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Press Release

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CFO Survey: Upcoming US elections are a risk for Swiss companies — CFOs confident about home market

Swiss CFOs continue to hope for growth and are cautiously optimistic. This finding comes from Deloitte's most recent CFO Survey this autumn. Chief Financial Officers feel largely positive about the economic outlook for Switzerland and the US, its most important single export market. However, they are nervous about the uncertain outcome of the upcoming US elections: Depending on who wins, only 24 to 44 per cent expect trade and economic policy to be better for Switzerland in the coming four years. CFO's economic outlooks for important export markets like Germany and China are largely negative.

The mood among Swiss CFOs is still positive — but there are disparities when it comes to the key markets. While Swiss CFOs are optimistic about their own economy and that of the US, they are very pessimistic when it comes to Germany and China. These are the findings of the latest CFO Survey conducted by the audit and consulting company Deloitte Switzerland. 61 per cent of respondents are either positive or very positive about the prospects for the Swiss economy over the coming 12 months (vs spring 2024: 56 per cent), while around 33 per cent are neutral in their expectations (see Figure 1). This means that, although there is no euphoria, the outlooks are still very positive. Swiss CFOs are also optimistic when it comes to the US, Switzerland's most important trading partner, with 53 per cent of them anticipating positive or very positive economic development in the US over the next 12 months. This is a slight reduction compared with spring 2024 (59 per cent).

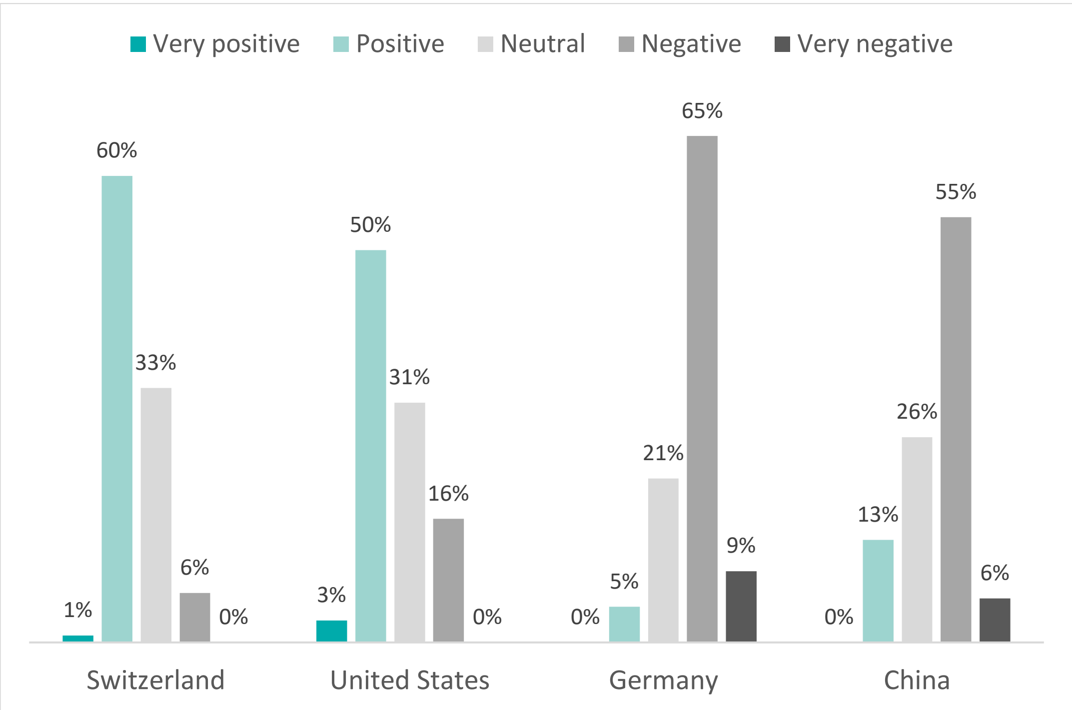

__Figure 1:__ Economic expectations for Switzerland and its major trading partners.

These upbeat predictions by CFOs are in stark contrast to their expectations regarding economic development in Germany – Switzerland's second most important trading partner – and in China. Not only are expectations negative, but the mood is even more pessimistic now than in the spring, with 74 per cent of CFOs who responded to the survey expecting negative or very negative economic development (vs spring 2024: 66 per cent). In China, too, far more than half the CFOs (61 per cent) expect negative or very negative development (vs spring 2024: 47 per cent).

"In an increasingly uncertain world, we need to be thinking about where the future growth impetus is going to come from for Swiss companies. Established markets like China and Germany are under pressure, and the situation in the US could also get more difficult after the elections, although the US remains economically strong. Swiss companies need to further diversify their portfolio of trade partners and export markets. New growth markets like India or the United Arab Emirates could offer promising opportunities to companies here," says Alessandro Miolo, Head of Audit & Assurance at Deloitte Switzerland.

Aiming to increase efficiency — but not with AI

In addition to being more optimistic about the economy, Swiss CFO's expectations for their own company have also improved: A little over half (58 per cent) of respondents are anticipating positive development for their company over the coming 12 months, with only 11 per cent feeling pessimistic. These responses are considerably better than those of the spring survey (50 per cent positive, 16 per cent negative). The CFOs surveyed are also largely optimistic about their company's performance indicators, with 52 per cent anticipating rising sales and 18 per cent growing margins.

The survey revealed that companies are considering a range of measures to improve efficiency. A little over half (56 per cent) are planning to optimise their business structure and introduce new technologies in the next two years. Interestingly, artificial intelligence (AI) will play a lesser part in this. Only 20 per cent said they intend to improve efficiency by increasing their use of AI. After all the excitement over the past 12 months about the possibilities of AI, the euphoria may now be slowly dissipating, leaving the technology to be introduced gradually. 22 per cent of CFOs expect the number of full time equivalents at their company to fall over the coming years – be it through lay-offs or through vacancies not being filled. The expectations concerning full time equivalents are therefore slightly better than in spring.

Geopolitical risks top the list of concerns

Little has changed since the spring when it comes to the top 10 concerns of Swiss CFOs (see Figure 2). Geopolitical risks such as the escalating conflict in the Middle East, the continued war in Ukraine and tensions between Taiwan and China continue to dominate. The respondents also see the upcoming US elections, the outcome of which remains uncertain, as a high political risk. However, although the CFOs consider political uncertainty in the US to be very high, they still find the country economically attractive. When they were asked where their companies want to expand, the US was their second most popular choice.

However, a further question revealed that their concerns may well increase: From the perspective of the Swiss companies surveyed, neither US presidential candidate Kamala Harris nor her counterpart Donald Trump are viewed very positively with regard to their expected trade and economic policies. Only 32 per cent expect trade and economic policy to be better for Switzerland under Kamala Harris. An even lower proportion, just 12 per cent, expect Donald Trump to be better, and 12 per cent think both candidates will be the same. By contrast, around 30 per cent of CFOs expect both Kamala Harris and Donald Trump to pursue trade and economic policy over the next four years which is less favourable to Switzerland. Thus, the economic climate in Switzerland's key export destinations could become significantly more challenging in the coming years.

1	Geopolitical risks	0
2	Economic / demand weakness	0
3	Labour shortage	0
4	Regulation	0
4	Monetary policy / interest rates	5
6	Currency risks	-1
6	Price / cost / margin pressure	0
8	Cyber Security	0
9	Internal company problems	-2
10	Capital costs / shortage	2

Figure 2: *Risks facing companies from the perspective of Swiss CFOs.*

The monetary policy situation has moved up the list of CFO concerns more than any other potential risk. Currency risks and interest rates have risen to fourth place (up five places from the spring). Inflation, however, is now only seldom cited by the participating CFOs as a risk – they expect inflation of 1.3 per cent in 24 months, which is firmly below the two per cent limit and thus shows price stability. Almost half the CFOs also expect central and national banks to reduce interest rates further.

"Since 2014, geopolitical risks have been among those uppermost on the risk radar for CFOs. Swiss companies have shown themselves to be extremely good at weathering crises in the past. But this is in no way a given, particularly as our economy has a significant focus on exports. If we are to keep this up, Swiss companies and policymakers must continue to display the typical federal attributes of stability, reliability and flexibility," says Reto Savoia, CEO of Deloitte Switzerland.

About the Deloitte CFO Survey

The most recent CFO Survey in Switzerland, the 48th in the series, was conducted online between 3 and 27 September 2024. A total of 112 CFOs participated, representing listed companies as well as privately owned firms from every major sector of the Swiss economy. The European CFO Survey is conducted in several countries, including Switzerland. The results of the individual country surveys are being aggregated and are expected to be published from November.

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