



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 29 November 2019

Press Release

Significant developments in the balance of payments¹ in the third quarter of 2019

In the third quarter of 2019, current transactions with non-residents registered a surplus of Euro 184 million. Financial transactions with non-residents registered net outflows reflecting the flows in currency and deposits, portfolio investments and trade credits. On the other hand, net inflows are registered in direct investments and long-term loans. Foreign reserves increased by Euro 174.4 million in the third quarter.

(in millions of euros)

	current year				previous year				quarterly change		annual change		cumulative change	
	Q1 2019	Q2 2019	Q3 2019	Q1-Q3 2019	Q1 2018	Q2 2018	Q3 2018	Q1-Q3 2018	millions of euros	%	millions of euros	%	millions of euros	%
Current account	-156.2	-40.9	184.0	-13.1	-141.0	30.8	199.9	89.8	224.9	...*	-15.9	-8.0	-102.9	...*
Goods	-472.9	-435.3	-432.5	-1,340.8	-462.8	-403.1	-395.4	-1,261.3	2.8	-0.6	-37.2	9.4	-79.5	6.3
Services	102.7	98.0	180.0	380.7	103.6	117.6	187.1	408.3	82.0	83.6	-7.1	-3.8	-27.6	-6.8
Primary income	-112.3	-111.1	-115.5	-339.0	-113.8	-111.3	-117.7	-342.8	-4.4	4.0	2.2	-1.8	3.8	-1.1
Secondary income	326.4	407.5	552.1	1,286.0	332.0	427.7	525.8	1,285.6	144.5	35.5	26.2	5.0	0.4	0.0
Capital account	0.6	0.1	5.8	6.5	1.2	1.4	1.2	3.9	5.8		4.7		2.7	
Financial account	-154.8	-25.7	217.2	36.8	-158.4	44.2	204.3	90.1	242.9		12.9		-53.4	
Direct investment	-40.2	-10.7	-62.4	-113.3	-233.5	-69.7	3.8	-299.4	-51.7		-66.3		186.1	
Net acquisition of financial assets	179.3	109.5	57.0	345.8	60.7	56.7	45.1	162.5	-52.4		11.9		183.3	
Equity**	3.3	5.5	12.7	21.5	0.6	0.9	0.0	1.5	7.2		12.7		20.1	
Reinvestment of earnings	3.3	1.6	2.3	7.2	2.4	2.4	2.4	7.1	0.7		0.0		0.2	
Debt instruments	172.7	102.3	42.0	317.0	57.7	53.5	42.7	154.0	-60.4		-0.8		163.0	
Net incurrence of liabilities	219.5	120.1	119.4	459.1	294.2	126.4	41.2	461.8	-0.7		78.2		-2.8	
Equity**	78.8	45.1	35.4	159.3	12.0	23.5	23.6	59.1	-9.6		11.9		100.2	
Reinvestment of earnings	93.8	16.3	-1.0	109.2	54.6	54.6	54.6	163.8	-17.3		-55.6		-54.7	
Debt instruments	46.8	58.8	85.0	190.6	227.5	48.3	-37.0	238.9	26.2		121.9		-48.3	
Portfolio investment	22.3	19.8	72.2	114.3	-368.6	1.4	35.0	-332.2	52.5		37.3		446.5	
Currency and deposits	35.2	-30.1	98.7	103.8	80.0	73.1	72.8	225.8	128.9		26.0		-122.0	
Loans	-17.8	-26.0	-54.3	-98.1	47.9	-56.4	-35.3	-43.8	-28.3		-19.0		-54.4	
Trade credit and advances	-148.8	-27.7	41.0	-135.5	59.3	35.5	36.6	131.3	68.6		4.4		-266.8	
Reserve assets	-5.6	49.4	174.4	218.2	256.6	60.9	91.6	409.1	125.0		82.8		-190.9	

Note: In the financial account, the sign (-) denotes net external inflows. In foreign reserves, the sign (+) denotes increase, whereas the sign (-) denotes decrease in foreign assets. Foreign reserves data exclude price changes and exchange rate differentials.

Source: NBRNM.

Current account

The favorable performances in the current transactions with non-residents in the third quarter of 2019 are a result of the net inflows in secondary income and trade in services (Euro 552.1 and Euro 180 million, respectively), which exceeded the deficits in trade of goods (Euro 432.5 million) and primary income (Euro 115.5 million).

Compared to the second quarter of the year when the current account deficit was Euro 40.9 million, the current account registers a positive change of Euro 224.9 million in the third quarter.

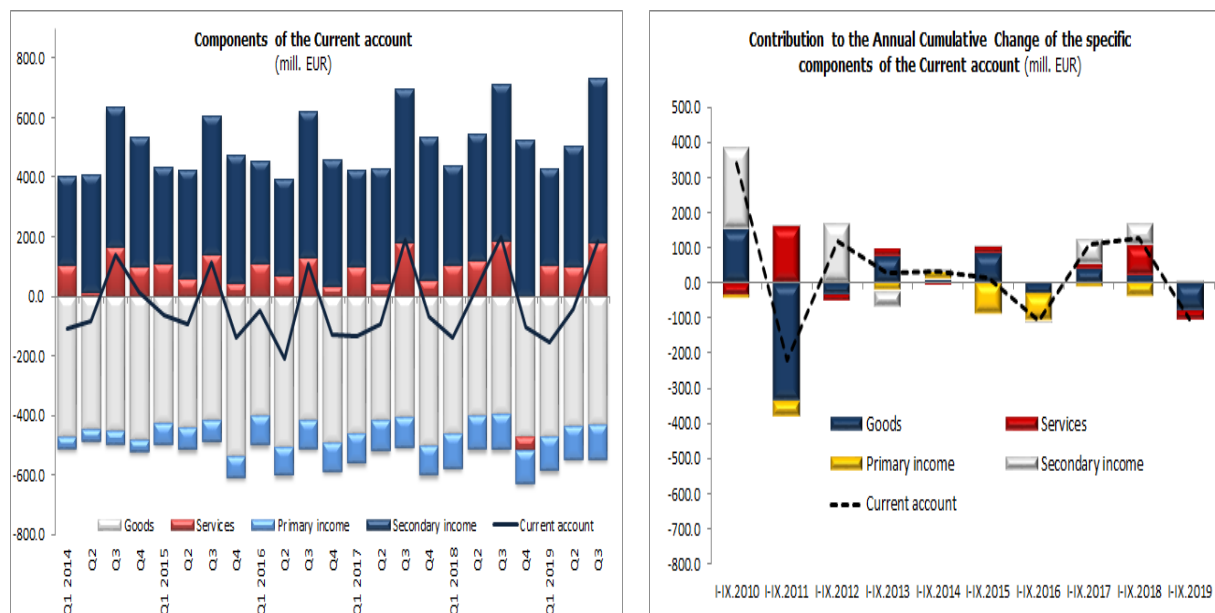
¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of North Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



National Bank of the Republic of North Macedonia Statistics Department

The most significant quarterly improvements are registered in secondary income and trade in services (Euro 144.5 million and Euro 82 million, respectively).

Compared to the third quarter of the previous year, the current account surplus decreased by Euro 15.9 million which is mainly due to the higher trade deficit in goods (by Euro 37.2 million) as well as reduced surplus of trade in services (by Euro 7.1 million), with better performances in secondary and primary income (by Euro 26.2 million and Euro 2.2 million, respectively).



Source: NBRNM.

Financial account

In the third quarter of 2019, there were net outflows of Euro 217.2 million from financial transactions with non-residents. Significant net outflows were recorded in currency and deposits (Euro 98.7 million), portfolio investments (Euro 72.2 million) and trade credits (Euro 41 million), while net inflows were registered in direct investments (Euro 62.4 million) and loans (Euro 54.3 million). Foreign reserves increased by Euro 174.4 million.

In the third quarter, direct investments registered net inflows of Euro 62.4 million. Observing the components, such performances are as a result of net inflows in intercompany debt (Euro 43 million) and equity (Euro 22.7 million), with net outflows in the reinvestment of earnings (Euro 3.3 million). As of September, net inflows from direct investments in the amount of Euro 113.3 million have been registered since the beginning of the year.

In the third quarter of 2019, direct investment liabilities² registered an increase of Euro 119.4 million due to the net growth of liabilities based on intercompany debt (Euro 85 million) and

² It shows direct investments depending on whether financial transactions create a liability to or a claim (assets) from abroad.



National Bank of the Republic of North Macedonia Statistics Department

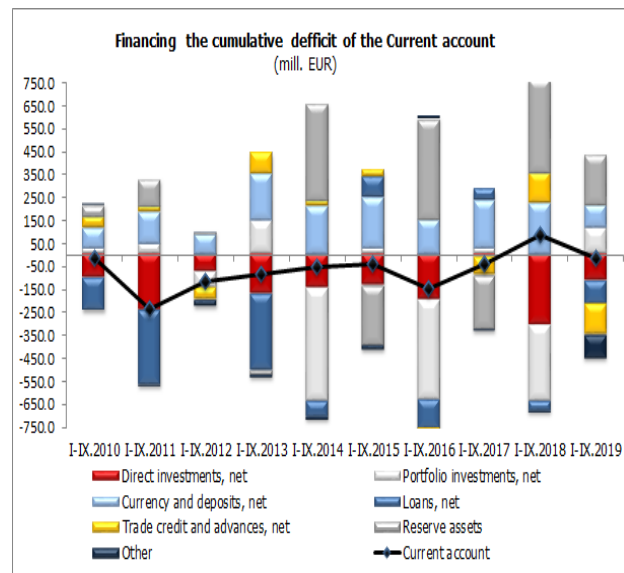
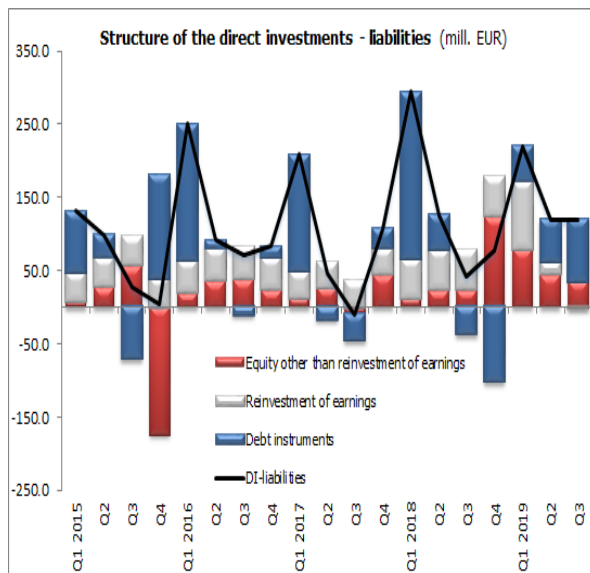
equity (Euro 35.4 million) versus the reduced reinvested earnings. The negative sing of reinvested earnings is due to the relatively high amount of dividends paid in the third quarter of the year in the amount of Euro 106 million.

During the same period, direct investment assets increased by Euro 57 million, mostly due to the increased claims based on intercompany debt (Euro 42 million) and increased claims of equity (Euro 12.7 million) to a lesser extent.

In the third quarter of the year, net liabilities based on portfolio investment decreased by Euro 72.2 million mostly due to the purchase of Eurobonds from previous issues (by domestic commercial banks) and repayment of interest from issued Eurobonds.

In the third quarter of 2019, net inflows from loans in the amount of Euro 54.3 million mostly arise from net inflows in the depository corporations sector (Euro 32.5 million) and other sectors³ (Euro 30.9 million), partially offset by net outflows in the government sector in the amount of Euro 8.2 million.

In the first three quarters of the year, net inflows from trade credits (Euro 135.5 million), direct investments (Euro 113.3 million) and loans (Euro 98.1 million) exceeded the net outflows on portfolio investments (Euro 114.3 million) and currency and deposits (Euro 103.8 million), which enabled full financing of the current account deficit of Euro 13.1 million and significant increof Euro 218.2 million in foreign reserves.



Source: NBRNM.

³Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



National Bank of the Republic of North Macedonia Statistics Department

Data revisions

Balance of payments data in this press release contain regular data revision for the period January - June 2019 in order to improve their quality. The current account data revision increased the deficit by Euro 1.6 million, mainly as a result of the increase in the deficit of trade in goods (of Euro 1.6 million). In the financial account, data revision refers to the increase of net inflows on direct investments (by Euro 2.1 million) and loans (by Euro 1.4 million) and also the increase of net outflows from portfolio investments (by Euro 1.5 million) and trade credits (by Euro 1 million). The data revision led to an almost insignificant increase of the errors and omissions for the period January - June 2019 (of Euro 0.3 million).

Supporting information

Time series of data: annual, quarterly and monthly data on the balance of payments
http://www.nbrm.mk/platen_bilans.nspix

Methodological explanations: http://www.nbrm.mk/platen_bilans.nspix

Next publications: Advance Release Calendar
http://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci.nspix

Quarterly balance of payments: 28 February 2020 (reference period as of December 2019).

We kindly ask journalists to contact the Governor's Office for any queries.

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).