



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 December 2019

Press Release

Significant changes in the external debt, external claims and international investment position: third quarter of 2019

At the end of the third quarter of 2019, **the gross external debt** equaled Euro 8,575 million, registering a quarterly increase of Euro 241 million. **The gross external claims** registered an increase of Euro 230 million and equaled Euro 5,907 million. The larger quarterly increase in liabilities against claims led to the growth of **net external debt** by Euro 11 million, thus equaling Euro 2,668 million at the end of September 2019. The net external debt increase in the third quarter reflects the higher private net debt by Euro 198 million, amid quarterly decrease in the public net debt by Euro 187 million.

At the end of September 2019, the negative **net international investment position**¹ amounted to Euro 6,238 million, or 56.1% of the GDP forecasted for 2019. From this amount, the bulk or 85% are net liabilities based on direct investment, of which 78% are based on equity.

External Debt and International Investment Position of the Republic of North Macedonia

	31.12.2018		30.06.2019		30.09.2019		Quarterly Change			change in respect to the end of the previous year		
	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	% GDP	mill. EUR	%	p.p.	mill. EUR	%	p.p.
Gross External Debt	7,843.7	73.3	8,334.6	74.9	8,575.3	77.1	240.7	2.9	2.2	731.6	9.3	3.8
Debt of the Central Bank from	7,843.7	73.3	8,079.7	72.6	8,267.8	74.3	188.1	2.3	1.7	424.1	5.4	1.0
Long-term debt	5,823.8	54.4	5,948.7	53.5	5,984.7	53.8	36.1	0.6	0.3	160.9	2.8	-0.6
Short-term debt	2,019.9	18.9	2,386.0	21.5	2,590.5	23.3	204.6	8.6	1.8	570.7	28.3	4.4
Public debt	3,756.2	35.1	4,035.1	36.3	4,074.2	36.6	39.1	1.0	0.4	318.0	8.5	1.5
Private debt	4,087.5	38.2	4,299.5	38.7	4,501.1	40.5	201.6	4.7	1.8	413.6	10.1	2.3
Gross External Claims	5,242.7	49.0	5,677.2	51.0	5,906.9	53.1	229.7	4.0	2.1	664.2	12.7	4.1
Gross external claims-excluding claims of the Central Bank from reverse repo arrangements	5,242.7	49.0	5,422.7	48.8	5,599.0	50.3	176.3	3.3	1.6	356.2	6.8	1.3
Net External Debt	2,601.0	24.3	2,657.4	23.9	2,668.4	24.0	11.0	0.4	0.1	67.4	2.6	-0.3
IIP, net	-6,039.5	-56.5	-6,249.7	-56.2	-6,238.3	-56.1	11.4	-0.2	0.1	-198.8	3.3	0.4

*/GDP data for 2018 is preliminary (source: State Statistical Office, Press Release Gross Domestic Product, third quarter of 2019 as of 6 December 2019). The data for 2019 is forecasted by the NBRNM.

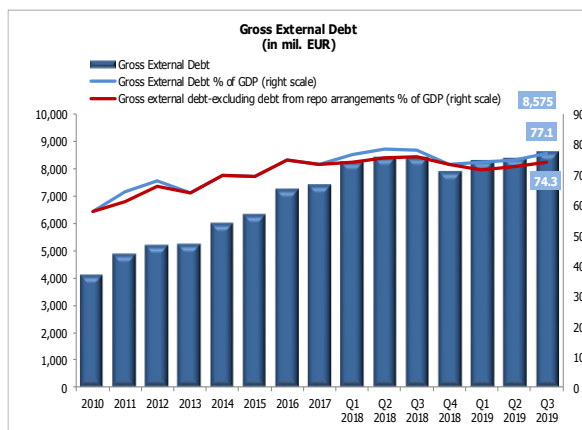
Source: NBRNM, SSO.

¹ The international investment position (IIP) is a statistical report which presents the balances of the external financial assets and financial liabilities of the Republic of North Macedonia on a specific date, i.e. claims from and liabilities to nonresidents based on financial instruments. In addition, negative net international investment position means that the financial liabilities exceed the financial claims on non-residents.

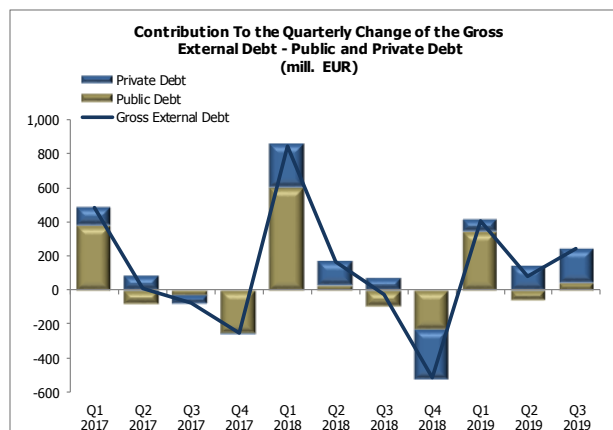


Gross external debt

At the end of September 2019, **the gross external debt** totaled Euro 8,575 million (or 77.1% of GDP) and registered a quarterly increase of Euro 241 million (or 2.9%). If the effect of central bank specific activities for foreign reserves management is excluded from the debt², the quarterly rise in gross debt is Euro 188 million. This quarterly change arises from private external debt, which registered quarterly growth of Euro 202 million, mainly due to the higher debt of the non-banking private sector and intercompany lending, which explain 94% of the quarterly change. On the other hand, in this quarter, public debt (excluding central bank specific activities for foreign reserves management) decreased by Euro 13 million, mainly as a result of the reduced debt of the government sector (by Euro 50 million) amid growth of the debt of public banks and public enterprises (by Euro 34 million).



Source: NBRNM.



Compared to the end of 2018, the gross external debt increased by Euro 732 million, or 9.3%. If the effect of central bank specific activities regarding foreign reserves management is excluded, the gross external debt is higher by Euro 424 million, amid private debt growth of Euro 414 million and external public debt growth of Euro 11 million. The private debt growth is explained with the increased non-banking sector liabilities (by Euro 237 million), intercompany lending (by Euro 115 million) and private banks (by Euro 61 million). At the same time, the public debt increase arises from the higher liabilities of the public banks and public enterprises (by Euro 68 million), compared to the reduced liabilities of the government sector (by Euro 59 million).

Gross external claims

At the end of September 2019, gross external claims totaled Euro 5,907 million (or 53.1% of GDP) and registered quarterly increase of Euro 230 million (or 4%). If the effect of the central

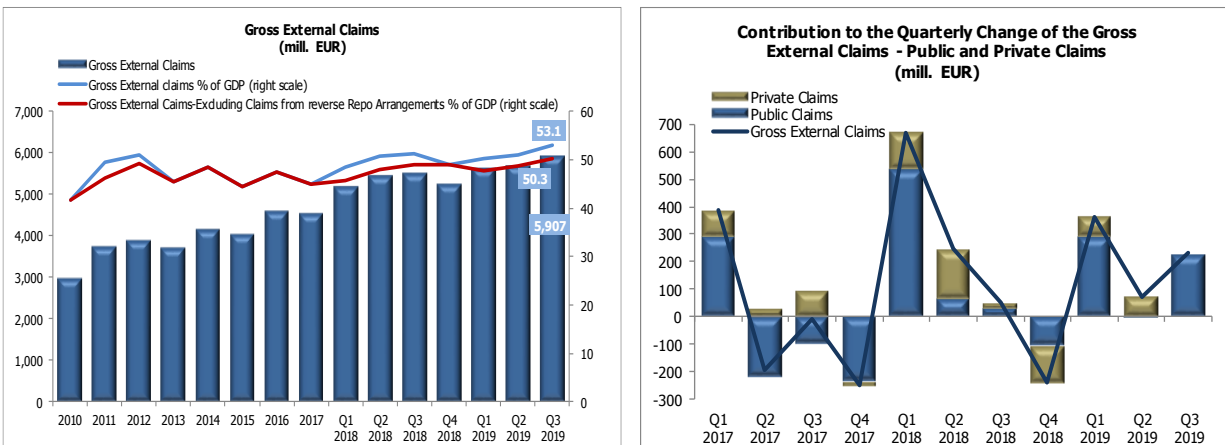
² Refers to repo activities of the National Bank. Entering into repo transactions creates liabilities (classified under the "loan" category) that increase gross debt. At the same time, claims created from reverse repo agreements tend to increase gross claims. The NBRNM simultaneously carries out matched repo and reverse repo agreements in nearly identical amounts. In general, as they are concluded simultaneously, these transactions have a neutral net effect as they appear in almost identical amount on both the liabilities and the assets side, and accordingly have no effect on the total net external debt.



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bank specific activities regarding foreign reserves management is excluded, gross external claims are higher by Euro 176 million, primarily due to the increased public claims (by Euro 173 million) and a lower growth of private claims (by Euro 3 million).

Compared to the end of the preceding year, the external claims increased by Euro 664 million. If the effect of central bank specific activities regarding foreign reserves management is excluded, gross external claims are higher by Euro 356 million, as a result of increased public and private claims (Euro 207 million and Euro 150 million, respectively). The growth in public claims reflects the increase in the official foreign reserves with the central bank, while the growth in private claims is explained by the increased intercompany claims (by Euro 281 million), given the reduced claims of deposit-taking corporations (by Euro 68 million) and other sectors (by Euro 63 million).



Source: NBRNM.

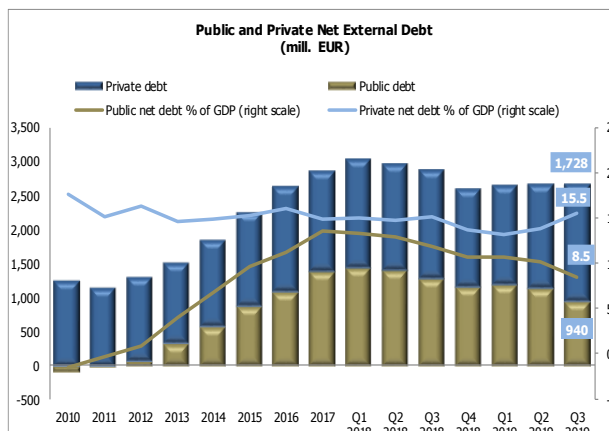
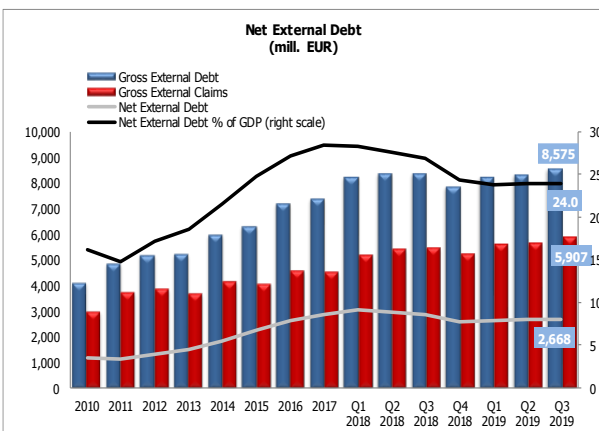
Net external debt

At the end of the third quarter of 2019, net external debt amounted to Euro 2,668 million, (24% of GDP). Given the larger quarterly increase in gross external debt compared to gross external claims, in the third quarter of 2019, net external debt increased by Euro 11 million, or by 0.4%. In addition, the net private debt increased (by Euro 198 million), while the net public debt decreased (by Euro 187 million).

Compared to the end of 2018, the net external debt increased by Euro 67 million (or by 2.6%), given the rise of the net private debt (of Euro 264 million), and the decline in net public debt (of Euro 197 million). Thereby, the debt of the private sector still has higher share in the total net debt (65%).



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Source: NBRNM.

International Investment Position, net

The negative net international investment position (IIP) during the third quarter of 2019 was reduced by Euro 11 million and amounted to Euro 6.238 million, representing 56.1% of the GDP forecast for 2019.

The quarterly decrease in the negative net IIP reflects the higher assets increase (of Euro 286 million) compared to the increase of liabilities (of Euro 274 million). By instrument, net liabilities based on equity instruments decreased by Euro 22 million, while net liabilities based on debt instruments increased by Euro 11 million.

Compared to the end of the previous year, the negative net IIP, increased by Euro 199 million, as a result of the increase in the net liabilities based on equity instruments (of Euro 131 million) and on debt instruments (of Euro 67 million). The growth of net liabilities on equity instruments arises from net liabilities on direct investments.



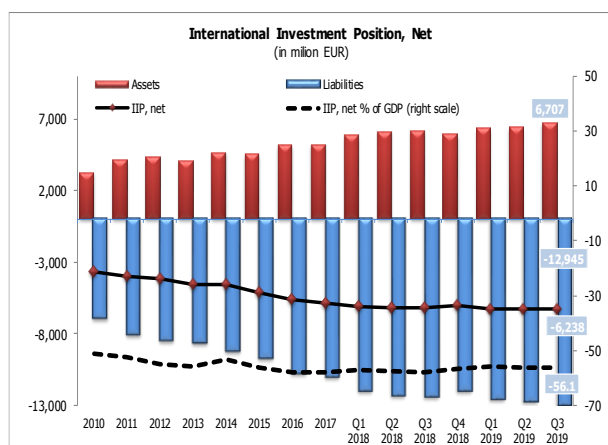
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International Investment Position of the Republic of North Macedonia

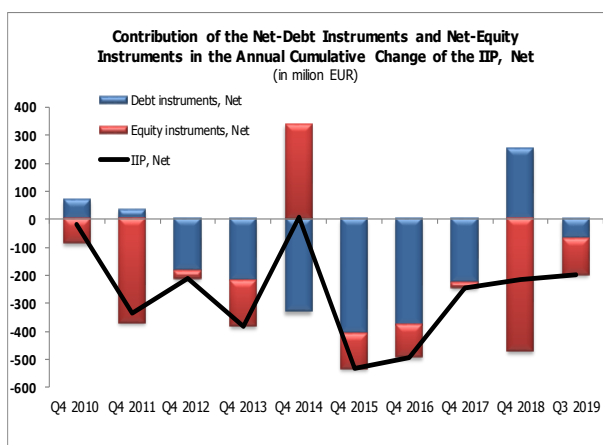
(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Net International Investment Position	-3,629.5	-3,965.8	-4,177.6	-4,558.4	-4,549.0	-5,082.7	-5,576.0	-5,822.5	-6,118.0	-6,143.3	-6,193.7	-6,039.5	-6,221.1	-6,249.7	-6,238.3
Assets	3,258.4	4,113.2	4,257.5	4,082.5	4,634.0	4,571.9	5,171.3	5,157.3	5,835.1	6,105.6	6,156.4	5,913.6	6,309.3	6,421.5	6,707.2
Direct investment	333.6	393.6	533.6	617.8	475.6	655.0	811.9	967.6	1,021.2	1,083.9	1,125.3	896.2	1,052.2	1,156.9	1,205.5
Portfolio investment	25.9	45.5	63.1	107.7	155.0	212.6	255.2	300.2	310.4	337.2	345.1	321.2	341.1	366.2	381.5
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.9	0.9	1.0	1.2	2.8	2.8	2.8	2.9	2.9	2.9	2.8	2.9
Currency and deposits	555.1	588.2	537.0	540.0	623.6	615.4	627.3	635.5	668.8	675.9	683.7	694.0	674.6	591.0	618.3
Loans	86.3	320.1	246.4	91.3	98.2	67.1	52.1	56.1	348.5	349.8	312.7	74.5	375.1	338.2	395.9
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	543.0	696.9	684.1	730.3	842.7	757.4	809.6	858.8	906.1	1,013.7	977.4	1,057.2	996.4	1,037.9	975.1
Other accounts receivable/payable	0.0	0.0	0.0	1.4	1.5	1.7	0.5	0.1	0.1	0.2	0.4	0.5	0.5	0.2	0.6
Reserve assets	1,714.5	2,068.9	2,193.3	1,993.0	2,436.5	2,261.8	2,613.4	2,336.3	2,577.1	2,642.2	2,709.1	2,867.1	2,866.4	2,928.2	3,127.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	6,887.9	8,079.0	8,435.1	8,640.8	9,183.0	9,654.6	10,747.3	10,979.8	11,953.1	12,248.9	12,350.1	11,953.0	12,530.5	12,671.2	12,945.4
Direct investment	3,514.8	3,914.4	4,146.8	4,485.7	4,378.3	4,951.3	5,392.2	5,598.1	5,915.3	6,133.3	6,250.9	6,141.3	6,347.1	6,462.1	6,525.0
Portfolio investment	398.6	324.7	408.3	253.2	776.6	848.8	1,362.2	1,476.3	1,891.8	1,876.2	1,838.7	1,813.2	1,821.6	1,826.4	1,777.8
Financial derivatives (other than reserves) and employee stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	4.1	4.4	4.3	6.0	2.3	2.7	3.2	3.7	4.2	4.2	4.2	4.2
Currency and deposits	195.8	134.0	198.7	168.4	157.7	148.5	174.2	195.2	191.8	192.7	191.8	206.2	208.7	221.5	207.9
Loans	2,028.5	2,785.9	2,771.8	2,883.1	3,024.4	2,961.7	3,014.7	2,872.0	3,070.9	3,159.2	3,159.8	2,883.4	3,216.6	3,197.0	3,333.7
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	673.8	841.7	832.8	773.2	763.4	656.7	714.6	757.7	803.0	805.0	825.9	824.8	851.1	879.8	961.9
Other accounts receivable/payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.9
Special drawing rights (Net incurrence of liabilities)	76.4	78.3	76.7	73.2	78.2	83.2	83.2	78.2	77.5	79.2	79.2	79.8	81.2	80.2	81.9

Source: NBRNM.



Source: NBRNM.





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Data revisions

The data on the gross external debt and claims in this press release contain regular data revisions for the period January - June 2019. The changes in gross external debt and claims almost entirely arise from the improved coverage of data on trade credits and advances. Regarding the direction of the changes, in the two quarters of 2019, the revision of the data led to an increase in the gross external debt (by Euro 3 and 11 million, respectively) and gross external claims (by Euro 7 and 25 million, respectively). These changes were adequately reflected on both the net external debt and net IIP, as a reduction of the net external debt and lower negative net IIP (by Euro 5 and 15 million, respectively).

Supporting information

Time series data - annual and quarterly data on gross external debt and gross external claims:
http://nbrm.mk/nadvoresen_dolg-en.nspix

Time series data-annual and quarterly data on international investment position:
http://nbrm.mk/megunarodna_investiciska_pozicija-en.nspix

Methodological explanations on gross external debt and claims:
http://nbrm.mk/content/statistika/ND/metodologija/Methodological_Notes_debt_5_2_2018.pdf

Methodological explanations on international investment position:
http://nbrm.mk/content/statistika/mip/metodologija/Methodology_IIP_BPM6_9_10_2018.pdf

Next publications: Advance Release Calendar:
http://nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf

Quarterly gross external debt, gross external claims and international investment position: 31 March 2020 (reference period as of December 2019).

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

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