



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 May 2021

Press Release

Significant developments in the balance of payments¹ in the first quarter of 2021

In the first quarter of 2021, current transactions with non-residents registered a deficit of Euro 61.2 million, as a result of the deficit in the trade in goods and in the balance of primary income. Financial transactions with non-residents registered net inflows from portfolio investments, trade credits and loans, and net outflows on direct investments and currency and deposits.

(in millions of euros)

	current year	previous year		quarterly change		annual change	
	Q1. 2021	Q1 2020	Q4 2020	millions of euros	%	millions of euros	%
Current account	-61,2	-156,1	-72,4	11,2	-15,5	94,9	-60,8
Goods	-504,1	-546,3	-506,6	2,5	-0,5	42,2	-7,7
Services	188,1	164,8	78,9	109,3	...*	23,4	14,2
Primary income	-128,6	-100,4	-107,0	-21,6	20,2	-28,2	28,1
Secondary income	383,3	325,8	462,3	-79,0	-17,1	57,5	17,7
Capital account	-3,7	0,3	3,6	-7,3		-3,9	
Financial account	-30,5	-170,6	-54,0	23,5		140,1	
Direct investment	25,9	-135,9	-84,3	110,2		161,8	
Net acquisition of financial assets	348,6	106,1	-271,9	620,5		242,5	
<i>Equity**</i>	45,9	5,3	6,7	39,3		40,7	
<i>Reinvestment of earnings</i>	1,7	3,2	2,1	-0,4		-1,5	
<i>Debt instruments</i>	301,0	97,6	-280,7	581,6		203,3	
Net incurrence of liabilities	322,7	242,0	-187,5	510,3		80,7	
<i>Equity**</i>	33,9	20,6	19,5	14,4		13,3	
<i>Reinvestment of earnings</i>	95,5	86,3	-69,9	165,3		9,2	
<i>Debt instruments</i>	193,4	135,1	-137,2	330,6		58,2	
Portfolio investment	-636,9	31,6	239,5	-876,5		-668,5	
Currency and deposits	28,0	71,8	111,4	-83,5		-43,9	
Loans	-20,6	113,0	-132,8	112,2		-133,6	
Trade credit and advances	-39,5	-1,9	-100,3	60,8		-37,7	
Reserve assets	611,5	-249,3	-86,3	697,8		860,8	

...* 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.

¹ 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.

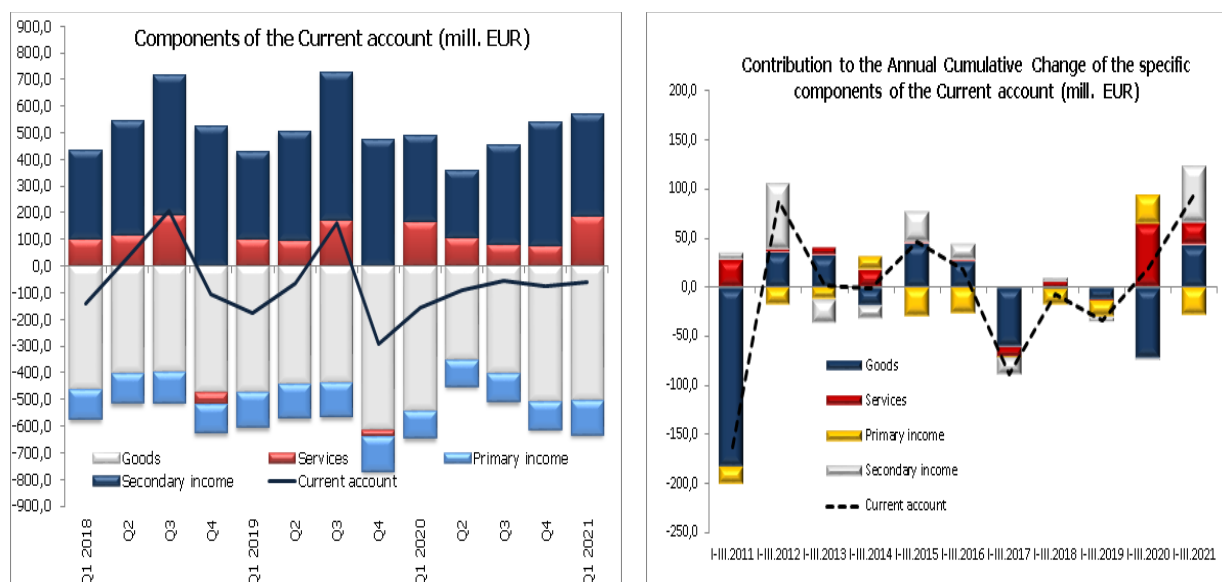


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Current account

In the first quarter of the year, in current transactions with non-residents, a deficit was registered in the trade in goods (Euro 504.1 million) and in the primary income (Euro 128.6 million), which exceeded the net inflows in the secondary income and in the trade in services (Euro 383.3 million and Euro 188.1 million, respectively).

Compared to the same quarter last year, the current account deficit decreased by Euro 94.9 million, as a result of the increased net inflows in the secondary income (by Euro 57.5 million), the reduced trade deficit in goods (by Euro 42.2 million) and the increased trade surplus in services (by Euro 23.4 million), in conditions of an increased deficit of the primary income (by Euro 28.2 million).



Source: NBRNM.

Financial account

In the first quarter of 2021, there were net inflows of Euro 30.5 million from financial transactions with non-residents. Significant net inflows were registered in portfolio investments (Euro 636.9 million), trade credits (Euro 39.5 million) and loans (Euro 20.6 million), while net outflows in currency and deposits and in direct investments (Euro 28 million and Euro 25.9 million, respectively). Foreign reserves increased by Euro 611.5 million.

In the first quarter, assets on the basis of direct investments increased by Euro 348.6 million, as a result of the increased claims based on intercompany lending (Euro 301 million), equity (by Euro 45.9 million) and reinvestment of earnings (Euro 1.7 million).



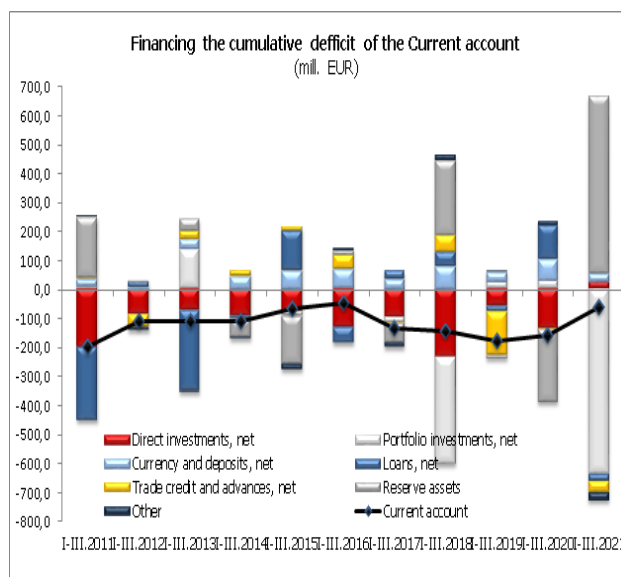
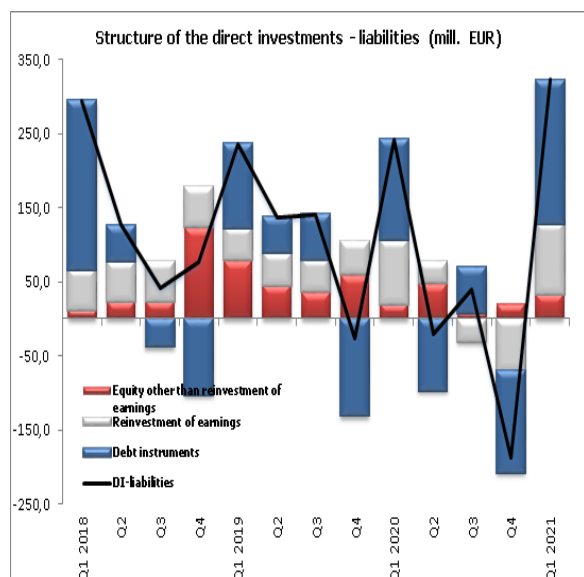
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In the first quarter of 2021, an increase was also registered in liabilities based on direct investments² of Euro 322.7 million, amid increased liabilities in all components - intercompany lending (Euro 193.4 million), reinvestment of earnings (Euro 95.5 million) and equity (Euro 33.9 million).

In accordance with such changes of assets and liabilities, on a net basis, direct investments in the first quarter of 2021 registered net outflows of Euro 25.9 million, as a reflection of intercompany lending (Euro 107.6 million) and equity (Euro 12.1 million), in circumstances of growth in the net inflows in reinvestment of earnings (Euro 93.7 million).

In the first quarter of 2021, the net liabilities based on portfolio investments increased by Euro 636.9 million, mostly as a result of the government borrowing on the international capital market, i.e. as a result of the inflows from the new issuance of Eurobonds. Portfolio investment liabilities are partly reduced by decreasing the external liabilities of the government sector on the basis of interest repayment on the basis of issued Eurobonds, as well as purchase of Eurobonds from previous issues by domestic entities - residents.

In the first quarter of 2021, net liabilities based on loans increased by Euro 20.6 million. The increase was mostly due to the net usage in the other sectors³ (Euro 17.7 million), and to a lesser extent in the depository corporations sector (Euro 3.2 million), while the government sector registered net outflows (Euro 2.2 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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Supporting information

Time series of data: annual, quarterly and monthly data on the balance of payments

https://www.nbrm.mk/platen_bilans-en.nspix

Methodological explanations:

https://www.nbrm.mk/content/statistika/pb/metodologija/BOP_Methodology_5_2_2018.pdf

Next publications: Advance Release Calendar:

https://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf

Quarterly balance of payments: 31 August 2021 (reference period as of June 2021).

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).