



## I. Economic Developments in the Republic of Macedonia

### Basic indicators for the economic developments

Basic Indicators for the Economic Activity					
		Amount	Month / previous month	Month / same month of the previous year	Period / same period of the previous year
			in %		
Costs of living	VIII.2003	-	0.1	2.2	0.8
Retail prices	VIII.2003	-	0.1	3.2	2.3
Prices of producers of industrial products	VIII.2003	-	0.3	-0.8	0.0
Industrial output	VIII.2003	- in denars	-22.7	-7.3	3.7
Nominal average net paid wage	VII.2003	11,839	-0.2	3.1	6.2
Real average net paid wage	VII.2003	- in million denars	0.0	0.8	5.6
Budget revenues	VIII.2003	3,631	-31	-28.2	-6.3
Budget expenditures	VIII.2003	4,073	13.0	-22.5	-17.3

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



## 1.1.

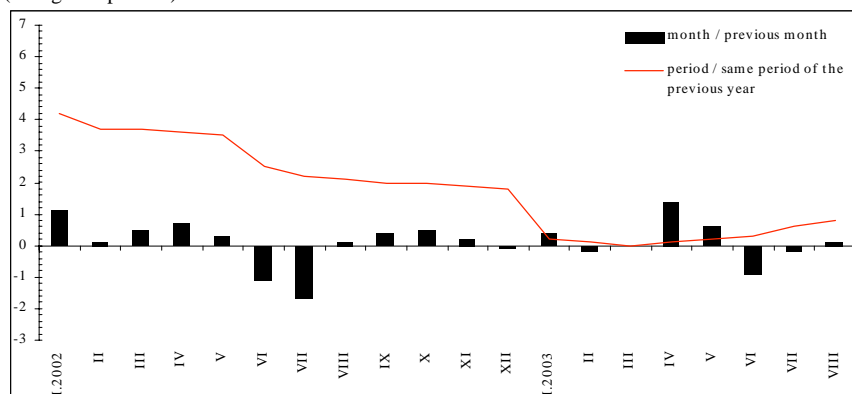
## Prices

*In August 2003, minimal monthly rate of inflation (of 0.1%) was registered...*

*...given the increasing average rate of inflation*

After the movements of deflation registered in the previous two months, in August 2003, the costs of living used as an indicator for the movement of the rate of inflation remained almost unchanged on a monthly basis (minimal increase of 0.1%). This is due to the divergent movements in the structure of the index of the costs of living. Thus the increase in the costs registered in the categories "clothes and footwear" and "transportation and services" was not completely neutralized by the registered decrease in the categories "food" and "hygiene and health", while the costs in the remaining categories retained the level recorded in the previous month. On annual basis, the costs of living were higher by 2.2%, while the recorded average rate of inflation of 0.8% registers an upward trend, which is due to the increase in the costs of services (of 5.7%), having in mind the decrease in the costs of goods (of 0.1%).

Chart 1  
Costs of living  
(changes in percent)

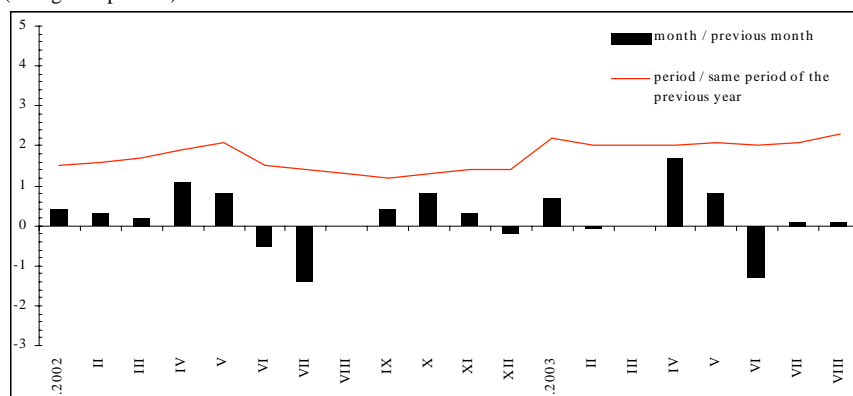


*In August 2003, the retail prices also registered minimal monthly increase (0.1%)*

In August 2003, the retail prices registered an increase identical to the increase in the costs of living (of 0.1%). The increase is due to the increased prices of non-food industrial products by 0.6% (mainly due to the higher prices of oil derivatives by 1.4%, in accordance with the Government decision on the increase in the prices of footwear by 2.6%), and in the industrial food products by 0.3%. On the other hand, the prices of agricultural products dropped by 2.8%, which mainly originates from the seasonally lower prices of fruits (by 6.4%) and vegetables (by 3.3%). Structurally observed, the prices of goods increased by 0.2% on a monthly basis, while the prices of services retained the level registered in the previous month. The annual and the average rates of increase of the retail prices were 3.2% and 2.3%, respectively, which is due to the high increase in the prices of services.



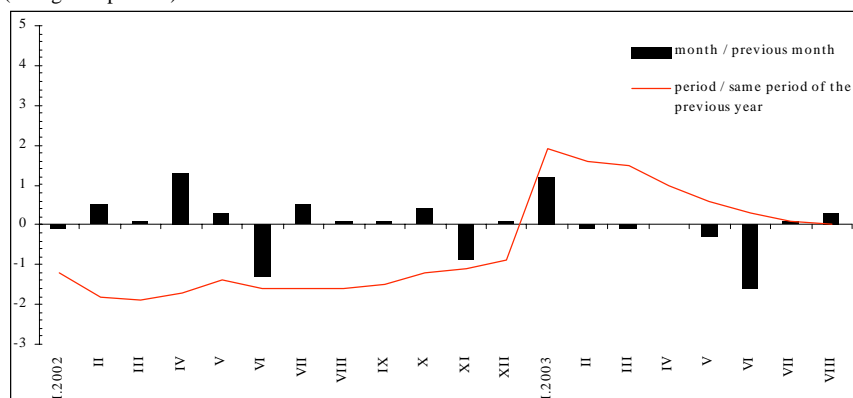
Chart 2  
Retail prices  
(changes in percent)



*In August 2003, the prices of the producers of industrial products increased by 0.3% on a monthly basis...*

In August 2003, the prices of the producers of industrial products registered slight monthly increase of 0.3%. This is due to the increased prices of the producers of energy by 1.4%, having in mind the decrease in the prices of the producers of non-food consumption products of 0.1% and the unchanged prices in the remaining main groups of products. Observed by sectors, the prices in the processing industry increased by 0.3% on a monthly basis, while in the remaining two sectors they retained the level registered in the previous month. The increase in the prices in the processing industry is due to the increased prices of the producers of oil derivatives by 4.1%, given the minimal decrease in the prices of the producers of food products and beverages of 0.1%, and unchanged level of the prices in the remaining 17 branches of the processing industry.

Chart 3  
Prices of producers of industrial products  
(changes in percent)



*...while they remained unchanged on a cumulative basis*

On annual basis, the prices of the producers of industrial products were lower by 0.8%, which is due to the lower prices of the producers of energy by 1.5% (as a result of the lower prices of the producers of oil derivatives by 4.1%), which are also the main cause for the decrease in the average rate of these prices. Thus the average rate of increase since the beginning of the year has been registering gradual decline, with the average rate of the prices of the producers of industrial products in the first eight months of 2003 remaining unchanged compared to the same period of the previous year.