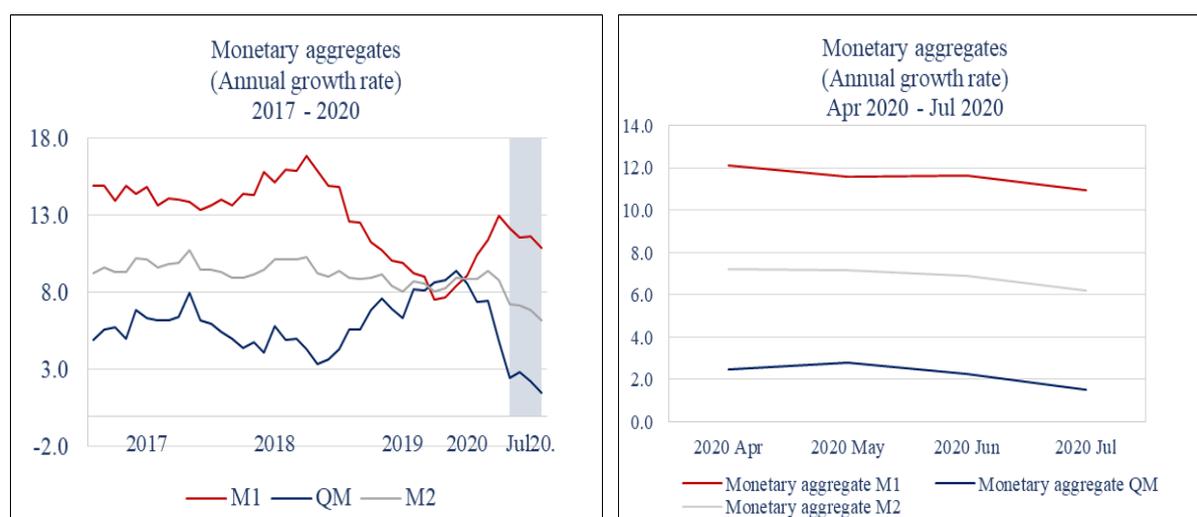


Comment on Monetary Trends in July 2020

The money supply (M2) at the end of July 2020 amounted to KM 26.99 billion, the monthly increase being KM 321.5 million (1.2%). The growth of money supply (M2) in July 2020 was brought about by the growth of money (M1) by KM 285.0 million (2.1%) and quasi-money (QM) by KM 36.5 million (0.3%). Money (M1) increased primarily due to the growth of transferable deposits in local currency by KM 175.3 million (2.0%) and the growth of cash outside banks by KM 109.8 million (2.3%). Quasi-money (QM) increased in transferable deposits in foreign currency by KM 35.3 million (1.3%) and other deposits in foreign currency by KM 17.5 million (0.2%) with a simultaneous decrease in other deposits in local currency by KM 16.2 million (0.5%).

At the annual level, money supply (M2) increased by 1.57 billion KM (6.2%). Growth was realized in cash outside banks by 702.3 million KM (16.6%), transferable deposits in local currency by 682.3 million KM (8.1%), transferable deposits in foreign currency by 175.8 million KM (7.1%), other deposits in local currency by 173 million KM (6.2%) with a simultaneous decrease in other deposits in foreign currency of 157.1 million KM (2.1%).



The counter-item of the monthly increase of money supply (M2) in July 2020 is the growth of net foreign assets (NSA) by KM 313.9 million (2.1%) and net domestic assets (NDA) by KM 7.6 million (0.1%). The increase in M2 at the annual level of 1.57 billion KM (6.2%) is a result of the growth of net foreign assets (NSA) by 1.61 billion KM (12%) and a decrease in net domestic assets (NDA) by 32.2 million KM (0.3%).

Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VII 2020	V 2020	VI 2020	VII 2020	V 2020	VI 2020	VII 2020
Assets							
1 Net foreign assets	14.961,4	91,3	-99,2	313,9	15,6	13,6	12,0
1.1 Foreign assets	17.361,8	20,6	-454,6	196,8	12,2	7,3	5,8
1.2 Foreign liabilities	-2.400,4	70,8	355,5	117,1	-2,5	-18,7	-21,3
2 Net domestic assets	12.030,4	-11,2	243,5	7,6	-1,9	-0,3	-0,3
2.1 Claims on central government (net) cantons and municipalities	-31,8	42,8	202,3	134,0	-948,7	72,1	-61,0
2.2 Claims on local sectors	19.405,3	-37,3	175,5	-1,5	0,6	0,5	0,2
2.3 Other items	-7.343,1	-16,6	-134,2	-125,0	-1,0	0,8	1,6
Liabilities							
1 Money supply (M2)	26.991,8	80,2	144,4	321,5	7,2	6,9	6,2
1.1 Money (M1)	14.058,6	48,6	135,8	285,0	11,6	11,7	10,9
1.2 Quasi money (QM)	12.933,2	31,6	8,5	36,5	2,8	2,2	1,5

Loans

At the end of July 2020, total loans to domestic sectors amounted to KM 20.43 billion, having increased by KM 35.2 million (0.2%), compared to the previous month. Growth of loans was recorded in households sector by KM 41.1 million (0.4%), public companies by KM 1.1 million (0.2%) and other domestic sectors by KM 6.2 million (3.6%). Decline of loans was recorded in the sectors of private companies by KM 12.6 million (0.2%) and the government sector by KM 0.7 million (0.1%).

The annual growth rate of total loans in July 2020 amounted to 0.9%, or nominally expressed 179.5 million KM. Loan growth was recorded in the households sector by KM 142.1 million (1.5%), government institutions by KM 116.6 million (11.8%), public companies by KM 133.1 million (33.0%), other domestic sectors by 27.8 million KM (18.4%), while in the sector of private companies there was a decrease in loans by 240 million KM (2.7%).

Sectorial structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VII 2020	V 2020	VI 2020	VII 2020	V 2020	VI 2020	VII 2020
Total	20.431,2	-44,3	135,9	35,2	0,9	0,9	0,9
Out of it:							
Households 1)	9.885,7	-11,4	49,0	41,1	2,2	1,9	1,5
Private companies 1)	8.728,2	-23,0	2,6	-12,6	-1,5	-2,6	-2,7
Government institutions	1.101,2	-4,5	3,0	-0,7	4,4	9,9	11,8
Public companies	537,1	-3,6	70,1	1,1	11,0	28,3	33,0
Loans to other domestic sectors	179,0	-1,8	11,2	6,2	12,4	3,2	18,4

CBBH Foreign Exchange Reserves

At the end of July 2020, the CBBH foreign exchange reserves amounted to KM 13.24 billion, having increased by KM 218.0 million (1.7%) compared to the previous month. At the annual level, the foreign exchange reserves of the CBBH increased by KM 1.04 billion (8.5%).

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