

National Bank of the Republic of Macedonia
Research Department



Monthly Information
8/2009

September, 2009

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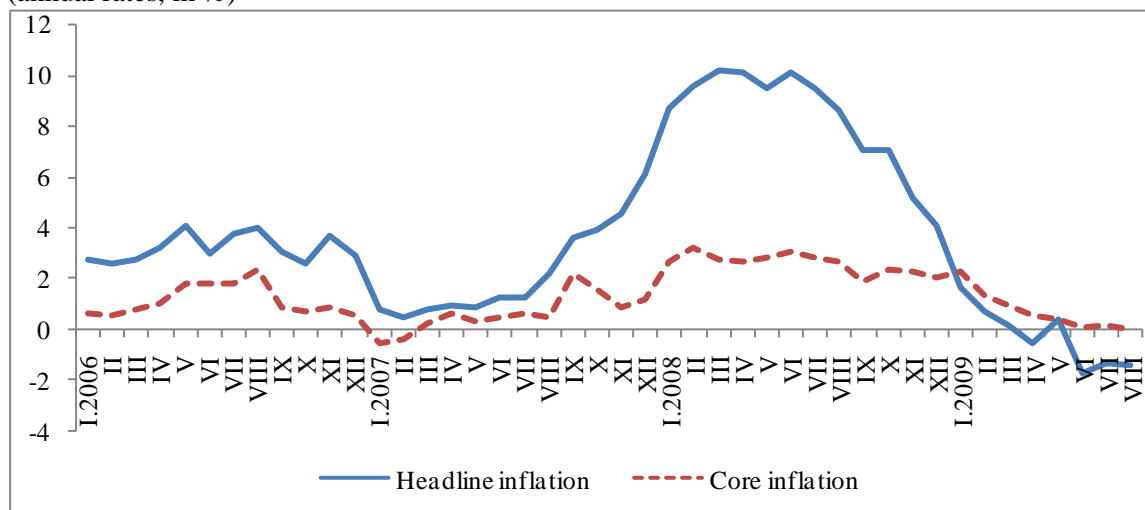
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1. PRICES

Same as in the previous two months, in August 2009 the level of the consumer prices registered fall on monthly basis (of 0.3%). The usual seasonal drop in the prices of the fresh food (mainly of the fruits and vegetables) contributed mostly to the monthly price decrease. The prices in the other categories mainly remained at the same level of July, except for the more considerable growth in the prices of the thermal energy¹, in accordance with the decision of the Regulatory Energy Committee. On annual basis, the consumer costs went down by 1.4%, in conditions of lower prices of oil derivatives and of certain food products (of fats, dairy products and fruits) and higher prices of the meat and electricity. In accordance with the price developments in the last three months, the cumulative inflation rate for the period January-August 2009 amounted to -0.3%. Also, deepening in the price fall was registered relative to the end of the previous year, so the price level in August was lower relative to December by 2.4% (opposite to the drop of 2.1% in the previous month).

The core inflation (inflation without food and energy) in August remained unchanged on annual basis (in July it amounted to 0.1%). The unchanged core inflation resulted from the divergent developments in the costs for education, culture and recreation and for car maintenance (in downward direction) and of the hygiene and health costs and prices of beverages (in upward direction). If only the food is excluded, the consumer costs in August 2009 are lower compared with the same month of the previous year by 1%.

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



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

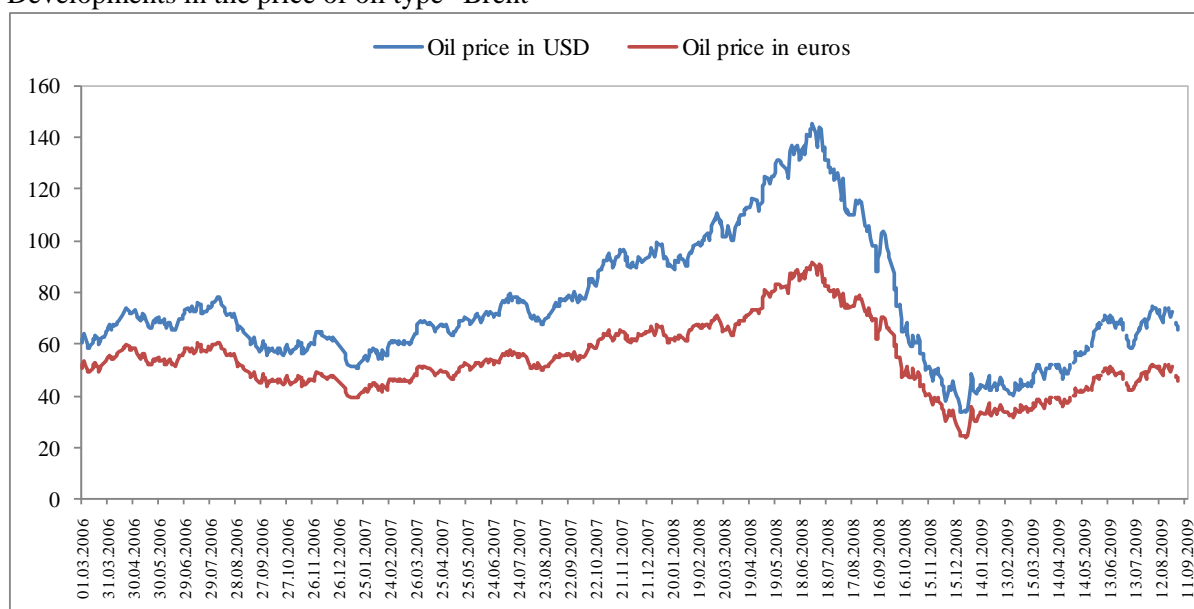
The realized negative annual inflation rate in August was in accordance with the inflation projection, according to which inflation of -1.3% was expected for August. The projected annual inflation rate for September amounted to -1.0%, and for the third quarter of the

¹ The rise in the price of the thermal energy in August resulted from the decisions adopted by REC for increase in the price of the delivered thermal energy from "Toplifkacija" AD - Skopje, "Skopje Sever" AD - Skopje and "ELEM - Subsidiary Energetika" AD - Skopje by 17.1%, 8.1% and 9.2%, respectively.

projections showed price drop of 1.2%, with expectations for negative inflation rates in all months till the end of the year.

After the monthly drop of 5.4% in July, the oil price on the international stock exchanges grew up in August, so the average price of the oil type "Brent" reached up to 72,5 USA Dollar per barrel, which was by 11.7% more relative to the previous month. The achieved price level of over USA Dollar 70 per barrel in August resulted from the issued data for fall in the unemployment in USA in July, growth in the production in the manufacturing industry in USA, China and the United Kingdom, the lower reserves of oil and the increased construction and sale of apartments for July in USA, that influenced on the optimism and the trust for sooner recovery of the global economy, and subsequently on the demand for this energy source. However, in the first two weeks of September (from September 1 till September 9), the oil price was mainly under USA Dollar 70 per barrel, thus being by 5.5% lower than in the previous two week period (which was mainly due to the expectations and the decision by OPEK, on the regular meeting held in Vienna on September 9, for the volume of production to remain unchanged, as well as to increase in the unemployment in USA in August). In accordance with the latest developments in the oil price and the strengthening of the exchange rate of the Denar relative to the USA Dollar in the previous two week period (appreciation of 0.6%), on September 14 the Regulatory Energy Committee adopted a decision on decreasing the refinery and the retail prices of oil derivatives.

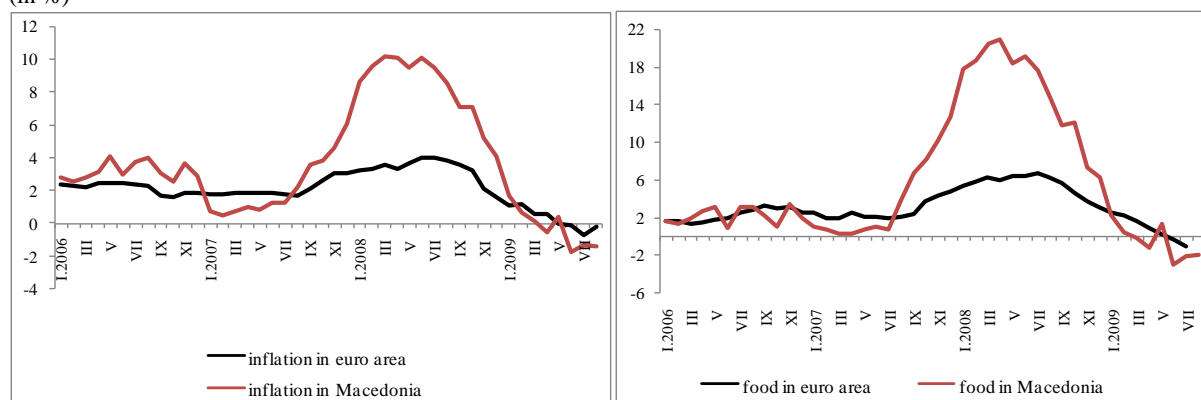
Figure 2
Developments in the price of oil type "Brent"



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

In August 2009 the **annual inflation rate in the Euro area** was assessed at -0.2%. Thus, after the rate in June of -0.1% and in July of -0.7%, August was the third month in a row registering negative annual inflation rates.

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

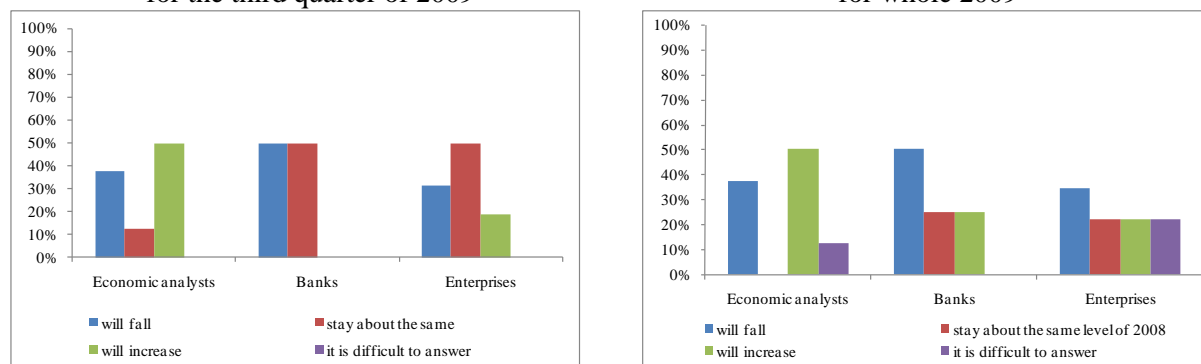


Source: Eurostat and SSO.

1.1. Inflation expectations survey

According to the Inflation expectations survey conducted in August 2009², most of the surveyed (43%) anticipated for the average annual inflation rate **in the third quarter of 2009** to maintain the level of July of -1.3%, 34% anticipated even lower inflation (i.e. higher deflation), and 23% anticipated higher inflation (i.e. lower deflation). Almost 1/2 of the *analysts* considered that the inflation will be higher, more than 1/3 (38%) considered that it will be lower, and 12% that it will remain at the current level. Half of the *banks* consider that the inflation will reduce further, and the other half considers that it shall remain unchanged. With the *enterprises*, the expectations of the largest part (50%) were that the inflation shall stagnate, 31% anticipated further drop, and 19% envisaged growth. *The average anticipated inflation rate of all entities for the third quarter of 2009 amounted to -1.3%, which corresponded with the NBRM's projections for the inflation for this period.*

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



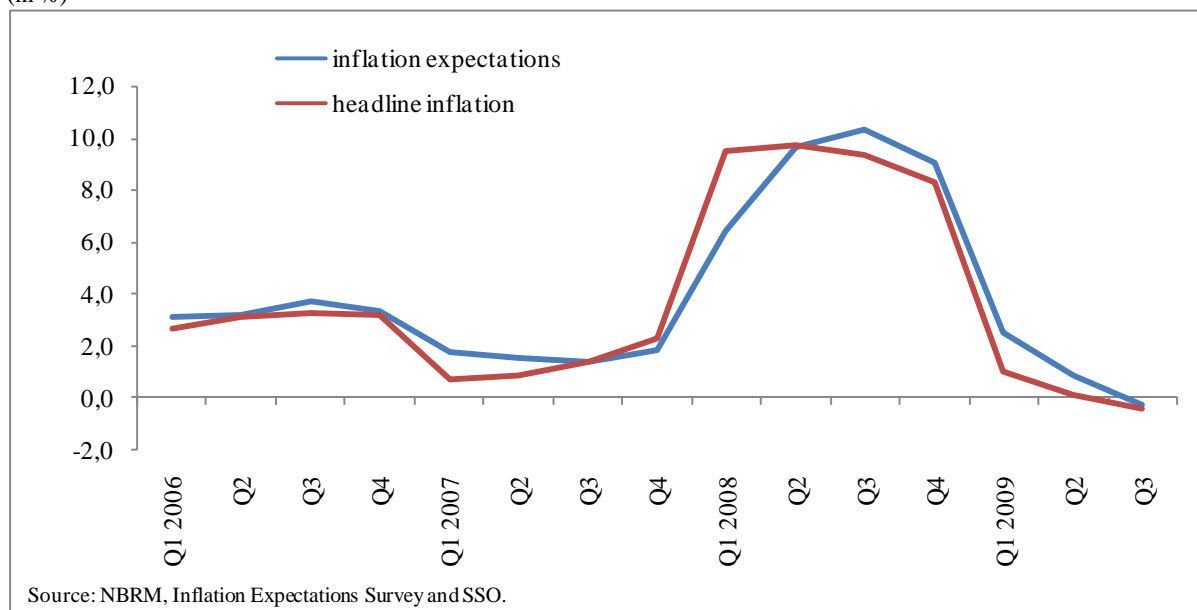
Source: NBRM, Inflation expectations survey.

² The survey had response of 60.3%, i.e. 44 of 73 surveyed answered the survey. Observed by entities, the highest response was registered with the economic analysts (62%), than with the enterprises (60%), and the lowest with the banks (57%).

Pertaining to **all 2009**, most of the surveyed (37%) consider that the average inflation rate **shall be lower than the average for the period January-July (-0.1%)**, 27% consider that it will be higher, 18% that it shall maintain the level of -0.1%, and 18% that it is hard to determine. One half of the **analysts** consider that the inflation will grow up, 38% that it will reduce, and the remaining that it is hard to determine. Different from the analysts, most of the banks and the enterprises consider that the inflation will decrease. Thus, 1/2 of the **banks** consider that the inflation till the end of the year will reduce relative to the average of January-July, 1/4 that it will increase and 1/4 that it will remain the same. Most of **the enterprises** consider that the inflation for 2009 will be lower than the average for the first 7 months (34%), 22% consider that it will be higher, 22% that it shall remain the same and 22% that it is hard to be determined. *The economic agents anticipated for the average inflation rate to equal -0.2% 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.

The global recession developments, the expectations for fall in the personal consumption, the difficult approach to credits and the lower investment activity, as well as the expectations for worsening in the situation on the labor market are the factors that are most oftenly emphasized by the economic agents as factors that would influence on the drop in the inflation rate till the end of the year. The expectations for growth in the prices of the energy sources (oil and electricity), of the thermal energy, as well as the expectations and the expectations for sooner recovery of the global economy were specified as factors for inflation intensification.

2. WAGES

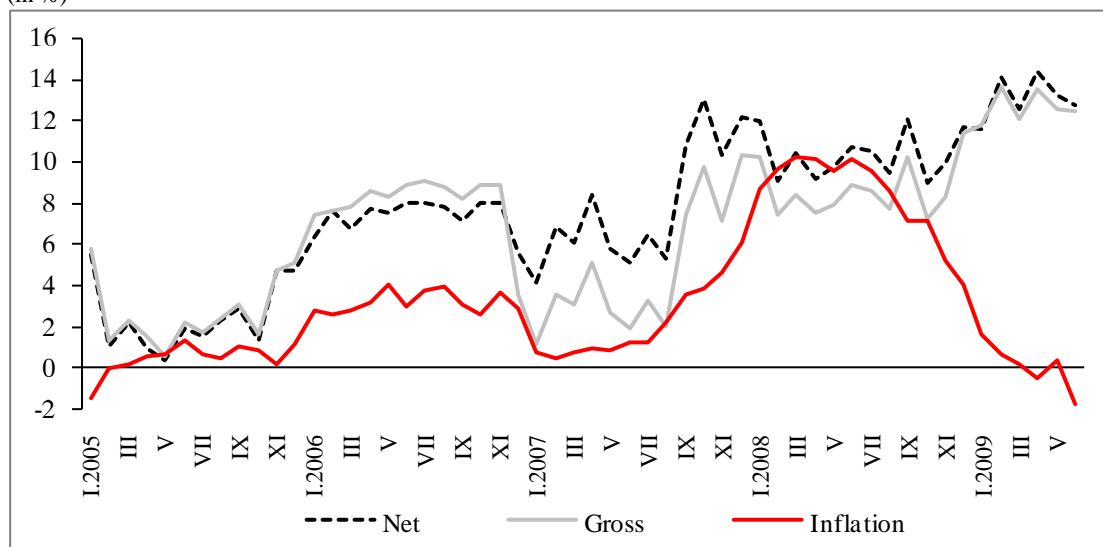
The changes in the wages showed gradual adaptation of the labor force market to the worsening in the economic ambient and the fall in the economic activity. Thus, in June 2009 the average paid **net wage** registered nominal drop of 0.2% relative to May, but still with monthly

deflation of 1.7% being registered, it was higher by 1.5%, on real basis. Analyzed with respect to the main economy sectors, the monthly fall in the wages was mostly due to the drop in the wages in the service sector (by -2.5%), in conditions of dominant structure participation of this sector in the total number of employees. The agriculture registered wage drop as well (of -1.6%), while the wages in the industry, despite the downward trend in the output, registered monthly rise of 5.8%. The average paid **gross wage** in June rose by 0.2%, on nominal basis, relative to May, and by 2.0% on real basis.

On annual basis, the nominal net and gross wages corrected for the structure change³ registered annual growth of 12.7% and 12.5%, respectively, relative to the considerably higher growth in accordance with the official data (rise by 27.4% with the net and 17.5% with the gross wage⁴). With considerable fall in the consumer prices being registered, the corrected real wages registered higher increase than the nominal (growth by 14.7% with the net and 14.4% with the gross wage).

Figure 6

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 and NBRM.

All activities registered wage growth, on annual basis. Despite the higher wages in the public sector (as a result of the growth of 10% in September 2008), the wages in the private sector registered considerable growth (the mining, construction, catering services, financial sector and transport and communications realized the highest growth).

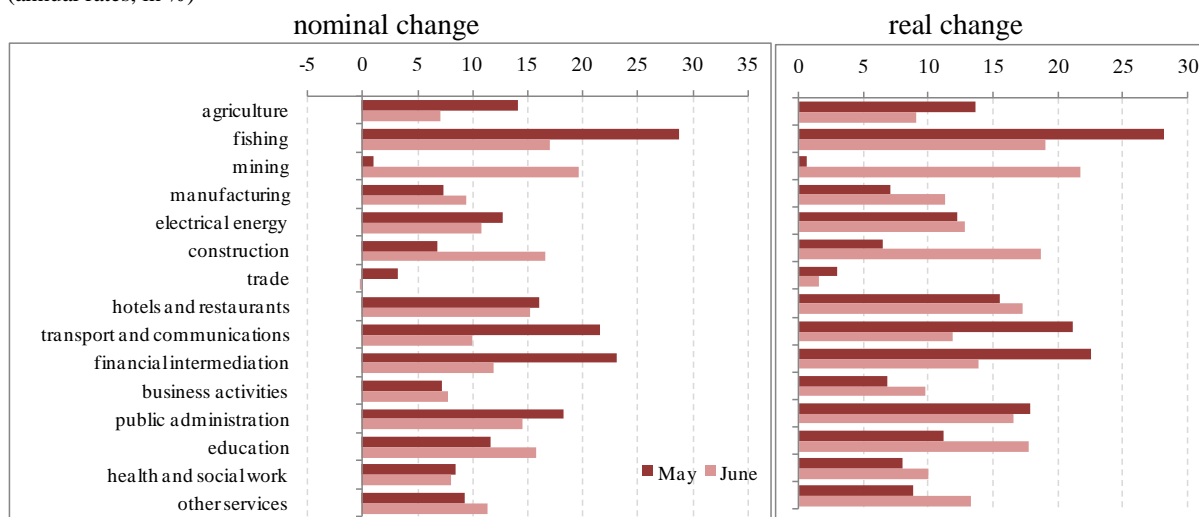
Compared with the end of the previous year, the net wages on nominal and on real basis grew up by 2.3% and 3.9%, respectively, and the wages in the industry (mining and queering) and in the constriction registered the highest growth, whereas within the service sector the cumulative wage

³ 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 than 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.

⁴ 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.

growth was moderate and it equaled 1% (with growth in the wages within the transport, storage and communications, financial intermediation, the activities related with the real estate and the education being registered).

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



*The corrected rates are shown.

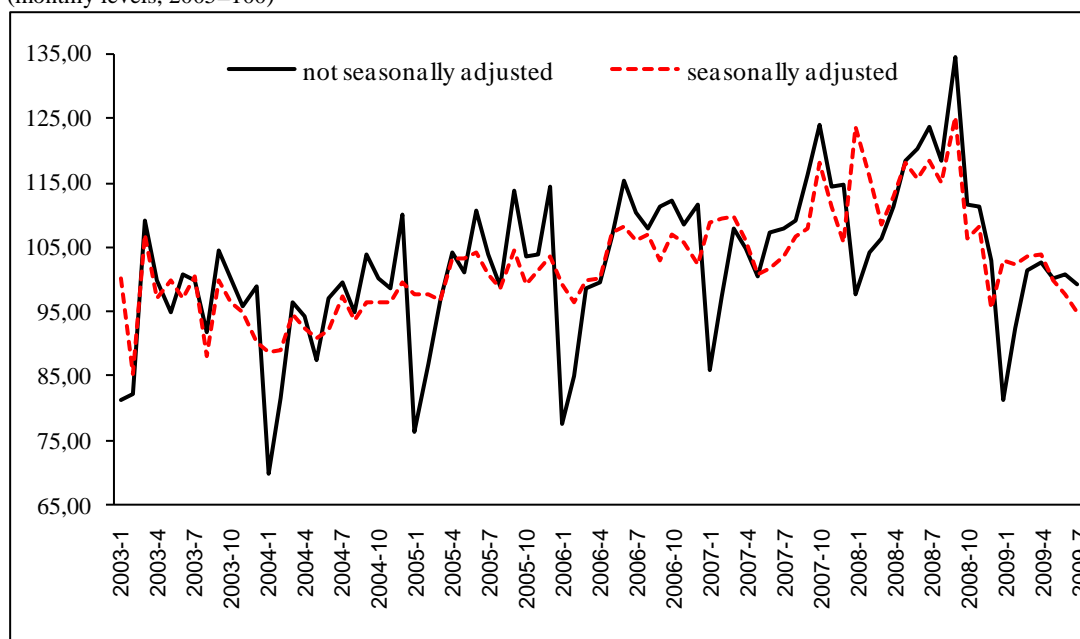
Source: State Statistical Office of the Republic of Macedonia and NBRM.

3. ECONOMIC ACTIVITY

In July 2009, the **industrial output** registered monthly drop of 1.5%, whereas the data adjusted for seasonal effects showed deeper fall by twice (of 3%). On annual basis, the volume of output in the manufacturing industry and the mining registered drop, i.e. 18 of 24 sectors that created 67% of the index. The branches with positive effect, which create 33% of the index contributed to growth in the industrial output of only 1.1%, relative to the total negative effect of the other 18 branches of 20.9%, which resulted in net negative effect, i.e. annual decline in the industrial output of 19.8% (highest fall since the beginning of the crisis).

Within the branches with higher participation in the index, the output of basic metals still had most considerable drop (with negative contribution to the index of 7.5 p.p. and started downward trend in the negative effect). Although with lower participation in the index, still the output of metal products in the metal manufacturing phase registered high negative contribution of 5.3 p.p., together with the output of products from other non-metal minerals (of 1.6 p.p.). The annual rise in the supply of electricity, gas and water still registered low contribution to the total index (of only 0.4 p.p.). In the first 7 months of 2009, the cumulative fall in the industry amounted to 13.3%, which represented deepening of 1.2 p.p., compared with the cumulative change in June.

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

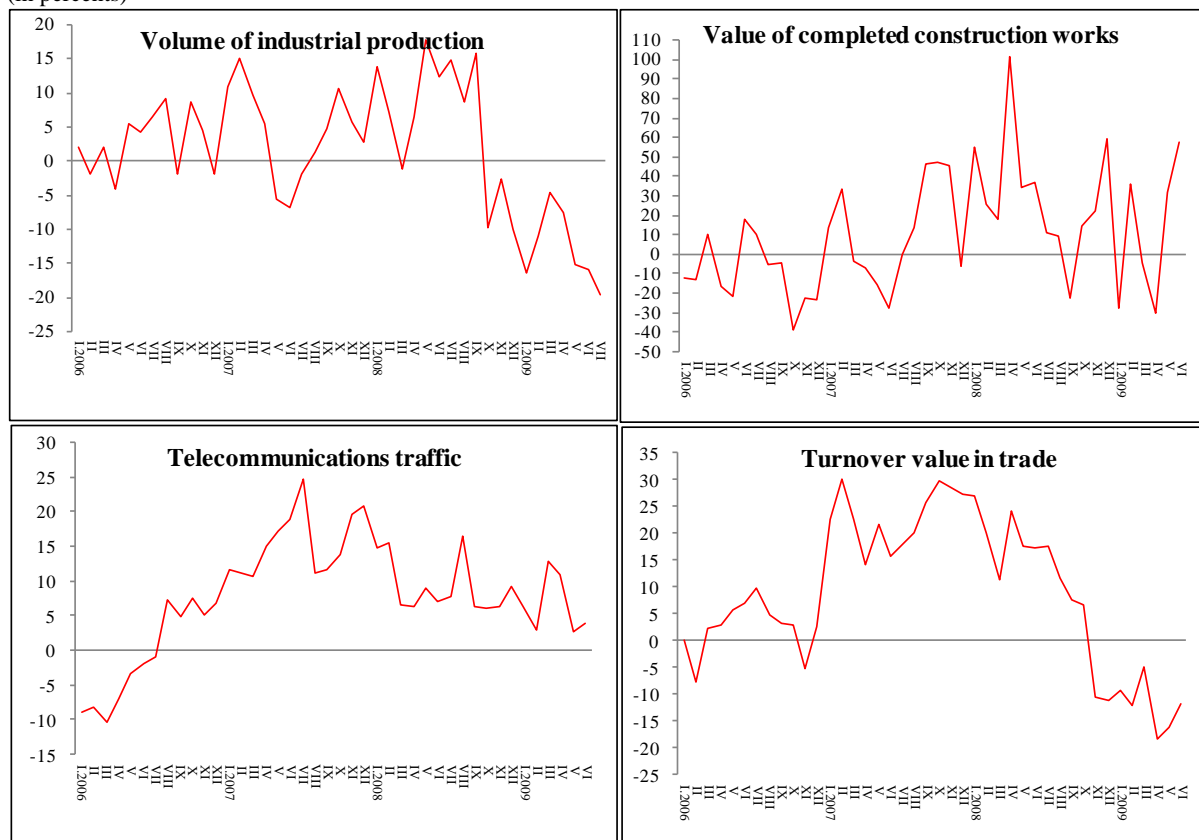


Source: State Statistical Office and NBRM calculations.

On the other hand, the latest data gave positive signals for the **other economy sectors**. The turnover in the **domestic trade** is registering monthly growth rates second month in a row. Thus, in June 2009 the monthly growth in the trade amounted to 6.5%, or 3.5% with the data adjusted for seasonal effects. Relative to the same month of the previous year the drop in the turnover slowed down to 11.7% (relative to the fall of 16.2% in May). The drop in the trade turnover was solely due to the decline in the wholesales (20.0%), whereas the retail sales registered annual rise of 1.3% for the first time after five months.

In June 2009, the **telecommunications** were by 2.6% higher than the telecommunications in May, and according to the data adjusted for seasonal effects, the telecommunications in June realized monthly growth of 0.9%. In accordance with this, the annual growth rate with the telecommunications registered moderate intensification as well, from 2.7% in May, to 4.0% in June. The **construction** registered certain further improvement in the performances in June, where the value of the preformed construction activities was higher by 17.5% on monthly basis and according to the data adjusted for seasonal effects by 15.1%, whereas on annual basis high growth of 57.4% was registered.

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



Source: State Statistical Office and NBRM calculations.

Despite the good results with the construction in June, the value of the facilities that that were given **construction license** went down by 23.4% relative to previous year, whereas in July it registered high annual drop of 67.4%. This indicates expectations for lower construction activities in the following period, although the Government's decision on decreasing the value added tax for apartment sale from 18% to 5% may have opposite reaction.

The trends in the industry, trade and telecommunications indicate that the fall in the economic activity will deepen even more in the second quarter, compared with the first quarter. Considering the indicators of some expense components of GDP, it could be asserted that the signals they sent are different. Thus, the slowing down in the growth in the credits and the pensions in the second quarter, as well as the considerable drop in the income based on VAT and the lower import and the slower production of consumption goods in the second quarter, indicated the fact that **the personal consumption** will slow down considerably. Such trend was expected considering the usually lower preferences for consumption by the households in conditions of turbulent economic developments and worsened expectations for the future. On the other hand, in the second quarter the real annual wage growth intensified and there was a considerable improvement in the private transfers, which together with the lower pace of the fall in the retail trade indicated growth in the personal consumption. The latest data for July on the household crediting, the income based on VAT, the production of the consumption goods and the pensions failed to generate a precise conclusion on the intensity of change in the personal consumption in the third quarter. The indicators for investment consumption had the

same feature as well. The restrictive credit policy of banks relative to the corporate sector and the lower direct investments indicated deeper fall in **the investment activity in the second quarter**, which was evident through the lower import of means of operations and the lower domestic output of capital products, which somehow neutralize the higher building activity. Part of the latest data for July that indicate the investment activity signalized possible positive developments in the third quarter. On the other hand, **the public consumption**, in the second quarter as well characterizes with evident rise that continued in the first two months of the third quarter as well, whereas within the **net export** the negative balance narrowed, which was due to the higher drop in the import relative to the export in the second quarter. The total developments in the economy with the data on the second quarter indicated the fact that the GDP fall in the second quarter should possibly be in accordance with the projected one of 1.6%, although the conclusions on the expenditure components based on the indicative categories can be created with certainty.

4. BALANCE OF PAYMENTS

In the first half of the year, *the deficit on the current account of the balance of payments* amounted to Euro 435.3 million, which represented 6.8% of the envisaged GDP for 2009 and it does not diverges considerably from the projected level (7% of GDP). Compared with the same period of the previous year, the deficit on the current account rose by 13.6%, and the factors for its broadening pertain to the higher net outflows from income and the lower net inflows from current transfers. On the other hand, the trade deficit registered annual decline of 6.5%.

In the second quarter of 2009, the private transfers amounted to Euro 247.7 million, ensuring coverage of almost 75% of the trade deficit, relative to 26.8% in the previous quarter. Compared with the same quarter of 2008, growth of 4.3% was registered, in conditions of higher net inflows, mainly on the basis of net assets⁵. It can be stated that the change in the trends with the private transfers mostly indicated to gradual stabilization of the expectations of the domestic entities, which resulted in stabilization of the demand for foreign currencies on the currency exchange market as well. Thus, in the second quarter of 2009 the net inflows from foreign currency operations reached up to Euro 168.4 million realizing annual growth of 5.2%, so the trend of their decrease stopped. Such positive dynamics continued in the following quarter as well, so the data from the currency exchange market for the period July-second decade of August 2009 indicated realized net inflows of Euro 179.2 million, which represented growth by 28.6% compared with the same period of 2008. Despite this, for the first time this year the net inflows from the foreign exchange operations on cumulative basis registered annual rise (of 3%). **In the second quarter the services registered positive change**, the net outflows of which reduced by 74.2% compared with the second quarter of 2008, as a result of the higher net inflows from traveling (with higher number of foreign tourists being registered), as well as to the lower net outflows based on transportation services, which was in accordance with the dynamics of the trade. **Opposite to this, net outflows of Euro 31.2 million were registered within the income**, different from the equilibrated balance in the second quarter of the previous year, which was mostly due to the paid income based on direct investments (higher amount of repatriation of dividends).

⁵ The net private transfers in the assets, when compiling the balance of payments of the Republic of Macedonia, are assessed on the basis of the data from the foreign currency market for the net assets that flows into the banking system, because it is supposed that it resulted mostly from inflows based on private transfers in cash through informal channel.

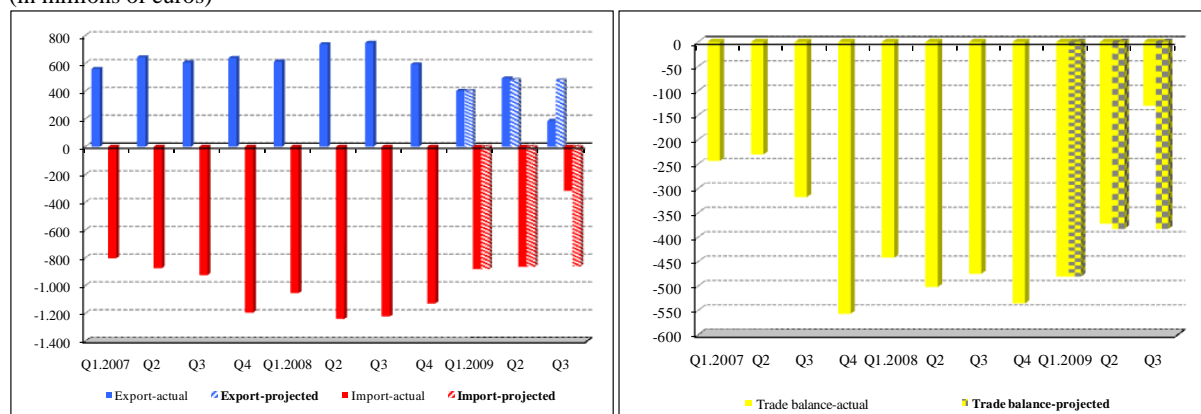
In the period January-June 2009, the realized net inflows in the capital and financial account wend down by almost 70% compared with the same period of 2008, which was due to the lower foreign direct investments, as well as to the net outflows based on currencies and deposits and loans. Consequently, the largest part, or 70% of the funding of the current account resulted from the decrease in the foreign currency reserves. In the second quarter higher amount of net inflows was realized relative to the first quarter (Euro 72.1 million), which was at almost the same level of the projection. According to the structure, more than 95% of these net inflows pertain to the **foreign direct investments** (drop of 46% on annual basis), so part of the inflows in capital were neutralized by the reinvested gain. **The currencies and deposits registered net inflows of Euro 6 million**, as a result of the net inflows with all items of this sub balance. The second quarter characterized with the drop in the foreign currency assets of banks, compared with the first quarter when the banks cumulated considerable amount of foreign currencies on the accounts abroad. These changes can be explained with the undertaken monetary measures⁶, but also with the gradual stabilization of the expectations and the lower preferences for cumulating foreign currencies. **The other items of the financial account registered net outflows**, mostly based on portfolio investments (Euro 12.4 million), which registered annual growth of 11.1%. Such dynamics was solely due to the investments of the domestic pension funds abroad, although compared with the previous quarter, these investments registered considerable decrease. On the other hand, although the disinvestment by non-residents decreased compared with the same period of 2008, it is still expected to continue in the following period. Thus, according to the data from the Macedonian stock exchange for August 2009, the foreign persons participated with 7.7% on the side of the purchase, whereas on the side of the sale with 11.5%. The loans realized outflows on net basis, relative to the net inflows in the second quarter of the previous year, which was mostly due to the lower amount of used assets, with simultaneously higher paid long-term credits and loans being registered. The trade credits realized small amount of net outflows, relative to the net inflows in the same period of 2008, which resulted from the payment of the previously used trade credits received during import.

In July 2009, in conditions of fall in the export and import of goods, *the volume of the foreign trade* registered annual fall of 31.5%, whereas the *trade deficit* registered drop of 28.8% on annual basis. In conditions of further fall in the foreign effective demand, the export of goods in July 2009 reduced to Euro 186.3 million registering annual drop of 32.4%. The lower export of iron and steel and products thereof continued giving the largest contribution to the annual fall rate of the export of goods (contribution of 74.1%). On the side of the import of goods, the lower import of iron and steel and products thereof and the lower import of energy sources (contribution of 33.1% and 31%, respectively to the total drop in the import) determined considerable annual fall in the import of goods of 31%.

⁶ The Decision of NBRM (adopted in May 2009, and which became effective In July 2009) 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% was performed, while in August 2009, the rate of allocating reserve requirements of the banks' liabilities in foreign currency amounted to 13%

Figure 10

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



*The realized in the third quarter pertains to July 2009.

Source: NBRM.

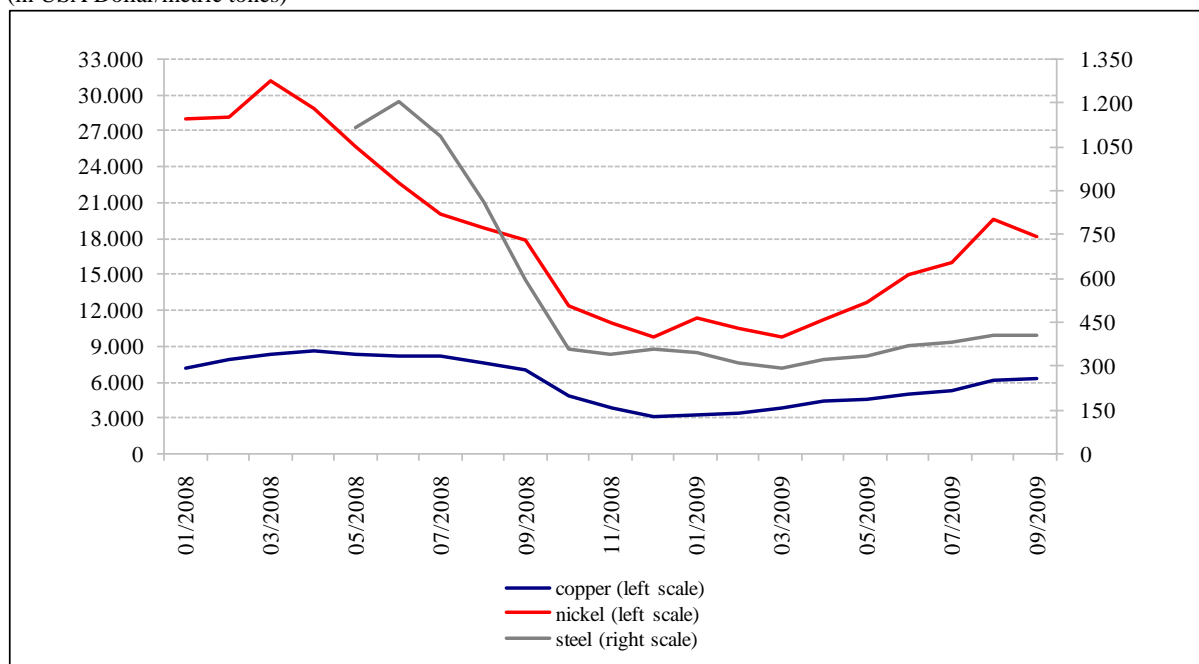
Compared with the projection of the balance of payment, the realized trade deficit in July 2009 amounted to 34.1% of the one projected for the third quarter, thus not indicating larger deviation from the projections. However, with respect to certain components, both components are expected to register exceeding of the projection. On the side of the **export** of goods, the other export registered the largest positive deviation (39.9% of realization), which corresponded with the better performances relative to the expectations of part of our largest trade partners. Simultaneously, the export of iron and steel and products thereof exceeded the projection (37.2% of realization), which can be related with the developments on the metal market in direction of price growth. Within the import of goods, consumer goods deviated mostly (realization of the projection of 40%), followed by the investment goods and intermediates (within which underestimation of the anticipated import of vehicles is possible), but also with the import of iron and steel and products thereof, which was in accordance with the realized export in this category.

On cumulative basis, in the period January-July 2009, in conditions of world economic crisis and weak demand for Macedonian products on the foreign markets, the total export of goods reduced by 33.6% on annual basis amounting Euro 1.079,7 million. The lower export of iron and steel and products thereof contributed mostly with 69.4% to the total fall in the export of goods, which resulted from the worsened position in the metal manufacturing industry which was a consequence from the lower global economic activity. Lower export was realized within the category "oil derivatives" as well (with contribution of 9.9%), which represented combination of the lower annual oil prices (41.4%) and the lower exported quantities (3.4%). Out of the other products, the wearing apparel and textile and the ores registered more considerable fall in the export, and they contributed with 7.8% and 5.8%, respectively. On the other hand, the energy dependence of the Macedonian economy and the lower realized export contributed to annual drop in the import of goods of 25.1% and in the first seven months of 2009 it amounted to Euro 2.063,2 million. The lower import of energy sources mostly contributed to the total import decrease with 39.7%, followed by the lower import of iron and steel and products thereof, with participation of 34.2%. Within the import of energy sources, the import of oil and oil derivatives reduced by 41.2% on annual basis, which in conditions of small increase in the imported quantities, was solely due to the drop in the price of oil on the international stock exchanges, whereas the import of electricity registered annual decline of 52.5%, as a result of combined quantity and price effect.

Such developments in the foreign trade, i.e. the more intensive drop in the import relative to the export (since May this year), determined narrowing in the negative gap in the trade balance of 12.8% on annual basis, thus reducing to Euro 983.5 million. The analysis of the trade deficit showed that the fall in the negative balance was due mainly to the narrowing in the deficit in the trade of energy, which generally reflected the drop in the prices of oil on the international stock exchanges. More considerable fall was registered with the deficit in the category "vehicles", and than in the balance of the plastic products and cotton. On the other hand, the fall in the surplus in the trade of two of our most significant traditional export products, the iron and steel and products thereof and the wearing apparel and textile was characteristic for the analyzed period. The export-import coverage ratio amounted to 52.3% and it reduced by 6.7 percentage points on annual basis.

The upward trend in the metal prices on the international stock exchanges continued in August 2009 as well. The prices of the nickel, copper and steel reached their maximal values of October last year, registering growth rates of 22.5%, 18.2% and 7.7%, respectively, on monthly basis.

Figure 11
Metal price
(in USA Dollar/metric tones)



*The data on September 2009 pertain to the first decade of this month.
Source: Bloomberg.

5. MONETARY AGGREGATES⁷ (initial data)

In August 2009, **the reserve money**⁸ registered annual growth rate of 13.6% (opposite to 4.3% in the previous month), which was solely due to the annual growth in the total liquid assets of

⁷ 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)

banks (of 33.6%), with fall in the currency in circulation⁹ by 6.3% being registered. On monthly basis, the reserve money registered moderate growth of 1.2%, in conditions of higher level of total liquid assets of banks by 4.1% and lower demand for currency in circulation by 2.7%.

Analyzed with respect to the **flows of creating and withdrawing liquidity**, in August as well (third month in a row) NBRM continued with the net purchase of foreign currency on the foreign exchange market, so in August the total amount of the created liquidity in the banking sector on such basis reached up to approximately Denar 1.532 million (Euro 25 million). The Denar deposits of the Government with NBRM acted towards this direction as well, and on monthly basis they reduced by Denar 1.646 million. After the last month intensive growth in the net position of the Government with NBRM (as a reflection of the realized inflows from the Eurobond), in August it dropped by Denar 1.563 million. Liquidity withdrawal was performed through the monetary instruments, the level of which rose by Denar 4.601 million on monthly basis. The CB bills (with participation of 64%) were the main factor of liquidity withdrawal through the monetary instruments.

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 higher level of Denar deposits of the Government with NBRM.

The total banks' deposit potential (with the demand deposits included)¹⁰ in August registered rise of Denar 4.787 million, on monthly basis, or by 2.8% (relative to the fall of 1% in the previous month), which resulted equally from the growth in the Denar and in the foreign currency deposits (by 3.1% and 2.5%, respectively). With respect to the sectors, after the fall of several months in the deposits of the enterprises, monthly rise of 7.7% was registered in August. Such change mainly resulted from the growth in the Denar deposits by 7.6% (with participation of 65% in the increase in the total deposits of the enterprises). The monthly growth rate of the foreign currency deposits of the corporate sector registered slowing down, so in August it amounted to 8%, opposite to 8.7% in the previous month. The monthly dynamics of the deposits of the enterprises partially reflected the low comparison basis in July, when the transfer of the deposit of one larger company to non-resident accounts contributed to withdrawal of considerable amount of assets from this sector. Despite that, this change indicated additional new saving of the corporate sector, which represented positive signal, considering the dynamics registered so far. In August, the household deposits¹¹ (with the demand deposits included) grew up by Denar 677 million, on monthly basis, or by 0.6% (relative to 1.8% in July) which was due to the rise in the foreign currency deposits by 1.3%. On the other hand, after the fall of 0.5% in the previous month, in August the Denar deposits dropped by Denar 311 million, or by 0.8%.

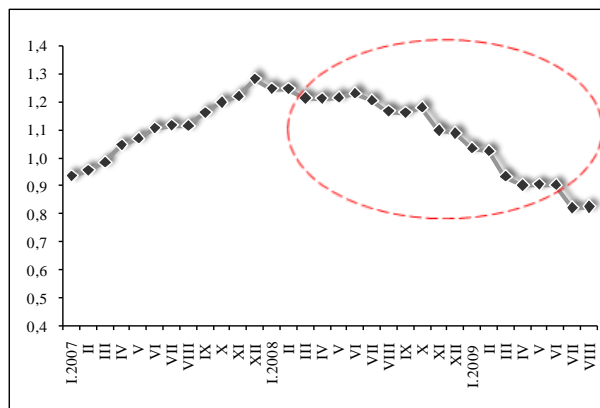
⁸ Includes the currency in circulation (including the cash in the banks' vault), the reserve requirements in denars and in foreign currencies and the excess of liquid assets above the reserve requirements (in denars). Excluding the foreign currency reserve requirements, the reserve money in August 2009 were higher by 10%, on annual basis.⁹ Includes the cash in the banks' vaults.

⁹ Includes the cash in the banks' vaults.

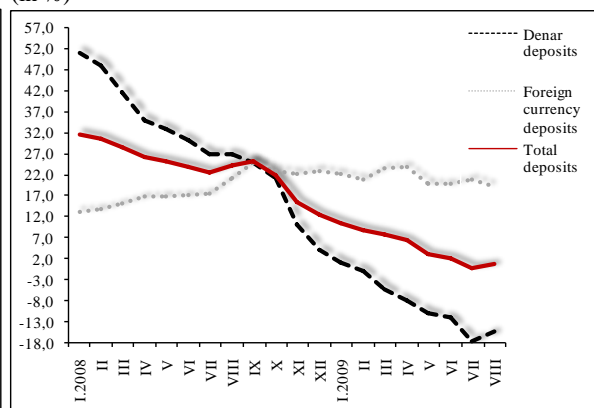
¹⁰ Since January 2009, the deposits include the accrued interest as well.

¹¹ Pertains to the natural persons and self employed professionals.

Figure 12
Correlation Denar - foreign currency deposits



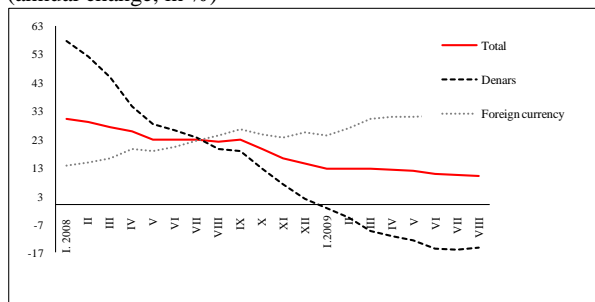
Annual growth rates of the total deposits
(in %)



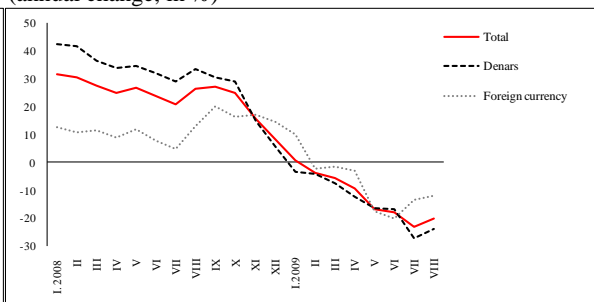
Source: National Bank of the Republic of Macedonia.

On annual basis (August 2009 / August 2008), the total banks' deposits (with the demand deposits) rose by 0.6% (relative to the fall of the last month by 0.1%), which was due to the annual rise in the foreign currency deposits by 19.1%, in conditions of constant fall in the Denar deposits by 15.4%. With respect to the sector structure, the trend of slower annual growth in the deposits of households continued, so in August 2009 the annual rate amounted to 10.2% (10.5% in the previous month), whereas with the deposits of the enterprises (private and public)¹² annual fall of 20.3% was registered (relative to the annual fall of 23.2% in July 2009). Relative to the end of the previous year, the total deposits rose by 1.5% (with fall in the corporate deposits of 13.3% and rise in the household deposits of 7.1% being registered).

Figure 13
Deposits of households
(annual change, in %)



Deposits of enterprises
(annual change, in %)



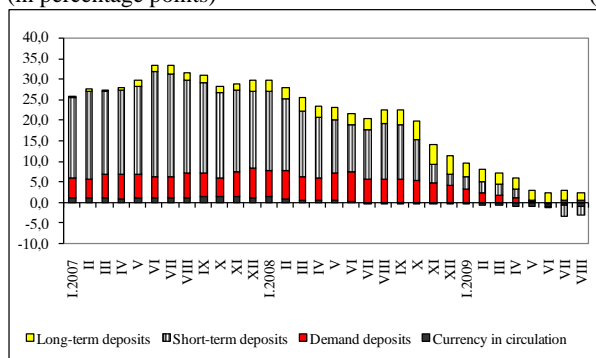
Source: National Bank of the Republic of Macedonia.

The broadest money supply M4¹³ in August continued to fall (same as in the previous month), so on annual basis it reduced by 0.7% (relative to the drop of 0.5% in the previous month). Till the end of the third quarter, it was expected for the broadest money supply to narrow, so in September 2009 it would decrease by 2.3% relative to the same month of the previous year. Compared with the end of 2008, the broadest money supply M4 realized moderate fall rate of 0.2%.

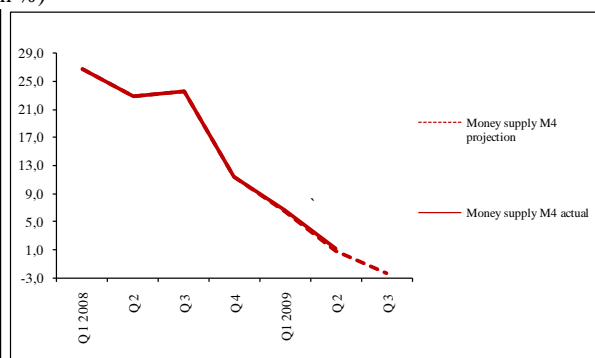
¹² The deposits of the enterprises from the private sector on annual basis went down by 25.2%.

¹³ The analysis pertains to the money supply M4 with the accrued interest being included.

Figure 14
Money supply M4
Contribution to the annual growth
(in percentage points)



Annual growth rates
(in %)

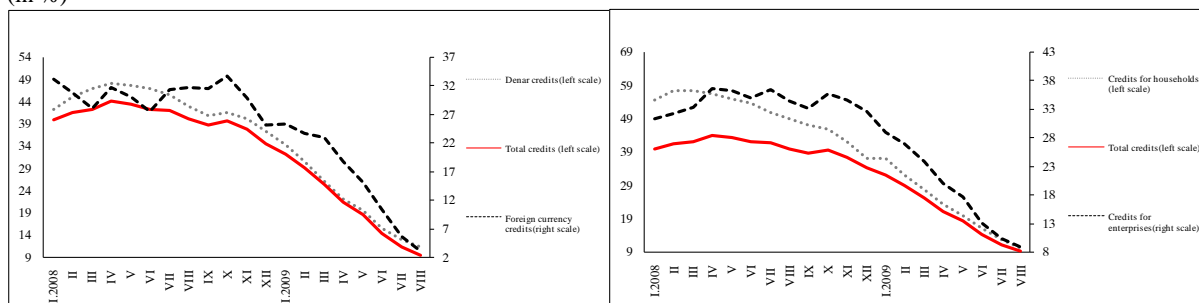


Source: National Bank of the Republic of Macedonia.

6. BANK CREDITS (initial data)

In August 2009, the total credits of banks to the private sector reduced by Denar 316 million, i.e. by 0.2% on monthly basis. Such narrowing of the credit activity was due to the simultaneous fall in the Denar¹⁴ and in the foreign currency credits, the negative change of which amounted to 0.1% and 0.3%, respectively in August. Namely, after the signals in July for recovery of the economy crediting (when the Denar and the foreign currency credits registered monthly growth rates of 0.4% and 0.1%, respectively) in August 2009 the crediting had negative sign again, indicating the fact that the stabilization of the credit market is inevitably long-term process. With respect to the sectors, the corporate credits represented the key factor for the monthly fall in the total credits. Namely, after the growth of 0.4% in the previous month, in August 2009, the crediting to the enterprises registered monthly fall of 0.3% again. On the other hand, the credits intended for households grew up by moderate 0.1%.

Figure 15
Annual growth rates in the credit to the private sector by the currency and sector structure
(in %)



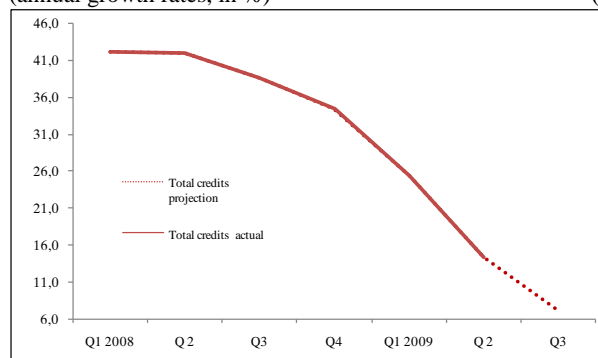
Source: National Bank of the Republic of Macedonia.

¹⁴ Includes the Denar credits with FX clause.

On annual basis, the credit growth continued to slow down and after a longer period (since September 2003), in August the crediting of the private sector registered one digit growth rate of 9.6% (in the previous month, the credits rose by 11.4% on annual basis). With respect to the currency structure, the Denar component remained the main generator of the annual credit growth (with contribution of 92.5%). The continuous strengthening of the contribution of the Denar credits resulted from the lower level of drop in their growth, compared with the foreign currency credits. Thus, after the sharp drop in the growth in the foreign currency credits in the previous two months (from 15.2% in May to 5.7% in July), in August 2009 the foreign currency crediting continued to slow down to the level of 3.1%. On the other hand, the banks' Denar placements registered more moderate slowing down in the growth of 11.6% (13.2% in July 2009). With respect to certain sectors, the growth in the credits to households and the corporations slowed down as well, with further higher contribution of the credits to the enterprises to the annual growth in the total credits (56.5%). The crediting of the households rose by 10.6% (opposite to 13.1% in July), whereas the corporate credits registered more moderate slowing down in the growth (in August their annual growth amounted to 9%, opposite to 10.4% in July). Relative to the end of the previous year, the credits to household and enterprises registered growth of 4.2% and 0.7%, respectively. 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.

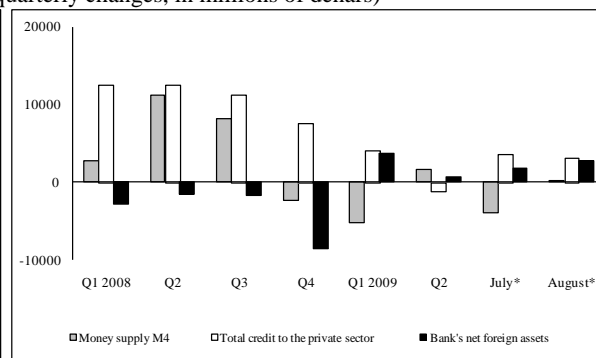
Figure 16

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



Sources of financing

(quarterly changes, in millions of denars)*



* The realization for individual quarters of 2008 are cumulative changes relative to the end of 2007, whereas the realization for the first and the second quarter, July and August 2009 are cumulative changes relative the end of 2008.

Source: National Bank of the Republic of Macedonia.

After the three months fall, **the net foreign currency assets of banks** increased by 48.8% in August 2009 (or by Denar 930 million) relative to the previous month. Such growth was registered in conditions of more intensive fall in the foreign currency liabilities (by Denar 653 million, or 2.3% on monthly basis), with simultaneous growth in the foreign currency assets (by Denar 277 million, or 0.9%). Relative to the end of 2008, the net foreign currency assets rose by Denar 2.811 million, i.e. by 113 times.

7. INTEREST RATES AND FOREIGN EXCHANGE RATE

On September 9, 2009, the reserve money amounted to Denar 31.519 million and relative to the end of August they rose by Denar 844 million, or by 2.8%. The growth in the reserve money was solely due to the rise in the currency in circulation by 6.9%, in conditions of fall in the liquid assets of

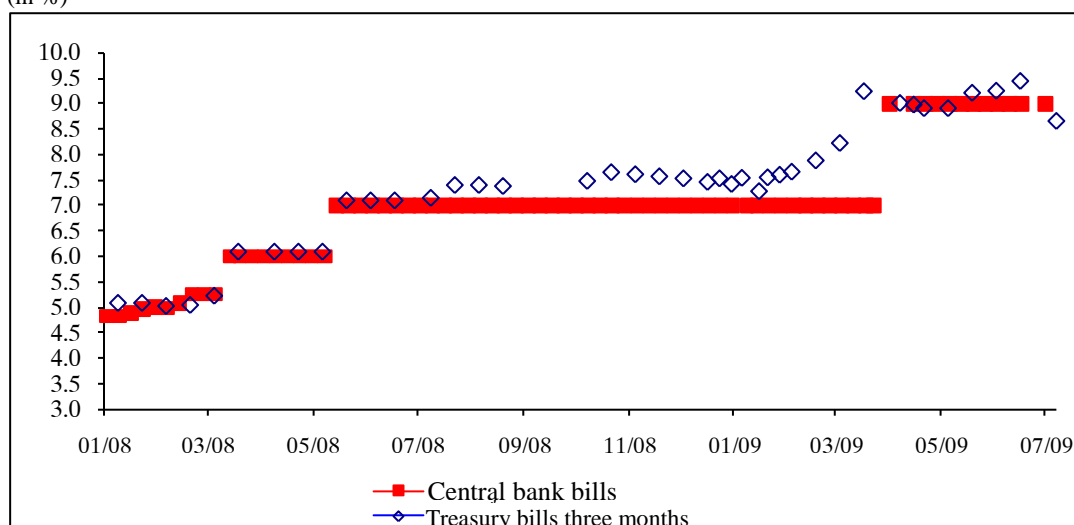
banks¹⁵ by 1.2%. Within the analyzed period (September 1 - September 9, 2009), the autonomous factors (excluding the currency in circulation) were acting towards creating liquidity, which was partially withdrawn through the auctions of CB bills.

Since September, two **auctions of CB bills** were held (on September 2, 2009 and on September 9, 2009), with volume tender and fixed interest rate of 9%, when liquidity in the amount of Denar 1.132 million was withdrawn. As of August 31, 2009, the gross foreign reserves amounted to Euro 1.505 million and relative to the end of 2008 they rose by Euro 10.1 million.

Within the analyzed period, the Ministry of Finance held **one auction of three month CB bills with FX clause** (on September 1, 2009), with volume tender and interest rate of 5.4% (relative to 5.25% on the last auction) in conditions of higher supply than the demand.

In the period from September 1 to September 9, 2009, **the average interbank interest rate** amounted to 6.57% on average (7.08% in August 2009). The listed interbank interest rate - **SKIBOR** maintained the upward trend and in the period 01-09.09.2009 it amounted to 6.39% (over night), 7.39% (one week), 9.21% (one month) and 9.52% (three months), relative to 6.37%, 7.29%, 9.2% and 9.52%, for the respective maturities in August. The interbank interest rates for the concluded transactions over night - **MKDONIA**, in the period 01-09.09.2009 amounted to 6.60%, on average, relative to 6.46% in August 2009.

Figure 17
Interest rates
(in %)



Source: National Bank of the Republic of Macedonia.

In the area of the **banks' interest policy**, in July 2009, **the average weighted interest rate on Denar credits** amounted to 10.2% (growth of 0.1 percentage point on monthly level). With **the average weighted interest rate on Denar deposits** monthly increase of 0.4 percentage points was registered, so in July it amounted to 7.2%. With respect to the lending interest rates, within the sector "enterprises" rise in the interest rate of the short-term time deposits without FX clause was registered

¹⁵ Pertains to the banks' accounts with NBRM.

by 0.3 percentage points, with fall of 0.7 percentage points in the short-term deposits with FX clause being registered. With the sector "households", the long-term time deposits with FX clause registered largest change, the interest rate of which dropped by 0.2 percentage points. **Within the foreign currency interest rates**, the interest rate of the foreign currency credits in July amounted to 7.6% and it reduced by 0.1 percentage point on monthly basis, whereas the interest rates of the foreign currency deposits maintained the level of the previous month and it amounted to 3.3%. Opposite to the upward trend in the first five months of the year, in July 2009 (same as in June), the interest rates of **the newly extended Denar credits and the newly received Denar deposits** amounted to 10.3% and 5.1%, respectively (opposite to 10.8% and 4.5% in June). The interest rate of the **newly extended foreign currency credits** in July dropped by 0.4 percentage points and it amounted to 7.4%, whereas the interest rate of **the newly received foreign currency deposits** rose by 0.1 percentage point amounting to 1.6%.

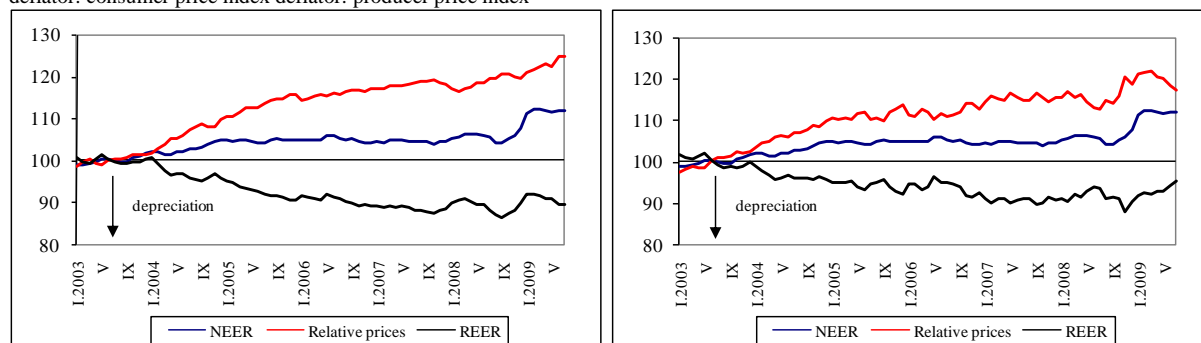
Observed by **groups of banks**, the large and the medium-size banks increased **the lending Denar interest rates** in July (by 0.1 percentage point) so they amounted to 9.8% and 11.1%, respectively, whereas the interest rates with the small-size banks remained unchanged equaling 10.9%. With the deposit interest rate, growth in the interest rate of the large and the medium-size banks was registered by 0.3 and 0.6 percentage points, respectively, so they amounted to 7.4% and 7%, respectively. With the small banks, the deposit interest rate registered drop of 0.2 percentage points and it amounted to 5%. With **the foreign currency interest rates**, the group of large and medium-size banks registered small drop in the lending interest rate of 0.1 percentage point, respectively, so they equaled 7.1% and 8.8%, whereas the small-size banks registered no change (9%). In July, the deposit foreign currency interest rates with the large and the medium-size banks remained unchanged and they amounted to 3.3% and 3.6%, respectively whereas with the small-size banks, the interest rate rose by 0.3 percentage points, amounting to 2.1%.

The index of **real effective exchange rate of the Denar**, deflated with the consumer price index in July 2009 registered appreciation of 0.2% on monthly basis (opposite to the depreciation of 1.6% in June 2009), which in conditions of equal drop in the domestic and foreign prices (of 0.5%), was due to the appreciation of NEER of 0.2%. On annual basis, annual appreciation of 1.7% was registered, so the effect from the appreciation of NEER on annual basis (of 6.2%) was considerably neutralized with the relative prices (growth in the foreign and fall in the domestic prices). On cumulative basis, REER appreciated by 1.2%, in conditions of appreciation of NEER of 5.6% and growth in the relative prices of 4.4%. In July 2009, REER of the Denar measured by the producer price index registered monthly appreciation of 1.1%, which mainly reflected the fall in the relative prices (growth in the domestic and fall in the foreign prices), with small appreciation of NEER being registered. REER of the Denar appreciated both, on annual and on cumulative basis (by 1.8% and 1%, respectively), as a reflection of the annual, i.e. cumulative appreciation of NEER, the influence of which was partially decreased by the growth in the relative prices.

Figure 18

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

deflator: consumer price index deflator: producer price index



*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		
	<u>VIII.2009</u> VII.2009	<u>VIII.2009</u> VIII.2008	<u>I-VIII.2009</u> I-VIII.2008	<u>VIII.2009</u> VII.2009	<u>VIII.2009</u> VIII.2008	<u>I-VIII.2009</u> I-VIII.2008
Total	-0.3	-1.4	-0.3	-0.3	-1.4	-0.3
Food	-0.9	-2.0	-0.5	-0.4	-0.8	-0.2
Grain products	-0.2	-1.3	2.2	0.0	-0.1	0.2
Fresh and processed vegetables	-2.4	3.5	0.5	-0.1	0.2	0.0
Fresh and processed fruits	-6.5	-6.9	-12.3	-0.2	-0.2	-0.4
Meat and poultry	0.2	6.3	8.5	0.0	0.5	0.6
Fresh and cooked fish	-0.1	9.9	13.4	0.0	0.1	0.1
Dairy products	-0.1	-9.8	-6.3	0.0	-0.6	-0.4
Eggs	-1.5	-6.7	3.5	0.0	-0.1	0.0
Oils and fats	-0.8	-26.9	-24.8	0.0	-0.7	-0.6
Tobacco and beverages	0.0	3.6	4.2	0.0	0.2	0.2
Clothing and footwear	-0.3	0.1	0.3	0.0	0.0	0.0
Housing	0.6	3.2	6.4	0.1	0.5	1.0
Flat (rent, water and other services)	0.0	1.4	2.7	0.0	0.0	0.1
Fuel and lighting	1.1	4.6	9.1	0.1	0.4	0.8
Heating and services	3.1	-8.4	2.0	0.1	-0.3	0.1
Electric power	0.0	13.1	13.1	0.0	0.7	0.7
Hygiene and health	-0.5	2.4	2.4	0.0	0.2	0.2
Culture and entertainment	-0.4	-3.4	-2.3	0.0	-0.2	-0.1
Transport and communication services	0.2	-9.6	-10.2	0.0	-1.3	-1.4
Fuels and lubricants	-0.4	-24.5	-26.9	0.0	-1.0	-1.1
Public transport services & PTT	0.5	-0.5	0.0	0.0	0.0	0.0
Restaurants and hotels	0.0	0.7	3.3	0.0	0.0	0.2
Other services n.e.c.	0.0	-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	Jun-09	Jul-09	Aug-09
<i>(annual rates, %)</i>											
Inflation (CPI)	2.3	8.3	9.5	9.9	8.4	5.5	0.9	-0.6	-1.7	-1.3	-1.4
Core inflation (excluding food and energy)	0.6	2.6	2.9	2.8	2.5	2.2	1.5	0.3	0.1	0.1	0.0
Regulated prices	3.3	9.3	7.4	9.2	12.5	8.3	-1.6	-1.8	-2.5	-2.5	-4.5
Industrial producer prices	2.5	10.3	10.5	13.6	15.1	2.1	-6.2	-8.8	-9.9	-11.5	-9.8
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	13.4	12.7	-	-
Real net-wage*	5.5	1.9	0.9	0.0	2.1	4.5	11.8	14.1	14.7	-	-

*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	May-09	Jun-09	Jul-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	-15.3	-16.2	-19.8
Construction	7.6	25.6	9.4	-18.6	18.0	23.3	29.1	55.7	-2.0	31.5	0.0	-	31.8	57.4	-
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	-	-16.2	-11.7	-
Telecommunications	15.6	8.9	11.1	17.1	15.9	18.1	12.1	7.4	10.1	6.4	7.4	-	2.7	4.0	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2008	2008				2009		July 2009	
				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	-24.0	-1.1
Manufacture of food products and beverages	0.1	7.7	1.2	5.3	6.0	6.1	11.9	-2.5	-0.1	-0.3	0.0
Manufacture of tobacco products	5.5	-0.8	0.1	13.8	15.4	1.0	-18.1	-2.1	2.6	2.0	0.1
Manufacture of wearing apparel	-3.7	-14.5	-2.0	-16.5	-22.7	-23.4	-18.8	-23.7	-16.9	4.3	0.3
Printing	-17.9	-12.2	1.6	7.8	72.2	68.4	85.3	2.6 times	54.4	-11.0	-0.4
Manufacture of refined petroleum products	12.3	-2.4	0.1	3.3	50.9	1.1	-30.9	9.2	-27.2	-5.4	-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	-19.9	-1.6
Manufacture of basic metals	11.8	34.3	-1.0	9.5	15.7	-3.3	-45.7	-61.6	-52.3	-50.6	-7.5
Manufacture of fabricated metal products	5.7	45.6	2.6	29.7	11.8	3 pati	-22.0	35.0	-12.9	-62.9	-5.3
Manufacture of electrical machinery and equipment	3.7	-24.4	0.6	45.6	64.9	32.4	-10.6	1.0	-13.5	-56.9	-1.4
Manufacture of other transport equipment	-6.9	33.4	-0.3	9.8	143.1	-47.9	-70.6	-60.5	-71.5	-73.8	-1.1
Recycling	12.8	-35.6	0.5	105.6	262.2	12.5 times	-34.9	-74.2	-10.6	-4.2	0.0
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	5.7	0.4

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	VI	Q1	Q2	
I. Current Account	-118.8	-173.0	-210.1	-67.0	-401.0	-851.2	-101.4	-82.7	-145.2	-62.0	-24.8	-19.2	-329.2	-106.1	-435.3
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	-112.5	-444.1	-333.2	-777.3
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	171.1	400.3	490.6	890.9
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	-283.6	-844.4	-823.8	-1,668.2
SERVICES, net	-14.0	-0.8	-8.9	28.3	-18.7	0.0	-1.8	3.1	-3.5	0.4	-4.5	1.8	-2.2	-2.3	-4.5
INCOME, net	-2.9	23.2	0.0	-14.3	-102.3	-93.4	0.5	6.5	-19.3	2.6	-25.9	-7.9	-12.3	-31.2	-43.5
o/w: interest, net	-9.2	-5.8	-11.7	-10.2	-18.5	-46.2	-9.9	-5.3	-7.7	-5.6	-6.4	-5.4	-22.9	-17.5	-40.3
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	99.4	129.4	260.6	390.0
Official	3.8	7.7	21.5	10.9	7.9	47.9	3.0	1.5	5.8	5.5	2.0	5.4	10.3	12.9	23.2
Private	46.3	167.9	237.6	324.3	201.3	931.0	39.2	57.4	22.6	71.1	82.5	94.0	119.1	247.7	366.8
II. Capital and Financial Account	117.6	184.9	219.5	57.8	390.5	852.6	86.8	80.8	144.3	66.5	30.6	27.4	312.0	124.4	436.3
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	1.6	0.8	1.7	2.5
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	1.6	0.8	1.7	2.5
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
Other	-0.1	-1.0	1.0	-0.6	-1.0	-1.6	0.1	0.4	0.3	-0.1	0.3	1.6	0.8	1.7	2.5
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	0.0	0.0
FINANCIAL ACCOUNT, net	125.2	185.9	222.2	58.4	399.0	865.5	86.8	80.4	143.9	66.6	30.3	25.8	311.2	122.7	433.8
Direct investment, net	35.2	130.0	128.4	90.0	73.6	422.0	12.3	14.6	12.8	26.5	33.4	9.4	39.8	69.4	109.1
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	-3.3	-19.1	-12.4	-31.5
Other investment, net	18.6	56.1	128.5	103.8	154.1	442.4	-8.6	32.8	13.5	-10.1	-36.8	60.3	37.7	13.4	51.1
Trade credits, net	-25.2	-14.6	63.1	-12.4	-11.5	24.6	2.3	21.3	31.2	12.3	-15.1	2.5	54.8	-0.3	54.5
Loans, net	-5.4	-1.5	47.9	59.7	66.4	172.4	-9.6	4.6	0.1	4.3	0.9	-8.2	-4.9	-3.0	-7.9
Currency and deposits, net	41.1	60.8	7.7	52.0	86.9	207.5	-4.4	4.2	-21.9	-29.0	-25.3	60.3	-22.1	6.0	-16.1
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	1.0	-3.6	1.0	-2.6
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	59.4	-56.0	1.3	-54.7
o/w: Individuals, net	13.0	2.9	-7.4	11.0	-49.7	-43.2	10.1	8.0	19.4	4.2	-0.4	0.0	37.5	3.7	41.2
Other, net	8.1	11.4	9.7	4.5	12.3	37.9	3.1	2.7	4.1	2.3	2.7	5.8	9.9	10.8	20.7
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	-40.6	252.8	52.2	305.0
III. Errors and Omissions	1.1	-11.8	-9.3	9.2	10.5	-1.5	14.6	1.8	0.9	-4.4	-5.7	-8.1	17.3	-18.3	-1.0

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

Table 6
Foreign trade

	VII.2009	I-VII.2009	VII.2009		VII.2009		I-VII.2009	
	amount		VI.2009		VII.2008		I-VII.2008	
			amount	%	amount	%	amount	%
Total trade	503.3	3,142.9	31.1	6.6	-231.8	-31.5	-1,235.3	-28.2
Export	186.3	1,079.7	14.3	8.3	-89.4	-32.4	-545.6	-33.6
Import	317.0	2,063.2	16.8	5.6	-142.4	-31.0	-689.7	-25.1
Balance	-130.8	-983.5	-2.5	2.0	53.0	-28.8	144.1	-12.8

Source: State Statistical Office of the Republic of Macedonia.

Table 7
Monetary developments in August 2009

	31.05.2009	30.06.2009	31.07.2009	31.08.2009	monthly changes (31.07.2009/ 30.06.2009)		annual changes (31.08.2009/ 31.08.2008)
<i>in Denar million</i>	actual	actual	actual	actual	in Denar million	in %	in %
Brtoad money M4	190,840	191,949	191,593	195,704	4,111	2.1	-0.8
Currency in circulation	14,443	14,210	15,299	14,766	-533	-3.5	-9.7
Denar deposits ¹	85,512	86,115	81,514	83,793	2,280	2.8	-15.7
Foreign currency deposits	90,885	91,624	94,780	97,145	2,365	2.5	19.1
Total deposits	176,397	177,739	176,294	180,938	4,644	2.6	-0.04
Reserve money ²	35,611	37,348	42,160	42,675	514	1.2	13.7

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

²Including reserve requirement in foreign currency.

	31.05.2009	30.06.2009	31.07.2009	31.08.2009	monthly changes (31.08.2009/ 31.07.2009)		annual changes (31.08.2009/ 31.08.2008)
<i>in Denar million</i>	actual	actual	actual	actual	in Denar million	in %	in %
Credit to the private sector	176,261	175,164	175,710	175,326	-384	-0.2	9.3
In Denar	137,334	136,884	137,406	137,151	-255	-0.2	11.2
In Foreign currency	38,927	38,280	38,304	38,175	-129	-0.3	3.1
Banks' net foreign assets	7,256	4,322	1,908	2,834	926	48.5	-74.7

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	August	Q1	Q2	Q3	Q4	Q1	Q2	July	August
M0	-8.8	13.5	-0.02	4.4	-10.2	1.7	12.9	1.2	16.6	22.2	19.6	8.0	6.4	-4.7	4.3	13.7
M1	-5.9	11.2	1.50	7.8	-13.5	1.8	1.4	2.7	24.3	30.2	22.2	14.5	5.2	-3.6	-0.4	-0.9
M4	1.6	6.3	4.3	-1.2	-2.6	0.8	-0.2	2.1	25.3	21.4	22.0	11.2	6.6	1.2	-0.6	-0.8
M4-denar	-1.4	6.6	2.0	-3.2	-9.5	-0.7	-3.5	1.8	33.5	24.7	20.0	3.9	-4.7	-11.3	-15.2	-14.9

Source: National Bank of the Republic of Macedonia.

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

(in millions of denars)

		Balance as of 31.08.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		177,642	4,763	2.8	842	0.5
In Denar	Households	37,541	-335	-0.9	-6,685	-15.1
	Enterprises	35,536	2,502	7.6	-11,178	-23.9
	Total	80,497	2,398	3.1	-14,738	-15.5
In Foreign currency	Households	77,777	989	1.3	17,130	28.2
	Enterprises	18,099	1,346	8.0	-2,479	-12.0
	Total	97,145	2,365	2.5	15,580	19.1
Total households deposits		115,318	654	0.6	10,445	10.0
Total enterprises deposits		53,635	3,848	7.7	-13,657	-20.3

* 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 31.08.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		175,326	-384	-0.2	14,976	9.3
In Denar	Households	68,180	61	0.1	6,924	11.3
	Enterprises	68,854	-271	-0.4	7,119	11.5
	Total	137,151	-255	-0.2	13,840	11.2
In Foreign currency	Households	3,967	-49	-1.2	-232	-5.5
	Enterprises	34,124	-80	-0.2	1,300	4.0
	Total	38,175	-129	-0.3	1,136	3.1
Total credit to the households		72,147	12	0.02	6,692	10.2
Total credit to the enterprises		102,978	-351	-0.3	8,419	8.9

Source: National Bank of the Republic of Macedonia.

Table 11
Interest rates

	August	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	7.33	0.5	2.2
Interest rate on three-month treasury bills	/	/	/
	July	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	10.2	0.1	0.6
Banks' weighted deposit interest rates	7.2	0.4	1.2

* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.