

National Bank of the Republic of Macedonia



Quarterly Report

October, 2008

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* The quarterly report contains analysis of the macroeconomic developments mainly in the second quarter of 2008 and of the available data on the developments in the third quarter of 2008 as of 01.10.2008.

Summary

The Macedonian economy continued to grow with intensive tempo in the second quarter too. The significant GDP growth in the second quarter showed higher use of the economy potential, so the positive change in all branches gave signal for higher diversification of the sources of growth. The indicators on the side of the demand showed moderate redistribution of the driving forces of the economic growth from the final consumption to investments, which represented indicator for possible increase in the productivity of the Macedonian economy on middle term. Despite the effect of the growing demand on the inflation, still most of the changes in the inflation in this period were due to the factors on the side of the supply. The annual inflation, in accordance with the comparison basis of the previous year, started to slow down significantly, so that the current inflation performances are better than the projections and they indicate considerable slowing down in the annual inflation growth till the end of the year, although certain risks were still present. The growth in the domestic demand expectedly implied also import pressures, which together with the worsening in the conditions for trade and further fall in the private transfers maintained the trend of broadening in the deficit on the current account. Within the banking system, the pressures from the growing competitiveness were still narrowing the interest spreads, so the credit expansion continued, but with lower tempo.

The intensive growth in the domestic and the more moderate deviations in the external demand contributed with rise in the supply in the economy and significant annual increase in GDP in the second quarter of 6.5%. In the area of the economic activity, this quarter was characteristic not only by the high growth rate, but also by the deviations in the structure of the factors of growth, both on the side of the demand, and on the side of the supply. The intensive growth in the gross investments (estimated real growth of 76.3%¹ in the second quarter), showed gradual increase in their significance for the economy, which is necessary precondition for reaching high, but maintainable rates of economic growth. Keeping the growth dynamics of the domestic output and the import of capital products, the projected high Government capital expenditures, as well as the high and stabile rates of growth in the corporative crediting were indicators for keeping the investment activity. Although such growth in the investments may create large gap relative to the total savings in the economy and to create external rebalances, still on middle term it expected to result in growth in the productivity and change in the trends in the external sector. The growth in the personal consumption continued also in the second quarter, so the expectations for slowing down in the growth in part of the main sources of its financing indicated slowing down in its growth in the following period. In addition to such expectation was the fall in the private transfers, the slowing down in the growth in the credits to households, the higher price level of food and energy, which is expected to inhibit partially the other segments of the personal consumption, as well as the low real growth in the wages as of July. The growth in all economy branches and the dominant contribution of the industry (contribution of 2.8 p.p) and construction (contribution of 1.5 p.p.), opposite of the current dominant role of the service sector were the main characteristics of the supply in the second quarter. In accordance with the growth in the investments, the positive developments in the construction (which had positive multiple effects on the economy), as well as the high direct investments, the intensity of the economy growth is expected to continue with similar tempo till the end of the year. However, the negative risks in this area, which may result in lower growth relative to the expected one, exist and may be relatively perceived in the negative conjuncture at the international metal market, the lower growth in the main trade partners, as well as the expectations for the lower growth in the personal consumption.

The stabilization of the inflation continued also in the third quarter, so the annual inflation in September reduced to 7.1% (the average inflation amounted to 9.3%), and the prices of food and energy still have dominant role, with contribution of 86%. Considering the comparison basis from the previous year, the slowing down in the inflation did not come as a surprise, although with more intensive tempo than the expected one, mainly as a result of the lower prices of food. Having in mind the current dynamics, no considerable influence of the intensity of the domestic demand on the

¹ The nominal growth was deflated with the producer price index.

inflation was expected till the end of the year, and the downward trend of the inflation is expected to continue till the end of the year. However, the instability of the global prices of food and energy and the announcement for growth in the domestic prices of electricity represented risk factors which may influence the projected trajectory of inflation till the end of the year.

The gap in the intensity of growth in the import (41.9%) and the export (14.6%) in the second quarter of 2008 resulted in considerable broadening in the trade deficit of 2.2 times relative to the same period of the previous year. Although the import pressures may be partially explained with the growth in the investments and in the personal consumption, still most of them they represent reflection of the upward trend of the prices of energy sources in the international market. The trade conditions additionally worsened with the fall in the prices of nickel at the international market, as external shock, which significantly influenced the export performances. The high exposure to the developments in the global market indicated the need of creating export structure the vulnerability from shocks of which shall be lower, so that the risk from the total external sector would decrease. Having in mind the current tempo of growth in the import and the expectations for further fall in the nickel price, additional broadening in the trade deficit is expected till the end of the year. With respect to the financing of the current account, the second quarter characterized with the dominant participation of the direct investments, net, in the structure of the capital flows, which showed that the temporary high current deficit shall be financed through long-term, stable capital flows.

The growing competency in the banking system still represented the main driving force of the business policy of banks. This can be especially perceived through the interest policy of banks, where the downward trend of the lending and deposit interest rates indicated the active policy of banks for increasing their market participation on the credit and deposit market. In the second quarter, despite the slowing down in the annual growth in the primary sources of financing of banks, the credit activity of banks continued with more intensive tempo, so that the credits granted to the private sector registered annual increment of 43.2%. However, after June 2008, in accordance with the expectations, the credit growth started to slow down and in August the annual change reduced to 39.9%, with more intensive slowing down in the credits to households being registered, relative to the growth in the corporative crediting. The expectations till the end of the year were acting towards further slowing down in the crediting to the private sector and they corresponded with the monetary measures undertaken so far, the expected narrowing in the deposit base of banks (mainly as a result of outflows for payment of dividends), as well as the worsening in the conditions for external financing (caused by the financial crises), which may narrow the palette of alternative sources of financing of banks. However, the risks about such scenario are still large and they pertain to the crediting of households as well as to the corporative crediting. Namely, the low interest elasticity of the demand of credits to households may relativize the already undertaken, as well as the announced measures of banks for more rigorous conditions for extending consumer credits, although on the other hand, the higher prices of food and energy may restrict the other types of consumption and reduce the demand for credits. Within the corporative sector, the signals which indicate maintaining the investment cycle, indicated the possibility for growth in the demand for credits by the enterprises, although the potential risks of the world financial crises relativize such expectations.

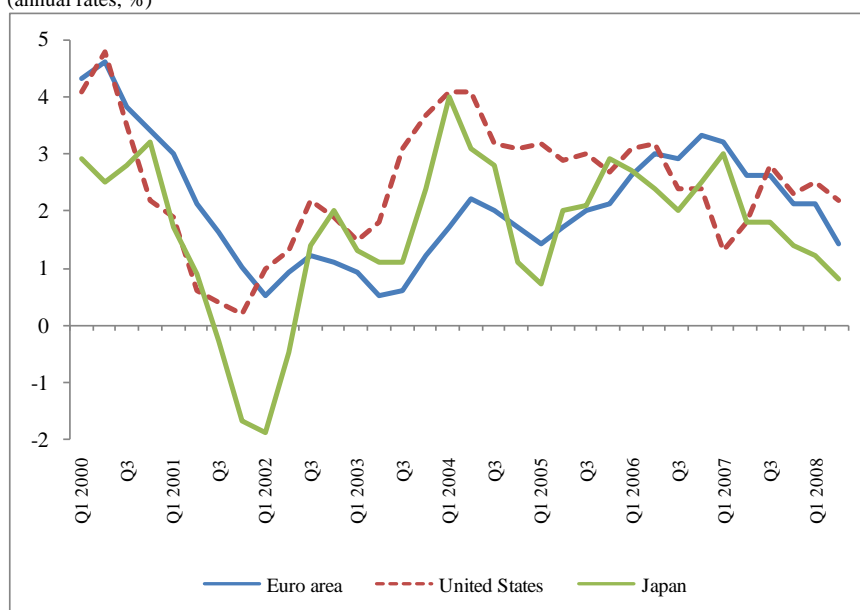
The growing external rebalance and the pressures which were created on the foreign exchange market, the risks of spillover of the growth in the prices of food and energy on the rest of the price segments, the growth in the inflation expectations, as well as the pressures coming from the banking system through the to intensive growth in the crediting of the households were the main factors which determined monetary reaction with growth in the interest rates of the CB bills. In the second quarter, NBRM increased the interest rate by 1 percentage point, so the reference interest rate reached up to 7%, and in July an additional monetary measures were undertaken for slowing down in the growth in the credits to the households (Decision on Compulsory Deposit). Such measures, together with the growth in the capital inflows, contributed to stabilization in the developments on the foreign exchange market, where NBRM continuously intervenes with net purchase of foreign currencies since May. In the same time, the anticipated stabilization of the inflation started, with intensity which is higher than the expected one so far, and the credit growth although still high, has lower dynamics. However, the

uncertainty and the risks which influence the monetary policy are still high. Namely, the risks related with the global developments in the prices of food and energy (despite the recent trend of their decrease) created uncertainty about the dynamics of the domestic prices, deepening in the deficit on the current account, depending on the volume and the dynamics of the capital inflows may negatively reflect on the foreign exchange market, and the possible change in then fiscal position till the end of the year, also represents potential source of certain macroeconomic effects. Such uncertain ambient created need of continuous monitoring of the key risks and undertaking additional monetary reaction if it is necessary, for the purpose of maintenance of the stability of the foreign exchange rate and price stability in the economy.

**I.****Macroeconomic developments****1.1. International economic environment²***Slowing down in the global economic growth*

The global economy in the last period characterized with stagnation in the economic activity, continuous inflationary pressures and global high level of insecurity. The continuous tensions on the financial markets, combined with the higher prices and the adjustments on the real estate market in the most of the developed economies continued to slow down the global growth. The global repercussions from the deterioration of the USA economy on the global economic cycle were relatively high. In the meantime, the constant growth of the fast growing economies, caused by the upward domestic demand continued to support the total global growth. In accordance with such developments, slowing down in the global growth is assessed from 5% in 2007 to 4.1% in 2008 (in July 2008 an upward revision was made of 0.4 p.p.). The inflation developments in the developed as well as in the fast growing economies registered upward trend, under pressure of the prices of oil and non-energy products. Generally, in the first 7 months of 2008 the inflation rate in the countries of OECD equaled 4.8%, whereas the basic inflation (excluding the food and the energy) went up by 2.3%.

Figure 1
Real GDP in the developed economies
(annual rates, %)



Source: EUROSTAT.

Slowing down in the economic growth in the Euro area in the second quarter of 2008

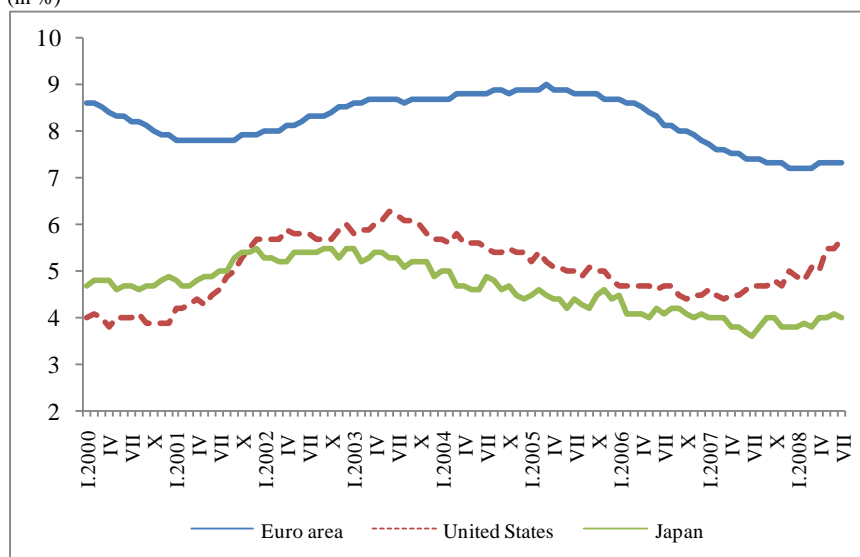
After the intensive economic expansion in the first quarter of 2008, the lower growth in the investments and in the private consumption caused stagnation in the economic growth in the Euro area in the second quarter of 2008. Thus, the real GDP went down by 0.2% in the second quarterly of the year relative to the first quarter of 2008, when quarter fall in the largest economies in the Euro area was registered (Germany: 0.5%; France and Italy: 0.3%) excluding Spain (0.1%). The slowing partially reflected the high comparison basis of the unusually intensive growth in the first months of the year, when generally due to the unusually warm winter in most parts of Europe the building activity intensified. The higher prices of goods and the global economic slowing down, additionally slowed down the economy in the Euro area. On annual basis, the real growth of GDP equaled modest 1.4% and it dropped by 0.7 p.p. relative to the annual growth in the first quarter of 2008 (2.1%). The negative results on

² The Analysis was mostly based on IMF World Economic Outlook, July 2008 update and the ECB Monthly Reports.

quarterly level in the industry, construction as well as in the trade, transport and communications were the basic reasons for the low real annual growth in GDP. Consequently, the newest macroeconomic projections of ECB indicated downward revision in the average annual real GDP growth, which was assessed to amount between 1.1% and 1.7% in 2008. The index of foreign effective demand³, where downward trend in the annual growth rates was registered, also registered trend of stagnation in the second quarter of the year.

The slower economic growth in the Euro area stopped the downward trend of the unemployment rate. Thus, in the second quarter of the year unemployment rate of 7.3% was registered, which was by 0.1 p.p higher relative to the previous quarter. The same trend continued also in July. Compared with the Euro area, the rest of the developed economies, i.e. USA and Japan, still registered lower unemployment rate (5.3% and 4%, respectively), but relative to the previous quarter of the year they also registered growth (of 0.4 p.p. in USA and 0.2 p.p. in Japan).

Figure 2
Unemployment rate*
(in %)



*Adjusted for seasonal effects.

Source: EUROSTAT

Continuous inflation growth in the Euro area

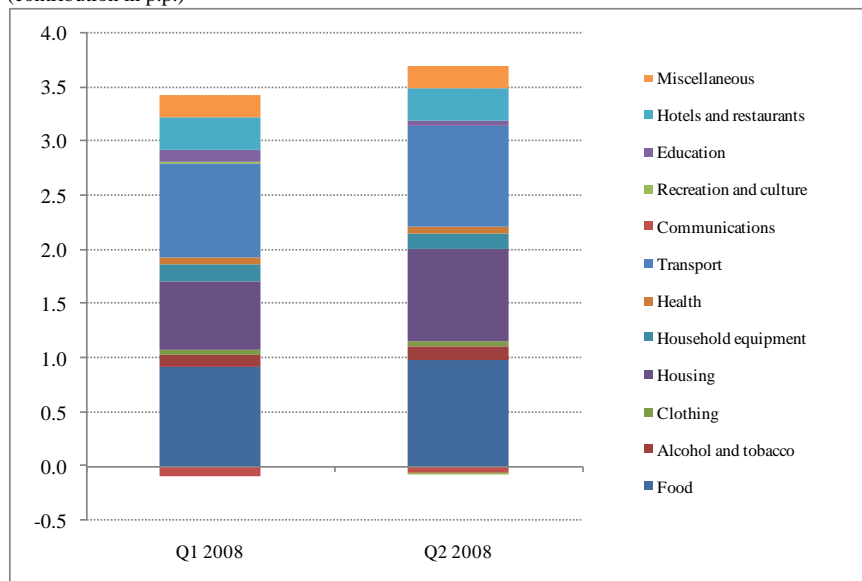
The intensification in the annual inflation rate in the Euro area continued also in the second quarter of 2008, thus reaching historical level of 3.6%, and the culmination was registered in July 2008, when the level of the consumer prices went up by 4.1%. Such worrying level of the inflation was largely resulting from the direct and indirect effects from the high prices of energy and food registered so far on global level. Besides that, the intensified rise in the wages in the last period, in time when the growth in the productivity of the labor registered slowing down, resulted with considerable increment in the costs per labor unit, which caused additional inflationary pressures. For the following period, on the basis of the forward agreements (futures markets) on the prices of goods, the annual inflation rate, probably in the following period will stay high above the level consistent for the price stability, and gradual slowing down is

³ The foreign effective demand was calculated as a sum of the weighted indices of the gross domestic product of the most significant trade partners of the Republic of Macedonia. The weights were calculated based on the participation of these countries in the Macedonian export. The data on the gross domestic product for the countries which are trade partners of Macedonia are from the database of EUROSTAT (New Cronos database), whereas the projected data are from the publication „Consensus Forecast“, September 2008. In the calculation of the index Germany, Greece, Italy, Holland, Belgium and Spain are included.

expected for 2009. By the latest ECB projections⁴, the average annual inflation rate in the Euro area in 2008 is expected to range between 3.4% and 3.6%. The higher projections of the inflation for 2008 mainly reflected the higher energy prices, and to a lower extent, the higher prices of food and services than they were previously envisaged. The risks for the price stability on middle term remained high. These risks included the possibility for repeated increase in the prices of primary products, as well as the possibility for their more intensive indirect effect on the consumer prices.

Figure 3

Contribution of individual categories of the harmonized consumer price index in the Euro area to the annual inflation rate
(contribution in p.p.)



Source: EUROSTAT and calculations of the National Bank of the Republic of Macedonia.

In the second quarter of 2008 the average nominal foreign exchange rate USA dollar/Euro equaled record 1.56, when the Euro continued to appreciate by 4.1% relative to the previous quarter. The continuous strengthening of the Euro relative to the USA currency mainly reflected the market expectations for broadening the interest differentials, in accordance with the perceptions for the economy in the Euro area as relatively more resistant to the global slowing down. However, in August 2008 the value of the Euro significantly decreased and it was exchanged by rate under USA dollar 1.50, mainly related with the perceptions concerning the relative economic performances in USA and in the Euro area.

Opposite of the global developments, the positive economic activity in the countries from the region continued also in the second quarter of 2008, with relatively high average real GDP rate⁵ of 5.2%. However, such rate was lower than the in the previous quarter, which was due to the considerable slowing down in the economic growth in Turkey. The economic growth was expected to slow down in the next quarter because of the lower activity in the industry in most of the countries in July and August 2008. After reaching the highest inflation level in the second quarter, calming down of the inflation was registered with most of the countries in the third quarter of the year. The slowing down in the annual inflation rates was mostly apparent in Serbia, Kosovo and Macedonia.

⁴ Source: European Central Bank Bulletin, September 2008.

⁵ When calculating the average growth rate of GDP only the following countries were considered: Republic of Macedonia, Serbia, Croatia, Montenegro and Turkey, because the quarterly data of Albania, Bosnia and Herzegovina and Kosovo were lacking. Source: State Statistical Offices and the central banks of the respective countries.



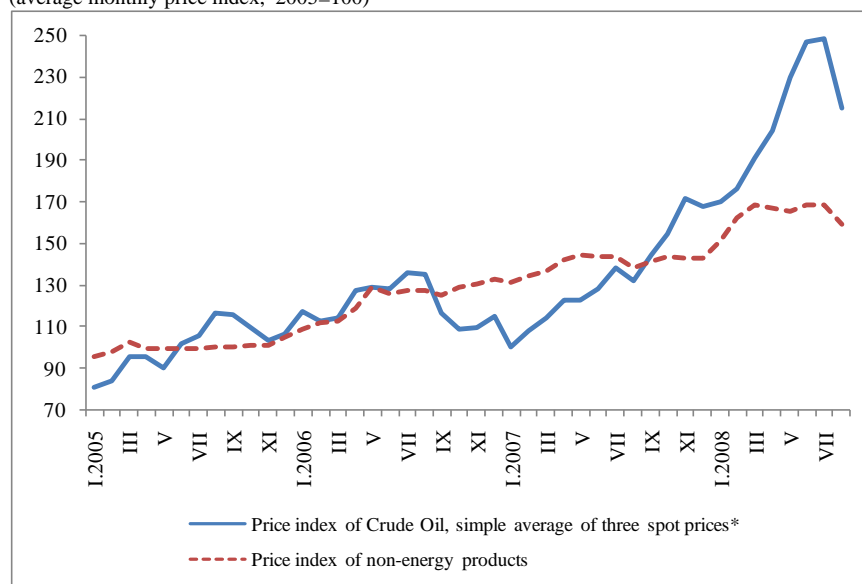
Also, positive developments were registered also in the labor force market, where fall in the unemployment rate was registered with all countries in the region in the second quarter of 2008.

The price of the crude oil⁶ in the second quarter registered annual growth of 83.2%, whereas relative to the previous quarter it rose by 26.9% and it equaled USA dollar 121.1 per barrel, on average. Such dynamics continued also in July 2008, so the prices reached the record average level of USA dollar 132.5 per barrel. In August 2008 the prices decreased and they were ranging about USA dollar 114.6 per barrel, on average, but relative to the same month of the previous year they rose by 63.4%. Such monthly drop was partially due to the unexpected higher reserves in USA and to the lower negative performances in the supply. Concerning the developments in the main market fundamentals, the demand reacted to the higher prices with lower import by the OECD countries, although it is still compensated by the intensive growth in the demand with the fast growing economies. On the side of the supply, the situation was partially improved after the considerable increment in the production by OPEK in July 2008. Despite such developments, the balance of the supply and the demand at the global oil market was still insufficient, so the risk of upcoming growth in the prices remained at high level and it is related with the sensitivity of the prices to the geopolitical ambient.

*Historically highest level
of energy prices*

Figure 4

Developments in the index of the world prices of primary products and crude oil (average monthly price index, 2005=100)



* The spot-price of the crude oil represented average of the following types of oil: Dated Brent, West Texas Intermediate and Dubai Fateh.

** The price index of the primary (non-energy) products represents weighted average from the spot-prices of food, beverages, agriculture raw materials and metals.

Source: IMF, World Economic Outlook, monthly database, August 2008.

In the second quarter of 2008, the prices of primary (non-energy) products⁷ registered annual growth of 16.6%, but after the registered record growth in July 2008, monthly decline was registered in August 2008. Thus, the prices of metals registered annual drop which was due to the global economic slowing down and decrease in the transportation costs. Concerning the food products, the prices of the corn and the soya registered high annual growth in the second quarter, but in August 2008 the prices went down under the levels registered in July 2008, which was due to the favorable weather conditions

⁶ The prices of the crude oil represented an average of the following types of oil: Dated Brent, West Texas Intermediate and Dubai Fateh.

⁷ The price index of the primary products includes the prices of food, beverages, agriculture raw materials and metals.



which imply growth in the supply. After the record growth in the first quarter of the year the price of the weed in the second quarter registered considerable quarterly fall of 15.8%, and such trend continued also in the first two months of the third quarter, which was a result of the improved weather conditions in parts of USA.

1.2. Economic activity

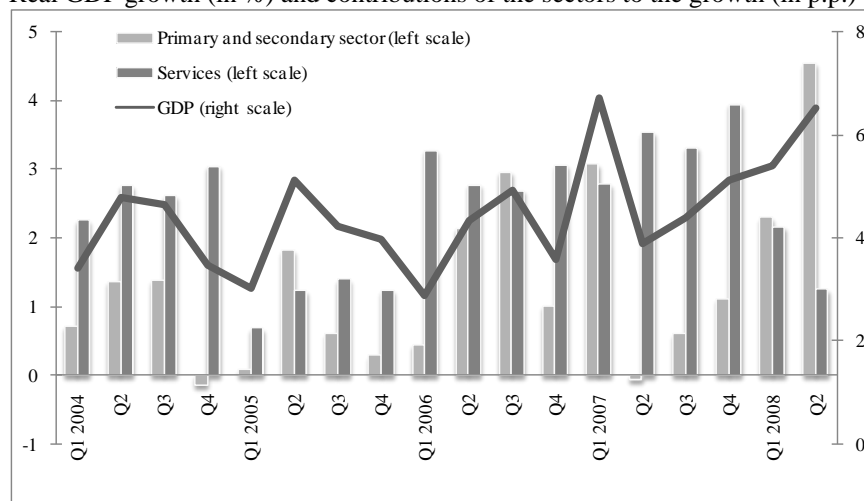
Domestic supply

High economy growth in the second quarter...

The improved business environment, the inflows based on direct investments, as well as the higher public capital investments created positive preconditions for further intensification in the economic growth. Thus, in the second quarter of 2008 the gross domestic product realized significant annual growth rate of 6.5%, which represented second highest rate registered in the period after 2001 (highest rate of 6.7% was realized in the first quarter of 2007). Still, the relatively low comparison basis in the second quarter of 2007 shall be considered (with growth rate of 3.9%).

The realized economic rise in the second quarter considerably exceeded the projected rate of about 5%. However, the reduction in the prices of metals at the world market and its effects on part of the export industry represented risk factor, which may result in slowing down in the economy and realization of lower growth rate relative to the anticipated one. The growth rate in the second quarter was higher than the average one registered in the countries from West Balkans (5.2%), when only Montenegro registered higher growth, the rise in Serbia was similar, while the growth in the rest of the countries was considerably lower.

Figure 5
Real GDP growth (in %) and contributions of the sectors to the growth (in p.p.)



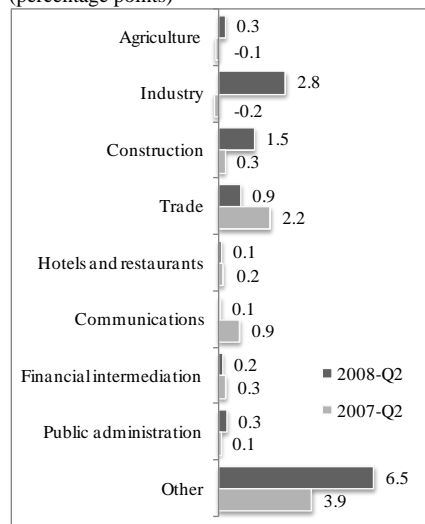
Source: State Statistical Office and calculations of the National Bank of the Republic of Macedonia.

...with more significant contribution of the primary and secondary sector

Since the beginning of 2008 the Macedonian economy registered positive developments acting towards higher contribution of the primary and secondary sector in creating the value added relative to the contribution of the service activities, which indicated gradual strengthening in the production basis in the economy. This trend was more significant in the second quarter of the year, when the contribution of the production sector exceeded the contribution of the service sector for several times. The industry and the construction were the main generators of the growth. The growth in the agriculture continued also in the second quarter, stimulated by the favorable weather conditions, Government stimulations, as well as by the higher demand for export. Slowing down in the

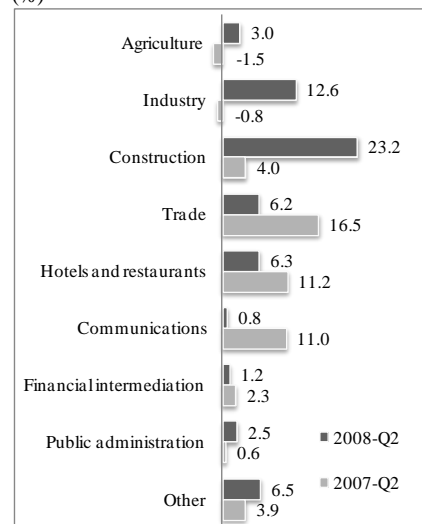
growth was registered in the trade and catering services, whereas the transport and communications, as well as the financial intermediation were stagnating in the second quarter of 2008.

Figure 6
Contributions of the components to the GDP growth
(percentage points)



Source: State Statistical Office and calculations of the NBRM.

Figure 7
Annual growth rates of GDP and components
(%)



Source: State Statistical Office.

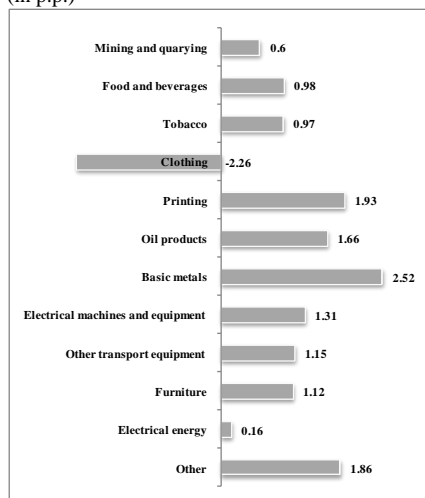
High growth in the industry

In the second quarter of 2008 the **industrial output** registered significant increment of 12.6%, when higher output in all three industrial sectors was registered. The growth in the *mining sector* (13.6%) was still under dominant influence of the successful functioning of the metal mines, as well as of the additional contribution from the restarted metal mines at the end of the previous year. The higher excavation of lignite also gave significant contribution, as a raw material for production of electricity. Consequently, the thermal power plants registered higher output of electricity. On the other hand, the negative weather conditions resulted in lower output in the hydro power plants, so as a result of that the *energy sector* registered moderate growth of 1.9%. In conditions of insufficient domestic output, the higher needs of electricity caused by the growth of the economic activity reflected in high growth in the import of electricity in the second quarter too.

The higher intensity of production by the *manufacturing activities* continued also in the second quarter, when 14 of the 20 activities registered growth, and they created 72.3% of the total output volume. The contribution of the output of basic metals was still most significant, and it continued with the high rise despite the stagnation in the export which resulted from the factual transportation problems and the drop in the prices of metals. The export problems resulted in more significant increase in the reserves of these products by 33.2%⁸ relative to the same period of the last year. The growth in the reserves indicated possible rise in the volume of export of basic metals in the upcoming period, but because of the uncertainty concerning the developments in the prices, the value of the export and the effects on the balance of payments were still uncertain. The oil industry registered considerable output growth, which was due to the low comparison basis than in the previous year which was due to the problems with the export on the Kosovo market. High growth rates were registered also in the electrical machines and apparatus, the other means of transportation and furniture, which corresponded with the growth in the export in these activities.

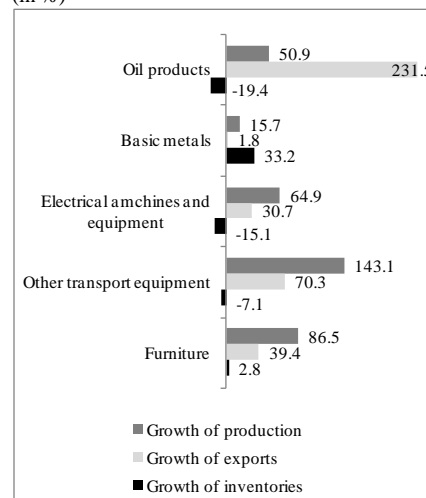
⁸ According to data from the State Statistical Office.

Figure 8
Contribution of individual industries to the growth in the industrial output (second quarter of 2008)
(in p.p.)



Source: State Statistical Office and calculations of the National Bank of the Republic of Macedonia.

Figure 9
Annual growth in the output volume, of export and of reserves in individual industries
(in %)



Source: State Statistical Office.

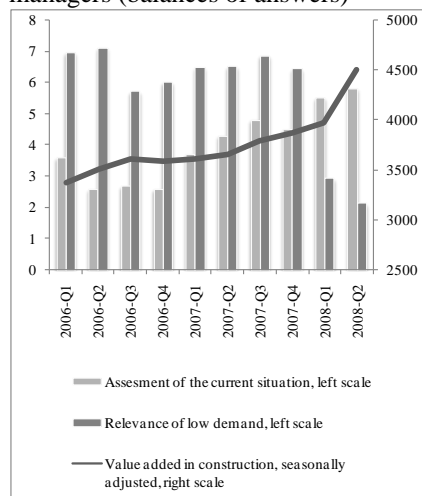
Higher construction activity

The higher **construction activity** at the end of the previous year was additionally strengthened in the second quarter of 2008. High growth rate of significant 23.2% emerged in conditions of improved environment in the activity and higher demand⁹, in conditions of high capital investments by the Government, which on annual basis in the second quarter went up by 3/4.

Analyzed by type of buildings, the largest part of the value of the performed construction activities in the second quarter of 2008 pertains to roads, which registered highest annual growth. The hydro-constructions (sewerages, hydro power plants) registered high growth, where the value of the performed activities was double increased. Such distribution of the building activities indicated growth in the investments in infrastructure, which was an important precondition for further rise in the domestic investments, as well as for attracting additional foreign investments.

⁹ Survey on business tendencies in the construction for the second quarter of 2008, State Statistical Office of the Republic of Macedonia.

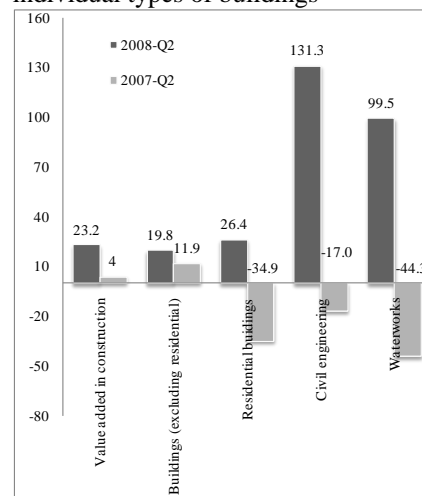
Figure 10
Value added in the construction
(millions of denars) and perceptions of
managers (balances of answers)*



* The balances of the weighted answers, given on the left scale, are showing the developments in the indicators, but not the real size. The balances of the answers are obtained with weighting the individual answers. The answers of the managers are qualitative (good, bad, increase, decrease etc.), and not quantitative. The expectations are the answers of the previous survey for the following three month period.

Source: State Statistical Office and calculations of the National Bank of the Republic of Macedonia.

Figure 11
Real annual growth rates in the
construction and nominal growth by
individual types of buildings



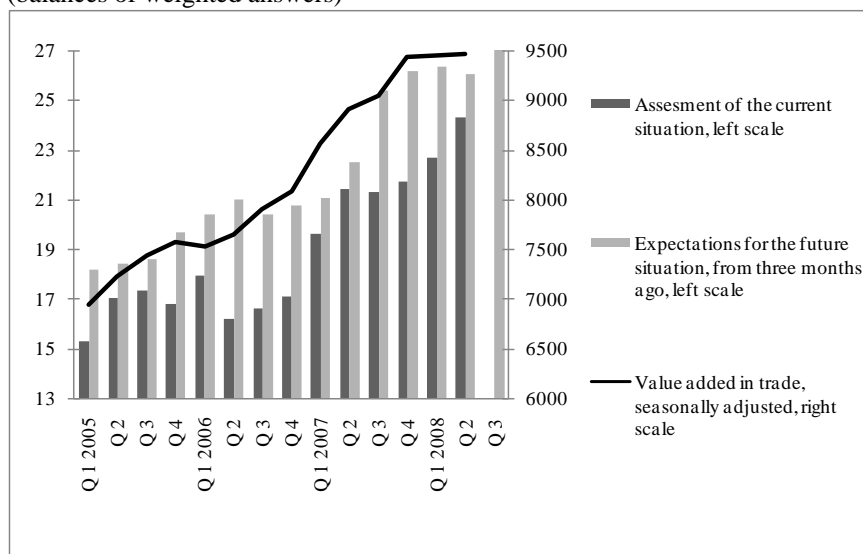
Slowing down in the trade...

The trade, as an activity which in the past 4 years constantly most significantly contributed to the growth in the economic activity, in the second quarter registered further slowing down in the growth, as a continuance to the dynamics from the first quarter of the year. The slowing down in the growth in the trade indicated lower increment in the personal consumption, which may be partially explained, in conditions of rise in the consumer prices, with its price elasticity. According to the Survey on business tendencies in the trade, the business situation in the activity registered further improvement, and the expectations for the future did not indicate worsening in the condition, but on the contrary, small improvement in the third quarter.¹⁰

¹⁰ Survey on business tendencies in the trade for the second quarter of 2008, State Statistical Office of the Republic of Macedonia.



Figure 12
Value added in the trade (millions of denars) and perceptions of the managers (balances of weighted answers)



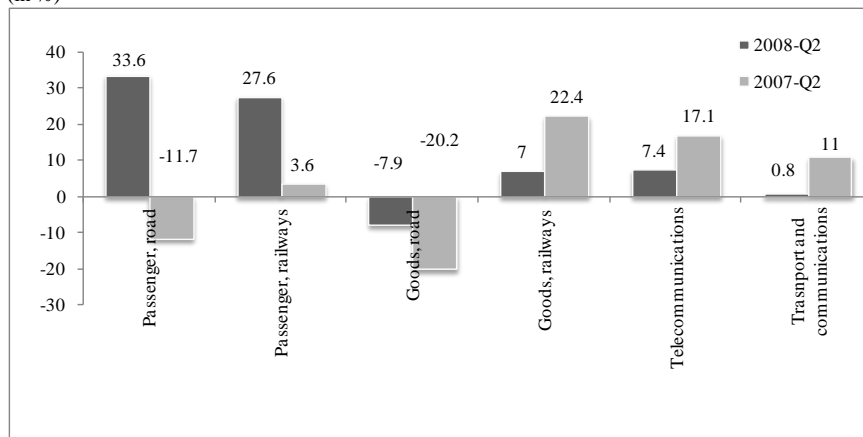
The balances of the answers, given on the left scale, are showing the developments in the indicators, but not the real size.

Source: State Statistical Office and calculations of the National Bank of the Republic of Macedonia.

... and stagnation in the transport and communications

Similar as in the trade, the activity in the sector "transport and communications", which since 2005 constantly registers high growth rates, after the small rise in the first quarter of 2008, it registered stagnation in the second quarter. Such developments emerged in conditions of lower increment in the telecommunications and in the rail cargo transport and high growth in the transport of passengers, when only the road cargo transport declined. Considering that the activities which characterizes with positive change dominantly participated in the value added of this sector, the low growth rate determined for the total sector in the second quarter came as a surprise.

Figure 13
Real growth rates in the activities of the sector "transport and communications" (in %)

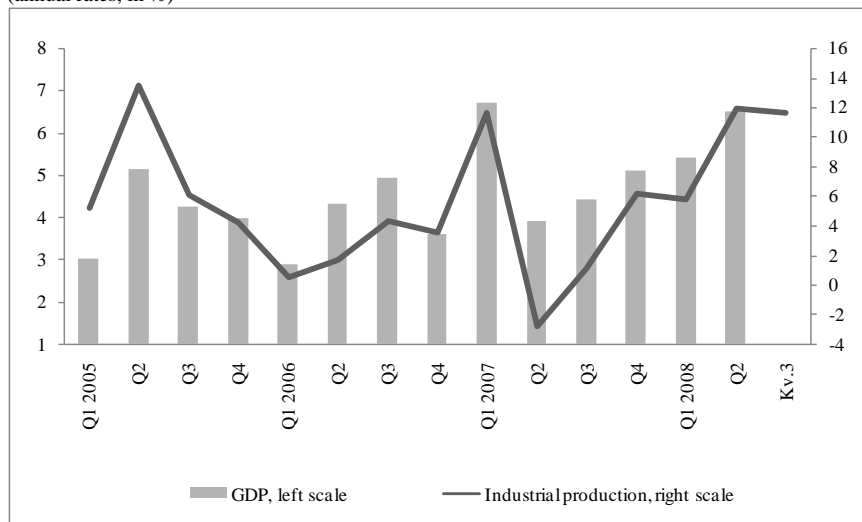


Source: State Statistical Office. The data on the transport of passengers are in passenger kilometers, the data on the cargo transportation are in tone kilometers, and the data on the telecommunications are in minutes.

Optimistic signals also for the third quarter of 2008...

According to the initial available data, the economic activity continued with similar developments in the third quarter of the year too. Namely, the annual growth in the volume of the industrial output of 11.6% (for the period July - August) indicated growth in the gross domestic product, in the creation of which the industry still mostly contributed.

Figure 14
Real growth rates in the industrial output and GDP
(annual rates, in %)



Source: State Statistical Office.

The high growth in the industrial output was registered in conditions of lower output of electricity and lower growth in the mining. The manufacturing activities, which dominate in the industrial production, despite the high rise of 13.5%, registered small structural worsening. Namely, the number of industries with positive changes reduced to 12 (57.2% of the output), and even 70% of the growth in the industrial output resulted from the activity *metal products in the manufacturing phase*, where the volume increased by more than 3 times, because of the low comparison basis than in the last year and higher export at the Kosovo market. The considerable contribution of the printing activity to the total growth shall be still emphasized, as well as the stagnation in the output of basic metals, which arises from the problems with the transportation and the fall in the world metal prices. With that the cumulative growth in the industrial output in the first 8 months of the year equaled 9.7%.

..and expectations for unchanged trends in the fourth quarter.

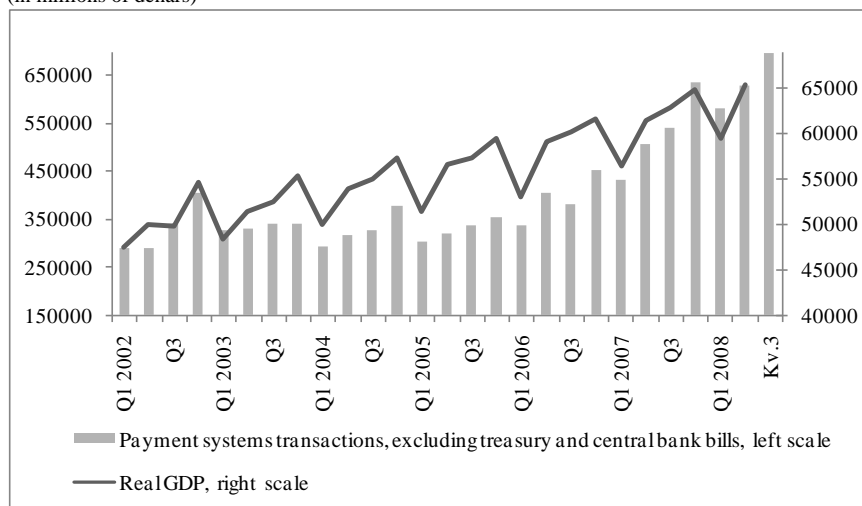
Based on the expectations of the managers from the manufacturing industry¹¹, the continuance of the intensive upward trend of the industrial output may be expected also in the following months. The drop in the metal prices in the international stock exchanges, especially in the nickel price, represented most significant risk concerning the industrial output, which may result in reduction in the output with the most significant activity - basic metals. The influence of the world financial crises on the domestic output remained uncertain, the possible negative effects of which may be transferred through fall in the demand for export, as well through more expensive credits.

¹¹ Survey on business tendencies in the manufacturing trade, August 2008, State Statistical Office of the Republic of Macedonia.



The developments in the transactions in the *payment operations* followed the movements in the economic activity in the previous several quarters. Based on the performances in the payment operations in the third quarter, continuing in the increment in the economic activity was expected.

Figure 15
Payment operations and GDP
(in millions of denars)



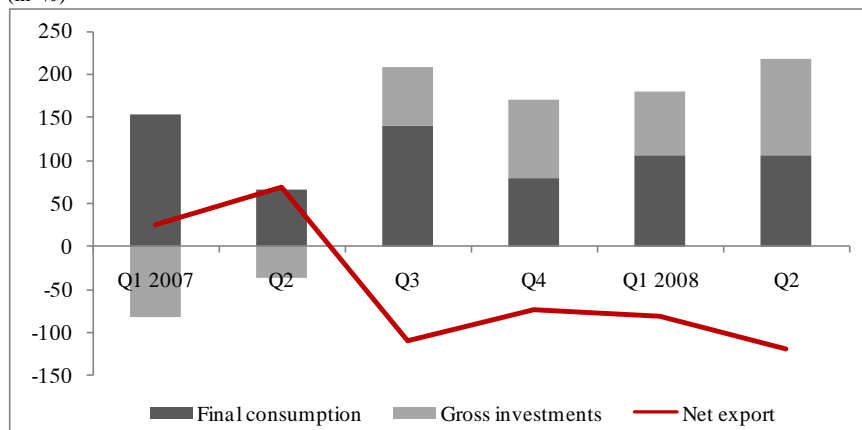
Source: State Statistical Office and National Bank of the Republic of Macedonia.

Domestic demand

The performances in the real economy in the second quarter of the year were mostly influenced by the intensive pressure by the domestic demand. The further growth in the final demand (personal and public consumption) and the more intensive investment consumption reflected with real growth in the domestic output, in the consumption goods, and also in the capital products. However, the largest party of the investment consumption and part of the personal consumption was covered by import, which in conditions of more moderate growth in the foreign demand of domestic products resulted in deepening in the trade deficit.

Further growth in the domestic demand in the second quarter of 2008...

Figure 16
Contribution of the expenditure aggregates in the nominal annual GDP growth
(in %)



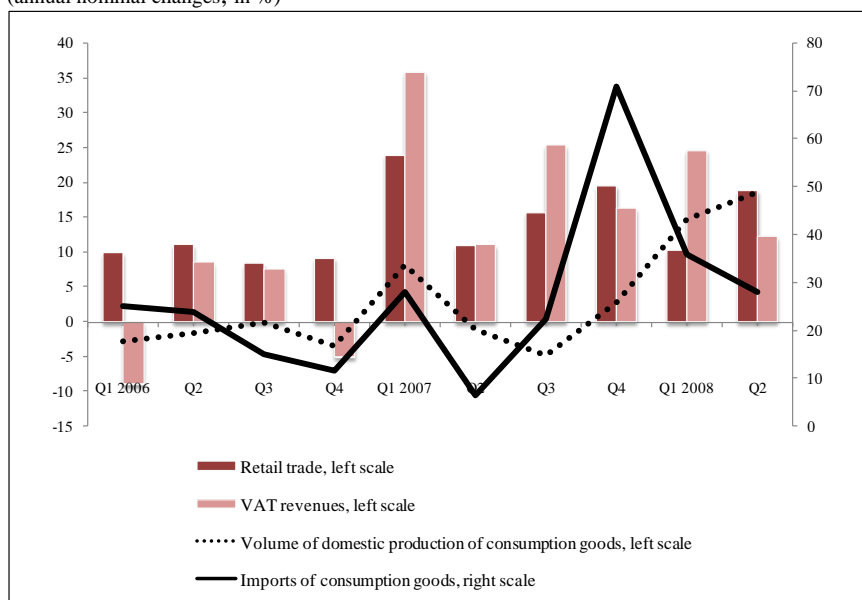


...in conditions of higher personal consumption...

In conditions of higher personal and public consumption, the upward trend of the **final consumption**¹² remained also in the second quarter of the year (nominal annual growth of 18.6%). It is estimated that the developments in the final consumption were mainly determined by the **personal consumption**, which in the previous period was the main career of the economic growth. Information for intensive growth in the consumption of the households can be find in the higher turnover in the retail trade and in the higher realization of the VAT income (nominal annual growth of 18.8% and 12%, respectively). If the effect of the inflation in the second quarter is excluded, the annual real growth in the turnover and in the income equaled 8% and 2%, respectively.

The higher personal consumption for some period stimulated the import of consumption goods. In the second quarter of 2008, the value of the import of these products registered high annual growth of 28%, but still the growth slowed down relative to the previous two quarters. Such tendencies corresponded with gradual increase in the domestic consumption goods¹³, which registered solid rates of real growth second quarter in a row (7.8% in the second quarter).

Figure 17
Developments in the indicative categories for personal consumption
(annual nominal changes, in %)



Source: State Statistical Office of the Republic of Macedonia and Ministry of Finance.

...supported by the growth in the income and credits.

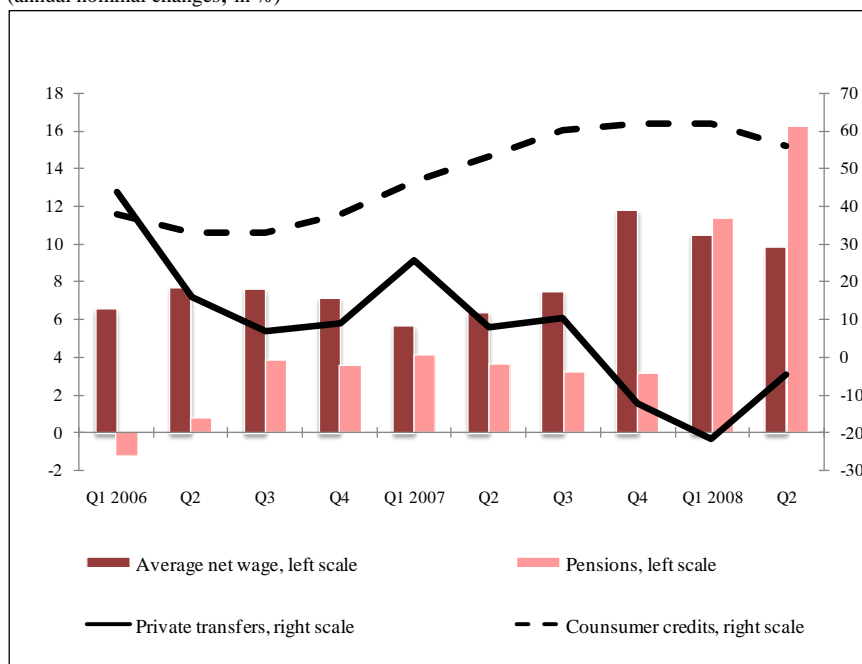
The growth in the personal consumption was considerably supported by the growth in the household income and by the continuous credit growth. The average net wage in the economy in the second quarter of 2008 registered nominal growth of 9.9% (mainly because of the low comparison basis in 2007), which represented low slowing down relative to the annual increment registered in the first quarter of the year (10.5%). However, in conditions of high inflation rates, the real annual rise in the average net wage was minimal for already second quarter in a row. On the other hand, the nominal growth in the pensions in considerable higher (16% on annual basis was partially due to the change in

¹² SSO does not issue the components of the final consumption (for the personal consumption). An assessment is made on them in the Research department in NBRM.

¹³ The volume on the domestic output of consumption goods was obtained as a normalized weighted sum of the indices of the volume of production of non-durable consumption goods and of the volume of production of durable consumption goods. In accordance with the weights of the industrial output, the output of the non-durable consumption goods takes larger share of the calculation (95%).

the formula for calculating¹⁴ the pensions and the increase in the pensions in January¹⁵), and it determined real increase in the pensions of 5.8%. Additional sources of funds of the households of abroad, the current private transfers, registered slower annual fall in the second quarter of the year (4.6% relative to 22% in the previous quarter), which indicated gradual stabilization of the inflows from these sources. Such developments in the upper mentioned sources of household income, in conditions of continuous growth in the personal consumption indicated that considerable part of the household consumption was financed by banking credits. Thus, the indebtedness of the households continued with high intensity also in the second quarter of the year (with annual growth of 56%), despite its relative slowing down (62% in the previous quarter).

Figure 18
Sources of financing of the personal consumption
(annual nominal changes, in %)



Source: State Statistical Office, National Bank of the Republic of Macedonia and Ministry of Finance.

In conditions of conducting early parliamentary elections, in the second quarter of 2008 *the public consumption* registered certain intensification. The current expenditures of the Government for goods and services rose by 35% (opposite of the previous quarter when the annual growth equaled 20%), whereas the annual growth in the wages in the public sector (including the transfers for wages to the local governments) maintained at 13%. The high growth in the costs for goods and services of the central Government was partially neutralized with the lower expenditures of the Health Insurance Fund (different from the previous quarter).

¹⁴ According to the new formula for calculating the pensions, which started to be applied since January 2008, the growth in the pensions follows the growth in the inflation and in the wages in correlation 50:50. In the previous formula, the costs for living (inflation) were more significant relative to the growth in the wages (80:20).

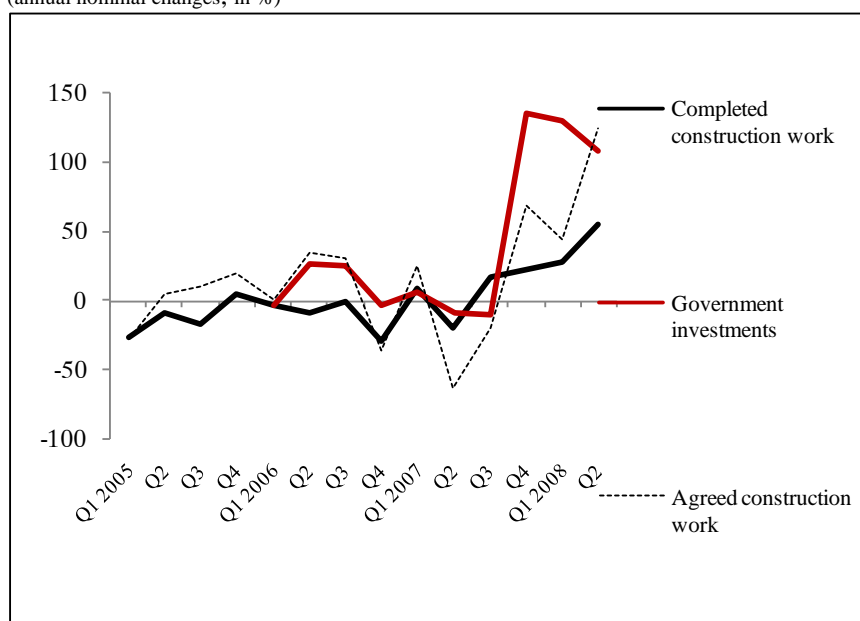
¹⁵ In January 2008 a decision on increase in the pensions was adopted as follows: by 20% for the pensions lower than Denar 6.000, 15% for the pensions amounting Denar 6.000 to Denar 10.800, 12% for the pensions amounting Denar 18.000 to Denar 15.000 and increase of 10% for the pensions over Denar 15.000.



The intensive growth in the investments continued

The intensified investment activity from the end of 2007 continued also in 2008. **The gross investments** in the second quarter of 2008, relative to the same period of the previous year, double increased, so they represented an important generator of the growth in the economy. It is assessed that the largest part of the investments were supported by the Government, indicated through the annual growth in the capital expenditures in the Government budget (expenditures for fixed assets and transfers to the road fund), which third quarter in a row maintained the high level (in the second quarter of 2008 it amounted to 86%). Besides the Government investments, higher interest for investments was also registered with the corporative sector, indicated through the intensified growth in the credits to enterprises (38% on annual basis). Such tendencies resulted in increase in the value of the performed construction activities, which in the second quarter registered annual growth of 56% (opposite of 29% in the previous quarter).

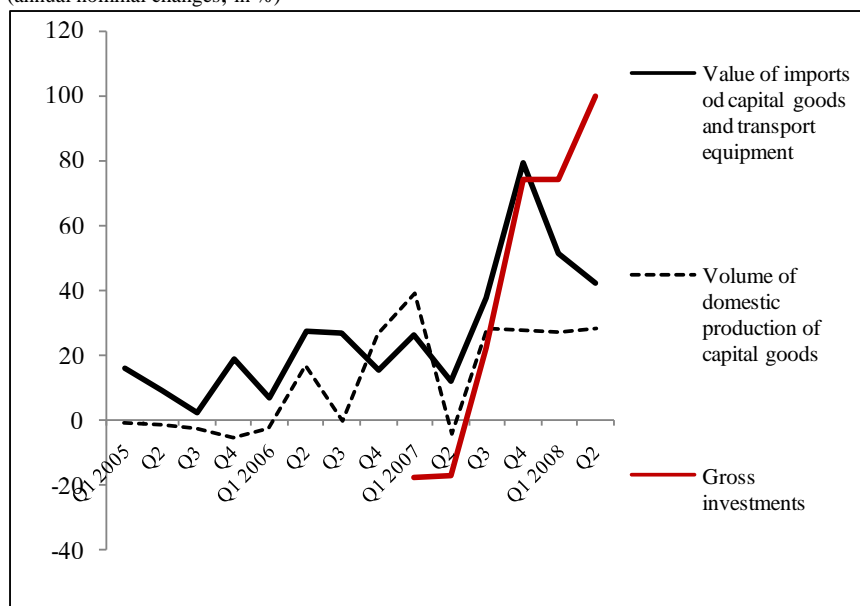
Figure 19
Government capital investments, performed and agreed construction activities
(annual nominal changes, in %)



Source: State Statistical Office of the Republic of Macedonia and Ministry of Finance.

Besides the indicators for the construction, the foreign trade also gave support to the higher investments. Namely, the import of machines and equipment registered high rates of annual growth since the middle of 2007 (42% in the second quarter of 2008). Simultaneously, the domestic output of capital products intensified and several quarters in a row it maintains annual real growth of about 28%.

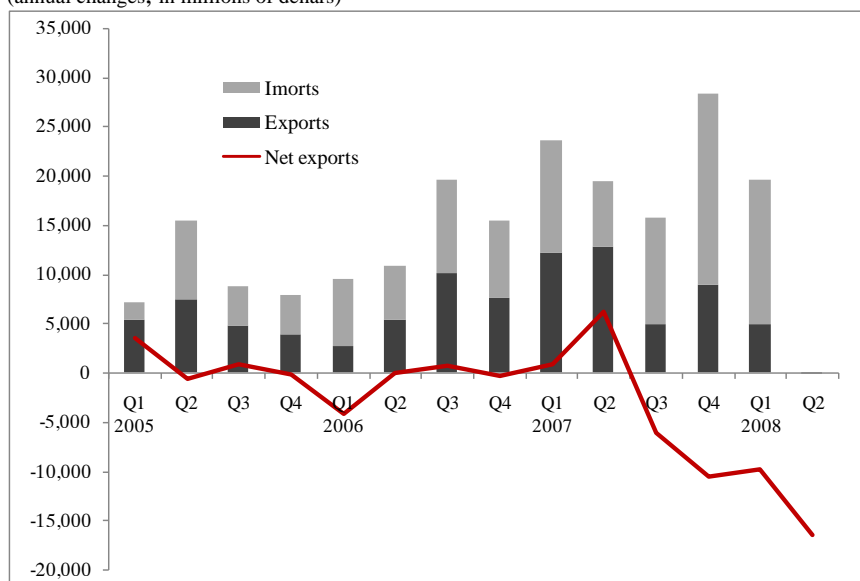
Figure 20
Gross investments, import of goods for operations and domestic output of means of operations
(annual nominal changes, in %)



Source: State Statistical Office of the Republic of Macedonia.

The intensified domestic demand created pressures in the external sector since the end of 2007. In accordance with the continuous tendencies in the final consumption and the intensified investment consumption, and in conditions of insufficient domestic supply and worsened conditions of trade (growth in the prices of energy sources and fall in the metal prices), in the second quarter of 2008, the value of the import of goods and services registered high annual growth of 39%. The export did not follow the intensified growth in the import (nominal annual growth of 14%), which reflected with significant broadening in the deficit.

Figure 21
Developments in the export, import and net export of goods and services
(annual changes, in millions of denars)



* the growth means deepening in the deficit.

Source: State Statistical Office of the Republic of Macedonia.

1.3. Employment and wages

The growth in the economic activity in the second quarter of 2008 was accompanied by further improvement of the situation in the labor market in the economy. The annual growth in the employment rate of 3% indicated a continuation of the positive trend in the employment started in the second quarter of 2005. In conditions of fall in the unemployment of 2%, the growth in the total labor force was completely conditioned by the higher number of employed persons. Such developments in the labor market in the second quarter of the year conditioned further growth in the employment rate (37.2%) and fall in the unemployment rate (33.8%).

Figure 22
Active households, employed and unemployed
(annual growth rates)

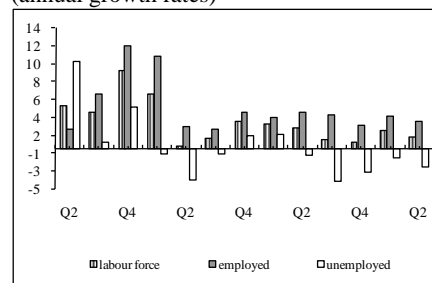
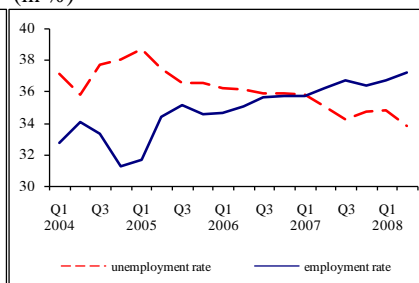


Figure 23
Employment rate and unemployment rate
(in %)

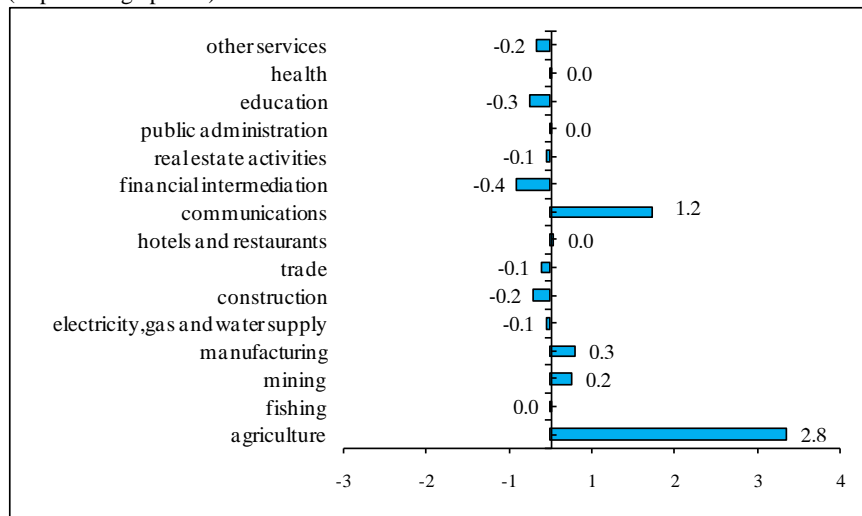


Source: State Statistical Office of the Republic of Macedonia, Labor Force Survey.

The growth in the employment in the second quarter of 2008, as in the previous quarter, can be almost completely explained with the developments in the agriculture, as well as in the transport and telecommunications. In accordance with the active measures for agriculture support since the beginning of 2008, the number of persons employed in the agriculture was increased by almost 15%, in conditions of a moderate increase in the value added in this relatively labor-intensive sector, which to a certain extent referred to a possible fall in the unregistered employment. The number of employed in the other economic sectors was relatively stable (insignificant fall or maintenance of almost the same level as in the second quarter of 2007).

The developments in the labor market by the end of 2008 were characterized by a high degree of uncertainty. On one hand, the expectations for further economic growth and increased foreign investments in the economy indicated a potential increase in the demand for labor force and creation of new jobs. On the other hand, the fall in the prices of metals in the international stock exchanges may have an unfavorable reflection on the industrial production and employment in the industry. Likewise, the uncertainty regarding the external demand and consequently, its effects on the domestic production, may spillover in the labor market.

Figure 24
Contribution of the most intensive sectors to the growth in the total number of employed in the second quarter of 2008
(in percentage points)



Source: State Statistical Office of the Republic of Macedonia.

In the domain of the wages, almost the same developments were retained in the second quarter of 2008 as in the first quarter, that is, moderate quarter and high annual growths, as an effect of the comparison basis. Thus, compared with the previous quarter, the average nominal paid net and gross wages¹⁶ registered a moderate growth of 1.7%. As a result of the low comparison basis of the previous year, high annual nominal growth rates were realized in the second quarter of 2008 as well, that is, 9.9% in the net wages and 8.1% in the gross wages. The lower intensity of growth in the gross wages resulted from the reduced personal income tax rate since the beginning of 2008. The inflation of 9.9% on annual basis absorbed completely the nominal growth in the wages. Namely, the net wages were actually unchanged, whereas the gross wages registered a real fall of 1.6% compared with the same period of the previous year.

Figure 25
Average paid gross and net wage
(annual nominal changes, in %)

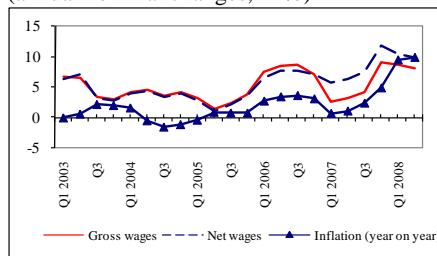
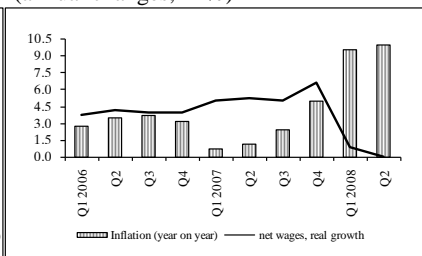


Figure 26
Real net wage
(annual changes, in %)



Source: State Statistical Office of the Republic of Macedonia.

Nominal growth in the average paid wages was registered in all economic activities, except for fishing. More significant growth in the

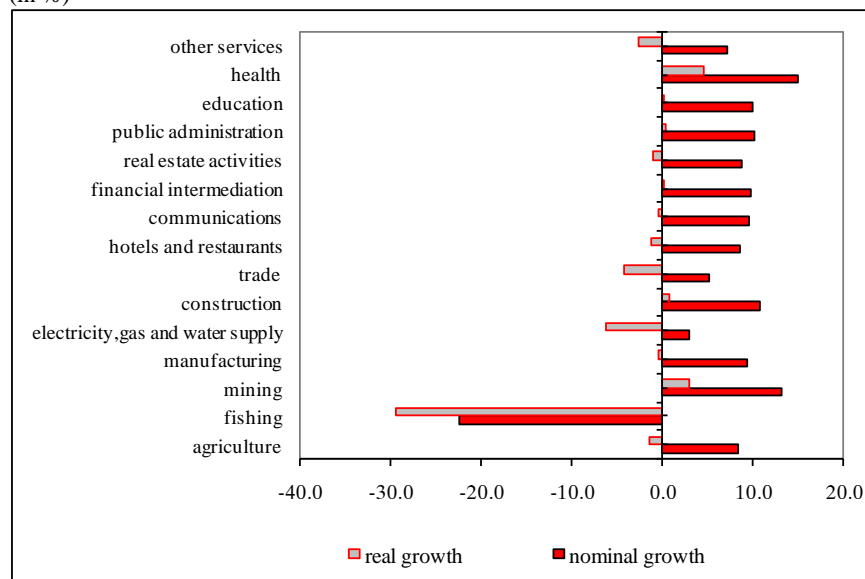
¹⁶ Source for wages: State Statistical Office. The total paid gross wages include: paid net wages for the reporting month, paid personal income tax and paid contributions (for pension and disability insurance, for health insurance, for employment, for professional diseases and water supply). The date pertains to the paid wages, not depending on the month they refer to.

wages was registered in the mining (13.2%) and construction (10.8%), which corresponded to the increase in the activity in these economic activities in the second quarter. The growth in the wages in the public sector, realized in the last quarter of 2007, conditioned higher nominal net wages in the public administration and defense of 10.3%, in education of 10% and in health care of 14.9% in the second quarter of 2008.

Figure 27

Annual changes in the average paid net wage by sectors in the second quarter of 2008

(in %)



Source: State Statistical Office of the Republic of Macedonia.

The labor productivity in the second quarter of 2008 rose by 3.4% on annual basis, in conditions of more intensive growth in the domestic production relative to the increase in the employment. On the other hand, the still higher nominal growth in the gross wages resulted in considerably higher nominal costs per labor unit by 4.5% and consequently, increase in the labor costs of producers. Nevertheless, the trend of growth relative to the previous quarter was significantly slowed down taking into consideration the intensive growth in the productivity.

Figure 28

Productivity in the economy
(indices, base average 2004)

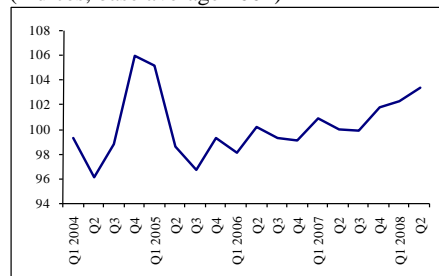
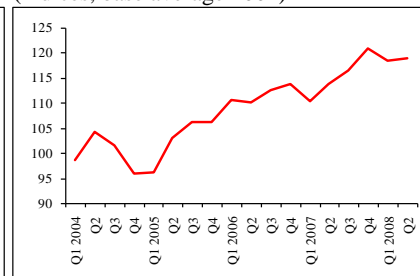


Figure 29

Nominal costs per labor unit
(indices, base average 2004)



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

The trend of the first two quarters of 2008 continued in July 2008 as well, when high nominal annual growth rates of the paid average net and gross wages were registered again (by 10.5% and 8.6%,



respectively). As it was highlighted, this growth was a result of the low comparison basis of the previous year. The nominal net wages were higher in all sectors of the economy, except for the water supply. The most significant increase was registered in the manufacturing industry (11.5%), construction (16.8%), hotels and restaurants (10.4%), public administration and defense (13.6%) and health care (11.1%).

By the end of 2008, additional increase in the nominal growth of the wages is expected as a result of the announced increase in the wages of the public administration of 10% (starting from October 2008), and thus appropriate future adjustments in the pension level from the beginning of the next year. If the increase in the wages in the public administration causes increase in the wages in the private sector, too, more pronounced increase in the domestic demand may be expected. Likewise, if the growth is not compensated by increased productivity, such development of the wages may cause an increase in the producers' costs, which would cause additional pressures on the price level.

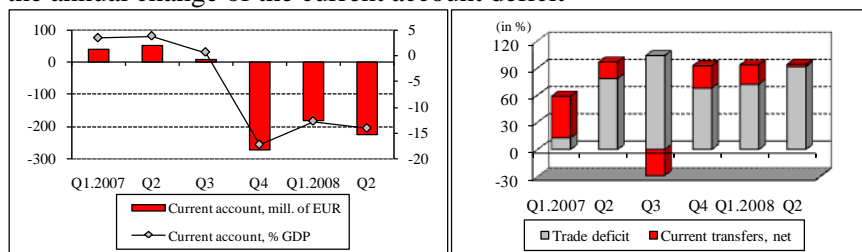
1.4. Balance of payments

High deficit in the current account in the second quarter

The high economic growth, in conditions of intensive growth in the domestic investments, expectedly implied pressures on the side of the import, especially in the domain of import of raw materials, investment products and equipment. Such structure of import pressures was expected for the economy passing through the process of convergence, whereby in the middle term, it was expected that these pressures would decline, having at the same time increase in the export capacity of the economy. Still, a large part of the trade deficit expansion in this quarter could be explained with the deterioration of the conditions of the exchange (fall in the prices of nickel and increase in the world energy prices), which referred to a need for changing the export structure and reducing the sensitiveness of the external sector to the shocks in the prices at the world markets, to which the new direct investments could contribute as well. The expansion of the trade deficit in conditions of simultaneous further fall in the current transfers maintained the trend of a growing deficit in the current account.

Figure 30

Current account and contribution of the individual larger components to the annual change of the current account deficit



Source: National Bank of the Republic of Macedonia.

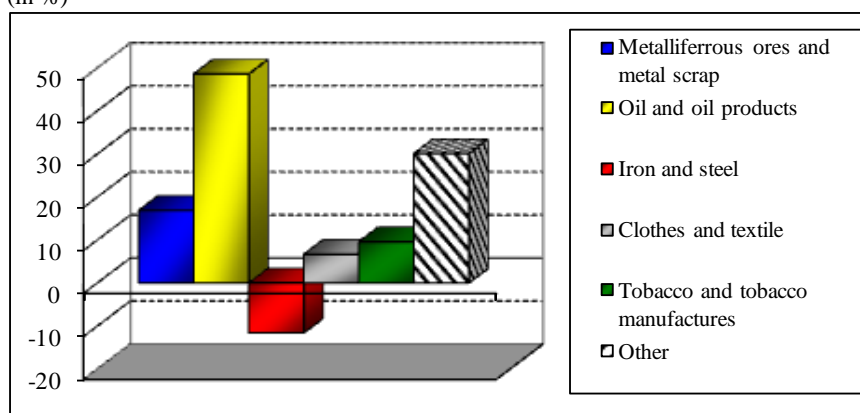
Further deepening in the trade deficit...

In the second quarter, the growth in the import exceeded to a great extent growth in the export (annual growth of 41.9% and 14.6%, respectively), thus the trade deficit registered an increase of 2.2 times relative to the same quarter of 2007. Almost half of the increase in the

export was a reflection of the export of oil derivatives, and additional positive impulse (a contribution of 16.8%) had the export of ores. In conditions of fall in the prices of nickel and transportation problems fall in the export of iron and steel was registered (by 3.9%), whereas the performances of the other exporters in this industry were still favorable. The possible slowdown of the growth in the economies where the largest part of the Macedonian export is placed is a potential risk factor for the dynamics of the export in the forthcoming period. Thus, the effect of the insufficient foreign demand would come to the fore even more, which, along with the competitive import, according to the Survey on business tendencies in manufacturing industry, are among the most significant factors that limit the production and consequently, the export.

Figure 31

Contribution of individual products to the change of the export
(in %)



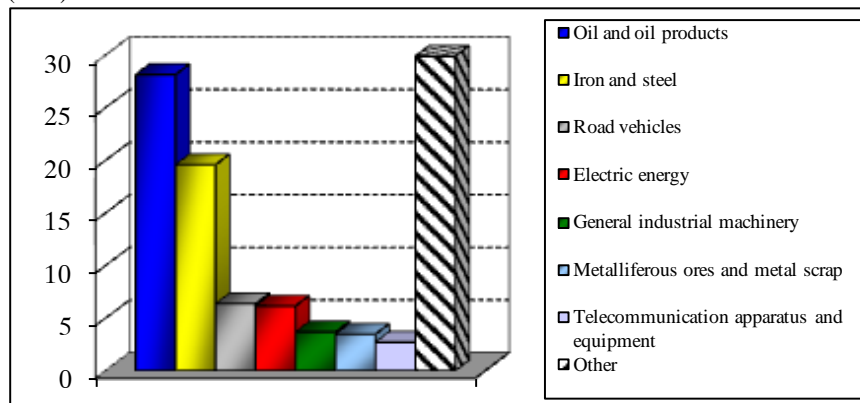
Source: State Statistical Office of the Republic of Macedonia.

*..in conditions of faster
growth in the import
relative to the export of
goods*

The growth in the domestic demand, partly supported by further credit expansion as well, the inflow of foreign investments, import dependence of some of the larger components of the export, as well as the increase in the prices of energy sources and growth in the domestic demand for these products were a reason for the high annual growth in the import. Thus, 36.8% of the growth in the import in the second quarter were due to the import of energy and were a combined quantity-price effect. The size of the price effect in the import of energy may be simply assessed by valuing the quantity import in the second quarter with the prices from the same period of the previous year. Such simple simulation shows that in this case, the import of energy in the second quarter would be lower by Euro 75 million, or by 31.1% of the total realized import of energy. The increased production in the industry caused an increased import of raw materials, mostly iron and steel, ores, textile and paper, whereas the increased investments (domestic and foreign) contributed to the increase in the import of equipment, above all, industrial machines, telecommunication apparatuses and electrical machines.

Figure 32

Contribution of individual products to the change of the import in the second quarter of 2008
(in %)

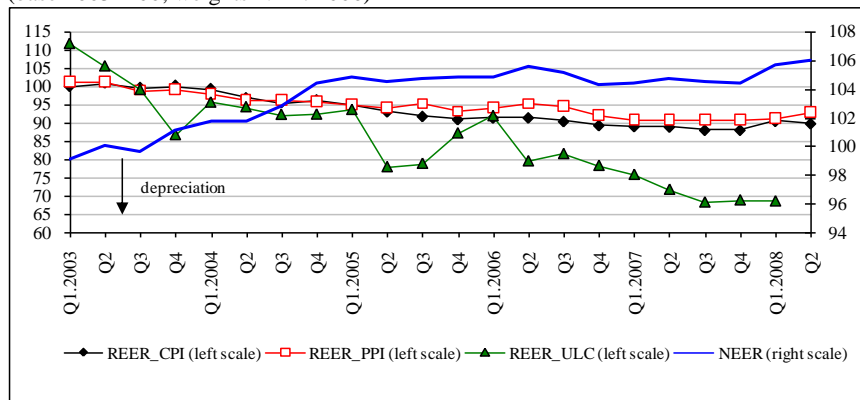


Source: State Statistical Office of the Republic of Macedonia.

In the second quarter of 2008, annual appreciation of the nominal effective exchange rate of the Denar (NEER) of 1.2% was registered, which in conditions of application of a fixed exchange rate of the Denar against the Euro, was due to the appreciation of the Denar relative to the USA Dollar Russian Ruble and Turkish Lira. Consequently, in the analyzed quarter, REER, calculated by the consumer price index, registered an appreciation of 1.1% on annual basis, whereas in REER, calculated by the producer price index, the appreciation of 2.2% relative to the second quarter of 2007 was due to the more accelerated growth in the domestic prices compared with the foreign ones. With respect to the developments of the domestic prices, that registered a slowed down annual growth rate, and in conditions of gradual appreciation of the USA Dollar relative to the Euro (by which the USA Dollar came closer to the level of the previous year), slowing down in the trend of appreciation of REER, and even its depreciation, may be expected.

Figure 33

Index of REER* and NEER of the Denar
(base 2003=100; weights NTR: 2006)



*Index under 100 represents higher export competitiveness.

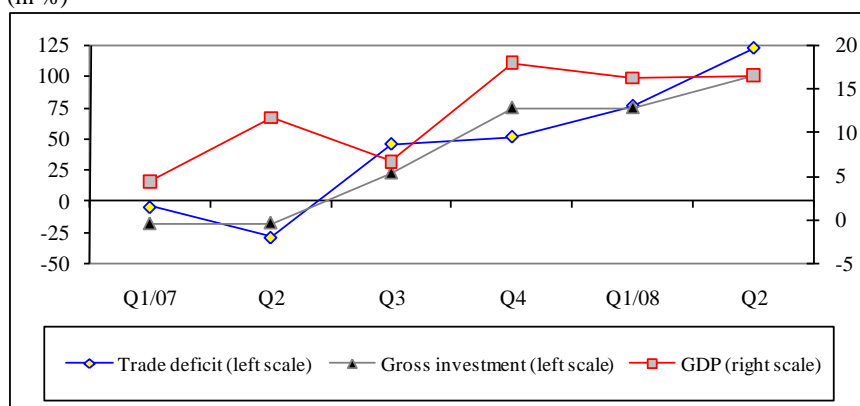
Source: National Bank of the Republic of Macedonia.

The intensive increase in the oil prices that contributed to an increase in the import inflation and increase in the domestic prices, in conditions of a simultaneous fall in the nickel prices, led to deterioration of the conditions of exchange. The most recent developments of the oil

price, towards its decrease, may condition a slight slowing down of the negative trend in the conditions of exchange. On the other hand, the price of the nickel continued with the downward trend, which may lead to a fall in the export prices and it may reduce the positive effect of the reduced oil prices. If the economic growth continues at the same pace, and in condition of a significant income elasticity of the import, it may lead to further deterioration of the trade balance and current account, that is, increase in the external imbalance. On the other hand, considering the process of convergence of the Macedonian economy towards the more developed economies, the higher trade deficit may be considered as a temporary effect, that would be neutralized in the medium run through the increase and diversification of the export.

Figure 34

Annual rates of changes in the trade deficit, GDP and gross investments
(in %)

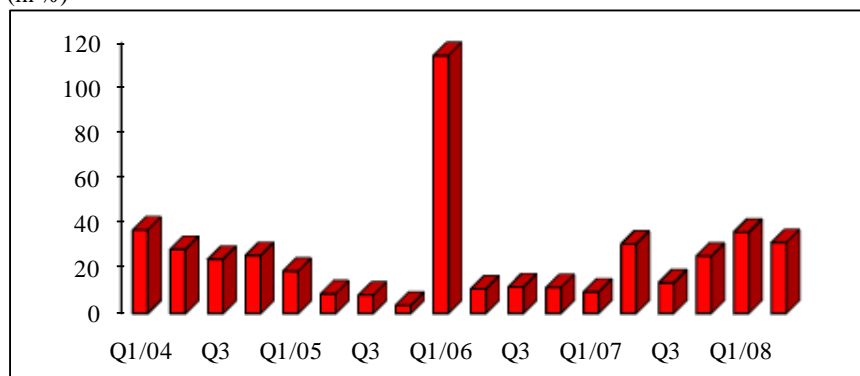


Source: National Bank of the Republic of Macedonia and State Statistical Office of the Republic of Macedonia.

In this context, a positive signal was the change of the rate of coverage of the trade deficit with direct investments that was around 33% in the first half of the year, opposite of 20% coverage in the same period of 2007. This indicated exceeding of a part of the difference between the export and import with relatively stable source of financing that at the same time, in the long run, may contribute to narrowing or elimination of the negative export-import gap.

Figure 35

Coverage of the trade deficit with foreign direct investments *
(in %)



*Privatization of "ESM" (Electric Energy Company) in the first quarter of 2006.

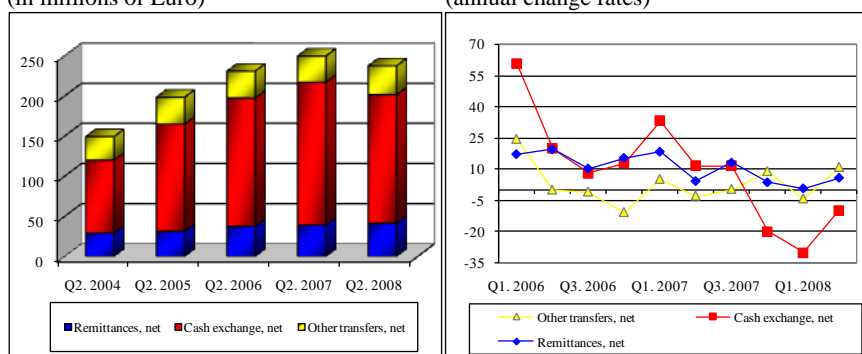
Source: National Bank of the Republic of Macedonia.



*Deficit in the services and
income and minimal fall in the
private transfers*

Although foreign direct investments, in general, have positive effects on the economy, still, they may cause significant outflows as well, on the basis of repatriation of the profit. Thus, the largest part of the net outflows of the income, that amounted to Euro 16.3 million (increase of 76.9% relative to the second quarter of 2007), were outflows based on income of non-residents from direct investments. In the analyzed period, net outflows in the amount of Euro 8.6 million were registered in the item services, opposite of the surplus of Euro 1.1 million realized in the same quarter of the previous year, which was mainly due to the reduced net inflows from the investment works and higher net outflows on the basis of transport services in conditions of increased import of goods. Simultaneously, in the second quarter of 2008 minimal fall in the surplus of the current transfers (of 2.6%) relative to the same quarter of 2007 was registered, which, in conditions of increase in the official transfers¹⁷, derived from the reduced net inflows on the basis of private transfers. The stabilization of the inflation led to a stabilization of the exchange market, thus a slowed down rate of fall in the net inflows on the basis of the exchange operations was registered in the second quarter of 2008.

Figure 36
Dynamics of the private transfers by components on net basis
(in millions of Euro) (annual change rates)



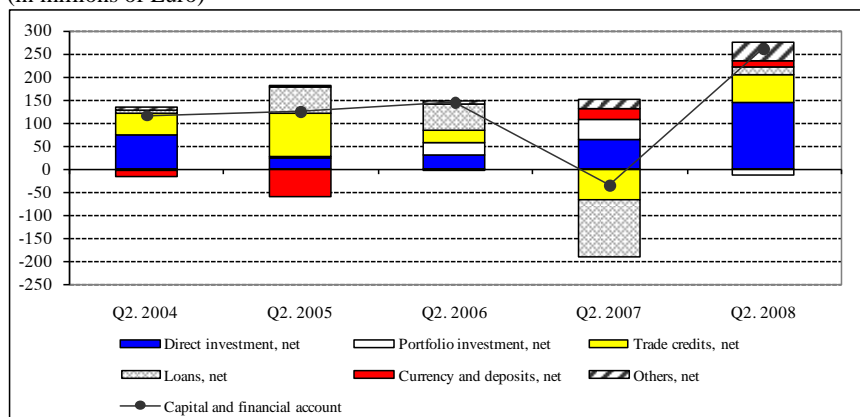
Source: National Bank of the Republic of Macedonia.

In the second quarter of 2008, in *the capital and financial account* significant net inflows in the amount of Euro 261 million were realized (opposite of the net outflows in the same period of 2007, due to the high repayments of the public debt), so that the realized net inflows exceeded the high current account deficit.

¹⁷ In June 2008, a donation from the Netherlands in the amount of Euro 7 million arrived.



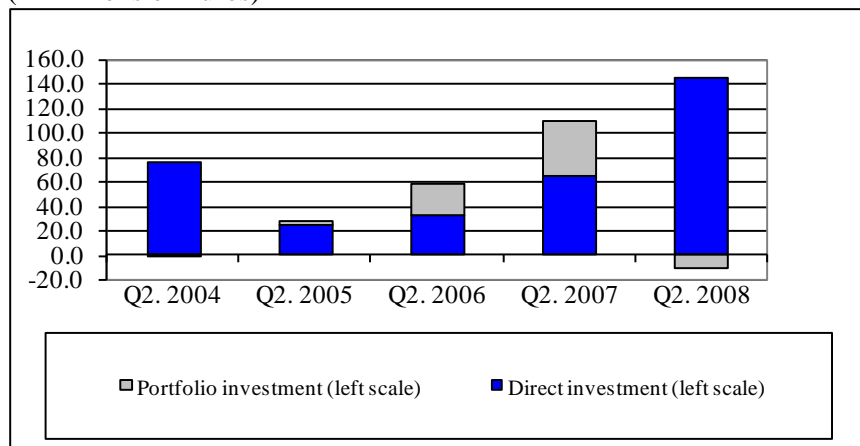
Figure 37
Components of the financial account
(in millions of Euro)



Source: National Bank of the Republic of Macedonia.

The greatest part of the net inflows in the capital and financial account (or 55.7%) derived from the direct investments, 70.1% out of which referred to credits and loans of mutually connected entities. The high inflows based on direct investments referred to the favorable perceptions of the foreign investors regarding the environment for investment in the Macedonian economy. The increased foreign investments also contributed to a fall in the pressures for depreciation of the exchange rate in the foreign exchange market, present in April 2008 when NBRM also reacted with the net sale of foreign currency, so that in the following two months, net purchase of foreign currency by NBRM was registered. Opposite of this, the slowed activity of the Macedonian Stock Exchange started since the beginning of the last year continued, and in conditions of liquidity crisis in the countries the largest investors in securities, the share of the non-residents on the sale side registered a growth and led to net outflows of portfolio investments in the amount of Euro 11.2 million.

Figure 38
Direct and portfolio-investments
(in millions of Euros)



Source: National Bank of the Republic of Macedonia.

Notwithstanding the increased net inflows from non-debt financing, higher net foreign indebtedness was registered in the second quarter of 2008 based on long term credits and loans, above all, due to the

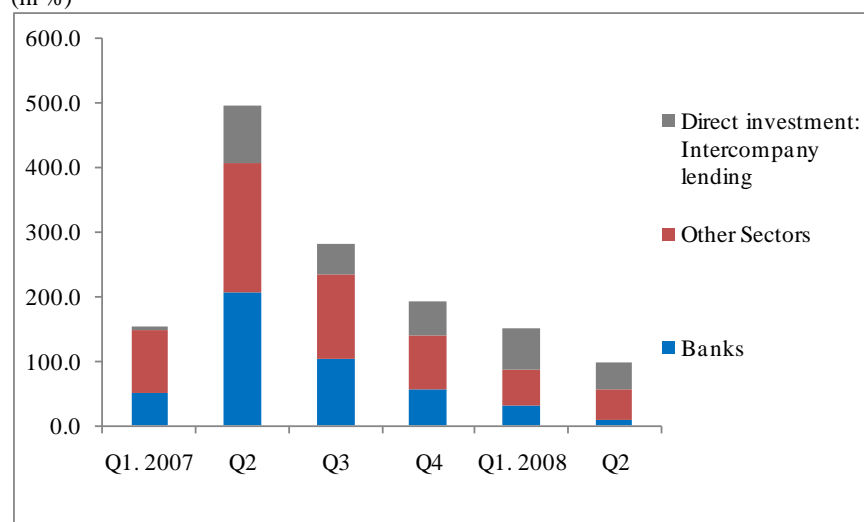
lower repayments, trade credits in conditions of high trade deficit, as well as increase in the outstanding liabilities based on previously taken credits and loans. In conditions of further reduction in the interest difference between the domestic lending foreign currency interest rate and EURIBOR, in the next period reduced foreign indebtedness of the private sector may be expected. On the other hand, the entry of the fiscal balance in the deficit zone indicates a possibility for increase in the external debt of the public sector, as one of the sources for budget deficit financing.

At the end of the second quarter, the gross external debt¹⁸ amounted to Euro 3,008.7 million, which was an increase of Euro 570 million relative to the same period of the previous year. In conditions of budget surplus and absence of a need for greater government indebtedness, such shifts in the debt could be explained mainly with the increase in the indebtedness of the non-banking private sector and increase in the loans among connected entities. From the aspect of the banking sector, although its external indebtedness registered a growth, still the pace continued to be relatively moderate.

Figure 39

Contribution of individual sectors to the annual increase in the gross external debt

(in %)



Source: National Bank of the Republic of Macedonia.

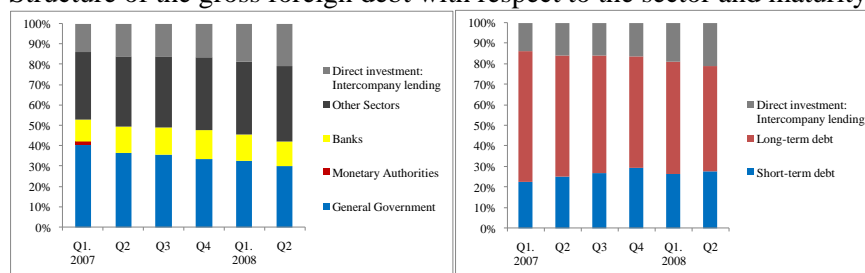
The dominant structural participation of the other economy sectors within the gross external debt was higher by 1.3 percentage points relative to the previous quarter, and there was an increase in the indebtedness based on loans among connected entities (2 percentage points). Analyzed from the aspect of the individual instruments, the loans continued to have dominant participation (45.5%), whereas the maturity structure was relatively balanced.

¹⁸ Since 2007, NBRM started preparing and issuing data on the gross external debt.



Figure 40

Structure of the gross foreign debt with respect to the sector and maturity



*Category FDI: Loans among connected entities is a composite category that involves liabilities based on several instruments (loans, trade credits, securities).

Source: National Bank of the Republic of Macedonia.

The indicators of the external indebtedness showed that the room for external indebtedness was relatively large. The low, that is, moderate external indebtedness of the Macedonian economy, in conditions when the process of convergence was expected to contribute to the maintenance of a relatively high current account deficit, showed that the external indebtedness could be used as a source of financing in the short-run, without bringing into question its sustainability.

Table 1

Indicators of the level of indebtedness of the Republic of Macedonia ^{/1}

Indicators	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.03.2008	30.06.2008
Total gross external debt/GDP (criterion: moderate indebtedness 30-50%)	48.2	47.6	48.7	52.9	48.8	53.4
Total gross external debt/Export of goods and services (criterion: lower indebtedness 0-165%)	89.5	88.4	90.3	98.2	82.3	90.2
Debt servicing/Exports of goods and services* (criterion: moderate indebtedness 18-30%)	19.1	28.3	8.0	8.5	5.3	3.6
Repayment of interest/Exports of goods and services* (criterion: lower indebtedness: 0-12%)	2.1	2.2	2.1	2.9	1.5	1.2

1/ Calculation of the National Bank of the Republic of Macedonia according to the World Bank methodology (in the indicators debts servicing and interest repayment, the three-year average of export of goods, services and income is equally distributed per quarters).

* The data on debt servicing and interest repayment are not audited.

Source: National Bank of the Republic of Macedonia.

On 30.06.2008, the gross foreign reserves equaled Euro 1,543.4 million and they were higher by Euro 24 million relative to the end of the previous quarter or by Euro 12 million relative to the end of 2007. The realized net purchase of foreign currencies by NBRM in the foreign exchange market and the allocated amount for reserve requirement of banks in foreign currencies¹⁹, partly neutralized by the unrealized negative price difference based on securities, were the main factors of the quarterly increase in the gross foreign reserves. Thus, at the end of the second quarter of 2008, the gross foreign reserves enabled coverage of 3.1 months of the import of goods (f.o.b.) and of the outflow of services from the next year²⁰.

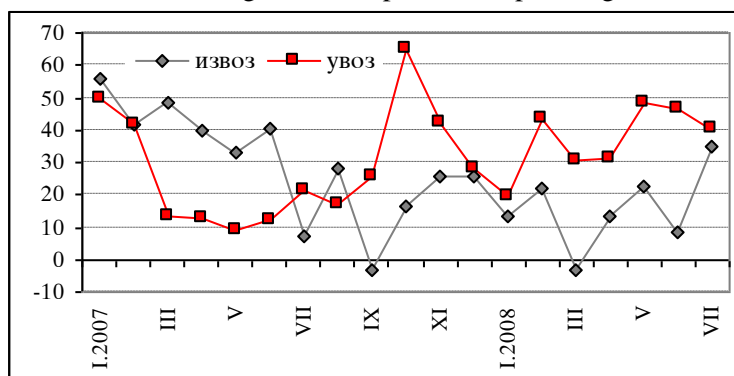
The trend of more accelerated growth in the import relative to the export was also confirmed by the most recent data on foreign trade as of July 2008 that indicated an annual growth in the trade deficit of 48.5%. The increase in the export of 35.2% was a result mainly of the increased export of iron and steel, oil derivatives and metal ore with a contribution

¹⁹ On 11.02.2008, the NBRM Decision on Reserve Requirements of Banks became effective, which broadened the scope of reserve requirements by including some new categories of accounts from the balances of banks.

²⁰ According to projection of the balance of payments prepared during the last IMF mission in August 2008.

of 28.3%, 16.3% and 16.2%. In July 2008, in conditions of import dependence of the economy and higher prices of energy sources, the import registered an increase of 40.5% on annual basis, whereby the increased import of iron and steel, oil and oil derivatives, electricity, industrial machines and vehicles were the main products that contributed to such increase (contribution of 22.1%, 15.8%, 9.6%, 8.1% and 7.4%, respectively).

Figure 41
Annual rates of change of the import and export of goods



Source: State Statistical Office of the Republic of Macedonia.

In July 2008, the index of the real effective exchange rate of the Denar deflationed with the consumer price index was at the same level as in July 2007 whereas REER of the Denar, deflationed with the producer price index continued the trend of appreciation, although with lower dynamics (from 3.3% in June 2008 to 2.6%). At the exchange market, in the period July-August 2008, the net inflows from the foreign exchange operations registered an annual fall of 6%, whereas on cumulative basis, the realized net purchase by the foreign exchange market of Euro 415.4 million was lower by 16.8% relative to the same period in 2007.

On 31.08.2008, the gross foreign reserves amounted to Euro 1,599.6 million and compared with the end of June 2008, they were higher by Euro 68.2 million, in conditions of high net purchase of foreign currency by NBRM in the foreign exchange market, based on capital inflows.

1.5. Inflation

In accordance with the expectations, in the third quarter of 2008, the inflation pressures in the Macedonian economy started to decrease. The gradual exhaustion of the effect of the low comparison basis, along with the usual seasonal decrease in the prices of food, could be considered as main factors that moved the inflation trajectory in this period. The shifts in the external environment, that is, the trend of reduction in the world prices of food and energy are considered to have a partial effect for the time being, and if such trend is maintained in the future, significant reduction in the pressures of the import prices on the domestic ones may be expected. From the aspect of the intensity of the effects of the domestic factors on the inflation, notwithstanding the so far pro-inflationary influence, any significant changes in this domain are not

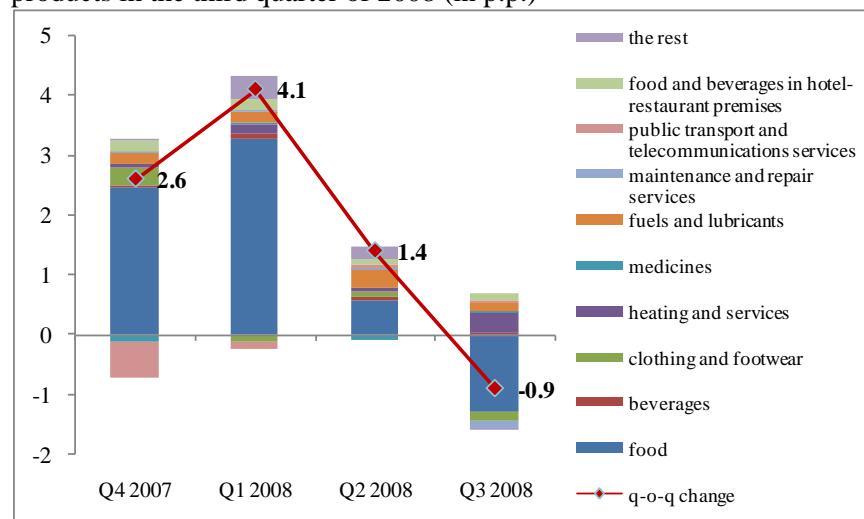
expected by the end of the year. In spite of the high increase in the investment demand and the projections for growth in the public consumption, expectations for slowing down of the personal consumption in the forthcoming period, as well as reduced pressures from the external demand in conditions of slowing down of the global growth, are expected to contribute to further deceleration of the inflation after 2008.

Thus, in the third quarter, the prices registered a quarterly fall of 0.9% that was completely due to the lower prices of food (by 3.4% relative to the previous quarter). Likewise, except for the food, the lower prices of clothes and footwear, as well as the reduced costs for maintenance of the vehicles (due to the reduction in the obligatory insurance of the vehicles in September 2008 and reduced fee for use of the public roads) had additional deflation influence. On the other hand, the higher prices of heating²¹ had a more significant inflation influence, whereas the prices of fuels continued to cause permanent inflation pressures (under the influence of the high level in the prices of the crude oil in the international stock exchanges), as well as the prices of food and beverages in the catering facilities and the retail prices of beverages.

Quarterly fall in the prices in the Macedonian economy in the third quarter of 2008

Figure 42

Change in the inflation (in%) and contribution of individual categories of products in the third quarter of 2008 (in p.p.)



Source: SSO and NBRM calculations.

The terminated trend of increase in the prices of food conditioned slowing down of the average annual rate of price increase that was reduced down to 8.4% in the third quarter of 2008 (opposite of 9.9% in the previous quarter). However, the price level of the food (with annual increase of 14.7%) continued to represent 67% of the annual inflation in the quarter, while the intensified increase in the prices of fuels, especially in July and August, contributed with 10.5% opposite of 8.4% in the previous quarter. Significant contribution (8.4%) to the overall average annual rate of inflation had the higher prices of the heating in the third quarter of the year. Within the food products, the higher prices of cereal products (bread and pastries), of the fresh and processed milk, oil for

Slowing down of the annual inflation rate in the third quarter of 2008 (8.4%)

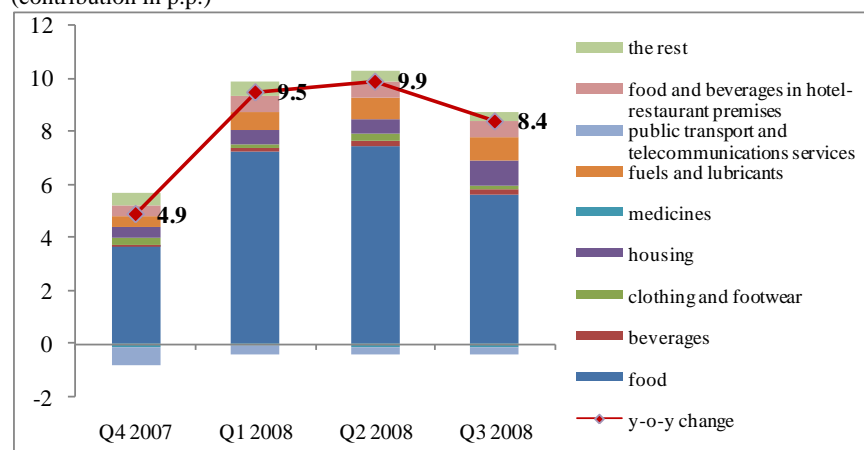
²¹ On the basis of a Decision of the State Energy Commission, the price of the thermal energy for heating in August 2008 was increased in "Toplifikacija" AD Skopje and "Skopje Sever" AD Skopje by 60.3% and 30.2%, respectively.

cooking gave the largest contribution, while the fresh vegetables had the opposite effect. Lower level of prices was registered in the telecommunications (due to the higher competition in this sector), as well as in the transport services and the prices of remedies (which was due to the lower rate of VAT in October 2007²²).

Figure 43

Contribution of individual categories of the inflation index to the annual inflation rate

(contribution in p.p.)



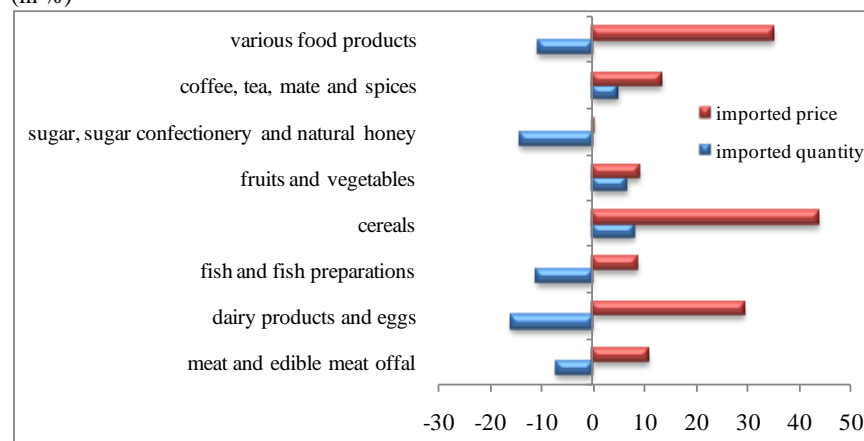
Source: SSO and NBRM calculations.

With respect to the food prices as a dominant category in the inflation index, in the first seven months of 2008 the imported quantities of food products registered fall (of 0.2%) relative to the same period of 2007, in conditions of higher domestic output and in the same time lower exported quantities of these products. These shifts, along with the present decrease in the world prices of food indicated a significant reduction in the pressure of the import food prices on the domestic ones.

Figure 44

Annual change in the import prices and imported quantity of food products in the period January - July 2008

(in %)



Source: State Statistical Office of the Republic of Macedonia.

²² On the basis of a Government Decision decrease in the value added tax of remedies, medical and orthopedic appliances, as well as of the computer equipment and public transportation was performed, from 18% to 5%, to be applied as of October 2007.

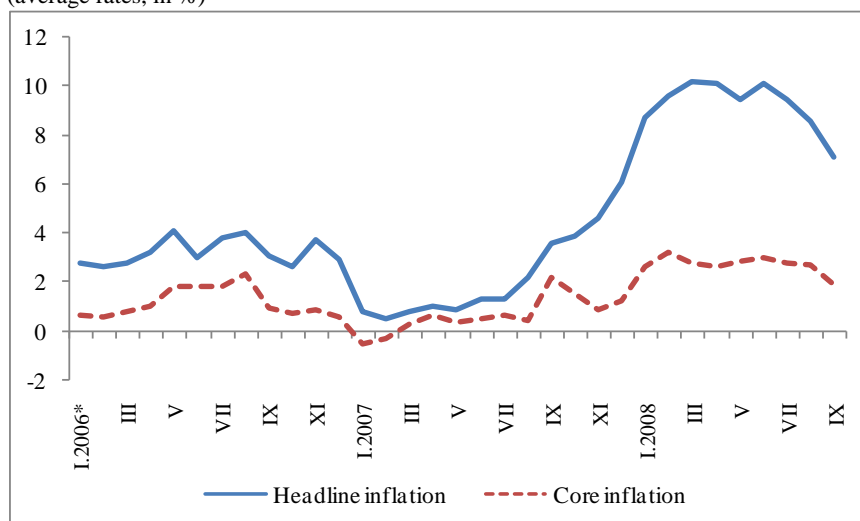


With respect to the dynamics, starting from July 2008, the inflation rate continuously registered negative monthly changes that contributed to significant slowing down of the annual growth rates. Thus, the annual inflation rate in September was 7.1% and was the lowest rate registered since the beginning of the year. Such favorable developments are expected to continue in the next quarter as well, when the reduction will be more noticeable, taking into consideration the comparison basis of the previous year.

The slowed down annual increase in the average inflation rate in the third quarter of the year conditioned slowing down of the cumulative inflation rate, that in the **period January-September 2008** equaled, on average 9.3% (in the first half of 2008 it equaled 9.7%). Around 73% of the cumulative increase in the prices so far was due to the higher prices of food, whereas the joint contribution of the food and energy was around 86%. Likewise, slight slowing down was registered in the core inflation as well, that equaled cumulatively 2.7%, in conditions of stable level of 2.5% in the third quarter of the year. Its maintenance at a stable level was an optimistic signal that the effect of the increased demand and indirect effect of the increase in the prices of energy and other inputs on the inflation gradually calmed down.

Stable level of the basic inflation rate

Figure 45
Realized and core inflation
(average rates, in %)



*in 2006, in addition to the food and energy, tobacco is also excluded.
Source: SSO and NBRM calculations.

Higher inflation expectations of the economic agents for 2008

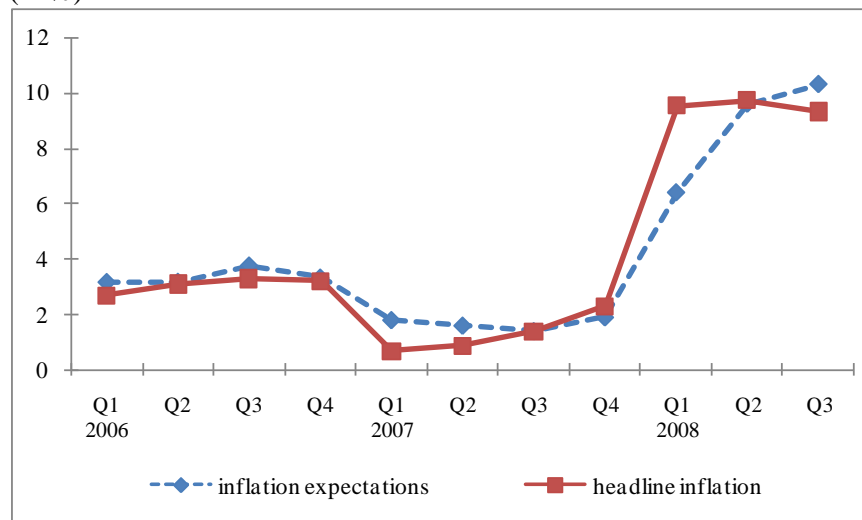
The inflation expectations²³ of the economic agents were constantly increased since the beginning of the year and according to the last survey conducted in the beginning of the quarter, they were higher than the registered inflation in the third quarter of 2008. Thus, by the end of 2008, the surveyed agents expect the inflation to equal around 10% (by the survey from the previous quarter, the expected inflation rate for 2008 equaled about 9.6%).

²³ The data on the inflation expectations are] according to the results of the Survey on Inflation expectations of the agents in Macedonia conducted in the beginning of the second quarter of 2008.



Figure 46

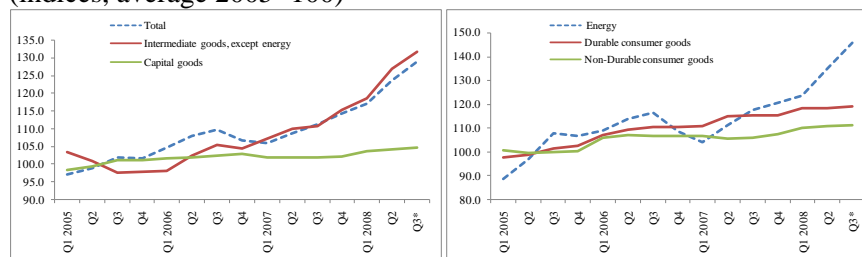
Inflation expectations in the current quarter for the average inflation rate in the year and realized inflation for the year as of the current quarter (in %)



Source: Inflation Expectations Survey and NBRM calculations; SSO.

Figure 47

Development in the prices of the domestic producers (indices, average 2005=100)



Source: SSO and NBRM calculations. The data for the third quarter in 2008 pertain to the period July-August 2008.

Permanent inflation pressures by the domestic producers

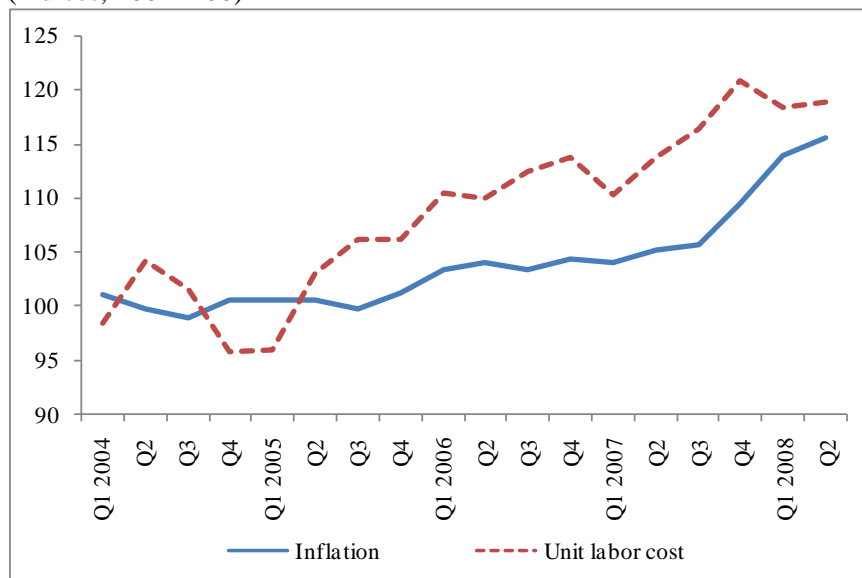
The permanent increase in the producer prices started from the last quarter of 2007, continued with a more intensified dynamics during the second quarter of 2008, when the annual growth rate was 13.6%. The high growth in these prices came mainly as a result of the further higher prices of producers of oil derivatives and of food products and beverages. The considerable growth in the prices of domestic producers registered in the groups of products being an integral part of the household consumption (the energy and consumer products), indicated intensification in the inflation pressures from the domestic producers in the beginning of the year. The growing trend in the prices of domestic producers continued also in the first two months of the third quarter of 2008, with high annual growth rate of 15.5%, but with registered calming down of the price level in August 2008.

Slowing down of the costs per labor unit

In the second quarter, the nominal costs per labor unit registered annual growth of 4.5%, but with a lower dynamics relative to the previous quarter (annual growth of 7.2%). The growth in the costs per labor unit was a result of the further high nominal increase in the gross

wages, which was, above all, due to the comparison basis of the previous year. The analysis of the influence of the costs per labor unit on the inflation indicated that the real sector of the economy, from this aspect produced certain inflation pressures. Still, it was significant that these pressures were not intensified, bearing in mind the slowing down of the nominal costs per labor unit on annual basis and the inalterability on quarterly basis.

Figure 48
Inflation and costs per labor unit in the economy
(indices, 2004=100)



Source: NBRM calculations.

Annex 1

Index of prices of real estate for the Republic of Macedonia

Stimulated by the significance of the prices of real estate for the overall economy, especially by the relevance of this subject matter for the transition countries and by the current financial crisis, the Research Directorate within the National Bank of the Republic of Macedonia constructed an index of prices of real estate in the Republic of Macedonia. The index enables not only to follow the development of the prices of real estate, but also to comprehend the implications they have on the economy.

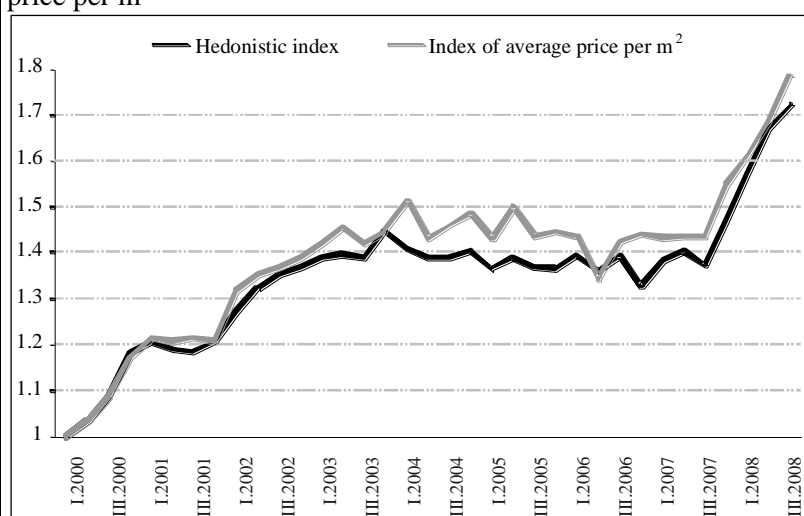
The index was constructed with quarterly dynamics, for the period of the first quarter 2000 – third quarter 2008, using data on 4861 apartments for the territory of Skopje and applying hedonistic method.

The hedonistic price indices are based on the hedonistic price models, according to which the price of a product is a function that derives from its features. Thus, in our case, the price of the apartment is a function that derives from the size, the neighborhood in which it is located, floor, if the apartment has a central heating and if the apartment is new. The findings show that these factors explain around 90% of the price developments, which is exceptionally well compared with other similar studies.

The basic advantage of the hedonistic method when constructing price indices relative to the conventional methods (based on following the price of a same product throughout the time) is the explicit recognition of the influence of the quality on the price. Therefore, hedonistic indices provide for calculation of the mere change in the price, that is, change in the price that is not a result of improvement of the product. Precisely because of that, these price indices are most frequently calculated for fast changing products-high technology products, computers, cars, but also apartments. The obtained hedonistic method, along with the index of average price per m^2 is shown in the Figure.

Figure 49

Hedonistic index of the prices of the apartments and index of average price per m^2



Source: National Bank of the Republic of Macedonia

The analysis of the dynamics of the index showed that the price of the apartments in the third quarter of 2008 was higher than the price of the apartments in the first quarter of 2000 by 72%. The increase in the average price per $1m^2$ was 78% which indicated that around 6 percentage points of the actual increase in the price were due to the improved quality. By viewing the development of the index, three periods may be identified. In the first period, from 2000 until 2004, the price of the apartments went up by 44.8% in total, that is, on average, by 9.7% annually, or on average by 2.3% quarterly. In the second period, from 2004 until the third quarter of 2007, the prices generally stagnated. In the last four quarters, from the fourth quarter of 2007 until the third quarter of 2008, the prices of the apartments went up again, on average by 5.8% relative to the previous quarter. In the third quarter of 2008, they were more expensive by 25.2% relative to the same quarter last year, but relative to the previous quarter, the growth rate of the price of apartments slowed down and equaled 3.2%.

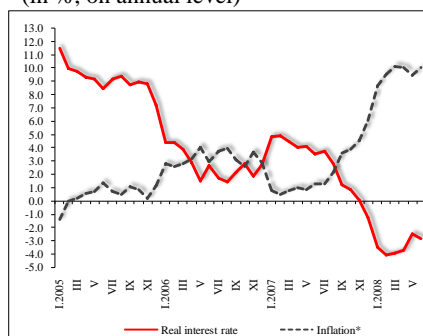
**II.****Monetary policy**

*Increase in the interest rate
of the Central Bank bills to
7% in May 2008...*

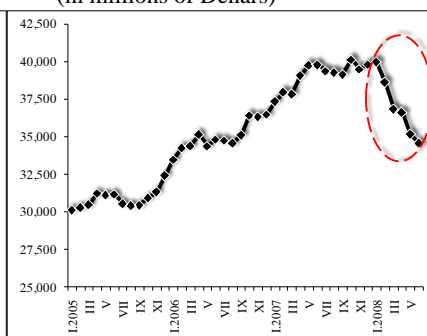
During the second quarter, NBRM increased the reference interest rate by one percentage point, by which the interest rate of the Central Bank bills reached 7%. Although the expectations for gradual exhaustion of the effects from the global increase in the prices of food and energy on the domestic inflation by the end of the year remained unchanged, still other factors were in favor of the need for additional monetary reaction. Thus, the shifts in the external sector, where deterioration in the conditions of exchange, growing domestic demand and fall in the private transfers by the end of the year were expected to significantly worsen the current account, indicated potential pressures on the foreign exchange market. At the same time, following of the inflation expectations indicated their gradual increase that increased the risk from incorporation of such expectation in the decisions of the economic entities and creation of additional inflation pressures in the medium term. Additional risk for the inflation was the accelerated increase in the wages (not completely compensated with the increase in the productivity), as well as the pressures from the personal consumption, supported by the continuous increase in the available income and fall in the net financial saving of the population.

Figure 50

Interest rate of CB bills and inflation
(in %, on annual level)

**Figure 51**

Net saving of the households**
(in millions of Denars)



*Current months relative to the same month of the previous year

** The difference between the total deposits and total credits of households.

Source: National Bank of the Republic of Macedonia and State Statistical Office.

*...and undertaking additional
measures in order to slow
down credit growth*

The long-lasting consequences that the rapid growth in the credits to households may leave on the internal and external balance of the economy, are the reason because of which the monetary authorities when undertaking additional measures to slow down credit growth, usually target the measures towards the crediting of the households with an objective. At the same time, although the financial deepening is a process the passing through which is inevitable, still, if it is developing fast, it may create imbalance in the economy. Due to these reasons, and taking into consideration the trend of a rapid increase in the consumer credits of the household and the perspective for its maintenance in the forthcoming

period, on 12.06.2008, NBRM made a Decision on compulsory deposit²⁴, allocated by the banks if the crediting of the households exceeds the set limitations. The objective of such decision is to slow down the speed of the growth in the credits to households, thus enabling prevention from potential future risks.

Figure 52
Interest rates*
(in %, on annual level)

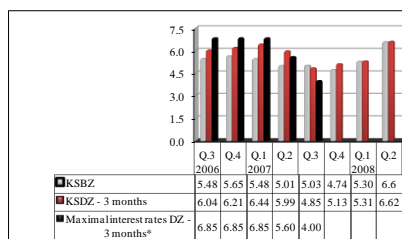
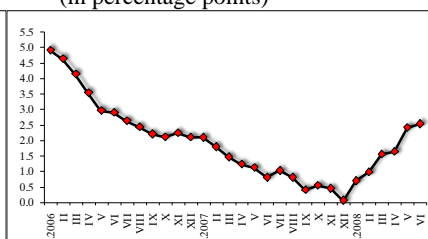


Figure 53
Interest differential between
CB bills - 28 days and
EURIBOR - one month
(in percentage points)



*Quarterly average of the average weighted interest rate, except for the maximal interest rate, which pertains to the interest on the last auction in the quarter. In October 2007, the Ministry of Finance revoked the maximal interest rates and introduced speculative percentage point, which was determined at the level of 0.02 for the three month Treasury bills.

KSBZ - interest rate of CB bills

KSDZ - 3 months - interest rate of three month Treasury bills

Source: National Bank of the Republic of Macedonia, Ministry of Finance and Central Bank of the Netherlands (www.statistics.dnb.nl).

Further broadening in the interest differential

The more intensive increase in the domestic interest rate relative to the increase in the interest rates in the foreign markets resulted in further broadening of the interest differential between the CB bills and one month EURIBOR (2.2 percentage points, on average in the second quarter opposite of 1.1 percentage point in the previous quarter). Taking into consideration the broadening in the differential between the domestic and foreign interest rate, increased attractiveness of the investments in CB bills may be expected, as opposed to the depositing of funds at the accounts with the banks abroad, which should also contribute to further stabilization of the foreign exchange market. Still, in the second quarter, the average demand for CB bills was almost at the level of the amount due, and the condition of the CB bills registered a moderate quarterly change towards liquidity creation.

²⁴ With this Decision, the banks and savings banks are obliged to allocate a compulsory deposit with NBRM, if their growth in the credits to the households exceeds the anticipated growth rates. The growth rates of the credits to the households for each month are determined with the Decision on cumulative basis relative to the amount of the credits to the households as of 31.05.2008. In accordance with the Decision, the stipulated annual growth rate of the credits to the households in December 2008 is 40%, and NBRM pays an interest on the non-compulsory deposit of 1% on annual level.



Figure 54
Interventions in the foreign
exchange market by NBRM
(cumulative amount in the quarter in
millions of Euros)

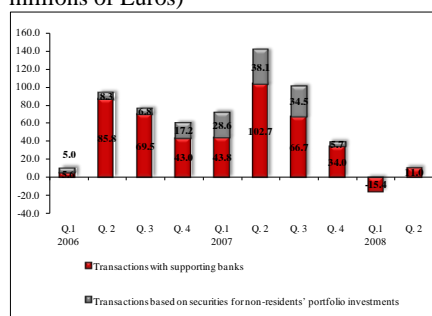
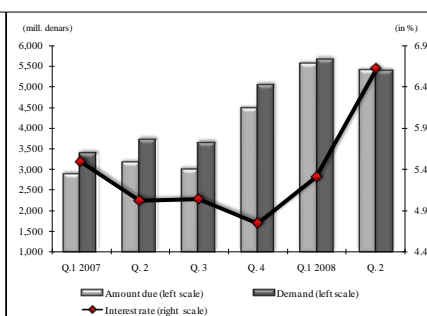


Figure 55
Amount due, demand and interest
rate of CB bills
(average amounts in the quarter)



Source: National Bank of the Republic of Macedonia.

*Liquidity creation through
the autonomous factors...*

Opposite of the lack of foreign currencies during the first four months of the year, in May and June the developments in the foreign exchange market were stabilized. The undertaken monetary measures towards calming down of the inflation expectations, as well as the additional capital inflows in the economy are factors that led to net purchase of foreign currency by NBRM, that contributed to liquidity creation in the banking system. The Denar deposits of the government with NBRM followed the same direction, in conditions of regular servicing of the government liabilities based on the issued structural bonds for the old foreign exchange saving and for the decentralization (in April and June). A small part of the liquidity created in such a way was withdrawn through the currency in circulation and the cash in the vaults of the banks, so that the total liquid funds of the banks registered an increase on quarterly basis.

*...and higher average daily
liquidity of the banks in the
second quarter of 2008*

During the second quarter of 2008, the banks were maintaining, on average, higher daily liquidity position (by 6.3% relative to the previous quarter), allocating on average 3.6% in excess to the obligation for reserve requirement (in Denars)²⁵. The allocated surplus of liquid funds was almost identical to the average of the previous quarter (3%) and was significantly lower relative to the average of the same quarter of 2007 (6.6%), indicating a more rational liquidity management by the banks.

²⁵ The period for maintaining (fulfilling) the reserve requirement of the bank 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 accounts of the banks with NBRM over the reserve requirement.



Table 2
Creating and withdrawing liquidity *
(in millions of Denars)

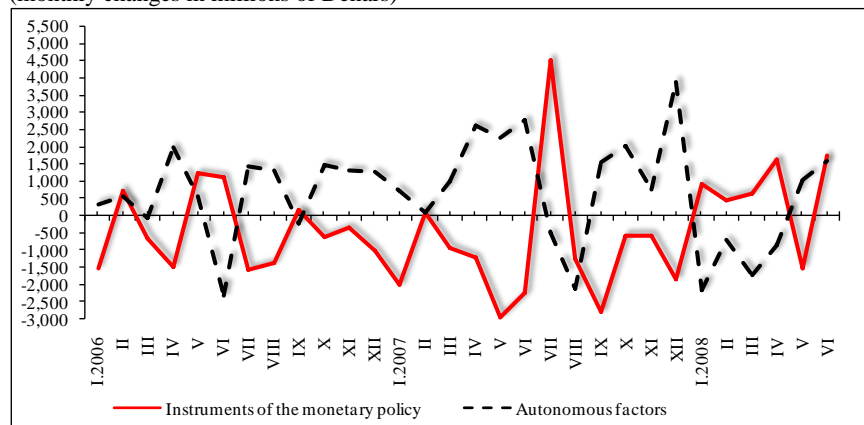
	31.03.2008	Changes by months			Total	30.06.2008
		april	may	june		
Banks' liquidity (banks' account with the NBRM)	7,871	689	-293	3,117	3,513	11,384
Liquidity creation					4,175	
1. Net foreign assets	93,487	-1,351	256	2,057	962	94,449
2. Net domestic assets	-67,824	2,756	-636	1,093	3,213	-64,611
<i>oð uioa:</i>						
CB bills	-21,686	1,075	-2,582	1,624	117	-21,569
Treasury bills for monetary purposes	-1,776	565	1,080	131	1,776	0
Government denar deposits with the NBRM ^{/1}	-15,557	1,097	594	616	2,307	-13,250
Government foreign currency deposits with the NBRM	-5,156	232	194	-297	129	-5,027
Other items, net	-24,714	-213	78	-981	-1,116	-25,830
Liquidity withdrawal					-662	
1. Currency in circulation	15,746	-601	-61	228	-434	16,180
2. Banks' vault cash	2,046	-115	148	-261	-228	2,274

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

* Positive change - creating liquidity; negative change - withdrawing liquidity.

Source: National Bank of the Republic of Macedonia.

Figure 56
Instruments of the monetary policy and autonomous factors of creating and withdrawing liquidity*
(monthly changes in millions of Denars)



* Positive change - creating liquidity; negative change - withdrawing liquidity.

Source: National Bank of the Republic of Macedonia.

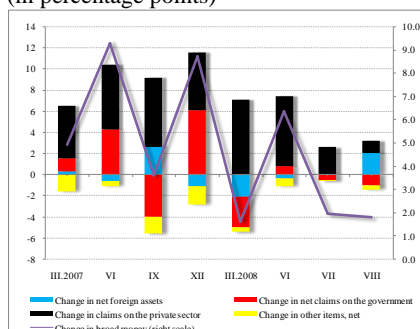
Following of the potential risks until the end of the year

The positive shifts in the foreign exchange market kept on in continuity during the third quarter of the year as well, when the positive gap between the supply and demand of foreign exchange enabled interventions by NBRM by net-purchase of a high amount of foreign currencies. The capital inflows on a basis of direct investments, along with the stabilization of the expectations of the economic agents, contributed to a great extent to the change in the trend of the developments in the foreign exchange market. At the same time, the inflation developments in this period corresponded with the expectations for slowing down of the increase in the prices and indicated a significant decrease in the annual growth in the prices by the end of the year. Notwithstanding such positive shifts, still, there are risks that the monetary policy may potentially face by the end of 2008, and they mainly refer to the uncertainty connected with the global developments of the prices of food and energy, the expected broadening of the deficit in the current account, as well as the changes in the course of the fiscal policy, which are the main factor for the developments by the end of the year, where the high budget surplus realized so far (1.8% of GDP) is planned to pass to the zone of deficit by the end of the year (1.5% of GDP).

2.1. Monetary aggregates

In the second quarter of 2008 the broadest money supply M4 continued to grow, at a quarterly growth rate of 6.3%. However, the annual growth in the money supply was slowing down in the entire quarter and in the first two months of the third quarter (being reduced to its lowest level of 20% in July 2008). Although the average growth rate of 22.5% in the second quarter indicated lower monetary creation relative to 2007 (29% average growth), still it significantly exceeded the average of the previous several years. The maintenance of relatively high rates of monetary growth during the second quarter of 2008 as well, corresponded to the increased economic activity and high nominal increase in the wages. On the other hand, the slowing down in the rates of the monetary growth may be connected with the influence of the uncertain economic environment and increase in the inflation and inflation expectations regarding the tendencies of the private sector for allocation of the free funds. At the same time, the downwards trend of the private transfers from abroad (that constituted slightly more than 20% of the current income of the population) caused oscillations in the available income, that generated weaker increase in the money supply. The slowed down monetary increase, also corresponded with the developments of the financial markets, especially of the stock exchange, where the fall in the prices and reduced interest in investing led to an outflow of the portfolio investments. The reduction in the dynamics of the monetary growth was realized also through the government sector, as a result of the high budget surplus and accumulation of funds in the government account.

Figure 57
Contribution to the growth in the money supply M4
(in percentage points)



Source: National Bank of the Republic of Macedonia.

Figure 58
Contribution to the quarterly growth in the money supply M4
(in percentage points)

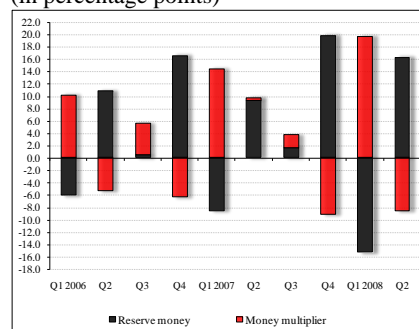
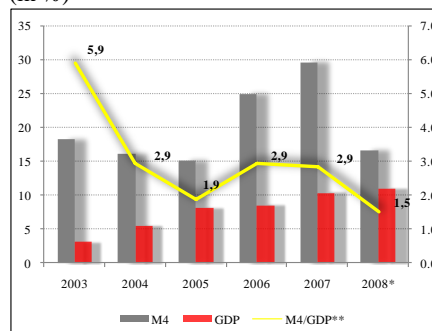
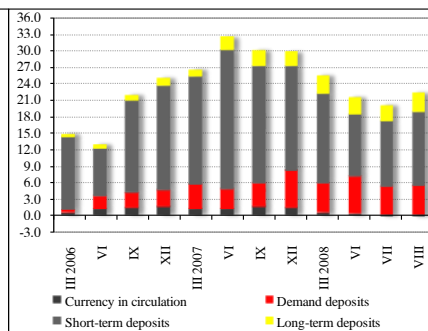




Figure 59

Rates of monetary and economic growth
(in %)Contribution to the growth in M4
(in percentage points)

* Projection

**Ration between the rates of change of M4 and GDP.

Source: National Bank of the Republic of Macedonia.

Analyzed with respect to the structure of the broadest money supply M4, the currency in circulation and deposit money participated with 3.9% and 38.9% in the newly-created money supply, opposite of their negative contribution in the first three months of 2008. Still, the short term deposits continued to be a dominant component in the structure of M4, with a contribution of 42.5% on quarterly basis. The trend of reduction of the participation of the currency in circulation in the structure of the monetary aggregate M1 continued in the period April-August 2008 as well (35.5% on average, opposite of 43.2 % in same period of 2007), except for July, when the effect of the usual seasonal developments resulted in a higher level of currency in circulation, over the average in the analyzed period. Analyzed with respect to the currency structure of the broadest money supply, since the beginning of 2008, certain shifts have been registered towards a faster growth in the foreign exchange deposits compared with the previous year. Still, the Denar component (including the deposit money) contributed to a great extent to the growth in the money supply in the second quarter of 2008 (contribution of 58.5%).

Figure 60

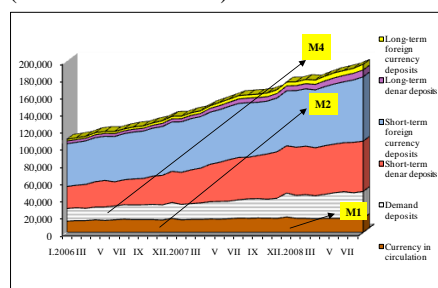
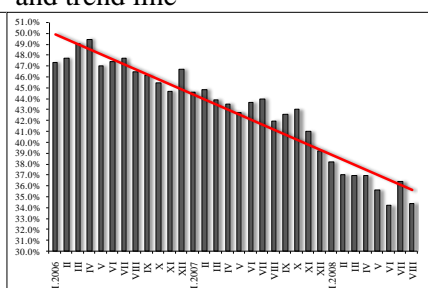
Components of the monetary aggregates
(in millions of Denars)

Figure 61

Participation of the currency in circulation in the money supply M1 and trend line



Source: National Bank of the Republic of Macedonia.

The growth in the total deposits of the private sector on quarterly basis continued

In the second quarter of 2008, the total deposits of the private sector (excluding deposit money) grew with almost the same dynamics as in the previous quarter realizing a growth rate of 4.7%. The continuous increase in the foreign currency deposits opposite of the slowed down



growth dynamics of the deposits in domestic currency, conditioned further shifts in the currency structure of the total deposits. Namely, during the first eight months of 2008, the currency preferences of the population and corporate sector were under the influence of the high inflation and uncertain economic environment. In such conditions, in order to avoid potential risks, the economic agents were oriented towards increased foreign exchange saving. At the same time, these factors contributed to slowing down of the growth in the overall deposits, being reduced to an annual growth rate at the lowest level in the past two years of 18.7% in June 2008. Still, it should be taken into consideration that in July and August, the growth rates of the deposit base were moving again upwards, exceeding the average for the second quarter (in August the total deposits were increased by 22.3%, as opposed to the average quarterly increase of 21%), indicating a gradual stabilization of the expectations of the economic agents in parallel with the reduction in the inflation. With respect to the maturity the largest part of the newly-created deposit base was still due to the short term saving, in conditions of continuous increase in the participation of the long term deposits.

Figure 62
Contribution to the quarterly growth in the total deposits (in %)

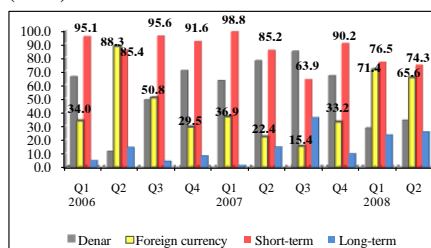
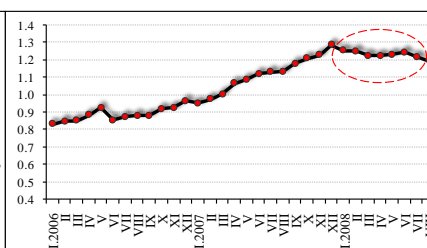


Figure 63
Correlation Denar*- foreign currency deposits



* Includes the deposit money.

Source: National Bank of the Republic of Macedonia.

Figure 64
Deposits of households and of enterprises (in millions of Denars)

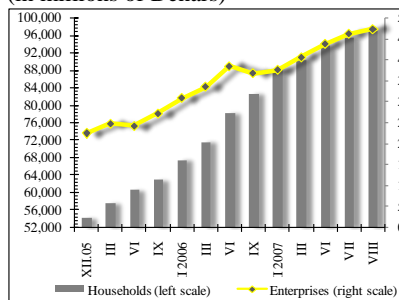
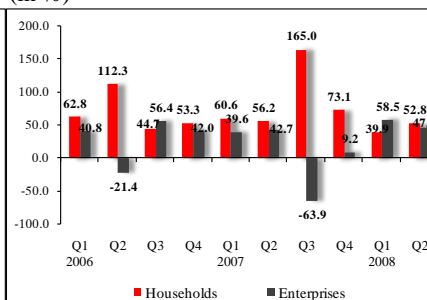


Figure 65
Contribution to the quarterly growth in the total deposits (in %)



Source: National Bank of the Republic of Macedonia.

Slowing down in the saving of the households in conditions of increased growth in the deposits of the enterprises on annual basis...

With respect to the structure by sectors, the data on the second quarter of 2008 confirmed the situation of the previous quarters (except for the first three months of 2008) for a greater contribution of the deposits of the households to the newly-created deposit base. Thus, the deposits of the households were growing at a quarterly rate of 3.7% and they contributed to the growth of the total deposits with 52.8%. Still, starting from January 2008 until the last available data for August, the

growth in these deposits registered continuous slowing down on annual basis, being reduced to the lowest level in the last three years that equaled 19.6% in August 2008. Despite of the high nominal increase in the wages, the reduced inflow on the basis of the current income from abroad, as well as the uncertainty about the future macroeconomic developments, conditioned a lower tendency of the households to saving. Taking into consideration that the saving of the households was a dominant components in the structure of the financial assets²⁶, its reduction may lead to a possible reduction in the financial assets.

The deposits of the corporate sector registered a quarterly growth of 7.3% that contributed to enhancing of their structural share in the total deposits. After the one-year continuous falling trend, in August 2008, their share in the overall deposits was returned at almost the same level as at the end of August 2007. The increased cautiousness in the period of preparation for dividend payment might have certain influence on the high accumulation of the accounts of the enterprises, especially in August 2008. At the same time, the obvious growth in the long term deposits of the enterprises (of 38.9% in August, opposite of the average annual growth of 20.8% in the second quarter) indicated also interest rate elasticity of the corporate sector, in conditions of continuous increase in the deposit interest rates of the banks.

Figure 66
Currency structure of the deposits
of the households
(in millions of Denars)

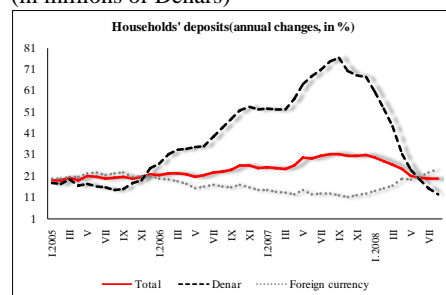
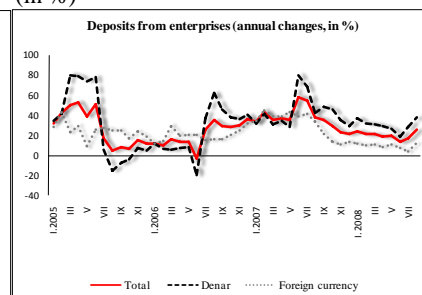


Figure 67
Currency structure of the deposits
of the enterprises
(in %)

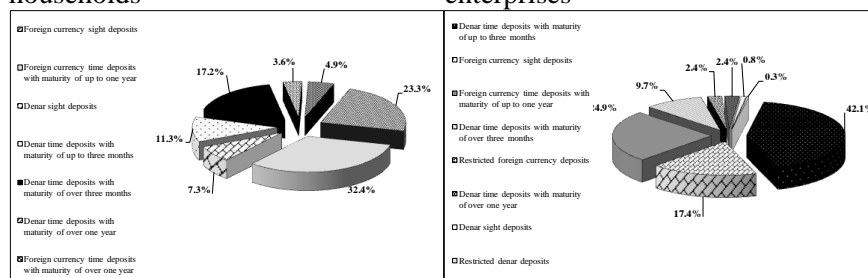


Source: National Bank of the Republic of Macedonia.

²⁶ The financial assets of the households cover the funds owned by the households. They comprise: the deposits with the banks in the Republic of Macedonia, bonds and other debt securities (bills, certificates etc.), stocks and shares, value of the gross premiums for life assurance, value of the investments in the private pension funds. At the end of 2007, the share of the total deposits in the structure of the financial assets was 57.9%, whereas their contribution to the annual increase was 111.9%. Source: Report on the Financial Stability in the Republic of Macedonia in 2007.



Figure 68
Structure of deposits of the households and enterprises
(average participation in the second quarter of 2008)



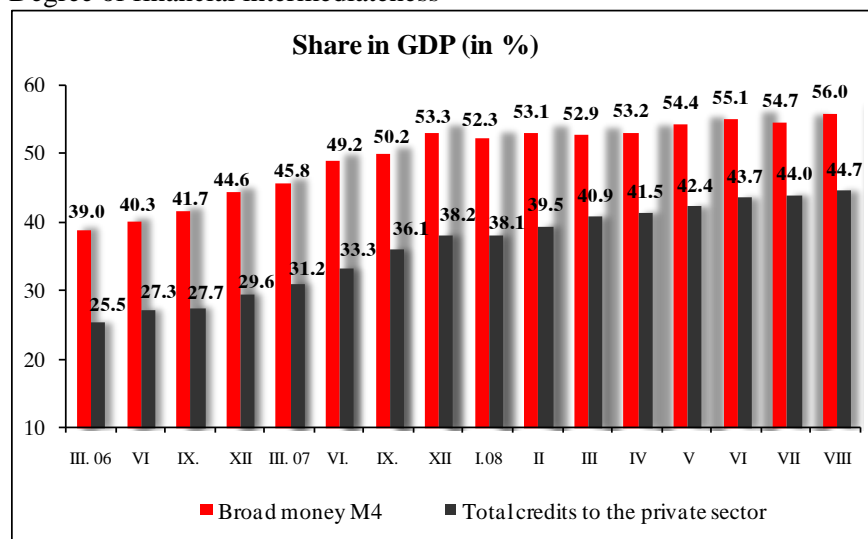
Source: National Bank of the Republic of Macedonia.

2.2. Credit placements

Continuous growth in the credits to the private sector...

Notwithstanding the slowed down growth in the money supply, the banks continued with the intensive credit activity in the second quarter of 2008 as well (with a quarterly increase of the credits of 8.9%), in conditions of a good capital position, as well as a possibility to use the foreign exchange assets as sources of financing. However, it is expected that the measures undertaken in the domain of the monetary policy in 2008, will contribute to a slowed down increase in the credits to the private sector. The moderate velocity of the credit growth is a necessary precondition for prevention of potential negative effects of credit expansion on inflation performances and external balance.

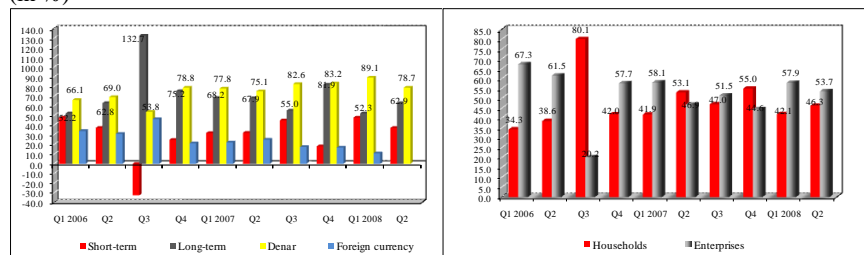
Figure 69
Degree of financial intermediateness



Source: National Bank of the Republic of Macedonia.

As in the previous quarter, the newly-approved credits were to a large extent directed towards meeting the credit demand of enterprises. After the reduction of the contribution of the growth in the credits of the households in the previous quarter, in the second quarter of 2008, it registered growth again, causing further shifts in the credit structure to the benefit of the credits to the households, a trend that was maintained during the first two months of the third quarter as well.

Figure 70
Contribution of the total credits to the quarterly growth
(in %)



Source: National Bank of the Republic of Macedonia.

... in conditions of unchanged rate of quarterly growth in the credits to the households...

The crediting of the households in the second quarter was following the same pace relative to the first three months of 2008, thus the growth rate was maintained at the level of 10.5%. The annual growth in the credits to the households at the end of the second quarter of 2008 was 54.5%, which was a slowing down relative to the first quarter of 2008, when the credit growth registered the highest value noted in the last several years (of 58.9%). In conditions of high inflation pressures and constant erosion of the balance of the current account, the increased indebtedness of the households was causing additional risks. Namely, the basic component of the growth in the credits to the households were the long term credits for other purposes²⁷, especially consumption credits, that, accompanied with the high nominal increase in the wages, generated pressured on the future development of the inflation. The increase in the prices in the real estate market increased the value of the collateral available to the households, which enabled higher growth rates of the credits secured with collateral resulting in a higher total indebtedness of the households with the banking sector, but also further increase in the costs for repayment of the debt. In addition to current income developments of the households, the financial assets that were under a significant pressure of the macroeconomic events in the economy in 2008 have influence on the capability to repay the debt.

Figure 71
Contribution of the Denar credits to the households to the quarterly growth
(in %)

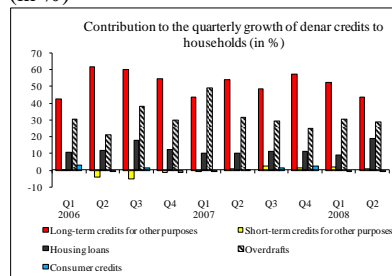
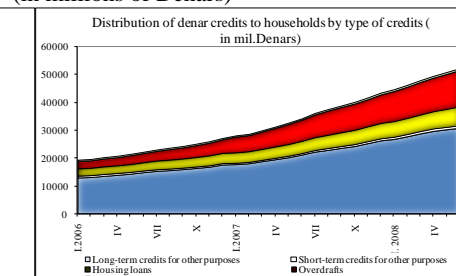


Figure 72
Distribution of the Denar credits to the households by individual types of credits
(in millions of Denars)



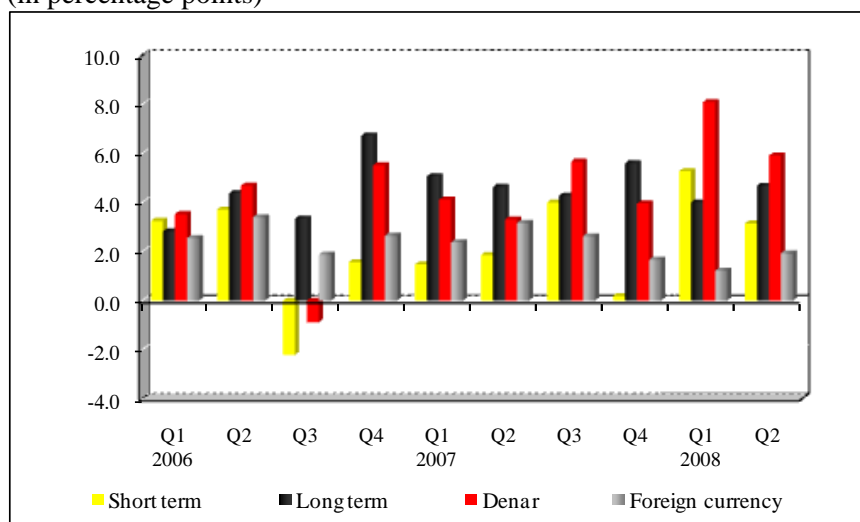
Source: National Bank of the Republic of Macedonia.

²⁷ The credits for other purposes include: consumption credit, housing loans, credits for car vehicles, credits for education and credits for other purposes.



The further dynamics of the credits allocated to the households was accompanied by a high uncertainty. Namely, the weak interest elasticity of the credits to the households to the changes in the interest rates may relativize the possible effect of the monetary measures on the interest policy of the banks and lead to further dynamic growth in these credits and increase in the risks in the economy. On the other hand, the higher price level of the food and energy may reduce the available income for other types of consumption, deteriorate the perceptions of the households of the creditworthiness and reduce the demand for credits. Anyhow, the developments that took place indicated continuous slowing down of the growth in the credits to the households, and their annual change was reduced to 49.5% in August 2008.²⁸

Figure 73
Contribution to the quarterly growth in the credits to enterprises
(in percentage points)



Source: National Bank of the Republic of Macedonia.

... and weaker intensity of growth in the credits to the enterprises on quarterly basis

In the second quarter, a part of the additionally approved credits was directed to the corporate sector, although with a weaker dynamics relative to the previous quarter. The quarterly increase was 7.8%, as opposed to 9.2% in the first quarter. The increase in the corporate credits was in line with the intensified investment activity in the country, especially in the construction, and manufacturing industry, as well as retail trade and wholesale trade. In that direction, the credit exposure of the banks to these activities in the first half of 2008 took a dominant part in the increase in the total credit exposure of the banks to the enterprises, which confirmed that the banking products continued to be an important external source of financing of the enterprises. At the same time, the stable, high participation of the long term credits in the structure of the corporate credits indicated that the banks had a capacity to answer to the increased investment needs, which would mean a support of the future perspectives for investment and development of the economy as a whole.

²⁸However, with respect to the measure for slowing down of the growth in the credits (A Decision for compulsory deposit made by NBRM), in July and August the banks exceeded the maximums set with the Decision.



Table 3
Total credits to the private sector
(quarterly average amounts)

	Annual changes (%)				Contribution to the growth of total credits (%)			
	Q1 2008	Q2 2008	July 2008	August 2008	Q1 2008	Q2 2008	July 2008	August 2008
Credit to households	58.0	56.0	51.7	49.5	48.9	46.8	45.8	46.4
Short-term	76.1	68.9	61.9	57.3	17.2	15.9	15.4	15.6
Long-term	51.3	51.1	47.7	46.3	31.7	30.9	30.4	30.8
Denar	58.5	54.9	49.0	46.4	46.7	43.5	41.3	41.5
Foreign currency	48.4	76.9	104.4	110.3	2.2	3.3	4.5	4.9
Credit to enterprises	32.0	35.7	36.1	34.2	50.5	52.7	54.0	53.4
Short-term	24.2	31.0	33.5	31.6	18.2	21.2	22.7	22.2
Long-term	39.1	39.7	38.3	36.4	32.3	31.5	31.3	31.2
Denar	33.8	41.6	42.4	39.5	33.8	38.7	39.8	38.7
Foreign currency	28.8	25.6	25.6	25.4	16.7	14.0	14.3	14.7
Total credits	41.2	43.2	41.9	39.9				

Source: National Bank of the Republic of Macedonia.

The growth in the corporate financing was also supported by the continuous reduction in the interest rates (except for June), and thus narrowing of the differential between the interest rates of the credits to the enterprises and three month EURIBOR, that reflected the risk premium in each given phase of business cycle. The downward trend of the interest differential corresponded with the improved financial picture of the enterprises, and therefore, the lower credit risk of the banks. At the same time, the quality of the credit portfolio of the banks was constantly improving.

Figure 74
Interest rate differential between
the lending interest rate of the
enterprises and three month
EURIBOR
(in %)

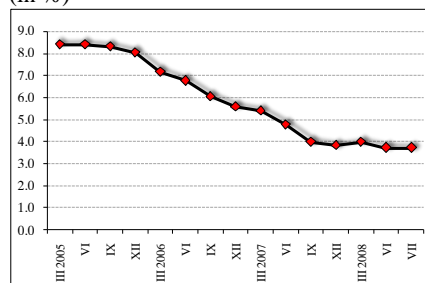
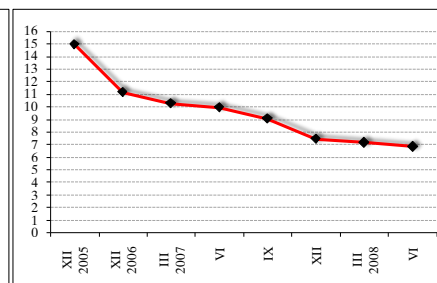


Figure 75
Quality of the credit portfolio
(participation of the non-functional* in the
total credits, in %)



Source: Central Bank of the Netherlands, (www.statistics.dnb.nl); National Bank of the Republic of Macedonia.

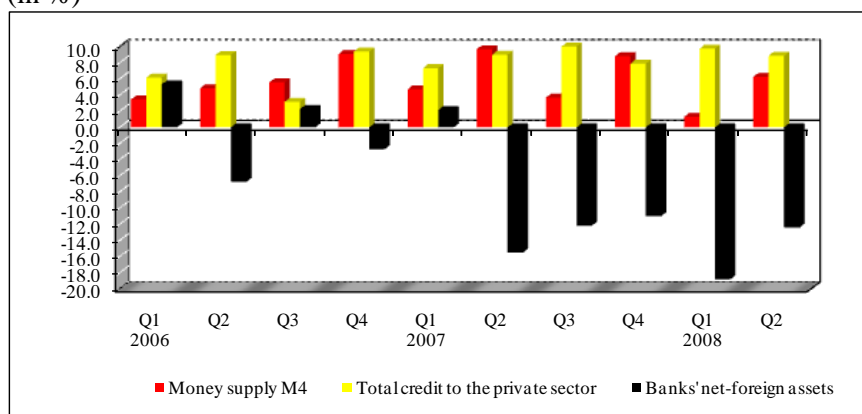
*Non functional credits include the receivables classified in categories „G” and „D” or the receivables that on any basis (principal, interest rate and other non-interest income) are outstanding for more than 90 days calculated from the day of their maturity.

*The deposit base continued to
be the main source of
financing of the credit growth*

In view of the structure of financing the credit activity of the banks, in conditions of weaker accumulation of deposits, as a dominant source, the banks attached ever greater importance to the additional sources of financing, above all, the adequate management with the net foreign exchange position. Namely, starting from the end of the first quarter of 2008, the assets of the banks placed abroad registered for the first time two-digit annual rates of fall. Whereas on the side of the liabilities, the external indebtedness continued the trend of growth on annual basis. However, it should be mentioned that the growth rates of the foreign exchange liabilities, starting from September 2007, were falling on continuous basis, which could partially be a reflection of the global financial crisis, lack of liquidity in the markets worldwide and

deterioration of the conditions of external financing. Although the Macedonian banks were not directly involved in what are known as sub-prime mortgage markets, and the direct effect of the crisis was not present, the significant contraction of the liquidity in global frameworks, had secondary effects on the local banks, expressed through the increase in the costs of the external financing. As a result of such developments, notwithstanding the increased cost for attraction of additional deposit base in the domestic market, in conditions of high competitive pressures, the banks insisted more and more to strengthen their deposit potential, as the most stable source of financing.

Figure 76
Quarterly changes of selected monetary indicators
(in %)



Source: National Bank of the Republic of Macedonia.

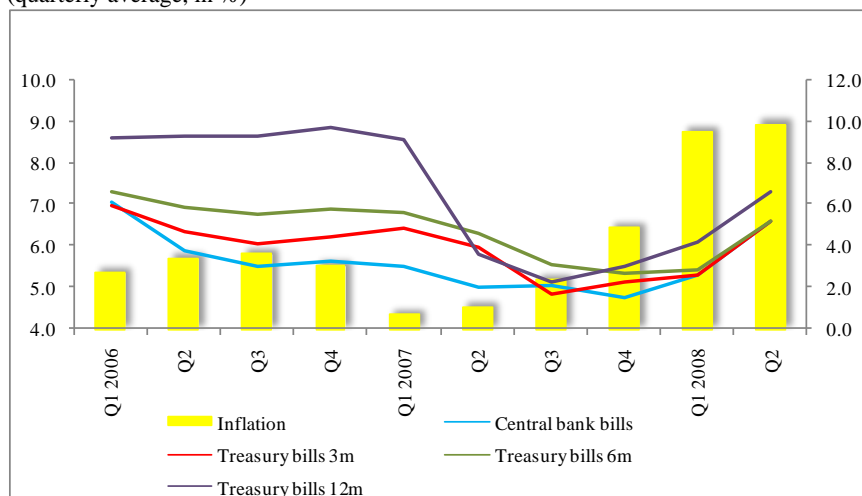
2.3. Interest rates

The change in the average interest rate of CB bills to 6.6% (quarterly growth of 1.3 percentage points) resulted in appropriate shifts of the other segments of the financial market, that is, in the inter-bank money market (increase in the interest rate by one percentage point, thus amounting to 1.4%) and in the securities market (growth in the average interest rates of the three month, six-month and twelve-month Treasury bills by 1.3, 1.2 and 1.2 percentage points, so that in the second quarter they were 6.6%, 6.6% and 7.3%, respectively). In the banking system, the changes in the interest rate policy of the banks in the deposit and credit market, were mostly moved by the growing competition. Thus, reduction in the average lending insert rate was registered on quarterly basis, in conditions of increase in the average deposit interest rate. In accordance with the changes of the interest rate of the CB bills, in June, NBRM increased the interest rate of the Lombard credit by 1 percentage points (so, it reached 8.5%).

*Quarterly growth in the
reference interest rate by
1.3 percentage points*



Figure 77
Interest rates and annual inflation
(quarterly average, in %)



Source: National Bank of the Republic of Macedonia.

Annex 2

Changes in the reference interest rates of individual central banks

The constant weakening of the economic activities as a result of the instability of the financial markets and increase in the prices of energy and food contributed for the central banks of England and the USA to reduce the interest rates in the second quarter by 0.25 percentage points (to 5% and 2%, respectively). On the other hand, as a reaction of the inflation pressures, the European Central Bank increased in July the reference interest rate by 0.25 percentage points, after which it became 4.25%. The different monetary reaction of the central banks derived from the differences in their perceptions of the balance of the risks that were formed according to the developments in the market of primary products and financial crisis on the economic growth and inflation. Thus, as opposed to the central banks of the USA and Great Britain, that saw the risks in the entry of the economies in recession, the ECB put more accent on the inflation pressures and the need for their elimination.

Table 4
Reference interest rates per countries
(in %)

Central banks	actual interest rate *	previous interest rate	last change	
USA	1,5	2	october 2008	↓
Euro-zone	3,75	4,25	october 2008	↓
Great Britain	4,5	5	october 2008	↓
Czech Republic	3,5	3,75	august 2008	↓
Hungary	8,5	8,25	may 2008	↑
Slovakia	4,25	4,5	April 2007	↓
Poland	6	5,75	June 2008	↑
Romania	10,25	10	august 2008	↑
Turkey	16,75	16,25	july 2008	↑
Bulgaria	5,38	5,23	october 2008	↑
Albania	6,25	6	november 2007	↑
Serbia	15,75	15,25	may 2008	↑
Macedonia	7	6	may 2008	↑

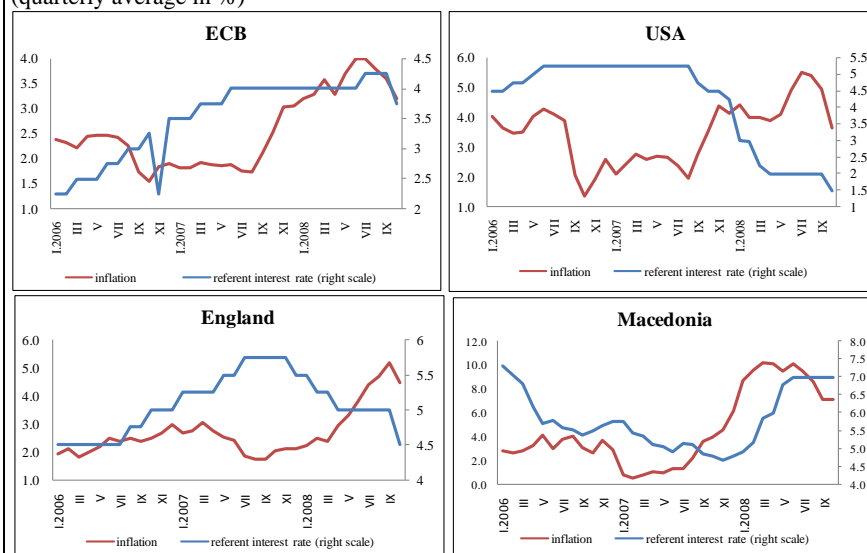
*the last data are till 8 October 2008

The turbulence in the financial markets, expansive credit growth, as well as the increase in the prices had reflection on the economic developments in the countries of the EU and the region, with a sole difference in the intensity. In order to tackle the current situation and

prevent its further intensification, the monetary authorities undertook various measures, among which, also adjustment of the reference interest rate. Thus, in the analyzed group of countries, the greater number of central banks decided to increase the reference interest rate. Thereby, some central banks (such as the ones of Slovakia and Albania), maintained the reference interest rates at the same level for more than a year.

Although the economic analyses²⁹ assume growth in the reference interest rates of the central banks of England and ECB in the forthcoming period, the ever greater deepening of the world financial crisis, in conditions of a simultaneous reduction in the prices of food and energy, significantly increased the risk from starting a cycle of recession, reducing the probability for increase in the price level. Due to these reasons, the Bank of Canada, Bank of England, central banks of the USA, Sweden and Switzerland and ECB reduced the reference interest rates on 8 October.

Figure 78
Reference interest rates and annual inflation rate per countries
(quarterly average in %)



Source: web-pages of the central banks and statistical bureaus of the countries.

Quarterly reduction in the lending interest rate of banks, in conditions of increase in the deposit interest rate

The bank policy for provision of a greater market share, in conditions of growing competition within the banking sector and from the non-banking financial institutions, was the main moving force of the interest changes in this quarter as well, so that a moderate quarterly fall of the lending interest was registered (of 0.1 percentage point, thus reaching 9.6%), in conditions of increase in the deposit interest rates (by 0.2 percentage points and they were 5.7%). Still, in June, for the first time since the beginning of the year, moderate increase in the lending Denar interest rate was registered that reached 9.7% (9.6% in the previous months), referring mainly to the interest rates of certain types of credits to the corporate sector. Simultaneously, the average interest rate of the newly approved credits in the second quarter remained unchanged, being maintained at a level of 9.2%, whereas the average interest rate of the newly-received deposits on quarterly basis was increased by 0.4

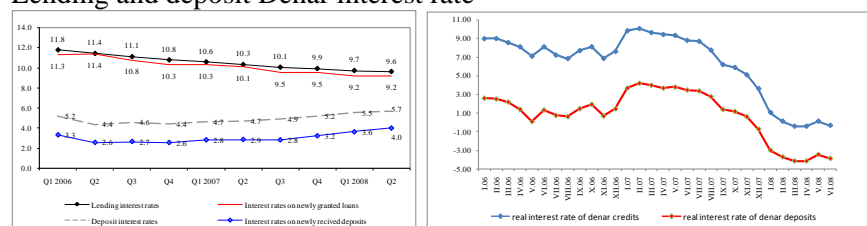
²⁹ Reuters Survey of Economists, Quarterly Bulletin 2, Bank of England, 2008.



percentage points and was 4%. In the second quarter, decrease in the margin between the interest rates of the total credits and deposits and the interest rates of the newly-approved credits and newly-received deposits was registered (by 0.2 percentage points, respectively, relative to the previous quarter).

In global framework, deterioration in the access to credits was registered in the countries of the Euro-zone, the USA, as well as Great Britain, mainly due to the risks that are connected with certain credits. At the same time, the intensive credit growth in the largest number of countries contributed to a withdrawal of some of their products from the market³⁰, in order to reduce the demand for credits.

Figure 79
Lending and deposit Denar interest rate

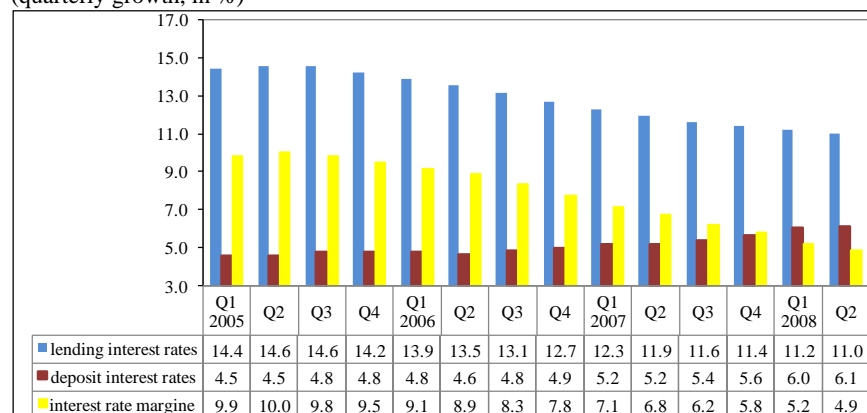


Source: National Bank of the Republic of Macedonia.

Fall in the interest rates of the credits to the households

The reduction in the lending interest rates, in conditions of increase in the interest rates of the deposits, led to further narrowing in the interest margin in the segment of credits to households, but at a slower pace. The greatest reduction on quarterly basis was registered in the interest rates of the long term credits without FX clause by 0.6 percentage points (to 12.2 % in the second quarter) and in the interest rates of the long term credits with FX clause by 0.3 percentage points (to 9.4% in the second quarter). As far as the interest rates of the long term Denar deposits with FX clause are concerned, an increase of 0.6 percentage points was registered, thus reaching a level of 9.9%.

Figure 80
Average weighted lending and deposit interest rate of the households in Denars and interest margin
(quarterly growth, in %)



Source: National Bank of the Republic of Macedonia.

³⁰ Quarterly Bulletin 2 of the Bank of England, 2008



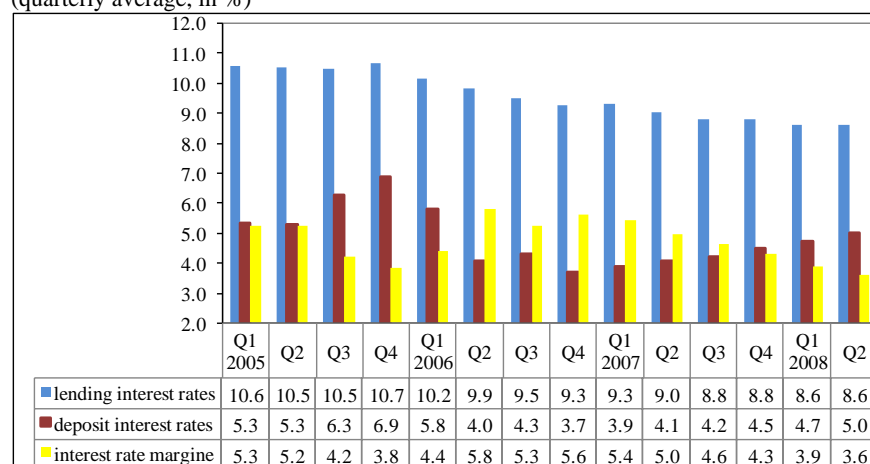
According to the Survey on credit activity³¹, the largest number of banks assessed that in the second quarter of 2008 decrease in the interest rate of the housing credits was registered, in conditions of partial increase in the interest rate of the consumption credits (above one third of the banks). As factors that affected such interest rate policy, the banks selected the costs of the financial assets and restrictions of the balance sheet, as well as the pressure of the competition. In the following three months, the banks expect unchanged conditions in the housing credits, when the terms and conditions in the consumption credits will become stricter. Continuous growth in the interest rates³² of the housing and consumption credits was registered in the countries of the Euro-zone, and this trend was expected³³ to continue in the forthcoming period as well.

Unchanged interest rate of the credits to enterprises, in conditions of increase in the interest rate of their deposits.

In the “enterprise” sector, the lending interest rate maintained the same level as in the previous quarter, that is, 8.6%, whereas the deposit interest rate registered an increase of 0.3 percentage points and was 5%. As a result of these developments, the interest margin between these two interest rates was reduced by 0.3 percentage points relative to the previous quarter. Still, the analysis of certain types of interest rates showed changes that corresponded with the change of the monetary policy. Thus, selectiveness in the change of the interest rate policy was registered when relative to the end of 2007, increase was registered in the interest rate of the newly-approved long term credits without FX clause and in the short term credits with FX clause (by 1 and 1.4 percentage points, respectively), so that in June they equaled 9.8% and 8.8%, respectively. As far as the deposit interest rates were concerned, the greatest change was registered in the sight deposits without FX clause, the interest rate of which was reduced by 0.8 percentage points, reaching 2.2%. On the hand, the interest rate of the short term deposits with FX clause was increased by 0.4 percentage points and was 4.2%.

Figure 81

Average weighted lending and deposit interest rates of the corporate sector in Denars and interest margin
(quarterly average, in %)



Source: National Bank of the Republic of Macedonia.

³¹ Survey on credit activity, July 2008, NBRM.

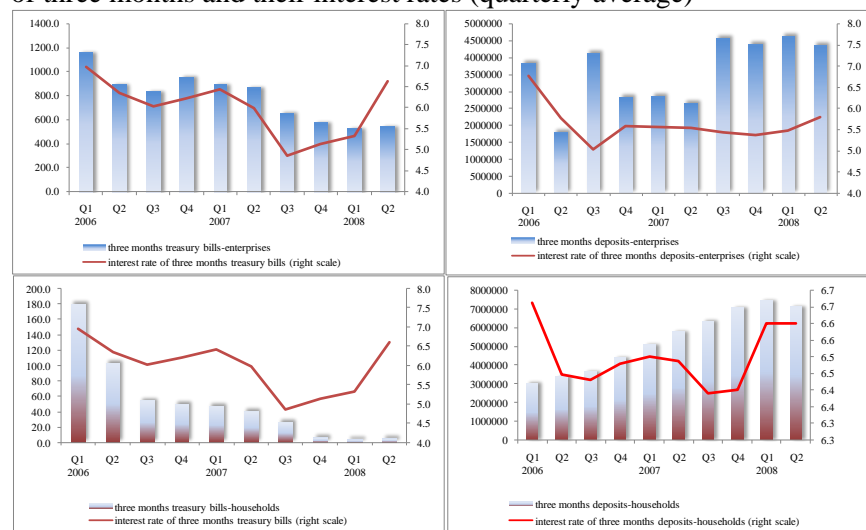
³² Euro area MFI interest rate statistics, June 2008.

³³ (Euro area bank lending survey, July 2008, ECB

By the Survey on credit activity³⁴, more than a half of the surveyed banks assessed that the interest conditions of the credits intended for the enterprises were partly tighter, whereas the pressure from the competition was a factor that contributed partially to the facilitation of the credit conditions. In the next three months, the banks are expecting unchanged credit conditions in the corporate sector, except for the credits intended for the small and medium enterprises (half of the banks are in favor of partial tightening of the credit conditions). This corresponds with the development of the interest rates in the countries of the Euro-zone, where in June the greatest increase in the prices of the credits intended for the enterprises was registered since the beginning of the year. According to the Survey on credit activity of ECB, further tightening of the standards for approval of credits to the enterprises is expected, taking into consideration that the financial crisis has a greater influence on the credits intended for the enterprises, especially on the credits intended for merger and acquisition of enterprises, as well as for the process of corporate restructuring.

Figure 82

Investments in three month Treasury bills, Denar deposits with maturity of three months and their interest rates (quarterly average)



Source: National Bank of the Republic of Macedonia.

Increased interest in investing in Treasury bills by the enterprises and households

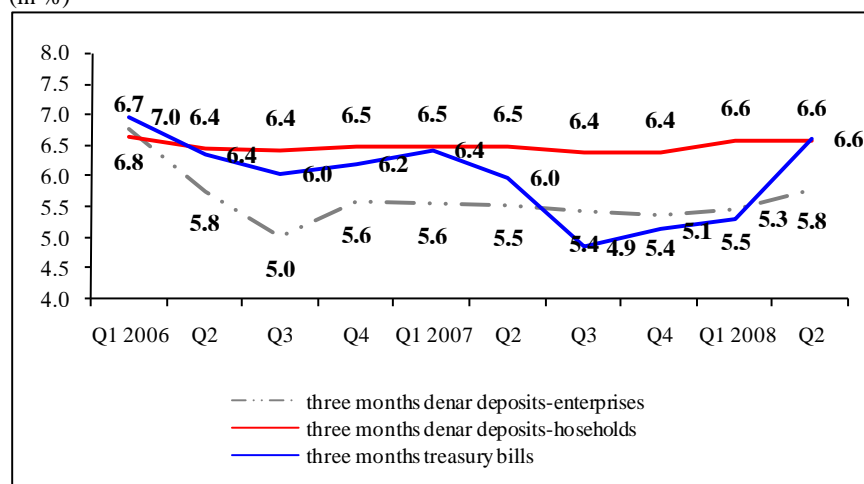
In the second quarter, after a longer period of time, increased interest of the enterprises and households in investment in the three month Treasury bills was registered. In conditions of increase in the interest rate of the three month Treasury bills in this period, at four out of the six held auctions, the demand for Treasury bills exceeded the offer. The reduced investments in Treasury bills (three month) by the enterprises was registered in May which corresponded with the lower offer in this month. On the other hand, quarterly fall in the term deposits (three month) of the enterprises and households was registered, in conditions of unchanged interest rate in the sector “households” whereas increase was registered in the enterprises. In accordance with the last changes, after a longer period, the interest rate of the term Denar deposits (up to three months without FX clause) of the households was equal to the interest rate of the Treasury bills (three month). On the other hand, the

³⁴ Survey on credit activity, July 2008, NBRM

deposit interest rate of the enterprises (for the three month deposits) was lower than the price of the Treasury bills (three month).

Figure 83

Average interest rates of three month Denar deposits of enterprises and of households and average interest rates of three month Treasury bills
(in %)



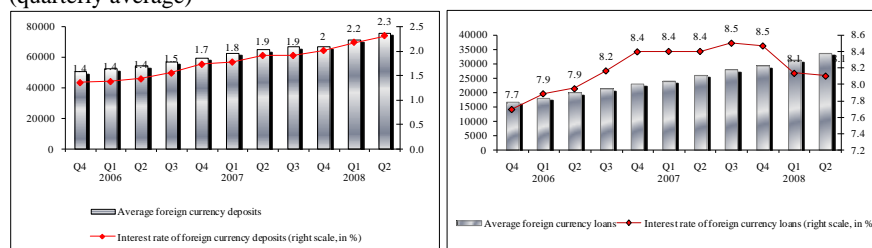
Source: National Bank of the Republic of Macedonia.

Unchanged foreign exchange lending interest rate, in conditions of increase in the deposit interest rate

The shifts in the foreign exchange interest rates, in general, complied with those in the Denar interest rates. Thus, the average foreign currency lending interest rate remained unchanged on quarterly basis equaling 8.1%, whereas the average foreign currency deposit interest rate registered increase of 0.1 percentage points equaling 2.3%.

Figure 84

Quarterly dynamics of the foreign currency credits and deposits of the private sector and of lending and deposit interest rate (quarterly average)



Source: National Bank of the Republic of Macedonia.

In the sector “households”, reduction in the average interest rate of the long term credits in Euros (of 0.4 percentage points) was registered and in Dollars (by 0.9 percentage points), thus equaling 8,1% and 3.6%, respectively. When making a detailed analysis of the deposit interest rates, any greater changes in this sector were not registered compared with the previous quarter. In the lending interest rates of the sector “enterprises” greater quarterly changes were registered in the short term foreign exchange credits (approved in Dollars) the average annual interest rate of which was reduced from 5% to 4.7%. At the same time, the average interest rate of the long term foreign exchange credits (in Dollars) registered quarterly fall of 0.7 percentage points, being reduced to a level of 5.1%. In the deposit foreign exchange interest rate of the enterprises, greater change was registered in the term deposits on short

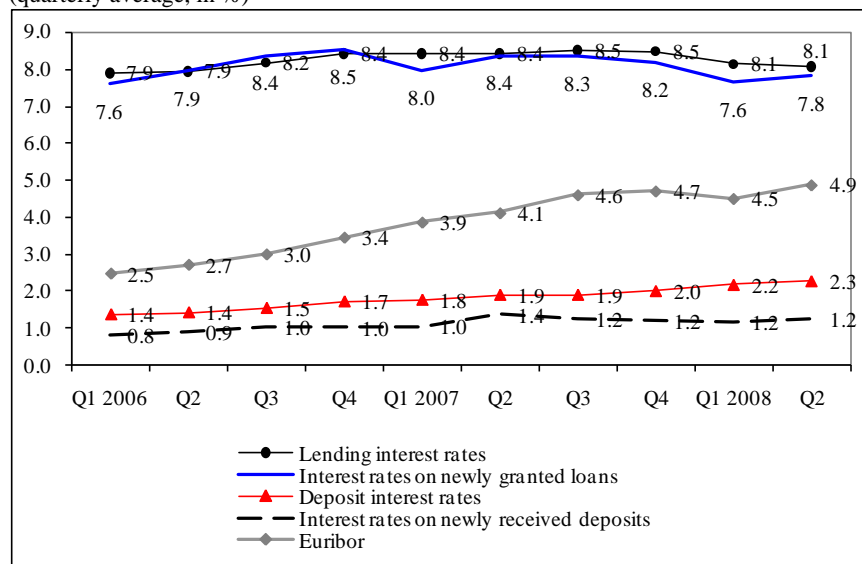


term in Dollars the interest rate of which was reduced by 1.1 percentage point and equaled 2.2%, whereas in the long term deposits (in Euros) it was reduced from 2.9% to 2.6%.

Figure 85

Lending and deposit interest rate in foreign currency and international three month interest rate EURIBOR

(quarterly average, in %)

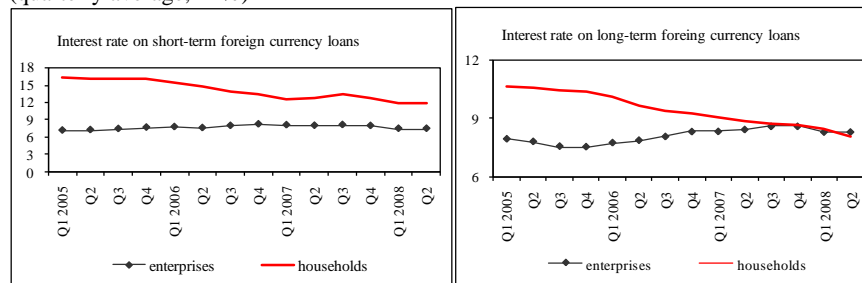


Source: National Bank of the Republic of Macedonia.

Figure 86

Interest rate of short term and long term foreign currency credits to the private sector

(quarterly average, in %)



Source: National Bank of the Republic of Macedonia.

III.

Public finances

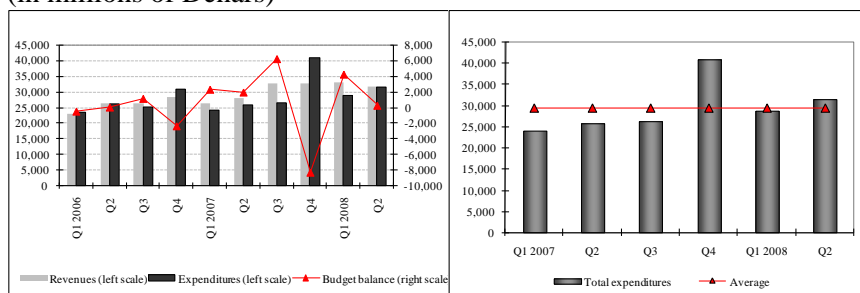
Realized high budget surplus

In the second quarter, the budget balance was still in surplus, although to a much lesser extent compared with the first quarter in the year. The faster dynamics of growth in the expenditures, in conditions of a moderate reduction in the budget revenues led to deficit in May and June. Still, such trend was not maintained, taking into consideration the relatively high surplus realized in July. If the budget balance is corrected for the interest payments, the primary budget surplus would equal Denar 937 million, that is, it would be 3.7 times higher than the total budget balance.



It is expected that by the end of the year the fiscal policy will have a more expansive character, the budget balance will enter in the zone of deficit, and the inflows from concessions and new external indebtedness will be the main sources of its financing. Still, this scenario is followed by uncertainty, that is, there is a possibility for realization of a better budget balance relative to the projected one.

Figure 87
High budget revenues and expenditures and budget balance
(in millions of Denars)



Source: Ministry of Finance of the Republic of Macedonia.

In the second quarter of 2008, annual growth in the total public revenues...

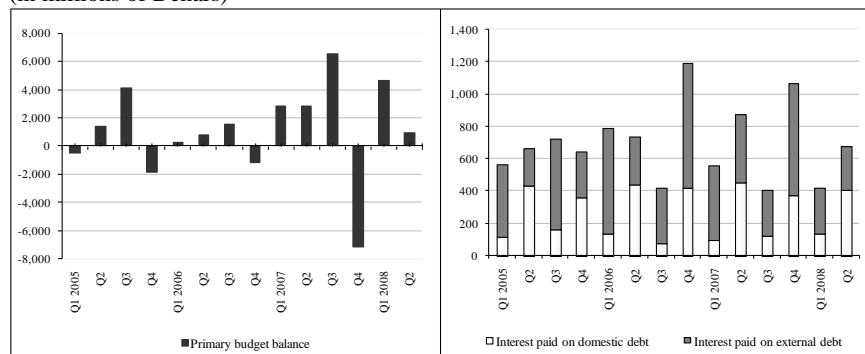
...in conditions of increased collection of tax revenues and increase in the non-tax revenues

The growth in the economy was also reflected on the government budget, where in the second quarter of 2008, the tax revenues registered an increase of 15.1%, whereas the increase in the contributions was 12.5%. The funds collected on the basis of taxes and contributions amounted to 23.7% of the funds planned for 2008. Within the taxes, the largest increase in the collection was registered in the profit tax (of 67.7%, reflecting the improved efficiency in the collection and growth in the profitability of the firms, as well as the reduced tax evasion). The collection of the value added tax registered an increase of 12.2% between two years, which corresponded with the growth in the consumer prices in the analyzed period, whereas the collection of the excises and customs registered an increase of 4.8%, that is, 21.4%, respectively. In the second quarter of 2008, the largest part of the non-tax Budget revenues were the revenues generated by the Budget users in their own accounts on the basis of self-financing activities, credits and donations (Denar 1,543 million, or 50.9% of the total non-tax revenues in the analyzed period). In the same period, foreign donations in the amount of Denar 237 million were realized (donations based on bilateral agreements of the Budget users for financing of individual projects and activities). The revenues generated by the users in their own accounts and the foreign donations registered increase of 6% and 18.5%, respectively on annual basis. Capital revenues registered significant increase on annual basis, which was mainly due to the sales of socially-owned apartments and state-owned construction land.

The higher collection of tax revenues in conditions of reduced tax rates, in addition to the growth in the economy, indicated also an existence of more efficient systems for tax collection, more efficient controls and strengthened technical and institutional capacity of the Customs Administration and Public Revenue Office.

Figure 22

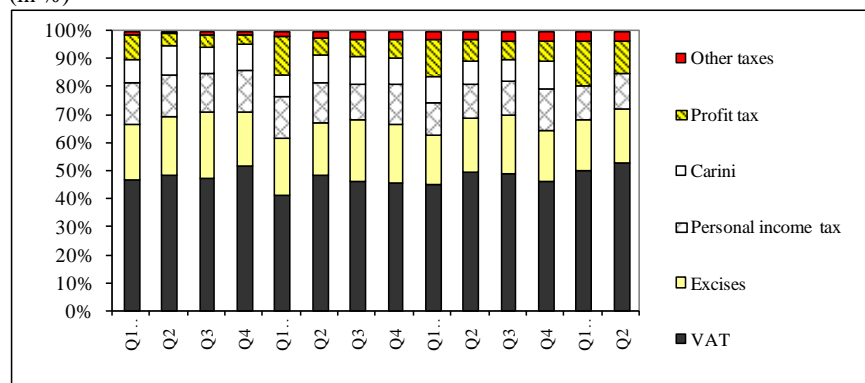
Budget balance and interest payments based on external and domestic indebtedness
(in millions of Denars)



Source: Ministry of Finance of the Republic of Macedonia.

Figure 89

Structure of tax revenues
(in %)



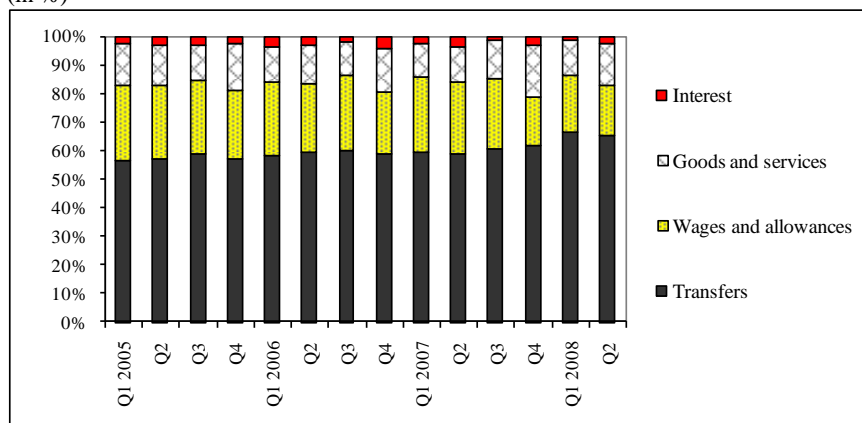
Source: Ministry of Finance of the Republic of Macedonia.

In the second quarter of 2008, annual growth in the public expenditures was realized, in conditions of higher capital and current spending

The total expenditures in the second quarter of 2008 registered annual growth of 21.2 %. The more intensive government expenditures resulted from the simultaneous growth in the capital and in the current expenditures. In the current expenditures, which structurally covered 89% of the total expenditures realized in the second quarter of 2008, the costs for goods and services and for transfers registered annual growth of 32.6% and 28.7%, respectively. The analysis of the costs for wages and allowances showed that they registered annual fall of 18.7%. The downwards “adjustment” of this sub-category, in conditions of growth in the wages in the public administration, was due to the start of the second phase of the process of fiscal decentralization³⁵, i.e. of payment of wages to the largest part of the employees in the public administration through local government. Consequently, the transfers to local authorities were by 7.2 times higher, relative to the same period of the previous year. The item "other transfers" registered considerable increase (in amount of Denar 1,358 million in the second quarter of 2008, relative to Denar 1,054 million in the same period of the previous year), the larger part of which included the subventions granted to farmers.

³⁵ By the decision adopted in July 2007, the costs for contributions and wages for employees in four sectors of the local public administration (education, social policy and child protection, culture and health care) were financed through block-donations in the municipalities which fulfilled the required criteria.

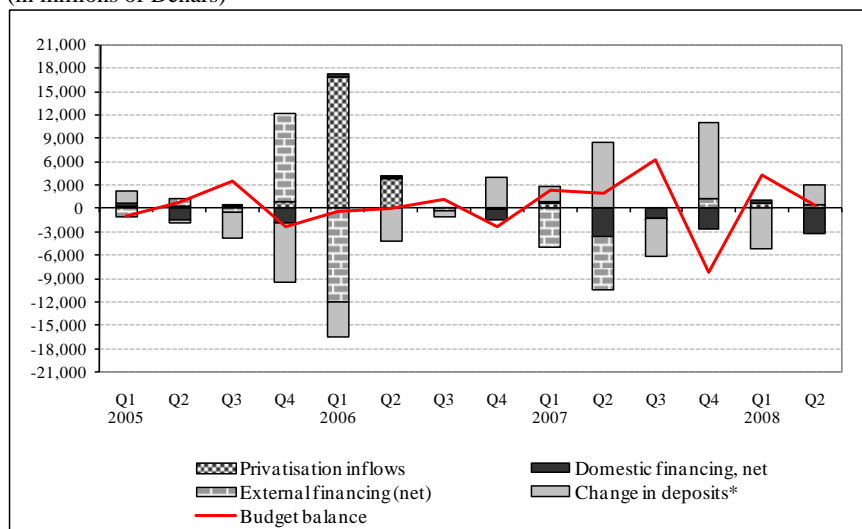
Figure 90
Structure of current expenditures of the government
(in %)



Source: Ministry of Finance of the Republic of Macedonia.

Despite of the realized surplus, Denar 2,635 million poured out from the Denar account of the government with NBRM, to the largest part, for payment of the government liabilities on the basis of domestic indebtedness. In addition to the repayments based on servicing the government liabilities based on the short term domestic indebtedness, repayment of the regular installment of the Bond for privatization of “Stopanska banka” (Denar 131 million) was made, as well as repayment of the regular installment of the Bond for old foreign currency saving (Denar 1,560 million), the Bond for denationalization (Denar 904 million) and repayment of obligations based on the regular long term bonds (Denar 250 million). From the aspect of the external financing, net inflows were registered in the second quarter (mainly based on the direct indebtedness abroad of individual budget users on various bases, indebtedness of the Road Fund with EIB and EBRD based on the first and second stage of the project for construction of Skopje by-pass).

Figure 91
Financing of the budget balance
(in millions of Denars)



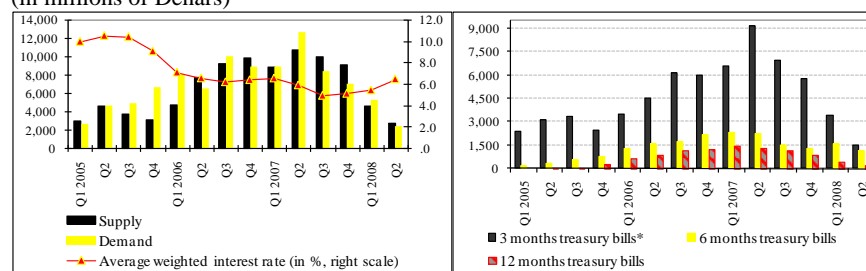
* Positive change - withdrawing deposits; negative change - cumulating deposits.

Source: Ministry of Finance of the Republic of Macedonia.

In the second quarter of 2008, in the primary market of Treasury bills, 70.3% of the total offered amount of short term government securities were realized (i.e. amount of Denar 1,967.3 million was realized). The demand exceeded the supply by 17%, whereas the average weighted interest rate of short term Treasury bills (cumulatively for all maturities) reached up to 6.50% in the second quarter of 2008 (relative to 5.47 % in the first quarter of 2008). In the second quarter of 2008, the payment of short term securities in the amount of Denar 2,498.2 million matured (out of which Denar 1,799 million were Treasury bills for monetary purposes, the emission of which completely matured for payment on 17.06.2008), relative to the realized amount of Denar 1,967 million. Consequently, through the primary market of short term government securities, net liquidity in the amount of Denar 531.2 million was created. With respect to the maturity, the three month Treasury bills were mostly present (76.3% of the total realized Treasury bills), while the amount of the three month Treasury bills on 30.06.2008 was Denar 1,500.1, relative to Denar 3,412.2 million on 31.03.2008.

Figure 92

Total supply and demand of Treasury bills (in millions of Denars) and average weighted interest rate and amount of the investments in Treasury bills (by maturity)
(in millions of Denars)



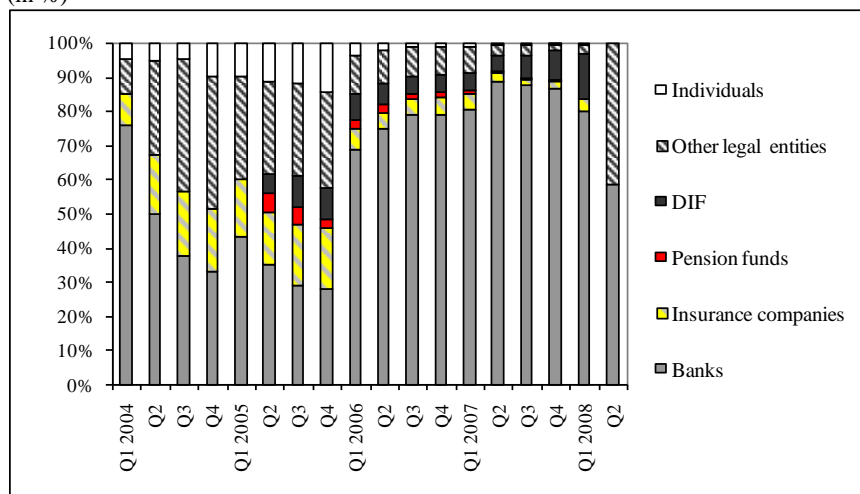
*Includes the Treasury bills for monetary purposes.

Source: NBRM and Ministry of Finance of the Republic of Macedonia.

At the end of the second quarter of 2008, the total public debt³⁶ registered decline of 6.2%, relative to the amount as of 31.03.2008. The quarterly fall was due to the simultaneous fall both in the domestic and in the external public debt by Euro 84.5 million, i.e. Euro 0.7 million, respectively. The decrease in the domestic public debt was solely a result of the lower emission of continuous government securities and of the lower debt based on structural bonds (mainly the Bond for privatization of "Stopanska banka", the Bond for old foreign currency saving and the Bond for denationalization).

³⁶ For consistency of the analysis, the public debt was based on the debt of the central Government and the funds (consolidated debt of the Government without the debt of NBRM, municipalities and public enterprises). Namely, such analysis does not comply with the national methodology for calculation of the public debt which includes also the debt of municipalities and public enterprises (excluding the debt of NBRM) and the statistics of the government finances (of IMF) which includes the debt of NBRM also. On the other hand, the domestic debt of the central Government pertains to structural and continuous securities.

Figure 93
Structure of investments in Treasury bills by investors*
(in %)



* On March 7, 2006, NBRM in cooperation with the Ministry of Finance started with emission of Treasury bills for monetary purposes with maturity of 3 months.

Source: NBRM and Ministry of Finance of the Republic of Macedonia.

By the latest available data, in July 2008, higher total revenues than total expenditures were realized in the Budget of the Republic of Macedonia, which contributed to creation of surplus in the amount of Denar 953 million. Within the overall realized revenues, the tax revenues still represented the most significant component, mainly the high realization of the value added tax (53.5% of the total tax revenues). On the side of the overall expenditures, the largest part of the government expenditures pertained to the current costs, i.e. to the social transfers.

In accordance with the realized budget surplus, in the Denar government account with NBRM, inflow of Denar 796 million was registered. On the primary market of Treasury bills (of all maturities) in July 2008 the demand was 2.1 times higher than the supplied amount, and the demanded amount was fully realized.

IV.

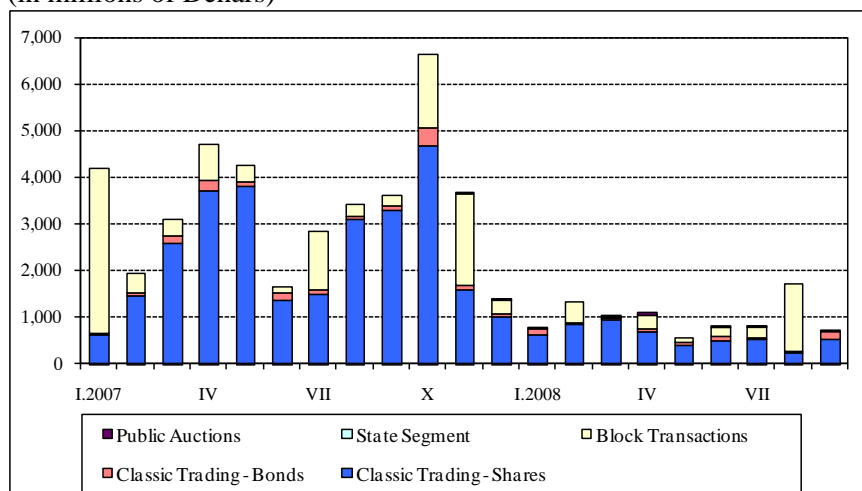
Capital market

The fall in the stock exchange turnover and in the MBI-10 continued

In the second quarter of 2008 fall in the stock exchange trade was registered relative to the previous quarters. The total turnover in the stock exchange markets (including the block transactions and the government segment) in the second quarter of 2008 equaled Denar 2.5 billion, which represented decline of 21.7% relative to the previous quarter. Within the total stock exchange turnover, the classical trading in shares dominated, with Denar 1.6 billion, which relative to the previous quarter went down by 33.6%.



Figure 94
Structure of the stock exchange turnover per months
(in millions of Denars)



Source: Macedonian Stock Exchange AD Skopje.

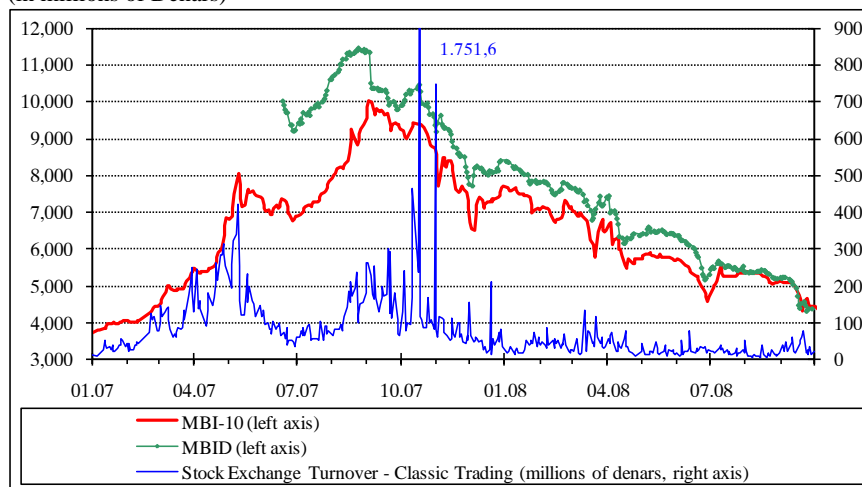
On June 30, 2008, the value of the MBI-10³⁷ equaled 4,886 index points, which represented significant fall of 27.2% relative to the end of the first quarter, that is, 36.9% relative to the end 2007. Such developments of this index were due to the considerable drop in the stock exchange turnover, as well as to the fall in the prices of most of the shares. The lower demand and the fall in the prices resulted mainly from the uncertainty concerning the political situation after the failure to receive an invitation for NATO membership and the course of the pre-election period. The uncertainty determined the domestic and foreign investors' restrain to invest in securities, as well as to sell them in order to avoid any larger capital losses. Consequently, in conditions of fall both in the demand and supply of securities, the trend of decline in the stock exchange turnover continued.

The publicly owned company index - MBID³⁸, followed the development of MBI-10, with its value at the end of the second quarter being equal to 5,319.3 index points, which represented fall of 28.3% relative to the end of the first quarter.

³⁷ The price index weighted with the market capitalization, constructed on the basis of common shares of 10 listed companies on the official market.

³⁸ Price non-weighted index, the components of which are chosen considering the number of days of trade and the realized turnover between two index revisions.

Figure 95
MBI-10, MBID and stock exchange turnover realized with classical trading³⁹
(in millions of Denars)



Source: Macedonian Stock Exchange AD Skopje.

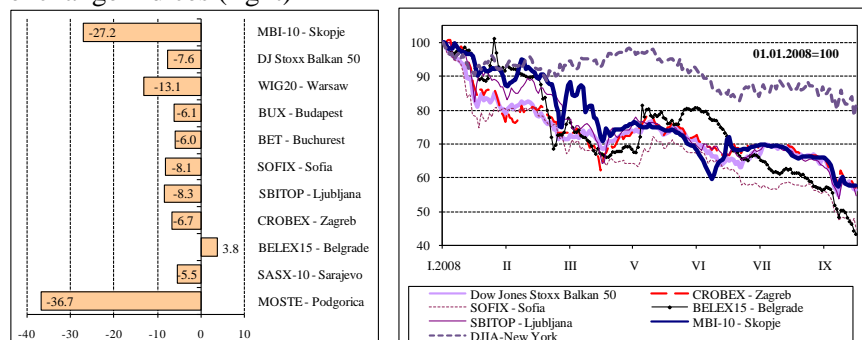
Significant decrease in the stock exchange indices in the region

The comparison with the stock exchange indices in the region and in the countries from Central and East Europe showed that in the second quarter of 2008 they all registered downward developments (except for the moderate increase in the index of the Belgrade Stock Exchange). For the countries of Central and East Europe, this was mainly due to the continued financial instability since the end of 2007, as well as the uncertainty concerning the future economic developments in the world. These effects, especially the global financial crisis and instability of the world financial markets, were also reflected on the stock exchanges in the South-East Europe. They were also influenced by the political uncertainty so, in combination, these factors had influence towards investors' restrain from higher investments in these stock exchanges and consequently on the fall in the stock exchange indices also in the second quarter of 2008, that ranged between 5.5% in Sarajevo and 36.7% in Podgorica.

³⁹ The Figure shows the daily stock exchange turnover through classical trading, which includes only the classical trading with shares and bonds, whereas it excludes all other types of transactions. For better presentation, the Figure does not show fully the classical trading on 16.10.2007, which amounted to Denar 1.751,6 million (which was due to the taking over of one domestic company by a foreign investor).

Figure 96

Quarter change rates of the national and composite regional stock exchange indices⁴⁰ (left) and comparison of the development in the stock exchange indices (right)



Source: "Bloomberg", "Dow Jones", "Macedonian Stock Exchange" a.d. Skopje, national stock exchanges.

Annex 3

World financial crisis and Balkan stock exchanges

Although the issue of the transfer of the developments in the world financial markets on the stock exchanges in South-East Europe requires much more extensive research, the simple comparison of the basic stock exchange indices provides certain indications about the connection of the financial systems. If the stock exchange developments in the countries in the region are compared (Figure 96, right picture), their similarities in the course of 2008 are clear. Both the separate indices of the countries and Dow Jones Stoxx Balkan 50, as a composite index, had downwards developments in the second quarter, which continued in the third quarter as well. Thus, at the end of September, all regional indices had lower value between 30% and 60% relative to the beginning of the year. Still, such comparison from the beginning of the year creates perception that these indices are not very much connected with the indices at the world stock exchanges, where, as usual, as indicator for the world stock exchange developments Dow Jones Industrial Average – DJIA of the New York Stock Exchange is used. DJIA was developing differently than the other indices in the whole period, and at the end of September it lost only around 20% of its value as of the beginning of the year.

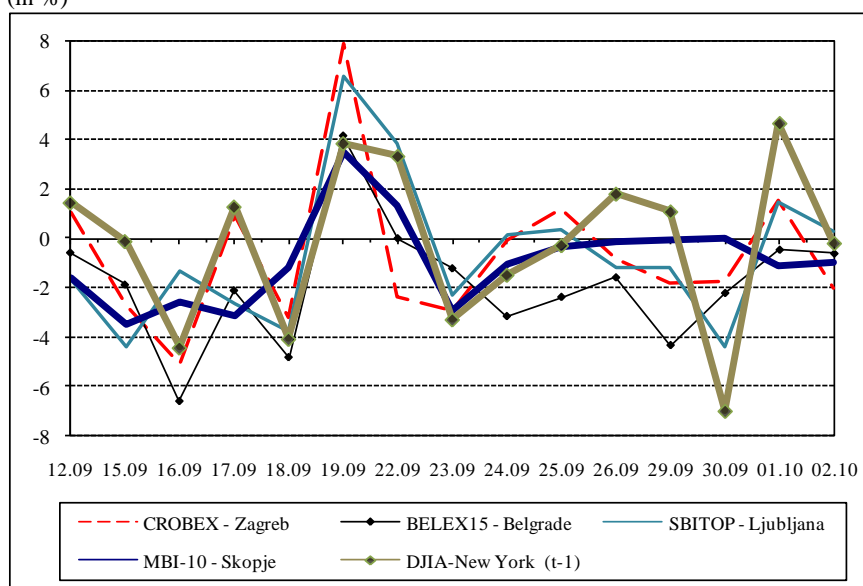
On the other hand, the conclusion is different if the developments in September when the world financial crisis reached its peak are analyzed as isolated. Figure 97 shows the daily rates of change of the index of several stock exchanges in the period 12.09-02.10.2008. This period covers several exceptional events of the financial crisis in the USA: the bankruptcy of the investment bank Lehman Brothers and buying of Merrill Lynch by the Bank of America (13 and 14 September), rescue of American Insurance Group for the amount of US Dollar 85 billion and de-facto nationalization of 80% of the ownership (16 September) and the bill of the US Government and Federal Reserves for approval of an amount of up to US Dollar 700 billion for purchase of non-liquid funds for an exit of the crisis (19 September) and the

⁴⁰ Dow Jones Stoxx Balkan 50 included shares from 50 largest and most liquid companies of 8 Balkan stock exchanges.

uncertainty regarding its adoption by the US Congress, including its rejection by the Congress on 29 September; failure of the sixth largest US Bank Washington Mutual with assets worth US Dollar 330 billion (the largest bank bankruptcy in the US history) and taking over by JPMorgan Chase, etc. All this was followed by continuation of the liquidity crisis and lack of confidence in the financial markets, as well as with unusually high margins between the reference and inter-bank interest rates. In the course of the whole period, there were massive coordinated interventions by the larger central banks for injection of liquidity and stabilization of the developments in the markets of money and capital, that were only partially successful precisely due to the uncertainty and lack of confidence among the financial institutions (known as counterparty risk). The financial crisis was also reflected in Europe: partial nationalization with Euro 11.2 billion of the banking and insurance giant Fortis by Belgium, Netherlands and Luxembourg (28 September); nationalization of the British mortgage lender Bradford & Bingley for GB Pound 50 billion, etc.

Figure 97

Daily rates of the change of the stock exchange indices CROBEX, BELEX15, SBITOP, MBI-10 and Dow Jones Industrial Average⁴¹ (in %)



According to the Figure, in this period of the financial crisis, the developments of Dow Jones Industrial Average (DJIA) had different influence on the Balkan indices. DJIA index coincided to a significant extent with the indices of Ljubljana and Zagreb stock exchanges for the whole period, as well as with the index of the Belgrade stock exchange. Regarding MBI-10 relative to DJIA, there was the greatest coincidence in the period 18-25 September, whereas in the rest of the period MBI-10 has more stable development than DJIA. This indicated that the Macedonian stock exchange was not isolated from the events in the world stock exchanges, although there was perhaps little direct connection. The effects on the Macedonian stock exchange were transferred mainly

⁴¹ In order to present the effects more realistically and to overcome the time difference, the development of the Dow Jones Industrial Average on the Figure is with 1 day time lag (for ex. the date is 19 September for all, except for Dow Jones Industrial Average, for which on that date, the development of 18 September is presented).

through the foreign investors. This especially referred to the investors from Slovenia and Croatia that were much more directly connected with the world stock exchange developments, and at the same time, they had significant share in the trading in the Macedonian capital market.

Source: Bloomberg, Reuters, BBC, Wall Street Journal and other media.

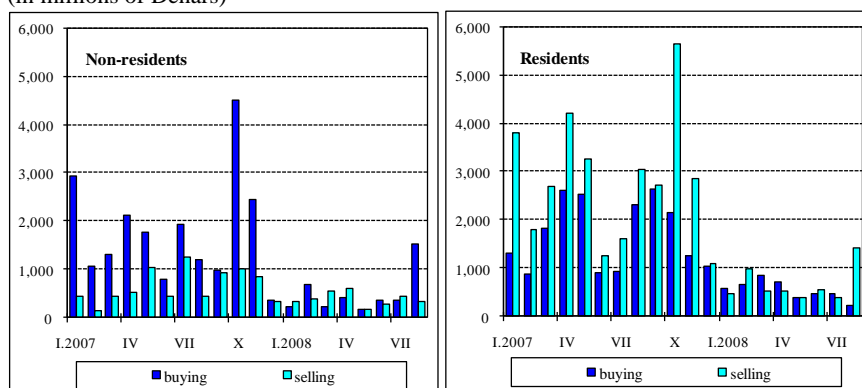
Domination of the residents in the stock exchange trading

With respect to the participation in the stock exchange turnover, the dominance of the residents continued on both, the side of the purchase and the side of the sale. Thus, in the second quarter of 2008, the participation of the residents was almost unchanged relative to the first quarter, that is, they participated with 59.8% in the purchase of securities and with 60% in the sale of securities in the stock exchange. The domestic natural persons participated with 32.3% in the purchase and with 40.5% in the sale. On the other hand, in the second quarter, the non-residents participated with 40.2% on the side of the purchase and with 40% on the side of the sale of securities. As a result of these developments, at the end of the second quarter, the foreign investors participated with 31.3% in the total principal of the companies and 7.7% in the total nominal value of the bonds⁴², which was similar as in the first quarter of 2008.

Figure 98

Stock exchange turnover structure, by investors and orientation of the transactions

(in millions of Denars)



Source: Macedonian Stock Exchange AD Skopje, NBRM calculations.

In the second quarter of 2008, the realized turnover with bonds in the stock exchange market equaled Denar 209.7 million and registered quarterly fall of 5.7%. Dominant in the turnover were the denationalization bonds of the fifth and second emission, with Denar 60.5 and 54.1 million, respectively. During the quarter, OMB⁴³ registered mainly positive developments, so at the end of June it reached 107.4 index points (quarterly growth of 0.6%).

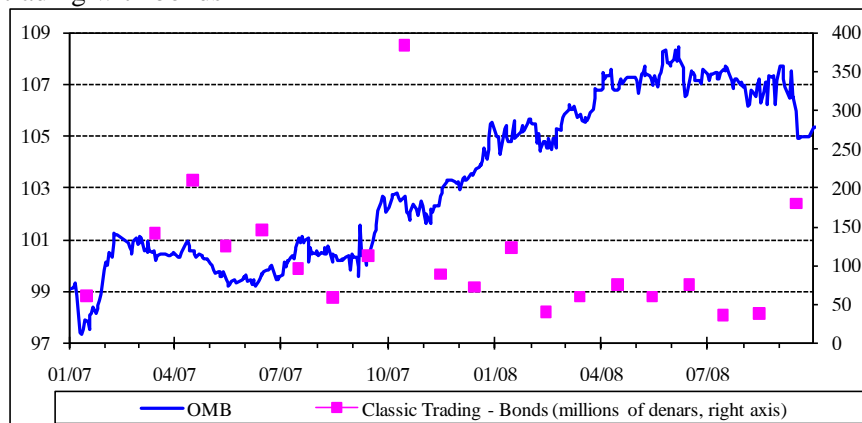
⁴² By the data of the Central Securities Depository.

⁴³ OMB is price index weighted with the turnover, and it is compiled from the bonds for old foreign currency savings and Denationalization Bond from the first, second, third, fourth, fifth and sixth emission, and the initial value of OMB is 100.



Figure 99

Index of bonds in the Macedonian stock exchange (OMB) and classical trading with bonds



Source: Macedonian Stock Exchange AD Skopje.

In the second quarter of 2008, in the Over the Counter Market, two transactions with Treasury bills with nominal value of Denar 2 million were realized as well as 9 transactions with CB bills with nominal value of Denar 350 million. Compared to the previous quarter, the total secondary trading of the stated securities in this market segment went down by 35.5%.

The trend of relatively low stock exchange turnover and fall in MBI-10 continued also in the third quarter. At the end of September the value of MBI-10 was lower by 8.9% than at the end of the second quarter, that is, by 42.5% than the end of 2007. In July and August 2008 in the stock exchange turnover structure increase in the participation of non-residents in purchasing and of the residents in selling securities was registered.

*Expectations for continuation
of the negative developments*

Although the forecasts of the stock exchange developments are difficult in the periods of financial crises and instability, still, the majority of the analyses indicate continuation of the present uncertainty and difficulties in the world capital markets. On the basis of the indications for the connection between the world and Balkan stock exchange developments, it is expected that this will have a reflection on the Macedonian stock exchange through a restraint of the foreign, and especially the regional investors from further investments, which will contribute to further stagnation or fall in the MBI-10 index.

V.

Macroeconomic projections

*Macedonian economy under
the influence of the global
developments*

The global developments in 2008 had an exceptionally great influence on the Macedonian economy. The growth in the world prices of food and energy made pressure on the domestic inflation, and the great uncertainty around their future dynamics led to a frequent change of a part of the assumptions on which the projections of the inflation for 2008 were based. The changes of these world prices, along with the fall in the world prices of metals also led to deterioration of the conditions of exchange and significant constant deepening of the trade deficit, as well as frequent changes in the expectations for the developments in the



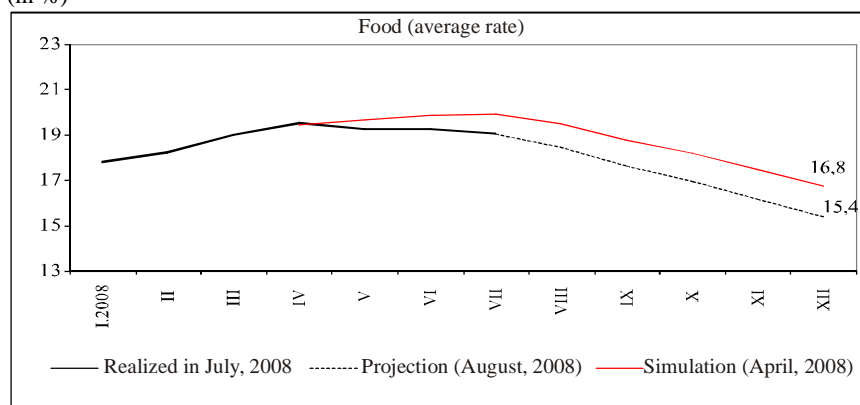
external sector. In spite of the pressures from the import prices on the domestic ones, the strong domestic demand, was also a factor that were driving the inflation in 2008, stimulating at the same time, additional import in the economy.

The macroeconomic scenario by the end of 2008 is characterized by several important elements: 1) *from the aspect of the inflation*, the assumptions for the development of the world prices of food and energy by the end of the year, the influence of the changes in part of the regulated prices, the dynamics of the domestic demand, as well as the assessment of the reaction of the supply (especially in the agricultural sector) are the main factors that drive the inflation by the end of the year; 2) within the *balance of payments*, the conditions of the exchange, as well as the pressures of the domestic demand determined the expectations for the orientation of the net export demand in the remaining part of 2008; 3) the assumptions for outflow of funds from the banking system due to payment of dividends, along with the expectations for a higher price of the credits, in spite of the improved capital position of the banks and reduction in their net foreign exchange assets, are expected to slow down the financing through credits, that in the medium term may have effects of holding back on the domestic demand and inflation.

From the viewpoint of the economic growth, it is expected that the solid realization of the first two quarters will continue until the end of the year. Such expectations are supported by the intensive growth in the investment activity, intensity of the foreign investments, as well as the significantly improved performances in the construction. Nevertheless, there are risks for realization of a slower economic growth relative to the expected one that refer to a great extent to the unfavorable global developments of the market of metals with serious negative consequences on a part of the domestic industry, as well as the expectations for slowing down in the demand for import.

The expectations for maintenance of the economic growth rate, with present risks...

Figure 100
Prices of food
(in %)



Source: State Statistical Office and National Bank of the Republic of Macedonia.

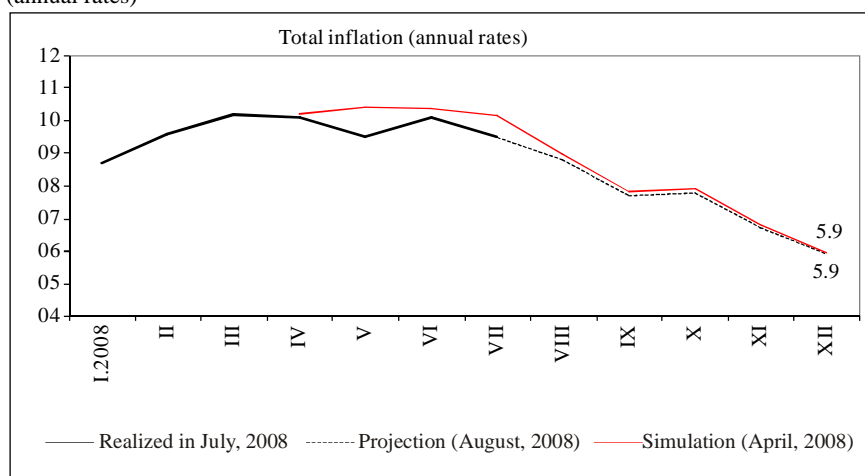


...in conditions of slowing
down of the annual
increase in the inflation
up to 5.9% in December

The slower increase in the prices of food, relative to the expected one, contributed for the *inflation realizations* since April 2008 onwards to keep developing below the projections, confirming the relatively conservative approach regarding the inclusion of assumptions for the prices of food. *It is expected that until the end of the year the major part of the factors will act towards slowing down of the inflation growth..* This refers, above all, to the already started trend of reduction in the world prices of food and oil, as well as to the assessments for increase in the domestic supply of food, which should reduce price pressures, or be a factor that will not lead to further price increase. Simultaneously, the expectations for gradual reduction of the access to credits, especially in the segment of crediting of households, are considered that will have a moderate effect on the reduction of the pressures created by the demand. On the other hand, the announced increase in the prices of electricity is a factor that acts towards a one-off increase in the price level and will affect the inflation rate in the greatest part of the next year (lower comparison basis).

Taking into consideration the assumptions for reduction of the price pressures made by the prices of food and energy on the domestic demand, as well as the dynamics of the inflation so far, it is expected that the annual inflation rate will be constantly reduced and in December, it would be positioned at 5.9%. The current developments in the price of oil and food in the world stock markets are to the benefit of reduction in the domestic prices, whereas the announcements about a possible increase in the price of electricity for the households in the country may lead to partial neutralization of the expected favorable effect from the higher comparison basis relative to the last quarter of the year. The most recent developments in the global economy and risk from reduction in the aggregate demand in the domestic economy are assessed that would have a reflection on the reduction of the inflation, but with a postponed effect in the following year.

Figure 101
Total inflation
(annual rates)



Source: State Statistical Office and National Bank of the Republic of Macedonia.



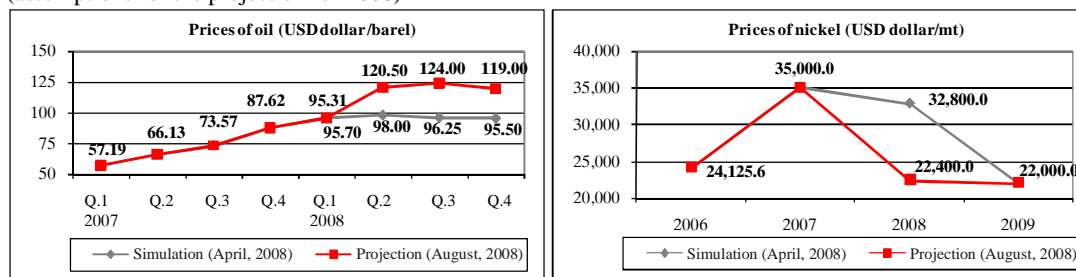
...and expansion of the deficit in the current account...

Within the external sector, the deterioration of the conditions of exchange when the prices of food and energy were increased and simultaneously, the prices of metals reduced, along with the increase in the import caused by the growing personal and investment consumption were the main factors for deepening of the trade deficit in 2008. The negative shock from the deterioration of the conditions of exchange although anticipated, still, exceeded the expectations and led to deviations from the projected developments until the end of the year. On the other hand, although the trend of reduction in the private transfers (commenced around the end of the previous year) continued in 2008, still, its dynamics was within the expectations.

Taking into consideration the shifts in certain assumptions on which the projections are based and the deviations from the developments in certain segments relative to the expectations, the assessment of the developments in the current account in the balance-of-payments until the end of 2008, includes several more important elements:

1. Change in the conditions of the exchange, that is, inclusion of new assumptions for: a) price of oil-projections for reduction in the price of oil until the end of the year, where, the prices of the oil are, however, higher than the assumptions used in the projections so far; and reduction in the price of nickel, in accordance with the latest developments of the price in the world market.

Figure 102
Prices of oil and nickel
(assumptions for the projection for 2008)



Source: World Economic Outlook, IMF.

2. Assumptions for the effect from the undertaken monetary measures regarding the external developments on the slowing down of the personal consumption and its spillover effects on the import.

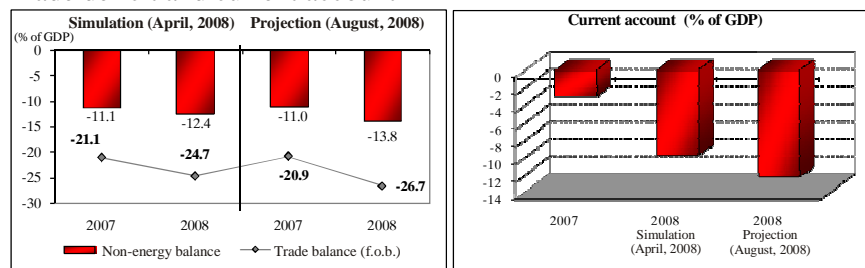
In accordance with such assumptions, deterioration in the trade deficit to 26.7% of GDP is expected for 2008, compared with 20.9% in 2007. These developments, combined with the assumption for payment of a high amount of dividend to the foreign investor and reduction in the share of the current transfers in GDP, are expected to lead to a deficit in the current account of 2008 of 12.3% of GDP. Thereby, from the aspect of the fiscal positioning, full realization of the projected budget deficit of 1.5% of GDP is assumed within the projection.



*...in a large part financed
by direct investments, net.*

The realized capital inflows based on direct investments in 2008, significantly exceeded the expectations, thus financing a significant part of the deterioration in the current account. By the end of the year, the expectations are in a direction of further growth in the inflows based on foreign investments (although the uncertainty is increased due to the global events), as well as more intensive use of foreign currency by the banks, which will enable financing of a larger part of the deficit in the current transactions.

Figure 103
Trade deficit and current account



Source: National Bank of the Republic of Macedonia

Taking into consideration such expected shifts in the balance of payments, accumulation of the foreign exchange reserves is expected in 2008, so that they would enable 3.1 month coverage of the import of goods and services for the next year.

The expected developments of the foreign exchange reserves as well as the projected fiscal position, were the main inputs for projection of the dynamics of the *monetary instruments* by the end of the year. Within the fiscal sector, notwithstanding the retaining of the assumptions for full realization of the planned budget deficit of 1.5% of GDP (opposite of the surplus so far), the outflows from the government account with NBRM were not high, due to the projected high inflows from privatization and concessions in the structure of financing. In accordance with such assumptions, for 2008, net liquidity creation, through the monetary instruments is expected on annual basis (of around Denar 2,900 million), whereas the net creation thus far was Denar 2,605 million.⁴⁴

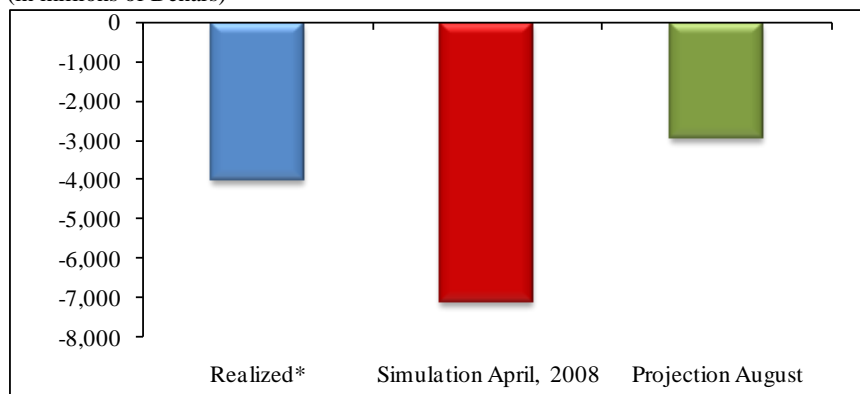
*Projected liquidity creation
through the monetary
instruments in 2008...*

⁴⁴The data refers to the cumulative change of the monetary instruments in the period 01.01.2008-06.10.2008 (including the effect from the Treasury bills for monetary purposes and the reserve requirement with NBRM).



Figure 104

Cumulative change of the monetary instruments at the end of 2008 relative to the end of the previous year
(in millions of Denars)



Source: NBRM

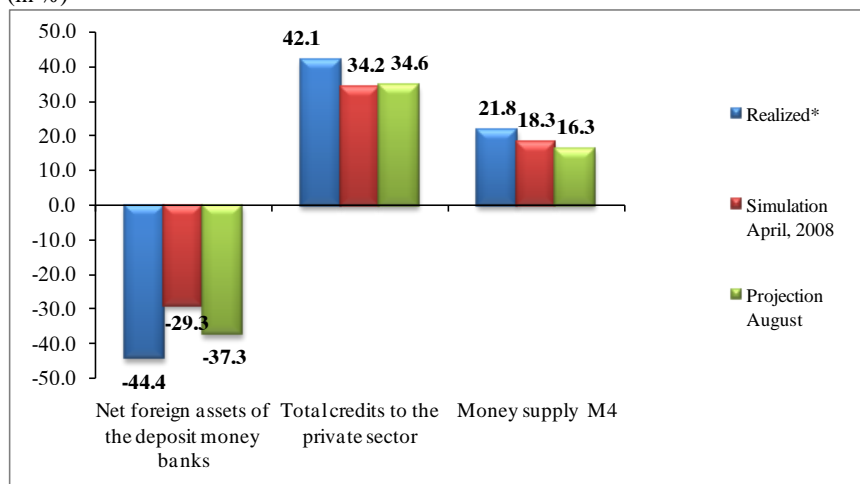
...in conditions of outflow of deposits from the banking sector on the basis of payments of dividends and slowing down of the rate of credit growth.

Within the banking sector, after the slowing down of the annual growth in the first half of the year, the dynamics of the money supply in the second half is expected to stabilize. Still, at the end of the year, the annual change would be significantly lower (16.3%), in accordance with the expectations for a significant one-off outflow of deposits on the basis of dividends. The slowing down of the growth of the deposit base, as well as the monetary measures undertaken so far, are expected to contribute to a reduction of the velocity of the credit growth until the end of the year. Simultaneously, in conditions of planned high repayments of liabilities based on foreign credits in the second half of the year, the banks may face balance limitations for further reduction of the available foreign currency for functioning the credit activity. In such conditions, the annual rate of annual increase in December 2008 would be reduced to 34.6%.

Figure 105

Annual growth rates for December 2008

(in %)



* Realized in June.

Source: National Bank of the Republic of Macedonia.

Still, such monetary scenario is followed by a high uncertainty, mainly due to the uncertainty around the amount of the dividend, as well as the aggressive strategies of the banks for increasing their market share



in the credit market, which may slow down the expected tightening of the credit conditions and reduction of the credit demand (although the weak elasticity of the demand for credits by the households relativized the effect of the more rigid conditions for crediting). At the same time, such policy might also mean a more active use of external sources by the banks for financing of the domestic credit activity, while still bearing in mind the current conditions of the international financial markets. Anyhow, taking into consideration the spillover effects of the excessive credit expansion on the domestic demand, it is necessary to follow the (un) limited access to financing as a significant risk factor within the macroeconomic scenario.



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Table 1
Gross domestic product
in millions of denars (1997=100) and annual real growth rates (in%)

National classification of activities ^{1/}	GDP total	%	Agriculture, hunting, forestry and fishing	%	Mining and quarrying, manufacturing and electricity, gas and water supply	%	Construction	%	Wholesales and retail sales	%	Hotels and restaurants	%	Transport, storage and communications	%	Financial intermediation	%	Public administration and defence	%
			A+B		C+D+E		F		G		H		I		J+K+L		M+N+O+P	
1997	186018	1.4	20411		45317		9867		21297		2819		11372		26002		27067	
1998	192308	3.4	21083	3.3	45969	1.4	10626	7.7	21377	0.4	3025	7.3	14385	26.5	26002	0.0	27395	1.2
1999	200669	4.3	21273	0.9	46750	1.7	11732	10.4	22025	3.0	3771	24.7	16854	17.2	26499	1.9	28519	4.1
2000	209777	4.5	21489	1.0	51122	9.4	12037	2.6	22695	3.0	3345	-11.3	18282	8.5	27215	2.7	28546	0.1
2001	200284	-4.5	19169	-10.8	48786	-4.6	10300	-14.4	22505	-0.8	3195	-4.5	16761	-8.3	27783	2.1	27876	-2.3
2002	201993	0.9	18779	-2.0	48390	-0.8	10364	0.6	23725	5.4	3726	16.6	16467	-1.8	26758	-3.7	28843	3.5
2003	207690	2.8	19686	4.8	50845	5.1	11741	13.3	24146	1.8	4085	9.6	16539	0.4	25787	-3.6	30262	4.9
2004	216164	4.1	20908	6.2	50439	-0.8	12610	7.4	27933	15.7	3623	-11.3	15745	-4.8	28817	11.8	30068	-0.6
2005	225035	4.1	20941	0.2	51803	2.7	12725	0.9	29243	4.7	3675	1.4	17387	10.4	28283	-1.9	31476	4.7
2006	231849	3.0	21069	0.6	53657	3.6	12674	-0.4	30854	5.5	3674	0.0	18633	7.2	28719	1.5	32115	2.0
2005 Q1	51487	3.0	5064	1.2	11358	0.6	2003	-4.1	6500	2.7	783	-1.3	3988	10.7	7010	-2.9	7847	3.7
Q2	56655	5.1	5251	0.7	13210	8.7	3337	-3.3	7328	5.0	905	3.2	4343	11.8	7042	-2.4	7834	3.4
Q3	57353	4.2	5341	-0.1	13112	1.8	3684	3.0	7225	5.4	1056	3.2	4517	12.4	7058	-1.9	7847	5.1
Q4	59540	4.0	5285	-1.0	14123	0.0	3701	6.0	8190	5.4	931	0.1	4539	7.1	7173	-0.3	7948	6.5
2006 Q1	52973	2.9	5319	5.0	11148	-1.8	2185	-2.4	7029	8.1	854	9.1	4428	11.0	7656	9.2	7956	1.4
Q2	59104	4.3	5502	4.8	13726	3.9	3783	13.4	7759	5.9	963	6.4	4754	9.5	7713	9.5	8044	2.7
Q3	60176	4.9	5579	4.5	14064	7.3	4191	13.8	7664	6.1	1132	7.2	4846	7.3	7755	9.9	8044	2.5
Q4	61679	3.6	5512	4.3	14192	0.5	4005	8.2	8778	7.2	1003	7.7	5066	11.6	7807	8.8	8151	2.6
2007 Q1 ^{2/}	56522	6.7	5505	3.5	12463	11.8	2312	5.8	7978	13.5	836	-2.1	4840	9.3	7786	1.7	8044	1.1
Q2 ^{2/}	61409	3.9	5419	-1.5	13616	-0.8	3934	4.0	9039	16.5	1071	11.2	5277	11.0	7890	2.3	8092	0.6
Q3 ^{2/}	62824	4.4	5445	-2.4	14317	1.8	4430	5.7	8768	14.4	1253	10.7	5306	9.5	8065	4.0	8036	-0.1
Q4 ^{2/}	64825	5.1	5093	-7.6	14987	5.6	4313	7.7	10270	17.0	1060	5.7	5725	13.0	8033	2.9	8184	0.4
2008 Q1 ^{3/}		5.4		4.7		6.5		9.8		10.2		13.7		4.1		1.2		1.9
Q2 ^{3/}		6.5		3.0		12.6		23.2		6.2		6.3		0.8		1.2		2.5

^{1/} National classification of activities.

^{2/} Preliminary data.

^{3/} Estimated data.

Source: State Statistical Office.



Table 2
Prices
annual rates (in %)

	Consumer price index (growth rates)															Producer price index (growth rates)	
	Total	Goods	Services	By categories													
				Food	Tobacco and beverages	Clothing and footwear	Housing				Hygiene and health	Culture and entertainment	Transport means and services	Restaurants and hotels ^{/1}	Other services ^{/1}		
							Total	Flat (rent, water, services)	Fuel and lighting	Household appliances							
1997	2.6	2.2	3.8	4.2	-3.9	-1.6	1.7	0.3	3.8	1.6	-0.5	-8.6	19.4				4.2
1998	-0.1	0.0	-0.4	-0.2	3.6	2.4	0.4	0.0	0.4	2.0	0.1	-10.3	2.4				4.0
1999	-0.7	-1.1	0.5	-1.6	0.2	1.2	0.3	0.1	1.1	-1.9	-1.4	-2.2	-0.8				-0.1
2000	5.8	5.2	8.9	-0.4	13.9	-2.3	19.3	8.8	27.4	1.7	-1.7	-1.6	22.4				8.9
2001	5.5	4.5	10.9	6.9	2.3	1.3	5.5	11.3	3.9	0.1	-0.7	1.9	9.5				2.0
2002	1.8	1.2	5.0	1.8	1.0	6.8	1.7	4.1	1.0	-0.6	-3.8	3.6	2.1				-0.9
2003	1.2	0.3	5.9	-1.4	3.4	2.2	3.9	3.9	4.4	1.1	3.9	2.2	4.2				-0.3
2004	-0.4	-1.1	3.3	-3.1	1.1	0.9	2.2	-0.3	3.0	4.2	0.4	1.3	4.0				0.9
2005	0.5	0.3	1.3	-1.2	5.5	2.2	0.4	0.3	1.0	-1.2	-3.5	0.9	3.7				3.2
2006	3.2	3.7	1.3	2.2	17.8	0.2	2.0	-0.7	3.7	-0.8	2.0	6.4	1.8				7.3
2007	2.3	3.0	-0.3	3.9	1.8	1.8	4.7	6.3	5.8	-0.7	0.3	2.4	-3.1	4.7	8.6		2.6
2006 Q1 ²	2.7	3.2	0.9	1.6	17.7	-0.5	0.9	-0.2	1.6	-0.5	0.3	6.0	2.6				7.7
Q2	3.4	3.8	2.0	2.3	17.5	0.3	1.1	0.2	1.9	-0.5	1.9	6.8	3.8				9.1
Q3	3.6	4.0	1.9	2.9	17.9	0.5	1.7	-0.6	3.2	-0.9	2.7	6.9	2.3				7.6
Q4	3.1	3.7	0.4	2.1	17.9	0.6	4.2	-2.2	7.9	-1.1	2.9	5.7	-1.5				4.9
2007 Q1	0.7	1.3	-1.1	0.7	0.1	1.8	5.1	1.6	8.8	-1.8	0.0	3.5	-5.0	3.0	-2.8		1.1
Q2	1.1	1.6	-0.5	0.7	2.2	1.0	5.9	6.6	7.8	-0.9	0.5	3.1	-4.3	3.6	11.6		0.7
Q3	2.4	3.0	0.2	3.8	2.3	1.1	5.2	7.5	6.0	-0.1	0.9	3.6	-3.1	3.9	12.5		1.4
Q4	4.9	6.2	0.4	10.4	2.4	3.5	2.8	9.6	1.1	0.0	0.0	-0.5	-0.6	8.0	13.0		7.0
January	0.8	1.4	-1.2	1.1	0.1	1.2	4.8	-0.7	9.3	-1.9	-0.1	3.5	-4.8	3.3	0.3		1.8
February	0.5	1.1	-1.3	0.8	0.0	1.8	4.5	-0.6	8.7	-1.9	0.1	3.5	-5.8	3.3	-1.1		-0.3
March	0.8	1.3	-0.9	0.3	0.1	2.2	6.0	6.2	8.3	-1.4	0.1	3.6	-4.4	2.5	-1.1		1.8
April	1.0	1.4	-0.2	0.3	2.3	1.2	6.0	7.0	8.0	-1.5	0.2	3.5	-4.0	4.2	11.7		1.6
May	0.9	1.4	-0.8	0.7	2.2	0.9	5.8	6.4	7.7	-1.1	0.1	3.4	-5.1	3.5	11.7		-1.0
June	1.3	1.9	-0.6	1.1	2.1	0.8	6.0	6.3	7.9	-0.2	1.0	2.4	-3.7	3.1	11.7		1.6
July	1.3	1.9	-0.8	0.7	2.3	0.8	6.1	6.4	7.9	-0.2	0.8	4.2	-3.8	3.0	11.7		1.1
August	2.2	3.3	-1.3	3.9	2.4	0.6	6.2	6.5	8.1	-0.2	1.1	4.3	-4.9	3.1	12.9		1.5
September	3.6	3.9	2.6	6.7	2.4	1.7	3.5	9.7	2.1	0.2	0.9	2.3	-0.6	5.7	13.0		1.6
October	3.9	4.8	0.9	8.2	2.5	2.1	1.9	9.6	-0.4	0.0	-0.5	0.6	0.5	6.3	13.5		5.3
November	4.6	6.1	-0.5	10.2	2.4	2.8	2.5	9.7	0.5	-0.1	-0.2	-0.8	-0.8	7.6	13.5		8.7
December	6.1	7.6	0.7	12.8	2.4	5.6	4.1	9.5	3.3	0.0	0.6	-1.2	-1.6	10.0	12.2		6.9
2008 Q1	9.5	11.0	3.9	19.0	4.2	1.6	3.6	8.5	2.7	0.4	1.5	-0.3	4.4	11.8	16.7		10.5
Q2	9.9	11.4	4.5	19.5	3.5	3.6	3.4	4.7	3.7	1.0	1.1	0.5	5.8	12.0	1.9		13.6
Q3	8.4	9.0	6.1	14.7	4.1	1.9	6.3	5.7	7.9	1.6	1.2	-0.2	5.1	13.1	-1.1		
January	8.7	10.3	2.6	17.8	2.5	2.2	3.0	9.5	1.4	0.3	1.9	-0.7	3.4	10.6	14.8		9.5
February	9.6	11.0	4.4	18.7	4.7	1.2	4.5	11.7	2.9	0.6	1.8	-0.4	4.7	12.3	17.5		10.2
March	10.2	11.7	4.7	20.6	5.3	1.4	3.3	4.4	3.7	0.3	0.9	0.3	5.2	12.6	17.7		11.7
April	10.1	11.7	4.4	21.0	3.4	2.7	3.4	4.2	3.8	1.0	1.1	1.2	4.1	11.4	1.6		10.7
May	9.5	11.0	4.3	18.4	3.6	4.1	3.3	4.6	3.5	0.9	1.1	0.0	5.7	11.9	2.0		14.4
June	10.1	11.6	4.8	19.2	3.6	3.9	3.6	5.3	3.7	1.0	1.0	0.3	7.5	12.8	2.0		15.7
July	9.5	10.7	5.0	17.7	3.8	2.3	3.9	5.7	3.9	1.3	1.3	-0.4	7.4	14.1	2.0		17.2
August	8.6	8.9	7.4	14.7	4.3	2.2	7.3	5.7	9.6	1.5	0.9	-0.7	5.2	14.1	0.9		13.8
September	7.1	7.4	6.0	11.8	4.3	1.1	7.7	5.7	10.2	1.9	1.3	0.4	2.8	11.2	-6.1		

^{1/} Since 2007, the structure of the consumer price index (CPI) includes also the following categories: restaurants and hotels and the category of other services which are not mentioned anywhere else.

^{2/} Quarterly calculations are made in the Research Department in NBRM.

Source: State Statistical Office.



Table 3
Industrial production index
annual growth rates (in %)

	By sectors				By group of products				
	Total	Mining and quarrying	Manufacturing industry	Electricity, gas and water	Energy	Intermediary goods, except energy	Capital goods	Durable consumer goods	Non-durable consumer goods
2002	-5.3	-24.5	-4.7	-3.8	-16.8	-8.0	53.3	-22.6	-2.4
2003	4.7	-39.1	5.9	9.8	28.7	-12.1	-9.0	36.9	19.0
2004	-2.2	-5.0	-2.1	-2.6	-1.8	0.9	-20.1	9.1	-3.4
2005	7.0	40.4	7.3	2.5	4.6	14.2	-3.2	-14.9	3.8
2006	2.5	28.0	2.4	-0.6	1.5	7.3	8.2	-5.0	-2.2
2007	3.7	9.8	5.2	-9.5	-6.9	12.9	19.7	8.8	-2.0
2005 Q1 ^{1/}	5.2	-18.9	6.4	3.8	2.3	14.8	-0.9	-18.2	1.8
Q2	13.5	17.0	16.3	-0.5	6.5	24.6	-1.2	4.8	8.9
Q3	6.0	62.9	5.5	2.0	4.0	9.8	-2.5	-11.1	5.4
Q4	4.2	97.1	2.5	4.3	7.4	9.5	-5.3	-24.8	-0.1
2006 Q1	0.5	111.6	-0.9	-0.9	3.0	5.6	-2.5	10.5	-6.1
Q2	1.7	53.2	1.3	-2.0	-3.0	5.1	17.0	-6.5	-0.3
Q3	4.3	13.1	4.9	0.1	0.7	12.0	0.1	2.1	-0.7
Q4	3.5	4.8	4.0	1.9	5.7	6.3	26.3	-12.5	-1.1
2007 Q1	11.6	13.9	16.0	-9.1	-2.1	25.0	39.0	10.3	6.2
Q2	-2.8	16.2	-1.5	-20.8	-16.6	7.9	-4.4	25.3	-7.8
Q3	1.1	15.4	1.5	-8.7	-4.5	7.5	27.3	-3.0	-5.8
Q4	6.2	-3.3	7.8	-1.1	-6.2	15.3	24.7	6.5	1.8
January	10.6	11.7	16.4	-9.8	-11.6	31.8	102.3	53.3	3.5
February	14.9	29.9	17.8	-4.2	13.4	23.7	33.3	-8.8	7.6
March	9.6	0.8	14.2	-12.7	-5.5	21.6	14.9	6.1	7.0
April	5.3	10.1	6.8	-6.8	18.1	18.9	-11.9	39.5	-9.7
May	-5.8	25.0	-4.6	-25.6	-37.2	3.6	16.2	15.1	-5.5
June	-7.1	14.6	-5.4	-32.1	-29.6	2.9	-13.0	23.1	-8.3
July	-2.2	56.1	-2.1	-18.9	-11.1	6.9	4.0	8.4	-7.0
August	1.0	3.3	2.2	-11.6	-8.9	14.3	2.5	4.0	-7.8
September	4.5	0.6	4.3	9.5	9	1.9	77.6	-15.4	-2.4
October	10.5	-4.0	14.6	-13.5	-8.3	22.5	70.0	10.7	0.0
November	5.5	-11.3	7.3	-1.0	-8.2	21.1	9.1	17.4	-1.8
December	2.6	4.8	1.4	9.8	-2.8	1.3	3.6	-6.2	7.0
2008 Q1	5.8	11.9	6.6	-0.8	1.7	8.8	26.6	77.3	-1.3
Q2	12.0	13.6	12.8	1.9	15.8	13.1	28.0	77.0	3.9
January	13.6	15.3	16.1	1.6	9.6	21.4	19.7	84.3	4.3
February	6.9	6.2	8.4	-1.6	-2.8	11.0	56.0	70.9	-1.6
March	-1.4	15.3	-2.0	-2.8	-1.6	-2.0	5.4	77.4	-5.3
April	6.2	9.0	7.5	-5.2	-7.1	9.4	15.6	73.6	4.2
May	17.6	8.8	19.5	3.4	40.4	16.8	33.4	80.1	7.2
June	12.3	24.0	11.8	11.5	31.3	13.2	34.9	77.4	0.6
July	14.7	10.0	17.1	-6.5	-0.3	29.7	13.1	62.6	4.8
August	8.6	-5.2	10.0	1.4	10.2	13.2	-1.6	48.8	2.5

^{1/} Quartile calculations are made in the Research Department in NBRM.

Source: State Statistical Office.



Table 4
Employment and productivity in total economy

	Total population fit for work	Active population			Number of employees by economic activities:			Productivity ^{/1}
		Total	Employees	Unemployed	Agriculture	Industry	Services	
1996	1,436,602	789,081	537,591	251,489	100,067	193,975	243,548	-
1997	1,489,625	800,513	512,301	288,213	84,256	163,988	264,056	-
1998	1,503,365	823,826	539,762	284,064	107,249	190,674	241,839	-
1999	1,518,250	806,674	545,222	261,452	115,361	185,283	244,580	-
2000	1,534,256	811,557	549,846	261,711	119,971	187,066	242,809	-
2001	1,554,420	862,504	599,308	263,196	131,094	190,458	277,755	-
2002	1,566,953	824,824	561,341	263,483	134,293	186,917	238,868	-
2003	1,579,450	860,976	545,108	315,868	120,132	184,855	238,583	-
2004	1,594,557	832,281	522,995	309,286	88,050	171,390	261,810	-
2005	1,607,997	869,187	545,253	323,934	106,533	175,868	261,523	-0.1
2006	1,618,482	891,679	570,404	321,274	114,777	186,085	268,117	-0.7
2007	1,628,635	907,138	590,234	316,905	107,717	184,928	294,305	1.5
2005 Q1	1,603,675	827,428	507,397	320,030	76,546	181,450	251,307	5.9
Q2	1,606,833	883,522	552,797	330,724	126,194	174,588	251,112	2.6
Q3	1,609,071	889,725	564,880	324,845	135,712	170,157	257,804	-2.1
Q4	1,612,410	876,074	555,938	320,136	87,921	180,089	286,837	-6.3
2006 Q1	1,615,584	877,798	559,702	318,096	103,319	190,355	264,550	-6.6
Q2	1,617,423	885,609	566,293	319,316	128,519	189,630	246,842	1.6
Q3	1,619,447	899,732	576,813	322,919	125,322	187,760	262,480	2.6
Q4	1,621,475	903,576	578,810	324,766	101,948	176,592	298,599	-0.2
2007 Q1	1,624,611	902,588	579,301	323,287	95,384	186,975	293,629	2.8
Q2	1,627,216	906,199	589,254	316,944	112,982	184,622	288,104	-0.2
Q3	1,630,010	909,466	598,327	311,139	117,531	181,993	294,863	0.6
Q4	1,632,702	910,301	594,054	316,247	104,975	186,122	300,622	2.7
2008 Q1	1,635,058	920,512	600,593	319,919	121,238	178,848	298,110	1.3
Q2	1,633,339	917,566	607,125	310,441	129,711	186,184	289,783	3.4

^{/1} Annual growth rates (%). NBRM staff calculations.

Source: State Statistical Office. Labour Force Survey.



Table 5
Salaries
amount in denars, annual rate (in %)

	Gross salaries:						Net salaries:					
	Average, total	Nominal change	Real change	By economic activities:			Average, total	Nominal change	Real change	By economic activities:		
				Agriculture	Industry	Services				Agriculture	Industry	Services
1999	16,941	3.6	-	12,944	16,306	19,684	10,029	2.9	3.6	8,667	8,380	10,720
2000	17,958	6.0	-	15,733	17,785	20,968	10,526	5.5	-0.3	9,294	8,883	11,354
2001	17,893	-0.4	-5.6	14,739	18,304	20,467	10,592	3.5	-1.9	8,754	10,348	11,852
2002	19,030	6.4	4.5	14,437	19,243	21,648	11,550	6.9	5.0	8,833	11,415	12,791
2003	19,957	4.9	3.7	14,100	19,854	22,955	11,955	4.8	3.6	8,522	11,782	13,549
2004	20,779	4.1	4.5	17,287	20,692	23,748	12,534	4.0	4.4	10,337	12,290	13,999
2005	21,335	2.7	2.2	19,128	21,450	24,737	13,125	2.5	2.0	11,419	12,738	14,548
2006	23,037	8.0	4.6	19,485	23,570	25,624	13,854	7.3	4.0	11,660	13,983	15,036
2007	24,139	4.8	2.4	17,755	23,965	26,520	14,586	7.9	5.5	10,766	14,585	16,080
2006 Q1	22,559	7.6	4.9	19,179	22,969	25,184	13,207	6.9	3.7	11,466	13,606	14,757
Q2	22,923	8.5	5.1	19,600	23,340	25,444	13,428	7.7	4.2	11,681	13,820	14,910
Q3	23,214	8.7	5.1	19,719	23,967	25,835	13,584	7.7	3.9	11,779	14,184	15,125
Q4	23,451	7.1	4.0	19,440	24,003	26,035	13,854	7.2	4.0	11,712	14,321	15,351
2007 Q1	23,139	2.6	1.9	17,809	23,414	25,635	13,962	5.7	5.0	10,802	14,230	15,516
Q2	23,651	3.2	2.1	18,396	23,569	26,020	14,287	6.4	5.3	11,161	14,335	15,746
Q3	24,193	4.2	1.8	17,524	24,043	26,510	14,604	7.5	5.1	10,652	14,608	16,086
Q4	25,574	9.1	4.2	17,291	24,836	27,917	15,490	11.8	6.9	10,451	15,167	16,971
January	23,003	1.1	0.3	18,113	23,811	25,604	13,884	4.2	3.4	10,980	14,475	15,509
February	23,088	3.6	3.1	17,559	22,803	25,515	13,934	6.9	6.4	10,610	13,860	15,442
March	23,327	3.0	2.2	17,755	23,628	25,786	14,067	6.1	5.3	10,816	14,356	15,595
April	23,632	5.1	4.0	17,789	22,945	25,922	14,291	8.4	7.3	10,836	13,968	15,698
May	23,733	2.7	1.8	19,379	23,949	26,165	14,328	5.8	4.9	11,586	14,564	15,819
June	23,589	1.9	0.5	18,019	23,813	25,972	14,242	5.1	3.8	11,063	14,473	15,722
July	23,701	3.2	1.9	16,284	24,053	26,219	14,300	6.5	5.1	9,963	14,600	15,900
August	23,907	2.0	-0.2	19,480	24,486	26,227	14,447	5.3	3.0	11,760	14,885	15,906
September	24,971	7.4	3.7	16,807	23,589	27,086	15,066	10.8	6.9	10,233	14,340	16,453
October	25,889	9.8	5.6	17,089	25,671	28,060	15,608	13.0	8.8	10,369	15,599	16,996
November	25,397	7.1	2.4	18,319	24,622	27,658	15,320	10.3	5.4	11,037	14,983	16,748
December	25,435	10.3	4.0	16,465	24,200	28,034	15,543	12.2	5.7	9,947	14,920	17,170
2008 Q1	25,146	8.7	-0.8	16,983	24,571	27,429	15,430	10.5	0.9	10,315	15,220	16,934
Q2	25,566	8.1	-1.6	16,679	25,126	27,899	15,697	9.9	0.0	10,295	15,559	17,228
January	25,349	10.2	1.4	17,355	25,456	27,398	15,555	12.0	3.1	10,453	15,757	16,918
February	24,799	7.4	-2.0	16,599	24,265	27,165	15,207	9.1	-0.4	10,169	15,019	16,771
March	25,289	8.4	-1.6	16,994	23,993	27,724	15,529	10.4	0.2	10,325	14,884	17,114
April	25,412	7.5	-2.3	16,379	24,735	27,808	15,605	9.2	-0.8	10,042	15,315	17,176
May	25,612	7.9	-1.4	16,379	25,337	27,843	15,728	9.8	0.2	10,104	15,691	17,198
June	25,673	8.8	-1.1	17,279	25,307	28,047	15,759	10.7	0.5	10,741	15,672	17,311
July	25,739	8.6	-0.8	16,653	24,907	28,100	15,808	10.5	1.0	10,493	15,415	17,355

Source: State Statistical Office of the Republic of Macedonia.



Table 6
Budget of the Republic of Macedonia

	2007				Jan.-Dec. 2007	2008					
	Q1	Q2	Q3	Q4		Q1	April	May	June	Q2	July
TOTAL BUDGET REVENUES	26,445	27,882	32,599	32,683	119,609	33,139	10,835	10,513	10,367	31,714	11,918
Revenues base on taxes and contributions	23,478	24,648	26,586	28,507	103,219	28,004	9,564	9,232	9,339	28,135	10,502
Tax revenues (SRA)*	59	45	46	97	247	135	11	6	14	31	13
Tax revenues	15,755	16,514	18,282	18,964	69,515	19,046	6,403	6,271	6,332	19,006	7,199
personal income tax	1,844	2,006	2,220	2,823	8,893	2,075	699	617	818	2,134	689
profit tax	2,035	1,237	1,278	1,348	5,898	2,823	780	692	603	2,075	567
value added tax	7,106	8,150	8,968	8,738	32,962	8,857	3,262	3,061	2,822	9,145	3,858
excises	2,780	3,234	3,788	3,463	13,265	3,291	955	1,155	1,279	3,389	1,209
custom duties	1,502	1,380	1,403	1,914	6,199	1,320	521	530	624	1,675	683
other	488	507	625	678	2,298	680	186	216	186	588	193
Contributions	7,664	8,089	8,258	9,446	33,457	8,823	3,150	2,955	2,993	9,098	3,290
Pension and Disability Insurance Fund of Republic of Macedonia	4,971	5,219	5,444	6,302	21,936	5,956	2,105	1,957	1,992	6,054	2,199
Employment Biro	343	364	372	444	1,523	416	145	140	140	425	153
Health Fund	2,350	2,506	2,442	2,700	9,998	2,451	900	858	861	2,619	938
Non-tax revenues	2,521	2,844	5,517	3,080	13,962	4,551	1,067	1,107	860	3,033	1,206
Non-tax revenues (SRA)*	1,501	1,455	1,286	1,670	5,912	1,882	607	556	380	1,543	695
Profit from public financial institutions	72	368	3,032	60	3,532	1,338	16	15	16	46	17
National Bank of the Republic of Macedonia	0	258	0	0	258	1,289	0	0	0	0	0
Asset Management Agency	49	15	100	0	164	0	0	0	0	0	0
Other property revenues	7	0	5	0	12	4	0	0	0	0	3
Interests from assets deposited in NBRM	16	94	50	58	218	44	15	14	15	44	13
Dividend	0	1	2,877	2	2,880	1	1	1	1	2	1
Administrative taxes	419	384	406	474	1,683	472	139	152	161	452	179
Participation for health services	70	78	81	138	367	121	44	40	35	119	41
Other administrative taxes	72	68	67	117	324	121	52	48	43	143	44
Other non-tax revenues	78	72	220	157	527	146	34	107	37	178	43
Compensations for the Road Fund	309	419	425	464	1,617	471	175	189	188	552	187
Capital revenues	167	151	301	778	1,397	340	122	69	89	280	150
Donations from abroad	259	200	180	267	906	191	56	102	79	237	48
Revenues of recovered loans	20	39	15	51	125	53	26	3	0	29	12
TOTAL BUDGET EXPENDITURES	24,144	25,968	26,376	40,948	117,436	28,920	10,167	10,748	10,544	31,459	10,965
Current expenditures	23,038	24,292	23,995	32,366	103,695	26,320	9,413	9,596	9,004	28,013	10,247
Wages and salaries	6,025	6,112	5,940	5,530	23,607	5,221	1,664	1,663	1,644	4,971	1,685
Goods and services	2,739	3,074	3,138	5,862	14,813	3,166	1,418	1,460	1,198	4,076	1,353
Transfers	13,715	14,235	14,545	19,906	62,401	17,514	6,066	6,337	5,881	18,284	7,082
Transfers (SRA)*	191	164	106	176	637	320	204	136	112	452	146
Social transfers	12,336	12,449	12,769	12,437	49,991	13,738	4,671	4,657	4,579	13,907	5,765
Pension and Disability Insurance Fund of Republic of Macedonia	6,880	6,968	7,066	7,271	28,185	7,792	2,750	2,721	2,692	8,163	3,965
Employment Agency	417	437	411	389	1,654	368	145	130	132	407	130
State benefit	1,026	876	1,118	1,027	4,047	1,004	341	341	340	1,022	338
Public health	4,013	4,168	4,174	3,750	16,105	4,574	1,435	1,465	1,415	4,315	1,332
Other transfers	1,171	1,603	1,658	7,267	11,699	3,439	1,185	1,540	1,186	3,911	1,166
Refugees	17	19	12	26	74	17	6	4	4	14	5
Interest payments	559	875	372	1,068	2,874	419	265	136	281	682	127
Interest on domestic debt	94	455	126	378	1,053	140	160	37	211	408	20
Interest on external debt	465	420	246	690	1,821	279	105	99	70	274	107
Guaranties	0	0	0	0	0	0	0	0	0	0	0
Capital expenditures	1,106	1,672	2,381	8,582	13,741	2,600	754	1,152	1,540	3,446	718
Investments in fixed assets	846	1,078	1,127	5,766	8,817	2,136	514	474	884	1,872	422
Capital transfers	260	590	1,254	2,816	4,920	464	240	678	656	1,574	296
BUDGET DEFICIT / SURPLUS	2,301	1,914	6,223	-8,265	2,173	4,219	668	-235	-177	255	953
Financing	-2,301	-1,914	-6,223	8,265	-2,173	-4,219	-668	235	177	-255	-953
Inflow	3,039	8,944	-5,230	12,542	19,295	-3,696	1,098	572	1,238	2,908	-833
Revenues based on privatisation	662	0	0	0	662	661	0	0	0	0	0
Foreign loans	273	375	804	2,191	3,643	355	99	299	280	678	99
Deposits	1,985	8,503	-4,848	9,814	15,454	-5,110	1,245	298	1,092	2,635	-796
Treasury bills	118	58	-1,232	530	-526	379	-304	-25	-146	-475	-136
Sale of shares	1	8	46	7	62	19	58	0	13	70	0
Outflow	5,340	10,858	993	4,277	21,468	523	1,765	337	1,061	3,163	120
Repayment of principal	5,340	10,858	993	4,277	21,468	523	1,765	337	1,061	3,163	120
External debt	5,340	7,021	862	977	14,200	392	205	87	26	318	120
Domestic debt	0	3,837	131	3,300	7,268	131	1,560	250	1,035	2,845	0

*Specific Revenue Accounts.

Source: Ministry of Finance.



Table 7
National bank of the Republic of Macedonia - balance sheet
in millions of denars

	2007																2008					
	XII.03	XII.04	XII.05	XII.06	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
ASSETS	52418	51506	78785	96376	95139	94320	96102	97381	98142	95116	97067	99342	101561	102733	102699	100505	100583	101332	99566	98487	99042	101307
1. Foreign assets	45854	44637	69504	87761	86503	85676	87526	90111	90799	87849	89718	91954	94209	95977	95873	94343	94939	95448	93487	92136	92392	94449
1.1. Gold and foreign currencies	2131	4101	5855	6652	6850	7024	6826	6786	6667	6538	6645	6676	7053	7362	7299	7696	8441	8614	7986	7518	7627	7983
1.2. SDR portfolio and reserve position with IMF	19	38	41	139	104	13	431	259	86	86	86	75	67	66	60	60	61	55	54	66	63	62
1.3. Deposits with foreign banks	39175	39157	61556	71001	64054	63326	65245	62725	63638	60850	57230	59481	61554	57771	58027	55832	17439	17931	17084	16192	16534	18301
1.4. Securities ¹⁾	4284	1116	1793	9737	15259	15082	14794	20117	20180	20149	25533	25497	25319	30566	30279	30547	68791	68646	68363	68360	68168	68103
1.5. Other foreign assets	245	225	259	232	236	231	230	224	228	226	224	225	216	212	208	208	207	202	0	0	0	0
2. Claims on the Government	3878	3467	3911	2854	2854	2854	2854	1626	1626	1626	1626	1626	1626	1626	1626	1591	1591	1591	1591	1591	1591	1591
2.1. In Denar	3878	3467	3911	2854	2854	2854	2854	1626	1626	1626	1626	1626	1626	1626	1626	1591	1591	1591	1591	1591	1591	1591
2.2. In foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Other assets	2686	3402	5370	5761	5782	5790	5722	5644	5717	5641	5723	5762	5726	5130	5200	4571	4053	4293	4488	4760	5059	5267
B. LIABILITIES	52418	51506	78785	96376	95139	94320	96102	97381	98142	95116	97067	99342	101561	102733	102699	100505	100583	101332	99566	98487	99042	101307
1. Reserve money	21022	21111	25762	31264	28432	29137	29355	31355	30604	31838	36765	33299	32533	33956	33780	37586	34997	35620	34223	35769	35504	38854
1.1. Currency in circulation	14177	14162	14439	16206	14527	14986	15034	15531	15359	15844	16673	16380	16746	16575	16290	17936	16419	16237	15746	16347	16408	16180
1.2. Cash in the vaults	833	909	1374	1526	1397	1520	1468	1567	1644	1590	1741	1816	1768	1720	1692	1958	1914	1887	2046	2161	2013	2274
1.3. Banks' accounts with NBRM	6012	6040	9949	13532	12508	12631	12853	14257	13601	14404	18351	15103	14019	15661	15798	17692	16664	17496	16431	17261	17083	20400
1.3.1. Allocated reserve requirement in foreign currency	2770	3366	5323	6373	6462	6509	6595	6675	6740	6949	6987	7144	7229	7317	7198	7277	7421	8429	8560	8701	8816	9016
2. Sold CB bills on auction	4379	4552	8921	9456	11630	11166	11303	11755	13784	15095	10110	10460	16339	17786	19175	20995	21581	22178	21686	20611	23193	21569
3. Government deposits	10317	10956	22279	32957	32094	30508	32236	31279	33163	27536	29329	34213	30968	29649	27922	19999	20892	19880	22489	20595	18727	18277
3.1. In denars	2337	4696	6993	15326	17161	17647	20106	19997	21803	21807	23940	29221	26128	25403	23987	14406	15351	14494	17333	15671	13997	13250
3.1.1. Government securities for monetary purposes				4573	4391	4756	5537	6284	7166	8082	8520	9412	6312	5409	4561	4560	3036	1956	1776	1211	131	0
3.2. In foreign currency	7980	6260	15286	17631	14933	12861	12130	11282	11360	5729	5389	4992	4840	4246	3935	5593	5541	5386	5156	4924	4730	5027
4. Deposits of other financial institutions	78	18	18	23	96	331	423	474	377	206	223	477	473	428	248	148	191	239	175	103	91	126
5. Foreign liabilities	3353	2862	3222	2645	2619	2455	2460	2254	0	59	59	0	0	0	0	0	0	0	0	0	0	0
6. Other liabilities	13269	12007	18583	20031	20268	20723	20325	20264	20214	20382	20581	20893	21248	20914	21574	21777	22922	23415	20993	21409	21527	22481

1/ Revised data: The accrued interest on foreign securities is included in the item foreign assets started from January 2008

Source: NBRM.



Table 8
Deposit money banks - balance sheet
in millions of denars

	2007																2008					
	XII.03	XII.04	XII.05	XII.06	I	II	III	IV	V	VI	VII	VIII	IX	X ¹	XI	XII	I	II	III	IV	V	VI
A. ASSETS	131716	150143	174955	207220	208361	211670	217454	222428	228346	234583	236516	240760	239660	240733	245609	255838	255727	261738	260949	267456	270118	275825
1. Liquid assets	4103	3645	6040	8806	7586	7813	7905	9326	8647	9214	13220	9920	8654	9343	10484	12531	11334	11053	10052	10865	10380	13801
1.1. Cash in the vaults	833	909	1374	1526	1397	1520	1468	1567	1644	1590	1741	1816	1768	1720	1692	1958	1914	1887	2046	2161	2013	2274
1.2. Banks' account with NBRM	3270	2736	4666	7280	6189	6293	6437	7759	7003	7624	11479	8104	6886	7623	8792	10573	9420	9166	8006	8704	8367	11527
2. Deposits with NBRM	4379	4552	8921	9456	11630	11166	11303	11755	13784	15095	10110	10460	16339	17786	19175	20995	21581	22178	21686	20611	23193	21569
2.1. CB bills	4379	4552	8921	9456	11630	11166	11303	11755	13784	15095	10110	10460	16339	17786	19175	20995	21581	22178	21686	20611	23193	21569
3. Foreign assets	33081	37105	37786	39707	38257	38837	39614	39419	39424	39000	39182	40996	38175	38541	36865	38412	36425	35590	33580	34775	33795	32400
3.1. Gold, foreign currencies and checks	1629	1549	2029	2441	1855	1908	1899	2148	2075	2068	2353	2363	1967	1897	1704	2885	1725	1648	1853	2204	2026	2602
3.2. Foreign currency accounts abroad	30588	34641	34834	36576	35422	35986	36125	35683	35763	35376	35410	37059	34655	34505	33061	33416	32573	31890	29703	30371	30058	27987
3.3. Other claims	864	915	923	690	980	943	1590	1588	1586	1556	1419	1574	1553	2139	2100	2111	2127	2052	2024	2200	1711	1811
4. Claims on the Government	6708	7157	7195	13484	13172	13662	14433	15261	16132	16996	16896	17700	14172	12994	13062	13018	12520	11103	10552	9607	8472	7720
4.1. Claims on credits	2	158	83	357	377	388	347	296	267	247	262	258	253	281	299	318	290	314	309	326	314	320
4.2. Placements in securities	6706	6999	7112	13127	12795	13274	14086	14965	15865	16749	16634	17442	13919	12713	12763	12700	12230	10789	10243	9281	8158	7400
5. Claims on non-financial and non-banking sector	45791	57097	68777	89779	91422	93747	96362	98452	101057	105012	108465	111559	115754	116997	120370	124862	127908	132520	137050	141870	144910	149206
5.1. In denars	38544	45750	51672	66410	68057	69569	71537	73380	75288	78031	81138	83694	86908	88517	91022	94484	96822	101008	105345	108946	111484	114910
5.2. In foreign currency	7247	11347	17105	23369	23365	24178	24825	25072	25769	26981	27327	27865	28846	28480	29348	30378	31086	31512	31705	32924	33426	34296
6. Other assets	37654	40587	46236	45988	46294	46445	47837	48215	49302	49266	48643	50125	46566	45072	45653	46020	45959	49294	48029	49728	49368	51129
B. Liabilities	131716	150143	174955	207220	208361	211670	217454	222428	228346	234583	236516	240760	239660	240733	245609	255838	255727	261738	260949	267456	270118	275825
1. Deposits	65653	78801	92887	117813	119562	122818	124931	130388	134425	138011	141247	142193	142609	143993	148273	155626	157388	160273	160234	164165	168001	170770
1.1. Demand Deposits	13018	13370	15206	18518	17960	18116	18797	19703	20218	20269	21020	22194	22129	21563	23251	27674	26415	27419	26699	27859	29608	31063
1.2. Denar sight deposits	4883	5143	5793	7226	7330	7758	7668	9147	9150	9253	9272	8998	9282	9808	8978	9405	8432	7674	7146	7503	7013	6905
1.3. Time deposits up to 1 year	43872	56144	67678	86521	88850	91289	92828	95069	97779	101136	102957	102999	102818	104524	107741	109685	113654	115554	116114	117892	119718	121073
1.4. Restricted deposits	631	806	782	998	832	912	760	717	1066	852	1156	826	900	849	883	892	686	816	1000	1324	1606	1067
1.5. Time deposits over 1 year	3249	3338	3428	4550	4590	4743	4878	5752	6212	6501	6842	7176	7480	7249	7420	7970	8201	8810	9275	9587	10056	10662
2. Credits of non-banking organizations	905	921	834	1089	1077	1081	1085	1075	1079	1090	1064	1051	1031	1337	1341	1312	1286	1299	1172	1222	1304	1348
3. Securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Liabilities to Government	1655	1169	1109	1199	1017	1097	1540	1070	1076	1126	1036	1011	1044	1106	961	965	1496	1556	1538	1523	1522	1732
4.1. Demand Deposits	936	335	371	689	519	589	1027	456	530	545	532	505	516	612	501	443	526	589	590	513	537	493
4.2. Denar sight deposits	25	27	1	1	1	1	1	0	0	0	0	0	0	0	1	2	2	1	1	0	1	1
4.3. Time deposits up to 1 year	538	703	689	460	448	457	462	563	496	531	454	456	477	443	408	855	852	834	906	881	881	1141
4.4. Time deposits over 1 year	156	104	48	49	49	50	50	50	50	50	50	50	51	51	51	113	113	113	113	103	104	97
5. Foreign liabilities	9790	10064	14330	16781	15686	14918	16205	16325	16445	19224	18210	19940	20806	20572	20456	22964	20156	20400	21030	21487	20407	21409
6. Borrowings from NBRM	374	779	937	2301	2256	2489	2610	2201	2185	2130	2074	2075	2023	1637	1619	1560	1530	1523	1349	1347	1338	1288
7. Capital accounts	30889	33299	34922	35831	36070	36706	37226	37402	38236	38605	38395	38564	39824	38973	39147	39034	39158	39170	40135	40866	41774	41666
8. Other liabilities	22450	25110	29936	32206	32693	32561	33857	33967	34900	34397	34490	35926	32323	33115	33812	34377	34713	37517	35491	36846	35772	37612

^{1/} In October 2007 started the procedure for liquidation of one Macedonian bank, therefore this bank is excluded from the Monetary statistic's reports

Source: NBRM.



Table 9
Saving houses - balance sheet
in millions of denars

	XII.05	XII.06	2007												2008					
			I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
A. ASSETS	2199	2622	2674	2696	2810	2850	2917	2947	2979	3010	3040	3094	3183	3215	3263	3428	3407	3511	3615	3696
1. Liquidity assets	15	19	22	23	23	23	24	25	25	27	28	27	29	28	34	29	28	30	28	29
1.1. Cash in the vaults	15	19	22	23	23	23	24	25	25	27	28	27	29	28	34	29	28	30	28	29
2. Deposits with NBRM	76	49	61	74	74	55	63	57	62	62	80	76	127	76	75	61	57	45	53	50
3. Claims on the Government	62	155	135	64	64	71	66	71	71	65	42	41	31	37	38	38	38	38	37	41
3.1. Claims on credits																				
3.2. Placements in securities	62	155	135	64	64	71	66	71	71	65	42	41	31	37	38	38	38	38	37	41
4. Claims on non-government sector	1718	2048	2091	2145	2254	2332	2366	2416	2436	2454	2487	2532	2574	2615	2677	2788	2878	2988	3078	3146
4.1. Claims on credits	1716	2046	2089	2143	2252	2330	2364	2415	2435	2453	2485	2531	2574	2615	2677	2788	2878	2988	3078	3146
4.2. Placements in securities	2	2	2	2	2	2	2	1	1	1	2	1	0	0	0	0	0	0	0	0
5. Other assets	328	427	408	444	504	369	398	378	385	402	403	418	422	459	439	512	406	410	419	430
B. LIABILITIES	2199	2622	2674	2696	2810	2850	2917	2947	2979	3010	3040	3094	3183	3215	3263	3428	3407	3511	3615	3696
1. Deposits	455	588	607	615	638	647	651	660	672	678	686	688	699	686	697	702	683	689	704	712
1.1. Denar sight deposits	24	24	23	23	30	27	28	30	30	28	27	29	30	37	34	32	35	39	42	43
1.2. Time deposits up to 1 year	289	401	420	428	443	449	452	457	466	472	482	484	498	505	519	527	525	525	532	535
1.3. Time deposits over 1 year	142	163	164	164	165	171	171	173	176	178	177	175	171	144	144	143	123	125	130	134
2. Securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Borrowings from NBRM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Capital accounts	1103	1157	1178	1188	1203	1214	1226	1243	1252	1259	1257	1264	1275	1267	1290	1291	1292	1305	1314	1324
5. Other liabilities	641	877	889	893	969	989	1040	1044	1055	1073	1097	1142	1209	1262	1276	1435	1432	1517	1597	1660

Source: NBRM.



Table 10
Monetary survey (without saving houses)
in millions of denars

	2007																2008					
	XII.03	XII.04	XII.05	XII.06	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
A. Net foreign assets	65792	68865	89738	108042	106455	107140	108475	110951	113778	107566	110631	113010	111578	113946	112282	109791	111208	110638	106037	105424	105780	105440
<i>National Bank</i>	42501	41824	66282	85116	83884	83221	85066	87857	90799	87790	89659	91954	94209	95977	95873	94343	94939	95448	93487	92136	92392	94449
Assets	45854	44686	69504	87761	86503	85676	87526	90111	90799	87849	89718	91954	94209	95977	95873	94343	94939	95448	93487	92136	92392	94449
Liabilities	3353	2862	3222	2645	2619	2455	2460	2254	0	59	59	0	0	0	0	0	0	0	0	0	0	0
<i>Deposit Money Banks</i>	23291	27041	23456	22926	22571	23919	23409	23094	22979	19776	20972	21056	17369	17969	16409	15448	16269	15190	12550	13288	13388	10991
Assets	33081	37105	37786	39707	38257	38837	39614	39419	39424	39000	39182	40996	38175	38541	36865	38412	36425	35590	33580	34775	33795	32400
Liabilities	9790	10064	14330	16781	15686	14918	16205	16325	16445	19224	18210	19940	20806	20572	20456	22964	20156	20400	21030	21487	20407	21409
B. Net domestic assets	16676	26206	19545	28288	29824	33173	34538	37587	38540	48712	49613	48103	50327	49494	54833	66205	65576	68969	72830	77937	81546	84716
<i>1.Domestic credits</i>	50616	61356	62382	77176	79487	83921	85601	88305	89928	100434	101445	100551	104481	105738	110889	123140	124935	129178	130614	136495	140056	143892
of which: Claims on Gov.	288	-916	-11791	-17184	-16633	-14556	-15513	-14956	-15969	-9477	-11370	-15450	-15736	-15595	-13800	-5921	-7312	-7716	-10877	-9927	-9194	-9496
a) Deposit Money Banks	57666	69431	81371	107866	109314	112162	115570	118545	122052	126931	129735	133725	134410	134348	137772	142100	144788	148019	152064	156051	157744	161130
-in denar	44528	52575	64186	84368	85822	87861	90626	93354	96169	99837	102258	105693	105391	105658	108192	111467	113471	116249	120101	122849	124047	126554
Government	1447	1650	7118	13377	13067	13562	14337	15165	16041	16907	16770	17557	14020	12805	12851	12784	12310	10867	10315	9351	8223	7462
Credits	1437	1648	7115	13355	13045	13539	14314	15142	16018	16883	16746	17533	13999	12784	12830	12763	12289	10845	10294	9329	8201	7440
a) Budget and Line Ministries	687	1403	7033	13095	12762	13241	14052	14994	15893	16777	16661	17469	13946	12739	12788	12724	12254	10813	10266	9304	8180	7422
b) Funds	750	245	82	260	283	298	262	148	125	106	85	64	53	45	42	39	35	32	28	25	21	18
v) Ins. of Central Gov.: Courts, etc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued interest	10	2	3	22	22	23	23	23	23	24	24	24	21	21	21	21	21	22	21	22	22	22
Non-Government sector	43081	50925	57068	70991	72755	74299	76289	78189	80128	82930	85488	88136	91371	92853	95341	98683	101161	105382	109786	113498	115824	119092
Credits	38430	45750	51672	66410	68057	69569	71537	73380	75288	78031	81138	83694	86908	88517	91022	94484	96822	101008	105345	108946	111484	114910
of which: Overdue claims	9499	9160	9807	9810	9737	9721	9560	9848	10180	10049	9653	9756	10125	9725	9825	8966	9379	9493	9744	9647	9905	10119
Accrued interest	4651	5175	5396	4581	4698	4730	4752	4809	4840	4899	4350	4442	4463	4336	4319	4199	4339	4374	4441	4552	4340	4182
-in foreign currency	13138	16856	17185	23498	23492	24301	24944	25191	25883	27094	27477	28032	29019	28690	29580	30633	31317	31770	31963	33202	33697	34576
Government	5891	5509	80	129	127	123	119	119	114	113	150	167	173	210	232	255	231	258	258	278	271	280
of which: Overdue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Government sector	7247	11347	17105	23369	23365	24178	24825	25072	25769	26981	27327	27865	28846	28480	29348	30378	31086	31512	31705	32924	33426	34296
of which: Overdue	1502	1600	1748	1650	1625	1473	1511	1566	1630	1611	1591	1748	1763	1691	1631	1516	1982	2112	1610	1535	1551	1743
b) Nat. Bank Claims on Government	-7050	-8075	-18989	-30690	-29827	-28241	-29969	-30240	-32124	-26497	-28290	-33174	-29929	-28610	-26883	-18960	-19853	-18841	-21450	-19556	-17688	-17238
2. Other items, net	-33940	-35150	-42837	-48888	-49663	-50748	-51063	-50718	-51388	-51722	-51832	-52448	-54154	-56244	-56056	-56935	-59359	-60209	-57784	-58558	-58510	-59176

Source: NBRM.



Monetary survey (without saving houses)
in millions of denars

	XII.03	XII.04	XII.05	XII.06	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
M4 Total	82468	95071	109283	136330	136279	140313	143013	148538	152318	156278	160244	161113	161905	163440	167115	175996	176784	179607	178867	183361	187326	190156
M4 (non-government sector)	80813	93947	108174	135131	135262	139216	141473	147468	151242	155152	159208	160102	160861	162334	166154	175031	175288	178051	177329	181838	185804	188424
M1 (Total)	28209	27885	30034	35436	33102	34022	35281	36164	36484	36864	38448	39556	39864	39178	40290	46201	43551	44484	43210	44822	46644	47862
M1 (non-government sector)	27273	27595	29663	34747	32583	33433	34254	35708	35954	36319	37916	39051	39348	38566	39789	45758	43025	43895	42620	44309	46107	47369
Currency in circulation	14177	14162	14439	16206	14527	14986	15034	15531	15359	15844	16673	16380	16746	16575	16290	17936	16419	16237	15746	16347	16408	16180
Demand Deposits (total)	14032	13723	15595	19230	18575	19036	20247	20633	21125	21020	21775	23176	23118	22603	24000	28265	27132	28247	27464	28475	30236	31682
Demand Deposits (non-government sector)	13096	13433	15224	18541	18056	18447	19220	20177	20595	20475	21243	22671	22602	21991	23499	27822	26606	27658	26874	27962	29699	31189
- Deposit Money Banks	13954	13705	15577	19207	18479	18705	19824	20159	20748	20814	21552	22699	22645	22175	23752	28117	26941	28008	27289	28372	30145	31556
Non-government sector	13018	13415	15206	18518	17960	18116	18797	19703	20218	20269	21020	22194	22129	21563	23251	27674	26415	27419	26699	27859	29608	31063
Government	936	290	371	689	519	589	1027	456	530	545	532	505	516	612	501	443	526	589	590	513	537	493
a) Budget and Line Ministries	104	115	236	551	234	262	226	219	227	232	304	243	276	269	255	271	304	266	243	250	235	244
b) Funds	821	171	135	138	284	327	801	236	302	312	227	261	239	342	245	172	221	322	346	260	300	246
v) Ins. of Central Gov.: Courts, etc.	11	4	0	0	1	0	0	1	1	1	1	1	1	1	0	1	1	1	1	3	2	3
- National Bank (non-government sector)	78	18	18	23	96	331	423	474	377	206	223	477	473	428	248	148	191	239	175	103	91	126
M2 (Total)	77527	89906	104195	129644	129731	133527	136240	140944	143911	147785	151132	152010	152443	153954	157420	165709	166498	168569	167307	171125	174256	176982
M2 (non-government sector)	76028	88886	103134	128494	128763	132480	134750	139924	142885	146709	150146	151049	151450	152899	156510	164857	165115	167126	165882	169705	172838	175347
Short-term deposits (total)	49318	62021	74161	94208	96629	99505	100959	104780	107427	110921	112684	112454	112579	114776	117130	119508	122947	124085	124097	126303	127612	129120
Short-term deposits (non-government sector)	48755	61291	73471	93747	96180	99047	100496	104216	106931	110390	112230	111998	112102	114333	116721	119099	122090	123231	123262	125396	126731	127978
Deposit Money Banks	49318	62021	74161	94208	96629	99505	100959	104780	107427	110921	112684	112454	112579	114776	117130	119508	122947	124085	124097	126303	127612	129120
Non-Government sector	48755	61291	73471	93747	96180	99047	100496	104216	106931	110390	112230	111998	112102	114333	116721	119099	122090	123231	123262	125396	126731	127978
- in denar	15568	20483	24364	36317	37295	39293	40511	43540	45648	48389	49353	48434	50045	52787	54061	55057	56108	56458	55902	56577	56676	57007
- in foreign currency	33187	40808	49107	57430	58885	59754	59985	60676	61283	62001	62877	63564	62057	61546	62660	64042	65982	66773	67360	68819	70055	70971
Government	563	730	690	461	449	458	463	564	496	531	454	456	477	443	409	409	857	854	835	907	881	1142
- in denar	538	703	689	460	448	457	462	563	496	531	454	456	477	443	408	408	855	852	834	906	881	1141
- in foreign currency	25	27	1	1	1	1	1	1	0	0	0	0	0	0	1	1	2	2	1	1	0	1
- National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term deposits (total)	4941	5165	5088	6686	6548	6786	6773	7594	8407	8493	9112	9103	9462	9486	9695	10287	10286	11038	11560	12236	13070	13174
- in denar	3653	3464	3105	3678	3641	3739	3799	4536	4734	4938	5217	5407	5549	5175	5237	5783	5898	6089	6491	6781	7226	7551
- in foreign currency	1288	1701	1983	3008	2907	3047	2974	3058	3673	3555	3895	3696	3913	4311	4458	4504	4388	4949	5069	5455	5844	5623
Non-government sector	4785	5061	5040	6637	6499	6736	6723	7544	8357	8443	9062	9053	9411	9435	9644	10174	10173	10925	11447	12133	12966	13077
- in denar	3497	3360	3057	3629	3592	3689	3749	4486	4684	4888	5167	5357	5498	5124	5186	5670	5785	5976	6378	6678	7122	7454
- in foreign currency	1288	1701	1983	3008	2907	3047	2974	3058	3673	3555	3895	3696	3913	4311	4458	4504	4388	4949	5069	5455	5844	5623
-Deposit Money Banks	4941	5165	5088	6686	6548	6786	6773	7594	8407	8493	9112	9103	9462	9486	9695	10287	10286	11038	11560	12236	13070	13174
Non-Government sector - in denar	3497	3360	3057	3629	3592	3689	3749	4486	4684	4888	5167	5357	5498	5124	5186	5670	5785	5976	6378	6678	7122	7454
Non-Government sector - in foreign currency	1288	1701	1983	3008	2907	3047	2974	3058	3673	3555	3895	3696	3913	4311	4458	4504	4388	4949	5069	5455	5844	5623
Government - in denar	156	104	48	49	49	50	50	50	50	50	50	50	51	51	51	113	113	113	113	103	104	97
Government - in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total deposits	68291	80909	94844	120124	121752	125327	127979	133007	136959	140434	143571	144733	145159	146865	150825	158060	160365	163370	163121	167014	170918	173976
Total deposits (non-government sector)	66636	79785	93735	118925	120735	124230	126439	131937	135883	139308	142535	143722	144115	145759	149864	157095	158869	161814	161583	165491	169396	172244

Source: NBRM.



Table 11
Monetary survey (with saving houses)
in millions of denars

	XII.05	XII.06	2007												2008					
			I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
A. Net foreign assets	89738	108042	106455	107140	108475	110951	113778	107566	110631	113010	111578	113946	112282	109791	111208	110638	106037	105424	105780	105440
National Bank	66282	85116	83884	83221	85066	87857	90799	87790	89659	91954	94209	95977	95873	94343	94939	95448	93487	92136	92392	94449
Assets	69504	87761	86503	85676	87526	90111	90799	87849	89718	91954	94209	95977	95873	94343	94939	95448	93487	92136	92392	94449
Liabilities	3222	2645	2619	2455	2460	2254	0	59	59	0	0	0	0	0	0	0	0	0	0	0
Deposit Money Banks	23456	22926	22571	23919	23409	23094	22979	19776	20972	21056	17369	17969	16409	15448	16269	15190	12550	13288	13388	10991
Assets	37786	39707	38257	38837	39614	39419	39424	39000	39182	40996	38175	38541	36865	38412	36425	35590	33580	34775	33795	32400
Liabilities	14330	16781	15686	14918	16205	16325	16445	19224	18210	19940	20806	20572	20456	22964	20156	20400	21030	21487	20407	21409
B. Net domestic assets	20000	28877	30431	33789	35176	38234	39191	49372	50285	48781	51013	50182	55532	66891	66273	69671	73513	78626	82250	85428
1.Domestic credits	64162	79379	81713	86130	87919	90708	92360	102921	103952	103070	107010	108311	113494	125792	127650	132004	133530	139521	143171	147079
of which: Claims on Gov.	-11729	-17029	-16498	-14492	-15449	-14885	-15903	-9406	-11299	-15385	-15694	-15554	-13769	-5884	-7274	-7678	-10839	-9889	-9157	-9455
a) Deposit Money Banks	83151	110069	111540	114371	117888	120948	124484	129418	132242	136244	136939	136921	140377	144752	147503	150845	154980	159077	160859	164317
-in denar	65966	86571	88048	90070	92944	95757	98601	102324	104765	108212	107920	108231	110797	114119	116186	119075	123017	125875	127162	129741
Government	7180	13532	13202	13626	14401	15236	16107	16978	16841	17622	14062	12846	12882	12821	12348	10905	10353	9389	8260	7503
Credits	7177	13510	13180	13603	14378	15213	16084	16954	16817	17598	14041	12825	12861	12800	12327	10883	10332	9367	8238	7481
a) Budget and Line Ministries	7095	13250	12897	13305	14116	15065	15959	16848	16732	17534	13988	12780	12819	12761	12292	10851	10304	9342	8217	7463
b) Funds	82	260	283	298	262	148	125	106	85	64	53	45	42	39	35	32	28	25	21	18
v) Ins. of Central Gov.: Courts, etc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued interest	3	22	22	23	23	23	23	24	24	24	21	21	21	21	21	22	21	22	22	22
Non Government sector	58786	73039	74846	76444	78543	80521	82494	85346	87924	90590	93858	95385	97915	101298	103838	108170	112664	116486	118902	122238
Credits	53371	68435	70124	71687	73765	75684	77625	80418	83545	86119	89365	91017	93565	97070	99468	103764	108191	111900	114527	118019
of which: Overdue claims	9915	9939	9872	9861	9701	9993	10326	10208	9809	9920	10291	9896	9990	9135	9555	9664	9913	9816	10084	10315
Accrued interest	5415	4604	4722	4757	4778	4837	4869	4928	4379	4471	4493	4368	4350	4228	4370	4406	4473	4586	4375	4219
-in foreign currency	17185	23498	23492	24301	24944	25191	25883	27094	27477	28032	29019	28690	29580	30633	31317	31770	31963	33202	33697	34576
Government	80	129	127	123	119	119	114	113	150	167	173	210	232	255	231	258	258	278	271	280
of which: Overdue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Government sector	17105	23369	23365	24178	24825	25072	25769	26981	27327	27865	28846	28480	29348	30378	31086	31512	31705	32924	33426	34296
of which: Overdue	1748	1650	1625	1473	1511	1566	1630	1611	1591	1748	1763	1691	1631	1516	1982	2112	1610	1535	1551	1743
b) Nat. Bank Claims on Government	-18989	-30690	-29827	-28241	-29969	-30240	-32124	-26497	-28290	-33174	-29929	-28610	-26883	-18960	-19853	-18841	-21450	-19556	-17688	-17238
2. Other items, net	-44162	-50502	-51282	-52341	-52743	-52474	-53169	-53549	-53667	-54289	-55997	-58129	-57962	-58901	-61377	-62333	-60017	-60895	-60921	-61651

Source: NBRM.



Monetary survey (with saving houses)
in millions of denars

	XII.05	XII.06	2007												2008					
			I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
M4 Total	109738	136919	136886	140929	143651	149185	152969	156938	160916	161791	162591	164128	167814	176682	177481	180309	179550	184050	188030	190868
M4 (non-government sector)	108629	135720	135869	139832	142111	148115	151893	155812	159880	160780	161547	163022	166853	175717	175985	178753	178012	182527	186508	189136
M1 (Total)	30034	35436	33102	34022	35281	36164	36484	36864	38448	39556	39864	39178	40290	46201	43551	44484	43210	44822	46644	47862
M1 (non-government sector)	29663	34747	32583	33433	34254	35708	35954	36319	37916	39051	39348	38566	39789	45758	43025	43895	42620	44309	46107	47369
Currency in circulation	14439	16206	14527	14986	15034	15531	15359	15844	16673	16380	16746	16575	16290	17936	16419	16237	15746	16347	16408	16180
Demand Deposits (total)	15595	19230	18575	19036	20247	20633	21125	21020	21775	23176	23118	22603	24000	28265	27132	28247	27464	28475	30236	31682
Demand Deposits (non-government sector)	15224	18541	18056	18447	19220	20177	20595	20475	21243	22671	22602	21991	23499	27822	26606	27658	26874	27962	29699	31189
- Deposit Money Banks	15577	19207	18479	18705	19824	20159	20748	20814	21552	22699	22645	22175	23752	28117	26941	28008	27289	28372	30145	31556
Non-government sector	15206	18518	17960	18116	18797	19703	20218	20269	21020	22194	22129	21563	23251	27674	26415	27419	26699	27859	29608	31063
Government	371	689	519	589	1027	456	530	545	532	505	516	612	501	443	526	589	590	513	537	493
a) Budget and Line Ministries	236	551	234	262	226	219	227	232	304	243	276	269	255	271	304	266	243	250	235	244
b) Funds	135	138	284	327	801	236	302	312	227	261	239	342	245	172	221	322	346	260	300	246
v) Ins. of Central Gov.: Courts, etc.	0	0	1	0	0	1	1	1	1	1	1	1	1	0	1	1	1	3	2	3
- National Bank (non-government sector)	18	23	96	331	423	474	377	206	223	477	473	428	248	148	191	239	175	103	91	126
M2 (Total)	104508	130069	130174	133978	136713	141420	144391	148272	151628	152510	152952	154467	157948	166251	167051	169128	167867	171689	174830	177560
M2 (non-Government sector)	103447	128919	129206	132931	135223	140400	143365	147196	150642	151549	151959	153412	157038	165399	165668	167685	166442	170269	173412	175925
Short-term deposits (total)	74474	94633	97072	99956	101432	105256	107907	111408	113180	112954	113088	115289	117658	120050	123500	124644	124657	126867	128186	129698
Short-term deposits (non-government sector)	73784	94172	96623	99498	100969	104692	107411	110877	112726	112498	112611	114846	117249	119641	122643	123790	123822	125960	127305	128556
Deposit Money Banks	74474	94633	97072	99956	101432	105256	107907	111408	113180	112954	113088	115289	117658	120050	123500	124644	124657	126867	128186	129698
Non-Government sector	73784	94172	96623	99498	100969	104692	107411	110877	112726	112498	112611	114846	117249	119641	122643	123790	123822	125960	127305	128556
- in denar	24677	36742	37738	39744	40984	44016	46128	48876	49849	48934	50554	53300	54589	55599	56661	57017	56462	57141	57250	57585
- in foreign currency	49107	57430	58885	59754	59985	60676	61283	62001	62877	63564	62057	61546	62660	64042	65982	66773	67360	68819	70055	70971
Government	690	461	449	458	463	564	496	531	454	456	477	443	409	409	857	854	835	907	881	1142
- in denar	689	460	448	457	462	563	496	531	454	456	477	443	408	408	855	852	834	906	881	1141
- in foreign currency	1	1	1	1	1	1	0	0	0	0	0	0	1	1	2	2	1	1	0	1
- National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term deposits (total)	5230	6850	6712	6951	6938	7765	8578	8666	9288	9281	9639	9661	9866	10431	10430	11181	11683	12361	13200	13308
- in denar	3247	3842	3805	3904	3964	4707	4905	5111	5393	5585	5726	5350	5408	5927	6042	6232	6614	6906	7356	7685
- in foreign currency	1983	3008	2907	3047	2974	3058	3673	3555	3895	3696	3913	4311	4458	4504	4388	4949	5069	5455	5844	5623
Long-term deposits (Non-government sector)	5182	6801	6663	6901	6888	7715	8528	8616	9238	9231	9588	9610	9815	10318	10317	11068	11570	12258	13096	13211
- in denar	3199	3793	3756	3854	3914	4657	4855	5061	5343	5535	5675	5299	5357	5814	5929	6119	6501	6803	7252	7588
- in foreign currency	1983	3008	2907	3047	2974	3058	3673	3555	3895	3696	3913	4311	4458	4504	4388	4949	5069	5455	5844	5623
- Deposit Money Banks	5230	6850	6712	6951	6938	7765	8578	8666	9288	9281	9639	9661	9866	10431	10430	11181	11683	12361	13200	13308
Non-Government sector - in denar	3199	3793	3756	3854	3914	4657	4855	5061	5343	5535	5675	5299	5357	5814	5929	6119	6501	6803	7252	7588
Non-Government sector - in foreign currency	1983	3008	2907	3047	2974	3058	3673	3555	3895	3696	3913	4311	4458	4504	4388	4949	5069	5455	5844	5623
Government - in denar	48	49	49	50	50	50	50	50	50	50	51	51	51	113	113	113	113	103	104	97
Government - in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- National Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total deposits	95299	120713	122359	125943	128617	133654	137610	141094	144243	145411	145845	147553	151524	158746	161062	164072	163804	167703	171622	174688
Total deposits (non-government sector)	94190	119514	121342	124846	127077	132584	136534	139968	143207	144400	144801	146447	150563	157781	159566	162516	162266	166180	170100	172956

Source: NBRM.



Table 12
Credits to non-government sector
in millions of denars

	XII.03	XII.04	XII.05	XII.06	2007												2008					
					I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
Credits to non-government sector	45677	57094	68777	89774	91417	93743	96362	98448	101057	105019	108453	111551	115751	117000	120366	124858	127907	132518	137039	141873	144911	149196
1. By currency																						
1.1. in denars	38430	45747	51672	66408	68055	69567	71539	73381	75290	78035	81130	83683	86908	88519	91020	94479	96819	101014	105337	108950	111485	114903
1.2. in foreign currency	7247	11347	17105	23366	23362	24176	24823	25067	25767	26984	27323	27868	28843	28481	29346	30379	31088	31504	31702	32923	33426	34293
2. By maturity																						
2.1. short-term	27448	29764	30915	36460	37438	38029	38554	39134	40205	41335	42298	43597	46159	45838	46573	47798	49748	52138	53610	55411	56392	58124
2.2. long-term	18229	27330	37862	53314	53979	55714	57808	59314	60852	63684	66155	67954	69592	71162	73793	77060	78159	80380	83429	86462	88519	91072
3. By sector																						
3.1. households	9405	15276	21625	30864	31817	32389	33607	35040	36628	38199	40231	41785	43251	44621	46336	48263	49651	51481	53390	55259	57141	59020
3.2. enterprises	36058	41681	46987	58805	59498	61239	62647	63299	64307	66704	67950	69493	72226	72072	73711	76281	77903	80725	83337	86300	87454	89860
3.3. other	214	137	165	105	102	115	108	109	122	116	272	273	274	307	319	314	353	312	312	314	316	316
annual growth rate																						
Credits to non-government sector		25.00	20.46	30.53	31.49	32.22	31.97	31.55	32.33	31.99	34.33	36.21	41.02	36.96	38.01	39.08	39.92	41.36	42.21	44.11	43.40	42.07
1. By currency																						
1.1. in denars		19.04	12.95	28.52	30.24	30.90	31.33	32.10	32.97	32.28	35.75	38.29	44.01	40.40	41.93	42.27	42.27	45.20	47.24	48.47	48.07	47.25
1.2. in foreign currency		56.58	50.74	36.60	35.27	36.19	33.86	29.96	30.47	31.17	30.28	30.31	32.72	27.28	27.14	30.01	33.07	30.31	27.71	31.34	29.72	27.09
2. By maturity																						
2.1. short-term		8.44	3.87	17.94	18.37	18.16	17.04	15.85	18.20	16.84	20.09	23.18	33.59	26.60	29.93	31.10	32.88	37.10	39.05	41.59	40.26	40.62
2.2. long-term		49.93	38.54	40.81	42.43	43.92	44.25	44.46	43.67	44.12	45.34	46.12	46.42	44.59	43.66	44.54	44.80	44.27	44.32	45.77	45.47	43.01
3. By sector																						
3.1. households		62.42	41.56	42.72	45.20	45.52	45.62	47.48	48.38	49.20	52.32	53.46	56.56	55.88	56.49	56.37	56.05	58.95	58.87	57.70	56.00	54.51
3.2. enterprises		15.59	12.73	25.15	25.22	26.18	25.69	24.20	24.67	23.81	25.27	27.31	32.82	27.13	28.11	29.72	30.93	31.82	33.03	36.34	35.99	34.71
3.3. other		-35.98	20.44	-36.36	0.99	7.48	12.50	-2.68	19.61	30.34	227.71	232.93	238.27	184.26	376.12	199.05	246.08	171.30	188.89	188.07	159.02	172.41

Source: NBRM.



Table 13
Monetary aggregates and components thereof (non-government sector)
in millions of denars

	XII.03	XII.04	XII.05	XII.06	2007												2008					
					I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
1. Currency in circulation	14177	14162	14439	16206	14527	14986	15034	15531	15359	15844	16673	16380	16746	16575	16290	17936	16419	16237	15746	16347	16408	16180
2. Demand Deposits	13096	13433	15224	18541	18056	18447	19220	20177	20595	20475	21243	22671	22602	21991	23499	27822	26606	27658	26874	27962	29699	31189
3. (1+2) Money supply M1	27273	27595	29663	34747	32583	33433	34254	35708	35954	36319	37916	39051	39348	38566	39789	45758	43025	43895	42620	44309	46107	47369
4. Short-term deposits	48755	61291	73471	93747	96180	99047	100496	104216	106931	110390	112230	111998	112102	114333	116721	119099	122090	123231	123262	125396	126731	127978
4.1. in denars	15568	20483	24364	36317	37295	39293	40511	43540	45648	48389	49353	48434	50045	52787	54061	55057	56108	56458	55902	56577	56676	57007
4.2. in foreign currency	33187	40808	49107	57430	58885	59754	59985	60676	61283	62001	62877	63564	62057	61546	62660	64042	65982	66773	67360	68819	70055	70971
5. (3+4.1.) Money supply M2 - Denar	42841	48078	54027	71064	69878	72726	74765	79248	81602	84708	87269	87485	89393	91353	93850	100815	99133	100353	98522	100886	102783	104376
6. (5+4.2.) Money supply M2 - total	76028	88886	103134	128494	128763	132480	134750	139924	142885	146709	150146	151049	151450	152899	156510	164857	165115	167126	165882	169705	172838	175347
7. Long-term deposits	4785	5061	5040	6637	6499	6736	6723	7544	8357	8443	9062	9053	9411	9435	9644	10174	10173	10925	11447	12133	12966	13077
7.1. in denars	3497	3360	3057	3629	3592	3689	3749	4486	4684	4888	5167	5357	5498	5124	5186	5670	5785	5976	6378	6678	7122	7454
7.2. in foreign currency	1288	1701	1983	3008	2907	3047	2974	3058	3673	3555	3895	3696	3913	4311	4458	4504	4388	4949	5069	5455	5844	5623
8. (6+7) Money supply M4 - total	80813	93947	108174	135131	135262	139216	141473	147468	151242	155152	159208	160102	160861	162334	166154	175031	175288	178051	177329	181838	185804	188424
annual growth rates																						
1. Currency in circulation		-0.11	1.96	12.24	10.89	9.91	9.74	6.67	10.50	8.67	8.84	10.51	13.07	12.02	13.91	10.68	13.02	8.35	4.74	5.25	6.83	2.12
2. Demand Deposits		2.57	13.33	21.79	23.68	23.30	34.76	35.43	31.31	26.48	26.21	32.71	30.80	23.61	32.67	50.06	47.35	49.93	39.82	38.58	44.20	52.33
3. Money supply M1		1.18	7.49	17.14	17.63	16.91	22.50	21.21	21.53	18.04	17.93	22.40	22.62	18.35	24.29	31.69	32.05	31.29	24.42	24.09	28.24	30.42
4. Short-term deposits		25.71	19.87	27.60	27.32	29.96	27.78	28.84	29.86	36.49	35.62	31.89	30.56	28.81	27.91	27.04	26.94	24.42	22.65	20.32	18.52	15.93
4.1. in denars		31.57	18.95	49.06	45.60	49.76	45.26	47.28	47.90	72.44	69.84	59.82	63.34	60.37	57.47	51.60	50.44	43.68	37.99	29.94	24.16	17.81
4.2. in foreign currency		22.96	20.34	16.95	17.94	19.56	18.18	18.23	19.04	17.39	17.10	16.39	12.37	10.21	10.08	11.51	12.05	11.75	12.29	13.42	14.31	14.47
5. Money supply M2 - denar		12.22	12.37	31.53	31.07	32.63	33.87	34.27	35.00	43.99	42.57	40.63	42.51	39.47	41.46	41.87	41.87	37.99	31.78	27.30	25.96	23.22
6. Money supply M2 - total		16.91	16.03	24.59	24.72	26.40	26.40	26.81	27.66	31.41	30.67	29.30	28.40	26.00	26.97	28.30	28.23	26.15	23.10	21.28	20.96	19.52
7. Long-term deposits		5.77	-0.41	31.69	28.01	29.86	26.73	32.23	52.58	48.44	63.13	53.52	59.05	54.34	45.92	53.29	56.53	62.19	70.27	60.83	55.15	54.89
7.1. in denars		-3.92	-9.02	18.71	15.46	17.63	20.04	37.73	43.11	50.17	58.69	63.42	69.53	54.43	43.14	56.24	61.05	62.00	70.13	48.86	52.05	52.50
7.2. in foreign currency		32.07	16.58	51.69	47.86	48.56	36.30	24.92	66.65	46.12	69.42	41.12	46.34	54.24	49.30	49.73	50.95	62.42	70.44	78.38	59.11	58.17
8. Money supply M4 - total		16.25	15.14	24.92	24.87	26.56	26.41	27.07	28.82	32.23	32.17	30.46	29.86	27.36	27.93	29.53	29.59	27.90	25.34	23.31	22.85	21.44

Source: NBRM.



Table 14
Total claims on deposit money banks
in millions of denars

I. NON-GOVERNMENT SECTOR														
- Enterprises														
Period	Credits				Securities		Overdue and doubtful and contested claims		Other placements					
	By currency		By maturity		By maturity		By currency		By maturity					
	In denars	In foreign currency	Short-term	Long-term	Short-term	Long-term	In denars	In foreign currency	Short-term	Long-term				
XII.03	19643	5582	14555	10670	92	596	8713	1454	93	0				
XII.04	22104	9312	16334	15082	69	519	8058	1571	48	0				
XII.05	21911	14636	15581	20966	63	449	8167	1710	51	0				
2006 III	23335	16142	17172	22305	57	442	8412	1406	48	0				
VI	25549	17561	18653	24457	60	455	8566	1653	27	0				
IX	25691	18717	18213	26195	56	456	7948	1485	27	0				
XII	28718	20058	19017	29759	60	459	7890	1601	25	0				
2007 I	29508	20073	19374	30207	51	460	7805	1576	27	0				
II	30492	21050	19995	31547	48	459	7744	1417	28	0				
III	31338	21607	20236	32709	43	441	7723	1456	35	0				
IV	31588	21724	19977	33335	39	427	7980	1510	30	0				
V	31745	22317	20084	33978	36	415	8198	1576	23	0				
VI	33125	23482	20986	35621	33	395	8092	1549	20	0				
VII	34554	23817	21669	36702	24	446	7561	1530	26	0				
VIII	35641	24210	22133	37718	16	446	7521	1646	18	0				
IX	37196	25144	23939	38401	11	445	7748	1652	30	0				
X	37937	24786	23593	39130	5	429	7307	1579	25	0				
XI	38732	25605	23938	40399	0	448	7375	1522	30	0				
XII	41322	26612	25612	42322	0	442	6484	1402	15	0				
2008 I	42015	26808	26069	42754	0	452	6803	1815	12	0				
II	44538	26965	27762	43741	0	441	6795	1968	21	0				
III	46914	27505	28975	45444	0	436	6982	1466	37	0				
IV	49056	28471	30517	47010	0	440	6841	1450	40	0				
V	49979	28663	30728	47914	0	440	6926	1426	21	0				
VI	51825	29105	31585	49345	0	426	7000	1484	23	0				
- Households														
Period	Credits										Securities		Overdue and doubtful and contested claims	
	By currency		By maturity		By purposes						By maturity		By currency	
	In denars	In foreign currency	Short-term	Long-term	Consumption	Comitments	For housing construction	For business premises	For performing independent activity	For other purposes	Short-term	Long-term	In denars	In foreign currency
XII.03	8603	3	1739	6867	319	1186	1465	13	202	5421	0	0	781	18
XII.04	13819	341	2519	11641	396	1507	1963	13	456	9825	0	0	1098	18
XII.05	19339	705	3612	16432	443	2366	2734	12	933	13556	0	0	1545	36
2006 III	20395	952	4031	17316	484	2737	2862	11	1087	14166	0	0	1697	35
VI	22344	1308	4386	19266	468	3195	3123	9	1388	15469	0	0	1913	39
IX	24423	1479	5028	20874	496	3905	3451	6	1508	16536	0	0	1675	46
XII	27290	1660	5864	23086	455	4828	3832	6	1781	18048	0	0	1866	47
2007 I	28228	1666	6586	23308	438	5594	3908	5	1814	18135	0	0	1878	48
II	28779	1650	6727	23702	443	5720	3988	5	1895	18378	0	0	1910	55
III	30074	1701	7164	24611	439	6164	4104	17	1990	19061	0	0	1783	53
IV	31403	1775	7670	25508	451	6619	4231	18	2065	19794	0	0	1814	53
V	32829	1817	8240	26406	460	7156	4363	18	2149	20500	0	0	1928	52
VI	34356	1883	8622	27617	453	7569	4550	18	2201	21448	0	0	1903	59
VII	36318	1910	9328	28900	518	8156	4754	19	2237	22544	0	0	1948	58
VIII	37703	1898	9922	29679	529	8661	4914	20	2304	23173	0	0	2088	99
IX	38989	1929	10281	30637	523	9036	5115	20	2352	23872	0	0	2227	109
X	40289	1993	10787	31495	608	9413	5263	19	2452	24527	0	0	2233	108
XI	41880	2094	11143	32831	642	9704	5464	21	2563	25580	0	0	2262	104
XII	43638	2233	11687	34184	656	10229	5656	21	2669	26640	0	0	2292	109
2008 I	44858	2279	12292	34845	642	10803	5777	20	2736	27159	0	0	2384	129
II	46418	2417	12743	36092	652	11219	5917	20	2847	28180	0	0	2503	142
III	48122	2571	13249	37444	659	11685	6091	22	2950	29286	0	0	2564	141
IV	49674	2899	13671	38902	646	12055	6310	24	3049	30489	0	0	2604	81
V	51051	3193	14182	40062	674	12577	6610	24	3114	31245	0	0	2774	122
VI	52434	3425	14648	41211	662	13030	6975	23	3170	31999	0	0	2913	255

Source: NBRM.



Total claims on deposit money banks
in millions of denars

I. NON-GOVERNMENT SECTOR										
- Other										
Period	Credits				Securities		Overdue and doubtful and contested claims		Other placements	
	By currency		By maturity		By maturity		By currency		By maturity	
	In denars	In foreign currency	Short-term	Long-term	Short-term	Long-term	In denars	In foreign currency	Short-term	Long-term
XII.03	23	156	83	96	0	0	5	30	0	0
XII.04	32	93	37	88	0	0	4	11	0	0
XII.05	60	8	53	15	0	0	95	2	0	0
2006 III	51	5	44	12	0	0	37	3	0	0
VI	26	2	19	9	0	0	59	1	0	0
IX	20	1	14	7	0	0	59	1	0	0
XII	49	0	43	6	0	0	54	2	0	0
2007 I	47	0	42	5	0	0	54	1	0	0
II	47	0	42	5	0	0	67	1	0	0
III	48	4	6	46	0	0	54	2	0	0
IV	48	4	9	43	0	0	54	3	0	0
V	56	4	9	51	0	0	54	2	5	0
VI	54	4	9	49	0	0	54	3	0	0
VII	118	8	13	113	0	0	144	3	0	0
VIII	115	8	13	110	0	0	147	3	0	0
IX	114	8	13	109	0	0	150	2	0	0
X	109	8	12	105	0	0	185	4	0	0
XI	110	15	12	113	0	0	188	5	0	0
XII	103	15	7	111	0	0	190	5	0	0
2008 I	102	16	8	110	0	0	192	38	5	0
II	100	15	8	107	0	0	195	2	0	0
III	95	16	6	105	0	0	198	2	0	0
IV	92	16	5	103	0	0	202	4	0	0
V	91	16	8	99	0	0	205	3	0	0
VI	90	16	9	97	0	0	206	4	0	0
II. GOVERNMENT										
Period	Credits				Securities		Overdue and doubtful and contested claims		Other placements	
	By currency		By maturity		By currency					
	In denars	In foreign currency	Short-term	Long-term	Short-term	Long-term				
XII.03	0	2	0	2	0	6706	0		0	
XII.04	151	7	151	7	539	6460	0		0	
XII.05	3	80	11	72	790	6322	0		0	
2006 III	204	85	162	127	3393	6330	0		0	
VI	289	86	250	125	4821	6207	0		0	
IX	125	139	89	175	6703	6146	0		0	
XII	228	129	206	151	7103	6024	0		0	
2007 I	250	127	229	148	6828	5967	0		0	
II	265	123	243	145	7151	6123	0		0	
III	228	119	151	196	7990	6096	0		0	
IV	177	119	104	192	8963	6002	0		0	
V	153	114	83	184	9869	5996	0		0	
VI	134	113	67	180	10872	5877	0		0	
VII	112	150	51	211	10895	5739	0		0	
VIII	91	167	32	226	11741	5701	0		0	
IX	80	173	26	227	8138	5781	0		0	
X	71	210	20	261	6814	5899	0		0	
XI	67	232	14	285	6458	6305	0		0	
XII	63	255	12	306	6530	6170	0		0	
2008 I	59	231	15	275	6048	6182	0		0	
II	56	258	16	298	4624	6165	0		0	
III	51	258	21	288	4205	6038	0		0	
IV	48	278	22	304	3322	5959	0		0	
V	43	271	18	296	2136	6022	0		0	
VI	40	280	18	302	1642	5758	0		0	

Source: NBRM.



Table 15
Total claims on deposit money banks
in millions of denars

Period	Deposits										Securities		Other Denar credit liabilities		
	In denars						In foreign currency								
	demand deposits	sight deposits	with maturity up to 3 months	with maturity over 3 months up to 1 year	with maturity over 1 year	restricted deposits	sight deposits	with maturity up to 1 year	with maturity over 1 year	restricted deposits	short-term	long-term	up to 1 year	over 1 year	
I. NON-GOVERNMENT SECTOR															
- Enterprises															
XII.03	8507	391	5830	899	231	90	4892	1481	0	463	0	0	0	0	
XII.04	8988	259	7813	1905	449	111	5020	4088	0	561	0	0	0	0	
XII.05	10143	218	7756	2294	635	107	4487	6500	0	535	0	0	0	27	
2006	III	9226	132	9279	2621	712	104	5138	6221	6	542	0	0	25	
	VI	10515	147	8235	2071	739	114	5445	6766	7	675	0	0	22	
	IX	11550	207	10185	2241	614	114	5280	7869	7	625	0	0	19	
	XII	12851	309	12317	2316	478	77	6007	8489	7	756	0	0	17	
2007	I	12342	382	12265	2273	444	71	6373	8794	7	596	0	0	16	
	II	12366	447	13286	2248	481	82	7044	8845	7	666	0	0	16	
	III	12849	435	13870	2059	458	72	9716	6327	7	522	0	0	15	
	IV	13377	489	14349	2045	1093	85	7321	9483	7	466	0	0	14	
	V	13856	450	15184	2058	1142	66	6887	9923	7	833	0	0	13	
	VI	13798	386	16566	2232	1185	70	7846	9519	7	615	0	0	12	
	VII	14419	455	16750	2287	1196	71	8361	9257	7	917	0	0	12	
	VIII	15581	436	15046	2488	1291	70	7778	9897	7	588	0	0	12	
	IX	15341	374	15358	2690	1382	71	7498	8676	7	659	0	0	11	
	X	14937	678	16174	2462	708	67	6760	8765	16	611	0	0	0	
	XI	15391	389	12038	6507	590	75	7261	8983	34	637	0	0	0	
	XII	19786	536	12070	6508	830	61	7304	9431	44	654	0	0	0	
2008	I	18482	550	12808	6876	838	65	7624	9582	42	444	0	0	0	
	II	19184	361	13527	6979	899	79	8011	9704	42	559	0	0	0	
	III	18441	383	15511	5279	928	66	7243	10418	38	755	0	0	0	
	IV	18777	447	19230	2525	1011	136	7190	10551	46	1009	0	0	0	
	V	20254	294	17734	4752	1029	137	7303	11033	62	1289	0	0	0	
	VI	21009	307	17424	5278	1097	129	7998	10559	62	751	0	0	0	
- Households															
XII.03	2712	4492	2683	900	2082	0	15774	10899	815	0	0	0			
XII.04	2710	4884	3055	2224	1718	0	16890	14529	1137	0	0	0			
XII.05	3172	5575	3940	3943	1319	0	19276	18581	1448	0	0	0			
2006	III	3074	6016	4606	4684	1359	0	19561	19639	1634	0	0	0		
	VI	3428	6682	5010	5201	1398	0	20291	20103	1751	0	0	0		
	IX	3318	6158	5546	5782	1492	0	20777	20970	2042	0	0	0		
	XII	3716	6917	7260	6621	1649	0	20791	21870	2245	0	0	0		
2007	I	3787	6948	7551	7284	1660	0	20980	22463	2304	0	0	0		
	II	3883	7311	7639	7772	1696	0	21030	22573	2374	0	0	0		
	III	4045	7233	7944	8392	1754	0	20758	22965	2445	0	0	0		
	IV	4341	8658	8399	9021	1844	0	20717	22927	2585	0	0	0		
	V	4424	8700	8986	9677	1998	0	21097	23132	2833	0	0	0		
	VI	4454	8867	9259	10487	2067	0	21030	23374	2933	0	0	0		
	VII	4517	8817	9452	11006	2346	0	21422	23609	2971	0	0	0		
	VIII	4334	8562	9640	11681	2436	0	21657	24018	3101	0	0	0		
	IX	4415	8908	9875	12231	2487	0	21550	24140	3247	0	0	0		
	X	4386	9130	10321	13383	2788	0	21061	24779	3327	0	0	0		
	XI	5430	8589	10484	14286	2857	0	20979	25222	3440	0	0	0		
	XII	5773	8869	10554	15135	3007	0	21210	25872	3460	0	0	0		
2008	I	5738	7882	10775	15840	3049	0	21811	26737	3558	0	0	0		
	II	6125	7313	10845	16040	3078	0	21358	27497	4005	0	0	0		
	III	6247	6763	10541	16029	3178	0	21190	28296	4276	0	0	0		
	IV	7049	7056	10425	15949	3183	0	21545	29347	4400	0	0	0		
	V	7349	6719	10413	15860	3312	0	21483	30055	4493	0	0	0		
	VI	7943	6598	10462	16035	3480	0	21623	30614	4810	0	0	0		

Source: NBRM.



Total claims on deposit money banks
in millions of denars

Period	Deposits										Securities		Other Denar credit liabilities	
	In denars						In foreign currency							
	demand deposits	sight deposits	with maturity up to 3 months	with maturity over 3 months up to 1 year	with maturity over 1 year	restricted deposits	sight deposits	with maturity up to 1 year	with maturity over 1 year	restricted deposits	short-term	long-term	up to 1 year	over 1 year
I. NON-GOVERNMENT SECTOR														
- Other														
XII.03	1799	0	202	171	111	78	141	0	10	0	0	0	0	905
XII.04	1672	0	172	167	31	134	281	0	3	0	0	0	4	921
XII.05	1891	0	446	192	26	136	261	0	0	0	0	0	0	807
2006	III	1750	0	345	206	24	137	197	0	0	0	0	0	762
	VI	2133	0	475	241	86	140	208	0	0	0	0	0	756
	IX	2285	0	263	256	125	142	326	0	0	0	0	0	737
	XII	1951	0	274	303	171	165	272	0	0	0	0	0	1072
2007	I	1831	0	271	321	175	165	274	0	0	0	0	0	1061
	II	1867	0	289	301	185	164	261	0	0	0	0	0	1065
	III	1903	0	249	329	214	166	219	0	0	0	0	0	1070
	IV	1985	0	238	341	223	166	228	0	0	0	0	0	1061
	V	1938	0	221	370	232	167	244	0	0	0	0	0	1066
	VI	2017	0	219	372	309	167	229	0	0	0	0	0	1078
	VII	2084	0	212	373	322	168	225	0	0	0	0	0	1064
	VIII	2279	0	218	362	341	168	211	0	0	0	0	0	1051
	IX	2373	0	209	398	357	170	193	0	0	0	0	0	1031
	X	2240	0	227	411	410	171	178	0	0	0	0	0	1337
	XI	2430	0	1354	412	499	171	209	0	0	0	0	0	1341
	XII	2115	0	957	419	629	177	219	0	0	0	0	0	1312
2008	I	2195	0	975	398	714	177	222	0	0	0	0	0	1286
	II	2110	0	962	428	786	178	200	0	0	0	0	0	1299
	III	2011	0	959	435	855	179	208	0	0	0	0	0	1172
	IV	2033	0	544	400	947	179	181	0	0	0	0	0	1222
	V	2005	0	519	385	1160	180	176	0	0	0	0	0	1304
	VI	2111	0	504	399	1213	187	173	0	0	0	0	0	1348
II. GOVERNMENT														
XII.03	936	0	372	166	156	0	25						0	0
XII.04	335	0	379	324	104	0	27						0	0
XII.05	371	0	539	150	48	0	1						0	0
2006	III	469	0	502	257	48	0	0					0	0
	VI	433	0	433	261	48	0	0					0	0
	IX	329	0	434	156	49	0	1					0	0
	XII	689	0	362	98	49	0	1					0	0
2007	I	519	0	353	95	49	0	1					0	0
	II	589	0	352	105	50	0	1					0	0
	III	1027	0	351	111	50	0	1					0	0
	IV	456	0	452	111	50	0	1					0	0
	V	530	0	415	81	50	0	0					0	0
	VI	545	0	444	87	50	0	0					0	0
	VII	532	0	370	84	50	0	0					0	0
	VIII	505	0	368	88	50	0	0					0	0
	IX	516	0	389	88	51	0	0					0	0
	X	612	0	353	90	51	0	0					0	0
	XI	501	0	317	91	51	0	1					0	0
	XII	443	0	323	85	113	0	1					0	0
2008	I	526	0	776	79	113	0	2					0	0
	II	589	0	771	79	113	0	2					0	0
	III	590	0	684	148	113	0	1					0	0
	IV	513	0	762	142	103	0	1					0	0
	V	537	0	737	142	104	0	0					0	0
	VI	493	0	1007	132	97	0	1					0	0

Source: NBRM.



Table 16
Report on weighted interest rates on deposits and borrowings
in %, on annual level

	XII.05	XII.06	2007												2008					
			I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
A. DENAR INTEREST RATES																				
1. INTEREST RATES ON DENAR CREDITS	12.1	10.7	10.7	10.6	10.5	10.5	10.3	10.2	10.1	10.1	10.0	10.0	9.9	9.9	9.8	9.7	9.7	9.6	9.6	9.7
1.1. Interest rates on credits without FX clause	12.6	10.9	10.9	10.8	10.8	10.7	10.6	10.5	10.4	10.4	10.2	10.2	10.3	10.2	10.2	10.1	10.1	10.1	10.0	10.2
<i>Interest rates on short-term credits without FX clause</i>	11.4	9.9	9.9	9.9	9.9	9.8	9.4	9.4	9.3	9.2	9.1	9.0	8.9	8.9	8.8	8.8	8.7	8.6	8.7	8.9
- on short-term credits on enterprises	10.7	9.5	9.5	9.5	9.5	9.4	9.1	9.1	8.9	8.9	8.8	8.7	8.7	8.6	8.5	8.5	8.5	8.5	8.5	8.7
- on short-term credits on households	19.4	16.9	17.6	17.6	17.1	16.1	15.9	16.3	15.6	15.2	14.9	14.8	13.5	13.4	13.2	13.1	12.3	12.2	12.3	12.2
<i>Interest rates on long-term credits without FX clause</i>	13.5	11.7	11.7	11.6	11.4	11.4	11.4	11.3	11.3	11.2	11.1	11.2	11.4	11.3	11.3	11.2	11.2	11.3	11.2	11.3
- on long-term credits on enterprises	10.0	8.4	8.5	8.5	8.5	8.3	8.2	8.2	8.2	8.2	8.1	8.2	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.6
- on long-term credits on households	15.3	14.3	14.2	14.2	13.9	13.9	13.8	13.7	13.6	13.5	13.4	13.4	13.3	13.3	13.2	13.1	13.0	13.1	12.9	12.9
1.2. Interest rates on credits with FX clause	11.1	10.3	10.3	10.2	10.2	10.1	10.0	9.8	9.8	9.7	9.7	9.6	9.6	9.5	9.4	9.3	9.2	9.1	9.1	9.0
<i>Interest rates on short-term credits with FX clause</i>	9.0	8.1	8.1	8.0	7.8	7.7	7.7	7.7	7.4	7.4	7.3	7.4	7.4	7.2	7.3	7.2	7.2	7.2	7.2	7.4
- on short-term credits on enterprises	9.1	8.3	8.2	8.2	8.0	7.9	8.0	7.9	7.6	7.6	7.4	7.5	7.4	7.2	7.4	7.2	7.2	7.2	7.2	7.4
- on short-term credits on households	8.1	7.0	7.0	7.0	6.8	6.6	6.3	6.3	6.4	6.6	6.6	7.0	7.1	7.1	7.1	7.3	7.1	7.2	7.2	7.2
<i>Interest rates on long-term credits with FX clause</i>	11.5	10.6	10.6	10.5	10.4	10.3	10.2	10.0	9.9	9.9	9.9	9.8	9.7	9.6	9.5	9.4	9.3	9.2	9.2	9.1
- on long-term credits on enterprises	11.0	10.4	10.4	10.3	10.2	10.0	9.8	9.6	9.6	9.4	9.5	9.5	9.4	9.3	9.1	9.0	8.9	8.9	8.9	8.9
- on long-term credits on households	11.9	10.8	10.7	10.6	10.5	10.4	10.4	10.3	10.2	10.1	10.1	10.0	9.9	9.8	9.8	9.7	9.6	9.5	9.4	9.4
2. INTEREST RATES ON DENAR DEPOSITS	5.6	4.4	4.5	4.7	4.8	4.7	4.7	4.8	4.7	5.0	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.5	5.7	5.8
2.1. Interest rates on Denar deposits without FX clause	5.7	4.5	4.6	4.8	4.9	4.8	4.8	4.9	4.8	5.2	5.3	5.4	5.4	5.6	5.7	5.9	5.9	5.9	6.0	6.1
<i>Interest rates on Denar deposits without FX clause on enterprises</i>	7.2	3.4	3.5	4.2	4.2	4.1	4.1	4.4	3.9	4.9	4.9	5.0	4.8	5.4	5.3	5.4	5.5	5.5	5.6	5.8
- on sight deposits	0.6	0.7	0.5	0.4	0.4	0.5	1.8	2.7	2.7	2.9	2.9	2.3	3.2	2.3	2.3	3.3	3.5	3.0	2.4	1.1
- on short-term deposits	7.3	3.4	3.5	4.3	4.3	4.4	4.3	4.5	4.0	5.1	5.1	5.0	4.8	5.4	5.3	5.3	5.4	5.4	5.5	5.8
- on long-term deposits	7.3	6.7	6.6	6.4	6.4	2.5	2.8	2.9	3.0	3.4	3.6	7.4	7.9	7.5	7.4	7.5	7.6	7.5	7.6	8.4
<i>Interest rates on Denar deposits without FX clause on households</i>	4.8	5.0	5.1	5.1	5.2	5.1	5.2	5.2	5.3	5.4	5.4	5.5	5.6	5.7	5.9	6.0	6.1	6.0	6.1	6.2
- on sight deposits	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0
- on short-term deposits	7.0	6.7	6.7	6.7	6.8	6.8	6.8	6.8	6.8	6.8	6.9	6.9	6.9	6.9	7.1	7.1	7.2	7.1	7.1	7.2
- on long-term deposits	8.0	8.0	8.0	8.0	7.9	8.1	8.0	8.2	8.1	8.0	8.1	8.2	8.2	8.3	8.2	8.2	8.2	8.1	8.3	8.4
2.2. Interest rates on Denar credits with FX clause	4.4	3.4	3.9	3.7	3.6	3.7	3.7	3.7	3.6	3.4	3.4	3.5	3.7	3.9	3.8	3.8	3.9	4.1	4.2	4.5
<i>Interest rates on Denar deposits with FX clause on enterprises</i>	4.4	3.3	3.8	3.6	3.5	3.6	3.5	3.6	3.5	3.3	3.3	3.4	3.7	3.9	3.7	3.8	3.9	4.0	4.2	4.5
- on short-term deposits	4.5	3.2	3.7	3.5	3.5	3.6	3.5	3.6	3.4	3.3	3.3	3.4	3.7	3.9	3.7	3.8	3.9	4.0	4.2	4.5
- on long-term deposits	3.7	5.8	5.8	5.0	3.4	3.4	3.5	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9
<i>Interest rates on Denar deposits with FX clause on households</i>		8.8	8.8	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.4	8.4	8.4	8.4	8.3	8.3	8.2	8.2	8.2	8.5
- on short-term deposits		8.8	8.8	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.4	8.4	8.4	8.4	8.3	8.3	8.1	8.1	8.1	8.2
- on long-term deposits										8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.9	9.9	9.9	9.9

Source: NBRM.



Report on weighted interest rates on deposits and borrowings
in %, on annual level

	XII.05	XII.06	2007												2008					
			I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI
B. FOREIGN CURRENCY INTEREST RATES																				
1. INTEREST RATES ON FOREIGN CURRENCY CREDITS	7.8	8.5	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.5	8.6	8.5	8.4	8.5	8.2	8.1	8.1	8.0	8.1	8.1
1.1. Interest rates on foreign currency short-term credits	8.1	8.4	8.2	8.3	8.1	8.1	8.1	8.1	8.1	8.2	8.2	8.1	7.9	8.1	7.6	7.4	7.4	7.4	7.5	7.5
<i>Interest rates on foreign currency short-term credits on enterprises</i>	8.0	8.4	8.1	8.2	8.1	8.0	8.0	8.1	8.1	8.2	8.2	8.1	7.9	8.0	7.6	7.4	7.4	7.4	7.5	7.5
- in Euros	8.1	8.4	8.1	8.3	8.1	8.0	8.1	8.1	8.1	8.2	8.2	8.1	7.9	8.1	7.7	7.6	7.7	7.7	7.7	7.7
- in USA Dollars	7.4	8.0	7.9	7.8	7.2	7.6	7.1	7.1	7.3	7.5	7.5	7.2	7.0	6.8	5.7	4.9	4.5	4.8	4.7	4.7
<i>Interest rates on foreign currency short-term credits on households</i>	16.2	13.3	13.1	12.9	11.6	11.7	12.9	13.5	13.5	13.5	13.7	13.3	12.5	12.4	12.1	12.0	12.0	12.1	11.8	11.7
- in Euros	16.2	13.3	13.1	12.9	13.1	11.7	12.9	13.5	13.5	13.5	13.7	13.3	12.5	12.4	12.1	12.0	12.0	12.1	11.8	11.7
- in USA Dollars					3.8														3.0	3.0
1.2. Interest rates on foreign currency long-term credits	7.8	8.5	8.4	8.4	8.5	8.4	8.4	8.5	8.5	8.6	8.7	8.6	8.5	8.7	8.4	8.3	8.4	8.2	8.3	8.4
<i>Interest rates on foreign currency long-term credits on enterprises</i>	7.6	8.4	8.3	8.3	8.4	8.4	8.4	8.5	8.5	8.6	8.7	8.5	8.5	8.7	8.4	8.3	8.3	8.3	8.3	8.3
- in Euros	7.6	8.5	8.4	8.3	8.4	8.4	8.4	8.5	8.5	8.6	8.7	8.6	8.5	8.7	8.5	8.4	8.4	8.4	8.4	8.4
- in USA Dollars	6.9	7.6	7.6	7.6	7.5	7.5	7.5	7.5	7.5	7.6	7.9	7.4	7.0	7.1	6.6	5.6	5.3	5.3	5.1	5.0
<i>Interest rates on foreign currency long-term credits on households</i>	10.4	9.2	9.1	9.1	9.0	9.0	8.8	8.9	8.8	8.8	8.7	8.8	8.7	8.6	8.5	8.4	8.5	7.7	8.3	8.4
- in Euros	10.4	9.2	9.2	9.1	9.0	9.0	8.8	8.9	8.8	8.8	8.7	8.8	8.7	8.6	8.5	8.4	8.5	7.7	8.3	8.4
- in USA Dollars	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	3.9	3.9	9.1	1.9	4.8	4.7	4.5	4.5	4.4	4.4	3.2	3.1
2. INTEREST RATES ON FOREIGN CURRENCY DEPOSITS	1.4	1.8	1.8	1.8	1.7	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.1	2.2	2.2	2.2	2.3	2.3
2.1. Interest rates on foreign currency deposits on enterprises	1.7	2.1	2.1	2.1	1.7	2.2	2.3	2.2	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.5	2.4
- on sight deposits	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- in Euros	0.5	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- in USA Dollars	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.6	0.7	0.7	0.6	0.6	0.6	0.5	0.4	0.3	0.4	0.4
- on short-term deposits	2.5	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.4	3.5	3.6	3.6	3.6	3.6	3.6	3.6	3.4	3.4	3.7	3.8
- in Euros	2.1	2.8	2.8	2.8	2.9	3.0	3.1	3.1	3.2	3.3	3.4	3.4	3.6	3.6	3.6	3.6	3.5	3.6	3.9	3.9
- in USA Dollars	3.3	4.3	4.3	4.3	4.3	4.2	4.1	4.1	4.1	4.4	4.5	4.6	3.8	3.8	3.6	3.6	2.6	2.4	2.1	2.2
- on long-term deposits		3.0	3.0	3.0	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.9	3.4	2.7	2.9	2.9	3.0	2.8	2.5	2.6
- in Euros		3.0	3.0	3.0	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.9	3.4	2.7	2.9	2.9	3.0	2.8	2.5	2.6
- in USA Dollars																				
2.2. Interest rates on foreign currency deposits on households	1.3	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.9	1.9	2.0	2.1	2.2	2.2	2.2	2.2
- on sight deposits	0.6	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
- in Euros	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
- in USA Dollars	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
- on short-term time deposits	1.8	2.3	2.3	2.3	2.3	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.8	2.9	2.9	2.9	2.9	2.9
- in Euros	1.8	2.3	2.3	2.3	2.3	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.9	3.0	3.0	2.9	3.0	3.0
- in USA Dollars	1.7	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.2	2.2
- on long-term time deposits	2.9	3.7	3.8	3.8	3.6	3.8	3.7	3.7	3.7	3.9	3.7	3.7	3.8	3.7	3.8	3.9	4.0	4.0	4.0	4.0
- in Euros	2.9	3.8	3.9	3.9	3.7	3.9	3.8	3.8	3.9	4.0	3.7	3.8	3.9	3.9	3.9	4.1	4.1	4.1	4.2	4.2
- in USA Dollars	2.5	3.1	3.1	3.1	3.1	3.2	3.0	3.0	3.0	3.0	3.3	3.0	3.0	3.0	2.9	2.8	2.8	2.8	2.8	2.8

Source: NBRM.



Table 17
Interest rates of the National Bank of the Republic of Macedonia
in %

Period	Discount rate	Lending interest rates - creating liquidity		Deposit interest rates - withdrawing liquidity	
		Over night credits-Lombard credit	Auction repo- transactions*	CB bills - basic maturity**	
				volume tender	interest rate tender
2003 XII	6.5	14.0			6.2
2004 XII	6.5	13.0		10.0	
2005 XII	6.5	13.0			8.5
2006 I	6.5	13.0			7.3
II	6.5	11.0			7.1
III	6.5	11.0			6.8
IV	6.5	11.0			6.2
V	6.5	11.0			5.7
VI	6.5	9.5			5.8
VII	6.5	9.5			5.6
VIII	6.5	9.5			5.5
IX	6.5	9.5			5.4
X	6.5	9.5			5.5
XI	6.5	9.5			5.7
XII	6.5	9.5			5.7
2007 I	6.5	9.5			5.7
II	6.5	9.5			5.4
III	6.5	9.5			5.3
IV	6.5	9.5			5.1
V	6.5	9.5			5.0
VI	6.5	7.5			4.9
VII	6.5	7.5			5.1
VIII	6.5	7.5			5.1
IX	6.5	7.5			4.8
X	6.5	7.5			4.8
XI	6.5	7.5			4.7
XII	6.5	7.5			4.8
2008 I	6.5	7.5			4.9
II	6.5	7.5			5.2
III	6.5	7.5			5.9
IV	6.5	7.5			6.0
V	6.5	7.5			6.8
VI	6.5	8.5			7.0

* The auction repo-transactions are introduced in December and they represent replacement of the auctions of credits, which were used for the last time in 2000.

** 28 days

Source: NBRM.



Table 18

Reserve requirements of banks and saving houses*
in millions of denars

Period	Reserve requirements of banks in Denar						Reserve requirements of banks in foreign currency			Reserve requirements of saving houses in Denar		
	Reserve requirement rate (%)	Liabilite on reserve requirement	Average fulfillment	Excess/Shortage	Fulfillment in percents (%)	Renumeration rate (%)	Reserve requirement rate (%)	Liabilite on reserve requirement	Renumeration rate (%)	Reserve requirement rate (%)	Liabilite on reserve requirement	Renumeration rate (%)
2003 XII	7.5	2,488	3,467	980	139.4	4.0	7.5	2,763	1.0	2.5	7	4.0
2004 XII	7.5	2,855	3,309	454	115.9	2.0	7.5	3,374	1.0	2.5	8	2.0
2005 XII	10.0	4,242	5,267	1,025	124.2	2.0	10.0	5,325		2.5	11	2.0
2006 I	10.0	4,352	4,573	220	105.1	2.0	10.0	5,396		2.5	11	2.0
II	10.0	4,434	5,000	566	112.8	2.0	10.0	5,433		2.5	12	2.0
III	10.0	4,542	4,944	403	108.9	2.0	10.0	5,507		2.5	12	2.0
IV	10.0	4,674	5,162	488	110.4	2.0	10.0	5,572		2.5	12	2.0
V	10.0	4,934	5,550	616	112.5	2.0	10.0	5,655		2.5	13	2.0
VI	10.0	5,058	5,433	375	107.4	2.0	10.0	5,663		2.5	13	2.0
VII	10.0	4,931	5,263	332	106.7	2.0	10.0	5,768		2.5	13	2.0
VIII	10.0	5,030	5,435	405	108.1	2.0	10.0	5,874		2.5	14	2.0
IX	10.0	5,213	5,549	336	106.4	2.0	10.0	6,003		2.5	14	2.0
X	10.0	5,304	5,618	314	105.9	2.0	10.0	6,117		2.5	14	2.0
XI	10.0	5,460	6,674	1,214	122.2	2.0	10.0	6,243		2.5	14	2.0
XII	10.0	5,618	6,705	1,087	119.3	2.0	10.0	6,373		2.5	14	2.0
2007 I	10.0	5,883	6,219	336	105.7	2.0	10.0	6,458		2.5	15	2.0
II	10.0	6,057	6,479	422	107.0	2.0	10.0	6,513		2.5	15	2.0
III	10.0	6,194	6,688	494	108.0	2.0	10.0	6,596		2.5	16	2.0
IV	10.0	6,431	6,900	469	107.3	2.0	10.0	6,675		2.5	16	2.0
V	10.0	6,803	7,401	597	108.8	2.0	10.0	6,736		2.5	16	2.0
VI	10.0	7,082	7,343	261	103.7	2.0	10.0	6,952		2.5	16	2.0
VII	10.0	7,433	8,763	1,330	117.9	2.0	10.0	6,988		2.5	17	2.0
VIII	10.0	7,579	8,428	849	111.2	2.0	10.0	7,143		2.5	17	2.0
IX	10.0	7,553	7,933	380	105.0	2.0	10.0	7,225		2.5	17	2.0
X	10.0	7,722	8,425	703	109.1	2.0	10.0	7,303		2.5	17	2.0
XI	10.0	7,952	8,611	659	108.3	2.0	10.0	7,185		2.5	17	2.0
XII	10.0	8,436	9,125	689	108.2	2.0	10.0	7,288		2.5	17	2.0
2008 I	10.0	8,734	8,966	232	102.7	2.0	10.0	7,394		2.5	17	2.0
II	10.0	9,193	9,555	362	103.9	2.0	10.0	8,455		2.5	17	2.0
III	10.0	9,398	9,622	224	102.4	2.0	10.0	8,555		2.5	17	2.0
IV	10.0	9,468	9,714	246	102.6	2.0	10.0	8,684		2.5	17	2.0
V	10.0	9,600	9,800	200	102.1	2.0	10.0	8,847		2.5	17	2.0
VI	10.0	9,774	10,021	247	102.5	2.0	10.0	9,014		2.5	17	2.0

* Reserve requirement for banks in denars kept the average level, whereas the reserve requirement for banks in foreign currency and the reserve requirement for saving houses in denars kept the fixed level.

Source: NBRM.



Table 19
Interest rates on government securities
in %

Period	3 months	6 months	12 months	2 years	3 years
2004 XII	9.2	10.4			
2005 XII	8.0	8.8	9.6		
2006 I	7.2	7.6			
II	7.0	7.1			
III	6.8	7.3	8.6		
IV	6.4	6.8		9.4	
V	6.1	7.1			
VI	6.5	6.9	8.7		
VII	6.2	6.7			
VIII	6.0	6.6			
IX	6.0	7.0	8.7		
X	6.2	6.9		9.3	
XI	6.1	6.8			9.6
XII	6.3	7.0	8.9		
2007 I	6.5	6.8	8.8		
II	6.4	6.8		8.9	
III	6.4	7.0	8.4		8.0
IV	6.4	6.8			
V	6.2	6.6		5.7	
VI	5.4	5.5	5.8		
VII	5.4	5.6			
VIII	5.4	5.5			
IX	3.7		5.1		
X	5.1	5.4			
XI	5.2	5.4		6.5	
XII	4.8				
2008 I	5.1	5.4	5.7		
II	5.1	5.3		6.3	
III	5.8	5.6	6.5		6.8
IV	6.1	6.3		7.0	
V	6.7	6.3			
VI	7.1	7.2	7.3		8.0

Source: NBRM.



Table 20
Republic of Macedonia: balance of payments /1
in USD Million

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
I. Current Account	-82.5	-262.9	-298.9	-339.8	-286.6	-278.8	-65.3	-97.6	-236.1	-377.6	-184.1	-452.8	-157.9	-56.4	-248.1
GOODS, net	42.8	-184.9	-222.8	-314.7	-386.3	-515.6	-495.9	-690.8	-526.7	-805.6	-851.0	-1,139.0	-1,063.0	-1,285.0	-1,627.0
Exports, f.o.b.	1,055.3	1,086.3	1,204.0	1,147.4	1,236.8	1,291.5	1,190.0	1,320.7	1,155.4	1,112.1	1,362.7	1,674.9	2,040.6	2,396.3	3,349.5
Imports, f.o.b. /2	-1,012.5	-1,271.3	-1,426.8	-1,462.1	-1,623.1	-1,807.1	-1,685.9	-2,011.6	-1,682.2	-1,917.7	-2,213.7	-2,813.8	-3,103.6	-3,681.2	-4,976.5
SERVICES, net	-154.5	-155.1	-200.5	-156.2	-137.8	-59.8	38.9	48.7	-19.2	-22.1	-6.6	-54.4	-33.6	28.3	35.0
Inflow	84.0	172.0	185.2	154.3	138.1	149.3	272.8	316.7	244.6	253.1	380.3	452.5	515.5	601.2	818.1
Outflow	238.5	327.1	385.7	310.4	275.8	209.1	234.0	268.0	263.8	275.3	386.9	506.9	549.1	573.0	783.1
INCOME, net	-56.7	-46.6	-39.6	-51.3	-54.5	-52.3	-71.8	-64.5	-28.0	-44.3	-62.4	-39.2	-113.5	-36.6	-35.8
Inflow	4.3	10.0	20.8	22.8	17.5	23.6	24.2	41.6	52.6	50.8	60.4	84.6	97.5	134.9	213.1
Outflow	61.0	56.6	60.4	74.2	72.0	75.8	96.1	106.2	80.5	95.2	122.8	123.8	211.0	171.6	248.9
CURRENT TRANSFERS, net	85.8	123.7	163.9	182.3	292.0	348.9	463.6	609.0	337.8	494.4	735.9	779.7	1,052.2	1,237.0	1,379.7
Inflow	115.0	197.0	293.5	341.3	433.3	541.4	618.4	782.1	720.6	655.0	910.4	1,028.8	1,237.7	1,437.0	1,743.5
Outflow	29.2	73.3	129.5	158.9	141.3	192.5	154.8	173.1	382.8	160.6	174.5	249.1	185.5	200.0	363.7
II. Capital and Financial Account	-12.9	162.3	280.6	318.2	349.6	296.3	-91.4	40.2	236.6	388.0	218.3	434.1	165.5	48.5	276.7
CAPITAL ACCOUNT, net	0.0	30.0	1.7	0.0	0.0	-1.8	0.0	0.3	1.4	8.3	-6.7	-4.6	-2.0	-1.1	1.7
FINANCIAL ACCOUNT, net	-12.9	132.3	278.9	318.2	349.6	298.1	-91.4	39.9	235.2	379.7	225.0	438.7	167.5	49.7	275.0
Direct investment, net	0.0	24.0	9.5	11.2	58.0	150.5	88.1	215.7	446.3	105.5	117.5	321.9	94.2	424.0	320.7
Inward direct investment	0.0	24.0	9.5	11.2	58.1	150.5	88.4	215.1	447.1	105.6	117.8	323.0	97.0	424.2	319.7
Outward direct investment	0.0	0.0	0.0	0.0	-0.1	0.0	-0.3	0.6	-0.9	-0.1	-0.3	-1.2	-2.8	-0.2	1.1
Portfolio investment, net	0.0	0.0	2.7	0.3	1.3	0.0	0.0	-0.1	0.4	0.3	5.5	12.5	237.9	92.9	150.7
Assets	0.0	0.0	1.4	-0.5	1.7	0.3	0.0	0.0	0.0	0.3	0.1	0.2	0.1	0.1	-2.3
Liabilities	0.0	0.0	1.3	0.8	-0.4	-0.4	0.0	-0.1	0.4	0.1	5.3	12.4	237.8	92.8	153.1
Other investment, net	44.0	150.2	367.4	300.8	294.1	200.9	-36.2	88.8	-134.4	134.2	153.0	123.7	250.5	-91.4	-53.4
Assets	32.0	34.7	39.9	77.7	-66.1	-59.1	-184.0	-63.7	-109.0	227.7	58.3	82.3	-97.9	-234.8	-81.3
Liabilities	12.0	115.5	327.5	223.1	360.3	260.0	147.8	152.6	-25.4	-93.4	134.7	116.3	296.8	58.6	27.9
Gross official reserves (- = increase) /3	-56.8	-41.9	-100.6	5.9	-3.8	-53.3	-143.3	-264.5	-77.0	139.7	-51.0	-19.5	-415.1	-375.8	-143.0
III. Errors and Omissions	95.4	100.6	18.3	21.6	-63.1	-17.5	156.7	57.4	-0.5	-10.4	-34.2	18.8	-7.6	7.8	-28.6

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 equals: 1993-20%, 1994-20%, 1995-20%, 1996-14%, 1997-10%, 1998-5,02%, 1999-4,86%, 2000-3,9%, 2001-4,2%, 2002-3,8% 2003-4,06%, 2004 , 2005, 2006 and 2007-4,14%.

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

3/ Excluding monetary gold and exchange rate differences

Source: National Bank of the Republic of Macedonia



Table 21
Republic of Macedonia: balance of payments /1,3
in EUR Million

		I. Current Account												II. Capital and Financial Account															III. Errors and Omissions				
		Goods						Services			Income /5			Current Transfers			Capital Account			Financial Account													
		Net	Exports, f.o.b.	Imports, f.o.b. /2	Net	Inflow	Outflow	Net	Inflow	Outflow	Net	Inflow	Outflow	Net	Inflow	Outflow	Net	Capital transfers	Acquisition / disposal of non-produced, non-finan.assets	Net	Direct investment			Portfolio investment			Other investment					Gross official reserves (= increase) /4	
																					Net	Assets	Liabilities	Net	Trade credits	Loans	Currency and deposits	Other					
2003	-168.2	-753.0	1203.2	-1956.2	-6.0	335.3	341.4	-55.3	53.2	108.5	646.1	799.6	153.5	193.9	-5.8	-5.8	-0.1	199.7	100.1	100.4	-0.3	4.9	0.1	4.8	133.3	67.4	50.3	5.9	9.8	-38.6	-25.7		
2004	-362.7	-914.3	1345.0	-2259.3	-43.4	363.7	407.1	-33.2	67.9	101.1	628.2	828.0	199.8	347.1	-3.8	-3.8	0.0	350.9	259.7	260.7	-0.9	9.5	0.1	9.3	97.6	71.0	6.1	-2.3	22.8	-15.9	15.6		
2005	-121.3	-858.5	1642.9	-2501.4	-24.7	416.2	440.8	-91.5	79.0	170.5	853.3	1002.6	149.3	127.7	-1.7	-1.7	0.0	129.4	74.9	77.2	-2.3	200.2	0.1	200.1	202.2	105.9	100.2	-20.3	16.5	-347.9	-6.4		
2006	-44.9	-1020.4	1902.6	-2923.1	22.2	477.2	455.1	-28.4	107.2	135.7	981.8	1140.6	158.8	38.0	-0.8	-0.8	0.0	38.8	344.6	344.8	-0.1	73.1	0.0	73.1	-81.4	2.9	-22.3	-83.7	21.7	-297.6	6.9		
Q1	-43.2	-221.8	374.3	-596.1	-4.6	99.1	103.7	-1.6	24.7	26.2	184.8	216.6	31.8	40.1	0.4	0.4	0.0	39.7	254.0	254.1	-0.1	13.7	0.0	13.7	-199.4	-1.3	-134.1	-66.8	2.7	-28.6	3.1		
Q2	-58.0	-292.8	466.3	-759.1	-3.8	110.4	114.1	-8.1	24.3	32.4	246.7	286.1	39.4	53.9	-0.4	-0.4	0.0	54.4	31.8	31.1	0.7	26.7	0.0	26.7	85.7	24.9	56.6	-3.2	7.4	-89.9	4.0		
Q3	98.7	-204.9	549.4	-754.3	24.3	134.2	109.9	-16.0	26.1	42.1	295.3	337.0	41.7	-99.6	-0.2	-0.2	0.0	-99.4	24.1	24.6	-0.6	8.9	0.0	8.9	-1.3	-52.4	24.5	22.6	4.0	-131.1	0.9		
Q4	-42.5	-301.0	512.7	-813.7	6.2	133.6	127.3	-2.7	32.2	34.9	255.0	300.9	45.9	43.6	-0.6	-0.6	0.0	44.1	34.7	34.9	-0.2	23.8	0.0	23.8	33.7	31.7	30.7	-36.4	7.7	-48.1	-1.1		
2007	-170.9	-1172.8	2441.5	-3614.3	25.5	594.2	568.7	-33.4	155.2	188.6	1009.8	1270.9	261.2	194.3	1.3	-1.1	2.4	192.9	240.1	239.3	0.9	110.8	-1.7	112.5	-56.3	-33.5	-107.7	5.9	78.9	-101.8	-23.4		
I	-4.4	-81.1	160.5	-241.6	-2.0	37.7	39.7	10.2	11.7	1.5	68.5	83.2	14.7	3.4	-1.2	-1.2	0.0	4.7	3.8	3.8	0.0	12.2	0.0	12.2	-38.4	-3.1	-42.3	5.9	1.2	27.1	1.0		
II	6.0	-74.5	175.7	-250.2	1.0	39.7	38.8	8.6	10.0	1.4	70.9	83.2	12.3	-8.9	0.1	0.1	0.0	-9.0	7.8	5.9	1.9	-7.6	0.0	-7.6	-21.7	6.9	-15.8	-14.3	1.4	12.6	2.9		
III	39.4	-55.5	222.5	-277.9	-0.1	41.0	41.1	10.9	12.6	1.7	84.0	100.6	16.6	-37.5	-0.2	-0.2	0.0	-37.3	8.4	8.5	-0.1	16.0	0.0	16.0	-27.3	-37.5	15.9	-8.3	2.6	-34.4	-1.9		
IV	-0.2	-83.6	200.5	-284.1	1.3	41.8	40.6	-7.3	12.5	19.8	89.4	105.0	15.6	2.8	0.6	0.6	0.0	2.3	44.5	44.1	0.4	25.9	0.0	25.9	-21.9	5.0	-23.0	-10.7	6.7	-46.3	-2.6		
V	45.9	-56.1	212.0	-268.1	-0.6	46.2	46.7	13.2	14.5	1.3	89.4	107.6	18.2	-41.1	0.3	0.3	0.0	-41.4	21.0	20.7	0.3	16.7	0.0	16.8	-69.4	-56.9	-14.8	-0.6	2.8	-9.8	-4.8		
VI	5.3	-68.0	229.3	-297.3	0.4	48.2	47.9	-15.0	11.7	26.7	87.9	105.3	17.3	-8.6	0.6	0.6	0.0	-9.2	-1.6	-0.5	-1.0	3.0	-0.3	3.3	-55.4	-13.2	-87.0	31.4	13.3	44.8	3.3		
VII	-21.1	-125.1	196.4	-321.5	5.5	57.0	51.6	-21.0	14.1	35.1	119.5	137.9	18.4	30.3	4.3	1.1	3.1	26.1	25.2	25.2	0.0	6.2	-0.2	6.4	25.2	45.3	7.0	-29.0	1.9	-30.5	-9.2		
VIII	67.7	-64.5	214.4	-278.9	7.6	54.8	47.2	11.7	15.2	3.5	112.9	132.2	19.3	-59.8	-0.2	-0.2	0.0	-59.6	-5.6	-5.7	0.1	8.8	0.0	8.8	-27.5	-34.4	6.4	-2.7	3.2	-35.3	-7.9		
IX	-38.2	-108.8	194.3	-303.1	10.3	53.8	43.5	-28.4	12.3	40.7	88.7	108.7	20.0	38.3	-0.3	-0.3	0.0	38.6	20.8	20.8	0.0	9.5	-0.2	9.6	44.0	-9.3	-0.8	44.5	9.5	-35.6	-0.1		
X	-37.2	-136.1	215.5	-351.6	9.9	57.6	47.7	5.0	12.8	7.8	84.1	110.1	26.0	38.6	-0.1	0.0	-0.1	38.7	34.9	35.7	-0.8	24.3	-0.4	24.7	5.2	18.9	22.2	-40.0	4.1	-25.7	-1.5		
XI	-99.6	-152.5	208.1	-360.6	-0.6	54.3	55.0	-17.0	14.1	31.1	70.5	96.5	26.0	102.1	-0.8	-0.3	-0.5	102.9	55.6	55.7	-0.1	0.3	-0.1	0.3	46.4	20.0	11.8	11.9	2.7	0.6	-2.5		
XII	-134.5	-167.2	212.4	-379.5	-6.9	62.1	69.0	-4.2	13.9	18.0	43.8	100.5	56.8	134.5	-1.6	-1.6	0.0	136.1	25.3	25.1	0.1	-4.4	-0.5	-3.9	84.5	24.5	12.7	17.9	29.5	30.7	0.0		
Q1	41.0	-211.0	558.7	-769.7	-1.2	118.4	119.6	29.7	34.2	4.6	223.5	267.1	43.6	-42.9	-1.3	-1.3	0.0	-41.6	20.1	18.2	1.9	20.5	0.0	20.5	-87.5	-33.6	-42.3	-16.8	5.2	5.3	2.0		
Q2	51.0	-207.7	641.7	-849.4	1.1	136.2	135.2	-9.2	38.6	47.8	266.8	317.9	51.2	-46.9	1.4	1.5	0.0	-48.3	63.9	64.3	-0.3	45.6	-0.3	46.0	-146.7	-65.0	-124.7	20.2	22.9	-11.2	-4.1		
Q3	8.4	-298.4	605.1	-903.5	23.3	165.6	142.3	-37.7	41.5	79.2	321.2	378.8	57.6	8.9	3.7	0.6	3.1	5.2	40.4	40.3	0.1	24.5	-0.4	24.8	41.7	1.7	12.6	12.8	14.6	-101.4	-17.2		
Q4	-271.2	-455.8	635.9	-1091.7	2.4	174.0	171.6	-16.1	40.8	56.9	198.3	307.1	108.8	275.2	-2.5	-1.9	-0.6	277.7	115.7	116.5	-0.7	20.2	-0.9	21.2	136.1	63.4	46.7	-10.3	36.3	5.6	-4.0		
2008	-408.3	-832.7	1347.0	-2179.7	-9.3	303.3	312.6	-1.8	94.6	96.4	435.6	594.8	159.3	430.1	-3.7	0.0	-3.7	433.9	279.4	268.9	10.5	-19.5	-0.8	-18.6	189.5	46.3	15.8	75.0	52.4	-15.5	-21.8		
I	-33.0	-115.2	181.5	-296.7	8.7	53.7	45.0	13.0	25.9	12.8	60.4	84.8	24.4	37.1	-0.3	-0.3	0.0	37.5	38.5	29.9	8.6	-0.9	-0.1	-0.8	-6.6	-6.8	-3.0	-4.0	7.1	6.5	-4.1		
II	-74.0	-131.4	214.8	-346.3	-5.5	41.1	46.6	4.0	14.2	10.2	58.9	85.3	26.4	75.3	-0.3	-0.3	0.0	75.6	68.8	63.6	5.2	-3.4	-0.1	-3.3	22.2	0.5	-0.3	19.7	2.3	-11.9	-1.3		
III	-74.9	-124.8	214.9	-339.7	-4.0	49.4	53.4	-2.6	11.3	13.9	56.5	87.9	31.4	80.3	-0.4	-0.4	0.0	80.6	26.6	27.9	-1.3	-3.9	-0.1	-3.8	44.5	-5.9	2.2	45.1	3.2	13.4	-5.4		
IV	-65.0	-140.1	228.0	-368.1	-2.5	52.4	55.0	2.3	14.5	12.3	75.4	103.6	28.2	68.2	0.9	0.9	0.0	67.3	29.7	30.4	-0.7	-4.4	-0.6	-3.9	22.9	23.4	2.0	-8.3	5.8	19.2	-3.2		
V	-56.7	-141.0	259.3	-400.3	-0.9	51.2	52.1	-5.4	13.0	18.4	90.5	113.0	22.5	58.8	0.3	0.3	0.0	58.5	62.6	63.5	-0.9	-4.2	0.5	-4.6	13.1	-1.6	-12.2	0.0	26.9	-13.0	-2.1		
VI	-104.7	-180.2	248.5	-428.7	-5.2	55.4	60.6	-13.1	15.7	28.8	93.8	120.3	26.5	110.5	-3.8	-0.1	-3.7	114.3	53.2	53.5	-0.4	-2.6	-0.4	-2.1	93.4	36.6	27.1	22.5	7.1	-29.7	-5.8		
Q1	-181.9	-371.4	611.2	-982.7	-0.8	144.2	145.0	14.4	51.4	37.0	175.8	258.0	82.2	192.7	-1.0	-1.0	0.0	193.7	133.9	121.4	12.5	-8.3	-0.3	-8.0	60.1	-12.2	-1.1	60.8	12.5	8.0	-10.8		
Q2	-226.4	-461.3	735.8	-1197.1	-8.6	159.0	167.6	-16.3	43.2	59.5	259.7	336.8	77.1	237.4	-2.7	1.0	-3.7	240.2	145.5	147.5	-2.0	-11.2	-0.5	-10.6	129.4	58.5	16.9	14.2	39.8	-23.5	-11.1		

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 for 2003-4.06%, 2004, 2005, 2006, 2007 and 2008-4.14%

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.

Source: National Bank of the Republic of Macedonia



Table 22
Republic of Macedonia: balance of payments - services
in EUR Million

	SERVICES																											
	Services, net	Inflow	Outflow	1. Travel			2. Transportation			3. Other services																		
				Net	Inflow	Outflow	Net	Inflow	Outflow	Net	Inflow										Outflow							
											Total, inflow	Communi- cations	Construc- tion	Insur- ance	Business services		Gov- ern- ment services	Other	Total, outflow	Communi- cations	Construc- tion	Insur- ance	Business services		Gov- ern- ment services	Other		
o/w Agency commission	o/w Forwarding services	o/w Agency commission	o/w Forwarding services																									
2003	-6.0	335.3	341.4	7.6	49.9	42.3	-34.6	106.2	140.7	20.9	179.3	48.7	36.5	2.0	61.6	5.2	4.8	18.0	12.4	158.4	17.6	3.6	9.5	87.7	4.9	2.9	14.8	25.1
2004	-43.4	363.7	407.1	14.0	57.9	43.9	-55.3	109.6	164.9	-2.1	196.3	38.6	45.4	3.7	71.7	5.6	5.5	19.1	17.8	198.4	16.8	2.4	10.9	119.1	6.9	2.9	18.1	31.2
2005	-24.7	416.2	440.8	22.4	72.3	49.9	-47.9	123.2	171.1	0.8	220.6	36.2	47.8	3.9	86.9	8.4	6.1	21.3	24.6	219.8	16.6	7.2	13.1	128.2	7.4	3.3	17.7	37.0
2006	22.2	477.2	455.1	46.3	102.4	56.2	-38.5	141.2	179.8	14.4	233.6	48.5	38.3	4.7	93.5	8.8	6.8	15.8	32.9	219.1	22.0	2.3	16.5	108.7	5.5	2.4	22.2	47.6
Q1	-4.6	99.1	103.7	7.2	19.1	11.9	-11.4	31.3	42.7	-0.4	48.7	10.6	6.1	0.9	20.8	2.1	1.7	4.2	6.0	49.1	4.4	0.9	2.4	25.3	1.4	0.6	6.9	9.2
Q2	-3.8	110.4	114.1	9.5	23.7	14.2	-13.3	31.1	44.4	0.1	55.6	11.7	8.7	1.4	23.4	1.8	2.2	3.4	7.0	55.5	5.3	0.4	4.7	29.1	1.4	0.6	5.0	11.1
Q3	24.3	134.2	109.9	18.3	34.1	15.8	-5.4	39.3	44.7	11.4	60.8	13.0	9.6	0.9	26.2	2.2	1.1	3.2	7.8	49.5	6.0	0.8	3.4	23.9	1.3	0.4	4.2	11.2
Q4	6.2	133.6	127.3	11.3	25.5	14.3	-8.4	39.6	48.0	3.4	68.5	13.2	13.8	1.4	23.0	2.7	1.8	5.0	12.0	65.1	6.3	0.2	6.0	30.4	1.3	0.6	6.1	16.1
2007	25.5	594.2	568.7	61.0	134.9	73.9	-48.3	175.2	223.4	12.8	284.2	50.9	54.9	4.2	114.6	12.2	8.5	13.8	45.8	271.4	23.1	1.7	16.0	145.1	15.8	3.1	28.0	57.4
I	-2.0	37.7	39.7	3.5	8.0	4.5	-3.9	11.2	15.1	-1.7	18.5	3.9	2.5	0.2	8.3	0.9	0.4	1.0	2.5	20.2	1.6	0.0	0.7	8.0	0.4	0.3	4.5	5.4
II	1.0	39.7	38.8	3.6	8.2	4.6	-5.1	10.7	15.9	2.5	20.8	3.4	2.8	0.3	8.2	0.9	0.5	1.2	4.9	18.2	1.0	0.2	1.3	8.1	2.2	0.2	2.0	5.6
III	-0.1	41.0	41.1	2.2	7.8	5.6	-3.6	12.6	16.2	1.3	20.6	4.2	3.1	0.6	9.6	1.1	0.6	1.2	2.1	19.3	1.7	0.3	1.4	10.7	2.2	0.3	2.1	3.1
IV	1.3	41.8	40.6	3.1	8.5	5.3	-3.5	13.0	16.5	1.7	20.4	4.1	2.9	0.6	9.2	0.9	0.4	1.0	2.7	18.7	1.5	0.1	1.1	9.5	1.2	0.3	1.9	4.6
V	-0.6	46.2	46.7	3.2	9.4	6.2	-5.7	13.0	18.7	2.0	23.8	4.6	4.8	0.3	9.8	1.0	0.8	1.1	3.3	21.8	1.9	0.1	1.2	12.7	1.6	0.2	2.1	3.8
VI	0.4	48.2	47.9	4.3	10.5	6.1	-2.8	14.5	17.3	-1.2	23.2	3.8	6.5	0.5	6.2	0.9	0.6	0.9	5.3	24.4	2.0	0.1	1.5	14.6	1.6	0.4	1.9	4.3
VII	5.5	57.0	51.6	7.0	14.5	7.5	-2.1	18.0	20.1	0.6	24.6	5.6	3.0	0.2	10.9	1.0	0.8	1.1	3.8	24.0	2.1	0.2	1.4	12.5	1.2	0.2	2.4	5.4
VIII	7.6	54.8	47.2	8.8	16.3	7.5	-2.2	16.0	18.1	0.9	22.5	4.4	4.7	0.2	9.1	0.9	0.9	1.0	3.1	21.6	2.6	0.1	1.2	12.6	0.7	0.2	1.5	3.5
IX	10.3	53.8	43.5	7.9	14.3	6.4	-3.1	15.6	18.7	5.4	23.9	4.7	6.2	0.3	8.0	0.9	0.9	1.2	3.5	18.4	2.0	0.0	0.7	9.9	0.9	0.2	2.1	3.7
X	9.9	57.6	47.7	6.7	13.6	6.9	-4.2	17.1	21.2	7.4	26.9	3.9	5.9	0.4	10.4	1.0	0.8	1.6	4.7	19.5	2.1	0.3	2.1	9.3	1.2	0.2	1.9	3.9
XI	-0.6	54.3	55.0	3.9	10.4	6.5	-6.7	16.6	23.4	2.2	27.3	4.5	7.1	0.3	9.0	1.1	0.7	1.2	5.3	25.1	1.8	0.1	1.6	14.4	0.9	0.2	2.6	4.6
XII	-6.9	62.1	69.0	6.8	13.6	6.7	-5.3	16.9	22.3	-8.4	31.6	3.9	5.3	0.3	16.1	1.8	1.0	1.4	4.6	40.0	2.8	0.2	1.9	22.6	1.6	0.4	3.0	9.4
Q1	-1.2	118.4	119.6	9.3	24.0	14.7	-12.6	34.5	47.1	2.2	59.9	11.5	8.4	1.1	26.1	2.8	1.5	3.4	9.4	57.7	4.4	0.5	3.3	26.8	4.9	0.7	8.5	14.2
Q2	1.1	136.2	135.2	10.6	28.3	17.7	-12.0	40.5	52.5	2.5	67.4	12.5	14.3	1.4	25.1	2.8	1.8	2.9	11.3	65.0	5.3	0.3	3.8	36.9	4.4	1.0	6.0	12.7
Q3	23.3	165.6	142.3	23.7	45.0	21.3	-7.4	49.6	56.9	7.0	71.0	14.7	13.9	0.7	28.0	2.7	2.6	3.3	10.4	64.1	6.8	0.3	3.3	35.1	2.7	0.6	6.0	12.6
Q4	2.4	174.0	171.6	17.4	37.5	20.2	-16.2	50.6	66.9	1.2	85.8	12.3	18.3	1.0	35.4	3.8	2.5	4.2	14.7	84.6	6.7	0.6	5.6	46.3	3.7	0.8	7.5	17.9
2008	-9.3	303.3	312.6	20.6	63.0	42.3	-31.8	97.5	129.3	1.9	142.8	23.4	20.6	2.3	68.7	7.7	4.6	6.4	21.4	141.0	12.9	0.9	9.3	72.3	7.3	1.2	12.9	32.6
I	8.7	53.7	45.0	6.4	12.8	6.3	-4.5	14.6	19.1	6.8	26.3	3.6	6.1	0.6	11.8	1.0	1.0	0.9	3.3	19.5	2.0	0.1	1.7	10.4	1.7	0.2	1.8	3.6
II	-5.5	41.1	46.6	1.6	7.8	6.2	-3.5	15.4	19.0	-3.5	17.9	4.0	1.2	0.5	7.1	1.3	1.0	1.1	3.9	21.4	2.1	0.2	1.3	10.6	0.8	0.3	1.7	5.5
III	-4.0	49.4	53.4	2.5	9.4	6.9	-6.1	14.7	20.8	-0.4	25.3	3.3	4.9	0.2	11.4	1.2	0.6	1.1	4.3	25.7	1.9	0.1	1.1	13.5	0.9	0.2	3.9	5.3
IV	-2.5	52.4	55.0	2.7	10.1	7.4	-6.0	17.0	23.1	0.8	25.3	4.0	2.3	0.3	13.9	1.3	0.6	1.2	3.6	24.5	2.2	0.1	1.4	11.4	1.8	0.2	2.0	7.4
V	-0.9	51.2	52.1	3.1	10.8	7.7	-3.6	17.8	21.4	-0.5	22.6	4.0	3.0	0.3	10.7	1.6	0.5	1.0	3.6	23.1	2.4	0.2	1.8	12.8	1.1	0.1	1.9	4.1
VI	-5.2	55.4	60.6	4.2	12.0	7.8	-8.1	17.9	26.1	-1.3	25.5	4.4	3.0	0.3	13.8	1.2	0.8	1.1	2.8	26.7	2.3	0.1	2.1	13.7	1.0	0.2	1.7	6.8
Q1	-0.8	144.2	145.0	10.5	30.0	19.5	-14.1	44.7	58.8	2.8	69.5	11.0	12.2	1.4	30.4	3.5	2.6	3.1	11.5	66.7	6.0	0.4	4.1	34.4	3.4	0.7	7.4	14.4
Q2	-8.6	159.0	167.6	10.1	32.9	22.8	-17.7	52.8	70.5	-0.9	73.4	12.4	8.4	1.0	38.3	4.2	1.9	3.3	9.9	74.3	6.9	0.5	5.2	37.9	3.9	0.6	5.6	18.2

Source: National Bank of the Republic of Macedonia



Table 23
Republic of Macedonia: balance of payments - income
in EUR Million

	INCOME													
	Income, net	1. Compensation of employees			2. Investment income									
		Net	Inflow	Outflow	Investment income, net	2.1. Direct investment			2.2. Portfolio investment			2.3. Other investment		
						Net	Inflow	Outflow	Net	Inflow	Outflow	Net	Interest receipts	Interest payments
2003	-55.3	24.0	24.5	0.5	-79.3	-54.4	0.8	55.2	2.8	4.8	1.9	-27.7	23.2	50.9
2004	-33.2	40.6	41.7	1.1	-73.8	-56.3	0.3	56.7	3.4	2.2	-1.2	-20.8	23.6	44.5
2005	-91.5	44.9	46.3	1.4	-136.4	-113.1	0.5	113.5	-2.7	0.9	3.6	-20.7	31.3	52.0
2006	-28.4	53.1	54.9	1.8	-81.5	-48.2	0.4	48.7	-13.9	2.3	16.3	-19.4	49.6	69.0
Q1	-1.6	13.2	13.6	0.4	-14.8	-5.1	0.2	5.3	-2.0	0.2	2.3	-7.6	10.7	18.3
Q2	-8.1	12.8	13.2	0.4	-20.9	-16.1	0.0	16.1	-1.8	0.5	2.4	-2.9	10.6	13.5
Q3	-16.0	11.7	12.1	0.4	-27.8	-20.7	0.2	20.9	-1.8	0.6	2.3	-5.3	13.3	18.5
Q4	-2.7	15.4	16.0	0.6	-18.1	-6.3	0.0	6.3	-8.3	1.0	9.3	-3.6	15.1	18.7
2007	-33.4	75.1	77.0	1.8	-108.5	-92.5	1.8	94.3	1.9	9.4	7.5	-17.9	67.0	84.9
I	10.2	5.3	5.5	0.2	4.9	4.7	0.0	-4.7	0.3	0.3	0.0	-0.2	5.8	6.0
II	8.6	4.9	5.0	0.1	3.7	5.1	0.0	-5.0	0.3	0.3	0.0	-1.7	4.6	6.3
III	10.9	5.8	6.0	0.1	5.1	4.3	0.0	-4.3	0.8	0.9	0.0	-0.1	5.7	5.8
IV	-7.3	6.3	6.5	0.1	-13.6	-12.5	0.0	12.5	0.3	0.4	0.1	-1.5	5.6	7.1
V	13.2	7.4	7.5	0.1	5.8	5.2	1.1	-4.1	0.5	0.5	0.0	0.1	5.3	5.2
VI	-15.0	4.0	4.1	0.1	-19.0	-16.5	0.2	16.7	1.3	1.3	0.0	-3.8	6.1	9.9
VII	-21.0	7.5	7.6	0.1	-28.5	-29.4	0.2	29.6	0.9	1.0	0.0	0.0	5.3	5.3
VIII	11.7	8.3	8.4	0.1	3.4	1.8	0.0	-1.8	0.6	0.6	0.0	1.1	6.1	5.1
IX	-28.4	3.9	4.1	0.2	-32.4	-30.1	0.2	30.3	1.4	1.4	0.0	-3.6	6.6	10.1
X	5.0	7.6	7.8	0.2	-2.6	-0.5	0.0	0.5	0.1	0.2	0.1	-2.2	4.9	7.0
XI	-17.0	9.1	9.3	0.2	-26.1	-26.4	0.1	26.4	0.5	0.5	0.0	-0.2	4.2	4.4
XII	-4.2	4.9	5.1	0.2	-9.1	1.9	0.0	-1.9	-5.1	2.0	7.1	-5.9	6.8	12.7
Q1	29.7	16.1	16.5	0.4	13.6	14.1	0.1	-14.1	1.5	1.5	0.1	-2.0	16.1	18.1
Q2	-9.2	17.7	18.1	0.4	-26.9	-23.9	1.3	25.1	2.1	2.2	0.2	-5.1	17.0	22.1
Q3	-37.7	19.7	20.2	0.5	-57.4	-57.8	0.4	58.1	2.9	3.0	0.1	-2.5	18.0	20.5
Q4	-16.1	21.7	22.2	0.5	-37.8	-25.0	0.1	25.1	-4.5	2.7	7.2	-8.3	15.9	24.1
2008	-1.8	44.0	45.3	1.2	-45.8	-46.8	0.4	47.1	28.3	28.5	0.2	-27.4	20.5	47.9
I	13.0	8.9	9.2	0.3	4.1	-5.9	0.0	5.9	9.7	9.7	0.0	0.3	6.9	6.7
II	4.0	8.3	8.5	0.2	-4.3	-4.7	0.0	4.7	2.6	2.6	0.0	-2.1	3.1	5.2
III	-2.6	4.4	4.5	0.2	-6.9	-5.9	0.0	6.0	4.1	4.1	0.0	-5.1	2.6	7.8
IV	2.3	8.0	8.2	0.2	-5.8	-5.5	0.1	5.6	3.8	3.8	0.1	-4.0	2.4	6.4
V	-5.4	6.7	7.0	0.2	-12.1	-6.7	0.3	7.0	3.0	3.1	0.0	-8.4	2.7	11.1
VI	-13.1	7.7	7.9	0.2	-20.8	-18.0	0.0	18.0	5.1	5.1	0.0	-8.0	2.7	10.7
Q1	14.4	21.6	22.2	0.6	-7.1	-16.6	0.0	16.6	16.4	16.5	0.1	-7.0	12.7	19.7
Q2	-16.3	22.5	23.1	0.6	-38.7	-30.2	0.4	30.6	11.9	12.0	0.1	-20.4	7.8	28.2

Source: National Bank of the Republic of Macedonia



Table 24
Republic of Macedonia: balance of payments - current transfers
in EUR Million

		Current transfers, net	CURRENT TRANSFERS																
			Net	1. Official transfers						Net	2. Private transfers								
				Inflow			Outflow				2.1. Remittances			2.2. Cash exchange			2.3. Other transfers		
				Total, inflow	Goods	Financial assets	Total, outflow	Goods	Financial assets		Remittances, net	Inflow	Outflow	Cash exchange, net	Cash exchange inflow	Cash exchange outflow	Other transfers, net	Inflow	Outflow
2003	646.1	89.4	92.9	24.2	68.7	3.5	1.5	2.1	556.7	115.2	128.9	13.6	347.0	467.1	120.1	94.5	110.7	16.2	
2004	628.2	55.5	60.1	26.3	33.9	4.7	2.0	2.7	572.7	117.9	129.8	11.9	346.1	510.0	163.9	108.7	128.2	19.4	
2005	853.3	53.4	60.9	28.2	32.8	7.6	4.0	3.5	799.9	125.3	136.6	11.3	546.9	662.1	115.1	127.7	143.0	15.3	
2006	981.8	58.7	66.2	36.8	29.4	7.4	2.8	4.6	923.1	144.7	157.1	12.4	649.5	774.9	125.4	128.9	142.4	13.5	
Q1	184.8	14.1	15.5	8.8	6.7	1.4	0.4	1.0	170.7	29.0	31.8	2.8	112.4	137.0	24.6	29.3	32.3	3.0	
Q2	246.7	15.8	18.0	12.1	5.9	2.3	0.6	1.6	230.9	37.7	40.5	2.7	159.8	191.0	31.2	33.4	36.6	3.2	
Q3	295.3	14.0	15.1	6.1	9.0	1.2	0.9	0.2	281.4	38.6	42.0	3.4	209.6	242.9	33.3	33.1	37.0	3.9	
Q4	255.0	14.9	17.5	9.7	7.8	2.6	0.8	1.8	240.1	39.3	42.9	3.5	167.7	204.0	36.3	33.1	36.6	3.5	
2007	1009.8	23.9	60.6	40.9	19.7	36.7	4.7	32.0	985.8	158.1	174.3	16.2	695.4	886.0	190.6	132.3	150.0	17.7	
I	68.5	3.2	3.5	1.8	1.7	0.3	0.2	0.1	65.3	10.1	11.3	1.2	46.4	58.5	12.0	8.8	9.9	1.1	
II	70.9	1.5	2.0	1.1	0.9	0.5	0.3	0.2	69.5	10.8	11.8	1.1	47.9	58.0	10.1	10.8	11.4	0.6	
III	84.0	3.9	4.6	3.1	1.4	0.6	0.3	0.4	80.1	13.5	14.9	1.3	55.4	67.8	12.4	11.2	13.4	2.2	
IV	89.4	5.4	6.5	5.2	1.2	1.1	0.4	0.7	84.0	12.0	13.3	1.3	61.1	73.2	12.1	10.9	12.0	1.2	
V	89.4	5.9	6.5	4.8	1.7	0.6	0.4	0.1	83.5	14.2	15.4	1.1	59.2	74.6	15.4	10.1	11.1	1.1	
VI	87.9	5.8	6.7	5.1	1.6	0.9	0.6	0.3	82.2	13.0	14.4	1.4	57.7	71.7	14.0	11.4	12.6	1.1	
VII	119.5	5.2	5.6	4.1	1.5	0.4	0.2	0.1	114.3	14.8	16.1	1.3	87.6	102.4	14.7	11.9	13.9	2.0	
VIII	112.9	2.2	3.8	2.4	1.4	1.6	0.6	1.0	110.7	14.1	15.4	1.3	87.1	102.1	15.0	9.5	10.9	1.3	
IX	88.7	3.3	3.8	2.0	1.8	0.5	0.3	0.2	85.5	14.8	16.2	1.4	58.9	76.3	17.4	11.7	12.4	0.7	
X	84.1	3.1	3.6	3.0	0.6	0.5	0.4	0.1	81.0	15.6	17.4	1.8	54.1	74.9	20.8	11.3	14.2	2.9	
XI	70.5	8.1	9.1	6.4	2.7	0.9	0.2	0.8	62.3	12.5	14.1	1.6	38.8	60.6	21.7	11.0	12.7	1.7	
XII	43.8	-23.6	5.1	1.9	3.2	28.8	0.7	28.0	67.4	12.6	14.0	1.4	41.1	66.0	24.9	13.7	15.4	1.7	
Q1	223.5	8.6	10.0	6.0	4.0	1.4	0.8	0.6	214.9	34.4	38.0	3.6	149.7	184.2	34.5	30.8	34.8	4.0	
Q2	266.8	17.1	19.6	15.1	4.5	2.5	1.4	1.1	249.7	39.3	43.1	3.8	178.1	219.5	41.5	32.4	35.7	3.4	
Q3	321.2	10.7	13.2	8.5	4.7	2.5	1.1	1.3	310.5	43.7	47.7	4.0	233.6	280.8	47.2	33.1	37.2	4.0	
Q4	198.3	-12.4	17.8	11.3	6.5	30.2	1.3	28.9	210.7	40.7	45.5	4.8	134.0	201.5	67.4	36.0	42.3	6.3	
2008	435.6	29.9	37.5	22.3	15.2	7.6	3.2	4.4	405.6	76.1	85.8	9.7	264.2	397.9	133.6	65.3	73.6	8.4	
I	60.4	0.5	4.7	4.0	0.7	4.1	1.3	2.8	59.9	10.3	12.5	2.3	39.8	56.7	16.9	9.8	10.9	1.1	
II	58.9	4.4	5.2	3.7	1.5	0.7	0.3	0.4	54.5	11.2	12.8	1.6	33.4	55.8	22.4	9.9	11.5	1.7	
III	56.5	2.7	3.3	2.4	1.0	0.6	0.3	0.3	53.8	13.2	14.5	1.4	30.9	58.7	27.8	9.8	11.3	1.6	
IV	75.4	4.6	5.6	4.2	1.3	0.9	0.6	0.4	70.8	13.5	15.3	1.8	45.7	69.9	24.2	11.5	12.7	1.2	
V	90.5	6.6	6.9	5.1	1.8	0.3	0.3	0.1	83.9	14.0	15.4	1.4	57.9	77.4	19.5	12.0	13.3	1.2	
VI	93.8	11.0	11.8	2.9	8.9	0.8	0.4	0.4	82.8	14.0	15.3	1.2	56.5	79.4	22.8	12.3	13.9	1.6	
Q1	175.8	7.7	13.2	10.1	3.1	5.5	2.0	3.5	168.1	34.6	39.8	5.2	104.1	171.2	67.1	29.4	33.8	4.4	
Q2	259.7	22.2	24.3	12.2	12.1	2.1	1.2	0.8	237.5	41.5	46.0	4.5	160.1	226.6	66.5	35.9	39.9	4.0	

Source: National Bank of the Republic of Macedonia



Table 25
Republic of Macedonia: balance of payments - capital and financial account (without official transfers)
in EUR Million

		Capital and Financial Account, excluding reserve assets																						
		A. Capital account, net				B. Financial account, excluding reserve assets																		
																								Capital and Financial Account, excl.reserve assets
Net	Inward	Outward	Net	Assets	Liabilities	3. Other investment, net	3.1. Trade credits, net	3.2. Loans			3.3. Currency and deposits					3.4. Other, net								
								Loans, net	Assets	Liabilities		Currency and deposits, net	Monetary Authorities, net	General government, net	Banks, net		Other sectors, net							
										Total	Long-term							Short-term						
2003	232.3	-6.1	-6.0	-0.1	238.3	100.1	100.4	-0.3	4.9	0.1	4.8	133.3	67.4	50.3	-1.1	51.4	48.4	3.0	5.9	15.5	0.0	-44.7	35.1	9.8
2004	362.6	-4.2	-4.2	0.0	366.8	259.7	260.7	-0.9	9.5	0.1	9.3	97.6	71.0	6.1	1.5	4.6	25.7	-21.1	-2.3	23.2	0.0	-84.4	58.9	22.8
2005	475.6	-1.7	-1.7	0.0	477.3	74.9	77.2	-2.3	200.2	0.1	200.1	202.2	105.9	100.2	-4.3	104.4	89.0	15.4	-20.3	0.0	0.0	22.4	-42.7	16.5
2006	335.7	-0.7	-0.7	0.0	336.4	344.6	344.8	-0.1	73.1	0.0	73.1	-81.4	2.9	-22.3	4.1	-26.4	-59.4	33.0	-83.7	-5.7	0.0	-10.4	-67.6	21.7
Q1	68.7	0.4	0.4	0.0	68.3	254.0	254.1	-0.1	13.7	0.0	13.7	-199.4	-1.3	-134.1	0.4	-134.5	-149.6	15.1	-66.8	-56.7	0.0	6.1	-16.2	2.7
Q2	143.8	-0.4	-0.4	0.0	144.2	31.8	31.1	0.7	26.7	0.0	26.7	85.7	24.9	56.6	3.2	53.4	36.4	17.0	-3.2	0.0	0.0	19.4	-22.6	7.4
Q3	31.5	-0.2	-0.2	0.0	31.7	24.1	24.6	-0.6	8.9	0.0	8.9	-1.3	-52.4	24.5	0.2	24.3	23.2	1.1	22.6	51.1	0.0	-17.6	-10.8	4.0
Q4	91.7	-0.6	-0.6	0.0	92.2	34.7	34.9	-0.2	23.8	0.0	23.8	33.7	31.7	30.7	0.2	30.5	30.6	-0.1	-36.4	0.0	0.0	-18.3	-18.0	7.7
2007	296.0	1.3	-1.1	2.4	294.7	240.1	239.3	0.9	110.8	-1.7	112.5	-56.3	-33.5	-107.7	-0.6	-107.1	-127.7	20.6	5.9	-0.2	0.0	68.4	-62.3	78.9
I	-23.7	-1.2	-1.2	0.0	-22.4	3.8	3.8	0.0	12.2	0.0	12.2	-38.4	-3.1	-42.3	0.0	-42.3	-44.4	2.1	5.9	0.0	0.0	3.7	2.2	1.2
II	-21.5	0.1	0.1	0.0	-21.6	7.8	5.9	1.9	-7.6	0.0	-7.6	-21.7	6.9	-15.8	0.0	-15.8	-19.2	3.4	-14.3	0.0	0.0	-8.2	-6.1	1.4
III	-3.0	-0.2	-0.2	0.0	-2.9	8.4	8.5	-0.1	16.0	0.0	16.0	-27.3	-37.5	15.9	0.0	15.9	6.5	9.4	-8.3	0.0	0.0	0.7	-9.0	2.6
IV	49.1	0.6	0.6	0.0	48.5	44.5	44.1	0.4	25.9	0.0	25.9	-21.9	5.0	-23.0	-0.1	-22.9	-23.4	0.5	-10.7	0.0	0.0	-1.6	-9.1	6.7
V	-31.3	0.3	0.3	0.0	-31.6	21.0	20.7	0.3	16.7	0.0	16.8	-69.4	-56.9	-14.8	-0.2	-14.5	-16.2	1.7	-0.6	0.0	0.0	4.9	-5.4	2.8
VI	-53.4	0.6	0.6	0.0	-53.9	-1.6	-0.5	-1.0	3.0	-0.3	3.3	-55.4	-13.2	-87.0	-0.1	-86.9	-85.6	-1.3	31.4	0.0	0.0	37.9	-6.4	13.3
VII	60.8	4.3	1.1	3.1	56.6	25.2	25.2	0.0	6.2	-0.2	6.4	25.2	45.3	7.0	-0.7	7.7	2.6	5.0	-29.0	0.0	0.0	-22.1	-6.9	1.9
VIII	-24.6	-0.2	-0.2	0.0	-24.3	-5.6	-5.7	0.1	8.8	0.0	8.8	-27.5	-34.4	6.4	0.0	6.4	7.9	-1.5	-2.7	0.0	0.0	-1.6	-1.1	3.2
IX	74.0	-0.3	-0.3	0.0	74.3	20.8	20.8	0.0	9.5	-0.2	9.6	44.0	-9.3	-0.8	0.0	-0.8	-8.3	7.5	44.5	0.0	0.0	50.6	-6.0	9.5
X	64.3	-0.1	0.0	-0.1	64.4	34.9	35.7	-0.8	24.3	-0.4	24.7	5.2	18.9	22.2	0.1	22.1	29.3	-7.2	-40.0	-0.3	0.0	-34.2	-5.6	4.1
XI	101.5	-0.8	-0.3	-0.5	102.3	55.6	55.7	-0.1	0.3	-0.1	0.3	46.4	20.0	11.8	0.1	11.7	11.8	-0.1	11.9	0.2	0.0	19.8	-8.2	2.7
XII	103.8	-1.6	-1.6	0.0	105.4	25.3	25.1	0.1	-4.4	-0.5	-3.9	84.5	24.5	12.7	0.2	12.5	11.3	1.2	17.9	0.0	0.0	18.6	-0.7	29.5
Q1	-48.2	-1.3	-1.3	0.0	-46.9	20.1	18.2	1.9	20.5	0.0	20.5	-87.5	-33.6	-42.3	0.0	-42.3	-57.1	14.9	-16.8	0.0	0.0	-3.8	-12.9	5.2
Q2	-35.6	1.4	1.5	0.0	-37.1	63.9	64.3	-0.3	45.6	-0.3	46.0	-146.7	-65.0	-124.7	-0.4	-124.3	-125.3	0.9	20.2	0.0	0.0	41.2	-20.9	22.9
Q3	110.2	3.7	0.6	3.1	106.5	40.4	40.3	0.1	24.5	-0.4	24.8	41.7	1.7	12.6	-0.7	13.3	2.3	11.0	12.8	0.0	0.0	26.9	-14.0	14.6
Q4	269.6	-2.5	-1.9	-0.6	272.1	115.7	116.5	-0.7	20.2	-0.9	21.2	136.1	63.4	46.7	0.4	46.3	52.5	-6.2	-10.3	-0.1	0.0	4.2	-14.5	36.3
2008	445.6	-3.7	0.0	-3.7	449.4	279.4	268.9	10.5	-19.5	-0.8	-18.6	189.5	46.3	15.8	-0.2	16.0	26.1	-10.1	75.0	16.6	0.0	63.0	-4.5	52.4
I	30.6	-0.3	-0.3	0.0	31.0	38.5	29.9	8.6	-0.9	-0.1	-0.8	-6.6	-6.8	-3.0	0.0	-3.0	-6.7	3.7	-4.0	7.4	0.0	-9.4	-1.9	7.1
II	87.2	-0.3	-0.3	0.0	87.5	68.8	63.6	5.2	-3.4	-0.1	-3.3	22.2	0.5	-0.3	0.0	-0.3	-2.1	1.8	19.7	0.1	0.0	19.4	0.1	2.3
III	66.8	-0.4	-0.4	0.0	67.2	26.6	27.9	-1.3	-3.9	-0.1	-3.8	44.5	-5.9	2.2	0.1	2.1	10.9	-8.8	45.1	3.2	0.0	37.2	4.7	3.2
IV	49.0	0.9	0.9	0.0	48.1	29.7	30.4	-0.7	-4.4	-0.6	-3.9	22.9	23.4	2.0	-0.2	2.2	0.7	1.5	-8.3	-0.2	0.0	-8.3	0.2	5.8
V	71.8	0.3	0.3	0.0	71.6	62.6	63.5	-0.9	-4.2	0.5	-4.6	13.1	-1.6	-12.2	-0.1	-12.2	2.0	-14.1	0.0	6.1	0.0	-1.8	-4.2	26.9
VI	140.2	-3.8	-0.1	-3.7	144.0	53.2	53.5	-0.4	-2.6	-0.4	-2.1	93.4	36.6	27.1	0.0	27.1	21.3	5.8	22.5	0.0	0.0	25.9	-3.4	7.1
Q1	184.7	-1.0	-1.0	0.0	185.7	133.9	121.4	12.5	-8.3	-0.3	-8.0	60.1	-12.2	-1.1	0.1	-1.2	2.2	-3.4	60.8	10.7	0.0	47.2	2.9	12.5
Q2	261.0	-2.7	1.0	-3.7	263.7	145.5	147.5	-2.0	-11.2	-0.5	-10.6	129.4	58.5	16.9	-0.3	17.2	23.9	-6.7	14.2	5.9	0.0	15.7	-7.4	39.8

Source: National Bank of the Republic of Macedonia



Table 26
Merchandise trade by sections of SITC and by end use
in USD Million

	EXPORT				IMPORT				EXPORT					IMPORT					EXPORT		IMPORT	
	2003	2004	2005	2006	2003	2004	2005	2006	2007					2007					2008		2008	
	Total	Total	Total	Total	Total	Total	Total	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q1	Q2
TOTAL	1,367.0	1,675.9	2,042.3	2,400.7	2,306.4	2,931.6	3,232.8	3,762.7	733.6	866.8	832.7	923.2	3,356.2	1,052.0	1,177.73	1,269.67	1,728.17	5,227.58	918.3	1,126.8	1,581.2	1,931.44
SITC																						
Food and live animals	92.0	125.6	167.2	191.1	271.2	337.5	343.2	369.0	44.2	64.3	70.9	68.8	248.1	109.9	120.35	114.34	169.33	513.94	59.0	85.5	149.0	158.84
Beverages and tobacco	137.1	127.8	163.1	192.0	24.2	28.0	31.1	32.1	39.4	54.7	54.1	59.1	207.3	7.3	10.14	10.45	9.99	37.87	37.1	67.1	10.8	12.81
Crude materials, inedible, except fuels	39.9	44.1	67.8	111.8	60.0	77.4	106.7	133.6	39.4	46.4	35.3	49.0	170.1	57.6	54.93	80.06	100.89	293.53	74.7	75.2	88.5	84.71
Mineral fuels, lubricants and related materials	73.7	78.3	163.6	225.1	323.1	397.8	619.2	760.1	44.6	19.3	46.8	54.3	165.1	211.7	143.71	229.62	394.47	979.47	66.6	94.1	402.0	375.54
Animal and vegetable oils and fats	0.8	7.0	2.9	2.2	24.5	52.9	30.0	30.6	0.2	0.3	0.5	1.6	2.6	5.6	9.63	14.75	16.87	46.88	3.4	3.1	21.2	17.06
Chemical products	70.2	73.4	90.8	100.5	254.9	281.0	334.0	365.3	26.4	34.4	33.0	38.5	132.2	102.4	124.99	121.23	134.21	482.81	37.5	44.0	137.4	175.66
Manufactured goods classified chiefly by material	398.1	552.7	682.8	852.6	333.2	740.8	950.5	1,118.8	326.5	437.6	352.3	386.3	1,502.7	307.4	388.23	364.76	422.68	1,483.07	362.0	496.4	369.3	596.86
Machinery and transport equipment	80.6	92.6	109.9	117.9	434.2	504.5	563.1	688.6	29.9	33.5	36.7	49.7	149.8	181.5	239.48	242.97	366.84	1,030.83	44.4	49.4	307.3	388.97
Miscellaneous manufactured articles	471.8	570.8	590.5	604.1	128.7	171.9	252.9	260.9	182.7	176.0	202.7	215.2	776.5	67.7	85.27	90.44	111.07	354.45	232.0	211.9	94.6	119.55
Commodities and transactions not classified in SITC	2.7	3.5	3.7	3.5	452.4	340.1	2.1	3.6	0.4	0.3	0.5	0.8	1.9	0.9	1.00	1.04	1.82	4.72	1.8	0.1	1.1	1.46
END USE																						
Production materials	669.2	816.2	1,110.4	1,393.7	1,492.5	1,904.7	2,099.0	2,453.3	448.1	561.5	503.5	559.4	2,072.5	705.5	737.94	824.85	1,121.67	3,389.94	547.5	745.2	1,068.9	1,283.50
Capital goods	22.3	30.6	39.9	51.5	285.9	312.8	348.5	419.7	15.8	16.7	17.3	25.7	75.5	108.1	146.65	155.26	229.76	639.74	31.7	34.5	179.6	245.05
Consumption goods	674.5	827.7	891.2	954.3	525.2	711.8	783.2	886.1	269.7	288.6	311.9	337.9	1,208.0	237.6	292.15	288.56	374.98	1,193.27	337.6	347.1	331.7	401.44
Unknown	0.9	1.3	0.8	1.3	2.7	2.3	2.1	3.6	0.0	0.0	0.0	0.2	0.2	0.9	0.98	1.01	1.77	4.62	1.6	0.0	1.1	1.46

Source: State Statistical Office of the Republic of Macedonia



Table 27
Foreign trade by countries
in USD Million

	EXPORT				IMPORT				EXPORT					IMPORT					EXPORT		IMPORT	
	2003	2004	2005	2006	2003	2004	2005	2006	2007					2007					2008		2008	
	Total	Total	Total	Total	Total	Total	Total	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q1	Q2
TOTAL	1,366.99	1,675.88	2,042.30	2,400.71	2,306.35	2,931.63	3,232.84	3,762.72	733.62	866.76	832.71	923.15	3,356.25	1,052.01	1,177.73	1,269.67	1,728.17	5,227.58	918.34	1126.80	1,581.19	1,931.44
Serbia and Montenegro	274.99	347.60	459.66	557.85	212.80	243.72	264.21	282.85														
Serbia									133.04	148.24	172.24	185.90	639.42	75.95	95.93	108.94	167.58	448.40	200.56	275.77	135.42	142.56
Montenegro									4.35	7.76	7.68	7.89	27.69	0.16	0.35	0.40	0.42	1.34	8.48	11.03	0.23	0.16
Germany	279.39	317.22	364.21	375.48	304.77	368.19	336.14	369.27	115.30	105.14	131.58	132.00	484.02	102.86	123.26	122.66	176.53	525.32	154.19	144.95	139.70	182.20
Greece	180.40	228.76	313.15	361.16	300.58	282.64	297.72	319.88	97.20	110.85	95.89	116.47	420.41	96.47	104.32	102.24	110.32	413.35	124.27	166.60	110.74	142.88
Italy	95.41	134.55	169.81	236.85	123.13	168.81	194.12	226.92	73.83	102.03	76.53	94.37	346.77	54.30	87.44	68.00	93.79	303.54	74.59	73.97	75.01	115.95
Bulgaria	25.83	51.54	76.10	130.14	149.21	209.75	234.41	250.17	48.76	57.18	65.65	70.87	242.46	54.58	56.31	67.45	88.77	267.10	95.04	109.12	77.03	82.00
Croatia	66.17	80.16	81.08	124.23	63.55	65.78	75.25	78.96	31.91	38.32	37.71	55.92	163.87	23.23	29.95	27.00	29.56	109.74	47.90	64.23	33.36	37.50
Belgium	9.70	15.16	34.64	83.15	16.70	22.10	27.28	26.22	38.03	55.79	38.52	45.49	177.83	5.64	7.49	7.21	11.58	31.92	23.49	26.34	9.52	11.86
Bosnia and Herzegovina	23.79	33.23	50.46	64.70	11.75	16.31	23.58	26.53	17.75	22.76	21.94	25.57	88.02	6.39	7.66	10.14	10.32	34.52	22.37	29.99	8.75	15.03
Netherlands	47.33	47.31	44.58	55.39	49.60	57.13	53.31	59.77	17.34	18.22	21.20	15.00	71.76	15.40	16.78	17.18	24.56	73.92	18.64	15.37	22.68	25.08
Turkey	32.81	53.95	46.31	55.18	78.82	94.88	113.90	123.92	9.82	10.74	18.72	13.98	53.25	37.20	47.82	50.39	59.35	194.77	9.65	10.05	56.66	80.96
Spain	21.29	23.03	14.01	50.40	24.61	30.97	32.36	51.73	51.37	75.16	23.74	22.68	172.95	11.44	14.23	11.22	13.89	50.77	16.45	34.59	12.52	14.51
Slovenia	21.34	27.19	31.81	41.18	139.07	140.34	128.02	129.41	13.57	20.31	19.60	15.24	68.71	29.30	35.81	39.45	49.99	154.55	12.87	19.80	42.50	55.20
Albanija	17.42	23.59	27.52	40.56	3.96	6.35	9.08	11.72	15.14	17.01	20.35	20.20	72.69	2.43	4.49	6.94	5.66	19.52	19.89	26.19	6.09	9.98
G.Britain	35.18	42.46	42.94	36.46	39.48	54.75	44.16	37.17	15.56	26.84	18.22	14.47	75.10	11.77	13.51	11.78	12.86	49.92	18.99	15.42	16.11	21.46
Russia	13.74	19.67	21.42	25.48	178.97	271.01	425.24	569.58	4.88	5.28	6.82	6.59	23.57	157.44	99.05	171.99	214.80	643.28	5.74	7.88	272.08	275.43
USA	72.80	72.06	44.45	22.42	56.55	47.95	45.21	41.00	6.24	9.66	15.13	20.57	51.60	16.57	22.08	19.59	19.67	77.92	3.10	2.06	20.30	21.13
Sweden	5.65	5.75	8.34	19.44	20.18	25.10	20.06	29.51	4.16	2.19	5.40	3.09	14.83	8.27	11.56	17.10	17.95	54.88	1.66	2.75	12.58	13.22
Austria	7.68	8.51	9.00	14.99	56.20	68.86	69.21	80.56	4.54	5.36	5.04	4.93	19.87	16.74	23.70	26.60	34.39	101.43	4.41	5.53	20.81	38.71
Romania	1.39	1.83	4.19	13.30	14.38	113.06	64.91	91.87	5.35	2.93	4.32	6.04	18.64	31.23	17.27	16.21	31.78	96.49	6.73	7.42	19.64	42.80
Czech	3.07	5.36	6.05	10.55	11.95	17.47	23.35	32.79	1.07	2.81	3.44	3.80	11.13	8.97	14.10	12.82	28.30	64.19	2.82	4.18	14.04	20.41
France	54.66	77.32	19.91	10.29	51.51	67.55	60.98	66.25	3.98	4.88	2.63	4.43	15.92	17.56	20.68	21.58	29.72	89.54	4.35	7.10	26.18	35.30
Switzerland	19.31	6.45	7.52	10.19	27.22	45.70	63.87	59.08	2.42	1.84	4.14	2.20	10.60	16.36	19.48	21.22	57.26	114.33	3.38	3.83	87.87	59.52
Hungary	2.83	2.19	2.70	6.39	29.14	30.99	36.29	38.06	1.61	1.32	1.71	2.05	6.68	8.86	11.22	13.61	21.32	55.02	1.11	3.40	26.47	22.51
Poland	0.49	2.62	4.04	6.33	26.42	78.31	94.65	117.69	1.45	2.54	3.53	3.54	11.07	34.30	35.27	40.54	52.28	162.40	4.35	5.00	46.56	81.81
Cyprus	0.50	4.80	5.54	4.48	4.08	4.69	3.47	1.50	1.74	0.28	0.27	0.68	2.97	0.18	0.14	0.20	1.33	1.86	0.63	0.43	0.39	1.29
Australia	2.47	2.52	1.71	2.27	6.72	2.73	4.29	1.78	0.89	0.44	0.83	1.39	3.55	0.59	0.84	1.14	0.87	3.44	0.64	0.52	0.30	0.69
Ukraine	1.78	2.16	2.04	1.80	88.03	74.10	72.11	105.65	0.40	0.51	0.55	0.57	2.04	25.68	29.25	23.27	24.74	102.94	0.30	0.71	32.14	78.02
Korea	0.12	1.96	1.37	1.65	14.02	23.38	33.69	41.24	0.00	0.00	0.00	0.00	0.00	11.11	12.05	14.40	16.77	54.33	0.31	0.01	12.53	15.80
China	14.59	1.36	9.93	1.47	48.32	82.02	115.28	139.39	0.03	0.03	0.08	0.43	0.58	44.64	57.28	52.26	88.54	242.72	0.46	0.44	62.85	80.14
Danmark	3.28	2.31	2.78	1.47	11.30	14.83	14.29	16.86	0.49	1.01	1.21	1.01	3.73	3.53	5.48	4.38	5.98	19.36	2.80	2.56	5.18	6.76
Japan	5.76	2.72	8.40	1.23	19.35	24.37	22.76	26.96	0.24	0.14	0.16	0.13	0.67	6.77	8.85	8.51	16.54	40.67	0.25	0.13	12.66	18.22
Canada	0.49	1.12	1.09	0.97	3.96	8.65	22.27	36.04	0.25	0.23	0.29	1.05	1.82	3.56	3.57	4.32	4.07	15.52	0.28	0.21	2.27	5.11
Belarus	0.12	0.16	0.50	0.94	0.63	0.22	0.24	0.25	0.10	1.82	0.43	0.23	2.59	0.04	0.08	0.09	0.16	0.38	0.24	2.09	0.14	0.61
Hong Kong	0.22	0.14	0.06	0.18	2.43	2.96	2.58	1.74	0.01	0.01	0.01	0.00	0.02	0.61	0.58	0.57	12.07	13.83	0.00	0.03	11.72	1.19
Lihtenstien	0.00	0.31	0.28	0.13	0.72	0.36	0.60	0.22	0.02	0.02	0.00	0.00	0.05	0.01	0.13	0.07	0.06	0.27	0.00	0.00	0.01	0.07
Argentina	0.01	0.31	1.59	0.01	5.59	9.88	8.74	10.68	0.00	0.00	0.01	0.00	0.01	3.10	2.85	3.23	4.16	13.34	0.00	0.00	3.17	4.93
Bolivia	0.00	0.00	0.00	0.00	3.81	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Brazil	0.00	0.00	0.94	0.00	23.25	41.07	37.66	39.64	0.00	0.01	0.05	0.03	0.09	15.03	18.44	19.96	21.52	74.94	0.00	0.00	15.20	30.98

Source: State Statistical Office of the Republic of Macedonia



Table 28
Stock of foreign direct investment in Republic of Macedonia by country /1
in EUR Million

Country	1997		1998		1999		2000		2001		2002		2003		2004		2005		2006	
FDI in Republic of Macedonia	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Afganistan	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
Albania	0.0	0	0.0	0	0.0	0	0.1	0	0.6	0	2.1	0	2.0	0	4.4	0	3.6	0	11.6	1
Australia	-0.1	0	0.2	0	0.3	0	0.3	0	0.4	0	1.8	0	2.1	0	2.1	0	2.1	0	2.3	0
Austria	17.6	12	30.1	11	39.5	11	33.0	6	36.8	4	37.7	3	42.8	3	62.3	4	57.7	3	219.4	10
Bahamas	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
Belgium	0.1	0	0.1	0	0.0	0	0.1	0	0.4	0	0.5	0	1.3	0	1.3	0	1.3	0	0.9	0
Bermudas	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
Bosnia and Hercegovina	1.6	1	2.9	1	2.8	1	2.7	0	2.4	0	2.4	0	2.4	0	0.7	0	0.2	0	1.0	0
Belize	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
British Virgin Islands	0.1	0	0.1	0	0.5	0	1.4	0	3.9	0	7.0	1	11.3	1	8.7	1	11.8	1	15.8	1
Bulgaria	2.6	2	3.4	1	2.9	1	3.5	1	6.6	1	11.7	1	23.3	2	24.3	2	27.4	2	42.8	2
Byelorussia	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
Canada	0.0	0	0.0	0	0.0	0	0.3	0	0.1	0	0.1	0	0.3	0	0.4	0	0.5	0	1.1	0
Cayman Islands	0.1	0	0.1	0	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
China	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.2	0	0.9	0	1.1	0	1.4	0
Taiwan	0.0	0	0.0	0	0.0	0	2.8	0	4.2	0	3.5	0	3.3	0	2.5	0	0.8	0	2.2	0
Croatia	5.8	4	6.4	2	7.6	2	8.2	1	10.3	1	12.3	1	10.9	1	15.7	1	20.3	1	30.6	1
Cyprus	1.2	1	77.1	29	92.8	26	117.9	20	138.7	13	141.6	12	141.1	11	150.5	9	160.8	9	182.2	9
Czech Republic	0.0	0	0.1	0	0.1	0	0.1	0	0.1	0	0.2	0	0.2	0	0.3	0	0.3	0	0.3	0
Denmark	0.0	0	0.0	0	0.0	0	0.1	0	0.1	0	0.1	0	0.1	0	0.1	0	0.0	0	0.5	0
Dominikan Republic	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
Finland	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
France	0.2	0	0.4	0	0.4	0	8.0	1	5.9	1	10.7	1	15.2	1	19.6	1	1.5	0	0.3	0
Germany	9.3	7	14.1	5	15.9	4	50.2	9	54.6	5	52.5	5	57.3	4	70.6	4	64.1	4	64.1	3
Gibraltar	0.3	0	0.4	0	0.5	0	0.9	0	0.8	0	1.0	0	0.4	0	0.4	0	0.5	0	0.7	0
Greece	9.7	7	12.8	5	20.5	6	105.3	18	174.2	17	213.0	18	223.0	17	264.1	16	279.2	16	320.4	15
Hong Kong	0.0	0	0.0	0	0.3	0	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Hungary	0.0	0	0.0	0	0.0	0	0.0	0	300.6	29	300.1	26	313.4	24	354.4	22	350.0	20	350.4	17
Iceland	0.9	1	0.1	0	0.1	0	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
India	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
Iran	0.1	0	0.1	0	0.1	0	0.0	0	0.1	0	0.0	0	0.0	0	0.1	0	0.0	0	0.0	0
Iraq	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.1	0	0.0	0	0.0	0	0.0	0
Ireland	0.0	0	-0.1	0	-0.1	0	0.1	0	0.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Israel	0.0	0	0.2	0	0.1	0	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Italy	9.9	7	11.0	4	11.4	3	11.4	2	13.9	1	16.5	1	15.0	1	32.1	2	37.7	2	44.4	2
Japan	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
Johanson Island	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
Jordan	0.0	0	0.0	0	0.1	0	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Lebanon	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
Libya	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
Liechtenstein	0.2	0	3.8	1	10.2	3	4.8	1	6.5	1	4.1	0	22.0	2	1.5	0	2.5	0	6.7	0
Luxembourg	0.2	0	1.8	1	1.9	1	2.3	0	2.3	0	2.3	0	2.2	0	10.8	1	15.2	1	25.4	1
Malaysia	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
Malta	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	-0.1	0	-0.2	0	-0.1	0
Mexico	0.0	0	-0.9	0	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Moldova, Republic of	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
Netherlands	1.4	1	4.6	2	10.2	3	14.7	3	15.6	2	61.1	5	69.7	5	103.2	6	213.3	12	212.0	10
Netherlands Antilles	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	98.9	6	69.5	4	54.7	3
Nigeria	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
Norway	0.0	0	0.0	0	0.0	0	0.0	0	0.1	0	0.1	0	0.0	0	-0.1	0	0.0	0	0.0	0
Marshall Island	1.3	1	0.6	0	0.7	0	0.1	0	0.2	0	0.2	0	0.3	0	0.3	0	0.0	0	0.0	0
Pakistan	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
Panama	2.0	1	2.9	1	3.1	1	3.5	1	12.9	1	13.3	1	13.3	1	3.0	0	3.2	0	4.1	0
Poland	0.0	0	0.0	0	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.1	0	0.1	0	0.5	0
Portugal	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	1.8	0
Romania	0.0	0	0.0	0	0.0	0	0.1	0	0.1	0	0.3	0	0.3	0	0.5	0	0.4	0	0.1	0
Russia	3.5	3	5.5	2	2.5	1	0.0	0	0.0	0	1.3	0	1.3	0	1.4	0	1.3	0	1.3	0
Saint Vincent and the Grenadines	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	36.1	2	17.6	1
San Marino	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.8	0	0.7	0	0.7	0	0.8	0	0.9	0
Sevchelles	0.0	0	0.0	0	0.0	0	0.0	0	0.1	0	0.1	0	-0.1	0	2.1	0	0.0	0	0.1	0
Singapore	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
Slovenia	16.4	12	21.2	8	43.7	12	56.2	10	58.8	6	66.4	6	84.7	7	101.8	6	106.8	6	126.7	6
South Africa	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
Spain	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
Sweden	1.4	1	1.6	1	1.7	0	2.2	0	1.1	0	2.3	0	2.0	0	2.5	0	2.5	0	2.6	0
Switzerland	32.1	23	40.8	15	45.8	13	61.5	11	79.2	8	85.2	7	101.9	8	143.9	9	164.2	9	150.8	7
Syria	0.0	0	0.0	0	0.0	0	0.0	0	0.1	0	0									



Table 29
Stock of foreign direct investment in Republic of Macedonia by activity /1
in EUR Million

Activity	1997		1998		1999		2000		2001		2002		2003		2004		2005		2006	
FDI in Republic of Macedonia	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %	Value	Share %
AGRICULTURE, HUNTING AND FISHING	1.1	1	0.6	0	0.9	0	0.8	0	2.7	0	3.7	0	9.8	1	23.1	1	23.0	1	23.1	1
MINING AND QUARRYING	0.3	0	0.4	0	0.7	0	0.9	2	13.6	1	16.9	1	15.5	1	22.4	1	39.3	2	45.3	2
Extraction of petroleum and gas	0.0	0	0.0	0	0.0	0	0.3	0	1.4	0	1.4	0	1.3	0	1.3	0	1.3	0	1.3	0
Mining and quarrying n.i.e.	0.3	0	0.4	0	0.7	0	0.6	2	12.2	1	15.6	1	14.2	1	21.1	1	38.0	2	44.0	2
MANUFACTURING	67.5	48	165.3	61	222.1	62	294.8	51	396.2	38	457.7	39	490.4	38	664.9	41	775.3	44	801.9	38
Food products	16.3	12	61.5	23	85.8	24	112.4	19	138.8	13	164.9	14	173.7	13	182.6	11	187.1	11	189.0	9
Textiles and wearing apparel	3.4	2	5.6	2	8.0	2	10.9	2	9.7	1	14.0	1	15.0	1	18.2	1	21.9	1	36.7	2
Wood, publishing and printing	2.2	2	2.8	1	3.5	1	9.6	2	10.8	1	9.8	1	9.1	1	9.6	1	10.3	1	8.6	0
Refined petroleum products and other treatments	0.0	0	0.4	0	0.2	0	-11.5	-2	1.4	0	31.0	3	25.9	2	55.0	3	64.3	4	75.2	4
Manufacture of chemicals & chemicals products	8.3	6	9.3	3	10.2	3	11.0	2	16.3	2	19.9	2	26.4	2	35.7	2	37.7	2	46.7	2
Rubber and plastic products	0.2	0	0.3	0	0.3	0	0.7	0	0.6	0	1.0	0	1.4	0	1.8	0	2.8	0	3.1	0
Metal products	25.4	18	31.6	12	46.7	13	74.7	13	98.6	9	96.5	8	115.1	9	188.2	12	287.4	16	258.1	12
Mechanical products	0.3	0	0.3	0	0.2	0	0.3	0	0.4	0	0.4	0	0.3	0	0.5	0	0.9	0	2.1	0
Office machinery and computers	0.2	0	0.3	0	0.5	0	0.5	0	0.5	0	1.0	0	1.0	0	1.0	0	0.9	0	2.5	0
Radio, TV, communication equipments	0.0	0	0.0	0	0.1	0	0.2	0	0.2	0	0.2	0	-0.5	0	-0.4	0	2.1	0	1.9	0
Motor vehicles	2.7	2	1.5	1	1.5	0	1.2	0	0.9	0	4.0	0	5.2	0	12.3	1	12.6	1	12.8	1
Other transport equipment	0.0	0	-0.9	0	0.0	0	0.0	0	0.0	0	1.5	0	2.0	0	7.2	0	7.8	0	9.4	0
Manufacturing n.i.e.	8.5	6	52.6	19	64.9	18	84.7	15	118.2	11	113.6	10	115.8	9	153.1	10	139.5	8	155.6	7
ELECTRICITY, GAS AND WATER CONSTRUCTION	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.7	0	5.2	0	6.2	0	157.1	7
CONSTRUCTION	0.6	0	0.8	0	5.6	2	32.9	6	47.0	5	56.1	5	65.9	5	64.5	4	61.1	3	70.5	3
TOTAL SERVICES	68.3	48	98.1	36	124.9	35	236.9	41	574.4	55	619.6	53	702.5	54	822.0	51	854.2	48	984.5	47
TRADE AND REPAIR	48.4	34	67.9	25	82.7	23	88.7	15	91.6	9	103.7	9	106.2	8	113.7	7	118.9	7	182.0	9
Trade and repair of motor vehicles	3.3	2	5.7	2	5.7	2	7.0	1	8.7	1	8.7	1	8.9	1	12.2	1	11.6	1	18.8	1
Wholesale trade	25.0	18	35.3	13	45.8	13	53.2	9	51.8	5	65.5	6	66.0	5	63.4	4	64.1	4	98.9	5
Retail trade	20.2	14	27.0	10	31.2	9	28.5	5	31.1	3	29.4	3	31.2	2	38.1	2	43.2	2	62.7	3
HOTELS AND RESTAURANTS	2.4	2	3.0	1	4.7	1	7.4	1	8.2	1	11.8	1	21.6	2	23.8	1	27.7	2	39.6	2
TRANSPORT AND COMMUNICATION	2.9	2	5.5	2	4.5	1	11.4	2	342.4	33	350.4	30	372.8	29	445.4	28	425.5	24	422.5	20
Land transport	4.0	3	6.2	2	8.4	2	9.5	2	9.2	1	9.6	1	8.4	1	8.1	1	7.1	0	8.0	0
Sea transport	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
Air transport	-1.7	-1	-1.7	-1	-5.3	-1	0.2	0	0.2	0	0.2	0	0.1	0	0.3	0	0.4	0	0.0	0
Telecommunications	0.0	0	0.0	0	0.1	1	0.4	0	330.8	32	337.7	29	361.1	28	433.7	27	414.4	23	406.2	19
Transport and communication n.i.e.	0.7	0	0.9	0	1.3	0	1.3	0	2.2	0	2.9	0	3.2	0	3.3	0	3.5	0	8.1	0
FINANCIAL INTERMEDIATION	11.5	8	15.8	6	24.9	7	118.9	21	115.0	11	136.1	12	174.6	14	202.3	13	232.8	13	268.2	13
Monetary intermediation	11.4	8	15.5	6	24.7	7	100.1	17	94.6	9	118.0	10	143.5	11	147.6	9	166.8	9	189.1	9
Other financial intermediation	0.0	0	0.3	0	0.2	0	0.1	0	2.9	0	3.5	0	10.4	1	26.3	2	38.4	2	47.7	2
Insurance & activities auxiliary to insurance	0.0	0	0.0	0	0.0	0	18.7	3	17.5	2	14.6	1	20.6	2	28.1	2	27.1	2	30.4	1
Financial intermediation n.i.e.	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.1	0	0.4	0	0.9	0
REAL ESTATE & BUSINESS ACTIVITIES	1.8	1	2.4	1	4.1	1	6.0	1	11.2	1	11.8	1	20.0	2	29.0	2	40.1	2	57.5	3
Real estate	0.0	0	0.0	0	0.6	0	0.6	0	0.6	0	0.6	0	0.6	0	5.9	0	16.6	1	16.6	1
Computer activities of which	0.2	0	0.3	0	0.3	0	0.4	0	0.6	0	0.7	0	0.6	0	1.2	0	1.6	0	6.6	0
Other business activities	1.2	1	1.8	1	2.8	1	4.6	1	9.5	1	10.1	1	18.4	1	21.3	1	21.6	1	32.8	2
Real estate and business activities n.i.e.	0.3	0	0.3	0	0.4	0	0.4	0	0.5	0	0.4	0	0.5	0	0.6	0	0.3	0	1.2	0
OTHER SERVICES	1.3	1	3.6	1	4.1	1	4.4	1	6.0	1	5.9	1	7.3	1	7.9	0	9.4	1	14.6	1
NOT ALLOCATED	3.6	3	5.1	2	5.7	2	4.7	1	5.3	1	6.7	1	7.3	1	8.1	1	9.9	1	16.2	1
SUB - TOTAL	141.2	100	270.4	100	359.9	100	580.1	100	1,039.2	100	1,160.7	100	1,292.1	100	1,610.2	100	1,769.0	100	2,098.6	100
TOTAL	141.2	100	270.4	100	359.9	100	580.1	100	1,039.2	100	1,160.7	100	1,292.1	100	1,610.2	100	1,769.0	100	2,098.6	100

1/ Preliminary data

Source: National Bank of the Republic of Macedonia



Table 30

International investment position of the Republic of Macedonia, as of the end of the period
in USD Million

	2003	2004	2005	2006
International Investment Position, net	-1,999.0	-2,498.5	-2,333.9	-2,474.0
Assets	1,868.5	2,162.2	2,455.8	3,256.5
<i>Direct investment abroad</i>	42.0	54.2	62.1	39.7
Equity capital and reinvested earnings	35.7	43.9	43.6	37.7
Other capital	6.3	10.3	18.5	2.0
<i>Portfolio investment</i>	3.8	4.1	3.6	4.2
Equity securities	3.8	4.1	3.6	4.2
Banks	3.0	3.3	2.9	3.4
Other sectors	0.8	0.8	0.7	0.8
Debt securities	-	-	-	-
<i>Other investment</i>	929.3	1,128.6	1,065.4	1,346.9
Trade credits	194.3	267.2	299.0	441.8
Other sectors	194.3	267.2	299.0	441.8
Loans	25.5	27.4	26.0	2.3
Banks	24.0	25.7	25.6	2.0
Long-term	15.2	16.5	15.0	1.4
Short-term	8.8	9.2	10.6	0.5
Other sectors	1.5	1.7	0.4	0.3
Long-term	-	1.7	0.1	0.3
Short-term	1.5	-	0.2	-
Currency and deposits	706.0	827.7	733.3	868.4
Monetary authorities	41.4	16.2	15.5	23.6
Banks	664.6	811.5	717.8	844.8
Other assets	3.5	6.3	7.1	34.4
<i>Reserve assets</i>	893.4	975.3	1,324.7	1,865.8
Liabilities	3,867.5	4,660.7	4,789.7	5,730.5
<i>Direct investment abroad</i>	1,614.7	2,190.6	2,086.9	2,763.8
Equity capital and reinvested earnings	1,477.0	1,858.5	1,863.5	2,454.0
Other capital	137.7	332.1	223.4	309.8
<i>Portfolio investment</i>	107.2	71.7	273.9	366.5
Equity securities	80.5	40.0	52.8	114.0
Banks	12.6	19.1	29.5	106.2
Other sectors	67.9	20.9	23.3	7.8
Debt securities	26.8	31.7	221.2	252.5
<i>Other investment</i>	2,145.6	2,398.5	2,428.9	2,600.2
Trade credits	398.2	485.6	457.0	486.2
Other sectors	398.2	485.6	457.0	486.2
Long-term	61.8	46.7	29.3	25.8
Short-term	336.4	438.9	427.6	460.4
Loans	1,657.2	1,814.4	1,852.2	1,853.3
Monetary authorities	68.4	62.5	62.1	55.8
General government	1,256.5	1,351.2	1,292.2	1,152.6
Banks	90.9	89.1	131.0	192.7
Long-term	80.0	78.4	128.3	192.7
Short-term	10.9	10.7	2.7	-
Other sectors	241.4	311.6	366.9	452.2
Long-term	219.9	293.6	293.5	436.8
Short-term	21.5	18.0	73.4	15.4
Currency and deposits	69.0	70.5	86.9	148.6
Banks	69.0	70.5	86.9	148.6
Other liabilities	21.4	27.9	32.8	112.1

Source: National Bank of the Republic of Macedonia



Table 31

International investment position of the Republic of Macedonia, as of the end of the period
in EUR Million

	2003	2004	2005	2006
International Investment Position, net	-1,599.7	-1,836.6	-1,978.4	-1,878.5
Assets	1,495.3	1,589.3	2,081.7	2,472.7
<i>Direct investment abroad</i>	33.6	39.9	52.6	30.1
Equity capital and reinvested earnings	28.6	32.3	37.0	28.6
Other capital	5.0	7.6	15.6	1.5
<i>Portfolio investment</i>	3.0	3.0	3.1	3.2
Equity securities	3.0	3.0	3.1	3.2
Banks	2.4	2.4	2.5	2.6
Other sectors	0.6	0.6	0.6	0.6
Debt securities	-	-	-	-
<i>Other investment</i>	743.7	829.5	903.1	1,022.7
Trade credits	155.5	196.4	253.5	335.5
Other sectors	155.5	196.4	253.5	335.5
Loans	20.4	20.1	22.0	1.7
Banks	19.2	18.9	21.7	1.5
Long-term	12.2	12.2	12.7	1.1
Short-term	7.0	6.7	9.0	0.4
Other sectors	1.2	1.2	0.3	0.3
Long-term	-	1.2	0.1	0.3
Short-term	1.2	-	0.2	-
Currency and deposits	565.0	608.4	621.6	659.4
Monetary authorities	33.2	11.9	13.2	17.9
Banks	531.8	596.5	608.4	641.5
Other assets	2.8	4.6	6.0	26.1
<i>Reserve assets</i>	715.0	716.9	1,122.9	1,416.7
Liabilities	3,095.0	3,426.0	4,060.1	4,351.2
<i>Direct investment abroad</i>	1,292.1	1,610.2	1,769.0	2,098.6
Equity capital and reinvested earnings	1,182.0	1,366.1	1,579.6	1,863.4
Other capital	110.2	244.1	189.4	235.2
<i>Portfolio investment</i>	85.8	52.7	232.2	278.3
Equity securities	64.4	29.4	44.7	86.6
Banks	10.1	14.0	25.0	80.7
Other sectors	54.3	15.4	19.7	5.9
Debt securities	21.4	23.3	187.5	191.7
<i>Other investment</i>	1,717.1	1,763.1	2,058.9	1,974.3
Trade credits	318.6	356.9	387.3	369.2
Other sectors	318.6	356.9	387.3	369.2
Long-term	49.4	34.3	24.9	19.6
Short-term	269.2	322.6	362.5	349.6
Loans	1,326.2	1,333.8	1,570.1	1,407.2
Monetary authorities	54.7	46.0	52.7	42.4
General government	1,005.5	993.2	1,095.4	875.2
Banks	72.8	65.5	111.1	146.3
Long-term	64.0	57.6	108.8	146.3
Short-term	8.7	7.9	2.3	-
Other sectors	193.2	229.1	311.0	343.3
Long-term	175.9	215.8	248.8	331.6
Short-term	17.2	13.3	62.2	11.7
Currency and deposits	55.2	51.9	73.7	112.8
Banks	55.2	51.9	73.7	112.8
Other liabilities	17.1	20.5	27.8	85.1

Source: National Bank of the Republic of Macedonia



Table 32
Republic of Macedonia: gross external debt /1
in USD Million

	31.12.2004	31.12.2005	31.12.2006	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.03.2008	30.06.2008
General Government	1,016.46	1,282.82	1,066.92	1,003.13	894.08	887.29	910.45	901.21	908.07
Short-term	0.01	0.00	0.00	0.00	0.00	7.64	0.00	0.00	0.00
Money market instruments	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	7.63	0.00	0.00	0.00
Trade credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	1,016.45	1,282.82	1,066.92	1,003.13	894.08	879.65	910.45	901.21	908.07
Bonds and notes	23.25	187.47	191.74	191.04	187.07	185.00	183.03	183.00	180.64
Loans	993.20	1,095.36	875.19	812.09	707.01	694.65	727.41	718.21	727.44
Trade credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Monetary Authorities	45.97	52.66	42.39	38.09	0.00	0.00	0.00	0.00	0.00
Short-term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	45.97	52.66	42.39	38.09	0.00	0.00	0.00	0.00	0.00
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	45.97	52.66	42.39	38.09	0.00	0.00	0.00	0.00	0.00
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Banks	123.24	192.02	269.88	266.70	312.94	340.70	387.92	347.95	360.91
Short-term	67.32	81.41	115.44	111.15	144.87	165.51	175.93	144.08	147.29
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	7.04	1.30	0.00	24.22	30.76	41.67	16.50	10.72	10.00
Currency and deposits	51.71	69.46	104.70	77.56	104.54	114.30	152.26	124.29	121.28
Other debt liabilities	8.57	10.66	10.74	9.37	9.56	9.55	7.17	9.07	16.01
Arrears	8.57	10.66	10.74	9.37	9.56	9.55	7.17	9.07	16.01
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	55.93	110.60	154.44	155.55	168.07	175.19	211.99	203.87	213.62
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	55.79	106.40	146.31	147.36	159.90	166.73	202.07	189.05	200.03
Currency and deposits	0.14	4.20	8.13	8.20	8.17	8.47	9.92	14.82	13.58
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Sectors	600.40	721.01	786.69	823.94	846.00	868.99	973.37	982.52	1,115.60
Short-term	370.02	475.84	435.42	448.80	473.29	501.86	619.50	578.82	685.62
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	4.78	53.03	11.65	26.15	19.93	34.60	31.70	23.55	18.78
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade credits	322.58	362.86	349.59	359.78	364.52	371.00	442.89	429.84	534.31
Other debt liabilities	42.66	59.95	74.17	62.87	88.84	96.26	144.92	125.42	132.52
Arrears	42.66	58.40	74.17	62.87	88.84	96.26	144.92	125.42	132.52
Other	0.00	1.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	230.39	245.18	351.27	375.14	372.71	367.13	353.87	403.71	429.99
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	207.63	234.14	331.68	357.18	358.06	354.13	341.67	387.34	412.15
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade credits	22.76	11.04	19.59	17.96	14.65	13.00	12.20	16.01	17.48
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36	0.36
Direct investment: Intercompany lending	284.52	269.57	329.30	337.70	386.11	394.89	439.80	513.55	624.10
Debt liabilities to affiliated enterprises	3.70	5.68	13.16	13.16	13.16	13.16	13.16	13.16	13.16
Debt liabilities to direct investors	280.82	263.89	316.14	324.54	372.95	381.73	426.63	500.39	610.94
Gross External Debt	2,070.61	2,518.09	2,495.18	2,469.56	2,439.14	2,491.88	2,711.54	2,745.23	3,008.68

1/ Preliminary data

Source: National Bank of the Republic of Macedonia



Table 33
Republic of Macedonia: gross external claims /1
in EUR Million

	31.12.2004	31.12.2005	31.12.2006	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.03.2008	30.06.2008
General Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short-term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Monetary Authorities	664.66	1,040.51	1,326.97	1,315.13	1,329.96	1,424.84	1,416.28	1,395.51	1,413.65
Short-term	664.66	1,040.51	1,167.82	1,073.26	1,000.55	1,011.09	917.15	279.69	300.38
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Currency and deposits	664.66	1,040.51	1,167.82	1,073.26	1,000.55	1,011.09	917.15	279.69	300.38
Other claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	0.00	0.00	159.16	241.87	329.41	413.75	499.13	1,115.83	1,113.26
Bonds and notes	0.00	0.00	159.16	241.87	329.41	413.75	499.13	1,115.83	1,113.26
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Banks	619.59	635.87	668.26	667.61	658.57	644.64	648.05	569.95	550.82
Short-term	618.75	634.56	667.17	650.53	641.73	627.88	631.33	553.25	531.11
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	2.17	0.39	0.39	0.01	0.00	0.00	0.00	0.02
Currency and deposits	596.54	608.45	641.45	624.38	615.25	601.14	604.19	525.74	502.97
Other claims	22.21	23.93	25.33	25.75	26.46	26.73	27.14	27.51	28.12
Arrears	22.21	23.93	25.33	25.75	26.46	26.73	27.14	27.51	28.12
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	0.84	1.31	1.10	17.08	16.84	16.77	16.72	16.70	19.71
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.84	1.31	1.10	1.08	0.84	0.82	0.74	0.72	1.23
Currency and deposits	0.00	0.00	0.00	16.00	16.00	15.95	15.98	15.98	18.48
Other claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Sectors	197.77	253.94	336.54	373.79	443.54	450.47	460.65	463.12	472.12
Short-term	196.55	253.46	335.63	372.68	442.52	448.95	458.31	458.88	467.64
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.20	0.00	0.00	0.10	0.65	0.31	0.23	0.51
Currency and deposits	0.00	0.00	0.21	0.22	0.38	0.12	0.39	0.13	0.18
Trade credits	196.12	252.79	334.82	371.82	441.24	447.37	456.74	457.34	465.74
Other claims	0.43	0.46	0.60	0.64	0.80	0.81	0.87	1.18	1.21
Arrears	0.43	0.46	0.60	0.64	0.80	0.81	0.87	1.18	1.21
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	1.23	0.49	0.91	1.11	1.02	1.51	2.34	4.23	4.48
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	1.23	0.10	0.25	0.38	0.41	0.74	1.57	3.71	3.96
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade credits	0.00	0.39	0.66	0.73	0.61	0.77	0.77	0.52	0.52
Other claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct investment: Intercompany lending	47.98	95.87	95.60	111.65	129.29	130.06	126.87	126.99	132.52
Claims from affiliated enterprises	11.28	21.33	14.69	14.69	14.69	14.69	14.69	14.69	14.69
Claims from direct investors	36.70	74.54	80.91	96.96	114.60	115.37	112.18	112.30	117.83
Gross External Claims	1,530.00	2,026.19	2,427.38	2,468.17	2,561.36	2,650.01	2,651.85	2,555.57	2,569.11

1/ Preliminary data

Source: National Bank of the Republic of Macedonia



Table 34
Republic of Macedonia: net external debt position /1
in EUR Million

	31.12.2004	31.12.2005	31.12.2006	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.03.2008	30.06.2008
General Government	1,016.46	1,282.82	1,066.92	1,003.13	894.08	887.29	910.45	901.21	908.07
Short-term	0.01	0.00	0.00	0.00	0.00	7.64	0.00	0.00	0.00
Money market instruments	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	7.63	0.00	0.00	0.00
Trade credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	1,016.45	1,282.82	1,066.92	1,003.13	894.08	879.65	910.45	901.21	908.07
Bonds and notes	23.25	187.47	191.74	191.04	187.07	185.00	183.03	183.00	180.64
Loans	993.20	1,095.36	875.19	812.09	707.01	694.65	727.41	718.21	727.44
Trade credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Monetary Authorities	-618.69	-987.85	-1,284.58	-1,277.04	-1,329.96	-1,424.84	-1,416.28	-1,395.51	-1,413.65
Short-term	-664.66	-1,040.51	-1,167.82	-1,073.26	-1,000.55	-1,011.09	-917.15	-279.69	-300.38
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Currency and deposits	-664.66	-1,040.51	-1,167.82	-1,073.26	-1,000.55	-1,011.09	-917.15	-279.69	-300.38
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	45.97	52.66	-116.77	-203.78	-329.41	-413.75	-499.13	-1,115.83	-1,113.26
Bonds and notes	0.00	0.00	-159.16	-241.87	-329.41	-413.75	-499.13	-1,115.83	-1,113.26
Loans	45.97	52.66	42.39	38.09	0.00	0.00	0.00	0.00	0.00
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Banks	-496.34	-443.85	-398.38	-400.90	-345.63	-303.94	-260.13	-222.00	-189.92
Short-term	-551.43	-553.14	-551.72	-539.38	-496.86	-462.37	-455.39	-409.17	-383.82
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	7.04	-0.87	-0.39	23.83	30.75	41.67	16.50	10.72	9.98
Currency and deposits	-544.82	-539.00	-536.75	-546.82	-510.71	-486.84	-451.93	-401.45	-381.68
Other debt liabilities	-13.64	-13.27	-14.59	-16.38	-16.90	-17.19	-19.97	-18.44	-12.12
Arrears	-13.64	-13.27	-14.59	-16.38	-16.90	-17.19	-19.97	-18.44	-12.12
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	55.09	109.29	153.34	138.47	151.23	158.42	195.27	187.17	193.91
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	54.95	105.09	145.21	146.28	159.06	165.91	201.33	188.34	198.81
Currency and deposits	0.14	4.20	8.13	-7.80	-7.83	-7.48	-6.06	-1.16	-4.90
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Sectors	402.63	467.07	450.15	450.16	402.46	418.53	512.72	519.41	643.49
Short-term	173.47	222.38	99.79	76.12	30.77	52.91	161.19	119.93	217.98
Money market instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	4.78	52.83	11.65	26.15	19.83	33.95	31.39	23.33	18.27
Currency and deposits	0.00	0.00	-0.21	-0.22	-0.38	-0.12	-0.39	-0.13	-0.18
Trade credits	126.47	110.07	14.77	-12.04	-76.73	-76.37	-13.86	-27.51	68.57
Other debt liabilities	42.23	59.48	73.57	62.23	88.05	95.44	144.05	124.24	131.31
Arrears	42.23	57.94	73.57	62.23	88.05	95.44	144.05	124.24	131.31
Other	0.00	1.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term	229.16	244.69	350.36	374.04	371.69	365.62	351.53	399.47	425.51
Bonds and notes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	206.40	234.04	331.43	356.81	357.65	353.38	340.10	383.62	408.19
Currency and deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade credits	22.76	10.65	18.93	17.23	14.04	12.23	11.43	15.49	16.96
Other debt liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36	0.36
Direct investment: Intercompany lending	236.54	173.71	233.70	226.05	256.83	264.83	312.93	386.56	491.57
Debt liabilities to affiliated enterprises	-7.57	-15.65	-1.53	-1.53	-1.53	-1.53	-1.53	-1.53	-1.53
Debt liabilities to direct investors	244.11	189.36	235.23	227.58	258.35	266.36	314.46	388.09	493.10
Net External Debt Position	540.60	491.90	67.80	1.39	-122.22	-158.13	59.69	189.66	439.57

1/ Preliminary data

Source: National Bank of the Republic of Macedonia



Table 35
Reserve assets
in EUR Million

	1. Reserve Assets					Other foreign assets
	Monetary gold	SDRs	Reserve Position in the Fund	Foreign Exchange	TOTAL	
2003	29.7	0.3	0.0	685.0	715.0	33.2
2004	63.6	0.6	0.0	652.8	716.9	11.9
2005	94.9	0.7	0.0	1,027.3	1,122.9	13.2
2006	105.4	2.3	0.0	1,309.0	1,416.7	17.9
I	102.9	0.7	0.0	865.8	969.4	13.0
II	102.5	0.2	0.0	873.3	976.0	13.1
III	105.4	0.2	0.0	1,052.2	1,157.8	69.7
IV	111.1	2.6	0.0	1,079.3	1,193.1	69.4
V	111.2	0.9	0.0	1,100.3	1,212.5	69.2
VI	104.6	0.9	0.0	1,135.9	1,241.3	69.4
VII	109.8	0.8	0.0	1,165.5	1,276.1	69.3
VIII	105.9	0.3	0.0	1,239.4	1,345.6	18.1
IX	103.8	0.2	0.0	1,266.1	1,370.1	18.2
X	103.1	2.8	0.0	1,295.8	1,401.7	18.2
XI	105.9	0.5	0.0	1,307.3	1,413.8	17.9
XII	105.4	2.3	0.0	1,309.0	1,416.7	17.9
Q1	105.4	0.2	0.0	1,052.2	1,157.8	69.7
Q2	104.6	0.9	0.0	1,135.9	1,241.3	69.4
Q3	103.8	0.2	0.0	1,266.1	1,370.1	18.2
Q4	105.4	2.3	0.0	1,309.0	1,416.7	17.9
2007	124.3	1.0	0.0	1,399.1	1,524.4	17.2
I	108.7	1.7	0.0	1,284.7	1,395.1	18.1
II	111.7	0.2	0.0	1,276.4	1,388.3	12.1
III	108.7	7.0	0.0	1,297.3	1,413.1	17.9
IV	108.5	4.2	0.0	1,343.0	1,455.7	17.7
V	106.8	1.4	0.0	1,357.8	1,466.0	17.8
VI	104.8	1.4	0.0	1,312.2	1,418.4	17.8
VII	106.6	1.4	0.0	1,341.1	1,449.1	17.7
VIII	107.1	1.2	0.0	1,377.1	1,485.4	17.8
IX	113.6	1.1	0.0	1,407.4	1,522.1	17.4
X	118.6	1.1	0.0	1,431.4	1,551.1	17.6
XI	117.7	1.0	0.0	1,428.3	1,547.0	17.1
XII	124.3	1.0	0.0	1,399.1	1,524.4	17.2
Q1	108.7	7.0	0.0	1,297.3	1,413.1	17.9
Q2	104.8	1.4	0.0	1,312.2	1,418.4	17.8
Q3	113.6	1.1	0.0	1,407.4	1,522.1	17.4
Q4	124.3	1.0	0.0	1,399.1	1,524.4	17.2
2008	129.3	1.0	0.0	1,413.1	1,543.4	0.6
I	136.1	1.0	0.0	1,398.6	1,535.8	9.9
II	139.9	0.9	0.0	1,408.1	1,548.9	9.8
III	129.5	0.9	0.0	1,388.9	1,519.3	6.6
IV	121.6	1.1	0.0	1,371.5	1,494.3	6.7
V	123.8	1.0	0.0	1,385.1	1,509.9	0.6
VI	129.3	1.0	0.0	1,413.1	1,543.4	0.6
Q1	129.5	0.9	0.0	1,388.9	1,519.3	6.6
Q2	129.3	1.0	0.0	1,413.1	1,543.4	0.6

Source: National Bank of the Republic of Macedonia



Table 36
Exchange rates (average for the period)

		100 ATS	100 FRF	100 ITL	100 DEM	100 CHF	1 GBP	1 USD	1 EUR	100 JPY
1993	/1	2.0127	4.1226	1.4832	14.1617	15.9867	35.3541	23.5722	-	
1994		3.7833	7.7828	2.6792	26.6162	31.5905	66.0911	43.2351	-	
1995		3.7722	7.6206	2.3369	26.5390	32.1770	60.0303	38.0354	-	
1996		3.7787	7.8183	2.5929	26.5848	32.3948	62.4691	39.9935	-	
1997		4.0780	8.5259	2.9225	28.6980	34.3423	81.6392	49.8299	-	
1998		4.3993	9.2329	3.1357	30.9525	37.5788	90.2462	54.4506	-	
1999		4.4052	9.2409	3.1306	30.9927	37.8747	92.0413	56.8964	-	
2000		4.4131	9.2575	3.1362	31.0482	38.9892	99.6905	65.8856	60.7250	61.1533
2001		4.4267	9.2862	3.1459	31.1445	40.3381	97.9875	68.0421	60.9133	56.0157
2002		-	-	-	-	41.5689	97.0365	64.7341	60.9783	51.6839
2003		-	-	-	-	40.3117	88.6405	54.3031	61.2639	46.8292
2004		-	-	-	-	39.7337	90.4298	49.4105	61.3377	45.6661
2005		-	-	-	-	39.5872	89.6186	49.2919	61.2958	44.7895
2006		-	-	-	-	38.8981	89.7611	48.7854	61.1885	41.9345
2007		-	-	-	-	37.2534	89.4324	44.7184	61.1838	37.9705
2006	Q1	-	-	-	-	39.2848	89.2867	50.9665	61.2334	43.5954
	Q2	-	-	-	-	39.1077	88.8832	48.7465	61.1661	42.5425
	Q3	-	-	-	-	38.7979	89.9489	48.0042	61.1697	41.3318
	Q4	-	-	-	-	38.4127	90.9055	47.4714	61.1856	40.3109
2007	Q1	-	-	-	-	37.8609	91.2615	46.6974	61.1809	39.1234
	Q2	-	-	-	-	37.1487	90.0730	45.3961	61.1741	37.6175
	Q3	-	-	-	-	37.1335	90.0013	44.5585	61.1750	37.8021
	Q4	-	-	-	-	36.8825	86.4403	42.2718	61.2053	37.3601
2008	Q1	-	-	-	-	38.2826	81.0138	40.9350	61.2908	38.8218
	Q2	-	-	-	-	38.0241	77.2550	39.2020	61.2579	37.5382
2005	1	-	-	-	-	39.7112	87.8420	46.6876	61.4287	45.1666
	2	-	-	-	-	39.5700	88.9779	47.1916	61.359	44.9537
	3	-	-	-	-	39.6300	88.6702	46.5671	61.4176	44.2666
	4	-	-	-	-	39.6527	89.8171	47.4544	61.3886	44.1968
	5	-	-	-	-	39.7529	89.8212	48.2674	61.4171	45.2970
	6	-	-	-	-	39.8482	91.6345	50.3377	61.3120	46.3906
	7	-	-	-	-	39.2967	89.0983	50.8157	61.2015	45.4303
	8	-	-	-	-	39.4266	89.3141	49.7871	61.2329	45.0299
	9	-	-	-	-	39.5245	90.3334	49.8574	61.2245	44.9833
	10	-	-	-	-	39.4880	89.7278	50.8468	61.1880	44.3459
	11	-	-	-	-	39.6099	90.1112	51.8977	61.1789	43.8416
	12	-	-	-	-	39.5424	90.1243	51.6661	61.2046	43.5954
2006	1	-	-	-	-	39.5447	89.3827	50.7503	61.2839	43.8820
	2	-	-	-	-	39.3020	89.6578	51.2317	61.2179	43.4344
	3	-	-	-	-	39.0093	88.8557	50.9433	61.1970	43.4544
	4	-	-	-	-	38.8317	88.0838	49.9694	61.1625	42.5913
	5	-	-	-	-	39.2724	89.4229	47.9649	61.1686	42.8457
	6	-	-	-	-	39.2134	89.1251	48.3312	61.1670	42.1803
	7	-	-	-	-	39.0015	88.9010	48.2135	61.1671	41.7135
	8	-	-	-	-	38.7629	90.3501	47.7888	61.1688	41.2355
	9	-	-	-	-	38.6238	90.6172	48.0105	61.1732	41.0371
	10	-	-	-	-	38.4876	90.9394	48.4970	61.1815	40.8833
	11	-	-	-	-	38.4257	90.8063	47.5741	61.1799	40.5425
	12	-	-	-	-	38.3251	90.9675	46.3465	61.1954	39.5143
2007	1	-	-	-	-	37.8973	92.1831	47.0635	61.1802	39.1269
	2	-	-	-	-	37.7300	91.6664	46.8414	61.1905	38.8048
	3	-	-	-	-	37.9428	89.9742	46.2014	61.1729	39.4077
	4	-	-	-	-	37.3937	90.0173	45.3304	61.1754	38.1562
	5	-	-	-	-	37.0661	89.7285	45.2464	61.1729	37.5017
	6	-	-	-	-	36.9892	90.4847	45.6166	61.1739	37.1983
	7	-	-	-	-	36.9193	90.7086	44.6560	61.1771	36.6735
	8	-	-	-	-	37.3499	90.3063	44.9242	61.1713	38.4779
	9	-	-	-	-	37.1313	88.9552	44.0798	61.1767	38.2698
	10	-	-	-	-	36.6500	87.9323	43.0387	61.1820	37.1373
	11	-	-	-	-	37.1130	86.4482	41.7364	61.2049	37.5533
	12	-	-	-	-	36.8919	84.9406	42.0230	61.2290	37.3960
2008	1	-	-	-	-	37.7680	82.1796	41.6851	61.3375	38.5097
	2	-	-	-	-	38.1420	81.7821	41.6268	61.3231	38.8401
	3	-	-	-	-	38.9287	79.1295	39.5378	61.2140	39.1168
	4	-	-	-	-	38.4651	77.1392	38.9019	61.3727	38.0133
	5	-	-	-	-	37.7336	77.334	39.3720	61.2280	37.7820
	6	-	-	-	-	37.8834	77.2891	39.3265	61.1740	36.8111

1/ Denomination of the denar for 100 in may 1993

Source: National Bank of the Republic of Macedonia



Table 37
Mid exchange rates (end of period)

	EUR 1	DEM 100	ITL 100	USD 1	ATS 100	FRF 100	GBP 1	CHF 100
31.12.1993		2,575.2100	2.6000	44.4600	366.3000	757.7600	65.8200	3,029.4800
31.12.1994		2,621.1400	2.5000	40.6000	372.4900	759.5300	63.4500	3,098.1900
31.12.1995		2,649.4300	2.4000	37.9800	376.5900	775.0400	58.6500	3,299.6000
31.12.1996		2,663.4000	2.7100	41.4100	378.4961	789.1662	69.9596	3,062.9100
31.12.1997		3,092.4800	3.1500	55.4200	439.5300	924.1300	92.2200	3,811.4800
31.12.1998		3,098.3900	3.1294	51.8400	440.4100	923.8800	86.6900	3,786.2300
31.12.1999	60.6173	3,099.3136	3.1306	60.3400	440.5231	924.1000	97.5000	3,776.5400
31.12.2000	60.7878	3,108.0300	3.1400	65.3300	441.7600	926.7000	97.4000	3,990.8000
31.12.2001	60.9610	3,116.8844	3.1484	69.1716	443.0206	929.3438	100.1824	4,110.9286
31.12.2002	61.0707			58.5979			93.9549	4,197.8760
31.12.2003	61.2931			49.0502			87.1136	3,930.5566
31.12.2004	61.3100			45.0676			86.4983	3,970.8549
31.12.2005	61.1779			51.8589			89.2717	3,934.0171
31.12.2006	61.1741			46.4496			91.1007	3,806.9637
31.01.2007	61.2139			47.1893			92.7062	3,770.2575
28.02.2007	61.1773			46.2413			90.8079	3,780.3436
31.03.2007	61.1675			45.9284			89.9787	3,764.8489
30.04.2007	61.1621			44.8304			89.6476	3,722.3602
31.05.2007	61.1920			45.5976			90.0545	3,716.0381
30.06.2007	61.1692			45.2973			90.7555	3,695.3543
31.07.2007	61.1658			44.7806			90.5757	3,721.2265
31.08.2007	61.1716			44.9461			90.2236	3,729.5208
30.09.2007	61.1940			43.1582			87.8215	3,686.1635
31.10.2007	61.1821			42.4669			87.7540	3,652.4446
30.11.2007	61.2935			41.5888			85.7552	3,713.6322
31.12.2007	61.2016			41.6564			83.2901	3,685.9552
31.01.2008	61.4240			41.4747			82.6258	3,806.8795
29.02.2008	61.2338			40.4959			80.4279	3,818.2827
31.03.2008	61.2664			38.7860			77.4740	3,893.6384
30.04.2008	61.3856			39.4230			77.8067	3,800.2600
31.05.2008	61.1654			39.4412			77.8186	3,758.0118
30.06.2008	61.1741			38.8456			77.2059	3,810.7581

Source: National Bank of the Republic of Macedonia



Table 38
Indices on effective exchange rate of the Denar*
base period 1995=100, ponders FT 2003

year	quarter	Nominal Effective Exchange Rate of Denar	Real Effective Exchange Rate of Denar		
			Consumer Price Index	Producer Price Index	Unit Labor Cost
1995	Q4	41.2	132.1	117.9	
1996	Q4	48.5	118.4	106.1	
1997	Q4	49.9	97.0	93.4	
1998	Q4	66.6	105.7	112.8	
1999	Q4	82.7	113.0	119.0	
2000	Q4	90.0	107.1	109.8	
2001	Q4	94.1	101.7	101.8	
2002	Q4	97.6	99.9	100.7	
2003	Q4	101.2	100.1	99.1	86.7
2004	Q4	104.4	96.1	95.8	92.3
2005	Q4	104.8	90.8	93.0	87.2
2006	Q4	104.2	89.2	91.9	78.3
2007	Q4	104.4	88.0	90.8	68.9
2005	Q1	104.8	94.6	94.9	93.6
	Q2	104.5	92.9	94.2	77.9
	Q3	104.7	91.7	95.1	78.9
	Q4	104.8	90.8	93.0	87.2
2006	Q1	104.8	91.3	94.1	91.9
	Q2	105.6	91.3	95.1	79.5
	Q3	105.1	90.3	94.5	81.5
	Q4	104.2	89.2	91.9	78.3
2007	Q1	104.4	89.0	90.8	75.9
	Q2	104.8	88.8	90.7	71.8
	Q3	104.5	88.0	90.7	68.3
	Q4	104.4	88.0	90.8	68.9
2008	Q1	105.6	90.4	91.2	69.7
	Q2	106.0	89.8	92.7	n.a.

* Index below 100 indicates increased export competitiveness.
Source: NBRM.



METHODOLOGICAL EXPLANATIONS

REAL SECTOR

Table no. 1 Gross domestic product

The data for the gross domestic product (GDP) are produced by the State Statistical Office of the Republic of Macedonia (SSO). GDP is computed on the basis of the annual accounts data from the Central Registry, SSO statistical research, data from the Ministry of Finance, Public Revenue Office and other sources.

Gross domestic product (GDP) at current prices, computed by the production approach, is the final result of the production activity of the resident production units. GDP is a sum of the gross value added of the institutional sectors or activities, expressed in basic prices, plus the turnover tax (i.e. value added tax) and import duties, less subsidies on products (which are not allocated to activities).

Quarterly GDP data are available since 1997. Quarterly GDP, calculated by the production approach, is expressed in constant prices. The data are presented by sector according to the National classification of economic activities (NACE).

Table no. 2 Prices

The price data are from the SSO.

The average monthly retail prices and the structure of the personal consumption are used as a base for computing the *Consumer price index (CPI)*.

The selection of the products whose prices are to be monitored is made on the basis of the products with a significant share in the retail turnover. Retail prices are the prices at which the products are sold in the retail trade and by the individual producers and service providers. Retail prices include VAT.

Consumer price index is based on a specific list of products and services for personal consumption of non-agricultural households and on the average monthly retail prices of those products and services. In other words, the individual price indices of specific products and services are weighted with their respective share in the personal consumption. In January 2007 two new categories are added to the CPI structure- "hotels and restaurants" and "miscellaneous services n.e.c".

Producer prices are monitored in the Monthly survey of producer prices of industrial products, C.41 in 200 industrial enterprises in the Republic of Macedonia. Enterprises are selected on the basis of their importance in the production.

The producer price of the industrial products is the price at which the producer sells the products to the regular buyers on the domestic market, loaded free on rail or truck where the producer is located, or it is the price based on which the producer deals with other producers in the sphere of trade. This price includes producers subsidies, but excludes commercial rebates, discounts, cash discounts and similar reductions offered by the seller. VAT is also excluded from the price.

Starting from January 2001 the Producer Price Index is computed in accordance with the NACE classification.

Table no. 3 Industrial production index

Industrial production data is from the SSORM. The industrial production data is collected by monthly reports delivered by the enterprises in the industrial sector, as well as by their units.

The production indices are computed on the basis of the monthly reports.

The data was collected according to the Uniform Classification of Economic Activity (UCEA) with the Annual Industrial Report till 1998 and with the Monthly Industrial report till 1999, whereas starting from 1999 and 2000, respectively, the data from the same reports is collected according to the National Classification of Economic Activities (NACE).

Production volume index is calculated on the base of production, by allocation of the specific products in appropriate industry, using:

- average monthly final production and production structure in the base year;
- total monthly production in the current year;
- nomenclature of industrial products for the monthly industrial production report;
- weighting coefficients for each product;
- weighting factors which show the structure of production, i.e. the share of each branch in the total industrial production in the Republic of Macedonia.

The *productivity of the industry* is calculated in the NBRM and it is based on data from the SSORM for the volume of the industrial output and the number of the employees in the industry (according to the LFS), on a quarterly basis.

Table no. 4 Employment and productivity in total economy

The source of the presented data for the *employment* is the Labour Force Survey (LFS) of the SSORM.

The LFS is the most extensive research of the economic activity of the population and its demographic, educational and other characteristics, after the Census research. The survey is conducted on the whole territory of the Republic of Macedonia and it is based on a sample of 10.000 households (7.200 households till the 2003) or 1,8% of the total number of households in the country. Until 2003, the LFS was conducted annually, whereas starting from 2004 it is conducted as a continuous weekly survey throughout the year and the processing of the data is on quarterly and on annual basis. The units under observation are persons aged from 15 to 79 years and the households. The LFS is prepared in accordance with international recommendations (ILO and Eurostat). Classifications applied: National classification of activities and National classification of occupations.

Working age population is consisted of all persons aged 15 years and over. Working age population is divided into active population and inactive population.

Active population (labour force) comprises the employed and the unemployed persons.

Inactive population comprises of:

- pupils and students
- retired persons
- housewives
- supported persons (by others or by the state or with a different kind of income such as rents or interests).

The employed in the *agriculture* comprise sectors A and B; the employed in the *industry* comprise sectors C, D, E and F; the employed in the *services* comprise sectors from G to O according to the NACE classification.

The *productivity in the economy* is calculated in the NBRM and it is based on data from the SSORM for the total GDP and the total number of employees in the economy (according to the LFS), on a quarterly basis.

Table no. 5 Wages

The data for the paid net and gross wages per employee are based on monthly reports provided by the business entities that are in private and other (social, state, collective and mixed) ownership with different activities in the Republic of Macedonia. The data are prepared by the SSORM.

Net wages refer to the monthly average incomes per employee, for fulltime work, shorter or longer than full-time (overtime) work. The total amount of paid net wages also comprise a compensation of the net wage

from the company's assets (or other legal entity) for vacation, state holidays, paid absence no longer than 7 days, paid absence for additional training, for sick-leave no longer than 21 days, compensation for time spent in practice by invitation by a state authority, public protection etc.

Gross wages comprise the paid net wages for the reporting month, the paid personal income tax and the paid contributions for pension, disability and health insurance, for employment, professional illness and for water supply.

Starting from May 2001 the data for the wages are published according to the National classification of activities-NACE.

The wages in the *agriculture* comprise sectors A and B; the wages in the *industry* comprise sectors C, D, E and F; the wages in the *services* comprise sectors from G to O according to the NACE classification.

Table no. 6 Budget of the Republic of Macedonia (the Central government budget and the budgets of the funds)

The data for the budget are prepared by the Ministry of Finance of the Republic of Macedonia.

The Budget of the Republic of Macedonia comprises the Central budget and the budgets of extra-budgetary funds.

The Central budget, that refers to the Central government, comprises the base budget, the budget of the self-financed activities and the budgets of loans and donations.

The extra-budgetary funds are: the Pension and Disability Insurance Fund, the Health Insurance Fund, the Employment Service Agency and the Road Fund.

MONETARY SECTOR

Data in the aggregated Deposit Money Banks' and National banks' (NBRM) balance sheets are desegregated according to sectoral and currency criteria, as well as according to the financial instrument on the base of which certain assets and liabilities occur. Data in the presented balance sheets refer to the latest balance sheets at the end of the referent period. Amounts that are denominated in foreign currency are converted by using the middle exchange rate of Denar at the end of the referent period, according to the indicative foreign exchange list of NBRM.

In the sectoral classification, clients are classified in two basic groups: residents and nonresidents. In the residents group, there are five sectors: non-financial legal entities, Government, banks and other financial institutions, other clients and households.

- The sector of non-financial legal entities is consisted of three sub-sectors: public non-financial corporations, corporations which are not organized as public, but are state owned in more than 50%, and private corporations.

- The Government sector is desegregated to Central Government (Budget and Central Government bodies); institutions of Central Government (Courts, Public Prosecutor etc.); Funds (Social security funds and other funds and agencies); Local Government; Public sector institutions (schools, hospitals etc.). The last two sub-sectors are money holders.

- The sector of Banks and other financial institutions is consisted of five sub-sectors:
 - National Bank of the Republic of Macedonia (monetary authority);
 - Deposit Money Banks;
 - Savings houses;
 - Insurance companies in which associations and institutions involved in insuring and reinsuring operations, Deposits insurance fund, investment funds, financial institutions that are involved in financial leasing and other financial services, are included.



-Other financial institutions in which are included institutions involved with intermediation on the Capital market, Brokerage Houses, Clearing Houses, Stock exchange.

- The sector of other clients includes nonprofit and non-financial organizations (organizations of social-humanitarian character, Chambers of Commerce, Political parties, Citizens religious associations, Unions, Red Cross).
- The sector of households includes: households and individuals with registered activity.

The National of the Republic of Macedonia, deposit banks and saving houses are consisting the banking system of the Republic of Macedonia.

The assets and the liabilities of the banking sector are classified in the following aggregated categories: monetary gold and special drawing rights (SDR), currencies and deposits, securities except for shares, credits, shares and other equity securities, technical reserves for security, financial derivatives, other accounts of inflows/outflows and non-financial assets. Parts of these aggregated categories are additionally desegregated according to various criteria.

Table no. 7 National Bank of Republic of Macedonia - Balance Sheet

The Balance Sheet of NBRM is prepared regarding the accounting records of all assets and liabilities of NBRM to other sectors in the economy, including the sector "non-residents". The Balance Sheet of NBRM is issued at the end of the month and contains data on the previous month.

A. Balance Sheet of NBRM - Assets include the following categories: foreign currency assets, claims on Government and other assets.

Foreign currency assets of NBRM consists of: monetary gold, the reserve position in IMF, holding of Special Drawing Rights (SDR), foreign assets in form of cash foreign currency, checks, NBRM deposits with foreign banks, placements in securities issued by non-residents (in foreign currency), placements in foreign currency with international financial institutions and other foreign assets (foreign currency nostro covered letters of credit and guarantees).

NBRM claims to the Government refer to the relations with IMF (allocation of SPV and claims based on replaced credits to IMF), as well as claims based on placements in securities. The placements in securities are a specific category. The emission of these securities is one of the mechanisms in the process of rehabilitation of banks, through which the bad placements are taken over in the portfolio of one bank. These securities are in possession of the Agency for Rehabilitation of Banks. Their amortization is in accordance with the concluded agreement between the Government and the central bank.

Other NBRM assets include: basic assets, assets for special purposes and by special regulations, reserves, income based on interest, doubtful and contested claims based on interest and compensations.

B. Balance Sheet of NBRM - Liabilities include: reserve money, CB bills sold at auctions, Government deposits, deposits on other financial institutions, foreign currency liabilities to abroad and other NBRM liabilities.

Reserve money include: currency in circulation, cash in the vaults and on the accounts with NBRM. Currencies in circulation are a NBRMs' liability and they refer to the currencies in circulation which are held by the non-banking entities. The cash in the vaults refers to the cash in the vaults of the deposit money banks. Banks' accounts with NBRM refer to the accounts of the deposit money banks with NBRM (including the saving houses), which also include the reserve requirement (in denars and in foreign currency) of banks deposited with NBRM (including the saving houses). The reserve requirement is calculated by fixed reserve requirement rates which are applied to the average monthly stock of the adequate deposits. An average system for maintaining the reserve requirement is in use, according to which the banks can use the assets from the reserve requirements for keeping the daily liquidity to a level not exceeding 80% of the liability. The data on the currency in circulation are taken over from the Cash Management Department of NBRM, while the data on the daily liquidity of banks and saving houses are based on their daily reporting to NBRM.

Auctions of CB bills represent basic instrument of the NBRM monetary policy, which is used for regulating the global liquidity level and the interest rates in the banking system, as well as for signaling the



directions of the monetary policy. They are introduced in February 1994 for the first time and by definition they are intended for withdrawing liquidity from the banking system. The interventions with this instrument, with a maturity up to 28 days, are performed through making auctions which can be organized as "volume tender" or "interest rate tender" (American type). The auctions of CB bills are positioned on market and flexible basis, which enables their continuous changing, with an intention of increasing their flexibility, efficiency and successful realization of their basic goals.

Government deposits include the Government demand deposits in Denars (vault account of the Government and other budget funds) and in foreign currency (deposits for special purposes on central and local level of the Government and other deposits). Since March 2006, the funds mobilized through the emission of **Treasury bills for monetary purposes**, which are deposited on a special account, are also included within the Denar deposits. On 07.03.2006, NBRM and the Ministry for Finance started emission of Treasury bills for monetary purposes with maturity up to three months. The Treasury bills for monetary purposes are issued on the regular auctions of Government securities and they have the same characteristics as the regular Government securities. According to the Law on Public Debt, the Treasury bills for monetary purposes are not part of the public debt, because they are issued for the needs of the monetary policy. Also, the Government does not have right to operate with the withdrawn assets through issuing Treasury bills for monetary purposes. NBRM pays the interest rate on the Treasury bills for monetary purposes, according to the average interest rate achieved on the auctions of the three month Treasury bills. The Ministry for finance and the NBRM concluded an Agreement on Treasury bills for monetary purposes aiming to regulate the mutual relationship.

Foreign currency liabilities to abroad include the NBRM liabilities to non-residents based on checks and letters of credit in foreign currencies, as well as the liabilities on used credits from the International Monetary Fund.

Other liabilities of NBRM includes: capital accounts, outflows based on interest - with sector distribution of the outflows based on due interest, non-performed payments based on payments to abroad, temporary payments, liabilities to the Government Budget, liabilities to obtainers, liabilities based on foreign currency reserves, other liabilities for other purposes, as well as liabilities for special purposes and in accordance with special regulations and contingent accounts.

Table no. 8 and 9 Balance sheets of the deposit money banks and saving houses

Balance sheet of the deposit money banks and the Balance sheet of the saving houses are prepared based on the accounting records by the deposit money banks and the saving houses (the banks' report on the deposit money banks book keeping stock) and they represent aggregated balance sheets of assets and liabilities of all deposit money banks and saving houses. The monthly survey of the deposit money banks and the saving houses is issued at the end of the month and it consists of data on the previous month. The Balance sheet contains data on claims and liabilities (carriers of the monetary aggregates, according the national definition) of the banking sector (with exception of NBRM) to other sectors in the economy, including the sector "non-residents". The data are classified in standardized components by sectors, financial instruments and accounting principles.

A. Balance sheet of the deposit money banks and saving houses - assets include: liquidity assets, deposits with NBRM, foreign currency assets, Claims on Government and claims on non-financial and non-banking sector.

Liquidity assets include the accounts of the banks and saving houses with NBRM (which include their Denar reserve requirement deposited with NBRM) and the cash in the vaults.

Deposits of banks and saving houses with NBRM refer to the effects of the monetary policy instruments (CB bills purchased from NBRM).

Foreign assets refer only to the deposit money banks because the saving houses are not authorized for performing international foreign currency operations and payment operations and they represent claims on non-residents including: gold (gold in the vault of the bank and gold deposited abroad), foreign currencies and checks, foreign currency accounts abroad (regular foreign currency assets abroad and time foreign assets abroad), other claims (claims based on foreign currency nostro covered letters of credit and guarantees and based on extended credits and overdue claims).



The claims of banks and saving houses are classified by the sector they refer to (claims on Government and claims on non-financial and non-banking sector). **The claims on Government are classified** by the type of: claims based on granted credits and claims based on securities. **The claims on non-financial and non-banking sector** are divided into Denar and foreign currency claims by the currency.

Other assets of the deposit money banks and saving houses include inter-banking claims, basic assets, calculated undue and due interests, doubtful and contested claims based on interest, fees and commissions and other. Inter-bank claims include the interactions between the banking institutions, i.e.: credits extended to other banks, deposits with other banks, claims of parts of banks, claims based on issued securities by other banks or other financial institutions, other claims and overdue claims.

B. Liabilities of deposit money banks and saving houses include the liabilities based on: deposits, borrowings, issued securities, capital accounts and other liabilities.

Deposits are differentiated into: demand deposits (giro and current accounts only with the deposit money banks), sight deposits, time deposits with maturity up to one year, restricted deposits and time deposits with maturity over one year.

Credits refer to assets which only the deposit money banks borrow from non-banking institutions.

Securities refer to the commercial securities issued by the financial institutions for strengthening the total financial potential. In the banking system of the Republic of Macedonia so far are issued only deposit certificates.

Liabilities to Government (refer only the deposit money banks because the saving houses do not accept deposits from the sector "Government") include the deposit money, sight deposits, time and restricted Government deposits.

Liabilities to non-residents (refer only to deposit money banks because the saving houses are not authorized for operating with international foreign currency and payment operations) include the liabilities based on deposits, credits or instruments of international payment operations.

Borrowings from NBRM refer to credits, deposits purchased on auction, other liabilities based on accepted advances for purchase of cash foreign currency, overdue liabilities.

The capital accounts include the funding capital of the bank (in monetary and non-monetary form), the reserve fund of the bank, special funds (assets for joint consumption), as well as the overall income and expenditure of the financial institution.

Other liabilities include: inter-bank claims (loans from other banks, deposits from other banks, liabilities to part of banks, liabilities based on issued securities), outflows of assets based on calculated undue interest, due interest and other outflows. Other liabilities include also the contingent accounts (banks; activities on behalf and for the account of others). Also, the categories "income", "expenditures", "gain for redistribution" and the corrections of different types in the balance sheet positions are treated as "other liabilities". The liabilities to banks from former Yugoslavia, which aroused before the monetary independence (26.04.1992), are a special category of liabilities and they are denominated in foreign currency, based on foreign currency giro accounts of banks from former Yugoslavia.

Table no. 10 and 11 Monetary survey with and without saving houses

The monetary survey represents consolidated survey of the accounts of the deposit money banks, saving houses and NBRM, showing the combined assets and liabilities of the monetary system relative to the non-banking residential and non-residential entities. The monetary survey is formed with adequate reclassification of the items from the surveys of the deposit money banks and NBRM, in a format which simplifies the analysis of the monetary developments. The basic sources for the monetary survey are the NBRMs' survey and the surveys of the deposit money banks and saving houses.



As a consolidated balance sheet of the monetary system, it represents basis for its continuous monitoring. Simultaneously, the monetary survey also enables the analysis of the interactions among basic macroeconomic sectors: real, fiscal, external and monetary sector.

The Monthly monetary survey is issued at the end of the month and contains data on the previous month.

Main items in the Monetary survey are: Net foreign assets, Net domestic assets and Money supply (monetary aggregates), and their components are being previously described within the Balance Sheet of the National Bank of the Republic of Macedonia and in the Balance Sheet of the deposit money banks and saving houses (Table no. 1 and Table no. 2 and 3).

Net foreign assets represent a remainder of the foreign assets of NBRM and the deposit money banks and foreign currency liabilities of NBRM and the deposit money banks. All foreign assets and liabilities of NBRM and the deposit money banks are aggregated and presented as net foreign currency assets of the monetary system.

Net domestic assets include the domestic credits and other items, net, where the domestic credits include the claims of deposit money banks and saving houses on the Government and non-government sector (domestic credits in the deposit money banks' survey) and NBRM claims from the Government on net basis (net position of the Government with NBRM in the NBRMs' survey). Other items, net, include all items (on net basis) in the NBRMs' survey and the deposit money banks' survey, which are not included in other components of the monetary survey.

Money supply includes different definitions of the money supply, i.e. the monetary aggregates M1, M2 and M4. In defining the monetary aggregates, the characteristics of the monetary instruments were taken in consideration (maturity, liquidity level, and motives for holding). Simultaneously, for ensuring international comparability and compatibility, the methodology which NBRM use is compatible with the international standards and criteria on defining the financial instruments and sectors (issuer and holder of money supply).

Monetary aggregate M1 represents the narrower definition for the money supply and includes the currency in circulation and the demand deposits (current accounts, transaction deposits).

Monetary aggregate M2, besides the currency in circulation and the demand deposits (M1), includes also the short-term deposits of the Government and non-government sector (defined before).

Monetary aggregate M4 represents the broadest definition of the money supply and it includes the monetary aggregate M2 and the long-term deposits of the Government and non-government sector (defined before).

Table no.12 Credits to non-government sector

Credits which the deposit money banks extend to the non-government sector are classified by the currency: credits in denars and credits in foreign currency, by maturity aspect: short-term and long-term credits and by the sub-sector: credits to households, enterprises and to other sub-sectors.

Denar credits to non-government sector includes credits and placements in securities (to corporations, to households and to other clients - local government, public sector institutions), overdue claims based on credits and placements in securities. Denar credits include also the Denar credits with FX clause.

Foreign currency credits to non-government sector include claims on securities from the enterprises (based on used foreign credits, credit lines, deposits, etc.), households, other clients, overdue claims on credits and placements in foreign currency from enterprises, households and other clients.

Table no.13 Monetary aggregates and components thereof

Monetary aggregates, as group of financial instruments classified by their liquidity level, are defined on a way which is compatible to the internationally accepted definitions and criteria (according to the methodology



for monetary and financial statistics of IMF, based on the System of National Accounts, 1993). The deposits in the monetary aggregates refer to the following sectors: non-financial legal entities, households, other financial institutions, local Government and the public sector institutions and other clients - non-profitable non-financial institutions.

Money supply M1 includes currency in circulation and the demand deposits. The demand deposits refer to the current accounts.

Currency in circulation represents a remainder of the total amount of banknotes and minted coins and the amount of currency in circulation in the vault of the deposit money banks, in the NBRM vault and in the dispersed vaults.

Money supply M2 (liquid assets) includes the monetary aggregate M1 and the short-term deposits. The short-term deposits are defined as deposits which include: sight deposits, time deposits up to one year, short-term liabilities on issued securities and short-term credits from non-banking institutions.

Money supply M4 (total deposit potential of the monetary system), includes the monetary aggregate M2 and the long-term deposits, i.e. time deposits over 1 year, long-term securities, long-term credits from non-banking institutions and restricted deposits (deposits with restricted usage for certain purpose set in regulation - for coverage of open letters of credit in the international payment operations, guarantees, banking remittances, etc.).

Table no. 14 Total claims of deposit money banks

Total claims of banks refer to credits, placements in securities, other placements and overdue claims based on placements. The placements of the deposit money banks are sectoral, time and currency decomposed. According to the accepted standards in the area of monetary and financial statistics on consolidation, i.e. excluding the mutual claims and liabilities within a sector, placements exclude the inter-bank claims.

Claims of deposit money banks on enterprises refer to claims based on credits, securities, other placements and overdue liabilities. The deposit money banks extend credits from different sources of assets: deposits, own sources, foreign credits, received credit lines and other sources. Claims based on securities represent claims on short-term securities (checks and bills of exchange) and claims on long-term securities, i.e. participation or investments of the banks in securities of non-financial legal entities with management right and in priority shares, as well as specific investments according to Law on restructuring part of enterprises which are showing loss in their own operating. The claims in the category "other placements" refer to given advances in foreign currency, claims based on backing guarantees and guarantees, as well as advances related to regular operating of banks. Overdue claims are differentiated on overdue claims based on short-term and long-term credits, as well as doubtful and contested claims.

Claims of deposit money banks on households refer to claims based on credits, securities and overdue credits, differentiated by currency, time limit and purpose. By the purpose, short-term credits are desegregated to: consumption credits, credits for performing independent activity (granted to natural entities which are performing registered activity), credits on checking account (credit commitments or negative balance on current accounts) and credits for other purposes. Long-term credits, with respect to the purpose, can be: credits on housing construction, for business premises, for performing independent activity and credits for other purposes.

Claims of deposit banks on other clients - non-profitable and non-financial organizations, local government and public sector institutions refer to claims on short-term and long-term credits (credits up to and over one year) and claims on securities. The claims are categorized by the maturity and the currency structure, by the type (credits, securities, other claims and overdue claims), as well as by the source based on which the credits were granted. Short-term credits in foreign currency are based on the assets from received foreign credits, depending on the banks' deposit potential which is based on used foreign credit lines. Other claims of deposit money banks from other clients represent the claim of the bank by given backing guarantees on securities and guarantees.

Total claims of the deposit money banks on the Government refer to claims based on credits, securities and overdue claims. For extending short-term credits to Government the following sources are being used: foreign credits, credit lines, deposit potential and other sources.

Claims on Government based on securities represent claims based on specific securities. Thus, these are the categories of claims based on securities:

1. Long-term placements in foreign currency securities to public sector - according to the Law on guaranteeing the investment to strategic investors and assuming certain claims from final users by the Republic of Macedonia, the Government assumed the claims of Stopanska banka a.d. - Skopje from group of firms - loss making companies of the banks' balance sheet, as of 31 December 1999 and due to that the bank issued long-term bonds;

2. Claims on the public sector based on bonds - payment instruments with deadline for payment over one year. The claims on frozen foreign currency savings of the households are basis for issuing these bonds. After the falling apart of Yugoslavia, the banks in the Republic of Macedonia ended with claims to NBY based on re-deposited currencies and based on negative exchange rate differentials by which the banks were given guarantee from NBJ. According to the law regulations, the Government assumed from the balance sheets of banks the claims on that basis, and issued bonds to the banks;

3. Claims on bonds issued by the Agency for Rehabilitation of Bank - it is about bonds issued by the Republic of Macedonia based on assumed claims from the balance sheet of Stopanska banka in the process of its individual rehabilitation. In function of rehabilitation of the largest bank and returning the trust in the banking system, the Government assumed the claims on bad placements of this bank.

Table no.15 Total liabilities on deposit money banks

According to the dominant classical deposit and credit activity of banks in the Republic of Macedonia, **liabilities of the deposit money banks to enterprises** include deposits of non-financial legal entities and credits from non-financial legal entities. The deposits are desegregated by their maturity, currency and purpose structure. Credits are categorized by their currency and maturity structure.

Liabilities of the deposit money banks to households include current accounts, sight deposits, time deposits (up to three months, over three months, up to one year and over one year) and restricted deposits for coverage of letters of credit in the domestic payment operations.

Liabilities of the deposit money banks to other clients - non-profitable and non-financial organizations, Government, other financial organizations, as well as liabilities to local government and public sector institutions, respectively. These liabilities are based on different types of deposits categorized by their maturity and currency structure, as well as liabilities to non-profitable and non-financial organizations and to other financial organizations and short-term and long-term credits.

Table no. 16 Report of weighted interest rates on granted loans and received deposits of deposit money banks

Based on a Report on weighted interest rates on deposits and borrowings, which the deposit money banks submit to NBRM on regular monthly basis, aggregated survey on weighted interest rates of deposits and borrowings in Denar and in foreign currencies is prepared.

Interest rates on Denar credits include: interest rates on Denar credits without FX clause and interest rates on Denar credits with FX clause.

Interest rates on Denar deposits include: interest rates on Denar deposits without FX clause and interest rates on Denar deposits with FX clause.

Denar credits/deposits are further categorized by two criteria: sectoral classification and maturity. By sectoral classification, they are divided to: credits/deposits which refer to enterprises, credits/deposits which refer to the households. By maturity, the credits are divided to: short-term and long-term; and the deposits: sight deposits, short-term and long-term time deposits.

Foreign currency credits/deposits are classified by three criteria: by sector, by currency and by maturity. By sector classification, they are divided to: credits/deposits which refer to enterprises, credits/deposits referring to households. By maturity, credits are divided to: short-term and long-term; and the deposits to: sight deposits, short-term and long-term time deposits. By currency, they are divided to: credits/deposits in euros and in USA dollars.



Interest rates on credits and deposits are in percents on annual level.

Table no. 17 Interest rates of the National Bank of the Republic of Macedonia

1. Discount rate is valid interest rate in the current month.
2. Interest rate on credits over night - Lombard credit is the valid interest rate in the current month.
3. Interest rate on repo transactions for creating liquidity in the banking system is shown as average weighted interest rate achieved at the auctions in that month.
4. Interest rate on CB bills is shown as average weighted interest rate achieved at the auctions with maturity of 28 days in that month. The interest rate is differentiated by the type of tender which can be: volume tender or interest rate tender.
5. Interest rate on repo transactions for liquidity withdrawal from the banking system is shown as average weighted interest rate achieved at the auctions in that month.

Table no. 18 Reserve requirement of banks and saving houses

Banks and saving houses allocate reserve requirement based on the average deposit stock in the previous month. The period of maintaining the reserve requirements covers the period from the 11th in the current month to the 10th in the following month. The fulfilling of the banks' reserve requirement in denars is on average basis, whereas the saving houses' reserve requirement in denars and the banks' reserve requirement in foreign currency are on fixed basis.

Table no.19 Interest rates on Government securities

Interest rates on Government securities are shown as average weighted interest rate achieved on the auctions in the adequate month with fixed maturity.

FOREIGN EXCHANGE SECTOR

Table no. 20-25 BALANCE OF PAYMENTS

Balance of payments is a statistical statement that systematically summarizes, for a specific time period, the economic transactions of the Republic of Macedonia with the rest of the world.

According to the Law on the National Bank of the Republic of Macedonia and the regulations in the area of foreign exchange operations, the National Bank of the Republic of Macedonia (NBRM) is responsible for compiling and monitoring of the execution of the Balance of payments.

Statistics of the Balance of payments of the Republic of Macedonia is prepared basically in accordance with the methodology of the International Monetary Fund (Balance of Payments Manual, fifth edition - BPM 5). The data are disseminated (issued) on monthly basis, in millions of euros and USA dollars. The transactions which are denominated in other currencies are converted in euros and USA dollars equivalent to the exchange rate on the day of the transaction.

The main sources of data for compiling the balance of payments are the following:

- the single administrative document (SAD) for the foreign trade of the Republic of Macedonia;
- the system for reporting on the banks' international payment operations (ITRS);
- the system for reporting on the external debt (from the credit indebtedness);
- the banks' reports on the stock of assets and liabilities (the banks' report on the deposit money banks book keeping stock);



- the monthly reports on stocks and flows (changes and stocks) on the accounts abroad of the residents which are not authorized banks and the stock and flow on settlement accounts (monthly reports-MR);
- additional NBRM's reports on the realized turnover in exchange offices and on the official foreign exchange reserves stock of the Republic of Macedonia;
- data from the annual direct investment survey - DI 22.

BALANCE OF PAYMENTS: SEPARATE ITEMS

CURRENT ACCOUNT

Goods

The source of data on the foreign trade of the Republic of Macedonia is the SAD, which is prepared by the Customs Administration of the Republic of Macedonia, and it is processed and published by the State Statistical Office of the Republic of Macedonia and the NBRM.

In accordance with the methodology on recording the foreign trade in the trade statistics, the State Statistical Office is publishing the data for the exports on the f.o.b. basis, while regarding the imports, on the c.i.f. basis.

Adjustment for the coverage and classification are made for good's item in the balance of payments in line with the recommendations given in the BPM5, especially regarding the following:

- coverage: regarding the return of goods and the invoiced value of the performed service for the repair of goods;
- classification: regarding the c.i.f./f.o.b. factor and processing of goods. In the balance of payments, both the exports and the imports are presented on f.o.b. basis, because of which an adjustment of the c.i.f. imports for c.i.f./f.o.b. factor is necessary. In the period from 1993 to 1997, the c.i.f./f.o.b. factor was determined on the basis of the average internationally set rates for calculation of these expenses. Since 1998, the c.i.f./f.o.b. factor is calculated on the basis of established methodology based on the SAD data on transport and insurance of the parities with a destination in the Republic of Macedonia adjusted to the overall imports.

The item import of goods in ports by carriers is based on data from the monthly reports - MR.

Services

Transportation: The data that refer to the transportation are taken from the ITRS and the monthly reports MR. There is a possibility for making a desegregation by the type of transport (air, sea, railway and road), and on the basis of the category of services (freight, passengers and other). The adjustment is made for the outflow of transportation services (transport of goods) regarding the c.i.f./f.o.b. factor that refers to the costs of transport of goods provided by non-residents.

Travel: The data originate from the ITRS and the monthly reports-MR.

Other services: The data are taken from the ITRS for the receipts from and payments to non-residents on the basis of type of services: telecommunication, construction, insurance, business, government and other services. The adjustment is made for the insurance outflow regarding the c.i.f./f.o.b. factor that refers to the costs insurance of the transport of goods. Additional source on data for certain types of services are the data from the monthly reports – MR.

Income

The income as a balance of payments' component originates from: compensation of employees (residents employed with non-residents and vice versa) and investment income. Investment income represents a capital gain from the direct investment, portfolio investment and other investment (dividends, loan and credit interests, etc.).

Direct investment income: The data include dividends and distributed branch profits, as well as reinvested earnings and undistributed branch profits. Major data source for the receipts and payments of dividends is the ITRS. For the previous years a basic data source for reinvested earnings is the annual direct investment survey, while for the current year estimates are based on data from the previous years.



Other investment income: The data include received and paid interest on the deposits, short-term, medium-term and long-term loans and credits. The received interest consists of the inflows of interest on foreign currency deposits on the foreign accounts (interest on the foreign exchange reserves and on the foreign exchange assets of the banks). The data sources are the ITRS and the NBRM's reports on the official foreign exchange reserves stock. The paid interests refer to the due current liabilities on disbursed medium-term and long-term foreign loans and credits. The source of data is external debt reports, which are obligatorily recorded in the NBRM (credit indebtedness).

Current transfers

The official transfers mainly refer to the assistance in financial assets and goods received by foreign governments and international organizations. The source of the data for the transfers in financial assets is the ITRS, while regarding the transfers in goods is the customs administration documents.

The private transfers consist of: remittances, cash exchanged and other transfers of which the most are compensations of employees. The source of data is the ITRS. Cash exchanged on the exchange market in accordance with the BPM5 should be classified in the capital and financial account of the balance of payments. However, regarding the fact that the largest part of these assets originates from the residents' receipts from non-residents on the basis of provided goods and services (unrecorded transactions) and transfers received in cash foreign currency, these transactions are recorded as a part of the balance of payments' current account (private transfers).

CAPITAL AND FINANCIAL ACCOUNT

CAPITAL ACCOUNT

This account encompasses the capital transfers for which source of data is the ITRS.

FINANCIAL ACCOUNT

Direct investment: The direct investment include equity, reinvested earnings and other capital. Trade credits, long-term and short-term loans between affiliates are recorded under other capital. Basic data source for the previous years is the annual direct investment survey DI 22. The source of data for the investment in financial assets is the ITRS, while regarding the investment in goods is the customs administration documents. For the current year data on reinvested earnings and other capital are estimates based on data from the previous years.

Portfolio investment: The source of data for the portfolio investment is the ITRS.

Other investment:

Trade credits: The trade credits (extended to and received from foreign countries) represent a differential between the exports/imports of goods and the corresponding settlements. The estimated data for the trade credits are derived from the foreign trade data in the administration customs documents and corresponding settlements from the ITRS. If the value of the exported goods is higher than the value of receipts on exports, the difference is recorded as an extended trade credits (with a negative sign). If the value of imported goods is higher than the payments on the imports, the difference is recorded as a received trade credits (with a positive sign). Additional source of data are the data from the monthly reports – MR.

Loans: Within the "loans" category, disbursements and amortization on medium-term and long-term loans and credits are recorded. Principal and interest arrears are also recorded as a counter-entry in the category other investment – other. The data are based on the reports on medium-term and long-term public and private external debt prepared by the NBRM, which are obligatory recorded in the NBRM.

Currency and deposits: The data primarily refer to the changes in the foreign exchange assets and foreign exchange liabilities of the banks. The sources of data are the monthly bank's reports on the deposit money banks' book-keeping stock and the ITRS. The changes of foreign exchange assets and foreign exchange liabilities of the banks are showing with partly excluding of valuation changes. The changes of foreign exchange assets of individuals include net cash deposited on foreign exchange accounts with the banks, reduced for the imports of goods by the individuals. The source of data for net cash deposited on foreign exchange accounts with



the banks is the ITRS and for imports of goods is the SAD. Additional source of data on currency and deposits for other sectors are the data from the monthly reports – MR.

Gross official reserve assets: The data refer to the changes in the stock of the official foreign exchange reserves. The source of data are the reports of the NBRM regarding the foreign exchange reserves stock calculated according to the exchange rate on the date of the reporting period.

Table no. 26 and 27 Foreign trade

The source of the data regarding the foreign trade is the State Statistical Office of the Republic of Macedonia. The data on the international trade of goods of the Republic of Macedonia is prepared in accordance with the main statistical standards, definitions and recommendations of the UN regarding the concepts and definitions of the foreign trade statistics. The data relating to the exports are published on f.o.b., while those relating to the imports, on c.i.f. basis.

Table no. 28 and 29 Stock of foreign direct investment

The calculation and dissemination of foreign direct investment (FDI) data worldwide is based on the methodological recommendations of the Balance of Payments Manual-fifth edition, IMF 1993 and The OECD Benchmark Definition of Foreign Direct Investment-third edition, OECD 1996. In accordance with these recommendations, FDI include:

- equity and reinvested earnings;
- claims on direct investors/affiliates abroad;
- liabilities to direct investors/affiliates abroad.

Methodologically, the reinvested earnings include:

- part of the profit distributed in equity;
- part of the profit distributed in reserves;
- part of the profit distributed for loss coverage from the previous period;
- undistributed earnings;
- uncovered losses;
- losses from previous periods, transformed into claims on the investors;
- earnings from previous periods, transformed into liabilities to the investors.

According to the recommendations of the Balance of Payments Manual-fifth edition, the criterion for classifying a transaction as a direct investment is a minimum 10% of equity participation on the right to vote. Accordingly, the distinction between a portfolio and direct investor is based on the percentage of owned shares in the company.

The methodology applied to calculate foreign direct and portfolio investment in the Republic of Macedonia corresponds fully with the methodologies applied by the member countries of the IMF and OECD.

The FDI data in the Republic of Macedonia are disseminated by the country of the investor and the type of activity of the direct investment company.

Table no. 30 and 31 International investment position

The international investment position is a statistical report which presents the position and the structure of the financial claims (assets) of residents on non-residents and the financial liabilities of residents to non-residents arising from their operations. In other words, the international investment position is a balance sheet of the international financial assets and liabilities of a country on a certain date, often at the end of the year.

International financial assets of the country comprise of the direct and portfolio investments of resident legal entities and natural persons in other countries including the investments in financial derivatives, other investments of residents abroad in the form of extended loans and credits, foreign assets of resident banks with foreign commercial banks, as well as the official foreign reserves. International financial liabilities of the country comprise of the liabilities based on direct and portfolio investments of non-resident legal entities and natural

persons in the country including the investments in financial derivatives, liabilities on the basis of other investments of non-residents in the country in the form of used loans and credits, and liabilities on the basis of deposits of foreign legal entities and natural persons with resident banks.

The difference between the total international financial assets and liabilities presents the net-international investment position of a country. This means that the international investment position of the Republic of Macedonia is a difference between the investments of residents with non-residents (its international assets) and the investments of non-residents with residents (its international liabilities).

Direct investments are investments by which the investor intends to establish a permanent economic link and/or to exercise right to manage the legal entity it invests in. In line with the international recommendations and standards, a minimum share of 10% in the capital or voting right in the legal entity the investment is made in, is used as a criterion for defining direct investments. Direct investments include shareholders' capital, reinvested gain and the debt of connected entities. Source of data on direct investments for compiling the international investment position of the Republic of Macedonia are the questionnaires - reports on the condition and the turnover of the connected entities which all resident legal entities submit to the NBRM on annual basis, and are related to the investments to and from other countries.

Portfolio investments include the investments in debt securities and in equity instruments, where the investor owns less than 10% of the shareholders' capital or does not have voting right. Source of data on the investments in equity instruments for compiling the international investment position of the Republic of Macedonia are the annual questionnaires - reports on the condition and the turnover of the connected entities, while for the investment in debt securities data are used on the international payment operations of commercial banks (in line with the Reporting system for international transactions), reports on operations with securities from the authorized participants in the Macedonian Stock exchange, as well as the data base of the Central Securities Depository. For calculation of the market value of the securities, data on the market prices from the Macedonian Stock Exchange are used.

Other investments include the assets and the liabilities on the basis of short-term and long-term financial and trade credits and loans, currencies and deposits and other assets and liabilities. In line with the Balance of Payments Manual of the IMF, trade credits denote claims and liabilities arising from international commercial operations of residents (on the basis of import/export of goods and services, advance payment, etc.) Source of data on the trade credits for compiling the international investment position of the Republic of Macedonia are the quarterly reports on the claims and liabilities on the basis of international commercial operations of residents (KIPO Form), while for the financial credits and loans records of registered foreign credits are used (KZ and KO Forms). Currencies and deposits include the deposits which resident banks keep abroad, i.e. liabilities of resident banks to non-residents. Sources of data for this item are the monthly balance sheet of the commercial banks and international payment operations of banks.

Table no. 32-34 Gross external debt, Gross external claims and Net external debt

General methodological notes

The National Bank of the Republic of Macedonia (National Bank) is the institution responsible for recording and monitoring of the external debt of the Republic of Macedonia in accordance with the legislation i.e. the Law on the National Bank of the Republic of Macedonia and the Foreign Exchange Law.

The external debt statistics is prepared in accordance with the External Debt Statistics Guide⁴⁵ (Guide).

Gross external debt

Gross external debt, at any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and /or interest by the debtor at some point(s) in the future and that are owed to nonresidents by residents of an economy. According to this definition, gross external debt at a certain date is the stock of all future liabilities of residents to nonresidents, future installments of principal, arrears in principal and interest, as well as late (default) interest, regardless of the type of instrument and maturity.

⁴⁵ External Debt Statistics: Guide for compilers and Users, IMF, 2003



Gross external claims

Gross external claims are the stock of all current, not contingent claims based on debt instruments, of residents from nonresidents. Basically, the definition of gross external claims is identical with the definition of gross external debt, having in mind that the claims of one economy are liabilities for other.

Net external debt

Net external debt is defined as the difference between the stock of gross external debt and gross external claims. In its structure, net external debt is identical with the gross external debt, where the standard presentations contains classification by institutional sectors, maturity and debt instruments.

According to the Guide, the basic classification of debt is among the four basic institutional sectors of an economy:

- general government (government units that exist at each level—central and local—of government within the national economy and all social security funds operated at each level of government);
- monetary authorities - (the central bank or other institution carrying out the operations of a monetary authority);
- banking sector (financial intermediaries carrying out activities of taking deposits and extending credits);
- other sectors (non-bank financial intermediaries, non-financial corporations, households and non-profit institutions serving households).

Furthermore, within each of the sectors, debt is classified by maturity, on short term (with original maturity of one year or less) and long term (maturities of more than one year). On the third level of disaggregation, debt is distributed amongst the standard types of debt instruments, such as:

- trade credits - consist of claims or liabilities arising from the direct extension of credit by suppliers for transactions in goods and services, and advance payment by buyers for goods and services and for work in progress (or to be undertaken);
- loans - include those claims or liabilities created through the direct lending of funds by a creditor (lender) to a debtor (borrower) based on a credit agreement;
- debt securities - creation of debt or a claim through the issuance/purchasing of securities as part of the portfolio investment in the country, being traded on organized markets or over-the-counter;
- currency and deposits - currency (notes and coins) are claims on a central bank or a government that have issued them, from the nonresident holders. Liabilities on deposits are liabilities of the financial institutions that take deposits to nonresident depositors, while claims on deposits arise from the funds deposited with nonresident financial institutions; and
- other - other claims and liabilities, not included under previous debt instruments. An important category within this item are arrears, that have a treatment of short-term claims/liabilities, as they are considered to be immediately due and are a cumulative amount of arrears on all previously mentioned instruments.

Direct investment - intercompany lending claims or liabilities are shown separately. The separation of these claims/liabilities within net external debt is significant in view of the necessary compatibility with the IIP statement, where these claims/liabilities are incorporated within the item Direct investment (Other capital).

From the aspect of valuation, the Guide recommends the nominal value to be used for all debt instruments, except debt securities, where it is recommended to use the market value of debt. This is entirely consistent with the methodological recommendations for the compilation of the IIP of a country.

Stock data, repayment schedules, arrears and new commitments are converted into the unit of account using the mid exchange rate of the National Bank at the cut-off date. Flow data, disbursements and repayments, are converted into the unit of account using the mid exchange rate of the National Bank on the day of the transaction.

The stock of debt is a result of disbursements, decreased for the amortization (repayments of principal), increased for the amounts of capitalized interest in arrears and default interest. Having in mind the fact that stock data are converted using the end period exchange rate, while the flow data are converted using the transaction date exchange rate, discrepancies between debt stock at end-period and beginning of period differ from the net flows, as they include the exchange rate differentials as well.



Data sources and methodology for compiling net external debt of the Republic of Macedonia

Data sources for the net external debt of the General Government sector

-for the category debt securities (bonds and money market instruments) - for debt securities issued abroad and bought by nonresidents, data from the reporting system on external debt (CI);

-for the category debt securities (bonds and money market instruments) - for debt securities issued domestically and bought by nonresidents, data from the reports on operations with securities from the authorized participants in the Macedonian Stock exchange, as well as the data base of the Central Securities Depository are used, while for calculation of the market value of the securities, data on the market prices from the Macedonian Stock Exchange are used. For the current year, the calculation of this item is based on the stock of debt at the end of the previous year increased for the flows from the balance of payments in the item portfolio investment - debt securities.

- for the category loans the data are used from the reporting system on external debt (CI) -the credit records statistics is conveyed by the NBRM and is based on a loan-by-loan data base containing various elements. Various data can be obtained from this data base on the stock of external debt, disbursement, repayments, arrears etc.; and the reporting system on external claims (CC) -the credit records statistics is conveyed by the NBRM and is based on a loan-by-loan data base containing various elements. Various data can be obtained from this data base on the stock of external claims, disbursement, repayments, arrears etc.;

Data sources for the net external debt of the Monetary Authority sector

-for the category debt securities (bonds and money market instruments) - data from reports of the NBRM on the official foreign reserves of the Republic of Macedonia;

- for the category currency and deposits - data from reports of the NBRM on the official foreign reserves of the Republic of Macedonia;

- for the category loans the data are used from the reporting system on external debt (CI)

Data sources for the net external debt of the Banking sector

- for the category loans the data are used from the reporting system on external debt (CI) and the reporting system on external claims (CC);

- for the category currency and deposits - data from reports of the banks on assets and liabilities - monthly balance sheet of the commercial banks;

- for the category other - the data on arrears are used from the reporting system on external debt (CI) and the reporting system on external claims (CC);

Data sources for the net external debt of the Other sectors

- for the category loans the data are used from the reporting system on external debt (CI) and the reporting system on external claims (CC);

- for the category currency and deposits - data from the monthly reports of resident accounts held abroad (MR);

-for the category short-term trade credits - data are used from the quarterly reports on the claims and liabilities on the basis of international commercial operations of residents (KIPO Form). An exception is made for 2007, where due to the introduction of a new survey still in its testing period, data on liabilities/claims based on the stock of debt/claims at the end of the previous year increased for the flows from the balance of payments in the item other investment - trade credits.

- for the category long-term trade credits the data are used from the reporting system on external debt (CI) and the reporting system on external claims (CC);

- for the category other - the data on arrears are used from the reporting system on external debt (CI) and the reporting system on external claims (CC);

Data sources for the net external debt Intercompany lending (Direct investment)

- a basic data source for the claims and liabilities based on intercompany lending data are used from the annual direct investment survey - inward (DI 22) and outward (DI 11), which all resident legal entities submit to the NBRM on annual basis, and are related to the investments to and from other countries. For the current year, due to lack of data from the basic data source, for intercompany lending in the form of loans data are used from the reporting system on external debt (CI) and the reporting system on external claims (CC), that contain



information on relations between creditors and debtors with regard to ownership; for intercompany lending in the form of trade credits data are used from the quarterly reports on the claims and liabilities on the basis of international commercial operations of residents (KIPO Form), where the participation of claims/liabilities of connected entities is estimated based on the participation recorded in previous years.

Data for the period 2004-2005 are disseminated annually, while starting with 2006 data are disseminated quarterly, in Euro and US Dollars.

Table no. 35 Reserve assets

The data reflect the stock of reserve assets and other foreign assets.

Reserve assets being those external assets that are readily available to and controlled by the monetary authorities, consist of: monetary gold, SDRs, reserve position in the Fund and foreign exchange assets.

The components of reserve assets are defined in accordance with the methodology of the International Monetary Fund (Balance of Payments Manual, fifth edition).

The stock of reserve assets is calculated using the mid exchange rate of NBRM on the day for which the data are disseminated.

Monetary gold

Gold: The category monetary gold encompasses gold handled by the NBRM, consisting of gold in the NBRM's treasury, gold granulates, monetary gold deposited in foreign banks and monetary gold in transport.

Gold deposits: Gold deposits consist of term deposits in gold with foreign banks for a longer period of time.

Foreign exchange

Deposits with foreign banks: This category comprises of foreign exchange on nostro accounts with foreign banks, assets with foreign banks used as coverage for opened letters of credit and guarantees, placements in subordinated deposits in foreign currencies with non-residents, as well as term foreign exchange deposits abroad.

Cash in treasury: Cash in treasury consists of cash foreign tenders of payment within the treasury, foreign exchange cheques received at the counter, cheques sent abroad for settlement, as well as cheques received for settlement by domestic banks.

Securities: This category includes the foreign exchange assets placed in debt coupon and discount securities issued or guaranteed by foreign governments, central banks, multilateral development banks and international financial institutions, as well as foreign exchange assets placed in collateralized and agencies' bonds.

Other foreign assets

This category consists of placements in subordinated foreign currency deposits with non-residents, foreign exchange assets with foreign banks used as collateral for issued guarantees, foreign exchange assets received on accounts of the government, as well as placements in equity securities issued by non-residents (BIS equity shares) in foreign currency readily available for sale.

Table no. 36 and 37 Denar exchange rate - average in the period and in the end of the month

The average annual exchange rates are calculated as an arithmetical average of the monthly average rates.



The average quarterly exchange rates are calculated as an arithmetical average of the average monthly exchange rates in the given quarter.

The average monthly rates are calculated as an arithmetical average of the average daily exchange rates.

The exchange rates at the end of the month represents the daily middle exchange rate at the exchange rates list of the NBRM for the last day of the month.

Table no. 38 Indices on effective exchange rate of the Denar

The real effective exchange rate represents an index number which is a quotient of index of the nominal effective exchange rate of the Denar and the relative price index.

The index of the nominal effective exchange rate (NEER) of the Denar is calculated as weighted geometrical mean of bilateral average monthly exchange rates of 12 larger external trade partners of the Republic of Macedonia (Austria, France, Germany, Greece, Italy, Holland, Switzerland, Great Britain, USA, Slovenia, Turkey and Serbia) with base period 1995=100 and ponders based on foreign trade in 2003.

The relative price index is ration between the average weighted index of the indices of foreign prices of countries, which corresponds with the choice of the countries on currencies which are used for calculating the NEER of the Denar and the index of domestic prices, with base period 1995=100 and ponders based on foreign trade in 2003. The Consumer Price Index (CPI) and the Producer Price Index (PPI) are being used as deflators.