



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 %		
Costs of living	XII.2003	-	0.5	2.6	1.2
Retail prices	XII.2003	-	0.3	2.9	2.4
Prices of producers of industrial products	XII.2003	-	0.2	-0.2	-0.3
Industrial output	XII.2003	-	-20.7	-8.6	4.7
		in Denar million			
Total trade turnover	XI.2003*	11,526	-11.6	11.7	21.6
Completed construction works	XI.2003*	507	-16.7	2,2 times	-8.5
		in denars			
Nominal average net paid wage	XI.2003*	11,878	-2.2	1.5	4.9
Real average net paid wage	XI.2003*	-	-2.8	-0.4	3.8
		in Denar million			
Budget revenues	XII.2003	4,420	4.0	-28.8	-7.6
Budget expenditures	XII.2003	6,778	49.3	-13.2	-13.9

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.

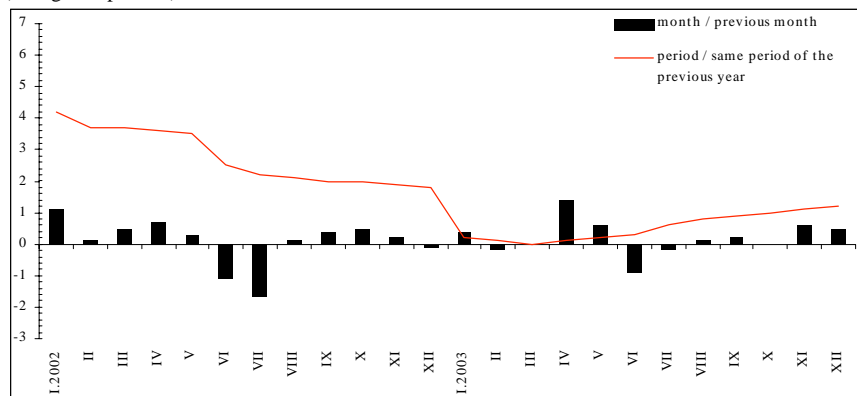
Prices

In December 2003, monthly increase in the costs of living of 0.5% was registered...

...with the average rate of inflation in 2003 reaching 1.2%, which is below the projected level

In December 2003, the monthly rate of inflation measured through the index of the costs of living increased by 0.5% on a monthly basis. This increase is due to the increased costs of tobacco and beverages and the costs of food by 2.2% and 0.8%, respectively, caused by the increase in the prices of alcoholic beverages, i.e. by the increased prices of agricultural products. The costs in the remaining categories registered a minimal increase or they remained unchanged. Observed by the structure, the costs of goods were higher by 0.6%, while the costs of services remained on the level registered in the previous month. On annual basis, the costs of living increased by 2.6%, primarily as a result of the increase in the costs of services (5.9%). In 2003, the average rate of inflation equaled 1.2%, which is below the projected level, and in comparison with 2002 it decreased by 0.6 percentage points. The highest average increase in 2003 was registered in the costs of housing and in the costs of fuel and lighting of 4.4%, in compliance with the higher prices of electricity and in the costs of transport and services of 4.2%, in compliance with the increased prices of postal services, while a decrease was registered only in the costs of food of 1.4%.

Chart 1
Costs of living
(changes in percent)



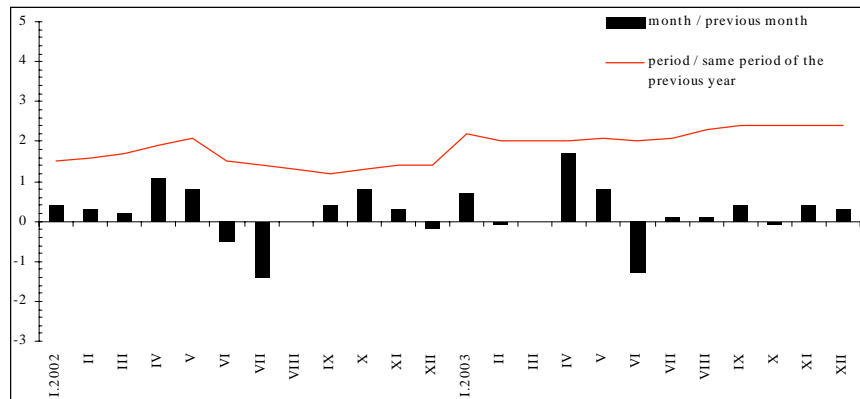
In December 2003, the retail prices registered monthly increase of 0.3%...

...with the average increase in 2003 being equal to 2.4%

In the last month of 2003, the retail prices were higher by 0.3% compared to the previous month. The increase is caused by the increased prices of agricultural products by 2.8% due to the seasonally increased prices of vegetables by 7.0%, while the prices of fruits declined by 2.5%. An increase in the prices was also registered in beverages of 4.1% as a result of the increased prices of alcoholic beverages by 6.2%. Structurally observed, the prices of goods increased by 0.4%, while the prices of the services retained the level registered in the previous month. The annual increase in retail prices equaled 2.9%, and it was basically caused by the increased prices of services. In 2003, the retail prices registered an average increase of 2.4% in comparison with 2002, given the higher increase in the prices of beverages of 5.6% and the increase in the prices of non-food industrial products of 1.8%, contrary to the registered decrease in the prices of agricultural products of 2.4% and in the prices of the industrial food products of 1.1%.



Chart 2
Retail prices
(changes in percent)



In December 2003, the prices of the producers of industrial products increased by 0.2% on a monthly basis...

...while on average, in 2003 they decreased by 0.3%

In December 2003, the prices of the producers of industrial products registered monthly increase of 0.2% as a result of the increased prices of the producers of intermediary products (except energy) by 1.6%. Observed by sectors, increase in the prices of 0.6% and 0.3% was registered in the sector "mining and quarrying" and in the processing industry, respectively, while the prices of the producers in the sector "electricity, gas and water supply" remained on the level they registered in the previous month. On annual basis, the prices of the producers of industrial products were lower by 0.2%, while on average, in 2003 they declined by 0.3%. The average decline is due to the reduced prices of the producers of capital goods and of the producers of non-durable consumption goods of 1.4% and 0.9%, respectively.

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

