

**National Bank  
of the Republic of Macedonia**



**Monthly  
Report**

**4 / 2005**

*June 2005*



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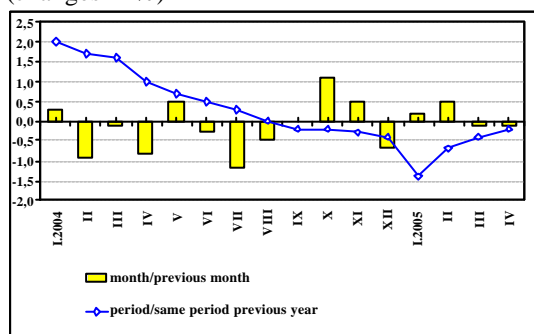
### **Important economic events and amendments to the legal regulations in April 2005**

- ❖ *On April 4, the Energetic Regulatory Commission adopted a Decision on setting the highest prices of certain oil derivatives determined pursuant to the Methodology ("Official Gazette of RM" no. 21/2005), according to which the retail and the refinery prices of oil derivatives averagely increase by 0.5% and 1.06%, respectively, as a result of the increment in the referent prices of oil derivatives on the international market. Also, on April 18, the Energetic Regulatory Commission adopted a decision according to which the retail prices of oil derivatives, decrease by 0.23% on average, whereas the refinery prices of oil derivatives which increase by 0.2% on average ("Official Gazette of RM" no. 25/2005).*
- ❖ *On April 8, the banking group Prva Pokojninska Druzba a.d. Ljubljana together with Komercijalna Banka a.d. Skopje, as well as the banking group Nova Ljubljanska Banka a.d. Ljubljana together with Tutunska Banka a.d. Skopje officially obtained license for founding of and management with both private pension funds for obligatory capital pension insurance the commencement of which is expected in 2006.*
- ❖ *On April 8, new production line for packing fruit syrup worth Euro 2 million was launched by the company for production of natural juice "Fructal-mak".*
- ❖ *On April 11, the first annual Conference on Export Promotion of the Republic of Macedonia, within the WTO Compliance Activity Project organized by the Ministry of Economy and the USAID) for the purpose of stimulating and dynamizing the export was held.*
- ❖ *On April 12, the Chamber of Commerce of the Republic of Macedonia presented the Interactive business information system, the Development Support of Small-size and Medium-size Enterprises Center and the Production and Services Quality Promotion Center, the basic function of which is making preconditions for electronic market, examination of the market and implementation of the quality implementation systems, in accordance with the international standards.*
- ❖ *On April 25, the financial system of the Republic of Macedonia was enriched with the initiation of the OTC market - secondary market of securities, with the legal framework being previously established and necessary technical and institutional preconditions provided. The short-term Government bonds will be traded in the initial phase of the development of the OTC market.*
- ❖ *On April 26, the Parliament of the Republic of Macedonia adopted the Law on Transforming JP "Makedonski Zeleznici" envisaging its division into two new entities: public enterprise for railway infrastructure - "Makedonski Zeleznici"- Skopje and transportation joint stock company "Makedonski Zeleznici Transport a.d."- Skopje ("Official Gazette of RM" no.29/2005).*
- ❖ *On April 27, the Governments of the Republic of Macedonia and Turkey signed Cooperation Protocol in order to develop the economic and trade cooperation between both countries.*
- ❖ *On April 28, the Government of the Republic of Macedonia and the Netherlands signed Economic Cooperation Memorandum aimed at stimulating the connecting of the enterprises from both countries in order to launching joint production in the Republic of Macedonia intended to the European markets.*

## I. Economic Developments in the Republic of Macedonia

In April 2005, the level of the consumer prices, as measure for the rate of inflation remained almost unchanged on a monthly basis (-0.1). From the aspect of the categories of higher significance in the index structure, a decrease was registered in the costs of food (of 0.3%). Simultaneously, the costs of transport equipment and services went up by 0.9%, mainly as a result of the higher prices of fuels and lubricants (by 3.9%) and transport equipment and services (by 2%). The costs of housing retained the level registered in the previous month. On annual basis, the rate of inflation equals 0.6%, mainly influenced by the higher costs of transport equipment and services (by 4.7%). On average, in the first four months of 2005, the consumer prices decreased by 0.2%, which is primarily due to the decrease in the costs of food (of 3.1%)<sup>2</sup>. However, the consumer prices tendency for abandoning the deflation zone continued.

Figure 1  
Consumer prices  
(changes in %)



In April 2005, in comparison with the previous month, the retail prices registered a monthly increase of 0.2% (increase in the non-food industrial products of 0.7%). The average annual growth rate of the retail prices in the January - April 2005 period reached 1.5% and it is due to the higher prices of non-food industrial products and beverages (by 2% and 2.5%, respectively). In April 2005, the prices of the producers of industrial products registered an annual increase

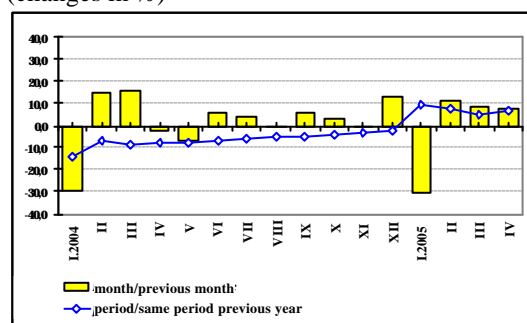
1 Source: State Statistical Office of the Republic of Macedonia

<sup>2</sup> The decrease in the costs of food reflects the effect from the decrease in the customs duties to the agriculture products, in accordance with the membership of the Republic of Macedonia in the WTO.

of 0.8%, caused by the higher prices of the producers of oil derivatives, in compliance with the adopted decisions of the Energetic Regulatory Commission (on March 21 and April 04, 2005), on increasing the refinery prices of oil derivatives (by 6.9% and 1%, respectively). On annual basis and on average, the prices of the producers of industrial products augmented by 3.1% and 2.2%, respectively, in line with the increase in the prices in the processing industry (increase in the prices of the producers of oil derivatives and electrical machinery and apparatus) and in the sector "mining and quarrying".

In April 2005, the actual volume of the industrial output registered monthly increase of 7.3%. Such movement points to continuation of the positive trend, although in April the industrial output commonly registers monthly decrease. Analyzed by sectors, the rise in the industrial output is completely due to the increased output in the processing industry (by 13.6%), which primarily originates from the increase in the production of products made of other non-metal minerals (of 58.4%), oil derivatives (of 53%), tobacco products (of 37%) and food products and beverages (of 11.1%).

Figure 2  
Industrial output  
(changes in %)



Monthly decrease in both, "electricity, gas and water supply" and "mining and quarrying" sectors is registered (of 13.6% and 0.5%, respectively). On annual basis, the industrial output increased by 10.5% (the highest annual increase since the beginning of 2005), which is primarily due to the improved output of intermediary products, i.e. to the increase in the production of basic metals (by 2.1 times) conditioned by the low comparison base registered in the previous year due to the non-functioning of one of the larger industrial facilities). On average, in the first four months of

2005, the industrial output is higher by 6.4 % in

comparison with the same period of 2004.

## II. Monetary developments in the Republic of Macedonia

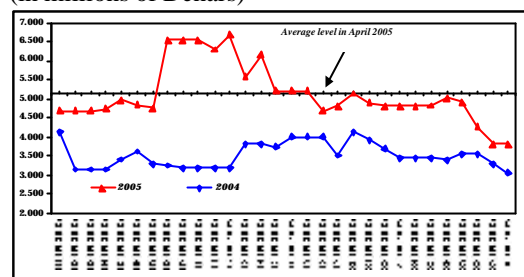
In April 2005, the NBRM continued with the implementation of the monetary strategy of targeting the nominal Denar exchange rate against the Euro. The monetary policy was realized through higher demand for cash, lower interest of banks to invest in CB bills and intensified budget spending.

In April 2005, the average daily liquidity of the banking system<sup>3</sup> equaled Denar 5,134.4 million, which is monthly increase of 9.4%. The higher average level of liquidity is caused by the foreign exchange transactions of NBRM (in direction of net purchase of foreign currency) and lower average level of CB bills. Analyzed by the dynamics, in the beginning of the month the banks registered cumulated lack of liquidity and in order to meet the reserve requirement (as of April 10), they withdrew part of the CB bills. The effects of such movements reflected through higher liquidity during the period of meeting the reserve requirement, with this liquidity effect being drained out in the middle of the month. In the second half of April, the bank liquidity was below the average, which corresponds to the seasonal increase in the demand for cash (before Easter and First of May Holidays). The excess of liquid funds (exceeding the reserve requirement<sup>4</sup>) equaled 8%, which is a decrease of 1.2 percentage points relative to the previous month.

<sup>3</sup> It includes banks' account with the NBRM and cash in vault of the banks.

<sup>4</sup> The period for maintaining (fulfilling) the banks' reserve requirement covers the 11th day of the current month to the 10th day of the following month.

Figure 3  
Daily dynamics of the banks' liquidity  
(in millions of Denars)



In April 2005, the autonomous factors (except the currency in circulation) represented flows of creating liquidity in the banking system. Thus, liquidity was created on the basis of the realized net purchase of foreign currency on the foreign exchange market by the NBRM, as well as monthly decrease in the Government Denar deposits with the NBRM (of Denar 138 million). The liquidity was created also through the CB bills auctions of the NBRM, the monthly basis of which is lower by Denar 648 million. On the other hand, the seasonal increase in the currency in circulation before the Easter and First of May Holidays (of Denar 984 million) acted towards a decrease in the banks' liquid funds.

In April 2005, more intensive activity was registered on the institutionalized money market in comparison with that registered in the previous month. Namely, the total turnover went up by 31% and it reached Denar 336.5 million. In terms of higher demand for than supply of liquid assets, the average weighted interest rate equalled 8.6%, compared to 8.5% registered in March 2005. The volume of the realized transactions on the non-institutionalized money market equalled Denar 994 million (decline of 51.4% compared to the previous month). The average interbank interest rate on both, the institutionalized and the non-institutionalized money market went down by 0.1 percentage point and it equalled 8.1%.

At the end of April 2005, in comparison with the end of the previous month, the reserve money registered an increase of 5.7%, as a result of the increment in the currency in circulation (of 7.5%). In terms of a decrease in



the demand deposits (of 6%), the increased demand for cash represented the main cause for the increase in the money supply M1 (of 0.6% on a monthly basis). The wider monetary aggregates M2 and M4 registered almost an identical increase (of 3.3% and 3.1%, respectively), which given the long-term deposit potential is completely due to the higher level of short-term time deposits.

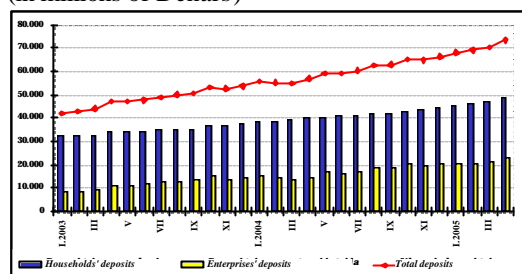
Table 1  
Monetary aggregates and their components

	30.04.2005	monthly	annual
		change	change
		in %	in %
Currency in circulation	14.191	7,5	3,7
Demand deposits	12.920	-6,0	3,3
<b>Monetary aggregate M1</b>	27.111	0,6	3,5
Short-term Denar deposits	24.517	5,1	49,8
<b>Monetary aggregate M2 - Denar share</b>	51.628	2,7	21,3
Short-term foreign currency deposits	44.185	4,0	23,9
<b>Monetary aggregate M2</b>	95.813	3,3	22,5
Non-monetary deposits	4.604	-0,9	-8,3
- Denar	3.107	-0,1	-9,6
- foreign currency	1.497	-2,3	-5,5
<b>Monetary aggregate M4</b>	100.417	3,1	20,6

The banks' total deposit potential raised by 4% on a monthly basis, and at the end of April it equaled Denar 73,306 million. The increase in the total deposits is completely due to the monthly increase in the short-term time deposits (of 4.4%), given the simultaneous increase in their Denar and foreign exchange component (of 5.1% and 4%, respectively). Contemporaneously, the long-term deposits reduced by 0.9% on a monthly basis. From the aspect of the currency structure, monthly increase was also registered in both, Denar and foreign currency deposits (by 4.5% and 3.8%, respectively). The structural analysis shows monthly increment in the households' deposits of 3%, as a result of the increase in all deposit categories from the aspect of the maturity and the currency structure. The most intensive increment is registered in the short-term Denar deposits (primarily the sight deposits and the time deposits with maturity of up to three months), reflecting the effect of the payment of the bond for old foreign currency savings<sup>5</sup>. The corporate sector as well continues cumulating funds in the banking system in form of deposits (monthly increase in the deposits of 6.8%), given the increment in the foreign currency deposits of 12.3%.

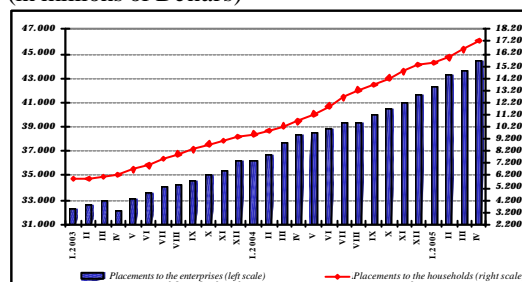
<sup>5</sup> On April 04, 2005, amount of 1.5 billion were transferred from the budget on the basis of due liabilities based on principal and interest on the bond for old foreign currency savings.

Figure 4  
Deposit timeframes  
(in millions of Denars)



The further widening of the banks' deposit base had positive reflection on the movement of the banks' total placements<sup>6</sup>, which increased by 2.4% in April, thus reaching the level of Denar 61.760 million. From the aspect of the currency structure, the Denar<sup>7</sup> and the foreign currency credits went up by Denar 868 million and Denar 572 million, or by 1.8% and 4.4%, respectively. Within the Denar credits, higher share of the long-term credits is registered, which is a signal for improved financial support of the consumption of durable goods and investments. Analyzed by sectors, the monthly increase was registered in the credits of households and enterprises (of 4% and 1.7%, respectively).

Figure 5  
Banks' placements by sectors  
(in millions of Denars)



In April 2005, the banks' interest rate policy remained almost unchanged, with the weighted lending interest rate of the banks being equal to 11.89%, while the average weighted interest rate on three-month Denar deposits equaled 6.59%. The average weighted interest rate on the short-term foreign currency credits equaled 7.24%, which is an insignificant change

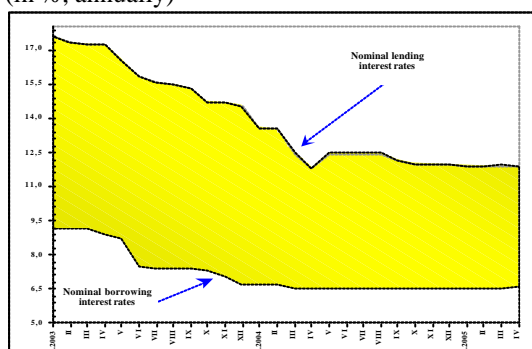
<sup>6</sup> Since January 2005, the banks' credits are analyzed without the amount of the calculated uncollected interest by credits.

<sup>7</sup> Including also the Denar deposits with foreign exchange clause



compared to the previous month (7.28% in March 2005). The interest rate on the three-month deposits in Euros ranged from 1% to 3.29%, and the interest rate on the time three-month deposits in US Dollars ranged between 0.86% and 2.50%.

Figure 6  
Banks' weighted interest rates and spreads\*  
(in %, annually)



\*Pertain to Denar credits and deposits with the indexed loans also being included

According to the specified Calendar for issuance of Treasury bills, two auctions of Treasury bills with maturity of three months and one auction of Treasury bills with maturity of six months were held in April 2005 (also an extraordinary auction of Treasury bills i.e. reopening of an auction with maturity of one month was held on April 08, 2005.). Also the Over the Counter Market<sup>8</sup> was established in April 2005 (as an alternative market infrastructure for trading with securities). The Treasury bills are traded in the initial phase of the Over the Counter Market. The introduction of the secondary market for the Treasury bills is expected to enhance their activities, which would influence on improved transmission of the monetary policy through the interest rate channel.

<sup>8</sup> The Rules for the Over the Counter Market became effective on April 23, 2005, while its operating started officially on April 25, 2005.

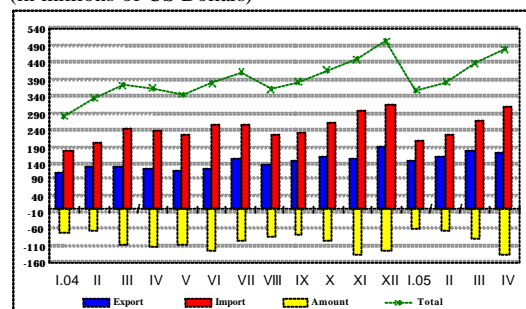
### III. Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

In April 2005, the total volume of the foreign trade<sup>9</sup> of the Republic of Macedonia amounted to US Dollar 477.5 million, which is a monthly increase of 9.2%. The export of goods in the amount of US Dollar 170.3 million was realized in April, which is a decline of 1.9% in comparison with the previous month, while annually, it augmented by 36%. The monthly decrease in the export is mainly due to the lower export of clothing, textile, pharmaceutical products, as well as of tobacco and meat (a seasonal high export in the previous month). In April 2005, the import of goods reached US Dollar 307.2 million, which is a monthly increase of 16.5% basis, while the annual increase in the import equals 29%. The analysis by products indicates that the monthly increment in the import is result of the higher import of iron and steel, mineral fuels and aircrafts<sup>10</sup>.

<sup>9</sup> Preliminary data of the Statistical Office of the Republic of Macedonia. The export of goods is presented on f.o.b. basis, while the import of goods is presented on c.i.f. basis

<sup>10</sup> The import of aircrafts is due to the one-time import of airplane for the needs of the Government of the Republic of Macedonia.

Figure 7  
Foreign trade of the Republic of Macedonia  
(in millions of US Dollars)



Source: State Statistical Office of the Republic of Macedonia

In April 2005, the foreign trade deficit amounted to US Dollar 137 million, which is the third highest trade deficit registered on a monthly basis since 1994<sup>11</sup>. In terms of higher import and lower export, the trade deficit registered monthly increase of 51.9%. The export-import coverage ratio equals 55.4%, which is lower by 10.4 percentage points on a monthly basis.

<sup>11</sup> Higher trade deficit was recorded in March 2000 and in November 2004 in the amount of US Dollar 175.5 million and US Dollar 140.7 million, respectively.





Despite the unfavorable changes in April, on cumulative basis, in the January - April 2005, positive movements in the foreign trade were registered. In comparison with the same period of the previous year, both the export and the import registered increase of 31.9% and 17.6%, respectively. The export of iron and steel and their products, as well as of oil derivatives was the main reason for to the cumulative increase in the export, while the augmented import is a result of the import of iron and steel, mineral fuels and raw materials for the textile industry. The foreign trade deficit amounts to US Dollar 356.3 million (decline of US Dollar 6.7 million), while the export - import coverage ratio equals 64.5% (higher by 7 percentage points compared to the same period of 2004).

The total foreign trade presented in Euro currency<sup>12</sup> equals Euro 369.1 million<sup>13</sup>, which is an increment of 11.3% relative to March 2005. The export and the import of goods denominated in Euros amounts to Euro 131.6 million and Euro 237.5 million, respectively, with both components registering monthly increase of 0.1% and 18.8%, respectively. However, trade deficit in the amount of Euro 105.9 million was registered, which is rise of 54.7% on a monthly basis .

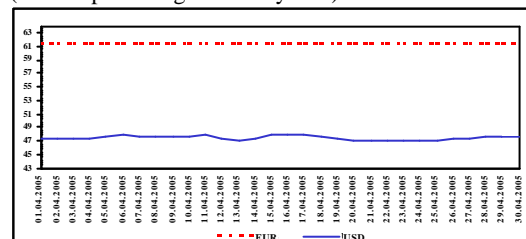
In the January - April 2005 period, the export equals Euro 496.1 million, and the import Euro 769 million, which is higher by 24.9% and 11.2%, respectively in comparison with the same period of 2004. The foreign trade deficit equals Euro 273.3 million, which is a decrease of 7.3% relative to the January - April 2004 period.

In April 2005, *the total turnover on the foreign exchange market* equals US Dollar 358.8 million, which is a monthly decrease of 4.1 %. The reduced turnover is mainly due to the lower volume of transactions between the banks and the enterprises. Higher net sale of foreign assets was registered by the banks having in mind the more intensive decrease in the banks' supply of than the demand for foreign currency. The NBRM interventions on the foreign exchange market resulted in net

purchase of foreign assets also during this month. The *gross foreign reserves* reached US Dollar 973.2 million at the end of April 2005, thus registering an increase of US Dollar 9.2 million compared to the end of the previous month. The increase in the gross foreign reserves is primarily a result of the higher net purchase of foreign currency on the foreign exchange market. Presented in Euro currency, the gross foreign reserves equaled Euro 751.1 million at the end of April 2005, or they augmented by Euro 6.3 million on a monthly basis.

At the end of April 2005, *the Denar exchange rate relative to the Euro* equaled Denar 61.37 per one Euro, i.e. it remained almost unchanged (Denar 61.42 per one Euro at the end of March 2005). Denar 47.56 per one US Dollar were traded at the end of April 2005, which means monthly depreciation of 0.2%.

Figure 8  
Daily middle Denar exchange rate relative to the Euro and the US Dollar on the foreign exchange market  
(Denars per foreign currency unit)



In April 2004, *the turnover on the currency exchange market* equaled US Dollar 126.2 million, which is a monthly increase of 8.5%. Having in mind the more intensive increase in the supply than in the demand for foreign currency, higher net purchase of foreign assets in the amount of US Dollar 44.8 million was registered (growth of 7.5%).

*The average Denar exchange rate relative to the Euro* on the currency exchange market equaled Denar 61.62 per one Euro in April 2005 thus preserving the level registered in the previous month, while monthly depreciation of 1.9% was registered in the Denar exchange rate against the US Dollar when Denar 47.41 per one US Dollar were traded, on average (Denar 46.54 per one US Dollar in March 2005).

<sup>12</sup> Calculation of the NBRM.

<sup>13</sup> The official data of the State Statistical Office of the Republic of Macedonia are given in US Dollars, while the calculations in Euros are prepared by the National Bank of the Republic of Macedonia.



At the end of April 2004, *the external debt of the Republic of Macedonia*<sup>14</sup> based on long-term credits reached US Dollar 1,927 million, which is by US Dollar 2.4 million more compared to the end of the previous month. In terms of almost equal amount of used funds and paid principal, the increase in the long-term external debt is mostly due to the positive exchange rate differentials (US Dollar 1.4 million). On the basis of previously extended long-term credits and loans, amount of US

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<sup>14</sup> Preliminary data of NBRM

Dollar 8.7 was used, while the serviced liabilities equaled US Dollar 12.1 million (US Dollar 8.3 million accounted for principal and US Dollar 3.8 million for interest). In April 2005, the amount of newly concluded credits was high and it equaled US Dollar 47 million and they completely originate from the private sector and foreign non-financial private creditors. The *short-term debt*, which refers exclusively to the entities from the private sector, equaled US Dollar 76.6 million at the end of April (monthly increase of US Dollar 1.2 million).



## Appendix

## Developments in Real Sector in the Republic of Macedonia

 Table 1  
 Costs of living and retail prices

	IV.2005	IV.2005	I-IV.2005
	III.2005	IV.2004	I-IV.2004
	in %		
<b>Costs of living</b>	<b>-0,1</b>	<b>0,6</b>	<b>-0,2</b>
Food	-0,3	-1,4	-3,1
Tobacco and beverages	0,0	6,6	6,0
Clothing and footwear	-1,0	3,2	3,8
Housing	0,0	0,4	-0,1
Flat (rent, water, services)	-0,1	1,0	-0,5
Fuel and lighting	0,1	0,9	0,6
Hygiene	-1,0	-4,5	-3,2
Culture and entertainment	0,3	-0,6	-0,6
Transport, communications, services	0,9	4,7	4,1
<i>Goods</i>	<i>-0,1</i>	<i>0,2</i>	<i>-0,7</i>
<i>Services</i>	<i>0,0</i>	<i>2,0</i>	<i>2,1</i>
<b>Retail prices</b>	<b>0,2</b>	<b>2,2</b>	<b>1,5</b>
Agricultural products	-0,7	-3,6	-4,8
Non-food industrial products	0,7	2,9	2,0
Processed food products	-0,2	-1,2	-2,7
Beverages	0,0	4,0	2,5
<i>Goods</i>	<i>0,4</i>	<i>1,5</i>	<i>0,4</i>
<i>Services</i>	<i>0,0</i>	<i>3,3</i>	<i>3,3</i>

Source: State Statistical Office of the Republic of Macedonia



**Table 2**  
Prices of producers of industrial products\*

	IV.2005	IV.2005	I-IV.2005
	III.2005	IV.2004	I-IV.2004
	in %		
<b>Prices of producers of industrial products</b>	<b>0,8</b>	<b>3,1</b>	<b>2,2</b>
Energy	3,4	10,5	7,0
Intermediary goods (except Energy)	0,1	1,9	2,1
Capital goods	0,0	0,0	0,0
Durable consumer goods	0,0	3,0	3,0
Non durable consumer goods	0,0	-0,1	-0,6
	<i>0,8</i>	<i>0,8</i>	<i>0,2</i>
<i>Mining and quarrying</i>	<i>1,0</i>	<i>3,8</i>	<i>2,7</i>
<i>Manufacturing industry</i>	<i>0,1</i>	<i>-0,9</i>	<i>-1,3</i>
	<i>0,0</i>	<i>0,3</i>	<i>0,4</i>
Manufacture of food products and beverages	0,0	0,0	-1,2
Manufacture of tobacco products			
Manufacture of textiles	0,0	0,0	0,0
Manufacture of wearing apparel; dressing and dyeing of fur	0,0	0,0	0,0
Publishing, printing and reproduction of recorded media	8,5	29,7	20,4
Manufacture of coke, refined petroleum products and nuclear fuel	0,0	0,1	0,1
Manufacture of chemicals and chemical products	0,0	0,0	0,0
Manufacture of rubber and plastic products			
Manufacture of other non-metallic mineral products	0,1	0,0	-0,2
Manufacture of basic metals	0,0	0,0	0,0
Manufacture of fabricated metal products, except machinery and equipment	0,0	0,0	0,0
Manufacture of electrical machinery and apparatus n.e.c.	0,0	8,5	9,7
<i>Electricity, gas and water supply</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>

\* Previous data

Source: State Statistical Office of the Republic of Macedonia


**Table 3**  
 Industrial output\*

	Structure in %	IV.2005	IV.2005	I-IV.2005
		III.2005	IV.2004	I-IV.2004
		in %		
<b>Total</b>	<b>100,0</b>	<b>7,3</b>	<b>10,5</b>	<b>6,4</b>
Energy	<b>21,8</b>	-7,5	-0,5	1,4
Intermediary goods (except Energy)	<b>33,8</b>	16,0	25,7	17,5
Capital goods	<b>4,8</b>	11,9	-15,3	-5,4
Durable consumer goods	<b>1,4</b>	-4,4	-14,2	-18,0
Non durable consumer goods	<b>38,1</b>	8,6	7,0	2,5
	<b>1,8</b>	<b>-0,5</b>	<b>-15,6</b>	<b>-19,7</b>
<i>Mining and quarrying</i>	<b>79,4</b>	<b>13,6</b>	<b>12,6</b>	<b>7,7</b>
<i>Manufacturing industry</i>	20,0	11,1	-0,7	-3,7
	3,9	37,0	-9,4	-20,6
Manufacture of food products and beverages	2,5	-0,8	0,5	-9,1
Manufacture of tobacco products				
Manufacture of textiles	8,6	2,5	17,4	11,4
Manufacture of wearing apparel; dressing and dyeing of fur	3,9	-8,4	7,1	4,3
Publishing, printing and reproduction of recorded media	3,0	53,0	-21,8	-13,4
Manufacture of coke, refined petroleum products and nuclear fuel	5,9	-18,3	-4,5	6,7
Manufacture of chemicals and chemical products	2,6	7,7	12,7	-3,8
Manufacture of rubber and plastic products	8,1	58,4	17,6	10,4
Manufacture of basic metals	6,0	14,6	2,1 times	89,0
Manufacture of fabricated metal products, except machinery and equipment	3,8	0,0	30,3	30,1
Manufacture of electrical machinery and apparatus n.e.c.	3,2	12,8	51,4	8,7
<i>Electricity, gas and water supply</i>	<b>18,8</b>	<b>-13,6</b>	<b>4,5</b>	<b>3,8</b>

\* Previous data

Source: State Statistical Office of the Republic of Macedonia



**Table 4**  
Central Government Budget  
(in Denar million)

	April 2005			January-April 2005		
	in Denar million	Monthly changes in %	Annual changes in %	in Denar million	Cumulative changes (2005/2004) in %	Structure in %
<b>Total budget revenues</b>	<b>5.443</b>	<b>16,9</b>	<b>100,0</b>	<b>18.269</b>	<b>-3,2</b>	<b>100,0</b>
<i>Tax revenues:</i>	5.160	17,4	94,8	17.330	1,4	94,9
- personal income tax	762	15,5	14,0	2.596	5,8	14,2
- profit tax	220	-65,2	4,0	1.300	14,4	7,1
- value added tax	2.779	41,4	51,1	8.524	0,2	46,7
- excises	843	26,2	15,5	3.160	3,0	17,3
- custom duties	499	18,2	9,2	1.525	-10,6	8,3
- other	57	16,3	1,0	225	5,5	1,2
<i>Non-tax revenues:</i>	238	5,8	4,4	782	-49,1	4,3
- inflows from state property dividends	43	2,4	0,8	125	-84,7	0,7
- administrative taxes and fees	159	1,9	2,9	546	16,9	3,0
- other administrative taxes	22	-8,3	0,4	80	-5,9	0,4
- other non-tax revenues	14	4,7 times	0,3	31	-81,4	0,2
<i>Capital revenues</i>	45	25,0	0,8	157	-39,4	0,9
<b>Total budget expenditures</b>	<b>5.054</b>	<b>8,1</b>	<b>100,0</b>	<b>18.885</b>	<b>4,9</b>	<b>100,0</b>
<i>Current expenditures</i>	4.403	-1,0	87,1	17.260	2,6	91,4
- wages and salaries	1.783	-1,2	35,3	7.156	3,8	37,9
- goods and services	632	-14,7	12,5	2.535	4,6	13,4
- transfers	1.748	-1,1	34,6	6.774	1,3	35,9
- interest	240	79,1	4,7	795	1,3	4,2
<i>Capital expenditures</i>	651	2,8 times	12,9	1.625	38,3	8,6
<b>Budget balance</b>	<b>389</b>			<b>-616</b>		
<b>Financing</b>	<b>-389</b>			<b>616</b>		
<i>Inflows</i>	1.283			3.669		
<i>Outflows</i>	1.672			3.053		

Source: Ministry of Finance

**Table 5**  
Total revenues and expenditures of the budget funds  
(in Denar million)

	April 2005				January-April 2005			
	Total revenues monthly changes		Total expenditures monthly changes		Total revenues cumulative changes		Total expenditures cumulative changes	
	Amount	in %	Amount	in %	Amount	in %	Amount	in %
Social Funds	<b>4.595</b>	<b>5,8</b>	<b>4.490</b>	<b>-2,5</b>	<b>16.780</b>	<b>2,0</b>	<b>17.020</b>	<b>2,3</b>
- pension and disability insurance	2.569	6,5	2.553	0,4	9.518	2,1	9.680	1,4
- health insurance	1.412	6,4	1.340	-6,7	4.866	3,5	4.933	6,3
- employment	614	1,7	597	-4,3	2.396	-1,1	2.407	-1,6
Road Fund	<b>342</b>	<b>44,9</b>	<b>197</b>	<b>-12,8</b>	<b>896</b>	<b>-19,5</b>	<b>672</b>	<b>-36,2</b>

Source: Ministry of Finance



## Monetary developments in the Republic of Macedonia

**Table 6**  
National Bank accounts  
(current exchange rate, in million denar)

	XII.04	I.05	II.05	III.05	IV.05
<b>I. Net Foreign Assets</b>	41824	41909	42743	43139	43547
Assets	44686	44791	45618	46026	46364
Liabilities	2862	2882	2875	2887	2817
<b>II. Net Domestic Assets</b>	-19509	-20227	-19730	-19930	-20078
<b>Domestic credit (a+b)</b>	-8014	-7400	-6680	-6700	-6731
<b>a) Credit to banks</b>	61	61	54	51	50
Credits extended at auction	0	0	0	0	0
Repurchased agreement	0	0	0	0	0
Credits based on securities	0	0	0	0	0
Long - term credits	37	37	37	37	37
Advances	14	14	7	4	3
Other	10	10	10	10	10
<b>b) Net, Government</b>	-8075	-7461	-6734	-6751	-6781
1. Credit to Government	2881	2881	2881	2881	2574
Use of Fund credit	0	0	0	0	0
Ordinary credit	0	0	0	0	0
Purchased Government sec.	1039	1039	1039	1039	1039
Other	1842	1842	1842	1842	1535
2. Government Deposits	-10956	-10342	-9615	-9632	-9355
<b>A) In denar</b>	-4696	-5053	-4552	-5060	-4922
- Demand deposits	-4696	-5053	-4552	-5060	-4922
<b>B) In foreign currency (1+2+3)</b>	-6260	-5289	-5063	-4572	-4433
1) Sight deposits					
<b>2) Deposits for special purposes</b>	-6115	-5144	-4918	-4425	-4285
Central Government institutions	-6046	-5082	-4856	-4363	-4223
Other funds and agency	-69	-62	-62	-62	-62
o/w Road fund	-69	-61	-61	-61	-61
<b>3) Other Government deposits</b>	-145	-145	-145	-147	-148
3. External account	0	0	0	0	0
In foreign currency	0	0	0	0	0
In denar	0	0	0	0	0
<b>Other items, net</b>	-11495	-12827	-13050	-13230	-13347
o/w : Remittance	-223	-229	-255	-234	-257
Other deposits	-1550	-1576	-1606	-1633	-1663
Transitory account	-166	-20	-57	-15	-14
Unclaimed portion of Gov. bonds	-1743	-1725	-1712	-1700	-1682
<b>Instruments</b>	-4552	-3409	-5737	-6034	-5386
Auctions of bills	-4552	-3409	-5737	-6034	-5386
<b>Total Liabilities</b>	17763	18273	17276	17175	18083
<b>Reserve money</b>	17745	18170	17206	17054	18034
Currency in circulation	14162	13364	13362	13207	14191
Cash in vaults	909	1023	918	796	902
Giro - accounts	2674	3783	2926	3051	2941
<b>Non Government deposits</b>	18	103	70	121	49
o/w Demand deposits	18	82	70	121	49
Quasi deposits	0	21	0	0	0
Restricted deposits in denars	0	0	0	0	0

Source: National Bank of the Republic of Macedonia



**Table 7**  
**Monetary Survey**  
 (current exchange rate, in million denar)

	XII.04	I.05	II.05	III.05	IV.05
<b>I. Net Foreign Assets</b>	68865	69089	68359	68421	69502
<i>National Bank</i>	41824	41909	42743	43139	43547
Assets	44686	44791	45618	46026	46364
Liabilities	2862	2882	2875	2887	2817
<i>Deposit Money Banks</i>	27041	27180	25616	25282	25955
Assets	37105	37308	36604	37303	37856
Liabilities	10064	10128	10988	12021	11901
<b>II. Net Domestic Assets</b>	26206	27050	28953	30116	32036
<b>1.Domestic credit</b>	61356	62654	65358	66792	68696
of which: Claims on Gov.	-916	-449	749	1118	1608
a) Deposit Money Banks	69431	70115	72092	73543	75477
-in denar	52575	52792	54327	55178	56524
Government	1650	1497	1952	2414	2918
Credits	1648	1495	1950	2413	2917
a) Budget and Line Ministries	1403	1274	1390	1898	2463
b) Funds	245	221	560	515	454
c) Ins. of Central Gov.	0	0	0	0	0
Accrued interest	2	2	2	1	1
Non Government sector	50925	51295	52375	52764	53606
Credits	45750	46024	47071	47410	48278
Adjusted					
of which: Overdue claims	9160	9336	9468	9548	9595
Accrued interest	5175	5271	5304	5354	5328
-in foreign currency	16856	17323	17765	18365	18953
Government	5509	5515	5531	5455	5471
of which: Overdue	0	0	0	0	0
Non Government sector	11347	11808	12234	12910	13482
Adjusted					
of which: Overdue	1600	1294	1342	1372	1333
b) Nat. Bank Claims on Government	-8075	-7461	-6734	-6751	-6781
<b>2.Other items, net</b>	-35150	-35604	-36405	-36676	-36660
of which: Claims on Gov.					
for frozen f.c. deposits	0	0	0	0	0
Accrued interest	-5177	-5273	-5306	-5355	-5329
Others	-29973	-30331	-31099	-31321	-31331

Source: National Bank of the Republic of Macedonia




 Monetary Survey (continuous)  
 (current exchange rate, in million denar)

	XII.04	I.05	II.05	III.05	IV.05
<b>M4Total</b>	95071	96139	97312	98537	101538
<b>M4 ( nonGovernment)</b>	93947	94855	96211	97423	100417
<b>M1(Total)</b>	27885	27123	27406	27303	27455
<b>M1 (nonGovernment)</b>	27595	26584	27006	26948	27111
<b>Currency in Circulation</b>	14162	13364	13362	13207	14191
<b>Demand deposits(total)</b>	13723	13759	14044	14096	13264
<b>Demand deposits(NonGov.)</b>	13433	13220	13644	13741	12920
Deposit Money Banks	13705	13677	13974	13975	13215
NonGov. Demand deposits	13415	13138	13574	13620	12871
Government Demand deposits	290	539	400	355	344
a) Budget and Line Ministries	115	304	148	80	91
b) Funds	171	232	249	273	252
c) Ins. of C.Gov.: Courts, etc.	4	3	3	2	1
Nation. Bank NonGov.Demand dep.	18	82	70	121	49
<b>M2 (Total)</b>	89906	91300	92666	93845	96886
<b>M2 (nonGovernment)</b>	88886	90063	91613	92779	95813
<b>Quasi money (Total)</b>	62021	64177	65260	66542	69431
<b>Quasi money (non Government)</b>	61291	63479	64607	65831	68702
Deposit Money banks	62021	64156	65260	66542	69431
Non Government sector	61291	63458	64607	65831	68702
Denar	20483	20968	21948	23336	24517
Foreign currency	40808	42490	42659	42495	44185
Government deposits	730	698	653	711	729
Denar	703	684	646	703	723
Foreign currency	27	14	7	8	6
NBM quasi deposits	0	21	0	0	0
<b>Nonmonetary Deposits (Total)</b>	5165	4839	4646	4692	4652
<i>Denar nonm. deposits (total)</i>	3464	3078	3122	3159	3155
<i>F.C. nonm. deposits (total)</i>	1701	1761	1524	1533	1497
<b>Nonmonetary Deposits (nonGov.)</b>	5061	4792	4598	4644	4604
<i>Denar nonm. dep.(nonG)</i>	3360	3031	3074	3111	3107
<i>F.C. nonm. dep (nonG)</i>	1701	1761	1524	1533	1497
-Deposit Money Banks	5165	4839	4646	4692	4652
Denar nonGov. nonmonetary dep.	3360	3031	3074	3111	3107
F. C. nonGovern. nonmon. dep.	1701	1761	1524	1533	1497
Denar Gov. nonmon. deposits	104	47	48	48	48
F. C. Govern. nonmon. deposits	0	0	0	0	0
-NBM NonGov. nonm. deposits	0	0	0	0	0
Denar	0	0	0	0	0
Foreign currency	0	0	0	0	0
<b>Total Deposits</b>	80909	82775	83950	85330	87347
<b>Total Deposits (nonGov.)</b>	79785	81491	82849	84216	86226

Source: National Bank of the Republic of Macedonia


**Table 8**

Total deposits of the non-government sector

	30.04.2005	monthly changes		annual changes		structure
		in Denar million	in Denar million	in %	in Denar million	
<b>Total deposits</b>	<b>73.306</b>	<b>2.831</b>	<b>4,0</b>	<b>16.240</b>	<b>28,5</b>	<b>100,0</b>
<b>1. According to maturity</b>						
- short-term	68.702	2.871	4,4	16.658	32,0	93,7
- long-term	4.604	-40	-0,9	-418	-8,3	6,3
<b>2. According to currency of denomination</b>						
- In denar	27.624	1.177	4,5	7.817	39,5	37,7
- In foreign currency	45.682	1.654	3,8	8.423	22,6	62,3

Source: National Bank of the Republic of Macedonia

**Table 9**

Households and enterprises deposits

	structure in %	30.04.2005 in Denar million	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
<b>Total households deposits</b>	<b>100,0</b>	<b>48.481</b>	<b>1.412</b>	<b>3,0</b>	<b>7.809</b>	<b>19,2</b>
<b>1. According to maturity</b>						
- short-term	95,4	46.262	1.375	3,1	8.566	22,7
- long-term	4,6	2.219	37	1,7	-757	-25,4
<b>2. According to currency of denomination</b>						
- In denar	27,5	13.341	821	6,6	1.876	16,4
- In foreign currency	72,5	35.140	591	1,7	5.933	20,3
<b>Total enterprises deposits</b>						
<b>Total enterprises deposits</b>	<b>100,0</b>	<b>22.780</b>	<b>1.459</b>	<b>6,8</b>	<b>7.899</b>	<b>53,1</b>
<b>1. According to maturity</b>						
- short-term	95,2	21.677	1.450	7,2	7.842	56,7
- long-term	4,8	1.103	9	0,8	57	5,4
<b>2. According to currency of denomination</b>						
- In denar	54,9	12.504	330	2,7	5.526	79,2
- In foreign currency	45,1	10.276	1.129	12,3	2.373	30,0

Source: National Bank of the Republic of Macedonia



**Table 10**  
Demand deposits of households and enterprises

	30.04.2005	monthly changes		annual changes	
		in Denar million	in Denar million	in %	in Denar million
<b>Demand deposits</b>	<b>12.920</b>	<b>-821</b>	<b>-6,0</b>	<b>413</b>	<b>3,3</b>
- Demand deposits of households	2.963	268	9,9	-37	-1,2
- Demand deposits of enterprises	8.275	-939	-10,2	621	8,1

Source: National Bank of the Republic of Macedonia

**Table 11**  
Maturity and sector structure of Denar and foreign currency placements

	Share on	Monthly change	Annual change
	30.04.2005 (in %)	(in percentage points)	(in percentage points)
<b>Denar placements</b>	<b>100,0</b>		
maturity structure			
- short-term	54,0	-0,9	-8,2
- long-term	46,0	0,9	8,2
structure by sectors			
- enterprises	65,1	-0,8	-9,5
- households	34,7	0,7	9,4
- other	0,2	0,1	0,1
<b>Foreign currency placements</b>	<b>100,0</b>		
maturity structure			
- short-term	37,7	-0,8	-2,9
- long-term	62,3	0,8	2,9
structure by sectors			
- enterprises	95,7	0,0	-0,8
- households	3,7	0,1	3,1
- other	0,6	-0,1	-2,3

Source: National Bank of the Republic of Macedonia


**Table 12**  
Interest rates

	April 2005	Monthly changes	Annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	10,00	0,00	2,0
Average weighted interest rate on the Money Market	8,59	0,09	1,9
Banks' weighted lending interest rates	11,89	-0,03	0,1
Banks' weighted deposit interest rates	6,59	0,03	0,1

Source: National Bank of the Republic of Macedonia and Money and Short-term Securities Market

**Table 13**  
Auctions of Treasury bills

Date	Supply	Demand	Realized	Weighted interest rate
	in Denar million			in %
<b>Treasury bills auctions, three-month</b>				
05.04.2005	650	341,8	337,9	10,26
19.04.2005	500	471,7	471,7	10,75
<b>Treasury bills auctions, six-month</b>				
05.04.2005	50	47,8	47,8	9,77
<b>Extraordinary auction*</b>				
08.04.2005	450	490	450	10,16

\* Maturity date 11.05.2005.

Source: Ministry of finance

## Foreign Trade and Foreign Exchange Developments in the Republic of Macedonia

**Table 14**  
Foreign trade of the Republic of Macedonia  
(in US Dollar million)

	IV.2005	I-IV.2005	IV.2005		IV.2005		I-IV.2005	
			III.2005	%	IV.2004	%	I-IV.2004	%
	amount		amount	%	amount	%	amount	%
<b>Foreign trade</b>	<b>477,5</b>	<b>1.652,8</b>	<b>40,3</b>	<b>9,2</b>	<b>114,1</b>	<b>31,4</b>	<b>307,3</b>	<b>22,8</b>
Exports	170,3	648,3	-3,2	-1,9	45,1	36,0	157,0	31,9
Imports	307,2	1.004,5	43,6	16,5	69,1	29,0	150,3	17,6
<b>Balance</b>	<b>-137,0</b>	<b>-356,3</b>	<b>-46,8</b>	<b>51,9</b>	<b>-24,0</b>	<b>21,2</b>	<b>6,7</b>	<b>-1,8</b>

Source: State Statistical Office of the Republic of Macedonia


**Table 15**

 Foreign trade of the Republic of Macedonia  
 (in EURO million)

	IV.2005	I-IV.2005	IV.2005		IV.2005		I-IV.2005	
			III.2005		IV.2004		I-IV.2004	
			amount	amount	%	amount	%	amount
<b>Foreign trade</b>	<b>477,5</b>	<b>1.652,8</b>	<b>40,3</b>	<b>9,2</b>	<b>114,1</b>	<b>31,4</b>	<b>307,3</b>	<b>22,8</b>
Exports	170,3	648,3	-3,2	-1,9	45,1	36,0	157,0	31,9
Imports	307,2	1.004,5	43,6	16,5	69,1	29,0	150,3	17,6
<b>Balance</b>	<b>-137,0</b>	<b>-356,3</b>	<b>-46,8</b>	<b>51,9</b>	<b>-24,0</b>	<b>21,2</b>	<b>6,7</b>	<b>-1,8</b>

Source: State Statistical Office of the Republic of Macedonia

**Table 16**

Ten most important trading partners of the Republic of Macedonia, I-IV, 2005

	Foreign trade (in US Dollar million)		Exports (in US Dollar million)		Imports (in US Dollar million)		Import- export coverage ratio
	Share	Share	Share	Share	Share	Share	
	I-IV. 2005						
<b>Republic of MACEDONIA</b>	<b>1.652,8</b>	<b>100,0</b>	<b>648,3</b>	<b>100,0</b>	<b>1.004,5</b>	<b>100,0</b>	<b>64,5</b>
<i>out of which:</i>							
Germany	238,8	14,4	140,6	21,7	98,2	9,8	143,2
Greece	200,4	12,1	104,8	16,2	95,6	9,5	109,6
Serbia and Montenegro	200,1	12,1	111,5	17,2	88,6	8,8	125,8
Russia	114,6	6,9	6,6	1,0	108,0	10,7	6,1
Italy	106,4	6,4	53,2	8,2	53,2	5,3	100,1
Bulgaria	98,9	6,0	19,1	2,9	79,9	7,9	23,9
Turkey	53,6	3,2	18,3	2,8	35,2	3,5	52,1
Slovenia	52,9	3,2	11,9	1,8	41,0	4,1	29,1
China	49,6	3,0	9,7	1,5	39,9	4,0	24,3
Croatia	47,9	2,9	26,5	4,1	21,4	2,1	123,5
<b>Total (10 largest trading partners)</b>	<b>1.163,0</b>	<b>70,4</b>	<b>502,2</b>	<b>77,5</b>	<b>660,8</b>	<b>65,8</b>	<b>76,0</b>

Source: State Statistical Office of the Republic of Macedonia



**Table 16**  
External long-term debt of the Republic of Macedonia  
(in US Dollar million)

	External debt		Credits used		Debt payments	
	31.03.2005	30.04.2005	III-2005	IV-2005	III-2005	IV-2005
<b>Official creditors</b>	<b>1.270,3</b>	<b>1.273,5</b>	<b>14,1</b>	<b>8,1</b>	<b>14,7</b>	<b>7,8</b>
out of which:						
<b>Multilateral</b>	<b>1.040,7</b>	<b>1.043,0</b>	<b>13,2</b>	<b>6,9</b>	<b>9,8</b>	<b>7,1</b>
MMF	60,8	59,5	0,0	0,0	0,0	1,4
IBRD	214,5	215,0	0,5	0,4	0,0	0,0
IFC	8,1	7,4	0,0	0,0	1,1	0,8
IDA	378,5	378,6	0,2	0,1	0,0	0,4
EIB	143,0	140,2	3,8	0,0	2,7	4,2
EUROFIMA	7,9	7,9	0,0	0,0	0,0	0,0
Council of EDB	21,9	21,9	0,0	0,0	0,0	0,1
EBRD	77,8	84,0	8,5	6,1	5,5	0,0
EU	116,5	116,6	0,0	0,0	0,4	0,0
IFAD	11,2	11,5	0,2	0,3	0,0	0,0
European Agency for Reconstruction	0,5	0,3	0,0	0,0	0,0	0,3
<b>Bilateral</b>	<b>229,5</b>	<b>230,6</b>	<b>0,9</b>	<b>1,3</b>	<b>5,0</b>	<b>0,7</b>
Paris club (rescheduled 1995)	137,2	137,4	0,0	0,0	0,0	0,1
Paris club (rescheduled 2000)	8,6	8,6	0,0	0,0	0,0	0,0
New credits	4,6	4,6	0,0	0,0	4,8	0,0
Non-rescheduled debt	79,2	80,0	0,9	1,3	0,2	0,6
<b>Private creditors</b>	<b>654,4</b>	<b>653,5</b>	<b>9,1</b>	<b>0,5</b>	<b>6,5</b>	<b>4,2</b>
out of which:						
<b>London Club of Creditors</b>	<b>227,6</b>	<b>227,6</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Other private creditors</b>	<b>426,7</b>	<b>425,9</b>	<b>9,1</b>	<b>0,5</b>	<b>6,5</b>	<b>4,2</b>
Banks and financial institutions	253,2	253,0	6,1	0,2	5,2	1,4
Enterprises	173,6	172,9	3,0	0,3	1,3	2,9
<b>TOTAL</b>	<b>1.924,6</b>	<b>1.927,0</b>	<b>23,2</b>	<b>8,7</b>	<b>21,2</b>	<b>12,1</b>

Source: National Bank of the Republic of Macedonia

## National Bank of the Republic of Macedonia Balance sheet

**Table 17**  
NBRM Balance sheet on April 30, 2005  
(in million Denars)

Assets	Amount	Liabilities	Amount
Foreign assets	<b>46,364</b>	Reserve money	<b>18,034</b>
Claims on Government	<b>3,160</b>	NBRM instruments	<b>5,386</b>
Claims on banks and other financial institutions	<b>50</b>	Restricted deposits	<b>257</b>
Other assets	<b>2,470</b>	Foreign liabilities	<b>2,817</b>
		Government deposits	<b>10,889</b>
		Capital accounts	<b>7,584</b>
		Other liabilities	<b>7,077</b>
<b>Total</b>	<b>52,044</b>	<b>Total</b>	<b>52,044</b>

Source: National Bank of the Republic of Macedonia