



3.2.

Foreign exchange developments

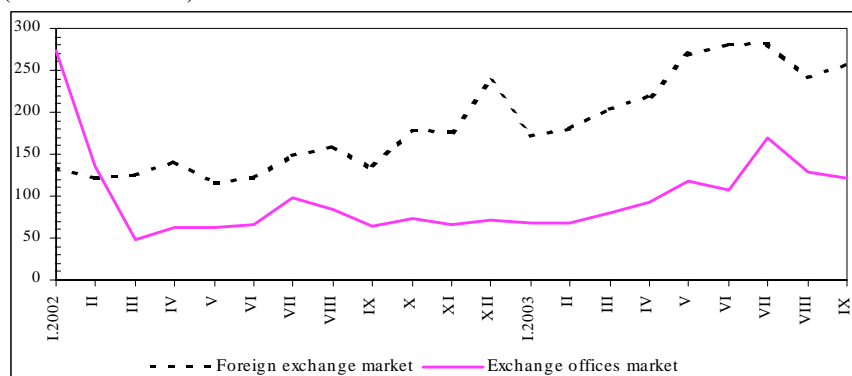
In September 2003, the turnover on the foreign exchange market increased by 6.7%...

...with the Denar exchange rate against the Euro being stable while it appreciated by 5.2% against the US Dollar

In September 2003, the turnover on the foreign exchange market registered an increase of 6.7%, thus reaching US Dollar 257.9 million. The transactions between the banks and the enterprises comprise 87.5% 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. On September 30, 2003, Denar 61.16 per one Euro were traded, which is almost the same exchange rate registered in the previous month. On the other hand, the exchange rate of the Denar registered monthly appreciation of 5.2% relative to the US Dollar, so at the end of the month Denar 53.59 were traded per one US Dollar.

Chart 28

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



Decrease in the turnover on the exchange offices market of 4.6% in September 2003

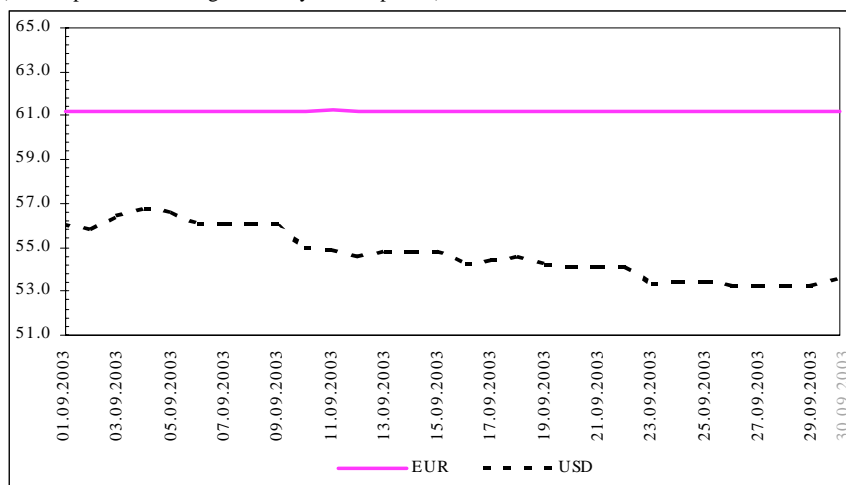
In September 2003, the turnover on the exchange offices market decreased by 4.6% and equaled US Dollar 122.1 million. The supply of foreign exchange decreased by 3.2% and equaled US Dollar 73.7 million, while the demand for foreign exchange decreased by 6.7% and equaled US Dollar 48.4 million, with the exchange offices registering net purchase of foreign exchange in the amount of US Dollar 25.4 million. The decreased turnover in September (and previously in August) is of a seasonal character and reflects its normalization after the high increase in July as a result of the summer vacations. In September 2003, the average exchange rate of the Denar relative to the Euro on the exchange offices market equaled Denar 61.40 per one Euro, which is almost the same level which was registered in the previous month. The Denar appreciated by 0.4% relative to the US Dollar, with Denar 53.94 being traded per one US Dollar¹³.

¹³ The US Dollar exchange rate is taken from the exchange rate list for the exchange offices operations of the NBRM.



Chart 29

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

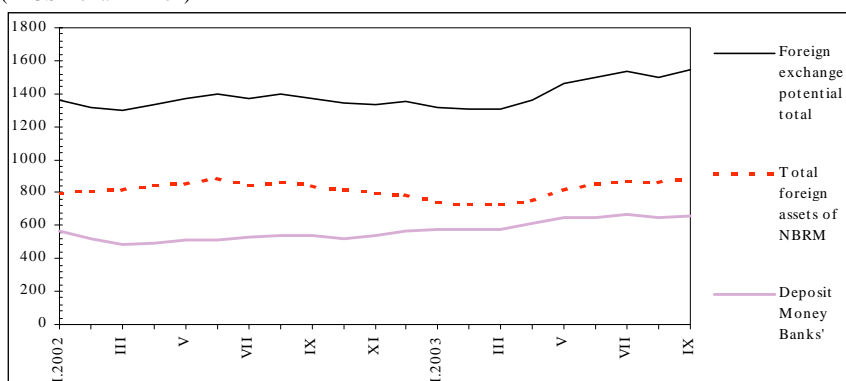


*Increased gross foreign
exchange reserves of the
NBRM...*

In September 2003, the total foreign exchange potential of the Republic of Macedonia increased by US Dollar 41.5 million and reached US Dollar 1,543.0 million. The gross foreign exchange reserves of the NBRM registered an increase of US Dollar 29.8 million compared to the previous month, thus reaching US Dollar 846.7 million. The main cause for the increase in the gross foreign exchange reserves is the change in the cross currency relations.

Chart 30

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



*...and increased foreign assets
of the economic agents with
the deposit money banks*

In September 2003, the total foreign assets of the banks increased by US Dollar 15.3 million and reached US Dollar 660.2 million. The increase is due to the increased foreign exchange deposits of households and enterprises by US Dollar 20.6 million and 12.0%, thus reaching US Dollar 491.0 million and US Dollar 106.5 million, respectively.