



National Bank of the Republic of Macedonia Statistics Department

Skopje, 31 May 2017

Press Release

Significant developments in the balance of payments¹ in March 2017

The balance of payments current account in March recorded a deficit in the amount of Euro 59.1 million, which is mainly due to the trade deficit. In March, there were significant net inflows of direct investment from financial transactions with non-residents, while foreign reserves decreased by Euro 5.9 million.

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

(in millions of euros)

	III-2017	I-III.2017	monthly change		annual change		cumulative change	
			millions of euros	%	millions of euros	%	millions of euros	%
Current account	-59.1	-125.5	0.1	-0.2	-9.0	17.9	-66.8	...*
Goods	-185.1	-471.0	-24.4	15.2	0.4	-0.2	-61.8	15.1
Services	31.0	125.1	-2.2	-6.7	4.7	17.8	11.1	9.8
Primary income	-32.5	-103.2	1.6	-4.8	5.0	-13.3	2.3	-2.2
Secondary income	127.5	323.5	25.0	24.4	-19.1	-13.0	-18.5	-5.4
Capital account	0.6	0.7	0.6		-1.7		-1.6	
Financial account	-56.6	-120.6	6.8		-5.2		-53.5	
Direct investment	-63.9	-108.2	-11.7		-16.0		24.5	
Portfolio investment	-5.1	-20.3	-0.4		-0.3		-26.9	
Currency and deposits	14.0	34.5	7.9		-12.2		-25.1	
Loans	-11.2	27.4	-6.8		37.1		83.2	
Trade credit and advances	15.5	12.4	12.1		34.6		-29.1	
Reserve assets	-5.9	-66.5	5.7		-48.3		-80.0	

...* the index exceeds 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

The current account deficit in March resulted from the trade deficit (Euro 185.1 million) and the primary income deficit (Euro 32.5 million) which exceeded the surpluses in the secondary income and the trade in services (Euro 127.5 million and Euro 31 million, respectively).

On a monthly basis, the current account deficit kept the level of the previous month (lower deficit by insignificant Euro 0.1 million), amid an increased surplus in secondary income (by Euro 25 million) and reduced deficit in primary income (by Euro 1.6 million) which are almost entirely

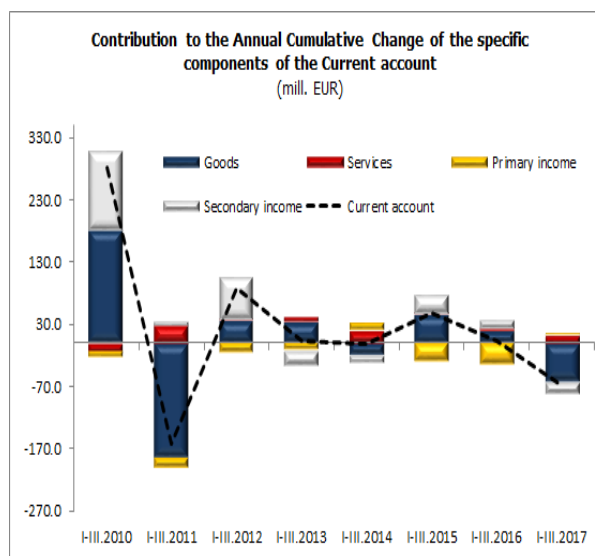
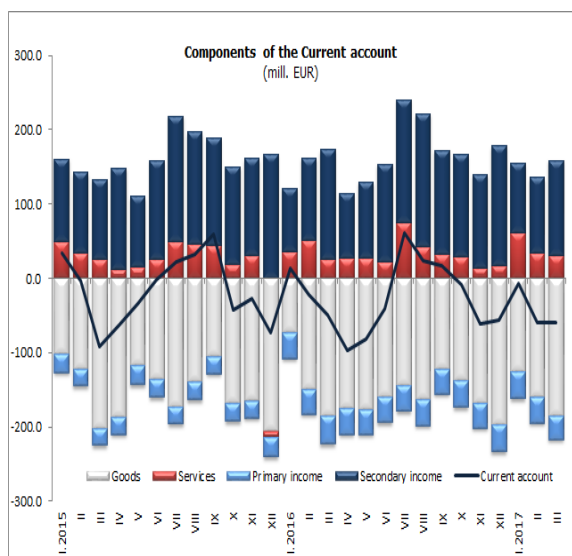
¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



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netted by the increased net imports of goods and the reduced surplus in services (by Euro 24.4 million and Euro 2.2 million, respectively).

Cumulatively, for the first quarter of 2017, the current account registered a deficit of Euro 125.5 million, i.e. deepening of the deficit of Euro 66.8 million, compared to the first quarter last year. The increased current account deficit is mostly explained by the higher trade deficit (by Euro 61.8 million) and the lower surplus in secondary income (by Euro 18.5 million), only partially offset by the higher surplus in the trade in services (by Euro 11.1 million) and the lower deficit in primary income (by Euro 2.3 million).



Source: NBRM.

Financial account

In March, there were net inflows of Euro 56.6 million from financial transactions with non-residents. Net inflows were registered in direct investments (Euro 63.9 million), loans (Euro 11.2 million) and portfolio investments (Euro 5.1 million), while net outflows were registered in trade credits (Euro 15.5 million) and currencies and deposits (Euro 14 million). These developments resulted in a reduction of foreign reserves of Euro 5.9 million.

On a net basis, direct investments, in March 2017, registered net inflows of Euro 63.9 million, while in the first quarter of 2017, net inflows amounted to Euro 108.2 million.

Direct investment liabilities² in March registered net inflows of Euro 63.6 million, mainly as a result of reinvestment of earnings (Euro 31.5 million) and net growth of liabilities on debt instruments (Euro 29.9 million) and to a lesser extent of investments in equities (Euro 2.3 million). In the first

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



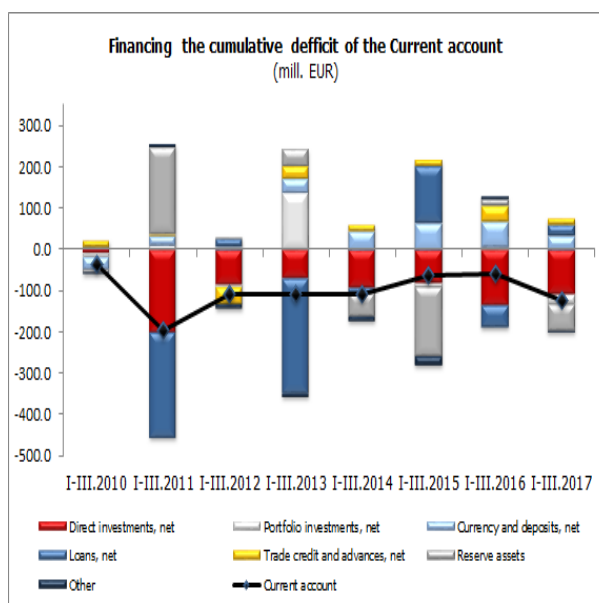
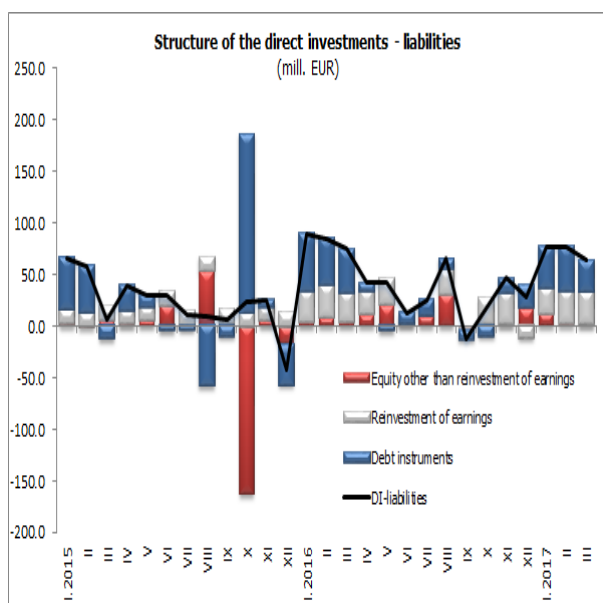
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quarter of the year, liabilities to direct investors amounted to Euro 217.6 million (Euro 31.3 million less than the same period last year).

Direct investment on the assets side, in March, decreased by insignificant Euro 0.3 million. For the first quarter of 2017, assets increased by Euro 109.4 million, which is by Euro 6.9 million less compared to the same quarter last year.

In March, net inflows on loans of Euro 11.2 million mostly derive from the increased net liabilities of other sectors³ (by Euro 10.3 million) and the general government (by Euro 2.1 million).

In the first quarter of the year, the current account deficit was fully financed by net inflows of direct (Euro 108.2 million) and portfolio investments (Euro 20.3 million). Other financial instruments recorded net outflows of assets, amid reduction of foreign reserves of Euro 66.5 million.



Source: NBRM.

Data revisions

Balance of payments data, in this press release, contain regular data revision for the period January-February 2017, which are mostly resulting from the replacement of the estimated values for trade credits between entities in direct investment relationship, with the data obtained from the quarterly reporting of claims and liabilities based on international commercial operations of

³ Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



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residents with abroad (KIPO), but also from better coverage of the data on the trade in goods and services with non-residents.

The data revision for the period January – February 2017 increased net liabilities on direct investment by Euro 57 million, amid simultaneous reduction of trade credit liabilities of Euro 52.9 million. The improved coverage of the current account data, mainly with the trade in goods, led to a higher current account deficit by Euro 6.8 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 publication: Advance Release Calendar

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

Monthly balance of payments: 30 June 2017 (reference period as of April 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).