

**National bank
of the Republic of Macedonia**



**Monthly
Report**

11 / 2004

January 2004

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Important economic events and amendments to the legal regulations in November 2004

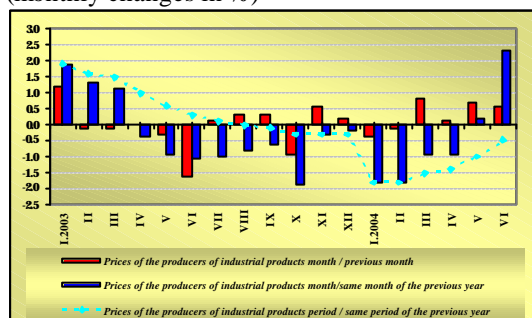
- ❖ *On September 6, the Regulatory Energy Committee passed a Decision on decreasing the prices of the petrol by one Denar. The refinery prices of the oil derivatives decreased by 3.84% on average, while the average decline of the retail prices equals 1.8%.*
- ❖ *At its session held on September 9, the NBRM Council passed a Decision on establishing a credit registry for all banks' credits extended to legal entities and natural persons. The credit registry is an instrument through which commercial banks and savings houses may obtain data on the total credit exposure and the average risk classification of the legal entities. At the same session, the National Bank Council adopted a Policy on handling and managing the foreign reserves, as a basis for increasing the safety and efficiency of the foreign reserves management. The main principles of the policy are accomplishment of the monetary policy and the exchange rate policy objectives and regular settlement of the external liabilities of the Republic of Macedonia. Also, the Council passed a Decision on amending the Decision on compulsory reserve of banks in Denars. These changes fixed the amount of cash in vault which participates in the fulfillment of the reserve requirement and reduced the percentage of the reserve requirement which can be fulfilled with the cash in vault from 60% to 30%.*
- ❖ *On September 13, 2004 the Law on Financing the Local Government Units was adopted ("Official Gazette of RM" No. 61/2004). This Law governs the financing of the local government units and the city of Skopje. In accordance with the Law, sources of financing of the communities are their own sources of revenues, allocation of funds from the Budget of the Republic of Macedonia and from the budgets of the funds and the borrowings (the community may incur domestic and external debts). The own sources of revenues of the communities comprise of the local taxes, local fees and compensations, revenues generated from property owned by the community (rents, interests, revenues from sale of community property), voluntary contributions, fines, donations and other revenues defined by the law.*
- ❖ *On September 28, the National Bank of the Republic of Macedonia increased the interest rates on CB bills by 0.5 percentage points. Hence, the interest rate on CB bills with maturity of 28 days and 7 days equals 9% and 6%, respectively. The change in the Monetary policy design is aimed toward further maintaining of the exchange rate stability and price stability.*

I. Economic Developments in the Republic of Macedonia

In November 2004, the consumer prices went up by 0.5% on a monthly basis, primarily due to the monthly increase in the costs of food (of 1.3%) and the costs of wearing apparel and footwear (of 1.3%). Within the food category, the most significant monthly increment was registered in the costs of vegetables¹ (of 9.9%), while the higher costs for wearing apparel and footwear are primarily a result of the higher costs of wearing apparel (monthly increase of 1.5%).

Chart 1

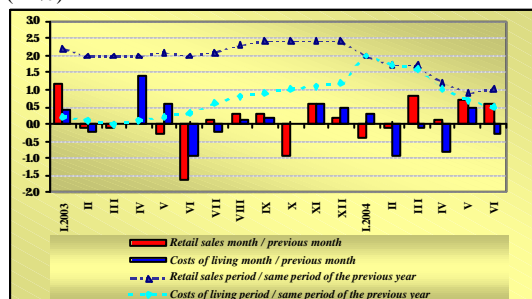
Monthly dynamics of the consumer prices and certain consumer prices categories and the retail prices (monthly changes in %)



On annual and cumulative basis, the consumer prices dropped by 0.8% and 0.3%, respectively primarily due to the lower costs of food. One of the factors that reduce the costs of food is the import of food products at lower customs duties, in conformity with the Stabilization and Association Agreement and the admission of the Republic of Macedonia to the WTO.

Chart 2

Consumer prices and retail prices (in %)



¹ The Consumption Price Index according to COICOP (Classification of Individual Consumption by Purpose) is used for more detailed analysis of the categories.

In November 2004, the retail prices remained the same as in the previous month. With respect to the index components, a monthly increase was registered in the retail prices of food products (of 1.7%), and the prices of agricultural products (of 5.6%). On annual and cumulative basis, the retail prices went up by 1.3% and 1%, respectively, reflecting the increase in the prices of non-food industrial products.

In November, the prices of producers of industrial products increased by 0.3% on a monthly basis, primarily due to the higher prices of the producers of energy (of 1.3% mainly as a result of the higher prices of the producers of oil derivatives of 3.2%), as well as the prices of producers of durable consumer goods (of 1.1%). On annual and cumulative basis, the prices of producers of industrial products were higher by 3% and 0.9%, respectively, in line with the higher prices of the producers of energy, the producers of intermediary products, other than energy and the producers of durable consumer goods.

Annex 1

Movement of the prices of raw materials on the international stock exchanges

According to the data published by the World Bank, in November, the average Stock Exchange nickel price exceeded the average price in the second and the third quarter of 2004, reaching US Dollar 14,045 per unit measure*. On the other hand, the copper price also registers a continuous increase. Thus, in November, the average copper price equaled US Dollar 3,123 per unit measure*, and in October it equaled US Dollar 3,012 per unit measure*. In November, the average price of "Brent" crude oil with spot trading** equaled US Dollar 42.09 per barrel, and in the previous month it equaled US Dollar 46.88 per barrel. The Stock Exchange prices of the steel plates, which registered a permanent upward trend in the last two years also went up. In the first eleven months of 2004, the average price of the cold rolled and the hot rolled steel plates equaled US Dollar 603.2 and US Dollar 498.2, respectively, per unit measure*, and in 2003, the average price of the cold rolled and the hot rolled steel plates equaled US Dollar 444.6 and US Dollar 320.2, respectively, per unit measure*. Such price movements reflect the higher international demand for such products, particularly due to the expansion of the Chinese economy.



*One metrical ton.

**Average spot price of the Brent, Dubai and West Texas Intermediate oil, by using equal weights.

Source: *Development Prospects Group, World Bank, Commodity Price Data, Pink Sheets.*

In November 2004, the *actual volume of the industrial output* registered a monthly decrease of 10.2%. The lower intensity of the economic activity relative to the preceding month is due to the production of intermediary products, other than energy, which is by 12.9% lower, of capital products by 0.6% and non-durable consumer goods by 11.3%. The sector-by-sector analysis shows lower output only in the manufacturing industry (by 11.3%), primarily due to the monthly decline in the production of food products and beverages (of 4.5%) and the manufacture of basic metals (of 22.6%). On annual and cumulative basis, the industrial output dropped by 14.9% and 15.9%, respectively.

Annex 2

Business tendencies in the manufacturing industry

According to the Survey of Business Tendencies in the Manufacturing Industry conducted by the State Statistical Office, the following conclusions were drawn on the basis of the assessments and the statements of the managers on the current situation and the expected developments of the major economic indicators in the companies:

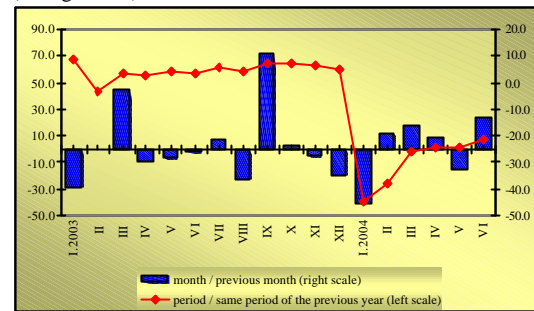
1. In November, the overall economic situation of the enterprises, as well as the current supply of orders in the production are considered to be more favorable compared to the preceding month.
2. The reserves of raw materials and manufacturing supplies and their current purchases are still below average, while the reserves of readymade products are over the usual level in November 2004.
3. The expectations of the managers show that the average purchase prices of inputs will increase in the next period, and the average selling prices of the readymade goods will register no considerable changes.
4. The average exploitation of the facilities of the enterprises in November registers no considerable changes relative to the preceding month and accounts for 60.9% of the regular exploitation.
5. The output volume in November was constrained by the following factors: financial problems (19.6%), insufficient domestic

demand (16.2%), insufficient foreign demand (14.8%) and shortage of raw materials (11.4%)

Source: State Statistical Office of the Republic of Macedonia.

Chart 3

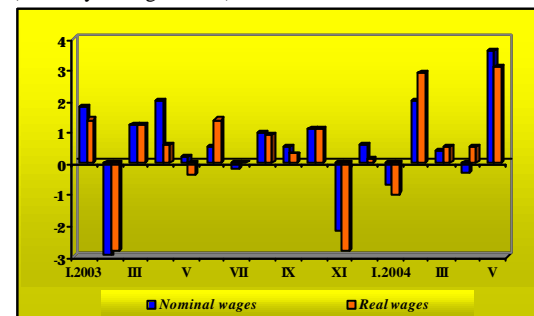
Industrial output
(change in %)



The nominal average net paid wage per worker in October 2004² registered a monthly increase in nominal and real terms of 2.2% and 1.1%, respectively, and equaled Denar 12,609. The wages in the industry and services sectors went up by 3.3% and 0.7%, respectively, on a monthly basis. On annual and cumulative basis, the wages in October were higher by 3.8% and 3.9%, respectively, in nominal terms.

Chart 4

Average net wage per worker
(monthly changes in %)



In November, the total public revenues registered a monthly decrease of 4%, and totaled Denar 7,216 million. The revenues of the Central Budget amounted to Denar 4,593 million in November, and were by 7.9% lower compared to the preceding month. The monthly fall reflects the drop in the tax and non-tax revenues (of 4.7% and 54.4%, respectively). The monthly fall in the tax revenues was caused by the lower revenues based on value added tax, profit tax and excise. Cumulatively, the total Central Government revenues were by 4.2%

² Last available data of the State Statistical Office

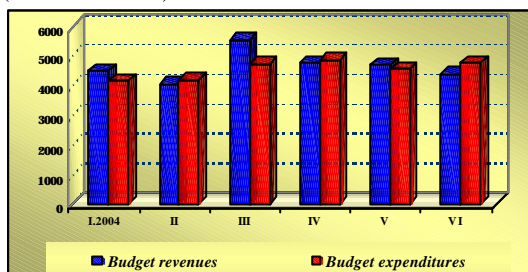


higher, due to the increase in the tax and the capital revenues of 5.4% and 6.5%, respectively.

Chart 5

Total revenues and expenditures of the central budget

(in Denar million)



In November 2004 compared to the previous month, *the total public expenditures* were by 3.8% higher and amounted to Denar 7,781 million. *The total expenditures of the Central Government budget* amounted to Denar 5,143 million, which is a monthly increase of 4.5%, due to the simultaneous increment in the current and the capital expenditures of 4.9% and 0.7%, respectively. Of all current expenditures, the fastest monthly increase was registered in the costs of goods and services. Cumulatively, the total expenditures of the Central Government went up by 2.2%, with a simultaneous increase being registered in the current and the capital costs of 3.3% and 1%, respectively.

II. Monetary developments in the Republic of Macedonia

The combined application of the CB bills auctions and the NBRM interventions on the foreign exchange market ensured maintenance of a stable nominal Denar exchange rate, and consequently, further successful maintenance of the price stability. In line with the expected developments in the balance of payments and the expected more expansive budget spending by the end of the year, the CB bills interest rates increased by 1 percentage point in mid November (November 12, 2004). From the aspect of the banking system liquidity management, given the lower level of currency in circulation, the other autonomous factors and monetary policy instruments acted towards withdrawing liquidity from the banking system.

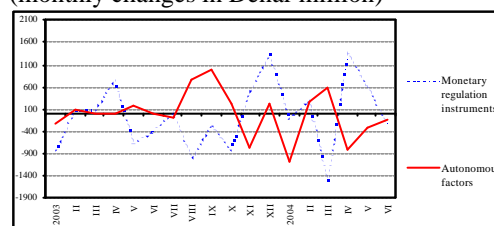
In November, *the banks' average daily liquidity*³ equaled Denar 3,939.2 million (monthly increment of 16.9%). Major determinant of the higher average level of liquidity is the interest in investing in CB bills which is lower on average, the Government spending and the lower level of currency in circulation. On November 30, 2004, the banks' total liquid funds amounted to Denar 3,176 million, which is by 11% less compared to the end of the preceding month. The excess liquid funds over the compulsory reserve requirement⁴, equaled 10%, which is by 1

percentage point more compared to October 2004.

Chart 6

Monetary policy instruments and autonomous factors of liquidity creation and withdrawal*

(monthly changes in Denar million)



*Positive change – liquidity creation, negative change – liquidity withdrawal

For the purposes of maintaining the exchange rate stability, in November 2004, the NBRM took active part on the foreign exchange market. Given the higher demand for relative to supply of foreign assets, the NBRM interventions were directed towards a net sale of foreign currency. Thus the foreign exchange transactions in November, (same as in the preceding month) acted towards liquidity withdrawal.

The trend of permanent accumulation of funds on the Government Denar account, which started in July, continued in November 2004 (the only divergence from the trend was registered in October, in line with the high

from the 11th in the current month to the 10th in the following month.

³ The liquidity of the banks includes the banks' account with the NBRM and the cash in the vaults.

⁴ The period for maintaining (fulfilling) the banks' compulsory reserve requirement covers the period



Government spending for the regular repayment of the liability based on the bond for the old foreign exchange savings). In late November, the Government Denar deposits totaled Denar 5,327 million, which is a monthly increase of Denar 144 million. Thus they acted towards liquidity withdrawal. Two *Treasury bills* auctions were conducted in November (on November 2, 2004 and on November 16, 2004), where Treasury bills with maturity of 6 months were traded for the first time, besides the Treasury bills with maturity of 3 months. At the Treasury bills auctions with maturity of 3 months, the demand exceeded the offered amount and the average weighted interest rate at the first and the second auction equaled 9.03% and 9.3%, respectively. Auctions of Treasury bills with maturity of 6 months are conducted once a month, and at the first auction (conducted on November 2, 2004), the supply exceeded the demand, and the average weighted interest rate equaled 9.51%.

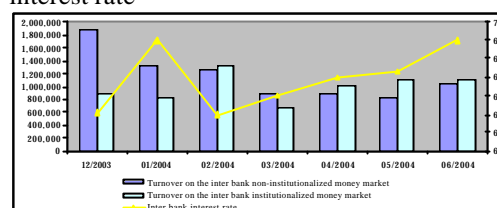
In November, the *CB bills* acted in line with their basic function. Thus at the end of November, the level of CB bills was by Denar 34 million higher on a monthly basis and totaled Denar 4,364 million. In this month, the CB bills interest rates went up by 1 percentage point, and they equaled 10% and 7% for CB bills with maturity of 28 and 7 days, respectively. The switch in the interest rate policy is in line with the expected developments in the balance of payments (relatively higher import of goods, and consequently, higher demand for foreign assets on the foreign exchange market over the last months of the year) and the expected expansive budget spending by the end of the year. Such changes resulted in a higher average weighted interest rate on the CB bills with the two aforementioned maturity, which reached 8.82%, and in the preceding month it equaled 7.98%.

In November 2004, the total turnover on the (institutionalized and non-institutionalized) money market went up on a monthly basis by 15.6% and amounted to Denar 2,362.4 million. In November, the banks realized most of their turnover (81.7% of the total turnover) on the non-institutionalized money market. The transactions executed on the institutionalized market totaled Denar 432.5 million (18.3% of the total turnover), where the average weighted interest rate reached 7.45% (in the preceding month it equaled 6.73%). The above is primarily

due to the higher demand for relative to the supply of short-term liquid funds (in November, the demand exceeded the supply by 1.4%), and it partially reflects the higher level of the basic (key) CB bills interest rate. The switch in the NBRM interest rate policy is adequately reflected through a higher interest rate on the interbank money market⁵ (institutionalized and non-institutionalized market). Thus in November, it equaled 7.6%, and 7.3% in the preceding month.

Chart 7

Turnover on the institutionalized and the non-institutionalized money market and realized interest rate



At the end of November 2004, the *currency in circulation* was lower by 2.4% on a monthly basis, and equaled Denar 12,993 million. In this month, the dynamics of the currency in circulation was under the influence of the common factors, where the average level of currency in circulation was lower compared to the preceding month by Denar 248.9 million or by 1.9%.

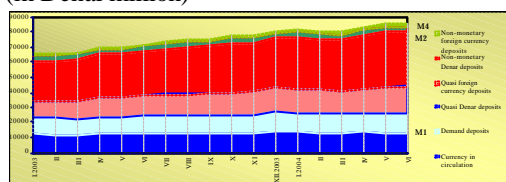
In November 2004, the reserve money were lower by 4.2% on a monthly basis, reflecting the monthly decline in the components. Thus on November 30, 2004 they totaled Denar 16,169 million.

In November 2004, the *monetary aggregates* registered a divergent monthly dynamics. The money supply M2 dropped on a monthly basis (reflecting the lower short-term Denar deposit potential), while the monetary aggregated M1 and M4 registered a modest monthly increase.

⁵ Average weighted interest rate on the interbank institutionalized and the non-institutionalized money market (MBKS).



Chart 8
Components of the monetary aggregates
(in Denar million)



The faster monthly increase in the demand deposits relative to the decrease in the demand for currency in circulation resulted in a monthly rise in the monetary aggregate M1 of 0.9%. Almost half of the monthly increment in the transaction deposits (of 4.5%) is generated from the higher amount of funds on the households' accounts (which corresponds with the lower demand for currency in circulation). On annual basis, the money supply M1 went up by 4.3%. The lower level of currency in circulation contributed to strengthening of the money multiplication process. Thus the money multiplier of the money supply M1 equals 1.60, and in the preceding month it equaled 1.52.

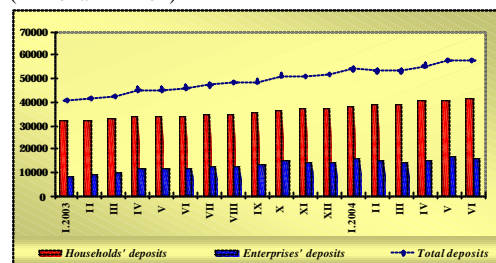
In November 2004, the broader monetary aggregates registered divergent monthly movements. Thus, given the short-term Denar deposits which are lower on a monthly basis, the monetary aggregate M2 registered a monthly reduction of 0.2%. On the other hand, the enhancement of the long-term deposit base resulted in a marginal monthly growth in the broadest monetary aggregate M4. Compared to the same month of the previous year, the monetary aggregates M2 and M4 went up by substantial 18.3% and 17.4%, respectively. In November, the money multipliers of the monetary aggregates M2 and M4 went up on a monthly basis and equaled 5.32 and 5.62, respectively (in October 2004 they equaled 5.10 and 5.38, respectively).

The monthly decrease in the short-term Denar deposit potential interrupted the seven-month permanent monthly upward trend of the *banks' total deposits*. In November, the total deposits of the non-government sector⁶ decreased by 0.3% on a monthly basis. On annual basis, the total deposits of the banking system is by considerable 23.5% higher, indicating the

⁶ The total deposits of the non-government sector include short-term and long-term (Denar and foreign currency) deposits (excluding the demand deposits).

increasing importance of the savings in the Macedonian economy.

Chart 9
Deposit timeframes
(in Denar million)



In November 2004, the *total households' deposits* registered a monthly increase of 1.1%, given the increment in all types of deposits. Thus 73.8% of the monthly growth in the households' deposits are generated from the higher short-term time foreign exchange deposits, with the fastest increase being registered in the deposits with maturity from one to three months and the deposits with maturity from six months and one year. On annual basis, the total households' deposits went up by 18.2%.

Unlike the positive monthly change in the preceding month, in November, the *total enterprises' deposits* were by 3.4% lower on a monthly basis. Having an increment in the long-term enterprises' deposits (particularly due to the higher restricted deposits for remittances abroad), the negative monthly dynamics is due to the lower short-term saving of the corporate sector (given the decline in the Denar and the foreign exchange short-term deposits). Compared to the same month of the preceding year, the total enterprises' deposits went up by 40.8%.

The steady monthly upward trend of the *banks' total placements to the non-government sector* (which started in May 2003) continued in November 2004. Thus the total banks' placements in November were by 1.8% higher on a monthly basis, with simultaneous increment being registered in the both Denar⁷ and foreign exchange placements (of 0.6% and 8.1%, respectively). The sector-by-sector analysis shows an increase in the placements to both the households and the corporate

⁷ They also include the Denar loans with foreign exchange clause.

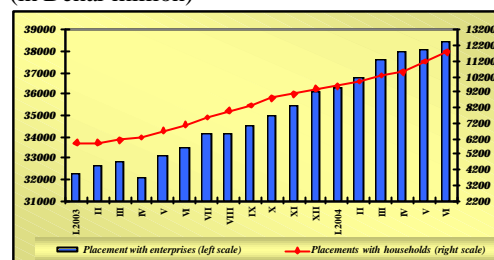


sector. The annual growth rate of the total banks' placements equals 23.3%.

The total placements to the households sector registered a monthly growth of 4.1% in November, primarily due to the ongoing orientation of the banks to lend to the households sector on a long run. Thus the long-term loans extended to the households went up by 4.5% on a monthly basis (given the intensified lending for housing construction and other purposes), while the short-term placements registered an increment of 2.9%. With respect to the currency of denomination, the Denar and the foreign exchange placements to the households register a monthly growth of 3.9% and 10.6%, respectively. On annual basis, the total placements to the households went up by 62.6%, which contributed to the annual increase in the share of the households' sector in the Denar and the foreign exchange placement of 7.3 percentage points and 3.1 percentage point, respectively.

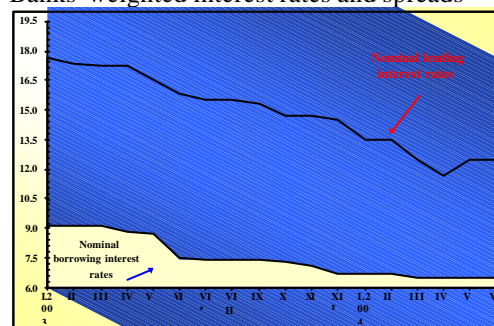
The total placements to the enterprises registered a monthly increment of 1.2%, due to the substantial increase in the foreign exchange placements to the enterprises (of 8.3%). The intensive foreign exchange lending to the enterprises is mainly due to the higher amount of loans for settling due liabilities to non-residents. With respect to the maturity, the short-term and the long-term placements to the enterprises are higher by 0.6% and 2.4%, respectively. Compared to the same month of the preceding year, the placements to enterprises picked up by 15.7%.

Chart 10
Banks' placements by sector
(in Denar million)



In November, the *banks' interest rate policy*, remained almost unchanged. Thus the average weighted interest rate on the short-term Denar loans equaled 11.99% (11.98% in October), while the average weighted interest rate on the three-month Denar deposits equaled 6.51% (6.53% in the preceding month). Thus in November, the interest rate spread equaled 5.5 percentage points, which is a narrowing by substantial 2.2 percentage points on annual basis. Such changes indicate a higher degree of efficiency of the banking system and a higher competitiveness in this sector. The average weighted interest rate on the short-term foreign exchange loans equaled 7.64% in November (7.31% in October), while the interest rate on the time three-month Euro deposits ranged from 1% to 3.32%, and the interest rate on the three-month US Dollar deposits ranged from 0.5% to 2.48%.

Chart 11
Banks' weighted interest rates and spreads*



*Pertain to Denar credits and deposits

Annex 3 Monetary policy projection for 2005

On November 25, 2004, the NBRM Council adopted a Decision on the monetary policy objectives and Monetary Policy Projection for 2005. The Decision and the Projection state the further orientation of the monetary policy towards preserving the price stability, as a primary monetary objective. The Denar nominal exchange rate targeting strategy will further be implemented and the maintenance of a stable exchange rate of the Denar against the Euro will constitute an intermediary monetary objective. Same as before, the monetary



policy design will be based on an active coordination with the other macroeconomic policy segments, thus contributing towards successful maintaining of a consistent macroeconomic framework.

The projection of the monetary and the credit aggregates for 2005 is based on the projected key indicators of the real sector of the economy (the GDP and the inflation), the expectations for the fiscal policy design, as well as the projected movements in the external sector.

Table 1

Basic expectations for the monetary projection for 2005

Average inflation rate	%	1.5
Real GDP growth	%	3.8
Budget deficit (Central budget)	% of GDP	1
Budget deficit (Consolidated budget)	% of GDP	2.3
Exports	annual increase in %	23
Imports	annual increase in %	15.6

The exchange rate stability maintenance, as well as the active coordination between the monetary and the fiscal policies will be aimed at further maintaining of the price stability. Thus the *projected average inflation rate* for 2005 *equals 1.5%*. The maintenance of a low and stable inflation rate will contribute towards creating favorable environment for accelerating the economic growth. In 2005, *the projected real GDP growth equals 3.8%*, primarily due to the recovering of the industrial output and the higher export demand for Macedonian products in the countries which are traditional trading partners of the Republic of Macedonia.

In the fiscal area, a prudential fiscal policy will continue to be conducted in 2005. Thus *the projected deficit in the central and the consolidated budget equals 1% of the GDP and 2.3% of the GDP, respectively*. Also, a part of the deficit funding will be supported by issuing additional government securities, which will lead to further development of the financial markets and diversification of the securities portfolio.

The higher export demand for domestic products, the higher needs for import raw materials, having an expected acceleration of the economic growth, as well as the supplementation of a part of the domestic demand with imports, are expected to result in annual growth rates of the export and the import of goods of 23% and 15.6%, respectively in 2005. The projected developments in the balance of payments for 2005 are expected to ensure maintenance of an adequate gross foreign reserves level.

With respect to the monetary variables, the demand for currency in circulation is expected to rise in 2005, in line with the projected nominal GDP growth. Thus the annual increment in the currency in circulation in 2005 is projected to be 5.3%. Pursuant to the expectations for further expansion of the deposit base of the banks and the anticipated change in the reserve requirement allocation rate, the banks' accounts with the NBRM (Denar account, including the cash in the vault) are expected to increase by 32.6%. Such projected pace is based on the expectations for maintaining a relatively low excess liquidity over the reserve requirement, in line with the positive qualitative changes in the liquidity position management by the banks, the changes in the monetary instrument package made in 2004 and the diversification of the available securities portfolio. According to such dynamics of each component, the projected growth in the reserve money for 2005 equals 11.1%.

Table 2

Projection for certain monetary variables for 2005

Reserve money	annual increase in %	1.1
Money supply M2 - Denar component	annual increase in %	15.6
Money supply M4	annual increase in %	16.9
Total banks' loans to private sector	annual increase in %	12.8

In 2005, the monetary growth is expected to be determined by several factors: a) increase in the available income of the economic agents, given the accelerated economic activity, b) maintenance of the current

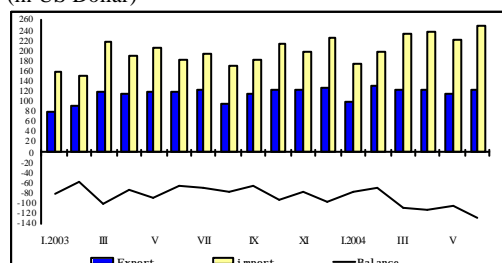
propensity to save and c) further strengthening of the confidence in the banking system. Thus in 2005, the money supply M2 - Denar component is expected to go up by 15.6%, while the expected annual growth rate of the broadest money supply M4 equals 16.9%. Given the expectations for unchanged currency preferences for saving, the Denar deposits of the private sector are expected to surge by 19.8%, while the projected increase in the total foreign exchange savings equals 18.5%. Based on such projected variables, *the annual growth rate of the total credits* is expected to be 12.8%.

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

In November 2004, the *foreign trade*⁸ of the Republic of Macedonia equaled US Dollar 441.6 million, which is a monthly increase of 6.6%. Such monthly dynamics of the foreign trade is due to the significant increment in the import of goods of 12.7%. Thus November registered historically highest monthly imports in the amount of US Dollar 288.7 million, (excluding March 2000, when immediately prior to the VAT introduction, the imports totaled US Dollar 300.8 million), particularly due to the higher import of iron, steel and products thereof. Thus, the import of the above mentioned products reached US Dollar 55.4 million, which is by 57.6% more compared to the preceding month. Hence their share in the total imports rose by 5.5 percentage points on a monthly basis, and in November 2004 it reached 19.2%. The considerable increase in the import of goods, given the marginal monthly fall in the export of goods (of 3.2%) resulted in a higher trade deficit. In November 2004, compared to the previous month, the trade deficit went up by US Dollar 37.8 million and totaled US Dollar 135.9 million.

Chart 12

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



On annual basis (November 2004 / November 2003), the foreign trade rose by 37%, while in

the January - November 2004 period, relative to the same period of the preceding year, it went up by 22.7% (as a result of the simultaneous increase in both the export and the import of goods of 20.1% and 24.2%, respectively). The trade deficit equals US Dollar 1,096 million, which is a cumulative growth of 30.2%.

In the January - November 2004 period, the products of the textile and the steel industry still dominate (56.3%) the structure of the exports, while the goods for further processing, the mineral fuels⁹, the equipment, the electrical devices, the vehicles¹⁰ and the iron and steel¹¹ still dominate the structure of the import of goods (61.7%).

⁹ In the January - November 2004 period, mineral fuels were imported in the amount of US Dollar 358.2 million, which is by 21.4% more (compared to the same period of the previous year). The increment is due to the higher oil and oil derivatives prices (in line with the movement of the oil price on the international markets), and it is partially induced by the higher consumption of oil, oil derivatives, coke, electricity and other energy products.

¹⁰ The first eleven months of this year registered import of vehicles in the amount of US Dollar 155.9 million (by 62.1% more compared to the same period of the preceding year), which is due to the lower customs duties and the repealed excise, as well as to the announcement of the Government of the Republic of Macedonia that it will introduce an excise on January 1, 2005.

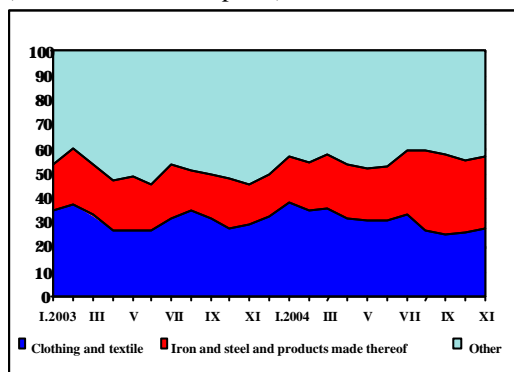
¹¹ In the observed period of this year, the import of iron and steel and products thereof totaled US Dollar 246 million (a cumulative growth of 2.4 times compared to the same period of the preceding year) due to the accelerated activity of one metallurgical facility which started operating in May this year.

⁸ 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



Chart 13

Export of goods by group of products
(share in the total exports)



In the January - November 2004 period, Germany, Serbia and Montenegro and Greece dominate the total foreign trade with 38.9%. Of the ten most important trading partners, a positive trade balance was realized with Serbia and Montenegro (US Dollar 89.4 million), Croatia (US Dollar 13.6 million) and France (US Dollar 12.5 million), while the highest trade deficit was registered in the trade with Russia (US Dollar 222 million), Bulgaria (US Dollar 143.9 million) and Slovenia (US Dollar 103 million). Of the remaining countries, high trade deficit was registered in the trade with Romania (US Dollar 88.1 million) primarily due to the significant import of steel and iron.

In November, *the total turnover on the foreign exchange market* equaled US Dollar 384.7 million, which is by 7.6% lower compared to the preceding month. Such monthly change was primarily due to the high comparison base of the preceding month, which, analyzing from the beginning of the year is characterized with the largest turnover. The analysis of transactions between the banks and the enterprises shows that the demand exceeds the supply of foreign currency of the enterprises, which leads to a net sale of foreign currency by the banks. Consequently, notwithstanding the shift in the monetary policy design, the NBRM made a net sale of foreign currency on the foreign exchange market. In late November, Denar 61.51 were traded per one Euro on the foreign exchange market, showing an almost unchanged level compared to the previous month. Relative to the US Dollar, the Denar appreciated by 4%, and at the end of November, Denar 46.43 were traded per one US Dollar, compared to the end of the preceding month, when Denar 48.37 were traded per one US Dollar.

In November 2004, *the total turnover on the exchange offices market* reduced to US Dollar 128.5 million, which is a monthly decrease of 6.5%. Thus the supply of exceeded the demand for foreign currency, which resulted in a net purchase of US Dollar 33 million. On the exchange offices market, Denar 61.57 were traded per one Euro on average, which is a marginal depreciation of the Denar of 0.1% compared to the previous month. Relative to the US Dollar¹², the Denar appreciated by 3.8% on a monthly basis, and on average, Denar 46.72 were traded per one US Dollar.

In November, *the total NBRM foreign assets* equaled US Dollar 947 million, and the gross foreign reserves reached US Dollar 939.8 million (a monthly increase of US Dollar 25.4 million or US Dollar 24.6 million, respectively). Given the net-sale of foreign assets by the NBRM on the foreign exchange market, the increment in the gross foreign reserves was primarily due to the donation from the Netherlands (US Dollar 11.8 million), the high positive exchange rate differentials and the interest-based inflows. Given the simultaneous growth in the foreign exchange deposits of the enterprises and the households, the total foreign assets with the banks went up by US Dollar 49.9 million on a monthly basis, thus reaching US Dollar 882.9 million.

At the end of November 2004, *the external debt of the Republic of Macedonia*¹³ based on long-term credits and loans reached US Dollar 1,909 million, which is by US Dollar 47.6 million more on a monthly basis. Thus, US Dollar 43.4 million (or 91%) of the growth in the debt is due to the positive exchange rate differentials, as a result of the substantial depreciation of the US Dollar relative to other currencies¹⁴. In November, US Dollar 12.9 million were withdrawn on the basis of concluded long-term credits and loans, which is by US Dollar 2.9 million less compared to the previous month, especially due to the lower amount of used funds from the private creditors. In November,

¹² The data on the US Dollar exchange rate is taken from the exchange list for the NBRM exchange operations.

¹³ Preliminary data of the NBRM.

¹⁴ At the end of November 2004, the exchange rate of the US Dollar against the Euro was 1 US Dollar per Euro 0.75, which is the lowest parity in the period from June 2001 to November 2004.



US Dollar 5.4 million were used from the private creditors, mainly from banks and private financial institutions. The amount of used funds from the official creditors, or US Dollar 7.4 million, is the same as in the previous month. As for the official creditors, the funds fully originate from multilateral creditors (most of which are from the Council of Europe Development Bank). New credits were concluded in November 2004 in the amount of US Dollar 5.6 million, all of which originate from private creditors (banks and other private financial and non-financial institutions). In November 2004, liabilities based on principal

and interest were repaid in the amount of US Dollar 10.8 million, which is the same as in the previous month. Thus 84.7% of the total repaid liabilities (US Dollar 9.1 million) are principal-based liabilities. The total repaid liabilities to multilateral creditors amount to US Dollar 6.1 million (US Dollar 3.2 million of which are to the International Monetary Fund), US Dollar 0.5 million to bilateral creditors, and US Dollar 4.1 million to private creditors (primarily to the non-financial private sector).



Appendix No.1

Economic Developments in the Republic of Macedonia

Table 1

Costs of living and retail prices

	XI.2004 X.2004	XI.2004 XI.2003	I-XI.2004 I-XI.2003
	in %		
Costs of living	0.5	-0.8	-0.3
Food	1.3	-3.7	-3.0
Tobacco and beverages	0.0	0.6	1.2
Clothing and footwear	1.3	0.1	1.0
Housing	0.3	1.1	2.5
Flat (rent, water, services)	0.0	-0.8	-0.3
Fuel and lighting	0.4	1.5	3.3
Hygiene	-1.7	-3.3	0.7
Culture and entertainment	0.0	-0.5	1.4
Transport, communications, services	-0.4	7.5	4
<i>Goods</i>	<i>0.8</i>	<i>-1.5</i>	<i>-0.9</i>
<i>Services</i>	<i>-0.7</i>	<i>2.6</i>	<i>3.3</i>
Retail prices	0.1	1.3	1.0
Agricultural products	5.6	-3.9	-2.0
Non-food industrial products	0.0	3.5	2.3
Processed food products	0.4	-3.7	-3.8
Beverages	0.1	-1.4	-1.6
<i>Goods</i>	<i>0.5</i>	<i>0.8</i>	<i>0.2</i>
<i>Services</i>	<i>-0.7</i>	<i>2.4</i>	<i>2.5</i>

Source: State Statistical Office of the Republic of Macedonia



Table 2
Prices of producers of industrial products

	XI.2004	XI.2004	I-XI.2004
	X.2004	XI.2003	I-XI.2003
	in %		
Prices of producers of industrial products	0.3	3.0	0.9
Energy	1.3	9.7	1.1
Intermediary goods (except Energy)	0.0	5.5	4.7
Capital goods	0.0	-0.4	-0.5
Durable consumer goods	1.1	2.0	0.3
Non durable consumer goods	0.1	-3.9	-3.4
<i>Mining and quarrying</i>	<i>0.0</i>	<i>0.6</i>	<i>0.6</i>
<i>Manufacturing industry</i>	<i>0.4</i>	<i>3.7</i>	<i>1.1</i>
Manufacture of food products and beverages	0.0	-4.8	-3.9
Manufacture of tobacco products	0.0	0.0	0.0
Manufacture of textiles	0.0	-1.5	-1.1
Manufacture of wearing apparel; dressing and dyeing of fur	0.0	0.0	0.0
Manufacture of coke, refined petroleum products and nuclear fuel	3.2	28.3	3.0
Manufacture of chemicals and chemical products	0.0	0.0	0.0
Manufacture of other non-metallic mineral products	0.1	-0.2	-0.3
Manufacture of basic metals	0.0	0.0	1.5
Manufacture of electrical machinery and apparatus n.e.c.	0.0	23.6	19.2
<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>XI.2004</u> X.2004	<u>XI.2004</u> XI.2003	<u>I-XI.2004</u> I-XI.2003
			in %	
Total	100.0	-10.2	-14.9	-15.9
Energy		3.0	-21.9	-18.0
Intermediary goods (except Energy)		-12.9	46.7	-26.5
Capital goods		-0.6	-21.5	-35.3
Durable consumer goods		3.0	-9.3	-33.2
Non durable consumer goods		-11.3	-28.5	2.3
<i>Mining and quarrying</i>	3.2	7.7	-40.5	-67.3
<i>Manufacturing industry</i>	89.9	-11.3	-14.9	-15.0
Manufacture of food products and beverages	24.9	-4.5	-44.2	-17.2
Manufacture of tobacco products	5.0	-24.1	-18.1	-12.4
Manufacture of textiles	4.3	-12.9	-47.5	-28.0
Manufacture of wearing apparel; dressing and dyeing of fur	4.5	-24.4	3.1 times	2.6 times
Manufacture of coke, refined petroleum products and nuclear fuel	7.0	0.2	-42.7	-35.4
Manufacture of chemicals and chemical products	7.2	20.5	-0.3	-26.9
Manufacture of other non-metallic mineral products	4.6	-22.9	-19.3	-16.0
Manufacture of basic metals	16.4	-22.6	5.9 times	-12.6
Manufacture of electrical machinery and apparatus n.e.c.	4.0	7.2	-28.1	-46.0
<i>Electricity, gas and water supply</i>	6.9	4.8	0.6	-3.9

Source: State Statistical Office of the Republic of Macedonia

Table 4
Average net wages

	X.2004*	I-X.2004*	<u>X.2004</u> IX.2004	<u>X.2004</u> X.2003	<u>I-X.2004</u> I-X.2003
				in %	
	in denars				
Nominal average net wage per worker	12,609	12,270	2.2	3.8	3.9
Costs of living			1.1	-0.7	-0.2
Real average net wage per worker			1.1	4.5	4.1
Nominal average net wage by sectors					
Agriculture	10,353	9,783	-7.4	32.4	13.7
Industry	12,659	12,223	3.3	2.0	3.5
Services	14,222	13,937	0.7	2.5	3.2

* Last available data

Source: State Statistical Office of the Republic of Macedonia



Table 5
Central Government Budget

	November 2004			January-November 2004		
	in Denar million	Monthly changes in %	Structure in %	in Denar million	Cumulative changes (2004/2003) in %	Structure in %
Total budget revenues	4,593	-7.9	100.0	51,526	4.2	100.0
<i>Tax revenues:</i>	4,399	-4.7	95.8	47,511	5.4	92.2
- personal income tax	614	1.8	13.4	6,808	2.7	13.2
- profit tax	129	-11.6	2.8	2,261	-25.7	4.4
- value added tax	2,180	-8.3	47.5	23,164	18.2	45.0
- excises	887	-4.2	19.3	9,593	-1.1	18.6
- custom duties	536	2.7	11.7	5,179	-7.7	10.1
- other	52	10.6	1.1	504	18.6	1.0
<i>Non-tax revenues:</i>	152	-54.4	3.3	3,462	-8.4	6.7
- inflows from state property dividends	0	-100.0	0.0	1,520	-11.8	2.9
- administrative taxes and fees	130	7.4	2.8	1,321	7.8	2.6
- other administrative taxes	19	-9.5	0.4	232	-33.3	0.5
- other non-tax revenues	3	-97.1	0.1	389	-20.0	0.8
<i>Capital revenues</i>	42	7.7	0.9	541	6.5	1.0
Total budget expenditures	5,143	4.5	100.0	50,758	2.2	100.0
<i>Current expenditures</i>	4,697	4.9	91.3	46,752	3.3	92.1
- wages and salaries	1,783	0.9	34.7	19,131	3.7	37.7
- goods and services	795	53.8	15.5	6,152	5.6	12.1
- transfers	2,085	9.9	40.5	19,509	6.0	38.4
- interest	34	-88.6	0.7	1,901	-17.7	3.7
<i>Capital expenditures</i>	446	0.7	8.7	4,007	1.0	7.9
Budget balance	-550			768		
Financing	550			-768		
<i>Inflows</i>	550			6,026		
<i>Outflows</i>	0			6,794		

Source: Ministry of Finance

Table 6
Total revenues and expenditures of the budget funds

	November 2004				January-November 2004			
	Total revenues		Total expenditures		Total revenues		Total expenditures	
	Amount	Monthly changes in %	Amount	Monthly changes in %	Amount	Cumulative changes in %	Amount	Cumulative changes in %
Social Funds	4,379	7.2	4,377	9.3	46,051	5.4	46,364	7.7
- pension and disability insurance	2,485	5.7	2,495	9.0	26,013	3.7	26,306	5.6
- health insurance	1,297	16.0	1,297	16.2	13,197	1.2	13,316	5.6
- employment	597	-2.8	585	-2.3	6,841	22.6	6,742	21.6
Road Fund	281	0.0	304	-13.6	3,109	-0.2	3,447	10.9

Source: National Bank of the Republic of Macedonia



Monetary developments in the Republic of Macedonia

Table 7

Reserve money

	30.11.2004	Monthly changes		Annual changes	
	(in Denar million)	(in Denar million)	(in %)	(in Denar million)	(in %)
Reserve money	16,169	-710	-4.2	468	3.0
Currency in circulation	12,993	-319	-2.4	-167	-1.3
Banks liquidity	3,176	-391	-11.0	635	25.0

Source: National Bank of the Republic of Macedonia

Table 8

Reserve money creation and withdrawal

	30.11.2004
	monthly changes
	in Denar million
Bank liquidity	-391
Liquidity creation	329
1. Currency in circulation	319
2. Other	10
Povlekuvawe na likvidnost	-720
1. Net foreign assets	-343
2. Net domestic assets	-343
3. CB' Bills auctions	-34

Source: National Bank of the Republic of Macedonia

Table 9

Treasury bills auctions

Date of conduct	Supply	Demand	Realization	Weighted ineterest rate
in Denar million			in %	
Treasury bills with maturity of 3 months				
02.11.2004	280	355	280	9.03
16.11.2004	300	310	300	9.30
Treasury bills with maturity of 6 months				
02.11.2004	70	64	58	9.51

Source: National Bank of the Republic of Macedonia



Table 10
Money supply M1 and its components

	30.11.2004	Monthly changes		Annual changes	
	(in Denar million)	(in Denar million)	(in %)	(in Denar million)	(in %)
Money supply M1	25,929	238	0.9	1,067	4.3
Currency in circulation	12,993	-319	-2.4	-167	-1.3
Demand deposits	12,936	557	4.5	1,234	10.5
- Demand deposits of households	2,885	268	10.2	318	12.4
- Demand deposits of enterprises	8,194	119	1.5	843	11.5

Source: National Bank of the Republic of Macedonia

Table 11
Broader monetary aggregates and their components

	30.11.2004	Monthly changes		Annual changes	
	(in Denar million)	(in Denar million)	(in %)	(in Denar million)	(in %)
Money supply M1	25,929	238	0.9	1,067	4.3
Denar short - term deposits	19,920	-502	-2.5	4,618	30.2
Monetary aggregate M2 - denar component	45,849	-264	-0.6	5,685	14.2
Foreign currency short - term deposits	40,119	133	0.3	7,587	23.3
Monetary aggregate M2	85,968	-131	-0.2	13,272	18.3
Non - monetary deposits	4,903	186	3.9	168	3.5
- In Denar	3,238	88	2.8	-163	-4.8
- In foreign currency	1,665	98	6.3	331	24.8
Monetary aggregate M4	90,871	55	0.1	13,440	17.4

Source: National Bank of the Republic of Macedonia

Table 12
Total deposits of the non-government sector

	30.11.2004	Monthly changes		Annual changes		Structure
	(in Denar million)	(in Denar million)	(in %)	(in Denar million)	(in %)	in %
Total deposits	64,942	-183	-0.3	12,373	23.5	100.0
1. According to maturity						
- short-term	60,039	-369	-0.6	12,205	25.5	92.5
- long-term	4,903	186	3.9	168	3.5	7.5
2. According to currency of denomination						
- In denar	23,158	-414	-1.8	4,455	23.8	35.7
- In foreign currency	41,784	231	0.6	7,918	23.4	64.3

Source: National Bank of the Republic of Macedonia



Table 13
Households and enterprises deposits

	Structure	30.11.2004	Monthly changes		Annual changes	
	(in %)	(in Denar million)	(in Denar million)	(in %)	(in Denar million)	(in %)
Total households deposits	100.0	43,617	473	1.1	6,703	18.2
1. According to maturity						
- short-term	93.8	40,921	453	1.1	6,800	19.9
- long-term	6.2	2,696	20	0.7	-97	-3.5
2. According to currency of denomination						
- In denar	27.1	11,824	88	0.7	1,857	18.6
- In foreign currency	72.9	31,793	385	1.2	4,846	18.0
Total enterprises deposits	100.0	19,690	-688	-3.4	5,701	40.8
1. According to maturity						
- short-term	94.1	18,538	-791	-4.1	5,405	41.2
- long-term	5.9	1,152	103	9.8	296	34.6
2. According to currency of denomination						
- In denar	50.3	9,913	-479	-4.6	2,656	36.6
- In foreign currency	49.7	9,777	-209	-2.1	3,045	45.2

Source: National Bank of the Republic of Macedonia

Table 14
Banks' placements and overdue claims

	30.11.2004	Monthly changes		Annual changes	
	(in Denar million)	(in Denar million)	(in %)	(in Denar million)	(in %)
Total banks' placements	61,104	1,076	1.8	11,560	23.3
<i>Denar placements</i>	51,177	328	0.6	8,644	20.3
<i>of which:</i>					
-households	14,425	547	3.9	5,362	59.2
-enterprises	31,521	-234	-0.7	2,887	10.1
<i>Foreign currency placements</i>	9,927	748	8.1	2,916	41.6
<i>of which:</i>					
-households	333	32	10.6	317	20.8 times
-enterprises	9,481	728	8.3	2,667	39.1

Source: National Bank of the Republic of Macedonia


Table 15

Maturity and sector structure of Denar and foreign currency placements

	Share on 30.11.2004	Monthly change of share	Annual change of share
	(in %)	(in percentage points)	
Denar placements	100.0		
maturity structure			
- short-term	56.9	-0.4	-6.9
- long-term	43.1	0.4	6.9
structure by sectors			
- enterprises	68.5	-1.0	-7.4
- households	31.4	1.0	7.3
- other	0.1	0.0	0.0
Foreign currency placements			
maturity structure			
- short-term	39.0	-0.7	-6.4
- long-term	61.0	0.7	6.4
structure by sectors			
- enterprises	95.5	0.1	-1.7
- households	3.4	0.1	3.1
- other	1.1	-0.2	-1.4

Source: National Bank of the Republic of Macedonia

Table 16

Interest rates

	November, 2004	Monthly changes	Annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	10.0	-1.0	2.9
Average weighted interest rate on the Money Market	7.45	-0.7	-0.5
Banks' weighted lending interest rates	11.99	0.0	-2.7
Banks' weighted deposit interest rates	6.51	0.0	-0.5



Financial Markets in the Republic of Macedonia

Table 17
Report on trading in November 2004

<i>Securities</i>	Number of transactions	Value (in Denars)	Number of traded securities	Days of trading
Official market				
Official market - ordinary shares				
"Alkaloid" Skopje	190	9,126,550	4,912	18
"Komercijalna banka" Skopje	63	14,567,810	3,412	15
"Toplifikacija" Skopje	72	47,727,852	30,864	12
Other	279	29,684,750	57,634	94
Official market - preferential shares				
"Invest banka" Skopje	1	2,010	3	1
"Komercijalna banka" Skopje	43	3,481,516	3,980	12
Official market - bonds				
R. Macedonia - foreign currency deposits	322	42,111,293	933,397	18
R. Macedonia - denationalization 01	3	90,786	2,167	3
R. Macedonia - denationalization 02	46	7,532,342	181,718	13
R. Macedonia - denationalization 03	324	54,315,679	1,316,007	18
Total official market	1,343	208,640,588	2,534,094	
Unofficial market				
Publicly owned enterprises market - ordinary shares				
"Gradski Trgovski Centar" Skopje	11	2,096,400	1,162	6
"Konzervna fabrika" Strumica	1	4,722,800	47,228	1
"Tutunska banka" Skopje	13	3,038,400	1,688	4
Other	43	1,740,222	3,290	27
Publicly owned enterprises market - preferential shares				
"Stopanska banka" Skopje	2	13,736	120	2
"Tutunska banka" Skopje	6	478,800	266	2
Free market - ordinary shares				
"Euro Lend" Skopje	1	1,510,059	17,357	1
"RZ Troska" Skopje	1	720,000	12,000	1
"ZTD Stocarstvo" Bogdanci	3	322,400	104	2
Other	19	1,343,308	13,945	14
Total unofficial market	100	15,986,125	97,160	
State market				
Privatization Agency				
Privatization Agency - cash payment - stocks	1	168,650,261		
Pension Fund				
Pension Fund - stocks	1	14,819,244		
Pension Fund - shares	6	3,879,010		
Total state market	8	187,348,515		
Block transactions				
Official market - ordinary shares				
"Blagoj Gorev" Veles		11,000,445	9,129	
"Granit" Skopje		5,412,708	57,582	
"Komercijalna banka" Skopje		77,609,700	16,002	
Total block transactions	3	94,022,853	82,713	
Total markets	1,454	505,998,081		

Source: Macedonian Stock Exchange



Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

Table 18

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

	XI.2004	I-XI.2004	XI.2004		XI.2004		I-XI.2004	
	amount		amount	%	amount	%	amount	%
Foreign trade	441.6	4,070.0	27.5	6.6	119.2	37.0	751.8	22.7
Exports	152.8	1,487.0	-5.1	-3.2	29.7	24.1	248.7	20.1
Imports	288.7	2,583.0	32.6	12.7	89.6	45.0	503.1	24.2
<i>Balance</i>	-135.9	-1,096.0	-37.8	38.5	-59.9	78.8	-254.4	30.2

Source: State Statistical Office of the Republic of Macedonia

Table 19

Ten most important trading partners of the Republic of Macedonia, I-XI.2004
(at current exchange rate)

	Foreign trade (in US Dollar million)	Share	Exports (in US Dollar million)	Share	Imports (in US Dollar million)	Share	Import-export coverage ratio
Republic of MACEDONIA	4,070.0	100.0	1,487.0	100.0	2,583.0	100.0	57.6
<i>out of which:</i>							
Germany	597.0	14.7	274.5	18.5	322.5	12.5	85.1
Serbia and Montenegro	522.4	12.8	305.9	20.6	216.5	8.4	141.3
Greece	462.4	11.4	207.6	14.0	254.8	9.9	81.5
Italy	265.1	6.5	117.0	7.9	148.1	5.7	79.0
Russia	258.0	6.3	18.0	1.2	240.0	9.3	7.5
Bulgaria	236.6	5.8	46.4	3.1	190.2	7.4	24.4
Slovenia	154.1	3.8	25.5	1.7	128.6	5.0	19.8
Turkey	133.0	3.3	49.7	3.3	83.4	3.2	59.6
Croatia	131.2	3.2	72.4	4.9	58.8	2.3	123.1
France	129.4	3.2	70.9	4.8	58.5	2.3	121.3
Total (10 largest trading partners)	2,889.2	71.0	1,188.0	79.9	1,701.2	65.9	69.8

Source: State Statistical Office of the Republic of Macedonia


Table 20

Foreign trade of the Republic of Macedonia with economic groups of countries
(current exchange rate)

	Exports			Imports			Structure	
	US Dollar million		index	US Dollar million		index	exports	imports
			I-XI.2004			I-XI.2004	(%)	(%)
	I-XI.2003	I-XI.2004	I-XI.2003	I-XI.2003	I-XI.2004	I-XI.2003	I-XI.2004	
TOTAL	1,238.3	1,487.0	120.1	2,079.9	2,583.0	124.2	100.0	100.0
Developed countries	796.9	976.9	122.6	1,100.3	1,508.0	137.0	65.7	58.4
EU	680.5	848.7	124.7	910.0	1,289.1	141.7	57.1	49.9
EFTA	19.0	5.9	30.9	24.7	41.3	167.0	0.4	1.6
Other developed countries	97.4	122.3	125.5	165.6	177.6	107.2	8.2	6.9
Countries of Centr. and East. Europe	62.3	89.1	143.0	469.1	594.6	126.7	6.0	23.0
Undeveloped countries	0.6	1.9	303.6	2.7	1.1	41.5	0.1	0.0
Developing countries	26.3	10.7	40.6	123.2	189.7	154.0	0.7	7.3
Republics of the former SFRY	351.9	408.2	116.0	384.6	289.7	75.3	27.4	11.2
Other countries	0.3	0.2	78.6	0.0	0.0	0.0	0.0	0.0

Source: State Statistical Office of the Republic of Macedonia

Table 21

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

	External debt		Credits used		Debt payments	
	31.10.2004	30.11.2004	X-2004	XI-2004	X-2004	XI-2004
Official creditors	1,241.6	1,278.4	7.4	7.4	8.4	6.7
out of which:						
Multilateral	1,003.5	1,035.7	4.8	7.4	7.1	6.1
MMF	64.6	63.3	0.0	0.0	1.3	3.2
IBRD	214.5	219.2	3.1	0.5	0.0	1.1
IFC	9.0	9.2	0.0	0.0	0.8	0.0
IDA	372.5	382.6	0.3	0.7	0.4	0.1
EIB	134.7	141.4	0.0	1.3	4.1	0.3
EUROFIMA	7.8	8.1	0.0	0.0	0.0	0.0
Council of EDB	17.7	22.4	0.0	3.9	0.0	0.1
EBRD	57.6	59.3	1.2	0.9	0.2	1.3
EU	114.6	119.2	0.0	0.0	0.0	0.0
IFAD	10.0	10.4	0.1	0.1	0.0	0.0
European Agency for Reconstruction	0.6	0.6	0.0	0.0	0.3	0.0
Bilateral	238.1	242.7	2.6	0.0	1.4	0.5
Paris club (rescheduled 1995)	147.7	150.4	0.0	0.0	0.2	0.0
Paris club (rescheduled 2000)	9.1	9.4	0.0	0.0	0.0	0.0
New credits	9.1	9.4	0.0	0.0	0.0	0.0
Non-rescheduled debt	72.3	73.5	2.6	0.0	1.2	0.5
Private creditors	619.8	630.7	8.4	5.4	2.9	4.1
out of which:						
London Club of Creditors	232.8	232.8	0.0	0.0	0.0	0.0
Other private creditors	387.0	397.8	8.4	5.4	2.9	4.1
Banks and financial institutions	237.9	246.7	7.2	4.7	1.2	0.9
Enterprises	149.1	151.1	1.2	0.8	1.7	3.2
TOTAL	1,861.5	1,909.0	15.8	12.9	11.3	10.8

Source: National Bank of the Republic of Macedonia



Appendix No.2

Economic Developments in the Republic of Macedonia

Chart 1

Total Central Government budget revenues
(in Denar million)

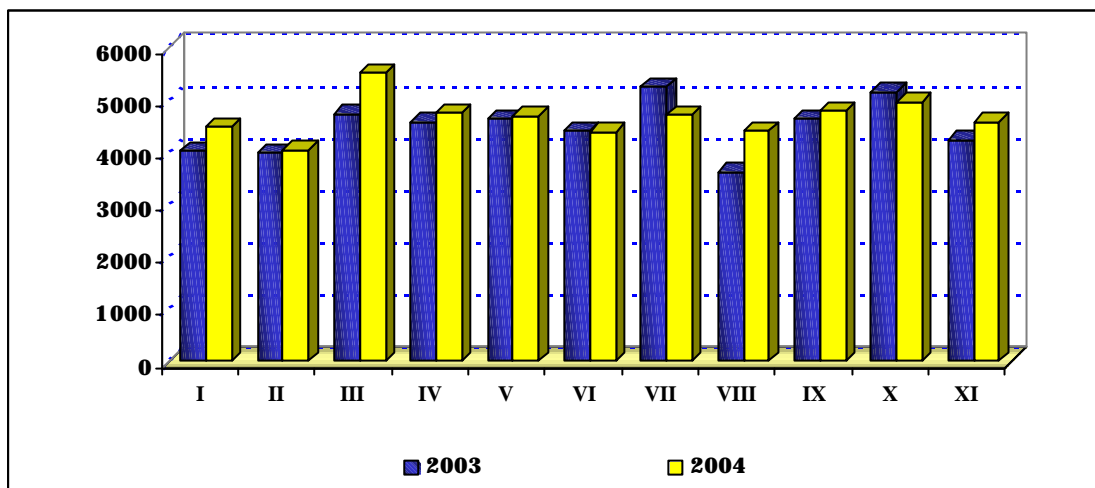
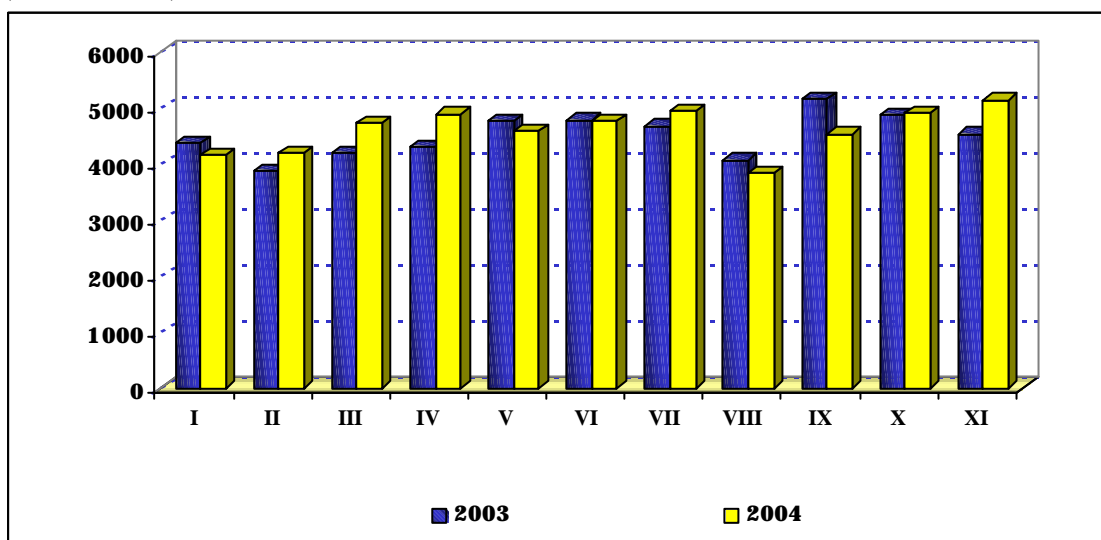


Chart 2

Total Central Government budget expenditures
(in Denar million)





Monetary developments in the Republic of Macedonia

Chart 3

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

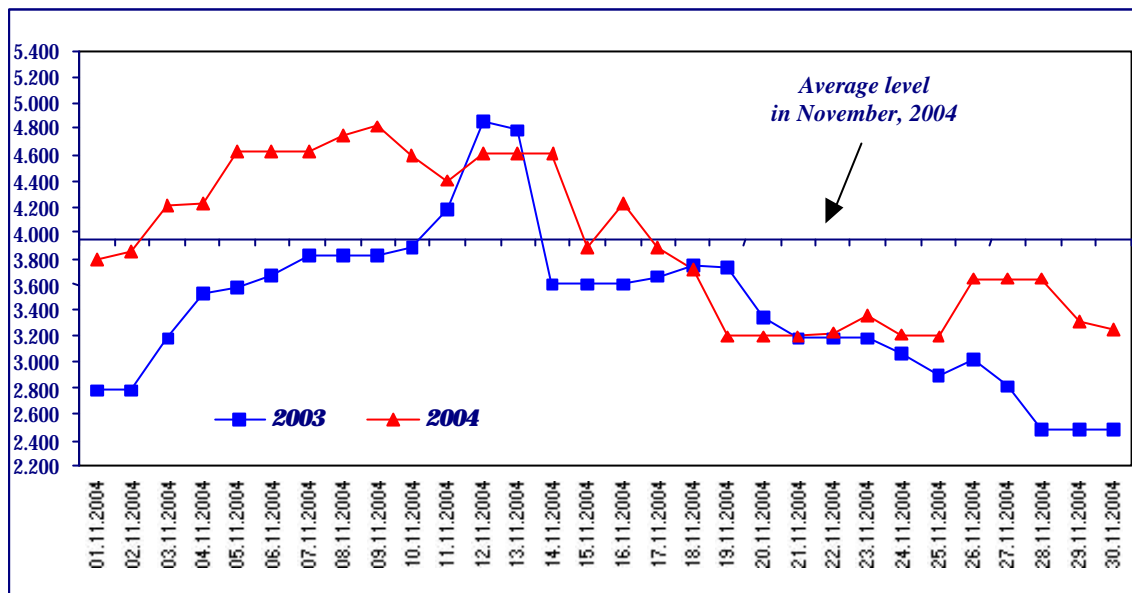
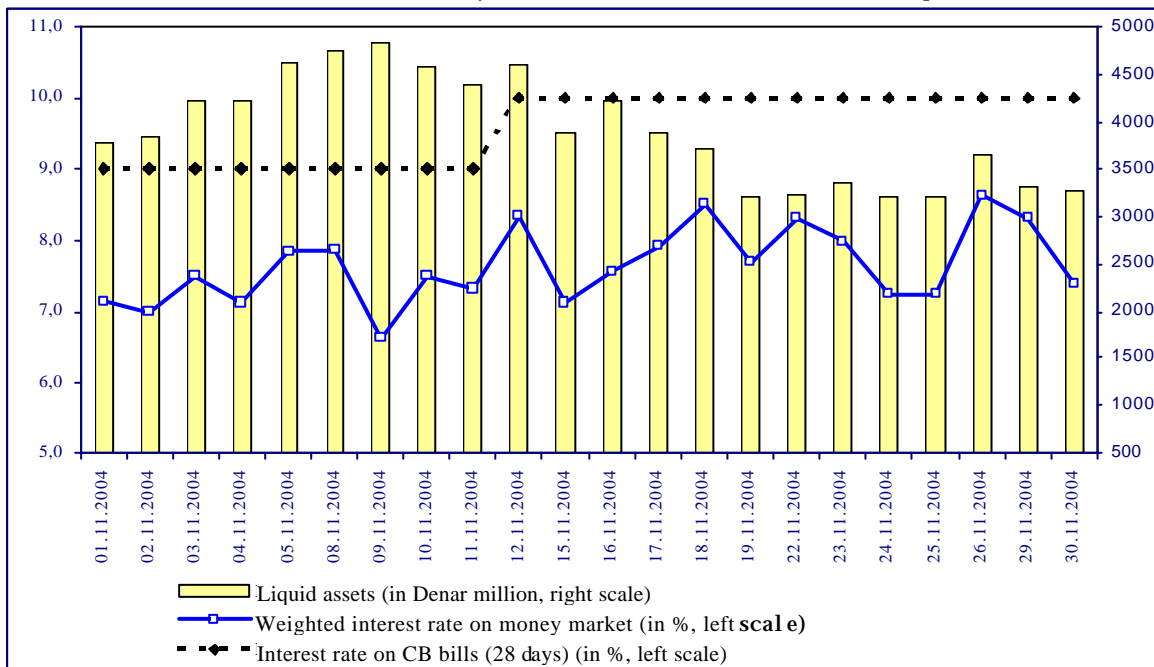


Chart 4

Movements of the interest rates on the Money Market, the CB bills auctions and the liquid funds of the banks



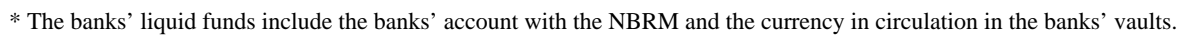
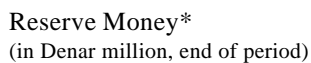
Daily dynamics of the currency in circulation
(in Denar million)



Chart 7

Demand deposits of enterprises and households
(in Denar million)

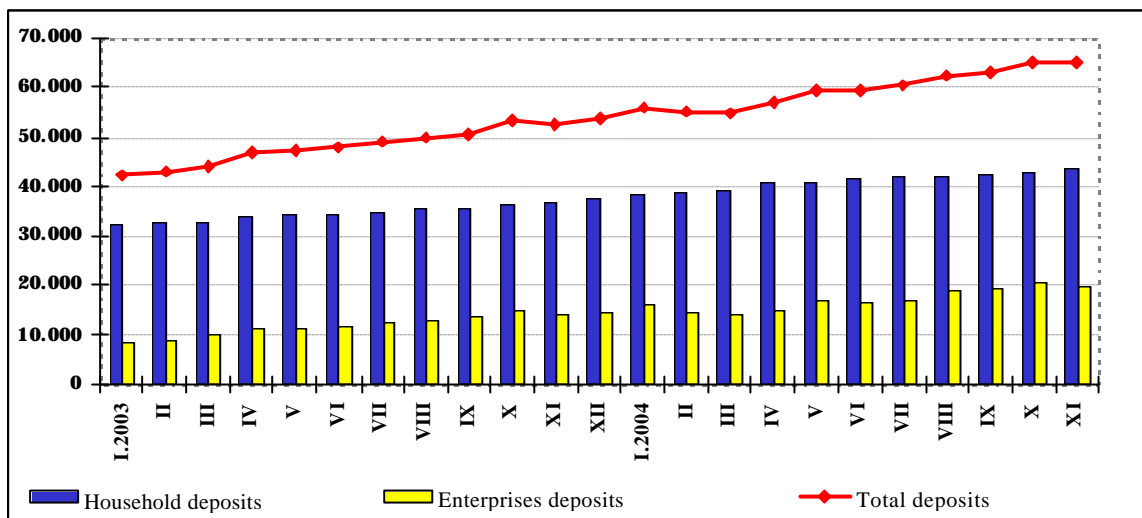


Chart 8

Share of currency in circulation (CC) in the money supply M1
(in %)

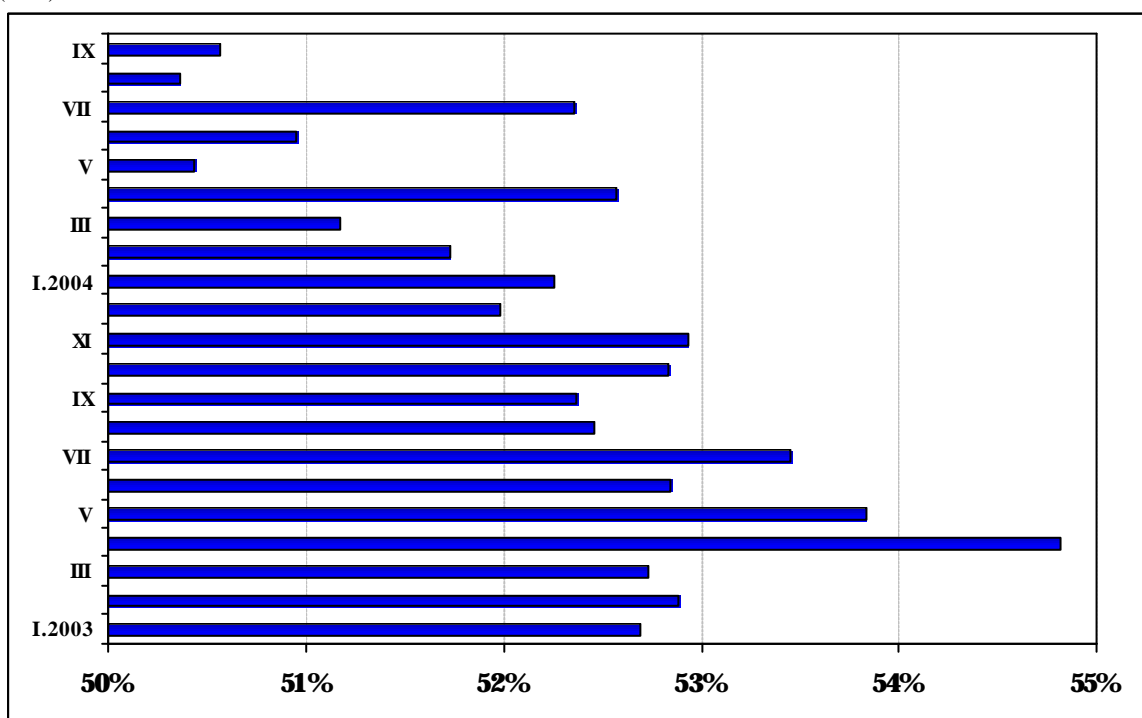
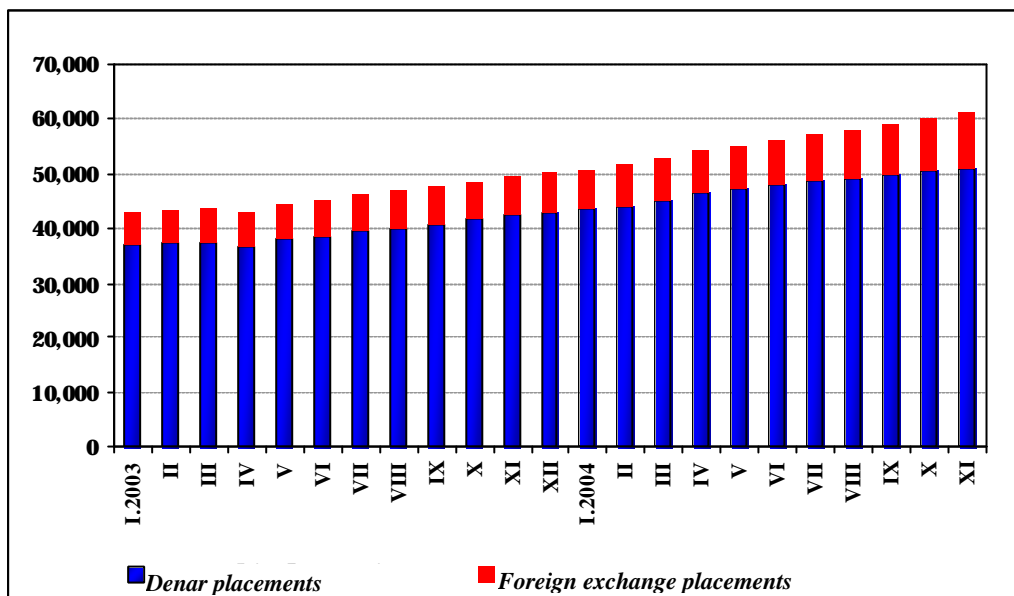




Chart 9
Banks placements
(in Denar million)



Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

Chart 10
Foreign trade of the Republic of Macedonia according
to groups of countries

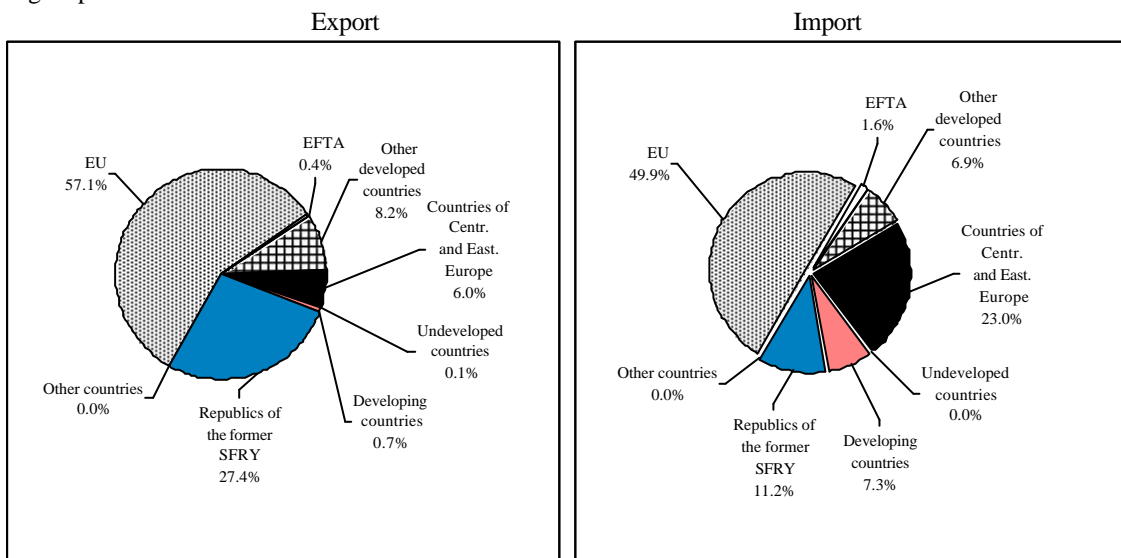




Chart 11

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

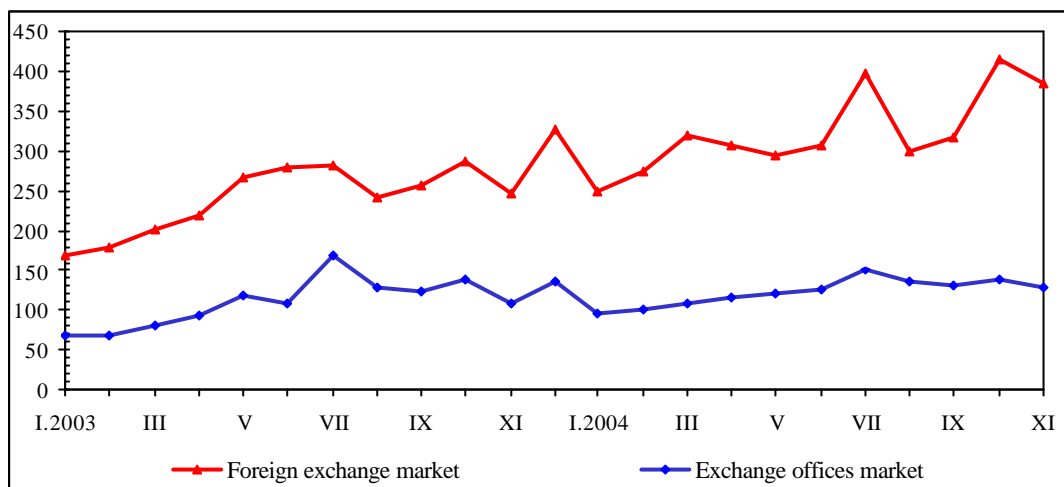
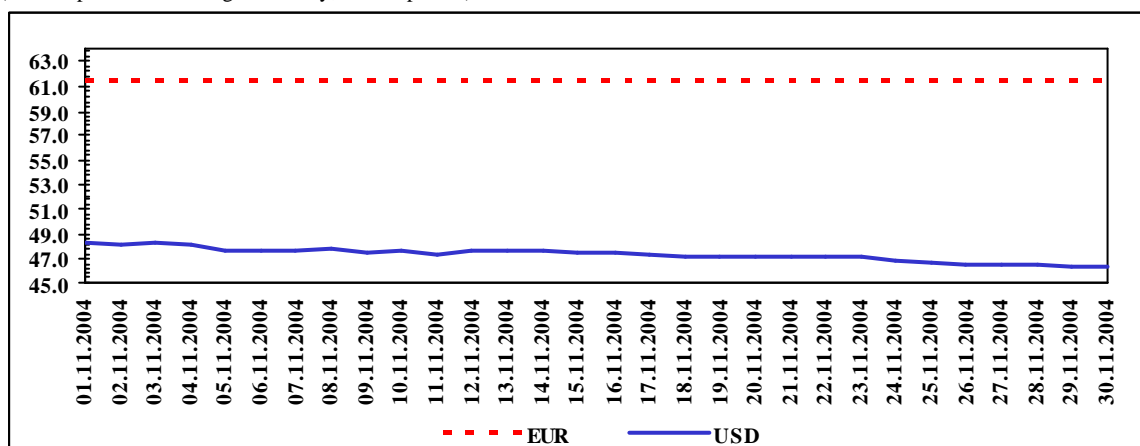


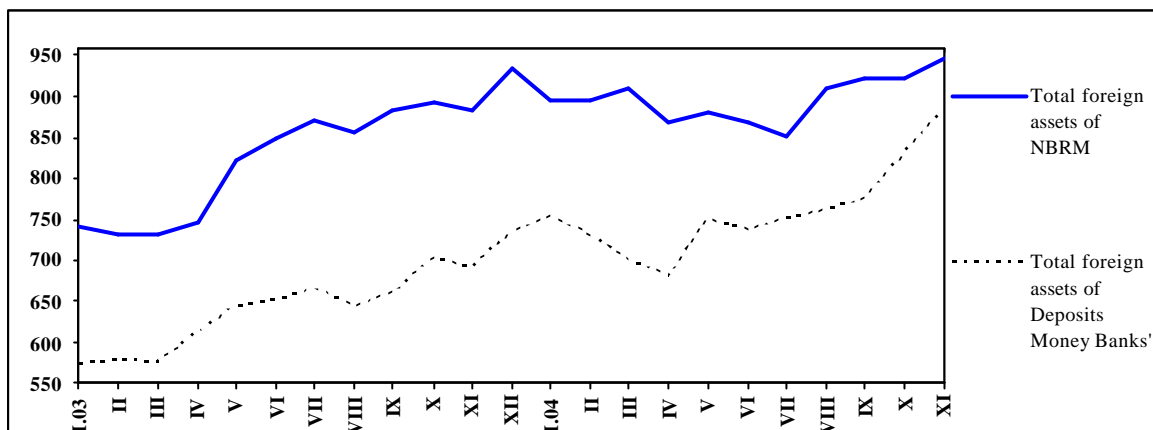
Chart 12

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



**Chart 13**

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

**Chart 14**

Used credits and serviced liabilities
(in US Dollar million)

