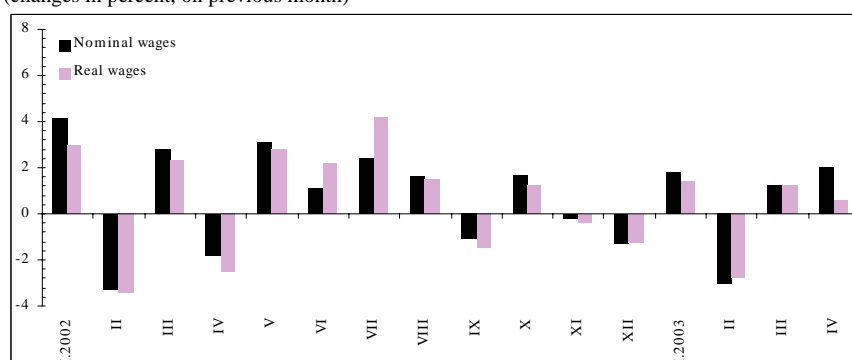


**1.3.****Other macroeconomic developments**

*Monthly increase in the wages of 2.0% in nominal and 0.6% in real terms was registered*

In April 2003<sup>1</sup>, the average net paid wage per worker in the Republic of Macedonia equaled Denar 11,777 which is a monthly increase of 2.0% and 0.6% in nominal and in real terms, respectively (due to the effect of the increased inflation in April by 1.4%). Observed by sectors, a monthly increase in the wages was registered in all three sectors: industry (by 2.4%), agriculture (by 3.7%) and services (by 1.2%). On annual level, the average net paid wage per worker registered an increase in nominal and in real terms of 9.4% and 9.0%, respectively. Simultaneously, the average net paid wage during the first four months of 2003 compared to the same period in 2002 registered nominal (and almost identical real) increase of 7.1%.

Chart 5  
Average net wages  
(changes in percent, on previous month)



In April 2003, 26.5% of the employees in the Republic of Macedonia did not receive wages for the respective month, which is by 1.3 percentage points more compared to the previous month.

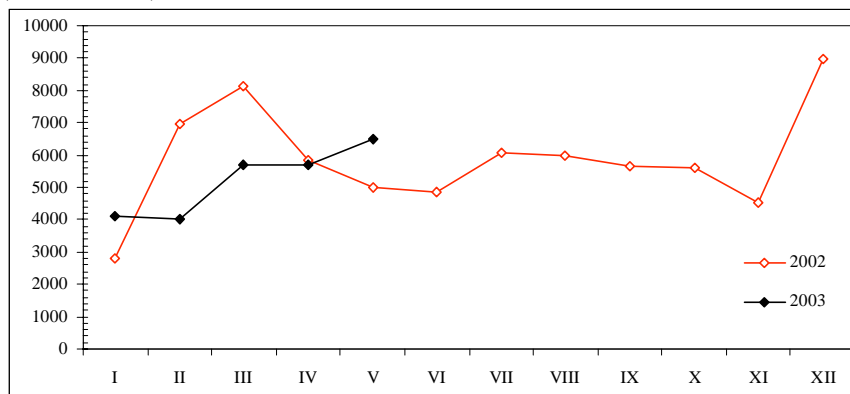
*In May 2003, the total budget revenues registered monthly increase of 14.4%...*

In May 2003, compared to the previous month, the total revenues of the Central Government were higher by 14.4% and equaled Denar 6,517 million. This monthly increase originates from the increased revenues in all main revenue categories. The most significant increase of 69.3% was registered in the revenues received from financing (as a result of the increased revenues based on donations and external debts), which contributed to their increased share in the total revenue structure by 9.3 percentage points. The primary revenues, as the most important revenue category, decreased their structural share by 9.2 percentage points and registered a moderate monthly increase of 1.2%, originating from the high increase in the non-tax revenues (by 4.3 times), while the tax revenues decreased (by 12.6%). The registered high increase in the non-tax revenues is due to the increase in the entrepreneur revenue received from public financial and non-financial institutions.

<sup>1</sup> Last available data.



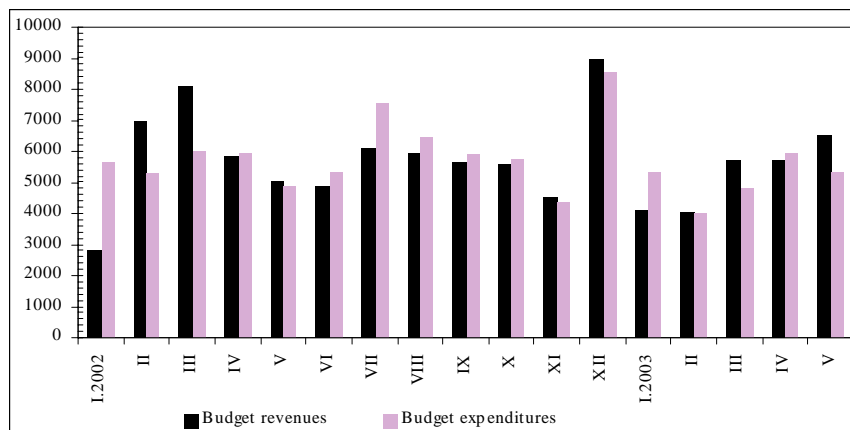
Chart 6  
Total Central Government budget revenues  
(in Denar million)



*...while they decreased by 9.3%  
on cumulative basis*

In the January - May 2003 period, the total budget revenues equaled Denar 26,077 million, which is a decrease of 9.3% compared to the same period of the previous year. Cumulative decrease was registered in all main categories of revenues, with the most significant decrease being registered in the revenues from financing (34.0%), resulting in a decrease in their share in the total revenues structure of 5.8 percentage points. This led to an increase in the structural share of the primary revenues of 5.7 percentage points although they registered a cumulative decline of 2.7% as a result of the reduced tax revenues of 6.4% (mainly as a reflection of the abolishment of the tax on financial transactions).

Chart 7  
Total Central revenues and expenditures  
(in Denar million)

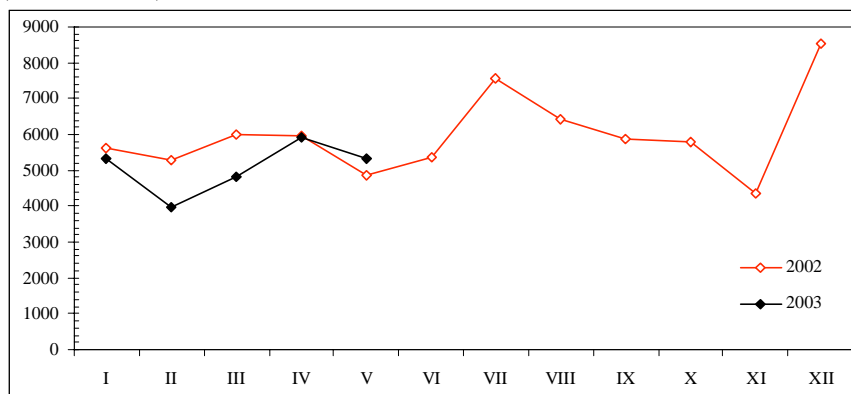


*In May 2003 the total budget  
expenditures registered monthly  
decrease of 10.2%...*

In May 2003, the total budget expenditures amounted to Denar 5,322 million, which is a decrease of 10.2% relative to the previous month. The monthly decrease in the budget expenditures is due to the lower expenditures for financing (decreased repayment of the principle of the domestic and the external debt) by 65.9%, having in mind the high comparison base registered in April, when the third installment of the bonds for the old foreign exchange savings was paid. The other three main expenditure categories registered an increase. Thus, the current expenditures registered a monthly increase of 8.1%, as a result of the increased expenditures for transfers and expenditures for goods and services by 38.1% and 4.1%, respectively.



Chart 8  
Total Central Government budget expenditures  
(in Denar million )



*...with a decrease of 8.5% being  
also registered on a cumulative  
basis*

Cumulatively observed, (in the January - May 2003 period), the total budget expenditures equaled Denar 25,369 million, which is a decline of 8.5% compared to the same period of the previous year. Cumulative decrease was registered in most of the main expenditure categories (except the expenditures for financing). Thus a cumulative decrease in the current expenditures of 9.3% was registered, in accordance with the reduced expenditures for goods and services by 51.5% (which were also high in the post-crisis period) and the reduced expenditures for repayment of interests by 28.8%.