



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 21 September 2020

Press Release

Monetary developments in the Republic of North Macedonia: August 2020¹

- In August 2020, **the broad money (monetary aggregate M3^{2,3})** decreased by 1.0% on a monthly basis, primarily under the influence of the decline in long-term deposits up to two years and the slower fall in short-term deposits and currency in circulation, amid higher demand deposits. On an annual basis, broad money increased by 7.0%, due to the growth in demand deposits, currency in circulation and short-term deposits, amid decrease in long-term deposits up to two years.

Table 1. Total deposits and loans⁴ of the non-government sector

	stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)	
	3.2019	6.2019	9.2019	12.2019	7.2020	8.2020	3.2019	6.2019	9.2019	12.2019	7.2020	8.2020	7.2020	8.2020
Broad Money M4	418,499	427,071	438,662	455,411	471,225	466,255	11.7	10.5	10.8	9.3	9.1	6.6	0.5	-1.1
Broad Money M3	372,833	379,982	388,869	404,028	419,973	415,936	10.4	9.2	9.9	8.2	9.3	7.0	0.7	-1.0
of which:														
Currency in Circulation	31,236	32,554	33,368	36,108	42,042	41,710	9.0	9.7	8.8	12.0	22.7	22.6	2.2	-0.8
Total Deposits	377,800	386,461	394,472	410,794	420,347	415,722	11.1	10.5	10.1	9.5	7.9	5.2	0.3	-1.1
of which:														
Corporations	96,147	99,456	104,178	111,948	109,813	111,278	12.1	10.1	11.1	14.6	9.0	5.8	-0.7	1.3
In national currency	66,691	71,021	75,566	81,911	76,484	77,655	11.1	13.5	11.7	17.9	5.7	4.0	-1.4	1.5
In foreign currency	29,456	28,434	28,613	30,036	33,329	33,623	14.4	2.6	9.4	6.4	17.3	10.1	1.2	0.9
Households	253,748	258,100	262,458	272,605	281,580	275,805	8.7	9.0	9.3	7.9	8.4	5.7	0.4	-2.1
In national currency	131,901	135,492	137,346	146,231	149,137	143,887	9.6	11.8	12.0	10.4	9.5	5.3	0.0	-3.5
In foreign currency	121,847	122,609	125,113	126,374	132,443	131,918	7.7	6.0	6.4	5.2	7.2	6.2	0.9	-0.4
Total Loans	324,798	330,726	328,970	341,389	355,085	350,139	9.0	8.1	5.6	6.0	8.2	6.9	0.7	-1.4
of which:														
Corporations	164,734	165,305	159,764	167,952	173,055	167,616	8.2	6.4	1.7	1.9	7.1	4.8	0.0	-3.1
In national currency	103,142	103,308	99,250	103,591	107,341	101,454	10.3	8.8	3.6	-0.8	6.5	2.1	0.6	-5.5
In foreign currency	61,592	61,997	60,514	64,361	65,714	66,162	5.0	2.5	-1.5	6.6	8.2	9.4	-0.9	0.7
Households	158,550	163,963	167,528	172,014	180,687	181,176	9.7	9.9	9.5	10.5	9.4	9.0	1.3	0.3
In national currency	88,854	91,492	92,821	95,075	101,216	102,293	12.9	11.4	9.6	10.0	10.2	10.8	1.8	1.1
In foreign currency	69,697	72,471	74,706	76,939	79,472	78,883	6.0	8.0	9.3	11.0	8.4	6.8	0.7	-0.7

Source: NBRNM.

- In August, **total deposits⁵** decreased by 1.1% compared to the previous month, due to the fall in household deposits, amid growth in corporate deposits. Annually, total deposits increased by 5.2%, given the increase in deposits in both sectors, particularly household deposits. Correcting the data for the deposits of the bank under bankruptcy, total deposits in August registered a monthly and annual growth of 0.5% and 6.9%, respectively.

¹Data on monetary aggregates and total deposits and loans as of August 2020 do not include data on a bank whose founding and operating license was revoked and who went into bankruptcy in August 2020. The exclusion of data on this bank for August affects the monthly and annual changes analyzed herein.

² The National Bank has been using the monetary aggregate M3 as a new standard definition of broad money since June 2018. The monetary aggregate M4 will continue to be calculated and published for analytical purposes.

³ Monetary aggregate M1 is comprised of currency in circulation and demand deposits. Monetary aggregate M2 is composed of monetary aggregate M1 and short-term deposits, whereas the monetary aggregate M3 (broad money), besides the monetary aggregate M2, includes deposits with maturity from one to two years. Consequently, monetary aggregate M4 contains monetary aggregate M3 and long-term deposits with maturity over two years. For more details see the Methodology at:

http://www.nbrm.mk/content/statistika/Monetarna%20statistika/metodologija/Metodologija_monetarna_07_2018_eng.pdf

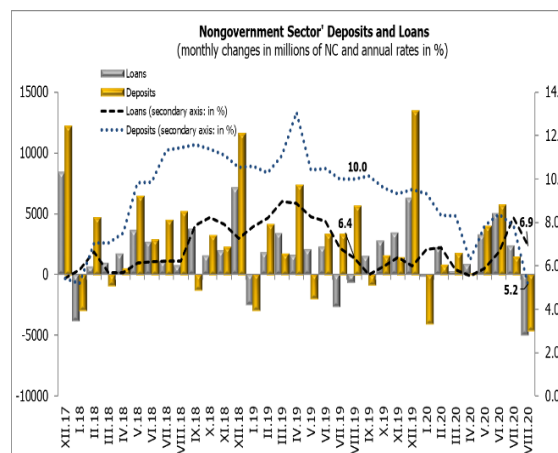
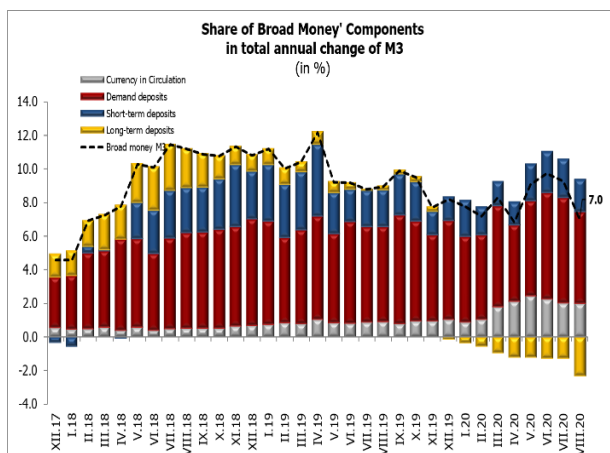
⁴ The annual loan rates since July 2019 have been influenced by the National Bank's measure for writing-off of claims fully covered for more than a year.

⁵ Total deposits consist of all deposits included in the monetary aggregate M4.



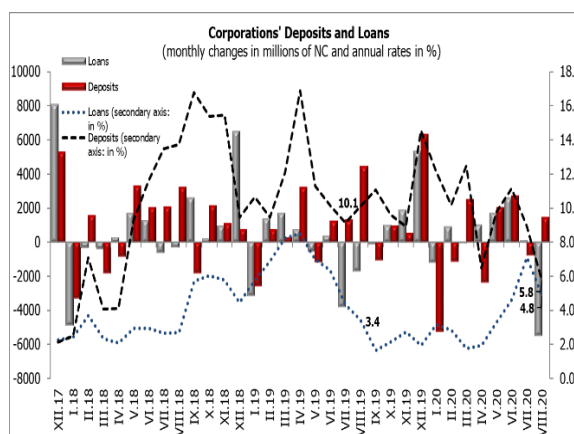
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- In August, **total loans**⁶ registered a monthly decrease of 1.4% which, against the backdrop of higher household lending, is the sole result of the reduced corporate lending. Annually, total loans increased by 6.9%, due to the enhanced lending to both sectors, primarily the household sector. Correcting the loan data for the bank under bankruptcy, total loans registered a monthly and annual growth of 0.3% and 8.8%, respectively.



Source: NBRNM.

1. Deposits and loans of the corporate sector⁷



Source: NBRNM

- In August, total **corporate deposits** increased by 1.3%, on a monthly basis. The uptrend primarily reflects the increase in demand deposits amid slower growth in foreign currency deposits (short-term and long-term), and fall in denar deposits (short-term and long-term). The annual growth is 5.8% and primarily results from the increased demand deposits and short-term and long-term foreign currency deposits, amid fall in short-term

⁶ On 9 August 2018, the National Bank Council adopted the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18) that requires from banks to transfer (and to continue to transfer) from on-balance sheet to off-balance sheet records all claims that have been fully booked for more than a year. The Decision on the methodology for credit risk management has been applied since 1 July 2019, with the base effect being exhausted as of July 2020. Hence, the difference in the annual growth rates of loans with and without the effect of write offs are insignificant, and therefore these comparisons have been discontinued as of this release.

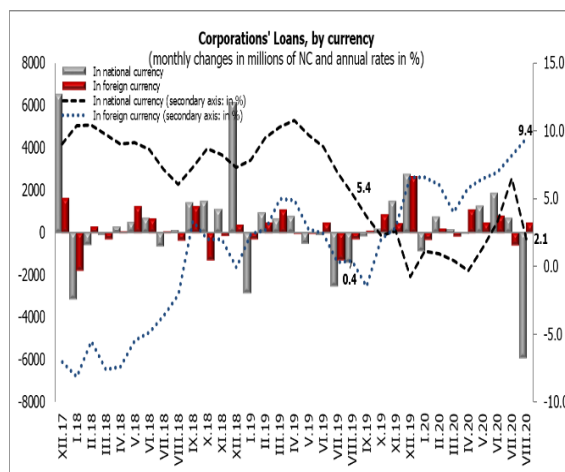
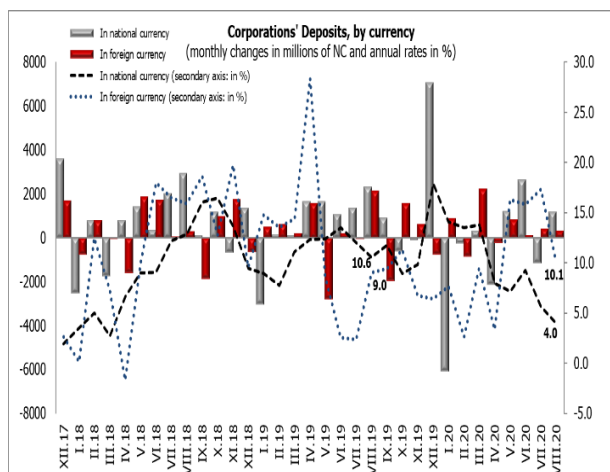
⁷ For the purposes of this press release, corporate sector includes public and private non-financial corporations.



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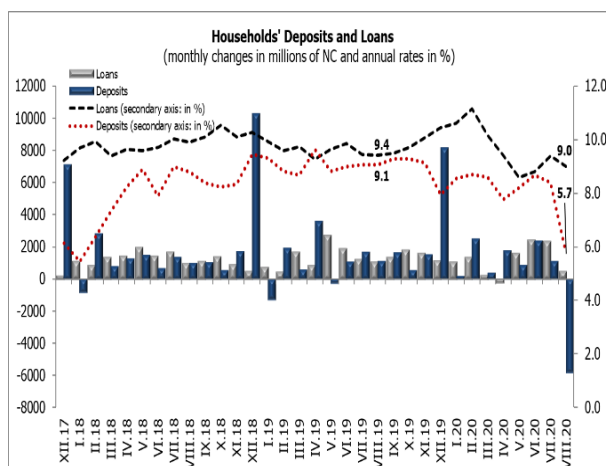
and long-term denar deposits. Correcting the data on corporate deposits of the bank in bankruptcy, the monthly and annual growth in August was 2.0% and 6.5%, respectively.

- This month, **corporate loans⁸** decreased by 3.1% compared to the previous month as a result of the reduced lending in denars. On an annual basis, corporate loans increased by 4.8%, as a result of the growth of denar and foreign currency loans, primarily foreign currency loans. Correcting the loan data for the bank in bankruptcy, loans to the corporate sector in August dropped by 0.6% on a monthly basis, amid annual growth of 7.6%.



Source: NBRNM.

2. Deposits and loans of the households⁹



Source: NBRNM.

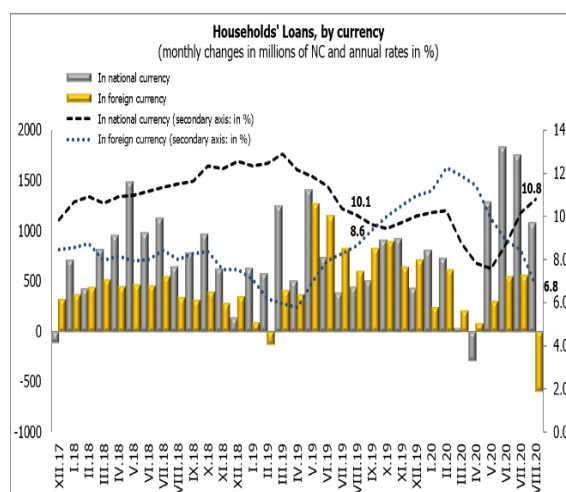
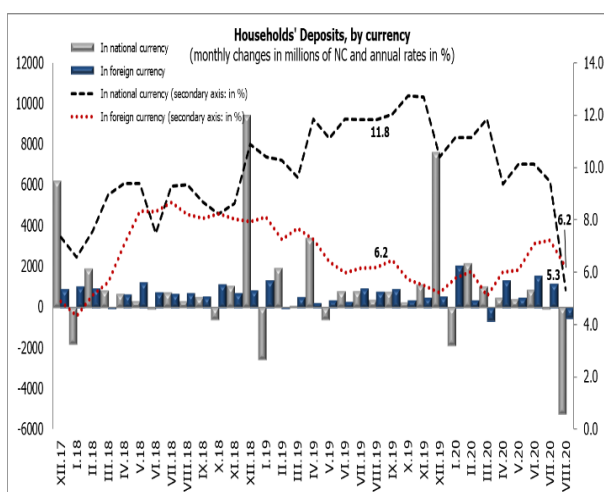
⁸Starting from June 2018, and according to the new methodology, data on financial instruments in denars with FX clause have been included in the foreign currency.

⁹ For the purposes of this press release, households refer to individuals and self-employed professionals.

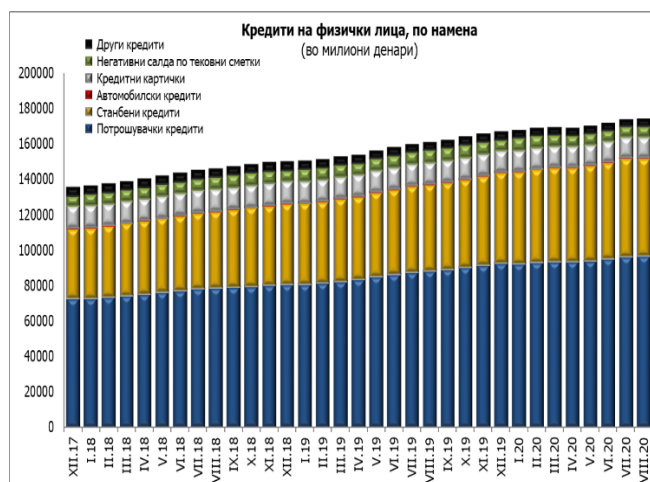


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- In August, total **household deposits** registered a monthly fall of 2.1%. This downtrend is primarily due to the lower long-term denar deposits (share of 68.2% to the growth) amid fall in other components other than in the short-term deposits in foreign currency which increased. Observed annually, household deposits increased by 5.7%, as a result of the increased demand deposits and short-term foreign currency deposits, amid fall in other components. Correcting the data for deposits of the bank under bankruptcy, there is a minor monthly growth of 0.1% and an annual growth of 8.0%.
- This month, **household loans** registered a monthly growth of 0.3% reflecting higher denar loans amid lower foreign currency loans. Annually, the growth was 9.0% which is more pronounced in denar loans. Correcting the data on household loans granted by the bank in bankruptcy, the monthly and annual growth was 1.2% and 10.0%, respectively.



Source: NBRNM.



Source: NBRNM.



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Table 2. Bank and savings house loans granted to individuals, by purpose

	Stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)	
	3.2019	6.2019	9.2019	12.2019	7.202	8.2020	3.2019	6.2019	9.2019	12.2019	7.2020	8.2020	7.2020	8.2020
Consumer loans	82,324	86,335	89,042	92,430	96,249	96,618	10.9	12.0	12.8	14.6	10.0	9.6	1.3	0.4
Housing loans	46,477	47,785	49,116	51,338	55,306	55,144	13.6	12.9	11.9	12.7	14.0	13.0	1.7	-0.3
Car loans	319	320	316	316	289	286	0.4	4.0	4.8	1.4	-10.9	-10.7	-1.2	-0.9
Credit cards	12,113	12,007	11,956	11,928	11,557	11,566	-0.4	-1.5	-2.3	-2.6	-3.8	-3.7	0.4	0.1
Overdrafts	6,830	6,850	7,043	6,123	6,020	6,149	8.4	2.7	2.3	-1.7	-11.7	-10.9	-3.0	2.1
Other loans	4,252	4,217	4,194	4,118	3,932	3,931	-6.2	-8.2	-8.2	-10.6	-5.9	-5.4	-0.3	0.0

Source: NBRNM.

- In August, according to the purpose of loans granted to individuals, the most common category - **consumer loans** registered a monthly and annual growth of 0.4% and 9.6%, respectively. **Housing loans** reduced by 0.3% on a monthly basis, amid annual growth of 13.0%. The monthly and annual decline in **car loans** was 0.9% and 10.7%, respectively. Loans on **credit cards** increased slightly by 0.1% on a monthly basis, amid annual fall of 3.7%, while **overdrafts** registered a monthly increase of 2.1% amid annual decrease of 10.9%. In August, loans granted on **other basis** remained unchanged on a monthly basis, and decreased by 5.4% on an annual basis.

Supporting information

Time series of data: Balance sheets and list of depository institutions, monthly data

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

Methodological explanations:

http://www.nbrm.mk/content/statistika/Monetarna%20statistika/metodologija/Metodologija_monetarna_07_2018_eng.pdf

Information on methodological changes in the monetary statistics, the statistics of the other financial corporations and the interest rates statistics:

http://www.nbrm.mk/content/statistika/informacii/Informacija_za_promeni_vo_monetarnata_statistika_eng.pdf

Next publications: Advance Release Calendar

http://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf

Monetary developments in the Republic of North Macedonia: 21 October 2020 (reference period as of September 2020).

We kindly ask journalists to contact the Governor's Office for any queries. For more information about the disseminated statistical data, please contact us at: contact.statistika@nbrm.mk or phone: 02 3215 181 extension 116 (or 110/108).