

**National Bank of the Republic of North Macedonia**  
MONETARY POLICY AND RESEARCH DEPARTMENT



**Recent Macroeconomic Indicators  
Review of the Current Situation**

April 2020

## Recent Macroeconomic Indicators

### Review of the Current Situation – Implications for the Monetary Policy

*The review of the current situation aims to give an overview of the recent macroeconomic data (January - March 2020) and to make a comparison with the latest macroeconomic forecasts (October 2019). This will determine the extent to which the current situation in the economy corresponds to the expected movements of the variables in the previous round of forecasts. The review focuses on the changes in external assumptions and performances of domestic variables and the effect of these changes on the environment for monetary policy conduct.*

**The latest estimates of the international organizations indicate significantly less favorable global environment compared to the October forecasts, which caused substantial downward revisions of the global economic growth for 2020.** The main reason for the downward revision is the outbreak of the new viral infection COVID-19 in China at the beginning of the year and its transmission in a large number of other countries, the measures taken by the countries for preventing the spread of the infection, as well as the increased uncertainty about the duration and the effects on public health and the economy. Moreover, in the short term, sharp decline in the global economic activity is expected in conditions of implementation of restrictive measures for movement which led to disturbance of the global value chains, reduced global demand especially in the services sector, increased instability in financial markets and fall in the confidence of economic agents in global terms. At the same time, the other risks to the growth forecasts are still predominantly downward and are associated with the more pronounced geopolitical risks, especially in the Middle East, the possibly renewed escalation of the trade tensions between the major world economies, as well as the possible deterioration in the global financial conditions and the increased financial vulnerability in certain emerging countries, which increased further after the occurrence of the new viral infection.

Regarding the **economic developments in the euro area**, as our major trading partner, the latest high-frequency data for January and February indicate slightly more favorable situation in the economy, given that the new viral infection was still not that spread in the European countries. However, the household and corporate surveys in March reflect the negative image on the overall economic activity as a result of the strong adverse effects of the rapid spread of the viral infection and the uncertainty for the next period. These adverse effects are partially covered in the latest ECB forecasts<sup>1</sup>, which made a downward revision for 2020 and 2021, i.e. envisage economic growth of 0.8% in 2020 and acceleration in the growth in the next two years to 1.3% and 1.4%<sup>2</sup>. The labor market still registers favorable developments, whereby the unemployment rate in the euro area in February reduced to 7.3% (7.4% in the previous four months), which is the lowest level from March 2008. In terms of inflation in the euro area, the initial assessment for March shows slower growth in prices of 0.7% on an annual basis (1.2% in February), mainly reflecting the significantly higher fall in the energy price, but also the slower growth in core inflation. With the latest forecasts, no change in the estimates for the entire period of forecasts was made, taking into account the expectations for a lower oil price and for a low demand, versus the effects of the disturbances in the supply, so that it is still expected growth of 1.1%, 1.4% and 1.6% in 2020, 2021 and 2022, respectively. At its regular meeting in March, the ECB did not make changes to the interest rates, but announced measures aimed towards temporary increase in the long-term repo operations (by 24 June 2020), more favorable conditions within the third package of targeted long-term repo operations in the period between 24 June 2020 - 23 June 2021 and increase in the amount of the quantitative easing program of additional Euro 120 billion by the end of the year. In addition, due to the escalation of the pandemic of the new viral infection COVID-19, there was also an announcement of a new urgent

<sup>1</sup> The March forecast of the ECB takes into account the developments with the spread of the viral infection by 18 February, which means that it does not cover fully the effects of COVID-19 on the European and global activity and trade that developed after that period.

<sup>2</sup> The December forecasts envisaged economic growth of 1.1% in 2020, and 1.4% in 2021 and 2022.

securities purchase program for support of the economy in the amount of Euro 750 billion, which will be implemented by the end of the year, as well as a temporary package of mitigating measures in relation to the collateral. Regarding the forecast of the **one-month EURIBOR interest rate** in 2020 and 2021, there are no significant changes relative to the October forecast, i.e. it is still expected its maintenance in a negative zone.

**Analyzing the quantitative external environment indicators of the Macedonian economy, the latest forecasts for the foreign effective demand** indicate a downward revision for 2020 and unchanged expectations for 2021 compared with October assessments, while the estimates for the **foreign effective inflation** for 2020 and 2021 have been revised downwards. However, the estimates for the foreign effective indicators are based on surveys since mid-March and do not reflect fully the expected effects of the global pandemic of COVID-19, which implies strong probability of their significant downward adjustment for 2020 and upward adjustment for 2021. Regarding the US dollar/euro exchange rate, a slight appreciation of the US dollar is expected for 2020, versus the forecasted depreciation in October, while for 2021 the estimate for depreciation of the US dollar is maintained. **Regarding the October forecasts, the latest estimates for the changes in almost all prices of primary products indicate a substantial downward revision for 2020**, and the revisions of most forecasted prices for 2021 are also downward. However, the movements and the assessments of the prices of primary commodities are extremely volatile, which creates greater uncertainty about their future dynamics and effects on the domestic economy, especially in the longer term.

**The comparison of the latest macroeconomic indicators of the domestic economy with their forecast dynamics within the October forecasting round indicates certain deviations in the individual segments of the economy.** The economic activity in the last quarter of 2019 registered an annual growth of 3.4%, which is above the forecasted growth in the October forecasts (2.9%), and the currently available high-frequency data for the period January-February 2020 indicate a continuation of the growth in the first quarter of the year. Thus, this period registered an increase in activity in industry, after the fall in the fourth quarter, as well as high and rapid increase in completed construction works. On the other hand, the trade turnover still registers weaker performances. However, the developments related to the new viral infection and its spread in our country and the measures that were taken to prevent its spread during March, will probably lead to a deterioration in the business activity in some of the economic activities and will affect the expectations of companies. **Regarding the changes in consumer prices, the performances in the first quarter of 2020 are lower than the October inflation forecast.** Thus, with the latest data on the annual inflation in March of 0.5%, the average annual inflation rate in the first quarter of 2020 amounted to 0.6%, which is below the forecasted level. Moreover, external input assumptions in the inflation forecast for the entire 2020 have been revised mainly downwards. In such circumstances, risks to the inflation forecast for 2020 of 1.5% are currently assessed as downward. Yet, there is still uncertainty around the future movement of world primary commodity prices, related to the new viral infection and the duration of the pandemic.

**The level of foreign reserves is still maintained in the safe zone.** According to the latest data, foreign reserves (adjusted for price and exchange rate differentials and securities price changes) at the end of March 2020 are lower compared with the end of 2019, mostly due to the servicing of the regular liabilities by the government in this period, and to a lesser extent due to the interventions on the foreign exchange market by the National Bank. Regarding the available external sector information, foreign trade data as of February 2020 indicate a slightly higher trade deficit than expected for the first quarter according to the October forecast. Currency exchange market data as of March point to net inflows of private transfers that are generally in line with the expectations for the first quarter of 2020.

As for the monetary sector developments, final data as of February show a minimal monthly increase in **total deposits** of 0.1%, as opposed to the decline in deposits in the previous month. The

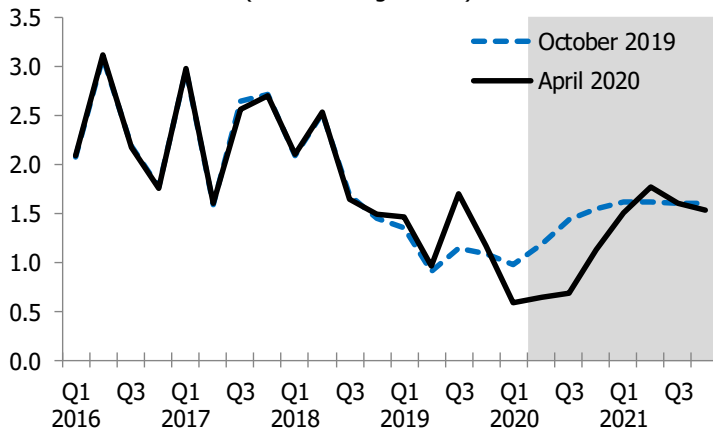
increase is mostly due to the growth of household deposits, given the decline in corporate deposits and in other sectors deposits. Analyzing the currency, the increase in total deposits is due to denar deposits, primarily to demand deposits, amid a moderate decline in foreign currency deposits. On an annual basis, total deposits in February increased by 7.8%, mostly due to the growth of household deposits, i.e. of deposits in domestic currency (mostly of demand deposits). The annual deposit growth in February is currently below the forecast for the first quarter of 2020 (9.9%). In February, **total private sector loans** registered a monthly growth of 0.6%, after the stagnation in the previous month. Observed by sector, growth was recorded in both the household loans and the corporate loans. Analyzing currency structure, the growth largely results from loans in domestic currency, amid growth of foreign currency loans. On an annual basis, total loans in February increased by 6.9%, whereby sectorally observed the growth largely results from household loans, with a positive contribution of corporate loans. Observing the currency, the annual growth of total loans was mostly driven by the growth of foreign currency loans, amid positive contribution of loans in domestic currency. The annual growth of loans in February is above the forecast for the first quarter of the year (5.5%), according to the October forecast.

In the period January-February, the Budget of the Republic of North Macedonia registered a deficit of Denar 4.304 million. The budget deficit is mostly financed by domestic government borrowing, and to a lesser extent by using government deposits with the National Bank, amid repayment of due installment of a foreign loan in January. The deficit in the Budget of the Republic of North Macedonia for the first two months of the year was 24.8% of the deficit planned in the 2020 Budget.

**The latest macroeconomic indicators and assessments indicate certain deviations in terms of the forecasted dynamics, but the environment for conducting the monetary policy is characterized by sound fundamentals, although with growing uncertainty arising from the future macroeconomic effects of the pandemic caused by COVID-19.** The performance of the foreign reserves in the first quarter of 2020 is generally in line with the expectations, whereby they are still maintained in a safe zone. Regarding the economic activity, the performances for the entire 2019 are in line with the forecasted rate within the October forecasts, and the currently available high-frequency data for the period January-February 2020 indicate a continuation of the growth in the first quarter of the year. However, the rapid spread of the new viral infection and the measures against its spread, will affect adversely the domestic economy, and will probably lead to deterioration in the business activity in some of the economic activities, starting from March. Analyzing the inflation, amid lower than forecasted performances for the first quarter of 2020 and downward revisions of the external input assumptions for the period ahead, the current risks are assessed as downward, but the uncertainty regarding the future movement of the prices of primary products in world markets is also greater. Observing the monetary sector, the annual deposit growth in February is currently below the forecast for the first quarter of 2020, while the annual growth of loans is above the forecast, whereby the risks to the forecast of the deposit and credit aggregates for 2020 are downward.



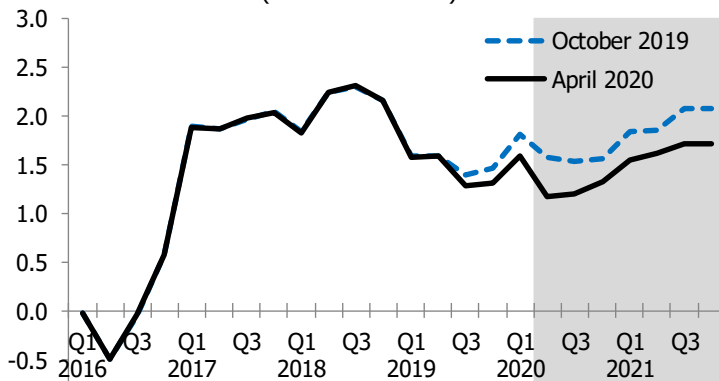
**Foreign effective demand**  
(annual changes in %)



Source: Consensus forecasts and NBRNM calculations.

In 2019, the foreign effective demand increased by 1.3%, which is a slight upward deviation from the October forecast of 1.1%, mainly due to the improved performances in Germany and Serbia. **According to the latest estimates<sup>3</sup>, the foreign demand has been significantly revised downwards for 2020, expecting that the growth will equal 0.8%, (1.3% in October).** The downward revision is largely due to the expectations for a slower economic growth in Germany<sup>4</sup>, Bulgaria and Italy. On the other hand, the estimate for growth in foreign demand of 1.6% in 2021 was retained. However, given that the estimates are based on the Consensus Forecast from March 2020, they do not reflect fully the expected effects of the global coronavirus pandemic. Hence, there is strong probability of their significant downward adjustment for 2020 and upward adjustment for 2021.

**Foreign effective inflation**  
(annual rates in %)



Source: Consensus forecasts and NBRNM calculations.

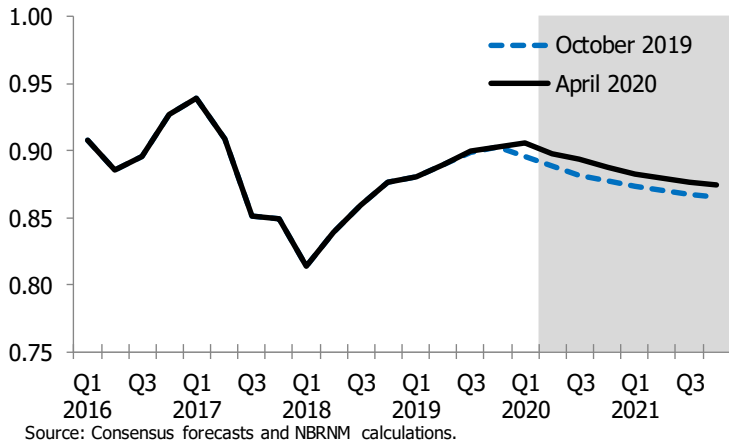
**The foreign effective inflation has been revised downwards for 2020 and 2021,** now envisaging that it will equal 1.3% this year and 1.7% the next year (instead of 1.6% and 2%, respectively, in October). The revision for 2020 is mainly due to the lower forecasted inflation rates in Croatia<sup>5</sup>, Italy and Germany, while for 2021 it mainly results from the lower expected inflation in Serbia, Germany and Greece. However, similar to the foreign demand, significant adjustments are also probable for the foreign effective inflation due to the global coronavirus pandemic.

<sup>3</sup> The estimates are based on the last Consensus Forecast from March 2020, i.e. these are older estimates which do not take fully the effects of the global pandemic of the new coronavirus, and there is strong probability of their downward adjustment.

<sup>4</sup> The growth registered in Germany in 2019 is 0.6%, versus the expected 0.4% in October. For 2020 and 2021, it is forecasted growth in Germany of 0.2% and 1.2%, versus 0.8% and 1.2%, respectively, in October.

<sup>5</sup> Inflation in Serbia and Croatia was adjusted for the changes in the exchange rate.

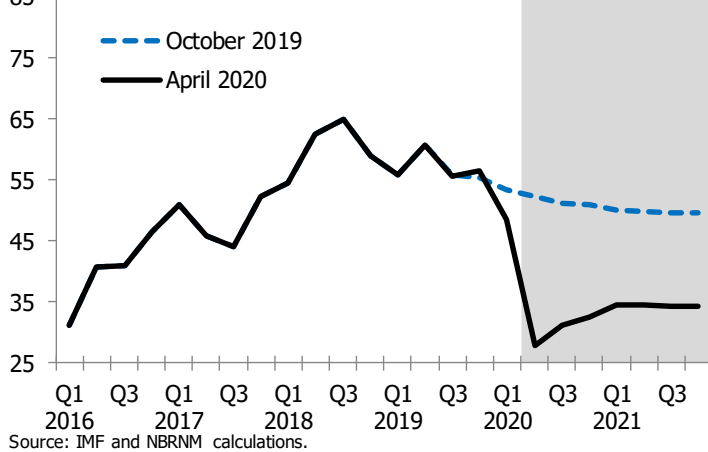
EUR/USD exchange rate



**It is estimated that the euro/US dollar exchange rate in 2020 will appreciate, versus the expectations of its depreciation in October.** Such assessments largely reflect the greater demand for the US currency, amid growing concern of investors caused by the global pandemic of COVID-19. On the other hand, for 2021, a similar depreciation rate of the US dollar is forecasted as in October.

Brent oil

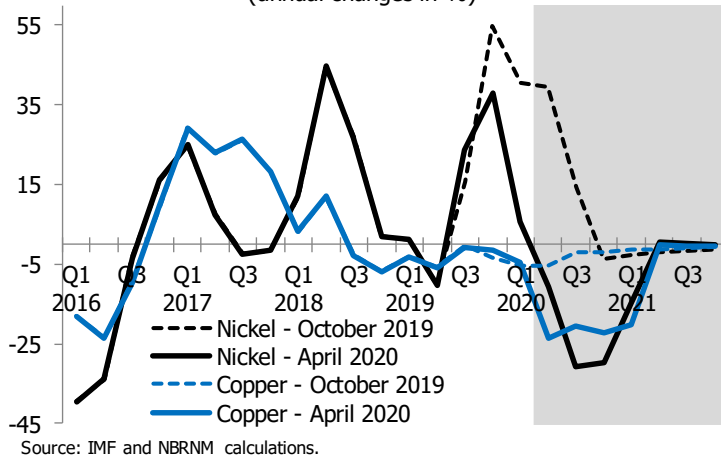
(quarterly average, EUR/Barrel)



**According to the latest estimates for 2020, the oil price<sup>6</sup> has been revised significantly downwards, currently expecting significantly sharper price decline relative to October.** The downward revision is mainly due to the reduction of the global oil demand caused by the spread of the new coronavirus, as well as the failure to reach an agreement within OPEC+ to reduce oil production in order to increase prices<sup>7</sup>. On the other hand, for 2021, a slight upward adjustment was made, envisaging a smaller price decline in oil compared to October.

Nickel and copper prices in EUR

(annual changes in %)

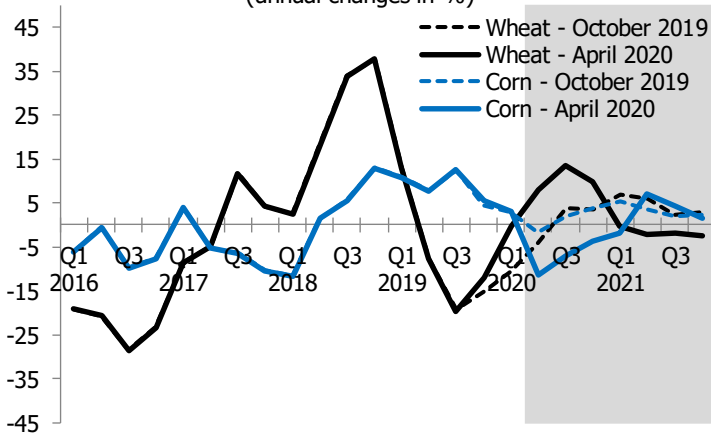


**The prices of nickel and copper have been significantly revised downwards in the period of forecasts.** Thus, the nickel price is currently expected to register double-digit fall in 2020, versus the expected double-digit growth in October, while the copper price is expected to register significantly larger decline than the previous estimate. The downward revision is due to the reduction of the production activity and the demand for metals from China, as well as to the estimates for reduction of the global economic activity this year, caused by the rapid spread of the new viral infection worldwide. **In 2021, the fall in metal prices is expected to continue, and to be more pronounced compared to the October forecasts.**

<sup>6</sup> The analysis of prices of oil, metals and primary food commodities, uses various reports of the IMF, World Bank, FAO, OPEC, the ECB and the specialized international economic portals.

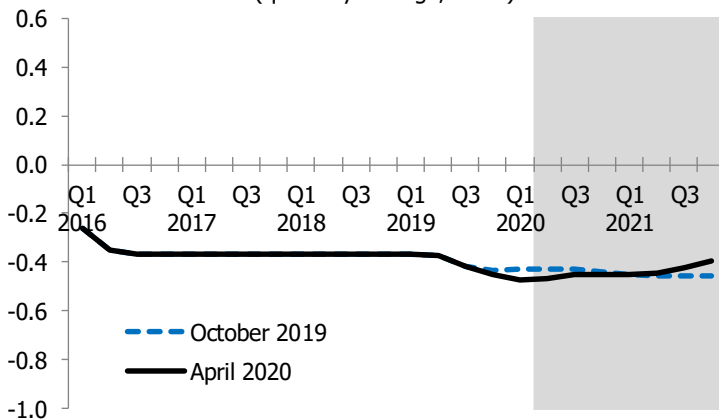
<sup>7</sup> Consequently, from 1 April 2020, all current obligations of the contracting parties to limit oil production, are canceled.

**Wheat and corn prices in EUR**  
(annual changes in %)



According to the latest estimates for 2020, the wheat price was significantly revised upwards compared with the October forecasts, now expecting price growth (despite the fall forecasted earlier). The upward revision is mostly due to the expectations for a greater global demand for wheat, logistic problems and concern of introducing export restrictions due to the global pandemic, despite the favorable conditions on the supply side. On the other hand, for 2021 the wheat price has been revised downwards and it is expected that it will register a decline, despite the October forecast for its growth. **The corn price** was subject to a downward revision in the entire period of forecasts. Thus, in 2020 it is expected that it will register a decline (as opposed to the estimates for growth in October), mainly due to the expectations for a higher global supply of corn amid favorable weather conditions, but also to the reduced industrial demand, partly due to the effects of the pandemic. Furthermore, in 2021 it is forecasted that the corn price will register more moderate growth than expected in October.

**1-month Euribor**  
(quarterly average, in %)

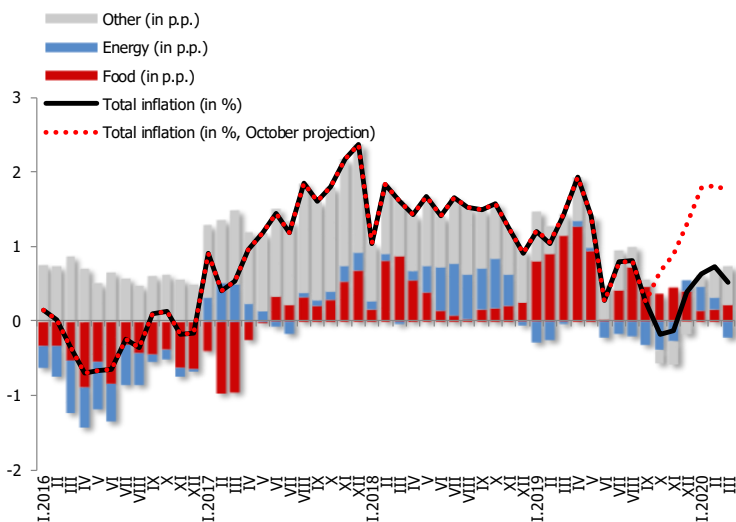


Regarding the **one-month EURIBOR**, in the period of forecasts no significant deviations from the October forecast are expected, i.e. average rates of -0.46% and -0.43% are expected in 2020 and 2021, versus -0.43% and -0.46%, respectively, in October.



**Inflation rate**

(annual contribution to inflation, in p.p.)



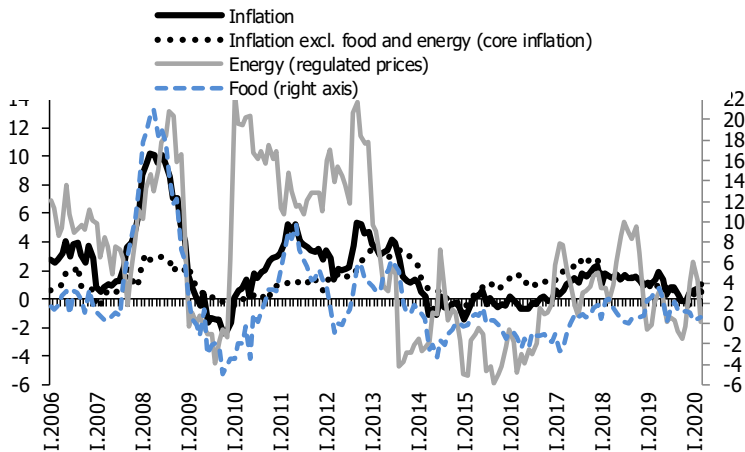
Source: SSO and NBRNM.

In March 2020, **domestic consumer prices** registered minor growth of 0.2% (similar to the previous month when a monthly growth of 0.1% was registered)...

...amid increased food prices and core inflation, in circumstances of lowered energy prices.<sup>8</sup> Namely, according to the spread of the viral infection and the reduced global demand, in March the Brent oil price registered a sharp decline, reducing to an average level of US Dollar 32.1 per barrel.

**Inflation and volatility of food and energy**

(annual growth rates, in %)

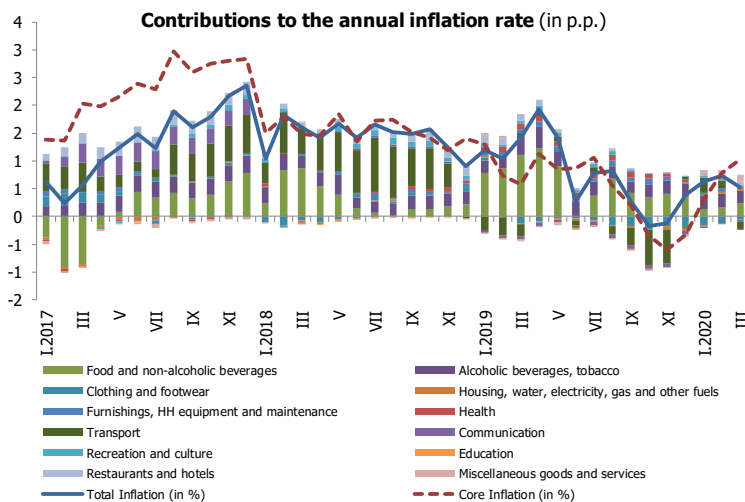


Source: State statistical office and NBRNM calculations.

**The annual inflation rate equaled 0.5% in March** (0.7% in the past month), whereby it is still maintained below the expected rate with the October forecasting round.

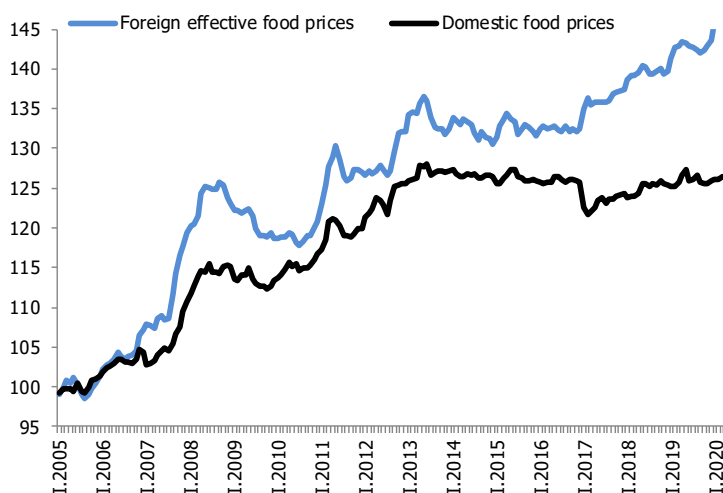
In terms of the structure, downward deviation from the forecast was registered in all three components of inflation (core, food and energy).

<sup>8</sup> Observed by group of products, the largest positive contribution to the monthly increase in prices in March was made by the growth of the prices of tobacco, fruit, meat, oil and grease as well as the prices of vegetables, and the largest negative contribution was made by the prices of liquid fuels and lubricants, products for apartment maintenance (non-durable household products) as well as the prices of air traffic.



**Core inflation** in March grew by 0.2% on a monthly basis, and on an annual basis it increased by 1.0% (0.8% in February). The structure of the annual growth of core inflation in March is similar to the previous month. The highest positive contribution is still made by the prices of tobacco<sup>9</sup>, as well as the prices of vehicles, and additionally the prices of electrical appliances for personal hygiene and other appliances, as well as the prices of catering services. On the other hand, the greatest negative contribution was made by the prices of air traffic, and a more moderate contribution was made by the prices of clothing and the prices of non-durable household products.

## Foreign effective food prices\* and domestic food prices (indices, 2005 = 100)



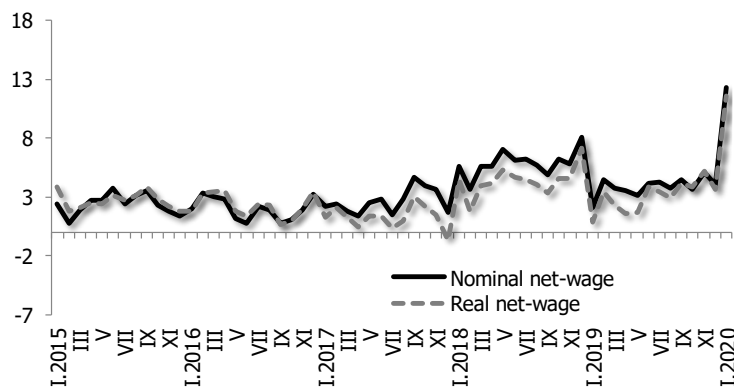
\* Foreign effective food prices are calculated as weighted sum of food prices in countries that are major trade partners with North Macedonia.  
Source: State statistical office, Eurostat and NBRNM calculations.

**Regarding the expected price movements of the external input assumptions in the inflation forecast, with the exception of the wheat price, the revisions are in a downward direction.**

**In conditions of lower inflation than forecasted in October, as well as external assumptions revised mainly downwards, risks to the inflation forecast for 2020 are currently considered downwards.** Yet, the movement of world primary commodity prices remains very uncertain in the next period, related to the new viral infection and the duration of the pandemic.

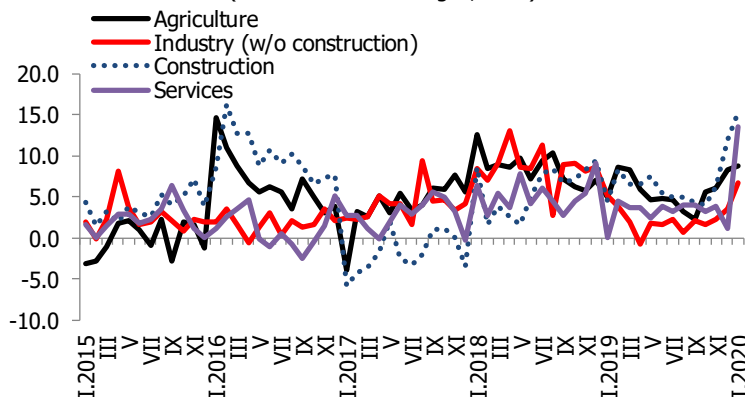
<sup>9</sup> The annual growth of tobacco price in March also reflects the increase in the prices of cigarettes in May 2019 and March 2020, in consistence with the annual planned increase in excise duties on cigarettes by Denar 0.20 per piece as of 1 July 2023.

**Average net-wage**  
(annual changes, in %)



Source: SSO.

**Average monthly net wage paid by sectors**  
(nominal annual changes, in %)



Source: SSO.

**In January 2020, the nominal annual growth of the average net wage was 12.3%** (acceleration compared to the growth of 4.1% in December). The growth reflects the increase in the minimum wage<sup>10</sup>, the increase in the wages in the public sector<sup>11</sup>, as well as the effect of the measure for subsidizing contributions due to wage increase<sup>12</sup>. In addition, in January 2020 there was also a payment of wage supplements (bonuses, etc.), which is not usual for this month of the year.

Wage growth was registered in all activities, with the most prominent one being registered in the activities: “financial and insurance activities”, “arts, entertainment and recreation”, “transport and storage” and “manufacturing industry”. Also, significant wage growth was also registered in the activities “accommodation facilities and catering services”, “information and communications”, as well as in construction.

Amid small increase in the consumer prices on an annual level, the **real annual growth of the net wage in January was 11.6%**.

In January, the performance of net wages is higher compared with the expectations for the first quarter of the October forecasting round.

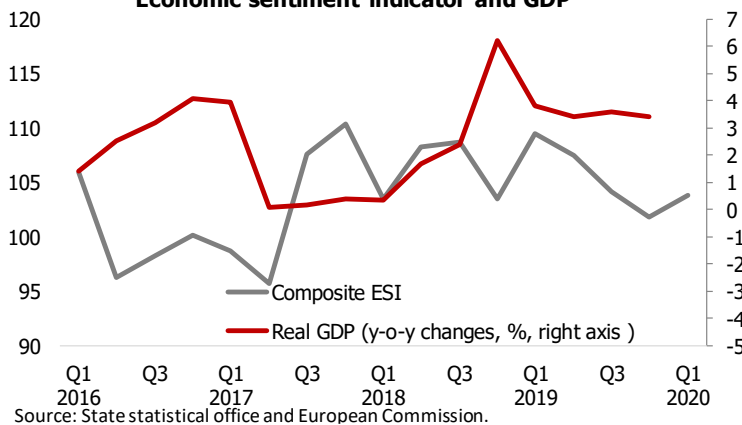
**High-frequency data on the supply and demand side available for the period January-February 2020 are generally favorable and currently indicate a continuation of the growth in the first quarter of the year.** When it comes to the

<sup>10</sup> During 2019, the minimum wage was increased twice, in April and December. In April, the minimum wage was increased from Denar 12,165 to Denar 12,507 net wage (gross from Denar 17,370 to Denar 17,943) in accordance with the adjustment with the increase for the previous year of the average wage paid in the RNM, the consumer price index and the real GDP growth (with one third of the growth of each indicator, respectively, Law on Minimum Wage, Official Gazette of the Republic of North Macedonia No. 59/19). With the additional increase in December (of around Denar 2000, net), the amount of minimum wage which is paid for the period from December 2019 to March 2020 is Denar 14,500, net (Law on Minimum Wage, Official Gazette of the Republic of North Macedonia No. 239/19).

<sup>11</sup> The wages of health workers were increased by 5%, starting with the payment of the September wage in 2019. Also, the Decision of the Government of the Republic of North Macedonia adopted in May 2019, leveled the wages of around 2,900 employees in the field of culture, from both the national and the local institutions, starting from the April wage for 2019. In addition, the amendments to the Law on Protection of Children increase the wages of educators, carers/nurses, professional workers and associates by 16%, starting with the June wage in 2019, and the Labor Agreement increases the wages of ancillary-technical staff. The wages of social workers were also increased by 22% with the payment of the June wage in 2019, and with the payment of the September wage they also received an additional increase of 5%. In addition, there was 5% salary increase for employees in education, police, defense and the entire public sector, starting with the September wage in 2019. In January 2020, the wages in education were additionally increased by 10%.

<sup>12</sup> According to the Law on subsidizing contributions from compulsory social insurance due to wage increase, which started to be enforced with the payment of the November wage (Official Gazette of the Republic of North Macedonia No. 239/19), whereby the subsidizing of contributions is approved if the increase in the net wage is in the amount of at least Denar 600 up to Denar 6000 per month by insuree (Official Gazette of the Republic of North Macedonia No. 239/19, Articles 2 and 3).

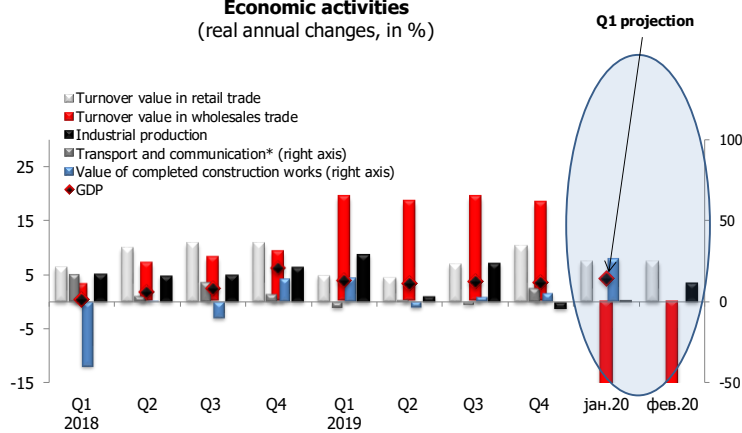
Economic sentiment indicator and GDP



economic agents' perceptions for the economic situation<sup>13</sup>, the results of the surveys for the first quarter in 2020 indicate more favorable perceptions compared to the fourth quarter of 2019. However, the perceptions are less favorable if we compare them to the same quarter last year. At the same time, the developments related to the new viral infection and its spread in the domestic economy during March will probably lead to a deterioration in the expectations and performances of some companies.

**According to the latest high frequency data on the supply side, the performances in the domestic economy are generally favorable.**

Economic activities (real annual changes, in %)



\*Simple average of annual growth rates of the different types of transport and the telecommunications. Source: SSO and NBRNM calculations.

**Industrial output** in the period January-February in 2020 grew by 1.9% annually, which is an improvement relative to the decline of 1.3% in the fourth quarter in 2019. The largest positive contribution was made by the manufacturing industry, followed by mining sector, while the production of energy made a negative contribution to the total industrial output. Analyzing the manufacturing industry, most of the activities made a positive contribution which is most pronounced in the production of motor vehicles and the production of rubber and plastic products. A solid positive contribution was also made by some of the traditional activities, such as the production of textile and the production of clothing. On the other hand, the highest negative contribution within the manufacturing industry was made by the production of machines and devices.

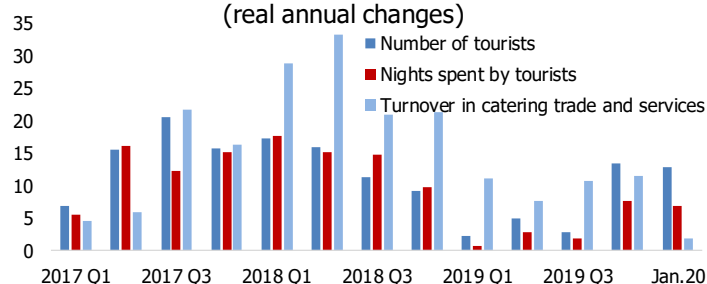
In January 2020, a high rate of real annual growth was registered in **construction** (a significant acceleration relative to the growth in the fourth quarter). The favorable performances of the total completed construction works are a result of the high growth rates registered in civil engineering (a significant acceleration relative to the growth in the fourth quarter), but also in building construction (despite the slight decline in the fourth quarter).

INDUSTRIAL OUTPUT AND OTHER ECONOMIC ACTIVITIES										
	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb
<i>real annual changes in %</i>										
Gross domestic product	0.3	1.7	2.4	6.2	3.8	3.4	3.6	3.4	-	-
Industrial output*	5.2	4.9	5.1	6.4	8.8	1.1	7.1	-1.3	0.3	3.5
Construction	-39.6	0.9	-10.0	14.6	15.1	-3.3	3.0	5.2572	27.0	-
Building	3.2	6.1	-11.4	28.1	-9.3	5.1	23.7	-1.1	23.7	-
Civil Engineerings	-65.2	-1.7	-9.3	4.5	58.3	-8.0	-6.7	11.1	30.9	-
Retail and wholesale trade	4.9	8.8	8.6	10.0	13.5	12.6	14.0	14.6	-10.3	-14.8
Retail trade	6.4	9.9	10.8	10.9	4.7	4.6	6.9	10.4	7.4	7.5
Wholesale trade	3.2	7.1	8.2	9.3	19.5	18.5	19.4	18.4	-23.5	-28.1

\* Real growth rates are calculated by the NBRNM, by dividing nominal growth rates with annual inflation, measured by CPI. The data regarding trade in February 2020 is previous data. Source: SSO and NBRNM staff calculations.

<sup>13</sup> It refers to the surveys conducted by the European Commission to measure the economic confidence of agents in an economy. The composite indicator of economic confidence is a weighted average of the consumer confidence indicators and economic sectors confidence indicators (construction, industry, retail trade and services). Starting from January 2019, the European Commission revised the structure of consumer confidence indicator, and accordingly, the composite indicator of economic confidence. For more information on the new methodological changes visit: [https://ec.europa.eu/info/files/revise-consumer-confidence-indicator\\_en](https://ec.europa.eu/info/files/revise-consumer-confidence-indicator_en)

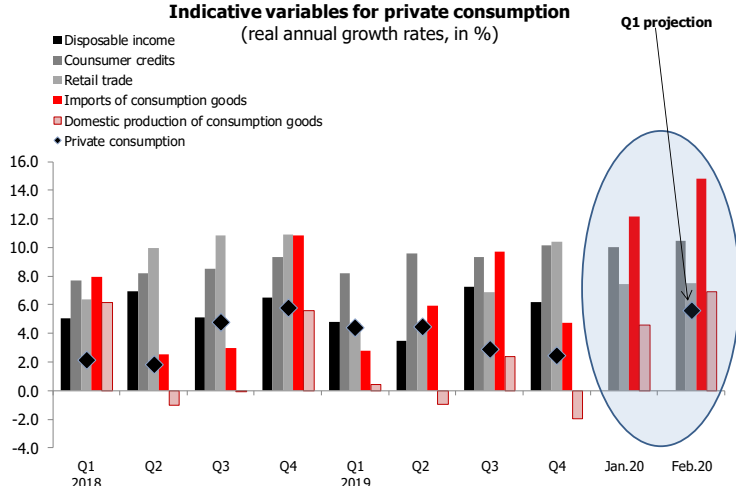
**Tourism indicators**  
(real annual changes)



Source: SSO and NBRNM calculations.

In January 2020, **catering** is characterized by an increased number of tourists, overnight stays and total turnover compared to the same month last year (a slightly slower annual pace compared to the fourth quarter in all three indicators). However, the presence of the viral infection in our country and the measures for preventing its spread which were taken in the remaining months of the quarter, will mostly affect adversely the activity in this sector.

**Indicative variables for private consumption**  
(real annual growth rates, in %)



Source: SSO and NBRNM calculations.

In the period January-February, the **total trade turnover** dropped, reflecting the substantial fall in the activity in the wholesale trade (as opposed to the high annual growth in the fourth quarter). Retail trade and trade in motor vehicles continued to grow, but at a slower pace compared to the growth in the fourth quarter last year.

Also, the available **aggregate demand** indicators mainly point to economic growth in the first quarter of the year.

Indicators of the movements in **private consumption**<sup>14</sup> currently point to further growth of this expenditure GDP component in the first quarter of the year. Growth was recorded in almost all sources of financing of private consumption. Thus, within the main categories of disposable income, growth acceleration was registered in wages and pensions, and the solid increase of household loans continued. The short-term indicators of private consumption dynamics are also favorable, amid growth in retail trade, gross revenues from VAT, with growth also being observed in import of consumer goods and domestic production of consumer goods.

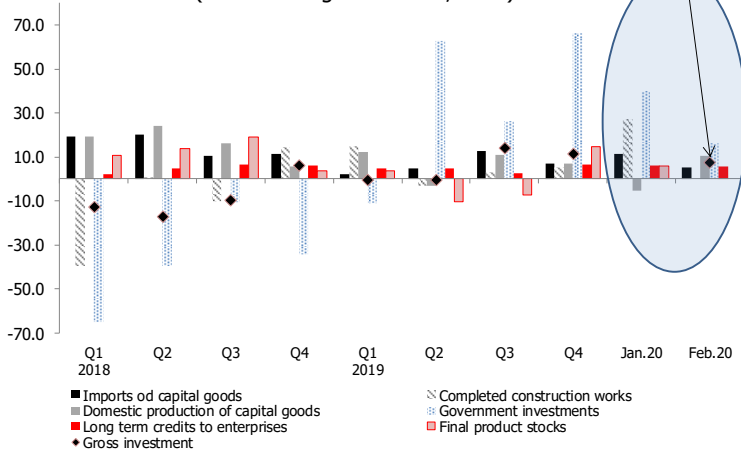
The high frequency data on the **gross investments**<sup>15</sup> in the period January - February 2020 are mainly favorable. Thus, annual growth was observed in long-term corporate lending, in government capital investments and industrial output, as well as in import of investment products and domestic production of capital goods. Also, in January, there was a strong acceleration in the annual growth of the activity in the construction sector. On the other hand,

<sup>14</sup> Data on wages are as of January 2020, while data on household loans, pensions, retail trade, domestic production of consumer goods, import of consumer goods and gross revenues from VAT refer to the period January-February 2020.

<sup>15</sup> Data on completed construction works are as of January 2020, while data on long-term corporate loans, government capital investments, industrial production, imports of investment goods and domestic production of capital goods refer to the period January-February 2020.

**Indicative variables for investments**  
(real annual growth rates, in %)

Q1 projection



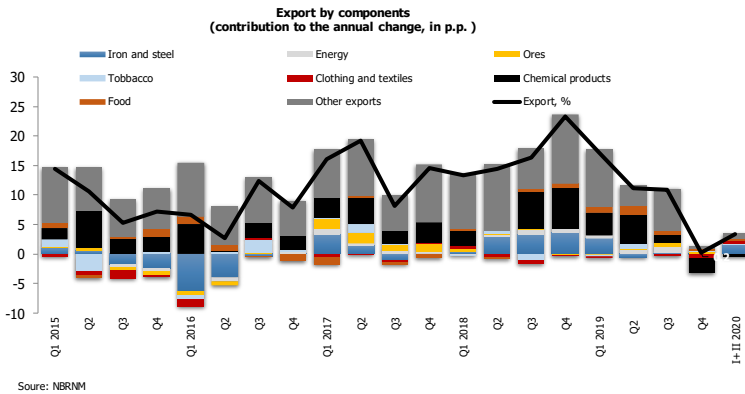
Source: SSO and NBRNM calculations.

analyzing the short-term indicators, a decline was registered only in corporate tax. However, it should be borne in mind that the presence of the viral infection and the measures for preventing its spread which were taken in the last month of the quarter, is also expected to adversely affect this segment.

**Foreign trade** data in the period January-February 2020 indicate potential deficit expansion in the first quarter of the year compared to the same period last year, amid higher growth of the import than the export of goods.

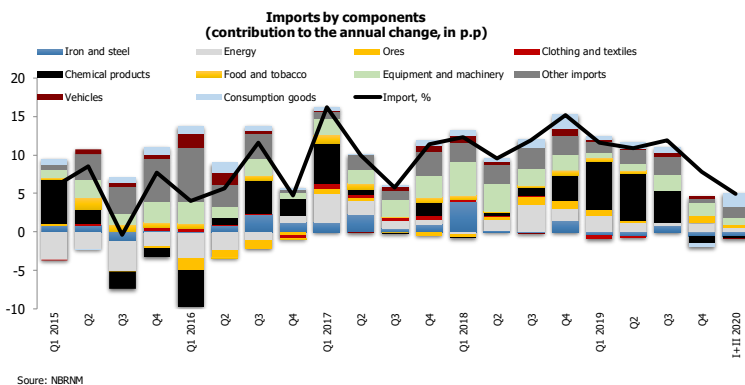
The data on the budget execution for the period January-February 2020 indicate an annual growth of **public consumption** in the first quarter, mainly due to the growth of the expenditures on wages and transfers to local authorities.

**In January and February 2020, the foreign trade deficit expanded by 9.6% annually,** driven by the higher growth in the import than the growth in the export component.



**In the first two months of the year, the export of goods registered an annual growth of 3.4%.** The export growth is due to the higher export of iron and steel compared to the same period last year<sup>16</sup>, as well as to the favorable movements in some of the new production facilities in foreign ownership. Almost all other categories registered a smaller, but positive change.

*Compared to the October forecast, the performances in January and February are lower than the export expected for the first quarter for 2020.* Significant downward deviations were registered in the export of some of the new production facilities, coupled with the slightly lower export of iron and steel and energy.



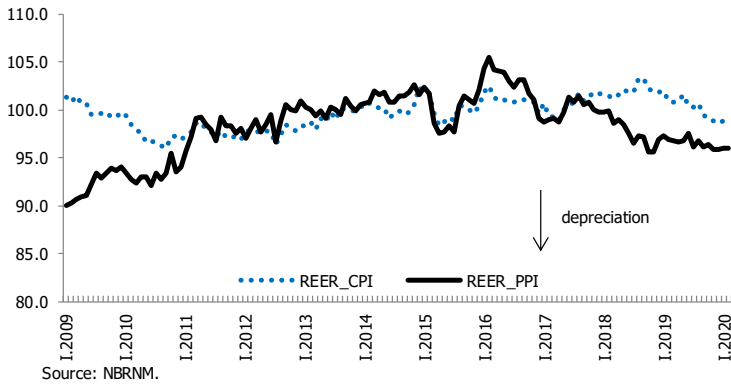
**In January and February 2020, the import of goods grew by 4.9% on an annual basis.** Import growth is due to the growth in consumer goods, other imports, imports of food, as well as of equipment and machines, amid reduced import pressures by the import of raw materials of some of the new production facilities and the import of iron and steel.

The performance of the import of goods in January and February 2020 is within the expectations for the first quarter of the year according to the October forecasts, amid lower import in some of the new facilities in foreign ownership, as well as the import of vehicles, energy and iron and steel, and in conditions of higher import of consumer goods, food and other imports.

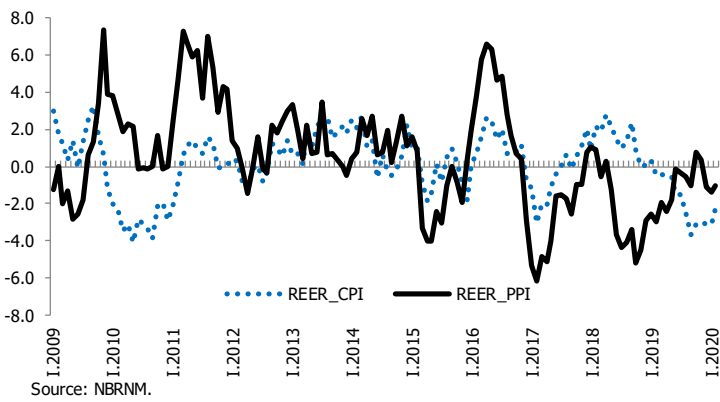
The performance of the trade deficit in January and February 2020 is slightly higher than expected for the first quarter of the year according to the October forecast.

<sup>16</sup> The high contribution to the growth of the export of the category iron and steel during January 2020 is partly due to the low base effect.

**REER**  
(2010=100)

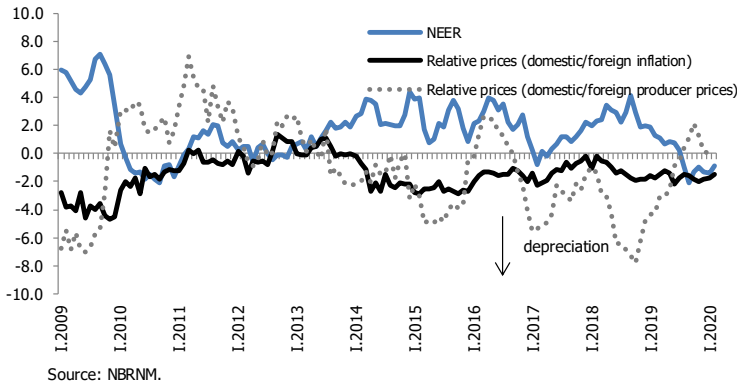


**REER**  
annual changes, in %



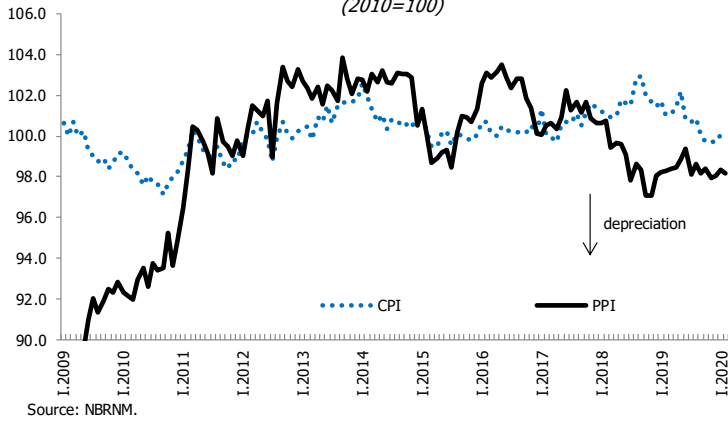
In February 2020, price competitiveness indicators of the domestic economy registered further improvement on an annual basis. The REER index deflated by consumer prices depreciated by 2.3%, while the REER index deflated by producer prices registered a smaller depreciation of 1.0%. These developments are due to the favorable changes in relative prices (the relative consumer prices are lower by 1.5%, while the relative producer prices are lower by 0.2%). The NEER also acted in the same direction, registering a depreciation of 0.9%, which is largely due to the appreciation of the Russian ruble, the Ukrainian hryvnia and the Swiss franc.

**NEER and relative prices**  
annual growth rates, in %



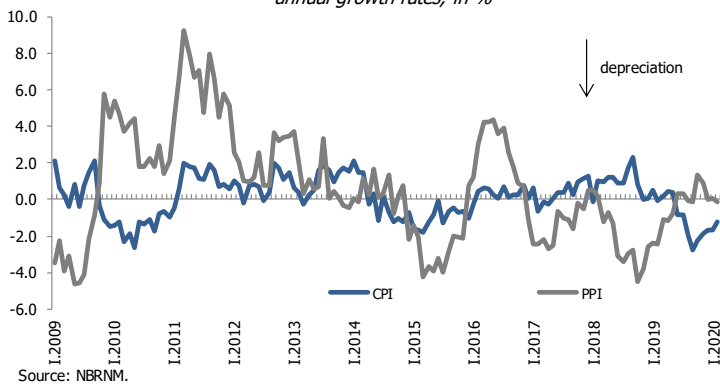


**REER, excluding primary commodities**  
(2010=100)

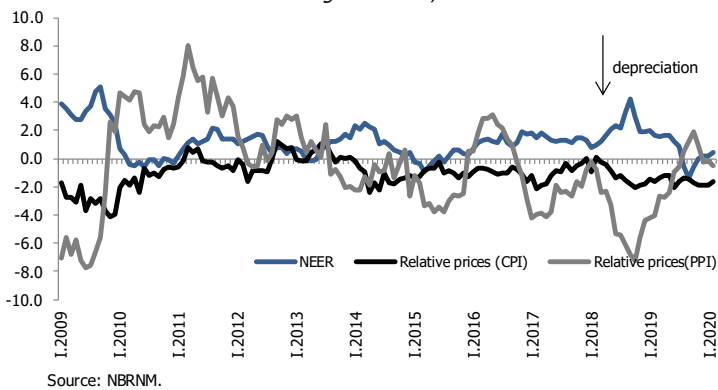


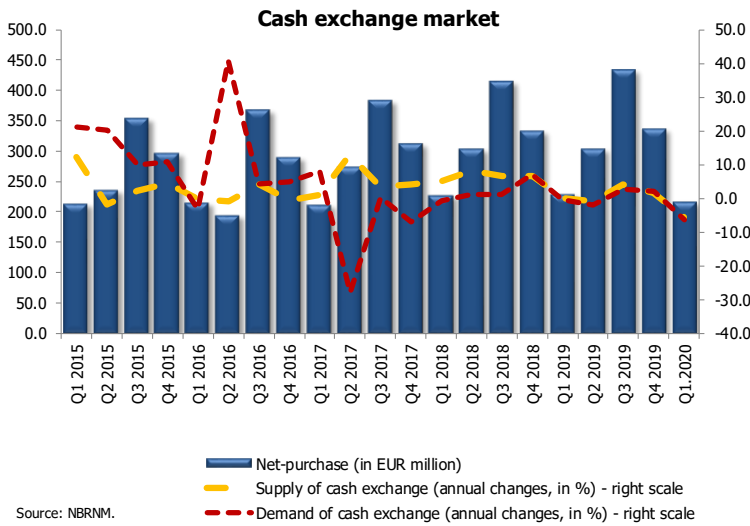
REER indices, as measured using weights based on the foreign trade without primary commodities, in February 2020 also registered favorable movements. Thus, the REER index deflated by consumer prices depreciated by 1.2%, while the REER deflated by producer prices depreciated marginally by 0.1%. The changes result from the dynamics of relative prices, in particular from the decline in the relative consumer prices of 1.6% and the decline in the relative producer prices of 0.5%, amid small appreciation of the NEER on an annual basis.

**REER, excluding primary commodities**  
annual growth rates, in %

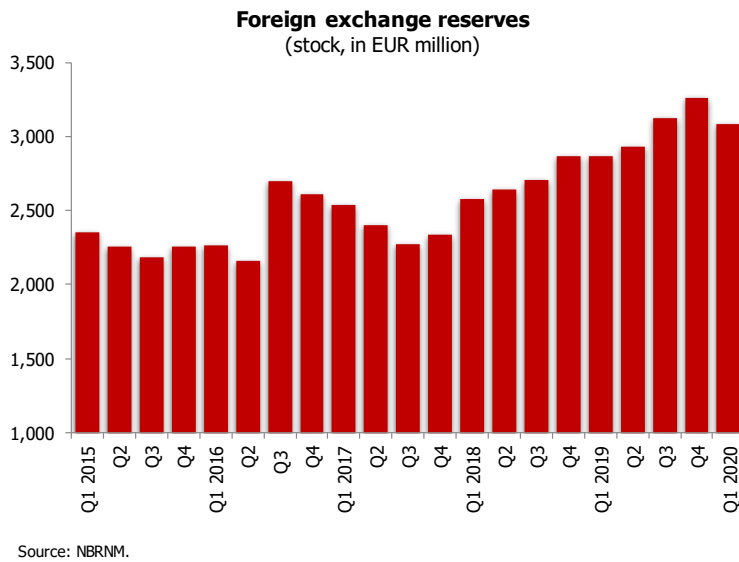


**NEER and relative prices, excluding primary commodities**  
annual growth rates, in %



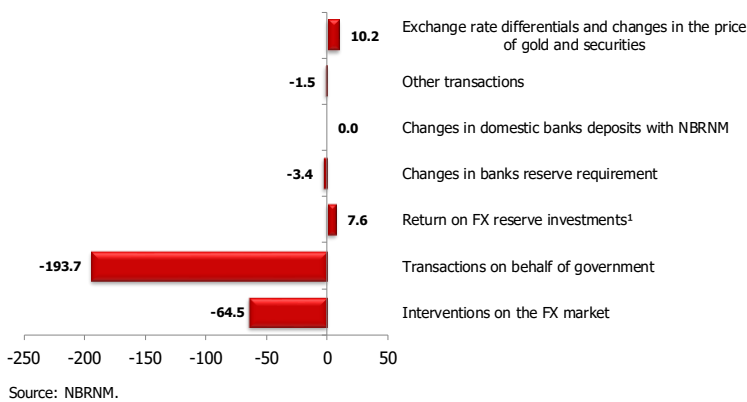


The net purchase on the currency exchange market in the first quarter of 2020 was Euro 216.5 million, which is an annual decrease of 5.4%. Such performances are driven by the reduction of both the supply of and the demand for foreign currency (5.7% and 6.3%, respectively.)

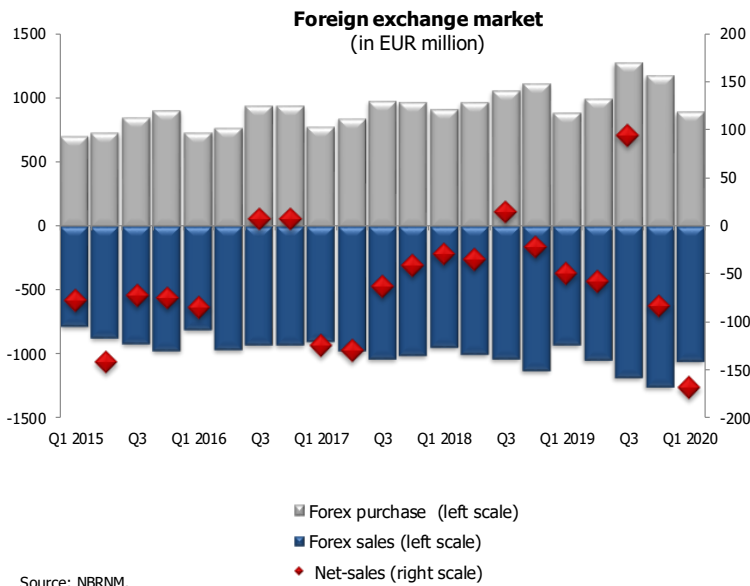


As of 31 March 2020, gross foreign reserves stood at Euro 3,017.5 million, which is a decrease of Euro 245 million compared to the end of the fourth quarter of 2019. The main factor for such change are the transactions on behalf of the government (regular servicing of government liabilities<sup>17</sup>) and to a lesser extent interventions by the National Bank on the foreign exchange market. The remaining flows had a moderate impact on the shifts in foreign reserves in the analyzed period.

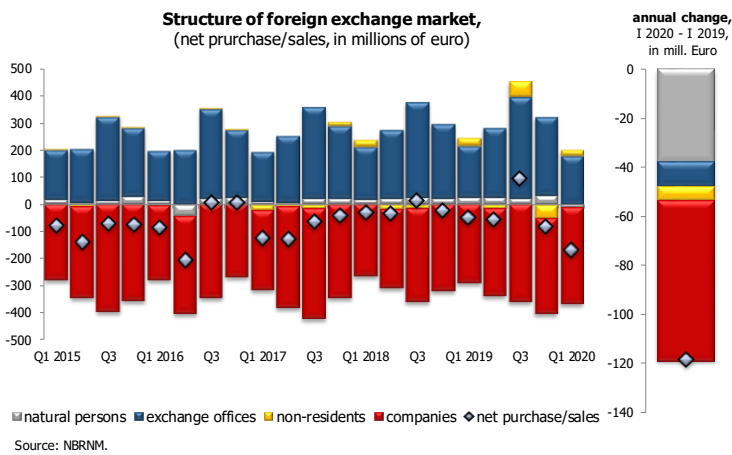
**Factors of change of the foreign reserves in Q1 2020**  
(in EUR million)



<sup>17</sup> Repayment of the principal of the loan taken out from Deutsche Bank, in the amount of around Euro 158 million.



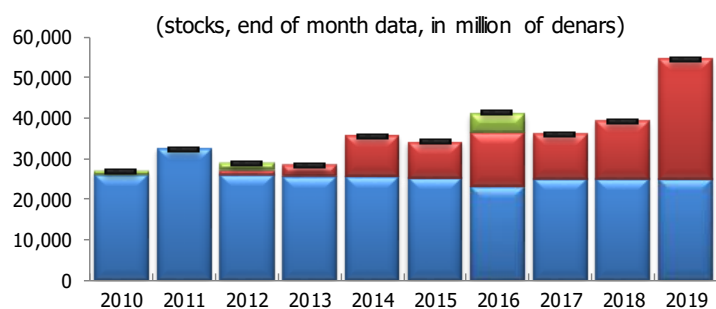
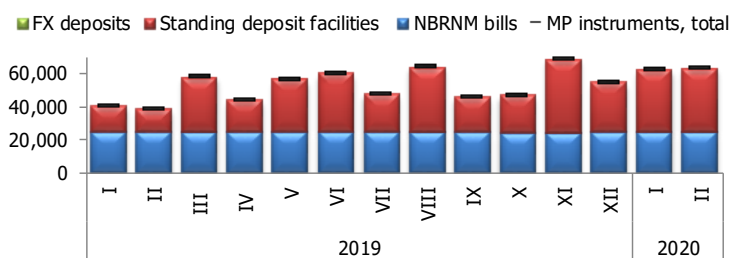
In the first quarter of 2020, the banks' foreign exchange market reported a net sale of foreign currency of Euro 168.4 million, which is by Euro 118.8 million more than the same period last year. This annual change is a result of the fast growth of the demand for in conditions of a low growth of the supply of foreign currency.



Sector-by-sector analysis shows that such movements stem from all components, but mostly from the high net sales of companies and natural persons.

**Monetary policy instruments**

(stocks, end of month data, in million of denars)



Source: NBRNM

**In February, the stock of monetary instruments was slightly higher compared to the previous month, amid a slightly larger amount of banks' assets placed in deposits with the National Bank and unchanged stock of CB bills<sup>18</sup>. The stock of monetary instruments at the end of February was higher than forecasted for the end of the first quarter of 2020<sup>19</sup>.**

The net foreign assets of the National Bank at the end of February are lower than forecasted for the end of the first quarter of 2020.

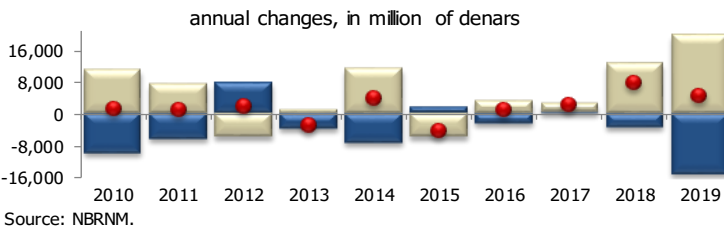
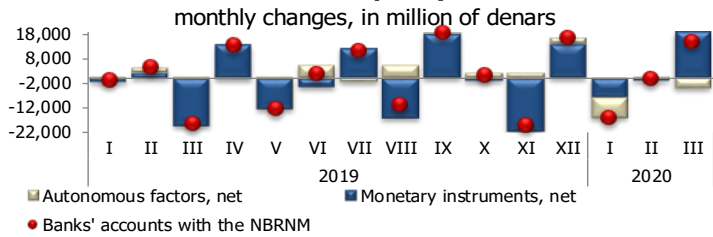
Total government deposits with the National Bank in February registered a slight decrease compared to the previous month. Compared with the forecast for the first quarter of 2020, the stock of total government deposits with the National Bank is lower.

Amid insignificant changes (a slight decrease in banks' total reserves with the National Bank and a slightly lower level of currency in circulation), the reserve money stock in February remained almost unchanged compared to the previous month and is currently lower compared with the forecast for the end of the first quarter of 2020.

<sup>18</sup> At the CB bills auction of the National Bank held on 12 February 2020, Denar 25,000 million of CB bills was offered and sold at an interest rate of 2% and maturity of 28 days.

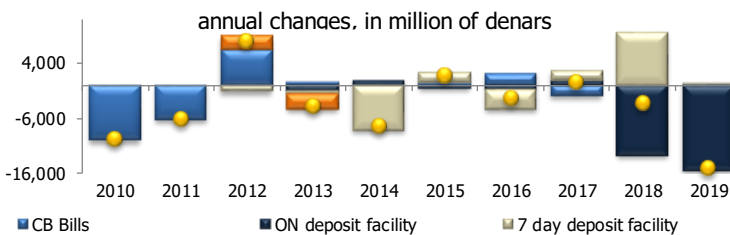
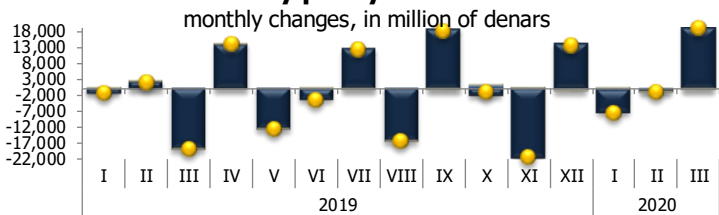
<sup>19</sup> The performance comparisons are against the October forecasts of the National Bank.

**Banks liquidity\***



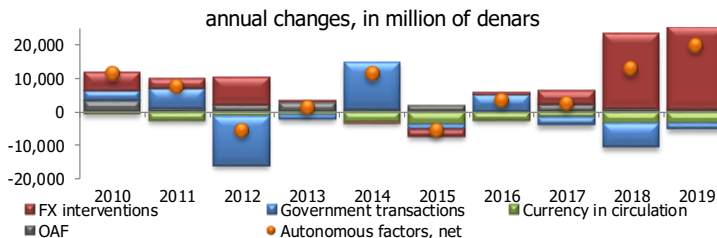
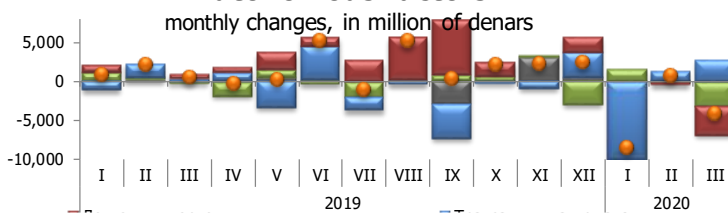
According to the operational data on liquidity flows, **in March, the liquidity of the banking system increased.** The growth is entirely due to the lower amount of banks' assets placed in overnight deposits, amid unchanged stock of CB bills<sup>20</sup>. The autonomous factors, net, acted toward reducing the liquidity in the banking system, mainly due to the growth of currency in circulation and foreign currency interventions of the National Bank, while government transactions increased liquidity.

**Monetary policy instruments\***



\* positive change: liquidity creation, negative change: liquidity withdrawal

**Autonomous factors\***

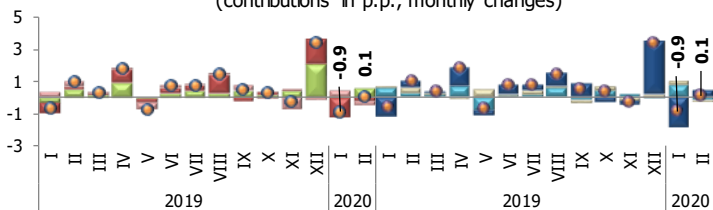


\* positive change: liquidity creation, negative change: liquidity withdrawal

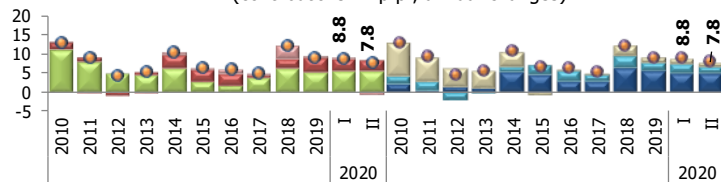
<sup>20</sup> At the CB bills auction of the National Bank held on 11 March 2020, Denar 25,000 million of CB bills was offered and sold at an interest rate of 2.0% and maturity of 35 days.

**Total Deposits**

(contributions in p.p., monthly changes)



(contributions in p.p., annual changes)



Composition by sector: Other institutions Deposits, Foreign Currency Deposits, Enterprise Deposits. Composition by currency: Domestic Currency Deposits, Demand Deposits, Household Deposits.

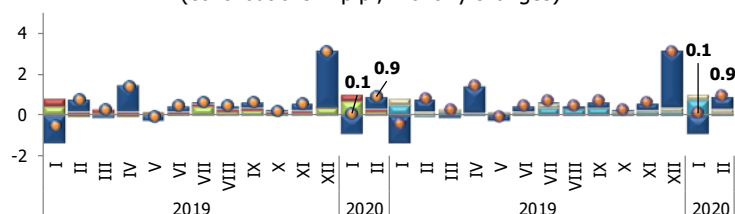
\* The Other Institutions Deposits include the deposits of other financial institutions, deposits of local government and deposits of nonprofit institutions serving households at the banks and also the domestic currency transferable deposits of other financial institutions and local government at the National bank.

**Total deposits<sup>21</sup> in February registered a minimal monthly growth of 0.1%, as opposed to the decline in the previous month.** Structurally observed, the increase is due to the growth of household deposits, given the decline in corporate deposits and in other sectors deposits. Analyzing the currency, the increase in total deposits is due to the growth of denar deposits, i.e. of demand deposits, amid a moderate decline in foreign currency deposits. Total deposits in the period January-February declined, while the October forecast envisages an increase in deposits for the first quarter of the year.

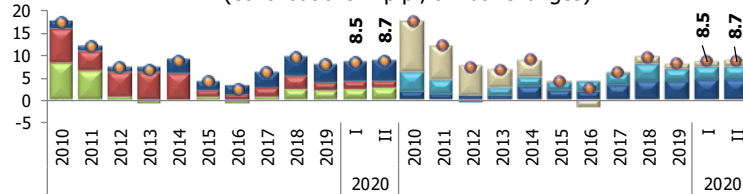
**In February, the annual growth rate of total deposits was 7.8% and is currently below the annual growth forecasted for the end of the first quarter of 2020 (of 9.9%).** From sectoral and currency aspect, the growth mostly emanates from household deposits, i.e. from deposits in domestic currency (primarily demand deposits).

**Household Deposits**

(contributions in p.p., monthly changes)



(contributions in p.p., annual changes)



Composition by maturity: Demand Deposits, Domestic Currency Household Deposits, Foreign Currency Household Deposits, Long-term Household Deposits, Short-term Household Deposits. Composition by currency: Demand Deposits, Domestic Currency Household Deposits, Foreign Currency Household Deposits.

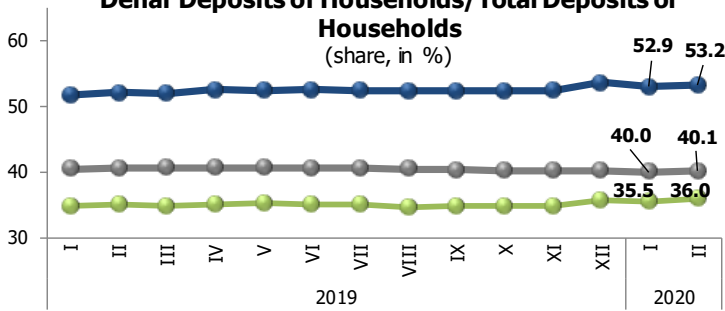
**Household deposits in February registered monthly increase of 0.9%,** resulting from denar deposits (mostly from demand deposits), amid small increase in foreign currency deposits. The share of denar deposits (including demand deposits) in total household deposits at the end of February was 53.2%, and is slightly higher compared to the previous month (of 52.9%). **The annual increase in household deposits in February was 8.7%.**

Source: NBRNM.

<sup>21</sup> Data refer to non-government deposits in banks and savings houses, funds of other financial institutions on the accounts with the National Bank and funds of local government authorities on the accounts with the National Bank. The data are consistent with the methodological changes of the National Bank from June 2018. For more information on the methodological changes visit: [http://www.nbrm.mk/monetarna\\_statistika\\_i\\_statistika\\_na\\_kamatni\\_stapki.nspix](http://www.nbrm.mk/monetarna_statistika_i_statistika_na_kamatni_stapki.nspix).

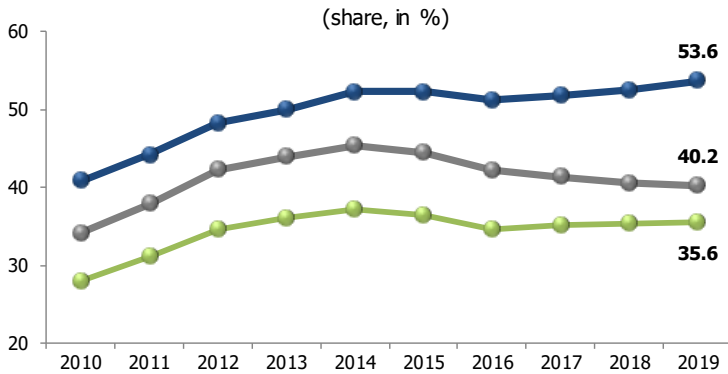
**Denar Deposits of Households/Total Deposits of Households**

(share, in %)



**In February, broad money, measured through M4, registered a monthly increase of 0.3%, as opposed to the decrease in the previous month.** The increase is a result of the most liquid money supply components, primarily of demand deposits, amid growth of currency in circulation. In terms of maturity, the increase is a result of the growth of long-term deposits, amid a moderate decline in short-term deposits. As for the currency structure, the increase is a result of the growth of denar deposits (entirely as a result of demand deposits), amid a slight decline in foreign currency deposits.

(share, in %)

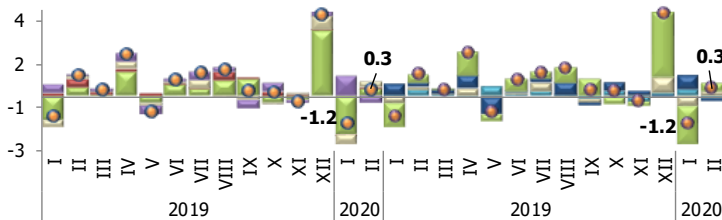


- Share of total household deposits (with demand deposits)
- Share of total household deposits (without demand deposits)
- Share of total deposits (with demand deposits)\*

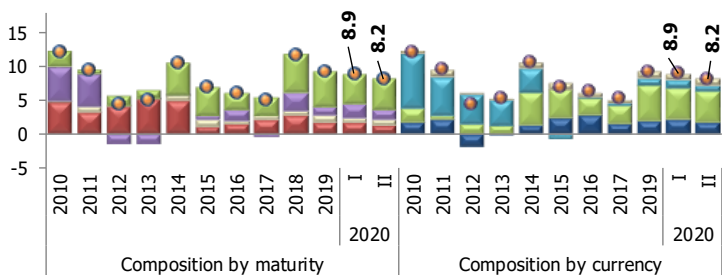
\* Includes deposits at Banks and Saving Houses  
Source: NBRNM.

**Broad Money M4**

(contributions in p.p., monthly changes)



(contributions in p.p., annual changes)



Composition by maturity

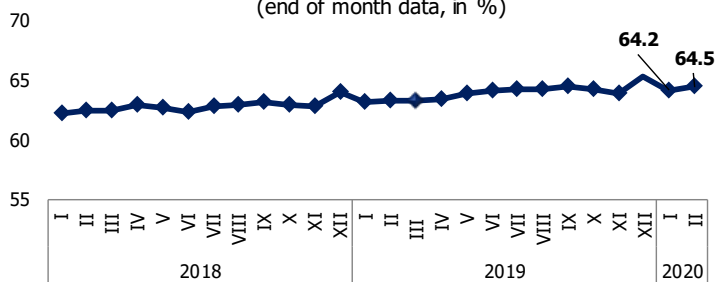
Composition by currency

- CC Outside Depository Corporations
- Demand Deposits
- Total Short-term Deposits
- Total Denar Deposits

Source: NBRNM.

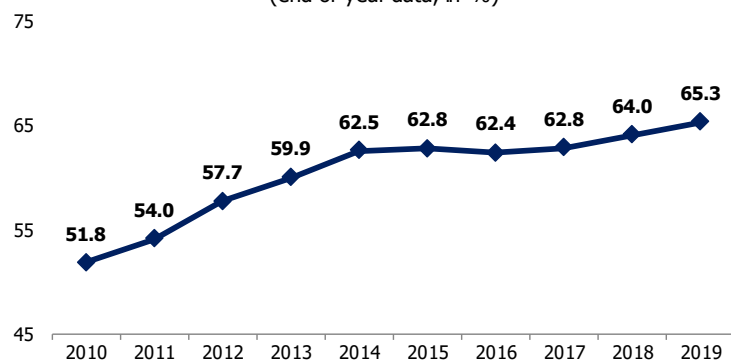
Share of Denar M4 in total M4

(end of month data, in %)



At the end of February, the denar share in total broad money M4 was 64.5% (64.2% in the previous month). **In February, broad money increased by 8.2% annually, which is below the annual growth of 9.7% forecasted for the first quarter of 2020.**

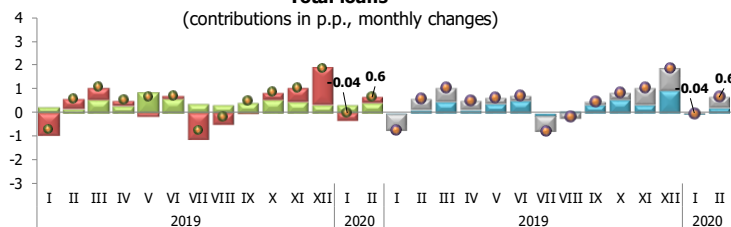
(end of year data, in %)



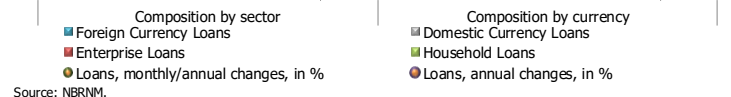
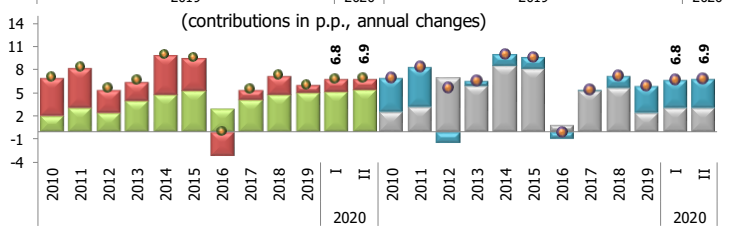
Source: NBRNM.

Total loans

(contributions in p.p., monthly changes)



(contributions in p.p., annual changes)



Source: NBRNM.

**In February, total loans registered a monthly growth of 0.6%, versus the stagnation in the previous month.** Observed by sector, increase was recorded in both the household loans and the corporate loans. Analyzing currency structure, the growth largely results from loans in domestic currency, amid a slower growth of foreign currency loans. In the period January-February, total loans registered an increase, which is lower compared with the forecasted quarterly growth with the October forecast.

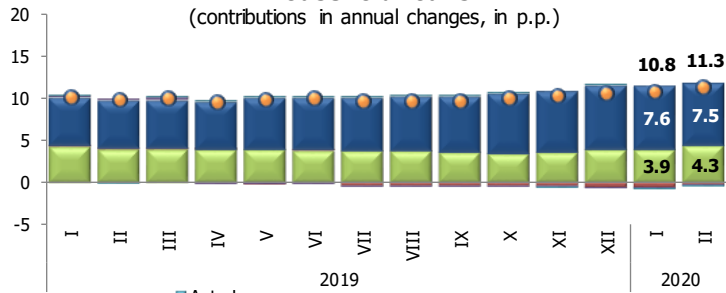
**In February, the annual growth rate of total loans equaled 6.9%<sup>22</sup>, which is above the annual growth of 5.5% forecasted for the first quarter of 2020, according to the October forecast.** Observed by sector, the growth largely results from the household loans, with a positive contribution of corporate loans. Analyzing the currency structure of loans, the growth results from both the foreign currency loans (including denar loans with currency clause) and the loans in domestic currency.

<sup>22</sup> If we exclude the effect of mandatory write-offs, the annual growth of loans at the end of February 2020 is 8.1%.



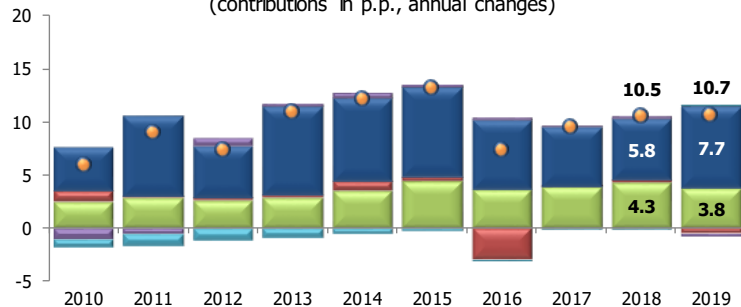
**Household Loans\***

(contributions in annual changes, in p.p.)



The annual growth of household loans<sup>23</sup> in February amounted to 11.3%, and was still largely driven by the growth of consumer loans that contributed with 7.5 percentage points.

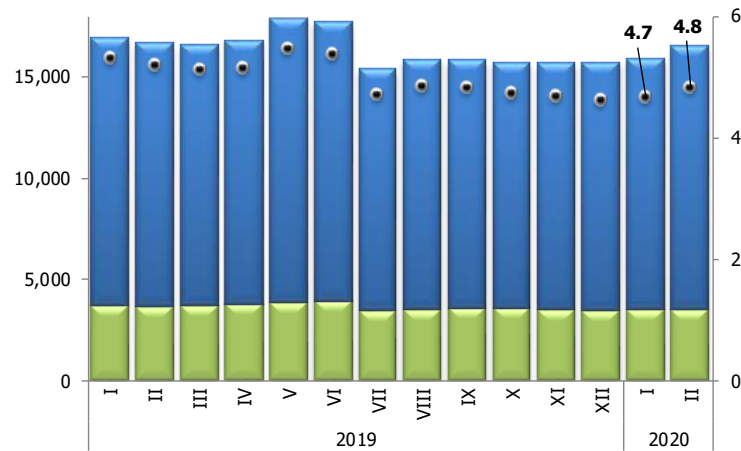
Legend:  
 ■ Auto Loans  
 ■ Credit Cards and Overdrafts  
 ■ Consumer Loans  
 ■ Other Loans  
 ■ Lending for house purchase  
 ● Household Loans, monthly/annual changes, in %  
 (contributions in p.p., annual changes)



\* Self-employed individuals are not included.  
 Source: NBRNM.

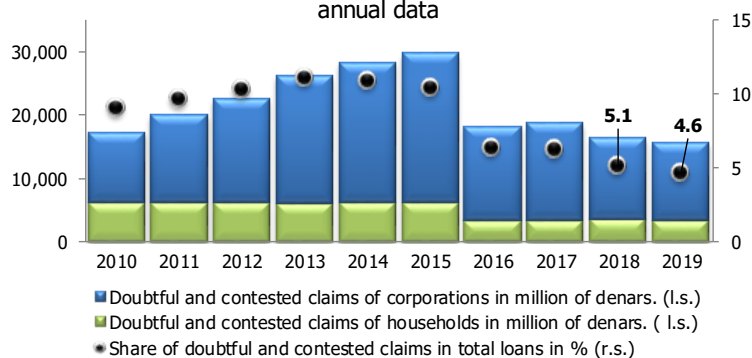
**Doubtful and contested claims**

(composition by sector and share in total loans)



The share of doubtful and contested claims in total loans in February registered a minimal monthly increase of 0.1 percentage point and amounted to 4.8%. In terms of sector, most of the total amount of non-performing loans still results from the corporate sector, while the share of non-performing loans of the household sector is significantly lower.

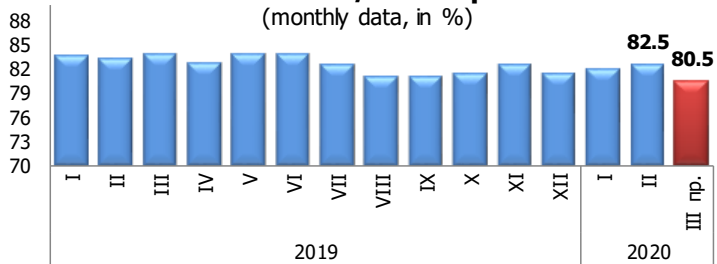
**annual data**



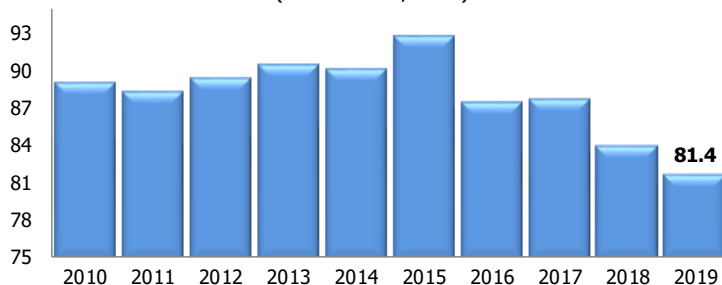
Source: NBRNM.

<sup>23</sup> Excluding loans of self-employed individuals.

**Total credits/total deposits**



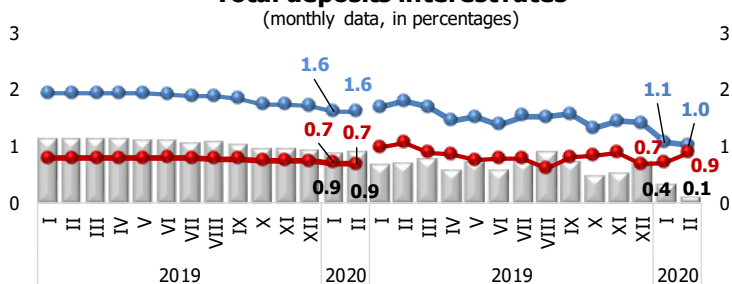
(annual data, in %)



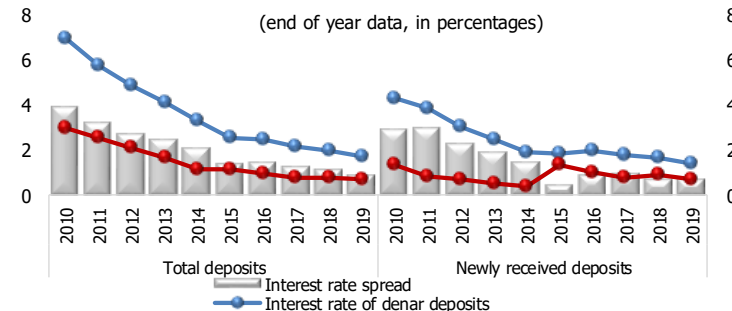
Source: NBRNM.

The indicator for the utilization of banks' deposit potential for lending to the private sector in February registered a monthly growth (from 82.1% to 82.5%), whereby it is above the forecasted value of this indicator for the end of the first quarter of 2020 (80.5%).

**Total deposits interest rates**



(end of year data, in percentages)



In February, the interest rate spread for the total deposits (denar and foreign currency)<sup>24</sup> registered no changes compared to the previous month, and amounted to 0.9 percentage points. For total newly accepted deposits, the interest rate spread narrowed compared to the previous month (from 0.4 to 0.1 percentage points), amid increased interest rate on newly accepted foreign currency deposits by 0.2 percentage points and insignificant reduction of the interest rate on newly accepted denar deposits by 0.04 percentage points<sup>25</sup>.

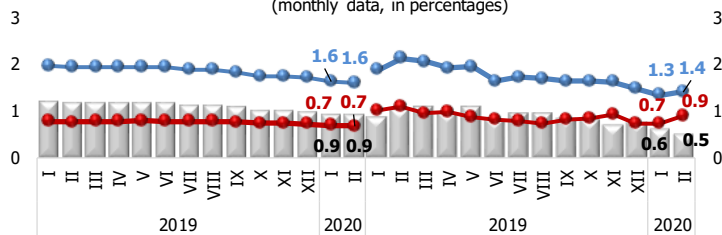
Source: NBRNM.

<sup>24</sup> Data on interest rates are in accordance with the methodological changes of the National Bank from June 2018. For more information on the methodological changes visit: [http://www.nbrm.mk/monetarna\\_statistika\\_i\\_statistika\\_na\\_kamatni\\_stapki.nspj](http://www.nbrm.mk/monetarna_statistika_i_statistika_na_kamatni_stapki.nspj).

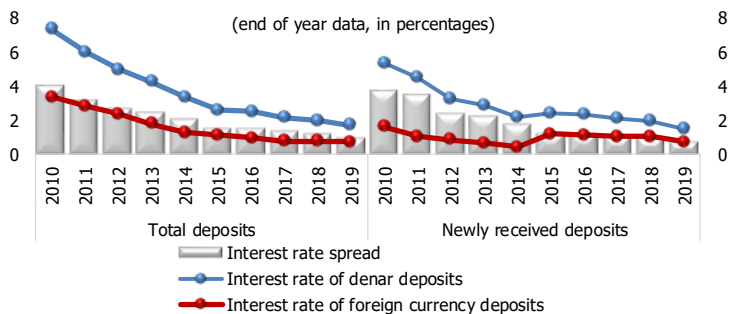
<sup>25</sup> Regarding the interest rates on the newly accepted deposits, one should have in mind that they are characterized with variable movements. Volatility of interest rate on newly accepted deposits results from the fact that they are determined by the volume of newly accepted deposits (which varies from month to month) and their interest rate.

**Households` deposits interest rates**

(monthly data, in percentages)



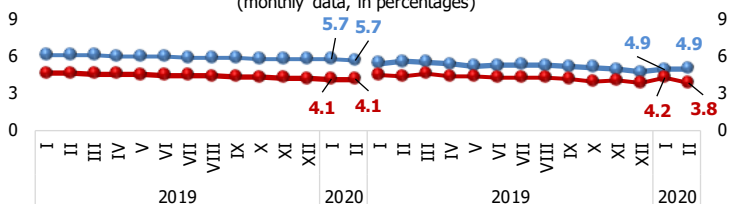
(end of year data, in percentages)



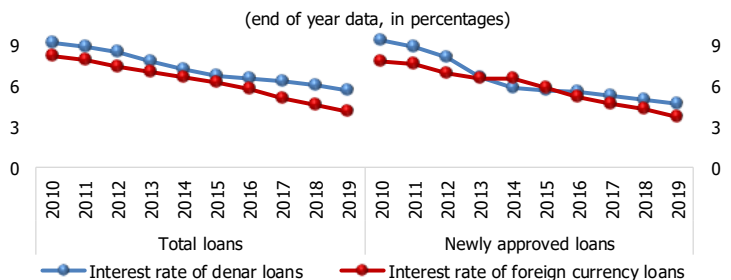
Source: NBRNM.

**Total loans interest rates**

(monthly data, in percentages)



(end of year data, in percentages)



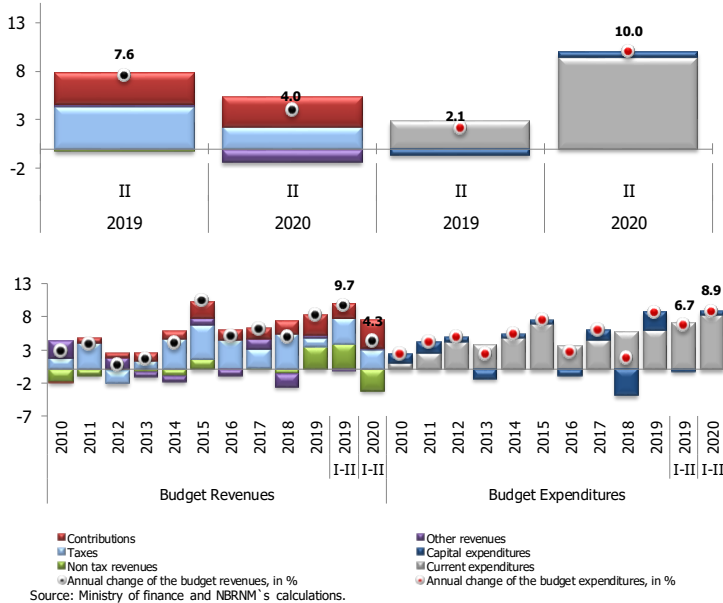
Source: NBRNM.

The interest rate spread of the interest rates on total household deposits (denar and foreign currency) registered no changes compared to the previous month and amounted to 0.9 percentage points. For the newly accepted household deposits, the interest rate spread narrowed marginally by 0.1 percentage point, amid increased interest rate on denar and foreign currency deposits by 0.1 and 0.2 percentage points, respectively.

The interest rates on total loans registered no changes compared to the previous month, whereby the interest rate on corporate and household loans remained at 4.1% and 5.7%. For the newly approved loans<sup>26</sup> in February, the interest rate on corporate loans decreased by 0.4 percentage points and amounted to 3.8%, while the interest rate on household loans remained at the level of the previous month of 4.9%.

<sup>26</sup> Regarding the interest rates on newly approved loans, one should have in mind that they are characterized with variable movements. Volatility of interest rate on newly approved loans results from the fact that they are determined by the volume of newly approved loans (which can vary from month to month) and their interest rate.

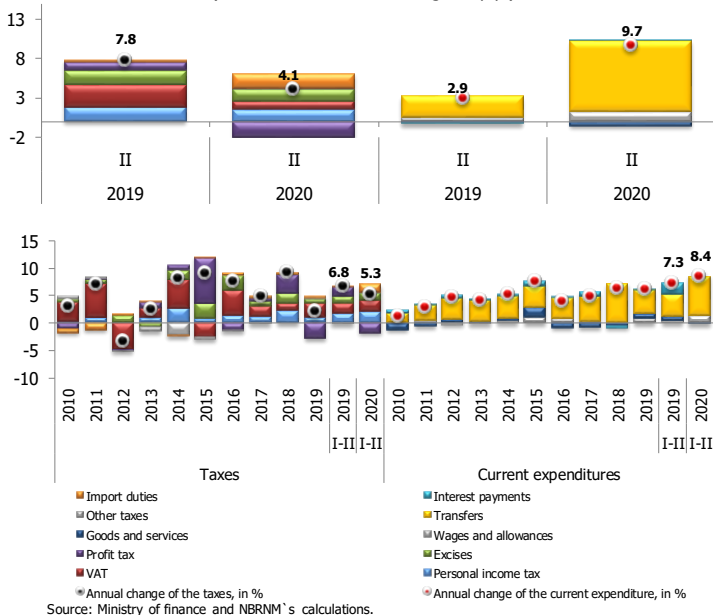
**Budget revenues and expenditures**  
(contributions in annual change, in p.p.)



Source: Ministry of finance and NBRNM's calculations.

In the Budget of the Republic of North Macedonia (central budget and budgets of funds), in February 2020, total budget revenues and expenditures increased on an annual basis. The growth of revenues of 4.0% is entirely due to the higher inflows in the categories contributions and tax revenues (with a contribution of 3.1 and 2.3 percentage points, respectively), amid reduction of other revenues<sup>27</sup> and non-tax revenues. Inflows on the basis of tax revenues in February were higher by 4.1% on an annual basis, mainly as a result of the higher inflows in import duties, personal income tax, excises and VAT, amid reduction of the revenues from corporate tax. **Budget expenditures** were higher by 10.0%, on an annual basis, mostly due to the higher current expenditures, with a contribution of 9.4 percentage points, amid a small positive contribution of capital expenditures. Current expenditures in February increased by 9.7% annually, mainly due to the increase in transfers<sup>28</sup> (contribution of 9.0 percentage points).

**Taxes and current expenditures**  
(contributions in annual change, in p.p.)



Source: Ministry of finance and NBRNM's calculations.

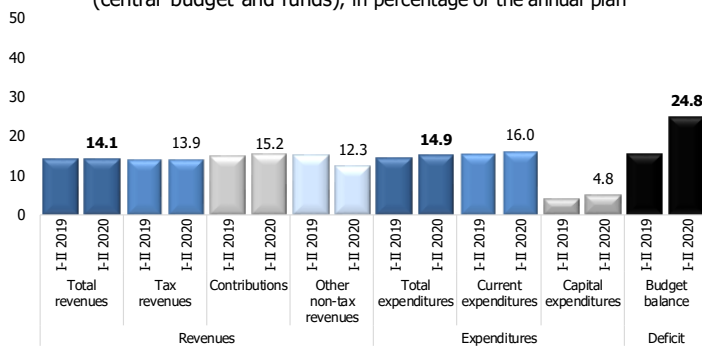
In the period January - February 2020, total budget revenues and expenditures increased cumulatively compared to the same period last year. The growth of budget revenues (of 4.3%) is a result of the higher performances in contributions, tax revenues and other revenues, while non-tax revenues make a negative contribution<sup>29</sup>. Regarding the budget expenditures, the growth (8.9%) almost entirely derives from the higher current expenditures, amid small positive contribution of capital expenditures.

<sup>27</sup> Other revenues include capital revenues, donations from abroad and revenues from recovered loans.

<sup>28</sup> The increase in transfers is associated with the payment of subsidies in agriculture.

<sup>29</sup> As a result of the higher base effect, i.e. the higher inflows to the Pension and Disability Insurance Fund's account in the RNM Budget in January 2019. According to the amendments (the Law Amending the Law on Mandatory Fully Funded Pension Insurance and the Law Amending the Law on Pension and Disability Insurance (Official Gazette of RM No. 245 of 28 December 2018), the membership of some insuree categories in the second pillar of the pension system ceased on 1 January 2019.

**Budget implementation , per categories**  
(central budget and funds), in percentage of the annual plan\*

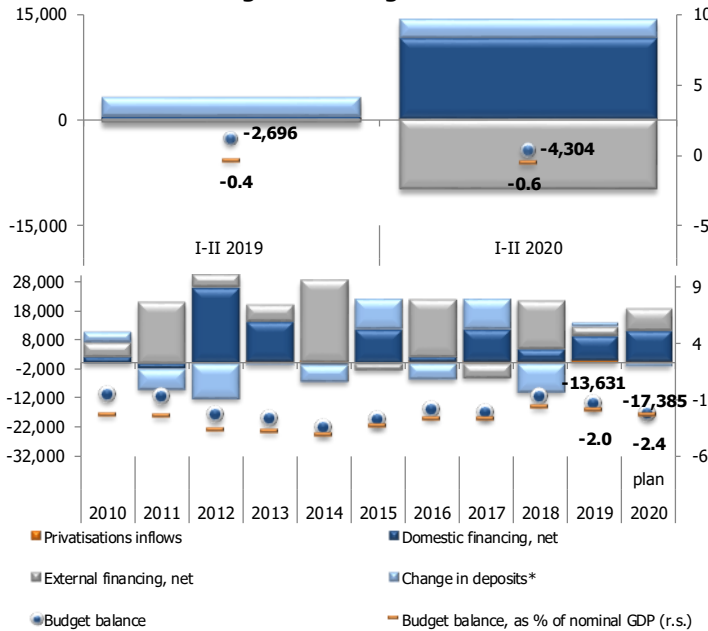


\*for 2019, figures are calculated compared to the Budgete rebalance.

Source: Ministry of Finance and NBRNM's calculations.

In comparison with the annual plan of the Budget for 2020, the budget revenues in the period January-February 2020 amounted to 14.1% (14.3% in 2019), while the budget expenditures amounted to 14.9% (14.3% in 2019). The budget deficit was 24.8% of the plan for 2020 (15.2% in the same period of 2019).

**Financing of the budget balance**



\* Positive change: deposits withdrawal; negative change: deposits accumulation.

Source: MoF.

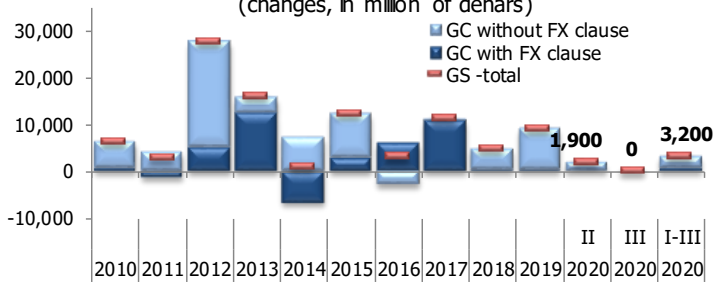
The budget deficit in the period January-February 2020 amounted to Denar 4,304 million (0.6% of the nominal GDP<sup>30</sup>) and was mostly financed by domestic government borrowing<sup>31</sup>, and to a lesser extent by using government deposits with the National Bank, whereby part of the collected funds were used for repayment of due installment on the basis of a foreign loan<sup>32</sup>.

<sup>30</sup> The analysis uses the forecasted GDP growth of the National Bank October forecasts for the nominal GDP for 2020.

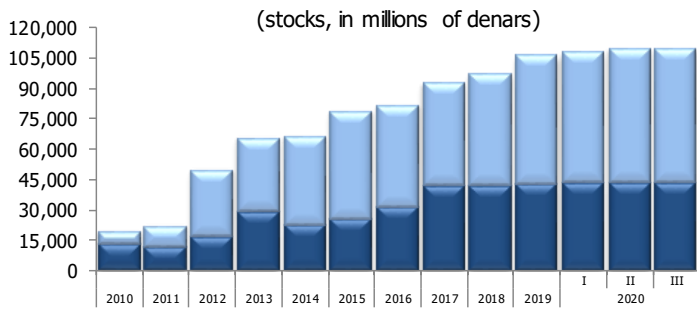
<sup>31</sup> Besides the issuance of government securities, domestic government borrowing was also made by the domestic commercial banks by around Euro 135 million, i.e. Denar 8,172.5 million, intended for repayment of a loan to abroad with a maturity on 29 January 2020.

<sup>32</sup> It concerns repayment of second installment in the amount of Euro 158 million, from a PBG loan concluded in 2013, which fell due on 29 January 2020.

**Government securities**  
(changes, in million of denars)

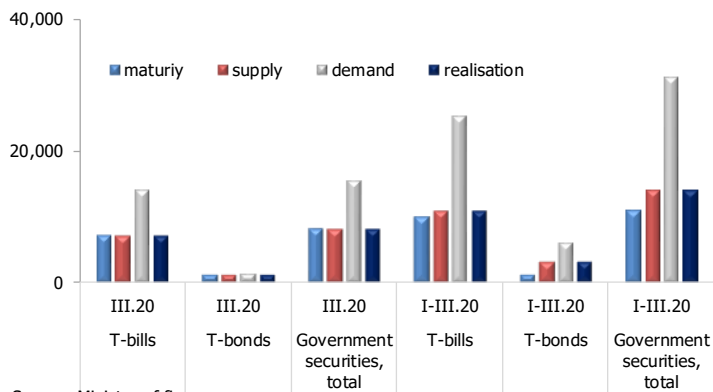


In the primary government securities market in March 2020, the stock of issued securities<sup>33</sup> registered no changes compared to the previous month. Compared to the end of 2019, the stock of government securities at the end of March increased by Denar 3,200 million.



Source: MoF.

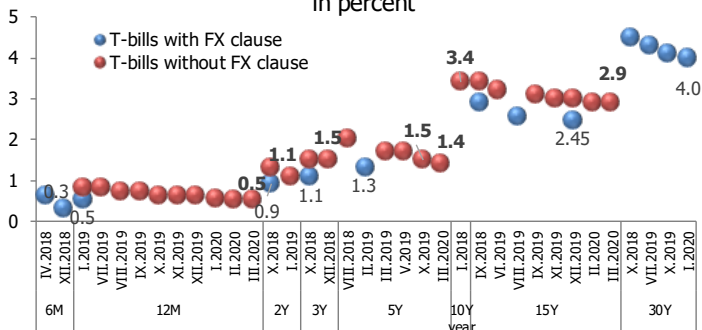
**Government securities auctions**  
in million of denars



Source: Ministry of finance.

The new issues of government securities in March<sup>34</sup> 2020 were with twelve-month, five-year and fifteen-year maturity, whereby the market participants' interest this month was higher than the offered amount. Amid issue of government securities in the same amount with the amount due, their stock did not change in March.

**Interest rates of T-Securities**  
in percent



Source: Ministry of Finance

In March, the Ministry of Finance kept unchanged the interest rates on the newly issued twelve-month treasury bills without currency clause (0.5%) and the fifteen-year government bonds without currency clause (2.9%), while the interest rates on the five-year government bonds without currency clause were cut (from 1.5% to 1.4%).

<sup>33</sup> The Budget plans a net domestic borrowing (continuous government securities) of the government of Denar 12,300 million for 2020, i.e. increase in the stock of government securities to Denar 118,654 million.

<sup>34</sup> In March 2020, the twelve-month treasury bills and the two-year government bonds fell due.

## Box 1: Indicative private consumption and gross capital formation categories

### INDICATIVE VARIABLES FOR PRIVATE CONSUMPTION

	2018				2019					2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	December	January	February
	<i>real annual growth rates in %</i>										
Retail trade*	6.4	9.9	10.8	10.9	4.7	4.6	6.9	10.4	12.3	7.4	7.5
VAT revenues*	3.9	6.5	7.5	7.0	3.5	1.4	7.5	6.6	10.2	8.1	5.0
Imports of consumption goods*	8.0	2.5	3.0	10.9	2.8	5.9	9.7	4.8	16.7	12.1	14.8
Domestic production of consumption goods	6.1	-1.0	-0.1	5.6	0.5	-1.0	2.4	-2.0	-6.0	4.6	6.9
Consumer credits*	7.7	8.2	8.5	9.3	8.2	9.6	9.3	10.1	10.1	10.0	10.4
Average net wage*	3.4	4.7	3.9	5.4	2.2	2.4	3.5	4.2	3.7	11.6	-
Private net transfers*	5.6	9.1	4.3	2.0	-2.2	-4.7	5.7	2.1	9.8	-	-
Pensions*	2.1	3.4	2.6	4.4	4.1	2.2	3.9	2.1	2.5	2.3	7.4

\* real growth rates are calculated by the NBRNM, by dividing the nominal growth rates with the annual CPI inflation.

Source: State Statistical Office, Ministry of Finance and NBRNM calculations.

### INDICATIVE VARIABLES FOR INVESTMENTS

	2018				2019					2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	December	January	February
	<i>real annual growth rates in %, except for FDI in million denars</i>										
Imports of capital goods*	19.1	20.2	10.5	11.2	2.0	4.8	12.5	6.8	16.1	11.5	5.1
Completed construction works**	-39.6	0.9	-10.0	14.6	15.1	-3.3	3.0	5.3	17.2	27.0	-
Domestic production of capital goods	19.3	24.2	16.0	5.7	12.3	-2.9	10.7	7.1	2.0	-5.5	10.4
Government investments*	-65.0	-39.5	-10.7	-34.1	-11.1	62.7	26.3	66.5	92.1	39.9	16.0
Direct Investments***	8470.6	5711.2	3716.7	8238.3	-12128.9	-3653.4	4093.0	-7892.4	-8024.9	-	-
Long term credits to enterprises*	2.0	4.7	6.6	5.9	4.9	4.8	2.6	6.4	6.4	6.2	5.8

\* real growth rates are calculated by the NBRNM, by dividing the nominal growth rates with the annual CPI inflation.

\*\* real growth rates are obtained using the rate of growth of the construction costs for new housing facilities deflator.

\*\*\* real amounts are calculated by NBRNM, by dividing the nominal amounts with the level of the CPI index (base year: 2018=100).

Source: State Statistical Office, Ministry of Finance and NBRNM calculations.