

National Bank of the Republic of Macedonia
Research Department



Monthly Information
7/2009

August, 2009

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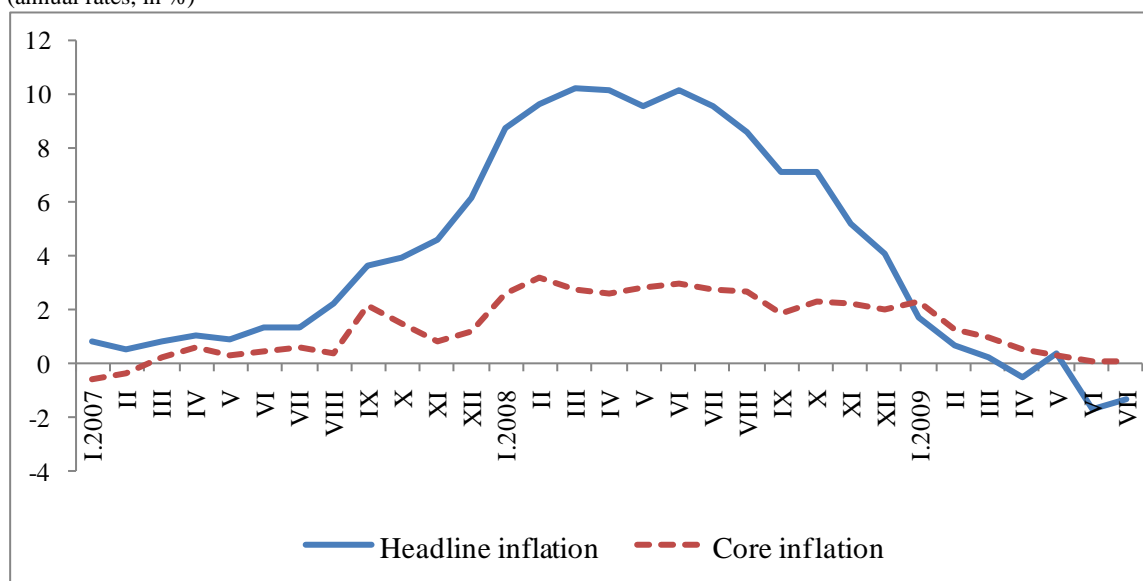
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1. PRICES

The lower inflation pressures continued in July as well, so in the first seven months of 2009 the general price level went down by 0.9%, relative to the end of the previous year. July was the second month in a row registering monthly drop in the consumer prices (season effects) and simultaneously negative annual inflation rate. **On monthly basis**, the consumer prices in July were lower by 0.5%, which was due to the lower prices of the fresh food (mainly of the fresh vegetables), while the prices of oil derivatives realized more considerable growth. **On annual basis**, the consumer prices went down by 1.3%, in conditions of lower prices of oil derivatives and of certain food products (fats, dairy products and fruits) and higher prices of the meat and electricity. The developments in June and July determined the entering of **the cumulative inflation rate for the first seven months** into the negative zone (-0.1%).

The core inflation showed that the disinflation process, which started at the beginning of the year, continued both, in June and in July. Thus, the core inflation rate (inflation without food and energy), in July on annual basis was at the level of June (0.1%), which represented considerable slowing down relative to the rate in May of 0.4%. The lower prices of goods and education services, culture and entertainment and for car maintenance contributed to stabilization of the core inflation. Such dynamics of the core inflation indicated the fact that in the Macedonian economy the inflation pressures gradually depleted.

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



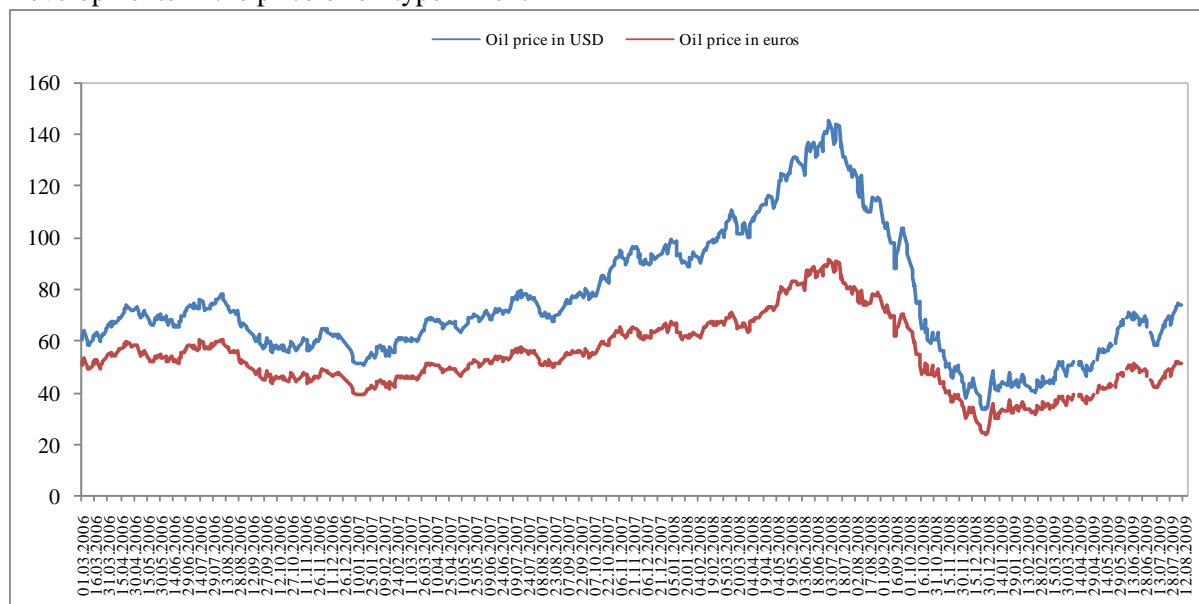
Source: State Statistical Office of the Republic of Macedonia and NBRM.

After the high monthly growth of 18.4% in June, **the oil price** on the international stock exchanges registered drop equaling USA Dollar 64.9 per barrel, which was by 5.4% less than in the previous month. In July, two periods of the oil price development can be identified. In the first half of the month, the price registered constant drop, as a result of the correction of the higher growth in the

previous month and the influence of the worsen data on the unemployment in USA and in the Euro area than the expected one, and the higher reserves of oil derivatives, as well as the lower trust of the consumers in the USA. In the second half of the month, the optimism and the trust for faster recovery of the global economy returned, under the influence of the data on the lower oil reserves, on improved condition on the real estate market in USA, on better financial results of the companies than the expected one, as well as due to the price increase on the international stock exchanges and the Dollar weakening, so the oil price increased again. The optimism continued in August as well, so the oil price registered growth in the last two weeks as well (from August 3 till August 14) by 8.4% relative to the previous two week period. The growth in the oil price resulted from the indicators for fall in the unemployment in USA in July and growth in the output in the manufacturing industry in USA, China and the United Kingdom. Considering the Dollar depreciation relative to the Denar of 0.5% in this period, the Regulatory Energy Committee, on the session held on August 17, adopted a decision on increase in the refinery and retail prices of the oil derivatives by 6.98% and 4.74%, respectively.

The realized negative annual rate of the inflation in July was in accordance with the inflation projection, according to which inflation of precisely -1.3% was expected for July. By the projection, negative inflation rates were expected for all months till the end of the year, so the average rate for 2009 would range between -1.1% and -0.4%.

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

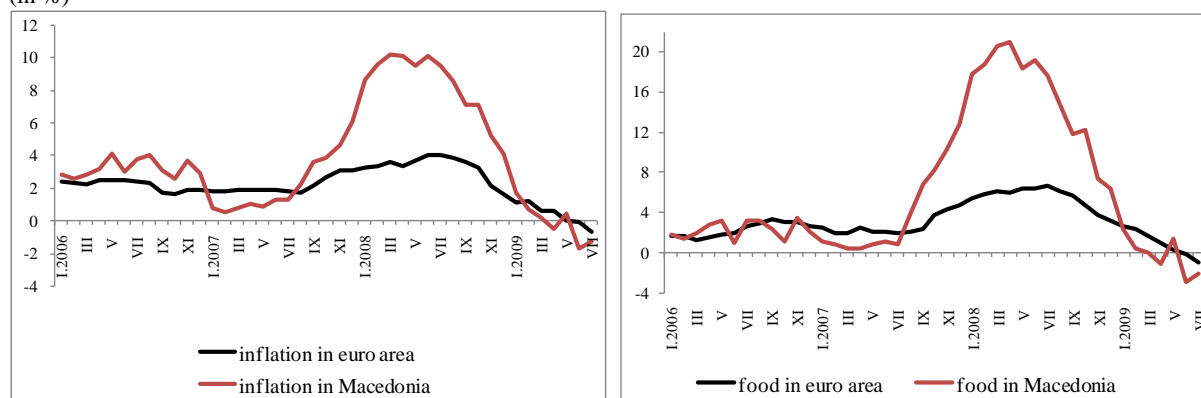


Source: The Energy Information Administration - statistical agency of the U.S. Department of Energy.

Similar as in the Macedonian economy, in the Euro area as well negative **annual inflation rates** were realizing two months in a row. Thus, after the June rate of -0.1%, the average level of the prices in July in the Euro area dropped by 0.7%. The fall in the prices in the Euro area also resulted from the drop in the prices of the energy sources (i.e. the petrol, fuel oil and the gas) and in the food (i.e. fruits and milk), whereas the prices in the catering services registered the most significant growth. **Relative to the previous month**, the prices went down by 0.7%, which was due to the lower prices of wearing apparel and the footwear, while the largest growth was registered in the prices of tourist package holidays.

Figure 3

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



Source: Eurostat and SSO.

2. WAGES

In May 2009, **the average paid net and gross wages** were nominally lower relative to the previous month by 0.3% and 0.1%, respectively (on real basis, by 1.3% and 1.1%, respectively). Analyzed with respect to the individual sectors, the monthly drop in the net-wages was mostly due to the drop in the wages in the industry (by -3.7%), in conditions of high structure participation (approximately 30%) of this branch¹ in the total number of employees. Minimal fall in the wages was registered in the service sector as well (of 0.7%), whereas the wages in the agriculture registered monthly growth (of 3.9%). If the lowest net wage in May is compared with the wage of December 2008, the nominal rise equals 2.5% and it is mostly due to increase in the wages in the service sector, i.e. in the wages with the transport and communications and the financial intermediation (11.8% and 10.3%, respectively). On the other hand, if the same comparison is made, the wage in the mining sector and the agriculture register fall (by 3.9% and 3.8%, respectively).

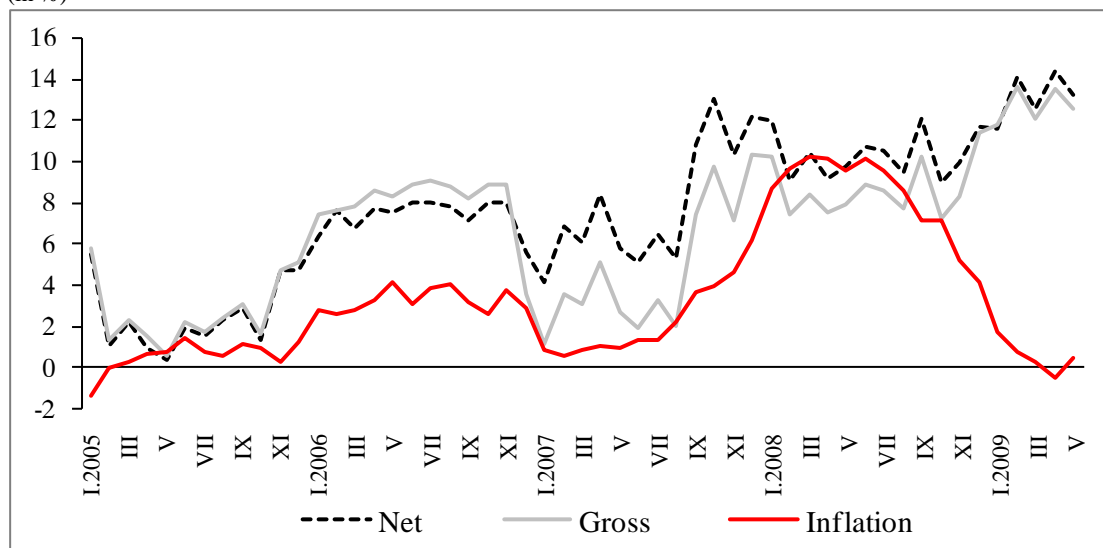
On annual basis, the nominal net and gross wages corrected for the structure change² registered annual rise of 13.2% and 12.5%, respectively, relative to the considerably higher growth according to the official data (growth by 27.9% with the net and 17.5% with the gross wage³). The high annual growth in the wages was mostly due to the increase in the wages in the second half of 2008, whereas the additional wage growth in 2009 is considerably lower. In conditions of insignificant rise in the consumer prices, the corrected real wages showed almost identical development as the nominal wages (growth by 12.7% with the net and 12.1% with the gross wage).

¹ The calculation of the average wage in the industry includes the sector "construction". According to this, the calculation of the participation of the employees in the industry includes the employees in the construction.

² The correction is made by the Research Department of NBRM, by supposing that the wage in January 2009 is equal with the wage in December 2008, and then by adding the monthly growth rates issued by SSO to this amount. Considering the fact that the historical monthly growth rates for January did not indicate evident seasonal dynamics, as well as regarding the fact that no considerable anticipated wage increase were made in January 2009, such approach seems reasonable.

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

Figure 4
Annual growth rates in the wages and the inflation*
(in %)

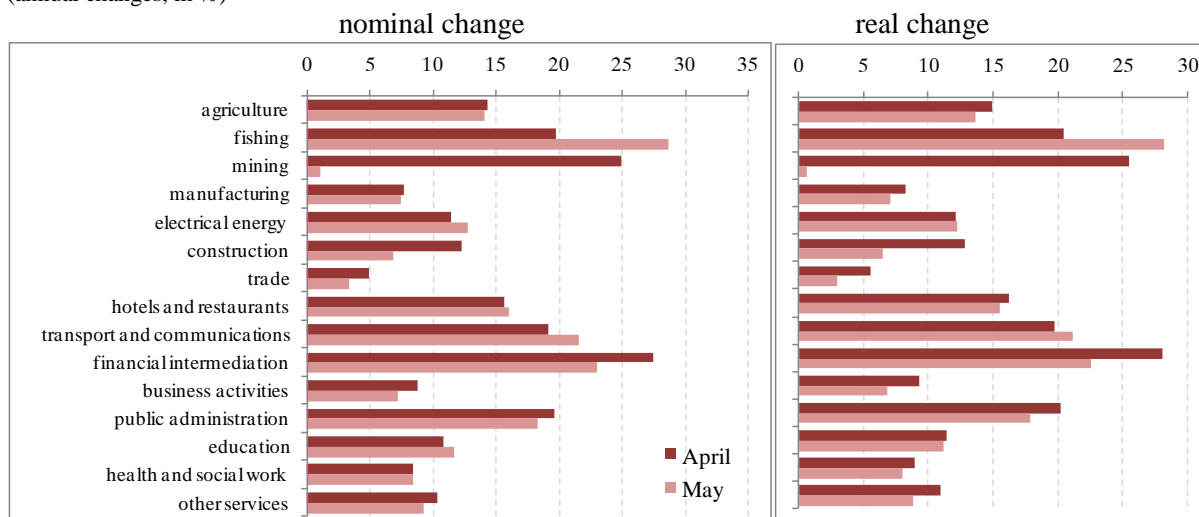


* Since January 2009, the corrected growth rates of NBRM are shown.

Source: State Statistical Office of the Republic of Macedonia.

In May, all activities registered annual wage growth. Despite the higher wages in the public sector (as a result of the increase of 10% in September 2008), the wages in the private sector registered considerable growth as well (agriculture and fishing, catering services, transport and communications and the financial sector realized the highest growth).

Figure 5
Average net wage by sectors*
(annual changes, in %)



* The corrected rates are shown.

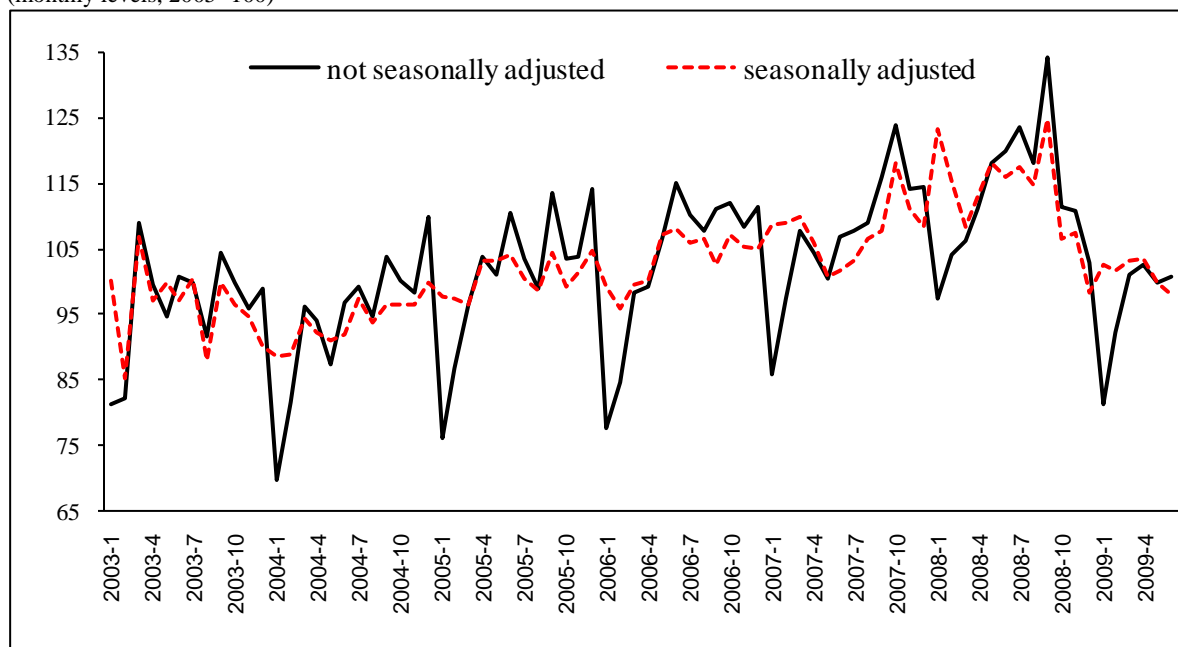
Source: State Statistical Office of the Republic of Macedonia.

3. ECONOMIC ACTIVITY

The volume of the industrial output in June was higher by 0.7% than the volume in May, but if the seasonal effects are excluded, the industrial output in June registers monthly fall of 1.8%. This is the second month in a row when negative monthly developments were registered, according to the data adjusted for seasonal effects, which indicated to further worsening in the situation in the industry in the second quarter. The annual fall rate in the industrial output indicates such conclusion as well, which in June amounted to 16.2%, and that was the highest drop registered since the beginning of the crisis, after the one in January, when the gas crisis represented an additional factor for the fall in the industry (as a result of which two significant capacities of the metal manufacturing industry stopped working). As a result of this, in the second quarter the fall in the industrial output went down to 13.2%, and in the first six months of the year to 12.1%.

With respect to the structure, large share of the annual drop in the industrial output was still a result of the fall in the output of basic metals (with contribution of approximately 50% to the fall), whereas even 17 sectors (out of totally 24) almost equally participated in the other half of the fall. The deepening in the fall in the output with the mining sector, i.e. with the mining and queering (fall of 62.9%), as well as the slower growth in the printing (growth of 1.5%), which in the previous months registered the most considerable positive contribution to the industrial output were characteristic for June. Only the output of electricity registered more considerable annual rise second month in a row (25.6%), which can be explained with the improved hydro balance in the country.

Figure 6
Index of the industrial output
(monthly levels, 2005=100)



Source: State Statistical Office and NBRM calculations.

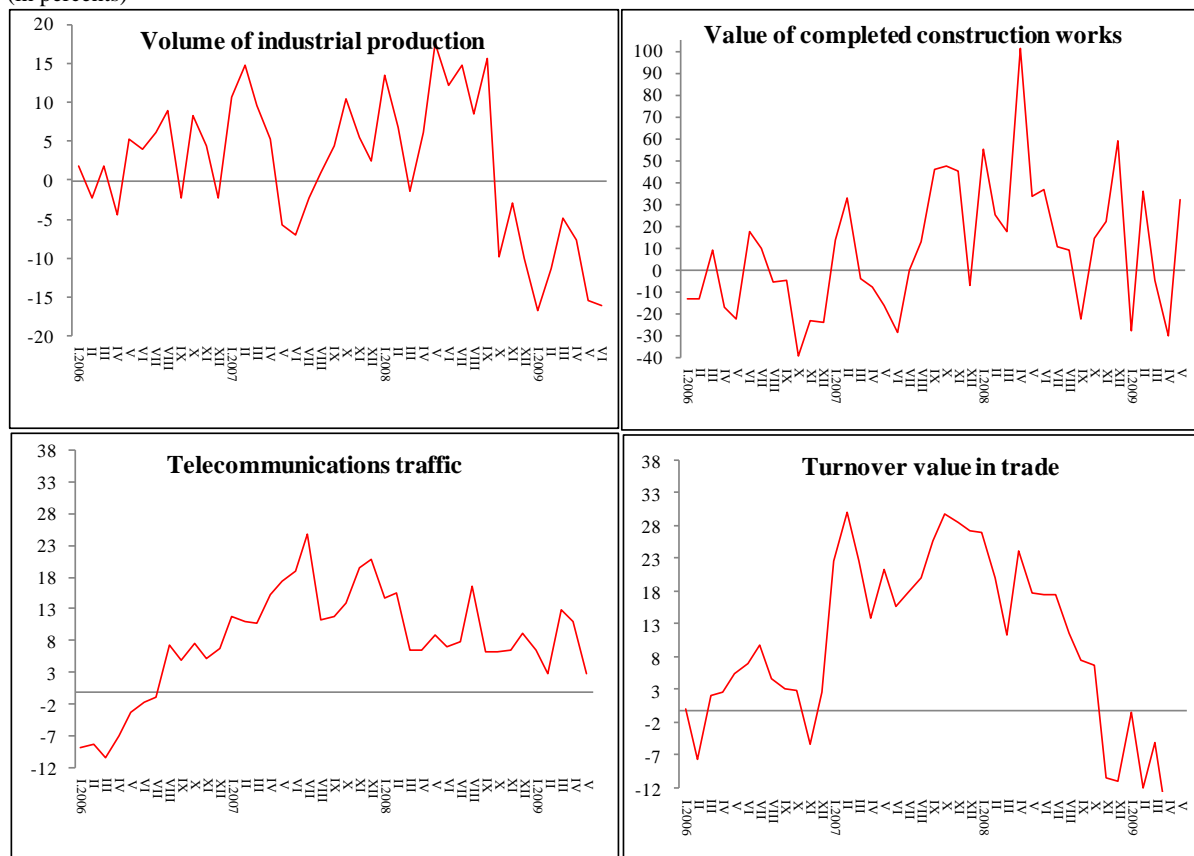
The effects from crisis were felt intensively in the **other economy sectors** as well. The turnover in the **domestic trade**, after the intensive drop in the previous month, in May remained at the approximately same level as in April (monthly growth of 4.8% with the original data and of 0.8% with

the data adjusted for seasonal effects), but relative to the same month of the previous year, the turnover went down by 16.2%. The fall in the trade turnover was still more evident in the wholesales (-25.3%), than in the retail sale (-2.2%). The trade with oil derivatives mostly contributed to the drop in the turnover in the wholesales and the retail sales (mostly as a result of the lower prices relative to the previous year), whereas the drop in the wholesales was intensified as a result of the lower trade of manufacturing supplies for production as well.

The **telecommunications** realized in May rose by 1.6% relative to the telecommunications realized in April, but according to the data adjusted for seasonal effects, the telecommunications in May realized monthly fall of 3.5%. In accordance with this, the annual growth rate in the telecommunications was considerably lower as well from 10.9% in April, to 2.7% in May. Certain improvement in the performances was registered in the **construction** in May, where the value of the performed construction activities went up by 43.4% on monthly basis (17.4%, according to the seasonally adjusted data), and high growth was registered on annual basis as well (31.8%).

The trends in the industry, the domestic trade, the construction and the telecommunications indicated deepening in the fall in the economic activity in the second quarter. Thus, the lower output in the retail trade, the decline in VAT income and the fall in the import of consumer goods indicated considerable slowing down in the **personal consumption**. Simultaneously, the lower household preferences for consumption, in conditions of worsened expectations for the future, the more difficult approach to credits and the higher interest rates were the factors that influenced in the same direction. However, the household consumption slowed down in conditions of high real annual growth in the income, i.e. in the wages and the pensions, as well as in conditions of improvement in the dynamics of the private transfers from abroad, which indicated possible higher saving of the households. In the same time, the more restrictive credit policy of the banks to the corporate sector and the lower foreign direct investments contributed to fall in the **investment activity**, which resulted in slowing down in the construction activity, lower import of means of operation and lower domestic output of capital products. **The public consumption**, on the other hand, in the second quarter registered real fall as well, although having nominal growth, whereas the **net export** registered narrowing in the negative balance, which was due to the more significant fall in the import than the export and it is expected to register positive real contribution to GDP.

Figure 7
Annual growth rates in individual economy sectors
(in percents)



Source: State Statistical Office and NBRM calculations.

Despite the good results with the construction in May, the value of the facilities that were given **construction license** went down by 30.8% relative to the previous year, whereas in June it registered annual drop of 23.6%.

After in the first quarter the **GDP in the Euro area** registered worse performances than the expectations (realized fall of 4.9%, relative to the projection of 2.8%), in the second quarter of 2009 the fall in the activity in the Euro area was lower than the expected one. The annual GDP fall amounted to 4.6%, whereas according to the projection of the Consensus Forecast for June it is expected to equal 5%. Such developments indicated soon possible recovery of the economies in the Euro area from the crisis and the sooner recession overcome. The two largest economies, Germany and France showed especially encouraging results, the GDP of which on quarterly basis registered growth, after four quarters of fall, which indicated recession overcome in these economies.

4. BALANCE OF PAYMENTS

In the first months of 2009, in conditions of worsened positions with all the components on **the current account of the balance of payments**, the deficit reached up to Euro 416.8 million, i.e. it deepened by 47.7%, on annual basis (the deficit in the same period of 2008 amounted to Euro 282.2 million). Observed by the dynamics, in the first three months of the year, the negative developments in the balance of payments, i.e. the broadened deficit on the current account and the lower capital

inflows reflected more intensive spillover of the effects from the global economic crisis in the domestic economy than the expected one. In the period April-May 2009, relatively more positive trend flow in the external sector was registered, i.e. the inflows based on the private transfers reached higher levels, whereas the metal prices on the international stock exchanges recovered, which represented positive signal for the export sector. Thus, in the first two months of the second quarter of the year, the negative balance on the current account of the balance of payments amounted to Euro 87.6 million (by 19.7% lower on annual basis) and mainly reflected the lower trade deficit.

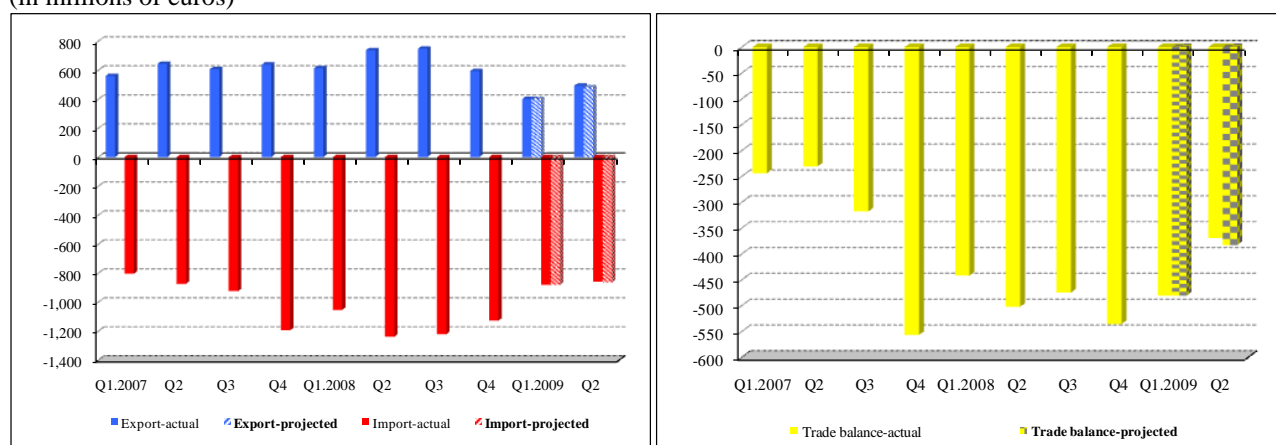
Within the current account in the analyzed period, the net inflows from the current transfers amounted to Euro 161.2 million and enabled coverage of the trade deficit of 73%. Namely, the private transfers showed signs of improvement relative to the first three months of the year and they remained almost at the same level of the same period in 2008 (of Euro 153.6 million). Such developments were confirmed also with the stock on the currency exchange market, where the net purchase continued also in the following two months (June and July), registering high annual growth rates of 18% and 31.5%, respectively. On cumulative basis, in the period January-July 2009, the net purchase on the currency exchange market amounted to Euro 333.1 million and it remained at the level registered in the period January-July 2008. The category "income" registered net outflows of Euro 24.1 million (relative to surplus of Euro 9.4 million registered in the previous year), which was due to the outflows based on paid dividend and paid interest based on used foreign loans. Simultaneously, the deficit in the services amounted to Euro 4.1 million (Euro 3.6 million in the period April-May 2008) and it resulted from the net outflows based on transport and other business services.

In the period April-May 2009, **in the capital and financial account** net inflows of Euro 5.5 million were registered (relative to Euro 107.7 million in the same period of 2008). The realized net financial inflows in this two months resulted from the net inflows based on direct investments and the foreign indebtedness, which were partially neutralized by the net outflows based on trade credits and currencies and deposits. The net inflows based on direct investments (in the amount of Euro 57.9 million), although lower on annual basis, indicated improvement of the monthly dynamics and pointed to a possibility for positive deviation from the projected amount for the second quarter. The structure analysis of the direct investments showed that the net inflows were realized only on the basis of the net investments in capital, whereas outflows on net basis were registered in the credits and loans between interrelated entities and the reinvested gain. The foreign indebtedness registered net inflows in total amount of Euro 20 million (which mostly pertain to the indebtedness of the private sector), in conditions of higher amount of used assets from paid liabilities based on borrowed long-term credits, as well as the lower outflows based on short-term loans. On the other hand, the currencies and deposits registered net-outflows of Euro 54.3 million on net basis, reflecting the banks' preferences for increase in the foreign currency assets, which resulted in growth in the net foreign assets net of the domestic banks. But, already in June these trends changed, which was due to the preparations of the banks for implementing the NBRM's Decision (adopted in May 2009, and which became effective in July 2009). With the Decision an increase in the rate of allocation of reserves requirement for the banks' foreign currency liabilities from 10% to 11.5% and in the rate of the liabilities in domestic currency with FX clause from 10% to 20% was performed, whereas in August, the rate of allocation of reserves requirement of the banks' foreign currency liabilities shall equal 13%. On the side of the portfolio investments net outflows were still present (of Euro 9.1 million), i.e. disinvestment in securities, which was characteristic for the following two months as well, if the latest data from the Macedonian stock exchange are considered. Namely, in June and July 2009, the foreign investors participated with 11.1% and 11.9%, respectively, on the side of the purchase of securities, whereas the participation of the non-residents in the sale went up and in June it amounted to 11.5%, and in July it reached up to 18,1%.

In June 2009, in conditions of more intensive fall in the import relative to the export, *the volume of foreign trade* reduced by 32,1% on annual basis, whereas *the trade deficit* registered narrowing of 34.6% on annual basis. In conditions of further fall in the foreign effective demand, the export of goods in June reduced to Euro 171.3 million registering annual fall of 31.2%. The lower export of iron and steel and products thereof still gave the largest contribution to the annual fall in the export of goods (contribution of 74.3%). On the other hand, the slowing down in the domestic demand and the import dependence of the export of goods reflected with higher annual drop in the import of goods of 32.7% (the fall in the import in April and May amounted to 19.6% and 38.5%, respectively). The decrease in the imported goods was mostly due to the lower import of iron and steel and products thereof and energy sources (contribution of 37.8% and 33%, respectively in the total drop in the import).

Figure 8

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



Source: NBRM.

In the second quarter of the year, the realized deficit on the trade account was lower by 3.6% than the one planned with the projection in July. Such deviations, in conditions of import within the projection, are due exclusively to the higher export of goods than the planned one (by 2.2%). Within the export, the other export of goods registered the largest positive deviation, and it showed lower elasticity relative to the developments of the foreign effective demand from the initial expectations. Within the import, the import of energy registered large deviation of the projection which was due to the lower import of oil in the process of regular overhaul of the domestic oil refinery. Relative to this, the other categories registered higher import than the planned one, with more significant exceeding of the projection of the import of consumption goods and investment goods and semi products.

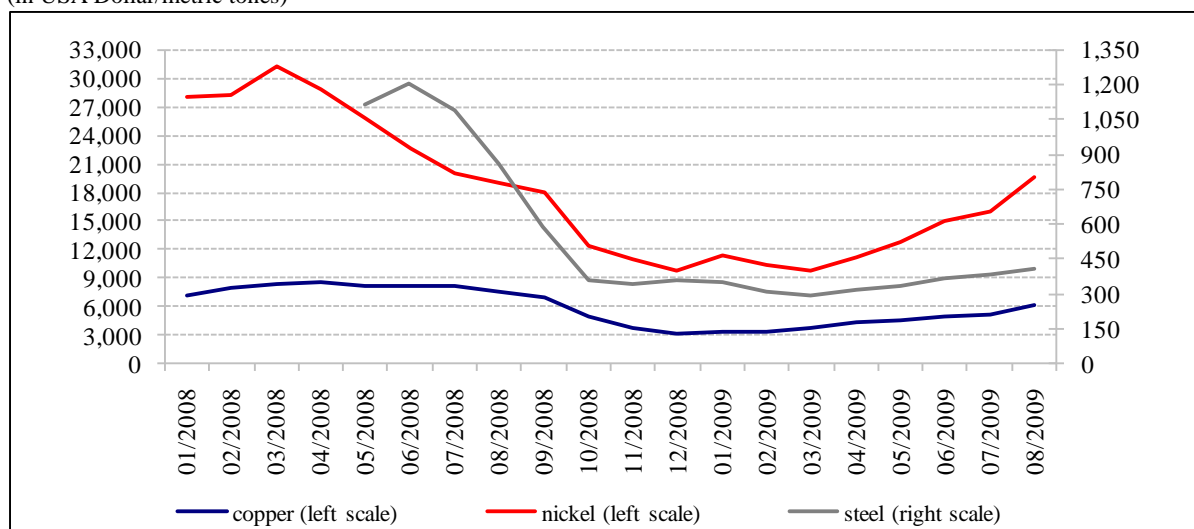
In the first half of 2009, the total export of goods reduced to Euro 892.8 million (fall of 33.8% on annual basis). The drop in the export resulted from the lower global economic activity, the effects of which spilled over into the real sector of the domestic economy and resulted in decrease in the output and in the export. The metal manufacturing industry was most affected by these situations where the export of iron and steel and products thereof reduced by high 61.1% on annual basis and contributed with 68.3% to the total fall in the export. Relative to the further negative tendencies in this part of the industry and the export, in April 2009 positive developments with the prices of metals were registered on the international stock exchanges, mainly in the nickel price, which was the most significant export metal. Thus, the price of this metal in the last few months realized monthly growth rates, which is expected to influence positively on the export in the following period. Out of the other export products, the oil derivatives, the wearing apparel and textile and the ores registered more

considerable annual drop (with contribution of 10.2%, 7.1% and 6.5%, respectively, in the total fall in the export). Considering the import dependence of the export and further drop in the domestic output, the import of goods in the first half of the year registered fall of 24% relative to the same period of 2008 equaling Euro 1.742,1 million. The monthly dynamics of the import showed that in the last three months, relative to beginning of the year, the annual drop in the import intensified relative to the export, which contributed to narrowing in the trade deficit in the whole period. The lower import of energy sources, the lower import of iron and steel and products thereof, as well as the lower import of vehicles gave contributed mostly with 42.1% to the total fall in the import (contributing with 34.4% and 8.3%, respectively).

The more intensive drop in the import relative to the export, which started in April, contributed to narrowing in the trade deficit by 10% on annual basis, in the first ix months of 2009. The trade deficit amounted to Euro 849.3 million in the first half of 2009, whereas the export-import coverage ratio dropped by 7.6 percentage points relative to the same period of the previous year and it amounted to 51.2%. The analysis of the trade balance by the economic purpose showed that the fall in the negative gap was mostly due to the narrowing in the negative balance with the category "fuels and lubricants (energy sources)", followed by the drop in the deficit with the car vehicles, food and beverages. Relative to this, the deficit in the trade of the industrial purchase deepened, which was due to the lower surplus in the iron and steel and products thereof, which are an integral part of this category.

The recovery of the international stock exchange prices, mainly of the oil and metals was performing with more intensive tempo than the recovery of the world economy. In July 2009, the trend of monthly growth in the prices of metals continued (although with lower intensity than in June). The prices of the nickel, copper and steel realized growth of 6.7%, 3.8% and 2.7%, respectively, on monthly basis. Such dynamics of the metal prices continued in the first decade of August but with more intensive growth, and it is expected to influence positively on the export oriented domestic metal manufacturing industry in the following period.

Figure 9
Prices of metals
(in USA Dollar/metric tones)



*The data on August pertain to the first decade of this month.

Source: Bloomberg.

5. MONETARY AGGREGATES⁴

In July 2009, **the reserve money**⁵ registered annual growth rate of 4.3% (relative to the fall of 4.7% in the previous month), which was solely due to the annual growth in the total liquid assets of the banks (of 17.2%), when drop in the currency in circulation⁶ by 8.6% was registered. On monthly basis, the reserve money registered intensive growth of 12.9%, which was mostly due to the higher level of the total liquid assets of banks (by 17.3%, as a reflection of the higher reserve requirements of banks⁷), as well as to the higher demand for currency in circulation (monthly growth of 7.7%).

Analyzed with respect to the **flows of creating and withdrawing liquidity**, July is the second month in a row in which NBRM realized net purchase of foreign currency on the foreign exchange market (with higher volume relative to June), so the total amount of the created liquidity in the banking sector⁸, on such basis, in July reached up to approximately Denar 2.030 million (Euro 33 million). The monetary instruments (CB bills of NBRM, the compulsory deposit with NBRM and the foreign currency deposit of NBRM) acted towards the same direction, and their level dropped by Denar 4.112 million, on monthly basis. Namely, in July, in conditions of higher demand for liquid assets for fulfilling the higher reserve requirements, the largest part of the amount of the due CB bills of the banks remained the same, so the CB bills of NBRM represented main flow of creating liquidity within the monetary instruments. Withdrawal of liquidity was performed also through the Denar deposits of the Government with NBRM, which realized growth on monthly basis of Denar 326 million. On the other hand, the net position of the Government with NBRM realized intensive monthly growth as a reflection of the realized inflows from the Eurobond, so the balance on the foreign currency account of the Government with NBRM on such basis rose by Euro 175 million.

The comparison with the end of 2008 showed growth in the reserve money, in conditions when the withdrawn liquidity through the foreign currency transactions of NBRM was solely compensated through the monetary instruments and the lower level of Denar deposits of the Government with NBRM.

In July, **the total banks' deposit potential (with the demand deposits included)**⁹ registered drop on monthly basis of Denar 1.717 million, or by 1% (relative to the growth of 0.8% in the previous month), which was almost solely due to the monthly drop in the total deposits of the households of 6.1% (large part of the change represented transfer of assets from deposits from resident to non-resident, so the assets remained in the domestic banks as Denar deposits with FX clause). On the other hand, the foreign currency deposits of enterprises realized growth (of 8.7%, on monthly basis), so they partially compensated the fall in the Denar deposit potential. In July, the household deposits¹⁰ (with the demand deposits included) rose by Denar 2.045 million, on monthly basis, or by 1.8%, excluding April (when the regular installment of the bond for old foreign currency saving was paid), represented the highest absolute and relative growth since the beginning of the year. Simultaneously, in July besides the foreign currency deposits (which on monthly basis rose by 2.5%),

⁴ The analysis of the monetary and credit aggregates pertains to the data from the new Methodology for preparing standard forms of monetary balance sheets and reviews and the new accounting plan (which became effective on January 1, 2009).

⁵ 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 July 2009 were lower by 1.2%, on annual basis.

⁶ Includes the cash in the banks' vaults.

⁷ In July 2009 The Decision on reserve requirements (adopted in May 2009) became effective, and with it an increase in the rate of allocating the reserve requirement of banks in foreign currency from 10% to 11.5% and in the rate of the liabilities in domestic currency with FX clause from 10% to 20%. Since August 2009, the rate of reserve requirements of the banks' liabilities in foreign currency amounted to 13%.

⁸ In July considerable monthly growth in the net foreign assets of NBRM was made, which mostly represented a reflection of the realized inflows from the Eurobond in the amount of Euro 175 million.

⁹ Since January 2009, the deposits include the accrued interest as well.

¹⁰ Pertains to the natural persons and self employed professionals.

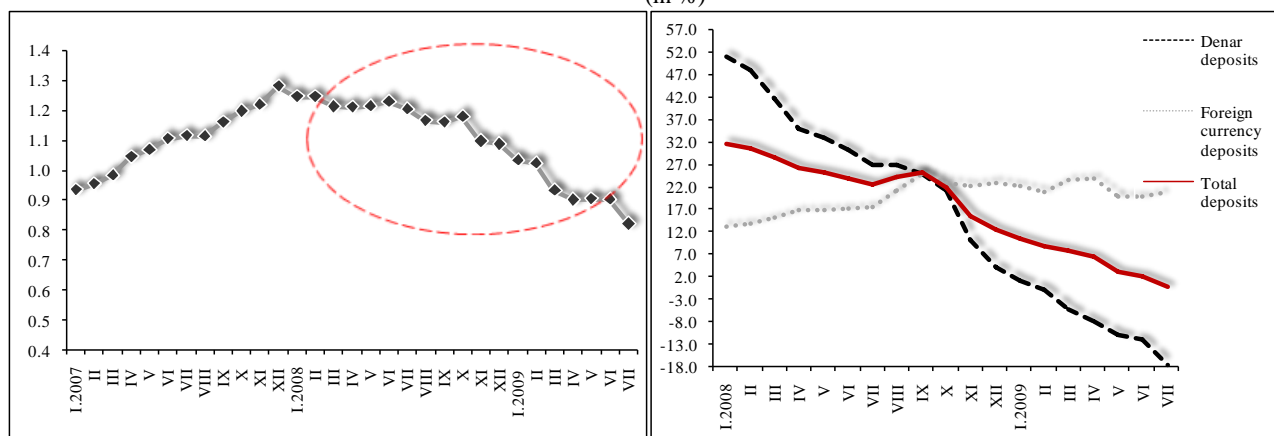
the Denar deposits as well realized growth, on monthly basis, although with lower volume (of Denar 181 million, or 0.5%), which may indicate to the gradual stabilization of the expectations of the economic entities and gradual return of the trust.

Figure 10

Correlation Denar - foreign currency deposits

Annual growth rates of the total deposits

(in %)



Source: National Bank of the Republic of Macedonia.

On annual basis (July 2009 / July 2008), the total banks' deposits (with the demand deposits) went down by 0.1%, which represented the first negative change rate in the last 6 years. Such change in the total deposits represented a reflection of the intensive annual drop in the Denar deposits of 17.5% (12.1% in the previous month), when annual increase in the foreign currency deposits of 20.7% was registered (19.5% in June 2009). With respect to the sector structure, the trend of slowed annual growth in the household deposits continued, so in July 2009 the annual rate amounted to 10.3% (10.8% in the previous month), whereas the deposits of enterprises (private and public)¹¹ registered considerable annual fall of 23.2% (relative to the registered annual fall of 17.9% in June 2009).

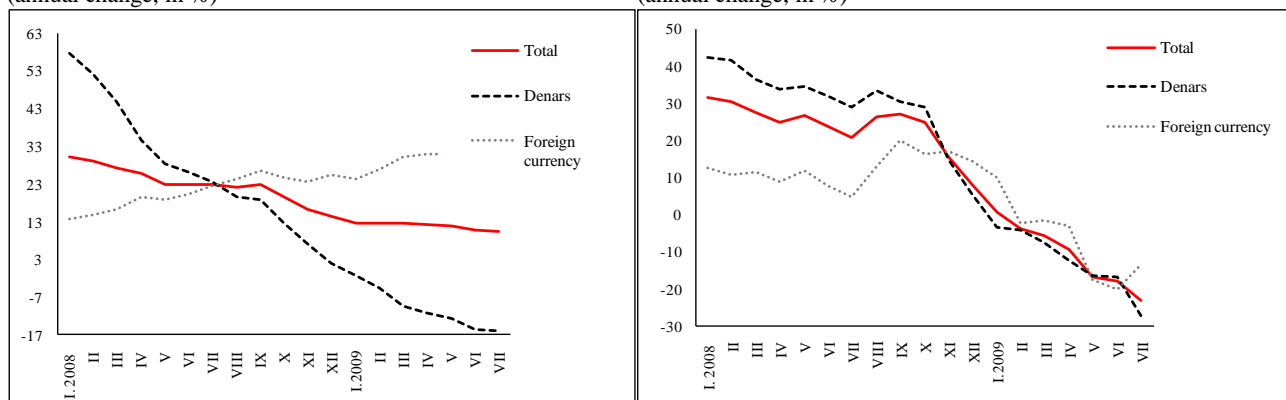
Figure 11

Deposits of households

(annual change, in %)

Deposits of enterprises

(annual change, in %)



Source: National Bank of the Republic of Macedonia.

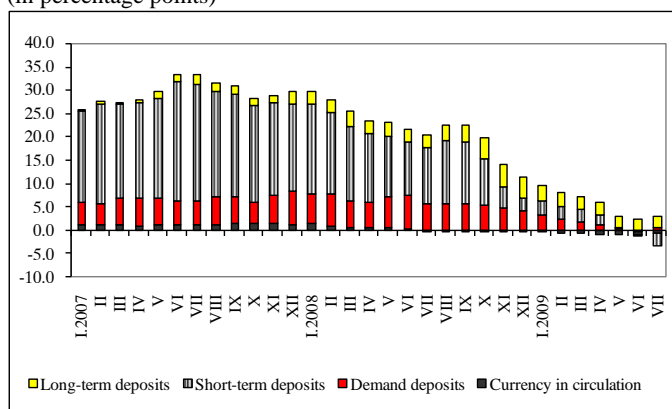
¹¹ The deposits of the enterprises from the private sector on annual basis went down to 27.6%.

In July, the **broadest money supply M4¹²** entered in the zone of negative growth and reduced by 0.5% on annual basis (relative to the rise of 1.2% in the previous month). Till the end of the third quarter, the broadest money supply is expected to continue narrowing, so in September 2009 relative to the same month of the previous year, it would be lower by 2.3%. Relative to the end of 2008, the cumulative fall in the money supply M4 amounted to 2%.

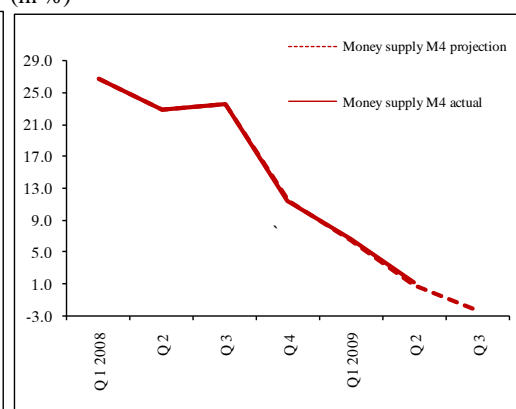
Figure 12

Money supply M4

Contribution to the annual growth
(in percentage points)



Annual growth rates
(in %)



6. BANK CREDITS

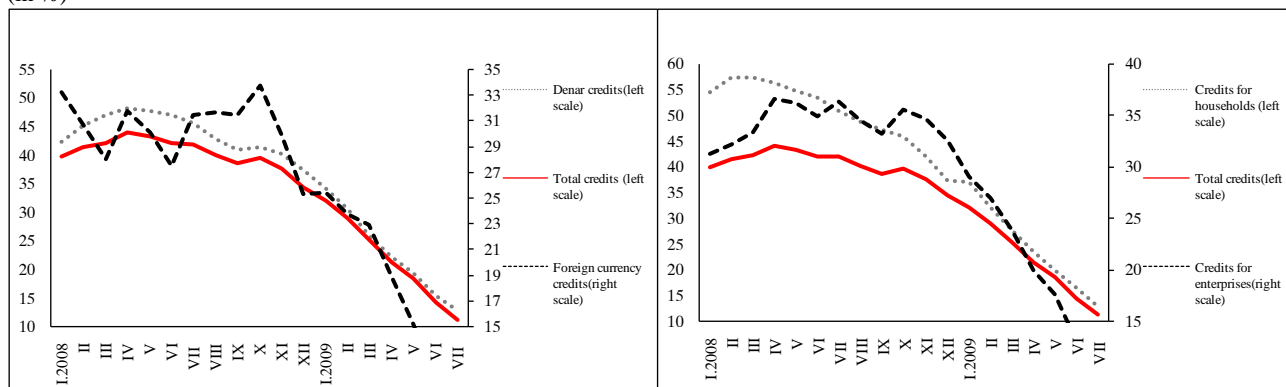
After the two-month narrowing in the total credit portfolio of the banks, in July 2009 there were signs of stabilization of the credit market. Thus, in July **the total bank credits to the private sector** rose by Denar 546 million, or by 0.3% (relative to the monthly fall in June of Denar 1.105 million, or 0.6%, whereas in May it amounted to Denar 473 million, or 0.3%). The moderate monthly increase of the crediting resulted from the rise in the Denar crediting¹³ (of 0.4%), as well as from the moderate growth in the foreign currency credits (of 0.1%). With respect to the sector structure, different from the previous two months when the negative monthly dynamics of the total credits was mainly under the influence of the drop in the credits to enterprises (by 0.7% and 1.2% in May and June, respectively), in July the corporate credits registered rise of 0.4%. Simultaneously, the bank placements to the households realized the same growth as in the previous month of 0.2%, on monthly basis. The registered changes in the credit activity of the banks in July indicated possible gradual stabilization of the banks' expectations, which would implicate further maintenance of the financial flows to the private sector. Although the credit support of the banks to the private sector since the beginning of the year considerably weakened, it still did not stop, which in conditions of recession tendencies in the domestic economy represented a manner for more easier crisis overcome and more stable functioning of the corporate sector.

¹² The analysis pertains to the money supply M4 with the accrued interest being included.

¹³ Includes the Denar credits with FX clause.

Figure 13

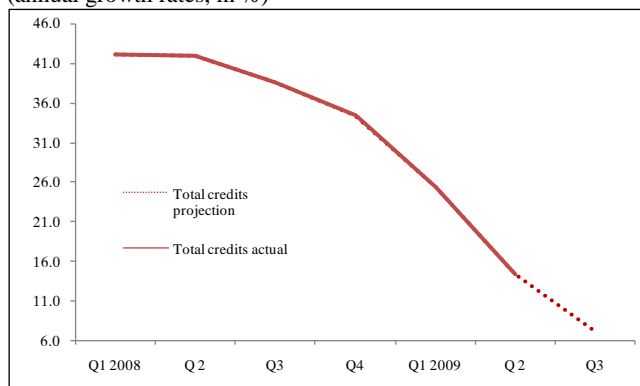
Annual growth rates in the credit to the private sector by the currency and sector structure
(in %)



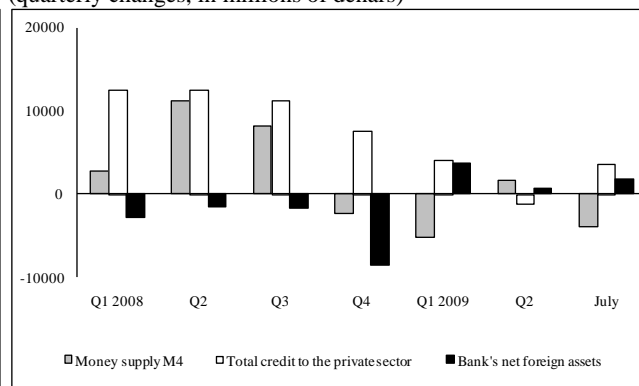
The annual slowing down in the credit growth continued in July 2009 as well, and it reduced to 11.2% (relative to 14.6% in June). The Denar credits and the foreign currency credits registered slower tempo in the annual growth relative to June (by 12.9% and 5.7%, respectively, relative to 15.8% and 10.4%, respectively in June). Still the main role in the annual growth of the total credits belonged to the Denar credits, which participated in the growth with 88.3%. Observed with respect to the sectors, the crediting to households and the crediting to enterprises slowed down (which contributed to the largest part of the crediting and to the growth in the total credits with 54.4%). Thus, in July 2009 the household credits rose by 12.7% on annual basis (relative to 16.7% in June), whereas the corporate credits registered annual growth rate of 10.3% (relative to 13.2% in June). According to the projection in July, for the third quarter of 2009 further slowing down in the annual rate of credit growth is expected, so it would reduce to 7.1% at the end of September 2009.

Figure 14

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



Sources of financing
(quarterly changes, in millions of denars)*



*The realization for July is a cumulative change relative to the end of 2008.

Source: National Bank of the Republic of Macedonia.

In July 2009, the net foreign currency assets of banks went down by 55.9%, or Denar 2.414 million relative to the previous month (in June, the monthly fall amounted to 40.5%). The foreign currency liabilities registered more intensive growth¹⁴ (of Denar 4.701 million, or 19.9%), than the

¹⁴ The monthly growth in the foreign currency liabilities of the banks in July was almost solely due to the performed transfer of the deposit to a larger domestic company from resident to non-resident account in the domestic banks.

foreign currency assets (increase by Denar 2.288 million, or 8.2%). Relative to the end of 2008, the net foreign currency assets rose by Denar 1.881 million.

7. INTEREST RATES AND FOREIGN EXCHANGE RATE

On August 12, 2009, the reserve money equaled Denar 34.202 million and they went up by 12%, relative to the end of July. The growth in the reserve money mainly resulted from the higher level of liquid assets of banks¹⁵ (by 23.8%), with rise in the currency in circulation of 6.1% being registered. Within the analyzed period (01-12.08.2009), the Denar deposits of the Government with the NBRM represented a dominant flow of creating liquid assets, and the NBRM foreign currency transactions contributed towards the same direction as well (in accordance with the realized net purchase of the foreign exchange market). Liquidity withdrawal was performed also through the monetary instruments and the higher level of currency in circulation.

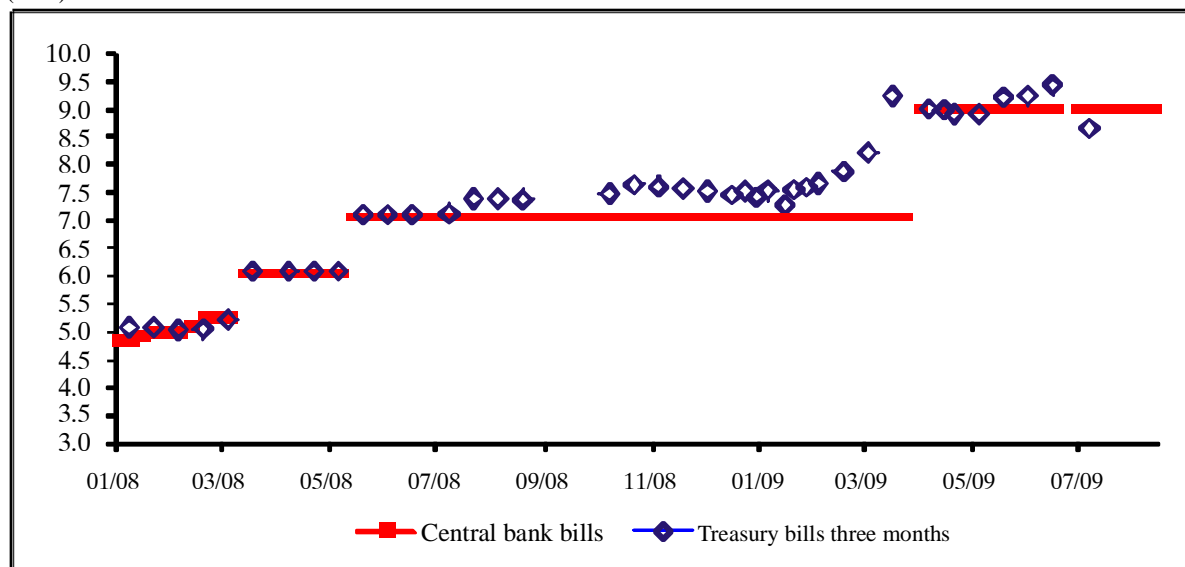
On the last two **auctions of CB bills** (held on August 5, 2009 and on August 12, 2009), with volume tender and fixed interest rate of 9%, liquidity in the amount of Denar 360 million withdrawn. As of August 31, 2009, the gross foreign reserves equaled Euro 1.393,4 million and they were lower by Euro 85.6 million relative to the end of 2008.

Within the analyzed period, one **auction of six month Treasury bills with FX clause** was held (on August 4, 2009), when with interest rate of 5.5%, the demand exceeded the supply, so the total offered amount was realized (Denar 1.500 million).

In the period 01-12.08.2009, **the average interbank interest rate** amounted to 7.28%, on average (6.86% in July 2009). The listed interbank interest rate - **SKIBOR** maintained the upward trend and in the period 01-13.08.2009 it amounted to 6.38% (over night), 7.26% (one week), 9.20% (1 month) and 9.51% (3 months), relative to 6.32%, 7.24%, 9.19% and 9.53%, for the respective maturities in July. The interbank interest rates for the concluded transactions over night - **MKDONIA**, in the period 01-12.08.2009 amounted to 6.39%, on average, relative to 6.44% in July 2009.

¹⁵ Pertains to the accounts of the banks with NBRM.

Figure 15
Interest rates
(in %)



Source: National Bank of the Republic of Macedonia.

In the area of the **banks' interest policy**, in June 2009 the average weighted interest rate on Denar credits and deposits for all maturities and sectors maintained at the level of the previous month equaling 10.1% and 6.8%, respectively. Within the set of lending interest rates with the sector **"households"**, the developments in the interest rates were divergent. The interest rate of the long-term credits to the households without FX clause registered more considerable monthly fall of 0.6 percentage points, whereas the interest rate of the long-term credits to the households with FX clause registered monthly drop of 0.4 percentage points. Within the interest rates of the sector **"enterprises"**, no considerable changes were registered in June. **Within the foreign currency interest rates**, in June the interest rates of the foreign currency credits and foreign currency deposits rose by 0.2 and 0.3 percentage points, respectively, equaling 7.7% and 3.5%, respectively.

In June 2009, the interest rate of **the newly extended Denar credits** reduced to 10.8% (fall of 0.2 percentage points on monthly basis), whereas the interest rate of the **newly received Denar deposits** remained at the level of the previous month equaling 4.5%. In June, the interest rate of **the newly extended foreign currency credits** dropped by 0.2 percentage points equaling 7.8%, whereas the interest rate of **the newly received foreign currency deposits** rose by 0.2 percentage points equaling 1.6%.

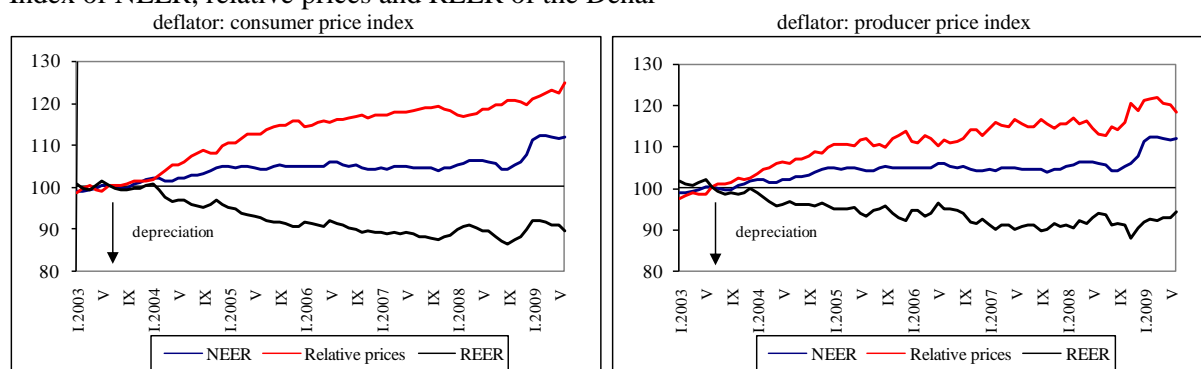
Observed by **groups of banks**, the large and the small-size banks increased the Denar lending interest rates in June (by 0.2 percentage points, respectively), so they amounted to 9.7% and 10.9%, respectively, whereas the interest rates with the medium-size banks dropped by 0.3 percentage points, equaling 11%. With the deposit interest rate, growth in the interest rate of the medium-size and small-size banks was registered by 0.1 and 0.5 percentage points, respectively, so they equaled 6.4% and 5.2%, respectively. With the large banks, the deposit interest rate remained unchanged at the level of 7.1%. With the **foreign currency interest rates**, the group of medium-size banks increased the lending interest rate by 0.8 percentage points, so it amounted to 8.9%, whereas the large and the small-size banks did not register monthly change and their interest rates amounted to 7.2% and 9%. In June, the foreign currency deposit interest rates with the large and the medium-size banks amounted to 3.5% and 3.6%, respectively (growth of 0.4 and 0.1 percentage point,

respectively relative to the previous month), whereas with the small-size banks, the interest rates remained unchanged and they equaled 1.8%.

In June 2009, the **real effective exchange rate of the Denar**, calculated by the consumer price index showed higher competitiveness, i.e. it registered monthly depreciation of 1.6% (different from the appreciation of 0.1% in the previous month), which was due to the fall in the domestic prices, in conditions of small appreciation of NEER (of 0.2%). On the other hand, the influence of the annual appreciation of NEER (of 5.5%) was fully neutralized by the growth in the relative prices (rise in the foreign and drop in the domestic prices) on annual basis, so the REER of the Denar maintained the level of competitiveness as in June 2008. On cumulative basis, the REER registered appreciation of 1.1%, which in conditions of growth in the relative prices was due to the appreciation of NEER. Simultaneously, in June 2009, the index of REER of the Denar deflated with the producer price index appreciated by 1.7%, on monthly basis, which resulted from the higher growth in the domestic than in the foreign prices, supported by the low appreciation of the NEER. On annual and on cumulative basis, the REER of the Denar registered appreciation (of 0.7% and 0.8%, respectively), as a result of the appreciation of the NEER, which was partially neutralized with the growth of the relative prices.

Figure 16

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.

ANNEX

Table 1
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	VII.2009 VI.2009	VII.2009 VII.2008	I-VII.2009 I-VII.2008	VII.2009 VI.2009	VII.2009 VII.2008	I-VII.2009 I-VII.2008
Total	-0.5	-1.3	-0.1	-0.5	-1.3	-0.1
Food	-1.5	-2.1	-0.3	-0.6	-0.8	-0.1
Grain products	0.6	-1.0	2.7	0.1	-0.1	0.2
Fresh and processed vegetables	-10.3	2.8	0.1	-0.6	0.2	0.0
Fresh and processed fruits	-3.2	-10.2	-13.0	-0.1	-0.3	-0.4
Meat and poultry	0.0	7.6	8.9	0.0	0.6	0.7
Fresh and cooked fish	-0.6	11.6	13.9	0.0	0.1	0.1
Dairy products	0.1	-9.9	-5.8	0.0	-0.6	-0.4
Eggs	-2.7	-4.2	5.0	0.0	-0.1	0.1
Oils and fats	3.2	-27.6	-24.5	0.1	-0.7	-0.6
Tobacco and beverages	0.2	4.2	4.3	0.0	0.2	0.2
Clothing and footwear	-0.6	-0.1	0.3	0.0	0.0	0.0
Housing	0.0	6.2	6.9	0.0	0.9	1.0
Flat (rent, water and other services)	0.0	1.5	2.9	0.0	0.1	0.1
Fuel and lighting	0.1	9.5	9.8	0.0	0.8	0.9
Heating and services	0.2	3.1	3.7	0.0	0.1	0.1
Electric power	0.0	13.1	13.1	0.0	0.7	0.7
Hygiene and health	0.1	2.6	2.4	0.0	0.2	0.2
Culture and entertainment	-0.3	-3.0	-2.1	0.0	-0.2	-0.1
Transport and communication services	1.0	-11.5	-10.3	0.1	-1.6	-1.4
Fuels and lubricants	3.5	-28.7	-27.3	0.1	-1.2	-1.1
Public transport services & PTT	0.0	-0.9	0.1	0.0	0.0	0.0
Restaurants and hotels	-0.1	1.0	3.6	0.0	0.1	0.2
Other services n.e.c.	0.8	-8.1	-8.0	0.0	0.0	0.0

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

	2007	2008	2008				2009		Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	May-09	Jun-09	Jul-09
<i>(annual rates, %)</i>											
Inflation (CPI)	2.3	8.3	9.5	9.9	8.4	5.5	0.9	-0.6	0.4	-1.7	-1.3
Core inflation (excluding food and energy)	0.6	2.6	2.9	2.8	2.5	2.2	1.5	0.3	0.4	0.1	0.1
Regulated prices	3.3	9.3	7.4	9.2	12.5	8.3	-1.6	-1.8	-1.9	-2.5	-2.0
Industrial producer prices	2.5	10.3	10.5	13.6	15.1	2.1	-6.2	-8.8	-9.3	-9.9	-11.5
Productivity	2.3	1.7	1.5	3.6	2.0	-0.2	-3.9	-	-	-	-
Nominal net-wage*	7.9	10.4	10.5	9.9	10.7	10.3	12.7	-	13.2	-	-
Real net-wage*	5.5	1.9	0.9	0.0	2.1	4.5	11.8	-	12.7	-	-

*Form January 2009 data are revised from structural break due to application of gross wages concept, which includes allowances for food and transport in the wages.

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

Table 3
Industrial output and other economic activities

	2007	2008	2007				2008				2009		Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Mar-09	Apr-09	May-09
<i>(annual rates, %)</i>															
Gross domestic product	5.9	4.9	6.1	4.8	5.2	7.3	5.6	6.7	5.8	2.0	-0.9	-	-	-	-
Industrial output	3.7	5.5	11.6	-2.8	1.1	6.2	5.8	12.0	13.0	-7.7	-10.8	-13.2	-7.7	-15.3	-16.2
Construction	7.6	25.6	9.4	-18.6	18.0	23.3	29.1	55.7	-2.0	31.5	0.0	-	-30.2	31.8	-
Retail and wholesale trade	23.1	10.5	25.1	17.2	21.2	28.6	19.1	19.8	12.4	-0.5	-8.7	-	-18.4	-16.2	-
Telecommunications	15.6	8.9	11.1	17.1	15.9	18.1	12.1	7.4	10.1	6.4	7.4	-	10.9	2.7	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2008	2008				2009		jyn.09	
				Q1	Q2	Q3	Q4	Q1	Q2	change, %	contribution, p.p.
Mining and quarrying	28.0	9.8	0.4	11.9	13.6	3.4	11.2	-12.6	-19.2	-30.8	-1.4
Manufacture of food products and beverages	0.1	7.7	1.2	5.3	6.0	6.1	11.9	-2.5	-0.1	1.7	0.3
Manufacture of tobacco products	5.5	-0.8	0.1	13.8	15.4	1.0	-18.1	-2.1	2.6	-6.8	-0.5
Manufacture of wearing apparel	-3.7	-14.5	-2.0	-16.5	-22.7	-23.4	-18.8	-23.7	-16.9	-12.5	-0.9
Printing	-17.9	-12.2	1.6	7.8	72.2	68.4	85.3	2.6 times	54.4	1.5	0.1
Manufacture of refined petroleum products	12.3	-2.4	0.1	3.3	50.9	1.1	-30.9	9.2	-27.2	-4.7	-0.2
Manufacture of other non-metallic mineral products	14.0	3.8	-0.3	-10.9	-3.2	-9.9	15.0	-17.0	-4.3	-8.4	-0.7
Manufacture of basic metals	11.8	34.3	-1.0	9.5	15.7	-3.3	-45.7	-61.6	-52.3	-51.8	-8.4
Manufacture of fabricated metal products	5.7	45.6	2.6	29.7	11.8	3 pati	-22.0	35.0	-12.9	-8.3	-0.3
Manufacture of electrical machinery and equipment	3.7	-24.4	0.6	45.6	64.9	32.4	-10.6	1.0	-13.5	-31.8	-1.2
Manufacture of other transport equipment	-6.9	33.4	-0.3	9.8	143.1	-47.9	-70.6	-60.5	-71.5	-76.8	-1.3
Recycling	12.8	-35.6	0.5	105.6	262.2	12.5 times	-34.9	-74.2	-10.6	-10.6	-0.1
Electricity, gas, steam and hot water supply	-0.6	-9.5	-0.3	-0.8	1.9	1.9	-12.2	-1.6	15.6	25.5	1.6

Source: State Statistical Office of the Republic of Macedonia.

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

	2008	2008				2008	2009					2009	2009
	XII	Q1	Q2	Q3	Q4		I	II	III	IV	V	Q1	
I. Current Account	-118.8	-173.0	-210.1	-67.0	-401.0	-851.2	-100.2	-83.2	-145.8	-62.5	-25.1	-329.2	-416.8
GOODS, net	-152.0	-371.0	-460.3	-416.2	-489.1	-1,736.7	-142.2	-151.1	-150.8	-141.7	-79.0	-444.1	-664.8
Exports, f.o.b.	171.9	611.6	735.8	745.2	591.6	2,684.2	113.7	136.7	149.9	155.0	164.5	400.3	719.8
Imports, f.o.b. /2	-323.9	-982.6	-1,196.1	-1,161.4	-1,080.7	-4,420.9	-255.9	-287.8	-300.7	-296.7	-243.5	-844.4	-1,384.6
SERVICES, net	-14.0	-0.8	-8.9	28.3	-18.7	0.0	-1.8	3.1	-3.5	0.4	-4.5	-2.2	-6.3
INCOME, net	-2.9	23.2	0.0	-14.3	-102.3	-93.4	1.7	5.9	-19.8	2.1	-26.1	-12.2	-36.3
o/w: interest, net	-9.2	-5.8	-11.7	-10.2	-18.5	-46.2	-8.1	-5.3	-7.7	-5.6	-6.1	-21.1	-32.8
CURRENT TRANSFERS, net	50.1	175.5	259.1	335.2	209.1	978.9	42.1	58.8	28.4	76.7	84.5	129.4	290.6
Official	3.8	7.7	21.5	10.9	7.9	47.9	3.0	1.5	5.8	5.6	2.0	10.3	17.8
Private	46.3	167.9	237.6	324.3	201.3	931.0	39.2	57.4	22.6	71.1	82.5	119.1	272.7
II. Capital and Financial Account	117.6	184.9	219.5	57.8	390.5	852.6	87.2	81.4	144.7	66.9	31.4	313.3	411.6
CAPITAL ACCOUNT, net	-7.6	-1.0	-2.7	-0.6	-8.5	-12.8	0.1	0.4	0.3	-0.1	0.3	0.8	0.9
Capital transfers, net	-0.1	-1.0	1.0	-0.6	-1.0	-1.6	0.1	0.4	0.3	-0.1	0.3	0.8	0.9
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
Other	-0.1	-1.0	1.0	-0.6	-1.0	-1.6	0.1	0.4	0.3	-0.1	0.3	0.8	0.9
Acquisition/disposal of non-produced,	-7.5	0.0	-3.7	0.0	-7.5	-11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FINANCIAL ACCOUNT, net	125.2	185.9	222.2	58.4	399.0	865.5	87.2	81.0	144.3	67.0	31.1	312.5	410.7
Direct investment, net	35.2	130.0	128.4	90.0	73.6	422.0	11.8	16.0	12.9	26.1	31.8	40.7	98.6
Portfolio investment, net	-4.5	-8.3	-11.2	-7.7	-23.4	-50.6	-4.7	-3.7	-10.8	-8.6	-0.5	-19.1	-28.1
Other investment, net	18.6	56.1	128.5	103.8	154.1	442.4	-7.7	31.9	13.9	-9.1	-34.4	38.0	-5.5
Trade credits, net	-25.2	-14.6	63.1	-12.4	-11.5	24.6	-1.4	24.5	30.1	8.7	-23.0	53.1	38.7
Loans, net	-5.4	-1.5	47.9	59.7	66.4	172.4	-4.8	0.6	1.6	8.9	11.1	-2.7	17.4
Currency and deposits, net	41.1	60.8	7.7	52.0	86.9	207.5	-4.5	4.2	-21.9	-29.0	-25.3	-22.3	-76.6
o/w: Monetary Authorities, net	0.1	10.7	5.9	0.0	-0.5	16.0	-4.0	-0.3	0.7	-0.4	0.4	-3.6	-3.6
o/w: Commercial Banks, net	28.0	47.2	9.2	41.0	137.2	234.6	-10.5	-3.5	-42.0	-32.9	-25.2	-56.0	-114.1
o/w: Individuals, net	13.0	2.9	-7.4	11.0	-49.7	-43.2	10.0	8.0	19.4	4.2	-0.4	37.3	41.1
Other, net	8.1	11.4	9.7	4.5	12.3	37.9	3.1	2.7	4.1	2.3	2.8	9.9	15.0
Gross official reserves (- = increase) /4	75.9	8.0	-23.5	-127.6	194.8	51.6	87.7	36.7	128.4	58.7	34.2	252.8	345.6
III. Errors and Omissions	1.1	-11.8	-9.3	9.2	10.5	-1.5	13.0	1.8	1.1	-4.4	-6.3	15.9	5.2

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

Table 6
Foreign trade

	VI.2009	I-VI.2009	VI.2009		VI.2009		I-VI.2009	
			V.2009		VI.2008		I-VI.2008	
	amount		amount	%	amount	%	amount	%
Total trade	467.5	2,634.9	48.4	11.5	-221.5	-32.1	-1,008.1	-27.7
Export	171.3	892.8	6.5	4.0	-77.7	-31.2	-456.8	-33.8
Import	296.2	1,742.1	41.8	16.4	-143.7	-32.7	-551.3	-24.0
Balance	-124.8	-849.3	-35.3	39.4	66.0	-34.6	94.5	-10.0

Source: State Statistical Office of the Republic of Macedonia.

Table 7
Monetary developments in May 2009

	31.01.2009	28.02.2009	31.03.2009	30.04.2009	31.05.2009	30.06.2009	31.07.2009	monthly changes (31.07.2009/ 30.06.2009)		annual changes (31.07.2009/ 31.07.2008)
	actual	actual	actual	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>										
Broad money M4	192,681	192,775	190,377	192,479	190,840	191,949	191,593	-357	-0.2	-0.6
Currency in circulation	15,915	15,341	14,646	14,760	14,443	14,210	15,299	1,089	7.7	-8.6
Denar deposits ¹	91,330	91,239	86,435	85,885	85,512	86,115	81,514	-4,602	-5.3	-16.4
Foreign currency deposits	85,435	86,195	89,296	91,834	90,885	91,624	94,780	3,156	3.4	20.7
Total deposits	176,766	177,434	175,731	177,719	176,397	177,739	176,294	-1,446	-0.8	0.2
Reserve money ²	38,835	39,034	36,713	36,735	35,611	37,348	42,160	4,812	12.9	4.3

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

²Including reserve requirement in foreign currency.

	31.01.2009	28.02.2009	31.03.2009	30.04.2009	31.05.2009	30.06.2009	31.07.2009	monthly changes (31.07.2009/ 30.06.2009)		annual changes (31.07.2009/ 31.07.2008)
	actual	actual	actual	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>										
Credit to the private sector	173,300	175,397	176,298	176,758	176,261	175,164	175,710	546	0.3	11.2
In Denar	133,924	135,992	136,900	137,156	137,334	136,884	137,406	522	0.4	12.9
In Foreign currency	39,376	39,405	39,398	39,602	38,927	38,280	38,304	24	0.1	5.7
Banks' net foreign assets	1,029	1,177	3,702	5,421	7,256	4,322	1,908	-2,414	-55.9	-80.3

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						
	2008				2009			2008				2009		
	Q1	Q2	Q3	Q4	Q1	Q2	July	Q1	Q2	Q3	Q4	Q1	Q2	July
M0	-8.8	13.5	-0.02	4.4	-10.2	1.7	12.9	16.6	22.2	19.6	8.0	6.4	-4.7	4.3
M1	-5.9	11.2	1.50	7.8	-13.5	1.8	1.4	24.3	30.2	22.2	14.5	5.2	-3.6	-0.4
M4	1.6	6.3	4.3	-1.2	-2.6	0.8	-0.2	25.3	21.4	22.0	11.2	6.6	1.2	-0.6
M4-denar	-1.4	6.6	2.0	-3.2	-9.5	-0.7	-3.5	33.5	24.7	20.0	3.9	-4.7	-11.3	-15.2

Source: National Bank of the Republic of Macedonia.

Table 9

Deposits of the private sector*
(in millions of denars)

		Balance as of 31.07.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		172,879	-1,717	-1.0	-259	-0.1
In Denar	Households	37,876	181	0.5	-7,203	-16.0
	Enterprises	33,034	-4,608	-12.2	-12,425	-27.3
	Total	78,099	-4,873	-5.9	-16,541	-17.5
In Foreign currency	Households	76,788	1,864	2.5	17,937	30.5
	Enterprises	16,753	1,346	8.7	-2,637	-13.6
	Total	94,780	3,156	3.4	16,282	20.7
Total households deposits		114,664	2,045	1.8	10,734	10.3
Total enterprises deposits		49,787	-3,262	-6.1	-15,062	-23.2

* 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 31.07.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		175,710	546	0.3	17,721	11.2
In Denar	Households	68,119	218	0.3	8,161	13.6
	Enterprises	69,125	297	0.4	7,652	12.4
	Total	137,406	522	0.4	15,662	12.9
In Foreign currency	Households	4,016	-64	-1.6	-7	-0.2
	Enterprises	34,204	122	0.4	1,998	6.2
	Total	38,304	24	0.1	2,059	5.7
Total credit to the households		72,135	154	0.2	8,154	12.7
Total credit to the enterprises		103,329	419	0.4	9,650	10.3

Source: National Bank of the Republic of Macedonia.

Table 11
Interest rates

	July	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	9.00	0.0	2.0
Average weighted interest rate on the Money Market	6.86	0.5	2.2
Interest rate on three-month treasury bills	8.65	-0.7	1.3
	June	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	10.1	0.0	0.4
Banks' weighted deposit interest rates	6.8	0.0	1.0

* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.