

**National Bank
of the Republic of Macedonia**



**Monthly
Report**

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May 2005

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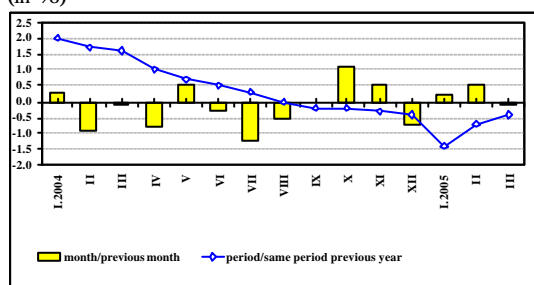
Important economic events and amendments to the legal regulations in March 2005

- ❖ *On March 1, the Macedonian company “Feni Industry” and the Italian group “Sol” signed an agreement for building of a plant for oxygen production (in the amount of Euro 9 million). Contemporaneously, in March, “Feni Industry” registered a peak in the production of nickel (548.2 tons).*
- ❖ *On March 7, the Regulatory Energy Committee adopted a Decision on setting the highest prices of certain oil derivatives determined in accordance with the Methodology, with the retail and the refinery prices of oil derivatives increasing by 4.79% and 7.95%, respectively, on average (“Official Gazette of the Republic of Macedonia” no. 15/2005).*
- ❖ *On March 10, the Government of the Republic of Macedonia promoted the project “Improvement of the working conditions in the textile industry in line with the EU standards”, the aim of which is to improve the working conditions in the textile factories throughout the Republic of Macedonia. The project is financed by the Norwegian Government and it will be carried out in the following few years, by extending credits to textile factories in the amount of 75% of the needed investment funds.*
- ❖ *On March 10 and 11, Skopje hosted the first Summit for Development of the Cooperation among the Countries of Southeast Europe, organized by the European Issues Institute, the Danube Region and Central Europe Institute, as well as the Turkish Council for International Economic Relations. Presidents of various countries and governments, high government representatives and executives from the European countries participated in the Summit. Its main objective is improving the economic co-operation among the countries in the region, intensifying the foreign trade, improving the investment climate and attracting foreign investments.*
- ❖ *Starting from March 16, the counties members of OPEC increased the daily production of oil by 0.5 million barrels, so that the total production reached the level of 27.5 million barrels a day. This decision was made in order to prevent the further increase in the price of the crude oil on the international markets (after it had reached a price of over 55 US Dollars per barrel), under the influence of the increased global demand for oil.*
- ❖ *On March 21, the Regulatory Energy Committee adopted a Decision on setting the highest prices of certain oil derivatives determined in accordance with the Methodology (“Official Gazette of RM” no. 18/2005), with the retail and the refinery prices of oil derivatives increasing by 3.9% and 6.9%, respectively, on average. The effect from such an increase on the general level of prices in the country will be evident in April, due to the specific procedure for statistical monitoring of the prices.*
- ❖ *On March 31, the National Bank of the Republic of Macedonia Council adopted a decision on setting the manner of calculating reference interest rates of the banking sector. The new methodology enables more accurate calculation of the level of the representative interest rates of the banking sector on received deposits and extended credits, and presentation of the interest rates and interest rate spreads according to the currency and maturity structures.*
- ❖ *In March, the production capacities of the Industrial Slaughterhouse and Meat Safe - “Gorni Polog” from Gostivar were restarted. (In the past, this was the largest producer and exporter of lamb’s meat on the Balkans).*

I. Economic Developments in the Republic of Macedonia

In March 2005, the consumer prices, as a measure for the inflation rate, remained almost unchanged on a monthly basis (minimum decline of 0.1%), reflecting the unchanged level of the costs of goods and the slight monthly decline of the costs of services (of 0.3%). Within the structure of the consumer price index¹, the costs of food (with the largest share in the total index) retained the level registered in the previous month. The increase in the retail prices of oil derivatives, by 4.79% on average (in line with the decision of the Regulatory Energy Committee form March 08, 2005) is reflected in an increase in the costs in the category "housing" (higher prices of liquid fuels and gas by 5.8%) and in the category "transport equipment and services" (higher prices of fuels and lubricants by 1.7%). The other categories in the structure of the consumer prices registered a decline on a monthly basis. Compared to March 2004, consumer prices increased by 0.2%, with the highest increase being registered in the costs of tobacco and beverages (of 6.4%)². On average, in the first three months of 2005, the consumer prices were by 0.4% lower, reflecting the decline in the customs duties on food products, in line with the admission to the WTO.

Chart 1
Consumer prices
(in %)



In March 2005, the retail prices registered a minimum monthly increase (0.1%) influenced by the higher prices of the non-food industrial products by 0.4% (increase in the retail prices of

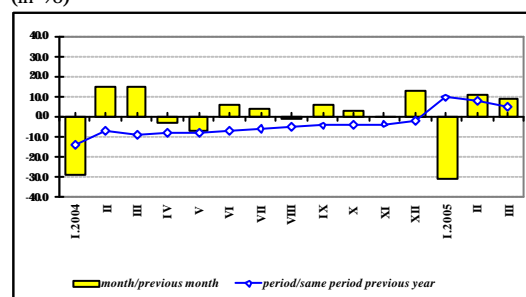
¹ Since January 2005, the State Statistical Office has been applying a new structure of weights and contents of the index list, which, according to the methodology, is being revised every five years.

² In January 2005, the excise on cigarettes increased, in the context of harmonization of these duties with the EU Directives.

oil derivatives). On annual and cumulative basis, the retail prices went up by 1.7% and 1.3%, respectively. In March 2005, the prices of producers of industrial products increased by 0.8% on a monthly basis, entirely due to the higher prices of the producers of energy (by 3.6%) in line with the increase in the refinery prices of the oil derivatives (by 7.95%, on average) by a Decision of the Regulatory Energy Committee. The increase in the prices in the processing industry (higher prices of the producers of oil derivatives and electrical machinery and apparatus), caused an annual and average increase in the prices of the producers of industrial products by 2.3% and 1.9%, respectively.

In March, the actual volume of the industrial output usually registers monthly growth rates in line with the larger number of working days relative to February, as well as due to the seasonal activities related to the purchase and processing of tobacco. Thus, also in March 2005, the industrial output had the common monthly dynamics, achieving 8.7% increase relative to the previous month. Production increased in all industrial sectors. The monthly increase in the production in the processing industry (of 10%), as the most important industrial sector, is mainly a result of the increased production of products of other non-metallic mineral fuels (by 2.1 times), of tobacco products (by 63.3%) and of food products and beverages (by 17.1%). The average growth rate of the industrial output in the first three months of 2005 is 4.8% (one should, however, have in mind the low comparison basis from the previous year) and registers a trend of growth slowdown. The registered cumulative growth is a result of the increased production in the processing industry of 5.8% (mostly in the production of basic metals, fabricated metal products, chemicals and chemical products and wearing apparel, dressing and dyeing of fur) and in the sector "electricity, gas and water supply" of 3.6%.

Chart 2
Industrial output
(in %)



II. Monetary developments in the Republic of Macedonia

In March 2005, the monetary policy was conducted in an environment in which there were favorable developments on the foreign exchange market (realized net-purchase of foreign exchange by the NBRM), which enabled maintenance of a stable nominal exchange rate of the Denar against the Euro, and indirectly of the price stability. With respect to the liquidity management, liquidity was withdrawn through the monetary policy instruments and the accumulation of government deposits with the NBRM, while currency in circulation and foreign exchange transactions of the NBRM acted toward liquidity creation. In line with the favorable developments on the foreign exchange market since December 2004, at the beginning of March, NBRM abolished the CB bills with a 7-day maturity (first introduced in February 2004).

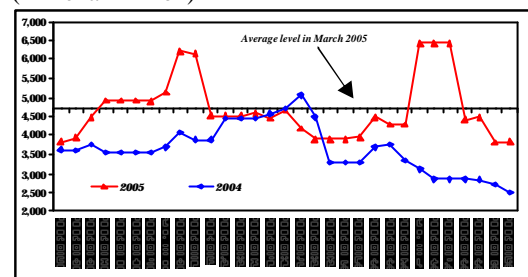
In March 2005, the average daily liquidity of the banking system equaled Denar 4,693.8 million, which is a monthly drop of 3.3%. The main cause for the lower average level of liquidity are the CB bills auctions through which the effect from the influence of the autonomous factors was partially sterilized (in March, the autonomous factors, on average, represented flows of liquidity creation). With respect to the daily dynamics, in the first half of the month, the banks' liquidity was maintained at a relatively higher level (as a result of the banks' groundwork for fulfillment of the reserve requirement and for the regular outflows in the period of payment of taxes), which gradually normalized in the middle of the month. In the second half of March, except for the days in which one particular bank used a Lombard credit³, the liquidity of the banking system was below the average level. At the end of the period of fulfillment of the reserve requirement⁴, the banks allocated 9.2% more than the prescribed requirement, which represents a decline of 0.6 percentage points compared to the preceding month.

³ Short-term credits that the NBRM extends to the banks on the basis of a collateral of securities, intended for overcoming short-term liquidity needs.

⁴ 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.

Chart 3

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



On a monthly basis, in March the currency in circulation and the NBRM foreign exchange transactions acted toward creation of liquidity in the banking system. In circumstances when there was an increased supply of foreign exchange by the banks, NBRM made a net - purchase of foreign exchange. At the same time, currency in circulation reduced by Denar 155 million, which also acted toward liquidity creation. On the other hand, the increased preference of banks for investing in CB bills resulted in a monthly increase in the level of CB bills (by Denar 297 million) and, accordingly, withdrawal of liquidity from the banking system. On the Government Denar account with the NBRM accumulation of funds was registered (monthly increase of Denar 507 million), which is an additional withdrawal of liquidity.

In March 2005, the total turnover on the institutionalized money market amounted to Denar 256.8 million. Given the higher supply relative to the demand for liquid funds, the average weighted interest rate equalled 8.5% and remained almost unchanged relative to the previous month. It is important to emphasize the increased interest of banks in direct trading, where in the bilateral lending of banks transactions in the amount of Denar 2,047.8 million were executed. The average interbank weighted interest rate on the institutionalized and non-institutionalized money market equalled 8.2% (in the previous month it was 8.1%).

The monthly decline of currency in circulation (of 1.2%) in March, resulted in a decline of the reserve money of 0.9% on a monthly basis. At the same time, the money supply M1 dropped by 0.2% relative to the previous month, which given the increase in the demand deposits, is entirely due to the lower level of currency in circulation. On the



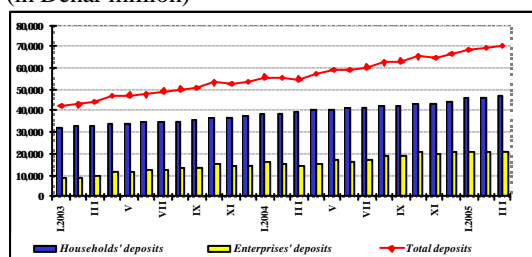
other hand, the broader monetary aggregates M2 and M4 registered an identical monthly increase (of 1.3%) as a result of the increase in both the short-term and the long-term deposit potential of banks.

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

	31.03.2005	monthly change	annual change
		in %	in %
Currency in circulation	13,207	-1.2	2.0
Demand deposits	13,741	0.7	11.2
Monetary aggregate M1	26,948	-0.2	6.5
Short-term Denar deposits	23,336	6.3	53.8
Monetary aggregate M2 - Denar share	50,284	2.7	24.2
Short-term foreign currency deposits	42,495	-0.4	22.6
Monetary aggregate M2	92,779	1.3	23.5
Non-monetary deposits	4,644	1.0	-8.3
- Denar	3,111	1.2	-11.3
- foreign currency	1,533	0.6	-1.7
Monetary aggregate M4	97,423	1.3	21.5

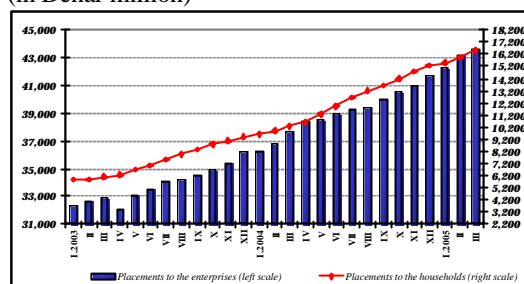
In March 2005, the banks' total deposits went up by 1.8% on a monthly basis, as a result of the increase in both the short-term and the long-term deposits of 1.9% and 1%, respectively. With respect to the currency structure, given the decline in the deposits in foreign currency (of 0.4% on a monthly basis), the increase in the banks' total deposit potential is entirely due to the monthly increase in the Denar deposits (of 5.7%). The total households' deposits increased by 1.8% relative to the previous month, as a result of the increase in all categories of deposits. The deposits of the corporate sector registered a monthly growth of 2%, with a simultaneous increase in both the short-term and the long-term deposits (of 2% and 3.4%, respectively). With respect to the currency of denomination, foreign currency deposits of enterprises registered a monthly drop (of 7.5%), which is partially due to the transformation of the foreign currency into Denar deposits and corresponds with the higher monthly amount of the imports.

Chart 4
Deposit timeframes
(in Denar million)



Banks' total placements⁵ registered a monthly increase of 1.7%. Denar⁶ credits increased by moderate 0.7%, while foreign exchange credits increased faster and at the end of March, relative to the previous month, they were by 5.5% higher. Additional funds through the banks were placed to the households and the enterprises, resulting in a monthly increase of the extended credits of 4% and 0.9%, respectively.

Chart 5
Banks' placements by sectors
(in Denar million)



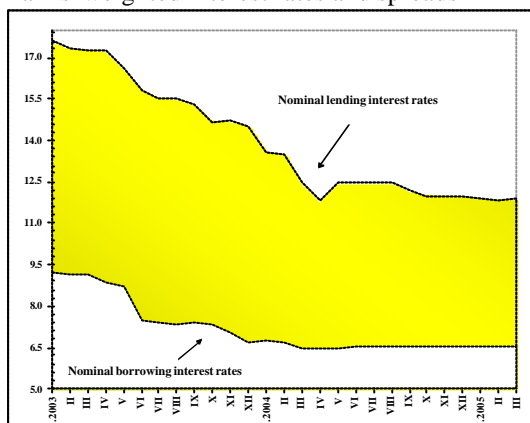
In March the banks' interest rate policy registered no considerable changes. Thus, the banks' weighted lending interest rate equaled 11.92% (minimum increase on a monthly basis of 0.1 percentage point) with an unchanged level of the average weighted interest rate on the three-month Denar deposits (6.56%). The average weighted interest rate on the short-term foreign exchange credits equaled 7.28%, which was a monthly increase of 0.1 percentage points, while the interest rate on the three-month Euro deposits ranged from 1% to 3.30%, and the interest rate on the three-month US Dollar time deposits ranged from 0.90% to 2.50%.

⁵ Since January 2005, the category "credits" does not include the accrued overdue interest on the basis of credits.

⁶ They also include Denar credits with foreign exchange clause.



Chart 6
Banks' weighted interest rates and spreads*



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

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

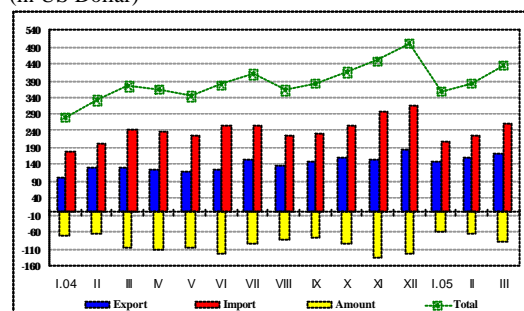
In March 2005, the *total foreign trade*⁷ of the Republic of Macedonia equaled US Dollar 434.8 million, which is a monthly increase of 14.3%. In this month, the value of the total *export of goods* equaled US Dollar 173.5 million, and, compared with February, is an increase of 10.8%, which is partially due to seasonal factors (export of meat, mostly lamb's meat), as well as the higher export of iron and steel and products thereof, textile and clothing and mineral fuels. The total *import of goods* reached US Dollar 261.3 million in March 2005, which is by 16.7% more compared to the preceding month. The product-by-product analysis shows that such a monthly increment in the imports is due to the higher import of iron and steel, vehicles⁸, mineral fuels, plastic products and pharmaceutical products.

Given the more intensive monthly growth of the import relative to the export of goods, in March 2005, the deficit in the foreign trade totaled US Dollar 87.7 million (monthly increase of 30.4%), while the import-export coverage ratio equals 66.4% (monthly decline of 3.5 percentage points).

⁷ 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

⁸ After the excises were reintroduced at the beginning of 2005, the average import of vehicles in the first three months of 2005 equaled US Dollar 8.3 million, while in March 2005, its level reached US Dollar 14.1 million, which is identical with the average in 2004 (excluding December), but above the average in 2003.

Chart 7
Foreign trade of the Republic of Macedonia
(in US Dollar)



Source: State Statistical Office of the Republic of Macedonia

Cumulatively, in the first three months of 2005, the exports and the imports went up by 30.6% and 12.8%, respectively. The trade deficit equaled US Dollar 216.9 million (a decline of US Dollar 33.1 million), while the import-export coverage ratio equaled 68.8% (increase of 9.4 percentage points relative to the same period of 2004).

In March 2005, the *total turnover on the foreign exchange market* equaled US Dollar 374.1 million, which is by 29.3% higher compared to the preceding month. Such developments are due to the increased turnover between the banks and the enterprises, with its share in the total turnover equalling 89%. The demand for foreign currency of the enterprises exceeded the supply, so the gap was closed by a net sale of foreign currency by the banks. In March 2005, NBRM made a net purchase of foreign currency on the foreign



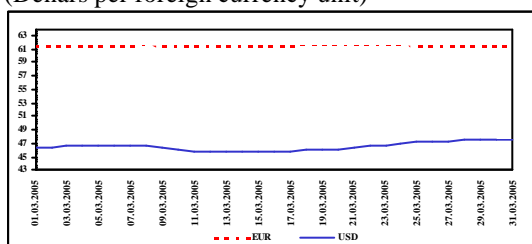
exchange market. *The gross foreign reserves of the NBRM* amounted to US Dollar 964.1 million at the end of March 2005 and reduced by US Dollar 8.9 million relative to February 2005. This was particularly due to the negative exchange rate differentials and the net-outflows based on settlement of the liabilities to foreign creditors.

At the end of March 2005, *the exchange rate of the Denar against the Euro on the foreign exchange market* equaled Denar 61.42 per one Euro and registered a minimum depreciation of 0.1% relative to the previous month. The exchange rate of the Denar against the US Dollar equaled Denar 47.46 per one US Dollar at the end of March 2005, with the Denar registering a monthly depreciation of 18% (Denar 46.61 per one US Dollar were traded at the end of February 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 March 2005, *the total turnover on the exchange offices market* amounted to US Dollar

116.3 million, which is a monthly increase of 22.4%. The faster growth of the supply relative to the demand for foreign exchange, resulted in an increased net-purchase of foreign assets from the households in the amount of US Dollar 41.7 million (monthly growth of 44.6%).

The exchange rate of the Denar against the Euro on the exchange offices market equaled Denar 61.62 per one Euro, on average, and remained almost unchanged relative to the previous month, while the exchange rate of the Denar against the US Dollar equaled Denar 46.54, on average, with the Denar appreciating by 1.4% on a monthly basis.

At the end of March 2005, *the external debt of the Republic of Macedonia based on long-term credits and loans*⁹ equalled US Dollar 1,924.1 million, which is by US Dollar 12.7 million less on a monthly basis. Given the higher amount of used funds (US Dollar 22.6 million) relative to the paid principal (US Dollar 15.1 million), the reduction in the external debt is due to the negative exchange rate differentials (US Dollar 21.4 million). In March 2005, new credits in the amount of US Dollar 7.9 million were concluded, solely with private creditors.

⁹ Preliminary data of the NBRM.



Appendix

Developments in Real Sector in the Republic of Macedonia

Table 1

Costs of living and retail prices

	III.2005 II.2005	III.2005 III.2004	I-III.2005 I-III.2004
	in %		
Costs of living	-0.1	0.2	-0.4
Food	0.0	-2.4	-3.6
Tobacco and beverages	0.0	6.4	5.8
Clothing and footwear	-0.7	4.1	3.9
Housing	0.2	0.3	-0.2
Flat (rent, water, services)	-0.2	1.1	-1.0
Fuel and lighting	0.3	0.7	0.4
Hygiene	-0.5	-3.3	-2.8
Culture and entertainment	-0.8	-1.1	-0.6
Transport, communications, services	0.1	3.9	3.9
<i>Goods</i>	<i>0.0</i>	<i>-0.3</i>	<i>-1.0</i>
<i>Services</i>	<i>-0.3</i>	<i>2.0</i>	<i>2.1</i>
Retail prices	0.1	1.7	1.3
Agricultural products	-0.5	-2.9	-5.1
Non-food industrial products	0.4	2.2	1.7
Processed food products	-0.1	-2.7	-3.2
Beverages	0.0	3.5	2.0
<i>Goods</i>	<i>0.2</i>	<i>0.6</i>	<i>0.0</i>
<i>Services</i>	<i>0.0</i>	<i>3.3</i>	<i>3.4</i>

Source: State Statistical Office of the Republic of Macedonia


Table 2

Prices of producers of industrial products*

	III.2005	III.2005	I-III.2005
	II.2005	III.2004	I-III.2004
	in %		
Prices of producers of industrial products	0.8	2.3	1.9
Energy	3.6	7.6	5.7
Intermediary goods (except Energy)	-0.1	1.8	2.2
Capital goods	0.0	0.0	0.0
Durable consumer goods	0.0	3.0	3.0
Non durable consumer goods	0.0	-0.4	-0.8
<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>2.8</i>	<i>2.3</i>
Manufacture of food products and beverages	-0.1	-1.1	-1.5
Manufacture of tobacco products	0.0	0.4	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	9.6	21.6	17.0
Manufacture of chemicals and chemical products	0.0	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	-0.3
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	8.5	10.1
<i>Electricity, gas and water supply</i>	<i>0.0</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 %	<u>III.2005</u> <u>II.2005</u>	<u>III.2005</u> <u>III.2004</u>	<u>I-III.2005</u> <u>I-III.2004</u>
		in %		
Total	100.0	87	0.3	4.8
Energy	21.8	-2.7	-6.7	1.9
Intermediary goods (except Energy)	33.8	23.7	11.2	14.0
Capital goods	4.8	-28.7	-1.3	-1.4
Durable consumer goods	1.4	15.8	-27.4	-19.2
Non durable consumer goods	38.1	9.0	-3.4	0.8
<i>Mining and quarrying</i>	1.8	44.1	-26.1	-21.4
<i>Manufacturing industry</i>	79.4	10.0	1.5	5.8
Manufacture of food products and beverages	20.0	17.1	-5.2	-4.9
Manufacture of tobacco products	3.9	63.3	-28.7	-26.4
Manufacture of textiles	2.5	-19.9	-27.8	-11.9
Manufacture of wearing apparel; dressing and dyeing of fur	8.6	7.9	2.2	9.4
Publishing, printing and reproduction of recorded media	3.9	2.9	11.1	3.3
Manufacture of coke, refined petroleum products and nuclear fuel	3.0	-36.3	-40.2	-9.5
Manufacture of chemicals and chemical products	5.9	2.7	1.5	10.6
Manufacture of rubber and plastic products	2.6	70.8	10.8	-10.4
Manufacture of other non-metallic mineral products	8.1	2,1 times	5.4	5.1
Manufacture of basic metals	6.0	1.1	73.9	82.0
Manufacture of fabricated metal products, except machinery and equipment	3.8	-12.5	44.8	30.0
Manufacture of electrical machinery and apparatus n.e.c.	3.2	-0.4	1.3	-4.4
<i>Electricity, gas and water supply</i>	18.8	2.7	-1.2	3.6

Previous data

Source: State Statistical Office of the Republic of Macedonia



Table 4
Central Government Budget
(in Denar million)

	March 2005			January-March 2005		
	in Denar million	Monthly changes in %	Annual changes in %	in Denar million	Cumulative changes (2005/2004) in %	Structure in %
Total budget revenues	4,658	36.1	100.0	12,844	-8.9	100.0
<i>Tax revenues:</i>	4,397	35.8	94.4	12,170	-3.1	94.8
- personal income tax	660	1.9	14.2	1,834	5.5	14.3
- profit tax	633	2,1 times	13.6	1,080	12.7	8.4
- value added tax	1,965	48.9	42.2	5,745	-5.9	44.7
- excises	668	10.4	14.3	2,317	-1.4	18.0
- custom duties	422	34.0	9.1	1,026	-16.4	8.0
- other	49	2.1	1.1	168	-5.6	1.3
<i>Non-tax revenues:</i>	225	43.3	4.8	562	-59.0	4.4
- inflows from state property dividends	42	-	0.9	100	-87.4	0.8
- administrative taxes and fees	156	21.9	3.3	387	8.1	3.0
- other administrative taxes	24	41.2	0.5	58	-9.4	0.5
- other non-tax revenues	3	-75.0	0.1	17	-89.1	0.1
<i>Capital revenues</i>	36	33.3	0.8	112	-36.0	0.9
Total budget expenditures	4,676	4.8	100.0	13,815	5.5	100.0
<i>Current expenditures</i>	4,447	5.5	95.1	12,841	3.4	92.9
- wages and salaries	1,805	0.8	38.6	5,373	4.6	38.9
- goods and services	741	14.5	15.8	1,898	5.6	13.7
- transfers	1,767	3.3	37.8	5,031	2.2	36.4
- interest	134	2 times	2.9	539	1.5	3.9
<i>Capital expenditures</i>	229	-7.3	4.9	974	42.2	7.1
Budget balance	-18			-971		
Financing	18			971		
<i>Inflows</i>	483			2,289		
<i>Outflows</i>	465			1,318		

Source: Ministry of Finance

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

	March 2005				January-March 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	4,344	3.2	4,603	12.1	12,184	0.9	12,530	1.2
- pension and disability insurance	2,413	-1.0	2,543	6.9	6,948	1.5	7,127	-0.1
- health insurance	1,327	12.5	1,436	27.3	3,454	-0.1	3,593	4.0
- employment	604	2.0	624	3.8	1,782	0.4	1,810	0.8
Road Fund	236	16.3	226	62.6	554	-8.7	475	27.6

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	III.05
I. Net Foreign Assets	41824	41909	42743	43139
Assets	44686	44791	45618	46026
Liabilities	2862	2882	2875	2887
II. Net Domestic Assets	-19509	-20227	-19730	-19930
Domestic credit (a+b)	-8014	-7400	-6680	-6700
a) Credit to banks	61	61	54	51
Credits extended at auction	0	0	0	0
Repurchased agreement	0	0	0	0
Credits based on securities	0	0	0	0
Long - term credits	37	37	37	37
Advances	14	14	7	4
Other	10	10	10	10
b) Net, Government	-8075	-7461	-6734	-6751
1. Credit to Government	2881	2881	2881	2881
Use of Fund credit	0	0	0	0
Ordinary credit	0	0	0	0
Purchased Government sec.	1039	1039	1039	1039
Other	1842	1842	1842	1842
2. Government Deposits	-10956	-10342	-9615	-9632
A) In denar	-4696	-5053	-4552	-5060
- Demand deposits	-4696	-5053	-4552	-5060
B) In foreign currency (1+2+3)	-6260	-5289	-5063	-4572
1) Sight deposits				
2) Deposits for special purposes	-6115	-5144	-4918	-4425
Central Government institutions	-6046	-5082	-4856	-4363
Other funds and agency	-69	-62	-62	-62
o/w Road fund	-69	-61	-61	-61
3) Other Government deposits	-145	-145	-145	-147
3. External account	0	0	0	0
In foreign currency	0	0	0	0
In denar	0	0	0	0
Other items, net	-11495	-12827	-13050	-13230
o/w : Remittance	-223	-229	-255	-234
Other deposits	-1550	-1576	-1606	-1633
Transitory account	-166	-20	-57	-15
Unclaimed portion of Gov. bonds	-1743	-1725	-1712	-1700
Instruments	-4552	-3409	-5737	-6034
Auctions of bills	-4552	-3409	-5737	-6034
Total Liabilities	17763	18273	17276	17175
Reserve money	17745	18170	17206	17054
Currency in circulation	14162	13364	13362	13207
Cash in vaults	909	1023	918	796
Giro - accounts	2674	3783	2926	3051
Non Government deposits	18	103	70	121
o/w Demand deposits	18	82	70	121
Quasi deposits	0	21	0	0
Restricted deposits in denars	0	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	III.05
I. Net Foreign Assets	68865	69089	68359	68421
<i>National Bank</i>	41824	41909	42743	43139
Assets	44686	44791	45618	46026
Liabilities	2862	2882	2875	2887
<i>Deposit Money Banks</i>	27041	27180	25616	25282
Assets	37105	37308	36604	37303
Liabilities	10064	10128	10988	12021
II. Net Domestic Assets	26206	27050	28953	30116
1.Domestic credit	61356	62654	65358	66792
of which: Claims on Gov.	-916	-449	749	1118
a) Deposit Money Banks	69431	70115	72092	73543
-in denar	52575	52792	54327	55178
Government	1650	1497	1952	2414
Credits	1648	1495	1950	2413
a) Budget and Line Ministries	1403	1274	1390	1898
b) Funds	245	221	560	515
c) Ins. of Central Gov.	0	0	0	0
Accrued interest	2	2	2	1
Non Government sector	50925	51295	52375	52764
Credits	45750	46024	47071	47410
<i>Adjusted</i>				
of which: Overdue claims	9160	9336	9468	9548
Accrued interest	5175	5271	5304	5354
-in foreign currency	16856	17323	17765	18365
Government	5509	5515	5531	5455
of which: Overdue	0	0	0	0
Non Government sector	11347	11808	12234	12910
<i>Adjusted</i>				
of which: Overdue	1600	1294	1342	1372
b) Nat. Bank Claims on Government	-8075	-7461	-6734	-6751
2.Other items, net	-35150	-35604	-36405	-36676
of which: Claims on Gov.				
for frozen f.c. deposits	0	0	0	0
Accrued interest	-5177	-5273	-5306	-5355
Others	-29973	-30331	-31099	-31321

Source: National Bank of the Republic of Macedonia



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

	XII.04	I.05	II.05	III.05
M4Total	95071	96139	97312	98537
M4 (nonGovernment)	93947	94855	96211	97423
M1(Total)	27885	27123	27406	27303
M1 (nonGovernment)	27595	26584	27006	26948
Currency in Circulation	14162	13364	13362	13207
Demand deposits(total)	13723	13759	14044	14096
Demand deposits(NonGov.)	13433	13220	13644	13741
Deposit Money Banks	13705	13677	13974	13975
NonGov. Demand deposits	13415	13138	13574	13620
Government Demand deposits	290	539	400	355
a) Budget and Line Ministries	115	304	148	80
b) Funds	171	232	249	273
c) Ins. of C.Gov.: Courts, etc.	4	3	3	2
Nation. Bank NonGov.Demand dep.	18	82	70	121
M2 (Total)	89906	91300	92666	93845
M2 (nonGovernment)	88886	90063	91613	92779
Quasi money (Total)	62021	64177	65260	66542
Quasi money (non Government)	61291	63479	64607	65831
Deposit Money banks	62021	64156	65260	66542
Non Government sector	61291	63458	64607	65831
Denar	20483	20968	21948	23336
Foreign currency	40808	42490	42659	42495
Government deposits	730	698	653	711
Denar	703	684	646	703
Foreign currency	27	14	7	8
NBM quasi deposits	0	21	0	0
Nonmonetary Deposits (Total)	5165	4839	4646	4692
Denar nonm. deposits (total)	3464	3078	3122	3159
F.C. nonm. deposits (total)	1701	1761	1524	1533
Nonmonetary Deposits (nonGov.)	5061	4792	4598	4644
Denar nonm. dep.(nonG)	3360	3031	3074	3111
F.C. nonm. dep (nonG)	1701	1761	1524	1533
-Deposit Money Banks	5165	4839	4646	4692
Denar nonGov. nonmonetary dep.	3360	3031	3074	3111
F. C. nonGovern. nonmon. dep.	1701	1761	1524	1533
Denar Gov. nonmon. deposits	104	47	48	48
F. C. Govern. nonmon. deposits	0	0	0	0
-NBM NonGov. nonm. deposits	0	0	0	0
Denar	0	0	0	0
Foreign currency	0	0	0	0
Total Deposits	80909	82775	83950	85330
Total Deposits (nonGov.)	79785	81491	82849	84216

Source: National Bank of the Republic of Macedonia


Table 8

Total deposits of the non-government sector

	31.03.2005	monthly changes		annual changes		structure
	in Denar million	in Denar million	in %	in Denar million	in %	in %
Total deposits	70,475	1,270	1.8	15,581	28.4	100.0
1. According to maturity						
- short-term	65,831	1,224	1.9	16,003	32.1	93.4
- long-term	4,644	46	1.0	-422	-8.3	6.6
2. According to currency of denomination						
- In denar	26,447	1,425	5.7	7,767	41.6	37.5
- In foreign currency	44,028	-155	-0.4	7,814	21.6	62.5

Source: National Bank of the Republic of Macedonia

Table 9

Households and enterprises deposits

	structure in %	31.03.2005	monthly changes		annual changes	
		in Denar million	in Denar million	in %	in Denar million	in %
Total households deposits	100.0	47,069	825	1.8	7,904	20.2
1. According to maturity						
- short-term	95.4	44,887	805	1.8	8,701	24.0
- long-term	4.6	2,182	20	0.9	-797	-26.8
2. According to currency of denomination						
- In denar	26.6	12,520	240	2.0	2,000	19.0
- In foreign currency	73.4	34,549	585	1.7	5,904	20.6
Total enterprises deposits	100.0	21,321	424	2.0	7,168	50.6
1. According to maturity						
- short-term	94.9	20,227	388	2.0	7,091	54.0
- long-term	5.1	1,094	36	3.4	77	7.6
2. According to currency of denomination						
- In denar	57.1	12,174	1,169	10.6	5,429	80.5
- In foreign currency	42.9	9,147	-745	-7.5	1,739	23.5

Source: National Bank of the Republic of Macedonia


Table 10

Demand deposits of households and enterprises

	31.03.2005 in Denar million	monthly changes		annual changes	
		in Denar million	in %	in Denar million	in %
Demand deposits	13,741	97	0.7	1,381	11.2
- Demand deposits of households	2,695	-121	-4.3	-24	-0.9
- Demand deposits of enterprises	9,214	131	1.4	1,400	17.9

Source: National Bank of the Republic of Macedonia

Table 11

Maturity and sector structure of Denar and foreign currency placements

	Share on 31.03.2005 (in %)	Monthly change (in percentage points)	Annual change (in percentage points)
Denar placements	100.0		
maturity structure			
- short-term	54.9	-0.9	-7.5
- long-term	45.1	0.9	7.5
structure by sectors			
- enterprises	65.9	-1.0	-8.6
- households	34.0	1.0	8.6
- other	0.1	0.0	0.0
Foreign currency placements	100.0		
maturity structure			
- short-term	38.5	-1.5	-4.0
- long-term	61.5	1.5	4.0
structure by sectors			
- enterprises	95.8	-0.1	-1.2
- households	3.6	0.2	3.2
- other	0.6	-0.1	-2.0

Source: National Bank of the Republic of Macedonia



Table 12
Interest rates

	March, 2005	Monthly changes	Annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	10.00	0.00	2.0
Average weighted interest rate on the Money Market	8.50	0.06	2.0
Banks' weighted lending interest rates	11.92	0.06	-0.5
Banks' weighted deposit interest rates	6.56	0.00	0.1

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

Table 13
Auctions of Treasury bills

Date	Supply	Demand	Realized	Weighted interest rate
	in Denar million			in %
Treasury bills auctions, three-month				
08.03.2005	370	392.2	370	10.35
22.03.2005	550	336.4	335.6	10.65
29.03.2005	450	434.4	434.4	10.51
Treasury bills auctions, six-month				
08.03.2005	100	10.8	10.8	11.21

Source: Ministry of finance

Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

Table 14
Foreign trade of the Republic of Macedonia
(in US Dollar million)

	III.2005	I-III.2005	III.2005		III.2005		I-III.2005	
			II.2005		III.2004		I-III.2004	
	amount		amount	%	amount	%	amount	%
Foreign trade	434.8	1,172.9	54.4	14.3	62.9	16.9	190.7	19.4
Exports	173.5	478.0	16.9	10.8	41.9	31.8	111.9	30.6
Imports	261.3	694.9	37.4	16.7	21.0	8.7	78.8	12.8
Balance	-87.7	-216.9	-20.5	30.4	20.9	-19.3	33.1	-13.2

Source: State Statistical Office of the Republic of Macedonia


Table 15

Ten most important trading partners of the Republic of Macedonia, I-III, 2005

	Foreign trade (in US Dollar million)	Share	Exports (in US Dollar million)	Share	Imports (in US Dollar million)	Share	Import- export coverage ratio
	I-III 2005						
Republic of MACEDONIA	1,172.9	100.0	478.0	100.0	694.9	100.0	68.8
<i>out of which:</i>							
Germany	184.9	15.8	112.0	23.4	72.9	10.5	153.6
Greece	139.5	11.9	73.5	15.4	66.0	9.5	111.5
Serbia and Montenegro	132.2	11.3	73.7	15.4	58.5	8.4	126.0
Italy	80.3	6.8	43.3	9.1	36.9	5.3	117.2
Russia	80.1	6.8	5.0	1.1	75.1	10.8	6.7
Bulgaria	66.5	5.7	12.6	2.6	53.9	7.8	23.4
Turkey	39.2	3.3	14.8	3.1	24.4	3.5	60.8
Slovenia	36.8	3.1	8.0	1.7	28.8	4.1	27.8
Croatia	33.7	2.9	18.8	3.9	14.9	2.1	125.8
China	32.8	2.8	6.1	1.3	26.8	3.9	22.6
Total (10 largest trading partners)	825.9	70.4	367.8	76.9	458.1	65.9	80.3

Source: State Statistical Office of the Republic of Macedonia

Table 16

External long-term debt of the Republic of Macedonia

(in US Dollar million)

	External debt		Credits used		Debt payments	
	28.02.2005	31.03.2005	II-2005	III-2005	II-2005	III-2005
Official creditors	1,285.4	1,270.2	9.5	13.8	5.3	14.7
<i>out of which:</i>						
Multilateral	1,049.8	1,040.7	9.0	12.9	3.6	9.8
MMF	61.7	60.8	0.0	0.0	0.3	0.0
IBRD	216.2	214.5	0.4	0.5	2.6	0.0
IFC	9.1	8.1	0.0	0.0	0.0	1.1
IDA	383.6	378.5	0.2	0.2	0.5	0.0
EIB	143.3	143.0	0.0	3.8	0.0	2.7
EUROFIMA	8.1	7.9	0.0	0.0	0.0	0.0
Council of EDB	22.3	21.9	0.0	0.0	0.0	0.0
EBRD	75.5	77.7	7.8	8.2	0.0	5.5
EU	118.5	116.5	0.0	0.0	0.2	0.4
IFAD	11.2	11.2	0.6	0.2	0.0	0.0
European Agency for Reconstruction	0.5	0.5	0.0	0.0	0.0	0.0
Bilateral	235.6	229.6	0.5	0.9	1.7	5.0
Paris club (rescheduled 1995)	138.3	137.2	0.0	0.0	0.0	0.0
Paris club (rescheduled 2000)	8.7	8.6	0.0	0.0	0.0	0.0
New credits	9.3	4.6	0.0	0.0	0.0	4.8
Non-rescheduled debt	79.2	79.2	0.5	0.9	1.7	0.2
Private creditors	651.4	653.8	2.7	8.7	3.8	5.7
<i>out of which:</i>						
London Club of Creditors	227.6	227.6	0.0	0.0	0.0	0.0
Other private creditors	423.8	426.2	2.7	8.7	3.8	5.7
Banks and financial institutions	253.9	256.1	1.7	5.9	2.4	4.5
Enterprises	169.8	170.1	1.0	2.8	1.4	1.2
TOTAL	1,936.8	1,924.1	12.2	22.6	9.1	20.4

Source: National Bank of the Republic of Macedonia

**National Bank of the Republic of Macedonia Balance sheet****Table 17**

NBRM Balance sheet on March 31, 2005

(in million Denars)

Assets	Amount	Liabilities	Amount
Foreign assets	46,026	Reserve money	17,054
Claims on Government	3,467	NBRM instruments	6,034
Claims on banks and other financial institutions	51	Restricted deposits	234
Other assets	2,461	Foreign liabilities	2,887
		Government deposits	11,185
		Capital accounts	7,619
		Other liabilities	6,992
Total	52,005	Total	52,005

Source: National Bank of the Republic of Macedonia