



3.2.

Foreign exchange developments

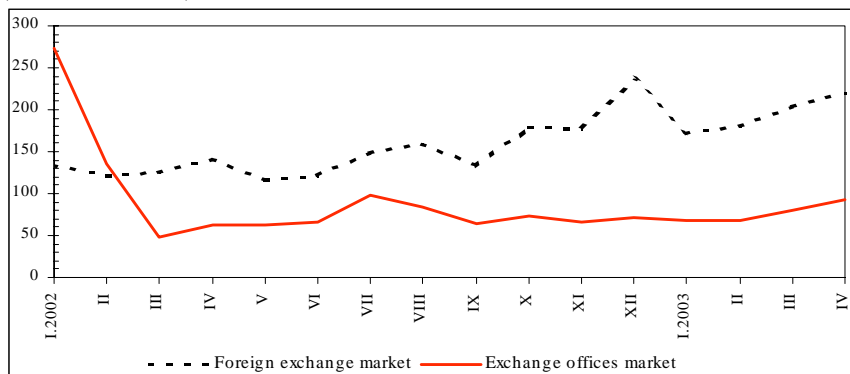
In April 2003, the turnover on the foreign exchange market increased by 8.3% on a monthly basis...

...and the Denar exchange rate against Euro was stable

In April 2003, the total value of the turnover made on the foreign exchange market equaled US Dollar 219.6 million, which is an increase of 8.3% compared to the previous month. The analysis of the structure points to the dominant share of the transactions between the banks and the enterprises (89.9% of the total turnover on the foreign exchange market, i.e. a monthly increase of 2.6 percentage points). In April 2003, the realized net sale of foreign exchange by commercial banks and the NBRM completely met the demand for foreign exchange by enterprises, thus enabling the stability of the Denar exchange rate against the Euro to pertain. Namely, at the end of April 2003, Denar 61.19 per one Euro were traded, which is almost the unchanged parity. In April 2003, the Denar appreciated against the US Dollar on the domestic foreign exchange market, as a reflection of the Euro - US Dollar movements on the international financial markets. Namely, on April 30, 2003 Denar 55.85 were traded per one US Dollar, which is a monthly appreciation of the Denar of 2.1%.

Chart 24

Movements in the total turnover on the foreign exchange and exchange offices market
(in US Dollar million)



Increased turnover in foreign assets on the exchange offices market

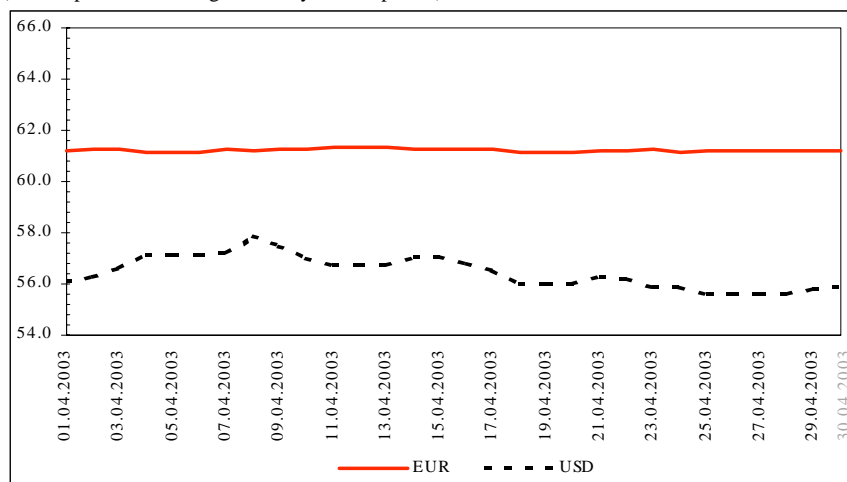
In April 2003, the turnover on the exchange offices market increased by 16.1%, thus reaching US Dollar 93.7 million. The demand for foreign exchange increased by 32.0%, while the supply of foreign exchange increased by 7.0% on a monthly basis. In April 2003, net purchase of foreign exchange by the exchange offices in the amount of US Dollar 16.5 million was realized. The situation of having higher supply than demand for foreign exchange on the exchange offices market, resulted in a minimal appreciation of the Denar relative to the Euro (0.1%), with Denar 61.35 per one Euro being traded on the exchange offices market at the end of April. More remarkable appreciation of the Denar of 2.1% relative to the US Dollar⁸ was registered, with Denar 55.08 per one US Dollar being traded on April 30, 2003.

⁸ The US Dollar exchange rate is taken from the exchange rate list for the exchange offices operations of the NBRM.



Chart 25

Daily middle exchange rate of the Denar at the exchange offices
(Denars per unit of foreign currency, end of period)

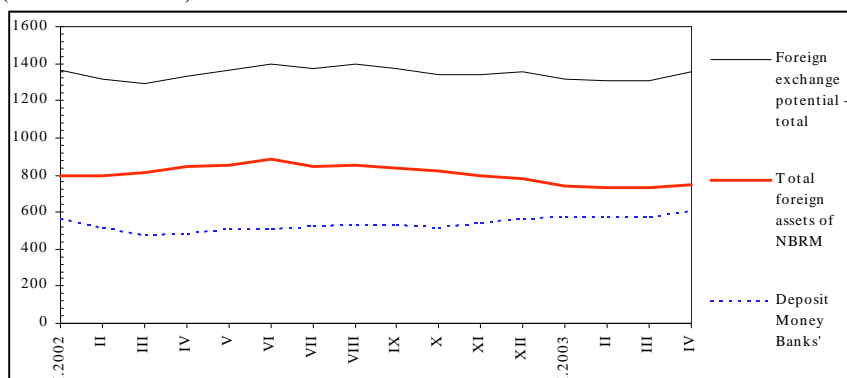


Increase in the gross foreign exchange reserves of the National Bank of the Republic of Macedonia was registered...

In April 2003, the total foreign exchange potential of the Republic of Macedonia registered an increase of US Dollar 52.7 million on a monthly basis, thus reaching US Dollar 1,358.1 million. This increase is a result of the increase in the total foreign assets of the banks and the NBRM. In April 2003, the gross foreign exchange reserves of the NBRM registered an increase of US Dollar 16.6 million, and equaled US Dollar 701.0 million at the end of the month. This increase is mainly due to the realized inflows of the Government foreign currency deposits (the funds received from the succession in the amount of US Dollar 17.8 million are included, representing 7.5% of the funds the former SFRY had deposited in commercial banks with their main offices being situated in the USA) and the inflows based on exchange rate differentials.

Chart 26

Foreign exchange potential of the Republic of Macedonia
(in US Dollar million)



... given an increase in the foreign assets with deposit money banks

In April 2003, the foreign assets with the deposit money banks increased by US Dollar 36.4 million on a monthly basis, given an increase in the foreign currency deposits of the economic agents with the banks of US Dollar 28.0 million, caused by the increase in the foreign currency deposits of the enterprises and households of US Dollar 11.3 million and US Dollar 14.8 million, respectively.