



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 19 June 2020

Press Release

Monetary developments in the Republic of North Macedonia: May 2020

- During May 2020, the **broad money (monetary aggregate M3^{1,2})** registered a monthly growth of 1.2%, as a result of the increase in all components, with the largest contribution of demand deposits, followed by short-term deposits, currency in circulation and long-term deposits up to two years. The annual growth rate amounted to 9.1% and was mostly due to the higher demand deposits, amid growth of currency in circulation and short-term deposits, amid a decline in long-term deposits up to two years.
- In May, **total deposits³** increased by 1.0% on a monthly basis, as a result of the growth of deposits in both sectors, which is more pronounced in the corporate sector. Total deposits increased by 7.8% on an annual basis, largely due to the increase in household deposits (contribution of 70.2% to the growth).

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	4.2020	5.2020	3.2019	6.2019	9.2019	12.2019	4.2020	5.2020	4.2020	5.2020
Broad Money M4	418,499	427,071	438,662	455,411	458,627	463,497	11.7	10.5	10.8	9.3	7.5	9.4	0.6	1.1
Broad Money M3	372,833	379,982	388,869	404,028	406,570	411,304	10.4	9.2	9.9	8.2	6.8	9.1	0.7	1.2
<i>of which:</i>														
Currency in Circulation	31,236	32,554	33,368	36,108	40,617	41,476	9.0	9.7	8.8	12.0	24.7	28.8	7.2	2.1
Total Deposits	377,800	386,461	394,472	410,794	409,260	413,205	11.1	10.5	10.1	9.5	6.3	7.8	0.0	1.0
<i>of which:</i>														
Corporations	96,147	99,456	104,178	111,948	105,806	107,828	12.1	10.1	11.1	14.6	6.5	9.8	-2.2	1.9
<i>In national currency</i>	66,691	71,021	75,566	81,911	73,761	74,972	11.1	13.5	11.7	17.9	7.9	7.1	-2.8	1.6
<i>In foreign currency</i>	29,456	28,434	28,613	30,036	32,045	32,856	14.4	2.6	9.4	6.4	3.3	16.3	-0.7	2.5
Households	253,748	258,100	262,458	272,605	277,319	278,160	8.7	9.0	9.3	7.9	7.8	8.2	0.6	0.3
<i>In national currency</i>	131,901	135,492	137,346	146,231	147,981	148,362	9.6	11.8	12.0	10.4	9.4	10.1	0.3	0.3
<i>In foreign currency</i>	121,847	122,609	125,113	126,374	129,338	129,799	7.7	6.0	6.4	5.2	6.0	6.1	1.0	0.4
Total Loans	324,798	330,726	328,970	341,389	344,508	347,762	9.0	8.1	5.6	6.0	5.5	5.9	0.2	0.9
<i>of which:</i>														
Corporations	164,734	165,305	159,764	167,952	168,688	170,378	8.2	6.4	1.7	1.9	2.0	3.3	0.6	1.0
<i>In national currency</i>	103,142	103,308	99,250	103,591	103,584	104,838	10.3	8.8	3.6	-0.8	-0.3	1.4	0.0	1.2
<i>In foreign currency</i>	61,592	61,997	60,514	64,361	65,104	65,540	5.0	2.5	-1.5	6.6	5.8	6.5	1.6	0.7
Households	158,550	163,963	167,528	172,014	174,429	176,010	9.7	9.9	9.5	10.5	9.4	8.6	-0.1	0.9
<i>In national currency</i>	88,854	91,492	92,821	95,075	96,359	97,640	12.9	11.4	9.6	10.0	7.8	7.6	-0.3	1.3
<i>In foreign currency</i>	69,697	72,471	74,706	76,939	78,070	78,370	6.0	8.0	9.3	11.0	11.4	9.9	0.1	0.4

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

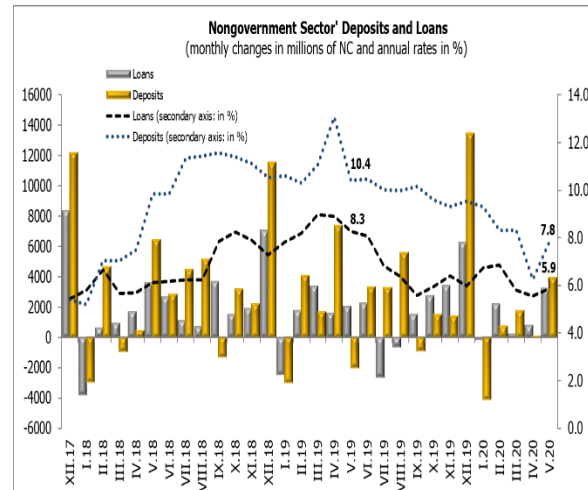
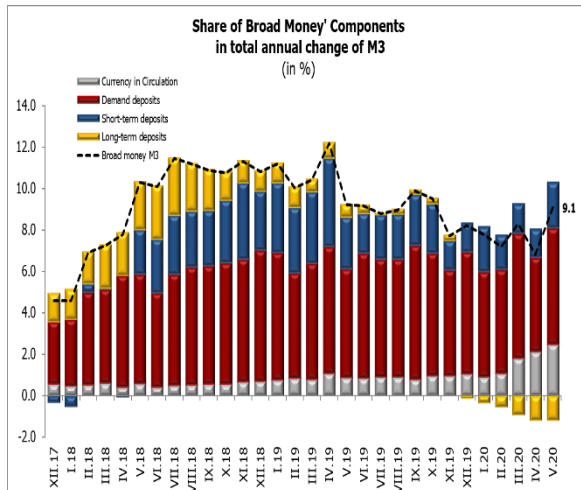
³ Total deposits consist of all deposits included in the monetary aggregate M4.

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.



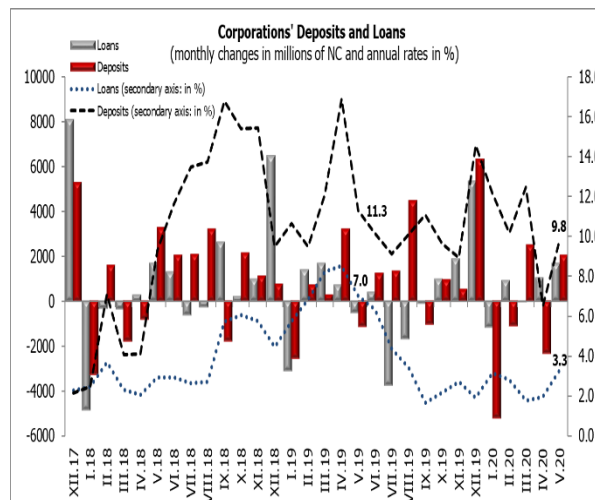
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- In May, **total loans** increased by 0.9% on a monthly basis, due to the increased lending to both sectors, amid a slightly larger contribution of the corporate sector. On an annual basis, the credit growth rate equals 5.9% and is largely driven by the growth of loans granted to 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 changes⁵ under the National Bank decision, in May, total loans registered an annual growth of 7,1%.



Source: NBRNM.

1. Deposits and loans of the corporate sector⁶



Source: NBRNM.

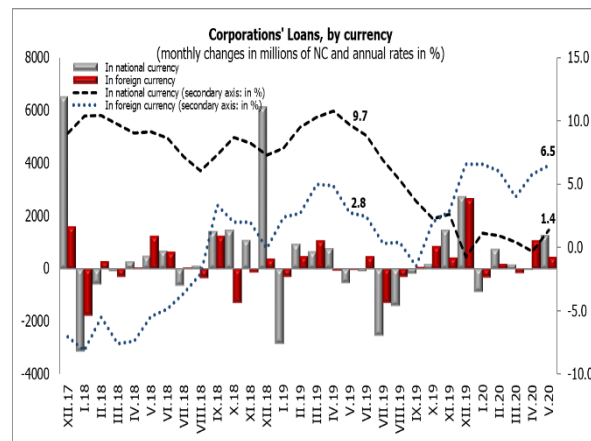
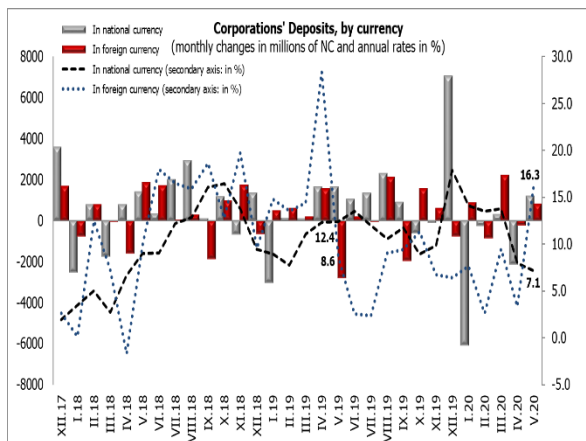
⁶ On 9 August 2018, the National Bank Council adopted the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18) that requires from banks to transfer (and to continue to transfer) from on-balance sheet to off-balance sheet records all claims 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.

⁶ For the purposes of this press release, corporate sector includes public and private non-financial corporations.



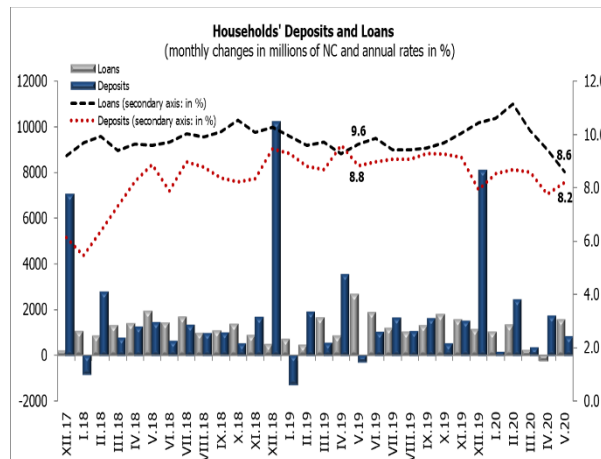
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- In May 2020, total **corporate deposits** registered a monthly growth of 1.9%, mainly influenced by the higher demand deposits, long-term foreign currency deposits and short-term denar deposits. The annual growth rate of corporate deposits amounts to 9.8% and is mostly explained by the increase in demand deposits and short-term foreign currency deposits, amid a decline in short-term denar deposits.
- This month, **corporate loans**⁷ registered a monthly and annual growth of 1.0% and 3.3%, respectively. Analyzing the currency structure, denar loans make a larger contribution to the monthly growth, while the annual growth is largely due to 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 5,2% in May.



Source: NBRNM.

2. Deposits and loans of the households⁸



Source: NBRNM.

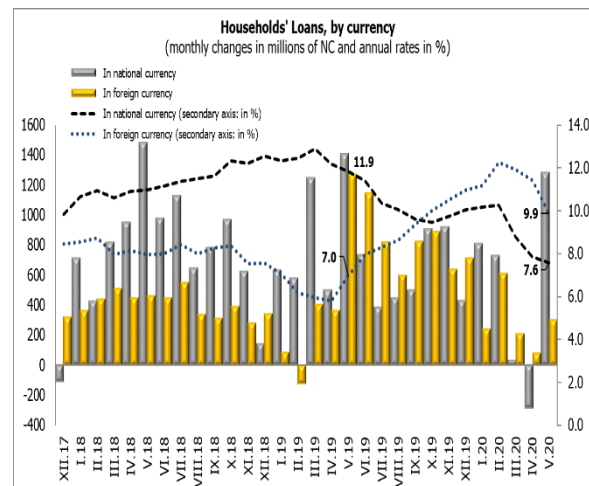
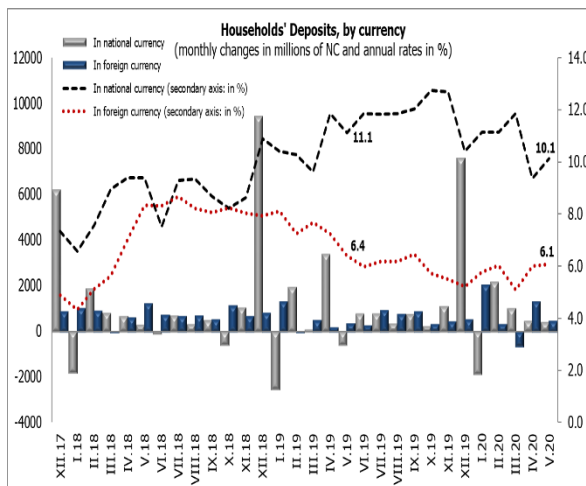
⁷ Starting from June 2018, and according to the new methodology, data on financial instruments in denars with FX clause have been included in the foreign currency.

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

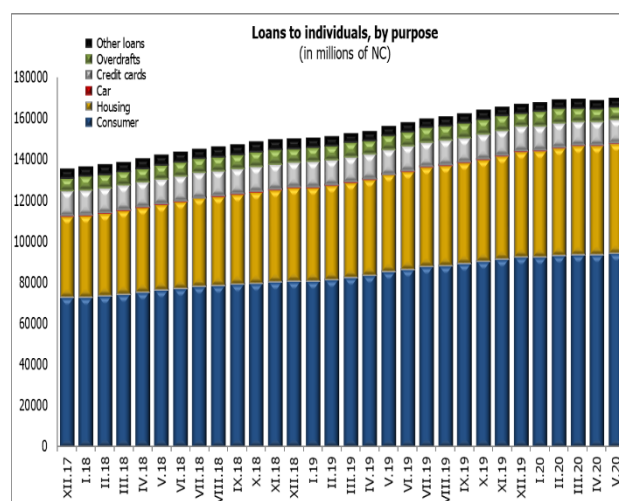


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- In May, total **household deposits** increased by 0.3% on a monthly basis, primarily as a result of the growth of demand deposits, amid growth of foreign currency deposits (short-term and long-term), while denar deposits (short-term and long-term) decreased. The annual growth amounts to 8.2% and stems from the increased demand deposits and short-term and long-term foreign currency deposits, in conditions of a small decline in short-term and long-term denar deposits.
- In May, total **household loans** recorded a monthly growth of 0.9%, which is largely due to the growth of denar loans (contribution of 81.0% to the growth). On an annual basis, a growth of 8.6% was registered, arising from the growth of denar and foreign currency loans, slightly more pronounced in foreign currency 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 9,4% in May.



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	4.2020	5.2020	3.2019	6.2019	9.2019	12.2019	4.2020	5.2020	4.2020	5.2020
Consumer loans	82,324	86,335	89,042	92,430	93,397	93,935	10.9	12.0	12.8	14.6	12.1	10.4	0.0	0.6
Housing loans	46,477	47,785	49,116	51,338	53,183	53,631	13.6	12.9	11.9	12.7	13.6	13.4	0.4	0.8
Car loans	319	320	316	316	303	296	0.4	4.0	4.8	1.4	-6.4	-8.5	-1.2	-2.1
Credit cards	12,113	12,007	11,956	11,928	11,331	11,480	-0.4	-1.5	-2.3	-2.6	-6.3	-4.8	-2.1	1.3
Overdrafts	6,830	6,850	7,043	6,123	6,059	6,123	8.4	2.7	2.3	-1.7	-5.6	-8.9	-6.8	1.1
Other loans	4,252	4,217	4,194	4,118	3,974	3,954	-6.2	-8.2	-8.2	-10.6	-5.7	-5.8	0.1	-0.5

Source: NBRNM.

- Analyzing the purpose of loans to individuals, in May, **consumer loans and housing loans**, as the most common categories, increased by 0.6% and 0.8% on a monthly basis, and 10.4% and 13.4% on an annual basis, respectively. **Car loans** continued to decline and they decreased by 2.1% and 8.5%, on a monthly and annual basis, respectively. Loans on **credit cards** and **overdrafts** registered a monthly growth of 1.3% and 1.1%, respectively, while annually they decreased by 4.8% and 8.9%, respectively. In May, loans granted on **other basis** registered a monthly and annual decline of 0.5% and 5.8%, respectively.

Supporting information

Time series of data: Balance sheets and list of depository institutions, monthly data
http://www.nbrm.mk/monetarna_statistika-en.nspj

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