

**National Bank of the Republic of Macedonia**  
**Research Department**



**Monthly Information**  
**2/2009**

April, 2009

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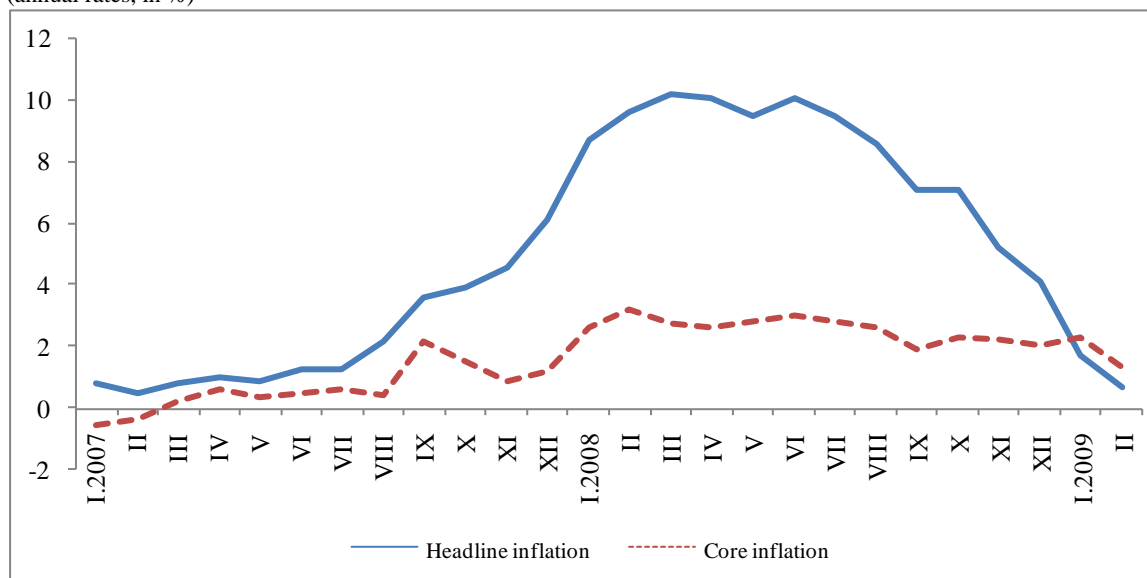
\* The Monthly Information includes analysis based on the available data as of February 20, 2009.

## 1. PRICES

**The monthly decrease in the inflation that started in the previous month, kept on in February.** Thus, the level of consumer prices in February 2009 was by 0.2% lower on a monthly basis, primarily due to the cut in the food price, particularly the fresh fruits, fresh vegetables and milk. **On annual basis**, the inflation rate registered steady slowdown, and in February it equaled 0.7% (in January 2009, it equaled 1.7%), mainly due to the high comparison base and the slower growth in the food prices. In the first two months of 2009, **on average**, the inflation stood at 1.2%, which is considerable slowdown in the pace of the average price growth. In the first two months, the average inflation was under the effect of the higher household electricity price (in November 2008), and the higher prices of certain food categories (meat and grain products). The increase in the prices of these categories was partially offset by the significant deflationary effect of the lower prices of oil derivatives.

**In February 2009, slowdown was registered in the core inflation** (which excludes the prices of food and energy<sup>1</sup>), and the annual rate equals 1.3% (2.3% in January), as a result of the lower prices of transportation equipment, the slower growth in the prices of the restaurant food and beverages and the rent. If only the food effect is excluded from the CPI, the annual change will be 0.8%.

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



Source: State Statistical Office.

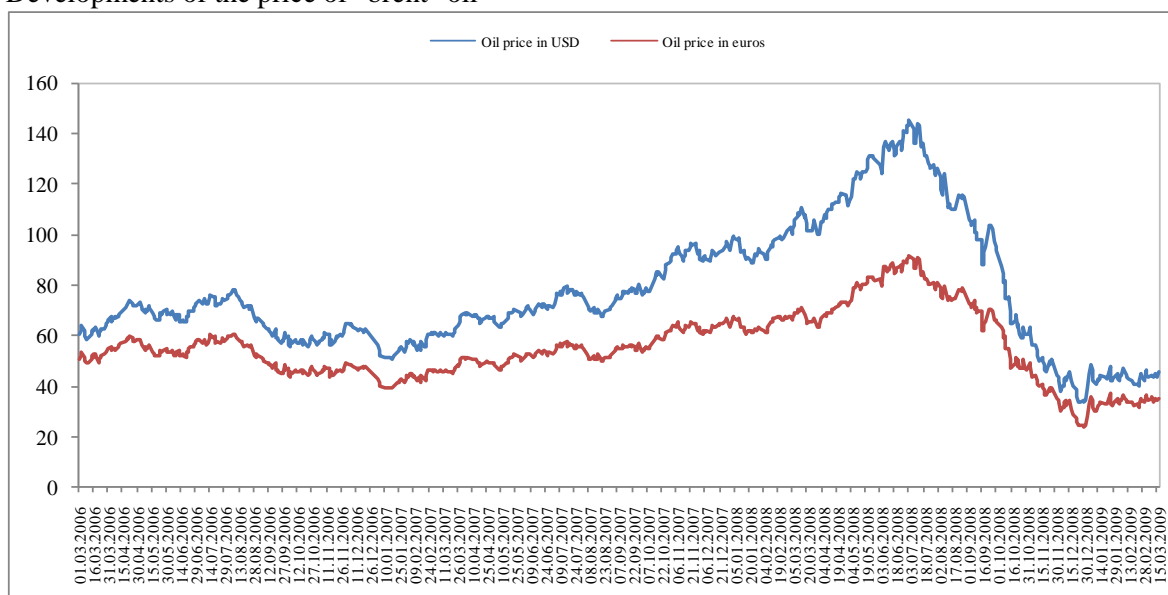
**The inflationary developments in the first two months of the year indicate that the inflationary path in this period is lower than projected.** The registered average inflation rate of 1.2% in February is considerably below the rate projected for the first quarter of 2% (such divergence was also registered in the annual inflation, projected to 1.5% for March 2009). Such divergences could mostly be explained by the faster drop in the oil prices on the international markets and the faster slowdown in the food prices. Given the risks for faster slowdown in the

<sup>1</sup> Calculations has been made according to the new weights. In January 2009, SSO made slight corrections in the price index weighs, and the weigh of the food category increased by 2.4 percentage points (to 40.7%).

domestic demand compared to the expectations, and the significant alleviation of the pressures of the import prices, the risks surrounding the inflation projection aim to achieve lower inflation than projected.

**The price of crude oil on the international markets registered moderate slowdown in February 2009**, with the average price of the "brent" oil equaling US Dollar 43.24 per barrel, registering a monthly fall of 3.6%, and compared to the average price in February 2008, it went down by 54.4%. The lower demand still remains the major reason behind the monthly fall in the oil price, and the fall in the oil prices in this period was also under the influence of the disclosed data on slower economic activity in Japan in the fourth quarter, and the data on the deceleration of the industrial output and housing construction in USA in January 2009<sup>2</sup>. On the other hand, the first two weeks of March 2009 witnessed moderate increase in the oil price, and on average it equaled US Dollar 44.2 per barrel, and compared to the average of the last two weeks of February 2009, it was by 4.7% higher. These changes are mainly under the influence of the speculative announcements for reduction of the production quotes by OPEC on its regular meeting held on March 15, 2009 (at this regular meeting in Vienna, the OPEC member states made a decision to keep the production quotes the same). In the analyzed two-week period, the Denar depreciated against the US Dollar by 0.6%, (Denar 48.53 per one US Dollar, compared to Denar 48.26 per one US Dollar). In line with such developments of the oil and the exchange rate against the US Dollar, the Regulatory Energy Committee, at its session held on March 16, 2009 made a decision on increasing the refinery and retail prices of oil derivatives by 5.9% and 3.5% respectively, on average (with different effect on the various types of oil derivatives).

Figure 2  
Developments of the price of "brent" oil



Source: Energy Information Administration - statistical agency of the US Department of Energy.

**In February 2009, the annual inflation rate in the Euro area<sup>3</sup> equaled 1.2%** and primarily results from the moderate growth in the prices of food, electricity and gas, which were partially offset by the deflationary effect of the transport fuels. The core inflation rate, which

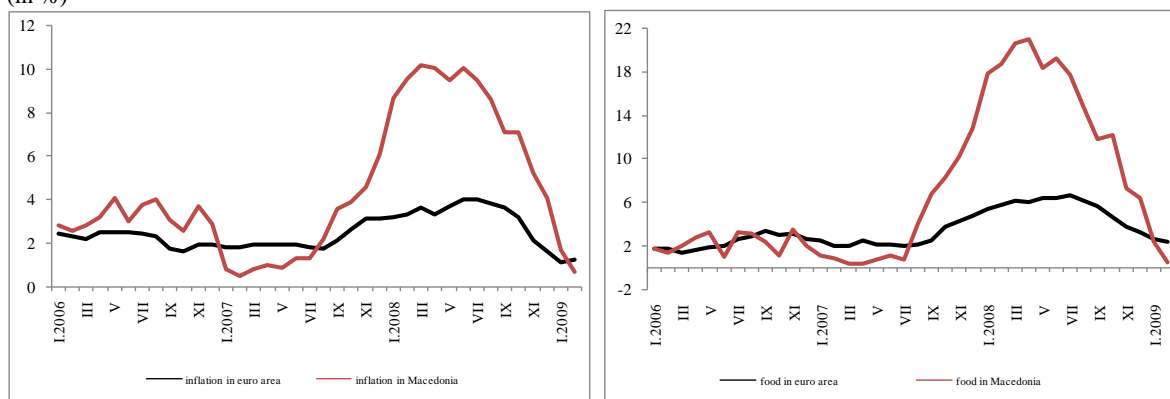
<sup>2</sup> Statistical Data Agency with reference to the USA oil, the Energy Information Administration, Oil Marketer and Oil Market Report.

<sup>3</sup> Previous data.

excludes the food and energy prices, equaled 1.7%. The consumer prices in the Euro area were by 0.4% higher in February compared to the preceding month, solely due to the higher prices of transport fuels, package holidays and wearing apparel. Taking into account the economic contraction in the Euro area and the constant drop in the inflation since August, 2008, ECB decreased the interest rate on several occasions. On March 5, ECB made a decision to further cut the interest rates by 0.5 percentage points, which entered into force on March 11, 2009.

Figure 3

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



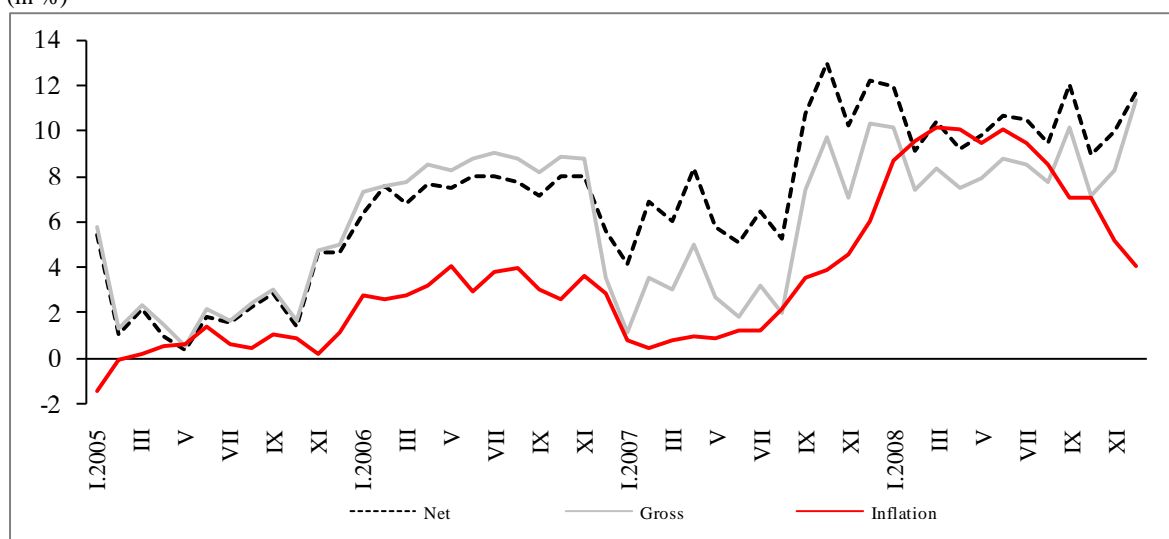
Source: Eurostat and SSO.

## 2. WAGES

**In December 2008, the average paid net and gross wage (including the outstanding payments) registered identical nominal monthly growth of 3%,** which given the monthly inflation of 0.3% represent a real growth of the net and the gross wage of 2.7%. The monthly increase in the wages is evident in all three sectors of economy: by 12.3% in the agriculture, by 4.8% in the industry and by 4.0% in the services. On annual level, the nominal average paid net and gross salary registered growth rates of 11.7% and 11.4%, respectively<sup>4</sup>, but the real changes are lower (growth of 7.3% and 7% in the net and gross wage, respectively).

<sup>4</sup> The lower growth rate in the gross wage is due to the cut in the income tax rate in January 2008.

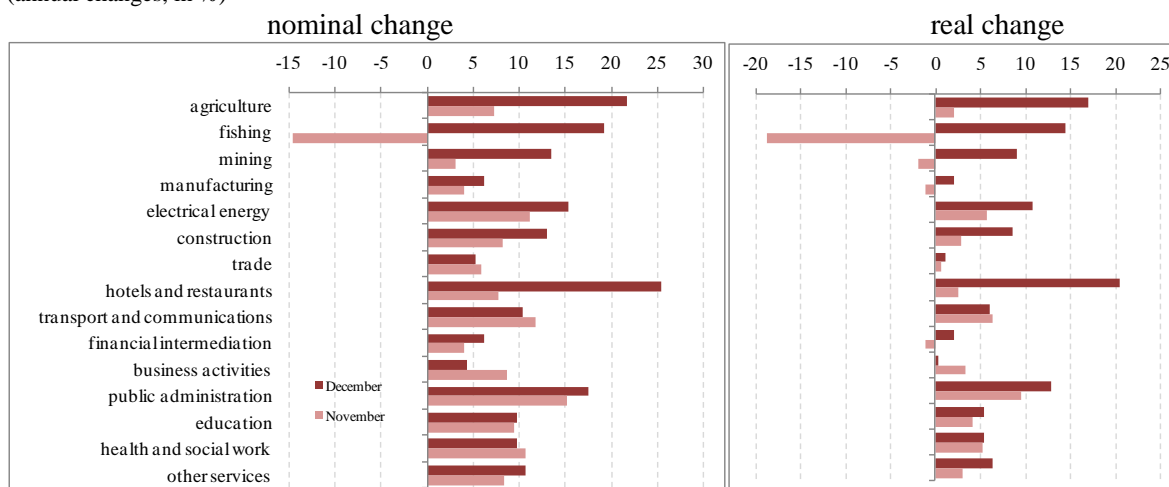
Figure 4  
Annual growth rates of wages and inflation  
(in %)



Source: State Statistical Office.

Analyzed by activity, nominal annual growth of the net wages was registered in all activities, with faster growth being evident in the net wages in the service sector (primarily hotels and restaurants and the public administration and defense), and in the net wages in the agriculture. In 2008, the average net wage by employee surged by 10.4% relative to 2007, and the real growth equals 1.9%.

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



Source: State Statistical Office.

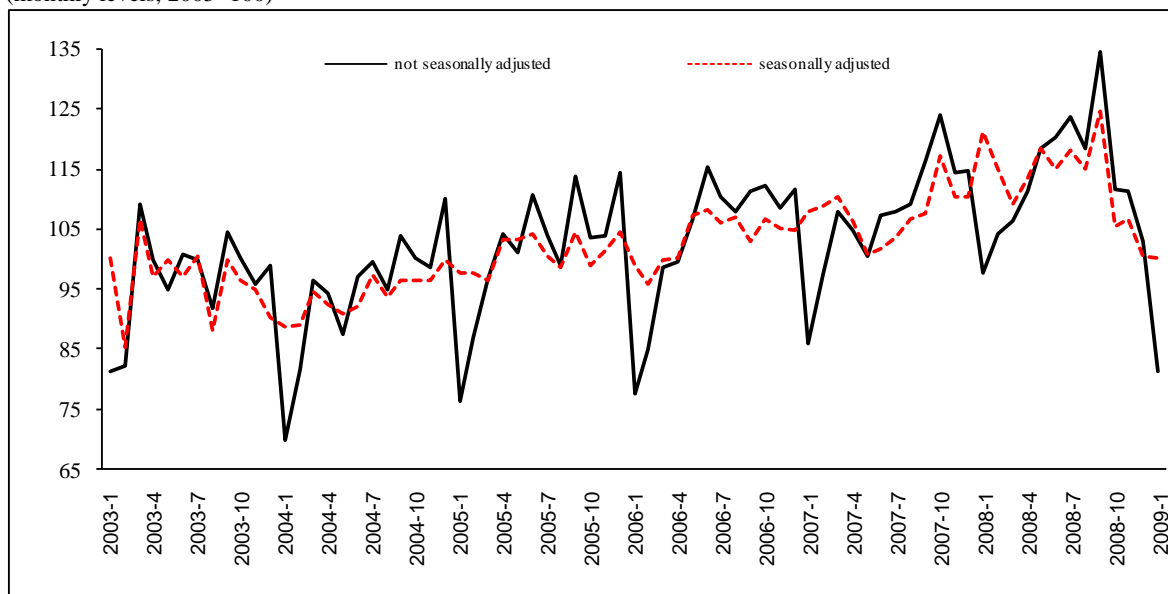
### 3. ECONOMIC ACTIVITY

The downtrend of the volume of industrial output carried on in January 2009, with monthly fall in the output of 21.1%. The considerable fall is mainly seasonal, proved with the low

rate of decrease of 0.4% in the seasonally adjusted data. Compared to the same period of the preceding year, the fall in the output in January further deepened and reached 16.7%, which is the highest rate of decrease over the last six years. The annual fall is still primarily due to the lower output of the manufacturing activities (18.7%), yet in January, due to the closedown of one important mine, the annual drop was also registered in the output of the *mining sector* (23.7%). Also, the annual downtrend of the output also continued in the *energy sector* (4.5%).

**The faster decrease in the production of basic metals (76.6% on annual basis) remains the primary reason behind the significant annual fall in the output in the *manufacturing sector*.** The remaining manufacturing activities, however, witnessed adverse tendencies. Namely, in January, annual decrease was registered in 14 of 20 branches, or 62% of the manufacturing sector. Of them, fastest fall was registered in the tobacco industry (37.5%), the industry of non-metal minerals (35.3%) and recycling (97.6%), whereas substantial increase was evident only in the production of metal products (40%) and printing (1.3 times).

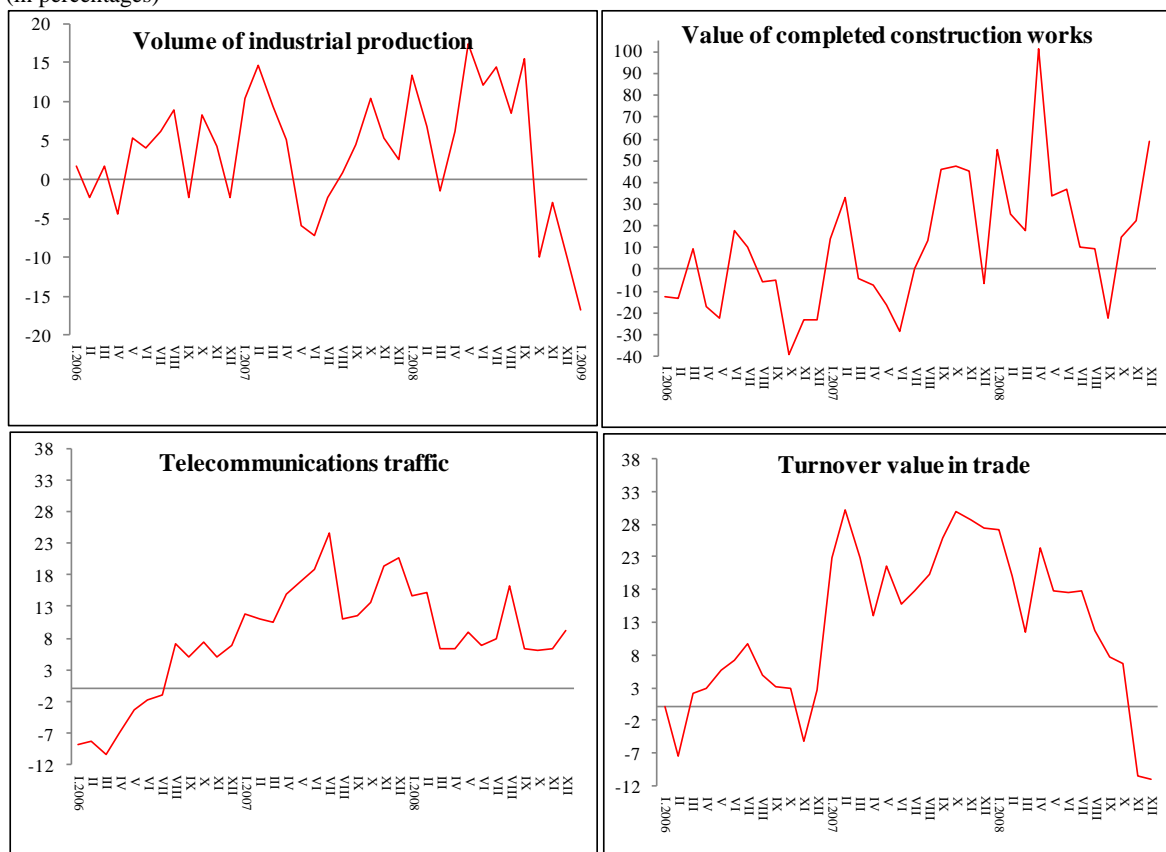
Figure 6  
Index of industrial output  
(monthly levels, 2005=100)



Source: State Statistical Office.

**Unlike the continuous trend of monthly decrease in the industrial output, the remaining sectors of the economy in December 2008 registered positive developments.** Compared to the preceding month, all sectors registered an upsurge: 12.2% in the trade turnover, 14.5% in telecommunications, 27.7% in the construction. Nevertheless, the situation is different if observing the data adjusted by the seasonal effects, which show monthly fall in the construction (of -0.1%), minimum growth in the trade (1.6%), and growth in the telecommunications of 6%. Looking at the **December data of the previous year**, the trade turnover went down (by 11%), the increase in the telecommunications keeps on with similar pace as in the previous months (9.3%), and acceleration is registered in the construction activity (58.8%).

Figure 7  
Annual growth rate by economic sector  
(in percentages)



Source: State Statistical Office and NBRM calculations.

**The real annual GDP growth projected for the first quarter of 2009 equals roughly 1%.** The growth projection takes into account the negative tendencies in the industrial sector, the deceleration in the trade activity and the continuity of the positive tendencies in the construction. However, according to the latest industrial performances in January 2009, which substantially diverge from the expectations (significant annual fall of 16.7%), the fulfillment of the projected real growth rate is uncertain. Besides the developments in the industry, which are the major risk to the real growth to register lower rate than projected, the tendencies in the trade (sector which contributed the most to the GDP growth in 2008) are also significant. The decelerated activity in this sector in the last quarter of 2008 brought about annual fall of 5.1% of the value of the trade turnover, which could accelerate in the first quarter of 2009, in line with the expectations for faster consumption deceleration. Unlike these trends which act towards lower growth than projected, the activity in the construction in the last quarter of 2008 showed significant performances (annual growth in the value of completed construction works of 31.5%).

#### 4. BALANCE OF PAYMENTS

**Deterioration of the trading terms and the expansion of the domestic demand in the first three quarters of the year, along with the rapid drop in the external demand in the last quarter, in 2008 brought about historically highest negative gap in the current account of Euro 851.2 million, or growth of 2.1 times relative to 2007.** Doubling of the current account



deficit is primarily due to the higher negative trade balance, and to the annual fall in the net inflows from private transfers. Thus, in 2008, the current account deficit reached 12.7% of the estimated GDP, which is additional deepening of 5.5 percentage points on annual basis. Compared to the evaluation of the balance of payments in November 2008, the deficit in 2008 is at a level lower than projected (roughly 14% of GDP), mainly due to the lower trade deficit than expected.

The global economic crisis, as well as the uncertainty and the unfavorable expectations it creates in the domestic economy contributed to annual fall in the net-inflows from current transfers in 2008 of 3.3% (due to the reduction in the private transfers of 5.8% on annual basis), which is first reduction since 2004. The dynamics of private transfers is mainly driven by the developments in its basic component - net cash from currency exchange operations, which, with an annual fall of 9.3% is the sole factor for the unfavorable developments in the private transfers. Given the steep increase in the trade deficit, the net-inflows from private transfers ensured only 53.6% coverage of the trade deficit, which is considerable decrease compared to the 84.1% coverage rate in the preceding year. The net-inflows from current transfers were by Euro 22.3 million lower than projected, mainly due to the lower official transfers than expected. According to the latest available data, in February 2009, the net-purchase on the currency exchange market (as an indicator for the direction of the change in the private transfers) registered annual growth of 13.7%. Although this is significant change compared to the steep fall in December 2008 and in January, the time period, however, is too short to show switch in the trends and considerable stabilization of the expectations. In any case, the cumulative net-purchase on the currency exchange market of Euro 55.2 million in the first two months is remarkably lower than the projected for the first quarter, indicating lower foreign currency inflows on this basis relative to the expectations.

The service category registered equilibrated balance, compared to the Euro 25.5 million net-inflows in 2007, mostly due to the lower net-inflows from investment activities abroad and the higher net-outflows from transport services (by 35.1% and 20.2%, respectively). Such developments correspond with the lower construction activity of the Macedonian companies abroad in environment of global crisis, and the increased import of goods. The income sub-balance registered net-outflows of Euro 93.4 million, which is an annual fall of 66.4%, as a result of the lower outflows from direct investments (in spite of the payment of dividend of one major foreign investor).

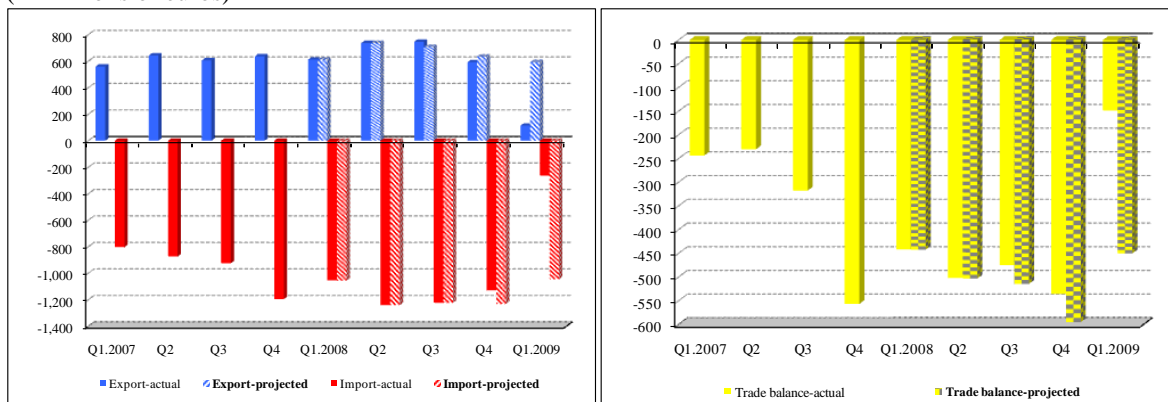
Most of the current account deficit financing was made through the net-inflows in the capital and the financial account, which in 2008 equaled Euro 801 million, or 12% of the estimated GDP (increase of Euro 251.6 million on annual basis). Within the capital and financial account, almost half of the inflows come from direct investments, which, although significant, they decreased by 16.7% in 2007, standing at Euro 422 million. The direct investment structure on net basis shows that most of the inflows are share in capital (50.2%) and credits and loans among connected entities (43.5%). The direct investments register divergence, i.e. the amount of net-inflows is lower than expected, due to the global financial crisis which brought about higher restraint from new investment (through project cancelling or postponing) due to insufficient available financial resources and investors' perceptions for high global risk. The portfolio-investments, over the entire year (except for July), registers a disinvestment trend, and at the end of 2008, the net-outflows totaled Euro 50.6 million, compared to the net-inflows of Euro 114.4 million in 2007. According to the latest available data from the Macedonian Stock Exchange, this disinvestment trend continued in the first two months of 2009. In February, the share of foreign investors on the sale side (48.04%) is higher than their share on the purchase side (33.93%), which leads to further net-outflows based on portfolio-investments. Such developments diverge from the projections, which assume moderate inflow from portfolio-investments in 2009. Observing the other constituent components, currencies and deposits item is relevant, which in 2008 enabled

additional financing of the deficit in the current transactions in the amount of Euro 207.5 million. This is mostly due to the decrease in the banks' net foreign assets of Euro 234.6 million, as a result of the decrease in their foreign assets. Observing the loans, additional net inflows of Euro 172.4 million were registered in 2008, primarily due to the higher usage of foreign loans and lower annual repayments. Larger divergence from the projection was registered in this category, as well, i.e. higher inflows than expected. Such developments stem from the higher debt of the private sector based on long-term credits and loans, i.e. from the higher withdrawn funds, and lower repaid liabilities than projected.

The translational effects from the global crisis to the domestic real sector, and particularly the export oriented segments, became evident in the last quarter of 2008 and continued to be felt even stronger in the first month of 2009. Thus, in January 2009, the total **foreign trade** totaled Euro 381.2 million and dropped by 22.3% on annual basis (compared to the fall of 3.6% in November and 15.1% in December 2008), given the faster decrease in the value of both the exports and the imports.

Figure 8

Export, import of goods and trade balance (actual and projected)  
(in millions of euros)



\* The performances for the first quarter of 2009 pertain only to January 2009.

Source: NBRM.

**The global recession, and particularly the deterioration of the performance of the economies which are main trading partners of the Macedonian economy led to significant deceleration of the export activity, and the reduction of the oil and metal prices had additional effect towards decreasing the value of the exports.** Thus, in the first month of 2009, the export of goods amounted to Euro 113.9 million and compared to the same month of the preceding year it went down by 37.5% annually (19.1% annual fall in December 2008). The global crisis had its most adverse effect on the activity of the metal industry, so that most of the fall in the exports results from the lower export of iron and steel and products thereof, making a contribution of 65.4%, which is mainly due to the lower exported quantities. Substantial annual drop of the output, and consequently to the exports was registered in the oil derivatives (given the fall in the price and the quantity of 42.2% and 18.3%, respectively), as well as the ores and the tobacco, which contributed with 11.3%, 10.7% and 5.3%, respectively, to the annual fall in the exports.

**The slowdown in the domestic demand, the reduction in the import-dependable exports, and the decrease in the import oil prices brought about decrease in the import of goods.** Thus, in January 2009, the total imports equaled Euro 267.2 million, and compared to January 2008 it went down by 13.3%. Such annual fall is primarily due to the 41.9% decrease in the import of iron and steel and products thereof, the lower import of energy sources (contribution of

34.8%), with the crude oil registering the steepest fall (of 42.3% annually), given the lower price level compared to the same month of 2008 (by 48.2%) and higher imported quantities. On the other hand, the import of electricity surged by 59.7% annually, due to the higher quantities and prices of import (42.6% and 11.9%). Of the remaining products, the lower import of ores, vehicles and grains, contributing with 15.6%, 11.4% and 8.4%, respectively were also drivers of the fall in the import of goods. In January 2009, there was a onetime import of aircrafts in the amount of Euro 15.5 million, thus contributing to the partial offset of the negative dynamics of the imports.

Given the faster annual fall of the exports compared to the imports of goods, in 2009 the trade deficit equals Euro 153.3 million, which is an annual deepening of 21.5%, with the highest contribution made by the lower positive balance in the trade in iron and steel and the products thereof. Consequently, the export-import coverage ratio considerably reduced by 16.5 percentage points on annual basis and equals 42.6%, which is historically lowest coverage rate<sup>5</sup>.

The trade deficit in January in 2009 (on fob-basis) is 2% of the estimated GDP for 2009, and it is expected, over the entire 2009, the trade deficit to be 23.8% of GDP. Thus, compared to the deficit projected for the first quarter of 2009, the deficit, so far, is within the projection. The analysis of the individual trade items shows larger deviations in the exports, and so far, 19% of the exports and 26% of the imports projected for the first quarter of 2009 has been effectuated. Observing the exports, the highest divergence from the projected was registered in the iron and steel, tobacco and oil derivatives, primarily due to the lower external demand. With respect to the imports, in line with the import dependence, the most significant deviation was registered in the import of iron and steel, due to the lower imported quantities.

Table 1  
Metal prices

	2007	2008	Jan-Feb 2009	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	December 2008	January 2009	February 2009
<i>US dollars per ounce</i>										
<b>Gold</b>	<b>696.7</b>	<b>871.7</b>	<b>900.8</b>	<b>926.8</b>	<b>896.0</b>	<b>869.6</b>	<b>794.5</b>	<b>816.1</b>	<b>858.7</b>	<b>943.0</b>
<i>US cents per ounce</i>										
<b>Silver</b>	<b>1,341.3</b>	<b>1,499.9</b>	<b>1,241.8</b>	<b>1,764.7</b>	<b>1,720.0</b>	<b>1,494.5</b>	<b>1,020.4</b>	<b>1,031.7</b>	<b>1,139.9</b>	<b>1,343.7</b>
<i>US dollars per metric tons</i>										
<b>Steel cr coil sheet</b>	<b>650.0</b>	<b>965.6</b>	<b>1,100.0</b>	<b>762.5</b>	<b>900.0</b>	<b>1,100.0</b>	<b>1,100.0</b>	<b>1,100.0</b>	<b>1,100.0</b>	<b>1,100.0</b>
<b>Steel hr coil sheet</b>	<b>550.0</b>	<b>883.3</b>	<b>1,000.0</b>	<b>700.0</b>	<b>833.3</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>
<i>US dollars per metric tons</i>										
<b>Nickel</b>	<b>37,229.8</b>	<b>21,110.6</b>	<b>10,857.8</b>	<b>28,956.8</b>	<b>25,682.4</b>	<b>18,960.8</b>	<b>10,842.6</b>	<b>9,686.4</b>	<b>11,306.9</b>	<b>10,408.8</b>

Source: World Bank.

In February 2009, the metal prices registered divergent movements relative to the preceding month. Thus, the precious metals, gold and silver surged by 9.8% and 17.9%, respectively as a result of the strong investment demand due to hedging. On the other hand, most of the prices of basic metals went down on monthly basis, due to the lower supply and higher stock. The nickel price reduced by 7.9% on monthly basis, unlike its growth the last month of 16.7%, whereas the prices of steel sheets still remain unchanged.

## 5. MONETARY AGGREGATES<sup>6</sup>

**In February 2008, the money supply<sup>7</sup> registered annual growth rate of 8.7% (10.1% in the preceding month), solely due to the annual growth in the total banks' liquid assets<sup>8</sup> (of**

<sup>5</sup> The lower export-import coverage ratio was registered in March 2000 (41.6%), when high quantities of excise goods were imported immediately prior to the introduction of VAT in April 2000.

<sup>6</sup> The analysis of monetary and credit aggregates is based on data from the new Methodology for preparing standard forms of monetary balance sheets and surveys and the new Chart of Accounts (effective from January 1, 2009).

**19.2%), having a considerable fall in the currency in circulation<sup>9</sup> of 1.5%.** On monthly basis, the money supply registered a moderate growth of 0.5%, in environment of divergent movements in both components. Thus the total banks' liquid assets went up by 4.1% on a monthly basis, whereas the currency in circulation went down by 3.4% on a monthly basis.

**Analyzing from the aspect of liquidity creation and withdrawal,** in February, the *net-position of the Government* was directed towards creating liquidity. On the other hand, the widening of the gap between the demand and the supply of foreign currency on the foreign exchange market created a need of NBRM interventions with net-sale of foreign currency. Thus the *NBRM foreign currency transactions* acted towards liquidity withdrawal, but in considerably lower volume compared to the preceding month. In February, liquid assets were withdrawn through the monetary instruments, primarily due to the withdrawn liquidity through the foreign currency deposit auctions, as a new instrument introduced in January 2009. The extension of the set of monetary instruments with such type of instrument is mainly aimed to diversify the supply of instruments in the domestic economy, which will serve for fulfilling the required minimum level of liquid assets<sup>10</sup>. Thus, given the volatile developments on the international financial markets and the growing risk, the domestic banks are enabled to reduce the credit risk by placing foreign currency deposits with the NBRM. The interest rates on foreign currency deposits placed with the NBRM are equal to the interest rates on deposits placed with the central banks in the Euro area, in the international financial institutions or on the yields on treasury bills of the Euro area member states. In February, four volume (unrestricted) and interest rate tender auctions of foreign currency deposits were held<sup>11</sup>, which reflect the developments on the international financial markets. Of the four offered maturities (1, 3, 6 and 12 months), in February the banks were interested in placing one-month foreign currency deposits with the NBRM. Euro 8.8 million were withdrawn through this monetary instrument.

The comparison with the end of the preceding year indicates cumulative decrease in the reserve money, when the liquidity withdrawn through the NBRM foreign currency transactions was only partially supplemented through the monetary instruments and the Government's net-position with the NBRM.

**Following the fall registered the previous month, in February 2009, the total foreign currency potential of the banks (including the demand deposits)<sup>12</sup> registered an increase in the monthly base of Denar 640 million, or by 0.4%. If the effect of the demand deposits is excluded (which registered reduction of 3.7% on a monthly basis), the increase in the total deposits in February 2009 equals Denar 2,389 million, or 1.9%, which is considerable change relative to the preceding five-month period.** Since September 2008, the total deposits (without the demand deposits) registered permanent negative changes on a monthly basis, except in December 2008, when they rose by 0.3% on a monthly basis. Such change in the trend indicates potential revitalization of the savings in the private sector, which is a positive signal for gradual depletion of the psychological pressures, due to the global financial crisis and its potential negative effects on the domestic banking system. On the other hand, taking into account that 51.7% of the monthly change in the total time and savings deposits in February was triggered by the increase in the deposits of other residents category (where the household sector accounted for roughly 98%),

<sup>7</sup> Includes currency in circulation (including the banks' cash in the vault), reserve requirement in Denars and in foreign currency and the excess liquid assets over the reserve requirement (in Denars). Excluding the foreign currency reserve requirement, the annual growth rate of the reserve money in February 2009 equals 4.3%.

<sup>8</sup> Pertains to banks' accounts with the NBRM, which include reserve requirement in Denars and in foreign currencies, and the excess liquid assets, the banks holds over the reserve requirement (in Denars).

<sup>9</sup> Also includes the banks' cash in the vaults.

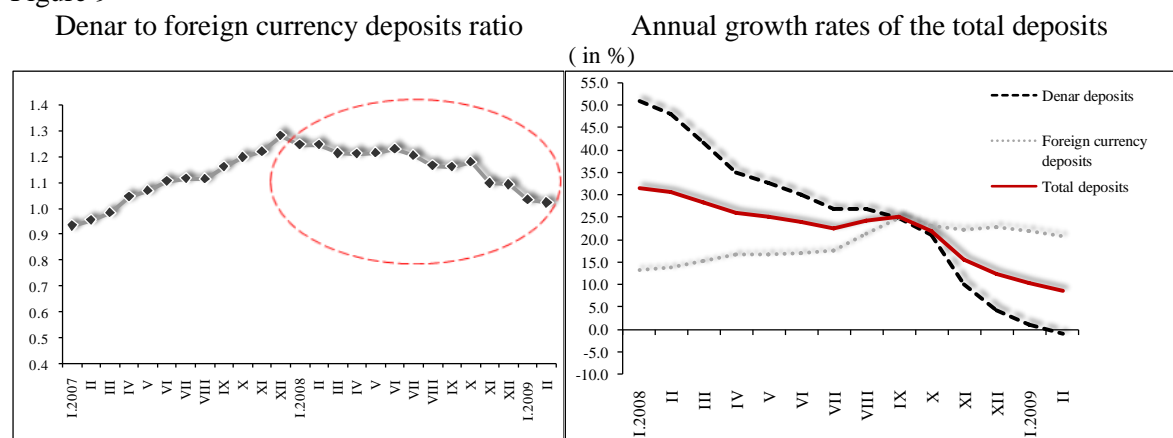
<sup>10</sup> According to the Decision on liquidity risk management "Official Gazette of the Republic of Macedonia no. 162/2008).

<sup>11</sup> On February 6, 2009, February 13, 2009, February 20, 2009 and on February 27, 2009.

<sup>12</sup> Since January 2009, the deposits also include accrued interest.

the changes could show prudent behavior of the economic agents and postponement of the current consumption, motivated by the deteriorated economic performances in the country, the tightened lending terms by the banks, and the high uncertainty of the future developments on the labor market. In this month, the new household savings was solely in foreign currency, and the Denar deposits went down on a monthly basis. The monthly growth rate of the total household deposits<sup>13</sup> (with the demand deposits) in February 2009 equaled 1% (compared to the minimum fall of 0.1% in the preceding month). The total corporate deposits (including the demand deposits) registered monthly fall of 1%, solely due to the fall in the public enterprise deposits (of 23.4%, on a monthly basis<sup>14</sup>). The private corporate deposits went up by 2.2% on a monthly basis, with increase in the Denar deposits (of 3.8%) and fall in the foreign currency deposits of 0.8%.

Figure 9



Source: National Bank of the Republic of Macedonia.

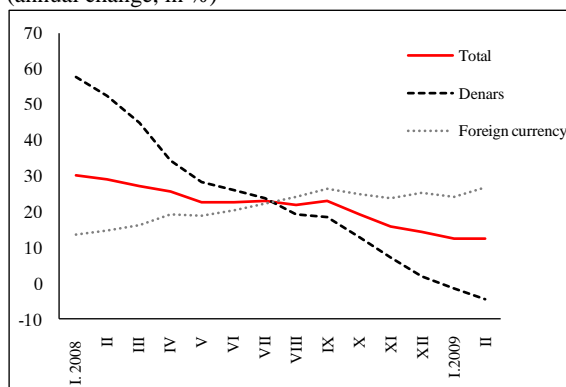
Annually (February 2009 / February 2008), the total deposits with banks (including the demand deposits) surged by 8.7% (10.3% in the preceding month), due to the 20.7% annual growth in the foreign currency deposits (21.9% in January 2009). The Denar deposit in February went down by 0.9% on a monthly basis, compared to the preceding month when they rose by 1.1%. Observing the sector structure, the annual growth rate of the household deposits in February 2009 remained the same as in the previous month, and equaled 12.7%, with annual fall being registered in the corporate deposits (private and public)<sup>15</sup> of 3.6% (in January 2009 it registered an annual increase of 0.8%).

<sup>13</sup> Pertain to natural persons and self employed professionals.

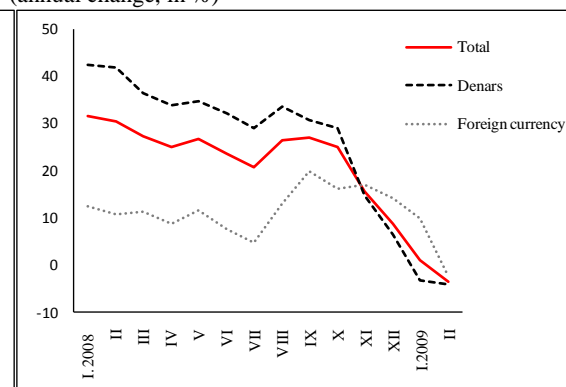
<sup>14</sup> The monthly decrease in the public enterprises' deposits is due to the reentry of the balances of certain accounts in one bank.

<sup>15</sup> Private corporations' deposit dropped by 9%, on annual basis.

Figure 10  
Household deposits  
(annual change, in %)



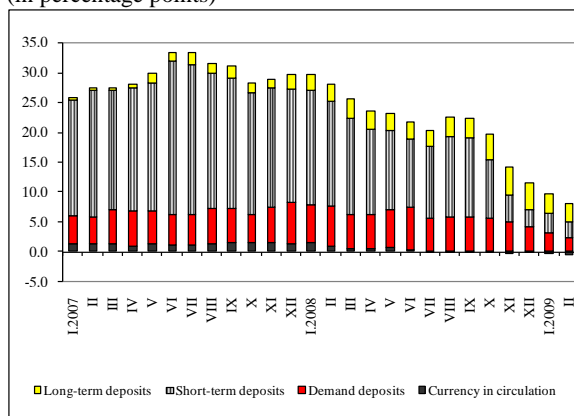
Corporate deposits  
(annual change, in %)



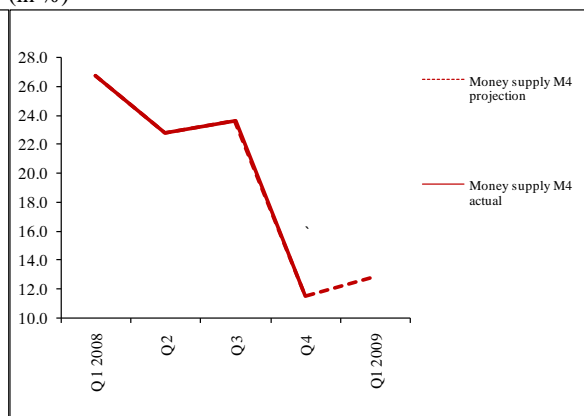
Source: National Bank of the Republic of Macedonia.

The annual growth rate of the **broadest money supply M4<sup>16</sup>** reduced from 9.3% in January 2009 to 7.6% in February. Therefore, the monetary growth is significantly lower compared to the estimation at the end of the first quarter, indicating potential decrease in the money supply than estimated (the estimated annual growth rate of the broadest money supply in 2009 equals 12.9%).

Figure 11  
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 February 2009, the total bank credits to the private sector surged by Denar 2,097 million or by 1.2% relative to January 2009. This is a moderate monthly acceleration of the banks' lending activity compared to January (when the monthly growth rate of the credits equaled 0.7%). Observing the currency structure, the increase in the total credits is almost solely (98.6%) due to the increase in the Denar credits<sup>17</sup>, which registered a monthly increase of 1.5%. Analyzing the sector structure, typical for February 2009 were the changes in the household

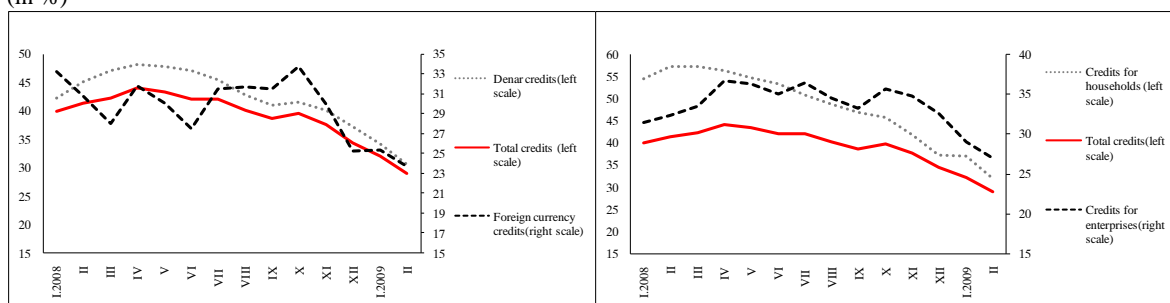
<sup>16</sup> The analysis pertains to money supply M4 including accrued interest.

<sup>17</sup> Includes FX indexed loans in denars.

lending<sup>18</sup>, which for the first time since December 2002 registered a monthly fall (Denar 84 million or 0.1%). Consequently, the increase in the total credit placements in February is solely a result of the increase in the corporate lending. Within the lending to households, the decrease in the Denar credits (of 0.1% on a monthly basis) accounts for 53.1% of the monthly fall in the total credits to the households, whereas the foreign currency credits fell by 0.9%. The corporate lending went up on a monthly basis by Denar 2,039 million or 2%, solely due to the credits approved in Denars (monthly growth of 3.1%, compared to the monthly decrease in the foreign currency credits of 0.1%).

Figure 12

Annual growth rates of the private sector lending by currency and sector structure  
(in %)



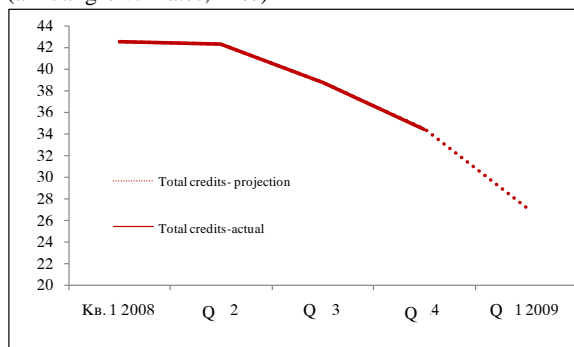
Source: National Bank of the Republic of Macedonia.

The constant deceleration of the credit activity on annual basis continued in February 2009, when the annual growth reduced to 29%. With respect to the currency, compared to the annual increase in January, the Denar credits and the foreign currency credits also increased (30.6%, compared to 34.2% in January) (23.7%, compared to 25.4% in January), but in a slower pace. The Denar credits still keep their dominant position in the annual increase in the total credits (contribution of 80.9%). The sector-by-sector analysis registers faster slowdown in the annual growth rate of the household lending, which increased by 32%, compared to 37% in January. The corporate lending was by 27% higher compared to February 2008 (compared to the annual growth rate of 29.1% in January 2009), and their contribution to the increase in the total lending in February equaled 55.9% on annual basis. According to the estimations for the lending developments in the first quarter of 2009, the annual credit growth rate is expected to reduce to 27.2% at the end of March 2009.

<sup>18</sup> Pertains to natural persons and self employed professionals.

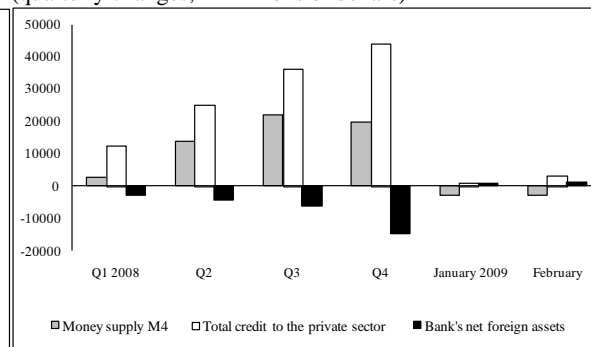
Figure 13

Lending to private sector  
(annual growth rates, in %)



Sources of financing

(quarterly changes, in millions of denars)\*



\*The performances by quarter in 2008 are cumulative changes compared to the end of 2007, and the performances for January and February are cumulative changes compared to the end of 2008.

Source: National Bank of the Republic of Macedonia.

**The net foreign assets of the banks** went up by 14.4% (or Denar 148 million) in February 2009 relative to the preceding month. The monthly increase in the net foreign assets in February was due to the faster increase in the foreign currency assets (of Denar 561 million, or 2.3%), compared to the monthly increase in the foreign currency liabilities (of Denar 413 million or 1.7%). Compared to the end of 2008, the net foreign assets surged by Denar 1,150 million or by 43.6 times.

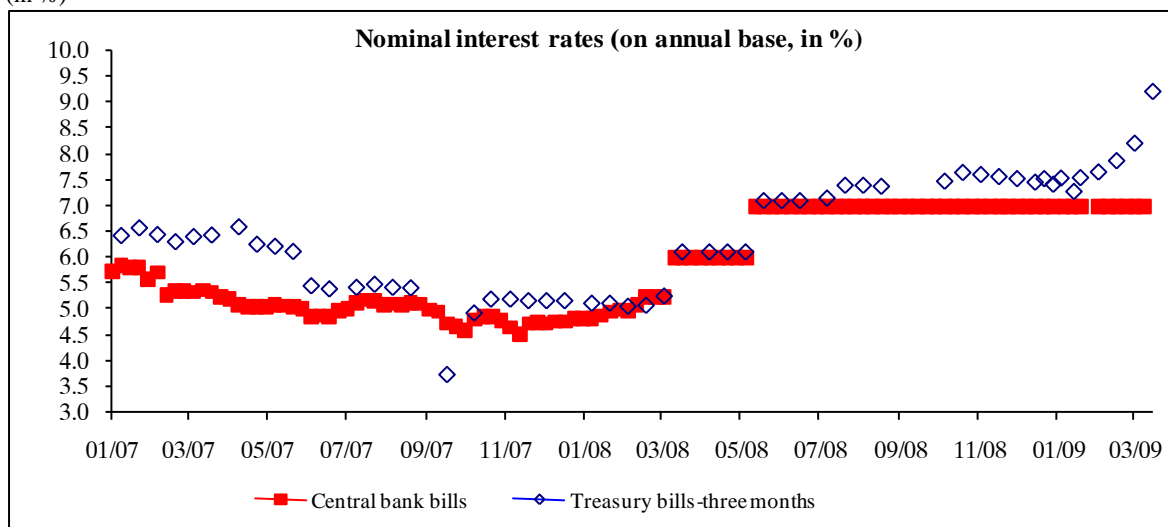
## 7. INTEREST RATES AND EXCHANGE RATE

The last three **CB bill volume and 7% fixed interest rate tender auctions** (on March 4, 2009, March 11, 2009 and March 18, 2009) created liquidity of Denar 2.001 million. As of February 28, 2009, the gross foreign reserves total Euro 1,413.6 million and compared to the end of 2008 are by Euro 81.3 million lower.

**Extraordinary volume tender auction of one-month treasury bills** was held on March 10, 2009, registering higher demand than supply and interest rate of 8.9%. Also, two **three-month treasury bill auctions** were held on March 3, 2009 and on March 17, 2009, with higher supply being registered compared to the demand, with interest rates of 8.22% and 9.23%, respectively (compared to 7.88% at the last auction held in February 2009). **Six-month treasury bills auction** was held on March 3, 2009, where given higher supply than demand, the interest rate equaled 7.69% (7.51% on the last auction). **The average interbank interest rate** in the bilateral trading of the banks (to one day) in the period from 1 to 18 of March, 2009 equaled 5% on average (4.94% in February 2009).



Figure 14  
Interest rates  
(in %)



Source: National Bank of the Republic of Macedonia.

In the area of **banks' interest rate policy**, in January 2009 the average weighted interest rate on Denar credits and the average weighted interest rate on Denar deposits equal 9.7% and 6.8%, respectively, compared to 9.8% and 6.5%, respectively in the preceding month. Within the **corporate** sector, the lending interest rate without FX clause registered moderate monthly decrease of the short-term credits, whereas as increase of 0.2 percentage points was registered in the long-term credits. Observing the deposit interest rates, monthly increase of 0.8 percentage points was registered in the sight deposit interest rate without FX clause, and decrease of 2 percentage points in the deposit interest rate with FX clause with maturity of up to one month. Furthermore, monthly increase of 0.5 percentage points was also registered in the deposits with FX clause of over one year. In the **household** sector, the lending interest rates registered monthly increase of 0.2 percentage points in the interest rate on short-term credits with FX clause. Observing the deposit interest rates, significant change was registered in the sight deposits without FX clause, the interest rate of which increased by 0.4 percentage points on a monthly basis. **Within the foreign currency interest rates**, the interest rate on foreign currency credits reduced by 0.6 percentage points (given the cut in the interest rates on the international markets) and equals 6.6%, whereas the interest rate on foreign currency deposits went up by 0.1 percentage points and equals 3.1%.

The interest rate on **newly extended credits in Denars** remained the same as in the preceding month, and equals 9.1%, given the monthly increase in the interest rate on **Denar newly accepted deposits** of 0.2 percentage points, (equaling 4.6%). The interest rate on **newly extended foreign currency credits** in January reduced by 0.3 percentage points (6.3%), whereas the interest rate on **newly accepted foreign currency deposits** remained the same as in the previous month (1.5%).

The analysis of the **Denar interest rates by group of banks** shows an increase of 0.1 percentage point in the lending Denar interest rates in the group of small-size banks, and the interest rate equals 10.4%. On the other hand, the interest rates in the large and medium-size banks remained unchanged compared to the preceding month, i.e. 9% and 11.2%, respectively. The deposit interest rate went up by 0.3 and 0.2 percentage points in the large and small-size banks, respectively, thus the deposit interest rates equal 6.9% and 6.1%, respectively. The interest rate on

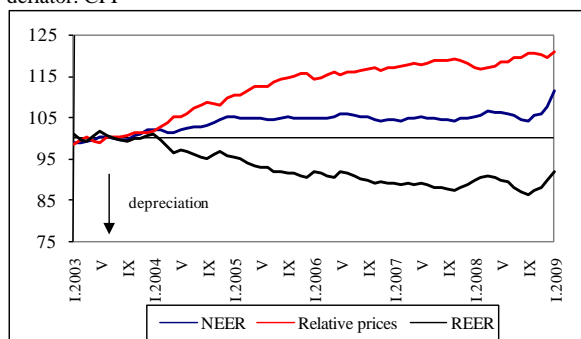
Denar deposits in the medium-size banks remained the same as in the preceding month, i.e. 6.5%. **Within the foreign currency interest rates** of the groups of large and medium-side banks, decrease was registered in their lending interest rates (of 0.8 and 0.1 percentage points) and increase in their deposit interest rates (of 0.1 and 0.2 percentage points). Hence, the lending foreign currency interest rates of the large and medium-size banks equal 6% and 8.2%, respectively, whereas the deposit interest rates equal 3.1% and 3.2%, respectively. In the group of small-size banks, the lending and deposit interest rates remained unchanged compared to the previous month, and equal 9% and 1.5%, respectively.

**The Denar real effective exchange rate (REER)**, in January 2008, calculated according to the consumer price index registered faster trend of appreciation, which, on a monthly and annual basis equals 2.3% and 2.4%, respectively (2.0% and 1.5% in the preceding month), due to the monthly and annual appreciation of the NEER by 3.5% and 5.8%, respectively. In December 2008, the Denar REER index deflated by the PPI registered monthly and annual appreciation of 1.4% and 0.7%, respectively, where the NEER appreciation was partially offset with the increase in the relative prices (faster fall in the domestic compared to the foreign prices).

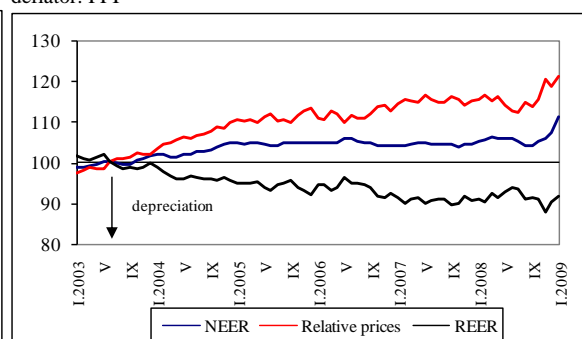
Figure 15

NEER index, relative prices and Denar REER\*

deflator: CPI



deflator: PPI



\*The depreciation sign pertains to REER and NEER. The uptrend of the relative prices is in favor of the depreciation of the REER (and vice versa).

Source: NBRM, IMF-IFS for December 2008 and SSO. Base: 2003; FT weights: 2006.

The data on the countries which are not available by the IFS, are downloaded from the websites of the respective central banks, statistical offices and Eurostat.

## ANNEX

**Table 1**  
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	<u>II.2009</u> I.2009	<u>II.2009</u> II.2008	<u>I-II.2009</u> I-II.2008	<u>II.2009</u> I.2009	<u>II.2009</u> II.2008	<u>I-II.2009</u> I-II.2008
<b>Total</b>	<b>-0.2</b>	<b>0.7</b>	<b>1.2</b>	<b>-0.2</b>	<b>0.7</b>	<b>1.2</b>
<b>Food</b>	<b>-0.9</b>	<b>0.4</b>	<b>1.3</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.5</b>
Grain products	-0.2	6.4	5.5	0.0	0.5	0.5
Fresh and processed vegetables	-2.5	-10.1	-7.6	-0.1	-0.6	-0.4
Fresh and processed fruits	-2.8	-8.6	-6.3	-0.1	-0.3	-0.2
Meat and poultry	0.2	9.0	8.9	0.0	0.7	0.7
Fresh and cooked fish	0.5	14.5	14.4	0.0	0.1	0.1
Dairy products	-2.1	-0.9	1.3	-0.1	-0.1	0.1
Eggs	0.0	11.2	10.6	0.0	0.1	0.1
Oils and fats	-1.3	-19.5	-17.0	0.0	-0.5	-0.4
<b>Tobacco and beverages</b>	<b>1.8</b>	<b>4.5</b>	<b>4.7</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
<b>Clothing and footwear</b>	<b>-1.1</b>	<b>1.9</b>	<b>1.7</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Housing</b>	<b>0.6</b>	<b>7.1</b>	<b>7.5</b>	<b>0.1</b>	<b>1.1</b>	<b>1.1</b>
Flat (rent, water and other services)	-0.2	3.2	4.4	0.0	0.1	0.2
Fuel and lighting	1.1	9.7	9.9	0.1	0.9	0.9
Heating and services	3.3	3.7	4.0	0.1	0.1	0.1
Electric power	0.0	13.1	13.1	0.0	0.7	0.7
<b>Hygiene and health</b>	<b>0.8</b>	<b>2.4</b>	<b>2.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
<b>Culture and entertainment</b>	<b>-0.7</b>	<b>-2.0</b>	<b>-1.3</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>
<b>Transport and communication services</b>	<b>0.2</b>	<b>-8.9</b>	<b>-8.7</b>	<b>0.0</b>	<b>-1.2</b>	<b>-1.2</b>
Fuels and lubricants	4.9	-24.5	-26.5	0.2	-1.0	-1.1
Public transport services & PTT	0.0	0.7	1.0	0.0	0.0	0.1
<b>Restaurants and hotels</b>	<b>0.0</b>	<b>4.6</b>	<b>5.6</b>	<b>0.0</b>	<b>0.2</b>	<b>0.3</b>
<b>Other services n.e.c.</b>	<b>-0.4</b>	<b>-7.6</b>	<b>-7.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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	Dec-08	Jan-09	Feb-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	4.1	1.7	0.7
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	2.0	2.3	1.3
Regulated prices	5.7	3.3	9.3	4.2	3.0	2.0	4.1	7.4	9.2	12.5	8.3	5.3	-2.0	-1.0
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	-1.8	-5.8	-5.1
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	10.4	5.7	6.4	7.5	11.8	10.5	9.9	10.7	10.3	11.7	-	-
Real net-wage	4.0	5.5	1.9	5.0	5.3	5.0	6.6	0.9	0.0	2.1	4.5	7.3	-	-

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	Nov-08	Dec-08	Jan-09
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	-2.9	-10.1	-16.7
Construction	-12.3	7.6	9.4	-18.6	18.0	23.3	29.1	55.7	-2.0	31.5	22.3	58.8	-
Retail and wholesale trade	2.5	24.2	25.1	17.2	21.2	28.6	19.1	19.8	12.4	-5.1	-10.4	-11.0	-
Telecommunications	-1.0	15.6	11.1	17.1	15.9	18.1	12.1	7.4	10.1	6.4	3.5	9.3	-

Source: State Statistical Office of the Republic of Macedonia.

**Table 4**  
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2008	2008				Jan.09	
				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	-23.7	-1.2
Manufacture of food products and beverages	0.1	7.7	1.2	5.3	6.0	6.1	11.9	0.1	0.0
Manufacture of tobacco products	5.5	-0.8	0.1	13.8	15.4	1.0	-18.1	-37.5	-1.7
Manufacture of wearing apparel	-3.7	-14.5	-2.0	-16.5	-22.7	-23.4	-18.8	86.2	-1.1
Printing	-17.9	-12.2	1.6	7.8	72.2	68.4	85.3	2.3 times	3.4
Manufacture of refined petroleum products	12.3	-2.4	0.1	3.3	50.9	1.1	-30.9	10.9	0.7
Manufacture of other non-metalic mineral products	14.0	3.8	-0.3	-10.9	-3.2	-9.9	15.0	-35.3	-1.4
Manufacture of basic metals	11.8	34.3	-1.0	9.5	15.7	-3.3	-45.7	-76.6	-13.2
Manufacture of fabricated metal products	5.7	45.6	2.6	29.7	11.8	3 pati	-22.0	40.4	1.8
Manufacture of electrical machinery and equipment	3.7	-24.4	0.6	45.6	64.9	32.4	-10.6	26.3	0.8
Manufacture of other transport equipment	-6.9	33.4	-0.3	9.8	143.1	-47.9	-70.6	-30.6	-0.3
Recycling	12.8	-35.6	0.5	105.6	262.2	12.5 pati	-34.9	-97.6	-1.7
Electricity, gas, steam and hot water supply	-0.6	-9.5	-0.3	-0.8	1.9	1.9	-12.2	-4.6	-0.7

Source: State Statistical Office of the Republic of Macedonia.

**Table 5**  
Balance of payments <sup>1,3</sup>  
(in millions of euros)

	2007				2007	2008												2008				2008
	Q1	Q2	Q3	Q4		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Q1	Q2	Q3	Q4	
<b>I. Current Account</b>	-20.3	-10.2	-52.8	-331.5	-414.8	-30.3	-71.1	-71.7	-62.0	-47.2	-101.0	-34.3	-14.4	-18.3	-93.8	-188.4	-118.8	-173.0	-210.1	-67.0	-401.0	-851.2
<b>GOODS, net</b>	-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	-152.0	-371.0	-460.3	-416.2	-489.1	-1,736.7
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	171.9	611.6	735.8	745.2	591.6	2,684.2
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	-323.9	-982.6	-1,196.1	-1,161.4	-1,080.7	-4,420.9
<b>SERVICES, net</b>	-1.2	1.1	23.3	2.4	25.5	8.7	-5.6	-3.9	-2.7	-0.9	-5.3	4.4	11.1	12.8	-6.3	1.7	-14.0	-0.8	-8.9	28.3	-18.7	0.0
<b>INCOME, net /5</b>	-31.7	-70.5	-99.1	-76.4	-277.7	16.0	6.8	0.3	5.6	3.8	-9.4	5.9	2.9	-23.1	-0.8	-98.6	-2.9	23.2	0.0	-14.3	-102.3	-93.4
o/w: interest, net	-2.0	-5.1	-2.5	-8.3	-17.9	0.7	-1.8	-4.7	-3.2	-1.8	-6.8	-4.3	-2.2	-3.7	-5.8	-3.5	-9.2	-5.8	-11.7	-10.2	-18.5	-46.2
<b>CURRENT TRANSFERS, net</b>	224.1	267.4	321.8	198.9	1,012.1	60.1	58.9	56.5	74.9	90.5	93.6	119.9	113.8	101.5	89.2	69.8	50.1	175.5	259.1	335.2	209.1	978.9
Official	8.6	17.1	10.7	-12.4	23.9	0.5	4.4	2.7	4.1	6.6	10.8	5.1	3.4	2.3	2.0	2.0	3.8	7.7	21.5	10.9	7.9	47.9
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	67.8	46.3	167.9	237.6	324.3	201.3	931.0
<b>II. Capital and Financial Account</b>	20.6	18.7	71.0	337.3	447.6	34.8	72.3	77.7	64.4	49.5	105.6	38.1	5.7	14.0	88.2	184.7	117.6	184.9	219.5	57.8	390.5	852.6
<b>CAPITAL ACCOUNT, net</b>	-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	-7.6	-1.0	-2.7	-0.6	-8.5	-12.8
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	-0.1	-1.0	1.0	-0.6	-1.0	-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	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	-0.1	-1.0	1.0	-0.6	-1.0	-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	-7.5	0.0	-3.7	0.0	-7.5	-11.2
<b>FINANCIAL ACCOUNT, net</b>	21.3	16.7	66.7	339.3	444.0	35.2	72.6	78.1	63.5	49.2	109.5	37.9	5.6	14.9	88.6	185.2	125.2	185.9	222.2	58.4	399.0	865.5
Direct investment, net	88.0	151.5	100.4	166.9	506.9	39.2	65.2	25.6	24.2	60.3	43.9	21.6	47.5	20.8	19.8	18.6	35.2	130.0	128.4	90.0	73.6	422.0
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	-4.5	-8.3	-11.2	-7.7	-23.4	-50.6
Other investment, net	-92.4	-169.2	39.6	146.5	-75.5	-9.6	22.7	43.0	24.5	6.1	97.8	27.2	4.2	72.5	70.0	65.4	18.6	56.1	128.5	103.8	154.1	442.4
Trade credits, net	-38.0	-75.9	-1.0	86.0	-29.0	-8.6	0.7	-6.7	25.5	-1.6	39.2	8.5	7.7	-28.6	9.0	4.6	-25.2	-14.6	63.1	-12.4	-11.5	24.6
Loans, net	-42.1	-135.7	13.9	35.3	-128.7	-3.8	0.4	1.8	3.7	5.6	38.7	10.2	0.2	49.2	3.0	68.7	-5.4	-1.5	47.9	59.7	66.4	172.4
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	41.1	60.8	7.7	52.0	86.9	207.5
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	0.1	10.7	5.9	0.0	-0.5	16.0
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	28.0	47.2	9.2	41.0	137.2	234.6
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	13.0	2.9	-7.4	11.0	-49.7	-43.2
Other, net	4.5	22.2	13.9	35.6	76.2	6.8	1.9	2.7	3.7	2.1	3.9	1.3	1.1	2.1	1.5	2.7	8.1	11.4	9.7	4.5	12.3	37.9
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	75.9	8.0	-23.5	-127.6	194.8	51.6
<b>III. Errors and Omissions</b>	-0.3	-8.5	-18.1	-5.9	-32.8	-4.6	-1.2	-6.0	-2.4	-2.3	-4.6	-3.8	8.7	4.3	5.6	3.7	1.1	-11.8	-9.3	9.2	10.5	-1.5

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

	I.2009	I.2009		I.2009	
		XII.2008		I.2008	
	amount	amount	%	amount	%
<b>Total trade</b>	<b>376.9</b>	<b>-133.2</b>	<b>-26.1</b>	<b>-113.7</b>	<b>-23.2</b>
Export	113.9	-58.3	-33.8	-68.3	-37.5
Import	262.9	-74.9	-22.2	-45.4	-14.7
<b>Balance</b>	<b>-149.0</b>	<b>16.7</b>	<b>-10.1</b>	<b>-22.9</b>	<b>18.1</b>

Source: State Statistical Office of the Republic of Macedonia.

**Table 7**  
Monetary developments in February 2009

	31.1.2009	28.2.2009	monthly changes (28.02.2009/ 31.01.2009)		annual changes (28.02.2009/ 28.02.2008)
	actual	actual	in Denar milluon	in %	in %
<i>in Denar million</i>					
Broad money M4	192,576	192,647	71	0.0	7.6
Currency in cirrculation	15,915	15,341	-574	-3.6	-5.3
Denar deposits <sup>1</sup>	91,226	91,111	-115	-0.1	-0.4
Foreign currency deposits	85,435	86,195	760	0.9	20.7
Total deposits	176,661	177,306	645	0.4	8.9
Reserve money <sup>2</sup>	38,835	39,034	199	0.5	8.7

<sup>1</sup>Including demand deposits, deposits of municipalities and public entities.

<sup>2</sup>Including reserve requirement in foreign currency.

	31.1.2009	28.2.2009	monthly changes (28.02.2009/ 31.01.2009)		annual changes (28.02.2009/ 28.02.2008)
	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>					
Credit to the private sector	173,300	175,397	2,097	1.2	29.0
In Denar	133,924	135,992	2,068	1.5	30.6
In Foreign currency	39,376	39,405	29	0.1	23.7
Banks' net foreign assets	1029	1,177	148	14.4	-91.8

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	February		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	January	February
M0	-6.1	8.5	2.2	15.5	-8.9	13.5	-0.02	4.3	-5	0.5	21.4	18.9	18.2	18.9	20.2	16.6	22.0	19.4	7.8	10.1	8.7
M1	-1.4	6.0	8.3	16.3	-6.9	11.1	0.50	9.0	-8.3	-1.5	17.1	22.5	18.0	22.6	31.7	24.4	30.4	21	13.4	11.3	7.1
M4	4.7	9.7	3.7	8.8	1.3	6.3	4.0	-0.7	-1.7	0.0	24.9	26.4	32.2	29.9	29.5	25.3	21.4	21.9	11.2	9.3	7.6
M4-denar	5.1	14.1	5.9	12.2	-1.5	6.6	1.6	-2.5	-4.4	-0.6	30.8	33.1	44.3	43.8	42.6	33.6	24.8	19.7	4	1.0	-1.1

Source: National Bank of the Republic of Macedonia.

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

		Balance as of 28.02.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
<b>Total deposits</b>		174,458	640	0.4	13,954	8.7
<b>In Denar</b>	Households	41,751	-1,172	-2.7	-1,931	-4.4
	Enterprises	39,325	1,011	2.6	-1,704	-4.2
	Total	88,263	-119	-0.1	-816	-0.9
<b>In Foreign currency</b>	Households	67,093	2,278	3.5	14,233	26.9
	Enterprises	17,855	-1,604	-8.2	-452	-2.5
	Total	86,195	759	0.9	14,770	20.7
<b>Total households deposits</b>		108,844	1,106	1.0	12,302	12.7
<b>Total enterprises deposits</b>		57,180	-593	-1.0	-2,156	-3.6

\* 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 28.02.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
<b>Total credit to the private sector</b>		175,397	2,097	1.2	39,421	29.0
<b>In Denar</b>	Households	66,956	-44	-0.1	15,507	30.1
	Enterprises	68,784	2,084	3.1	16,364	31.2
	Total	135,992	2,068	1.5	31,872	30.6
<b>In Foreign currency</b>	Households	4,327	-39	-0.9	1,768	69.1
	Enterprises	34,938	-45	-0.1	5,657	19.3
	Total	39,405	29	0.1	7,549	23.7
<b>Total credit to the households</b>		71,283	-83	-0.1	17,275	32.0
<b>Total credit to the enterprises</b>		103,722	2,039	2.0	22,021	27.0

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
<b>Maturity structure of households credit portfolio (in %)</b>	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
<b>Credit to households, y-o-y growth rate, in %</b>	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
<b>Maturity structure of enterprises credit portfolio (in %)</b>	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
<b>Credit to enterprises, y-o-y growth rate, in %</b>	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

	February	monthly changes	annual changes
	in %	in percentage points	
<b>Average weighted interest rate on the CB bills auctions (28 days)</b>	7.00	0.0	1.9
<b>Average weighted interest rate on the Money Market</b>	4.93	-0.3	1.9
<b>Interest rate on three-month treasury bills</b>	7.80	0.37	2.8
	January	monthly changes	annual changes
	in %	in percentage points	
<b>Banks' weighted lending interest rates</b>	9.7	-0.1	-0.1
<b>Banks' weighted deposit interest rates</b>	6.8	0.3	1.3

\* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.