

**National Bank
of the Republic of Macedonia**



**Monthly
Report**

4 / 2006

Prepared by: Research Department

June 2006

CONTENTS

Important economic events and amendments to the legal regulations in the Republic of Macedonia in April 2005	4
I. Economic Developments in the Republic of Macedonia	6
II. Monetary developments in the Republic of Macedonia	7
III. Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia	10
Appendix - tables	12



Important economic events and amendments to the legal regulations in April 2006

- ❖ *On April 1, the implementation of the Decision on allocating three to maximum six Denars per pack of cigarettes, aimed at tobacco sector support according to the Law on Tobacco and Products Thereof commenced.*
- ❖ *On April 3, payment of the ninth installment based on old foreign currency savings bond was made.*
- ❖ *On April 3, according to decision of the Regulatory Energy Committee, the retail and refinery prices of oil derivatives increased on average by 2.64% and 1.66%, respectively ("Official Gazette of RM" No. 42/2006), while on April 17, 2006, the Regulatory Energy Committee adopted a decision on increasing the retail and refinery prices of oil derivatives on average by 6.05% and 3.94%, respectively ("Official Gazette of RM", No. 50/2006), in conformity with the movement of the prices of crude oil and oil derivatives on the international market.*
- ❖ *On April 4, a Macedonian - Czech business forum was held in Prague, organized by the Economic Chamber of Macedonia and of Czech Industrials Confederation. The objective of this Forum is improvement of the economic cooperation between the Republic of Macedonia and the Czech Republic.*
- ❖ *On April 6, the public company "Kumanovo gas" was established by the local government, which will distribute and exploit gas in the municipality.*
- ❖ *On April 7, an international tender for sale of TEC Negotino was published, which is the second largest producer of electricity in the Republic of Macedonia.*
- ❖ *On April 7, Declaration of CEFTA Enlargement was signed in Bucharest by the Prime Ministers of Macedonia, Serbia and Montenegro, Croatia, Bosnia and Herzegovina, Romania, Albania, Moldavia and UNMIK (Kosovo).*
- ❖ *On April 10, International Summit on Oil Pipelines was held. The objective of this summit of energy is presentation and analysis of the current and the future situation regarding the construction of the Balkan oil pipelines (Burgas - Alexandropulos, Albania - Macedonia - Bulgaria - AMBO, and the PanEuropean Pipeline - PEOP).*
- ❖ *On April 13, the first business meeting between the Economic Chambers Union of the Republic of Macedonia and the Economic Chambers Union of Hong Kong was held, intended for intensification of the cooperation between the Republic of Macedonia and Hong Kong.*
- ❖ *On April 14, workshop on the topic "High level of currency in circulation in the Republic of Macedonia" organized by the National Bank of the Republic of Macedonia was held. The objective of the workshop was to determine the areas of possible improvements in direction of currency in circulation reduction. Representative of other relevant institutions and association in the country also participated in the workshop.*
- ❖ *On April 19, a loan to MEPSO in the amount of US Dollar 25 million was approved by the World Bank, intended for improvement of safety and development of energetic network in Macedonia.*
- ❖ *On April 20, the Board of Directors of IMF completed the first revision on the Stand-By arrangement concluded between the Republic of Macedonia and the IMF.*
- ❖ *On April 27, according to the Securities Issue Calendar for 2006, the Ministry of Finance issued a two-year Treasury bill. The issuance of the Treasury bill represents widening of the Government's debt*



portfolio and its maturity. The face value of the Treasury bill equals Denar 10,000, the realized amount is Denar 250 million, while the coupon interest rate equals 9%.

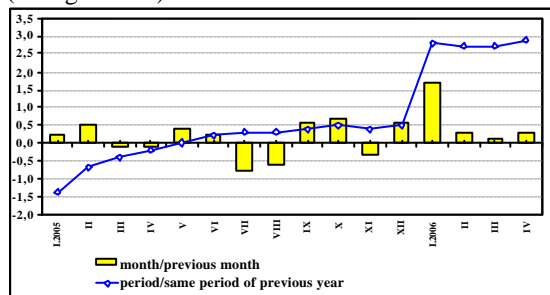
- ❖ *On April 27 Business and Investments Summit was held in the Republic of Macedonia, at which the Macedonian business climate, the trade, the export, the regional and the cooperation of our country with other European countries, as well as the development of the financial sector and the direct foreign investment in Macedonia were discussed.*
- ❖ *New regulations:*
 - *Law on Ratification of the Free Trade Agreement between the Republic of Macedonia and Serbia and Montenegro ("Official Gazette of RM" No. 48);*
 - *Law on Cessation of the Enforcement of the Law on Micro-financing Banks ("Official Gazette of RM" No. 50/2006).*

I. Economic Developments in the Republic of Macedonia¹

In April 2006, the monthly rate of inflation of 0.3% measured through the *consumer price*² index was registered. Monthly growth of 0.4% in the prices of goods was recorded, while the prices of services remained unchanged. From the aspect of individual categories, the highest increase in the prices of 0.8% was registered in the group of transport equipment and services, which is due to the higher prices of oil derivatives (by 4.3% in line with the decisions of the Regulatory Energy Committee dated from April 03, 2006 and April 17, 2006). Higher prices were also registered in the categories "food", "housing" and "clothing and footwear" (by 0.5%, 0.3% and 0.2%, respectively).

In April 2006, the annual rate of inflation equals 3.2%, with the most apparent increase being registered in the prices of tobacco and beverages (of 17.4%). In the first four months of 2006, compared to the same period of the previous year, the inflation incremented by 2.9%, with the rise being mainly due to the increase in the prices of tobacco and beverages (of 17.6%). Higher prices were registered in all other categories, except the category clothing and footwear.

Figure 1
Consumer prices
(changes in %)



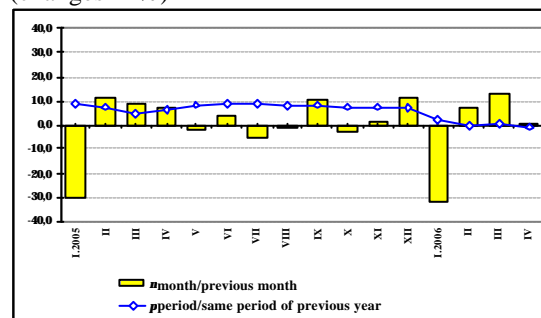
Source: National Bank of the Republic of Macedonia

In April 2006, the prices of the producers of industrial products² registered a monthly growth of 0.8%, due to the increase in the prices in manufacturing industry and in the sector mining and quarrying of 1% and 0.7%, respectively. The highest growth within the manufacturing industry was registered in the prices of the producers of basic metals (of 4.4%) and oil derivatives (of 4.2%,

in line with the decisions of the Regulatory Energy Committee dated March 20, 2006 and April 03, 2006 on increasing the refinery prices). On annual basis, the prices of the producers of industrial products went up by 4.4%. On average, in the first four months of 2006, the prices of the producers of industrial products incremented by 5.3%, which is mainly due to the higher prices of the producers in the manufacturing industry (by 6%). The largest rise was recorded in the prices of the producers of oil derivatives (of 35.9%) and tobacco products (of 18.7%). Average monthly increase in the prices of 4.5% was recorded in the sector "mining and quarrying", while the prices in the sector "electricity, gas and water supply" remained unchanged.

In April 2006, the actual volume of the industrial output³ registered slight monthly increase of 0.6%, which is a result of the enhanced production in the manufacturing industry and in the sector "mining and quarrying" (by 6.3% and 16.3%, respectively), given the reduced production in the sector "electricity, gas and water supply" (by 21.1%). The increased output in the manufacturing industry is mostly a result of the increased production of food products and beverages, tobacco products and products of other non-metal minerals (by 18.2%, 72.9% and 30.9%, respectively).

Figure 2
Industrial output
(changes in %)



Source: National Bank of the Republic of Macedonia

On annual basis, the industrial output went down by 4.4%, which is due to the lower production in the manufacturing industry and in the sector "electricity, gas and water supply" (drop of 5.1%

¹ Source: State Statistical Office of the Republic of Macedonia

² Source: State Statistical Office of the Republic of Macedonia

³ Preliminary data of the State Statistical Office of the Republic of Macedonia

and 10.4%, respectively). On cumulative basis, in the first four months of 2006 the industrial output went down by 0.9%, given a decrease in the manufacturing industry and in the sector "electricity, gas and water supply". The reduced output in the manufacturing industry (by 2.1%) is a result of the production in eleven branches comprising 39.6% of the total industrial output, with the largest reason for the decrease

accounting for the reduced production of basic metals, publishing and wearing apparel. On the other hand, the production in the sector "mining and quarrying" augmented by 2.1 times on annual basis, which is due to the low comparison base registered in the same period of the previous year (restartation of one mining facility in May 2005).

II. Monetary developments in the Republic of Macedonia

The favorable movements in the external sector resulted in higher supply than demand for foreign currency also in April, which enabled further net purchase of foreign currency by the NBRM. Thus, *the foreign exchange transactions of the NBRM* were the main flow of liquidity creation in April. The remaining autonomous factors acted in direction of liquidity withdrawal from the banking sector. Thus *the currency in circulation* registered high monthly increase of Denar 860 million (seasonal effect before the Easter and First of May Holidays), while the *government Denar deposits with the NBRM* surged by Denar 334 million on a monthly basis. Thus in terms of higher Government spending and liquidity creation on that basis, the increase in the government Denar deposits with the NBRM is completely caused by the higher level of Treasury bills for monetary objectives⁴ (monthly growth of Denar 1,574 million). In comparison with March 2006, the *CB bills* went down by Denar 119 million, which is an additionally created liquidity. However, in terms of averagely higher demand for than supply of CB bills, the average weighted interest rate on the CB bills equals 6.2% in April 2006 (6.8% in March 2006). Such movements resulted in a monthly growth in *the banks' total liquid funds*⁵ of 9.9%, and at the end of the month they reached Denar 6,035 million.

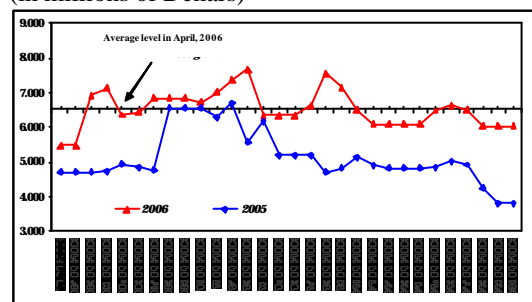
In April 2006, *the average daily liquidity of the banking system* amounts to Denar 6,533.9 million, which is a monthly increase of 12.6%.

⁴ On March 07, 2006 the NBRM in cooperation with the Ministry of Finance commenced issuing Treasury bills for monetary objectives, with maturity of up to three months.

⁵ It includes banks' account with the NBRM and the banks' cash in vault.

From the aspect of the daily dynamics, at the beginning of the month an increase in the bank liquidity is registered, reflecting the effect of regular payment of the Government based on old foreign currency savings bonds. After the common drop in the liquidity at the mid-April (due to payment of taxes), in the second half of the month the bank liquidity was relatively stable, with temporary fluctuations under the influence of the autonomous factors (primarily government Denar deposits and currency in circulation) being evidenced. In April 2006, the excess liquid funds of the banks over the reserve requirement (in Denars)⁶ equal 10.4% and it is higher compared to the previous month (8.9%).

Figure 3
Daily dynamics of the banks' liquidity
(in millions of Denars)



Source: National Bank of the Republic of Macedonia

In April 2006, no transactions on the official Money Market were registered, while within immediate bilateral trading of banks, total turnover in the amount of Denar 655 million was registered, which is an increase of 10.1% in comparison with the previous month. In April, the average interest rate on the interbank

⁶ The period for maintaining (fulfilling) the banks' reserve requirement covers the 11th day of the current month to the 10th day of the following month



Money Market equals 6.4% (6.5% in the previous month).

The reserve money⁷ went up by 7.3% on a monthly basis, as a result of the increase in the total liquid assets of the banks and the seasonally higher demand for cash (rise of 6.3%). The higher demand for cash, given the simultaneous increase in the transaction deposits (of 4.5%), was the reason for the increase in the monetary aggregate M1 of 5.4% on a monthly basis. The broad monetary aggregates M2 and M4 registered almost identical monthly increase (of 3.5% and 3.7%, respectively), reflecting the increase in the short-term and long-term deposits with banks. On annual basis (April 2006 / April 2005), the monetary aggregates M2 and M4 went up by 15.2% and 15.6%, respectively.

Table 1
Monetary aggregates and their components
(in millions of Denars)

	30.04.2006	Monthly changes	Annual changes
		in %	in %
Currency in circulation	14.560	6,3	2,6
Demand deposits	14.899	4,5	15,3
Monetary aggregate M1	29.459	5,4	8,7
Short-term Denar deposits	29.563	6,0	20,6
Monetary aggregate M2-Denar component	59.022	5,7	14,3
Short-term foreign exchange deposits	51.322	1,1	16,2
Monetary aggregate M2	110.344	3,5	15,2
Non-monetary deposits	5.705	7,5	23,9
-Denar	3.257	4,3	4,8
- foreign exchange	2.448	12,2	63,5
Monetary aggregate	116.049	3,7	15,6

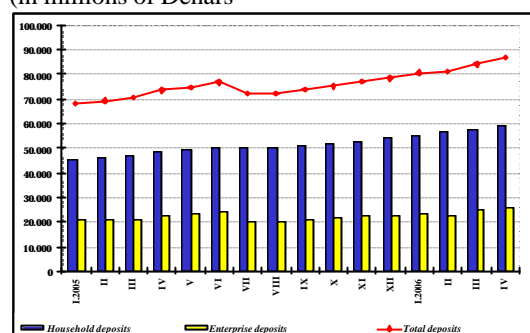
Source: National Bank of the Republic of Macedonia

The total bank deposits registered monthly increase of 3.1% in April 2006, given increased short-term and long-term saving (by 2.8% and 7.5%, respectively). The increase in the total deposits is basically determined by the short-term deposits, the contribution of which in the increase in the total deposits equals 84.8%. From the aspect of the currency structure of the total deposits, more intensive increase of 5.8% was registered by the Denar deposits, while the increase in the foreign currency deposits is more moderate and it equals 1.6%. Analysed by sectors, the households' deposits surged by 2.5% on a monthly basis, reflecting the increase in all deposit categories from the aspect of the maturity and currency structure. The most intensive monthly increase was recorded with the Denar sight deposits, which is partially due to the payment of government

⁷ The analysis refers to the reserve money without the reserve requirement of the foreign currency deposits

liabilities based on the old foreign currency savings bond. The enterprises' deposits incremented by 4.3% on a monthly basis, having in mind the intensive growth of the Denar deposits with maturity of one month and foreign currency sight deposits. On annual basis (April 2006 / April 2005), the total deposits of the private sector with the banks⁸ increased by 18.1%.

Figure 4
Deposit dynamics
(in millions of Denars)



Source: National Bank of the Republic of Macedonia

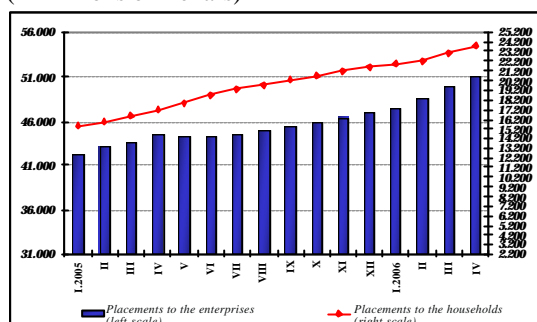
The total banks' placements with the private sector in April 2006 registered monthly increase of 2.5%, as a result of the enhanced crediting in domestic⁹ and in foreign currency (increase of 2% and 4%, respectively). However, 59.2% of the increase in the total placements pertains to Denar loans (primarily short-term enterprises' loans and long-term households' loans). Within foreign currency placements, the largest portion of the loans in April refers to short-term and long-term loans placed to the corporate sector. Analyzed by sectors, the placements to the enterprises' sector went up by 2.3% on a monthly basis, given the simultaneous increase in the placements to households of 2.9%. The annual increase in the total placements of the banks with the private sector in April 2006 equals 21.2%.

⁸ Since May 2005, the data on the deposits and loans of banks exclude Radobank a.d. Skopje, the founding and operating license of which was revoked by the NBRM on May 27, 2005.

⁹ It includes also the foreign exchange indexed loans



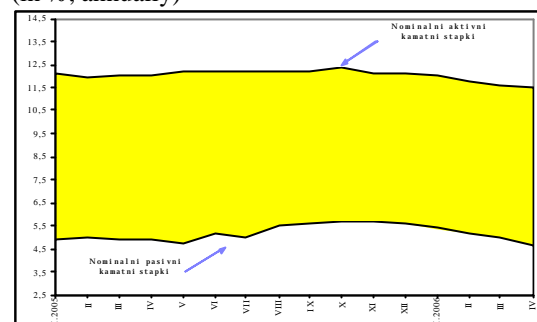
Figure 5
Banks' placements by sectors
(in millions of Denars)



Source: National Bank of the Republic of Macedonia

Regarding the *banks' interest rate policy*, slight movements were registered in April 2006. Thus the banks' average weighted lending interest rate on the Denar loans for all maturities and sectors in April 2006 remained almost unchanged on a monthly basis and it equals 11.5% (11.6% in March 2006), while the average weighted deposit interest rate on the Denar deposits for all maturities and sectors relative to the previous month is lower by 0.4 percentage points and it equals 4.6%.

Figure 6
Banks' weighted interest rates and spreads*
(in %, annually)



Source: National Bank of the Republic of Macedonia

*Pertain to Denar credits and deposits for all maturities and sectors, with the foreign exchange indexed loans also being included

In April 2006, the average weighted interest rates on the foreign currency credits and deposits for all maturities, sectors and currencies remained unchanged compared to the previous month and they equaled 7.9% and 1.4%, respectively.

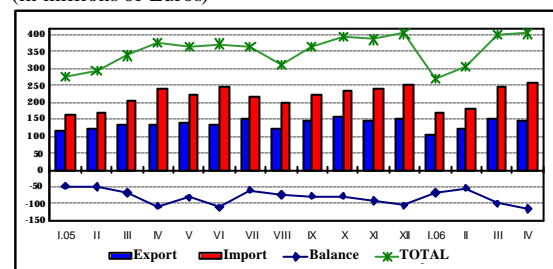
III. Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

In April 2005, the total volume of the foreign trade of the Republic of Macedonia amounted to Euro 403 million¹⁰, which is a monthly increase of 1.1%. The export of goods amounted to Euro 144.1 million, which is a monthly decline of 3.7%. The monthly drop in the export is primarily due to the lower export of clothing and textile, iron and steel and products thereof, and tobacco. Compared to April 2005, the export of goods rose by 6.9%, given higher export of tobacco, meat electrical machinery and beverages. In April 2006, the import of goods amounts to Euro 258.9 million, which is a monthly rise of 4.1%, mostly due to the import of aircrafts¹¹. On annual basis (April 2006 / April 2005) higher import of goods of 7.1% was registered.

¹⁰ Source: State Statistical Office of the Republic of Macedonia, calculations in Euros are made in the NBRM. The export of goods is presented on f.o.b. basis, while the import of goods is presented on a c.i.f. basis.

¹¹ It pertains to import of passenger jet.

Figure 7
Foreign trade of the Republic of Macedonia
(in millions of Euros)



Source: State Statistical Office of the Republic of Macedonia, while the calculations in Euro are made by the NBRM

In line with such monthly movements, in April 2006 the trade deficit enlarged on a monthly basis, while the export - import coverage ratio decreased. Thus in April 2006 the trade deficit equals Euro 114.8 million (monthly increase of 15.9%), while the export - import coverage ratio equals 55.7% (60.2% in the previous month).

Cumulatively, in the first four months of 2006 the total foreign trade amounts to Euro 1,376.1

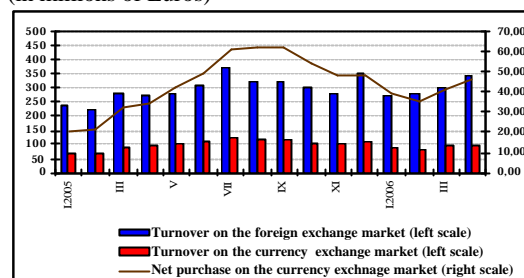


million, which is an increase of 7.6% compared to the same period of the previous year, given the positive movements with both foreign trade components. Thus the export and the import of goods equals Euro 519 million and Euro 857.1 million, respectively, i.e. growth of 3.3% and 10.4%, respectively compared to the previous year. The largest contribution to the cumulative increase in the export accounted for the increased export of oil derivatives, beverages, ores and electrical machinery, while the increase in the import is a result of the enhanced import of mineral fuels, vehicles, aircrafts and ores. The foreign trade deficit amounts to Euro 338.1 million (increase of Euro 64 million, or by 23.4%), while the export - import coverage ratio equals 60.6% (drop of 4.2 percentage points compared to the same period of 2005).

In April 2006, total turnover in the amount of Euro 339.5 million was registered on the *foreign exchange market*, which is an increase of 13.4% relative to the previous month. In terms of monthly increase in the supply of 8.3% and decline in the demand for foreign currency of 5.8%, the banks - enterprises market segment recorded reduced volume of net sale of foreign currency by the banks. In terms of higher supply than demand for foreign currency, the NBRM realized net purchase of foreign currency, contributing to a significant growth of the gross foreign reserves. Thus at the end of April 2006, the *gross foreign reserves* reached Euro 1,193.1 million thus registering an increase of Euro 35.3 million, or 3.1% compared to the end of March 2006.

In April 2006, Euro 98.4 million were registered on the *currency exchange market*, which is a monthly increase of 2.4%. Net purchase of foreign currency in the total amount of Euro 46 million was recorded on the currency exchange market in terms of higher supply of foreign currency of 5%, given simultaneous drop of the demand for foreign currency of 4.2%, which is a growth of 11.1% compared to the previous month.

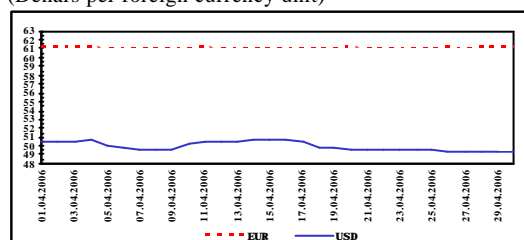
Figure 8
Movement of the total turnover on the foreign exchange and currency exchange market
(in millions of Euros)



Source: National Bank of the Republic of Macedonia

At the end of April 2006, the *Denar exchange rate against the Euro on the foreign exchange market* equaled Denar 61.17 per one Euro, which means that it preserved the same level which was registered at the end of the previous month. At the end of April 2006, Denar 49.28 per one US Dollar were traded, which means that Denar appreciated by 2.6% on a monthly basis (Denar 50.57 per one US Dollar were traded on March 31, 2005).

Figure 9
Daily middle Denar exchange rate relative to 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 January 2006, the *Denar exchange rate against the Euro on the currency exchange market* equaled Denar 61.43 for one Euro and it is at the same level registered in the previous month. Simultaneously, the average purchase and sale Denar exchange rate against the US Dollar equaled Denar 50.09 per one US Dollar, which is a monthly appreciation of the Denar of 1.7% (in March 31 2005, Denar 50.97 per one US Dollar, on average, were traded).

At the end of April 2006, the *external debt of the Republic of Macedonia based on long-term credits and loans* equals Euro 1,647 million, which is by Euro 12.9 million less compared to the end of the previous month. The monthly decrease in the external long-term



debt is mainly due to the realized exchange rate differentials of Euro 15.5 million. The total long-term debt of the private sector reduced by 0.2% on a monthly basis, and it equaled Euro 432.4 million, 77.7% of which pertain to the non-banking private sector, while the remaining share accounts for the commercial banks. In 2006, funds in the amount of Euro 7 million were used, while the total repaid liabilities equal Euro 9 million (Euro 7.1 million are principal and Euro 1.9 million account for interest). In April 2006, new credits in the amount of Euro 5.3

million were concluded, which completely account for the borrowings of the private sector. The *short-term external debt*¹², which refers exclusively to the private sector, equals US Dollar 85.1 million at the end of April 2006. In April 2006, funds in the amount of Euro 14 million are used on the basis of extended short-term credits, while the amount of repaid liabilities equaled Euro 0.1 million.

¹² Preliminary data of the NBRM



Appendix

Developments in Real Sector in the Republic of Macedonia

Table 1

Costs of living and retail prices

	IV.2006	IV.2006	I-IV.2006
	III.2006	IV.2005	I-IV.2005
	in %		
Costs of living	0,3	3,2	2,9
Food	0,5	2,7	1,9
Tobacco and beverages	-0,2	17,4	17,6
Clothing and footwear	0,2	0,4	-0,3
Housing	0,3	1,0	0,9
Flat (rent, water, services)	-0,2	0,0	-0,2
Fuel and lighting	0,5	1,7	1,7
Hygiene	-0,3	2,1	0,8
Culture and entertainment	-0,2	5,7	5,9
Transport, communications, services	0,8	2,0	2,5
<i>Goods</i>	<i>0,4</i>	<i>3,8</i>	<i>3,3</i>
<i>Services</i>	<i>0,0</i>	<i>0,9</i>	<i>0,9</i>
Retail prices	0,4	3,9	4,0
Agricultural products	9,7	7,7	6,0
Non-food industrial products, <i>proizvodi</i>	4,6	5,5	6,0
Processed food products <i>proizvodi</i>	0,6	0,5	0,2
Beverages	-0,7	-0,9	-0,6
<i>Goods</i>	<i>2,4</i>	<i>3,6</i>	<i>3,7</i>
<i>Services</i>	<i>3,6</i>	<i>4,1</i>	<i>4,2</i>

Source: State Statistical Office of the Republic of Macedonia



Table 2
Prices of producers of industrial products*

	IV.2006 III.2006	IV.2006 IV.2005	I-IV.2006 I-IV.2005
	in %		
Prices of producers of industrial products	0,8	4,4	5,3
Energy			
Intermediary goods (except Energy)	2,4	11,6	18,5
Capital goods	0,1	-2,9	-2,9
Durable consumer goods	0,0	5,3	3,8
Non durable consumer goods	1,2	6,5	5,6
	0,4	5,5	4,5
<i>Mining and quarrying</i>	<i>0,7</i>	<i>5,5</i>	<i>4,5</i>
<i>Manufacturing industry</i>	<i>1,0</i>	<i>5,2</i>	<i>6,0</i>
Manufacture of food products and beverages	0,4	0,3	-0,1
Manufacture of tobacco products	1,2	23,5	18,7
Manufacture of textiles	0,0	0,8	0,7
Manufacture of wearing apparel; dressing and dyeing of fur	-0,2	-3,1	-2,6
Publishing, printing and reproduction of recorded media	0,0	2,2	2,3
Manufacture of coke, refined petroleum products and nuclear fuel	4,2	23,3	35,9
Manufacture of chemicals and chemical products	0,0	-0,5	-1,3
Manufacture of rubber and plastic products	0,2	0,1	-1,2
Manufacture of other non-metallic mineral products	-0,6	1,4	1,8
Manufacture of basic metals	4,4	-6,8	-8,9
Manufacture of fabricated metal products, except machinery and equipment	0,4	8,6	6,0
Manufacture of electrical machinery and apparatus n.e.c.	1,8	5,5	4,9
<i>Electricity, gas and water supply</i>	<i>-0,1</i>	<i>-2,2</i>	<i>0,0</i>

* Previous data

Source: State Statistical Office of the Republic of Macedonia



Table 3
Industrial output*

	Structure in %	<u>IV.2006</u> <u>III.2006</u>	<u>IV.2006</u> <u>IV.2005</u>	<u>I-IV.2006</u> <u>I-IV.2005</u>
		in %		
Prices of producers of industrial products	100,0	0,6	-4,4	-0,9
Energy	21,9	-26,6	-16,1	-1,4
Intermediary goods (except Energy)	33,8	10,3	-0,4	3,7
Capital goods	4,8	18,3	31,3	4,0
Durable consumer goods	1,4	-18,6	1,7	8,4
Non durable consumer goods	38,1	9,7	-5,6	-5,9
<i>Mining and quarrying</i>	1,8	16,3	2,1 times	2,1 times
Manufacturing industry	79,4	6,3	-5,1	-2,1
Manufacture of food products and beverages				
Manufacture of tobacco products	20,0	18,2	4,6	0,5
Manufacture of textiles	3,9	72,9	20,1	-1,0
Manufacture of wearing apparel; dressing and dyeing of fur	2,5	-13,9	8,7	4,3
Publishing, printing and reproduction of recorded media	8,6	-11,0	-17,8	-8,4
Publishing, printing and reproduction of recorded media	3,9	6,6	-30,6	-24,6
Manufacture of coke, refined petroleum products and nuclear fuel	3,0	-57,0	-49,0	9,6
Manufacture of chemicals and chemical products	5,9	12,1	4,6	-3,5
Manufacture of rubber and plastic products	2,6	50,8	-6,3	-19,1
Manufacture of other non-metallic mineral products	8,2	30,9	7,6	27,3
Manufacture of basic metals	6,0	8	-15,2	-16,8
Manufacture of fabricated metal products, except machinery and equipment	3,8	-10	-0,3	-6,5
Manufacture of electrical machinery and apparatus n.e.c.	3,2	-30,6	-10,1	25,2
Electricity, gas and water supply	18,8	-21,1	-10,4	-3

* Previous data

Source: State Statistical Office of the Republic of Macedonia



Table 4
Central Government Budget
(in Denar million)

	April 2006			January - April 2006		
	in Denar million	Monthly changes in %	Structure in %	in Denar million	Cumulative changes (2006/2005) in %	Structure in %
Total revenues	9.255	3,1	100,0	32.352	5,6	100,0
Total budget revenues	7.907	-0,6	85,4	27.755	3,5	85,8
<i>Tax revenues (SRA):</i>	<i>14</i>	<i>-64,1</i>	<i>0,2</i>	<i>93</i>	<i>-3,1</i>	<i>0,3</i>
<i>Tax revenues:</i>	<i>5.317</i>	<i>1,1</i>	<i>57,5</i>	<i>17.975</i>	<i>2,6</i>	<i>55,6</i>
- personal income tax	703	-7,5	7,6	2.636	1,5	8,1
- profit tax	311	-73,2	3,4	2.036	56,6	6,3
- value added tax	2.812	28,8	30,4	8.040	-5,7	24,9
- excises	868	24,4	9,4	3.410	1,6	10,5
- custom duties	456	18,1	4,9	1.449	-5,0	4,5
- other	167	2,3 times	1,8	404	79,6	1,2
<i>Contributions</i>	<i>2.576</i>	<i>-3,1</i>	<i>27,8</i>	<i>9.688</i>	<i>5,3</i>	<i>29,9</i>
Non-tax revenues:	1.133	23,4	12,2	3.438	-0,8	10,6
- non-tax revenues (SRA)	413	-26,1	4,5	1.647	-15,4	5,1
- inflows from state property dividends	359	48,9 times	3,9	463	3,7 times	1,4
- administrative taxes and fees	114	-27,4	1,2	509	-6,8	1,6
- participation income	23	-7,7	0,2	102	-40,6	0,3
- other administrative taxes	27	8,0	0,3	92	15,0	0,3
- other non-tax revenues	51	2,1 times	0,6	160	43,5	0,5
- toll	146	20,7	1,6	466	-3,3	1,4
<i>Capital revenues</i>	<i>57</i>	<i>35,7</i>	<i>0,6</i>	<i>200</i>	<i>27,4</i>	<i>0,6</i>
Donations (from abroad)	126	2,8 times	1,4	881	4,5 times	2,7
Total budget expenditures	8.340	-1,1	100,0	31.878	2,7	100,0
<i>Current expenditures</i>	<i>7.945</i>	<i>-2,0</i>	<i>95,3</i>	<i>30.420</i>	<i>3,6</i>	<i>95,4</i>
- wages and salaries	1.938	-0,5	23,2	7.688	2,0	24,1
- goods and services	1.078	-11,7	12,9	3.934	-9,9	12,3
- transfers	4.617	-2,1	55,4	17.696	6,6	55,5
- interest	313	39,1	3,8	1.103	26,6	3,5
<i>Capital expenditures</i>	<i>394</i>	<i>23,3</i>	<i>4,7</i>	<i>1.457</i>	<i>-12,1</i>	<i>4,6</i>
Budget balance	916			474		
Financing	-916			-474		
<i>External financing, net</i>	<i>-76</i>			<i>-9.076</i>		
<i>Financing from domestic sources, net</i>	<i>-840</i>			<i>-5.321</i>		
<i>Income from privatization</i>	<i>0</i>			<i>13.899</i>		

* Since January 2006, the central Budget has been presented in a new form encompassing the accounts of the funds and the revenues and expenditures on the own revenues accounts

Source: Ministry of Finance



Monetary developments in the Republic of Macedonia

Table 5

National Bank accounts

(current exchange rate, in million denar)

	XII.05	I.06	II.06	III.06	IV.06
I. Net Foreign Assets	66,282	57,130	57,297	71,907	74,145
Assets	69,504	60,326	60,519	75,076	77,213
Liabilities	3,222	3,196	3,222	3,169	3,068
II. Net Domestic Assets	-40,520	-33,763	-32,079	-47,210	-47,978
Credit to banks, net	-8,876	-10,368	-9,329	-8,580	-8,461
<i>Credit to banks</i>	45	45	324	323	323
Credits extended at auction	0	0	0	0	0
Repurchased agreement	0	0	0	0	0
Credits based on securities	0	0	0	0	0
Long - term credits	31	31	31	31	31
Advances	4	4	283	282	282
Other	10	10	10	10	10
<i>Instruments</i>	-8,921	-10,413	-9,653	-8,903	-8,784
Auctions of bills	-8,921	-10,413	-9,653	-8,903	-8,784
<i>Net, Government</i>	-18,989	-11,024	-10,167	-25,762	-26,157
1. Claims on Government	3,290	3,290	3,290	3,290	2,983
Use of Fund credit	0	0	0	0	0
Ordinary credit	0	0	0	0	0
Purchased Government sec.	1,039	1,039	1,039	1,039	1,039
Other	2,251	2,251	2,251	2,251	1,944
2. Government Deposits	-22,279	-14,314	-13,457	-29,052	-29,140
A) In denar	-6,993	-7,653	-6,860	-8,807	-9,141
Demand deposits	-6,993	-7,653	-6,860	-8,807	-9,141
- Budget account	-6,562	-7,214	-6,417	-6,965	-5,717
- Other budget funds	-431	-439	-443	-1,842	-3,424
o/w - Government securities for monetary purpose				-1,377	-2,951
Fund for monetary policy support	0	0	0	0	0
B) In foreign currency	-15,286	-6,661	-6,597	-20,245	-19,999
Central Gov.dep.	-15,139	-6,516	-6,450	-20,098	-19,851
o/w Road fund	-147	-130	-121	-102	-84
Other Government deposits	-147	-145	-147	-147	-148
3. External account	0	0	0	0	0
Other items, net	-12,655	-12,371	-12,583	-12,868	-13,360
Other assets	5,324	5,243	5,279	5,204	5,320
Other liabilities	-5,368	-4,794	-5,067	-4,983	-5,377
o/w Transitory account	-487	-14	-19	-36	-180
Capital account	-11,024	-11,558	-11,505	-11,608	-11,798
Residual items	-1,587	-1,262	-1,290	-1,481	-1,505
Reserve money	25,762	23,367	25,218	24,697	26,167
Currency in circulation	14,439	13,100	13,635	13,700	14,560
Cash in vaults	1,374	1,068	1,066	980	1,052
Giro - accounts	9,949	9,199	10,517	10,017	10,555
o/w Reserve requirement	5,323	5,417	5,413	5,505	5,572

Source: National Bank of the Republic of Macedonia



Table 6
Monetary Survey
(current exchange rate, in million denar)

	XII.05	I.06	II.06	III.06	IV.06
I. Net Foreign Assets	89738	80776	80899	96611	98526
<i>National Bank</i>	66282	57130	57297	71907	74145
Assets	69504	60326	60519	75076	77213
Liabilities	3222	3196	3222	3169	3068
<i>Deposit Money Banks</i>	23456	23646	23602	24704	24381
Assets	37786	37231	36986	36669	36249
Liabilities	14330	13585	13384	11965	11868
II. Net Domestic Assets	19545	28414	30070	16577	18786
1.Domestic credit	62382	71691	74396	62714	65567
of which: Claims on Gov.	-11791	-3271	-1913	-15747	-14773
a) Deposit Money Banks	81371	82715	84563	88476	91724
-in denar	64186	65363	66730	69847	72349
Government	7118	7672	8175	9930	11297
Credits	7115	7669	8171	9927	11274
a) Budget and Line Ministries	7033	7589	8013	9696	11071
b) Funds	82	80	158	231	203
c) Ins. of Central Gov.: Courts, etc.	0	0	0	0	0
Accrued interest	3	3	4	3	23
Non Government sector	57068	57691	58555	59917	61052
Credits	51672	52255	53149	54473	55552
of which: Overdue claims	9807	10314	10323	10146	10509
Accrued interest	5396	5436	5406	5444	5500
-in foreign currency	17185	17352	17833	18629	19375
Government	80	81	79	85	87
of which: Overdue	0	0	0	0	0
Non Government sector	17105	17271	17754	18544	19288
of which: Overdue	1748	1753	1587	1444	1476
b) Nat. Bank Claims on Government	-18989	-11024	-10167	-25762	-26157
2.Other items, net	-42837	-43277	-44326	-46137	-46781
of which: Claims on Gov.					
for frozen f.c. deposits	0	0	0	0	0
Accrued interest	-5399	-5439	-5410	-5447	-5523
Others	-37438	-37838	-38916	-40690	-41258

Source: National Bank of the Republic of Macedonia



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

	XII.05	I.06	II.06	III.06	IV.06
M4Total	109283	109190	110969	113188	117312
M4 (nonGovernment)	108174	108320	109999	111912	116049
M1(Total)	30034	27933	28900	28431	29906
M1 (nonGovernment)	29663	27699	28596	27962	29459
Currency in Circulation	14439	13100	13635	13700	14560
Demand deposits(total)	15595	14833	15265	14731	15346
Demand deposits(NonGov.)	15224	14599	14961	14262	14899
Deposit Money Banks	15577	14752	15183	14519	15241
NonGov. Demand deposits	15206	14518	14879	14050	14794
Government Demand deposits	371	234	304	469	447
a) Budget and Line Ministries	236	55	91	132	145
b) Funds	135	179	213	323	302
c) Ins. of C.Gov.: Courts, etc.	0	0	0	14	0
Nation. Bank NonGov.Demand dep.	18	81	82	212	105
M2 (Total)	104195	104065	105734	107835	111559
M2 (nonGovernment)	103134	103243	104812	106607	110344
Quasi money (Total)	74161	76132	76834	79404	81653
Quasi money (non Government)	73471	75544	76216	78645	80885
Deposit Money banks	74161	76132	76834	79404	81653
Non Government sector	73471	75544	76216	78645	80885
Denar	24364	25614	26237	27889	29563
Foreign currency	49107	49930	49979	50756	51322
Government deposits	690	588	618	759	768
Denar	689	587	616	759	768
Foreign currency	1	1	2	0	0
NBM quasi deposits	0	0	0	0	0
Nonmonetary Deposits (Total)	5088	5125	5235	5353	5753
Denar nonm. deposits (total)	3105	3159	3184	3171	3305
F.C. nonm. deposits (total)	1983	1966	2051	2182	2448
Nonmonetary Deposits (nonGov.)	5040	5077	5187	5305	5705
Denar nonm. dep.(nonG)	3057	3111	3136	3123	3257
F.C. nonm. dep (nonG)	1983	1966	2051	2182	2448
-Deposit Money Banks	5088	5125	5235	5353	5753
Denar nonGov. nonmonetary dep.	3057	3111	3136	3123	3257
F. C. nonGovern. nonmon. dep.	1983	1966	2051	2182	2448
Denar Gov. nonmon. deposits	48	48	48	48	48
F. C. Govern. nonmon. deposits	0	0	0	0	0
-NBM NonGov. nonm. deposits	0	0	0	0	0
Denar	0	0	0	0	0
Foreign currency	0	0	0	0	0
Total Deposits	94844	96090	97334	99488	102752
Total Deposits (nonGov.)	93735	95220	96364	98212	101489

Source: National Bank of the Republic of Macedonia


Table 7

Total deposits of the non-government sector

	30.04.2006	monthly changes		annual changes		structure
	in Denar million	in Denar million	in %	in Denar million	in %	in %
Total deposits	86.590	2.640	3,1	13.284	18,1	100,0
1. According to maturity						
- short-term	80.885	2.240	2,8	12.183	17,7	93,4
- long-term	5.705	400	7,5	1.101	23,9	6,6
2. According to currency of denomination						
- In denar	32.820	1.808	5,8	5.196	18,8	37,9
- In foreign currency	53.770	832	1,6	8.088	17,7	62,1

Source: National Bank of the Republic of Macedonia

Table 8

Households and enterprises deposits

	structure in %	30.04.2006	monthly changes		annual changes	
		in Denar million	in Denar million	in %	in Denar million	in %
Total households deposits	100,0	58.942	1.443	2,5	10.461	21,6
1. According to maturity						
- short-term	94,8	55.881	1.375	2,5	9.619	20,8
- long-term	5,2	3.061	68	2,3	842	37,9
2. According to currency of denomination						
- In denar	30,2	17.802	1.137	6,8	4.461	33,4
- In foreign currency	69,8	41.140	306	0,7	6.000	17,1
Total enterprises deposits	100,0	25.836	1.056	4,3	3.056	13,4
1. According to maturity						
- short-term	93,5	24.146	755	3,2	2.469	11,4
- long-term	6,5	1.690	301	21,7	587	53,2
2. According to currency of denomination						
- In denar	52,1	13.448	575	4,5	944	7,5
- In foreign currency	47,9	12.388	481	4,0	2.112	20,6

Source: National Bank of the Republic of Macedonia


Table 9

Demand deposits of households and enterprises

	30.04.2006	monthly changes		annual changes	
	in Denar million	in Denar million	in %	in Denar million	in %
Demand deposits	14.899	637	4,5	1.979	15,3
- Demand deposits of households	3.343	269	8,8	380	12,8
- Demand deposits of enterprises	9.293	67	0,7	1.018	12,3

Source: National Bank of the Republic of Macedonia

Table 10

Placements to households and enterprises

	30.04.2006	monthly changes		annual changes	
	in Denar million	in Denar million	in %	in Denar million	in %
Total placements	74.840	1.823	2,5	13.080	21,2
<i>Denar placements</i>	55.552	1.079	2,0	7.274	15,1
<i>of which:</i>					
- enterprises	32.801	508	1,6	1.361	4,3
- households	22.646	554	2,5	5.906	35,3
<i>Foreign currency placements</i>	19.288	744	4,0	5.806	43,1
<i>of which:</i>					
- enterprises	18.172	623	3,6	5.263	40,8
- households	1.110	123	12,5	613	2,2 times

Source: National Bank of the Republic of Macedonia


Table 11

Maturity and sector structure of Denar and foreign currency placements

	Share on 30.04.2006 (in %)	Monthly change (in percentage points)	Annual change (in percentage points)
Denar placements	100,0		
maturity structure			
- short-term	50,9	-0,1	-3,1
- long-term	49,1	0,1	3,1
structure by sectors			
- enterprises	59,0	-0,2	-6,1
- households	40,8	0,2	6,1
- other	0,2	0,0	0,0
Foreign currency placements	100,0		
maturity structure			
- short-term	28,4	0,7	-9,3
- long-term	71,6	-0,7	9,3
structure by sectors			
- enterprises	94,2	-0,4	-1,5
- households	5,8	0,4	2,1
- other	0,0	0,0	-0,5

Source: National Bank of the Republic of Macedonia

Table 12

Interest rates

	April, 2006 in %	Monthly changes in percentage points	Annual changes
Average weighted interest rate on the CB bills auctions (28 days)	6,19	-0,59	-3,8
Average weighted interest rate on the Money Market*	6,4	-0,10	-1,7
Banks' weighted lending interest rates	11,50	-0,10	-0,5
Banks' weighted deposit interest rates	4,60	-0,40	-0,3

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

* Pertains to the official Money Market and the bilateral trading between banks.



Table 13
Auctions of Treasury bills

	Supply	Demand	Realized	Weighted interest rate
	in Denar million			in %
Treasury bills auctions, 3 month				
11.04.2006	1350	1.030,17	1030,17	6,49
25.04.2006	1.320	1.768,5	1.320	6,40
Treasury bills auctions, 6 month				
11.04.2006	500	66,43	66,43	6,84

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 EURO million)

	IV.2006		I-IV.2006		IV.2006		I-IV.2006	
	III.2006		IV.2005		I-IV.2005			
	amount	%	amount	%	amount	%	amount	%
Foreign trade	403,0	1.376,1	4,6	1,1	26,5	7,0	97,1	7,6
Exports	144,1	519,0	-5,6	-3,7	9,2	6,9	16,5	3,3
Imports	258,9	857,1	10,2	4,1	17,2	7,1	80,5	10,4
Balance	-114,8	-338,1	-15,7	15,9	-8,0	7,5	-64,0	23,4

Source: State Statistical Office of the Republic of Macedonia, and the calculations in Euro were made at the National Bank of the Republic of Macedonia.

Table 15
Ten most important trading partners of the Republic of Macedonia, I-IV, 2006
(in EURO million)

	Foreign trade		Exports		Imports		Import-export coverage
	amount	%	amount	%	amount	%	
Republic of MACEDONIA	1.376,1	100,0	519,0	100,0	857,1	100,0	60,6
<i>out of which:</i>							
Germany	180,7	13,1	96,6	18,6	84,1	9,8	114,8
Serbia and Montenegro	162,4	11,8	107,1	20,6	55,3	6,5	193,5
Russia	148,2	10,8	6,5	1,3	141,7	16,5	4,6
Greece	142,6	10,4	70,2	13,5	72,4	8,4	97,0
Italy	105,9	7,7	60,2	11,6	45,7	5,3	131,6
Bulgaria	88,0	6,4	23,3	4,5	64,7	7,5	36,1
Croatia	48,3	3,5	32,2	6,2	16,0	1,9	201,4
Slovenia	42,3	3,1	9,7	1,9	32,6	3,8	29,7
Turkey	41,6	3,0	15,3	2,9	26,3	3,1	58,0
China	31,2	2,3	0,5	0,1	30,7	3,6	1,5
Total (10 largest trading partners)	991,1	72,0	421,5	81,2	569,6	66,5	74,0

Source: State Statistical Office of the Republic of Macedonia, and the calculations in Euro were made at the National Bank of the Republic of Macedonia.



Table 16
External long-term debt of the Republic of Macedonia
(in EURO million)

	External debt		Credits used		Debt payments	
	31.03.2006	30.04.2006	III-2006	IV-2006	III-2006	IV-2006
Official creditors	1.045,5	1.035,5	1,5	5,0	5,2	6,9
out of which:						
Multilateral	882,8	874,3	1,2	3,4	5,2	6,4
MMF	51,8	50,2	0,0	0,0	0,0	1,1
IBRD	205,9	203,5	0,1	0,7	1,2	0,2
IFC	4,7	4,1	0,0	0,0	0,5	0,6
IDA	302,4	298,7	0,2	0,6	0,0	1,3
EIB	120,9	118,6	0,0	0,0	2,2	3,2
EUROFIMA	6,1	6,1	0,0	0,0	0,0	0,0
Council of EDB	16,8	18,5	0,0	1,7	0,1	0,0
EBRD	73,3	73,9	0,7	0,4	0,9	0,0
EU	90,0	90,0	0,0	0,0	0,3	0,0
IFAD	11,0	10,9	0,2	0,0	0,0	0,0
European Agency for Reconstruction	0,0	0,0	0,0	0,0	0,0	0,0
Bilateral	162,6	161,2	0,3	1,6	0,0	0,5
Paris club (rescheduled 1995)	91,6	89,8	0,0	0,0	0,0	0,1
New credits	6,6	6,6	0,0	0,0	0,0	0,0
Non-rescheduled debt	64,4	64,8	0,3	1,6	0,0	0,4
Private creditors	614,8	611,9	1,3	1,9	4,4	2,1
out of which:						
Eurobonds	150,0	150,0	0,0	0,0	0,0	0,0
Other private creditors	464,8	461,9	1,3	1,9	4,4	2,1
Banks and financial institutions	215,4	211,8	0,7	0,6	3,9	1,3
Private non-financial sector	249,4	250,1	0,6	1,3	0,5	0,8
TOTAL	1.660,3	1.647,4	2,9	7,0	9,6	9,0

Source: National Bank of the Republic of Macedonia

National Bank of the Republic of Macedonia Balance sheet

Table 17
NBRM Balance sheet on 30.04.2006
(in million Denars)

Assets	Amount	Liabilities	Amount
Foreign assets	77,213	Reserve money	20,595
Claims on Government	3,604	NBRM instruments	8,784
Claims on banks and other financial institutions	1,358	Restricted deposits	240
Other assets	4,285	Foreign liabilities	3,068
		Government deposits	31,417
		Capital accounts	11,798
		Other liabilities	10,558
Total	86,460	Total	86,460

Source: National Bank of the Republic of Macedonia