



Communications

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Balance of payments and international investment position in Q2 2015 (corrected version)

Data on the financial account balance, the net acquisition of financial assets and the reserve assets have been corrected in the balance of payments for the second quarter of 2015.

Summary of balance of payments and international investment position

In the second quarter of 2015, the current account surplus amounted to CHF 18 billion, CHF 6 billion more than the year-back quarter. This was principally attributable to the decline in the expenses surplus on secondary income (current transfers). In the quarter under review, this amounted to CHF 3 billion, compared to the exceptionally high expenses surplus of CHF 7 billion in the year-back quarter. The receipts surplus on primary income (labour and capital income) also rose, by CHF 2 billion to CHF 3 billion. The surplus of receipts for trade in goods and services remained unchanged at CHF 18 billion.

The financial account recorded a net acquisition of assets of CHF 32 billion. This was predominantly due to transactions included under reserve assets and direct investment. Net incurrence of liabilities was CHF 12 billion. This was mainly accounted for by net incurrence under direct investment and a net reduction under other investment.

In the international investment position, losses on both assets and liabilities exceeded the net acquisition of assets/incurrence of liabilities in the financial account. This was primarily due to lower exchange rates and share prices. As a consequence, foreign assets decreased by CHF 95 billion to CHF 4,087 billion and foreign liabilities by CHF 93 billion to CHF 3,414 billion compared to the previous quarter. This caused a slight fall in the net international investment position, which decreased by CHF 2 billion to CHF 673 billion.



Press release

Current account

Net

At CHF 18 billion, the current account surplus was up CHF 6 billion compared to the year-back quarter. While the receipts surplus from trade in goods rose by CHF 1 billion to CHF 14 billion, that for trade in services declined by CHF 1 billion to CHF 4 billion. As regards primary income (labour and investment income), the receipts surplus rose by CHF 2 billion to CHF 3 billion. The expenses surplus on secondary income (current transfers) amounted to CHF 3 billion, a decrease of CHF 4 billion against the year-back quarter.

Receipts

According to the foreign trade statistics (total 1), goods exports fell by CHF 2 billion to CHF 50 billion compared to the second quarter of 2014. Exports of chemical and pharmaceutical products as well as watches, machinery and electronics declined, while exports of jewellery and vehicles increased. Net merchanting receipts decreased by CHF 1 billion to CHF 7 billion. Receipts from non-monetary gold trading amounted to CHF 13 billion, compared to CHF 12 billion in the year-back quarter. Overall (i.e. including merchanting and gold trading), receipts from goods trade amounted to CHF 69 billion, CHF 3 billion lower than in the same period a year earlier.

As regards foreign trade in services, receipts were, at CHF 26 billion, equivalent to those of the year-back quarter. An increase was registered in telecommunications, computer, information and business services as well as licence fees, whereas receipts from tourism, transport 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 3 billion to CHF 32 billion compared to the same quarter in the previous year. Secondary income (current transfers) rose by CHF 1 billion to CHF 9 billion year-on-year.

Expenses

According to the foreign trade statistics (total 1), goods imports decreased by CHF 5 billion to CHF 40 billion compared to the year-back level – 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 14 billion, as against CHF 12 billion a year earlier. Overall, expenses for goods imports dropped by CHF 4 billion to CHF 55 billion.

At CHF 23 billion, expenses for services imports exceeded the figure for the same quarter one year earlier by CHF 1 billion. This development can be ascribed principally to higher expenses for business services and licence fees. While expenses for tourism remained stable, those for transport services decreased slightly.

Press release

Expenses for primary income (labour and investment income) declined by CHF 5 billion to CHF 29 billion compared to the same quarter in the previous year, primarily due to lower direct investment income. Expenses on secondary income (current transfers) declined by CHF 3 billion to CHF 12 billion, while in the year-back quarter an exceptionally high figure was recorded.

Financial account**Net acquisition of financial assets**

The net acquisition of financial assets amounted to CHF **32** billion (Q2 2014: CHF 16 billion). At CHF **15** billion, reserve assets accounted for **a large share** of these net acquisitions (Q2 2014: CHF 4 billion). At CHF 21 billion, direct investment also made a substantial contribution (Q2 2014: CHF 20 billion). This was due in large measure to Swiss companies significantly increasing their equity capital abroad. In portfolio investment, net acquisition of financial assets amounted to CHF 6 billion (Q2 2014: CHF 7 billion). The 'other investment' item registered a net reduction of assets of CHF 10 billion (Q2 2014: CHF 16 billion), because domestic banks significantly reduced their claims against banks abroad. By contrast, the SNB increased its claims abroad.

Net incurrence of liabilities

The net incurrence of liabilities amounted to CHF 12 billion (Q2 2014: net reduction CHF 3 billion). The largest net incurrence of liabilities was recorded by direct investment, at CHF 19 billion (Q2 2014: CHF 12 billion), mainly as a result of foreign investors substantially increasing their equity capital in existing Swiss subsidiaries. Portfolio investment posted a net incurrence of liabilities of CHF 2 billion (Q2 2014: CHF 4 billion). Investors abroad bought Swiss-issued equity securities totalling CHF 5 billion, and sold debt securities totalling CHF 3 billion. The 'other investment' item registered a net reduction of liabilities of CHF 9 billion (Q2 2014: CHF 19 billion). This was largely due to banks and non-banks reducing their liabilities abroad. By contrast, the SNB increased its liabilities.

Financial account, net

The net figure for the financial account amounted to CHF **20** billion (Q2 2014: CHF 18 billion). This result comprises net acquisition of assets (CHF **32** billion) minus net incurrence of liabilities (CHF 12 billion) plus net derivatives transactions (the net derivatives figure was zero). The positive financial account balance corresponds to the increase in the net international investment position resulting from cross-border investment.

Press release

International investment position

Foreign assets

Although net acquisition of assets in the financial account amounted to CHF 46 billion, compared to the first quarter of 2015 stocks of foreign assets declined by CHF 95 billion to CHF 4,087 billion. This reduction was due to stock exchange and exchange rate losses. The largest drop occurred in portfolio investment, which fell by CHF 39 billion to CHF 1,210 billion. Foreign assets in the form of derivatives declined by CHF 32 billion to CHF 120 billion. The 'other investment' item decreased by CHF 26 billion to CHF 780 billion. Reserve assets recorded a reduction of CHF 8 billion to CHF 558 billion, despite investment of CHF 30 billion. By contrast, direct investment recorded a moderate increase, rising to CHF 1,419 billion by the end of the second quarter (Q1 2015: CHF 1,408 billion).

Foreign liabilities

Foreign liabilities decreased by CHF 93 billion to CHF 3,414 billion. As with foreign assets, this was due to stock exchange and exchange rate losses. The largest fall was recorded in portfolio investment, which dropped by CHF 54 billion to CHF 1,116 billion. Derivatives stocks declined by CHF 31 billion to CHF 121 billion, and other investment stocks by CHF 25 billion to CHF 1,074 billion. Direct investment stocks, by contrast, increased by CHF 17 billion to CHF 1,103 billion, mainly because of transactions in the financial account.

Net investment position

The net international investment position declined by CHF 2 billion to CHF 673 billion, as foreign assets decreased by more (– CHF 95 billion) than foreign liabilities (– CHF 93 billion).

Press release

For comprehensive tables on the balance of payments and the international investment position, cf. the Swiss National Bank's data portal (data.snb.ch, *Tables, Foreign relations, Foreign trade, Swiss balance of payments and Switzerland's international investment position*).

SWISS BALANCE OF PAYMENTS – OVERVIEW

In CHF millions

| | 2014 Q2 | 2014 Q3 | 2014 Q4 | 2015 Q1 | 2015 Q2 |
|-------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Current account, net | 11,282 | 9,659 | 15,338 | 15,034 | 17,591 |
| Receipts | 140,959 | 136,391 | 145,143 | 135,821 | 136,375 |
| Expenses | 129,677 | 126,731 | 129,806 | 120,786 | 118,784 |
| Goods and services, net | 17,764 | 14,892 | 18,121 | 16,112 | 17,753 |
| Receipts | 97,856 | 97,687 | 107,647 | 100,641 | 95,165 |
| Expenses | 80,092 | 82,795 | 89,525 | 84,529 | 77,412 |
| Goods, net | 13,174 | 10,279 | 14,989 | 11,360 | 13,992 |
| Receipts | 71,725 | 70,213 | 79,590 | 74,846 | 68,876 |
| Foreign trade of which | 66,089 | 67,373 | 77,594 | 71,205 | 64,857 |
| foreign trade total ¹ | 51,455 | 51,882 | 53,702 | 50,603 | 49,538 |
| non-monetary gold | 11,646 | 12,641 | 20,955 | 18,089 | 12,743 |
| Supplements to foreign trade ² | -2,330 | -2,300 | -2,937 | -3,363 | -2,698 |
| Merchanting | 7,966 | 5,140 | 4,933 | 7,004 | 6,717 |
| Expenses | 58,551 | 59,934 | 64,601 | 63,487 | 54,883 |
| Foreign trade of which | 58,777 | 60,209 | 65,643 | 64,617 | 55,486 |
| foreign trade total ¹ | 44,641 | 44,252 | 45,342 | 42,559 | 39,899 |
| non-monetary gold | 11,869 | 13,960 | 18,153 | 19,423 | 13,590 |
| Supplements to foreign trade ² | -225 | -275 | -1,042 | -1,131 | -603 |
| Services, net | 4,590 | 4,613 | 3,132 | 4,753 | 3,761 |
| Receipts | 26,131 | 27,474 | 28,057 | 25,795 | 26,290 |
| Expenses | 21,541 | 22,861 | 24,925 | 21,042 | 22,529 |
| Primary income, net | 628 | -2,596 | 1,512 | 1,158 | 2,867 |
| Receipts | 34,652 | 29,114 | 28,419 | 26,462 | 31,822 |
| Expenses | 34,023 | 31,711 | 26,907 | 25,303 | 28,955 |
| Labour income, net | -5,137 | -5,165 | -5,111 | -5,243 | -5,226 |
| Receipts | 538 | 538 | 538 | 538 | 538 |
| Expenses | 5,674 | 5,703 | 5,649 | 5,781 | 5,764 |
| Investment income, net | 5,765 | 2,569 | 6,623 | 6,402 | 8,093 |
| Receipts | 34,114 | 28,577 | 27,881 | 25,924 | 31,284 |
| Expenses | 28,349 | 26,008 | 21,258 | 19,523 | 23,191 |
| Secondary income, net | -7,110 | -2,636 | -4,296 | -2,236 | -3,028 |
| Receipts | 8,452 | 9,589 | 9,078 | 8,718 | 9,388 |
| Expenses | 15,561 | 12,226 | 13,374 | 10,954 | 12,417 |
| Capital transfers, net | -64 | -52 | -387 | -189 | -344 |
| Receipts | 109 | 137 | 157 | 112 | 126 |
| Expenses | 174 | 189 | 544 | 301 | 470 |

Press release

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|-------------------------------------------------------|---------------|---------------|----------------|----------------|---------------|
| Financial account (excluding derivatives), net | 18,722 | 5,596 | 5,672 | 32,178 | 19,827 |
| Net acquisition of financial assets | 15,869 | 3,326 | 2,053 | 83,336 | 31,652 |
| Net incurrence of liabilities | -2,852 | -2,270 | -3,619 | 51,158 | 11,825 |
| Direct investment, net | 7,533 | 2,612 | -6,553 | 4,556 | 1,809 |
| Net acquisition of financial assets | 19,839 | -1,669 | -7,256 | 15,525 | 20,983 |
| Net incurrence of liabilities | 12,305 | -4,282 | -703 | 10,969 | 19,174 |
| Portfolio investment, net | 3,235 | 3,461 | -9,954 | 38,624 | 3,825 |
| Net acquisition of financial assets | 7,480 | 5,049 | -12,393 | 32,038 | 5,714 |
| Net incurrence of liabilities | 4,244 | 1,588 | -2,440 | -6,585 | 1,889 |
| Other investment, net | 3,708 | -1,385 | -3,150 | -69,699 | -1,207 |
| Net acquisition of financial assets | -15,694 | -962 | -3,626 | -22,925 | -10,445 |
| Net incurrence of liabilities | -19,402 | 423 | -476 | 46,774 | -9,237 |
| Reserve assets, net | 4,245 | 908 | 25,329 | 58,698 | 15,401 |
| Derivatives, net | -305 | 627 | -835 | -1,136 | -436 |
| Statistical difference | 7,199 | -3,384 | -10,114 | 16,198 | 2,144 |

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 Q2 | 2014 Q3 | 2014 Q4 | 2015 Q1 | 2015 Q2 |
|----------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | 3,960,295 | 4,072,554 | 4,246,125 | 4,181,662 | 4,086,728 |
| Direct investment | 1,330,545 | 1,350,770 | 1,447,024 | 1,408,408 | 1,418,847 |
| Portfolio investment | 1,206,706 | 1,240,295 | 1,239,877 | 1,248,139 | 1,209,581 |
| Derivatives | 109,423 | 134,240 | 149,445 | 152,391 | 119,849 |
| Other investment | 818,354 | 839,687 | 868,578 | 806,081 | 779,982 |
| Reserve assets | 495,267 | 507,563 | 541,201 | 566,644 | 558,468 |
| Liabilities | 3,255,759 | 3,322,101 | 3,477,782 | 3,506,744 | 3,414,062 |
| Direct investment | 979,955 | 985,657 | 1,093,959 | 1,085,688 | 1,103,150 |
| Portfolio investment | 1,078,633 | 1,109,315 | 1,143,792 | 1,169,959 | 1,115,789 |
| Derivatives | 108,178 | 125,894 | 147,485 | 151,655 | 121,107 |
| Other investment | 1,088,992 | 1,101,235 | 1,092,546 | 1,099,442 | 1,074,017 |
| Net international investment position | 704,536 | 750,454 | 768,343 | 674,919 | 672,665 |
| Direct investment | 350,590 | 365,113 | 353,065 | 322,720 | 315,697 |
| Portfolio investment | 128,073 | 130,980 | 96,085 | 78,180 | 93,792 |
| Derivatives | 1,245 | 8,346 | 1,960 | 736 | -1,258 |
| Other investment | -270,639 | -261,548 | -223,968 | -293,361 | -294,034 |
| Reserve assets | 495,267 | 507,563 | 541,201 | 566,644 | 558,468 |