



Swiss Re Economic Risk Survey: increasing concern about stock markets while inflation risk declines

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Zurich, 1 December 2004 – Swiss Re’s eighth survey of economists’ opinions shows they consider stock market risk to be substantial. The “Economic Risk Survey”, conducted in October, also indicated that the outlook for growth has slightly deteriorated since the last survey in April.

According to the 45 economists surveyed by Swiss Re in October, the probability of a stock market crash – defined as a 25% decline in a major stock market index – is around 13% for the US and Europe, up from 11% in April. In the last 40 years, the S&P 500 Index has only once, in 1974, fallen by more than 25%. The German DAX stock market index has fallen in four years by more than 25%.

Reflecting some recent signs of weakening in the global economy, survey respondents gave only a 49% probability of US growth exceeding 3% next year, down from 72% previously. For Europe, however, the outlook for growth has improved with respondents giving a 33% probability of growth being above 2% in 2005, compared to 19% in April.

The participants consider inflation risks to be minor and reduced from the April survey. The likelihood that the US economy experiences average Consumer Price Index inflation of 4.5% or more for the next three years is 7%, down from 8% in April’s survey, while in Europe it is 3%, down from 4%. Respondents rated the risk of falling prices over the next five years to be around 3% in both the US and Europe.

Economic Risk Survey

The biannual “Economic Risk Survey” solicits the opinions of approximately 50 economists from Europe and the United States and focuses on the probability of economic performance substantially deviating from the general economic consensus. The latest survey was conducted from 7 October to 27 October 2004.

Notes to editors

Swiss Re

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re has been in the reinsurance business since its foundation in Zurich, Switzerland, in 1863. Through its three business groups Property & Casualty, Life & Health and Financial Services, Swiss Re offers a wide variety of products to manage capital and risk. Traditional reinsurance products, including a broad range of property and casualty as well as life and health covers and related services, are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

How to obtain a copy of the "Swiss Re Economic Risk Survey":

The study is available electronically on Swiss Re's website: <http://www.swissre.com> ("Research & Publications", "sigma insurance research", "Additional research").

This news release is also being distributed by e-mail; to receive a copy, please contact sigma@swissre.com.

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