



National Bank of the Republic of Macedonia Statistics Department

Skopje, 28 February 2017

PRESS RELEASE

Significant developments in the balance of payments¹ in December 2016

In December 2016, deficit in the current transactions with non-residents was recorded in the amount of Euro 55.9 million. In the financial account, net inflows of direct investments (Euro 77.9 million), loans (Euro 64.1 million) and portfolio investments (Euro 6.9 million) exceeded net outflows in trade credits (Euro 15.7 million) and currency and deposits (Euro 11.8 million), which enabled financing the current account deficit and additional accumulation of foreign reserves (by Euro 65.5 million).

Cumulatively, for 2016, deficit in the current account was registered in the amount of Euro 303.3 million, by Euro 116.4 million higher than the amount in 2015. During the year, the financial account registered significant net inflows on the basis of portfolio and direct investments, loans and trade credits, which financed the current account deficit and outflow rates in the financial account and also provided growth of foreign reserves in the amount of Euro 338.2 million.

Main components of the balance of payments of the Republic of Macedonia

(in millions of euros)

| | XII-2016 | I-XII.2016 | monthly change | | annual change | | cumulative change | |
|---------------------------|---------------|-----------------|-------------------|------|-------------------|-------|-------------------|------|
| | | | millions of euros | % | millions of euros | % | millions of euros | % |
| Current account | -55.9 | -303.3 | 6.1 | -9.8 | 17.5 | -23.8 | -116.4 | 62.2 |
| Goods | -197.1 | -1,854.3 | -29.4 | 17.5 | 8.9 | -4.3 | -27.7 | 1.5 |
| Services | 16.7 | 398.8 | 2.5 | 17.9 | 24.3 | ...* | 56.8 | 16.6 |
| Primary income | -36.5 | -419.2 | -2.1 | 6.1 | -10.0 | 37.8 | -133.1 | 46.5 |
| Secondary income | 161.0 | 1,571.3 | 35.1 | 27.9 | -5.8 | -3.5 | -12.4 | -0.8 |
| Capital account | -0.2 | 10.0 | -0.1 | | -2.6 | | 2.6 | |
| Financial account | -56.0 | -307.5 | 4.1 | | 24.2 | | -124.3 | |
| Direct investment | -77.9 | -354.0 | -32.7 | | -45.2 | | -151.3 | |
| Portfolio investment | -6.9 | -429.2 | -16.2 | | 87.1 | | -363.5 | |
| Currency and deposits | 11.8 | 279.5 | -81.0 | | 16.1 | | -7.6 | |
| Loans | -64.1 | -106.0 | -178.7 | | -17.8 | | -160.1 | |
| Trade credit and advances | 15.7 | -35.0 | 60.6 | | 25.7 | | 37.5 | |
| Reserve assets | 65.5 | 338.2 | 252.0 | | -41.7 | | 521.6 | |

...* the index is over 100.

Note: In the financial account, the sign (-) denotes net external inflows. In foreign reserves, the sign (+) denotes increase, whereas the sign (-) denotes decrease in the foreign currency assets.

Source: NBRM.

¹ The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of Macedonia within a certain time frame, i.e. it summarizes the current, capital and financial transactions between residents and non-residents.



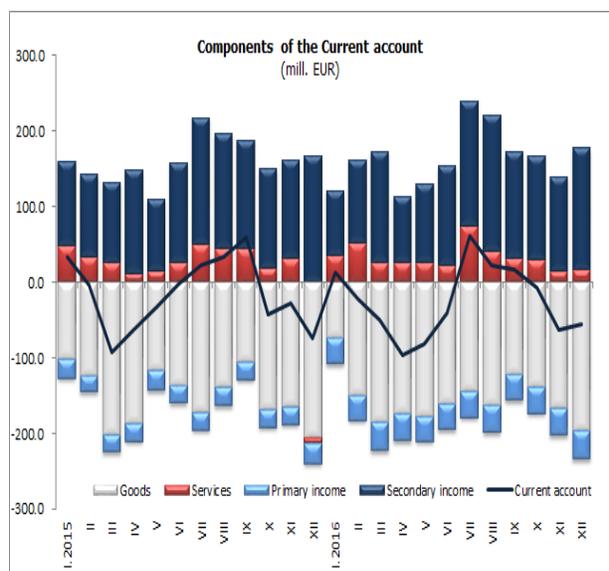
National Bank of the Republic of Macedonia Statistics Department

Current account

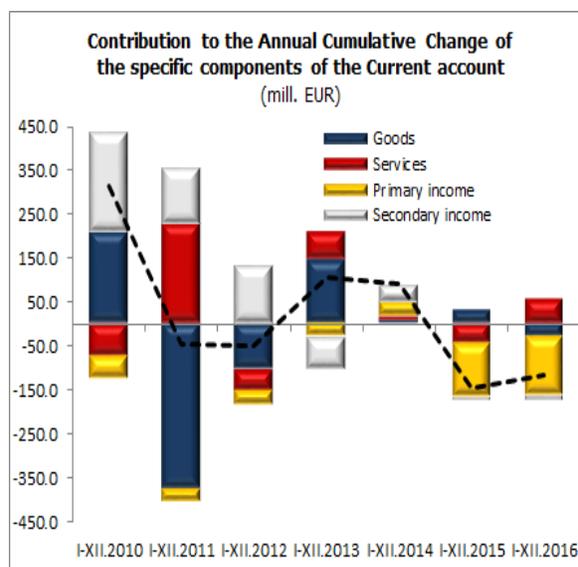
The negative balance in the current account in December, in the amount of Euro 55.9 million, results from the high deficit in the trade of goods (Euro 197.1 million) and the primary income deficit (Euro 36.5 million), which exceeded the surpluses in the secondary income and the trade of services (Euro 161 million and Euro 16.7 million, respectively).

Compared to the previous month, the current account deficit is lower by Euro 6.1 million, since the higher net inflows in the secondary income (by Euro 35.1 million) exceeded the monthly increase in the deficit in the trade of goods (by Euro 29.4 million).

On a cumulative basis, for 2016, the current account deficit deepened by Euro 116.4 million. Thereby, the higher deficits in primary income and in the trade of goods (by Euro 133.1 million and Euro 27.7 million, respectively), as well as the lower surplus of the secondary income (by Euro 12.4 million), were only partially compensated by the higher surplus in the trade in services (by Euro 56.8 million).



Source: NBRM.



Financial account

In December, the most significant net inflows of financial transactions with non-residents are registered on the basis of direct investments (Euro 77.9 million) and loans (Euro 64.1 million).

On a net basis, in December 2016, foreign direct investments register inflows of Euro 77.9 million, while cumulatively for the entire 2016, net inflows of Euro 354 million are recorded, which is by Euro 151.3 million more than the net inflows registered in 2015.

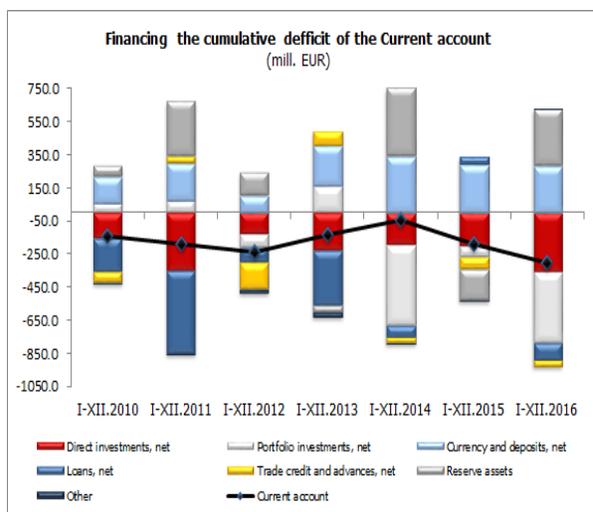
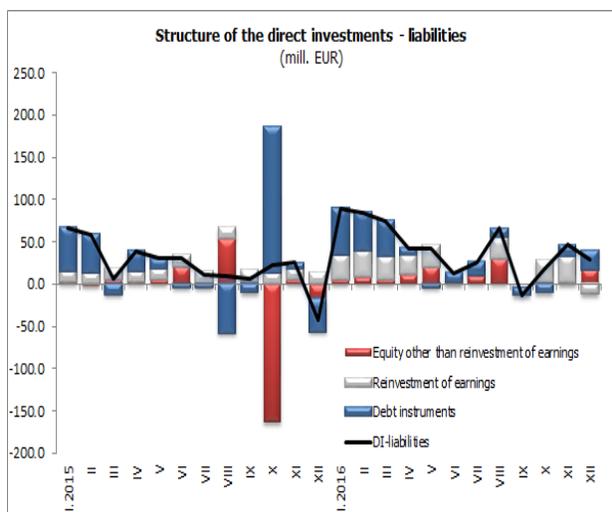


National Bank of the Republic of Macedonia Statistics Department

In December, liabilities on the basis of direct investments² increased by Euro 28.7 million, mainly due to the increased investments in the form of equity and debt instruments (Euro 17.6 million and Euro 22 million, respectively), compared to the negative change in the reinvested earnings (Euro 10.9 million). In total, for 2016, net inflows in the amount of Euro 516.6 million are registered, which is an increase of Euro 254.3 million compared to 2015.

Assets on the basis of direct investments in December decreased by Euro 49.2 million, mainly based on debt instruments (collection of claims on the basis of approved loans and trade credits). During 2016, this category registered net outflows of Euro 162.5 million, which is by Euro 103 million more compared to 2015.

In December 2016, loans register an increase of Euro 64.1 million in net liabilities, primarily in other sectors³ (Euro 30.5 million), the government sector (Euro 19.9 million) and the depository institutions sector (Euro 10.7 million).



Source: NBRM.

Data revisions

Balance of payments data, in this press release, contain regular data revisions for the period of January – November 2016, which are mostly resulting from the new data from the quarterly reports for realized and planned financial results in the current year and quarterly reports on claims and liabilities based on international commercial operations of residents with abroad, but also from better coverage of the data on trade of goods and services with non-residents.

The revision for the period January-November 2016 led to a higher current account deficit by Euro 61.6 million and a simultaneous net increase of Euro 68.1 million in direct investments,

² It shows direct investment depending on whether financial transactions create a liability to or claim (assets) from abroad.

³ Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



National Bank of the Republic of Macedonia Statistics Department

mainly due to the higher assessment of companies with foreign capital for the newly created profit in 2016.

Supporting information

Time series of data: annual, quarterly and monthly data on the balance of payments
<http://www.nbrm.mk/?ItemID=5ED8DADBAEF3C947A047BBAA641BBD7D>

Methodological explanations:

<http://www.nbrm.mk/?ItemID=5ED8DADBAEF3C947A047BBAA641BBD7D>

Next publication: Advance Release Calendar

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

Monthly balance of payments: 31 March 2017 (reference period as of January 2017).

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

For more information regarding the disseminated statistical data, please contact us at: contact.statistika@nbrm.mk , or phone: 02 3215 181 extension 103 (or 110/108).