



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 August 2021

Press Release

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

In the second quarter of 2021, current transactions with non-residents registered a deficit of Euro 120 million, mainly as a result of the trade deficit in goods. Financial transactions with non-residents registered net inflows from direct investments and loans, and net outflows on currency and deposits, trade credits and portfolio investments. In the second quarter, foreign reserves increased by Euro 94.5 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 2021	Q2 2021	Q1-Q2-2021	Q1 2020	Q2 2020	Q1-Q2-2020	millions of euros	%	millions of euros	%	millions of euros	%
Current account	-54.7	-120.0	-174.7	-156.1	-91.9	-247.9	-65.3	...*	-28.2	30.6	73.2	-29.5
Goods	-505.2	-563.0	-1,068.1	-546.3	-352.4	-898.7	-57.8	11.4	-210.6	59.8	-169.4	18.9
Services	193.4	129.8	323.2	164.8	105.0	269.8	-63.6	-32.9	24.8	23.6	53.4	19.8
Primary income	-127.2	-133.7	-261.0	-100.4	-99.1	-199.4	-6.5	5.1	-34.7	35.0	-61.5	30.9
Secondary income	384.3	446.9	831.2	325.8	254.6	580.4	62.6	16.3	192.3	75.5	250.8	43.2
Capital account	-3.7	2.8	-0.9	0.3	4.3	4.5	6.5		-1.5		-5.4	
Financial account	-27.8	-69.1	-96.9	-170.6	-70.9	-241.6	-41.4		1.8		144.7	
Direct investment	13.9	-204.0	-190.1	-135.9	6.7	-129.1	-217.9		-210.7		-61.0	
Net acquisition of financial assets	331.4	5.5	336.9	106.1	-12.8	93.3	-325.9		18.3		243.6	
Equity**	45.9	2.4	48.4	5.3	6.6	11.9	-43.5		-4.2		36.5	
Reinvestment of earnings	1.7	2.1	3.8	3.2	2.5	5.7	0.4		-0.4		-1.9	
Debt instruments	283.7	1.0	284.7	97.6	-21.9	75.8	-282.7		22.9		209.0	
Net incurrence of liabilities	317.5	209.5	527.0	242.0	-19.5	222.5	-108.0		229.0		304.6	
Equity**	33.9	30.8	64.7	20.6	48.3	68.9	-3.1		-17.5		-4.2	
Reinvestment of earnings	95.5	75.1	170.5	86.3	28.5	114.8	-20.4		46.6		55.7	
Debt instruments	188.2	103.7	291.8	135.1	-96.4	38.8	-84.5		200.0		253.0	
Portfolio investment	-636.9	8.6	-628.3	31.6	-632.5	-600.9	645.5		641.1		-27.5	
Currency and deposits	27.6	120.2	147.8	71.8	130.5	202.4	92.6		-10.3		-54.6	
Loans	-18.5	-145.4	-163.9	113.0	-166.7	-53.7	-126.9		21.3		-110.2	
Trade credit and advances	-26.4	56.9	30.5	-1.9	-13.2	-15.0	83.3		70.1		45.5	
Reserve assets	611.5	94.5	706.1	-249.3	604.0	354.7	-517.0		-509.5		351.3	

...* 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 Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



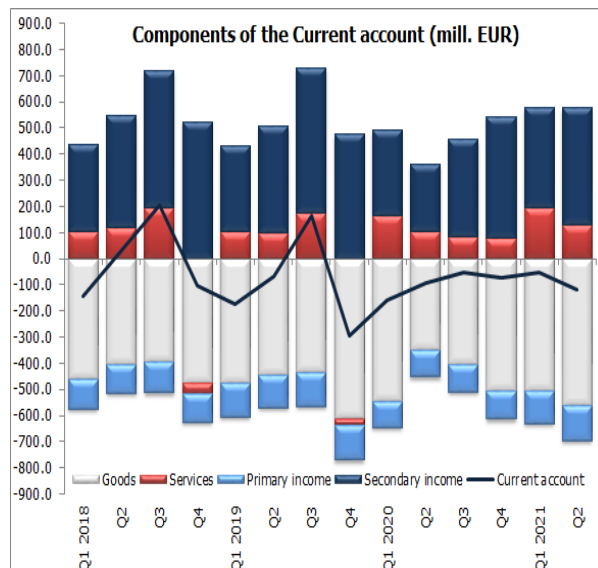
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Current account

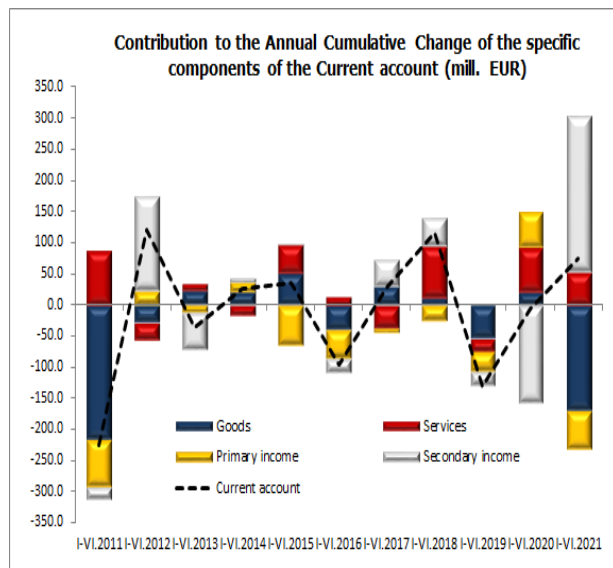
In the second quarter of 2021, current transactions with non-residents registered deficits in the trade in goods (Euro 563 million) and in the primary income (Euro 133.7 million), which exceeded the inflows in secondary income and trade in services (Euro 446.9 million and Euro 129.8 million, respectively).

On a quarterly basis, the current account deficit increased by Euro 65.3 million. This change is mainly a result of the reduced net inflows in the sub-balance of services (by Euro 63.6 million) and the increased net outflows in the trade in goods and the primary income (by Euro 57.8 million and Euro 6.5 million, respectively), in conditions of increased net inflows in the secondary income (by Euro 62.6 million).

Compared to the same quarter last year, the current account deficit widened by Euro 28.2 million, as a result of the increased trade deficit in goods and the primary income (by Euro 210.6 million and Euro 34.7 million, respectively), in conditions of increased surplus in the secondary income (by Euro 192.3 million) and in the trade in services (by Euro 24.8 million).



Source: NBRNM.



Financial account

In the second quarter of 2021, there were net inflows of Euro 69.1 million from financial transactions with non-residents. Analyzed by category, net inflows were registered in direct investments (Euro 204 million) and loans (Euro 145.4 million), while net outflows were registered in currency and deposits (Euro 120.2 million), trade credits (Euro 56.9 million) and portfolio investments (Euro 8.6 million). Foreign reserves increased by Euro 94.5 million.



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The net inflows in direct investments of Euro 204 million are the result of the net inflows in all sub-components, as follows: in intercompany lending (of Euro 102.7 million), reinvestment of earnings (by Euro 73 million) and equity (by Euro 28.4 million).

In the second quarter of 2021, liabilities based on direct investments² increased by Euro 209.5 million, as a result of the increased intercompany lending (Euro 103.7 million), reinvestment of earnings (Euro 75.1 million) and equity (Euro 30.8 million).

Assets on the basis of direct investments increased by Euro 5.5 million, as a result of the increased claims on the basis of: equity (by Euro 2.4 million), reinvestment of earnings (by Euro 2.1 million) and intercompany lending (by Euro 1 million).

In the second quarter of the year, the net liabilities based on portfolio investments decreased by Euro 8.6 million, mostly as a result of the increased claims on residents' investments in foreign equity securities.

In the analyzed quarter, the net inflows based on loans of Euro 145.4 million mainly result from the net inflows from the specific activities of the central bank related to the foreign reserves management (by Euro 75.4 million) and from the net inflows in the government sector (Euro 66.5 million). Other sectors³ also acted in the same direction, with net inflows of Euro 25.4 million, versus the other deposit-taking corporations sector that registered net outflows in the amount of Euro 21.8 million.

In the first half of the year, net inflows from portfolio investments (Euro 628.3 million), direct investments (Euro 190.1 million) and loans (Euro 163.9 million) exceeded the net outflows on currency and deposits (Euro 147.8 million) and trade credits (Euro 30.5 million), which enabled full financing of the current account deficit and increase in foreign reserves of Euro 706.1 million.

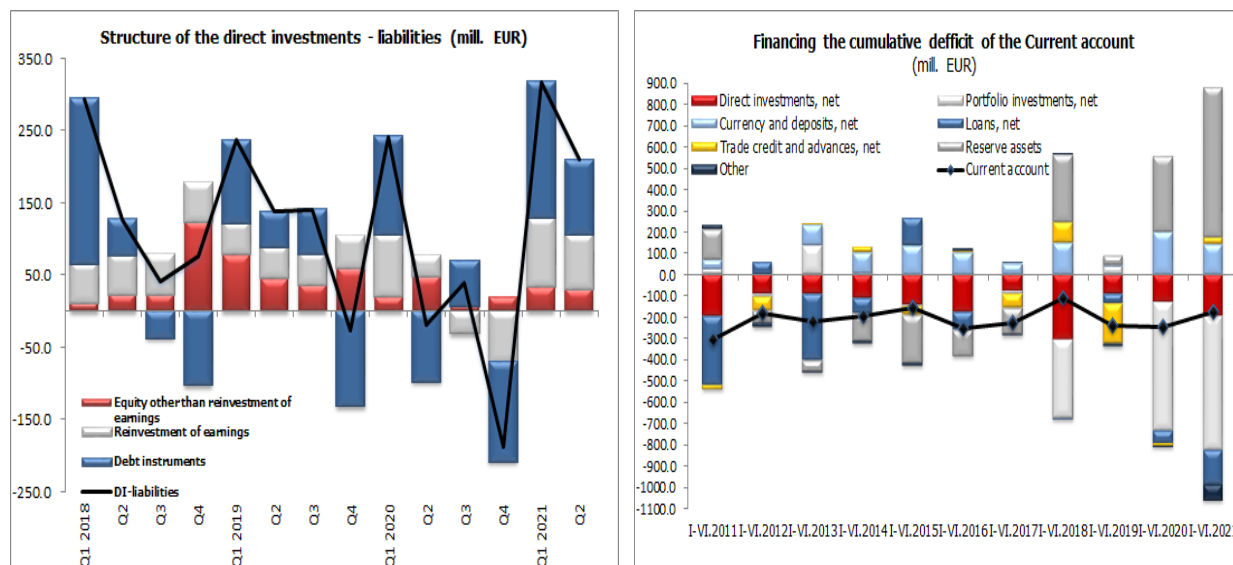
Observing the structure of direct investments in the first half of the year, net inflows of Euro 190.1 million are mostly a result of reinvestment of earnings (Euro 166.7 million), coupled with the net inflows of the investments in equity (Euro 16.3 million) and intercompany lending (Euro 7.1 million).

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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Source: NBRNM.

Data revisions

Balance of payments data in this press release contain regular data revision for the period January - March 2021, aimed to improve their quality. The revision of current account data reduced the deficit by Euro 6.5 million, mainly as a result of the revision in the sub-balance of services.

In the financial account, the revision decreased the net outflows in direct investments by Euro 12 million and reduced the net inflows in trade credits by Euro 13.1 million and in loans by Euro 2.1 million.

The data revision reduced the errors and omissions for the period January - March 2021 by Euro 3.7 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: 30 November 2021 (reference period as of September 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).