Economic Cycle & Growth

Inflation: *The danger is back*

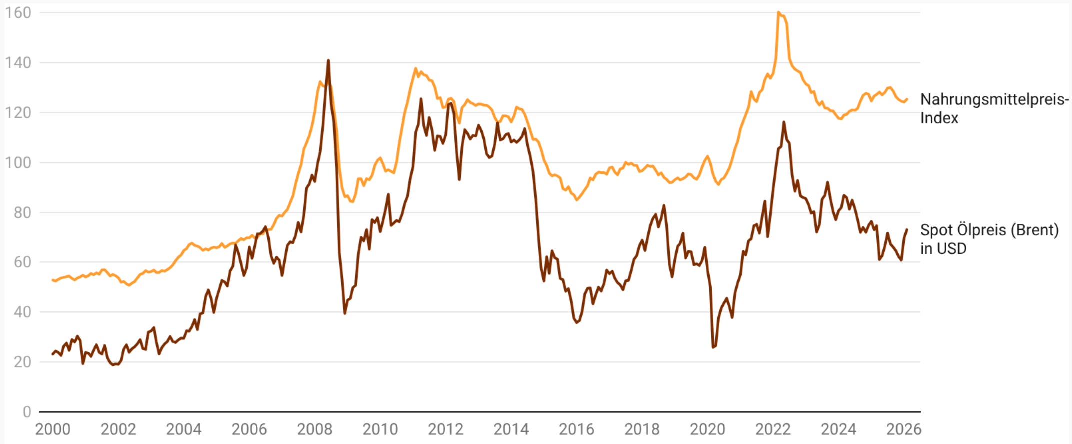
24.03.2026

At a glance

- Oil remains a key price driver: rising oil prices make the entire energy supply more expensive via gas and electricity.
- Inflation affects the entire value chain: higher energy and transportation costs have an impact on raw materials, industrial products and ultimately also on food prices.
- If the Strait of Hormuz remains closed for longer, the risk of a renewed surge in inflation increases.

The war in the Middle East and the closure of the Strait of Hormuz by Iran have caused oil prices to soar. Why is the price of oil still driving general inflation even though more and more houses are being heated with heat pumps and more and more electric vehicles are being used? In Switzerland, petroleum products account for almost 50 percent of the total final energy demand of all energy sources. Although the trend is downward, the share remains high at 45.7% (2024). In addition, the price of gas, with a share of 12.3%, is closely linked to the price of oil. If gas prices rise, this will also lead to higher electricity prices. Electrical energy contributes a further 26.7 percent to final energy demand. Sooner or later, higher oil prices will lead to generally higher energy prices, regardless of the energy source.

The chain of effects of higher oil prices does not stop at energy prices, however. Logically, transport costs rise, but not only: because energy plays a role as an input factor for almost all goods and services, raw materials from A for aluminum to Z for cement become more expensive. These in turn make the production of machines, textiles and cars more expensive. Finally, the price of oil also influences food prices.



Grafik: Eigene Darstellung economiesuisse • Quelle: FAO, ICE • Erstellt mit Datawrapper

Poorer countries are hit much harder by the rise in food prices than rich countries like Switzerland, because the proportion of the total household budget that consumers spend on food is much higher in poor societies.

Rudolf Minsch

Head of General Economic Policy & International Relations, Chief Economist, Deputy Chairman of the Executive Board