

28 October 2021

News Release

UBS Compensation Survey: Wages to rise by 0.8 percent in 2022

A nominal average wage increase of 0.8 percent is expected in Switzerland in 2022, which is equal to the average of the last ten years. The moderate wage increase clearly does not point to a substantial increase in inflation. UBS economists forecast 0.4 percent inflation for the coming year, which is why wages are only rising slightly in real terms.

Zurich, 28 October 2021 – In a survey by the Chief Investment Office of UBS Global Wealth Management, 314 surveyed companies expect an average nominal wage increase of 0.8 percent in 2022. Wage growth should therefore only turn out to be slightly higher than in 2021. The surveyed companies expect an average wage increase of 0.6 percent for the current year.

However, real wages adjusted for inflation are likely to rise only slightly. Catch-up effects after the removal of the coronavirus measures and rising commodity prices have led to positive inflation in 2021 after consumer prices fell in 2020. UBS economists are expecting inflation of 0.5 percent for the full year 2021 and 0.4 percent for 2022. As a result, the wage level is likely to rise by only 0.1 percent in real terms in 2021 and 0.4 percent in 2022.

High purchasing power despite low real wages

Inflation is therefore causing real wages to stagnate in 2021 and increase only slightly in 2022. However, consumers should nevertheless enjoy considerably greater purchasing power. According to data from the Federal Statistical Office (FSO), the savings rate rose during the pandemic from almost 20 percent to more than 30 percent. Parts of these savings are likely to flow back into private consumption in the coming quarters and support the economy. The positive outlook is also reflected in the expectations of the surveyed companies. Almost 80 percent are also expecting an upswing in the Swiss economy in the coming year.

Wage dynamic is an argument against inflation risks

The economic outlook is also fraught with risks. The greatest risk is currently the difficult procurement situation. Delivery bottlenecks and rising purchase prices, which have caused inflation to increase, are fueling the worry that the economic recovery could collapse and inflation could rise sharply. The wage increase of 0.8 percent expected for 2022 corresponds to the average of the last ten years. Daniel Kalt, Chief Economist UBS Switzerland, explains: "Therefore, there is no inflation pressure to be expected from the wage side for the coming year. This makes it unlikely that the higher purchase prices will lead to a price-wage spiral, which is a prerequisite for a sustained increase in inflation. This supports our opinion that the latest inflation rise is only temporary."

Increasing wages in all sectors

All 22 surveyed sectors expect a wage increase in the coming year. An increase of 1 percent is likely to result for two-thirds of the sectors. This includes sectors that were only slightly affected by the pandemic such as the chemical and pharmaceutical industry, IT, and telecommunications or financial services providers.

Wages increase for industrials in 2021 stronger than assumed

Firms in cyclically sensitive industrial segments, such as machinery, electrical engineering and metal (MEM) as well as the watch and jewelry sector, also expect to see an increase of 1 percent. These industries have experienced a rapid recovery and are responsible for the average wage increase in 2021 turning out higher than expected last year (0.6 percent vs. 0.3 percent). "Almost every second industrial company in this year's survey revised their wage adjustments for 2021 upwards," says UBS economist Florian Germanier. The proportion of improved wage changes was also a good 40 percent for the remaining companies. The crisis turned out to be less severe for industrial companies than feared a year ago, says the UBS economist.

In contrast, there were no revisions for tourism sectors, including culture, sports and education, where the crisis turned out to be as serious as initially feared. For these hard-hit leisure industries, the result is zero wage growth in 2021. On average, these industries once again expect a wage increase in 2022, but at 0.5 percent they are still bringing up the rear.

Nominal wage growth according to the UBS Compensation Survey 2022

	Salary development 2021	Expected salary development 2022
IT services & telecommunications	1.0%	1.0%
Public sector	1.0%	1.0%
Energy, utilities & waste disposal	0.8%	1.0%
Financial services	0.8%	1.0%
Health & social services	0.8%	1.0%
Metals	0.7%	1.0%
Chemicals & pharmaceuticals	0.6%	1.0%
Materials & building materials	0.5%	1.0%
Machinery	0.5%	1.0%
Wholesale trade	0.5%	1.0%
Food	0.5%	1.0%
Textiles	0.3%	1.0%
Consumer goods	0.2%	1.0%
Electrical engineering	0.0%	1.0%
Watches and jewelry	0.0%	1.0%
Corporate services (including real estate)	1.0%	0.9%
Logistics	0.0%	0.8%
Media	0.5%	0.6%
Construction & architecture	0.5%	0.5%
Retail trade	0.5%	0.5%
Automobile sector	0.0%	0.5%
Tourism including culture, sport and education	0.0%	0.5%
Switzerland	0.6%	0.8%

UBS has conducted the annual Compensation Survey since 1989. Some 314 companies, employer and employee representation associations in 22 sectors took part in the current survey, held from 13 September to 6 October 2021. The firms represented in these sectors employ more than 90 percent of Switzerland's working population. From 1989 to 2020, the average wage increases assessed by the survey diverged a mere 0.2 percentage points from the average salary trends (nominal wage index and CEA) published by the Federal Statistical Office (FSO).

Links

[Detailed results of UBS's Compensation Survey for 2022 \(German\)](#)
www.ubs.com/cio (UBS publications and forecasts for Switzerland)

UBS Switzerland AG

Contacts

Daniel Kalt, Regional CIO Switzerland
Tel. +41 44 234 25 60, daniel.kalt@ubs.com

Florian Germanier, economist, UBS Chief Investment Office Global Wealth Management
Tel. +41 44 235 19 12, florian.germanier@ubs.com

www.ubs.com/media