



National Bank of the Republic of Macedonia Statistics Department

Skopje, 30 September 2016

PRESS RELEASE

Significant developments in the balance of payments¹ in July 2016

In July 2016, the current account registered a surplus of Euro 69.2 million, and the financial account registered significant net inflows of portfolio and direct investments, which resulted in high increase in foreign reserves.

Main components of the balance of payments of the Republic of Macedonia

(in millions of euros)

	VII-2016	I-VII.2016	monthly change		annual change		cumulative change	
			millions of euros	%	millions of euros	%	millions of euros	%
Current account	69.2	-140.2	97.1	...*	47.3	...*	-3.3	2.4
Goods	-140.4	-1,055.1	16.2	-10.3	32.5	-18.8	-14.5	1.4
Services	68.9	258.8	47.4	...*	19.5	39.5	48.0	22.8
Primary income	-24.4	-171.7	-0.5	2.3	-1.4	6.1	-5.1	3.1
Secondary income	165.1	827.7	34.1	26.1	-3.4	-2.0	-31.6	-3.7
Capital account	0.2	5.2	0.2		-1.5		0.6	
Financial account	68.6	-149.9	90.0		34.7		-36.9	
Direct investment	-25.2	-155.8	-45.4		-32.0		-23.2	
Portfolio investment	-424.3	-423.7	-417.7		-444.6		-437.5	
Currency and deposits	52.2	158.1	61.0		7.6		-22.3	
Loans	13.2	-75.8	29.9		15.9		-202.9	
Trade credit and advances	19.8	33.8	4.5		6.5		58.5	
Reserve assets	432.9	313.5	457.7		481.2		590.6	

...* Percentage over 100.

Note: In the financial account, minus (-) indicates net inflows from abroad, except to foreign reserves, where it indicates net outflows.

Source: NBRM.

Current account

The current transactions with non-residents in July 2016 resulted in a surplus in the amount of Euro 69.2 million in environment where the surpluses generated in the secondary income and services (Euro 165.1 million and 68.9 million, respectively) exceed the negative balances registered in the trade of goods and in the primary income (Euro 140.4 million and Euro 24.4 million, respectively).

On a monthly basis, the current account balance improved by Euro 97.1 million, as a result of higher surpluses in the trade of services (by Euro 47.4 million) and the secondary income (by Euro 34.1 million), as well as due to the reduced deficit in the trade of goods (Euro 16.2 million).

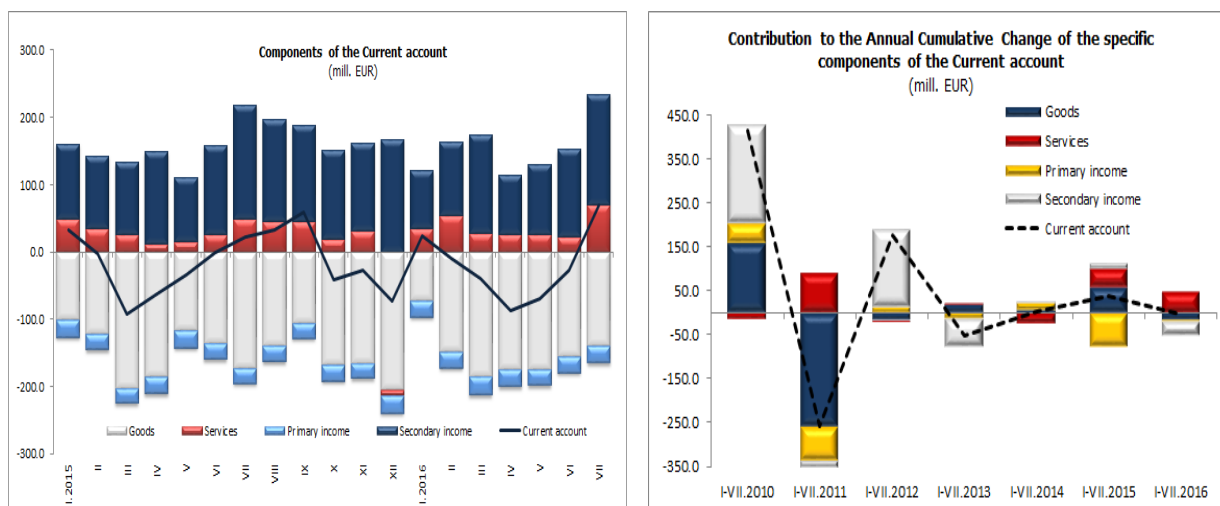
On a cumulative basis, the deficit on the current account equals Euro 140.2 million. The negative balance on the current account for the January - July 2016 period exceeds the deficit in

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



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comparison with the same period of 2015 by Euro 3,3 million (2.4%). Analyzed by individual components, this performance is a result of higher surplus in trade of services (by Euro 48 million), as opposed to the lower net inflows in secondary income (by Euro 31.6 million) and higher deficit in trade of goods (Euro 14.5 million) and the primary income (Euro 5.1 million).



Source: NBRM.

Financial account

In July, the financial account registered high net inflows based on portfolio investments (Euro 424.3 million²) and direct investments (Euro 25.2 million), while net outflows based on currencies and deposits (Euro 52.2 million), trade credits (Euro 19.8 million) and loans (Euro 13.2 million). Higher inflows than outflows resulted in an increase in the foreign reserves of Euro 432.9 million.

On the basis of direct investments, net, in July inflows of Euro 25.2 million were registered. In the period from January to July, on this basis inflows of Euro 155.8 million were registered, which exceed the inflows registered in the same period last year by Euro 23.2 million.

Regarding the liabilities based on direct investments³ in July, net inflows of Euro 21 million were registered. The liabilities based on debt instruments (Euro 20.3 million) and equity (Euro 9.8 million) mounted, while the reinvested profit is negative (Euro 9.1 million) and acts in the opposite direction (due to dividend payments in the amount of Euro 31.6 million in July). Cumulatively, liabilities increased by Euro 66.9 million compared to the same period of the previous year.

As for funds from direct investment, in July we record net inflows of Euro 4.2 million. The assets based on debt instruments decrease (Euro 8.8 million), which is partially neutralized by the growth in assets from investments in equity (4 million). On cumulative basis, the assets increased by Euro 43.6 million more than in the same period in 2015.

Since the beginning of the year, as of July, based on financial transactions net inflows of portfolio investments, direct investments and loans were registered, which exceed the net outflows in

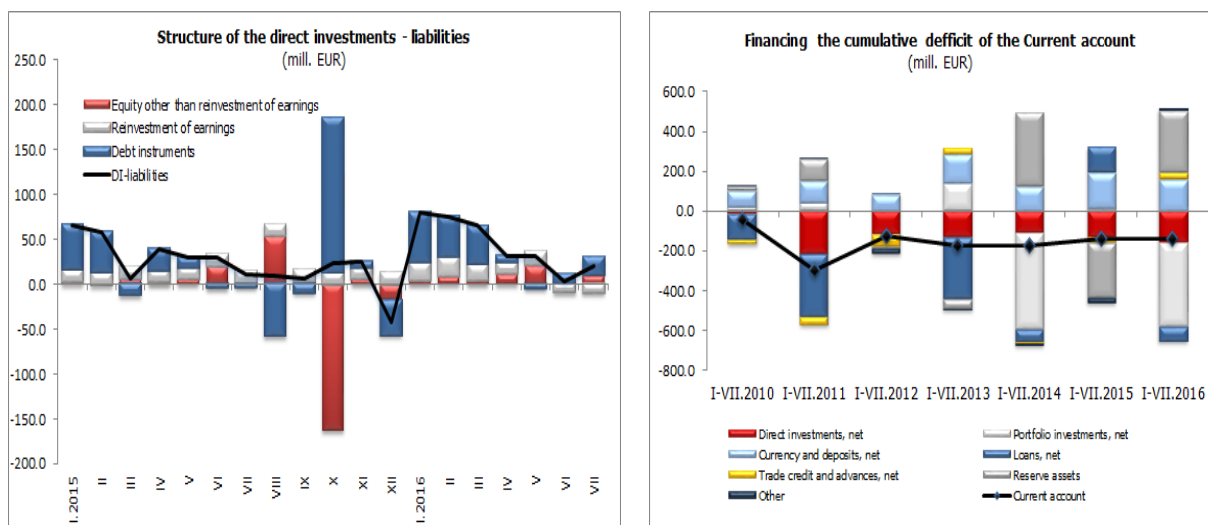
² Including the inflows from the fifth issue of eurobond.

³ It shows direct investment according to whether financial transactions create a liability to or claim (assets) from abroad.



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currencies and deposits and trade credits. Higher net inflows enabled financing of the current account deficit (Euro 140.2 million euros) and additional accumulation in foreign reserves (about Euro 313.5 million euros).



Source: NBRM.

Data revisions

The balance of payments data in this press release include regular revision of data for the period January - June 2016, as well as regular annual revision of data for 2014 and 2015.

After the revision for 2015, the **current account** deficit amounted to Euro 187 million, thus increasing the indicator of current account balance to GDP from 1.4% to 2.1%. **Direct investments in the country**, as a significant instrument for financing augmented by Euro 59.7 million and amounted to Euro 216,7 million. Thus their share in GDP increased from 1.7% to 2.4%.

The **current account** deficit for 2014, after the revision, equals Euro 43.2 million (a decrease of Euro 25.5 million). This influenced towards small downward change also of the indicator of current account balance to GDP from 0.8% to 0.5% after the revision.

Supporting information

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

<http://nbrm.mk/?ItemID=16C5679A8986CE4391D1F76413410999>

Methodological explanations:

<http://nbrm.mk/?ItemID=16C5679A8986CE4391D1F76413410999>

Next publication: Advance Release Calendar:

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



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Statistics Department**

Monthly balance of payments: 31 October 2016 (reference period as of August 2016).

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

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