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Comment on Monetary trends in December 2023



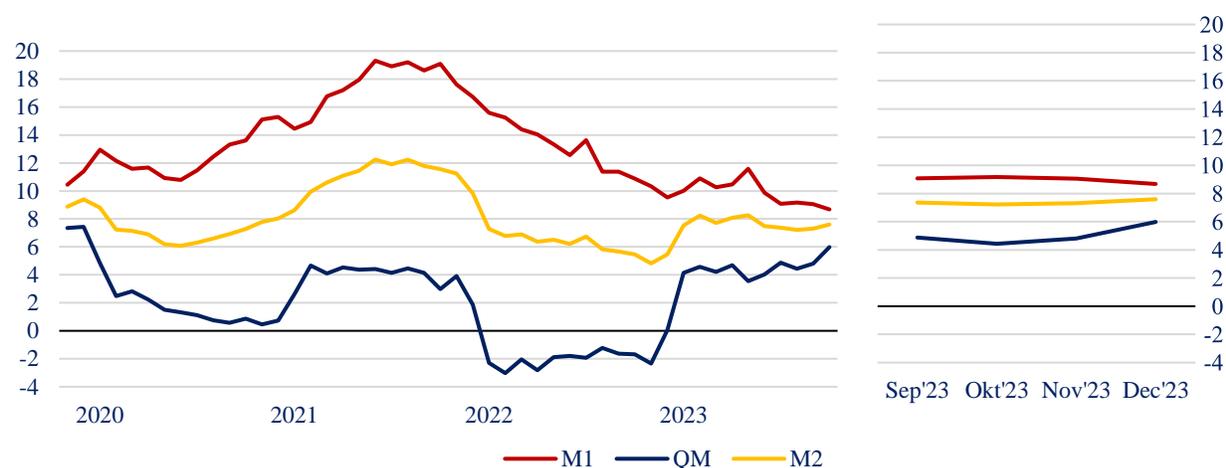
Monetary trends in December 2023

The total money supply (M2) at the end of December 2023 was KM 35.76 billion, compared to the previous month, an increase of KM 544.6 million (1.5%) was recorded. The increase in the money supply (M2) in December 2023 is the result of an increase in money (M1) by KM 455.1 million (2.2%) and quasi-money (QM) by KM 89.4 million (0.6%). In the structure of money (M1), cash outside banks increased by KM 253.2 million (4.0%), and transferable deposits in domestic currency increased by KM 201.9 million (1.4%). Quasi money (QM) increased due to the increase of other deposits in foreign currency by KM 221.7 million (3.1%), while at the same time there was a decrease in transferable deposits in foreign currency by KM 75.9 million (1.9%) , as well as other deposits in domestic currency by KM 56.3 million (1.9%).

On an annual level, the increase in the money supply (M2) in December 2023 was KM 2.52 billion (7.6%). Growth was achieved in cash outside banks by KM 416.4 million (6.8%), in transferable deposits in local currency by KM 1.31 billion (9.5%), in transferable deposits in foreign currency by KM 390.9 million (10.9%), with other deposits in domestic currency by KM 10.9 million (0.4%) and with other deposits in foreign currency by KM 397.9 million (5.8%).

Monetary aggregates

(annual growth rate)
2020 - 2023



The counter item to the increase in money supply (M2) on a monthly basis in December 2023 in the amount of KM 544.6 million (1.5%) is an increase in net foreign assets (NFA) by KM 199.9 million (1.0%) and increase of net domestic assets (NDA) by KM 344.7 million (2.3%). The increase in the money supply (M2) at the annual level of KM 2.52 billion (7.6%) is the result of an increase in net foreign assets (NFA) by KM 1.27 billion (6.6%) and net domestic assets (NDA) by KM 1.26 billion (9.0%).

Monetary survey

	million KM XII 2023	Monthly changes, million KM			Annual growth rates in %		
		X 2023	XI 2023	XII 2023	X 2023	XI 2023	XII 2023
Assets							
1. Net foreign assets	20,536.2	137.5	-111.3	199.9	4.8	6.8	6.6
1.1. Foreign assets	22,016.0	130.7	-106.8	222.4	3.0	4.5	4.4
1.2. Foreign liabilities	-1,479.8	6.8	-4.5	-22.5	-17.2	-20.0	-18.4
2. Net domestic assets	15,228.6	-79.7	147.5	344.7	10.8	8.0	9.0
2.1. Claims on central government (net), on canton and municipalities	777.9	11.4	115.3	142.7	-313.7	192.9	837.6
2.2. Claims on domestic sectors	22,577.2	103.9	100.6	238.8	6.3	6.7	7.2
2.3. Other items	-8,126.6	-195.0	-68.4	-36.9	8.7	9.7	13.3
Liabilities							
1. Money supply (M2)	35,764.8	57.8	36.2	544.6	7.2	7.3	7.6
1.1. Money (M1)	21,603.7	-80.5	43.7	455.1	9.2	9.0	8.7
1.2. Quasi money (QM)	14,161.1	138.2	-7.5	89.4	4.4	4.8	6.0

Loans

Total loans to domestic sectors at the end of December 2023 amounted to KM 23.55 billion, compared to the previous month, an increase in loans of KM 247.4 million (1.1%) was recorded. Credit growth was recorded in all sectors: households by KM 26 million (0.2%), private companies by KM 144.5 million (1.5%), non-financial public companies by KM 35.3 million (5.9%), government institutions by KM 17.7 million (1.6%) and other domestic sectors by KM 24 million (11.0%).

The annual growth rate of total loans in December 2023 was 6.7%, in nominal terms KM 1.48 billion. Annual credit growth was recorded in the household sector by KM 813.4 million (7.4%), in private companies by KM 612 million (6.7%), non-financial public companies by KM 9.6 million (1.5%) and other domestic sectors by KM 58 million (31.3%). A decrease in credit growth on an annual basis was recorded at government institutions by KM 12.9 million (1.1%).

Sector structure of loans

	million KM XII 2023	Monthly changes, million KM			Annual growth rates in %		
		X 2023	XI 2023	XII 2023	X 2023	XI 2023	XII 2023
Total	23,548.1	158.3	113.8	247.4	5.7	6.1	6.7
Out of it:							
Households	11,791.8	90.1	59.4	26.0	7.0	7.4	7.4
Private companies	9,767.4	-5.8	58.4	144.5	4.8	5.3	6.7
Government institutions	1,109.9	72.4	-1.7	17.7	-3.2	-2.9	-1.1
Public companies	635.9	2.9	2.8	35.3	4.9	3.2	1.5
Loans to other local sectors	243.1	-1.4	-5.0	24.0	28.7	32.9	31.3

Deposits

The total deposits of the local sectors at 2023 December end amounted to KM 31.11 billion, with the deposit increase of KM 172.4 million (0.6%) compared to the previous month. The deposit growth at the monthly level was recorded with the household sector by KM 383.7 million (2.4%) and with private companies by KM 30.9 million (0.4%). Deposits decreased with non-financial public companies by KM 28.5 million (1.5%), with government institutions by KM 196.5 million (4.4%) and with other local sectors by KM 17.2 million (1.0%).

The annual growth rate of the total deposits in December 2023 was 6.4%, amounting to KM 1.88 billion in absolute terms. Annual deposit growth was recorded with household sector by KM 1.48 billion (10.2%) and with private companies by KM 928.2 million (15.1%). At the annual level, deposits decreased with government institutions by KM 311.1 million (6.8%), with non-financial public companies by KM 119.1 million (5.9%) and with other local sectors by KM 100.6 million (5.3%).

Sector structure of deposits

	Positions in mil. KM XII 2023	Monthly changes in mil. KM			Annual rates of change in %		
		X 2023	XI 2023	XII 2023	X 2023	XI 2023	XII 2023
Total	31,109.9	227.7	49.1	172.4	7.0	7.7	6.4
Out of it:							
Households	16,058.7	151.3	8.9	383.7	10.0	9.8	10.2
Private companies	7,073.1	35.4	125.8	30.9	14.8	17.0	15.1
Government institutions	4,297.8	25.7	-70.5	-196.5	-4.3	0.2	-6.8
Public companies	1,894.9	42.7	-1.8	-28.5	-2.0	-2.5	-5.9
Deposits of other local sectors	1,785.4	-27.3	-13.3	-17.2	-3.3	-8.8	-5.3

Foreign exchange reserves

The foreign exchange reserves of the Central Bank of BH at 2023 December end amounted to KM 16.29 billion and were higher by 605.1 million (3.9%) compared to the previous month, while at the annual level, the foreign exchange reserves increased by KM 224 million (1.4%).