



# National Bank of the Republic of North Macedonia Statistics Department

Skopje, 21 July 2020

## Press Release

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

- In June 2020, the **broad money (monetary aggregate M3<sup>1,2</sup>)** registered a monthly increase of 1.4%, mainly due to the growth of demand deposits (share in the growth of 91.7%), amid a smaller, but positive contribution of short-term deposits, given the decline in long-term deposits up to two years and currency in circulation. The annual growth equals 9.7% and mainly arises from the increase in demand deposits, short-term deposits and currency in circulation, amid fall recorded in long-term deposits up to two years.
- This month, **total deposits<sup>3</sup>** increased by 1.4% on a monthly level, due to the increase in deposits in both sectors, with a slightly more pronounced share of the corporate sector. Annually, total deposits increased by 8.4%, under the influence of the increase in deposits in both sectors, with a larger share of 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	5.2020	6.2020	3.2019	6.2019	9.2019	12.2019	5.2020	6.2020	5.2020	6.2020
<b>Broad Money M4</b>	<b>418,499</b>	<b>427,071</b>	<b>438,662</b>	<b>455,411</b>	<b>463,497</b>	<b>468,912</b>	<b>11.7</b>	<b>10.5</b>	<b>10.8</b>	<b>9.3</b>	<b>9.4</b>	<b>9.8</b>	<b>1.1</b>	<b>1.2</b>
<b>Broad Money M3</b>	<b>372,833</b>	<b>379,982</b>	<b>388,869</b>	<b>404,028</b>	<b>411,304</b>	<b>416,935</b>	<b>10.4</b>	<b>9.2</b>	<b>9.9</b>	<b>8.2</b>	<b>9.1</b>	<b>9.7</b>	<b>1.2</b>	<b>1.4</b>
<i>of which:</i>														
Currency in Circulation	31,236	32,554	33,368	36,108	41,476	41,125	9.0	9.7	8.8	12.0	28.8	26.3	2.1	-0.8
<b>Total Deposits</b>	<b>377,800</b>	<b>386,461</b>	<b>394,472</b>	<b>410,794</b>	<b>413,205</b>	<b>418,916</b>	<b>11.1</b>	<b>10.5</b>	<b>10.1</b>	<b>9.5</b>	<b>7.8</b>	<b>8.4</b>	<b>1.0</b>	<b>1.4</b>
<i>of which:</i>														
Corporations	96,147	99,456	104,178	111,948	107,828	110,550	12.1	10.1	11.1	14.6	9.8	11.2	1.9	2.5
<i>In national currency</i>	66,691	71,021	75,566	81,911	74,972	77,609	11.1	13.5	11.7	17.9	7.1	9.3	1.6	3.5
<i>In foreign currency</i>	29,456	28,434	28,613	30,036	32,856	32,941	14.4	2.6	9.4	6.4	16.3	15.9	2.5	0.3
Households	253,748	258,100	262,458	272,605	278,160	280,512	8.7	9.0	9.3	7.9	8.2	8.7	0.3	0.8
<i>In national currency</i>	131,901	135,492	137,346	146,231	148,362	149,204	9.6	11.8	12.0	10.4	10.1	10.1	0.3	0.6
<i>In foreign currency</i>	121,847	122,609	125,113	126,374	129,799	131,309	7.7	6.0	6.4	5.2	6.1	7.1	0.4	1.2
<b>Total Loans</b>	<b>324,798</b>	<b>330,726</b>	<b>328,970</b>	<b>341,389</b>	<b>347,762</b>	<b>352,718</b>	<b>9.0</b>	<b>8.1</b>	<b>5.6</b>	<b>6.0</b>	<b>5.9</b>	<b>6.6</b>	<b>0.9</b>	<b>1.4</b>
<i>of which:</i>														
Corporations	164,734	165,305	159,764	167,952	170,378	172,978	8.2	6.4	1.7	1.9	3.3	4.6	1.0	1.5
<i>In national currency</i>	103,142	103,308	99,250	103,591	104,838	106,688	10.3	8.8	3.6	-0.8	1.4	3.3	1.2	1.8
<i>In foreign currency</i>	61,592	61,997	60,514	64,361	65,540	66,290	5.0	2.5	-1.5	6.6	6.5	6.9	0.7	1.1
Households	158,550	163,963	167,528	172,014	176,010	178,384	9.7	9.9	9.5	10.5	8.6	8.8	0.9	1.3
<i>In national currency</i>	88,854	91,492	92,821	95,075	97,640	99,469	12.9	11.4	9.6	10.0	7.6	8.7	1.3	1.9
<i>In foreign currency</i>	69,697	72,471	74,706	76,939	78,370	78,916	6.0	8.0	9.3	11.0	9.9	8.9	0.4	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)

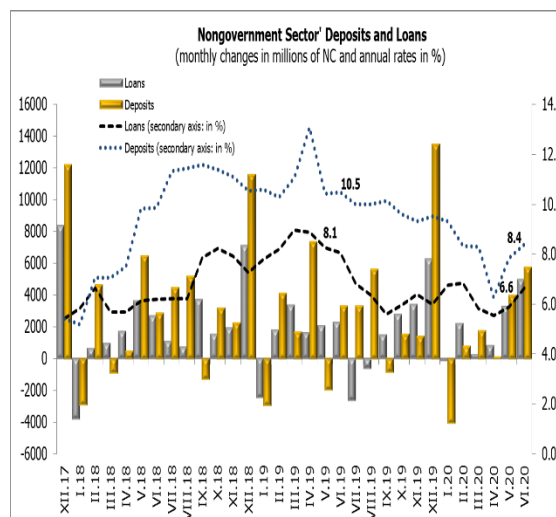
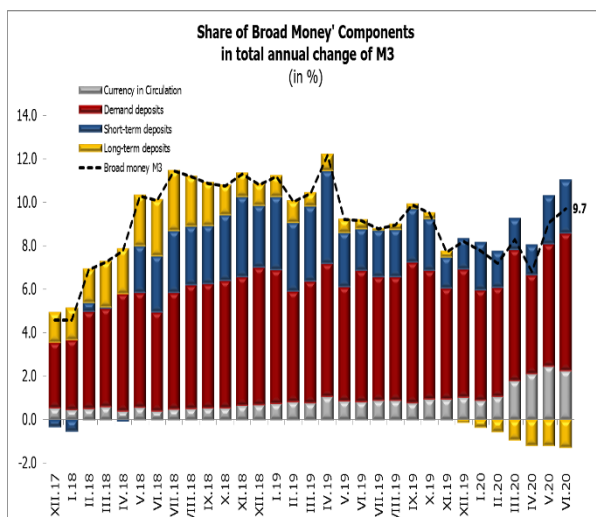
<sup>3</sup> Total deposits consist of all deposits included in the monetary aggregate M4.

<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.



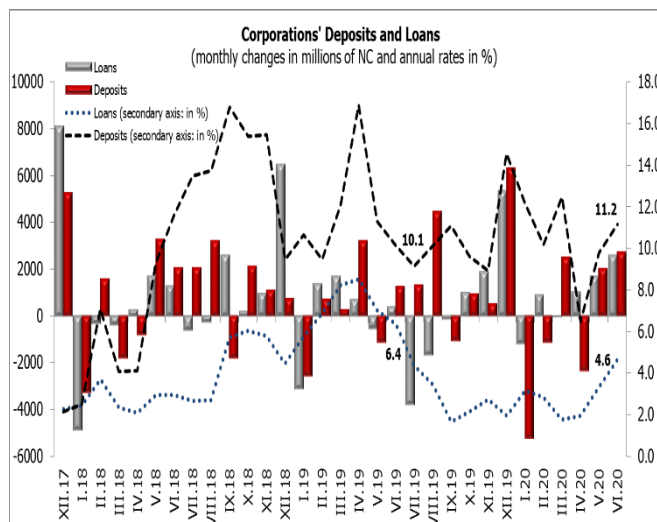
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- In June, **total loans** registered a monthly growth of 1.4%, which stems from the increased lending to both sectors, with a slightly more pronounced share of the corporate sector. The annual credit growth amounts to 6.6% and is due to the higher loans of both sectors, amid a greater contribution of 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</sup> under the National Bank decision, in June, total loans registered an annual growth of 7.9%.



Source: NBRNM.

### 1. Deposits and loans of the corporate sector<sup>6</sup>



Source: NBRNM.

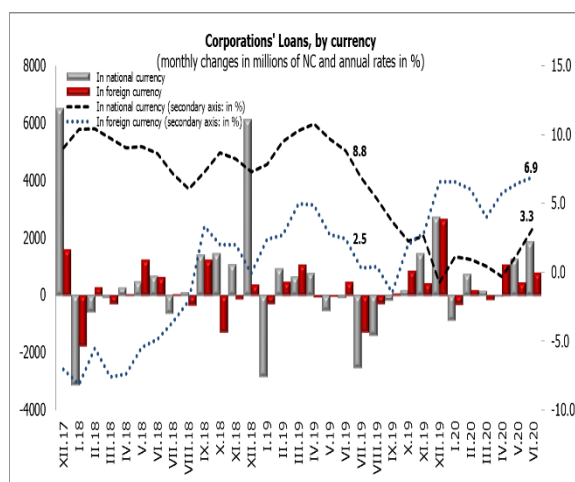
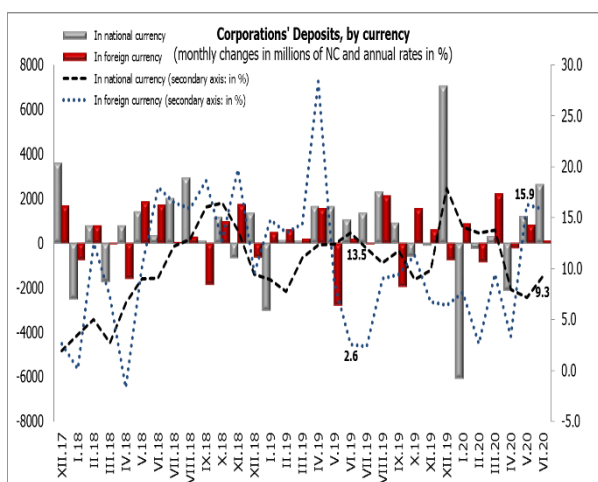
<sup>6</sup> On 9 August 2018, the National Bank Council adopted the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18) that requires from banks to transfer (and to continue to transfer) from on-balance sheet to off-balance sheet records 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> For the purposes of this press release, corporate sector includes public and private non-financial corporations.



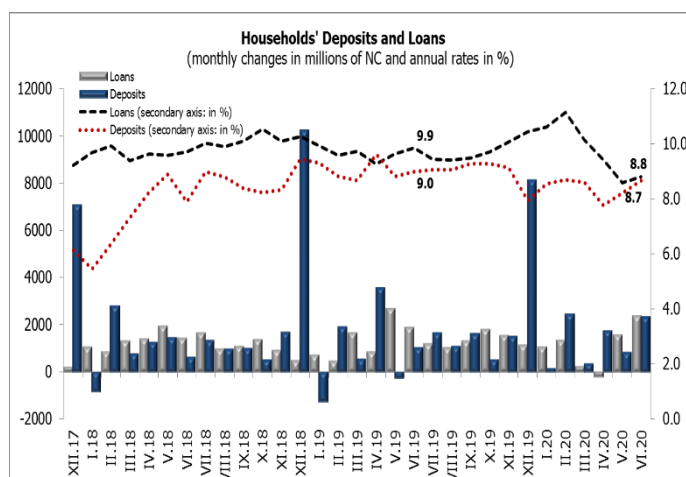
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- In June, the total **corporate deposits** increased by 2.5% on a monthly basis. Moreover, the growth is mostly due to the increase in demand deposits, amid a smaller, but positive contribution of short-term foreign currency deposits, given the decline in the other components. The annual growth rate equals 11.2% and is largely explained by the increase in demand deposits and short-term foreign currency deposits, amid decline in short-term and long-term denar deposits.
- In June this year, **corporate loans**<sup>7</sup> registered a monthly and annual growth of 1.5% and 4.6%, respectively. Moreover, the largest contribution to the monthly growth was made by denar loans, while the annual growth resulted from denar and foreign currency loans, with a larger share of foreign currency loans. Excluding the effect of write-off of doubtful and contested claims, under the National Bank decision, the annual growth of corporate loans equaled 6.4% in June.



Source: NBRNM.

## 2. Deposits and loans of the households<sup>8</sup>



Source: NBRNM.

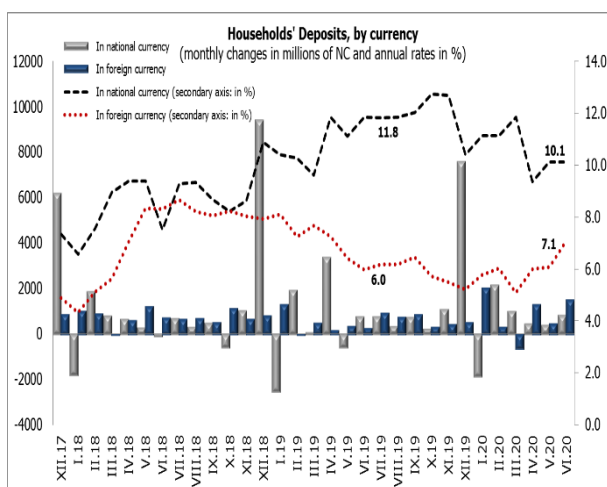
<sup>7</sup> Starting from June 2018, and according to the new methodology, data on financial instruments in denars with FX clause have been included in the foreign currency.

<sup>8</sup> For the purposes of this press release, households refer to individuals and self-employed professionals.

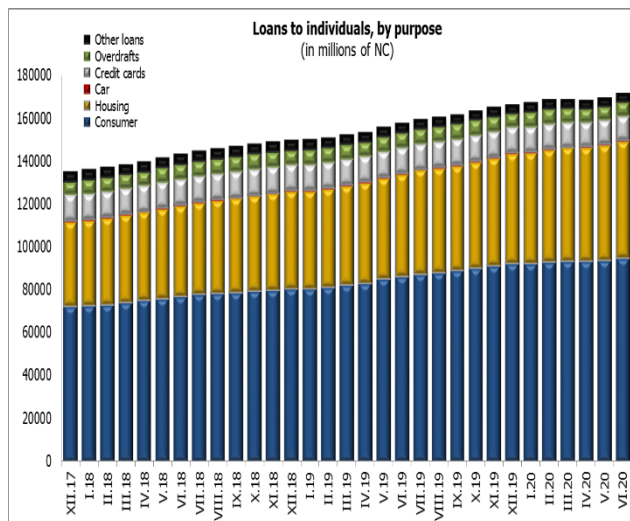
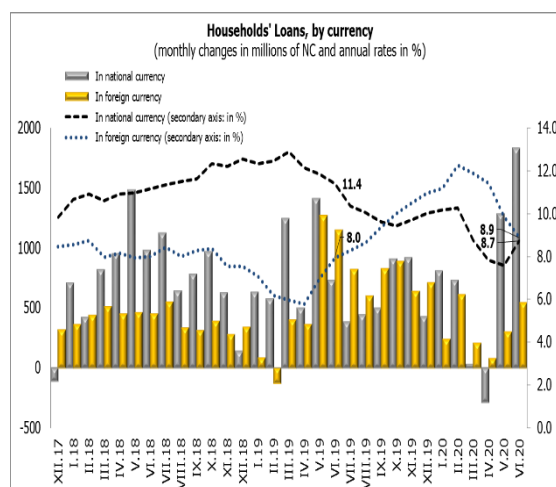


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- In June, **total household deposits** increased by 0.8% on a monthly level, mainly due to the growth of demand deposits, as well as of short-term and long-term foreign currency deposits, amid decline in long-term and short-term denar deposits. Analyzed on an annual level, household deposits increased by 8.7%, primarily due to the higher demand deposits, as well as short-term foreign currency deposits.
- In June, total **household loans** registered a monthly growth of 1.3%, which mostly results from denar loans. The annual growth amounts to 8.8% and is due to the increased denar and foreign currency loans, amid a larger contribution of denar loans. 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 9.6% in June.



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	5.2020	6.2020	3.2019	6.2019	9.2019	12.2019	5.2020	6.2020	5.2020	6.2020
Consumer loans	82,324	86,335	89,042	92,430	93,935	94,982	10.9	12.0	12.8	14.6	10.4	10.0	0.6	1.1
Housing loans	46,477	47,785	49,116	51,338	53,631	54,392	13.6	12.9	11.9	12.7	13.4	13.8	0.8	1.4
Car loans	319	320	316	316	296	292	0.4	4.0	4.8	1.4	-8.5	-8.6	-2.1	-1.3
Credit cards	12,113	12,007	11,956	11,928	11,480	11,508	-0.4	-1.5	-2.3	-2.6	-4.8	-4.2	1.3	0.2
Overdrafts	6,830	6,850	7,043	6,123	6,123	6,205	8.4	2.7	2.3	-1.7	-8.9	-9.4	1.1	1.3
Other loans	4,252	4,217	4,194	4,118	3,954	3,946	-6.2	-8.2	-8.2	-10.6	-5.8	-6.4	-0.5	-0.2

Source: NBRNM.

- In June, considering the purpose of loans to individuals, **consumer loans and housing loans**, as the most common categories, grew by 1.1% and 1.4% on a monthly level and 10.0% and 13.8% on an annual level, respectively. **Car loans** still register monthly and annual decline of 1.3% and 8.6%, respectively. Loans on **credit cards** and **overdrafts** on a monthly level increased by 0.2% and 1.3%, respectively, while annually they decreased by 4.2% and 9.4%, respectively. This month, loans granted on **other basis** registered a monthly and annual decline of 0.2% and 6.4%, 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 August 2020 (reference period as of July 2020).

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

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