3	59.0	57.5	83.0	67.5	52.5
	June	62.7	65.1	62.3	65.7	84.8	70.7	55.9
	July	60.4	63.3	61.0	61.6	84.3	70.5	54.0
	Aug.	60.2	65.4	58.9	60.6	82.9	68.3	54.9
	Sep.	60.9	61.9	61.1	62.7	82.8	66.4	56.4
	Oct.	59.3	62.2	59.4	60.2	85.5	70.4	54.1
	Nov.	59.2	64.6	60.0	60.6	84.8	70.1	49.5
	Dec.	59.9	62.3	60.5	63.6	79.8	61.9	50.8
2022	Jan.	56.4	52.7	56.4	61.4	78.2	65.7	53.9
	Feb.	64.3	68.3	66.7	64.5	87.3	67.9	56.0
	Mar.	61.1	61.8	65.1	59.7	90.6	71.9	57.4
	April	56.2	55.4	57.0	56.6	84.7	71.7	55.7

Source: procure.ch, Credit Suisse

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22C014A_IS

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Nannette Hechler-Fayd'herbe
Chief Investment Officer – International Wealth Management
+41 44 333 17 06
nannette.hechler-fayd'herbe@credit-suisse.com

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Authors

Claude Maurer

Head of Swiss Economics
+41 44 333 41 90
claude.maurer@credit-suisse.com

Our partner

Andreas Kyburz
procure.ch Director
Laurenzenvorstadt 90
5000 Aarau
Tel. +41 62 837 57 00
kyburz@procure.ch