



## National Bank of the Republic of Macedonia Statistics Department

Skopje, 31 August 2018

### Press Release

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

In the second quarter of 2018, current transactions with non-residents registered a surplus of Euro 20.5 million, mainly due to the favorable performances in secondary income and services. Significant net inflows from direct investments and loans were registered in the financial transactions with non-residents, while foreign reserves increased by Euro 60.9 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 2018	Q2 2018	Q1-Q2.2018	Q1 2017	Q2 2017	Q1-Q2.2017	millions of euros	%	millions of euros	%	millions of euros	%
<b>Current account</b>	<b>-148,7</b>	<b>20,5</b>	<b>-128,2</b>	<b>-145,2</b>	<b>-99,4</b>	<b>-244,6</b>	<b>169,2</b>	...*	<b>119,8</b>	...*	<b>116,4</b>	-47,6
Goods	-474,1	-414,3	-888,5	-464,0	-418,4	-882,4	59,8	-12,6	4,0	-1,0	-6,1	0,7
Services	104,9	116,2	221,0	99,9	44,5	144,4	11,3	10,8	71,7	...*	76,6	53,0
Primary income	-108,7	-106,1	-214,8	-104,7	-107,7	-212,4	2,5	-2,3	1,5	-1,4	-2,5	1,2
Secondary income	329,2	424,8	754,0	323,6	382,2	705,7	95,5	29,0	42,6	11,1	48,3	6,8
<b>Capital account</b>	<b>0,3</b>	<b>0,2</b>	<b>0,5</b>	<b>1,4</b>	<b>2,6</b>	<b>4,0</b>	<b>-0,1</b>		<b>-2,4</b>		<b>-3,5</b>	
<b>Financial account</b>	<b>-162,4</b>	<b>33,3</b>	<b>-129,1</b>	<b>-137,0</b>	<b>-112,2</b>	<b>-249,2</b>	<b>195,7</b>		<b>145,6</b>		<b>120,2</b>	
Direct investment	-237,2	-87,4	-324,6	-111,4	10,0	-101,4	149,8		-97,4		-223,2	
Portfolio investment	-368,6	1,4	-367,2	-20,3	5,9	-14,3	370,0		-4,5		-352,9	
Currency and deposits	80,5	72,9	153,4	34,5	19,8	54,3	-7,6		53,1		99,1	
Loans	47,5	-58,1	-10,7	28,6	-24,4	4,3	-105,6		-33,8		-15,0	
Trade credit and advances	58,9	44,3	103,2	-1,9	-61,9	-63,8	-14,7		106,1		167,0	
Reserve assets	256,6	60,9	317,6	-66,5	-61,3	-127,8	-195,7		122,2		445,4	

\* 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: NBRM.

### **Current account**

The favorable performances in the current transactions with non-residents in the second quarter of 2018 are as a result of the net inflows in secondary income and trade in services (Euro 424.8 and Euro 116.2 million, respectively), which exceeded the trade deficit in goods (Euro 414.3 million) and primary income (Euro 106.1 million).

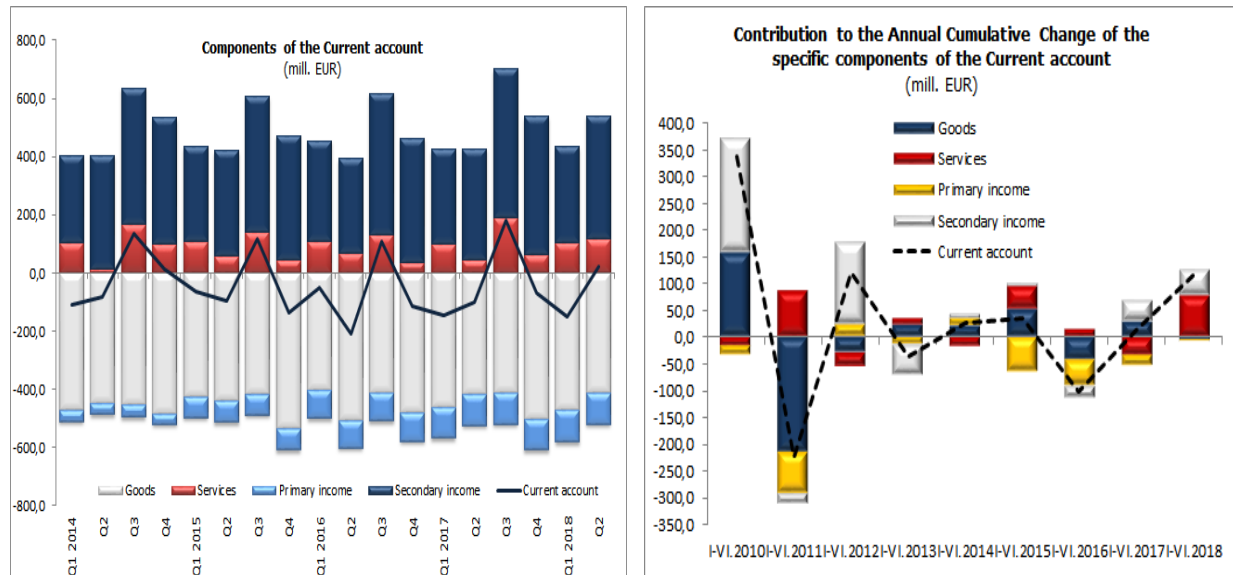
On a quarterly basis, all components of the current account registered better performances, resulting in a positive quarterly change of Euro 169.2 million. The most significant improvements were registered in secondary income and trade of goods (Euro 95.5 million and Euro 59.8 million, respectively), while improvements on a smaller scale were also registered in the trade of services (Euro 11.3 million) and primary income (Euro 2.5 million.)

<sup>1</sup> 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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The current account performances are favorable analyzed on an annual basis. Unlike the deficit registered in the second quarter 2017, a surplus arising from the improved performances in all components was registered in the same period of 2018. Observed by individual components, positive developments are mostly a reflection of the higher surplus in trade of services and secondary income (Euro 71.1 million and Euro 42.6 million, respectively).



Source: NBRM.

### **Financial account**

In the second quarter of 2018, in the financial transactions with non-residents, more significant net inflows were registered in direct investments (Euro 87.4 million) and loans (Euro 58.1 million), while net outflows were registered in currency and deposits (Euro 72.9 million) and trade credits (Euro 44.3 million), amid an increase in foreign reserves of euro 60.9 million.

Net inflows of Euro 87.4 million in direct investments during this quarter are due to the net inflows in all subcomponents, including: reinvestment of earnings (Euro 39.5 million), intercompany debt (Euro 26.4 million) and equity (Euro 21.6 million).

In the second quarter, liabilities based on direct investments<sup>2</sup> have increased by Euro 143.9 million, amid a net growth of liabilities in all components: intercompany debt (Euro 81.4 million), reinvestment of earnings (Euro 40.3 million) and equity (Euro 22.2 million).

In the same period, direct investment assets increased by Euro 56.5 million, mainly as a result to the increased intercompany claims.

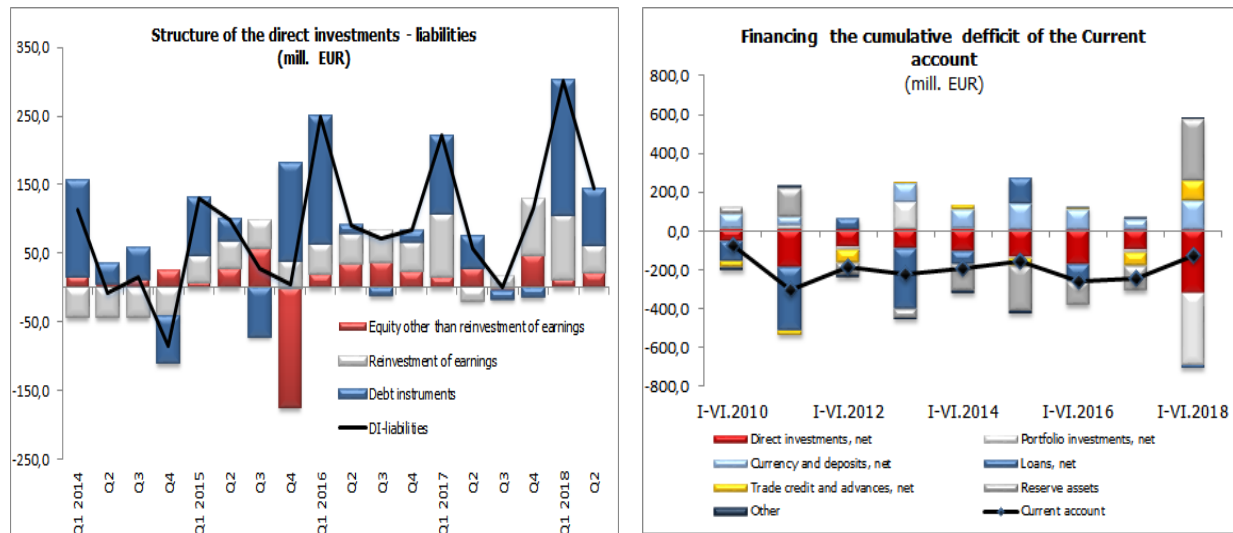
<sup>2</sup> It shows direct investments depending on whether financial transactions create a liability to or a claim (assets) from abroad.



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In the second quarter, loans registered net inflows of Euro 58.1 million due to net inflows in other sectors<sup>3</sup> (Euro 59.8 million) and “government” sector (Euro 5.8 million), while the “deposit institutions” sector registered net outflows (Euro 8.2 million).

In the first half of the year, net inflows from portfolio investments (Euro 367.2 million), direct investments (Euro 324.6 million) and loans (Euro 10.7 million<sup>4</sup>) exceeded the net outflows of currency and deposits (Euro 153.4 million) and trade credits (Euro 103.2 million), which enabled complete funding of the current account deficit and increased the foreign reserves by Euro 317.6 million.



Source: NBRM.

### Data revisions

Balance of payments data in this press release contain regular data revision for the period January – March 2018, aimed to improve their quality. In the current account, the data revision reduced the deficit by Euro 9.2 million, mainly due to the increase of the surplus in trade of services (by Euro 8.1 million).

In the financial account, the revision increased the net outflows based on trade credits by Euro 10.9 million, reduced direct investment assets by Euro 1.8 million and increased direct investments liabilities by Euro 2.1 million.

The data revision resulted in a slight increase of the errors and omissions for the period January-March 2018 (by Euro 1.9 million).

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

<sup>4</sup> In January, the government made the regular payment of part of the loan to Deutsche Bank.



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### ***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: 30 November 2018 (reference period as of September 2018).

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).