4. Balance of Payments and Foreign Trade

In the months passed in 2014, including Q2, the improvement in the current balance of payments has stopped. The deficit has stabilised at around 5% of GDP, which is considerably less than two or three years ago, but the realised deficit was still higher than long-term sustainable levels. The trends in current account balance of payments are predominantly determined by the foreign trade trends. As we already predicted, in 2014, the exports are decelerating their growth, while the growth of imports is slightly accelerating. We do not expect significant improvements in the second part of the year in foreign economic relations, because the factors influencing the increase and decrease of foreign deficit will mostly cancel each other out. Depreciation of dinar and the announced austerity measures will influence the improvement of foreign trade balance, while the stagnation in EU and growth of energy imports will worsen the foreign trade balance. Received billion dollar loan in August from the United Arab Emirates intended for the budget of the Republic of Serbia led to an increased level of public sector's foreign debt and total foreign debt.

In Q2 the current account deficit was 383 million euros, i.e. 4.8% of GDP

According to NBS data, and in line with the new balance of payments methodology[1], the current account deficit in Q2 was 383 million euros (4.8% of GDP, Table T4-1). This value of the current account deficit is equal to the one recorded in the same period last year. However, there have been certain changes within the current account in realised values on its individual accounts: goods and services deficit is below and primary income deficit (Income according to BPM5) is above the last year's values. The secondary income (current transfers according to BPM5) is slightly lower compared to Q2 2013.

In 2014 we expect the current account deficit to stay at around 5% of GDP

Having in mind the past trends and expected changes, we estimate that the current account deficit will stay at an approximately the same level as last year. The 5% of GDP deficit that is expected this year is significantly lower than the realised deficit in the last several years, but it is still higher than the long-term sustainable level. The reduction of the current account deficit in the second half of 2014 could be influenced by measures of fiscal consolidation, but the weak demand in EU will present an obstacle for the export growth. Dinar depreciation from July and August will have a positive effect on foreign trade trends in this year's final quarter, while the growth of electricity imports will cause a deterioration in foreign trade trends. Recession trends, which began even before the floods, probably contributed to the current export trend (which decelerated its growth in Q2 and in July recorded a year-on-year decline of 10.9%), but at the same time, set limitations on the import growth (after a gradual acceleration of growth in Q2, imports are again decelerating in July – year-on-year growth at a rate of 1.8%).

Growth of exports are still faster than the growth of imports...

…Still, exports are decelerating their growth, while imports are slightly accelerating

In Q2, trade deficit was 980 million euros (12.2% of GDP), which is 0.5 p.p. of GDP below the deficit realised in the same period last year, as a result of still faster growth of exports than imports. Goods and services deficit was at a level of 908 million euros (11.3% of GDP) and by 0.5 p.p. of GDP lower than the last year's. Goods in the value of 2.768 million euros were exported (34.6% of GDP). Imports during Q2 were 3.747 million euros (46.8% of GDP). Exports are decelerating their growth, while imports are slightly accelerating. Still, the rate of exports is sufficiently higher than the rate of imports, which led to further decline of the trade deficit. Exports were by 7.3% above the values recorded in Q2 2013. Imports recorded a year-on-year growth of 3.4%[2]. During Q2, the services account had a slight surplus of 72 million euros. Strengthening of the dinar's real value in the first half of the year had a negative effect on the foreign trade trends, while the depreciation of dinar that started mid-year will have a positive impact on the foreign trade at the end of current and beginning of next year.

Higher outflow of the Primary Income (Income) and lower inflow of the Secondary Income (Current Transfers) compared to Q2 of last year

On the primary income account (Income), a net outflow of 317 million euros was recorded. Secondary income (Net inflow of current transfers) in Q2 was 842 million euros (10.5% of

1 For more details on the changes in methodology, see Box 1 in this article.
2 The data differs from the SORS data as it excludes goods in processing (see Box 1 on methodology changes in calculating Balance of Payments).

GDP). Out of that amount, 695 million euros were Personal Transfers (8.7% of GDP), out of which 547 million euros were inflows from remittances (6.8% of GDP).

Box 1. Methodology Change in the Balance of Payments Statistics

In April, the statistics methodology of the balance of payments was changed and is now in line with the methodology applied by all EU member states, and which is also expected of the accession countries[1]. From the methodology of the International Monetary Fund, contained in the *Balance of Payments Manual (BPM5)*[2] we moved to the calculation according to the sixth edition of the Manual (BPM6)[3].

The transition to the new methodology has resulted in changes in the significant number of balance of payments items. Above all terminology changes along with numerous technical changes (additional allocation, i.e. separate disclosure of certain positions, which were formerly a part of the larger accounts, as well as the change in signs convention) and substantial changes (e.g. changes in scope of certain items).

We primarily highlight some terminology changes in items (former and current terms in Table 1) of the balance of payments account:

1) Within the current account of the balance of payments

- Account *Income* is now *Primary Income*
- Account *Current Transfers* is now *Secondary Income*

2) Within the financial part of the balance of payments

- Account *Financial Loans* is now *Loans*. And within this account:
  - *NBS* is now *Central Bank*
  - Instead of *Bank loans*, it is now borrowing of the *Deposit-taking corporations except the Central Bank*
  - *Government* is now referred to as *General Government*
- *Trade Loans* from the old methodology are now *Trade Credit and Advances*
- *Other Assets and Liabilities* are now *Other accounts receivable/payable*

Items that were not expressed in the former version of the balance of payments and which are now part of the Table 1 are:

1) Within the current account, as a part of *Secondary Income* (*Current Transfers* according to old methodology) a new item is recorded and published – *Personal Transfers*.

2) Within the financial account (aside from standard accounts: *Foreign Direct Investments, Portfolio Investments and Other Investments*) there is a new item called *Financial Derivatives*.

- Under *Other Investments* two new items have been added: 1. *Insurance and Pension and Standardised Guarantee Schemes* and 2. *Other Equity*

There has also been a change in signs convention: Within the current and capital part of the balance of payments, both revenues and expenditures have a positive sign, and the net value is their difference (in the old methodology, expenditures were shown as negative values, so the net value was a sum of revenues and expenditures). Within the financial part of the Balance of Payments, every increase in assets and liabilities has a positive sign, while every decrease has a negative one, so the net value is their difference.

As key substantial changes, we highlight the following:

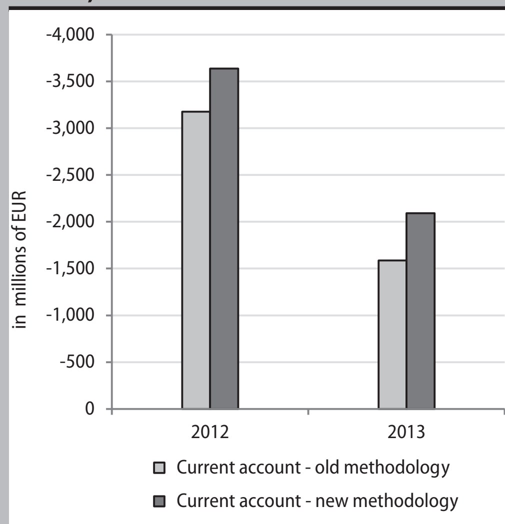
1) Balance of payments current account deficit is adjusted upward due to:

1 http://www.nbs.rs/export/sites/default/internet/latinica/80/obrazlozenje_BOP_IIP.pdf
2 Balance of Payments Manual (BPM5), 1993, http://www.imf.org/external/pubs/ft/bopman/bopman.pdf
3 Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6), 2009, http://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf

- Higher deficit in the *Income account* (which is now called *Primary Income*) due to the inclusion of reinvested profit (expressing the entire profit). Still, this change is neutral for the balance of payments, since FDI is increased by this amount.

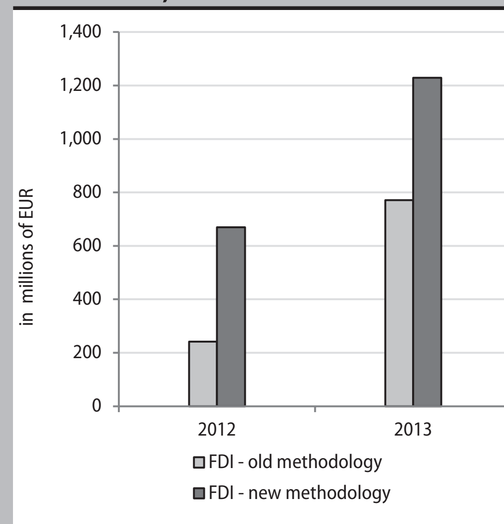
- Higher *Trade Deficit*, due to the exclusion of all transactions related to exports and imports of goods for further processing. Further processing services, according to the new methodology, will be recorded on the services account.

Graph T4-2. Serbia: Current Account Deficit, 2012-2013



Source: NBS, *QM*

Graph T4-3. Serbia: Foreign Direct Investments, 2012-2013



Source: NBS, *QM*

Current account balance in 2013 is now 6.5% of GDP, while calculated by the former methodology it was 5.0% of GDP (Graph T4-2).

2) Financial account deficit of the balance of payments is adjusted upward due to higher FDI (Graph T4-3), which were increased due to the inclusion of reinvested profit, as well as the improved scope of data caused by transferring to direct reporting. Wider scope of inter-company loans and their reclassification from *Other Investments* to FDI have led to the amount changes of these two items.

Inflow of FDI and portfolio investments, with a modest inflow of financial derivatives…

In Q2, there was a modest outflow of capital of 9 million euros (Table T4-1). This was the result of the recorded inflow of FDI (251 million euros net) and portfolio investments (149 million euros) on the one hand, and outflow of other investments (419 million euros) on the other. In addition, the financial derivatives account recorded a low inflow of 9 million euros.

…while outflow of other investments was recorded, mostly due to loan deleveraging

The recorded net outflow on the other investments account is mostly due to deleveraging of loans (319 million euros). Out of this amount, the largest portion is deleveraging of NBS towards IMF for earlier borrowed loans (in Q2, the deleveraging of the Central Bank was 186 million euros). Other deposit institutions additionally deleveraged 91 million euros, and the public sector 33 million euros, while the businesses moderately borrowed 9 million euros. Net inflow from trade loans was 41 million euros, while the net outflow on the Currency and Deposits account was 141 million euros.

In the coming period, the capital inflow will largely depend on the trust in the Government's economic policy and the situation in the international surroundings

In the coming period, the capital inflow will largely depend on the investors' trust in the Government's economic policy, and the trust will essentially depend on the Government's readiness to decisively implement the fiscal consolidation programme, as well as on the economic implementation of the reforms. Investors will observe relations with IMF as key indicators of the Government's readiness to implement austerity measures and economic system reforms. Still, the current geopolitical tensions will probably have a negative impact on investors' readiness to invest, which would affect Serbia as well.

Decline of forex reserves in Q2 by 370 million euros

Cumulative decline of forex reserves during Q2 was 370 million euros. During these three months (April-June), NBS intervened by purchasing 170 million euros at the interbank foreign exchange market[3]. Foreign currency reserves were slightly increased in April (38 million euros), while there was a considerable reduction in May and June (166 and 273 million euros, respectively).

Table T4-1. Serbia: Balance of Payments

	2012	2013	2013 Q1	2013 Q2	2014 Q1	2014 Q2
			mil. euros			
CURRENT ACCOUNT	-3,639	-2,092	-662	-382	-483	-383
Goods	-5,634	-4,152	-1,190	-1,045	-872	-980
Credit	8,394	10,540	2,151	2,578	2,512	2,768
Debit	14,028	14,693	3,341	3,623	3,384	3,747
Services	139	319	30	75	68	72
Credit	3,104	3,423	698	826	793	887
Debit	2,965	3,103	668	751	725	815
Primary income	-1,091	-1,412	-184	-292	-301	-317
Credit	657	617	113	168	104	140
Debit	1,748	2,030	297	459	405	457
Secondary income	2,947	3,153	681	879	623	842
Credit	3,286	3,523	768	968	708	933
Debit	339	369	87	89	85	91
Personal transfers, net [1)]	2,459	2,701	581	772	510	695
Of which: Workers' remittances	1,934	2,160	457	630	378	547
CAPITAL ACCOUNT - NET	-11	11	-2	9	2	-1
FINANCIAL ACCOUNT	-3,486	-1,917	-612	-356	-533	-361
Direct investment - net	-669	-1,229	-171	-264	-289	-251
Portfolio investment	-1,722	-1,916	-1,404	348	4	-149
Financial derivatives	2	-1	2	-2	0	-9
Other investment	41	532	101	446	552	419
Other equity	0	0	0	0	0	0
Currency and deposits	156	-228	-203	165	121	141
Loans	574	1,185	375	295	362	319
Central banks	219	657	150	148	189	186
Deposit-taking corporations, except central bank	377	682	286	67	212	91
General government	-467	-449	-150	-43	29	33
Other sectors	444	296	89	124	-68	9
Insurance, pension, and standardized guarantee schemes, net	3	0	1	0	0	0
Trade credit and advances	-692	-426	-72	-14	70	-41
Other accounts receivable/payable	0	0	0	0	0	0
SDR (Net incurrence of liabilities)	0	0	0	0	0	0
Reserve assets	-1,137	697	859	-886	-800	-370
ERRORS AND OMISSIONS, net	164	164	52	17	-51	23
PRO MEMORIA						
			in % of GDP			
Current account	-12.3	-6.5	-8.9	-4.7	-6.5	-4.8
Balance of goods	-19.1	-13.0	-15.9	-12.7	-11.8	-12.2
Exports of goods	28.4	33.0	28.8	31.5	33.9	34.6
Imports of goods	47.5	45.9	44.7	44.2	45.6	46.8
Balance of goods and services	-18.6	-12.0	-15.5	-11.8	-10.8	-11.3
Personal transfers, net	8.3	8.4	7.8	9.4	6.9	8.7
GDP in euros[2)]	29,516	31,986	7,477	8,195	7,417	8,009

Note: The presentation of the balance of payments is in line with the guidelines contained in the sixth edition of the IMF Balance of Payments Manual, 2009 (BPM6).
Source: NBS
1) Personal transfers represent current transfers between resident and non-resident households.
2) Quarterly values. Conversion of annual GDP into euro is done according to average annual exchange rate (average of official NBS middle exchange rates).

3 http://www.nbs.rs/internet/latinica/90/90_5/prezentacije_ioi/prezentacija_ioi_08_2014.pdf

Exports

In Q2 exports significantly decelerated growth...

…due to considerable decelerated growth of exports of road vehicles, as well as due to the consequences of floods.

According to the SORS data, exports in Q2 significantly decelerated growth. On the one hand, this is due to a considerable decelerated growth of road vehicle exports. On the other hand, the May floods also impacted this export growth trend, as they had a negative effect on production (and therefore exports) primarily in the energy, mining and agricultural sectors[4]. In addition, this could also have been affected by a moderate appreciation of dinar, as well as recession trends from the first half of the year. Thus, the year-on-year export growth rate excluding road vehicles was lower compared to the previous quarterly rate. The nature of exports decline of as much as 10.9% in July this year compared to the same month of the previous year is still unclear. For now, it is our estimate that it is a temporary once-off decline and we expect that in the coming months the exports will return to positive, albeit low growth rates.

During Q2 2014, a total of 2.873 million euros worth of goods were exported. Compared to Q2 2013, this represents an increase of 6.4%. Realised year-on-year growth of total exports was significantly below the growth realised in all quarters of 2013 (Q1: 20.1%, Q2: 18.2%, Q3: 38.5% and Q4: 22.2%) and in Q1 2014 (17.7%) (Table T4-4).

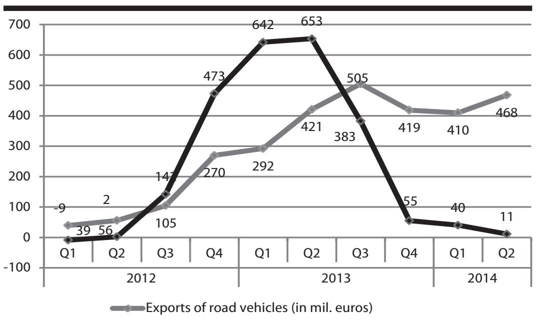
Table T4-4. Serbia: Exports, Year-on-Year Growth Rates, 2011–2014

	Exports share in 2013	2011	2012	2013	2013		2014		2013		2014	
					Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
	in %	in mil. euros							in %			
Total	100.0	8,441	8,739	10,997	2,236	2,699	2,632	2,873	20.1	18.2	17.7	6.4
Total excluding road vehicles	85.1	8,253	8,269	9,360	1,943	2,277	2,223	2,405	6.6	2.2	14.4	5.6
Energy	4.7	310	303	519	94	130	98	129	47.0	52.3	4.8	-1.2
Intermediate products	33.4	3,980	3,126	3,678	798	937	911	949	8.0	6.7	14.2	1.4
Capital products	27.1	1,001	1,667	2,979	570	758	720	812	112.8	107.3	26.3	7.1
Capital products excluding road vehicles	12.2	813	1,197	1,342	278	336	310	344	21.5	8.7	11.6	2.2
Durable consumer goods	4.8	347	395	524	99	136	122	147	26.9	35.7	22.9	8.0
Non-durable consumer goods	21.9	2,118	2,224	2,410	501	560	564	617	4.9	3.1	12.4	10.3
Other	8.1	686	1,025	887	173	179	218	219	-26.2	-42.5	25.7	22.2

Source: SORS

Graph T4-5 indicates that since the end of the previous year, a "ceiling" has been reached in the exports of road vehicles. That is, even though the recorded value of exports of these products in Q2 2014 exceeds the level from the same quarter last year (11% year-on-year growth), it is a considerably lower increase compared to the results realised at the beginning of the production and exports of the automobile industry (at the end of 2012 and in the first 9 months of 2013).

Graph T4-5. Exports of Road Vehicles



Source: SORS, *QM*

Decelerated growth of production and exports of automobiles is reflected on the values of Capital Goods exports. After the year-on-year growth of 26.3% in Q1 2014, exports of this group of products recorded a 7.1% growth in Q2 2014.

Values of Energy exports were 1.2% below the values from Q2 of last year. This is the result of damaged energy capacities and reduced energy production due to flooding. Decline of Energy exports is thus expected in the coming period as well.

Exported value of all other individual groups of products, classified by purpose, recorded a decelerated growth compared to the previous period (Table T4-4). Exports of durable consumer goods was by 8.0% above the last year's, while the exports of non-durable consumer goods recorded a year-on-year growth at a 10.3% rate, which is a lower growth than the one realised in the previous quarter (Table T4-4). In 2014, the year-on--year export growth rate of Intermediate Goods, after 14.4% from Q1, dropped to 1.4% in Q2.

4 From the presentation of the latest Inflation Report.

The highest year-on-year export growth values were recorded in products classified in the Other group (22.2% year-on-year). Still, even such a growth is below the realised year-on-year rates from the previous two quarters (Q4 2013 and Q1 2014).

We expect the deceleration of exports to continue

In the coming period, we expect that the May floods and current recession will have a negative impact on exports. The expected EU recovery might have a positive impact. We estimate that potential growth of Serbia's exports to the Russian market is quite modest, and that the possibility of growth in substituting EU member's exports will not have a significant impact on the growth of Serbia's total exports. Also, current depreciation wave would affect the export growth as early as end of 2014 and beginning of next year.

Imports

Imports have been gradually accelerating growth since the beginning of the year

Imports have been gradually accelerating growth since the beginning of the year (Table T4-6). Import of goods in Q2 2014 was 3.912 million euros, which is by 2.4% higher compared to the same period last year (Table T4-6). Save for Other Imports and Energy, a year-on-year decline of imports was recorded in all other groups of products. Year-on-year Energy import growth was 1.5%. After a long period of year-on-year decline of imports of energy products, the growth in Q2 is due to reduced domestic production, which is the result of flooding. Also, in the coming period, we can expect further growth in Energy imports and thus, growth of total imports as well.

Decline in imports of Intermediate, Capital and Consumer Goods and growth of Other imports

On the other hand, imports of Intermediate Goods and Capital Goods were by 4.2% and 1.8% below the last year's values. That indicates a certain decrease in demand for products that partially determine further domestic production. Imported values of Durable Consumer Goods were by 9.0% below last year's, while imports of Non-Durable Consumer Goods were almost at the last year's level. Significant increase in imports was recorded in goods classified under Other, where imported value in Q2 2014 was by 40% above the values from Q2 of last year (Table T4-6).

On the one hand, we expect in the coming period a reduction of imports due to the decline of domestic demand, caused by the announced measures of fiscal consolidation, as well as the current recession wave. On the other hand, growth of imports could be affected by imports of construction material and equipment (for the repair of buildings damaged by floods) and energy (due to the expected production reduction due to damages on power plants).

Table T4-6. Serbia: Imports, Year-on-Year Growth Rates, 2011-2014

	Imports share in 2013	2011	2012	2013	2013		2014		2013		2014	
					Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
	in %	in mil. euros							in %			
Total	100.0	14,250	14,717	15,469	3,509	3,820	3,543	3,912	-0.4	3.1	1.0	2.4
Energy	15.1	2,846	2,570	2,336	532	476	491	484	-34.9	-13.9	-7.6	1.5
Intermediate products	33.4	5,030	5,132	5,166	1,164	1,310	1,145	1,255	0.6	-5.2	-1.6	-4.2
Capital products	24.6	2,812	2,996	3,800	799	975	790	958	25.4	31.2	-1.0	-1.8
Durable consumer goods	2.1	320	323	328	77	80	69	73	-0.1	-3.4	-10.7	-9.0
Non-durable consumer goods	14.7	2,176	2,175	2,276	510	554	494	552	7.4	7.1	-3.2	-0.4
Other	10.1	1,066	1,520	1,563	428	425	554	592	18.6	0.0	29.4	39.3
Imports excluding energy	84.9	11,404	12,147	13,134	2,978	3,344	3,052	3,429	10.0	6.1	2.5	2.5

Source: SORS

Foreign Debt

Foreign debt is 25.384 million euros, i.e. 80.0% of GDP

Foreign debt at the end of June 2014 was 25.384 million euros (80.0% of GDP, Table T4-7). Public sector's foreign debt was in both absolute and relative terms (as part of GDP) slightly above the private sector's foreign debt after September 2013, which was the case at the end of June 2014 as well. Public sector's foreign debt was 12.795 million euros (40.3% of GDP), while the private sector's foreign debt was 12.589 million euros (39.7% of GDP, Table T4-7). A billion dollar loan received from the United Arab Emirates in August, intended for the budget of the

Republic of Serbia, will lead to an increased foreign debt. We estimate that this additional borrowing will affect the growth of public sector's foreign debt and thus the growth of total foreign debt as well by around 2.5 p.p. of GDP.

In the first half of the year, the foreign debt was temporarily reduced, but it was again raised in August due to state borrowing

Compared to the situation at the end of the previous year, foreign debt is lower by 404 million euros. This is the result of reduced borrowing of the public sector, primarily for paying off the National Bank of Serbia's debt toward the IMF. On the other hand, in the first six months of 2014, the private sector deleveraged moderately by 32 million euros. The banks deleveraged 293 million euros of their long-term debt, while the businesses borrowed 305 million euros. Short-term debt was reduced compared to December by 44 million euros, solely as the result of lower short-term borrowing of the banks. Compared to end of March, foreign debt is lower by 291 million euros, part of which is due to public sector deleveraging (NBS toward IMF), and partly due to additional deleveraging of long-term loans of the private sector. However, reduction of state's foreign debt was temporary, as the state received in August a loan of around 800 million euros from the United Arab Emirates, which has led to the new increase of foreign debt.

Fiscal consolidation and international environment will determine further borrowing

In the coming period, the foreign borrowing dynamic will greatly depend on consistency in implementing announced measures of fiscal consolidation, as well as the global market situation. Positive trends on global financial market could affect additional public sector borrowing in order to create reserves for 2015[5]. Arrangement with the IMF would also have a positive impact.

Table T4-7. Serbia: Foreign Debt Structure, 2011–2014

	2011	2012	2013				2014	
			Mar.	Jun	Sep.	Dec.	Mar.	Jun
			stocks, in EUR millions, end of the period					
Total foreign debt	24,123	25,645	26,596	25,890	25,637	25,788	25,675	25,384
(in % of GDP) 4)	*76.5*	*86.9*	*88.2*	*83.7*	*80.6*	*80.6*	*80.4*	*80.0*
Public debt1)	10,800	12,185	13,478	12,892	12,790	13,167	12,970	12,795
(in % of GDP)4)	*34.2*	*41.3*	*44.7*	*41.7*	*40.2*	*41.2*	*40.6*	*40.3*
Long term	10,800	12,185	13,478	12,892	12,790	13,167	12,970	12,795
o/w: to IMF	1,618	1,389	1,245	1,079	890	697	515	333
o/w: Government obligation under IMF SDR allocation	459	452	454	447	441	434	436	439
Short term	0	0	0	0	0	0	0	0
Private debt2)	13,323	13,460	13,118	12,998	12,846	12,621	12,705	12,589
(in % of GDP) 4)	*42.2*	*45.6*	*43.5*	*42.0*	*40.4*	*39.5*	*39.8*	*39.7*
Long term	12,722	13,005	12,786	12,713	12,683	12,420	12,561	12,433
o/w: Banks debt	3,869	3,722	3,535	3,503	3,457	3,232	3,036	2,939
o/w: Enterprises debt	8,854	9,283	9,250	9,208	9,224	9,187	9,523	9,492
o/w: Others			1	1	1	1	2	2
Short term	601	455	332	286	164	201	144	157
o/w: Banks debt	582	428	303	261	135	171	115	128
o/w: Enterprises debt	19	27	29	24	28	30	30	29
Foreign debt, net 3), (in% of GDP)4)	38.3	49.9	48.9	49.2	47.8	45.6	47.8	48.1

Note: External debt of the Republic of Serbia is calculated on a due-for-payment basis and includes the amount of debt under principal and the amount of accrued interest which is not paid at the agreed due date.

Source: NBS, QM

1) External debt of the public sector of the Republic of Serbia comprises government debt (including debt of Kosovo&Metohija under loans concluded before the arrival of the KFOR mission, non-regulated debt towards Libya and clearing debt towards former Czechoslovakia), debt of the National Bank of Serbia, local governments, state funds and agencies, and government-guaranteed debt.

2) External debt of the private sector of the Republic of Serbia comprises debt of banks, enterprises and other sectors which is not government-guaranteed. External debt of the private sector does not include loans concluded before 20 December 2000 in respect of which no payments are made (EUR 844.4 million, of which EUR 387.8 million relating to domestic banks and EUR 456.6 million to domestic enterprises).

3) Total foreign debt minus NBS forex reserves.

4) Uses the sum value of GDP of the observed quarter and previous three quarterly values of GDP.

5 See section "Fiscal Trends and Policy" of this issue of QM.