

National Bank of the Republic of Macedonia
Research Department



Monthly Information
10/2010

November, 2010

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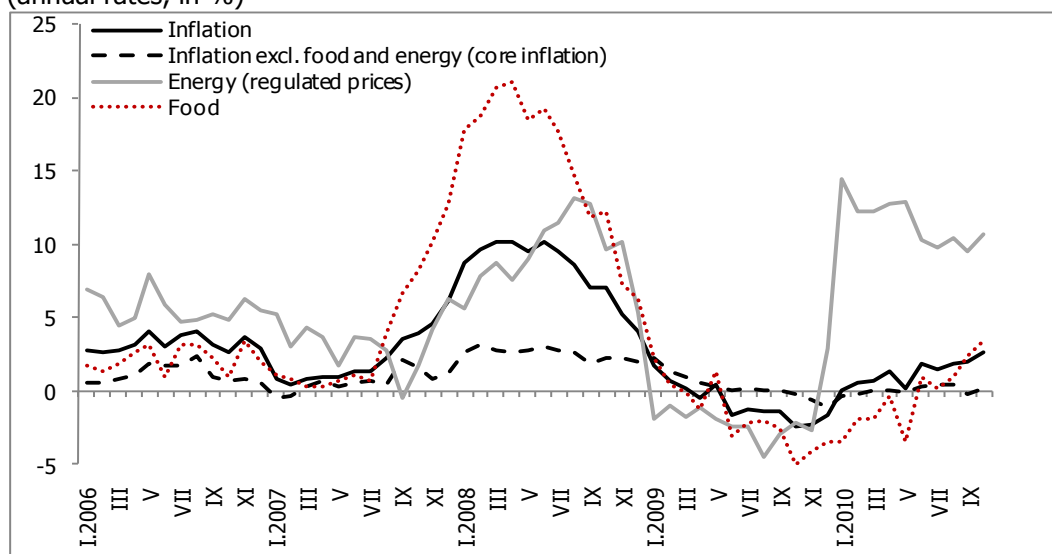
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1. PRICES

The moderate monthly rise in the **consumer prices** registered in the previous two months, continued in October 2010 as well. Thus, in October the consumer prices rose by 0.3% on monthly basis. The increase in the prices was mostly due to the growth in the food prices (as a result of the higher prices of the fresh vegetables by 3.9%, of dairy products by 0.9% of fats by 1.6%, with fall in the prices of the fresh fruits by 6% being registered) and to the higher prices of wearing apparel and footwear by 1.4% (due to the effect from the season change). Rise was registered in the prices of cigarettes by 1.8%¹, with the utility and housing services by 2.4%², as well as with the domestic prices of oil derivatives. **On annual basis**, the rise in the consumer price index continued to increase moderately and in October it amounted to 2.7% (2.0% in September 2010), which was due to the more intensive positive contribution of the food prices (due to the lower comparison basis) and of the prices of oil derivatives. In the first ten months of 2010, **the average inflation rate** amounted to 1.3% (1.1% for the first nine months).

In October 2010, **the core inflation** (inflation without food and energy) amounted to 0.3% relative to the previous month. The monthly rise was mainly due to the growth in the prices of wearing apparel and footwear, the cigarettes and to the higher prices of the utility and housing services. On annual level, the core inflation amounted to 0.2% in October 2010 (in September it equaled -0.2%). In the period January-September 2010, the core inflation amounted to 0.1% (0% in the first eight months).

Figure 1
Total and core inflation
(annual rates, in %)



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

¹ Due to the higher prices of some cigarette brand.

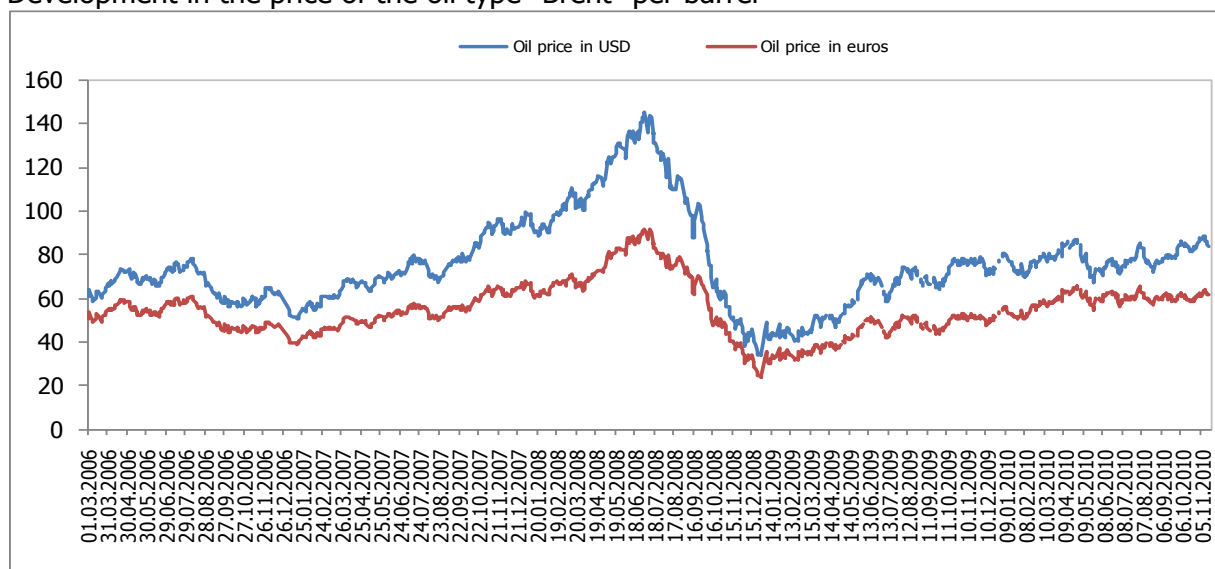
² On September 22, 2010 the City of Skopje Council adopted a decision on increasing the prices of the services for collecting, taking out, transporting and dumping solid and technological waste from Denar 2.85 per square meter to Denar 3.59 per square meter at the level of the city of Skopje.

The development in the annual inflation rate in October was within the last projections of NBRM for annual growth in the consumer prices of 2.9% in the last quarter of 2010. Average price growth of 1.6% was anticipated for the whole 2010.

The oil price continued to grow in October 2010 and it reached up to the average level of USA Dollar 82.9 per barrel, which compared to the level of the previous month (USA Dollar 77.8 per barrel) represented rise of 6.6%. The higher price of the oil resulted from the drop in the global stocks of oil, which was due to the autumn overhauls for maintaining of the refineries and the strike in France, as well as to the large growth in the import demand of oil in China in September 2010. Despite such trends, OPEK on the meeting dated October 14 in Vienna, Austria decided to keep the producer quotas unchanged. In the first week of November the oil price continued to grow reaching up to USA Dollar 86.2 per barrel (on average). Considering the fact that the Denar appreciation (0.4%) relative to the USA Dollar was lower than the rise in the oil price (2.2%), compared to the previous two-week period, the Regulatory Energy Committee (REC) on November 8, 2010 adopted a decision on increasing the refinery and retail prices of oil derivatives by 1.2% and 1.0%, on average, respectively.

The increase in the **average price** of the oil type "Brent" continued in the last two weeks, i.e. in the period November 8-17, 2010 it amounted to USA Dollar 86.8 per barrel and relative to the previous two-week period it registered rise of 2.5%. The growth in the oil price resulted mainly from the demand for oil from China, as well as from the upward revision of the projections for the daily needs for oil for the next year by OPEK. In conditions of rise in the oil price and depreciation of the domestic currency relative to the USA Dollar (1.4%), REC on November 22, 2010 adopted a decision on increase in the refinery and retail prices of oil derivatives by 2.85% and 2.07%, on average, respectively.

Figure 2
Development in the price of the oil type "Brent" per barrel

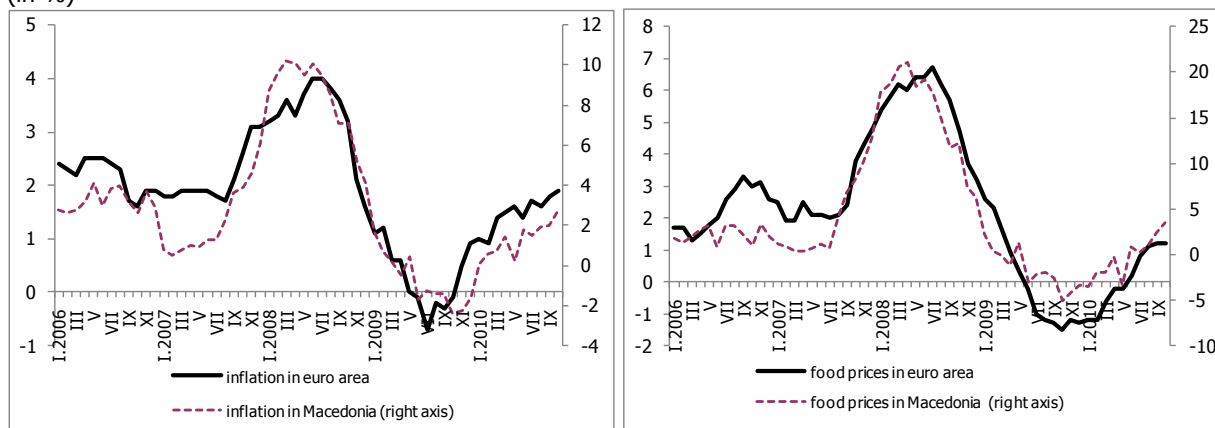


Source: The Energy Information Administration - Statistical Agency of the U.S. Department of Energy.

In October 2010, the **consumer prices in the Euro area** registered growth by 0.4% on monthly bases, which was mostly due to the higher prices of wearing apparel and footwear. The annual inflation rate in the Euro area in October amounted to 1.9% (1.8% in September), under the influence of the higher prices of the transportation fuels, fuel oil and the gas. On the other hand, the largest price drop was registered with the telecommunication services. The average inflation rate in the Euro area in the period January-October 2010 reached up to 1.5%.

Figure 3

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



Source: EUROSTAT and SSO.

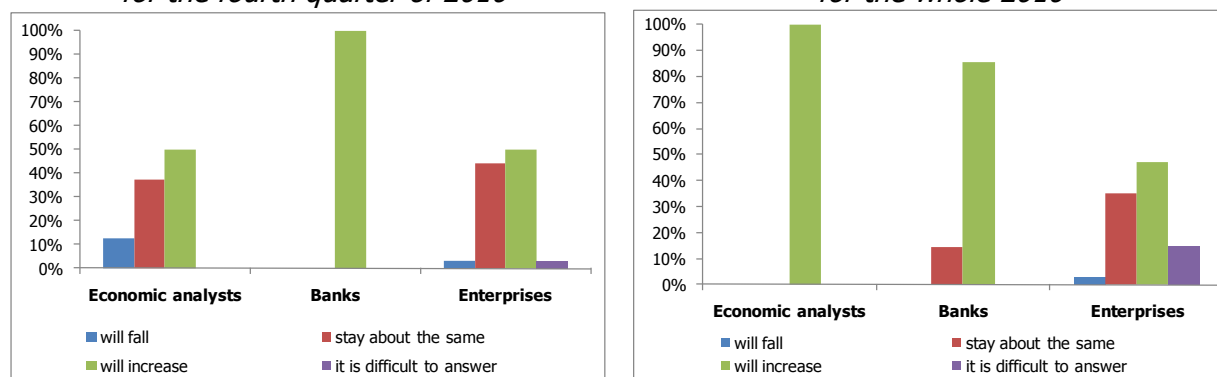
1.1. Inflation expectations survey

According to the Inflation Expectations Survey conducted in October 2010³, most of the surveyed (57.1%) anticipated that the annual inflation rate at the end of the **fourth quarter of 2010** will increase relative to the level in September of 2%, slightly smaller part (36.7%) considered that the inflation shall remain unchanged, and very small part (4.1%) anticipated its drop. With respect to the anticipations by individual groups of surveyed, most of the **analysts** (50%) considered that the inflation will be higher, whereas 37.5% considered that the prices shall remain unchanged. Similar with the analysts, half (50%) of the **enterprises** anticipated for the inflation to be higher than the level in September, whereas 44.1% had stable inflation expectations. Different from the analysts and enterprises, the expectations of all surveyed **banks** were in direction of inflation growth in the last quarter.

³ The Survey had response of 67.1%, i.e. 49 of 73 surveyed answered the Survey. Observed by groups of surveyed, the banks response equaled 100%, and they were followed by the enterprises (64.2%) and the economic analysts (61.5%).

Figure 4

Distribution of answers for the inflation expectations by groups of surveyed
for the fourth quarter of 2010

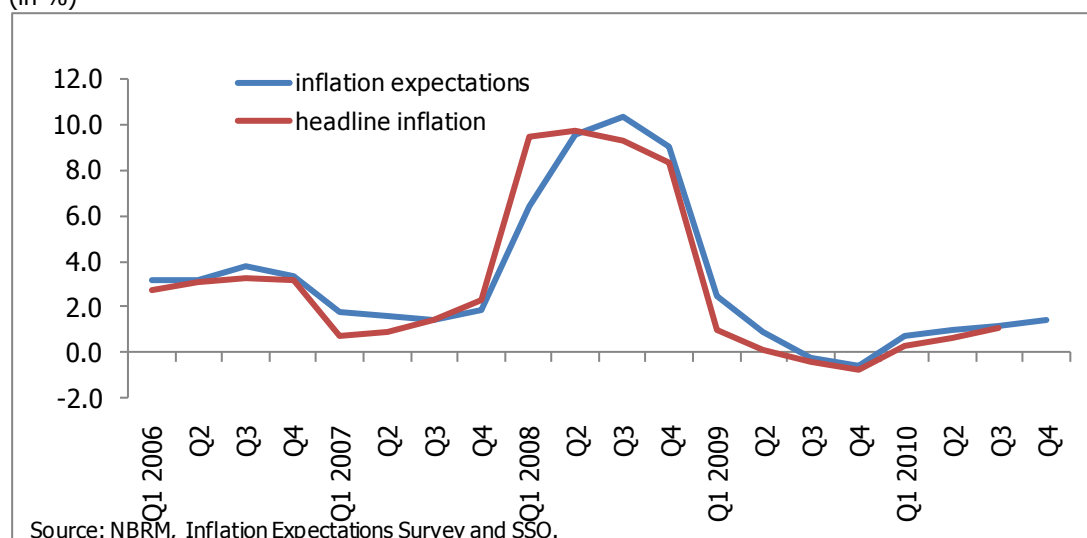


Source: NBRM, Inflation expectations survey.

Relative to the expectations for the **whole 2010**, 61.2% of the surveyed anticipated inflation intensification relative to the realized inflation in the period January-September (1.1%), whereas 26.5% of the surveyed had stable inflation expectations. All surveyed **analysts** considered that the average inflation will intensify till the end of 2010. Also, most of the **banks** (85.7%) anticipated price growth till the end of 2010, and the rest of them anticipated stable movements. Approximately 47% of the **enterprises** had expectations for higher inflation as well, while 35.3% had stable expectations. *The economic entities anticipated for the average inflation rate to equal approximately 1.4% in 2010, which represents moderate intensification relative to the anticipations in the previous survey (about 1.1%). Simultaneously, the anticipated average inflation rate for the whole 2010 based on the Survey was in accordance with the projected rate of 1.6%.*

Figure 5

Anticipations for the average inflation rate till the end of the year and realized cumulative inflation
(in %)



Source: NBRM, Inflation expectations survey and SSO.

The improvement in the economic activity, and subsequently the higher demand in the following period, the anticipations for correction of price of the electricity, as well as the anticipations for higher prices for the crude oil and the food on the international stock exchanges were the most emphasized factors which influenced the economic entities to form expectations for higher inflation.

Regarding the anticipations for **the whole 2011**, most of the surveyed (46.9%) anticipated for the average inflation rate to be higher than the inflation in 2010. Considerable part of the surveyed (34.7%) anticipated stable inflation in 2011, whereas the rest of them considered that the inflation development in 2011 is hard to assess. *The anticipated inflation rate for 2011 according to the answers of the surveyed amounted to approximately 2% (the projected average rate for 2011 was ranging from 2% to 3%).*

2. WAGES AND EMPLOYMENT

In August 2010 the two-month downward trend with the wages stopped, so the **net and the gross wages registered nominal monthly rise of 1.2% and 1.3%, respectively** (really by 1.1% and 1.2%, respectively). Analyzed by individual sectors, excluding the agriculture which registered fall in the net wage of 4.4%, growth was registered with the industry of 2.5% and with the services of 1.5%. At the branch level, the largest monthly rise in the average net wage was registered with the transport and communications (of 7.6%), with the electricity, gas and water supply (5.5%), as well as with the hotels and restaurants (rise of 4.8% which had seasonal character). More evident monthly rise was registered with the wages in the fishing (of 11.9%), as well as with the trade (2.1%).

Figure 6
Annual growth rates with the wages* and inflation
(in %)



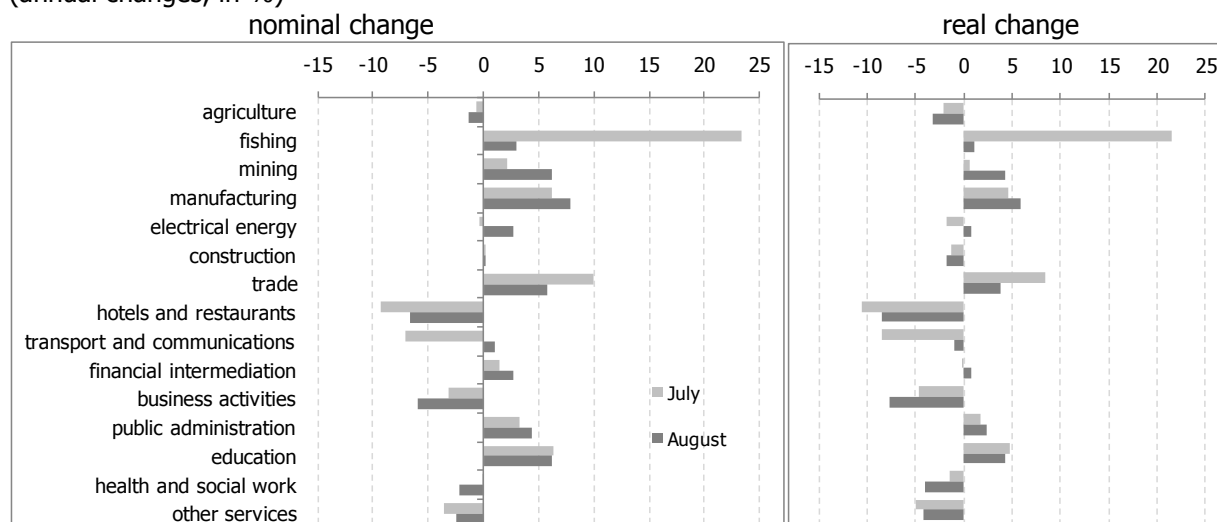
* For 2009, the corrected growth rates are shown.

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

Analyzed on annual level, the net wage was nominally higher by 3.4%, which represented intensification relative to the average growth rate of the net wage in the period

January-July 2010 (2.7%). In real amounts, the net wage in August registered annual rise of 1.5%, which represented slowing down relative to the average real rise in the first eight months of the year (1.8%). Similar developments were registered with the gross wage as well, which in August 2010 registered intensification in the nominal rise of 1.5% on annual level (real fall of 0.4%). The branch analysis showed that the largest nominal rise in the net wage was registered with the manufacturing industry (7.9%), mining (6.3%), education (6.2%) and the trade (5.8%). Opposite to this, the wages with the hotels and restaurants registered larger annual fall (6.7%) together with the activities related with real estate and business activities (6%). **Relative to December 2009**, in August 2010 the average net wage had nominal rise of 0.3%, whereas the gross wage went down by 1.3%. **Cumulatively**, in the first eight months of the year, the net and the gross wages were nominally higher by 2.8% and 0.8%, respectively, whereas in real amounts, the net wage rose by 1.8%, while the gross wage registered real fall of 0.2%.

Figure 7
Average net wage by sectors
(annual changes, in %)



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

3. ECONOMIC ACTIVITY

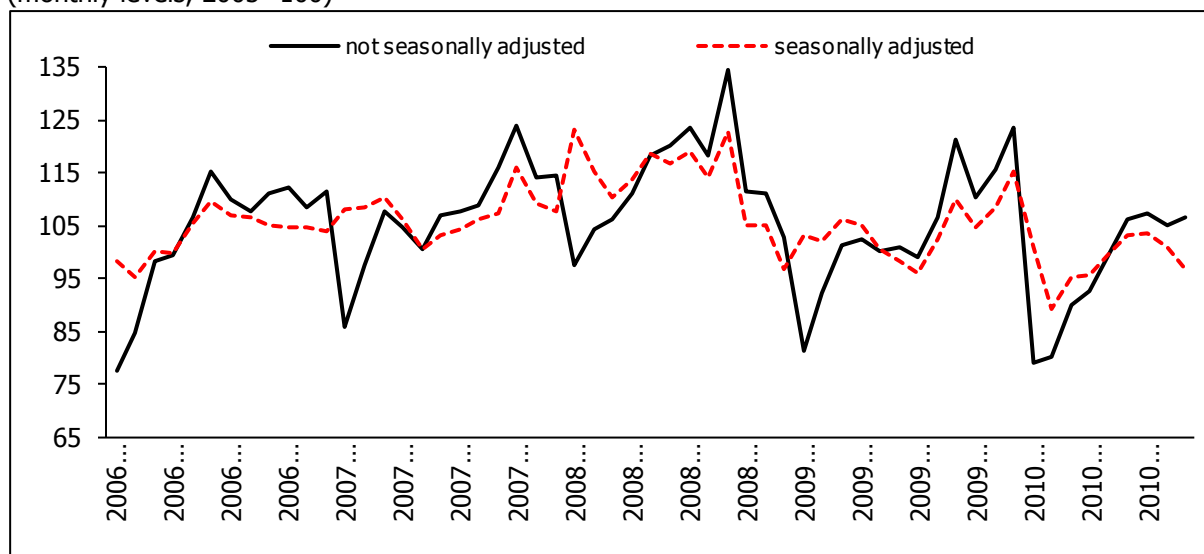
In September 2010, the industrial output rose by 1.6% relative to the previous month (drop of 3.6% according to the seasonally adjusted data). Seventeen out of twenty four branches registered growth, which represented 66% of the total index. The monthly rise was mostly due to the higher output of wearing apparel and fur processing (contribution of 2.7 p.p., mainly seasonally determined⁴), of other means of transportation (contribution of 1.8 p.p., as a result of the higher output of parts for rail and track vehicles) and of the publishing activities (contribution of 1.1 p.p.). Opposite to this, considerable monthly fall was registered with the production of oil derivatives (negative contribution of 4.9 p.p., which was due to the regular overhaul), of electricity (negative contribution of 1.6 p.p.,

⁴ The assets in this activity is usually higher in September as a result of the start of production based on newly concluded contracts in the textile companies with the foreign partners, and partially due to the lower activity in August which was due to the vacations.

which was due to the lower output with the thermal power plants⁵⁾ and the output of metal products in the metal manufacturing phase (negative contribution of 1.3 p.p.).

On annual basis, the industry realized large fall of 11.9%. The drop in the industry resulted mainly from the lower output of metal products in the metal manufacturing phase (fall of almost 80%), which was solely due to the high comparison basis⁶⁾. On annual basis, only ten out of total twenty four branches, which create about 35% of the index, registered lower output. The negative developments were partially neutralized by the positive performances with some of the more important industrial branches, i.e. with the output of tobacco products, food products, basic metals and other means of transportation. **In the first three quarters of the year,** the cumulative drop in the industrial output amounted to 4.2%. Considering the high comparison basis in the last quarter of 2009, the maintenance of negative growth rates on annual basis may continue till the end of the year. Simultaneously, the announcements for lower volume of activities of one of the facilities till the end of October will have an additional negative influence on the output volume in the last quarter. The fall intensity of the activity in the industry in the last quarter can hardly be assessed.

Figure 8
Index of industrial output
(monthly levels, 2005=100)



Source: State Statistical Office and NBRM calculations.

Since April 2010, the **assessments of the managers in the manufacturing industry⁷⁾** for their own economic situation constantly indicate to improvement. The average utilization of the producing facilities, which since March showed continuous upward trend, in September registered moderate drop. In September, the influence of the insufficient foreign

⁵⁾ For modernization of one of the facilities, the first block was closed for dismantling the old equipment and installing the new equipment for its full revitalization and modernization, which is expected to finish on October 25, 2010. Modernization of other two blocks of the facility was envisaged for the following two years.

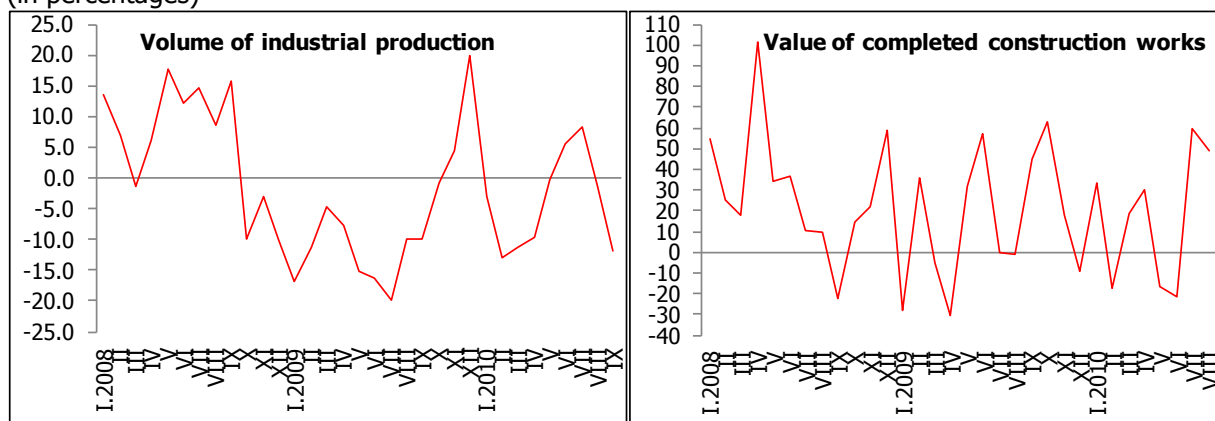
⁶⁾ In the period August-December 2009, this branch registered considerable output increase for export on the Kosovo market.

⁷⁾ From the Business Tendencies Survey in the manufacturing industry of SSO, September, 2010.

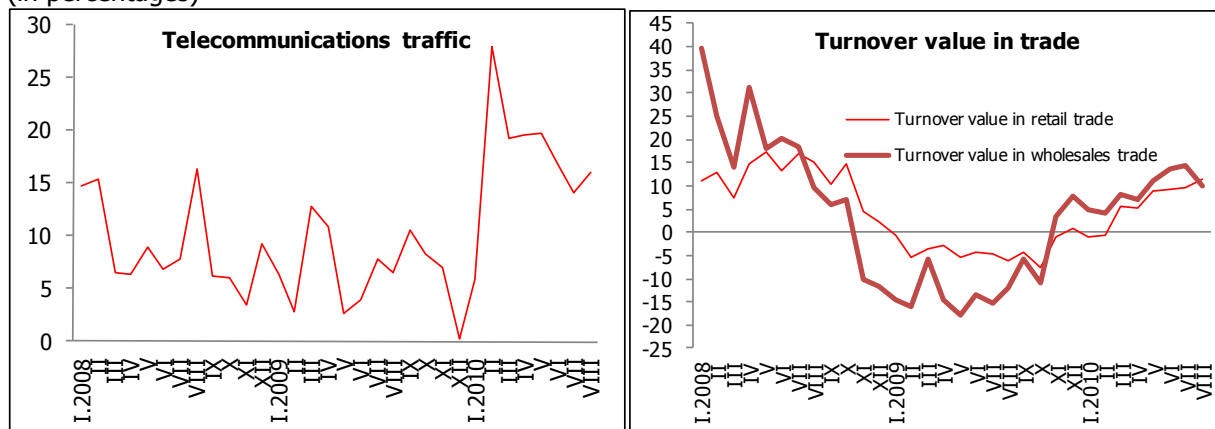
demand intensified again, thus being a restricting factor for the output growth. Such developments indicated that although there are positive perceptions for the recovery of the world and domestic economy, the risks are still present. In the same time, the expectations of the managers for the volume of output in the fourth quarter are less positive relative to their expectations for the third quarter.

In August 2010, the other economy sectors registered fall on monthly basis, whereas on annual basis they still register positive developments. The turnover in the wholesales and in the retail trade in August registered monthly fall of 11% and 1.5%, respectively (according to the seasonally adjusted data, the turnover in the wholesales registered drop of 2%, while the turnover in the retail trade rose by 0.9%). However, on annual basis the positive dynamics present almost during the whole 2010 continued, so the turnover in the wholesales and in the retail trade registered rise of 9.9% and 11.3%, respectively (14.4% and 9.8% in July, respectively). With the **telecommunications**, the monthly fall amounted to 1.2% (rise of 2% according to the seasonally adjusted data), while the annual rise was still high, thus equaling 16%. The value of the performed activities in the **construction**, after the considerably high monthly rise in July (40.6%), in August dropped by 4.2% (fall of 3.3% according to the seasonally adjusted data), but it still registers high growth rate on annual basis (48.9%). **In the period July-August 2010, positive dynamics was registered with the upper mentioned sectors on annual basis.** The turnover in the wholesales and in the retail trade realized annual increase of 12.3% and 10.6%, respectively, which represented growth intensification relative to the previous quarter (rise of 8.6% and 2.7%, respectively). With the construction considerable annual growth of 54% was registered (opposite to the annual drop of 7.4% in the second quarter), whereas the telecommunications still maintain a satisfactory growth dynamics (15%), although slightly lower relative to the growth in the second quarter (18.8%).

Figure 9
Annual growth rates with individual economy sectors
(in percentages)



Annual growth rates with individual economy sectors (in percentages)



Source: State Statistical Office and NBRM calculations.

The positive trends in the construction were confirmed by the issued construction licenses, the value of which in August went up by 43.5% on annual basis (opposite to the annual fall of 10.4% in the previous month). The rise resulted mainly from the higher value of the issued licenses as the largest category - building construction (by 77.6%), so the trend of annual fall present at the end of 2009 continued. Also, rise on annual basis was registered with the value in the issued reconstruction licenses (by 3.2 times), whereas the civil engineering realized annual fall of almost 40% (opposite to the rise of 74.8% in July).

According to the available data on the indicative categories for the personal consumption, in the third quarter of 2010 positive deviations were registered. Thus, in the third quarter, the import of consumer goods registered intensification in the real growth of 19.8% (16.5% in the second quarter), and the crediting of the households rose really by 2% (in the previous quarter rise of 1.7%). The domestic output of consumer goods represented positive signal as well, which after four quarters of drop, for the first time in the third quarter realized annual rise of 10%. In the period July-August 2010, the retail trade realized real annual rise of 8.4% (1.7% in the second quarter), whereas the average net wage registered growth of 1.1%. Slowing down in the real rise was registered only with the VAT income (from 23.4% in the second quarter to 5.6% in the third quarter) and with the net private transfers from abroad (from 34.1% in the second quarter to 7.9% in the period July-August). For now, the performances are in accordance with the anticipations for more intensive annual rise in the personal consumption in the third quarter.

The larger number of indicators for the investment activity in the third quarter indicated continuing of the positive dynamics, which according to the projection in October was expected to be the main generator of the GDP growth. Namely, in the third quarter the Government capital investments registered high annual real growth (of 73.3%, opposite to the drop of 26.3% in the previous year) as well as the value of the performed construction activities (of 51% in the period July-August, opposite to the fall of 8.2% in the second quarter), whereas the income tax gain registered insignificant upward development (real rise of 0.3% in the second quarter, opposite to the drop of 56.2% in the

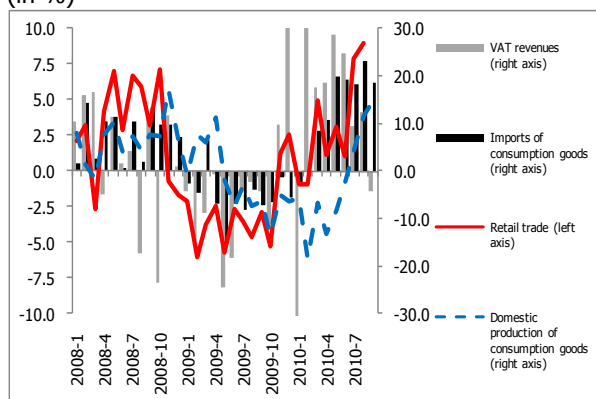
first quarter⁸). After a longer period, for the first time positive developments were registered with the import of investment goods, which realized real annual rise of 1.3%. This represented signal for rise in the investments in machines and equipment and anticipations for their long-term effect on the total economy. Simultaneously, the financial support through the long-term crediting of the enterprises intensified and in the third quarter it realized real rise of 8.4% (7.9% in the previous quarter). On the other hand, the domestic output of capital products still registers real fall of 23% together with the foreign direct investments of almost 20%⁹ (in the period July-August). **The assessment for public consumption in the third quarter was in direction of its small negative contribution to the economic growth.** Considering the deepening in the negative nominal trade balance in the third quarter, in conditions of higher annual rise in absolute amounts with the import relative to the export, **the net export is expected to have negative contribution to the rise.**

In the third quarter, the available data on the indicative categories for the economic activities indicated rise in the economic activities in this period. These assessments are in accordance with the projection in October for the third quarter, according to which GDP rise of 0.5% was anticipated.

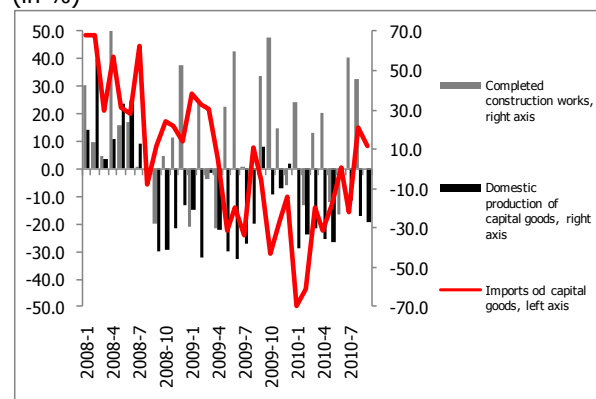
Figure 10

Developments in the indicative categories for the expenditure components of GDP

Personal consumption, annual real changes
(in %)



Gross investments, annual real changes
(in %)

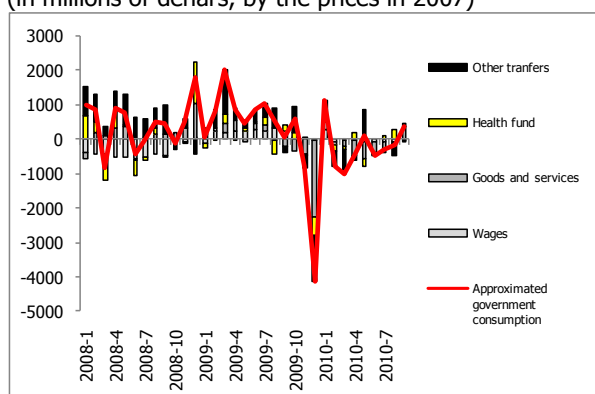


⁸ According to the preliminary assessments, the effect from the income tax gain on the investments is transmitted with delay of one quarter.

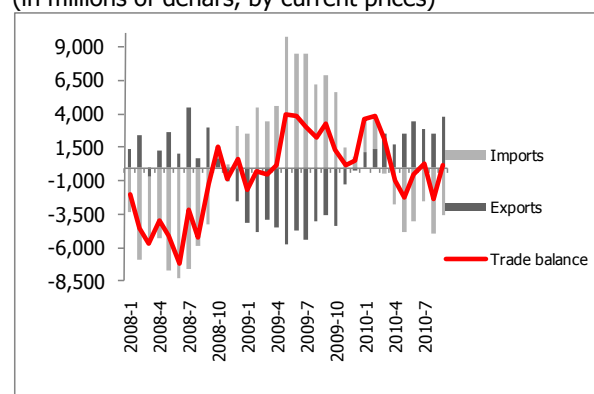
⁹ Pertains to the SDR in form of equity.

Developments in the indicative categories for the expenditure components of GDP

Budget expenditures, annual real changes
(in millions of denars, by the prices in 2007)



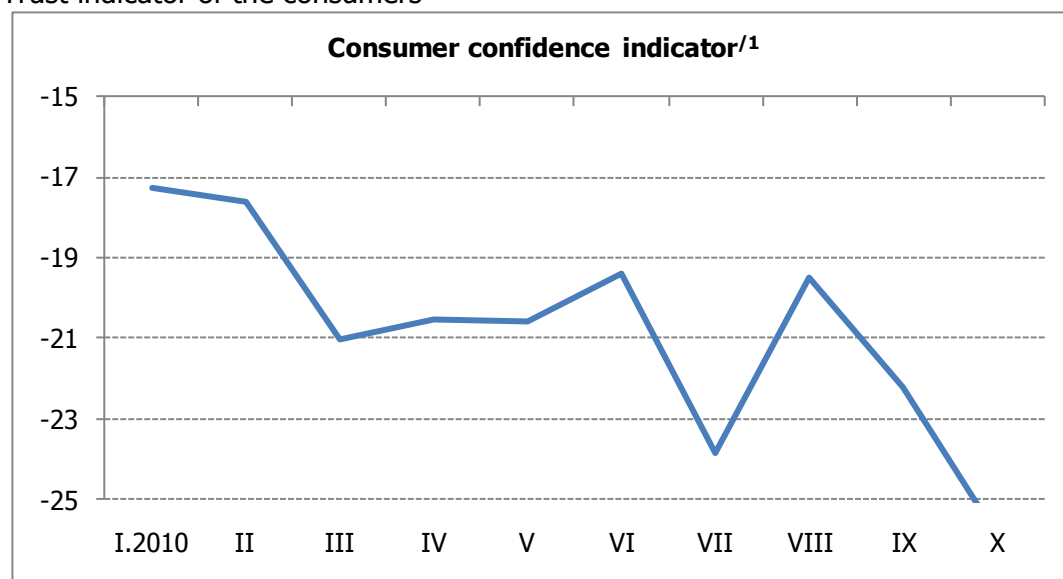
Net export, annual nominal changes
(in millions of denars, by current prices)



Source: State Statistical Office, Ministry of Finance and NBRM calculations.

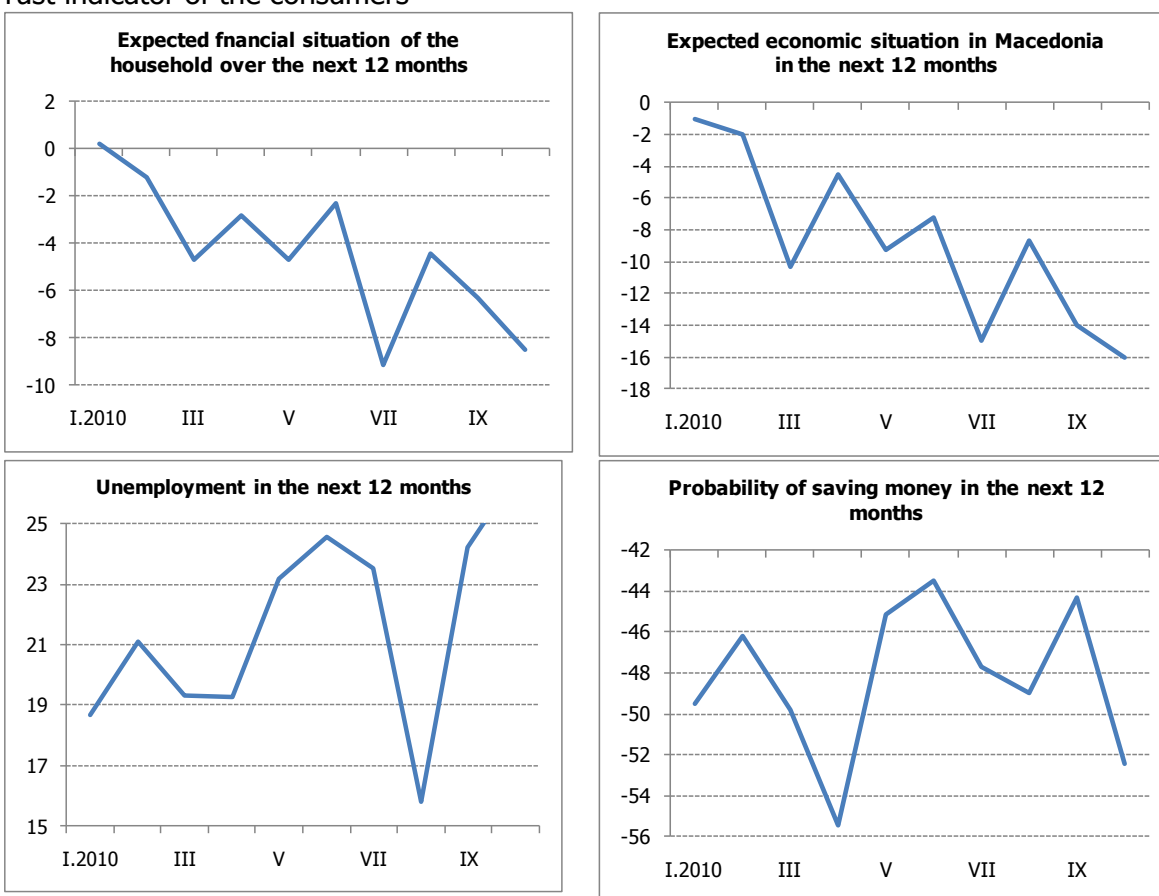
In October 2010, **the trust indicator**¹⁰ showed worsening by 3.7 percentage points relative to September and it was at the lowest level since the beginning of the year. The monthly decrease in the trust indicator was due to the more negative expectations with all individual indicators. Two months in a row the expectations on the financial and economic situation and on the unemployment in the next twelve months are worsening, whereas the expectations for saving in the next twelve months considerably worsened relative to the previous month, when the households had more positive anticipations.

Figure 11
Trust indicator of the consumers¹¹



¹⁰ From the Consumer Opinion Survey of SSO, October, 2010.

¹¹ The trust indicator in the Consumer Opinion Survey is calculated as an arithmetical mean of the balances (in percentage points) of answers to the questions on the financial standing of the households, general economic situation in the country, the expectations on the unemployment and the saving in the next 12 months.

Trust indicator of the consumers¹¹

Source: State Statistical Office.

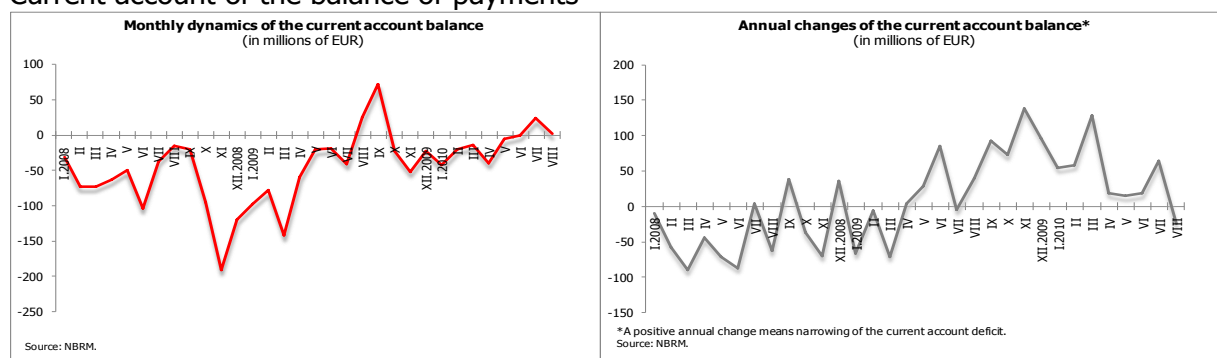
4. BALANCE OF PAYMENT

In the period July-August 2010, on the current account of the balance of payments surplus in the amount of Euro 26.5 million was registered, opposite to the deficit of Euro 14.7 million realized in the same period of 2009. The annual improvement in the balance on the current account was mostly due to the narrowed deficit in the income sub-balance (by 68.7%, which was due to the base effect, i.e. the high comparison basis¹² than in the previous year) and less to the rise in the net inflows based on the current transfers (by 8.2% on annual basis). On the other hand, the trade deficit deepened (by 11.9% on annual basis), with more intensive rise in the import than in the export of goods (in absolute amounts), and the realized surplus with the services was lower (by 26.4%). **In the same period, on the capital and financial account (without the official reserves) low inflows in the net amount of Euro 6.3 million were realized.** High capital net inflows were registered from the foreign indebtedness, and the inflows based on foreign currencies and deposits and other investments were lower. The structure analysis of the loans (net inflows in the amount of Euro 25.5 million) showed that the short-term foreign indebtedness of the banking sector is the key factor, whereas the withdrawals and the

¹² In July 2009, high net outflows based on paid dividends were registered within the income (Euro 85.6).

payments with the long-term loans were almost balanced. On the other hand, the capital net outflows were realized on the basis of foreign direct investments, trade credits and portfolio investments. The net outflows with the foreign investments (of Euro 14.9 million) were solely due to the lower reinvested gain, whereas the equity and the intercompany debt registered net inflows. On annual basis, the analysis showed large fall with the capital net inflows, which resulted from the high comparison basis in the previous year, when large inflows from the indebtedness of the Government on the international capital market were registered (Euro 175 million through issuing the second emission of the Eurobonds) and based on the SDR allocation (Euro 62.8 million by IMF). However, if the financial flows which had single effect in 2009 are excluded, the capital net inflows in the analyzed period (July-August) are lower by 91.4%, on annual basis.

Figure 12
Current account of the balance of payments



Source: NBRM.

Compared to the projection of the Balance of payments in October 2010¹³, the realized surplus on the current account in the period July-August amounted to 83.8% of the planned amount for the third quarter of the year. Such developments on the current account indicated to the possibility for exceeding the projection, i.e. realization of higher surplus than the anticipated one, which is confirmed by the last available data on the foreign trade as of September 2010. **Within the capital and financial account** in the third quarter net outflows are anticipated, which was opposite to the performance in the period July-August, when insignificant net-inflows were realized, which indicated better performances than the anticipated one.

Analyzed on cumulative basis, in the first eight months of 2010, the current account deficit on the balance of payments equaled Euro 90.9 million, or 1.3% of GDP, which is significant decrease of 5.1 p.p. of GDP compared to 2009. Towards improvement of the balance on the current account acted all its components, the largest share of which of 3 p.p. of GDP accounted for the current transfers, while considerable positive contribution had also the narrowed trade deficit of 1.7 p.p. of GDP. The other components, the higher surplus with the services contributed with 0.3 p.p. of GDP, while the contribution of the lower deficit with the income equaled 0.1 p.p. of GDP. The positive tendencies with the private transfers, i.e. with the net inflows from the currency exchange operations continued also in the last quarter of the year. According to the last available data

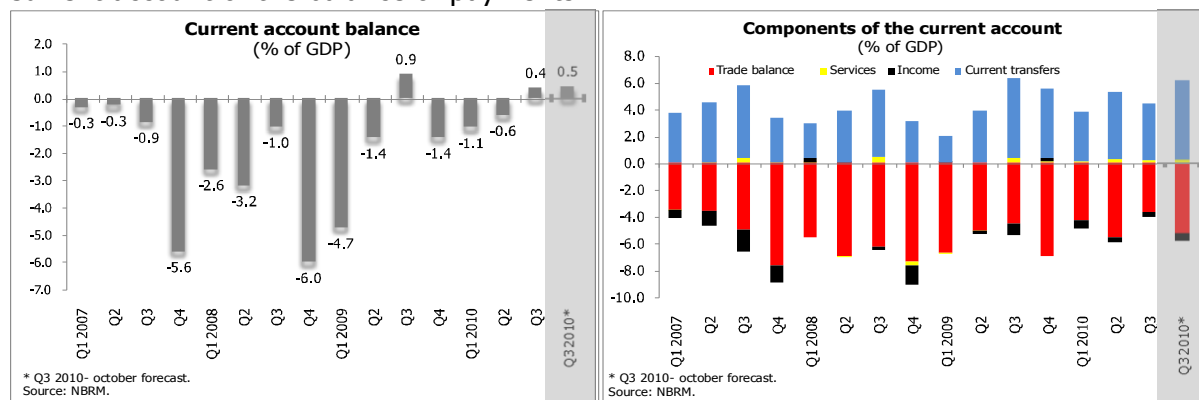
¹³ The projection includes the performances in the trade of goods as of August 2010 and the net inflows from the assets as of September 2010.

on the **currency exchange market** in October 2010, the realized net purchase of foreign exchange in the amount of Euro 74.7 million represents 36.7% of the planned net cash for the last quarter of the year and points to possible slight excess of the projection. However, observed from annual aspect, such a realization of net foreign exchange inflows on the currency exchange market is lower by 11% on annual basis, and it emphasizes the base effect, i.e. the high comparison base of the preceding year. Namely, within this period, the stabilized expectations of the economic entities for the stability of the domestic currency surged in high supply and lower demand for foreign exchange. On cumulative basis, within January - October 2010 period, the net purchase on the currency exchange market reached Euro 809.9 million, which is an annual increase of 32.3%.

Within January - August 2010 period, the cumulative net inflows on the capital and financial account (without official reserves) equaled Euro 138.3 million, or 2% of GDP, thus enabling current account deficit coverage and additional growth of foreign reserves. The largest portion of the capital net inflows were realized by foreign direct investments and debiting through foreign borrowings, while net inflows were realized with the other investments and commodity credits. The foreign direct investments totaled Euro 96.4 million, or 1.4% of GDP and they mostly originate from the new investments in the equity and increase in the intercompany debt in almost identical amount and less from the reinvested gain. Inflows in the amount of Euro 95.9 million, or 1.4% of GDP were realized on net basis with the "loans" category. The largest portion of them (77.5%) is due to the private sector debiting, which registers almost equal maturity distribution. Oppositely, high capital net outflows on the basis of currencies and deposits (Euro 73.7 million, or 1.1% of GDP) were registered, mostly as a result of the lower foreign currency assets of the other sectors. In comparison with the same period of the previous year, the net inflows on the capital and financial account were lower by 66.4%, which is due to the annual decrease in all financial components, except to the net loans which register an increase.

The favorable movements in the balance of payments and the positive effect of the realized exchange rate differentials reflected also on the foreign reserves level. On October 31,2010, the gross foreign reserves amounted Euro 1,662.9 million, which is an increase of Euro 65.4 million relative to the end of 2009.

Figure 13
Current account of the balance of payments



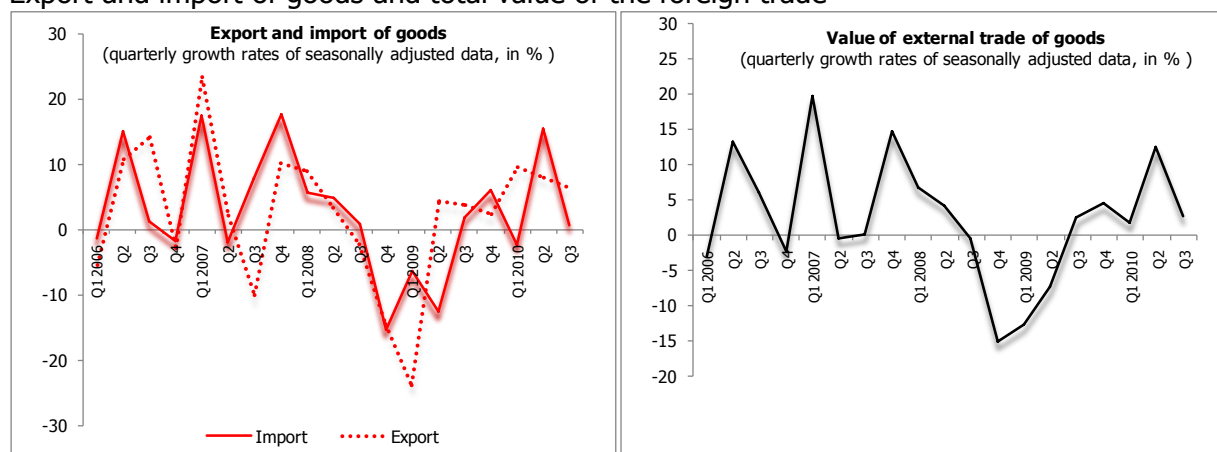
**The data for the third quarter of 2010 refer to the July - August 2010 period.

Source: NBRM

In the third quarter of 2010, the total value of the foreign trade of goods registered slight quarterly increase, given retained positive exports dynamics¹⁴ (increase of 10.5% in the third quarter and 27.5% in the previous quarter) and considerably slower imports dynamics (quarterly drop of 0.5%, opposite to the rise of 29.6% in the previous quarter).

Figure 14

Export and import of goods and total value of the foreign trade



Source: SSO and NBRM calculations.

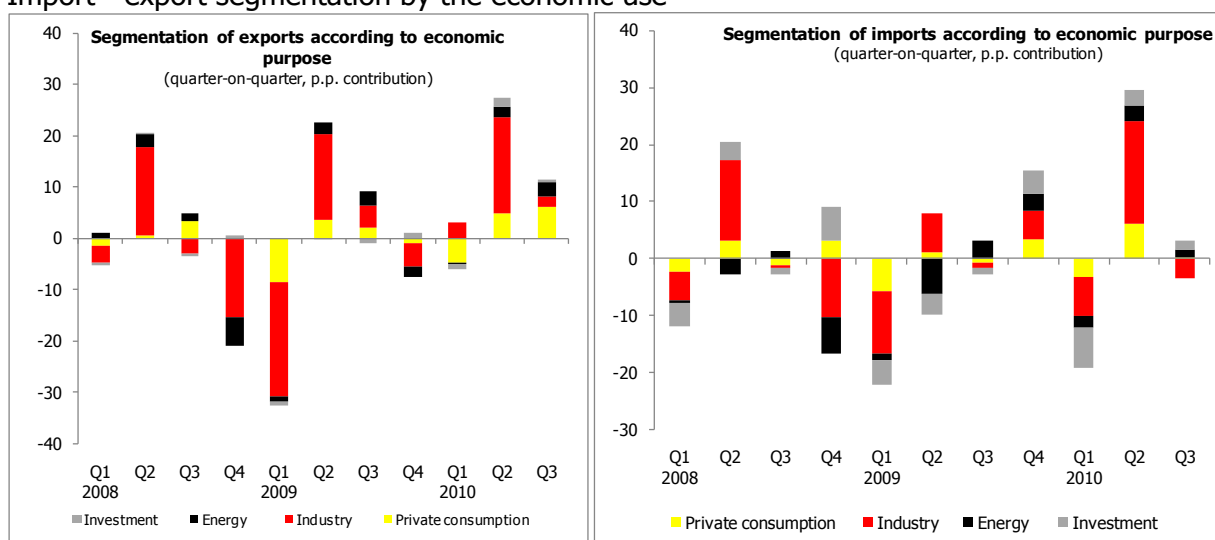
Within the export structure, the largest contribution to the quarterly growth accounts for the export segment stimulated by the foreign private consumption, i.e. the export of clothing, which registered increase in both quarters according to the seasonally adjusted data. Higher export in the third quarter, compared to the previous one, with energy, as well, i.e. with oil derivatives and especially with electricity was registered, with the total value of the exported electricity registering the highest historical level¹⁵. Compared to the positive movements with these export segments, in the third quarter quarterly growth of the export of goods from metal industry (iron and steel) and chemical products and materials (export of the new Greenfield investment in the free economic zone) decelerated. The negative tendency with the export of metal ore and metal waste was recorded, which after the five-quarter growth, registered a quarterly fall in the analyzed three-month period. **Analyzed from the aspect of the import structure,** the quarterly decrease is fully due to the lower import of raw materials and intermediary products for industrial processing (compared to the high rise in the previous quarter). On the other hand the import segment stimulated from the investment activity registered an increase for the second consecutive quarter, while the value of the import of energy sources was higher on a quarterly basis because of the combined influence of the growth in the import oil prices and the prices of oil derivatives (given lower import quantity). The higher import quantity of electricity was conditioned by the bigger domestic consumption, in conditions of lower domestic production

¹⁴ According to the seasonally adjusted data, the exports increased by 5.6%, while the imports registered minor growth of 0.5%.

¹⁵ The export of electricity augmented besides the quarterly drop in the domestic production of electricity.

by the hydroelectric power stations (HEC)¹⁶. The import related with the private consumption registered insignificant upward change, due to the minimal quarterly growth in the import of motor cars. Pursuant to such movements, **the trade deficit in the foreign trade** narrowed by approximately 70 million, on a quarterly basis, or by 16%. The largest portion of the contraction is due to the lower deficit in the trade of goods for industrial processing (raw materials and intermediary industry products) and to the lower deficit in the trade of personal consumption products. The reverse tendency, i.e. the quarterly widening occurred in the balance of the trade of investment goods. Such movements point to gradual recovery of the foreign effective demand for domestic products and gradual recovery of the domestic investment activity. **Analyzed from the aspect of annual changes**, the tendency of widening of the foreign trade deficit, which began in the second quarter of 2010, continued also in the third quarter, with the deficit being incremented by approximately Euro 28 million, or 8.4% (by 16.6% in the previous quarter). The largest contribution to the enlargement in both quarters, accounts for the bigger deficit in the trade of energy sources. Namely, the higher value of the imported than exported oil and oil products was realized in conditions of increase in the imported quantities and decrease in the exported quantities from one hand, and intensified rise in the export than import prices, on the other. Also, a factor for the trade deficit widening in both quarters was the bigger deficit in the trade of personal consumption goods, i.e. the higher deficit in the trade of road vehicles (mostly the motor cars). However, in the third quarter, the influence of this trade segment is relative due to the better surplus in the trade of clothing.

Figure 15
Import - export segmentation by the economic use



Source: SSO and NBRM calculations.

The realized trade deficit in the third quarter of 2010 is lower than projected in the October balance of payments projection, because of the better realization of the exports and the lower import level than expected. Within the exports, more considerable exceeding of the projection with the export of various chemical

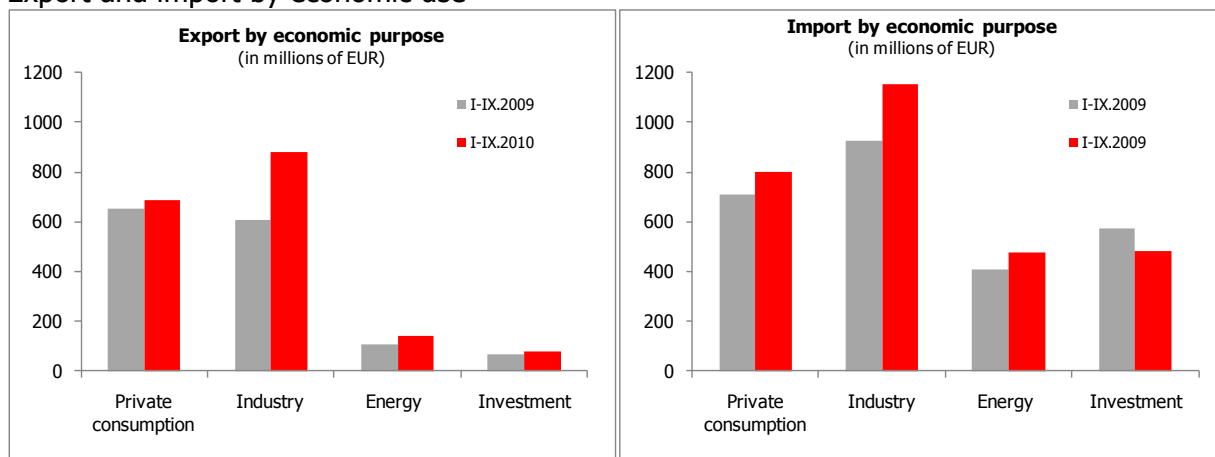
¹⁶ The analysis of the export and import of electricity is based on the data obtained from SSO, according to SMTK, while the analysis of the domestic demand for electricity and the domestic production is based on the energy balance.

products was registered, as well as with the other import and with the export of iron and steel and products thereof. Within the imports, more considerable underperformance than projected was registered with the import of energy, equipment and machinery, the nonorganic-chemical products and with other imports. The lower value of the imported energy sources than expected is a result of the lower import quantity of oil and oil derivatives than anticipated, because of the temporary interruption of the operating of the domestic refinery at the middle of the last month of the analyzed quarter. As a contrast, the import of machinery and equipment also by the other imports points to the recovery of the domestic consumption, which is almost in line with the projected dynamics.

Within January - September 2010 period, the cumulative deficit in the trade of goods equaled Euro 1,121.5 million, which is contraction by 5.6% on annual basis. This can be explained with the intensified annual growth in the export of goods (of 24.8%) in comparison with the increase in the import of goods (of 11.0%). Analyzed from the aspect of **the economic purpose of the export**, the main driving force of the positive annual change with the total export is the higher export of raw materials and intermediary products of the domestic industry. Within this export segment, the export of iron and steel, chemical products and metal ore and metal waste registered considerable surge. Within the export of energy sources, the export of oil products augmented, in conditions of a growth in the export oil prices (given lower export volume), while the export of electricity registered significant annual increase, given higher domestic production in conditions of favorable hydro potential. The export of personal consumption products registered slight increase, which points to gradual return of optimism with the foreign consumers. The export of investment products (which is small segment) registered low increase, in comparison with the previous year. The analysis of **the segmentation of the imports by the economic use** shows that the main factor of the annual growth is once again the import of raw materials and intermediary products, necessary for the domestic industry for processing and consequently for the export (i.e. the export-import dependence). The surge in the total imports is also contributed by the import of personal consumption goods, which is mostly a result of the larger import of motor cars (as an effect of the administrative change¹⁷). The import of energy sources in the three quarters of 2010 was higher relative to the same period of 2009, mainly as a result of the higher import of oil and oil products, which in conditions of smaller quantities is due to the rise in the import prices in accordance with their movements on the international stock exchanges. The import of gas, carbon coke and briquettes also increased, while the import of electricity registered an annual drop. Opposite to these upward tendencies, the import of investments products (machinery and transport equipment), although registering an upward trend for two consecutive quarters, fell on annual basis.

¹⁷ The amendments to the Law on Excises dated March 11, 2010, prescribe progressive decrease and change in the excise rates on motor cars in accordance with their value. Also, with the amendments to the Law on Customs Tariff dated March 12, 2010, the customs duties in the import of used motor cars reduced from the current 10% to 5%, i.e. the customs duty for new and old cars has been equalized.

Figure 16
Export and import by economic use



Source: SSO and NBRM calculations.

The analysis of the trade of the Republic of Macedonia (RM) according to the trade partners for the January - September 2010 period points to significantly improved trade with European Union (EU). The deficit in the trade of goods with EU declined by Euro 134.1 million annually, i.e. the Republic of Macedonia registered improved trade balances with 19 out of total 27 EU member states, with seven of which it realized a surplus. In circumstances of more significant increase in the exports, the position of net exporter to Germany, Spain and the Netherlands, while significant deficit contraction in the trade of goods with Slovenia, Italia, Finland and Poland was registered. On the other hand, the deficit in the trade with the Great Britain significantly increased. Opposite to the improved trade with EU, the deficit in the trade with the developing countries during the analyzed period deepened (to large extent due to the bigger import of crude oil from Russia and the hot-rolled products from Ukraine), while the surplus with the Western Balkan countries registered insignificant increase. **The cumulative deficit in the trade with Greece in the first seven months of 2010 reached Euro 74.1 million, which is widening by Euro 12.3 million, on annual basis.** The export of goods decreased by Euro 14.0 million annually, given small decline in the import of goods (of Euro 1.6 million). According to the last seasonally adjusted data, in September, the exports registered monthly growth (of 20,8%), while the growth with the imports is smaller (2,5%).

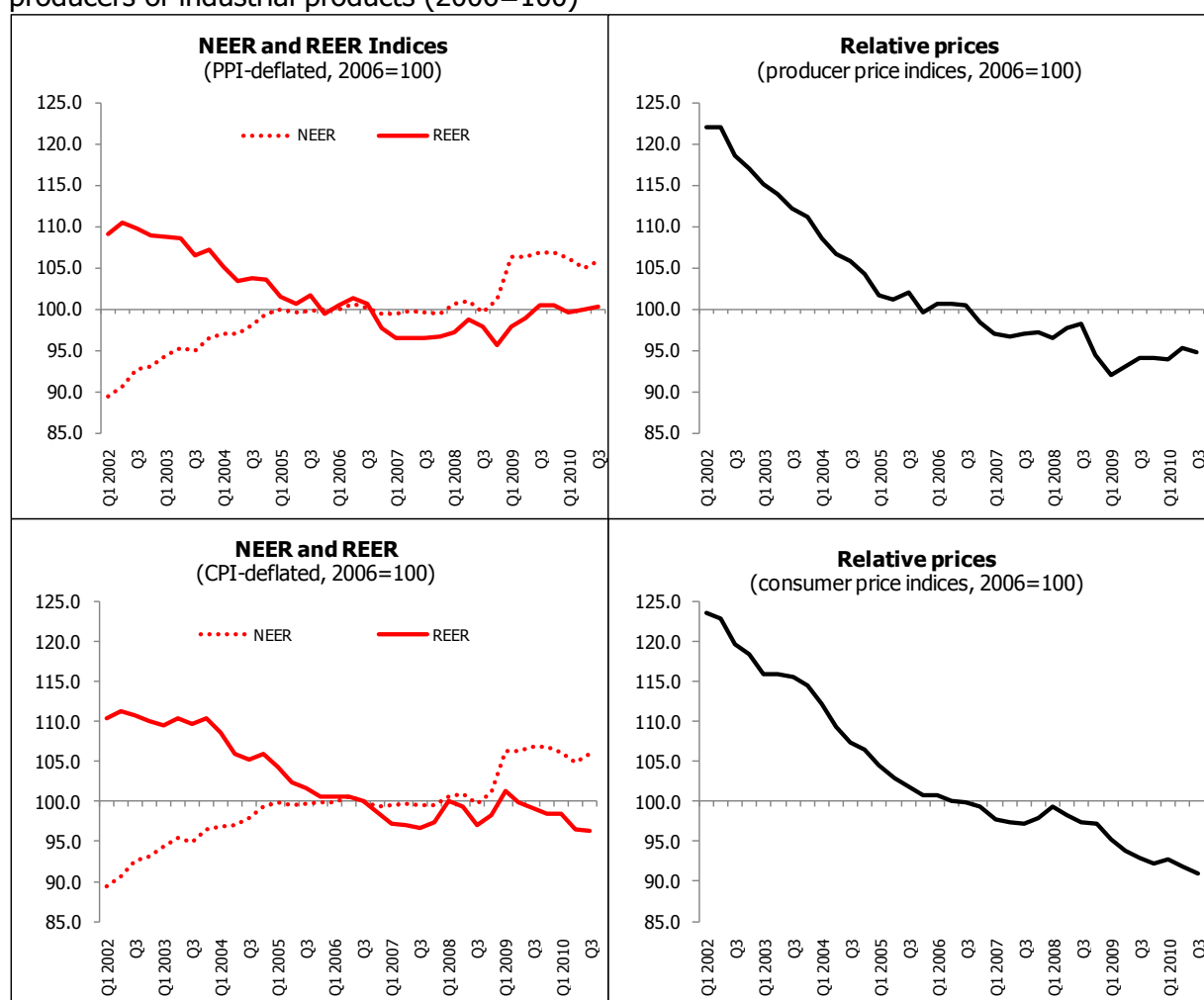
In the third quarter of 2010, the real effective foreign exchange rate of the Denar (REER) calculated according to the consumer price index remained unchanged on a quarterly basis, due to the appreciation of the nominal effective foreign exchange rate (NEER) of 0.9%, which was neutralized from the favorable price ratio of the relative prices¹⁸ (quarterly growth of the foreign effective price and monthly domestic inflation). However, on annual and cumulative bases, REER continues to depreciate, by 2.8% and 3.0%, respectively, due to the more intensive growth in foreign compared to domestic

¹⁸ The relative prices are given as a ratio between the foreign prices and the domestic price index. If case this ratio reduces, we have more intensive growth in the domestic prices than in the foreign prices, or more intensive decrease in the foreign prices relative to the decrease in the domestic prices, which influence towards REER appreciation. If this ratio increases, then we have more intensive growth in the foreign prices than in the domestic prices, or intensified decrease in the domestic prices compared to the foreign prices, which influence on REER depreciation.

prices and due to the annual and cumulative depreciation of NEER of 0.9% and 0.8%, respectively. **During the analyzed quarter, REER deflated by the prices of the producers of industrial products registered low quarterly appreciation of 0.3%**, in conditions of quarterly appreciation of NEER and faster quarterly growth in the prices of foreign industrial producers than the quarterly increase in the prices of the domestic producers of industrial products. On annual basis, according to this index, in the third quarter, REER remained almost unchanged (depreciation of 0.1%), while on cumulative basis, REER appreciated by 0.9%, due to the unfavorable price ratio, i.e. due to the more intensive increase in the prices of the domestic producers than the increase in the prices of foreign producers of industrial products.

Figure 17

REER, relative prices and REER according to the consumer prices and the prices of the producers of industrial products (2006=100)

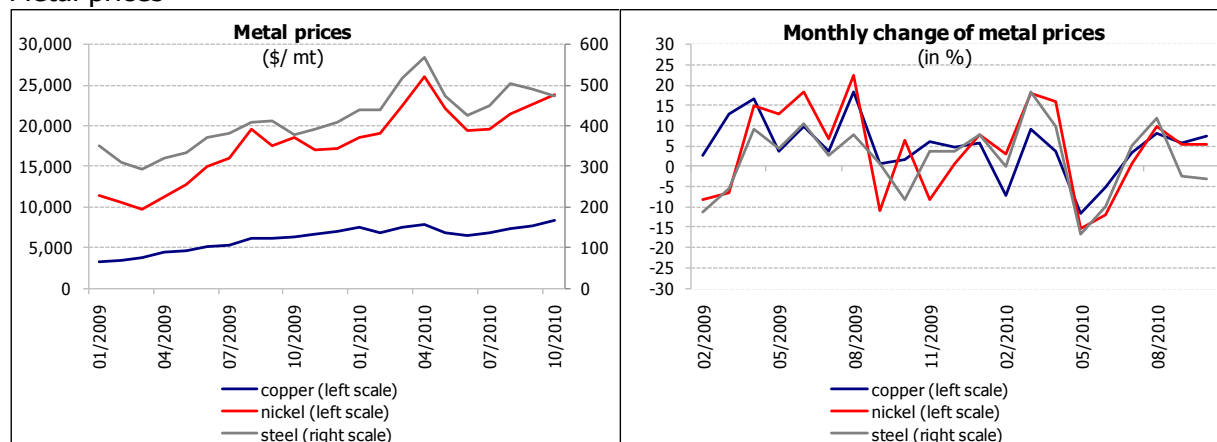


Source: NBRM, FSR for November 2010 and SS) of the Republic of Macedonia. For the countries FSR has no available data for, the data are taken from the websites of the respective central banks or from EUROSTAT.

In October 2010, the movement of the metal prices was conditioned by the higher import demand of the Chinese industry, the decrease in the stocks, as well as the

restricted supply on the international markets. The average copper price in October registered monthly growth of 7.6% as a result of the lower stocks, the reduced production of the mines, as well as of the anticipated demand in the fourth quarter. The movement of the nickel price, which augmented by 5.3 on a monthly basis, also acted in the same direction, due to the reduced production and the high expectations for growth in the production of stainless steel in the last quarter of 2010. In October, the monthly drop in the price of steel equaled 3.3%, as a reflection of the reduced demand.

Figure 18
Metal prices



Source: Bloomberg.

5. MONETARY AGGREGATES

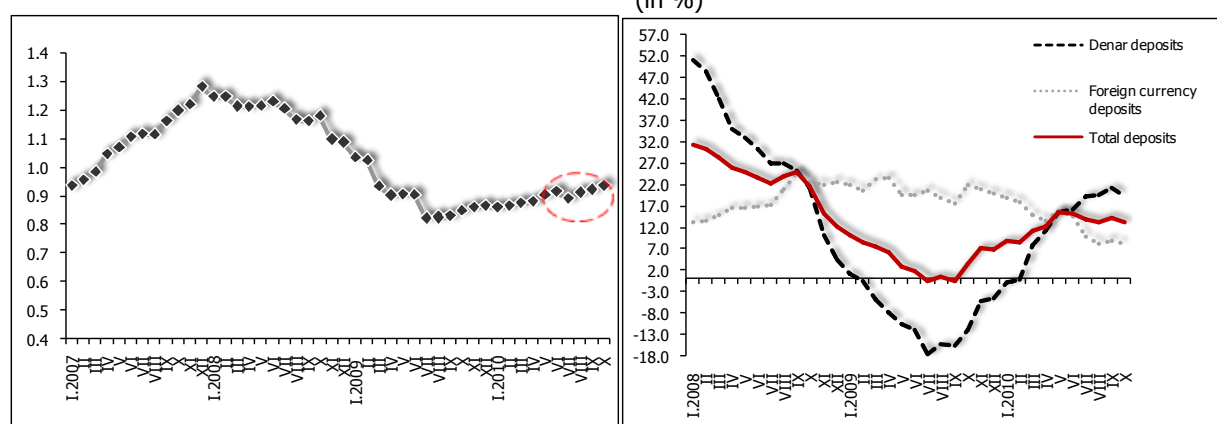
In October 2010, the **reserve money**¹⁹ registered annual growth of 7.5% (9.5% in September 2010), given the simultaneous growth in both components. Thus in September, the total liquid assets of the banks registered annual rise of 5.9% (9.2% in the preceding month), while the annual increase in the cash currency in circulation equaled 10.2% (opposite to 10% in September). Observed on a monthly basis, the reserve money augmented by 6% which is mainly due to the higher level of the banks' total liquid assets (by 9.7%), given the registered moderate monthly increase in the cash foreign currency of 0.7%. The net foreign currency assets of NBRM plunged monthly by Denar 1,682 million, while the net domestic assets surged by Denar 4,410 million.

Analyzed from the aspect of the flows of reserve money creation and withdrawal, in October, the CB bills had the largest influence towards rise in the reserve money (through which liquidity of Denar 1,949 million) and Government deposits with NBRM (which decreased by Denar 1,321 million). Small contribution (of Denar 33 million) towards increase in the reserve money in October accounted for "other items" category, while the foreign currency transactions of NBRM acted towards reserve money withdrawal (of Denar 463 million).

¹⁹ It 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 over the reserve requirements (in Denars). Without the foreign currency reserve requirement, the reserve money in October 2010 rose by 7.6% on annual basis.

On cumulative basis, within the January - October 2010 period, the foreign exchange transactions of NBRM were the main flow of reserve money creation (realized total net purchase of foreign exchange of Denar 8,007 million), while the changes with "other items" category (of Denar 2,841 million) also contributed towards the same direction. The CB bills and the Government deposits within this period represented a flow of reserve money withdrawal (in the amount of Denar 8,808 million and Denar 414 million, respectively)²⁰. The cumulative change with the "other items" category mostly reflects the decrease in the balance on the account of the Deposit Insurance Fund with NBRM (by Denar 1,380 million), due to purchase of Treasury bills in July, as well as the changes in the balance on the giro account of NBRM.

Figure 19
Denar - foreign currency deposits



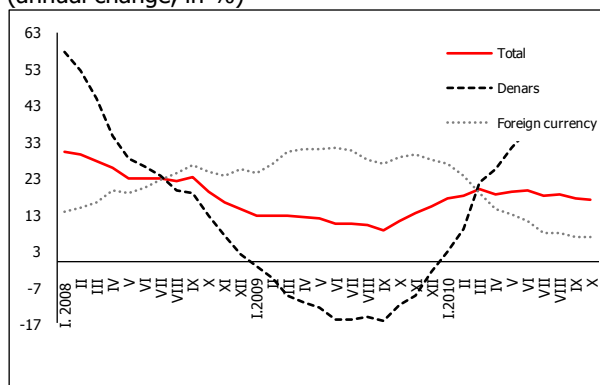
Source: National Bank of the Republic of Macedonia

In October 2010, **the banks' total foreign exchange potential (with included demand deposits)**²¹ continued to mount with similar dynamics as in September, rising by Denar 2,415 million, or by 1.2% (1% in September). Observed from the aspect of the total deposits' currency structure, more intensive monthly increase in the Denar deposits of 2% was registered, thus contributing with 80.8% to the increase in the total deposits in October. The foreign currency deposits registered monthly growth of 0.4%. Analyzed by sectors, more significant contribution (of 75.8%) to the total deposits growth accounted for the households' deposits, which augmented by 1.3% on a monthly basis, partially as an effect of the payment of the foreign exchange saving bond. The deposits of the private enterprises were higher by 1%.

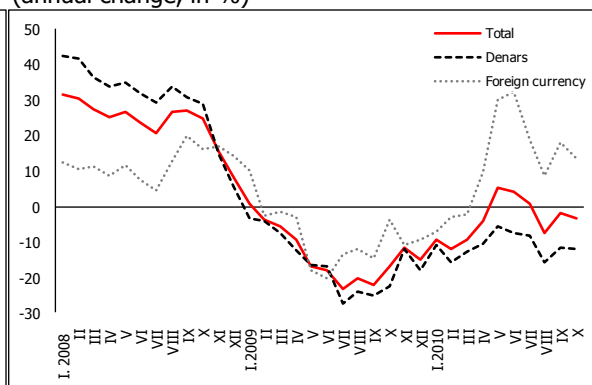
²⁰ Having in mind the changes in the Government deposits and foreign currency transactions on cumulative basis, the Government influenced towards reserve money creation in the amount of Denar 3,307 million, and on a monthly basis, towards reserve money creation in the amount of Denar 1,851 million.

²¹ Since January 2009, the deposits include the accrued interest, as well.

Figure 20
Households' deposits
(annual change, in %)



Enterprises' deposits
(annual change, in %)

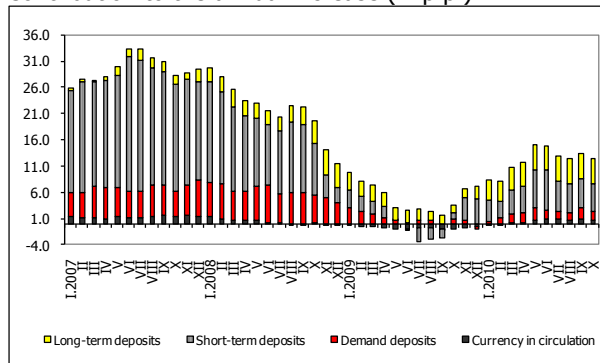


Source: National Bank of the Republic of Macedonia

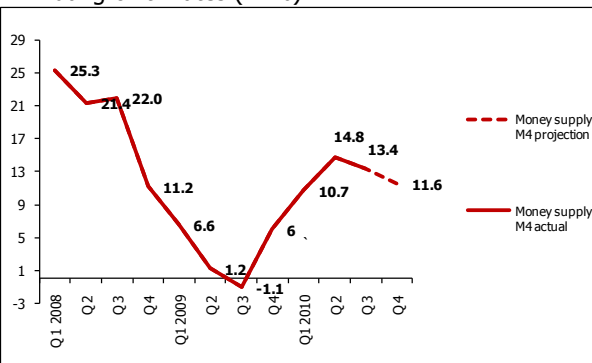
In October 2010, **the annual growth rate of the total deposits with the banks** equaled 13.3%, which is slowdown relative to the annual growth registered in the previous month (of 14.5%) and mainly arises from the higher basis in October 2009²². The Denar deposits increased by 19.2% on annual basis (21% in September), thus contributing with 66.6% to the total deposits growth on annual basis, while the growth rate of the foreign currency deposits equaled 8.2% (9.1% in September). From the aspect of the sector structure, the annual increase in the total deposits was mainly caused by the households' deposits (contribution of 83.6%), which realized annual growth rate of 17% (17.6% in the previous month), given the registered increase in the Denar and foreign currency deposits of 37.2% and 6.7%, respectively. The enterprises' deposits²³ increased by 4.4% annually, opposite to the annual growth of 6.8% in September 2010.

Figure 21
Money supply M4

Contribution to the annual increase (in p.p.)



Annual growth rates (in %)



Source: National Bank of the Republic of Macedonia

²² In October 2010, the total deposits incremented by Denar 4.050 on a monthly basis, or 2.3%, which conditioned annual growth of 3.6%, opposite to the drop of 0.3% in the previous month.

²³ In October, the total enterprises' deposits (private and public) were higher by 3.9%, on annual basis, compared to the annual growth in September of 5.4%.

In October 2010, the annual growth rate of the **broadest money supply M4²⁴** equaled 12.3% (opposite to 13.4% in September), while the projection for the end of the fourth quarter envisages that the annual increase in the money supply will equal 11.6%. In comparison with the end of 2009, the broadest money supply in October 2010 went up by 8.3%.

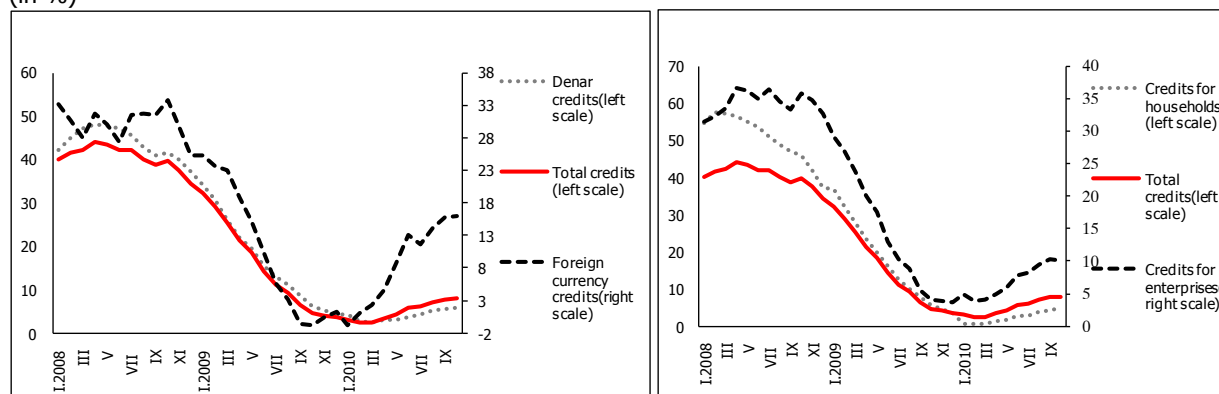
6. BANKS' CREDITS

In October 2010, the total banks' credits with the private sector increased by Denar 756 million, or by 0.4% on a monthly basis. This is the smallest monthly increase since February. The new credits in October were mostly extended in domestic currency, with the Denar credits registering monthly rise of 0.3% (with a share of 65.5% in the increase in the total credits). With the foreign currency credits, slowdown in the monthly growth of 0.6%, comported to 1.1% in the previous month was registered in October.

From the aspect of the individual sectors, in October, 62.6% of the increase in the total credits were allocated with the households. The credits placed with the households registered monthly growth of 0.6%, opposite to 0.5% in September. Analyzed by individual credit types, the monthly growth of the total households' credits in October was induced by the higher level of improved consumer and housing credits (increase of Denar 300 and 196 million, respectively). The suspicious and contested claims registered a fall in October, for the first time since the beginning of 2010. Within January - October 2010 period, Denar 3,835 million with the households sector were placed on cumulative basis. From the aspect of the lending to the corporate sector, in October, Denar 275 million were placed (monthly rise of 0.2%), or almost less by twice compared to the previous month (Denar 509 million in September). Within January - October period, on cumulative basis, the increase in the lending to the corporate sector equaled Denar 7,319 million.

Figure 22

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



Source: National Bank of the Republic of Macedonia

²⁴ The analysis refers to the money supply M4 with accrued interest on deposit liabilities being included.

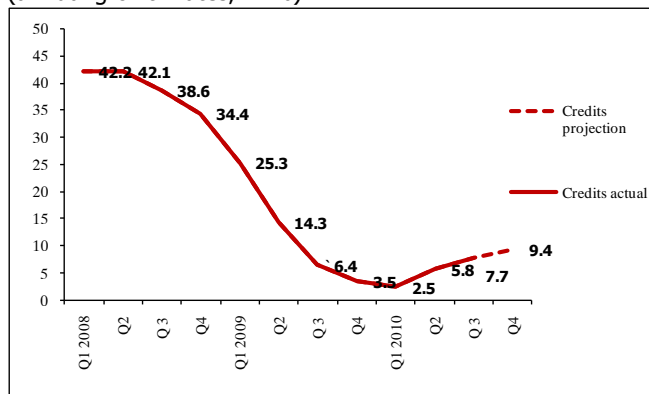
In October 2010, the **annual growth rate of the total credits** equaled 8%, compared to 7.7% in September. From the aspect of the currency structure, more significant contribution of 56.3% to the annual growth of the total credits in October accounted for the Denar loans, which incremented by 5.7% on annual basis (5.5% in the preceding month). In October 2010, the annual growth rate of the foreign currency credits equaled 16%, compared to 15.8% in the previous month. In October, analyzed by sectors, the households and enterprises' credits evidenced annual rise of 4.9% and 10.2%, respectively, (with a share of 74.9% of the corporate credits in the annual increase of the total loans), opposite to 4.3% and 10.2%, respectively in September.

Until the end of the fourth quarter of 2010, in line with the presumed dynamics of the sources of financing of the credit activity (deposit base, foreign currency assets of the banks and external debiting), the October projection anticipates further increase in the banks' credit activity, and at the end of September 2010 annual growth rate of 9,4% is estimated.

Figure 23

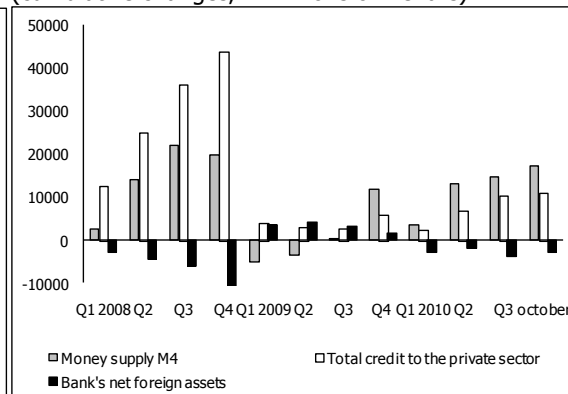
Private sector credits

(annual growth rates, in %)



Sources of finance

(cumulative changes, in millions of Denars)*



*It refers to the cumulative changes relative to the end of the previous year.

Source: National Bank of the Republic of Macedonia

The banks' net foreign currency assets in October 2010, in comparison with the end of the previous year, decreased by Denar 2,813 million, or by approximately 2 times, given the registered drop in the foreign assets (of Denar 634 million, or 2.1%) and increase in the foreign currency liabilities (of Denar 2,179 million, or 7.5%).

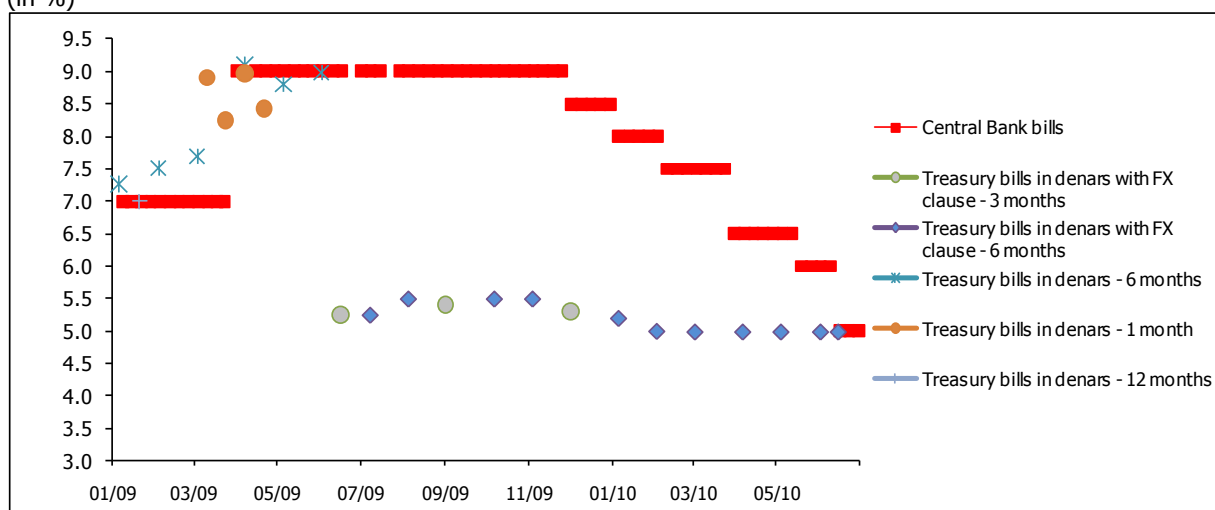
7. INTEREST RATES

In November, **three auctions of CB bills** were held (on November 03,2010, November 10,2010 and on November 17,2010) given the volume tender and fixed interest rate of 4.5%. On cumulative basis, during these three auctions, liquidity in the amount of Denar 2,314 million was withdrawn. On November 02,2010 auction of **six-month Treasury bills** was held, where in case of volume tender and lower interest rate of 4.5% (4.7% on the previous auction) total amount of the offered amount of Denar 173 million was realized. At the same day, **auction of six-month Treasury bills with FX clause** was held, where in

case of volume tender and lower interest rate of 4.3% (4.4% on the previous auction) Denar 2,627 million were realized (about 97% of the offered amount).

Within November 01 - 16, 2010 period, **the weighted interbank interest rate** equaled 2.52% (2.54% in October 2010). The listed average interbank interest rate - SKIBOR within November 01 - 17, 2010 period equaled 2.88% (overnight), 3.81% (one week), 4.73% (one month) and 5.57% (three months), compared to 2.73%, 3.77%, 4.76% and 5.65% for the respective maturities in October. The weighted interbank interest rate for concluded overnight transactions - **MKDONIA** within November 01 - 16, 2010 period equaled 2.32%, compared to 2.45% in October 2010.

Figure 24
Nominal interest rate
(in %)



Source: National Bank of the Republic of Macedonia

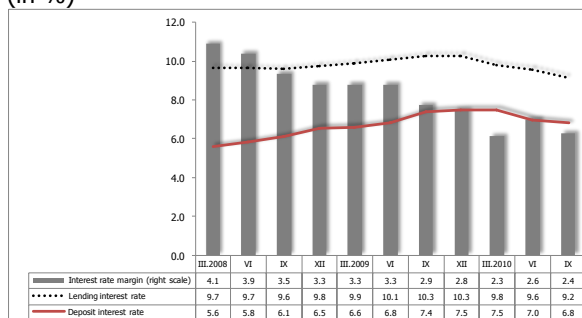
After the significant decrease in the interest rate on the Denar credits in July, during the following two months, the **lending interest rate** remained unchanged and in September it equaled 9.2%. On the other hands, the trend of decrease in the **deposit interest rate** continued, and in September, the yield of the Denar deposits equaled 6.8% (7% in the previous month). Within the set of lending Denar interest rate, small monthly change with the short-term and long-term credits with currency clause extended to households was registered (rise of 0.1 p.p., respectively), while no changes with the other categories were registered. With the deposit interest rates, more significant changes with the interest rates with the short-term deposits without currency clause to both the households and enterprises were registered (drop of 0.3 and 0.2 p.p., respectively). In September, **the weighted interest rates on the foreign currency loans and foreign currency deposits** retained the same level as in the preceding two months and they equaled 7.4% and 3%, respectively. **The interest rate on the newly extended Denar loans²⁵ and newly accepted deposits** in September fell by 0.1%, respectively and they equaled 9.3% and 3.8%, respectively. **The interest rates on the newly extended foreign currency credits and**

²⁵ The changes in the interest rates on the newly extended credits and newly accepted deposits are more evident since they are influenced by the type of credits or deposits that were dominant during the respective month, and they can differ considerably from the previous credit and deposit structure.

the newly accepted foreign currency deposits in September equaled 7.4% and 1%, respectively (compared to 7.7% and 1.2%, respectively in the previous month).

Figure 26

Interest rate of the total Denar credits and deposits and interest spread (in %)



Interest rate of the new Denar credits and deposits and interest spread (in %)

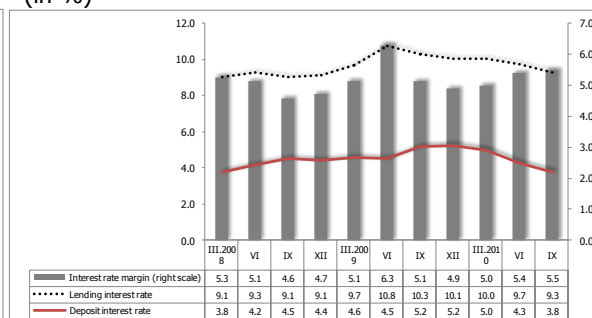
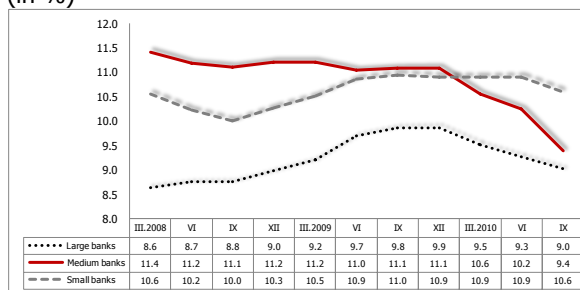


Figure 27

Interest rate of the Denar credits by groups of banks (in %)



Interest rate of the Denar deposits by groups of banks (in %)

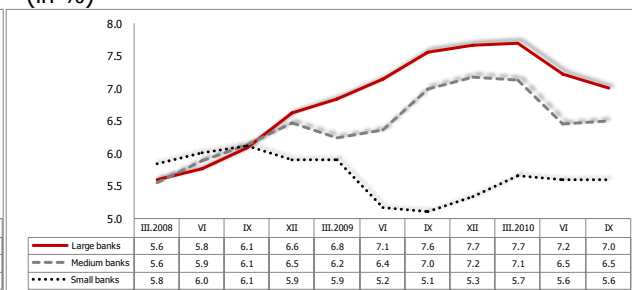
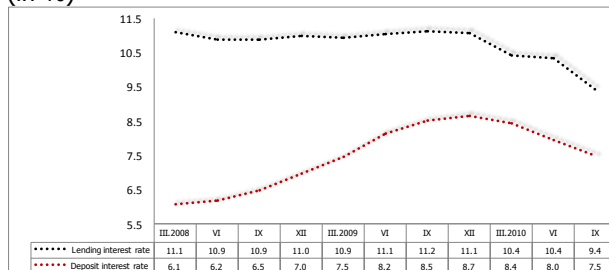
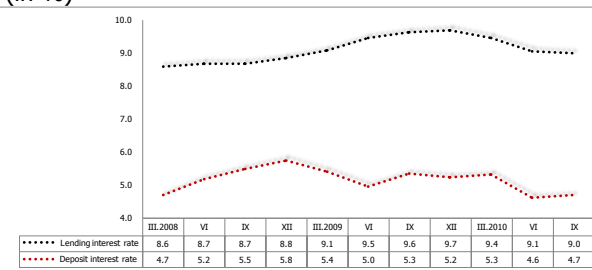


Figure 28

Interest rate of the Denar credits and deposits to households (in %)



Interest rate of the Denar credits and deposits to enterprises (in %)



Source: National Bank of the Republic of Macedonia.

ANNEX

Table 1
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	X.2010 IX.2010	X.2010 X.2009	I-X.2010 I-X.2009	X.2010 IX.2010	X.2010 X.2009	I-X.2010 I-X.2009
Total	0.3	2.7	1.3	0.3	2.7	1.3
Food	0.4	3.4	-0.3	0.1	1.3	-0.1
Grain products	0.2	0.3	-2.3	0.0	0.0	-0.2
Fresh and processed vegetables	2.3	4.8	-0.3	0.1	0.2	0.0
Fresh and processed fruits	-3.5	9.2	-1.0	-0.1	0.2	0.0
Meat and poultry	0.1	0.6	1.1	0.0	0.1	0.1
Fresh and cooked fish	0.2	-1.4	-2.3	0.0	0.0	0.0
Dairy products	0.8	3.1	0.3	0.0	0.2	0.0
Eggs	1.2	-1.5	-8.1	0.0	0.0	-0.1
Oils and fats	1.6	28.9	-0.5	0.0	0.4	0.0
Tobacco and beverages	1.0	0.7	0.4	0.1	0.0	0.0
Clothing and footwear	1.4	2.0	0.7	0.1	0.1	0.1
Housing	0.2	5.7	5.0	0.0	0.9	0.8
Flat (rent, water and other services)	1.1	1.6	0.2	0.0	0.0	0.0
Fuel and lighting	0.1	9.1	8.7	0.0	0.9	0.8
Heating and services	0.2	7.7	6.5	0.0	0.3	0.2
Electric power	0.0	9.8	9.8	0.0	0.6	0.6
Hygiene and health	-0.1	-0.1	0.3	0.0	0.0	0.0
Culture and entertainment	-0.7	-2.5	0.4	0.0	-0.1	0.0
Transport and communication services	0.2	3.1	3.8	0.0	0.4	0.5
Fuels and lubricants	0.9	15.6	20.2	0.0	0.5	0.6
Public transport services & PTT	0.0	-1.8	-1.6	0.0	-0.1	-0.1
Restaurants and hotels	0.2	0.7	0.1	0.0	0.0	0.0
Other services n.e.c.	-0.1	-6.5	-5.5	0.0	0.0	0.0

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

	2007	2008	2009	2009				2010			Latest months		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug-10	Sep-10	Sep-10
<i>(annual rates, %)</i>													
Inflation (CPI)	2.3	8.3	-0.8	0.9	-0.6	-1.4	-2.1	0.5	1.1	1.8	1.9	2.0	2.7
Inflation (CPI) - cumulative average	2.3	8.3	-0.8	0.9	0.1	-0.4	-0.8	0.5	0.8	1.0	1.0	1.1	1.3
Core inflation (excluding food and energy)	0.6	2.6	0.3	1.5	0.3	0.1	-0.6	-0.2	0.1	0.2	0.4	-0.2	0.2
Regulated prices	3.3	9.3	-1.9	-1.6	-1.8	-3.3	-0.7	12.9	11.9	9.9	10.4	9.5	10.7
Industrial producer prices	2.6	10.3	-6.5	-6.2	-8.8	-10.1	-0.4	7.5	9.6	7.7	7.7	7.8	8.7
Productivity	2.3	1.8	-4.1	-3.8	-6.6	-5.4	-0.6	-0.8	1.9	-	-	-	-
Nominal net-wage*	7.9	10.4	9.8	12.7	13.4	8.9	4.5	3.3	2.2	3.1	3.4	-	-
Real net-wage*	5.5	1.9	10.8	11.8	14.1	10.4	6.8	2.8	1.1	1.3	1.5	-	-

*For 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

(annual rates, %)	2007	2008	2009	2009				2010			Latest months		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul-10	Aug-10	Sep-10
Gross domestic product	6.1	5.0	-0.9	-1.1	-1.9	-1.9	1.6	-1.1	0.4	-	-	-	-
Industrial output	3.7	5.5	-7.7	-10.8	-13.2	-13.1	7.5	-9.4	-1.6	-2.4	8.3	-1.5	-11.9
Construction	7.6	25.6	13.7	0.0	14.7	12.6	20.3	7.6	-7.4	-	59.2	48.9	-
Retail and wholesale trade	23.1	11.8	-7.4	-8.7	-11.0	-8.8	-1.3	3.9	6.1	-	12.5	10.5	-
Telecommunications	15.6	8.9	6.6	7.4	5.7	8.3	4.9	17.3	18.8	-	14.0	16.0	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2007	2008	2009	2009				2010			cen.10	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	change, %	contribution, p.p.
Mining and quarrying	9.8	9.9	-12.3	-12.6	-19.2	-11.3	-6.5	-5.8	0.2	4.9	0.1	0.0
Manufacture of food products and beverages	7.7	7.6	-2.1	-2.5	-0.1	-1.8	-3.9	2.3	-1.0	7.3	13.8	2.2
Manufacture of tobacco products	-0.8	1.9	-3.2	-2.1	2.6	-5.5	-9.4	15.4	-14.0	29.0	68.4	3.0
Manufacture of wearing apparel	-14.5	-20.4	-11.7	-23.7	-16.9	-1.6	-3.5	-6.4	12.3	10.8	7.3	0.5
Printing	-12.2	59.4	34.6	2.6 times	54.4	-2.7	-15.2	-49.5	-43.7	9.5	14.3	0.7
Manufacture of refined petroleum products	-2.4	1.6	-8.9	9.2	-27.2	-36.3	25.9	-49.1	10.1	14.8	-2.3	0.0
Manufacture of other non-metallic mineral products	3.8	-3.2	-12.1	-17.0	-4.3	-11.8	-19.3	-27.7	-23.6	-3.1	1.3	0.1
Manufacture of basic metals	34.3	-6.6	-42.1	-61.6	-52.3	-42.2	13.4	48.1	15.5	18.2	22.6	1.8
Manufacture of fabricated metal products	45.6	51.4	38.5	35.0	-12.9	-2.8	2.9 times	-55.6	20.2	-63.4	-79.8	-19.7
Manufacture of electrical machinery and equipment	-24.4	25.8	-29.0	1.0	-13.5	-51.6	-53.1	-55.5	-62.6	13.7	-21.4	-0.4
Manufacture of other transport equipment	33.4	-18.4	-46.4	-60.5	-71.5	-21.0	24.2	7.1	-11.9	31.6	2.8 times	1.3
Recycling*	-35.6	117.1	-11.6	-74.2	-10.6	7.6	97.9	3.3 times	57.9	23.6	58.2	0.5
Electricity, gas, steam and hot water supply	-9.5	-3.1	8.8	-1.6	15.6	10.4	14.2	19.0	38.5	6.9	-10.8	-0.9

Source: State Statistical Office of the Republic of Macedonia.

Table 5
Indicative variables for private consumption and investment

(real annual growth rates, %)	2007	2008	2009	2009				2010			Latest months		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul-10	Aug-10	Sep-10
Retail trade*	14.4	3.1	-3.0	-4.1	-3.7	-3.8	-0.6	1.1	1.7	-	7.9	9.0	-
VAT revenues*	18.5	1.3	-2.0	-8.5	-14.1	-3.9	20.2	0.1	23.4	5.6	9.4	12.4	-4.2
Imports of consumption goods*	19.4	7.8	-5.4	-0.2	-9.5	-6.6	-4.6	2.6	16.5	19.8	18.2	23.0	18.7
Domestic production of consumption goods	-1.5	6.7	-2.8	4.5	0.2	-5.5	-8.3	-10.4	-8.1	10.0	4.2	11.6	14.5
Imports of capital goods*	36.9	22.2	-6.4	24.1	-11.3	-9.8	-20.2	-35.4	-12.2	1.3	-15.9	15.0	8.3
Completed construction works*	4.9	16.3	14.9	-0.9	15.3	14.0	22.8	7.3	-8.2	-	56.5	45.7	-
Domestic production of capital goods	19.7	-1.3	-24.5	-24.9	-40.1	-19.3	-6.8	-34.1	-24.9	-23.0	-15.9	-24.0	-26.9

* real growth rates are calculated by the NBRM, by dividing the nominal growth rates with the annual CPI inflation.

Source: State Statistical Office, Ministry of Finance and NBRM calculations.

Table 6
Balance of payments ^{/1,3}
(in millions of euros)

	2009					2010												
	Q1	Q2	Q3	Q4	Total	I	II	III	IV	V	VI	VII	VIII	Q1	Q2	Total		
I. Current Account	-315.9	-96.3	58.7	-95.7	-449.3	-41.8	-18.9	-13.6	-39.0	-4.7	0.6	24.5	2.0	-74.3	-43.0	-90.9		
GOODS, net	-446.6	-339.1	-301.0	-464.3	-1,551.1	-87.1	-92.5	-117.1	-156.8	-112.1	-122.8	-113.0	-146.6	-296.7	-391.7	-948.2		
Exports, f.o.b.	400.3	491.3	532.4	497.0	1,920.9	133.8	158.5	190.1	182.7	206.8	226.4	232.6	202.8	482.4	616.0	1,533.7		
Imports, f.o.b. /2	-846.9	-830.4	-833.4	-961.3	-3,472.0	-220.9	-250.9	-307.3	-339.5	-318.9	-349.2	-345.6	-349.4	-779.2	-1,007.7	-2,481.9		
SERVICES, net	-1.0	-1.2	23.3	7.0	28.0	1.4	0.9	3.9	3.5	6.8	11.3	7.3	6.5	6.2	21.7	41.7		
INCOME, net	2.8	-15.8	-62.8	17.2	-58.5	-28.9	-8.7	-5.0	-5.8	-7.7	-7.8	-19.5	-3.9	-42.7	-21.2	-87.3		
o/w: interest, net	-22.1	-16.5	-16.1	-18.0	-72.7	-24.7	-5.7	-5.2	-5.1	-3.8	-7.3	-5.0	-2.5	-35.6	-16.2	-59.3		
CURRENT TRANSFERS, net	128.9	259.8	399.2	344.4	1,132.3	72.8	81.4	104.7	120.0	108.3	119.9	149.8	146.0	258.9	348.2	902.9		
Official	5.3	6.0	4.0	20.2	35.5	0.2	2.3	1.7	8.7	1.1	4.3	2.4	2.7	4.2	14.2	23.5		
Private	123.6	253.8	395.3	324.2	1,096.8	72.5	79.1	103.0	111.3	107.1	115.6	147.4	143.2	254.7	334.1	879.4		
II. Capital and Financial Account	297.3	108.2	-68.1	88.7	426.0	35.9	18.0	8.0	44.8	-5.1	-1.1	-12.4	-7.5	61.8	38.7	80.6		
CAPITAL ACCOUNT, net	0.8	1.8	15.2	2.3	20.2	0.1	0.3	0.4	1.2	0.7	1.3	1.5	1.1	0.9	3.1	6.6		
Capital transfers, net	0.8	1.8	7.7	2.3	12.7	0.1	0.3	0.4	1.2	0.7	1.3	1.5	1.1	0.9	3.1	6.6		
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	1.8	7.7	2.3	12.7	0.1	0.3	0.4	1.2	0.7	1.3	1.5	1.1	0.9	3.1	6.6		
Acquisition/disposal of non-produced, non-financial assets	0.0	0.0	7.5	0.0	7.5	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	296.5	106.4	-83.4	86.4	405.9	35.7	17.6	7.5	43.6	-5.8	-2.3	-13.9	-8.5	60.9	35.5	74.0		
Direct investment, net	24.7	71.4	41.8	-1.0	136.9	37.4	-22.9	28.9	24.7	28.9	14.3	-48.2	33.3	43.4	67.9	96.4		
Portfolio investment, net	-19.3	-12.5	148.7	-12.8	104.0	-1.6	-3.0	3.6	-4.2	-3.3	-12.0	-2.9	-3.2	-1.0	-19.6	-26.7		
Other investment, net	38.3	-4.7	49.2	151.6	234.3	18.0	28.6	-39.1	44.0	-24.0	9.8	9.3	15.5	7.4	29.8	62.0		
Trade credits, net	54.2	-16.3	-18.7	138.4	157.6	7.1	-10.7	-13.4	41.4	10.6	-20.9	-13.0	3.9	-17.0	31.2	5.1		
Loans, net	-2.6	-6.4	-4.9	64.7	50.8	-5.1	0.4	-23.7	53.6	32.5	12.8	32.5	-7.0	-28.4	98.9	95.9		
Currency and deposits, net	-19.5	13.3	6.3	-62.1	-62.1	15.2	18.8	-4.6	-53.4	-69.4	14.9	-11.9	16.8	29.4	-108.0	-73.7		
o/w: Monetary Authorities, net	-3.6	1.0	1.7	0.9	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.4	0.0	0.2	0.0	0.6		
o/w: Commercial Banks, net	-53.5	8.6	25.1	-40.3	-60.1	20.5	28.6	6.5	-43.3	-53.2	25.9	-10.7	17.7	55.5	-70.5	-8.0		
o/w: Other sectors, net	37.5	3.7	-20.5	-22.7	-2.1	-5.4	-9.8	-11.1	-10.1	-16.3	-11.1	-1.6	-0.9	-26.3	-37.5	-66.3		
Other, net	6.3	4.6	66.5	10.6	88.0	0.9	20.0	2.5	2.4	2.3	3.1	1.6	1.8	23.4	7.8	34.6		
Gross official reserves (- = increase) /4	252.8	52.2	-323.0	-51.4	-69.4	-18.1	14.9	14.2	-20.8	-7.4	-14.4	28.0	-54.2	11.0	-42.6	-57.7		
III. Errors and Omissions	18.6	-11.9	9.4	7.1	23.2	5.96	0.96	5.59	-5.86	9.78	0.43	-12.15	5.53	12.50	4.35	10.23		

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%

3/ Data for the balance of payments for 2010 include estimation of certain elements of direct investments - based on the data from the new source of data (annual questionnaire for foreign investments DI-22) available and including 2009

4/ Excluding monetary gold and exchange rate differences

Source: National Bank of the Republic of Macedonia.

Table 7
Total Foreign Trade
(in millions of Euros)

	IX.2010	I-IX.2010	IX.2010		IX.2010		I-IX.2010	
			VIII.2010		IX.2009		I-IX.2009	
	amount		amount	%	amount	%	amount	%
Total trade	565.3	4,683.5	-1.8	-0.3	117.1	26.1	642.4	15.9
Export	244.9	1,781.0	41.7	20.5	60.5	32.8	354.3	24.8
Import	320.4	2,902.5	-43.4	-11.9	56.6	21.5	288.1	11.0
Trade Balance	-75.5	-1,121.5	85.1	-53.0	3.9	-5.0	66.2	-5.6

Source: State Statistical Office of the Republic of Macedonia.

Source: State Statistical Office of the Republic of Macedonia.

Table 8

Import of Goods (according to SITC)

Import of goods	I-IX 2009	I-IX 2010	y-o-y change		contributions	
	in millions of EUR		in millions of EUR	%	percentage points	%
Total	2,614.4	2,902.5	288.1	11.0	11.0	100
Food and live animals	293.4	295.0	1.6	0.5	0.1	0.5
<i>of which:</i>						
- meat and meat preparations	74.1	68.4	-5.7	-7.6	-0.2	-2.0
- cereals and cereal preparations	44.5	40.9	-3.7	-8.2	-0.1	-1.3
- fruits and vegetables	35.2	35.2	0.0	-0.1	0.0	0.0
Beverages and tobacco	25.7	32.4	6.8	26.3	0.3	2.3
Crude materials, inedible, except fuels	96.8	143.6	46.8	48.4	1.8	16.3
<i>of which:</i>						
- metalliferous ores and metal scrap	53.2	98.7	45.5	85.4	1.7	15.8
Mineral fuels, lubricants and related products	418.0	489.8	71.8	17.2	2.7	24.9
<i>of which:</i>						
- petroleum and petroleum products	306.7	383.0	76.4	24.9	2.9	26.5
- natural or industrial gas	28.8	41.6	12.8	44.4	0.5	4.4
- electric energy	76.3	51.3	-25.0	-32.8	-1.0	-8.7
Animal and vegetable oils and fats	24.1	25.2	1.1	4.6	0.0	0.4
Chemical Products	294.7	376.2	81.6	27.7	3.1	28.3
- inorganic chemical products	8.1	81.8	73.6	10 times	2.8	25.6
- medical and pharmaceutical products	72.9	72.3	-0.6	-0.9	0.0	-0.2
- chemical materials and products	31.6	35.2	3.7	11.6	0.1	1.3
Manufactured goods classified by material	620.2	708.4	88.2	14.2	3.4	30.6
<i>of which:</i>						
- textile yarn, fabrics, and related products	197.9	211.1	13.2	6.7	0.5	4.6
- non metallic mineral manufactures	59.6	72.3	12.8	21.4	0.5	4.4
- iron and steel	151.9	198.8	46.9	30.9	1.8	16.3
- non ferrous metals	26.9	49.5	22.6	84.0	0.9	7.8
- manufactures of metals	60.8	54.2	-6.7	-10.9	-0.3	-2.3
Machinery and transport equipment	632.2	615.7	-16.4	-2.6	-0.6	-5.7
<i>of which:</i>						
- power generating machinery and equipment	49.4	21.4	-28.0	-56.6	-1.1	-9.7
- general industrial machinery and equipment	93.2	69.0	-24.2	-26.0	-0.9	-8.4
- road vehicles	155.9	230.6	74.7	47.9	2.9	25.9
- other transport equipment	42.6	15.7	-26.9	-63.2	-1.0	-9.3
Miscellaneous manufactured articles	205.4	212.9	7.5	3.6	0.3	2.6
<i>of which:</i>						
- furniture and parts thereof	20.5	22.4	1.9	9.2	0.1	0.7
- articles of apparel and clothing accessories	40.3	35.2	-5.1	-12.7	-0.2	-1.8
- footwear	19.3	19.0	-0.3	-1.7	0.0	-0.1

Source: State Statistical Office of the Republic of Macedonia.

Table 9

Export of Goods (according to SITC)

Export of goods	I-IX 2009	I-IX 2010	y-o-y change		contributions	
	in millions of EUR		in millions of EUR	%	percentage points	%
Total	1426.7	1781.0	354.3	24.8	24.8	100
Food and live animals	149.5	177.0	27.6	18.4	1.9	7.8
<i>of which:</i>						
- meat and meat preparations	20.5	22.1	1.6	7.8	0.1	0.5
- cereals and cereal preparations	21.8	25.3	3.6	16.4	0.2	1.0
- fruits and vegetables	76.0	96.6	20.5	27.0	1.4	5.8
Beverages and tobacco	115.9	115.6	-0.3	-0.3	0.0	-0.1
Crude materials, inedible, except fuels	83.2	146.5	63.3	76.1	4.4	17.9
<i>of which:</i>						
- metalliferous ores and metal scrap	60.9	112.9	52.0	85.5	3.6	14.7
Mineral fuels, lubricants and related materials	107.4	147.9	40.5	37.7	2.8	11.4
<i>of which:</i>						
- petroleum and petroleum products	102.0	123.4	21.4	21.0	1.5	6.0
- electric energy	2.3	21.6	19.4	9 times	1.4	5.5
Animal and vegetable oils and fats	5.2	4.8	-0.5	-9.2	0.0	-0.1
Chemical Products	85.0	171.9	86.9	102.3	6.1	24.5
- medical and pharmaceutical products	33.6	38.1	4.5	13.3	0.3	1.3
- chemical materials and products	3.6	90.2	86.6	25 times	6.1	24.5
Manufactured goods classified by material	403.7	538.3	134.6	33.4	9.4	38.0
<i>of which:</i>						
- iron and steel	277.1	421.8	144.7	52.2	10.1	40.8
- non ferrous metals	3.5	4.6	1.2	33.6	0.1	0.3
- manufactures of metals	40.9	29.0	-12.0	-29.2	-0.8	-3.4
Machinery and transport equipment	76.5	80.8	4.3	5.7	0.3	1.2
<i>of which:</i>						
- general industrial machinery and	11.7	23.7	12.1	103.1	0.8	3.4
- electrical machinery, apparatus and	36.2	24.7	-11.5	-31.8	-0.8	-3.3
- road vehicles	11.7	17.0	5.3	45.4	0.4	1.5
Miscellaneous manufactured articles	399.9	397.0	-2.9	-0.7	-0.2	-0.8
<i>of which:</i>						
- furniture and parts thereof	16.5	17.7	1.2	7.5	0.1	0.3
- articles of apparel and clothing accessories	314.2	311.9	-2.2	-0.7	-0.2	-0.6
- footwear	44.7	43.5	-1.2	-2.7	-0.1	-0.3

Source: State Statistical Office of the Republic of Macedonia.

Table 10

Trade balance of Goods (according to SITC)

Trade balance, Goods	I-IX 2009 I-IX 2010		y-o-y change		contributions	
	in millions of EUR		in millions of EUR	%	percentage points	%
Total	-1,187.7	-1,121.5	66.2	-5.6	-5.6	100
Food and live animals	-144.0	-118.0	26.0	-18.0	-2.2	39.2
<i>of which:</i>						
- meat and meat preparations	-53.5	-46.3	7.3	-13.6	-0.6	11.0
- cereals and cereal preparations	-22.8	-15.5	7.2	-31.7	-0.6	10.9
- fruits and vegetables	40.8	61.4	20.6	50.4	-1.7	31.1
Beverages and tobacco	90.2	83.2	-7.1	-7.8	0.6	-10.7
Crude materials, inedible, except fuels	-13.6	2.9	16.5	-120.9	-1.4	24.9
<i>of which:</i>						
- metalliferous ores and metal scrap	7.6	14.2	6.5	85.7	-0.6	9.9
Mineral fuels, lubricants and related materials	-310.6	-341.8	-31.3	10.1	2.6	-47.2
<i>of which:</i>						
- petroleum and petroleum products	-204.7	-259.6	-55.0	26.9	4.6	-83.0
- natural or industrial gas	-25.9	-39.8	-14.0	54.0	1.2	-21.1
- electric energy	-74.1	-29.7	44.4	-59.9	-3.7	67.1
Animal and vegetable oils and fats	-18.9	-20.5	-1.6	8.4	0.1	-2.4
Chemical Products	-209.7	-204.3	5.4	-2.6	-0.5	8.1
- inorganic chemical products	-2.3	-76.0	-73.7	33 пъти	6.2	-111.3
- chemical materials and products	-28.0	55.0	83.0	-296.5	-7.0	125.3
Manufactured goods classified by material	-216.5	-170.1	46.4	-21.4	-3.9	70.1
<i>of which:</i>						
- non metallic mineral manufactures, n.e.s	-11.4	-29.5	-18.1	159.4	1.5	-27.4
- iron and steel	125.2	223.0	97.8	78.1	-8.2	147.7
- non ferrous metals	-23.5	-44.9	-21.4	91.4	1.8	-32.4
- manufactures of metals	-19.9	-25.2	-5.3	26.6	0.4	-8.0
Machinery and transport equipment	-555.7	-534.9	20.7	-3.7	-1.7	31.3
<i>of which:</i>						
- road vehicles	-144.2	-213.6	-69.4	48.1	5.8	-104.8
- other transport equipment	-39.4	-12.3	27.0	-68.7	-2.3	40.8
Miscellaneous manufactured articles	194.5	184.1	-10.4	-5.4	0.9	-15.7
<i>of which:</i>						
- furniture and parts thereof	-4.1	-4.7	-0.7	16.2	0.1	-1.0
- articles of apparel and clothing accessories	273.9	276.7	2.9	1.1	-0.2	4.3
- footwear	25.4	24.5	-0.9	-3.5	0.1	-1.3

Source: State Statistical Office of the Republic of Macedonia.

Table 11
Monetary developments

	31.10.2009	31.08.2010	30.09.2010	31.10.2010	monthly changes (31.10.2010/ 30.09.2010)		annual changes (31.10.2010/ 31.10.2009)
<i>in Denar million</i>	actual	actual	actual	actual	in Denar million	in %	in %
Brtoad money M4	199,943	219,965	221,884	224,469	2,584	1.2	12.3
Currency in cirrculation	14,604	16,204	15,945	16,068	123	0.8	10.0
Denar deposits ^{/1}	87,009	98,422	100,026	102,023	1,997	2.0	17.3
Foreign currency deposits	98,330	105,340	105,914	106,378	464	0.4	8.2
Total deposits	185,339	203,762	205,940	208,401	2,461	1.2	12.4
Reserve money ^{/2}	45,060	47,338	45,724	48,452	2,728	6.0	7.5

^{/1}Including demand deposits, deposits of municipalities and public entities.

^{/2}Including reserve requirement in foreign currency.

	31.10.2009	31.08.2010	30.09.2010	31.10.2010	monthly changes (31.10.2010/ 30.09.2010)		annual changes (31.10.2010/ 31.10.2009)
<i>in Denar million</i>	actual	actual	actual	actual	in Denar million	in %	in %
Credit to the private sector	175,384	187,728	188,609	189,365	756	0.4	8.0
In Denar	137,201	144,184	144,577	145,072	495	0.3	5.7
In Foreign currency	38,183	43,544	44,032	44,292	260	0.6	16.0
Banks' net foreign assets	2,569	-3,049	-2,245	-1,296	949	-42.3	-150.4

Source: National Bank of the Republic of Macedonia.

Table 12
Monetary aggregates
(in %)

<i>in %</i>	end of period to the end of previous period										annual change (in %)									
	2008				2009				2010		2009				2010					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	october
M0	-8.8	13.5	-0.02	4.4	-10.2	1.7	11.8	10	-4.3	7.9	-3.7	6.0	16.6	22.2	19.6	8.0	6.4	-4.7	6.6	12.4
M1	-5.9	11.2	1.50	7.8	-13.5	1.8	0.6	9.1	-3.7	4.5	2.4	0.0	24.3	30.2	22.2	14.5	5.2	-3.6	-4.5	-3.5
M4	1.6	6.3	4.3	-1.2	-2.6	0.8	2.0	5.9	1.7	4.6	0.7	1.2	25.3	21.4	22.0	11.2	6.6	1.2	-1.1	6
M4-denar	-1.4	6.6	2.0	-3.2	-9.5	-0.7	-1.7	8.3	1.4	6.6	0.5	1.8	33.5	24.7	20.0	3.9	-4.7	-11.3	-14.5	-4.4

Source: National Bank of the Republic of Macedonia.

Table 13

Deposits of the private sector*

(in millions of denars)

		Balance as of 31.10.2010	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		206,073	2,415	1.2	24,125	13.3
In Denar	Households	54,875	1,411	2.6	14,868	37.2
	Enterprises	30,817	389	1.3	-731	-2.3
	Total	99,695	1,951	2.0	16,078	19.2
In Foreign currency	Households	84,322	420	0.5	5,307	6.7
	Enterprises	20,500	119	0.6	2,891	16.4
	Total	106,378	464	0.4	8,047	8.2
Total households deposits		139,198	1,831	1.3	20,175	17.0
Total enterprises deposits		51,317	508	1.0	2,160	4.4

* the Denar deposits do not include the deposit money.

Source: National Bank of the Republic of Macedonia.

Table 14

Credits to the private sector

(in millions of denars)

		Balance as of 31.10.2010	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private		189,365	756	0.4	13,981	8.0
In Denar	Households	71,063	349	0.5	2,794	4.1
	Enterprises	73,877	135	0.2	5,088	7.4
	Total	145,072	495	0.3	7,872	5.7
In Foreign currency	Households	4,631	124	2.7	750	19.3
	Enterprises	39,602	139	0.4	5,381	15.7
	Total	44,292	260	0.6	6,110	16.0
Total credit to the households		75,694	473	0.6	3,544	4.9
Total credit to the enterprises		113,479	274	0.2	10,469	10.2

Source: National Bank of the Republic of Macedonia.

Table 15

Interest rates

	01.10.2010	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	4.50	0.0	-4.5
Average weighted interest rate on the Money Market	2.45	-0.17	-3.9
Interest rate on three-month treasury bills		/	/
	01.09.2010	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	9.2	0.0	-1.1
Banks' weighted deposit interest rates	6.8	-0.2	-0.6

Source: National Bank of the Republic of Macedonia.