



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

Skopje, 30 November 2020

### Press Release

### Significant developments in the balance of payments<sup>1</sup> in the third quarter of 2020

In the third quarter of 2020, current transactions with non-residents registered a deficit of Euro 43.3 million, mainly as a result of the trade deficit in goods. Financial transactions with non-residents registered net inflows from loans and trade credits, and net outflows on currency and deposits, portfolio investments and direct investments.

### 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 2020	Q2 2020	Q3 2020	Q1-Q3.2020	Q1 2019	Q2 2019	Q3 2019	Q1-Q3.2019	millions of euros	%	millions of euros	%	millions of euros	%
<b>Current account</b>	-148,3	-85,0	-43,3	-276,6	-175,0	-65,6	162,2	-78,4	41,8	-49,1	-205,4	...*	-198,2	...*
Goods	-548,2	-354,0	-402,5	-1.304,7	-475,1	-443,5	-436,3	-1.354,9	-48,5	13,7	33,8	-7,7	50,2	-3,7
Services	167,0	106,6	84,7	358,3	102,0	96,8	174,5	373,3	-21,9	-20,5	-89,8	-51,4	-15,0	-4,0
Primary income	-92,9	-91,7	-98,7	-283,3	-129,9	-127,7	-130,2	-387,7	-7,0	7,6	31,5	-24,2	104,4	-26,9
Secondary income	325,8	254,0	373,2	953,0	328,0	408,8	554,1	1.290,9	119,2	46,9	-180,9	-32,7	-337,9	-26,2
<b>Capital account</b>	0,3	1,4	0,9	2,6	0,6	0,1	5,9	6,6	-0,5		-5,0		-4,0	
<b>Financial account</b>	-161,9	-62,5	-24,0	-248,3	-176,1	-51,8	188,3	-39,6	38,5		-212,2		-208,8	
Direct investment	-128,1	13,7	17,8	-96,6	-59,3	-29,2	-82,3	-170,8	4,1		100,1		74,2	
Net acquisition of financial assets	106,1	-12,5	47,8	141,4	177,6	108,5	58,3	344,4	60,3		-10,5		-202,9	
Equity**	5,3	6,7	6,5	18,5	1,8	5,7	12,9	20,3	-0,1		-6,3		-1,8	
Reinvestment of earnings	3,2	2,5	2,4	8,1	2,2	2,2	2,2	6,7	-0,1		0,2		1,4	
Debt instruments	97,6	-21,7	38,9	114,8	173,5	100,6	43,2	317,4	60,6		-4,3		-202,5	
Net incurrence of liabilities	234,2	-26,2	30,0	238,1	236,8	137,7	140,6	515,1	56,2		-110,6		-277,1	
Equity**	20,6	48,3	8,2	77,1	79,1	45,7	36,4	161,2	-40,1		-28,2		-84,1	
Reinvestment of earnings	78,8	21,0	-37,7	62,1	43,9	43,9	43,9	131,8	-58,7		-81,6		-69,7	
Debt instruments	134,9	-95,5	59,5	98,9	113,8	48,1	60,3	222,2	155,1		-0,7		-123,3	
Portfolio investment	31,6	-632,5	77,5	-523,3	22,3	19,9	72,7	114,9	710,0		4,9		-638,3	
Currency and deposits	71,8	130,9	176,1	378,8	35,0	-30,6	98,5	102,9	45,2		77,6		275,9	
Loans	113,0	-167,9	-83,4	-138,3	-16,9	-25,2	-54,9	-97,1	84,5		-28,5		-41,2	
Trade credit and advances	-0,9	-10,9	-57,4	-69,2	-153,2	-35,7	32,3	-156,5	-46,5		-89,8		87,3	
Reserve assets	-249,3	604,0	-153,8	200,9	-5,6	49,4	174,4	218,2	-757,8		-328,2		-17,3	

...\* 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: 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.

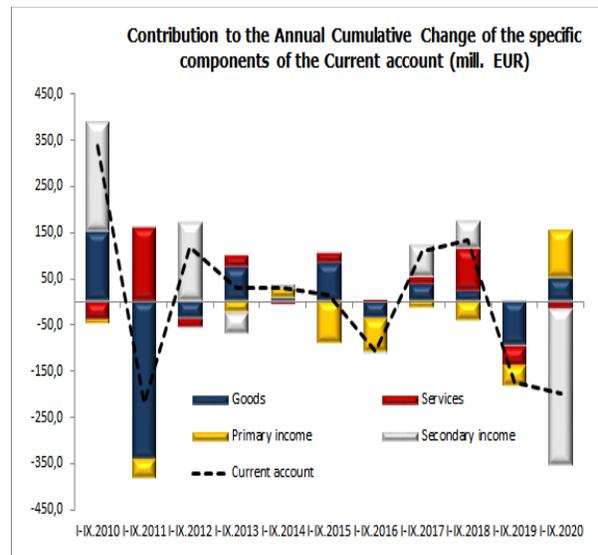
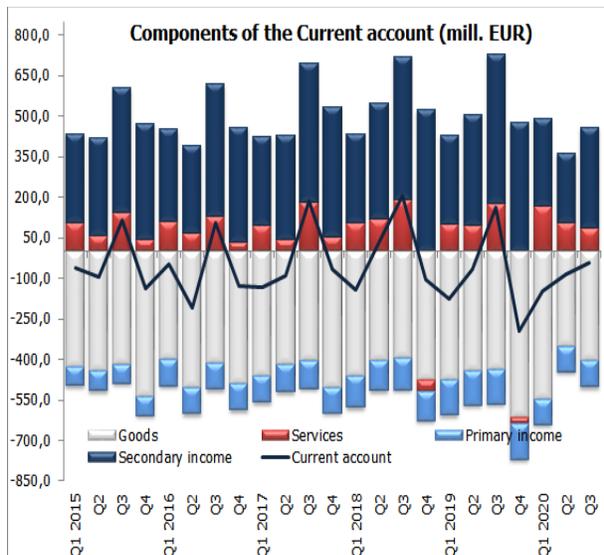


***Current account***

In the third quarter of 2020, within the individual components of the current account, a deficit was registered in the trade in goods (Euro 402.5 million) and in the balance of the primary income (Euro 98.7 million). On the other hand, the secondary income and the trade in services still register net inflows (Euro 373.2 million and Euro 84.7 million, respectively).

On a quarterly basis, the current account deficit decreased by Euro 41.8 million. The positive quarterly change is mainly a result of the increased surplus in secondary income by Euro 119.2 million. The deficit in the trade in goods and the primary income increased (by Euro 48.5 million and Euro 7 million, respectively), and the surplus in the sub-balance of services decreased (by Euro 21.9 million). Moreover, the increased trade deficit in goods of Euro 48.5 million results from the larger increase in the import relative to the increase in the export of goods.

Compared to the same quarter last year, when the current account was in surplus, the current account balance deteriorated by Euro 205.4 million on an annual basis. Observed by the contribution of individual components, the annual change is mostly explained by the reduced surplus in the secondary income and in the trade in services (by Euro 180.9 million and Euro 89.8 million, respectively). In contrast, the deficit in the trade in goods and the primary income improved on an annual basis (by Euro 33.8 million and Euro 31.5 million, respectively).



Source: NBRNM.



### ***Financial account***

In the third quarter of 2020, there were net inflows of Euro 24 million from financial transactions with non-residents. Analyzed by category, net inflows were registered in loans (Euro 83.4 million) and trade credits (Euro 57.4 million), while net outflows were registered in currency and deposits (Euro 176.1 million), portfolio investments (Euro 77.5 million) and direct investments (Euro 17.8 million).

In the third quarter, direct investments registered net outflows of Euro 17.8 million. Analyzed by component, such performances are due to the category of reinvestment of earnings (Euro 40.1 million), amid net inflows in intercompany debt (Euro 20.6 million) and in equity (Euro 1.7 million). As of September, net inflows from direct investments in the amount of Euro 96.6 million have been registered since the beginning of the year.

In the third quarter of 2020, liabilities on direct investments<sup>2</sup> increased by Euro 30 million. This results from the growth of intercompany debt (Euro 59.5 million) and the growth of liabilities in equity (Euro 8.2 million), in conditions of reduced reinvestment of earnings (Euro 37.7 million).

Assets on the basis of direct investments increased by Euro 47.8 million, as a result of the growth of claims in all categories: intercompany debt (Euro 38.9 million), equity (Euro 6.5 million) and reinvestment of earnings (Euro 2.4 million).

In the third quarter of the year, the net liabilities based on portfolio investments decreased by Euro 77.5 million, mostly as a result of purchase of Eurobonds from previous issues and payment of interest on the issued Eurobonds.

In the third quarter of 2020, the net inflows based on loans of Euro 83.4 million largely result from the net inflows in the depository corporations sector (Euro 66 million), and to a lesser extent from the net inflows in other sectors<sup>3</sup> (Euro 12 million) and the government sector (Euro 6.4 million).

In the first three quarters of the year, net inflows from portfolio investments (Euro 523.3 million), loans (Euro 138.3 million), direct investments (Euro 96.6 million), and trade credits (Euro 69.2 million) exceeded the net outflows on currency and deposits (Euro 378.8 million), which enabled full financing of the current account deficit of Euro 276.6 million and increase in foreign reserves of Euro 200.9 million.

Observing the structure of direct investments in the period January-September 2020, net inflows of Euro 96.6 million are mostly a result of the investments in equity (Euro 58.6 million) and

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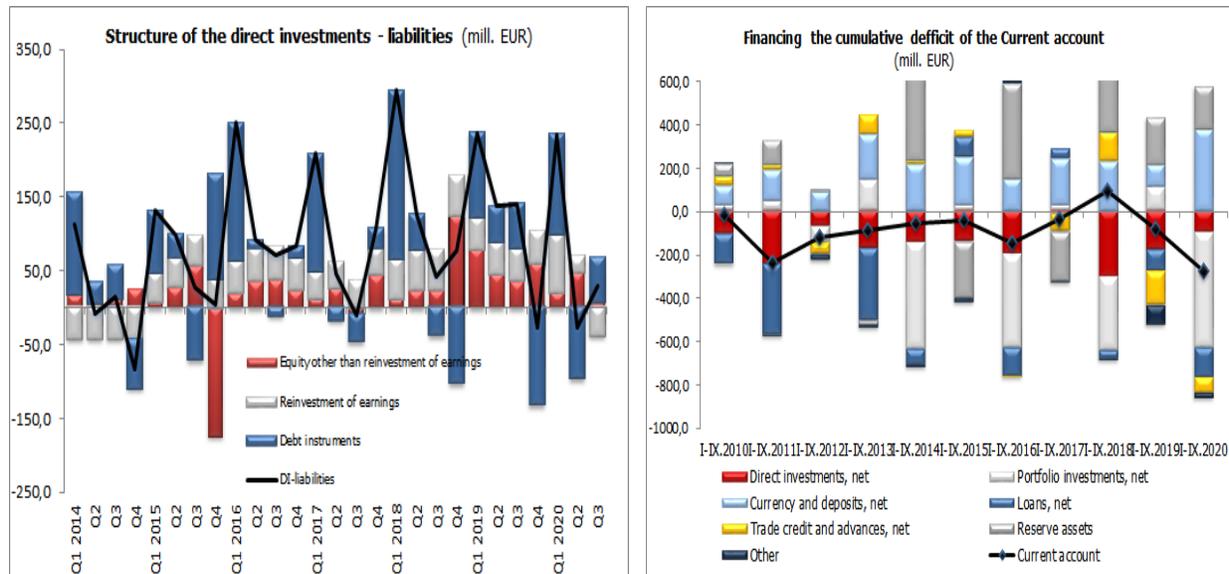
<sup>2</sup> It shows direct investment depending on whether financial transactions create a liability to or claim (assets) on abroad.

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



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reinvestment of earnings (Euro 54 million), while intercompany debt reduced direct investments (Euro 16 million).



Source: NBRNM.

### Data revisions

Balance of payments data in this press release contain regular data revision for the period January–June 2020, aimed to improve their quality. The revision of current account data reduced the deficit by Euro 1.4 million.

In the financial account, the revision increased the net inflows in direct investments by Euro 2.3 million and reduced the net inflows in trade credits by Euro 3.2 million.

The data revision reduced the errors and omissions for the period January – June 2020 (by Euro 0.5 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](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)

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Quarterly balance of payments: 26 February 2021 (reference period as of December 2020).



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Statistics Department**

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).