



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 March 2020

Press Release

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

At the end of 2019, **the gross external debt** amounted to Euro 8,191 million, which is a quarterly decrease of Euro 390 million. **Gross external claims** decreased by Euro 526 million to Euro 5,383 million. The larger quarterly decrease in claims relative to the reduction in liabilities increased **the net external debt** by Euro 137 million, and at the end of December 2019, it amounted to Euro 2,808 million. Thus the increase in the net external debt in the fourth quarter reflects the higher private net debt by Euro 201 million, amid a decrease in the public net debt by Euro 65 million.

At the end of December 2019, the negative **net international investment position**¹ amounted to Euro 6,393 million, or 56.4% of the GDP estimated for 2019. Most of this amount (87%) is net liabilities on direct investments, of which 76% on equity.

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

	31.12.2018		30.09.2019		31.12.2019		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	7,843.7	73.3	8,581.0	75.7	8,191.2	72.2	-389.9	-4.5	-3.4	347.4	4.4	-1.1
<i>Central Bank from Repo Arrangements</i>	<i>7,843.7</i>	<i>73.3</i>	<i>8,273.6</i>	<i>73.0</i>	<i>8,191.2</i>	<i>72.2</i>	<i>-82.4</i>	<i>-1.0</i>	<i>-0.7</i>	<i>347.4</i>	<i>4.4</i>	<i>-1.1</i>
Long-term debt	5,823.8	54.4	5,988.4	52.8	6,100.8	53.8	112.5	1.9	1.0	277.0	4.8	-0.6
Short-term debt	2,019.9	18.9	2,592.7	22.9	2,090.3	18.4	-502.4	-19.4	-4.4	70.4	3.5	-0.4
Public debt	3,756.2	35.1	4,074.2	35.9	3,836.6	33.8	-237.6	-5.8	-2.1	80.4	2.1	-1.3
Private debt	4,087.5	38.2	4,506.9	39.7	4,354.6	38.4	-152.3	-3.4	-1.3	267.0	6.5	0.2
Gross External Claims	5,242.7	49.0	5,909.8	52.1	5,383.3	47.5	-526.5	-8.9	-4.6	140.6	2.7	-1.5
<i>Gross external claims-excluding claims of the Central Bank from reverse repo arrangements</i>	<i>5,242.7</i>	<i>49.0</i>	<i>5,601.9</i>	<i>49.4</i>	<i>5,383.3</i>	<i>47.5</i>	<i>-218.6</i>	<i>-3.9</i>	<i>-1.9</i>	<i>140.6</i>	<i>2.7</i>	<i>-1.5</i>
Net External Debt	2,601.0	24.3	2,671.2	23.6	2,807.8	24.8	136.6	5.1	1.2	206.9	8.0	0.4
IIP, net	-6,039.5	-56.5	-6,242.1	-55.0	-6,393.1	-56.4	-151.0	2.4	-1.3	-353.6	5.9	0.1

*/The data on gross domestic product (GDP) for 2018 is preliminary, while the data for 2019 is estimated (source: State Statistical Office, Press Release Gross Domestic Product, fourth quarter of 2019 as of 6 March 2020)

Source: NBRNM, SSO.

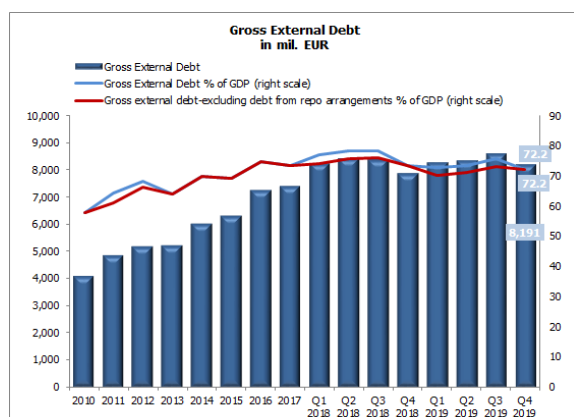
¹ The international investment position (IIP) is a statistical report which presents the balances of the external financial assets and financial liabilities of the Republic of North Macedonia on a specific date, i.e. claims from and liabilities to nonresidents based on financial instruments. In addition,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



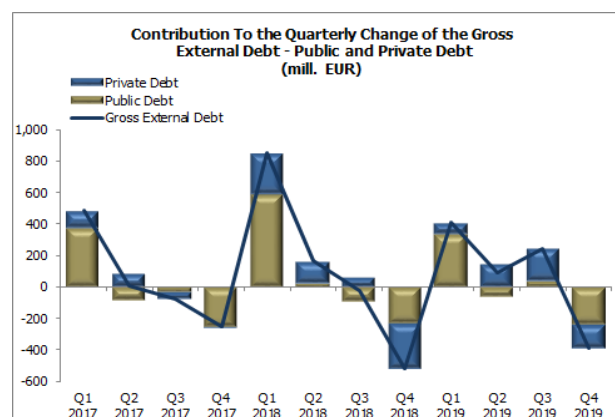
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Gross external debt

At the end of 2019, the gross external debt amounted to Euro 8,191 million (or 72.2% of GDP), which is a quarterly decrease of Euro 390 million (or by 4.5%). If we exclude the effect of the specific activities for managing the foreign reserves of the central bank from the debt², the quarterly decrease in the gross debt amounts to Euro 82 million. This quarterly change results from the private external debt, which registered a quarterly decrease of Euro 152 million, mainly due to the lower debt of the non-banking private sector and intercompany lending. On the other hand, in this quarter, the public debt (excluding the specific activities for managing the foreign reserves of the central bank) increased by Euro 70 million, mainly as a result of the increased debt of the government sector (by Euro 43 million) and the growth of the debt of public banks and public enterprises (by Euro 27 million).



Source: NBRNM.



Compared to the end of 2018, the gross external debt increased by Euro 347 million (or by 4.4%), as a result of increased liabilities of both private and public debt (by Euro 267 million and Euro 80 million, respectively). The private debt growth is explained by the increased liabilities of private banks (by Euro 97 million), intercompany lending (by Euro 91 million) and non-banking private sector (by Euro 79 million). Simultaneously, the increase in the public debt arises from the higher liabilities of the public banks and public enterprises (by Euro 95 million), compared to the reduced liabilities of the government sector (by Euro 16 million).

Gross external claims

At the end of 2019, the gross external claims amounted to Euro 5,383 million (or 47.5% of GDP) and registered quarterly decrease of Euro 526 million (or by 8.9%). If we exclude the effect of the specific activities of the central bank related to the foreign reserves management, the gross external claims declined by Euro 219 million, which, in conditions of increased public

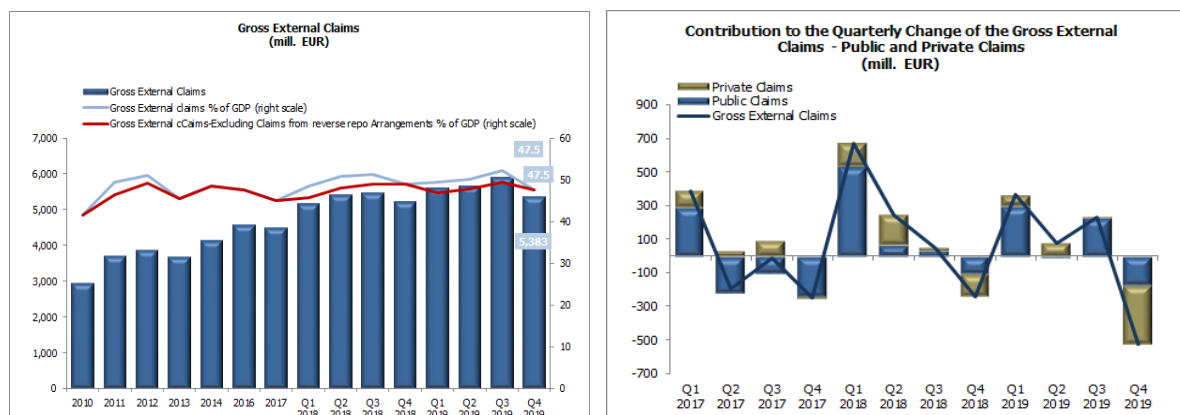
²Refers to repo activities of the National Bank. Entering into repo transactions creates liabilities (classified under the "loan" category) that increase gross debt. At the same time, claims created from reverse repo agreements tend to increase gross claims. The NBRNM simultaneously carries out matched 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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claims (by Euro 135 million), is entirely explained by the reduced private claims (by Euro 353 million).

Compared to the end of 2018, the external claims increased by Euro 141 million as a result of the increased public claims (by Euro 341 million), a growth partially offset by the decline in private claims (by Euro 201 million). The growth in public claims reflects the increase in the official foreign reserves with the central bank, while the decrease in private claims is explained by the reduced claims of the non-banking private sector (by Euro 150 million) and private banks (by Euro 104 million), as opposed to the increased intercompany claims (by Euro 53 million).

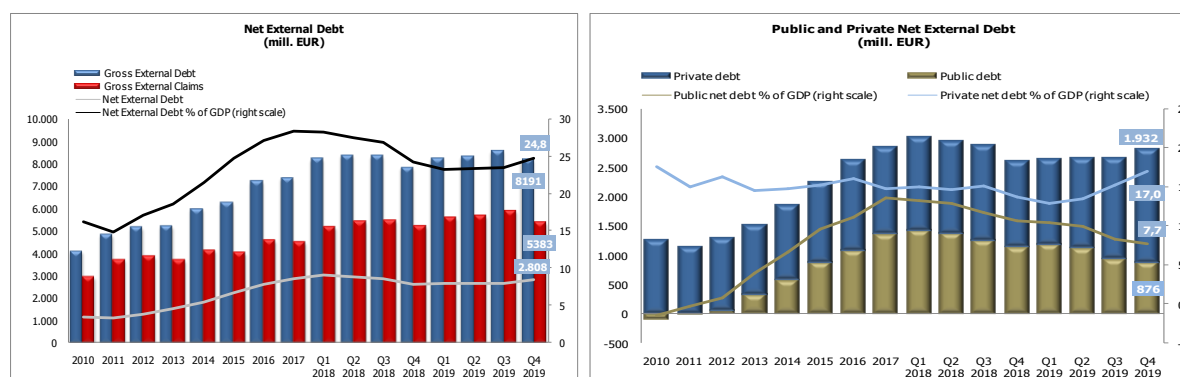


Source: NBRNM.

Net external debt

At the end of 2019, the net external debt equaled Euro 2,808 million (or 24.8% of GDP). In the fourth quarter of 2019, the net external debt of the country increased by Euro 137 million, or by 5.1%. In addition, the net private debt increased (by Euro 201 million), while the net public debt decreased (by Euro 65 million).

Compared to the end of 2018, the net external debt increased by Euro 207 million (or by 8%), given the rise of the net private debt (of Euro 468 million), and a fall in net public debt (of Euro 261 million). Moreover, the debt of the private sector still has higher share in the total net debt (of 68.8%).



Source: NBRNM.



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International Investment Position, net

The negative net international investment position (IIP) during the fourth quarter of 2019 increased by Euro 151 million and amounted to Euro 6,393 million, representing 56.4% of the GDP estimated for 2019.

The quarterly increase in the negative net IIP reflects the larger decrease in assets (of Euro 495 million), compared to the reduction of liabilities (of Euro 343 million). Observed by instrument, the net liabilities based on debt instruments increased by Euro 137 million, while net liabilities based on equity instruments increased by Euro 14 million.

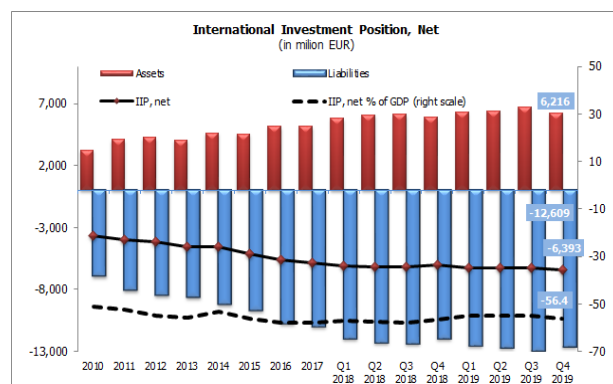
Compared to the end of 2018, the negative net IIP increased by Euro 354 million, as a result of the increase in the net liabilities based on debt instruments (of Euro 207 million) and equity instruments (of Euro 147 million).

International Investment Position of the Republic of North Macedonia

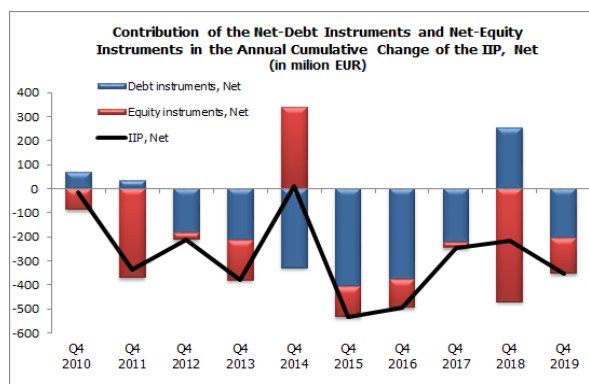
(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019
Net International Investment Position	-3,629.5	-3,965.8	-4,177.6	-4,558.4	-4,549.0	-5,082.7	-5,576.0	-5,822.5	-6,118.0	-6,143.3	-6,193.7	-6,039.5	-6,218.0	-6,251.5	-6,242.1	-6,393.1
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	5,835.1	6,105.6	6,156.4	5,913.6	6,310.1	6,422.8	6,710.2	6,215.7
Direct investment	333.6	393.6	533.6	617.8	475.6	655.0	811.9	967.6	1,021.2	1,083.9	1,125.3	896.2	1,051.9	1,156.9	1,205.8	989.8
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	366.2	381.5	406.1
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	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.9	0.9	1.0	1.2	2.8	2.8	2.8	2.9	2.9	2.9	2.8	2.9	2.9
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	591.0	618.3	580.0
Loans	86.3	320.1	246.4	91.3	98.2	67.1	52.1	56.1	348.5	349.8	312.7	74.5	374.9	337.8	395.3	81.0
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	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	906.1	1,013.7	977.4	1,057.2	997.6	1,039.6	978.5	893.1
Other accounts receivable/payable	0.0	0.0	0.0	1.4	1.5	1.7	0.5	0.1	0.1	0.2	0.4	0.5	0.5	0.2	0.6	0.3
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	2,928.2	3,127.5	3,262.6
Other assets	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	0.0	0.0	0.0
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	12,248.9	12,350.1	11,953.0	12,528.1	12,674.3	12,952.3	12,608.8
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	5,915.3	6,133.3	6,250.9	6,141.3	6,348.2	6,463.5	6,589.0	6,554.5
Portfolio investment	398.6	324.7	408.3	253.2	776.6	848.8	1,362.2	1,476.3	1,891.8	1,876.2	1,838.7	1,813.2	1,821.6	1,826.4	1,777.8	1,721.3
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	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	2.7	3.2	3.7	4.2	4.2	4.2	4.2	4.2
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	221.5	207.9	254.2
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	3,070.9	3,159.2	3,159.8	2,883.4	3,216.6	3,197.3	3,336.6	3,127.6
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	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	803.0	805.0	825.9	824.8	847.6	881.2	901.9	865.6
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	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	80.2	81.9	81.3

Source: NBRNM.



Source: NBRNM.





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Data revisions

The data on the gross external debt and claims in this press release contain regular data revisions for the period January-September 2019. Changes in gross external debt and claims almost entirely arise from the improved coverage of data on loans and trade credits and advances. In terms of the direction of changes, in the three quarters of 2019, the data revision reduced the gross external debt in the first quarter (by Euro 3 million) and increased the debt in the second and third quarter (by Euro 3 million and Euro 6 million, respectively), and increased the gross external claims in all three quarters (by Euro 1 million in the first and second quarter and Euro 3 million in the third quarter). These changes also reflected in the net external debt, but also in the international investment position, net, in the first quarter as a minimal decline in the net external debt and slightly lower negative net international investment position (by Euro 3 million), and in the second and third quarter as a minor increase in the net external debt and the negative international investment position (of around Euro 2 million and Euro 3 million, respectively).

Supporting information

Time series data - annual and quarterly data on gross external debt and gross external claims:

http://nbrm.mk/nadvoresen_dolg-en.nspix

Time series data - annual and quarterly data on international investment position:

http://nbrm.mk/megunarodna_investiciska_pozicija-en.nspix

Methodological explanations on gross external debt and claims:

http://nbrm.mk/content/statistika/ND/metodologija/Methodological_Notes_debt_5_2_2018.pdf

Methodological explanations on international investment position:

http://nbrm.mk/content/statistika/mip/metodologija/Methodology_IIP_BPM6_9_10_2018.pdf

Next publications: Advance Release Calendar:

https://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf

Quarterly gross external debt, gross external claims and international investment position: 30 June 2020 (reference period as of March 2020).

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).