



# National Bank of the Republic of North Macedonia Statistics Department

Skopje, 29 February 2024

## Press Release

### Significant developments in the balance of payments<sup>1</sup> in the fourth quarter of 2023

In the fourth quarter of 2023, current transactions with non-residents registered a deficit of Euro 111.7 million, as a result of the deficit in the trade in goods and in the balance of primary income. Financial transactions with non-residents registered net inflows from loans, direct investments, currency and deposits and trade credits, while net outflows from portfolio investments.

### 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 2023	Q2 2023	Q3 2023	Q4 2023	Q1-Q4-2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1-Q4-2022	millions of euros	%	millions of euros	%	millions of euros	%
<b>Current account</b>	<b>92.8</b>	<b>-124.9</b>	<b>239.2</b>	<b>-111.7</b>	<b>95.3</b>	<b>-391.8</b>	<b>-236.9</b>	<b>105.9</b>	<b>-274.6</b>	<b>-797.4</b>	<b>-350.9</b>	...	<b>162.8</b>	...	<b>892.7</b>	...
Goods	-601.0	-592.6	-620.5	-762.2	-2,576.3	-851.2	-895.4	-872.3	-862.2	-3,481.0	-141.7	22.8	100.0	-11.6	904.7	-26.0
Services	253.3	15.2	294.2	171.0	733.7	168.6	161.4	328.3	93.6	751.9	-123.2	-41.9	77.4	82.7	-18.2	-2.4
Primary income	-185.1	-185.1	-192.2	-186.3	-748.6	-141.2	-139.3	-137.9	-150.0	-568.4	5.9	-3.1	-36.3	24.2	-180.2	31.7
Secondary income	625.6	637.5	757.7	665.7	2,686.6	432.0	636.4	787.8	644.0	2,500.2	-91.9	-12.1	21.7	3.4	186.4	7.5
<b>Capital account</b>	<b>0.2</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-1.6</b>	<b>0.2</b>	<b>-0.7</b>	<b>-1.1</b>	<b>1.7</b>	<b>0.0</b>	<b>-0.2</b>		<b>-2.4</b>		<b>-1.6</b>	
<b>Financial account</b>	<b>92.3</b>	<b>-115.6</b>	<b>269.5</b>	<b>-91.7</b>	<b>154.5</b>	<b>-390.2</b>	<b>-210.8</b>	<b>135.6</b>	<b>-290.7</b>	<b>-756.1</b>	<b>-361.2</b>		<b>199.0</b>		<b>910.6</b>	
<i>Significant components:</i>																
Direct investment	-143.3	-122.4	-51.2	-206.2	-523.1	-108.0	-138.1	-178.1	-230.0	-654.2	-155.1		23.8		131.2	
Net acquisition of financial assets	215.9	133.1	166.4	-388.9	126.6	396.5	2.2	164.6	-429.7	133.6	-555.3		40.8		-7.0	
Equity	15.2	22.1	19.0	22.5	78.8	7.6	16.6	13.1	21.5	58.7	3.5		1.0		20.1	
Reinvestment of earnings	5.5	3.2	2.9	4.3	15.8	4.2	4.2	4.2	4.2	16.6	1.4		0.1		-0.8	
Debt instruments	195.2	107.9	144.6	-415.7	31.9	384.8	-18.5	147.3	-455.3	58.3	-560.3		39.6		-26.3	
Net incurrence of liabilities	359.1	255.6	217.6	-182.7	649.7	504.6	140.3	342.7	-199.7	787.9	-400.3		17.0		-138.2	
Equity	49.8	68.5	107.4	49.0	274.8	9.6	68.9	108.8	117.6	305.0	-58.4		-68.6		-30.2	
Reinvestment of earnings	139.7	79.9	55.5	-102.2	172.9	7.9	7.9	7.9	7.9	31.5	-157.8		-110.1		141.4	
Debt instruments	169.6	107.2	54.7	-129.4	202.0	487.1	63.5	226.0	-325.1	451.4	-184.1		195.7		-249.4	
Portfolio investment	-438.5	20.0	414.9	37.3	33.8	26.4	69.1	-221.7	74.1	-52.1	-377.6		-36.8		85.9	
Currency and deposits	124.0	120.1	268.1	-99.0	413.2	24.3	118.4	133.7	106.6	383.0	-367.1		-205.6		30.2	
Loans	163.7	-174.0	-7.9	-384.9	-403.2	49.0	-35.2	-174.6	-211.9	-372.7	-377.0		-173.0		-30.5	
Trade credit and advances	115.3	-10.8	-48.9	-31.8	23.8	-7.5	-83.9	-77.6	-152.7	-321.7	17.1		120.9		345.5	
Reserve assets	266.7	52.3	-305.6	592.8	606.1	-373.5	-132.7	654.0	123.8	271.6	898.4		469.0		334.5	

...\* the percentage change is above 100

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.

### Current account

Observing the developments in the individual current account components, in the fourth quarter of 2023, the current transactions with non-residents registered a deficit in the trade in goods (Euro 762.2 million) and the primary income (Euro 186.3 million) which exceeded net inflows in secondary income and trade in services (Euro 665.7 million and Euro 171 million, respectively).

Despite the current account surplus in the third quarter of 2023 (Euro 239.2 million), the fourth quarter registered a deficit of Euro 111.7 million, indicating a quarterly increase in the current account net outflows of Euro 350.9 million. Such situation reflects the seasonally increased trade

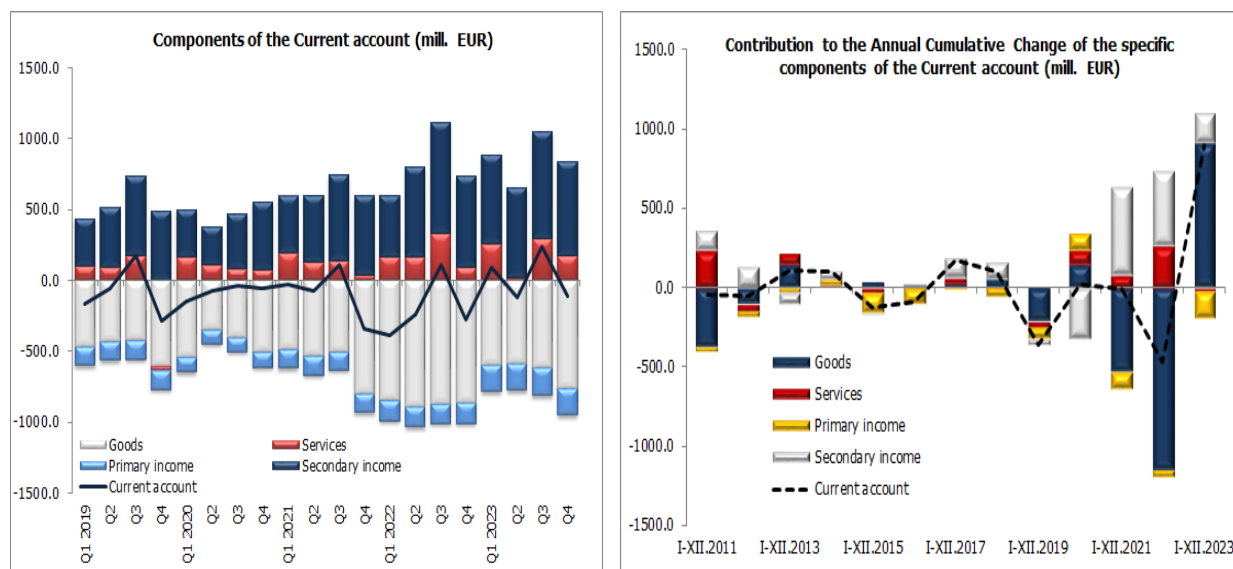
<sup>1</sup> The balance of payments is a statistical report that systematically summarizes all international economic transactions of the Republic of North Macedonia within a certain time frame, i.e. it summarizes current, capital and financial transactions between residents and non-residents.



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

deficit (Euro 141.7 million), as well as the reduced net inflows of trade in services and secondary income (by Euro 123.2 and 91.9 million, respectively), amid moderate positive contribution in primary income (by Euro 5.9 million).

Compared with the fourth quarter of the previous year, the current account deficit decreased by Euro 162.8 million, which is mostly due to the reduced deficit in the trade in goods (by Euro 100 million) and the higher surplus in trade in services and secondary income (by Euro 77.4 million and Euro 21.7 million, respectively), while in primary income the deficit increased by Euro 36.3 million.



Source: NBRNM.

In 2023, the current account surplus amounted to Euro 95.3 million, which is an improvement by Euro 892.7 million compared to 2022 and is mostly a result of the reduced deficit in the trade in goods (Euro 904.7 million), as well as of the increased surplus in secondary income (by Euro 186.4 million). Other categories acted in direction of increasing the current account deficit, amid deepening of the primary income deficit and reduced surplus in trade in services (by Euro 180.2 and 18.2 million).

### **Financial account**

In the fourth quarter of 2023, financial transactions with non-residents registered net inflows of Euro 91.7 million. Significant net inflows were registered in loans (Euro 384.9 million), direct investments (Euro 206.2 million), currency and deposits (Euro 99 million) and trade credits (Euro 31.8 million), while net outflows were registered only in portfolio investments (Euro 37.3 million). Foreign reserves increased by Euro 592.8 million.

In the fourth quarter, direct investments registered net inflows of Euro 206.2 million. Analyzed by components, such performances result from net inflows in intercompany debt (Euro 286.3 million) and in equity (Euro 26.5 million), amid net outflows in reinvestment of earnings (Euro



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

106.5 million). In 2023, net inflows in the amount of Euro 523.1 million are registered from direct investments, which is a decrease of Euro 131.2 million compared to 2022. In 2023, net inflows are recorded in all components, as follows: equity (Euro 195.9 million), intercompany debt (Euro 170.1 million) and reinvested earnings (Euro 157.1 million).

In the fourth quarter of 2023, liabilities based on direct investments<sup>2</sup> decreased by Euro 182.7 million, as a result of the reduced liabilities based on intercompany debt (Euro 129.4 million) and reinvested earnings (Euro 102.2 million), a decline partially offset by the increased liabilities based on equity (Euro 49 million). Cumulatively in 2023, liabilities to direct investors increased by Euro 649.7 million, which is a decrease of Euro 138.2 million compared to 2022. The cumulative change compared to 2022 is a result of the reduced liabilities in intercompany debt (Euro 249.4 million) and in equity (Euro 30.2 million), as opposed to the positive performances in reinvested earnings (Euro 141.4 million).

In the fourth quarter, assets based on direct investments decreased by Euro 388.9 million, as a result of the reduced claims based on debt instruments (Euro 415.7 million), amid growth of claims based on equity (Euro 22.5 million) and reinvested earnings (Euro 4.3 million). Cumulatively, for 2023, assets based on direct investments increased by Euro 126.6 million, which is a decrease of Euro 7 million compared to 2022. The cumulative change is mostly due to reduced claims based on debt instruments (Euro 26.3 million) and reinvested earnings (Euro 0.8 million), while equity increased (Euro 20.1 million).

In the fourth quarter of the year, net liabilities on portfolio investments decreased by Euro 37.3 million. This change is mostly due to the increased residents' investments in foreign equity and debt securities, by deposit-taking institutions - investments in foreign debt securities (Euro 43.2 million), and by other financial institutions - investments in equity and debt securities (Euro 10.1 million and Euro 6.3 million, respectively).

In the fourth quarter of 2023, net loan-based inflows of Euro 384.9 million mostly result from net inflows in the government sector (Euro 200.9 million) and other sectors<sup>3</sup> (Euro 102.8 million), and to a lesser extent from net inflows in the sector deposit-taking institutions (Euro 50.2 million) and specific central bank activities related to foreign reserves management (Euro 31 million). Cumulatively for 2023, the net loan-based inflows amounted to Euro 403.2 million, with significant net inflows in the government sector (Euro 154.7 million) and other sectors (Euro 144.7 million), as well as net inflows in the central bank (Euro 72.2 million), and in the deposit-taking institutions sector (Euro 31.6 million).

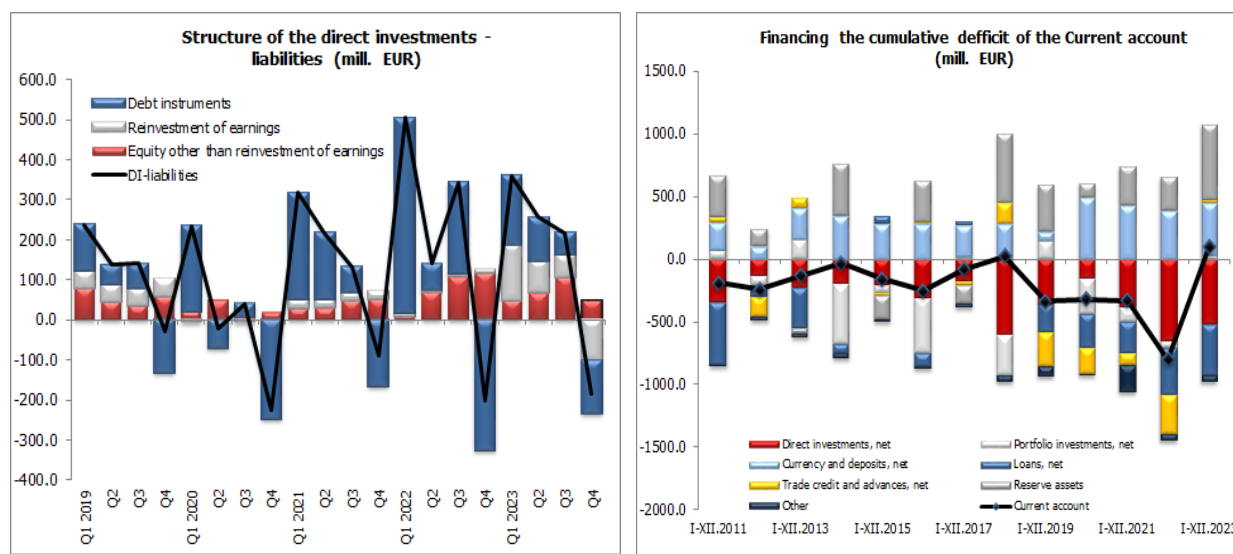
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<sup>2</sup> It shows direct investments depending on whether financial transactions create a liability to or a claim (assets) from abroad.

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



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



Source: NBRNM.

In 2023, the current account surplus (Euro 95.3 million), as well as net inflows from direct investments (Euro 523.1 million) and loans (Euro 403.2 million), financed net outflows of other financial account components (mostly in currency and deposits Euro 413.2 million, portfolio investments Euro 33.8 million and trade credits Euro 23.8 million) and increased foreign reserves by Euro 606.1 million.

### **Data revisions**

Balance of payments data in this press release contain regular data revision for the period January - September 2023 in order to improve their quality. With the data revision, the current account surplus decreased by Euro 34.2 million, mainly as a result of the revision of primary income sub-balance and trade in goods (increased deficit by Euro 35.7 million and by Euro 1.8 million, respectively), as opposed to the increase in the surplus in trade in services and in secondary income (by Euro 1.9 million and Euro 1.4 million, respectively).

The revision of the financial account led to lower net outflows by Euro 29.1 million, mainly as a result of the increase in net liabilities on direct investments (of Euro 32.1 million) and loans (of Euro 1.3 million), as opposed to the reduced net liabilities on trade credits (by Euro 4.6 million).

The data revision increased the errors and omissions for the period January - September 2023 by Euro 5.2 million.

### **Supporting information**

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

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



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Quarterly balance of payments: 31 May 2024 (reference period as of March 2024).

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

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