



## National Bank of the Republic of North Macedonia Statistics Department

Skopje, 28 February 2019

### Press Release

## Significant developments in the balance of payments<sup>1</sup> in the fourth quarter of 2018

In the fourth quarter of 2018, current transactions with non-residents registered a deficit of Euro 107.1 million. In the same period, financial transactions with non-residents registered significant net inflows from direct investments (Euro 313.8 million), and to a lesser extent also through trade credits (Euro 19.7 million). The inflows on this basis enabled financing of the current account deficit and the net outflows in other financial account components and additionally increased the foreign reserves (increase of Euro 141.1 million).

### Main components of the balance of payments of the Republic of North Macedonia (in millions of euros)

	current year					previous year		quarterly change		annual change		cumulative change	
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4.2018	Q4 2017	Q1-Q4.2017	millions of euros	%	millions of euros	%	millions of euros	%
<b>Current account</b>	<b>-144.5</b>	<b>23.9</b>	<b>195.8</b>	<b>-107.1</b>	<b>-31.9</b>	<b>-66.1</b>	<b>-102.9</b>	<b>-302.9</b>	...	<b>-41.1</b>	62.1	<b>71.0</b>	-69.0
Goods	<b>-463.0</b>	<b>-406.6</b>	<b>-395.6</b>	<b>-471.4</b>	<b>-1,736.6</b>	<b>-503.4</b>	<b>-1,787.9</b>	<b>-75.8</b>	19.1	<b>32.0</b>	-6.4	<b>51.3</b>	-2.9
Services	<b>102.8</b>	<b>116.8</b>	<b>185.9</b>	<b>-47.8</b>	<b>357.8</b>	<b>53.6</b>	<b>377.0</b>	<b>-233.7</b>	...	<b>-101.4</b>	...	<b>-19.2</b>	-5.1
Primary income	<b>-113.5</b>	<b>-111.2</b>	<b>-117.5</b>	<b>-108.2</b>	<b>-450.5</b>	<b>-96.1</b>	<b>-397.5</b>	<b>9.3</b>	-7.9	<b>-12.2</b>	12.7	<b>-52.9</b>	13.3
Secondary income	<b>329.2</b>	<b>424.8</b>	<b>523.1</b>	<b>520.2</b>	<b>1,797.3</b>	<b>479.8</b>	<b>1,705.5</b>	<b>-2.8</b>	-0.5	<b>40.5</b>	8.4	<b>91.8</b>	5.4
<b>Capital account</b>	<b>0.3</b>	<b>0.2</b>	<b>0.0</b>	<b>6.3</b>	<b>6.9</b>	<b>5.9</b>	<b>18.0</b>	<b>6.4</b>		<b>0.4</b>		<b>-11.2</b>	
<b>Financial account</b>	<b>-159.8</b>	<b>37.3</b>	<b>200.4</b>	<b>-85.3</b>	<b>-7.5</b>	<b>-65.1</b>	<b>-94.5</b>	<b>-285.7</b>		<b>-20.2</b>		<b>87.0</b>	
Direct investment	<b>-235.4</b>	<b>-74.1</b>	<b>1.5</b>	<b>-313.8</b>	<b>-621.9</b>	<b>-168.8</b>	<b>-180.0</b>	<b>-315.4</b>		<b>-145.1</b>		<b>-441.9</b>	
Portfolio investment	<b>-368.6</b>	<b>1.5</b>	<b>35.0</b>	<b>11.9</b>	<b>-320.3</b>	<b>-8.0</b>	<b>18.5</b>	<b>-23.1</b>		<b>19.8</b>		<b>-338.8</b>	
Currency and deposits	<b>80.2</b>	<b>72.8</b>	<b>72.9</b>	<b>60.1</b>	<b>286.0</b>	<b>36.4</b>	<b>248.5</b>	<b>-12.8</b>		<b>23.7</b>		<b>37.5</b>	
Loans	<b>47.5</b>	<b>-57.1</b>	<b>-36.2</b>	<b>35.1</b>	<b>-10.8</b>	<b>-12.5</b>	<b>36.8</b>	<b>71.3</b>		<b>47.5</b>		<b>-47.6</b>	
Trade credit and advances	<b>59.9</b>	<b>33.9</b>	<b>35.8</b>	<b>-19.7</b>	<b>109.9</b>	<b>5.0</b>	<b>-72.2</b>	<b>-55.5</b>		<b>-24.7</b>		<b>182.1</b>	
Reserve assets	<b>256.6</b>	<b>60.9</b>	<b>91.6</b>	<b>141.1</b>	<b>550.3</b>	<b>82.4</b>	<b>-146.0</b>	<b>49.6</b>		<b>58.7</b>		<b>696.2</b>	

\* the percentage change is above 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. Foreign reserves data exclude price changes and exchange rate differentials.

Source: NBRNM.

### Current account

Observing the developments in the individual current account components, in the fourth quarter of 2018, the trade deficit in goods (Euro 471.4 million), the primary income (Euro 108.2 million) and the trade in services (Euro 47.8 million) exceeded the surplus in the secondary income (Euro 520.2 million).

Despite the current account surplus in the third quarter of this year (Euro 195.8 million), usual for this quarter, the fourth quarter registered a deficit of Euro 107.1 million, indicating a quarterly increase in the net outflows in the current account of Euro 302.9 million. Such changes mainly

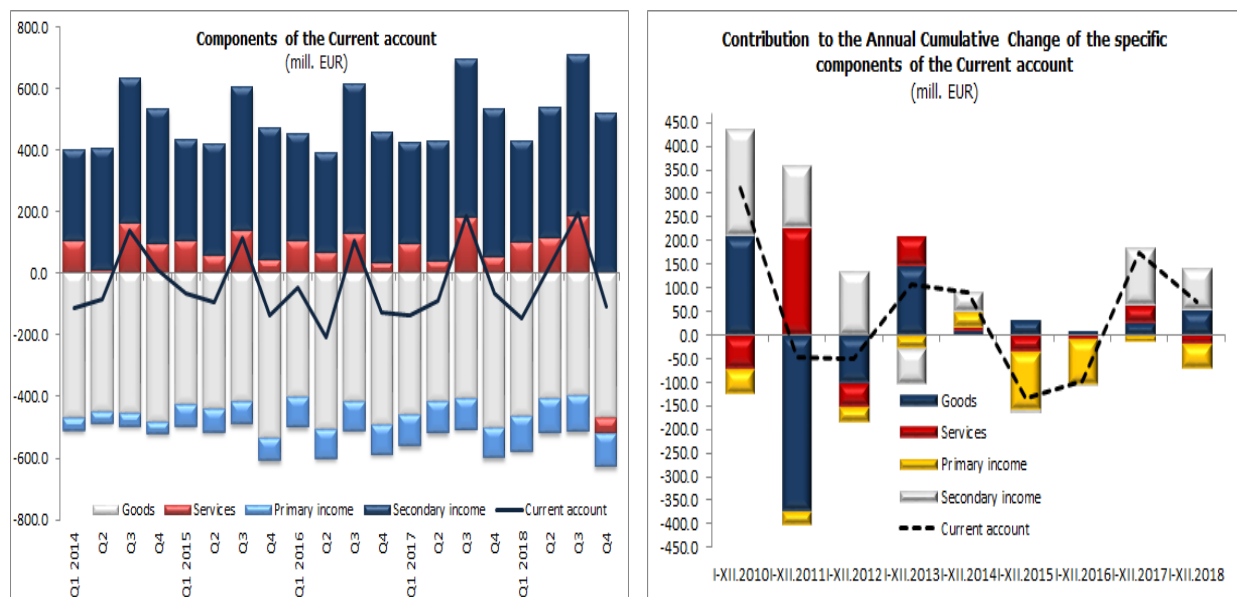
<sup>1</sup> The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of North Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



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reflect the lower net inflows from the trade in services (by Euro 233.7 million) and the higher net outflows in the trade in goods (by Euro 75.8 million).

In 2018, the current account deficit amounted to Euro 31.9 million, which is by Euro 71 million smaller deficit relative to 2017. The decrease in the deficit is primarily due to the favorable performances of the secondary income (increased net inflows by Euro 91.8 million), but also of the trade in goods (narrowing of the balance of goods by Euro 51.3 million), as opposed to the changes in the primary income, registering a higher deficit compared to the previous year (by Euro 52.9 million) and of the trade in services that registered a lower surplus compared to the previous year (by Euro 19.2 million).



Source: NBRNM.

### **Financial account**

In the fourth quarter of 2018, there were net inflows of Euro 85.3 million from financial transactions with non-residents. Net inflows are mostly a result of direct investments (Euro 313.8 million), and to a lesser extent also of trade credits (Euro 19.7 million), while net outflows are recorded in currency and deposits (Euro 60.1 million), loans (Euro 35.1 million) and portfolio investments (Euro 11.9 million). Foreign reserves increased by Euro 141.1 million.

On a net basis, direct investments, in the fourth quarter of 2018, registered net inflows, totaling Euro 313.8 million, distributed among all direct investment components, in intercompany debt (Euro 127.8 million), equity (Euro 126.9 million) and reinvestment of earnings (Euro 59.1 million). In 2018, net inflows in the amount of Euro 621.9 million are registered from direct investments, which is an increase of Euro 441.9 million compared to 2017. On an annual basis, higher net inflows are recorded in all direct investment components: intercompany debt (by Euro 240.4 million), equity (by Euro 119.7 million) and reinvestment of earnings (by Euro 81.8 million).



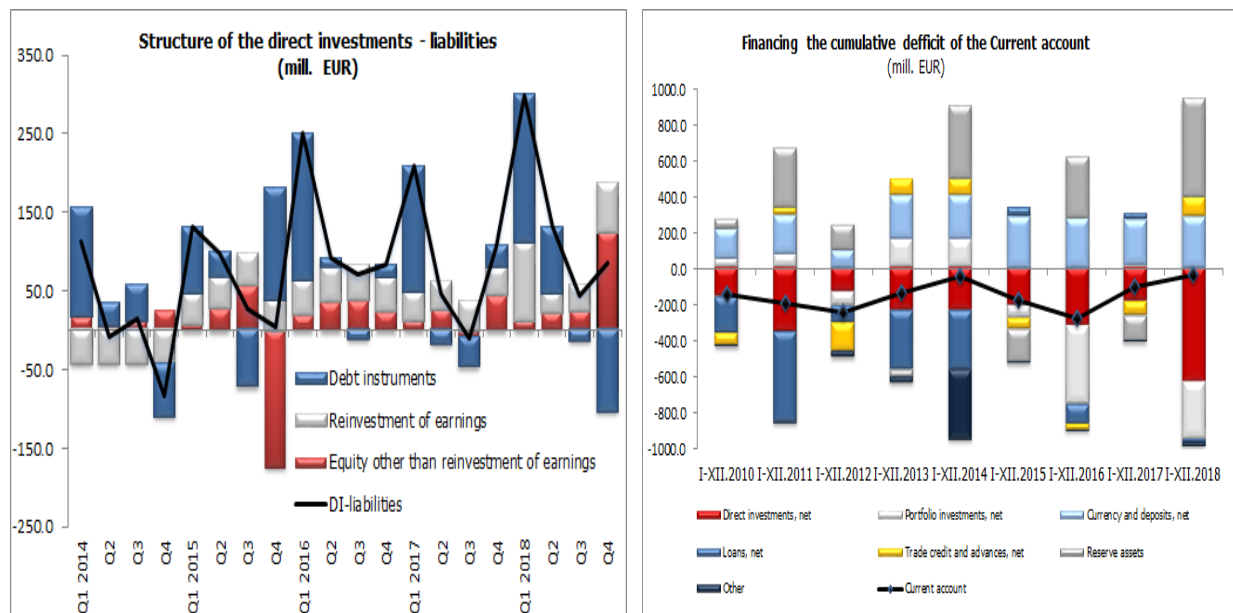
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In the fourth quarter of 2018, liabilities on direct investments<sup>2</sup> increased by Euro 85.2 million, amid growth of equity (Euro 125.2 million) and reinvestment of earnings (Euro 62.6 million), partially offset by the net outflows in intercompany debt (Euro 102.6 million). Cumulatively in 2018, liabilities to direct investors increased by Euro 560.2 million, which is by Euro 208.9 million (or 59.5%) more compared to 2017.

In the fourth quarter, direct investment assets decreased by Euro 228.6 million, mainly as a result of the reduced claims on debt instruments. Cumulatively, in 2018, assets decreased by Euro 61.7 million, as opposed to the growth (of Euro 171.3 million) in 2017. The annual change of Euro 233 million is mostly due to the reduced claims on debt instruments.

In the last quarter of 2018, loans registered net outflows of Euro 35.1 million as a result of the net outflows in the depository corporations sector (Euro 27.8 million) and other sectors<sup>3</sup> (Euro 12.8 million), while the government sector registered net inflows (Euro 4.2 million). Cumulatively, in 2018, net inflows based on loans amounted to Euro 10.8 million, with significant net inflows in other sectors (Euro 132.7 million), as opposed to the net outflows of the government and deposit taking corporations (Euro 99.5 million and Euro 22.5 million, respectively).

In 2018, the net inflows from direct investments (Euro 621.9 million), portfolio investments (Euro 320.3 million)<sup>4</sup> and loans (by Euro 10.8 million) exceeded the net outflows of assets on currency and deposits (Euro 286 million) and trade credits (Euro 109.9 million), enabling financing of the current account deficit (Euro 31.9 million) and growth in foreign reserves of Euro 550.3 million.



Source: NBRNM.

<sup>2</sup> It shows direct investments depending on whether financial transactions create a liability to or a claim (assets) from abroad.

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

<sup>4</sup> Net inflows in portfolio investments are mainly due to the issuance of Eurobonds by the government in the first quarter of 2018.



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### ***Data revisions***

Balance of payments data in this press release contain regular data revision for the period January - September 2018 in order to improve their quality. The revision of current account data reduced the surplus by Euro 16 million, mainly as a result of the increase in primary income deficit (of Euro 16.2 million).

The revision of financial account data refers to a decrease in net outflows from trade credits of Euro 20.7 million, as well as a decrease in net inflows based on direct investments and loans of Euro 2.5 million and Euro 1.8 million, respectively.

The data revision led to an almost insignificant reduction of the errors and omissions for the period January - September 2018 (of Euro 0.4 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](http://www.nbrm.mk/platen_bilans-en.nspix)

Methodological explanations: [http://www.nbrm.mk/platen\\_bilans-en.nspix](http://www.nbrm.mk/platen_bilans-en.nspix)

Next publications: Advance Release Calendar  
[http://www.nbrm.mk/kalendar\\_na\\_objavuvanje\\_na\\_podatoci-en.nspix](http://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix)

Quarterly balance of payments: 31 May 2019 (reference period as of March 2019).

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).