

## Electrical engineering

Electrical engineering firms can for the most part look back on a successful 2007. Business was powered by the positive climate for capital spending in Switzerland and continued strong demand from abroad, as can be seen in exports, which jumped by nearly 10% in the first eleven months. Another positive aspect was that the often uneven trend among the sub-sectors in the past due to the sector's heterogeneous structure was hardly visible in 2007. In fact, sales and earnings were up in all sub-sectors, and the trend for headcount and capital spending was also positive. The only sharp differences that emerged were in selling prices. The manufacturers of medical equipment and measuring instruments were able to convert their technological advantages and niche products into higher prices, while the producers of electronic component parts and telecommunication equipment had to accept lower prices in general. Companies in all sub-sectors are taking a positive view of prospects for this year. Overall, the electrical engineering industry expects higher sales growth than the capital goods industry as a whole, but growth is likely to be below last year's pace. And although headcount should increase, it will not do so to the same extent as last year.

### Telecommunications industry with a positive surprise

The producers of telecommunications equipment look to be well on their way to overcoming the trauma resulting from the bursting of the New Economy bubble. The positive trend that started in 2005 has continued to strengthen. The biggest surprise last year was the apparent sharp improvement in earnings even though prices remained under pressure and survey respondents in the prior year had expected mostly stagnant earnings. It is reassuring to see that not only the assessment of the past is positive, as so often before, but also expectations for the current year are optimistic. With sales and earnings both moving higher there should be an additional increase in headcount and an even greater expansion in capital spending.

### Medical equipment expects greater pricing scope

Medical technology remains the undisputed star of the electrical engineering sector. Over the past few years the sector has been a high-flyer with its continuous growth in sales and earnings. The ongoing ageing of the population, rising prosperity in the emerging markets along with the ability to innovate and focus on specialized products have supported this trend and will keep business strong going forward. It comes as no surprise that for some time now, businesses in the sector have been taking advantage of the opportunity to raise prices. They also expect to increase their selling prices this year once again. ■

