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Comment on Monetary Trends in July 2023

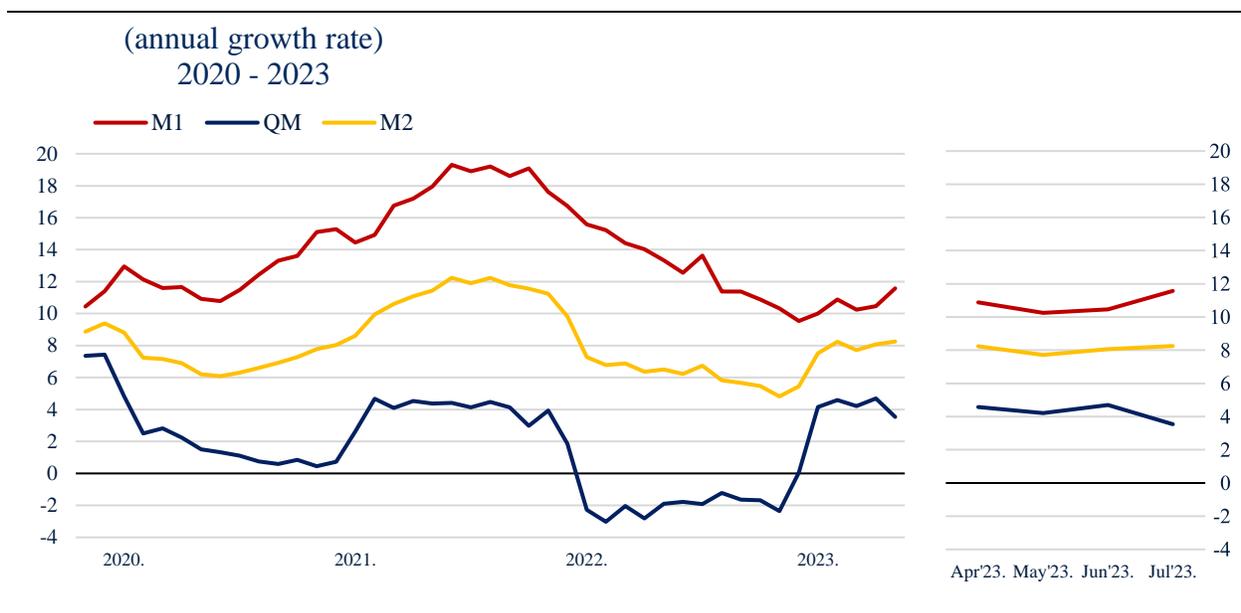


Monetary Trends – July 2023

The total money supply (M2) amounted to 34.68 billion KM at the end of July 2023, with an increase being KM 629 million (1.8%) compared to the previous month. The increase in money supply (M2) in July 2023 is the result of an increase in money (M1) by KM 632.6 million (3.1%) and a decrease in quasi money (QM) by KM 3.6 million. The increase in money (M1) was caused by an increase in cash outside banks by 120.7 million (1.9%), and an increase in transferable deposits in local currency by KM 511.9 million (3.6%). Decrease in quasi money (QM) is the result of decrease in other deposits in local currency by KM 29.3 million (1.0%) and other foreign currency deposits by KM 33.2 million (0.5%), while transferable deposits in foreign currency increased by KM 59 million (1.5%).

On an annual level, the increase in money supply (M2) amounted to KM 2.64 billion (8.3%) in July 2023. The growth was recorded in cash outside banks by KM 302.9 million (5.0%), transferable deposits in local currency by KM 1.87 billion (14.7%) and transferable deposits in foreign currency by KM 669.8 million (20.4%), while other deposits in local currency decreased by KM 113.3 million (3.9%) and other deposits in foreign currency by KM 87.4 million (1.2%).

Monetary aggregates



The counter-argument to the monthly increase in money supply (M2) in July 2023 totaling KM 629 million (1.8%) is an increase in net foreign assets (NSA) by KM 353.7 million (1.8%) and an increase in net domestic assets (NDA) by KM 275.3 million (1.9%). The annual increase in money supply (M2) totaling KM 2.64 billion (8.3%), was the result of an increase in net foreign assets (NSA) by KM 1.04 billion (5.5%) and net domestic assets (NDA) by KM 1.61 billion (12.2%).

Monetary Survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VII 2023	V 2023	VI 2023	VII 2023	V 2023	VI 2023	VII 2023
Assets							
1. Net foreign assets	19,893.4	115.9	-11.7	353.7	5.9	6.6	5.5
1.1 Foreign assets	21,345.1	81.4	-44.6	347.7	3.9	3.9	3.2
1.2 Foreign liabilities	-1,451.7	34.5	32.9	6.0	-17.1	-22.4	-20.5
2. Net domestic assets	14,788.0	62.0	281.2	275.3	10.3	10.1	12.2
2.1. Claims on central government (net) cantons and municipalities	524.0	58.0	-27.1	249.9	-168.9	-172.8	-254.2
2.2 Claims on local sectors	21,906.1	46.0	331.2	87.7	4.5	5.3	5.4
2.3 Other items	-7,642.1	-42.0	-22.8	-62.3	4.5	5.9	5.2
Liabilities							
1 Money supply (M2)	34,681.4	177.9	269.6	629.0	7.7	8.1	8.3
1.1 Money (M1)	20,967.7	129.0	248.9	632.6	10.3	10.5	11.6
1.2 Quasi money (QM)	13,713.7	48.9	20.7	-3.6	4.2	4.7	3.5

Loans

Total loans to domestic sectors amounted to KM 22.81 billion at the end of July 2023, having increased by KM 84.6 million (0.4%) compared to the previous month. The loan growth was registered in the household sector by KM 81.2 million (0.7%), with government institutions by KM 3.3 million (0.3%) and in other domestic sectors by KM 12.8 million (6.1%). The decrease in loan growth was registered with private companies by KM 6.9 million (0.1%) and non-financial public companies by KM 5.7 million.

The annual growth rate of total loans in July 2023 amounted to 4.8%, nominally KM 1.05 billion. The annual growth of loans was registered in the household sector by KM 635.6 million (5.9%), private companies by KM 314 million (3.4%), non-financial public enterprises by KM 85.8 million (17.0%) and other domestic sectors by KM 54 million (32.1%). The decrease in loan growth on an annual level was registered with government institutions by KM 41.9 million (3.9%).

Sectorial structure of loans

	Balance in mil.KM	Monthly changes in mil. KM			Annual growth rate in %		
	VII 2023	V 2023	VI 2023	VII 2023	V 2023	VI 2023	VII 2023
Total	22,810.8	33.2	303.9	84.6	3.9	4.7	4.8
Out of it:							
Households	11,465.0	45.5	138.1	81.2	5.3	5.7	5.9
Private companies	9,488.6	16.4	147.2	-6.9	2.6	3.3	3.4
Government institutions	1,045.2	-13.4	-28.4	3.3	-2.8	-4.6	-3.9
Public companies	590.0	-30.5	20.8	-5.7	14.0	22.3	17.0
Loans to other domestic sectors	222.0	15.1	26.3	12.8	8.7	17.3	32.1

Deposits

Total deposits of domestic sectors amounted to KM 30.17 billion at the end of July 2023, having increased by KM 302.9 million (1.0%) compared to the previous month. The monthly growth of deposits was recorded in the household sector by KM 70.5 million (0.5%), private companies by KM 270.9 million (4.2%) and non-financial public companies by KM 3.2 million (0.2%). Deposits were reduced with government institutions by KM 12.1 million (0.3%) and in other sectors by KM 29.6 million (1,6%).

The annual growth rate of total deposits in July 2023 amounted to 7.5%, which is in the absolute amount KM 2.11 billion. The annual growth of deposits was registered in the household sector by KM 1.34 billion (9.6%), private companies by KM 1.1 billion (19.8%) and other domestic sectors by KM 7.3 million (0.4%). On annual basis deposits have decreased by KM 125.4 million (6.2%) for non-financial public companies as well as for government institutions by KM 216.7 million (4.6%).

Sectorial structure of deposits

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VII 2023	V 2023	VI 2023	VII 2023	V 2023	VI 2023	VII 2023
Total	30,165.8	319.4	137.8	302.9	8.4	7.5	7.5
Out of it:							
Households	15,318.3	-38.6	170.8	70.5	9.5	9.9	9.6
Private companies	6,658.9	242.1	56.3	270.9	16.6	18.3	19.8
Government institutions	4,463.3	116.3	-22.9	-12.1	3.9	-4.4	-4.6
Public companies	1,890.3	28.9	-94.0	3.2	-4.3	-6.7	-6.2
Deposits of other domestic sectors	1,835.0	-29.2	27.7	-29.6	0.7	3.0	0.4

Foreign Exchange Reserves

At the end of July 2023, the foreign exchange reserves of the CBBH amounted to KM 15.57 billion, having increased by KM 247.6 million (1.6%) compared to the previous month.

In the of scope of the foreign exchange reserve's structure, deposit with non-resident banks increased by KM 377.2 million (4.8%) on a monthly level, while investments in securities decreased by KM 74.5 million (1.1%) as well as foreign currency in the CBBH treasury by KM 77.7 million (14.6%).