

**National Bank of the Republic of Macedonia**  
**Research Department**



**Monthly Information**  
**11/2009**

December, 2009

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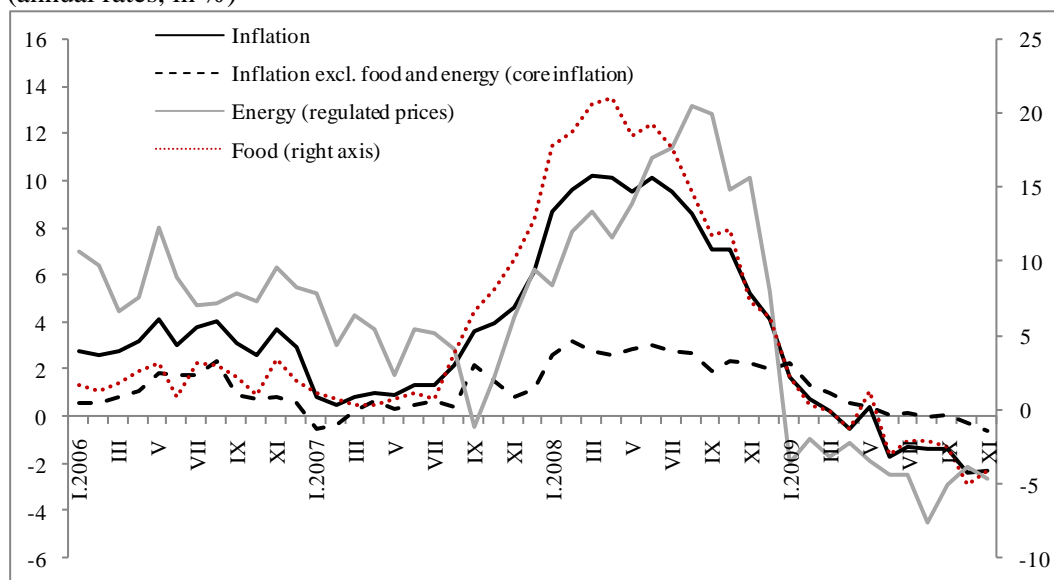
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## 1. PRICES

The five month trend of continuous drop in the consumer prices was interrupted in November 2009, when the general price level registered growth on monthly basis of 0.3% (the data adjusted for seasonal effects showed drop of 0.3%). This resulted mostly from the delayed seasonal rise in the prices of fresh vegetables (which happens usually in October) and from the increased prices of oil derivatives (in accordance with the higher price of the crude oil on the international stock exchanges). The prices in the other categories remained generally at the same level of October, except for the prices of the fruits and prices of food and beverages in the restaurants, which dropped. The annual inflation rate in November is negative and it equals 2.3%. The prices of food dominantly contributed to the annual drop (1.7 p.p. which can be explained by the strong competition in the food retail trade, with simultaneous drop in the demand being registered), and the prices of central heating and means of education acted towards the same direction as well. The cumulative inflation rate for the period January-November 2009 amounted to -0.7%, whereas relative to December 2008 the global price level dropped by 2.6%.

The core inflation (inflation without food and energy) in October 2009 was negative on annual basis and it amounted to 0.6% (-0.3% in the previous month). The intensification in the drop of the core inflation resulted from the lower prices of food in the restaurants and the lower costs for education. The cumulative core inflation was continuously dropping since the beginning of the year and for the period January-November 2009 it amounted to 0.5%.

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



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

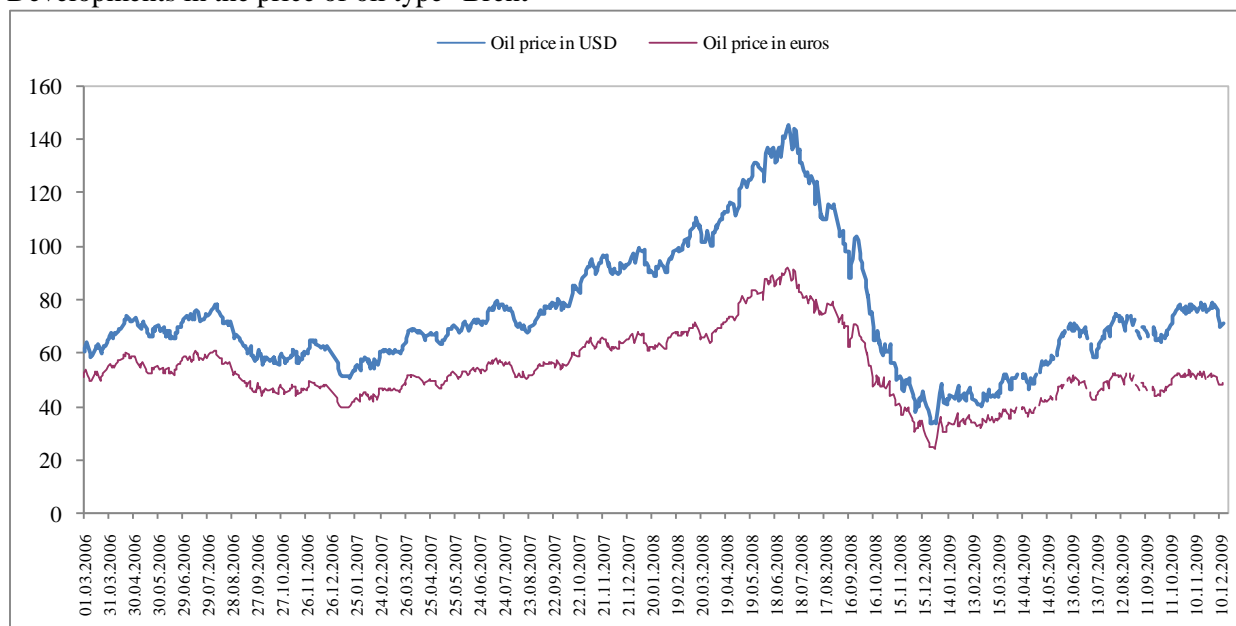
The realized negative annual inflation rate in November (-2.3%) was more intensive relative to the last assessments, according to which annual change in the prices of -1.4% is expected. The deviation is a result of the higher drop in the food prices, as well as of the small deviation with the non-food component. Considering the October and November deviation, the price drop in December can be

expected to be more intensive than the projected one, and therefore the average price drop for all 2009 to be higher than the assessed one.

**The oil price on the international stock exchanges continued to grow in November 2009 as well, reaching up to the highest level in the last thirteen months.** Thus, the price of the oil type "Brent" amounted to USA-Dollars 77.0 per barrel, which was by 5.2% more than in the previous month. The upward trend in the oil price can be explained mainly with the continuous weakening in the value of the USA Dollar and the revised projections by OPEK for higher global oil demand. But, in December the oil price reduced to lower level and ranged around USA Dollar 72.7 per barrel (from December 7 till December 16), so it registered considerable drop of 5.9% relative to the previous period of two weeks (which was mainly due to the strengthening of the value of the USA Dollar and to the disclosed data for lower industrial output in the Euro-zone for October, and consequently expectations for lower oil demand). In accordance with the more intensive fall in the oil price, opposite to the weakening of the foreign exchange rate of the Denar against the USA Dollar in the previous two week period (depreciation of 1.9%), on December 21, the Regulatory Energy Committee adopted a decision on decreasing the refinery and retail prices of oil derivatives by 2.54% and 1.72%, on average, respectively.

Figure No. 2

Developments in the price of oil type "Brent"

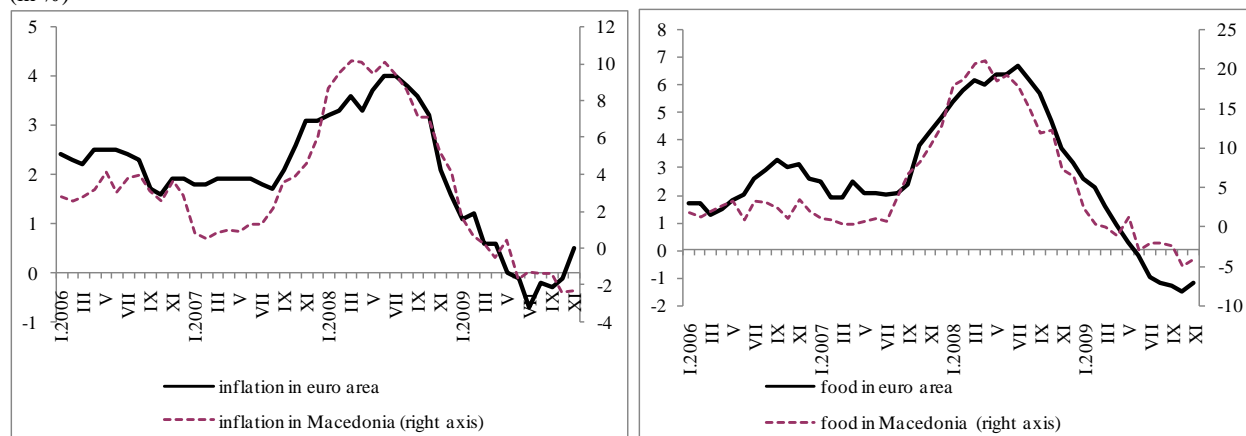


Source: The Energy Information Administration - statistical agency of the U.S. Department of Energy.

In November 2009, in accordance with the ECB's anticipations, the **consumer prices in the Euro area** rose by 0.1% relative to the previous month, which was mainly due to the higher prices of oil derivatives, whereas the prices for accommodation services registered highest fall. The annual inflation rate in the Euro area amounted to 0.5% in November. The annual price growth in the Euro area resulted from the higher prices of tobacco, of transportation fuels (due to the base effects from the low price of the crude oil in the previous year) and the higher rents, whereas part of the prices of energy (cooking oil and gas) and of food registered higher fall.

Figure No. 3

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



Source: Eurostat and SSO.

## 2. WAGES

The average paid **net wage** in September registered monthly nominal rise of 0.9% (real growth of 1%). Growth in the average net wage was registered in the industry and services by 1.1% and 0.7%, respectively, whereas the wage in the agriculture registered monthly drop of 1.5%. Analyzed at the level of branches, the growth in September of the average net wage was mostly generated by the high growth in the wages with the telecommunications (12.7%), as well as with the financial intermediation (2.1%). The average **gross wage** in September registered nominal rise of 0.8%, i.e. real growth of 0.9%.

**Relative to the respective month of the previous year**, the average net and gross wages, corrected for the structure change<sup>1</sup>, rose by 5.1% and 4.4% on nominal basis, respectively. With negative price change of 1.4%, these changes represented real growth of 6.6%, i.e. 5.9%, respectively. Such development was anticipated, considering the fact that the disappearance of the base effect from the rise in the wages in the public administration in September in the previous year. Annual increase in the net wages in September was registered with all the activities, when the wages in the agriculture activities, telecommunication, financial intermediation and the catering services registered most evident growth, whereas the wages in the public administration and defense and the trade registered annual fall. Part of these branches (as for example, the telecommunication and the financial intermediation) were the activities where the foreign capital dominated and which have need of highly qualified workforce, which can partially explain the further wage growth, in conditions of economy contraction.

<sup>1</sup> The correction is made by the Research Department of NBRM, by supposing that the wage in January 2009 is equal with the wage in December 2008, 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. 4  
Annual growth rates in the wages\* and inflation  
(in %)

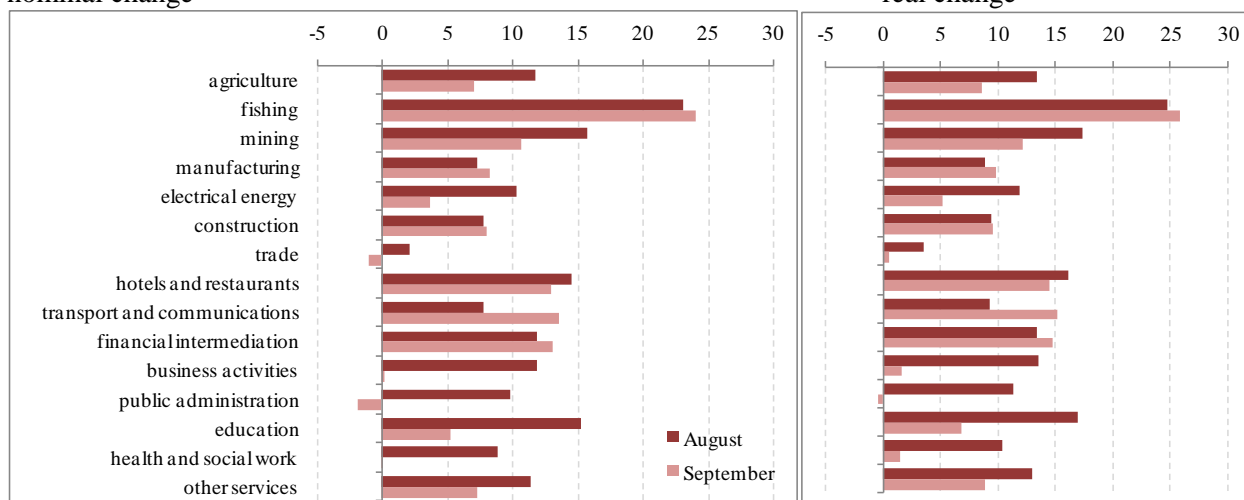


\* Since January 2009, the corrected growth rates are shown.

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

**Relative to the end of the previous year**, the net wage in September rose by 2.2%, on nominal basis, i.e. 4.8%, on real basis. The wages in the transport and communications, mining and construction registered highest growth (11.8%, 9.5% and 8.2%, respectively). In September, the nominal and the real growth in the **gross wage** amounted to 1.4% and 4%, respectively, relative to the end of the previous year.

Figure No. 5  
Average net wage by sectors\*  
(annual rates, in %)  
nominal change



\*The corrected rates are shown.

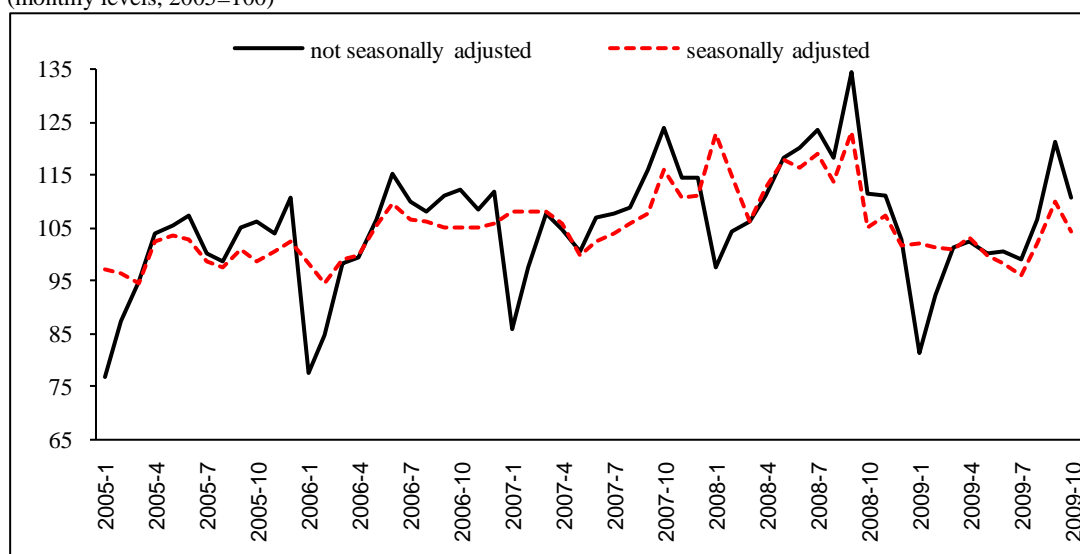
Source: State Statistical Office of the Republic of Macedonia and NBRM calculations.

### 3. ECONOMIC ACTIVITY

After the high monthly rates in the previous two months, the **industrial output in October registered high monthly fall of 8.7%** (5.4% according to the data adjusted for seasonal effects). The high monthly fall was solely due to the drop with the output of metal products (of 42.5%, with contribution of 10.4 percentage points), which was the activity that generated high rise in the previous two months. Despite the high growth, the volume of output of metal products was still exquisitely high in October. Namely, in the period after 2005 higher volume of this output was registered only in the first two months (September 2008 and September 2009). Analyzing the structure, 14 of 24 industrial activities (63.6% of the index) registered output drop. Out of the more significant sectors, the output of food, wearing apparel and non-metal minerals registered drop, whereas the output of basic metals, oil derivatives and electricity increased.

**Compared with the same month of the previous year**, the industrial output in October 2009 registered drop of 0.9%, which represented the lowest fall rate in the last 13 months. However, the lower drop was solely due to the base effect, considering the fact that the period of negative developments with the industrial output started exactly in October 2008 (when the annual drop amounted to 9.9%). The changes concerning the average of 2005 can be analyzed as an illustration of the implications from the crises and the base effect in October 2008. Thus, in October 2009 the volume of the industrial output exceeded the average monthly output realized in 2005 by 10.5%. In October 2008 the output was by 11.6% over the average for 2005, and only one month before, i.e. in September 2008, the output exceeded the average for 2005 by 34.3%. The structure analysis of the annual fall did not indicate to more considerable improvement in the situation in industry. Namely, as much as 18 out of 24 activities (80% of the index) registered drop in the output, among which were the most significant activities - output of food, of wearing apparel, of basic metals and non-metal minerals. The drop in these activities was made relative by the exquisitely high rise with the output of metal products (by 1.7 times, with contribution to the growth in the industrial output of 9.1 percentage points) and by the rise in the output of electricity (contribution of 1.2 p.p.). **Cumulatively, the volume of the industrial output in the period January-October 2009 was by 11.3% lower than in the same period of the previous year.**

Figure No. 6  
Index of the industrial output  
(monthly levels, 2005=100)

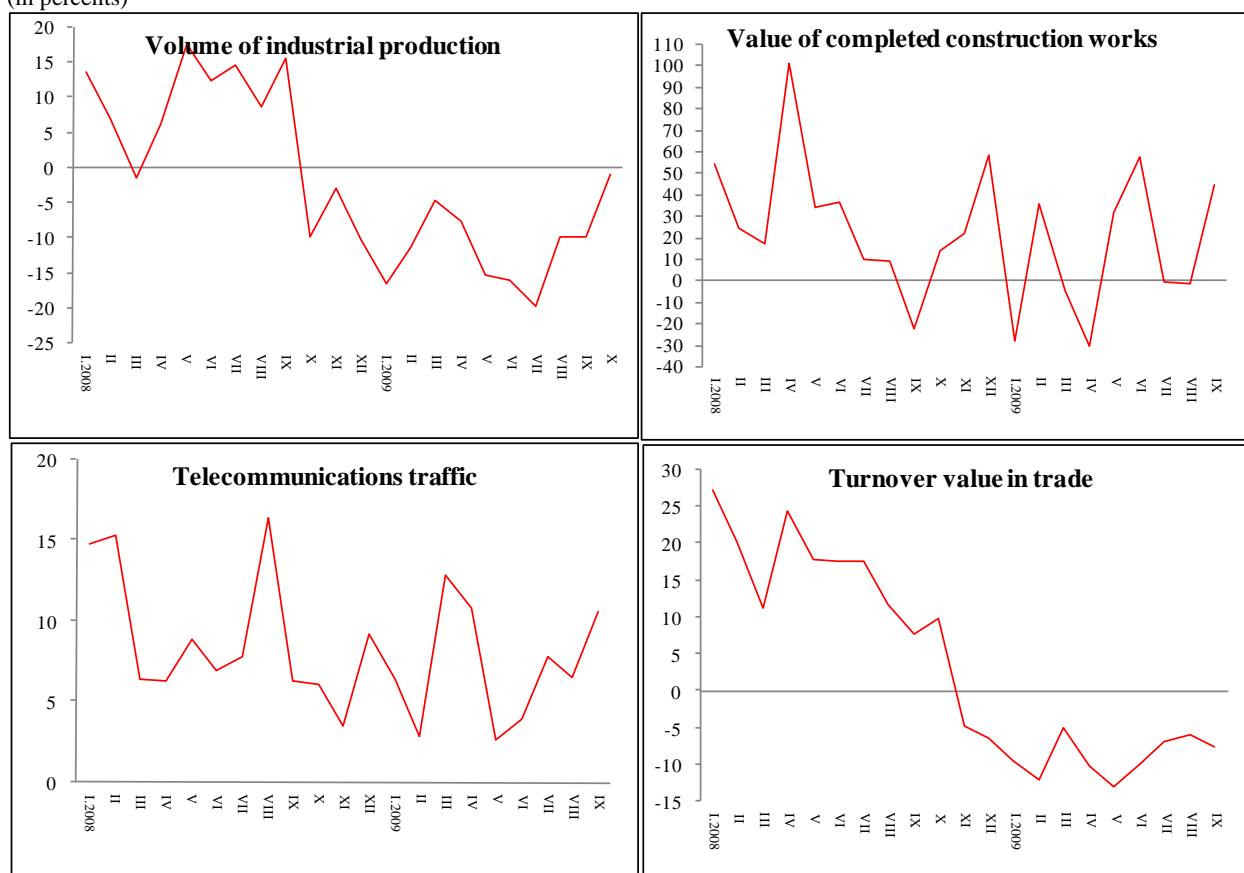


Source: State Statistical Office and NBRM calculations.

The other economy sectors manifested various tendencies in the developments in September as well. After the fall in the previous two months, in September the performed construction activities registered high monthly rise of 17.7% (18.1% according to the data adjusted for seasonal effects). On annual level, in September the rise amounted to high 45.1%, so the growth in the third quarter reached up to 12.6% and represented small slowing down relative to the second quarter, when the rise amounted to 14.7%. Different from the construction, the **trade turnover** in September, second month in a row, was registering monthly drop of 6.9% (1.8% according to the data adjusted for seasonal effects). On annual basis, the drop in September amounted to 7.5%, so the drop in the trade turnover reduced to 6.7% in the third quarter, from 11% in the second quarter. In September, the **telecommunications** registered monthly fall of 2.3% (0.6%, according to the data adjusted for seasonal effects), but on annual basis the performances were higher by 10.6%. Therefore, the annual growth in this sector reached up to 8.3% in the third quarter, which represented intensification relative to the second quarter when it amounted to 5.7%.

Figure No. 7

Annual growth rates in individual economy sectors  
(in percents)



Source: State Statistical Office and NBRM calculations.

The data on **issued licenses** indicated expectations on revitalization of the construction activity for the following period. Thus, after the constant annual fall rates in the previous five months, the value of the facilities that were given construction licenses in October registered high annual rise of 52.9%. The growth was mainly due to the building construction (78% of the rise), although other types of facilities registered growth (civil engineering and reconstruction).

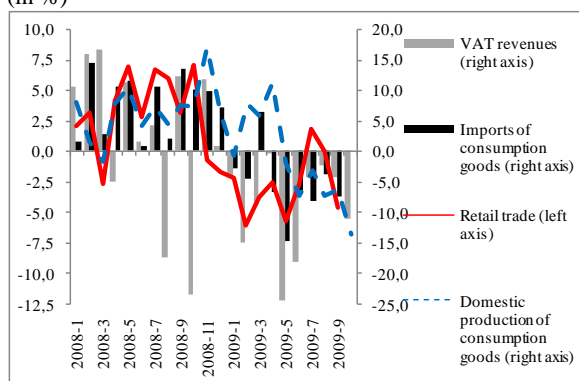


The analysis of the developments with the indicative categories showed continuing of the drop with the **personal consumption** in the third quarter as well. Thus, in the third quarter, the retail trade turnover had real annual drop of 0.8%, the VAT income of 3.8%, import of consumer goods of 6.6%, and the domestic output of consumables of 5.5%. In the third quarter, although negative, the performances with the indicative variables for the personal consumption were still better than the performances in the second quarter. The initial available data for October indicated to deepening of the fall in the VAT income in the budget (to 11.1%) and in the domestic output of consumer goods (to 13.6%). The negative trends with the **investment activity** continued in the third quarter as well, which can be perceived through the fall in the import of means of operation of 8.6% and in the domestic output of investment goods of 19.3%. Different from these two categories, the performed construction activities realized rise of 14.2% in the third quarter as well, similar as in the second. Generally, the performances with these variables in the third quarter were similar with the performances in the second quarter. According to the initial data for October, the domestic output of investment goods registered drop again of 12.8%. The assessments based on certain budget expenses indicated real fall in the **public consumption** in October, under the influence of the slowing down in the real growth in the expenditures for wages, to 1.9%, from 16.3%, as it was, on average, in the previous eight months, as well as of the drop in the costs for goods and services of 24.5%. Positive contribution of the **net export** to the GDP rise was expected in October as well, under the influence of the more intensive decrease in the import relative to the drop in the export and the narrowing of the deficit in the foreign trade.

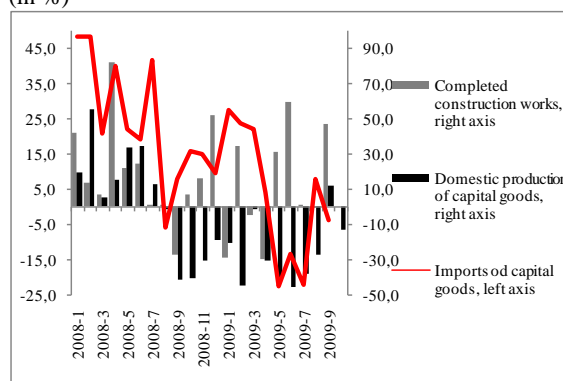
Figure No. 8

Developments of the indicative categories for the expenditure components of GDP

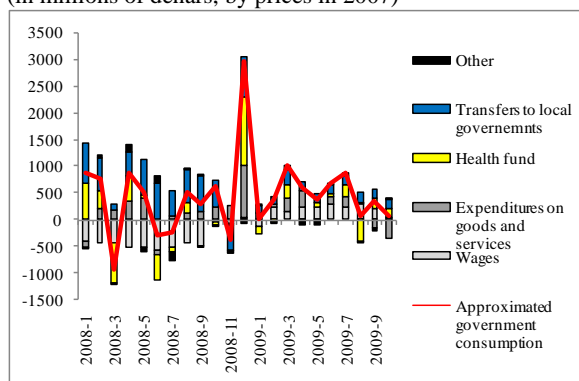
Personal consumption, annual real changes  
(in %)



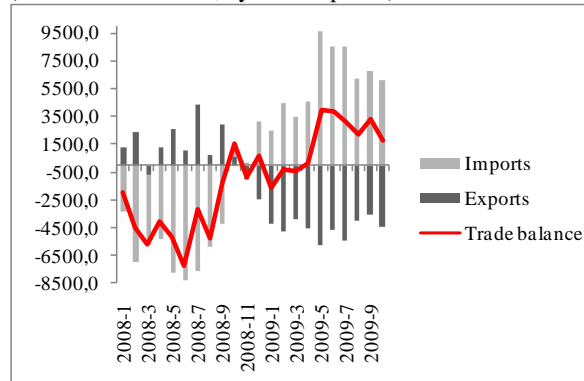
Gross investments, annual real changes  
(in %)



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.

The presented developments indicated continuing of the downward trend of the economic activity in the third quarter of 2009 as well. Compared with the GDP projections in November for the third quarter, when fall of 2.5% was projected, the latest performances indicated possible lower GDP drop, mainly as a result of the lower intensity of the fall in the personal consumption indicators.

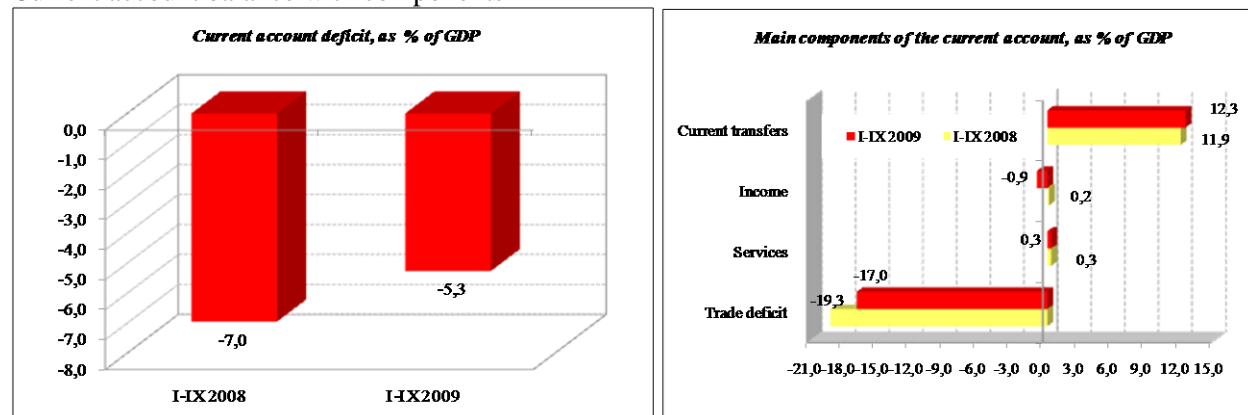
## 4. BALANCE OF PAYMENTS

**In the period January-September 2009, the deficit on the current account amounted to Euro 336.5 million, or 5.3% of GDP, opposite to the negative balance of 7% of GDP realized in the same period of 2008.** The narrowing in the negative gap was largely due to the lower trade deficit, with simultaneous rise in the surplus within the current transfers. The positive contribution of these categories was partially neutralized through the deficit with the income component (opposite to the surplus registered in the same period of the previous year).

**The net inflows in the capital and financial account (5.3% of GDP in the first nine months of the year) enabled full covering of the negative gap in the current account.** The largest part of the capital inflows were net inflows based on the second issued Eurobond, foreign indebtedness, the foreign direct investments, as well as the allocations of the special drawing rights (SPV). Thus, in this period there was no need of taking over of part of the burden for financing through reducing the foreign reserves. However, it should be emphasized that such structure of the sources of funding of the deficit on the current account was characteristic since June. Namely, in the first half of the year, considerable part of funding the gap in the current transactions was supported by decreasing the foreign reserves.

Figure No. 9

Current account balance with components



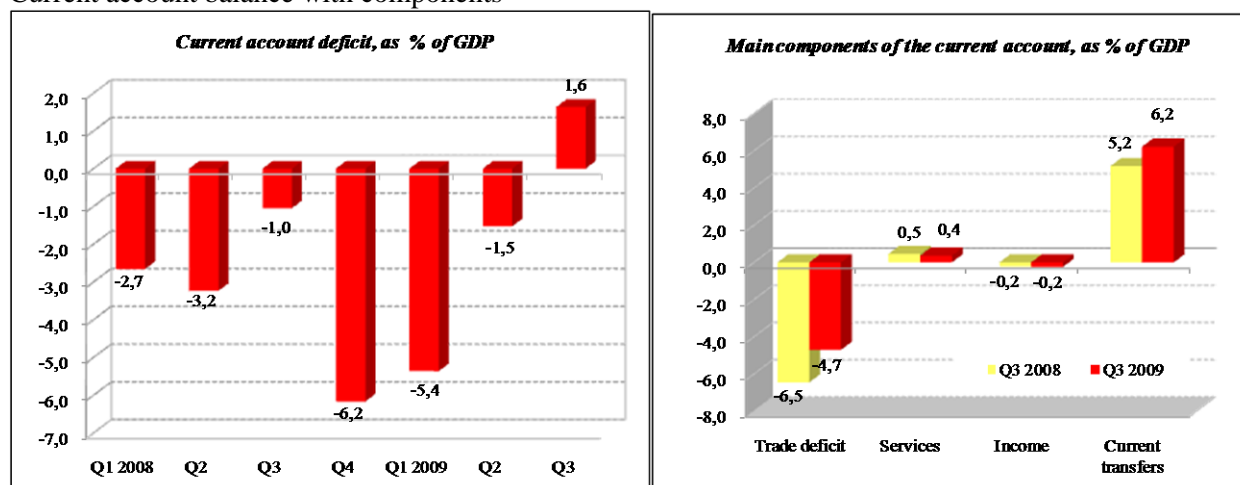
Source: NBRM.

**In the third quarter of 2009, on the current account of the balance of payment surplus of Euro 104.3 million was registered, or 1.6% of GDP (i.e. annual improvement of 2.7 percentage points), which represented historically highest quarterly surplus since 2003.** The realized positive balance resulted from the considerable downward adjustment of the import of goods, which resulted in narrowing of the trade deficit. The positive developments in the private transfers, which were under the influence of the seasonal factors and the positive perceptions of the domestic economic entities, acted towards the same direction. Such dynamics of the private transfers continued in the following period as well. Namely, according to the latest data on the currency exchange market, in the period October-November 2009, the realized net purchase from the currency exchange operations amounted to Euro 153.8 million, which represented rise of 53.4% on annual basis. With respect to the quarterly dynamics,

the realized surplus in the third quarter followed the considerably worsened situation in the external sector in the first half of 2009. Namely, the contraction of the export and the drop in the private transfers resulted in high deficit in the first quarter. The adjustment of the import and the stabilization of the expectations considerably decreased the pressures on the current account in the second quarter of the year.

Figure No. 10

Current account balance with components



Source: NBRM.

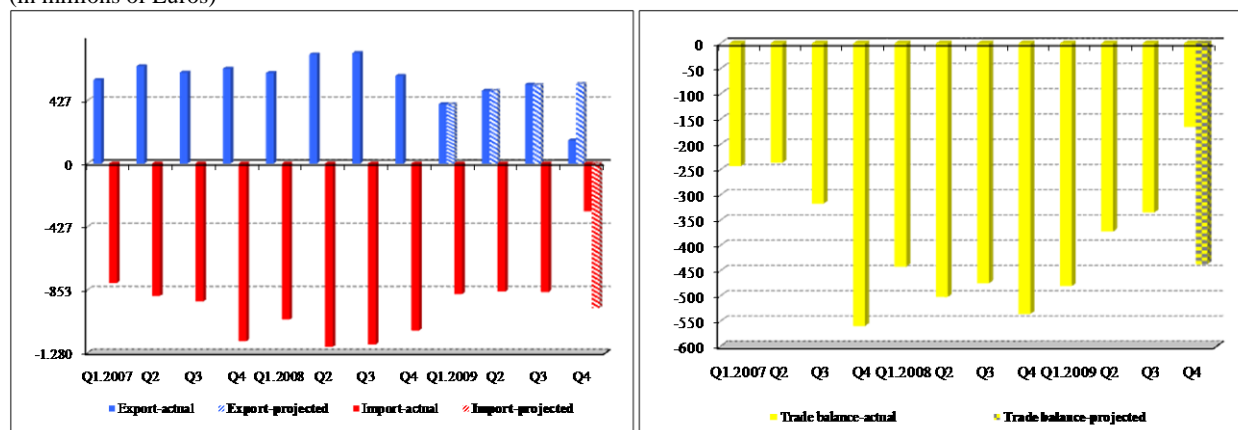
In the third quarter, the net inflows in the capital and financial account amounted to Euro 206.3 million, or 3.2% of GDP, which was almost solely due to the financial foreign inflows based on the Government's indebtedness. Namely, in July 2009 the second Eurobond was issued (in the amount of Euro 175 million), whereas in August and September 2009 allocation of the special drawing rights (SPV) was performed in the amount of Euro 62.8 million. On the other hand, within the category of foreign direct investments, quarterly net outflow of Euro 9.1 million was registered. Such development was mostly due to the changes with the reinvested gain.

In the first nine months of 2009, the performances on the current account of the balance of payments are consistent with the assessments made in November 2009. Small downward deviations (lower surplus, i.e. higher deficit than the projected one) were registered in the service and income sub-balance sheets, which were almost solely compensated by the exceeding of the assessment for the net inflows from private transfers.

In October 2009 the foreign trade of goods reduced by 26.6%, on annual basis, with annual drop in the export and the import being registered by 31.6% and 23.8%, respectively. The slow economic recovery of all trade partners still represented the main restrictive factor for soon recovery of the export demand. On the other hand, the contraction of the import dependent production and the lower crediting reduced the demand for import goods. The largest share of the fall in the export resulted from the lower export of iron and steel and products thereof (contribution of 51.2% on annual basis) and the lower export of oil derivatives (contribution of 17.3% on annual basis). The lower prices, but also the lower demand for energy were the factors contributing to lower energy import, the contribution of which to the annual drop in the total import amounted to 35.2%. Besides this, the import of iron and steel and products thereof, electrical machines, equipment and vehicles registered drop (contribution of 17.7%, 15%, 7.7% and 7.2%, respectively). Considering such changes in the export and import, in October narrowing in the trade deficit by 14.7%, on annual basis, was registered.

Figure No. 11

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



Source: NBRM.

On cumulative basis, in the period January-October 2009 the import of goods amounted to Euro 1.583,3 million and on annual basis it registered fall of 31.9%. The considerable drop in the export resulted from the global crisis, which implied lower foreign effective demand and lower metal prices on the international stock exchanges, the effects of which were intensified by the unfavorable structure of the domestic export sector. Thus, the metal industry, which represented the larger part of the export sector, suffered the hardest strike, and the lower export of iron and steel gave the largest contribution of 67.6% to the change in the total export on annual basis. The export of oil derivatives, wearing apparel and textile and ores registered drop, contributing with 11.3%, 7.4% and 5%, respectively.

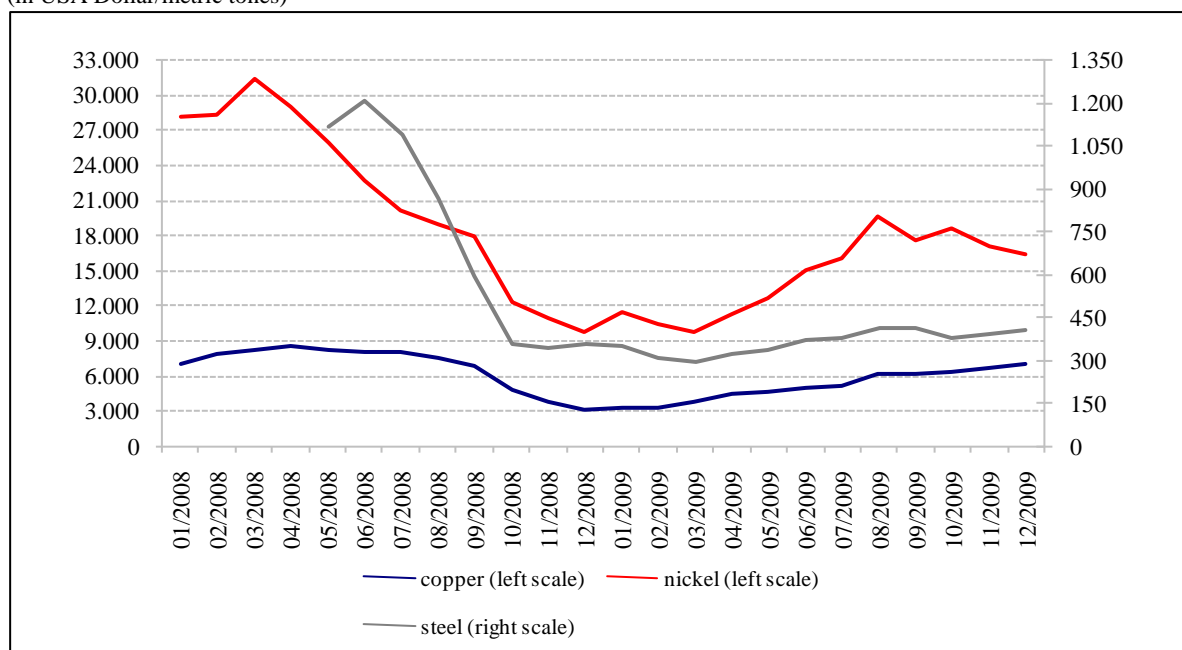
Since the beginning of the year and till October 2009, the import of goods amounted to Euro 2.936,4 million and relative to the same period of 2008 it dropped by 25.4%. The largest share of the annual drop was due to the lower import of energy with contribution of 38.9%, which resulted from the annual price drop of the crude oil and electricity, as well as the lower need for energy, in conditions of lower domestic activity and improved hydro potential. Part of the import can be explained by the lower import demand for industrial procurements of the import depended production, when the lower import of iron and steel and products thereof considerably contributed with 31.9% and 7.4%, respectively. Besides this, the lower credit activity inhibited the consumption, which influenced the import of consumer goods. In this context, the import of vehicles slowed down by almost one third relative to the period January-October 2008.

The trend of more intensive downward adjustment of the import relative to the export, which started in the second quarter, contributed to decrease in the trade deficit by 16.1%, compared with the period January-October 2008. The narrowing in the negative gap in the energy balance, which was mainly due to the lower energy prices, contributed mostly to the lower trade deficit, followed by the lower deficit in the trade of vehicles and electrical machines and equipment, as well as realization of positive balance in the trade of ores. Opposite to this, the lower positive balance in the trade of iron and steel and products thereof and of the wearing apparel and textile was the factor which had opposite effect. Consequently to the dynamics of the export and the import, the export-import coverage ratio in the period January-October 2009 amounted to 53.9% and compared with the same period of 2008 it registered drop of 5.1 percentage point.

**The comparison of the realization in October 2009 with the projection for the last quarter did not indicate to larger deviations with the trade balance (37.8% of realization).** Certain deviation was registered with the export (realized 29%), which was mostly due to the low export of oil derivatives, because of the standstill in the operating of the Refinery in September 2009. However, till the end of the year, stabilization with the export of oil derivatives was expected, considering the realized import of oil and oil derivatives in October 2009, which is within the expectations for the last quarter. The total import is within the projection, so largest deviations were registered with the import of electricity, which was due to the lower demand for electricity than the envisaged one. Deviation, but with opposite direction (higher import than the expectations) was registered with the vehicles in conditions of lower fall rate (of 26.3%) than the envisaged for the whole quarter (of 30.8%).

In November 2009, the prices of most of the metals on the international stock exchanges registered rise on monthly basis. Thus the price of the copper and steel realized monthly growth of 6.1% and 3.6%, respectively. On the other hand, the nickel price registered negative dynamics, in conditions of higher reserves.

Figure No. 12  
Metal prices  
(in USA Dollar/metric tones)



\*The data on December 2009 pertain to the period 1-15 in this month.

Source: "Bloomberg".

## 5. MONETARY AGGREGATES<sup>2</sup>

The data for the end of November 2009 indicated considerable intensification of the annual rise of the **reserve money**<sup>3</sup> to 22.3% (10.4% in the previous month). Such change reflected the intensified

<sup>2</sup> 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 January 1, 2009).

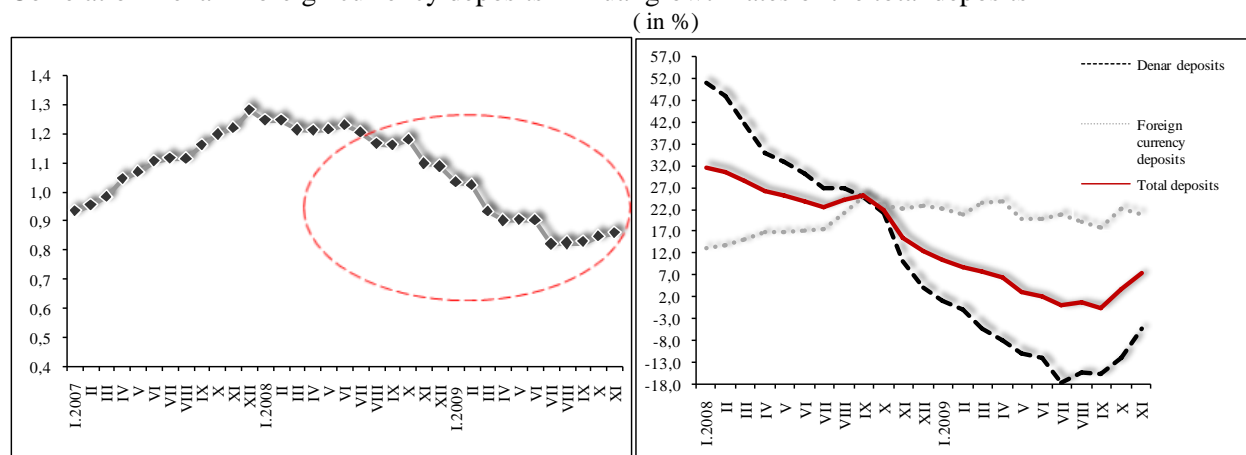
<sup>3</sup> Includes the currency in circulation (including the cash in the banks' vault), the reserve requirements in denars and in foreign currencies and the excess of liquid assets above the reserve requirements (in denars). Without the foreign currency reserve requirements, the reserve money in November 2009 rose by 21.7% on annual basis.

annual growth in the total liquid assets of banks (48.5%, opposite to 27.3% in the previous month), with drop in the currency in circulation <sup>4</sup> being registered by 4%. On monthly basis, the reserve money went down by 1.4%, which was solely due to the drop in the total liquid assets of banks (by 3%), with increase in the demand for currency in circulation being registered of 1.2% on monthly basis. Analyzed with respect to the **flows of creating and withdrawing liquidity**, the monthly drop in the reserve money in November was almost solely due to the withdrawn liquidity through the monetary instruments, which acted towards neutralization of the effects from the autonomous factors based on liquidity in the banking system. Thus, on the foreign exchange market, NBRM continued to intervene with net purchase of foreign assets, so in November, liquidity in the amount of approximately Denar 2.072 million was created on such basis (Euro 33.8 million). Liquidity creation, but with considerably lower volume, was performed through the net position of the Government with the NBRM, which reduced by Denar 225 million on monthly basis. In such conditions, the CB bills of NBRM, on monthly basis realized growth of Denar 2.986 million, thus representing the main flow of liquidity withdrawal from the banking sector.

**The total banks' deposit potential (with the demand deposits included)**<sup>5</sup> in November registered rise of Denar 1.700 million on monthly basis, or by 0.9% (2.3% in the previous month, with payment of the regular installment of the bond for old foreign currency saving being realized), which reflected the higher saving in domestic currency again. Thus, the Denar deposits in November grew up by 1.7% on monthly basis (thus contributing with 82.7% to the monthly rise in the total deposits), whereas the growth rate of the foreign currency deposits amounted to 0.3%. The analysis of the sector structure indicated monthly rise in the household deposits<sup>6</sup> (with the demand deposits included) of Denar 1.388 million, or by 1.2%, opposite to 1.9% in the previous month. The new households saving in November was almost equally distributed to domestic and foreign currency, so the monthly growth in the Denar and foreign currency deposits amounted to 1.8% and 0.8%, respectively. The deposits of the corporate sector realized moderate monthly drop of 0.4%.

Figure No. 13

Correlation Denar - foreign currency deposits Annual growth rates of the total deposits



Source: National Bank of the Republic of Macedonia.

In November 2009, the annual growth rate of the total deposits with the banks accelerated to 7.2% (from 3.6% in the previous month), which besides the positive monthly changes with the deposit base, reflected largely the base effect<sup>7</sup>. The foreign currency deposits on annual basis rose by 20.9%

<sup>4</sup> Includes the cash in the banks' vaults.

<sup>5</sup> Since January 2009, the deposits include the accrued interest as well.

<sup>6</sup> Pertains to the natural persons and self employed professionals.

<sup>7</sup> In November 2008, as a result of the repatriation of larger amount of divined to foreign investor, the total deposit potential of banks reduced by Denar 4.362 million, on monthly basis, or by 2.5%.

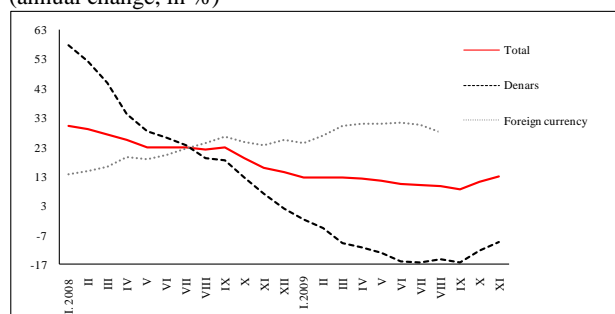


(22.1% in October), whereas the fall rate of the Denar deposits continued to slow down to 5.2% in November (12.1% in the previous month). With respect to the sector structure, the household deposits in November realized annual growth rate of 13.2% (11.4% in the previous month), while the deposits of enterprises (private and public)<sup>8</sup> went down by 11.8% on annual basis (opposite to 16.9% in October 2009).

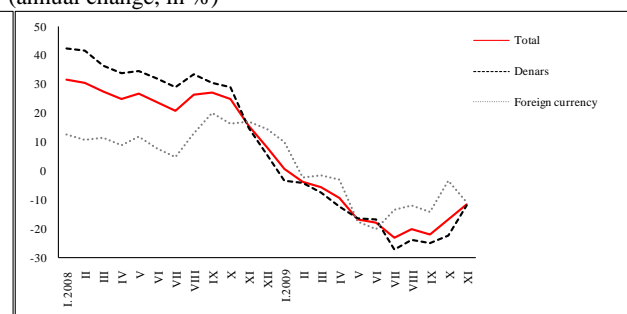
Figure No. 14

## Deposits of households Deposits of enterprises

(annual change, in %)



(annual change, in %)



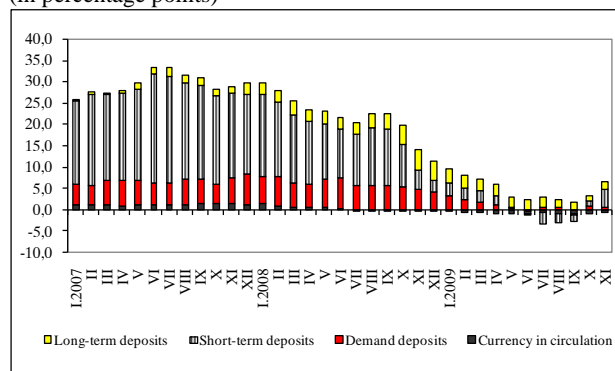
Source: National Bank of the Republic of Macedonia.

Figure No. 15

## Money supply M4

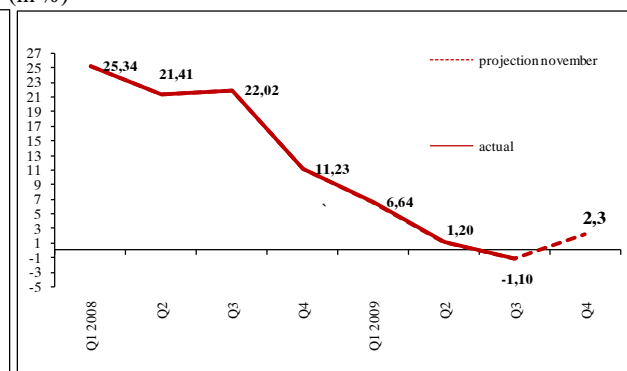
Contribution to the annual growth

(in percentage points)



Annual growth rates

(in %)



Source: National Bank of the Republic of Macedonia.

In November 2009, the annual growth rate of the **broadest money supply M4**<sup>9</sup> amounted to 5.9%, opposite to 2.4% in the previous month. If the positive tendencies with the deposit base continue during the following month as well (to which the preliminary decade data already indicate), even if the assumption on repatriation of dividend and the base effect fulfils<sup>10</sup>, there is a chance for realization of higher annual growth rate of the broadest money supply relative to the estimated in November (2.3% for December 2009). Compared with the end of 2008, the broadest money supply M4 in November rose by 3%.

<sup>8</sup> The deposits of the enterprises from the private sector went down by 14.7%, on annual basis.

<sup>9</sup> The analysis pertains to the money supply M4 with the accrued interest being included.

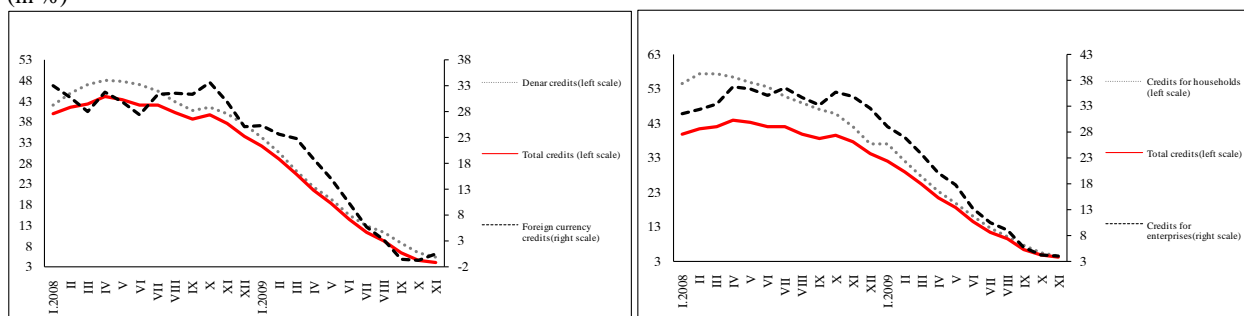
<sup>10</sup> Different from the monthly drop in 2008, in December 2008 the broadest money supply M4 registered rise of Denar 5.347 million on monthly basis, or by 2.8%.

## 6. BANK CREDITS

In November 2009, **the total bank credits to the private sector** went up by Denar 1.505 million, or by 0.9% relative to October. Such change represented continuing of the last month growth, but with intensified dynamics. Namely, the monthly flows of the credits in November were by four times higher relative to the absolute monthly change in the total credits in October, when the Denar credits<sup>11</sup> represented the basic generator of the growth (with contribution of 67.2%). The growth rates of the Denar and foreign currency credits amounted to 0.7% and 1.3%, respectively. The sector structure of the credits showed larger credit flows both, to the households and to the enterprises. However, in November the crediting was still dominantly oriented to the corporate sector. Thus, the credits to enterprises realized more intensive growth of 1.4% (opposite to 0.3% in October), which in conditions of moderate rise in the credits to households (of 0.2%), resulted in increase in the contribution of the corporate credits to the rise in the total credits to 93.9%.

Figure No. 16

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



The slowing down in the annual growth rate in November 2009 performed with slower dynamics relative to the previous months, but still placing it to the lowest level in the last few years of 4.1% (4.6% in October). With respect to the currency structure, the Denar component remained the main generator of the annual credit growth (with contribution of 98%). However, the continuous slowing down in the Denar crediting was evident in this month as well, when the annual growth rate continued to slow down to the level of 5.2% (6.3% in October). Different from the continuous slowing down in the growth in the Denar placement, the foreign currency credits registered upward developments. After the registered annual fall in September and October, the foreign currency credits returned in the positive zone, realizing rise of 0.4%. The credit flows with respect to certain sectors remained consistent with the usual developments registered in the previous months, concerning the individual contribution to the growth in the total credits. Thus, the corporate credits contributed with 57% to the rise in the credits on annual basis (52.5% in October), thus realizing increment of 3.9% (4.1% in October). With the credits to households, the annual growth rate amounted to 4.6% (5.6% in October).

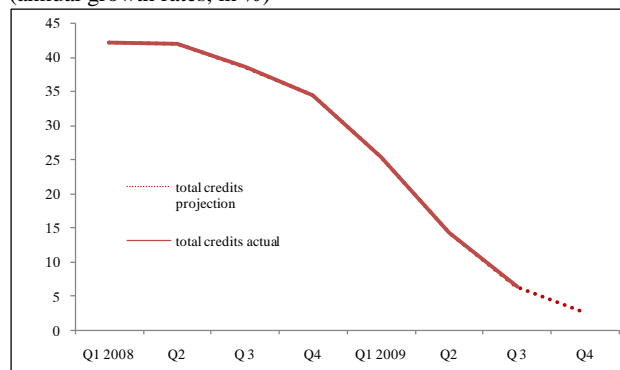
Considering the anticipated developments on the credit market till the end of 2009, further slowing down in the annual growth rate of the credits is anticipated. Namely, considering the projection in November, the credit activity of the banks to the private sector in December 2009 is anticipated to reduce to the level of approximately 2.6%, which is consistent with the developments registered so far.

<sup>11</sup> Includes the Denar credits with FX clause.



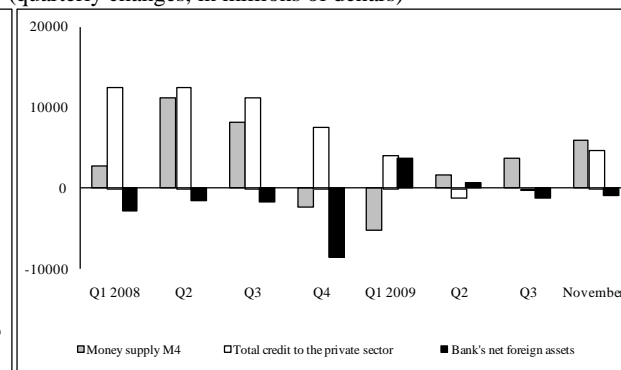
Figure No. 17

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



Sources of financing

(quarterly changes, in millions of denars)\*



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

Source: National Bank of the Republic of Macedonia.

In November 2009, the **net foreign assets of banks** was negative (Denar 881 million, whereas in October, the net foreign assets of banks amounted to Denar 2.569 million). The entering in the zone of negative values was a combined result of the considerable monthly outflow of the foreign currency assets of banks (by Denar 2.490 million, i.e. 8%) and the rise in the foreign currency liabilities of banks by Denar 961 million, or 3.4%.

## 7. INTEREST RATES AND FOREIGN EXCHANGE RATE

On December 16, 2009 the reserve money amounted to Denar 32.377 million and relative to the end of November they went up by Denar 358 million, or by 1.1%. The growth in the reserve money was solely due to the rise in the currency in circulation by 7.6%, in conditions of fall in the total liquid assets of banks<sup>12</sup> by 4.3%. Within the analyzed period (01-16.12.2009), the realized net purchase of foreign currencies on the foreign currency market by NBRM, the cash in the banks' vault, together with the monetary instruments acted towards creating liquidity, which was withdrawn through the currency in circulation and the Denar deposits of Government.

Considering the continuous positive developments on the foreign currency market in the second half of the year and the expectations for more stable ambient for conducting monetary policy in 2010, on November 30, 2009 the Council of NBRM adopted a Decision on reducing the basic interest rate (interest rate of CB bills of NBRM) from 9% to 8.5%.

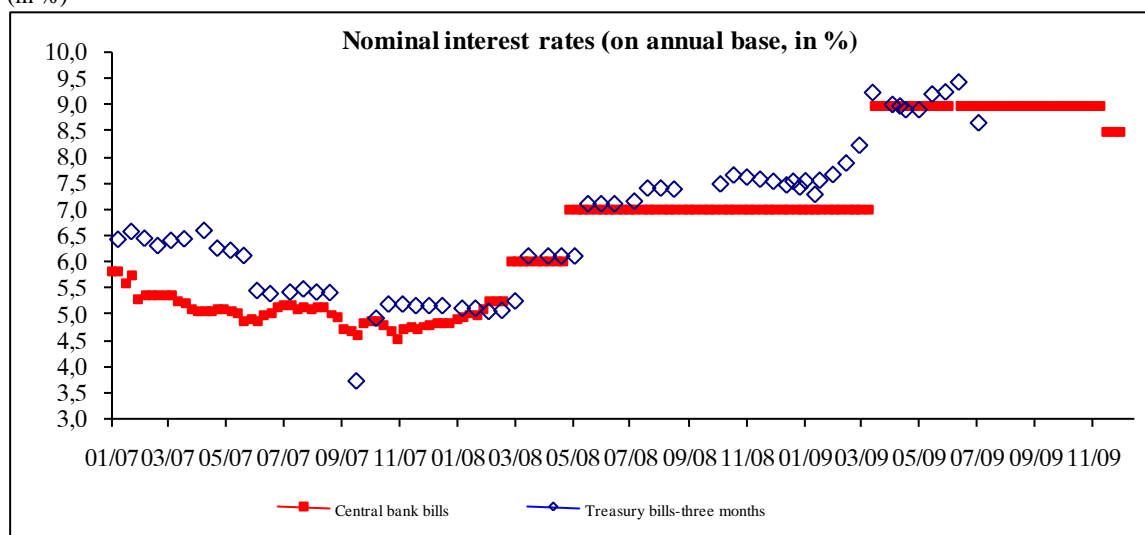
Since the beginning of December, three auctions of CB bills were held (dated December 2, 2009, December 9, 2009 and December 16, 2009), when liquidity of Denar 42 million was created. As of November 31, 2009, the gross foreign reserves amounted to Euro 1.591,8 million and relative to the end of 2008 they rose by Euro 96.9 million.

Within the analyzed period, **one auction of three months Treasury bills with FX clause** was held (on December 1, 2009) with interest rate of 5.3% (5.4% on the previous auction), with volume tender and in conditions of almost equal supply and demand.

<sup>12</sup> Pertains to the banks' accounts with NBRM and the cash in the vaults.

The average interbank interest rate within the period 01-16.12.2009 amounted to 6.12% on average (6.25% in November 2009). The quoted average interbank interest rate - **SKIBOR** in the period 01-17.12.2009 amounted to 6.11% (over night), 7.64% (one week), 8.9% (one month) and 9.43% (three months), opposite to 6.28%, 7.52%, 9.20% and 9.53%, for the respective maturities in November. The interbank interest rates for the concluded transactions over night - **MKDONIA**, in the period 01-17.12.2009 amounted to 5.95%, on average, relative to 6.09% in November 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 October 2009, the **average weighted interest rate of Denar credits and of Denar deposits** maintained the same level as in the previous month equaling 10.3% and 7.4%, respectively. On monthly basis, more considerable change was registered with the short-term credits without FX clause to households and with the long-term credits with FX clause to enterprises, the interest rates of which rose by 0.2 and 0.3 percentage points, and they amounted to 14.3% and 9.7%, respectively. Within the deposit interest rates, more significant growth was registered with the interest rates of the short-term time deposits without FX clause of enterprises and long-term time deposits without FX clause to households, of 0.2 percentage points, respectively, so they equalled 7.1% and 10.5%, respectively. **Within the foreign currency interest rates, the average weighted interest rate of the foreign currency credits** reduced to 7.5% (from 7.6% in the previous month), whereas the **weighted interest rate of the foreign currency deposits** remained at the same level of the previous month, equaling 3.3%.

In October, **the interest rate of the Denar newly extended credits and newly received deposits** rose by 0.1 and 0.7 percentage points, respectively and they equalled 10.4% and 5.9%, respectively. **The interest rate of the newly extended foreign currency credits** in October amounted to 7.5% (relative to 8.3% in the previous month), whereas **the interest rate of the newly received foreign currency deposits** went up by 0.1 percentage point amounting to 1.6%.

Observed by **groups of banks**, the large banks increased the **lending Denar interest rates** in October (by 0.1 percentage point) so their lending interest rate amounted to 9.9%, whereas the interest rates with the medium-size and the small-size banks remained unchanged equaling 11.1% and 11%, respectively. With the **deposit interest rate**, the small-size banks increased their interest rate by 0.1 percentage points, thus equaling 5.2., whereas the deposit interest rates of the large and the medium-size

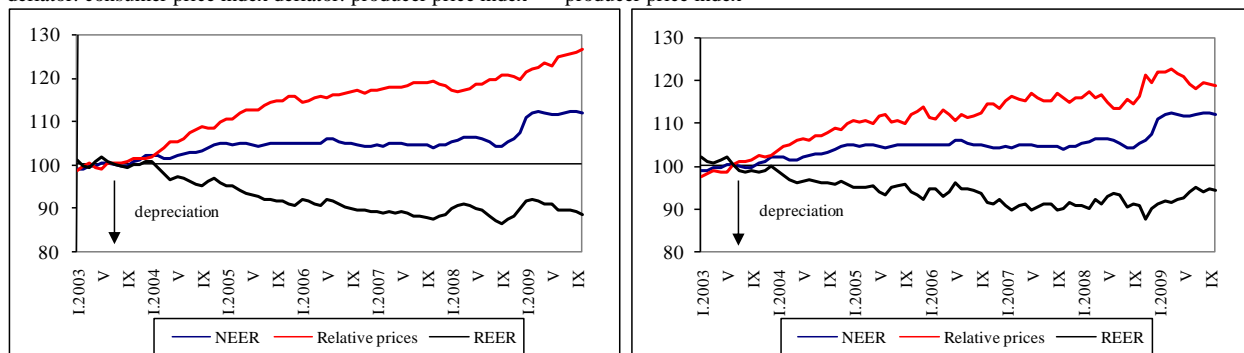
banks remained at the same level, thus equaling 7.6% and 7%, respectively. In October, more considerable change with the **interest rates of foreign currency credits**, was registered within the small-size banks, the foreign currency lending interest rate of which reduced to 6.6% (from 12.7% in the previous month). The interest rate of the large banks dropped by 0.1 percentage point, thus equaling 7%, whereas the lending foreign currency interest rate with the medium-size banks remained at the same level of 8.8%. **Regarding the foreign currency deposits**, the small-size banks increased their interest rate by 0.2 percentage points, so it equaled 2.5%, whereas the large and the medium-size banks registered no change and their deposit interest rates amounted to 3.2% and 3.6%, respectively.

With the index of the **real effective foreign exchange rate of the Denar** deflated with the consumer price index, monthly depreciation of 1% was registered in October 2009. Such monthly dynamics of REER resulted from the rise in the relative prices and the depreciation of NEER (of 0.4%). On annual and on cumulative basis, REER appreciated by 1.1% and 1.4%, respectively, in conditions of NEER, the influence of which was mostly decreased by the rise in the foreign and fall in the domestic prices. In October 2009, REEC of the Denar measured by the producer price index characterized with depreciation of 0.4% on monthly basis, which was due to the monthly depreciation of NEER, in conditions of unchanged relative prices. On the other hand, the REER appreciated on annual basis and on cumulative basis (by 3.9% and 1.6%, respectively), so the lower fall in the foreign relative to the domestic prices, partially neutralized the effect from the appreciation of the NEER.

Figure No. 19

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 December 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>XI.2009</u> X.2009	<u>XI.2009</u> XI.2008	<u>I-XI.2009</u> I-XI.2008	<u>XI.2009</u> X.2009	<u>XI.2009</u> XI.2008	<u>I-XI.2009</u> I-XI.2008
<b>Total</b>	<b>0.3</b>	<b>-2.3</b>	<b>-0.7</b>	<b>0.3</b>	<b>-2.3</b>	<b>-0.7</b>
<b>Food</b>	<b>0.5</b>	<b>-4.1</b>	<b>-1.4</b>	<b>0.2</b>	<b>-1.7</b>	<b>-0.6</b>
Grain products	-0.5	-4.8	0.4	0.0	-0.4	0.0
Fresh and processed vegetables	6.6	-7.0	-1.2	0.4	-0.4	-0.1
Fresh and processed fruits	-4.9	-8.0	-11.0	-0.2	-0.3	-0.4
Meat and poultry	0.1	4.1	7.5	0.0	0.3	0.6
Fresh and cooked fish	1.0	6.0	11.5	0.0	0.1	0.1
Dairy products	0.4	-9.4	-7.2	0.0	-0.6	-0.5
Eggs	-0.5	-8.3	0.4	0.0	-0.1	0.0
Oils and fats	0.2	-20.6	-24.5	0.0	-0.5	-0.6
<b>Tobacco and beverages</b>	<b>0.0</b>	<b>3.3</b>	<b>4.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>
<b>Clothing and footwear</b>	<b>0.7</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Housing</b>	<b>0.1</b>	<b>-1.7</b>	<b>5.0</b>	<b>0.0</b>	<b>-0.3</b>	<b>0.7</b>
Flat (rent, water and other services)	-0.1	0.7	2.2	0.0	0.0	0.1
Fuel and lighting	0.2	-2.9	7.0	0.0	-0.3	0.6
Heating and services	0.5	-7.9	-1.1	0.0	-0.3	0.0
Electric power	0.0	0.0	11.8	0.0	0.0	0.7
<b>Hygiene and health</b>	<b>0.0</b>	<b>1.3</b>	<b>2.2</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>
<b>Culture and entertainment</b>	<b>-1.4</b>	<b>-7.6</b>	<b>-3.6</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.2</b>
<b>Transport and communication services</b>	<b>1.2</b>	<b>-1.5</b>	<b>-8.7</b>	<b>0.2</b>	<b>-0.2</b>	<b>-1.2</b>
Fuels and lubricants	4.7	-2.0	-23.4	0.2	-0.1	-0.9
Public transport services & PTT	0.0	0.8	0.1	0.0	0.0	0.0
<b>Restaurants and hotels</b>	<b>-1.4</b>	<b>-0.7</b>	<b>2.5</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.1</b>
<b>Other services n.e.c.</b>	<b>-0.2</b>	<b>-1.0</b>	<b>-6.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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	Aug-09	Sep-09	Oct-09	Nov-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	-1.4	-1.4	-2.4	-2.3
Core inflation (excluding food and energy)	0.6	2.6	2.9	2.8	2.5	2.2	1.5	0.3	0.1	0.0	0.1	-0.3	-0.6
Regulated prices	3.3	9.3	7.4	9.2	12.5	8.3	-1.6	-1.8	-3.3	-4.5	-2.9	-2.2	-2.6
Industrial producer prices	2.5	10.3	10.5	13.6	15.1	2.1	-6.2	-8.8	-10.1	-9.8	-9.0	-5.9	1.4
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	8.9	11.2	5.1	-	-
Real net-wage*	5.5	1.9	0.9	0.0	2.1	4.5	11.8	14.1	10.4	12.7	6.6	-	-

\*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	-9.8	-9.9	-0.9
Construction	7.6	25.6	29.1	55.7	-2.0	31.5	0.0	14.7	12.6	-1.0	45.1	-
Retail and wholesale trade	23.1	10.5	19.1	19.8	12.4	-0.5	-8.7	-11.0	-6.7	-5.8	-7.5	-
Telecommunications	15.6	8.9	12.1	7.4	10.1	6.4	7.4	5.7	8.3	6.6	10.6	-

Source: State Statistical Office of the Republic of Macedonia.

**Table 4**  
Selected industrial branches

Selected industrial activities (annual rates, %)	2006	2007	2008	2008				2009			Oct-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	-6.5	-0.3
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	-11.8	-2.0
Manufacture of tobacco products	5.5	-0.8	0.1	13.8	15.4	1.0	-18.1	-2.1	2.6	-5.5	-13.7	-0.7
Manufacture of wearing apparel	-3.7	-14.5	-2.0	-16.5	-22.7	-23.4	-18.8	-23.7	-16.9	-1.6	-18.9	-1.2
Printing	-17.9	-12.2	1.6	7.8	72.2	68.4	85.3	2.6 times	54.4	-2.7	-3.8	-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	-11.5	-0.5
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	-16.3	-1.2
Manufacture of basic metals	11.8	34.3	-1.0	9.5	15.7	-3.3	-45.7	-61.6	-52.3	-42.2	-9.4	-0.9
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	2.7 times	9.1
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	-56.9	-1.6
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	-52.7	-0.2
Recycling	12.8	-35.6	0.5	105.6	262.2	12.5 times	-34.9	-74.2	-10.6	7.6	7.4	0.1
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	13.8	1.2

Source: State Statistical Office of the Republic of Macedonia.

**Table 5**  
Balance of payments <sup>1,3</sup>  
(in millions of euros)

	2008				2008	2009									2009		2009
	Q1	Q2	Q3	Q4		I	II	III	IV	V	VI	VII	VIII	IX	Q1	Q2	
<b>I. Current Account</b>	<b>-173.1</b>	<b>-210.7</b>	<b>-68.3</b>	<b>-401.2</b>	<b>-853.3</b>	<b>-115.7</b>	<b>-94.4</b>	<b>-133.0</b>	<b>-67.4</b>	<b>-10.1</b>	<b>-20.2</b>	<b>25.2</b>	<b>21.6</b>	<b>57.5</b>	<b>-343.1</b>	<b>-97.8</b>	<b>-336.5</b>
<b>GOODS, net</b>	<b>-374.2</b>	<b>-464.0</b>	<b>-419.9</b>	<b>-492.6</b>	<b>-1,750.7</b>	<b>-143.0</b>	<b>-152.0</b>	<b>-151.6</b>	<b>-142.6</b>	<b>-79.8</b>	<b>-116.6</b>	<b>-120.6</b>	<b>-111.3</b>	<b>-69.0</b>	<b>-446.6</b>	<b>-339.0</b>	<b>-1,086.6</b>
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	184.2	400.3	491.3	1,423.9
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	-244.3	-288.4	-306.7	-273.4	-253.2	-846.8	-830.3	-2,510.5
<b>SERVICES, net</b>	<b>0.5</b>	<b>-7.6</b>	<b>29.6</b>	<b>-18.1</b>	<b>4.3</b>	<b>-1.5</b>	<b>3.5</b>	<b>-3.0</b>	<b>0.8</b>	<b>-4.1</b>	<b>2.1</b>	<b>9.5</b>	<b>9.2</b>	<b>4.5</b>	<b>-1.0</b>	<b>-1.2</b>	<b>21.1</b>
<b>INCOME, net</b>	<b>23.8</b>	<b>0.7</b>	<b>-14.4</b>	<b>-101.0</b>	<b>-90.9</b>	<b>-13.3</b>	<b>-4.8</b>	<b>-6.8</b>	<b>-2.3</b>	<b>-10.7</b>	<b>-5.1</b>	<b>-5.6</b>	<b>-6.8</b>	<b>-3.4</b>	<b>-24.9</b>	<b>-18.1</b>	<b>-58.8</b>
o/w: interest, net	-5.8	-11.7	-11.0	-17.8	-46.3	-9.8	-5.2	-7.6	-5.5	-6.4	-5.3	-7.6	-4.1	-5.1	-22.6	-17.2	-56.7
<b>CURRENT TRANSFERS, net</b>	<b>176.8</b>	<b>260.3</b>	<b>336.4</b>	<b>210.5</b>	<b>984.0</b>	<b>42.1</b>	<b>58.8</b>	<b>28.4</b>	<b>76.7</b>	<b>84.5</b>	<b>99.4</b>	<b>141.9</b>	<b>130.5</b>	<b>125.4</b>	<b>129.4</b>	<b>260.6</b>	<b>787.8</b>
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	1.4	10.3	12.9	31.5
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	126.5	124.0	119.1	247.7	756.3
<b>II. Capital and Financial Account</b>	<b>184.3</b>	<b>221.3</b>	<b>56.4</b>	<b>389.2</b>	<b>851.2</b>	<b>100.9</b>	<b>92.0</b>	<b>132.9</b>	<b>71.4</b>	<b>15.5</b>	<b>27.6</b>	<b>-35.7</b>	<b>-21.6</b>	<b>-59.4</b>	<b>325.8</b>	<b>114.5</b>	<b>323.6</b>
<b>CAPITAL ACCOUNT, net</b>	<b>-0.8</b>	<b>-2.6</b>	<b>-0.5</b>	<b>-8.3</b>	<b>-12.2</b>	<b>0.1</b>	<b>0.4</b>	<b>0.3</b>	<b>-0.1</b>	<b>0.3</b>	<b>1.6</b>	<b>4.2</b>	<b>3.0</b>	<b>8.0</b>	<b>0.8</b>	<b>1.7</b>	<b>17.7</b>
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	0.5	0.8	1.7	10.2
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	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	0.5	0.8	1.7	10.2
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	7.5	0.0	0.0	7.5
<b>FINANCIAL ACCOUNT, net</b>	<b>185.1</b>	<b>223.9</b>	<b>56.9</b>	<b>397.6</b>	<b>863.5</b>	<b>100.8</b>	<b>91.6</b>	<b>132.6</b>	<b>71.5</b>	<b>15.2</b>	<b>26.0</b>	<b>-39.8</b>	<b>-24.6</b>	<b>-67.4</b>	<b>325.0</b>	<b>112.8</b>	<b>305.9</b>
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	25.8	-3.8	53.6	57.1	101.6
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	-3.3	-19.1	-12.4	117.2
Other investment, net	43.0	146.7	118.0	145.5	453.2	-8.7	32.7	13.7	-10.3	-36.4	62.4	20.3	72.1	-40.9	37.7	15.8	105.0
Trade credits, net	-40.4	87.7	-21.2	-41.7	-15.7	2.4	21.1	29.5	12.8	-15.9	4.7	-16.8	27.6	-28.1	53.0	1.6	37.3
Loans, net	11.2	41.2	82.4	90.8	225.6	-9.3	4.7	2.6	3.8	2.3	-7.7	-3.2	2.6	-1.7	-1.9	-1.6	-5.7
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	-19.8	-22.1	6.0	-13.6
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	-0.1	-3.6	1.0	-0.9
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	-6.5	-56.0	1.3	-33.3
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	-13.2	37.5	3.7	20.7
Other, net	11.3	10.1	4.8	9.5	35.8	2.6	2.6	3.5	2.2	2.5	5.1	2.0	57.9	8.7	8.7	9.8	87.1
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	-19.4	252.8	52.2	-18.0
<b>III. Errors and Omissions</b>	<b>-11.2</b>	<b>-10.6</b>	<b>11.9</b>	<b>12.0</b>	<b>2.1</b>	<b>14.8</b>	<b>2.4</b>	<b>0.1</b>	<b>-4.0</b>	<b>-5.3</b>	<b>-7.4</b>	<b>10.4</b>	<b>0.0</b>	<b>1.9</b>	<b>17.3</b>	<b>-16.7</b>	<b>13.0</b>

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

	X.2009	I-X.2009	X.2009		X.2009		I-X.2009	
			IX.2009		X.2008		I-X.2008	
	amount		amount	%	amount	%	amount	%
<b>Total trade</b>	<b>478.7</b>	<b>4,519.7</b>	<b>30.6</b>	<b>6.8</b>	<b>-173.2</b>	<b>-26.6</b>	<b>-1,744.0</b>	<b>-27.8</b>
Export	156.7	1,583.3	-27.7	-15.0	-72.4	-31.6	-742.3	-31.9
Import	322.0	2,936.4	58.3	22.1	-100.8	-23.8	-1,001.7	-25.4
<b>Balance</b>	<b>-165.4</b>	<b>-1,353.0</b>	<b>-86.0</b>	<b>108.2</b>	<b>28.4</b>	<b>-14.7</b>	<b>259.4</b>	<b>-16.1</b>

Source: State Statistical Office of the Republic of Macedonia.

**Table 7**  
Monetary developments

	30.09.2009	31.10.2009	30.11.2009	monthly changes (30.11.2009/ 31.10.2009)		annual changes (30.11.2009/ 30.11.2008)
	actual	actual	actual	in Denar milluon	in %	in %
<i>in Denar million</i>						
Brtoad money M4	195,732	199,943	201,445	1,502	0.8	5.9
Currency in cirrculation	14,456	14,604	14,470	-134	-0.9	-8.6
Denar deposits <sup>1</sup>	84,152	87,009	88,351	1,342	1.5	-4.7
Foreign currency deposits	97,124	98,330	98,624	294	0.3	20.9
Total deposits	181,276	185,339	186,975	1,636	0.9	7.2
Reserve money <sup>2</sup>	41,760	45,060	44,434	-626	-1.4	22.3

<sup>1</sup>Including demand deposits, deposits of municipalities and public entities.

<sup>2</sup>Including reserve requirement in foreign currency.

	30.09.2009	31.10.2009	30.11.2009	monthly changes (30.11.2009/ 31.10.2009)		annual changes (30.11.2009/ 30.11.2008)
	actual	actual	actual	in Denar million	in %	in %
<i>in Denar million</i>						
Credit to the private sector	175,067	175,384	176,889	1,505	0.9	4.1
In Denar	137,052	137,201	138,212	1,011	0.7	5.2
In Foreign currency	38,015	38,183	38,676	493	1.3	0.4
Banks' net foreign assets	3,174	2,569	-881	-3,450	-134.3	-209.5

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	November	Q1	Q2	Q3	Q4		Q1	Q2	Q3	October	November
M0	-8.8	13.5	-0.02	4.4		-10.2	1.7	11.8	7.9	-1.4	16.6	22.2	19.6	8.0		6.4	-4.7	6.6	10.4	22.3
M1	-5.9	11.2	1.50	7.8		-13.5	1.8	0.6	2.5	-0.1	24.3	30.2	22.2	14.5		5.2	-3.6	-4.5	-0.2	-0.5
M4	1.6	6.3	4.3	-1.2		-2.6	0.8	2.0	2.2	0.8	25.3	21.4	22.0	11.2		6.6	1.2	-1.1	2.4	5.9
M4-denar	-1.4	6.6	2.0	-3.2		-9.5	-0.7	-1.7	3	1.2	33.5	24.7	20.0	3.9		-4.7	-11.3	-14.5	-11.4	-5.3

Source: National Bank of the Republic of Macedonia.

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

(in millions of denars)

		Balance as of 30.11.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
<b>Total deposits</b>		183,647	1,700	0.9	12,344	7.2
<b>In Denar</b>	Households	40,725	717	1.8	-4,151	-9.2
	Enterprises	35,294	258	0.7	-4,873	-12.1
	Total	85,023	1,406	1.7	-4,679	-5.2
<b>In Foreign currency</b>	Households	79,686	671	0.8	18,234	29.7
	Enterprises	17,615	-453	-2.5	-2,174	-11.0
	Total	98,624	294	0.3	17,023	20.9
<b>Total households deposits</b>		120,411	1,388	1.2	14,083	13.2
<b>Total enterprises deposits</b>		52,909	-195	-0.4	-7,047	-11.8

\* 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 30.11.2009	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
<b>Total credit to the private sector</b>		176,889	1,505	0.9	6,916	4.1
<b>In Denar</b>	Households	68,441	172	0.3	3,743	5.8
	Enterprises	69,632	844	1.2	3,302	5.0
	Total	138,212	1,011	0.7	6,780	5.2
<b>In Foreign currency</b>	Households	3,832	-49	-1.3	-541	-12.4
	Enterprises	34,791	569	1.7	639	1.9
	Total	38,676	493	1.3	135	0.4
<b>Total credit to the households</b>		72,274	124	0.2	3,203	4.6
<b>Total credit to the enterprises</b>		104,423	1,413	1.4	3,941	3.9

Source: National Bank of the Republic of Macedonia.

**Table 11**  
Interest rates

	<b>November</b>	<b>monthly changes</b>	<b>annual changes</b>
	in %	in percentage points	
<b>Average weighted interest rate on the CB bills auctions (28 days)</b>	9.00	0.0	2.0
<b>Average weighted interest rate on the Money Market*</b>	6.23	-0.4	0.8
<b>Interest rate on three-month treasury bills</b>		/	/
	<b>October</b>	<b>monthly changes</b>	<b>annual changes</b>
	in %	in percentage points	
<b>Banks' weighted lending interest rates</b>	10.3	0.0	0.6
<b>Banks' weighted deposit interest rates</b>	7.4	0.0	1.2

\* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.