

Swiss Balance of Payments

Q1 2007

June 2007

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
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Statistics
Balance of Payments

Q2 figures to be published on 28 September 2007

Balance of payments in Q1 2007

Overview

The current account surplus amounted to CHF 22 billion in Q1 2007, putting it on a par with the level seen in previous quarters. The surplus from trade in goods and services rose by CHF 2 billion to CHF 12 billion. This increase reflected strong growth in exports of goods. In net terms, investment income was CHF 2 billion lower than in Q1 2006.

In the financial account, net capital outflows fell by CHF 12 billion year-on-year to CHF 7 billion. The key factor was lower net capital exports in portfolio and direct investment. In the case of portfolio investment, this was attributable to a reduction in investment abroad. As for direct investment, persistently high capital outflows were accompanied by extraordinarily high capital inflows.

Balance of payments, net;^{1,*} CHF billions

Table 1

	2005 provisional	2006 estimate	2006 Q1 estimate	2006 Q2 estimate	2006 Q3 estimate	2006 Q4 estimate	2007 Q1 estimate
Current account	75.0	82.1	21.2	20.2	21.2	19.5	21.6
Goods	3.0	4.2	0.3	0.8	2.8	0.4	2.2
Services	29.6	32.9	9.1	7.7	7.6	8.6	9.4
Labour income	-10.3	-11.0	-2.7	-2.7	-2.8	-2.8	-2.9
Investment income	64.1	64.6	16.3	16.1	15.1	17.1	14.4
Current transfers	-11.3	-8.7	-1.8	-1.8	-1.5	-3.6	-1.6
Capital transfers	-1.0	-1.0	-0.2	-0.2	-0.2	-0.2	-0.2
Financial account	-92.0	-108.0	-18.6	-30.9	-23.2	-35.4	-6.8
Direct investment	-69.2	-70.7	-22.5	-13.6	-34.7	0.1	-1.9
Portfolio investment	-59.2	-53.5	-43.5	-7.1	4.9	-7.9	-24.0
Other investment, of which	14.3	16.6	46.2	-10.0	6.9	-26.4	18.3
Commercial bank lending	1.9	23.6	45.2	-8.0	-3.9	-9.7	16.9
Corporate lending	14.6	11.8	9.2	-4.5	17.0	-10.0	7.1
Reserve assets	22.0	-0.4	1.2	-0.2	-0.2	-1.1	0.8
Net errors and omissions	18.0	26.9	-2.4	10.9	2.2	16.1	-14.5

1 The minus sign (-) indicates a surplus of imports over exports in the current account, and an export of capital in the other positions.

* Differences in aggregates, i.e. totals and sums of components, due to the rounding of figures.

Current account

Goods

Trade in goods (special trade) rose sharply. Exports advanced by 13% year-on-year, while imports were up by 11%. The growth in exports was broad-based, with all sectors recording higher sales. Exports of raw materials and semi-manufactures as well as consumer goods increased by 14% and 13% respectively. Imports of raw materials and semi-manufactures exhibited especially strong momentum, registering an increase of 29%. Around a quarter of this increase was attributable to higher prices. Imports of capital and consumer goods grew by a below-average 8% and 7% respectively.

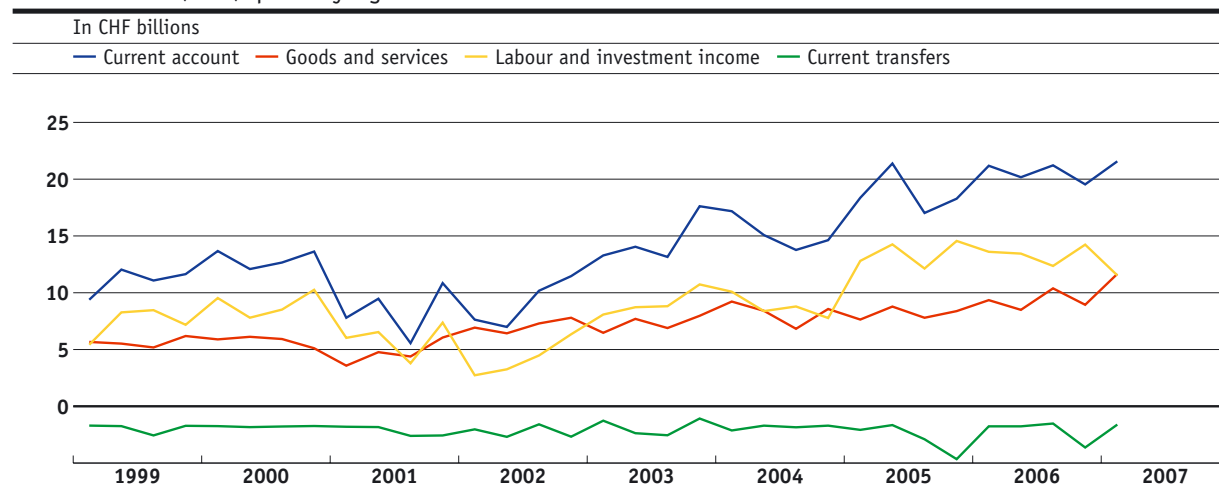
Services

In trade in services, exports grew by 5% year-on-year. Receipts from international transportation services displayed strong growth of 8%. Receipts from financial services and tourism both saw an advance of 6%. Imports of services likewise increased by 6%. Swiss tourists and business travellers were the key, having spent 11% more abroad than in the same quarter of 2006.

Investment income

The higher level of interest rates around the world resulted in an increase in investment income from abroad (receipts) as well as income from investments in Switzerland (expenses). Higher dividend payments also contributed to the rise in expenses. Receipts grew by CHF 1 billion to CHF 33 billion, and expenses by CHF 3 billion to CHF 19 billion. Net investment income therefore amounted to CHF 14 billion (CHF 16 billion in the year-back quarter).

Graph 1
Current account, net; quarterly figures



Financial account

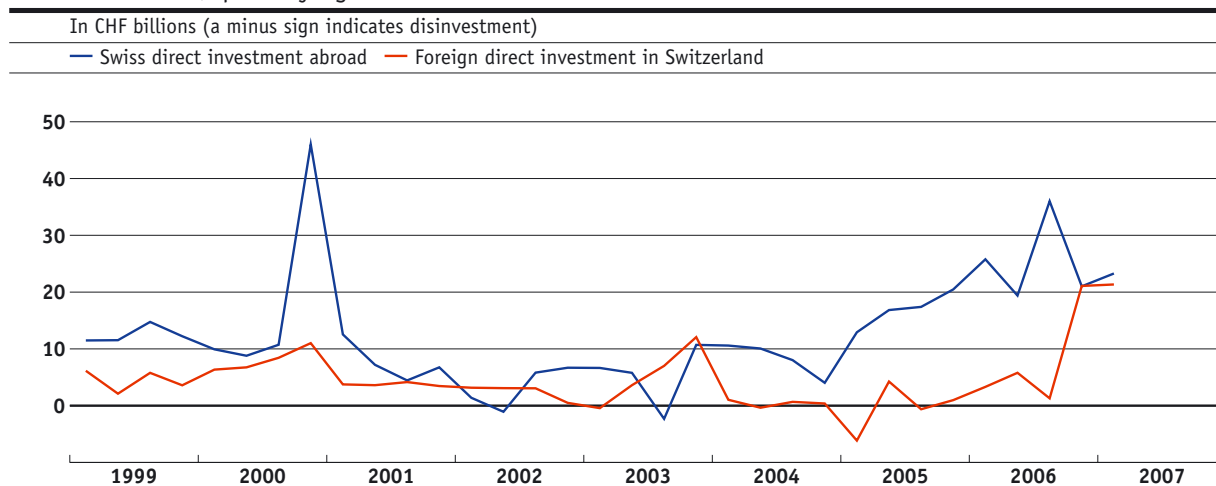
Direct investment

Direct investment abroad (capital outflows) amounted to CHF 23 billion (CHF 26 billion in the year-back quarter). The banking (CHF 9 billion) and chemicals (CHF 6 billion) industries, in particular, invested abroad on a greater scale. Big investors once again included finance and holding companies. Companies invested their funds primarily in existing participations abroad (in the first quarter of 2006 they had mainly carried out acquisitions).

Foreign direct investment in Switzerland (capital inflows) came to CHF 21 billion, as against CHF 3 billion a year previously. The marked increase arose primarily as a result of the acquisition of a major pharmaceuticals company by foreign investors. A total of CHF 18 billion was channelled into the manufacturing sector, with the remaining CHF 3 billion split equally between finance and holding companies, on the one hand, and other service industries, on the other.

Graph 2

Direct investment, quarterly figures



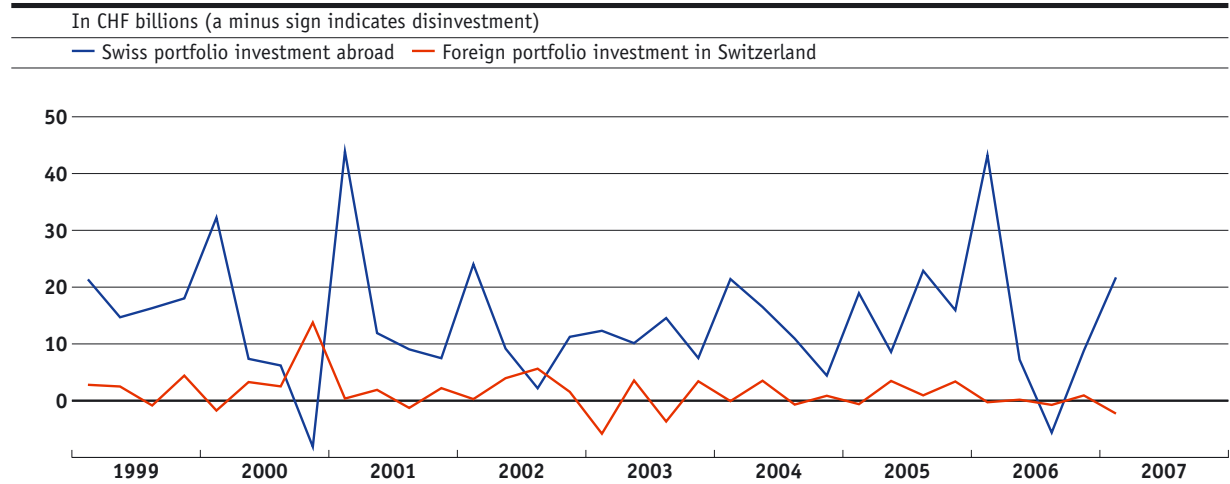
Portfolio investment

Portfolio investment abroad (purchases of foreign securities) amounted to CHF 22 billion. The banks conducted two thirds of these investments, thereby sharply increasing their trading portfolios abroad. Swiss investors mainly purchased debt securities in euros and Swiss francs. CHF 5 billion also flowed into investment fund certificates.

Foreign investors sold a net CHF 2 billion of Swiss securities. This included CHF 5 billion in sales of shares. At the same time, CHF 2 billion was channelled into investment fund certificates and CHF 1 billion into debt securities.

Graph 3

Portfolio investment, quarterly figures



Lending and deposit business of banks

The banks exhibited extraordinarily high turnover in the lending and deposit business. This was primarily attributable to transactions with branches abroad. Inflows in transactions with banks abroad amounted to a net CHF 25 billion, while business with customers abroad showed a net outflow of CHF 8 billion. Capital inflows therefore amounted to a net CHF 17 billion (CHF 45 billion in the year-back quarter).

Corporate lending

Corporate lending is a collective item. It contains corporate financial flows that are not covered by either direct investment or portfolio investment. Some of these relate to capital deposited by domestic companies with banks abroad, or borrowed by domestic companies from banks abroad. Capital market transactions by finance companies are another important element. Corporate lending also includes insurers' liabilities arising out of cross-border insurance business. The corporate lending item showed a capital inflow of CHF 7 billion in Q1 2007, CHF 2 billion less than in the year-back quarter. This outflow was largely attributable to transactions by trading companies as well as finance and holding companies.

Quarterly estimates of the balance of payments

The quarterly estimates of the balance of payments are based mainly on data collected by the SNB from banks, insurance companies and companies in other industries. Data on foreign goods trade are derived from the trade statistics of the Federal Customs Administration. If no data are available, the transactions are estimated on the basis of indicators. At the time of publication, results for the quarter under review were not yet available for all companies surveyed. Data supplied after the deadline for publication will be taken into account when individual quarters are revised.

Supplementary information

For comments on the individual positions in the balance of payments as well as the methodological and legal basis, see our annual publication, *Swiss Balance of Payments*. It may be accessed on the SNB website (www.snb.ch) under *Publications* (pdf file).

Appendix

Tables

- Swiss balance of payments
- Direct investment
- Portfolio investment
- Corporate lending

Swiss balance of payments^{1,*} in CHF billions

	2005	2006	2006	2006	2006	2006	2007
	provisional	estimate	Q1 estimate	Q2 estimate	Q3 estimate	Q4 estimate	Q1 estimate
I. Current account net	75.0	82.1	21.2	20.2	21.2	19.5	21.6
Goods net	3.0	4.2	0.3	0.8	2.8	0.4	2.2
Special trade ² , net	7.9	11.7	2.1	2.7	3.8	3.1	3.2
Receipts	157.0	177.2	42.9	43.7	43.2	47.4	48.3
Expenses	-149.1	-165.5	-40.8	-41.1	-39.5	-44.2	-45.1
Other trade, net	-4.9	-7.4	-1.8	-1.8	-1.0	-2.8	-1.0
Receipts	6.5	8.2	1.9	1.9	2.1	2.4	2.3
Expenses	-11.4	-15.6	-3.7	-3.7	-3.1	-5.1	-3.2
Services net	29.6	32.9	9.1	7.7	7.6	8.6	9.4
Receipts	58.7	65.1	16.0	15.9	16.8	16.4	16.7
Expenses	-29.1	-32.2	-6.9	-8.2	-9.2	-7.8	-7.3
Tourism, net	2.2	2.1	1.5	0.3	0.0	0.4	1.5
Receipts	13.7	14.8	3.7	3.7	4.3	3.2	3.9
Expenses	-11.6	-12.7	-2.1	-3.4	-4.3	-2.9	-2.4
Financial services, net	11.7	13.1	3.3	3.1	3.1	3.6	3.6
Receipts	13.0	14.7	3.7	3.5	3.4	4.0	3.9
Expenses	-1.3	-1.6	-0.4	-0.4	-0.4	-0.4	-0.3
Other services, net	15.7	17.7	4.2	4.3	4.6	4.6	4.4
Labour income and investment income net	53.8	53.6	13.6	13.4	12.4	14.2	11.5
Labour income, net	-10.3	-11.0	-2.7	-2.7	-2.8	-2.8	-2.9
Receipts	2.1	2.2	0.5	0.5	0.5	0.5	0.6
Expenses	-12.5	-13.2	-3.2	-3.2	-3.3	-3.4	-3.5
Investment income, net	64.1	64.6	16.3	16.1	15.1	17.1	14.4
Receipts	131.1	143.5	32.0	35.1	34.7	41.6	33.0
Portfolio investment	26.5	30.7	7.3	7.6	7.9	8.0	8.5
Direct investment	80.4	76.4	17.2	18.3	17.5	23.4	13.8
Other investment income	24.2	36.4	7.6	9.3	9.3	10.2	10.6
Expenses	-67.0	-78.9	-15.8	-19.0	-19.6	-24.6	-18.5
Portfolio investment	-13.8	-16.9	-3.8	-4.3	-4.4	-4.4	-4.7
Direct investment	-34.7	-30.9	-5.7	-6.7	-7.1	-11.4	-5.1
Other investment income	-18.5	-31.0	-6.2	-7.9	-8.1	-8.8	-8.8
Current transfers net	-11.3	-8.7	-1.8	-1.8	-1.5	-3.6	-1.6
II. Capital transfers net	-1.0	-1.0	-0.2	-0.2	-0.2	-0.2	-0.2
III. Financial account net	-92.0	-108.0	-18.6	-30.9	-23.2	-35.4	-6.8
Direct investment net	-69.2	-70.7	-22.5	-13.6	-34.7	0.1	-1.9
Swiss direct investment abroad	-67.6	-102.2	-25.8	-19.4	-36.0	-21.0	-23.3
Equity capital	-21.6	-50.6	-17.1	-6.7	-6.5	-20.4	-15.1
Reinvested earnings	-45.6	-35.7	-9.6	-9.6	-9.6	-6.8	-7.4
Other capital	-0.4	-16.0	0.9	-3.1	-19.9	6.2	-0.7
Foreign direct investment in Switzerland	-1.6	31.5	3.3	5.8	1.3	21.1	21.3
Equity capital	-0.7	9.0	0.9	-0.2	0.1	8.2	17.5
Reinvested earnings	-3.3	17.7	4.5	2.7	6.0	4.4	2.4
Other capital	2.5	4.8	-2.1	3.2	-4.8	8.5	1.5

	2005 provisional	2006 estimate	2006 Q1 estimate	2006 Q2 estimate	2006 Q3 estimate	2006 Q4 estimate	2007 Q1 estimate
Portfolio investment net	-59.2	-53.5	-43.5	-7.1	4.9	-7.9	-24.0
Swiss portfolio investment abroad	-66.3	-53.6	-43.2	-7.2	5.6	-8.8	-21.7
Debt securities	-44.3	-36.1	-32.7	-2.6	7.8	-8.5	-18.3
Bonds and notes	-48.5	-46.4	-35.8	-6.3	2.0	-6.3	-19.4
Money market instruments	4.2	10.3	3.0	3.7	5.8	-2.3	1.1
Equity securities	-22.0	-17.5	-10.5	-4.6	-2.2	-0.3	-3.4
Foreign portfolio investment in Switzerland	7.2	0.1	-0.3	0.2	-0.7	0.9	-2.3
Debt securities	2.1	-0.6	-0.9	0.6	-0.1	-0.2	0.8
Bonds and notes	-1.5	-1.0	-1.2	0.7	-0.4	-0.1	0.0
Money market instruments	3.5	0.3	0.3	-0.1	0.2	-0.1	0.8
Equity securities	5.1	0.7	0.6	-0.4	-0.6	1.1	-3.1
Other investment net	14.3	16.6	46.2	-10.0	6.9	-26.4	18.3
Commercial bank lending, net	1.9	23.6	45.2	-8.0	-3.9	-9.7	16.9
Claims abroad	-73.5	-33.3	-67.5	-15.7	-12.0	62.0	-239.0
Claims against banks	-71.4	-14.5	-60.5	-13.0	-4.0	63.0	-231.1
Other claims	-2.0	-18.8	-7.1	-2.7	-8.0	-1.1	-8.0
Liabilities abroad	75.4	56.9	112.8	7.7	8.1	-71.7	255.9
Liabilities towards banks	72.4	53.7	108.0	4.7	15.7	-74.8	256.4
Other liabilities	3.0	3.2	4.7	3.0	-7.6	3.1	-0.5
Corporate lending ³ , net	14.6	11.8	9.2	-4.5	17.0	-10.0	7.1
Claims abroad	1.2	-2.2	6.5	-5.8	1.6	-4.5	-16.2
Liabilities abroad	13.4	14.0	2.7	1.4	15.4	-5.5	23.3
Government lending, net	0.1	-0.1	0.0	-0.1	0.0	0.0	0.0
Other, net	-2.3	-18.7	-8.3	2.5	-6.2	-6.7	-5.6
Reserve assets total	22.0	-0.4	1.2	-0.2	-0.2	-1.1	0.8
IV. Net errors and omissions	18.0	26.9	-2.4	10.9	2.2	16.1	-14.5

1 The minus sign (-) indicates a surplus of imports over exports in the current account, and an export of capital in the other items.

2 As of 2002, special trade has also included electrical energy. In addition, it covers processing of goods for foreign account, processing abroad for domestic account and returned goods, all of which, until 2001, were included under other trade.

3 Intragroup lending is shown under direct investment.

* Differences in aggregates, i.e. totals and sums of components, due to the rounding of figures.

Swiss direct investment abroad

Capital outflows: breakdown by economic activity and type of capital^{1,*} in CHF billions

	2005 provisional	2006 estimate	2006 Q1 estimate	2006 Q2 estimate	2006 Q3 estimate	2006 Q4 estimate	2007 Q1 estimate
Total							
All types of capital	-67.6	-102.2	-25.8	-19.4	-36.0	-21.0	-23.3
Equity capital	-21.6	-50.6	-17.1	-6.7	-6.5	-20.4	-15.1
Reinvested earnings	-45.6	-35.7	-9.6	-9.6	-9.6	-6.8	-7.4
Other capital	-0.4	-16.0	0.9	-3.1	-19.9	6.2	-0.7
Manufacturing							
All types of capital	-26.6	-42.2	-13.8	-11.8	-11.1	-5.4	-8.8
Equity capital	-10.5	-18.0	-6.2	-1.6	-5.1	-5.1	-1.6
Reinvested earnings	-16.3	-15.2	-4.5	-4.5	-4.5	-1.7	-3.3
Other capital	0.3	-9.0	-3.2	-5.7	-1.5	1.4	-3.8
Services²							
All types of capital	-25.4	-31.8	-7.8	-6.0	-3.9	-14.1	-9.1
Equity capital	-9.1	-25.2	-5.7	-4.8	-0.8	-13.9	-7.3
Reinvested earnings	-10.2	-11.0	-2.8	-2.8	-2.8	-2.8	-2.3
Other capital	-6.1	4.4	0.6	1.6	-0.4	2.6	0.5
Finance and holding companies							
All types of capital	-15.6	-28.2	-4.1	-1.6	-20.9	-1.5	-5.4
Equity capital	-2.0	-7.4	-5.2	-0.3	-0.6	-1.4	-6.1
Reinvested earnings	-19.1	-9.5	-2.4	-2.4	-2.4	-2.4	-1.8
Other capital	5.4	-11.3	3.4	1.1	-18.0	2.2	2.6

Foreign direct investment in Switzerland

Capital inflows: breakdown by economic activity and type of capital^{1,*} in CHF billions

	2005 provisional	2006 estimate	2006 Q1 estimate	2006 Q2 estimate	2006 Q3 estimate	2006 Q4 estimate	2007 Q1 estimate
Total							
All types of capital	-1.6	31.5	3.3	5.8	1.3	21.1	21.3
Equity capital	-0.7	9.0	0.9	-0.2	0.1	8.2	17.5
Reinvested earnings	-3.3	17.7	4.5	2.7	6.0	4.4	2.4
Other capital	2.5	4.8	-2.1	3.2	-4.8	8.5	1.5
Manufacturing							
All types of capital	0.5	4.9	1.8	1.7	-0.1	1.5	18.1
Equity capital	0.0	0.8	0.4	0.7	-0.2	-0.1	16.9
Reinvested earnings	0.6	3.2	0.8	0.8	0.8	0.8	0.7
Other capital	-0.2	0.9	0.7	0.2	-0.7	0.7	0.5
Services²							
All types of capital	6.1	14.3	-0.6	4.1	1.2	9.6	1.7
Equity capital	2.0	7.7	0.2	-0.8	0.1	8.2	0.4
Reinvested earnings	3.8	5.7	1.4	1.4	1.4	1.4	0.9
Other capital	0.3	0.9	-2.2	3.5	-0.3	0.0	0.4
Finance and holding companies							
All types of capital	-8.1	12.2	2.0	0.0	0.2	10.0	1.6
Equity capital	-2.7	0.4	0.3	0.0	0.1	0.0	0.2
Reinvested earnings	-7.8	8.8	2.3	0.5	3.8	2.2	0.7
Other capital	2.4	3.0	-0.6	-0.5	-3.7	7.8	0.6

1 The minus sign (-) indicates an outflow of capital.

2 Excluding finance and holding companies.

* Differences in aggregates, i.e. totals and sums of components, due to the rounding of figures.

Swiss portfolio investment abroad¹ in CHF billions

	2005 provisional	2006 estimate	2006 Q1 estimate	2006 Q2 estimate	2006 Q3 estimate	2006 Q4 estimate	2007 Q1 estimate
Debt securities							
Bonds	-48.5	-46.4	-35.8	-6.3	2.0	-6.3	-19.4
Money market instruments	4.2	10.3	3.0	3.7	5.8	-2.3	1.1
Total	-44.3	-36.1	-32.7	-2.6	7.8	-8.5	-18.3
of which							
CHF	-12.2	-12.7	-7.4	-3.3	0.4	-2.4	-7.9
EUR	-10.4	-18.4	-18.6	-1.3	6.2	-4.7	-6.4
USD	-14.6	-1.0	-3.0	0.9	1.1	-0.1	-1.4
Other	-7.1	-4.0	-3.7	1.0	0.1	-1.4	-2.6
Equity securities							
Shares	6.1	5.4	-1.0	1.4	2.0	3.0	1.4
Investment funds	-28.1	-22.9	-9.5	-6.1	-4.2	-3.2	-4.8
Total	-22.0	-17.5	-10.5	-4.6	-2.2	-0.3	-3.4
of which							
CHF	-5.5	-6.7	-3.3	-2.5	-1.3	0.5	-1.3
EUR	-9.1	-1.1	-2.1	-0.7	0.7	1.0	0.0
USD	-5.0	-10.1	-4.6	-2.1	-1.8	-1.6	-0.9
Other	-2.4	0.3	-0.4	0.6	0.3	-0.2	-1.2
Debt securities and equity securities total	-66.3	-53.6	-43.2	-7.2	5.6	-8.8	-21.7

Foreign portfolio investment in Switzerland¹ in CHF billions

	2005 provisional	2006 estimate	2006 Q1 estimate	2006 Q2 estimate	2006 Q3 estimate	2006 Q4 estimate	2007 Q1 estimate
Debt securities							
Bonds	-1.5	-1.0	-1.2	0.7	-0.4	-0.1	0.0
Money market instruments	3.5	0.3	0.3	-0.1	0.2	-0.1	0.8
Total	2.1	-0.6	-0.9	0.6	-0.1	-0.2	0.8
of which							
CHF	1.8	-0.7	-0.9	0.6	-0.2	-0.2	0.7
EUR	-0.1	-0.1	0.0	0.0	0.0	-0.1	0.0
USD	0.4	0.1	0.0	0.0	0.1	0.0	0.0
Other	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Equity securities							
Shares	-2.8	-5.5	-1.8	-3.0	-2.0	1.3	-4.6
Investment funds	7.9	6.2	2.5	2.6	1.4	-0.2	1.5
Total	5.1	0.7	0.6	-0.4	-0.6	1.1	-3.1
of which							
CHF	-4.7	-7.3	-2.4	-3.6	-2.3	1.0	-5.1
EUR	6.4	2.4	1.4	1.0	0.8	-0.8	0.1
USD	3.2	5.6	1.7	2.3	1.0	0.7	1.9
Other	0.2	-0.1	-0.1	-0.1	0.0	0.1	0.1
Debt securities and equity securities total	7.2	0.1	-0.3	0.2	-0.7	0.9	-2.3

1 The minus sign (-) indicates an outflow of capital.

Corporate lending by economic activity^{1,2}

Claims abroad^{3,*} in CHF billions

	2005	2006	2006	2006	2006	2006	2007
	provisional	estimate	Q1 estimate	Q2 estimate	Q3 estimate	Q4 estimate	Q1 estimate
Manufacturing	3.0	0.5	0.6	0.7	-0.4	-0.4	-1.1
Chemicals and plastics	2.2	-0.3	-0.7	0.8	-0.2	-0.1	-1.7
Metals and machinery	0.6	0.2	0.3	0.0	-0.1	0.0	-0.1
Electronics, energy, optical and watchmaking	-0.1	0.5	1.0	-0.2	0.0	-0.3	0.8
Other manufacturing and construction	0.2	0.1	0.0	0.2	-0.1	0.0	-0.1
Services	-1.8	-2.7	5.9	-6.5	2.0	-4.2	-15.1
Trade	-5.3	-0.4	1.3	-1.5	0.9	-1.2	-0.8
Finance and holding companies	8.1	-6.5	0.2	-6.8	2.6	-2.5	-8.2
Insurance	-4.6	4.1	3.8	2.4	-1.2	-1.0	-6.0
Transportation and communications	0.7	-0.1	-0.1	-0.1	0.0	0.2	-0.2
Other services	-0.7	0.2	0.7	-0.6	-0.2	0.3	-0.1
Total	1.2	-2.2	6.5	-5.8	1.6	-4.5	-16.2

Liabilities abroad^{3,*} in CHF billions

	2005	2006	2006	2006	2006	2006	2007
	provisional	estimate	Q1 estimate	Q2 estimate	Q3 estimate	Q4 estimate	Q1 estimate
Manufacturing	-0.2	-0.6	0.7	-1.5	0.8	-0.6	0.7
Chemicals and plastics	0.5	0.2	1.4	-1.1	0.8	-0.9	1.1
Metals and machinery	-0.3	0.2	0.0	0.0	0.0	0.2	0.0
Electronics, energy, optical and watchmaking	0.1	-0.9	-0.9	-0.1	0.0	0.0	-0.1
Other manufacturing and construction	-0.5	0.0	0.1	-0.3	0.1	0.0	-0.3
Services	13.6	14.6	2.0	2.8	14.6	-4.8	22.6
Trade	6.2	-0.3	-1.9	-1.1	-1.1	3.7	5.1
Finance and holding companies	-0.8	15.1	3.0	2.9	16.9	-7.7	12.1
Insurance	7.9	-1.1	1.2	0.0	-1.4	-0.9	5.4
Transportation and communications	0.1	0.0	-0.2	0.1	-0.1	0.1	0.0
Other services	0.2	0.8	-0.1	0.8	0.2	-0.2	0.0
Total	13.4	14.0	2.7	1.4	15.4	-5.5	23.3

1 The breakdown by sector and by economic activity refers to the company's core business in Switzerland.

2 Excluding intragroup lending, which is shown under direct investment.

3 The minus sign (-) indicates an outflow of capital.

* Differences in aggregates, i.e. totals and sums of components, due to the rounding of figures.