



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 20 March 2020

Press Release

Monetary developments in the Republic of North Macedonia: February 2020

- After the fall in January, **the broad money (monetary aggregate M3^{1,2})**, in February 2020, registered monthly growth of 0.2%, mostly due to the increase in demand deposits³ and currency in circulation, amid a decline in short-term deposits, as well as long-term deposits up to two years. On an annual basis, broad money increased by 7.2%, mainly due to the increase in demand deposits and short-term deposits, given the slower growth of currency in circulation, and amid a decline in long-term deposits up to two years.
- Total deposits⁴** in February increased by 0.2% on a monthly basis, which is explained by the increase in household deposits, amid a decline in corporate deposits. The annual growth of total deposits is 8.3%, as a result of the growth of deposits in both sectors, with a more pronounced share in the growth of the household sector (share of 70.3%).

Table 1. Total deposits and loans⁵ of the non-government sector

	stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)	
	3.2019	6.2019	9.2019	12.2019 ¹	1.2020	2.2020	3.2019	6.2019	9.2019	12.2019 ¹	1.2020	2.2020	1.2020	2.2020
Broad Money M4	418,499	427,071	438,662	455,411	449,749	451,280	11.7	10.5	10.8	9.3	8.9	8.2	-1.2	0.3
Broad Money M3	372,833	379,982	388,869	404,028	397,935	398,873	10.4	9.2	9.9	8.2	7.8	7.2	-1.5	0.2
of which:														
Currency in Circulation	31,236	32,554	33,368	36,108	34,084	35,131	9.0	9.7	8.8	12.0	10.6	12.5	-5.6	3.1
Total Deposits	377,800	386,461	394,472	410,794	406,738	407,470	11.1	10.5	10.1	9.5	9.3	8.3	-1.0	0.2
of which:														
Corporations	96,147	99,456	104,178	111,948	106,744	105,647	12.1	10.1	11.1	14.6	12.2	10.2	-4.6	-1.0
In national currency	66,691	71,021	75,566	81,911	75,836	75,587	11.1	13.5	11.7	17.9	14.1	13.5	-7.4	-0.3
In foreign currency	29,456	28,434	28,613	30,036	30,909	30,059	14.4	2.6	9.4	6.4	7.7	2.6	2.9	-2.7
Households	253,748	258,100	262,458	272,605	272,762	275,215	8.7	9.0	9.3	7.9	8.5	8.7	0.1	0.9
In national currency	131,901	135,492	137,346	146,231	144,373	146,522	9.6	11.8	12.0	10.4	11.1	11.1	-1.3	1.5
In foreign currency	121,847	122,609	125,113	126,374	128,389	128,693	7.7	6.0	6.4	5.2	5.8	6.0	1.6	0.2
Total Loans	324,798	330,726	328,970	341,389	341,249	343,463	9.0	8.1	5.6	6.0	6.8	6.9	0.0	0.6
of which:														
Corporations	164,734	165,305	159,764	167,952	166,774	167,671	8.2	6.4	1.7	1.9	3.2	2.8	-0.7	0.5
In national currency	103,142	103,308	99,250	103,591	102,726	103,464	10.3	8.8	3.6	-0.8	1.1	0.9	-0.8	0.7
In foreign currency	61,592	61,997	60,514	64,361	64,049	64,207	5.0	2.5	-1.5	6.6	6.6	6.0	-0.5	0.2
Households	158,550	163,963	167,528	172,014	173,058	174,395	9.7	9.9	9.5	10.5	10.6	11.1	0.6	0.8
In national currency	88,854	91,492	92,821	95,075	95,882	96,611	12.9	11.4	9.6	10.0	10.2	10.3	0.8	0.8
In foreign currency	69,697	72,471	74,706	76,939	77,176	77,784	6.0	8.0	9.3	11.0	11.2	12.2	0.3	0.8

Source: NBRNM.

¹ 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.

² 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

³ Demand deposits refer to current accounts with banks and savings houses and current accounts of other financial corporations with the National Bank.

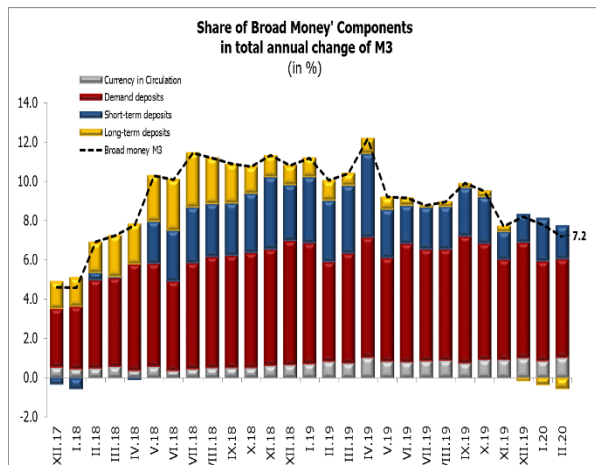
⁴ Total deposits consist of all deposits included in the monetary aggregate M4.

⁵ 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.

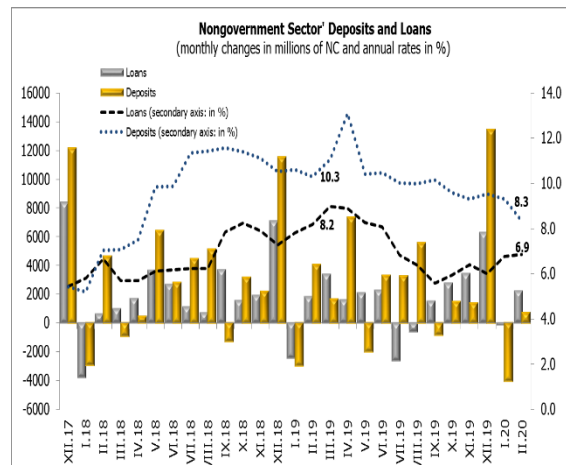


National Bank of the Republic of North Macedonia Statistics Department

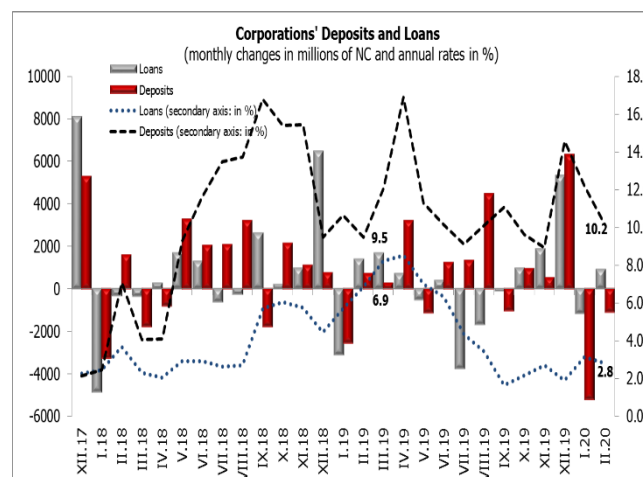
- In February, **total loans** registered a monthly and annual increase of 0.6% and 6.9%, respectively. The upward monthly and annual change reflects the increased lending to both sectors, which is more pronounced in the household sector. Taking into account the effect of the transfer of doubtful and contested claims from on-balance sheet to off-balance sheet records, pursuant to the regulatory changes⁶ under the National Bank decision, in February, total loans registered an annual growth of 8.1%.



Source: NBRNM.



1. Deposits and loans of the corporate sector⁷



Source: NBRNM.

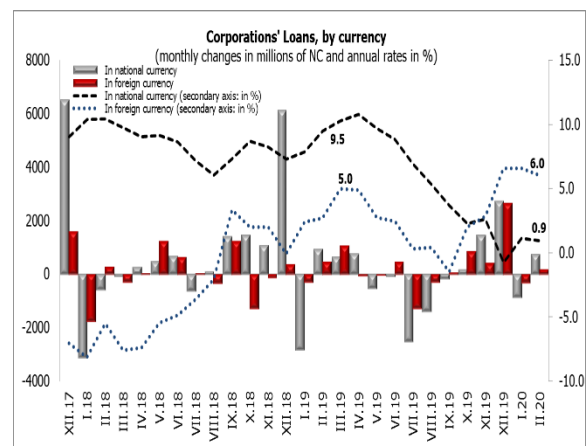
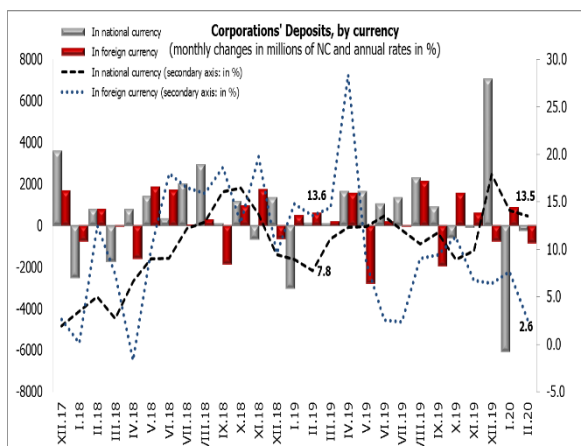
⁶ On 9 August 2018, the National Bank Council adopted the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18) that requires from banks to transfer (and to continue to transfer) from on-balance sheet to off-balance sheet records all claims that have been fully booked for more than a year. Notwithstanding the transfer of these claims to the off-balance sheet record, the banks reserve the right for collection.

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



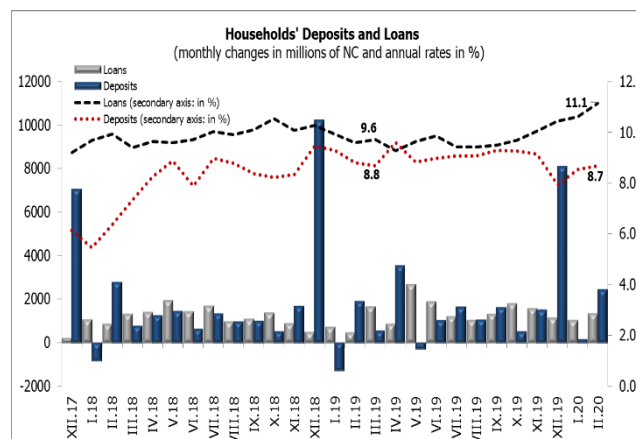
National Bank of the Republic of North Macedonia Statistics Department

- In February, total **corporate deposits** decreased by 1.0%, on a monthly basis. The downward monthly change is mainly due to short-term deposits in foreign currency and in denars, amid a decline in the other components, with the exception of demand deposits which increased. On an annual basis, corporate deposits increased by 10.2%, mostly due to the increase in demand deposits, amid a slower growth of denar long-term deposits and short-term foreign currency deposits, and amid a decline in the other components.
- In this month, **corporate loans**⁸ registered a monthly growth of 0.5%, with the largest contribution to the growth of the lending in denars. Compared to the same period last year, corporate loans increased by 2.8%, mainly due to the increased lending in foreign currency. Excluding the effect of write-off of doubtful and contested claims, under the National Bank decision, the annual growth of corporate loans equaled 4.9% in February.



Source: NBRNM

2. Deposits and loans of the households⁹



Source: NBRNM.

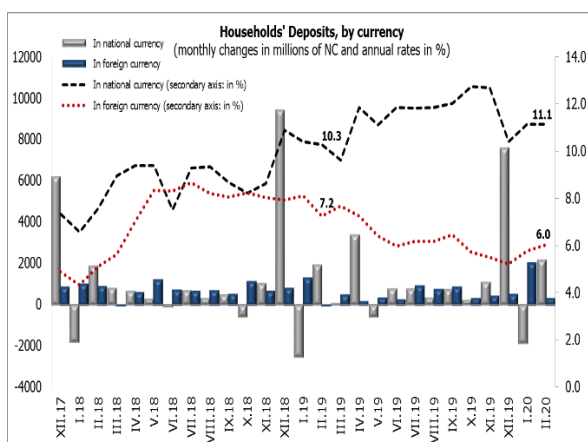
⁸ Starting from June 2018, and according to the new methodology, data on financial instruments in denars with FX clause have been included in the foreign currency.

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

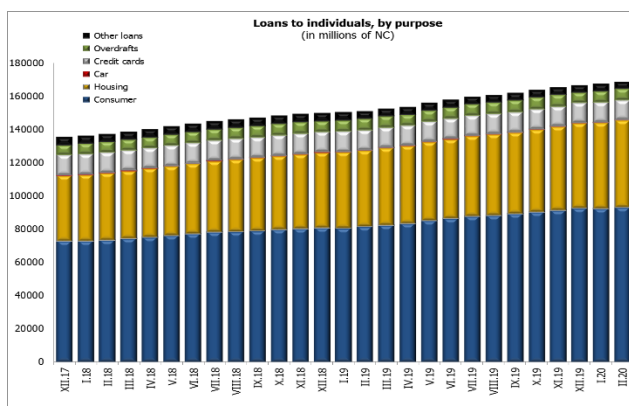
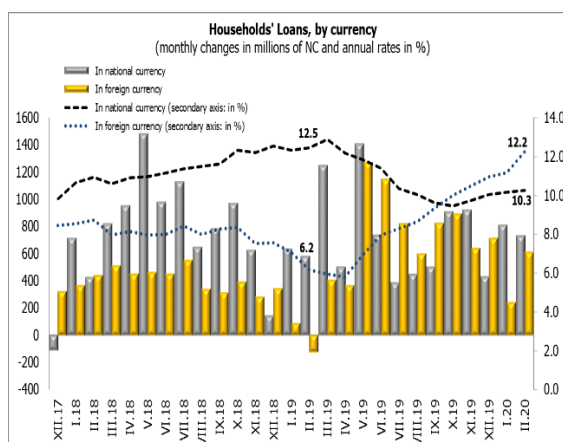


National Bank of the Republic of North Macedonia Statistics Department

- In February, total **household deposits** increased on a monthly and annual basis by 0.9% and 8.7%, respectively, as a result of the growth in all components. The largest contribution to the monthly growth is made by demand deposits, while the annual growth is mostly explained by the increased demand deposits and short-term foreign currency deposits.
- In February, total **household loans** registered a monthly and annual increase of 0.8% and 11.1%, respectively. Analyzed by currency, the monthly and annual growth is slightly more pronounced in the lending in domestic currency. By excluding the effect of the transfer of doubtful and contested claims from the on-balance sheet to the off-balance sheet records, pursuant to the National Bank decision, the annual household loan growth equaled 11.9% in February.



Source: NBRNM.



Source: NBRNM.



National Bank of the Republic of North Macedonia Statistics Department

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 ¹⁾	1.2020	2.2020	3.2019	6.2019	9.2019	12.2019 ¹⁾	1.2020	2.2020	1.2020	2.2020
Consumer loans	82,324	86,335	89,042	92,430	92,219	92,980	10.9	12.0	12.8	14.6	14.5	14.3	-0.2	0.8
Housing loans	46,477	47,785	49,116	51,338	51,804	52,539	13.6	12.9	11.9	12.7	13.2	14.4	0.9	1.4
Car loans	319	320	316	316	309	308	0.4	4.0	4.8	1.4	-1.8	-1.4	-2.3	-0.4
Credit cards	12,113	12,007	11,956	11,928	11,853	11,724	-0.4	-1.5	-2.3	-2.6	-2.7	-3.2	-0.6	-1.1
Overdrafts	6,830	6,850	7,043	6,123	6,910	6,901	8.4	2.7	2.3	-1.7	1.5	2.2	12.8	-0.1
Other loans	4,252	4,217	4,194	4,118	4,083	4,032	-6.2	-8.2	-8.2	-10.6	-10.9	-5.7	-0.8	-1.2

Source: NBRNM.

- Analyzing the purpose of loans to individuals, the most common categories - **consumer and housing loans** registered a monthly growth of 0.8% and 1.4%, respectively, as well as an annual growth of 14.3% and 14.4%, respectively. In this month, **car loans** registered a monthly and annual decrease of 0.4% and 1.4%, respectively. A decline on both bases was also registered in loans on **credit cards** of 1.1% and 3.2%, respectively. **Overdrafts** registered a monthly fall of 0.1%, but on an annual basis they increased by 2.2%. Loans granted on **other basis** registered a monthly and annual decrease of 1.2% and 5.7%, respectively.

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



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Statistics Department**

Next publications: Advance Release Calendar

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Monetary developments in the Republic of North Macedonia: 21 April 2020 (reference period as of March 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 on the telephone number 02 3215 181 extension 116 (or 110/108).