



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 30 September 2019

Press Release

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

At the end of the second quarter of 2019, **the gross external debt** total Euro 8,324 million and increased on a quarterly basis by Euro 74 million. **The gross external claims** registered an increase of Euro 54 million and it equaled Euro 5,652 million. The larger quarterly increase in liabilities against claims led to a growth of **the net external debt** by Euro 21 million, and at the end of June 2019 it equaled to Euro 2,672 million. Thus the increase in the net external debt in the second quarter reflects the higher private net debt by Euro 77 million, in conditions of quarterly decrease in the public net debt by Euro 57 million.

At the end of June 2019, the negative **net international investment position**¹ amounted to Euro 6,264 million, or 55.5% of the GDP forecasted for 2019. Most of this amount (85%) is net liabilities on direct investments, of which 78% on equity.

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

	31.12.2018		31.03.2019		30.06.2019		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	73.1	8,249.7	73.0	8,324.1	73.7	74.4	0.9	0.7	480.4	6.1	0.6
Excluding Debt of the	7,843.7	73.1	7,951.7	70.4	8,069.1	71.4	117.5	1.5	1.0	225.4	2.9	-1.6
Long-term debt	5,823.8	54.3	5,899.1	52.2	5,948.7	52.7	49.6	0.8	0.4	124.9	2.1	-1.6
Short-term debt	2,019.9	18.8	2,350.5	20.8	2,375.4	21.0	24.8	1.1	0.2	355.5	17.6	2.2
Public debt	3,756.2	35.0	4,095.2	36.3	4,035.1	35.7	-60.1	-1.5	-0.5	278.9	7.4	0.7
Private debt	4,087.5	38.1	4,154.5	36.8	4,289.0	38.0	134.5	3.2	1.2	201.5	4.9	-0.1
Gross External Claims	5,242.7	48.8	5,598.3	49.6	5,652.0	50.0	53.6	1.0	0.5	409.2	7.8	1.2
Gross external claims-excluding claims of the Central Bank from reverse repo arrangements	5,242.7	48.8	5,299.2	46.9	5,397.4	47.8	98.2	1.9	0.9	154.7	2.9	-1.0
Net External Debt	2,601.0	24.2	2,651.4	23.5	2,672.1	23.7	20.8	0.8	0.2	71.2	2.7	-0.6
IIP, net	-6,039.5	-56.3	-6,225.7	-55.1	-6,264.4	-55.5	-38.7	0.6	-0.3	-225.0	3.7	0.8

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

Source: NBRNM, SSO.

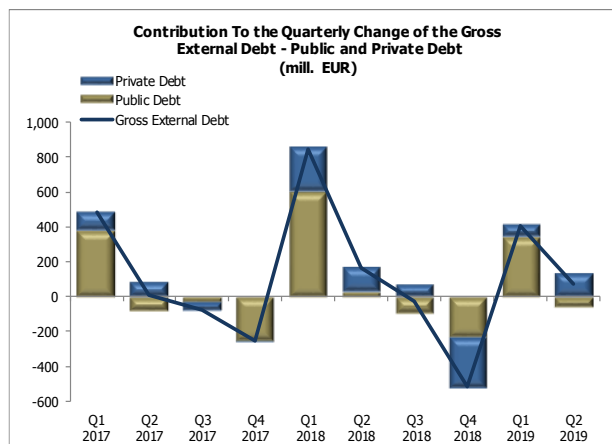
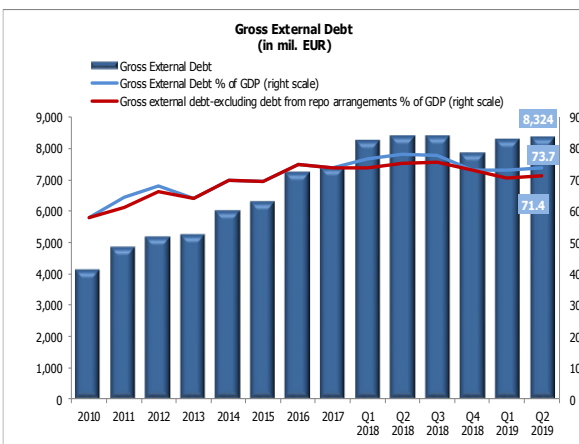
¹ The international investment position (IIP) is a statistical report which presents the balances of the external financial assets and financial liabilities of the Republic of North Macedonia on a specific date, i.e. claims from and liabilities to nonresidents based on financial instruments. In addition,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



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Gross external debt

At the end of June 2019, **the gross external debt** totaled Euro 8,324 million (or 73.7% of GDP) and registered quarterly increase of Euro 74 million (or 0.9%). If the effect of specific activities for managing foreign reserves of the central bank are excluded from the debt², the quarterly rise in gross debt is lower, amounting to Euro 117 million. This quarterly change is driven from the private external debt, which registered quarterly growth of Euro 135 million, mainly due to the higher debt of the non-banking private sector and intercompany lending, which explain 89% of the quarterly change. On the other hand, in this quarter, the public debt (excluding the specific activities for managing foreign reserves of the central bank) decreased by Euro 17 million, mainly as a result of the reduced debt of the general government (by Euro 9 million), and public banks and public enterprises (by Euro 7 million).



Source: NBRNM.

Compared to the end of 2018, the gross external debt increased by Euro 480 million, or 6.1%. However, in the first half of 2019, the debt, with the effect of specific activities for foreign reserves management with foreign reserves of the central bank being excluded, increased by Euro 255 million. The registered growth is a result of the increase in the private debt (of Euro 201 million) and public external debt (of Euro 24 million). The private debt growth is explained with the increased intercompany lending (by Euro 86 million), non-banking private sector (by Euro 66 million) and private banks (by Euro 50 million). Simultaneously, the increase in the public debt arises from the higher liabilities of the public banks and public enterprises (by Euro 33 million), compared to the reduced liabilities of the general government (by Euro 10 million).

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.

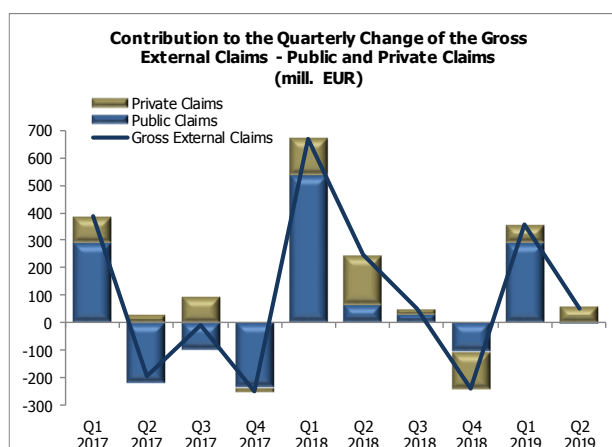
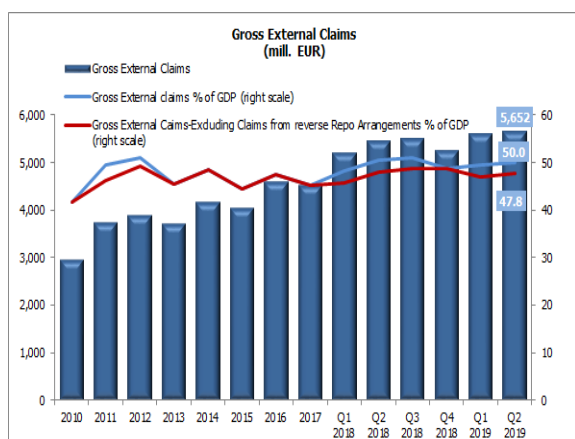


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Gross external claims

At the end of June 2019, the gross external claims amounted to Euro 5,652 million (50% of GDP) and registered quarterly increase of Euro 54 million (or by 1%). If the effect of the central bank specific activities related to foreign reserves management is excluded, the gross external claims are higher by Euro 98 million, in conditions of increase in the private and the public claims (of Euro 57 million and Euro 41 million, respectively).

Compared to the end of the preceding year, the external claims increased by Euro 409 million. If the effect of the central bank specific activities related to foreign reserves management is excluded, the gross external claims are higher by Euro 155 million, as a result of increased private and public claims (Euro 121 million and Euro 34 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 254 million), given reduced claims of deposit-taking corporations (by Euro 95 million) and other sectors (by Euro 37 million).



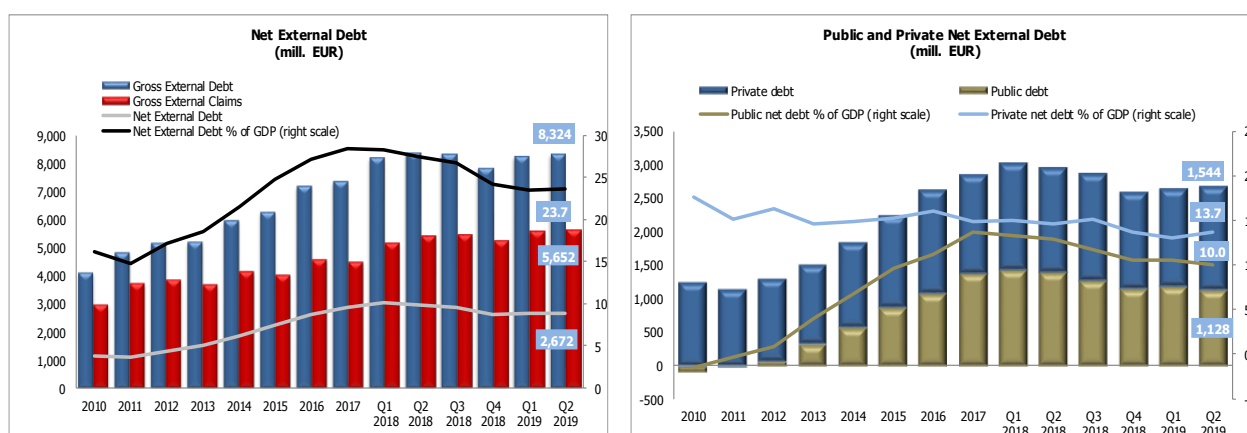
Source: NBRNM.



Net external debt

At the end of the second quarter of 2019, the net external debt amounted to Euro 2.672 million (23.7% of GDP). Given the larger quarterly increase in gross external debt compared to the gross external claims, in the second quarter of 2019, the net external debt increased by Euro 21 million, or by 0.8%. In addition, the net private debt increased (by Euro 77 million), while the net public debt decreased (by Euro 57 million).

Compared to the end of 2018, the net external debt increased by Euro 71 million (or by 2.7%), given the rise of the net private debt (of Euro 80 million), and a fall in net public debt (of Euro 9 million). Thereby, the debt of the private sector still has higher share in the total net debt (58%).



Source: NBRNM.

International Investment Position, net

The negative net international investment position (IIP) during the second quarter of 2019 increased by Euro 39 million and amounted to Euro 6.264 million, representing 55.5% of the GDP forecast for 2019.

The quarterly increase in the negative net IIP reflects the faster increase in liabilities (of Euro 133 million) compared to the assets increase (of Euro 94 million). By instrument, the net liabilities based on debt instruments increased by Euro 21 million, while net liabilities based on equity instruments increased by Euro 18 million, mostly in the form of direct investments.

Compared to the end of the preceding year, the negative net IIP, net, increased by Euro 225 million, as a result of the increase in the net liabilities based on equity instruments (of Euro 154 million) and on debt instruments (of Euro 71 million). The growth of net liabilities on equity instruments in the first half of the year also arises from net liabilities on direct investments.



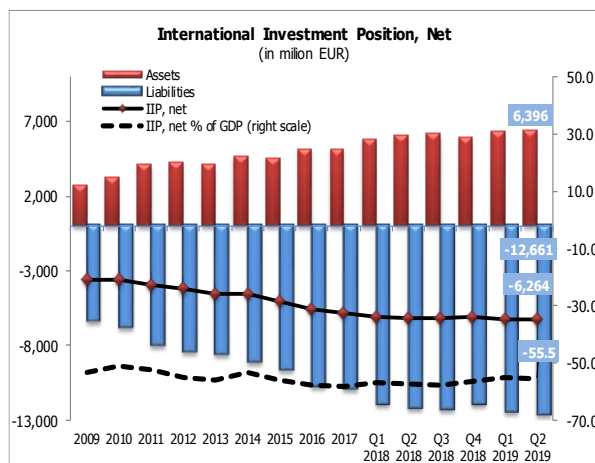
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International Investment Position of the Republic of North Macedonia

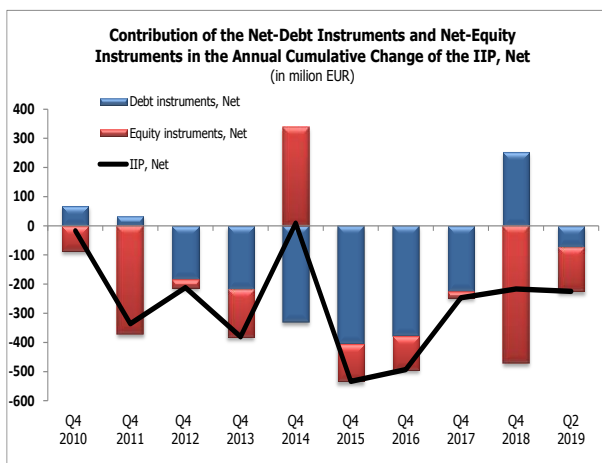
(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019
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	6,302.2	6,396.2
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	1,074.6	1,163.6
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
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
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
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
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
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
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	966.8	1,006.0
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
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
	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	12,528.0	12,660.6
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	6,348.2	6,461.5
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
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
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
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
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	3,215.0	3,194.6
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
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	849.1	872.2
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
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

Source: NBRNM.



Source: NBRNM.





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Data revisions

The 2018 data in this press release contains the changes that arise from the regular annual revision for 2018. More information on the effect of the annual revision on the gross external debt, gross external claims and IIPs for 2018 is available in the following press releases: Revision of external statistics for 2017 and 2018. In addition, the changes in the data for the period January - March 2019, to a lesser extent, result from better data coverage on loans and trade credits and advances. Regarding the direction of changes, in the first quarter of 2019, the revisions mainly reflect on reduction of **the gross external debt** (of Euro 54.6 million), as well as decrease in the **gross external claims** (of Euro 18.7 million). Consequently, these changes reflected on the decrease in the net external debt (of Euro 35.9 million). The change in the **net international investment position** in the first quarter is towards an increase in the negative IIP of Euro 104 million.

Supporting information

Time series data - annual and quarterly data on gross external debt and gross external claims:
<http://nbrm.mk/ns-newsarticle-podatoci-nd-en.nspix>

Time series data-annual and quarterly data on international investment position:
<http://nbrm.mk/ns-newsarticle-podatoci-mip-en.nspix>

Methodological explanations on gross external debt and claims:
<http://nbrm.mk/ns-newsarticle-podatoci-nd-en.nspix>

Methodological explanations on international investment position:
<http://nbrm.mk/ns-newsarticle-podatoci-mip-en.nspix>

Next publications: Advance Release Calendar:
http://nbrm.mk/kalendar_na_objavuvanje_na_podatoci-en.nspix

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