

National Bank of the Republic of Macedonia
Research Department



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***Important economic events and amendments to the legal regulations
in April 2007***

- ❖ This year, large consumers will receive 45% of the required quantity of electricity from AD MEPSO Skopje at regulated price and the remaining 55% at market price. The obligation for the large consumers to purchase the required electricity freely at the market resulted from the latest adopted amendments to the Law on Energy that became effective on April 1, this year.
- ❖ On April 2, started the payment of the eleventh installment of the bonds for the so-called old foreign exchange savings deposits and the eleventh principal and the fourteenth interest were paid to the bond holders.
- ❖ On April 2, the Energy Regulatory Commission took a decision on increasing the refinery and retail prices of oil derivatives by 3.37% and 2.06%, on average, respectively ("Official Gazette of RM" no. 41/2007), and in accordance with the decision of April 16 the prices were increased by 5.69% and 3.89%, on average, respectively ("Official Gazette of RM" no. 48/2007), while on April 30, 2007 a decision on decreasing the refinery and retail prices of oil derivatives by 2.92% and 2.08%, on average, respectively, was taken ("Official Gazette of RM" no. 53/2007), according to the movements in the prices of the crude oil and oil derivatives on the world market.
- ❖ The Government developed a study on establishing a one-stop-shop for import and export and control, which envisages simplification of the procedure, faster flow of information and cost cutting. The institution responsible for the project activities is the Customs Administration, in coordination with the National Integrated Cross-border Management Committee.
- ❖ On April 2, the Ministry of Finance purchased the bond for rehabilitation of Stopanska Banka AD Skopje issued in accordance with the Law on Rehabilitation and Reconstruction of Part of the Banks in the Republic of Macedonia. Bond holders are six banks in total amount of Denar 1,302 million. This bond was to fall due on April 1, 2010.
- ❖ On April 3, the Electro-Communication Agency announced an invitation for submitting bids for fourth mobile operator whereby they informed that the companies that are interested should notify the Agency in writing if they are interested in using frequencies for providing public mobile services no later than May 10, 2007.
- ❖ On April 3, the French group "Societe General" purchased the majority package of shares (51.47%) in "Ohridska Banka" AD Ohrid.
- ❖ The only processing-center that operates with payment cards in this country "Kasis" and 10 domestic banks concluded an agreement on mutual acceptance of the national cards. In the network are connected over 2.000 POS -terminals and over 220 ATMs.
- ❖ On April 5, The Government of the Republic of Macedonia opened the Invitation to Tender for building a new modern, urban and ecological settlement in the village of Skopje, Sopiste, named "Soncegrad", in the next four years.
- ❖ Starting from April 10, 2007 on the Macedonian Government securities market the citizens are given an opportunity to submit non-competitive bids at the auctions. The price for realizing the non-competitive bids is equal to the average price achieved at the auction.
- ❖ On April 11, due to a regular overhaul TEC "Oslomej" was excluded from the electricity supplying system for the next two months.
- ❖ On April 11, The Government signed two agreements for Grant with the World Bank, one of which will finance the implementation of the Strategy and the Action Plan for Corporate Financial Reporting (financed by the Kingdom of Netherlands with Euro 3.7 million and the Austrian Development Agency with Euro 850 thousand), and the other is for preparing the Project on contingent transfers of funds (financed by the Japanese Government with Euro 650 thousand).
- ❖ The Government of the Republic of Macedonia has decided to make an early repayment of part of the credits to the World Bank and the European Investment Bank in total amount of Euro 103.7 million.
- ❖ On April 13, the Employment Agency launched the new web-portal for faster and more efficient communication between the unemployed and the employers.
- ❖ After a ten-year stagnation, in April 2007 the production in the factory "Hartija" from Kocani was restored, enabled by the new buyer "Aleks prom" from Skopje.
- ❖ On April 17, the Board of Directors of the World Bank approved the Second Review of PDPL 2 arrangement on development policies of Macedonia, worth USA Dollar 30 million.



- ❖ *On April 24, the European Bank for Reconstruction and Development presented to Macedonian businessmen the new program for this year intended for supporting the firms from Western Balkans.*
- ❖ *On April 26, an agreement for letting in the oil tanks from the OKTA Refinery in Kosovo was accomplished, after a hold-up of eight days at the border between Macedonia and Kosovo, due to the decision of the Government of Kosovo for establishing new standards on the quality of the oil derivatives.*
- ❖ *On April 26, the National Bank of the Republic of Macedonia (NBRM) celebrated the fifteenth anniversary of monetary independence, and on that occasion an annual prize for junior analyst was awarded for best work in the field of macro-economics.*
- ❖ *New regulations:*
 - *Law on amending the Denationalization Law ("Official Gazette of RM" no. 44/2007)*

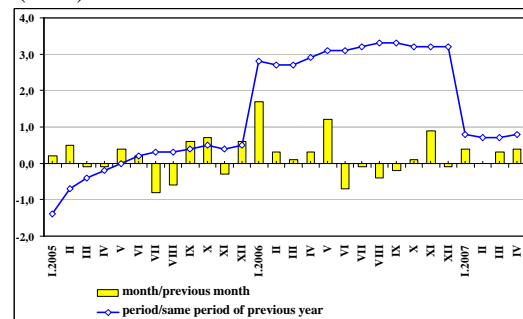
I. Economic Developments in the Republic of Macedonia¹

In April 2007, the inflation rate, measured through the consumer price index, equaled 0.4% on monthly basis, with increase being registered in the prices of the goods and services used for personal consumption. The price growth in the category "food" (of 0.4%, as a result of the higher prices of the fruit and fresh vegetables) and in the category "transport equipment and services" (growth of 0.9%, mostly because of the higher prices of oil derivatives in accordance with the decisions of the Energy Regulatory Commission - ERC, dated April 2 and April 16, 2007) had identical contributions (of 0.14 p.p.) to the monthly growth of the inflation. The higher tobacco prices (by 3.9%)² and the increased prices in the category "restaurants and hotels" gave additional contribution (of 0.1 p.p.) in the monthly inflation.

The price developments in April resulted in minimal increase in the annual and average inflation rate. Thus, the annual inflation rate in April, 2007 reached 1.0%. The average inflation rate in the period January-April, 2007 amounted to 0.8%, with decrease in the prices of goods and decrease in the service prices being registered. The main determinants of the average inflation rate were the higher prices for heating and electricity, which are included in the category "housing" (contribution of 0.8 p.p.). Also, price growth is registered in the categories "food, culture and entertainment" and "restaurants and hotels", which contributed with 0.2 p.p. each to the average inflation. On the other hand, lower prices in the category "transport equipment and services" by 4.8% have a significant offsetting effect (contribution of 0.8 percentage points directed towards average inflation decrease), determined by the lower prices of transport and postal and telephone services and of fuels.

² The tobacco prices increased as a result of the decision of the tobacco company Tutunski kombinat Skopje on reducing the number of cigarettes in a package, from 20 to 19 in April (as a response to the higher excise) and with that their prices register growth by 5%.

Figure 1
Consumer prices
(In %)



Source: State Statistical Office.

The increasing of the *producer prices*³ continued in April 2007, when they registered monthly growth of 0.5%. The monthly growth is a result mainly of the higher prices of the producers of oil derivatives (contribution of 0.5 p.p. to the overall growth, in accordance with the increase in the refinery prices by the decisions of ERC from April 2 and April 16, 2007) and the moderate increase in the building material prices. In the same time, increase in the producer prices is registered also in four manufacturing activities. The energetic sector gave an additional minimal contribution in the overall growth of the producer prices (growth of 0.3%)⁴, while the producer prices in the mining sector remained unchanged.

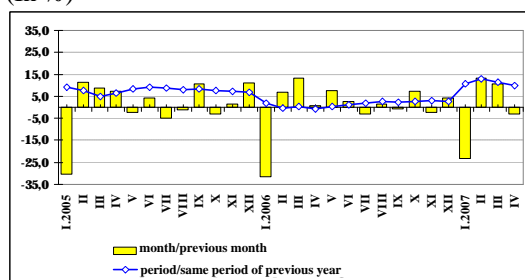
In April 2007, the annual growth rate of the producer prices equaled 1.0%, same as the average growth rate in the period January-April 2007. The higher energy prices (contribution of 1.3 p.p. that emanates from the higher electricity and heating prices) had the largest inflationary influence in the cumulative growth of the producer prices. The prices in the manufacturing sector partially mitigated the total growth of the producer prices, under the influence of the effect from the lower prices of the producers of oil derivatives. However, the prices of the producers of the food products and beverages, building materials and basic metals registers further growth.

³ Preliminary SSO data.

⁴ The rise in the electricity prices of 2.48% for the period from March 1 to December 31 2007, according to the decision taken by ERC on February 27, 2007 will reflect in the producer prices in the energy sector in April (due to statistical-methodological reasons).

In April 2007, the actual volume of the industrial output registers fall by 3.0%, mainly due to the lower output in the manufacturing and the energy sector (negative contribution of 2.1 p.p. and 1.3 p.p. to the overall fall, respectively). Within the manufacturing sector, the largest negative contribution gave the lower production of clothing and of electrical machines and appliances. The producers of tobacco products, after the exceptional growth in the output in the last two months, in April reduced their activity, which gave large negative contribution to the overall industrial output. On the other hand, the higher production of building materials and the activities in the metal manufacturing sector contributed for neutralizing these negative effects. The negative performances of the energetic sector result from the excluding of TEC "Oslomej" from the electricity supplying system in the next two months because of the regular overhaul. Positive effect over the total industrial output (contribution of 0.4 p.p.) had the mining sector, i.e. the increased mining and quarrying activities.

Figure 2
Industrial output
(In %)



Source: State Statistical Office.

II. Monetary developments

At the end of April 2007, *reserve money*⁵ equaled Denar 24,680 million and compared to the previous month registered growth of 8.4%. In conditions of moderate growth of *currency in circulation* by 3.3%, registered growth of the reserve money mainly comes from the respectable increase in the *total liquidity of the banks*⁶ by 18.4%.

With respect to the liquidity, the *NBRM foreign currency transactions* (realized net purchase of

Despite the decrease on a monthly basis, realized volume of industrial output in April 2007 was higher by 5.3%, compared with the same month of the previous year, which reflects the output growth in the manufacturing and mining sector. Cumulative growth in the industrial output in the period January-April 2007 was somewhat slower, but it still maintains the relatively high level of 9.9% (compared to the same period in 2006). Generator of the cumulative growth is the higher production of basic metals (contribution with 6.7 p.p.), stimulated by positive developments on the world metal exchange, as well as the further intensive output growth of the building materials. Also, respectable results were registered in the production of oil derivatives and of food products and beverages, which significantly contributed to the overall cumulative growth in the industry. Opposite of the manufacturing industry, where about 2/3 of the branches register output growth, within the mining sector only the increased extraction of metal ores gave positive contribution (1 p.p. in the cumulative growth). However, opposite of the positive developments in the manufacturing and mining sector, the lower output of electricity in the period January-April 2007 (of 8.6%), had negative influence over the total industrial output of 1.1 p.p.

foreign currency on the foreign exchange market) and the Government Denar deposits acted towards creating liquidity which was partially withdrawn through the *currency in circulation* and the *monetary instruments*. Treasury bills for monetary purposes had the largest share in the total liquidity withdrawn through the *monetary instruments* (62.3%). In April 2007, excess allocated liquid assets over the reserve requirement (in Denars)⁷ equals 7.3% which is by

⁵ The analysis refers to the reserve money, excluding reserve requirement on foreign currency deposits

⁶ Includes the cash in the vaults and banks' accounts with the NBRM.

⁷ The period for maintaining (fulfilling) the banks' reserve requirement covers the period from the 11th in the current month to the 10th in the following month. The excess pertains to funds allocated to the banks' accounts with NBRM over the reserve requirement.



0.7 percentage points lower relative to the preceding accounting period.

Table 1
Liquidity creation and withdrawal*
(In millions of denars)

	31.03.2007	30.04.2007	30.04.2007/31.03.2007
	in millions of denars		changes in millions of denars
Liquidity of the banks (banks' account with the NBRM)	6.258	7.582	1.324
Liquidity creation			2.791
1. Net foreign assets	85.066	87.857	2.791
Liquidity withdrawal			-1.467
1. Net domestic assets	-62.306	-63.177	-871
of t o a:			
Government Denar deposits with NBRM ^{1/}	-14.569	-13.713	856
CB bills	-11.303	-11.755	-452
Treasury bills for monetary policy purposes	-5.537	-6.284	-747
Other items, net	-21.063	-21.211	-148
2. Banks' cash in vault	1.468	1.567	-99
3. Currency in circulation	15.034	15.531	-497

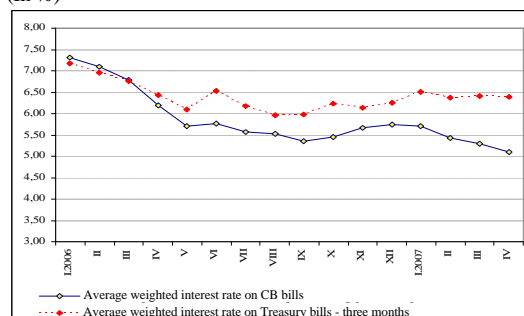
^{1/} Treasury bills for monetary policy purposes are excluded.

* Positive change - liquidity creation; negative change - liquidity withdrawal.

Source: National Bank of the Republic of Macedonia.

The average weighted interest rate at the CB bills auctions equaled 5.09% in April 2007 (5.30% in March 2007), and the average weighted interest rate on Treasury bills (with maturity of three months) equaled 6.39% in April (6.42% in the previous month).

Figure 3
Average interest rate on CB bills and Treasury bills
(In %)



Source: NBRM and Ministry of Finance.

As a result of the higher demand for currency in circulation (by Denar 497 million) and the higher level of transaction deposits (by Denar 957 million), monetary aggregate M1 reached monthly growth of 4.2% in April 2007. The broader monetary aggregates M2 and M4 registered growth of 3.8% and 4.2%, respectively, on a monthly basis, while compared to the same month of the previous year, broader monetary aggregates M2 and M4 realized growth rates of 26.8% and 27.1%, respectively.

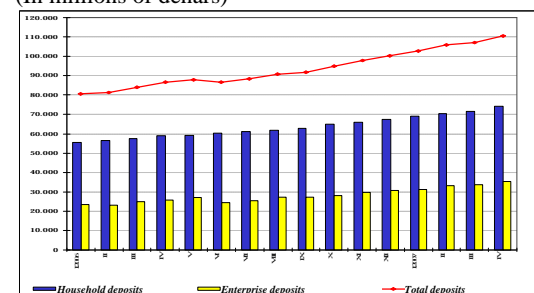
Table 2
Monetary aggregates and their components
(In millions of denars)

	30.04.2007	Monthly changes	Annual changes
		in %	in %
Currency in circulation	15.531	3,3	6,7
Demand deposits	20.177	5,0	35,4
Monetary aggregate M1	35.708	4,2	21,2
Short-term Denar deposits	43.540	7,5	47,3
Monetary aggregate M2-Denar component	79.248	6,0	34,3
Short-term foreign exchange deposits	60.676	1,2	18,2
Monetary aggregate M2	139.924	3,8	26,8
Non-monetary deposits	7.544	12,2	32,2
-Denar	4.486	19,7	37,7
- foreign exchange	3.058	2,8	24,9
Monetary aggregate M4	147.468	4,2	27,1

Source: National Bank of the Republic of Macedonia.

During April 2007, the total banks' deposits continued to increase, and compared to the previous month the total deposits went up by Denar 4.541 million, i.e. by 4.2%. The analysis of the currency of denomination structure shows that the main component in the monthly growth of the total deposits are the Denar deposits (with registered contribution to the growth of 83%), while with respect to the maturity, higher contribution had the short-term deposits (82% in the total deposits growth). Observed by sector, a deposit growth is registered both in the household and in the corporative sector, where 58.6% of the monthly growth of the total deposits results from the increased saving of the households. The monthly growth of the household deposits is mainly due to the payment of the regular installment of the old bonds for the savings deposits, where significant part of the inflow was retained on the Denar sight deposits of the households (53.6% of the growth of the total household deposits). On annual basis, the growth rate of the total banks' deposit potential equals 29.1%.

Figure 4
Dynamics of deposits
(In millions of denars)

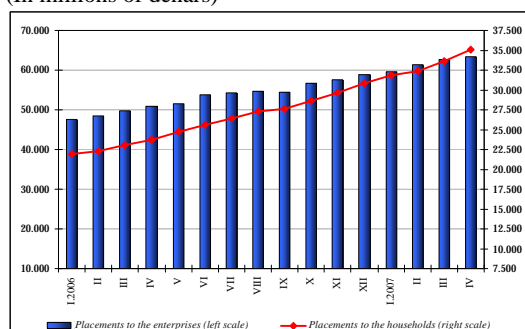


Source: National Bank of the Republic of Macedonia.

Total banks' placements to the private sector at the end of April 2007 register growth of Denar 2,090 million, or by 2.2%, relative to the end of the previous month. With respect to the currency

of denomination, the credits placed in domestic currency⁸ dominantly contributed to the monthly growth of the total credits (with 88.2%), while analyzing from the aspect of maturity, long-term credits contributed with 72% to the total credit growth. Observed by sector, the banks placed funds both in the sector of households and in the corporate sector, where lending to households had bigger contribution to the total credits growth (68.6%). Annual growth rate of the total banks' credits to the private sector equaled 31.5%.

Figure 5
Bank placements by sector
(In millions of denars)



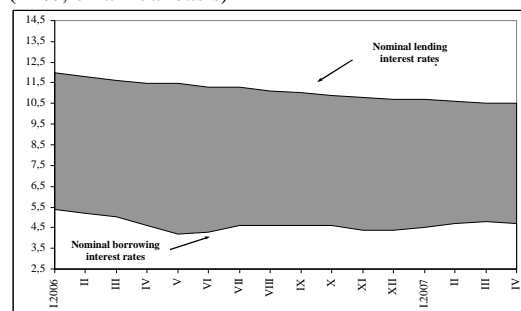
Source: National Bank of the Republic of Macedonia.

There are no considerable changes in the *banks' interest rate policy* in April 2007. Thus, the average weighted lending interest rate on Denar credits in all maturities and sectors in April 2007

⁸ Includes the cash in the vaults.

maintained the same level as in the previous month and amounted to 10.5%, while the average weighted deposit interest rate on Denar deposits in all maturities and sectors went down by 0.1 percentage point on monthly basis and equaled 4.7%.

Figure 6
Weighted interest rates and spreads of banks*
(In %, on annual basis)



Source: National Bank of the Republic of Macedonia.

*Pertain to Denar loans and deposits in all maturities and sectors, including the foreign currency indexed loans and deposits.

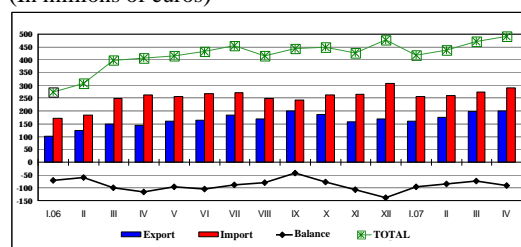
The average weighted lending interest rate on foreign currency credits in all maturities, sectors and currencies amounted to 8.4% in April 2007 and relative to the previous month it did not register any changes, while the average weighted deposit interest rate on foreign currency deposits in all maturities, sectors and currencies is higher by 0.2 percentage points on monthly basis, reaching 1.9%.

III. Foreign trade and foreign exchange developments

The total *foreign trade*⁹ in April 2007 equaled Euro 492.5 million and compared with the previous month rose by 4.4% as a result of the growth registered in both of the components of foreign trade. In April 2007 the *export of goods* registered growth of 1.4% on monthly basis and equaled Euro 201.2 million, which is mainly determined by the increased export of iron and steel and products thereof, food and tobacco. Compared with the same month of the previous year, the export is higher by 39.5% which mainly results from the higher export of iron and steel and products thereof, food and ores. The *import of goods* in April 2007 amounted to Euro 291.3 million and relative to March 2007 realized growth of 6.7%. Analyzed by product, such import growth results from the increase registered in the import of iron and steel and textiles. On annual basis, the

import is higher by 11.4%, where the higher import of iron and steel, equipment, vehicles and ores had more significant contribution in the growth.

Figure 7
Foreign trade of the Republic of Macedonia
(In millions of euros)



Source: State Statistical Office of the Republic of Macedonia.

Given the simultaneous growth of both components of foreign trade, the faster import growth resulted in an increase in the trade deficit by 20.9% on monthly basis. The import-export

⁹ Preliminary SSO data. The export of goods is shown on f.o.b. basis, whereas the import of goods is shown on c.i.f. basis.



coverage ratio in April 2007 went down by 3.6 percentage points on monthly basis, equaling 69.1%.

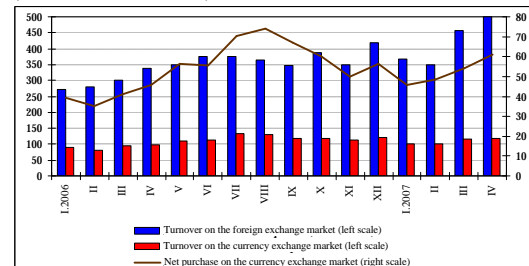
In the period January - April 2007, overall foreign trade equaled Euro 1.819 million and related to the same period of the previous year it is higher by 31.2%, with simultaneous growth in the both trade categories. The export of goods in the analyzed period registered cumulative growth of 41.7% reaching Euro 736.3 million. Such growth is a result of the higher export of iron and steel and products thereof, wearing apparel and textile and ores. Total import of goods in the period January - April 2007 equaled Euro 1,082.7 million and compared to the same period of 2006 it registered growth of 24.9% which is mainly due to the higher import of iron and steel, ores, equipment and electrical machines. In the period January - April 2007, compared with the same period of 2006 almost identical trade deficit of Euro 346.4 million was realized (insignificant fall of 0.2%). The import-export coverage ratio went up by 8.1 percentage points, reaching 68%.

The total turnover on the *foreign exchange market* in April 2007 equaled Euro 500.9 million and on monthly basis it went up by 9.5%. In conditions of registered higher supply of foreign currencies by 14.8% and simultaneous lower demand by 2.5%, for the first time in the past three years the banks realized net purchase of foreign currencies from the companies in the amount of Euro 10.2 million. On the foreign exchange market NBRM made monthly net purchase of foreign currencies of Euro 61 million, which is by 58.3% higher relative to the previous month. In the period January-April 2007, net purchase of foreign currencies on the foreign exchange market by the NBRM equaled Euro 133.4 million. On April 30, 2007 the *gross foreign reserves* reached Euro 1,455.7 million and on monthly basis they went up by 3%. Such dynamics, despite the realized repayment of a portion of the debt to the Paris Club of Creditors predominantly is a result of the realized net purchase of foreign currencies on the foreign exchange market, which includes also the inflow from the privatization of one bank.

The turnover on the *currency exchange market* in April 2007 equaled Euro 117.3 million and compared to the previous month it went up by 1.4%. In conditions of registered higher supply of foreign currencies (by 4.8%) and lower demand (by 8%), net purchase of Euro 60.9 million is realized, which represents monthly growth of

12.1%. On cumulative basis, in the period January-April 2007, the net purchase at the currency exchange market reached Euro 209.6 million which represents growth of 29.7% compared to the same period of the previous year.

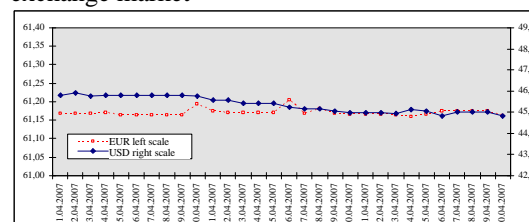
Figure 8
Movement of the total turnover on the foreign exchange and currency exchange market
(In millions of euros)



Source: National Bank of the Republic of Macedonia.

The exchange rate of the Denar against the Euro at the *foreign exchange market* is stable and on April 30, 2007 it equaled Denar 61.16 per one Euro (at the end of March Denar 61.17 were exchanged per one Euro). At the end of April 2007, the exchange rate of the Denar against the US Dollar equaled Denar 44.83 per one US Dollar and compared to the end of the previous month it registered appreciation of 2.1% (at the end of March Denar 45.81 were exchanged per one US Dollar).

Figure 9
Daily middle exchange rate of the Denar against the Euro and the US Dollar on the foreign exchange market



Source: National Bank of the Republic of Macedonia..

On April 30, 2007 the external debt¹⁰ of the Republic of Macedonia based on long-term credits and loans equaled Euro 1,694.8 million and compared to the previous month went down by Euro 16.9 million which is a result of the higher amount of the repaid liabilities (payment of the debt to the Paris Club of Creditors, i.e. to Spain and Germany). Thus, the total repaid liabilities in April 2007 equaled Euro 29.9 million (out of which Euro 27.2 million of principal and Euro 2.7 million of

¹⁰ Precedent data of NBRM.



interest). In the same time, funds in the amount of Euro 19.7 million were used, out of which the largest part is in the non-banking private sector. On April 30, 2007 the total long-term debt of the private sector equaled Euro 573 million and on monthly basis went up by Euro 9.4 million. Such monthly dynamics was determined solely by the debt of the

non-banking private sector. The short-term external debt, rose by Euro 0.6 million on monthly basis, reaching Euro 86 million. In April 2007 credits in the amount of Euro 31.8 million were concluded solely by the private sector and 92.7% of them are short-term credits.



Appendix

Developments in Real Sector in the Republic of Macedonia

Table 1
Costs of living and retail prices

	<u>IV.2007</u> <u>III.2007</u>	<u>IV.2007</u> <u>IV.2006</u>	<u>I-IV.2007</u> <u>I-IV.2006</u>
	in %		
Consumer prices	0,4	1,0	0,8
Food	0,4	0,3	0,6
Tobacco and beverages	1,8	2,3	0,6
Clothing and footwear	-0,6	1,2	1,6
Housing	0,2	6,0	5,3
Flat (rent, water, services)	0,7	7,0	3,0
Fuel and lighting	0,1	8,0	8,6
Hygiene and health	-0,2	0,2	0,1
Culture and entertainment	-0,6	3,5	3,5
Transport and communication services	0,9	-4,0	-4,8
Restaurants and hotels	1,7	4,2	3,3
Other services n.e.c.	12,9	11,7	0,8
<i>Goods</i>	<i>0,4</i>	<i>1,4</i>	<i>1,3</i>
<i>Services</i>	<i>0,6</i>	<i>-0,2</i>	<i>-0,9</i>
Retail prices	0,7	2,5	1,8
Agricultural products	0,9	-4,8	-2,6
Non-food industrial products	1,0	3,4	2,5
Industrial food products	0,1	0,9	0,8
Beverages	-0,1	0,7	0,4
<i>Goods</i>	<i>0,7</i>	<i>2,2</i>	<i>1,7</i>
<i>Services</i>	<i>0,8</i>	<i>3,1</i>	<i>2,0</i>

Source: State Statistical Office of the Republic of Macedonia



Table 2
Prices of producers of industrial products*

	<u>IV.2007</u> <u>III.2007</u>	<u>IV.2007</u> <u>IV.2006</u>	<u>I-IV.2007</u> <u>I-IV.2006</u>
	in %		
Prices of producers of industrial products	0,5	1,0	1,0
Energy	2,1	-0,6	-1,8
Intermediate goods, except energy	0,2	6,2	5,6
Capital products	0,1	0,9	2,3
Durable consumer goods	0,0	-0,2	0,8
Non-durable consumer goods	-0,2	-1,4	-0,6
<i>Mining and quarrying</i>	<i>0,0</i>	<i>-0,3</i>	<i>1,5</i>
<i>Manufacturing</i>	<i>0,5</i>	<i>-0,3</i>	<i>-0,3</i>
Manufacturing of food products and beverages	-0,2	1,5	1,9
Manufacturing of tobacco products	-0,2	-0,8	0,3
Manufacturing of textiles	0,0	-0,5	-0,4
Manufacturing of wearing apparel; dressing and dyeing of fur	0,0	-2,1	-2,0
Publishing, printing and reproduction of recorded media	0,4	-0,4	-0,8
Manufacture of coke, refined petroleum products and nuclear fuel	3,8	-11,0	-12,4
Manufacture of chemicals and chemical products	0,0	-0,2	-0,3
Manufacture of rubber and plastic products	0,0	0,2	1,5
Manufacture of other non-metallic mineral products	0,4	3,5	2,9
Manufacture of basic metals	1,1	12,4	13,1
Manufacture of fabricated metal products, except machinery and equipment	0,3	2,3	4,3
Manufacture of electrical machinery and apparatus n.e.c.	0,2	5,5	7,1
<i>Electricity, gas and water supply</i>	<i>0,3</i>	<i>13,3</i>	<i>11,8</i>

* Previous data

Source: State Statistical Office of the Republic of Macedonia



Table 3
Industrial output*

	Structure in %	IV.2007 III.2007	IV.2007 IV.2006	I-IV.2007 I-IV.2006
		in %		
Total	100,0	-3,0	5,3	9,9
Energy	18,3	-7,0	18,1	2,0
Intermediate goods, except energy	34,1	2,8	18,9	23,2
Capital products	5,1	-3,9	-11,9	20,7
Durable consumer goods	2,2	11,2	39,5	17,4
Non-durable consumer goods	40,3	-7,2	-9,7	1,6
Mining and quarrying	3,9	11,3	10,1	12,8
Mining of coal and lignite; extraction of peat	1,6	-8,8	-4,3	-3,4
Mining of metal ores	0,7	1,8	118,1	134,6
Other mining and quarrying	1,5	49,0	-8,5	-6,2
Manufacturing	83,9	-2,5	6,8	13,3
Manufacturing of food products and beverages	16,1	2,0	3,1	9,3
Manufacturing of tobacco products	5,7	-12,5	-35,6	-4,5
Manufacturing of textiles	1,7	-21,6	-19,9	-6,7
Manufacturing of wearing apparel; dressing and dyeing of fur	11,1	-18,6	-24,0	-9,8
Tanning and dressing of leather; manufacture of luggage, handbags, saddles, harness and footwear	1,5	-12,8	24,9	-3,6
Manufacture of wood and products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials	1,2	26,2	49,6	57,3
Manufacture of pulp, paper and paper products	1,1	5,0	6,8	5,1
Publishing, printing and reproduction of recorded media	3,1	-8,3	-9,3	7,1
Manufacture of coke, refined petroleum products and nuclear fuel	4,5	3,8	174,0	41,1
Manufacture of chemicals and chemical products	4,6	-3,3	9,0	10,2
Manufacture of rubber and plastic products	1,9	-13,1	-19,2	12,8
Manufacture of other non-metallic mineral products	7,3	23,7	12,9	35,2
Manufacture of basic metals	11,2	1,1	66,8	60,0
Manufacture of fabricated metal products, except machinery and equipment	3,3	16,4	7	6,3
Manufacture of machinery and equipment n.e.c.	1,4	-10,5	37,8	62,6
Manufacture of electrical machinery and apparatus n.e.c.	3,5	-55,7	-50,8	-46,1
Manufacture of motor vehicles, trailers and semi-trailers	1,1	-5,1	-15,4	-19,9
Manufacture of other transport equipment	1,1	-2,2	-61,0	25,7
Manufacture of furniture, manufacturing n.e.c.	2,0	14,5	33,8	-2,2
Recycling	0,6	-43,6	-43,7	-2,9
Electricity, gas and water supply	12,2	-11,6	-6,8	-8,6

* Previous data

Source: State Statistical Office of the Republic of Macedonia



Monetary developments in the Republic of Macedonia

Table 4
National Bank accounts
(current exchange rate, in million denar)

	XII.06 ¹⁾	I.07	II.07	III.07
I. Net Foreign Assets	85116	83884	83221	85066
Assets	87761	86503	85676	87526
Liabilities	2645	2619	2455	2460
II. Net Domestic Assets	-53852	-55452	-54084	-55711
Credit to banks, net	-9422	-11596	-11137	-11274
<i>Credit to banks</i>	34	34	29	29
Credits extended at auction	0	0	0	0
Repurchased agreement	0	0	0	0
Credits based on securities	0	0	0	0
Long - term credits	24	24	19	19
Advances	0	0	0	0
Other	10	10	10	10
Instruments	-9456	-11630	-11166	-11303
Auctions of bills	-9456	-11630	-11166	-11303
Net, Government	-30690	-29827	-28241	-29969
1.Claims on Government	2267	2267	2267	2267
Use of Fund credit	0	0	0	0
Ordinary credit	0	0	0	0
Purchased Government sec.	1039	1039	1039	1039
Other	1228	1228	1228	1228
2. Government Deposits	-32957	-32094	-30508	-32236
A) In denar	-15326	-17161	-17647	-20106
Demand deposits	-15326	-17161	-17647	-20106
- Budget account	-10303	-12307	-12416	-14093
- Other budget funds	-5023	-4854	-5231	-6013
o/w - Government securities for monetary purpose	-4573	-4391	-4756	-5537
Fund for monetary policy support	0	0	0	0
B) In foreign currency	-17631	-14933	-12861	-12130
Central Gov.dep.	-17515	-14820	-12745	-12015
o/w Telecom	0	0	0	0
o/w Road fund	-81	-81	-81	-81
Other Government deposits	-116	-113	-116	-115
3.External account	0	0	0	0
Other items, net	-13740	-14029	-14706	-14468
Other assets	5727	5746	5760	5691
Other liabilities	-5732	-5503	-5512	-5554
o/wTransitory account	-171	-25	-66	-58
Capital account	-11819	-12335	-12463	-12257
Residual items	-1916	-1937	-2491	-2348
Reserve money	31264	28432	29137	29355
Currency in circulation	16206	14527	14986	15034
Cash in vaults	1526	1397	1520	1468
Giro - accounts	13532	12508	12631	12853
o/w Reserve requirement	6373	6462	6509	6595

1) Definite data

Source: National Bank of the Republic of Macedonia



Table 5
Monetary Survey
 (current exchange rate, in million denar)

	XII.06 ¹⁾	I.07	II.07	III.07
I. Net Foreign Assets	108042	106455	107140	108475
<i>National Bank</i>	85116	83884	83221	85066
Assets	87761	86503	85676	87526
Liabilities	2645	2619	2455	2460
<i>Deposit Money Banks</i>	22926	22571	23919	23409
Assets	39707	38257	38837	39614
Liabilities	16781	15686	14918	16205
II. Net Domestic Assets	28288	29824	33173	34538
1.Domestic credit	77176	79487	83921	85601
of which: Claims on Gov.	-17184	-16633	-14556	-15513
a) Deposit Money Banks	107866	109314	112162	115570
-in denar	84368	85822	87861	90626
Government	13377	13067	13562	14337
Credits	13355	13045	13539	14314
a) Budget and Line Ministries	13095	12762	13241	14052
b) Funds	260	283	298	262
c) Ins. of Central Gov.: Courts, etc.	0	0	0	0
Accrued interest	22	22	23	23
Non Government sector	70991	72755	74299	76289
Credits	66410	68057	69569	71537
of which: Overdue claims	9810	9737	9721	9560
Accrued interest	4581	4698	4730	4752
-in foreign currency	23498	23492	24301	24944
Government	129	127	123	119
of which: Overdue	0	0	0	0
Non Government sector	23369	23365	24178	24825
of which: Overdue	1650	1625	1473	1511
b) Nat. Bank Claims on Government	-30690	-29827	-28241	-29969
2.Other items, net	-48888	-49663	-50748	-51063
of which: Claims on Gov.				
for frozen f.c. deposits	0	0	0	0
Accrued interest	-4603	-4720	-4753	-4775
Others	-44285	-44943	-45995	-46288



Monetary Survey (continuous)
(current exchange rate, in million denar)

	XII.06 ¹⁾	I.07	II.07	III.07
M4Total	136330	136279	140313	143013
M4 (nonGovernment)	135131	135262	139216	141473
M1(Total)	35436	33102	34022	35281
M1 (nonGovernment)	34747	32583	33433	34254
Currency in Circulation	16206	14527	14986	15034
Demand deposits(total)	19230	18575	19036	20247
Demand deposits(NonGov.)	18541	18056	18447	19220
Deposit Money Banks	19207	18479	18705	19824
NonGov. Demand deposits	18518	17960	18116	18797
Government Demand deposits	689	519	589	1027
a) Budget and Line Ministries	551	234	262	226
b) Funds	138	284	327	801
c) Ins. of C.Gov.: Courts, etc.	0	1	0	0
Nation. Bank NonGov.Demand dep.	23	96	331	423
M2 (Total)	129644	129731	133527	136240
M2 (nonGovernment)	128494	128763	132480	134750
Quasi money (Total)	94208	96629	99505	100959
Quasi money (non Government)	93747	96180	99047	100496
Deposit Money banks	94208	96629	99505	100959
Non Government sector	93747	96180	99047	100496
Denar	36317	37295	39293	40511
Foreign currency	57430	58885	59754	59985
Government deposits	461	449	458	463
Denar	460	448	457	462
Foreign currency	1	1	1	1
NBM quasi deposits	0	0	0	0
Nonmonetary Deposits (Total)	6686	6548	6786	6773
Denar nonm. deposits (total)	3678	3641	3739	3799
F.C. nonm. deposits (total)	3008	2907	3047	2974
Nonmonetary Deposits (nonGov.)	6637	6499	6736	6723
Denar nonm. dep.(nonG)	3629	3592	3689	3749
F.C. nonm. dep (nonG)	3008	2907	3047	2974
-Deposit Money Banks	6686	6548	6786	6773
Denar nonGov. nonmonetary dep.	3629	3592	3689	3749
F. C. nonGovern. nonmon. dep.	3008	2907	3047	2974
Denar Gov. nonmon. deposits	49	49	50	50
F. C. Govern. nonmon. deposits	0	0	0	0
-NBM NonGov. nonm. deposits	0	0	0	0
Denar	0	0	0	0
Foreign currency	0	0	0	0
Total Deposits	120124	121752	125327	127979
Total Deposits (nonGov.)	118925	120735	124230	126439

1) Definite data

Source: National Bank of the Republic of Macedonia


Table 6

Total deposits of the non-government sector

	30.04.2007	monthly changes		annual changes		structure
	in Denar million	in Denar million	in %	in Denar million	in %	in %
Total deposits	111.760	4.541	4,2	25.170	29,1	100,0
1. According to maturity						
- short-term	104.216	3.720	3,7	23.331	28,8	93,2
- long-term	7.544	821	12,2	1.839	32,2	6,8
2. According to currency of denomination						
- In denar	48.026	3.766	8,5	15.206	46,3	43,0
- In foreign currency	63.734	775	1,2	9.964	18,5	57,0

Source: National Bank of the Republic of Macedonia

Table 7

Households and enterprises deposits

	structure	30.04.2007	monthly changes		annual changes	
	in %	in Denar million	in Denar million	in %	in Denar million	in %
Total households deposits	100,0	74.151	2.660	3,7	15.209	25,8
1. According to maturity						
- short-term	94,0	69.722	2.430	3,6	13.841	24,8
- long-term	6,0	4.429	230	5,5	1.368	44,7
2. According to currency of denomination						
- In denar	37,7	27.922	2.599	10,3	10.120	56,8
- In foreign currency	62,3	46.229	61	0,1	5.089	12,4
Total enterprises deposits	100,0	35.352	1.871	5,6	9.516	36,8
1. According to maturity						
- short-term	95,3	33.687	1.280	3,9	9.541	39,5
- long-term	4,7	1.665	591	55,0	-25	-1,5
2. According to currency of denomination						
- In denar	51,1	18.075	1.166	6,9	4.627	34,4
- In foreign currency	48,9	17.277	705	4,3	4.889	39,5

Source: National Bank of the Republic of Macedonia



Table 8
Demand deposits of households and enterprises

	30.04.2007	monthly changes		annual changes	
	in Denar million	in Denar million	in %	in Denar million	in %
Demand deposits	20.177	957	5,0	5.278	35,4
- Demand deposits of households	4.341	296	7,3	998	29,9
- Demand deposits of enterprises	13.377	528	4,1	4.084	43,9

Source: National Bank of the Republic of Macedonia

Table 9
Placements to households and enterprises

	30.04.2007	monthly changes		annual changes	
	in Denar million	in Denar million	in %	in Denar million	in %
Total placements	98.452	2.090	2,2	23.612	31,5
<i>Denar placements</i>	73.380	1.843	2,6	17.828	32,1
<i>of which:</i>					
- enterprises	40.061	483	1,2	7.260	22,1
- households	33.217	1.360	4,3	10.571	46,7
<i>Foreign currency placements</i>	25.072	247	1,0	5.784	30,0
<i>of which:</i>					
- enterprises	23.237	172	0,7	5.065	27,9
- households	1.828	74	4,2	718	1,6 times

Source: National Bank of the Republic of Macedonia


Table 10

Maturity and sector structure of Denar and foreign currency placements

	Share on 30.04.2007 (in %)	Monthly change (in percentage points)	Annual change (in percentage points)
Denar placements	100,0		
maturity structure			
- short-term	44,6	-0,5	-6,3
- long-term	55,4	0,5	6,3
structure by sectors			
- enterprises	54,6	-0,7	-4,4
- households	45,3	0,8	4,5
- other	0,1	0,0	-0,1
Foreign currency placements	100,0	0,0	0,0
maturity structure			
- short-term	25,6	0,1	-2,8
- long-term	74,4	-0,1	2,8
structure by sectors			
- enterprises	92,7	-0,2	-1,5
- households	7,3	0,2	1,5
- other	0,0	0,0	0,0

Source: National Bank of the Republic of Macedonia

Table 11

Interest rates

	April, 2007	Monthly changes	Annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	5,1	-0,2	-1,1
Average weighted interest rate on the Money Market	3,7	-0,3	-2,7
Interest rate on three-month treasury bills	6,4	0,0	0,0
Banks' weighted lending interest rates	10,5	0,0	-1,0
Banks' weighted deposit interest rates	4,7	-0,1	0,1

Source: National Bank of the Republic of Macedonia and Money and Short-term Securities Market

* Pertains to the official Money Market and the bilateral trading between banks.



Table 12
Auctions of Treasury bills

	Supply	Demand	Realized	Weighted interest rate
	in Denar million			in %
Treasury bills auctions, 3 month				
10.04.2007	1.450	1.195	1.195	6,59
24.04.2007	1.800	2.178	1.800	6,25
Treasury bills auctions, 6 month				
10.04.2007	450	544	450	6,83

Source: Ministry of finance

Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

Table 13
Foreign trade of the Republic of Macedonia
(in EURO million)

	IV.2007	I-IV.2007	IV.2007		IV.2007		I-IV.2007	
	amount		III.2007	%	IV.2006	%	I-IV.2006	%
Foreign trade	492,5	1.819,0	20,9	4,4	86,9	21,4	432,9	31,2
Exports	201,2	736,3	2,7	1,4	57,0	39,5	216,9	41,7
Imports	291,3	1.082,7	18,3	6,7	29,9	11,4	216,1	24,9
Balance	-90,1	-346,4	-15,6	20,9	27,1	-23,1	0,8	-0,2

Source: State Statistical Office.

Table 14
Ten most important trading partners of the Republic of Macedonia, January-April, 2007
(in EURO million)

	Foreign trade		Exports		Imports		Import- export coverage ratio
	amount	Share %	amount	Share %	amount	Share %	%
Republic of MACEDONIA	1.819,0	100,0	736,3	100,0	1.082,7	100,0	68,0
<i>out of which:</i>							
Serbia	212,9	11,7	132,5	18,0	80,4	7,4	164,8
Germany	207,9	11,4	103,6	14,1	104,3	9,6	99,4
Greece	197,2	10,8	99,1	13,5	98,1	9,1	101,0
Russia	159,5	8,8	4,9	0,7	154,6	14,3	3,2
Italy	140,4	7,7	78,9	10,7	61,5	5,7	128,4
Bulgaria	100,6	5,5	48,3	6,6	52,3	4,8	92,4
Spain	69,7	3,8	57,0	7,7	12,7	1,2	448,5
Croatia	55,9	3,1	32,0	4,3	23,9	2,2	133,7
Turkey	48,5	2,7	10,4	1,4	38,1	3,5	27,3
Slovenia	46,7	2,6	14,9	2,0	31,8	2,9	47,0
Total (10 largest trading partners)	1.239,3	68,1	581,6	79,0	657,6	60,7	88,4

Source: State Statistical Office.



Table 15

External long-term debt of the Republic of Macedonia, used credits and paid liabilities
(in EURO million)

	External debt		Credits used		Paid liabilities	
	31.03.2007	30.04.2007	III 2007	IV 2007	III 2007	IV 2007
Long-term debt	1.711,7	1.694,8	15,7	19,7	31,5	29,9
Public sector	1.148,2	1.121,9	2,2	4,7	21,5	23,3
Official creditors	918,3	891,6	2,1	3,1	20,7	23,2
Multilateral creditors	828,1	816,9	1,7	1,5	5,4	6,8
Bilateral creditors	90,1	74,8	0,4	1,5	15,3	16,4
Private creditors	229,9	230,2	0,1	1,7	0,7	0,1
Eurobonds	150,0	150,0	0,0	0,0	0,0	0,0
Other private creditors	79,9	80,2	0,1	1,7	0,7	0,1
Private sector	563,6	573,0	13,5	15,0	10,0	6,6
Private banks	137,9	137,4	10,7	0,0	3,5	0,2
Non-banking private sector	425,7	435,5	2,8	15,0	6,6	6,4
Short-term debt	85,4	86,0	11,8	0,7	1,6	0,5
Public sector	0,0	0,0	0,0	0,0	0,0	0,0
Private sector	85,4	86,0	11,8	0,7	1,6	0,5
Private banks	25,8	25,8	9,8	0,0	0,0	0,0
Non-banking private sector	59,6	60,2	2,0	0,7	1,6	0,5
TOTAL	1.797,2	1.780,9	27,6	20,4	33,1	30,4

Source: National Bank of the Republic of Macedonia

National Bank of the Republic of Macedonia Balance sheet

Table 16

NBRM Balance sheet on 30.04.2007
(in million Denars)

Assets	Amount	Liabilities	Amount
Foreign assets	90.111	Reserve money	24.680
Claims on Government	1.626	NBRM instruments	11.755
Claims on banks and other financial institutions	1.347	Restricted deposits	446
Other assets	4.297	Foreign liabilities	2.254
		Government deposits	33.659
		Capital accounts	12.137
		Other liabilities	12.450
Total	97.381	Total	97.381

Source: National Bank of the Republic of Macedonia