



## National Bank of the Republic of Macedonia Statistics Department

Skopje, 31 December 2018

### Press Release

### Significant changes in the external debt, external claims and international investment position: third quarter of 2018

As of the end of the third quarter of 2018, the **gross external debt** of the Republic of Macedonia amounted to Euro 8,400 million, which is a quarterly decrease of Euro 26 million. On the other hand, **gross external claims**, which amounted to Euro 5,486 million at the end of the third quarter, increased by Euro 48 million on a quarterly basis. Hence, the **net external debt** reduced on a quarterly basis by Euro 74 million and at the end of the third quarter it equaled Euro 2,913 million. The decline in net debt in the third quarter is mainly due to the reduced net public debt (by Euro 121 million), while the net debt of the private sector registered an increase (of Euro 47 million).

At the end of September 2018, the negative **net international investment position**<sup>1</sup> amounted to Euro 6,031 million or 57.4% of the GDP forecasted for 2018. Most (82%) of this amount still consists of net liabilities on direct investment, of which 73% are based on equity. Compared to the previous quarter, the negative net international position decreased by Euro 32 million.

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

	31.12.2017		30.06.2018		30.09.2018		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.
<b>Gross External Debt</b>	<b>7,372.5</b>	<b>73.6</b>	<b>8,425.7</b>	<b>80.1</b>	<b>8,399.8</b>	<b>79.9</b>	<b>-25.9</b>	<b>-0.3</b>	<b>-0.2</b>	<b>1,027.3</b>	<b>13.9</b>	<b>6.3</b>
<i>Gross External Debt-Excluding Debt of the Central Bank from Repo Arrangements</i>	<b>7,372.5</b>	<b>73.6</b>	<b>8,132.8</b>	<b>77.3</b>	<b>8,158.4</b>	<b>77.6</b>	<b>25.6</b>	<b>0.3</b>	<b>0.2</b>	<b>785.9</b>	<b>10.7</b>	<b>4.0</b>
Long-term debt	5,607.2	56.0	6,053.5	57.6	6,070.8	57.7	17.3	0.3	0.2	463.5	8.3	1.7
Short-term debt	1,765.2	17.6	2,372.2	22.6	2,329.0	22.1	-43.2	-1.8	-0.4	563.8	31.9	4.5
Public debt	3,461.8	34.6	4,077.9	38.8	3,986.3	37.9	-91.6	-2.2	-0.9	524.5	15.2	3.3
Private debt	3,910.7	39.1	4,347.8	41.3	4,413.5	42.0	65.7	1.5	0.6	502.8	12.9	2.9
<b>Gross External Claims</b>	<b>4,517.8</b>	<b>45.1</b>	<b>5,438.1</b>	<b>51.7</b>	<b>5,486.3</b>	<b>52.2</b>	<b>48.2</b>	<b>0.9</b>	<b>0.5</b>	<b>968.5</b>	<b>21.4</b>	<b>7.1</b>
<i>Gross external claims-excluding claims of the Central Bank from reverse repo arrangements</i>	<b>4,517.8</b>	<b>45.1</b>	<b>5,146.8</b>	<b>48.9</b>	<b>5,243.5</b>	<b>49.9</b>	<b>96.7</b>	<b>1.9</b>	<b>0.9</b>	<b>725.7</b>	<b>16.1</b>	<b>4.8</b>
<b>Net External Debt</b>	<b>2,854.7</b>	<b>28.5</b>	<b>2,987.6</b>	<b>28.4</b>	<b>2,913.5</b>	<b>27.7</b>	<b>-74.1</b>	<b>-2.5</b>	<b>-0.7</b>	<b>58.8</b>	<b>2.1</b>	<b>-0.8</b>
<b>IIP, net</b>	<b>-5,822.5</b>	<b>-58.1</b>	<b>-6,063.2</b>	<b>-57.7</b>	<b>-6,031.1</b>	<b>-57.4</b>	<b>32.2</b>	<b>-0.5</b>	<b>0.3</b>	<b>-208.6</b>	<b>3.6</b>	<b>0.8</b>

\*/ GDP data for 2017 is preliminary (source: Press release Gross Domestic Product of the Republic of Macedonia of 28 September 2018). The data for 2018 is forecasted by the NBRM.

Source: NBRM, SSO.

### Gross external debt

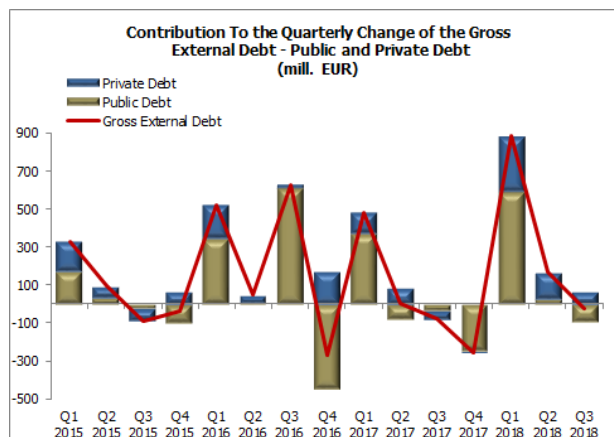
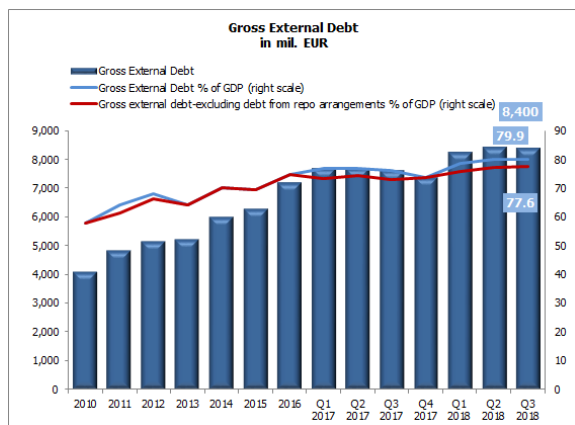
At the end of the third quarter of 2018, the **gross external debt** equaled Euro 8,400 million (or 79.9% of the forecasted GDP), which is by Euro 26 million less. The quarterly decrease in gross external debt was caused by the lower public debt (Euro 92 million), while the private debt

<sup>1</sup> 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 Macedonia on a specific date, i.e. receivables 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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registered an increase in this quarter (Euro 66 million). The decrease in the public debt is a result of the reduction in the central bank's debt, as a result of the specific activities for managing the foreign reserves of the central bank<sup>2</sup>, and government debt (by Euro 51 million and Euro 42 million, respectively), given increase in the debt of the public banks and enterprises (of Euro 2 million). The increase in private external debt mainly results from increased liabilities of the private banks (by Euro 41 million) and non-banking private sector (by Euro 36 million), while during this quarter, the intercompany lending decreased by Euro 11 million.



Source: NBRM.

Compared to the end of 2017, the gross external debt increased by Euro 1,027 million, amid simultaneous growth of both public and private external debt (of Euro 524 million and Euro 503 million, respectively). If the effect of the specific activities related to foreign reserves management of the central bank is excluded, in 2018, the public debt and the total external debt increased by Euro 283 million and Euro 786 million, respectively. Public debt growth primarily arises from the increased liabilities of the government sector (by Euro 266 million), while the increase in the private debt is mostly explained by the increased liabilities of the intercompany lending (by Euro 270 million) and the non-banking private sector (by 190 million euros).

### ***Gross external claims***

At the end of the third quarter, the **gross external claims** amounted to Euro 5,486 million (or 52.2% of the projected GDP), which is a quarterly increase of Euro 48 million, of which Euro 30 million are public claims, and Euro 19 million are private claims.

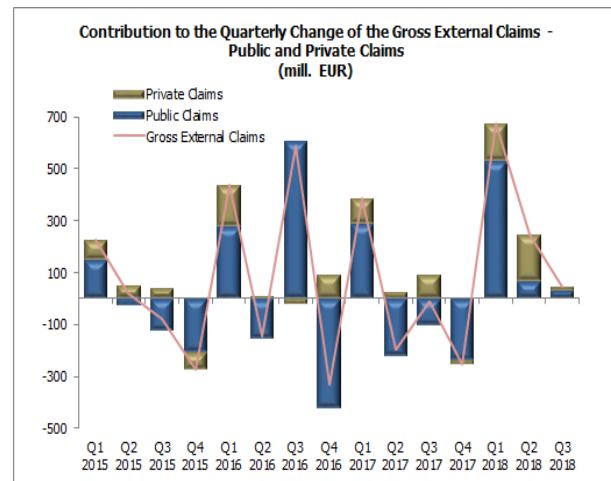
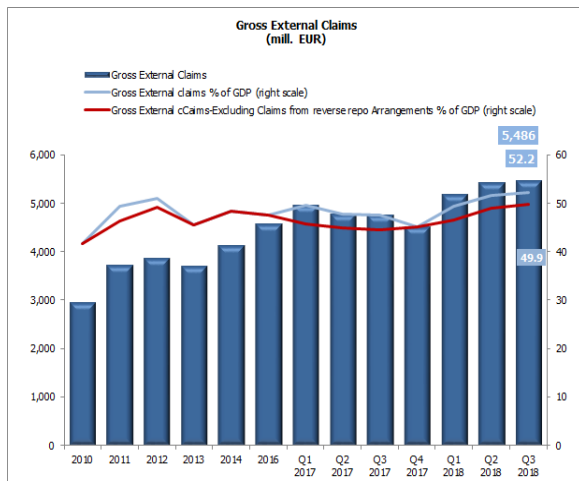
Compared to the end of 2017, the external claims are higher by Euro 969 million, which is a result of the growth in both public and private sector claims (of Euro 629 million and Euro 340 million, respectively). Moreover, without the effect of the specific activities of the central bank related to

<sup>2</sup> Refers to repo activities of the NBRM. 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 NBRM 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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foreign reserves management<sup>3</sup>, the public claims and the total external claims are higher by Euro 386 million and Euro 726 million, respectively. The growth of public claims is concentrated with the central bank due to the increase in official foreign reserves, while the growth of private claims is explained by the increased intercompany claims (by Euro 167 million), the non-banking private sector (by Euro 114 million) and deposit-taking corporations for Euro 60 million).



Source: NBRM.

### **Net external debt**

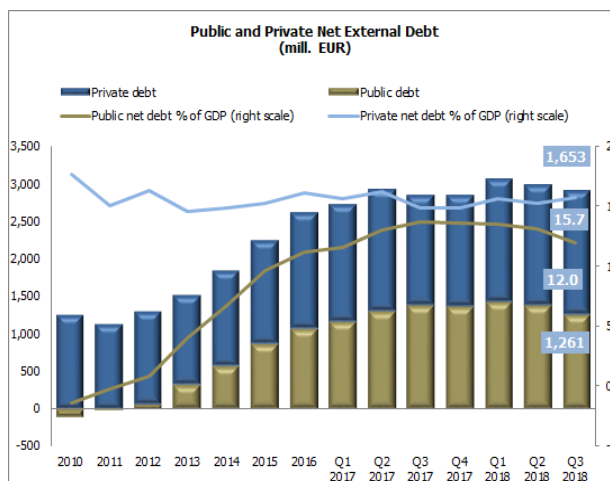
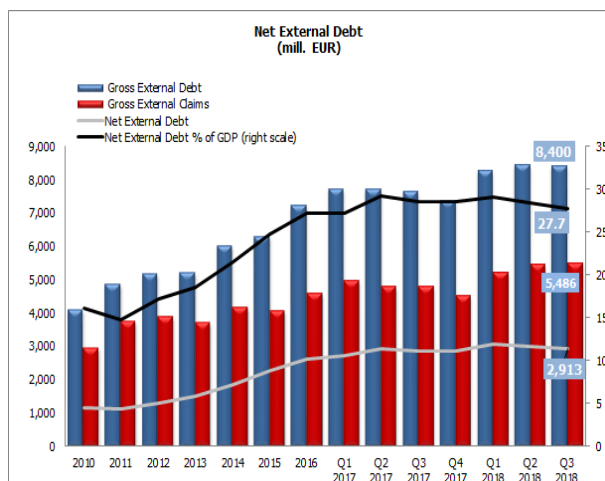
Amid quarterly increase in the gross external claims and decreased gross external debt, in the third quarter of 2018, the net external debt of the country decreased by Euro 74 million. The net public debt reduced by Euro 121 million, while the net private debt increased by Euro 47 million.

Compared to the end of 2017, net external debt increased by Euro 59 million, with a larger increase in the net private debt (of Euro 163 million) and decrease in the net public debt (Euro 104 million). Moreover, the net debt of the private sector (56.7%) remained dominant in the total net debt.

<sup>3</sup> Refers to repo activities of the NBRM. 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 NBRM 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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Source: NBRM.

### ***International Investment Position, net***

During the third quarter of 2018, the negative net international investment position (IIP) decreased by Euro 32 million to Euro 6,031 million (or 57.4% of GDP forecasted for 2018).

The quarterly decrease in the negative net IIP mainly arises from the faster increase in assets (of Euro 54 million), compared to the increase in liabilities (of Euro 22 million). In terms of instruments, the decrease in the negative net IIP reflects the decreased net liabilities on debt instruments (by Euro 74 million), while net liabilities on equity instruments increased (by Euro 42 million). Most of the quarterly increase in net liabilities on equity instruments arises from the growth in net liabilities in direct investments (of Euro 49 million), partially netted by the growth in net assets on portfolio investments (of Euro 18 million).

Compared to the end of 2017, the negative net IIP increased by Euro 209 million mainly reflecting the increase in net liabilities based on equity instruments (of Euro 150 million), coupled with the growth in net liabilities on debt instruments (of Euro 59 million). The growth of net liabilities on equity instrument in the January - September 2018 period mainly arises from net liabilities based on direct investments.



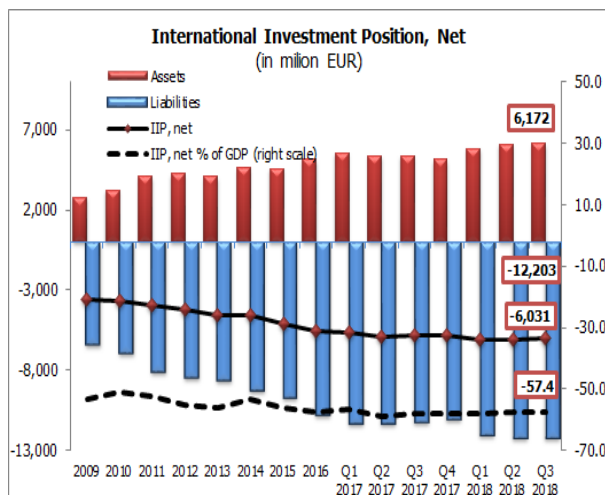
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### International Investment Position of the Republic of Macedonia

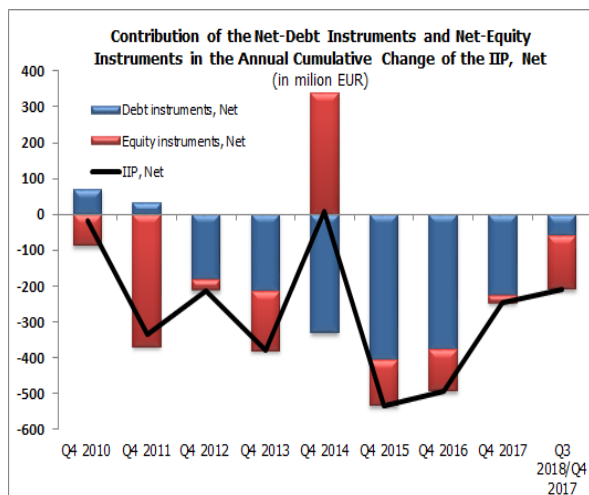
(in millions of euros)

IIP, by instruments	2010	2011	2012	2013	2014	2015	2016	2017	Q1-2018	Q2-2018	Q3-2018
<b>Assets</b>	<b>3,258.4</b>	<b>4,113.2</b>	<b>4,257.5</b>	<b>4,082.5</b>	<b>4,634.0</b>	<b>4,571.9</b>	<b>5,171.3</b>	<b>5,157.3</b>	<b>5,845.7</b>	<b>6,118.2</b>	<b>6,171.9</b>
Direct investment	333.6	393.6	533.6	617.8	475.6	655.0	811.9	967.6	1,031.4	1,097.5	1,142.7
Portfolio investment	25.9	45.5	63.1	107.7	155.0	212.6	255.2	300.2	310.4	337.2	345.1
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
Other equity	0.0	0.0	0.0	0.9	0.9	1.0	1.2	2.75	2.70	2.08	1.79
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
Loans	86.3	320.1	246.4	91.3	98.2	67.1	52.1	56.1	348.6	349.9	312.7
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
Trade credit and advances	543.0	696.9	684.1	730.3	842.7	757.4	809.6	858.8	906.6	1,013.4	976.5
Other accounts receivable/payable	0.0	0.0	0.0	1.4	1.5	1.7	0.5	0.13	0.14	0.24	0.38
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
<b>Liabilities</b>	<b>6,887.9</b>	<b>8,079.0</b>	<b>8,435.1</b>	<b>8,640.8</b>	<b>9,183.0</b>	<b>9,654.6</b>	<b>10,747.3</b>	<b>10,979.8</b>	<b>11,955.5</b>	<b>12,181.5</b>	<b>12,203.0</b>
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	5,894.4	6,049.0	6,090.0
Portfolio investment	398.6	324.7	408.3	253.2	776.6	848.8	1,362.2	1,476.3	1,877.8	1,856.3	1,816.4
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
Other equity	0.0	0.0	0.0	4.1	4.4	4.3	6.0	2.3	2.3	2.3	2.3
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
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	3,105.1	3,196.4	3,196.9
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
Trade credit and advances	673.8	841.7	832.8	773.2	763.4	656.7	714.6	757.7	806.6	805.6	826.3
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
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

Source: NBRM.



Source: NBRM.





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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 2018. Changes in **gross external debt** almost entirely arise from the improved coverage of data on loans and trade credits and advances. From the aspect of the direction of the changes, in the two quarters of 2018, the revision of the data led to a reduction in the gross external debt (by Euro 10 million and Euro 7 million, respectively).

The revision of **gross external claims** for the aforementioned period led to their minimal increase, of Euro 0.3 million, separately for each quarter arising from the increased claims on the basis of loans and trade credits and advances. These changes also reflected in the **net external debt**, as well as in the **international investment position**, net, as a decrease in the net external debt and a lower negative net international investment position.

### ***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>

Quarterly information on the gross external debt, gross external claims and international investment position:  
<http://nbrm.mk/ns-newsarticle-informacii-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>

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Quarterly gross external debt, gross external claims and international investment position: 29 March 2019 (reference period as of December 2018).

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](mailto:contact.statistika@nbrm.mk) or phone: 02 3215 181 extension 103 (or 110/108).