Press Release

Economic outlook

BCGE – Economic outlook for 2024: A return to normal

Geneva, 12 December 2023 – In the wake of the turbulence of the past several years, 2024 is shaping up to be a return to normal in the United States as well as in the eurozone and Switzerland. The recent moderation in inflation means that interest rates are expected to remain stable, which in turn offers greater visibility to companies that have continued to invest. Current geopolitical tensions do not seem likely to affect this scenario. Oil prices – and energy prices more generally – are on a downward trend. Household consumption is resilient, buoyed by major trends, notably demographics, which are having their full effect on the labour market. In 2024, inflation in Switzerland should average 1.2%, and GDP growth should reach 1.3% nationally and 1.2% in Geneva.

Marco scenario	GDP		Inflation		Unemployment rate	
	2023	**2024**	**2023**	**2024**	**2023**	**2024**
Switzerland	0.9	1.3	2.2	1.7	2.0	2.2
Geneva	0.7	1.2	2.2	1.7	4.0	4.3
Eurozone	0.6	0.9	5.5	3.2	6.9	7.0
United States	2.3	2.0	4.2	3.1	4.1	4.3

Key Interest Rates	07.12.23	3M	12M	18M
Switzerland	1.75	1.75	1.00	0.75
Eurozone	4.50	4.50	3.50	2.50
United States	5.50	5.50	4.50	3.50

10Y Interest Rates	07.12.23	3M	12M	18M
Switzerland	0.73	1.0	1.1	1.2
Eurozone	2.24	2.4	2.8	2.8
United States	4.18	4.3	4.5	4.5

Currencies & Crude oil	07.12.23	3M	12M	18M
EUR/CHF	0.94	0.96	1.00	0.96
USD/CHF	0.88	0.89	0.89	0.87
EUR/USD	1.08	1.08	1.15	1.12
Brent crude oil USD/barrel	77	85	105	105

Source : Thomson Reuters & BCGE

Inflation dropping and interest rates stabilising
Following the peak in inflation in the first half of 2023, changes made in central bank strategy have begun having an effect. Inflation is falling everywhere; it is at an annual rate of 3.2% in the United States, 2.4% in Europe and 1.4% in Switzerland. For the first time since Covid, the price of food and industrial goods is dropping. Key rates are now reaching a plateau, and it would appear, naturally, that the FED, ECB and SNB want to hit pause in the tightening cycle. The fight against inflation has proven all the more effective given energy prices have not risen significantly. Although geopolitical tensions persist in Ukraine and the Middle East, they do not seem to be having any effect on prices, and even the reduction in OPEC's oil production quotas has been offset by a rise in US production. As far as Switzerland, the country has been benefiting from the strength of the Swiss franc, which has been appreciating against its main partner currencies, thus offering protection against inflation on imported products.

A resilient economy, driven by household consumption
Although inflation is on the decline, that doesn't mean a recession is on the way. On the contrary, the global economy is demonstrating resilience and moderately growing. Overall growth in 2023 should come to 2.3% in the United States and come in weaker at 0.6% in Europe and 0.9% in Switzerland. Generally, growth has been supported by households which, despite mixed sentiment, have been maintaining their consumption levels, benefiting from a dynamic labour market that is close to full employment and largely the result of baby-boomer retirement. Falling inflation and the stabilisation of key interest rates, coupled with sustained household consumption, are providing greater visibility for businesses, which are now in a position to adjust their inventories after 4 years of uncertainty.

A well-positioned Swiss economy
Companies operating in defensive sectors are doing particularly well, including the pharmaceuticals industry, which accounts for almost 30% of Swiss exports. They will be driving growth in Switzerland in 2024. The property market will also contribute, as the rise in interest rates has not had a significant impact. A large proportion of mortgages have been taken out for long periods, providing a cushion against the rise in the cost of borrowing. At the same time, demand has been outstripping supply, underpinning prices, while a renewed surge in immigration has bolstered demand for housing.

For further information, please contact:

Christophe Weber, Head of Corporate Affairs & Communications: +41 (0)22 809 20 02 – christophe.weber@bcge.ch
Grégory Jaquet, Deputy BCGE Spokesperson: +41 (0)22 809 32 39 – gregory.jaquet@bcge.ch

Banque Cantonale de Genève
P.O. Box 2251
1211 Geneva 2

www.bcge.ch
Tel. +41 (0) 58 211 21 00

Only the French version of this document is authentic.

Based on its assessment of the economic situation and its forecast of future developments, BCGE provides its clients with some general recommendations intended to help them protect themselves against potential risks or to take advantage of certain developments. These recommendations are made without commitment and the Bank cannot be held responsible for them.

***BCGE: Banking solutions* made in Geneva**
A universal bank since 1816, BCGE provides high-quality banking services for private, business and institutional clients in Geneva and the surrounding area. BCGE's business lines include everyday banking services, private banking, asset management, investment funds, pension planning, mortgages and lending to the private and public sectors. BCGE runs a trading room and offers financial engineering, business valuation and transmission, private equity and trade finance services. The BCGE Group has 21 branches in Geneva and operates multiple business lines in Zurich, Lausanne, Basel, Paris, Lyon and Annecy with representative offices in Dubai and Hong Kong. BCGE employs 887 people (full-time equivalents, as at 30 June 2023). BCGE is listed on the SIX Swiss Exchange (security no. 35 049 471) and is rated AA-/A-1+/Stable by Standard & Poor's (S&P).