



## 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>	X.2003	-	0.0	1.5	1.0
<b>Retail prices</b>	X.2003	-	-0.1	2.2	2.4
<b>Prices of producers of industrial products</b>	X.2003	-	-0.9	-1.9	-0.3
<b>Industrial output</b>	X.2003	-	1.7	3.6	6.8
		in denars			
<b>Nominal average net paid wage</b>	IX.2003*	12,015	0.5	4.2	5.5
<b>Real average net paid wage</b>	IX.2003*	-	0.3	2.2	4.6
		in million denars			
<b>Budget revenues</b>	X.2003	5,170	11.3	-3.9	-5.3
<b>Budget expenditures</b>	X.2003	4,868	-5.7	-13.1	-15.5

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.

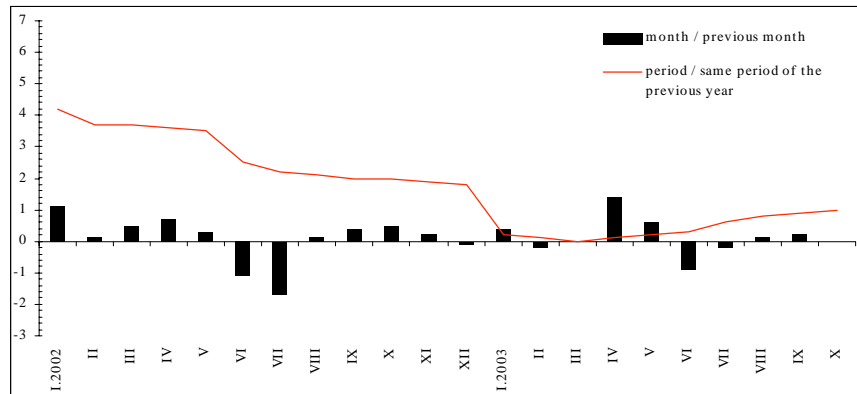
Prices

*In October 2003, the costs of living remained unchanged on a monthly basis...*

*...while on average they increased by 1.0%*

In October 2003, the monthly rate of inflation measured through the index of the costs of living retained the level registered in the previous month. The costs of living remained unchanged in most of the categories, with exception to the increase registered in the costs of "clothes and footwear" and "culture and entertainment" of 0.5% and 0.1%, respectively, which was leveled with the drop in the costs of "transportation and services" of 0.5%. The annual and the average rate of inflation equaled 1.5% and 1.0%, respectively, which is mainly due to the increase in the costs of services (of 6.2% and 5.9%, respectively). However, the average rate of inflation is below the projected level for this year, and compared to the previous year (January - October 2002/2001) it is lower by 1.0 percentage point.

Chart 1  
Costs of living  
(changes in percent)

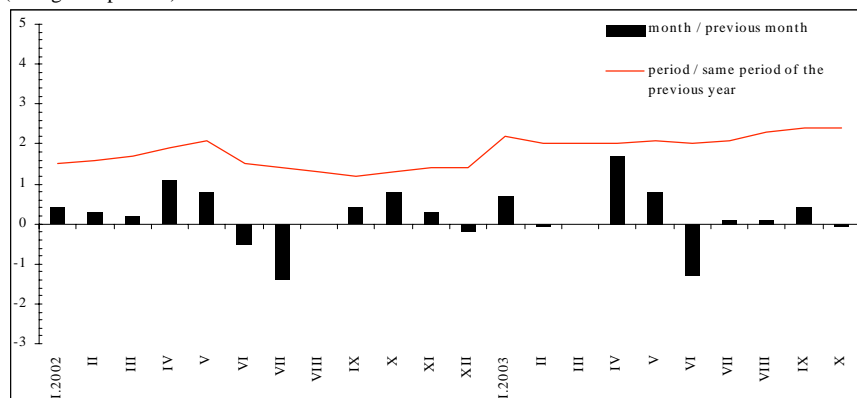


*In October 2003, the retail prices registered monthly decrease of 0.1%...*

*...while on average they increased by 2.4%*

In October 2003, the retail prices registered minimal decrease of 0.1%. The decrease is due to the lower prices of non-food industrial products by 0.4% as a result of the reduced prices of oil derivatives by 1.9%. The prices of the agricultural products also declined by 0.2% caused by the decrease in the prices of fruits and vegetables of 0.5% and 0.3%, respectively. On annual basis, the retail prices registered an increase of 2.2%. The average rate of increase of 2.4% is identical with that registered in the previous month and it is caused by the higher prices of non-food industrial products and beverages by 1.8% and 5.3%, respectively.

Chart 2  
Retail prices  
(changes in percent)





*In October 2003, the prices of the producers of industrial products decreased by 0.9% on a monthly basis...*

*...and dropped by 1.9 % and 0.3% on annual and on cumulative basis*

In October 2003, the prices of the producers of industrial products registered a decrease of 0.9% on a monthly basis. Analyzed by the main groups of industrial products, a decrease was registered in the prices of the producers of energy and non-durable consumption goods by 3.3% and 0.4%, respectively, while the prices of capital goods were higher by 0.9%, and the prices in the remaining two groups remained unchanged. Observed by sectors, a decrease of 1.0% was registered only in the processing industry. The decrease is mainly due to the lower prices of the producers of oil derivatives and the producers of food products and beverages (by 9.2% and 0.5%, respectively). The prices in the other two sectors remained unchanged relative to the previous month. In line with the monthly decrease, in October 2003 an annual and average decrease in the prices of the producers of industrial products of 1.9% and 0.3%, respectively was registered.

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

