



National Bank of the Republic of Macedonia Statistics Department

Skopje, 19 May 2017

Press Release

Monetary developments in the Republic of Macedonia: April 2017

- In April, **broad money (money aggregate M4¹)** remained at the previous month level, in conditions when the monthly growth of currency in circulation is entirely offset by the reduction in deposits (primarily short-term deposits). Broad money registered an increase of 5.9% on an annual basis, where demand deposits² had the largest contribution to the growth, followed by long-term and short-term deposits.
- In April, **total deposits** registered an identical monthly decline of 0.3% as in the previous month, influenced by the decline in deposits of both the corporate and household sector. The annual deposit growth rate of 6.3% is higher compared to the two previous months, and the annual growth is more pronounced in the corporate sector.

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

	Stocks (in millions of NC)							annual changes (in %)							monthly changes (in %)	
	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	3.2017	4.2017
Broad Money (M4)	331,007	330,713	322,156	329,379	351,222	344,729	344,760	6.8	6.2	2.5	4.0	6.1	4.2	5.9	-0.3	0.0
<i>of which:</i>																
Currency in Circulation	26,300	25,726	25,957	26,356	28,193	26,802	27,753	13.3	9.0	7.5	6.2	7.2	4.2	2.0	-0.1	3.6
Total Deposits	304,552	304,820	296,027	302,828	321,888	317,720	316,792	6.5	6.2	2.3	4.0	5.7	4.2	6.3	-0.3	-0.3
<i>of which:</i>																
Corporations	77,034	75,742	73,011	76,062	87,377	82,420	81,627	13.0	16.0	5.6	11.3	13.4	8.8	12.0	0.8	-1.0
Households	212,056	213,661	206,118	209,734	217,394	217,554	216,865	4.1	3.1	0.2	1.2	2.5	1.8	3.4	-0.6	-0.3
Total Loans	279,871	280,023	274,453	275,096	282,461	280,157	281,707	9.5	8.4	3.5	2.5	0.9	0.0	0.6	1.2	0.6
<i>of which:</i>																
Corporations	157,834	154,987	149,131	147,535	151,905	146,851	147,432	7.1	5.1	-0.5	-1.2	-3.8	-5.2	-4.2	1.1	0.4
Households	120,832	123,887	124,192	126,505	129,321	132,080	133,055	12.9	13.0	8.8	7.3	7.0	6.6	6.5	1.4	0.7

1) Data in accordance with the final balance sheets submission

Source: NBRM.

- In April, **total loans** register an identical monthly and annual growth of 0.6%, respectively. The monthly increase is due to the growth of lending to both sectors, mostly to the household sector. On an annual basis, increased lending to households is registered, compared to the decline in the corporate sector. 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 is stable and in April amounted to 6.9%³.

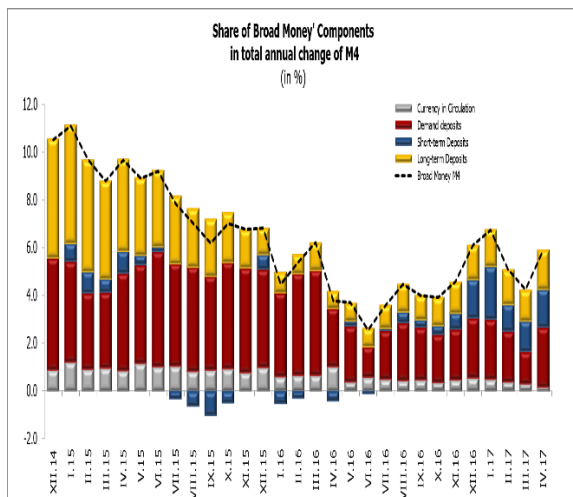
¹ Monetary aggregate M1 includes currency in circulation and demand deposits. Monetary aggregate M2 is composed of the monetary aggregate M1 and short-term deposits, whereas the monetary aggregate M4 (broad money) despite the monetary aggregate M2 also includes the long-term deposits. For more details see the methodology at: http://www.nbrm.mk/WBStorage/Files/Statistika_metodologija_monetarna_statistika_05_2015_eng.pdf

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.

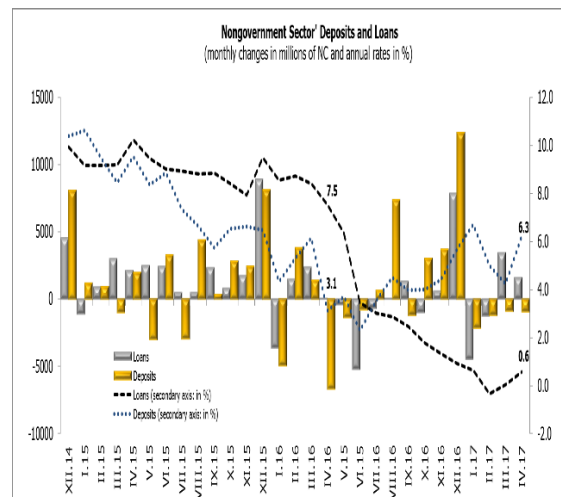
³ On 17 December 2015, the National Bank Council adopted the Decision on amending the Decision on credit risk management, which requires from banks to transfer all claims that have been fully provisioned for more than two years from the on-balance sheet to the off-balance sheet record (and to continue to transfer) 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.



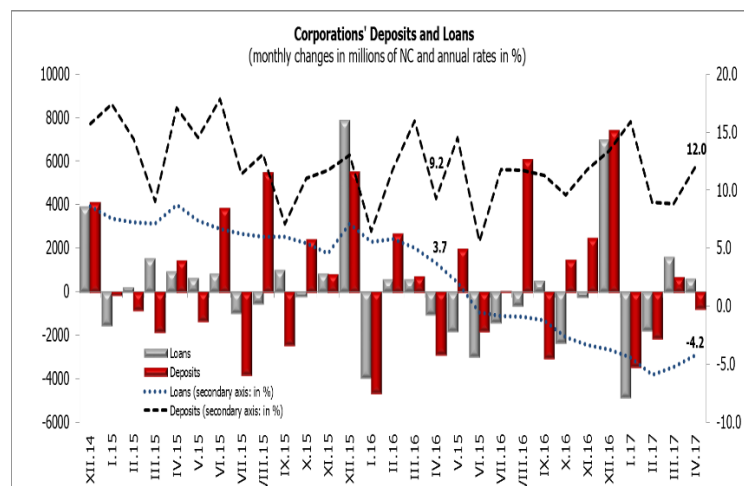
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Source: NBRM.



1. Deposits and loans of the corporate sector⁴



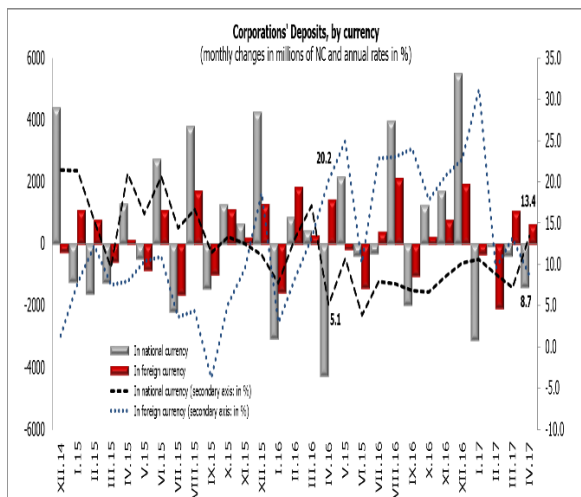
Source: NBRM.

- In April, total **deposits** of the corporate sector, declined by 1.0% on a monthly basis which is due to the decline in Denar deposits which exceeds the monthly growth of currency deposits. Corporate deposits registered an annual growth of 12.0%, with a more significant contribution of Denar deposits (77.9% of the growth).
- In April, total **loans** of the corporate sector registered a monthly increase of 0.4% which is due to the growth in loans extended in denars. On the other hand, the balance of loans of the corporate sector is lower by 4.2% on an annual basis, with a more pronounced contribution to the reduction of the currency loan segment. If one excludes the effect of the transfer of doubtful and contested claims from the on-balance sheet to the off-balance sheet record, pursuant to the National Bank Decision, loans of the corporate sector register an annual growth of 4.0% in April.

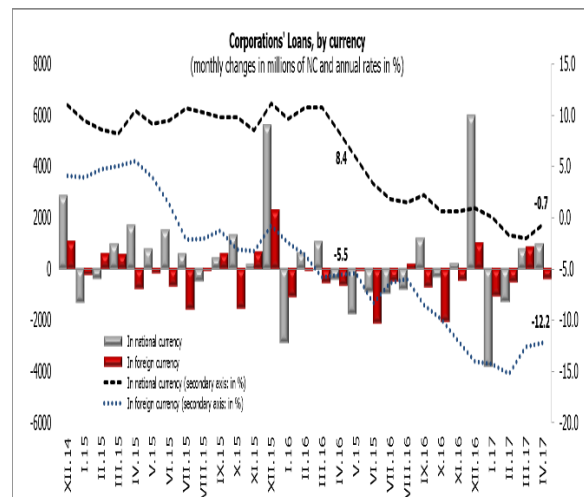
⁴ For the purposes of this press release, the corporate sector refers to public and other non-financial corporations.



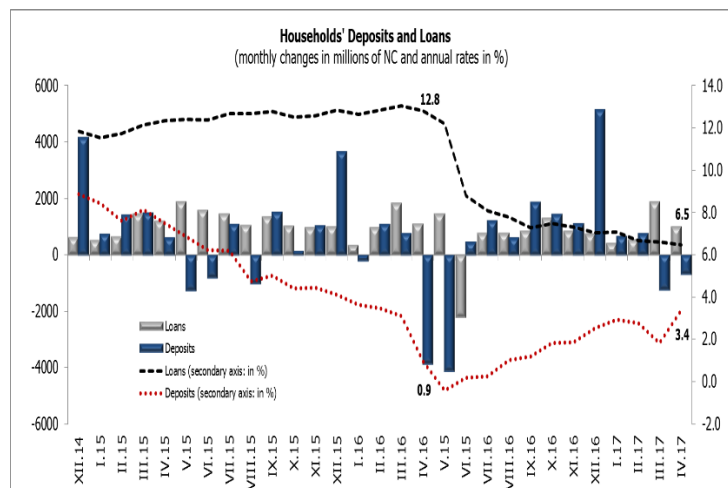
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Source: NBRM.



2. Deposits and loans of the households⁵



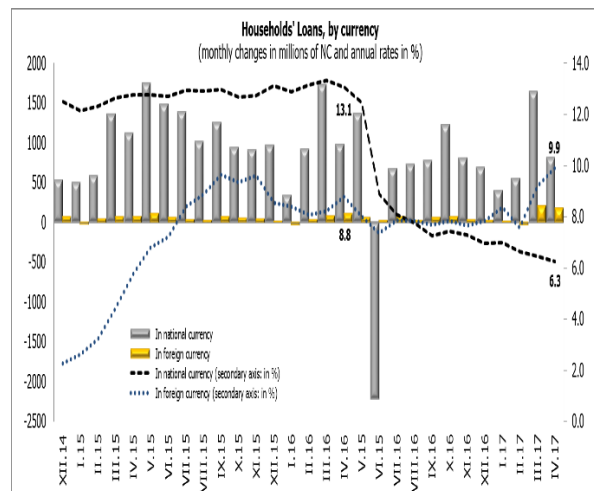
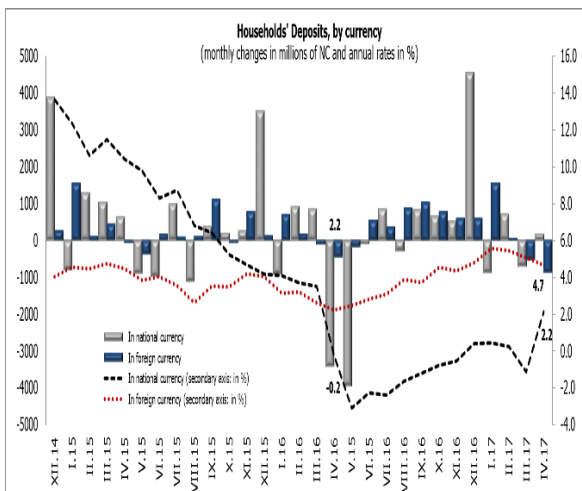
Source: NBRM.

- A monthly decline of 0.3% is registered in total **household deposit**, which is mainly due to the short-term deposits in foreign currency. On an annual basis, household deposits register a growth of 3.4%, due to the more significant contribution of the foreign currency deposits growth (67%).
- In April, total household **loans** registered a monthly and annual increase of 0.7% and 6.5%, respectively. The increased monthly and annual credit activity toward households is generally a result of the growth of Denar placements of banks and savings houses in households. By excluding the effect of the transfer of doubtful 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 10.4% in April.

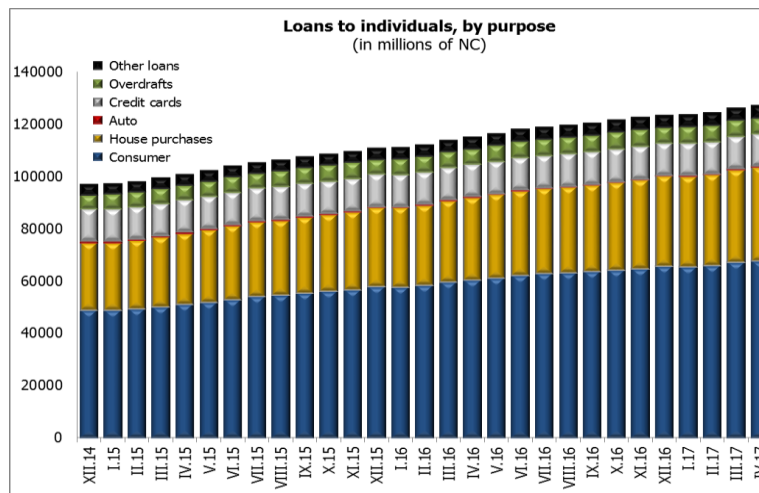
⁵ For the needs of this press release, households refer to the individuals and self-employed professionals.



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Source: NBRM.



Source: NBRM.

Table 2 Banks and savings houses loans granted to individuals, by purpose

	Stocks (in millions of NC)						annual changes (in %)						monthly changes (in %)			
	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	12.2015 ¹⁾	3.2016	6.2016	9.2016	12.2016 ¹⁾	3.2017	4.2017	3.2017	4.2017
Consumer loans	57,730	59,413	62,069	63,519	65,438	67,041	67,624	18.2	18.8	17.4	14.8	13.4	12.8	12.0	1.9	0.9
House purchases loans	30,287	31,259	32,404	33,123	34,608	35,448	35,823	17.9	16.8	14.9	13.8	14.3	13.4	13.3	1.7	1.1
Auto loans	399	379	348	325	323	309	314	-41.7	-36.5	-31.7	-27.2	-19.1	-18.5	-15.2	0.1	1.5
Credit cards	12,348	12,237	12,344	12,469	12,380	12,294	12,288	-0.5	0.0	0.4	0.4	0.3	0.5	0.4	0.1	-0.1
Overdrafts	5,592	6,112	6,281	6,276	5,795	6,275	6,175	5.0	5.4	6.4	3.5	3.6	2.7	5.7	-0.5	-1.6
Other loans	4,273	4,317	4,498	4,556	4,585	4,560	4,629	9.4	10.0	11.1	10.4	7.3	5.6	5.8	-0.8	1.5

1) Data in accordance with the final balance sheets submission

Source: NBRM.

- From the viewpoint of loan types extended to individuals, in April, in the most common categories - **consumer and housing loans**, the trend of monthly growth of 0.9% and 1.1%, respectively, continues, whereas the annual growth amounts to 12.0% and 13.3%, respectively. **Car loans** register a monthly growth of the credit activity by 1.5%, compared to the decline of 15.2% on an annual basis. In April, loans extended on the



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basis of **credit cards and overdrafts** register a monthly decline of 0.1% and 1.6%, respectively, amid annual growth of 0.4% and 5.7%, respectively. The loans extended on **other bases** register a monthly increase of 1.5%, while annually, they increased by 5.8%.

Supporting information

Time series of data: Balance sheets and list of deposit institutions monthly data
(<http://www.nbrm.mk/?ItemID=4FCA40FAB7051A45B6C93DE5D8FB661D>)

Methodological explanations:

(http://www.nbrm.mk/WBStorage/Files/Statistika_metodologija_monetarna_statistika_05_2_015_eng.pdf)

Next publication: Advance release calendar

<http://nbrm.mk/?ItemID=7B1CC2F73E9A3641B2F05235A02C8BDC>

Monetary developments in the Republic of Macedonia: 21 June 2017 (reference period as of May 2017).

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

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).