



National Bank of the Republic of Macedonia Statistics Department

Skopje, 31 March 2017

PRESS RELEASE

Significant changes in the external debt, external claims and international investment position: fourth quarter of 2016

At the end of 2016, the **net external debt** stood at Euro 2,670 million, which is a quarterly increase of Euro 77 million. The growth of private net debt (of Euro 100 million) is the main driver of the quarterly growth of total net debt, amid quarterly decline in net public debt of Euro 23 million. As of 31 December 2016, the **gross external debt** of the Republic of Macedonia amounted to Euro 7,253 million, which is a quarterly decrease of Euro 260 million. **Gross external claims** at the end of the year amounted to Euro 4,583 million, which is also a quarterly decrease of Euro 338 million.

The negative **net international investment position** at the end of 2016 amounted to Euro 5,732 million, whereby the largest portion (81.8%) of this amount are net liabilities on direct investments, 73.6% of which based on equity. The position recorded a quarterly growth of Euro 154 million and an annual growth of Euro 649 million.

External Debt and International Investment Position of the Republic of Macedonia

	31.12.2015		30.09.2016		31.12.2016		Quarterly Change			change in respect to the end of the previous year		
	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	%	p.p.	mill. EUR	%	p.p.
Gross External Debt	6,290.5	69.4	7,513.4	76.2	7,253.2	73.5	-260.3	-3.5	-2.6	962.6	15.3	4.1
Central Bank from Repo Arrangements	6,290.5	69.4	7,161.0	72.6	7,253.2	73.5	92.1	1.3	0.9	962.6	15.3	4.1
Long-term debt	4,949.5	54.6	5,612.4	56.9	5,657.6	57.4	45.3	0.8	0.5	708.1	14.3	2.7
Short-term debt	1,341.0	14.8	1,901.1	19.3	1,595.5	16.2	-305.5	-16.1	-3.1	254.5	19.0	1.4
Public debt	2,933.7	32.4	3,891.1	39.5	3,445.5	34.9	-445.6	-11.5	-4.5	511.8	17.4	2.6
Private debt	3,356.9	37.0	3,622.3	36.7	3,807.7	38.6	185.4	5.1	1.9	450.8	13.4	1.6
Gross External Claims	4,039.4	44.6	4,921.1	49.9	4,583.4	46.5	-337.7	-6.9	-3.4	544.0	13.5	1.9
Gross external claims-excluding claims of the Central Bank from repo arrangements	4,039.4	44.6	4,568.0	46.3	4,583.4	46.5	15.3	0.3	0.2	544.0	13.5	1.9
Net External Debt	2,251.2	24.8	2,592.3	26.3	2,669.8	27.1	77.5	3.0	0.8	418.6	18.6	2.2
IIP, net	-5,082.7	-56.09	-5,577.5	-56.55	-5,731.6	-58.12	-154.1	2.8	-1.6	-648.9	12.8	-2.0

*The data on gross domestic product (GDP) for 2015 is preliminary, while the data for 2016 is estimated (source: Press release Gross Domestic Product of the Republic of Macedonia of 9 March 2017, SSO).

Source: NBRM, SSO.

Gross external debt

As of 31 December 2016, the gross external debt was Euro 7,253 million, or 73.5% of GDP.

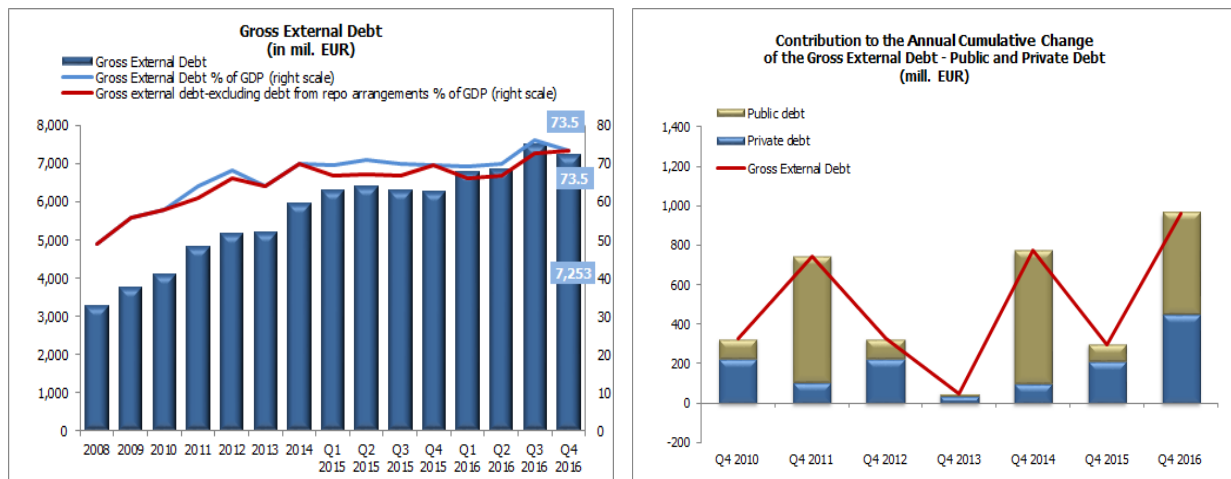
On a quarterly basis, the gross external debt decreased by Euro 260 million (or 3.5%), whereby, if we exclude the effect of the liabilities of the monetary authority (central bank) on repo transactions of the National Bank as part of the foreign reserves management¹, the gross external

¹Repo transactions create liabilities (classified under the loan category) that increase gross debt. At the same time, claims created from reverse repo agreements tend to increase gross claims. The NBRM simultaneously carries out matched repo and reverse repo agreements in nearly identical amounts. In general, as they are concluded simultaneously, these transactions have a neutral net effect, i.e. they appear in almost identical amount on both liabilities and assets side, thus having no effect on the total net external debt.



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debt increased by Euro 92 million (or 1.3%). The increase in gross external debt in the fourth quarter of 2016 was entirely due to the growth of private debt of Euro 185 million, while the public debt decreased by Euro 93 million (with an excluded effect of repo transactions). Moreover, the public debt (excluding repo transactions) registered a reduction of the government sector debt of Euro 145 million, while public enterprises and banks registered growth of the debt of Euro 50 million.



Source: NBRM.

Compared to the end of 2015, the gross external debt increased by Euro 963 million (or 15.3%), with an increase in public sector debt of Euro 512 million, and an increase in private sector debt of Euro 451 million. Most of the public debt growth is due to the new Eurobond issue in the third quarter of the year. In terms of institutional sectors, compared with the end of the year, the growth is mainly distributed among the government sector (Euro 421 million), other sectors² (Euro 269 million) and intercompany debt (Euro 266 million).

Gross external claims

At the end of 2016, gross external claims amounted to Euro 4,583 million, or 46.5% of GDP.

On a quarterly basis, claims on non-residents decreased by Euro 338 million (or 6.9%), while with an excluded effect of reverse repo transactions of the central bank, claims on non-residents increased by Euro 15 million, as a result of increased claims in the private sector by Euro 85 million and reduced claims in the public sector by Euro 70 million.

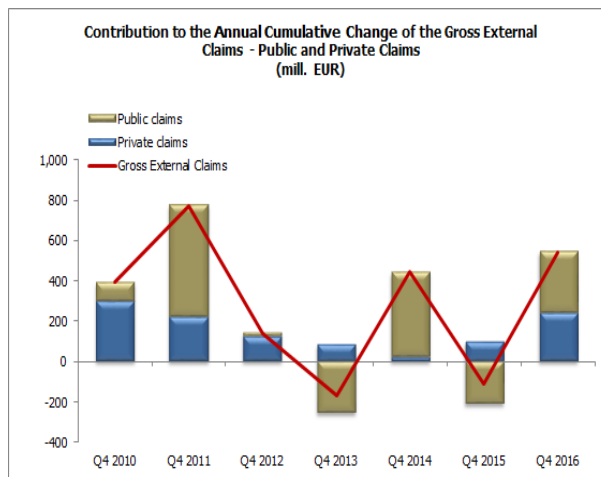
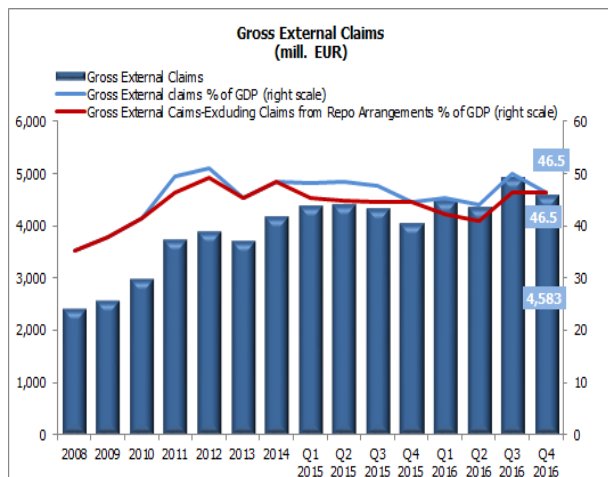
On an annual basis, compared with the end of 2015, claims on non-residents increased by Euro 544 million (or 13.5%), amid more intensive growth in public claims of Euro 306 million. Observing

² Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



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the institutional sectors, a significant contribution to the cumulative growth of external claims in 2016 was made by the central bank (Euro 321 million), intercompany claims (Euro 177 million) and other sectors (Euro 49 million).

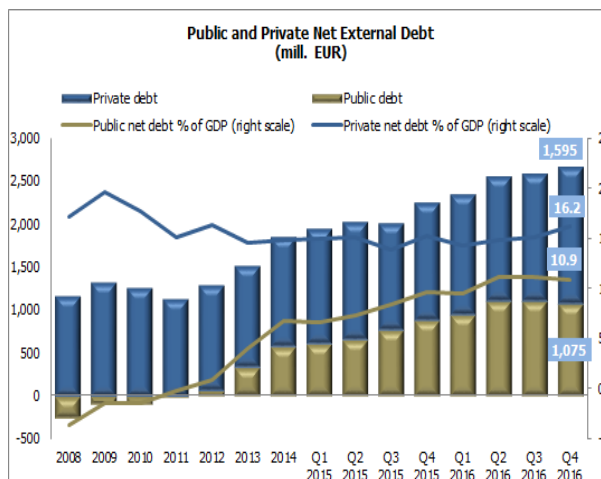
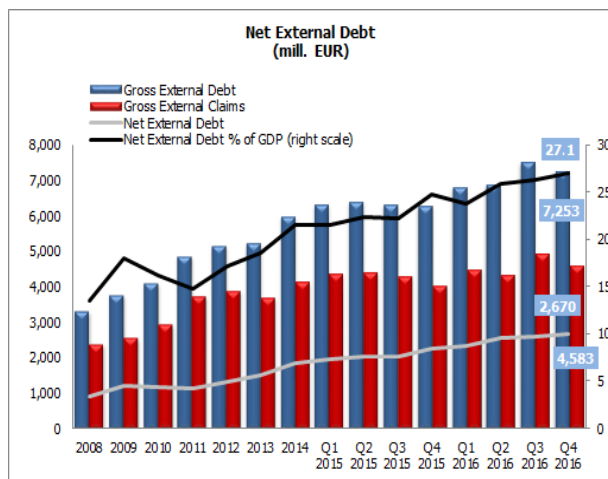


Source: NBRM.

Net external debt

As a result of the stronger quarterly decline in gross external claims (of Euro 338 million), compared to the decrease in gross external debt (of Euro 260 million), the net external debt increased by Euro 78 million and reached Euro 2,670 million (27.1% of GDP) at the end of 2016. The share of private net debt in total net debt is still dominant (59.7%).

Compared to the end of 2015, the net external debt increased by Euro 419 million, with a similar contribution to the growth of private and public sector (of Euro 213 million and Euro 206 million, respectively).



Source: NBRM.



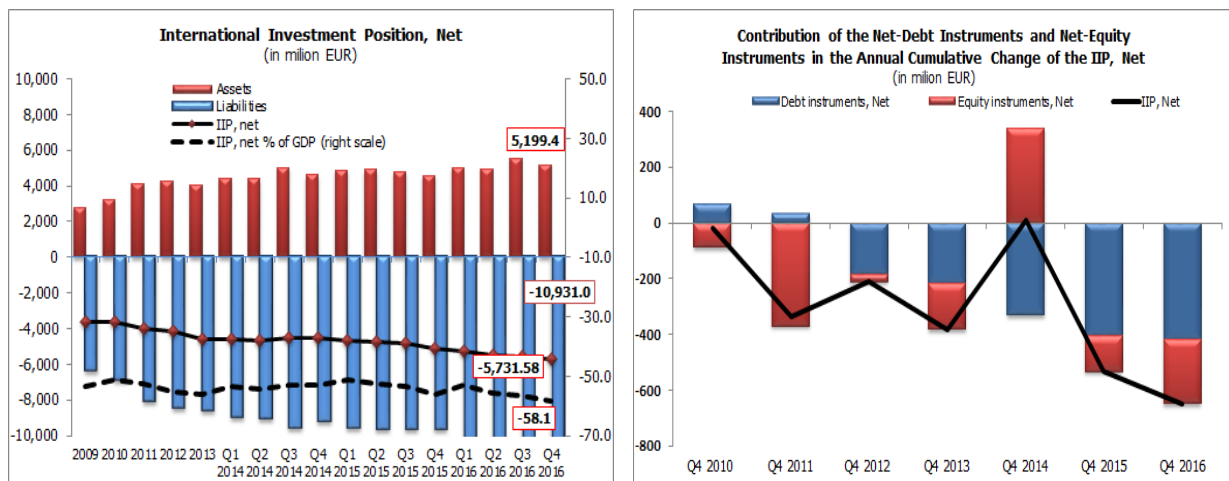
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International Investment Position, net

During the fourth quarter of 2016, the negative net international investment position (IIP) increased by Euro 154 million, reaching Euro 5,732 million (58.1% of GDP) at the end of 2016.

The quarterly growth of the negative net IIP is a result of the more intensive decrease in assets (of Euro 349 million), compared with the decrease in liabilities (of Euro 195 million). While, analyzed by instrument, the quarterly growth arose from an identical growth of net liabilities on equities and debt instruments (of Euro 77 million each).

The cumulative annual growth of the negative net IIP (of Euro 649 million) was mainly driven by the growth of net liabilities based on debt instruments (Euro 419 million), amid growth of net liabilities based on equities of Euro 230 million.



Source: NBRM.

Data revisions

In this press release, data on gross external debt and claims, and on international investment position include regular revisions of data for the period January - September 2016. The significant revisions mainly result from the new data from the quarterly reports on the realized and planned financial result in the current year of companies with direct investments from abroad. The revision of data led to a higher net debt in the third quarter of 2016 of Euro 6 million and higher negative net international investment position of Euro 89 million.

Supporting information

Time series data - annual and quarterly data on gross external debt and gross external claims:
<http://www.nbrm.mk/?ItemID=F7D50DEAD2F8414FBD8C5E7F50A712B6>

Time series data - annual and quarterly data on international investment position:
<http://www.nbrm.mk/?ItemID=9E8EF7142429F346B4250B060566B078>



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Quarterly information on the gross external debt, gross external claims and international investment position:

<http://www.nbrm.mk/?ItemID=050719294653574EBBB55BE2008C1E31>

Methodological explanations on gross external debt and claims:

<http://www.nbrm.mk/?ItemID=F7D50DEAD2F8414FBD8C5E7F50A712B6>

Methodological explanations on international investment position:

<http://www.nbrm.mk/?ItemID=9E8EF7142429F346B4250B060566B078>

Next publication: Advance Release Calendar:

<http://www.nbrm.mk/?ItemID=D537DAB6F15C774DB7BDE486246D06C5>

Quarterly gross external debt, gross external claims and international investment position: 30 June 2017 (reference period as of March 2017).

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

For more information regarding the disseminated statistical data, please contact us at: contact.statistika@nbrm.mk , or phone: 02 3215 181 extension 103 (or 110/108).