



National Bank of the Republic of Macedonia Statistics Department

Skopje, 21 June 2017

Press Release

Monetary developments in the Republic of Macedonia: May 2017

- In May, **broad money (monetary aggregate¹)**, registers a moderate decline of 0.3%, mainly influenced by the reduction in short-term deposits and currency in circulation, compared to the growth in demand deposits² and long-term deposits. On the other hand, broad money registered a growth of 6.4% on an annual basis, due to the increases in all its components, whereas demand deposits and long-term deposits had the largest contribution, followed by short-term deposits and currency in circulation.
- As of May, **total deposits** register an identical monthly decline of 0.3% for the third month in a row. The monthly decline compared to April is entirely due to the changes in corporate sector deposits. On an annual basis, the deposit growth rate mildly accelerated and amounted to 6.4%, amid an upward change in both sectors, mostly pronounced in the household sector. Thus, the annual growth acceleration in the period of April-May is partially result of the low base.

Table 1 Total deposits and loans of the non-government sector

	Stocks (in millions of NC)								annual changes (in %)								monthly changes (in %)	
	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	5.2017	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	5.2017	4.2017	5.2017
Broad Money (M4)	331,007	330,713	322,156	329,379	351,222	344,729	344,760	343,607	6.8	6.2	2.5	4.0	6.1	4.2	5.9	6.4	0.0	-0.3
of which:																		
Currency in Circulation	26,300	25,726	25,957	26,356	28,193	26,802	27,753	27,472	13.3	9.0	7.5	6.2	7.2	4.2	2.0	6.4	3.6	-1.0
Total Deposits	304,552	304,820	296,027	302,828	321,888	317,720	316,792	315,932	6.5	6.2	2.3	4.0	5.7	4.2	6.3	6.4	-0.3	-0.3
of which:																		
Corporations	77,034	75,742	73,011	76,062	87,377	82,420	81,627	80,745	13.0	16.0	5.6	11.3	13.4	8.8	12.0	7.9	-1.0	-1.1
Households	212,056	213,661	206,118	209,734	217,394	217,554	216,865	216,932	4.1	3.1	0.2	1.2	2.5	1.8	3.4	5.5	-0.3	0.0
Total Loans	279,871	280,023	274,453	275,096	282,461	280,157	281,707	283,934	9.5	8.4	3.5	2.5	0.9	0.0	0.6	1.5	0.6	0.8
of which:																		
Corporations	157,834	154,987	149,131	147,535	151,905	146,851	147,432	147,807	7.1	5.1	-0.5	-1.2	-3.8	-5.2	-4.2	-2.8	0.4	0.3
Households	120,832	123,887	124,192	126,505	129,321	132,080	133,055	134,896	12.9	13.0	8.8	7.3	7.0	6.6	6.5	6.7	0.7	1.4

1) Data in accordance with the final balance sheets submission

Source: NBRM.

- In May, **total loans** registered a monthly increase of 0.8%, amid more pronounced monthly increase of lending to the households. In May, the annual growth rate amounted to 1.5%, which represents the highest annual growth rate of loans since November last year onwards. Thus, the annual growth is mainly determined by the increased lending to households, compared to the decreased lending to the corporate sector. It should be taken into account that the annual changes in loans reflect the effects of the National Bank Decision with respect to the non-performing loans, whereby

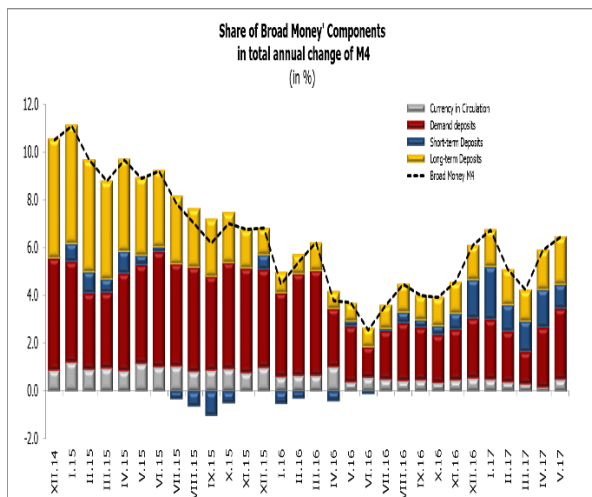
¹ Monetary aggregate M1 includes currency in circulation and demand deposits. Monetary aggregate M2 is composed of the monetary aggregate M1 and short-term deposits, whereas the monetary aggregate M4 (broad money) despite the monetary aggregate M2 also includes the long-term deposits. For more details see the methodology at: http://www.nbrm.mk/WBStorage/Files/Statistika_metodologija_monetarna_statistika_05_2015_eng.pdf

² The demand deposits refer to the current accounts with the banks and savings houses and the current accounts of other financial corporations with the National Bank.

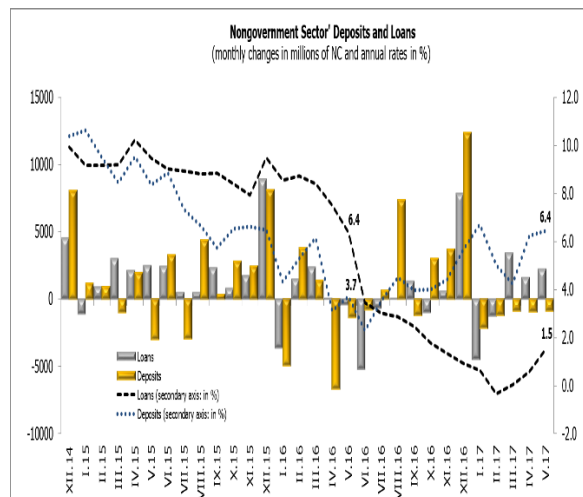


National Bank of the Republic of Macedonia Statistics Department

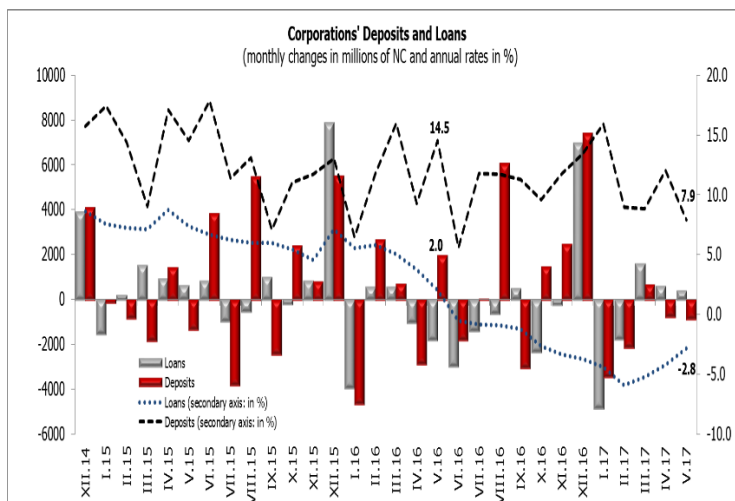
without this effect the total annual loan growth is stable and in May amounted to **6.4%**^{3,4}.



Source: NBRM.



1. Deposits and loans of the corporate sector⁵



Source: NBRM.

- In May, total **deposits** of the corporate sector registered a monthly decline of 1.1% almost entirely due to the decline of short-term deposits in foreign currency. On the other hand, corporate deposits registered an annual growth of 7.9%, with a more significant contribution of Denar deposits (79.6%) in the annual change.

³ On 17 December 2015, the National Bank Council adopted the Decision on amending the Decision on credit risk management, which requires from banks to transfer all claims that have been fully provisioned for more than two years from the on-balance sheet to the off-balance sheet record (and to continue to transfer) by 30 June 2016, i.e. where the bank has identified and fully covered the risk of default at least two years before. Despite the transfer of these claims to the off-balance sheet record, the banks reserve the right for their collection.

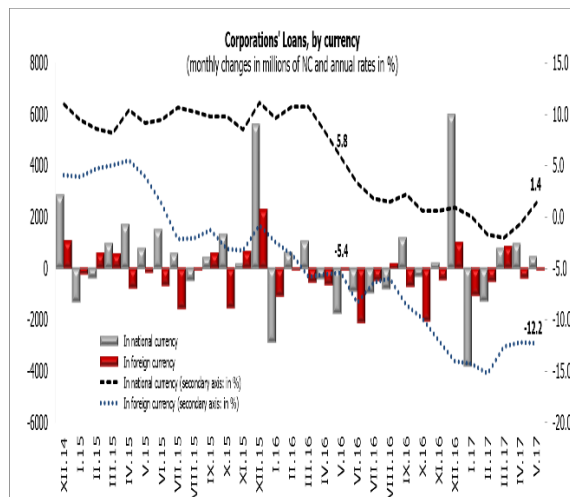
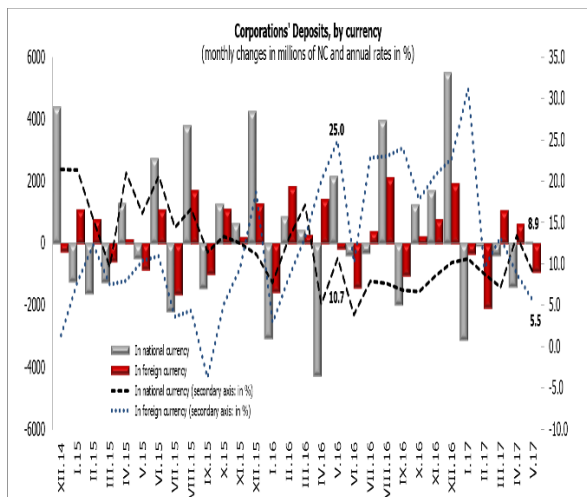
⁴ On 29 August 2017, a correction in the figure of the growth rate of loans has been made, which due to a technical error was 7.9% instead of 6.4%.

⁵ For the purposes of this press release, the corporate sector refers to public and other non-financial corporations.



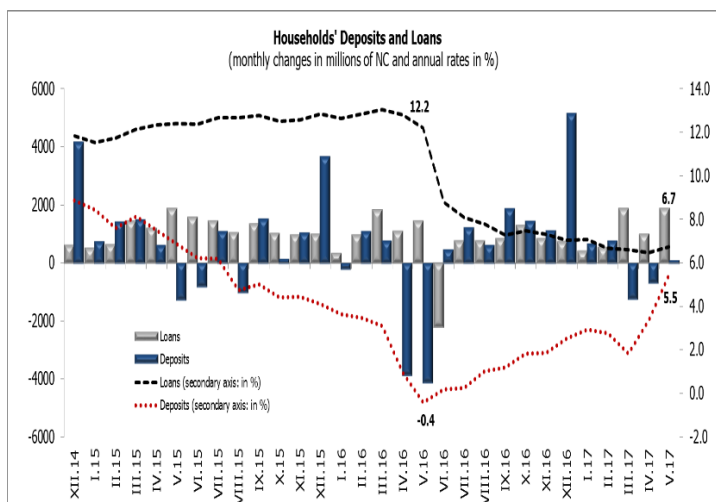
National Bank of the Republic of Macedonia Statistics Department

- In May, total **loans** of the corporate sector registered an upward monthly change of 0.3%, which was entirely due to the increase of loans granted in Denars. On an annual basis, lending to companies registered a decline of 2.8%, which was mainly determined from the reduced lending in foreign currencies, compared to the annual growth in Denar lending. If one excludes the effect of the transfer of doubtful and contested claims from on-balance sheet to off-balance sheet record, pursuant to the National Bank Decision, loans of the corporate sector registered annual growth of **3.1%⁶** in May.



Source: NBRM.

2. Deposits and loans of the households⁷



Source: NBRM.

- This month, total **household deposits** registered a minimal change of 0.03% on a monthly level, amid annual growth rate of 5.5%. The annual growth in this category is

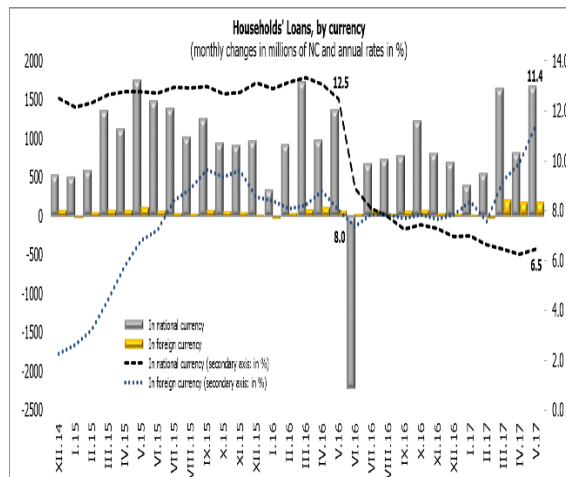
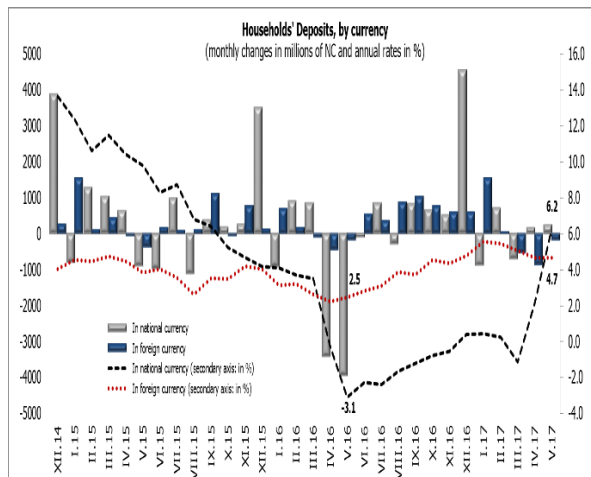
⁶ On 29 August 2017, a correction in the figure of the growth rate of loans has been made, which due to a technical error was 5.6% instead of 3.1%.

⁷ For the needs of this press release, households refer to the individuals and self-employed professionals.



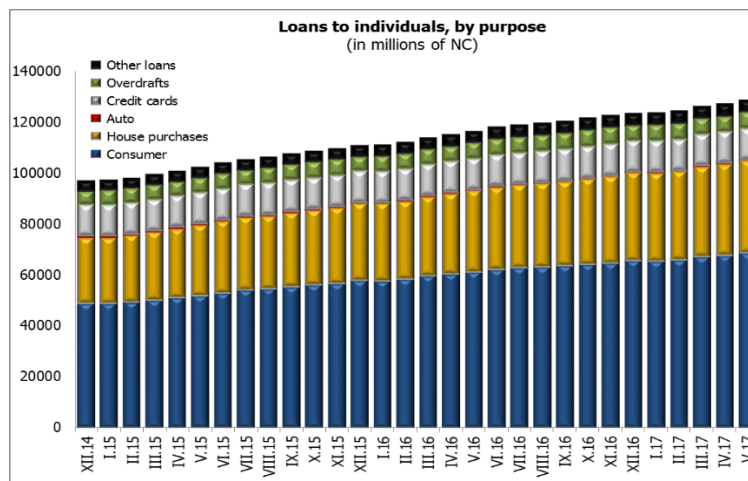
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distributed between Denar and foreign currency deposits, with a more significant contribution of deposits received in Denars (58.0%) to the growth.



Source: NBRM.

- In May, in total household **loans**, a monthly and annual growth of 1.4% and 6.7%, respectively, was registered. Thus, the increased lending activity, both on a monthly and annual basis, is more pronounced in Denar placements. By excluding the effect of the transfer of doubtful and contested claims from on-balance sheet to off-balance sheet record, pursuant to the National Bank Decision, the annual loan growth in households in May would equal **10.5%**⁸.



Source: NBRM.

⁸ On 29 August 2017, a correction in the figure of the growth rate of loans has been made, which due to a technical error was 10.7% instead of 10.5%.



National Bank of the Republic of Macedonia Statistics Department

Table 2 Banks and savings houses loans granted to individuals, by purpose

	Stocks (in millions of MKD)								annual changes (in %)								monthly changes (in %)	
	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	5.2017	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	5.2017	4.2017	5.2017
Consumer loans	57,730	59,413	62,069	63,519	65,438	67,041	67,624	68,571	18.2	18.8	17.4	14.8	13.4	12.8	12.0	12.3	0.9	1.4
House purchases loans	30,287	31,259	32,404	33,123	34,608	35,448	35,823	36,330	17.9	16.8	14.9	13.8	14.3	13.4	13.3	13.8	1.1	1.4
Auto loans	399	379	348	325	323	309	314	307	-41.7	-36.5	-31.7	-27.2	-19.1	-18.5	-15.2	-13.5	1.5	-2.1
Credit cards	12,348	12,237	12,344	12,469	12,380	12,294	12,288	12,284	-0.5	0.0	0.4	0.4	0.3	0.5	0.4	0.1	-0.1	0.0
Overdrafts	5,592	6,112	6,281	6,276	5,795	6,275	6,175	6,430	5.0	5.4	6.4	3.5	3.6	2.7	5.7	3.0	-1.6	4.1
Other loans	4,273	4,317	4,498	4,556	4,585	4,560	4,629	4,615	9.4	10.0	11.1	10.4	7.3	5.6	5.8	5.3	1.5	-0.3

1) Data in accordance with the final balance sheets submission

Source: NBRM.

- From the viewpoint of loan types granted to individuals, in May, the most significant categories, **consumer and housing loans** registered an identical monthly increase of 1.4% respectively, amid annual growth of 12.3% and 13.8%, respectively. **Car loans** registered monthly and annual decline in the credit activity of 2.1% and 13.5%, respectively. Loans granted on the basis of **credit cards** in May did not register a monthly change, while on an annual basis registered a minimal growth of 0.1%. Furthermore, during this month **overdrafts** registered a monthly and annual increase of 4.1% and 3.0%. The loans granted on **other basis** registered a monthly decrease of 0.3%, while on an annual basis, they increased by 5.3%.

Supporting information

Time series of data: Balance sheets and list of deposit institutions monthly data

<http://www.nbrm.mk/ns-newsarticle-bilansi-i-pregledi-na-depozitni-institucii-en.nspix>

Methodological explanations:

http://www.nbrm.mk/WBStorage/Files/Statistika_metodologija_monetarna_statistika_05_2015_eng.pdf

Next publication: Advance release calendar

http://www.nbrm.mk/Content/statistika/Kalendar/Advance_Release_Calendar.pdf

Monetary developments in the Republic of Macedonia: 21 July 2017 (reference period as of June 2017).

We kindly ask journalists to contact the Governor's Office for any queries.

For more detailed information regarding the disseminated statistical data, please contact us on: contact.statistika@nbrm.mk or on the telephone number 02 3215 181 extension 116 (or 110/108).