



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 26 February 2021

Press Release

Significant developments in the balance of payments¹ in the fourth quarter of 2020

In the fourth quarter of 2020, current transactions with non-residents registered a deficit of Euro 72.4 million, mainly as a result of the trade deficit in goods. Financial transactions with non-residents registered net inflows from loans, trade credits and direct investments, and net outflows on the basis of portfolio investments and currency and deposits.

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	Q3 2020	Q4 2020	Q1-Q4.2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4.2019	millions of euros	%	millions of euros	%	millions of euros	%
Current account	-156,1	-91,9	-52,7	-72,4	-373,0	-175,0	-65,6	162,2	-293,9	-372,3	-19,7	37,5	221,5	-75,4	-0,7	0,2
Goods	-546,3	-352,4	-403,5	-506,6	-1.808,8	-475,1	-443,5	-436,3	-614,7	-1.969,6	-103,2	25,6	108,1	-17,6	160,8	-8,2
Services	164,8	105,0	83,1	78,9	431,8	102,0	96,8	174,5	-23,5	349,8	-4,2	-5,1	102,4	...*	82,0	23,4
Primary income	-100,4	-99,1	-106,0	-107,0	-412,4	-129,9	-127,7	-130,2	-131,9	-519,6	-1,0	1,0	24,9	-18,9	107,2	-20,6
Secondary income	325,8	254,6	373,7	462,3	1.416,4	328,0	408,8	554,1	476,2	1.767,1	88,6	23,7	-13,9	-2,9	-350,7	-19,8
Capital account	0,3	4,3	1,1	3,6	9,3	0,6	0,1	5,9	1,6	8,2	2,5		2,0		1,1	
Financial account	-170,6	-70,9	-37,7	-54,0	-333,3	-176,1	-51,8	188,3	-265,6	-305,2	-16,2		211,6		-28,1	
Direct investment	-135,9	6,7	7,8	-84,3	-205,7	-59,3	-29,2	-82,3	-192,5	-363,3	-92,1		108,2		157,6	
Net acquisition of financial assets	106,1	-12,8	47,2	-271,9	-131,3	177,6	108,5	58,3	-219,5	124,9	-319,1		-52,4		-256,2	
Equity**	5,3	6,6	6,5	6,7	25,1	1,8	5,7	12,9	9,2	29,6	0,1		-2,6		-4,5	
Reinvestment of earnings	3,2	2,5	2,4	2,1	10,2	2,2	2,2	2,2	2,2	8,9	-0,2		-0,1		1,3	
Debt instruments	97,6	-21,9	38,3	-280,7	-166,6	173,5	100,6	43,2	-231,0	86,4	-319,0		-49,7		-253,0	
Net incurrence of liabilities	242,0	-19,5	39,4	-187,5	74,3	236,8	137,7	140,6	-27,0	488,2	-227,0		-160,6		-413,8	
Equity**	20,6	48,3	8,3	19,5	96,7	79,1	45,7	36,4	59,8	221,0	11,2		-40,3		-124,3	
Reinvestment of earnings	86,3	28,5	-30,2	-69,9	14,8	43,9	43,9	43,9	43,9	175,7	-39,7		-113,8		-161,0	
Debt instruments	135,1	-96,4	61,3	-137,2	-37,1	113,8	48,1	60,3	-130,7	91,5	-198,5		-6,5		-128,6	
Portfolio investment	31,6	-632,5	77,5	239,5	-283,8	22,3	19,9	72,7	36,3	151,2	162,0		203,3		-435,0	
Currency and deposits	71,8	130,5	175,6	111,4	489,4	35,0	-30,6	98,5	-29,3	73,6	-64,2		140,7		415,8	
Loans	113,0	-166,7	-83,0	-132,8	-269,4	-16,9	-25,2	-54,9	-128,1	-225,2	-49,8		-4,7		-44,3	
Trade credit and advances	-1,9	-13,2	-61,2	-100,3	-176,6	-153,2	-35,7	32,3	-160,8	-317,3	-39,1		60,4		140,7	
Reserve assets	-249,3	604,0	-153,8	-86,3	114,6	-5,6	49,4	174,4	156,4	374,6	67,5		-242,6		-260,0	

...* the percentage change is above 100

** Equity other than reinvestment of earnings

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.

¹ 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.



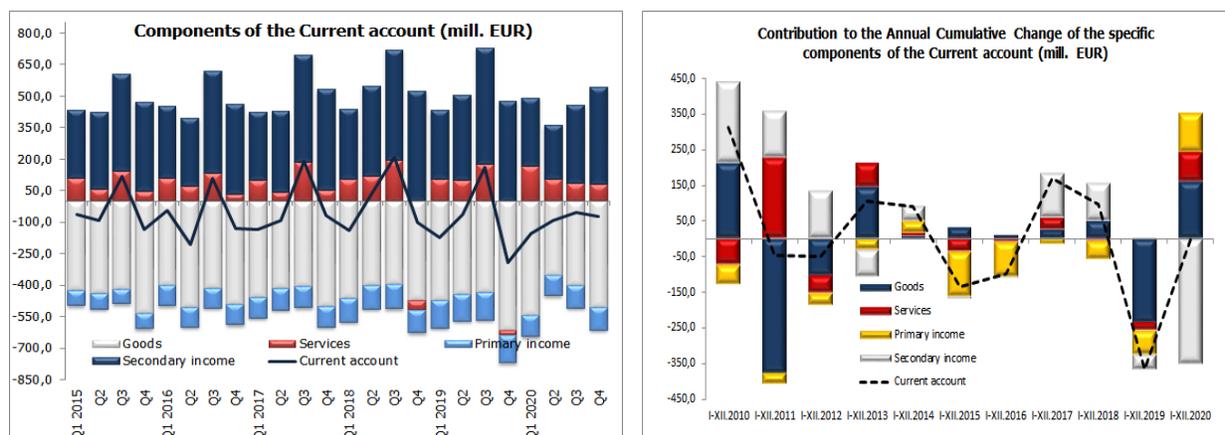
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Current account

In the fourth quarter of 2020, current transactions with non-residents registered deficits in the trade in goods and in the primary income (Euro 506.6 million and Euro 107 million, respectively), which exceeded the inflows registered in the secondary income and in the trade in services (Euro 462.3 million and Euro 78.9 million, respectively).

On a quarterly basis, the current account deficit increased by Euro 19.7 million. Such change is mainly a result of the increased trade deficit in goods (by Euro 103.2 million), and to a lesser extent of the reduced surplus in the trade in services (by Euro 4.2 million), in conditions of increased net inflows in the secondary income (by Euro 88.6 million). Moreover, the increased trade deficit in goods of Euro 103.2 million results from the larger increase in the import relative to the increase in the export of goods (by 11.4 and 7.2%, respectively).

Compared to the same quarter last year, the current account balance improved by Euro 221.5 million. Observed by the contribution of individual components, the annual change is explained by the reduced trade deficit in goods (Euro 108.1 million), the improved balance in the trade in services (by Euro 102.4 million) and the reduced deficit in the primary income (by Euro 24.9 million). In contrast, weaker performances, i.e. a decrease in net inflows was registered in secondary income (by Euro 13.9 million).



Source: NBRNM

In 2020, the current account deficit amounted to Euro 373 million, which is an almost unchanged level compared to 2019. Regarding the individual components, weaker performances were registered in the balance of secondary income (reduced net inflows by Euro 350.7 million), while all other categories registered an improvement. The trade in goods registered a reduced deficit by Euro 160.8 million, the primary income deficit decreased by Euro 107.2 million, while the trade in services surplus improved by Euro 82 million.



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Financial account

In the fourth quarter of 2020, there were net inflows of Euro 54 million from financial transactions with non-residents. Analyzed by category, net inflows were registered in loans (Euro 132.8 million), trade credits (Euro 100.3 million) and direct investments (Euro 84.3 million), while net outflows were registered in portfolio investments (Euro 239.5 million) and currency and deposits (Euro 111.4 million).

In the fourth quarter, direct investments registered net inflows of Euro 84.3 million. Analyzed by component, such performances are a result of the net inflows in intercompany debt (Euro 143.5 million) and in equity (Euro 12.8 million), amid net outflows in reinvestment of earnings (Euro 72 million). In 2020, net inflows in the amount of Euro 205.7 million are registered from direct investments, which is a decrease of Euro 157.6 million compared to 2019. In 2020, net inflows are recorded in all direct investment components: intercompany debt (Euro 129.5 million), equity (Euro 71.6 million) and reinvestment of earnings (Euro 4.5 million).

In the fourth quarter of 2020, liabilities based on direct investments² decreased by Euro 187.5 million, as a result of the reduced liabilities based on intercompany debt (Euro 137.2 million) and reinvestment of earnings (Euro 69.9 million), partially offset by the increased liabilities on equity (Euro 19.5 million). The reduced reinvestment of earnings is a result of the relatively high amount of dividends paid in the fourth quarter of the year in the amount of Euro 159.9 million. Cumulatively in 2020, liabilities to direct investors increased by Euro 74.3 million, which is by Euro 413.8 million less compared to 2019 and is a result of the performance in all three direct investment components.

In the last quarter of the year, assets based on direct investments decreased by Euro 271.9 million, as a result of the reduced claims based on debt instruments (Euro 280.7 million), amid growth of the claims based on equity (Euro 6.7 million) and reinvestment of earnings (Euro 2.1 million). Cumulatively, for 2020, assets decreased by Euro 131.3 million, as opposed to the increase (of Euro 124.9 million) in 2019. The cumulative change (of Euro 256.2 million) is mostly due to the reduced claims on debt instruments.

In the fourth quarter of the year, the net liabilities on the basis of portfolio investments decreased by Euro 239.5 million, mostly due to the maturity of the liabilities on the fourth Eurobond in November, and to a lesser extent to the purchase of Eurobonds of previous issues, by residents on the foreign financial markets.

In the fourth quarter of 2020, the net inflows based on loans of Euro 132.8 million largely result from the net inflows in the government sector (Euro 96.6 million), and to a lesser extent from the net inflows in other sectors³ (Euro 48.4 million), as opposed to the reduced net liabilities of the

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

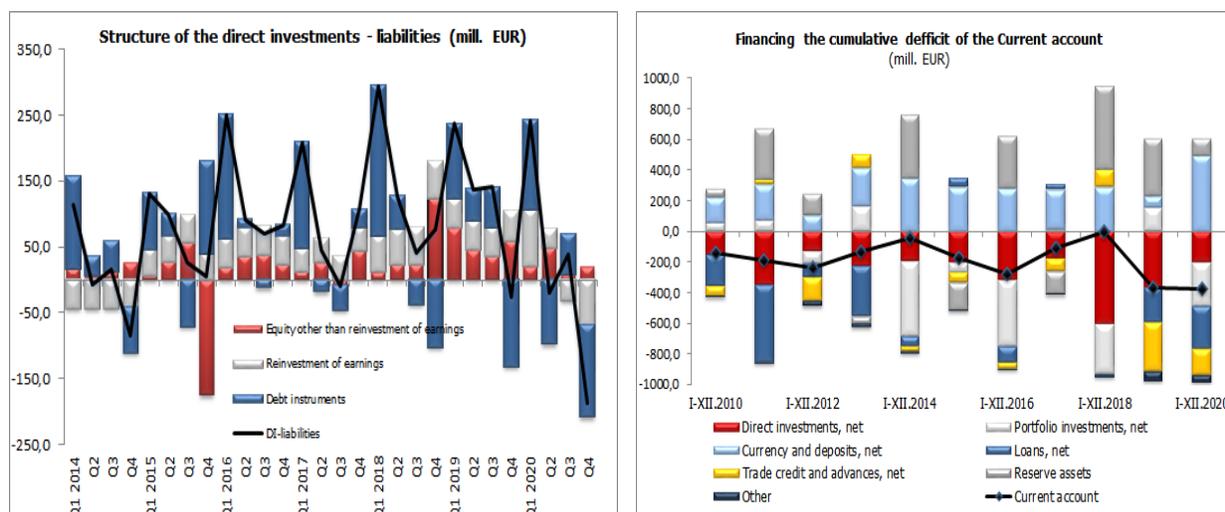
³ Other sectors include: other financial institutions, non-financial corporations, households, and NPISHs.



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deposit taking corporations sector (Euro 12 million). Cumulatively for 2020, net inflows based on loans amounted to Euro 269.4 million, with significant net inflows in the government sector (Euro 115.7 million), other sectors (Euro 113.3 million) and the depository corporations sector (Euro 42.4 million).

In 2020, net inflows from portfolio investments (Euro 283.8 million), loans (Euro 269.4 million), direct investments (Euro 205.7 million) and trade credits (Euro 176.6 million) exceeded the net outflows on the basis of currency and deposits (Euro 489.4 million), which enabled full financing of the current account deficit of Euro 373 million and increase in foreign reserves of Euro 114.6 million.



Source: NBRNM.

Data revisions

Balance of payments data in this press release contain regular data revision for the period January - September 2020 in order to improve their quality. The data revision increased the current account deficit and the net inflows in the capital account by Euro 24 million and Euro 3 million, respectively.

In the financial account, the revision refers to an increase in the net inflows in direct investments of Euro 24.7 million and in trade credits of Euro 7 million, versus the decrease in the net inflows in loans of Euro 1.6 million.

The data revision led to a reduction of the errors and omissions for the period January - September 2020 of Euro 10 million.



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Supporting information

Time series of data: annual, quarterly and monthly data on the balance of payments:
https://www.nbrm.mk/platen_bilans-en.nspix

Methodological explanations: https://www.nbrm.mk/platen_bilans-en.nspix

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

Quarterly balance of payments: 31 May 2021 (reference period as of March 2021).

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 or phone: 02 3215 181 extension 103 (or 110/108).