



National Bank of the Republic of Macedonia Statistics Department

Skopje, 31 August 2017

PRESS RELEASE

Significant developments in the balance of payments¹ in June 2017

In June 2017, current transactions with non-residents registered deficit of Euro 14 million. The financial account registered significant net inflows based on loans and trade credits, as well as net outflows of direct investment, and to a lesser extent of currencies and deposits and portfolio investments. Foreign reserves decreased by Euro 17.5 million based on the balance of payments transactions.

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

(in millions of euros)

	VI-2017	I-VI.2017	monthly change		annual change		cumulative change	
			millions of euros	%	millions of euros	%	millions of euros	%
Current account	-14.0	-218.3	34.3	-71.0	27.1	-65.9	59.7	-21.5
Goods	-113.4	-901.1	48.0	-29.7	47.1	-29.4	21.1	-2.3
Services	2.7	185.0	-15.3	-85.2	-19.4	-87.9	-4.0	-2.1
Primary income	-35.7	-208.8	-0.1	0.4	-1.5	4.5	-0.7	0.3
Secondary income	132.3	706.5	1.7	1.3	0.9	0.7	43.2	6.5
Capital account	0.0	2.8	-0.2		-0.2		-2.3	
Financial account	-20.4	-231.4	34.4		14.6		56.3	
Direct investment	62.5	-96.7	78.6		50.3		88.1	
Portfolio investment	3.9	-14.3	-1.7		10.5		-15.0	
Currency and deposits	4.4	54.5	11.0		13.2		-51.6	
Loans	-48.8	3.3	-59.7		-32.1		92.5	
Trade credit and advances	-24.8	-50.1	2.1		-34.7		-49.1	
Reserve assets	-17.5	-127.8	4.2		7.4		-8.4	

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 developments in the individual current account components, in June this year, the trade deficit in goods (Euro 113.4 million) and the primary income (Euro 35.7 million) exceed the surplus in the secondary income and the trade in services (Euro 132.3 million and Euro 2.7 million, respectively).

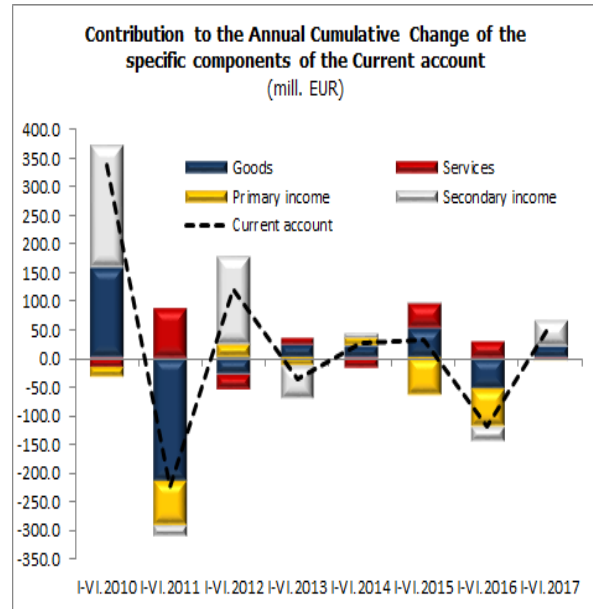
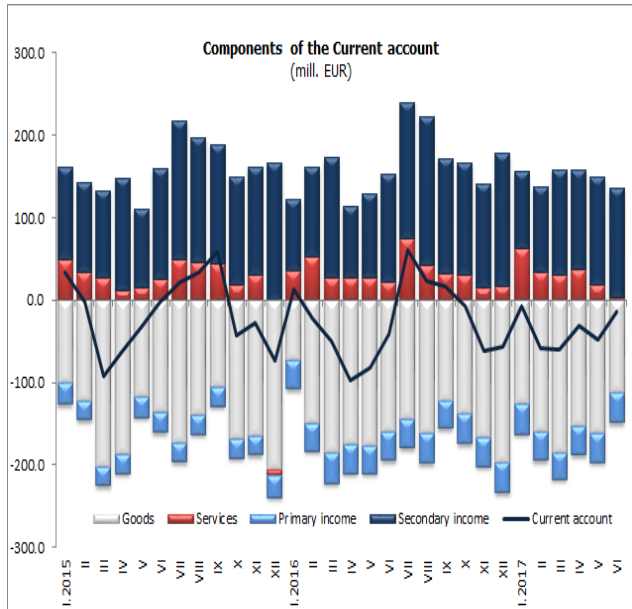
On a monthly basis, the current account deficit decreased by Euro 34.3 million, mainly due to the lower trade deficit in goods (by Euro 48 million), partially offset by the reduced surplus in the trade in services (by Euro 15.3 million).

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-June 2017, the cumulative current account deficit is lower than last year by Euro 59.7 million, which is mainly explained by the higher net inflows in the secondary income (by Euro 43.2 million) amid low base effect in the second quarter last year and the reduced trade deficit in goods (Euro 21.1 million).



Source: NBRM.

Financial account

In June 2017, there were net inflows of Euro 20.4 million from financial transactions with non-residents. Significant net inflows are registered in loans (Euro 48.8 million) and trade credits (Euro 24.8 million), while net outflows in direct investments (Euro 62.5 million), currencies and deposits (Euro 4.4 million) and portfolio investments (Euro 3.9 million). Foreign reserves decreased by Euro 17.5 million.

In June 2017, on a net basis, direct investments registered net outflows of Euro 62.5 million, while since the beginning of the year, as of June 2017, net inflows amounted to Euro 96.7 million, which is by Euro 88.1 million less than the same period last year.

In June 2017, direct investment liabilities² registered net outflows of Euro 55.8 million, which are explained by the negative reinvested earnings³ (Euro 71 million), as a result of the high amount of paid dividends (Euro 103.5 million). Net inflows in debt instruments between intercompany lending (Euro 11.1 million) and equity (Euro 4 million) only partially offset the outflows based on a paid dividend. Cumulatively, liabilities to direct investors increased by Euro 271.1 million (Euro 74.4 million less than the same period last year).

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

³ The reinvested earnings for 2017 is the estimated value calculated as the difference between the expected capital income (newly created value) and the paid dividends.

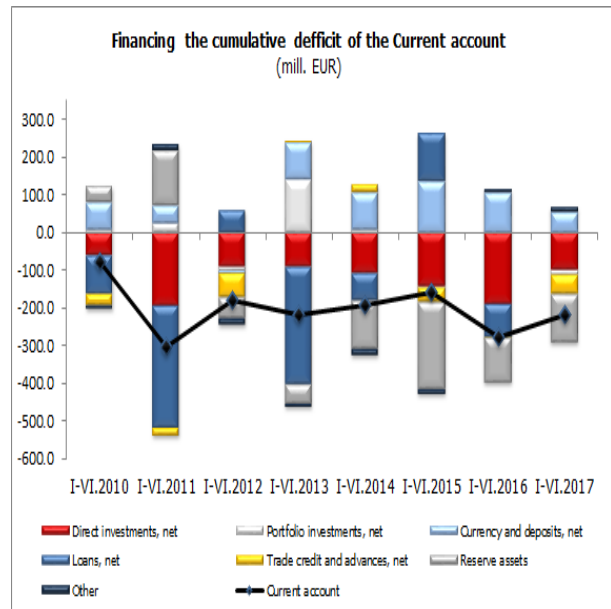
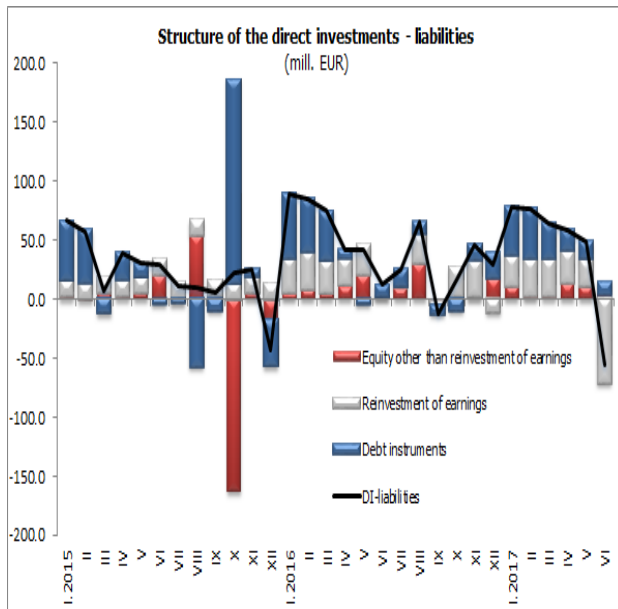


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Direct investments on the assets side in June 2017 increased by Euro 6.7 million, mainly as a result of net increase in the claims on debt instruments. For the period January - June 2017, assets increased by Euro 174.3 million, which is by Euro 13.7 million more compared to the same period last year.

In June, net inflows based on loans of Euro 48.8 million mostly derive from net borrowing in the government sector and depository corporations (Euro 25.1 million and Euro 20.9 million, respectively), and to a lesser extent from other sectors⁴ (Euro 5 million).

In the first six months of the year, net inflows of direct investments (Euro 96.7 million), trade credits (Euro 50.1 million) and portfolio investments (Euro 14.3 million), as well as foreign reserves (reduction of Euro 127.8 million), enabled financing of the current account deficit (Euro 218.3 million), in conditions of net outflows in other financial instruments (Euro 57.9 million).



Source: NBRM.

Data revisions

Balance of payments data, in this press release, contain regular data revision for the period January – May 2017, which mostly result from the replacement of the estimated values for trade credits between intercompany lending with data obtained from the quarterly reporting of claims and liabilities based on international commercial operations of residents with abroad (KIPO).

The data revision for the period January-May 2017 decreased the net liabilities based on direct investments by Euro 0.7 million (decrease in the direct investment-assets of Euro 41.2 million and decrease in the direct investment-liabilities of Euro 41.9 million).

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



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The improved scope of the current account data, mainly in the trade in goods and to a lesser extent in the trade in services, led to a higher current account deficit for the period January – May 2017, in the amount of Euro 11.7 million, with a corresponding change in the financial account as an upward correction of the net liabilities based on trade credits.

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 publication: Advance Release Calendar

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

Quarterly balance of payments: 30 November 2017 (reference period as of September 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).