

Communications

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Balance of payments and international investment position in Q3 2015

Summary of balance of payments and international investment position

In the third quarter of 2015, the current account surplus amounted to CHF 23 billion, CHF 12 billion more than in the year-back quarter. This was principally attributable to the increase in the surplus on investment income, which advanced by CHF 8 billion to CHF 12 billion compared to the same quarter one year earlier. The receipts surplus on goods rose further, by CHF 5 billion to CHF 15 billion. While the surplus of receipts for trade in services (CHF 4 billion) decreased slightly, the surplus of expenses for secondary income (CHF 3 billion) remained stable.

On the assets side, the financial account recorded net acquisition amounting to CHF 34 billion. This was mainly due to transactions under the heading of direct investment and other investment. The liabilities side showed net incurrence of liabilities amounting to CHF 14 billion, attributable in part to portfolio investment, but most particularly to other investment. The financial account balance came to CHF 20 billion.

In the international investment position, stocks of assets rose by CHF 96 billion to CHF 4,137 billion compared to the previous quarter. Apart from transactions recorded in the financial account, the increase was mainly attributable to the higher valuation of foreign currency positions in euros and US dollars. Stocks of liabilities were up CHF 27 billion to CHF 3,491 billion. The net international investment position thus rose overall by CHF 69 billion to CHF 646 billion.

Press release

Current account

Receipts

According to the foreign trade statistics (total 1), goods exports decreased by CHF 3 billion to CHF 49 billion compared to the third quarter of 2014. All industries reported a decrease in exports, except for jewellery, which exported slightly more than in the year-back quarter. Net merchanting receipts increased by CHF 1 billion to CHF 6 billion. Receipts from non-monetary gold trading amounted to CHF 17 billion, compared to CHF 13 billion in the year-back quarter. Overall, i.e. including merchanting and gold trading, receipts from goods trade amounted to CHF 72 billion, CHF 2 billion higher than in the third quarter of 2014.

As regards foreign trade in services, receipts were, at CHF 27 billion, equivalent to those of the year-back quarter. Increases were reported for telecommunications, computer and information services, whereas receipts from tourism, transport, business services and financial services declined.

As a result of lower income from investment abroad (particularly direct investment), primary income (labour and investment income) declined by CHF 2 billion to CHF 31 billion compared to the same quarter in the previous year. Secondary income (current transfers) fell by CHF 1 billion to CHF 9 billion.

Expenses

According to the foreign trade statistics (total 1), goods imports decreased by CHF 4 billion to CHF 40 billion compared to the year-back quarter – due in large measure to lower imports of consumer goods, raw materials, semi-manufactured goods and energy sources. The reduction was mainly attributable to lower import prices. Expenses for non-monetary gold trading amounted to CHF 16 billion, as against CHF 14 billion in the same quarter one year earlier. Overall, expenses for goods imports dropped by CHF 3 billion to CHF 57 billion.

At CHF 23 billion, expenses for services imports remained at the same level as in the third quarter of 2014. The higher expenses for business services and telecommunications, computer and information services were offset by lower expenses for licence fees and transport. Expenses for tourism remained stable.

Expenses for primary income (labour and investment income) declined by CHF 9 billion to CHF 24 billion compared to the same quarter in the previous year. This was due to investors abroad recording lower earnings on their direct investment in Switzerland. Expenses on secondary income (current transfers) remained high and on a par with the year-back figure of CHF 12 billion.

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Net

Compared to the same quarter one year earlier, Switzerland's current account surplus advanced by CHF 12 billion to CHF 23 billion. While the surplus in receipts from trade in goods rose by CHF 5 billion to CHF 15 billion, that for trade in services decreased slightly to CHF 4 billion. As regards primary income (labour and investment income), a receipts surplus of CHF 7 billion was recorded, compared with an expenses surplus of CHF 1 billion in the year-back quarter. The surplus of expenses on secondary income (current transfers) remained unchanged at CHF 3 billion.

Financial account

Net acquisition of financial assets

The net acquisition of financial assets amounted to CHF 34 billion, whereas in the year-back quarter, increases and decreases offset each other. This was mainly due to direct investments, which recorded a net acquisition of CHF 40 billion (Q3 2014: net reduction of CHF 5 billion). On the one hand, companies located in Switzerland made foreign acquisitions, and on the other, they made significant intragroup loans to foreign subsidiaries. In portfolio investment, net acquisition amounted to CHF 3 billion (Q3 2014: CHF 5 billion). Other investment posted a net reduction of financial assets amounting to CHF 21 billion (Q3 2014: net reduction of CHF 1 billion). This was mainly due to domestic commercial banks significantly reducing their claims against banks abroad. By contrast, the Swiss National Bank (SNB) increased its claims abroad. Reserve assets recorded a net acquisition of financial assets of CHF 12 billion (Q3 2014: CHF 1 billion).

Net incurrence of liabilities

The net incurrence of liabilities amounted to CHF 14 billion (Q3 2014: net reduction of CHF 3 billion). This was mainly due to the net incurrence of liabilities of CHF 20 billion on the other investments position. Although commercial banks reduced their claims against banks abroad, both 'other net acquisition of liabilities' abroad and the SNB's liabilities abroad increased significantly. Portfolio investment recorded a net reduction of CHF 5 billion (Q3 2014: net acquisition CHF 2 billion). Investors domiciled abroad sold both Swiss-issued equity securities and Swiss-issued debt securities. Net incurrence and reduction of liabilities offset each other in direct investment (Q3 2014: net reduction of CHF 5 billion). Investors abroad reduced their loans to subsidiaries in Switzerland. However, at the same time, they reinvested income earned in Switzerland.

Net

The net figure for the financial account amounted to CHF 20 billion (Q3 2014: CHF 3 billion). It is made up of the sum of all net acquisitions of assets minus the sum of all net incurrences of liabilities plus the balance of transactions in derivatives. A positive financial

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account balance corresponds to an increase in the net international investment position resulting from cross-border investment.

International investment position

Foreign assets

Stocks of foreign assets increased by CHF 96 billion to CHF 4,137 billion compared to the previous quarter. Apart from the transactions in the financial account, this increase was mainly due to exchange rate gains resulting from the higher valuation of euro and US dollar currency positions. The strongest rise was recorded by direct investment, which grew by CHF 77 billion to CHF 1,440 billion. Currency reserves were up by CHF 26 billion to CHF 584 billion.

Foreign liabilities

Stocks of foreign liabilities rose by CHF 27 billion to CHF 3,491 compared to the previous quarter. The biggest change was in other investment, which increased by CHF 50 billion to CHF 1,127 billion. Direct investment stocks grew by CHF 6 billion to CHF 1,156 billion. By contrast, portfolio investment decreased by CHF 29 billion to CHF 1,087 billion, mainly due to stock exchange losses on prices.

Net investment position

Since foreign assets rose more markedly (CHF 96 billion) than foreign liabilities (CHF 27 billion), the net international investment position increased by CHF 69 billion to CHF 646 billion.

Further information

Comprehensive tables on the balance of payments and international investment position may be found on the SNB's data portal, <https://data.snb.ch>, *Tables, Foreign relations*.

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SWISS BALANCE OF PAYMENTS – OVERVIEW

In CHF millions

	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
Current account, net	11,241	20,400	15,342	21,685	22,974
Receipts	139,652	156,838	136,246	141,144	138,809
Expenses	128,411	136,438	120,904	119,460	115,835
Goods and services, net	14,892	18,121	15,899	17,381	19,019
Receipts	97,687	107,647	100,502	95,363	98,920
Expenses	82,795	89,525	84,603	77,983	79,900
Goods, net	10,279	14,989	11,163	13,649	14,728
Receipts	70,213	79,590	74,684	69,142	71,974
Foreign trade of which					
foreign trade total ¹	67,373	77,594	70,953	64,894	68,468
non-monetary gold	51,882	53,702	50,577	49,577	49,202
Supplements to foreign trade ²	12,641	20,955	17,862	12,737	16,597
Merchanting	-2,300	-2,937	-3,492	-2,764	-2,681
Expenses	5,140	4,933	7,223	7,012	6,186
Foreign trade of which					
foreign trade total ¹	60,209	65,643	64,782	56,162	57,912
non-monetary gold	44,252	45,342	42,584	40,210	39,782
Supplements to foreign trade ²	13,960	18,153	19,540	13,887	16,130
	-275	-1,042	-1,262	-669	-666
Services, net	4,613	3,132	4,736	3,731	4,291
Receipts	27,474	28,057	25,818	26,221	26,946
Expenses	22,861	24,925	21,082	22,490	22,655
Primary income, net	-1,015	6,575	1,800	7,530	6,505
Receipts	32,376	40,114	27,167	36,812	30,788
Expenses	33,391	33,539	25,367	29,282	24,284
Labour income, net	-5,165	-5,111	-5,232	-5,362	-5,390
Receipts	538	538	538	538	538
Expenses	5,703	5,649	5,769	5,900	5,928
Investment income, net	4,150	11,686	7,032	12,892	11,895
Receipts	31,838	39,576	26,630	36,275	30,251
Expenses	27,688	27,891	19,598	23,383	18,356
Secondary income, net	-2,636	-4,296	-2,357	-3,226	-2,550
Receipts	9,589	9,078	8,577	8,969	9,101
Expenses	12,226	13,374	10,934	12,195	11,651
Capital transfers, net	-52	-387	-189	-318	-635
Receipts	137	157	112	134	162
Expenses	189	544	301	452	797

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Financial account (excluding derivatives), net	2,710	8,927	31,999	29,742	19,415
Net acquisition of financial assets	-174	3,024	83,023	40,139	33,829
Net incurrence of liabilities	-2,884	-5,902	51,024	10,397	14,413
Direct investment, net	-274	-3,299	4,245	-198	40,689
Net acquisition of financial assets	-5,169	-6,285	15,069	22,584	40,370
Net incurrence of liabilities	-4,895	-2,986	10,824	22,782	-319
Portfolio investment, net	3,461	-9,954	38,588	1,716	8,010
Net acquisition of financial assets	5,049	-12,393	32,003	3,349	2,859
Net incurrence of liabilities	1,588	-2,440	-6,585	1,633	-5,151
Other investment, net	-1,385	-3,150	-69,532	12,823	-41,052
Net acquisition of financial assets	-962	-3,626	-22,746	-1,194	-21,168
Net incurrence of liabilities	423	-476	46,786	-14,018	19,884
Reserve assets, net	908	25,329	58,698	15,401	11,768
Derivatives, net	627	-835	-400	-233	857
Statistical difference	-7,852	-11,922	16,446	8,143	-2,067

¹ Foreign trade according to Federal Customs Administration (FCA).

² Additions: Unchecked goods trade, small consignments, goods procured in ports. Subtractions: Manufacturing services on physical inputs, returned goods, CIF/FOB adjustment on imports.

SWITZERLAND'S INTERNATIONAL INVESTMENT POSITION – OVERVIEW

In CHF millions

	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
Assets	4,031,626	4,218,373	4,139,729	4,041,609	4,137,211
Direct investment	1,309,842	1,410,597	1,359,433	1,362,907	1,439,905
Portfolio investment	1,240,295	1,239,877	1,248,467	1,207,232	1,194,230
Derivatives	134,240	149,445	153,588	120,442	120,884
Other investment	839,687	877,254	811,597	792,559	798,173
Reserve assets	507,563	541,201	566,644	558,468	584,019
Liabilities	3,358,129	3,535,666	3,567,025	3,464,111	3,491,150
Direct investment	1,021,685	1,144,391	1,135,731	1,150,010	1,155,855
Portfolio investment	1,109,315	1,143,792	1,170,017	1,115,585	1,086,805
Derivatives	125,894	147,485	152,573	121,406	121,769
Other investment	1,101,235	1,099,999	1,108,704	1,077,110	1,126,720
Net international investment position	673,497	682,707	572,704	577,498	646,061
Direct investment	288,156	266,206	223,703	212,897	284,049
Portfolio investment	130,980	96,085	78,450	91,648	107,425
Derivatives	8,346	1,960	1,015	-965	-885
Other investment	-261,548	-222,745	-297,108	-284,551	-328,547
Reserve assets	507,563	541,201	566,644	558,468	584,019