

National Bank of the Republic of Macedonia
Research Department



Monthly Information
10/2009

November, 2009

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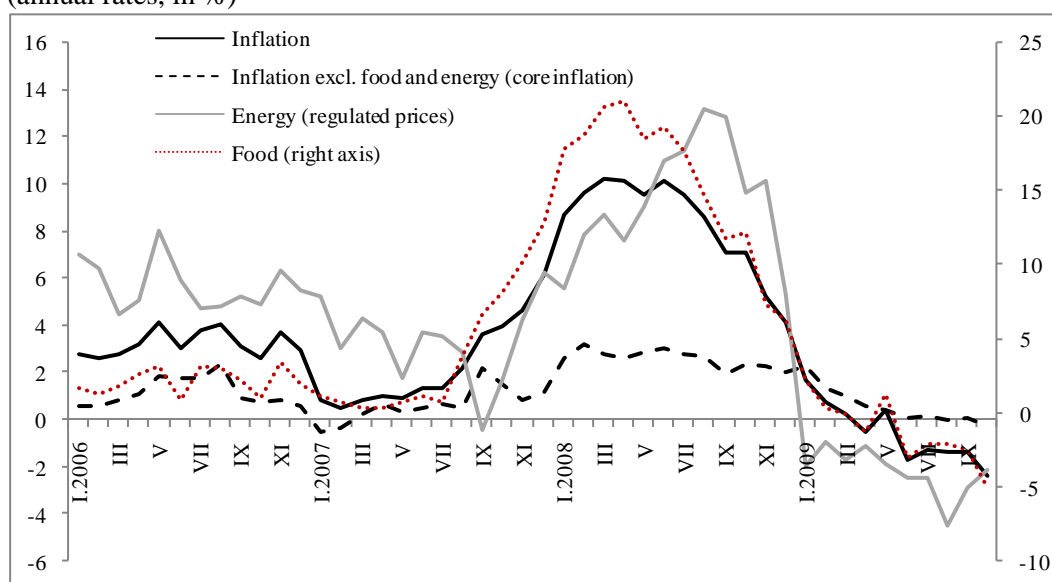
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1. PRICES

The fall in the prices, which started in the middle of the year, continued in October 2009 as well, when the level of the consumer prices registered drop of 0.4%, on monthly basis. The favorable weather conditions, characteristic for October, can be identified as one of the factors for further and in the same time, unusual drop in the prices of the fresh food (of fruits and vegetables), which contributed mostly to the monthly fall in the total price level. Besides the fresh food, the prices of fats, as well as the prices of the oil derivatives registered considerable fall (in accordance with the price development of the crude oil), while the prices of other categories generally maintained the level of September. On annual basis, the negative inflation rate deepened further to -2.4%, in conditions of fall in the prices of imported and domestic products and most probably more evident contraction in the personal consumption. Analyzed by component, the annual inflation rate can be explained with the lower food prices (mostly the vegetable, fats and dairy products), prices of oil derivatives, whereas the prices of meat and electricity still maintain the higher level. Simultaneously, deepening in the price drop was registered relative to the end of the previous year as well, so the price level in October was lower by 2.8% relative to December (decline of 2.5% in the previous month). The cumulative inflation rate for the period January-October 2009 amounted to -0.6%.

The core inflation (inflation without food and energy) in October 2009 was negative on annual basis and it amounted to -0.3% (in September it amounted to 0.1%). The entering of the core inflation into the negative zone resulted from the lower education costs and the cheaper means of transportation. Such dynamics of the long-term component of inflation indicated the fact that the inflationary pressures in the Macedonian economy are depleted. If only the food is excluded, the consumer prices in October 2009 were lower relative to the same month in the previous year by 0.7%.

Figure No. 1
Realized and core inflation
(annual rates, in %)



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

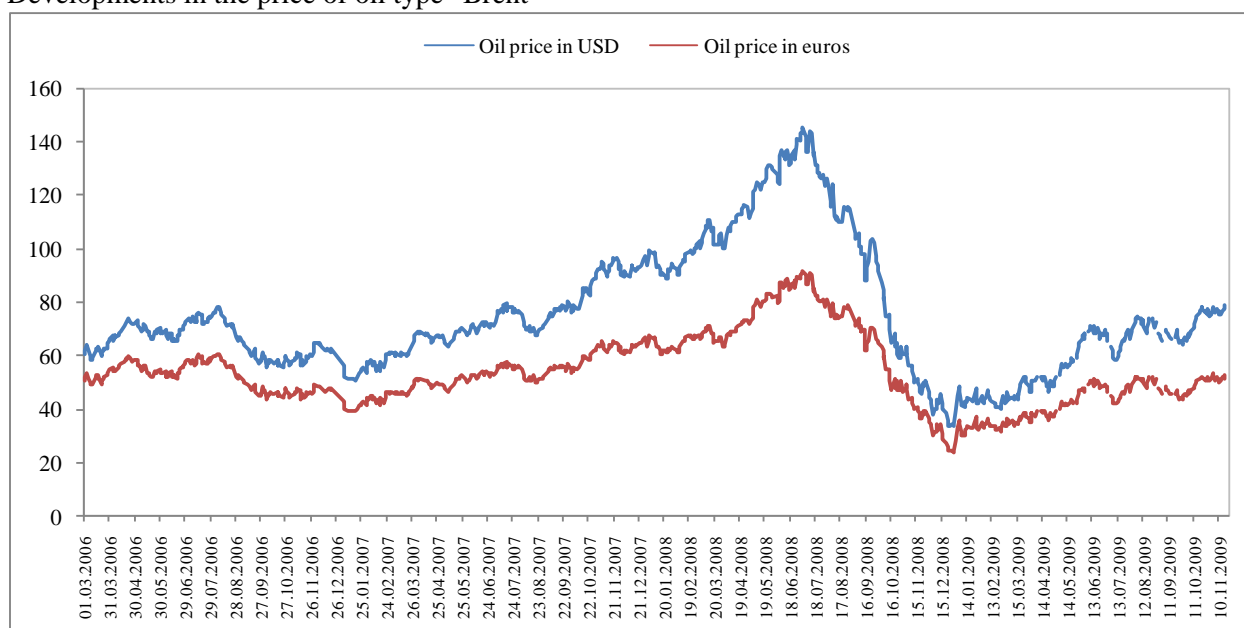
The realized negative annual inflation rate in October deviates from the projection, according to which inflation of -1.4% was anticipated for October. The deviation resulted from the

deeper fall in the prices of food, due to the unrealized usual seasonal rise in the prices of fresh food in October. Based on the same projection, in the last quarter of the year annual inflation rate of -1.2% was expected, but considering the October deviation the price drop in the last quarter is expected to be rather more intensive than the projected one, thus the inflation for whole 2009 is expected to be slightly lower.

After the monthly fall of 6.6% in September, the oil price on the international stock exchanges in October increased again, reaching up to the highest level in the last twelve months. Thus, the price of the oil type "Brent" amounted to USA-Dollars 73.2 SAD per barrel, which was by 8.1% more than in the previous month. Such development of the oil price resulted from the weakening of the value of the USA Dollar, from the latest projections of OPEK for increased oil demand for the next year, from the improved stock exchange results, as well as from the disclosed data for lower growth in the oil reserves in USA relative to the anticipated one. The level of the oil price remained high in November as well, when the price was generally nearly USA Dollar 77.0 per barrel (from November 9 till November 18), so it registered growth of 0.6% relative to the previous two week period (which was mainly due to the further weakening of the value of the USA Dollar and to the revised projections by OPEK for higher global demand for oil of 50 thousands barrels per day). In accordance with the latest developments of the oil price on the international market, on November 23 the Regulatory Energy Committee adopted a decision on fall in the refinery prices and increase in the retail prices of the oil derivatives (by 0.17% and 1.64%, respectively, on average).

Figure No. 2

Developments in the price of oil type "Brent"

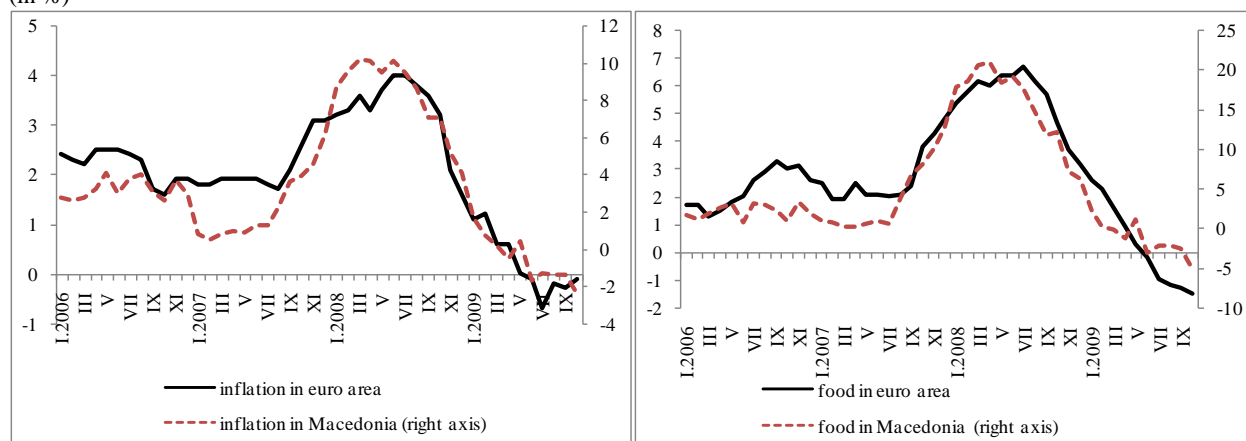


Source: The Energy Information Administration - statistical agency of the U.S. Department of Energy.

The trend of negative **annual inflation rates** continued in the **Euro-zone** as well. Thus, in October 2009 the annual inflation rate amounted to -0.1%. The annual price drop in the Euro-zone resulted from the fall in the energy (petrol, cooking oil and gas) and in the food (diary products and vegetables), whereas the prices of tobacco and the prices in the catering services grew up most significantly. On the other hand, **compared with the previous month**, the prices are already higher by 0.2%, initially as a result of the higher prices of wearing apparel and footwear, whereas the prices of travel arrangement and of petrol registered the highest drop.

Figure No. 3

Annual inflation rates and food prices in the Euro-zone and in Macedonia
(in %)



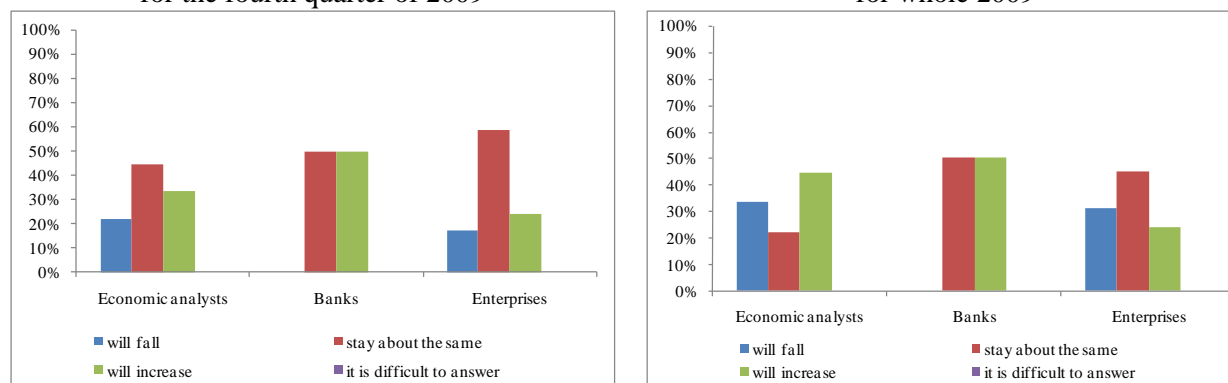
Source: Eurostat and SSO.

1.1. Inflation Expectations Survey

According to the Inflation Expectations Survey, which was conducted in the beginning of November 2009¹, most of the surveyed (55%) anticipated for the average annual inflation rate in **the fourth quarter of 2009** to remain stable during the whole quarter, 29% anticipated higher inflation (i.e. deflation drop), and 16% anticipated even lower inflation (i.e. higher deflation). Almost one half (45%) of the *analysts* consider that the inflation will maintain the current level, one third (33%) consider that it shall increase, and 22% that it will be even lower. Half of the *banks* consider that the inflation shall remain unchanged, and the other half considers that it shall increase. With the *enterprises*, most of them (59%) expected inflation stagnation, 24% anticipated rise, and 17% envisaged further drop. *The average anticipated inflation rate for the last month of 2009, based on the results from the Survey, amounted to -2.2%.*

¹ The survey had response of 58%, i.e. 42 of 73 surveyed answered the survey. Observed by entities, the highest response was registered with the economic analysts (69%), than with the enterprises (57%), and the lowest with the enterprises (55%).

Figure No. 4
Distribution of answers for the inflation expectations by groups of surveyed
for the fourth quarter of 2009

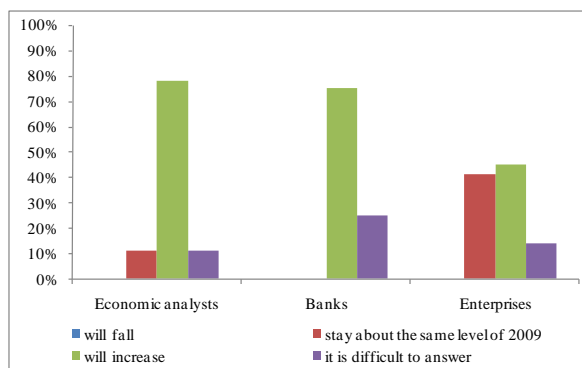


Source: NBRM, Inflation expectations survey.

Regarding the **whole 2009**, most of the surveyed (41%) considered that the average inflation rate will maintain the level of the average for the January-October period (-0.6%), 31% considered that it shall be higher and 28% that it will continue reducing, i.e. that it will be less than -0.6%. Almost one half (45%) of the *analysts* consider that the inflation will grow up, one third that it will reduce, and the other that the inflation will remain stable till the end of the year. The expectations of *banks* are divided, i.e. half of them consider that the inflation shall remain unchanged, and the other half considers that it shall increase relative to the average of January - October. Different from the analysts, most of the *enterprises* (45%) consider that the inflation for the whole 2009 shall remain unchanged, about one third consider that it will be lower than the average for the first ten months, and the others consider that it will be higher. *The economic entities anticipated for the average inflation rate in 2009 to amount to -0.6%.*

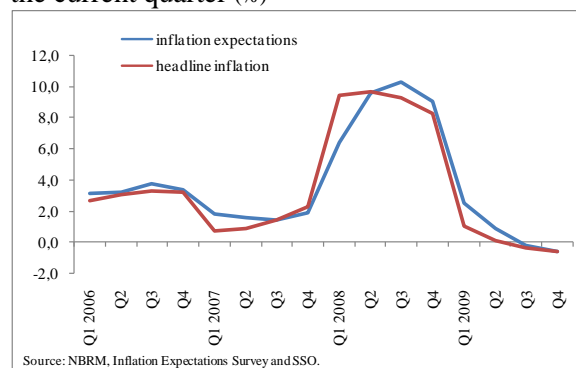
Regarding the expectations for the **following 2010**, more than a half (55%) of the surveyed considered that the inflation rate will be higher relative to 2009, about one third had stable expectations, and the others consider that the inflation path is hardly predictable. Considerable part of the *analysts* (78%), as well as most of the *banks* (75%) considered that the inflation will increase. Most of the *enterprises* (45%) consider that the inflation shall increase, although considerable part of them (41%) had stable anticipations. *The average inflation rate for 2010 based on the expectations of the economic entities amounted to about 1.0%, which corresponded with the inflation projections of NBRM for this period.*

Figure No. 5
Distribution of answers for the inflation expectations by groups of surveyed



Source: NBRM, Inflation expectations survey and SSO.

Figure No. 6
Expectations for the average inflation rate till the end of the year and realized average inflation in the current quarter (%)



The expectations for sooner recovery of the global economy and the implicit effect on the foreign effective demand, the price growth in the energy (oil and electricity), the support of the domestic demand by the fiscal policy, as well as the gradual stabilization of the flows in the financial sector were the most often emphasized factors which influenced in direction of positive expectations with the economic entities. The slow and unequal recovery of the global economy, the pessimistic expectations for the domestic economic activity, the restrictive monetary policy and the rigid terms for approach to financial products were the factors which determined expectations for price drop.

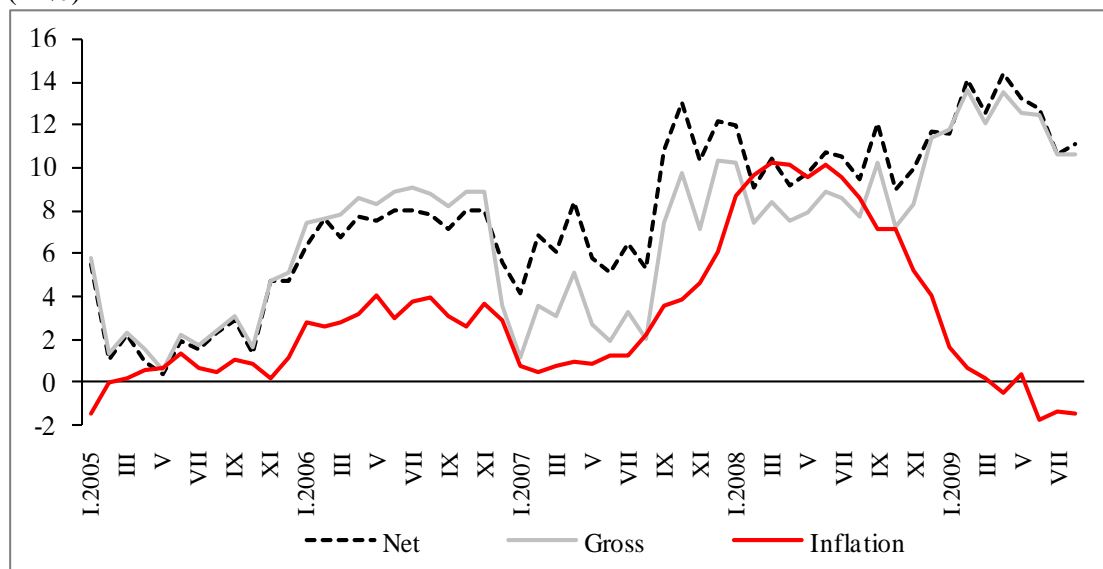
2. WAGES

The average paid **net wage** in August was by 0.5% higher than the average wage in July, so the downward trend in the wages registered in the previous three months stopped. With monthly fall in the consumer costs of 0.3% being registered, the real wage growth in August amounted to 0.8%. Wage growth was registered with all three economy sectors, highest with the agriculture (4.2%), and the lowest with the industry (0.1%). The average **gross wage** in August registered nominal rise of 0.1%, i.e. real growth of 0.4%.

Relative to the respective month of the previous year, the average net and gross wages, corrected for the structure change², rose by 11.2% and 10.6% on nominal basis, so with inflation rate of -1.4%, it represented real growth of 12.7%, i.e. 12.2%, respectively. The higher annual wage growth was mostly due to the rise in the wages of the employees in the public administration in September 2008. The nominal growth rate of the net and the gross wage, according to the official data, excluding the correction for change in the method of wage calculation, amounted to 25.6%, i.e. 15.6%. Observing the structure, all activities registered annual growth in the net wages in August, when the wages in the fishing, mining, education and catering services grew up mostly, whereas the wages in the trade and in the manufacturing industry had lowest growth.

² The correction is made by the Research Department of NBRM, by supposing that the wage in December 2008 is equal with the wage in January 2009, and then by adding the monthly growth rates issued by SSO to this amount. Considering the fact that the historical monthly growth rates for January did not indicate evident seasonal dynamics, as well as regarding the fact that no considerable anticipated wage increase were made in January 2009, such approach seems reasonable.

Figure No. 7
Annual growth rates in the wages* and inflation
(in %)

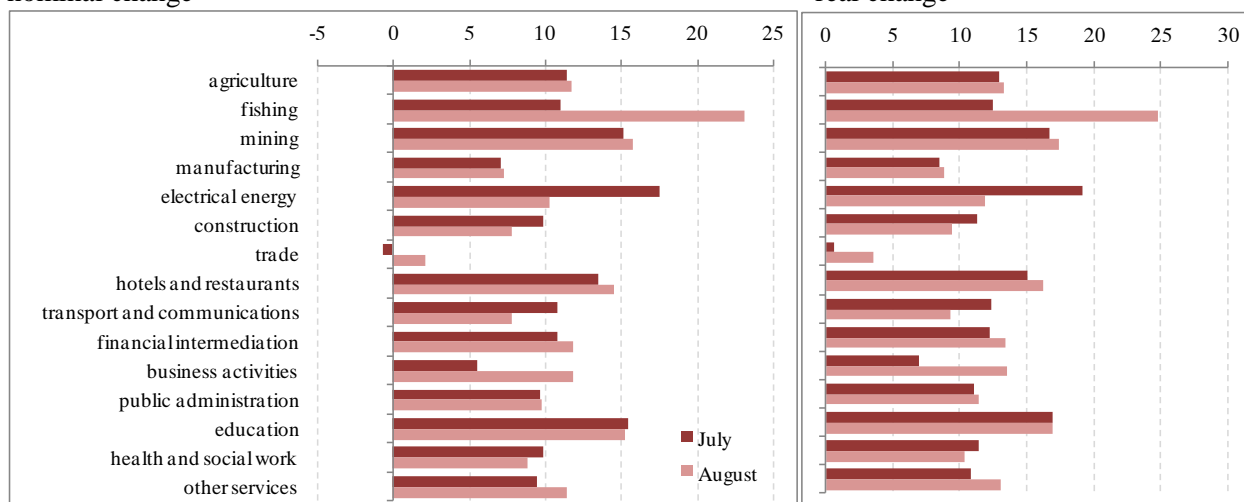


* Since January 2009, the corrected growth rates of NBRM are shown.

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

Relative to the end of the previous year, the net wage in August rose by 1.3%, on nominal basis, i.e. 3.8%, on real basis, which indicated to wage rigidity and their slow adjustment to the slower economic activity. The wages grew up most considerably in the mining (7.3%), other business activities (7.1%) and construction (6.9%). Simultaneously, the nominal and the real growth in the **gross wage** in August amounted to 0.6% and 3.1%, respectively, relative to the end of the previous year.

Figure No. 8
Average net wage by sectors*
(annual rates, in %)
nominal change



*The corrected rates are shown.

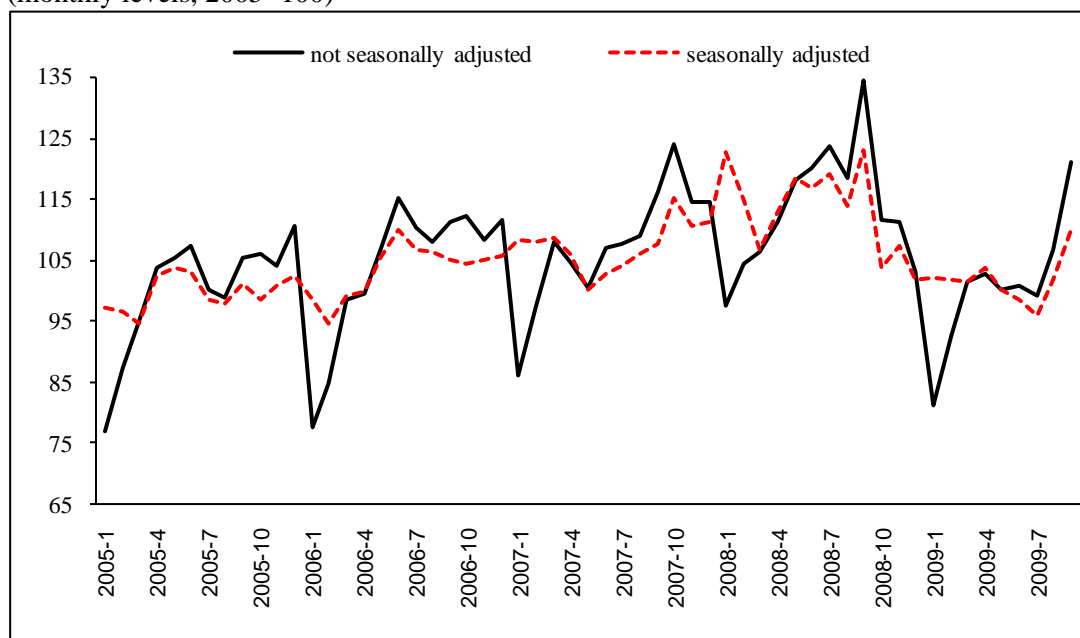
Source: State Statistical Office of the Republic of Macedonia and NBRM.

3. ECONOMIC ACTIVITY

The volume of the industrial output in September was by 13.6% higher than in the **previous month** (by 7.8% according to the data adjusted for seasonal effects). This was the second month in a row when the industrial output registered monthly growth, after the rise in August of 7.6% (6.1% according to the data adjusted for seasonal effects), which can be interpreted as an initial sign for improvement in the situation in the real sector. However, the high monthly growth was solely due to the good performances with one activity again - the output of metal products, which registered rise of 76%, so the uncertainty on whether the improvement is of temporary or permanent character remained.

Observed on **annual basis**, the fall in the industrial output in August and September amounted to 9.9% and 9.8%, respectively, which was twice lower than the fall of 19.8% in July. Such lower intensity of the annual fall rate in the industrial output in September was due to the high positive contribution of the output of metal products, the volume of which rose by 9.3%, as well as to the slowing down in the fall in the output of basic metals, which in September reduced to 35% (from 55%, as it amounted in the first seven months of the year). In the same time, the general situation in the industry was still unfavorable, because as much as 18 out of 24 sectors, i.e. 78% of the index registered output fall.

Figure No. 9
Index of the industrial output
(monthly levels, 2005=100)

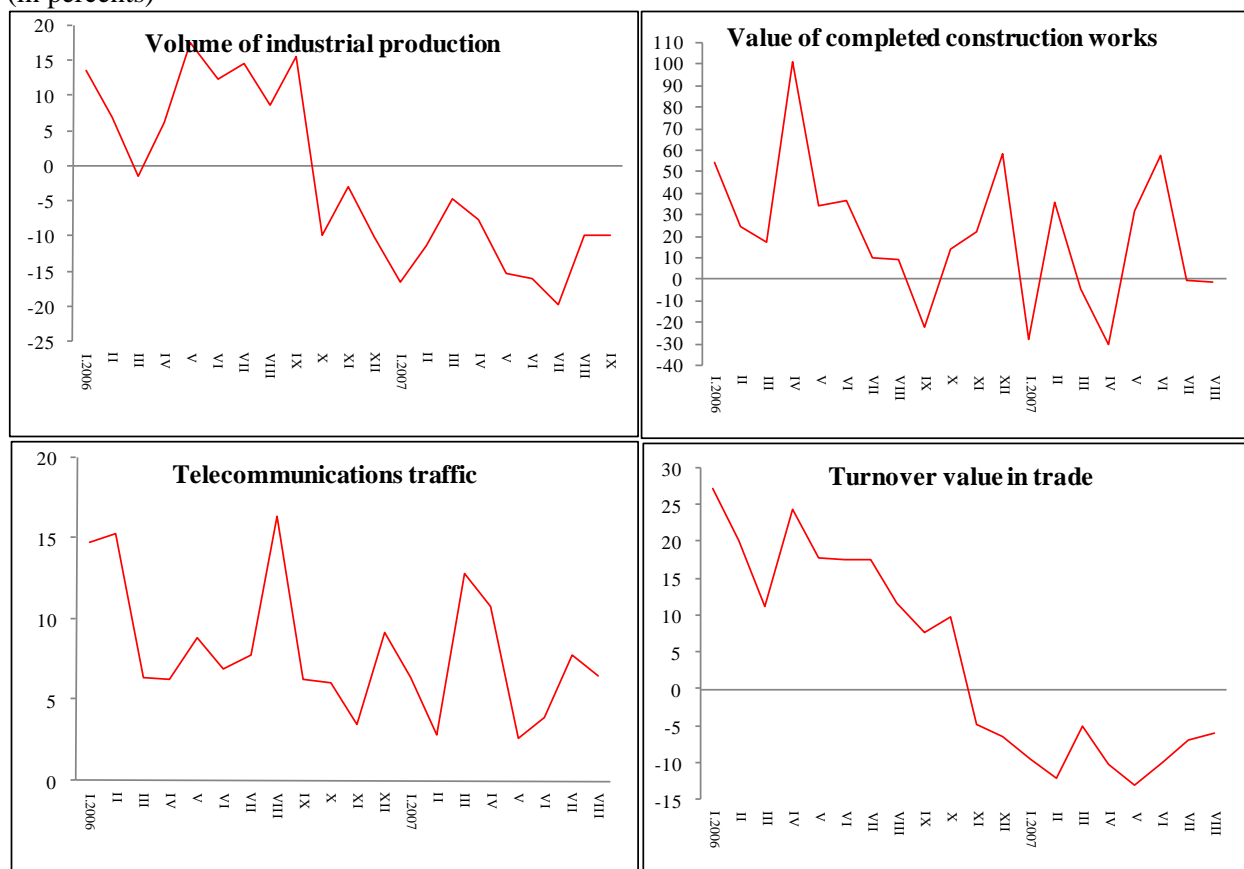


Source: State Statistical Office and NBRM calculations.

The other economy sectors registered divergent developments. Thus, since registering high monthly fall of 30.8% in July (35.8% according to the data adjusted for seasonal effects), the **performed construction activities** had minimal monthly rise of 2.4% in August (1.9% according to the data adjusted for seasonal effects). The annual growth rates indicated worsening in the construction conditions, according to which the construction in July and August registered decline of 0.3% and 1%, respectively, relative to the rise of 9.3% in the first half of the year. After the growth in the previous two months, the **trade turnover** in August had monthly fall of 6.2%, i.e. of 0.5%, according to the data adjusted for seasonal effects. However, the annual drop in the trade reduced to 5.8% in August, from 9.4% average drop in the first seven months. **The telecommunications** in August dropped by 2.9%, on monthly basis,

which was solely due to seasonal effects, because the data adjusted for seasonal effects indicated monthly rise in the telecommunications of 1.8%. On annual basis, the growth in the telecommunications continued and it amounted to 6.6% in August.

Figure No. 10
Annual growth rates in individual economy sectors
(in percents)



Source: State Statistical Office and NBRM calculations.

In accordance with the worsening of the construction conditions, the value of the facilities that were given **construction licenses** in September was by 2.7% lower as well, relative to the respective period in the previous year, which indicated to expectations for further slowing down in the construction activity in the following period. The pessimistic expectations were supported also by the assessments of the managers of the construction companies³, the expectations of which for the orders in the following three months were at the lowest level since the beginning of the year.

The developments with the available highly frequent data indicated continuing of the negative trend with **the personal consumption** in the third quarter of the year. Thus, the retail trade turnover in July and August registered small real growth of 0.9%, different from the fall of 3.6% in the second quarter, the drop in the VAT income in the budget in the third quarter slowed down relative to the second quarter (3.8% relative to 14%) similar with the drop in the import of consumer goods (-6.3% in July and

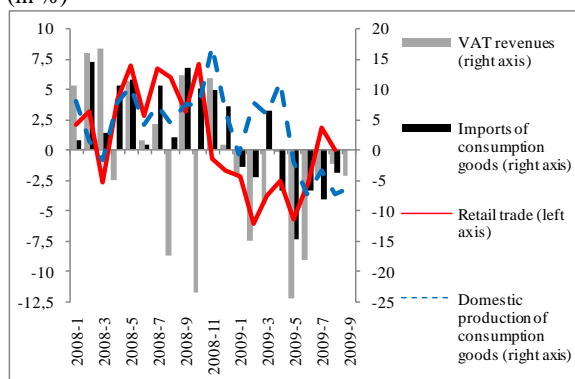
³From the Business Tendency Survey in Construction from November.

August, relative to 8.5% in the second quarter). However, the domestic output of consumer goods registered large fall in the third quarter (of 5.5%), relative to the rise of 0.2% in the second quarter. In conditions when the household income continues to grow, the lower consumption was due to the slower crediting and to the higher precaution of the households, in conditions of worsened expectations and higher uncertainty for the future. The worsened expectations, followed by the narrowing in the sources of funding, contributed to fall in the **investment activity**, which can be perceived through the slowing down in the real growth in the performed construction activities, to 0.7% in July and August, from 15.3% in the second quarter, in the real rise in the import of means of operation (10.8% in July and August, same as in the second quarter), as well as with the domestic output of means of operation (drop of 19.3% in the third quarter, relative to 40.1% in the second). The slowing down of the real growth in the consumer goods and services in the budget (to 1.1% in the third quarter, from 12.4% in the second) indicated to repeated real fall in the **public consumption**, while the drop in the deficit in the foreign trade indicated positive contribution of the net export to the GDP growth in the third quarter as well.

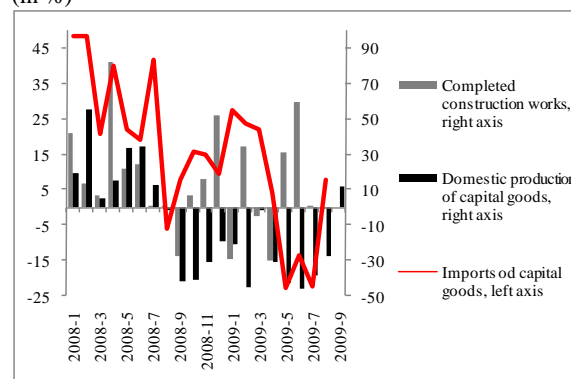
Figure No. 11

Developments of the indicative categories for the expenditure components of GDP

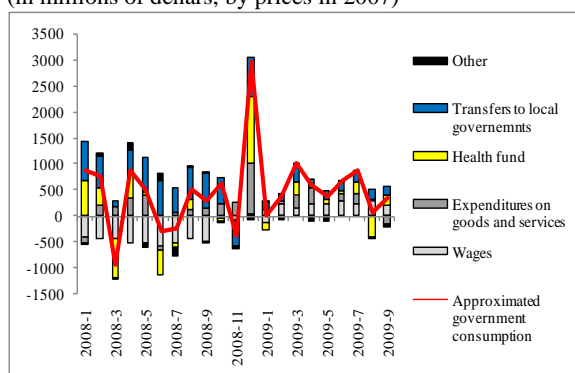
Personal consumption, annual real changes
(in %)



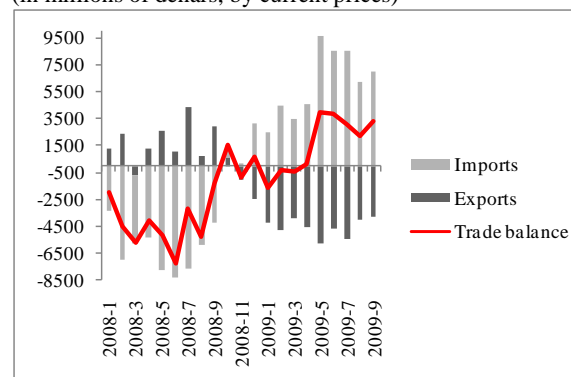
Gross investments, annual real changes
(in %)



Personal consumption, annual real changes
(in millions of denars, by prices in 2007)



Net export, annual nominal changes
(in millions of denars, by current prices)



Source: State Statistical Office and NBRM calculations.

4. BALANCE OF PAYMENTS

In the first eight months of 2009, the deficit on the current account of the balance of payments amounted to Euro 394.5 million or 6.2% of GDP, which represented improvement by 0.5 percentage points relative to the same period of 2008. The narrowing of the negative gap in the current account was mostly due to the improvement in the trade balance (narrowing in the deficit by 1.7 p.p. of GDP on annual basis), which was partially neutralized by the negative change in the income sub-balance (by 1.4 p.p. of GDP on annual basis).

Opposite to the high deficit on the current account in the first quarter of 2009 and the partial stabilization of the imbalance in the second quarter, in the first two months of the third quarter of 2009 (July and August) a surplus of Euro 46.6 million was realized (in the same period of 2008 deficit of Euro 49.7 million was registered). Such turnover in the flows reflected the further narrowing in the trade deficit (by 25% on annual basis) and the positive dynamics of the current transfers. The more intensive import contraction, which started in the second quarter of 2009, continued in these months as well, under the influence of the lower demand for raw materials for production and export, the lower import of energy, but also due to the decreased domestic demand. Simultaneously, positive dynamics of the net inflows from private transfers intensified, so the annual growth reached up to 17.5%, relative to 3.7% in the previous quarter. Compared with the projection in October 2009, the realized surplus in the current account in July and August amounted to 43.8% of the projected surplus for the third quarter.

In the period July-August 2009, the net inflows from private transfers reached up to Euro 265.5 million and they exceeded the trade deficit by 14.5%. The net assets, as the largest item in the private transfers, registered annual rise of 21.2% and simultaneously it reached up to 68.7% of the envisaged amount for the third quarter. The positive dynamics with the net assets continued in September and October (annual growth in the net purchase on the foreign exchange market of 38.3% and 49.6%, respectively) and it indicated to considerably stabilized anticipations of the economic entities. Thus, the net purchase on the currency exchange market in the period January-October reached up to Euro 612.1 million, i.e. by 13.6% more than in the same period in 2008.

In accordance with the lower trade, in the period July- August 2009 the net outflows from transportation services decreased as well, whereas the higher number of foreign visitors determined higher net inflows from traveling. Such tendencies determined **positive balance with the sub-balance of services** (annual rise of 13.3%). Opposite to this, **the income sub-balance** was the only component of the current account which **registered negative annual dynamics**, i.e. in the period July-August negative balance in the amount of Euro 12.5 million was registered (relative to the surplus in the same period of the previous year).

In the first two months of the third quarter of 2009, the state mobilized considerable financial inflows from abroad, so in the capital and financial account high net inflows in the amount of Euro 246.9 million were realized (higher by 2.6 times relative to the same period of 2008). The high capital inflows in conditions of realized surplus on the current account enabled considerable accumulation of the foreign reserves in the amount of Euro 301.4 million. **In July 2009 the second Eurobond was issued⁴**, so the portfolio investments participated mostly with 61.6% in the total net inflows. However, if the effect from the Eurobond is excluded, the portfolio investments register net outflows, which are expected to continue in the following two months as well. Thus, according to the data from the

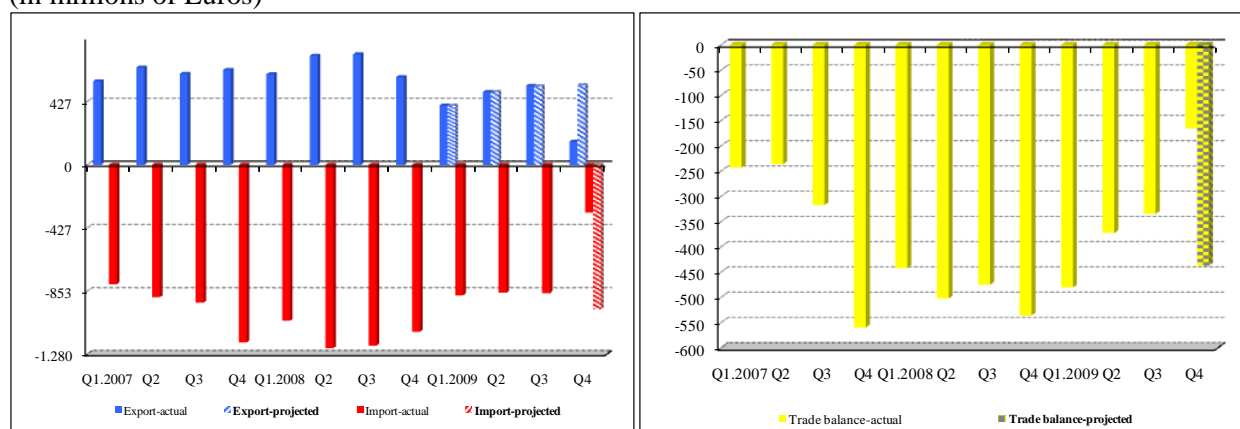
⁴ On July 8, 2009 the Government of the Republic of Macedonia issued the second Eurobond in the amount of Euro 175 million that fall due on January 8, 2013 and interest rate of 9.875%.

Macedonian Stock Exchange, the participation of the foreign investors on the side on the sale was higher and it amounted to 12% and 24.9% in September and October, respectively, while on the side of the purchase the foreign investors participated with 6.9% and 5.8%, respectively. Besides the Eurobond, **in August 2009 allocation of the special drawing rights (SDR) was performed in the amount of Euro 56 million.** Out of the other categories within the financial account, **more considerable net inflows were registered with the category "currencies and deposits" (Euro 22.3 million),** mainly as a result of the lower net foreign assets of banks. On the other hand, in July 2009 the **direct investments** registered for the first time net outflows, which was solely due to the negative reinvested gain (higher paid dividends). However, the net outflows in July were almost neutralized by the net inflows in August (which resulted from the intercompany indebtedness). Thus, in the first two months of the third quarter of 2009, net outflows in the amount of Euro 4.8 million were registered with the foreign direct investments, and according to the projection in October net inflows of Euro 26.8 million were anticipated. **The net indebtedness also registered negative annual change,** i.e. the deficit in the period July-August (relative to the surplus in the same period of the previous year) was due to the lower utilization, as well as to the higher repayment of long-term credits and loans.

The contraction of the foreign and domestic demand, as well as the influence of the prices of energy in September 2009 as well, resulted in annual drop in the trade of goods (by 28.5% on annual changes). However, September was the second month in a row when the export of goods registered slower intensity of the annual fall (of 25.4%, relative to the fall of 28.9% and 32.3% in the previous two months). The negative annual dynamics of the export sector still reflects the lower export of iron and steel and products thereof (contribution of 63.5% to the total fall in the export), the lower export of wearing apparel and textile (contribution of 12.9%), as well as the lower export of oil derivatives (contribution of 9.8%). On the other hand, in September, the annual fall in the import intensified equaling 30.6% (opposite to 26.4% in the previous month). The structure analysis showed that the fall in the import of goods was determined by the lower import of energy, iron and steel and products thereof, ores and vehicles, with contribution of 35.9%, 27.6%, 13.6% and 7.3%, respectively. Such developments of both components of the foreign trade determined further narrowing in the trade deficit of 40% on annual basis.

Figure No. 12

Export, import of goods and trade balance (realized and projected in October 2009)
(in millions of Euros)



Source: NBRM.

In the period January-September 2009, the export of goods amounted to Euro 1,424 million and it was lower by 32.1% relative to the same period in 2008. The negative annual change resulted from the lower economic activity of our trade partners, i.e. of the low foreign demand for domestic

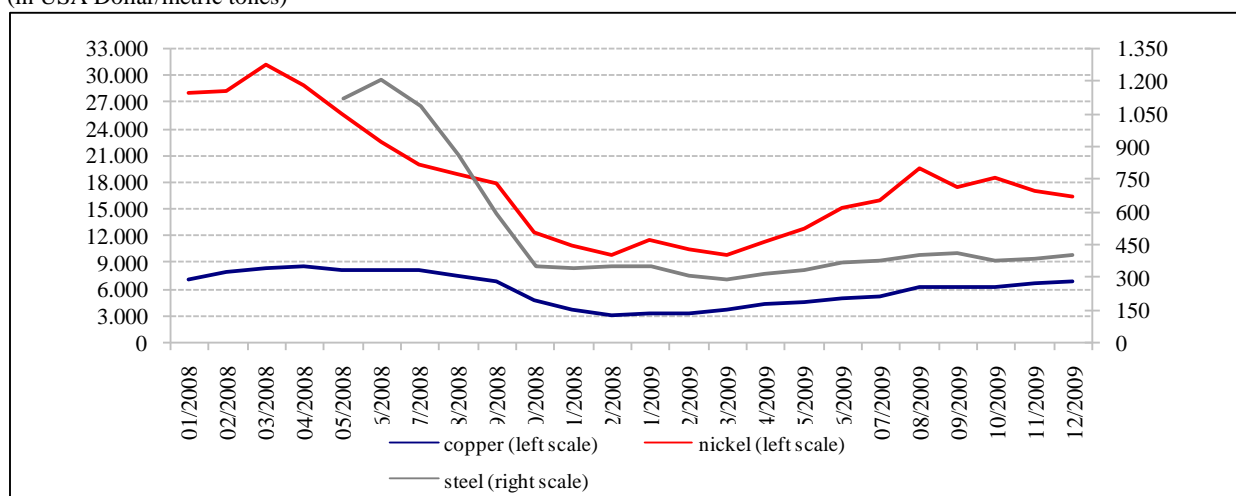
products and to the negative conjuncture on the international stock exchange prices of metals, which affected mostly the domestic export oriented metal manufacturing industry. Thus, the annual drop in the export of iron and steel and products thereof explained about 70% of the total annual export drop. The rest of the cumulative fall can be explained through the lower export of oil derivatives and of wearing apparel and textile (contribution of 10.6% and 8%, respectively to the total decline in the export).

The import of goods amounted to Euro 2.611 million from the beginning of the year till September 2009, i.e. it registered annual fall of 25.7%. Considerable part of the import dynamics (about 40% of the total import fall) can be explained through the lower import of energy, which represented combined effect from the significant downward correction of the import price of the crude oil and of oil derivatives and from the lower import of electricity (which represents a combination of the lower quantity demand and of the lower prices). The other part of the fall in the import can be explained through the lower import of iron and steel and products thereof, of ores and vehicles (contribution of 33.5%, 8.5% and 8%, respectively, to the total import drop).

The more significant absolute fall in the import relative to the export of goods in the analyzed period resulted in fall in the negative gap of the trade balance by 16.3% on annual basis. Analyzed by categories, the narrowing in the trade deficit with the goods resulted mostly from the lower deficit in the energy trade, the decreased deficit in the trade of vehicles, but also from the realization of surplus in the trade of ores (opposite to the deficit realized in the same period of the previous year). The lower negative balances with the cotton and the plastic materials contributed to the lower deficit. The lower surplus in the basic export products, i.e. the lower surplus with the exchange iron and steel and products thereof, as well as the lower surplus with the exchange of wearing apparel and textile were acting in opposite direction. The export-import coverage ratio on annual basis reduced by 5.1 percentage point and it amounted to 54.5%.

In October 2009, the metal prices on the international stock exchanges registered divergent developments. Namely, the prices of copper and nickel registered rise of 1.6% and 6.3%, respectively on annual basis, whereas the price of the steel, after the range of positive monthly rates, registered monthly fall rate of 8.1%.

Figure No. 13
Metal price
(in USA Dollar/metric tones)



*The data on November 2009 pertain to the period 01-18 in this month.
Source: Bloomberg.

5. MONETARY AGGREGATES⁵

In October 2009, **the reserve money**⁶ registered annual growth rate of 10.4% (6.6% in the previous month), which was solely due to the annual rise in the total liquid assets of banks (of 27.3%), with drop in the currency in circulation⁷ by 9.1% being registered. On monthly basis, the reserve money rose by 7.9%, which was solely due to the higher level of total liquid assets of banks (by 13.1%), with moderate rise in the currency in circulation of 0.4% being registered.

Analyzed with respect to the **flows of creating and withdrawing liquidity**, in continuity with the developments in the previous four months, in October 2009 the interventions on the foreign exchange market by NBRM were in direction of net purchase of foreign assets again. In October, the total amount of created liquidity in the banking sector on such basis amounted to approximately Denar 1.134 million (Euro 18.5 million). Liquidity was created also through the monetary instruments, the stock of which on monthly basis was lower by Denar 448 million, while the Denar deposits of the Government with the NBRM, in accordance with the insignificant monthly change, had no considerable liquidity effect. The drop in the net position of the Government with NBRM in October reflected the lower level of foreign deposits of the Government by Denar 1.417 million on monthly basis.

On cumulative basis (January - October 2009) the foreign currency transactions of NBRM acted towards withdrawal of reserve money. Such withdrawn liquidity was solely compensated through the monetary instruments and the net position of the Government with NBRM, which resulted in rise in the reserve money relative to the end of 2008.

The total deposit potential of banks (with the demand deposits)⁸ in October registered rise on monthly basis of Denar 4.050 million, or by 2.3% (relative to the growth of 0.1% in the previous months), under dominant influence of the rise in the Denar deposits, which grew up by 3.5%, on monthly basis. The foreign currency deposits registered rise on monthly basis as well, but with lower intensity of 1.2%. The analysis of the sector structure indicated monthly rise of the deposits of households⁹ (with the demand deposits) of Denar 2.238 million, or by 1.9%, opposite to 1.3% in the previous month. Characteristic for October, the additional inflows based on the regular installment from the bond for old foreign currency saving remained at the Denar accounts of the households in the banking sector, which enabled for the deposit in domestic currency, for the first time since the beginning of the year, to have dominant role in the creating of the new saving of the households sector. Thus, the Denar deposits of the households grew up by 4.9%, in October, on monthly basis, relative the growth in the foreign currency deposits of 0.5%. The fact that October represented the second month in a row when the Denar deposits of the households registered positive monthly change, indicated to lower importance of the currency risk when making decisions on the currency structure of the saving portfolio by the households. The deposits of the corporate sector registered positive developments, thus realizing growth of 2.7% on monthly basis.

⁵ The analysis of the monetary and credit aggregates is based on the data from the new Methodology for preparing standard forms of monetary balance sheets and reviews and the new accounting plan (which became effective on January1, 2009).

⁶ Includes the currency in circulation (including the cash in the banks' vault), the reserve requirements in denars and in foreign currencies and the excess of liquid assets above the reserve requirements (in denars). Without the foreign currency reserve requirements, the reserve money in October 2009 rose by 6.8% on annual basis.

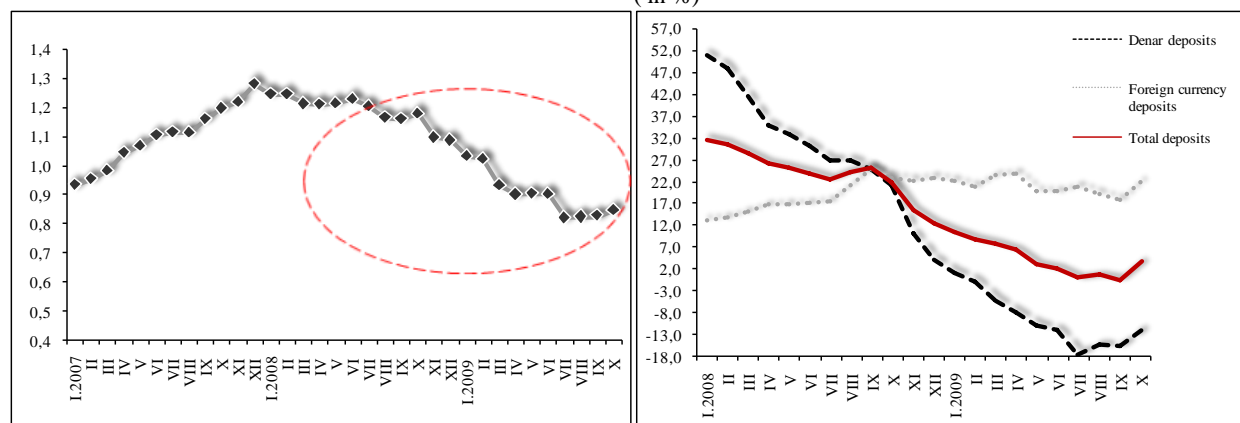
⁷ Includes the cash in the banks' vaults.

⁸ Since January 2009, the deposits include the accrued interest as well.

⁹ Pertains to the natural persons and self employed professionals.

Figure No. 14

Correlation Denar - foreign currency deposits Annual growth rates of the total deposits
(in %)

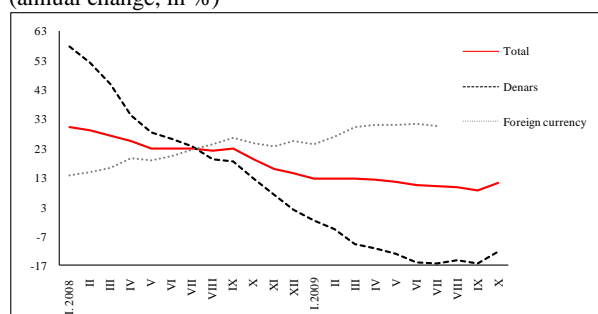


Source: National Bank of the Republic of Macedonia.

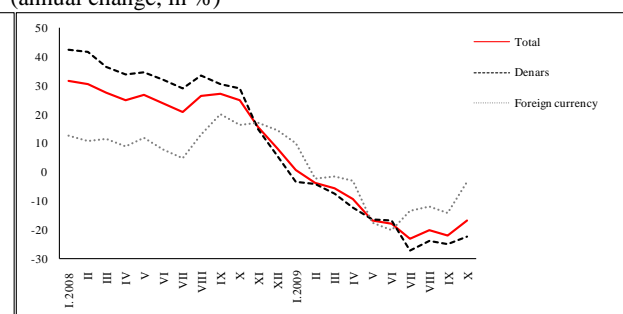
Such developments, combined with the basic effect¹⁰ contributed to termination of the downward trend with the annual growth rate of the total deposits, characteristic since in October 2008, so the total deposits with the banks (with the demand deposits) in October rose by 3.6% on annual basis (relative to the registered fall of 0.3% in the previous month). In the same time, the rate of annual fall in the Denar deposits of 15.8% in September, slowed down to 12.1% in October, while the foreign currency deposits on annual basis went up by 22.1% (17.7% in September). With respect to the sector structure, the household deposits in October realized annual growth rate of 11.4% (8.7% in the previous month), while the deposits of enterprises (private and public)¹¹ on annual basis went down by 16.9% (opposite to 21.9% in September 2009).

Figure No. 15

Deposits of households
(annual change, in %)



Deposits of enterprises
(annual change, in %)



Source: National Bank of the Republic of Macedonia.

The performances with the total deposits reflected adequately on the dynamics of the **broadest money supply M4**¹², which in October 2009 rose by 2.4% on annual basis (relative to the registered fall of 1.1% in September). Therefore, the monetary rise was higher relative to the projection for the end of the last quarter, which indicated potential realization of higher money supply than the projected one (the projected annual growth rate of the broadest money supply in December 2009 amounted to 0.6%). Compared with the end of 2008, the broadest money supply M4 in October rose by 2.3%.

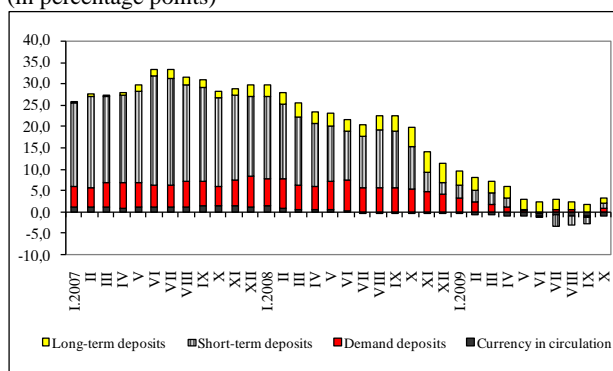
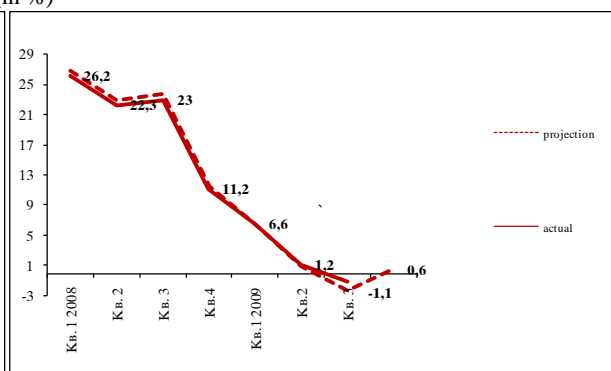
¹⁰ In October 2008, as a result of the psychological pressures of the escalation of the world financial crisis, small withdrawal of deposits from the banking sector was registered, which resulted in decrease in the total deposit potential by Denar 2.772 million on monthly basis.

¹¹ The deposits of the enterprises from the private sector went down by 20.5%, on annual basis.

¹² The analysis pertains to the money supply M4 with the accrued interest being included.

Figure No. 16

Money supply M4

Contribution to the annual growth
(in percentage points)Annual growth rates
(in %)

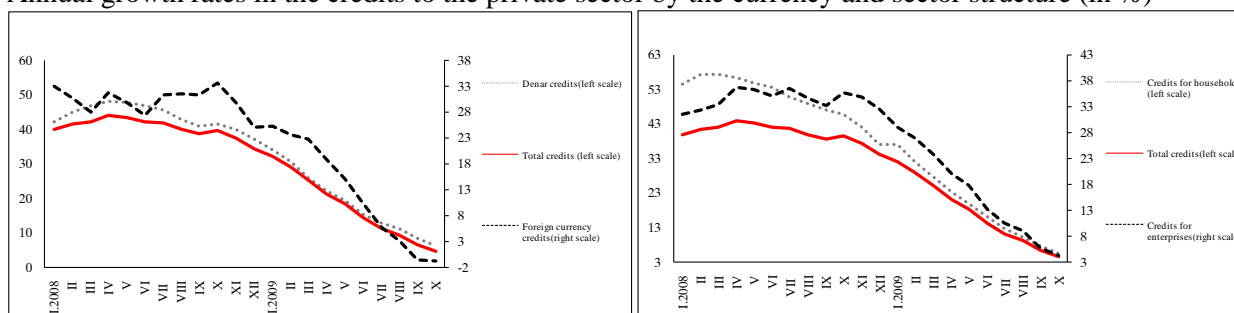
Source: National Bank of the Republic of Macedonia.

6. BANK CREDITS

The monthly developments on the credit market characterized with evident volatility since the beginning of the year till October, with respect both, to the intensity and to the change path. Thus, after the two months fall in the credit placements in August and in September, **the total credits of banks to the private sector** rose again by Denar 317 million in October 2009, i.e. by 0.2% on monthly basis. The monthly credit growth was mostly due to the rise in the foreign currency credits (growth of 0.4%), with contribution of 53% to the rise of the total credits. The rest of the credit growth resulted from the Denar credits, which increased by 0.1%¹³. With respect to the sector structure, the crediting to the enterprises was the basic generator of the monthly growth (it rose by 0.3% relative to the end of the previous month), in conditions when the credits to households remained at the level of September.

Figure No. 17

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



Source: National Bank of the Republic of Macedonia.

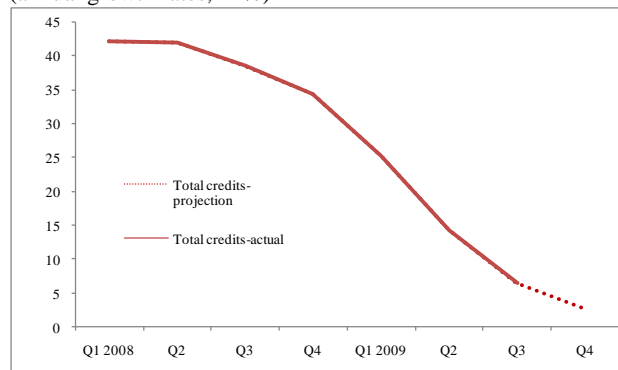
On annual basis, the credit growth continued to slow down, reducing to 4.6% in October (6.4% in September 2009). The rise in the crediting pertained solely to the Denar crediting, while the foreign currency credits registered negative annual growth rates second month in a row (0.8% in October and 0.6% in September 2009). The developments with the Denar credits still indicated to trend of slowing

¹³ Includes the Denar credits with FX clause.

down in the rise which reduced to 6.3% in October (8.6% in September). With respect to certain sectors, higher slowing down in the credit growth was evident with the households, the growth rate of which amounted to 5.6% in October (opposite to 7.9% in September). Although with lower intensity, the lower dynamics of the crediting was registered with the corporate sector as well, where the banks placed by 4.1% more relative to the same month in 2008 (opposite to 5.6% in September). The corporate crediting still had higher contribution to the total credits (52.5%). The anticipated credit growth for the end of the year, in accordance with the projection in October amounted to 2.6%.

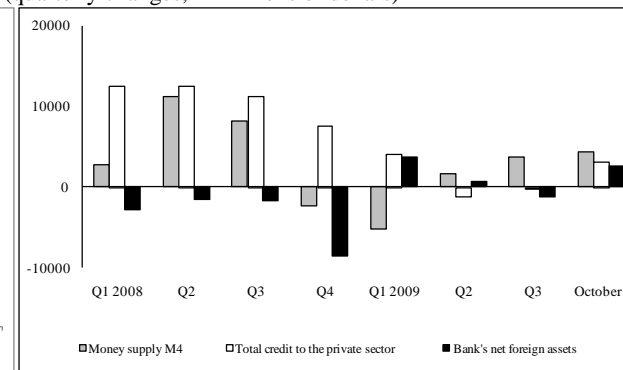
Figure No. 18

Credits to the private sector
(annual growth rates, in %)



Sources of financing

(quarterly changes, in millions of denars)*



*The performances for October represent cumulative change relative to the end of 2008.

Source: National Bank of the Republic of Macedonia.

The net foreign assets of banks dropped by 19.1% in October 2009 (or by Denar 605 million) relative to the previous month. Such drop was registered in conditions of more intensive rise in the foreign currency liabilities (by Denar 864 million or 3.1% on monthly basis) with simultaneous moderate rise in the foreign assets (by Denar 259 million or 0.8%). Relative to the end of 2008, the net foreign currency assets rose by Denar 2.542 million, i.e. by 94.1 times.

7. INTEREST RATES AND FOREIGN EXCHANGE RATE

On November 18, 2009 the reserve money amounted to Denar 32.343 million and relative to the end of October they reduced by Denar 349 million, or by 1.1%. The drop in the reserve money was solely due to the fall in the total liquid assets of banks¹⁴ by 4.8%, in conditions of rise in the currency in circulation by 3.5%. Within the analyzed period (01-18.11.2009), the realized net purchase of foreign currencies on the foreign exchange market by NBRM, as well as the compulsory deposit of the banks with NBRM acted towards creating liquidity, which was partially withdrawn through the other autonomous factors, as well as through the auctions of CB bills.

Since September, three **auctions of CB bills were held** (on November 4, 2009, November 11, 2009 and on November 18, 2009), with volume tender and fixed interest rate of 9%, when liquidity in the amount of Denar 1.838 million was withdrawn. As of October 31, 2009, the gross foreign reserves amounted to Euro 1.549 million and relative to the end of 2008 they rose by Euro 54.1 million.

¹⁴ Pertains to the banks' accounts with NBRM and the cash in the vaults.

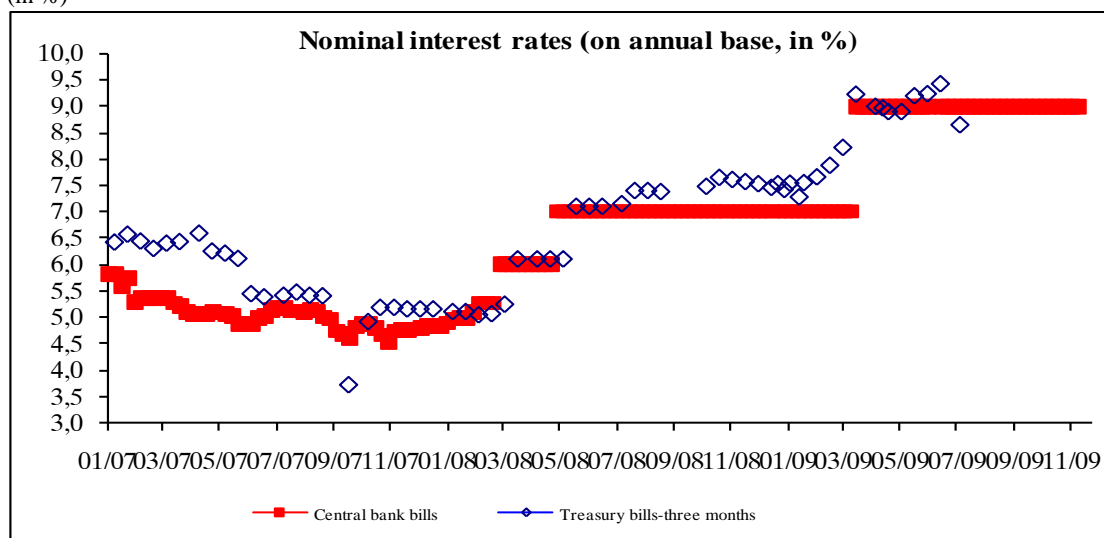
Within the analyzed period, **one auction of six months Treasury bills with FX clause** was held (on November 3, 2009) with interest rate of 5.5%, with volume tender and in conditions of almost equal supply and demand, when Denar 2.499 million were realized.

The average interbank interest rate within the period 01-18.11.2009 amounted to 6.08% on average (6.36% in October 2009). The quoted average interbank interest rate - **SKIBOR** in the period 01-19.11.2009 amounted to 6.28% (over night), 7.36% (one week), 9.20% (one month) and 9.52% (three months), opposite to 6.39%, 7.33%, 9.20% and 9.52%, for the respective maturities in October. The interbank interest rates for the concluded transactions over night - **MKDONIA**, in the period 01-18.11.2009 amounted to 6.02%, on average, relative to 6.35% in October 2009.

Figure No. 18

Interest rates

(in %)



Source: National Bank of the Republic of Macedonia.

In the area of the **interest policy of banks**, in September 2009, **the average weighted interest rate of Denar credits and Denar deposits** continued to increase, reaching up to the level of 10.3% and 7.4%, respectively (opposite to 10.2% and 7.2% in August). The interest rate of the short-term credits without FX clause intended for the households registered most considerable monthly growth, from 13.5% in August, to 14.1% in September. *With the deposit interest rates*, all types of Denar deposits registered growth, when the interest rate of the long-term time deposit with FX clause of the enterprises registered highest rise of 1.1 percentage point (from 6% in August, to 7% in September). **Within the foreign currency interest rates**, the average weighted interest rate of the foreign currency credits and foreign currency deposits in September remained at the level of the previous month, of 7.6% and 3.3%, respectively.

The interest rate of the Denar newly extended credits maintained the level of 10.3% for three months in a row, whereas **the interest rate of the newly received deposits** registered fall equaling 5.2% (opposite to 5.3% in August). **The interest rate of the newly extended foreign currency credits** in September amounted to 8.3% (relative to 8.2% in August), whereas **the interest rate of the newly received foreign currency deposits** reduced by 0.1 percentage point amounting to 1.5%.

Observed by groups of banks, the small-size banks increased the **lending Denar interest rates** in September (by 0.1 percentage point) so their lending interest rate amounted to 11%, whereas the interest rates with the large and the medium-size banks remained unchanged equaling 9.8% and 11.1%,

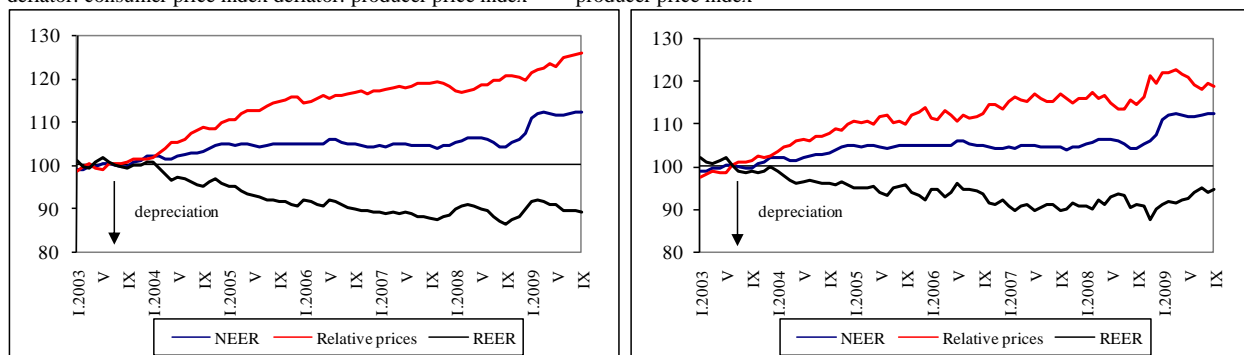
respectively. With the **deposit interest rate**, the large and the medium-size banks increased the interest rate by 0.2 and 0.1 percentage points, respectively, thus equaling 7.6% and 7%, respectively. With the small-size banks, the deposit interest rate remained at the same level as in the previous month and it amounted to 5.1%. In September, no change in the **interest rates of the foreign currency credits by groups of banks** was registered, so they maintained the level of the previous month (large banks - 7.1%, medium-size banks - 8.8% and small-size banks - 12.7%). **Regarding the foreign currency deposits**, the small-size banks increased the interest rate by 0.2 percentage points, so it equaled 2.3%, whereas the large and the medium-size banks registered no change and their deposit interest rates amounted to 3.2% and 3.6%, respectively.

In September 2009, the index of the **real effective foreign exchange rate of the Denar** measured by the consumer price index showed higher competitiveness, i.e. it registered depreciation of 0.3% on monthly basis (different from the appreciation of 0.1% in August 2009). Such monthly change of the REER reflected the rise in the relative prices (growth in the foreign and drop in the domestic prices), whereas the NEER was almost at the same level of the previous month. On the other hand, on annual and cumulative basis, the REER appreciated by 3.3% and 1.5%, respectively, which was due to the annual, i.e. the cumulative appreciation of the NEER (of 7.7% and 6%, respectively), mostly neutralized by the growth in the relative prices. In September 2009, the REER of the Denar deflated by the producer price index appreciated by 0.6% on monthly basis, which in conditions of unchanged foreign prices, resulted exclusively from the rise in the domestic producer prices. On annual and on cumulative basis, the REER registered appreciation of 3.8% and 1.4%, respectively, so the influence from the appreciation of the NEER was partially neutralized by the lower fall in the foreign prices relative to the drop in the domestic producer prices.

Figure No. 20

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

deflator: consumer price index deflator: producer price index producer price index



*The mark for the depreciation of REER and NEER. In the relative prices, the upward trend is in favor of the depreciation of REER (and reverse).

Source: NBRM, IMF-IFS for November 2009 and SSO of the Republic of Macedonia.

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

ANNEX

Table 1
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	<u>X.2009</u> IX.2009	<u>X.2009</u> X.2008	<u>I-X.2009</u> I-X.2008	<u>X.2009</u> IX.2009	<u>X.2009</u> X.2008	<u>I-X.2009</u> I-X.2008
Total	-0.4	-2.4	-0.6	-0.4	-2.4	-0.6
Food	-0.7	-5.0	-1.2	-0.3	-2.0	-0.5
Grain products	0.0	-4.3	0.9	0.0	-0.4	0.1
Fresh and processed vegetables	-1.3	-13.4	-0.6	-0.1	-0.8	0.0
Fresh and processed fruits	-6.0	-7.5	-11.3	-0.2	-0.2	-0.4
Meat and poultry	0.2	5.1	7.9	0.0	0.4	0.6
Fresh and cooked fish	0.3	7.0	12.1	0.0	0.1	0.1
Dairy products	0.2	-9.7	-7.0	0.0	-0.6	-0.4
Eggs	0.5	-7.6	1.3	0.0	-0.1	0.0
Oils and fats	-3.8	-24.7	-24.9	-0.1	-0.6	-0.6
Tobacco and beverages	0.1	3.4	4.1	0.0	0.2	0.2
Clothing and footwear	0.8	0.0	0.2	0.1	0.0	0.0
Housing	0.0	2.9	5.7	0.0	0.4	0.8
Flat (rent, water and other services)	0.0	0.8	2.3	0.0	0.0	0.1
Fuel and lighting	0.0	4.6	8.1	0.0	0.4	0.7
Heating and services	0.1	-8.2	-0.3	0.0	-0.3	0.0
Electric power	0.0	13.1	13.1	0.0	0.7	0.7
Hygiene and health	0.0	1.6	2.3	0.0	0.1	0.2
Culture and entertainment	0.4	-6.5	-3.2	0.0	-0.3	-0.2
Transport and communication services	-1.4	-6.0	-9.4	-0.2	-0.8	-1.3
Fuels and lubricants	-3.5	-17.0	-25.2	-0.1	-0.7	-1.0
Public transport services & PTT	0.0	0.8	0.1	0.0	0.0	0.0
Restaurants and hotels	-0.3	0.8	2.8	0.0	0.0	0.1
Other services n.e.c.	0.0	-0.8	-6.7	0.0	0.0	0.0

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

	2007	2008	2008				2009			Latest months			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul-09	Aug-09	Sep-09	Oct-09
<i>(annual rates, %)</i>													
Inflation (CPI)	2.3	8.3	9.5	9.9	8.4	5.5	0.9	-0.6	-1.4	-1.3	-1.4	-1.4	-2.4
Core inflation (excluding food and energy)	0.6	2.6	2.9	2.8	2.5	2.2	1.5	0.3	0.1	0.1	0.0	0.1	-0.3
Regulated prices	3.3	9.3	7.4	9.2	12.5	8.3	-1.6	-1.8	-3.3	-2.5	-4.5	-2.9	-2.2
Industrial producer prices	2.5	10.3	10.5	13.6	15.1	2.1	-6.2	-8.8	-10.1	-11.5	-9.8	-9.0	-5.9
Productivity	2.3	1.7	1.5	3.6	2.0	-0.2	-3.8	-6.0	-	-	-	-	-
Nominal net-wage*	7.9	10.4	10.5	9.9	10.7	10.3	12.7	13.4	-	10.7	11.2	-	-
Real net-wage*	5.5	1.9	0.9	0.0	2.1	4.5	11.8	14.1	-	12.1	12.7	-	-

*Form January 2009 data are revised from structural break due to application of gross wages concept, which includes allowances for food and transport in the wages.

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

Table 3
Industrial output and other economic activities

	2007	2008	2008				2009			Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul-09	Aug-09	Sep-09
<i>(annual rates, %)</i>												
Gross domestic product	5.9	4.9	5.6	6.7	5.8	2.0	-0.9	-1.4	-	-	-	-
Industrial output	3.7	5.5	5.8	12.0	13.0	-7.7	-10.8	-13.2	-13.1	-19.8	-9.8	-9.9
Construction	7.6	25.6	29.1	55.7	-2.0	31.5	0.0	14.7	-	-0.3	-1.0	-
Retail and wholesale trade	23.1	10.5	19.1	19.8	12.4	-0.5	-8.7	-11.0	-	-6.8	-5.8	-
Telecommunications	15.6	8.9	12.1	7.4	10.1	6.4	7.4	5.7	-	7.9	6.6	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2008	2008				2009			cen.09	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	change, %	contribution, p.p.
Mining and quarrying	28.0	9.8	0.4	11.9	13.6	3.4	11.2	-12.6	-19.2	-11.3	-2.5	-0.1
Manufacture of food products and beverages	0.1	7.7	1.2	5.3	6.0	6.1	11.9	-2.5	-0.1	-1.8	-3.4	-0.5
Manufacture of tobacco products	5.5	-0.8	0.1	13.8	15.4	1.0	-18.1	-2.1	2.6	-5.5	-0.7	0.0
Manufacture of wearing apparel	-3.7	-14.5	-2.0	-16.5	-22.7	-23.4	-18.8	-23.7	-16.9	-1.6	-0.5	0.0
Printing	-17.9	-12.2	1.6	7.8	72.2	68.4	85.3	2.6 times	54.4	-2.7	6.2	0.2
Manufacture of refined petroleum products	12.3	-2.4	0.1	3.3	50.9	1.1	-30.9	9.2	-27.2	-36.3	-88.6	-2.6
Manufacture of other non-metallic mineral products	14.0	3.8	-0.3	-10.9	-3.2	-9.9	15.0	-17.0	-4.3	-11.8	-11.2	-0.7
Manufacture of basic metals	11.8	34.3	-1.0	9.5	15.7	-3.3	-45.7	-61.6	-52.3	-42.2	-35.5	-4.0
Manufacture of fabricated metal products	5.7	45.6	2.6	29.7	11.8	3 pati	-22.0	35.0	-12.9	-2.8	9.3	1.9
Manufacture of electrical machinery and equipment	3.7	-24.4	0.6	45.6	64.9	32.4	-10.6	1.0	-13.5	-51.6	-40.8	-1.1
Manufacture of other transport equipment	-6.9	33.4	-0.3	9.8	143.1	-47.9	-70.6	-60.5	-71.5	-21.0	43.7	0.2
Recycling	12.8	-35.6	0.5	105.6	262.2	12.5 times	-34.9	-74.2	-10.6	7.6	6.7	0.0
Electricity, gas, steam and hot water supply	-0.6	-9.5	-0.3	-0.8	1.9	1.9	-12.2	-1.6	15.6	10.4	4.6	0.3

Source: State Statistical Office of the Republic of Macedonia.

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

	2008				2008	2009								2009		
	Q1	Q2	Q3	Q4		I	II	III	IV	V	VI	VII	VIII	Q1	Q2	2009
I. Current Account	-173.1	-210.7	-68.3	-401.2	-853.3	-115.7	-94.4	-133.1	-67.5	-10.1	-20.4	25.1	21.5	-343.2	-97.9	-394.5
GOODS, net	-374.2	-464.0	-419.9	-492.6	-1,750.7	-143.0	-152.0	-151.6	-142.6	-79.7	-116.6	-120.6	-111.3	-446.6	-338.9	-1,017.4
Exports, f.o.b.	611.6	735.8	745.2	591.6	2,684.2	113.7	136.7	149.9	155.0	164.5	171.7	186.1	162.1	400.3	491.3	1,239.7
Imports, f.o.b. /2	-985.8	-1,199.9	-1,165.1	-1,084.2	-4,434.9	-256.7	-288.6	-301.5	-297.6	-244.2	-288.4	-306.7	-273.4	-846.8	-830.2	-2,257.2
SERVICES, net	0.5	-7.6	29.6	-18.1	4.3	-1.5	3.5	-3.0	0.8	-4.1	2.1	9.5	9.1	-1.0	-1.2	16.5
INCOME, net	23.8	0.7	-14.4	-101.0	-90.9	-13.3	-4.8	-6.9	-2.4	-10.7	-5.3	-5.7	-6.8	-25.1	-18.4	-55.9
o/w: interest, net	-5.8	-11.7	-11.0	-17.8	-46.3	-9.8	-5.3	-7.7	-5.6	-6.4	-5.5	-7.7	-4.1	-22.8	-17.5	-52.0
CURRENT TRANSFERS, net	176.8	260.3	336.4	210.5	984.0	42.1	58.8	28.4	76.7	84.5	99.4	141.9	130.5	129.4	260.6	662.3
Official	7.7	21.5	10.9	7.9	47.9	3.0	1.5	5.8	5.5	1.9	5.4	2.8	4.1	10.3	12.9	30.1
Private	169.1	238.8	325.6	202.6	936.1	39.2	57.4	22.6	71.1	82.5	94.0	139.1	126.4	119.1	247.7	632.3
II. Capital and Financial Account	184.3	221.3	56.4	389.2	851.2	100.9	92.1	133.0	71.5	15.5	27.8	-35.5	-21.2	326.1	114.8	384.1
CAPITAL ACCOUNT, net	-0.8	-2.6	-0.5	-8.3	-12.2	0.1	0.4	0.3	-0.1	0.3	1.6	4.2	3.0	0.8	1.7	9.7
Capital transfers, net	-0.8	1.1	-0.5	-0.8	-1.1	0.1	0.4	0.3	-0.1	0.3	1.6	4.2	3.0	0.8	1.7	9.7
Official	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.8	1.1	-0.5	-0.8	-1.1	0.1	0.4	0.3	-0.1	0.3	1.6	4.2	3.0	0.8	1.7	9.7
Acquisition/disposal of non-produced,	0.0	-3.7	0.0	-7.5	-11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FINANCIAL ACCOUNT, net	185.1	223.9	56.9	397.6	863.5	100.9	91.7	132.7	71.6	15.2	26.2	-39.7	-24.2	325.3	113.1	374.4
Direct investment, net	142.5	111.5	74.8	80.5	409.4	26.4	25.9	1.3	31.7	17.9	7.5	-31.1	26.2	53.6	57.1	105.9
Portfolio investment, net	-8.3	-10.8	-8.3	-23.3	-50.7	-4.7	-3.7	-10.8	-8.6	-0.5	-3.3	161.3	-9.3	-19.1	-12.4	120.5
Other investment, net	43.0	146.7	118.0	145.5	453.2	-8.6	32.7	13.8	-10.2	-36.4	62.7	20.4	72.1	37.9	16.1	146.6
Trade credits, net	-40.4	87.7	-21.2	-41.7	-15.7	2.4	21.1	29.5	12.8	-16.0	4.8	-16.5	29.6	53.0	1.6	67.7
Loans, net	11.2	41.2	82.4	90.8	225.6	-9.5	4.8	2.1	3.8	2.2	-8.1	-3.6	0.5	-2.6	-2.1	-7.8
Currency and deposits, net	60.8	7.7	52.0	86.9	207.4	-4.4	4.2	-21.9	-29.0	-25.3	60.3	38.3	-16.0	-22.1	6.0	6.2
o/w: Monetary Authorities, net	10.7	5.9	0.0	-0.5	16.0	-4.0	-0.3	0.7	-0.4	0.4	1.0	1.5	0.3	-3.6	1.0	-0.8
o/w: Commercial Banks, net	47.2	9.2	41.0	137.2	234.6	-10.5	-3.5	-42.0	-32.9	-25.2	59.4	41.3	-13.4	-56.0	1.3	-26.8
o/w: Individuals, net	2.9	-7.4	11.0	-49.7	-43.2	10.1	8.0	19.4	4.2	-0.4	0.0	-4.5	-2.9	37.5	3.7	33.8
Other, net	11.3	10.1	4.8	9.5	35.8	2.9	2.6	4.1	2.3	2.6	5.7	2.2	58.1	9.6	10.6	80.4
Gross official reserves (- = increase) /4	8.0	-23.5	-127.6	194.8	51.6	87.7	36.7	128.4	58.7	34.2	-40.6	-190.3	-113.3	252.8	52.2	1.5
III. Errors and Omissions	-11.2	-10.6	11.9	12.0	2.1	14.7	2.3	0.1	-4.0	-5.4	-7.5	10.4	-0.3	17.2	-16.9	10.4

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 3,86%

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

Table 6
Foreign trade

	IX.2009	I-IX.2009	IX.2009		IX.2009		I-IX.2009	
			VIII.2009		IX.2008		I-IX.2008	
			amount	%	amount	%	amount	%
Total trade	442.2	4,035.0	-4.8	-1.1	-176.6	-28.5	-1,576.8	-28.1
Export	181.3	1,423.6	18.9	11.7	-61.8	-25.4	-673.0	-32.1
Import	260.9	2,611.4	-23.8	-8.3	-114.8	-30.6	-903.9	-25.7
Balance	-79.7	-1,187.8	42.7	-34.9	53.1	-40.0	230.9	-16.3

Source: State Statistical Office of the Republic of Macedonia.

Table 7
Monetary developments in August 2009

	31.10.2008	31.08.2009	30.09.2009	31.10.2009	monthly changes (31.10.2009/ 30.09.2009)		annual changes (31.10.2009/ 31.10.2008)
	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>							
Brtoad money M4	195,276	195,704	195,732	199,943	4,211	2.2	2.4
Currency in circulation	16,582	14,766	14,456	14,604	148	1.0	-11.9
Denar deposits ¹	98,154	83,793	84,152	87,009	2,857	3.4	-11.4
Foreign currency deposits	80,540	97,145	97,124	98,330	1,206	1.2	22.1
Total deposits	178,694	180,938	181,276	185,339	4,063	2.2	3.7
Reserve money ²	40,814	42,675	41,760	45,060	3,300	7.9	10.4

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

²Including reserve requirement in foreign currency.

	31.10.2008	31.08.2009	30.09.2009	31.10.2009	monthly changes (31.10.2009/ 30.09.2009)		annual changes (31.10.2009/ 31.10.2008)
	actual	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>							
Credit to the private sector	167,606	175,326	175,067	175,384	317	0.2	4.6
In Denar	129,110	137,151	137,052	137,201	149	0.1	6.3
In Foreign currency	38,496	38,175	38,015	38,183	168	0.4	-0.8
Banks' net foreign assets	2,453	2,834	3,174	2,569	-605	-19.1	4.7

Source: National Bank of the Republic of Macedonia.

Table 8
Monetary aggregates
(in %)

in %	end of period to the end of previous period								y - o - y							
	2008				2009				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	October	Q1	Q2	Q3	Q4	Q1	Q2	Q3	October
M0	-8.8	13.5	-0.02	4.4	-10.2	1.7	11.8	7.9	16.6	22.2	19.6	8.0	6.4	-4.7	6.6	10.4
M1	-5.9	11.2	1.50	7.8	-13.5	1.8	0.6	2.5	24.3	30.2	22.2	14.5	5.2	-3.6	-4.5	-0.2
M4	1.6	6.3	4.3	-1.2	-2.6	0.8	2.0	2.2	25.3	21.4	22.0	11.2	6.6	1.2	-1.1	2.4
M4-denar	-1.4	6.6	2.0	-3.2	-9.5	-0.7	-1.7	3	33.5	24.7	20.0	3.9	-4.7	-11.3	-14.5	-11.4

Source: National Bank of the Republic of Macedonia.

Table 9**Deposits of the private sector***

(in millions of denars)

		Balance as of 31.10.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		181,947	4,050	2.3	6,282	3.6
In Denar	Households	40,008	1,874	4.9	-5,458	-12.0
	Enterprises	35,036	611	1.8	-10,159	-22.5
	Total	83,617	2,844	3.5	-11,508	-12.1
In Foreign currency	Households	79,015	364	0.5	17,593	28.6
	Enterprises	18,068	807	4.7	-677	-3.6
	Total	98,330	1,206	1.2	17,790	22.1
Total households deposits		119,023	2,238	1.9	12,135	11.4
Total enterprises deposits		53,104	1,418	2.7	-10,836	-16.9

* the Denar deposits do not include the deposit money.

Source: National Bank of the Republic of Macedonia.

Table 10**Credits to the private sector**

(in millions of denars)

		Balance as of 31.10.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		175,384	317	0.2	7,778	4.6
In Denar	Households	68,269	46	0.1	4,293	6.7
	Enterprises	68,788	87	0.1	3,968	6.1
	Total	137,201	149	0.1	8,091	6.3
In Foreign currency	Households	3,881	-34	-0.9	-491	-11.2
	Enterprises	34,222	206	0.6	117	0.3
	Total	38,183	168	0.4	-313	-0.8
Total credit to the households		72,150	12	0.02	3,802	5.6
Total credit to the enterprises		103,010	293	0.3	4,085	4.1

Source: National Bank of the Republic of Macedonia.

Table 11
Interest rates

	October	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	9.00	0.0	2.0
Average weighted interest rate on the Money Market	6.64	-0.3	1.5
Interest rate on three-month treasury bills	/	/	/
	September	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	10.3	0.1	0.7
Banks' weighted deposit interest rates	7.4	0.2	1.3

* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.