



3.2.

Foreign exchange developments

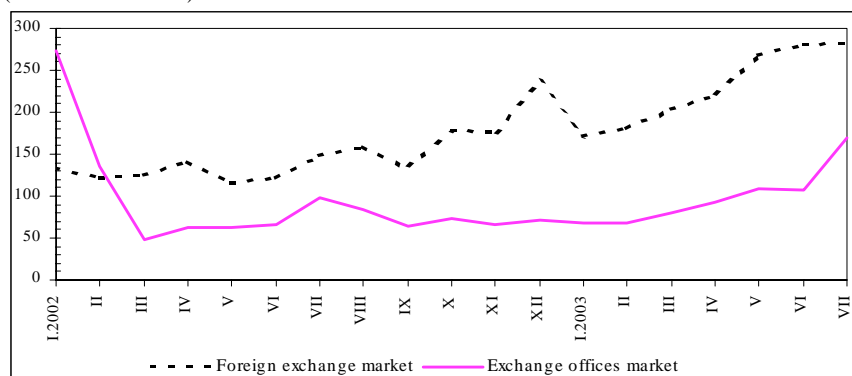
In July 2003, the turnover on the foreign exchange market increased by 0.9% on a monthly basis...

...with an appreciation of the Denar exchange rate against the Euro and the US Dollar of 0.1% being registered

In July 2003, the turnover on the foreign exchange market registered a relatively small change relative to the previous month (an increase of 0.9%) and equaled US Dollar 282.5 million. The transactions between the banks and the enterprises comprise 83.4% of the total turnover on the foreign exchange market. The NBRM intervened on the foreign exchange market with a net purchase, while the commercial banks registered net sale of foreign exchange. At the end of July 2003, Denar 61.24 per one Euro were traded, which is a moderate appreciation of the Denar relative to the Euro on a monthly basis of 0.1%. Relative to the US Dollar, the Denar also appreciated by 0.1%, so Denar 53.63 were traded per one US Dollar.

Chart 23

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



Extraordinarily high monthly increase in the turnover on the exchange offices market in July 2003

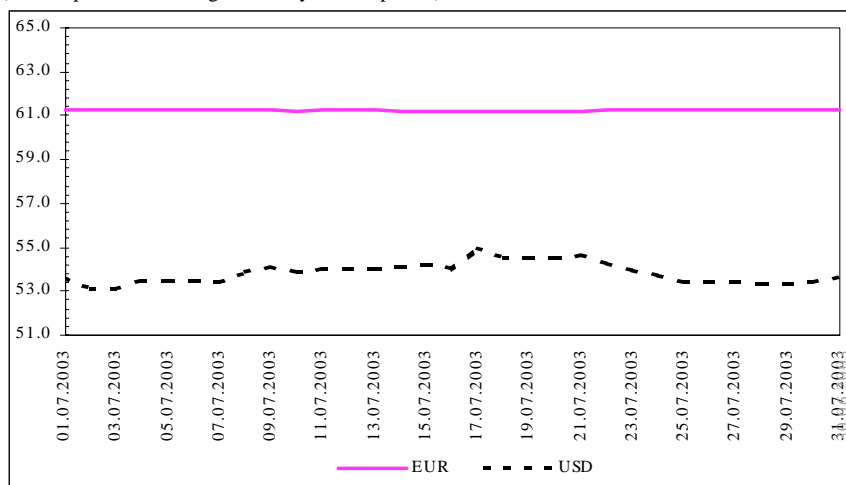
In July 2003, the turnover on the exchange offices market registered an extraordinarily high monthly increase (59.5%), thus reaching US Dollar 169.9 million, which is the highest turnover since the beginning of the year. The increase is mainly of a seasonal character, caused by the summer vacations. The supply of foreign exchange increased by 63.7% and equaled US Dollar 101.1 million, while the demand for foreign exchange increased by 53.7% and equaled US Dollar 68.8 million. During this month, net purchase of foreign exchange by the exchange offices in the amount of US Dollar 32.3 million was realized. The average Denar exchange rate relative to the Euro equaled Denar 61.46 per one Euro, which is a minimal appreciation of the Denar relative to the Euro of 0.1%. The average Denar exchange rate relative to the US Dollar⁸ equaled Denar 53.10 per one US Dollar, which is a depreciation of the Denar by 2.5%.

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



Chart 24

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

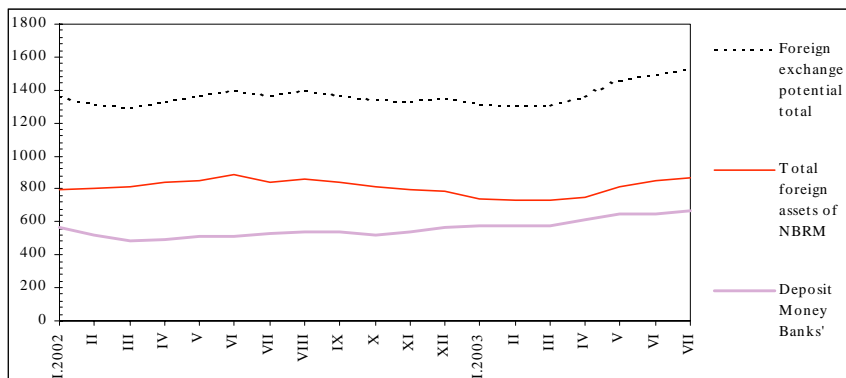


Monthly increase in the gross foreign exchange reserves of the National Bank of the Republic of Macedonia was registered...

The total foreign exchange potential of the Republic of Macedonia registered a four-month upward trend, with an amount of US Dollar 1,534.2 million being reached in July 2003. The gross foreign exchange reserves of the NBRM registered an increase of US Dollar 26.0 million, compared to the previous month, thus reaching US Dollar 829.1 million. The main cause for the increase is the realized net purchase of foreign exchange from the commercial banks.

Chart 25

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



...with a simultaneous increase in the foreign assets with deposit money banks

In July 2003, the total foreign assets with the deposit money banks increased by US Dollar 14.8 million and equaled US Dollar 664.7 million. The increase is mainly due to the increase in the foreign exchange deposits of households (by US Dollar 11.0 million) and enterprises (by US Dollar 1.8 million).