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CENTRAL BANK OF THE REPUBLIC OF KOSOVO

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CENTRAL BANK OF THE REPUBLIC OF KOSOVO
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Number 4

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ABBREVIATIONS

ALL	Albanian Lek
CBK	Central Bank of the Republic of Kosovo
CEFTA	Central Europe Free Trade Agreement
CPI	Consumer Price Index
ECB	European Central Bank
EU	European Union
EULEX	European Union Rule of Law Mission
FDI	Foreign Direct Investments
FED	Federal Reserve System
GDP	Growth Domestic Product
IFO	Institute for Economic Research
IIP	International Investments Position
IMF	International Monetary Fund
IPI	Import Price Index
KAS	Kosovo Agency of Statistics
KFOR	NATO-led Kosovo Force
KTA	Kosovo Tax Administration
NPL	Non-performing Loans
OPEC	Organization of Petroleum Exporting Countries
PPI	Producer Price Index
REER	Real Effective Exchange Rate
SDR	Special Drawing Rights
SEE	Southeastern Europe
UNMIK	United Nations Mission in Kosovo
USA	United States of America
VAT	Value Added Tax

CONVENTIONAL STATISTICS SYMBOLS:

" — "	event does not exist
". . . "	event exists, data are not available
" ... "	nil or negligible
(e)	estimate
(p)	preliminary
(f)	forecast

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1. Summary

Global economic activity was recovered during 2015, albeit with significant differences among the regions. Advanced economies were characterized with economic activity expansion, while developing economies were faced with a slowdown of economic growth rate.

In 2015, International Monetary Fund (IMF) has estimated that the average GDP growth rate in the euro area was 1.5 percent (0.9 percent in 2014), while for 2016, the economic growth rate is estimated to be around 1.6 percent. During 2015, economic growth in the euro area was mainly driven by the growth of domestic demand, which can mainly be attributed to the positive impact of the quantitative easing program undertaken by the European Central Bank (ECB). Also, low prices of primary commodities in the international markets, which were present throughout the year 2015, have been translated into increasing disposable income of consumers and the increase of the profitability of enterprises, thus stimulating the gradual investments increase.

Strengthening of domestic demand in the euro area in 2015 was positively reflected on the economic developments in the Western Balkans. During this period, economic activity in this region was characterized by growth, mainly driven by the increase of domestic demand and strengthening of the external demand. In 2015, real GDP growth rate in the Western Balkans is estimated to have been around 2.4 percent, while for 2016, the IMF forecasts show an average acceleration growth of GDP of 3.2 percent.

The low prices of the main international markets commodities, as well as the weakening demand in developing countries was reflected in the overall prices on the global level. According to the IMF, the average inflation rate in the euro area in 2015 was 0.2 percent, while the forecast for 2016 stands at 1.0 percent. Similar to the euro area, low prices of oil, energy and food in international markets affected the price level in the Western Balkan countries, where the average inflation rate was estimated to have been 0.9 percent. For 2016, IMF has forecasted an average inflation increase of 1.7 percent for the Western Balkan countries.

Kosovo's economy was characterized with an activity expansion in 2015 against the previous year. According to the Kosovo Agency of Statistics, for the first three quarters of 2015, the nominal value of GDP in the first nine months of 2015 reached EUR4.25 billion, which in real terms corresponds to an average annual growth of 3.6 percent. The general economic activity in the country was mainly relied on the increase of domestic demand, while net exports had a negative impact on the economic growth rate. Within the domestic demand, the real growth of the economy in the first nine months of 2015 is estimated to be a result of the increased consumption and private investments, while public consumption and public investments were estimated to have marked a decrease. The increase of the bank lending and the increase of inflowing transfers from abroad in the form of remittances and compensation of employees resulted in a private consumption growth during the first nine months of 2015. Also, the increase of salaries and pensions of the public sector had a significant effect in 2015, which resulted in the growth of disposable income in the economy. In the same period, the FDI and new investment loans growth contributed to strengthening the position of private investments. According to the manufacturing approach, the economic growth in 2015 was mainly a result of the value added growth of the activity in the construction, agricultural sector and supply with electricity. For the whole year of 2015, CBK estimates suggest that the real GDP growth rate was 3.0 percent.

Sectoral developments during 2015 show a performance improvement in the energy sector. In the first nine months of 2015, the production of energy in energy plants marked an annual growth

rate of 7 percent, while energy consumption marked an annual growth of 6 percent. The consumption growth of energy, until September 2015, was covered mainly by the production growth of energy in the country, while energy import was characterized with a decline. As regard to the transport sector, railway transport was estimated to have marked a decline, in transporting passengers and goods as well. Conversely, air transport was characterized with a growth of the passengers number and the number of flights in the first few months of 2015. Within the industry sector, the data of industrial production show a decline in the mining sector, whereas an increase in the processing industry.

In line with the developments in external markets, especially with the prices of euro area and Western Balkan countries, Kosovo's economy was characterized with a price decline in the first nine months of 2015. The average annual inflation rate, expressed through the consumer price index (CPI), until September 2015 was 0.6 percent (0.5 percent until September 2014). The main contribution to the general level of price decline in Kosovo during this period was marked by the price decline of transport services, which is primarily attributed to the decline of oil prices.

Employment rate in the country marked an increase in 2014, reaching 35.3 percent from 30 percent as it was in 2013. In 2014, the youth twice had a chance to be unemployed compared to adults, hence 61 percent of the young population were unemployed. The percentage of youth (15-24 years old) to total unemployment rate reached 28.5 percent in 2014.

Developments in the fiscal sector, during the first nine months of 2015, show an increase of the budget revenues and expenditures. The increase of budget revenues for 7.9 percent and the increase of budget expenditures for 6.1 percent resulted to a general Kosovo's Budget deficit of around EUR 0.8 million, compared to the deficit of EUR 14.8 million marked in the same period of the previous year. Concerning the structure of budget revenues, until September 2015, tax revenues were characterized with an increase as a result of the increase in two categories of border taxes and domestic tax revenues. Within the general budget expenditures, current expenditures (wages and salaries, goods and services and subsidies and transfers) were characterized with an annual increase of 9.1 percent. Conversely, government expenditures for capital investments marked an annual decline of 4.2 percent.

The countries economy continues to be faced with a disbalance against the external sector. While the added value from manufacturing sectors in the country remained low, the increase of the domestic demand leads to a further increase of imports. The increase of consumption and investments in the first nine months of 2015 has had an impact on the imports growth in the country, which has been influenced the deficit increase of the current account. Also, the positive balances of services account and primary income were characterized with a decline, whereas the positive balance of secondary income marked an increase. The current account and capital account deficit increased to EUR 308.2 million or around 7 percent of GDP until September 2015 from around 6.7 percent as it was in the same period of the previous year. In this period, the deficit in in goods account marked an annual growth of 2.5 percent, thus reaching the value of EUR 1.7 billion. The export value of goods and services in the nine months of 2015 marked an annual growth of 5.3 percent, while the total value of imported goods and services marked an increase of 2.6 percent. Remittances received in Kosovo, which represent the main category within the secondary income account, reached a value of EUR 568.8 million in September 2015, representing an annual increase of 12.5 percent.

Within financial account, FDI received in Kosovo were characterized with a significant increase in the first nine months of 2015 compared to the previous year. Until September 2015, FDI

received in the country reached a value of EUR 270.4 million, namely EUR 148.6 million more than in the same period of 2014. The significant increase of FDI in 2015 is attributed the higher incoming amount of FDI compared to the previous year, but also is reflected from the effect of the base as the year 2014 was represented with the lowest level of FDI marked in the recent years. FDI in Kosovo are mainly focused in the economic sectors as real estate, construction, financial services, transport and communication, and energy. In the first nine months of 2015, almost all the sectors marked an increase in FDI. In the first nine months of 2015 sectors which marked the highest increase of FDI received in the country belonged to the real estate sector, financial sector, construction and industry. Switzerland represents the country from where came the highest value of FDI during January to September 2015 (EUR 61.5 million), followed by Turkey (EUR 49.4 million), United Kingdom (EUR 32.7 million), Albania (EUR 28.8 million), Slovenia (EUR 25.3 million), Germany (EUR 20.8 million), etc. In the first nine months of 2015, portfolio investments abroad reached a value of EUR 54.0 million (EUR 112.7 million in the same period of 2014). In the recent years, it was observed a decline of portfolio investments abroad, which was interlinked with a part of investments of pension savings in Kosovo's Government securities.

Until September 2015, the Kosovo's external debt (the private and public external debt), reached EUR 1.9 billion, which is for 12.3 percent higher than in September 2014. As a percentage of GDP, the gross external debt reached 33.2 percent. The public external debt in September 2015 reached a value of EUR 436.8 million, with a share of 22.8 percent to total external debt. The majority of the external debt was comprised of inter company borrowings. In the structure of external debt, IMF has a share of 10.3 percent followed by the World Bank which has a share of 10.9 percent, and other creditors (more than half of the debt to other creditors is inter company borrowing) which have a significant share of 78.9 percent.

The stock of the public debt reached the value of EUR 719.5 million in September 2015, representing an increase of 30.6 percent compared to the same period of the previous year. As a share to GDP, public debt reached 12.5 percent (10.2 percent in September 2014), representing still a low level of public debt in Kosovo when it is taken into account the fiscal regulation which defines the highest level of general debt not to exceed 40 percent of the total GDP. In September 2015, around 51.0 percent of total public debt was international debt (IMF and World Bank). The remainder of 49.0 percent of public debt is domestic debt, which is mainly comprised of government debt to commercial banks and pension funds. Until September 2015, the internal public debt was characterized with an annual increase of 51 percent, while external public debt marked an annual growth rate of 15.6 percent.

Kosovo's financial system in 2015 was characterized with an activity expansion and high level of sustainability in its constituent sectors. The pace of the lending activity in the country was estimated to have been in the highest level in the three recent years. In September 2015, the total value of loans reached EUR 2.0 billion, representing an annual increase of 7.5 percent. An important role in accelerating the growth of lending activity was marked by easing the lending standards and the improvement of lending conditions by banks, and moreover the demand for loans marked an increase as well. However, despite the accelerated growth pace of lending the ratio of the banking sector loans to GDP, in 2015, was around 35 percent, representing a lower level compared to the average of the region countries which stood at 48 percent. Based on the economic activities, it is suggested a further expansion of the banking sector lending activity. The structure of loans continued to be dominated by loans of trade sector, while important sectors as manufacturing and agriculture continue to have lower share to the total structure of

credit portfolio of the banking sector. Nevertheless, despite of the low share to total loans, the sectors of agriculture and manufacturing were characterized with a higher loans growth of 17.4 and 10.1 percent, respectively, in the first nine months of the 2015. During this period, lending growth was marked also in the trade and energy sector, while construction sector continued to be characterized with lending decline for the third consequent year. The main source of financing for the banking sector continue to be deposits, which in September 2015 marked an annual growth of 5.5 percent.

In the first nine months of 2015 the improvement of lending conditions by banks was mainly realized through the significant interest rate decrease, representing an important ease for the access of individuals and enterprises to bank financing. The average interest rates on loans in September 2015 decreased to 7.9 percent (10.7 percent in September 2014). The interest rate decrease was marked in loans for all economic activities. A more significant interest rate decrease was marked in loans for services sector (7.4 percent in September 2015 from 11.2 percent in September 2014) and in loans to agriculture sector (decreased to 9.8 percent in September 2015 from 11.5 percent in September 2014).

CBK projections for 2016 suggest that Kosovo's economy will be characterized with a real GDP growth rate of 3.2 percent. Real economic growth is expected to be supported mainly by private consumption, while public consumption is expected to remain the same as in 2015. Also, the strengthening of the general investments position is expected to contribute to the economic growth in 2016 as a result of the private and public investments growth. The increase of domestic demand is expected to have an impact on the import growth and, consequently to the increase of the current account deficit, despite the expectations for the total value of imports. Foreign direct investments, as the main component of financial account in the balance of payments, is expected to be characterized in 2016. Fiscal sector is expected to be characterized with with an increase of the budget revenues and expenditures. As regards to the financial sector, lending activity is expected to continue with its increasing trend, thus representing an important financing source for the economy in 2016.

2. Euro area

Economic activity in euro area during 2015 marked a general recovery, being mainly supported by the domestic demand. While, geopolitical pressures and the slowdown of the economic activity in the developing economies had an impact on the euro area exports.

The growth of the economic activity remained concentrated in the central euro area economies, namely in Germany, France and Spain, while other euro area countries continued to be characterized with a sluggish economic growth (table 1). After more than two years of the gradual economic growth of euro area economies, the real GDP growth rate of euro area marked a close economic growth rate as in the first quarter of 2008. Until September 2015, euro area was characterized with an average annual growth rate of 1.4 percent, against a more sluggish growth rate of 0.2 percent marked in the same period of the previous year. In the first nine months of 2015 the euro area economic recovery was estimated to have been strengthened, mainly being supported by domestic demand as a result of private consumption increase. Sectors which had a more significant contribution to the real economic growth rate in euro area during 2015 were the manufacturing sector, trading services sector, transport, housing and food, and the sector of professional services and business. IMF forecasts a real economic growth rate of 1.6 percent for the euro area in 2016.

Table 1. Annual real GDP growth rate

Description	2012	2013	2014	2015
Euro area	-0.8	-0.3	0.9	1.5
Germany	0.6	0.4	1.6	1.5
France	0.2	0.7	0.2	1.2
Italy	-2.8	-1.7	-0.4	0.8
Austria	0.8	0.3	0.4	0.8
Spain	-2.1	-1.2	1.4	3.1
Greece	-6.6	-3.9	0.8	-2.3

Source: WEO (2016)

A direct impact on the economic activity recovery in euro area since the beginning of 2015 had the package of new measures of quantitative easing undertaken by the y ECB. In March 2015 ECB started the quantitative easing program, through which it is expected to be realized a purchase of European government bonds and other European institutions securities with an amount of EUR 60 billion in a month. The main purpose of the issuance of the new banknotes in European economy was to avoid deflation and to bring back the inflation rate close to ECB target, thus stimulating the bank lending to businesses. As of October 2014 until December 2015, ECB has purchased around EUR 143 billion of bonds and around EUR 15 billion assets as securities.

In the first half of 2015, after the ECB launch of quantitative easing program, it was marked a euro area economic recovery, while ECB senior officials have stated that eased monetary policies have continuously been supplemented also with macro prudential planned policies in order to maintain the financial stability. The eased monetary policy resulted in the eased lending conditions, thus improving the conditions for doing business in the euro area. The eased lending standards, and the demand increase for loans was more focused in households, but also lending

to enterprises had been characterized with a gradual recovery. In the first nine months of 2015, households were characterized with a lending average increase of 0.9 percent (marking an annual average decrease of 0.4 percent in the same period of 2014), where the highest increase of lending was marked in the third quarter of the year (1.6 percent). Conversely, in the reporting period, lending to the private sector was characterized with an average decline of 0.2 percent, which shows a slight recovery of lending to the private sector compared to the preceding year where the private sector was characterized with an average decline of 2.5 percent in lending.

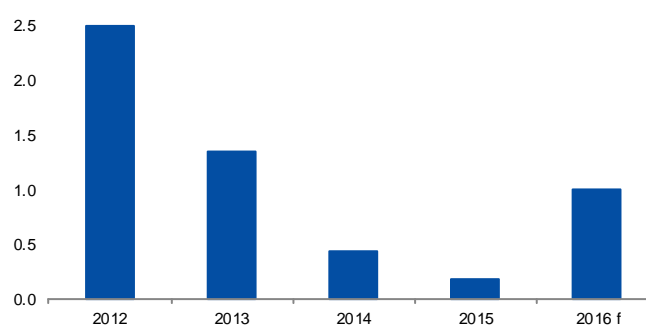
The investment position in euro area continues to be significantly lower compared to the level which was marked prior to the financial crises in 2008. However, within investment position, during 2015 it was marked a gradual increase of construction sector activity, a sector which was characterized with a decline since the commencement of financial crises, while a more significant increase was marked in the machinery sector. The further increase of lending conditions, the continuous demand improvement and further increase of enterprises profitability, as a result of lower oil prices, and the improvement of labor market indicators, are expected to be reflected in investment increase in the upcoming periods.

The economic recovery in 2015, was estimated to have been hampered, to some extent, by economic developments activities in developing economies and the modest growth of the global trade. Developing economies were characterized with a slowdown economic growth in 2015, compared to the previous year (China), namely economic decline (Russia and Brazil). The weakening of the external demand, the increase of the interest rate by USA and the price decrease of main commodities in international markets has had a negative impact on the economic activity of developing countries. Euro area exports were negatively impacted by economic activities in Brazil, China and Russia. Being important trading partners of the euro area, the external demand decline of these countries caused weakening of euro area net exports. However, the demand increase by developed economies and the weakening of Euro currency against other currencies has neutralized, to some extent, the negative impact on the developing countries.

In line with expectations, the level of oil prices during 2015 remained low, thus further supporting the private consumption and investments through the increase of households disposable income and the profitability increase of corporations. The low price of oil continued to reflect on the general level of euro area prices, where according to the ECB, the average inflation rate in euro area until September 2015 was -0.03 percent, compared to 0.5 percent as it was in the same period of 2014. The lowest level of prices was marked in the

first quarter of 2015, when the euro area was characterized with a deflation of around 0.3 percent. In the first and third quarters of 2015 euro area was characterized with an average inflation rate of 0.2 and 0.0 percent, respectively. According to the ECB, the average annual inflation rate in euro area in 2015 was 0.0 percent, while for 2016 the ECB forecasted an inflation rate of 1.0 percent. The same as the ECB, IMF has estimated that the average inflation

Figure 1. Inflation rate in euro area, in percent



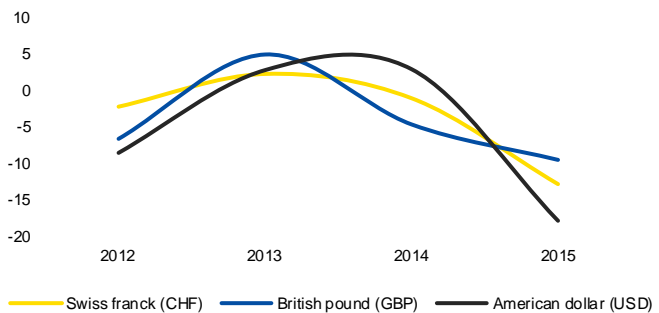
f-forecast
Source: World Economic Outlook (2016)

rate in euro area in 2015 was 0.2 percent while the forecast for 2016 is the same as with the euro area, namely 1.0 percent (figure 1). The continuous decline of oil prices in the international markets in the rest of 2015 and the beginning of 2016 has neutralized to some extent the impact of the quantitative easing program, thus having an impact on the low inflation pressures and potential review of forecasts for 2016 and 2017.

Concerning the fiscal sector, in the first nine months of 2015, the average level of public debt in the euro area was characterized with a slight decline at an average of 92.3 percent of GDP (92.4 percent of GDP in the first nine months of 2014). The highest level of public debt in the euro area continues to be marked by Greece (around 168 percent of GDP), followed by Italy and Portugal (136 and 130 percent, respectively, of GDP). In the first nine months of 2016 the current account rate of euro area countries

reached an average of 2.7 percent of GDP, from 1.9 percent as it was in the same period of the previous year. Although in 2015, euro area exports were negatively affected to some extent by lower demand from large developing economies, at the same time, the weakening of the Euro currency was resulted into an increase of competitiveness of euro area goods (especially of Germany) against other countries with which develops trading activities. During 2015, the quantitative easing program of ECB and the easing monetary policy were translated in weakening of Euro currency against the major currencies. The average Euro exchange rate against US dollar until September 2015 was depreciated for 17.9 percent. Against British pound and Swiss franc, Euro depreciated for 9.6 percent and 12.9 percent, respectively (figure 2). Regarding the currencies of regional countries, until September 2015 Euro was appreciated against Serbian dinar and Albanian lek with an average of 3.9 and 0.1 percent, respectively, while it was depreciated against the Croatian kuna for 0.2 percent.

Figure 2. Exchange rate of EUR against major currencies



Source: CBK (2016)

3. Western Balkans

Economic activity in Western Balkans is estimated to have recovered during 2015 against the previous year. In 2015, the real GDP growth rate in Western Balkans is estimated to have been around 2.4 percent (around 1 percent in 2014). According to the IMF, with a higher economic growth were characterized Montenegro and Macedonia (3.2 percent), while Serbia had the lowest real GDP growth rate (0.5 percent) (table 2). While in 2014, the slower growth of domestic demand and the deterioration of net exports position significantly weakened the economic activity in Western Balkans, which were precisely these two factors that contributed to the overall recovery of the activity in 2015. Within domestic demand, economic activity in 2015 is estimated to have been supported both by increased demand as well as investments, while the sectors of construction, manufacturing, industry, and transport were characterized by an increase. Moreover, the recovery of external demand was translated in exports growth of Western Balkan countries.

Based on IMF forecasts, Western Balkan countries are expected to mark an average GDP growth rate from 3.3 percent in 2016 (2.5 percent in 2015), where Montenegro is expected to mark the highest growth rate of 4.9 percent, while Serbia is expected to mark the lowest GDP growth of 1.5 percent.

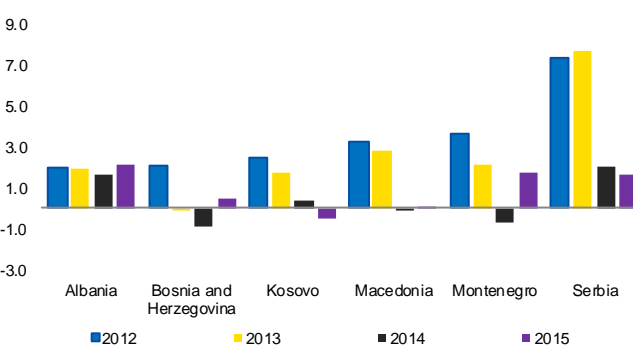
Table 2. Annual real GDP growth rate of Western Balkans

Description	2012	2013	2014	2015
Albania	1.6	1.4	1.9	2.7
Bosnia and Herzegovina	-1.2	2.5	1.1	2.1
Kosovo	2.8	3.4	1.2	3.0
Macedonia	-0.5	2.7	3.8	3.2
Montenegro	-2.5	3.3	1.5	3.2
Serbia	-1.0	2.6	-1.8	0.5

Source: WEO (2016); for Kosovo: KAS and CBK estimates (2015)

Similar to the regional countries, Western Balkan countries were characterized with a lower inflation rate in 2015 against the previous year, which is primarily attributed to low oil, energy and food prices in international markets. The average inflation rate in the regional countries in 2015, according to IMF, is estimated to have been 0.9 percent (figure 3). Within the regional countries, Albania had the highest inflation rate with 2.2 percent in 2015, while only Kosovo was characterized with deflation of 0.5 percent. For 2016, IMF has forecasted an average inflation increase rate of 1.7 percent for the Western Balkan countries.

Figure 3. Average inflation rate in Western Balkans, in percent



Source: World Economic Outlook (2016)

In Western Balkans the situation in the labor market is estimated to have marked an improvement in 2015, against the previous year. According to IMF, the average unemployment rate in the Western Balkans in 2015 is expected to reach 24 percent, where Bosnia and Herzegovina and Kosovo have the highest unemployment rate (43.6 and 30 percent, respectively).

Within developments in the external sector, Western Balkan countries were characterized with deterioration of current account deficit in 2015. The average current account deficit rate in the region countries in 2015 is expected to be around 8.9 percent of GDP, which is for 0.3 percentage points higher compared to the previous year. During 2015, Albania, Bosnia and Herzegovina and Serbia reported narrowing of their current account deficit, mainly as result of deficit decrease in goods (faster growth of exports compared with imports) and as a result of the growth of remittances. Conversely, Macedonia and Kosovo were characterized with a current account deficit growth as a result of the deficit growth in goods account and of the decline of positive balance of services account. Meanwhile, the balance of Foreign Direct Investments (FDI), which represents a very important component for financing the current account deficit, has marked an improvement in 2015. With an FDI balance improvement in 2015 were characterized Albania, Kosovo and Serbia, while with FDI decline was characterized Macedonia.

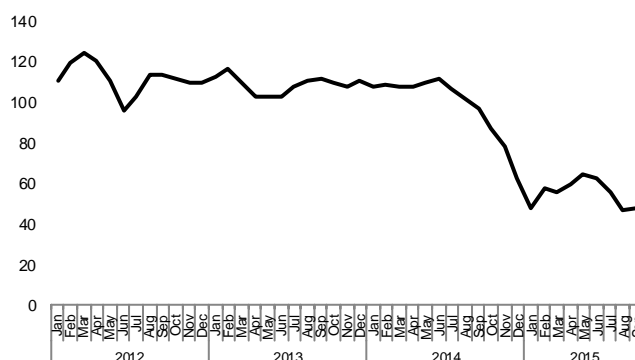
The banking sector of the Western Balkans was characterized with positive trends, which was reflected in improvement of the key financial soundness indicators. Western Balkan countries were characterized with a satisfactory capitalization level of the banking sector. During the recent year the most of the region countries strengthened the capitalization level, where the regulatory capital average to risk weighted assets until September 2015 was around 18.7 percent (18.5 percent in September 2014). The liquidity level of banking sector in the most of Western Balkan countries marked a slight decrease compared to the previous year, thus decreasing the regional average to 30.2 percent in September 2015 (31.3 percent in September 2014). Within the banking sector performance, the countries in the Western Balkans marked improvement in the quality of the loan portfolio, where the level of non-performing loans declined to an average of 14.5 percent in the first nine months of 2015 compared with the level of around 15 percent in the same period of the previous year. Also the profitability indicators marked an improvement compared to the previous period, where ROA of the region improved to 0.8 percent in the first nine months of 2015 (0.5 percent in the same period of 2014).

4. Prices of main goods in international markets

4.1. Oil prices

Brent crude¹ oil prices declined to the lowest levels marked in the recent years. The downward trend with which was characterized the level of oil price since June 2014 continued also in 2015; however during the second quarter of the year was marked a recovery of the average oil price per barrel. Until September 2015 the average price per barrel was US dollar 55.4, which shows an annual price decline of 48.1 percent (figure 4). The oil price decline has continued also in the last months of 2015 decreasing in December 2015 at the

Figure 4. Brent crude oil price



Source: World Bank (2016)

lowest level marked since December 2003, namely US dollar 37.7 per barrel. In the recent years, USA have doubled oil production, which has resulted in the decline of oil import by American market. The demand decline of USA for oil as a large importer previously, has had an impact on other developed countries and developing countries to face with surplus of oil, thus continuously declining the price. At the same time, developed economies are still facing with weak economic activity, which had an impact on the oil demand to be weaker. Consequently, the over supply of oil when the demand was low, as a consequence of the still weak global macroeconomic environment, has resulted in price decline in international markets especially during 2015. Also, the Organization of Petroleum Exporting Countries (OPEC) has not reached a general consensus of its own member countries to decline oil production. The oil exporting countries were not willing to sacrifice their trading activity in order to reestablish the price at higher levels, which has caused the continuous price decline of this product.

Forecasts suggest that oil prices are expected to remain relatively low, also in 2016, thus standing at the level of US dollar 40 per barrel. Oil prices in international markets are expected to remain low, mainly supported by over supply, while the capacity for absorbing this supply by developed and developing countries as well remains limited as a consequence of the economic modest growth which continues to characterize the global economy in general.

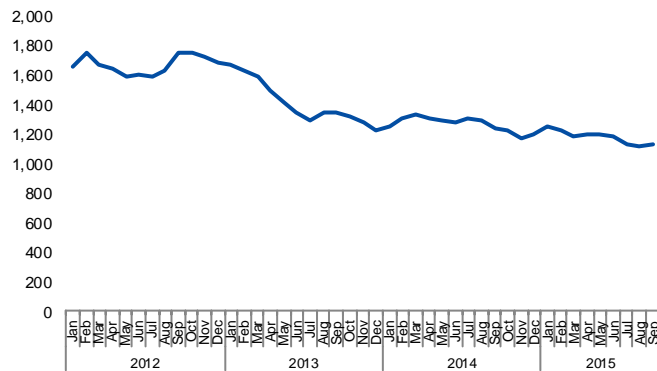
The price decline of oil during 2015 has resulted in the growth of purchasing power and increase of enterprises profitability in oil importing countries, thus having an impact in the growth of private consumption and investments stimulation. Also, the low prices of oil have stimulated deflation pressures, especially in food products, since oil and energy comprise very important components of manufacturing and transporting process. The price decline during 2015 is estimated to have had a positive impact also in improvement of the current account balance of the oil importing countries, hence for the same imported quantity the nominal payment value is lower.

¹ Brent Crude represents commercial classification for oil produced in the Northern Sea as a representative of oil prices on the global level.

4.2. Gold prices

The price decline with which were characterized the main commodity prices in international markets included also the gold price, which until September 2015 marked a decrease of around 48 percent (figure 5). In September 2015 an ounce of gold (31.1 gram of gold) cost US dollar 1178.5 which is 8.5 percent lower than in September 2014. In the last months of 2015 it was observed a further decline of gold price, where an ounce of gold dropped to US dollar 1068.3 or 11 percent lower than in September 2015.

Figure 5. Gold price, in USD per ounce



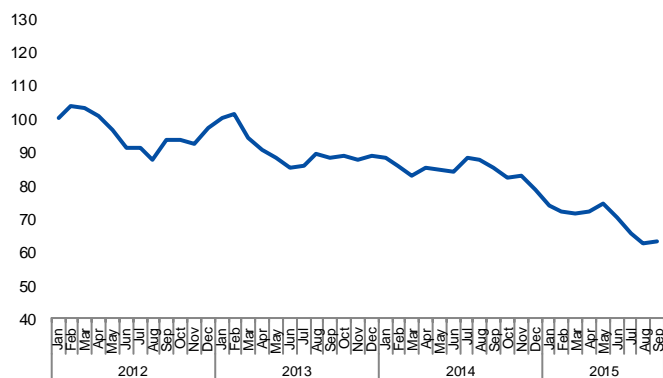
Source: World Bank (2016)

The gold prices usually are in line with inflation level, and the dynamic of economic activity in the main markets of developed countries. During 2015 inflationary pressures were mainly weak, especially in developed countries, while the world economy was generally characterized with an economic recovery compared to the year of 2014. Besides the weak level of inflation in developed countries and the modest recovery of the economic activity, to the price decline of gold during 2015 could have had an impact also the appreciation of dollar against EUR, which may have resulted in a lower demand for gold.

4.3. Prices of metals and minerals

The same as with other goods in international markets, also metal prices were characterized with a decline in 2015. Until September 2015 the price index of metals and minerals had marked an average decline of 19 percent (figure 6). The highest decline of index during 2015 was marked in August 2015 (29 percent), while the decline has continued also in the last months of 2015, where this index marked a decline of 28 percent in December 2015. Within the price index of metals and minerals, the highest price decline of 44 percent, in 2015, was marked by iron metal, followed by nickel and lead with 26 percent and 14 percent, respectively. With a price decline were characterized also other metals and minerals, as copper and aluminum prices, which marked an annual decline of 17.6 and 6.1 percent, respectively, until September 2015. The effects of potential movements of metal and mineral prices in international markets have a direct impact in Kosovo's economy, due to their high share to total imports and exports of Kosovo.

Figure 6. Metal and mineral price index

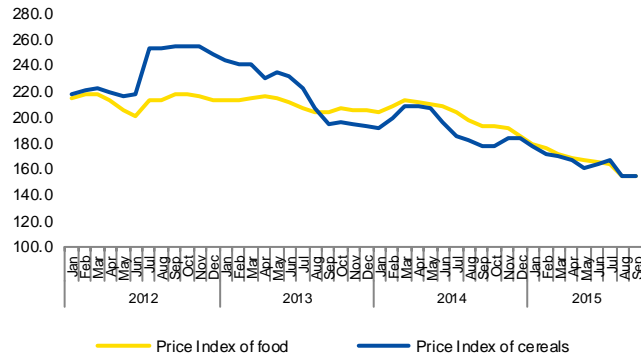


Source: World Bank (2016)

4.4. Prices of food products

Prices of food have continued their declining trend, which started as of 2012. Food price index during the first nine months of 2015 compared to same period of the previous year marked a decline of 19 percent (figure 7). Cereal Price Index marked a decline of 15 percent, which can be a result of oil price decline during this period and the appreciation of US dollar exchange rate. Prices of food products in general, and especially cereal prices, were characterized with a decline also during the rest of 2015. In December 2015, cereal prices marked an annual decline of 17 percent.

Figure 7. Food and cereal price index



Source: FAO (2016)

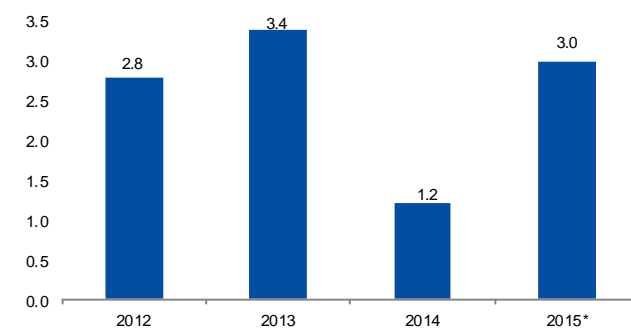
5. Kosovo's Economy

5.1. Gross Domestic Product

KAS estimates for the nine months of 2015 show that Gross Domestic Product (GDP) has reached a nominal value of EUR 4.25 billion (EUR 4.12 billion in the first nine months of 2014).² In real terms, during the first nine months of 2015, GDP was estimated to have marked an average growth rate of 3.6 percent. The economic activity expansion during this period was mainly a result of domestic demand increase, namely consumption and investments. During this period, net exports had a negative impact on the economic growth rate.

Based on the statistics published by KAS, in the first quarter of 2015, GDP marked an annual growth of 1.7 percent, against the growth rate of 0.3 percent as it was in the same period of the previous year. In the second quarter of 2015, Kosovo's economy was characterized with an accelerated annual growth rate of 4.8 percent (an annual decline of 1.7 percent in the same period of 2014), while in the third quarter of 2015 the real GDP growth rate was 4.0 percent (2.9 percent in the same quarter of 2014).

Figura 8. Real GDP growth rate



*CBK estimate
Source: KAS (2016)

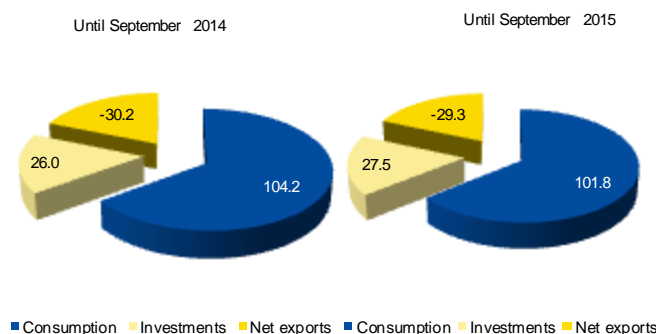
The initial estimates of CBK for the whole year of 2015, suggested that the nominal value of GDP had reached EUR 5.76 billion, representing a real growth rate of 3.5 percent (1.2 percent in 2014) (figure 8). However, taking into account the developments in the economy during the fourth quarter of 2015, CBK estimates suggest that the real GDP growth rate in 2015 was 3.0 percent. In the fourth quarter of 2015 against the same period of 2014 the flow of received transfers in the country from the external sector was characterized with a decline. The amount of remittances received in Kosovo and the income from the compensation of employees were for 2.4 and 3.4 percent, respectively, lower in the fourth quarter of 2015 against the fourth quarter of the previous year. Also, the amount of new consumer loans issued during this quarter was lower for 19.5 percent compared to the amount of new consumer loans issued in the fourth quarter of 2014. The fourth quarter of 2015 was less favorable compared to the same period of the previous year also regarding the external trade. The export of goods and services during the fourth quarter of 2015 marked an annual decline of 9.0 percent, while in the same period, the import of goods and services marked an annual decline of 0.8 percent. Consequently, deficit of net exports marked an increase of 3.9 percent in the fourth quarter of 2015, thus having a negative impact on the real economic growth of the country.

² GDP for the first nine months of 2015 was calculated by aggregating the amounts of GDP estimated by KAS for the first, second and third quarter of 2015.

5.1.1 Prices

The dynamic of the economic activity in the first nine months of 2015 is estimated to have accelerated against the previous year, mainly as result of the general consumption growth and investments for 1.5 and 9.2 percent, respectively. In this period the consumption component contributed to the real GDP annual growth with around 1.7 percentage points, while investments gave a contribution of 2.5 percentage points. The net export component negatively contributed to annual economic growth with 0.4 percentage points in the first nine months of 2015.

Figura 9. Structure of GDP components by expenditures approach, in percent



Source: KAS (2016)

GDP structure by expenditures approach is dominated by consumption, which in the first nine months of 2015 had a share of 101.8 percent to total GDP (104.2 percent in the same period of 2014). Conversely, investments share to GDP reached 27.5 percent (26.0 percent in the first nine months of 2014). Net export component continued to have negative share to GDP with a rate of -29.3 percent (-30.2 percent in the first nine months of 2014) (figure 9).

Within the general consumption, private consumption marked an annual growth rate of 2.6 percent in the first nine months of 2015. The growth of private consumption during this period was mainly supported by the increase of bank lending and by higher flows of incoming transfers from abroad in the form of remittances and compensation of employees. Also, the increase of salaries and pensions of the public sector had a significant effect in 2015, which resulted in the growth of disposable income in the economy. On the other hand, despite the nominal growth rate of 4.2 percent of the public consumption in the first nine months of 2015, according to KAS, on real terms this component marked an annual decline of 4.5 percent in the reporting period. The real decline of public consumption was primarily a consequence of deflation that had the salaries increase of public sector employees.

Within GDP, the general position of investments was characterized with an annual growth rate of 9.2 percent, which was mainly supported by the growth of private sector investments. The FDI and new investment loans increase during the first nine months of 2015 had an impact on the strengthening the position of private investments. During this period, public investments marked a decline.

The effect of the growth of Kosovo's goods and services export did not have a significant impact due to the higher import growth, thus resulting in a deficit expansion of net exports of 1.3 percent in the first nine months of 2015.

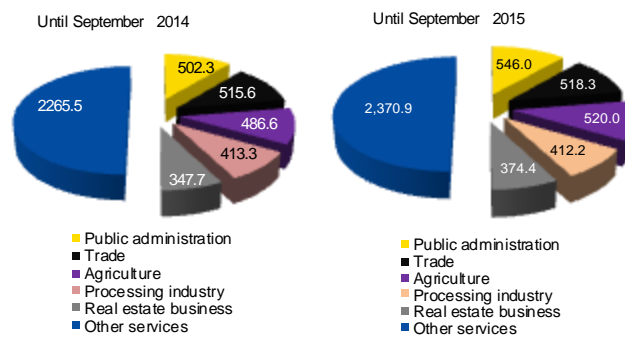
5.1.2 Manufacturing approach

The structure of GDP in Kosovo is dominated by the services sector ³, which have a share of around 50 percent to total structure of GDP. Within the total GDP, public administration has a share of 13.4 percent, followed by the trade and agriculture sector, which have a share of 12.2 and 11.3 percent, respectively, to total GDP. Considerable share have also the sectors of the processing industry (9.7 percent) and the real estate business (8.8 percent) (figure 10).

Unlike the first nine months of 2014 when the economic growth was mainly supported by the activity increase of the trade sector, financial sector, insurance sector and other services, in the first nine months of 2015 the economic growth was mainly a result of the activity increase in the construction sector, agriculture and supply with energy.

The construction sector contributed with 0.9 percentage points to the real GDP annual growth in the first nine months of 2015, being followed by the supply with energy (0.6 percentage points). Increasing the value-added economic activity in the agricultural sector led the this sector to contribute to the overall growth of GDP by 0.5 percentage points. Also, the trade sector showed a good performance, giving a contribution of 0.5 percentage points. The GDP growth rate was also supported by the increase of

Figura 10. GDP components by economic sectors, in billions of EUR



Source: KAS (2016)

transport services and hotels and restaurants which contributed with 0.2 percentage points. Conversely, a negative impact on the annual GDP growth, until September 2015, had the sectors of public administration and other services which contributed by -0.7 and -0.1 percentage points.

In in the first nine months of 2015 with a more accelerated growth of the economic value added activity were characterized the sector of energy supply (16.1 percent), followed by construction sector (13.6 percent), transport sector (5.8 percent) and the agriculture sector (4.0 percent). During this period, with an annual decline was characterized the value added of public administration activity (5.0 percent), the sector of other services (1.2 percent) and the value added in the activity of financial services and insurance sector (0.9 percent).

Concerning the quarterly developments in the economic activity in the country, in the first quarter of 2015 the economic growth is estimated to have been supported mainly by the activities of agriculture sector, which had marked an annual increase of 3.5 percent. During the first quarter of 2015 with a growth were characterized also the sector of trade (3.9 percent), transport (9.0 percent) and financial activities (4.6 percent).

Economic activity in the second quarter had been supported by the further improvements of the agriculture sector, which marked an annual increase of 6.1 percent, followed by the trade sector and transport which marked an annual increase of 6.9 and 5.3 percent, respectively. In this quarter, with a decline of 7.5 percent were characterized the sector of financial activities and insurance sector. While the activity in the financial system in the first nine months of 2015 was

³ Based on KAS publication, services sector include: supply with electricity, gas, water; wholesale and retail trade; hotels and restaurants, financial activities and insurance, real estate business; public administration, other services.

characterized with a growth, the value added in financial and insurance activities is estimated to have marked a decline due to the decrease of financial intermediation, during this period.

During the third quarter, with a good performance were characterized the agriculture, processing industry, construction and trade sectors. In this period, the value added in the agriculture activity was characterized with an annual increase of 2.1 percent, followed by the construction sector (25.8 percent), processing industry (1.3 percent) and trade (2.5 percent). Conversely, during the third quarter of 2015 the value added of public administration sector and in the activity of other services marked a decline of 7.3 and 0.3 percent, respectively.

5.2. Prices

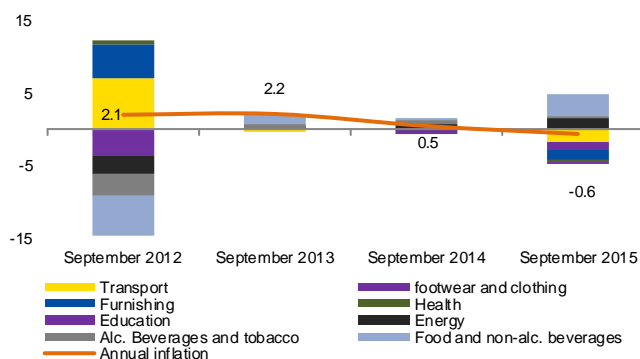
The movement of prices in Kosovo is similar to the price movements in international markets, especially in the euro area countries with which Kosovo has the largest share of commercial exchanges. The same as the prices in the global markets, which are characterized by a sharp decline, the prices in Kosovo have been characterized by a downward trend until September 2015. The average annual inflation rate, expressed through the consumer price

index (CPI), until September 2015 was 0.6 percent, while in the same period of the previous year had been marked an inflation of 0.5 percent.

To the price decline the main contribution⁴ was given by the category of transport which had a negative impact of 1.7 percentage points, then the category of furnishing and footwear and clothing with 1.2 percentage points each, health activities and education which had a negative contribution with 0.4 and 0.2 percentage points, respectively.

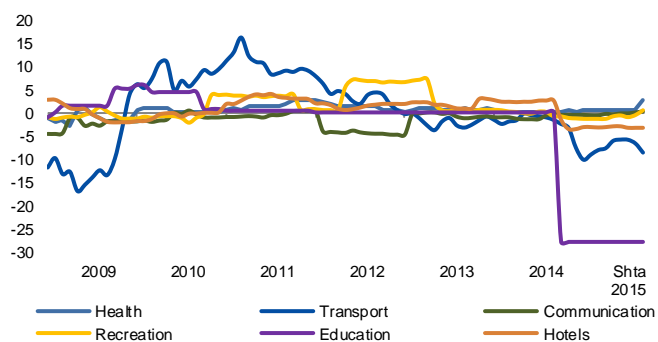
Conversely, food and non-alcoholic beverages price have contributed positively with 3.2 percentage points, and energy with 1.7 percentage points (figure 11).

Figure 11. Inflation and its main contributors, annual change in percent



Source: KAS and CBK calculations (2016)

Figure 12. Service prices, annual change in percent



Source: KAS and CBK calculations (2016)

⁴ The calculation of the contribution of CPI components in the inflation rate, except price movements, is also based on the weight that certain components have in the CPI. It may happen that a certain category has marked a price increase but at the same time a share reduction to the total weight in CPI. In this case, if the weight reduction is higher than the price increase then the contribution is negative to total CPI.

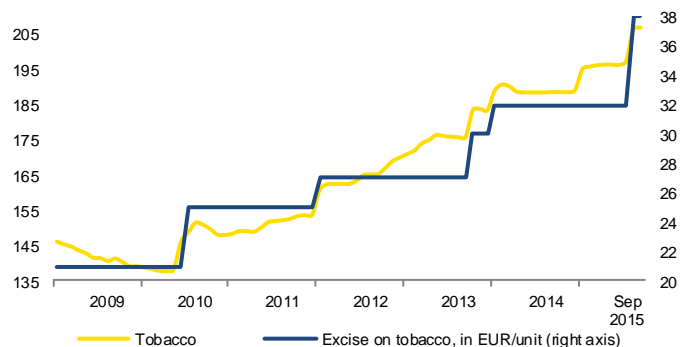
Annual average of services price until September 2015 marked a decline of 6.6 percent. Almost all the categories of services marked a decline. The highest price decline was marked by education services with 28.0 percent, followed by transport service prices which marked a decline of 7.6 percent. The price decline of education services is attributed to the government's decision to discount the payment to 50 percent for students of public universities while the prices decline of transport services is attributed to the decline in oil price. In addition to education and transport prices, also services in restaurants and hotels (a decline of 3.2 percent), recreation and culture (decline of 0.9 percent) and communications services which marked a decline of 0.3 percent (figure 12).

The category of alcoholic beverages and tobacco marked an increase of 5.1 percent. Within this category, prices of tobacco marked an increase of 5.0 percent, while prices of alcoholic beverages marked an increase of 5.5 percent. As depicted in figure 13, price fluctuations of tobacco in Kosovo considerably are defined by excise applied to this product.

With an increase were characterized also the prices of food and alcoholic beverages which marked an increase of 0.6 percent, while in the same period of the previous year had marked a decline of 0.6 percent. Within the food category, a more significant increase was marked by fruit prices with 7.5 percent, followed by vegetable prices with 4.9 percent, bread and cereals with 1.4 percent, and oils and fats with 1.1 percent, while milk, cheese and eggs marked price decline of 2.7 percent (figure 14).

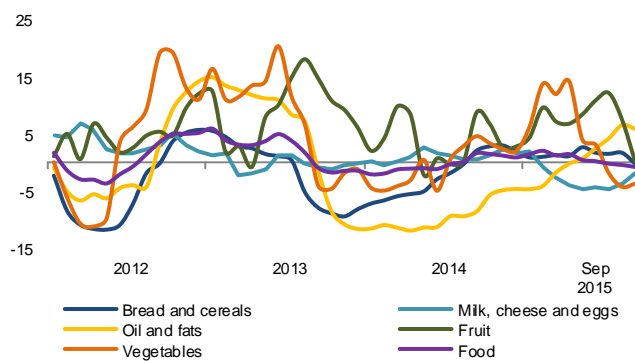
Prices of housing, water, electricity and other fuels until September 2015 marked an average increase of 1.6 percent (an increase of 3.9 percent until September 2014). This increase of these categories was due to the price increase of electricity, gas and other fuel for 5.9 percent and to the

Figure 13. Price index of tobacco and excise on tobacco, in EUR



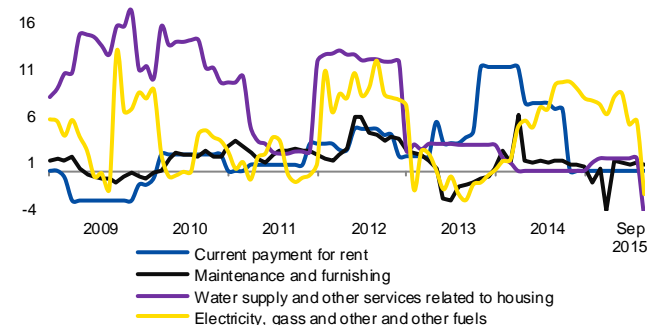
Source: KAS and CBK calculations (2016)

Figure 14 Food prices, annual change in percent



Source: KAS and CBK calculations (2016)

Figure 15. Prices of housing, water and energy, annual change in percent



Source: KAS and CBK calculations (2016)

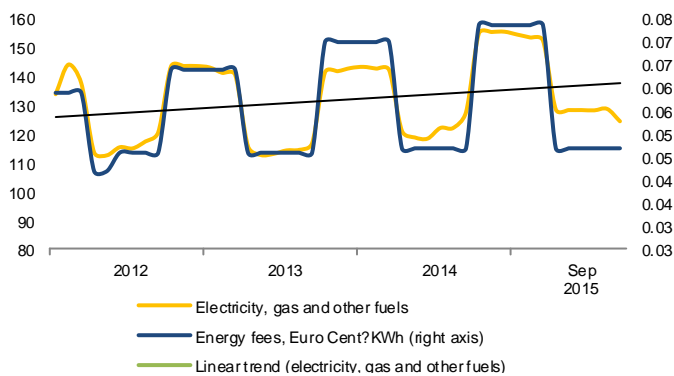
price increase of water supply and prices of different services related to housing with 0.4 percent, while prices for rent remain unchanged compared to the same period of 2014 (figure 15).

The price movements of electricity subcategories, gas and other fuels is considerably defined by price fluctuations of energy which have higher weight within this subcategory. As it is shown in figure 16 the energy price index, which is characterized with significant seasonal changes (depending on the summer and winter fees), is characterized with increasing trend.

Regarding the real effective exchange rate (REER) of EUR in Kosovo, against the currencies of the trading partners, which is based on the consumer price index, during 2015 EUR depreciated by 0.2 percent. The depreciation of REER was a result of inflation, which was lower in Kosovo compared to trading partners, but also due to the depreciation of EUR compared to the majority of trading partners currencies.

REER marked a depreciation of 0.5 percent against CEFTA, and also by 0.5 percent against the EU, which implies that Kosovar products may have increased the competitiveness against these countries.

Figure 16. Price index of energy and price per KWh

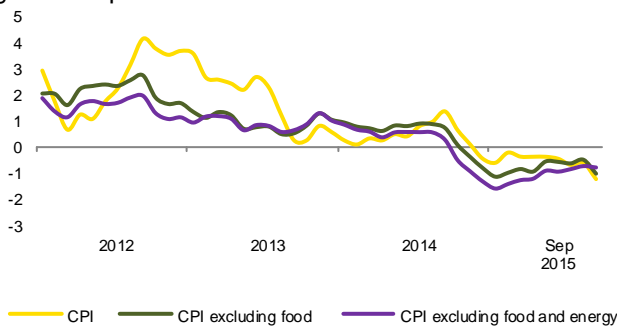


Source: KAS and CBK calculations (2016)

5.2.1. Core inflation

Kosovo consumer basket is characterized by a very high share of products that have seasonal price movements. These include food, energy, alcoholic beverages and tobacco, which account for about half of the consumer basket. Prices of these products determined index movements of general prices during the past years not only because of the high share that have in the consumer basket but also because the movement of these prices has been more significant (table 3). This makes the impact of these categories on total movement of prices to be higher than in other countries which have lower share of these categories in the consumer basket. However, in the recent years there has been a price stability of these products but also a downward trend in the level of the share in the total consumer basket.

Figure 17. General inflation and base inflation, annual growth in percent



Source: KAS and CBK calculations (2016)

Base inflation, which excludes categories which are characterized by a more pronounced change in prices, presents a clearer picture regarding inflation in Kosovo (figure 17). More specifically, base inflation, which excludes food and energy, until September 2015 had a rate of 0.6 percent. Base inflation has historically been lower than the overall inflation, while in two recent years,

due to lower food prices, the difference between base inflation and overall inflation is lower (table 3).

Table 3. Structure of CPI

Description	Weight	Annual average growth, %			
		September 2012	September 2013	September 2014	September 2015
CPI	100.0%	2.1	2.2	0.5	-0.6
<i>Structure of CPI²⁹</i>					
Food	38.2%	-0.4	3.2	-0.6	0.6
Energy	7.6%	8.8	0.6	3.2	3.6
Other goods	21.6%	4.5	4.3	3.3	3.1
Services	32.7%	1.6	1.4	0.6	-5.5
<i>Base inflation, except:</i>					
Food	61.9%	2.2	0.9	0.8	-0.8
Food and energy	54.3%	1.6	0.8	0.5	-1.1

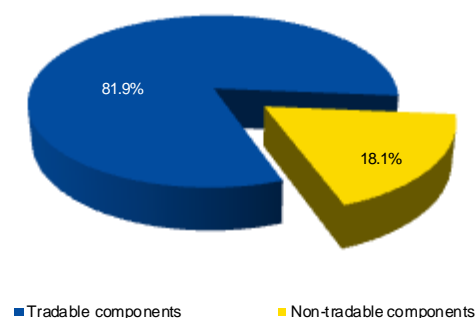
Source: KAS and CBK calculations (2016)

5.2.2. Prices of tradable and non-tradable goods and services⁵

Since the Kosovo's economy is small and dependent on imports, it is natural that the component of the tradable goods and services to have high share to CPI and, consequently, to define the movement of the general price level. Tradable component comprises around 81.9 percent of the Kosovo consumer basket, while non-tradable components (mainly services) comprise around 18.1 percent

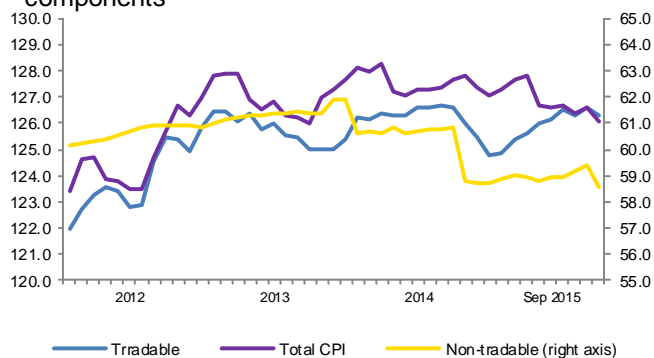
of the consumer basket (figure 18). Prices of non-tradable goods and services historically were more stable compared to tradable goods, except in the two recent years where the price decline of non-tradable goods was more pronounced (figure 19). Until September 2015 prices of non-tradable goods and services marked a decline of 2.9 percent, while the prices of tradable goods and services marked a decline of 0.4 percent. The price decline of tradable goods and services was mainly due to import price decline, while the price decline of non-tradable goods it is more attributable to the economic activity in the country.

Figure 18. The share of tradable and untradable components in CPI components



Source: KAS and CBK calculations (2016)

Figure 19. Total CPI, tradable and untradable components



Source: KAS and CBK calculations (2016)

⁵ Tradable components are considered goods and services traded also in international markets, while untradeable are those goods and services which are only domestically consumed and are not traded in international markets. Consequently, also the factors that affect the prices differ in tradable and non-tradable components. Non-tradable components are affected by factors such as domestic supply and demand while tradable components besides the local supply and demand are also affected by world prices which are formed by the international supply and demand.

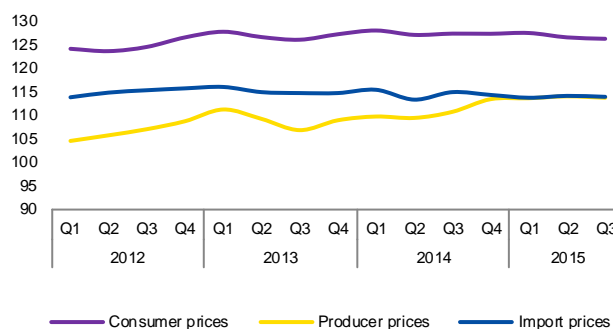
The government’s decision for discounting the fees for students of public universities and the price decline of import in an indirect way, through raw imported materials may have had an impact to the price decline of non-tradable goods.

5.2.3. Import and Producer prices

Price movements in Kosovo are very similar to price movements in international markets due to the high dependence of the economy on imports. This is confirmed also by the similar behavior of the import price index with the consumer price index (figure 20). The average import price index until September 2015, decreased by 0.6 percent similar to the same period of the previous year when it was marked a decline of 0.6 percent. Prices of mineral products (mainly oil and its derivatives) which are the main category of import price index (about 20 percent of the total index) marked the highest decline of 14.5 percent compared with the decline of 5.9 percent recorded in the same period of the previous year. Also, the prices of plastics, rubber and articles thereof marked a decline of 5.7 percent, followed by base metals with a decline of 3.9 percent, and transport means with a decline of 2.1 percent. On the other hand, prices of vegetable products and machinery equipment marked the highest increase of 26.5 and 8.3 percent, respectively.

Producer prices, until September 2015 marked an increase of 3.5 percent (0.8 percent increase in the same period of 2014). The increase of Producer price was mainly observed in chemical products which marked an increase of 17.0 percent. Producer price increase was noted also in electricity, gas, steam and supply with air condition for about 10.0 percent, wood and its products for 8.8 percent, etc. On the the other hand, some producer categories marked a price decrease. The most important decline was marked in the following categories: metal products with 7.2 percent, leather and products thereof with 5.4 percent, paper and its products with 5.2 percent, and processing of food products with 4.1 percent.

Figure 20. Consumer, producer and import price indices



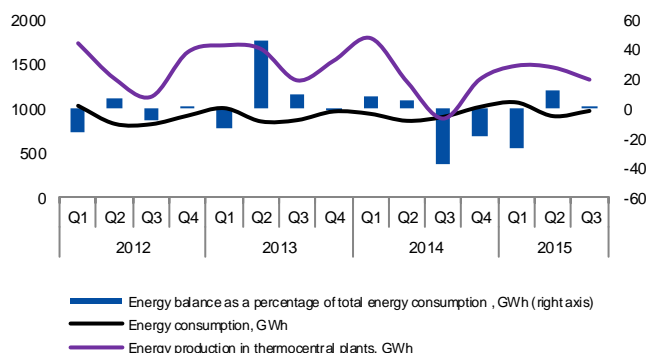
Source: KAS (2016)

5.3. Sectoral Developments

Energy

The energy sector in 2015 was characterized by a better performance compared with the same period of the previous year. In the first nine months of 2015, coal production, namely the quantity of coal that was extracted from the marked an increase. The quantity which was extracted from the mines, and which constitutes the base material for electricity production in the country was characterized with an

Figure 21. Producer, consumer and energy balance (Giga watt per hour)



Source: KAS (2016)

increase of 15 percent. At the same time, the gross production of electricity in the thermal power plants and in the hydro power plants was characterized with an increase. In the first nine months of 2015 with an increase of 7 percent was characterized the production of electricity in the thermal plants, while the electricity produced in hydro power plants had marked an increase of 16 percent. The increase of electricity production shows a recovery marked in the energy sector in the second quarter and especially in the third quarter of 2015 after the decline that was marked in the previous year due to the explosion which occurred in June 2014 in Kosovo A power plant (figure 21).

During the nine months of 2015 according to KAS, the energy consumption has marked an increase of 6.4 percent. The consumption growth of energy, until September 2015, was covered mainly by the production growth of energy in the country, while energy import was characterized with a decline of 9.8 percent. At the same time, the export of energy was characterized with a decline of 3.7 percent. With consumption growth were characterized almost all final consumers, namely households, consumers (220-110 kV) and industry. At the same time, public enterprises resulted to have consumed less energy compared to the previous year (figure 22).

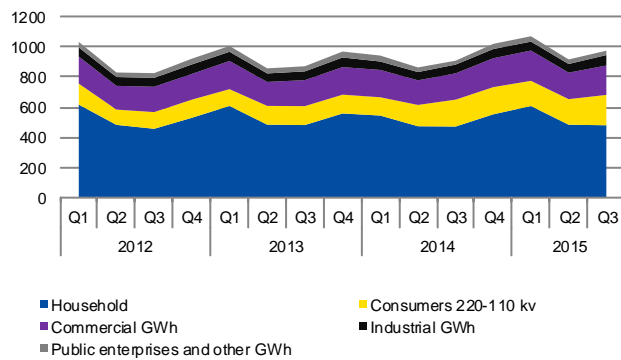
As a consequence of the higher decline of import against the export decline of the energy, in the first nine months of 2015 Kosovo has realized a negative trade balance of energy with the external sector of 163.7 GWh (209.4 GWh until September 2014). The export of energy had dropped to 391.2 GWh until September 2015 (406.1 GWh in the first nine months of 2014), while import had declined to 554.9 GWh (615.5 GWh in the first nine months of 2014).

The level of network losses in the energy sector continued to remain relatively high. Compared to the previous year, network losses in the energy sector marked an increase of 0.5 percent. Despite the growth, the lost energy in the network comprised around 37 percent of the total produced energy until September 2015, representing a lower rate compared to the same period of the previous year when the lost network energy constituted 39 percent of total produced energy. The decline of this ratio mainly is attributed to the growth of the general energy production during this period.

Transport⁶

Railway transport in Kosovo was characterized with a decline in the first

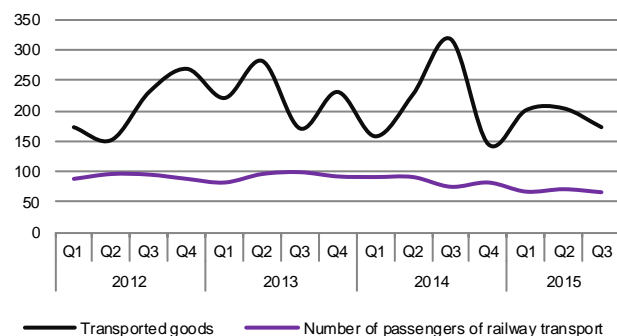
Figure 22. Energy consumption by final consumer



Source: KAS (2016)

Compared to the previous year, network losses in the energy sector marked an increase of 0.5 percent. Despite the growth, the lost energy in the

Figure 23. Railway transport in Kosovo



Source: KAS (2016)

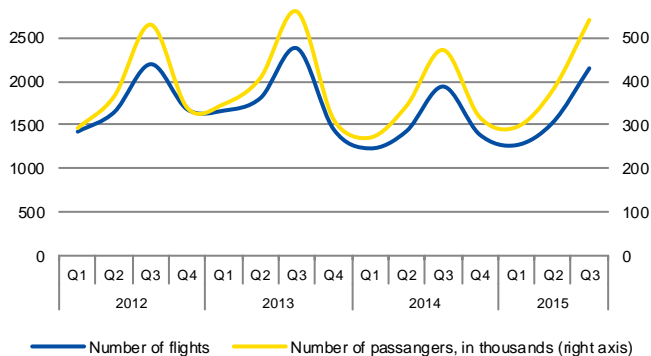
⁶ In KAS publications on transport statistics, except railway and air transport, the data on road transport do not exist.

nine months of 2015 as in the context of passengers who used this transport also as regards of goods transport through railways.

Until September 2015 the passengers number who have used railway transport was 204 thousands or 20.6 percent fewer than in the same period of the previous year. Conversely, the quantity of goods transported through Kosovo’s railway until September 2015 was 578 thousands of tones or 17.8 percent less than in the previous year (figure 23).

Unlike the railway transport, air transport in the first nine months of 2015 was characterized with an increase of the passengers number and the number of flights. The total number of passengers who used the air transport until September was 4.947 individuals, which shows an increase of 7.5 percent compared to the same period of the previous year, while the flight number of 1.216 realized until September 2015 represents an annual increase of 11.9 percent (figure 24).

Figura 24. Air transport in Kosovo



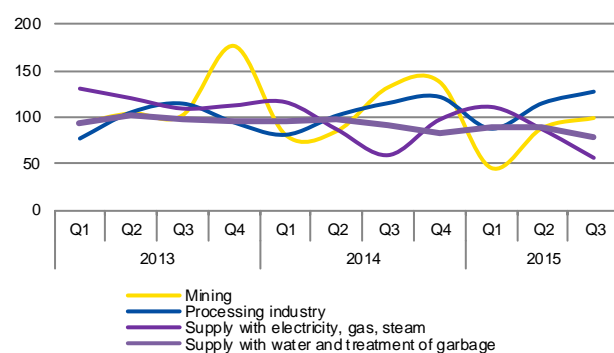
Source: KAS (2016)

Industry

The development cycle in industrial sector in Kosovo, represented through the the general production index, is represented by activity in the extractive industries, processing industry, supply with electricity, gas, steam and conditioning air and water supply, and waste treatment.

Until September 2015 industrial manufacturing in the country appears to have marked a decline in its circulation in the extractive industries with an average of 22 percent. At the same period, a circulation decline was marked also in supply with electricity, gas, steam and conditioned air and water supply, the activities of management and treatment of garbage (with an average of 3 and 10 percent, respectively) (figure 25). On the other hand, industrial production resulted to have marked a circulation growth in the sector of processing industry (around 11 percent of an average until September 2015).

Figure 25. Industrial production index



Source: KAS (2016)

In the first nine months of 2015 with an increase were characterized the sectors whose activity is focused on processing plastics and articles thereof, processing and refinement of food products, beverages and tobacco, and processing of paper and articles thereof. Conversely, the activity reduction of extracting industry, which is mainly dominated by the mining sector, can be attributed to some extent to the annual decline of main metals that Kosovo exports (especially lead and nickel) in the first nine months of 2015 international markets.

5.3.1. Enterprise Sector

Developments within the private business registry in the first nine months of 2015 were characterized with an increase of new enterprise number and also an increase of closed businesses. The number of total new enterprises until September 2015 was 7.353 compared to 7.230 as it was in the same period of the previous year. The number of total closed enterprises until September 2015 reached 1.235 compared to 1.224 closed businesses as it was in the same period of 2014 (figure 26). In in the first nine months of 2015, the ratio of closed enterprise to new ones was 16.7 percent (17.1 percent in the same period of the previous year).

Regarding the structure of new enterprises, the trend continued to relatively be the same as in the previous years. Trade enterprises continued to dominate the new enterprise structure representing 29 percent of total new registered enterprises. However, it is observed an increase of agricultural enterprises from 7.0 percent in September 2014 to 9.2 percent in the same period of 2015.

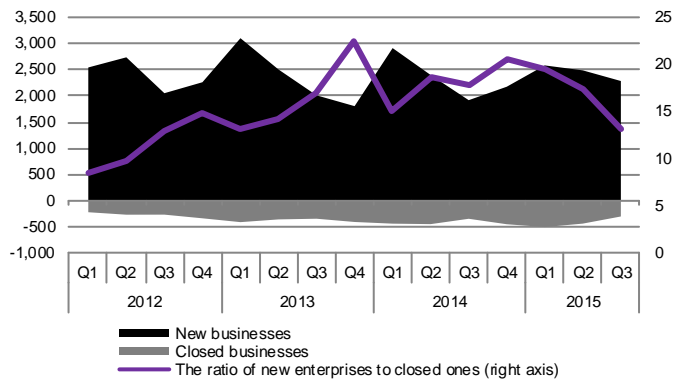
Also, manufacturing enterprises increased their share from 10.5 percent as it was until September 2014 to 10.6 percent in the first nine months of 2015. The increased number of registered enterprises in the agriculture and manufacturing sector, to some extent may reflect also the acceleration of bank lending growth for these economic sectors. Enterprises of trade, hotels, construction, and transport were characterized with a decrease of their share to total new registered enterprises. (figure 27).

Regarding the size of enterprises, with a higher share (around 99 percent) to total registered enterprises until September 2015 were characterized micro enterprises (with 1-9 employees). A higher share have small enterprises with 10-49 employees (0.9 percent until September 2015), while only 0.1 percent of total registered enterprises (8 enterprises) are the enterprises registered as medium and large enterprises.

Labor Market⁷

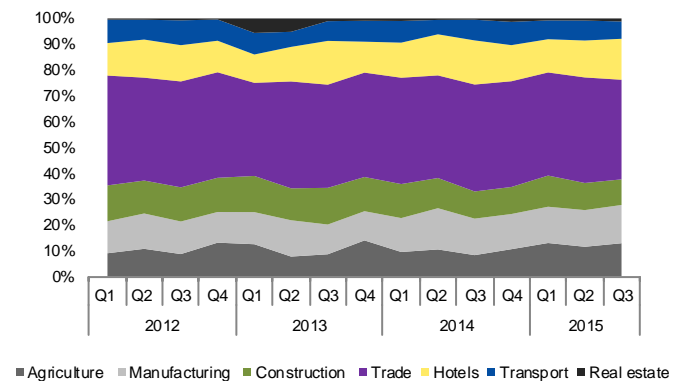
In 2014 the share of labor force in Kosovo labor market was 41.6 percent, representing a low level compared to the regional countries (around 50 percent) (figure 28). The low level of the

Figure 26. Business registry, noncumulative



Source: KAS (2016)

Figure 27. Structure of new enterprises



Source: KAS (2016)

⁷ The labour market section is based on Labor market survey of 2014 published by the Kosovo Agency of Statistics.

share in the labor force in the country can be attributed to some extent to the relatively young population, which classified as an inactive category. According to KAS, the possibility for a continuous increase of the inactive population remains high, as 36.000 persons of the youth are annually added to the population of working age, while only 10.000 individuals get retired.

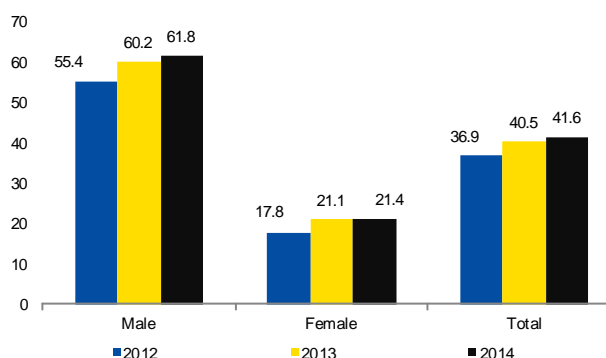
Based on the Labor Force Survey of 2014 the employment rate in 2014 stood at 26.9 percent (figure 29). The employment is basically concentrated in services and manufacturing sector, which employs over 90 percent of total employees in the labor market. Among the services sectors, the trade sector employs around 14 percent of total employees, followed by education sector with around 12 percent. Also, the construction sector employs 11 percent of total employees in the market, followed by the activity of health and social labor with around 7 percent. The data on the three recent years show that the employment in services sector has marked an increase, while sectors as agriculture and mining have marked a decline.

Based on the age groups, the population of 45-54 years old has the highest employment rate (38.1 percent of total employees), while the age group of 15-24 years old has a lower employment rate (9 percent).

Around 25 percent of employees in 2014 declared to have had unsustainable jobs.⁸ The employees who have declared to be engaged in unsustainable jobs were self employed individuals, or persons who work with no payment in a family business. These two employed groups have lower chances to have an official employment agreement.

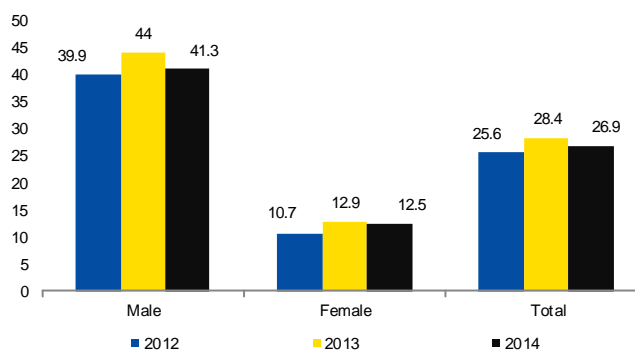
Based on the survey results, the employment rate among the female gender has remained at the same percentage as in the previous year standing at around 13 percent, with higher employment rate being concentrated between 25 to

Figure 28. Participation rate in labor force



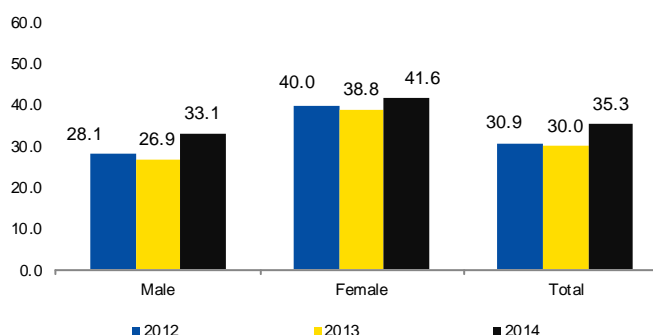
Source: KAS (2016)

Figure 29. Employment rate



Source: KAS (2016)

Figure 30. Unemployment rate



Source: KAS (2016)

⁸ Based on KAS, as persons who have unsustainable jobs were declared the ones who were unemployed and those who work with no payment in their family business.

44 years of age. As regards the male gender, the employment rate in 2014 was 41 percent, while the highest employment rate was recorded in the age group of 35-44 years old. According to the educational structure, around 40 percent of the employees had finished the high school professional education, while around 26 percent of the employees had finished post-high school education. Based on the survey, the employees with secondary school qualification were mainly employed in the private (private companies, individual private companies, etc), while the employees with the post-high school qualification were employed in the public sector (mainly owned enterprises).

Statistics of the Kosovo's labor market show an unemployment rate of 35.3 percent in 2014 (figure30). Compared to 2013 the unemployment rate results to have marked an increase, especially among the youth (the age group 15-24 years of age) In 2014, the youth twice had a chance to be unemployed compared to adults, hence 61 percent of the young population were unemployed. The share of youth (15-24 years old) to total unemployment rate reached 28.5 percent in 2014.

Based on the gender structure, the labor market in Kosovo continued to be characterized with a relatively high unemployment rate among the female gender. In 2014 the unemployment rate among the female gender was 41.6 percent (33.1 percent among the male gender), while according the age groups, the young females have a higher share of unemployment (around 71.7 percent). The percentage of young unemployed females (15-24 years of age) to the total unemployment rate was 33.9 percent in 2014 (26.2 percent among the male gender with the same age).

The education has improved the perspective in the Kosovo's labor market. Based on the KAS, the unemployment rate was the highest for uneducated persons (around 65 percent), while a lower rate was represented for the persons who had finished the post high school graduation (15 percent).

One of the most concerning characteristics of the labor market in Kosovo remain the long term unemployment character. In 2014 was recorded a growth of long term unemployment of 73.8 percent (68.9 percent in 2013), an indicator which includes the registered job seekers who are considered to be unemployed for a period longer than 12 months.

In 2014 within inactive population of 702.238 persons, 128.400 persons did not seek a job as a consequence of the expectations that they would not find a job. The category which is classified as "discouraged" job seekers comprises 10.7 % of the unemployed population in Kosovo, while the discouraged level is more present among the females than males(13.1% compared with 8.2%). Nevertheless, the discouraging level, which to some extent reflects also the expectations for the offer of the labor market in the country, has marked a decline compared to 2013 when it stood at 13.1 percent.

6. Fiscal Sector

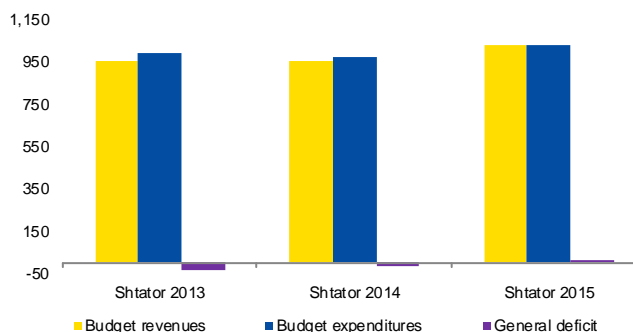
Until September 2015, fiscal sector was characterized with a growth of budget revenues and expenditures compared to the same period of the previous year. Budget revenues⁹ marked an increase of 7.9 percent and reached a value of EUR 1,039 billion, while budget expenditures¹⁰ marked a growth of 6.1 percent and reached a value of EUR 1,038 billion. Consequently, during this period, Kosovo's Budget registered a general surplus of EUR 0.8 million, compared to the deficit of EUR 14.8 million marked in the same period of the previous year (figure 31).

6.1. Budget Revenues

Budget revenues until September 2015 reached the gross value of EUR 1,066 billion. If EUR 26.9 million were excluded of VAT returns and other taxes from the Kosovo Tax Administration and Kosovo's Customs, then the budget revenues would reach net EUR 1,039 billion, representing an annual increase of 7.9 percent.

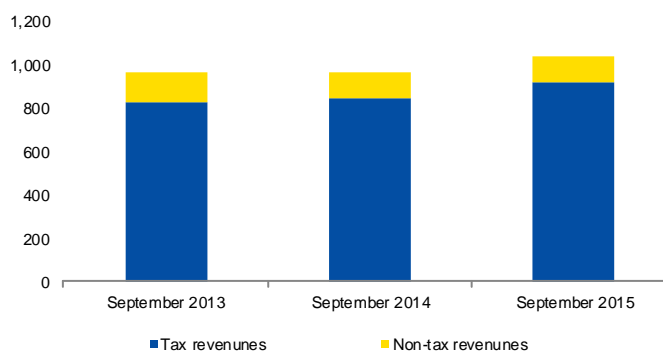
Kosovo Budget revenues consist mainly of tax revenues, which until September 2015 had a share of about 87.9 percent of total budget revenues while the remainder of 12.1 percent are comprised of non tax revenues (figure 32). Tax revenues marked an increase of 7.9 percent and reached the value of EUR 913.8 million. Within the tax revenues, revenues tax revenues marked an annual increase of 7.3 percent and reached the gross value of EUR 680.3 million. If are deducted the custom returns of EUR 3.8 million, then net revenues would reach the value of EUR 676.5 million. At the same time, the revenues collected

Figure 31. Budget revenues and expenditures, in millions of EUR



Source: MF and CBK calculations (2016)

Figure 32. Structure of budget revenues, in millions of EUR



Source: MF and CBK calculations (2016)

Figure 33. Net domestic revenues by main types of taxes, in millions of EUR



Source: MF and CBK calculations (2016)

⁹ Within the budgetary income are not included the receipts from defined donor grants, domestic and external borrowings, receipts from trusted deposits.

¹⁰ Within the budget expenditures are not included payments from designated donor grants, debt payments, and payments of trusted deposits.

from domestic taxes reached the gross value of EUR 246.2 million or 11.1 percent more compared to the same period of 2014. If the returns of tax administration of EUR 23.1 million are deducted then the net revenues would reach the value of EUR 223.1 million. Within non-tax revenues, the main components are comprised of own revenues of municipalities and own revenues of the central level. Own own revenues of the central level marked a decline of 14.3 percent and reached the value of EUR 28.8 million, while own revenues of municipalities, excluding property tax with the value of EUR 14.2 million, marked a growth of 2.0 percent and reached a value of EUR 24.4 million.

Within domestic taxes, the highest increase was marked by the taxes on corporate income (an increase of 22 percent), which reached the value of EUR 50.7 million. Also, the revenues from VAT, which comprises the main category of domestic taxes, marked a considerable increase (an increase of 20.6 percent) and reached a net value of EUR 91.4 million. Also the revenues from personal income marked a slight increase of 0.7 percent reaching the value of EUR 80.1 (figure 33).

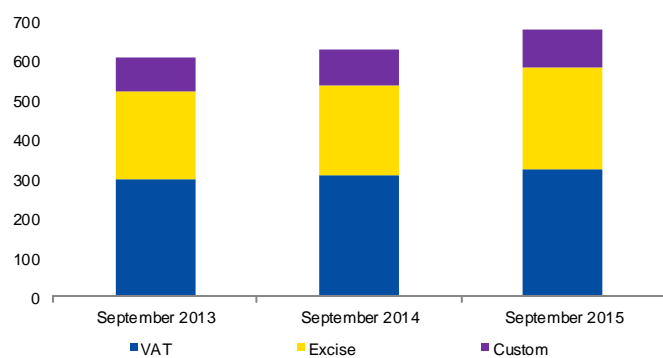
Positive performance of the custom taxes reflects mainly the growth level of imports during this period. Within the custom taxes, the main category remains VAT, with a share of 47.9 percent of total custom taxes. VAT revenues collected at customs were characterized with an increase of 4.7 percent and reached a value of net EUR 324.2 million until September 2015 (figure 34). Custom revenues from excise, in September 2015, had a share of 38.1 percent to total custom revenues, marking a growth of 13.2 percent and reached a value of EUR 257.8 million. The revenues from custom taxes, which represent 14.5 percent of total custom revenues, reached a value of EUR 95.3 million and marked an increase of 4.1 percent.

6.2. Budget expenditures

The total value of budget expenditures until September 2015 reached EUR 1,038 billion, representing an increase of 6.1 percent compared to the same period of the previous year. Current expenditures, which mainly accounted for wages and salaries and subsidies and transfers reached an amount of EUR 813.0 million, corresponding to an annual increase of 9.1 percent. As a result of salaries and pension increase in April 2014 the share of current expenditures to total budget expenditures, from 76.1 percent as it was in April 2014 it increased to 78.3 percent in September 2015 (figure 35).

Government expenditures for wages and salaries marked an annual increase of 9.1 percent, thus reaching EUR 389.9 until September 2015. Due to its growth the category of wages and salaries increased the share to 37.5 percent to total expenditures in September 2015, from 36.6 percent as it was in the same period of the previous year. The high increase of wages and salaries compared with the same period of 2014 is because of the decision for increasing wages came into force in April 2014, implying that the increasing effect of wages was not complete for the period of January-September of 2014. With an increase was characterized also the category of subsidies

Figure 34. Net domestic revenues by types of taxes, in millions of EUR

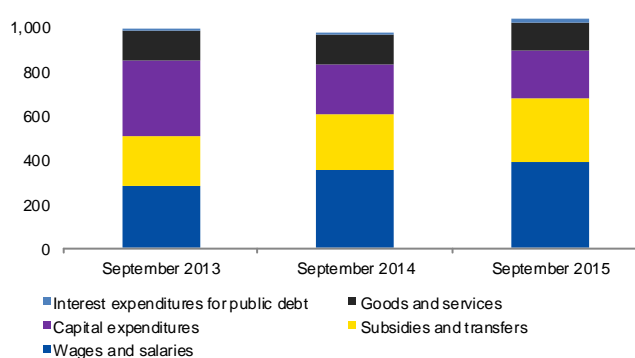


Source: MF and CBK calculations (2016)

and transfers, which had marked an annual increase of 16.3 percent reaching a value of EUR 292.4 million until September 2015. Within subsidies and transfers, the main category is the pensions category, which had marked an increase of 15 percent and reached the value of EUR 166.4 million. Besides pensions, with an increase were characterized also subsidies for agriculture, which until 2015 reached EUR 29.2 million from EUR 11.7 million as they were in the same period of the previous year. The share of the subsidies and transfers category to total expenditures was increased for 3.4 percentage points and has reached 29.4 percent of total expenditures. Conversely, government expenditures for goods and services, including different municipal expenditures (electricity, water, garbage, etc.), reached a value of EUR 130.7 million, which corresponds with annual decline of 3.9 percent, which had an impact on the share of this category to total expenditures to decrease to 13.9 percent as it was in September 2014 to 12.6 percent in September 2015.

Until September 2015 government expenditures for capital investments marked a value of EUR 212.8 million, representing an annual decline of 4.2 percent. The capital investments decline is mainly attributed to the expenditures decrease dedicated to public investments, as result of government current expenditures increase which were limited for capital investments. Capital expenditures which historically were the category with the highest share to total expenditures, in the two previous years have dropped down to the third place after the category of wages and salaries and subsidies and transfers. Capital investments have decreased their share from 22.7 percent to total expenditures in September 2014 to 20.5 percent in September 2015.

Figure 35. Structure of budget expenditures, in millions of EUR

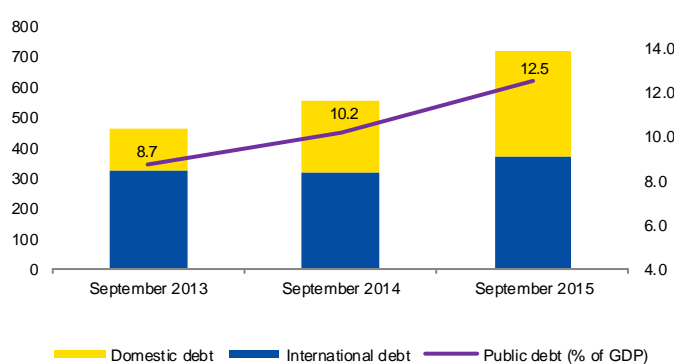


Source: MF and CBK calculations (2016)

6.3. Public debt

Until September 2015 the stock of public debt reached the value of EUR 719.5 million which is for 30.6 percent higher compared with the same period of the previous year. As a percentage to GDP, public debt reached 12.5 percent from 10.2 percent as it was in September 2014. Despite the growth, this debt level ranks Kosovo in the position of the country with the lowest level of public debt compared to the region countries. According to IMF estimates, the average of the public debt in SEE in 2015 has reached the rate of 60.5 percent of GDP. Also, the public debt ratio to GDP in the region countries was increased with an average of 2.9 percentage points during 2015 while in Kosovo the increase of the public debt ratio to GDP until September was 2.3 percentage points.

Figure 36. Public debt, in millions of EUR



Source: MF (2016)

During the previous years, the majority of the public debt was external debt. However, as a result of the accelerated growth rate of the domestic public debt, the share of the external debt and domestic debt in the structure of the general public debt was closely the same (figure 36). In September 2015 around 51.0 percent of total public debt was international debt, which mainly belongs to the International Bank for Reconstruction and Developments (49.3 percent of total international public debt) and International Monetary Fund (36.1 percent of total international debt). The remainder of 49.0 percent of public debt is domestic debt, which is mainly comprised of government debt to commercial banks (71 percent of total domestic debt) and pension funds (22 percent of total public domestic debt).

As regards to the domestic public debt, it completely belongs to the central level, while municipal level still has not begun such a process of debt borrowing. Based on the published calendar of the Ministry of Finance, during the period of January-September 2015 were held 16 auctions for the issuance of securities, of which eleven (11) for issuing treasury bills and four (4) for issuing government bonds. For these security auctions was issued a nominal value of EUR 295.5 million, compared with the nominal value of EUR 302.2 million issued in the same period of the previous year. The amount of securities issued in the form of bonds for the period of January-September 2015 increased to EUR 84.9 million from EUR 37.0 million as it was in the same period of the previous year. Along with the growth of issuance of bonds, the issuance of treasury bills marked a decrease from EUR 265.17 million to EUR 213.6 million until September 2015. This reflects the orientation of the Ministry of Finance of the Republic of Kosovo towards expansion of the maturity where for the first time, this year, were issued two government bonds with maturities of 3 and 5 years. However, with a higher share to total amount issued from January to September 2015 was comprised by the treasury bills with maturity of 364 days.

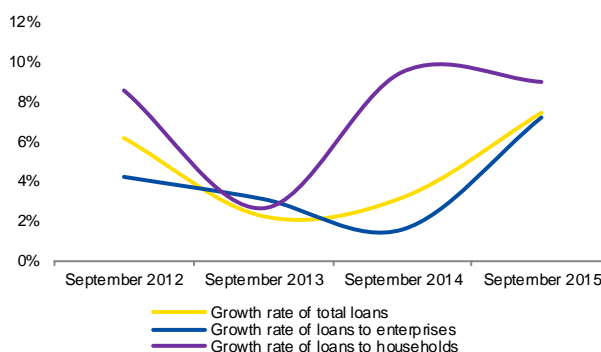
7. Banking Sector

Financial system in the country was characterized with an expansion of the activity volume and improvement of financial performance in 2015. Total assets of the financial system reached a value of EUR 4.8 billion until September 2015, thus marking an annual increase of 7.1 percent, which is primarily attributed to the growth of commercial banks assets and pension funds. At the same time, pension sector and the microfinance sector had low contribution to the general growth of financial system assets

Within the banking sector, as the main segment of the financial system in the country, loans continue to remain the main category with a share of 60 percent to total assets of the sector in September 2015. The lending pace activity in the country is estimated to have been in the highest level in the three recent years. In September 2015, the total value of loans reached EUR 2.0 billion, representing an annual increase of 7.5 percent (3.2 percent in September 2014 (figure 37).

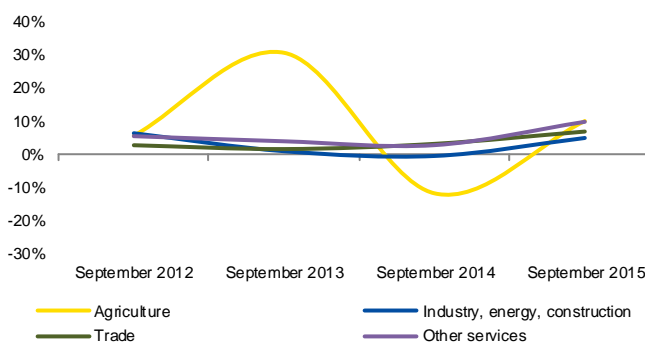
The accelerated trend of the lending growth which characterized the first nine months of 2015 is attributed to the eased lending offer of the banks and the higher demand for loans of small and medium enterprises (SME) and households as well. For the period of March to September 2015 banks declared more eased lending standards especially for SMEs and for consumer loans within loans to households, while regarding the maturity, banks stated more eased standards for long-term loans. Based on the bank lending survey, main factors which contributed to eased policies of the bank lending, during March to September 2015, were the satisfactory position of liquidity of the commercial banks, the competition in the financial system and the improvement of loans quality (NPL). Banks generally reported a demand growth for loans during this period, especially from SMEs, while within households, banks reported a higher increase of consumer loans. According to maturity, banks reported a higher increase of long-term loans. Increased demand for loans by enterprises is reported to be positively impacted by increased demand for financing the fixed investment enterprises, to finance working capital and debt restructuring, while increased demand from households was mainly attributed to developments in real estate and the increase of consumer confidence and other increased expenses on consumption.

Figure 37. Growth rate of loans by sectors, in percent



Source: CBK (2016)

Figure 38. Growth trend of loans by economic sectors, in percent



Source: CBK (2016)

However, despite the accelerated growth pace of lending, the ratio of the banking sector loans to GDP, in 2015, was around 35 percent, representing a lower level compared to the average of the region countries which stood at 48 percent. Based on the economic activities, it is suggested a further expansion of the banking sector lending activity. Besides the need for further credit growth, another challenge is also considered the need for changing the structure of loans towards sectors that have larger weight in the country's economic developments. The structure of loans continued to be dominated by loans of trade sector, while important sectors as manufacturing and agriculture continue to have lower share to the total structure of credit portfolio of the banking sector. Nevertheless, despite of the low share to total loans, the sectors of agriculture and manufacturing were characterized with a higher loans growth of 17.4 and 10.1 percent, respectively, in the first nine months of 2015. In this period, loans growth was marked also by trade and energetic sector (7.0 percent and 5.7 percent, respectively) (figure 38).

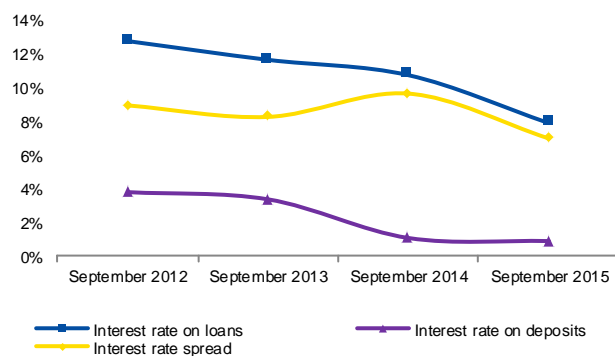
Conversely, construction sector was characterized with lending decline for the third consequent year. Until September 2015 loans to construction sector marked an annual decline of 11.1 percent. Lending decline of construction sector can be attributed to the decline of the general activity of this sector especially in 2014 and in the first quarter of 2015. According to KAS, construction sector was characterized with a considerable increase of its activity in the second quarter of 2015, suggesting a further possible increase in the forthcoming periods.

The main source of financing for the banking sector continue to be deposits, which in September 2015 marked an annual growth of 5.5 percent. Deposits of the banking sector reached a value of EUR 2.66 billion in September 2015 and represented 80 percent of total liabilities of the banking sector.

Loans of the banking sector in 2015 were characterized with a significant decline of interest rates, representing an important ease for individuals and enterprises for accessing bank financing.

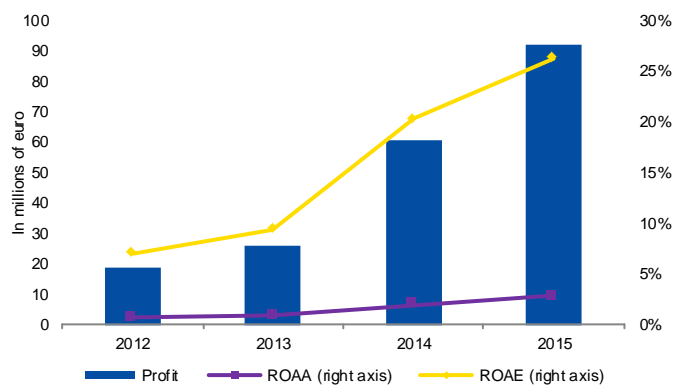
Interest rate on loans was decreased to 7.9 percent in September 2015 compared to 10.7 percent as it was in September 2014 (figure 39). The decrease of financing cost is expected to serve as an important factor for stimulating the consumption and investments in the country's economy. On the other hand the average interest rate on deposits in September 2015 decreased to 0.9 percent, from 1.1 percent as it was in September 2014. Consequently, the interest rate spread on loans and deposits decreased to 7 pp in September 2015, from 9.7 pp as it was in September 2014.

Figure 39. Annual average interest rate, in percent



Source: CBK (2016)

Figure 40. Profitability indicators

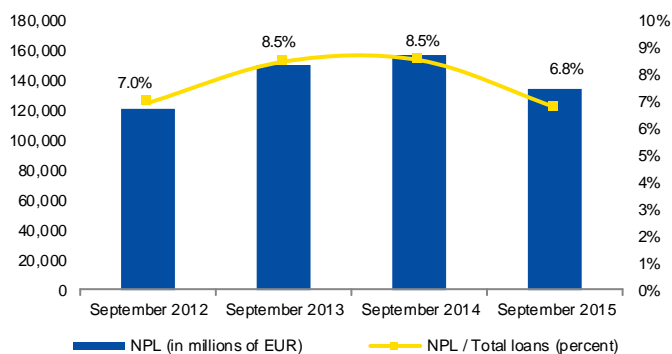


Source: CBK (2016)

The financial performance of the banking sector was significantly improved, thus marking net profit of EUR 69.3 million in September 2015 while the net profit marked in September 2014 was EUR 46.9 million (figure 40). The improvement of financial performance of the banking sector in two recent years was mainly a result of the pronounced expenditures decrease, especially loan loss provision expenses and expenses on interest rates on deposits, while the income of the banking sector marked a slight decrease.

The banking sector of Kosovo continues to have high level of sustainability as a result of the well managed of the banking risks. In September 2015, the key liquidity indicators were characterized with an increase, which led to a further improvement of the banking sector liquidity position. In addition, the banking sector was continuously characterized with a high level of capitalization, thus exceeding the minimum regulative requirements. During 2015, the exposure of the Kosovo’s banking sector to credit risk was characterized with a downward trend, where the ratio of non-performing loans to total loans decreased to Non-Performing Loans: 6.8 percent in September 2015 from 8.5 percent in September 2014 (figure 41).

Figure 41. NPL and provisions



Source: CBK (2016)

8. External Sector

Until September 2015 the external sector in Kosovo was characterized with a deterioration of the current and capital account, while at the same period, the financial account position was improved. Current and capital account deficit increased in the first nine months of 2015, mainly due to the increase of the deficit in goods account and the decrease marked in the positive balance of services account and primary income. In this period, the positive balance of secondary income was characterized with an increase.

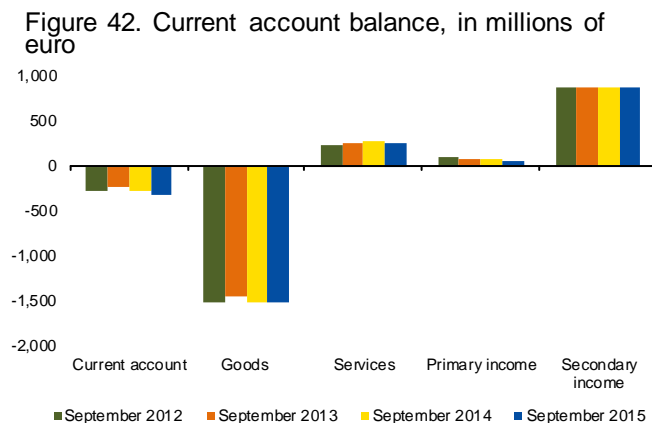
The recovery in external demand especially in the Western Balkan countries and in some of the euro area countries was reflected in the growth of Kosovo exports during the first nine months of 2015. Moreover, the depreciation of Real Effective Exchange Rate Real Effective Exchange Rate: until September 2015 against the previous year may have had an impact, to some extent, on the growth of competitiveness of Kosovo's goods against the regional countries. However, the increase of domestic demand in the reporting period was translated in a value increase of total imports, thus having an impact on the growth of trade deficit. Within the current and capital account, the services account was characterized by a decreased positive balance in the first nine months of 2015, mainly as a result of faster growth of services import against the slower growth of exports. Within the primary and secondary income, income from the compensation of employees and the remittances received in the country marked an increase in the reporting period, thus contributing to narrowing the current and capital account deficit.

In the first nine months of 2015 financial account was characterized with a performance improvement, mainly as a result of increased balance of foreign direct investments and other investments, while portfolio investments were characterized by a decrease in the balance.

8.1. Current account and capital account

The developments dynamic of Kosovo's current account continues to be mainly defined by developments in the trade balance of the country. In the first nine months of 2015, the position of the current and capital account in Kosovo deteriorated due to the higher deficit in trade of goods, while the positive balance of services trade and the categories such as primary and secondary income continue to contribute in narrowing the deficit (figure 42). The deficit of the current and capital account of EUR

308.2 million reached around 7.3 percent of GDP until September 2015, from around 6.7 percent as it was in the same period of the previous year. The growth of the current account deficit



Source: CBK (2016)

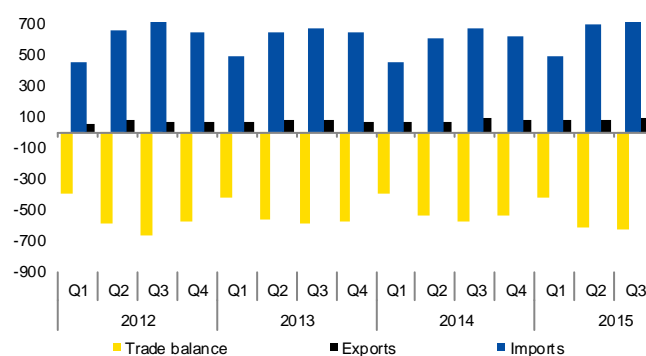
during this period was mainly due to the increase in the trade deficit, as well as reducing the positive balance of services, primary and secondary income.¹¹

The balance of the capital account¹² was reduced to EUR 1.8 million by September 2015, from EUR 5.5 million as it was in the same period of the previous year, which is attributed to higher growth of capital outgoing transfers, against incoming transfers of this category.

Goods and services

Kosovo's economy was characterized by increased trading activity in the first nine months of 2015, namely an increase of the value of total exports and imports of goods and services. The volume of trade exchanges of goods and services between Kosovo and the external sector marked a growth of 4.1 percent in the reporting period. The degree of trade openness reached around 70 percent until September 2015, representing a similar level compared to the same period of the previous year.

Figure 43. Imports, exports and trade balance



Source: KAS (2016)

The export value of goods and services in the nine months of 2015 marked an annual growth of 6.4 percent, while the total value of imported goods and services marked an increase of 3.2 percent. The export of goods and services to GDP ratio, in Kosovo remains at a low level of around 20 percent, while imports of goods and services to GDP ratio stood at around 50 percent.

In the first nine months of 2015, the trade deficit in goods and services amounted to EUR 1.3 billion (around 29 percent of GDP), which represents an annual growth of 1.1 percent. Despite the increase in exports of goods, their base which is still low compared to the value of imports of goods has led to the growth of the trade deficit. On the other hand, the services account was characterized by a decrease in positive balance in the reporting period, mainly as a result of faster growth of the value of imported services, against the value of exported services.

Goods

The structure of Kosovo's export is still dominated by the category of base metals, which in September 2015 increased its share to total exports to 51 percent from 42 percent in the same period of the previous year (figure 43). The value of total exports of metals until September 2015 reached EUR 128.4 million, from EUR 120.0 million as they were in the same period of 2014. The deficit in goods account reached EUR 1.7 billion until September 2015, representing an annual increase of 2.5 percent (figure 44). The higher growth of exports of goods compared to imports has affected the coverage ratio of imports by exports to increase to 13.1 percent in September 2015 from 12.7 percent in the same period of the previous year.

¹¹ Within the Balance of Payments of Kosovo, the primary income account includes the categories "Compensation of employees" and "Investment income". The secondary income account consists of "Government Transfers", and "Private Transfers" where the latter ones are dominated by remittances.

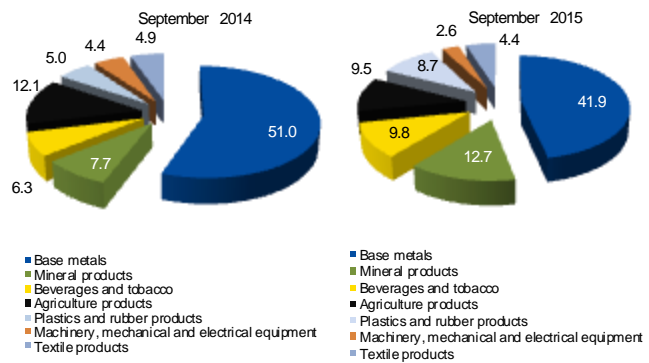
¹² Capital account shows all transactions involving receipts or payments (1) capital transfers and (2) transactions in non-produced assets - non-financial assets (such as patents and copyrights).

During the first nine months of 2015, total exports reached a value of EUR 250.9 million, representing an annual increase of 5.6 percent (figure 45). The increase of exports value of goods in the first nine months of 2015 was mainly attributed to the overall demand growth in the region, EU countries and especially in India, for products that Kosovo exports. Despite export growth, the exports to GDP ratio remained low, standing at around 6 percent in September 2015.

Annual growth of around 7 percent of base metal exports in the first nine months of 2015 was mainly attributed to increased demand in the countries where Kosovo exports these goods, especially in India, which has been resulted into increased quantity of exported base metals despite the price decline of these commodities in the international markets. With an increase were also characterized exports of beverages and tobacco (31.4 percent compared with the same period of the previous year), plastic products (42 percent) and exports of machinery and electrical equipment (5.0 percent). Exports growth of these categories can be attributed to some extent to the growth of manufacturing activity in the reporting period. On the other hand, exports of mineral products, which had a share of 12 percent to total exports, up to September 2015 recorded a decline in the value to EUR 27.4 million from EUR 35.5 million as they were in the same period of the previous year. The decline of the exports value of mineral products in the reporting period can be attributed mainly to decreased export value of electricity in the reporting period.

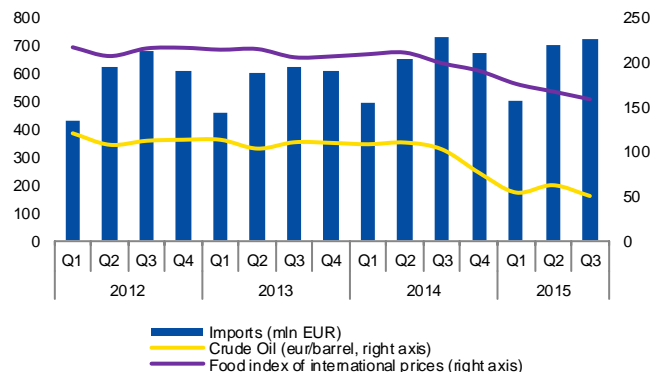
Within the structure of exports, with a higher share were characterized the exports of intermediate goods (about 79 percent of total goods exported), which marked a growth of their value of 0.8 percent compared to the previous year. Intermediate goods that Kosovo exports to

Figure 44. Structure of exports by category, in percent



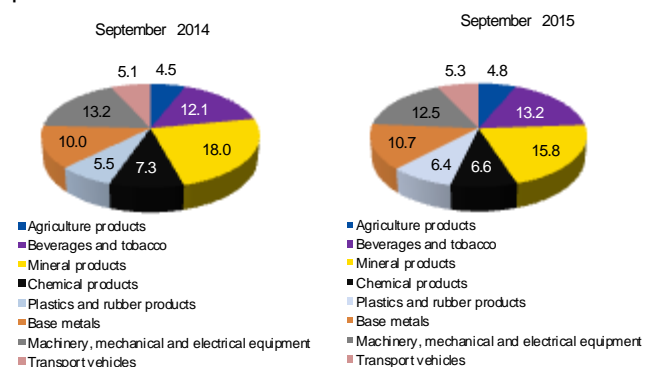
Source: KAS (2016)

Figure 45. Total imports (noncumulative) and international oil and food prices



Source: KAS (2016), IFS and FAOUN

Figure 46. Structure of imports by category, in percent

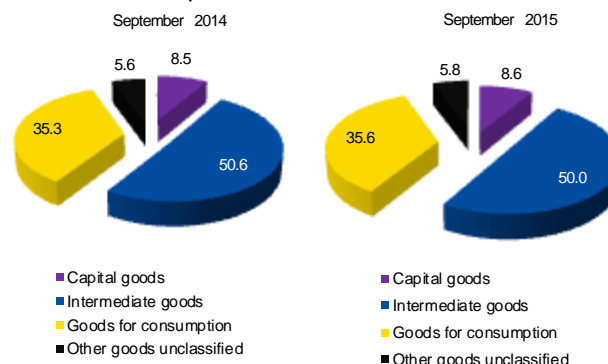


Source: KAS (2016)

other countries are mainly unprocessed and processed industrial equipment. A lower share have exports of consumer goods (around 16 percent) and capital goods (3 percent).

The total value of imported goods in Kosovo until September 2015 was EUR 1.9 billion (about 45 percent of GDP), which represents an annual increase of 2.3 percent. The growth trend of the value of total imports in 2015 was negatively affected by the price decline of the major import products, namely mineral products, food and metal products (figure 46). The value of imports of mineral products marked an annual decline of 10 percent during the period, reaching EUR 311.8 million . Mineral products, which are mainly dominated by oil, have at the same time the highest share to total imports in the country (16 percent in September 2015) (figure 47). Besides the mineral products category, all other import categories were characterized by growth of value in the first nine months of 2015. The value of total imports of base metals recorded an annual growth of 10 percent, reaching EUR 186.0 million in the first nine months of 2015. The imports growth of base metals is mainly attributed to the increase in demand and as a result, the quantity increase of imports of iron metals and articles thereof, during this period. On the other hand, the annual growth of imports of chemical products (7 percent), imports of transport vehicles (19 percent), machinery, mechanical equipment (3 percent), and imports of textile products (2 percent) until September 2015 can be attributed to some extent the to the increased activity in the processing industry in Kosovo during the reporting period.

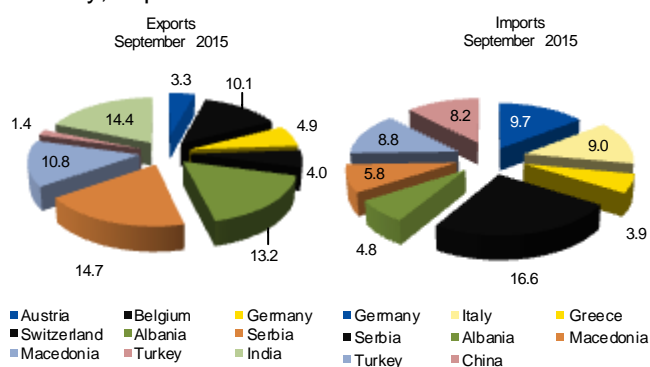
Figura 47. Structure of imports by BEC classification, in percent



Source: CBK (2016)

Within the structure of imports, the share of capital goods of 9 percent remains low, although in the first nine months of 2015 was characterized by an annual growth of 4.4 percent. Until September 2015, the value of imports of intermediate goods marked an increase of 1.8 percent compared to the previous year, while the value of imports of consumer goods during this period increased by 3.6 percent. Intermediate goods continue to have the highest share within the total structure of goods imported into the country (about 50 percent), while consumer goods have a share of about 36 percent. The remaining share of around 6 percent belongs to uncategorized goods import (figure 48).

Figure 48. Structure of imports and exports by country, in percent



Source: KAS (2016)

Kosovo's main trading partners in 2015 continued to remain the EU and the Western Balkan countries. Until September 2015, around 31 percent of total exports were designated for EU countries. Within the EU countries, Kosovo's exports were mainly concentrated in Belgium,

Germany, Switzerland and Austria. Regarding the countries of the region, Kosovo continues to export more to Albania, Serbia and Macedonia. A significant share of Kosovo’s exports is also designated for India and Turkey (figure 48). Within the countries of the region, Kosovo continues to export to Albania mainly iron and steel and articles thereof, base metals, plastic products, beverages, mineral products, etc.. In Montenegro and Macedonia, Kosovo exports mainly base metals, tobacco, textile products, articles of paper, stone and ceramic articles, etc.

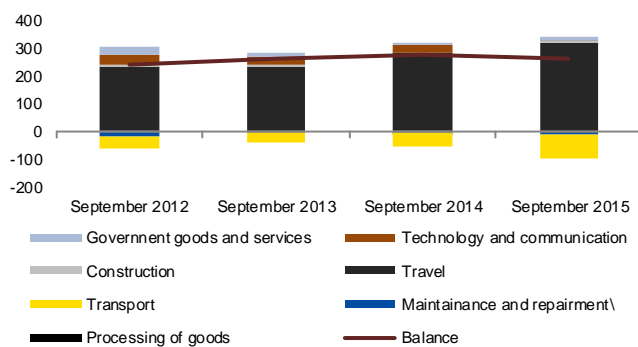
On the other hand, imports originating from the EU represent about 42 percent of total imports of Kosovo. In September 2015, the majority of imports came from Germany, Italy and Greece. In the context of other European countries and countries from Asia, Kosovo continued to import significant quantities of goods from Turkey and China. Whereas, within the region countries, the majority of imports come from Serbia, Macedonia and Albania.

As in previous periods, Kosovo continues to import mineral products mainly from Italy and Greece, while from Germany imports machinery, mechanical and electrical equipment, transport equipment, plastic products, tobacco etc. Trading partners in the region, namely from Serbia and Macedonia, Kosovo mainly imports mineral products, mechanical and electrical equipment, ceramic products, beverages and food products, etc. From other European countries and Asia, particularly from Turkey and China, imports consist mainly of iron and steel products, mechanical and electrical equipment, ceramic products, textile, etc.

Services

The balance of services up to September 2015 had a value of EUR 265.7 million, representing a decrease of 3.9 percent compared with the balance recorded in the same period of the previous year. The reduction of the balance of services account in this period mainly reflects faster growth of payments to non-residents by Kosovo residents, against the growth of revenues from sales of services to nonresidents. Exports of services during the first nine months of 2015 amounted to EUR 618.4 million, representing an annual increase of 7.2 percent. While imports of services amounted to EUR 352.7 million, representing an annual expenditures increase of 17.5 percent.

Figure 49. Structure of net exports of services

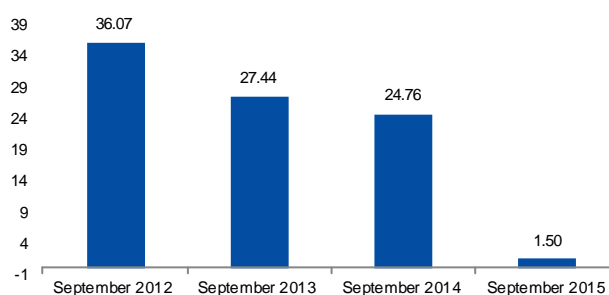


Source: CBK (2016)

Within the balance of services, the main category continues to be the travel category (figure 49). Until September 2015, the balance of travel services account amounted to EUR 319.2 million, which compared with the previous year represents an annual increase of 13.0 percent. Although the travel services were characterized with an export and import increase, the highest share of exports in the category of travel led to the overall balance of travel services to mark a growth. Revenues from travel services reached a value of EUR 443.0 million, thus marking an annual increase of 15.4 percent, and consist mainly of the non-residents expenses during their stay in Kosovo. In the same period, payments for travel services of Kosovo residents amounted to EUR 123.8 million, representing an annual increase of 21.9 percent.

Until September 2015, computer services, information and telecommunication services were characterized by a significant reduction of the balance to EUR 1.5 million compared with EUR 24.8 million in the same period of the previous year (figure 50). The balance of this category was reduced primarily as a result of the reduced activity of telecommunication companies in Kosovo's economy, which may have resulted from the continuous advancement of technology in terms of providing innovative telecommunication products that are offered as free of charge.

Figure 50. Computer, information and telecommunication services, in € millions of EUR



Source: CBK (2016)

In the first nine months of 2015, the positive services balance of construction was characterized with an increase. In this period, the services balance of construction amounted to EUR 7.4 million (EUR 3.1 million up to September 2014). The increased services balance of construction mainly reflects the increase of construction services export and the decline of imports of these services. Also, with an annual increase were characterized other business services, which up to September 2015 amounted to EUR 32.6 million (EUR 12.5 million up to September 2014). The increase in the balance of other business services was mainly a result of higher decline in imports compared to the decrease in exports of other business services.

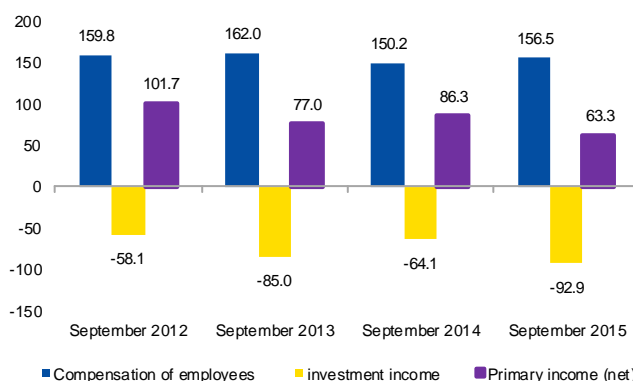
In the first nine months of 2015, manufacturing services (primarily services of “goods for processing” as processing, packaging, etc.) recorded a significant annual increase, although the value of these services remains low in the amount of EUR 4.7 million (EUR 2.4 million in the first nine months of 2014). The positive balance in manufacturing services, which are services on goods categorized as goods for processing, increased in the first nine months of 2015 as a result of faster growth of exports of these services against the growth that was marked by imports.

Primary income

The primary income account until September 2015 had a positive balance of EUR 63.3 million, which is 26.6 percent lower compared with the previous year's balance. In the context of primary income account, receipts were characterized by an annual growth of 4.4 percent, reaching a value of EUR 168.7 million. Conversely, payments marked an annual increase of 39.8 percent, thus reaching the value of EUR 105.4 million.

The largest category within the primary income account remained revenues from compensation of employees (figure 51). Proceeds from the compensation of employees, which mainly consist of income of seasonal workers abroad, until

Figure 51. Primary income, in millions of EUR



Source: CBK (2016)

September 2015 reached a value of EUR 159.7 million (EUR 154.1 million up to September 2014).

On the other hand, the payments for compensation of employees involving non-resident workers engaged in Kosovo for a period of less than a year declined to EUR 3.2 million compared to EUR 3.9 million as they were until September 2014.

Income from investments from abroad had a negative balance of EUR 92.9 million (EUR 64.1 million to September 2014). Receipts under investment income increased to EUR 7.6 million until September 2015 (EUR 6.5 million in the same period of 2014), while payments increased their value to EUR 100.5 million (EUR 70.7 million in the first nine months 2014) . Investment income consists primarily of income realized by investments of local institutions (securities, deposits, etc.) in foreign markets, while payments consist mainly of income derived from investment of foreign companies operating in the country as commercial banks and foreign enterprises. In this context, investment income until September 2015 increased mainly due to increased revenues from CBK investments in foreign markets, namely the growth of revenues from investments in deposits. Meanwhile, the growth of payments within investment income mainly resulted from the increase in capital and investment fund of companies in the first nine months of 2015.

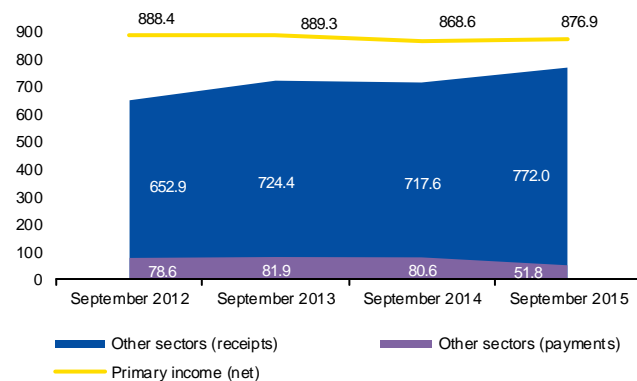
Secondary income

The secondary income account, until September 2015, reached the value of EUR 876.9 million, representing an annual increase of 0.9 percent (figure 52). The structure of secondary income continues to be dominated by transfers from the private sector (financial corporations, non financial corporations, households, etc.), which represented 82 percent of total secondary income, while the remaining 18 percent is comprised of government transfers. The reduction of the balance of the secondary income during the first nine months of 2015 was due to lower income within the government transfers.

The balance of government transfers (donor transfers, EULEX and UNMIK) decreased to EUR 156.7 million compared to EUR 231.6 million as it was in September 2014, mainly as a consequence of donations reduction.

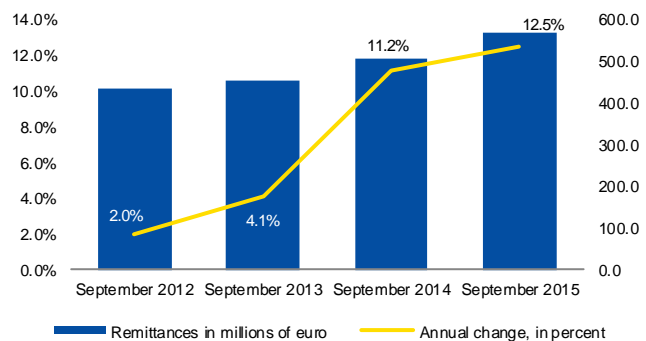
Remittances, which account for 74 percent of total transfers of the private sector, were characterized with an increase until September 2015.

Figure 52. Secondary income, in millions of EUR



Source: CBK (2016)

Figure 53. Remittances



Source: CBK (2016)

Remittances received in Kosovo reached the value of EUR 568.8 million, representing an annual increase of 12.5 percent (figure 53). The growth of remittances in this period can be attributed to some extent to the economic recovery in the euro area, as well as the depreciation of the EUR against the Swiss franc, due to the fact that the largest share of remittances received in Kosovo continue to come mainly from Germany and Switzerland (36.0 and 22.4 percent, respectively, of total remittances received in the country). A considerable amount of remittances is also sent from Italy and Austria, which have a share of 4.7 and

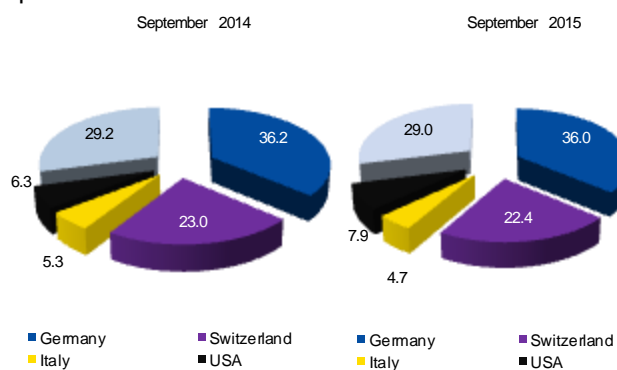
3.6 present, respectively, of total remittances received in Kosovo (figure 54). In the first nine months of 2015, it is observed an increase in the share of remittances sent from the USA with an average of 7.9 percent (6.3 percent in the same period of the previous year). Regarding the transferring channels of remittances, about 27 percent of remittances received in Kosovo are received through the banking sector, while 41 percent are received through money transferring agencies. The remainder of remittances are transferred through other channels including also informal channels. In the past five years, it has been marked a constant growth of the share of remittances received through the banking sector and money transferring agencies, while at the same time, there was a decrease in the share of remittances received through other channels.

On the other hand, remittances of non-residents from Kosovo to other countries recorded a value of EUR 43.5 million in the first nine months of 2015, representing a decrease of 19.5 percent compared with the same period of the previous year.

8.2. Financial account

Financial account until September 2015 registered a balance of EUR -152.1¹³ million compared with the balance of EUR -37.6 million in September 2014. Assets reached a value of EUR 194.5 million or were higher for 28.6 percent compared to the same period of the previous year, while liabilities amounted to EUR 346.7 million or were higher for 83.6 percent compared to the same period of the previous year. Within assets the main category were reserve assets outside Kosovo's economy, while concerning the liabilities the main category continues to be foreign direct investments in Kosovo (table 4).

Figure 54. Structure of remittances by countries, in percent



Source: CBK (2016)

¹³ Negative balance of the financial account implies more investments realized in Kosovo by non-residents compared to investments of Kosovo residents abroad.

Table 4. Financial account, in millions of EUR

Description	September 2012	September 2013	September 2014	September 2015
FINANCIAL ACCOUNT	-74.3	-70.0	-37.6	-152.1
<i>Assets</i>	251.2	214.2	151.2	194.5
Foreign Direct Investments(outgoing)	11.8	21.8	16.9	20.9
Portfolio investments	207.2	227.0	112.7	54.0
Other investments	-193.0	-112.1	-2.1	-0.5
Reserve assets	225.2	77.6	23.8	120.1
<i>Liabilities</i>	325.6	284.2	188.8	346.7
Foreign Direct Investments(incoming)	178.8	219.6	121.7	270.4
Portfolio investments	0.0	0.0	0.0	0.0
Other investments	146.7	64.6	67.0	76.3

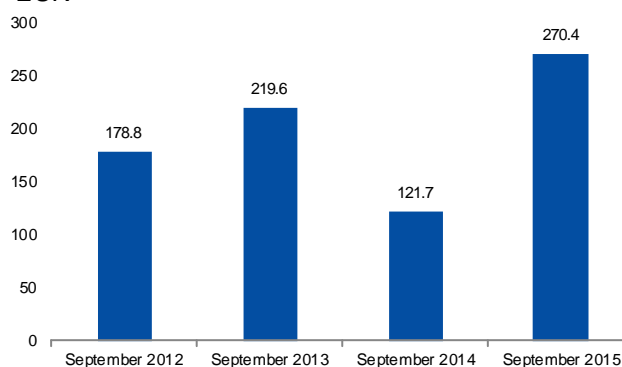
Source: CBK (2016)

Foreign Direct Investments (FDI)

received in the country reached a value of EUR 270.4 million, namely EUR 148.6 million more than in the same period of 2014 (figure 55). The FDI increase was a result of the higher FDI inflow, while the high difference with the same period of the previous year was due to the fact that 2014 was characterized by the distribution of the superdividend¹⁴ and the sale of the shares of foreign companies. Also direct investments of Kosovo residents to other countries were higher compared to the same period of the previous year and reached a value of EUR 20.9 million (EUR 16.9 million up to September 2014). Direct investments of Kosovo residents outside Kosovo's economy are mainly capital investments, which in primarily consist of the real estate purchase in the regional countries, and also in Germany and Switzerland.

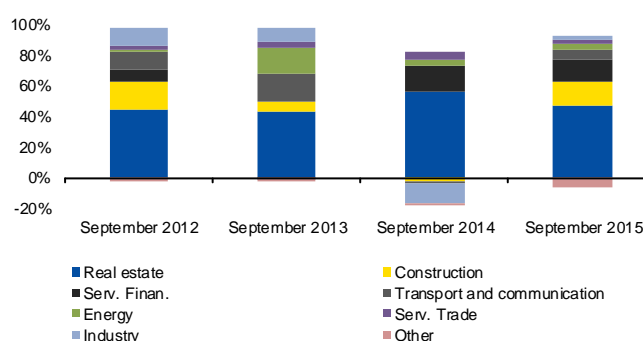
The balance of direct investments, expressed as the difference between direct investments of Kosovar residents in other countries and FDI in Kosovo, until September 2015, was EUR -249.5 million, or EUR 144.6 million more than in the same period of the previous year.

Figure 55 Foreign direct investments, in millions of EUR



Source: CBK (2016)

Figure 56. Structure of FDI by main economic sectors, in percent



Source: CBK (2016)

¹⁴ The superdividend implies the dividend which is higher than the company's profits in the appropriate period. The distribution of the superdividend has an effect on the decrease of the share capital, representing a reduction of FDI.

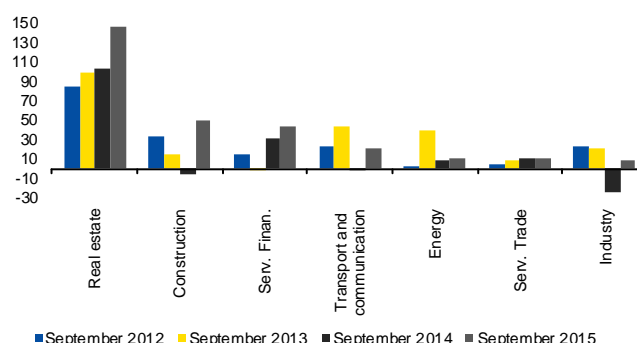
FDI in Kosovo were concentrated in sectors of the economy like real estate with 54.2 percent of total FDI realized until September 2015, construction with 18.7 percent, financial services with 15.7 percent, transport and communication with 7.7 percent, energy with 4.2 percent, etc. (figure 56). As depicted in figure 57, almost all the sectors marked an increase in FDI.

The value of investments in real estate was higher for EUR 43.5 million compared to the same period of the previous year, while investments in the financial sector were higher for EUR 11.1 million. Also investments in construction and industry, which in 2014 had marked a withdrawal of capital (purchase of several foreign companies from local owners), until September 2015 marked a considerable increase.

Regarding the form of investments, FDI received in Kosovo in the form of equity capital was about 70.7 percent, while the remainder of 29.3 percent in debt instruments (inter company loans). As depicted in figure 58 both of these categories marked a considerable increase in value compared to the same period of the previous year. More specifically, investments in shareholders capital marked an increase from EUR 95.9 million as they were in September 2014 to EUR 191.0 million in September 2015 while inter-company loans (debt instruments) were increased from EUR 25.8 million to EUR 79.3 million.

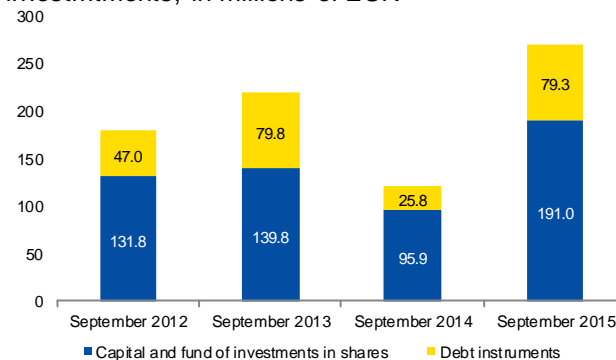
As regards the origin of FDI, Switzerland represents the country from where the majority of FDI came in September 2015 (EUR 61.5 million), followed by Turkey with EUR 49.4 million, United Kingdom with EUR 32.7 million, Albanian with EUR 28.8 million), Slovenia with EUR 25.3 million, Germany with EUR 20.8 million etc. (figure 59). Almost all countries have increased their investments in Kosovo, whereas Germany has marked a decrease of EUR 10.1 million.

Figure 57. FDI by main economic sectors, in millions of EUR



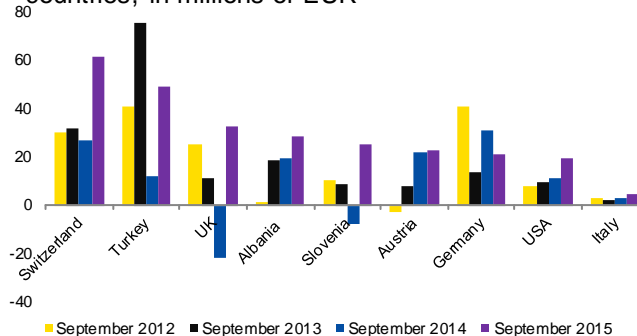
Source: CBK (2016)

Figure 58. Foreign Direct Investments by form of investments, in millions of EUR



Source: CBK (2016)

Figure 59. Foreign Direct Investments by main countries, in millions of EUR

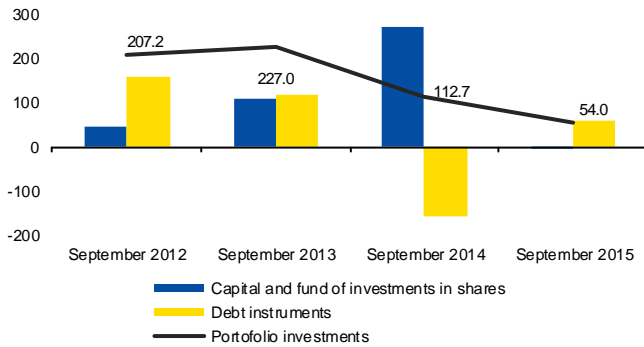


Source: CBK (2016)

Portfolio investments, other investments and reserve assets

Portfolio investments abroad until September 2015 reached the value of EUR 54.0 million, while in the same period of the previous year had reached a value of EUR 112.7 million (figure 60). In the recent years it was observed a decrease on portfolio investments outside of the country's economy, which is interlinked with investments of some pension savings part in Kosovo's Government securities. The majority of portfolio investments realized until September 2015 was comprised by commercial banks investments, while the remainder belongs to the Central Bank where are included also the pension savings. While in 2014 it was observed a reallocation of assets from debt securities to capital securities, until September 2015 investments in capital securities were decreased for about EUR 3.9 million while investments in debt securities reached the value of EUR 57.9 million. This change of investments strategy may have had happened because the investments in debt securities are considered safer investments and are with shorter maturity.

Figure 60. Assets of portfolio investments, in millions of EUR

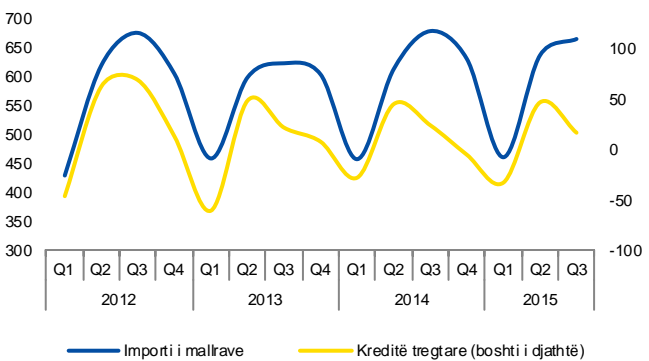


Source: CBK (2016)

Assets within other investments, which primarily account for deposits and loans, decreased for EUR 0.5 million. The decrease of assets within other investments is attributed to the decline of deposits, mainly from commercial banks, which until September 2015 marked a decrease of EUR 34.7 million. Conversely, bank loans to nonresidents marked a growth of EUR 28.5 million. Due to the recovery of the economic situation on the global level, banks may have shifted their investments from deposits to loans, reflecting a higher increase of the profit.

Within other investments, liabilities marked an increase of EUR 76.3 million. This increase in liabilities was primarily due to increased liabilities in the form of commercial loans, which reached the level of EUR 32.0 million. As shown in figure 61 the increase of commercial loans has a relatively high correlation with the growth of imports. Also deposits of nonresidents in commercial banks in Kosovo had marked an increase, thus reaching a value of EUR 20.1 million.

Figure 61. Trade loans and imports, in millions of EUR



Source: CBK (2016)

Reserve assets, which mainly are invested in the money market instruments and in deposits, until September 2015 marked a value of EUR 120.1 million compared to the level of EUR 23.8 million until September 2014. Reserve assets in the form of deposits reached the value of EUR 97.2 million until September 2015 while investments in securities were around EUR 22.9 million. However, taking into account that in Kosovo is used EUR as the official currency, which is

accepted in any international transaction, can be considered that reserve assets in Kosovo are not of a such importance compared to most of other countries

8.3. International Investment Position

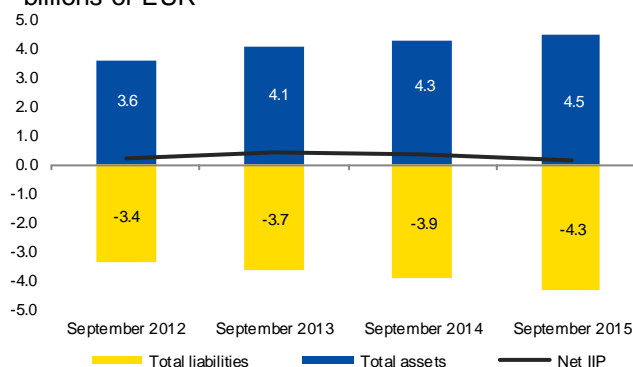
Net International Investments Position (IIP)¹⁵ in September 2015 was positive and had a value of EUR 151.3 million (figure 62). The positive balance of IIP has followed an upward trend since 2012, where as a share to GDP from 4.7 percent in September 2012 reached 6.8 percent in September 2014, while decreased again to 2.6 percent in September 2015.

The stock of the external financial assets of Kosovo in September 2015 reached the value of EUR 4.5 billion (an annual increase of 4.5 percent). Other investments (mainly deposits) contributed mostly the assets growth, which marked a growth of 6.2 percent while portfolio investments marked a same level as in September 2014 (figure 63).

Portfolio investments, which have a considerable share to assets stock abroad (30.1 percent), are invested mainly in shares of capital markets (77.2 percent), whereas the remainder (22.8 percent) in debt securities. Around 40.7 percent of portfolio investments were invested in Ireland, followed by investments in Luxembourg with 36.9 percent, Germany with 5.4 percent, etc.

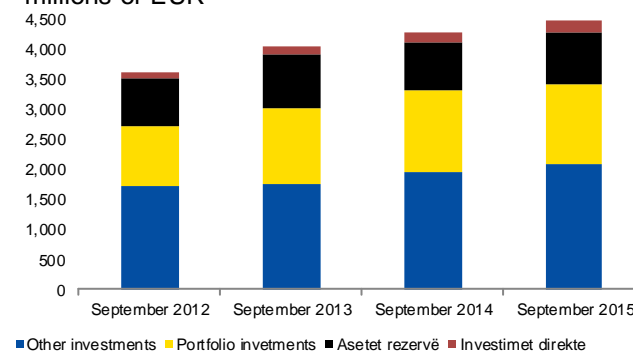
Also the stock of foreign direct investments abroad of Kosovar residents marked a considerable growth (18.9 percent), but the contribution in the growth of assets growth was lower as only 4.3 percent of total assets belong to this category. Direct investments are over 95 percent invested in shareholders capital and are mainly focused in real estate purchase

Figure 62. International investments position, in billions of EUR



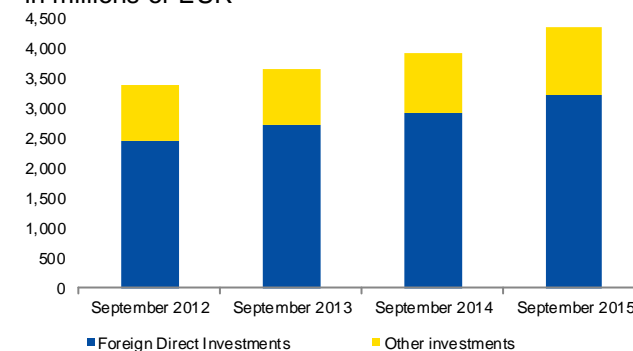
Source: CBK (2016)

Figure 63. Stock of assets by type of investments, in millions of EUR



Source: CBK (2016)

Figure 64. Stock of liabilities by type of investments, in millions of EUR



Source: CBK (2016)

¹⁵ IIP represents the balance at the end of the appropriate time of external financial assets and liabilities. Balance at the end of the period is a result of all transactions arising from the past, including corrections due to changes in the exchange rate to calculate the value of financial assets / liabilities on the day of reporting or changes in the market price. Positive balance of the IIP implies that assets invested abroad are higher than the value of assets invested by other countries in Kosovo.

in the countries of the region. Albania represents the country where the majority of direct investments was invested by Kosovar investors (22.8 percent of total direct investments), followed by Germany (12.8 percent), Macedonia (7.0 percent), etc.

The total value of external financial liabilities of Kosovo in September 2015 reached EUR 4.3 billion (10.8 more than in September 2014). Since the majority of Kosovo's assets are invested in debt instruments, the liabilities of Kosovo's economy are dominated by FDI (74.2 percent), which presents a favorable structural feature of liabilities as the FDI (besides inter-company loans) are not included within the debt. Besides that FDI dominate the liabilities structure, this category has mostly contributed also to the growth of total liabilities during this period (figure 64). The FDI stock until September 2015 reached EUR3.2 billion, representing a growth of 10.2 percent compared to the same period of the previous year. Turkey, represents the country with the most of FDI (10.4 percent of total FDI stock) received in Kosovo, followed by Germany (8.5 percent), Slovenia (7.5 percent), Switzerland (7.4 percent), etc.

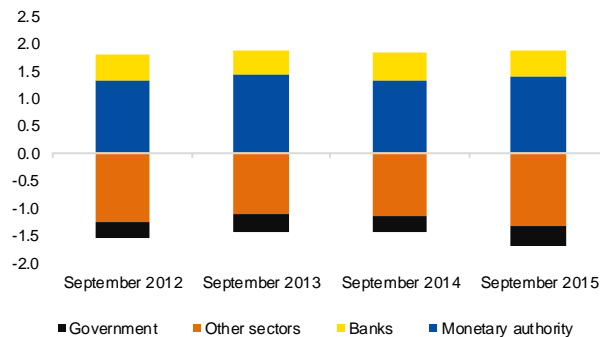
Concerning the industrial sector, the Central Bank and commercial banks have continuously had positive balance of international investments position (EUR1.4 billion and EUR 472.7, million, respectively, in September 2015), while other sectors¹⁶ and the government have consistently had a negative balance (EUR 1.3 billion and EUR 367.2 million) (figure 65).

8.4. External debt

The Kosovo's external debt which includes the private and public external debt¹⁷, in September 2015 reached EUR 1.9 billion, which is for 12.3 percent higher than in September 2014. As a share to GDP, the gross external debt reached 33.2 percent (figure 66). Public external debt has a low share to total gross external debt, which reflects the low share of Kosovo's total general debt.

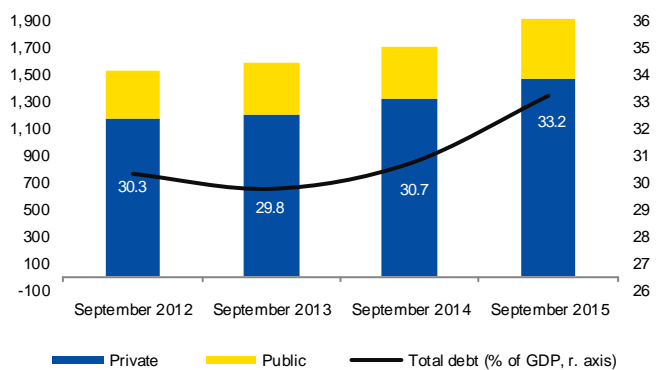
The external public debt in September 2015 had a value of EUR 436.8 million.

Figure 65. Net international investment position, in billions of EUR



Source: CBK (2016)

Figure 66. Gross external debt, in millions of EUR



Source: CBK (2016)

¹⁶ Within other sectors are included: pension funds, financial auxiliaries, insurance companies, non-governmental organizations, private companies, and individuals.

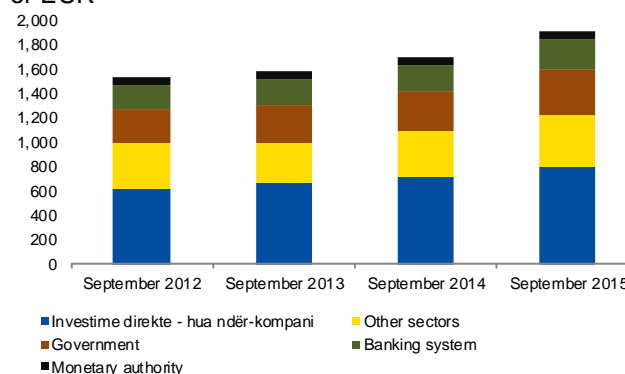
¹⁷ The public debt includes government and the central bank debt, while private debt is comprised of intercompany loans, banking system, and other sectors.

The majority of the external debt accounts for the inter-company borrowings (figure 67). Foreign companies which operate in Kosovo owe the external sector EUR 797.7 million or 41.6 percent of total external debt. Also other sectors have a considerable share to total general debt (EUR 438.2 million or 22.8 percent of total external debt. The government external debt, with a value of EUR 367.2 million, is mainly inherited debt implying that it is a long-term debt and comprises 19.1 percent of total gross external debt. Around 55.0 percent of the total public debt is expected to be returned in a long-term period (over 5 years), 32.1 percent in medium term period (1 to 5 years) and only 13.0 percent in short-term period (below 1 year). The stock of gross external debt of the banking system in September 2015 was EUR 247.0 million or 12.9 per of total external debt. This is a short-term debt and the majority is comprised of nonresidents' loans and deposits. With a lower share to total external debt is presented the Central Bank (EUR 69.5 million or 3.6 percent of total external debt). The Central Bank liabilities mainly belong to Special Drawing Rights (SDR) from the IMF. Special Drawing Rights: SDR) nga FMN-ja.

Regarding the creditors, total external debt of EUR 1.9 billion belongs to IMF with 10.6 percent, to the World Bank with 10.9 percent and other creditors (more than half of the debt to other creditors is inter-company lending) with 78.5 percent.

The external sector debt to Kosovo's economy was EUR 3.2 billion in September 2015. These funds are primarily invested abroad, including the privatization proceeds and the Kosovo Pension Savings Fund assets, which are invested mainly in deposits (82.1 percent) and debt securities (12.3 percent).

Figure 67. Gross external debt by sectors, in millions of EUR



Source: CBK (2016)

9. Macroeconomic projections for 2016

9.1. Gross Domestic Product

Kosovo's economy in 2016 is expected to reach a real growth rate of 3.2 percent. This growth is expected to be mainly generated by domestic demand, while net exports are forecasted to continue to have a negative impact on the GDP growth rate (figure 68).

Consumption, as the main component of the domestic demand, is expected also in 2016 to have the main contribution to the economic growth (figure 69). The real growth of the general consumption is expected to be 2.1 percent, based on the expectations that the private consumption will mark a growth of 2.6 percent and public consumption will remain the same as in the previous year. Factors which are expected to affect the private consumption growth during this period are considered to be the increase of remittances and the growth of loans. Until the end of 2016 remittances are expected to mark an annual growth rate of 3.0 percent. Also, loans to households, which in the two previous years have marked a considerable growth (10.2 percent in 2014 and 9.7 percent in 2015), are expected to continue with this growth trend also in 2016.

Investments in 2016 are expected to record higher growth than in 2015. Real growth rate of total investments in 2016 is expected to be 8.6 percent compared with 8.3 percent as it was estimated to have been in 2015. Unlike in 2015, when the public investments declined slightly, the year of 2016 is expected to be characterized by a significant increase in public investments, which are expected to record a real growth of 11.7 percent. Furthermore, private investments, which in the previous year accounted for about 74.4 percent of total investments, are expected to grow in 2016. Real growth rate of private investments is expected to be around 7.6 percent. Significant contribution to the growth of private investments is expected to continue to be marked by the bank lending, which is being characterized by a more accelerated growth rate and lower interest rates. Also, the changes in tax policy as the exemption from VAT of production lines and machinery related to the manufacturing, as well as the exemption from VAT of information technology equipment, is expected to encourage private investments. The growth of total investments position is expected to contribute to the growth of FDI, which also in the previous years have been positively correlated with overall economic activity.

Figure 68. Real GDP growth rate, domestic and external demand, in percent

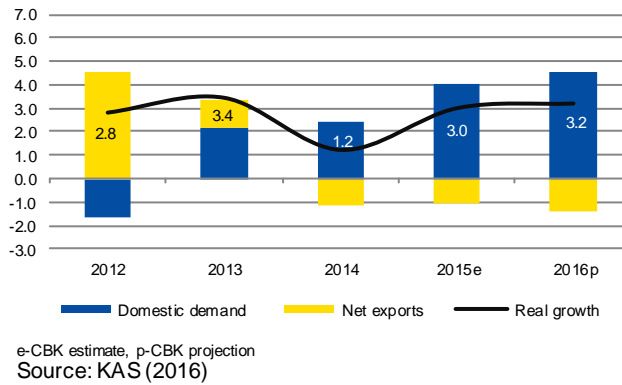
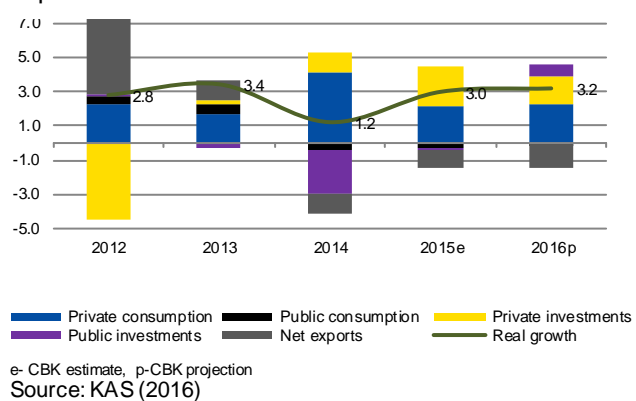


Figure 69. Real GDP growth rate and its contributors, in percent



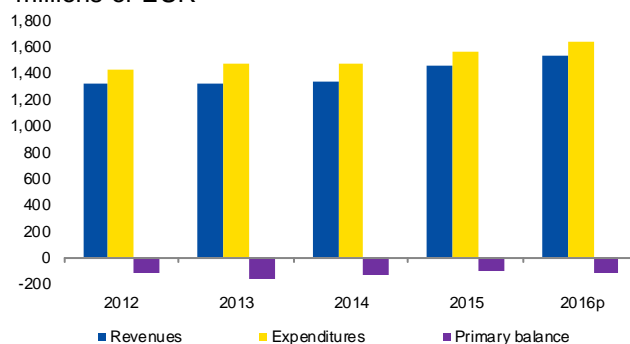
Net exports of goods and services in 2016 are expected to continue to have a negative impact on the GDP growth. The negative impact of net exports is attributed to increased domestic demand which is expected to have an impact to the increase of imports. Within goods, the current projections show that exports will mark a growth of about 3.4 percent in real terms, while imports are expected to increase by around 3.7 percent. This higher level of goods imported compared to exports will affect the goods trade deficit to deepen by 3.8 percent in real terms. On the other hand, positive trade position within the services is expected to be similar to the previous year's.

9.2. Fiscal Sector

According to the CBK forecasts, budget revenues in 2016 are expected to increase by 4.9 percent, while budget expenditures are expected to grow by 5.3 percent (figure 70). Budget revenues are expected to reach EUR 1.53 billion and to record an increase from 25.5 percent of GDP in the last year to 25.8 percent in 2016. This increase in budget revenues is expected to be a result of the full effect of the new fiscal package undertaken during 2015 but to the forecasts for increased economic activity. Border tax revenues are projected to reach about EUR 975.2 million or 3.7 percent more than in 2015, while local tax revenues are expected to reach EUR 369.9 million or 7.7 percent more compared to 2015.

Budget expenditures in 2016 are expected to reach EUR 1.65 billion or 5.3 percent more than in the previous year, while as a percentage to GDP, the budget expenditures are expected to remain similar to last year (27.7 percent of GDP). Current expenditures are expected to reduce their share to total expenditures from 73.9 percent in 2015 to 72.3 percent in 2016. Wages and salaries and subsidies and transfers are expected to increase by 2.6 percent and 6.1 percent, respectively, while goods and services are expected to decline by 2.2 percent. On the other hand, capital expenditures are projected to increase by 12.4 percent in nominal terms and, therefore, are expected to increase their share to total expenditures from 25.3 percent as they were estimated to have been in 2015 to 27.0 percent in 2016.

Figure 70. Primary income and expenditures, in millions of EUR



p-CBK projection
Source: MF (2016)

9.3. Banking Sector

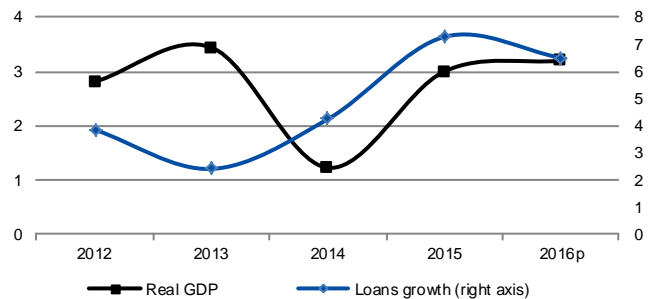
The growth rate of bank lending in 2016 is expected to be similar to the previous year (around 7 percent) (figure 71). The easing of lending standards by banks, the decline of interest rates on loans, but also the increase of the general demand in the country are expected to increase the demand for loans. The CBK projections for lending growth are also in line with the reports of the banks stated in the bank lending survey, the results of which suggest that there will be an acceleration in the lending activity during the upcoming periods.

Deposits of the private sector during 2015 are expected to continue with their growth trend as they were continued in the recent years. The growth rate of the private sector deposits during 2016 are expected to reach 5.9 percent (figure 72). The expected trend of deposits is related to national disposable income which are expected to grow by 3.6 percent in 2016.

9.4. External Sector

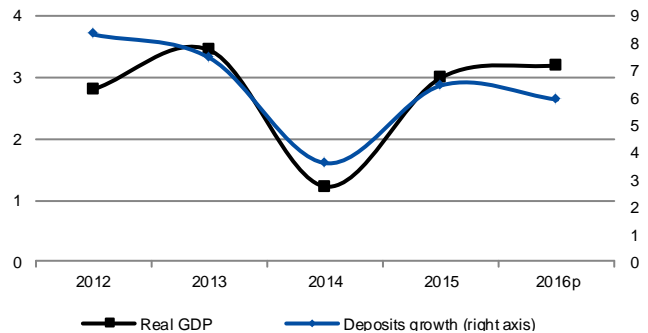
In 2016, the external sector is expected to be characterized with a growth of the current account and financial account deficit compared with the previous year (figure 73). The value of the current account deficit is projected to reach EUR 568.2 million or 10.3 percent more than in the previous year. Conversely, the balance of the financial account is projected to be EUR -314.8 million or 20.3 percent more than in the previous year. The current and the capital account deficit is expected to be equivalent to 9.6 percent of GDP in 2016 (9.0 percent in the previous year).

Figure 71. Growth rate of loans and and real GDP growth rate, in percent



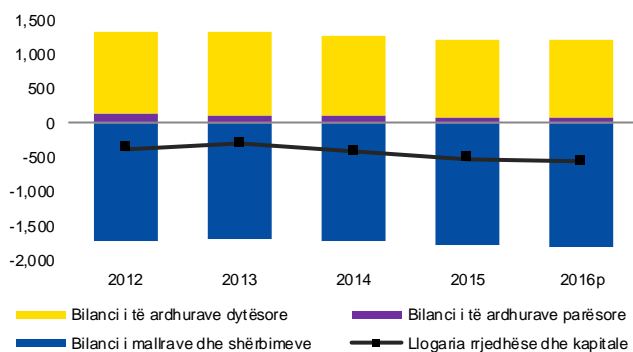
p- projection
Source: CBK (2016)

Figure 72. Growth rate of deposits and real GDP growth rate, in percent



p- projection
Source: CBK (2016)

Figure. 73 Current account, in millions of EUR



p- projection
Source: CBK (2016)

In 2016, the nominal value of exports of goods is expected to reach EUR 330.9 million, representing an annual increase of 2.6 percent. Forecasts for export growth in 2016, mainly are based on expectations for accelerating the growth pace of the activity in some of the Kosovo's economic sectors as agriculture and manufacturing, as well as forecasts for the growth in external demand. According to IMF forecasts, the euro area economy is expected to mark a growth of 1.6 percent in 2016 (1.4 percent in 2015), while Western Balkans economy is

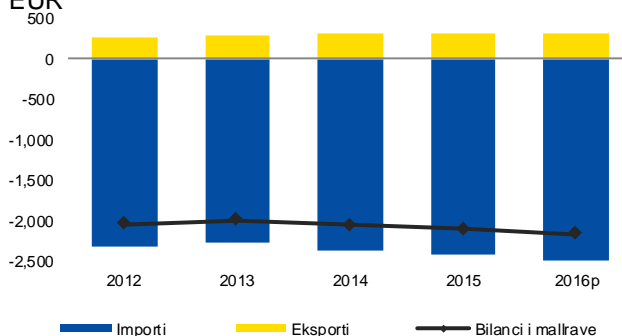
expected to record a growth of 3.3 percent (2.5 percent in 2015). Export of goods is expected to be negatively affected by the price decline in the international markets, especially by the price decline of metals, while changes in tax policy as exemption from VAT of manufacturing lines and machinery related to that manufacturing and the information technology equipment, are expected to be stimulated by private investments which would increase the manufacturing capacity and consequently the export of goods as well. Besides the changes in tax policy, also the Stabilization and Association Agreement (SAA) represents a possibility for export growth. With SAA, Kosovar manufacturers will be able to import manufacturing machinery from the EU without paying customs tax which will affect the growth of their competitiveness. Also, exports from Kosovo will have easier access to EU markets. In addition to these measures, part of SAA are the Pre-membership Instruments (PMI II), through which the EU provides to help Kosovo on reforms needed - mainly to increase competitiveness capacity, with about EUR 645.5 million until 2020.

Import of goods is expected to reach the value of EUR 2.5 billion in 2016, representing the annual nominal value of 3.0 percent (figure 74). The increase of the value of total imports is expected to be caused by the increase of total demand in the country during 2016. Also the decrease in import prices is expected to affect the amount of import growth.

The goods and services deficit is expected to be EUR 1.8 billion, representing an annual increase of 3.0 percent compared with the previous year. This increase in the deficit of goods and services is attributed to the increase of goods deficit of 3.0 percent, while the surplus in services is expected to grow by 3.2 percent and reach EUR 341.4 million. In 2016, imports and exports of services are expected to grow by about 2.7 percent and 3.0 percent, respectively, where the higher weight that export has to total trade in services is expected to affect the growth of the surplus of the services account. Import of services are expected to reach EUR 447.4 million in 2016, while export of services are expected to reach EUR 799.9 million. The increase of services import in 2016 is expected to be generated primarily by increased imports of travel services, transportation and construction services. Meanwhile, the exports growth of services in 2016 is expected to be generated by increased exports of travel services that primarily represents the migrants expenses during their stay in Kosovo.

The balance of the secondary income account in 2016 is expected to record a surplus of EUR 15.1 billion, which is for 0.4 percent more than the surplus recorded in the previous year. This increase of the surplus is mainly attributed to the forecast of remittances growth of 3.0 percent.

Figure 74. Export and import of goods, in millions of EUR



p-projection
Source: CBK (2016)

Remittances growth is closely related to the economic activity of the countries from where the remittances are sent. About 60 percent of remittances come from Germany and Switzerland, the countries for which the IMF has projected an economic activity growth of 1.6 percent and 1.3 percent, respectively, in 2016 (1.5 percent and 1.0 percent in 2014). On the other hand, government transfers are expected to decline by 6.4 percent.

The balance of financial account is expected to reach a level of EUR -314.8 million or 20.3 percent more than the balance of this account marked in the previous year. FDI is expected to remain the key component of the financial account, which for 2016 is projected to be characterized by an increase of 3.9 percent.

10. Statistical Appendix

Table 1. Main macroeconomic indicators

Description	2012	2013	2014	2015 (e)	2016 (p)
	<i>In millions of euro (nominal value)</i>				
Gross Domestic Product (GDP) /1	5,058.8	5,326.6	5,567.5	5,706.8	5,939.1
Consumption	5,320.4	5,539.4	5,855.3	5,928.9	6,094.6
Investments	1,465.1	1,470.9	1,434.9	1,545.8	1,665.6
Net Exports	-1,726.7	-1,683.6	-1,722.7	-1,767.9	-1,821.2
	<i>Change in percent, in real terms</i>				
Annual real GDP growth rate of /1	2.8	3.4	1.2	3.0	3.2
Consumption	2.6	2.2	3.7	1.8	2.1
Investments	-12.9	-0.3	-5.0	8.3	8.6
Net Exports	-12.1	-3.6	3.9	3.3	4.4
	<i>In millions of euro (nominal value)</i>				
Current account /2	-380.2	-339.4	-437.6	-541.1	-594.1
Goods Import	-2,332.0	-2,287.0	-2,382.9	-2,431.8	-2,504.5
Goods Export	281.9	291.5	324.3	322.5	330.9
Services Import	-317.6	-320.3	-431.3	-435.5	-447.4
Services export	641.4	632.5	767.2	776.9	799.9
Remittances /2	605.1	620.8	693.8	752.4	775.0
	<i>In millions of euro (nominal value)</i>				
Total banking sector loans to the private sector /2	1,739.5	1,785.7	1,881.3	2,018.4	2,149.7
Total private sector deposits in the banking sector /2	2,115.8	2,285.9	2,377.9	2,550.4	2,701.9
	<i>In millions of euro (nominal value)</i>				
Kosovo's budget /3					
Total primary income and grants	1,321.7	1,325.3	1,343.2	1,466.5	1,537.7
Total primary expenditures	1,441.0	1,485.2	1,477.3	1,565.6	1,648.1
General deficit as % of GDP	-3	-3	-3	-2	-2
	<i>Change i percent</i>				
Real economic growth /4					
Global	3.4	3.3	3.4	3.1	3.6
Euro area	-0.8	-0.3	0.9	1.5	1.6
European developing countries	1.3	2.9	2.8	3.0	3.0

1/ Kosovo Agency of Statistics for 2012-2014

2/ Central Bank of the Republic of Kosovo for 2012-2014

3/ Ministry of Finance for 2012-2014

4/ International Monetary Fund for 2012-2016

(e) Estimate

(p) Projection

Highlighted parts present estimates and projections of the CBK

Table 2.1 Balance of payments, main components

(In millions of Eur)

Description	Balance from current and capital account							Balance from financial account					Errors and omission
	Current account						Capital account		Direct investment	Portfolio investment	Other investment	Reserve assets	
		Goods	Services	Primary income	Secondary income								
2005	-228.7	-247.6	-1,078.5	-8.5	139.1	700.3	18.9	53.8	107.6	-17.5	-68.7	32.4	174.8
2006	-205.2	-226.1	-1,173.1	29.0	158.8	759.2	20.8	-35.7	289.2	-65.4	-181.7	-77.9	240.9
2007	-197.5	-214.0	-1,354.4	112.0	186.3	842.0	16.5	5.8	-431.0	34.5	108.0	294.3	203.3
2008	-450.5	-460.9	-1,644.7	146.6	164.0	873.2	10.5	-288.4	-341.5	109.9	-75.1	18.2	162.1
2009	-273.9	-374.2	-1,646.3	227.8	60.9	983.4	100.3	-113.1	-280.9	124.8	137.8	-94.8	160.9
2010	-494.4	-515.7	-1,741.6	176.4	67.0	982.5	21.3	-275.8	-331.1	48.6	-46.7	53.4	218.5
2011	-616.4	-658.4	-2,047.1	256.3	111.3	1,021.1	42.0	-377.5	-378.9	57.8	4.8	-61.2	238.9
2012	-367.2	-380.2	-2,050.1	323.8	153.6	1,192.5	12.9	-141.0	-213.3	185.7	-374.9	261.4	226.2
2013	-304.7	-339.4	-1,995.6	312.2	121.5	1,222.4	34.7	-132.2	-250.2	139.3	14.4	-35.7	172.5
2014	-415.8	-437.0	-2,058.6	335.9	113.8	1,171.9	21.2	-145.0	-123.8	13.3	22.6	-57.0	270.8
2015	-501.8	-527.7	-2,109.3	354.4	78.0	1,149.3	25.8	-255.0	-287.3	48.8	-128.2	111.8	246.9
2012 Q1	-21.8	-20.9	-369.4	43.8	37.4	267.2	-0.9	-13.8	-55.0	81.0	-47.8	8.0	8.0
Q2	-118.4	-120.9	-543.0	75.9	43.9	302.3	2.5	-86.4	-23.5	-37.0	-36.9	11.1	32.0
Q3	-145.2	-143.5	-605.5	122.8	20.3	318.9	-1.7	25.9	-88.5	163.2	-255.0	206.2	171.1
Q4	-81.8	-94.9	-532.2	81.3	51.9	304.1	13.0	-66.7	-46.3	-21.5	-35.1	36.2	15.1
2013 Q1	-2.8	-13.4	-390.7	60.6	42.4	274.3	10.6	10.1	-57.3	53.5	20.1	-6.3	12.9
Q2	-114.3	-117.5	-518.6	79.7	32.5	288.9	3.1	-138.1	-83.8	81.7	-150.6	14.6	-23.8
Q3	-90.1	-99.7	-551.9	124.1	2.1	326.0	9.7	58.1	-56.8	91.8	-46.2	69.3	148.1
Q4	-97.5	-108.8	-534.3	47.8	44.6	333.2	11.4	-62.2	-52.4	-87.7	191.1	-113.3	35.3
2014 Q1	-34.2	-37.6	-391.9	63.3	31.4	259.7	3.4	33.4	-37.5	50.2	26.8	-6.2	67.6
Q2	-158.4	-155.8	-538.5	75.1	31.4	276.1	-2.6	-115.8	-0.2	3.2	-97.1	-21.7	42.6
Q3	-83.8	-88.4	-582.7	138.0	23.5	332.9	4.6	44.8	-67.2	59.3	1.1	51.7	128.6
Q4	-139.4	-155.2	-545.5	59.5	27.5	303.3	15.8	-107.4	-19.0	-99.4	91.8	-80.8	32.0
2015 Q1	-30.6	-31.6	-386.6	59.5	35.1	260.3	1.1	30.1	-73.5	4.9	81.8	17.0	60.7
Q2	-178.2	-177.6	-553.9	72.8	22.1	281.4	-0.6	-194.5	-77.0	50.2	-148.2	-19.5	-16.3
Q3	-99.4	-100.8	-575.4	133.4	6.1	335.1	1.4	12.3	-98.9	-1.0	-10.4	122.6	111.7
Q4	-193.6	-217.6	-593.4	88.7	14.7	272.4	24.1	-102.9	-37.9	-5.3	-51.4	-8.3	90.7
2015 January	9.8	9.8	-102.0	17.8	11.4	82.7	0.0	64.4	-27.0	15.1	45.7	30.6	54.6
February	-11.4	-12.5	-128.0	19.8	11.8	83.9	1.0	-13.1	-19.1	-19.5	31.8	-6.3	-1.7
March	-29.0	-29.0	-156.6	21.9	11.9	93.8	0.0	-21.2	-27.4	9.2	4.3	-7.3	7.8
April	-55.7	-55.8	-177.5	25.0	1.3	95.3	0.1	-60.9	-44.7	3.5	-4.7	-15.0	-5.2
May	-69.4	-68.6	-189.3	21.8	7.8	91.0	-0.8	-64.6	-26.1	55.3	-106.1	12.3	4.8
June	-53.1	-53.1	-187.2	25.9	13.0	95.1	0.0	-69.1	-6.2	-8.7	-37.3	-16.9	-15.9
July	10.2	8.9	-189.7	66.7	14.6	117.3	1.3	18.6	-27.1	-12.9	-34.8	93.4	8.4
August	-24.9	-24.7	-198.1	43.4	-2.0	131.9	-0.2	56.2	-43.0	19.6	64.2	15.4	81.1
September	-84.7	-85.0	-187.6	23.3	-6.5	85.9	0.3	-62.5	-28.8	-7.7	-39.8	13.8	22.3

Source: CBK (2016)

Table 2.2 Goods

(In millions of Eur)

Description	Total goods									
	General merchandise on a balance of payments basis					Net exports of goods under merchating (credit)			Nonmonetary gold	
		Credit	Debit	of which Re-exports (credit)		Goods acquired under merchating (negative credit)	Goods sold under merchating (credit)		Credit	Debit
2007	-1,354.4	-1,354.4	164.1	1,518.5	1.3	...	...	...	...	...
2008	-1,644.7	-1,644.7	211.3	1,856.0	1.6	...	...	...	...	...
2009	-1,646.3	-1,646.3	172.5	1,818.8	1.3	...	...	...	...	...
2010	-1,741.6	-1,741.6	299.2	2,040.8	2.3	...	...	...	...	...
2011	-2,047.1	-2,047.1	316.5	2,363.7	2.4	...	...	...	...	...
2012 Q1	-369.4	-369.4	60.4	429.7	0.4	...	...	...	...	...
Q2	-912.4	-912.4	137.6	1,049.9	0.9	...	...	...	...	...
Q3	-1,517.9	-1,517.9	208.5	1,726.4	1.6	...	...	...	...	...
Q4	-2,050.1	-2,050.1	281.9	2,332.0	2.1	...	...	...	...	...
2013 Q1	-390.7	-390.7	68.5	459.2	0.5	...	...	...	...	...
Q2	-909.3	-909.3	149.3	1,058.6	1.0	...	...	...	...	...
Q3	-1,461.2	-1,461.2	221.3	1,682.5	1.7	...	...	...	...	...
Q4	-1,995.6	-1,995.6	291.5	2,287.0	2.2	...	...	...	...	...
2014 Q1	-391.9	-391.9	66.1	458.0	0.4	...	...	...	...	...
Q2	-930.4	-930.4	141.5	1,071.9	1.1	...	...	...	...	...
Q3	-1,513.1	-1,513.1	238.3	1,751.5	3.0	...	...	...	...	...
Q4	-2,058.6	-2,058.6	324.3	2,382.9	4.7	...	...	...	...	...
2015 Q1	-102.0	-102.0	25.9	128.0	0.4	...	...	...	...	...
Q2	-386.6	-386.6	74.7	461.3	1.7	...	...	...	...	...
Q3	-940.5	-940.5	158.4	1,098.9	4.2	...	...	...	...	...
Q4	-2,109.3	-2,109.3	322.5	2,431.8	9.5	...	...	...	...	...
2015 January	-102.0	-102.0	25.9	127.9	0.4	...	...	...	...	...
February	-230.0	-230.0	48.9	278.9	1.0	...	...	...	...	...
March	-386.6	-386.6	74.7	461.3	1.7	...	...	...	...	...
April	-564.1	-564.1	102.8	666.9	2.6	...	...	...	...	...
May	-753.3	-753.3	128.9	882.2	3.3	...	...	...	...	...
June	-940.5	-940.5	158.4	1,098.9	4.2	...	...	...	...	...
July	-1,130.2	-1,130.2	195.6	1,325.8	5.1	...	...	...	...	...
August	-1,328.3	-1,328.3	224.5	1,552.7	6.4	...	...	...	...	...
September	-1,515.9	-1,515.9	248.8	1,764.7	7.3	...	...	...	...	...

Source: CBK (2016)

Table 2.3 Service-net

(In millions of Eur)

Description	Balance												
	Manufacturing services on physical inputs owned by others	Maintenance and repair services n.i.e.	Transport	Travel	Construction	Insurance and pension services	Financial services	Charges for the use of intellectual property n.i.e.	Telecommunications, computer, and information services	Other business services	Personal, cultural, and recreational services	Government goods and services n.i.e.	
2007	112.0	3.6	-2.1	-19.2	96.6	-17.3	-8.7	-4.4	-1.7	39.3	-55.3	...	81.2
2008	146.6	1.6	-6.5	-40.0	125.0	3.2	-12.1	0.1	-3.2	36.9	-46.0	...	87.6
2009	227.8	3.7	-9.1	-39.1	195.9	10.7	-9.6	3.5	-3.0	56.8	-61.7	...	79.7
2010	176.4	2.9	-13.4	-44.1	223.0	-20.2	-12.8	3.2	-2.1	45.4	-61.8	...	56.4
2011	256.3	5.2	-17.1	-53.4	235.0	-5.3	-17.1	-0.8	-0.4	76.8	-18.1	...	51.6
2012	323.8	3.5	-25.7	-50.7	309.9	11.0	-4.0	-1.3	-0.2	47.4	3.1	...	30.9
2013	312.2	3.7	-0.2	-51.4	304.2	6.5	-9.4	-0.7	-1.9	32.1	6.0	...	23.2
2014	335.9	3.8	-2.5	-73.0	378.8	4.4	-14.1	-2.2	-1.9	19.5	8.2	1.0	14.1
2015	354.4	6.1	-7.6	-113.5	423.9	10.1	-20.0	-2.7	-0.7	-1.0	43.7	0.8	16.0
2012 Q1	43.8	0.7	-4.3	-8.7	42.0	-2.8	-5.1	-0.1	-0.2	11.4	2.5	...	8.2
Q2	75.9	0.9	-6.7	-15.1	68.5	3.6	-4.1	-0.2	0.0	11.2	8.9	...	8.9
Q3	122.8	1.0	-6.9	-16.7	126.9	6.4	-2.4	-0.5	0.0	13.5	-5.6	...	7.3
Q4	81.3	0.9	-7.8	-10.2	72.9	3.8	7.6	-0.5	0.0	11.3	-3.1	...	6.4
2013 Q1	60.6	1.0	...	-7.5	47.6	0.1	-1.9	-0.2	-0.9	11.6	3.8	...	7.1
Q2	79.7	1.4	...	-11.0	68.3	1.6	-0.8	0.2	-0.5	7.3	7.2	...	6.0
Q3	124.1	1.2	...	-17.1	118.8	3.3	-1.5	-0.3	-0.4	8.6	5.5	...	6.0
Q4	47.8	0.1	-0.1	-15.7	69.5	1.4	-5.1	-0.4	0.0	4.6	-10.5	...	4.1
2014 Q1	63.3	0.5	-0.4	-10.6	60.8	3.9	-4.1	-0.9	-0.2	5.1	6.0	...	3.1
Q2	75.1	0.5	-0.5	-15.8	75.8	-0.2	-2.8	-0.4	...	11.3	2.9	0.4	3.9
Q3	138.0	1.4	-0.8	-20.7	145.8	-0.7	-2.7	-0.4	...	8.4	3.6	0.7	3.6
Q4	59.5	1.4	-0.8	-25.9	96.4	1.3	-4.4	-0.5	-1.6	-5.3	-4.3	-0.1	3.5
2015 Q1	59.5	1.8	-0.7	-22.3	69.9	1.4	-2.9	-0.7	0.0	0.3	9.1	0.1	3.5
Q2	72.8	2.3	-2.8	-34.5	94.1	3.8	-4.7	-0.9	0	0.3	11.1	0.4	4.0
Q3	133.4	0.7	-2.0	-34.5	155.2	2.2	-4.8	-0.6	0	0.9	12.3	0.2	4.0
Q4	88.7	1.4	-2.1	-22.2	104.7	2.7	-7.6	-0.6	-0.9	-2.5	11.1	0.0	4.4
2015 January	17.8	0.9	0.0	-5.5	18.9	0.4	-0.5	-0.2	...	-0.9	3.3	0.0	1.4
February	19.8	0.3	-0.2	-7.6	23.6	0.3	-1.7	-0.2	...	1.0	3.7	0.0	0.7
March	21.9	0.6	-0.5	-9.2	27.4	0.7	-0.7	-0.2	...	0.2	2.1	0.1	1.4
April	25.0	0.3	-1.5	-11.3	31.0	2.4	-1.4	-0.2	...	0.5	3.7	0.1	1.5
May	21.8	1.1	-0.7	-11.4	30.9	-0.1	-1.6	-0.4	...	0.3	2.7	0.1	1.0
June	25.9	0.9	-0.7	-11.8	32.1	1.5	-1.7	-0.3	...	-0.5	4.8	0.1	1.5
July	66.7	0.5	-0.7	-11.8	73.3	0.5	-1.1	-0.2	...	-0.5	5.3	0.2	1.2
August	43.4	0.2	-0.7	-11.8	49.8	0.4	-1.3	-0.2	...	1.1	4.5	0.1	1.5
September	23.3	0.0	-0.6	-10.9	32.1	1.3	-2.5	-0.2	...	0.3	2.5	-0.1	1.4

Source: CBK (2016)

Table 2.4 Primary income

(In millions of Eur)

Description	Balance				Credit				Debit			
		Compensation of employees	Investment income	Other primary income		Compensation of employees	Investment income	Other primary income		Compensation of employees	Investment income	Other primary income
2007	186.3	154.9	31.5	...	239.2	155.6	83.6	...	52.9	0.8	52.2	...
2008	164.0	175.4	-11.4	...	233.3	176.2	57.1	...	69.3	0.8	68.5	...
2009	60.9	168.7	-107.8	...	181.7	169.7	12.0	...	120.7	0.9	119.8	...
2010	67.0	171.6	-104.6	...	186.3	176.1	10.1	...	119.2	4.5	114.7	...
2011	111.3	208.2	-96.9	...	239.1	221.3	17.8	...	127.8	13.1	114.7	...
2012	153.6	214.3	-60.6	...	230.0	219.9	10.1	...	76.4	5.6	70.8	...
2013	121.5	218.9	-97.4	...	227.5	223.2	4.3	...	106.0	4.3	101.6	...
2014	113.8	200.4	-85.9	-0.7	215.8	206.5	8.0	1.3	102.0	6.1	93.9	2.0
2015	78.0	205.7	-126.7	-1.0	221.7	210.3	9.6	1.8	143.7	4.6	136.3	2.8
2012 Q1	37.4	53.1	-15.7	...	59.3	55.6	3.7	...	21.9	2.5	19.4	...
Q2	43.9	53.6	-9.6	...	57.9	55.2	2.7	...	13.9	1.6	12.4	...
Q3	20.3	53.1	-32.8	...	56.4	53.7	2.7	...	36.1	0.7	35.4	...
Q4	51.9	54.5	-2.5	...	56.4	55.4	1.0	...	4.5	0.9	3.5	...
2013 Q1	42.4	55.4	-13.0	...	57.3	56.0	1.2	...	14.9	0.6	14.2	...
Q2	32.5	52.8	-20.3	...	55.4	53.9	1.5	...	22.9	1.1	21.7	...
Q3	2.1	53.8	-51.8	...	55.3	54.9	0.4	...	53.3	1.1	52.2	...
Q4	44.6	56.9	-12.3	...	59.5	58.4	1.1	...	15.0	1.5	13.5	...
2014 Q1	31.4	46.1	-14.8	...	49.6	48.1	1.5	...	18.2	2.0	16.2	...
Q2	31.4	49.9	-18.6	0.1	53.2	50.8	1.9	0.5	21.8	0.9	20.5	0.4
Q3	23.5	54.2	-30.8	0.1	58.9	55.2	3.2	0.5	35.4	1.0	34.0	0.4
Q4	27.5	50.2	-21.8	-0.9	54.2	52.4	1.5	0.3	26.6	2.2	23.3	1.2
2015 Q1	35.1	52.3	-17.0	-0.2	58.1	53.7	4.1	0.3	22.9	1.4	21.0	0.5
Q2	22.1	52.5	-30.3	-0.2	55.7	53.6	1.8	0.3	33.6	1.1	32.1	0.5
Q3	6.1	51.6	-45.7	0.1	55.0	52.4	1.7	0.8	48.9	0.8	47.4	0.7
Q4	14.7	49.2	-33.8	-0.8	53.0	50.6	2.0	0.4	38.3	1.4	35.8	1.1
2015 January	11.4	17.9	-6.6	0.0	19.4	18.4	0.9	0.1	8.0	0.5	7.4	0.1
February	11.8	16.1	-4.4	0.0	17.1	16.4	0.6	0.1	5.3	0.3	5.0	0.1
March	11.9	18.2	-6.0	-0.3	21.5	18.8	2.6	0.1	9.6	0.6	8.6	0.3
April	1.3	17.8	-16.4	-0.2	18.9	18.2	0.6	0.1	17.6	0.4	17.0	0.3
May	7.8	15.9	-8.1	0.0	16.9	16.2	0.7	0.1	9.1	0.3	8.7	0.1
June	13.0	18.8	-5.8	0.0	19.9	19.2	0.5	0.1	6.8	0.4	6.3	0.1
July	14.6	17.5	-3.2	0.4	18.9	17.8	0.6	0.4	4.2	0.3	3.8	0.1
August	-2.0	16.5	-18.2	-0.2	17.5	16.7	0.5	0.3	19.5	0.2	18.8	0.5
September	-6.5	17.7	-24.2	0.0	18.6	17.9	0.6	0.1	25.2	0.2	24.8	0.1

Source: CBK (2016)

Table 2.5 Secondary income

(In millions of Eur)

Description	Secondary income			Credit			Debit		
		General government	Financial corporations, nonfinancial corporations, households, and NPISHs		General government	Financial corporations, nonfinancial corporations, households, and NPISHs		General government	Financial corporations, nonfinancial corporations, households, and NPISHs
2007	842.0	245.1	596.9	935.2	251.4	683.8	93.1	6.3	86.8
2008	873.2	223.5	649.7	972.3	223.5	748.8	99.1	...	99.1
2009	983.4	322.9	660.5	1,106.8	322.9	783.9	123.4	...	123.4
2010	982.5	319.5	662.9	1,087.4	319.5	767.9	105.0	...	105.0
2011	1,021.1	322.2	698.9	1,133.6	322.2	811.4	112.5	...	112.5
2012	1,192.5	401.6	791.0	1,296.4	401.6	894.9	103.9	...	103.9
2013	1,222.4	341.9	880.5	1,304.0	341.9	962.0	81.6	...	81.6
2014	1,171.9	291.9	880.0	1,270.3	291.9	978.4	98.4	...	98.4
2015	1,149.3	202.9	946.4	1,219.5	202.9	1,016.5	70.2	-	70.2
2012 Q1	267.2	102.1	165.2	293.5	102.1	191.5	26.3	...	26.3
Q2	302.3	118.7	183.6	328.2	118.7	209.5	25.9	...	25.9
Q3	318.9	93.3	225.5	345.2	93.3	251.9	26.4	...	26.4
Q4	304.1	87.5	216.6	329.5	87.5	242.0	25.4	...	25.4
2013 Q1	274.3	90.3	184.1	301.3	90.3	211.0	27.0	...	27.0
Q2	288.9	86.6	202.3	316.3	86.6	229.7	27.4	...	27.4
Q3	326.0	69.9	256.1	353.6	69.9	283.6	27.6	...	27.6
Q4	333.2	122.9	210.3	360.5	122.9	237.7	27.4	...	27.4
2014 Q1	259.7	88.9	170.7	285.8	88.9	196.9	26.2	...	26.2
Q2	276.1	68.5	207.6	302.4	68.5	233.9	26.3	...	26.3
Q3	332.9	74.2	258.7	361.0	74.2	286.8	28.2	...	28.2
Q4	303.3	60.3	243.0	321.0	60.3	260.8	17.8	...	17.8
2015 Q1	260.3	50.7	209.6	276.9	50.7	226.2	16.6	-	16.6
Q2	281.4	51.9	229.6	297.9	51.9	246.0	16.5	-	16.5
Q3	335.1	54.1	281.0	353.9	54.1	299.8	18.8	-	18.8
Q4	272.4	46.2	226.2	290.8	46.2	244.6	18.3	-	18.3
2015 January	82.7	13.8	68.9	88.5	13.8	74.7	5.9	-	5.9
February	83.9	17.9	66.0	89.2	17.9	71.3	5.3	-	5.3
March	93.8	19.0	74.7	99.2	19.0	80.2	5.5	-	5.5
April	95.3	18.3	77.0	100.8	18.3	82.5	5.5	-	5.5
May	91.0	14.6	76.4	96.5	14.6	81.9	5.5	-	5.5
June	95.1	19.0	76.1	100.6	19.0	81.6	5.5	-	5.5
July	117.3	22.1	95.2	124.8	22.1	102.7	7.5	-	7.5
August	131.9	16.4	115.5	137.6	16.4	121.2	5.7	-	5.7
September	85.9	15.5	70.3	91.5	15.5	75.9	5.6	-	5.6

Source: CBK (2016)

Table 2.5 Remittances, by channels

(Cumulative data, end of period, in millions of Eur)

Description	Total			
		Banks	MTC	Other
2005	418.0	.	.	.
2006	467.1	135.1	184.7	147.3
2007	515.6	137.1	198.7	179.8
2008	608.7	126.3	213.1	269.3
2009	585.7	148.8	213.1	223.8
2010	584.3	141.3	213.1	229.9
2011	584.8	139.7	225.3	219.8
2012	605.6	126.5	218.5	260.6
2013	620.8	158.9	211.4	250.5
2014	693.7	175.3	272.6	245.7
2015	752.4	190.2	314.3	247.9
2012 Q1	119.1	23.3	47.1	48.7
Q2	142.4	21.8	55.0	65.6
Q3	175.2	56.3	52.0	66.9
Q4	168.9	25.1	64.5	79.3
2013 T1	127.8	33.1	45.6	49.1
Q2	144.6	32.9	51.5	60.2
Q3	182.2	60.8	52.5	68.9
Q4	166.2	32.1	61.8	72.3
2014 Q1	130.9	29.9	54.6	46.4
Q2	160.3	35.0	68.4	56.9
Q3	214.4	71.8	65.8	76.9
Q4	188.1	38.7	83.8	65.6
2015 Q1	160.0	35.8	73.0	51.2
Q2	178.9	38.9	81.8	58.2
Q3	229.9	79.3	77.0	73.7
Q4	183.6	36.3	82.5	64.8
2015 January	57.0	17.2	22.5	17.4
February	47.8	7.3	24.8	15.7
March	55.2	11.3	25.8	18.1
April	57.7	13.7	25.4	18.6
May	62.2	13.8	27.8	20.6
June	59.0	11.4	28.5	19.0
July	75.7	25.7	25.6	24.4
August	98.7	44.1	23.2	31.3
September	55.6	9.4	28.2	18.0

Source: CBK (2016)

Table 2.5 Remittances, by countries

(In percent)

Description	Germany	Switzerland	Italy	Austria	Belgium	USA	Sweden	France	Norway	Canada	England	Danmark	Finland	Holand	Slovenia	Other
2008	37.7	15.9	13.1	6.2	2.8	2.8	3.7	3.9	1.9	2.2	1.5	1.9	1.1	1.2	1.4	2.6
2009 Q1	34.9	21.4	10.5	5.3	3.7	3.5	3.3	3.4	2.6	1.7	1.6	1.0	1.1	1.1	1.0	4.2
Q2	39.4	19.7	11.3	6.1	2.9	2.6	2.9	4.0	2.4	1.8	1.3	0.9	0.9	1.3	1.4	1.5
Q3	37.4	21.2	9.8	6.0	2.8	2.6	3.5	3.8	2.8	2.1	1.3	0.9	1.1	1.0	1.5	2.2
Q4	38.1	22.0	9.8	5.5	2.8	2.3	3.2	3.9	3.2	1.9	1.3	0.8	1.1	1.2	1.3	1.7
2010 Q1	34.8	21.0	8.8	5.7	2.6	3.9	3.1	3.5	2.8	1.3	1.5	0.9	1.1	1.2	3.4	4.4
Q2	34.7	20.7	7.9	3.9	2.9	4.7	3.1	3.6	3.1	2.0	1.7	0.7	0.7	1.0	3.7	5.9
Q3	33.2	21.4	7.0	6.5	2.5	4.8	3.4	4.0	2.5	2.3	1.6	0.6	0.9	1.0	5.6	2.7
Q4	34.1	21.6	7.2	5.5	2.9	3.1	3.7	4.1	2.6	1.9	1.3	0.6	0.7	1.0	4.5	5.3
2011 Q1	32.7	23.7	7.5	5.6	2.8	4.6	3.9	3.8	2.8	1.5	1.5	0.7	0.8	1.2	3.9	3.0
Q2	32.8	23.0	7.0	5.5	2.0	4.0	3.1	3.7	2.8	2.1	1.3	0.9	1.0	1.0	3.9	6.1
Q3	33.8	23.4	6.2	5.5	2.9	2.3	3.6	4.2	2.6	2.0	1.2	0.6	0.8	1.0	3.3	6.7
Q4	33.7	22.1	7.4	5.5	2.7	3.9	3.4	3.8	2.8	1.9	1.4	0.7	0.9	1.1	4.0	4.9
2012 Q1	30.9	23.7	4.8	6.0	1.1	6.3	3.6	2.8	4.9	0.7	3.2	0.8	0.7	0.5	5.0	5.0
Q2	37.4	26.3	8.4	6.4	6.6	3.9	0.8	0.4	1.3	0.1	1.9	0.1	0.1	0.1	5.4	0.8
Q3	34.6	22.6	7.9	5.9	3.2	3.9	3.1	3.2	2.8	1.5	1.8	0.7	0.8	0.8	3.6	3.7
Q4	34.5	21.0	8.5	6.2	2.6	3.8	3.3	3.3	2.3	1.9	1.8	0.5	0.8	...	3.7	5.9
2013 Q1	33.6	22.5	7.5	5.8	2.7	4.2	3.4	3.5	3.0	1.6	1.8	0.7	0.9	1.0	3.7	4.3
Q2	33.3	25.5	5.9	5.7	2.5	4.6	2.5	1.4	2.3	1.3	4.0	0.8	0.9	1.0	5.3	3.1
Q3	33.6	24.4	6.6	7.8	2.5	4.3	3.5	4.5	2.3	0.4	1.9	0.7	0.8	0.9	4.9	1.1
Q4	35.3	22.7	10.6	4.6	1.6	4.4	2.1	5.0	2.7	1.8	1.7	0.5	0.6	1.5	0.5	4.2
2014 Q1	36.7	21.4	5.9	3.8	2.3	6.0	3.1	4.1	2.3	1.5	3.1	0.4	0.6	1.1	0.8	7.0
Q2	36.6	23.7	5.4	4.5	2.1	6.4	2.7	3.2	2.4	1.3	3.3	0.4	0.6	0.6	1.5	5.6
Q3	35.5	23.9	4.6	3.6	2.1	6.5	3.4	3.5	2.6	1.9	3.0	0.5	0.7	0.7	1.1	6.5
Q4	36.8	21.1	3.8	3.1	4.0	6.1	2.4	2.4	5.5	0.7	3.1	1.0	0.3	0.1	2.2	7.3
2015 Q1	35.2	21.8	5.0	3.9	3.3	8.1	2.9	3.6	3.1	1.6	1.6	0.4	0.7	0.9	0.8	7.2
Q2	36.9	21.6	3.6	3.5	2.3	8.2	2.5	1.6	4.0	3.5	3.7	0.2	0.6	0.7	0.5	6.6
Q3	35.9	23.8	5.6	3.4	2.1	7.4	3.2	3.7	2.1	1.5	3.3	0.3	0.6	0.6	0.7	5.8

Source: CBK (2016)

Table 2.6 Financial account, net

(In millions of Eur)

Description	Net lending (+) / net borrowing (-) (balance from financial account)																
	Direct investment				Portfolio investment				Other investment								Reserve assets
		Equity and investment fund shares	Debt instruments		Equity and investment fund shares	Debt securities		Other equity	Currency and deposits	Loans	Insurance, pension, and standardized guarantee schemes	Trade credit and advances	Other accounts receivable / payable	Special drawing rights (Net incurrence of liabilities)			
2007	5.8	-431.0	-318.1	-113.0	34.5	57.1	-22.6	108.0	0.0	168.2	-9.4	...	-50.8	0.0	0.0	294.3	
2008	-288.4	-341.5	-253.5	-88.0	109.9	21.6	88.3	-75.1	0.0	38.4	-47.1	...	-66.4	0.0	0.0	18.2	
2009	-109.0	-276.9	-253.7	-23.2	124.4	-0.5	124.8	138.3	0.0	171.5	64.8	...	-38.6	0.0	-59.5	-94.8	
2010	-275.8	-331.1	-296.4	-34.7	48.6	154.6	-106.0	-46.7	0.7	202.0	-82.3	...	-167.1	0.0	0.0	53.4	
2011	-377.5	-378.9	-329.5	-49.4	57.8	115.7	-57.9	4.8	-0.8	58.6	40.4	...	-93.3	0.0	0.0	-61.2	
2012	-141.0	-213.3	-186.9	-26.4	185.7	81.3	104.4	-374.9	-0.7	-276.8	5.9	...	-100.3	-2.9	0.0	261.4	
2013	-132.2	-250.2	-158.1	-92.1	139.3	-82.1	221.4	14.4	1.0	22.0	15.3	...	-24.0	0.0	0.0	-35.7	
2014	-145.0	-123.8	-90.0	-33.8	13.3	308.2	-294.9	22.6	-0.1	120.3	-58.7	...	-36.7	-2.3	0.0	-57.0	
2015	-255.0	-287.3	-207.1	-80.3	48.8	-3.8	52.5	-128.2	-0.1	-84.5	-11.5	...	-33.5	1.4	0.0	111.8	
2012 Q1	-13.8	-55.0	-40.3	-14.7	81.0	20.0	61.0	-47.8	-0.2	-139.1	45.5	...	45.9	0.0	0.0	8.0	
Q2	-86.4	-23.5	-18.6	-4.9	-37.0	27.0	-64.0	-36.9	0.0	27.9	3.5	...	-63.2	-5.1	0.0	11.1	
Q3	25.9	-88.5	-61.1	-27.4	163.2	-0.7	164.0	-255.0	0.0	-168.3	-17.2	...	-69.5	0.0	0.0	206.2	
Q4	-66.7	-46.3	-66.9	20.7	-21.5	35.0	-56.5	-35.1	-0.5	2.6	-25.9	...	-13.5	2.2	0.0	36.2	
2013 Q1	10.1	-57.3	-45.6	-11.6	53.5	35.0	18.5	20.1	0.0	-62.6	22.0	...	60.9	-0.2	0.0	-6.3	
Q2	-138.1	-83.8	-41.6	-42.1	81.7	60.0	21.7	-150.6	1.0	-69.7	-25.6	...	-54.2	-2.1	0.0	14.6	
Q3	58.1	-56.8	-39.2	-17.6	91.8	15.0	76.8	-46.2	0.0	-28.8	7.3	...	-23.5	-1.1	0.0	69.3	
Q4	-62.2	-52.4	-31.6	-20.8	-87.7	-192.1	104.4	191.1	0.0	183.0	11.6	...	-7.1	3.6	0.0	-113.3	
2014 Q1	33.4	-37.5	-37.3	-0.2	50.2	0.0	50.2	26.8	0.0	-17.0	18.4	...	27.7	-2.3	0.0	-6.2	
Q2	-115.8	-0.2	26.0	-26.2	3.2	70.0	-66.8	-97.1	0.0	-40.8	-13.7	...	-44.4	1.8	0.0	-21.7	
Q3	44.8	-67.2	-65.1	-2.1	59.3	201.0	-141.7	1.1	-0.1	39.9	-14.1	...	-22.0	-2.6	0.0	51.7	
Q4	-107.4	-19.0	-13.7	-5.3	-99.4	37.2	-136.6	91.8	0.0	138.2	-49.3	...	2.1	0.8	0.0	-80.8	
2015 T1	30.1	-73.5	-52.8	-20.7	4.9	0.2	4.6	81.8	0.0	9.1	37.1	...	33.7	1.9	0.0	17.0	
T2	-194.5	-77.0	-46.9	-30.2	50.2	-4.2	54.4	-148.2	0.0	-77.9	-21.0	...	-46.1	-3.2	0.0	-19.5	
T3	12.3	-98.9	-58.9	-40.1	-1.0	0.2	-1.2	-10.4	-0.1	14.1	-12.6	...	-14.4	2.5	0.0	122.6	
T4	-102.9	-37.9	-48.5	10.6	-5.3	0.0	-5.3	-51.4	0.0	-29.8	-15.0	...	-6.7	0.1	0.0	-8.3	
2015 January	64.4	-27.0	-23.4	-3.6	15.1	0.0	15.1	45.7	0.0	11.6	12.9	...	20.4	0.8	0.0	30.6	
February	-13.1	-19.1	-13.2	-5.9	-19.5	0.1	-19.6	31.8	0.0	1.6	7.9	...	9.4	12.9	0.0	-6.3	
March	-21.2	-27.4	-16.2	-11.2	9.2	0.1	9.1	4.3	0.0	-4.2	16.3	...	3.9	-11.8	0.0	-7.3	
April	-60.9	-44.7	-25.5	-19.2	3.5	0.1	3.5	-4.7	0.0	3.6	9.0	...	-16.8	-0.6	0.0	-15.0	
May	-64.6	-26.1	-20.5	-5.6	55.3	24.8	30.5	-106.1	0.0	-72.2	-16.0	...	-17.7	-0.1	0.0	12.3	
June	-69.1	-6.2	-0.8	-5.4	-8.7	-29.0	20.4	-37.3	0.0	-9.3	-14.0	...	-11.5	-2.5	0.0	-16.9	
July	18.6	-27.1	-17.1	-10.0	-12.9	-0.1	-12.8	-34.8	0.0	0.9	-31.1	...	-7.2	2.6	0.0	93.4	
August	56.2	-43.0	-31.6	-11.4	19.6	0.2	19.4	64.2	0.0	33.5	38.1	...	-6.6	-0.8	0.0	15.4	
September	-62.5	-28.8	-10.1	-18.6	-7.7	0.1	-7.8	-39.8	0.0	-20.3	-19.7	...	-0.6	0.8	0.0	13.8	

Source: CBK (2016)

Table 2.7 Financial account, investments abroad

(In millions of Eur)

Description	Rritja neto në aktivet financiare														Reserve assets
	Direct investments				Portfolio investments				Other investments						
	Capital and fund of investment in shares	Debt instruments	Capital and fund of investment in shares	Debt instruments	Other equity	Cash and deposits	Credit	Insurances, pensions, and standardized schemes	Trade credits and advances	Llogaritë tjera të arkëtueshme/pagueshme					
2007.	508.5.	9.7.	9.7.	0.0.	34.5.	57.1.	-22.6.	170.0.	0.0.	164.6.	4.5.	...	0.9.	0.0.	294.3.
2008.	231.2.	28.4.	25.0.	3.4.	109.9.	21.6.	88.3.	74.7.	0.0.	62.5.	1.4.	...	10.8.	0.0.	18.2.
2009.	230.6.	10.5.	10.5.	0.0.	124.8.	0.0.	124.8.	190.1.	0.0.	195.0.	-7.9.	...	3.0.	0.0.	-94.8.
2010.	405.6.	37.4.	34.7.	2.7.	48.6.	154.6.	-106.0.	266.2.	0.0.	242.2.	19.2.	...	4.7.	0.0.	53.4.
2011.	83.7.	5.5.	15.7.	-10.2.	57.8.	115.7.	-57.9.	81.7.	0.0.	57.3.	24.6.	...	-0.3.	0.0.	-61.2.
2012.	316.6.	15.8.	15.8.	0.0.	185.7.	81.3.	104.4.	-146.3.	0.0.	-179.8.	31.3.	...	0.0.	2.2.	261.4.
2013.	217.2.	30.0.	17.9.	12.1.	139.3.	-82.1.	221.4.	83.5.	0.0.	60.5.	30.7.	...	-4.8.	-2.8.	-35.7.
2014.	90.4.	27.3.	26.6.	0.8.	13.3.	308.2.	-294.9.	106.8.	0.0.	157.4.	-50.6.	...	1.2.	-1.3.	-57.0.
2015.	176.9.	37.1.	36.7.	0.4.	48.8.	-3.8.	52.5.	-20.7.	0.0.	-52.6.	27.2.	...	4.0.	0.7.	111.8.
2012 Q1	-22.1.	1.7.	1.7.	0.0.	81.0.	20.0.	61.0.	-112.8.	0.0.	-119.6.	6.8.	...	0.0.	0.0.	8.0.
Q2	7.9.	6.4.	6.4.	0.0.	37.0.	27.0.	-64.0.	27.5.	0.0.	27.9.	-0.4.	...	0.0.	0.0.	11.1.
Q3	265.4.	3.7.	3.7.	0.0.	163.2.	-0.7.	164.0.	-107.7.	0.0.	-128.6.	20.9.	...	0.0.	0.0.	206.2.
Q4	65.3.	3.9.	3.9.	0.0.	21.5.	35.0.	-56.5.	46.7.	0.0.	40.5.	4.0.	...	0.0.	2.2.	36.2.
2013 Q1	11.1.	3.1.	3.1.	0.0.	53.5.	35.0.	18.5.	-39.1.	0.0.	-51.6.	13.1.	...	0.6.	-1.2.	-6.3.
Q2	-4.9.	5.0.	2.6.	2.4.	81.7.	60.0.	21.7.	-106.1.	0.0.	-89.7.	-10.0.	...	-5.2.	-1.3.	14.6.
Q3	208.0.	13.8.	7.7.	6.1.	91.8.	15.0.	76.8.	33.1.	0.0.	24.2.	12.1.	...	-1.3.	-1.8.	69.3.
Q4	2.9.	8.2.	4.6.	3.6.	-87.7.	-192.1.	104.4.	195.6.	0.0.	177.7.	15.4.	...	1.1.	1.4.	-113.3.
2014 Q1	58.0.	5.2.	5.2.	0.0.	50.2.	0.0.	50.2.	8.7.	0.0.	-3.9.	12.0.	...	0.1.	0.5.	-6.2.
Q2	-75.8.	-3.8.	8.3.	-12.1.	3.2.	70.0.	-66.8.	-53.5.	0.0.	-51.2.	-4.5.	...	1.3.	0.9.	-21.7.
Q3	169.0.	15.5.	6.0.	9.5.	59.3.	201.0.	-141.7.	42.6.	0.0.	76.6.	-32.8.	...	2.5.	-3.7.	51.7.
Q4	-60.8.	10.4.	7.0.	3.4.	-99.4.	37.2.	-136.6.	108.9.	0.0.	135.9.	-25.3.	...	-2.7.	1.0.	-80.8.
2015 Q1	84.1.	9.2.	8.8.	0.4.	4.9.	0.2.	4.6.	53.1.	0.0.	32.8.	18.3.	...	1.2.	0.8.	17.0.
Q2	-56.6.	3.3.	8.1.	-4.8.	50.2.	-4.2.	54.4.	-90.5.	0.0.	-93.1.	1.8.	...	1.2.	-0.4.	-19.5.
Q3	167.1.	8.5.	7.6.	0.9.	-1.0.	0.2.	-1.2.	37.0.	0.0.	25.7.	8.4.	...	2.8.	0.1.	122.6.
Q4	-17.7.	16.2.	12.1.	4.0.	-5.3.	0.0.	-5.3.	-20.2.	0.0.	-17.9.	-1.3.	...	-1.3.	0.3.	-8.3.
2015 January	83.9.	3.1.	2.9.	0.2.	15.1.	0.0.	15.1.	35.1.	0.0.	17.6.	16.7.	...	0.5.	0.2.	30.6.
February	-11.7.	3.0.	2.9.	0.1.	19.5.	0.1.	-19.6.	11.2.	0.0.	0.7.	-3.0.	...	-0.1.	13.6.	-6.3.
March	11.8.	3.1.	3.1.	0.0.	9.2.	0.1.	9.1.	6.8.	0.0.	14.5.	4.5.	...	0.8.	-13.1.	-7.3.
April	-4.0.	2.4.	2.3.	0.1.	3.5.	0.1.	3.5.	5.0.	0.0.	-1.8.	6.0.	...	0.4.	0.4.	-15.0.
May	-11.8.	3.8.	3.8.	0.0.	55.3.	24.8.	30.5.	-83.3.	0.0.	-76.9.	-6.6.	...	0.4.	-0.3.	12.3.
June	-40.7.	-3.0.	2.0.	-5.0.	-8.7.	-29.0.	20.4.	-12.2.	0.0.	-14.4.	2.4.	...	0.4.	-0.6.	-16.9.
July	102.5.	2.8.	2.8.	0.0.	12.9.	-0.1.	-12.8.	19.1.	0.0.	18.5.	-3.4.	...	2.6.	1.3.	93.4.
August	101.5.	3.5.	3.2.	0.3.	19.6.	0.2.	19.4.	63.1.	0.0.	58.2.	5.4.	...	0.8.	-1.3.	15.4.
September	-37.0.	2.1.	1.5.	0.6.	-7.7.	0.1.	-7.8.	-45.2.	0.0.	-51.0.	6.4.	...	-0.5.	0.0.	13.8.

Source: CBK (2016)

Table 2.8 Financial account, investments in reporting economy

(In millions of Eur)

Description	Net incurrence of liabilities														
	Direct investment				Portfolio investment				Other investment						
		Equity and invest fund shares	Debt instruments			Equity and invest fund shares	Debt securities		Other equity	Currency and deposits	Loans	Insurance, pension, and standardized guarantee schemes	Trade credit and advances	Other accounts receivable/payable	Special drawing rights (Net incurrence of liabilities)
2007	502.7	440.7	327.8	113.0	0.0	0.0	0.0	61.9	0.0	-3.6	13.9	...	51.7	0.0	0.0
2008	519.6	369.9	278.5	91.4	0.0	0.0	0.0	149.7	0.0	24.1	48.5	...	77.2	0.0	0.0
2009	339.7	287.4	264.3	23.2	0.5	0.5	0.0	51.8	0.0	23.5	-72.7	...	41.5	0.0	59.5
2010	681.4	368.5	331.1	37.4	0.0	0.0	0.0	312.9	-0.7	40.2	101.5	...	171.8	0.0	0.0
2011	461.2	384.4	345.2	39.2	0.0	0.0	0.0	76.8	0.8	-1.3	-15.8	...	93.1	0.0	0.0
2012	457.6	229.1	202.7	26.4	0.0	0.0	0.0	228.5	0.7	97.0	25.4	...	100.3	5.1	0.0
2013	349.4	280.2	176.0	104.2	0.0	0.0	0.0	69.2	-1.0	38.5	15.4	...	19.1	-2.8	0.0
2014	235.4	151.2	116.6	34.6	0.0	0.0	0.0	84.2	0.1	37.1	8.1	...	37.9	1.0	0.0
2015	431.9	324.4	243.7	80.7	0.0	0.0	0.0	107.5	0.1	31.9	38.7	...	37.4	-0.7	0.0
2012 Q1	-8.3	56.7	42.0	14.7	0.0	0.0	0.0	-65.0	0.2	19.5	-38.7	...	-45.9	0.0	0.0
Q2	94.3	29.9	25.0	4.9	0.0	0.0	0.0	64.4	0.0	0.0	-3.9	...	63.2	5.1	0.0
Q3	239.6	92.3	64.8	27.4	0.0	0.0	0.0	147.3	0.0	39.6	38.1	...	69.5	0.0	0.0
Q4	132.0	50.2	70.9	-20.7	0.0	0.0	0.0	81.8	0.5	37.9	29.9	...	13.5	0.0	0.0
2013 Q1	1.1	60.3	48.7	11.6	0.0	0.0	0.0	-59.2	0.0	10.9	-8.9	...	-60.3	-1.0	0.0
Q2	133.2	88.7	44.2	44.5	0.0	0.0	0.0	44.5	-1.0	-20.0	15.6	...	49.1	0.9	0.0
Q3	149.9	70.6	46.9	23.7	0.0	0.0	0.0	79.3	0.0	52.9	4.8	...	22.2	-0.6	0.0
Q4	65.2	60.6	36.3	24.4	0.0	0.0	0.0	4.5	0.0	-5.4	3.8	...	8.2	-2.1	0.0
2014 Q1	24.6	42.7	42.5	0.2	0.0	0.0	0.0	-18.1	0.0	13.1	-6.4	...	-27.5	2.7	0.0
Q2	40.0	-3.6	-17.7	14.1	0.0	0.0	0.0	43.6	0.0	-10.4	9.2	...	45.6	-0.9	0.0
Q3	124.2	82.6	71.1	11.5	0.0	0.0	0.0	41.6	0.1	36.7	-18.7	...	24.6	-1.1	0.0
Q4	46.6	29.4	20.7	8.8	0.0	0.0	0.0	17.1	0.0	-2.3	24.0	...	-4.8	0.2	0.0
2015 T1	54.0	82.7	61.6	21.0	0.0	0.0	0.0	-28.7	0.0	23.7	-18.8	...	-32.4	-1.2	0.0
T2	137.9	80.3	55.0	25.3	0.0	0.0	0.0	57.6	0.0	-15.2	22.8	...	47.3	2.7	0.0
T3	154.8	107.4	66.5	40.9	0.0	0.0	0.0	47.4	0.1	11.6	21.0	...	17.2	-2.5	0.0
T4	85.2	54.0	60.7	-6.6	0.0	0.0	0.0	31.2	0.0	11.9	13.7	...	5.4	0.2	0.0
2015 January	19.5	30.1	26.3	3.8	0.0	0.0	0.0	-10.6	0.0	6.0	3.8	...	-19.8	-0.6	0.0
February	1.4	22.1	16.1	6.0	0.0	0.0	0.0	-20.6	0.0	-1.0	-10.9	...	-9.5	0.7	0.0
March	33.0	30.5	19.3	11.2	0.0	0.0	0.0	2.5	0.0	18.7	-11.8	...	-3.1	-1.3	0.0
April	56.8	47.1	27.8	19.3	0.0	0.0	0.0	9.7	0.0	-5.4	-3.1	...	17.2	1.0	0.0
May	52.7	30.0	24.3	5.6	0.0	0.0	0.0	22.8	0.0	-4.6	9.4	...	18.1	-0.2	0.0
June	28.3	3.2	2.8	0.4	0.0	0.0	0.0	25.1	0.0	-5.2	16.4	...	11.9	1.9	0.0
July	83.9	30.0	20.0	10.0	0.0	0.0	0.0	53.9	0.0	17.6	27.7	...	9.8	-1.2	0.0
August	45.4	46.5	34.8	11.7	0.0	0.0	0.0	-1.1	0.0	24.7	-32.7	...	7.3	-0.5	0.0
September	25.5	30.9	11.7	19.2	0.0	0.0	0.0	-5.4	0.0	-30.8	26.0	...	0.1	-0.8	0.0

Source: CBK (2016)

Table 3.1 Direct investments in Kosovo-by economic activity

(In percent)

Description	Total	Agriculture, hunting, forestry, fishing	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Wholesale, retail trade, repair of motor vehicles etc.	Hotels and restaurants	Transport, storage and communication	Financial intermediation	Real estate, renting and business activities	Other services*	Other not elsewhere classified activities
2007	440.7	7.9	41.5	74.8	2.5	5.2	12.7	12.7	129.2	102.0	30.9	4.5	16.9
2008	369.9	8.5	17.4	53.7	16.7	13.5	10.1	2.1	51.0	109.6	62.2	2.1	23.0
2009	295.5	13.1	7.0	57.6	8.7	35.5	16.2	2.4	21.9	75.3	43.9	2.7	11.3
2010	368.5	0.9	17.7	101.1	...	54.2	6.8	...	-15.9	39.4	75.5	1.3	87.6
2011	384.4	0.6	-5.2	46.9	0.2	133.1	11.6	0.2	29.0	33.0	60.5	11.3	63.2
2012	229.1	0.3	-25.0	27.4	2.2	31.1	9.3	0.5	32.4	22.4	115.7	1.8	11.0
2013	280.2	0.4	-14.1	11.5	48.8	17.3	14.6	0.8	51.0	4.4	136.1	3.3	6.2
2014	151.2	0.2	4.2	-34.0	13.4	-19.9	8.4	0.4	-9.1	41.9	142.1	2.2	1.4
2015	324.4	0.9	-24.6	23.1	11.9	46.3	13.0	-0.1	-6.2	64.3	189.6	4.5	1.5
2012 Q1	56.7	0.0	-1.6	2.3	...	7.2	0.2	...	2.5	10.8	24.5	...	10.8
Q2	29.9	0.1	-8.0	1.1	...	4.8	1.1	...	7.4	-7.0	30.4	0.0	0.0
Q3	92.3	0.1	-7.1	18.6	1.6	21.2	3.0	0.3	12.3	11.6	29.9	0.7	0.1
Q4	50.2	0.1	-8.4	5.5	0.6	-2.0	4.9	0.2	10.2	7.0	30.9	1.0	0.1
2013 Q1	60.3	0.0	-4.5	0.8	1.3	12.5	0.8	2.4	10.6	6.9	28.9	0.3	0.2
Q2	88.7	0.3	-5.3	7.1	30.0	15.4	2.2	...	13.8	-7.7	32.5	0.5	0.1
Q3	70.6	0.1	-0.9	11.9	7.2	-13.7	6.2	0.5	19.1	0.2	38.5	1.5	0.0
Q4	60.6	0.0	-3.4	-8.3	10.3	3.1	5.5	-2.1	7.5	5.0	36.2	1.0	6.0
2014 Q1	42.7	0.0	-3.1	-6.6	2.2	9.1	4.8	...	-2.0	10.5	26.7	0.8	0.2
Q2	-3.6	0.0	-0.6	-22.3	7.0	-24.9	2.4	...	-4.1	2.8	34.6	1.2	0.4
Q3	82.6	0.0	0.0	4.6	2.0	10.7	2.7	0.0	4.8	18.1	38.1	1.1	0.3
Q4	29.4	0.1	7.8	-9.7	4.1	-14.8	-1.1	...	-7.9	10.5	39.0	0.9	0.5
2015 Q1	82.7	0.3	-7.1	2.1	3.4	3.7	1.7	...	-0.6	21.5	55.9	1.4	0.3
Q2	80.3	0.0	-6.1	4.1	3.7	25.7	3.4	...	-3.0	13.5	35.9	1.8	1.3
Q3	107.4	0.1	-11.8	2.5	4.3	21.1	5.4	...	24.4	7.5	54.8	-0.5	-0.5
Q4	54.0	0.4	0.4	14.4	0.5	-4.2	2.6	-0.1	-27.0	21.8	43.0	1.9	0.4
2015 January	30.1	...	-3.6	-0.4	2.0	2.9	0.5	...	-0.1	6.8	21.7	0.3	0.0
February	22.1	0.3	-0.9	2.8	1.3	-3.5	0.3	...	0.3	6.8	14.3	0.5	0.0
March	30.5	...	-2.6	-0.3	0.1	4.4	0.9	...	-0.7	7.9	20.0	0.5	0.3
April	47.1	...	-1.0	3.4	1.6	23.5	0.9	...	-0.2	7.2	10.8	0.8	0.2
May	30.0	...	-2.3	2.7	2.0	2.4	1.1	...	0.3	8.5	14.9	0.4	0.1
June	3.2	...	-2.8	-1.9	0.1	-0.2	1.4	...	-3.1	-2.1	10.2	0.6	1.0
July	30.0	...	-3.9	2.4	2.0	-1.8	2.8	...	2.0	9.1	16.2	0.3	0.8
August	46.5	...	-3.9	3.5	0.1	11.1	0.7	...	11.9	5.9	19.6	-1.2	-1.3
September	30.9	0.1	-4.0	-3.4	2.2	11.8	2.0	...	10.4	-7.5	19.0	0.4	0.0

Source: CBK (2016)

Table 3.2 Foreign Direct Investments, main countries

(In millions of Eur)

Description	Total	of which:									
		Austria	Germany	Slovenia	UK	Switzerland	Turkey	Netherlands	Albania	US	France
2007	440.7	35.4	48.1	56.2	116.2	9.7	5.4	41.2	3.4	8.8	8.6
2008	369.9	51.3	44.0	44.3	36.6	32.1	23.8	25.9	21.9	4.8	3.5
2009	295.5	15.5	75.2	50.8	6.2	22.7	14.5	23.1	23.3	11.8	6.0
2010	368.5	21.1	91.5	34.0	38.9	35.1	4.9	17.2	20.3	12.6	3.8
2011	384.4	19.6	66.6	16.2	80.1	30.9	34.7	4.7	11.2	14.3	0.2
2012	229.1	0.4	49.5	9.3	14.3	43.8	65.6	-25.6	4.7	10.8	6.3
2013	280.2	10.7	21.7	7.0	10.7	41.7	88.6	-0.1	19.3	12.7	3.8
2014	151.2	30.3	29.4	-9.4	-39.5	38.2	20.0	-7.8	20.4	14.7	3.3
2015	324.4	0.9	-24.6	23.1	11.9	46.3	13.0	-0.1	-6.2	64.3	189.6
2012 Q1	56.7	2.3	11.7	2.4	5.8	11.1	4.9	0.3	0.8	2.6	0.3
Q2	29.9	-10.8	8.1	3.0	4.8	9.0	16.9	-6.3	-5.0	3.1	1.8
Q3	92.3	5.6	21.3	5.3	14.5	9.9	19.5	-7.1	5.8	2.3	2.2
Q4	50.2	3.2	8.4	-1.5	-10.8	13.8	24.2	-12.5	3.1	2.7	1.9
2013 Q1	60.3	5.1	7.5	5.0	12.9	11.3	8.9	-5.9	1.5	1.4	0.3
Q2	88.7	3.9	-8.3	3.6	13.0	9.3	42.9	-0.9	9.7	3.8	1.2
Q3	70.6	-1.5	14.3	...	-14.4	11.0	23.9	4.3	7.1	4.4	1.7
Q4	60.6	3.2	8.3	-1.5	-0.8	10.1	12.9	2.3	1.0	3.1	0.6
2014 Q1	42.7	4.0	11.0	2.6	2.8	8.8	-8.5	-2.3	5.6	3.0	0.5
Q2	-3.6	9.5	2.2	-12.0	-31.9	6.5	4.8	-11.4	7.2	4.0	0.6
Q3	82.6	8.3	17.7	1.8	7.4	11.9	11.2	-1.6	6.7	4.1	1.2
Q4	29.4	8.5	-1.5	-1.9	-17.8	11.0	8.3	11.6	0.9	3.5	1.0
2015 Q1	82.7	0.3	-7.1	2.1	3.4	3.7	1.7	...	-0.6	21.5	55.9
Q2	80.3	0.0	-6.1	4.1	3.7	25.7	3.4	...	-3.0	13.5	35.9
Q3	107.4	0.1	-11.8	2.5	4.3	21.1	5.4	...	24.4	7.5	54.8
Q4	54.0	0.4	0.4	14.4	0.5	-4.2	2.6	-0.1	-27.0	21.8	43.0
2015 January	30.1	...	-3.6	-0.4	2.0	2.9	0.5	...	-0.1	6.8	21.7
February	22.1	0.3	-0.9	2.8	1.3	-3.5	0.3	...	0.3	6.8	14.3
March	30.5	...	-2.6	-0.3	0.1	4.4	0.9	...	-0.7	7.9	20.0
April	47.1	...	-1.0	3.4	1.6	23.5	0.9	...	-0.2	7.2	10.8
May	30.0	...	-2.3	2.7	2.0	2.4	1.1	...	0.3	8.5	14.9
June	3.2	...	-2.8	-1.9	0.1	-0.2	1.4	...	-3.1	-2.1	10.2
July	30.0	...	-3.9	2.4	2.0	-1.8	2.8	...	2.0	9.1	16.2
August	46.5	...	-3.9	3.5	0.1	11.1	0.7	...	11.9	5.9	19.6
September	30.9	0.1	-4.0	-3.4	2.2	11.8	2.0	...	10.4	-7.5	19.0

Source: CBK (2016)

Table 4. Gross external debt

(In millions of Eur)

Description	Total gross external debt															
	Public and publicly guaranteed external debt								Private sector external debt not publicly guaranteed							Direct investments: crediting between companies
	Government				Central Bank of the Republic of Kosovo				Deposit-taking Corporations, except the Central Bank			Other sectors				
	Short-term		Long-term		Short-term		Long-term		Short-term	Long-term		Short-term	Long-term			
2007	520.6	-	-	-	-	-	-	-	520.6	48.6	48.6	-	168.8	141.1	27.7	303.2
2008	736.6	-	-	-	-	-	-	-	736.6	83.2	83.2	-	245.6	194.5	51.1	407.8
2009	1,191.4	309.3	249.0	-	249.0	60.3	0.8	59.5	882.1	156.7	156.7	-	275.0	221.2	53.8	450.4
2010	1,371.5	325.9	260.0	-	260.0	65.9	1.7	64.2	1,045.6	221.8	221.8	-	308.0	232.7	75.4	515.8
2011	1,428.4	320.0	253.6	-	253.6	66.4	0.7	65.7	1,108.4	196.4	196.4	-	346.6	259.8	86.8	565.4
2012 Q1	1,340.6	312.7	247.4	-	247.4	65.3	1.1	64.2	1,027.9	189.4	189.4	-	264.9	222.0	42.9	573.6
Q2	1,236.8	321.0	253.5	-	253.5	67.5	0.7	66.7	915.9	176.0	176.0	-	149.8	110.9	38.8	590.1
Q3	1,533.2	361.2	294.2	-	294.2	66.9	0.9	66.0	1,172.1	184.1	184.1	-	378.9	340.6	38.3	609.1
Q4	1,517.3	401.4	336.5	-	336.5	65.0	0.4	64.6	1,115.9	175.6	175.6	-	354.4	321.0	33.5	585.9
2013 Q1	1,452.9	398.0	332.8	-	332.8	65.1	0.3	64.8	1,054.9	185.8	185.8	-	272.5	238.3	34.2	596.7
Q2	1,541.0	394.8	331.1	-	331.1	63.8	0.1	63.7	1,146.1	184.3	184.3	-	321.4	277.1	44.3	640.4
Q3	1,584.8	387.8	324.6	-	324.6	63.2	0.3	62.9	1,197.0	206.8	206.8	-	326.2	278.4	47.7	664.0
Q4	1,608.2	383.9	321.8	-	321.8	62.1	0.3	61.9	1,224.3	208.1	208.1	-	329.7	281.1	48.5	686.5
2014 Q1	1,596.8	379.8	317.6	-	317.6	62.2	0.1	62.1	1,217.0	225.2	225.2	-	305.1	249.1	56.0	686.7
Q2	1,648.3	381.8	319.0	-	319.0	62.9	0.2	62.7	1,266.4	229.3	229.3	-	339.4	283.4	55.9	697.8
Q3	1,709.0	383.4	318.1	-	318.1	65.4	0.1	65.2	1,325.6	229.0	229.0	-	385.6	314.3	71.2	711.1
Q4	1,737.1	392.8	326.4	-	326.4	66.3	0.3	66.1	1,344.3	234.2	234.2	-	390.1	294.8	95.3	720.0
2015 Q1	1,733.7	400.4	329.2	-	329.2	71.2	0.2	71.0	1,333.4	250.3	250.3	-	352.2	254.5	97.7	730.8
Q2	1,830.9	400.3	330.6	-	330.6	69.8	0.2	69.6	1,430.5	260.1	260.1	-	414.5	304.4	110.1	755.9
Q3	1,919.7	436.8	367.2	-	367.2	69.5	0.2	69.4	1,482.9	247.0	247.0	-	438.2	314.6	123.7	797.7

Source: CBK (2016)

Table 5.1 ODC balance sheet, assets

(Cumulative data, end of period, in millions of Eur)

Description	Total assets													
	Cash and balances with CBK	Balances with commercial banks			Securities	Gross loans and lease financing	of which in euro:				Gross loans in non euro currency	Fixed assets	Other assets	
		In euro currency	In non euro currencies				Other financial corporations	Public non financial corporations	Other non financial corporations	House holds				
2001	519.8	265.1	212.8	212.8	.	7.5	25.9	—	—	25.9	—	—	4.5	3.9
2002	473.7	81.3	292.7	292.7	.	...	86.5	—	—	80.8	5.7	—	9.5	3.7
2003	589.2	106.2	106.2	106.2	.	119.6	232.8	—	0.2	193.5	39.0	—	12.3	12.2
2004	816.5	116.5	186.0	169.2	16.8	112.3	373.7	—	...	289.9	83.7	—	15.9	12.2
2005	984.4	131.7	221.9	201.0	21.0	82.9	513.9	—	...	387.9	126.0	—	16.9	17.0
2006	1,161.2	141.1	243.3	218.8	24.5	99.4	636.6	—	...	490.5	146.1	—	23.0	17.9
2007	1,435.0	189.0	208.1	173.4	34.7	78.9	892.1	—	0.2	691.3	200.6	—	27.2	39.7
2008	1,808.2	218.2	283.9	236.3	47.6	40.5	1,183.4	0.6	0.1	901.7	281.0	—	39.0	43.1
2009	2,204.1	322.7	405.6	326.7	78.8	97.0	1,289.0	2.3	0.3	942.9	343.5	—	43.1	46.7
2010	2,455.1	307.0	439.1	367.3	71.8	173.4	1,458.7	9.9	6.3	1,004.1	434.2	2.5	44.0	32.9
2011	2,649.7	331.5	329.5	251.8	77.7	202.0	1,698.1	17.3	1.5	1,127.0	510.9	7.3	47.4	41.3
2012	2,829.3	425.7	287.9	228.0	59.9	256.6	1,763.4	19.8	1.4	1,169.8	542.6	6.9	57.7	38.1
2013 December	3,059.3	463.3	339.9	258.8	81.0	354.5	1,805.8	20.4	0.2	1,194.5	563.9	6.1	55.5	40.3
2014 January	3,048.5	431.7	383.6	298.3	85.3	355.1	1,794.5	19.1	0.2	1,189.5	559.8	6.0	55.2	28.4
February	3,045.0	396.4	397.2	299.1	98.1	373.2	1,794.3	19.1	0.2	1,190.0	559.3	5.9	54.6	29.4
March	3,053.1	367.6	384.8	295.3	89.5	392.7	1,825.9	20.0	0.2	1,214.9	564.8	5.7	54.2	28.0
April	3,038.3	357.4	355.5	267.7	87.7	397.4	1,839.7	18.8	0.2	1,224.4	571.2	5.8	55.8	32.4
May	3,041.0	338.6	360.8	277.7	83.1	397.4	1,856.8	19.1	0.2	1,229.1	583.4	5.9	55.3	32.2
June	3,059.5	358.2	318.7	232.7	86.0	405.3	1,889.9	20.2	0.2	1,250.9	593.2	5.9	55.2	32.2
July	3,116.4	391.1	377.2	301.9	75.2	380.9	1,874.3	19.0	0.2	1,241.0	601.5	6.2	55.0	37.8
August	3,160.4	422.9	380.9	304.8	76.0	418.9	1,848.2	19.2	0.2	1,212.2	604.0	6.2	54.5	35.0
September	3,149.5	413.0	385.5	313.1	72.5	410.0	1,855.0	7.8	0.2	1,225.2	609.5	6.4	53.4	32.6
October	3,150.3	414.0	417.6	350.9	66.6	380.6	1,854.0	7.5	0.2	1,236.4	603.1	6.2	53.8	30.3
November	3,156.4	444.0	379.9	325.1	54.7	379.5	1,860.8	7.6	0.2	1,236.1	610.2	6.1	53.4	38.9
December	3,186.6	447.1	390.8	328.0	62.8	383.8	1,882.3	7.1	0.6	1,232.7	635.3	6.0	53.7	28.8
2015 January	3,212.9	423.6	444.0	381.7	62.3	396.4	1,863.1	7.2	0.2	1,230.5	618.5	6.1	54.3	31.5
February	3,223.9	433.4	448.9	390.3	58.6	372.0	1,874.9	8.1	0.3	1,242.3	617.4	6.1	54.0	40.7
March	3,250.3	422.3	444.7	366.6	78.1	400.7	1,903.5	9.2	0.7	1,261.4	625.6	6.2	53.5	25.6
April	3,256.8	391.7	423.8	363.7	60.2	422.3	1,936.4	8.8	0.2	1,284.9	635.6	6.1	52.8	29.7
May	3,262.2	397.1	395.5	336.4	59.1	429.4	1,957.4	9.1	0.3	1,294.4	646.7	6.4	52.7	30.1
June	3,269.6	397.4	341.9	286.0	56.0	443.8	2,005.2	9.0	0.6	1,328.0	660.8	6.3	52.7	28.6
July	3,296.1	418.6	348.1	287.6	60.6	443.8	2,001.1	8.8	0.2	1,317.8	667.5	6.4	51.9	32.6
August	3,349.2	148.7	384.9	323.3	61.7	472.4	1,985.1	8.9	0.1	1,298.7	670.4	6.3	53.0	38.0
September	3,321.4	431.4	334.2	271.1	63.1	473.4	1,993.3	8.2	0.6	1,313.4	664.4	6.2	53.5	35.6

Source: CBK (2016)

Table 5.2 ODC balance sheet, liabilities

(Cumulative data, end of period, in millions of Eur)

Description	Total liabilities											
	Balances from other banks	Deposits					Other borrowings (incl. non neg. CD)	Write - downs, provisions	Other liabilities	Subordinated debt	Own resources	of which:
		Transferable deposits	Other deposits:	Saving deposits	Share capital							
2001	519.8	.	492.3	365.4	126.8	–	5.0	...	2.0	...	20.4	18.4
2002	473.7	.	427.2	295.9	131.3	–	5.4	...	6.6	1.3	33.2	30.8
2003	589.2	1.8	514.0	290.5	223.5	–	8.9	...	17.5	2.0	45.0	44.1
2004	816.5	14.3	694.5	281.0	413.5	–	1.4	...	27.9	9.3	69.1	57.7
2005	984.4	23.0	836.7	296.6	540.1	–	6.4	...	37.3	7.0	74.0	62.4
2006	1,161.2	30.3	924.3	308.9	615.4	–	4.2	...	92.1	7.0	103.3	78.4
2007	1,435.0	25.8	1,143.1	380.7	762.4	–	2.7	...	103.7	7.0	152.7	114.9
2008	1,808.2	34.9	1,444.1	429.8	1,014.2	–	...	...	129.8	7.0	192.5	145.9
2009	2,204.1	58.5	1,744.9	517.8	1,229.5	–	...	...	171.7	24.4	204.6	159.4
2010	2,455.1	70.7	1,936.8	671.0	923.2	342.7	23.4	0.1	160.0	33.5	230.5	170.4
2011	2,649.7	40.0	2,104.0	699.0	1,056.8	348.2	30.4	0.2	191.3	31.0	252.8	176.6
2012	2,829.3	6.0	2,279.1	751.9	1,172.1	355.0	18.9	1.7	221.4	31.0	270.8	200.1
2013 December	3,059.3	16.5	2,449.0	900.8	1,143.9	404.2	13.4	2.0	244.1	56.3	277.8	221.2
2014 January	3,048.5	21.3	2,443.4	887.4	1,134.4	421.7	13.2	1.6	231.5	56.4	281.0	221.2
February	3,045.0	21.3	2,433.4	890.7	1,113.8	428.8	13.9	1.5	235.1	56.3	283.4	221.2
March	3,053.1	21.6	2,430.8	910.4	1,085.4	435.0	13.4	1.5	241.7	56.3	287.8	221.2
April	3,038.3	23.1	2,425.9	920.0	1,062.9	443.0	13.5	1.2	241.7	57.3	275.5	226.2
May	3,041.0	25.7	2,415.1	926.7	1,035.1	453.2	14.4	1.2	244.8	57.3	282.5	226.2
June	3,059.5	29.9	2,421.0	957.8	1,006.6	456.6	17.9	1.2	242.2	57.3	289.9	226.2
July	3,116.4	26.9	2,474.9	1,029.1	975.9	469.9	17.0	1.1	239.4	57.3	299.6	231.2
August	3,160.4	25.3	2,513.6	1,096.6	922.8	494.2	16.7	1.1	237.6	57.3	308.8	231.2
September	3,149.5	22.2	2,518.0	1,100.3	908.8	508.8	16.9	1.5	233.6	47.3	310.0	231.2
October	3,150.3	22.5	2,514.0	1,112.3	880.1	521.6	17.0	1.6	235.2	47.3	312.7	231.2
November	3,156.4	27.2	2,502.7	1,129.9	844.4	528.4	16.4	2.1	243.6	47.3	317.0	231.3
December	3,186.6	31.8	2,537.5	1,198.3	803.9	535.3	14.1	2.9	229.9	47.3	323.1	231.3
2015 January	3,212.9	33.8	2,561.3	1,222.9	773.2	551.1	14.1	2.8	237.0	47.3	330.7	233.1
February	3,223.9	30.4	2,554.0	1,230.3	766.3	557.4	14.6	2.9	236.7	47.3	337.9	233.1
March	3,250.3	29.4	2,574.5	1,266.2	748.5	559.8	14.6	2.8	236.7	47.3	344.9	233.1
April	3,256.7	34.1	2,575.7	1,268.9	745.7	561.1	14.8	2.6	229.3	47.3	352.8	263.9
May	3,262.2	33.9	2,573.6	1,277.8	736.5	559.3	14.4	2.8	229.2	47.3	360.9	263.9
June	3,269.6	55.6	2,574.6	1,291.1	730.8	552.7	13.1	2.8	226.5	47.3	349.7	263.9
July	3,296.1	38.2	2,615.0	1,361.1	704.2	549.7	13.3	2.6	222.1	47.3	357.5	263.9
August	3,349.2	42.5	2,656.9	1,417.4	689.0	549.8	13.1	4.3	220.3	47.4	364.5	263.9
September	3,321.4	46.8	2,656.5	1,437.4	668.3	550.8	13.3	2.8	208.1	35.8	358.2	263.9

Source: CBK (2016)

Table 6.1 ODC effective interest rates- deposit interest rates

(New contracts, unless otherwise indicated)

Description	Deposit rates	Nonfinancial corporations								Households								
		Transferable deposits	Other deposits							Saving deposits	Transferable deposits	Other deposits						Saving deposits
			Less than 250.000 euro				More than 250.000 euro					Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	
			Up to 1 month	Over 1 month and up to 3 months	Over 6 months and up to 1 year	Over 2 years	Up to 1 month	Over 1 month and up to 3 months	Over 6 months and up to 1 year									
2005 December	3.1	0.3	2.1	2.4	3.4	*	2.9	*	*	1.7	0.0	1.8	2.2	*	3.3	3.9	4.0	1.7
2006 December	3.1	0.4	2.1	2.9	4.3	*	3.1	*	*	1.5	0.0	1.9	2.3	*	3.4	4.2	4.5	1.7
2007 December	4.0	0.5	2.7	2.9	4.4	*	4.3	4.1	*	2.4	0.0	2.6	2.7	*	3.6	4.7	5.3	2.3
2008 December	4.4	0.5	3.1	4.0	5.3	*	3.6	4.9	*	2.9	0.1	3.2	4.6	*	4.5	5.0	3.9	2.7
2009 December	4.0	0.7	3.4	3.4	5.0	*	3.9	4.9	*	2.6	0.3	3.1	3.3	*	4.4	5.0	5.5	2.5
2010 December	3.4	0.6	2.4	3.1	5.0	5.1	*	3.7	*	2.1	0.6	2.6	2.6	3.1	4.5	4.8	5.1	2.2
2011 December	3.6	0.9	2.2	2.9	4.9	5.1	2.6	3.9	5.2	2.2	0.5	2.5	2.5	2.9	4.2	4.6	5.4	2.1
2012 December	3.7	0.8	*	2.8	*	*	2.7	4.0	4.8	2.1	0.5	2.3	2.5	2.8	4.2	4.5	4.8	2.1
2013 August	3.4	0.7	*	*	*	*	1.7	*	4.8	2.0	0.4	2.3	2.1	2.6	3.7	4.3	4.6	1.6
September	3.4	0.6	0.6	*	*	4.2	*	2.6	*	2.0	0.5	2.1	2.5	2.5	3.6	4.4	4.9	1.6
October	3.3	0.6	1.3	2.3	*	*	0.0	*	*	2.0	0.4	2.0	2.1	2.3	3.5	4.3	4.8	1.6
November	3.2	0.4	0.5	0.6	*	*	*	*	*	1.8	0.4	1.8	2.1	2.3	3.4	4.1	4.7	1.6
December	2.4	0.5	0.8	*	0.5	*	*	*	*	1.7	0.5	1.7	1.7	2.0	2.9	3.4	4.0	1.7
January	2.7	0.1	0.8	*	2.4	3.7	*	*	*	*	0.3	1.6	1.7	1.9	2.8	3.3	3.8	1.4
February	2.0	0.3	0.8	0.9	1.5	*	*	*	*	*	0.3	0.9	1.3	1.8	2.1	2.7	*	1.1
March	1.7	0.4	0.5	0.5	*	*	*	*	*	*	0.2	0.8	*	1.5	1.4	2.8	*	0.8
April	0.6	0.2	0.6	0.5	0.4	*	*	*	*	*	0.1	0.4	0.4	0.3	0.7	0.8	1.4	0.7
May	0.6	0.2	0.6	0.6	0.7	0.5	0.1	*	*	0.6	0.1	0.4	0.3	0.3	0.7	0.8	1.5	0.7
June	0.6	0.2	0.4	0.6	*	0.1	0.0	*	*	0.6	0.1	0.3	0.2	0.3	0.6	0.9	1.4	0.5
July	0.7	0.1	0.2	*	*	*	*	*	0.1	0.6	0.1	0.3	0.4	0.3	0.6	1.1	1.6	0.7
August	0.9	0.2	*	0.5	*	2.0	...	*	*	0.6	0.1	0.3	0.4	0.3	0.8	1.3	1.8	0.5
September	1.0	0.2	*	0.5	0.8	*	...	*	*	0.6	...	0.3	0.4	0.2	0.8	1.4	1.9	0.5
October	0.5	0.1	*	*	0.9	*	0.1	*	*	0.4	...	0.3	0.4	0.2	0.6	0.6	*	0.5
November	0.6	0.2	1.0	*	0.9	*	*	*	0.7	0.5	0.02	0.2	0.4	0.2	0.7	0.3	1.6	0.4
2014 December	1.1	0.1	0.2	*	*	*	*	*	1.9	0.7	0.01	0.2	0.5	0.3	0.7	0.9	2.0	0.6
2015 January	0.8	0.1	0.1	*	0.1	*	*	*	0.6	0.6	0.01	0.2	0.6	0.3	0.6	1.1	1.9	0.4
February	0.8	0.1	0.2	1.3	1.3	*	*	*	0.1	0.1	0.01	0.3	0.5	0.3	0.6	1.0	1.6	0.4
March	0.8	0.1	0.2	0.0	0.7	*	*	*	1.1	0.1	0.01	0.4	0.5	0.2	0.6	0.6	1.3	0.3
April	0.8	0.1	0.3	1.6	0.5	*	*	*	1.2	0.1	0.01	0.2	0.7	0.2	0.5	0.6	1.8	0.3
May	0.9	0.1	0.7	1.5	0.1	*	*	*	0.9	0.1	0.01	0.2	0.5	0.3	0.6	1.0	1.8	0.3
June	0.8	0.1	1.0	1.4	*	*	*	*	*	0.1	0.01	0.4	0.7	0.3	0.5	0.9	1.7	0.3
July	0.8	0.1	0.7	*	1.6	2.6	*	*	1.7	0.1	0.01	0.3	0.7	0.6	0.6	0.9	1.7	0.3
August	1.0	0.1	1.4	0.6	*	1.8	*	0.7	*	0.1	0.01	0.3	0.8	0.3	0.8	1.2	2.3	0.3
September	0.9	0.1	0.8	0.5	0.6	*	*	*	*	0.1	0.01	0.6	0.6	0.4	0.8	0.7	2.0	0.3

Source: CBK (2016)

Table 6 2. ODC effective interest rate - loan interest rates

(New contracts, unless otherwise indicated)

Description	Interest rate on loans / 1	Nonfinancial corporations (Loans)										Households (Loans)						
		Investment business loans			Other business loans			Overdrafts (outstanding amounts) 2/	Credit lines (outstanding amounts)	Loans with favourable conditions /4		Overdrafts (outstanding amounts) 2/	Loans with favourable conditions /4		Consumer loans	Mortgage loans / 3		
		Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Up to 1 year	Over 1 year and up to 5 years	Over 5 years			Cash over loans	Other loans		Cash over loans	Other loans		Up to 1 year	Over 1 year and up to 5 years	Over 5 years
2005 December	14.5	17.3	13.3	13.3	15.2	14.4	...	15.1	11.5	...	*	*	...	*	11.5	*	*	*
2006 December	14.7	*	14.5	14.5	13.6	15.2	...	15.7	12.4	...	*	*	...	*	12.4	*	13.4	*
2007 December	14.1	*	13.8	13.8	*	14.6	...	15.1	13.7	...	*	*	...	*	13.7	12.9	12.4	*
2008 December	13.8	*	13.9	13.9	14.2	13.4	...	15.0	13.5	...	*	19.5	...	...	13.5	9.8	10.8	8.1
2009 December	14.1	*	14.3	14.3	*	...	...	*	*	...	*	17.8	...	...	13.3	*	10.7	*
2010 December	14.3	16.1	13.9	*	18.7	14.4	*	12.7	13.3	7.7	*	22.6	6.6	8.6	14.6	*	11.7	10.3
2011 December	13.9	17.1	13.6	*	16.4	13.8	*	11.8	12.1	6.1	9.9	16.4	6.0	8.6	14.0	14.3	12.0	10.8
2012 December	12.9	15.4	12.0	10.2	15.3	13.7	*	10.7	11.9	5.9	*	12.5	6.1	8.0	13.1	*	10.8	9.8
2013 August	12.0	13.8	11.3	10.9	14.3	13.1	11.1	10.8	10.7	5.4	11.0	16.6	5.7	5.4	12.4	*	11.0	9.7
September	12.2	13.1	11.9	*	13.8	12.7	13.8	10.1	10.8	5.3	*	15.8	6.5	10.1	12.2	*	10.9	9.2
October	11.7	13.6	11.7	10.2	12.5	12.5	14.6	10.5	12.7	5.8	*	16.4	6.5	10.1	12.0	9.9	10.7	9.2
November	12.2	13.8	11.3	11.9	14.5	13.5	*	9.4	11.9	*	*	15.9	6.0	9.8	12.5	13.8	10.4	9.5
December	11.1	12.3	10.9	9.5	11.6	12.9	*	9.4	11.0	6.0	*	14.4	4.6	7.3	11.7	*	10.4	9.0
2014 January	11.7	13.1	11.6	10.5	11.9	13.0	*	8.8	12.9	5.9	*	14.6	5.0	7.5	11.8	10.9	9.7	9.0
February	11.8	10.1	11.6	11.1	11.8	12.5	*	8.8	11.0	3.4	*	13.8	5.0	6.3	12.0	11.3	9.9	9.0
March	11.2	11.1	10.9	11.8	11.4	12.6	9.0	9.8	10.9	6.6	9.8	14.6	3.9	4.3	11.3	*	9.7	9.0
April	10.7	11.7	10.3	9.9	10.3	12.5	*	9.4	11.0	4.0	10.8	14.0	4.3	4.1	11.2	9.3	9.8	9.2
May	10.5	11.9	10.0	10.2	11.1	12.1	7.6	9.9	12.0	6.8	3.7	11.8	3.9	4.8	10.7	*	9.4	8.7
June	10.6	12.1	9.9	11.0	10.6	12.2	12.1	9.4	11.3	4.2	*	14.3	4.6	3.6	10.9	9.8	9.5	9.1
July	10.8	10.1	10.3	11.4	10.9	11.5	*	9.6	10.6	6.0	*	13.6	4.0	4.5	10.9	8.9	9.2	9.3
August	10.7	11.4	11.0	9.4	10.3	11.2	13.5	9.5	10.2	3.7	*	13.4	4.2	4.0	11.0	*	9.9	8.3
September	10.8	11.8	10.9	10.0	10.6	10.9	*	9.1	11.2	2.9	*	13.4	3.3	4.0	10.9	9.5	9.6	8.7
October	10.4	12.4	10.8	9.3	9.9	10.8	10.1	9.4	11.0	3.1	*	13.8	2.9	4.5	10.4	12.4	9.2	8.6
November	9.9	11.2	10.3	9.1	10.6	10.5	*	8.9	11.9	*	*	13.3	2.7	*	9.9	*	9.1	8.0
December	9.2	10.8	9.8	8.4	9.5	10.2	11.8	9.3	11.8	2.2	*	12.9	3.2	2.3	9.1	8.8	8.0	7.8
2015 January	9.6	11.3	10.8	7.9	9.4	10.7	14.1	9.3	9.3	0.0	*	15.5	3.1	*	10.0	10.8	8.0	8.1
February	9.3	*	10.2	7.8	9.0	9.6	9.8	8.1	10.2	2.2	*	12.5	3.0	*	10.0	*	8.0	7.8
March	8.9	10.5	9.4	7.2	8.8	9.7	9.0	8.5	11.0	4.8	*	12.7	3.9	*	9.0	8.7	8.1	7.7
April	8.3	9.0	8.2	7.2	8.7	9.4	11.7	8.3	9.3	2.7	*	12.8	2.4	7.9	8.8	*	7.5	7.7
May	7.9	8.5	7.5	6.6	7.3	9.1	12.1	8.6	9.6	3.3	*	13.2	3.3	*	8.5	*	7.2	7.0
June	7.6	*	7.2	7.1	7.6	7.9	11.5	7.6	9.9	2.7	*	13.1	2.9	6.7	8.4	*	7.7	7.0
July	8.1	10.5	7.8	7.2	7.4	8.5	10.4	8.0	9.1	3.1	*	13.1	3.6	7.8	8.8	9.8	7.3	7.5
August	7.9	11.0	8.0	7.1	8.4	8.9	13.3	7.6	10.1	2.7	*	13.5	2.4	8.0	9.0	5.8	7.4	7.1
September	7.9	9.0	7.7	7.1	7.4	9.0	10.4	7.3	9.5	2.9	*	12.3	2.8	7.1	8.8	*	7.2	6.9

Source: CBK (2016)

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