



National Bank of the Republic of Macedonia Statistics Department

Skopje, 29 September 2017

Press Release

Revision of external statistics for 2015 and 2016

According to the international standards and policy for revision of external statistics data published in the Methodological explanations and the Programme for statistical research 2013-2017, the National Bank of the Republic of Macedonia makes regular annual revision of the published external statistics (balance of payments, gross external debt/claims and international investment position and transactions in direct investments).

The revision arises primarily from the need to include new data obtained from data sources conveyed at an annual basis, in order to improve the coverage and classification, i.e. the quality of the data presented.

More specifically, data are mainly revised for the following reasons:

- *Inclusion of data from annual surveys about investments into/from abroad for 2016.*
- *Revision of data on import and export of goods for 2015 for the purposes of including definitive data on foreign trade of goods for 2015.*
- *Crosscheck of the quality of data from the sources used, resulting in changes in the scope of data and/or reclassifications aimed to improve the coverage and quality of data for 2015 and 2016.*

Balance of payments

The revision for 2015 reduced the current account deficit by Euro 9.8 million, thus decreasing the current account balance to GDP ratio from 2.1% to 2%.

Generally, the revision reflects the inclusion of definitive foreign trade data for 2015 and the improved coverage of data obtained from the international payment operations. In the current account, these revisions reduced the trade deficit by Euro 3.8 million and increased the surplus in services by Euro 6.8 million, with simultaneous reduction of net trade credit liabilities in the financial account, of Euro 11.6 million.

*The results of the revision for 2016 show a decrease of the **current account** deficit by Euro 38.3 million, to Euro 265 million. This caused a decrease of the current account balance to GDP ratio from 3.1% to 2.7%.*

The change in the balance of **primary income account** has the largest share in the annual current account revision, where the negative balance decreased by Euro 35.3 million. The change primarily arises from the replacement of the estimated amount of newly created profit of foreign



National Bank of the Republic of Macedonia Statistics Department

owned companies with the actual one, as well as the estimated amount of the newly created profit of residents' investments abroad.

In the goods and services account, Euro 46.1 million of net export of services (based on manufacturing services in the country) was redistributed to net export of goods. Additionally, a small downward revision was made in net inflows of services, primarily in the travel item.

Secondary income account registered Euro 9.2 million higher net inflows, mainly in the government sector.

Effects of the revision on the balance of payments in 2015 and 2016
(in millions of euros, in %)

	before revision		after revision		Change	
	2015	2016	2015	2016	2015	2016
I. Current account	-187.0	-303.3	-177.1	-265.0	9.8	38.3
Goods	-1,826.6	-1,854.3	-1,822.8	-1,808.9	3.8	45.4
Services	342.0	398.8	348.8	347.2	6.8	-51.6
Primary income	-286.1	-419.2	-286.1	-383.9	0.0	35.3
Secondary income	1,583.7	1,571.3	1,583.0	1,580.5	-0.7	9.2
					0.0	0.0
II. Capital account, net	7.3	10.0	7.3	10.7	0.0	0.7
III. Financial account, net	-183.1	-307.5	-171.6	-266.1	11.6	41.3
Direct investment, net	-202.8	-354.0	-202.8	-316.9	0.0	37.2
Portfolio investment, net	-65.7	-429.2	-65.7	-429.2	0.0	0.0
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0
Other investment, net	268.7	137.6	280.3	141.8	11.6	4.2
Other equity	-0.1	-0.8	-0.1	-0.8	0.0	0.0
Currency and deposits	287.1	279.5	287.1	279.0	0.0	-0.5
Loans	54.1	-106.0	54.1	-106.1	0.0	-0.1
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	-72.5	-35.0	-60.9	-30.3	11.6	4.7
Other accounts receivable/payable	0.1	0.0	0.1	0.0	0.0	0.0
Special drawing rights (Net incurrence of liabilities)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve assets	-183.4	338.2	-183.4	338.2	0.0	0.0
Net errors and omissions	-3.5	-14.1	-1.7	-11.8	1.8	2.3
Memorandum items						
Direct Investment abroad	13.9	4.4	13.9	21.6	0.0	17.1
Direct Investment in reporting economy	216.7	358.5	216.7	338.4	0.0	-20.0
Current account, % of GDP	-2.1	-3.1	-2.0	-2.7	0.1 p.p.	0.4 p.p.
Trade balance (f.o.b.) % of GDP	-20.2	-18.8	-20.1	-18.3	0.0 p.p.	0.5 p.p.
DI in reporting economy % of GDP	2.4	3.6	2.4	3.4	0.0 p.p.	-0.2 p.p.

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.

Source: NBRM, SSO.

Net inflows in the **financial account** after revision reduced by Euro 41.3 million, with the most significant change being registered in direct investments (by Euro 37.2 million), and less in trade credits (reduced net liabilities by Euro 4.7 million). Within the category of direct investments, the



National Bank of the Republic of Macedonia Statistics Department

change primarily arises from the replacement of the estimated amounts of newly created profit and dividends declared payable (dividends on accrual basis), with the actual amounts. Thus, the direct investment assets increased by Euro 16 million, while liabilities were subject to downward revision of Euro 21.2 million.

After the revision, errors and omissions in the balance of payments amount to Euro 11.8 million (with a negative sign), i.e. they have been reduced by Euro 2.3 million.

Data on foreign direct investments-flows, as well as the additional data for foreign direct investments presented by country and by activity, were revised accordingly.

Gross external debt, gross external claims and net external debt

The inclusion of data from the annual surveys for investments from/into abroad for 2016 and the improved quality and coverage of loan and trade credit data resulted in lower gross external debt position (by Euro 36.6 million), and higher gross external claims (by Euro 3.6 million), thus reducing the net foreign debt (by Euro 40.2 million). Hence, the gross external debt for 2016 accounted for 73.2% of GDP (by 0.4 percentage points lower), while gross external claims remained at 46.5% of GDP.

Analyzing by sectors, changes in gross external debt are mostly pronounced in the other sectors liabilities¹ (decrease of Euro 37.5 million), with minor change in the intercompany lending (increase of Euro 1.1 million).

The revision reduced the net external debt by Euro 40.2 million primarily due to the decrease in net debt of other sectors of Euro 46.5 million, while the net intercompany debt increased by Euro 6.5 million.

Effects of the revision on debt, claims and net debt in 2016 (in millions of euros, in %)

By resident sector	Gross External Debt			Gross External Claims			Net External Debt		
	Before revision	After revision	Change	Before revision	After revision	Change	Before revision	After revision	Change
1. General Government	2,512.1	2,511.9	-0.2	0.0	0.0	0.0	2,512.1	2,511.9	-0.2
2. Central Bank	83.2	83.2	0.0	2,370.2	2,370.2	0.0	-2,287.0	-2,287.0	0.0
3. Deposit-Taking Corporations, except the Central Bank	591.7	591.7	0.0	653.2	653.2	0.0	-61.5	-61.5	0.0
4. Other Sectors	2,115.0	2,077.5	-37.5	848.6	857.6	8.9	1,266.4	1,220.0	-46.5
5. Direct investment: Intercompany lending	1,951.1	1,952.2	1.1	711.3	706.0	-5.3	1,239.7	1,246.2	6.5
Gross External Debt	7,253.2	7,216.6	-36.6	4,583.4	4,587.0	3.6	2,669.8	2,629.6	-40.2
Gross External Debt % of GDP	73.5	73.2	-0.4 p.p.	46.5	46.5	0.0 p.p.	27.1	26.7	-0.4 p.p.

Source: NBRM, SSO.

¹ Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



National Bank of the Republic of Macedonia Statistics Department

International Investment Position

Revision of data within the international investment position, besides the changes in the debt instruments elaborated above, includes revisions of equity instruments, included within the direct and portfolio investments. The necessity for revising the equity instruments derives from the need of replacing the preliminary, estimated, amounts which are presented on a quarterly basis with data from the annual surveys for investments into/from abroad.

After the revision, the negative net IIP reduced by Euro 155.6 million and amounted to Euro 5.576 million, or 56.5% of GDP (decrease of 1.6 percentage points). The change is a result of the reduction of liabilities of Euro 183.8 million, with a simultaneous reduction of assets of Euro 28.1 million.

Effects of the revision on IIP in 2016
(in millions of euros, in %)

	2016		
	Before revision	After revision	Change
IIP, net	-5,731.6	-5,576.0	155.6
Assets	5,199.4	5,171.3	-28.1
Liabilities	10,931.0	10,747.3	-183.8
<i>Sectors</i>			
IIP, net General Government	-2,508.2	-2,508.0	0.2
IIP, net Central Bank	2,530.9	2,530.9	0.0
IIP, net Deposit-Taking Corporations, Except Central Bank	-550.5	-550.1	0.4
IIP, net Other Sectors	-5,203.8	-5,048.8	155.0
Assets	5,199.4	5,171.3	-28.1
Direct investment	849.1	811.9	-37.2
Portfolio investment	255.2	255.2	0.0
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0
Other equity	1.0	1.2	0.1
Currency and deposits	627.3	627.3	0.0
Loans	51.7	52.1	0.4
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	801.1	809.6	8.5
Other accounts receivable/payable	0.5	0.5	0.0
Reserve assets	2,613.4	2,613.4	0.0
Liabilities	10,931.0	10,747.3	-183.8
Direct investment	5,537.6	5,392.2	-145.4
Portfolio investment	1,363.7	1,362.2	-1.5
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0
Other equity	5.2	6.0	0.9
Currency and deposits	174.2	174.2	0.0
Loans	3,048.1	3,014.7	-33.4
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0
Trade credit and advances	718.9	714.6	-4.3
Other accounts receivable/payable	0.0	0.0	0.0
Special drawing rights (Net incurrence of liabilities)	83.2	83.2	0.0
IIP, net/GDP (%)	-58.1	-56.5	1.6 p.p.

Source: NBRM, SSO.



National Bank of the Republic of Macedonia Statistics Department

On the assets side, direct investments registered a downward revision of Euro 37.2 million, while trade credits increased by Euro 8.5 million. Changes in direct investments mainly arise from the assets reduced on the basis of equity capital² (by Euro 31.9 million), primarily as a result of other changes in the stock of equity³, while intercompany claims declined by Euro 5.3 million.

On the liabilities side, direct investments reduced by Euro 145.4 million (of which only Euro 26.4 million are balance of payments transactions, while the rest are other changes in the stock of equity), while loans reduced by Euro 33.4 million, amid reduction, but to a lesser extent, of trade credits and portfolio investments of Euro 4.3 million and Euro 1.5 million, respectively.

Supporting information

Time series data and methodological explanations:

http://www.nbrm.mk/eksterni_statistiki-en.nspix

Next publications: Advance Release Calendar

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

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).

² Reinvested earnings included.

³ Other changes include a sum of exchange rate differences, price (value) changes, and other changes affecting the stock of the financial instrument, and do not represent transactions (e.g. change in investor's resident status etc.).