



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 August 2023

Press Release

Significant developments in the balance of payments¹ in the second quarter of 2023

In the second quarter of 2023, current transactions with non-residents registered a deficit of Euro 116.9 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 loans, direct investments and trade credits, while net outflows from 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 2023	Q2 2023	Q1-Q2-2023	Q1 2022	Q2 2022	Q1-Q2-2022	millions of euros	%	millions of euros	%	millions of euros	%
Current account	105.0	-116.9	-11.9	-388.8	-234.0	-622.8	-221.9	...	117.1	-50.1	610.9	-98.1
Goods	-601.0	-591.0	-1,192.1	-850.3	-899.4	-1,749.6	10.0	-1.7	308.3	-34.3	557.5	-31.9
Services	253.4	14.1	267.4	169.6	162.3	331.9	-239.3	-94.4	-148.3	-91.3	-64.5	-19.4
Primary income	-173.0	-176.8	-349.8	-138.7	-136.9	-275.5	-3.7	2.2	-39.9	29.1	-74.3	27.0
Secondary income	625.7	636.9	1,262.5	430.5	639.9	1,070.4	11.2	1.8	-3.0	-0.5	192.1	17.9
Capital account	0.3	-0.5	-0.2	0.2	-0.6	-0.4	-0.8		0.1		0.2	
Financial account	104.6	-100.3	4.3	-386.8	-207.6	-594.4	-205.0		107.2		598.7	
<i>Significant components:</i>												
Direct investment	-131.4	-105.3	-236.7	-111.7	-137.7	-249.3	26.2		32.4		12.7	
Net acquisition of financial assets	213.5	137.9	351.4	394.2	-0.4	393.8	-75.6		138.3		-42.4	
Equity	15.2	22.1	37.3	7.6	16.6	24.3	6.9		5.5		13.1	
Reinvestment of earnings	3.0	0.7	3.7	2.6	0.9	3.5	-2.4		-0.2		0.2	
Debt instruments	195.3	115.1	310.4	384.0	-17.9	366.1	-80.2		133.1		-55.7	
Net incurrence of liabilities	344.9	243.1	588.1	505.9	137.3	643.2	-101.8		105.9		-55.1	
Equity	49.8	68.4	118.2	13.9	68.6	82.5	18.6		-0.2		35.6	
Reinvestment of earnings	124.7	66.1	190.8	84.2	67.2	151.4	-58.7		-1.1		39.5	
Debt instruments	170.4	108.6	279.0	407.8	1.5	409.3	-61.8		107.2		-130.2	
Portfolio investment	-438.5	20.2	-418.4	26.4	69.1	95.5	458.7		-48.9		-513.8	
Currency and deposits	124.0	120.6	244.6	24.3	118.5	142.8	-3.5		2.1		101.8	
Loans	163.8	-174.9	-11.1	53.5	-34.9	18.6	-338.7		-140.0		-29.7	
Trade credit and advances	115.7	-12.5	103.3	-5.1	-86.1	-91.2	-128.2		73.7		194.5	
Reserve assets	266.7	52.3	319.0	-373.5	-132.7	-506.2	-214.4		185.0		825.2	

...* 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.

Current account

In the second quarter of 2023, current transactions with non-residents registered deficit in the trade in goods (Euro 591 million) and in the primary income (Euro 176.8 million), as opposed to the surplus in secondary income and trade in services (Euro 636.9 million and Euro 14.1 million, respectively).

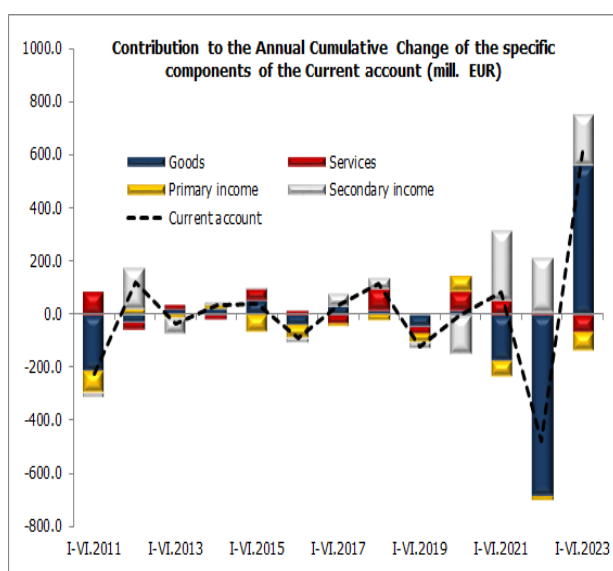
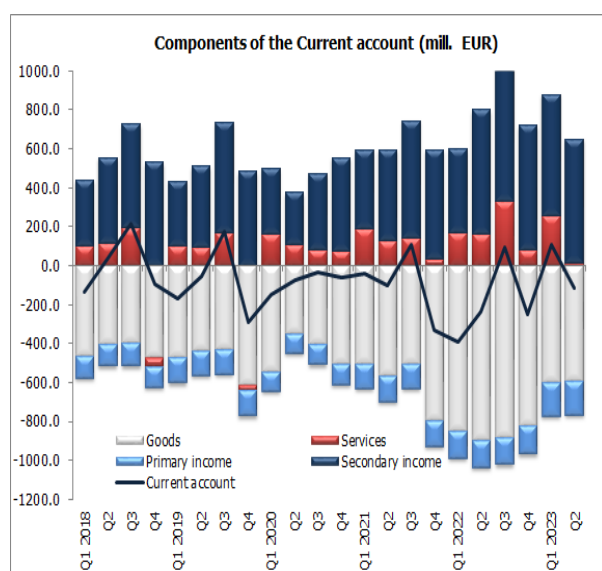
¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of North Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



National Bank of the Republic of North Macedonia Statistics Department

The quarterly change in the current account balance in the second quarter, mainly reflects the deterioration in the services sub-balance (by Euro 239.3 million)² and to a lesser extent in the primary income sub-balance (by Euro 3.7 million), as opposed to the improved secondary income performances (by Euro 11.2 million) and trade in goods (by Euro 10 million).

Compared to the same quarter last year, the current account deficit registered a decrease of Euro 117.1 million, entirely due to the reduced trade deficit in goods (by Euro 308.3 million). Deterioration was registered in both, trade in services and primary income by Euro 148.3 million and Euro 39.9 million, respectively, while there are no significant changes in the secondary income.



Source: NBRNM.

Financial account

In the second quarter of 2023, there were net inflows of Euro 100.3 million from financial transactions with non-residents. Analyzed by category, net inflows were registered in loans (Euro 174.9 million), direct investments (Euro 105.3 million) and trade credits (Euro 12.5 million), while net outflows were registered in currency and deposits (Euro 120.6 million) and portfolio investments (Euro 20.2 million).

Regarding the direct investments, net inflows of Euro 105.3 million were registered. Analyzed by component, net inflows were registered in reinvestment of earnings (Euro 65.4 million) and equity (Euro 46.3 million), while intercompany debt registered net outflows (Euro 6.5 million). Net inflows from direct investments in the amount of Euro 236.7 million were generated from the

² Payments based on services for public infrastructure projects.



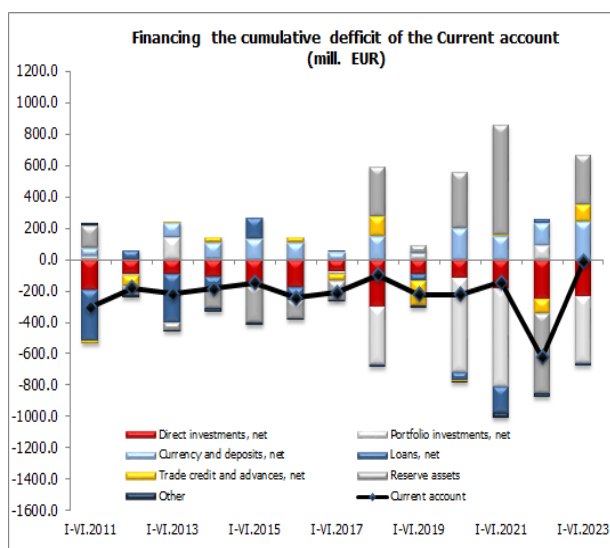
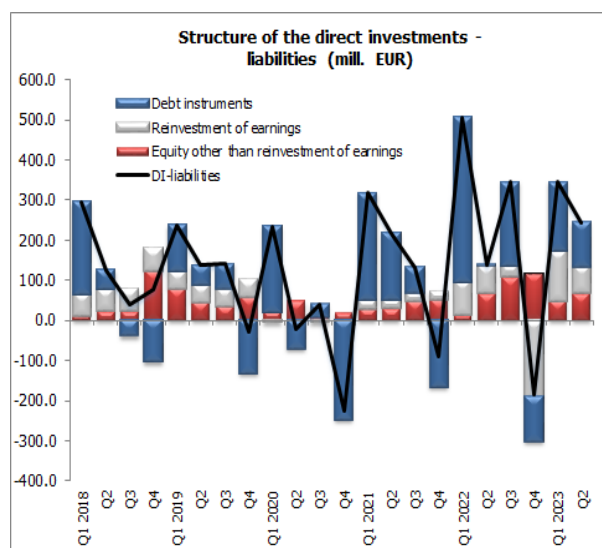
National Bank of the Republic of North Macedonia Statistics Department

beginning of the year until June, which is a moderate decrease of Euro 12.7 million compared to the same period last year.

In second quarter of the year, the net liabilities based on portfolio investments decreased by Euro 20.2 million, due to the increased claims from residents' investments in foreign securities, as well as due to interest repayment on the basis of previously issued Eurobonds, and to a lesser extent of repurchase of the domestic Eurobonds by residents.

Net liabilities based on loans increased by Euro 174.9 million, mostly due to net inflows in the central bank³ (Euro 147.6 million) and the other sectors⁴ (Euro 42.3 million), as opposed to the net outflows in the government sector (Euro 13.8 million) and deposit-taking corporations (Euro 1.2 million).

In the first half of the year, net inflows from portfolio investments (Euro 418.4 million), direct investments (Euro 236.7 million) and loans (Euro 11.1 million) exceeded the net outflows based on currency and deposits (Euro 244.6 million) and trade credits (Euro 103.3 million), which enabled full financing of the current account deficit and increase in foreign reserves of Euro 319 million.



Source: NBRNM.

Data revisions

Balance of payments data in this press release contain regular data revision for the period January - March 2023 in order to improve their quality. With the data revision, the current account surplus decreased by Euro 17.6 million, mainly as a result of the revision of primary income sub-balance (increased deficit by Euro 18.6 million) and trade in goods (increased deficit by Euro 2.2 million),

³ National Bank activities for foreign reserves management.

⁴ Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



National Bank of the Republic of North Macedonia Statistics Department

as opposed to the increase in the surplus in secondary income (by Euro 1.7 million) and trade in services (by Euro 1.5 million).

The revision of the financial account led to higher net liabilities by Euro 23.9 million, mainly as a result of the increase in net liabilities on direct investments (by Euro 17.7 million).

The data revision reduced the errors and omissions for the period January - March 2023 by Euro 6.3 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 2023 (reference period as of September 2023).

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).