



I. Economic Developments in the Republic of Macedonia

Basic indicators for the economic developments

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		Amount	Month / previous month	Month / same month of the previous year	Period / same period of the previous year
			in %		
Costs of living	V.2003	-	0.6	0.6	0.2
Retail prices	V.2003	-	0.8	2.2	2.1
Prices of producers of industrial products	V.2003	-	-0.3	-0.9	0.6
Industrial output	V.2003	- in denars	-6.5	12.5	4.3
Nominal average net paid wage	IV.2003	11,777	2.0	9.4	7.1
Real average net paid wage	IV.2003	- in million denars	0.6	9.0	7.0
Budget revenues	V.2003	6,517	14.4	29.8	-9.3
Budget expenditures	V.2003	5,322	-10.2	9.6	-8.5

Source: State Statistical Office of the Republic of Macedonia and Ministry of Finance



1.1.

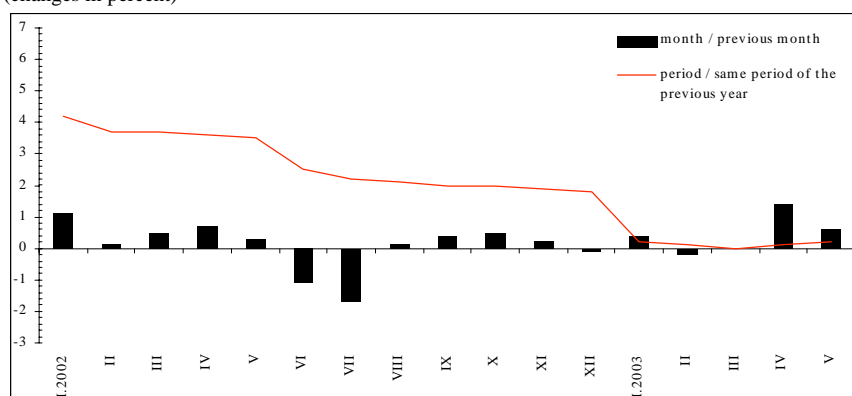
Prices

In May 2003, the costs of living registered a monthly increase of 0.6%...

...while the average rate of inflation remained minimal (0.2%)

In May 2003, the costs of living, measured by the rate of inflation increased by 0.6% compared to the previous month. The highest increase was registered in the costs of transport and communication services of 2.5%, due to the increased prices in the postal and telecommunication services by 10.1%. Monthly increase was also registered in the costs of food, which were higher by 0.5% (due to the higher prices of agricultural products), and in the costs of hygiene and health by 0.4%, while the costs of clothing and footwear and the costs of housing registered a minimal increase of 0.1%. Structurally observed, higher increase in the costs of services (of 2.0%) than in the costs of goods (of 0.3%) was recorded. On annual basis, the costs of living increased by 0.6%. The average rate of inflation in the first five months of 2003 compared to the same period of 2002 remained low and equaled 0.2%. Thus despite the changes in the value added tax (in April), and the increased prices of services, the price stability was preserved, which is the main legal objective of the monetary policy.

Chart 1
Costs of living
(changes in percent)

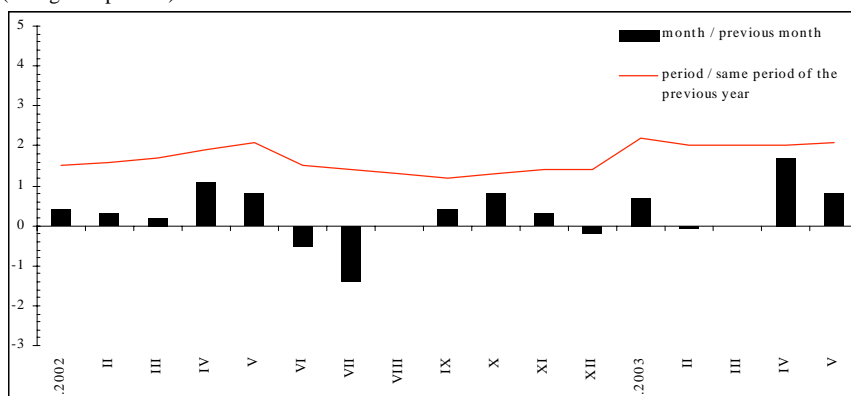


In May 2003, monthly increase in the retail prices of 0.8% was registered

In May 2003, the retail prices increased by 0.8% on a monthly basis. The increase is mainly a result of the increased prices of agricultural products by 6.3%, due to the higher prices of vegetables by 12.6% (which is a common seasonal dynamics for this group of products), fish by 2.3% and fruits by 0.3%. Analyzed by structure, the prices of services registered faster increase (1.4%) due to the increased prices of the postal and telecommunication services, contrary to the increase in the prices of goods (0.4%). The annual and the average rate of the retail prices equaled 2.2% and 2.1%, respectively. The increase in the retail prices on annual and cumulative basis is mainly due to the increased prices of services (by 6.8% and 4.9%, respectively).



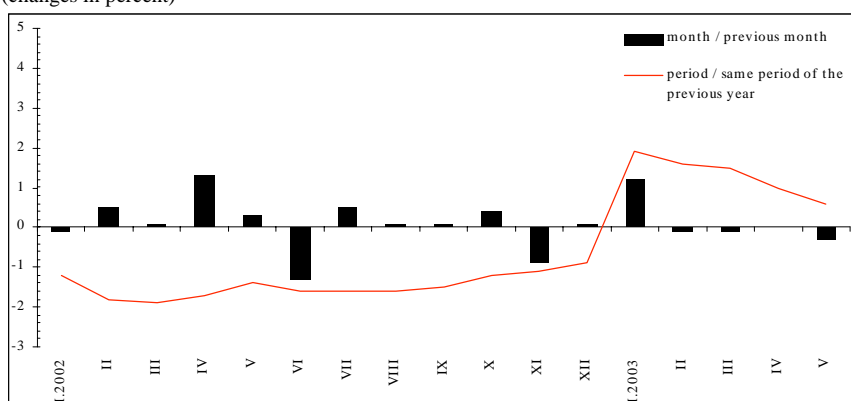
Chart 2
Retail prices
(changes in percent)



In May 2003, the prices of the producers of industrial products declined by 0.3% on a monthly basis...

In May 2003, the prices of the producers of industrial products registered a monthly decrease of 0.3%, as a reflection of the reduced prices of the producers of non-durable consumption goods and intermediate goods (except energy) by 0.9% and 0.1%, respectively. The prices of the producers in the other groups of products retained the level registered in the previous month. Observed by sectors, a decrease was registered only in the processing industry (of 0.4%), as a reflection of the drop in the prices in the food industry (of 1.3%), having in mind the unchanged prices in the remaining 18 branches of the processing industry. In the other two sectors, the prices of the producers remained unchanged in comparison with the previous month.

Chart 3
Prices of producers of industrial products
(changes in percent)



...while on cumulative basis, a positive average rate (0.6%) was registered

In May 2003, compared to the same month of the previous year, the prices of the producers of industrial products dropped by 0.9%, while on average, they increased by 0.6%. The average growth rate of the prices of the producers of industrial products in May was still influenced by the increase in the prices of the producers of energy, due to the higher prices of the producers of oil derivatives, while analyzed from the beginning of the year, it registered a gradual decline.