



## National Bank of the Republic of Macedonia Statistics Department

Skopje, 21 February 2017

### PRESS RELEASE

#### Monetary developments in the Republic of Macedonia: January 2017

- In the first month of the year, **broad money (monetary aggregate M4<sup>1</sup>)** registers a downward monthly change of 1.2%, mainly under the influence of seasonal developments in demand deposits and currencies in circulation, compared to the small growth in short-term and long-term deposits. On the other hand, the annual growth of broad money accelerated to 6.7% and is dispersed among all components, with the highest contribution of demand deposits<sup>2</sup> and short-term deposits.
- In January, **total deposits** registered a monthly decrease of 0.7%, mainly under the influence of the decrease in deposits of the corporate sector, compared to the slight monthly increase of household deposits. On an annual basis, the deposits increase accelerated and amounts to 6.7%, amid increase in both sectors, more pronounced in the corporate sector.
- In January, **total loans** register a monthly decrease of 1.6%, mainly due to the decrease in the corporate sector after the high increase in December. On an annual basis, an increase of 0.6% is registered whereby the increased lending to the households exceeds the decreased lending to the corporate sector. It should be taken into account that the annual changes in loans reflect the effects of the National Bank Decision with respect to the non-performing loans, whereby without this effect the annual loan growth is stable and in January amounted to 6.4%<sup>3</sup> (in December 6.5%).

Table 1 Total deposits and loans of the non-government sector

|                         | Stocks (in millions of NC) |                |                |                |                |                       |                | annual changes (in %) |            |            |            |            |                       |            | monthly changes (in %) |             |
|-------------------------|----------------------------|----------------|----------------|----------------|----------------|-----------------------|----------------|-----------------------|------------|------------|------------|------------|-----------------------|------------|------------------------|-------------|
|                         | 12.2015 <sup>1)</sup>      | 1.2016         | 3.2016         | 6.2016         | 9.2016         | 12.2016 <sup>1)</sup> | 1.2017         | 12.2015 <sup>1)</sup> | 1.2016     | 3.2016     | 6.2016     | 9.2016     | 12.2016 <sup>1)</sup> | 1.2017     | 12.2016 <sup>1)</sup>  | 1.2017      |
| <b>Broad Money (M4)</b> | <b>331,007</b>             | <b>325,021</b> | <b>330,713</b> | <b>322,156</b> | <b>329,379</b> | <b>351,222</b>        | <b>346,957</b> | <b>6.8</b>            | <b>4.5</b> | <b>6.2</b> | <b>2.5</b> | <b>4.0</b> | <b>6.1</b>            | <b>6.7</b> | <b>4.6</b>             | <b>-1.2</b> |
| <b>Total Deposits</b>   | <b>304,552</b>             | <b>299,628</b> | <b>304,820</b> | <b>296,027</b> | <b>302,828</b> | <b>321,888</b>        | <b>319,772</b> | <b>6.5</b>            | <b>4.3</b> | <b>6.2</b> | <b>2.3</b> | <b>4.0</b> | <b>5.7</b>            | <b>6.7</b> | <b>4.0</b>             | <b>-0.7</b> |
| <i>of which:</i>        |                            |                |                |                |                |                       |                |                       |            |            |            |            |                       |            |                        |             |
| Corporations            | 77,034                     | 72,382         | 75,742         | 73,011         | 76,062         | 87,377                | 83,915         | 13.0                  | 6.4        | 16.0       | 5.6        | 11.3       | 13.4                  | 15.9       | 9.3                    | -4.0        |
| Households              | 212,056                    | 211,841        | 213,661        | 206,118        | 209,734        | 217,394               | 218,035        | 4.1                   | 3.6        | 3.1        | 0.2        | 1.2        | 2.5                   | 2.9        | 2.4                    | 0.3         |
| <b>Total Loans</b>      | <b>279,871</b>             | <b>276,219</b> | <b>280,023</b> | <b>274,453</b> | <b>275,096</b> | <b>282,461</b>        | <b>278,007</b> | <b>9.5</b>            | <b>8.6</b> | <b>8.4</b> | <b>3.5</b> | <b>2.5</b> | <b>0.9</b>            | <b>0.6</b> | <b>2.9</b>             | <b>-1.6</b> |
| <i>of which:</i>        |                            |                |                |                |                |                       |                |                       |            |            |            |            |                       |            |                        |             |
| Corporations            | 157,834                    | 153,883        | 154,987        | 149,131        | 147,535        | 151,905               | 147,055        | 7.1                   | 5.5        | 5.1        | -0.5       | -1.2       | -3.8                  | -4.4       | 4.8                    | -3.2        |
| Households              | 120,832                    | 121,140        | 123,887        | 124,192        | 126,505        | 129,321               | 129,723        | 12.9                  | 12.6       | 13.0       | 8.8        | 7.3        | 7.0                   | 7.1        | 0.6                    | 0.3         |

1) Data in accordance with the final balance sheets submission

Source: NBRM.

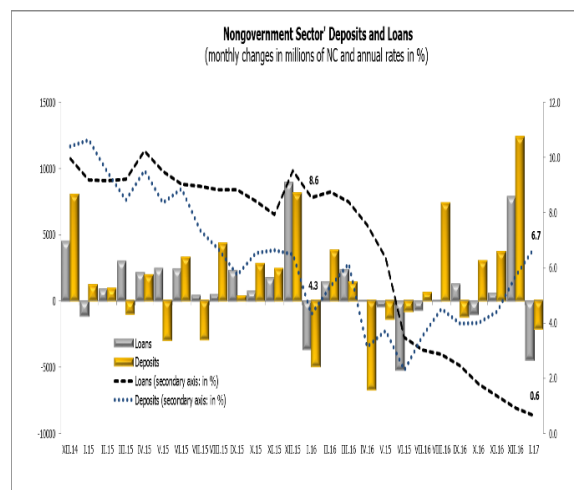
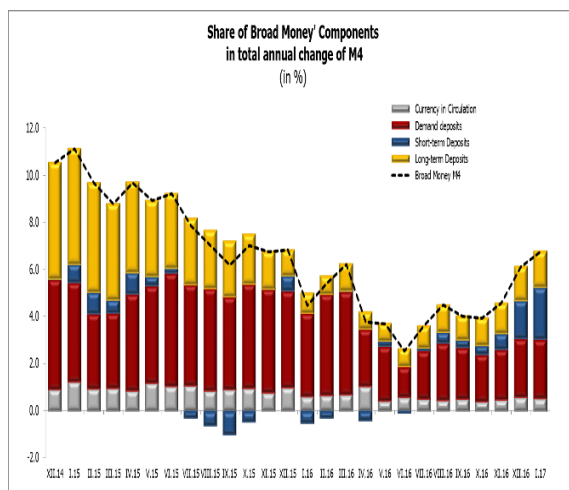
<sup>1</sup> Monetary aggregate M1 includes currency in circulation and demand deposits. Monetary aggregate M2 is composed of the monetary aggregate M1 and short-term deposits, whereas the monetary aggregate M4 (broad money) despite the monetary aggregate M2 also includes the long-term deposits. For more details see the methodology at: [http://www.nbrm.mk/WBStorage/Files/Statistika\\_metodologija\\_monetarna\\_statistika\\_05\\_2015\\_mak.pdf](http://www.nbrm.mk/WBStorage/Files/Statistika_metodologija_monetarna_statistika_05_2015_mak.pdf)

<sup>2</sup> The demand deposits refer to the current accounts with the banks and savings houses and the current accounts of other financial corporations with the National Bank.

<sup>3</sup> On 17 December 2015, the National Bank Council adopted the Decision on amending the Decision on credit risk management, which requires from banks to transfer all claims that have been fully provisioned for more than two years from the on-balance sheet to the off-balance sheet record by 30 June 2016, i.e. where the bank has identified and fully covered the risk of default at least two years before. Despite the transfer of these claims to the off-balance sheet record, the banks reserve the right for their collection.

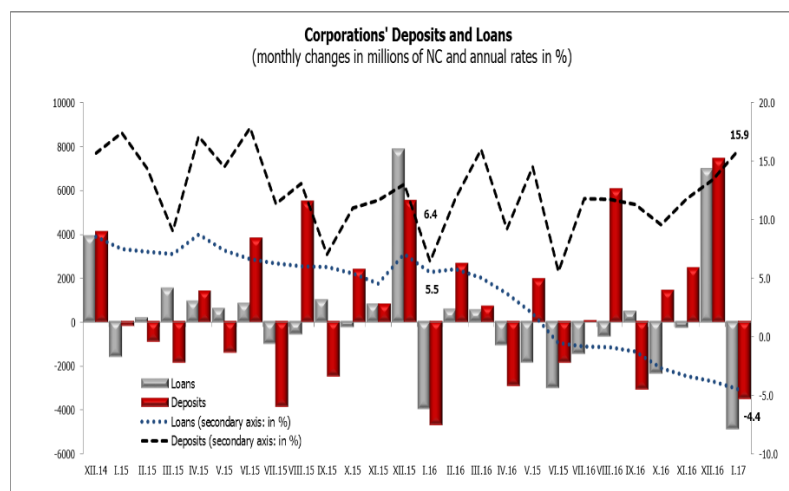


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Source: NBRM.

### 1. Deposits and loans of the corporate sector<sup>4</sup>



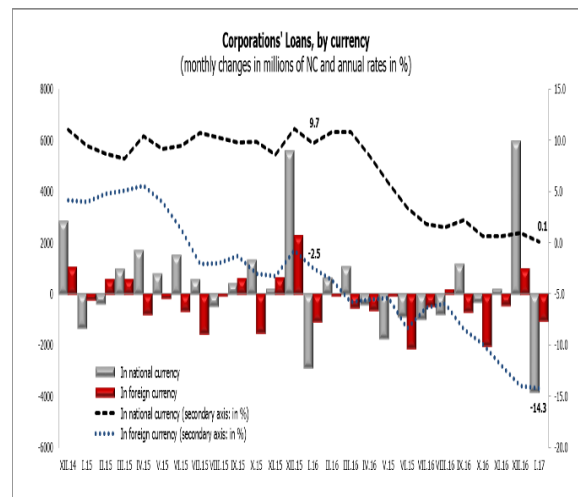
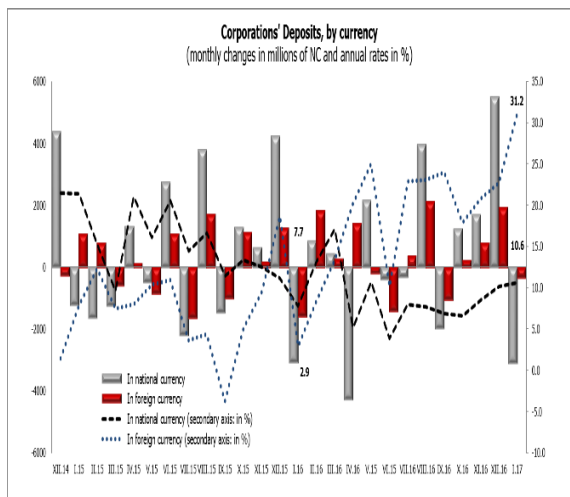
Source: NBRM.

- The total **deposits** of the corporate sector in January registered a decrease of 4.0% on a monthly basis, mostly in the denar component, specifically in demand deposits and short-term deposits. In contrast, deposits of the corporate sector register an increase of 15.9% on an annual basis, with an equal contribution in the change of denar deposits and in foreign currency deposits.
- In the first month of 2017, total **loans** of the corporate sector register a decrease of 3.2% on a monthly basis, with a more pronounced contribution of the denar loans. The decrease in this category amounts to 4.4% on an annual basis, and is entirely due to the downward changes in loans approved in foreign currencies. However, if one excludes the effect of the transfer of doubtful and contested claims from the on-balance sheet to the off-balance sheet record, pursuant to the National Bank Decision, loans of the corporate sector registered annual growth of 2.8%.

<sup>4</sup> For the purposes of this press release, the corporate sector refers to public and other non-financial corporations.

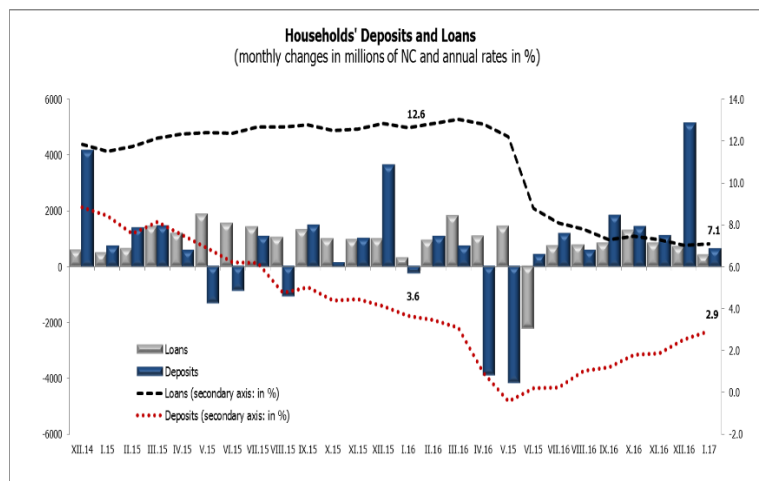


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Source: NBRM.

## 2. Deposits and loans of the households<sup>5</sup>



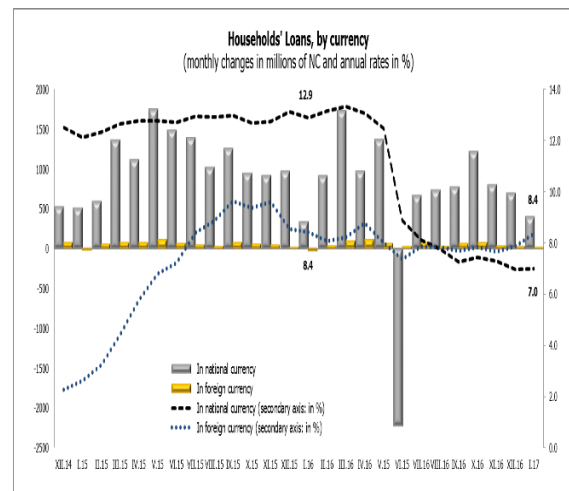
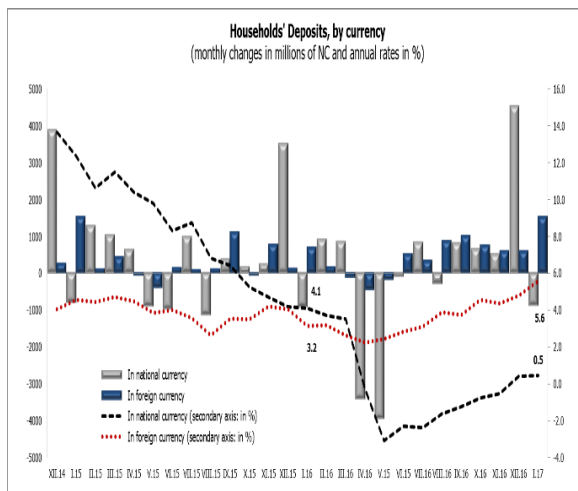
Source: NBRM.

- In total **household deposits**, the trend of positive monthly and annual change rates continues in January, with rates of 0.3% and 2.9%, respectively. Thus, the increase on monthly and annual basis mainly arises from the increase in household deposits in foreign currencies.
- In the first month of the year, total household **loans** register a minimal monthly increase of 0.3%, whereas the annual growth rate is 7.1%. Thereby, the monthly and annual increase are mainly due to the increased denar loan placements of the banks and savings houses in households. By excluding the effect of the transfer of doubtful and contested claims from the on-balance sheet to the off-balance sheet record, pursuant to the National Bank Decision, the January annual loan growth in households would equal 11.0%.

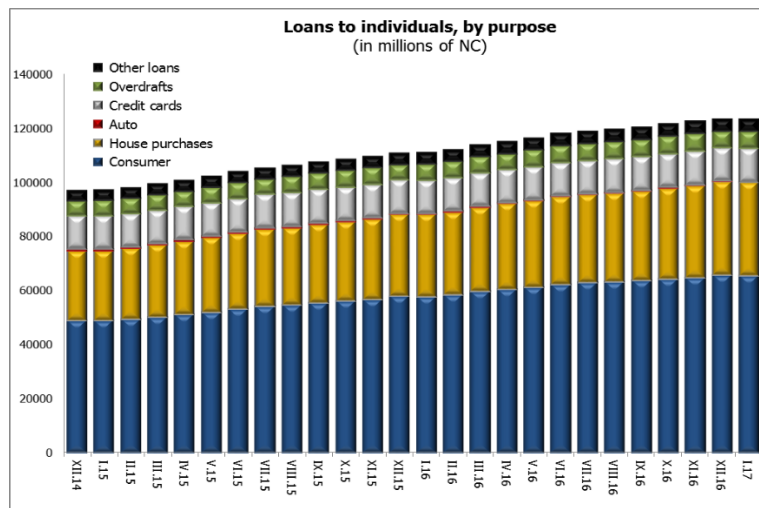
<sup>5</sup> For the needs of this press release, households refer to the individuals and self-employed professionals.



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Source: NBRM.



Source: NBRM.

Table 2 Loans of banks and savings houses extended to households

|                       | Stocks (in millions of NC) |        |        |        |        |                       |        | annual changes (in %) |        |        |        |        | monthly changes (in %) |        |                       |        |
|-----------------------|----------------------------|--------|--------|--------|--------|-----------------------|--------|-----------------------|--------|--------|--------|--------|------------------------|--------|-----------------------|--------|
|                       | 12.2015 <sup>1)</sup>      | 1.2016 | 3.2016 | 6.2016 | 9.2016 | 12.2016 <sup>1)</sup> | 1.2017 | 12.2015 <sup>1)</sup> | 1.2016 | 3.2016 | 6.2016 | 9.2016 | 12.2016 <sup>1)</sup>  | 1.2017 | 12.2016 <sup>1)</sup> | 1.2017 |
| Consumer loans        | 57,730                     | 57,563 | 59,413 | 62,069 | 63,519 | 65,438                | 65,274 | 18.2                  | 13.4   | 18.8   | 17.4   | 14.8   | 13.4                   | 13.4   | 1.2                   | -0.3   |
| House purchases loans | 30,287                     | 30,419 | 31,259 | 32,404 | 33,123 | 34,608                | 34,701 | 17.9                  | 14.1   | 16.8   | 14.9   | 13.8   | 14.3                   | 14.1   | 1.9                   | 0.3    |
| Auto loans            | 399                        | 379    | 379    | 348    | 325    | 323                   | 317    | -41.7                 | -16.4  | -36.5  | -31.7  | -27.2  | -19.1                  | -16.4  | -0.8                  | -1.9   |
| Credit cards          | 12,348                     | 12,249 | 12,237 | 12,344 | 12,469 | 12,380                | 12,324 | -0.5                  | 0.6    | 0.0    | 0.4    | 0.4    | 0.3                    | 0.6    | -0.8                  | -0.5   |
| Overdrafts            | 5,592                      | 5,973  | 6,112  | 6,281  | 6,276  | 5,795                 | 6,228  | 5.0                   | 4.3    | 5.4    | 6.4    | 3.5    | 3.6                    | 4.3    | -10.0                 | 7.5    |
| Other loans           | 4,273                      | 4,241  | 4,317  | 4,498  | 4,556  | 4,585                 | 4,588  | 9.4                   | 8.2    | 10.0   | 11.1   | 10.4   | 7.3                    | 8.2    | 0.8                   | 0.1    |

1) Data in accordance with the final balance sheets submission

Source: NBRM.



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- From the viewpoint of loan types approved to individuals, in the most common category – **consumer loans**, in January after a longer period, a minimal increase of 0.3% is registered, whereas the annual growth rate is maintained on the level from the previous month of 13.4%. **Housing loans** continued with a monthly and annual increase (0.3% and 14.1%, respectively), but at a slower intensity. The credit activity through approving **car loans** continue the downward trend, amid monthly and annual decline of 1.9% and 16.4%, respectively. Loans approved on the basis of **credit cards** register a monthly decrease of 0.5%, compared to the annual growth of 0.6%. In January, an increased credit activity is registered in **overdrafts** and loans approved on **other basis** where a monthly growth of 7.5% and 0.1% is registered, whereas the annual growth amounts to 4.3% and 8.2%, respectively.

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### Data revisions

Monetary data for December 2016 are revised, in accordance with the changes made in notifying banks and savings houses according to the completed financial reports, common for this period of the year. The revision mainly reflected as a downward change in the categories: loans of the corporate sector (by Denar 158 million or 0.1% of the stock of loans) and consumer household loans (by Denar 8 million or 0.01% of the stock of the loans).

### Supporting information

Time series of data: Balance sheets and list of deposit institutions monthly data (<http://www.nbrm.mk/?ItemID=4FCA40FAB7051A45B6C93DE5D8FB661D>)

Methodological explanations:

([http://www.nbrm.mk/WBStorage/Files/Statistika\\_metodologija\\_monetarna\\_statistika\\_05\\_2\\_015\\_mak.pdf](http://www.nbrm.mk/WBStorage/Files/Statistika_metodologija_monetarna_statistika_05_2_015_mak.pdf))

Next publication: Advance release calendar

<http://nbrm.mk/?ItemID=7B1CC2F73E9A3641B2F05235A02C8BDC>

Monetary developments in the Republic of Macedonia: 21 March 2017 (reference period as of February 2017).

For any questions, we kindly ask journalists to contact the Governor's Office.

For more detailed information regarding the disseminated statistical data, please contact us on: [contact.statistika@nbrm.mk](mailto:contact.statistika@nbrm.mk) or on the telephone number 02 3215 181 extension 116 (or 110/108).