

Switzerland's international investment position in 2004

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Switzerland's international investment position in 2004

Summary

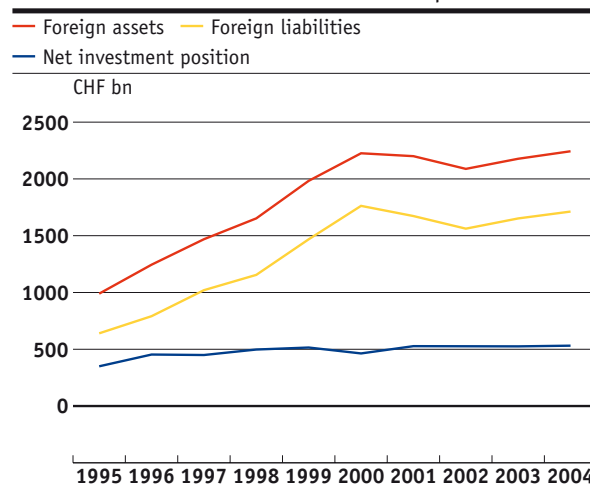
At the end of 2004, foreign assets amounted to CHF 2,244 billion, while foreign liabilities totalled CHF 1,713 billion. Thus, net investments abroad were CHF 531 billion. This corresponds to 119% of gross domestic product, which is high by international standards.

At the end of 2004, the number of companies surveyed for the compilation of direct investment statistics was increased. As a result, the figures for both assets and liabilities abroad increased (cf. table 2). In 2004, liabilities of pension funds and life insurance companies towards persons outside Switzerland (e.g. cross-border commuters) were included in the accounts for the first time. The figures for foreign liabilities were revised retroactively to 1985. As a result, foreign liabilities were roughly 4% higher than previously reported, while the net investment position was some 11% below the previous level.

Foreign assets were up CHF 66 billion on the figure for the previous year, an increase mainly attributable to capital outflows. However, the rise in capital stocks abroad was partly offset by valuation losses. This was due, in particular, to the weaker US dollar.

Foreign liabilities were CHF 60 billion higher than in the previous year. This growth was partly due to capital inflows and partly attributable to the larger reporting population for direct investment.

Graph 1
Switzerland's international investment position



Switzerland's international investment position

Table 1

Total at year-end	2003	2004	Year-on-year change in percent
Foreign assets in CHF billions	2 177.5	2 243.7	3.0
Foreign liabilities in CHF billions	1 652.1	1 712.5	3.7
Net investment position in CHF billions	525.4	531.2	1.1
Net in percent of GDP	120.9	119.1	

Changes in the international investment position in CHF billions

Table 2

	Total at the end of 2003	Investment ¹ 2004	Valuation changes ² 2004	Statistical changes ³ 2004	Total at the end of 2004
Foreign assets	2 177.5	122.6	-74.4	18.0	2 243.7
Foreign liabilities	1 652.1	38.5	-7.1	29.0	1 712.5
Net investment position	525.4	84.1	-67.3	-11.0	531.2

1 Investment in accordance with the financial account in the balance of payments; capital outflows result in an increase in foreign assets and capital inflows in an increase in foreign liabilities.

2 Exchange rate-induced and market price-induced valuation changes.

3 Expansion of the reporting population in 2004.

Foreign assets

Foreign assets comprise direct investment, portfolio investment, reserve assets, as well as other foreign assets.

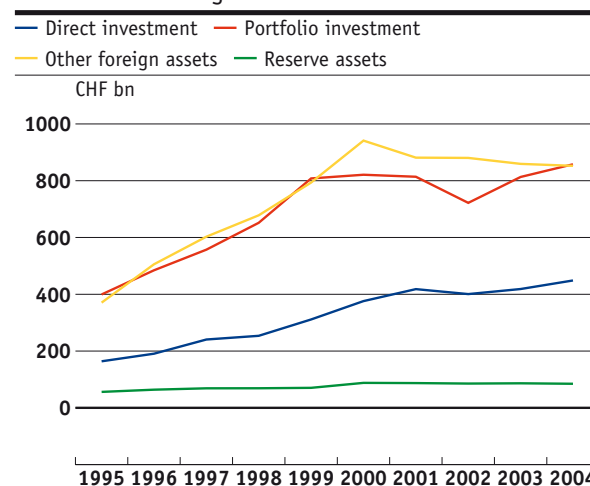
The level of direct investment abroad rose from CHF 419 billion to CHF 449 billion as a result of investment. The share of direct investment in total foreign assets increased from 19% to 20%.

Portfolio positions advanced from CHF 813 billion to CHF 858 billion, thereby increasing their share of total foreign assets from 37% to 38%. Capital outflows resulted in an increase in debt securities, while the higher level of equity securities was attributable to the rise in share prices.

Other foreign assets consist mainly of banks' foreign assets. In 2004, other foreign assets declined from CHF 859 billion to CHF 853 billion, and their share in foreign assets slipped from 39% to 38%. Interbank loans fell particularly strongly. Fiduciary assets, by contrast, climbed CHF 1 billion to CHF 65 billion. Fiduciary investments take the form of short-term investments in the money market.

The National Bank's reserve assets declined by CHF 1 billion to CHF 85 billion. Gold holdings were down CHF 5 billion, due to the National Bank's sales of gold. However, the foreign exchange position was CHF 4 billion above the year-earlier level.

Graph 2
Switzerland's foreign assets



Switzerland's international investment position – assets in CHF billions

Table 3

Total at year-end	2003	2004	Year-on-year change in percent	Share in percent
Direct investment	418.6	448.6	7.2	20.0
Portfolio investment	813.3	857.9	5.5	38.2
Debt securities	450.1	473.7	5.2	21.1
Equity securities	363.2	384.1	5.8	17.1
Other foreign assets	859.3	852.5	-0.8	38.0
of which, loans by banks	628.7	613.5	-2.4	27.3
Reserve assets	86.4	84.8	-1.9	3.8
Total	2 177.5	2 243.7	3.0	100.0

Foreign liabilities

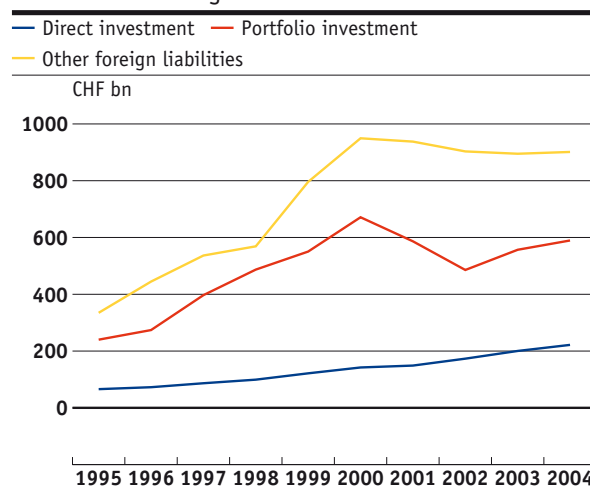
Foreign liabilities comprise foreign direct investment in Switzerland, stocks of securities held by foreigners and other foreign liabilities.

The stock of foreign direct investment in Switzerland climbed from CHF 200 billion to CHF 222 billion. This increase was entirely attributable to the addition of new companies for the direct investment survey. The share of direct investment in total foreign liabilities increased from 12% to 13%.

Stocks of Swiss securities held by foreigners (portfolio investments) advanced from CHF 557 billion to CHF 590 billion. As for the previous reporting period, this corresponded to a 34% share in total foreign liabilities. The rise in the level of equity securities was mainly due to higher share prices, while securities purchases were the chief reason for the increase in debt securities.

Under other foreign liabilities, bank liabilities are the dominant element. This position was only slightly up on the previous year's figure, reaching CHF 901 billion at the end of 2004. The share of bank liabilities in total foreign liabilities slipped from 54% to 53%, with the decline in interbank liabilities playing an important role in this development.

Graph 3
Switzerland's foreign liabilities



Switzerland's international investment position – liabilities in CHF billions

Table 4

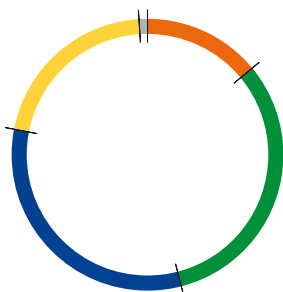
Total at year-end	2003	2004	Year-on-year change in percent	Share in percent
Direct investment	200.4	221.7	10.7	12.9
Portfolio investment	556.8	589.5	5.9	34.4
Debt securities	58.8	72.7	23.7	4.2
Equity securities	498.0	516.8	3.8	30.2
Other foreign liabilities	895.0	901.3	0.8	52.6
of which, deposits with banks	639.3	641.9	0.4	37.5
Total	1 652.1	1 712.5	3.7	100.0

Composition of foreign assets and liabilities by currency (including precious metals)

As compared with the previous year, the currency composition of foreign assets was almost unchanged. 32% of total foreign assets were denominated in euros and 32% in US dollars, 14% in Swiss francs and 21% in other currencies.

Under foreign liabilities, the share of US dollar holdings rose from 22% to 23%, and the share of the other currencies position fell correspondingly, declining from 7% to 5%. The shares of Swiss franc holdings (55%) and euro holdings (16%) were unchanged.

Graph 4

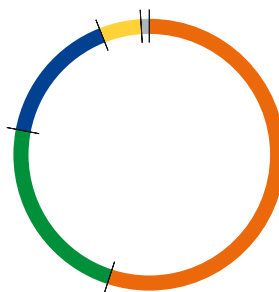


Foreign assets in 2004
Breakdown by currency in percent

CHF 14
 USD 32
 EUR 32
 Other currencies 21
 Precious metals 1

Total: 2244 CHF bn

Graph 5



Foreign liabilities in 2004
Breakdown by currency in percent

CHF 55
 USD 23
 EUR 16
 Other currencies 5
 Precious metals 1

Total: 1713 CHF bn

Notes

Changes from the previous year

At the end of 2004, the reporting population for direct investment was expanded by roughly 250 companies to a total of 1,100.

Meanwhile, a gap in the statistics for other foreign liabilities was closed – liabilities of life insurance companies and pension funds in Switzerland towards persons abroad dating back to 1985 have now also been recorded.

Statistical basis

Direct investment

Swiss direct investment abroad: Swiss equity holdings of no less than 10% in companies abroad (subsidiaries, branches), as well as intragroup lending.

Foreign direct investment in Switzerland: Foreign equity holdings of no less than 10% in Swiss companies (subsidiaries, branches), as well as intragroup lending.

Data submitted by the banks and companies to the National Bank form the statistical basis.

Portfolio investment

Swiss portfolio investment abroad: Investment by residents in securities issued by foreign borrowers which are not included in direct investment or reserve assets, such as debt securities (money market paper, bonds), equity securities (shares, participation certificates, dividend-right certificates), and investment fund certificates from foreign investment funds.

Foreign portfolio investment in Switzerland: Foreign investment in securities issued by domestic borrowers which are not included in direct investment, such as debt securities (money market paper, bonds, medium-term notes), equity securities (shares, participation certificates, dividend-right certificates), and investment fund certificates.

Data submitted by the banks and companies to the National Bank form the statistical basis.

Other investment

Bank lending:

Claims abroad: Lending to banks and customers abroad.

Liabilities abroad: Deposits of foreign banks and customers.

Data submitted by the banks to the National Bank form the statistical basis.

Corporate lending:

Claims abroad: Lending abroad by companies in Switzerland, excluding intragroup lending which is recorded with direct investment abroad.

Liabilities abroad: Lending from abroad to companies in Switzerland, excluding intragroup lending which is recorded with Swiss direct investment.

Data submitted by the companies to the National Bank form the statistical basis.

Government lending:

Claims abroad: Lending abroad by the public sector.

Liabilities abroad: Short-term liabilities of the public sector towards other countries.

Data submitted by the Swiss Confederation to the National Bank form the statistical basis.

Other

Claims abroad: Residents' fiduciary funds which are invested abroad. The Swiss Confederation's participation in international organisations. Non-bank balances at banks abroad.

Liabilities abroad: Non-residents' fiduciary funds which are invested in Switzerland. Real estate in Switzerland owned by non-residents. Liabilities of life insurance companies and pension funds in Switzerland towards persons abroad.

Data submitted by the Swiss Confederation, banks and the Bank for International Settlements (BIS) to the National Bank form the statistical basis.

Reserve assets

Gold holdings, foreign exchange holdings, the reserve position in the International Monetary Fund, international payment instruments (SDRs) and monetary assistance loans extended by the National Bank.

Legal basis

According to the Federal Act on the Swiss National Bank (National Bank Act) of 3 October 2003 and the Implementing Ordinance on the National Bank Act of 18 March 2004, the Swiss National Bank is authorised to collect the required statistical data for drawing up the balance of payments and the statistics on the international investment position. Pursuant to the Appendix to the Implementing Ordinance on the National Bank Act, legal entities and companies are obliged to supply information if their financial claims or liabilities abroad exceed CHF 10 billion at the time of the survey or if their direct investment abroad or direct investment from abroad exceed CHF 10 million at the time of the survey.

Methodological basis

Definition

The international investment position indicates the level of Switzerland's financial assets and liabilities. The net position denotes the balance of these assets and liabilities. The international investment position comprises portfolio investment, direct investment, the National Bank's reserve assets, as well as other financial assets and liabilities.

Switzerland's international investment position is compiled in accordance with IMF guidelines (Balance of Payments Manual, 5th edition).

Valuation of stocks

The positions at the end of the year are generally stated at market prices. Direct investment positions are an exception, as they are shown at book value.

International investment position and balance of payments

The international investment position is closely related to the balance of payments. It reflects the level of foreign assets and liabilities at a given point in time. In the balance of payments, capital flows (investments) are shown during a specified period. Capital outflows (Swiss investment abroad) lead to an increase in foreign assets, while capital inflows (foreign investment in Switzerland) bring about an increase in foreign liabilities. If Switzerland makes more investments abroad than vice versa, i.e. if its transactions result in a net capital outflow, the net international investment position increases. In this case, the corresponding balance in the current account shows a surplus.

However, the development of the international investment position is not only determined by investment, but by other factors as well. In particular, the positions reflect fluctuations in exchange rates and precious metal prices, as well as changes in stock prices.

Tables

Switzerland's international investment position in 2004

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Explanation of symbols

r Revised

p Provisional

. Figure unknown, confidential, meaningless,
no longer reported or no reporting institutions (missing value).

Deviations between the totals and the sums of components are due to rounding.

Switzerland's international investment position – overview
In CHF millions

Table 1.1

Total at year-end	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Foreign assets	2 226 148	2 200 549	2 088 388	2 177 539	2 243 710
Direct investment ¹	375 972	418 090	400 707	418 563	448 614
Portfolio investment	821 038	814 014	721 992	813 312	857 851
Other assets	941 260	881 392	880 319	859 289	852 492
Reserve assets	87 877	87 052	85 370	86 375	84 754
Foreign liabilities	1 762 974	1 673 237	1 561 959	1 652 136	1 712 505
Direct investment ¹	142 055	148 887	173 085	200 357	221 713
Portfolio investment	671 356	586 562	485 659	556 790	589 478
Other liabilities	949 563	937 788	903 215	894 989	901 314
Net investment position	463 174	527 312	526 429	525 403	531 205
Direct investment ¹	233 917	269 203	227 621	218 206	226 901
Portfolio investment	149 682	227 452	236 333	256 521	268 373
Other assets and liabilities	-8 303	-56 396	-22 896	-35 699	-48 822
Reserve assets	87 877	87 052	85 370	86 375	84 754

1 Expansion of the reporting population in 2004.

Switzerland's international investment position – assets
In CHF millions

Table 2.1

Total at year-end	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Direct investment^{1,2}	375 972	418 090	400 707	418 563	448 614
Equity capital	333 536	374 020	361 465	382 731	421 043
Intragroup lending	42 436	44 070	39 242	35 832	27 571
Portfolio investment	821 038	814 014	721 992	813 312	857 851
Debt securities	383 645	405 252	419 292	450 088	473 706
Bonds and notes	371 384	379 094	389 442	414 884	440 826
Money market paper	12 261	26 158	29 850	35 205	32 880
Equity securities	437 394	408 762	302 700	363 223	384 145
Shares	308 956	273 544	184 468	224 784	228 174
Investment funds	128 437	135 218	118 231	138 439	155 971
Other foreign assets	941 260	881 392	880 319	859 289	852 492
of which					
Loans by banks ³	676 418	629 408	646 090	628 733	613 545
to banks	561 894	518 309	549 577	526 894	482 693
to customers	114 524	111 099	96 513	101 839	130 852
Loans by companies ⁴	109 652	116 968	126 266	124 971	131 636
Loans by government	781	517	495	484	473
Fiduciary investments	103 168	97 456	76 500	63 985	65 331
Reserve assets	87 877	87 052	85 370	86 375	84 754
Gold	34 725	32 982	29 340	27 128	21 639
Foreign exchange	50 453	50 581	52 941	56 312	60 708
Reserve position in the IMF	2 079	2 666	2 670	2 562	2 035
Other reserve assets	621	823	419	373	371
Total	2 226 148	2 200 549	2 088 388	2 177 539	2 243 710

1 Swiss equity holdings of at least 10% in companies abroad as well as the net assets of branches abroad.

2 Expansion of the reporting population in 2004.

3 Offices in Switzerland and in the Principality of Liechtenstein.

4 Excluding loans to subsidiaries which are included in direct investment.

Switzerland's international investment position – liabilities
In CHF millions

Table 3.1

Total at year-end	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Direct investment^{1,2}	142 055	148 887	173 085	200 357	221 713
Equity capital	139 550	148 721	169 173	189 003	216 479
Intragroup lending	2 505	166	3 913	11 354	5 234
Portfolio investment	671 356	586 562	485 659	556 790	589 478
Debt securities	46 151	47 011	49 135	58 785	72 711
Bonds and notes	45 209	46 430	47 831	57 675	71 408
Money market paper	942	582	1 305	1 110	1 303
Equity securities	625 205	539 550	436 524	498 005	516 767
Shares	547 540	463 426	374 356	431 847	451 126
Investment funds	77 665	76 124	62 167	66 158	65 641
Other foreign liabilities	949 563	937 788	903 215	894 989	901 314
of which					
Loans to banks ³	690 939	666 969	647 877	639 272	641 916
from banks	614 415	588 922	564 670	537 096	538 622
from customers	76 524	78 047	83 207	102 176	103 294
Loans to companies ⁴	89 773	100 561	101 040	104 957	106 100
Loans to government	675	637	855	575	798
Loans to the Swiss National Bank	643	2 099	703	641	330
Total	1 762 974	1 673 237	1 561 959	1 652 136	1 712 505

1 Foreign equity holdings of at least 10% in companies in Switzerland as well as the net assets of foreign branches in Switzerland.

2 Expansion of the reporting population in 2004.

3 Offices in Switzerland and in the Principality of Liechtenstein.

4 Excluding loans from the investor which are included in direct investment.

Switzerland's international investment position – assets
Breakdown by currency in CHF millions

Table 4.1

Total at year-end	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Direct investment^{1,2}	375 972	418 090	400 707	418 563	448 614
CHF	4 666	9 375	10 455	-870	-3 072
USD	94 290	101 036	79 995	89 939	88 972
EUR	116 510	122 512	123 464	125 634	136 980
Other currencies	160 506	185 167	186 792	203 860	225 733
Portfolio investment	821 038	814 014	721 992	813 312	857 851
CHF	178 850	187 986	184 280	209 269	223 995
USD	246 730	249 289	200 504	207 094	209 182
EUR	267 239	277 107	270 147	312 914	330 215
Other currencies	128 219	99 633	67 061	84 036	94 459
Other foreign assets	941 260	881 392	880 319	859 289	852 492
CHF	114 023	123 066	127 607	102 053	103 319
USD	386 310	353 954	394 879	385 475	398 906
EUR	187 930	183 850	192 581	227 564	214 350
Other currencies	249 249	215 414	159 215	140 059	131 242
Precious metals	3 748	5 108	6 037	4 139	4 675
Reserve assets	87 877	87 052	85 370	86 375	84 754
CHF	.	.	.	.	.
USD	20 527	20 756	20 752	20 406	20 405
EUR	22 274	23 208	25 983	29 343	28 877
Other currencies	10 352	10 106	9 295	9 498	13 832
Precious metals	34 725	32 982	29 340	27 128	21 639
Total foreign assets	2 226 148	2 200 549	2 088 388	2 177 539	2 243 710
CHF	297 539	320 427	322 343	310 451	324 241
USD	747 857	725 036	696 130	702 913	717 465
EUR	593 953	606 676	612 175	695 454	710 423
Other currencies	548 326	510 320	422 363	437 453	465 266
Precious metals	38 473	38 090	35 377	31 267	26 314

1 Given that intragroup lending includes both assets and liabilities, the balance may be negative.

2 Expansion of the reporting population in 2004.

Switzerland's international investment position – liabilities
Breakdown by currency in CHF millions

Table 5.1

Total at year-end	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Direct investment^{1,2}	142 055	148 887	173 085	200 357	221 713
CHF	143 786	149 984	171 274	196 062	216 749
USD	-232	592	1 587	4 284	7 785
EUR	-1 214	-1 515	-293	164	-2 728
Other currencies	-284	-175	517	-154	-94
Portfolio investment	671 356	586 562	485 659	556 790	589 478
CHF	590 902	508 216	414 998	481 581	506 741
USD	27 172	30 851	27 716	30 148	33 219
EUR	37 105	35 666	33 741	36 102	39 311
Other currencies	16 178	11 829	9 204	8 960	10 207
Other foreign liabilities	949 563	937 788	903 215	894 989	901 314
CHF	228 466	240 918	226 338	222 775	217 294
USD	352 647	374 531	373 189	326 106	362 420
EUR	136 856	163 807	182 193	231 933	233 887
Other currencies	222 045	147 783	111 986	104 823	77 528
Precious metals	9 549	10 748	9 509	9 352	10 185
Total foreign liabilities	1 762 974	1 673 237	1 561 959	1 652 136	1 712 505
CHF	963 153	899 119	812 610	900 417	940 785
USD	379 586	405 974	402 491	360 538	403 424
EUR	172 747	197 959	215 641	268 199	270 470
Other currencies	237 938	159 437	121 707	113 629	87 641
Precious metals	9 549	10 748	9 509	9 352	10 185

1 Given that intragroup lending includes both assets and liabilities, the balance may be negative.

2 Expansion of the reporting population in 2004.

Switzerland's international investment position – assets
Breakdown by sector in CHF millions

Table 6.1

Total at year-end	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Swiss National Bank	87 877	87 052	85 370	86 375	84 754
Reserve assets	87 877	87 052	85 370	86 375	84 754
Government	1 236	979	966	960	954
Loans and other foreign assets	1 236	979	966	960	954
Banks	751 507	727 801	749 510	739 978	733 131
Direct investment ¹	48 293	48 478	48 268	52 857	55 072
Portfolio investment	26 796	49 915	55 152	58 389	64 513
Loans and other foreign assets	676 418	629 408	646 090	628 733	613 545
Other sectors	1 385 527	1 384 716	1 252 542	1 350 226	1 424 871
Direct investment ¹	327 680	369 612	352 439	365 707	393 542
Portfolio investment	794 242	764 099	666 840	754 923	793 337
Loans and other foreign assets	263 605	251 005	233 263	229 596	237 992
Total foreign assets	2 226 148	2 200 549	2 088 388	2 177 539	2 243 710

1 Expansion of the reporting population in 2004.

Switzerland's international investment position – liabilities
Breakdown by sector in CHF millions

Table 7.1

Total at year-end	2000 ^r	2001 ^r	2002 ^r	2003 ^r	2004 ^p
Swiss National Bank	643	2 099	703	641	330
Loans and other foreign liabilities	643	2 099	703	641	330
Government	9 007	11 330	13 321	20 640	31 313
Portfolio investment	8 332	10 693	12 467	20 065	30 515
Loans and other foreign liabilities	675	637	855	575	798
Banks	713 750	691 811	674 756	667 628	670 146
Direct investment ¹	21 337	23 039	24 541	26 536	27 273
Portfolio investment ²	.	.	.	.	.
Loans and other foreign liabilities	692 413	668 772	650 215	641 092	642 873
Other sectors	1 039 574	967 996	873 179	963 227	1 010 717
Direct investment ¹	120 718	125 848	148 544	173 821	194 440
Portfolio investment ³	663 024	575 868	473 192	536 725	558 963
Loans and other foreign liabilities	255 832	266 280	251 443	252 680	257 314
Total foreign liabilities	1 762 974	1 673 237	1 561 959	1 652 136	1 712 505

1 Expansion of the reporting population in 2004.

2 Included in portfolio investment of the other sectors.

3 Including portfolio investment of banks.

Other SNB publications on the international investment position

The SNB publishes data on the international investment position on a quarterly basis in the Monthly Statistical Bulletin (tables R). The online version of the Monthly Statistical Bulletin also provides access to long time series. Data is available on an annual basis from 1985, and on a quarterly basis from 2000.

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