Press Release

Economic outlook for 2022

BCGE – Economic recovery driven by companies

Geneva, 9 December 2021 – The economy continues to recover from the health crisis. GDP is expected to rise by 3.5% in Geneva and 3.1% in Switzerland. While the recovery is mixed and currently losing momentum, it is nonetheless solid and mainly driven by companies. As a result, the unemployment rate should slightly drop and stabilise around 4% in Geneva and 2.5% in Switzerland. While inflation is the focus of much attention, it is under control and only temporary. The central bank is unlikely to change course, and will keep its interest rate policy unchanged.

Marco scenario	GDP		Inflation		Unemployment rate	
	2021	2022	2021	2022	2021	2022
Switzerland	3.5	3.1	0.6	0.6	2.5	2.5
Geneva	4.0	3.5	0.6	0.6	4.4	4.4
Eurozone	4.9	3.1	2.4	2.0	7.0	6.4
United States	5.5	3.1	4.5	3.1	5.0	4.4

Key Interest Rates	02.12.21	3M	12M	18M
Switzerland	-0.75	-0.75	-0.75	-0.75
Eurozone	0.00	0.00	0.00	0.00
United States	0.25	0.15	0.25	0.75

10Y Interest Rates	02.12.21	3M	12M	18M
Switzerland	-0.23	-0.2	-0.1	0.0
Eurozone	-0.34	-0.2	0.0	0.1
United States	1.44	1.4	1.9	2.1

Currencies & Crude oil	02.12.21	3M	12M	18M
EUR/CHF	1.04	1.06	1.05	1.04
USD/CHF	0.91	0.90	0.84	0.87
EUR/USD	1.13	1.18	1.25	1.20
Brent crude oil USD/barrel	73	70	65	65

Source : Thomson Reuters & BCGE

Companies, major contributors to the economic recovery

Thanks to companies, both Switzerland's and Geneva's economy will continue to recover. After a nationwide drop of -2.9% in 2020 and a rebound of 3.2% in 2021, 2022 will see consolidation at 3.1%. Although the recovery is still mixed, with some sectors, including the hotel and restaurant industry, still suffering from sanitary restrictions, it remains solid overall. It is driven by productive investments in major trends (energy, digital and demographic transition) which are more than ever at the heart of the economic agenda. The recovery boosts employment and the unemployment rate will remain at low levels (2.5% for Switzerland and 4.4% for Geneva).

Inflation in Geneva and Switzerland remains low, whereas the levels recorded in the eurozone and the United States are the reflection of a temporary situation. This is due to a supply crisis and bottlenecks in the global supply chains because of international measures taken to fight the pandemic. Current inflation rates are expected to fall in 2022, slowing down the gradual normalisation of interest rates likely to take place by the end of next year, mainly in the US.

Advice to companies and private individuals

Against this background, BCGE recommends that companies maintain their competitiveness by diversifying their distribution channels (physical and digital) as well as their supply channels. Reviewing the business model should result in more efficient financial options and the prioritisation of productive investments, particularly in the area of energy performance. With regard to private individuals, the bank recommends a revaluation and improvement of the carbon footprint of their properties in order to optimise property management. An annual asset review remains the basis for sound financial management.

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