



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 28 February 2022

Press Release

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

In the fourth quarter of 2021, current transactions with non-residents registered a deficit of Euro 346.5 million, mainly as a result of the trade deficit in goods. In the same period, financial transactions with non-residents registered net inflows from direct investments, trade credits and loans, and net outflows on the basis of currency and deposits and portfolio 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 2021	Q2 2021	Q3 2021	Q4 2021	Q1-Q4-2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q4-2020	millions of euros	%	millions of euros	%	millions of euros	%
Current account	-53,0	-115,3	99,1	-346,5	-415,7	-155,7	-90,0	-50,6	-69,9	-366,2	-445,5	...	-276,6	...	-49,5	13,5
Goods	-505,2	-565,0	-505,5	-798,9	-2.374,6	-545,2	-351,9	-402,0	-505,5	-1.804,6	-293,4	58,0	-293,4	58,0	-569,9	31,6
Services	193,3	130,2	142,9	33,0	499,4	162,9	105,2	80,9	77,6	426,5	-109,9	-76,9	-44,6	-57,5	72,9	17,1
Primary income	-137,9	-144,1	-137,8	-139,0	-558,9	-100,7	-99,4	-104,7	-106,7	-411,5	-1,2	0,9	-32,3	30,3	-147,4	35,8
Secondary income	396,7	463,7	599,5	558,5	2.018,3	327,3	256,1	375,2	464,8	1.423,4	-41,0	-6,8	93,7	20,2	594,9	41,8
Capital account	-3,7	2,7	0,2	2,6	1,8	0,3	4,3	1,8	4,8	11,2	2,4		-2,2		-9,5	
Financial account	-47,4	-93,3	127,1	-325,6	-339,2	-170,3	-68,7	-35,1	-54,9	-329,0	-452,6		-270,6		-10,2	
Direct investment	3,5	-217,0	-24,6	-197,1	-435,2	-123,2	8,6	8,2	-48,3	-154,7	-172,5		-148,8		-280,5	
Net acquisition of financial assets	332,0	5,0	113,4	-270,1	180,3	111,2	-12,0	48,1	-274,0	-126,8	-383,5		3,9		307,1	
Equity**	45,9	2,4	12,0	-1,8	58,5	5,3	6,6	6,5	6,0	24,4	-13,8		-7,8		34,1	
Reinvestment of earnings	1,7	2,1	3,3	2,1	9,2	3,1	3,1	3,1	3,1	12,3	-1,2		-1,0		-3,1	
Debt instruments	284,3	0,6	98,1	-270,5	112,5	102,8	-21,7	38,5	-283,2	-163,5	-368,5		12,7		276,0	
Net incurrence of liabilities	328,4	222,0	138,0	-73,0	615,5	234,4	-20,7	39,8	-225,7	27,9	-211,0		152,7		587,5	
Equity**	33,9	31,2	48,5	59,4	172,9	21,2	49,0	9,0	19,7	99,0	10,9		39,7		73,9	
Reinvestment of earnings	105,0	84,6	35,7	-87,6	137,6	-0,4	-0,4	-0,4	-0,4	-1,4	-123,2		-87,2		139,0	
Debt instruments	189,6	106,3	53,9	-44,8	304,9	213,6	-69,3	31,1	-245,1	-69,7	-98,7		200,2		374,6	
Portfolio investment	-636,9	8,6	477,4	35,8	-115,1	31,6	-632,5	77,5	239,5	-283,8	-441,6		-203,7		168,8	
Currency and deposits	27,6	119,7	146,7	139,7	433,7	71,8	130,5	175,6	111,0	489,0	-7,0		28,8		-55,3	
Loans	-19,1	-147,0	18,1	-96,9	-245,0	113,0	-166,7	-80,8	-134,2	-268,7	-115,0		37,3		23,8	
Trade credit and advances	-35,1	47,7	6,1	-139,2	-120,5	-14,1	-12,8	-61,2	-135,4	-223,6	-145,3		-3,8		103,0	
SDR (Special Drawing Rights)	0,0	0,0	163,4		163,4	0,0	-0,1	0,0	0,0	-0,1	-163,4		0,0		163,5	
Reserve assets	611,5	94,5	-333,5	-67,9	304,7	-249,3	604,0	-153,8	-86,3	114,6	265,6		18,4		190,0	

...* 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.



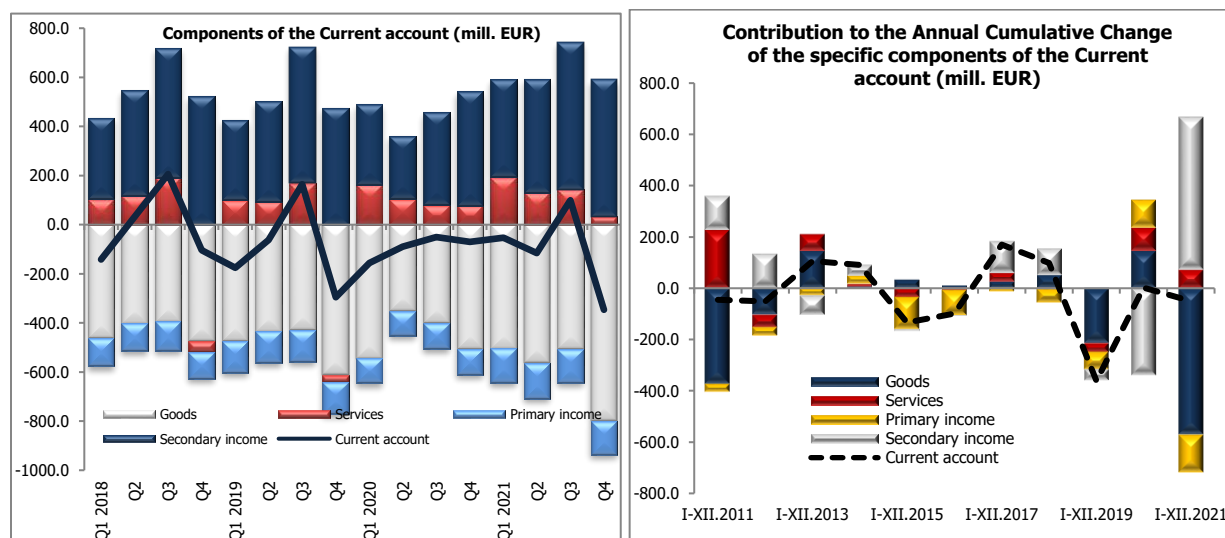
National Bank of the Republic of North Macedonia Statistics Department

Current account

Observing the developments in the individual current account components, in the fourth quarter of 2021, the deficit in the trade in goods (Euro 798.9 million) and in the primary income (Euro 139 million), exceeded the net inflows registered in the secondary income and in the trade in service (Euro 558.5 million and Euro 33 million, respectively).

Despite the current account surplus in the third quarter of 2021 (Euro 99.1 million), the fourth quarter registered a deficit of Euro 346.5 million, indicating a quarterly increase in the net outflows in the current account of Euro 445.5 million. These changes are explained by the changes in the balances of all current account components - in trade (Euro 293.4 million), trade in services (Euro 109.9 million) and in secondary and primary income (Euro 41 million and Euro 1.2 million, respectively). Moreover, the increased trade deficit in goods results from the larger increase in the import relative to the increase in the export of goods (by 16.2% and 2.2%, respectively).

Compared with the fourth quarter of the previous year, the current account deficit increased by Euro 276.6 million, which is mostly explained by the higher trade deficit in goods (by Euro 293.4 million) and the weaker performances of the trade in services and primary income (by Euro 44.6 million and Euro 32.3 million, respectively). Favorable movements were registered in the secondary income, where the net inflows increased by Euro 93.7 million.



Source: NBRNM.

In 2021, the current account deficit amounted to Euro 415.7 million, which is a level higher by Euro 49.5 million compared to 2020 and is mostly a result of the higher trade deficit in goods (Euro 569.9 million), as well as of the deficit in primary income (Euro 147.4 million). The other categories registered favorable performances, i.e. an increase in the surplus in the secondary income and in the trade in services (by Euro 594.9 million and Euro 72.9 million, respectively).



Financial account

In the fourth quarter of 2021, there were net inflows of Euro 325.6 million from financial transactions with non-residents. Significant net inflows were registered in direct investments (Euro 197.1 million), trade credits (Euro 139.2 million) and loans (Euro 96.9 million), while net inflows were registered in currency and deposits (Euro 139.7 million) and portfolio investments (Euro 35.8 million).

In the fourth quarter, direct investments registered net inflows of Euro 197.1 million. Analyzed by component, such performances are a result of the net inflows in intercompany lending (Euro 225.6 million) and in equity (Euro 61.2 million), amid net outflows in reinvestment of earnings (Euro 89.7 million). In 2021, net inflows in the amount of Euro 435.2 million are registered from direct investments, which is an increase of Euro 280.5 million compared to 2020. In 2021, net inflows are recorded in all direct investment components: intercompany lending (Euro 192.4 million), reinvestment of earnings (Euro 128.4 million) and equity (Euro 114.4 million).

In the fourth quarter of 2021, liabilities based on direct investments² decreased by Euro 73 million, as a result of the reduced liabilities based on reinvested earnings (Euro 87.6 million) and intercompany lending (Euro 44.8 million), fall partially offset by the increased liabilities based on equity (Euro 59.4 million). The reduced reinvested earnings are a result of the dividends paid in the fourth quarter of the year in the amount of Euro 206.6 million. Cumulatively in 2021, liabilities to direct investors increased by Euro 615.5 million, which is an increase of Euro 587.5 million compared to 2020 and is a result of the performance in all three direct investment components.

In the fourth quarter, assets based on direct investments decreased by Euro 270.1 million, as a result of the reduced claims based on debt instruments (Euro 270.5 million) and equity (Euro 1.8 million), amid growth of claims based on reinvested earnings (Euro 2.1 million). Cumulatively, for 2021, assets based on direct investments increased by Euro 180.3 million, as opposed to the decrease (of Euro 126.8 million) in 2020. The cumulative change (of Euro 307.1 million) is mostly due to the increased claims based on debt instruments (Euro 276 million) and equity (Euro 34.1 million), while reinvested earnings registered a decline (Euro 3.1 million).

In the fourth quarter of the year, net liabilities on portfolio investments decreased by Euro 35.8 million. This change is mostly due to the increased investments of residents (primarily by other financial corporations) in equity securities (Euro 20.9 million), as well as to the investments in foreign debt securities (Euro 20.4 million), mostly by deposit-taking corporations.

In the fourth quarter of 2021, net inflows based on loans of Euro 96.9 million are mostly a result of the net inflows in the deposit-taking corporations sector (Euro 70.2 million), and to a lesser extent in the other sectors³ (Euro 26.8 million) and the central bank⁴ (Euro 26.4 million), partially

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.

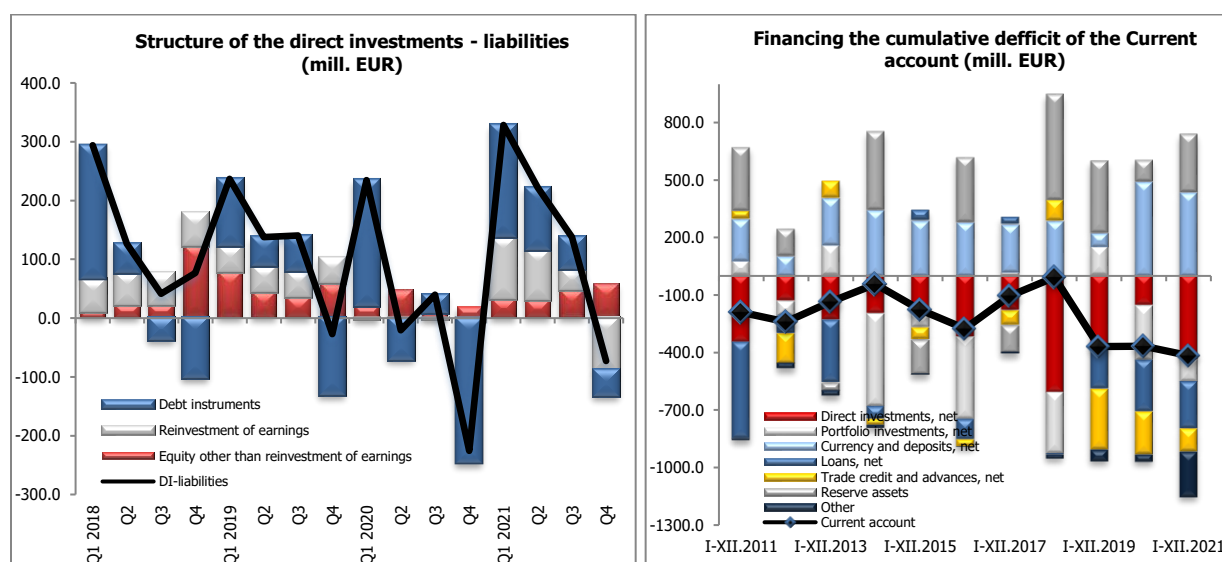
⁴ National Bank activities related to foreign reserves management.



National Bank of the Republic of North Macedonia Statistics Department

offset by the reduced net liabilities of the government sector (Euro 26.4 million). Cumulatively for 2021, net inflows based on loans amounted to Euro 245 million, with significant net inflows in the central bank (Euro 103 million), but also in the deposit-taking corporations sectors (Euro 63.5 million), the government sector (Euro 48.6 million) and the other sectors (Euro 29.9 million).

In 2021, net inflows from direct investments (Euro 435.2 million), loans (Euro 245 million), special drawing rights - SDRs (Euro 163.4 million), trade credits (Euro 120.5 million) and portfolio investments (Euro 115.1 million), exceeded the net outflows on the basis of currency and deposits (Euro 433.7 million), which enabled full financing of the current account deficit of Euro 415.7 million and growth of foreign reserves of Euro 304.7 million.



Source: NBRNM.

Data revisions

Balance of payments data in this press release contain regular data revision for the period January - September 2021 in order to improve their quality. Moreover, the revision of the data in the current account reduced the deficit by Euro 11.8 million, mainly due to the improved performances i.e., the increase in the surplus in the secondary income and in the trade in services (by Euro 44.3 million and Euro 1.5 million, respectively), as opposed to the increase in the deficit in the primary income and in the trade in goods (by Euro 28.1 million and Euro 5.8 million).

The revision in the financial account registered an increase in the net inflows of Euro 40.7 million. The increase mostly refers to the net inflows in direct investments (by Euro 29.6 million) and in trade credits (by Euro 10.7 million).

The data revision led to a reduction of the errors and omissions for the period January - September 2021 of Euro 52.4 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:

<https://nbstat.nbrm.mk/pxweb/en/>

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

Next publications: Advance Release Calendar

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

Quarterly balance of payments: 31 May 2022 (reference period as of March 2022).

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).