



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 20 November 2020

Press Release

Monetary developments in the Republic of North Macedonia: October 2020

- In October, the **broad money (monetary aggregate M3^{1,2})** registered a monthly fall of 0.2%, entirely as a result of the reduction of demand deposits, in circumstances when currency in circulation, long-term deposits up to two years and short-term deposits increased on a monthly basis. On an annual basis, broad money was higher by 7.3%, largely due to the increase in demand deposits, amid slower growth of currency in circulations and short-term deposits, and decline in long-term deposits up to two years.

Table 1. Total deposits and loans^{3,4} of the non-government sector

	stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)	
	3.2019	6.2019	9.2019	12.2019	9.2020	10.2020	3.2019	6.2019	9.2019	12.2019	9.2020	10.2020	9.2020	10.2020
Broad Money M4	418,499	427,071	438,662	455,411	469,050	468,480	11.7	10.5	10.8	9.3	6.9	6.6	0.6	-0.1
Broad Money M3	372,833	379,982	388,869	404,028	418,556	417,880	10.4	9.2	9.9	8.2	7.6	7.3	0.6	-0.2
<i>of which:</i>														
Currency in Circulation	31,236	32,554	33,368	36,108	41,667	41,928	9.0	9.7	8.8	12.0	24.9	26.9	-0.1	0.6
Total Deposits	377,800	386,461	394,472	410,794	418,644	417,862	11.1	10.5	10.1	9.5	6.1	5.5	0.7	-0.2
<i>of which:</i>														
Corporations	96,147	99,456	104,178	111,948	112,505	112,345	12.1	10.1	11.1	14.6	8.0	6.9	1.1	-0.1
<i>In national currency</i>	66,691	71,021	75,566	81,911	79,641	78,665	11.1	13.5	11.7	17.9	5.4	4.9	2.6	-1.2
<i>In foreign currency</i>	29,456	28,434	28,613	30,036	32,865	33,680	14.4	2.6	9.4	6.4	14.9	11.7	-2.3	2.5
Households	253,748	258,100	262,458	272,605	278,469	277,799	8.7	9.0	9.3	7.9	6.1	5.6	1.0	-0.2
<i>In national currency</i>	131,901	135,492	137,346	146,231	145,806	144,715	9.6	11.8	12.0	10.4	6.2	5.2	1.3	-0.7
<i>In foreign currency</i>	121,847	122,609	125,113	126,374	132,663	133,085	7.7	6.0	6.4	5.2	6.0	6.1	0.6	0.3
Total Loans	324,798	330,726	328,970	341,389	352,824	353,917	9.0	8.1	5.6	6.0	7.3	6.7	0.8	0.3
<i>of which:</i>														
Corporations	164,734	165,305	159,764	167,952	168,086	167,889	8.2	6.4	1.7	1.9	5.2	4.4	0.3	-0.1
<i>In national currency</i>	103,142	103,308	99,250	103,591	101,925	102,245	10.3	8.8	3.6	-0.8	2.7	2.9	0.5	0.3
<i>In foreign currency</i>	61,592	61,997	60,514	64,361	66,161	65,645	5.0	2.5	-1.5	6.6	9.3	7.0	0.0	-0.8
Households	158,550	163,963	167,528	172,014	183,431	184,636	9.7	9.9	9.5	10.5	9.5	9.0	1.2	0.7
<i>In national currency</i>	88,854	91,492	92,821	95,075	103,939	104,927	12.9	11.4	9.6	10.0	12.0	11.9	1.6	1.0
<i>In foreign currency</i>	69,697	72,471	74,706	76,939	79,492	79,710	6.0	8.0	9.3	11.0	6.4	5.4	0.8	0.3

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 includes 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

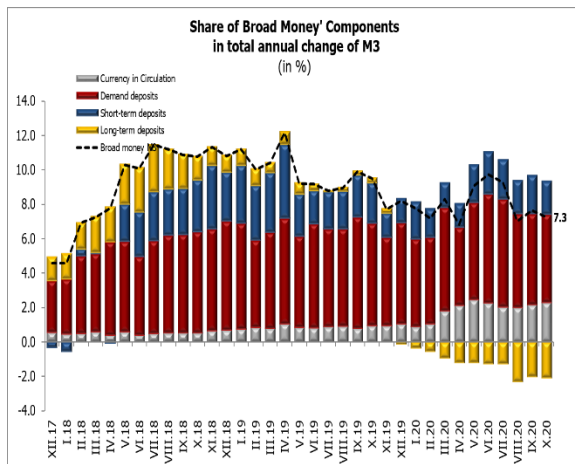
³ The annual loan rates since July 2019 have been influenced by the National Bank's measure for writing-off of claims fully covered for more than a year.

⁴ Data 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.

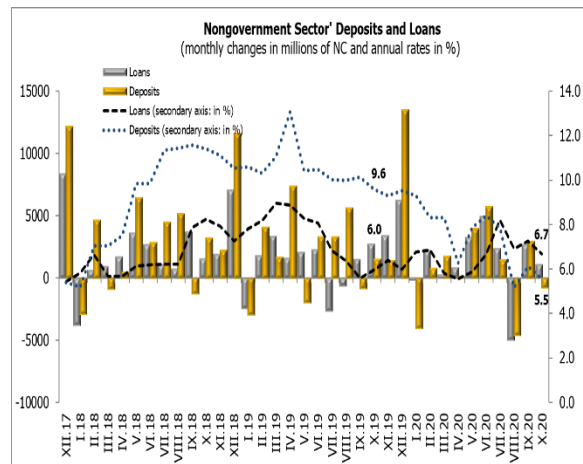


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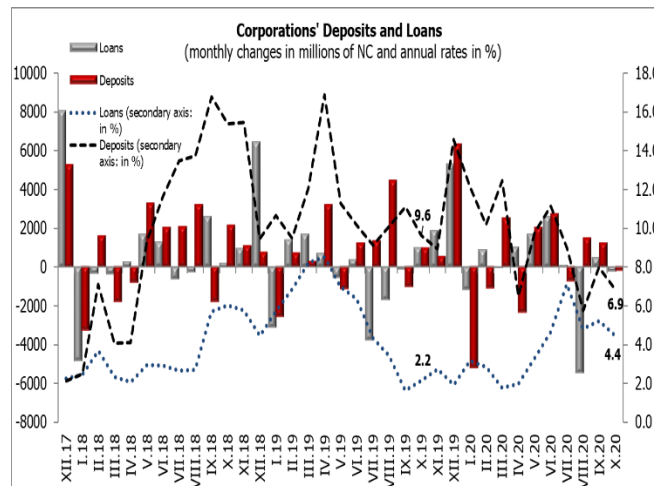
- In October, **total deposits**⁵ decreased by 0.2% on a monthly basis, mostly due to the decrease in household deposits, amid a more moderate decrease in corporate deposits. Annually, total deposits increased by 5.5%, as a result of the increase in deposits in both sectors, with a larger contribution of the household sector.
- In October, **total loans**⁶ registered a monthly growth of 0.3%, which was entirely due to the higher lending to the households, given the decline in the lending to the corporate sector. The annual growth rate of loans amounts to 6.7% and is influenced by the increased lending to both sectors, with a higher share of the household sector.



Source: NBRNM.



1. Deposits and loans of the corporate sector⁷



Source: NBRNM

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

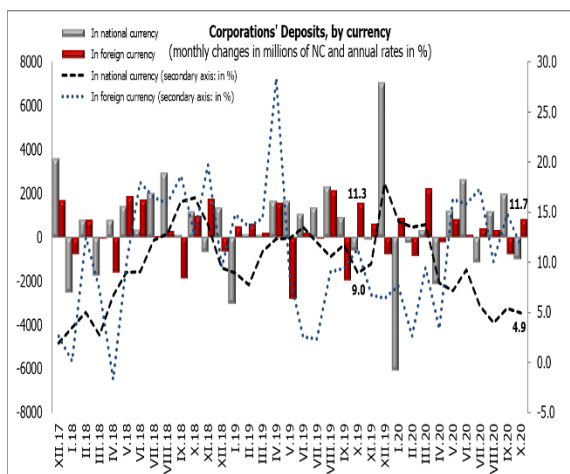
⁶ On 9 August 2018, the National Bank Council adopted the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18) that requires from banks to transfer (and to continue to transfer) from on-balance sheet to off-balance sheet records all claims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

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

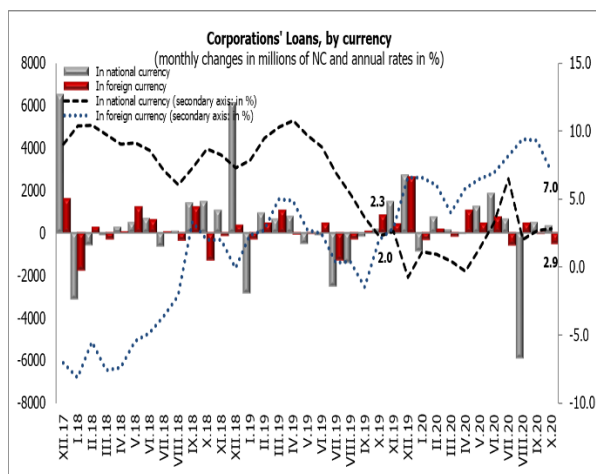


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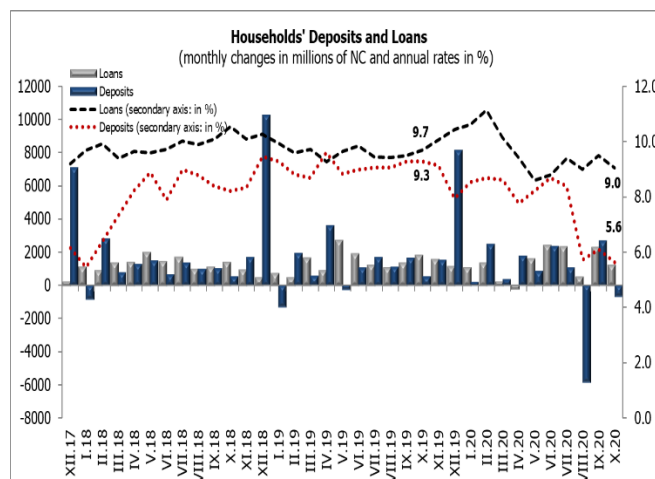
- In October, total **corporate deposits** decreased by 0.1%, on a monthly basis. The downward monthly change results from the fall in demand deposits and short-term denar deposits, in circumstances of growth in the other components. Compared to the same period last year, the growth of deposits amounts to 6.9% and is explained by the increase in demand deposits and short-term foreign currency deposits, amid decline in short-term and long-term denar deposits.
- This month, **corporate loans**⁸ registered a minimal monthly decline of 0.1% as a result of the decreased foreign currency loans, while denar loans increased. On an annual basis, corporate loans increased by 4.4%, as a result of the increased lending in denars and foreign currency, with a more pronounced contribution of foreign currency loans.



Source: NBRNM.



2. Deposits and loans of the households⁹



Source: NBRNM.

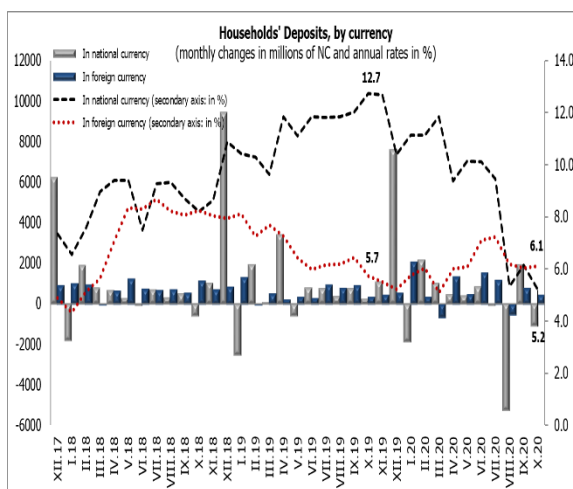
⁸ Starting from June 2018, and according to the new methodology, data on financial instruments in denars with FX clause have been included in the foreign currency.

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

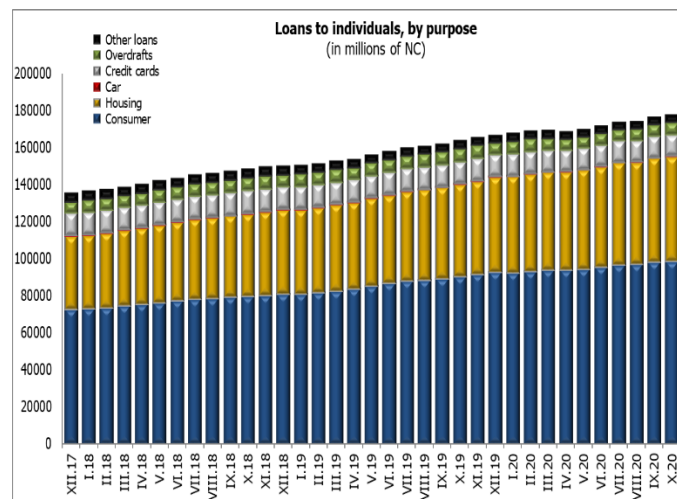
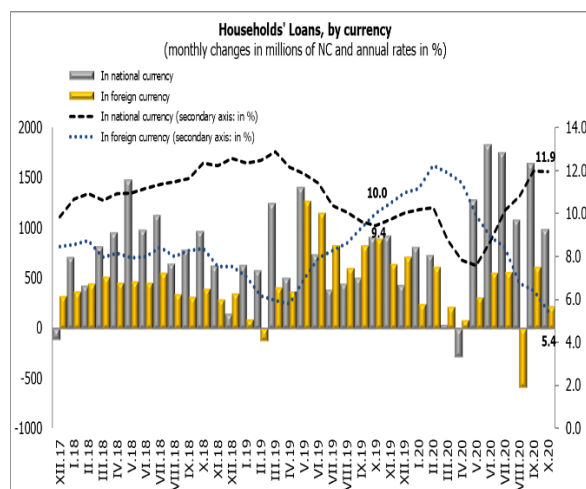


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- In October, total **household deposits** registered a monthly fall of 0.2%, which largely results from the reduction of demand deposits, amid fall in long-term and short-term denar deposits, in circumstances of growth in long-term and short-term foreign currency deposits. On an annual basis, a growth rate of 5.6% was registered, resulting from the increased demand deposits and short-term foreign currency deposits, amid fall in other components.
- In October, total **household loans** registered monthly and annual growth of 0.7% and 9.0%, respectively. Analyzed by currency, the upward monthly and annual changes mostly result from denar loans (share of 81.9% and 73.1%, 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	9.2020	10.2020	3.2019	6.2019	9.2019	12.2019	9.2020	10.2020	9.2020	10.2020
Consumer loans	82,324	86,335	89,042	92,430	97,850	98,208	10.9	12.0	12.8	14.6	9.9	8.8	1.3	0.4
Housing loans	46,477	47,785	49,116	51,338	55,985	56,603	13.6	12.9	11.9	12.7	14.0	14.2	1.5	1.1
Car loans	319	320	316	316	291	283	0.4	4.0	4.8	1.4	-7.9	-9.8	1.7	-2.6
Credit cards	12,113	12,007	11,956	11,928	11,649	11,585	-0.4	-1.5	-2.3	-2.6	-2.6	-3.6	0.7	-0.5
Overdrafts	6,830	6,850	7,043	6,123	6,280	6,489	8.4	2.7	2.3	-1.7	-10.8	-9.2	2.1	3.3
Other loans	4,252	4,217	4,194	4,118	3,912	3,887	-6.2	-8.2	-8.2	-10.6	-6.7	-6.8	-0.5	-0.7

Source: NBRNM.

- Analyzing the purpose of loans granted to individuals, in October, the most common categories - **consumer and housing loans** registered a monthly growth of 0.4% and 1.1%, respectively, and an annual growth of 8.8% and 14.2%, respectively. This month, **car loans** registered a monthly and annual decline of 2.6% and 9.8%, respectively, while loans on **credit cards** decreased by 0.5% and 3.6%, on a monthly and annual basis, respectively. In October, **overdrafts** registered a monthly growth of 3.3%, while annually, they decreased by 9.2%. Loans granted on **other basis** registered a monthly and annual decrease of 0.7% and 6.8%, 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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Next publications: Advance Release Calendar

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