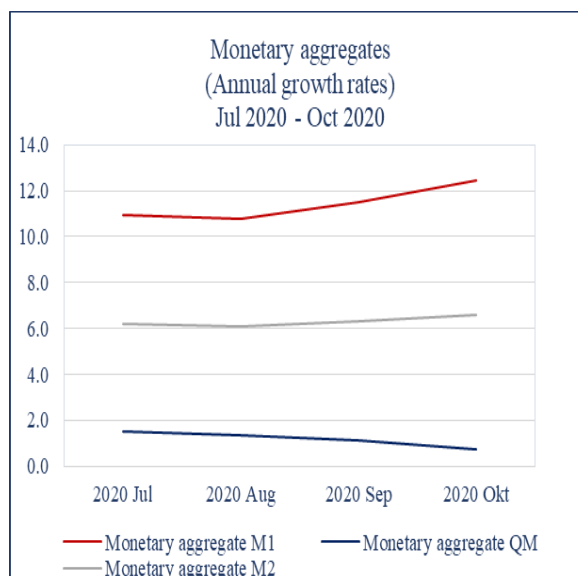
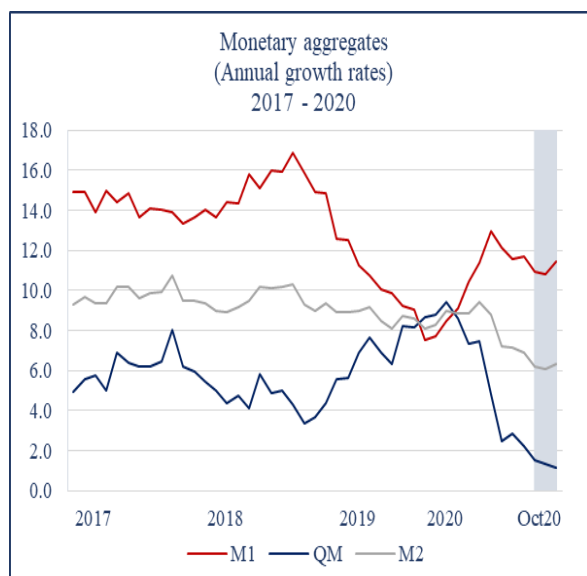


Comment on Monetary Trends in October 2020

At the end of October 2020 the total money supply (M2) amounted to KM 27.63 billion, with a monthly increase of KM 234.5 million (0.9%). The growth of money supply (M2) in October 2020 is the result of the growth of money (M1) by KM 183.8 million (1.3%) and quasi-money (QM) by KM 50.7 million (0.4%). Money (M1) increased primarily due to the growth of transferable deposits in local currency by KM 158.4 million (1.7%) and milder growth of cash outside banks by KM 25.4 million (0.5%). The increase in quasi money (QM) is a result of the growth of transferable deposits in foreign currency by KM 47.2 million (1.7%), other deposits in local currency by KM 1.5 million (0.05%) and other deposits in foreign currency by 2.0 million KM (0.02%).

At the annual level, the increase in money supply (M2) amounts to 1.71 billion KM (6.6%). Growth was realized in cash outside banks by KM 679.2 million (16%), transferable deposits in local currency by KM 932 million (10.7%), transferable deposits in foreign currency by KM 288.9 million (11.4%) and other deposits in local currency by KM 50.2 million (1.7%) with a synchronized decrease in other deposits in foreign currency by KM 241.3 million (3.2%).



The counter-item of the monthly increase of money supply (M2) in October 2020 in the amount of KM 234.5 million is the growth of net foreign assets (NSA) by KM 245.6 million (1.6%) and a decrease in net domestic assets (NDA) by KM 11.1 million (0.1%). The increase in money supply (M2) at the annual level of KM 1.71 billion is the result of the growth of net foreign assets (NSA) by KM 1.64 billion (11.8%) and net domestic assets (NDA) by KM 73.6 million (0.6%).

Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	X 2020	VIII 2020	IX 2020	X 2020	VIII 2020	IX 2020	X 2020
Assets							
1 Net foreign assets	15.498,3	231,7	59,6	245,6	9,2	10,3	11,8
1.1 Foreign assets	17.756,5	146,0	47,6	201,2	3,7	4,4	6,0
1.2 Foreign liabilities	-2.258,2	85,7	12,0	44,4	-22,0	-22,8	-21,9
2. Net domestic assets	12.127,6	79,8	28,5	-11,1	2,4	1,7	0,6
2.1. Claims on central government (net) cantons and municipalities	164,8	80,1	70,2	46,3	-126,9	-164,5	-170,4
2.2 Claims on local sectors	19.315,3	-88,8	16,6	-17,9	-0,1	-0,7	-1,3
2.3 Other items	-7.352,4	88,4	-58,3	-39,5	-1,1	-0,4	1,0
Liabilities							
1 Money supply (M2)	27.625,9	311,5	88,2	234,5	6,1	6,3	6,6
1.1 Money (M1)	14.560,3	273,7	44,2	183,8	10,8	11,5	12,4
1.2 Quasi money (QM)	13.065,6	37,8	43,9	50,7	1,3	1,1	0,8

Total loans

Total loans to domestic sectors in October 2020 amounted to KM 20.41 billion, having increased by KM 38.3 million (0.2%) compared to the previous month. Growth of loans was registered in the household sector by KM 13.1 million (0.1%) and government institutions by KM 52.1 million (4.7%). The decrease in loan growth was registered in the sectors of private companies by KM 17.1 million (0.2%), public companies by KM 7.2 million (1.4%) and other domestic sectors by KM 2.6 million (1.5%).

At the end of October 2020, total loans decreased by KM 119.4 million or 0.6%. Loans to household sector increased by KM 24.3 million (0.2%), those to government institutions by KM 87.1 million (8.1%), those to public enterprises by KM 97.4 million (23.1%) and those to other domestic sectors by KM 4.3 million (2.7%) while loans in private company sector by have decreased by KM 332.4 million (3.7%).

Sectoral structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual rate change in %		
	X 2020	VIII 2020	IX 2020	X 2020	VIII 2020	IX 2020	X 2020
Total	20.407,7	-89,7	27,9	38,3	0,6	-0,4	-0,6
Out of it:							
Households 1)	9.938,0	14,3	25,0	13,1	1,1	0,7	0,2
Private companies 1)	8.622,6	-105,7	17,2	-17,1	-2,9	-3,2	-3,7
Government institutions	1.161,3	0,1	7,8	52,1	12,4	2,5	8,1
Public companies 1)	519,6	4,8	-15,0	-7,2	31,7	26,6	23,1
Loans to other domestic sectors	166,2	-3,2	-7,0	-2,6	12,9	3,2	2,7

Foreign exchange reserves

At the end of October 2020, the foreign exchange reserves of the Central Bank of BiH amounted to KM 13.41 billion, having increased by KM 65.6 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 1.02 billion (8.2%).

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.