



National Bank of the Republic of Macedonia Statistics Department

Skopje, 30 December 2016

PRESS RELEASE

Significant developments in the balance of payments¹ in October 2016

In October 2016, the current account deficit accounted Euro 11.8 million, while the financial account recorded net inflows based on loans, direct investments and trade credits, which enabled coverage of the current account deficit and increase in foreign reserves.

Main components of the balance of payments of the Republic of Macedonia

(in millions of euros)

	X-2016	I-X.2016	monthly change		annual change		cumulative change	
			millions of euros	%	millions of euros	%	millions of euros	%
Current account	-11.8	-122.4	-38.6	...*	30.3	-72.0	-35.8	41.3
Goods	-136.8	-1,470.1	-19.7	16.8	31.8	-18.9	-15.2	1.0
Services	19.3	361.8	-13.8	-41.6	1.2	6.8	43.3	13.6
Primary income	-30.9	-298.4	-2.1	7.5	-7.3	31.0	-61.4	25.9
Secondary income	136.7	1,284.4	-3.0	-2.2	4.6	3.5	-2.5	-0.2
Capital account	0.1	10.3	-0.2		0.1		5.3	
Financial account	-4.5	-123.8	-26.8		36.6		-55.6	
Direct investment	-13.9	-177.2	-50.6		37.8		6.2	
Portfolio investment	0.1	-431.6	4.9		-2.4		-461.4	
Currency and deposits	22.0	174.7	53.3		-48.1		-118.5	
Loans	-30.1	-156.0	-8.2		-31.4		-244.0	
Trade credit and advances	-2.3	7.8	-19.4		38.0		20.0	
Reserve assets	19.7	459.2	-6.7		42.6		742.9	

...* the index is over 100

Note: In the financial account, the sign (-) denotes net external inflows.

Source: NBRM.

Current account

In October 2016, a negative balance of Euro 11.8 million is recorded in the current account, which is due to the deficits in the trade of goods (Euro 136.8 million) and primary income (Euro 30.9 million) which are significantly netted with the surpluses in the secondary income and the trade of services (Euro 136.7 million and Euro 19.3 million, respectively).

On a monthly basis, the current account balance shifted from surplus to a deficit area, amid monthly change of Euro 38.6 million. This is due to the contribution of the monthly changes in all current accounts components. Thus, higher net outflow is recorded in the trade of goods and in primary income (of Euro 19.7 million and Euro 2.1 million, respectively), and lower net inflows in

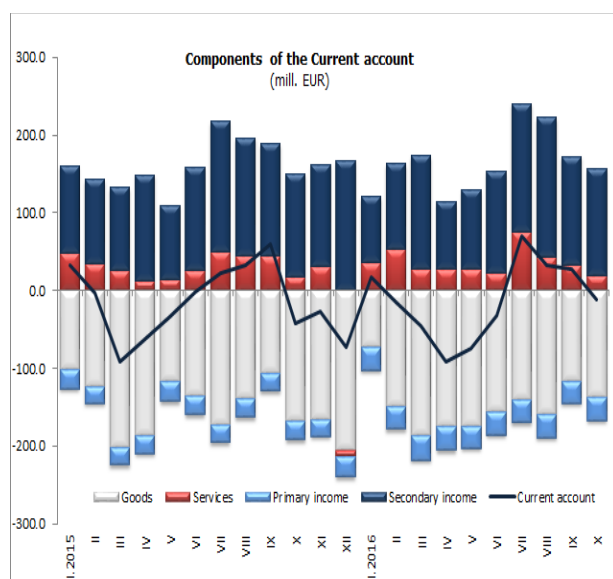
¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of Macedonia within a certain time frame, i.e. it summarizes the current, capital and financial transactions between residents and non-residents.



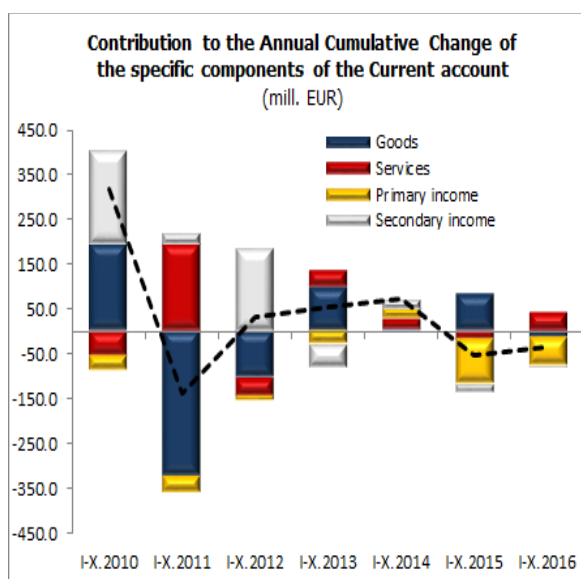
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the trade of services and in the secondary income (of Euro 13.8 million and Euro 3 million, respectively).

On a cumulative basis, for the period January-October 2016, the current account deficit amounted to Euro 122.4 million, which is by Euro 35.8 million (41.3%) higher compared to the same period in 2015. Thus, the increased deficits in the primary income and in the trade of goods (by Euro 61.4 million and Euro 15.2 million, respectively), and the lower surplus in secondary income (by Euro 2.5 million), only partially were offset by the improved performances in the trade of services (higher surplus by Euro 43.3 million).



Source: NBRM.



Financial account

In October, the financial account recorded net inflows of loans (Euro 30.1 million), direct investments (Euro 13.9 million) and trade credits (Euro 2.3 million), and net outflows based on currencies and deposits (Euro 22 million). In October, foreign reserves recorded an increase by Euro 19.7 million.

In direct investments, on a net basis, inflows of Euro 13.9 million are recorded in October. Since the beginning of the year until October, according to this basis net inflows of Euro 177.2 million are recorded, which is by Euro 6.2 million (3.4%) less than the net inflows realized in the same period in the previous year.

In October, liabilities on direct investments² increased by Euro 33 million, based on equity (Euro 2 million) and reinvestment of earnings (Euro 20.1 million), and debt instruments (Euro 10.9

² It shows direct investment according to whether financial transactions create a liability to or claim (assets) from abroad.



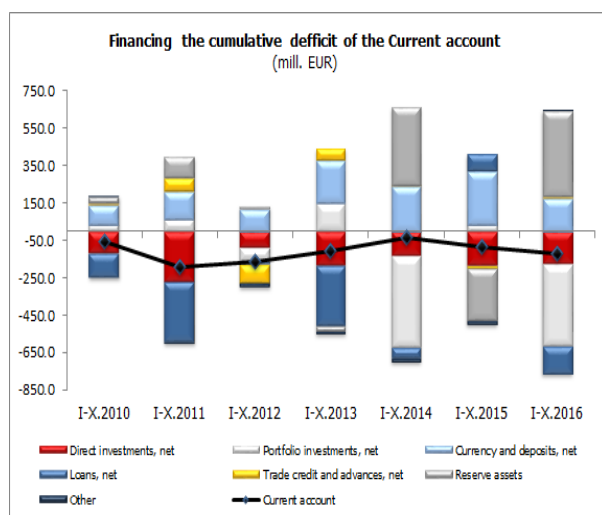
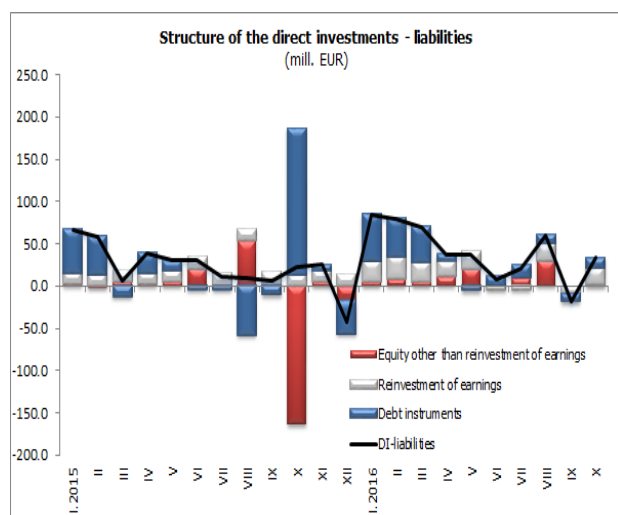
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million). Cumulatively, liabilities to direct investors increased by Euro 411.5 million, exceeding the last year's amount for the same period, by Euro 131.5 million (or 47%).

In October, assets from direct investments recorded net outflows of Euro 19.2 million, mainly based on debt instruments. Cumulatively, assets from direct investments are increased by Euro 234.3 million (which is by Euro 137.7 million more compared to the same period in 2015).

In October, the net inflows based on loans Euro 30.1 million mainly is due to the increase in net liabilities of other sectors³ (by Euro 68.2 million), compared to the reduced net liabilities of the depository institutions and the government (by Euro 11 million and Euro 6.9 million, respectively) and increased net claims of the central bank based on repo and reverse repo transactions (by Euro 20.3 million).

In the period January – October 2016, in the financial transactions with non-residents are recorded net inflows of portfolio investments, direct investments, and loans that exceed net outflows in currencies and deposits, and trade credits. The higher net inflows enabled financing the current account deficit (of Euro 122.4 million) and enabled additional accumulation in foreign reserves (of Euro 459.2 million).



Source: NBRM.

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



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Data revisions

Balance of payments data, in this press release, contain regular data revisions for the period of January – September 2016, which are mostly resulting from the new data from the quarterly reports for realized and planned financial results in the current year and quarterly reports on claims and liabilities based on international commercial operations of residents with abroad. Data revision of these two sources, for the first nine months this year, led to a higher deficit in current account by Euro 40.6 million, amid simultaneous decline of direct investments in the country by Euro 16.2 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 publication: Advance Release Calendar
http://nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix

Monthly balance of payments: 31 January 2017 (reference period as of November 2016).

For any questions, we kindly ask journalists to contact the Governor's Office.

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).