



## National Bank of the Republic of North Macedonia Statistics Department

Skopje, 21 August 2020

### Press Release

### Monetary developments in the Republic of North Macedonia: July 2020

- In July 2020, the **broad money (monetary aggregate M3<sup>1,2</sup>)** increased by 0.7% on a monthly basis, under the influence of the growth of demand deposits, short-term deposits and currency in circulation, amid a decline in long-term deposits up to two years. On an annual basis, broad money increased by 9.3%, largely as a result of the higher demand deposits, amid growth of short-term deposits and currency in circulation, amid a decline in long-term deposits up to two years.
- This month, **total deposits<sup>3</sup>** increased by 0.3% compared to the previous month, due to the growth of household deposits, amid a decline in corporate deposits. Annually, total deposits increased by 7.9%, due to the increase in deposits in both sectors, more pronounced in household deposits.

Table 1. Total deposits and loans<sup>4</sup> of the non-government sector

	stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)	
	3.2019	6.2019	9.2019	12.2019	6.2020	7.2020	3.2019	6.2019	9.2019	12.2019	6.2020	7.2020	6.2020	7.2020
<b>Broad Money M4</b>	<b>418,499</b>	<b>427,071</b>	<b>438,662</b>	<b>455,411</b>	<b>468,912</b>	<b>471,225</b>	<b>11.7</b>	<b>10.5</b>	<b>10.8</b>	<b>9.3</b>	<b>9.8</b>	<b>9.1</b>	<b>1.2</b>	<b>0.5</b>
<b>Broad Money M3</b>	<b>372,833</b>	<b>379,982</b>	<b>388,869</b>	<b>404,028</b>	<b>416,935</b>	<b>419,973</b>	<b>10.4</b>	<b>9.2</b>	<b>9.9</b>	<b>8.2</b>	<b>9.7</b>	<b>9.3</b>	<b>1.4</b>	<b>0.7</b>
<i>of which:</i>														
Currency in Circulation	31,236	32,554	33,368	36,108	41,125	42,042	9.0	9.7	8.8	12.0	26.3	22.7	-0.8	2.2
<b>Total Deposits</b>	<b>377,800</b>	<b>386,461</b>	<b>394,472</b>	<b>410,794</b>	<b>418,916</b>	<b>420,347</b>	<b>11.1</b>	<b>10.5</b>	<b>10.1</b>	<b>9.5</b>	<b>8.4</b>	<b>7.9</b>	<b>1.4</b>	<b>0.3</b>
<i>of which:</i>														
Corporations	96,147	99,456	104,178	111,948	110,550	109,813	12.1	10.1	11.1	14.6	11.2	9.0	2.5	-0.7
<i>In national currency</i>	66,691	71,021	75,566	81,911	77,609	76,484	11.1	13.5	11.7	17.9	9.3	5.7	3.5	-1.4
<i>In foreign currency</i>	29,456	28,434	28,613	30,036	32,941	33,329	14.4	2.6	9.4	6.4	15.9	17.3	0.3	1.2
Households	253,748	258,100	262,458	272,605	280,512	281,580	8.7	9.0	9.3	7.9	8.7	8.4	0.8	0.4
<i>In national currency</i>	131,901	135,492	137,346	146,231	149,204	149,137	9.6	11.8	12.0	10.4	10.1	9.5	0.6	0.0
<i>In foreign currency</i>	121,847	122,609	125,113	126,374	131,309	132,443	7.7	6.0	6.4	5.2	7.1	7.2	1.2	0.9
<b>Total Loans</b>	<b>324,798</b>	<b>330,726</b>	<b>328,970</b>	<b>341,389</b>	<b>352,718</b>	<b>355,085</b>	<b>9.0</b>	<b>8.1</b>	<b>5.6</b>	<b>6.0</b>	<b>6.6</b>	<b>8.2</b>	<b>1.4</b>	<b>0.7</b>
<i>of which:</i>														
Corporations	164,734	165,305	159,764	167,952	172,978	173,055	8.2	6.4	1.7	1.9	4.6	7.1	1.5	0.0
<i>In national currency</i>	103,142	103,308	99,250	103,591	106,688	107,341	10.3	8.8	3.6	-0.8	3.3	6.5	1.8	0.6
<i>In foreign currency</i>	61,592	61,997	60,514	64,361	66,290	65,714	5.0	2.5	-1.5	6.6	6.9	8.2	1.1	-0.9
Households	158,550	163,963	167,528	172,014	178,384	180,687	9.7	9.9	9.5	10.5	8.8	9.4	1.3	1.3
<i>In national currency</i>	88,854	91,492	92,821	95,075	99,469	101,216	12.9	11.4	9.6	10.0	8.7	10.2	1.9	1.8
<i>In foreign currency</i>	69,697	72,471	74,706	76,939	78,916	79,472	6.0	8.0	9.3	11.0	8.9	8.4	0.7	0.7

Source: NBRNM.

<sup>1</sup> 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.

<sup>2</sup> 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](http://www.nbrm.mk/content/statistika/Monetarna%20statistika/metodologija/Metodologija_monetarna_07_2018_eng.pdf)

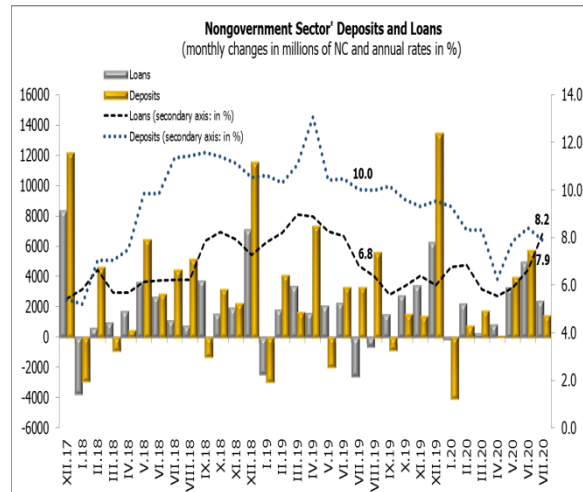
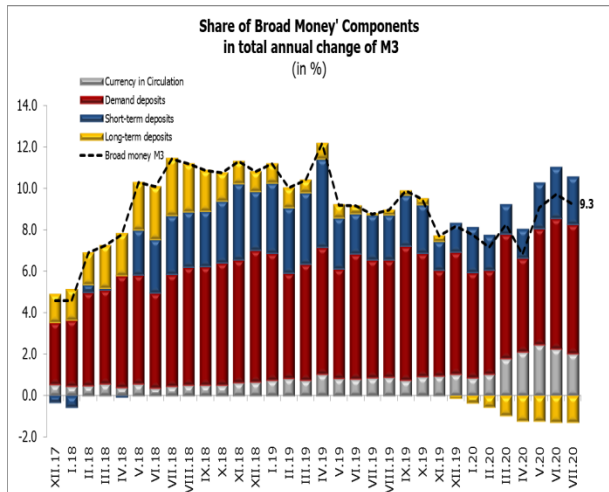
<sup>3</sup> Total deposits consist of all deposits included in the monetary aggregate M4.

<sup>4</sup> 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.



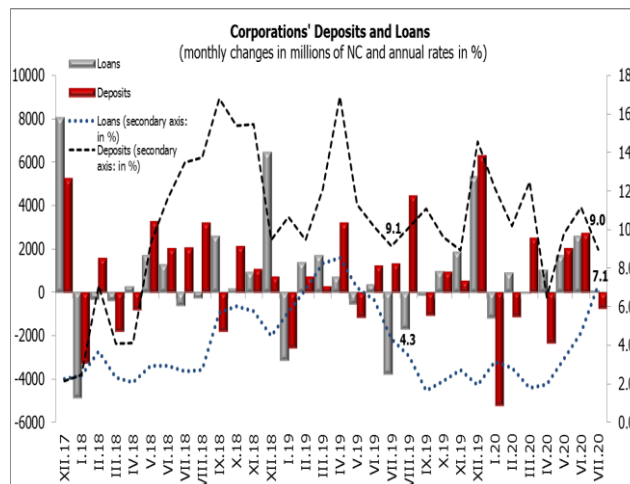
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- In July, **total loans** increased by 0.7%, mainly under the influence of the increased lending to the household sector (share in the change of 97.3%). On an annual level, total loans increased by 8.2%, in circumstances of growth of loans in both 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 changes<sup>5,6</sup> under the National Bank decision, in July, total loans registered an annual growth of 8.3%.



Source: NBRNM.

### 1. Deposits and loans of the corporate sector<sup>7</sup>



Source: NBRNM.

<sup>5</sup> 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.

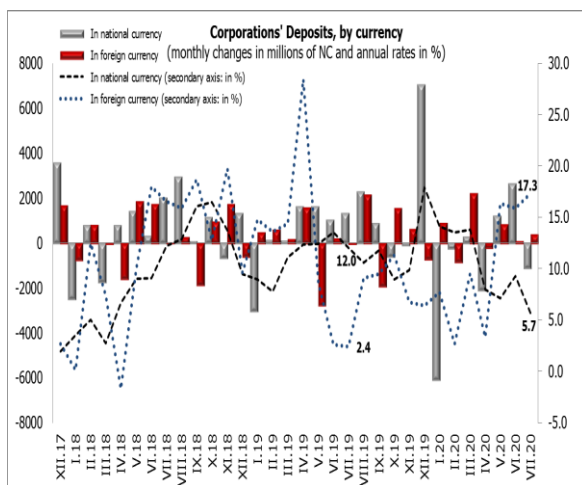
<sup>6</sup> As the Decision on the methodology for credit risk management entered into force on 1 July 2019, in July 2020 the effect of the comparison base was exhausted. Hence, the differences in the annual growth rates of loans with and without the effect of the write-offs are insignificant.

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

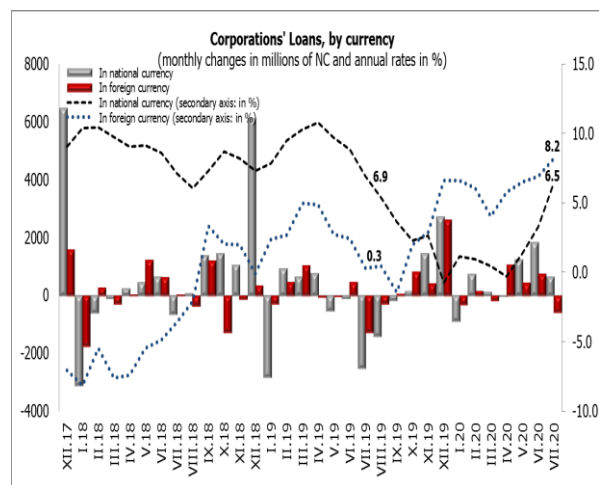


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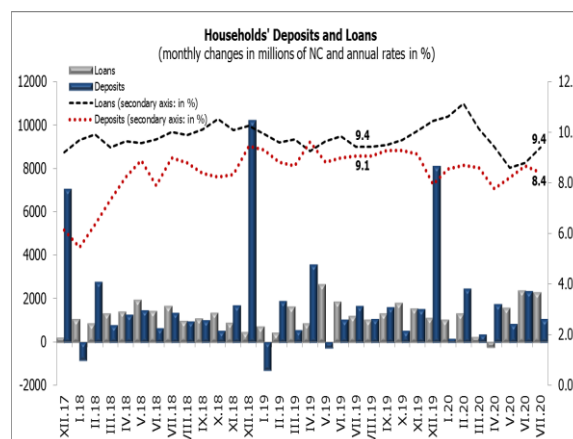
- In July, total **corporate deposits** decreased by 0.7% on a monthly level. The downward change is entirely due to the fall in short-term and long-term denar deposits, in conditions of growth in short-term and long-term foreign currency deposits and demand deposits. On an annual level, deposits increased by 9.0%, as a result of the growth of demand deposits and foreign currency deposits (short-term and long-term), given the fall in denar deposits (short-term and long-term).
- This month, **corporate loans**<sup>8</sup> remained unchanged on a monthly basis, amid increased lending in denars and fall in foreign currency loans. The annual growth of 7.1% is due to the increased denar and foreign currency loans, with a more pronounced share of denar loans. Excluding the effect of write-off of doubtful and contested claims, under the National Bank decision, the annual growth of corporate loans equaled 7.1% in July.



Source: NBRNM.



## 2. Deposits and loans of the households<sup>9</sup>



Source: NBRNM.

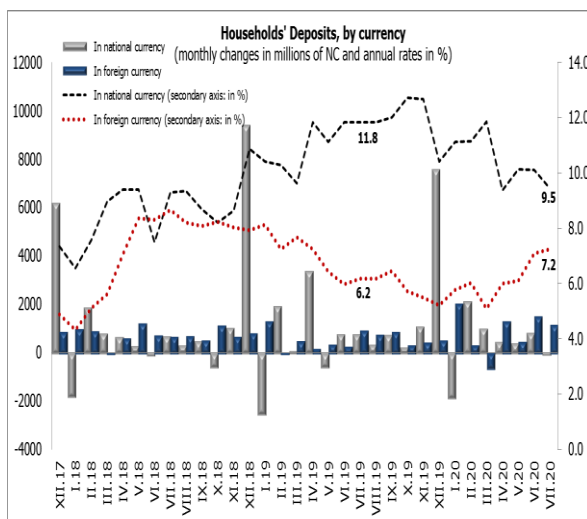
<sup>8</sup> Starting from June 2018, and according to the new methodology, data on financial instruments in denars with FX clause have been included in the foreign currency.

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

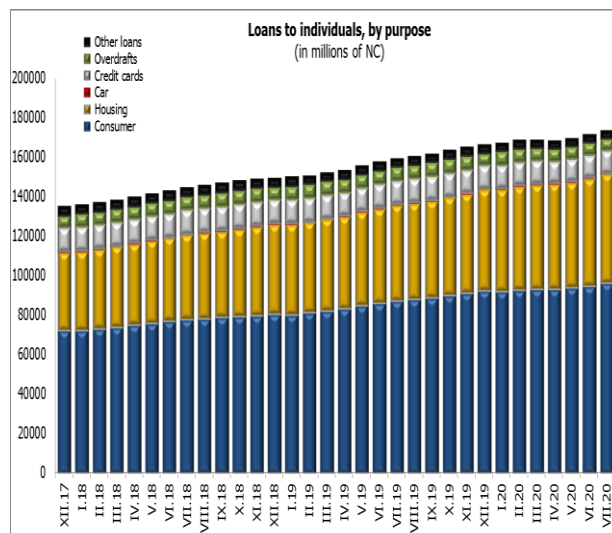
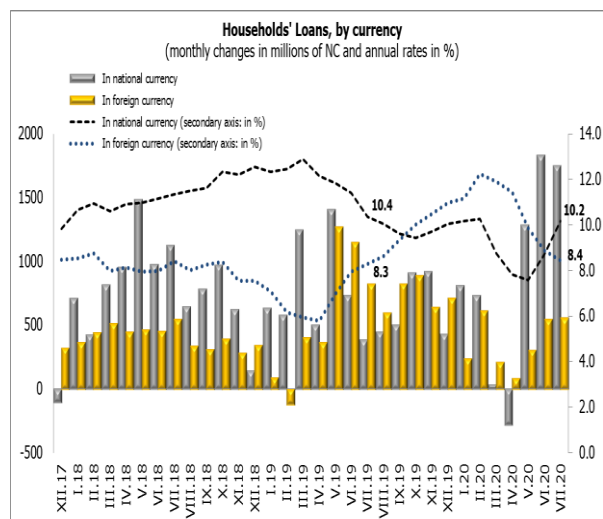


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- In July, total **household deposits** registered a monthly growth of 0.4%, which is due to the higher short-term foreign currency deposits and demand deposits, amid a decline in the other components. The annual growth amounts to 8.4%, as a result of the increased demand deposits and short-term and long-term foreign currency deposits, given the fall in long-term and short-term denar deposits.
- This month, total **household loans** registered monthly and annual growth of 1.3% and 9.4%, respectively. Analyzed by the currency structure, denar loans made a larger contribution to the growth on a monthly and annual basis. 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 9.7% in July.



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	6.2020	7.2020	3.2019	6.2019	9.2019	12.2019	6.2020	7.2020	6.2020	7.2020
Consumer loans	82,324	86,335	89,042	92,430	94,982	96,249	10.9	12.0	12.8	14.6	10.0	10.0	1.1	1.3
Housing loans	46,477	47,785	49,116	51,338	54,392	55,306	13.6	12.9	11.9	12.7	13.8	14.0	1.4	1.7
Car loans	319	320	316	316	292	289	0.4	4.0	4.8	1.4	-8.6	-10.9	-1.3	-1.2
Credit cards	12,113	12,007	11,956	11,928	11,508	11,557	-0.4	-1.5	-2.3	-2.6	-4.2	-3.8	0.2	0.4
Overdrafts	6,830	6,850	7,043	6,123	6,205	6,020	8.4	2.7	2.3	-1.7	-9.4	-11.7	1.3	-3.0
Other loans	4,252	4,217	4,194	4,118	3,946	3,932	-6.2	-8.2	-8.2	-10.6	-6.4	-5.9	-0.2	-0.3

Source: NBRNM.

- Analyzing the purpose of loans to individuals, in July, the most common categories - **consumer and housing loans** registered a monthly growth of 1.3% and 1.7%, respectively, which on annual basis is 10.0% and 14.0%, respectively. **Car loans** continued to register a monthly and annual decline of 1.2% and 10.9%, respectively. Loans on **credit cards** increased by 0.4% on a monthly basis, and they decreased by 3.8% annually. **Overdrafts** and loans granted on **other basis** registered a monthly decline of 3.0% and 0.3%, respectively, while annually they decreased by 11.7% and 5.9%, respectively.

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### Supporting information

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

[http://www.nbrm.mk/monetarna\\_statistika-en.nspix](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](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](http://www.nbrm.mk/content/statistika/informacii/Informacija_za_promeni_vo_monetarnata_statistika_eng.pdf)



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

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