

National Bank of the Republic of Macedonia
Research Department



Monthly Information
5/2009

June, 2009

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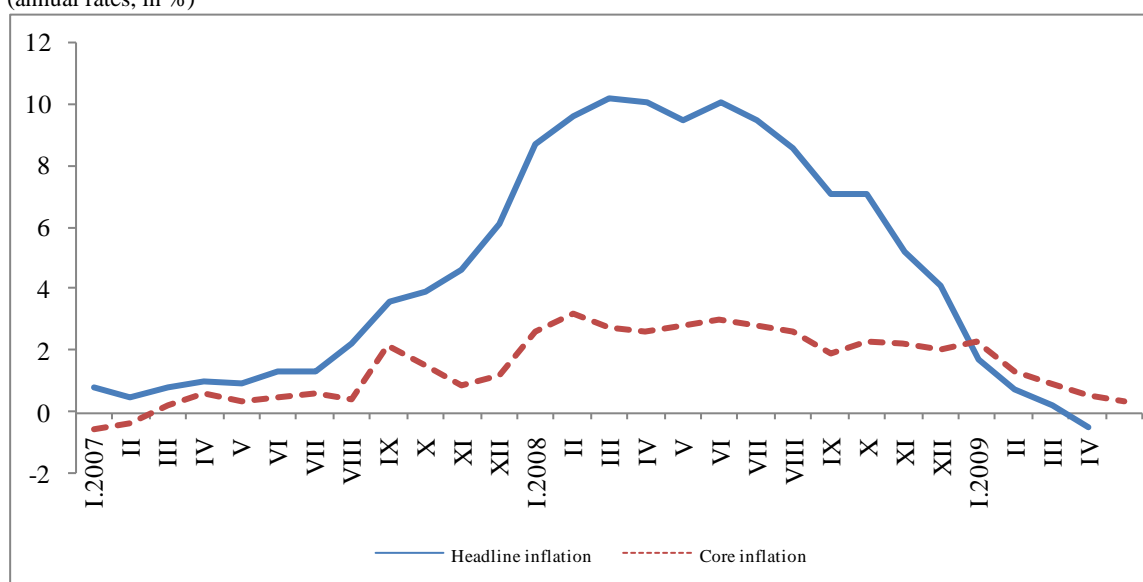
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1. PRICES

In May 2009 the consumer prices registered growth of 1% relative to the previous month, which was almost solely due to the higher prices of the food products, more specifically of the fresh vegetables and fresh fruits. The liquid fuels also registered price growth, while the prices of other categories were mainly at the same level as in April. In May 2009, the consumer prices rose relative to the same month of the previous year, by 0.4%. The prices of the electricity, fresh vegetables and fresh meat registered most significant annual growth, whereas the prices of the liquid fuels, fresh vegetables, milk and dairy product and the vegetable oils registered most considerable drop. The cumulative inflation rate continued to fall, so in May it reduced to 0.5%. In the first five months of 2009, the price of the electricity had largest growth, while the prices of the liquid fuels reduced mostly.

The drop in the core inflation (inflation without food and energy) continued as well, so in May, it amounted to 0.4% relative to the same month of the previous year (in April it equaled 0.5%). The drop was due mainly to the prices of wearing apparel and footwear. If only the food is excluded, the consumer prices are lower relative to the adequate period of the previous year by 0.1% in May 2009.

Figure 1
Realized and core inflation
(annual rates, in %)



Source: State Statistical Office of the Republic of Macedonia and NBRM.

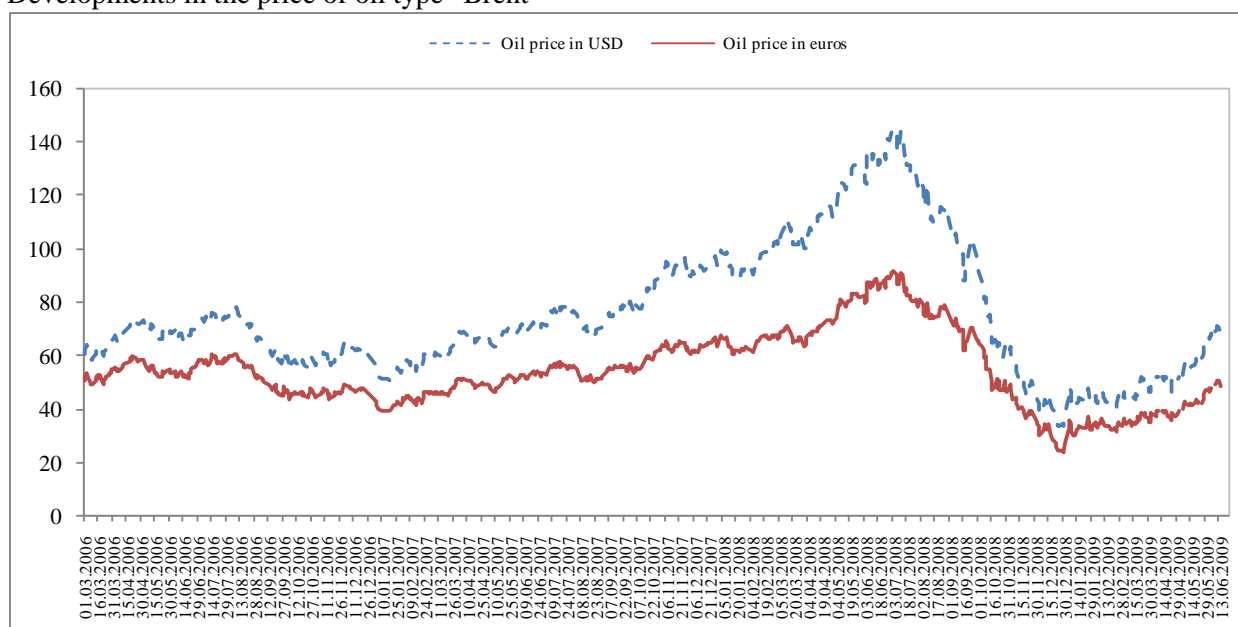
The price developments were in line with the inflation projections in May as well. Thus, the projected annual inflation rate for May amounted to 0.3%¹, which was by only 0.1 percentage point less than the realized. The projected annual inflation rate for the second quarter amounted to -0.3%, and the average rate for the whole 2009 was -0.4%.

The oil price on the international stock exchanges continued the upward trend in May 2009 as well, when the average price of the oil type "brent" amounted to USA Dollar 57.9, which was by 13.9% higher relative to the April price. Relative to May 2008, the oil price was lower by 52.8%. The gradual

¹ The threshold of the projection.

return of the investors' trust was again the main reason for continuing of the growth, which was due to the impressions that the international crisis looses the strength. The growth in the prices of shares on the international stock exchanges, the Dollar depreciation relative to the other global currencies, the improved situation on the real estate market in USA, the lower drop in the industrial output in USA relative to the anticipated and the growth in the industrial output in China were the individual events that created price growth in May. The upward trend continued in the last 2 weeks (June 9 - June 22), under the influence of the reports on reduced reserves and of the assumption on higher demand, relative to the previously anticipated one, so the price of the oil type "brent" amounted to USA Dollar 70, on average, in this period, which was by 7.6% higher than in the previous two weeks period. Regarding the fact that the USA Dollar in this period appreciated by 0.6% relative to the Denar, the Regulatory Energy Committee was expected to adopt a decision on increase in the refinery and retail prices of the oil derivatives by 6.99% and 4.75%, respectively, on the session scheduled for June 22.

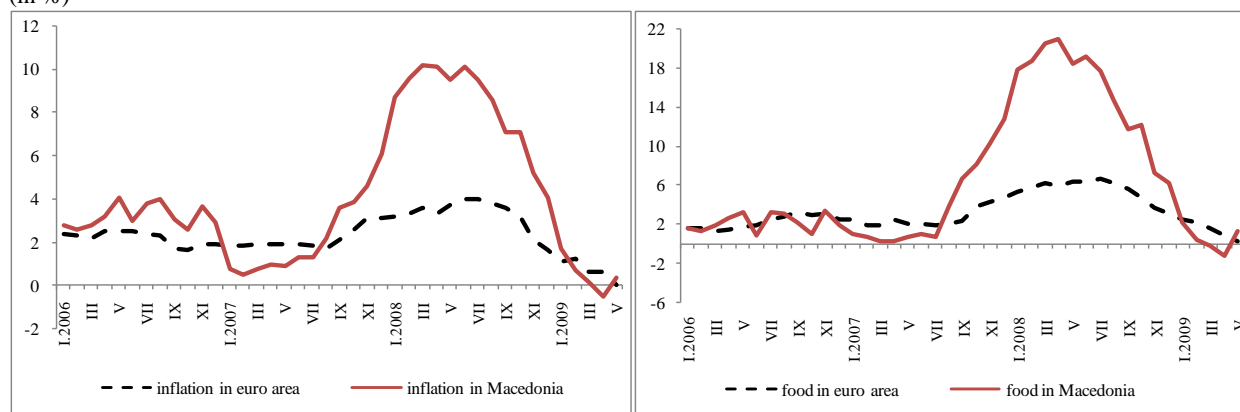
Figure 2
Developments in the price of oil type "Brent"



Source: The Energy Information Administration - statistical agency of the U.S. Department of Energy.

After the stable level of 0.6% of the **annual inflation rate in the Euro area** in the previous two months, in May 2009 it reduced to 0%, so the possibilities for deflation in the Euro area became more realistic. The fuels and the fuel oil contributed mostly to the inflation drop, and their prices in May 2009, relative to the same month of the previous year, were still lower than in April. **Relative to the previous month**, the harmonized index of the consumer prices in May 2009 registered growth of 0.1%, which was mostly due to the rise in the fuel prices. The annual core inflation, which excludes the prices of food and energy amounted to 1.5% in May.

Figure 3
Annual inflation rates and prices of food in the Euro area and Macedonia
(in %)

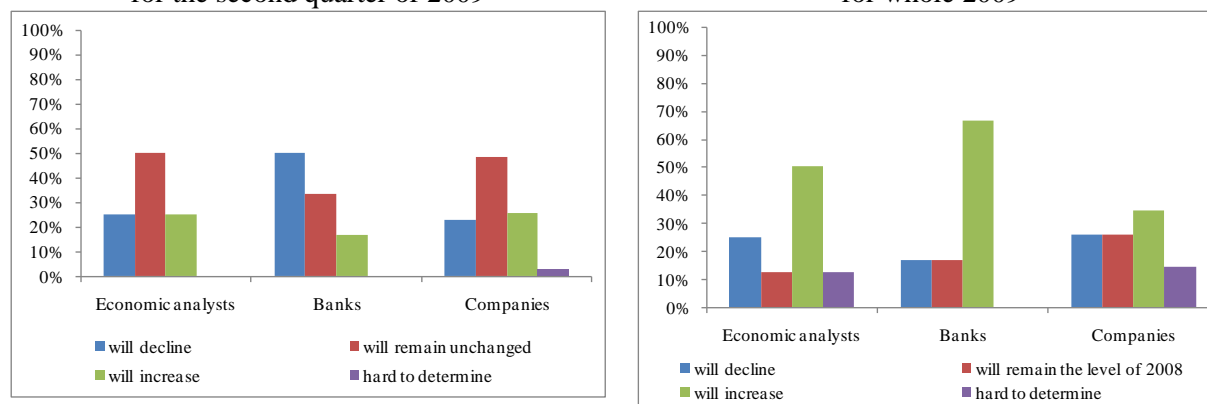


Source: Eurostat and SSO.

1.1. The survey on the inflation expectations

According to the Survey on the inflation expectations, conducted in May 2009², most of the surveyed (47%) anticipated for the average annual inflation rate **in the second quarter of 2009** to keep the level of April of -0.5%, 27% expected even lower inflation (i.e. higher deflation), and 25% anticipated higher inflation (i.e. deflation drop). One half of the **analysts** consider that the inflation will remain at the current level, one fourth consider that it shall be lower, and one fourth that it shall be higher. Half of the **banks** consider that the inflation will continue to reduce, one third consider that it shall remain unchanged, and 17% that it shall grow up. With the **enterprises**, the anticipations of the largest part (49%) were that the inflation will stagnate, 26% envisage growth, 23% - further decrease, and 3% of them consider that it is hard to determine. The average expected inflation rate of all entities amounted to -0.2% for the second quarter of 2009.

Figure 4
Distribution of the answers on the inflation expectations by groups of surveyed
for the second quarter of 2009 for whole 2009



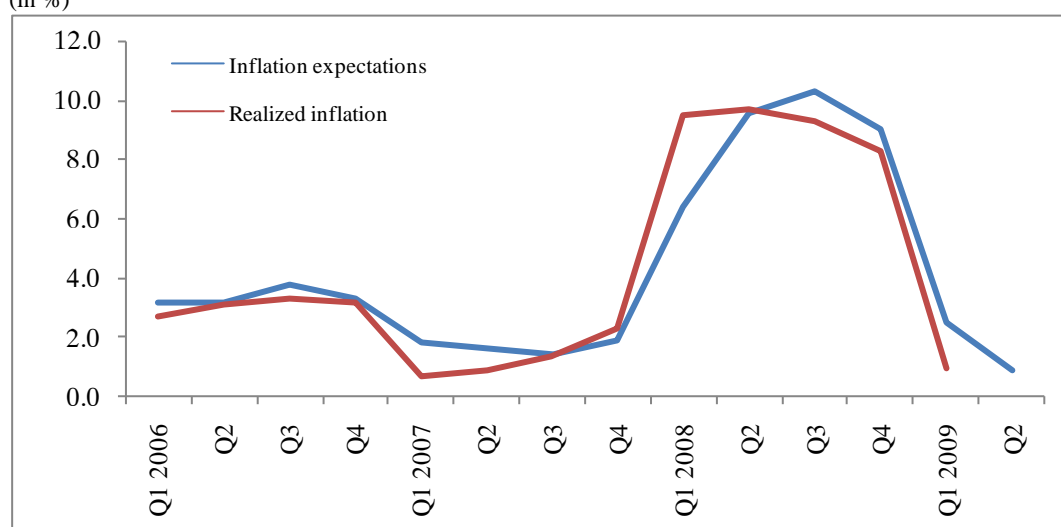
Source: NBRM, Inflation expectations survey.

² The survey had response of 67%, i.e. 49 of the 73 surveyed responded. Observed by entities, the banks registered highest respond (86%), followed by the enterprises (66%), and the economic analysts gave lowest response (62%).

Regarding the whole 2009, most of the surveyed (41%) consider that the average inflation rate **will be higher than the average for the period January-April (0.6%)**, 25% consider that it will be lower, 22% - that it shall keep the current level, and 12% - that it is hard to determine. The most of the surveyed in all groups consider that the inflation will grow up. Thus, 1/2 of the **analysts** consider that the inflation will increase, 1/4 - that it will decrease, 1/8 - that it will maintain the current level and 1/8 - that it is hard to determine. Two thirds of the **banks** consider that the inflation will grow up till the end of the year, relative to the average of January-April, 1/6 consider that it will reduce, and 1/6 that it will remain unchanged. Most of the **enterprises** consider that the inflation for whole 2009 will be higher than the average for the first 2 months (34%), 26% consider that it will be lower, 26 - that it shall remain unchanged, and 14% state that it is hard to be determined. Totally, the economic entities expect for the average inflation rate to equal 0.9% in 2009.

Figure 5

Expectations for the average inflation rate till the end of the year and realized average inflation in the current quarter
(in %)



Source: NBRM, Inflation expectations survey and SSO.

2. WAGES

In March 2009, the **average paid net wage** registered growth of 0.8% relative to the previous month, whereas the growth in the gross wage amounted to 0.6%. In conditions of monthly inflation of 0.3%, the net wage had a real growth of 0.5%, whereas the gross wage registered growth of 0.3%. The net wage in the agriculture and the industry was higher relative to February, by 0.5% and by 3.2%, while the services registered fall of 0.3%.

Relative to the March 2008, both, the net and the gross wage registered nominal growth of 27.2% and 17.1%³, respectively. However, the high growth rates were largely due to the change in the method of wage calculation, i.e. the fact that with the reform "gross wage" from January 2009, the wage includes also the payments that were not included previously. Thus, in the corrected wages⁴, the net wage

³ The lower growth rate of the gross wage was due to the lower contributions for pension and disability insurance, health insurance and employment in January 2009.

⁴ The correction was made by the Research Agency of NBRM, by assuming that the wage in January 2009 was same with the wage in December 2008, and than to this amount the monthly growth rates issued objaveni by SSO were added. Considering the historical monthly growth rates for

registered nominal annual growth of 12.6%, and the gross wage - of 12.1%. Considering the fact that the inflation in March equaled 0.2%, the real corrected net and gross wages grew up by 12.3% and 11.8%, respectively. In March, the cumulative nominal growth in the corrected net and gross wages amounted to 0.7% and 0.1%, respectively, relative to the end of the previous years, and it was most evident with the services, mainly in the health care and transport and communications, as well as with the energy and construction.

Figure 6
Annual growth rates in the wages and inflation*
(in %)



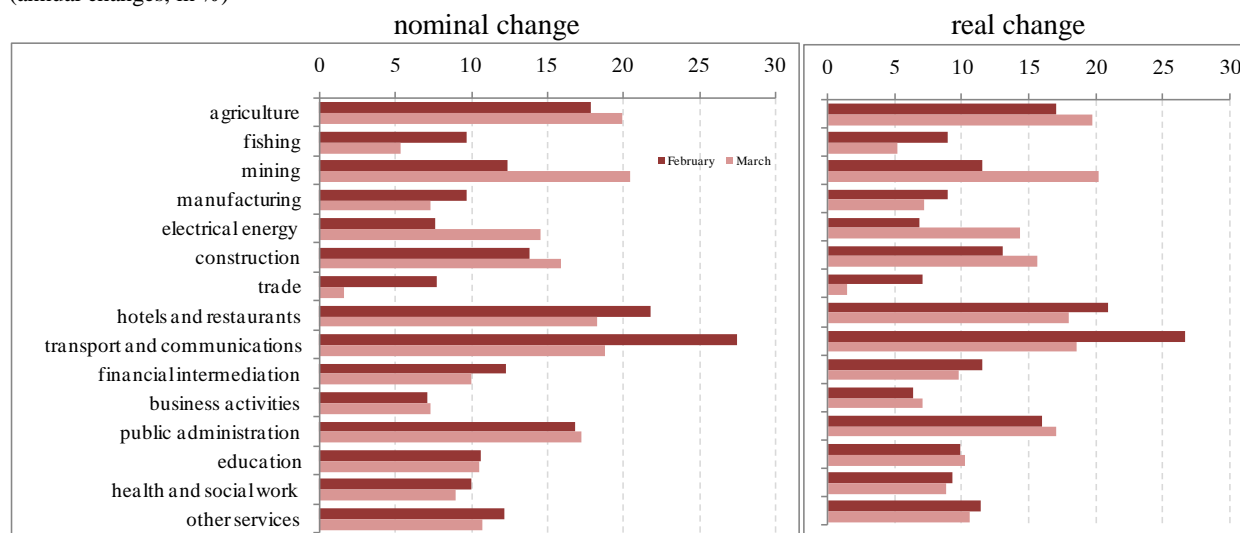
* Since January 2009, the corrected growth rates of NBRM are shown.

Source: State Statistical Office of the Republic of Macedonia.

Wage growth was registered in all three activities, on annual basis. Within the three activities, the wages in the agriculture, mining, catering services and the transport and communications registered highest growth. The wages in the trade, fishing and other business activities had the lowest growth.

January did not indicate the evident seasonal dynamics, as well as considering the fact that there was no considerable wage growth in January 2009, such approach was considered reasonable.

Figure 7
Average net wage by sectors*
(annual changes, in %)



* The corrected rate are showed.

Source: State Statistical Office of the Republic of Macedonia.

3. ECONOMIC ACTIVITY

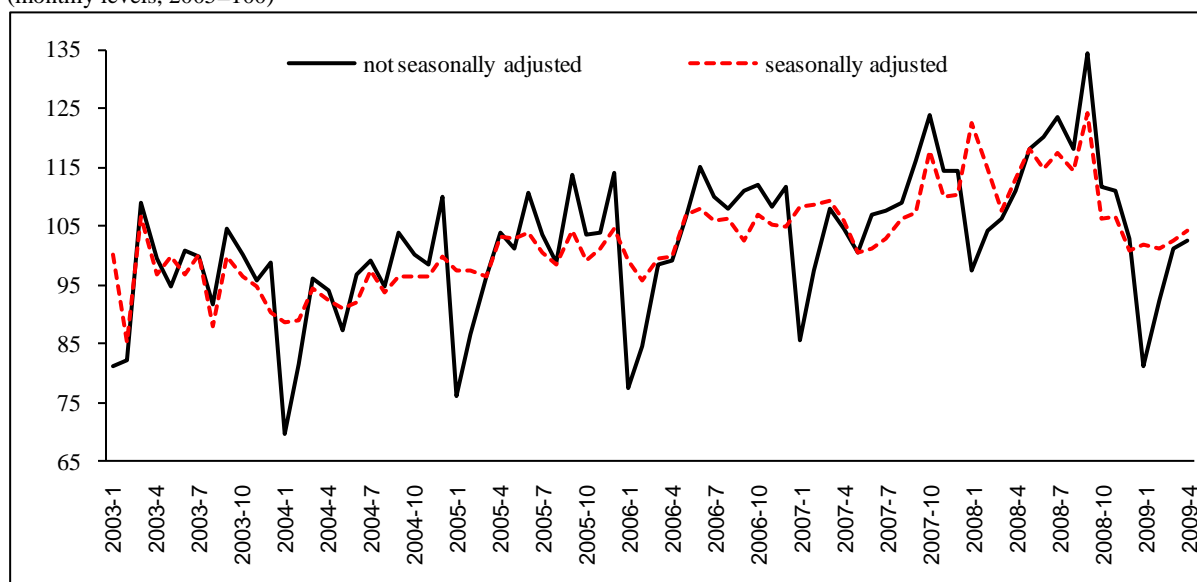
April is third month in a row since the beginning of the year showing positive monthly change rates in the volume of the industrial output, so the industrial output in April was higher by 1.3% relative to the one in March. Growth of 1.4% was registered also in the data adjusted for seasonal effects. However, relative to the same period of the previous year, the output is lower by 7.7%, which represented deepening in the fall in March (of 4.8%). Such trends show mainly the transfer effects from the global crises on the domestic economy. Regarding the expectations on the further deepening in the fall in the world economy, it is possible for the consequences for the Macedonian economy to become even deeper. Larger effects are anticipated especially in the labor intensive sectors, with higher international competition in the price segment. In the first 4 months of 2009, the cumulative drop in the industry amounted to 9.9%.

At the level of the total index, 15 of 24 segments (61.2% of the total industrial output) created annual drop in the index of 15.1%, so their effect exceeded the growth in the index of 7.4% with the rest nine segments. In April, the segments with negative performances registered higher participation in the index, as well as deeper negative effect, relative to March. In the same time, 58.6% of the positive effect resulted solely from the printing activity.

Analyzed by sectors, all three sectors registered annual fall in the industrial output in April. The drop in the *manufacturing sector* of 8.5%, which created 83.94% of the total industrial output, with everything else remaining unchanged, would cause drop in the industrial output of 7.3%, or 95% of the actual realized annual drop in the index. The sector *supply with electricity, gas and water*, despite the positive hydro balance in the country, registered fall of 0.3%, which was due to the lower output of the thermal power station. The drop in the *mining* of 8.2% was solely due to the lower mining, excavation of non-metal minerals and quarrying.

The intensive fall in the output of basic metals (of 47.9% in April on annual basis) remained the main reason for the higher annual drop in the output of the manufacturing sector. However, the other manufacturing activities registered negative tendencies, so in April, 13 of total 20 manufacturing sectors, or 56.6% of the manufacturing sector registered annual decrease in the output. Out of the manufacturing branches with higher participation in the index, despite the output of basic metals, the production of wearing apparel (28.3%) and the output of oil derivatives (14.4%) registered most considerable drop. The highest rates of annual drop were realized in the output of other means of transportation (i.e., part for rail vehicles, fall of 71.6%) and the output of motor vehicles and trailers (53.7%). On the other hand, the tobacco products (37.2%) and the printing (1.2 times) registered more significant growth.

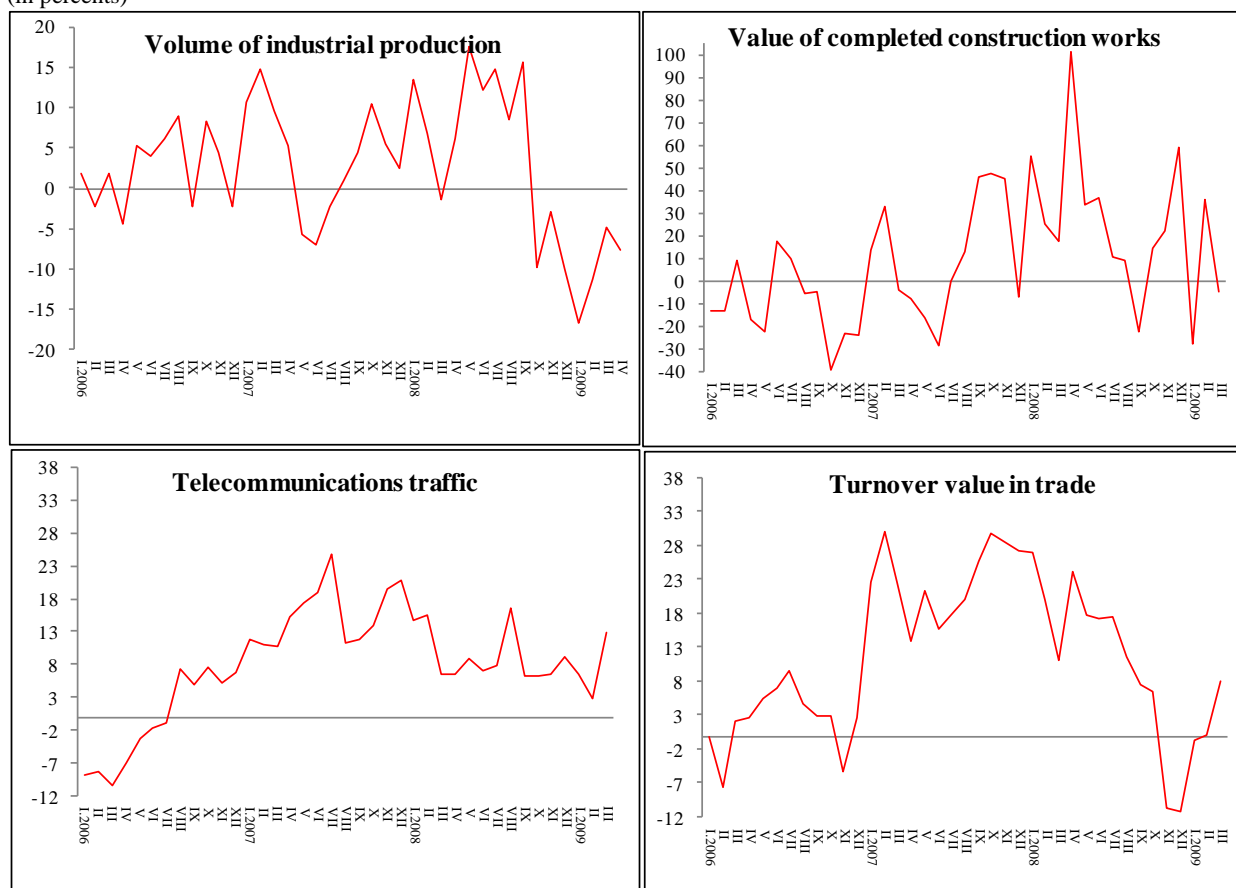
Figure 8
Index of the industrial output
(monthly levels, 2005=100)



Source: State Statistical Office and NBRM calculations.

In March 2009, on monthly basis, the turnover in the trade and the telecommunications registered positive developments (growth of 12.1% and 13.4%, respectively) whereas the performed construction activities registered monthly drop of 0.9%. According to the data adjusted for seasonal effects, the construction registered monthly drop of 32.3%, the trade had monthly fall of 1.9%, and the growth in the telecommunications amounted to 2.0%. Relative to **the previous year in March**, the turnover in the trade went up by 8.1%, the growth in the telephony amounted to 12.8%, while the construction activity went down (drop of 4.7%). Namely, in March the negative trend in the monthly decrease in the value of the retail trade and the wholesale stopped. **Total, in the first quarter** the trade and the telecommunications registered annual growth of 2.7% and 7.4%, respectively, while the construction remained at the same level as in the previous year.

Figure 9
Annual growth rates in individual economy sectors
(in percents)

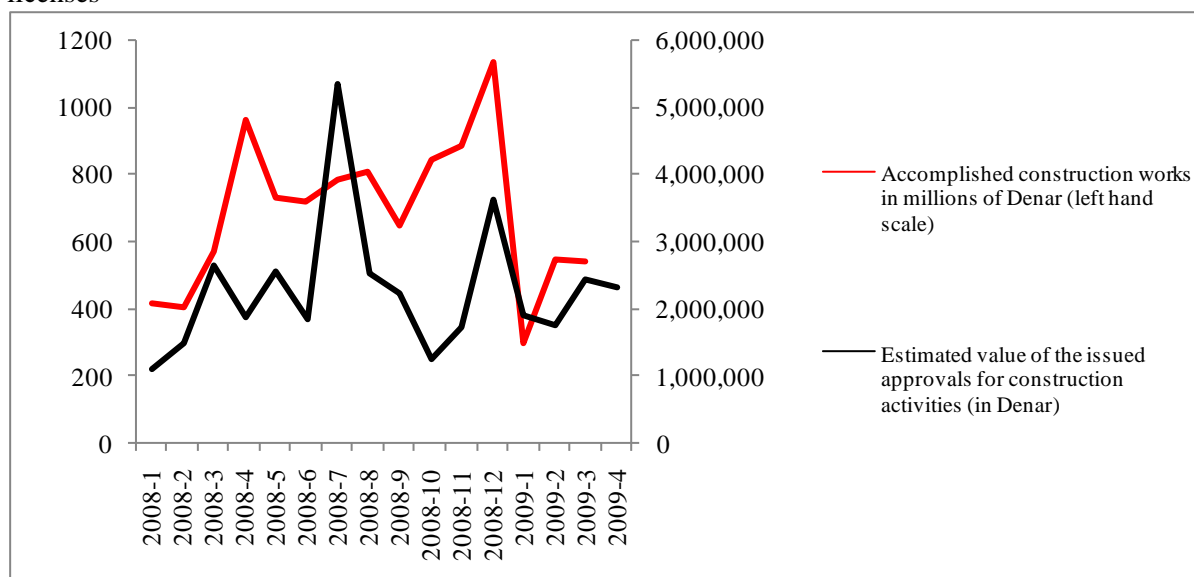


Source: State Statistical Office and NBRM calculations.

Considering the developments in the issued **construction licenses**, which in April 2009 were with higher value by 24.2% than the issued licenses in April 2008, growth can be expected in the construction activity in the following period.

Figure 10

Values of the performed construction licenses (millions of denars) and values of the issued construction licenses



Source: State Statistical Office.

The data on the development of **GDP in the countries of the Euro area** indicated deepening in the recession in this area. In the first quarter of 2009, the drop in the GDP in the Euro area was higher than the initially anticipated (-2.8% on annual basis, according to the projection of "Consensus Forecast"), which was mainly due to the especially difficult situation in Germany, the manufacturing industry of which is based on foreign demand. Consequently, in the first quarter of 2009, the GDP in the Euro area registered real annual and monthly fall of 4.6%, i.e. of 2.5%, respectively. According to the projection of "Consensus Forecast" in June, in 2009 real drop of GDP in the Euro area of 4.2% was anticipated, which represented significant downward revision of the projections from December 2008 (-0.9%), March (-2.6%) and April (-3.4%) and May (-3.7%).

4. BALANCE OF PAYMENTS

In the first quarter of 2009, the influence from the lower foreign effective demand on *the current account of the balance of payments* became evident through the worsening of its individual components. Namely, net outflows in the amount of Euro 340.8 million were registered, which are twice higher relative to the same period of the previous year. The considerably broadened negative trade gap, the lower net inflows from private transfers⁵ (within which the inflows based on foreign exchange operations were reduced by twice), as well as the negative income balance were the key factors for such deepening. If the realized negative balance on the current account is compared with April projection, it exceeds the projected level by Euro 55.6 million.

In this period the private transfers, which represented single surplus making category and which amounted to Euro 119 million, registered lower annual net inflows (by 29.1%), as a reflection of the net purchased assets that were decreased by twice. In March 2009, higher amount of the sold than the

⁵ The net private transfers in the assets, when compiling the balance of payments of the Republic of Macedonia were estimated on the basis of the data from the foreign exchange market for the net assets which pours into the banking system, because it is assumed that it mostly result from the inflows based on private transfers in cash through non-formal channel.

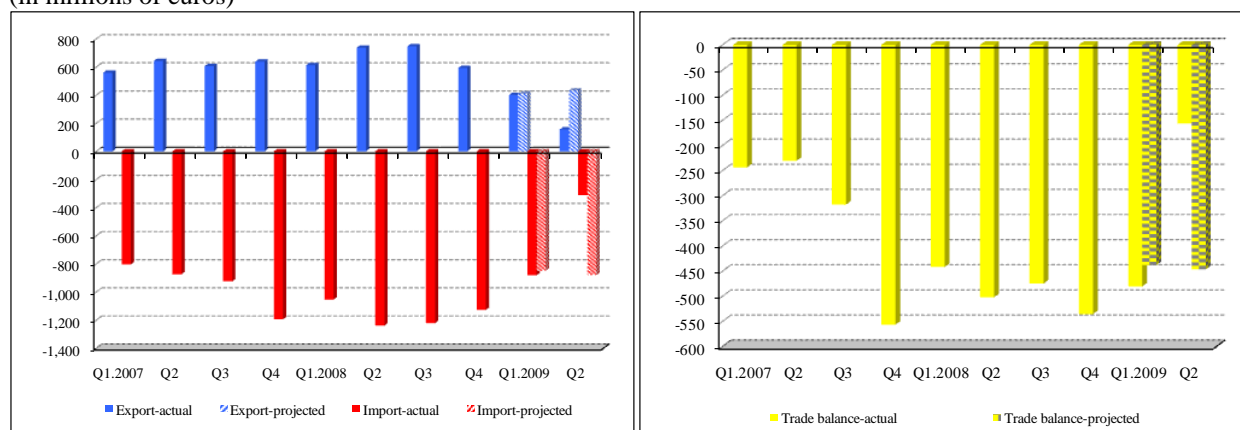
purchased assets was registered for the first time. After the net sale in March, in the following 2 months, the situation on the foreign exchange market improved. Namely, according to the latest data, the net purchase in May 2009 (Euro 58.3 million) was higher, both, on monthly and on annual basis (by 25.8% and 6.6%, respectively). On cumulative basis, in the first 5 months of 2009, the net inflows of the foreign exchange market still register annual drop rate (of 19.3%). Simultaneously, negative balance of Euro 23.8 million was evident on the side of the income (different from the net inflows in the first quarter of 2008). The outflows based on the paid dividends and paid interest on middle-term and short-term capital were the main reasons for the net outflows in the income. Also, deficit in the amount of Euro 2.3 million was realized in the services (relative to the deficit of Euro 0.8 million in the previous year), which resulted from the net outflows from investment operations, as well as the higher net outflows based on other services.

In the period January - March in 2009, the net inflows in the *capital and financial account* dropped by 59.3% relative to the same period of the previous year amounting to Euro 72 million. Most of the net inflows in this period pertain to the trade credits and direct investments, and as a result of their realized amounts which were higher than the envisaged with the April projection, the net inflows in the capital and financial account exceeded the projection by Euro 35.7 million. The direct investments, within which the capital net-investments dominated (90%), amounted to Euro 55.1 million and they were lower by 57.6% on annual basis, which reflected to the global restraint from investing. On the other hand, net inflows were registered on the basis of currencies and deposits, loans and portfolio investments. Thus, the currencies and the deposits characterizes with net outflows in the amount of Euro 21.3 million (relative to the net inflows of Euro 60.8 million in the first quarter of 2008), mainly as a reflection of the changes in the banks reactions, i.e. the preferences for rise in the foreign currency assets, which resulted in growth in the net foreign currency assets of the domestic banks with the foreign banks. The net outflows evident on the side of the loans (Euro 19.4 million) were due to the higher amount of the paid liabilities from the used assets. Simultaneously, the net outflows in the portfolio investments of Euro 19.1 million (out of which 56.4% realized in March 2009 only), were higher by 2.3 times on annual basis. Higher investing by the domestic investors abroad was registered (the largest part of which pertain to the investments of the pension funds), and in the same time the disinvesting by the foreign investors continued. Such continuous development were confirmed by the data from the Macedonian stock exchange, according to which in May 2009 the participation of the foreign investors on the side of the sale was higher relative to the participation on the side of the purchase of domestic securities.

The negative trend in the foreign trade was still evident, so in April 2009, *the foreign trade* reduced by 24% on annual basis, in conditions of continuous higher fall in the export than in the import of goods (annual fall rates of 32% and 19.2%, respectively). Thus, the export of goods in April 2009 amounted to Euro 155.4 million, so the lower export was mostly due to the lower export of iron and steel and products thereof (with contribution of almost 80%), followed by the lower export of oil derivatives and wearing apparel and textile (with contribution of 10.8% and 7.4%). These products registered decrease on the side of the import of goods as well, which in April 2009 amounted to Euro 311.5 million. Namely, the lower import of iron and steel and energy sources gave contribution to the negative annual change in the import of 41.6% and 28.8%, and the import of vehicles registered decline as well (contribution of 10.5%). However, in absolute amounts, the import registered higher drop than the export, thus the trade deficit registering small fall of 0.6% on annual basis.

Figure 11

Export, import of goods and trade balance (realized and projected in April 2009*
(in millions of euros)



* The performances for the second quarter of 2009 pertain to April 2009 only.
Source: NBRM.

Relative to the projection for the second quarter of 2009, the realized trade deficit in April 2009 of Euro 156.1 million was within the projection, together with the export and the import. Within the export, the oil derivatives registered higher deviation which was evident on the side of the import as well, considering the fact that the projected quantities of import of oil and oil derivatives are lower than the realized quantities. Considering the deviation with the quantities, as well as the constant growth in the oil price on the international stock exchanges, which already exceeded the envisaged price for the second quarter (USA Dollar 53 per barrel), exceeding of the projection can be expected, so its upward correction would be required, both, in the import and in the export. Despite the deviations with the energy, higher deviations on the side of the import were registered with the iron and steel processing and other processing, indicating the possibility for anticipated higher export with these categories.

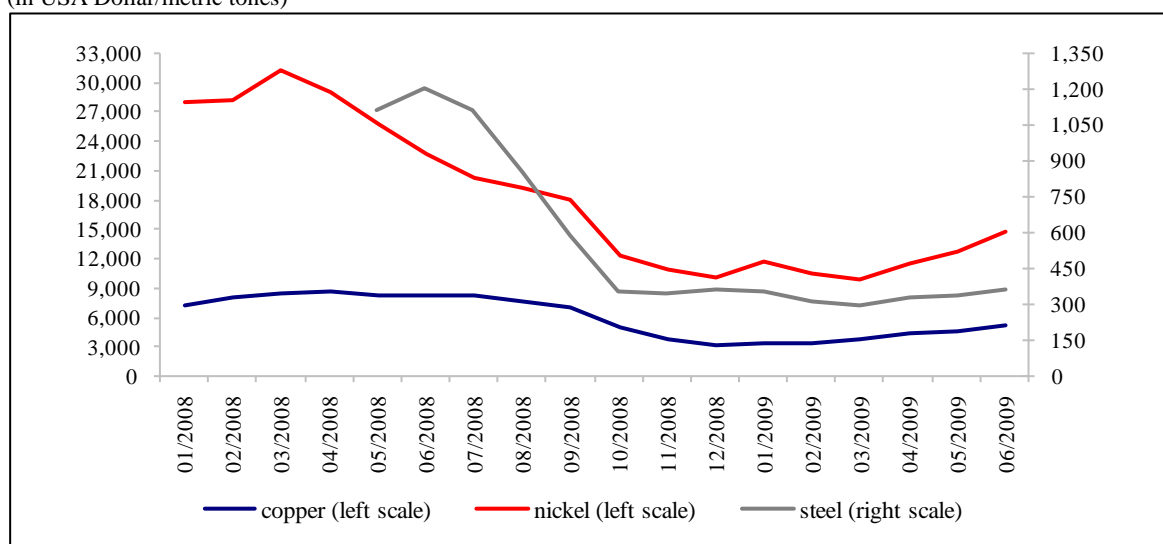
On cumulative basis, in the period January-April 2009, the realized export amounted to Euro 556.6 million and on annual basis it registered fall of 33.8%, considering the lower output and the negative world conjuncture (lower prices of metals and oil, as well as lower economic activity with the trade partners). The most intensive negative effects reflected on the metal industry, so the export of iron and steel and products thereof registered fall rate of almost 60%, or contribution of 65.3%. The lower export of oil derivatives significantly contributed to the lower export of goods (contribution of 10%), in conditions of lower demand and lower prices relative to the same period, as well as the lower export of ores and of wearing apparel and textile (contribution of 7.8% and 7%, respectively). The import dependence of the export resulted in an adequate reaction on the side of the import, but with lower intensity. Namely, in the first four months of 2009, import in the amount of Euro 1.193,1 million was realized, which represented annual decrease by 17.1%. Both, on the side of the export and on the side of the import, the largest contribution to the negative developments was due to the lower import of energy sources, of iron and steel and products thereof and of vehicles, the contribution of which amounted to 48.9%, 35.7% and 8.6%, respectively. The lower import of energy resulted from the lower prices of the oil and oil derivatives, on one hand, and from the lower quantity of the imported electricity by lower prices than in the previous year, as a result to the reduced operation of the domestic producing quantities and the improved hydro potential in the country. On the other hand, the import of electrical machines and equipment was slightly increased relative to the same period of the previous year, which represented positive signal.

Considering the dynamics of the export and the import, the trade deficit in the first 4 months of 2009 equaled Euro 636.5 million and it deepened by 6.3% relative to the same period of 2008, whereas

the export-import coverage ratio amounted to 46.7%, reducing by 11.7 percentage points. With respect to the economic purpose, the balance of industrial procurement mostly contributed to the increased trade deficit, which was due to the lower surplus of iron and steel and products thereof (higher drop on the side of the export relative to the import). The transportation equipment and the consumption goods registered worsening in the balance, within which part of the wearing apparel and textile is included which also registered surplus drop (lower export). Opposite to this, the energy sources registered small fall in the trade deficit, considering the higher fall on the side of the import.

In May 2009, as a result to the expectations for revitalization of the demand, the prices of metals continued the positive developments, thus positioning on the higher levels relative to the previous month, but growing with lower monthly rate. More specifically, the price of the nickel, as important export factor, considerably rose (by 11.7%), and the prices of copper and steel registered growth as well (by 3.1% and 3.9%, respectively). Further on, in the first half of June, the prices of the stated metals registered more intensive monthly growth.

Figure 12
Prices of metals
(in USA Dollar/metric tones)



Source: Bloomberg.

5. MONETARY AGGREGATES

In May 2009, **the reserve money**⁶ registered annual fall rate of 0.6% (relative to the growth of 1.8% in the previous months), in conditions of annual growth in the total liquid assets of banks (by 6.2%), when the currency in circulation⁷ dropped by 6.9%. On monthly basis, the reserve money went down by 3.1%, as a result of the simultaneous drop in the liquid assets by 4.5%, and the currency in circulation by 1.4%.

Analyzed with respect to the **flows of creating and withdrawing of liquidity**, the foreign currency transactions of NBRM acted towards reserve money withdrawal in May 2009, considering the

⁶ Includes the currency in circulation (including the cash in the banks' vault), the reserve requirements in denars and in foreign currencies and the excess of liquid assets above the reserve requirements (in denars). Excluding the foreign currency reserve requirements, the reserve money in May 2009 were lower by 9.6%.

⁷ Includes the cash in the banks' vaults.

fact that the NBRM realized net sale of foreign assets on the foreign exchange market again, although with considerable lower volume (by 6.3%) relative to the previous month. In the same time, the monetary instruments were acting towards creating liquidity mainly through the auctions of CB bills, so in May, the net effect from the monetary instruments (CB bills, reserve requirement with NBRM and foreign currency deposit with NBRM) and the interventions on the foreign exchange market, was liquidity withdrawal of Denar 1.429 million. The net position of the Government with the NBRM gave an additional effect for compensating the withdrawn liquidity. Namely, the Government deposits with the NBRM represented the main source of funding the budget deficit.

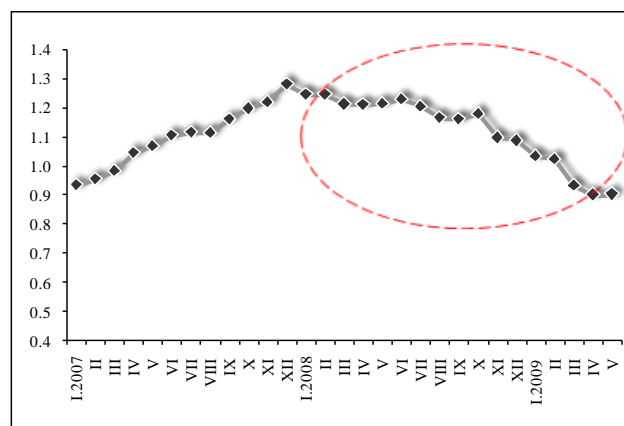
On cumulative basis (January-May 2009), the foreign currency transactions of NBRM acted towards reserve money withdrawal. About 68% of such withdrawn liquidity was compensated through the monetary instruments and the net position of the Government with NBRM, but still as a result of the high demand for foreign currencies on the market in this period, fall in the reserve money was registered on cumulative basis.

In May, the total banks' deposit potential (with demand deposits included)⁸ registered fall on monthly basis of 0.8% (relative to the growth of 1.1% in the previous month), which was mainly due to the drop in the foreign currency deposits (with contribution of 65% to the fall in the total deposits), when simultaneous decline in the Denar deposits was registered. Thus, on monthly basis, the Denar deposits registered fall of 0.6%, while the foreign currency deposits stopped their constant upward trend which lasted for several months and in May they realized monthly fall of 1%.

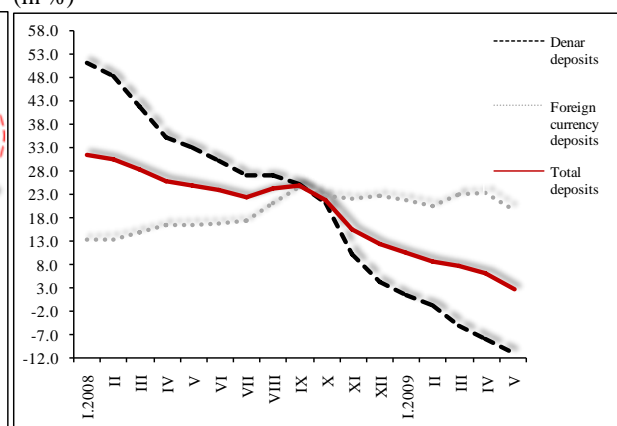
In April, the household deposits⁹ (with demand deposits included) went up by 0.2% (2.3% in the previous month). During the month, the new household deposits were fully foreign currency denominated (growth of 1.3%), with monthly drop in the Denar deposits by 1.9% being registered. The total deposits of enterprises (with demand deposits included) realized considerable fall on monthly basis of 3.6%, relative to the more moderate drop of 0.9% in the previous months. In the same time, decline in the foreign currency deposits of the enterprises was registered by 11.3% (relative to the growth of 0.5% in April), which was due to the converting the foreign currency deposit into Denar by one company for payment of dividend. On the other hand, after the fall in the Denar deposits in the last month, their moderate rise of 0.1% was registered in May.

Figure 13

Correlation Denar - foreign currency deposits



Annual growth rates of the total deposits (in %)



Source: National Bank of the Republic of Macedonia.

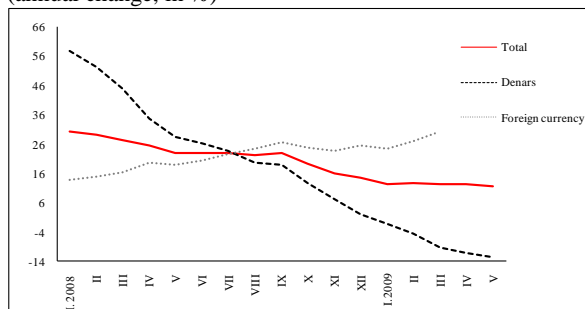
⁸ Since January 2009, the deposits include the accrued interest as well.

⁹ Pertains to the natural persons and self employed professionals.

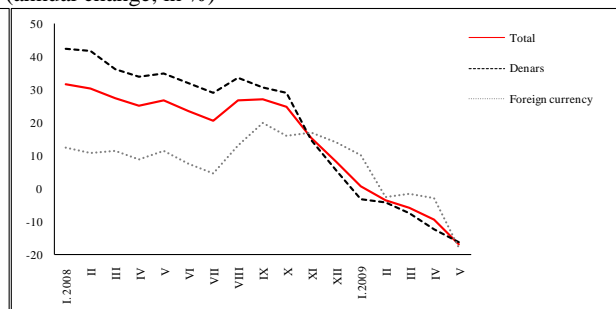
On annual basis (May 2009 / May 2008), the total deposits with the banks (with the demand deposits) registered lowest level of annual growth of 2.9% (6.3% in the previous month), reflecting the slowing down in the annual growth in the foreign currency deposits of 19.7%, relative to 23.6% in April 2009, with further drop in the Denar deposits being registered. The Denar deposits continued to fall more intensively on annual basis, so in May 2009 they were lower by 10.8%, relative to the same month of the previous year (fall of 8%). With respect to the sector structure, the downward trend of the annual growth in the deposits of households continued, so in May 2009 it amounted to 11.8% (12.4% in the previous month), while the deposits of enterprises (private and publically owned)¹⁰ registered annual fall of 16.8% (relative to the registered annual drop of 9.5% in April 2009), which was mostly due to the outflow from the accounts of the enterprises based on payment of dividend by one larger company to the Government.

Figure 14

Deposits of households
(annual change, in %)



Deposits of enterprises
(annual change, in %)



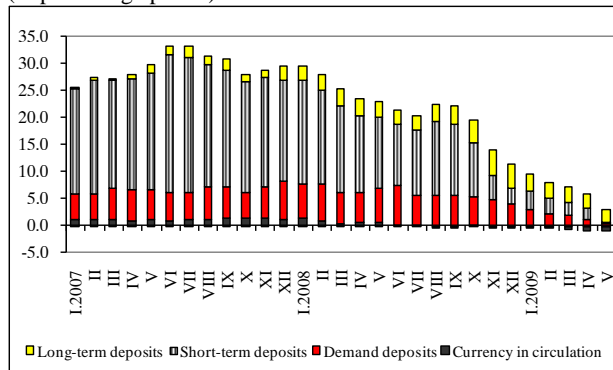
Source: National Bank of the Republic of Macedonia.

The performances in the total deposits, as well as the payment of a dividend of one company to the Government adequately resulted in lower dynamics of the **broadest money supply M4¹¹**, which in May 2009 went up by 2% on annual basis (relative to 5.1% in the previous month). Annual growth rate of the money supply of 2.4% was projected for the end of the second quarter of 2009.

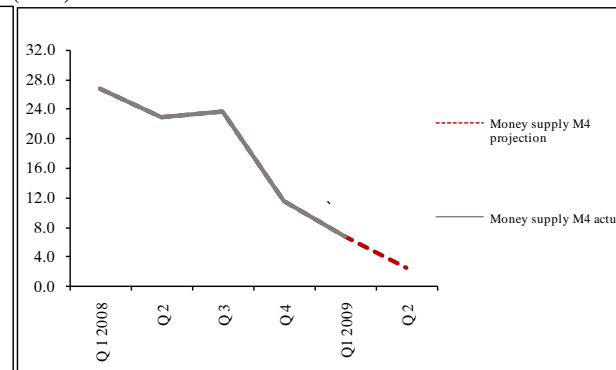
Figure 15

Money supply M4

Contribution to the annual growth
(in percentage points)



Annual growth rates
(in %)



¹⁰ The deposits of enterprises from the private sector are lower by 15.4% on annual basis.

¹¹ The analysis pertains to the money supply M4 with the accrued interest being included.

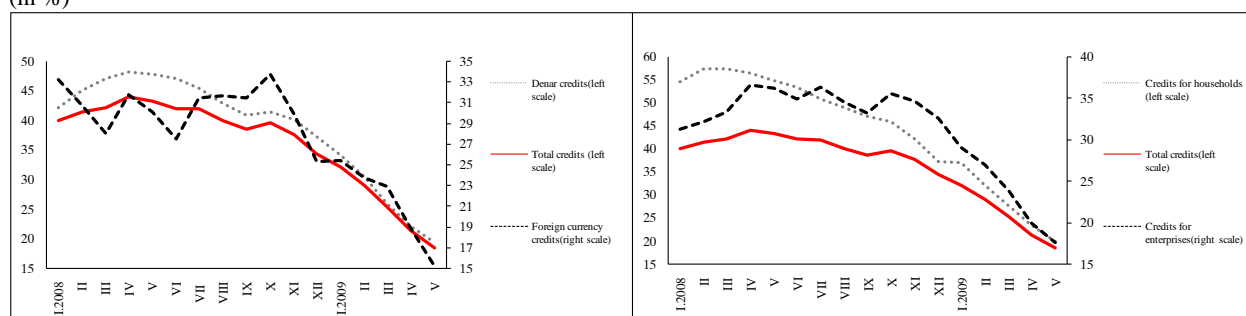
6. BANK CREDITS

The developments of the credits in May 2009 indicated to drop in the credit activity of the banks on monthly basis. Namely, after a longer period, **the total bank credits to the private sector** reduced by Denar 497 million in May, i.e. 0.3% relative to the previous month. The registered fall resulted solely from the lower foreign currency crediting (by 1.7% on monthly basis), in conditions of moderate monthly rise in the Denar component¹² (by 0.1%). Within the Denar credits, the growth in the disputed and contested claims was the main generator of the monthly increase, in conditions when the Denar credits without FX clause reduced by 1.1%, while the credits with FX clause, after the intensified growth of 6.3% in the last month, maintained the level of April. With respect to the maturity¹³, the short-term credits registered change in the trend characteristic for the last few months, and opposite to the positive growth rates in the last few months, they reduced by 1.7% in May, on monthly basis. In the same time, the long-term credits registered fall of 0.5% (0.7% in April).

In May 2009, the monthly developments in the bank placements with respect to the individual sectors were fully acting towards crediting of households, which realized growth of 0.4% on monthly basis (relative to the growth of 0.1% in April 2009). Simultaneously, the corporate credits dropped by 0.7% (relative to the growth of 0.4% in April on monthly basis).

Figure 16

Annual growth rates in the credit to the private sector by the currency and sector structure (in %)



On annual basis, the credit growth maintained the constant downward trend and it reduced to 18.5% in May 2009 (May 2009 / May 2008), relative to 21.4% in April. With respect to the currency, the growth in the foreign currency credits slowed down to the level of 15.2% (relative to 18.9% in April), and the Denar placements grew up with growth rate of 19.4% (relative to 22.1% in April 2009). Most of the credits were still placed in denars, so in May 2009 the Denar credits contributed with 81.3% to the growth in the total crediting of the domestic economy. Regarding the maturity analysis of the credits, the slowing down in the growth was more evident in the short-term credits, the growth rate of which went down to 18.8% (relative to 22.8% in April), whereas the growth rate of the long-term credits amounted to 15.6% (18.9% in April).

With respect to the sectors, the crediting of the sector "households" and of the corporate sector had lower dynamics, so the banks placed most of the credits to the enterprises (contribution of 56.7% to the growth in the total credits). The crediting of the households registered annual growth of 19.8% (relative to 23.4% in April 2009), while the corporative crediting went up by 17.6% on annual basis (relative to 20% in April 2009). Relative to the projection for the second quarter of 2009, the realized credit growth rate in May was under the projected level by 1.3 percentage points, which indicated to the

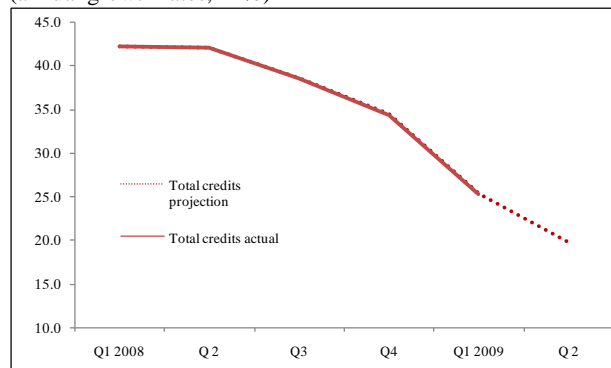
¹² Includes the Denar credits with FX clause.

¹³ The maturity analysis does not include the disputed and contested claims and the accrued interest.

possible more intensive slowing down in the credit activity relative to the planned one (according to the projection, the credit growth at the end of the second quarter was estimated to equal to 19.8%.

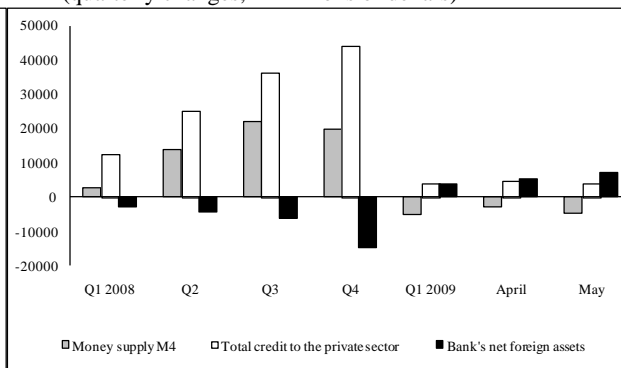
Figure 17

Credits to the private sector
(annual growth rates, in %)



Sources of financing

(quarterly changes, in millions of denars)*



* The realization for the individual quarters of 2008 are cumulative changes relative to the end of 2007, while the performances for the first quarter, April and May 2009 are cumulative changes relative to the end of 2008.

Source: National Bank of the Republic of Macedonia.

In May 2009, the stock of the **net foreign assets of banks** grew up by Denar 1.835 million, or 33.8% relative to April 2009. Such growth in the net foreign assets was realized in conditions of more intensive growth in the foreign currency assets of Denar 2.239 million, or by 7.6%, relative to the foreign currency liabilities, which rose by Denar 404 million, or 1.7%. Relative to the end of 2008, the net foreign assets rose by Denar 7.229 million (or by 269 times).

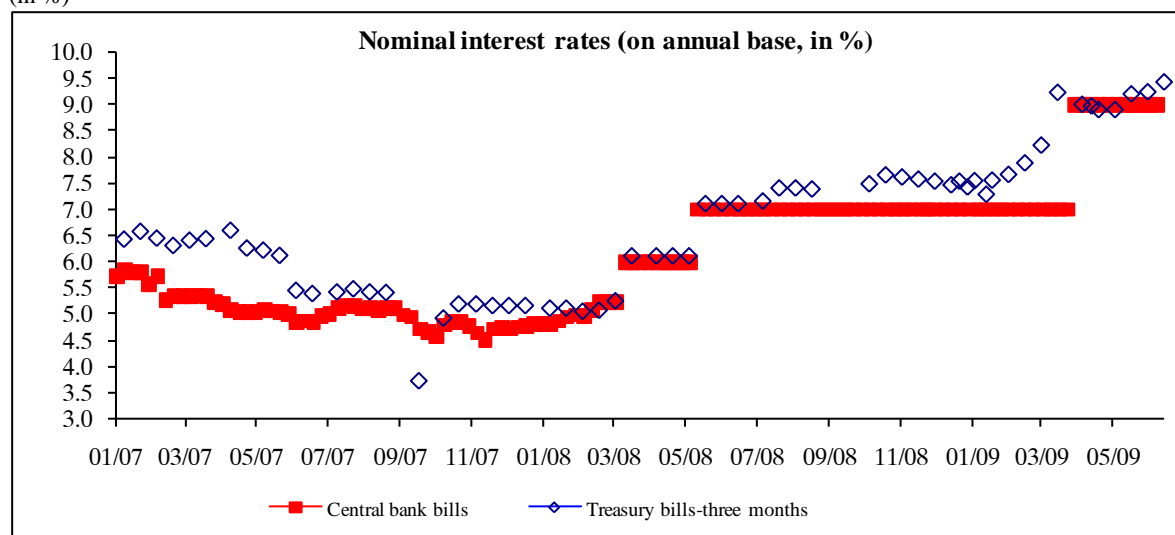
7. INTEREST RATES AND FOREIGN EXCHANGE RATE

On the last three **auctions of CB bills** (on June 3, 2009, on June 10, 2009 and on June 17, 2009), with volume tender and fixed interest rate of 9%, liquidity in amount of Denar 1.499 million was withdrawn. As of May 31, 2009, the gross foreign reserves equaled Euro 1.166,8 million and they were lower by Euro 328,1 million relative to the end of 2008.

Within the analyzed period, two **auction of three month Treasury bills** were held (on June 2, 2009 and on June 16, 2009) with interest rate tender, with interest rate of 9.24% and 9.43% being realized. Simultaneously, on June 2, 2009, **an auction of six month Treasury bills** was held when in conditions of higher supply than the demand, interest rate of 8.99% was realized. On June 16, 2009, the Ministry of Finance, for the first time, conducted an auction of three-month and twelve-month Treasury bills with FX clause in conditions of higher demand than the supply with volume tender and fixed interest rates of 5.25% (three-month) and 7% (twelve-month).

In the period 01-18.06.2009, **the average interbank interest rate** in the bilateral trading of banks (up to one day) amounted to 6.2%, on average (6.3% in May 2009). In the period from June 1 to June 18, 2009, the average interbank interest rate for selling deposits **SKIBOR** amounted to 6.27% (over night), 7.28% (one week), 9.13% (one month) and 9.52% (three months). In the same time, the average interbank interest rate **MKDONIA** amounted to 6.19% in the analyzed period (relative to 6.27% in May 2009).

Figure 18
Interest rates
(in %)



Source: National Bank of the Republic of Macedonia.

In the area of the **banks' interest policy**, in April 2009 the average weighted interest rate on Denar credits maintained the level of the previous months, equaling 9.9%, while the average weighted interest rate on Denar deposits registered growth of 0.1 percentage point, amounting to 6.7%. Within the **household** sector, with the lending interest rates, the interest rate of the short-term credits with and without FX clause registered growth by 0.4 and 0.3 percentage points, respectively. With respect to the deposit interest rate, the long-term time deposits without FX clause registered monthly increase of 0.5 percentage points. With the **corporate** sector, within the lending interest rates, the interest rate of the short-term credits with FX clause registered monthly growth of 0.5 percentage points. Within the deposit interest rates, the deposits with FX clause, the interest rates of which registered moderate monthly fall, registered considerable change. **Within the deposit interest rates**, the interest rate of the foreign currency credits and foreign currency deposits maintained the same level of the previous month and they amounted to 7.4% and 3.2%, respectively.

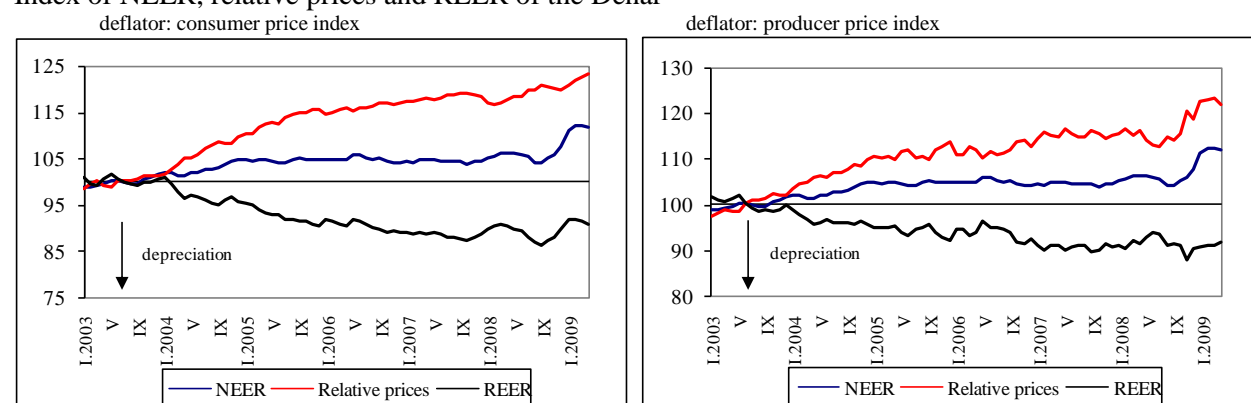
In direction of complying with the restrictive interest rate policy of the National Bank, part of the banks increased the interest rates of their products, which contributed to deviation of the interest rates of the newly extended credits and newly received deposits. Thus, the interest rate of **the newly extended credits** rose by 0.5 percentage points, equaling 10.2%, while the interest rate of **the newly received deposits** maintained the level registered in the previous months, amounting to 4.6%. The interest rate of **the foreign currency newly extended credits** in April registered growth by 0.9 percentage points, thus equaling 7.9%, while the interest rate of **the foreign currency newly received deposits** reduced by 0.5 percentage points, thus amounting to 1.4%.

The analysis of the **Denar interest rates by groups of banks**, showed that the Denar lending interest rates maintained the level of the previous month, equaling to 9.2% (large banks), 11.2% (medium size banks) and 10.5% (small size banks). The deposit interest rate registered increase in the large and the medium-size banks by 0.1 and 0.2 percentage points, respectively, equaling 6.9% and 6.4%, respectively. Namely, the Denar lending interest rate with the small-size banks dropped to 4.7% (from 5.9% in the previous months). Within the **foreign currency interest rates**, the group of **large banks** registered growth of 0.1 percentage point, equaling 7.2%, while the medium-size and the small-size banks did not register monthly change, so their interest rates amounted to 8% and 9%. Within the lending foreign currency interest rates, the interest rates of the large and the small-size banks amounted

to 3.2% and 1.9%, respectively (same as in the previous months), while of the medium-size banks it registered growth by 0.1 percentage point and it amounted to 3.5%.

Figure 19

Index of NEER, relative prices and REER of the Denar *



*The mark for the depreciation of REER and NEER. In the relative prices, the upward trend is in favor of the depreciation of REER (and reverse).

Source: NBRM, IMF-IFS for December 2008 and SSO of the Republic of Macedonia.

For those countries for which there are no IFS data, the information are from the web sites of the adequate central banks, statistical offices and EUROSTAT.

With the index of the **real effective exchange rate of the Denar**, deflated with the consumer price index, intensification in the monthly depreciation was registered, which started in February this year, thus equaling 1%, in April 2009 relative to 0.3% in the previous month. Such developments resulted mostly from the growth in the relative price index (growth in the foreign and drop in the domestic prices), as well as in the monthly depreciation of the NEER (of 0.3%). On annual and on cumulative basis, despite the growth in the relative prices, REER of the Denar appreciated (by 0.5% and 1.3%, respectively), which was due to the appreciation of the NEER. On the other hand, in April 2009 REER of the Denar calculated by the producer price index showed appreciation of 0.8%, which resulted from the decline in the relative prices (higher growth in the domestic relative to the foreign prices), in conditions of small depreciation of the NEER. However, REER by the producer price index, on annual basis, registered small appreciation of 0.3%, as a result of the significantly lower influence from the appreciation of the NEER, which resulted from the more considerable drop in the domestic relative to the foreign prices. On cumulative basis, the REDK depreciated by 0.1%, as a result of the rise in the relative prices, the effect of which was totally neutralized by the appreciation of the NEER.

ANNEX

Table 1
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	<u>V.2009</u> IV.2009	<u>V.2009</u> V.2008	<u>I-V.2009</u> I-V.2008	<u>V.2009</u> IV.2009	<u>V.2009</u> V.2008	<u>I-V.2009</u> I-V.2008
Total	1.0	0.4	0.5	1.0	0.4	0.5
Food	2.3	1.3	0.5	0.9	0.5	0.2
Grain products	-0.9	1.4	4.2	-0.1	0.1	0.4
Fresh and processed vegetables	14.3	21.7	-0.3	0.8	1.3	0.0
Fresh and processed fruits	5.6	-16.5	-13.0	0.2	-0.5	-0.4
Meat and poultry	-0.1	9.7	9.3	0.0	0.7	0.7
Fresh and cooked fish	-0.4	13.6	14.7	0.0	0.1	0.1
Dairy products	-0.8	-10.1	-4.0	0.0	-0.6	-0.3
Eggs	-3.8	1.0	8.2	-0.1	0.0	0.1
Oils and fats	-2.3	-29.3	-22.6	-0.1	-0.7	-0.6
Tobacco and beverages	0.4	4.3	4.4	0.0	0.2	0.2
Clothing and footwear	0.0	-1.5	0.6	0.0	-0.1	0.0
Housing	0.0	6.8	7.1	0.0	1.0	1.1
Flat (rent, water and other services)	0.5	2.6	3.3	0.0	0.1	0.1
Fuel and lighting	-0.1	9.8	9.8	0.0	0.9	0.9
Heating and services	-0.3	3.8	3.9	0.0	0.1	0.1
Electric power	0.0	13.1	13.1	0.0	0.7	0.7
Hygiene and health	0.5	3.0	2.3	0.0	0.2	0.2
Culture and entertainment	0.1	-1.7	-1.9	0.0	-0.1	-0.1
Transport and communication services	0.2	-11.0	-9.6	0.0	-1.5	-1.3
Fuels and lubricants	1.4	-27.6	-26.6	0.1	-1.1	-1.1
Public transport services & PTT	0.3	-0.2	0.4	0.0	0.0	0.0
Restaurants and hotels	-0.2	3.0	4.4	0.0	0.2	0.2
Other services n.e.c.	-0.3	-8.8	-7.8	0.0	0.0	0.0

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

(annual rates, %)	2007	2008	2007				2008				2009	Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Mar-09	Apr-09	May-09
Inflation (CPI)	2.3	8.3	0.7	1.1	2.4	4.9	9.5	9.9	8.4	5.5	1.0	0.2	-0.5	0.4
Core inflation (excluding food and energy)	0.6	2.6	-0.2	0.5	1.1	1.2	2.9	2.8	2.5	2.2	1.5	1.0	0.5	0.4
Regulated prices	3.3	9.3	4.2	3.0	2.0	4.1	7.4	9.2	12.5	8.3	-1.6	-1.7	-1.2	-1.9
Industrial producer prices	2.5	10.3	1.0	1.2	1.6	4.1	10.5	13.6	15.1	2.1	-6.2	-7.6	-7.1	-9.3
Productivity	2.3	1.8	2.3	0.7	1.2	4.9	1.7	3.6	2.1	-0.1	-	-	-	-
Nominal net-wage	7.9	10.4	5.7	6.4	7.5	11.8	10.5	9.9	10.7	10.3	27.4	27.2	-	-
Real net-wage	5.5	1.9	5.0	5.3	5.0	6.6	0.9	0.0	2.1	4.5	26.3	26.9	-	-

Source: State Statistical Office of the Republic of Macedonia and NBRM.

Table 3
Industrial output and other economic activities

(annual rates, %)	2007	2008	2007				2008				2009	Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Feb-09	Mar-09	Apr-09
Gross domestic product	5.9	5.0	6.1	4.8	5.2	7.3	5.6	6.7	5.8	2.1	-	-	-	-
Industrial output	3.7	5.5	11.6	-2.8	1.1	6.2	5.8	12.0	13.0	-7.7	-10.8	-11.3	-4.8	-7.3
Construction	7.6	25.6	9.4	-18.6	18.0	23.3	29.1	55.7	-2.0	31.5	-	35.8	-4.7	-
Retail and wholesale trade	23.1	10.5	25.1	17.2	21.2	28.6	19.1	19.8	12.4	-0.5	-	0.2	8.1	-
Telecommunications	15.6	8.9	11.1	17.1	15.9	18.1	12.1	7.4	10.1	6.4	-	2.9	12.8	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2008	2008				2009	anp.09	
				Q1	Q2	Q3	Q4	Q1	change, %	contribution, p.p.
Mining and quarrying	28.0	9.8	0.4	11.9	13.6	3.4	11.2	-12.6	-8.2	-0.4
Manufacture of food products and beverages	0.1	7.7	1.2	5.3	6.0	6.1	11.9	-2.5	1.1	0.2
Manufacture of tobacco products	5.5	-0.8	0.1	13.8	15.4	1.0	-18.1	-2.1	37.2	1.9
Manufacture of wearing apparel	-3.7	-14.5	-2.0	-16.5	-22.7	-23.4	-18.8	-23.7	-22.1	-1.5
Printing	-17.9	-12.2	1.6	7.8	72.2	68.4	85.3	2.6 times	1.2 times	4.3
Manufacture of refined petroleum products	12.3	-2.4	0.1	3.3	50.9	1.1	-30.9	9.2	-14.4	-0.6
Manufacture of other non-metallic mineral products	14.0	3.8	-0.3	-10.9	-3.2	-9.9	15.0	-17.0	-1.9	-0.2
Manufacture of basic metals	11.8	34.3	-1.0	9.5	15.7	-3.3	-45.7	-61.6	-47.9	-8.1
Manufacture of fabricated metal products	5.7	45.6	2.6	29.7	11.8	3 pati	-22.0	35.0	-12.4	-0.5
Manufacture of electrical machinery and equipment	3.7	-24.4	0.6	45.6	64.9	32.4	-10.6	1.0	2.4	0.1
Manufacture of other transport equipment	-6.9	33.4	-0.3	9.8	143.1	-47.9	-70.6	-60.5	-71.6	-1.0
Recycling	12.8	-35.6	0.5	105.6	262.2	12.5 times	-34.9	-74.2	-20.6	-0.3
Electricity, gas, steam and hot water supply	-0.6	-9.5	-0.3	-0.8	1.9	1.9	-12.2	-1.6	-0.2	0.0

Source: State Statistical Office of the Republic of Macedonia.

Table 5
Balance of payments ^{/1,3}
(in millions of euros)

	2008												2008				2008	2009			
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Q1	Q2	Q3	Q4		I	II	III	2009
I. Current Account	-30.3	-71.1	-71.7	-62.0	-47.2	-101.0	-34.3	-14.4	-18.3	-93.8	-188.4	-118.8	-173.0	-210.1	-67.0	-401.0	-851.2	-104.0	-87.0	-149.8	-340.8
GOODS, net	-115.1	-131.3	-124.6	-139.9	-140.6	-179.9	-164.4	-142.2	-109.6	-175.9	-161.2	-152.0	-371.0	-460.3	-416.2	-489.1	-1,736.7	-142.2	-151.1	-150.8	-444.1
Exports, f.o.b.	181.7	214.9	214.9	228.0	259.3	248.5	274.9	227.6	242.7	228.8	190.9	171.9	611.6	735.8	745.2	591.6	2,684.2	113.7	136.7	149.9	400.3
Imports, f.o.b. /2	-296.8	-346.2	-339.5	-367.9	-399.9	-428.3	-439.3	-369.8	-352.3	-404.8	-352.1	-323.9	-982.6	-1,196.1	-1,161.4	-1,080.7	-4,420.9	-255.9	-287.8	-300.7	-844.3
SERVICES, net	8.7	-5.6	-3.9	-2.7	-0.9	-5.3	4.4	11.1	12.8	-6.3	1.7	-14.0	-0.8	-8.9	28.3	-18.7	0.0	-1.8	3.1	-3.5	-2.3
INCOME, net /5	16.0	6.8	0.3	5.6	3.8	-9.4	5.9	2.9	-23.1	-0.8	-98.6	-2.9	23.2	0.0	-14.3	-102.3	-93.4	-2.1	2.2	-23.9	-23.8
o/w: interest, net	0.7	-1.8	-4.7	-3.2	-1.8	-6.8	-4.3	-2.2	-3.7	-5.8	-3.5	-9.2	-5.8	-11.7	-10.2	-18.5	-46.2	-8.2	-5.3	-8.1	-21.5
CURRENT TRANSFERS, net	60.1	58.9	56.5	74.9	90.5	93.6	119.9	113.8	101.5	89.2	69.8	50.1	175.5	259.1	335.2	209.1	978.9	42.1	58.8	28.4	129.4
Official	0.5	4.4	2.7	4.1	6.6	10.8	5.1	3.4	2.3	2.0	2.0	3.8	7.7	21.5	10.9	7.9	47.9	3.0	1.5	5.8	10.3
Private	59.6	54.5	53.8	70.8	83.9	82.8	114.8	110.3	99.2	87.2	67.8	46.3	167.9	237.6	324.3	201.3	931.0	39.2	57.3	22.5	119.0
II. Capital and Financial Account	34.8	72.3	77.7	64.4	49.5	105.6	38.1	5.7	14.0	88.2	184.7	117.6	184.9	219.5	57.8	390.5	852.6	91.8	84.2	148.8	324.8
CAPITAL ACCOUNT, net	-0.3	-0.3	-0.4	0.9	0.3	-3.8	0.2	0.1	-0.9	-0.4	-0.5	-7.6	-1.0	-2.7	-0.6	-8.5	-12.8	0.1	0.4	0.3	0.8
Capital transfers, net	-0.3	-0.3	-0.4	0.9	0.3	-0.1	0.2	0.1	-0.9	-0.4	-0.5	-0.1	-1.0	1.0	-0.6	-1.0	-1.6	0.1	0.4	0.3	0.8
Official	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.3	-0.3	-0.4	0.9	0.3	-0.1	0.2	0.1	-0.9	-0.4	-0.5	-0.1	-1.0	1.0	-0.6	-1.0	-1.6	0.1	0.4	0.3	0.8
Acquisition/disposal of non-produced, FINANCIAL ACCOUNT, net	0.0	0.0	0.0	0.0	0.0	-3.7	0.0	0.0	0.0	0.0	0.0	-7.5	0.0	-3.7	0.0	-7.5	-11.2	0.0	0.0	0.0	0.0
Direct investment, net	39.2	65.2	25.6	24.2	60.3	43.9	21.6	47.5	20.8	19.8	18.6	35.2	130.0	128.4	90.0	73.6	422.0	17.0	20.1	18.1	55.1
Portfolio investment, net	-0.9	-3.4	-3.9	-4.4	-4.2	-2.6	3.1	-6.2	-4.7	-15.1	-3.9	-4.5	-8.3	-11.2	-7.7	-23.4	-50.6	-4.7	-3.7	-10.8	-19.1
Other investment, net	-9.6	22.7	43.0	24.5	6.1	97.8	27.2	4.2	72.5	70.0	65.4	18.6	56.1	128.5	103.8	154.1	442.4	-8.3	30.6	12.8	35.1
Trade credits, net	-8.6	0.7	-6.7	25.5	-1.6	39.2	8.5	7.7	-28.6	9.0	4.6	-25.2	-14.6	63.1	-12.4	-11.5	24.6	3.7	25.9	35.7	65.3
Loans, net	-3.8	0.4	1.8	3.7	5.6	38.7	10.2	0.2	49.2	3.0	68.7	-5.4	-1.5	47.9	59.7	66.4	172.4	-11.4	-2.2	-5.8	-19.4
Currency and deposits, net	-4.0	19.7	45.1	-8.3	0.0	16.0	7.0	-4.9	49.8	56.4	-10.6	41.1	60.8	7.7	52.0	86.9	207.5	-3.8	4.2	-21.8	-21.3
o/w: Monetary Authorities, net	7.4	0.1	3.2	-0.2	6.1	0.0	0.0	0.0	0.0	-0.1	-0.6	0.1	10.7	5.9	0.0	-0.5	16.0	-4.0	-0.3	0.7	-3.6
o/w: Commercial Banks, net	-9.4	19.4	37.2	-8.3	-1.8	19.4	2.7	-12.9	51.1	103.6	5.6	28.0	47.2	9.2	41.0	137.2	234.6	-9.8	-3.5	-42.0	-55.3
o/w: Individuals, net	-1.9	0.1	4.7	0.2	-4.2	-3.4	4.3	8.0	-1.3	-47.0	-15.7	13.0	2.9	-7.4	11.0	-49.7	-43.2	10.0	8.0	19.5	37.5
Other, net	6.8	1.9	2.7	3.7	2.1	3.9	1.3	1.1	2.1	1.5	2.7	8.1	11.4	9.7	4.5	12.3	37.9	3.1	2.7	4.7	10.5
Gross official reserves (- = increase) /4	6.5	-11.9	13.4	19.2	-13.0	-29.7	-14.0	-39.9	-73.7	13.8	105.1	75.9	8.0	-23.5	-127.6	194.8	51.6	87.7	36.7	128.4	252.8
III. Errors and Omissions	-4.6	-1.2	-6.0	-2.4	-2.3	-4.6	-3.8	8.7	4.3	5.6	3.7	1.1	-11.8	-9.3	9.2	10.5	-1.5	12.2	2.8	1.0	16.0

1/ Preliminary data

2/ Imports data are on fob basis in accordance with IMF V Balance of Payments Manual

Calculation of cif / fob factor as % of imports cif is 4,14%

Imports for 2006, 2007 and 2008 have been additionally adjusted with time adjustments for imports of electricity.

3/ Methodological changes: The BOP data for 2007 include estimations for certain elements in the items on direct investment and income - based on actual data from the newly introduced data source (FDI Survey DI 22) available as with end 2006

4/ Excluding monetary gold and exchange rate differences

5/ Accrued interest on foreign securities is included under income since January 2008.

Table 6
Foreign trade

	IV.2009	I-IV.2009	IV.2009		IV.2009		I-IV.2009	
			III.2009		IV.2008		I-IV.2008	
	amount		amount	%	amount	%	amount	%
Total trade	466.9	1,749.8	2.6	0.6	-147.1	-24.0	-530.7	-23.3
Export	155.4	556.6	5.1	3.4	-73.1	-32.0	-284.1	-33.8
Import	311.5	1,193.1	-2.5	-0.8	-74.1	-19.2	-246.5	-17.1
Balance	-156.1	-636.5	7.7	-4.7	1.0	-0.6	-37.6	6.3

Source: State Statistical Office of the Republic of Macedonia.

Table 7
Monetary developments in May 2009

	31.05.2008	31.01.2009	28.02.2009	31.03.2009	30.04.2009	31.05.2009	monthly changes (31.05.2009/ 30.04.2009)		annual changes (31.05.2009/ 31.05.2008)
	actual	actual	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>									
Brtoad money M4	187,157	192,681	192,775	190,377	192,479	190,840	-1,639	-0.9	2.0
Currency in circulation	16,380	15,915	15,341	14,646	14,760	14,443	-317	-2.1	-11.8
Denar deposits ¹	94,833	91,330	91,239	86,435	85,885	85,512	-373	-0.4	-9.8
Foreign currency deposits	75,944	85,435	86,195	89,296	91,834	90,885	-949	-1.0	19.7
Total deposits	170,777	176,766	177,434	175,731	177,719	176,397	-1,322	-0.7	3.3
Reserve money ²	35,817	38,835	39,034	36,713	36,735	35,611	-1,124	-3.1	-0.6

¹Including demand deposits, deposits of municipalities and public entities.

²Including reserve requirement in foreign currency.

	31.05.2008	31.01.2009	28.02.2009	31.03.2009	30.04.2009	31.05.2009	monthly changes (31.05.2009/ 30.04.2009)		annual changes (31.05.2009/ 31.05.2008)
	actual	actual	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>									
Credit to the private sector	148,789	173,300	175,397	176,298	176,758	176,261	-497	-0.3	18.5
In Denar	114,990	133,924	135,992	136,900	137,156	137,334	178	0.1	19.4
In Foreign currency	33,799	39,376	39,405	39,398	39,602	38,927	-675	-1.7	15.2
Banks' net foreign assets	12,553	1,029	1,177	3,702	5,421	7,256	1,835	33.8	-42.2

Source: National Bank of the Republic of Macedonia.

Table 8
Monetary aggregates
(in %)

in %	end of period to the end of previous period											y - o - y										
	2007				2008				2009			2007				2008				2009		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	April	May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	april	May
M0	-6.1	8.4	2.1	15.6	-8.8	13.5	-0.02	4.4	-10.2	0.1	-3.1	18.8	18.0	18.7	20.2	16.6	22.2	19.6	8.0	6.4	1.8	-0.6
M1	-1.1	6.2	8.1	15.0	-5.9	11.2	1.50	7.8	-13.5	0.1	1.1	22.8	20.0	24.5	30.7	24.3	30.2	22.2	14.5	5.2	1.2	-1.8
M4	4.8	9.7	3.8	8.4	1.6	6.3	4.3	-1.2	-2.6	1.1	-0.9	26.4	32.6	30.3	29.3	25.3	21.4	22.0	11.2	6.6	5.1	2
M4-denar	5.3	14.1	6.0	11.9	-1.4	6.6	2.0	-3.2	-9.5	-0.4	-0.7	33.0	44.8	44.4	42.5	33.5	24.7	20.0	3.9	-4.7	-7.5	-10.1

Source: National Bank of the Republic of Macedonia.

Table 9**Deposits of the private sector***

(in millions of denars)

		Balance as of 31.05.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		173,259	-1,454	-0.8	4,932	2.9
In Denar	Households	38,338	-757	-1.9	-5,558	-12.7
	Enterprises	36,970	49	0.1	-7,230	-16.4
	Total	82,375	-504	-0.6	-10,008	-10.8
In Foreign currency	Households	73,383	963	1.3	17,352	31.0
	Enterprises	16,165	-2,060	-11.3	-3,520	-17.9
	Total	90,885	-949	-1.0	14,941	19.7
Total households deposits		111,721	206	0.2	11,794	11.8
Total enterprises deposits		53,135	-2,011	-3.6	-10,750	-16.8

* the Denar deposits do not include the deposit money.

Source: National Bank of the Republic of Macedonia.

Table 10**Credits to the private sector**

(in millions of denars)

		Balance as of 31.05.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		176,261	-497	-0.3	27,472	18.5
In Denar	Households	67,677	296	0.4	11,026	19.5
	Enterprises	69,498	-67	-0.1	11,422	19.7
	Total	137,334	178	0.1	22,344	19.4
In Foreign currency	Households	4,159	-37	-0.9	844	25.4
	Enterprises	34,625	-637	-1.8	4,158	13.6
	Total	38,927	-675	-1.7	5,128	15.2
Total credit to the households		71,835	258	0.4	11,869	19.8
Total credit to the enterprises		104,122	-705	-0.7	15,579	17.6

Source: National Bank of the Republic of Macedonia.

Table 11
Interest rates

	May	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	9.00	0.0	2.2
Average weighted interest rate on the Money Market	7.06	0.6	2.9
Interest rate on three-month treasury bills	9.03	0.1	2.4
	April	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	9.9	0.0	0.3
Banks' weighted deposit interest rates	6.7	0.1	1.2

* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.