

1. Methodological explanations for External Statistics

External statistics are a sublimite of several individual statistical surveys for compiling, processing and disseminating data on stocks and/or transactions with non-residents, such as: Balance of Payments, Direct Investments, International Investment Position, Official Foreign Reserves, Gross External Debt and Gross External Claims.

Within it's continuous efforts for alignment with the international statistical standards and producing internationally comparable data, the National Bank of the Republic of North Macedonia primarily focuses its activities on harmonization with the international standards and applying the latest manuals in the area of Balance of payments, Foreign direct investments, Gross external debt and claims, as well as Official foreign reserves statistics.

1.1. Harmonization with the European and international statistical standards

The harmonization of statistical reports on external statistics is achieved through the implementation of international manuals and EU Regulations and their incorporation in the national statistics.

The international manuals applied for compiling and processing data are the following:

- Balance of Payments and International Investment Position Manual, sixth edition (BPM6), 2009, IMF;
- International Reserves and Foreign Currency Liquidity: Guidelines for a Template, IMF 2013;
- External Debt Statistics: Guide for Compilers and Users, IMF, 2013;
- OECD Benchmark Definition of Foreign Direct Investment 4th Edition BD4;
- Regulation (EC) No 184/2005 of the European Parliament and of the Council;
- Commission Regulation (EC) No 601/2006, implementing Regulation (EC) No 184/2005;
- Commission Implementing Regulation (EU) No 228/2014, amending Regulation (EC) No 601/2006;

The following classifications apply for compiling and processing the data from these surveys:

- National activity classification (compatible with NACE Rev. 2);
- National classification of institutional sector (compatible with ESA 2010);
- ISO country and currency codes.

The national legislation defining the content of data collected for the needs of the external statistics is in accordance with the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/2010, 123/12, 43/14, 153/15 and 6/16) and the Law on Foreign Exchange Operations (Official Gazette of the Republic of Macedonia No. 34/2001, 49/2001, 103/2001, 54/2002, 51/2003, 81/2008, 24/2011, 135/2011, 188/13, 97/15, 153/15 and 23/16). Residency of the institutional units is defined under the Law on Foreign Exchange Operations, whereby natural persons temporarily residing in the Republic of North Macedonia, holding a residential or working visa valid for a period of at least six months are treated as residents of R.N. Macedonia¹.

The reporting units are legal entities and natural persons that have economic transactions with non-residents, and depending on the type of transactions, are obliged to report on their claims on and liabilities to non-residents, based on debt instruments, capital investments from and to abroad, claims on and /or liabilities to non-residents based on other financial instruments etc. The reporting on transactions with non-residents can be direct (by resident reporting units) and indirect (performed by other entities that hold information on particular types of transactions).

¹ Such definition of the residency of natural persons and its application in the creation of statistical data is an exception from the recommendation stated in the international statistical standards where the residence or intent to reside in one country for a year or more is used as a criterion for determining the residency.

1.2. Data dissemination and revision policy

1.2.1 Data dissemination policy

The data on external statistics are disseminated in accordance with the Advance Release Calendar (available on the NBRNM's website - http://nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspX)

The methodologies for external statistics are also disseminated on the NBRNM's website.

1.2.2 Revision policy

The data are revised on a regular annual basis, within a period of T+270 days after the end of the reporting year.

Additionally, if needed, revisions of disseminated data can be done more frequently in the following cases:

- provision of new, updated and / or corrected information and data from the reporting units;
- or
- data source changes or changes in the methodology for the compilation of a specific statistical survey.

In accordance with the international recommendations for any significant data changes during the revisions, an adequate explanation is given in a footnote or in a press releases.

The historical time series data is revised from the moment of occurrence of the event that led to change in data, or if not applicable, for the longest possible time period back forward. If there is a change in the presentation of data (publication of a new indicator - sector, instrument, etc.), the historical time series is revised beginning from the moment of introducing the new indicator, if appropriate conditions exist for this matter.

2. Methodological explanations for Portfolio Investments

Portfolio investments include investments in equity and investment fund shares, where the investor's share is less than 10%, and debt securities. Portfolio investment transactions are presented in the Balance of Payments, while the positions are presented in the International Investment Position.

Residents' foreign securities investments are treated as assets i.e. residents' claims on abroad, while the non-residents' domestic securities investments are treated as residents' liabilities to abroad. Foreign securities investments already included in the official foreign reserves data are not included in the portfolio investment category.

Aggregate data on portfolio investment transactions are disseminated within the balance of payments, while aggregate data on the stocks based on portfolio investments, within the international investment position, are disseminated on a quarterly basis.

Additionally, detailed information on the portfolio investment stock on the assets side is disseminated on a semiannual basis, whereby the data are stated crosswise according to: the country of investment and the type of the security, the country of investment and the sector of the domestic investor, and the type of the security and the original currency in which the securities are issued.

The data are stated in millions of euros and U.S. dollars. The data on the stock of the securities investments denominated in other currencies are converted into euros and U.S. dollars equivalent to the exchange rate on the date of the position.

The main source of data on portfolio investments on the assets side is the reports for stocks and flows data on investments in equity and investment fund shares (VHV-1) and reports for stocks and flows data on investments in debt securities (VHV-2). The banks' payment operations reporting system with abroad (ITRS) and the National bank accounting records are used as additional sources of data.

The valuation of portfolio investments is according to market value.

2.1. Institutional sectors

Institutional units are grouped into institutional sectors. The classification in institutional sectors applies only to the resident units. The division of institutional sectors is in line with the sectors and subsectors listed in the SNA 2008², but according to the requirements of the coordinate portfolio investment questionnaire, they are presented in the following basic sectors and subsectors:

- Central bank (*Monetary authorities*)
- *General government*
- *Deposit-taking corporations, except the central bank*
- Other sectors, divided to:
 - Other financial corporations
 - Nonfinancial corporations, households, and NPISHs.

The Central bank is the National Bank of the Republic of North Macedonia.

General government includes institutional units established through political processes that enjoy legislative, judicial and executive authority over other institutional units of a particular territory. The Government sector consists of the following subsectors: Central government, Local government and Social security funds.

Deposit-taking corporations, except central bank have financial intermediation as their principal activity. To this end, they have liabilities in the form of deposits or financial instruments that are close substitutes for deposits. This sector includes all banks that have been granted a founding and operating license by the Governor of the National Bank of the Republic of North Macedonia, as well as foreign bank branches that have been granted a license to be opened and to operate in the Republic of North Macedonia.

Other financial corporations consist of non-deposit financial corporations and other financial intermediaries, as well as insurance corporations and pension funds.

Non-financial corporations, households, and NPISHs. Non-financial corporations are corporations (public or private) whose principal activity is production of market goods or non-financial services. A household is defined as a person or a group of persons who share the same living accommodation, who pool some or all of their income and wealth, and who consume certain types of goods and services collectively. NPISHs are entities mainly engaged in providing goods and services to households or the community at large, free of charge or at prices that are not economically significant.

² System of National Accounts 2008, European Commission, International Monetary Fund, Organization for Economic Co-operation and Development, United Nations, World Bank, 2009. (<https://unstats.un.org/unsd/nationalaccount/sna2008.asp>).