



**Communications**

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## Swiss balance of payments and international investment position

### Q1 2016

#### Overview

The current account surplus amounted to CHF 10 billion in the first quarter of 2016, CHF 3 billion less than in the year-back quarter. The decline was primarily attributable to trade in goods, where the receipts surplus of CHF 8 billion was CHF 2 billion lower than in the first quarter of 2015. The receipts surplus for services remained stable at CHF 5 billion. In the case of primary income (labour and investment income), receipts and expenses were on a par, whereas a receipts surplus of CHF 1 billion had been recorded in the year-back quarter. At CHF 3 billion, the expenses surplus for secondary income (current transfers) remained on the same level as the year-back figure.

Switzerland's financial account recorded a net decline on both the assets and liabilities side in the first quarter of 2016, mainly because commercial banks reduced their claims and liabilities in cross-border interbank holdings (other investment). The net decrease on the assets side amounted to CHF 23 billion (Q1 2015: net acquisition of CHF 77 billion), and to CHF 42 billion on the liabilities side (Q1 2015: net incurrence of CHF 66 billion). As the net decline was lower on the assets than on the liabilities side, the financial account, including derivatives, registered a positive balance of CHF 19 billion.

In the international investment position, stocks of foreign assets receded by CHF 57 billion to CHF 4,203 billion in the first quarter of 2016. The decrease was attributable to transactions reported in the financial account as well as to capital losses resulting from stock exchange and exchange rate movements. Stocks of foreign liabilities decreased by CHF 167 billion to CHF 3,484 billion. Transactions and, in particular, significantly lower share prices in Switzerland were the factors behind this. The net international investment position advanced by CHF 110 billion to CHF 719 billion.



Press release

## Current account

### Receipts

At CHF 52 billion, goods exports according to the foreign trade statistics (total 1) increased by CHF 1 billion compared to the year-back quarter. Exports in the chemical and pharmaceutical, precision instruments, jewellery and food product industries recorded an increase, while those in the machinery and electronics, watches and metalworking industries declined. Net merchanting receipts amounted to CHF 6 billion, remaining on a par with the year-back quarter. Receipts from non-monetary gold trading came to CHF 13 billion, compared to CHF 18 billion in the first quarter of the previous year. Overall (i.e. including merchanting and gold trading), receipts from goods trade amounted to CHF 71 billion, CHF 3 billion less than in the same period a year earlier.

Receipts from foreign trade in services were, at CHF 26 billion, equivalent to those of the year-back quarter. An increase was registered in licence fees and business services, whereas receipts from financial services, telecommunications, computer and information services and transport declined.

As a result of higher income from investment abroad (particularly from reserve assets), primary income (labour and investment income) rose by CHF 1 billion to CHF 28 billion. Secondary income (current transfers) amounted to CHF 9 billion, on a par with the year-back quarter.

### Expenses

At CHF 42 billion, goods imports according to the foreign trade statistics (total 1) were down by CHF 1 billion compared to the first quarter of 2015. Expenses for jewellery, metals and energy sources receded. In the case of energy sources, the decrease was almost entirely due to prices. Higher receipts were registered in the motor vehicles, food products, and textiles, clothing and footwear industries. Expenses for non-monetary gold trading amounted to CHF 19 billion, as in the year-back quarter. At CHF 63 billion, expenses for goods imports overall remained on a par with the year-back quarter.

Expenses for services imports were, at CHF 21 billion, equivalent to those in the first quarter of 2015. While expenses increased in tourism, licence fees and business services, these were offset by decreases in transport as well as in telecommunications, computer and information services.

Expenses for primary income (labour and investment income) rose by CHF 1 billion to CHF 27 billion, mainly due to higher earnings from direct and portfolio investment. At CHF 12 billion, expenses on secondary income (current transfers) were up by CHF 1 billion compared with the year-back figure.

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## Net

The current account surplus amounted to CHF 10 billion, CHF 3 billion less than a year earlier. While the surplus in receipts from trade in goods contracted by CHF 2 billion to CHF 8 billion, that for trade in services remained unchanged at CHF 5 billion. In the category of primary income (labour and investment income), receipts and expenses were on a par, whereas a receipts surplus of CHF 1 billion had been recorded in the year-back quarter. The expenses surplus on secondary income (current transfers) came to CHF 3 billion, the same as one year before.

## Financial account

### Net acquisition of financial assets

Switzerland sold more financial assets than it acquired in the quarter under review, which led to a net decrease of CHF 23 billion (Q1 2015: net acquisition of CHF 77 billion). The main factor behind this was the net reduction of CHF 71 billion recorded in other investment (Q1 2015: net decline of CHF 28 billion), due to the fact that banks located in Switzerland significantly reduced their claims against banks abroad. The SNB, too, cut back those of its claims against other central banks and commercial banks abroad that do not form part of reserve assets. Direct investment, by contrast, posted net acquisition of financial assets in the amount of CHF 30 billion (Q1 2015: CHF 15 billion), mainly because companies located in Switzerland granted more loans to their subsidiaries abroad. Reserve assets recorded a net acquisition of financial assets of CHF 18 billion (Q1 2015: CHF 58 billion).

### Net incurrence of liabilities

The liabilities side of the Swiss balance of payments also registered a net decline. It amounted to CHF 42 billion (Q1 2015: net incurrence of CHF 66 billion) and was, as on the assets side, a result of the net reduction in other investment. The latter came to CHF 47 billion (Q1 2015: net incurrence of CHF 49 billion), and was mainly due to the fact that both the Swiss banks, through their interbank holdings, and the SNB decreased their liabilities abroad. Portfolio investment recorded a net decrease of CHF 8 billion (Q1 2015: net reduction of CHF 7 billion), since investors domiciled abroad sold Swiss-issued shares. By contrast, direct investment registered a net incurrence of liabilities totalling CHF 14 billion (Q1 2015: CHF 23 billion).

## Net

The financial account balance amounted to CHF 19 billion (Q1 2015: CHF 12 billion). This is calculated as the sum of all net acquisitions of assets minus the sum of all net incurrences of liabilities plus the balance from derivatives transactions. This positive financial account balance corresponds to the increase in the net international investment position resulting from cross-border investment.

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## Switzerland's international investment position

### Foreign assets

Stocks of foreign assets receded by CHF 57 billion to CHF 4,203 billion. The decline was attributable to transactions reported in the financial account and, in particular, to capital losses resulting from stock exchange and exchange rate movements. Stocks in other investment recorded the strongest decrease, dropping by CHF 87 billion to CHF 745 billion, mainly as a result of transactions. Stocks of portfolio investment contracted by CHF 11 billion to CHF 1,212 billion. By contrast, reserve asset stocks climbed by CHF 21 billion to CHF 622 billion, predominantly due to investment. Stocks of direct investment also recorded an increase, advancing by CHF 19 billion to CHF 1,505 billion.

### Foreign liabilities

Stocks of foreign liabilities decreased by CHF 167 billion to CHF 3,484 billion. High price losses on the Swiss stock exchange were a key factor here, leading to a decline in the stocks of portfolio investment by CHF 101 billion to CHF 1,032 billion compared to the previous quarter. Stocks of other investment decreased by CHF 76 billion to CHF 1,076 billion, predominantly due to transactions. Stocks of direct investment, in contrast, rose by CHF 9 billion to CHF 1,261 billion.

### Net international investment position

Since foreign liabilities dropped more markedly (CHF –167 billion) than foreign assets (CHF –57 billion), the net international investment position advanced by CHF 110 billion to CHF 719 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 the stocks of Switzerland's foreign financial assets (claims) and liabilities abroad at the end of this period. Transactions recorded in the financial account are the first factor which leads to changes in assets and liabilities in the international investment position. The second factor which has an impact on capital stocks is capital gains and losses resulting from stock market and exchange rate movements, as well as other changes in stocks.

In the comments on the balance of payments, period-by-period comparisons of transactions refer to the year-back quarter, since certain positions are influenced by seasonal factors (e.g. tourism), especially in the current account. 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 in this case is on changes in stocks over the course of the period under review.

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For comprehensive tables covering the balance of payments and the international investment position, cf. the SNB's data portal, [data.snb.ch](http://data.snb.ch), *Tables, International economic affairs*.

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**SWISS BALANCE OF PAYMENTS – OVERVIEW**

In CHF millions

	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
<b>Current account, net</b>	<b>13,324</b>	<b>20,927</b>	<b>22,811</b>	<b>15,908</b>	<b>9,898</b>
Receipts	134,970	139,637	140,597	142,202	133,693
Expenses	121,646	118,710	117,786	126,294	123,795
<b>Goods and services, net</b>	<b>15,200</b>	<b>17,540</b>	<b>19,003</b>	<b>18,494</b>	<b>12,503</b>
Receipts	99,523	95,057	99,328	103,824	96,693
Expenses	84,323	77,517	80,325	85,329	84,190
<b>Goods, net</b>	<b>10,236</b>	<b>13,587</b>	<b>14,488</b>	<b>15,447</b>	<b>7,803</b>
Receipts	73,546	69,149	71,960	77,504	70,786
Foreign trade of which					
foreign trade total <sup>1</sup>	70,942	64,893	68,593	74,700	67,669
non-monetary gold	50,568	49,574	49,334	53,341	51,778
Supplements to foreign trade <sup>2</sup>	17,862	12,735	16,592	18,822	13,227
Merchanting	-3,489	-2,770	-2,705	-3,032	-3,143
Expenses	6,093	7,026	6,072	5,836	6,261
Foreign trade of which					
foreign trade total <sup>1</sup>	63,310	55,562	57,471	62,056	62,983
non-monetary gold	64,816	56,340	58,140	63,158	64,143
Supplements to foreign trade <sup>2</sup>	42,594	40,264	39,803	43,535	42,133
	19,540	13,980	16,292	17,424	19,252
	-1,506	-778	-668	-1,102	-1,160
<b>Services, net</b>	<b>4,965</b>	<b>3,953</b>	<b>4,515</b>	<b>3,047</b>	<b>4,700</b>
Receipts	25,977	25,908	27,368	26,320	25,907
Expenses	21,013	21,955	22,853	23,273	21,207
<b>Primary income, net</b>	<b>664</b>	<b>6,484</b>	<b>6,351</b>	<b>1,110</b>	<b>221</b>
Receipts	26,918	35,625	31,926	29,267	27,601
Expenses	26,254	29,142	25,575	28,157	27,380
<b>Labour income, net</b>	<b>-5,226</b>	<b>-5,356</b>	<b>-5,385</b>	<b>-5,360</b>	<b>-5,498</b>
Receipts	538	538	538	538	538
Expenses	5,764	5,894	5,922	5,897	6,036
<b>Investment income, net</b>	<b>5,890</b>	<b>11,840</b>	<b>11,736</b>	<b>6,469</b>	<b>5,719</b>
Receipts	26,381	35,088	31,389	28,729	27,064
Expenses	20,491	23,248	19,653	22,260	21,345
<b>Secondary income, net</b>	<b>-2,540</b>	<b>-3,097</b>	<b>-2,544</b>	<b>-3,696</b>	<b>-2,826</b>
Receipts	8,529	8,955	9,343	9,112	9,398
Expenses	11,069	12,052	11,886	12,807	12,224
<b>Capital account, net</b>	<b>-12,824</b>	<b>-794</b>	<b>-170</b>	<b>-346</b>	<b>-321</b>
Receipts	2,526	327	520	342	388
Expenses	15,351	1,121	690	689	709

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<b>Financial account (excluding derivatives), net</b>	<b>11,862</b>	<b>29,331</b>	<b>13,170</b>	<b>6,807</b>	<b>18,334</b>
Net acquisition of financial assets	77,403	40,428	31,288	72,615	-23,462
Net incurrence of liabilities	65,541	11,097	18,118	65,808	-41,797
<b>Direct investment, net</b>	<b>-8,046</b>	<b>771</b>	<b>32,758</b>	<b>-24,098</b>	<b>16,008</b>
Net acquisition of financial assets	15,429	23,560	40,361	38,304	29,501
Net incurrence of liabilities	23,475	22,789	7,603	62,402	13,492
<b>Portfolio investment, net</b>	<b>38,352</b>	<b>1,723</b>	<b>6,974</b>	<b>5,174</b>	<b>8,126</b>
Net acquisition of financial assets	31,766	3,357	2,553	382	-93
Net incurrence of liabilities	-6,585	1,634	-4,420	-4,793	-8,219
<b>Other investment, net</b>	<b>-76,908</b>	<b>11,975</b>	<b>-38,326</b>	<b>16,208</b>	<b>-24,007</b>
Net acquisition of financial assets	-28,256	-1,350	-23,390	24,407	-71,077
Net incurrence of liabilities	48,651	-13,325	14,936	8,199	-47,070
<b>Reserve assets, net</b>	<b>58,464</b>	<b>14,861</b>	<b>11,764</b>	<b>9,522</b>	<b>18,207</b>
<b>Derivatives, net</b>	<b>-269</b>	<b>-262</b>	<b>154</b>	<b>1,742</b>	<b>441</b>
<b>Statistical difference</b>	<b>11,093</b>	<b>8,936</b>	<b>-9,317</b>	<b>-7,013</b>	<b>9,198</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

	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
<b>Assets</b>	<b>4,137,862</b>	<b>4,040,310</b>	<b>4,146,956</b>	<b>4,260,301</b>	<b>4,203,410</b>
Direct investment	1,360,875	1,365,177	1,447,811	1,486,527	1,505,267
Portfolio investment	1,248,220	1,206,980	1,193,884	1,222,903	1,211,579
Derivatives	154,281	121,194	124,141	117,703	119,562
Other investment	807,669	788,502	797,101	831,810	744,671
Reserve assets	566,816	558,457	584,019	601,359	622,331
<b>Liabilities</b>	<b>3,609,724</b>	<b>3,506,898</b>	<b>3,524,997</b>	<b>3,651,607</b>	<b>3,484,491</b>
Direct investment	1,156,148	1,170,032	1,186,586	1,252,278	1,261,467
Portfolio investment	1,168,429	1,113,997	1,085,989	1,132,251	1,031,682
Derivatives	152,675	121,363	123,098	115,186	115,231
Other investment	1,132,471	1,101,505	1,129,324	1,151,892	1,076,110
<b>Net international investment position</b>	<b>528,137</b>	<b>533,412</b>	<b>621,959</b>	<b>608,694</b>	<b>718,920</b>
Direct investment	204,727	195,145	261,225	234,249	243,800
Portfolio investment	79,791	92,983	107,895	90,652	179,897
Derivatives	1,605	-169	1,043	2,517	4,330
Other investment	-324,802	-313,003	-332,223	-320,082	-331,439
Reserve assets	566,816	558,457	584,019	601,359	622,331