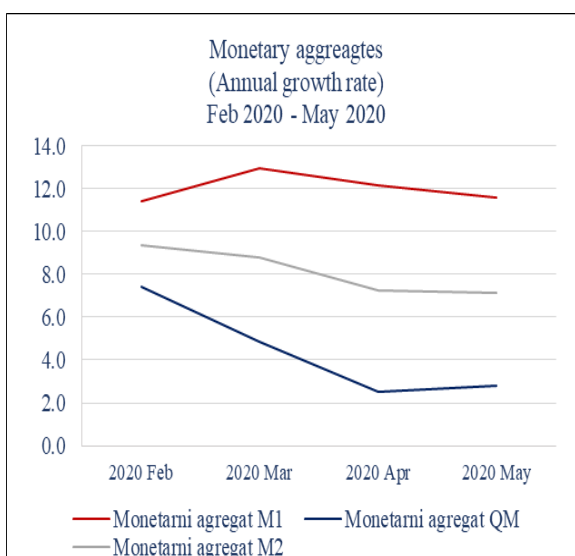
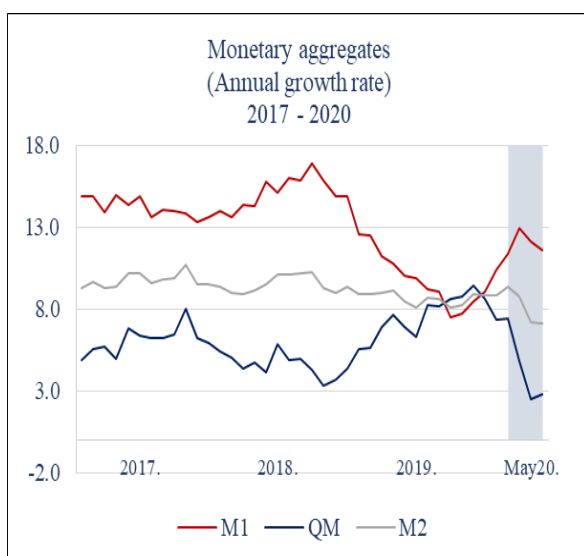


## Comment on Monetary Trends in May 2020

At the end of May 2020 money supply (M2) amounted to KM 26.53 billion, the monthly increase being KM 80.2 million (0.3%). The growth of money supply (M2) in May 2020 is the result of the growth of money (M1) by KM 48.6 million (0.4%) and quasi-money (QM) by KM 31.6 million (0.2%). Money (M1) increased primarily due to the growth of cash outside banks by KM 73.9 million (1.5%) and a smaller decrease in transferable deposits in domestic currency by KM 25.4 million (0.3%). Within quasi-money (QM), there was an increase in transferable deposits in foreign currency by KM 78.5 million (3.1%) with a simultaneous decrease in other deposits in foreign currency by KM 12.9 million (0.2%) and other deposits in local currency by KM 34.0 million (1.1%).

At the annual level, the increase in money supply (M2) amounts to KM 1.77 billion (7.2%). Growth was realized in cash outside banks by KM 768.9 million (18.8%), transferable deposits in local currency by KM 647.8 million (8%), transferable deposits in foreign currency by KM 273.1 million (11.6%), other deposits in local currency by KM 207.6 million (7.6%) and a decrease in other deposits in foreign currency by KM 127.1 million (1.7%).



Counter-item of the monthly increase of money supply (M2) in May 2020 is the growth of net foreign assets (NSA) by 91.3 million KM (0.6%) and a decrease in net domestic assets (NDA) by 11.2 million KM (0.1%). The increase in M2 at the annual level of KM 1.77 billion (7.2%) is the result of an increase in net foreign assets (NSA) by KM 1.99 billion (15.6%) and a decrease in net domestic assets (NDA) by KM 224.6 million (1.9%).

## Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	V 2020	III 2020	IV 2020	V 2020	III 2020	IV 2020	V 2020
<b>Assets</b>							
<b>1 Net foreign assets</b>	<b>14.746,6</b>	<b>-207,4</b>	<b>633,2</b>	<b>91,3</b>	<b>10,3</b>	<b>14,7</b>	<b>15,6</b>
1.1 Foreign assets	17.619,5	-272,9	700,0	20,6	9,0	12,0	12,2
1.2 Foreign liabilities	-2.872,9	65,5	-66,8	70,8	2,7	0,4	-2,5
<b>2 Net domestic assets</b>	<b>11.779,3</b>	<b>225,4</b>	<b>-725,0</b>	<b>-11,2</b>	<b>7,1</b>	<b>-0,8</b>	<b>-1,9</b>
2.1 Claims on central government (net) cantons and municipalities	-368,1	41,7	-471,3	42,8	-462,4	1483,8	-948,7
2.2 Claims on local sectors	19.231,3	55,9	-180,4	-37,3	3,4	1,4	0,6
2.3 Other items	-7.083,9	127,8	-73,4	-16,6	-1,6	-0,3	-1,0
<b>Liabilities</b>							
<b>1 Money supply (M2)</b>	<b>26.525,9</b>	<b>18,0</b>	<b>-91,8</b>	<b>80,2</b>	<b>8,8</b>	<b>7,2</b>	<b>7,2</b>
1.1 Money (M1)	13.637,7	159,7	115,1	48,6	13,0	12,1	11,6
1.2 Quasi money (QM)	12.888,2	-141,7	-207,0	31,6	4,8	2,5	2,8

## Loans

At the end of May 2020, total loans to domestic sectors amounted to KM 20.26 billion, having decreased by KM 44.3 million (0.2%) compared to the previous month. The decline in lending activity was recorded in all sectors, the household sector by KM 11.4 million (0.1%), private companies by KM 23 million (0.3%), the government sector by KM 4.5 million (0.4%), public companies by KM 3.6 million (0.8%) and in other domestic sectors by KM 1.8 million (1.1%).

The annual growth rate of total loans in May 2020 amounted to 0.9%, expressed in the nominal amount of KM 186.2 million. Growth of loans was registered in the following sectors: households by KM 213.8 million (2.2%), government institutions by KM 45.8 million (4.4%), public companies by KM 46.1 million (11%), in other domestic sectors by KM 17.8 million (12.4%), while in the private companies sector a decrease in loans of KM 137.5 million (1.5%) was registered.

## Sectorial structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	V 2020	III 2020	IV 2020	V 2020	III 2020	IV 2020	V 2020
<b>Total</b>	20.260,2	52,9	-186,0	-44,3	3,7	1,8	0,9
Out of it:							
Households 1)	9.795,5	21,2	-95,0	-11,4	5,3	3,4	2,2
Private companies 1)	8.738,3	37,2	-80,6	-23,0	1,0	-1,1	-1,5
Government institutions	1.098,8	-4,3	-6,2	-4,5	6,5	5,5	4,4
Public companies	465,9	-4,5	-5,7	-3,6	14,4	14,2	11,0
Loans to other domestic sectors	161,6	3,2	1,4	-1,8	19,6	16,9	12,4

## The CBBH Foreign Exchange Reserves

At the end of May 2020, the CBBH foreign exchange reserves amounted to KM 13.06 billion, having decreased by KM 118.3 million (0.9%) compared to the previous month. At the annual level, the foreign exchange reserves of the CBBH increased by KM 1.19 billion (10.1%).

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<sup>1</sup> 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.