



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

Skopje, 28 February 2020

### Press Release

### Significant developments in the balance of payments<sup>1</sup> in the fourth quarter of 2019

In the fourth quarter of 2019, current transactions with non-residents registered deficit of Euro 286.9 million. In the same period, financial transactions with non-residents registered net inflows in the categories direct investments, trade credits, long-term loans and currency and deposits. The inflows on this basis enabled financing of the current account deficit and the net outflows in the other financial account components and simultaneously contributed to further accumulation of foreign reserves (increase of Euro 156.4 million).

(in millions of euros)

	current year					previous year					quarterly change		annual change		cumulative change	
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018	millions of euros	%	millions of euros	%	millions of euros	%
<b>Current account</b>	-158,1	-47,0	178,5	-286,9	-313,5	-141,0	30,8	199,9	-104,7	-14,9	-465,3	...*	-182,2	174,1	-298,7	...*
Goods	-475,1	-441,4	-436,3	-613,7	-1.966,5	-462,8	-403,1	-395,4	-473,6	-1.734,9	-177,4	40,7	-140,1	29,6	-231,6	13,3
Services	101,8	96,6	174,2	-33,0	339,7	103,6	117,6	187,1	-46,1	362,2	-207,2	...*	13,1	-28,5	-22,5	-6,2
Primary income	-111,5	-109,9	-112,3	-114,6	-448,3	-113,8	-111,3	-117,7	-107,9	-450,7	-2,3	2,1	-6,7	6,2	2,4	-0,5
Secondary income	326,6	407,7	552,8	474,4	1.761,6	332,0	427,7	525,8	523,0	1.808,5	-78,4	-14,2	-48,5	-9,3	-47,0	-2,6
<b>Capital account</b>	0,6	0,1	5,9	-1,9	4,8	1,2	1,4	1,2	7,7	11,6	-7,8		-9,6		-6,8	
<b>Financial account</b>	-159,2	-33,7	205,8	-254,2	-241,2	-158,4	44,2	204,3	-85,0	5,1	-460,0		-169,1		-246,3	
Direct investment	-40,2	-11,0	-62,9	-176,5	-290,6	-233,5	-69,7	3,8	-304,4	-603,7	-113,6		127,9		313,1	
Net acquisition of financial assets	179,0	109,4	57,2	-212,9	132,7	60,7	56,7	45,1	-227,3	-64,9	-270,0		14,5		197,6	
Equity**	3,3	5,7	12,7	9,2	31,0	0,6	0,9	0,0	-1,6	-0,1	-3,5		10,8		31,0	
Reinvestment of earnings	3,3	1,6	2,3	2,3	9,6	2,4	2,4	2,4	2,4	9,4	0,0		0,0		0,2	
Debt instruments	172,5	102,0	42,1	-224,4	92,2	57,7	53,5	42,7	-228,1	-74,2	-266,6		3,7		166,4	
Net incurrence of liabilities	219,2	120,4	120,1	-36,4	423,3	294,2	126,4	41,2	77,0	538,8	-156,5		-113,4		-115,5	
Equity**	79,1	45,3	36,0	59,5	219,9	12,0	23,5	23,6	124,0	183,2	23,5		-64,5		36,8	
Reinvestment of earnings	93,8	16,3	-1,0	-7,3	101,8	54,6	54,6	54,6	54,6	218,5	-6,3		-61,9		-116,6	
Debt instruments	46,3	58,8	85,1	-88,6	101,6	227,5	48,3	-37,0	-101,6	137,2	-173,6		13,1		-35,6	
Portfolio investment	22,3	19,8	72,3	36,3	150,6	-368,6	1,4	35,0	11,9	-320,3	-36,0		24,4		470,9	
Currency and deposits	35,0	-30,6	98,5	-28,7	74,2	80,0	73,1	72,8	59,8	285,6	-127,2		-88,5		-211,4	
Loans	-18,1	-26,5	-57,1	-129,8	-231,4	47,9	-56,4	-35,3	36,5	-7,2	-72,7		-166,3		-224,2	
Trade credit and advances	-152,7	-34,3	33,1	-164,4	-318,3	59,3	35,5	36,6	-29,7	101,7	-197,4		-134,7		-420,0	
Reserve assets	-5,6	49,4	174,4	156,4	374,6	256,6	60,9	91,6	141,1	550,3	-18,0		15,2		-175,7	

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.

<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.



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

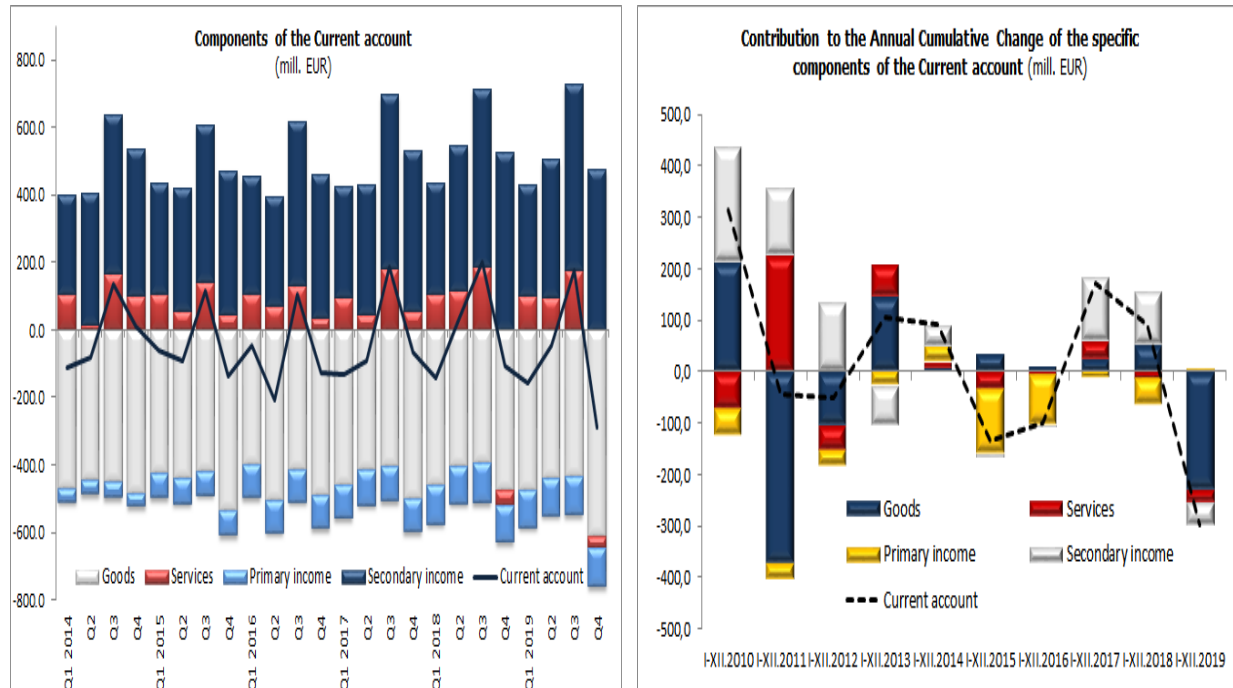
### **Current account**

Observing the developments in the individual current account components, in the fourth quarter of 2019, the trade deficit in goods (Euro 613.7 million), the trade in services (Euro 33 million) and the primary income (Euro 114.6 million) exceeded the surplus in the secondary income (Euro 474.4 million).

Despite the current account surplus in the third quarter of this year (Euro 178.5 million), the fourth quarter registered a deficit of Euro 286.9 million, indicating a quarterly increase in the net outflows in the current account of Euro 465.3 million. These changes are explained by the changes in the balances of all current account components - the trade in services (Euro 207.2 million), trade (Euro 177.4 million) and secondary income (Euro 78.4 million).

Compared with the fourth quarter of the previous year, the current account deficit increased by Euro 182.2 million, which is mostly explained by the higher trade deficit in goods (by Euro 140.1 million) and the weaker performances of secondary and primary income (by Euro 48.5 million and Euro 6.7 million, respectively). Favorable developments were realized in the trade in services, where the deficit decreased by Euro 13.1 million.

In 2019, the current account deficit amounted to Euro 313.5 million, which is by Euro 298.7 million higher level compared to 2018 and is mostly a result of the higher trade deficit in goods.



Source: NBRNM.



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

### ***Financial account***

In the fourth quarter of 2019, there were net inflows of Euro 254.2 million from financial transactions with non-residents. Significant net inflows were registered in direct investments (Euro 176.5 million), trade credits (Euro 164.4 million) and loans (Euro 129.8 million), and foreign reserves increased by Euro 156.4 million.

On a net basis, in the fourth quarter of 2019, direct investments registered net inflows, in a total amount of Euro 176.5 million. Analyzed by component, such performances are a result of the net inflows in intercompany debt (Euro 135.9 million) and in equity (Euro 50.3 million), amid net outflows in reinvestment of earnings (Euro 9.7 million). In 2019, net inflows in the amount of Euro 290.6 million are registered from direct investments. Observing components, net inflows were registered in equity (Euro 189 million), reinvested earnings (Euro 92.3 million), as well as in intercompany debt (Euro 9.4 million). Compared to last year, direct investments decreased by Euro 313.1 million, driven by the debt component and reinvested earnings, while equity remained almost unchanged.

In the fourth quarter of 2019, liabilities based on direct investments<sup>2</sup> decreased by Euro 36.4 million, as a result of reduced liabilities based on intercompany debt (Euro 88.6 million) and reinvested earnings (Euro 7.3 million), fall partially offset by the increased liabilities on equity (Euro 59.5 million). The reduced reinvested earnings are a result of the dividends paid in the fourth quarter of the year in the amount of Euro 112.3 million. Cumulatively in 2019, liabilities to direct investors increased by Euro 423.3 million, which is by Euro 115.5 million less compared to 2018, mainly as a result of the reduced reinvested earnings, amid higher payment of dividends.

In the fourth quarter, assets based on direct investments decreased by Euro 212.9 million, as a result of the reduced claims based on debt instruments (Euro 224.4 million), amid growth of the claims based on equity and reinvested earnings (of Euro 9.2 million and Euro 2.3 million, respectively). Cumulatively, for 2019, assets increased by Euro 132.7 million, as opposed to the decline (of Euro 64.9 million) registered in 2018, and the change (of Euro 197.6 million) is mostly due to the increased claims on debt instruments.

In the fourth quarter of the year, the net liabilities based on portfolio investments decreased by Euro 36.3 million, mostly as a result of purchase of Eurobonds from previous issues (by domestic commercial banks) and payment of interest on the issued Eurobonds.

In the fourth quarter of 2019, loans registered net inflows of Euro 129.8 million, mostly as a result of the net inflows in the government sector (of Euro 97 million), and to a lesser extent in other sectors<sup>3</sup> (Euro 40.8 million), partially offset by the net outflows in the depository corporations sector (Euro 8.5 million). Cumulatively for 2019, net inflows based on loans amounted to Euro

---

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

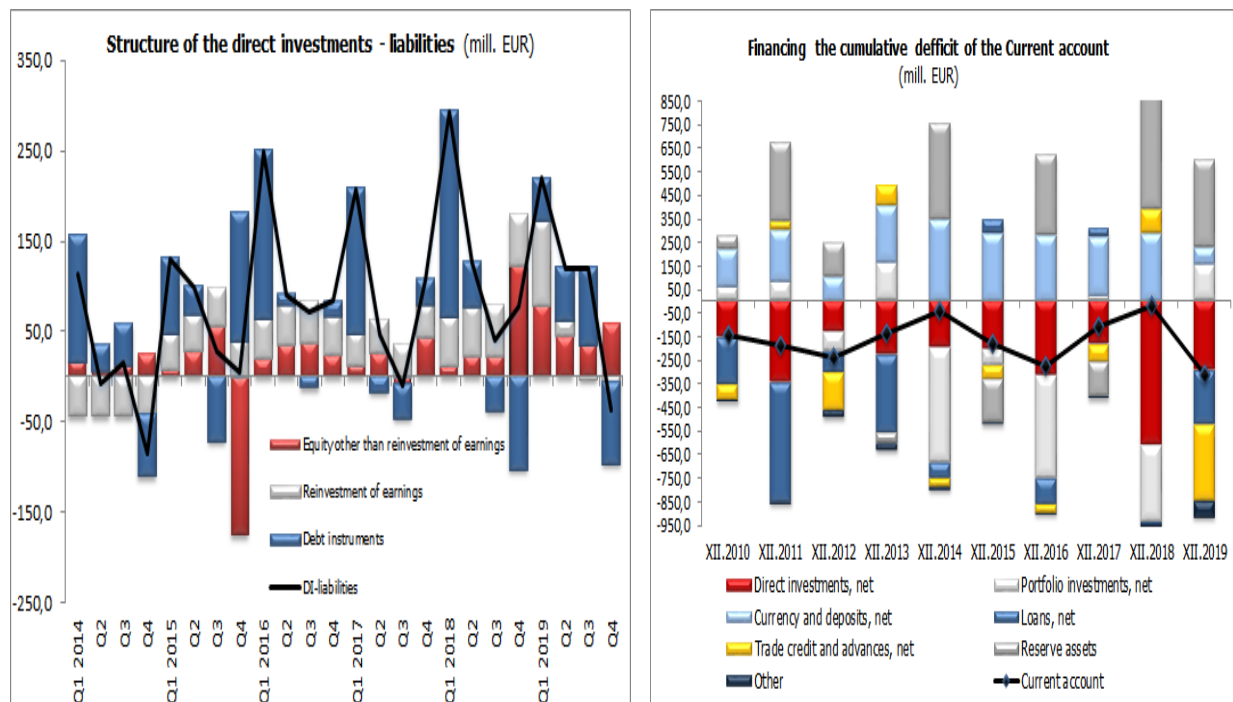
<sup>3</sup>Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



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

231.4 million, with significant net inflows in other sectors (Euro 118.4 million), the government sector (Euro 62.2 million) and the depository corporations sector (Euro 50.8 million).

In 2019, the net inflows from trade credits (Euro 318.3 million), loans (Euro 231.4 million) and direct investments (Euro 290.6 million) exceeded the net outflows of assets based on portfolio investments (Euro 150.6 million) and currency and deposits (Euro 74.2 million), which enabled financing of the current account deficit of Euro 313.5 million and significant growth of foreign reserves of Euro 374.6 million.



Source: NBRNM.

### Data revisions

Balance of payments data in this press release contain regular data revision for the period January - September 2019 in order to improve their quality. The revision of current account data increased the deficit by Euro 13.6 million, mainly as a result of the increase in the trade deficit in goods (of Euro 12 million) and decrease in the trade surplus in services (of Euro 8.1 million), as opposed to the improvement of the performance in the primary and secondary income (of Euro 5.3 million and Euro 1.2 million). The revision of financial account data refers to an increase in net inflows from trade credits (of Euro 18.5 million) and loans (of Euro 3.5 million). The data revision led to a reduction of the errors and omissions for the period January - September 2019 (of Euro 10 million).



## National Bank of the Republic of North 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](http://www.nbrm.mk/platen_bilans-en.nspix)

Methodological explanations:

[http://www.nbrm.mk/content/statistika/pb/metodologija/BOP\\_Methodology\\_5\\_2\\_2018.pdf](http://www.nbrm.mk/content/statistika/pb/metodologija/BOP_Methodology_5_2_2018.pdf)

Next publications: Advance Release Calendar

[http://www.nbrm.mk/content/statistika/kalendar/Advance\\_Release\\_Calendar.pdf](http://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf)

Quarterly balance of payments: 29 May 2020 (reference period as of March 2020).

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).