



National Bank of the Republic of Macedonia Statistics Department

Skopje, 31 May 2018

Press Release

Significant developments in the balance of payments¹ in the first quarter of 2018

In the first quarter of 2018, current transactions with non-residents registered deficit of Euro 157.9 million, which was mainly resulting from the trade deficit in goods. In the first quarter of this year, a significant net inflows of portfolio and direct investments were registered from the financial transactions with non-residents, which contributed to a new increase of funds in foreign reserves (an increase of Euro 256.7 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	
	Q1 2018	Q1 2017	Q4 2017	millions of euros	%	millions of euros	%	
Current account	-157.9	-145.2	-69.6	-88.3	...*	-12.7	8.7	
Goods	-474.4	-464.0	-505.4	31.0	-6.1	-10.4	2.2	
Services	96.8	99.9	63.4	33.4	52.7	-3.1	-3.1	
Primary income	-109.7	-104.7	-103.0	-6.7	6.5	-5.1	4.8	
Secondary income	329.4	323.6	475.5	-146.0	-30.7	5.9	1.8	
Capital account	0.3	1.4	2.9	-2.6		-1.1		
Financial account	-169.7	-137.0	-74.5	-95.1		-32.7		
Direct investment	-233.3	-111.4	-178.1	-55.3		-121.9		
Portfolio investment	-368.7	-20.3	-8.0	-360.7		-348.4		
Currency and deposits	80.3	34.5	36.5	43.9		45.8		
Loans	47.3	28.6	-14.7	62.0		18.7		
Trade credit and advances	48.1	-1.9	7.4	40.6		50.0		
Reserve assets	256.7	-66.5	82.4	174.3		323.2		

* 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

Observing the developments in the individual current account components, in the first quarter of 2018, the trade deficits in goods (Euro 474.4 million) and in the primary income (Euro 109.7 million) exceed the inflows registered in secondary income and the trade in services (Euro 329.4 million and Euro 96.8 million, respectively).

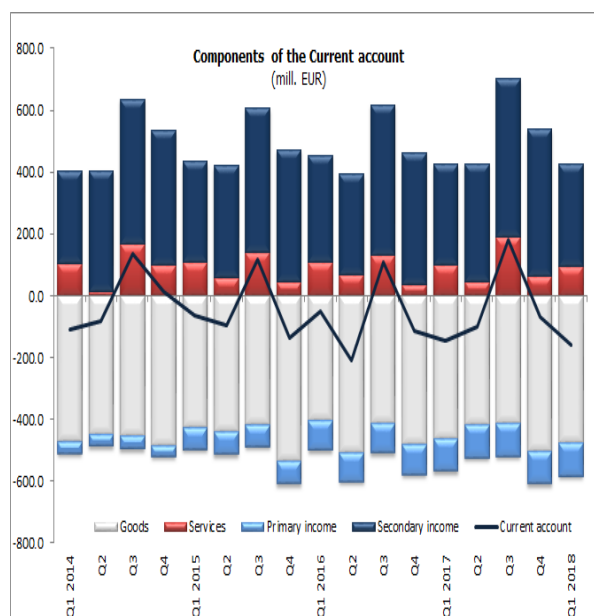
¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



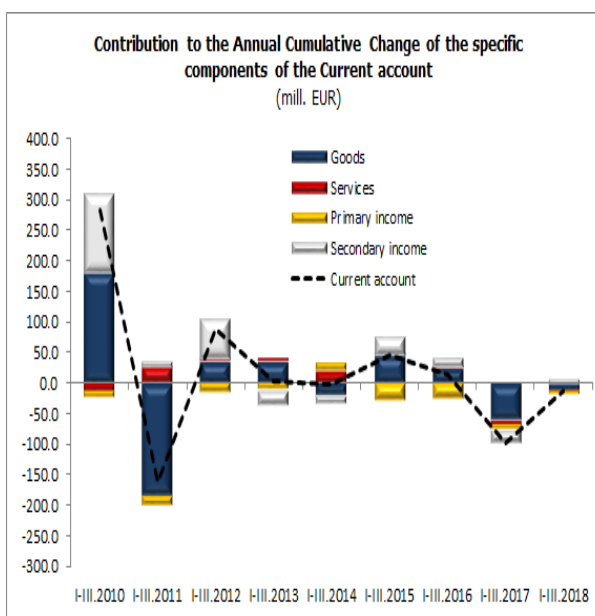
National Bank of the Republic of Macedonia Statistics Department

On a quarterly basis, the deficit in the first quarter is higher by Euro 88.3 million, primarily due to the lower surplus in the secondary income (by Euro 146 million), partially offset by the better performances of the trade in services and goods (by Euro 33.4 million and Euro 31 million, respectively).

Compared to the first quarter of the previous year, the current account deficit increased by Euro 12.7 million which is mainly explained by the higher trade deficit in goods (by Euro 10.4 million) and in primary income (by Euro 5.1 million), as well as the lower surplus in trade of services (by Euro 3.1 million). On the other hand, better performances are registered in the secondary income (increased surplus by Euro 5.9 million).



Source: NBRM.



Financial account

In the first quarter of 2018, there were net inflows of Euro 169.7 million from financial transactions with non-residents. Analyzed by category, net inflows were registered in portfolio investments (Euro 368.7 million) and direct investments (Euro 233.3 million), while net outflows were registered in currency and deposits (Euro 80.3 million), trade credits (Euro 48.1 million) and loans (Euro 47.3 million) while there is an increase in foreign reserves of Euro 256.7 million.

On a net basis the direct investments in the first quarter of 2018, registered a significant amount of net inflows of euro 233.3 million, while the net inflows are registered in all sub-components of the direct investments such as: intercompany debt (Euro 130 million), reinvestment of earnings (Euro 90.7 million) and equity capital (Euro 12.5 million).



National Bank of the Republic of Macedonia Statistics Department

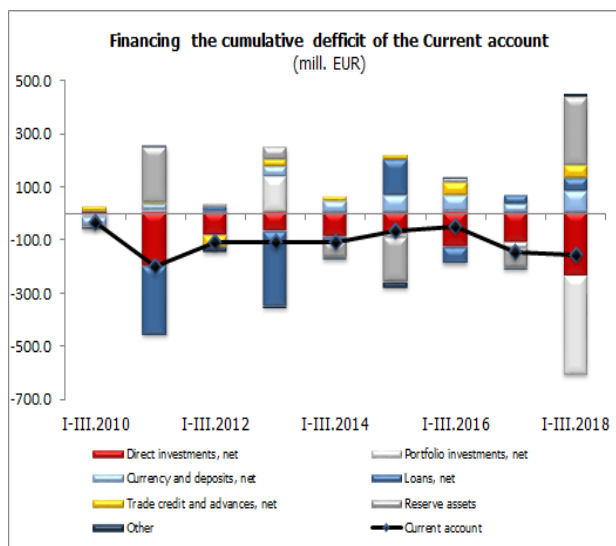
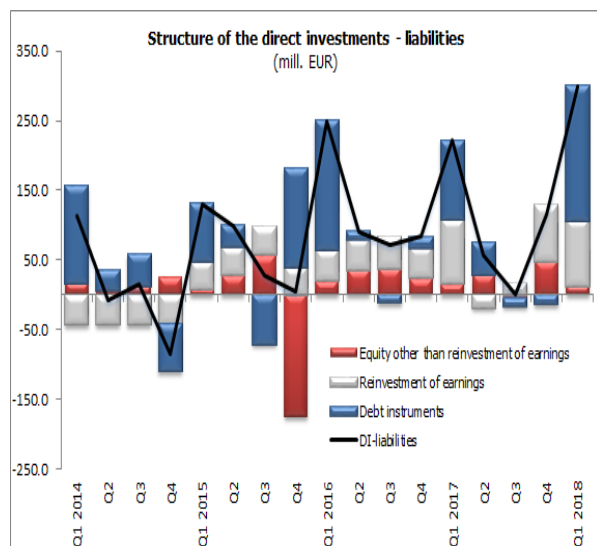
In the first quarter of 2018, the direct investment liabilities² registered an increase of Euro 299.7 million, due to the net growth of liabilities based on intercompany debt (Euro 192.4 million), reinvestment of earnings (Euro 94.3 million) and equity capital (Euro 12.9 million).

Direct investment assets increased by Euro 66.4 million, mainly as a result of the increased claims on intercompany debt.

In the first quarter of the year, net outflows based on portfolio investments increased by Euro 368.7 million, mostly due to the inflows from the new Eurobond emission, partially netted by the simultaneous redemption of Eurobonds from the previous emissions.

In the analyzed quarter, net outflows based on loans of Euro 47.3 million are mainly due to the net outflows in the "government" sector in the amount of Euro 103.5 million³ and "deposit institutions" sector (Euro 7.4 million), compensated by the net inflows in the other sectors⁴ (Euro 62.7 million).

In the first quarter of the year, net inflows from portfolio investment (Euro 368.7 million) and direct investments (Euro 233.3 million) exceeded the net outflows of assets by currency and deposits (Euro 80.3 million), trade credits (Euro 48.1 million) and loans (Euro 47.3 million), which secured the funding of the current account deficit and increased the foreign reserves by Euro 256.7 million.



Source: NBRM.

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

³ In January, the government made the regular payment of part of the loan to Deutsche Bank.

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



National Bank of the Republic of Macedonia Statistics Department

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: 31 August 2018 (reference period as of June 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 or phone: 02 3215 181 extension 103 (or 110/108).