

**National Bank
of the Republic of Macedonia**



**Monthly
Report**

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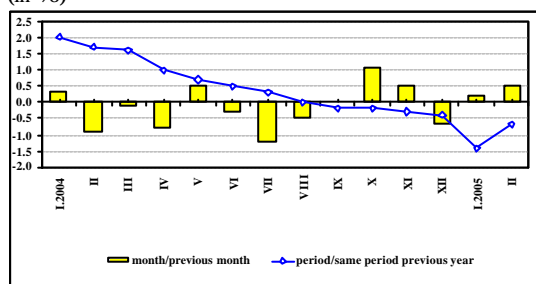
Important economic events and amendments to the legal regulations in February 2005

- ❖ *On February 1, the new method of deferred payment of customs duty, VAT and excises, according to which the importers who timely and fully met the obligations for declaring a customs debt and paying the import taxes in the last two years, can pay the aforementioned duty within 30 days from the date of the customs clearance, provided that they submit a banking guarantee in the amount equal to the amount of the duty the payment of which is deferred.*
- ❖ *On February 7, the Regulatory Energy Committee adopted a Decision on increasing the refinery prices and the retail prices of the crude oil M-1 and M-2 by 0.12% and 0.4%, respectively, on average ("Official Gazette of the Republic of Macedonia" no. 8/2005).*
- ❖ *From February 9 - 24, the Republic of Macedonia hosted the International Monetary Fund Mission. Thus the macroeconomic program for 2005 and the priority reforms in the banking system were discussed. At the same time, the structural reforms and their inclusion in the future arrangement were subject under discussion.*
- ❖ *On February 9, the US Agency for International Development (USAID) granted US Dollar 11.1 million to the Republic of Macedonia, intended for increasing the competitiveness in the private sector and improving the business environment in the Republic of Macedonia.*
- ❖ *On February 18, the first ten public pharmacies were sold through the Macedonian Stock Exchange.*
- ❖ *On February 21, the Government of the Republic of Macedonia adopted a decision on issuing the fourth issue of denationalization bonds in the amount of EUR 58 million ("Official Gazette of the Republic of Macedonia" no. 13/2005)*

I. Economic Developments in the Republic of Macedonia

In February 2005, *the consumer prices*, as an inflation rate measure, went up by 0.5% on a monthly basis. Structurally observed, it was primarily due to the increase in the costs of food (in line with the higher prices of the vegetables and the fruits by 7.2% and 2.8%, respectively) and the transport equipment and services (due to the 5% increase in the prices of fluid lubricants and fuels, as a result of the increase in the price of crude oil made with a decision of the Regulatory Energy Committee). On annual basis, the consumer prices remained unchanged, due to the divergent movements of the components. The average change in the consumer prices in January - February 2005 period compared to the same period of 2004 is negative and equals 0.7%, primarily a result of the lower costs of food (due to the lower customs duty, resulting from the admission of the Republic of Macedonia to the WTO).

Chart 1
Consumer prices
(in %)



In February 2005, *the retail prices* went up by 0.6% compared to the previous month, due to the common increase in the prices of agricultural products and the higher fuel prices as a result of the seasonal factors. On annual and cumulative

basis, the retail prices went up by 1.7% and 1.1%, respectively, having higher prices of non-food industrial products and beverages.

The prices of producers of industrial products increased by 0.8% on a monthly basis, primarily due to the higher prices in the manufacturing industry (higher prices of the producers of oil derivatives). The higher prices of oil derivatives resulted in an annual and average increase in the prices of producers of industrial products of 2.2% and 1.7%, respectively.

In February 2005, the *actual volume of the industrial output* registered a monthly growth of 11.3%, which is a common monthly movement, in line with the low comparison base of the preceding month. Analyzing by sector, a monthly growth in the industrial output was registered in the mining and quarrying sector (of 26.3%) and in the manufacturing industry (of 17.1%), whereas the electricity, gas and water supply sector dropped by 4.2%. Within the manufacturing industry (making up 79.4% of the total actual volume of the industrial output), the most substantial growth was registered in the production of electrical machinery and apparatus (of 3.1 times), textile (of 92.2%) and in the production of metal products in a metal processing stage, other than machinery and equipment (of 71.7%). On the other hand, the production of food products and beverages (having the most significant share in the manufacturing industry) reduced by 3.6% on a monthly basis. On cumulative basis, the industrial output went up by 7.6%, resulting from the higher production in the manufacturing industry and in the electricity, gas and water supply sector.

II. Monetary developments in the Republic of Macedonia

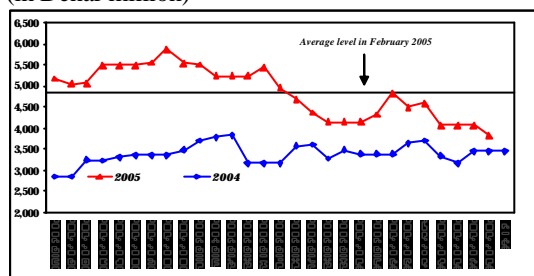
In February 2005, the combined application of the NBRM interventions on the foreign exchange market and the monetary policy instruments ensured the maintenance of a stable nominal exchange rate of the Denar against the Euro, as an intermediary monetary policy target. With respect to the liquidity management, given the unchanged level of currency in circulation, the excess liquidity created through the NBRM interventions on the foreign exchange market and the higher budget spending was sterilized through the monetary policy instruments.

In February 2005, *the average daily liquidity of the banking system* equaled Denar 4,854.8 million, which is a monthly increment of 11.1%. The higher average level of liquidity was caused by the NBRM foreign exchange transactions (directed towards a net purchase of foreign currency), the Government spending, which is higher on average and the level of currency in circulation, which is lower on average. With respect to the dynamics, the first half of the month registered an intensive accumulation of liquid funds by the banks, as a



preparation of the banks to fulfil the reserve requirement and for regular tax payment. The liquidity of the banks started reducing in the middle of the month, maintaining such trend till the end of the month with insignificant daily deviations. The changes in the liquidity of the banking system in the second half of the month are due to the effect of the monetary policy instruments (typical for the second half of February was the stronger preference of the banks to invest in CB bills) which offset the effect of the autonomous factors. The excess liquid funds (over the reserve requirement¹) registered a minor change compared to the preceding month (increment of 0.2 percentage points) and equaled 9.8%.

Chart 2
Daily dynamics of the banks' liquidity
(in Denar million)



On a monthly basis (February 2005 / January 2005), the autonomous factors acted towards liquidity creation, except for the *currency in circulation* which registered no change relative to the preceding month. Thus a net purchase of foreign currency was made through the *NBRM foreign exchange transactions*, while the *Government Denar deposits with the NBRM* were lower by Denar 495 million on a monthly basis. On the other hand, the *CB bills* acted in line with their basic function, that is liquidity sterilization. The CB bills went up by Denar 2,328 million compared to January, which is a withdrawn liquidity².

In February 2005, the total turnover on the (institutionalized and non-institutionalized) money market amounted to Denar 1,645.3 million, with the transactions executed on the non-institutionalized money market (84.3% of the total

turnover) being dominant. The transactions executed on the institutionalized money market totaled Denar 258 million, which is almost twice lower compared to the preceding month. Given the higher demand for relative to the supply of liquid funds (by 1.3 times), the average weighted interest rate went up by 0.67 percentage points and reached 8.44%. The average interbank interest rate on the institutionalized and non-institutionalized money market remained the same as in the preceding month (8.1%).

Taking into account the unchanged level of currency in circulation, the monthly fall of the reserve money (by 5.3%) is solely due to the lower level of banks' liquid funds. On the other hand, the money supply M1 went up moderately (by 1.7%) on a monthly basis, due to the increase in the transaction deposits. Since the long-term deposit dropped, the monthly growth in the broader monetary aggregates M2 and M4 (by 1.8% and 1.5% respectively) was solely due to the increase in the short-term deposit potential.

Table 1
Monetary aggregates and their components
(in Denar million)

	28.02.2005	monthly change	annual change
		in %	in %
Currency in circulation	13,362	0.0	1.5
Demand deposits	13,585	3.4	10.5
Monetary aggregate M1	26,947	1.7	5.8
Short-term Denar deposits	21,948	4.6	35.7
Monetary aggregate M2 - Denar share	48,895	3.0	17.4
Short-term foreign currency deposits	42,659	0.4	25.3
Monetary aggregate M2	91,554	1.8	21.0
Non-monetary deposits	4,598	-4.0	-5.7
- Denar	3,074	1.4	-12.0
- foreign currency	1,524	-13.5	10.0
Monetary aggregate M4	96,152	1.5	19.4

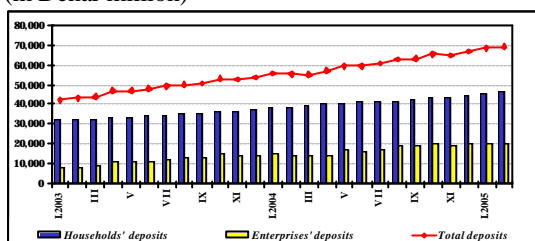
The banks' total deposit potential went up by 1.4% on a monthly basis, reaching Denar 69,205 million in late-February. The increase in the total deposits is particularly due to the monthly increase in the short-term Denar deposits (of 4.6%). On the other hand, the total long-term time deposits reduced by 4% on a monthly basis, as a result of the fast fall in the long-term foreign exchange deposits (by 13.5%) which resulted in a decrease in their share in the total long-term deposits (33.1%, and in the preceding month it equaled 36.8%). The structural analysis shows an increase in the households' deposits of 1.3% relative to the previous month, which given the lower long-term deposits (by 14.2%), is solely due to the higher level of short-term time deposits. The corporate sector registered inconsiderable monthly growth in the total deposit potential of 0.1%.

¹ The period for maintaining (fulfilling) the banks' reserve requirement covers the period from the 11th in the current month to the 10th in the following month.

² In February, the higher amount of CB bills mainly reflects the temporary investment of funds of one bank on the basis of deposit of one company, until the payment of the dividend.

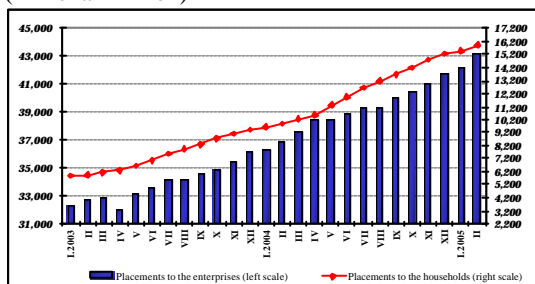


Chart 3
Deposit timeframes
(in Denar million)



In February 2005, the banks intensified their credit activity, thus supplementing the financial potential of the private sector. Having a simultaneous monthly growth in both Denar³ and foreign exchange loans (of 2.3% and 3.6%, respectively) the banks' total placements were by 2.5% higher on a monthly basis, equaling Denar 59.305 million⁴ at the end of February. The sector-by-sector analysis shows a positive monthly change in the loans to both the households and the corporate sector (an increment of 2.9% and 2.4%, respectively) as a result of the increment in all types of loans (regarding both the maturity structure and the structure of the currency of denomination).

Chart 4
Banks' placements by sector
(in Denar million)



³ They also include Denar loans with foreign exchange clause.

⁴ Since January 2005, the accrued interest based on loans has not been included in the loan category.

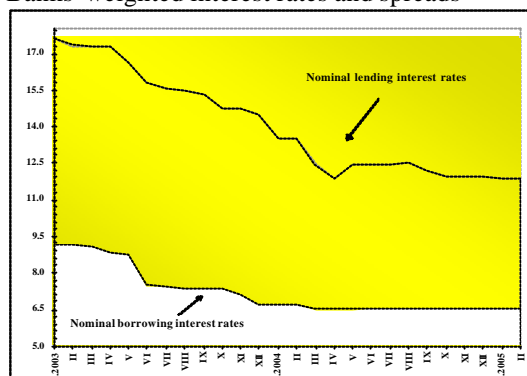
III. Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

In February 2005, the total foreign trade⁵ of the Republic of Macedonia equaled US Dollar 378.8 million, which is a monthly increase of 5.9%, having a simultaneous identical growth in both exports and imports of 5.9%. The value of the

⁵ 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

In February 2005, the banks' interest rate policy registered no considerable changes. Thus the banks' weighted lending interest rate registered an insignificant change relative to the preceding month and equaled 11.86%. The average weighted interest rate on the three-month Denar deposits equaled 6.56%, registering an insignificant narrowing of the interest rate spread (of 0.1 percentage point). The average weighted interest rate on the short-term foreign exchange loans equaled 7.21% (a monthly decrease of 0.2 percentage points), while the interest rate on the three-month Euro deposits ranged from 1% to 3.31%, and the interest rate on the three-month US Dollar time deposits ranged from 0.90% to 2.49%.

Chart 5
Banks' weighted interest rates and spreads*



*Pertain to Denar loans and deposits, including the Denar loans with foreign exchange clause.

Two three-month Treasury bills auctions were conducted in February 2005 (on February 8, 2005 and on February 22, 2005), where the supply of exceeded the demand for Treasury bills. The average weighted interest rate at the first and the second auction equaled 9.75% and 10.16%, respectively. The average weighted interest rate at the six-month Treasury bills auction (conducted on February 8, 2005) equaled 10.84%, having a higher supply of relative to demand for Treasury

export of goods equaled US Dollar 156.6 million in February 2005, which is an increase of 18.6% compared to the same month of the preceding year. The analysis of the output structure shows that the annual increase in the exports is primarily due to the higher export of iron and steel and products thereof. The total import of goods reached US Dollar 222.3 million in February 2005, which is by 11.5% more compared to the

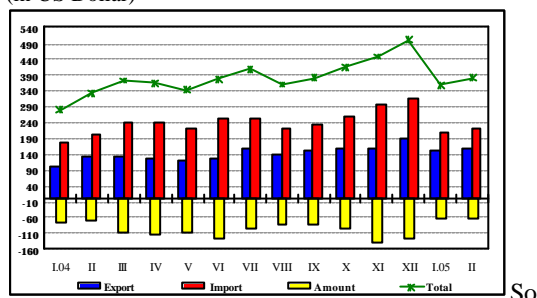


preceding year. Such an increment in the imports is particularly due to higher import of iron and steel and products thereof and mineral fuels.

In February 2005, the trade deficit in the foreign trade totaled US Dollar 65.7 million, thus maintaining the downward trend (an annual decrease of 2.3%), and the monthly import-export coverage ratio equals 70.4%.

Chart 7

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



Source: State Statistical Office of the Republic of Macedonia

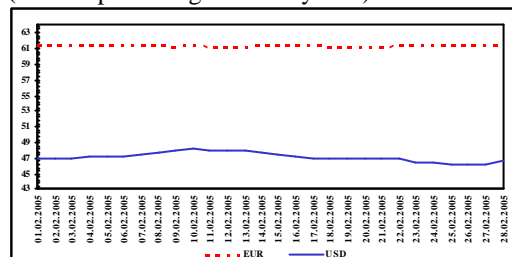
Cumulatively, in the January - February 2005 period, relative to the same period of the preceding year, the exports and the imports went up by 29.9% and 15%, respectively. The trade deficit equaled US Dollar 127.6 million (a cumulative fall of 9.7%), and the import-export coverage ratio equaled 70.5% (a cumulative growth of 8.1 percentage point).

In February 2005, the total turnover on the foreign exchange market equaled US Dollar 289.4 million, which is by 8.5% lower compared to the preceding month. Such monthly dynamics is due to the lower turnover among the banks and the enterprises. Nevertheless, this segment of the foreign exchange market maintained the dominant structural share (85.5%) in the total turnover on the foreign exchange market. The higher demand for foreign currency of the enterprises is settled with the net sale of foreign currency by the banks. In February 2005, as a result of the favorable movements on the foreign exchange market, the NBRM made a net purchase of foreign currency from the banks. The gross foreign reserves of the NBRM reached US Dollar 973 million in February 2005 and went up by US Dollar 27.1 million relative to the preceding month, particularly due to the net-purchase of foreign assets on the foreign exchange market (53.9% of the total growth), as well as to the positive exchange rate differentials (35.8% of the growth).

In February 2005, the exchange rate of the Denar against the Euro on the foreign exchange market equaled Denar 61.36 per one Euro and remained at the same level of January 2005. Simultaneously, the exchange rate of the Denar against the US Dollar equaled Denar 46.61 per one US Dollar, with the Denar registering a slight monthly appreciation of 1% (Denar 47.06 per one US Dollar was traded in January 2005).

Chart 8

Daily middle exchange rate of the Denar against the Euro and the US Dollar on the foreign exchange market
(Denars per foreign currency unit)



Source: National Bank of the Republic of Macedonia

In February 2005, the total turnover on the exchange offices market amounted to US Dollar 95 million, which is a slight monthly increase of 1.4%, having a relatively stable movements on the demand for and the supply of foreign assets. Thus a net purchase of US Dollar 28.8 million was made on the exchange offices market (by the banks and the exchange offices).

The exchange rate of the Denar against the Euro on the exchange offices market equaled Denar 61.63 per one Euro, on average, and remained at the same level of January 2005, while the exchange rate of the Denar against the US Dollar equaled Denar 46.54, with the Denar depreciating by 1.1%.

At the end of February 2005, the external debt of the Republic of Macedonia based on long-term credits and loans⁶ reached US Dollar 1,931.3 million, which is by US Dollar 18.1 million more on a monthly basis. The growth in the external debt is particularly due to the positive exchange rate differentials (US Dollar 12.1 million), as well as to the higher amount of used funds relative to the paid principal. In February 2005, US Dollar 11.9 million were used, and the total paid liabilities amounted to US Dollar 9 million.

⁶ Preliminary data of the NBRM.



Appendix

Developments in Real Sector in the Republic of Macedonia

Table 1

Costs of living and retail prices

	II.2005 I.2005	II.2005 II.2004	I-II.2005 I-II.2004
	in %		
Costs of living	0.5	0.0	-0.7
Food	1.0	-2.9	-4.2
Tobacco and beverages	0.0	6.3	5.6
Clothing and footwear	0.3	4.2	3.8
Housing	0.2	-0.5	-0.5
Flat (rent, water, services)	0.0	-2.0	-2.0
Fuel and lighting	0.3	0.4	0.3
Hygiene	-0.8	-2.5	-2.6
Culture and entertainment	-0.2	-0.5	-0.3
Transport, communications, services	1.1	4.2	3.8
<i>Goods</i>	<i>0.6</i>	<i>-0.5</i>	<i>-1.4</i>
<i>Services</i>	<i>0.2</i>	<i>2.1</i>	<i>2.2</i>
Retail prices	0.6	1.7	1.1
Agricultural products	4.3	-2.5	-6.3
Non-food industrial products	0.9	2.2	1.5
Processed food products	0.1	-2.5	-3.4
Beverages	0.0	3.3	1.2
<i>Goods</i>	<i>0.9</i>	<i>0.7</i>	<i>-0.3</i>
<i>Services</i>	<i>0.1</i>	<i>3.2</i>	<i>3.4</i>

Source: State Statistical Office of the Republic of Macedonia


Table 2

Prices of producers of industrial products*

	II.2005 I.2005	II.2005 II.2004	I-II.2005 I-II.2004
	in %		
Prices of producers of industrial products	0.8	2.2	1.7
Energy	3.6	7.2	4.8
Intermediary goods (except Energy)	0.1	1.9	2.4
Capital goods	0.0	0.0	0.0
Durable consumer goods	0.0	3.0	3.0
Non durable consumer goods	0.0	-0.6	-1.0
<i>Mining and quarrying</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Manufacturing industry</i>	<i>1.0</i>	<i>2.7</i>	<i>2.0</i>
Manufacture of food products and beverages	0.0	-1.2	-1.6
Manufacture of tobacco products	0.2	0.5	0.4
Manufacture of textiles	0.0	-1.6	-1.6
Manufacture of wearing apparel; dressing and dyeing of fur	0.0	0.0	0.0
Publishing, printing and reproduction of recorded media	0.0	0.0	0.0
Manufacture of coke, refined petroleum products and nuclear fuel	10.4	22.0	14.5
Manufacture of chemicals and chemical products	0.1	0.1	0.0
Manufacture of rubber and plastic products	0.0	0.0	0.0
Manufacture of other non-metallic mineral products	0.0	-0.3	-0.2
Manufacture of basic metals	0.0	0.0	0.0
Manufacture of fabricated metal products, except machinery and equipment	0.0	0.0	0.0
Manufacture of electrical machinery and apparatus n.e.c.	0.0	8.6	11.0
<i>Electricity, gas and water supply</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>

Source: State Statistical Office of the Republic of Macedonia



Table 3
Industrial output*

	Structure in %	<u>II.2005</u> <u>I.2005</u>	<u>II.2005</u> <u>II.2004</u>	<u>I-II.2005</u> <u>I-II.2004</u>
		in %		
Total	100.0	11.3	6.2	7.6
Energy	21.8	-1.8	10.1	6.7
Intermediary goods (except Energy)	33.8	17.8	11.6	16.0
Capital goods	4.8	80.9	30.1	-1.4
Durable consumer goods	1.4	-1.5	-10.2	-13.7
Non durable consumer goods	38.1	11.5	-3.0	3.4
<i>Mining and quarrying</i>	1.8	26.3	-23.9	-17.1
<i>Manufacturing industry</i>	79.4	17.1	6.4	8.6
Manufacture of food products and beverages	20.0	-3.6	-13.1	-4.6
Manufacture of tobacco products	3.9	20.1	-28.7	-24.3
Manufacture of textiles	2.5	92.2	11.7	-0.4
Manufacture of wearing apparel; dressing and dyeing of fur	8.6	11.1	2.4	13.9
Publishing, printing and reproduction of recorded media	3.9	50.0	7.5	-0.9
Manufacture of coke, refined petroleum products and nuclear fuel	3.0	17.5	28.0	9.9
Manufacture of chemicals and chemical products	5.9	31.7	26.6	16.8
Manufacture of rubber and plastic products	2.6	5.3	-24.5	-23.2
Manufacture of other non-metallic mineral products	8.1	11.9	-14.2	4.8
Manufacture of basic metals	6.0	-3.6	72.8	86.3
Manufacture of fabricated metal products, except machinery and equipment	3.8	71.7	44.5	23.0
Manufacture of electrical machinery and apparatus n.e.c.	3.2	3,1 times	28.7	-8.3
<i>Electricity, gas and water supply</i>	18.8	-4.2	7.7	6.3

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)

	February 2005			January-February 2005		
	in Denar million	Monthly changes in %	Annual changes in %	in Denar million	Cumulative changes (2005/2004) in %	Structure in %
Total budget revenues	3,422	-28.2	100.0	8,186	-4.4	100.0
<i>Tax revenues:</i>	3,238	-28.6	94.6	7,773	-2.7	95.0
- personal income tax	648	23.2	18.9	1,174	8.6	14.3
- profit tax	302	2.1 times	8.8	447	1.6	5.5
- value added tax	1,320	-46.3	38.6	3,780	-7.5	46.2
- excises	605	-42.0	17.7	1,649	8.6	20.1
- custom duties	315	9.0	9.2	604	-17.1	7.4
- other	48	-32.4	1.4	119	-8.5	1.5
<i>Non-tax revenues:</i>	157	-12.8	4.6	337	-29.5	4.1
- inflows from state property dividends	0	-	0.0	58	-14.7	0.7
- administrative taxes and fees	128	24.3	3.7	231	4.5	2.8
- other administrative taxes	17	0.0	0.5	34	-15.0	0.4
- other non-tax revenues	12	6 times	0.4	14	-90.6	0.2
<i>Capital revenues</i>	27	-44.9	0.8	76	-23.2	0.9
Total budget expenditures	4,462	-4.6	100.0	9,139	9.3	100.0
<i>Current expenditures</i>	4,215	0.9	94.5	8,394	3.6	91.8
- wages and salaries	1,791	0.8	40.1	3,568	5.7	39.0
- goods and services	647	26.9	14.5	1,157	3.2	12.7
- transfers	1,710	10.0	38.3	3,264	2.5	35.7
- interest	67	-80.2	1.5	405	2.0	4.4
<i>Capital expenditures</i>	247	-50.4	5.5	745	2.9 times	8.2
Budget balance	-1,040			-953		
Financing	1,040			953		
<i>Inflows</i>	1,082			1,806		
<i>Outflows</i>	42			853		

Source: Ministry of Finance

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

	February 2005				January-February 2005			
	Total revenues monthly changes		Total expenditures monthly changes		Total revenues cumulative changes		Total expenditures cumulative changes	
	Amount	in %	Amount	in %	Amount	in %	Amount	in %
Social Funds	4,209	15.9	4,107	7.5	7,841	2.9	7,928	0.3
- pension and disability insurance	2,437	16.1	2,378	7.8	4,536	3.7	4,585	0.8
- health insurance	1,180	24.6	1,128	9.6	2,127	2.7	2,157	-0.9
- employment	592	1.0	601	2.7	1,178	0.3	1,186	0.6
Road Fund	203	76.5	140	34.6	318	50.0	244	3.4

Source: Ministry of Finance



Monetary developments in the Republic of Macedonia

Table 6

National Bank accounts

(current exchange rate, in million denar)

	XII.04	I.05	II.05
I. Net Foreign Assets	41824	41909	42743
Assets	44686	44791	45618
Liabilities	2862	2882	2875
II. Net Domestic Assets	-19509	-20227	-19730
Domestic credit (a+b)	-8014	-7400	-6680
a) Credit to banks	61	61	54
Credits extended at auction	0	0	0
Repurchased agreement	0	0	0
Credits based on securities	0	0	0
Long - term credits	37	37	37
Advances	14	14	7
Other	10	10	10
b) Net, Government	-8075	-7461	-6734
1. Credit to Government	2881	2881	2881
Use of Fund credit	0	0	0
Ordinary credit	0	0	0
Purchased Government sec.	1039	1039	1039
Other	1842	1842	1842
2. Government Deposits	-10956	-10342	-9615
A) In denar	-4696	-5053	-4552
- Demand deposits	-4696	-5053	-4552
B) In foreign currency (1+2+3)	-6260	-5289	-5063
1) Sight deposits			
2) Deposits for special purposes	-6115	-5144	-4918
Central Government institutions	-6046	-5082	-4856
Other funds and agency	-69	-62	-62
o/w Road fund	-69	-61	-61
3) Other Government deposits	-145	-145	-145
3. External account	0	0	0
In foreign currency	0	0	0
In denar	0	0	0
Other items, net	-11495	-12827	-13050
o/w : Remittances	-223	-229	-255
Other deposits	-1550	-1576	-1606
Transitory account	-166	-20	-57
Unclaimed portion of Gov. bonds	-1743	-1725	-1712
Instruments	-4552	-3409	-5737
Auctions of bills	-4552	-3409	-5737
Total Liabilities	17763	18273	17276
Reserve money	17745	18170	17206
Currency in circulation	14162	13364	13362
Cash in vaults	909	1023	918
Giro - accounts	2674	3783	2926
Non Government deposits	18	103	70
o/w Demand deposits	18	82	70
Quasi deposits	0	21	0
Restricted deposits in denars	0	0	0

Source: National Bank of the Republic of Macedonia



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

	XII.04	I.05	II.05
I. Net Foreign Assets	68865	69089	68359
<i>National Bank</i>	41824	41909	42743
Assets	44686	44791	45618
Liabilities	2862	2882	2875
<i>Deposit Money Banks</i>	27041	27180	25616
Assets	37105	37308	36604
Liabilities	10064	10128	10988
II. Net Domestic Assets	26206	27050	28953
1.Domestic credit	61356	62654	65358
of which: Claims on Gov.	-916	-449	749
a) Deposit Money Banks	69431	70115	72092
-in denar	52575	52792	54327
Government	1650	1497	1952
Credits	1648	1495	1950
a) Budget and Line Ministries	1403	1274	1390
b) Funds	245	221	560
c) Ins. of Central Gov.	0	0	0
Accrued interest	2	2	2
Non Government sector	50925	51295	52375
Credits	45750	46024	47071
<i>Adjusted</i>			
of which: Overdue claims	9160	9336	9468
Accrued interest	5175	5271	5304
-in foreign currency	16856	17323	17765
Government	5509	5515	5531
of which: Overdue	0	0	0
Non Government sector	11347	11808	12234
<i>Adjusted</i>			
of which: Overdue	1600	1294	1342
b) Nat. Bank Claims on Government	-8075	-7461	-6734
2.Other items, net	-35150	-35604	-36405
of which: Claims on Gov.			
for frozen f.c. deposits	0	0	0
Accrued interest	-5177	-5273	-5306
Others	-29973	-30331	-31099

Source: National Bank of the Republic of Macedonia



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

	XII.04	I.05	II.05
M4Total	95071	96139	97312
M4 (nonGovernment)	93947	94855	96211
M1(Total)	27885	27123	27406
M1 (nonGovernment)	27595	26584	27006
Currency in Circulation	14162	13364	13362
Demand deposits(total)	13723	13759	14044
Demand deposits(NonGov.)	13433	13220	13644
Deposit Money Banks	13705	13677	13974
NonGov. Demand deposits	13415	13138	13574
Government Demand deposits	290	539	400
a) Budget and Line Ministries	115	304	148
b) Funds	171	232	249
c) Ins. of C.Gov.: Courts, etc.	4	3	3
Nation. Bank NonGov.Demand dep.	18	82	70
M2 (Total)	89906	91300	92666
M2 (nonGovernment)	88886	90063	91613
Quasi money (Total)	62021	64177	65260
Quasi money (non Government)	61291	63479	64607
Deposit Money banks	62021	64156	65260
Non Government sector	61291	63458	64607
Denar	20483	20968	21948
Foreign currency	40808	42490	42659
Government deposits	730	698	653
Denar	703	684	646
Foreign currency	27	14	7
NBM quasi deposits	0	21	0
Nonmonetary Deposits (Total)	5165	4839	4646
<i>Denar nonm. deposits (total)</i>	3464	3078	3122
<i>F.C. nonm. deposits (total)</i>	1701	1761	1524
Nonmonetary Deposits (nonGov.)	5061	4792	4598
<i>Denar nonm. dep.(nonG)</i>	3360	3031	3074
<i>F.C. nonm. dep (nonG)</i>	1701	1761	1524
-Deposit Money Banks	5165	4839	4646
Denar nonGov. nonmonetary dep.	3360	3031	3074
F. C. nonGovern. nonmon. dep.	1701	1761	1524
Denar Gov. nonmon. deposits	104	47	48
F. C. Govern. nonmon. deposits	0	0	0
-NBM NonGov. nonm. deposits	0	0	0
Denar	0	0	0
Foreign currency	0	0	0
Total Deposits	80909	82775	83950
Total Deposits (nonGov.)	79785	81491	82849

Source: National Bank of the Republic of Macedonia


Table 8

Total deposits of the non-government sector

	28.02.2005	monthly changes		annual changes		structure
	in Denar million	in Denar million	in %	in Denar million	in %	in %
Total deposits	69,205	934	1.4	14,120	25.6	100.0
1. According to maturity						
- short-term	64,607	1,128	1.8	14,400	28.7	93.4
- long-term	4,598	-194	-4.0	-280	-5.7	6.6
2. According to currency of denomination						
- In denar	25,022	1,002	4.2	5,359	27.3	36.2
- In foreign currency	44,183	-68	-0.2	8,761	24.7	63.8

Source: National Bank of the Republic of Macedonia

Table 9

Households and enterprises deposits

	structure in %	28.02.2005	monthly changes		annual changes	
		in Denar million	in Denar million	in %	in Denar million	in %
Total households deposits	100	46,244	600	1.3	7,374	19.0
1. According to maturity						
- short-term	95.3	44,082	957	2.2	8,179	22.8
- long-term	4.7	2,162	-357	-14.2	-805	-27.1
2. According to currency of denomination						
- In denar	26.6	12,280	148	1.2	1,778	16.9
- In foreign currency	73.4	33,964	452	1.3	5,596	19.7
Total enterprises deposits	100	20,897	27	0.1	6,264	42.8
1. According to maturity						
- short-term	94.9	19,839	112	0.6	6,051	43.9
- long-term	5.1	1,058	-85	-7.4	213	25.2
2. According to currency of denomination						
- In denar	52.7	11,005	545	5.2	3,240	41.7
- In foreign currency	47.3	9,892	-518	-5.0	3,024	44.0

Source: National Bank of the Republic of Macedonia


Table 10

Maturity and sector structure of Denar and foreign currency placements

	Share on 28.02.2005 (in %)	Monthly change (in percentage points)	Annual change (in percentage points)
Denar placements	100.0		
maturity structure			
- short-term	55.8	0.3	-7.0
- long-term	44.2	-0.3	7.0
structure by sectors			
- enterprises	66.9	-0.2	-8.0
- households	33.0	0.2	8.0
- other	0.1	0.1	0.1
Foreign currency placements			
maturity structure			
- short-term	40.1	0.5	-4.8
- long-term	59.9	-0.5	4.8
structure by sectors			
- enterprises	95.8	-0.1	-1.2
- households	3.4	0.2	3.1
- other	0.7	-0.1	-1.9

Source: National Bank of the Republic of Macedonia

Table 11

Interest rates

	February, 2005 in %	Monthly changes in percentage points	Annual changes
Average weighted interest rate on the CB bills auctions (28 days)	10.00	0.00	2.5
Average weighted interest rate on the Money Market	8.44	0.67	2.0
Banks' weighted lending interest rates	11.86	-0.02	-1.7
Banks' weighted deposit interest rates	6.56	0.03	-0.1

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



Table 12
Auctions of Treasury bills

Date	Supply	Demand	Realized	Weighted interest rate
	in Denar million			in %
Treasury bills auctions, three-month				
08.02.2005	350	306	306	9.75
22.02.2005	350	305.7	305.7	10.16
Treasury bills auctions, six-month				
08.02.2005	100	24.3	24.3	10.84

Source: Ministry of finance

Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

Table 13
Foreign trade of the Republic of Macedonia
(in US Dollar million)

	II.2005	I-II.2005	II.2005		II.2005		I-II.2005	
	amount		I.2005		II.2004		I-II.2004	
			amount	%	amount	%	amount	%
Foreign trade	378.8	736.5	21.2	5.9	47.6	14.4	126.3	20.7
Exports	156.6	304.5	8.7	5.9	24.6	18.6	70.0	29.9
Imports	222.3	432.1	12.5	5.9	23.0	11.5	56.3	15.0
Balance	-65.7	-127.6	-3.8	6.1	1.6	-2.3	13.7	-9.7

Source: State Statistical Office of the Republic of Macedonia

Table 14
Ten most important trading partners of the Republic of Macedonia, I-II, 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	736.5	100.0	304.5	100.0	432.1	100.0	70.5
<i>out of which:</i>							
Germany	126.1	17.1	78.8	25.9	47.3	11.0	166.4
Greece	86.4	11.7	46.9	15.4	39.5	9.1	118.7
Serbia and Montenegro	74.0	10.1	41.4	13.6	32.6	7.5	127.2
Russia	50.4	6.8	2.7	0.9	47.7	11.0	5.6
Italy	45.8	6.2	26.1	8.6	19.8	4.6	132.1
Bulgaria	39.8	5.4	7.4	2.4	32.5	7.5	22.7
Slovenia	22.5	3.1	5.0	1.6	17.5	4.1	28.4
Turkey	20.6	2.8	5.4	1.8	15.2	3.5	35.4
Croatia	20.1	2.7	11.3	3.7	8.8	2.0	127.6
China	18.6	2.5	0.0	0.0	18.6	4.3	0.0
Total (10 largest trading partners)	504.4	68.5	224.9	73.9	279.5	64.7	80.5

Source: State Statistical Office of the Republic of Macedonia


Table 15

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

	External debt		Credits used		Debt payments	
	31.01.2005	28.02.2005	I-2005	II-2005	I-2005	II-2005
Official creditors	1,268.7	1,284.9	66	97	19.3	53
out of which:						
Multilateral	1,034.2	1,050.1	66	93	50	36
MMF	61.2	61.7	0.0	0.0	0.0	0.3
IBRD	216.5	216.2	0.0	0.4	2.1	2.6
IFC	9.0	9.1	0.0	0.0	0.0	0.0
IDA	380.6	383.6	1.2	0.2	0.7	0.5
EIB	141.9	143.3	0.0	0.0	0.0	0.0
EUROFIMA	8.0	8.1	0.0	0.0	0.0	0.0
Council of EDB	22.0	22.3	0.0	0.0	0.0	0.0
EBRD	66.6	75.7	5.4	8.1	1.7	0.0
EU	117.3	118.5	0.0	0.0	0.3	0.2
IFAD	10.5	11.2	0.0	0.6	0.0	0.0
European Agency for Reconstruction	0.5	0.5	0.0	0.0	0.0	0.0
Bilateral	234.4	234.8	00	04	14.4	17
Paris club (rescheduled 1995)	137.7	138.3	0.0	0.0	14.0	0.0
Paris club (rescheduled 2000)	8.6	8.7	0.0	0.0	0.0	0.0
New credits	9.3	9.3	0.0	0.0	0.0	0.0
Non-rescheduled debt	78.9	78.4	0.0	0.4	0.4	1.7
Private creditors	644.6	646.5	13.3	22	12.6	37
out of which:						
London Club of Creditors	227.6	227.6	00	00	84	00
Other private creditors	416.9	418.8	13.3	22	42	37
Banks and financial institutions	249.6	250.8	2.8	1.8	1.3	2.4
Enterprises	167.3	168.0	10.5	0.4	2.9	1.4
TOTAL	1,913.2	1,931.3	19.9	11.9	32.0	90

Source: National Bank of the Republic of Macedonia

National Bank of the Republic of Macedonia Balance sheet

Table 16

NBRM Balance sheet on February 28, 2005
(in million Denars)

Assets	Amount	Liabilities	Amount
Foreign assets	45,618	Reserve money	17,206
Claims on Government	3,467	NBRM instruments	5,737
Claims on banks and other financial institutions	54	Restricted deposits	255
Other assets	2,480	Foreign liabilities	2,875
		Government deposits	11,188
		Capital accounts	7,444
		Other liabilities	6,914
Total	51,619	Total	51,619

Source: National Bank of the Republic of Macedonia