



## National Bank of the Republic of North Macedonia Statistics Department

Skopje, 29 May 2020

### Press Release

### Significant developments in the balance of payments<sup>1</sup> in the first quarter of 2020

In the first quarter of 2020, current transactions with non-residents registered a deficit of Euro 157 million, with a deficit in the trade in goods and in the balance of primary income. Financial transactions with non-residents registered net inflows in the categories direct investments and trade credits.

(in millions of euros)

	current year		previous year		quarterly change		annual change	
	Q1 2020	Q1 2019	Q4 2019	millions of euros	%	millions of euros	%	
<b>Current account</b>	<b>-157,0</b>	<b>-158,1</b>	<b>-286,9</b>	<b>129,9</b>	-45,3	<b>1,2</b>	-0,7	
Goods	<b>-547,7</b>	<b>-475,1</b>	<b>-613,7</b>	<b>66,0</b>	-10,7	<b>-72,6</b>	15,3	
Services	<b>166,2</b>	<b>101,8</b>	<b>-33,0</b>	<b>199,2</b>	...*	<b>64,3</b>	63,1	
Primary income	<b>-101,1</b>	<b>-111,5</b>	<b>-114,6</b>	<b>13,5</b>	-11,8	<b>10,4</b>	-9,4	
Secondary income	<b>325,7</b>	<b>326,6</b>	<b>474,4</b>	<b>-148,7</b>	-31,3	<b>-1,0</b>	-0,3	
<b>Capital account</b>	<b>1,3</b>	<b>0,6</b>	<b>-1,9</b>	<b>3,2</b>		<b>0,7</b>		
<b>Financial account</b>	<b>-172,7</b>	<b>-159,2</b>	<b>-254,2</b>	<b>81,5</b>		<b>-13,5</b>		
Direct investment	<b>-132,7</b>	<b>-40,2</b>	<b>-176,5</b>	<b>43,8</b>		<b>-92,5</b>		
Net acquisition of financial assets	<b>102,3</b>	<b>179,0</b>	<b>-212,9</b>	<b>315,2</b>		<b>-76,7</b>		
<i>Equity**</i>	<b>5,2</b>	<b>3,3</b>	<b>9,2</b>	<b>-4,0</b>		<b>1,9</b>		
<i>Reinvestment of earnings</i>	<b>3,2</b>	<b>3,3</b>	<b>2,3</b>	<b>0,9</b>		<b>-0,1</b>		
<i>Debt instruments</i>	<b>93,9</b>	<b>172,5</b>	<b>-224,4</b>	<b>318,4</b>		<b>-78,5</b>		
Net incurrence of liabilities	<b>235,0</b>	<b>219,2</b>	<b>-36,4</b>	<b>271,4</b>		<b>15,8</b>		
<i>Equity**</i>	<b>20,5</b>	<b>79,1</b>	<b>59,5</b>	<b>-39,0</b>		<b>-58,6</b>		
<i>Reinvestment of earnings</i>	<b>86,3</b>	<b>93,8</b>	<b>-7,3</b>	<b>93,6</b>		<b>-7,5</b>		
<i>Debt instruments</i>	<b>128,2</b>	<b>46,3</b>	<b>-88,6</b>	<b>216,8</b>		<b>81,9</b>		
Portfolio investment	<b>31,6</b>	<b>22,3</b>	<b>36,3</b>	<b>-4,7</b>		<b>9,3</b>		
Currency and deposits	<b>72,1</b>	<b>35,0</b>	<b>-28,7</b>	<b>100,7</b>		<b>37,1</b>		
Loans	<b>112,6</b>	<b>-18,1</b>	<b>-129,8</b>	<b>242,4</b>		<b>130,6</b>		
Trade credit and advances	<b>-6,9</b>	<b>-152,7</b>	<b>-164,4</b>	<b>157,5</b>		<b>145,8</b>		
Reserve assets	<b>-249,3</b>	<b>-5,6</b>	<b>156,4</b>	<b>-405,6</b>		<b>-243,7</b>		

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.

<sup>1</sup> 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.

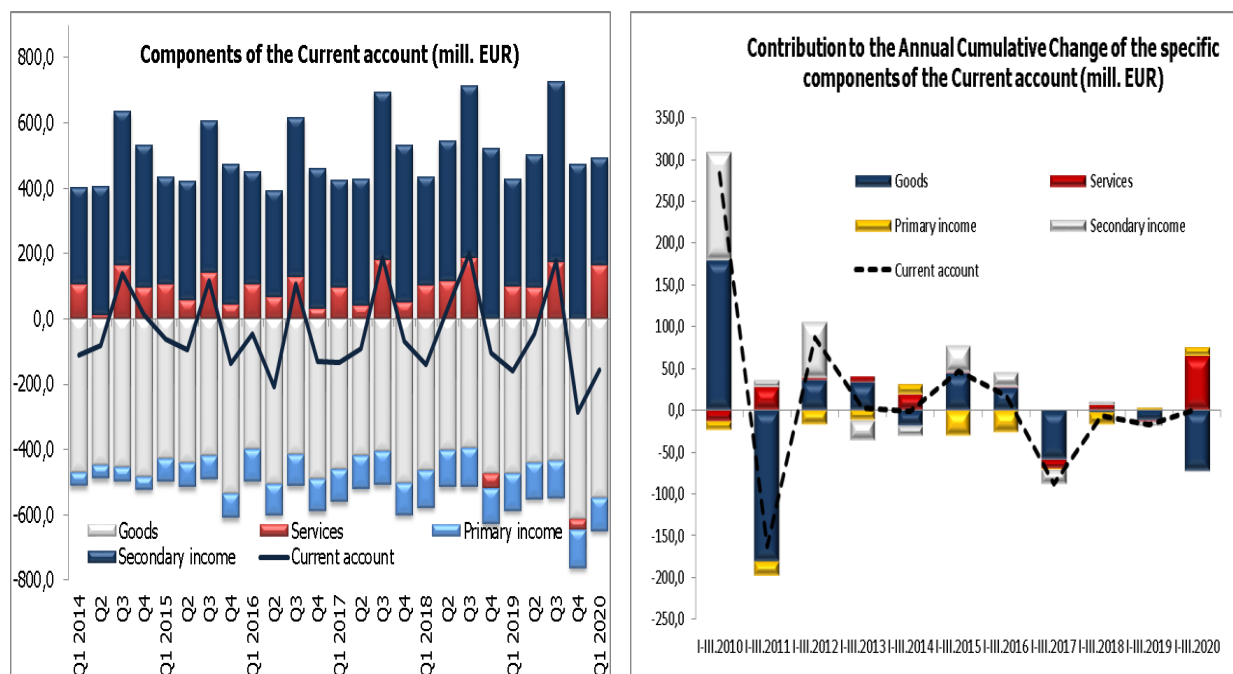


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### Current account

In the first quarter of the year, the trade in goods (Euro 547.7 million) and the sub-balance of primary income (Euro 101.1 million) registered a deficit, which were partially offset by the surplus in the secondary income (Euro 325.7 million) and in the trade in services (Euro 166.2 million). As a result of the movements of the individual components, the current account of the balance of payments registered a negative balance of Euro 157 million.

Compared to the same quarter last year, the current account deficit decreased by Euro 1.2 million, as a result of the increased trade surplus in services (by Euro 64.3 million) and the reduced primary income deficit (by Euro 10.4 million), amid a deteriorated trade deficit in goods (by Euro 72.6 million) and minimal decline in net inflows in secondary income (by Euro 1 million).



Source: NBRNM.

### Financial account

In the first quarter of 2020, there were net inflows of Euro 172.7 million from financial transactions with non-residents. Significant net inflows were registered in direct investments (Euro 132.7 million) and trade credits (Euro 6.9 million). Loans and currency and deposits registered net outflows (Euro 112.6 million and Euro 72.1 million, respectively), net investments abroad in the amount of Euro 31.6 million were registered on the basis of portfolio investments.

In the first quarter of 2020, direct investments registered net inflows in a total amount of Euro 132.7 million. Analyzed by component, such performances are a result of the net inflows in reinvestment of earnings (Euro 83.1 million), intercompany debt (Euro 34.3 million) and in equity



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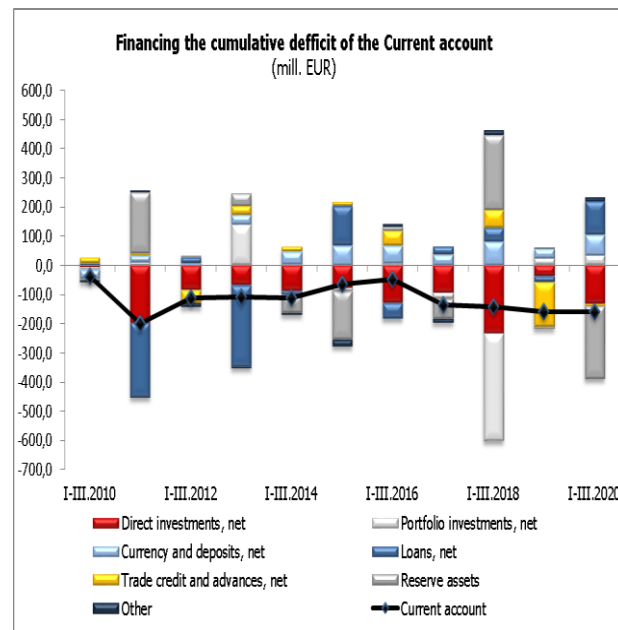
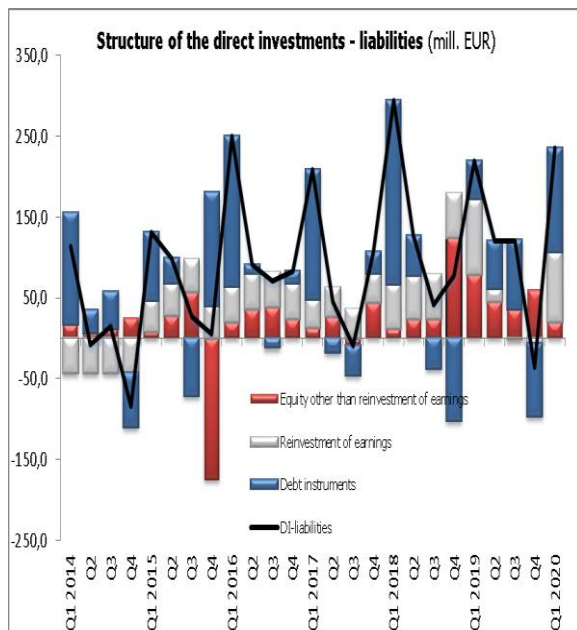
(Euro 15.3 million). For comparison, in the first quarter last year, net inflows of direct investments amounted to Euro 40.2 million.

In the first quarter, liabilities based on direct investments<sup>2</sup> increased by Euro 235 million, as a result of increased liabilities in all components - intercompany debt (Euro 128.2 million), reinvestment of earnings (Euro 86.3 million) and equity (Euro 20.5 million).

In the first quarter of the year, assets on the basis of direct investments increased by Euro 102.3 million, as a result of the increased claims based on debt instruments (Euro 93.9 million), equity (by Euro 5.2 million) and reinvestment of earnings (Euro 3.2 million).

In the first quarter of 2020, the net liabilities based on portfolio investments decreased by Euro 31.6 million, mostly as a result of net investments of the domestic financial institutions in foreign securities, amid simultaneous reduction of the liabilities of the government sector to abroad (payment of interest based on the issued Eurobonds, as well as purchase of Eurobonds from previous issues by domestic entities residents).

In the first quarter of 2020, net liabilities on loans decreased by Euro 112.6 million. The decrease was mostly due to the net repayments in the government sector (Euro 157.7 million), and to a lesser extent in the depository corporations sector (Euro 2.3 million), while other sectors<sup>3</sup> registered net inflows (Euro 48.2 million).



Source: NBRNM.

<sup>2</sup> It shows direct investment depending on whether financial transactions create a liability to or claim (assets) on abroad.

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



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### ***Supporting information***

Time series of data: annual, quarterly and monthly data on the balance of payments

[http://www.nbrm.mk/platen\\_bilans-en.nsp](http://www.nbrm.mk/platen_bilans-en.nsp)

Methodological explanations:

[http://www.nbrm.mk/content/statistika/pb/metodologija/BOP\\_Methodology\\_5\\_2\\_2018.pdf](http://www.nbrm.mk/content/statistika/pb/metodologija/BOP_Methodology_5_2_2018.pdf)

Next publications: Advance Release Calendar

[http://www.nbrm.mk/content/statistika/kalendar/Advance\\_Release\\_Calendar.pdf](http://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf)

Quarterly balance of payments: 31 August 2020 (reference period as of June 2020).

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](mailto:contact.statistika@nbrm.mk) or phone: 02 3215 181 extension 103 (or 110/108).