

National Bank of the Republic of Macedonia
Research Department



Monthly Report 4 / 2008

May, 2008

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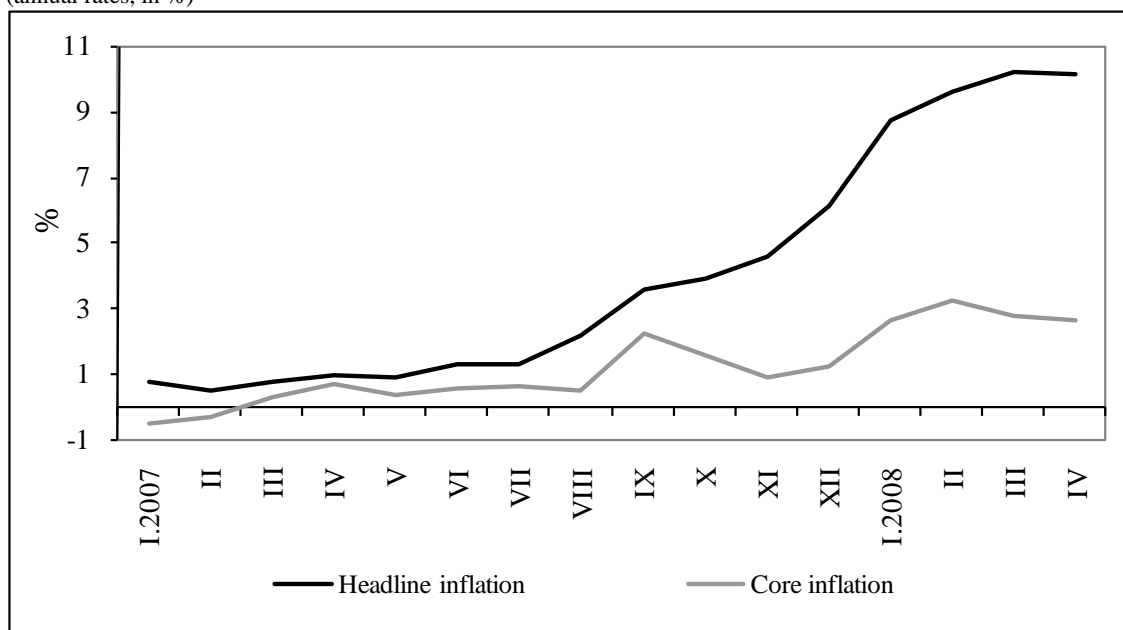
* The Monthly information includes analysis based on the available data as of May 20, 2008.

1. PRICES

The global level of the consumer prices in April 2008 registered slower upward trend, with monthly increase by 0.4%. Such moderate increase was caused by the higher prices of food (mainly of the fresh food, fresh eggs and vegetable oils) and by the growth in the prices of the footwear (which was partly due to the change from winter to spring/summer season). The lower prices of the fresh vegetables more significantly neutralized the price growth. The growth in the annual **inflation rate**, which started last year in September, stopped in April 2008, when the rate equaled to 10.1% (decrease by 0.1 percentage point relative to the annual rate in March 2008). The largest part of the realized inflation rate, i.e. 79% was still a result of the higher prices of food, with lower comparison basis in the first quarter of 2007 being registered. The average inflation rate, in the first four months of 2008, reached up to 9.7%, out of which about 3/4 can be explained with the growth in the prices of food.

If the influence from the food and energy is excluded, the annual **basic inflation** in April 2008 equaled 2.6% and registered further slowing down (in February: 3.2%, in March: 2.7%). Yet, only the prices of telecommunications and transport services were still lower, whereas all the other categories registered price growth, out of which the growth in the prices of the catering services mostly contributed (which was due to the higher prices of food in the catering facilities), followed by the wearing apparel and footwear, means of transport and the beverages.

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

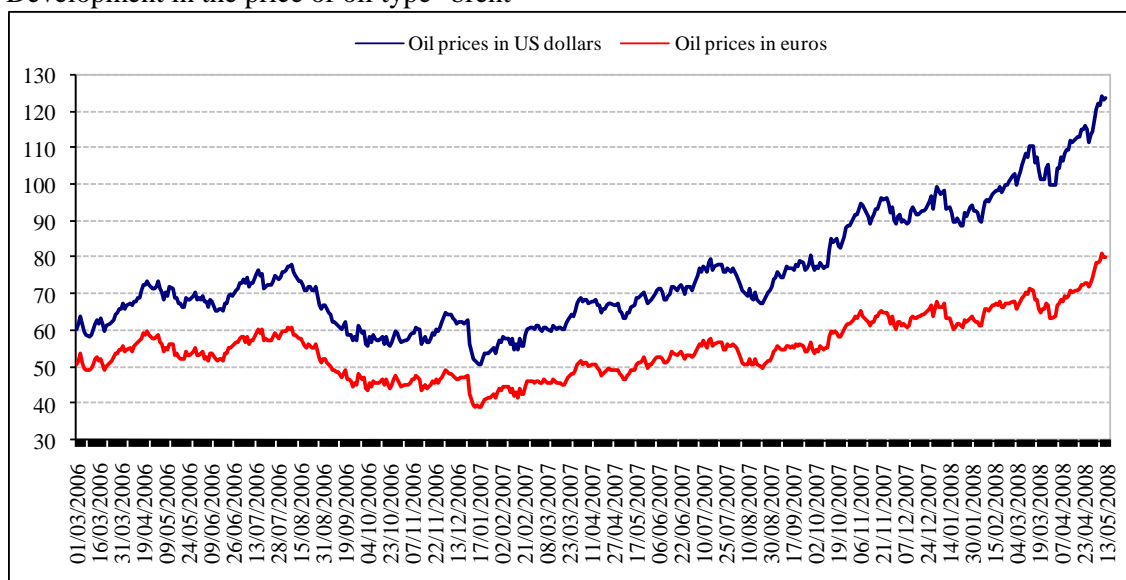


Source: SSO and NBRM.

In the second quarter of 2008 the annual rate of price growth was expected to keep the approximate level of the first quarter. It can be stated that the performances in April were in line with the simulations performed in April. Yet, the uncertainty of further development in the prices of food, as well as in the prices of energy sources in the international stock exchanges and their influence on the domestic prices remained the main risks concerning the inflation, taking in consideration that the latest data on the prices of oil indicated continuing of the upward trend to a record level in May also.

In April 2008, the intensified growth in the **price of the crude oil** in the international stock exchanges resulted in monthly growth rate of 5.2% (annual growth of 61.6%). Such increase reflected on the domestic prices of oil derivatives, contributing with 0.6 percentage points to the annual inflation rate. The intensified increase in the beginning of April, when the price exceeded USA Dollar 110 per barrel, continued in May (28.04.-09.05.2008). With that, the average price of oil type "brent", in this two week period, equaled USA Dollar 118.2 per barrel¹, or by 4.2% more, relative to the previous two weeks. The growth in the price of the crude oil mainly resulted from the uncertainty about the volume of supply in USA during the summer period, the growth in the global demand for oil, the unchanged policy of OPEK which announced that the supply is adequate, as well as from the geopolitical tensions in the Middle East, South America and the riots in Nigeria². In accordance with the development in the prices of oil for the stated two week period, as well as due to the growth in the prices of oil derivatives in the international market and the depreciation of the Denar relative to the USA Dollar by 2.0%, the Regulatory Energy Committee, on its last meeting dated 12.05.2008, adopted a decision on increase in the domestic prices of oil derivatives (the refinery prices by 4.66% and the retail prices by 4.09%). The upward trend in the price of the crude oil continued in the last week, when daily prices exceeding USA Dollar 120 per barrel were registered.

Figure 2
Development in the price of oil type "brent"



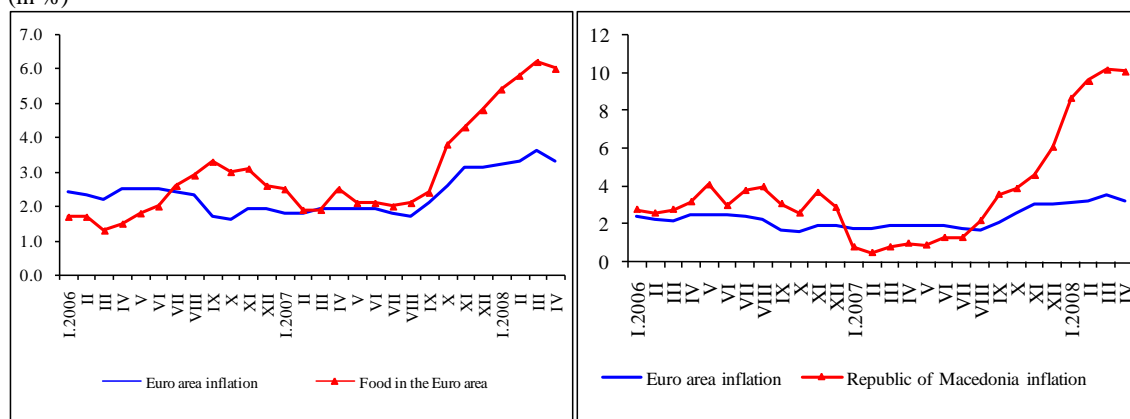
Source: The Energy Information Administration (EIA) - statistical agency of the U.S. Department of Energy.

In April 2008, the **annual inflation rate in the Euro-zone** reduced to 3.3% (3.6% in March 2008) in conditions of slower annual growth in the prices in most of the countries in the Euro-zone. The growth in the prices of oil derivatives and the heating oil, as well as the higher prices of the food (diary products, eggs, bread and cereals and fruits) largely contributed to the annual inflation in the Euro-zone. On the other hand, the annual fall in the prices of automobiles, telecommunication services and wearing apparel resulted in deflation.

¹ WTI – West Texas Intermediate, in global frameworks is used as a benchmark for the oil price and in the previous two weeks it equaled on average USA Dollars 119,2 for barrel, on average (price growth by 2.0 % relative to the previous two weeks).

² Associated Press, AFX, Reuters, Bloomberg, AFP.

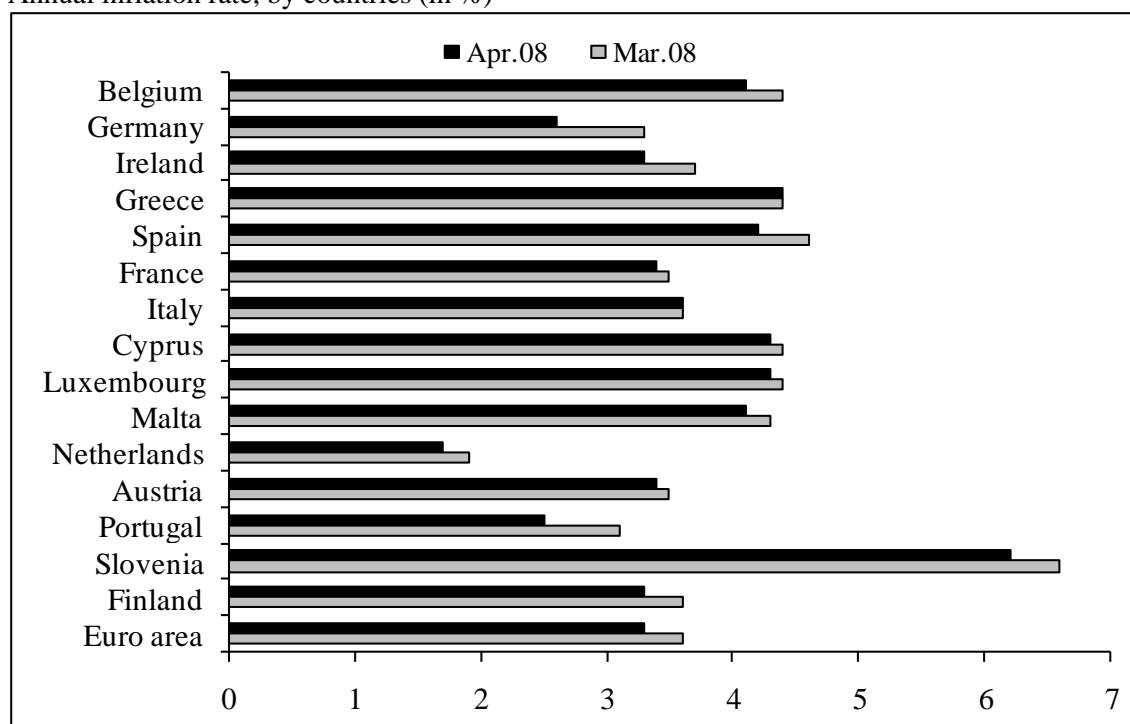
Figure 3
Annual inflation rates
(in %)



Source: EUROSTAT and SSO.

Analyzed by countries in the Euro-zone, Slovenia and Greece continued registering highest inflation rates, whereas insignificant fall in the annual inflation registered Germany and Portugal.

Figure 4
Annual inflation rate, by countries (in %)



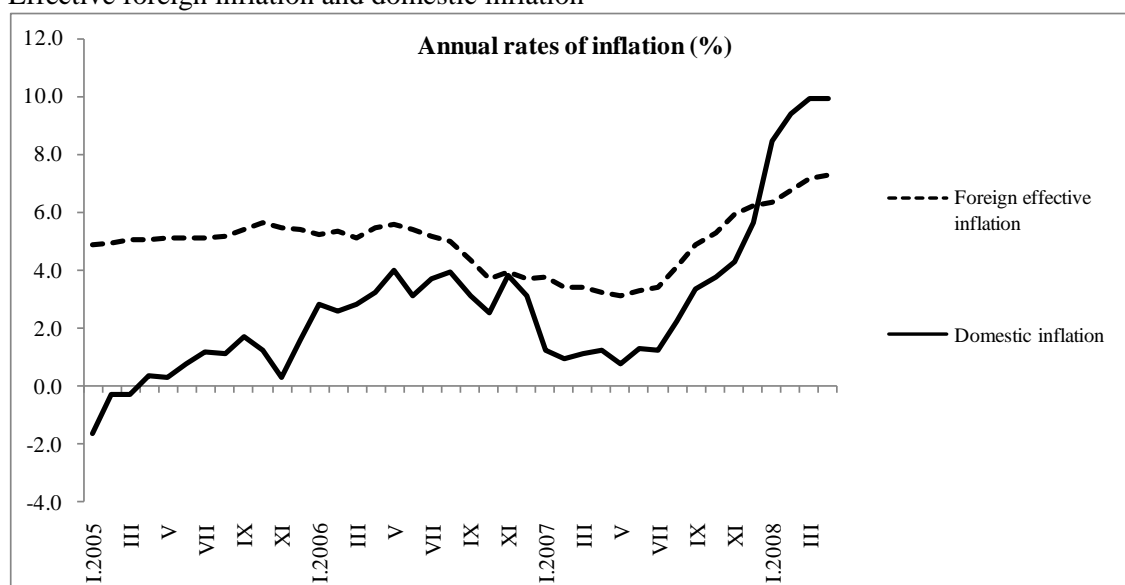
Izvor: EUROSTAT.

By the comparison of the annual rate of the effective foreign inflation³ (calculated as sum of the price levels weighted with the participations of our most significant trade partners on the side of the import) and the annual rate of the domestic inflation it can be concluded that

³ Within the calculation of the effective foreign inflation, as most significant trade partners of RM on the side of the import the following countries were considered: Germany, Serbia, Greece, Italy, Bulgaria, Turkey, Poland, Slovenia, Austria, France and Nederland.

there is a strong relationship in the beginning of 2007. It indicated considerable presence of the import in determining the domestic inflation.

Figure 5
Effective foreign inflation and domestic inflation



Source: State Statistical Office of the Republic of Macedonia, NBRM calculations.

2. WAGES

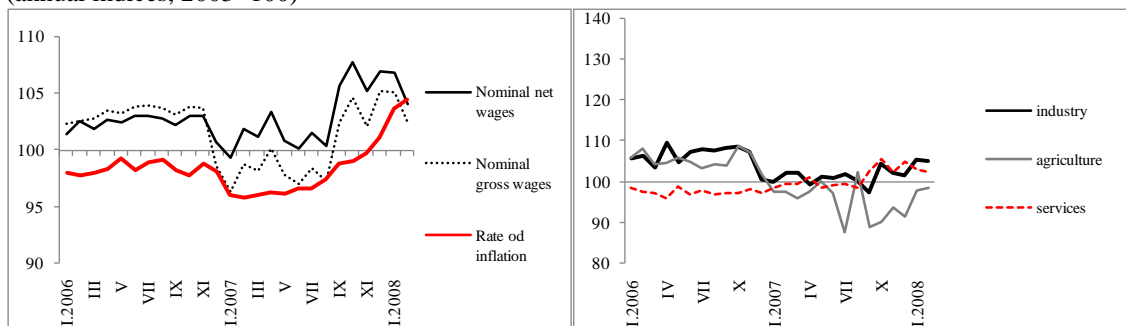
In conditions of monthly decrease in the **wages** in almost all economic activities, in February 2008 the average paid net and gross wage⁴ per employee registered identical nominal fall of 2.2% and real fall of 3%, on monthly basis. The wages in the following activities: transport and telecommunications, education and activities related to the real estates and lease were an exception registering monthly growth of 2.4%, 0.3% and 0.1%, respectively.

Relative to the previous month, the lower level of wages contributed to slowing down of the annual growth in the wages in the economy. Thus, in February 2008, the nominal annual growth in the average paid net and gross wage per employee equaled 9.1% and 7.4%, respectively⁵ (relative to 12% and 10.2% in January 2008), which in conditions of more intensive growth in the annual inflation resulted in lower wages in real terms (by 0.4% and 2%, respectively), for the first time after a longer period. The lower nominal growth in the gross wages relative to the net wages reflected the lower tax burdening, i.e. the lower rate of the personal income tax (from 12% to 10% in January 2008).

⁴ Source: State Statistical Source. The total paid gross wages include: paid net wages for the reporting month, paid personal tax and paid contributions (on pension and invalid insurance, on health insurance, on employment, on occupational diseases and on water-supply).

⁵ The SSO records on the wages DZS pertain to paid wages in the month, regardless of the month they refer to, because of which it does not include the average wage in the adequate month.

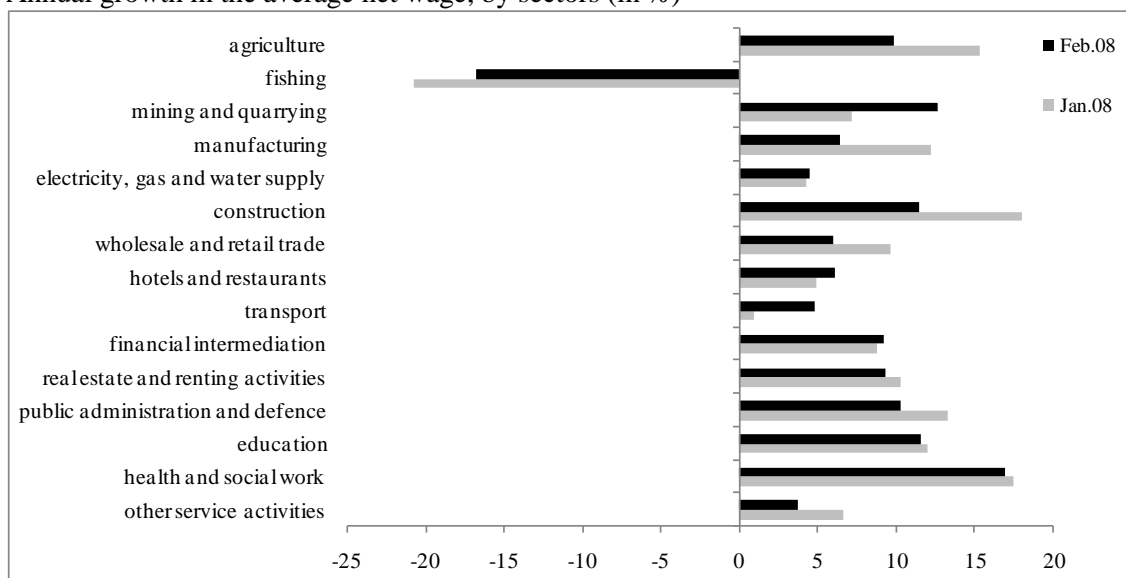
Figure 6
Wage developments
(annual indices, 2003=100)



Source: State Statistical Office of the Republic of Macedonia.

Observed by activities, the annual growth in the average paid wage continued in February also, but with lower dynamics. The wages in the following activities: mining and quarrying, transport and communications, financial intermediation and hotels and restaurants, were an exception registering intensification in the annual growth.

Figure 7
Annual growth in the average net wage, by sectors (in %)

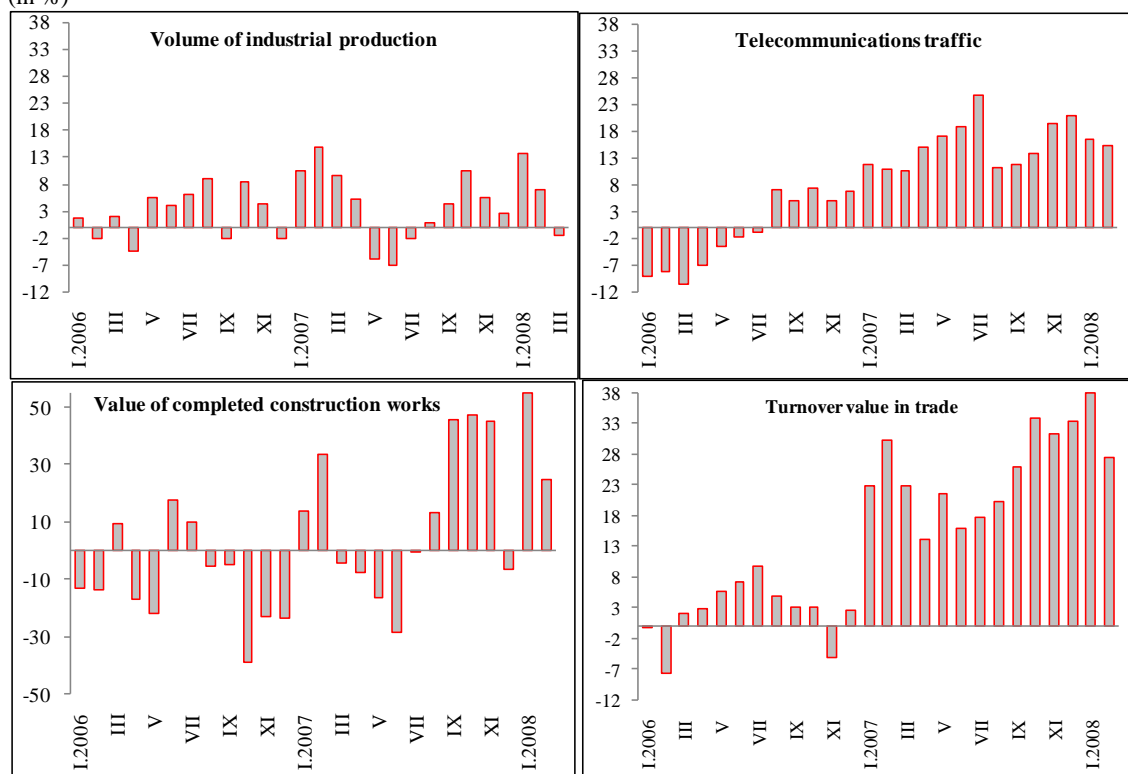


Source: State Statistical Office of the Republic of Macedonia.

3. ECONOMIC ACTIVITY

In February 2008 small slowing down in the **economic activity** was registered, relative to the previous month (adjusted for seasonal effects): the performed construction activities went down by 12.4%, the telecommunications by 0.3%, whereas the turnover in the trade registered insignificant fall of 0.1%. Comparing to the previous year, the economic activity registered further growth (although slower): the trade with rate of 27.4%, telecommunications by 15.4%, and the construction by 25%.

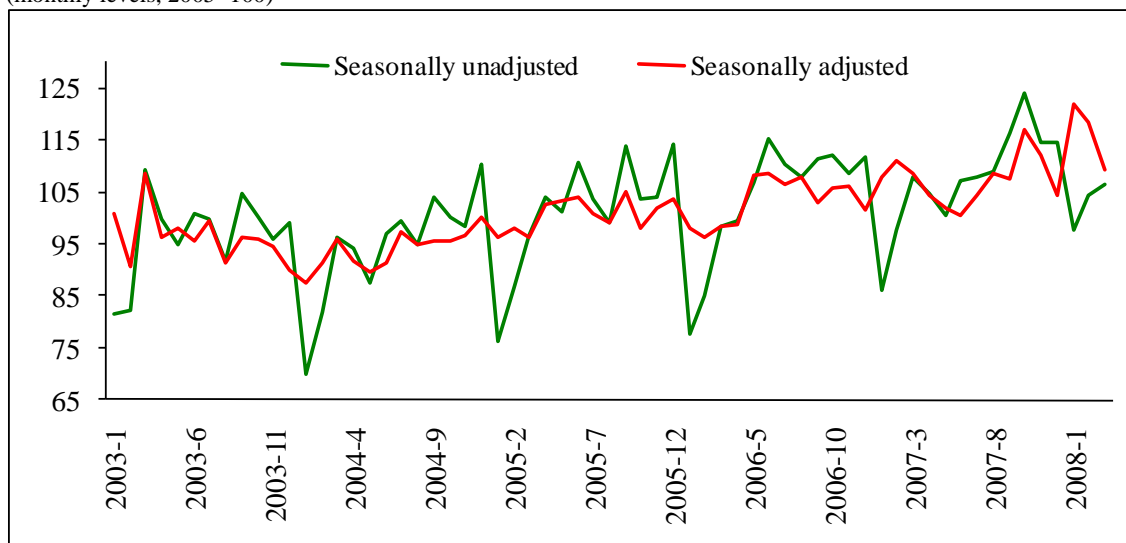
Figure 8
Annual growth rates in certain economy sectors
(in %)



Source: State Statistical Office of the Republic of Macedonia.

In March 2008, the volume of the **industrial output** registered moderate growth of 2% (the data adjusted for seasonal effects showed fall of 6%), relative to the previous month. On annual basis, the output registered fall of 1.4%. In conditions of unchanged trends in the mining (growth of 15.3% with higher extraction of metal ores being registered) and in the output of electricity (fall of 2.8%), the fall was determined by the manufacturing activities, which after the growth in the previous two months, registered fall of 2% in March. Despite the continuing of the negative dynamics with the wearing apparel industry and the industry for non-metal minerals, the fall was primarily caused by the lower output in the tobacco industry (seasonal mismatch with the previous year of the output of fermented tobacco) and the industry for basic metals, which for the first time in the last 20 months registered fall (partly because of the high comparison basis in the previous year). The worse image of the industry supplemented by the fact that one half of the industries, which generated 55.6% of the output in the manufacturing sector had smaller volume, relative to the previous year. Among the activities which are characterizing with higher output, the food industry, the industry for electrical machines and appliances and the furniture industry were most significant.

Figure 9
Industrial output index
(monthly levels, 2005=100)



Source: SSO and NBRM calculations.

Thanks to the higher output in the first two months, the industrial output in the first quarter characterized with an annual growth of 5.8%, which represented considerable slowing down in the average growth (10% in the first two months) and it was under the projection for the first quarter (7.6%). In the first quarter, the import of machines and equipment registered high growth of 45.1%, relative to the previous year. Supplemented by the developments in the first two months in the trade (growth of 29.7%), communications (growth of 16%) and construction (38.6%), the expectations for the first quarter were in favor of realization of the projected growth of GDP (about 4%).

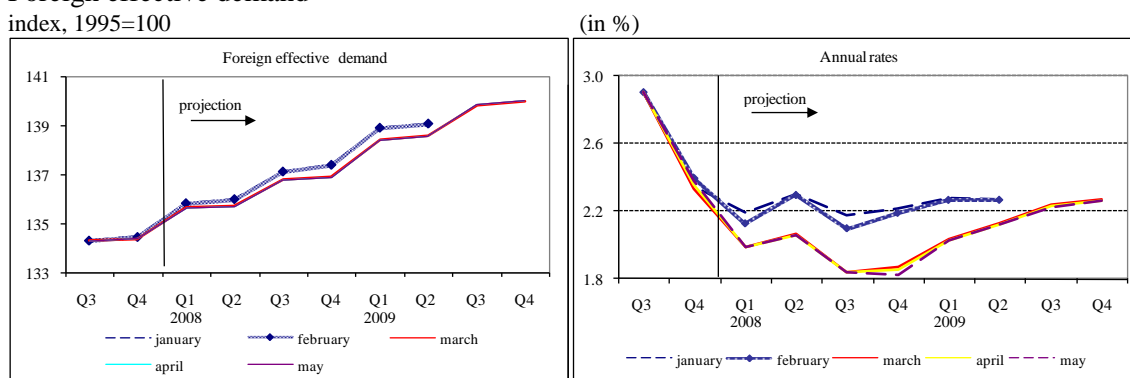
In the area of **construction**, in the first quarter, permits for construction of 730 buildings were issued, with estimated value of Denar 5.26 billion, and for 81.1% of the building the investors were natural persons. The largest part of the planned buildings (90.1%) are buildings, out of which 1.083 are dwellings⁶.

The foreign demand for our products, in accordance with the latest projections⁷ (May 2008), is expected to keep the projected level in the last two months (March and April 2008), which indicated stabilization of the expectations for the global economic growth.

⁶ The data are from the news report "Issued building permits by SSO", which is issued on monthly basis from the beginning of 2008. The data are concerning the permits for building issued in the reporting period by the Ministry of Transport and Communications. The construction of the buildings on which the permit is issued shall start in the following six months, so the data may be considered as an indicator on the construction activity.

⁷ Source: Consensus Forecast.

Figure 10
Foreign effective demand*
index, 1995=100



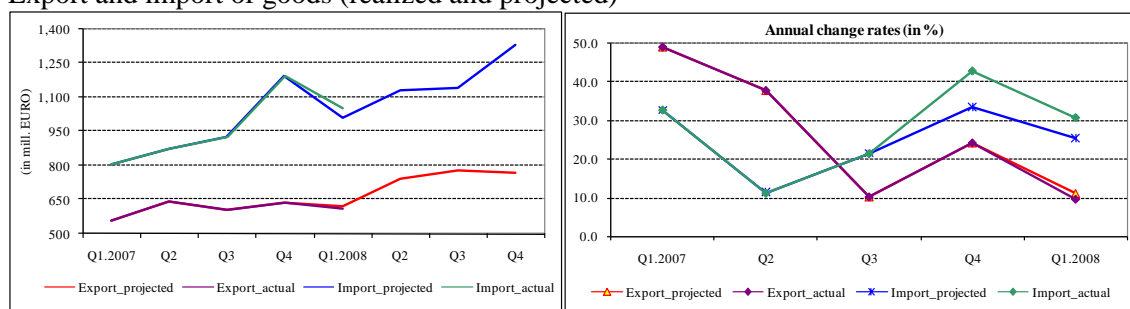
* Projection of Consensus Forecast.

4. BALANCE OF PAYMENTS

In the first two months of 2008, on the **current account of the balance of payments** deficit of Euro 112.2 million was registered, which was largely due to the further deepening in the trade deficit, in conditions of annual fall in the inflows based on the private transfers. Based on such performances, the deficit on the current account is expected to significantly exceed the projected deficit in the first quarter of 2008 (which in the projection for November equaled Euro 113 million).

In March 2008, the total **foreign trade** realized growth of 15%, relative to March 2007, which was solely resulting from the growth in the import. In March 2008, **the import** registered annual growth of 29.2%, where the higher import of mineral fuels, iron and steel, equipment, vehicles and electrical machines contributed mostly (total contribution of 65.8 %). On the other hand, in March 2008, **the export** registered small annual fall of 3.2%, which was largely due to the lower export of iron and steel, only partly neutralized with the higher export of ores and food products. Such dynamics of the export and import of goods contributed to intensification in the annual growth rate of the trade deficit. In March 2008, the **trade deficit** reached up to Euro 151.6 million and relative to the same month of 2007 it deepened by 2.5 times, relative to the change of 87.5% in the previous month.

Figure 11
Export and import of goods (realized and projected)



Source: National Bank of the Republic of Macedonia.

In the first quarter of 2008, the foreign trade registered annual growth of 22%, in conditions of faster growth in the import than the export. The import growth (of 30.8%) mainly resulted from the higher import of mineral fuels with contribution of 41.6%, followed by the

import of vehicles⁸, electrical machines, iron and steel and products thereof and equipment, with contribution of 10.2%, 9.4%, 7% and 6.3%, respectively. The dependence from the import of crude oil and insufficient domestic production of electricity, on one hand, and the continuous growth in the prices in the international stock exchanges of this two energy sources, on the other, were the main factors for the high growth in the prices of mineral fuels. In the first quarter of 2008, growth (of 9.5%) was registered on the side of the export, determined mainly by the higher export of ores, oil derivatives and of wearing apparel and textile, whereas the export of iron and steel registered most significant decrease.

In the first quarter of 2008, the developments in the **foreign trade** indicated faster growth in the import of goods relative to the projection, whereas the realized export was within the projection. Thus, in the first three months of 2008, the realized **trade deficit** equaled Euro 437 million and it exceeded the projected one by 22%.

Considering the further intensive upward trend in the oil prices, there was a risk of deviation from the projected export and import in the following period. Also, the uncertainty about the development in the import prices of electricity in the following period, as well as the import price at which the larger consumers will make import, indicated a risk of realizing higher prices of import of electricity than the average projected for 2008. On the other hand, the realized nickel prices in the first quarter, as well as the latest projections from the World Bank for the following period, indicate the possibility for realization of higher export of these products. In accordance with such developments of the prices in the international stock exchanges, there was a risk of worsening in the conditions of foreign trade, which was mainly due to the dynamics of development of the world prices of energy sources and food.

Table 1
Metal prices

	2006	2007	jan-march 2007	april-june 2007	july-sept 2007	oct-dec 2007	jan-march 2008	march 2008	april 2008
<i>US dollars per ounce</i>									
Gold	604.3	696.7	650.3	667.4	681.1	788.0	926.8	968.4	909.7
<i>US cents per ounce</i>									
Silver	1156.9	1,341.3	1,332.5	1335.8	1273.2	1423.5	1764.7	1921.6	1751.1
<i>US dollars per metric tons</i>									
Steel cr coil sheet	693.8	650.0	650.0	650.0	650.0	650.0	762.5	800.0	800.0
Steel hr coil sheet	600.0	550.0	550.0	550.0	550.0	550.0	700.0	750.0	750.0
<i>US dollars per metric tons</i>									
Nickel	24,254.4	37,229.8	41,440.1	48,054.8	30,205.2	29,219.2	28,956.8	31,225.3	28,763.2

Source: World Bank.

In April 2008, after the increase that lasted for several months, the **metal prices** in the international stock exchanges registered fall, on monthly basis, which among other things was due to the strengthening of the Dollar relative to the Euro, making the metals less attractive as a protection from the inflation and increasing the hopes of the investors for overcoming the credit crises for a short period of time. The prices of the precious metals and of gold and silver realized monthly decrease of 6.1% and 8.9%, respectively. Also, the price of the nickel in the international stock exchanges registered fall of 7.9%, on monthly basis, in the fourth month of the year.

In the first two months of 2008, the **private transfers** registered annual fall of 15.2%, which in conditions of relatively stable developments in the remittances and other transfers, was due to the fall in the net assets. In conditions of intensified growth in the sold assets (77.6%) and small fall in the purchase assets, the net assets equaled Euro 73.3 million, registering annual fall of 22.3%. By the latest available data for the first four months of 2008, net inflows from the foreign exchange operations in amount of Euro 142.7 million were realized, which on cumulative basis registered annual fall of 31.9%.

⁸ Within the import of vehicles, in the first quarter of 2008, relative to the same period of 2007, the largest part, or 48% of the growth, can be explained with the import of car vehicles, 23% - with the import of tractors and 19% - with the import of trucks.

From the rest of the components on the current account in the first two months, the **services** realized surplus of Euro 3 million and by the end of the first quarter it is expected for this balance to be positive also. In the **income sub-balance**, for the analyzed period, a surplus of Euro 11.8 million was registered, which represented fulfillment of 38% relative to the amount projected for the quarter, which indicated the possibility of projection failure.

In the first two months of 2008, on the **capital and financial account** of the balance of payments net inflows of Euro 114 million were realized, which largely resulted from the net inflows based on the categories **direct investments, net** in amount of Euro 98 million (out of which Euro 84.1 million were direct investments in the country) and used assets from foreign indebtedness (Euro 24 million). In the **portfolio investments** in the analyzed period, net outflows of Euro 4 million were realized. Such trend continued in the following months, which can be confirmed by the latest data from the Macedonian stock exchange for April 2008, where the trading of non-residents was higher on the side of the sale than the purchase of securities (53.49% and 35.94%, respectively).

5. MONETARY AGGREGATES

The data on the end of **April** showed slowing down in the annual growth of the **reserve money**⁹, which from 16.6% in March, decreased to 14.1% in April. In conditions of intensification of the annual growth in the currency in circulation to 5.3%, such annual change in the reserve money resulted from the lower annual growth in the total liquidity assets, which in April amounted to 22.7%. The seasonal monthly growth in the currency in circulation (of 3.8%) determined by the 1st of May and Easter Holydays, with simultaneous growth in the total liquidity assets of banks of 5.1% resulted in positive monthly dynamics in the reserve money (4.5%).

In April, the monetary instruments and the position of the Government with NBRM, almost identically acted toward creating reserve money, when about 33% of such created monetary base was withdrawn through the foreign currency transactions of NBRM. The comparison with the end of the previous year showed decrease in the reserve money, and such development was almost solely due to the liquidity withdrawn through the net sale of foreign currencies in the foreign exchange market. Also, the realized budget surplus enabled growth in the Government deposits with NBRM and consequently, liquidity withdrawal from the banking system, and about 72% of the withdrawn liquidity through the foreign exchange market and the fiscal position were compensated with the emission of liquidity through the monetary instruments.

The worsening in the external position and the higher inflation expectations resulted in foreign currency sale, opposite of the projection for growth in the net foreign assets of NBRM, which of course reduced the need of additional sterilization through the monetary instruments. On the other hand, the budget balance was higher relative to the projections in November, so liquidity was withdrawn through the fiscal position, which is opposite of the projections.

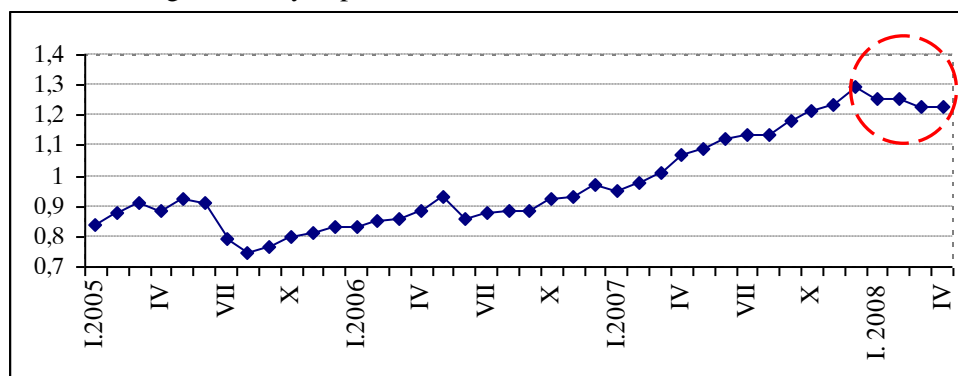
In April, monthly growth in the **monetary aggregate M4** of 2.5% was realized, with increase in the Denar deposits (with the transactional deposits) of 2.3% and growth in the foreign currency deposit potential of 2.5% being registered. The money supply M4 in April registered annual growth of 23.3%, which represented slowing down relative to the previous month, when this growth equaled 25.3%. The decrease in the tempo of annual growth in the money supply, largely reflected the lower dynamics of growth in the **total deposits** (without the

⁹ Includes the reserve requirements of foreign currency deposits. Without this component, the annual growth in the reserve money in March 2008 equaled 9.7%.

transactional deposits), the annual growth rate of which equaled 23.1% in April and it was considerably under the annual average growth in the first three months of 2008 (27.1%).

Figure 12

Denar* - foreign currency deposits correlation



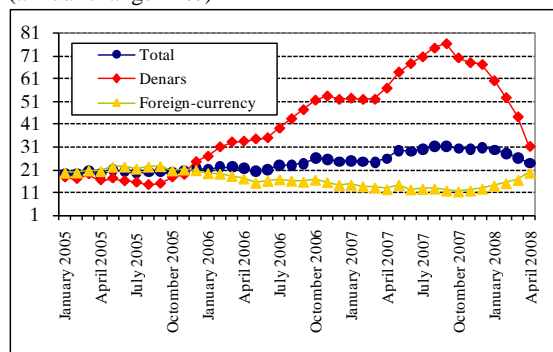
*Includes the deposit money.

Source: National Bank of the Republic of Macedonia.

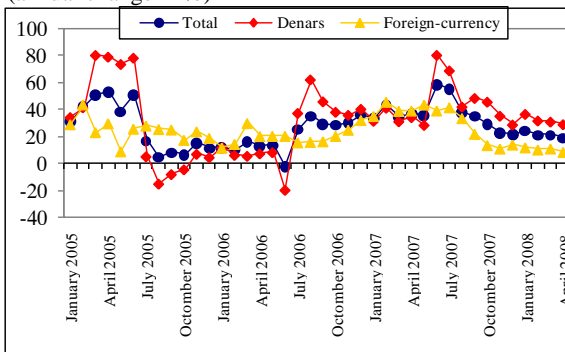
Main characteristics of the developments in the deposit potential in April was the significantly lower growth in the deposits in domestic currency, , on annual basis, which equaled 31.7% in April, relative to the average growth of 45.8%, in the first quarter. In April, the deposits in foreign currency went up by 16.5% on annual basis, which was the highest growth rate since September 2007. The lower growth in the deposits in domestic currency can be explained with the uncertainty and the growth in the inflation and inflation expectations. Simultaneously, one part of the developments in the deposits can be explained with the lower foreign currency inflows in the economy also, so there was a decrease in the growth in the money supply. With respect to the sectors, the annual growth in the deposits of households and of corporate sector continued equaling 23.9% and 19.2%, respectively (relative to 26.3% and 21.3%, respectively in the previous month).

Figure 13

Deposits of households
(annual change in %)



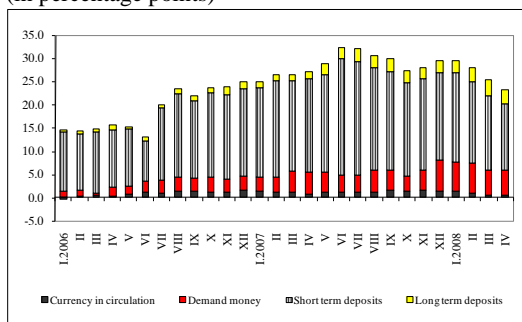
Deposits of enterprises
(annual change in %)



Source: National Bank of the Republic of Macedonia.

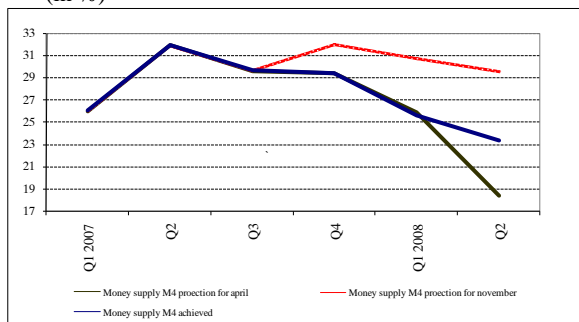
In April, the monetary growth was considerably lower relative to the projection in November, so the money supply went down by about 10% relative to the projection for the end of the second quarter, mostly because of the lower Denar savings relative to the projected one.

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



* The realization in the second quarter pertains to April 2008.
Source: National Bank of the Republic of Macedonia.

Annual growth rates*
(in %)



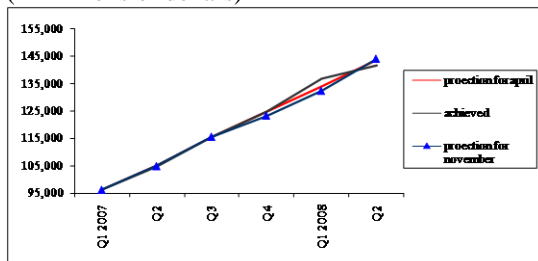
By the preliminary data for the first decade of May 2008, the total deposits of the private sector to the banks decreased by 0.2%, relative to the end of April.

6. BANK CREDITS

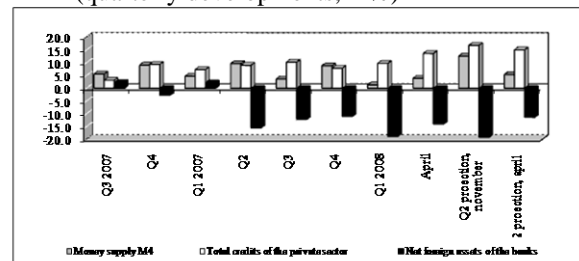
The growth in the **credits** continued in April also, and on monthly basis the overall credits rose by 3.5%, with dominant contribution of the Denar credits (including the credits with FX clause), whereas with respect to the sectors the contribution of the growth in the credits to the households and the corporate sector to the total growth equaled 1.3 percentage points and 1.7 percentage points, respectively (so their monthly growth rates equaled 3.5%, identically).

The annual growth rate in the credits allocated to the private sector increased, rose from 42.2% in the previous month to 44.1% in April, with higher growth in the credits to the households (57.7%) being registered, relative to the corporate credits (36.3%), and their contribution to the growth in the total credits was almost balanced. The level of credits in April was by 1.6% lower than the level of credits projected for the end of the second quarter (by the projection in November). Considering the further dynamics, if there is no slowing down in the credit growth, exceeding of the projection of credits is possible at the end of the second quarter.

Figure 15
Credits to the private sector
(in millions of denars)



Source of financing
(quarterly developments, in%)*



* The realization in April and the projections for the second quarter are cumulative changes registered in the beginning of the year.
Source: National Bank of the Republic of Macedonia.

In April 2008, the **net foreign currency assets of banks** registered growth in monthly basis by Denar 738 million, or by 5.9%, with growth in the foreign currency assets of banks (by Denar 1,195 million, or by 3.6%) being registered, while the foreign currency liabilities to banks registered more moderate growth of Denar 457 million, or by 2.2%. In the end of April 2008,

the net foreign currency assets of banks were lower by Denar 2,160 million, or by 14%, relative to the end of 2007.

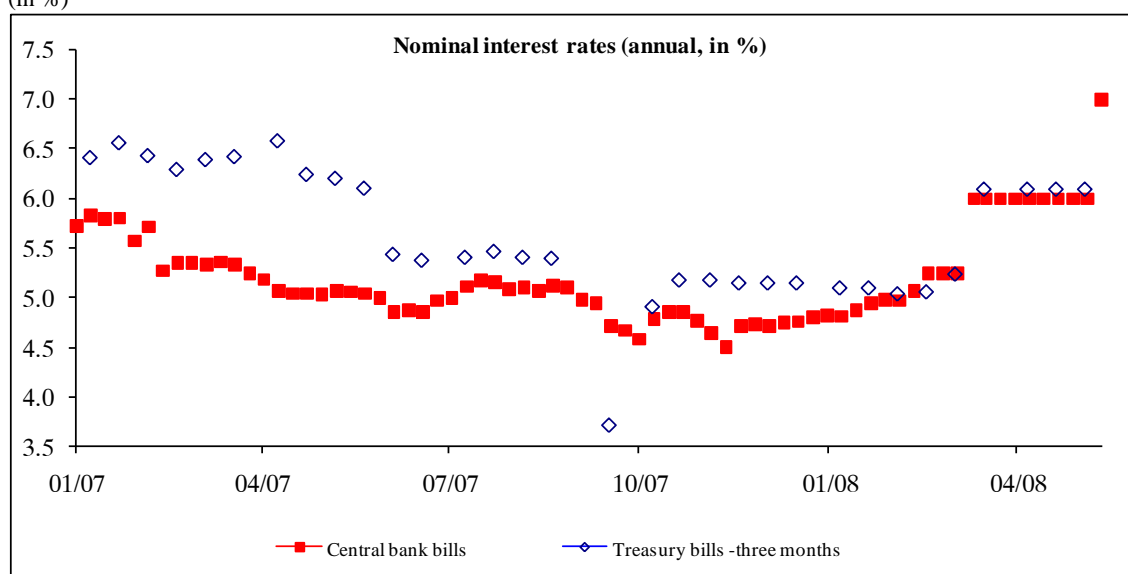
By the preliminary data for the first decade of May, relative to the end of April, the total banks' placements to the private sector registered moderate fall of 0.1%. Yet, it should be considered that in the first decade of May 2007 the total placement decreased by 0.2%, which reflected the presence of the seasonal effect in this period determined by the holidays.

7. INTEREST RATES AND FOREIGN EXCHANGE RATE

In conditions of pressures on the foreign exchange market and higher inflationary pressures, on May 7, 2008, NBRM adopted a decision on increase in the reference interest rate by 1 percentage point, i.e. from 6% to 7%. On the first auction of CB bills with interest rate of 7%, held in May 14, 2008, by the principle "volume tender (unrestricted)", withdrawal of Denar 1,939 million was realized. On May 5, 2008, the gross foreign reserves amounted to Euro 1,505 million.

On May 6, 2008, auctions of three month and six month CB bills were held by the principle of "volume tender (restricted)", when the interest rates equaled 6.1% and 6.3%, respectively. The average interbank interest rate in the bilateral trading of banks in the period 01-09.05.2008 equaled 3.9%, on average, for landings on a daily basis, which represented growth relative to the average in April (3.6%).

Figure 16
Interest rates
(in %)



Source: National Bank of the Republic of Macedonia.

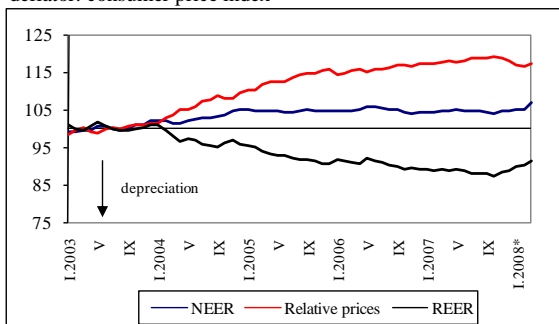
In March 2008 the average weighted interest rate on the Denar credits for all terms and sectors remained unchanged relative to the previous month and it equaled 9.7%, whereas the average weighted interest rate on Denar deposits for all terms and sectors rose by 0.1 p.p. equaling 5.6%. The interest rates of banks for the foreign currency placements and deposits in March remained unchanged, on monthly basis. Thus, the average weighted interest rate on foreign currency credits for all terms, sectors and currencies equaled 8.1%, whereas the average weighted interest rate on foreign currency deposits for all terms, sectors and currencies equaled 2.2%.

In March 2008, the index of the **real effective foreign exchange rate of the Denar**, deflated with the consumer price index, registered monthly appreciation of 1.2%, which in conditions of intensified growth in the foreign prices and small growth in the domestic prices, was solely due to the appreciation of the nominal effective foreign exchange rate of 1.7% (Denar appreciation relative to the Serbian Dinar, Turkish Lira, Russian Ruble and the American Dollar). On annual and cumulative basis, REER of the Denar kept the appreciation trend (by 2.7% and 1.7%, respectively), which was due to the further appreciation of NEER and the change in the relative prices (more intensive growth in the domestic than in the foreign prices). In March 2008, the index of the REER of the Denar deflated with the producer price index registered significant monthly appreciation of 3%, relative to the depreciation in the previous month. Besides the appreciation of the NEER of the Denar, the increase in the domestic prices of oil derivatives and of production of basic metals, resulted in growth in the domestic prices of the producers of industrial products, which for the first time exceeded the growth in the foreign prices in August in the previous year. Opposite of that, on annual and on cumulative basis, REER of the Denar by the second price index, which is thought as more relevant indicator for the competency, was still registering depreciation of 1.6% and 3.1%, respectively, but with lower intensity relative to the previous months.

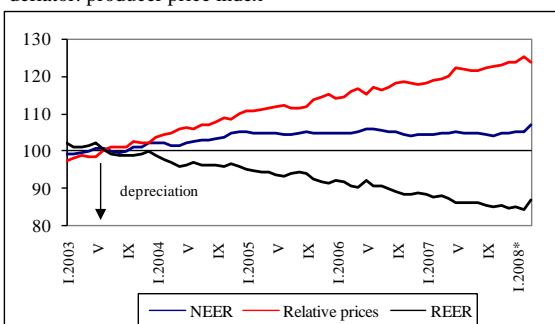
Figure 17

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

deflator: consumer price index



deflator: producer price index



Source: NBRM, IMF-IFS for April 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, April 2008

	Apr. 08	Apr. 08	Jan-Apr. 08	Impact on change		
	Mar. 08	Apr. 07	Jan-Apr. 07	monthly	annually	cumulative
	%			(in percentage points)		
Consumer prices	0.4	10.1	9.7	0.4	10.1	9.7
Food	0.7	21.0	19.5	0.25	8.01	7.46
Wheat products	0.4	26.4	26.9	0.03	1.96	2.00
Fresh and processed vegetables	-2.2	33.1	33.4	-0.12	1.86	1.88
Fresh and processed fruits	5.1	34.4	24.5	0.16	1.04	0.74
Meat and poultry	0.4	7.4	6.9	0.03	0.56	0.52
Fresh and cooked fish	0.9	5.6	4.8	0.01	0.05	0.04
Dairy products	0.5	21.2	19.7	0.03	1.23	1.14
Eggs	4.4	13.1	10.6	0.05	0.16	0.13
Oils and fats	2.1	53.7	46.6	0.04	1.13	0.98
Tobacco and beverages	0.0	3.4	4.0	0.00	0.18	0.21
Clothing and footwear	0.6	2.7	1.9	0.05	0.21	0.15
Housing	0.4	3.4	3.6	0.05	0.52	0.54
Flat (rent, water and other services)	0.5	4.2	7.3	0.02	0.15	0.27
Fuel and lighting	0.2	3.8	2.9	0.02	0.34	0.26
Heating and services	0.7	11.2	6.2	0.02	0.34	0.19
Electric power	0.0	0.0	1.2	0.00	0.00	0.07
Hygiene and health	0.1	1.1	1.4	0.00	0.09	0.11
Culture and entertainment	0.6	1.2	0.1	0.03	0.07	0.01
Transport and communication services	0.0	4.1	4.3	-0.01	0.58	0.62
Public transport services & PTT	0.5	-4.7	-5.5	0.03	-0.29	-0.33
Fuels and lubricants	-0.2	16.4	17.9	-0.01	0.62	0.68
Restaurants and hotels	0.8	11.4	11.7	0.04	0.58	0.60
Other services n.e.c.	0.0	1.6	12.5	0.00	0.00	0.00

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

<i>(annual rates, %)</i>	2006	2007	2007				2008	Latest months		
			Q1	Q2	Q3	Q4	Q1	Feb-08	Mar-08	Apr-08
Inflation (CPI)	3.2	2.3	0.7	1.1	2.4	4.9	9.5	9.6	10.2	10.1
Core inflation (excluding food and energy)	1.1	0.7	0.2	0.8	1.1	1.2	2.8	3.2	2.7	2.6
Regulated prices	5.7	3.3	4.2	3.0	2.0	4.1	7.4	7.8	8.7	7.6
Producer prices of industrial products	4.5	1.6	1.0	1.2	1.6	4.1	10.5	10.2	11.7	10.7
Productivity	0.5	2.4	4.3	0.8	1.2	3.4	-	-	-	-
Nominal net-wage	7.3	7.9	5.7	6.4	7.5	11.8	-	9.1	-	-
Real net-wage	4.0	5.5	5.0	5.3	5.0	6.6	-	-0.4	-	-

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

Table 3
Industrial output and other economic activities

<i>(annual rates, %)</i>	2006	2007	2007				2008	Latest months		
			Q1	Q2	Q3	Q4	Q1	Jan-08	Feb-08	Mar-08
Gross domestic product	4.0	5.1	6.8	4.3	4.2	5.2	-	-	-	-
Industrial output	2.5	3.7	11.6	-2.8	1.1	6.2	5.8	13.6	6.9	-1.4
Construction	-12.3	7.6	9.4	-18.6	18.0	23.3	-	54.8	25.0	-
Retail and wholesale trade	2.5	24.2	25.1	17.2	21.2	32.8	-	38.0	27.4	-
Telecommunications	-1.0	15.6	11.1	17.1	15.9	18.1	-	16.6	15.4	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

(annual rates, %)	2006	2007	2007				2008	Mar.08	
			Q1	Q2	Q3	Q4	Q1	% change	impact (p.p.)
Manufacture of food products and beverages	0.1	7.7	12.0	0.6	9.5	9.6	5.3	3.5	0.5
Manufacture of tobacco products	5.5	-0.8	19.0	-14.4	-16.8	41.1	13.8	-33.4	-1.5
Manufacture of wearing apparel	-3.7	-14.5	-4.6	-19.8	-17.9	-14.2	-16.5	-18.5	-1.9
Manufacture of refined petroleum products	12.3	-2.4	20.6	-11.1	1.3	-16.8	3.3	-4.8	-0.3
Manufacture of other non-metallic minerals	14.0	3.8	51.5	4.2	-2.6	-15.9	-10.9	-11.3	-0.9
Manufacture of basic metals	11.8	34.3	57.4	35.2	25.3	26.7	9.5	-6.1	-1.0
Manufacture of fabricated metal products	5.7	45.6	6.0	5.4	51.7	112.0	29.7	7.6	0.3
Manufacture of machinery and equipment	3.7	-24.4	-45.1	-37.4	-12.3	1.0	45.6	18.3	0.5
Recycling	12.8	-35.6	20.7	-57.5	-88.5	-4.2	105.6	17.3	0.1
Electricity, gas, steam and hot water	-0.6	-9.5	-9.1	-20.8	-8.7	-1.1	-0.8	-2.7	-0.3

Source: State Statistical Office of the Republic of Macedonia.

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

	2007												2007	2008		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII		I	II	2008
I. Current account	-4.4	6.0	39.4	-0.2	45.9	5.3	-21.1	67.7	-38.2	-37.2	-99.6	-134.5	-170.9	-35.6	-76.7	-112.2
GOODS, net	-81.1	-74.5	-55.5	-83.6	-56.1	-68.0	-125.1	-64.5	-108.8	-136.1	-352.5	-167.2	-1,172.8	-115.2	-131.5	-246.6
Export, f.o.b	160.5	175.7	222.5	200.5	212.0	229.3	196.4	214.4	194.3	215.5	208.1	212.4	2,441.5	181.7	214.8	396.5
Import, f.o.b/2	-241.6	-250.2	-277.9	-284.1	-268.1	-297.3	-321.5	-278.9	-303.1	-351.6	-360.6	-379.5	-3,614.3	-296.9	-346.3	-643.1
SERVICES, net	-2.0	1.0	-0.1	1.3	-0.6	0.4	5.5	7.6	10.3	9.9	-0.6	-6.9	25.5	8.7	-5.5	3.3
INCOME, net /5	10.2	8.6	10.9	-7.3	13.2	-15.0	-21.0	11.7	-28.4	5.0	-17.0	-4.2	-33.4	10.5	1.4	11.8
of which: interest, net	-0.2	-1.7	-0.1	-1.5	0.1	-3.8	0.0	1.1	-3.6	-2.2	-0.2	-5.9	-17.9	0.2	-2.2	-1.9
CURRENT TRANSFERS, net	68.5	70.9	84.0	89.4	89.4	87.9	119.5	112.9	88.7	84.1	70.5	43.8	1,009.8	60.4	58.9	119.3
Official	3.2	1.5	3.9	5.4	5.9	5.8	5.2	2.2	3.3	3.1	8.1	-23.6	23.9	0.5	4.4	5.0
Private	65.3	69.5	80.1	84.0	83.5	82.2	114.3	110.7	85.5	81.0	62.3	67.4	985.8	59.9	54.5	114.3
II. Capital and financial account	3.4	-8.9	-37.5	2.8	-41.1	-8.6	30.3	-59.8	38.3	38.6	102.1	134.5	194.3	39.4	78.2	117.6
CAPITAL ACCOUNT, net	-1.2	0.1	-0.2	0.6	0.3	0.6	4.3	-0.2	-0.3	-0.1	-0.8	-1.6	1.3	-0.3	-0.3	-0.6
Capital transfers, net	-1.2	0.1	-0.2	0.6	0.3	0.6	1.1	-0.2	-0.3	0.0	-0.3	-1.6	-1.1	-0.3	-0.3	-0.6
Од импорјаних	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Дарови	-1.2	0.1	-0.2	0.6	0.3	0.6	1.1	-0.2	-0.3	0.0	-0.3	-1.6	-1.1	-0.3	-0.3	-0.6
acquisition/disposal of non-produced	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0	0.0	-0.1	-0.5	0.0	2.4	0.0	0.0	0.0
FINANCIAL ACCOUNT, net	4.7	-9.0	-37.3	2.3	-41.4	-9.2	26.1	-59.6	38.6	38.7	102.9	136.1	192.9	39.7	78.5	118.2
Direct investments, net	3.8	7.8	8.4	44.5	21.0	-1.6	25.2	-5.6	20.8	34.9	55.6	25.3	240.1	36.2	61.7	97.8
Portfolio investments, net	12.2	-7.6	16.0	25.9	16.7	3.0	6.2	8.8	9.5	24.3	0.3	-4.4	110.8	-0.9	-3.4	-4.4
Other investments, net	-38.4	-21.7	-27.3	-21.9	-69.4	-55.4	25.2	-27.5	44.0	5.2	46.4	84.5	-56.3	-2.0	32.1	30.1
Trade credits, net	-3.1	6.9	-37.5	5.0	-56.9	-13.2	45.3	-34.4	-9.3	18.9	20.0	24.5	-33.5	-4.5	1.5	-2.9
Loans, net	-42.3	-15.8	15.9	-23.0	-14.8	-87.0	7.0	6.4	-0.8	22.2	11.8	12.7	-107.7	-0.8	8.5	7.7
Currency and deposits, net	5.9	-14.3	-8.3	-10.7	-0.6	31.4	-29.0	-2.7	44.5	-40.0	11.9	17.9	5.9	-4.0	19.7	15.7
of which : monetary authorities, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	0.2	0.0	-0.2	7.4	0.1	7.5
commercial banks, net	3.7	-8.2	0.7	-1.6	4.9	37.9	-22.1	-1.6	50.6	-34.2	19.8	18.6	68.4	-9.4	19.4	10.0
other sectors, net	2.2	-6.1	-9.0	-9.1	-5.4	-6.4	-6.9	-1.1	-6.0	-5.6	-8.2	-0.7	-62.3	-1.9	0.1	-1.8
Others, net	1.2	1.4	2.6	6.7	2.8	13.3	1.9	3.2	9.5	4.1	2.7	29.5	78.9	7.2	2.4	9.6
Gross official reserves, (- = increase) /4	27.1	12.6	-34.4	-46.3	-9.8	44.8	-30.5	-35.3	-35.6	-25.7	0.6	30.7	-101.8	6.5	-11.9	-5.4
III. Errors and omissions	1.0	2.9	-1.9	-2.6	-4.8	3.3	-9.2	-7.9	-0.1	-1.5	-2.5	0.0	-23.4	-3.8	-1.5	-5.3

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 and 2007 have been additionally adjusted with time adjustments for imports of electricity.

3/ Methodological changes: The BOP data for 2007 include estimations for certain elements in the items on direct investment and income -

based on actual data from the newly introduced data source (FDI Survey DI 22) available as with end 2006

4/ Excluding monetary gold and exchange rate differences

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

Source: National bank of the Republic of Macedonia.

Table 6
Foreign trade

	III.2008	I-III.2008	III.2008		III.2008		I-III.2008	
			II.2008	%	III.2007	%	I-III.2007	%
	amount		amount		amount		amount	
Total trade	582.8	1,662.7	-6.6	-1.1	75.9	15.0	300.2	22.0
Export	215.6	612.7	0.6	0.3	-7.1	-3.2	53.3	9.5
Import	367.2	1,050.0	-7.2	-1.9	83.0	29.2	247.0	30.8
Balance	-151.6	-437.2	7.8	-4.9	-90.1	146.5	-193.7	79.5

Source: State Statistical Office of the Republic of Macedonia.

Table 7

Monetary developments in April 2008

	31.12.2006	31.12.2007	31.03.2008	30.04.2008	monthly changes (30.04.2008/ 31.03.2008)		annual changes (30.04.2008/ 30.04.2007)
	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>							
Brtoad money M4	135,641	175,553	178,277	182,847	4,570	2.6	23.5
Currency in circulation	16,206	17,927	15,746	16,347	601	3.8	5.3
Denar deposits ¹	58,997	89,077	90,102	92,226	2,124	2.4	34.0
Foreign currency deposits	60,438	68,549	72,429	74,274	1,845	2.5	16.5
Total deposits	119,435	157,626	162,531	166,500	3,969	2.4	25.6
Reserve money ²	31,264	37,586	34,223	35,769	1,546	4.5	14.1

¹ Including demand deposits, deposits of municipalities and public entities.² Including reserve requirement in foreign currency.

	31.12.2006	31.12.2007	31.03.2008	30.04.2008	monthly changes (30.04.2008/ 31.03.2008)		annual changes (30.04.2008/ 30.04.2007)
	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>							
Credit to the private sector	89,782	124,875	137,050	141,870	4,820	3.5	44.1
In Denar	66,413	94,496	105,345	108,946	3,601	3.4	48.5
In Foreign currency	23,369	30,379	31,705	32,924	1,219	3.8	31.3
Banks' net foreign assets	22,926	15,459	12,550	13,288	738	5.9	-42.5

Source: National Bank of the Republic of Macedonia.

Table 8

Monetary aggregates

(in %)

in %	end of period to the end of previous period					y - e - y								
	2007				2008	2006	2007				2008			April
	Q1	Q2	Q3	Q4	Q1		Q1	Q2	Q3	Q4	January	February	March	
M0	-6.1	8.5	2.2	15.5	-8.9	21.4	18.9	18.2	18.9	20.2	23.1	22.3	16.6	14.1
M1	-1.4	6.0	8.3	16.3	-6.9	17.1	22.5	18.0	22.6	31.7	32.0	31.3	24.4	24.1
M4	4.7	9.7	3.7	8.8	1.3	24.9	26.4	32.2	29.9	29.5	29.6	27.9	25.3	23.3
M4-denar	5.1	14.1	5.9	12.2	-1.5	30.8	33.1	44.3	43.8	42.6	42.8	39.1	33.6	28.5

Source: National Bank of the Republic of Macedonia.

Table 9

Deposits of the private sector

(in millions of denars)

		Balance as of 30.04.2008	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		137,529	2,820	2.1	25,769	23.1
In Denar	Households	36,613	102	0.3	8,691	31.1
	Enterprises	23,349	1,182	5.3	5,274	29.2
	Total	63,255	975	1.6	15,229	31.7
In Foreign currency	Households	55,292	1,530	2.8	9,063	19.6
	Enterprises	18,796	342	1.9	1,519	8.8
	Total	74,274	1,845	2.5	10,540	16.5
Total households deposits		91,905	1,632	1.8	17,754	23.9
Total enterprises deposits		42,145	1,524	3.8	6,793	19.2

* 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 30.04.2008	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		141,870	4,820	3.5	43,418	44.1
In Denar	Households	52,278	1,592	3.1	19,061	57.4
	Enterprises	56,374	2,008	3.7	16,313	40.7
	Total	108,946	3,601	3.4	35,566	48.5
In Foreign currency	Households	2,980	268	9.9	1,152	63.0
	Enterprises	29,924	950	3.3	6,687	28.8
	Total	32,924	1,219	3.8	7,852	31.3
Total credit to the households		55,258	1,860	3.5	20,213	57.7
Total credit to the enterprises		86,298	2,958	3.5	23,000	36.3

Source: National Bank of the Republic of Macedonia.

Table 11

Credits to the households

		2006				2007				2008			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	January	February	March	April
Maturity structure of households credit portfolio (in %)	Short-term	25.0	24.8	24.4	25.1	26.8	27.7	29.2	29.2	29.8	29.9	29.9	29.6
	Long-term	75.0	75.2	75.6	74.9	73.2	72.3	70.8	70.8	70.2	70.1	70.1	70.4
Credit to households, y-o-y growth rate, in %	Housing	37.1	33.5	35.4	40.1	43.4	45.7	48.2	47.7	47.8	48.4	48.4	49.1
	Overdrafts	63.9	68.1	84.9	103.7	125.2	136.9	131.4	112.3	93.1	96.1	89.6	82.1
	Credits for other purposes	32.6	26.8	26.0	31.0	33.9	38.8	45.5	48.7	51.0	53.5	53.2	63.4

Source: National Bank of the Republic of Macedonia.

Table 12

Credits to the enterprises

		2006				2007				2008			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	January	February	March	April
Maturity structure of enterprises credit portfolio (in %)	Short-term	54.4	53.8	51.0	48.6	47.1	46.0	46.2	43.9	44.5	45.3	44.9	45.0
	Long-term	45.6	46.2	49.0	51.4	52.9	54.0	53.8	56.1	55.5	54.7	55.1	55.0
Credit to enterprises, y-o-y growth rate, in %	Short-term	0.8	13.0	11.1	11.9	8.9	5.9	20.4	17.2	20.3	25.0	27.0	31.5
	Long-term	36.1	34.0	30.8	41.1	45.7	44.6	45.8	41.6	40.9	38.0	38.4	40.5
	In Denar	3.4	14.3	14.2	21.3	22.6	20.2	32.9	29.9	30.2	33.6	37.4	40.7
	In Foreign currency	42.0	38.5	31.0	32.4	31.4	30.2	32.6	29.4	32.2	28.8	25.6	28.8

Source: National Bank of the Republic of Macedonia.

Table 13

Liquidity creation and withdrawal

	31.12.2007	30.04.2008	14.05.2008	cumulatively I - IV, 2008	14.05.2008 / 30.04.2008
<i>in millions of denars</i>					
	balance			flow	
Bank' liquidity (banks' account with NBRM)	10,415	8,560	11,085	-1,855	2,525
Autonomous factors (total)	84,009	75,289	78,248	-5,948	2,387
Currency in circulation	17,969	16,373	15,959	1,596	414
Foreign exchange transactions of the NBRM	73,958	71,241	71,422	-2,717	181
Government denars deposits with NBRM	-9,842	-14,459	-11,967	-4,617	2,492
Bank's cash in vaults	1,924	2,134	2,834	-210	-700
Monetary instruments	-25,555	-21,822	-21,468	3,733	354
CB bills auctions	-20,995	-20,611	-20,871	384	-260
Treasury bills for monetary policy purposes	-4,560	-1,211	-597	3,349	614
Other items	-8,253	-7,893	-8,109	360	-216

* Last available data on 14.05.2008.

Source: National Bank of the Republic of Macedonia.

Table 14
Interest rates

	Apr.08	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	6.0	0.2	0.9
Average weighted interest rate on the Money Market	3.7	0.6	0.0
Interest rate on three-month treasury bills	6.1	0.3	-0.3
	February 2008	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	9.7	0.0	-0.8
Banks' weighted deposit interest rates	5.6	0.1	0.8

Source: National Bank of the Republic of Macedonia.