



National Bank of the Republic of Macedonia Statistics Department

Skopje, 30 November 2018

Press Release

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

In the third quarter of 2018, current transactions with non-residents registered a surplus of Euro 202.2 million, mainly due to the good performance in the secondary income and services. The financial transactions with non-residents register significant net inflows in currency and deposits, trade loans and portfolio investments categories. Therefore, in the third quarter the foreign reserves increased by Euro 91.6 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	Q3 2018	Q1-Q3.2018	Q1 2017	Q2 2017	Q3 2017	Q1-Q3.2017	millions of euros	%	millions of euros	%	millions of euros	%
Current account	-140,7	29,6	202,2	91,2	-135,4	-90,8	189,4	-36,8	172,6	...*	12,8	6,8	128,0	...*
Goods	-463,0	-406,2	-395,7	-1.264,9	-462,0	-417,4	-405,1	-1.284,5	10,5	-2,6	9,4	-2,3	19,6	-1,5
Services	101,7	117,2	186,1	404,9	97,9	42,2	183,3	323,4	69,0	58,9	2,9	1,6	81,6	25,2
Primary income	-108,6	-106,2	-111,2	-326,0	-98,5	-101,4	-101,6	-301,5	-5,0	4,7	-9,6	9,5	-24,6	8,2
Secondary income	329,2	424,9	523,1	1.277,2	327,1	385,7	512,9	1.225,8	98,2	23,1	10,2	2,0	51,4	4,2
Capital account	0,3	0,2	0,0	0,5	4,0	5,2	2,9	12,1	-0,3		-3,0		-11,6	
Financial account	-154,6	41,8	207,0	94,2	-121,5	-97,9	190,0	-29,3	165,2		17,0		123,5	
Direct investment	-229,1	-87,4	5,9	-310,5	-96,5	22,3	63,0	-11,2	93,3		-57,0		-299,2	
Portfolio investment	-368,6	1,4	35,0	-332,2	-20,3	7,2	39,6	26,5	33,6		-4,6		-358,7	
Currency and deposits	80,3	72,8	72,9	225,9	34,4	19,6	158,1	212,1	0,1		-85,2		13,9	
Loans	47,0	-59,4	-35,3	-47,7	29,1	-23,9	44,1	49,3	24,0		-79,5		-97,0	
Trade credit and advances	59,3	54,0	37,1	150,4	-1,8	-61,4	-14,1	-77,2	-16,9		51,2		227,6	
Reserve assets	256,6	60,9	91,6	409,1	-66,5	-61,3	-100,6	-228,4	30,6		192,1		637,5	

* 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 performance in the current transactions with non-residents in the third quarter of 2018 are result of the net inflows in secondary income and trade in services (Euro 523.1 and Euro 186.1 million, respectively), which exceeded the trade deficit in goods (Euro 395.7 million) and primary income (Euro 111.2 million).

On a quarterly basis, the current account registers positive change, i.e. increase in the surplus of Euro 172.6 million. The most significant improvements were registered in secondary income and

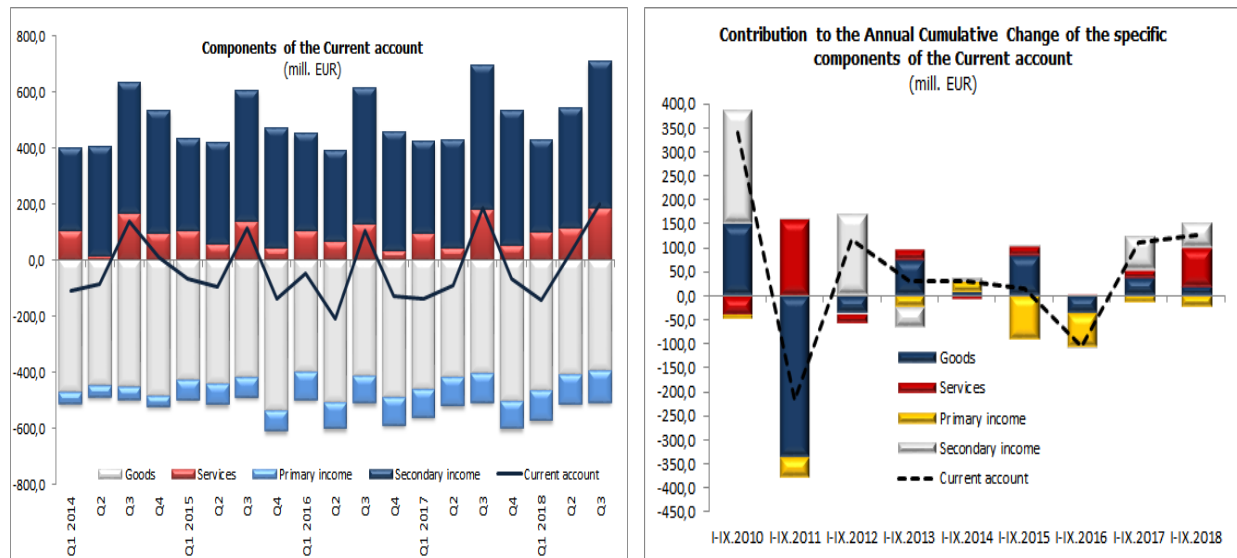
¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



National Bank of the Republic of Macedonia Statistics Department

trade of services (Euro 98.2 million and Euro 69 million, respectively), and less in trade of goods (Euro 10.5 million), as opposed to the weaker performance in the primary income (Euro 5 million.)

The comparison of the performance on the current account balance in the first nine months of 2018 with the same period of 2017, also indicate favorable performance in the external sector. The surplus on the current account is higher by Euro 128 million, mainly as a result of the better performance in services (by Euro 81.6 million) and secondary income (by Euro 51.4 million), and in smaller extent, of the trade of goods (by Euro 19.6 million), while only the deficit in the primary income have deepened (by Euro 24.6 million).



Source: NBRM.

Financial account

Regarding the financial transactions with non-residents, in the third quarter of 2018, significant net outflows with currency and deposits (Euro 72.9 million), trade credits (Euro 37.1 million) and portfolio investments (Euro 35 million) were registered, while net inflows were registered in loans (Euro 35.3 million). Foreign reserves have increased by Euro 91.6 million.

In the third quarter, the direct investments registered net outflows of Euro 5.9 million. Analyzed by components, these performances are result of the net outflows in the intercompany lending (Euro 54.8 million), which were partially neutralized by net inflows in equity (Euro 24.7 million) and reinvestment of earnings (Euro 24.1 million). Since the beginning of the year as of September, there were net inflows from direct investments in the amount of Euro 310.5 million, which is by Euro 299.2 million (73.5%) more compared to the same period last year.

The liabilities on the basis of direct investments², in the third quarter of 2018, increased by Euro 38.9 million, given the rise in liabilities related to reinvestment of earnings (Euro 27 million) and

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



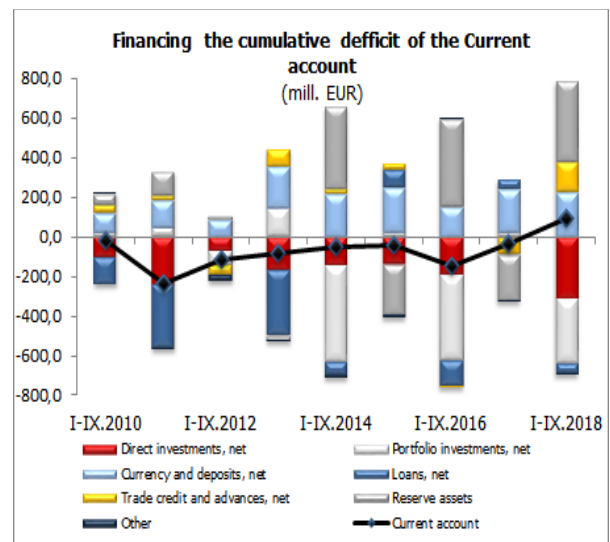
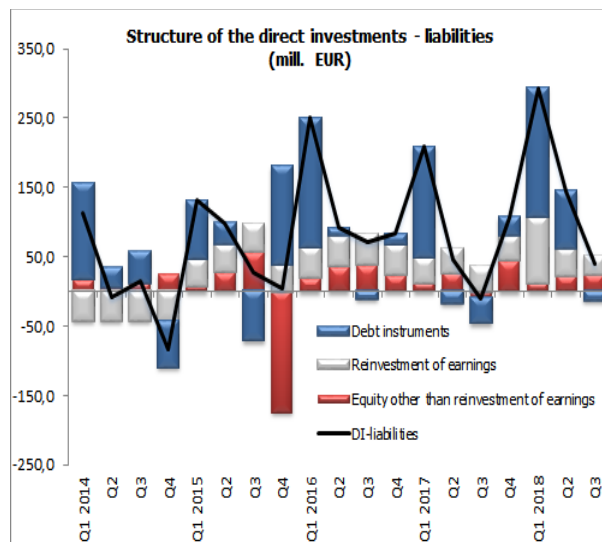
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equity (Euro 24.5 million), while the liabilities based on intercompany lending in the third quarter have decreased (Euro 12.7 million).

In the same period, direct investment assets increased by Euro 44.8 million, mainly as a result of the increased intercompany claims (by Euro 42.1 million).

In the third quarter, loans registered net inflows of Euro 35.3 million due to net inflows in other sectors³ (Euro 23.4 million) and "deposit institutions" sector (Euro 21 million), while the "government" sector registered net outflows (Euro 6.1 million).

The registered aggregate surplus of the current account in the amount of Euro 91.2 million, as well as the net inflows from portfolio investments (Euro 332.2 million), direct investments (Euro 310.5 million) and loans (Euro 47.7 million) exceeded the net outflows based on currency and deposits (Euro 225.9 million) and trade credits (Euro 150.4 million), which enabled significant increase in foreign reserves in the first three quarters by Euro 409.1 million.



Source: NBRM.

Data revisions

Balance of payments data in this press release contain regular data revision for the period January–June 2018, aimed to improve their quality. In the current account, the data revision contributed in reducing the deficit by Euro 17.2 million, mainly as a result of the decrease in the deficit in the trade of goods (by Euro 19.3 million).

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



National Bank of the Republic of Macedonia Statistics Department

In the financial account, the data revision is towards increase in the net outflows based on trade credits by Euro 10 million, as well as a decrease in the net inflows on the basis of direct investment by Euro 8.2 million.

The data revision resulted in minor increase of the errors and omissions for the period January - June 2018 (by Euro 0.9 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 publications: Advance Release Calendar
http://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix

Quarterly balance of payments: 28 February 2019 (reference period as of December 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).