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Gold as a safe-haven asset and the Swiss external sector

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Gold is Switzerland's largest import and export in terms of value, owing to the substantial refining and trading activities that are based in the country. This note documents how the safe-haven motive of global gold demand distorts key indicators of the Swiss external sector. Gold trade generates cyclical movements in the Swiss current account balance, which are determined by changes in the safe-haven motive of gold demand in times of global stress. Furthermore, in times of global stress, as the safe-haven motive of gold demand is amplified, Swiss gold exports redirect towards key suppliers of gold-backed financial instruments, in turn causing large shifts in trade balances with Switzerland's trading partners. Gold-driven shifts in Swiss external sector indicators thus require careful interpretation since they reflect global factors—not changes in Swiss economic fundamentals.

Switzerland is a hub for gold trade. Major gold refineries are located in the country; they supply approximately one-third of refined gold worldwide (SECO, 2025). Switzerland is also a substantial issuer of gold-backed financial instruments. As such, it ranks as the fourth largest issuer of gold exchange-traded funds (World Gold Council, 2025). Because of these activities, Switzerland's gold imports and exports are substantial. In 2024, gold accounted for 27% of goods trade value, making it Switzerland's most traded product, ahead of pharmaceutical products with a share at 22%.[1] Given its weight in goods trade, gold has a substantial influence on Switzerland's external sector (SNB, 2015), while its industry has a much more modest impact on the real economy, accounting for only about a thousand jobs (ASFCMP, 2025).

This note documents how the safe-haven characteristics of gold systematically shape Swiss gold trade, which in turn distorts external sector indicators for Switzerland. The conclusions

[1] In this note, gold comprises gold in powder, unwrought, and semi-manufactured forms (as covered in the tariff heading HS 7108).

of this note thus underscore the need for caution when interpreting Switzerland's external sector statistics.

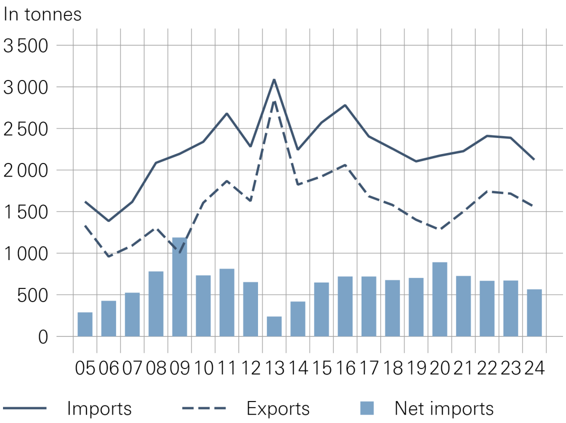
Two stylised facts on the Swiss gold trade

As a starting point, let us consider two stylised facts of Switzerland's gold trade. These facts may seem innocuous at first but are key in view of global gold demand.

Stylised fact 1 – Switzerland's net gold imports vary substantially from year to year. Chart 1 shows that over the past two decades, Switzerland has been a net gold importer—that is, larger quantities of gold were imported than exported. However, yearly net imports have varied substantially, ranging from 240 tonnes (in 2013) to 1200 tonnes (in 2009).

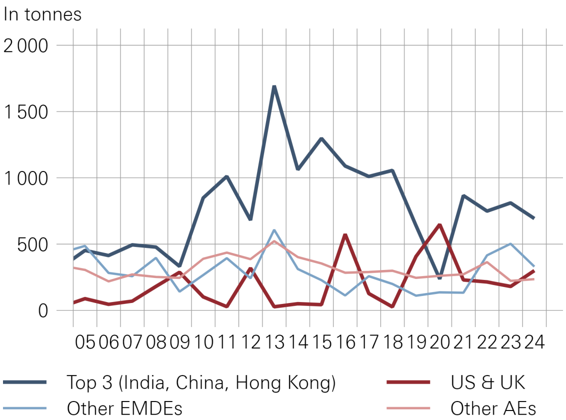
Stylised fact 2 – Periodically, Swiss gold exports surge towards the US and the UK. Chart 2 shows Swiss gold exports across trading partners. Over the past two decades, India, China, and Hong Kong have been the top three export markets, accounting for the majority of Swiss gold exports. Periodically, however, gold exports surged to the US and the UK, ranging between 26 tonnes (in 2018) and 649 tonnes (in 2020).

CHART 1: SWISS GOLD TRADE



Source(s): FOCBS

CHART 2: SWISS GOLD EXPORTS



Source(s): FOCBS

Gold as a safe-haven asset and Swiss gold trade

The two stylised facts can be linked to the two main motives of global gold demand.[2]

First, gold is used as a *store of value*. This motive is particularly relevant in emerging market and developing economies (EMDEs). In these countries, long-term gold holdings—either in the form of jewellery or bars—are sought out given a lack of investment opportunities, limited access to the financial system, and cultural factors (UNCTAD, 2016).

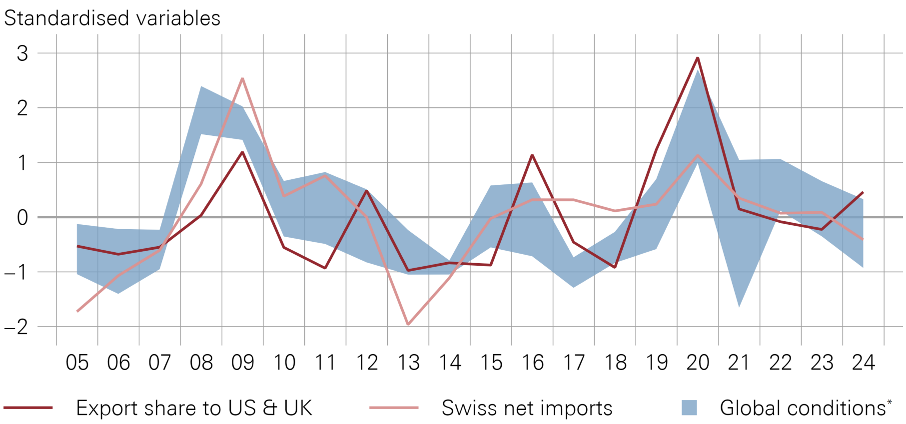
[2] This note abstracts from two other motives: demand for industrial production and central bank reserves. Manufacturing represents a relatively small proportion of gold demand and monetary gold falls outside of the scope of customs data.

Second, gold is considered a *safe-haven* asset at times of global economic and financial uncertainty or stress. A few advanced economies (AEs), which issue the majority of gold-backed financial instruments, play a key role in meeting that motive of gold demand (Baur and McDermott, 2010). For example, in 2024, the US, the UK, and Switzerland accounted for more than three quarters of the gold holdings backing exchange-traded funds (World Gold Council, 2025). Importantly, gold price also tends to increase in times of global stress (Barsky et al., 2021), thus exacerbating developments in gold demand in terms of value.

These motives of global demand thus arise at specific times and in specific markets, in turn driving the two stylised facts shown above. To explore this relationship, I construct a *global conditions* measure, which consists of a range between the minimum and minimum values over three indices, namely, the VIX (a go-to indicator for investor sentiment and risk appetite), the risk aversion index of Bekaert et al. (2022) as well as the economic uncertainty index of Jurado et al. (2015). An increase in the range captures worsening global conditions, thus broadly indicating periods when the safe-haven motive of gold demand is likely to be exacerbated.

Chart 3 plots the evolution of global conditions against the two stylised facts of Switzerland's gold trade. In 'bad times,' when risk appetite is low, uncertainty is high, and the economic outlook is bleak, Switzerland's gold trade shifts towards the US and the UK as well as towards the domestic market (that is, net imports increase). In 'good times,' when risk appetite is high, uncertainty is low, and the outlook is favourable, Switzerland's gold exports instead revert to the other markets, i.e., the export share to the US and the UK as well as Swiss net imports decrease.

CHART 3: SWISS GOLD TRADE VERSUS GLOBAL CONDITIONS



*Global conditions are captured by a range over the VIX index, a risk aversion index, and an economic uncertainty index. An increase in the range indicates worsening global conditions.

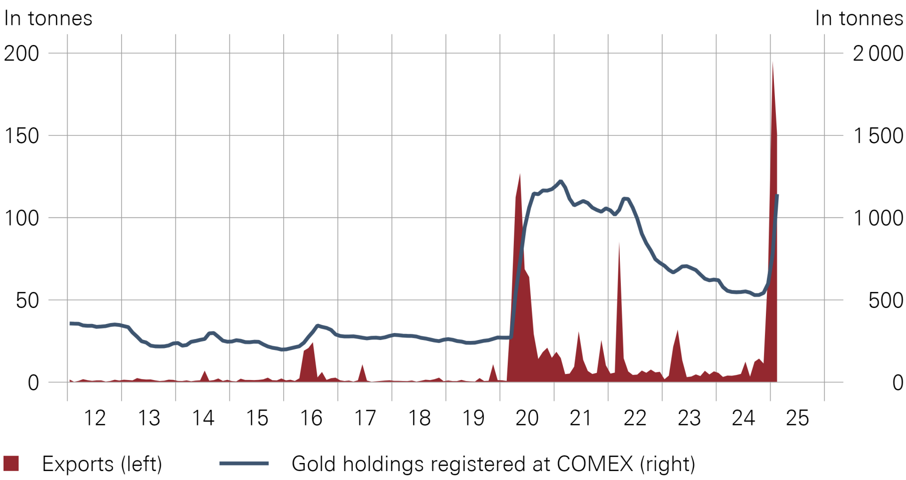
Source(s): Bekaert et al. (2022), CBOE, FOCBS, Jurado et al. (2015)

The role of financial markets

While this note does not claim to identify the exact mechanism, the co-movement between global conditions, Swiss net gold imports, and the export share to the US and the UK is evident. The US, the UK, and Switzerland stand out in times of global stress because they are financial hubs, playing a key role in supplying gold-backed financial assets. When global conditions worsen, the demand for gold-backed financial instruments increases, in turn leading to a rise in the gold holdings required to back these instruments. How financial markets shape Swiss gold trade flows becomes apparent when considering the example of gold exports to the US.

Chart 4 plots Switzerland's monthly gold exports to the US and gold holdings registered at the New York Commodity Exchange (COMEX), the world's largest exchange for gold derivatives. Swiss gold exports tend to rise together with increases in gold holdings registered at COMEX. Two episodes particularly stand out. First, beginning in March 2020 at the onset of the COVID-19 pandemic, gold holdings registered at COMEX shot up, increasing by almost a thousand tonnes. At the same time, Swiss gold exports to the US surged. Switzerland exported a total of 516 tonnes to the US in 2020—a sharp contrast to previous years, in which gold exports were negligible.[3] Second, in recent months, gold exports again skyrocketed by a whopping 414 tonnes between December and February while gold holdings registered at COMEX sharply increased.

CHART 4: SWISS GOLD EXPORTS TO THE US AND COMEX HOLDINGS



Source(s): FOCBS, LSEG Data and Analytics

Implications for the Swiss external sector

Changes in global conditions thus systematically shape Switzerland's gold trade. This has two important implications for the interpretation of Swiss external sector indicators.

Implication 1 – Gold trade distorts the Swiss current account (CA) balance. As mentioned earlier, movements in net gold imports are reinforced by movements in the gold price in times of global stress. These two factors thus induce sizeable fluctuations in the CA balance. Chart

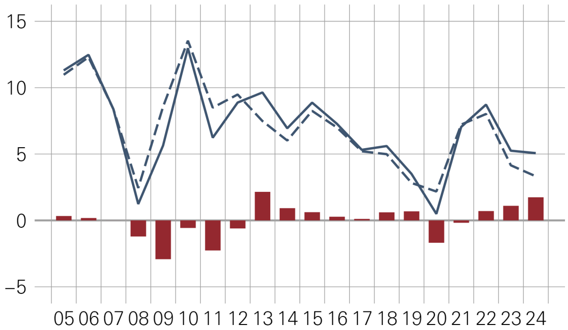
[3] A similar positive relationship can be found between exports to the UK and gold holdings underlying exchange-traded funds held in British vaults, as well as between Swiss net gold imports and gold holdings underlying exchange-traded funds held in Swiss vaults.

5 plots the official CA balance together with a simple 'smoothed' CA balance, which is stripped out of the deviations of gold net imports from their average. The smoothed measure removes the volatility induced by the safe-haven motive of global gold demand. During periods of global stress—that is, during the global financial crisis, the Euro debt crisis, and at the onset of the COVID-19 pandemic—net gold imports tended to increase, thus pushing *down* the CA balance. Outside of these periods, the CA balance instead tended to be overstated as net gold imports undershot their average.

CA balances reflect long-term savings and investment decisions and, importantly, can signal distortions in economic fundamentals and policies. Given the specificities of the Swiss economy, the Swiss CA balance warrants careful interpretation (see Jordan, 2017). This note documents yet another specificity: gold trade generates cyclical movements in the CA balance that are *independent* of Swiss fundamentals and policies but instead reflect shifts in global conditions. When using the Swiss CA balance to assess economic fundamentals and policies, it is thus important to strip out the cyclical impact of gold trade.

CHART 5: SWISS CURRENT ACCOUNT

Net, in % of GDP

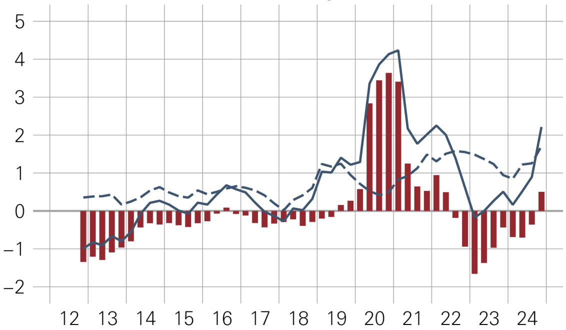


Official measure — Smoothed measure
Deviations of gold net exports from average

Source(s): FOCBS, SNB

CHART 6: SWISS BILATERAL TRADE WITH THE US

Goods and services balance, 4Q-rolling window, in % of GDP



Official measure — Smoothed measure
Deviations of bilateral gold net exports from average

Source(s): FOCBS, SNB

Implication 2 – Gold trade distorts Switzerland's bilateral trade balances. Returning to the US example, Chart 6 shows Switzerland's trade balance with the US. The chart again depicts a 'smoothed' measure, which strips out deviations of bilateral gold net exports from their average. Periodically, the official and smoothed measures diverge significantly. For instance, the official measure shows a substantial increase in the trade balance in 2020—reflecting the surge of COMEX holdings that was shown in Chart 4—whereas the smoothed measure shows a decline in the trade balance. Given the renewed surge in gold exports in recent months, the official measure once again overshoots the smoothed measure.

Contrasting the official and smoothed measures suggests that sudden movements in the trade balance should be carefully examined. At times, these movements reflect specific shifts in the gold trade balance that are due to independent financial motives—rather than to changes in fundamental economic ties and policies.

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