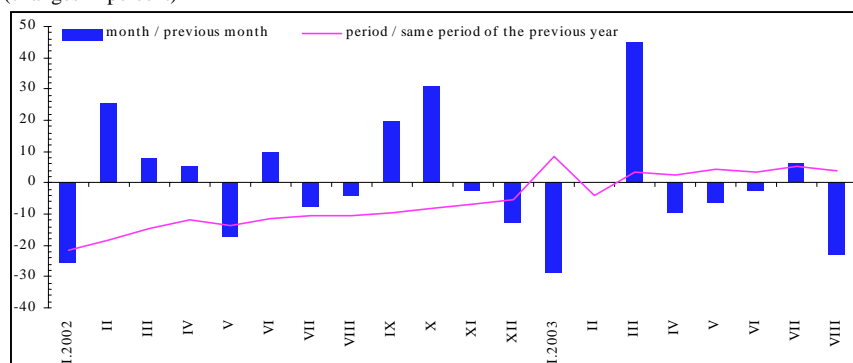


**1.2.****Economic activity**

In August 2003, the volume of the industrial output decreased significantly on a monthly basis...

In August 2003, the reduced production activity due to the summer vacations influenced the decrease in the total volume of the industrial output on a monthly basis. Namely, the drop in the eighth month of the year caused by the seasonal factors was characteristic also for the previous years, but in August 2003 it was the largest drop in the last ten years (22.7%). This decline is partially due to the comparison base from the previous month (when despite the presence of the seasonal factor, the monthly growth rate was positive) and the decrease in the production in almost all main groups of industrial products. Thus except the production of energy which recorded a monthly increase, the production from the remaining main industrial products, comprising 86.2% of the total output, registered a decrease. Analyzed by sectors, a reduced output was registered in the processing industry (by 23.0%) and in the sector "mining and quarrying" (by 64.5%, which is partially due to the high comparison base of the previous month), while an increase (of 11.5%) was registered only in the sector "supply of electricity, gas and water". In the processing industry, 14 out of 20 branches registered a decrease in their output. Thus a reduced monthly output was registered in the following branches of higher importance: production of basic metals, textile products, wearing apparel, dressing and dyeing of fur, tobacco products, chemicals and chemical products and in the production of food products (comprising 62.3% of the total industrial output).

Chart 4
Industrial output
(changes in percent)



...given the preserved moderate average growth rate of 3.7%

In August 2003, compared to the same month of the previous year, the volume of the industrial output decreased by 7.3%, having in mind the lower production in the processing industry and in the sector "mining and quarrying", while the sector "supply of electricity, gas and water" registered an increase. Despite the significant monthly decrease, moderate average growth rate of 3.7% was retained, which mainly reflects the increase in the production of basic metals and in the production of oil derivatives.



Gross Domestic Product in the second quarter of 2003

In the second quarter of 2003, the positive trend of the Macedonian economy evident through the intensification of the real increase in the Gross Domestic Product on a quarterly basis, which reached 3.0%* compared to the same period of the previous year, continued. The most intensive increase was registered in the sector "transportation, storing and communications" and in the trade, of 7.3% and 5.7%, respectively. Consequently, their share in the creation of GDP is higher by 0.4, i.e. 0.3 percentage points, thus reaching 9.2% and 12.4%, respectively. The value added in the industry and agriculture registered an increase of 3.4% and 2.5%, respectively, although their share in the GDP remained unchanged. Only the sector "construction" registered negative movements in the second quarter (a decrease of 3.5% in real terms, given the simultaneous decrease in its share of 0.4 percentage points).

Contrary to the first quarter, in the second quarter of 2003, the movement of the expenditure aggregates of GDP had a positive direction. The highest increase was registered in the investments in machines and equipment and in the export of goods and services (13.8% and 9.2%, respectively). The increase in the public consumption and the import of goods and services reached 6.6% and 2.9%, respectively.

* Preliminary data of the State Statistical Office.