

National Bank of the Republic of Macedonia
Research Department



Monthly Information
1/2009

March, 2009

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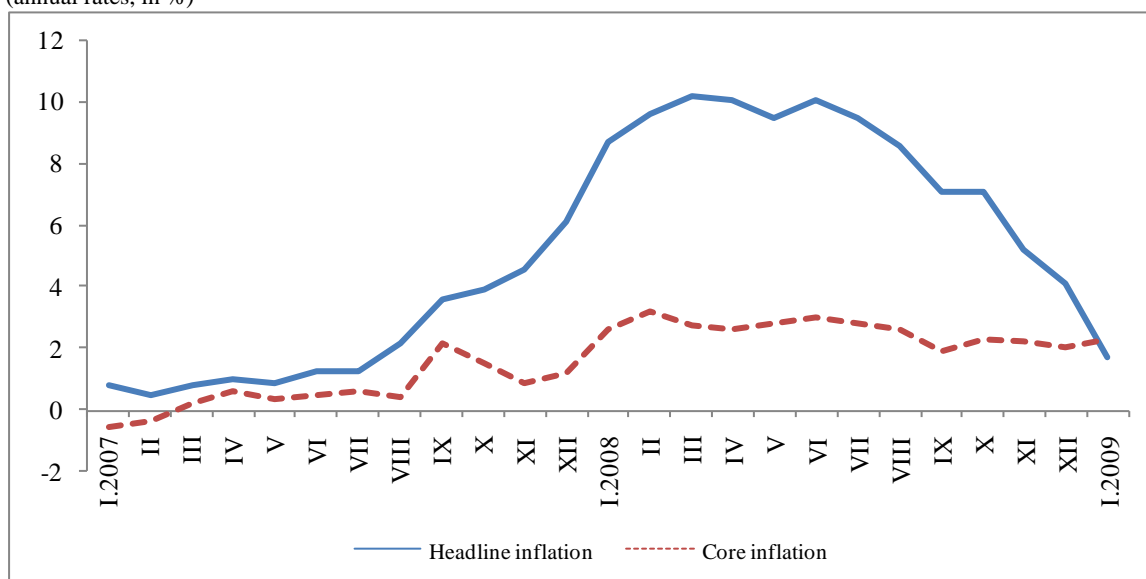
* The Monthly Information includes analysis based on the available data as of February 20, 2009.

1. PRICES

The decrease in the **inflation**, which started in the last quarter of 2008, continued in the first month of 2009 as well, with continuous trend of drop in the domestic prices of oil derivatives and considerably lower growth in the prices of food. Thus, in January 2009 monthly deflation of 0.6% was registered, which mainly resulted from the lower domestic prices of oil derivatives, from the lower price of the thermal heating energy¹, as well as from the lower prices of the footwear and the fresh vegetables. Only the moderately increased prices of fresh meat and fresh fruits had inflationary influence. On annual basis, the inflation registered slowing down and it equaled 1.7% (4.1% in December 2008). The annual change in the inflation mainly resulted from the increase in the price of the electricity for households (in November 2008) and the higher prices of individual categories of food (meat, cereals and processed milk), which were partially neutralized by the significant deflationary effect of the lower prices of oil derivatives.

The core inflation, which excludes the prices of food and energy from the total inflation², equaled 2.3% on annual level, in January 2009 (in December it equaled 2.0%), which was due to the growth in the prices of food and beverages in the restaurants, to the retail prices of the beverages and the rent. If only the influence of the food is excluded, the annual core inflation shall equal 1.4%.

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



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

The realized annual inflation rate in January was within the anticipated one (by the threshold of the projected inflation of 2.2% on average in 2009) and it registered lower performances relative to the projection by 0.8 p.p, which was mainly due to the intensified

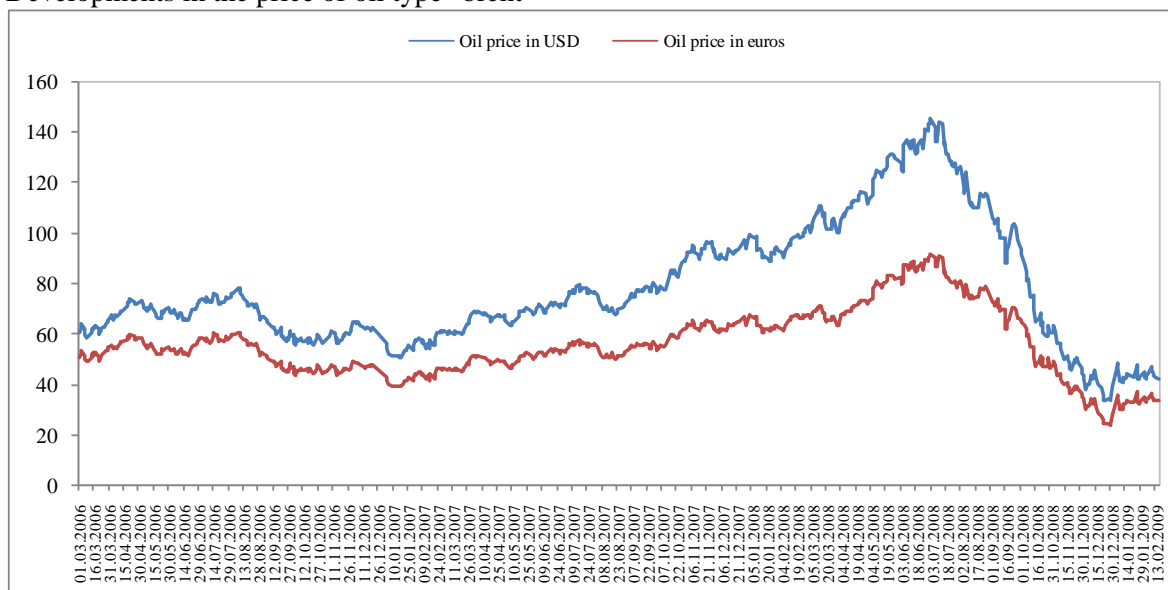
¹ The drop in the price of the thermal heating energy in January resulted from the decisions adopted by REC on decreasing the prices of the delivered thermal energy from "Toplifkacija" AD - Skopje and "Skopje Sever" AD - Skopje by 35.9% and 24.3%, respectively.

² The calculations are made on the basis of the new weights. SSO in January 2009 performed small corrections in the weights in the price index.

downward trend in the prices of oil on the international stock exchanges and the drop in the prices of the central heating.

The price of the crude oil on the international stock exchanges in January 2009 registered moderate rise, so the average price of the oil type "brent" amounted to USA Dollar 44.86 per barrel, registering monthly growth of 7.9%³, whereas relative to the average price in January 2008 it was lower by 51.2%. The monthly increase in the price was due to the tensions in the Middle East, to the restrictive supply because of the implementation of the Decision of OPEK on decrease in the daily output of oil, as well as the deterioration in the gas supply in Europe after the dispute between Russia and Ukraine⁴. An increment in the oil price, but more moderate, was registered in the first two weeks in February 2009 as well, when it equaled USA Dollar 44.3 per barrel, on average, so relative to the average from the last two weeks of January 2009 it rose by 1.2%, mainly under the influence of the announcements by OPEK that 35 of 150 oil and gas projects will be delayed, as well as the positive expectations from the approved economic stimulating plan of USA. In the analyzed period of two weeks the Denar depreciated relative to the USA Dollar by 1.6% (Denar 47.75 per USA Dollar relative to Denar 46.98 per USA Dollar). In accordance with such developments in the oil and the foreign exchange rate relative to the USA Dollar, the Regulatory Energy Committee on the session held on February 16, 2008 adopted a decision on increase in the refinery and retail prices of the oil derivatives by 3.2%, i.e. by 1.7% on average (with various effect per individual type of oil derivative).

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



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

Slowing down in the inflation in January was registered in the Euro area, where the annual inflation rate was estimated at 1.1%.

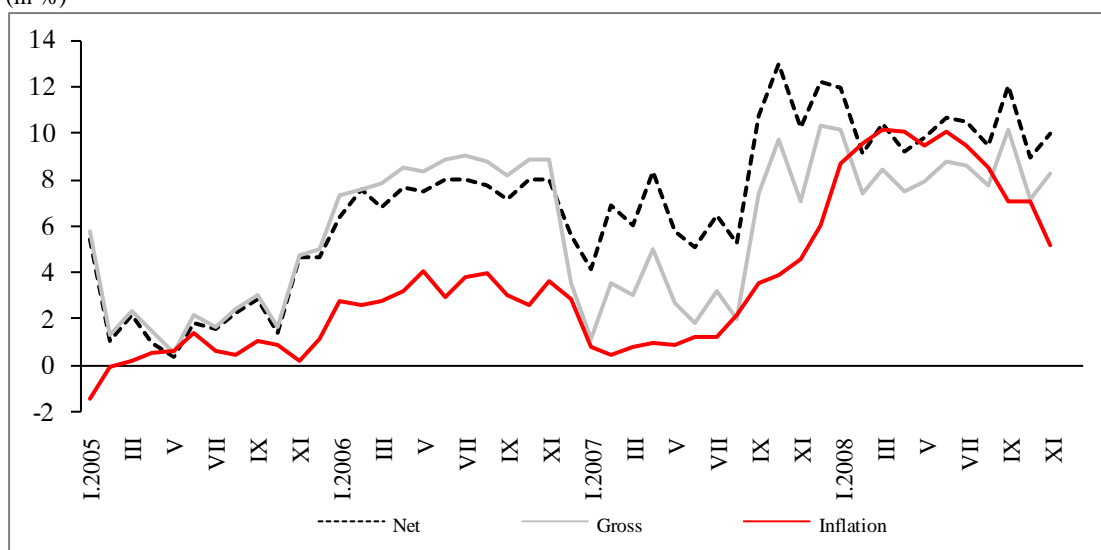
³ Monthly drop in the domestic prices of oil derivatives in January, in conditions of growth in the price of oil on the international market, was due to the developments in the exchange rate Denar/USA Dollar, the developments in the prices of individual types of oil derivatives on the international market, as well as to the fact that the decision on the domestic prices of oil derivatives dated January 5, 2009 was based on the development in the previous month.

⁴ Statistical Agency data on the USA oil, Energy Information Administration, Oil marketer and Oil market report.

2. WAGES

In November 2008, **the average paid net and gross wage** (including the delayed payments) registered identical nominal monthly fall of 0.9%, which in conditions of monthly inflation of 0.2% represented real fall in the net and the gross wage by 1.1%. The monthly fall in the wages was present in all three economy sectors: in the agriculture by 13.6%, in the industry by 3.6% and in the services by 0.9%. Relative to the end of 2007, the net and the gross wage in November rose by 8.5% and 11.2%, respectively, on nominal basis. On annually level, the nominal average paid net and gross wage registered growth rates of 10% and 8.3%, respectively⁵, but the real changes were lower (rise of 4.6% in the net and 3% in the gross wage).

Figure 3
Annual growth rates in the wages and inflation
(in %)

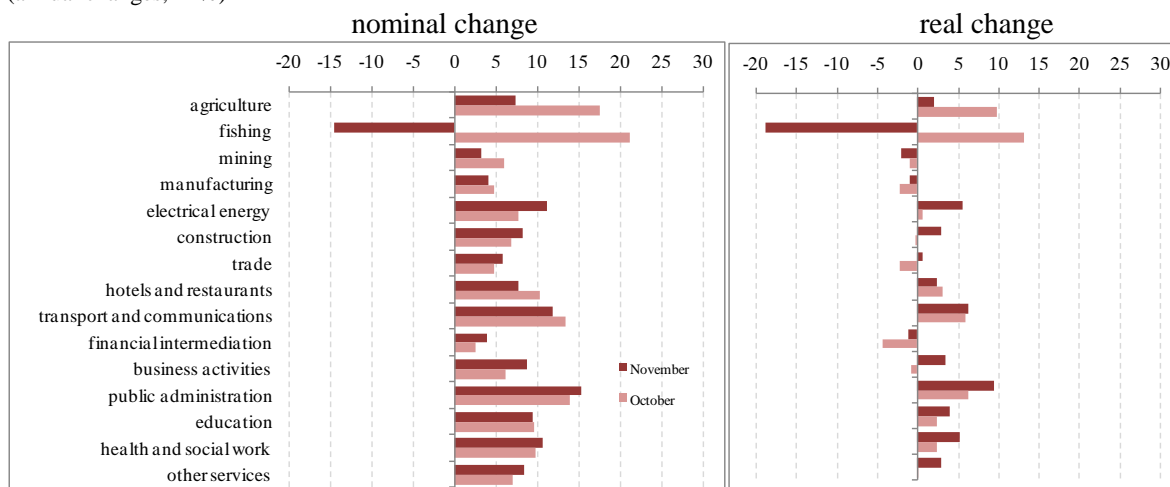


Source: State Statistical Office of the Republic of Macedonia.

Analyzed by individual activities, annual nominal growth in the wages in November 2008, excluding the fishing (drop of 14.5%), was registered in all other activities. The wage in the public administration and defense and communications registered most significant nominal growth (15.3% and 11.9%, respectively). The wage in the mining, financial intermediation and the manufacturing industry registered lowest annual growth (3.2%, 4% and 4.1%, respectively), so in conditions of higher annual inflation rate, these activities registered negative real changes.

⁵ The lower growth rate in the gross wage was due to the drop in the personal income tax rate in January 2008.

Figure 4
Average net wage by sectors
(annual changes, in %)



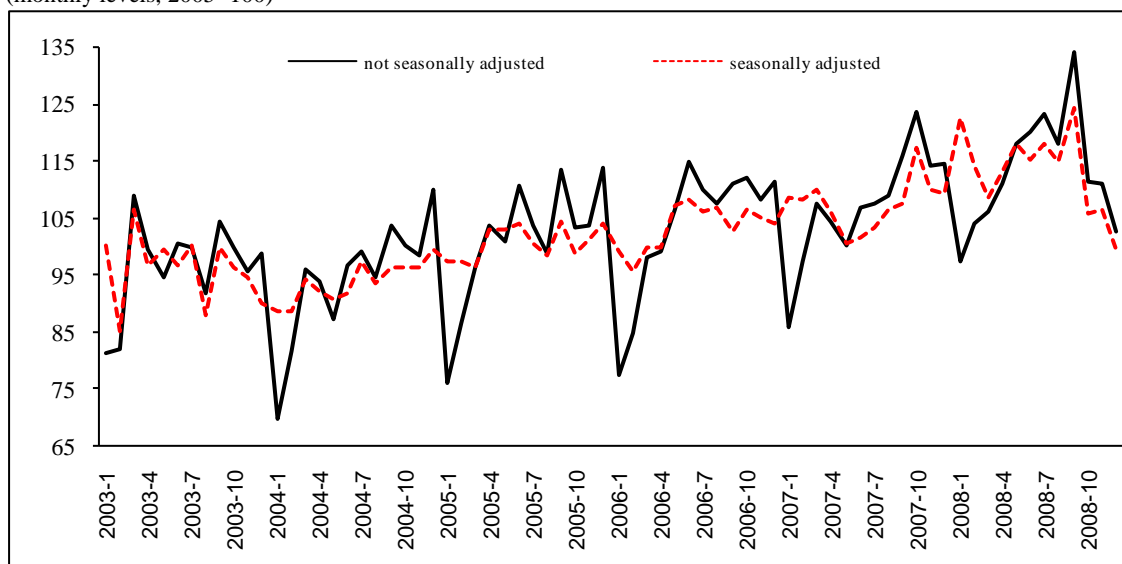
Source: State Statistical Office of the Republic of Macedonia.

3. ECONOMIC ACTIVITY

After the slowing down in the fall in November, in December the **industrial output** registered drop of 7.3% relative to the previous month (in the data adjusted for seasonal effects - drop of 6.6%). Relative to the same month in the previous year, the volume reduced by 10.1%, mostly under the influence of the lower output in the manufacturing activities (8.8%), as well as in the energy sector (21.8%), with still favorable conditions being registered, even though the trends in the mining were significantly slower (growth of 1.7%). In the manufacturing industry, despite the branches that were mostly influenced by the global crises - the output of basic metals (annual fall of 58.1%) and the output of wearing apparel (annual growth of 15.9%), the oil industry registered high annual fall as well in December (71.1%)⁶. The drop in the output on annual level was registered in 14 of total 24 branches, which generated 55% of the total industrial output. On the other hand, the printing activity, the output of metal products, furniture, output of non-metal minerals, food, chemical products and plastic products gave more significant contribution to the total industrial output. In 2008, the industrial output rose by 5.5% relative to the previous year.

⁶ The oil refinery at the end of November and the beginning of December was facing with external blockades from the local households as a result of violation of the ecological standards and simultaneously with problems and stoppage in the production as a result of the explosion in one of the facilities for manufacture of oil.

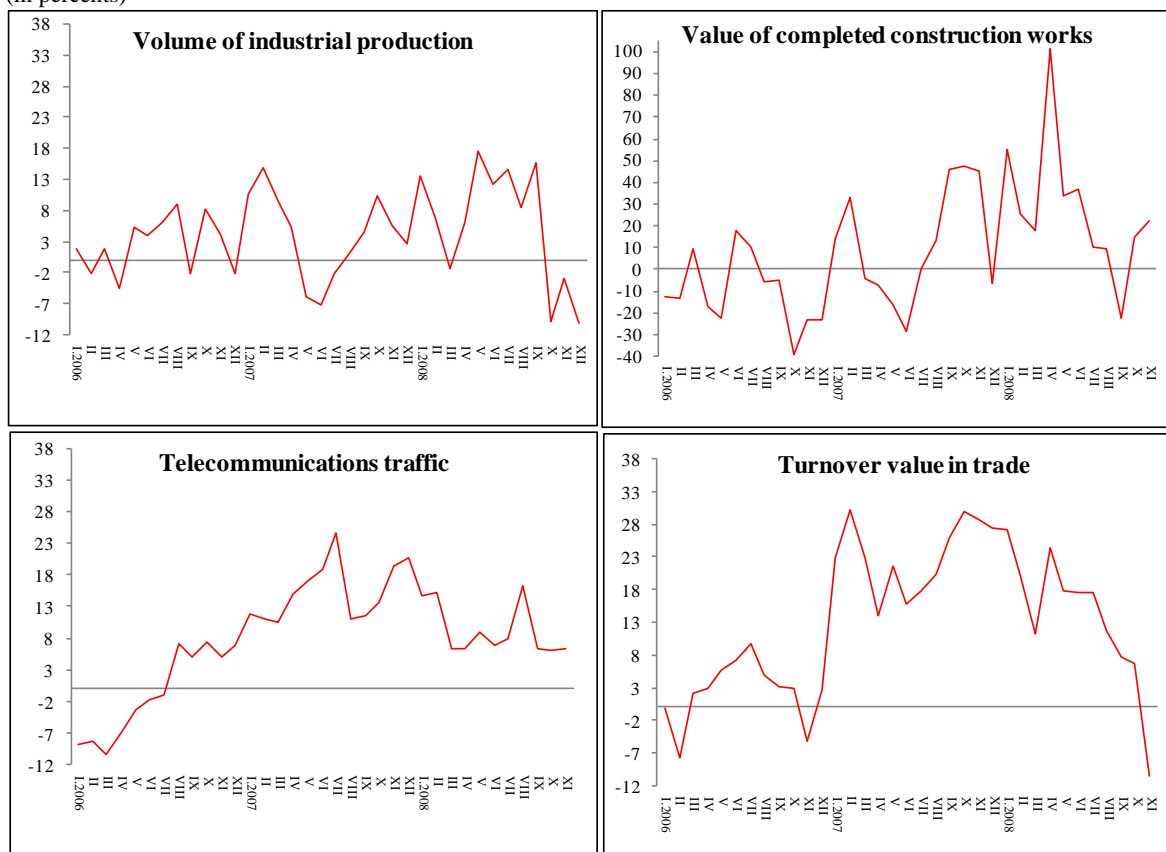
Figure 5
Index of the industrial output
(monthly levels, 2005=100)



Source: State Statistical Office and NBRM calculations.

In the **other economy sectors** in November divergent trends were present. Relative to the previous month, in the total turnover in the trade considerable fall of 17.6% was registered, which is not with seasonal character (fall of 14.6% in the data adjusted for seasonal effects as well). Different from the trade, the telecommunications registered small growth of 1.9% (2.4% in the data adjusted for seasonal effects), whereas the growth in the building activity was higher (5% in the unadjusted and 11.8% in the adjusted data). The developments relative to the previous year were similar as well - the trade registered fall of 10.4%, whereas the telecommunications growth of 6.4% and the construction rise of 22.3%. Concerning the future construction activity, the fact that the number of issued construction licenses in December was higher by 26% relative to November shall be considered.

Figure 6
Annual growth rates in individual economy sectors
(in percents)



Source: State Statistical Office and NBRM calculations.

4. BALANCE OF PAYMENTS

The developments in the global and in the domestic economy, which were significantly turbulent in 2008, adequately influenced on the external position of the Republic of Macedonia as well. In the period January-November 2008, **the current account of the balance of payments**⁷ registered deficit of Euro 720.4 million, which represented deepening in the negative balance by 2.8 times relative to the same period of 2007, with higher trade deficit being registered as a dominant factor for the deepening. Additionally, lower inflows based on private transfers were registered. The realized deficit on the current account as of November equaled 10.8% of the estimated GDP⁸, and together with the last month of the year it is assessed that it will reach up to 13% of the estimated GDP (by the assessment in November it is expected to reach up to about 14% of GDP), relative to 7.2% of GDP in 2007.

With respect to the components on the current account, the net inflows based on private transfers amounted to Euro 885.2 million and on annual basis they registered fall of 3.8%. The lower private transfers, with simultaneous upward trade deficit, contributed to considerable fall in

⁷ In November 2008, regular monthly calculation of the average of the amount of the estimated reinvested gain, in the category "income" and in the category "direct investments" was performed. The effect of this regular monthly activity became more evident in November considering the high amount of the paid dividend to abroad by one large company.

⁸ Assessment of SSO.

the coverage ratio of the trade deficit with private transfers from 91.4% in the period January-November 2007 to 55.9% in the same period of 2008. As of November, the net inflows in the assets in amount of Euro 612.8 million registered annual fall of 6.3% and they represent the only factor for the negative dynamics in the transfers, considering the growth in the remittances of 1.9% and of the other private transfers of 2.8%. After the short term improvement in the dynamics of the inflows from foreign exchange operations in the third quarter of 2008, in December 2008 the trend of lower inflows continued again on annual basis (drop of 49%), which continued in January 2009 as well. Namely, by the latest data from the foreign exchange market, in January 2009 small net inflows in amount of Euro 19.1 million were realized, which on annual basis represented fall of about 50%, in conditions of higher demand for foreign currencies (by 48.9%) and lower supply of foreign currencies (by 3.9%) by the households. Besides the transfers, the services also registered net inflows (Euro 15.1 million), which relative to the same period of the previous year went down by 53.5%, which was largely due to the higher net outflows based on the transport services (contribution of 70%). Only the income balance gave positive contribution to the drop in the deficit on the current account, considering the fact that the realized net outflows in amount of Euro 82.6 million, registered annual drop of 67.5%.

In the period January - November 2008, the net inflows in **the capital and financial account** reached up to Euro 752.3 million and on annual basis they rose by 77%. Within the capital and financial account, almost 50% of the net inflows pertain to the direct investments, which in the analyzed period amounted to Euro 374.3 million, thus registering fall on annual basis of almost 19%. The net investments in capital and in form of credits and loans to interrelated entities registered largest structure participation (49% and 48.1%, respectively). The portfolio investments still register net outflows, which on cumulative basis equaled Euro 46.2 million (opposite to the net inflows in the previous year) thus exceeding the amount envisaged with the assessment in November (Euro 36.1 million). Namely, the global financial instability and the global lack of liquidity determined sale of securities by the foreign investors, mostly of equity, but in the last two months the trend of sale of debt securities intensified as well. By the last available data from the Macedonian stock exchange, in January 2009 the participation of the foreign investors on the side of the purchase equaled 41.45%, and on the side of the sale 71.44%, which indicated further net outflows based on portfolio investments. On the other hand, more significant net inflows were realized on the basis of foreign currencies and deposits and net loans (Euro 166.3 million and Euro 164.5 million, respectively), relative to the net outflows in the previous year, which positively contributed to the growth in the positive balance on the capital and financial account. The change in the item "currencies and deposits" resulted from the fact that the banks financed the trade deficit mostly through withdrawal of foreign currency assets from the accounts abroad. It shall be emphasized that, within this category, in October and November the households registered larger withdrawal of the foreign currency deposits, as a reflection of the higher psychological influences from the world crises, which negatively influenced on the capital and financial account. The indebtedness registered higher use of long-term credits and loans, with simultaneously lower amount of payments relative to the same period of the last year. The exceeding of the projected amount resulted from the higher use by the private sector, as well as due to the lower payments than the envisaged ones in the same sector.

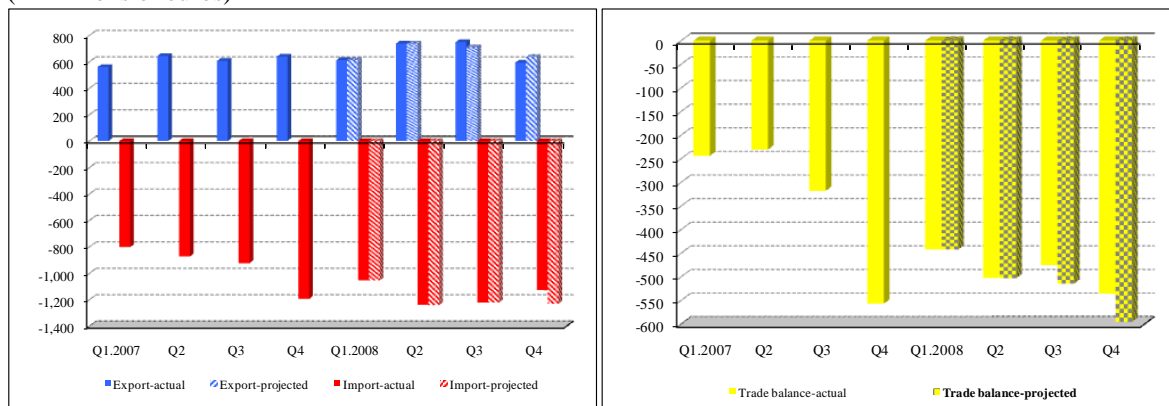
In December 2008, the total **foreign trade** was under the influence of the global crises, the consequences of which on the Macedonian export sector intensified in the last quarter of the year. Namely, in conditions of lower global and domestic activity, as well as import dependence of the Macedonian output and export, annual fall in the export of 19.1% and of the import of goods of 13% was registered in December. Such drop was largely due to the lower export and import of iron and steel and products thereof and of energy sources. It should be emphasized that different from the previous years, when seasonally in December, usually the highest amount of import is realized

within a year, in 2008, the import in December was the second lowest monthly import, after the fall in the import in January. The largest fall, in absolute amount, in the import relative to the export determined drop in the trade deficit of 5.6% on annual basis, equaling Euro 165.6 million.

Figure 7

Export, import of goods and trade balance (realized and projected in November)

(in millions of euros)



Source: NBRM.

In 2008, on cumulative basis, the foreign trade equaled Euro 7.332,6 million and relative to 2007 it rose by 17.5%, in conditions of annual growth in the export and the import. Namely, the annual growth in the export of 9.9%, was largely due to the higher export of oil derivatives (contribution of 37.3%), in conditions of higher foreign demand and higher price level, which were present during the whole year, except in the last quarter, when considerable fall in the prices was registered relative to the same period of the previous year, and the quantities registered slowing down in the growth rate, considering the temporary stoppage in part of the production of oil derivatives in the last month of the year. Excluding the oil derivatives, the ores considerably contributed to the positive change in the export (contribution of 23.2%), as well as the wearing apparel and textile and electrical machines (contribution of 8.7% and 5.8%, respectively). Opposite of that, in the last quarter the most significant export sector - the output of iron and steel and products thereof - strongly felt the effects from the global crises trough the lower demand and the lower metal prices, so it registered considerable annual fall of 28.3% (relative to the high growth in the previous quarter of 24%), and on cumulative basis in 2008 it registered drop of 2.7%. The import dependence of the Macedonian production, the higher investment and personal consumption in the first three quarters, in conditions of credit expansion, determined intensive import growth of 22.4%. Namely, the higher import of energy gave the largest contribution of such import growth (contribution of 29.1%), within which the import of crude oil and electricity had the largest contribution (of 60.9% and 21.9%, respectively), which was mainly due to the higher price level relative to the previous year. More significant contribution to the total import gave also the import of iron and steel and products thereof (16.8%), the electrical machines (11.4%), the vehicles (8.5%) and the equipment (7.3%). Consequently to such dynamics in both trade components, in 2008, the trade deficit reached up to Euro 1.954,2 million (c.i.f. basis) and relative to 2007 it deepened by almost 45%, so the lower positive balance in the trade with iron and steel and products thereof gave the largest contribution, followed by the higher deficit in the trade with energy and electrical machines. In such conditions, the export-import coverage ratio equaled 57.9% in 2008 and relative to 2007 it reduced by 6.5 p.p.

The realized trade deficit (on f.o.b. basis) generated 25.9% of the estimated GDP in 2008 and it was by 2 p.p. lower than the anticipated one by the projection in November⁹. Such developments mainly resulted from the lower realized import of goods (97.8% percentage of realization), in conditions of realization of the export within the expectations. Within the import of goods, the largest deviation was evident in the import of iron and steel, which was due to the import and export dependence of this category of goods. Namely, the effects from the global economic crises, which effected the Macedonian real sector mostly in the last quarter of the year, resulted in drop in the foreign effective demand for domestic products, lower export and consequently, lower import in these goods. Simultaneously, more considerable deviation became evident in the import of electricity, which resulted from the lower need for this energy source by the domestic economic agents who are operating with lower capacities.

Table 1
Metal prices

	2006	2007	2008	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	November 2008	December 2008	January 2009
<i>US dollars per ounce</i>										
Gold	696.7	871.7	858.7	926.8	896.0	869.6	794.5	760.9	816.1	858.7
<i>US cents per ounce</i>										
Silver	1341.3	1,499.9	1,139.9	1764.7	1720.0	1494.5	1020.4	986.8	1031.7	1139.9
<i>US dollars per metric tons</i>										
Steel cr coilsheet	650.0	965.6	1100.0	762.5	900.0	1100.0	1100.0	1100.0	1100.0	1100.0
Steel hr coilsheet	550.0	883.3	1000.0	700.0	833.3	1000.0	1000.0	1000.0	1000.0	1000.0
<i>US dollars per metric tons</i>										
Nickel	37,229.8	21,110.6	11,306.9	28,956.8	25,682.4	18,960.8	10,842.6	10,701.5	9,686.4	11,306.9

Source: World Bank.

In January 2008, the prices of almost all metals registered positive dynamics relative to the previous month, which partially resulted from the lower supply. For the Macedonian economy, the growth in the price of the nickel of 16.7% was particularly significant. The prices of gold and silver registered growth as well, of 5.2% and 10.5%, respectively, whereas the prices of steel shifts remained unchanged.

5. MONETARY AGGREGATES¹⁰

At the end of **January 2008, the reserve money**¹¹, on annual basis went up by 10.1% (8% in the previous month), which was mainly due to the growth in the total liquid assets of banks¹² (by 20.1%), when small rise in the currency in circulation was registered¹³ (of 0.8%, on annual basis). On monthly basis, the reserve money went down by 5%, which was solely die to the seasonally lower demand for currency in circulation (fall of 11.1% on monthly basis), after the seasonally growth in December before the New Year holidays, with moderate increase in the total liquid assets of banks being registered (of 1.3%). Analyzed with respect to the flows of creating and withdrawing liquidity, the monthly drop in the reserve money represented combined effect from the realized net sale of foreign currencies on the foreign exchange market by NBRM and higher net position of the Government. In January, the monetary instruments (including the reserve requirements with NBRM) represented flow of creating liquid assets.

⁹ If the assessment for GDP of NBRM is considered, the trade deficit generates 26.6% of GDP.

¹⁰ The analysis of the monetary and credit aggregates was based on the data from the new methodology for preparing of standard forms of monetary balances and reviews of the new chart of accounts (which became effective on January 1, 2009).

¹¹ 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 annual growth rate of the reserve money in January 2009 equaled 4.2%.

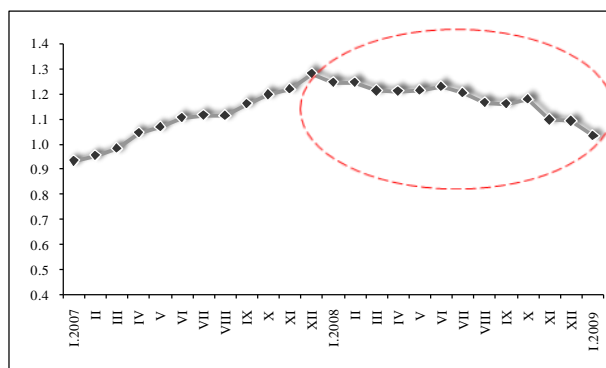
¹² Pertains to the banks' accounts with NBRM, which include the reserve requirements in denars and in foreign currencies, as well as the excess of liquid assets held by the banks above the reserve requirements (in denars).

¹³ Includes the cash in the banks' vaults.

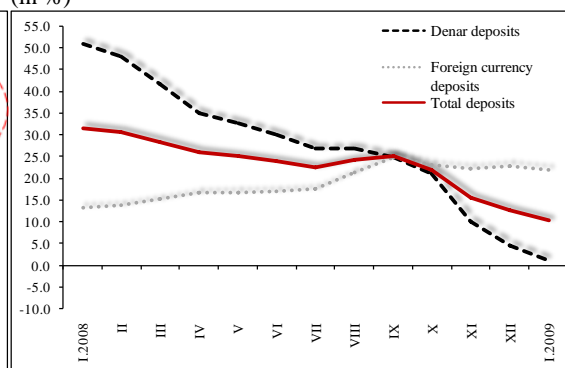
In January 2009, the **total banks' deposit potential (including the demand deposits)**¹⁴ on monthly basis reduced by Denar 1.644 million, or by 0.9%, which was solely due to the lower Denar saving (by 3.5%), with growth in the foreign deposits of 1.9% being registered. The demand deposits dominantly influenced on the dynamics of the Denar deposits this month, and they explained 88% of the fall in the total Denar deposits. The analysis of the sector structure showed more significant monthly drop in the deposits of the corporate sector (together with the public enterprises)¹⁵ by 7.2%, opposite of the minimal fall in the household deposits¹⁶ of 0.1%. During the first month of 2009, the new saving of the households was denominated in foreign currency, compensating about 90% of the decrease in their deposits in domestic currency.

Figure 8

Correlation Denar* - foreign currency deposits



Annual growth rates of the total deposits (in %)



Source: National Bank of the Republic of Macedonia.

On annual basis (January 2009 / January 2008), the deposits of household and enterprises (private and public)¹⁷ rose by 12.7% and 0.8%, respectively (14.6% and 8.8%, respectively, in the previous month). In the total deposit potential, the trend of slowing down in the dynamics of annual growth continued. Thus, the annual growth rate in the total deposits of the private sector with the banks (with the demand deposits) equaled 10.3% in January 2009 (relative to 12.6% in the previous month), with annual growth in the Denar and foreign currency deposits of 1.1% and 21.9%, respectively, being registered (4.6% and 22.8%, respectively, in December 2008). Excluding the demand deposits, the annual growth rate in the total deposits in January 2009 equaled 5.1%, opposite of 9.1% in the previous month.

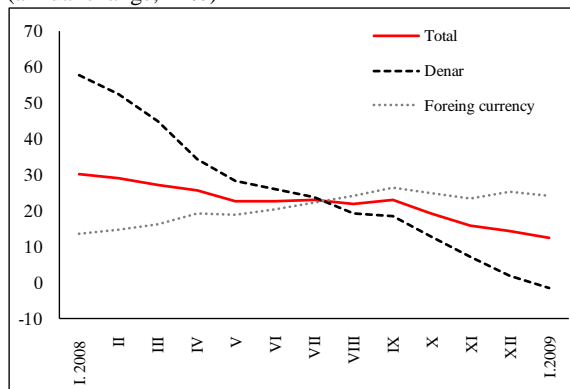
¹⁴ Since January 2009, the deposits include the accrued interest as well.

¹⁵ The deposits of enterprises from the private sector are lower by 14.5% on monthly level.

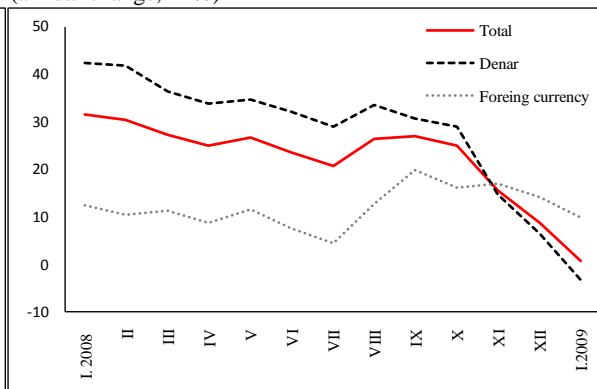
¹⁶ Pertains to the natural persons and self employed professionals.

¹⁷ The deposits of enterprises from the private sector are lower by 7.9% on annual level.

Figure 9
Deposits of households
(annual change, in %)



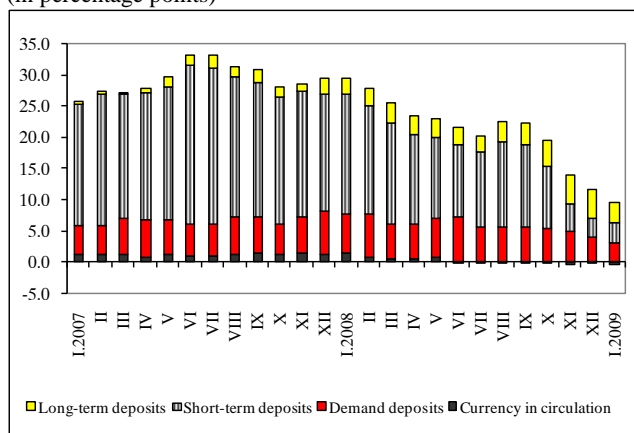
Deposits of enterprises
(annual change, in %)



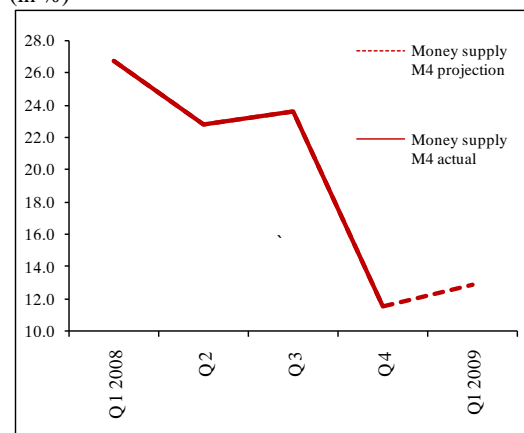
Source: National Bank of the Republic of Macedonia.

The performances in the total deposits reflected adequately on the dynamics of the **broadest money supply M4**¹⁸. Thus, in January 2009, this monetary aggregate on annual basis rose by 9.3% (11.4% in the previous month) and relative to the estimated annual rate for the end of the first quarter, it registered negative deviation of 3.6 percentage points.

Figure 10
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

In January 2009, the credit activity of banks to the private sector grew with lower monthly dynamics which represented continuance of the trend characteristic for the last quarter of 2008. Thus, in January **the total bank credits to the private sector** went up by Denar 1.357 million, i.e. 0.8% relative to the end of 2008. The continuous slowing down in the credit growth corresponded with the further decrease in the core deposit, which influenced on the capacity of the banks for ensuring the required volume of sources of financing, in conditions of high macroeconomic uncertainty and relatively narrowed terms for external indebtedness. Simultaneously, the changed

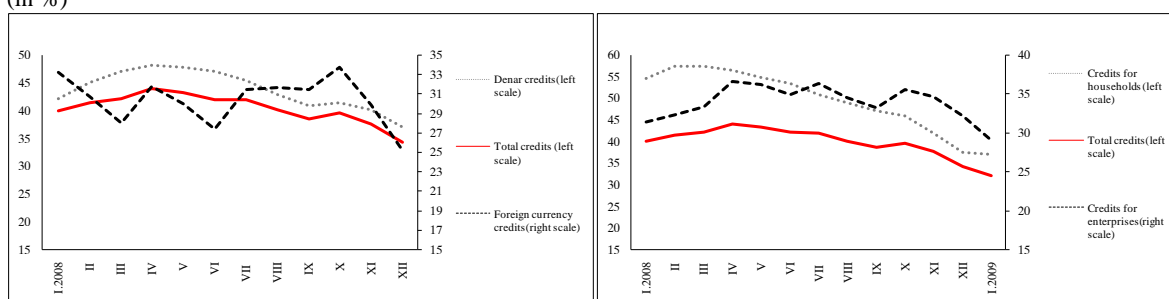
¹⁸ The analysis pertains to the money supply M4 with the accrued interest being included.

perceptions of the banks for the risks influenced on the dynamics of the credit growth, which contributed to sharpening in the conditions for granting credits and simultaneously, slower credit growth.

With respect to the currency structure, in January 2009 the foreign currency credits realized monthly growth of 2.3% (different from the fall in the last month of 0.2%) so they represented dominant component of the monthly growth in the total credits in January (with contribution of 66.2%). Simultaneously, the Denar credits registered moderate growth of 0.3%, on monthly basis. With regard to the distribution sector, the registered growth in the credits to the private sector was solely due to the higher crediting to the households¹⁹, in conditions when the banking placements to the enterprises registered fall of 0.3%, relative to December 2008.

Figure 11

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



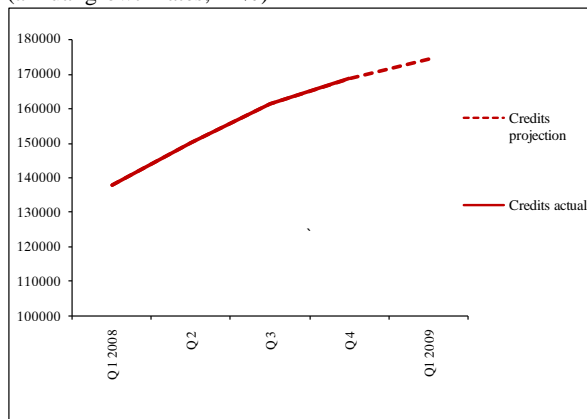
Source: National Bank of the Republic of Macedonia.

On annual basis, the total bank' placements continued the trend of constant slowing down in the growth rates registered in the last year (since May 2008) and in January 2009 the credit growth reduced to 32.1%, relative to last year in January. With respect to the currency, the foreign currency credits realized annual growth rate of 25.4% (opposite of 25.3% in December), and the Denar placements grew with rate of 34.2% (opposite of 37.1% in December 2008). With respect to the sectors, the crediting to the sector "households" and to the corporative sector registered lower dynamics, when the banks placed the larger part of the credit to the sector "enterprises" (contribution of 54.4% in the growth in the total credits). The crediting to the households registered annual growth of 37% (opposite of 37.4% in December 2008), whereas the corporative crediting rose by 29.1% on annual basis (relative to 32.2% in December 2008). According to the assessment on the credit developments in the first quarter of 2009, the annual rate of credit growth at the end of March 2009 was expected to reduce to 27.2%.

¹⁹ Pertains to the natural persons and self employed professionals.

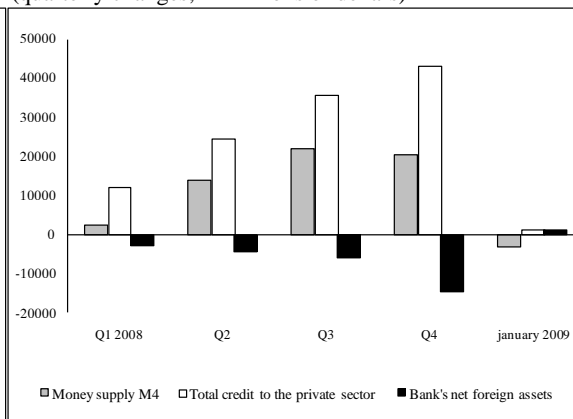
Figure 12

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



Sources of financing

(quarterly changes, in millions of denars)*



* The realization for the individual quarters of 2008 are cumulative changes relative to the end of 2007.

Source: National Bank of the Republic of Macedonia.

The net foreign assets of banks in January 2009 rose by 40 times (i.e. by Denar 1.004 million) relative to December 2008, when the amount of the net foreign assets reduced to the lowest level ever in the history of Denar 25 million. Such increment in the net foreign assets realized in conditions of monthly growth in the foreign assets by Denar 778 million, or by 3.3% and simultaneous monthly fall in the foreign currency liabilities by Denar 225 million, or by 0.9%.

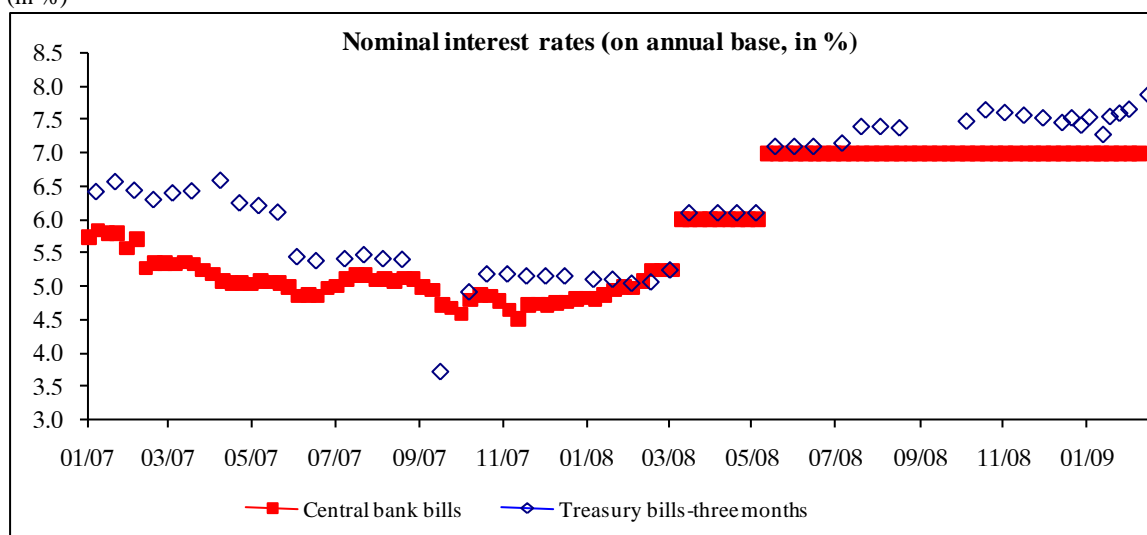
The results from the conducted **Lending survey** for the fourth quarter of 2008 indicated partial tightening in the credit terms for extending credits both to the households and enterprises. Such reaction of the banks mostly resulted with contracting in the interest policy, in conditions of large uncertainty on the macroeconomic developments. The change in the banks' perceptions of the risks mostly influenced on the banks' decisions on tightening of the credit terms, especially in the crediting to enterprises, where the anticipations on the total economic activity and the perspectives of the branch the individual enterprises belong to, represented dominant factor for tighter credit terms. With the households, the costs of financial assets and balance restrictions (more expensive sources of financing) represented factors with dominant contribution for tightening the credit terms. Regarding the credit demand, the largest part of the banks assessments were in direction of unchanged demand by the segment "enterprises", whereas with the households the banks assessed partial drop in the demand in the fourth quarter of 2008. In the first quarter of 2009, the banks expected further tightening in the terms for extending credits both to enterprises and households. With respect to the future credit demand, the banks expected partial decrease in the credit demand in the first quarter in both market segments, with more evident effects with the segment of crediting of households to be registered.

7. INTEREST RATES AND FOREIGN EXCHANGE RATE

On the last three **auctions of CB bills** (on 04.02.2009, on 11.02.2009 and on 18.02.2009), with volume tender and fixed interest rate of 7%, liquidity in amount of Denar 87 million was withdrawn. At the end of January 2009, the gross foreign reserves equaled Euro 1.441,7 million and they were lower by Euro 53 million relative to the end of 2008.

Within the analyzed period two **auction of three month Treasury bills** were held as well, dated February 3, 2009 and February 17, 2009, when in conditions of higher supply than the demand interest rates of 7.66% and 7.88%, respectively, were realized (opposite to 7.6% on the last auction held in January 2008). Simultaneously, on February 3, 2009 **an auction of six month Treasury bills** was held when in conditions of higher supply than the demand, interest rate of 7.51% was realized (relative to 7.26% on the last auction). In the period 01-18.02.2009, the average interbank interest rate in the bilateral trading of banks (up t one day) amounted to 4.95% on average (4.99% in January 2009).

Figure 13
Interest rates
(in %)



Source: National Bank of the Republic of Macedonia.

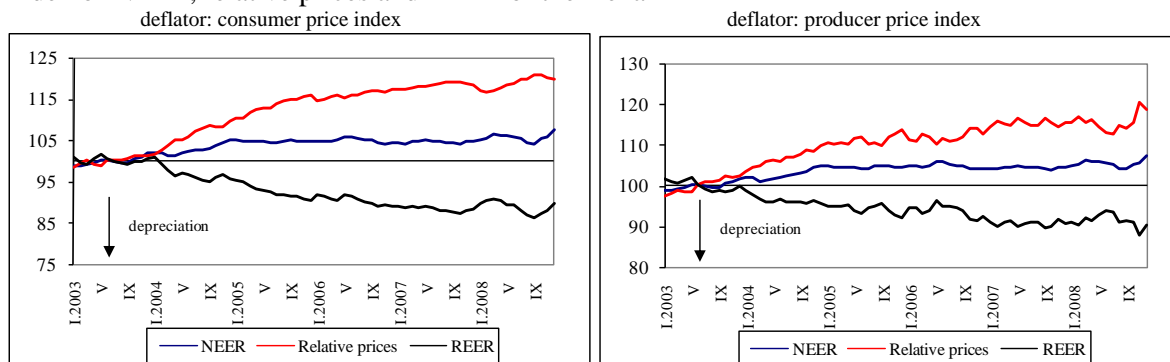
In the area of the **banks' interest policy**, in December 2008, the average weighted interest rate of the Denar credits and the average weighted interest rate of the Denar deposits maintained the same level as in the previous month equaling 9.8% and 6.5%, respectively. Within the **enterprise** sector, the lending interest rates registered moderate monthly fall in the short-term and long-term credits with FX clause by 0.1 percentage point, respectively. With respect to the deposit interest rates, monthly rise of 0.3 percentage points was registered with the deposits without FX clause with maturity of 6 to 12 months, as well as with the deposits with FX clause with maturity up to 1 month of 3.4 percentage points (it pertains to small amount of deposits). In the sector **households**, within the lending interest rates, monthly growth of 0.2 percentage points was registered in the interest rate of short-term credits without FX clause. In the deposit interest rates, more significant change was registered in the deposits with FX clause and with maturity from 6 to 12 months, the interest rate of which rose by 0.7 percentage points on monthly basis. **Within the foreign currency interest rates**, the interest rate of the foreign currency credits reduced by 0.6 percentage points (in conditions of fall in the interest rates on the international markets) equaling 7.2%, whereas the interest rate of the foreign currency deposits went up by 0.1 percentage point equaling 3%.

In December 2008, the interest rates of the **newly extended credits and newly received deposits** realized monthly fall of 0.2 and 0.1 percentage points, respectively. In the interest rate of the **newly extended foreign currency credits** in December drop of 1.2 percentage points was registered, equaling 6.6% whereas the interest rate of the **foreign currency newly received deposits** equaled 1.5%, opposite of 1.3% in November.

The real effective exchange rate of the Denar (REER) calculated by the consumer price index in the last month of the year indicated intensified monthly and annual appreciation, which was mainly due to the appreciation of NEER. Thus, in December 2008, REER on monthly basis realized appreciation of 2%, in conditions of appreciation of NEER of the Denar of 1.5% and fall in the foreign prices of 0.2% and growth in the domestic price of 0.3%. The annual appreciation of 1.5% resulted solely from the appreciation of NEER by 2.7% on annual basis (relative to the Serbian Dinar, Russian Ruble, Turkish lira and Bulgarian Lev), partially neutralized by the higher growth in the foreign than the domestic prices. On cumulative basis, in 2008 REER of the Denar by the consumer price index registered appreciation of 0.6%, with appreciation of NEER (1%) and higher growth in the foreign than in the domestic prices being registered. On the other hand, the index of REER of the Denar deflated with the producer price index, in December 2008, on monthly basis appreciated by 3%, which was due to the appreciation of NEER and fall in the relative price index (1.4%). Opposite to that, on annual basis REER depreciated again, but different from the previous month (4%), only by 0.3% in December, which was solely due to the relative prices. On cumulative basis, appreciation of 0.8% was registered, which was due to the appreciation of NEER, in conditions of almost equal growth in the domestic and foreign prices.

Figure 14

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



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

Source: NBRM, IMF-IFS for December 2008 and SSO of the Republic of Macedonia. Basis: 2003; NTR weights: 2006.

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>I.2009</u> XII.2008	<u>I.2009</u> I.2008	<u>I.2009</u> XII.2008	<u>I.2009</u> I.2008
Total	-0.6	1.7	-0.6	1.7
Food	0.5	2.3	0.2	0.9
Grain products	0.1	4.5	0.0	0.4
Fresh and processed vegetables	-1.3	-5.1	-0.1	-0.3
Fresh and processed fruits	2.6	-4.0	0.1	-0.1
Meat and poultry	1.7	8.9	0.1	0.7
Fresh and cooked fish	1.6	14.4	0.0	0.1
Dairy products	-0.2	3.6	0.0	0.2
Eggs	1.8	10.0	0.0	0.1
Oils and fats	0.2	-14.3	0.0	-0.4
Tobacco and beverages	0.6	4.9	0.0	0.2
Clothing and footwear	-1.3	1.5	-0.1	0.1
Housing	-2.6	7.9	-0.4	1.2
Flat (rent, water and other services)	0.1	5.5	0.0	0.2
Fuel and lighting	-4.6	10.1	-0.4	0.9
Heating and services	-12.6	4.4	-0.4	0.1
Electric power	0.0	13.1	0.0	0.7
Hygiene and health	0.5	1.8	0.0	0.1
Culture and entertainment	-1.4	-0.6	-0.1	0.0
Transport and communication services	-2.6	-8.4	-0.4	-1.1
Fuels and lubricants	-10.9	-28.4	-0.4	-1.1
Public transport services & PTT	0.0	1.3	0.0	0.1
Restaurants and hotels	0.3	6.5	0.0	0.3
Other services n.e.c.	-0.5	-6.4	0.0	0.0

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

(annual rates, %)	2006	2007	2008	2007				2008				Latest months		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Nov-08	Dec-08	Jan-09
Inflation (CPI)	3.2	2.3	8.3	0.7	1.1	2.4	4.9	9.5	9.9	8.4	5.5	5.2	4.1	1.7
Core inflation (excluding food and energy)	1.1	0.6	2.6	-0.2	0.5	1.1	1.2	2.9	2.8	2.5	2.2	2.3	2.0	2.3
Regulated prices	5.7	3.3	9.3	4.2	3.0	2.0	4.1	7.4	9.2	12.5	8.3	10.1	5.3	-2.0
Industrial producer prices	7.3	2.5	10.3	1.0	1.2	1.6	4.1	10.5	13.6	15.1	2.1	-0.8	-1.8	-5.8
Productivity	-0.7	2.0	-	2.0	0.3	1.1	4.6	1.5	3.1	1.8	-	-	-	-
Nominal net-wage	7.3	7.9	-	5.7	6.4	7.5	11.8	10.5	9.9	10.7	-	10.0	-	-
Real net-wage	4.0	5.5	-	5.0	5.3	5.0	6.6	0.9	0.0	2.1	-	4.6	-	-

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

Table 3
Industrial output and other economic activities

(annual rates, %)	2006	2007	2007				2008				Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Oct-08	Nov-08	Dec-08
Gross domestic product	4.0	5.9	5.7	4.4	5.0	7.2	5.3	6.2	5.5	-	-	-	-
Industrial output	2.5	3.7	11.6	-2.8	1.1	6.2	5.8	12.0	13.0	-7.7	-9.9	-2.9	-10.1
Construction	-12.3	7.6	9.4	-18.6	18.0	23.3	32.5	57.3	-0.9	-	14.3	22.3	-
Retail and wholesale trade	2.5	24.2	25.1	17.2	21.2	28.6	19.6	19.9	13.4	-	2.1	-10.4	-
Telecommunications	-1.0	15.6	11.1	17.1	15.9	18.1	12.2	7.4	10.2	-	6.1	6.4	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2008	2008				Dec.08	
				Q1	Q2	Q3	Q4	% change	impact (p.p.)
Mining and quarrying	28.0	9.8	0.4	11.9	13.6	3.4	11.2	1.7	0.1
Manufacture of food products and beverages	0.1	7.7	1.2	5.3	6.0	6.1	11.9	4.5	0.9
Manufacture of tobacco products	5.5	-0.8	0.1	13.8	15.4	1.0	-18.1	-25.4	-1.5
Manufacture of wearing apparel	-3.7	-14.5	-2.0	-16.5	-22.7	-23.4	-18.8	-15.9	-1.3
Printing	-17.9	-12.2	1.6	7.8	72.2	68.4	85.3	80.1	2.7
Manufacture of refined petroleum products	12.3	-2.4	0.1	3.3	50.9	1.1	-30.9	-71.1	-3.4
Manufacture of other non-metallic mineral products	14.0	3.8	-0.3	-10.9	-3.2	-9.9	15.0	31.4	1.2
Manufacture of basic metals	11.8	34.3	-1.0	9.5	15.7	-3.3	-45.7	-58.1	-8.2
Manufacture of fabricated metal products	5.7	45.6	2.6	29.7	11.8	3 times	-22.0	42.8	1.7
Manufacture of electrical machinery and equipment	3.7	-24.4	0.6	45.6	64.9	32.4	-10.6	12.0	0.4
Manufacture of other transport equipment	-6.9	33.4	-0.3	9.8	143.1	-47.9	-70.6	-52.5	-0.6
Recycling	12.8	-35.6	0.5	105.6	262.2	12.5 times	-34.9	-74.1	-0.4
Electricity, gas, steam and hot water supply	-0.6	-9.5	-0.3	-0.8	1.9	1.9	-12.2	-21.8	-3.0

Source: State Statistical Office of the Republic of Macedonia.

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

	2007				2007	2008											2008			
	Q1	Q2	Q3	Q4		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	Q1	Q2	Q3	2008
I. Current Account	-20.3	-10.2	-52.8	-331.5	-414.8	-29.0	-69.6	-70.7	-60.9	-46.1	-99.5	-32.9	-12.8	-18.7	-93.4	-186.7	-169.3	-206.6	-64.4	-720.4
GOODS, net	-211.5	-208.2	-298.9	-456.3	-1,174.8	-115.1	-131.3	-124.6	-139.9	-140.6	-179.9	-164.4	-142.2	-109.6	-175.9	-161.2	-371.0	-460.3	-416.2	-1,584.7
Exports, f.o.b.	558.7	641.7	605.1	635.9	2,441.5	181.7	214.9	214.9	228.0	259.3	248.5	274.9	227.6	242.7	228.8	190.9	611.6	735.8	745.2	2,512.3
Imports, f.o.b./2	-770.2	-849.9	-904.0	-1,092.2	-3,616.3	-296.8	-346.2	-339.5	-367.9	-399.9	-428.3	-439.3	-369.8	-352.3	-404.8	-352.1	-982.6	-1,196.1	-1,161.4	-4,097.0
SERVICES, net	-1.2	1.1	23.3	2.4	25.5	8.7	-5.5	-3.9	-2.6	-0.8	-5.2	4.4	11.4	13.0	-6.4	1.8	-0.6	-8.5	28.8	15.1
INCOME, net /5	-31.7	-70.5	-99.1	-76.4	-277.7	16.9	7.9	1.3	6.1	4.7	-8.4	7.0	4.0	-24.3	-0.3	-97.6	26.2	2.5	-13.3	-82.6
o/w: interest, net	-2.0	-5.1	-2.5	-8.3	-17.9	0.5	-1.9	-4.9	-3.9	-2.0	-6.9	-4.4	-2.4	-6.0	-6.5	-3.7	-6.3	-12.8	-12.7	-42.0
CURRENT TRANSFERS, net	224.1	267.4	321.8	198.9	1,012.1	60.4	59.2	56.5	75.4	90.5	93.8	120.1	114.0	102.2	89.2	70.4	176.1	259.8	336.3	931.9
Official	8.6	17.1	10.7	-12.4	23.9	0.8	4.8	2.7	4.6	6.6	11.0	5.4	3.7	3.0	2.0	2.0	8.3	22.2	12.1	46.6
Private	215.5	250.3	311.1	211.3	988.2	59.6	54.5	53.8	70.8	83.9	82.8	114.8	110.3	99.2	87.2	68.4	167.9	237.6	324.2	885.2
II. Capital and Financial Account	20.6	18.7	71.0	337.3	447.6	33.9	71.3	76.7	64.2	48.5	104.6	37.0	4.9	15.3	87.9	183.8	181.9	217.3	57.1	728.0
CAPITAL ACCOUNT, net	-0.7	2.0	4.3	-1.9	3.7	-0.3	-0.3	-0.4	0.9	0.3	-3.8	0.2	0.1	-0.9	-0.4	-0.5	-1.0	-2.7	-0.6	-5.3
Capital transfers, net	-0.7	2.1	1.2	-1.3	1.2	-0.3	-0.3	-0.4	0.9	0.3	-0.1	0.2	0.1	-0.9	-0.4	-0.5	-1.0	1.0	-0.6	-1.6
Official	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.7	2.1	1.2	-1.3	1.2	-0.3	-0.3	-0.4	0.9	0.3	-0.1	0.2	0.1	-0.9	-0.4	-0.5	-1.0	1.0	-0.6	-1.6
Acquisition/disposal of non-produced,	0.0	0.0	3.1	-0.6	2.4	0.0	0.0	0.0	0.0	0.0	-3.7	0.0	0.0	0.0	0.0	0.0	0.0	-3.7	0.0	-3.7
FINANCIAL ACCOUNT, net	21.3	16.7	66.7	339.3	444.0	34.2	71.6	77.1	63.4	48.3	108.4	36.8	4.8	16.1	88.4	184.3	182.9	220.0	57.7	733.3
Direct investment, net	88.0	151.5	100.4	166.9	506.9	38.3	65.2	24.5	23.1	59.2	42.7	20.5	46.3	17.7	18.7	18.3	127.9	125.0	84.4	374.3
Portfolio investment, net	20.5	45.6	28.0	20.2	114.4	-0.9	-3.4	-3.9	-4.4	-4.2	-2.6	3.1	-6.2	-4.7	-15.1	-3.9	-8.3	-11.2	-7.7	-46.2
Other investment, net	-92.4	-169.2	39.6	146.5	-75.5	-9.6	21.7	43.1	25.5	6.3	97.9	27.2	4.6	76.9	70.9	64.7	55.2	129.8	108.7	429.4
Trade credits, net	-38.0	-75.9	-1.0	86.0	-29.0	-8.6	0.7	-6.7	25.5	-1.4	39.3	8.5	7.5	-28.6	9.2	8.2	-14.6	63.3	-12.5	53.6
Loans, net	-42.1	-135.7	13.9	35.3	-128.7	-3.9	-0.7	1.7	2.8	5.2	36.8	8.8	0.4	48.5	0.9	64.2	-2.9	44.7	57.3	164.5
Currency and deposits, net	-16.8	20.2	12.8	-10.3	5.9	-4.0	19.7	45.1	-8.3	0.0	16.0	7.0	-4.9	49.8	56.4	-10.6	60.8	7.7	52.0	166.3
o/w: Monetary Authorities, net	0.0	0.0	0.0	-0.1	-0.2	7.4	0.1	3.2	-0.2	6.1	0.0	0.0	0.0	0.0	-0.1	-0.6	10.7	5.9	0.0	15.9
o/w: Commercial Banks, net	-3.8	41.2	26.9	4.2	68.4	-9.4	19.4	37.2	-8.3	-1.8	19.4	2.7	-12.9	51.1	103.6	5.6	47.2	9.2	41.0	206.6
o/w: Individuals, net	-12.9	-20.9	-14.0	-14.5	-62.3	-1.9	0.1	4.7	0.2	-4.2	-3.4	4.3	8.0	-1.3	-47.0	-15.7	2.9	-7.4	11.0	-56.2
Other, net	4.5	22.2	13.9	35.6	76.2	6.9	2.0	3.0	5.6	2.5	5.9	2.9	1.5	7.1	4.4	3.0	11.9	14.1	11.5	44.9
Gross official reserves (= increase) /4	5.3	-11.2	-101.4	5.6	-101.8	6.5	-11.9	13.4	19.2	-13.0	-29.7	-14.0	-39.9	-73.7	13.8	105.1	8.0	-23.5	-127.6	-24.2
III. Errors and Omissions	-0.3	-8.5	-18.1	-5.9	-32.8	-4.9	-1.7	-6.0	-3.3	-2.4	-5.0	-4.0	7.9	3.4	5.5	2.9	-12.6	-10.7	7.3	-7.7

1/ Preliminary data

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

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

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

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

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

4/ Excluding monetary gold and exchange rate differences

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

Table 6
Foreign trade

	XII.2008	I-XII.2008	XII.2008		XII.2008		I-XII.2008	
			XI.2008		XII.2007		I-XII.2007	
	amount		amount	%	amount	%	amount	%
Total trade	510.1	7,332.6	-48.7	-8.7	-91.1	-15.1	1,091.2	17.5
Export	172.2	2,689.2	-19.1	-10.0	-40.6	-19.1	242.8	9.9
Import	337.9	4,643.4	-29.6	-8.1	-50.4	-13.0	848.4	22.4
Balance	-165.6	-1,954.2	10.6	-6.0	9.8	-5.6	-605.6	44.9

Source: State Statistical Office of the Republic of Macedonia.

Table 7
Monetary developments in January 2009

	31.01.2008	31.10.2008	30.11.2008	31.12.2008	31.01.2009	monthly changes (31.01.2009/ 31.12.2008)		annual changes (31.01.2009/ 31.01.2008)
	остварено	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>								
Brtoad money M4	176,142	195,276	190,178	195,855	192,576	-3,279	-1.7	9.3
Currency in circulation	16,385	16,582	15,824	17,600	15,915	-1,685	-9.6	-2.9
Denar deposits ^{/1}	89,685	98,154	92,753	94,424	91,226	-3,198	-3.4	1.7
Foreign currency deposits	70,072	80,540	81,601	83,831	85,435	1,604	1.9	21.9
Total deposits	159,757	178,694	174,354	178,255	176,661	-1,594	-0.9	10.6
Reserve money	35,272	40,814	36,345	40,890	38,835	-2,055	-5.0	10.1

^{/1}Including demand deposits, and demand deposits of other financial institutions

	31.01.2008	31.10.2008	30.11.2008	31.12.2008	31.01.2009	monthly changes (31.01.2009/ 31.12.2008)		annual changes (31.01.2009/ 31.01.2008)
	остварено	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>								
Credit to the private sector	131,192	167,606	169,973	171,944	173,301	1,357	0.8	32.1
In Denar	99,783	129,110	131,432	133,466	133,925	459	0.3	34.2
In Foreign currency	31,409	38,496	38,541	38,478	39,376	898	2.3	25.4
Banks' net foreign assets	15,452	2,453	805	25	1029	1,004	40 times	-93.3

Source: National Bank of the Republic of Macedonia.

Table 8
Monetary aggregates
(in %)

in %	end of period to the end of previous period									y - o - y									
	2007				2008				2009	2006	2007				2008				2009
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	january		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	january
M0	-6.1	8.5	2.2	15.5	-8.9	13.5	-0.02	4.3	-5	21.4	18.9	18.2	18.9	20.2	16.6	22.0	19.4	7.8	10.1
M1	-1.4	6.0	8.3	16.3	-6.9	11.1	0.50	9.0	-8.3	17.1	22.5	18.0	22.6	31.7	24.4	30.4	21	13.4	11.3
M4	4.7	9.7	3.7	8.8	1.3	6.3	4.0	-0.7	-1.7	24.9	26.4	32.2	29.9	29.5	25.3	21.4	21.9	11.2	9.3
M4-denar	5.1	14.1	5.9	12.2	-1.5	6.6	1.6	-2.5	-4.4	30.8	33.1	44.3	43.8	42.6	33.6	24.8	19.7	4	1.0

Source: National Bank of the Republic of Macedonia.

Table 9
Deposits of the private sector*
(in millions of denars)

		Balance as of 31.01.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		173,817	-1,644	-0.9	16,283	10.3
In Denar	Households	42,932	-1,528	-3.4	-589	-1.4
	Enterprises	38,314	-4,030	-9.5	-1,305	-3.3
	Total	88,382	-3,248	-3.5	920	1.1
In Foreign currency	Households	64,815	1,439	2.3	12,709	24.4
	Enterprises	19,459	-424	-2.1	1,772	10.0
	Total	85,435	1,604	1.9	15,363	21.9
Total households deposits		107,747	-89	-0.1	12,120	12.7
Total enterprises deposits		57,773	-4,454	-7.2	467	0.8

* the Denar deposits do not include the deposit money.
Source: National Bank of the Republic of Macedonia.

Table 10
Credits to the private sector
(in millions of denars)

		Balance as of 31.01.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		173,301	1,357	0.8	42,109	32.1
In Denar	Households	67,000	1,761	2.7	17,312	34.8
	Enterprises	66,700	-1,191	-1.8	16,860	33.8
	Total	133,925	459	0.3	34,142	34.2
In Foreign currency	Households	4,367	39	0.9	1,959	81.4
	Enterprises	34,982	848	2.5	6,034	20.8
	Total	39,376	898	2.3	7,967	25.4
Total credit to the households		71,367	1,800	2.6	19,271	37.0
Total credit to the enterprises		101,682	-343	-0.3	22,894	29.1

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	Q1	Q2	Q3	Q4
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	29.9	30.2	30.5	29.8
	Long-term	75.0	75.2	75.6	74.9	73.2	72.3	70.8	70.8	70.1	69.8	69.5	70.2
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	48.4	53.3	55.7	55.4
	Overdrafts	63.9	68.1	84.9	103.7	125.2	136.9	131.4	112.3	89.6	72.1	56.2	40.2
	Credits for other purposes	32.6	26.8	26.0	31.0	33.9	38.8	45.5	48.7	53.2	45.8	36.6	27.4

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	Q1	Q2	Q3	Q4
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	44.9	44.6	44.9	44.7
	Long-term	45.6	46.2	49.0	51.4	52.9	54.0	53.8	56.1	55.1	55.4	55.1	55.3
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	27.0	30.7	29.2	34.9
	Long-term	36.1	34.0	30.8	41.1	45.7	44.6	45.8	41.6	38.4	38.2	36.2	30.5
	In Denar	3.4	14.3	14.2	21.3	22.6	20.2	32.9	29.9	37.4	42.2	37.7	39.5
	In Foreign currency	42.0	38.5	31.0	32.4	31.4	30.2	32.6	29.4	25.6	22.2	24.9	20.4

Source: National Bank of the Republic of Macedonia.

Table 13
Interest rates

	January	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	7.0	0.0	2.1
Average weighted interest rate on the Money Market	5.21	-0.1	2.1
Interest rate on three-month treasury bills	7.43	-0.05	2.3
	December	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	9.8	0.0	-0.1
Banks' weighted deposit interest rates	6.5	0.0	1.2

* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.