

National Bank of the Republic of Macedonia
Research Department



Monthly Information
11/2008

December, 2008

C O N T E N T S

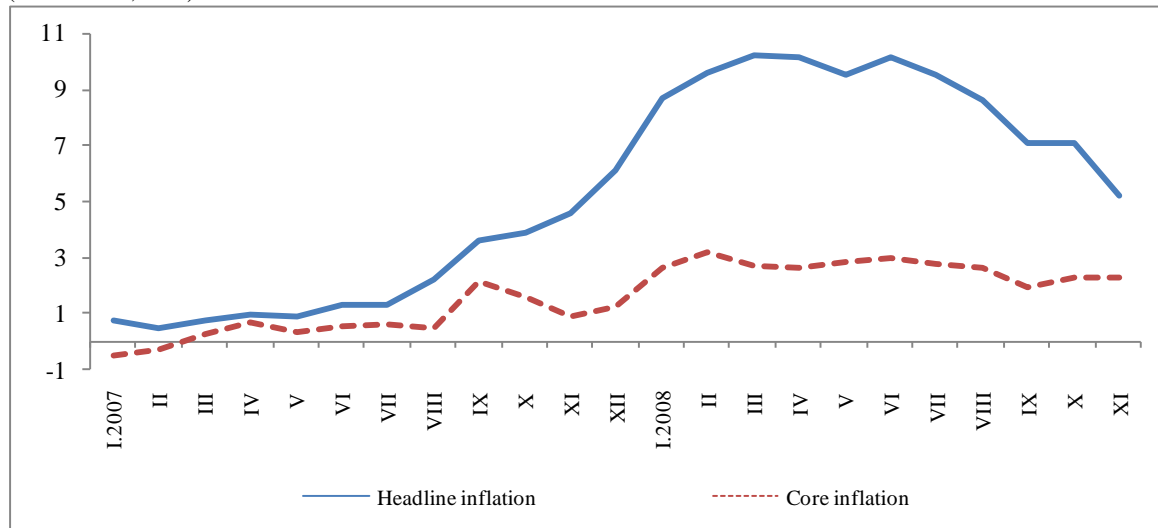
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1. PRICES

In November 2008, the **inflation** registered slight increase of 0.2% compared to the previous month. Such a movement of the general price level was expected and completely aroused from the rise in the price of electricity for households¹, with a contribution in the total monthly increase in the inflation being equal to 0.8 p.p. On the other hand, the decrease in the domestic prices of oil derivatives (in conformity with the rapid drop in the price of crude oil on the international stock exchanges), cheaper prices of raw fruits and cooking oil, had deflation effect of 0.6 p.p., failing to neutralize completely the effect of more expensive electricity. The exhaustion of the low comparison base effect, together with the downward trend of the price of oil reduced the annual inflation to 5.2%, which has been the lowest registered annual inflation rate since the beginning of the year. These factors resulted in deceleration of the cumulative growth of prices which equaled 8.7% in the January - November 2008 period (as of October it equaled 9.0%). About 71% of the so-far cumulative increase in the prices was due to the higher prices of food, while the joint contribution of both food and energy equaled about 85%.

From the aspect of the **core inflation**, slight impediment in its growth in November was registered, with the cumulative core inflation rate being equal to 2.6% (compared to 2.7% in October). The annual deceleration of the core inflation in November was a result of the lower prices of clothing, the slower rise in the prices of food and beverages in restaurants and means of transport.

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



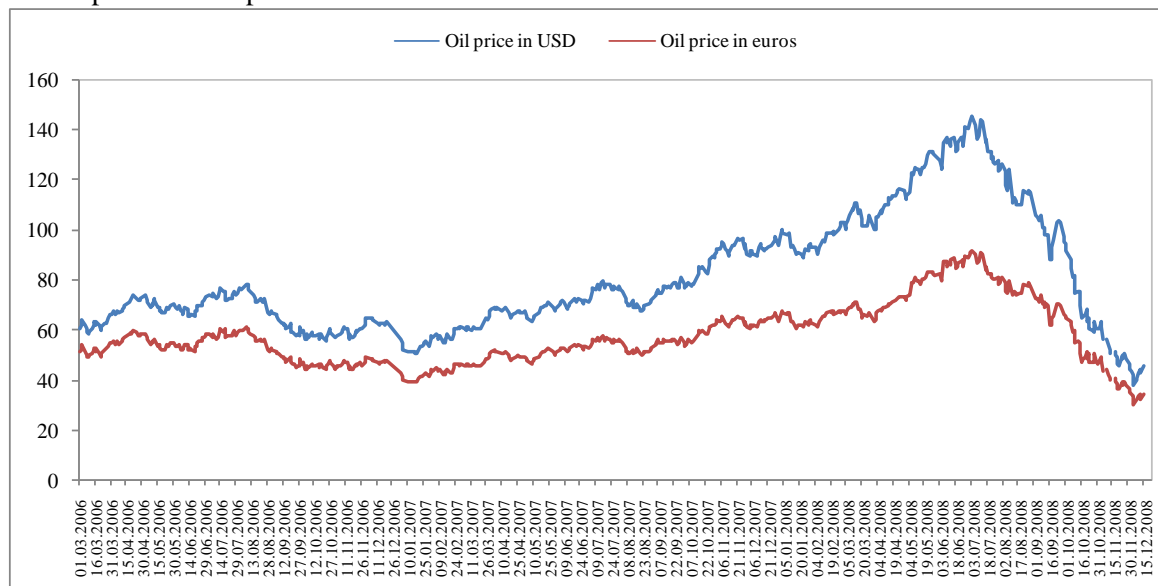
Source: State Statistical Office of the Republic of Macedonia and NBRM.

The rapid drop in the **price of crude oil** on the international stock exchanges continued also in November 2008 despite the lower supply by the OPEK member states, by reducing of the daily production of oil by 1.5 millions of barrels. The average price of "brent" oil amounted to US Dollar 52.45 per barrel (similar to the level in April 2005), and it was lower than the average price in October by 26.7%. The decrease in the price can be explained with the drop in the global

¹ On October 29, 2008 on the basis of the Decision of the REC, the average selling price of electricity on the basis of which EVN Macedonia provides tariff retail consumers went up by 13.61%.

economic activity, the latest OPEK anticipations for further decrease in the demand also in 2009, as well as due to the published reports of the United States Energy Information Administration on the continuing rise in the crude oil stocks².

Figure 2
Development in the price of "brent" oil



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

The decrease in the price of oil continued in the first two weeks of December and it equaled US Dollar 42.5 per barrel, on average, which was fall of 19% compared to the average recorded in November, mainly due to the factors on the side of demand (lower demand as a result of global crisis and published data by the U.S. Department of Labor on increasing the unemployment rate to 6.7% - a level registered 15 years ago). In accordance with such movements of the prices of oil, on a session held on December 9, 2008, the Regulatory Energy Committee adopted a Decision on reducing the refinery and retail prices of oil derivatives by 7.4%, i.e. 5.0%, on average. As a defensive measure against further decrease in the price of oil, the OPEK member states held extraordinary meeting (on December 17), at which decision on reducing the daily production by 2 million barrels starting from January 1, 2009 was adopted.

The realized annual inflation in November was significantly lower than projected³ (by 1.5 p.p.), with the average inflation rate in the last eleven months being lower than expected by 0.3 p.p. Such a deviation mainly aroused from the movements with the prices of food, where significant decrease in their contribution to the inflation was recorded (intensified compared to the projection), which together with the decrease in the prices of oil derivatives completely neutralized the effect of incremented price of electricity. Having in mind the November inflation, the annual inflation rate below 5% can be expected in December (contrary to the projection of 5.9%), and the average inflation in 2008 would equal about 8.3%.

In November 2008, significant slowing down in the **annual inflation rate in the Euro area**⁴ was registered, and it reduced to 2.1% (compared to 3.2% in October), mainly as a result of

² Statistical Agency data on the USA oil, Energy Information Administration, Oil marketer and Oil market report.

³ Pertains to the projection in August.

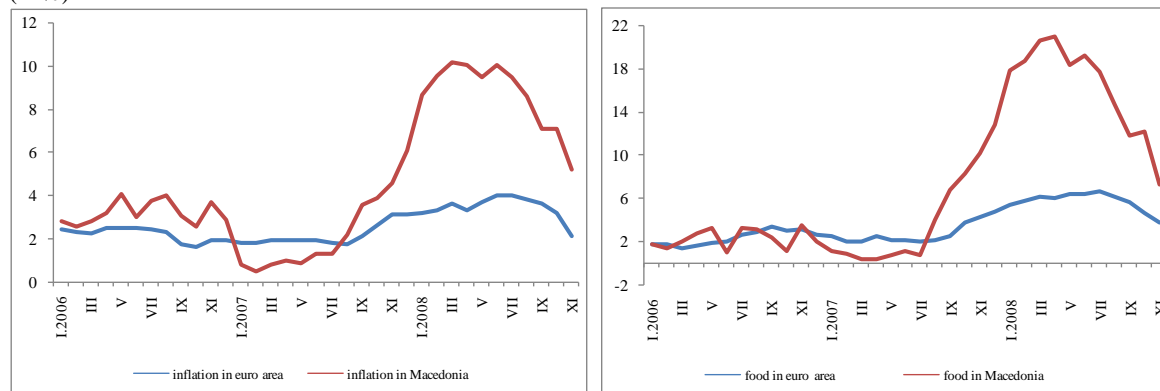
⁴ Preliminary data.

the decrease in the price of oil and the registered deceleration of the prices of food. The core inflation rate (excluding the prices of food and energy) preserved the level of 1.9%. In November the consumer prices in the Euro area went down by 0.5% compared to the previous month, which was completely due to the fall in the prices of fuels for transport and fuel oil. Having in mind that the inflation pressures were significantly lower, while faced with risks of significant impediment of the economic activity, on December 4 the ECB passed a decision on decreasing the interest rates by 0.75 percentage points.

Figure 3

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

(in %)



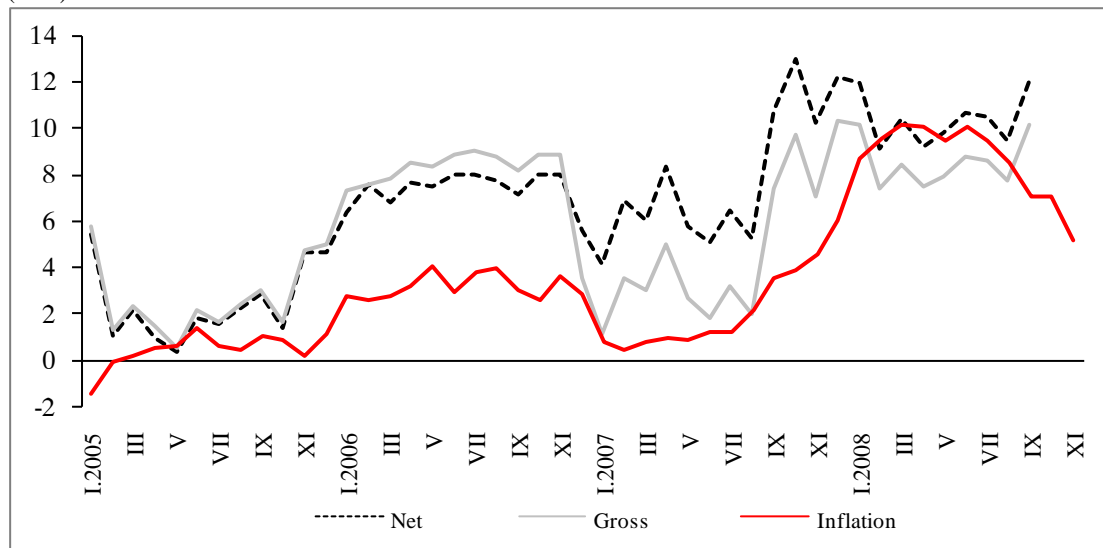
Source: EUROSTAT and SSO.

2. WAGES

In September 2008, the **average paid net and gross wage** (including also the late payments) registered nominal monthly growth of 6.7% and 6.8%, respectively, which in conditions of monthly deflation of 0.2%, represented real growth of both net and gross wage of 6.9% and 7.0%, respectively. Such a monthly increase was fully caused by the increased wages of the employees in the public administration by 10%. Consequently, the highest monthly rise in the nominal wages was registered with the activities public administration and defense, education and health. Compared to the end of 2007, in September the net and the gross wage nominally surged by 8.6% and 8.2%, respectively, which mainly reflected the increase in the wages in September. Annually, the nominal average net and gross paid wage registered high growth rate (of 12.1% and 10.2%, respectively⁵), while the real changes were lower (increase of 4.6% and 2.9%, with net and gross wage, respectively).

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

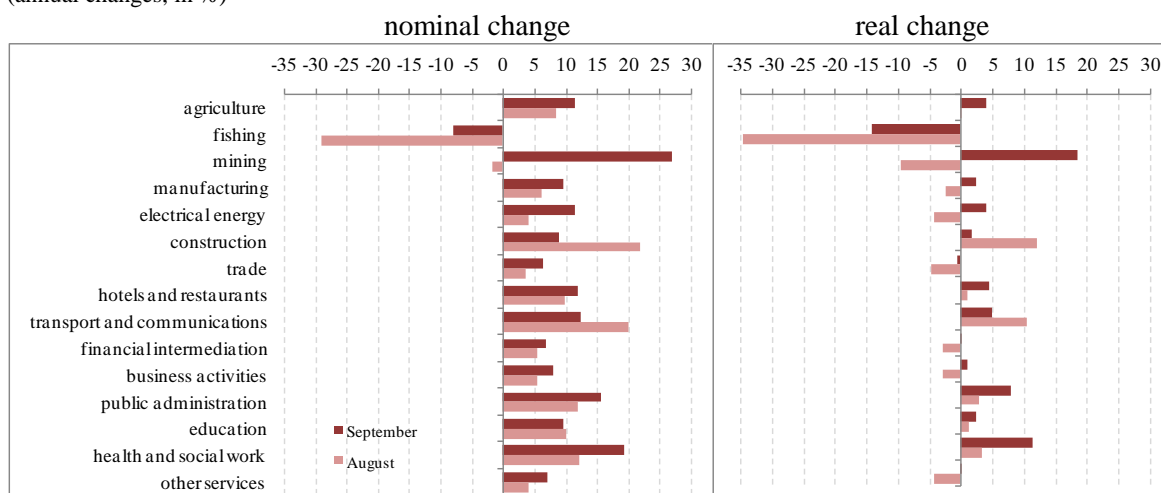
Figure 4
Annual growth rates with wages and inflation
(in %)



Source: State Statistical Office of the Republic of Macedonia.

Analyzed by activities, only the wages in fishing registered annual nominal drop in September 2008. The most significant nominal increase was registered in the wage in mining and services sector (primarily with healthcare, public administration and defense and transport and communication), while the lowest annual increase accounts for the wage in trade and financial intermediation (of 6.4% and 6.9%, respectively).

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

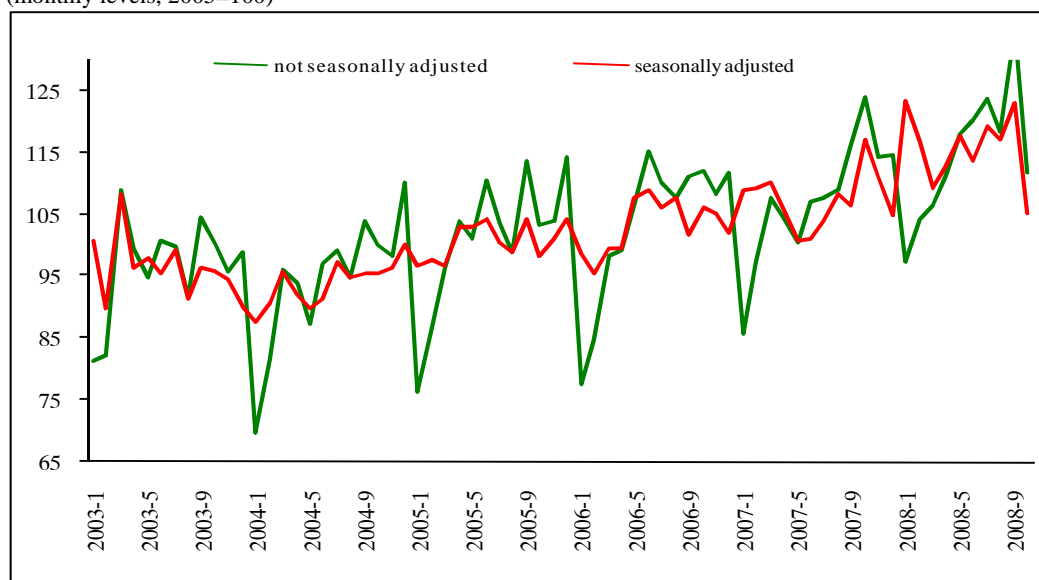


Source: State Statistical Office of the Republic of Macedonia.

3. ECONOMIC ACTIVITY

After the increase registered in September, **the volume of the industrial output** in October registered monthly decrease of 16.9% (14.5% according to the deseasonalized data). The largest contribution to the monthly decrease in the industrial output within the branches registering drop in the monthly basis accounts for the production of basic metals (34.8%) and the production of metal products in metal manufacturing phase (except machines and appliances (31%)), which recorded high rise in September. The significant monthly decrease conditioned also negative annual dynamics of the industrial output (annual fall of 9.9%) and consequently significant impediment of the cumulative rise of 98.1% as of October compared to the same period of the preceding year). In conditions of deteriorated external environment (decreased demand by foreign business partners as a result of the global crisis), the Macedonian metallurgy registered apparent decrease in production of 37.6%, given simultaneous annual drop in the production of textile industry of 23.9%. Also, 15 out of 24 branches comprising 64.9% of the total production registered annual decrease.

Figure 6
Industrial output index
(monthly levels, 2005=100)

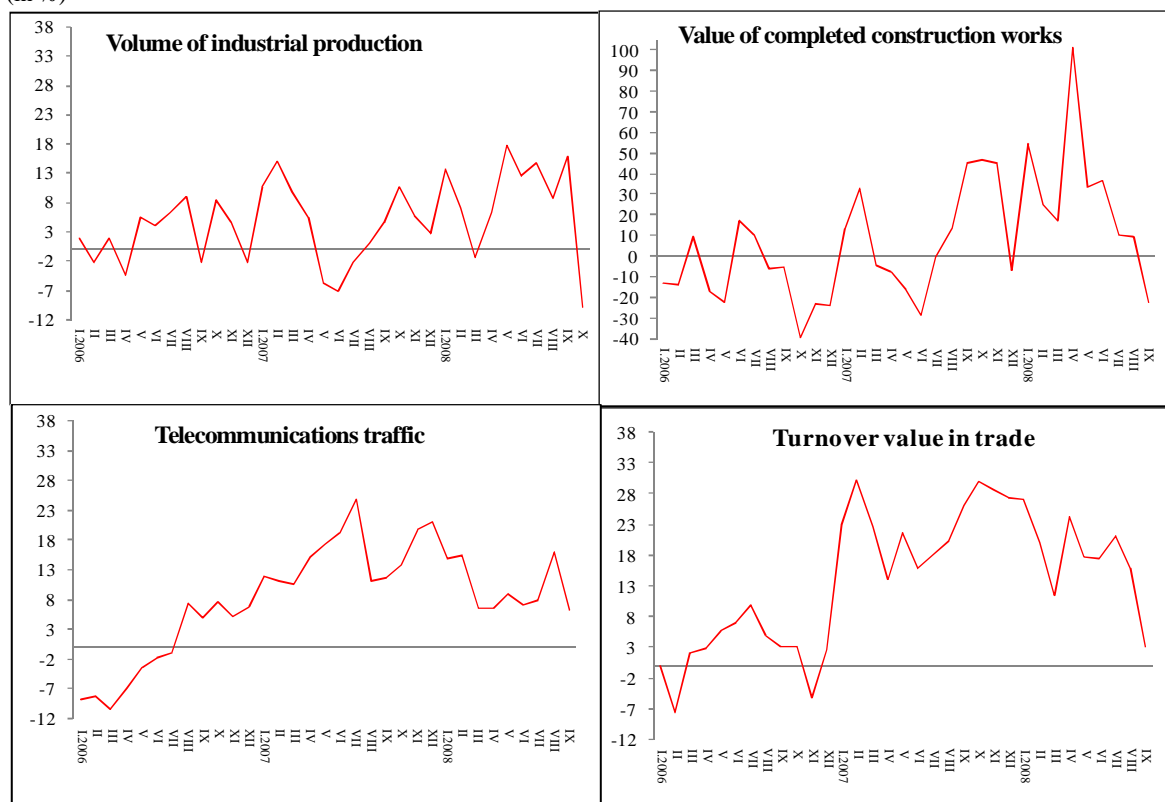


Source: SSO and NBRM calculations.

The latest indicators of both wholesale and retail trade, the completed construction works, and fixed and mobile telephony services in September indicate impediment on a monthly basis. In September, compared to August 2008, the trade registered fall of 12.6%, telecommunications 5.9%, while the construction works decreased by 19.7%⁶. On annual basis, the trade growth rate equaled 3.0%, telecommunications augmented by 6.3%, while the completed construction works went down by 22.5%. Indicative data on the movements in the construction were the number of issued 209 construction licenses (compared to 279 in September) with an anticipated value of Denar 1,246.9 million (lower by Denar 983.8 million compared to September), which is an indicator for possible future reduced construction activity.

⁶ Deseasonalized data point to a decrease in the trade volume of 7.8%, telecommunication of 7.4%, while the construction plunged by 11.7%.

Figure 7
Annual growth rates in individual activities
(in %)



Source: State Statistical Office of the Republic of Macedonia.

The high annual rise in the volume of industrial output in the third quarter (of 13%), as well as the annual increase in the domestic trade, the telecommunication sector and construction pointed to fulfillment of the projected GDP growth rates in the third quarter, i.e. registering similar growth rate as in both previous quarter (about 6%). However, the registered decrease in the industry activity in October (influenced by the global financial and economic crisis), together with the expected slowing down of the transport and trade (as a result of the lower consumption) indicate possibility for impediment of the growth in the last quarter.

4. BALANCE OF PAYMENTS

The deceleration of the world economic activity, the reduction of the external demand for domestic products, decrease in the export prices, as well as the lower inflows based on private transfers were the main reasons for the constant deepening of **the deficit on the balance of payments' current account**, which in the January - September 2008 period amounted to Euro 567.1 million (9.1% of the planned GDP). The analysis of the current account's integral parts emphasized the growing negative gap in the foreign trade of goods as a factor having the largest contribution to the worsening of the current account balance, which was only partially neutralized by the lower net outflows in the income sub-balance on annual basis. The net inflows based on private transfers, which were the basic item for trade deficit financing within the current account, totaled Euro 729.5 million in the analyzed nine-month period, which was a decrease of 6.1%. The reduced net inflows of private transfers (mainly as a result of the lower

inflows based on exchange offices operations), in combination with the incremented trade deficit, resulted in trade deficit coverage with private transfers of 56.7%, representing a significant decrease compared to the same period of 2007, when that coverage equaled 108.3%. Within the services sub-balance, in the third quarter of 2008 net inflows of Euro 18.3 million based on trips, arising from the influence of the seasonal factors, were recorded.

According to the last available data from the currency exchange market in November 2008, **net inflows arising from the exchange operations** equaled Euro 44.1 million and registered annual growth rate of 18.8%, thus continuing positive trend of their annual rise commenced in September this year. On cumulative basis (January - November 2008 period), the net purchase on currency exchange market dropped annually of 10.1% and equaled Euro 583.2 million.

The comparison of the registered deficit on the balance of payments' current account in the first nine months of 2008 and August projection (according to which the current account deficit was expected to reach 12.3% of the GDP until the end of the year), point to the significant exceeding of the projection of 18.9%. The largest deviations (of 11.9%) were evident in the foreign trade of goods, i.e. higher realized import of goods in combination with lower export of goods than expected. Having into regard the deviation of the registered from the amounts in August projection, November estimation which incorporates the last available data on the foreign trade, information from the NBRM Import-export Survey (September - October 2008) and the estimation of the consequences from the global financial crisis on individual categories of the balance of payments, as well as the latest movements and projections for the prices of oil and nickel on the international stock exchanges, has been prepared. With these corrections, the current account deficit at the end of 2008 was estimated at 14.9% of the projected GDP.

In the July - September 2008 period, the net inflows based on **capital and financial account** totaled Euro 725.3 million. The largest portion of the net inflows was realized on the basis of foreign direct investments and foreign indebtedness. The direct investments in this period amounted to Euro 418.1 million the dominant portion of which (40.9%) refers to credits and loans of mutually connected entities and capital and reinvested gain (38% and 19.7%, respectively). Compared to the August projection, significant exceeding of the projection (24.1%) is evident with the direct investments. On the other hand, within the portfolio investments, net outflows of Euro 27.2 million were recorded, i.e. in terms of global financial crisis, the disinvestment trend of foreign investors continued. Such movements have been verified also with the latest data from the Macedonian Stock Exchange, and in October the share of the foreign investors on the side of purchase and sale equaled 7.29% and 68.61%, respectively. In November 2008, the share of the foreign investors on the side of purchasing equaled 21.12%, which was still less than that on the side of sale by 25.59%, pointing to the net outflows based on portfolio investments.

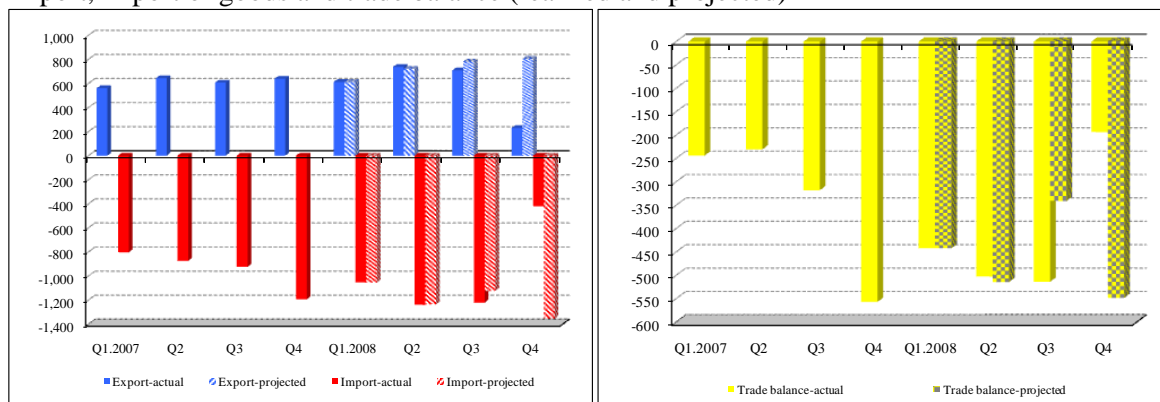
In October 2008, **the trade deficit** equaled Euro 193.3 million, which was annual decrease, for the first time this year, of 11.5%, mainly due to the decline in the import of goods of 2.8% compared to the same month of the preceding year, which was mostly contributed by the lower import of mineral fuels, reflecting mainly the higher comparison base registered in October 2007⁷. Simultaneously, the export grows with an annual rate of 6.1%, which aroused from the enhanced export of mineral fuels and food, but as a result of the lower foreign demand for domestic products in conditions of global crisis, the rise registered slower dynamics, thus recording annual decrease in the export with our traditional export categories tobacco (62.2%0, iron and steel (9.5%) and clothing and textile (2.3%).

⁷ In October 2007, within the mineral fuels category, high import of electricity was registered, due to the late customs with this type of import. If the effect of delay is excluded, the import of goods for October 2008 will be higher on annual basis by 14%.

In the January - October 2008 period, the import of goods registered faster annual growth compared to the export of goods (of 29.7% and 12.9%, respectively), the widening of the trade deficit by 63.4% compared to the same period of 2007 aroused from. The incremented import of goods was mainly due to the higher import of energy, which contributed with 32.1% in the total rise. The import of oil, as dominant integral part of this category, went up by 56.5% on cumulative basis, which aroused from the dominant price effect (49.1%, mainly due to the rise in the prices of oil in the first half of the year) in combination with the smaller quantity effect (4.9%). Within the energy sources, enhanced import of electricity was registered, which was due primarily to the higher import price (38.7%). Among other categories, a contribution with higher importance for the total rise in the imports accounts for the import of iron and steel (15.3%), motor cars (7.6%), metal ore and metal waste (4.4% and industrial machines for general use (4.3%). On the other hand, in conformity with the high import of oil, the enhanced import of goods was a result of the higher export of oil derivatives, with a share of 35.2% in the total increase. Also, the increase in the export was conditioned by the higher export of metal ore, clothing and textile and metal products (a share of 22.4%, 8.4% and 7.7%, respectively). However, the main export category, iron and steel, registered a decline in the share in the total export of 4.5 p.p. cumulatively, which was a reflection of the reduced export of ferronickel (by 42.5%), in conditions of decrease in the price of nickel on the international stock exchanges. In conformity with such movements with both foreign trade components, the export-import coverage ratio reduced by 8.6 percentage points and it equaled 58.1%.

Figure 8

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



*The performances for the fourth quarter pertain only for October 2008.

Source: NBRM.

In comparison with the August projection, the registered trade deficit in the January - October 2008 period represented 89.5% of the projected amount for 2008, in conditions of lower percentage of realization with the exports (78.3%), compared to the realization with the imports (82.6%). The trade deficit in the January - October 2008 period (on f.o.b. basis) comprised about 24% of the projected GDP, with the August trade deficit projection pertaining to the entire 2008 being estimated at 26.7% of the GDP. The last evaluation of the trade deficit in 2008 made in November incorporated the latest movements in the foreign trade area and the potential effects of the global crisis and consequently, it included a downwards audit on the side of the export given slight decrease in the import of goods. Thus according to the November projection, the trade deficit in 2008 was estimated at 28.6% of the GDP.

Table 1
Metal prices

	2006	2007	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	September 2008	October 2008	November 2008
<i>US dollars per ounce</i>										
Gold	604.3	696.7	681.1	788.0	926.8	896.0	869.6	829.9	806.6	760.9
<i>US cents per ounce</i>										
Silver	1156.9	1,341.3	1,273.2	1423.5	1764.7	1720.0	1494.5	1219.3	1042.7	986.8
<i>US dollars per metric tons</i>										
Steel cr coilsheet	693.8	650.0	650.0	650.0	762.5	900.0	1100.0	1100.0	1100.0	1100.0
Steel hr coilsheet	600.0	550.0	550.0	550.0	700.0	833.3	1000.0	1000.0	1000.0	1000.0
<i>US dollars per metric tons</i>										
Nickel	24,254.4	37,229.8	30,205.2	29,219.2	28,956.8	25,682.4	18,960.8	17,794.5	12,139.8	10,701.5

Source: World Bank.

In November 2008, the metal prices on the international markets continued to fall mainly due to the significant reduction of the global demand, as well as the further strengthening of the US Dollar relative to the Euro. The world prices of gold and silver registered a decrease on a monthly basis of 5.7% and 5.4%, respectively. Among basic metals, the price of nickel continued to fall (of 31.8%), and in November, it registered monthly drop of 11.8%.

5. MONETARY AGGREGATES

The data pertaining to **November 2008**, show significant deceleration of the annual rise in **the reserve money**⁸ by 6.6% (19.2% in the previous month), as a reflection of the slower annual increase in the total liquid assets of banks (15.2%, compared to 37.3% in the previous month) and reduced demand for cash (by 2.7% annually). On a monthly basis, the reserve money dropped by 11.1%, given registered decrease in the currency in circulation and the banks' total liquid assets of 4.5% and 15.6%, respectively. Analyzed from the aspect of the flows of liquidity creation and withdrawal, the monthly decrease in the reserve money was almost completely a result of the withdrawal liquidity through the foreign currency transactions of the NBRM. Namely, the repatriation of the dividend of one big company to foreign investor, the worsen trade balance, as well as the psychological pressures due to the possible effects of the world financial and economic crisis resulted in pressures on the side of the demand of foreign exchange, on which the NBRM intervened with a relatively high net sale of foreign assets. The withdrawn liquidity on this basis was partially compensated through the monetary instruments (including also the effect of the compulsory deposit with the NBRM) and the net position of the Government with the NBRM.

The comparison with the end of the preceding year showed a decrease in the reserve money. Such a situation was primarily due to the withdrawn liquidity through the net position of the NBRM, with the foreign currency transactions of the NBRM⁹ acting in this direction. The monetary instruments, on cumulative basis, acted towards an issuance of liquidity assets. Compared to the projection for the end of the last quarter, the reserve money dropped by 13.1%, which was mainly due to the higher net position of the Government and than the projected one (the projection supposes realization of the projected budget deficit of 1.5% of the GDP).

The unfavorable tendencies in the banking sector registered in October, manifested through decrease in the banks' total deposit base maintained in November 2008, as well, when **the total banks' deposits (without demand deposits)**, registered monthly drop of Denar 5,168 million, or 3.5%. During this month, besides the uncertain economic environment, dominant effect on the deposit base of the banks had the repatriation of the dividend of a large company towards

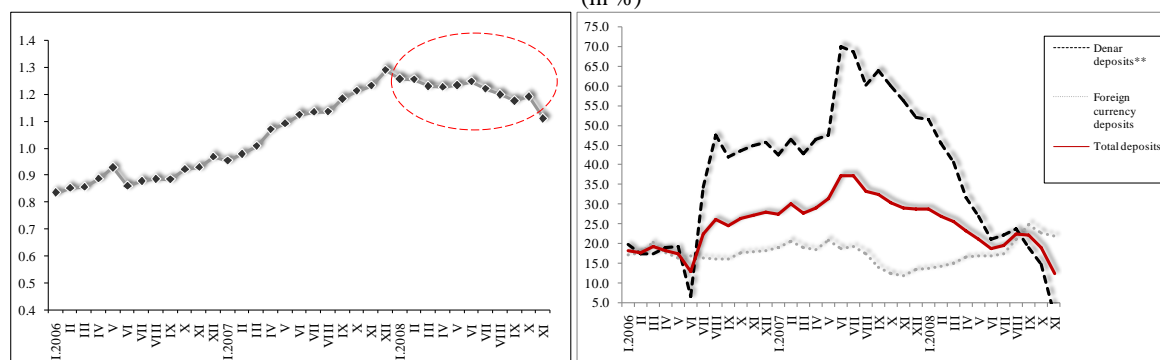
⁸ Includes the reserve requirement on foreign currency deposits. Without this component, the annual growth in the reserve money in October 2008 equals 14.7%.

⁹ The foreign assets of the NBRM went up cumulatively, mainly as a result of the inflows based on the banks' allocated reserve requirement in foreign currency.

foreign investor, which led to significant outflow of the Denar deposits of the corporate sector from the banking system (registered monthly decline of Denar 6,113 million, or by 23.5%). On the other hand, the registered rise in the enterprises' foreign currency deposits of 5.4% (compared to the registered fall in the previous two months), which having in mind the commonly high rise in the import in this period can mean preparation of the enterprises for settlement of the forthcoming liabilities to abroad. The total households' deposits reduced once more on a monthly basis, although in smaller volume compared to the preceding month (0.1% compared to 0.7% in October 2008). Such movements indicate gradual calming of the psychological pressures, without any significant implications on the general confidence in the banking sector. The positive tendency in the last period also acted in favor of such statements, evident through more apparent rise in the maturity of the households' deposits. Thus in October and November 2008, a process of increase in the long-term deposits for the account of the short-term deposits was characteristic, which implied potential reallocation of the constant households' saving, possibly motivated by the attractive interest rates. However, the share of the long-term deposits in the total households' deposits in November 2008 equaled 12.2%, compared to 9.7% in September 2008 and 7.3% in December 2007.

Figure 9

Denar* - foreign currency deposits correlation Annual growth rates of total deposits (in %)



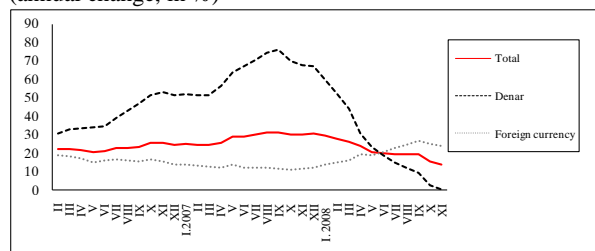
*Includes also the demand deposits.

** Without demand deposits.

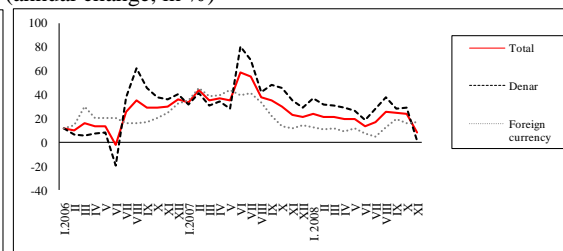
Source: National Bank of the Republic of Macedonia.

In such conditions, in November 2008, the Denar deposits registered moderate annual growth of 1.5%, compared to 14.5% in the previous month. Annually, the foreign currency deposits augmented by 21.9%, compared to 22.7% in October 2008. Analyzed from the aspect of the sectors, the annual increment in the households and enterprises' deposits continued, although with milder pace (13.9% and 8.6%, respectively, compared to 15.5% and 23.5%, respectively in the preceding month), determining the annual increase in the total deposits (without demand deposits) of 12.3% (18.9% in the previous month). With the inclusion of the demand deposits, the annual growth rate in the total deposits in November 2008 equaled 15.2%, compared to 21.5% in the previous month.

Figure 10
Households' deposits
(annual change, in %)



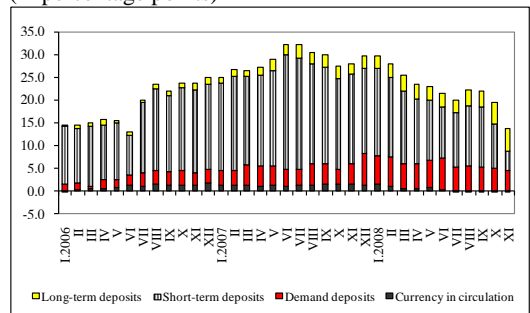
Enterprises' deposits
(annual change, in %)



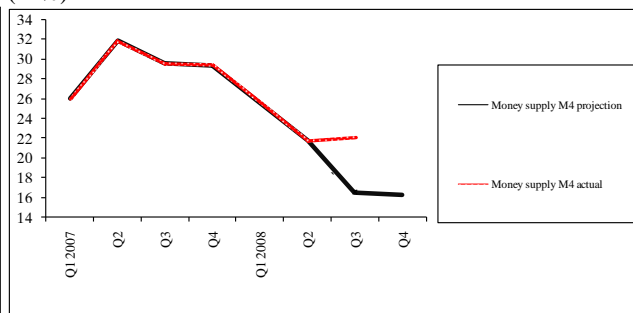
Source: National Bank of the Republic of Macedonia.

The annual growth rate of the **broadest money supply M4** of 19.3% registered in October 2008 reduced to 13.5%. Thus the monetary growth is significantly lower than the projection for the end of the last quarter, which points to the potential lower money supply than projected (the projected annual growth rate of the broadest money supply in December 2008 equals 16.3%).

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

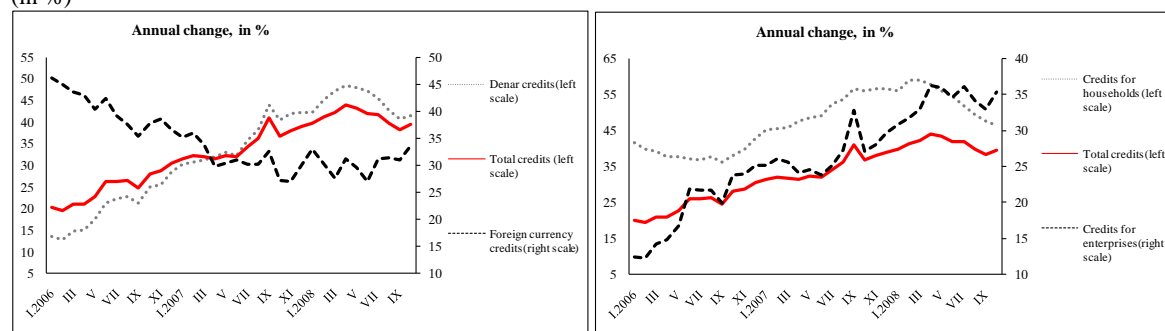
In November 2008, the banks credit support to the private sector continued to grow with slower monthly dynamics. According to the previous month (when the banks placed higher amounts of credit by 1.9% compared to September), **the total banks' credits with the private sector** incremented by Denar 2,564 million, i.e. 1.6% on a monthly basis. Significant influence on the banks' credit activity volume in November had the deposit potential contraction (due to the lower propensity for saving and outflow of deposits from the corporate sector accounts), which conditioned further decline in the net foreign assets as an additional source of financing. The increased uncertainty relative to the manner and intensity with which the global economic crisis would spill over in the domestic economy, produces higher psychological pressure with the economic agents, which together with the deteriorated conditions and the banks access to the external financing, indicated possible future credit growth reduction.

The registered monthly increase in the credits to the private sector was fully a result of the enhanced Denar crediting (by 2% on a monthly basis), in conditions when the foreign currency component registered monthly rise of 0.1%. From the aspect of the individual sectors, dominant contribution to the monthly increase in the total credits accounted for enterprises' credits (70.5%),

while the contribution of the households' credits registered significant monthly fall from 47% in October to 27.5% in November 2008. However, in conditions when the corporate crediting grew with similar dynamics as in the preceding month (1.9% compared to 1.7% in October), more significant deceleration of the growth rate was registered by the households' crediting (which reduced to 1.1% in November from the growth of 2.3% in September).

Figure 12

Annual growth rates of the credits to private sector according to the currency and sector structure (in %)

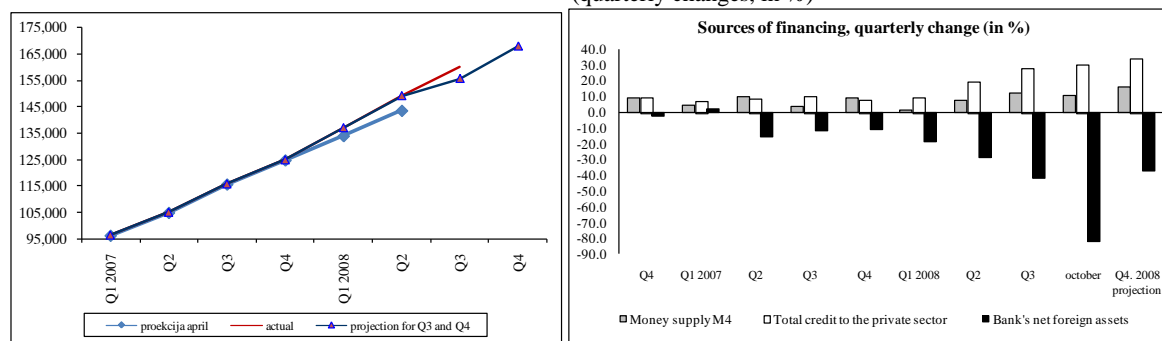


Source: National Bank of the Republic of Macedonia.

The annual credit growth dynamics in November 2008 pointed to the impediment of the credit activity intensity to 37.8%, which was the lowest level of crediting since the beginning of 2008 (the August projection anticipates credit growth of 34.6% to the end of the year). Such a movement aroused from the more intensive slowing down of the households' credits (from 46.3% in October to 42.4% in November), in conditions of increase in the credits to enterprises to 35% (compared to 35.5% in October). Consequently, the dominant component of the annual rise in the total credits represents the corporate crediting (with a share of 56.6%). From the aspect of the fulfillment of the set credit growth rates with households, on the basis of the more significant impediment of the credit growth in November¹⁰, the compulsory deposit the banks had allocated with the NBRM due to previous exceeding of the set rates, dropped by Denar 491 million, which indicated that the banks gradually harmonize the credit growth to the households with the set rates, thus reducing their requirement for allocating compulsory deposit with the NBRM (at the end of December, the Decision on the compulsory deposit envisages that the annual credit growth with the households will reduce to 40%).

¹⁰ Decision on the compulsory deposit with the NBRM.

Figure 13
Credits to the private sector



* The realization for November, as well as the projections for the fourth quarter of 2008 are cumulative changes relative to the end of 2007.

Source: National Bank of the Republic of Macedonia.

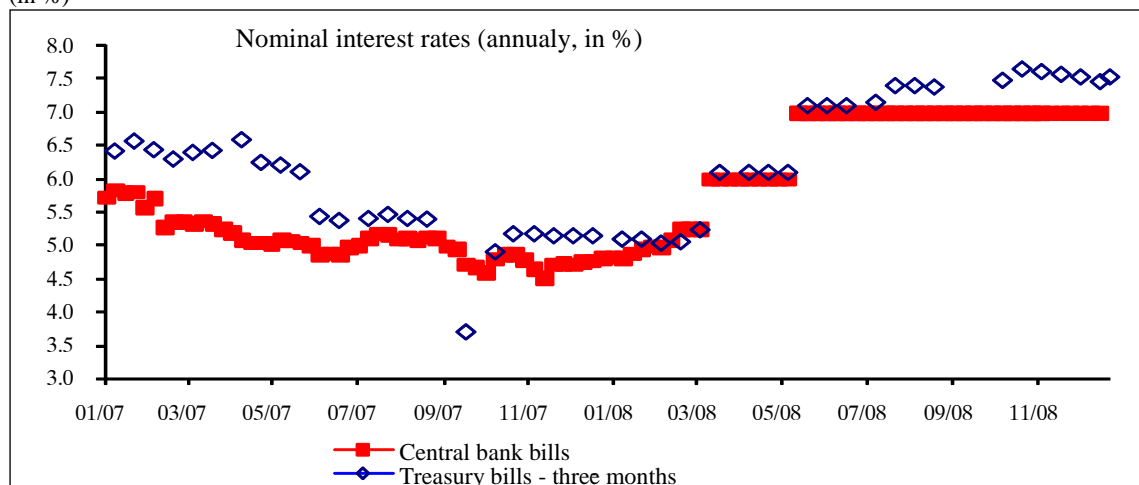
In November 2008, **the banks' net foreign assets** continued the downward trend and at the end of the month they registered a monthly decline of Denar 1,706 million, or 62.1%. Such a decrease was registered in conditions of fall in the foreign assets of Denar 521 million, or 1.9%, given simultaneous rise in the foreign liabilities of Denar 1,185 million (or 4.8%). Compared to the end of 2007, the net foreign assets of the banks was lower by Denar 14,409 million, or by 93.3% (in October, the cumulative decrease equaled 82.2%).

7. INTEREST RATES AND FOREIGN EXCHANGE RATE

In December 1 - 10, 2008 period three auctions of **three-month CB bills** were held (on December 3, 2008, December 10, 2008 and December 17, 2008), where in conditions of volume tender and fixed interest rate of 7%, liquidity of Denar 32 million was withdrawn. As of December 12, 2008, the gross foreign reserves amounted to Euro 1,563.9 million, which was rise of Euro 32.5 million, compared to the end of 2007.

On December 2, 2008, December 16, 2008 and December 23, 2008, **auctions of three month Treasury bills** were held, where in conditions of higher supply than demand interest rates of 7.53%, 7.46% and 7.53%, respectively were realized. Also, on December 2, 2008 and December 23, 2008, **auctions of six-month Treasury bills** were held, at which in conditions of larger supply than demand, interest rates of 7.84% and 7.77% were realized (compared to 7.69% on the last auction). On December 12, 2008, **auction of 12-month Treasury bills** was held, which in conditions of larger supply than demand, interest rate of 7% was realized (compared to 7.99% on the last auction). The average interbank interest rate in the bilateral trading of the banks (intraday) in the December 1 - 16, 2008 period equaled 4.86%, on average (4.77% in November 2008).

Figure 14
Interest rates
(in %)



Source: National Bank of the Republic of Macedonia.

In the area of the **banks' interest policy**, in October the average weighted interest rate on Denar credits for all maturities and sectors and the average weighted interest rate on Denar deposits for all maturities and sectors registered identical increase of 0.1 percentage point, and they equaled 9.7% and 6.2%, respectively. Within the lending interest rates set on Denar credits, more significant rise in almost all households' credit categories was evident, with the most intensive increment being registered in the interest rate of the households' short-term credits without FX clause (of 0.8 percentage points). Analyzed from the aspect of the interest rates on newly extended Denar credits in October 2008, the most intensive increase was registered with the interest rate on the enterprises' long-term credits without FX clause (of 0.7 percentage points), while regarding the households' credits, the interest rates on the long-term credits without FX clause registered an increase (of 0.1 percentage point and 0.2 percentage points, respectively). With the enterprises' deposits, the interest rate on the deposits with FX clause up to one month increased (from 6.6% in September to 7.1% in October) and the interest rate on deposits with 3 and 6 month maturity (from 5.1% in September to 5.7% in October). In the "households" sector, moderate growth in the interest rate on the short-term deposits without FX clause was registered, with the interest rate on deposits with maturity over one year being incremented from 8.6% in September to 8.9% in October. Within the foreign exchange interest rates, simultaneous monthly rise of 0.2 percentage points with the interest rate on both foreign currency credits and deposits was registered, and they equaled 8.3% and 2.7%, respectively.

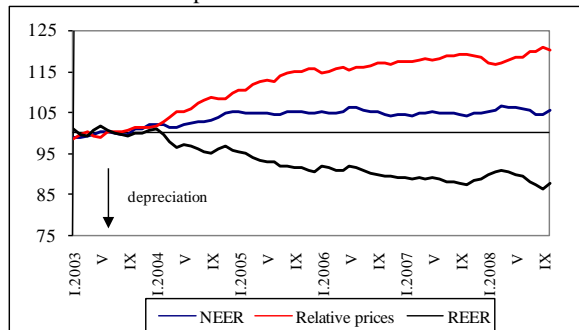
The index of the **real effective foreign exchange rate of the Denar** deflated with the consumer price index, after the several month depreciation on monthly and annual basis by 1.6% and 0.5%, respectively, appreciated in October 2008. Such a change in the trend is primarily due to the appreciation of NEER (of 1.1%, on a monthly basis and 1.3%, annually), in conditions of larger depreciation of Serbian Dinar and Turkish Lira against US Dollar, compared to the depreciation of the Macedonian Denar. Cumulatively, the appreciation trend (0.9%) continued, with the NEER appreciation being partially neutralized with the relative prices (faster increase in foreign compared to domestic prices). Oppositely, in October 2008, the REER of Denar depreciated with the index of prices of the producers of industrial products registering monthly depreciation of 0.4%, exclusively as a result of more dynamic drop in the prices of domestic compare to the foreign producers. On

both annual and cumulative basis appreciation of 1.2% and 1.4%, respectively was registered, which mostly arised from the appreciation of NEER.

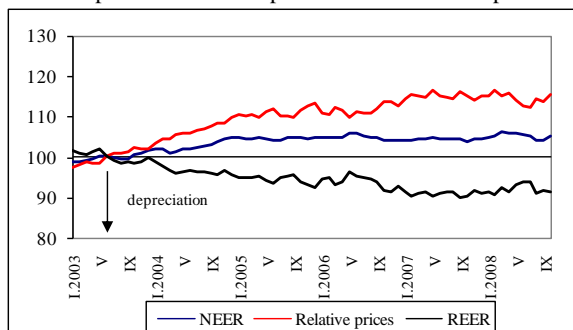
Figure 15

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

deflator: consumer price index



deflator: price index of the producers of industrial products



*The depreciation sign pertains to both NEER and REER. With regard to relative prices, the upward trend is in favor of the REER depreciation (and vice versa).

Source: NBRM, MMF-MFS for November 2008 and SSO of the Republic of Macedonia.

For those countries for which there are no IFS data, the information are from the web sites of the adequate central banks, statistical offices and EUROSTAT.

ANNEX

Table 1
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	<u>XI.2008</u> X.2008	<u>XI.2008</u> XI.2007	<u>I-XI.2008</u> I-XI.2007	<u>XI.2008</u> X.2008	<u>XI.2008</u> XI.2007	<u>I-XI.2008</u> I-XI.2007
Total	0.2	5.2	8.7	0.2	5.2	8.7
Food	-0.5	7.3	16.2	-0.17	2.79	6.19
Grain products	0.0	13.0	25.8	0.00	0.97	1.92
Fresh and processed vegetables	-0.8	1.7	15.4	-0.04	0.10	0.86
Fresh and processed fruits	-4.4	-2.9	18.5	-0.13	-0.09	0.56
Meat and poultry	1.0	8.0	7.9	0.08	0.61	0.60
Fresh and cooked fish	1.9	10.8	6.7	0.02	0.10	0.06
Dairy products	0.0	15.0	20.0	0.00	0.86	1.16
Eggs	0.3	10.5	15.4	0.00	0.13	0.19
Oils and fats	-5.0	-3.9	33.0	-0.10	-0.08	0.69
Tobacco and beverages	0.1	4.3	4.0	0.00	0.23	0.21
Clothing and footwear	0.8	-0.2	2.0	0.06	-0.01	0.16
Housing	4.8	12.2	5.5	0.73	1.84	0.83
Flat (rent, water and other services)	0.0	5.6	6.1	0.00	0.20	0.22
Fuel and lighting	7.9	17.6	6.4	0.71	1.57	0.57
Heating and services	0.2	26.2	15.6	0.01	0.80	0.48
Electric power	13.1	13.1	1.6	0.77	0.77	0.10
Hygiene and health	0.3	2.4	1.4	0.03	0.19	0.12
Culture and entertainment	-0.2	1.1	0.2	-0.01	0.06	0.01
Transport and communication services	-3.4	-2.7	4.0	-0.48	-0.38	0.57
Fuels and lubricants	-11.4	-7.5	17.3	-0.43	-0.28	0.66
Public transport services & PTT	0.0	-1.1	-4.3	0.00	-0.07	-0.26
Restaurants and hotels	0.0	9.3	11.9	0.00	0.48	0.61
Other services n.e.c.	0.0	-6.9	3.0	0.00	-0.02	0.01

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

(annual rates, %)	2006	2007	2007				2008			Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep-08	Oct-08	Nov-08
Inflation (CPI)	3.2	2.3	0.7	1.1	2.4	4.9	9.5	9.9	8.4	7.1	7.1	5.2
Core inflation (excluding food and energy)	1.1	0.7	0.2	0.8	1.1	1.2	2.8	2.8	2.5	1.9	2.3	2.3
Regulated prices	5.7	3.3	4.2	3.0	2.0	4.1	7.4	9.2	12.5	12.8	9.6	10.1
Industrial producer prices	4.5	1.6	1.0	1.2	1.6	4.1	10.5	13.6	15.1	14.5	9.2	-0.8
Productivity	-0.7	1.5	2.8	-0.2	0.6	2.7	1.3	3.4	-	-	-	-
Nominal net-wage	7.3	7.9	5.7	6.4	7.5	11.8	10.5	9.9	10.7	12.1	-	-
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	Aug-08	Sep-08	Oct-08
Gross domestic product	4.0	5.9	6.7	3.9	4.4	5.1	5.4	6.5	-	-	-	-
Industrial output	2.5	3.7	11.6	-2.8	1.1	6.2	5.8	12.0	13.0	8.6	15.7	-9.9
Construction	-12.3	7.6	9.4	-18.6	18.0	23.3	32.5	57.3	-0.9	9.4	-22.5	-
Retail and wholesale trade	2.5	24.2	25.1	17.2	21.2	28.6	19.6	19.9	13.4	15.9	3.0	-
Telecommunications	-1.0	15.6	11.1	17.1	15.9	18.1	12.2	7.4	10.2	16.4	6.3	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2007				2008			Oct.08	
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	% change	impact (p.p.)
Mining and quarrying	28.0	9.8	13.9	16.2	15.4	-3.3	11.9	13.6	3.4	13.0	0.5
Manufacture of food products and beverages	0.1	7.7	12.0	0.6	9.5	9.6	5.3	6.0	6.1	6.6	1.0
Manufacture of tobacco products	5.5	-0.8	19.0	-14.4	-16.8	41.1	13.8	15.4	1.0	-0.9	-0.1
Manufacture of wearing apparel	-3.7	-14.5	-4.6	-19.8	-17.9	-14.2	-16.5	-22.7	-23.4	-23.9	-2.0
Printing	-17.9	-12.2	13.3	-11.5	-18.2	-22.9	7.8	72.2	68.4	92.4	2.2
Manufacture of refined petroleum products	12.3	-2.4	20.6	-11.1	1.3	-16.8	3.3	50.9	1.1	4.9	0.2
Manufacture of other non-metallic mineral products	14.0	3.8	51.5	4.2	-2.6	-15.9	-10.9	-3.2	-9.9	-0.2	0.0
Manufacture of basic metals	11.8	34.3	57.4	35.2	25.3	26.7	9.5	15.7	-3.3	-37.6	-5.5
Manufacture of fabricated metal products	5.7	45.6	6.0	5.4	51.7	112.0	29.7	11.8	3 times	-48.4	-4.7
Manufacture of electrical machinery and equipment	3.7	-24.4	-45.1	-37.4	-12.3	1.0	45.6	64.9	32.4	-23.9	-0.9
Manufacture of other transport equipment	-6.9	33.4	128.7	-48.6	74.6	50.5	9.8	143.1	-47.9	-82.8	-1.9
Recycling	12.8	-35.6	20.7	-57.5	-88.5	-4.2	105.6	262.2	12.5 times	7.9	0.1
Electricity, gas, steam and hot water supply	-0.6	-9.5	-9.1	-20.8	-8.7	-1.1	-0.8	1.9	1.9	-1.3	-0.1

Source: State Statistical Office of the Republic of Macedonia.

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

	2007				2007	2008									2008			2008
	Q.1	Q.2	Q.3	Q.4		I	II	III	IV	V	VI	VII	VIII	IX	Q.1	Q.2	Q.3	
I. Current Account	-20.3	-10.2	-52.8	-331.5	-414.8	-37.9	-78.4	-79.8	-69.8	-61.3	-108.9	-52.0	-51.3	-27.8	-196.0	-240.0	-131.1	-567.1
GOODS, net	-211.5	-208.2	-298.9	-456.3	-1,174.8	-115.1	-131.3	-124.7	-139.9	-140.6	-180.1	-174.4	-170.6	-109.6	-371.0	-460.7	-454.6	-1,286.3
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	265.0	199.2	242.7	611.6	735.8	707.0	2,054.3
Imports, f.o.b. /2	-770.2	-849.9	-904.0	-1,092.2	-3,616.3	-296.8	-346.2	-339.6	-368.0	-399.9	-428.6	-439.4	-369.8	-352.3	-982.6	-1,196.5	-1,161.5	-3,340.6
SERVICES, net	-1.2	1.1	23.3	2.4	25.5	8.7	-5.5	-4.0	-2.6	-0.9	-5.2	4.3	10.4	13.0	-0.8	-8.6	27.7	18.3
INCOME, net /5	-31.7	-70.5	-99.1	-76.4	-277.7	8.0	-0.9	-7.6	-2.7	-10.3	-17.5	-2.2	-5.1	-33.3	-0.4	-30.5	-40.6	-71.5
o/w: interest, net	-2.0	-5.1	-2.5	-8.3	-17.9	0.3	-2.0	-5.1	-4.0	-8.3	-7.3	-4.8	-2.8	-6.3	-6.8	-19.6	-13.9	-40.3
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	120.2	114.1	102.1	176.1	259.8	336.4	772.3
Official	8.6	17.1	10.7	-12.4	23.9	0.8	4.8	2.7	4.6	6.6	11.0	5.5	3.8	3.0	8.3	22.2	12.3	42.8
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	99.1	167.9	237.6	324.1	729.5
II. Capital and Financial Account	20.6	18.7	71.0	337.3	447.6	43.0	79.9	85.8	73.4	63.8	114.0	56.4	43.7	22.3	208.6	251.2	122.4	582.2
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	-1.0	-2.7	-0.6	-4.4
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	-1.0	1.0	-0.6	-0.7
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
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	-1.0	1.0	-0.6	-0.7
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	-3.7	0.0	-3.7
FINANCIAL ACCOUNT, net	21.3	16.7	66.7	339.3	444.0	43.3	80.2	86.2	72.5	63.6	117.9	56.2	43.6	23.2	209.6	253.9	123.0	586.5
Direct investment, net	88.0	151.5	100.4	166.9	506.9	47.0	73.6	33.2	31.8	67.9	51.5	29.8	57.5	25.9	153.8	151.2	113.1	418.1
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	-8.3	-11.2	-7.7	-27.2
Other investment, net	-92.4	-169.2	39.6	146.5	-75.5	-9.3	21.8	43.5	25.9	12.9	98.6	37.3	32.2	75.7	56.1	137.4	145.2	338.7
Trade credits, net	-38.0	-75.9	-1.0	86.0	-29.0	-8.6	0.7	-6.7	25.7	-1.4	39.5	17.8	34.7	-29.0	-14.6	63.8	23.4	72.6
Loans, net	-42.1	-135.7	13.9	35.3	-128.7	-3.7	-0.7	1.9	2.8	-12.6	36.8	9.0	0.3	47.4	-2.5	26.9	56.7	81.2
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	60.8	7.7	52.0	120.5
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	10.7	5.9	0.0	16.6
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	47.2	9.2	41.0	97.4
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	2.9	-7.4	11.0	6.5
Other, net	4.5	22.2	13.9	35.6	76.2	7.1	2.1	3.2	5.7	26.8	6.4	3.5	2.1	7.6	12.4	39.0	13.1	64.5
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	8.0	-23.5	-127.6	-143.1
III. Errors and Omissions	-0.3	-8.5	-18.1	-5.9	-32.8	-5.1	-1.5	-6.1	-3.5	-2.5	-5.1	-4.3	7.7	5.4	-12.6	-11.2	8.8	-15.0

1/ Preliminary data

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

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

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

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

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

4/ Excluding monetary gold and exchange rate differences

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

Table 6
Foreign trade

	X.2008	I-X.2008	X.2008		X.2008		I-X.2008	
			IX.2008		X.2007		I-X.2007	
			amount	%	amount	%	amount	%
Total trade	651.4	6,225.2	32.6	5.3	1.1	0.2	1,164.9	23.0
Export	229.0	2,287.1	-14.0	-5.8	13.1	6.1	262.1	12.9
Import	422.3	3,938.0	46.6	12.4	-12.0	-2.8	902.8	29.7
Balance	-193.3	-1,650.9	-60.6	45.7	25.1	-11.5	-640.6	63.4

Source: State Statistical Office of the Republic of Macedonia.

Table 7
Monetary developments in November 2008

	30.11.2007	31.12.2007	31.03.2008	30.06.2008	31.07.2008	31.08.2008	30.09.2008	31.10.2008	30.11.2008	monthly changes (30.11.2008/ 31.10.2008)		annual changes (30.11.2008/ 30.11.2007)
	ostvareno	actual	actual	actual	actual	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>												
Broad money M4	166,614	175,553	178,277	189,663	192,116	196,689	197,053	194,634	189,592	-5,042	-2.6	39.7
Currency in circulation	16,290	17,927	15,746	16,180	16,763	16,376	16,552	16,608	15,856	-752	-4.5	9.1
Denar deposits ¹	83,206	89,077	90,102	96,889	96,886	98,788	98,037	97,228	91,914	-5,314	-5.5	54.6
Foreign currency deposits	67,118	68,549	72,429	76,594	78,467	81,525	82,464	80,798	81,822	1,024	1.3	32.4
Total deposits	150,324	157,626	162,531	173,483	175,353	180,313	180,501	178,026	173,736	-4,290	-2.4	43.3
Reserve money ²	33,780	37,586	34,223	38,854	40,115	37,214	38,844	40,470	35,997	-4,473	-11.1	26.6

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

²Including reserve requirement in foreign currency.

	30.11.2007	31.12.2007	31.03.2008	30.06.2008	31.07.2008	31.08.2008	30.09.2008	31.10.2008	30.11.2008	monthly changes (30.11.2008/ 31.10.2008)		annual changes (30.11.2008/ 30.11.2007)
	ostvareno	actual	actual	actual	actual	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>												
Credit to the private sector	120,370	124,875	137,050	149,206	153,918	156,121	160,222	163,307	165,871	2,564	1.6	37.8
In Denar	91,022	94,496	105,345	114,910	118,047	119,487	122,402	125,236	127,745	2,509	2.0	40.3
In Foreign currency	29,348	30,379	31,705	34,296	35,871	36,634	37,820	38,071	38,126	55	0.1	29.9
Banks' net foreign assets	16,409	15,459	12,550	10,991	10,649	11,946	8,956	2,745	1,039	-1,706	-62.1	-93.7

Source: National Bank of the Republic of Macedonia.

Table 8
Monetary aggregates
(in %)

in %	end of period to the end of previous period										y - o - y										
	2007				2008						2006	2007				2008					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	October	November	Q1		Q2	Q3	Q4	Q1	Q2	Q3	October	November		
M0	-6.1	8.5	2.2	15.5	-8.9	13.5	-0.02	4.20	-11.1	21.4	18.9	18.2	18.9	20.2	16.6	22.0	19.4	19.2	6.6		
M1	-1.4	6.0	8.3	16.3	-6.9	11.1	0.50	-2.10	0.0	17.1	22.5	18.0	22.6	31.7	24.4	30.4	21	20.8	17.1		
M4	4.7	9.7	3.7	8.8	1.3	6.3	4.0	-1.2	-2.7	24.9	26.4	32.2	29.9	29.5	25.3	21.4	21.9	19.3	13.5		
M4-denar	5.1	14.1	5.9	12.2	-1.5	6.6	1.6	-0.6	-5.5	30.8	33.1	44.3	43.8	42.6	33.6	24.8	19.7	17.1	7.8		

Source: National Bank of the Republic of Macedonia.

Table 9

Deposits of the private sector*

(in millions of denars)

		Balance as of 30.11.2008	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		141,959	-5,168	-3.5	15,594	12.3
In Denar	Households	36,378	-164	-0.4	162	0.4
	Enterprises	19,880	-6,113	-23.5	281	1.4
	Total	60,137	-6,192	-9.3	890	1.5
In Foreign currency	Households	61,452	30	0.0	11,811	23.8
	Enterprises	19,790	1,017	5.4	2,875	17.0
	Total	81,822	1,024	1.3	14,704	21.9
Total households deposits		97,830	-134	-0.1	11,973	13.9
Total enterprises deposits		39,670	-5,096	-11.4	3,156	8.6

* 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 30.11.2008	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		165,871	2,564	1.6	45,501	37.8
In Denar	Households	61,612	703	1.2	17,470	39.6
	Enterprises	65,740	1,750	2.7	19,158	41.1
	Total	127,745	2,509	2.0	36,723	40.3
In Foreign currency	Households	4,373	1	0.0	2,175	99.0
	Enterprises	33,736	57	0.2	6,606	24.3
	Total	38,126	55	0.1	8,778	29.9
Total credit to the households		65,985	704	1.1	19,645	42.4
Total credit to the enterprises		99,476	1,807	1.9	25,764	35.0

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	October	November
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	30.2	30.2
	Long-term	75.0	75.2	75.6	74.9	73.2	72.3	70.8	70.8	70.1	69.8	69.5	69.8	69.8
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	58.5	57.2
	Overdrafts	63.9	68.1	84.9	103.7	125.2	136.9	131.4	112.3	89.6	72.1	56.2	52.2	49.4
	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	35.6	31

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	October	November
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	44.5	45.2
	Long-term	45.6	46.2	49.0	51.4	52.9	54.0	53.8	56.1	55.1	55.4	55.1	55.5	54.8
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	33.7	36.8
	Long-term	36.1	34.0	30.8	41.1	45.7	44.6	45.8	41.6	38.4	38.2	36.2	37	33.4
	In Denar	3.4	14.3	14.2	21.3	22.6	20.2	32.9	29.9	37.4	42.2	37.7	40	41.1
	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	27.7	24.3

Source: National Bank of the Republic of Macedonia.

Table 13
Liquidity creation and withdrawal*

	31.12.2007	31.10.2008	21.12.2008	cumulatively I - XI. 2008	21.12.2008 / 30.11.2008
<i>in millions of denars</i>	balance			flow	
Bank's liquidity (bank's account with NBRM)	10,415	8,046	10,381	-2,369	2,335
Autonomous factors (total)	84,009	72,545	77,121	-8,036	2,078
Currency in circulation	17,969	15,999	16,768	1,970	-769
Foreign exchange transactions of the NBRM	73,958	70,984	69,543	-2,974	-1,441
Government denars deposits with NBRM	-9,842	-16,618	-11,850	-6,776	4,768
Bank's cash in valuts	1,924	2,180	2,660	-256	-480
Monetary instruments:	-25,555	-18,838	-18,379	6,717	459
CB bills auctions	-20,995	-16,819	-16,851	4,176	-32
Treasury bills for monetary policy purposes	-4,560	0	0	4,560	0
Compulsory deposit with the NBRM	0	-2,019	-1,528	-2,019	491
Other items	-8,253	-9,303	-9,505	-1,050	-202

* Last available data on 21.12.2008.

Source: National Bank of the Republic of Macedonia.

Table 14
Interest rates

	November	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	7.0	0.0	2.3
Average weighted interest rate on the Money Market	5.48	0.3	2.2
Interest rate on three-month treasury bills	7.58	0.03	2.4
	October	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	9.7	0.1	-0.2
Banks' weighted deposit interest rates	6.2	0.1	1.0

* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.