



# National Bank of the Republic of North Macedonia Statistics Department

Skopje, 30 November 2021

## Press Release

### Significant developments in the balance of payments<sup>1</sup> in the third quarter of 2021

In the third quarter of 2021, current transactions with non-residents registered a surplus of Euro 98 million, mainly due to the solid performance in secondary income, as well as in the trade in services. Financial transactions with non-residents registered net inflows of special drawing rights (SDRs), an amount assigned within the new general allocation of SDRs of the IMF and inflows on direct investments, and net outflows on the basis of portfolio investments, currency and deposits, loans and trade credits.

### 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	Q1-Q3-2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1-Q3-2020	millions of euros	%	millions of euros	%	millions of euros	%
<b>Current account</b>	-55,7	-123,3	98,0	-81,0	-155,7	-90,0	-50,6	-69,9	-296,3	221,3	...	148,7	...	215,3	-72,7
Goods	-505,2	-565,0	-499,7	-1.569,8	-545,2	-351,9	-402,0	-505,5	-1.299,1	65,3	-11,6	-97,6	24,3	-270,7	20,8
Services	193,3	129,7	141,9	464,9	162,9	105,2	80,9	77,6	348,9	12,2	9,4	61,0	75,4	116,0	33,3
Primary income	-128,2	-134,6	-128,9	-391,7	-100,7	-99,4	-104,7	-106,7	-304,8	5,7	-4,3	-24,2	23,1	-86,9	28,5
Secondary income	384,3	446,6	584,7	1.415,6	327,3	256,1	375,2	464,8	958,6	138,1	30,9	209,5	55,8	457,0	47,7
<b>Capital account</b>	-3,7	2,7	0,2	-0,8	0,3	4,3	1,8	4,8	6,5	-2,5		-1,7		-7,3	
<b>Financial account</b>	-37,5	-81,8	146,3	27,0	-170,3	-68,7	-35,1	-54,9	-274,1	228,0		181,4		301,1	
Direct investment	13,5	-206,5	-15,5	-208,5	-123,2	8,6	8,2	-48,3	-106,4	191,0		-23,7		-102,1	
Net acquisition of financial assets	332,0	5,1	112,9	450,0	111,2	-12,0	48,1	-274,0	147,3	107,8		64,9		302,8	
Equity**	45,9	2,4	12,1	60,5	5,3	6,6	6,5	6,0	18,4	9,7		5,6		42,1	
Reinvestment of earnings	1,7	2,1	3,3	7,1	3,1	3,1	3,1	3,1	9,2	1,2		0,2		-2,1	
Debt instruments	284,3	0,6	97,5	382,4	102,8	-21,7	38,5	-283,2	119,6	96,9		59,1		262,8	
Net incurrence of liabilities	318,5	211,6	128,4	658,5	234,4	-20,7	39,8	-225,7	253,6	-83,2		88,6		404,9	
Equity**	34,0	30,8	48,4	113,2	21,2	49,0	9,0	19,7	79,3	17,6		39,4		33,9	
Reinvestment of earnings	95,5	75,1	26,2	196,7	-0,4	-0,4	-0,4	-0,4	-1,1	-48,9		26,5		197,7	
Debt instruments	189,1	105,7	53,8	348,7	213,6	-69,3	31,1	-245,1	175,4	-51,9		22,7		173,3	
Portfolio investment	-636,9	8,6	477,4	-150,9	31,6	-632,5	77,5	239,5	-523,3	468,8		399,9		372,5	
Currency and deposits	27,6	120,0	147,1	294,6	71,8	130,5	175,6	111,0	378,0	27,1		-28,6		-83,4	
Loans	-19,1	-147,0	17,8	-148,3	113,0	-166,7	-80,8	-134,2	-134,5	164,9		98,6		-13,8	
Trade credit and advances	-35,1	48,6	16,0	29,4	-14,1	-12,8	-61,2	-135,4	-88,2	-32,6		77,2		117,6	
SDR (Special Drawing Rights)	0,0	0,0	163,4	163,4	0,0	-0,1	0,0	0,0	-0,1	163,4		163,4		163,5	
Reserve assets	611,5	94,5	-333,5	372,6	-249,3	604,0	-153,8	-86,3	200,9	-428,0		-179,7		171,7	

...\* 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

The favorable performances in the current transactions with non-residents in the third quarter of 2021 are the result of the net inflows in the secondary income and the trade in services (Euro 584.7 million and Euro 141.9 million, respectively), which exceeded the deficit in the trade in goods (Euro 499.7 million) and in the primary income (Euro 128.9 million).

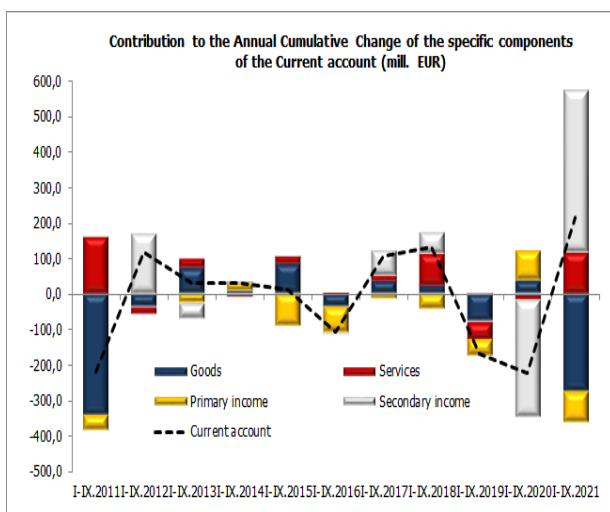
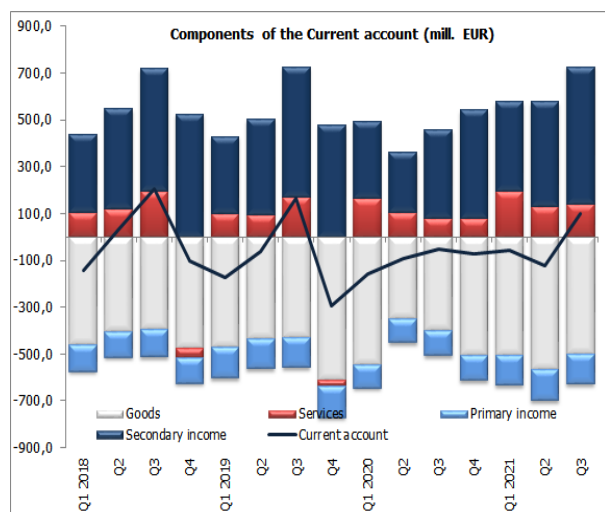
<sup>1</sup> The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of North Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



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

Compared to the second quarter of the year when the current account deficit was Euro 123.3 million, the current account registers a positive change of Euro 221.3 million in the third quarter. The most significant quarterly improvements were registered in the secondary income and the trade in goods (Euro 138.1 million and Euro 65.3 million, respectively), and to a smaller extent an improvement was also registered in the trade in services and the primary income (Euro 12.2 million and Euro 5.7 million, respectively).

Compared to the third quarter last year, when the current account registered a deficit of Euro 50.6 million, in the third quarter this year, the current account registers better performances by Euro 148.7 million, which is mostly explained by the increased net inflows in the secondary income (by Euro 209.5 million), and to a lesser extent in the trade in services (by Euro 61 million), in conditions of an increased deficit in the trade in goods and the primary income (by Euro 97.6 million and Euro 24.2 million, respectively).



Source: NBRNM.

### **Financial account**

In the third quarter of 2021, there were net outflows of Euro 146.3 million from financial transactions with non-residents. Analyzed by category, net outflows were registered in portfolio investments (Euro 477.4 million), currency and deposits (Euro 147.1 million), loans (Euro 17.8 million) and trade credits (Euro 16 million), while net inflows were registered in special drawing rights (Euro 163.4 million) and direct investments (Euro 15.5 million).

In the third quarter, direct investments registered net inflows of Euro 15.5 million. Analyzed by component, such performances are the result of the net inflows in equity (Euro 36.3 million) and in reinvestment of earnings (Euro 22.9 million), amid net outflows in intercompany lending (Euro 43.7 million). Net inflows from direct investments in the amount of Euro 208.5 million were generated from the beginning of the year until September, which is an increase of Euro 102.1 million compared to the same period last year.



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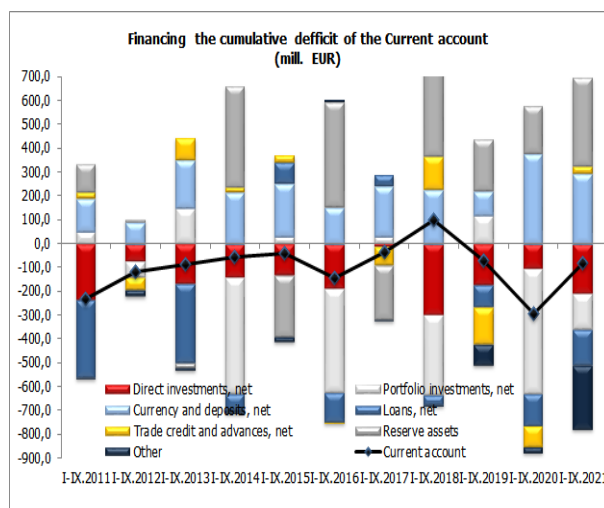
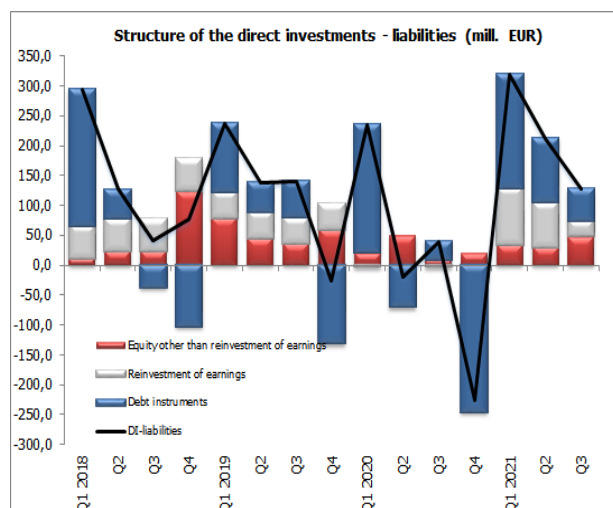
In the third quarter of 2021, liabilities based on direct investments<sup>2</sup> increased by Euro 128.4 million, as a result of the net growth of liabilities based on intercompany lending (Euro 53.8 million), equity (Euro 48.4 million) and reinvestment of earnings (Euro 26.2 million).

Assets on the basis of direct investments increased by Euro 112.9 million, as a result of the increased claims on the basis of: intercompany debt (by Euro 97.5 million), equity (by Euro 12.1 million) and reinvestment of earnings (by Euro 3.3 million).

In the third quarter of the year, the net liabilities based on portfolio investments decreased by Euro 477.4 million, mostly as a result of the maturity of the liabilities based on the third Eurobond in July and repayment of interest on issued Eurobonds, and to a lesser extent of repurchase of the domestic Eurobonds by residents. At the same time, there were increased claims from residents' investments in foreign equity securities.

In the analyzed quarter, the net outflows based on loans of Euro 17.8 million mainly result from the net outflows in other sectors<sup>3</sup> (Euro 39.8 million), versus the net inflows of Euro 12 million in the sector of other deposit-taking corporations and Euro 10.7 million in the government sector.

The net inflows of direct investments (Euro 208.5 million), special drawing rights (Euro 163.4 million), portfolio investments (Euro 150.9 million) and loans (Euro 148.3 million) exceeded the net outflows on the basis of currency and deposits (Euro 294.6 million) and trade credits (Euro 29.4 million), which enabled full financing of the current account deficit and increase in foreign reserves of Euro 372.6 million.



Source: NBRNM.

### Data revisions

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

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



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

Balance of payments data in this press release contain regular data revision for the period January - June 2021 in order to improve their quality. The revision of current account data increased the deficit by Euro 4.3 million, mainly as a result of the revision in the sub-balance of the trade in goods and the primary income (by Euro 2.1 million and Euro 1.8 million, respectively).

In the financial account, the revision led to higher net liabilities by Euro 22.4 million, as a result of a decrease in the net claims in trade credits by Euro 17 million and increase in the net liabilities in direct investments and loans by Euro 2.9 million and Euro 2.2 million, respectively.

The data revision reduced the errors and omissions for the period January - June 2021 by Euro 18 million.

### ***Supporting information***

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

[https://www.nbrm.mk/platen\\_bilans-en.nspix](https://www.nbrm.mk/platen_bilans-en.nspix) Methodological explanations:

[https://www.nbrm.mk/platen\\_bilans-en.nspix](https://www.nbrm.mk/platen_bilans-en.nspix)

Next publications: Advance Release Calendar

[https://www.nbrm.mk/kalendar\\_na\\_objavuvanje\\_na\\_podatoci-en.nspix](https://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix) Quarterly balance of payments: 28 February 2022 (reference period as of December 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](mailto:contact.statistika@nbrm.mk) or phone: 02 3215 181 extension 103 (or 110/108).