



**Communications**

P.O. Box, CH-8022 Zurich  
Telephone +41 44 631 31 11  
[communications@snb.ch](mailto:communications@snb.ch)

Zurich, 22 December 2014

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## **Balance of payments and international investment position in Q3 2014**

### Summary of balance of payments and international investment position

In the third quarter of 2014, the current account surplus amounted to CHF 11 billion, CHF 8 billion less than in the year-earlier quarter. This decline was mainly attributable to investment income, the surplus of which shrank by CHF 7 billion year on year to CHF 3 billion. The surplus of expenses on secondary income (current transfers) increased by CHF 1 billion. The net position from trade in goods and services remained unchanged at CHF 17 billion.

Transactions in foreign assets and liabilities reported in the financial account were minimal. On the assets side, the financial account registered a net reduction of CHF 1 billion compared with a net acquisition of CHF 51 billion in the year-earlier quarter. The liabilities side showed a net incurrence of CHF 1 billion, compared with CHF 7 billion a year earlier.

In the international investment position, stocks of assets increased by CHF 107 billion to CHF 4,067 billion compared to the second quarter of 2014. This was mainly attributable to the appreciation of foreign currency positions. Foreign liabilities rose by CHF 67 billion to CHF 3,283 billion. This was largely due to higher share prices. As a result, the net international investment position grew by CHF 40 billion to CHF 784 billion.

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#### **WHAT THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION SHOW**

The balance of payments (current account and financial account) covers Switzerland's cross-border transactions with other countries over a certain period (one quarter or one year). The international investment position indicates the end-of-period stocks of Switzerland's foreign financial assets (claims) and liabilities abroad. The assets and liabilities in the international investment position change in line with the transactions in the financial account. In addition, share price and exchange rate movements also influence the stocks of financial assets and liabilities.

For comprehensive tables on the balance of payments and the international investment position cf. [Monthly Statistical Bulletin](#).



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## Current account

### Net

In the third quarter of 2014, the current account surplus fell compared to the year-back level, by CHF 8 billion to CHF 11 billion. This was largely attributable to direct investment income, which receded by CHF 3 billion to CHF 25 billion on the receipts side and increased by CHF 4 billion to CHF 22 billion on the expenses side. In addition, at CHF 4 billion, secondary income (current transfers) registered an expenses surplus growth of CHF 1 billion. By contrast, the receipts surplus from goods trade and trade in services remained at CHF 12 billion and CHF 5 billion respectively.

### Receipts

According to the foreign trade statistics (special trade total 1), goods exports grew by CHF 2 billion to CHF 52 billion. Decisive for the rise were exports by the chemical/pharmaceutical industry. Net merchanting receipts decreased by CHF 1 billion to CHF 6 billion. Receipts from non-monetary gold trading were considerably lower. After having amounted to CHF 27 billion a year earlier, they totalled CHF 13 billion. Experience has shown that receipts from gold trading are subject to considerable fluctuations. Overall, i.e. including merchanting and gold trading, receipts from goods trade amounted to CHF 71 billion, CHF 14 billion lower than in the year-earlier quarter.

As regards trade in services with foreign countries, receipts fell by CHF 1 billion to CHF 26 billion compared to the year-back quarter. Besides financial services, insurance services, maintenance and repair services as well as licence fees recorded lower receipts.

As a result of lower receipts from direct investment abroad, primary income (labour income and investment income) receded by CHF 3 billion to CHF 25 billion. Secondary income (current transfers) fell by CHF 1 billion to CHF 8 billion year-on-year.

### Expenses

According to the foreign trade statistics (special trade total 1), goods imports grew by CHF 1 billion to CHF 44 billion. This was mainly due to higher imports of consumer goods. Imports of raw materials, semi-manufactures and capital goods also expanded. By contrast, imports of energy sources declined, largely as a result of higher prices. Expenses for non-monetary gold trading amounted to CHF 13 billion compared to CHF 27 billion a year earlier. Overall, expenses for goods imports dropped by CHF 13 billion to CHF 59 billion.

At CHF 21 billion, expenses for services imports were CHF 1 billion lower than in the year-back quarter. Expenses for financial services, insurance and transportation services, licence fees as well as maintenance and repair recorded a decline.

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Expenses for primary income rose by CHF 4 billion to CHF 27 billion. This was primarily due to higher income from direct investment in Switzerland. At CHF 12 billion, expenses from secondary income were at the same level as a year earlier.

**Financial account****Net acquisition of financial assets**

Financial assets posted a net reduction of CHF1 billion (Q3 2013: net acquisition of CHF 51 billion). Direct investment recorded a net reduction of CHF 4 billion as a result of Swiss companies selling subsidiaries abroad (Q3 2013: net acquisition of CHF 6 billion). The ‘other investment’ item also registered a net reduction (– CHF 2 billion); the third quarter of 2013 had seen a net acquisition of CHF 39 billion, especially at banks. As regards portfolio investment, Swiss investors purchased foreign-issued securities amounting to CHF 4 billion, mainly in the form of debt securities. Reserve assets also saw a net acquisition of financial assets (CHF 1 billion).

**Net incurrence of liabilities**

Net incurrence of liabilities was CHF 1 billion (Q3 2013: CHF 7 billion). Portfolio investment recorded a net incurrence of liabilities in the amount of CHF 4 billion (Q3 2013: CHF 1 billion), with investors abroad mainly purchasing equity securities of Swiss issuers. Liabilities of the ‘other investment’ item were increased by CHF 1 billion (Q3 2013: CHF 15 billion). Commercial banks saw an incurrence of liabilities, whereas companies experienced a reduction of liabilities. SNB lending recorded a net incurrence of liabilities of CHF 1 billion. Direct investment registered a net reduction of CHF 4 billion (Q3 2013: CHF –9 billion), due to investors abroad selling companies in Switzerland and reducing liabilities in intragroup lending.

**Financial account, net**

The net financial account balance comprises the net acquisition of financial assets minus the net incurrence of liabilities plus net derivatives transactions. Net derivatives were CHF 1 billion, whereas the third quarter of last year saw a balanced result. This resulted in a net financial account loss of CHF –1 billion (Q3 2013: CHF 44 billion). This balance corresponds to the decrease in the net investment position resulting from cross-border investment.

**Switzerland’s international investment position****Foreign assets**

Stocks of foreign assets climbed by CHF 107 billion to CHF 4,067 billion compared to the second quarter of 2014. This increase was primarily the result of valuation adjustments and is attributable to the stronger dollar and higher share prices. Stocks of portfolio investment registered the largest increase, growing by CHF 31 billion to CHF 1,238 billion. The positive replacement values of derivatives increased by CHF 25 billion to CHF 134 billion. Direct investment stocks rose by CHF 20 billion to CHF 1,351 billion, and stocks of the ‘other

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investment' item grew by CHF 18 billion to CHF 836 billion. Reserve assets rose by CHF 12 billion to CHF 508 billion, largely due to valuation gains.

**Foreign liabilities**

Foreign liabilities grew by CHF 67 billion to CHF 3,283 billion. This, too, was mainly attributable to valuation adjustments related to exchange rate and share price movements. Stocks of portfolio investment registered the largest increase, growing by CHF 27 billion to CHF 1,074 billion. Derivatives stocks (negative replacement values) increased by CHF 22 billion to CHF 130 billion. The other investment' item went up by CHF 13 billion to CHF 1,094 billion. Direct investment stocks in Switzerland rose by CHF 6 billion to CHF 986 billion.

**Net investment position**

Foreign assets increased by CHF 107 billion and foreign liabilities by CHF 67 billion. This resulted in an increase in the net international investment position of CHF 40 billion to CHF 784 billion.

Press release

## SWISS BALANCE OF PAYMENTS – OVERVIEW

In CHF millions

	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
<b>Current account, net</b>	<b>19,169</b>	<b>13,576</b>	<b>8,214</b>	<b>8,214</b>	<b>11,159</b>
Receipts	148,874	145,080	138,084	137,879	130,253
Expenses	129,705	131,504	129,869	129,665	119,094
<b>Goods and services, net</b>	<b>16,858</b>	<b>16,665</b>	<b>15,919</b>	<b>16,016</b>	<b>17,023</b>
Receipts	111,405	107,070	103,432	94,731	97,111
Expenses	94,548	90,405	87,514	78,715	80,089
<b>Goods, net</b>	<b>12,343</b>	<b>12,167</b>	<b>9,753</b>	<b>11,255</b>	<b>11,817</b>
Receipts	84,544	80,245	77,179	69,241	70,896
Foreign trade of which					
foreign trade total <sup>1</sup>	79,767	76,479	74,129	66,094	67,339
non-monetary gold	49,925	51,100	51,325	51,460	51,735
Supplements to foreign trade <sup>2</sup>	27,287	22,408	19,728	11,646	12,696
Merchanting	-2,071	-2,324	-2,615	-2,334	-2,309
Expenses	6,847	6,090	5,664	5,482	5,866
Foreign trade of which					
foreign trade total <sup>1</sup>	72,201	68,078	67,426	57,986	59,080
non-monetary gold	72,382	68,692	67,842	58,309	59,421
Supplements to foreign trade <sup>2</sup>	43,234	46,303	44,364	44,548	44,042
	26,769	19,705	21,172	11,569	13,480
	-181	-614	-416	-323	-342
<b>Services, net</b>	<b>4,515</b>	<b>4,499</b>	<b>6,166</b>	<b>4,761</b>	<b>5,206</b>
Receipts	26,862	26,826	26,254	25,490	26,215
Expenses	22,347	22,327	20,088	20,729	21,009
<b>Primary income, net</b>	<b>5,722</b>	<b>2,031</b>	<b>-2,924</b>	<b>1,173</b>	<b>-1,841</b>
Receipts	28,444	29,515	26,089	34,840	25,314
Expenses	22,722	27,484	29,014	33,667	27,155
<b>Labour income, net</b>	<b>-4,813</b>	<b>-4,811</b>	<b>-4,935</b>	<b>-5,034</b>	<b>-5,056</b>
Receipts	601	601	611	611	611
Expenses	5,414	5,412	5,546	5,644	5,666
<b>Investment income, net</b>	<b>10,535</b>	<b>6,842</b>	<b>2,011</b>	<b>6,207</b>	<b>3,215</b>
Receipts	27,843	28,914	25,479	34,230	24,704
Expenses	17,308	22,072	23,468	28,023	21,489
<b>Secondary income, net</b>	<b>-3,411</b>	<b>-5,120</b>	<b>-4,780</b>	<b>-8,976</b>	<b>-4,023</b>
Receipts	9,024	8,495	8,562	8,308	7,827
Expenses	12,435	13,615	13,342	17,283	11,850
<b>Capital transfers, net</b>	<b>-360</b>	<b>1,185</b>	<b>-9,590</b>	<b>-68</b>	<b>-42</b>
Receipts	129	1,350	41	138	158
Expenses	490	165	9,631	206	200

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<b>Financial account (excluding derivatives), net</b>	<b>43,880</b>	<b>14,791</b>	<b>21,768</b>	<b>15,726</b>	<b>-1,505</b>
Net acquisition of financial assets	50,657	16,345	6,847	15,993	-584
Net incurrence of liabilities	6,777	1,554	-14,922	267	921
<b>Direct investment, net</b>	<b>14,985</b>	<b>9,046</b>	<b>-8,280</b>	<b>7,533</b>	<b>398</b>
Net acquisition of financial assets	6,119	1,150	4,476	19,839	-3,548
Net incurrence of liabilities	-8,866	-7,896	12,756	12,305	-3,946
<b>Portfolio investment, net</b>	<b>3,146</b>	<b>15,013</b>	<b>9,442</b>	<b>2,911</b>	<b>133</b>
Net acquisition of financial assets	3,642	10,626	7,766	7,155	3,811
Net incurrence of liabilities	496	-4,387	-1,677	4,244	3,678
<b>Other investment, net</b>	<b>23,400</b>	<b>-14,042</b>	<b>17,190</b>	<b>589</b>	<b>-3,302</b>
Net acquisition of financial assets	38,547	-205	-8,811	-15,694	-2,113
Net incurrence of liabilities	15,147	13,837	-26,001	-16,283	1,189
<b>Reserve assets, net</b>	<b>2,349</b>	<b>4,774</b>	<b>3,416</b>	<b>4,693</b>	<b>1,266</b>
<b>Derivatives, net</b>	<b>-253</b>	<b>-1,036</b>	<b>371</b>	<b>-305</b>	<b>822</b>
<b>Statistical difference</b>	<b>24,819</b>	<b>-1,007</b>	<b>23,514</b>	<b>7,276</b>	<b>-11,800</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

	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
<b>Assets</b>	<b>3,899,678</b>	<b>3,894,734</b>	<b>3,899,413</b>	<b>3,960,295</b>	<b>4,067,098</b>
Direct investment	1,321,277	1,306,295	1,307,641	1,330,545	1,350,770
Portfolio investment	1,139,613	1,158,151	1,169,777	1,206,706	1,238,065
Derivatives	106,420	105,012	110,150	109,423	134,240
Other investment	852,574	847,911	829,268	818,354	836,461
Reserve assets	479,794	477,364	482,577	495,267	507,563
<b>Liabilities</b>	<b>3,135,484</b>	<b>3,146,645</b>	<b>3,193,293</b>	<b>3,215,846</b>	<b>3,282,612</b>
Direct investment	930,257	921,662	967,298	979,955	985,657
Portfolio investment	975,231	995,727	1,026,908	1,046,921	1,073,589
Derivatives	102,653	100,268	105,979	108,178	129,829
Other investment	1,127,342	1,128,987	1,093,108	1,080,792	1,093,537
<b>Net international investment position</b>	<b>764,194</b>	<b>748,090</b>	<b>706,120</b>	<b>744,448</b>	<b>784,486</b>
Direct investment	391,020	384,633	340,343	350,590	365,113
Portfolio investment	164,382	162,424	142,870	159,785	164,476
Derivatives	3,767	4,744	4,171	1,245	4,411
Other investment	-274,769	-281,077	-263,840	-262,438	-257,076
Reserve assets	479,794	477,364	482,577	495,267	507,563