



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 20 September 2019

Press Release

Monetary developments in the Republic of North Macedonia: August 2019

- In August 2019, **broad money (monetary aggregate M3^{1,2})** registered increase on both monthly and annual basis. The monthly growth rate equals 1.1% mainly reflecting the growth in demand deposits³ and short-term deposits, given slight decrease in the currency in circulation. Annually, the broad money grew by 9.0%, due to the increase in all components, with the largest contribution of demand deposit and short-term deposits, followed by currency in circulation and long-term deposits up to two years.
- In August, **total deposits**⁴ registered a monthly growth of 1.4%, mainly driven by the increase in corporate deposits (contribution of 79.3% to the monthly growth). On annual basis, the deposits registered the same growth as in the previous month of 10.0%, which is due to the deposit growth in both sectors, with more evident contribution of household sector.

Table 1. Total deposits and loans⁵ of the non-government sector

	stocks (in millions of NC)								annual changes (in %)								monthly changes (in %)	
	12.2016 ¹⁾	12.2017 ¹⁾	3.2018	6.2018	9.2018	12.2018 ¹⁾	7.2019	8.2019	12.2016 ¹⁾	12.2017 ¹⁾	3.2018	6.2018	9.2018	12.2018 ¹⁾	7.2019	8.2019	7.2019	8.2019
Broad Money M4	354,712	372,931	374,681	386,470	395,840	416,814	431,799	437,324	6.2	5.1	7.5	10.1	11.7	11.8	10.1	10.1	1.1	1.3
Broad Money M3	322,199	336,989	337,684	348,090	353,862	373,436	384,347	388,597	6.0	4.6	7.3	10.1	10.9	10.8	8.8	9.0	1.1	1.1
<i>of which:</i>																		
Currency in Circulation	28,193	29,968	28,658	29,681	30,665	32,233	34,251	34,035	7.2	6.3	6.9	4.2	5.9	7.6	10.1	10.3	5.2	-0.6
Total Deposits	321,888	339,314	340,135	349,816	358,126	375,046	389,733	395,327	5.7	5.4	7.1	9.9	11.6	10.5	10.0	10.0	0.8	1.4
<i>of which:</i>																		
Corporations	87,377	89,248	85,791	90,295	93,775	97,703	100,776	105,212	13.4	2.1	4.1	11.6	16.8	9.5	9.1	10.1	1.3	4.4
Households	217,394	230,744	233,485	236,832	240,139	252,563	259,765	260,839	2.5	6.1	7.3	7.9	8.4	9.5	9.1	9.1	0.6	0.4
Total Loans	284,782	300,257	298,059	306,049	311,558	322,089	328,105	327,480	-0.1	5.4	5.7	6.2	7.9	7.3	6.8	6.4	-0.8	-0.2
<i>of which:</i>																		
Corporations	154,225	157,722	152,187	155,427	157,165	164,765	161,544	159,875	-5.3	2.3	2.3	2.9	5.7	4.5	4.3	3.4	-2.3	-1.0
Households	129,321	141,232	144,491	149,254	152,990	155,734	165,165	166,205	7.0	9.2	9.4	9.7	10.1	10.3	9.4	9.4	0.7	0.6

Source: NBRNM.

- During the respective month, **the total loans** registered monthly drop of 0.2%, which is fully due to the reduced lending to corporate sector. On annual basis, the growth, which

¹ Starting from June 2018, the National Bank uses the monetary aggregate M3 as a new standard definition of broad money. For analytical purposes, the monetary aggregate M4 will continue to be calculated and published.

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 also includes deposits with a 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 Demand deposits refer to current accounts with banks and savings houses and current accounts of other financial corporations with the National Bank.

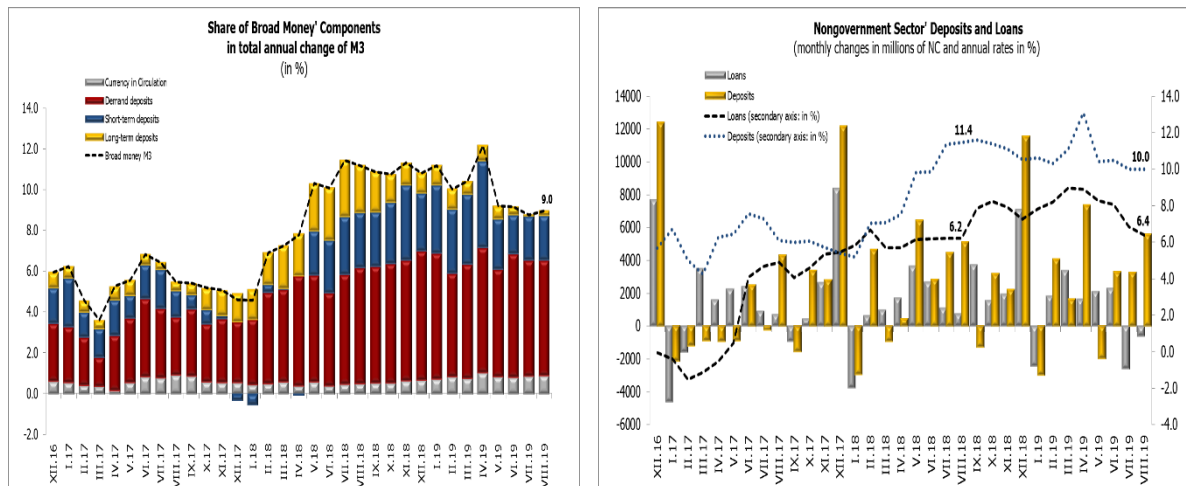
⁴ Total deposits consist of all deposits included in the monetary aggregate M4.

⁵ The annual rates of loans in the period June 2016 – May 2017 were influenced by the effects of the NBRNM's measure for write-off of the claims that have been fully covered for more than two years.



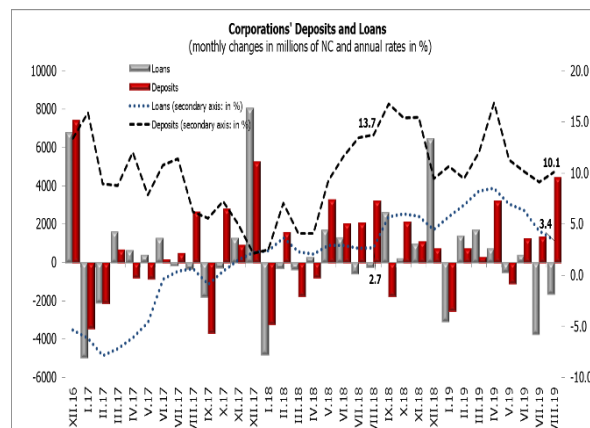
National Bank of the Republic of North Macedonia Statistics Department

equals 6.4%, continued and is mainly a result of lending to household sector. If the effect of the written-off doubtful and contested claims is excluded as a result of the regular changes⁶, the annual credit growth equals 7.8%.



Source: NBRNM.

1. Deposits and loans of the corporate sector⁷



Source: NBRNM.

- **The total deposits of the corporate sector** increased by 4.4% on a monthly basis, mainly as a result of the demand deposits and foreign currency deposits (short-term and long-term), amid a registered decline in short-term denar deposits. On an annual basis, deposits increased by 10.1%, mostly as a result of the increase in the demand deposits, short-term foreign currency deposits and long-term denar deposits, given the registered decrease in short-term denar deposits.

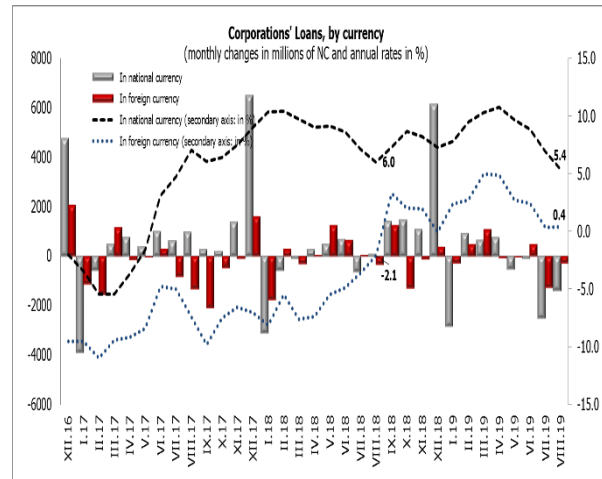
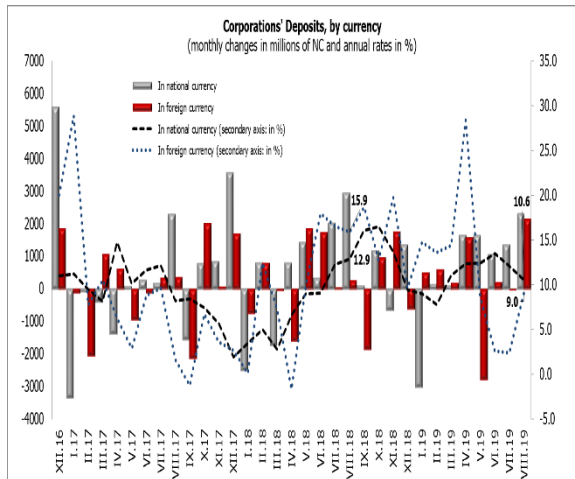
⁶ On 9 August 2018, the National Bank Council adopted the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18) that requires from banks to transfer from the on-balance sheet to the off-balance sheet records (and to continue to transfer) all claims that have been fully booked for more than one year. Despite the transfer of these claims to the off-balance sheet record, the banks reserve the right for their collection.

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



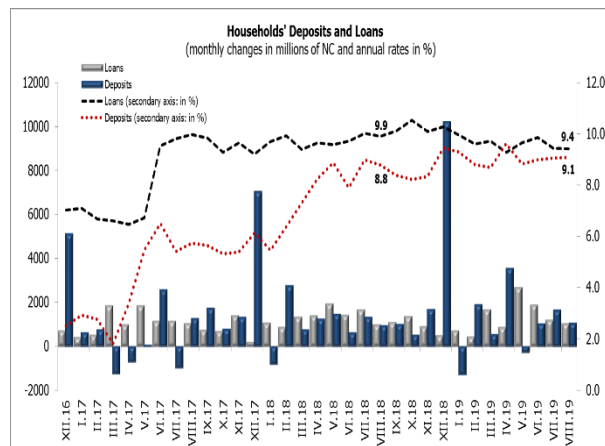
National Bank of the Republic of North Macedonia Statistics Department

- In August, **the loans to corporate sector**⁸ fell on a monthly basis by 1.0%, while annually, the lending to corporate sector increased by 4.3%. The changes on both, monthly and annual basis, mostly arises from the denar lending. If the effect of the transfer of doubtful and contested claims is excluded from the on-balance sheet to the off-balance sheet records, pursuant to the National Bank decision, loans to the corporate sector in August register an annual growth of 5.6%.



Source: NBRNM.

2. Deposits and loans of the households⁹



Source: NBRNM.

- **Total household deposits** increased by 0.4% on monthly basis in August, which is explained by the increase in short-term foreign currency deposits, demand deposits and long-term deposits. The annual growth rate of these deposits in August amounted to 9.1%, being a result of the growth of all components, with more pronounced share of demand deposits and short-term foreign currency deposits.

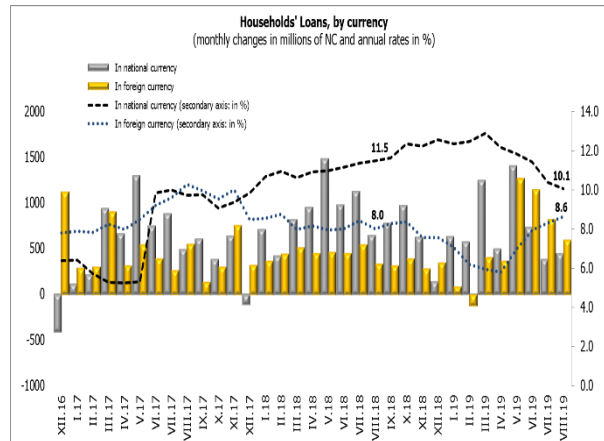
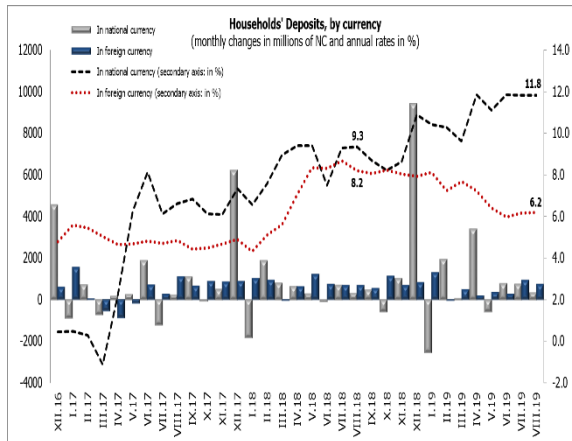
⁸ Starting from June 2018, and according to the new methodology, data on financial instruments in denars with FX clause are included in the foreign currency.

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

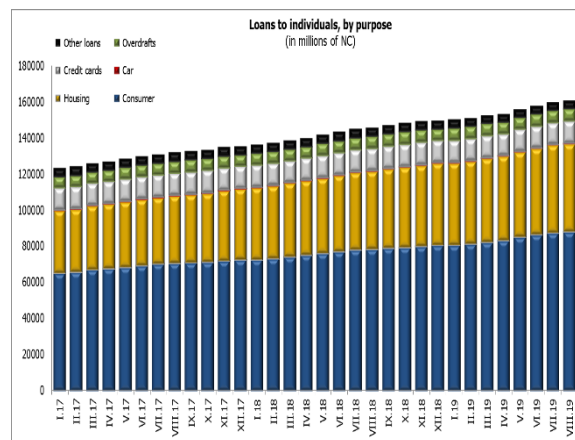


National Bank of the Republic of North Macedonia Statistics Department

- **Total household loans** registered a monthly and annual increase of 0.6% and 9.4%, respectively. Analyzed by currency structure, the largest share in the monthly growth is that of foreign currency loans, while the annual growth is largely due to denar loans. If the effect of the transfer of doubtful and contested claims from the on-balance sheet to the off-balance sheet records is taken into consideration, pursuant to the National Bank decision, the annual loan growth in households equals 10.2% in June.



Source: NBRNM.



Source: NBRNM.



National Bank of the Republic of North Macedonia Statistics Department

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

	Stocks (in millions of MKD)								annual changes (in %)								monthly changes (in %)	
	12.2016 ⁽¹⁾	12.2017 ⁽¹⁾	3.2018	6.2018	9.2018	12.2018 ⁽¹⁾	7.2019	8.2019	12.2016 ⁽¹⁾	12.2017 ⁽¹⁾	3.2018	6.2018	9.2018	12.2018 ⁽¹⁾	7.2019	8.2019	7.2019	8.2019
Consumer loans	65,438	72,595	74,218	77,100	78,964	80,632	87,528	88,170	13.4	10.9	10.7	11.1	11.1	11.1	12.1	12.4	1.4	0.7
Housing loans	34,608	39,535	40,899	42,309	43,896	45,539	48,525	48,810	14.3	14.2	15.4	14.9	16.2	15.2	13.0	12.4	1.5	0.6
Car loans	323	316	318	307	301	312	324	320	-19.1	-2.2	2.9	0.2	-2.2	-1.3	6.0	5.8	1.4	-1.1
Credit cards	12,380	12,281	12,157	12,192	12,235	12,246	12,015	12,012	0.3	-0.8	-1.1	-0.8	-0.9	-0.3	-1.5	-2.0	0.1	0.0
Overdrafts	5,795	5,896	6,300	6,672	6,881	6,232	6,815	6,900	3.6	1.8	0.4	4.8	5.7	5.7	1.7	2.4	-0.5	1.2
Other loans	4,584	4,564	4,534	4,593	4,566	4,607	4,177	4,154	7.3	-0.4	-0.5	-0.8	-0.2	0.9	-8.9	-8.6	-1.0	-0.6

Source: NBRNM.

- Analyzing by purpose of granted loans to individuals, in August the most common categories - **consumer and housing loans** registered a monthly growth of 0.7% and 0.6%, respectively, while the annual rise is equal in both categories and it equals 12.4%. This month, **car loans** register monthly drop of 1.1%, while annually, they increased by 5.8%. The loans on the basis of **credit cards** remained unchanged compared to the preceding month, while on annual basis, they decreased by 2.0%. **The overdrafts** registered a monthly and annual growth of 1.2% and 2.4%, respectively, while loans granted on **other basis** registered a monthly and annual decrease of 0.6% and 8.6%, respectively.

Supporting information

Time series of data: Balance sheets and list of depository institutions, monthly data
<http://www.nbrm.mk/ns-newsarticle-bilansi-i-pregledi-na-depozitnite-institucii---mesečni-podatoci-en.nspix>

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

Next publications: Advance Release Calendar

http://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf



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Statistics Department**

Monetary developments in the Republic of North Macedonia: 21 October 2019 (reference period as of September 2019).

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 on the telephone number 02 3215 181 extension 116 (or 110/108).