



National Bank of the Republic of Macedonia Statistics Department

Skopje, 21 November 2016

PRESS RELEASE

Monetary developments in the Republic of Macedonia: October 2016

- **The money supply (monetary aggregate M4¹)**, in October 2016, registered monthly and annual growth of 0.9% and 3.9%, respectively. Compared to the previous month, an increase was recorded in demand deposits², short-term and long-term deposits, amid minimal decline in currency in circulation. The annual growth was mostly due to the increase in the components of M1, and to a lesser extent, to long-term deposits.
- In October, **the total deposits** reached the highest level since the beginning of 2016, amid registered monthly and annual growth of 1.0% and 4.0%, respectively. The corporate sector and households made almost identical contribution to the monthly growth of deposits, while the corporate sector had larger share in the annual growth of deposits.
- **The total loans** in October registered monthly decline of 0.4% as a result of the decline in loans extended to the corporate sector. Compared annually, loan growth of 1.8% was realized, entirely generated by the growth in lending to households. It should be taken into account that the annual changes in loans reflect the effects of the National Bank Decision with respect to the non-performing loans, whereby without this effect the annual loan growth in October amounted to 7.2%³.

Table 1 Total deposits and loans of the non-government sector

	(Stocks, in millions of NC)					annual changes					monthly changes	
	12.2015	3.2016	6.2016	9.2016	10.2016	12.2015	3.2016	6.2016	9.2016	10.2016	9.2016	10.2016
								in %			in %	
Broad Money (M4)	331,007	330,713	322,156	329,379	332,187	6.8	6.2	2.5	4.0	3.9	-0.4	0.9
Total Deposits	304,552	304,820	296,027	302,828	305,817	6.5	6.2	2.3	4.0	4.0	-0.4	1.0
<i>of which:</i>												
Corporations	77,034	75,742	73,011	76,062	77,504	13.0	16.0	5.6	11.3	9.6	-3.8	1.9
Households	212,056	213,661	206,118	209,734	211,155	4.1	3.1	0.2	1.2	1.8	0.9	0.7
Total Loans	279,871	280,023	274,453	275,096	274,068	9.5	8.4	3.5	2.5	1.8	0.5	-0.4
<i>of which:</i>												
Corporations	157,834	154,987	149,131	147,535	145,195	7.1	5.1	-0.5	-1.2	-2.7	0.3	-1.6
Households	120,832	123,887	124,192	126,505	127,784	12.9	13.0	8.8	7.3	7.5	0.7	1.0

Source: NBRM.

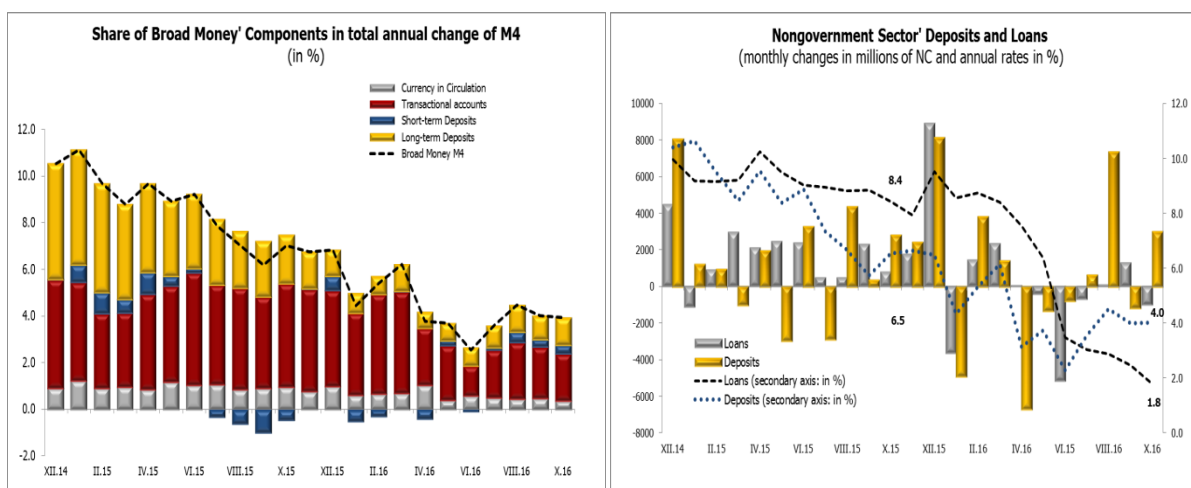
¹ The money supply M4 includes the monetary aggregate M1 (currency in circulation and demand deposits), the monetary aggregate M2 (short-term deposits) and long-term deposits. For more detailed explanation see methodology: <http://nbrm.mk/ns-newsarticle-bilansi-i-pregledi-na-depozitni-institucii-en.nspix>

² The demand deposits refer to the current accounts with the banks and savings houses and the current accounts of other financial corporations with the National Bank.

³ On 17 December 2015, the National Bank Council adopted the Decision on amending the Decision on credit risk management, which requires from banks to transfer all claims that have been fully provisioned for more than two years from the on-balance sheet to the off-balance sheet record by 30 June 2016, i.e. where the bank has identified and fully covered the risk of default at least two years before. Despite the transfer of these claims to the off-balance sheet record, the banks reserve the right for their collection.

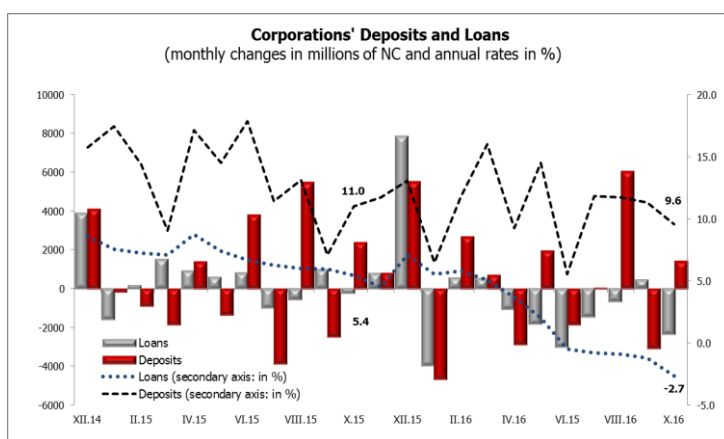


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Source: NBRM.

1. Deposits and loans of the corporate sector⁴



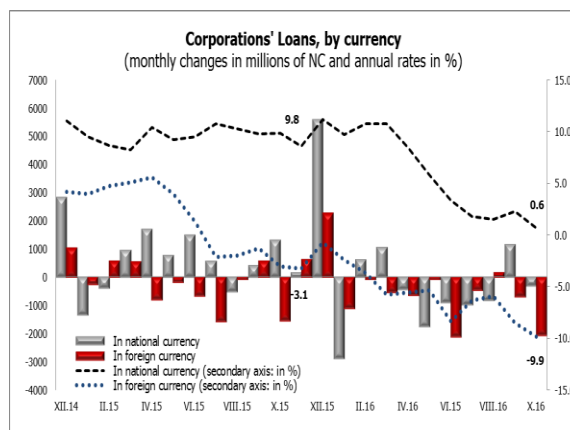
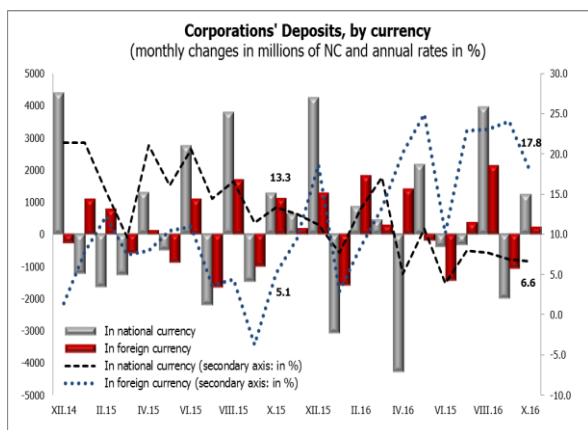
Source: NBRM.

- In total **deposits** of the corporate sector, in October, both monthly and annual increase of 1.9% and 9.6%, respectively, was registered. Deposits in denars and in foreign currency made equal contribution to the annual growth of total deposits.
- In October, the total **loans** of the corporate sector registered a decline of 1.6% on a monthly basis. Compared annually, a decline of 2.7% was registered. However, if one excludes the effect of the transfer of suspicious and contested claims from the on-balance sheet to the off-balance sheet record, pursuant to the National Bank Decision, the annual growth of loans of the corporate sector would equal 4.0%.

⁴ For the purposes of this press release, the corporate sector refers to public and other non-financial corporations.

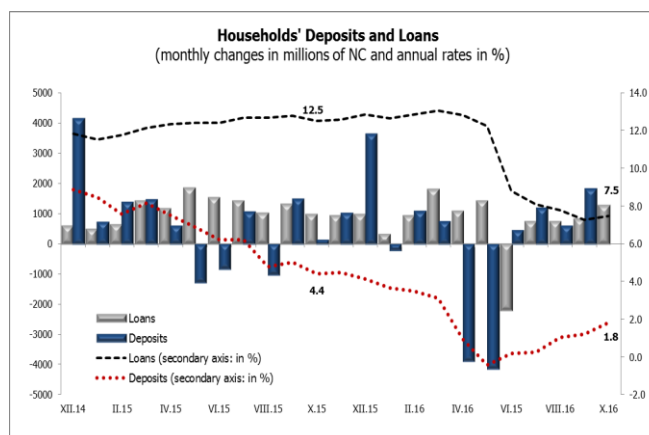


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Source: NBRM.

2. Deposits and loans of the households⁵



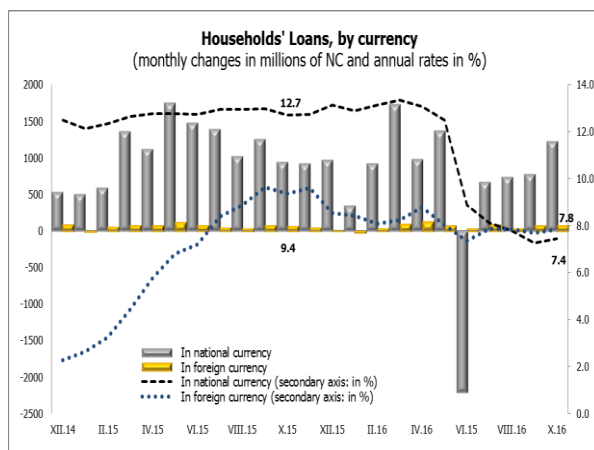
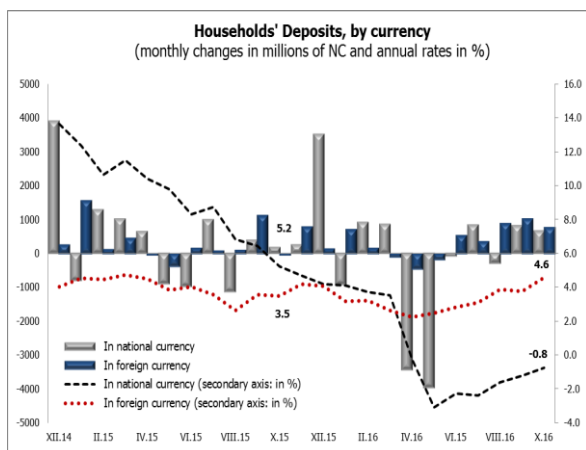
Source: NBRM.

- In total household **deposits**, monthly increase of 0.7% was registered, maintained for several consecutive months (from June this year), while annually deposit growth reached 1.8% (the highest rate since April onward). On an annual basis the growth stems from household deposits in foreign currency.
- In total household **loans**, monthly increase of 1.0% was registered, amid annual growth of 7.5%. By excluding the effect of the transfer of suspicious and contested claims from the on-balance sheet to the off-balance sheet record, pursuant to the National Bank Decision, the annual loan growth in households would equal 11.3%.

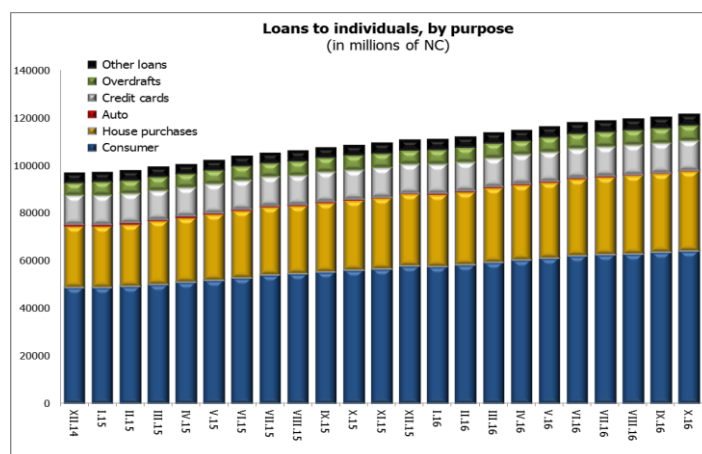
⁵ For the needs of this press release, households refer to the natural persons and self-employed professionals.



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Source: NBRM.



Source: NBRM.

- From the viewpoint of the loan types, the **consumer and housing loans** extended to individuals in October maintained the trend of continuous monthly growth of 0.8% and 1.6%, respectively, amid annual growth of 14.3% and 14.6%, respectively. In **car loans**, for the first time in six months, growth of credit activity was registered on a monthly basis of 1.4%, compared to the annual decline of 23.3%. The loans approved on the basis of **credit cards and overdrafts** register monthly rise (0.3% and 2.1%, respectively), as well as annual increase (0.7% and 5.0%, respectively). The loans approved on **other bases** register monthly decrease of 0.5%, while annually, they increased by 8.8%.



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Supporting information

Time series data: Balance sheets and list of deposit institutions monthly data
<http://nbrm.mk/ns-newsarticle-bilansi-i-pregledi-na-depozitni-institucii-en.nspix>

Methodological explanations:
<http://nbrm.mk/ns-newsarticle-bilansi-i-pregledi-na-depozitni-institucii-en.nspix>

Next publication: Advance release calendar
http://nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix

Monetary developments in the Republic of Macedonia: 21 December 2016 (reference period as of November 2016).

For any questions, we kindly ask journalists to contact the Governor's Office.

For more detailed information regarding the disseminated statistical data, please contact us on: contact.statistika@nbrm.mk or on the telephone number 02 3215 181 extension 116 (or 110/108).