



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 28 June 2019

Press Release

Significant changes in the external debt, external claims and international investment position: first quarter of 2019

At the end of the first quarter of 2019, **the gross external debt** amounted to Euro 8,304 million (73.5% of the GDP forecast) which is a quarterly increase of Euro 397 million, while **gross external claims** rose by Euro 357 million to Euro 5,617 million (49.7% of the GDP forecast). The faster quarterly rise of liabilities against claims increased **the net external debt** by Euro 40 million to Euro 2,687 million (23.8% of the GDP forecast) at the end of the first quarter of 2019. Thus the increase in the net external debt in the first quarter reflects the higher public net debt (by Euro 47 million) amid a moderate quarterly decrease in the private net debt (by Euro 7 million). The net external debt, as a percentage of the GDP forecast for 2019, decreased by 0.9% against the relative indicators.

At the end of the first quarter, the negative **net international investment position**¹ was Euro 6,122 million or 54.2% of the GDP forecast for 2019. Most of this amount (84%) is net liabilities on direct investments, of which 77% on equity.

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

	31.12.2018		31.03.2019		Quarterly Change		
	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	%	p.p.
Gross External Debt	7,907.5	73.7	8,304.2	73.5	396.7	5.0	-0.1
Central Bank from Repo Arrangements	7,907.5	73.7	8,006.2	70.9	98.7	1.2	-2.8
Long-term debt	5,865.6	54.6	5,937.7	52.6	72.1	1.2	-2.1
Short-term debt	2,041.9	19.0	2,366.5	21.0	324.6	15.9	1.9
Public debt	3,756.2	35.0	4,095.2	36.3	339.0	9.0	1.3
Private debt	4,151.3	38.7	4,209.1	37.3	57.7	1.4	-1.4
Gross External Claims	5,260.4	49.0	5,617.0	49.7	356.6	6.8	0.7
Gross external claims-excluding claims of the Central Bank from reverse repo arrangements	5,260.4	49.0	5,317.9	47.1	57.5	1.1	-1.9
Net External Debt	2,647.1	24.7	2,687.3	23.8	40.2	1.5	-0.9
IIP, net	-5,945.6	-55.4	-6,121.7	-54.2	-176.1	3.0	1.2

* / GDP data for 2019 is estimated (source: State Statistical Office, Press Release Gross Domestic Product, first quarter of 2019 as of 7 June 2019). The data for 2019 is forecasted by the NBRNM.

Source: NBRNM, SSO.

¹ The international investment position (IIP) is a statistical report that 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.

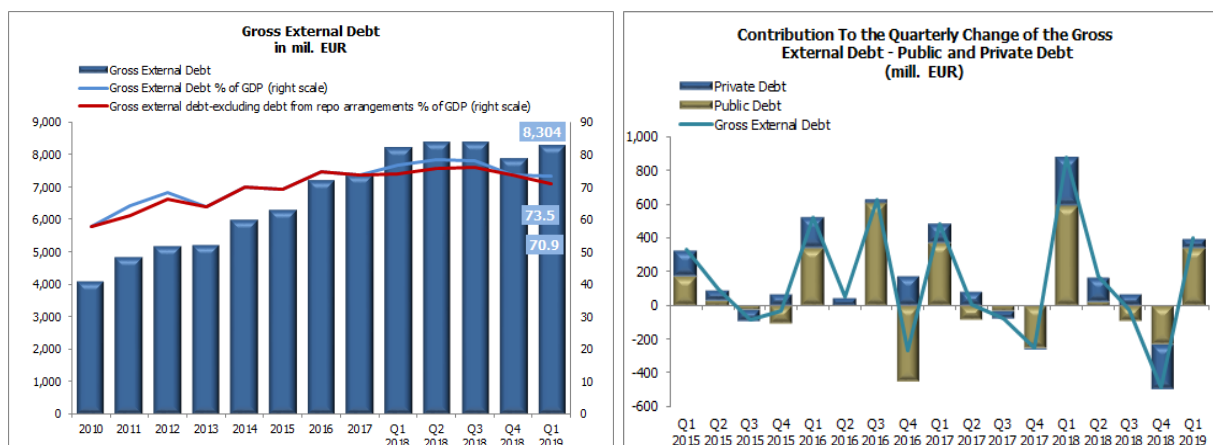


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Gross external debt

As of 31 March 2019, the gross external debt amounted to Euro 8,304 million, which is a quarterly increase of Euro 397 million (or 5%). The growth of total gross external debt was mostly due to the increased public debt (by Euro 339 million) amid simultaneous yet slower increase in the private debt (of Euro 58 million).

If we exclude the effect of the specific activities for managing the foreign reserves of the central bank from the debt², which increased the liabilities by Euro 298 million in this quarter, the quarterly increase in the gross debt is lower and amounts to Euro 99 million. Thus, the public debt (excluding foreign reserves management activities) increased by Euro 41 million, mainly as a result of the increased debt of public enterprises and public banks. At the same time, the private external debt increased by Euro 58 million, mainly due to the increased debt of private banks (by Euro 34 million) and the increase in the debt arising from intercompany lending (by Euro 21 million).



Source: NBRNM.

Gross external claims

At the end of March 2019, gross external claims amounted to Euro 5.617 million, which is a quarterly increase of Euro 357 million (or 6.8%), reflecting the increased public and private claims (by Euro 292 million and Euro 65 million, respectively).

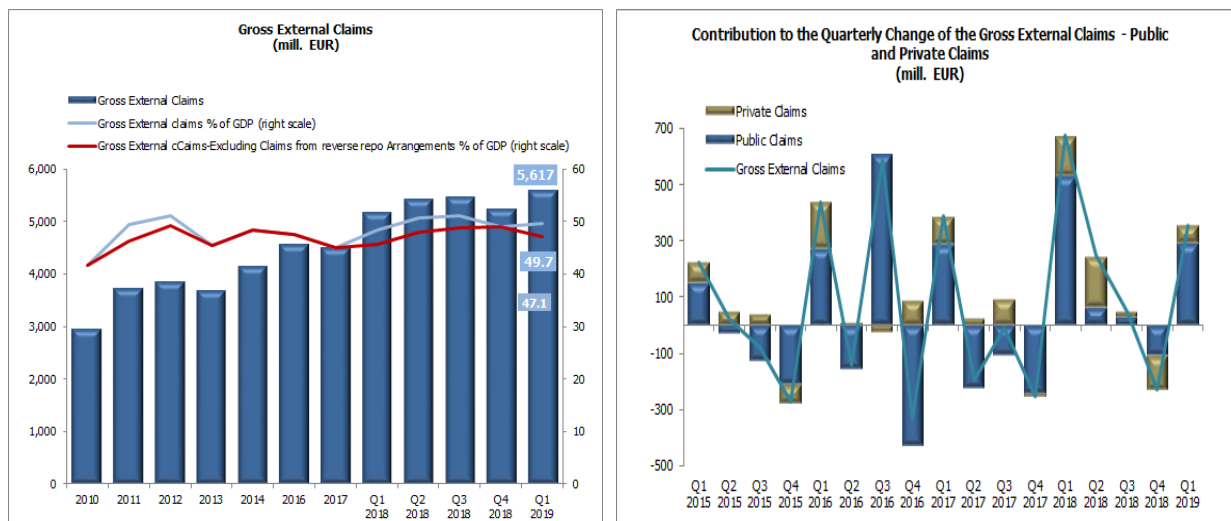
If the effect of the specific activities of the central bank related to the foreign reserves management is excluded², the gross external claims are higher by Euro 57 million, amid higher private claims (by Euro 65 million) and lower public claims (by Euro 7 million).

² Refers to repo activities of the National Bank. 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.



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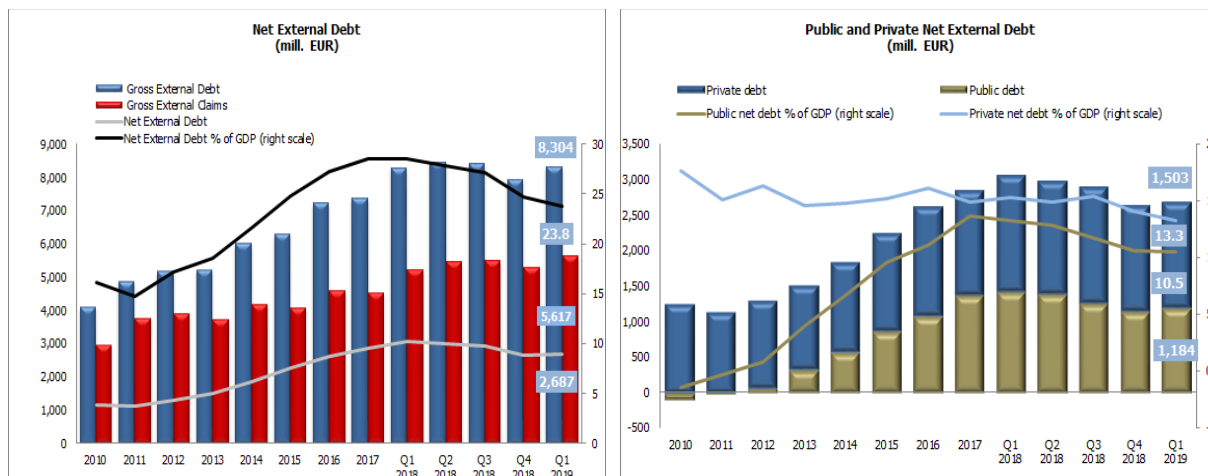
The quarterly increase in external claims of the private sector primarily reflects the increased claims of intercompany lending (by Euro 187 million), amid decreased claims with the non-banking sector (by Euro 103 million) and with the private banks (by Euro 19 million).



Source: NBRNM.

Net external debt

As of 31 March 2019, the net external debt was Euro 2,687 million, which is a quarterly increase of Euro 40 million (1.5% increase) as a result of the faster quarterly growth of gross debt compared to gross claims (by Euro 397 million and Euro 357 million, respectively). Analyzing the structure, the private net debt (55.9%) remains dominant in the total net debt.



Source: NBRNM.



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International Investment Position, net

At the end of the first quarter of 2019, the negative IIP was Euro 6,122 million, which is an increase of Euro 176 million. Analyzed against the GDP forecast for 2019, the negative net IIP decreased by 1.2 percentage points to 54.2% of GDP.

The quarterly increase in the negative net IIP reflects the faster increase in liabilities (of Euro 566 million) compared to the assets increase (of Euro 390 million). Analyzing by instrument, the quarterly increase in net IIP largely reflects the increased net liabilities on equity instruments (by Euro 136 million), amid simultaneous growth of net liabilities on debt instruments (of Euro 40 million).

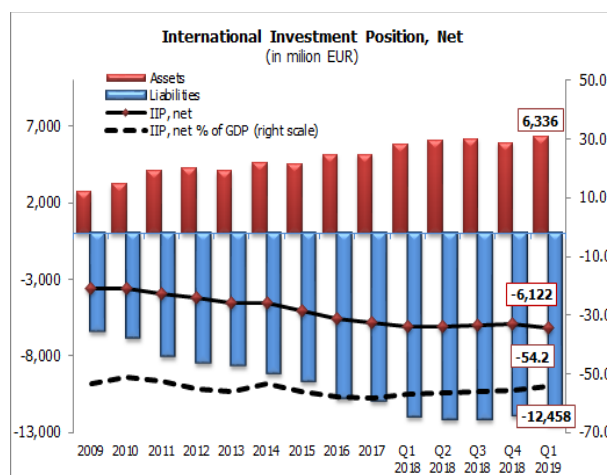
Most of the quarterly increase in net liabilities on equity instruments accounts for the growth in net liabilities in direct investments (Euro 166 million), amid increased net assets from portfolio investments (by Euro 23 million) and increased value of monetary gold (by Euro 6.7 million).

International Investment Position of the Republic of North Macedonia

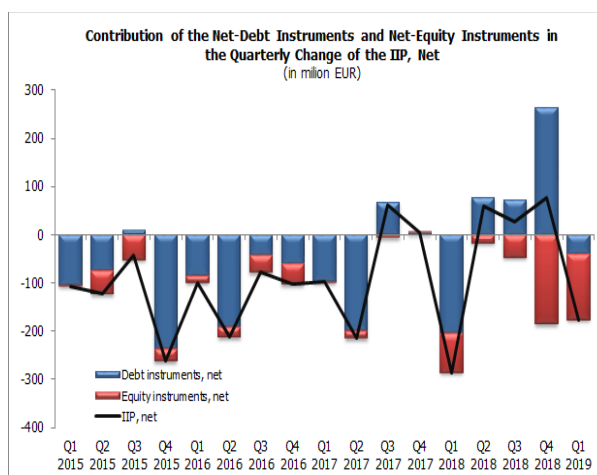
(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
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	6,336.2
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	1,109.1
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	341.1
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	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	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	674.6
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	375.1
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	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	967.5
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	0.55
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	2,866.4
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	12,457.8
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	6,245.7
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	1,805.7
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	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	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	208.7
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	3,262.5
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	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	851.8
Other accounts receivable/payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	81.2

Source: NBRNM.



Source: NBRNM.





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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>

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: 30 September 2019 (reference period as of June 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:
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