



## I. Economic Developments in the Republic of Macedonia

### Basic indicators for the economic developments

		Amount	Month /	Month / same	Period / same
			previous month	month of the	period of the
			in %		
<b>Costs of living</b>	IX.2003	-	0.2	2.0	0.9
<b>Retail prices</b>	IX.2003	-	0.4	3.2	2.4
<b>Prices of producers of industrial products</b>	IX.2003	-	0.3	-0.6	-0.1
<b>Industrial output</b>	IX.2003	- in million denars	71.9	33.5	7.3
<b>Total trade turnover</b>	VIII.2003*	16,299	-4.9	58.6	23.3
<b>Completed construction works</b>	VIII.2003*	936 in denars	50.0	2.0 times	-19.2
<b>Nominal average net paid wage</b>	VIII.2003*	11,961	1.0	2.5	5.7
<b>Real average net paid wage</b>	VIII.2003*	- in million denars	0.9	0.3	4.9
<b>Budget revenues</b>	IX.2003	4,647	28	1.4	-5.5
<b>Budget expenditures</b>	IX.2003	5,161	26.7	-4.0	-15.8

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

\* Last available data from State Statistical Office of the Republic of Macedonia



## 1.1.

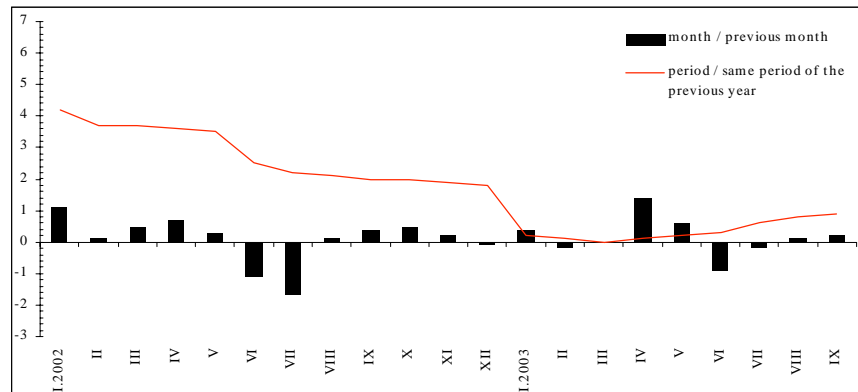
## Prices

*In September 2003, monthly increase in the costs of living of 0.2% was registered...*

*...with the average rate of inflation reaching 0.9%*

In September 2003, the monthly rate of inflation measured through the index of the costs of living equaled 0.2%. This change on a monthly basis is due to the divergent movements in the main categories of the costs of living that comprise the index structure. Thus an increase in the costs was registered in the categories "transportation and services", "culture and entertainment", "clothes and footwear" and "housing", while the costs in the categories "food", "tobacco and beverages" and "hygiene and health" registered a decrease. Observed by the structure, the costs of services registered more intensive monthly increase (1.0%), contrary to the minimal increase in the costs of goods (0.1%). On annual basis, the costs of living increased by 2.0%, which is due to the higher costs of services by 7.2%. Analyzed from the beginning of this year, the average monthly rate of inflation has continuously increased and reached 0.9% (which is within the expected level for the end of the year).

Chart 1  
Costs of living  
(changes in percent)



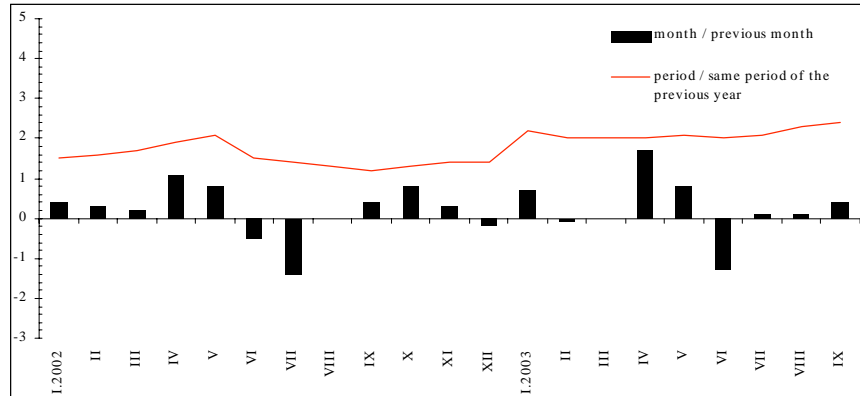
*In September 2003, the retail prices registered monthly increase of 0.4%...*

*...and average increase of 2.4%*

In September 2003, the retail prices registered an increase of 0.4% compared to the previous month. The increase is due to the increased prices of non-food industrial products by 0.6% (due to the higher prices of oil derivatives by 2.7%). On the other hand, the prices of agricultural products dropped by 0.6%, because of the seasonally lower prices of fruits by 10.0%, contrary to the increase in the prices of vegetables of 5.0%. Minimal decrease was registered in the prices of industrial food products of 0.1% and beverages of 0.2% (due to the lower prices of non-alcoholic beverages by 0.7%). Structurally observed, the prices of services registered higher increase (0.5%) compared to the prices of goods (0.3%). Compared to the same month of the previous year, the retail prices increased by 3.2%, which is mainly due to the annual increase in the prices of beverages (of 7.1%) and non-food industrial products (of 2.8%). The average growth rate (2.4%) registered in this period of the year was mainly caused by the increased prices of services (by 5.6%).



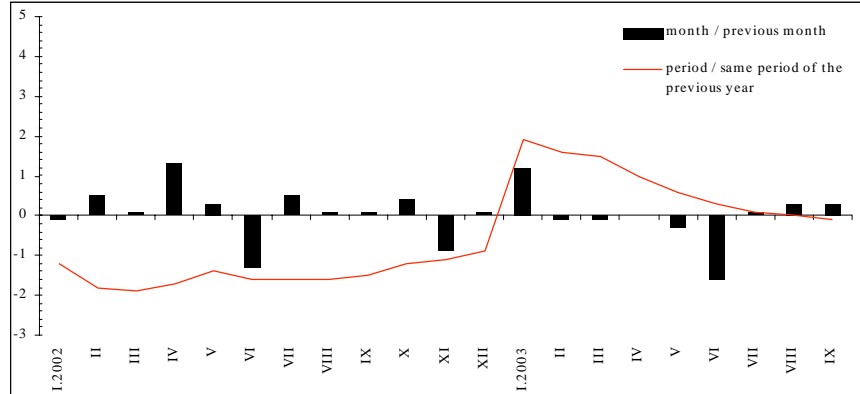
Chart 2  
Retail prices  
(changes in percent)



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

In September 2003, the prices of the producers of industrial products registered identical monthly increase as in the previous month (of 0.3%). This is due to the increased prices of the producers of energy by 1.5%, having in mind that the prices of the producers in other main groups of industrial products retained the level registered in the previous month. Observed by sectors, change in the prices on a monthly basis was registered only in the processing industry (moderate increase of 0.4%), caused by the higher prices of the producers of oil derivatives (by 4.3%), while in the remaining two sectors the prices remained unchanged relative to the previous month.

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



*...while they decreased by 0.1% on a cumulative basis*

On annual basis, the prices of the producers of industrial products were lower by 0.6%, mainly due to the lower prices of the producers of energy, capital goods and non-durable consumption goods. The trend of gradual decrease in the average growth rate continued, as a result of which in September a decrease (of 0.1%) was registered for the first time this year.