

**National Bank
of the Republic of Macedonia**



**Monthly
Report**

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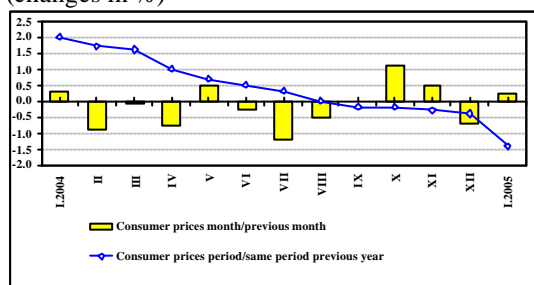
Important economic events and amendments to the legal regulations in January 2005

- ❖ *Since January 1, the customs duties of about 3,700 out of the total number of 12,000 tariff numbers decreased, with the average customs rate being reduced from 11.9% in 2004 to 10.05% in 2005. The decrease in the customs is conditioned by the joining of the Republic of Macedonia in the WTO. The largest decrease is expected in the food and the agricultural products and in the non-alcoholic beverages.*
- ❖ *On January 1, the excise for cigarettes increased by 3.3% annually, in accordance with the planned increase of 10% in the 2005 - 2007 period, within the gradual harmonization with the EU Directives pertaining to the duties on cigarettes .*
- ❖ *On January 4, the Macedonian Stock Exchange started to announce the new stock exchange index MBI - 10 instead of the current MBI, the implementation of which ceased on December 30, 2004. The new stock exchange index represents a price index weighted with the market capitalization which encompasses the common shares of ten quoted companies.*
- ❖ *On January 5, after the increase in the capital of Euro 4 million, "Procredit Bank" obtained a license for its reorganization from a bank established pursuant to the Law on Microfinancing Banks, into a bank subjected to the Banking Law.*
- ❖ *On January 10, the Energetic Regulatory Commission adopted a Decision on setting the highest prices of certain oil derivatives determined pursuant to the Methodology ("Official Gazette of RM" no. 2/2005, according to which the refinery and the retail prices of oil derivatives averagely decreased by 1.8% and 0.92%, respectively.*
- ❖ *In January 11 - 21 period, the World Bank Mission stayed in the Republic of Macedonia and together with the Government reviewed the conditions for granting new PDPL -policy development loan. The objective of the Mission was to determine the strategic priorities and the reforms that will be covered with the proposed arrangement, the negotiations for which will commence in September this year.*
- ❖ *On January 13, the footwear factory "Cik" from Kumanovo, re-started its production, and the factory is now managed by new owners from Italy.*
- ❖ *On January 20, the NBRM adopted a Decision on terminating the every day auctions of CB bills with maturity of seven days, which continued to be held twice a week (as well as the CB bills with maturity of 28 days).*
- ❖ *On January 24, the Energetic Regulatory Commission adopted a Decision on setting the highest prices of certain oil derivatives determined in accordance with the Methodology ("Official Gazette of RM" no. 5/2005) according to which the refinery and the retail prices of oil derivatives, on average, increased by 12.7% and 6.8%, respectively.*
- ❖ *On January 27, the NBRM Council adopted a Decision on establishing a Committee for operational monetary policy, as a permanent body engaged in operational conducting of the monetary policy, following the registered macroeconomic movements and achieving the objectives of the monetary policy.*

I. Economic Developments in the Republic of Macedonia

In January 2005, the rate of inflation, measured through the consumer prices equaled 0.2% on a monthly basis. The structural analysis of the components of the consumer price index shows that the increase is mainly due to the higher costs of tobacco and beverages (in accordance with the increased excise of cigarettes) and the costs of clothes and footwear. In comparison with the first month of the previous year, the rate of inflation is negative and it equals 1.4%, which is mainly due to the decrease in the costs of food (as dominant category) in accordance with the further decrease in the customs duties after joining the WTO.

Chart 1
Consumer prices
(changes in %)



In January 2005, the other price indices registered similar monthly changes. Namely, the retail prices registered a monthly increase of 0.2%, while the prices of the producers of industrial products remained unchanged. On annual basis (January 2005 / January 2004), the retail prices increased by 0.5% (in line with the higher prices of non-food industrial products). The prices of the producers of industrial products registered an annual increase of 1.2%, which originates from the higher

prices in the processing industry (in the producers of electrical machinery and apparatus and oil derivatives).

In January 2005, the *actual volume of the industrial output*¹ registered a monthly decrease of 30.5%. The decrease is primarily due to the seasonal factor - reduced number of business days, as well as due to the high comparison base registered in December. From the aspect of the sector analysis, the industrial output is lower in the sector "mining and quarrying" and in the processing industry (by 45.7% and 37.7%, respectively), while in the sector "electricity, gas and water supply" it registered a moderate increase (of 0.7%). Within the processing industry, the most significant decrease was registered in the production of electrical machinery and apparatus (of 79.5%), while the production of food products and beverages (the most significant branch in the processing industry) is lower by 42.3% compared to the previous month. On annual basis (January 2005 / January 2004), the actual volume of the industrial output registered an increase of 9.2%, reflecting the increase in the output in the processing industry (11.2) and in the sector "electricity, gas and water supply" (5%). When making the annual comparison, the low comparison base registered in the first month of the previous year should be taken into account.

¹ Since January 2005, the State Statistical Office implements new weighting structure in the calculation of the volume of the industrial output.

II. Monetary developments in the Republic of Macedonia

In January 2005, stable movements, measured through the almost balanced co-relation between the supply of and the demand for foreign assets on the foreign exchange market (banks - enterprises) were registered, which enabled maintenance of the stability of the Denar exchange rate relative to the Euro, as intermediary objective of the monetary policy. From monetary aspect, the first month of the year was also characteristic by enforcing the Decision on higher rate of allocation of reserve requirement.

In January 2005, the *average daily liquidity of the banking system* equaled Denar 4,371.5 million, which is higher by 16.9% compared to the previous month. The increase is mainly due to the increased reserve requirement in accordance with the higher rate which increased from 7.5% to 10%.

The increase in the reserve requirement was made from prudent reasons in order to provide higher coverage of the short-term foreign exchange deposit liabilities of the banks with liquid funds (in the conditions of higher liberalization of the foreign exchange

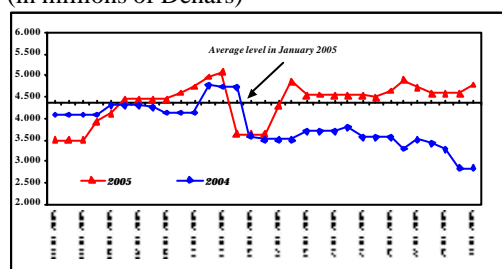


operations), as well as sterilization of part of the structural excess liquidity in the banking system on a longer basis. In order to provide higher transparency, in December 2004, the NBRM announced the Decision on increasing the rate of reserve requirement, so the banks had enough time to adjust themselves to the higher reserve requirement. Thus, the banks provided the higher amount of reserve requirement through conversion of foreign assets in Denar liquidity mainly in December 2004 and through withdrawal of CB bills in the first ten-day period of January 2005. Observed from the aspect of the dynamics, in the first half of the month a cumulation of liquid funds by the banks was registered, which is partially due to their preparation for meeting the reserve requirement, as well as for regular outflows related to the payment of taxes (in the mid-January). In the second half of January, the banks' liquidity dynamics was relatively stable.

Besides the registered excess liquid funds over the determined reserve requirement² of 9.6%, on the institutionalized money market, the demand exceeded the supply by 8.5%, with the average weighted interest rate equaling 7.8%. The average interbank interest rate on both, the institutionalized and on the non-institutionalized markets equaled 8.1%.

Chart 2

Daily dynamics of the banks' liquidity
(in millions of Denars)



In the first month of 2005, the *currency in circulation* also acted towards creating a liquidity, which after the seasonal increase before the New Year holidays decreased by Denar 798 million (or by 5.6%) in January, and at the end of the month they equaled Denar 13,364 million. The liquidity was also created through the *CB bills auctions of the NBRM*, the monthly basis of which was lower by Denar

1,143 million. Also, since January 20, 2005, the every day auctions of CB bills with a 7-day maturity were cancelled, and they continued to be held two times a week (as well as the CB bills with a 28-day maturity). On the other hand, the liquid funds were withdrawn through the increase in the *Government Denar deposits with the NBRM* (of Denar 358 million). The liquidity was withdrawn (although in a small amount) also through the *foreign exchange transactions of the NBRM*.

Besides the decrease in the currency in circulation, in January 2005, the reserve money registered a monthly increase of 2.4%, which mainly reflects the higher liquidity of the banks (in accordance with the increased reserve requirement). However, the lower level of currency in circulation, given the simultaneous decrease in the transaction deposits, resulted in a decrease in the money supply M1, while the wider monetary aggregates registered an increase, in line with the increase in the short-term deposits (especially in foreign currency).

Table 1

Monetary aggregates and their components

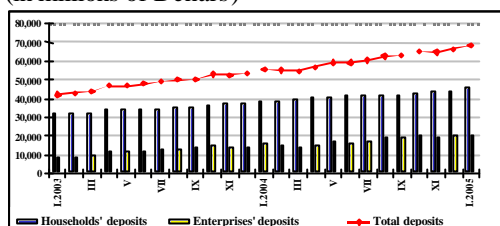
	31.01.2005	monthly change	annual change
		in %	in %
Currency in circulation	13,364	-5.6	-0.3
Demand deposits	13,134	-1.9	7.2
Monetary aggregate M1	26,498	-3.8	3.3
Short-term Denar deposits	20,989	2.5	31.0
Monetary aggregate M2 - Denar share	47,487	-1.1	13.9
Short-term foreign currency deposits	42,490	4.1	22.0
Monetary aggregate M2	89,977	1.3	17.6
Non-monetary deposits	4,792	-5.3	-2.3
- Denar	3,031	-9.8	-12.8
- foreign currency	1,761	3.5	23.0
Monetary aggregate M4	94,769	0.9	16.4

At the end of January 2005, the banks' total deposits equaled Denar 68,271 million, which is a monthly increase of 2.9%. This is mainly due to the increase in the short-term Denar and foreign currency deposits (of 4.1% and 2.5%, respectively). Lower preferences for a long-term saving were registered in January, and at the end of the month, the long-term deposits were lower by 5.3% (completely determined by the intensive decrease in the long-term Denar deposits of 9.8%, mainly in the sector "households"). Analyzed by structure, a simultaneous monthly increase was registered in the deposits of households and the deposits of enterprises (of 2.7% and 3.3%, respectively).

²As a period for maintaining (fulfilling) the reserve requirement of the banks is considered the period from the 11th day of the current month to the tenth day of the following month.

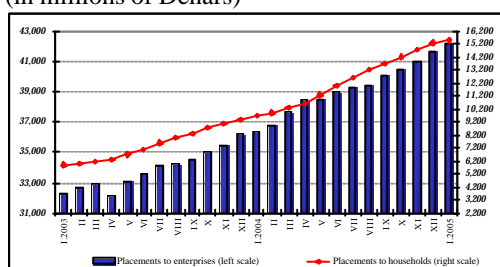


Chart 3
Deposit timeframes
(in millions of Denars)



In January 2005, *banks' total placements* registered an increase of 1.3%, with the Denar³ and the foreign exchange credits being higher by 0.6% and 4.1%, respectively. Having in mind the monthly decrease in the foreign exchange placements of households (of 3.3%, the increase in the placements denominated in foreign currency is completely due to the higher level of credits extended to the corporative sector (monthly increase of 4.1%).

Chart 4
Banks' placements by sectors
(in millions of Denars)



In January 2005, no significant changes in the *banks' interest rate policy* were registered. Thus the average weighted Denar interest rate of the banks on the short-term credits equaled 11.88% annually, which is a minimal decrease (of 0.1 percentage point). On the other hand,

³ Including also the Denar deposits with foreign exchange clause

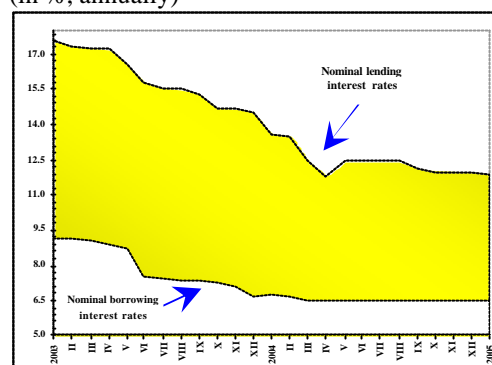
III. Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

In January 2005, *export of goods* in the amount of US Dollar 136.4 million was realized⁴, which is a decrease of 26.3% compared to the previous month, while in comparison with the

⁴ Preliminary data of the Statistical Office of the Republic of Macedonia. The export of goods is presented on f.o.b. basis, while the import of goods is presented on c.i.f. basis

the averagely weighted deposit interest rate of the banks remained unchanged (6.53%). In January, the average weighted interest rate on the short-term foreign exchange credits dropped by 0.46 percentage points and it equaled 7.41%, while the interest rate of the time deposits with a three-month maturity in Euros, ranged from 1% to 3.33%, while the interest rate in the US Dollars ranged between 0.5% and 2.48%.

Chart 5
Banks' weighted interest rates and spreads*
(in %, annually)



*Pertain to Denar credits and deposits

Two auctions of treasury bills with three-month maturity were held in January (on January 04, 2005 and on January 18, 2005), with the average weighted interest rate in the first auction equaling 9.41%, in the conditions of higher supply of than the demand for treasury bills. On the second auction, the demand exceeded the supply of treasury bills, and consequently, lower average weighted interest rate (9.29%) was registered. Higher demand for than the supply of treasury bills was registered also on the auction of the treasury bills with a six-month maturity (held on January 04, 2005), with the realized average weighted interest rate equaling 10.79%.

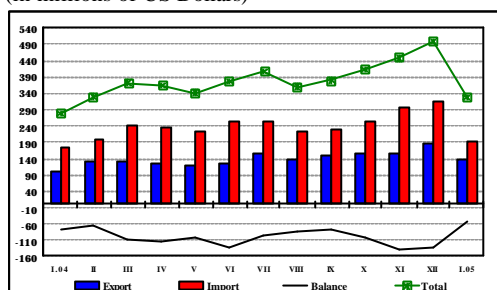
same month of the previous year, it increased by 33.2%. Analyzed by products, the annual increase is due to the increased export of iron and steel and their products, the export of tobacco, mineral fuels and agricultural products. In January 2005, *the total import of goods* equals US Dollar 190.2 million, which is a monthly decrease of 39.6%, while compared to January 2004, it increased by 7.7%. The annual



increase is due to the higher import of iron and steel and their products, the import of machinery and equipment, plastic products, clothing, furniture and oils.

Chart 6

Foreign trade of the Republic of Macedonia
(in millions of US Dollars)



Source: State Statistical Office of the Republic of Macedonia

In the conditions of intensified annual increase in the export relative to the import, a decrease in the foreign trade deficit of US Dollar 20.4 million (or by 27.5%) was registered in the first month of 2005 relative to the same month of the previous year. The deficit registered in January in the amount of US Dollar 53.7 million is the lowest monthly deficit in the last two years.

In January 2005, the export - import coverage ratio reached 71.7% (compared to 58% in January 2004), which represents the highest coverage ratio registered in the last two years.

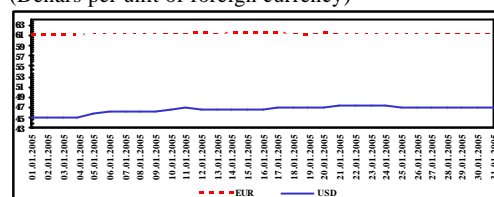
In January 2005, the total turnover on the foreign exchange market equaled US Dollar 316.3 million, which is a monthly decrease of 23%. The largest portion of the turnover was registered in the transactions between the banks and the enterprises (87.8%), with the demand for foreign exchange by the enterprises being mainly satisfied through net sale of foreign exchange by the banks (given the small amount of net sale of foreign assets by the NBRM in favor of the banks). In January 2005, the gross foreign reserves of the NBRM decreased by US Dollar 39.8 million, and they reduced to US Dollar 945.9 million, primarily because of the negative exchange rate differentials (US Dollar 30.9 million) and the net outflows based on the repayment of foreign liabilities (US Dollar 9.3 million).

In January 2005, the Denar exchange rate relative to the Euro equaled Denar 61.35 per one Euro, with insignificant depreciation of the Denar of 0.1% being registered. In January 2005, in comparison with the previous month, the Denar depreciated by 4.4% against the US Dollar, with Denar 47.06 per one US Dollar being traded (Denar 45.07 per one US Dollar were traded in December 2004).

Chart 7

Daily middle exchange rate of the Denar at the exchange offices

(Denars per unit of foreign currency)



Source: National Bank of the Republic of Macedonia

In January 2005, the total turnover on the exchange offices market equaled US Dollar 93.7 million, which is a monthly drop of 33.6%, when a net purchase of foreign exchange in the amount of US Dollar 27.2 million was realized. On the exchange offices market, the exchange rate of the Denar against the Euro equaled Denar 61.65 per one Euro on average, and retained the level registered in the previous month, while on average, Denar 46.04 were traded per one US Dollar, which denotes a monthly depreciation of the Denar of 1.6%.

At the end of January 2005, the external debt of the Republic of Macedonia based on long-term credits and loans⁵ amounted to US Dollar 1,906.7 million, which is by US Dollar 51 million less relative to the previous month. The reduction in the external debt is primarily a result of the negative exchange rate differentials, as well as of the lower amount of used funds (US Dollar 11.4 million) relative to the repaid principal (US Dollar 30.5 million).

⁵ Preliminary data of the NBRM.



Appendix

Developments in Real Sector in the Republic of Macedonia

Table 1

Costs of living and retail prices

	I.2005 XII.2004	I.2005 I.2004
	in %	
Costs of living	0.2	-1.4
Food	-0.5	-5.6
Tobacco and beverages	5.0	4.9
Clothing and footwear	1.6	3.5
Housing	-0.2	-0.5
Flat (rent, water, services)	0.0	-1.9
Fuel and lighting	-0.4	0.1
Hygiene	-0.8	-2.7
Culture and entertainment	0.1	-0.2
Transport, communications, services	0.2	3.4
<i>Goods</i>	<i>0.3</i>	<i>-2.2</i>
<i>Services</i>	<i>0.0</i>	<i>2.3</i>
Retail prices	0.2	0.5
Agricultural products	0.0	-9.9
Non-food industrial products	0.6	0.8
Processed food products	-0.7	-4.2
Beverages	0.1	-0.7
<i>Goods</i>	<i>0.2</i>	<i>-1.3</i>
<i>Services</i>	<i>0.1</i>	<i>3.5</i>

Source: State Statistical Office of the Republic of Macedonia


Table 2

Prices of producers of industrial products*

	I.2005 XII.2004	I.2005 I.2004
	in %	
Prices of producers of industrial products	0.0	1.2
Energy	0.1	2.4
Intermediary goods (except Energy)	-0.1	2.8
Capital goods	0.0	0.0
Durable consumer goods	0.0	3.0
Non durable consumer goods	0.0	-1.5
<i>Mining and quarrying</i>	<i>0.0</i>	<i>0.0</i>
<i>Manufacturing industry</i>	<i>0.0</i>	<i>1.4</i>
Manufacture of food products and beverages	-0.1	-2.1
Manufacture of tobacco products	0.0	0.2
Manufacture of textiles	0.0	-1.6
Manufacture of wearing apparel; dressing and dyeing of fur	0.0	0.0
Manufacture of coke, refined petroleum products and nuclear fuel	0.2	7.2
Manufacture of chemicals and chemical products	0.0	0.0
Manufacture of other non-metallic mineral products	0.0	-0.2
Manufacture of basic metals	0.0	0.0
Manufacture of electrical machinery and apparatus n.e.c.	0.0	13.4
<i>Electricity, gas and water supply</i>	<i>0.0</i>	<i>0.0</i>

Previous data

Source: State Statistical Office of the Republic of Macedonia



Table 3
Industrial output*

	Structure in %	I.2005 XII.2004	I.2005 I.2004
		in %	
Total	100.0	-30.5	9.2
Energy		-2.6	3.6
Intermediary goods (except Energy)		-36.4	21.7
Capital goods		-38.9	-31.4
Durable consumer goods		-69.9	-17.0
Non durable consumer goods		-38.3	11.7
<i>Mining and quarrying</i>	1.8	-45.7	-6.6
<i>Manufacturing industry</i>	79.4	-37.7	11.2
Manufacture of food products and beverages	20.0	-42.3	5.2
Manufacture of tobacco products	3.9	-45.8	-18.4
Manufacture of textiles	2.5	-32.5	-17.6
Manufacture of wearing apparel; dressing and dyeing of fur	8.6	-27.0	30.1
Manufacture of coke, refined petroleum products and nuclear fuel	3.0	-21.8	-5.8
Manufacture of chemicals and chemical products	5.9	-30.6	6.0
Manufacture of other non-metallic mineral products	8.1	-55.2	39.5
Manufacture of basic metals	6.0	-0.8	2 times
Manufacture of electrical machinery and apparatus n.e.c.	3.2	-79.5	-52.0
<i>Electricity, gas and water supply</i>	18.8	0.7	5.0

Source: State Statistical Office of the Republic of Macedonia

* Since January 2005, the State Statistical Office has been applying a new weighting structure in the calculation of the volume of the industrial output.



Table 4
Central Government Budget
(in Denar million)

	January 2005			
	in Denar million	Monthly changes in %	Annual changes in %	Structure in %
Total budget revenues	4,761	-12.7	5.7	100.0
<i>Tax revenues:</i>	4,535	-9.6	10.1	95.3
- personal income tax	526	-41.5	4.2	11.0
- profit tax	145	45.0	3.6	3.0
- value added tax	2,460	-5.1	13.8	51.7
- excises	1,044	40.7	18.0	21.9
- custom duties	289	-54.6	-17.2	6.1
- other	71	57.8	-9.0	1.5
<i>Non-tax revenues:</i>	177	-53.7	-46.5	3.7
- inflows from state property dividends	55	-26.7	-19.1	1.2
- administrative taxes and fees	103	-27.5	5.1	2.2
- other administrative taxes	17	-32.0	-15.0	0.4
- other non-tax revenues	2	-98.6	-98.6	0.0
<i>Capital revenues</i>	49	-16.9	-14.0	1.0
Total budget expenditures	4,677	-20.1	12.7	100.0
<i>Current expenditures</i>	4,179	-16.0	3.4	89.4
- wages and salaries	1,777	-2.0	3.4	38.0
- goods and services	510	-25.0	8.5	10.9
- transfers	1,554	-33.3	0.3	33.2
- interest	338	2.2 times	11.6	7.2
<i>Capital expenditures</i>	498	-43.3	4,6 times	10.6
Budget balance	84			
Financing	-84			
<i>Inflows</i>	727	-1.1	2.3 times	
<i>Outflows</i>	811	2.4 times	20.5	

Source: Ministry of Finance

Table 5
Total revenues and expenditures of the budget funds
(in Denar million)

	January-2005					
	Total revenues			Total expenditures		
	Amount	monthly changes in %	annual changes in %	Amount	monthly changes in %	annual changes in %
Social Funds	3,631	-31.0	1.7	3,933	-15.3	4.7
- pension and disability insurance	2,099	-29.0	1.6	2,241	-21.0	3.3
- health insurance	946	-43.9	0.4	1,107	-9.5	9.1
- employment	586	-4.7	4.1	585	0.3	2.6
Road Fund	115	-36.8	4.5	105	-76.1	-21.1

Source: Ministry of Finance



Monetary developments in the Republic of Macedonia

Table 6

National Bank accounts

(current exchange rate, in million denar)

	XII.03	I.04	II.04	III.04	IV.04	V.04	VI.04	VII.04	VIII.04	IX.04	X.04	XI.05	XII.05	I.05
I. Net Foreign Assets	42501	40920	40925	42503	41737	41168	40828	40514	42896	42656	41331	40988	41824	41909
Assets	45854	44301	44137	45827	45028	44120	43721	43426	46272	45924	44493	43968	44686	44791
Liabilities	3353	3381	3212	3324	3291	2952	2893	2912	3376	3268	3162	2980	2862	2882
II. Net Domestic Assets	-19792	-20114	-20090	-21274	-20575	-20744	-20454	-19504	-21173	-21434	-20093	-20436	-19509	-20227
Domestic credit (a+b)	-6968	-9233	-9081	-10054	-9071	-9258	-8527	-7671	-9129	-9331	-8077	-8742	-8014	-7400
a) Credit to banks	82	80	78	78	77	76	72	73	72	73	71	63	61	61
Credits extended at auction	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repurchased agreement	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credits based on securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long - term credits	54	54	54	54	54	54	49	49	49	49	49	40	37	37
Advances	18	16	14	14	13	12	13	14	13	14	12	13	14	14
Other	10	10	10	10	10	10	10	10	10	10	10	10	10	10
b) Net, Government	-7050	-9313	-9159	-10132	-9148	-9334	-8599	-7744	-9201	-9404	-8148	-8805	-8075	-7461
1. Credit to Government	3267	3264	3188	3188	2881	2881	2881	2881	2881	2881	2881	2881	2881	2881
Use of Fund credit	75	76	0	0	0	0	0	0	0	0	0	0	0	0
Ordinary credit	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchased Government sec.	1039	1039	1039	1039	1039	1039	1039	1039	1039	1039	1039	1039	1039	1039
Other	2149	2149	2149	2149	1842	1842	1842	1842	1842	1842	1842	1842	1842	1842
2. Government Deposits	-10317	-12577	-12347	-13320	-12029	-12215	-11480	-10625	-12082	-12285	-11029	-11686	-10956	-10342
A) In denar	-2337	-3466	-3730	-4894	-4232	-4597	-4476	-4751	-5600	-6289	-5182	-5326	-4696	-5053
- Demand deposits	-2337	-3466	-3730	-4894	-4232	-4597	-4476	-4751	-5600	-6289	-5182	-5326	-4696	-5053
- Fund for monetary policy support	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B) In foreign currency (1+2+3)	-7980	-9111	-8617	-8426	-7797	-7618	-7004	-5874	-6482	-5996	-5847	-6360	-6260	-5289
1) Sight deposits														
2) Deposits for special purposes	-7832	-8962	-8468	-8278	-7649	-7473	-6858	-5728	-6337	-5851	-5698	-6212	-6115	-5144
Telecom in USD	-3997	-3882	0	0	0	0	0	0	0	0	0	0	0	0
Central Government institutions	-3773	-5018	-8328	-7847	-7263	-7126	-6593	-5456	-5820	-5385	-5339	-5855	-6046	-5082
Other funds and agency	-62	-62	-140	-431	-386	-347	-265	-272	-517	-466	-359	-357	-69	-62
o/w Road fund	-61	-61	-140	-431	-386	-347	-264	-271	-517	-466	-359	-356	-69	-61
3) Other Government deposits	-148	-149	-149	-148	-148	-145	-145	-147	-145	-145	-149	-148	-145	-145
3. External account	0	0	0	0	0	0	0	0	0	0	0	0	0	0
In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0
In denar	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other items, net	-12824	-10881	-11009	-11220	-11504	-11486	-11927	-11833	-12044	-12103	-12016	-11694	-11495	-12827
o/w : Remittance	-648	-151	-127	-134	-69	-167	-350	-277	-217	-227	-157	-171	-223	-229
Other deposits	-1236	-1255	-1283	-1310	-1332	-1356	-1384	-1413	-1433	-1465	-1490	-1514	-1550	-1576
Transitory account	-513	-25	-69	-24	-50	-20	-65	-51	-55	-77	-38	-27	-166	-20
Unclaimed portion of Gov. bonds	-1492	-1469	-1456	-1442	-1425	-1719	-1694	-1659	-1591	-1551	-1791	-1768	-1743	-1725
Instruments	-4379	-4506	-4231	-5751	-4398	-3801	-4009	-3660	-4983	-4897	-4330	-4364	-4552	-3409
Compulsory reserve, net	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Auctions of bills	-4379	-4506	-4231	-5751	-4398	-3801	-4009	-3660	-4983	-4897	-4330	-4364	-4552	-3409
Total Liabilities	18330	16300	16604	15478	16764	16623	16365	17350	16740	16325	16908	16188	17763	18273
Reserve money	18252	16254	16577	15434	16731	16523	16330	17273	16661	16222	16879	16169	17745	18170
Currency in circulation	14177	13405	13171	12953	13689	13187	13324	14289	13509	13312	13312	12993	14162	13364
Cash in vaults	833	722	759	730	762	875	764	771	878	835	778	814	909	1023
Giro - accounts	3242	2127	2647	1751	2280	2461	2242	2213	2274	2075	2789	2362	2674	3783
Non Government deposits	78	46	27	44	33	100	35	77	79	103	29	19	18	103
o/w Demand deposits	78	46	27	44	33	100	35	77	79	103	29	19	18	82
Quasi deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	21
Restricted deposits in denars	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: National Bank of the Republic of Macedonia



Table 7
Monetary Survey
(current exchange rate, in million denar)

	XII.03	I.04	II.04	III.04	IV.04	V.04	VI.04	VII.04	VIII.04	IX.04	X.04	XI.04	XII.04	I.05
I. Net Foreign Assets	65792	66010	64832	65766	65383	66911	65579	66124	69242	68473	67972	67815	68865	69089
<i>National Bank</i>	42501	40920	40925	42503	41737	41168	40828	40514	42896	42656	41331	40988	41824	41909
Assets	45854	44301	44137	45827	45028	44120	43721	43426	46272	45924	44493	43968	44686	44791
Liabilities	3353	3381	3212	3324	3291	2952	2893	2912	3376	3268	3162	2980	2862	2882
<i>Deposit Money Banks</i>	23291	25090	23907	23263	23646	25743	24751	25610	26346	25817	26641	26827	27041	27180
Assets	33081	34477	33006	32481	32248	35022	34160	35172	35777	35387	36713	37117	37105	37308
Liabilities	9790	9387	9099	9218	8602	9279	9409	9562	9431	9570	10072	10290	10064	10128
II. Net Domestic Assets	16676	17163	17481	16205	19569	20227	21592	23412	21835	22377	24306	24535	26206	27050
1.Domestic credit	50616	49130	50293	50504	53105	53575	55241	57123	56306	56998	59062	59483	61356	62654
of which: Claims on Gov.	288	-1697	-1468	-2500	-1269	-1475	-854	-102	-1594	-2045	-966	-1621	-916	-449
a) Deposit Money Banks	57666	58443	59452	60636	62253	62909	63840	64867	65507	66402	67210	68288	69431	70115
-in denar	44528	45319	46048	46972	48889	49347	50071	50643	51224	51840	52384	52704	52575	52792
Government	1447	1713	1779	1844	2087	2049	2034	1912	1840	1711	1535	1527	1650	1497
Credits	1437	1710	1776	1843	2082	2043	2033	1910	1838	1709	1533	1525	1648	1495
a) Budget and Line Ministries	687	790	922	1070	1409	1452	1542	1501	1511	1464	1370	1394	1403	1274
b) Funds	750	920	854	773	673	591	491	409	327	245	163	131	245	221
c) Ins. of Central Gov.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued interest	10	3	3	1	5	6	1	2	2	2	2	2	2	2
Non Government sector	43081	43606	44269	45128	46802	47298	48037	48731	49384	50129	50849	51177	50925	51295
Credits	38430	38809	39425	40268	41754	42321	43082	43730	44280	45034	45685	45998	45750	46024
<i>Adjusted</i>	45567		47254				49708							
of which: Overdue claims	9499	9579	9648	9587	9918	9766	9739	9591	9481	9670	9589	9663	9160	9336
Accrued interest	4651	4797	4844	4860	5048	4977	4955	5001	5104	5095	5164	5179	5175	5271
-in foreign currency	13138	13124	13404	13664	13364	13562	13769	14224	14283	14562	14826	15584	16856	17323
Government	5891	5903	5912	5788	5792	5810	5711	5730	5767	5648	5647	5657	5509	5515
of which: Overdue	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non Government sector	7247	7221	7492	7876	7572	7752	8058	8494	8516	8914	9179	9927	11347	11808
<i>Adjusted</i>	9062		9691				9873							
of which: Overdue	1502	1583	1632	1703	1481	1441	1431	1409	1284	1264	1275	1220	1600	1294
b) Nat. Bank Claims on Government	-7050	-9313	-9159	-10132	-9148	-9334	-8599	-7744	-9201	-9404	-8148	-8805	-8075	-7461
2.Other items, net	-33940	-31967	-32812	-34299	-33536	-33348	-33649	-33711	-34471	-34621	-34756	-34948	-35150	-35604
of which: Claims on Gov.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
for frozen f.c. deposits														
Accrued interest	-4661	-4800	-4847	-4861	-5053	-4983	-4956	-5003	-5106	-5097	-5166	-5181	-5177	-5273
Others	-29279	-27167	-27965	-29438	-28483	-28365	-28693	-28708	-29365	-29524	-29590	-29767	-29973	-30331

Source: National Bank of the Republic of Macedonia



Monetary Survey (continuous)
(current exchange rate, in million denar)

	XII.03	I.04	II.04	III.04	IV.04	V.04	VI.04	VII.04	VIII.04	IX.04	X.04	XI.04	XII.04	I.05
M4Total	82468	83173	82313	81971	84952	87138	87171	89536	91077	90850	92278	92350	95071	96139
M4 (nonGovernment)	80813	81427	80548	80207	83105	85390	85436	87784	89383	89387	90816	90871	93902	94769
M1(Total)	28209	26695	26516	26280	27062	27055	27045	28256	27735	26996	26357	26613	27885	27123
M1 (nonGovernment)	27273	25653	25463	25313	26039	26144	26150	27290	26826	26327	25691	25929	27550	26498
Currency in Circulation	14177	13405	13171	12953	13689	13187	13324	14289	13509	13312	13312	12993	14162	13364
Demand deposits(total)	14032	13290	13345	13327	13373	13868	13721	13967	14226	13684	13045	13620	13723	13759
Demand deposits(NonGov.)	13096	12248	12292	12360	12350	12957	12826	13001	13317	13015	12379	12936	13388	13134
Deposit Money Banks	13954	13244	13318	13283	13340	13768	13686	13890	14147	13581	13016	13601	13705	13677
NonGov. Demand deposits	13018	12202	12265	12316	12317	12857	12791	12924	13238	12912	12350	12917	13370	13052
Government Demand deposits	936	1042	1053	967	1023	911	895	966	909	669	666	684	335	625
a) Budget and Line Ministries	104	160	134	140	112	73	81	80	76	78	95	105	115	304
b) Funds	821	873	913	823	907	831	809	880	829	586	567	576	216	318
c) Ins. of C.Gov.: Courts, etc.	11	9	6	4	4	7	5	6	4	5	4	3	4	3
Nation. Bank NonGov.Demand dep.	78	46	27	44	33	100	35	77	79	103	29	19	18	82
M2(Total)	77527	78111	77280	76750	79774	81894	82493	84925	86373	86142	87459	87345	89906	91300
M2(nonGovernment)	76028	76521	75670	75141	78083	80303	80906	83279	84779	84781	86099	85968	88841	89977
Quasi money (Total)	49318	51416	50764	50470	52712	54839	55448	56669	58638	59146	61102	60732	62021	64177
Quasi money (non Government)	48755	50868	50207	49828	52044	54159	54756	55989	57953	58454	60408	60039	61291	63479
Deposit Money banks	49318	51416	50764	50470	52712	54839	55448	56669	58638	59146	61102	60732	62021	64156
Non Government sector	48755	50868	50207	49828	52044	54159	54756	55989	57953	58454	60408	60039	61291	63458
Denar	15568	16026	16170	15173	16369	17095	17954	18416	19510	19456	20422	19920	20483	20968
Foreign currency	33187	34842	34037	34655	35675	37064	36802	37573	38443	38998	39986	40119	40808	42490
Government deposits	563	548	557	642	668	680	692	680	685	692	694	693	730	698
Denar	538	531	551	637	664	666	669	671	672	680	679	675	703	684
Foreign currency	25	17	6	5	4	14	23	9	13	12	15	18	27	14
NBM quasi deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	21
Nonmonetary Deposits (Total)	4941	5062	5033	5221	5178	5244	4678	4611	4704	4708	4819	5005	5165	4839
Denar nonm. deposits (total)	3653	3630	3648	3662	3594	3625	3157	3144	3154	3239	3252	3340	3464	3078
F.C. nonm. deposits (total)	1288	1432	1385	1559	1584	1619	1521	1467	1550	1469	1567	1665	1701	1761
Nonmonetary Deposits (nonGov.)	4785	4906	4878	5066	5022	5087	4530	4505	4604	4606	4717	4903	5061	4792
Denar nonm. dep.(nonG)	3497	3474	3493	3507	3438	3468	3009	3038	3054	3137	3150	3238	3360	3031
F.C. nonm. dep (nonG)	1288	1432	1385	1559	1584	1619	1521	1467	1550	1469	1567	1665	1701	1761
-Deposit Money Banks	4941	5062	5033	5221	5178	5244	4678	4611	4704	4708	4819	5005	5165	4839
Denar nonGov. nonmonetary dep.	3497	3474	3493	3507	3438	3468	3009	3038	3054	3137	3150	3238	3360	3031
F. C. nonGovern. nonmon. dep.	1288	1432	1385	1559	1584	1619	1521	1467	1550	1469	1567	1665	1701	1761
Denar Gov. nonmon. deposits	156	156	155	155	156	157	148	106	100	102	102	102	104	47
F. C. Govern. nonmon. deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-NBM NonGov. nonm. deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Denar	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Deposits	68291	69768	69142	69018	71263	73951	73847	75247	77568	77538	78966	79357	80909	82775
Total Deposits (nonGov.)	66636	68022	67377	67254	69416	72203	72112	73495	75874	76075	77504	77878	79740	81405

Source: National Bank of the Republic of Macedonia


Table 8

Total deposits of the non-government sector

	31.01.2005	monthly changes		annual changes		structure
	in Denar million	in Denar million	in %	in Denar million	in %	in %
Total deposits	68,271	1,919	2.9	12,497	22.4	100.0
1. According to maturity						
- short-term	63,479	2,188	3.6	12,611	24.8	93.0
- long-term	4,792	-269	-5.3	-114	-2.3	7.0
2. According to currency of denomination						
- In denar	24,020	177	0.7	4,520	23.2	35.2
- In foreign currency	44,251	1,742	4.1	7,977	22.0	64.8

Source: National Bank of the Republic of Macedonia

Table 9

Households and enterprises deposits

	structure in %	31.01.2005	monthly changes		annual changes	
		in Denar million	in Denar million	in %	in Denar million	in %
Total households deposits	100.0	45,644	1,207	2.7	7,310	19.1
1. According to maturity						
- short-term	94.5	43,125	1,543	3.7	7,712	21.8
- long-term	5.5	2,519	-336	-11.8	-402	-13.8
2. According to currency of denomination						
- In denar	26.6	12,132	251	2.1	1,815	17.6
- In foreign currency	73.4	33,512	956	2.9	5,495	19.6
Total enterprises deposits	100.0	20,870	664	3.3	5,042	31.9
1. According to maturity						
- short-term	94.5	19,727	642	3.4	4,826	32.4
- long-term	5.5	1,143	22	2.0	216	23.3
2. According to currency of denomination						
- In denar	50.1	10,460	-77	-0.7	2,681	34.5
- In foreign currency	49.9	10,410	741	7.7	2,361	29.3

Source: National Bank of the Republic of Macedonia


Table 10

Maturity and sector structure of Denar and foreign currency placements

	Share on 31.01.2005 (in %)	Monthly change (in percentage points)	Annual change (in percentage points)
Denar placements	100.0		
maturity structure			
- short-term	55.4	-0.1	-7.4
- long-term	44.6	0.1	7.4
structure by sectors			
- enterprises	67.1	-0.2	-8.2
- households	32.8	0.2	8.2
- other	0.1	0.0	0.0
Foreign currency placements			
maturity structure			
- short-term	39.5	1.1	-5.9
- long-term	60.5	-1.1	5.9
structure by sectors			
- enterprises	96.0	0.1	-1.1
- households	3.3	0.1	2.9
- other	0.8	-0.2	-1.8

Source: National Bank of the Republic of Macedonia

Table 11

Interest rates

	January.2005	Monthly changes	Annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	10.00	0.0	3.2
Average weighted interest rate on the Money Market	7.77	-0.3	1.1
Banks' weighted lending interest rates	11.88	-0.1	-1.7
Banks' weighted deposit interest rates	6.53	0.0	-0.2

Source: National Bank of the Republic of Macedonia and Money and Short-term Securities Market



Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

Table 12

Foreign trade of the Republic of Macedonia
(in US Dollar million)

	I.2005	I.2005 XII.2004		I.2005 I.2004	
	amount	amount	%	amount	%
Foreign trade	326.6	-173.4	-34.7	47.7	17.1
Exports	136.4	-48.7	-26.3	34.0	33.2
Imports	190.2	-124.7	-39.6	13.6	7.7
<i>Balance</i>	-53.7	75.9	-58.6	20.4	-27.5

Source: State Statistical Office of the Republic of Macedonia

Table 13

Ten most important trading partners of the Republic of Macedonia, January 2005

	Foreign trade (in US Dollar million)		Exports (in US Dollar million)		Imports (in US Dollar million)		Import- export coverage ratio
	Share		Share		Share		
Republic of MACEDONIA	326.6	100.0	136.4	100.0	190.2	100.0	71.7
<i>out of which:</i>							
Germany	56.7	17.4	38.2	28.0	18.5	9.8	205.9
Greece	36.3	11.1	18.9	13.8	17.4	9.2	108.3
Serbia and Montenegro	32.9	10.1	18.2	13.3	14.7	7.7	123.7
Russia	22.3	6.8	1.0	0.7	21.4	11.2	4.5
Italy	19.9	6.1	11.5	8.4	8.4	4.4	136.3
Bulgaria	18.6	5.7	2.5	1.8	16.1	8.5	15.6
France	11.3	3.5	8.5	6.2	2.8	1.5	302.5
Poland	10.1	3.1	0.1	0.1	9.9	5.2	1.5
Slovenia	9.8	3.0	2.1	1.5	7.7	4.1	26.8
Croatia	8.8	2.7	5.3	3.9	3.6	1.9	146.9
Total (10 largest trading partners)	226.8	69.4	106.2	77.8	120.6	63.4	88.1

Source: State Statistical Office of the Republic of Macedonia


Table 14

External long-term debt of the Republic of Macedonia
(in US Dollar million)

	External debt		Credits used		Debt payments	
	30.12.2004	31.01.2005	XII-2004	I-2005	XII-2004	I-2005
Official creditors	1,313.3	1,268.8	20.5	66	8.2	19.3
out of which:						
Multilateral	1,061.7	1,034.4	12.1	66	5.4	5.0
MMF	62.5	61.2	0.0	0.0	1.5	0.0
IBRD	223.6	216.6	2.5	0.0	2.8	2.1
IFC	9.2	9.0	1.0	0.0	0.0	0.0
IDA	388.1	380.6	1.2	1.2	0.3	0.7
EIB	148.0	141.9	2.9	0.0	0.0	0.0
EUROFIMA	8.3	8.0	0.0	0.0	0.2	0.0
Council of EDB	23.0	22.0	0.0	0.0	0.1	0.0
EBRD	65.1	66.6	4.3	5.4	0.0	1.7
EU	122.4	117.3	0.0	0.0	0.4	0.3
IFAD	10.7	10.5	0.2	0.0	0.0	0.0
European Agency for Reconstruction	0.6	0.5	0.0	0.0	0.0	0.0
Bilateral	251.6	234.5	8.4	0.0	2.9	14.4
Paris club (rescheduled 1995)	152.0	137.7	0.0	0.0	0.0	14.0
Paris club (rescheduled 2000)	9.0	8.6	0.0	0.0	0.7	0.0
New credits	9.5	9.3	0.0	0.0	0.0	0.0
Non-rescheduled debt	81.0	78.9	8.4	0.0	2.2	0.4
Private creditors	644.4	637.8	9.0	4.8	10.9	11.1
out of which:						
London Club of Creditors	232.8	227.6	0.0	0.0	0.0	8.4
Other private creditors	411.5	410.2	9.0	4.8	10.9	2.7
Banks and financial institutions	250.0	251.4	8.8	2.8	10.2	0.8
Enterprises	161.6	158.8	0.2	2.1	0.7	1.9
TOTAL	1,957.6	1,906.7	29.5	11.4	19.2	30.5

Source: National Bank of the Republic of Macedonia

National Bank of the Republic of Macedonia Balance sheet

Table 15

NBRM Balance sheet on January 31, 2005
(in million Denars)

Assets	Amount	Liabilities	Amount
Foreign assets	44,791	Reserve money	18,170
Claims on Government	3,467	NBRM instruments	3,409
Claims on banks and other financial institutions	61	Restricted deposits	229
Other assets	3,375	Foreign liabilities	2,882
		Government deposits	11,943
		Capital accounts	7,610
		Other liabilities	7,451
Total	51,694	Total	51,694

Source: National Bank of the Republic of Macedonia