Current account gap increased in July to EUR 203.3 mn (+20.2% mom) over widened foreign trade deficit (+19.4% mom), while modest capital transfers (+5.0% mom). Foreign trade widening was largely driven by the imports revival (+6.1% mom) being triggered by oil and gas imports, while volatile exports trend was largely added by energy products and non-ferrous metals. Financial account substantially improved in July (+14.8% mom) being led by skyrocketing FDI’s (+422.0% mom), followed by portfolio investments (+99.2% mom) and other investments (+36.4% mom). Surge in FDI’s were to the largest extent flavoured by the Delhaize/Delta maxi transactions (i.e. roughly 90% of the EUR 409 mn relates to this transaction). Investment in dinar debt saw better periods then it was in the July (EUR 66.5 mn) though the volume improved compared to June (EUR 61.2 mn). Negative balance on the other investments deepen further in July to EUR 118.6 mn as banks deposited abroad larger amounts (EUR 150.3 mn), which coincided with the banks short tem debt repayments (-EUR 150.5 mn). Corporate customers were quite active on both sides in July, disbursing EUR 304.8 mn from abroad and repaying due EUR 338.6 mn, both being the highest monthly levels in 2011.

Consequently balance of payment was again in surplus (EUR 296.0 mn) first time after April (EUR 112.8 mn), thanks to lavish FDI. Looking in annual terms, C/A increased by 29.8% yoy propped up by widened foreign trade deficit (+15.9% yoy), though remittance kept nice growth (+21.8% yoy). Overall BoP moved from deficit in July/10 (-EUR 157.2 mn) to surplus in July/11 (+EUR 296.0 mn) on the Delhaize/Delta maxi transaction. Looking at Jan-July/11 C/A gap modestly deteriorated compared to Jan-July/10 standing at EUR 1.6 bn vs EUR 1.5 bn facilitated by stable foreign trade gap (+7.4% yoy), while nice current transfers sentiment (+10.7% yoy). Overall BoP was in surplus in the seven months of 2011 (EUR 496.3 mn) compared to last years deficit (Jan-July/10: EUR 845.3 mn) due to FDI’s (EUR 985.7 mn) and portfolio investments (EUR 896.9 mn), which primarily relate to investments in Min Fin T-bills. However, the third segment of the financial account (other investments) fell vastly in Jan-July/11 (-376.6% yoy) due to cautious approach of the banking industry supported by the revived sovereign debt crises in EU and fears over potential overflow on the local market.

Source balkans.com