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Swiss Regional Economic Commentary

2nd Quarter 2026

Despite an uncertain economic climate, the economy remains stable, though there are significant regional differences

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Steady GDP growth in Q1 2026 despite an uncertain environment

The nowcast estimate from the Swiss REco Index suggests that Switzerland's gross domestic product (GDP) will show moderate growth in the first quarter of 2026. After GDP grew by just 0.7 % year-on-year in the fourth quarter of 2025, the growth rate rose to 1.1 % in the first quarter of 2026. There is also a solid trend on a monthly basis: in particular, in February (1.2 %) and March (1.1 %), growth rates were clearly positive compared with the same month of the previous year. Despite the persistently difficult geopolitical situation, the Swiss economy thus appears stable overall in the first quarter.
Other timely economic indicators show a similar trend for the first few months of the first quarter, but assess the economic situation in March more negatively:

- SECO Index of Weekly Economic Activity: Until mid-February, the index developed similarly to the Swiss REco Index. From mid-February onwards, however, a significantly more pessimistic trend emerged: Between mid-February and mid-March, the SECO Index recorded an average negative growth rate of –2.6 %.
- KOF Business Climate Indicator: This paints a similar picture to the Swiss REco Index. The figures rose in January and February and fell slightly in March. Overall, however, the business climate remains above the level seen in 2025.

Strong growth in Zug and Lucerne – weakness in Zurich and St. Gallen

The largest cantons showed mixed trends in the first quarter of 2026. Whilst the cantons of Zug, Lucerne, Bern and Aargau recorded strong growth, the Swiss REco Index suggests that GDP in St. Gallen and Zurich contracted compared with the same quarter of the previous year. The data indicate stagnation for Geneva and only modest growth for Basel.
In the canton of St. Gallen, the decline is primarily due to a base effect, as the first quarter of 2025 was exceptionally strong and this level has not quite been reached again. The situation is different in the canton of Zurich: growth was already below the Swiss average in the first quarter of 2025. The current figures therefore point to continued weak growth.

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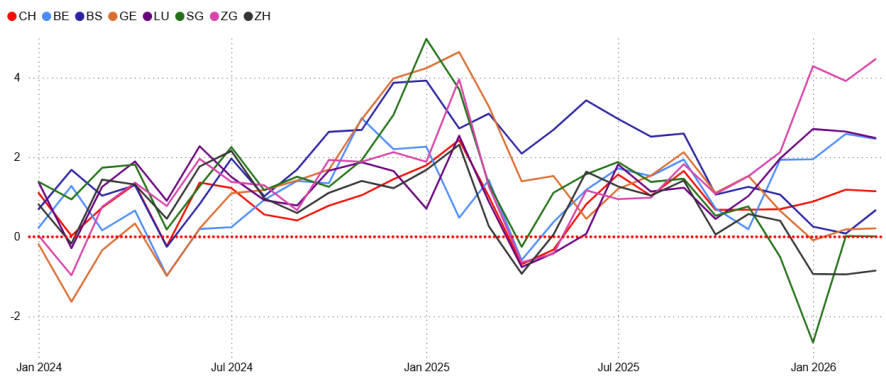

→ **Figure 1: Growth rate of the Swiss REco Index**
(compared to the same month last year, in percent)

Truck traffic indicates varying economic trends

One reason for the differing trends in the Swiss REco Index lies in the divergent trends in truck traffic. In the cantons of Zug, Lucerne and Bern, truck traffic increased significantly compared with the same month last year. In Bern, however, this trend is partly attributable to a base effect, as traffic volumes in 2025 were at times significantly lower. In Zug and Lucerne, by contrast, traffic trends in the previous year were similar to those in Switzerland as a whole.

In contrast, truck traffic in the canton of Zurich has been declining since November 2025 and remained so in the first two months of 2026. As truck traffic is regarded as a reliable indicator of economic development, these data point to differing economic trends across the cantons.

→ **Figure 2: Growth rate of truck traffic for selected cantons** (compared to the same month last year, in percent)

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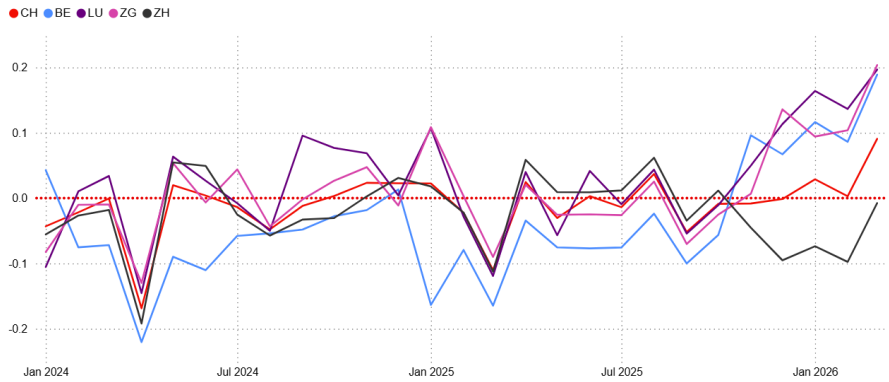

Source: ASTRA

Exports from north-western Switzerland to the United States get off to a slow start in 2026

The U.S. administration's erratic trade policy is leaving its mark on foreign trade statistics and making it difficult to assess the economic situation. The greater north-western Switzerland region, comprising the cantons of Aargau, Basel-Landschaft and Basel-Stadt, is particularly affected, even though its main export – chemical and pharmaceutical products – has so far been only marginally affected by US trade policy.

Even in normal years such as 2023 or 2024, real exports to the United States fluctuate significantly. In 2025, the sharp increase in May is particularly striking, one month after the announcement of U.S. tariffs of 31 % on Swiss exports. This tariff rate did not, however, apply to pharmaceutical products. Following the increase in the tariff rate to 39 % in August, exports from north-western Switzerland fell significantly, but recovered again towards the end of the year.

It is striking that real exports to the United States in January and February 2026 are significantly below the figures for the corresponding periods of the previous year. However, it is not yet possible to assess whether this indicates a trend reversal based on just two months' data.

→ **Figure 3: Growth rate of real exports from Greater Northwest Switzerland region to the United States** (compared to the same quarter of the previous year, in percent)

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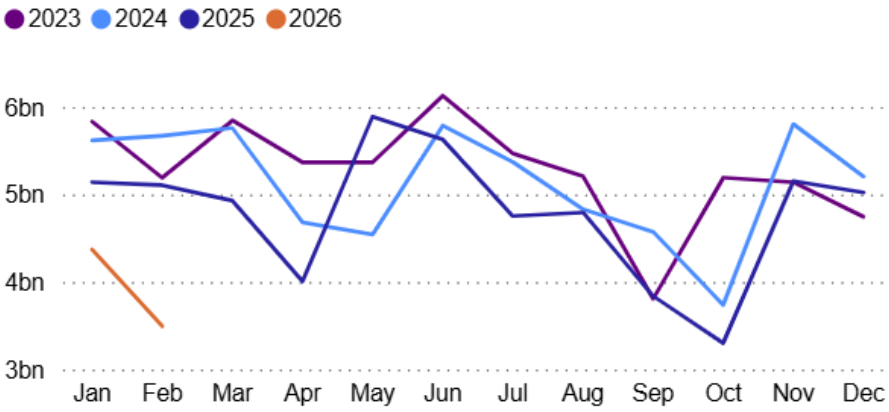
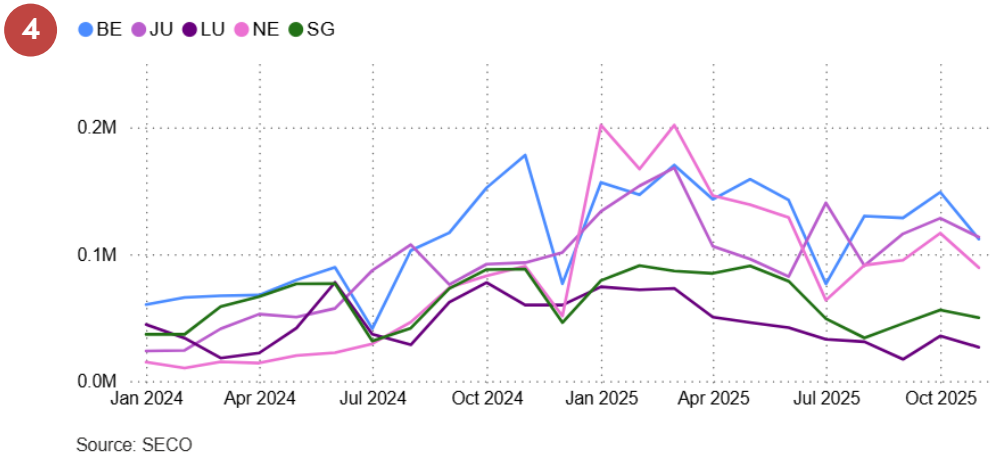


New in the dashboard: hours lost due to short-time working

The Swiss REco Dashboard now also includes data on hours lost due to short-time working. Between 2024 and November 2025 – the latest data available as of early April – the canton of Bern recorded the highest volume of short-time working, with 2.6 million hours lost, followed by the cantons of Jura (2.1 million), Neuchâtel (1.9 million), St. Gallen (1.5 million) and Lucerne (1.1 million). More than 90% of all lost hours are attributable to industry, particularly the mechanical engineering, electrical and metalworking sectors, as well as the watch-making industry. The number of lost hours fluctuates significantly from month to month. Since peaking in January 2025, it has fallen by around 50 % by November 2025. This decline may have various causes. On the one hand, it can be interpreted as a positive economic signal, as companies are expanding their workforce again. On the other hand, it is also conceivable that companies no longer expect an upturn, are cutting jobs permanently and are therefore making less use of short-time working. Furthermore, the eligibility period for short-time working may be coming to an end. This is usually 12 months, but was increased to 18 months from August 2024 and to 24 months from November 2025.

→ **Figure 4: Short-time working: hours lost in selected cantons in the manufacturing sector** (number of hours billed and paid per month)



Source: SECO



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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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