



## National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 August 2020

### Press Release

### Significant developments in the balance of payments<sup>1</sup> in the second quarter of 2020

In the second quarter of 2020, current transactions with non-residents registered a deficit of Euro 85.9 million, mainly as a result of the trade deficit in goods. Financial transactions with non-residents registered net inflows from portfolio investments, loans and trade credits, and net outflows on currency and deposits and direct investments. In the second quarter, foreign reserves increased by Euro 604 million.

### Main components of the balance of payments of the Republic of North Macedonia (in millions of euros)

	current year			previous year			quarterly change		annual change		cumulative change	
	Q1 2020	Q2 2020	Q1-Q2.2020	Q1 2019	Q2 2019	Q1-Q2.2019	millions of euros	%	millions of euros	%	millions of euros	%
<b>Current account</b>	<b>-148,8</b>	<b>-85,9</b>	<b>-234,7</b>	<b>-158,1</b>	<b>-47,0</b>	<b>-205,1</b>	<b>62,9</b>	<b>-42,3</b>	<b>-38,9</b>	<b>82,8</b>	<b>-29,6</b>	<b>14,4</b>
Goods	<b>-548,8</b>	<b>-355,1</b>	<b>-903,9</b>	<b>-475,1</b>	<b>-441,4</b>	<b>-916,5</b>	<b>193,7</b>	<b>-35,3</b>	<b>86,3</b>	<b>-19,5</b>	<b>12,6</b>	<b>-1,4</b>
Services	<b>166,9</b>	<b>106,7</b>	<b>273,6</b>	<b>101,8</b>	<b>96,6</b>	<b>198,4</b>	<b>-60,3</b>	<b>-36,1</b>	<b>10,1</b>	<b>10,5</b>	<b>75,2</b>	<b>37,9</b>
Primary income	<b>-92,9</b>	<b>-91,8</b>	<b>-184,7</b>	<b>-111,5</b>	<b>-109,9</b>	<b>-221,4</b>	<b>1,1</b>	<b>-1,2</b>	<b>18,1</b>	<b>-16,5</b>	<b>36,7</b>	<b>-16,6</b>
Secondary income	<b>325,9</b>	<b>254,3</b>	<b>580,2</b>	<b>326,6</b>	<b>407,7</b>	<b>734,3</b>	<b>-71,6</b>	<b>-22,0</b>	<b>-153,4</b>	<b>-37,6</b>	<b>-154,1</b>	<b>-21,0</b>
<b>Capital account</b>	<b>0,3</b>	<b>1,1</b>	<b>1,4</b>	<b>0,6</b>	<b>0,1</b>	<b>0,7</b>	<b>0,9</b>		<b>1,0</b>		<b>0,7</b>	
<b>Financial account</b>	<b>-162,2</b>	<b>-63,4</b>	<b>-225,6</b>	<b>-159,2</b>	<b>-33,7</b>	<b>-192,9</b>	<b>98,8</b>		<b>-29,7</b>		<b>-32,8</b>	
Direct investment	<b>-127,1</b>	<b>15,0</b>	<b>-112,1</b>	<b>-40,2</b>	<b>-11,0</b>	<b>-51,2</b>	<b>142,0</b>		<b>26,0</b>		<b>-60,9</b>	
Net acquisition of financial assets	<b>106,1</b>	<b>-13,1</b>	<b>93,0</b>	<b>179,0</b>	<b>109,4</b>	<b>288,4</b>	<b>-119,2</b>		<b>-122,5</b>		<b>-195,5</b>	
Equity**	<b>5,3</b>	<b>6,7</b>	<b>12,0</b>	<b>3,3</b>	<b>5,7</b>	<b>9,0</b>	<b>1,4</b>		<b>1,0</b>		<b>3,0</b>	
Reinvestment of earnings	<b>3,2</b>	<b>2,5</b>	<b>5,7</b>	<b>3,3</b>	<b>1,6</b>	<b>4,9</b>	<b>-0,7</b>		<b>0,9</b>		<b>0,8</b>	
Debt instruments	<b>97,6</b>	<b>-22,3</b>	<b>75,3</b>	<b>172,5</b>	<b>102,0</b>	<b>274,5</b>	<b>-119,9</b>		<b>-124,4</b>		<b>-199,2</b>	
Net incurrence of liabilities	<b>233,2</b>	<b>-28,1</b>	<b>205,1</b>	<b>219,2</b>	<b>120,4</b>	<b>339,7</b>	<b>-261,3</b>		<b>-148,5</b>		<b>-134,6</b>	
Equity**	<b>20,6</b>	<b>48,3</b>	<b>68,9</b>	<b>79,1</b>	<b>45,3</b>	<b>124,4</b>	<b>27,7</b>		<b>3,0</b>		<b>-55,5</b>	
Reinvestment of earnings	<b>78,8</b>	<b>21,0</b>	<b>99,8</b>	<b>93,8</b>	<b>16,3</b>	<b>110,1</b>	<b>-57,8</b>		<b>4,7</b>		<b>-10,3</b>	
Debt instruments	<b>133,8</b>	<b>-97,4</b>	<b>36,4</b>	<b>46,3</b>	<b>58,8</b>	<b>105,1</b>	<b>-231,2</b>		<b>-156,2</b>		<b>-68,7</b>	
Portfolio investment	<b>31,6</b>	<b>-632,5</b>	<b>-600,9</b>	<b>22,3</b>	<b>19,8</b>	<b>42,1</b>	<b>-664,1</b>		<b>-652,2</b>		<b>-643,0</b>	
Currency and deposits	<b>71,8</b>	<b>130,9</b>	<b>202,7</b>	<b>35,0</b>	<b>-30,6</b>	<b>4,4</b>	<b>59,0</b>		<b>161,5</b>		<b>198,4</b>	
Loans	<b>112,9</b>	<b>-168,1</b>	<b>-55,2</b>	<b>-18,1</b>	<b>-26,5</b>	<b>-44,6</b>	<b>-281,0</b>		<b>-141,6</b>		<b>-10,7</b>	
Trade credit and advances	<b>-2,1</b>	<b>-12,9</b>	<b>-15,0</b>	<b>-152,7</b>	<b>-34,3</b>	<b>-187,0</b>	<b>-10,7</b>		<b>21,5</b>		<b>172,1</b>	
Reserve assets	<b>-249,3</b>	<b>604,0</b>	<b>354,7</b>	<b>-5,6</b>	<b>49,4</b>	<b>43,8</b>	<b>853,3</b>		<b>554,6</b>		<b>310,9</b>	

Note: In the financial account, the sign (-) denotes net external inflows. In foreign reserves, the sign (+) denotes increase, whereas the sign (-) denotes decrease in foreign assets. Foreign reserves data exclude price changes and exchange rate differentials.

Source: NBRNM.

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



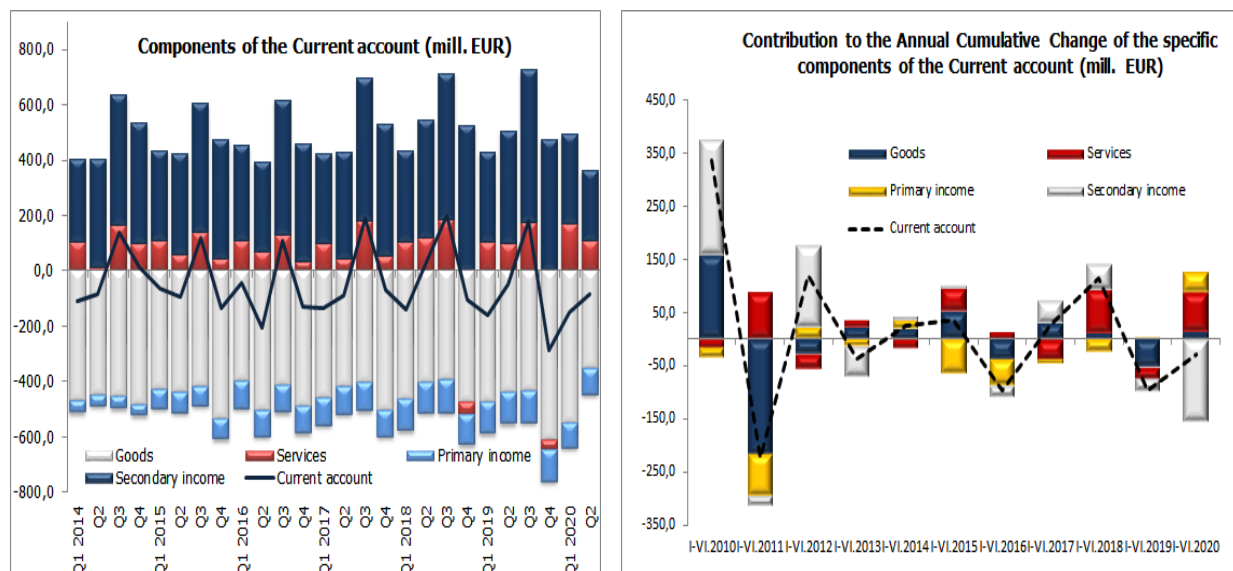
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### **Current account**

In the second quarter of 2020, current transactions with non-residents registered deficits in the trade in goods (Euro 355.1 million) and in the primary income (Euro 91.8 million), which exceeded the inflows in secondary income and trade in services (Euro 254.3 million and Euro 106.7 million, respectively).

On a quarterly basis, the current account deficit decreased by Euro 62.9 million. The positive quarterly change is mainly a result of the reduced trade deficit in goods (by Euro 193.7 million), in conditions of reduced net inflows in the secondary income and the sub-balance of services (by Euro 71.6 million and Euro 60.3 million, respectively). Moreover, the reduced trade deficit in goods of Euro 193.7 million results from the faster decrease in the import than the decrease in the export of goods (by 26.7% and 22.5%, respectively).

Compared to the same quarter last year, the current account deficit widened by Euro 38.9 million, as a result of the reduced net inflows in the secondary income (by Euro 153.4 million), amid reduced deficit in the trade in goods and the primary income (by Euro 86.3 million and Euro 18.1 million, respectively) and increased surplus in the trade in services (by Euro 10.1 million).



Source: NBRNM.

### **Financial account**

In the second quarter of 2020, there were net inflows of Euro 63.4 million from financial transactions with non-residents. Analyzed by category, net inflows were registered in portfolio investments (Euro 632.5 million), loans (Euro 168.1 million) and trade credits (Euro 12.9 million), while net outflows were registered in currency and deposits (Euro 130.9 million) and direct investments (Euro 15 million). Foreign reserves increased by Euro 604 million.



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In circumstances of growth in equity and reinvestment of earnings (of Euro 41.6 million and Euro 18.5 million, respectively), the net outflows of Euro 15 million registered in direct investments in the second quarter reflect the net outflows in intercompany debt (of Euro 75.1 million).

In the second quarter of 2020, liabilities based on direct investments<sup>2</sup> decreased by Euro 28.1 million, as a result of the reduced intercompany debt (Euro 97.4 million), amid growth in liabilities in equity (Euro 48.3 million) and reinvestment of earnings (Euro 21 million).

Direct investment assets were also reduced, but to a lesser extent than the reduction of liabilities (of Euro 13.1 million). The reduction on the assets side is a result of the reduced claims on intercompany debt (Euro 22.3 million), amid increased claims on equity and reinvestment of earnings (by Euro 6.7 million and Euro 2.5 million, respectively).

In the second quarter of the year, the net liabilities based on portfolio investments increased by Euro 632.5 million, mostly as a result of the government borrowing on the international capital market, i.e. issuance of a new Eurobond.

In the analyzed quarter, the net inflows based on loans of Euro 168.1 million almost entirely result from the net inflows in the government sector (Euro 170.4 million). Other sectors<sup>3</sup> also affected in the same direction, with net inflows of Euro 7 million, versus the other deposit-taking corporations sector that registered net outflows in the amount of Euro 9.4 million.

In the first half of the year, net inflows from portfolio investments (Euro 600.9 million), direct investments (Euro 112.1 million), loans (Euro 55.2 million) and trade credits (Euro 15 million) exceeded the net outflows on currency and deposits (Euro 202.7 million), which enabled full financing of the current account deficit and increase in foreign reserves of Euro 354.7 million.

Observing the structure of direct investments in the first half of the year, net inflows of Euro 112.1 million are mainly result of reinvestment of earnings (Euro 94.1 million) and the investments in equity (Euro 56.9 million), while intercompany debt reduced direct investments (Euro 38.9 million).

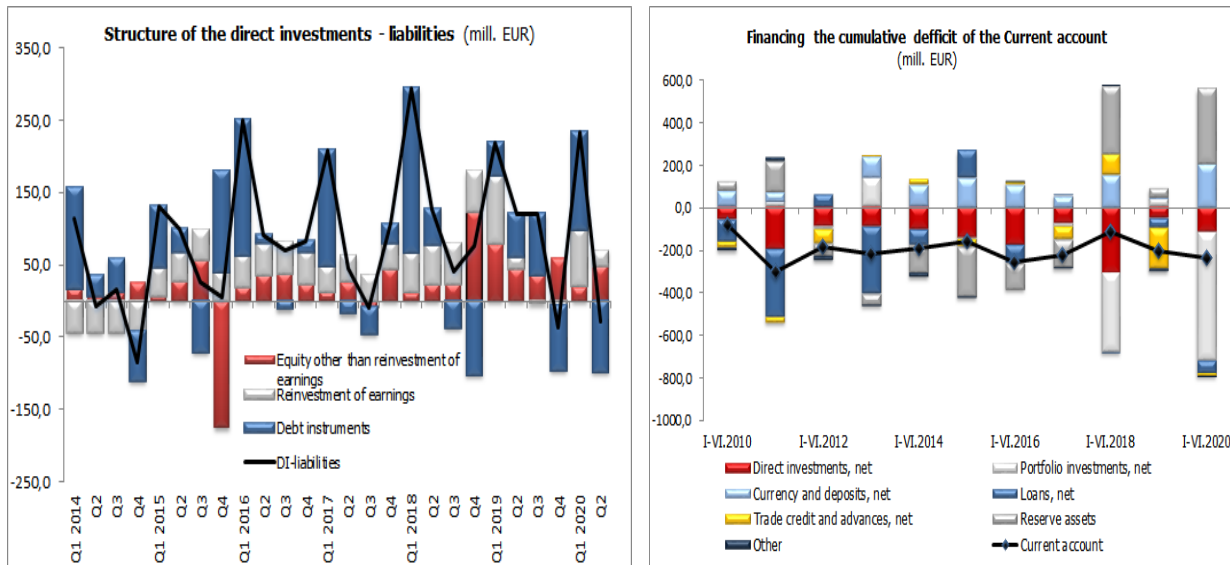
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<sup>2</sup> It shows direct investment depending on whether financial transactions create a liability to or claim (assets) on abroad.

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



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Source: NBRNM.

### **Data revisions**

Balance of payments data in this press release contain regular data revision for the period January - March 2020, aimed to improve their quality. The revision of current account data reduced the deficit by Euro 8.1 million, mainly as a result of revision of reinvestment of earnings, i.e. reduction of the earnings that the companies expect to realize during 2020.

In the financial account, the revision decreased the net inflows in direct investments by Euro 5.6 million and in trade credits by Euro 4.8 million.

The data revision reduced the errors and omissions for the period January - March 2020 (by Euro 3.3 million).

### **Supporting information**

Time series of data: annual, quarterly and monthly data on the balance of payments:  
[http://www.nbrm.mk/platen\\_bilans.nspj](http://www.nbrm.mk/platen_bilans.nspj)

Methodological explanations: [http://www.nbrm.mk/platen\\_bilans.nspj](http://www.nbrm.mk/platen_bilans.nspj)

Next publications: Advance Release Calendar  
[http://www.nbrm.mk/kalendar\\_na\\_objavuvanje\\_na\\_podatoci.nspj](http://www.nbrm.mk/kalendar_na_objavuvanje_na_podatoci.nspj)

Quarterly balance of payments: 30 November 2020 (reference period as of September 2020).

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

For more information regarding 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).