



### 3.2.

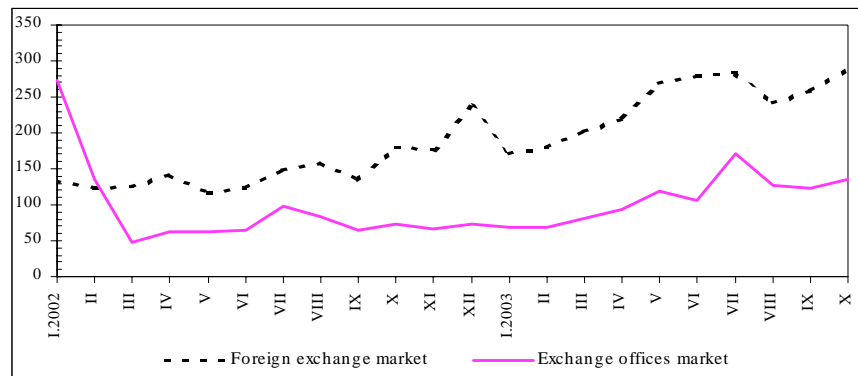
### Foreign exchange developments

*In October 2003, the turnover on the foreign exchange market increased by 12.4%...*

*...with the Denar exchange rate against the US Dollar appreciating by 2.6% while it remained stable against the Euro*

In October 2003, the turnover on the foreign exchange market registered a monthly increase of 12.4%, thus reaching US Dollar 289.7 million. 83.4% of the total transactions on the foreign exchange market were executed between the banks and the enterprises. The NBRM and the commercial banks registered net purchase of foreign exchange. On October 31, 2003, Denar 61.24 per one Euro were traded, which is almost the same exchange rate registered in the previous month. On the other hand, the exchange rate of the Denar against the US Dollar registered monthly appreciation of 2.6%, so at the end of the month Denar 52.18 were traded per one US Dollar.

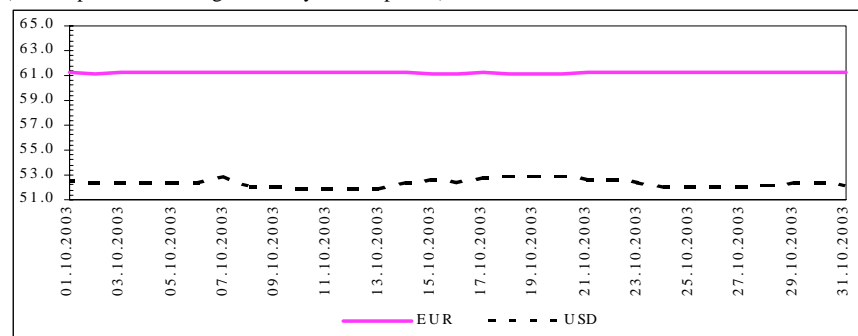
Chart 23  
Movements in the total turnover on the foreign exchange and exchange offices market  
(in US Dollar million)



*Increase in the turnover on the exchange offices market of 11.6% in October 2003*

In October 2003, the turnover on the exchange offices market registered a monthly increase of 11.6% and equaled US Dollar 136.3 million. The supply of and demand for foreign exchange increased by 3.9% and 23.2%, reaching US Dollar 76.7 million and US Dollar 59.6 million, respectively. The exchange offices registered net purchase of foreign exchange in the amount of US Dollar 17.1 million. The average exchange rate of the Denar relative to the Euro on the exchange offices market equaled Denar 61.39 per one Euro, which is almost the same level registered in the previous month. The Denar appreciated by 4.5% relative to the US Dollar, with Denar 51.61 being traded per one US Dollar<sup>9</sup>.

Chart 24  
Daily middle exchange rate of the Denar against the Euro and the USD on the foreign exchange market  
(Denars per unit of foreign currency, end of period)



<sup>9</sup> The US Dollar exchange rate is taken from the exchange rate list for the exchange offices operations of the NBRM.

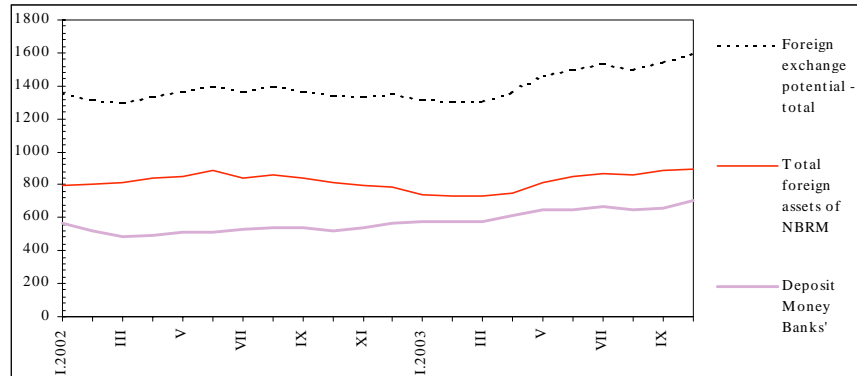


*Increased gross foreign exchange reserves of the NBRM...*

In October 2003, the total foreign exchange potential of the Republic of Macedonia registered an increase of US Dollar 54.1 million and reached US Dollar 1,597.0 million. The gross foreign exchange reserves of the NBRM registered an increase of US Dollar 9.6 million compared to the previous month, thus reaching US Dollar 856.3 million. The main causes for the increase in the gross foreign exchange reserves are the cross currency differentials, the increased Government deposits and the interest on the foreign exchange deposits.

Chart 25

Foreign exchange potential of the Republic of Macedonia  
(in US Dollar million)



*...and increased total foreign assets of the deposit money banks*

In October 2003, the total foreign assets of the banks increased by US Dollar 42.6 million thus reaching US Dollar 702.8million. The main cause for the increase are the increased foreign exchange deposits of enterprises and households.