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Swiss Regional Economic Commentary
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Broad economic slowdown in the fourth quarter

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Significant slowdown in GDP growth in the fourth quarter of 2025

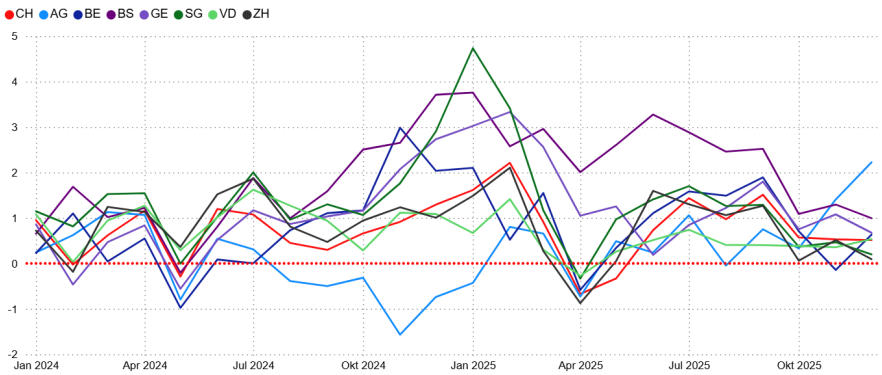
The Nowcast estimate of the Swiss REco Index points to a significant slowdown in economic growth for Swiss gross domestic product (GDP) in the fourth quarter of 2025. After GDP grew by 1.3 % year-on-year in the third quarter, the growth rate fell to 0.5 % in the fourth quarter. The slowdown is also clearly evident on a monthly basis: growth rates compared with the same month of the previous year were between 0.5 % and 0.6 % lower in all three months from October to December.
Compared with other leading economic indicators, the Swiss REco Index signals slightly lower and at the same time less volatile growth:

- SECO Index of weekly economic activity: for October and November (December figures were not yet available as at 7 January 2026), the index shows slightly higher growth of around 1.1 %.
- KOF business situation indicator: After very low values in the third quarter, the indicator recovered slightly in the fourth quarter. However, it remains below the level of the fourth quarter of 2024. Sentiment has thus improved but remains slightly lower than a year ago.

Decline in growth in most cantons – Aargau as an exception

The largest cantons saw a significant slowdown in economic growth in the fourth quarter of 2025. Growth was particularly low in the cantons of Zurich (0.2 %) and St. Gallen (0.3 %).
In contrast, the economy in the canton of Aargau is robust: it grew by 1.3 % in the fourth quarter and even reached a growth rate of 2.2 % in December. This high figure is partly due to a base effect, as GDP in Aargau fell in the fourth quarter of 2024. Basel-Stadt also continued to record significant growth of 1.1 % in the last quarter, although the momentum has slowed compared with previous quarters.

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→ **Figure 1: Growth rate of the Swiss REco Index**
(compared to the same month last year, in percent)

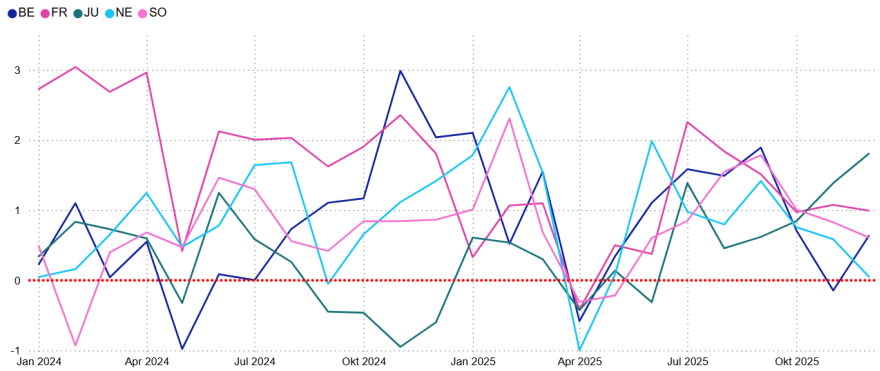
Nowcast for the cantons of the Espace Mittelland

Figure 2 shows the different GDP developments in the cantons of the Espace Mittelland according to the Swiss REco Nowcast. Following a decline in GDP in April, economic activity recovered in all five cantons. However, growth slowed significantly in the fourth quarter.

The canton of Jura is an exception, recording growth of 1.4 % in the fourth quarter of 2025. This high figure is partly a consequence of the sharp decline in the fourth quarter of 2024. Conversely, the canton of Bern recorded below-average growth of 0.4 % in the fourth quarter of 2025. This follows a particularly strong fourth quarter in the previous year.

→ **Figure 2: Growth rate of the Swiss REco Index for cantons in the Espace Mittelland region** (compared to the same month last year, in percent)

2



Real export growth in Bern: watches and electronics on the rise

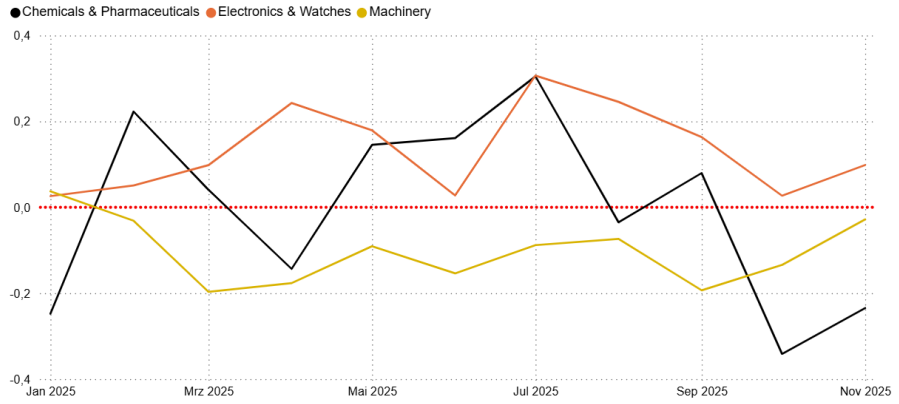
Given the uncertainties surrounding trade policy, export growth is of particular interest. Below is a brief analysis for the canton of Bern, based on data compiled in the Swiss REco Dashboard.

The three most important export sectors in the canton of Bern are chemicals and pharmaceuticals, electronics and watches, and mechanical engineering. Figure 3 shows the monthly growth rates of real, working day-adjusted exports compared with the same month of the previous year.

The electronics and watches sector in particular is performing well, showing solid growth over long periods. Pharmaceutical exports also increased in the first three quarters of 2025, but declined significantly in October and November. Machinery exports, on the other hand, are declining – a trend that began in 2024 and is continuing.

→ **Figure 3: Growth rate of real exports of chemicals and pharmaceuticals, electronics and watches, and machinery from the Canton of Bern** (compared to the same quarter of the previous year, in percent)

3



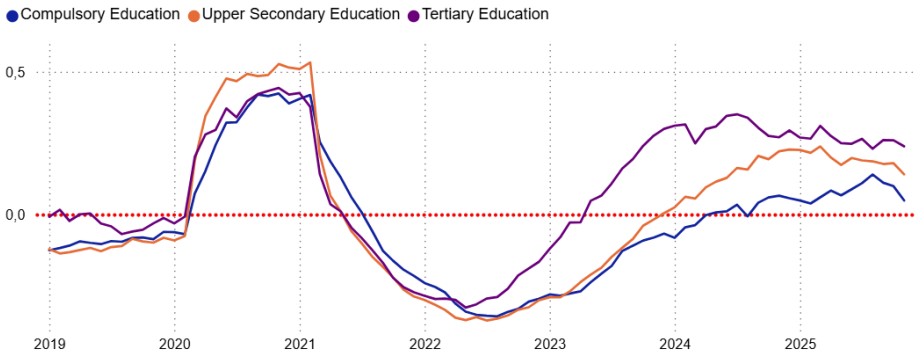
Increase in job seekers with university degrees

The economic slowdown is leading to an increase in the number of job seekers. A striking feature of the trend since 2023 is that the number of job seekers with university degrees is increasing much more sharply than those with vocational qualifications or only compulsory

schooling. Figure 4 illustrates this development using the canton of Zurich as an example. This pattern is also particularly pronounced in the cantons of Zug, Schwyz and Geneva. This development may be related to the increased introduction of artificial intelligence since autumn 2022. In this context, Jeremias Kläui and Michael Siegenthaler from KOF, ETH Zurich, have published an insightful study entitled *'AI and the Swiss labour market: Initial evidence on the impact on unemployment and job vacancies'*.

→ **Figure 4: Growth rate of job seekers in the canton of Zurich**
(compared to the same quarter of the previous year, in percent)

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Source: SECO

What is Swiss REco?

The Swiss Regional Economic (Swiss REco) Dashboard is a collection of continuously updated real-time data on economic development in the individual cantons of Switzerland. It was developed by Prof. Dr Peter Moser and Dr Adhurim Haxhimusa from the Centre for Economic Policy Research at the University of Applied Sciences of the Grisons (FHGR) and has been distributed exclusively by hpo forecasting ag since 2024.

The information portal is a powerful tool for institutions that need to be informed promptly about economic developments in their regions. At the heart of the dashboard is the Swiss Regional Economic Index, a well-founded estimate of current economic growth, specific to each canton in Switzerland.

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If you would like to find out more about Swiss REco and regional development, please arrange a non-binding appointment.

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