



National Bank of the Republic of Macedonia Statistics Department

Skopje, 20 January 2017

PRESS RELEASE

Monetary developments in the Republic of Macedonia: December 2016

- **The broad money (monetary aggregate M4¹)** in December registered significant monthly and annual growth of 4.6% and 6.1%, respectively, amid monthly and annual increase in all its components. The largest contribution to the monthly and annual increase accounts for demand deposits² and short-term deposits, and the annual contribution of long-term deposits is also solid.
- **The total deposits** in December registered a monthly growth rate of 4.0% (the highest since December 2007), amid an annual growth of 5.7%. The monthly and annual growth were mostly driven by the more pronounced growth of deposits of the corporate sector, compared to the growth of household deposits.
- In December, **the total loans** registered a significant monthly growth of 2.9%, mainly under the influence of increased lending to the corporate sector. The December annual growth rate equals only 1.0%, determined by the growth of lending to households, amid reduced 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 in December amounted to 6.5%³.

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

	Stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)	
	12.2015	3.2016	6.2016	9.2016	11.2016	12.2016	12.2015	3.2016	6.2016	9.2016	11.2016	12.2016	11.2016	12.2016
Broad Money (M4)	331,007	330,713	322,156	329,379	335,644	351,223	6.8	6.2	2.5	4.0	4.6	6.1	1.0	4.6
Total Deposits	304,552	304,820	296,027	302,828	309,505	321,888	6.5	6.2	2.3	4.0	4.4	5.7	1.2	4.0
<i>of which:</i>														
Corporations	77,034	75,742	73,011	76,062	79,960	87,377	13.0	16.0	5.6	11.3	11.8	13.4	3.2	9.3
Households	212,056	213,661	206,118	209,734	212,262	217,394	4.1	3.1	0.2	1.2	1.8	2.5	0.5	2.4
Total Loans	279,871	280,023	274,453	275,096	274,629	282,619	9.5	8.4	3.5	2.5	1.3	1.0	0.2	2.9
<i>of which:</i>														
Corporations	157,834	154,987	149,131	147,535	144,949	152,063	7.1	5.1	-0.5	-1.2	-3.3	-3.7	-0.2	4.9
Households	120,832	123,887	124,192	126,505	128,609	129,321	12.9	13.0	8.8	7.3	7.3	7.0	0.6	0.6

Source: NBRM.

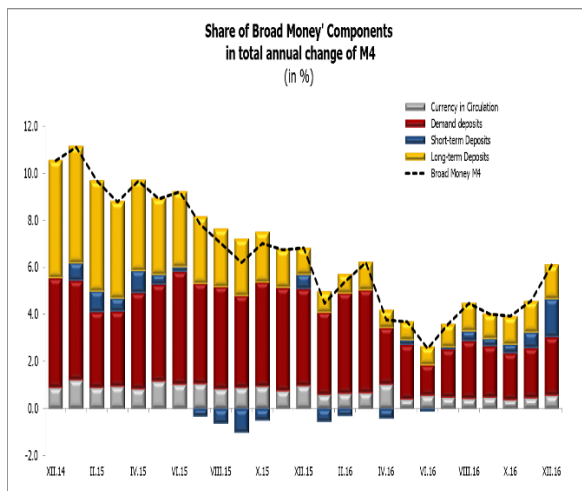
¹ Monetary aggregate M1 includes currency in circulation and demand deposits. Monetary aggregate M2 is composed of the monetary aggregate M1 and short-term deposits, whereas the monetary aggregate M4 (broad money) despite the monetary aggregate M2 also includes the long-term deposits. For more details see the methodology at: http://www.nbrm.mk/WBStorage/Files/Statistika_metodologija_monetarna_statistika_05_2015_mak.pdf

² 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.

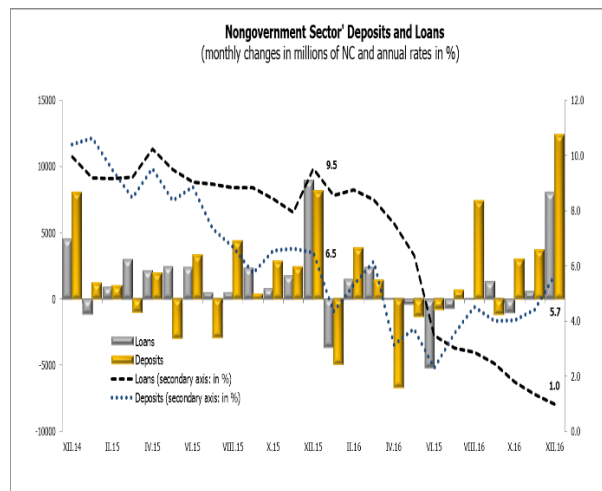
³ On 17 December 2015, the National Bank Council adopted the Decision on amending the Decision on credit risk management, which requires from banks to transfer all claims that have been fully provisioned for more than two years from the on-balance sheet to the off-balance sheet record by 30 June 2016, 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.



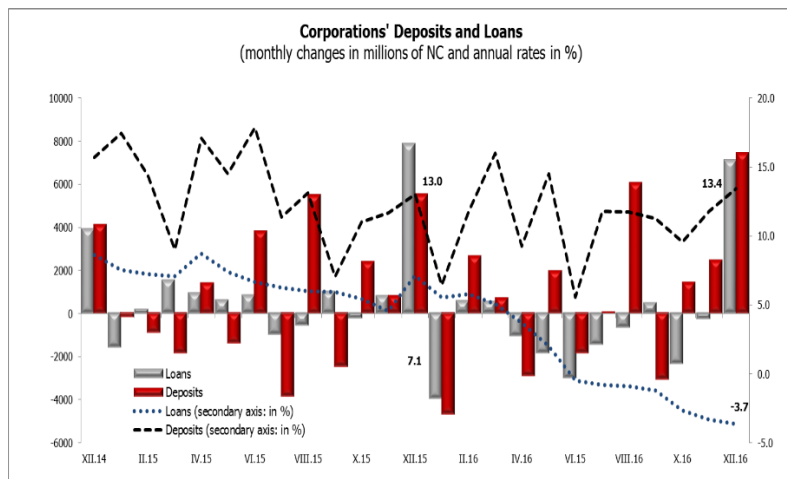
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Source: NBRM.



1. Deposits and loans of the corporate sector⁴



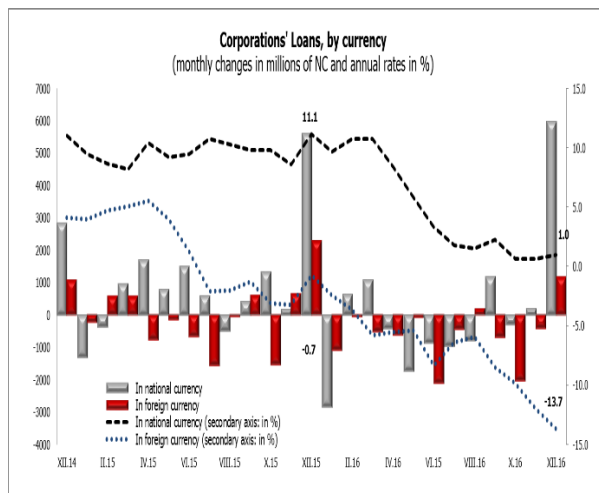
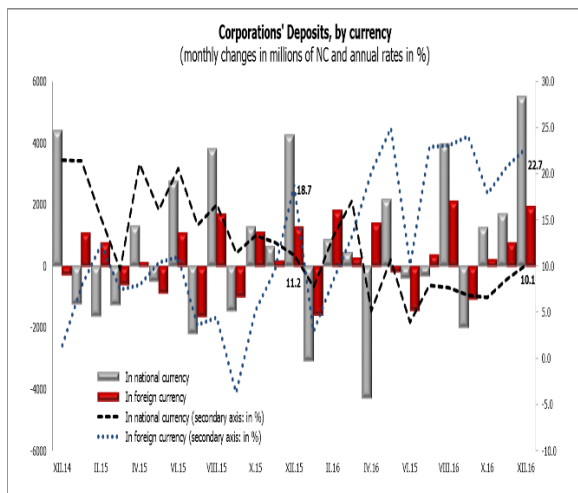
Source: NBRM.

- The total **deposits** of the corporate sector in December registered high growth of 9.3% on a monthly basis, while annually they increased by 13.4%. The monthly growth was mostly due to the Denar deposits, while the annual growth was driven almost equally by the growth of deposits in Denars and in foreign currency.
- The total **loans** of the corporate sector, at the end of the year, recorded a monthly increase of 4.9%, compared to the decrease of 3.7% on an annual basis. The monthly increase is generally due to Denar loans, while the annual decline was mainly due to the reduction of foreign currency loans. However, if one excludes the effect of the transfer of suspicious 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 3.2%.

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

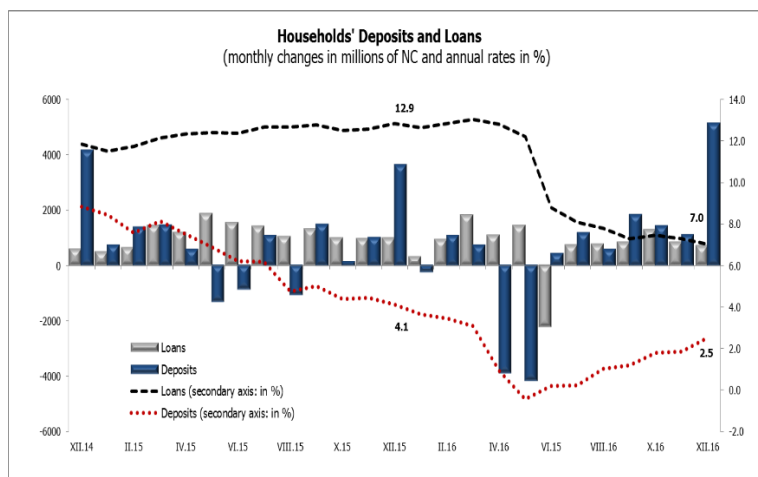


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Source: NBRM.

2. Deposits and loans of the households⁵



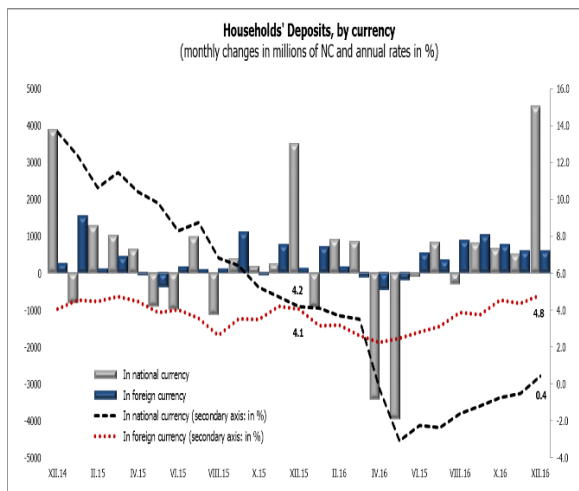
Source: NBRM.

- The total **household deposits** in December increased by 2.4% on a monthly basis, while annually they increased by 2.5%. The monthly growth stems from the growth of Denar deposits, while the annual change is almost entirely due to the growth of household deposits in foreign currency.
- In total household **loans**, the monthly increase equals 0.6% (similar as the previous month), whereas the annual growth rate equals 7.0%. The monthly and annual growth mainly result from the growth of Denar loans. By excluding the effect of the transfer of suspicious and contested claims from the on-balance sheet to the off-balance sheet record, pursuant to the National Bank Decision, the year would have ended with a 10.9% annual loan growth in households.

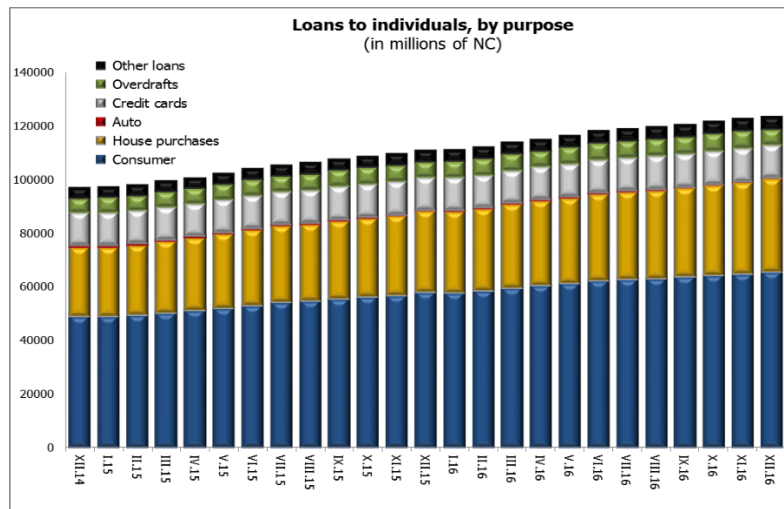
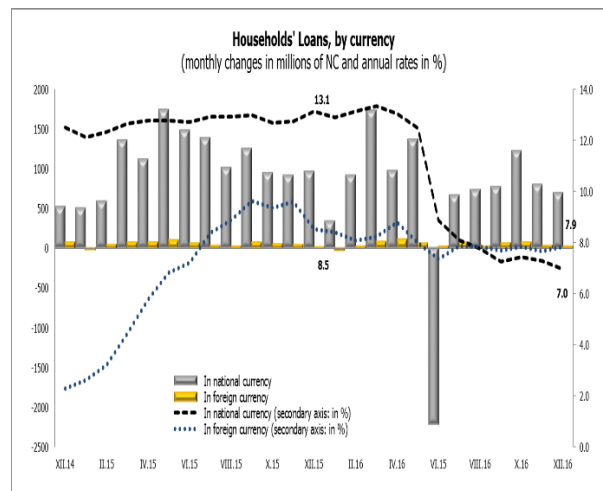
⁵ For the needs of this press release, households refer to the individuals and self-employed professionals.



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Source: NBRM.



Source: NBRM.

Table 2 Banks and saving houses' loans granted to Individuals, by purpose

	Stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)			
	12.2015	3.2016	6.2016	9.2016	10.2016	11.2016	12.2016	12.2015	3.2016	6.2016	9.2016	11.2016	12.2016	11.2016	12.2016	
Consumer loans	57,730	59,413	62,069	63,519	63,997	64,649	65,446	18.2	18.8	17.4	14.8	14.3	14.2	13.4	1.0	1.2
House purchases loans	30,287	31,259	32,404	33,123	33,666	33,958	34,608	17.9	16.8	14.9	13.8	14.6	14.2	14.3	0.9	1.9
Auto loans	399	379	348	325	330	325	323	-41.7	-36.5	-31.7	-27.2	-23.3	-21.6	-19.1	-1.3	-0.8
Credit cards	12,348	12,237	12,344	12,469	12,505	12,485	12,380	-0.5	0.0	0.4	0.4	0.7	0.7	0.3	-0.2	-0.8
Overdrafts	5,592	6,112	6,281	6,276	6,405	6,440	5,795	5.0	5.4	6.4	3.5	5.0	5.1	3.6	0.5	-10.0
Other loans	4,273	4,317	4,498	4,556	4,533	4,550	4,585	9.4	10.0	11.1	10.4	8.8	9.9	7.3	0.4	0.8

Source: NBRM.



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- From the viewpoint of loan types, in December, in the both most significant categories: **the consumer and housing loans** extended to individuals, the trend of monthly growth (1.2% and 1.9%, respectively) continued, while the annual growth amounted to 13.4% and 14.3%, respectively. On the other hand, **car loans** registered monthly and annual decline in the credit activity, by 0.8% and 19.1%, respectively. The loans approved on the basis of **credit cards** this month also register monthly decline of 0.8%, amid minimal annual growth of 0.3%, while **overdrafts** register significant monthly decline of 10.0%, compared to the annual growth of 3.6%. The loans approved on **other bases** register monthly increase of 0.8%, while annually, they increased by 7.3%.

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)

Next publication: Advance release calendar

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

Monetary developments in the Republic of Macedonia: 21 February 2017 (reference period as of January 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 or on the telephone number 02 3215 181 extension 116 (or 110/108).