

Switzerland's International Investment Position in 2008

December 2009

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK



Swiss National Bank
Switzerland's International Investment
Position in 2008

Published by

Swiss National Bank
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CH-8022 Zurich
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Subscriptions, individual issues and changes of address

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E-mail: library@snb.ch

Languages

The report is published in German, French and English.

Website

Publications of the Swiss National Bank are available on the SNB website at www.snb.ch, *Publications*.

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Date of publication

December 2009

Printed by

FO-Fotorotar, CH-8132 Egg/ZH

ISSN 1662-4351 (printed version)

ISSN 1661-559X (online version)

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Summary

Substantial decrease in foreign assets and liabilities

The financial crisis also left its mark on the international investment position. At the end of 2008, both foreign assets and foreign liabilities were substantially below their year-end 2007 level. Assets receded by CHF 505 billion to CHF 3,080 billion and liabilities by CHF 417 billion to CHF 2,417 billion, thus falling to the levels recorded at the end of 2006. Three factors led to this decline. First, banks significantly reduced their interbank claims and liabilities. Second, securities suffered a heavy decline in value due to falling stock market prices. Third, the appreciation of the Swiss franc led to valuation losses on foreign currency holdings.

Interbank claims fell by CHF 365 billion and interbank liabilities by CHF 401 billion. Banks had significantly reduced their interbank positions owing to the sharp rise in risks in interbank business. To ensure that markets were supplied with sufficient liquidity, the SNB provided central banks and banks abroad with large amounts of Swiss francs and US dollars, which led to a marked increase in the SNB's foreign assets.

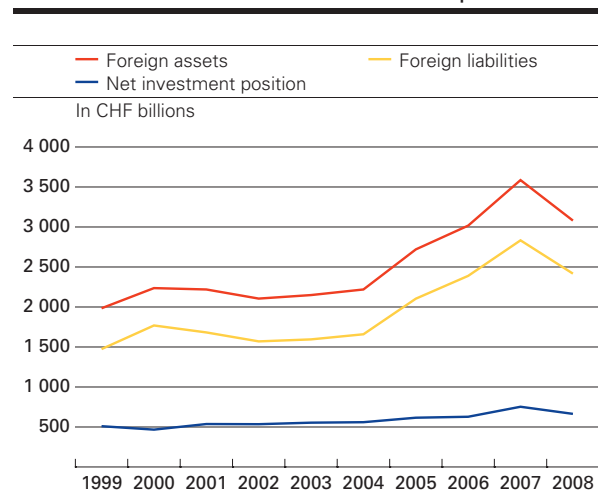
The strong decline in portfolio investment was primarily due to changes in valuation. Portfolio investment abroad contracted by CHF 253 billion to CHF 938 billion. This was mostly the result of exchange rate losses, since a large part of portfolio investment abroad is held in the form of foreign currency debt securities. Foreign portfolio investment in Switzerland declined by CHF 257 billion to CHF 625 billion. The main reason was the collapse in stock prices, since 23% of foreign liabilities were held

in the form of equity securities. The corresponding share for foreign assets was merely 11%.

The appreciation of the Swiss franc led to valuation losses not only in portfolio investment, but also in other international investment positions. Whereas 82% of foreign assets were held in foreign currencies, this was the case for only 42% of foreign liabilities. Therefore, valuation losses were distinctly higher for foreign assets than for foreign liabilities.

Overall, the net international investment position declined by CHF 89 billion to CHF 664 billion, thus returning to the year-end level of 2006.

Chart 1
Switzerland's international investment position



International investment position in brief

Table 1

Total at year-end

In CHF billions

	2007	2008	Year-on-year change in CHF billions
Foreign assets			
Direct investment	764.6	808.6	43.9
Portfolio investment	1 190.8	938.2	-252.6
Derivatives and structured products	138.9	234.9	96.0
Other assets	1 406.5	1 019.9	-386.6
of which			
Interbank claims	812.7	447.7	-365.0
SNB claims	15.6	79.4	63.8
Reserve assets	85.0	78.9	-6.1
Total	3 585.8	3 080.4	-505.4
Foreign liabilities			
Direct investment	431.3	467.1	35.8
Portfolio investment	882.1	625.4	-256.7
Derivatives and structured products	75.9	205.7	129.8
Other liabilities	1 444.0	1 118.3	-325.7
of which			
Interbank liabilities	963.7	563.0	-400.7
SNB liabilities	6.4	34.4	28.0
Total	2 833.3	2 416.5	-416.8
Net international investment position			
Direct investment	333.3	341.4	8.1
Portfolio investment	308.7	312.8	4.1
Derivatives and structured products	62.9	29.2	-33.8
Other positions	-37.5	-98.4	-60.9
of which			
Net interbank positions	-151.0	-115.3	35.7
Swiss National Bank	9.3	45.0	35.7
Reserve assets	85.0	78.9	-6.1
Total	752.5	663.9	-88.7

Foreign assets

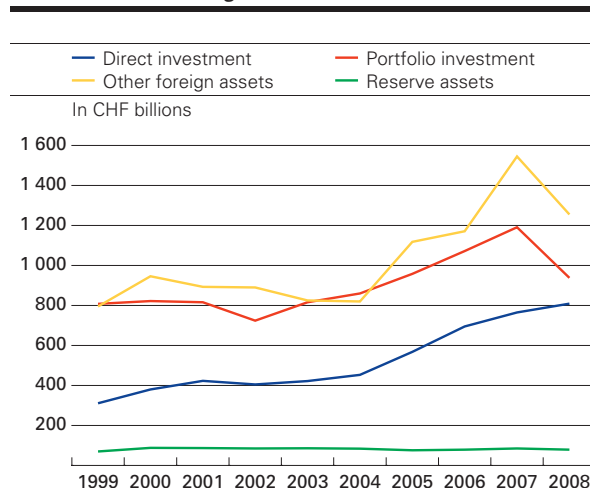
Foreign assets receded by CHF 505 billion to CHF 3,080 billion (a 14% decline). The decline was mainly due to the reduction in interbank claims, but was accentuated by high valuation losses. The appreciation of the Swiss franc led to substantial exchange rate losses on foreign currency holdings (82% of foreign assets were held in foreign currencies). Moreover, falling stock market prices resulted in price losses on equity securities.

The *other assets* item registered the strongest decline, dropping by CHF 387 billion to CHF 1,020 billion. Its share in total foreign assets went down to 33% (2007: 39%). Interbank claims, included in this item, fell by CHF 365 billion to CHF 448 billion, thus dropping below the level recorded at the end of 2000. On the one hand, banks substantially reduced their interbank positions owing to the significantly higher risks involved in interbank business. On the other hand, as interbank claims are almost exclusively denominated in foreign currency, they were affected by the depreciation of the US dollar, the euro and the pound sterling. Decreases were also recorded for bank claims against customers abroad, fiduciary investments abroad and loans by companies. Conversely, the SNB's claims against other central banks and commercial banks abroad increased by CHF 64 billion to CHF 79 billion in connection with international financial market assistance.

Portfolio investment abroad dropped by CHF 253 billion to CHF 938 billion. Its share in overall foreign assets went down to 31% (2007: 33%). The strong decline in the stock of portfolio investment abroad was due both to lower share prices and exchange rate losses. Investment in shares decreased by CHF 132 billion to CHF 145 billion, and units in collective investment schemes fell by CHF 102 billion to CHF 195 billion. By contrast, debt securities receded only slightly, by CHF 18 billion to CHF 597 billion; exchange-rate-related valuation losses were offset by investments amounting to CHF 64 billion. About one-third of these investments were accounted for by the first tranche of illiquid UBS assets, which was taken over by the SNB special purpose vehicle, and the acquisition of the UBS mandatory convertible notes by the Swiss Confederation. As a result, the proportion of debt securities in portfolio investment rose from 52% to 64%.

Chart 2

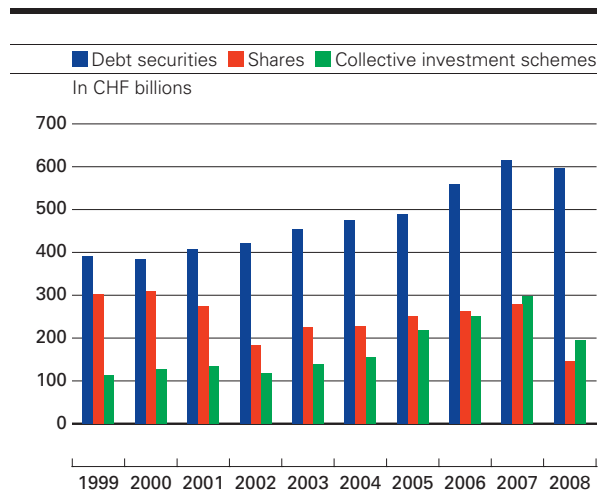
Switzerland's foreign assets



Other foreign assets include *derivatives and structured products* as well as *other assets*.

Chart 3

Portfolio investment abroad



Owing to acquisitions, the stock of direct investment abroad grew by CHF 44 billion to CHF 809 billion. Higher stocks held by the chemicals and plastics industries, banks, and finance and holding companies, in particular, contributed to this increase. The share of direct investment in total foreign assets rose from 21% to 26%.

Derivatives and structured products amounted to CHF 235 billion, as against CHF 139 billion in 2007. As a consequence, the proportion of this item in total foreign assets rose from 4% to 8%. Whereas the positive re-

placement values of derivatives with counterparties abroad went up by CHF 132 billion to CHF 190 billion, the stock of foreign-issued structured products declined by CHF 36 billion to CHF 45 billion. The increase in derivatives was due to the market environment and the extended range of companies surveyed. In the case of structured products, the decrease was a result of sales and valuation losses.

The SNB's reserve assets contracted by CHF 6 billion to CHF 79 billion. This decline was mainly attributable to exchange rate losses.

Switzerland's international investment position – assets

Table 2

Total at year-end

In CHF billions

	2007	2008	Year-on-year change in percent	Share in percent
Direct investment	764.6	808.6	5.7	26.2
Portfolio investment	1 190.8	938.2	-21.2	30.5
Debt securities	615.4	597.4	-2.9	19.4
Shares	277.5	145.4	-47.6	4.7
Collective investment schemes	297.9	195.4	-34.4	6.3
Derivatives and structured products	138.9	234.9	69.1	7.6
Derivatives	58.3	189.6	225.1	6.2
Structured products	80.6	45.3	-43.8	1.5
Other assets	1 406.5	1 019.9	-27.5	33.1
of which				
Interbank claims	812.7	447.7	-44.9	14.5
SNB claims	15.6	79.4	407.8	2.6
Reserve assets	85.0	78.9	-7.2	2.6
Total	3 585.8	3 080.4	-14.1	100.0

Foreign liabilities

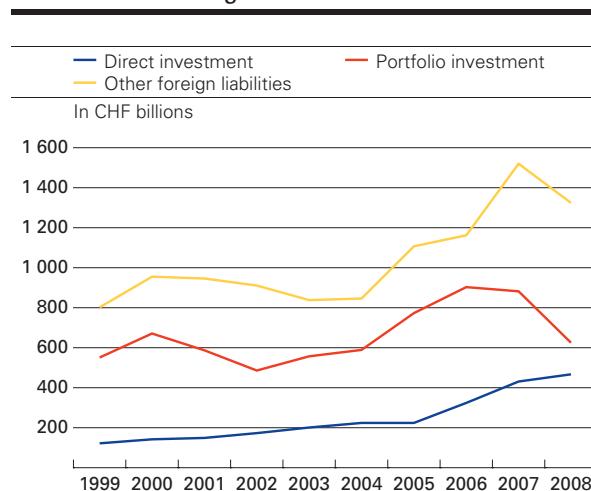
Foreign liabilities fell by CHF 417 billion to CHF 2,417 billion (a 15% decrease). This decline was mainly brought about by the reduction in interbank liabilities and price losses on equity securities. It was accentuated by the lower valuation of foreign currency holdings. Of total foreign liabilities, 42% was accounted for by foreign currencies and 23% by equity securities.

The *other liabilities* item registered the sharpest decline, dropping by CHF 326 billion to CHF 1,118 billion. Its share in total foreign liabilities was down to 46% (2007: 51%). This drop was mainly attributable to interbank liabilities, which are recorded under this item and which fell by CHF 401 billion to CHF 563 billion. As on the assets side, this decline was due to the reduction in interbank positions and to exchange rate losses. By contrast, customer deposits with banks in Switzerland rose by CHF 37 billion to CHF 158 billion. This increase is probably due to foreign investors switching from fiduciary investments to deposits with banks in Switzerland. The SNB increased its liabilities towards central banks and commercial banks abroad by CHF 28 billion to CHF 34 billion.

Foreign portfolio investment in Switzerland declined by CHF 257 billion to CHF 625 billion. Shares held by non-residents fell by CHF 243 billion to CHF 473 billion as a result of the stock market slump (SMI: -35%). Holdings in collective investment schemes contracted by CHF 10 billion to CHF 91 billion, while investments in debt securities decreased by CHF 4 billion to CHF 61 billion. The share of portfolio investment in total foreign liabilities was down to 31%, compared with 38% a year earlier.

Chart 4

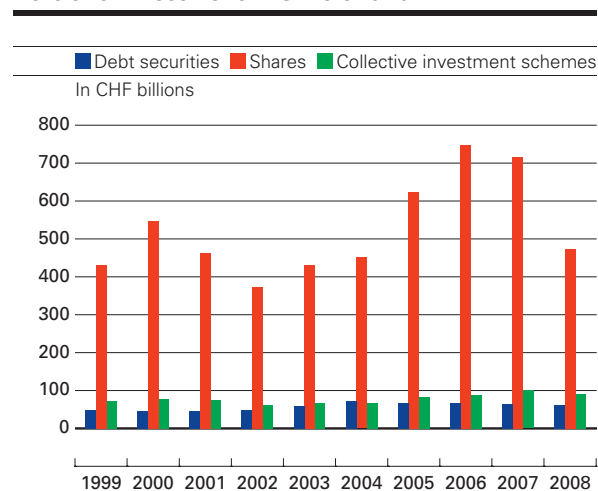
Switzerland's foreign liabilities



Other foreign liabilities include derivatives and structured products as well as other liabilities.

Chart 5

Portfolio investment in Switzerland



The stock of foreign direct investment in Switzerland increased by CHF 36 billion to CHF 467 billion. This was primarily the result of finance and holding companies shifting their headquarters to Switzerland. The share of direct investment in total foreign liabilities rose from 15% to 19%.

Derivatives and structured products amounted to CHF 206 billion, compared with CHF 76 billion in 2007. As a result, the proportion of this item in total foreign lia-

bilities rose from 3% to 9%. Whereas the negative replacement values of derivatives with counterparties abroad went up by CHF 137 billion to CHF 194 billion, the stock of structured products of domestic issuers held by foreign investors declined by CHF 6 billion to CHF 12 billion. The increase in derivatives was due to the market environment and the extended range of companies surveyed. In the case of structured products, the decrease was a result of sales and valuation losses.

Switzerland's international investment position – liabilities

Table 3

Total at year-end

In CHF billions

	2007	2008	Year-on-year change in percent	Share in percent
Direct investment	431.3	467.1	8.3	19.3
Portfolio investment	882.1	625.4	-29.1	25.9
Debt securities	65.4	61.3	-6.2	2.5
Shares	716.4	473.3	-33.9	19.6
Collective investment schemes	100.3	90.8	-9.5	3.8
Derivatives and structured products	75.9	205.7	170.9	8.5
Derivatives	57.2	193.7	238.6	8.0
Structured products	18.7	12.0	-35.9	0.5
Other liabilities	1 444.0	1 118.3	-22.6	46.3
of which				
Interbank liabilities	963.7	563.0	-41.6	23.3
SNB liabilities	6.4	34.4	439.6	1.4
Total	2 833.3	2 416.5	-14.7	100.0

Breakdown of foreign assets and liabilities by currency

The Swiss franc share of both foreign assets and foreign liabilities increased. This was mostly due to the appreciation of the Swiss currency. The US dollar lost 5.5% against the Swiss franc, while the euro depreciated by 10% and the pound sterling by as much as 31% against the Swiss currency. In addition to exchange rate losses, foreign currency holdings in US dollars and pounds sterling were reduced.

The Swiss franc share of foreign assets grew from 15% to 18%. The US dollar share, meanwhile, contracted from 27% to 26%. The share of the euro, by contrast, rose from 29% to 30%, as valuation losses were offset by new investments. The share of other currencies decreased from 28% to 25%, with the pound sterling accounting for the bulk of this decline.

Foreign liabilities developed in a similar fashion to foreign assets. The share of the Swiss franc rose (from 53% to 58%), as did that of the euro (from 12% to 14%), whereas the share of the US dollar declined (from 21% to 19%), as did those of other currencies (from 13% to 9%). On the liabilities side, too, the euro benefited from new investments.

Chart 6

Foreign assets

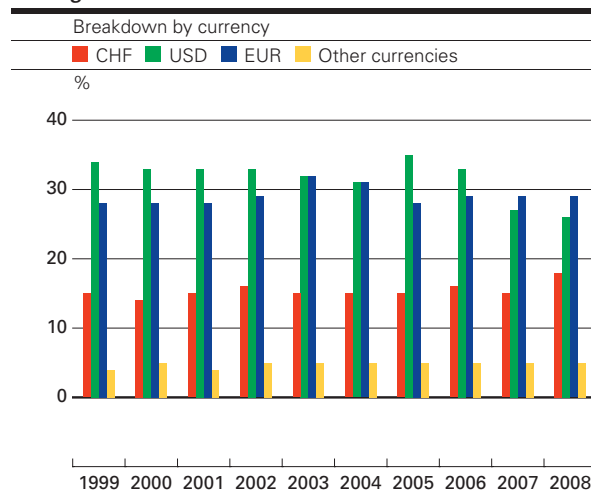
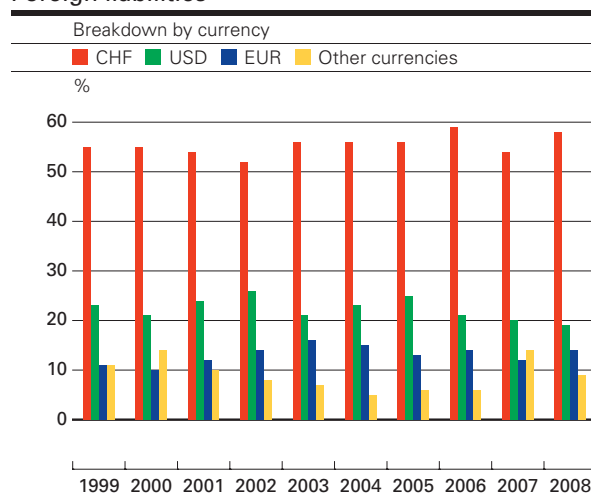


Chart 7

Foreign liabilities



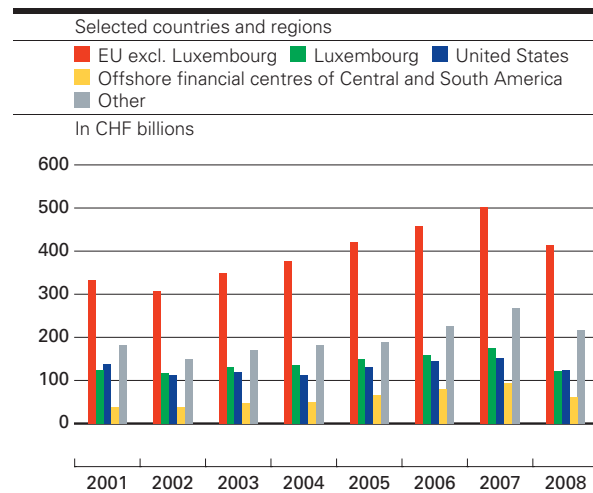
Foreign portfolio investment by country of issuer

The stock of portfolio investment abroad is focused on the industrial countries in Europe and North America as well as the offshore financial centres. These regions accounted for 87% of securities. The three most important countries of origin for borrowers issuing securities were the US and Luxembourg (13% each) and Germany (11%). The share of offshore financial centres in Europe and in Central and South America was 7% each.

Collective investment schemes were the largest component of securities from issuers in Luxembourg (82%) and in Central and South American offshore financial centres (77%). As regards securities issued in the US and some Asian countries, a comparatively large proportion of investment was in shares. In the case of securities issued in most other countries, however, debt securities were the dominant instrument.

Chart 8

Portfolio investment abroad



EU: until 2003, EU 15; as of 2004, EU 25; as of 2007, EU 27

Portfolio investment abroad in 2008 – Breakdown by instrument category In selected countries and regions

Table 4

Total at year-end
In CHF billions

	Debt securities	Shares	Collective investment schemes	Total	Total share in percent
Europe	409.9	61.0	139.5	610.3	65.1
EU27	356.4	58.6	121.2	536.2	57.2
of which					
Germany	81.2	16.3	3.4	100.9	0.8
France	65.8	11.0	4.3	81.1	8.6
Luxembourg	19.0	2.4	99.4	120.8	12.9
Netherlands	56.4	4.0	0.5	60.9	6.5
United Kingdom	33.2	13.1	1.9	48.2	5.1
Offshore financial centres	44.7	0.4	18.1	63.3	6.7
North America	85.0	47.5	6.4	139.0	14.8
of which					
United States	73.8	43.3	6.2	123.3	13.1
Central and South America	12.2	5.2	47.8	65.1	6.9
of which					
Offshore financial centres	10.5	3.9	47.8	62.2	6.6
Asia	10.7	13.0	1.3	25.0	2.7
Rest of the world and international organisations	18.6	2.6	0.4	21.7	2.3
Other/miscellaneous	61.0	16.1	0.0	77.1	8.2
All countries	597.4	145.4	195.4	938.2	100.0

Notes

Changes from the previous year

Derivatives and structured products

As of 2008, figures on stocks of derivatives cover all industries and segments; until 2007, only stocks held by banks and insurance companies were included.

Other claims and liabilities abroad (part of *other investment*)

The inclusion of additional data in the surveys has led to a retroactive revision in the previous estimates for *other claims and liabilities abroad* for the period from 2003 to 2008.

Statistical basis

Direct investment

Swiss direct investment abroad

Swiss participations of no less than 10% in companies abroad (subsidiaries, branch offices), as well as intragroup lending.

Foreign direct investment in Switzerland

Foreign participations of no less than 10% in companies in Switzerland (subsidiaries, branch offices), as well as intragroup lending.

The statistics are based on data submitted to the SNB by banks and companies.

Portfolio investment

Swiss portfolio investment abroad

Investment by residents in securities issued by foreign borrowers which are not included in direct investment or reserve assets, such as debt securities (money market instruments, bonds), equity securities (shares, participation certificates, dividend-right certificates) and units in collective investment schemes.

Foreign portfolio investment in Switzerland

Foreign investment in securities issued by domestic borrowers which are not included in direct investment, such as debt securities (money market instruments, bonds, medium-term bank-issued notes), equity securities (shares, participation certificates, dividend-right certificates) and units in collective investment schemes.

The statistics are based on data submitted to the SNB by banks and companies.

Derivatives and structured products

Derivatives include unconditional forward transactions (forwards, futures, swaps) and conditional forward transactions (options). Derivatives abroad: Positive replacement values of outstanding derivative financial instruments with counterparties abroad. Derivatives in Switzerland: Negative replacement values of outstanding derivative financial instruments with counterparties abroad. The statistics are based on data submitted to the SNB by banks and companies.

Structured products are standardised debt certificates that combine the properties of two or more financial instruments, thus forming a new investment product. A wide variety of structured products are available on the market. A commonly used breakdown divides structured products into participation products (certificates), yield-optimisation products (certificates, convertibles) and capital-protected products (with or without cap). Structured finance products (asset-backed securities, collateralised debt obligations and similar products), for which the financing purpose or risk transfer is of central importance, are recorded under debt securities rather than under structured products. Investment abroad: investment by Swiss residents in structured products of foreign issuers. Investment in Switzerland: investment by non-residents in structured products of domestic issuers. Holdings in bank custody accounts are reported. The statistics are based on data submitted to the SNB by the banks.

Other assets and liabilities

Lending by the SNB

Claims abroad: Claims from repo transactions, claims from swap transactions, monetary assistance loans and other claims against monetary authorities and banks abroad. Liabilities abroad: Liabilities from repo transactions and other liabilities towards monetary authorities and banks abroad.

Bank lending

Claims abroad: Lending to banks and customers abroad. Liabilities abroad: Deposits of banks and customers abroad.

Private sector lending

Claims abroad: Lending abroad by companies; excluding intragroup lending, which is recorded under direct investment abroad. Liabilities abroad: Lending from abroad to companies in Switzerland; excluding intragroup lending, which is recorded under direct investment in Switzerland.

Public sector lending

Claims abroad: Lending abroad by the public sector. Liabilities abroad: Short-term liabilities of the public sector towards other countries.

Other claims and liabilities abroad

Claims abroad: Residents' fiduciary funds which are invested abroad. The Swiss Confederation's participation in international organisations, the SNB's participation in the Bank for International Settlements (BIS), non-bank claims against banks abroad, balances held abroad by investment funds and pension funds, real estate held abroad. Liabilities abroad: Banknotes in Swiss francs held by non-residents. Non-residents' fiduciary funds which are invested in Switzerland. Real estate in Switzerland owned by non-residents. Liabilities held abroad by investment funds and pension funds.

The statistics are based on data submitted by the Swiss Confederation, banks, the SNB, companies and the BIS.

Reserve assets

Gold holdings, foreign exchange holdings, the reserve position in the International Monetary Fund and international payment instruments (SDRs) held by the SNB.

Methodological basis

Definition

The international investment position indicates the level of Switzerland's financial assets and liabilities. The net investment position denotes the balance of these assets and liabilities. The international investment position comprises portfolio investment, direct investment stocks, the SNB's reserve assets, as well as other financial assets and liabilities.

Switzerland's international investment position is compiled in accordance with IMF guidelines (*Balance of Payments Manual*, 5th edition).

Valuation of stocks

The positions at the end of the year are generally stated at market prices. Direct investment positions are an exception, as they are shown at book value.

International investment position and balance of payments

The international investment position is closely related to the balance of payments. It reflects the level of foreign assets and liabilities at a given point in time. In the balance of payments, capital flows (investments) are shown during a specified period. Capital outflows (Swiss investment abroad) lead to an increase in foreign assets, while capital inflows (foreign investment in Switzerland) bring about an increase in foreign liabilities. If Switzerland invests more abroad than vice versa, this results in a net capital outflow and the net international investment position increases. In this case, the corresponding balance in the current account shows a surplus.

However, changes in the international investment position are determined not only by investment, but by other factors as well. In particular, the positions reflect fluctuations in exchange rates and precious metal prices, as well as changes in stock prices.

Legal basis

According to the Federal Act on the Swiss National Bank of 3 October 2003 (National Bank Act) and the Ordinance on the National Bank Act of 18 March 2004 (National Bank Ordinance), the Swiss National Bank is authorised to collect the statistical data required for drawing up the balance of payments as well as the statistics on the international investment position. Pursuant to the Annex to the National Bank Ordinance, legal entities and companies are obliged to supply information if their financial claims or liabilities abroad exceed CHF 10 million at the time of the survey or if their direct investment abroad or direct investment from abroad exceeds CHF 10 million at the time of the survey.

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Explanation of symbols

Data confidential, not available or not applicable.

Break in the series.

Rounding differences

Deviations between the totals and the sums of components are due to rounding.

Revision procedure

Annual revisions are conducted in connection with the publication of the report on the international investment position in December. When the provisional data for the year under review are published in December, the figures for the previous period are generally also revised.

For these revisions, information supplied after the deadline and new data from secondary sources are taken into account; provisional estimates are revised or replaced.

If the new information relates to periods dating even further back, the older figures are also revised. Methodological modifications, new classifications and new sources – also for periods dating further back – are discussed in the explanatory notes of the publication in question.

Long time series

The international investment position tables, including tables covering longer periods of time, are available on the SNB website in a format that can be processed electronically: www.snb.ch, *Publications, Switzerland's International Investment Position*.

1.1 Switzerland's international investment position – overview

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Foreign assets	2 218 539	2 720 207	3 016 898	3 585 830	3 080 387
Direct investment	453 307	567 752	694 600	764 631	808 566
Portfolio investment	860 284	958 336	1 072 345	1 190 815	938 187
Derivatives and structured products	.	79 899	113 568	138 867	234 872
Other assets	820 485	1 038 427	1 057 717	1 406 488	1 019 874
Reserve assets	84 462	75 794	78 668	85 029	78 887
Foreign liabilities	1 658 747	2 104 037	2 389 111	2 833 288	2 416 512
Direct investment	223 694	223 636	323 645	431 307	467 122
Portfolio investment	589 478	773 126	903 140	882 077	625 395
Derivatives and structured products	.	60 411	70 936	75 938	205 717
Other liabilities	845 575	1 046 864	1 091 390	1 443 966	1 118 278
Net investment position	559 792	616 170	627 787	752 542	663 875
Direct investment	229 614	344 115	370 954	333 323	341 445
Portfolio investment	270 806	185 210	169 205	308 739	312 792
Derivatives and structured products	.	19 488	42 633	62 929	29 155
Other assets and liabilities	- 25 090	- 8 438	- 33 673	- 37 478	- 98 404
Reserve assets	84 462	75 794	78 668	85 029	78 887

2.1 Assets – breakdown by components

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Direct investment¹	453 307	567 752	694 600	764 631	808 566
Equity capital ²	428 591	540 192	631 771	686 619	710 015
Intragroup lending	24 717	27 560	62 828	78 012	98 551
Portfolio investment³	860 284	958 336	1 072 345	1 190 815	938 187
Debt securities	476 140	488 672	557 993	615 356	597 387
Bonds and notes	443 274	445 780	496 491	526 485	511 078
Money market instruments ⁴	32 866	42 892	61 502	88 871	86 310
Equity securities	384 145	469 664	514 353	575 459	340 800
Shares	228 174	250 248	263 135	277 530	145 407
Collective investment schemes ⁵	155 971	219 416	251 218	297 929	195 392
Derivatives and structured products	.	79 899	113 568	138 867	234 872
Derivatives ⁶	.	32 066	46 244	58 312	189 573
Structured products	.	47 833	67 324	80 555	45 299
Other foreign assets	820 485	1 038 427	1 057 717	1 406 488	1 019 874
Loans by	754 471	948 618	943 435	1 274 229	918 409
the Swiss National Bank ⁷	9 209	10 573	9 785	15 641	79 418
Government	473	8 752	8 954	6 167	445
Banks ⁸	613 545	744 367	739 126	1 013 141	613 442
to banks	482 693	599 608	581 195	812 726	447 706
to customers	130 852	144 759	157 931	200 415	165 736
Companies ⁹	131 243	184 926	185 571	239 281	225 104
Other investment	66 014	89 809	114 281	132 259	101 465
of which					
fiduciary investments	65 331	84 011	107 818	124 060	94 521
Reserve assets	84 462	75 794	78 668	85 029	78 887
Gold ¹⁰	21 639	28 050	32 221	34 776	30 862
Foreign exchange ¹¹	60 708	46 585	45 592	49 468	47 063
Reserve position in the IMF	2 035	1 080	557	406	725
Other reserve assets ¹²	80	79	298	379	238
Total	2 218 539	2 720 207	3 016 898	3 585 830	3 080 387

¹ Expansion of the reporting population in 1993 and 2004.

² Until 1985, excluding banks.

³ Until 1998, only securities held by banks or in banks' open customer custody accounts. As of 1999, including Confederation and Swiss National Bank debt securities which do not constitute part of the reserve assets.

⁴ Until 2004, money market instruments held by banks. As of 2005, including money market instruments held by insurance companies. As of 2008, including money market instruments held by non-financial companies.

⁵ Until 2004, containing exclusively investment fund certificates. 2005 and 2006, containing exclusively units in collective investment schemes with an open-ended structure. Units in collective investment schemes with a closed-ended structure were recorded under shares. As of 2007, including all units in collective investment schemes (both with an open-ended structure and those whose structure has a closed end).

⁶ Until 2007, only derivatives issued by banks and insurance companies. As of 2008, derivatives issued by all industries.

⁷ As of 2003, including monetary assistance loans.

⁸ As of 1995, excluding data attributable to finance companies (as such companies are no longer subject to the Banking Act).

⁹ As of 1999, excluding securities lending. As of 2003, there has been a change in bank reporting.

¹⁰ As of 1995, including data attributable to finance companies (as such companies are no longer subject to the Banking Act).

¹¹ Until 1999, gold holdings were valued at the official parity price of CHF 4596 per kilogram. As of 2000, they are priced at market value.

¹² In 2005, distribution to the Confederation and the cantons of the proceeds from gold sales.

¹³ As of 2003, monetary assistance loans are shown under loans by the Swiss National Bank.

2.2 Assets – breakdown by currency

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Direct investment¹	453 307	567 752	694 600	764 631	808 566
CHF	- 3 594	- 4 116	- 4 130	- 1 631	7 194
USD	89 316	129 939	154 604	138 777	145 792
EUR	136 439	170 132	209 108	249 045	246 192
Other currencies	231 146	271 797	335 018	378 440	409 389
Portfolio investment	860 284	958 336	1 072 345	1 190 815	938 187
CHF	226 531	238 802	274 765	315 135	284 454
USD	209 115	247 240	269 688	294 551	234 261
EUR	330 183	344 277	393 027	434 446	325 911
Other currencies	94 455	128 018	134 866	146 683	93 561
Derivatives and structured products	.	79 899	113 568	138 867	234 872
CHF	.	50 962	73 092	89 858	120 569
USD	.	11 703	14 810	19 078	53 759
EUR	.	15 185	22 528	24 646	40 568
Other currencies	.	2 014	3 092	5 148	19 867
Precious metals	.	35	46	137	109
Other foreign assets	820 485	1 038 427	1 057 717	1 406 488	1 019 874
CHF	107 228	123 908	128 808	149 193	149 622
USD	379 895	544 413	534 232	489 835	341 962
EUR	202 551	222 935	234 045	294 972	269 491
Other currencies	126 136	139 041	149 502	459 279	254 334
Precious metals	4 675	8 130	11 129	13 209	4 465
Reserve assets	84 462	75 794	78 668	85 029	78 887
USD	20 405	16 282	14 956	15 711	13 487
EUR	28 855	21 570	21 443	23 047	23 442
Other currencies	13 563	9 892	10 048	11 495	11 097
Precious metals	21 639	28 050	32 221	34 776	30 862
Total	2 218 539	2 720 207	3 016 898	3 585 830	3 080 387
CHF	330 165	409 556	472 535	552 555	561 839
USD	698 731	949 576	988 290	957 952	789 262
EUR	698 028	774 099	880 151	1 026 156	905 604
Other currencies	465 301	550 762	632 526	1 001 045	788 247
Precious metals	26 314	36 215	43 396	48 122	35 436

¹ Given that assets and liabilities are offset within intragroup lending, the balance may be negative.

2.3 Assets – breakdown by sector

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Swiss National Bank	96 270	88 451	90 250	102 502	177 950
Portfolio investment	2 537	1 993	1 707	1 742	16 913
Derivatives and structured products	.	.	.	.	2 642
Loans and other foreign assets	9 270	10 663	9 875	15 731	79 508
Reserve assets	84 462	75 794	78 668	85 029	78 887
Government	10 075	20 980	18 754	20 972	13 255
Portfolio investment	9 121	11 453	8 832	13 126	11 538
Derivatives and structured products	.	290	532	718	349
Loans and other foreign assets	954	9 238	9 390	7 128	1 369
Banks	737 435	922 607	959 078	1 264 937	903 235
Direct investment	59 480	70 038	81 410	86 794	92 706
Portfolio investment	64 410	77 736	96 534	108 352	90 380
Derivatives and structured products	.	30 466	42 003	56 650	106 708
Loans and other foreign assets	613 545	744 367	739 131	1 013 141	613 442
Other sectors	1 374 760	1 688 169	1 948 816	2 197 419	1 985 947
Direct investment	393 828	497 713	613 190	677 837	715 861
Portfolio investment	784 216	867 154	965 272	1 067 595	819 357
Derivatives and structured products	.	49 143	71 033	81 499	125 174
Loans and other foreign assets	196 715	274 159	299 321	370 488	325 555
Total	2 218 539	2 720 207	3 016 898	3 585 830	3 080 387

3.1 Liabilities – breakdown by components

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Direct investment¹	223 694	223 636	323 645	431 307	467 122
Equity capital	219 099	222 354	289 283	406 437	429 404
Intragroup lending	4 594	1 282	34 363	24 871	37 718
Portfolio investment	589 478	773 126	903 140	882 077	625 395
Debt securities	72 711	68 017	68 150	65 365	61 331
Bonds and notes	71 408	66 638	66 415	63 479	58 431
Money market instruments ²	1 303	1 379	1 735	1 886	2 900
Equity securities	516 767	705 109	834 990	816 712	564 064
Shares	451 126	622 793	746 653	716 378	473 259
Collective investment schemes ³	65 641	82 316	88 337	100 334	90 805
Derivatives and structured products	.	60 411	70 936	75 938	205 717
Derivatives ⁴	.	43 156	41 914	57 199	193 703
Structured products	.	17 255	29 021	18 739	12 015
Other foreign liabilities	845 575	1 046 864	1 091 390	1 443 966	1 118 278
Loans to	748 870	946 183	984 894	1 328 112	982 335
the Swiss National Bank	330	721	426	6 380	34 426
Government	798	945	1 463	1 755	1 389
Banks ⁵	641 916	775 536	803 859	1 084 793	720 934
from banks	538 622	662 548	688 407	963 738	563 003
from customers	103 294	112 988	115 452	121 055	157 931
Companies ⁶	105 826	168 982	179 146	235 184	225 587
Other investment	96 706	100 681	106 496	115 854	135 943
Total	1 658 747	2 104 037	2 389 111	2 833 288	2 416 512

¹ Expansion of the reporting population in 1993 and 2004.

² As of 2005, including money market instruments issued by insurance companies. As of 2008, including money market instruments issued by non-financial companies.

³ Until 2004, containing exclusively investment fund certificates. 2005 and 2006, containing exclusively units in collective investment schemes with an open-ended structure. Units in collective investment schemes with a closed-end structure were recorded under shares. As of 2007, including all units in collective investment schemes (both with an open-ended structure and those whose structure has a closed end).

⁴ Until 2007, only derivatives issued by banks and insurance companies. As of 2008, derivatives issued by all industries.

⁵ As of 1995, excluding data attributable to finance companies (as such companies are no longer subject to the Banking Act). As of 1999, excluding securities lending. As of 2003, there has been a change in bank reporting.

⁶ As of 1995, including data attributable to finance companies (as such companies are no longer subject to the Banking Act).

3.2 Liabilities – breakdown by currency

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Direct investment¹	223 694	223 636	323 645	431 307	467 122
CHF	219 074	229 896	307 070	419 110	436 395
USD	7 657	- 927	20 890	7 346	21 264
EUR	- 2 893	- 4 985	1 995	12 357	12 135
Other currencies	- 144	- 348	- 6 310	- 7 507	- 2 672
Portfolio investment	589 478	773 126	903 140	882 077	625 395
CHF	506 741	679 291	810 813	779 514	532 548
USD	33 219	36 625	36 776	43 483	39 725
EUR	39 311	43 718	41 774	43 909	42 090
Other currencies	10 207	13 492	13 777	15 171	11 031
Derivatives and structured products	.	60 411	70 936	75 938	205 717
CHF	.	38 873	57 849	58 155	113 634
USD	.	9 176	5 905	7 093	39 976
EUR	.	9 632	5 818	8 992	31 805
Other currencies	.	2 703	1 338	1 624	20 212
Precious metals	.	27	26	73	91
Other foreign liabilities	845 575	1 046 864	1 091 390	1 443 966	1 118 278
CHF	208 281	222 283	226 549	262 176	313 896
USD	343 389	482 550	433 481	519 001	360 997
EUR	217 777	229 959	292 735	283 395	249 268
Other currencies	65 945	97 249	117 769	354 974	178 300
Precious metals	10 184	14 824	20 856	24 420	15 816
Total	1 658 747	2 104 037	2 389 111	2 833 288	2 416 512
CHF	934 096	1 170 342	1 402 281	1 518 956	1 396 473
USD	384 264	527 424	497 051	576 924	461 963
EUR	254 195	278 323	342 323	348 653	335 299
Other currencies	76 008	113 097	126 575	364 262	206 871
Precious metals	10 184	14 851	20 882	24 493	15 907

¹ Given that assets and liabilities are offset within intragroup lending, the balance may be negative.

3.3 Liabilities – breakdown by sector

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Swiss National Bank	9 162	9 948	10 019	16 140	44 617
Derivatives and structured products	.	.	.	.	265
Loans and other foreign liabilities	9 162	9 948	10 019	16 140	44 352
Government	31 313	35 103	34 019	29 957	23 972
Portfolio investment	30 515	34 158	32 556	28 202	22 583
Loans and other foreign liabilities	798	945	1 463	1 755	1 389
Banks	670 160	843 245	879 198	1 179 853	889 313
Direct investment	27 288	29 688	32 063	35 761	38 380
Portfolio investment ¹	.	.	.	.	.
Derivatives and structured products	.	36 540	40 757	55 923	112 895
Loans and other foreign liabilities	642 873	777 017	806 377	1 088 169	738 038
Other sectors	948 112	1 215 741	1 465 875	1 607 339	1 458 610
Direct investment	196 406	193 948	291 582	395 547	428 742
Portfolio investment ²	558 963	738 968	870 584	853 875	602 812
Derivatives and structured products	.	23 871	30 179	20 015	92 557
Loans and other foreign liabilities	192 743	258 955	273 530	337 902	334 499
Total	1 658 747	2 104 037	2 389 111	2 833 288	2 416 512

¹ Included in portfolio investment by the other sectors.

² Including portfolio investment by banks.

4.1 Assets – portfolio investment abroad – by country of issuer

Total

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Europe	572 911	629 701	705 015	782 964	610 344
EU ¹	513 978	571 629	618 645	676 111	536 205
Other European countries ²	58 932	58 073	86 369	106 853	74 139
Selected countries					
Belgium	6 716	7 805	8 608	10 590	7 305
Denmark	4 580	6 002	6 380	7 826	5 912
Germany	107 162	117 237	125 243	132 982	100 872
Finland	6 771	6 741	6 696	7 821	7 101
France	62 604	69 566	77 584	85 584	81 070
Greece	2 011	2 596	3 405	3 950	3 074
Ireland	13 818	22 010	28 561	33 953	26 732
Italy	12 304	14 041	12 695	13 497	7 601
Luxembourg	136 373	149 851	159 828	174 033	120 794
Netherlands	66 578	62 562	66 184	65 942	60 882
Norway	5 582	5 692	6 491	8 479	8 254
Austria	27 599	30 513	35 088	40 036	38 609
Portugal	969	1 313	1 438	1 628	1 794
Russian Federation	1 805	2 084	3 898	5 701	1 632
Sweden	9 678	10 157	10 428	11 680	11 739
Spain	7 015	8 359	10 015	10 691	10 393
Turkey	831	554	2 658	1 286	721
United Kingdom	48 685	61 017	64 574	72 861	48 209
Offshore financial centres ³	50 290	48 414	71 607	89 536	63 264
North America	123 308	145 760	161 852	170 656	138 953
Canada	10 022	13 419	15 607	18 678	15 678
United States	113 286	132 341	146 245	151 978	123 275
Central and South America	53 759	69 734	85 773	98 556	65 129
of which					
Brazil	1 514	1 689	2 010	2 431	1 205
Mexico	662	898	1 119	1 223	1 046
Offshore financial centres ⁴	50 480	65 715	81 387	94 161	62 187

2004	2005	2006	2007	2008
1	2	3	4	5

Asia	23 781	34 909	34 573	36 470	25 007
of which					
Hong Kong	1 092	1 415	1 766	2 683	1 323
Japan	16 836	24 471	22 845	21 804	16 371
Korea, Republic of (South Korea)	1 734	2 401	2 582	3 128	2 329
Philippines	678	473	479	632	591
Singapore	856	1 197	1 509	2 081	1 016
Taiwan	957	1 273	1 196	1 050	498
Africa	1 507	1 899	2 090	2 357	1 424
of which					
South Africa	999	1 187	1 245	1 293	857
Oceania	8 997	12 129	13 984	16 933	13 446
of which					
Australia	8 260	10 933	12 640	15 160	12 734
New Zealand	706	1 154	1 270	1 645	636
International organisations	4 145	6 386	5 919	6 564	6 794
Not broken down by country	71 877	57 815	63 140	76 315	77 091
All countries	860 285	958 335	1 072 345	1 190 815	938 188

¹ Until 2003, EU15; as of 2004, EU25; as of 2007, EU27.

² Until 2003, including Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, including Bulgaria and Romania.

³ Gibraltar, Guernsey, Jersey and the Isle of Man.

⁴ Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Dominica, Grenada, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

4.2 Assets – portfolio investment abroad – by country of issuer

Debt securities

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Europe	334 318	350 494	395 347	435 064	409 889
EU ¹	286 947	308 654	332 783	362 476	356 441
Other European countries ²	47 371	41 840	62 565	72 588	53 448
Selected countries					
Belgium	4 984	5 495	5 835	6 527	6 058
Denmark	3 951	5 361	5 536	6 887	5 423
Germany	77 524	83 974	89 628	85 710	81 202
Finland	4 113	3 640	4 149	4 725	5 971
France	46 577	48 965	51 170	56 553	65 792
Greece	1 722	2 039	2 397	2 788	2 817
Ireland	6 768	9 935	14 085	16 779	15 941
Italy	7 927	8 322	6 854	6 536	4 856
Luxembourg	17 854	17 952	19 641	22 211	19 037
Netherlands	49 080	50 536	54 434	56 591	56 410
Norway	5 090	4 669	5 246	6 946	7 587
Austria	25 710	27 766	31 765	36 474	36 869
Portugal	779	1 026	1 205	1 399	1 671
Russian Federation	299	375	370	294	191
Sweden	6 875	7 459	7 322	8 973	10 608
Spain	3 248	3 798	4 606	5 429	6 907
Turkey	536	452	390	1 180	680
United Kingdom	29 020	30 942	32 854	42 641	33 191
Offshore financial centres ³	41 033	35 061	54 882	62 337	44 738
North America	56 225	66 611	77 146	86 684	85 047
Canada	6 249	7 238	8 215	9 971	11 276
United States	49 976	59 373	68 932	76 713	73 772
Central and South America	17 924	15 044	17 994	16 687	12 186
of which					
Brazil	975	744	696	635	592
Mexico	411	559	538	526	433
Offshore financial centres ⁴	15 516	12 685	15 591	14 932	10 544

	2004	2005	2006	2007	2008
	1	2	3	4	5
Asia	5 211	5 847	7 628	10 567	10 651
of which					
Hong Kong	54	91	104	140	189
Japan	3 685	3 932	4 865	5 464	5 987
Korea, Republic of (South Korea)	173	263	838	1 418	1 782
Philippines	634	422	424	562	556
Singapore	237	368	370	811	480
Taiwan	97	84	75	75	20
Africa	667	639	851	970	703
of which					
South Africa	223	244	319	415	326
Oceania	6 743	8 941	10 507	12 541	11 313
of which					
Australia	6 096	7 864	9 302	10 967	10 710
New Zealand	645	1 074	1 203	1 571	600
International organisations	3 784	5 847	5 604	6 011	6 626
Not broken down by country	51 269	35 248	42 914	46 832	60 973
All countries	476 141	488 671	557 993	615 356	597 387

¹ Until 2003, EU15; as of 2004, EU25; as of 2007, EU27.

² Until 2003, including Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, including Bulgaria and Romania.

³ Gibraltar, Guernsey, Jersey and the Isle of Man.

⁴ Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Dominica, Grenada, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

4.3 Assets – portfolio investment abroad – by country of issuer

Equity securities

Stocks at year-end

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Europe	238 593	279 208	309 667	347 900	200 455
EU ¹	227 031	262 975	285 862	313 636	179 763
Other European countries ²	11 561	16 233	23 805	34 264	20 691
Selected countries					
Belgium	1 733	2 310	2 772	4 063	1 246
Denmark	629	641	844	939	489
Germany	29 638	33 263	35 614	47 272	19 669
Finland	2 658	3 102	2 547	3 096	1 130
France	16 027	20 601	26 414	29 031	15 278
Greece	289	557	1 009	1 162	257
Ireland	7 050	12 075	14 476	17 174	10 791
Italy	4 377	5 719	5 841	6 961	2 745
Luxembourg	118 520	131 898	140 187	151 822	101 757
Netherlands	17 498	12 026	11 750	9 351	4 471
Norway	492	1 024	1 245	1 533	667
Austria	1 889	2 747	3 324	3 562	1 740
Portugal	190	288	233	229	123
Russian Federation	1 506	1 709	3 528	5 407	1 441
Sweden	2 803	2 697	3 106	2 706	1 131
Spain	3 767	4 562	5 409	5 262	3 487
Turkey	295	103	2 269	106	41
United Kingdom	19 666	30 075	31 721	30 220	15 018
Offshore financial centres ³	9 256	13 353	16 725	27 199	18 526
North America	67 083	79 149	84 706	83 972	53 906
Canada	3 773	6 181	7 392	8 707	4 402
United States	63 310	72 968	77 313	75 265	49 504
Central and South America	35 836	54 690	67 778	81 869	52 943
of which					
Brazil	538	945	1 314	1 796	613
Mexico	251	339	581	697	614
Offshore financial centres ⁴	34 964	53 029	65 796	79 229	51 644

2004	2005	2006	2007	2008
1	2	3	4	5

Asia	18 570	29 062	26 945	25 903	14 356
of which					
Hong Kong	1 038	1 323	1 662	2 543	1 133
Japan	13 151	20 539	17 979	16 340	10 385
Korea, Republic of (South Korea)	1 561	2 139	1 745	1 710	548
Philippines	44	51	55	70	35
Singapore	619	829	1 139	1 271	536
Taiwan	860	1 189	1 121	975	477
Africa	840	1 260	1 239	1 387	721
of which					
South Africa	775	944	926	877	531
Oceania	2 254	3 188	3 477	4 392	2 133
of which					
Australia	2 164	3 069	3 338	4 193	2 024
New Zealand	62	80	67	74	36
International organisations	361	540	315	553	168
Not broken down by country	20 608	22 568	20 226	29 483	16 118
All countries	384 144	469 664	514 353	575 459	340 800

¹ Until 2003, EU15; as of 2004, EU25; as of 2007, EU27.

² Until 2003, including Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, including Bulgaria and Romania.

³ Gibraltar, Guernsey, Jersey and the Isle of Man.

⁴ Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Dominica, Grenada, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

Other SNB publication on Switzerland's international investment position

The SNB issues data on international investment position in one additional publication. The data are available as pdf files on the SNB website at www.snb.ch, *Publications*. In addition, long time series are available. Data are available on an annual basis from 1985, and on a quarterly basis from 2000.

Monthly Statistical Bulletin, tables R

The SNB publishes quarterly and yearly data on Switzerland's international investment position in the *Monthly Statistical Bulletin*. The March, June, September and December issues of the *Monthly Statistical Bulletin* contain the latest data on Switzerland's investment position.

Further information

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