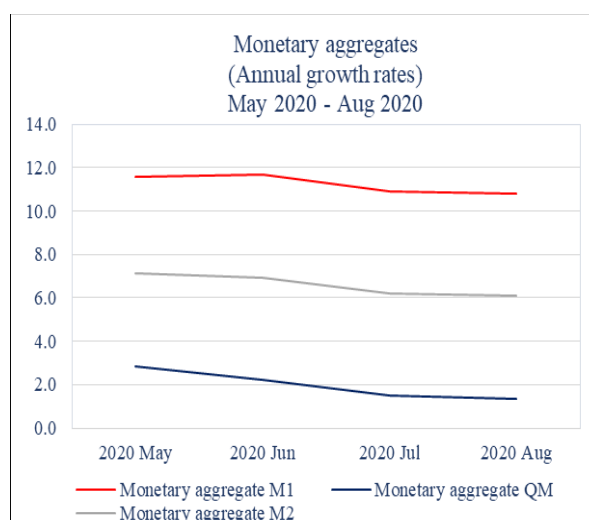
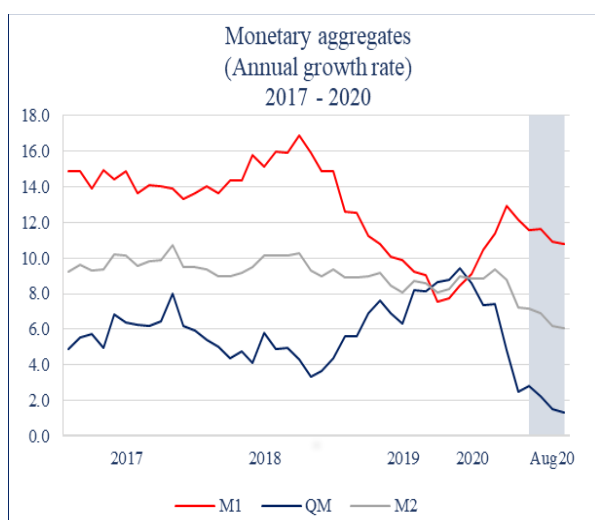


## Comment on Monetary Trends in August 2020

At the end of August 2020 money supply (M2) amounted to KM 27.30 billion, with a monthly increase of KM 311.5 million (1.2%). The growth of money supply (M2) in August 2020 is the result of the growth of money (M1) by KM 273.6 million (1.9%) and quasi money (QM) by KM 37.9 million (0.3%). Money (M1) increased primarily due to the growth of transferable deposits in local currency by KM 296.8 million (3.3%) and a slight decline in cash outside banks by KM 23.2 million (0.5%). In quasi money (QM), there was an increase in transferable deposits in foreign currency by KM 60.8 million (2.3%) and a decrease in other deposits in foreign currency by KM 19.1 million (0.3%) and other deposits in local currency by 4.0 million KM (0.1%).

At the annual level, the increase in money supply (M2) amounts to 1.57 billion KM (6.1%). Growth was realized in cash outside banks by KM 592.3 million (13.7%), transferable deposits in local currency by KM 803.4 million (9.3%), transferable deposits in foreign currency by KM 252.9 million (10.3%) and other deposits in local currency by KM 128.0 million (4.5%), with a simultaneous decrease in other deposits in foreign currency by KM 210.1 million (2.8%).



The counter-item of the monthly increase of money supply (M2) in August 2020 is the growth of net foreign assets (NSA) by KM 246.1 million (1.6%) and net domestic assets (NDA) by KM 65.4 million (0.5%). The increase (M2) at the annual level of 1.57 billion KM (6.1%) is the result of the growth of net foreign assets (NSA) by 1.3 billion KM (9.2%) and net domestic assets (NDA) by 267.2 million KM (2.4%).

## Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VIII 2020	VI 2020	VII 2020	VIII 2020	VI 2020	VII 2020	VIII 2020
<b>Assets</b>							
<b>1 Net foreign assets</b>	<b>15.193,1</b>	<b>-99,2</b>	<b>313,9</b>	<b>231,7</b>	<b>13,6</b>	<b>12,0</b>	<b>9,2</b>
1.1 Foreign assets	17.507,7	-454,6	196,8	146,0	7,3	5,8	3,7
1.2 Foreign liabilities	-2.314,7	355,5	117,1	85,7	-18,7	-21,3	-22,0
<b>2. Net domestic assets</b>	<b>12.110,2</b>	<b>243,5</b>	<b>7,6</b>	<b>79,8</b>	<b>-0,3</b>	<b>-0,3</b>	<b>2,4</b>
2.1. Claims on central government (net) cantons and municipalities	48,3	202,3	134,0	80,1	72,1	-61,0	-126,9
2.2 Claims on local sectors	19.316,5	175,5	-1,5	-88,8	0,5	0,2	-0,1
2.3 Other items	-7.254,6	-134,2	-125,0	88,4	0,8	1,6	-1,1
<b>Liabilities</b>							
<b>1 Money supply (M2)</b>	<b>27.303,2</b>	<b>144,4</b>	<b>321,5</b>	<b>311,5</b>	<b>6,9</b>	<b>6,2</b>	<b>6,1</b>
1.1 Money (M1)	14.332,3	135,8	285,0	273,7	11,7	10,9	10,8
1.2 Quasi money (QM)	12.971,0	8,5	36,5	37,8	2,2	1,5	1,3

## Total loans

At the end of August 2020, total loans to domestic sectors amounted to KM 20.34 billion and compared to the previous month, they decreased by KM 89.7 million (0.4%). Credit decline was recorded in non-financial private companies by 105.7 million KM (1.2%) and in other domestic sectors by 3.2 million KM (1.8%). A slight increase in loans was recorded in the household sector by 14.3 million (0.1%), in public companies by 4.8 million (0.9%) and in the government sector by 0.1 million KM (0%).

The annual growth rate of the total loans in August 2020 amounted to 0.6%, or nominally expressed 123.7 million KM. Loans to public companies increased by KM 130.3 million (31.7%), those to government institutions by KM 121.3 million (12.4%), those to households by KM 111.1 million (1.1%) and those to other domestic sectors by KM 20.1 million (12.9%). Loans to private companies decreased on an annual basis in the amount of KM 259.1 million (2.9%).

## Sectorial structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VIII 2020	VI 2020	VII 2020	VIII 2020	VI 2020	VII 2020	VIII 2020
<b>Total</b>	20.341,5	135,9	35,2	-89,7	0,9	0,9	0,6
Out of it:							
Households 1)	9.900,0	49,0	41,1	14,3	1,9	1,5	1,1
Private companies 1)	8.622,5	2,6	-12,6	-105,7	-2,6	-2,7	-2,9
Government institutions	1.101,4	3,0	-0,7	0,1	9,9	11,8	12,4
Public companies 1)	541,9	70,1	1,1	4,8	28,3	33,0	31,7
Loans to other domestic sectors	175,8	11,2	6,2	-3,2	3,2	18,4	12,9

## Foreign Exchange Reserves

At the end of August 2020, the foreign exchange reserves of the Central Bank of BiH amounted to KM 13.3 billion, having increased KM 72.6 million (0.5%) compared to the previous month. At the annual level, the foreign exchange reserves of the Central Bank of BiH increased by KM 718.2 million (5.7%).

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1) Growth rates were calculated taking into account Decision on managing credit risk and defining expected credit losses, on the basis of which commercial banks, from 01 January 2020, removed some claims from balance to off-balance records, which was reflected in the decrease of claims (loans) of around KM 400 million in sectors of private companies and households.