



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 29 March 2019

Press Release

Significant changes in the external debt, external claims and international investment position: fourth quarter of 2018

At the end of 2018, **the gross external debt** amounted to Euro 7,908 million and registered a quarterly decrease of Euro 489 million, while **gross external claims** declined by Euro 227 million and amounted to Euro 5,260 million. The larger quarterly decrease in liabilities against claims led to a reduction of **the net external debt** by Euro 263 million, and at the end of the fourth quarter of 2018 it reduced to Euro 2,647 million. Thus, the decline in the net external debt in the fourth quarter arises from the decrease in the private and public net debt of Euro 139 million and Euro 124 million, respectively.

At the end of 2018, the negative **net international investment position**¹ amounted to Euro 5,946 million or 55.4% of the GDP for 2018. Most (more than 86%) of this amount are net liabilities on direct investments, of which 74% are based on equity.

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

	31.12.2017		30.09.2018		31.12.2018		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.
Gross External Debt	7,372.5	73.6	8,396.6	78.2	7,907.5	73.7	-489.1	-5.8	-4.6	535.0	7.3	0.0
Central Bank from Repo Arrangements	7,372.5	73.6	8,155.2	76.0	7,907.5	73.7	-247.7	-3.0	-2.3	535.0	7.3	0.0
Long-term debt	5,607.2	56.0	6,074.0	56.6	5,865.6	54.6	-208.4	-3.4	-1.9	258.4	4.6	-1.4
Short-term debt	1,765.2	17.6	2,322.6	21.6	2,041.9	19.0	-280.7	-12.1	-2.6	276.6	15.7	1.4
Public debt	3,461.8	34.6	3,986.4	37.1	3,756.2	35.0	-230.2	-5.8	-2.1	294.4	8.5	0.4
Private debt	3,910.7	39.1	4,410.3	41.1	4,151.3	38.7	-258.9	-5.9	-2.4	240.6	6.2	-0.4
Gross External Claims	4,517.8	45.1	5,486.9	51.1	5,260.4	49.0	-226.5	-4.1	-2.1	742.6	16.4	3.9
Gross external claims-excluding claims of the Central Bank from reverse repo arrangements	4,517.8	45.1	5,244.1	48.9	5,260.4	49.0	16.3	0.3	0.2	742.6	16.4	3.9
Net External Debt	2,854.7	28.5	2,909.7	27.1	2,647.1	24.7	-262.7	-9.0	-2.4	-207.6	-7.3	-3.8
IIP, net	-5,822.5	-58.1	-6,023.2	-56.1	-5,945.6	-55.4	77.6	-1.3	0.7	-123.1	2.1	2.8

*/The data on gross domestic product (GDP) for 2017 is preliminary, while the data for 2018 is estimated (source: State Statistical Office, Press Release Gross Domestic Product, fourth quarter of 2018 as of 8 March 2019).

Source: NBRNM, SSO.

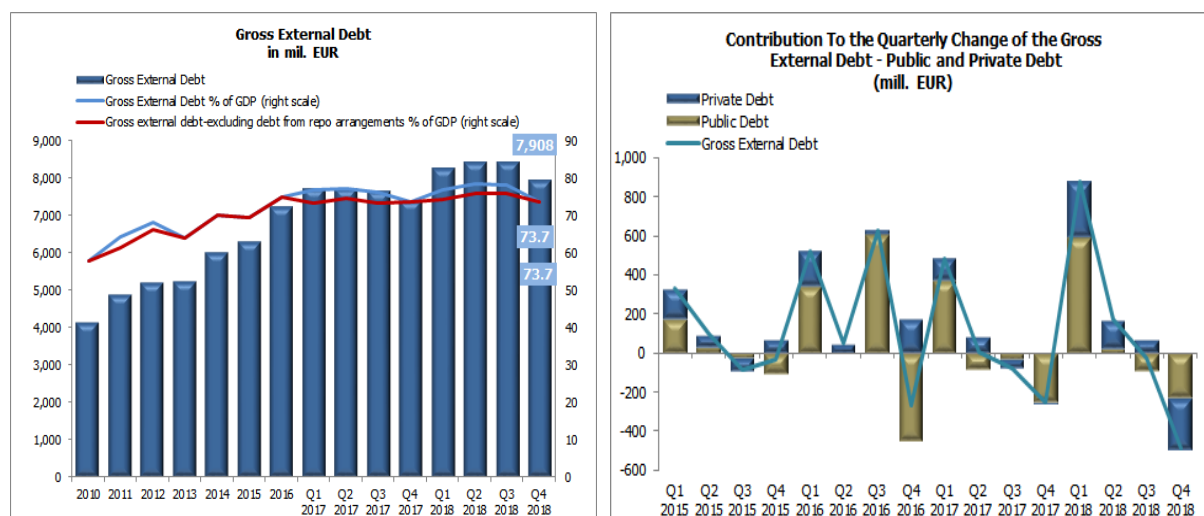
¹ The international investment position (IIP) is a statistical report which presents the balances of the external financial assets and financial liabilities of the Republic of North Macedonia on a specific date, i.e. claims from and liabilities to nonresidents based on financial instruments. In addition,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



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Gross external debt

Gross external debt at the end of 2018 amounted to Euro 7,908 million (or 73.7% of GDP.), which is a quarterly decrease of Euro 489 million. If the effect of specific activities for managing foreign reserves of the central bank are excluded from the debt², the quarterly decrease in gross debt is lower, amounting to Euro 248 million. This quarterly change is fully explained by the developments in the private external debt, mainly due to the reduced intercompany lending, which explains 90% of the quarterly change. On the other hand, in this quarter, the public debt (excluding the specific activities for managing foreign reserves of the central bank) increased by Euro 11 million, due to the increased debt of public enterprises and public banks (by Euro 20 million), while reducing the debt of the general government (for Euro 9 million).



Source: NBRNM.

Compared to the end of 2017, the gross external debt increased by Euro 535 million, as a result of increased liabilities of both public and private sector (by Euro 294 million and Euro 241 million, respectively). The increase in public debt is primarily due to the increased liabilities of the general government (by Euro 257 million), while the increase in private debt is mostly explained by the increased liabilities of the non-banking private sector (by Euro 145 million).

Gross external claims

Gross external claims at the end of December 2018 amounted to Euro 5,260 million (or 49% of GDP) and registered quarterly fall of Euro 226 million. If the effect of the specific activities of

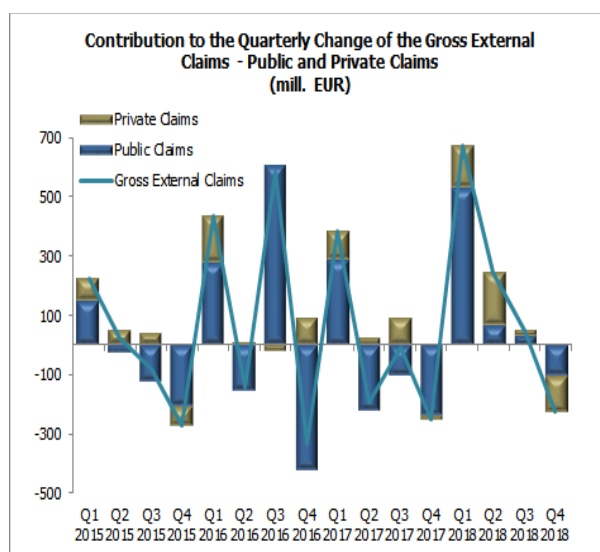
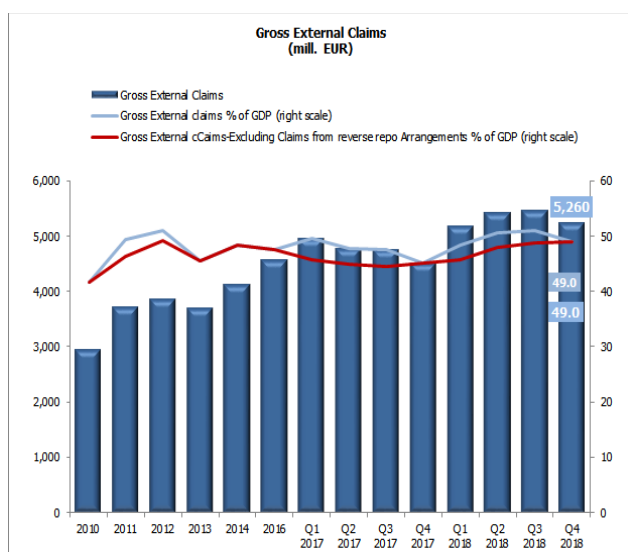
² Refers to repo activities of the NBRNM. Entering into repo transactions creates liabilities (classified under the "loan" category) that increase gross debt. At the same time, claims created from reverse repo agreements tend to increase gross claims. The NBRNM simultaneously carries out matched repo 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. In the last quarter of 2018, the repo activities caused quarterly decrease in liabilities of Euro 241 million.



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the central bank related to the foreign reserves management is excluded³, the gross external claims are higher by Euro 16 million, which in conditions of reduced private claims (by Euro 120 million) is entirely due to the increased public claims (by Euro 137 million).

Compared to the end of 2017, the external claims increased by Euro 743 million, as a result of the growth in both public and private claims (of Euro 522 million and Euro 220 million, respectively). The growth in public claims reflects the increase in the official foreign reserves with the central bank, while the growth in private claims is explained by the increased claims of the non-banking private sector (by Euro 206 million) and private deposit-taking corporations (by Euro 76 million), given reduced intercompany claims (by Euro 62 million).



Source: NBRNM.

Net external debt

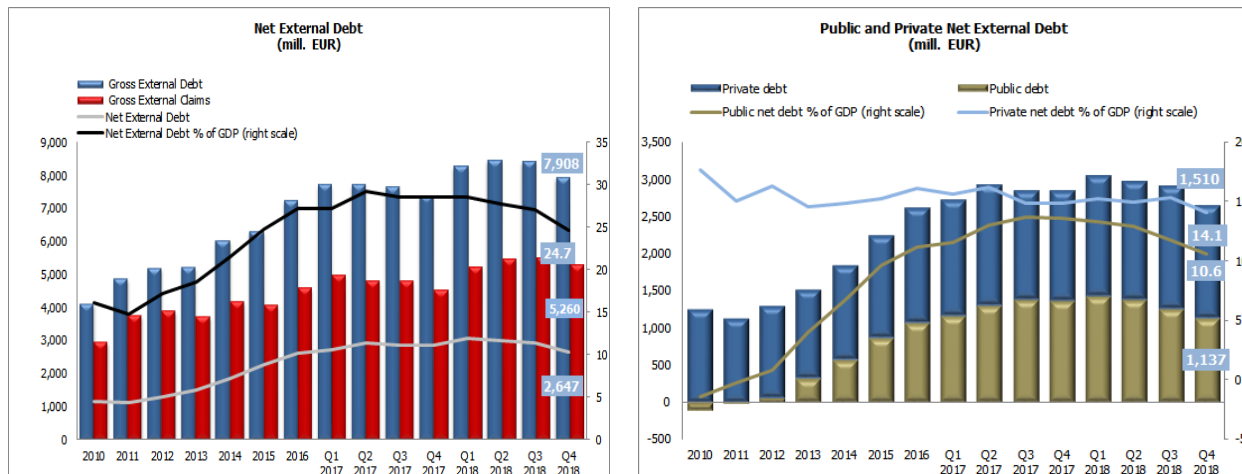
At the end of 2018, net external debt amounted to Euro 2,647 million, (24.7% of GDP). Given the larger quarterly decrease in gross external debt compared to the gross external claims, in the fourth quarter of 2018, the net external debt decreased by Euro 263 million. In addition, both the private and the public net debt decreased (by Euro 139 million and Euro 124 million, respectively).

³ The effect of the central bank's specific activities related to the foreign reserves management influenced the reduction of external claims in the fourth quarter of 2018, to Euro 242 million.



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Compared to the end of 2017, the net external debt decreased by Euro 208 million, given the fall of the net public debt of Euro 228 million, and an increase in net private debt of Euro 20 million. Moreover, the net debt of the private sector (57%) is still higher in the total net debt.



Source: NBRNM.

International Investment Position, net

The negative net international investment position (IIP) during the fourth quarter of 2018 decreased by Euro 78 million and amounted to Euro 5.946 million, representing 55.4% of GDP for 2018.

The quarterly decrease in the negative net IIP arises from the larger decrease in liabilities (of Euro 304 million) compared with the decline in assets (of Euro 226 million). Analyzing by instrument, the decrease in the negative net IIP is explained with the decrease in net liabilities based on debt instruments (of Euro 263 million), which is partially netted by the increase in the net liabilities based on equity instruments (Euro 185 million) most in form of direct investments.

Compared to the end of 2017, the negative net IIP increased by Euro 123 million, as a result of the increase in the net liabilities based on equity instruments (of Euro 331 million), amid fall in net liabilities on debt instruments (of Euro 208 million). The increase in the net liabilities in equity in the period January - December 2018 mainly arises from the net liabilities based on direct investments, slightly compensated with the increased net assets on equity in the portfolio investments and monetary gold.



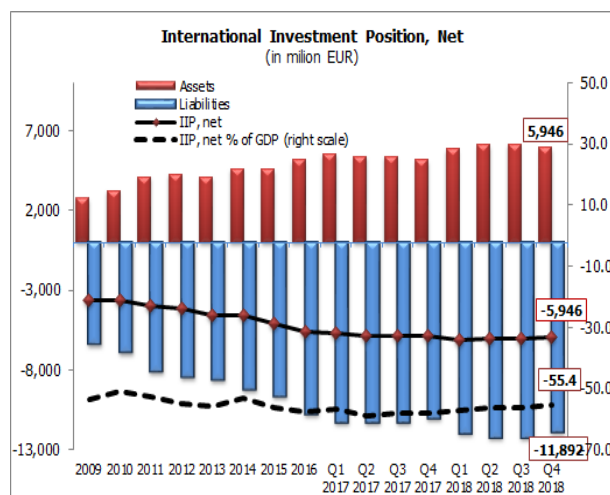
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International Investment Position of the Republic of North Macedonia

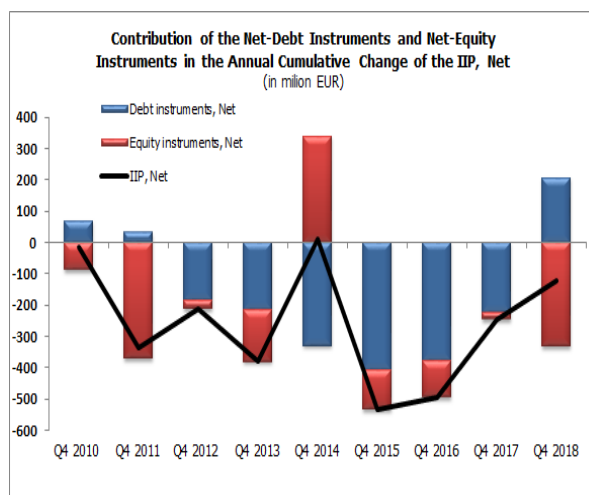
(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018
Assets	3,258.4	4,113.2	4,257.5	4,082.5	4,634.0	4,571.9	5,171.3	5,157.3	5,844.3	6,117.5	6,172.5	5,946.5
Direct investment	333.6	393.6	533.6	617.8	475.6	655.0	811.9	967.6	1,031.6	1,097.7	1,143.5	915.6
Portfolio investment	25.9	45.5	63.1	107.7	155.0	212.6	255.2	300.2	310.4	337.2	345.1	321.2
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	0.0	0.0
Other equity	0.0	0.0	0.0	0.9	0.9	1.0	1.2	2.75	2.70	2.08	1.79	1.79
Currency and deposits	555.1	588.2	537.0	540.0	623.6	615.4	627.3	635.5	668.8	675.9	683.7	694.0
Loans	86.3	320.1	246.4	91.3	98.2	67.1	52.1	56.1	348.6	349.9	312.7	74.6
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	0.0	0.0
Trade credit and advances	543.0	696.9	684.1	730.3	842.7	757.4	809.6	858.8	905.0	1,012.4	976.2	1,071.7
Other accounts receivable/payable	0.0	0.0	0.0	1.4	1.5	1.7	0.5	0.13	0.14	0.24	0.38	0.48
Reserve assets	1,714.5	2,068.9	2,193.3	1,993.0	2,436.5	2,261.8	2,613.4	2,336.3	2,577.1	2,642.2	2,709.1	2,867.1
Liabilities	6,887.9	8,079.0	8,435.1	8,640.8	9,183.0	9,654.6	10,747.3	10,979.8	11,953.1	12,166.6	12,195.6	11,892.1
Direct investment	3,514.8	3,914.4	4,146.8	4,485.7	4,378.3	4,951.3	5,392.2	5,598.1	5,897.9	6,040.4	6,086.5	6,052.3
Portfolio investment	398.6	324.7	408.3	253.2	776.6	848.8	1,362.2	1,476.3	1,877.8	1,856.3	1,816.4	1,797.3
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	0.0	0.0
Other equity	0.0	0.0	0.0	4.1	4.4	4.3	6.0	2.3	2.3	2.3	2.3	2.2
Currency and deposits	195.8	134.0	198.7	168.4	157.7	148.5	174.2	195.2	191.8	192.7	191.8	206.2
Loans	2,028.5	2,785.9	2,771.8	2,883.1	3,024.4	2,961.7	3,014.7	2,872.0	3,104.6	3,193.7	3,195.3	2,929.3
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	0.0	0.0
Trade credit and advances	673.8	841.7	832.8	773.2	763.4	656.7	714.6	757.7	801.3	802.0	824.1	824.9
Other accounts receivable/payable	0.0	0.0	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	78.2	77.5	79.2	79.2	79.8

Source: NBRNM.



Source: NBRNM.



Data revisions

The data on the gross external debt and claims in this press release contain regular data revisions for the period January - September 2018. The changes in **gross external debt** almost entirely arise from the improved coverage of data on trade credits, advances and loans. Regarding the



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direction of the changes, in the three quarters of 2018, the revision of the data led to a reduction in the gross external debt (by Euro 7, 6 and 3 million, respectively).

The revision of **gross external claims** for the respective period led to their decrease in the first two quarters and growth in the third quarter (by Euro 1 million, respectively), arising from the revision of data on trade credits and advances. These changes also reflected in the net external debt.

The effect of the revision of the data on the international investment position, net, is aimed at reducing the negative IIP by Euro 1 million in the first quarter, Euro 14 million euros in the second and Euro 8 million in the third quarter. The revision, in addition to changes in debt instruments, includes changes in equity instruments, mostly with direct investments, and due to new data from the quarterly reports on the realized and planned financial result of companies with foreign investments.

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

Quarterly gross external debt, gross external claims and international investment position: 28 June 2019 (reference period as of March 2019).

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 or phone: 02 3215 181 extension 103 (or 110/108).