



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 30 August 2019

Press Release

Significant developments in the balance of payments¹ in the second quarter of 2019

In the second quarter of 2019, current transactions with non-residents registered a deficit of Euro 39.4 million, mainly as a result of the trade deficit in goods. Financial transactions with non-residents registered net inflows from currency and deposits, trade credits, loans and direct investments, and net outflows on portfolio investments. In the second quarter, foreign reserves increased by Euro 49.4 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 2019	Q2 2019	Q1-Q2 2019	Q1 2018	Q2 2018	Q1-Q2 2018	millions of euros	%	millions of euros	%	millions of euros	%
Current account	-156.1	-39.4	-195.5	-144.5	23.9	-120.6	116.8	-74.8	-63.2	...*	-74.9	62.1
Goods	-472.7	-433.9	-906.6	-463.0	-406.6	-869.6	38.9	-8.2	-27.3	6.7	-37.0	4.3
Services	102.6	97.9	200.5	102.8	116.8	219.6	-4.7	-4.6	-18.9	-16.2	-19.1	-8.7
Primary income	-112.4	-111.3	-223.7	-113.5	-111.2	-224.7	1.1	-1.0	-0.1	0.1	1.0	-0.4
Secondary income	326.4	407.9	734.3	329.2	424.8	754.0	81.5	25.0	-16.9	-4.0	-19.8	-2.6
Capital account	0.6	0.1	0.7	0.3	0.2	0.6	-0.5		-0.1		0.1	
Financial account	-154.7	-24.6	-179.2	-159.8	37.3	-122.5	130.1		-61.8		-56.7	
Direct investment	-41.2	-7.6	-48.7	-235.4	-74.1	-309.6	33.6		66.5		260.8	
Net acquisition of financial assets	179.2	111.1	290.3	64.2	57.3	121.5	-68.1		53.8		168.8	
Equity**	3.3	5.5	8.8	0.5	0.7	1.1	2.2		4.8		7.7	
Reinvestment of earnings	3.3	1.6	4.9	3.7	0.9	4.5	-1.6		0.8		0.4	
Debt instruments	172.6	104.0	276.6	60.0	55.8	115.8	-68.7		48.2		160.8	
Net incurrence of liabilities	220.3	118.7	339.0	299.6	131.4	431.0	-101.6		-12.7		-92.0	
Equity**	78.8	45.1	123.9	13.0	22.3	35.3	-33.8		22.8		88.6	
Reinvestment of earnings	93.8	16.3	110.1	99.3	26.2	125.5	-77.5		-9.9		-15.4	
Debt instruments	47.7	57.3	105.0	187.3	83.0	270.3	9.6		-25.7		-165.3	
Portfolio investment	22.3	18.3	40.6	-368.6	1.5	-367.2	-4.0		16.8		407.8	
Currency and deposits	35.2	-30.0	5.3	80.2	72.8	153.1	-65.2		-102.8		-147.8	
Loans	-16.8	-25.6	-42.4	47.5	-57.1	-9.6	-8.8		31.5		-32.9	
Trade credit and advances	-148.7	-28.7	-177.4	59.9	33.9	93.9	120.1		-62.6		-271.3	
Reserve assets	-5.6	49.4	43.8	256.6	60.9	317.6	54.9		-11.5		-273.7	

...* the percentage change is above 100

** Equity other than reinvestment of earnings

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

In the second quarter of 2019, current transactions with non-residents registered deficits in the trade in goods (Euro 433.9 million) and in the primary income (Euro 111.3 million), which exceeded the inflows in secondary income and trade in services (Euro 407.9 million and Euro 97.9 million, respectively).

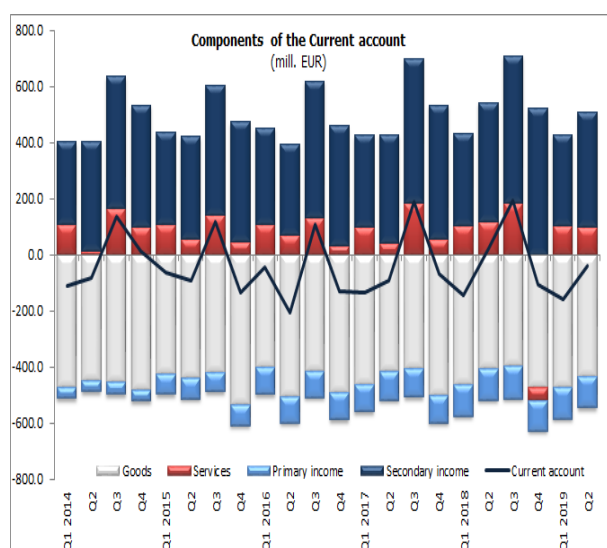
¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



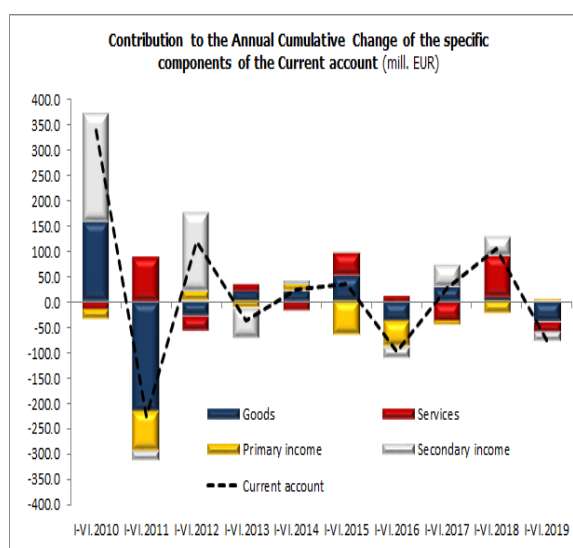
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On a quarterly basis, improved performance was registered in all current account components, with the exception of the sub-balance of services, leading to a positive quarterly change (narrowing in the current account deficit) of Euro 116.8 million. The most important improvements on a quarterly basis were registered in the secondary income and in the trade in goods (Euro 81.5 million and Euro 38.9 million, respectively), partially offset by the slightly weaker performances in the trade in services (by Euro 4.7 million).

Compared to the second quarter of the previous year, when a surplus was registered, this quarter registered current account deficit. The change in the balance of the current account on an annual basis is negative and amounts to Euro 63.2 million. Analyzing the contribution of individual components, the annual change is mostly explained by the higher deficit in the trade in goods (Euro 27.3 million), as well as the reduced surplus in the trade in services and in the secondary income (Euro 18.9 million and Euro 16.9 million, respectively).



Source: NBRNM.



Financial account

In the second quarter of 2019, there were net inflows of Euro 24.6 million from financial transactions with non-residents. Analyzed by category, net inflows were recorded in currency and deposits (Euro 30 million), trade credits (Euro 28.7 million), loans (Euro 25.6 million) and direct investments (Euro 7.6 million), while net outflows were registered only in portfolio investments (Euro 18.3 million). Foreign reserves have increased by Euro 49.4 million.

Net inflows of Euro 7.6 million in direct investments in this quarter are the result of equity (Euro 39.5 million) and reinvested earnings (Euro 14.7 million), while intercompany debt reduced direct investments (Euro 46.6 million).



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In the second quarter of 2019, liabilities on direct investments² increased by Euro 118.7 million, as a result of the increase in liabilities in all categories: intercompany debt (Euro 57.3 million), equity (Euro 45.1 million) and reinvested earnings (Euro 16.3 million).

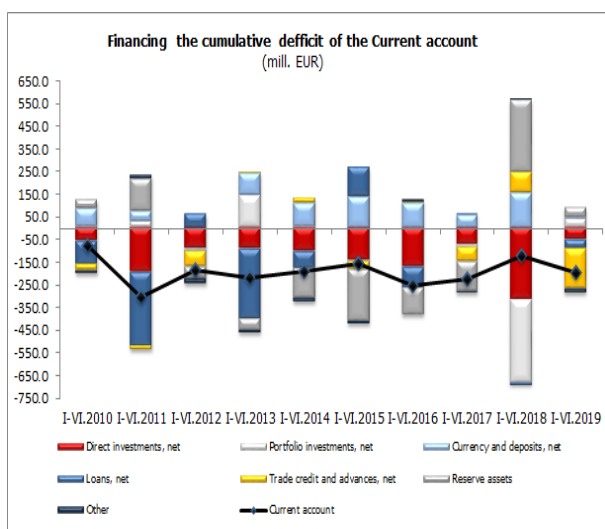
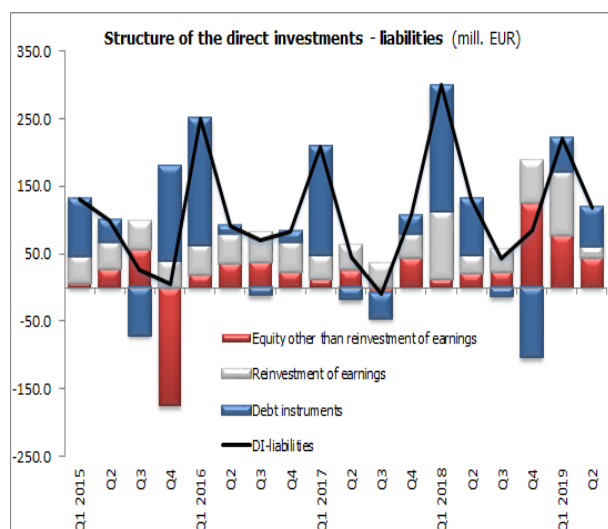
Direct investment assets increased by Euro 111.1 million, mainly as a result of the increased claims on intercompany debt (Euro 104 million).

In the second quarter of the year, the net claims on portfolio investments increased by Euro 18.3 million, mostly as a result of the investments of domestic entities in foreign debt and equity securities (Euro 12.5 million and Euro 6.3 million, respectively).

In the analyzed quarter, the net inflows based on loans of Euro 25.6 million mainly resulted from the net inflows in other sectors³ (Euro 28.6 million) and in the depository corporations sector (Euro 10.2 million), while the government sector registered net outflows in the amount of Euro 14.7 million.

In the first half of the year, net inflows from trade credits (Euro 177.4 million), direct investments (Euro 48.7 million) and loans (Euro 42.4 million), exceeded the net outflows on portfolio investments (Euro 40.6 million) and currency and deposits (Euro 5.3 million), which enabled full financing of the current account deficit and increase in foreign reserves of Euro 43.8 million.

Observing the structure of direct investments in the first half of the year, net inflows of Euro 48.7 million are mostly a result of the investments in equity (Euro 115.1 million) and reinvested earnings (Euro 105.2 million), while intercompany debt reduced direct investments (Euro 171.6 million).



Source: NBRNM.

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

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



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Data revisions

Balance of payments data in this press release contain regular data revision for the period January - March 2019, aimed to improve their quality. The revision of current account data reduced the deficit by Euro 6.3 million, mainly reflecting the increase in the surplus in services trade (of Euro 4.3 million).

In the financial account, the revision increased the net outflows in trade credits by Euro 20.5 million, reduced direct investment assets by Euro 14.9 million and increased direct investments liabilities by Euro 4.7 million.

The data revision reduced the errors and omissions for the period January - March 2019 (by Euro 3.5 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: 29 November 2019 (reference period as of September 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 or phone: 02 3215 181 extension 103 (or 110/108).