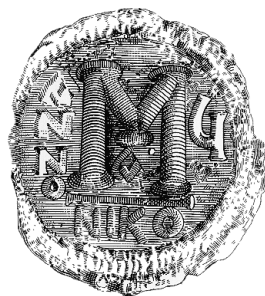


National Bank of the Republic of Macedonia
Research Department



Monthly Information

2/2010

April, 2010

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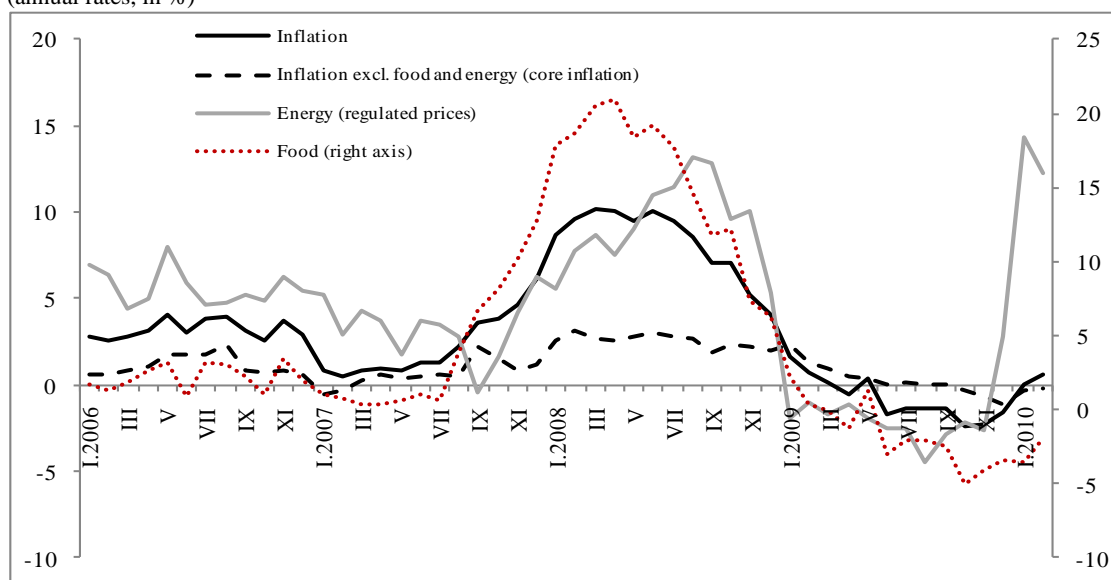
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1. PRICES

The three-month constant upward trend in the **consumer prices** continued in February 2010 as well, when the general price level registered rise of 0.4% on monthly basis. Such price development on monthly basis resulted mainly from the price growth in the food component of the index, i.e. from the seasonal rise in the prices of the fresh vegetables, supplemented by the higher prices of the fresh vegetables and fresh fish. Besides the food component, the oil derivatives registered upward developments as well, whereas the prices of education and development services registered more considerable fall. **On annual basis**, the positive inflation rate of 0.1% in January, intensified and reached up to 0.6% in February 2010. Such price growth can be explained by the positive contribution of the oil derivatives, because of the base effect (the last year's low level of the price of the crude oil) and the higher price of electricity. In the first two months of 2010, the cumulative inflation rate amounted to 0.3%.

In February 2010, the **core inflation**¹ (inflation without food and energy) was negative on annual basis and it amounted to -0.2% (-0.3% in the previous month). The minimal change was mainly due to the slowing down in the price fall in the means of transportation. The performances with the core inflation in the first two months of 2010 represented considerable slowing down in the negative trend, which started at the end of 2009.

Figure No. 1
Total and core inflation
(annual rates, in %)



Source: State Statistical Office of the Republic of Macedonia and NBRM.

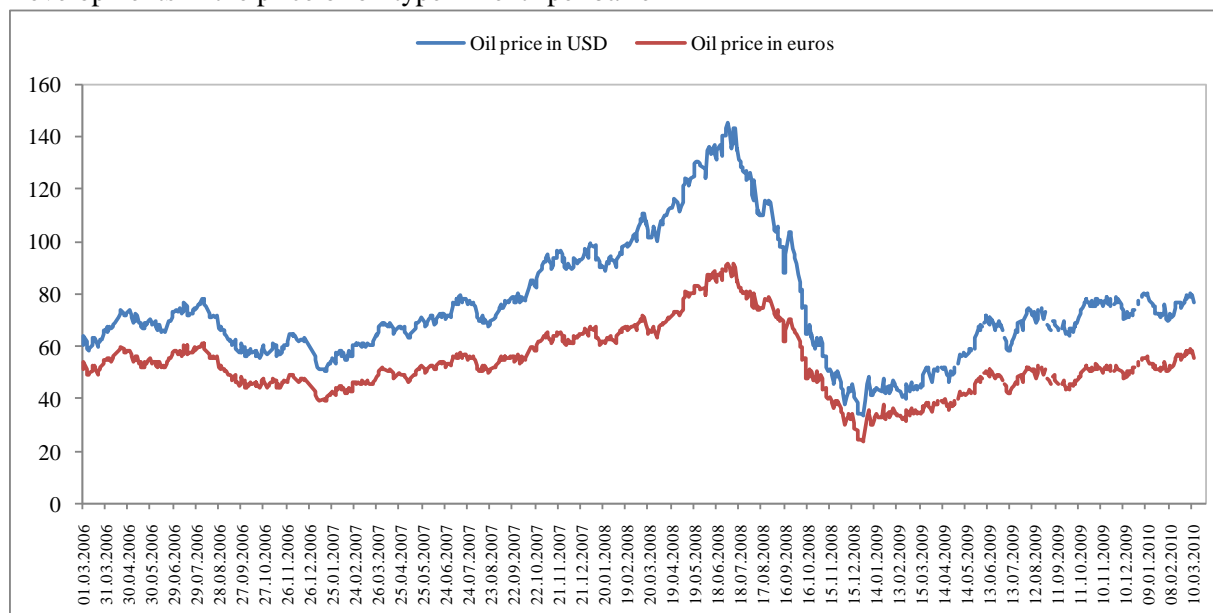
The moderate intensification in the annual inflation in February (0.6%), opposite to the anticipations that it shall remain at the same level, as well as the positive annual inflation of 0.1% in January, increased the possibility for minimally positive performances with the annual inflation in the first quarter of 2010 (annual inflation rate of -0.2% was projected for the first

¹ The calculations are made by the new weights. SSO in January 2010 performed regular correction of the weights in the price index, so the weight of the category "food" reduced by 2.0 percentage points.

quarter of 2010). Still, the revision of the participation of the categories in the total index for 2010 remained the main reason for such possible deviation concerning the projection, which reflected on the data for 2009 as well.

After the monthly rise of 2.3% in January, in February 2010 the average **price of the oil type "Brent"** reduced again by 2.7% on monthly basis, reducing to the level of December 2009, when the price ranged approximately USA Dollar 74 per barrel. The drop in the oil price was mainly due to the data issued by the USA Labor Bureau concerning the number of newly registered unemployed persons, as well as to the data on rise in the oil reserves in USA issued by the Energy Information Administration. In the first two weeks of March (from 1. till 12.), the oil price reached up to higher level and it ranged about USA Dollar 78.7 per barrel, so it registered rise of 4.1% relative to the previous two-week period (which was mainly due to the data on lower number of newly registered unemployed persons in USA, the data issued by the International Energy Agency for high annual rise in the oil consumption in China in January, as well as the improvement in the business sentiment). In accordance with the rise in the price of the oil and the stable development in the foreign exchange rate of the Denar against the USA Dollar, on March 15 the Regulatory Energy Committee increased the refinery and retail prices of oil derivatives by 4.4% and 3.2%, respectively. In the last days, the oil price ranged about USA Dollar 77 per barrel.

Figure No. 2
Developments in the price of oil type "Brent" per barrel

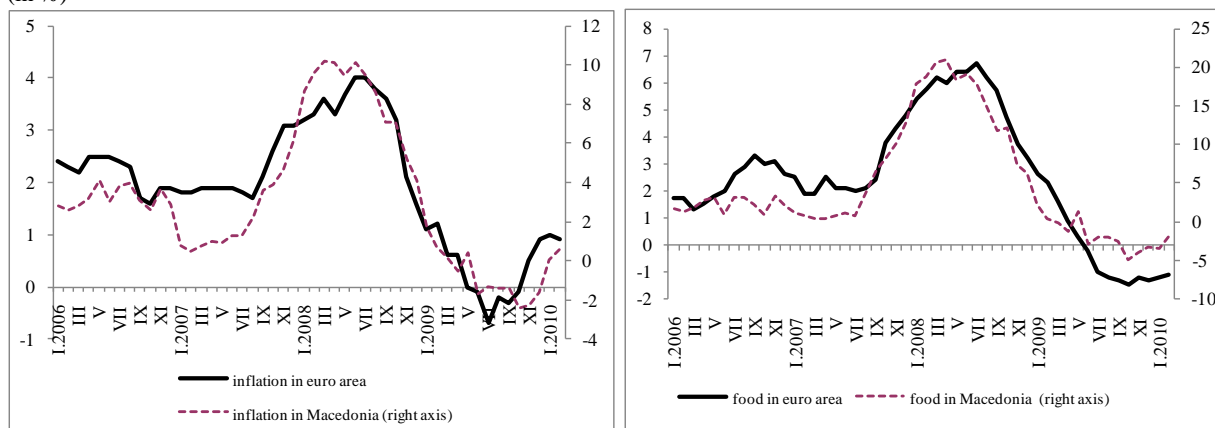


Source: The Energy Information Administration - statistical agency of the U.S. Department of Energy.

After the monthly drop of 0.8% in January, in February 2010 the level of the **consumer prices in the Euro area** increased again by 0.3%, relative to the previous month. The higher monthly level of the prices resulted from the higher prices of the package holidays, wearing apparel and the vegetables, while the prices of the transport fuels registered more considerable monthly drop. The annual inflation rate in the Euro area amounted to 0.9% in February (1.0% in January), under the influence of the base effects of the prices of transport fuels (which was due to the low price of the crude oil in the previous year) and the higher prices of tobacco prices, whereas the gas prices registered more considerable drop.

Figure No. 3

Annual inflation rates and food prices in the Euro area and in Macedonia
(in %)



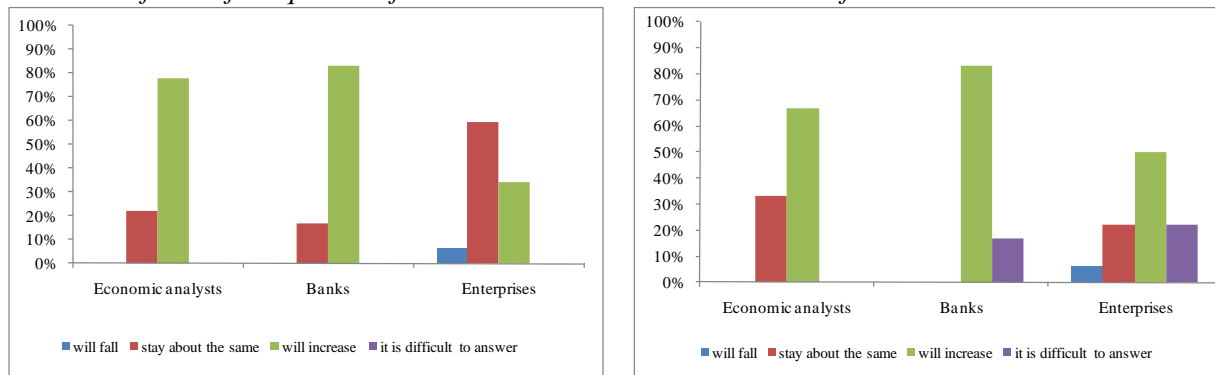
Source: Eurostat and SSO.

1.1. Inflation Expectations Survey

According the Inflation Expectations Survey conducted in February 2010², most of the surveyed (49%) anticipated for the annual inflation rate at the end of the **first quarter of 2010** to be higher than the level of 0.1% in January, slightly lower share (47%) considered that the inflation shall remain unchanged, and 4% anticipated decrease. With respect to the anticipations of certain groups of surveyed, considerable share (78%) of the *analysts* anticipated higher inflation, and the rest of them expected for it to remain at the current level. Also, most of the *banks* (83%) considered that the inflation will increase, and the rest of them that it shall remain unchanged. Within the *enterprises*, most of them (60%) anticipated for the inflation to remain at the level of January, 34% anticipated rise and 6% expected fall. *The anticipated inflation rate for March 2010, based on the results from the Survey, amounted to 0.3%.*

Figure No. 4

Distribution of answers for the inflation expectations by groups of surveyed
for the first quarter of 2010 *for whole 2010*



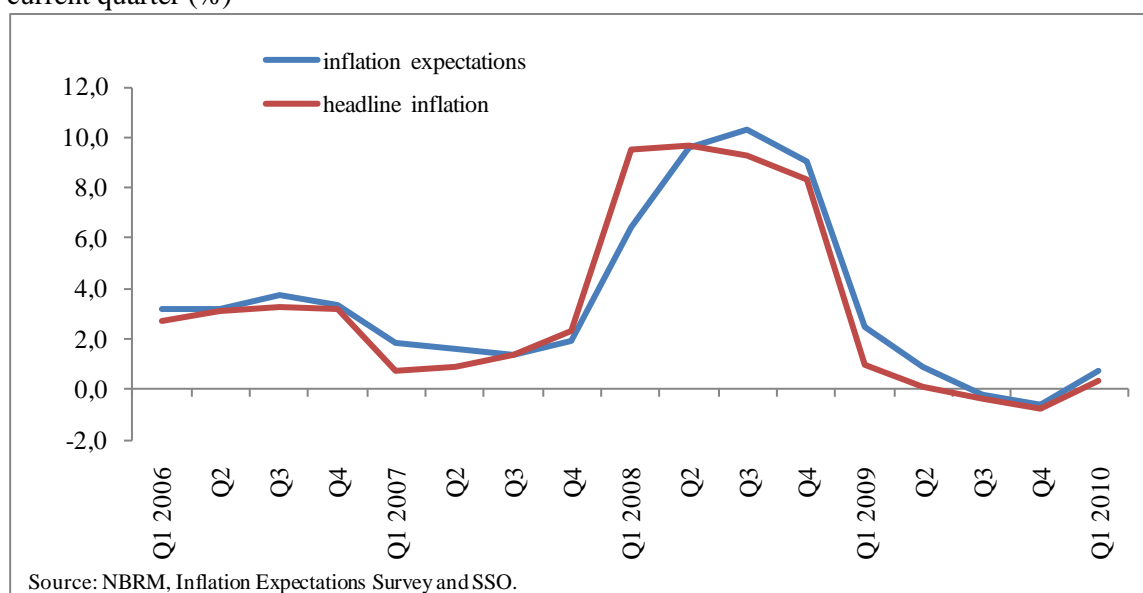
Source: NBRM, Inflation expectations survey.

² The survey had response of 64.4%, i.e. 47 of 73 surveyed answered the survey. Observed by entities, the highest response was registered with the banks (86%), than with the economic analysts (69%), and the lowest with the enterprises (60%).

Regarding the **whole 2010**, more than half of the surveyed (57%) anticipated that the average inflation rate will be higher than the one realized in January (0.1%), 21% of the surveyed had stable inflation expectations, i.e. they expected that the inflation shall remain the level of January, and 17% considered that the inflation development in 2010 can be hardly assessed. Almost two thirds of the **analysts** considered that the inflation will grow up, and the other third that the inflation will remain stable till the end of the year. Almost all surveyed **banks** (83%) considered that the inflation will increase relative to the level of January, and the rest of them failed to give an assessment. Half of the **enterprises** considered that the inflation for the whole 2010 will be higher than in January, 22% considered that it shall remain unchanged, and same percentage considered that it is hard to be assessed, while the rest of them anticipated lower inflation. *The economic entities anticipated for the average inflation rate to amount to 0.7% in 2010.*

Figure No. 5

Expectations for the average inflation rate till the end of the year and realized average inflation in the current quarter (%)



Source: NBRM, Inflation Expectations Survey and SSO.

The expectations for exit from the global recession and the revitalization of the global economy, the rise in the price of electricity, more relaxed monetary policy and the anticipations for easier approach to the financial assets were the mostly emphasized factors which influenced towards positive expectations with the economic entities. The slow recovery of the global economy and the maintenance of the world prices of energy at the stable level were stated as the factors which determined anticipations for stable prices.

2. WAGES AND EMPLOYMENT

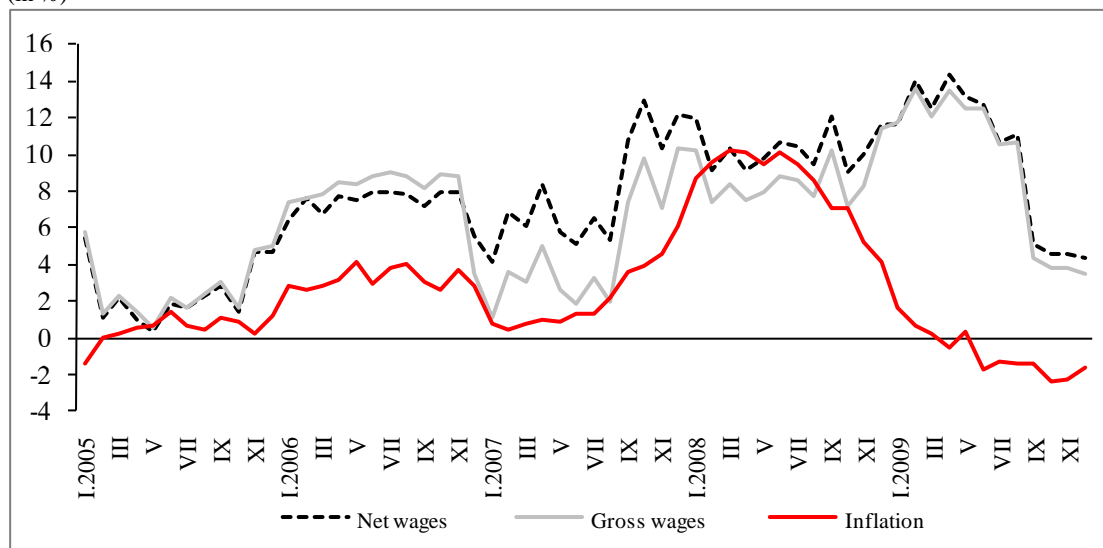
After the drop in the previous month, in December 2009 the **net and the gross wages** registered rise again. The average net wage registered the highest nominal monthly rise in the year of 2.8%³ (real rise of 1.8%), which resulted from the wage growth in the service sector (4.7%), opposite to the wage drop in the agriculture and industry (-3.8% and -0.9%, respectively). The analysis of the branches showed considerable monthly rise in the net wages in the transportation and

³ The high monthly rise resulted from the payment of bonuses in certain activities at the end of the year.

telecommunication (18.5%), and the wages in the food industry, financial sector and real estate sector registered considerable rise as well (of 6.4%, 5.9% and 5.5%, respectively). Similar dynamics was registered in the development of the average **gross wage**, which realized nominal and real monthly growth of 2.6% and 1.6%, respectively.

Figure No. 6

Annual growth rates in the wages* and inflation
(in %)



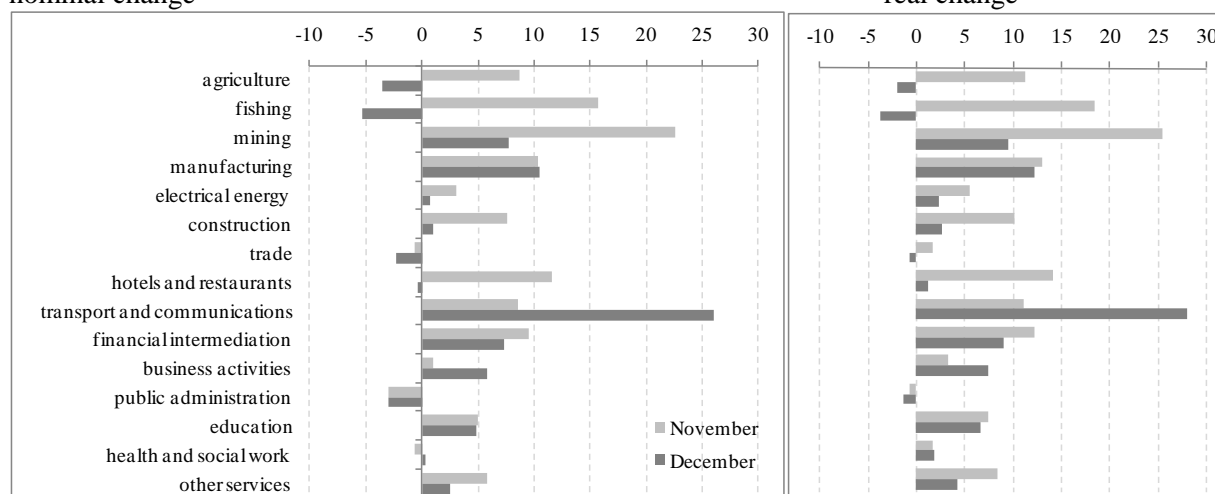
* Since January 2009, the corrected growth rates are shown.

Source: State Statistical Office of the Republic of Macedonia and NBRM calculations.

On annual basis, the average net and gross wages, corrected for the structure change⁴ registered rise, but with lower intensity. Thus, in December the annual nominal rise with the average net and gross wage amounted to 4.4% and 3.5%, respectively (real rise of 6.1 and 5.1%, respectively). With respect to certain activities, in December highest annual rise in the net wages was registered within the transport and telecommunications (26.0%) and the manufacturing industry (10.4%), and the lowest with the health care (0.2%). The fall in the wages in the public administration and defense and in the trade continued in December as well (fall of 3.0% and 2.3%, respectively), and the wages in the agriculture and in the catering services registered drop as well (by 4.3% and 2.3%, respectively).

⁴ The correction is made by the Research Department of NBRM, by supposing that the wage in December 2008 is equal with the wage in January 2009, and for the previous months (before December 2008) this amount is corrected for the monthly changes of wages disclosed by SSO. Considering the fact that the historical monthly growth rates for January did not indicate evident seasonal dynamics, as well as regarding the fact that no considerable anticipated wage increase were made in January 2009, such approach seems reasonable.

Figure No. 7
Average net wage by sectors*
(annual rates, in %)
nominal change



*The corrected rates are shown.

Source: State Statistical Office of the Republic of Macedonia and NBRM calculations.

The developments on the labor market were acting towards decrease in the unemployment rate in the fourth quarter of 2009 as well. According to the data from the Labor Survey, in the last quarter, the number of unemployed registered fall by 2.4% relative to the same period of the previous year. In conditions of rise in the total working population (of 0.8%), **the unemployment rate** reduced to 32.4%, which represented annual fall of 1.1 percentage point. Opposite to this, the number of employed registered annual growth of 2.3%, which in conditions of rise in the working population of 0.6% contributed for the employment rate to reach up to 37.9% (rise by 0.6 percentage points). However, on quarterly basis, the number of employees reduced by 3.1%, i.e. by 0.7% according to the data adjusted for seasonal effects, which represented downward development for the first time since the beginning of the crisis.

Figure No. 8
Employment rate and unemployment rate
(in %)



Number of employed and unemployed persons



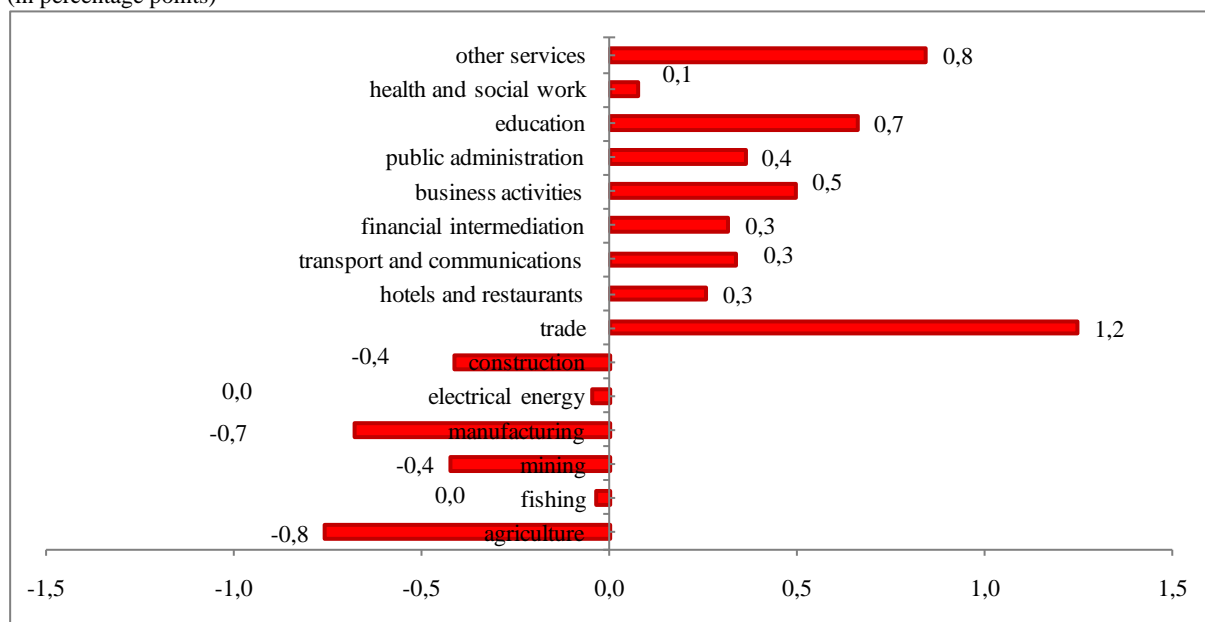
Source: State Statistical Office, Labor Survey.

Analyzed by activities, the trade contributed mostly to the rise in the employed persons, on annual basis, (1.2 p.p.), and it was followed by the rise in the employment in the "other service activities" and in the education (0.8 p.p. and 0.7 p.p., respectively). However, the effects from the global recession

were still evident in part of the manufacturing industries, especially in the textile industry, as well as in the wood industry, where drop in the number of the employed persons was registered, which corresponded with the lower output as well. On the other hand, the rise in the employment in the metal industry which started in the previous quarter continued, which was mainly due to the higher employment in the activity "output of metal products in the metal manufacturing phase", which in the second half of 2009 registered high output rates. The analysis with respect to the employment in the private and the public sector⁵ indicated almost equal contribution of both sectors to the employment growth. Thus, the private sector created 1.2 p.p. of the total annual rise in the employees, whereas the public sector contributed with 1.1 p.p.

Figure No. 9

Contribution of certain sectors to the rise in the total number of employees in the fourth quarter of 2009 (in percentage points)



Source: State Statistical Office of the Republic of Macedonia and NBRM calculations.

3. ECONOMIC ACTIVITY

In January, the industrial output registered high monthly fall of 36.2%, which represented usual seasonal change, which was due to the higher number of non-working days in this month. However, the registered drop was highest in the last 17 and in this period the industry registered monthly fall of over 30% only twice.⁶ The data adjusted for seasonal effects showed this as well, according to which the volume of the industrial output registered high monthly drop of 13.4%. The drop was mostly due to the activity which in the last period contributed mostly to the rise in the industrial output - output of metal products. In January, the volume of the output with this branch was lower by 92.5% relative to the previous month. Under the influence of the

⁵ The employed in the public sector pertain to the employed in the public administration and defense; compulsory social protection, public education, public healthcare and social work and other utility, cultural and service activities. The data came from the employed in these activities, in business entities in social, mixed, cooperative and state ownership, and thus it represents only approximate indicator for the number of employees in the public sector.

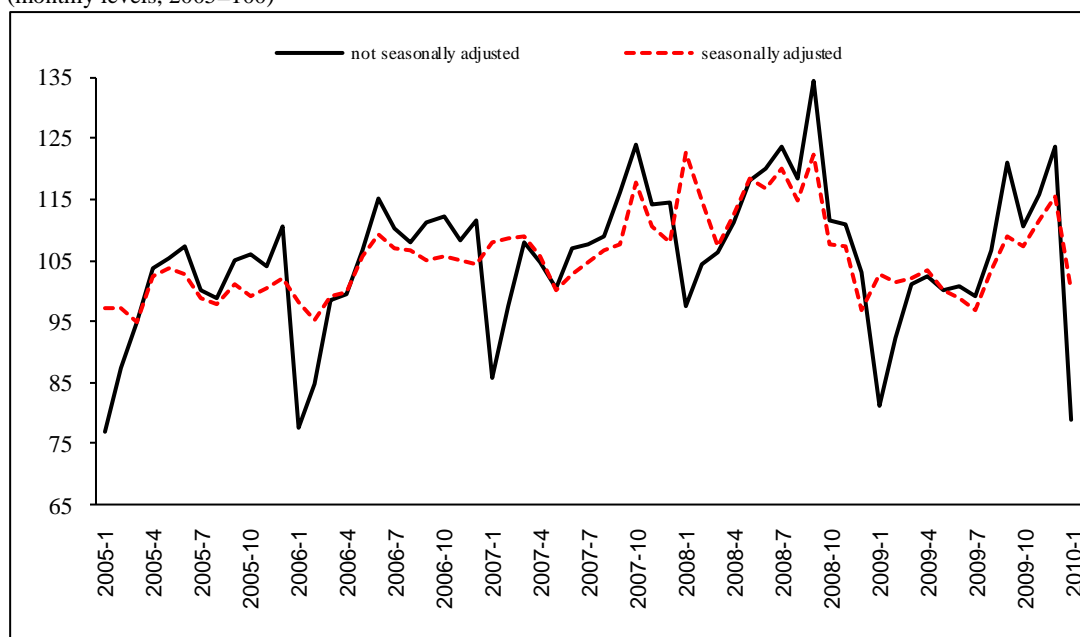
⁶ In the period 1993-2009, the industrial output in January registered average monthly drop of 23%, so in 80% of the cases in exceeded 20%, and only in 2005 and 2006 the drop exceeded 30%.

seasonal effect, 21 out of total 24 activities registered output growth, whereas only the energy sector, the output of oil derivatives and the recycling registered rise.

Compared with the same month of the previous year, the industrial output in January 2010 registered drop by 2.9%, with fall in 15 out of total 24 activities being registered (43.5% of the index). The output of metal products registered most considerable drop in January (contribution of -5.3 p.p.), as well as the printing (contribution of -2.8 p.p.) and the output of electrical machines and appliances (1.5 p.p.). On the other hand, the basic metals registered higher volume of output in January (contribution of 5.3 p.p., which was mainly due to the lower comparison basis in the previous year) together with the electricity (contribution of 2.9 p.p.).

The performances with the industrial output were in accordance with the assessments of the managers in the manufacturing industry⁷, which in January assessed the business situation as worsened relative to the previous month. The percentage of facility utilization registered worsening, whereas the assessments for the future output were more positive.

Figure No. 10
Index of the industrial output
(monthly levels, 2005=100)



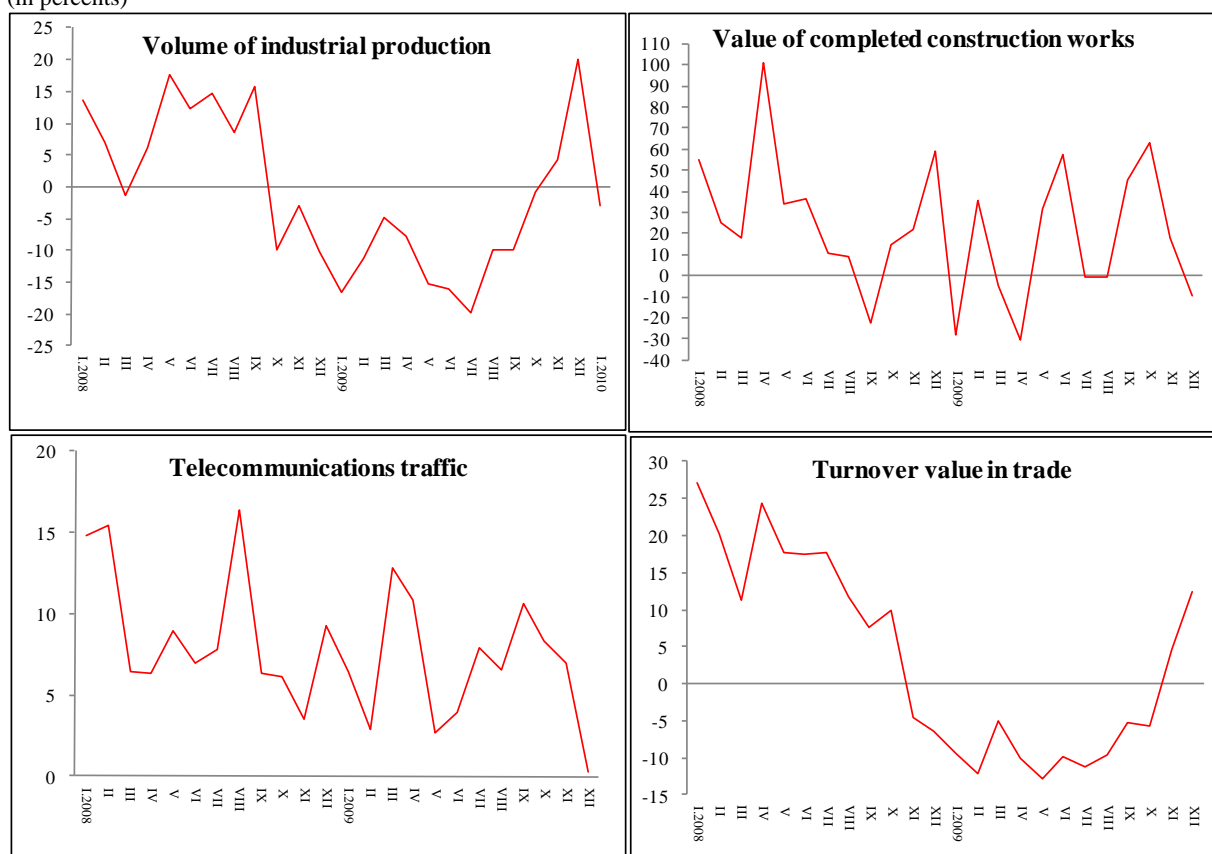
Source: State Statistical Office and NBRM calculations.

Within the other economy sectors, the data on December indicated improvement with the trade and worsening with the construction and telecommunications. Thus, the trade turnover registered monthly rise of 19.3%, which was mainly under the influence of the seasonal effect. However, the data adjusted for seasonal effects registered rise (5.3%), according to which the trade registers monthly changes already five months in a row. The assessment for the improved situation with the trade was confirmed with the annual growth rate which amounted to 12.5%. Different from the trade, the construction activity - observed through the value of the performed construction activities - was registering monthly drop second month in a row (by 1.9%, i.e. by 14.1% according to the data adjusted for seasonal effects). The annual fall rate of the performed activities worsened the situation as well

⁷ From the Business Tendency Survey in the manufacturing industry of SSO from February 2010.

(9.5%). Small worsening was registered with the telecommunications as well, which although had monthly rise of 7.3%, according to the data adjusted for seasonal effects registered drop of 0.3%. On annual basis, the telecommunications registered minimal rise of 0.2%, which was actually the lowest growth rate in the last three years.

Figure No. 11
Annual growth rates in individual economy sectors
(in percents)



Source: State Statistical Office and NBRM calculations.

In January, the value of the facilities that were given construction licenses was lower by 46.5% relative to the same month in the previous year, which indicated possible further worsening in the construction. All three categories - building constructions, civil engineering and reconstruction registered fall.

The indicative categories for household consumption indicated small improvement with the consumption in the last quarter of 2009. Thus, the real annual drop with the retail trade slowed down to 0.8% (relative to 3.7% in the previous two quarters), similar with the drop in the import of consumption goods (of 8% in the second and third quarter, to 4.5% in the fourth), whereas the VAT income in the budget had high rise of 20.3% (mainly because of the low comparison basis). Only the drop in the domestic output of consumption goods registered further deepening, from 2.7% in the previous two quarters, to 8.3% in the fourth quarter. **The investment demand registered improvement in the fourth quarter as well.** Despite the worsening with the import of means of operation, the drop of which in the fourth quarter deepened to 19.7% (from 9.7% in the previous two quarters), the increase in the performed building activities intensified, from 14.8% in the second and third quarter to 22.9% in the fourth, whereas the drop in the domestic output of investment goods

dropped from 29.7% in the previous two quarters, to 6.8% in the fourth. In conditions of positive, although lower, contribution of the net export and possible real fall in the public consumption, which was due to the high drop in the costs for goods and services of 43.6%, **it is estimated that the economic activity in the last quarter of the year registered small improvement relative to the previous three quarters, which was in coordination with the projection in January.**

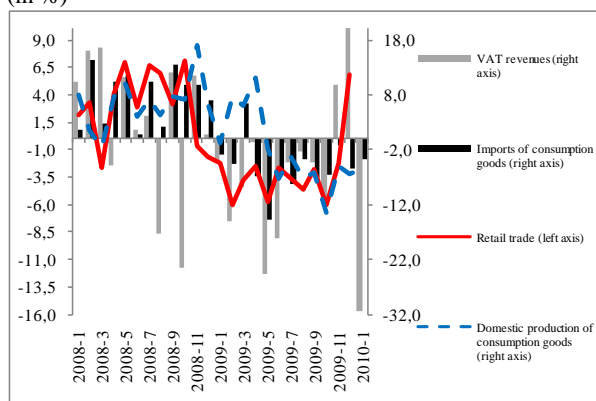
The January data on the indicative categories on the personal consumption have not showed revitalization of the consumption so far in the first quarter of 2010. Thus, the VAT income in the budget had high annual drop of 31%, highest in the last two years. In the same time, the negative developments with the import and the domestic output of consumption goods continued with similar dynamics in January as well (real annual drop of 3.7% and 5.7%, respectively). In the first quarter of 2010, the high real annual fall rates with the import and the domestic output of capital products in January, of 50% and 40%, respectively, indicated **considerable worsening in the investment activity.** The assessment for the **joint consumption** in the first quarter of 2010 is unreliable so far, considering the intensive real rise in January of the expenditure for wages and goods from the budget, of 11.2% and 55.4%, respectively, in absence of data for the other components. **In the first quarter, positive contribution to the GDP growth can be expected by the net export as well,** which is due to the narrowing in the foreign trade in January, with rise in the export being registered (for the first time in the last 15 months) as well as further import growth. The revival of the export sector can be interpreted as positive signal for further economy recovery, considering the fact that the initial impact from the global crisis was felt in this sector.

Figure No. 12

Developments of the indicative categories for the expenditure components of GDP

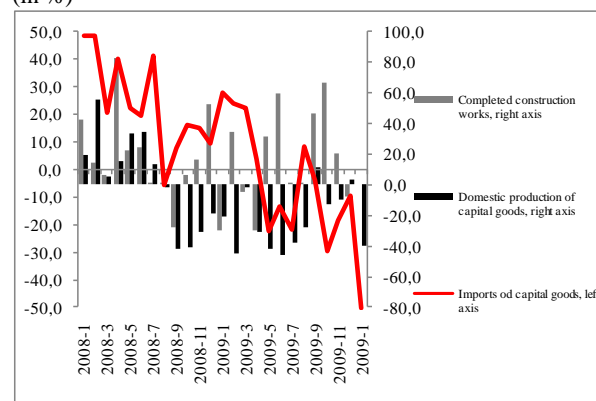
Personal consumption, annual real changes

(in %)

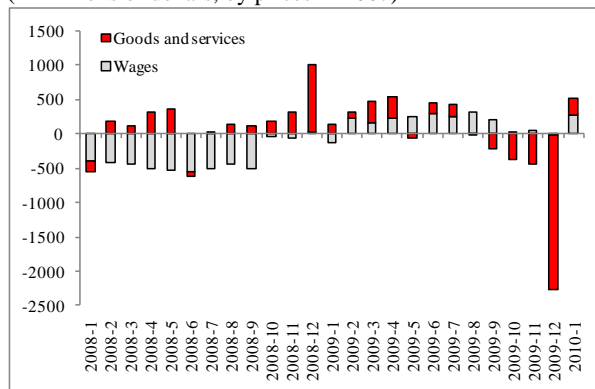


Gross investments, annual real changes

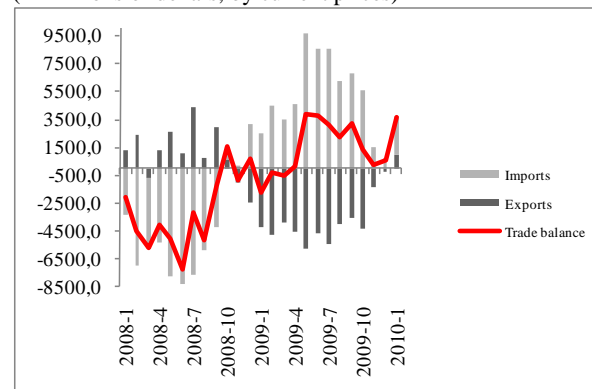
(in %)



Budget expenditures, annual real changes
(in millions of denars, by prices in 2007)



Net export, annual nominal changes
(in millions of denars, by current prices)



Source: State Statistical Office and NBRM calculations.

The available data for the indicative categories for the first quarter of 2010 have not indicated larger changes so far during the economic activity, although it is hard to obtain more precise assessments based on data for only one month. According to the projections in January, for the first quarter of 2010, small rise of GDP of 0.4% was projected.

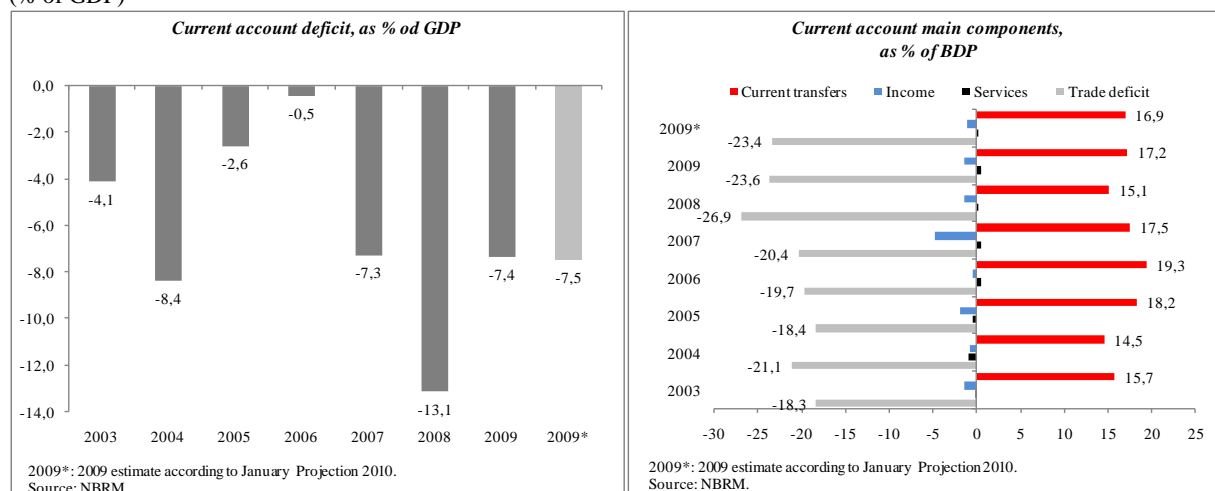
4. BALANCE OF PAYMENTS

In 2009, the deficit on the current account of the balance of payments amounted to Euro 483.3 million, or 7.4% of GDP and relative to 2008 it registered considerable improvement, i.e. narrowing of 5.8 p.p. of GDP. The intensive drop in the negative gap on the current account was mainly due to the narrowing in the negative balance in the foreign trade of 3.3 p.p. of GDP, with simultaneous rise in the net inflows based on current transfers (the contribution of which amounted to 2.1 p.p. of GDP). Out of the other components on the current account, the higher annual surplus within the services acted towards narrowing in the negative gap, whereas no changes were registered within the income sub-balance.

Within the capital and financial account, in 2009, as a consequence to the world economic crisis and the restraining from new investments by the foreign investors, the capital inflows registered drop of 33% on annual basis amounting to 8.2% of GDP. Most of the net inflows came from foreign direct investments (mainly equity and intercompany debt), trade credits and inflows from the second issued Eurobond. The foreign indebtedness registered mainly annual drop in the registered inflows, on net basis. Namely, in conditions of stable level of repaid liabilities based on long term credits, the lower used assets resulted mainly from the lower indebtedness of the private sector⁸ to abroad. The net inflows in the capital and financial account fully covered the realized deficit on the current account in 2009 and enabled supplementary rise in the foreign reserves. Generally, the position of the balance of payments in 2009 corresponded with the latest assessment given within the projection of January 2010.

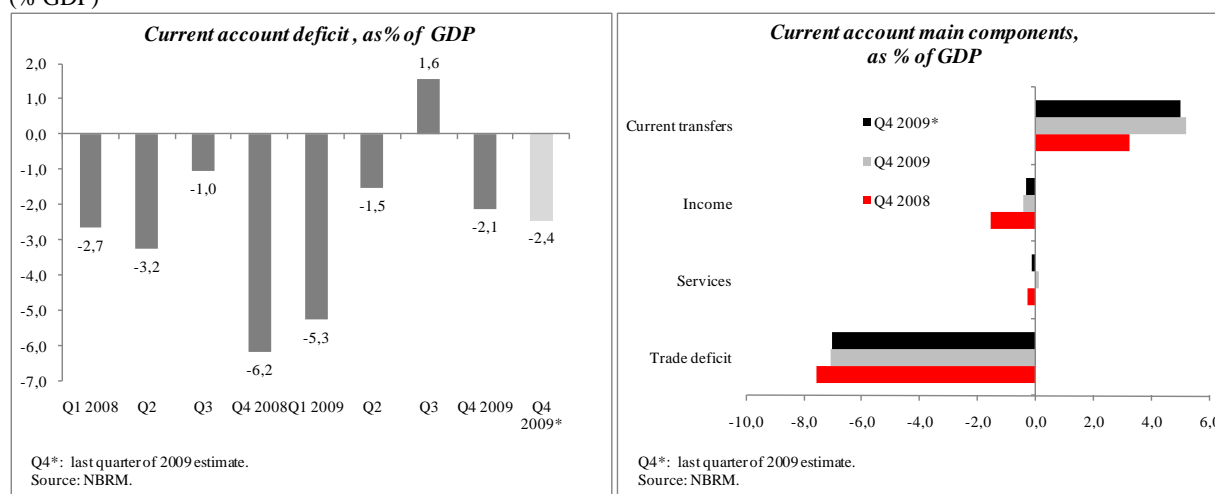
⁸ The private sector includes: the banks and the other sectors, including the public utilities.

Figure No. 13
Deficit on the current account and its basic components
(% of GDP)



In the last quarter of 2009, the negative balance within the current account amounted to Euro 140 million, which represented considerable drop of 65.1% on annual basis (relative to the deficit of Euro 401.2 million in the fourth quarter of 2008). With contribution of 51%, the net inflows from the current transfers represented the main factor for narrowing the deficit on the current account. Namely, in the last three months of the year, in conditions of stabilized anticipations, the private transfers realized annual rise of 58.6%. It was anticipated that the positive developments with the private transfers will continue in the following period. Namely, according to the latest data from the currency exchange market, in the first two months of 2010, the net purchase on the currency exchange market (the basic element of the private transfers) amounted to Euro 106.5 million, i.e. it registered annual growth rate of 92.7% relative to the same period of 2009. The fall in the net outflows within the income sub-balance contributed considerably to the narrowing in the deficit on the current account as well.

Figure No. 14
Deficit on the current account and basic components by quarters
(% GDP)



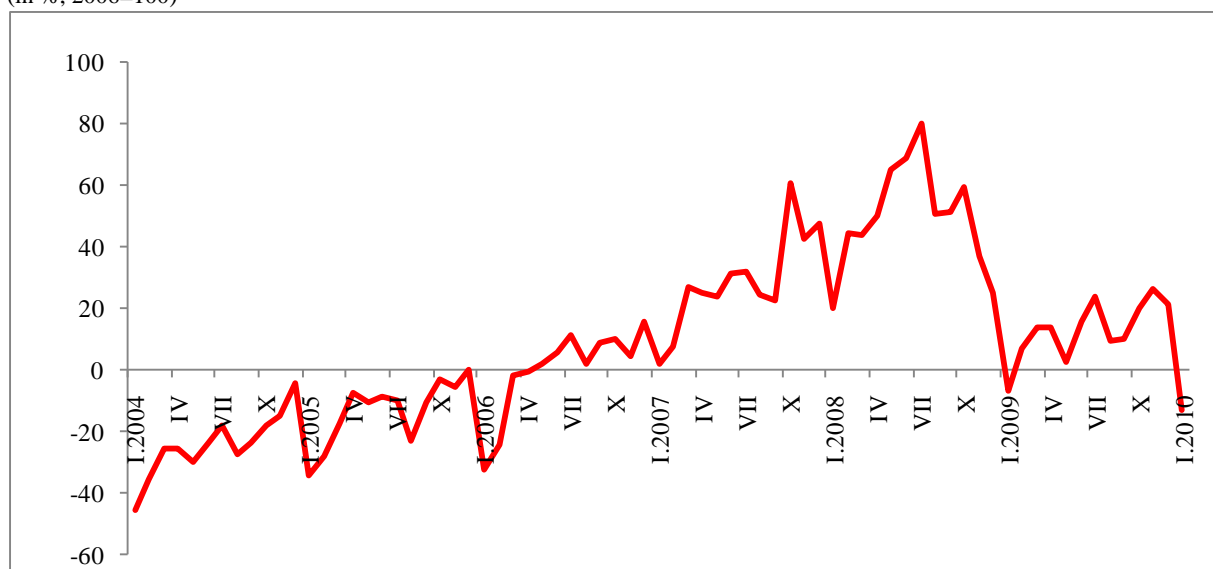
The financing of the deficit on the current account in the fourth quarter of 2009 was solely performed through the net inflows on the capital and financial account (Euro 185.8 million, which still on annual basis registered drop of 4.5%). The capital inflows resulted mostly from the trade credits, foreign direct investment and foreign indebtedness. Within the foreign direct investments, the dominant item was intercompany debt, i.e. the higher liabilities to foreign direct investors, whereas the loans characterized with higher withdrawn amounts based on short-term credits.

In January 2010, the foreign trade registered monthly fall of 28.4%, which represented highest negative change rate since February 2006. Such fall in the foreign trade resulted mainly from the considerable import drop, whereas the export fall was lower. On annual basis, the fall in the foreign trade equaled 6.9%, which was solely due to the lower import demand by 16.1%, whereas the export of goods registered rise of 14.9% (which was mainly due to the lower comparison basis in January 2009). Hence, the export-import coverage ratio reached up to 58.4% and it registered annual rise of 15.8 percentage points.

Figure No. 15

Total value of the trade (export and import)

(in %, 2006=100)

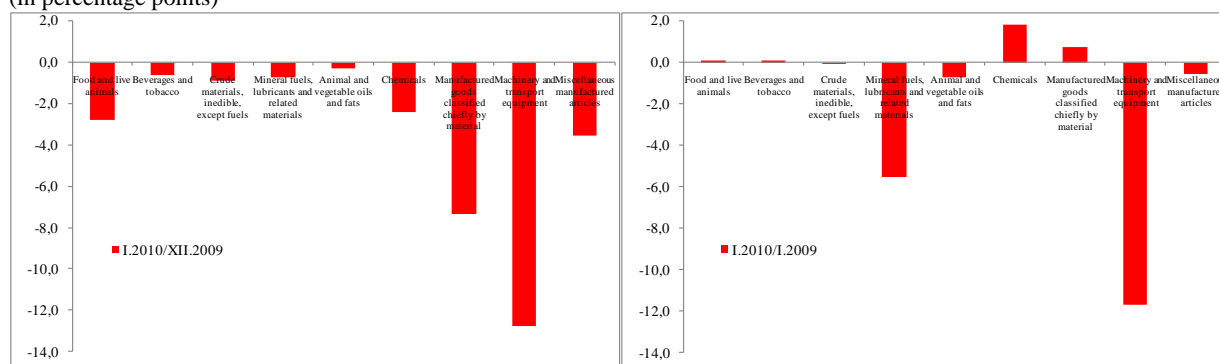


Source: SSO.

In the first month of the year, *the import* of goods amounted to Euro 224.1 million, registering monthly drop of 31.4%, which represented the highest registered fall in the previous years. The fall in the import of machines and transportation devices, textile and yarns, chemical products and of oil and oil derivatives explained most of the monthly dynamics of the import of goods. Relative to January 2009, the import went down by 16.1%, which mostly reflected the lower import of machines and transport devices and electricity. The lower price, as well as the higher output of electricity from domestic sources and consequently, the lower demand for import of this energy source, were the factors for realization of lower import of electricity by 60.5%. On the other hand, the category iron and steel registered higher import by 39.5% on annual basis, and there was increased import of oil and oil derivatives, with higher oil price being registered (by 67.8%).

Figure No. 16

Contributions to the monthly and annual changes in the import of individual main categories of SMTK (in percentage points)

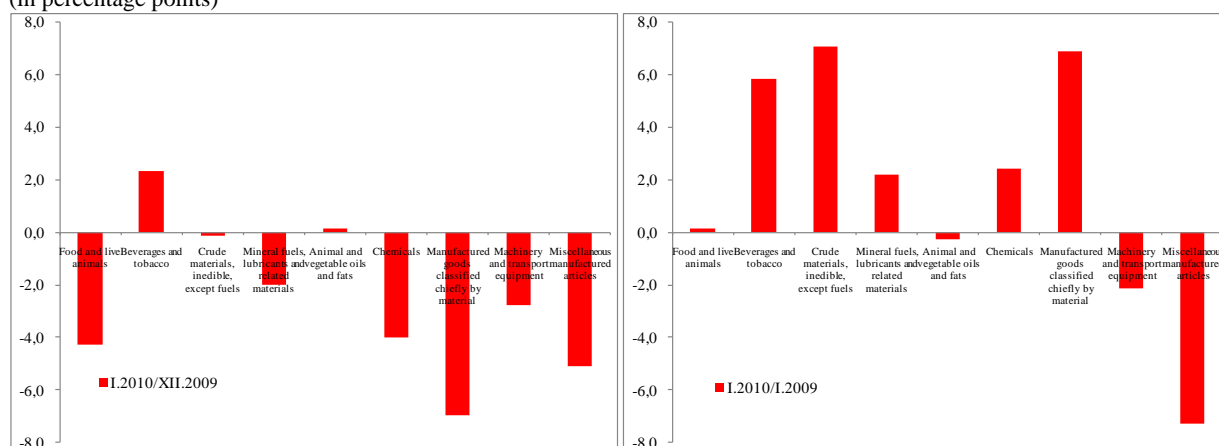


Source: SSO.

In January 2010, *the export* registered monthly fall of 22.7%, which was mostly due to the lower export of iron and steel, medical and pharmaceutical products and wearing apparel, whereas the export of tobacco registered monthly rise. After the constant annual fall in 2009, the export of goods in January 2010 registered annual rise of 14.9%. The higher value of the export of iron and steel as well as the export of metal ores and metal waste and of tobacco and tobacco products generated such annual export dynamics, which corresponded with the higher output in these segments. In conditions of positive development in the nickel price, the largest share of the realized rise in the export of iron and steel was due to the higher export of ferronickel in January 2010. Oil and oil derivatives also contributed positively to the rise in the export, which resulted from their higher price.

Figure No. 17

Contributions to the monthly and annual changes in the export of individual main categories of SMTK (in percentage points)



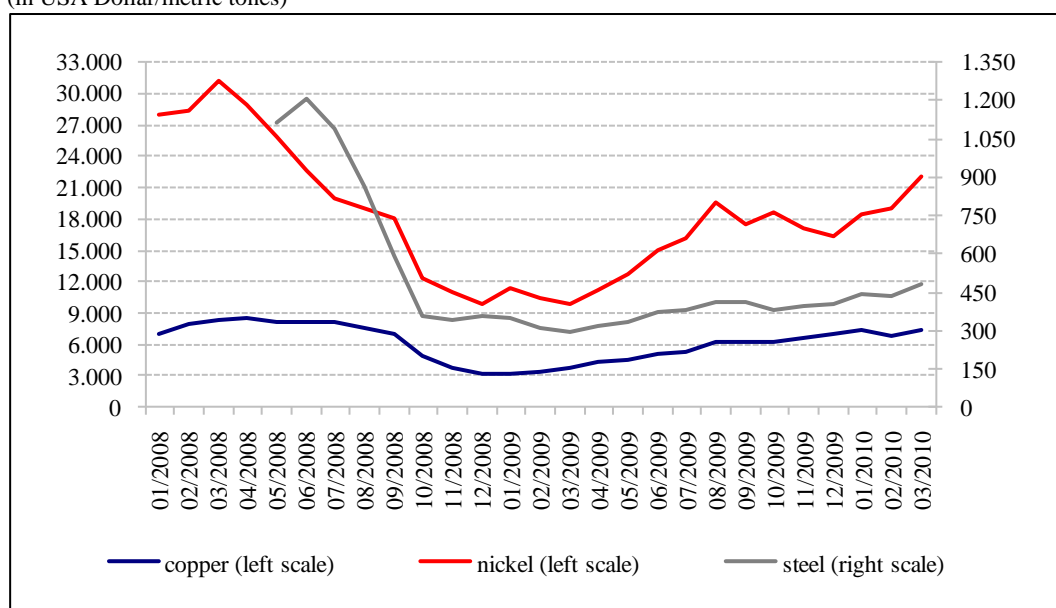
Source: SSO.

In conditions of more intensive downward correction of the import than the export of goods in January 2010, the trade deficit reduced by Euro 63.9 million, on monthly basis, or by 40.7%. Such change was mostly due to the lower deficit in the trade of various machines and transport devices, textile and yarns and the higher surplus in the tobacco and tobacco products. On annual level, the trade deficit registered drop of 39.2%, with largest contribution by the improvement in the trade of machines and transport devices. The improved balance in the trade of electricity, which was due to the lower import of this energy source, considerably contributed to the drop in the negative gap with the goods. The analysis of the other balances by products indicated increase in the surpluses with the metal ore and

metal waste, tobacco and tobacco products and iron and steel, which resulted mostly from the export growth. On the other hand, the lower surplus in the trade of wearing apparel acted towards broadening in the negative trade balance.

The trade deficit in January 2010 indicated possible better performances in the trade for the first quarter of 2010 than the projected. Such potential deviation basically resulted from the lower realized import. On the side of the import, the investment goods and semi-products, as well as the oil and oil derivatives and oil gasses deviated largely from the projection (25.1% of realization) (in conditions of assumed higher import prices than the prices realized in the first month of the year). On the other hand, the export was within the projection, with realization of 29.5%, when lower deviations with the export of oil and oil derivatives and iron and steel and products thereof were registered.

Figure No. 18
Metal prices
(in USA Dollar/metric tones)



*The data on March 2010 pertain to the period 1-15 in this month.
Source: "Bloomberg".

5. MONETARY AGGREGATES⁹

The data for the end of February 2010 indicated slower annual rise in the **reserve money**¹⁰ of 15.4% (opposite to 19.3% in January). Such developments represented a reflection of the more considerable slowing down in the rise in the liquid assets of banks (27.9% in February, opposite to 37.1% in January, with rise in the currency in circulation of 0.5% being registered on annual basis). On monthly basis, the reserve money reduced by 2.8%, in conditions of simultaneous drop in the liquid assets of banks and demand for currency in circulation by 2.9% and 2.6%, respectively.

⁹ The analysis of the monetary and credit aggregates is based on the data from the new Methodology for preparing standard forms of monetary balance sheets and reviews and the new accounting plan (which became effective on January 1, 2009)

¹⁰ Includes the currency in circulation (including the cash in the banks' vault), the reserve requirements in denars and in foreign currencies and the excess of liquid assets above the reserve requirements (in denars). Without the foreign currency reserve requirements, the reserve money in February 2010 rose by 14.8% on annual basis.

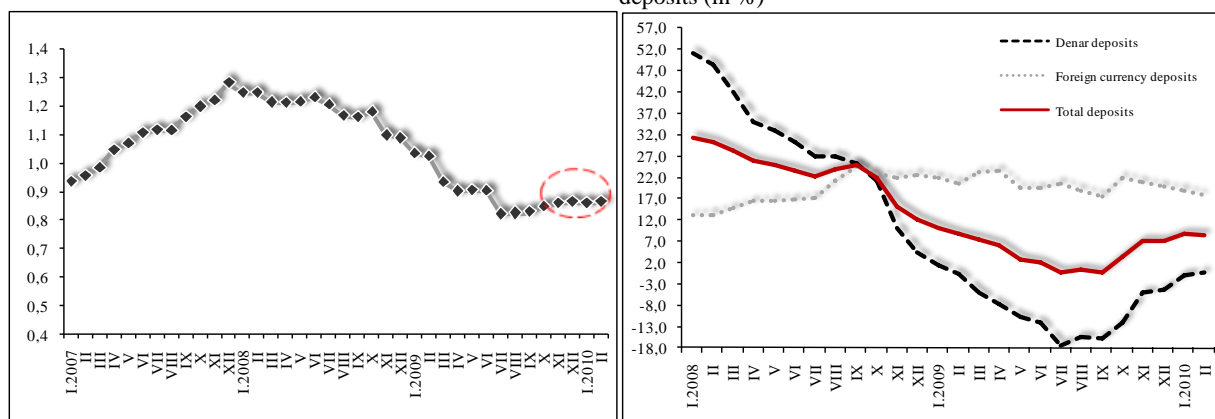
Analyzed with respect to the **flows of creating and withdrawing liquidity, the CB bills were the main flow of liquidity withdrawal** in February, which rose by Denar 3.041 million. The interventions of NBRM on the foreign exchange market acted towards liquidity withdrawal as well, and for the first time after April 2009 they were in direction of moderate net sale of foreign currencies. The effect of these two factors on the monthly drop in the reserve money was partially neutralized through the net position of the government with NBRM, which reduced by Denar 1.888 million, as well as through the other monetary instruments (reserve requirements¹¹ and foreign currency deposit with NBRM).

The comparison with the end of the previous year indicated drop in the reserve money, which was solely due to the more considerable liquidity withdrawal through CB bills (in the amount of Denar 4.955 million). The interventions of NBRM on the foreign exchange market (net purchase of foreign currencies in the amount of Denar 961 million) and the net position of the Government with NBRM which reduced by Denar 3.205 million acted towards liquidity creation.

The total deposit potential of banks (with the demand deposits included)¹² registered moderate rise on monthly basis of Denar 464 million or 0.2%. Different from the previous month, the new saving of the private sector in February was solely in denars, in conditions of registered fall in the foreign currency deposits on monthly basis (of 0.1%). The growth rate of the Denar deposits amounted to 0.6%. With respect to the sector structure, the deposits of enterprises were still decreasing, but more intensively relative to the previous month (3.6% opposite to 0.5% in January). Consequently, the monthly rise in the saving in February resulted solely from the rise in the households deposits¹³, which went up by 17%. Different from the previous month, the analysis of the currency preferences of individual sectors in February 2010 showed largest contribution by the Denar deposits (65.5%) to the rise in the total households deposits. The Denar deposits realized growth of 3.2% on monthly basis, whereas the foreign currency deposits rose by 0.9%. The largest share of the registered deposit fall in the corporate sector (56.8%) resulted from the drop in the Denar deposits of 3.1%. The monthly fall in the foreign currency deposits amounted to 4.5%.

Figure No. 19

Correlation Denar - foreign currency deposits Annual growth rates of the total deposits (in %)



Source: National Bank of the Republic of Macedonia.

¹¹ The period within which the banks were obliged to allocate compulsory deposit with NBRM, prescribed with the Decision on amending the Decision on compulsory deposit with NBRM dated December 25, 2008 and February 26, 2009, pertained to the period January - December 2009. Since January 2010, the banks had no liability to allocate compulsory deposit with NBRM.

¹² Since January 2009, the deposits include the accrued interest as well.

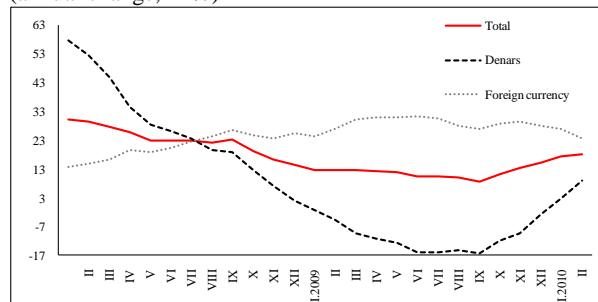
¹³ Pertains to the natural persons and self employed professionals.

On annual level, the total deposit potential rose by 8.7% (8.8% in January) which was due to the higher foreign currency savings (of 18%), in conditions of further drop in the Denar deposits. However, the annual drop in the Denar deposits in February was moderate and it equaled 0.3% (opposite to 1.1% in January). With respect to the sector structure, the rise in the household deposits continued and in February 2010 the annual rate amounted to 18.1% (17.3% in the previous month), whereas with the deposits of the corporate sector (private and public enterprises)¹⁴, annual drop of 11.8% was registered (9.5 in January). Within the sector "households", despite the fact that the annual rise is still resulting from the growth in the foreign currency deposits (of 23.7%), the Denar saving registered more considerable rise by 9% (until the last month's rise of 2.7%, in 2009 the Denar deposits were registering constant fall rates). Within the corporate deposits, the Denar deposits registered fall of 15.8% (10.8% in January), whereas the foreign currency deposits characterized with slowing down in the tempo of annual fall (from 7% in January, to 3.1% in February 2010).

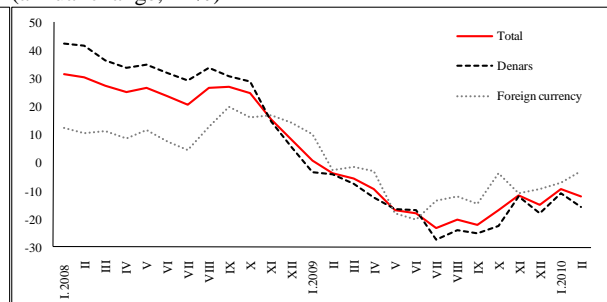
Figure No. 20

Deposits of households Deposits of enterprises

(annual change, in %)



(annual change, in %)



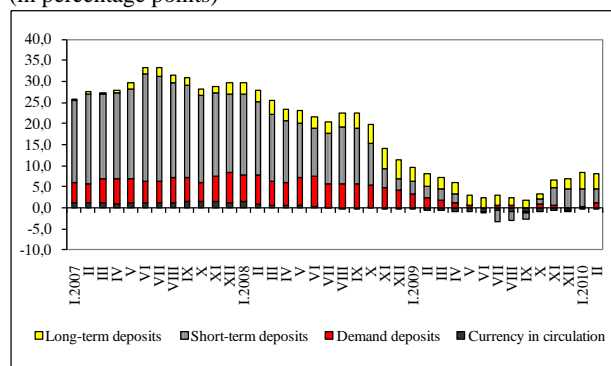
Source: National Bank of the Republic of Macedonia.

Figure No. 21

Money supply M4

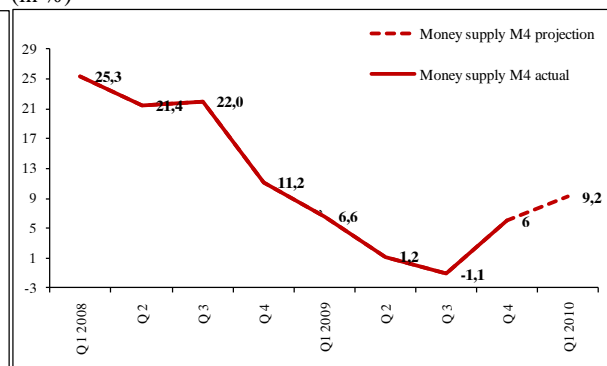
Contribution to the annual growth

(in percentage points)



Annual growth rates

(in %)



Source: National Bank of the Republic of Macedonia.

The performances with the total deposits reflected adequately on the dynamics of the **broadest money supply M4**¹⁵. In February 2010, this monetary aggregate rose by 8% on annual basis. Relative to the projection, the performances with the money supply were in accordance with the developments projected for the first quarter of 2010 (annual monetary rise of 9.2% at the end of the quarter).

¹⁴ The deposits of the enterprises from the private sector went down by 9.1%, on annual basis.

¹⁵ The analysis pertains to the money supply M4 with the accrued interest being included.

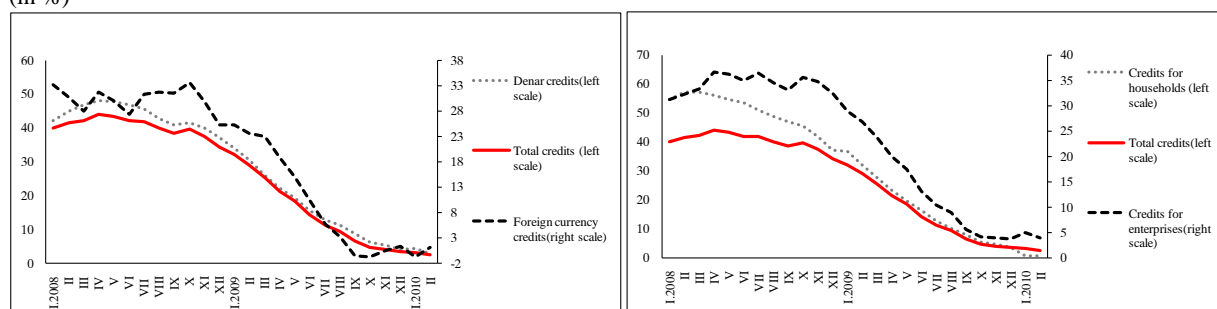
6. BANK CREDITS

In February 2010, the **total bank credits to the private sector** went up by Denar 910 million, or by 0.5% on monthly basis. The credit support of the corporate sector by the banks continued in February 2010 as well, when the banks placed Denar 1.019 million in form of credits to enterprises (opposite to Denar 603 million in the previous month). This contributed to the monthly rise in the credits to enterprises of 1% in February. In the period December 2009 - February 2010, on cumulative basis, approximately Denar 1.621 million were placed with the corporate sector.

In February 2010, credits to the sector "households" remained almost unchanged relative to the previous month (monthly fall of 0.1%), so the activity of this market segment since the beginning of the year, basically remained still. However, since the beginning of February the drop in the price of the household indebtedness¹⁶ is a factor which can contribute to development in the activity of the credit market for the households as well. With respect to certain credits products, after the last month drop in the consumer and housing credits, in February positive developments were registered at this segment of the credit market. Thus, the consumer credits reduced by Denar 13 million, opposite to the fall of Denar 312 million in the previous month, whereas the housing credits registered monthly rise of 1.1%.

Figure No. 22

Annual growth rates in the credit to the private sector by the currency and sector structure (in %)



Source: National Bank of the Republic of Macedonia.

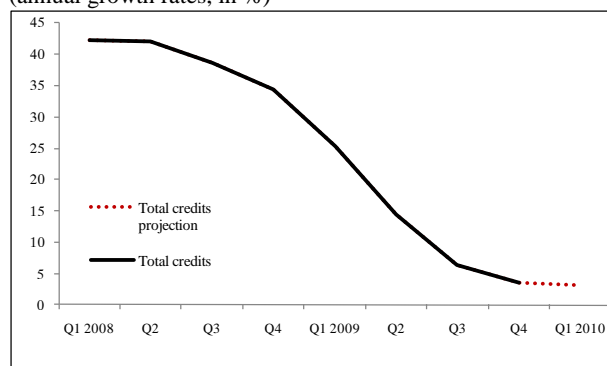
Analyzed on annual basis, in February the slowing down in the rise of the credit activity continued with higher dynamics relative to the previous months. Thus, in February, annual growth in the total credits of 2.4% was realized (opposite to 3.5% and 3.1% in December and January). Analyzed with respect to the currency structure, the annual rise in the total credits of banks in February, was solely determined by the higher volume of placed Denar credits (including the Denar credits with FX clause as well), which registered rise on annual basis of 2.8% (4.3% in the previous month). With the foreign currency credit portfolio increase of 1.1% was registered on annual basis (opposite to the fall of 0.8% in January 2010). In accordance with the realized monthly changes, in February annual growth rate of the total credits to households remained at the level of the previous month and it amounted to 0.5% (3.5% in December). After the intensive rise in January, the credits to households registered slowing down in the annual growth rates (3.9% in February, opposite to 5% in previous month).

In accordance with the projection in January 2010, at the end of the first quarter, the annual growth rate of the total bank credits to the private sector was assessed at approximately 3%, and the last trends indicate possible slower credit growth than the projected one.

¹⁶ Since February 1, 2010 part of the banks reduced their interest rates on the credits intended for households, mainly the housing, mortgage and car credits.

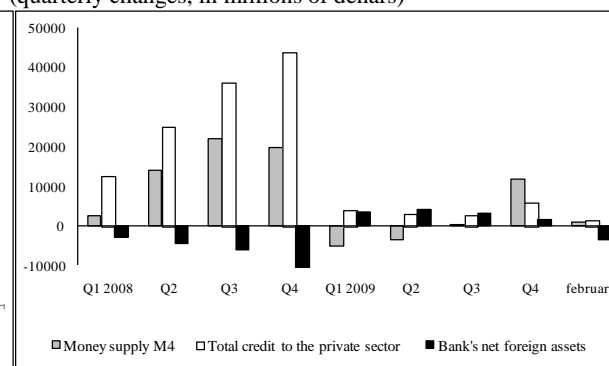
Figure No. 23

Credits to the private sector
(annual growth rates, in %)



Sources of financing

(quarterly changes, in millions of denars)*



* Pertains to the cumulative changes relative to the end of the previous year.

Source: National Bank of the Republic of Macedonia.

In February 2010, the **net foreign assets of banks** reduced by Denar 3.579 million, relative to the end of the previous year, in conditions of more intensive decrease in the foreign currency assets (of Denar 5.270 million, or by 17.2%) relative to the drop in the foreign currency liabilities of banks (by Denar 1.692 million, or by 5.8%).

7. INTEREST RATES AND FOREIGN EXCHANGE RATE

On March 17, 2010 the reserve money amounted to Denar 31.609 million and relative to the end of February they reduced by Denar 936 million, or by 2.9%. The drop in the reserve money was solely due to the fall in the total liquid assets of banks¹⁷ by 7.3%, in conditions of rise in the currency in circulation by 2.1%. Within the analyzed period (01-17.03.2010), the Denar deposits of the Government with NBRM and the cash in the banks' vaults acted towards liquidity creation, which was withdrawn through the other autonomous factors and through the auctions of CB bills.

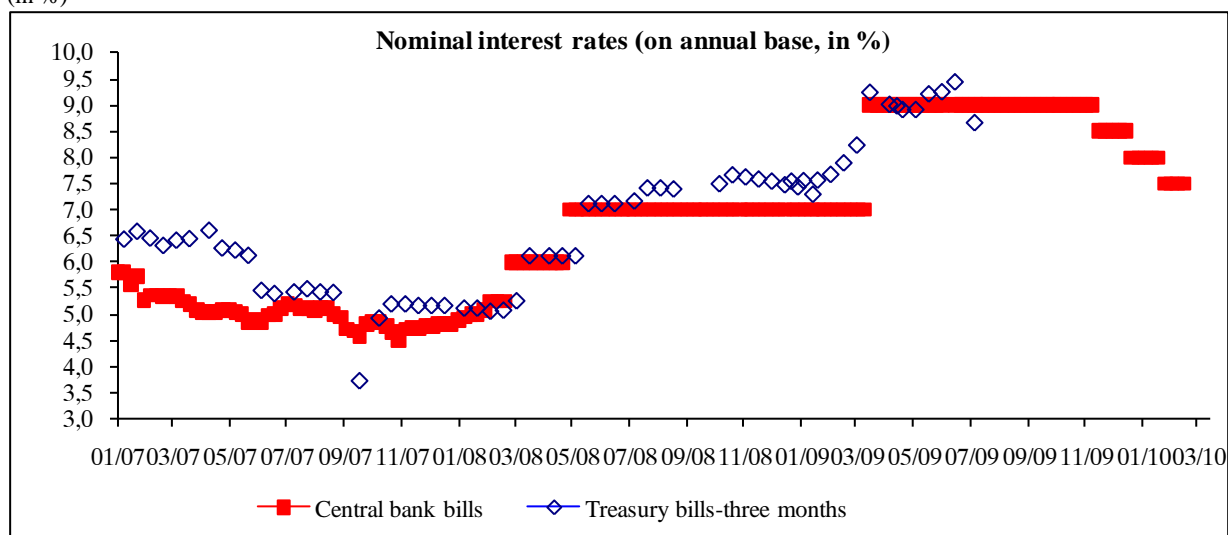
In the beginning of March, three auctions of CB bills were held (on March 3, 2009, March 10, 2010 and on March 17, 2009), with volume tender and interest rate of 7.5%, when liquidity in the amount of Denar 2.721 million was withdrawn. As of February 28, 2010, the gross foreign reserves amounted to Euro 1.619,2 million and relative to the end of 2009 they rose by Euro 21.8 million.

Within the analyzed period, one **auction of six months Treasury bills with FX clause** was held (on March 2, 2010) with interest rate of 4.99% (5% on the previous auction), with volume tender. In conditions of higher demand than the supply, an amount of Denar 1.983,5 million was realized.

In the period 01-17.03.2010, the **weighted interbank interest rate** amounted to 4.40% (5.32% in February 2010). In the period 1-18.03.2010, the quoted average interbank interest rate - **SKIBOR** amounted to 5.14% (over night), 7.07% (one week), 7.67% (one month) and 8.49% (three months), opposite to 5.74%, 7.30%, 7.97% and 8.80%, for the respective maturities in February. In the period 1-17.03.2010, the weighted interbank interest rate for the concluded transactions over night - **MKDONIA** amounted to 4.40%, relative to 5.28% in February 2010.

¹⁷ Pertains to the banks' accounts with NBRM and the cash in the vaults.

Figure No. 24
Interest rates
(in %)



Source: National Bank of the Republic of Macedonia.

In conditions of more stable ambient and changes in direction of drop in the basic interest rate, the banks started relaxing the interest credit conditions since the beginning of the year. In January 2010, **the average weighted interest rate of Denar credits and of Denar deposits** decreased by 0.1 and 0.2 percentage points, on monthly basis, thus equaling 10.2% and 7.3%, respectively. On monthly basis, with the *Denar lending interest rates*, drop of 0.1 percentage points was registered with the interest rates of credits without FX clause, with the short term credits intended for enterprises, as well as with the long-term credits intended for the households and enterprises. The monthly drop in the interest rates was registered within the FX indexed credits, with the long-term credits intended for enterprises and households (drop of 0.2 and 0.1 percentage points, respectively). With the *Denar deposit interest rates*, more considerable change was registered with the short-term time deposits without FX clause to the enterprises, the interest rate of which reduced by 1 percentage point, relative to the previous month. Simultaneously, the interest rates of the household deposits without FX clause registered drop, as well as the sight deposits (of 0.3 p.p) and the short-term time deposits (of 0.2 p.p). In January, the interest rate of the short-term time deposits with FX clause of the enterprises reduced from 3.5% to 3%. **Within the foreign currency interest rates, the average weighted interest rate of the foreign currency credits and the weighted interest rate of the foreign currency deposits** amounted to 7.5% and 3.3%, respectively in January, opposite to 7.6 and 3.4%, respectively, in the previous month.

In January, **the interest rate of the Denar newly extended credits and newly received deposits** went down by 0.3 and 0.4 percentage points, respectively and they equalled 9.8% and 4.8%, respectively. **The interest rate of the newly extended foreign currency credits** amounted to 7.6% in January (relative to 7.5% in the previous month), whereas **the interest rate of the newly received foreign currency deposits** went down by 0.3 percentage points amounting to 1.3%.

Table 1
The weighted lending and deposits rates (in %)

	I.09	II.09	III.09	IV.09	V.09	VI.09	VII.09	VIII.09	IX.09	X.09	XI.09	XII.09	I.10
Interest rates on denar loans	9,7	9,7	9,9	9,9	10,1	10,1	10,2	10,2	10,3	10,3	10,2	10,3	10,2
Interest rates on newly granted loans	9,1	9,4	9,7	10,2	11,0	10,8	10,3	10,3	10,3	10,4	10,5	10,1	9,8
Interest rates on denar deposits	6,8	6,8	6,6	6,7	6,8	6,8	7,2	7,2	7,4	7,4	7,4	7,5	7,3
Interest rates on newly received deposits	4,6	4,8	4,6	4,6	4,5	4,5	5,1	5,3	5,2	5,9	5,3	5,2	4,8
Interest rates on foreign currency loans	6,6	7,0	7,4	7,4	7,5	7,7	7,6	7,6	7,6	7,5	7,6	7,6	7,5
Interest rates on newly granted foreign currency loans	6,3	7,9	7,0	7,9	8,0	7,8	7,4	8,2	8,3	7,5	7,8	7,5	7,6
Interest rates on foreign currency deposits	3,1	3,2	3,2	3,2	3,2	3,3	3,3	3,3	3,3	3,3	3,4	3,4	3,3
Interest rates on newly received foreign currency deposits	1,5	1,6	1,9	1,4	1,4	1,5	1,6	1,6	1,5	1,6	1,7	1,6	1,3

Table 2
Weighted lending and deposit interest rates by groups of banks

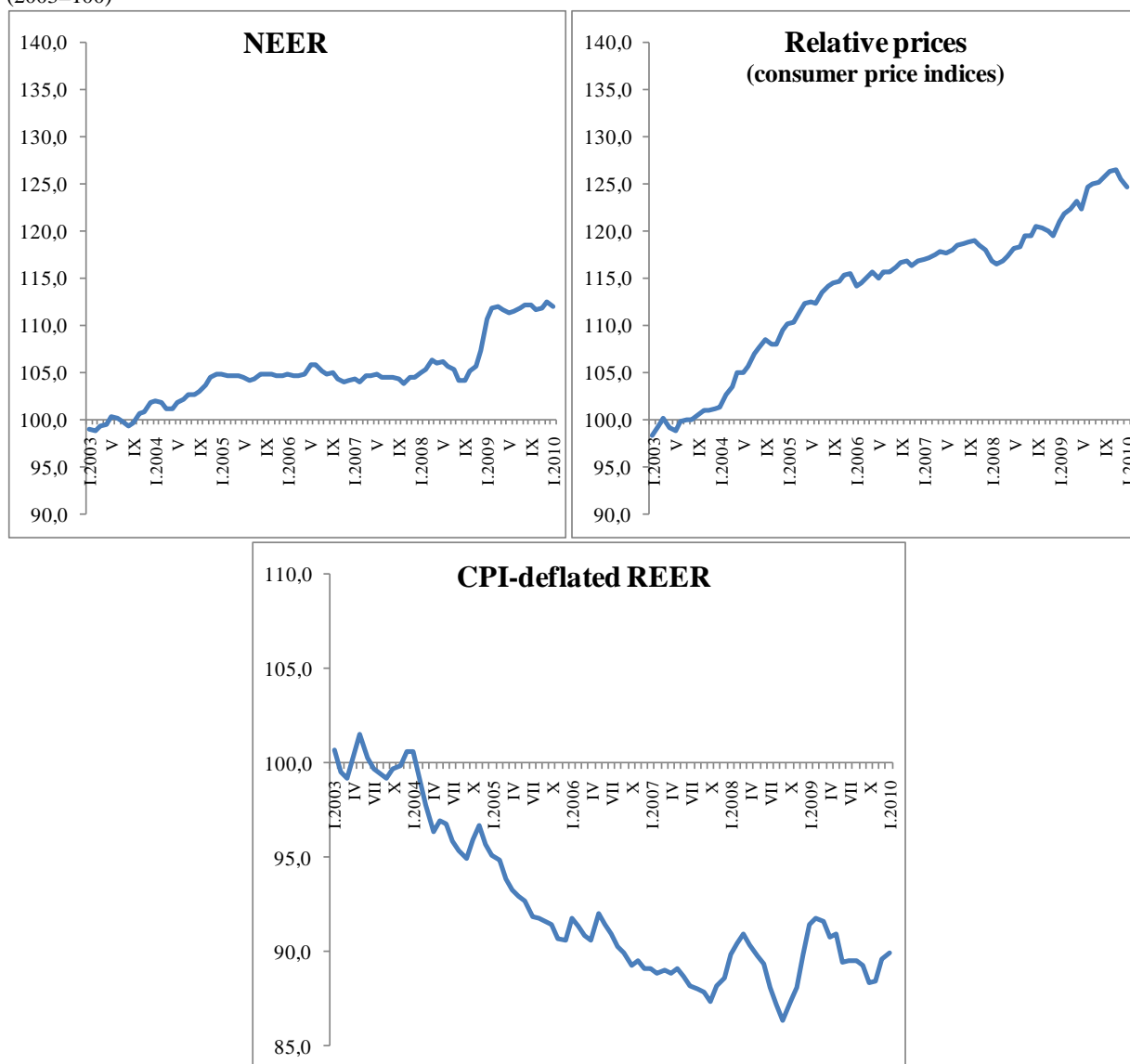
	I.09	II.09	III.09	IV.09	V.09	VI.09	VII.09	VIII.09	IX.09	X.09	XI.09	XII.09	I.10
Interest rates on denar loans													
Large banks	9,0	9,0	9,2	9,2	9,5	9,7	9,8	9,8	9,8	9,9	9,9	9,9	9,8
Medium banks	11,2	11,2	11,2	11,2	11,3	11,0	11,1	11,1	11,1	11,1	11,0	11,1	11,0
Small banks	10,4	10,5	10,5	10,5	10,7	10,9	10,9	10,9	11,0	11,0	11,0	10,9	10,9
Interest rates on denar deposits													
Large banks	6,9	6,9	6,8	6,9	7,1	7,1	7,4	7,4	7,6	7,6	7,6	7,7	7,4
Medium banks	6,5	6,6	6,2	6,4	6,3	6,4	7,0	6,9	7,0	7,0	7,1	7,2	7,2
Small banks	6,1	6,2	5,9	4,7	4,7	5,2	5,0	5,1	5,1	5,2	5,1	5,3	5,5
Interest rates on foreign currency loans													
Large banks	6,0	6,6	7,1	7,2	7,2	7,2	7,1	7,1	7,1	7,0	7,1	7,0	7,0
Medium banks	8,2	8,1	8,0	8,0	8,1	8,9	8,8	8,8	8,8	8,8	8,8	9,0	8,8
Small banks	9,0	9,0	9,0	9,0	9,0	9,0	9,0	12,7	12,7	6,6	5,5	5,9	6,0
Interest rates on foreign currency deposits													
Large banks	3,1	3,2	3,2	3,2	3,1	3,3	3,3	3,2	3,2	3,2	3,3	3,2	3,2
Medium banks	3,2	3,3	3,4	3,5	3,5	3,6	3,6	3,6	3,6	3,6	3,8	3,9	3,7
Small banks	1,5	1,8	1,9	1,9	1,8	1,8	2,1	2,1	2,3	2,5	2,5	2,8	2,8

The index of the real effective exchange rate (REER) deflated with the consumer price index in January 2010 indicated lower monthly competitiveness, with monthly appreciation of 0.4% of REER being registered. The monthly change resulted from the relative price drop¹⁸ (with growth in the domestic prices and unchanged foreign prices being registered), partially neutralized by the weak depreciation of the nominal effective exchange rate (NEER). On annual basis, the REER registered considerable depreciation of 1.7%, which was due to the rise in the foreign prices (2.9%), opposite to the insignificant drop in the domestic prices (0.1%)

¹⁸ The relative prices are shown as a ratio between the foreign price index and the domestic price index. If this ratio drops, in such case we witness more intensive rise in the domestic prices than the foreign prices, or more intensive drop in the foreign relative to the drop in the domestic prices, which is acting towards REER appreciation. If the ratio goes up, in such case we witness more intensive rise in the foreign than in the domestic prices, or more intensive fall in the domestic than the foreign prices which is acting towards REER depreciation.

Figure No. 25

NEER*, relative prices* and REER by the consumer prices*
(2003=100)

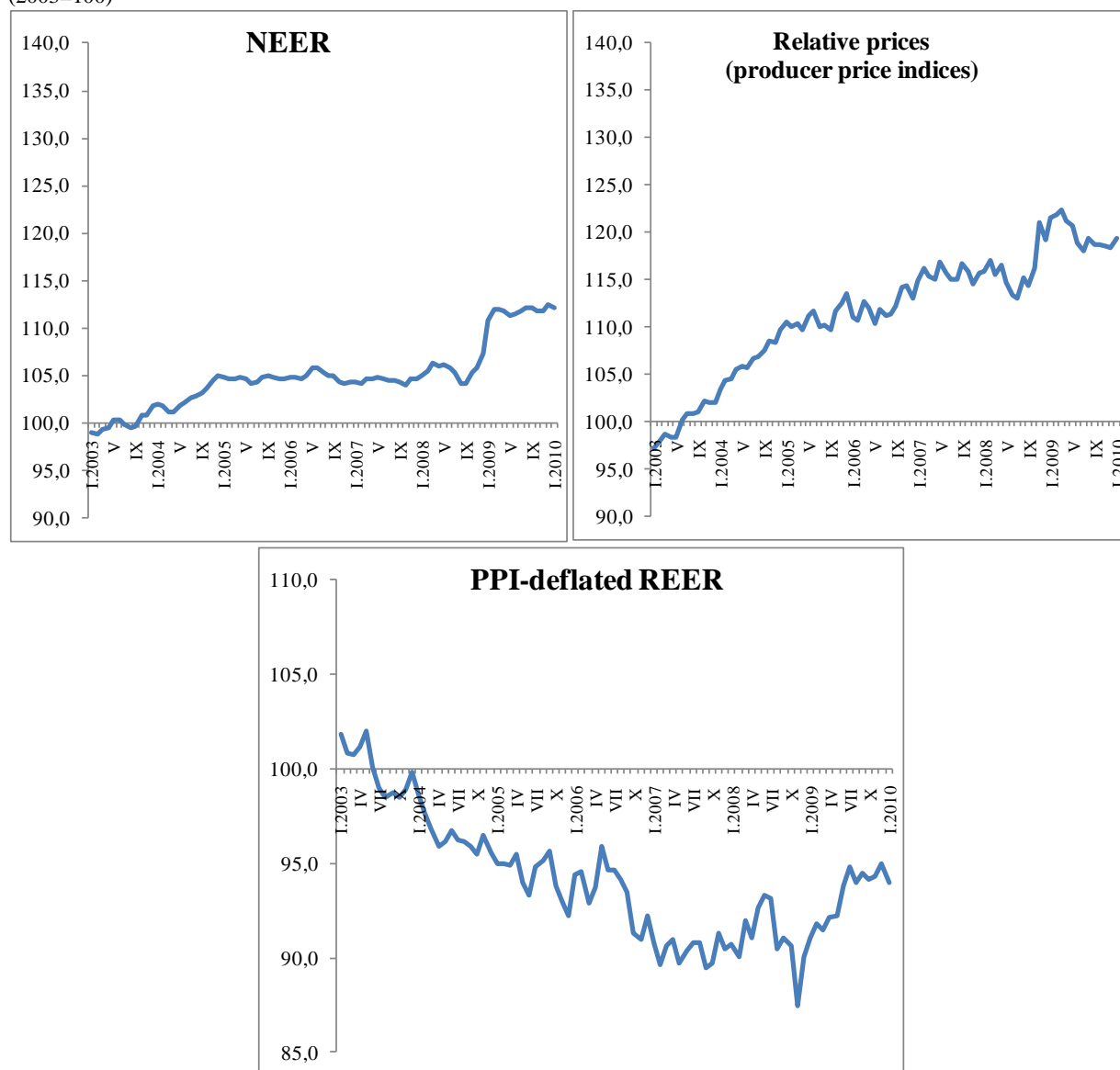


* Initial data.

In January, the **index of the REER measured by the producer price index** registered monthly depreciation of 1.1% and annual appreciation of 3.2%. The higher competitiveness on monthly basis was due to the more intensive rise in the foreign prices (0.9%), slower growth in the domestic prices (0.1%) and the fall in the NEER. On annual basis, the index of the REER registered lower competitiveness which was due to the higher growth of the domestic prices (7.1%) than in the foreign prices (5.1%) and appreciation of NEER.

Figure No. 26

NEER*, relative prices* and REER by the producer prices*
(2003=100)



* Initial data.

ANNEX

Table 1
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	<u>II.2010</u>	<u>II.2010</u>	<u>I-II.2010</u>	<u>II.2010</u>	<u>II.2010</u>	<u>I-II.2010</u>
	I.2009	II.2009	I-II.2009	I.2009	II.2009	I-II.2009
Total	0.4	0.6	0.3	0.4	0.6	0.3
Food	0.9	-1.9	-2.7	0.3	-0.8	-1.1
Grain products	0.1	-4.6	-4.6	0.0	-0.3	-0.3
Fresh and processed vegetables	4.2	-0.7	-3.5	0.2	0.0	-0.2
Fresh and processed fruits	1.4	-5.2	-7.1	0.0	-0.1	-0.2
Meat and poultry	0.1	2.7	2.7	0.0	0.2	0.2
Fresh and cooked fish	1.6	-2.8	-3.2	0.0	0.0	0.0
Dairy products	0.5	-4.2	-5.4	0.0	-0.2	-0.3
Eggs	0.0	-13.2	-13.2	0.0	-0.2	-0.2
Oils and fats	-0.2	-11.8	-12.3	0.0	-0.2	-0.2
Tobacco and beverages	0.0	0.7	1.5	0.0	0.0	0.1
Clothing and footwear	-0.2	-0.3	-0.8	0.0	0.0	-0.1
Housing	0.2	4.8	5.1	0.0	0.8	0.8
Flat (rent, water and other services)	-0.2	0.3	0.3	0.0	0.0	0.0
Fuel and lighting	0.3	8.6	9.0	0.0	0.8	0.8
Heating and services	0.9	6.1	7.4	0.0	0.2	0.2
Electric power	0.0	9.9	9.9	0.0	0.6	0.6
Hygiene and health	0.3	0.9	1.1	0.0	0.1	0.1
Culture and entertainment	-1.2	-0.3	-0.4	-0.1	0.0	0.0
Transport and communication services	0.3	4.0	3.8	0.0	0.5	0.5
Fuels and lubricants	1.1	23.6	26.4	0.0	0.6	0.7
Public transport services & PTT	0.0	-2.2	-2.2	0.0	-0.1	-0.1
Restaurants and hotels	0.0	-0.4	-0.4	0.0	0.0	0.0
Other services n.e.c.	0.0	0.8	0.3	0.0	0.0	0.0

Source: State Statistical Office of the Republic of Macedonia.

Table 2
Basic inflation, productivity and wages

(annual rates, %)	2007	2008	2009	2008				2009				Latest months			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Nov-09	Dec-09	Jan-10	Feb-10
Inflation (CPI)	2.3	8.3	-0.8	9.5	9.9	8.4	5.5	0.9	-0.6	-1.4	-2.1	-2.3	-1.6	0.1	0.6
Regulated prices	3.3	9.3	-1.9	7.4	9.2	12.5	8.3	-1.6	-1.8	-3.3	-0.7	-2.6	2.8	14.4	12.3
Industrial producer prices	2.5	10.3	-6.5	10.5	13.6	15.1	2.1	-6.2	-8.8	-10.1	-0.5	1.4	3.2	6.5	7.4
Productivity	2.2	2.2	-	2.7	4.5	2.5	-0.9	-3.7	-5.9	-5.4	-	-	-	-	-
Nominal net-wage*	7.9	10.4	-	10.5	9.9	10.7	10.3	12.7	13.4	8.9	4.5	4.6	4.4	-	-
Real net-wage*	5.5	1.9	-	0.9	0.0	2.1	4.5	11.8	14.1	10.4	6.8	7.0	6.1	-	-

*Form January 2009 data are revised from structural break due to application of gross wages concept, which includes allowances for food and transport in the wages.

Source: State Statistical Office of the Republic of Macedonia and NBRM.

Table 3
Industrial output and other economic activities

(annual rates, %)	2007	2008	2009	2008				2009				Latest months		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Nov-09	Dec-09	Jan-10
Gross domestic product	5.9	4.8	-	6.4	7.9	6.4	1.2	-0.9	-1.4	-1.8	-	-	-	-
Industrial output	3.7	5.5	-7.7	5.8	12.0	13.0	-7.7	-10.8	-13.2	-13.1	7.5	4.3	20.0	-2.9
Construction	7.6	25.6	-	29.1	55.7	-2.0	31.5	0.0	14.7	12.6	20.3	17.8	-9.5	-
Retail and wholesale trade	23.1	10.5	-	19.1	19.8	12.4	-0.5	-8.7	-11.0	-8.8	3.6	4.6	12.5	-
Telecommunications	15.6	8.9	-	12.1	7.4	10.1	6.4	7.4	5.7	8.3	4.9	7.0	0.2	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2007	2008	2009	2008				2009				jan.10	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	change, %	contribution, p.p.
Mining and quarrying	9.8	0.4	-12.3	11.9	13.6	3.4	11.2	-12.6	-19.2	-11.3	-6.5	11.4	0.5
Manufacture of food products and beverages	7.7	1.2	-2.1	5.3	6.0	6.1	11.9	-2.5	-0.1	-1.8	-3.9	6.7	1.1
Manufacture of tobacco products	-0.8	0.1	-3.2	13.8	15.4	1.0	-18.1	-2.1	2.6	-5.5	-9.4	35.4	1.2
Manufacture of wearing apparel	-14.5	-2.0	-11.7	-16.5	-22.7	-23.4	-18.8	-23.7	-16.9	-1.6	-3.5	-13.5	-1.1
Printing	-12.2	1.6	34.6	7.8	72.2	68.4	85.3	2.6 times	54.4	-2.7	-15.2	-38.3	-2.8
Manufacture of refined petroleum products	-2.4	0.1	-8.9	3.3	50.9	1.1	-30.9	9.2	-27.2	-36.3	25.9	-22.9	-1.8
Manufacture of other non-metallic mineral products	3.8	-0.3	-12.1	-10.9	-3.2	-9.9	15.0	-17.0	-4.3	-11.8	-19.3	2.2	0.1
Manufacture of basic metals	34.3	-1.0	-42.1	9.5	15.7	-3.3	-45.7	-61.6	-52.3	-42.2	13.4	2.1 times	5.3
Manufacture of fabricated metal products	45.6	2.6	38.5	29.7	11.8	3 times	-22.0	35.0	-12.9	-2.8	186.7	-71.4	-5.3
Manufacture of electrical machinery and equipment	-24.4	0.6	-29.0	45.6	64.9	32.4	-10.6	1.0	-13.5	-51.6	-53.1	-53.8	-2.5
Manufacture of other transport equipment	33.4	-0.3	-46.4	9.8	143.1	-47.9	-70.6	-60.5	-71.5	-21.0	24.2	-34.2	-0.3
Recycling	-35.6	0.5	-11.6	105.6	262.2	12.5 times	-34.9	-74.2	-10.6	7.6	97.9	32.7 times	1.6
Electricity, gas, steam and hot water supply	-9.5	-0.3	8.8	-0.8	1.9	1.9	-12.2	-1.6	15.6	10.4	14.2	16.7	2.9

Source: State Statistical Office of the Republic of Macedonia.

Table 5
Indicative variables for private consumption and investment

(real annual growth rates, %)	2007	2008	2008				2009				Latest months		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Nov-09	Dec-09	Jan-09
Retail trade*	14.4	3.1	0.8	4.7	5.3	1.5	-4.0	-3.6	-3.7	-0.8	-2.2	5.8	-
VAT revenues*	18.5	1.3	13.9	2.1	-0.2	-8.0	-8.5	-14.0	-3.8	20.3	9.8	96.4	-31.3
Imports of consumption goods*	19.4	7.8	6.1	7.4	8.7	8.9	-0.1	-9.5	-6.6	-4.5	-1.3	-5.4	-3.7
Domestic production of consumption goods	-1.5	6.7	2.2	7.2	6.5	10.1	4.5	0.2	-5.5	-8.3	-5.0	-6.5	-5.7
Imports of capital goods*	36.9	21.5	37.5	26.4	15.6	13.6	24.4	-10.8	-8.6	-19.7	-18.7	-9.5	-50.0
Completed construction works*	4.9	16.3	18.0	41.6	-9.6	24.7	-0.8	15.3	14.2	22.9	20.6	-7.9	-
Domestic production of capital goods	19.7	-1.3	26.5	28.0	-15.9	-31.3	-24.9	-40.1	-19.3	-6.8	-9.9	3.0	-40.0

* real growth rates are calculated by the NBRM, by dividing the nominal growth rates with the annual CPI inflation

Source: State Statistical Office, Ministry of Finance and NBRM calculations

Table 6
Balance of payments ^{1,3}
(in millions of euros)

Period						2009																
	Q1	Q2	Q3	Q4	2008	1	2	3	4	5	6	7	8	9	10	11	12	Q1	Q2	Q3	Q4	2009
I. Current Account	-173.1	-210.7	-68.3	-401.2	-853.3	-116.6	-95.3	-133.7	-68.2	-11.0	-20.9	24.8	20.9	56.7	-41.1	-70.2	-28.7	-345.6	-100.1	102.5	-140.0	-483.3
GOODS, net	-374.2	-464.0	-419.9	-492.6	-1,750.7	-143.0	-152.0	-151.6	-142.6	-79.9	-116.6	-120.6	-111.3	-69.0	-159.8	-160.0	-144.5	-446.6	-339.1	-301.0	-464.3	-1,551.0
Exports, f.o.b.	611.6	735.8	745.2	591.6	2,684.2	113.7	136.7	149.9	155.0	164.5	171.7	186.1	162.1	184.2	157.6	170.2	169.2	400.3	491.3	532.4	497.0	1,920.9
Imports, f.o.b. /2	-985.8	-1,199.9	-1,165.1	-1,084.2	-4,434.9	-256.7	-288.6	-301.5	-297.6	-244.3	-288.4	-306.7	-273.4	-253.2	-317.4	-330.2	-313.7	-846.8	-830.3	-833.4	-961.3	-3,471.9
SERVICES, net	0.5	-7.6	29.6	-18.1	4.3	-1.5	3.5	-3.0	0.8	-4.1	2.1	9.5	9.2	4.5	-0.4	-2.8	10.1	-1.0	-1.2	23.3	6.9	28.0
INCOME, net	23.8	0.7	-14.4	-101.0	-90.9	-14.2	-5.7	-7.5	-3.1	-11.5	-5.8	-6.0	-7.5	-4.2	-7.7	-6.4	-12.2	-27.4	-20.4	-17.6	-26.3	-91.7
CURRENT TRANSFERS, net	176.8	260.3	336.4	210.5	984.0	42.1	58.8	28.4	76.7	84.5	99.4	141.9	130.5	125.4	126.8	98.9	117.9	129.4	260.6	397.8	343.6	1,131.4
Official	7.7	21.5	10.9	7.9	47.9	3.0	1.5	5.8	5.5	1.9	5.4	2.8	4.1	1.4	15.0	2.4	5.0	10.3	12.9	8.3	22.4	53.9
Private	169.1	238.8	325.6	202.6	936.1	39.2	57.4	22.6	71.1	82.5	94.0	139.1	126.5	124.0	111.8	96.6	112.9	119.1	247.7	389.5	321.3	1,077.6
II. Capital and Financial Account	184.3	221.3	56.4	389.2	851.2	101.0	92.4	134.0	71.5	16.6	27.8	-33.1	-20.3	-58.1	44.3	69.7	20.3	327.4	115.9	-111.5	134.4	466.1
CAPITAL ACCOUNT, net	-0.8	-2.6	-0.5	-8.3	-12.2	0.1	0.4	0.3	-0.1	0.3	1.6	4.2	3.0	8.0	0.9	0.5	0.8	0.8	1.7	15.2	2.3	20.0
Capital transfers, net	-0.8	1.1	-0.5	-0.8	-1.1	0.1	0.4	0.3	-0.1	0.3	1.6	4.2	3.0	8.0	0.5	0.9	0.5	0.8	1.7	7.7	2.3	12.5
Official	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.8	1.1	-0.5	-0.8	-1.1	0.1	0.4	0.3	-0.1	0.3	1.6	4.2	3.0	8.0	0.5	0.9	0.5	0.8	1.7	7.7	2.3	12.5
Acquisition/disposal of non-produced, non-financial assets	0.0	-3.7	0.0	-7.5	-11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	0.0	7.5
Inflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outflows	0.0	-3.7	0.0	-7.5	-11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	0.0	0.0	0.0	0.0	7.5	0.0	7.5
FINANCIAL ACCOUNT, net	185.1	223.9	56.9	397.6	863.5	100.9	92.0	133.6	71.6	16.4	26.2	-37.3	-23.3	-66.1	43.5	69.2	19.4	326.6	114.2	-126.7	132.1	446.2
Direct investment, net	142.5	111.5	74.8	80.5	409.4	27.4	26.8	2.3	32.7	19.0	8.6	-29.9	26.9	-2.9	32.2	29.7	-1.0	56.5	60.3	-5.8	60.9	171.9
Portfolio investment, net	-8.2	-10.8	-8.2	-23.4	-50.6	-4.7	-3.7	-10.8	-8.6	-0.5	-3.3	161.3	-9.3	-3.3	-4.2	-4.6	-4.1	-19.1	-12.4	148.7	-12.8	104.3
Other investments	42.8	146.7	117.9	145.7	453.1	-9.5	32.2	13.7	-11.2	-36.3	61.6	21.5	72.4	-40.5	36.7	70.0	28.7	36.4	14.0	53.4	135.4	239.3
Assets	81.0	17.3	19.2	90.1	207.4	-3.3	-0.9	-12.9	-32.0	-37.6	63.1	-39.6	-7.8	-18.1	-12.8	37.1	-41.6	-17.0	-6.4	-65.5	-17.3	-106.3
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	-2.0	-2.1	-0.3	-0.3	-4.7	-2.4	-0.6	-0.2	-0.1	-0.3	-9.5	1.7	-3.2	-2.0	-1.2	-0.1	-0.6	-3.1	-9.9	-3.4	-1.9	-18.4
Currency and deposits	82.1	19.2	19.5	90.6	211.3	-0.6	-0.8	-12.7	-32.0	-37.2	72.6	-41.3	-4.5	-15.9	-11.9	37.1	-40.9	-14.1	3.4	-61.7	-15.7	-88.1
Monetary authorities						-4.0	-0.3	0.7	-0.4	0.4	1.0	1.5	0.3	-0.1	0.4	0.1	0.4	-3.6	1.0	1.7	0.9	0.0
Government						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Banks						-6.7	-8.5	-32.7	-35.8	-37.2	71.7	-38.3	-1.9	-2.7	-3.4	42.7	-33.3	-48.0	-1.3	-42.9	6.1	-86.0
Other sectors						10.1	8.0	19.4	4.2	-0.4	0.0	-4.5	-2.9	-13.2	-8.9	-5.7	-8.1	37.5	3.7	-20.5	-22.7	-2.1
Other assets	1.0	0.2	0.0	-0.3	0.8	-0.3	0.5	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	0.3	0.1	-0.1	0.2	0.0	-0.3	0.2	0.1
Liabilities	-38.2	129.5	98.7	55.6	245.7	-6.3	33.1	26.6	20.8	1.3	-1.6	61.2	80.2	-22.4	49.6	32.9	70.3	53.4	20.5	118.9	152.8	345.6
Trade credits	-40.4	87.7	-21.2	-41.7	-15.7	2.1	21.1	29.2	12.8	-15.5	5.1	-15.4	28.0	-27.2	40.5	22.1	63.8	52.3	2.4	-14.6	126.4	166.5
Loans	25.8	42.0	85.7	88.3	241.9	-8.9	5.4	3.9	4.3	3.2	-4.0	-2.7	3.5	-2.1	9.8	5.2	46.3	0.4	3.6	-1.3	61.3	63.9
Currency and deposits	-22.4	-4.5	32.4	6.5	12.1	-1.5	4.6	-8.6	2.3	12.3	-4.7	78.3	-8.2	-2.0	-2.7	0.8	-44.5	-5.5	9.8	68.1	-46.4	26.0
Monetary authorities						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Banks						-1.5	4.6	-8.6	2.3	12.3	-4.7	78.3	-8.2	-2.0	-2.7	0.8	-44.5	-5.5	9.8	68.1	-46.4	26.0
Other sectors						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	-1.2	4.3	1.8	2.6	7.4	2.0	2.0	2.2	1.4	1.3	2.0	1.0	56.9	8.9	2.0	4.9	4.7	6.2	4.7	66.8	11.5	89.2
Gross official reserves, without monetary gold and valuation changes (- = increase) /3	8.0	-23.5	-127.6	194.8	51.6	87.7	36.7	128.4	58.7	34.2	-40.6	-190.3	-113.3	-19.4	-21.3	-25.9	-4.2	252.8	52.2	-323.0	-51.4	-69.4
III. Errors and Omissions	-11.2	-10.6	11.9	12.0	2.1	15.6	2.9	-0.2	-3.3	-5.6	-6.9	8.3	-0.6	1.4	-3.2	0.4	8.4	18.2	-15.8	9.1	5.6	17.1

1/ Preliminary data

2/ Imports data are on fob basis in accordance with IMF V Balance of Payments Manual

Calculation of cif / fob factor as % of imports cif is 4,14%

Imports for 2006, 2007 and 2008 have been additionally adjusted with time adjustments for imports of electricity.

3/ Methodological changes: The BOP data for 2007 include estimations for certain elements in the items on direct investment and income - based on actual data from the newly introduced data source (FDI Survey DI 22) available as with end 2006

4/ Excluding monetary gold and exchange rate differences

Source: National Bank of the Republic of Macedonia.

Table 7
Foreign trade

	L2010	L2010		L2010	
		XII2009		L2009	
	amount	amount	%	amount	%
Total trade	355.0	-140.9	-28.4	-26.2	-6.9
Export	130.9	-38.5	-22.7	16.9	14.9
Import	224.1	-102.4	-31.4	-43.1	-16.1
Balance	-93.2	63.9	-40.7	60.1	-39.2

Source: State Statistical Office of the Republic of Macedonia.

Table 8
Monetary developments

	28.02.2009	31.12.2009	31.01.2010	28.02.2010	monthly changes (28.02.2010/ 31.01.2010)		annual changes (28.02.2010/ 28.02.2009)	
<i>in Denar million</i>	actual	actual	actual	actual	in Denar million	in %	vo mil.den	in %
Brtoad money M4	192,775	207,262	208,129	208,271	142	0.1	15,496	8.0
Currency in cirrculation	15,341	16,266	15,525	15,087	-437	-2.8	-254	-1.7
Denar deposits ^{1/}	91,239	90,483	90,856	91,503	647	0.7	264	0.3
Foreign currency deposits	86,195	100,513	101,748	101,681	-67	-0.1	15,485	18.0
Total deposits	177,434	190,996	192,604	193,183	579	0.3	15,749	8.9
Reserve money ^{2/}	39,034	45,952	46,325	45,039	-1,286	-2.8	6,005	15.4

^{1/}Including demand deposits, deposits of municipalities and public entities.

^{2/}Including reserve requirement in foreign currency.

	28.02.2009	31.12.2009	31.01.2010	28.02.2010	monthly changes (28.02.2010/ 31.01.2010)		annual changes (28.02.2010/ 28.02.2009)	
<i>in Denar million</i>	actual	actual	actual	actual	in Denar million	in %	vo mil.den	in %
Credit to the private sector	175,397	178,196	178,702	179,611	910	0.5	4,215	2.4
In Denar	135,992	139,197	139,660	139,771	112	0.1	3,780	2.8
In Foreign currency	39,405	38,998	39,042	39,840	798	2.0	435	1.1
Banks' net foreign assets	1,177	1,518	135	-2,061	-2,196	-1,627	-3,238	-275

Source: National Bank of the Republic of Macedonia.

Table 9
Monetary aggregates
(in %)

in %)	end of period to the end of previous period											annual change (in %)										
	2008				2009				2010			2009				2010						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	October	November	Q4	January	February	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	January	February
M0	-8.8	13.5	-0.02	4.4	-10.2	1.7	11.8	7.9	-1.4	10	0.8	-2.8	16.6	22.2	19.6	8.0	6.4	-4.7	6.6	12.4	19.3	15.4
M1	-5.9	11.2	1.50	7.8	-13.5	1.8	0.6	2.5	-0.1	9.1	-4.3	1.5	24.3	30.2	22.2	14.5	5.2	-3.6	-4.5	-3.5	0.7	3.8
M4	1.6	6.3	4.3	-1.2	-2.6	0.8	2.0	2.2	0.8	5.9	0.4	0.1	25.3	21.4	22.0	11.2	6.6	1.2	-1.1	6	8	8.0
M4-denar	-1.4	6.6	2.0	-3.2	-9.5	-0.7	-1.7	3	1.2	8.3	-0.3	0.2	33.5	24.7	20.0	3.9	-4.7	-11.3	-14.5	-4.4	-0.8	0.01

Source: National Bank of the Republic of Macedonia.

Table 10**Deposits of the private sector***

(in millions of denars)

		Balance as of 28.02.2010	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		189,768	464	0.2	15,182	8.7
In Denar	Households	45,495	1,400	3.2	3,744	9.0
	Enterprises	33,126	-1,062	-3.1	-6,199	-15.8
	Total	88,087	531	0.6	-304	-0.3
In Foreign currency	Households	83,011	736	0.9	15,918	23.7
	Enterprises	17,295	-806	-4.5	-560	-3.1
	Total	101,681	-67	-0.1	15,485	18.0
Total households deposits		128,507	2,136	1.7	19,663	18.1
Total enterprises deposits		50,421	-1,867	-3.6	-6,758	-11.8

* the Denar deposits do not include the deposit money.

Source: National Bank of the Republic of Macedonia.

Table 11**Credits to the private sector**

(in millions of denars)

		Balance as of 28.02.2010	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private sector		179,611	910	0.5	4,214	2.4
In Denar	Households	67,881	-73	-0.1	925	1.4
	Enterprises	71,765	192	0.3	2,982	4.3
	Total	139,771	112	0.1	3,779	2.8
In Foreign currency	Households	3,767	-28	-0.7	-560	-12.9
	Enterprises	36,016	826	2.3	1,078	3.1
	Total	39,840	798	2.0	435	1.1
Total credit to the households		71,648	-101	-0.1	365	0.5
Total credit to the enterprises		107,781	1,019	1.0	4,060	3.9

Source: National Bank of the Republic of Macedonia.

Table 12
Interest rates

	Feb.2010	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	7.61	-0.4	0.6
Average weighted interest rate on the Money Market	5.28	-0.78	0.4
Interest rate on three-month treasury bills		/	/
	Jan.2010	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	10.2	-0.1	0.5
Banks' weighted deposit interest rates	7.3	-0.2	0.5

* Pertains to bilateral trading

Source: National Bank of the Republic of Macedonia.