



## National Bank of the Republic of Macedonia Statistics Department

Skopje, 29 September 2017

### Press Release

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

At the end of the second quarter of 2017, the **gross external debt** of the Republic of Macedonia was Euro 7.781 million and it registered a quarterly decrease of Euro 10 million, whereas **gross external claims** were Euro 4.830 million and registered a quarterly decrease of Euro 190 million. At the end of the second quarter of 2017, the **net external debt** amounted to Euro 2.951 million and registered a quarterly growth of Euro 180 million mainly due to the more pronounced decrease of public net claims (of Euro 143 million), coupled with the growth of the private net debt (of Euro 38 million).

At the end of 2017, the negative **net international investment position**<sup>1</sup> amounted to Euro 5,990 million, whereby the largest portion (78.6%) of this amount are net liabilities on direct investments, 73% of which are based on equity. Compared to the previous quarter, the net negative position increased by Euro 183 million.

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

	31.12.2016		31.03.2017		30.06.2017		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>73.2</b>	<b>7,791.4</b>	<b>75.8</b>	<b>7,781.3</b>	<b>75.7</b>	<b>-10.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>564.7</b>	<b>7.8</b>	<b>2.6</b>
<b>Gross External Debt-Excluding Debt of the Central Bank from Repo Arrangements</b>	<b>7,216.6</b>	<b>73.2</b>	<b>7,437.9</b>	<b>72.4</b>	<b>7,528.8</b>	<b>73.3</b>	<b>90.9</b>	<b>1.2</b>	<b>0.9</b>	<b>312.2</b>	<b>4.3</b>	<b>0.1</b>
Long-term debt	5,633.9	57.1	5,701.2	55.5	5,732.1	55.8	30.9	0.5	0.3	98.3	1.7	-1.3
Short-term debt	1,582.7	16.0	2,090.2	20.3	2,049.2	19.9	-41.0	-2.0	-0.4	466.5	29.5	3.9
Public debt	3,445.3	34.9	3,819.9	37.2	3,740.9	36.4	-79.0	-2.1	-0.8	295.5	8.6	1.5
Private debt	3,771.2	38.2	3,971.6	38.7	4,040.4	39.3	68.9	1.7	0.7	269.2	7.1	1.1
<b>Gross External Claims</b>	<b>4,587.0</b>	<b>46.5</b>	<b>5,020.4</b>	<b>48.9</b>	<b>4,829.9</b>	<b>47.0</b>	<b>-190.5</b>	<b>-3.8</b>	<b>-1.9</b>	<b>242.9</b>	<b>5.3</b>	<b>0.5</b>
<b>Gross external claims-excluding claims of the Central Bank from repo arrangements</b>	<b>4,587.0</b>	<b>46.5</b>	<b>4,638.4</b>	<b>45.1</b>	<b>4,549.8</b>	<b>44.3</b>	<b>-88.6</b>	<b>-1.9</b>	<b>-0.9</b>	<b>-37.2</b>	<b>-0.8</b>	<b>-2.2</b>
<b>Net External Debt</b>	<b>2,629.6</b>	<b>26.7</b>	<b>2,771.1</b>	<b>27.0</b>	<b>2,951.5</b>	<b>28.7</b>	<b>180.4</b>	<b>6.5</b>	<b>1.8</b>	<b>321.9</b>	<b>12.2</b>	<b>2.1</b>
<b>IIP, net</b>	<b>-5,576.0</b>	<b>-56.5</b>	<b>-5,806.1</b>	<b>-56.5</b>	<b>-5,989.5</b>	<b>-58.3</b>	<b>-183.4</b>	<b>3.2</b>	<b>-1.8</b>	<b>-413.6</b>	<b>7.4</b>	<b>-1.8</b>

\* / GDP data for 2016 is estimated (source: SSO, press release *Gross Domestic Product of the Republic of Macedonia* of 7 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. Net negative international investment position means that financial liabilities exceed the financial claims of non-residents.

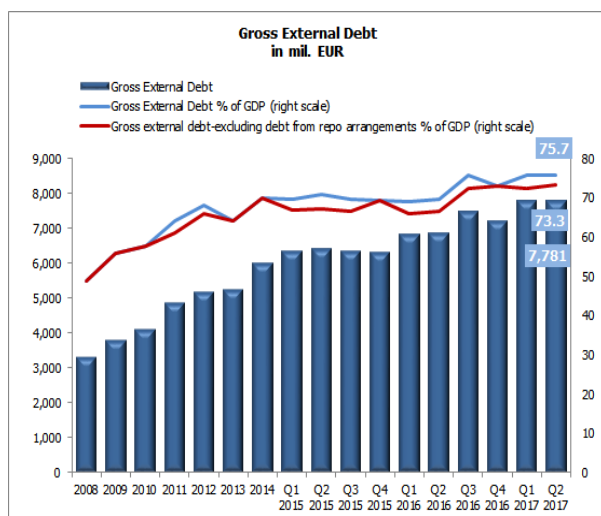


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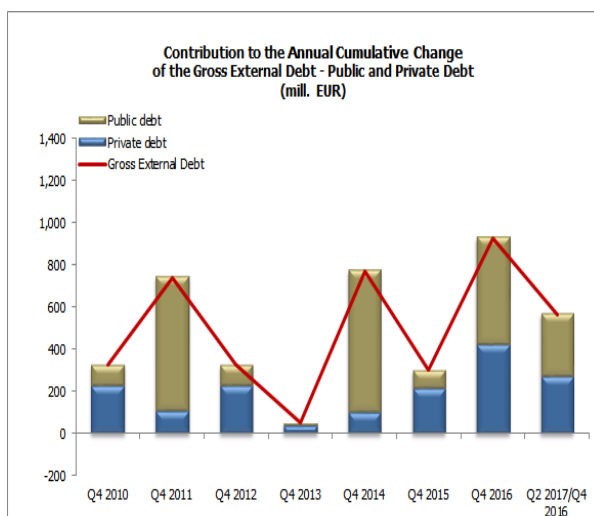
### Gross external debt

At the end of the second quarter of 2017, the gross external debt reached Euro 7,781 million, or 75.7% of the GDP forecasted for this year. On a quarterly basis, gross external debt decreased by Euro 10 million. Such decrease of the gross external debt reflects the decline in public debt (of Euro 79 million), despite the quarterly increase in private debt (of Euro 69 million).

If we exclude the effect of repo transactions of the central bank<sup>2</sup> (which decreased by Euro 101 million), the gross external debt registers an increase of Euro 91 million, with Euro 22 million contribution of the public debt to the increase. Moreover, the public debt (excluding repo transactions) registered a reduction of the public corporations and public banks debt of Euro 27 million, while the "government" sector debt registered an increase of Euro 52 million.



Source: NBRM.



Compared to the end of 2016, the gross external debt increased by Euro 565 million (or 7.8%). The growth of total external debt reflects the growth of the public and private debt (of Euro 296 million and Euro 269 million, respectively). Thus, if we exclude the effect of repo transactions of the central bank, the increase of total external debt amounted to Euro 312 million, whereby the public debt increased for only Euro 43 million. The private debt growth mainly arises from the liabilities of intercompany lending (of Euro 197 million) and to a lesser extent from private banks and non-banking private sector (of Euro 38 million and Euro 34 million, respectively).

<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, i.e. they appear in almost identical amount on both liabilities and assets side, thus having no effect on the total net external debt.



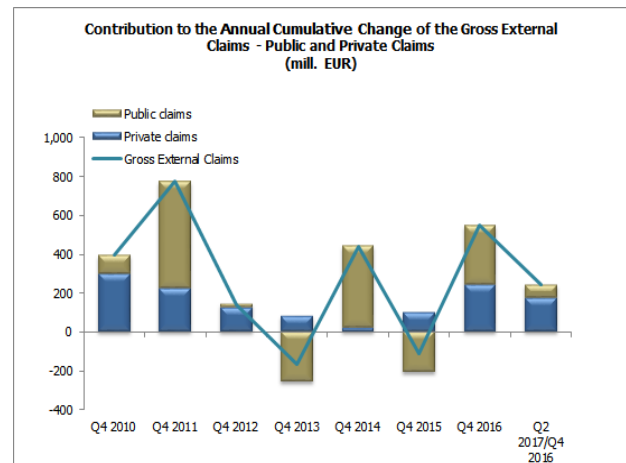
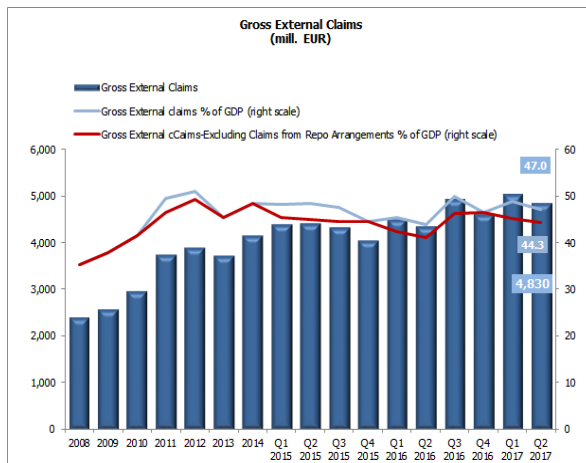
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### **Gross external claims**

At the end of June 2017, the gross external claims were Euro 4,830 million, making up 47% of GDP forecasted for this year.

On a quarterly basis, claims on non-residents decreased by Euro 190 million, while with an excluded effect of reverse repo transactions and swap transactions of the central bank, claims on non-residents decreased by Euro 89 million, as a result of decreased claims in the public sector by Euro 120 million and increased claims in the private sector by Euro 31 million. The downward change of public claims is mostly due to the decrease of foreign reserves and claims on reverse repo transactions of the central bank.

Compared to the end of 2016, claims on non-residents increased by Euro 243 million, amid growth of both private (of Euro 174 million), and public external claims (Euro 69 million). If we exclude the effect of reverse repo transactions and swap transactions of the central bank, total external claims would decrease by Euro 37 million. Intercompany claims and non-banking private sector (Euro 170 million and Euro 102 million, respectively) have the greatest contribution to the growth of external claims since the beginning of the year, compared to the reduced claims of private banks (Euro 97 million).



Source: NBRM.

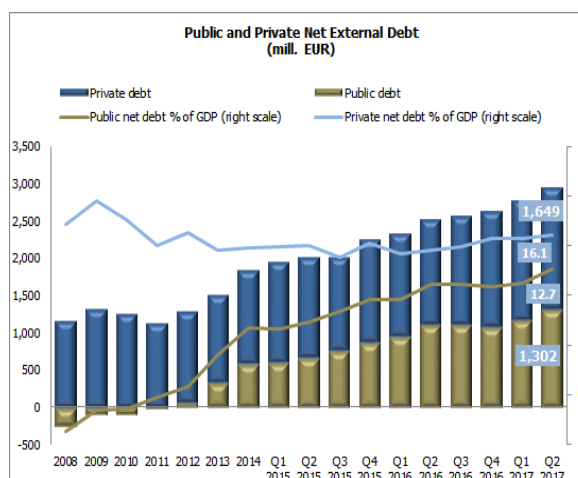
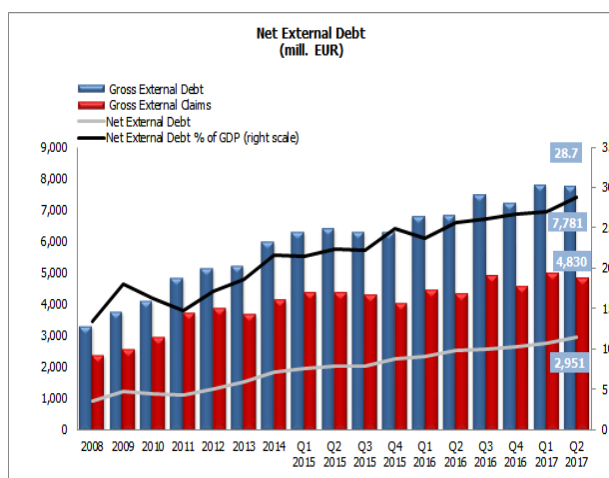
### **Net external debt**

On 30 June 2017, net external debt was Euro 2.951 million (28.7% of the forecasted GDP), whereby more than half of the same (55.9%) belongs to the private sector. During the second quarter, the net debt increased by Euro 180 million, given the quarterly decrease of gross external claims (of Euro 190 million), compared to the decrease of gross external debt (of Euro 10 million).

Since the beginning of the year, the cumulative upward change of net external debt amounted to Euro 322 million (of 12.2%), as a result to the increased public and private net debt (of Euro 227 million and Euro 95 million, respectively).



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Source: NBRM.

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

During the second quarter of 2017, the negative net international investment position (IIP) increased by Euro 183 million, reaching Euro 5,990 million (58.3% of the forecasted GDP for this year).

The quarterly increase in the negative net IIP of Euro 183 million mostly arises from the decrease on the assets side (of Euro 186 million), whereas in liabilities we register a decrease of only Euro 3 million.

### **International investment position**

(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	Q1-2017	Q2-2017
<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>5,622.8</b>	<b>5,436.7</b>
Direct investment	333.6	393.6	533.6	617.8	475.6	655.0	811.9	938.6	992.8
Portfolio investment	25.9	45.5	63.1	107.7	155.0	212.6	255.2	259.0	270.9
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
Other equity	0.0	0.0	0.0	0.9	0.9	1.0	1.2	1.2	0.86
Currency and deposits	555.1	588.2	537.0	540.0	623.6	615.4	627.3	557.9	536.9
Loans	86.3	320.1	246.4	91.3	98.2	67.1	52.1	432.5	331.2
Insurance, pension, and standardized guarantee schemes	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	898.5	903.8
Other accounts receivable/payable	0.0	0.0	0.0	1.4	1.5	1.7	0.5	0.6	0.19
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
<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>11,428.9</b>	<b>11,426.2</b>
Direct investment	3,514.8	3,914.4	4,146.8	4,485.7	4,378.3	4,951.3	5,392.2	5,674.2	5,702.7
Portfolio investment	398.6	324.7	408.3	253.2	776.6	848.8	1,362.2	1,396.0	1,440.2
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
Other equity	0.0	0.0	0.0	4.1	4.4	4.3	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
Loans	2,028.5	2,785.9	2,771.8	2,883.1	3,024.4	2,961.7	3,014.7	3,359.8	3,245.0
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	673.8	841.7	832.8	773.2	763.4	656.7	714.6	756.0	747.3
Other accounts receivable/payable	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

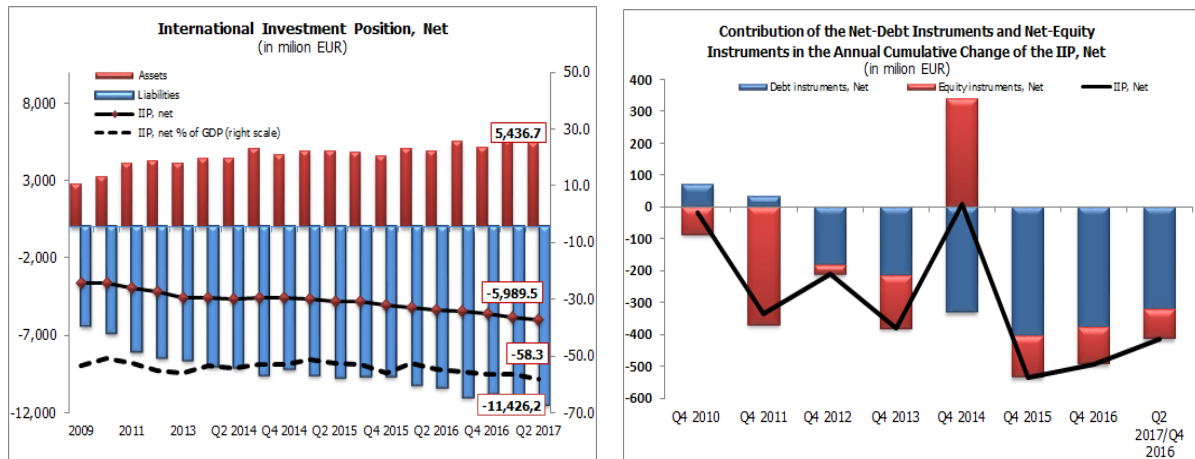
Source: NBRM.



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In terms of whether financial instruments create debt or not, debt instruments (increase of net external debt by Euro 180 million) have a dominant impact on the growth of negative net IIP, whereas net liabilities based on equities increased for only Euro 3 million.

In the first half of the year, the cumulative growth of negative net IIP (of Euro 414 million) mostly reflects the increase in net external debt of Euro 322 million, coupled with the growth in net liabilities on equities (mainly in direct investments) of Euro 92 million.



Source: NBRM.

### **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: 29 December 2017 (reference period as of September 2017).



**National Bank of the Republic of Macedonia  
Statistics Department**

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

For more information regarding 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).