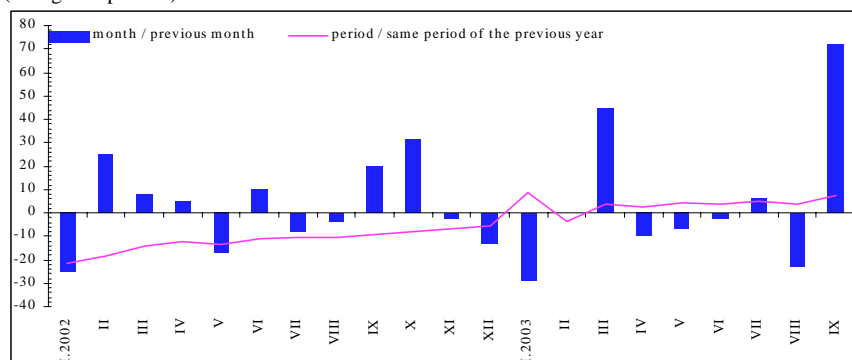


**1.2.****Economic activity**

In September 2003, the volume of the industrial output significantly increased by 71.9% on a monthly basis...

In September 2003, the industrial output representing one of the main indicators for the economic activity in the Macedonian economy, registered extraordinarily high monthly increase of 71.9% (the highest monthly increase since 1994). The common revival of the industrial activity after the summer period and the low comparison base registered in the previous month (when a large monthly decrease was registered) should also be taken into consideration. The high monthly index, however, can not be ignored and it is partially due to the increased production in the groups of industrial products of higher importance (observed from the aspect of the structural share in the total industrial output). Thus high increase was registered in the production of non-durable consumption goods and intermediate goods, except energy (by 2.9 times and by 57.9%, respectively). Analyzed by sectors, an increased output was registered in the sectors "mining and quarrying" (by 4 times) and "processing industry" (by 74.0%), comprising 89.9% of the total industrial output, while the sector "supply of electricity, gas and water" registered a decrease of 1.9%. In the processing industry, high increase was registered in the production of food products and beverages (by 3.6 times), which is mainly due to the increased production of wine, caused by the good yield of grapes. Simultaneously, the production of basic metals registered high monthly increase (by 2.1 times), mainly originating from the low comparison base, and also as a result of the restarting of the Veles Smeltery.

Chart 4
Industrial output
(changes in percent)



...registering high annual increase of 33.5% and moderate cumulative increase of 7.3%

In line with the high monthly increase, in September 2003 the industrial output registered also a high annual increase of 33.5%. Thus on annual basis, the increased output was registered in the production of non-durable consumption goods, intermediate goods and energy. Cumulatively observed, in the first nine months of 2003, compared to the same period of the previous year, the volume of the industrial output registered an increase of 7.3%, which is by 3.6 percentage points more in comparison with the previous month. The highest cumulative increase was registered in the production of oil derivatives (of 72.3% and the production of basic metals (of 70.8%).

In August 2003, monthly increase in the sale of agricultural products (of 28.2%) was registered

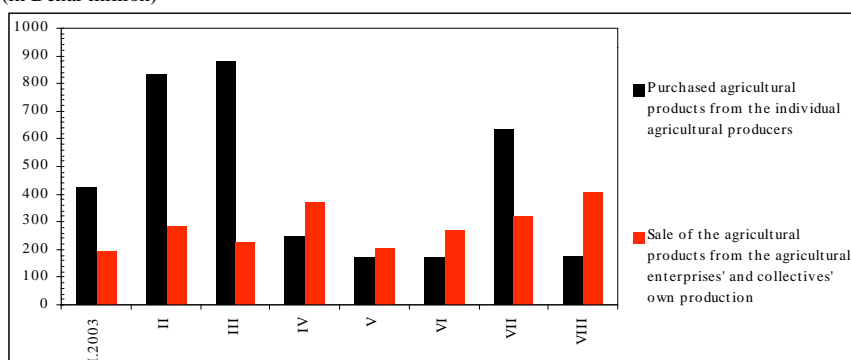
In August 2003¹, the sale of the agricultural products from the agricultural enterprises' and collectives' own production increased by 28.2% compared to the previous month and reached Denar 410 million, which is the highest amount registered since the beginning of the year. The increase registered this month is mainly due to the increased monthly sale of fruits and grapes (by 3 times), having in mind that the favorable weather conditions contributed to a

¹ Last available data of the State Statistical Office



good yield of fruits, especially grapes. Observed from the cumulative aspect, the sale of the agricultural products in the January - August 2003 period equaled Denar 2,275 million, which is by 26.8% less in comparison with the same period of the previous year. Except the sale of fruits and grapes and the sale of fish, where an increase of 38.4% and 12.4%, respectively was registered, the sale in all other categories of agricultural products registered a decrease. On the other hand, in August 2003, the total amount of the purchased agricultural products from the individual agricultural producers equaled Denar 180 million, which is a decrease of 71.6%, compared to the previous month. The significant decline is due to the reduced purchase of most of the agricultural products, with the most significant decrease being registered in the purchase of grain (by 93.2%). On cumulative basis, in the January - August 2003 period, the total value of the purchased agricultural products equaled Denar 3,548 million, which is a decrease of 27.0% compared to the same period of 2002.

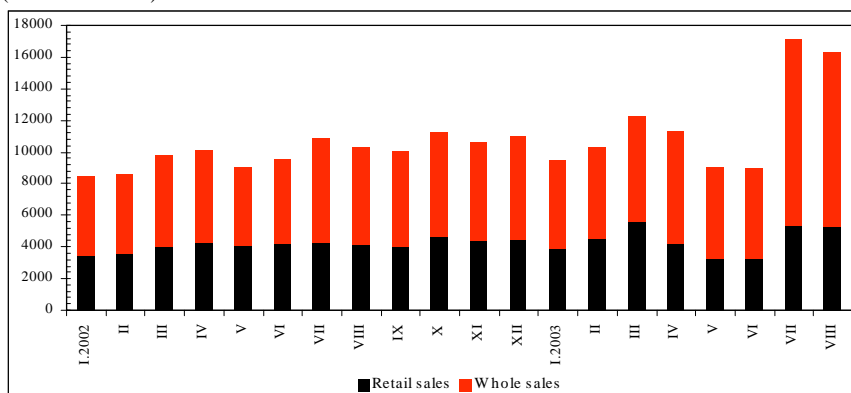
Chart 5
Sale and purchase of agricultural products
(in Denar million)



In August 2003, annual and cumulative increase in the total trade turnover of 58.6% and 28.5%, respectively was registered

In August 2003², the total trade turnover equaled Denar 16.299 million, which is a decline of 4.9% compared to the previous month. This drop is caused by the lower monthly retail and wholesale trade turnover (by 1.7% and 6.3%, respectively), given the high comparison base in the previous month, when the highest total trade turnover was registered. Despite the monthly decrease, the total trade turnover increased on annual and cumulative basis by 58.6% and 28.5%, respectively.

Chart 6
Trade turnover
(in Denar million)



² Last available data of the State Statistical Office

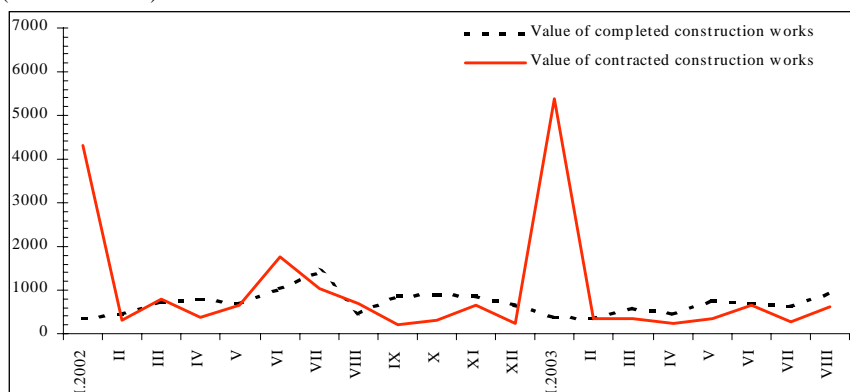


High monthly increase in the value of the contracted and completed construction works in August 2003 was registered

In August 2003³, high monthly increase in the value of the contracted and the completed construction works (by 2.2 times and by 50.0%, respectively) was registered. The increase is partially due to the low comparison base registered in the previous month, which was characterized by reduced construction activity. On annual basis, the value of the contacted construction works was lower by 38.8%, while the value of the completed construction works increased by 2 times. Analyzed on cumulative basis, the value of the contracted and the completed construction works decreased by 17.6% and 19.2%, respectively.

Chart 7

Contracted and completed construction works
(in Denar million)



³ Last available data of the State Statistical Office