



**Communications**

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## Swiss balance of payments and international investment position

### Q4 2015 and review of the year 2015

#### Overview

##### Q4 2015

The current account surplus amounted to CHF 16 billion in the fourth quarter of 2015, CHF 4 billion less than in the year-back quarter. The decrease was principally attributable to the lower receipts surplus in the investment income component. This surplus receded by CHF 5 billion to CHF 6 billion compared to the same quarter one year earlier. The receipts surplus on goods increased by CHF 1 billion to CHF 16 billion, while in trade in services, it remained unchanged at CHF 3 billion. The expenses surplus for secondary income (current transfers) decreased by CHF 1 billion to CHF 4 billion.

The financial account recorded net acquisition of financial assets of CHF 73 billion (Q4 2014: CHF 3 billion). This net acquisition resulted mainly from direct investment and other investment; both these components had reported disinvestment one year before. Liabilities incurred recorded a net increase of CHF 66 billion (Q4 2014: net reduction of CHF 6 billion), mainly due to direct investment. Including derivatives, the financial account balance was positive, at CHF 9 billion.

In the international investment position, stocks of assets increased by CHF 113 billion to CHF 4,260 billion. The increase was attributable to transactions reported in the financial account and, in particular, to capital gains resulting from equity market and exchange rate movements. Stocks of liabilities were up CHF 127 billion to CHF 3,652 billion, due in particular to transactions reported in the financial account and higher share prices in Switzerland. The net international investment position came to CHF 609 billion, CHF 13 billion less than in Q3 2015.



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## Review of the year 2015

In 2015, the current account surplus amounted to CHF 73 billion, CHF 16 billion more than in the previous year. The increase was largely due to investment income, where the receipts surplus expanded by CHF 10 billion to CHF 36 billion. While the receipts surplus from trade in goods rose by CHF 4 billion to CHF 54 billion, that for trade in services declined by CHF 2 billion to CHF 16 billion. The expenses surplus for secondary income (current transfers) recorded a CHF 5 billion decrease to CHF 12 billion.

In the financial account, net acquisition of financial assets amounted to CHF 222 billion (2014: CHF 19 billion). Net acquisition of financial assets was thus the highest it has been since 2007. Switzerland acquired financial assets especially in the form of direct investment and reserve assets. Net incurrence of liabilities amounted to CHF 161 billion (2014: net reduction of CHF 30 billion), primarily due to the direct investment and other investment components. The financial account, including derivatives, reported a positive balance of CHF 63 billion.

In the international investment position, stocks of assets increased by CHF 42 billion to CHF 4,260 billion in 2015. Valuation losses on foreign assets due to the appreciation of the Swiss franc largely offset the transactions reported in the financial account. Stocks of liabilities were up by CHF 116 billion to CHF 3,652 billion. As the foreign currency share in liabilities is comparatively low, the exchange rate losses had relatively little impact. Moreover, the high net incurrence of liabilities in the financial account was supported by share price gains. The net international investment position receded by CHF 74 billion to CHF 609 billion overall.

A detailed presentation of the annual data will be provided in the *Swiss balance of payments and international investment position 2015*, to be published at the end of May 2016.

## Current account – Q4 2015

### Receipts

According to the foreign trade statistics (foreign trade total 1), goods exports decreased by CHF 1 billion to CHF 53 billion compared to the fourth quarter of 2014. Exports in most industries posted a decline. Only chemical and pharmaceutical exports were significantly higher 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 19 billion, compared to CHF 21 billion in the year-back quarter. Overall, i.e. including merchanting and gold trading, receipts from goods trade came to CHF 78 billion, CHF 2 billion lower than in the fourth quarter of 2014.

As regards trade in services with foreign countries, receipts fell by CHF 2 billion to CHF 26 billion compared to the year-back quarter. A sharp decline of CHF 1 billion was recorded in receipts from licence fees. Receipts from transportation and financial services were also

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down, whereas little year-on-year change was registered in telecommunication, computer and information services.

As a result of lower income from investment abroad, particularly from direct investment, primary income (labour and investment income) declined by CHF 11 billion to CHF 29 billion compared to the same quarter in 2014. Secondary income (current transfers) remained unchanged at CHF 9 billion.

**Expenses**

According to the foreign trade statistics (foreign trade total 1), goods imports decreased by CHF 2 billion to CHF 44 billion compared to the year-back level. This was due largely to lower imports – in terms of value – of capital 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 17 billion, as against CHF 18 billion in the year-back quarter. Overall, expenses for goods imports dropped by CHF 3 billion to CHF 62 billion.

At CHF 23 billion, expenses for services imports were down by CHF 2 billion compared to the fourth quarter of 2014. Practically all service categories recorded a decrease in expenses, with transportation, business and licence fee services registering an especially marked reduction.

Expenses for primary income (labour and investment income) fell by CHF 5 billion to CHF 28 billion compared to the same quarter in the previous year. This was due to lower earnings recorded by investors abroad on their direct investment in Switzerland. At CHF 13 billion, expenses on secondary income (current transfers) remained on a par with the year-back figure.

**Net**

Compared to the same quarter one year earlier, Switzerland's current account surplus declined by CHF 4 billion to CHF 16 billion. While the surplus in receipts from trade in goods rose by CHF 1 billion to CHF 16 billion, that for trade in services remained unchanged at CHF 3 billion. As regards primary income (labour and investment income), a receipts surplus of CHF 1 billion was recorded, compared to CHF 7 billion in the year-back quarter. The expenses surplus for secondary income (current transfers) receded by CHF 1 billion to CHF 4 billion.

**Financial account – Q4 2015****Net acquisition of financial assets**

Net acquisition of financial assets amounted to CHF 73 billion (Q4 2014: CHF 3 billion), due mainly to contributions from the direct investment and other investment components. In the

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case of direct investment, the net acquisition of financial assets of CHF 38 billion (Q4 2014: net reduction of CHF 6 billion) was primarily due to companies located in Switzerland granting more loans to their subsidiaries abroad. Other investment posted net acquisition of financial assets of CHF 24 billion (Q4 2014: net reduction of CHF 4 billion), owing to the fact that the SNB, commercial banks and companies increased their claims abroad. Reserve assets recorded a net acquisition of financial assets of CHF 10 billion (Q4 2014: CHF 25 billion).

**Net incurrence of liabilities**

Net incurrence of liabilities totalled CHF 66 billion (Q4 2014: net reduction of CHF 6 billion). The key factor here was net acquisition in direct investment amounting to CHF 62 billion (Q4 2014: net reduction of CHF 3 billion), mainly as a result of companies located in Switzerland taking out more loans at their subsidiaries abroad. Net incurrence of liabilities in the other investment component amounted to CHF 8 billion. (Net incurrence and net reduction offset one another in the fourth quarter of 2014.) Portfolio investment recorded a net reduction of liabilities of CHF 5 billion (Q4 2014: net reduction of CHF 2 billion) as investors domiciled abroad sold Swiss-issued shares.

**Net**

The financial account balance amounted to CHF 9 billion (Q4 2014: CHF 8 billion). It comprises all acquisitions of financial assets (net) minus all incurrences of liabilities (net) plus the balance from derivatives transactions. A positive financial account balance corresponds to an increase in the net international investment position resulting from cross-border investment.

**International investment position – Q4 2015****Foreign assets**

Stocks of foreign assets climbed by CHF 113 billion to CHF 4,260 billion in the fourth quarter of 2015. The increase was attributable to transactions reported in the financial account and, in particular, to capital gains resulting from equity market and exchange rate movements. Stocks of direct investment recorded the largest growth, increasing by CHF 39 billion to CHF 1,487 billion. Despite the low transaction volume, stocks of portfolio investment rose by CHF 29 billion to CHF 1,223 billion as a result of equity market and exchange rate gains. Stocks of other investment advanced by CHF 35 billion to CHF 832 billion, and reserve assets rose by CHF 17 billion to CHF 601 billion. Stocks of derivatives decreased by CHF 6 billion to CHF 118 billion.

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## Foreign liabilities

Stocks of foreign liabilities rose by CHF 127 billion to CHF 3,652 billion. The greatest increase was recorded by direct investment, which advanced – mostly due to transaction-related factors – by CHF 66 billion to CHF 1,252 billion. As a result of share price gains, portfolio investment stocks rose by CHF 46 billion to CHF 1,132 billion. Stocks of other investment were also up, increasing by CHF 23 billion to CHF 1,152 billion. Stocks of derivatives receded by CHF 8 billion to CHF 115 billion.

## Net investment position

Since foreign liabilities rose more markedly (up CHF 127 billion) than foreign assets (up CHF 113 billion), the net international investment position declined by CHF 13 billion to CHF 609 billion.

## Remarks

The balance of payments (current account and financial account) covers Switzerland's cross-border transactions with other countries over a given period. The international investment position indicates Switzerland's stocks of foreign financial assets (claims) and liabilities abroad at the end of this period. Assets and liabilities in the international investment position change in line with the transactions recorded in the financial account. Capital gains and losses resulting from equity market and exchange rate movements, as well as other changes in stocks, have an impact on capital stocks.

In the comments on the balance of payments, period-by-period comparisons of transactions refer to the year-back quarter, since certain positions – especially in the current account – are influenced by seasonal factors (e.g. tourism). Seasonally adjusted data are not available. By contrast, the period-by-period comparisons in the international investment position refer to stocks at the end of the previous quarter. The focus is thus on changes in stocks over the course of the period under review.

For comprehensive tables on the Swiss balance of payments and on Switzerland's international investment position, cf. the SNB's data portal, <https://data.snb.ch>, *Tables, Foreign trade*.

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**SWISS BALANCE OF PAYMENTS – OVERVIEW**

In CHF millions

	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
<b>Current account, net</b>	<b>20,400</b>	<b>13,324</b>	<b>20,927</b>	<b>22,811</b>	<b>15,908</b>
Receipts	156,838	134,970	139,637	140,597	142,202
Expenses	136,438	121,646	118,710	117,786	126,294
<b>Goods and services, net</b>	<b>18,121</b>	<b>15,200</b>	<b>17,540</b>	<b>19,003</b>	<b>18,494</b>
Receipts	107,647	99,523	95,057	99,328	103,824
Expenses	89,525	84,323	77,517	80,325	85,329
<b>Goods, net</b>	<b>14,989</b>	<b>10,236</b>	<b>13,587</b>	<b>14,488</b>	<b>15,447</b>
Receipts	79,590	73,546	69,149	71,960	77,504
Foreign trade of which					
foreign trade total <sup>1</sup>	77,594	70,942	64,893	68,593	74,700
non-monetary gold	53,702	50,568	49,574	49,334	53,341
Supplements to foreign trade <sup>2</sup>	20,955	17,862	12,735	16,592	18,822
Merchanting	-2,937	-3,489	-2,770	-2,705	-3,032
Expenses	4,933	6,093	7,026	6,072	5,836
Foreign trade of which					
foreign trade total <sup>1</sup>	65,643	64,816	56,340	58,140	63,158
non-monetary gold	45,342	42,594	40,264	39,803	43,535
Supplements to foreign trade <sup>2</sup>	18,153	19,540	13,980	16,292	17,424
	-1,042	-1,506	-778	-668	-1,102
<b>Services, net</b>	<b>3,132</b>	<b>4,965</b>	<b>3,953</b>	<b>4,515</b>	<b>3,047</b>
Receipts	28,057	25,977	25,908	27,368	26,320
Expenses	24,925	21,013	21,955	22,853	23,273
<b>Primary income, net</b>	<b>6,575</b>	<b>664</b>	<b>6,484</b>	<b>6,351</b>	<b>1,110</b>
Receipts	40,114	26,918	35,625	31,926	29,267
Expenses	33,539	26,254	29,142	25,575	28,157
<b>Labour income, net</b>	<b>-5,111</b>	<b>-5,226</b>	<b>-5,356</b>	<b>-5,385</b>	<b>-5,360</b>
Receipts	538	538	538	538	538
Expenses	5,649	5,764	5,894	5,922	5,897
<b>Investment income, net</b>	<b>11,686</b>	<b>5,890</b>	<b>11,840</b>	<b>11,736</b>	<b>6,469</b>
Receipts	39,576	26,381	35,088	31,389	28,729
Expenses	27,891	20,491	23,248	19,653	22,260
<b>Secondary income, net</b>	<b>-4,296</b>	<b>-2,540</b>	<b>-3,097</b>	<b>-2,544</b>	<b>-3,696</b>
Receipts	9,078	8,529	8,955	9,343	9,112
Expenses	13,374	11,069	12,052	11,886	12,807
<b>Capital transfers, net</b>	<b>-387</b>	<b>-12,824</b>	<b>-794</b>	<b>-170</b>	<b>-346</b>
Receipts	157	2,526	327	520	342
Expenses	544	15,351	1,121	690	689

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<b>Financial account (excluding derivatives), net</b>	<b>8,927</b>	<b>11,862</b>	<b>29,331</b>	<b>13,170</b>	<b>6,807</b>
Net acquisition of financial assets	3,024	77,403	40,428	31,288	72,615
Net incurrence of liabilities	-5,902	65,541	11,097	18,118	65,808
<b>Direct investment, net</b>	<b>-3,299</b>	<b>-8,046</b>	<b>771</b>	<b>32,758</b>	<b>-24,098</b>
Net acquisition of financial assets	-6,285	15,429	23,560	40,361	38,304
Net incurrence of liabilities	-2,986	23,475	22,789	7,603	62,402
<b>Portfolio investment, net</b>	<b>-9,954</b>	<b>38,352</b>	<b>1,723</b>	<b>6,974</b>	<b>5,174</b>
Net acquisition of financial assets	-12,393	31,766	3,357	2,553	382
Net incurrence of liabilities	-2,440	-6,585	1,634	-4,420	-4,793
<b>Other investment, net</b>	<b>-3,150</b>	<b>-76,908</b>	<b>11,975</b>	<b>-38,326</b>	<b>16,208</b>
Net acquisition of financial assets	-3,626	-28,256	-1,350	-23,390	24,407
Net incurrence of liabilities	-476	48,651	-13,325	14,936	8,199
<b>Reserve assets, net</b>	<b>25,329</b>	<b>58,464</b>	<b>14,861</b>	<b>11,764</b>	<b>9,522</b>
<b>Derivatives, net</b>	<b>-835</b>	<b>-269</b>	<b>-262</b>	<b>154</b>	<b>1,742</b>
<b>Statistical difference</b>	<b>-11,922</b>	<b>11,093</b>	<b>8,936</b>	<b>-9,317</b>	<b>-7,013</b>

<sup>1</sup> Foreign trade according to Federal Customs Administration (FCA).

<sup>2</sup> 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 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
<b>Assets</b>	<b>4,218,373</b>	<b>4,137,862</b>	<b>4,040,310</b>	<b>4,146,956</b>	<b>4,260,301</b>
Direct investment	1,410,597	1,360,875	1,365,177	1,447,811	1,486,527
Portfolio investment	1,239,877	1,248,220	1,206,980	1,193,884	1,222,903
Derivatives	149,445	154,281	121,194	124,141	117,703
Other investment	877,254	807,669	788,502	797,101	831,810
Reserve assets	541,201	566,816	558,457	584,019	601,359
<b>Liabilities</b>	<b>3,535,666</b>	<b>3,609,724</b>	<b>3,506,898</b>	<b>3,524,997</b>	<b>3,651,607</b>
Direct investment	1,144,391	1,156,148	1,170,032	1,186,586	1,252,278
Portfolio investment	1,143,792	1,168,429	1,113,997	1,085,989	1,132,251
Derivatives	147,485	152,675	121,363	123,098	115,186
Other investment	1,099,999	1,132,471	1,101,505	1,129,324	1,151,892
<b>Net international investment position</b>	<b>682,707</b>	<b>528,137</b>	<b>533,412</b>	<b>621,959</b>	<b>608,694</b>
Direct investment	266,206	204,727	195,145	261,225	234,249
Portfolio investment	96,085	79,791	92,983	107,895	90,652
Derivatives	1,960	1,605	-169	1,043	2,517
Other investment	-222,745	-324,802	-313,003	-332,223	-320,082
Reserve assets	541,201	566,816	558,457	584,019	601,359