



Communications

P.O. Box, CH-8022 Zurich
Telephone +41 58 631 00 00
communications@snb.ch

Zurich, 21 December 2016

Swiss balance of payments and international investment position

Q3 2016

Overview

In the third quarter of 2016, the current account surplus amounted to CHF 21 billion. This was CHF 2 billion less than in the year-back quarter. As a result of lower receipts from direct investment, the receipts surplus in primary income (labour and investment income) declined by CHF 4 billion to CHF 1 billion. The surplus of receipts from trade in goods increased by CHF 2 billion to CHF 17 billion, while the surplus of receipts for trade in services and the surplus of expenses for secondary income remained at the same level as in the year-back quarter (CHF 5 billion and CHF 2 billion respectively).

On the assets side, the financial account recorded a net acquisition of CHF 49 billion (Q3 2015: CHF 43 billion), which was largely attributable to the other investment item as well as reserve assets. On the liabilities side, net incurrence totalled CHF 12 billion, thus remaining unchanged from the year-back figure. However, direct and portfolio investment registered a net reduction of liabilities, while the other investment item posted a net incurrence. With the inclusion of derivatives, the financial account balance was positive at CHF 39 billion.

In the international investment position, stocks of assets increased by CHF 40 billion to CHF 4,381 billion in the third quarter of 2016. This rise was due, in particular, to the transactions reported in the financial account. Stocks of foreign liabilities were up CHF 15 billion to CHF 3,582 billion, mainly as a result of price gains from stock exchange movements in Switzerland. The net international investment position advanced by CHF 25 billion to CHF 799 billion.



Press release

Current account

Receipts

Receipts from total goods trade amounted to CHF 78 billion, CHF 6 billion higher than in the year-back quarter. Goods exports according to foreign trade statistics (total 1) increased by CHF 3 billion year-on-year to CHF 53 billion in the third quarter. Exports were up in the chemical and pharmaceutical industry, and in jewellery, in particular, while they receded in the watch industry. Receipts from non-monetary gold trading came to CHF 21 billion, compared to CHF 17 billion in the year-back quarter. At CHF 6 billion, net merchanting receipts remained on a par with the year-back figure.

Receipts from trade in services with foreign countries in the third quarter amounted to CHF 28 billion, up CHF 1 billion over the year-back figure. An increase was registered in insurance and pension services, telecommunications, computer and information services, business services, and licence fees, whereas receipts from transport declined.

As a result of lower receipts from investment abroad (particularly direct investment), primary income (labour and investment income) decreased by CHF 4 billion to CHF 32 billion. Secondary income (current transfers) advanced by CHF 1 billion to CHF 10 billion compared with the third quarter of 2015.

Expenses

Expenses for total goods trade amounted to CHF 62 billion, a CHF 4 billion increase over the year-back quarter. Goods imports according to foreign trade statistics (total 1) increased by CHF 2 billion to CHF 42 billion compared to the year-back level. The largest rise was recorded in chemical and pharmaceutical products, and in motor vehicles. Expenses from non-monetary gold trading came to CHF 18 billion, compared to CHF 17 billion in the third quarter of 2015.

At CHF 23 billion, expenses in services imports exceeded the figure for the year-back quarter by CHF 1 billion. This was primarily attributable to higher expenses for telecommunications, computer and information services as well as business services. The other components did not change significantly from their third quarter 2015 levels.

Expenses in the case of primary income (labour and investment income) remained unchanged at CHF 31 billion. With regard to secondary income (current transfers), expenses totalled CHF 12 billion, equalling the amount in the year-back quarter.

Net

The current account surplus amounted to CHF 21 billion, CHF 2 billion less than in the third quarter of 2015. Although the receipts surplus increased in trade in goods, it declined

Press release

substantially in primary income (labour and investment income) compared to the same quarter in 2015.

Financial account

Net acquisition of financial assets

Net acquisition of financial assets amounted to CHF 49 billion (Q3 2015: CHF 43 billion). This was mainly due to the other investment item and reserve assets. The former registered a net acquisition of CHF 26 billion (Q3 2015: net reduction of CHF 22 billion), which was largely attributable to the fact that commercial banks, the SNB and companies considerably increased their claims abroad. In reserve assets, net acquisition of financial assets amounted to CHF 15 billion (Q3 2015: CHF 12 billion). Direct investment posted net acquisition of financial assets totalling CHF 9 billion (Q3 2015: CHF 50 billion). In particular, companies domiciled in Switzerland increased loans granted to subsidiaries and affiliates abroad.

Net incurrence of liabilities

The liabilities side of the financial account registered a net incurrence of CHF 12 billion, on a par with the year-back quarter. The other investment item posted a net incurrence of liabilities in the amount of CHF 20 billion (Q3 2015: CHF 14 billion), due to an increase in commercial banks' liabilities abroad, primarily in interbank business. By contrast, direct investment recorded a net reduction in liabilities of CHF 6 billion (Q3 2015: net incurrence of CHF 2 billion), as a result of parent companies abroad reducing equity capital in their subsidiaries in Switzerland. Transactions in portfolio investment led to a net reduction of CHF 3 billion as investors domiciled abroad sold more Swiss-issued shares than they bought.

Net

The financial account balance amounted to CHF 39 billion (Q3 2015: CHF 31 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.

Statistical difference

The statistical difference item comprises all deviations which arise from errors and omissions in statistical surveys. It is calculated as the net financial account balance minus the sum of the net current account and net capital account.

In the third quarter of 2016, the statistical difference amounted to CHF 18 billion (Q3 2015: CHF 8 billion). This positive balance suggests either that current account receipts or net

Press release

incurrence of liabilities have been underestimated, or, alternatively, that current account expenses or net acquisition of financial assets have been overestimated.

Switzerland's international investment position

Foreign assets

Stocks of foreign assets were up CHF 40 billion on the previous quarter to CHF 4,381 billion. Portfolio investment grew by CHF 23 billion to CHF 1,260 billion on the back of stock market gains on equity securities. The other investment item advanced by CHF 23 billion to CHF 812 billion, mainly due to transactions and to the increase in the SNB's reserve assets. The latter rose by CHF 19 billion to CHF 677 billion. By contrast, stocks of direct investment declined by CHF 5 billion to CHF 1,528 billion, while stocks of derivatives dropped by CHF 19 billion to CHF 104 billion.

Foreign liabilities

Stocks of foreign liabilities rose CHF 15 billion to CHF 3,582 billion compared to the previous quarter. Despite net sales according to the financial account, stocks of portfolio investment increased by CHF 24 billion to CHF 1,055 billion. This was primarily attributable to higher share prices in Switzerland. The other investment item increased by CHF 19 billion to CHF 1,177 billion, due to commercial banks' transactions with banks abroad. Stocks of direct investment receded by CHF 10 billion to CHF 1,249 billion. Derivatives declined by CHF 18 billion to CHF 101 billion.

Net international investment position

The net international investment position increased by CHF 25 billion compared with the last quarter to CHF 799 billion, since foreign assets (up CHF 40 billion) advanced more strongly than foreign liabilities (up CHF 15 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 shows the stocks of Switzerland's foreign financial assets (claims) and liabilities abroad at the end of this period. Changes in assets and liabilities in the international investment position are the result, first of transactions recorded in the financial account. Second, capital gains and losses resulting from stock market and exchange rate movements, as well as other stock movements, lead to changes through their 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 items are influenced by seasonal factors (e.g. tourism), especially in the current account. Seasonally adjusted data are not available. By

Press release

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.

For comprehensive tables covering the balance of payments and the international investment position, cf. the SNB's data portal, data.snb.ch, *Table selection, International economic affairs*.

Press release

SWISS BALANCE OF PAYMENTS – OVERVIEW

In CHF millions

	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Current account, net	22,287	16,913	9,798	19,569	20,619
Receipts	145,371	157,967	138,153	151,105	148,562
Expenses	123,084	141,054	128,354	131,536	127,942
Goods and services, net	19,443	17,363	10,718	18,907	21,566
Receipts	99,760	105,474	97,417	106,846	106,517
Expenses	80,317	88,110	86,699	87,939	84,951
Goods, net	14,391	13,251	5,963	14,281	16,668
Receipts	72,331	76,324	70,685	79,089	78,367
Foreign trade of which					
foreign trade total ¹	68,595	74,635	67,335	75,129	75,509
non-monetary gold	49,336	53,352	51,590	53,492	52,550
Supplements to foreign trade ²	16,592	18,660	13,073	19,111	20,967
Merchanting	-2,721	-3,201	-3,157	-2,579	-3,000
Expenses	6,457	4,890	6,506	6,539	5,857
Foreign trade of which					
foreign trade total ¹	57,940	63,073	64,722	64,808	61,699
non-monetary gold	58,432	64,186	65,728	65,302	62,567
Supplements to foreign trade ²	39,837	43,699	42,230	43,900	42,299
	16,521	18,184	20,602	18,327	17,988
	-491	-1,113	-1,006	-494	-868
Services, net	5,052	4,112	4,755	4,626	4,898
Receipts	27,429	29,150	26,732	27,757	28,150
Expenses	22,376	25,037	21,978	23,131	23,252
Primary income, net	5,496	3,548	1,789	4,406	1,239
Receipts	36,172	43,122	30,886	34,241	31,750
Expenses	30,676	39,574	29,098	29,835	30,510
Labour income, net	-5,288	-5,329	-5,427	-5,436	-5,463
Receipts	614	614	614	614	614
Expenses	5,902	5,943	6,042	6,050	6,077
Investment income, net	10,784	8,877	7,216	9,843	6,702
Receipts	35,558	42,508	30,272	33,627	31,136
Expenses	24,774	33,631	23,056	23,784	24,434
Secondary income, net	-2,651	-3,999	-2,708	-3,744	-2,186
Receipts	9,439	9,371	9,849	10,018	10,295
Expenses	12,091	13,370	12,558	13,762	12,481
Capital account, net	36	-92	-222	-215	67
Receipts	520	629	400	101	415
Expenses	484	720	622	316	349

Press release

Financial account (excluding derivatives), net	30,561	10,333	26,909	13,353	37,304
Net acquisition of financial assets	42,606	59,551	-9,582	44,214	48,930
Net incurrence of liabilities	12,045	49,218	-36,491	30,862	11,626
Direct investment, net	47,388	-13,940	17,676	6,103	14,500
Net acquisition of financial assets	49,785	26,419	36,810	-4,298	8,983
Net incurrence of liabilities	2,397	40,359	19,134	-10,401	-5,517
Portfolio investment, net	7,028	4,959	9,663	-545	2,433
Net acquisition of financial assets	2,478	66	950	445	-323
Net incurrence of liabilities	-4,550	-4,893	-8,714	990	-2,756
Other investment, net	-35,806	9,725	-18,638	-15,510	5,846
Net acquisition of financial assets	-21,607	23,478	-65,549	24,763	25,744
Net incurrence of liabilities	14,199	13,753	-46,911	40,272	19,898
Reserve assets, net	11,951	9,588	18,207	23,304	14,525
Derivatives, net	-4	621	717	1,032	1,420
Statistical difference	8,233	-5,867	18,049	-4,969	18,038

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

	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Assets	4,174,663	4,276,482	4,248,702	4,340,248	4,380,659
Direct investment	1,466,056	1,498,114	1,532,840	1,533,221	1,528,280
Portfolio investment	1,196,528	1,224,991	1,212,684	1,236,779	1,259,710
Derivatives	124,394	117,224	122,006	123,818	104,357
Other investment	803,667	834,793	758,841	788,579	811,673
Reserve assets	584,019	601,359	622,331	657,852	676,641
Liabilities	3,544,062	3,662,767	3,524,338	3,566,708	3,581,879
Direct investment	1,186,967	1,245,178	1,266,623	1,258,629	1,248,677
Portfolio investment	1,085,917	1,132,182	1,031,564	1,030,632	1,054,833
Derivatives	123,518	113,206	116,471	119,615	101,347
Other investment	1,147,659	1,172,200	1,109,681	1,157,832	1,177,021
Net international investment position	630,602	613,715	724,363	773,540	798,781
Direct investment	279,089	252,936	266,217	274,592	279,602
Portfolio investment	110,610	92,809	181,120	206,147	204,877
Derivatives	875	4,018	5,535	4,203	3,010
Other investment	-343,992	-337,407	-350,840	-369,253	-365,349
Reserve assets	584,019	601,359	622,331	657,852	676,641