



National Bank of the Republic of Macedonia Statistics Department

Skopje, 30 November 2017

Press Release

Significant developments in the balance of payments¹ in the third quarter of 2017

In the third quarter of 2017, current transactions with non-residents registered surplus of Euro 174.9 million. All significant items in the financial account, excluding trade credits, registered net outflows. As a result, foreign reserves registered a quarterly decrease of Euro 100.6 million.

Main components of the balance of payments of the Republic of Macedonia

(in millions of euros)

	current year				previous year	quarterly change		annual change		cumulative change	
	Q1 2017	Q2 2017	Q3 2017	Q1-Q3.2017	Q1-Q3.2016	millions of euros	%	millions of euros	%	millions of euros	%
Current account	-140,1	-95,5	174,9	-60,7	-149,5	270,4	...*	66,9	61,8	88,8	-59,4
Goods	-462,6	-418,4	-412,0	-1.293,0	-1.326,9	6,4	-1,5	2,6	-0,6	33,9	-2,6
Services	102,0	46,0	182,9	330,9	309,7	136,9	...*	51,1	38,8	21,2	6,9
Primary income	-103,1	-105,9	-105,1	-314,1	-286,9	0,8	-0,7	-9,6	10,1	-27,2	9,5
Secondary income	323,6	382,8	509,2	1.215,5	1.154,6	126,4	33,0	22,8	4,7	60,9	5,3
Capital account	1,1	2,3	0,0	3,5	10,5	-2,3		-5,2		-7,0	
Financial account	-132,2	-108,7	169,2	-71,7	-164,0	277,9		66,1		92,3	
Direct investment	-111,6	10,8	50,2	-50,6	-190,8	39,3		70,3		140,2	
Portfolio investment	-20,3	5,9	39,6	25,2	-431,7	33,6		471,9		457,0	
Currency and deposits	34,5	19,8	158,2	212,5	152,4	138,4		111,8		60,0	
Loans	28,5	-25,0	43,6	47,1	-125,8	68,6		81,0		173,0	
Trade credit and advances	3,1	-58,6	-21,8	-77,2	-6,8	36,8		-10,3		-70,4	
Reserve assets	-66,5	-61,3	-100,6	-228,4	439,5	-39,3		-659,4		-667,8	

* percentage change is over 100.

Note: In the financial account, the sign (-) denotes net external inflows. In foreign reserves, the sign (+) denotes increase, whereas the sign (-) denotes decrease in foreign assets.

Source: NBRM.

Current account

Observing the movements in the current account components, in the third quarter this year, surpluses in secondary income and trade in services (Euro 509.2 million and Euro 182.9 million, respectively) exceeded the deficits of trade in goods (Euro 412 million) and in the primary income (Euro 105.1 million).

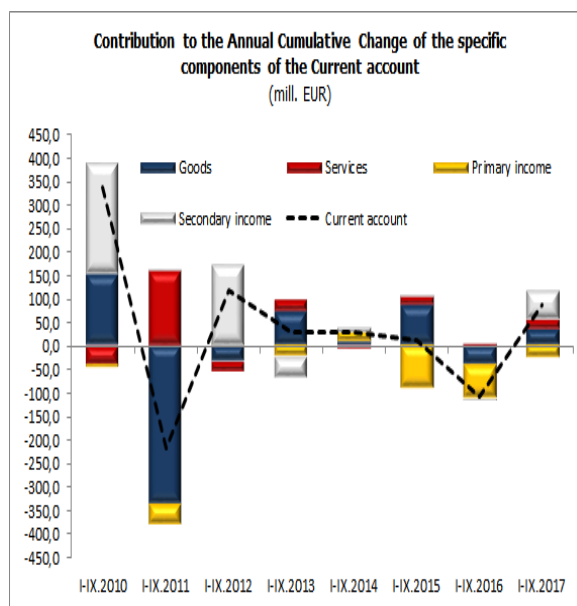
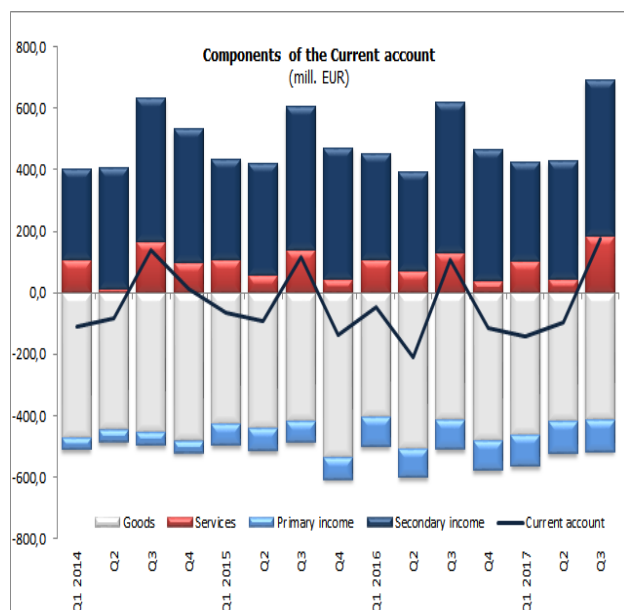
Despite the current account deficit in the second quarter this year (Euro 95.5 million), in the third quarter, there was a positive balance of Euro 174.9 million, which is an upward quarterly change of Euro 270.4 million. The main driver of such changes are primarily the higher net inflows from trade in services and secondary income (by Euro 136.9 million and Euro 126.4 million, respectively), with smaller deficit of trade in goods (by Euro 6.4 million) and almost unchanged balance in the primary income.

¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



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In the period January-September 2017, the cumulative current account deficit was lower than last year (January-September period) by Euro 88.8 million, which is mainly explained by the higher net inflows in the secondary income and the trade in services (by Euro 60.9 million and Euro 21.2 million) as well as the decreased trade deficit in goods (Euro 33.9 million). The increase in primary income deficit (of Euro 27.2 million) acted in the opposite direction.



Source: NBRM.

Financial account

In the third quarter of 2017, there were net outflows of Euro 169.2 million from financial transactions with non-residents. Significant net outflows were registered in currency and deposits (Euro 158.2 million), followed by direct investments (Euro 50.2 million), loans (Euro 43.6 million) and portfolio investments (Euro 39.6 million), whereas net inflows were registered only in trade credits (Euro 21.8 million). Foreign reserves decreased by Euro 100.6 million.

On a net basis, in the third quarter of 2017, direct investments registered net outflows of Euro 50.2 million, mainly based on intercompany debt (Euro 59.1 million), which were only partially offset by the net inflows from reinvestment of earnings (Euro 11.4 million), due to payments of dividends to foreign investors. From the beginning of the year through September, there were net inflows from direct investments in the amount of Euro 50.6 million, which is by Euro 140.2 million (73.5%) less compared to the same period last year. The decrease reflects the lower net inflows from intercompany debt (Euro 69.2 million), equity capital (Euro 34.8 million) and reinvestment of earnings (Euro 36.2 million due to significantly higher amounts of paid dividends).

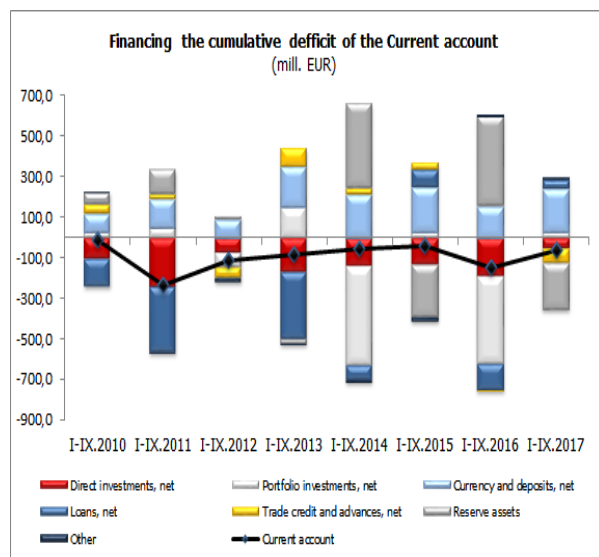
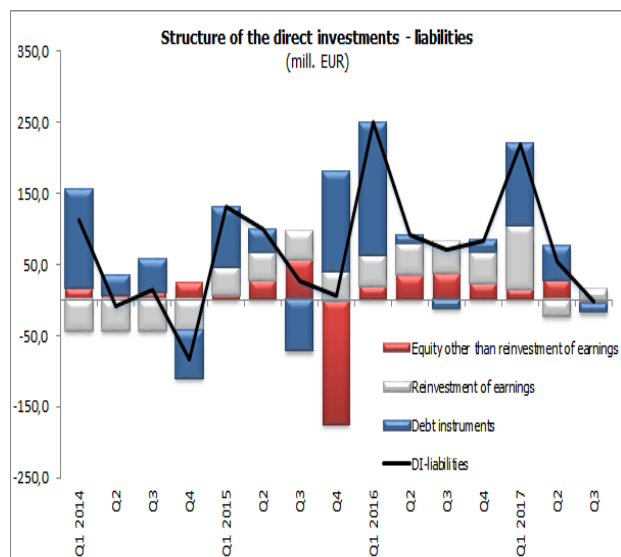


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In the third quarter of 2017, liabilities on direct investments² decreased by Euro 1.7 million, where net outflows from intercompany lending (Euro 10.9 million) and equity capital (Euro 5.3 million) were only partially offset by inflows from reinvestment of earnings (Euro 14.4 million). Cumulatively, liabilities to direct investors increased by Euro 271.6 million, which is by Euro 140.4 million (34.1%) less compared to the same period last year.

In the analyzed quarter, direct investment assets increased by Euro 48.5 million, mainly as a result of the growth of net claims on debt instruments. For the period January-September 2017, assets increased by Euro 221 million, almost identically to the level of the same period last year.

In the third quarter of 2017, net outflows from loans of Euro 43.6 million mostly derived from net outflows from the "government" sector in the amount of Euro 70.2 million (higher amount of net debt repayments to foreign lenders) and from the "depository corporations" sector in the amount of Euro 10 million, compared to the net inflows with the "central bank"³ (Euro 26.5 million) and "other sectors"⁴ (Euro 10 million).



Source: NBRM.

In the first three quarters of this year, net inflows from trade credits and direct investments (Euro 77.2 million and Euro 50.6 million, respectively), as well as the reduction of foreign reserves (Euro 228.4 million), secured funding of the current account (Euro 60.7 million) and the net outflows of currency and deposits, loans and portfolio investments (Euro 284.9 million in total).

Data revisions

² It shows direct investment depending on whether financial transactions create a liability to or claim (assets) on abroad.

³ Activities of the National Bank related to the management of foreign reserves.

⁴ Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



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Balance of payments data in this press release contain regular data revision for the period January–June 2017, aimed to improve their quality. The revision of current account data primarily reduced deficit in trade in goods (of Euro 20 million) and the surplus in trade in services (of Euro 37 million), primarily reflecting the improved coverage of foreign trade data. These revisions increased the current account deficit by Euro 17.3 million.

The revision of the financial account primarily reduced the funds from direct investments of Euro 1.8 million and increased net liabilities on direct investments of Euro 2.2 million, as well as an upward correction of net liabilities on trade credits of Euro 5.4 million.

The improved data coverage reduced the errors and omissions for the period January-June 2017 by Euro 7.1 million.

Supporting information

Time series of data: annual, quarterly and monthly data on the balance of payments:
http://www.nbrm.mk/platen_bilans-en.nspix

Methodological explanations: http://www.nbrm.mk/platen_bilans-en.nspix

Next publications: Advance Release Calendar

http://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix

Quarterly balance of payments: 28 February 2018 (reference period as of December 2017).

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