



## National Bank of the Republic of Macedonia Statistics Department

Skopje, 29 December 2017

### Press Release

#### Significant changes in the external debt, external claims and international investment position: third quarter of 2017

At the end of the third quarter of 2017, the **gross external debt** of the Republic of Macedonia was Euro 7,710 million, which is a quarterly decrease of Euro 77 million, while the **gross external claims** totaled Euro 4,764 million, which is a quarterly decrease of Euro 14 million. At the end of the third quarter 2017, the **net external debt** stood at Euro 2,946 million, which is a quarterly decrease of Euro 63 million. The decline in net debt in the third quarter is due to the reduced net private debt (by Euro 136 million), partially offset by the lower net public claims (by Euro 73 million).

The negative **net international investment position**<sup>1</sup>, at the end of the third quarter of 2017, amounted to Euro 5,971 million, with the net liabilities on direct investments constituting the largest portion (78%), 74% of which based on equity. Compared to the previous quarter, the negative net position decreased by Euro 76 million.

#### External Debt and International Investment Position of the Republic of Macedonia

	31.12.2016		31.06.2017		30.09.2017		Quarterly Change			change in respect to the end of the previous year		
	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	%	p.p.	mill. EUR	%	p.p.
<b>Gross External Debt</b>	<b>7,216.6</b>	<b>74.2</b>	<b>7,786.8</b>	<b>76.2</b>	<b>7,710.2</b>	<b>75.5</b>	<b>-76.6</b>	<b>-1.0</b>	<b>-0.7</b>	<b>493.6</b>	<b>6.8</b>	<b>1.3</b>
<b>Central Bank from Repo Arrangements</b>	<b>7,216.6</b>	<b>74.2</b>	<b>7,534.2</b>	<b>73.8</b>	<b>7,405.6</b>	<b>72.5</b>	<b>-128.7</b>	<b>-1.7</b>	<b>-1.3</b>	<b>189.0</b>	<b>2.6</b>	<b>-1.7</b>
Long-term debt	5,633.9	57.9	5,733.1	56.1	5,607.6	54.9	-125.5	-2.2	-1.2	-26.3	-0.5	-3.0
Short-term debt	1,582.7	16.3	2,053.7	20.1	2,102.6	20.6	49.0	2.4	0.5	520.0	32.9	4.3
Public debt	3,445.3	35.4	3,741.0	36.6	3,710.6	36.3	-30.4	-0.8	-0.3	265.2	7.7	0.9
Private debt	3,771.2	38.8	4,045.8	39.6	3,999.7	39.2	-46.1	-1.1	-0.5	228.4	6.1	0.4
<b>Gross External Claims</b>	<b>4,587.0</b>	<b>47.2</b>	<b>4,777.6</b>	<b>46.8</b>	<b>4,764.0</b>	<b>46.6</b>	<b>-13.6</b>	<b>-0.3</b>	<b>-0.1</b>	<b>177.0</b>	<b>3.9</b>	<b>-0.5</b>
<b>Gross external claims-excluding claims of the Central Bank from reverse repo arrangements</b>	<b>4,587.0</b>	<b>47.2</b>	<b>4,497.5</b>	<b>44.0</b>	<b>4,458.3</b>	<b>43.7</b>	<b>-39.2</b>	<b>-0.9</b>	<b>-0.4</b>	<b>-128.6</b>	<b>-2.8</b>	<b>-3.5</b>
<b>Net External Debt</b>	<b>2,629.6</b>	<b>27.0</b>	<b>3,009.2</b>	<b>29.5</b>	<b>2,946.3</b>	<b>28.8</b>	<b>-63.0</b>	<b>-2.1</b>	<b>-0.6</b>	<b>316.7</b>	<b>12.0</b>	<b>1.8</b>
<b>IIP, net</b>	<b>-5,576.0</b>	<b>-57.35</b>	<b>-6,047.3</b>	<b>-59.21</b>	<b>-5,971.0</b>	<b>-58.46</b>	<b>76.2</b>	<b>-1.3</b>	<b>0.7</b>	<b>-395.1</b>	<b>7.1</b>	<b>-1.1</b>

\* / GDP data for 2016 is preliminary (source: SSO, press release *Gross Domestic Product of the Republic of Macedonia* of 29 September 2017). The data for 2017 is forecasted by the NBRM.

Source: NBRM, SSO.

<sup>1</sup> The international investment position (IIP) is a statistical report, which presents the balances of the external financial assets and financial liabilities of the Republic of Macedonia on a specific date, i.e. receivables from and liabilities to nonresidents based on financial instruments. In addition, negative net international investment position means that the financial liabilities exceed the financial claims on non-residents.

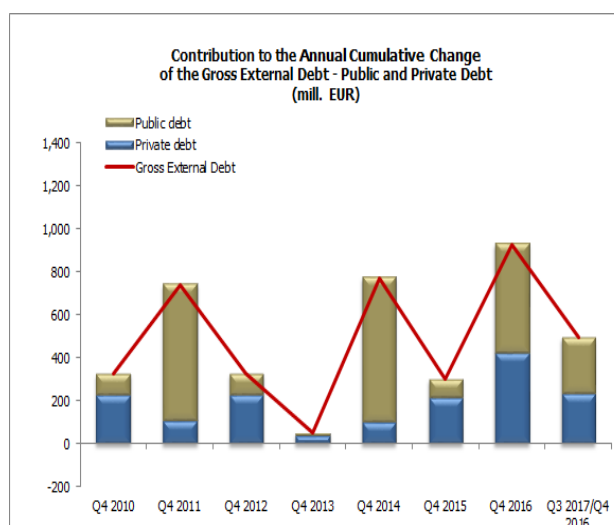
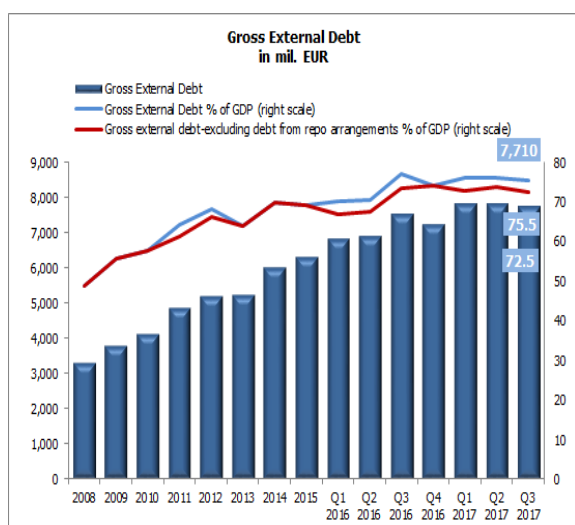


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### Gross external debt

At the end of the third quarter of 2017, the gross external debt was Euro 7,710 million, or 75.5% of the GDP forecasted for 2017. On a quarterly basis, the gross debt decreased by Euro 77 million. This reduction in the gross external debt reflects the decline in the public debt (of Euro 46 million) and the private debt (of Euro 31 million).

If the effect of foreign reserves management activities of the central bank<sup>2</sup> is excluded (Euro 52 million), the gross external debt will be lower by Euro 129 million, amid public debt reduction of Euro 83 million. Thus, analyzing the public debt (without these activities), the debt of the government sector declined by Euro 73 million (as a result of the higher net repayments in the third quarter) and the debt of public companies and public banks of Euro 8 million.



Source: NBRM.

Compared to the end of 2016, the increase in external debt of Euro 494 million reflects the growth in both the public and the private sector debt (of Euro 265 million and Euro 228 million, respectively). If the effect of the central bank's repo transactions is excluded, the total external debt will be up Euro 189 million, which is due to the growth of the private debt, while the public debt in 2017 decreased by Euro 39 million. The increase in private debt mainly results from increased liabilities on intercompany lending (by Euro 175 million) and non-banking private sector (by Euro 62 million), while the debt of private banks decreased by Euro 9 million.

<sup>2</sup> Repo transactions create liabilities (classified under the loan category) that increase gross debt. At the same time, claims created from reverse repo agreements tend to increase gross claims. The NBRM simultaneously carries out matched repo and reverse repo agreements in nearly identical amounts. In general, as they are concluded simultaneously, these transactions have a neutral net effect as they appear in almost identical amount on both the liabilities and the assets side, and accordingly have no effect on the total net external debt.



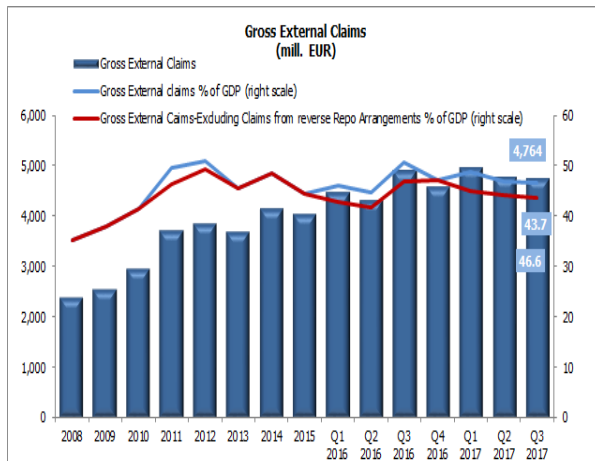
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### **Gross external claims**

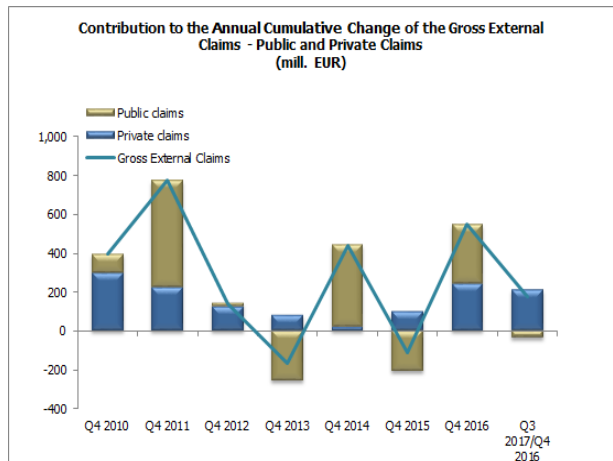
At the end of September 2017, the gross external claims were Euro 4,764 million, making up 46.6% of GDP forecasted for this year.

The decline in total gross external claims in the third quarter (of Euro 14 million) mainly reflects the decline in public claims (of Euro 103 million), which was only partly offset by the growth of private claims (of Euro 90 million). Moreover, if the effect of the central bank activities related to foreign reserves management is excluded, the public claims and the total external claims are lower by Euro 129 million and Euro 39 million, respectively.

Compared to the end of 2016, the increase in external claims (of Euro 177 million) arises solely from private claims (of Euro 211 million), amid fall in public external claims (of Euro 35 million). Moreover, if the effect of the central bank activities related to foreign reserves management is excluded, the public claims and the total external claims are lower by Euro 340 million and Euro 129 million, respectively.



Source: NBRM.



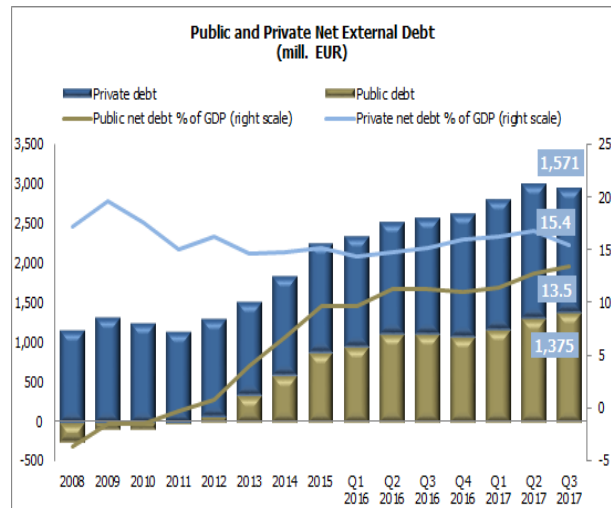
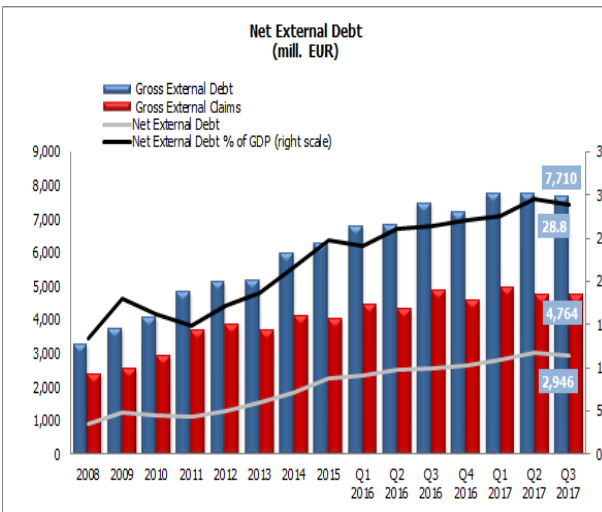
### **Net external debt**

Given the faster decrease in gross external debt compared to the decrease in gross external claims, in the third quarter of 2017, the net external debt of the country decreased by Euro 63 million (2.1%) to Euro 2.946 million (or 28.8% of the GDP forecasted for this year).

Compared to the end of 2016, the net external debt increased by Euro 317 million (or 12%).



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Source: NBRM.

### ***International Investment Position, net***

During the third quarter of 2017, the negative net international investment position (IIP) decreased by Euro 76 million to Euro 5,971 million (58.5% of GDP forecasted for this year).

The quarterly decrease in the negative net IIP mainly arises from the decline in liabilities (of Euro 70 million), fueled with the slight increase on the assets side (of Euro 6 million). Analyzing by instrument, the decrease in negative IIP arises from the decrease in net liabilities on debt instruments (of Euro 63 million), and in net liabilities on equity investments (Euro 13 million).

Compared to the end of 2016, the negative net IIP registered a cumulative growth of Euro 395 million mainly reflecting the increase in net external debt (of Euro 317 million), coupled with the growth in net liabilities on equity instruments (of Euro 78 million).



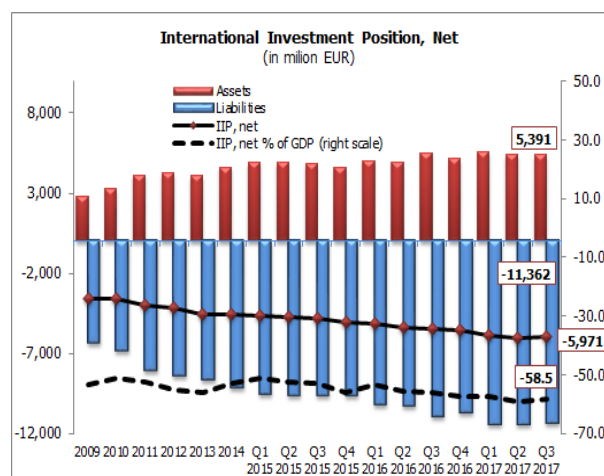
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### International Investment Position of the Republic of Macedonia

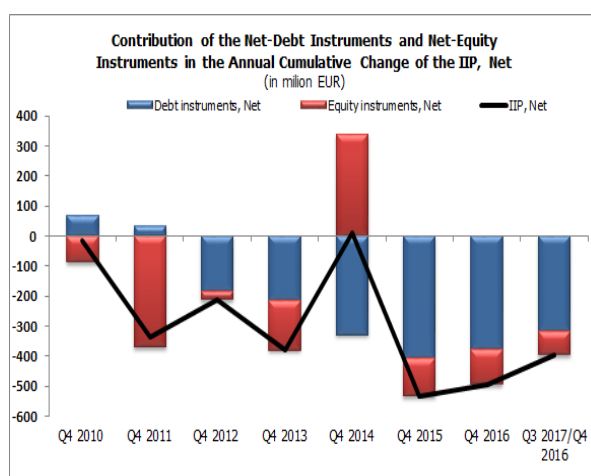
(in millions of euros)

<b>IIP, by instruments</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Q1-2017</b>	<b>Q2-2017</b>	<b>Q3-2017</b>
<b>Assets</b>	<b>3,258.4</b>	<b>4,113.2</b>	<b>4,257.5</b>	<b>4,082.5</b>	<b>4,634.0</b>	<b>4,571.9</b>	<b>5,171.3</b>	<b>5,574.3</b>	<b>5,384.4</b>	<b>5,390.6</b>
Direct investment	333.6	393.6	533.6	617.8	475.6	655.0	811.9	939.0	991.4	1,032.6
Portfolio investment	25.9	45.5	63.1	107.7	155.0	212.6	255.2	259.0	270.9	291.4
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.9	0.9	1.0	1.2	1.2	0.86	0.85
Currency and deposits	555.1	588.2	537.0	540.0	623.6	615.4	627.3	557.9	536.9	599.8
Loans	86.3	320.1	246.4	91.3	98.2	67.1	52.1	432.8	331.5	360.8
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	543.0	696.9	684.1	730.3	842.7	757.4	809.6	849.4	852.7	833.7
Other accounts receivable/payable	0.0	0.0	0.0	1.4	1.5	1.7	0.5	0.6	0.19	0.12
Reserve assets	1,714.5	2,068.9	2,193.3	1,993.0	2,436.5	2,261.8	2,613.4	2,534.4	2,399.9	2,271.4
<b>Liabilities</b>	<b>6,887.9</b>	<b>8,079.0</b>	<b>8,435.1</b>	<b>8,640.8</b>	<b>9,183.0</b>	<b>9,654.6</b>	<b>10,747.3</b>	<b>11,424.3</b>	<b>11,431.7</b>	<b>11,361.7</b>
Direct investment	3,514.8	3,914.4	4,146.8	4,485.7	4,378.3	4,951.3	5,392.2	5,674.1	5,704.3	5,690.2
Portfolio investment	398.6	324.7	408.3	253.2	776.6	848.8	1,362.2	1,396.0	1,440.2	1,442.4
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	4.1	4.4	4.3	6.0	6.0	6.0	6.0
Currency and deposits	195.8	134.0	198.7	168.4	157.7	148.5	174.2	153.8	204.9	153.4
Loans	2,028.5	2,785.9	2,771.8	2,883.1	3,024.4	2,961.7	3,014.7	3,360.4	3,245.4	3,210.4
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	673.8	841.7	832.8	773.2	763.4	656.7	714.6	751.0	750.9	780.8
Other accounts receivable/payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special drawing rights (Net incurrence of liabilities)	76.4	78.3	76.7	73.2	78.2	83.2	83.2	83.0	80.1	78.4

Source: NBRM.



Source: NBRM.



### Data revisions

The data on the gross external debt and claims in this press release contain regular data revisions for the period January - June 2017. Changes almost entirely arise from the revised data obtained from the reporting entities within the "Quarterly report on claims and liabilities on the basis of commercial operations of residents abroad" source, in the "Trade credits and advances" category. The revision for the first quarter of 2017 mainly reflects on a reduction in gross external claims



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(of Euro 49 million), as well as gross external debt (of Euro 5 million), which led to an increase in net external debt (of Euro 44 million). The revision for the second quarter of 2017 reflects on a reduction in gross external claims (of Euro 52 million) and an increase in gross external debt (of Euro 6 million), which led to an increase in net external debt (of Euro 58 million). These changes also reflected in the net international investment position, where higher negative net investment position by identical amounts was recorded.

### ***Supporting information***

Time series data - annual and quarterly data on gross external debt and gross external claims:  
<http://nbrm.mk/ns-newsarticle-podatoci-nd-en.nspix>

Time series data - annual and quarterly data on international investment position:  
<http://nbrm.mk/ns-newsarticle-podatoci-mip-en.nspix>

Quarterly information on the gross external debt, gross external claims and international investment position:  
<http://nbrm.mk/ns-newsarticle-informacii-mip-en.nspix>

Methodological explanations on gross external debt and claims:  
<http://nbrm.mk/ns-newsarticle-podatoci-nd-en.nspix>

Methodological explanations on international investment position:  
<http://nbrm.mk/ns-newsarticle-podatoci-mip-en.nspix>

Next publications: Advance Release Calendar:  
[http://nbrm.mk/kalendar\\_na\\_objavuvanje\\_na\\_podatoci-en.nspix](http://nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix)

Quarterly gross external debt, gross external claims and international investment position: 30 March 2018 (reference period as of December 2017).

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

For more details about 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).