



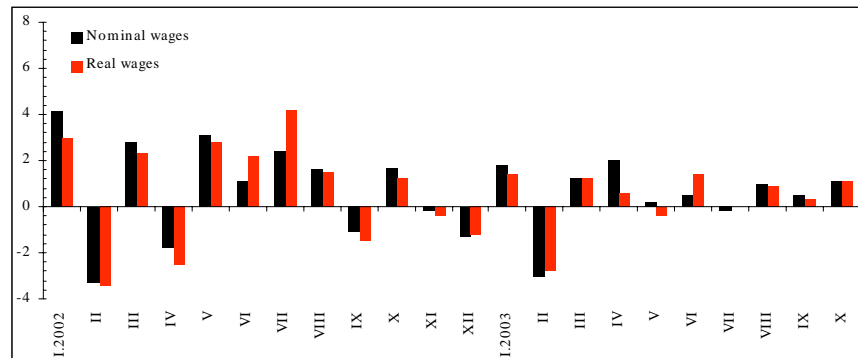
1.3.

Other macroeconomic developments

The increase in the average net paid wage continued

In October 2003¹, the average net paid wage per worker in the Republic of Macedonia reached Denar 12,143 which is the highest monthly amount since the beginning of 2003. In addition, October is the third month in a row in which the average net wage registers an increase in nominal terms, which during this month equaled 1.1% and was identical with the increase in real terms (taking into consideration the unchanged level of the costs of living in October). Analyzed by activities, the monthly increase in the wages was registered in industry (3.1%) and services (1.6%), while the wages in agriculture registered a monthly decline (17.5%). In comparison with the same month of the previous year, in October 2003, the net-paid wage per worker increased by 3.5% in nominal terms (by 2.0% in real terms), while in the first ten months of 2003, the net paid wage registered an average nominal increase of 5.3% (4.3% in real terms). However, the number of employees that did not receive wages for the respective month increased by 2.3 percentage points and reached 27.6%, which is the highest percentage since the beginning of 2003.

Chart 5
Average net wages
(changes in percent, on previous month)



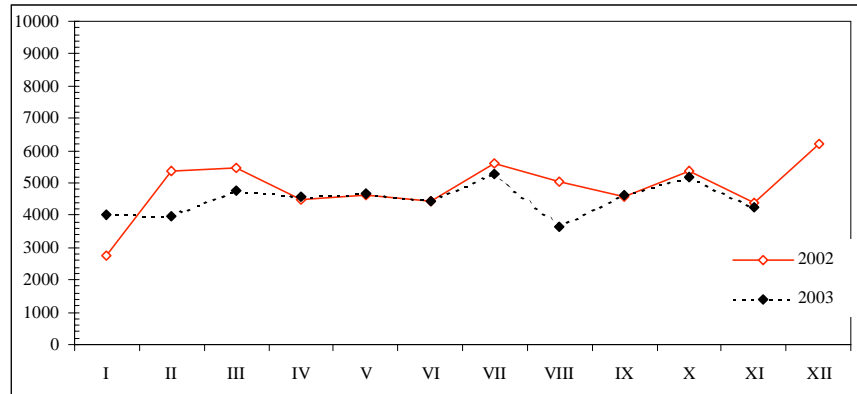
In November 2003, the total budget revenues registered monthly decrease of 17.9%...

In November 2003, compared to the previous month, the total budget revenues decreased by 17.9% and equaled Denar 4,246 million. The decrease was registered in all main revenue categories, with the tax revenues being lower by 13.3%, the non-tax revenues by 51.1% and the capital revenues by 12.8%. Regarding the tax revenues, a decrease was registered in almost all tax categories (except in the excises), with the most significant one of 24.3% being registered in the revenues originating from the value added tax, primarily as a result of the high comparison base registered in the previous month, when the payment of this tax on a quarterly basis was made.

1 Last available data of the State Statistical Office



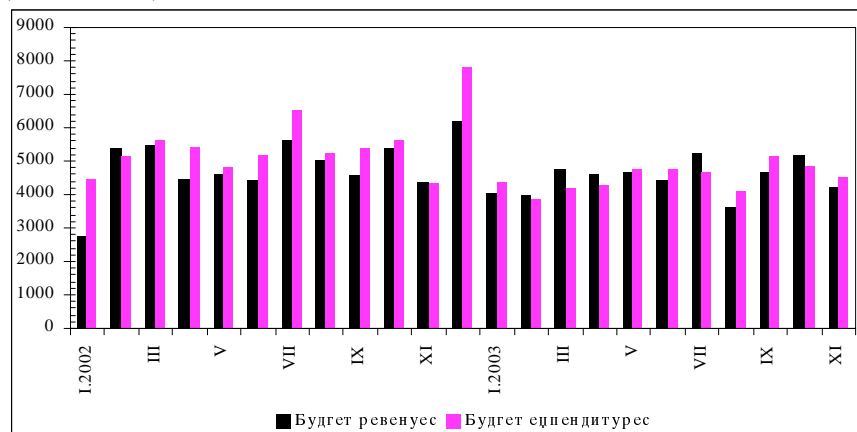
Chart 6
Total Central Government budget revenues
(in Denar million)



...and a decrease of 5.1% on cumulative basis

In the January - November 2003 period, the total budget revenues equaled Denar 49,458 million, which is a decrease of 5.1% compared to the same period of the previous year. This decrease is primarily due to the reduced tax and capital revenues by 7.4% and 0.8%, respectively, while the non-tax revenues registered an increase of 37.1%. The decrease in the tax revenues is again due to the different comparison base registered in the previous year (when the tax on financial transactions was collected), despite the registered increase in the revenues originating from the profit tax and the value added tax of 26.9% and 7.1%, respectively. On the other hand, the increase in the non-tax revenues is a result of the increased revenues registered in all non-tax categories, given the significantly increased inflow of dividends from the state-owned property.

Chart 7
Total Central Government budget revenues and expenditures
(in Denar million)

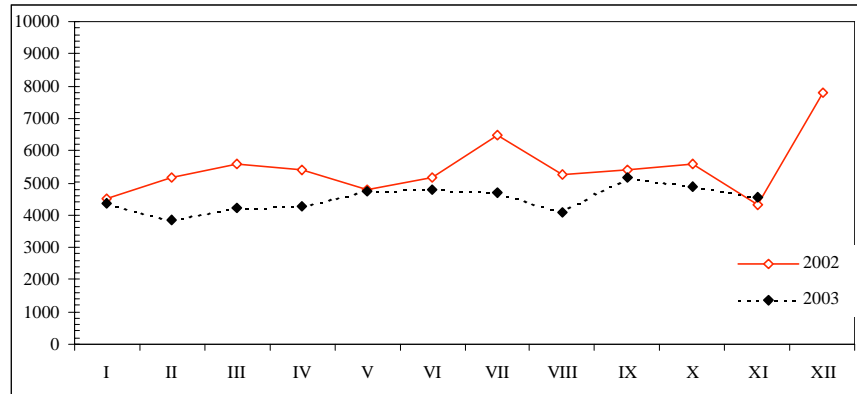


In November 2003, the total budget expenditures registered monthly decrease of 6.8%...

In November 2003, the total budget expenditures of the Central Government equaled 4,539 million, which is a decline of 6.8% on a monthly basis given the reduced current and capital expenditures. Thus the current expenditures decreased by 3.9% (in accordance with the reduced expenditures for goods and services and the reduced expenditures for interest by 0.5% and by 88.7%, respectively), while the capital expenditures were lower by 23.8%.



Chart 8
Total Central Government budget expenditures
(in Denar million)



...and a cumulative decrease of 14.0%

Analyzed on cumulative basis, in the January - November 2003 period, the total budget expenditures equaled Denar 49,651 million, which is a decline of 14.0% compared to the same period of the previous year. The decline is primarily due to the reduced capital expenditures, while the amount of the current expenditures during the analyzed period is the same with the amount registered in the respective period of the previous year. However, the structural share of the current expenditures in the total expenditure structure increased by 12.7 percentage points, while the structural share of the capital expenditures is lower by 5.9 percentage points.