

National Bank of the Republic of Macedonia
Research Department



Monthly Information
7/2010

August, 2010

CONTENTS

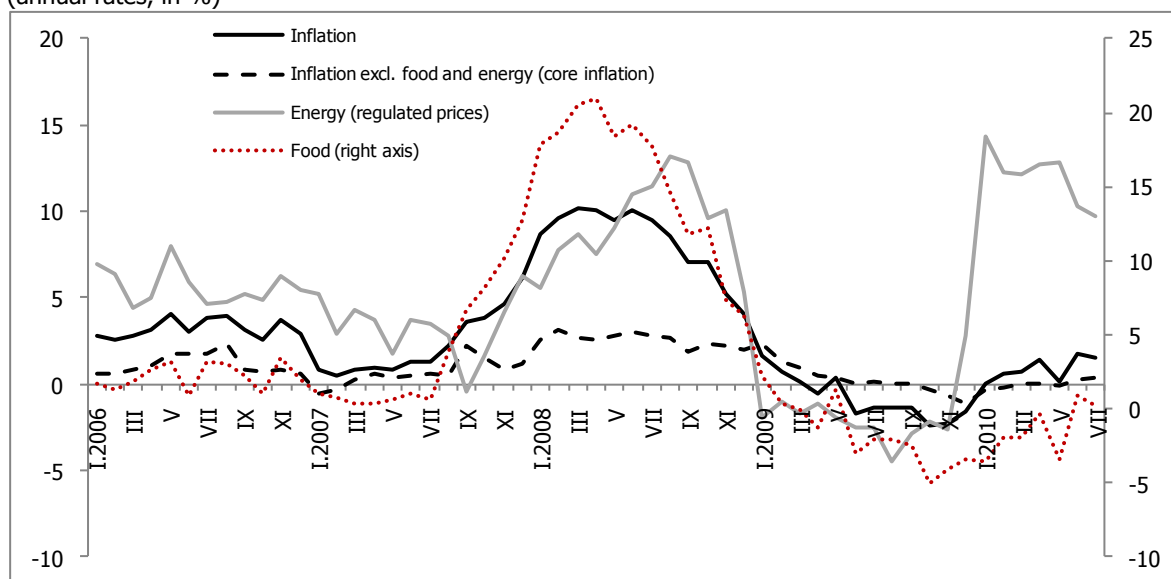
1. PRICES	3
1.1. Inflation Expectations Survey	5
2. WAGES AND EMPLOYMENT	7
3. ECONOMIC ACTIVITY	11
4. BALANCE OF PAYMENT	16
5. MONETARY AGGREGATES	23
6. BANKS' CREDITS	27
7. INTEREST RATES.....	29
ANNEX	32

1. PRICES

After the small rise in the previous month, the **consumer prices** in July 2010 reduced by 0.4% on monthly basis. Such drop resulted mainly from the fall in the food prices, i.e. the fresh vegetables, which registered drop continuously in the last three months, caused by the seasonal effects. Additionally, drop was registered with the prices of fresh meat, dairy, wearing apparel, as well as the means of transportation. On the other hand, more considerable rise was registered with the prices of grease, fruits and bread and pastries. After the monthly drop, the index of consumer costs, **on annual basis**, registered slowing down in the fall rate from 1.8% in June, to 1.5% in July 2010. The annual inflation of 1.5% in July can be explained by the higher prices of housing (which was due to the rise in the prices of the electricity and central heating at the beginning of the year), as well as by the rise in the prices of oil derivatives, in accordance with the low comparison basis in the previous year. The developments in the annual inflation rate determined moderate intensification in the **average inflation rate**, which in the first seven months of 2010 amounted to 0.9% (0.8% in the first six months).

The core inflation¹ (inflation without food and energy) registered small upward movement, i.e. annual rise of 0.4% (in June it amounted to 0.3%). Namely, the annual growth was mostly due to the acceleration in the growth in the prices of hygiene and health services and education, whereas the means of transportation registered price fall.

Figure 1
Total and core inflation
(annual rates, in %)



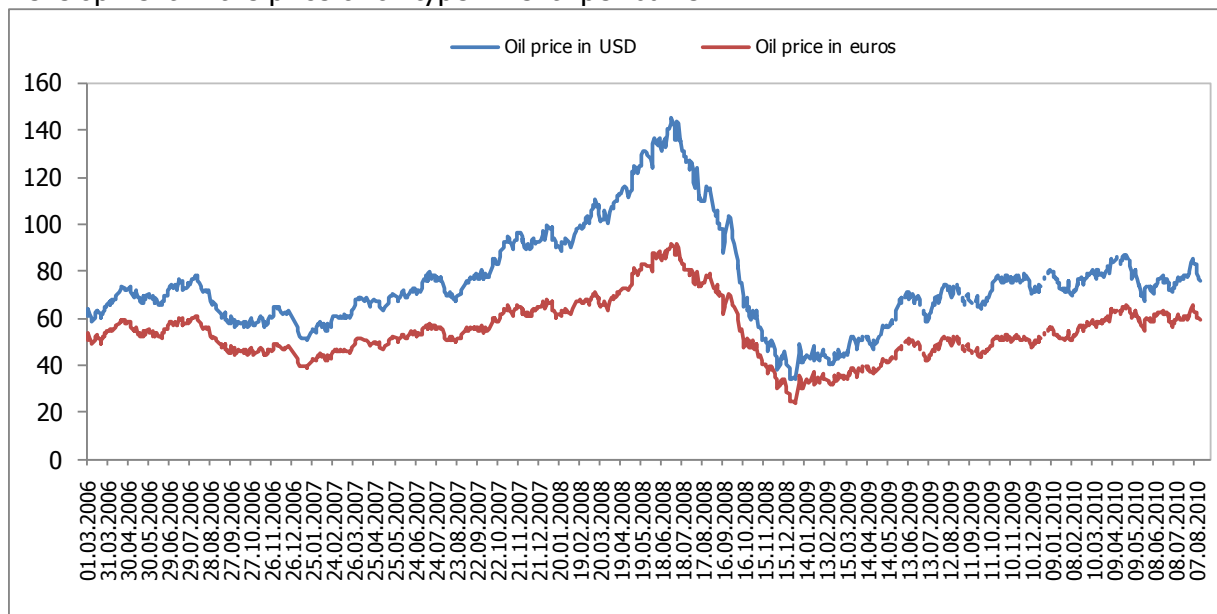
Source: State Statistical Office of the Republic of Macedonia and NBRM.

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

The realized inflation in July was included in the last projection, according to which in the third quarter annual inflation rate of approximately 1.7% was anticipated, while for the whole 2010 the average inflation rate was expected to reach up to about 1.5%.

The oil price in July 2010 remained almost unchanged relative to the previous month. Namely, in July the average oil price amounted to USA Dollar 74.7 per barrel which represented minimal monthly drop of 0.1%. During the month, the developments in the oil price had various dynamics. At the beginning of July, the oil price was relatively stable, in accordance with the perceptions of the economic agents for slower economic recovery, and therefore a lower demand for oil. These relatively stable developments were interrupted at the end of the month, when the oil price on the international stock exchanges intensified, reflecting the effects from the tropical storms and possible implications on the production of oil and gas in the Mexican Gulf, as well as due to the lower value of the USA Dollar. The rise in the indices on the capital stock exchanges gave an additional effect, together with the improved economic situation in the companies and the consumer expectations in the USA. **In the first two weeks of August** the oil price still increases, reaching up to USA Dollar 81.8 per barrel (on average), which was by 5% higher, relative to the previous two-week period. Considering the fact that the Denar appreciation (1.7%) relative to the USA Dollar was lower than the rise in the oil price, the Regulatory Energy Committee (REC) on August 16, 2010 adopted a decision on increasing the refinery and retail prices of oil derivatives, on average, by 1.28% and 1.04%, respectively.

Figure 2
Development in the price of oil type "Brent" per barrel



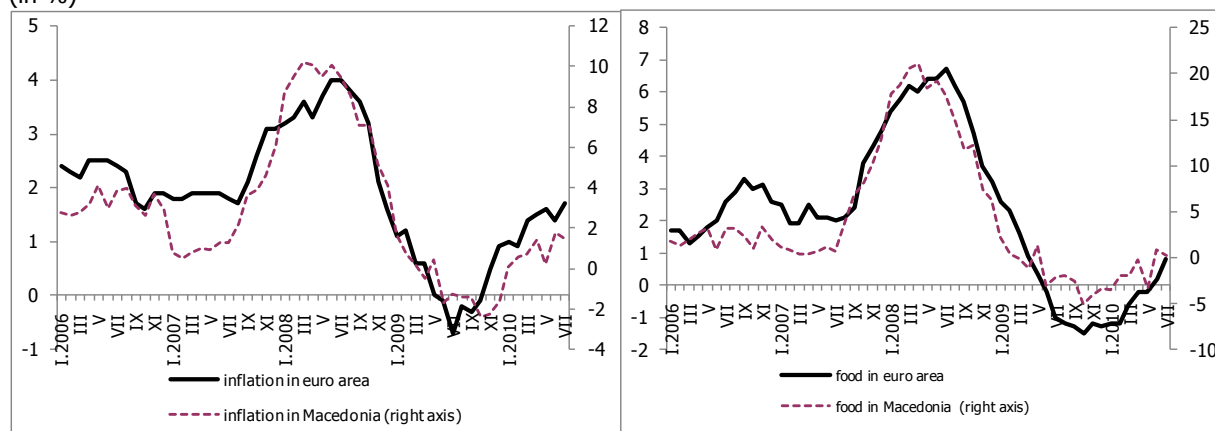
Source: The Energy Information Administration - statistical agency of the U.S. Department of Energy.

In July 2010, the level of the **consumer prices in the Euro area** dropped by 0.3% on monthly basis, which was mainly due to the lower prices of wearing apparel and footwear, whereas the prices of package holidays and accommodation services gave more considerable positive contribution. In July, the annual inflation rate in the Euro area registered small intensification, thus amounting to 1.7% (1.4% in June), in conditions of rise in the prices of

transport fuels (in accordance with the low price of the crude oil in the previous year), higher price of the fuel oil, as well as higher tobacco prices. More considerable price drop was registered in the telecommunication services. The average inflation rate in the Euro area in the period January - July 2010 amounted to 1.4%.

Figure 3

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



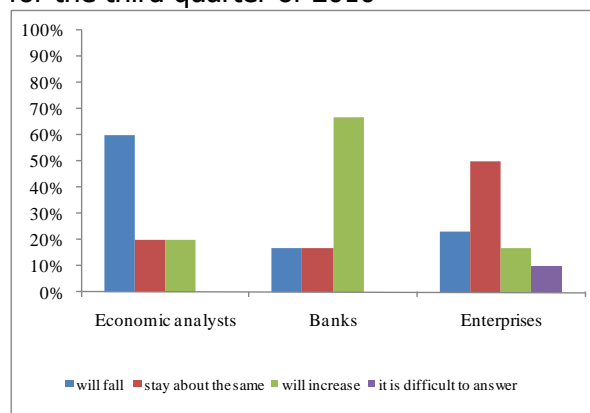
Source: Eurostat and SSO.

1.1. Inflation Expectations Survey

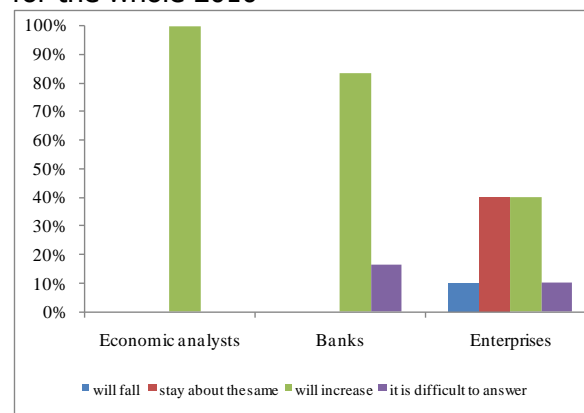
According to the Inflation Expectations Survey conducted in July 2010², most of the surveyed (42%) anticipated for the annual inflation rate at the end of **the third quarter of 2010** to remain unchanged relative to the level in June of 0.8%, slightly lower share (27%) considered that the inflation will be lower than the one in June, 24% anticipated higher inflation, and the rest are uncommitted. With respect to the anticipations with individual groups of surveyed, considerable share (60%) of the **analysts** anticipated lower inflation, while the expectations of the other analysts were divided between stable and inflationary price development. Opposite to the expectations of the analysts, most of the surveyed **banks** (67%) considered that the inflation will increase in the third quarter, and the rest of the banks had low and stable inflation expectations. Different from the analysts and the banks, most of the **enterprises** (50%) had stable inflation expectations, 23% of them anticipated drop, while just a small part (17%) expected higher inflation than the level in June, and the others failed to assess it. *The anticipated annual inflation rate for September 2010, based on the results from the Survey, amounted to 1.8% and it is in accordance with the projected rate for September of 1.9%, on annual level.*

² The survey had response of 56.2%, i.e. 41 of 73 surveyed answered the Survey. Observed by groups of surveyed, the highest response was registered with the banks (85.7%), than with the enterprises (56.6%), and the lowest with the economic analysts (38.5%).

Figure 4
Distribution of answers for the inflation expectations by groups of surveyed
for the third quarter of 2010



for the whole 2010

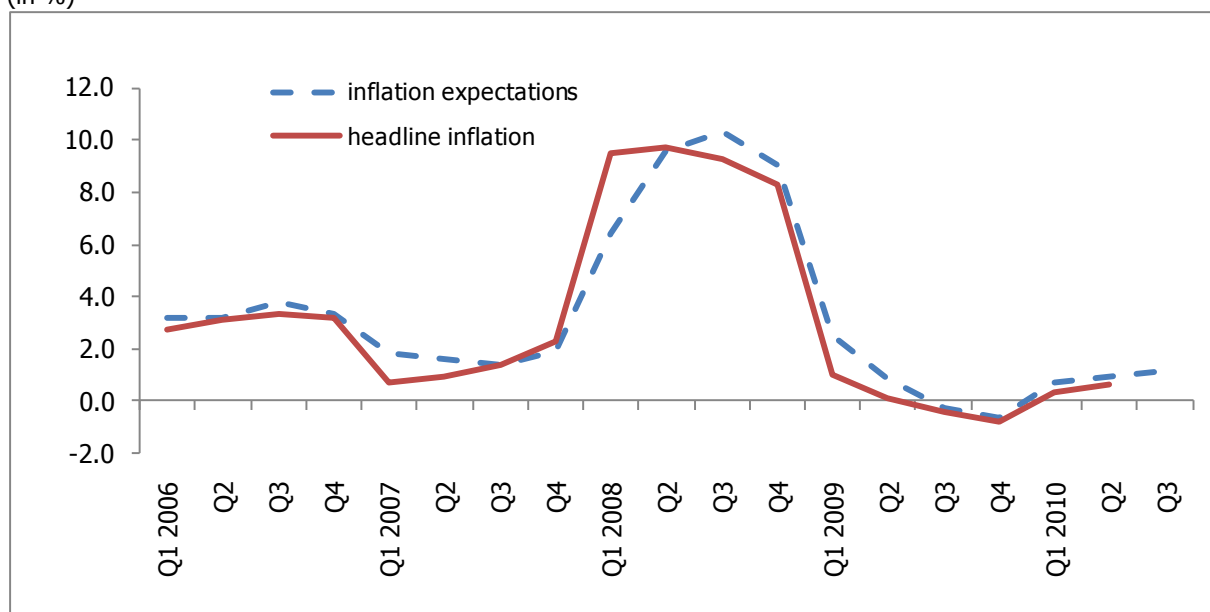


Source: NBRM, Inflation Expectations Survey.

Regarding the **whole 2010**, more than half of the surveyed (54%) anticipated for the average inflation rate to be higher than the one realized in the period January-June (0.8%), 29% of the surveyed had stable inflation expectations, 10% considered that the inflation development till the end of 2010 can be hardly assessed, whereas 7% considered that the inflation will decrease. All surveyed **analysts** shared the anticipations that the average inflation will intensify until the end of 2010. Also most of the **banks** (84%) had inflationary expectations for the prices until the end of 2010, and the others can hardly assess. Anticipations for higher inflation rate were registered with 40% of the **enterprises**, the other 40% of them had stability expectations, whereas 10% of them anticipated lower inflation or they can hardly determine it. *The economic agents anticipated for the average inflation rate to amount to about 1.1% in 2010, which represented minimal intensification relative to the anticipations in the previous survey (about 1%).*

Figure 5

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



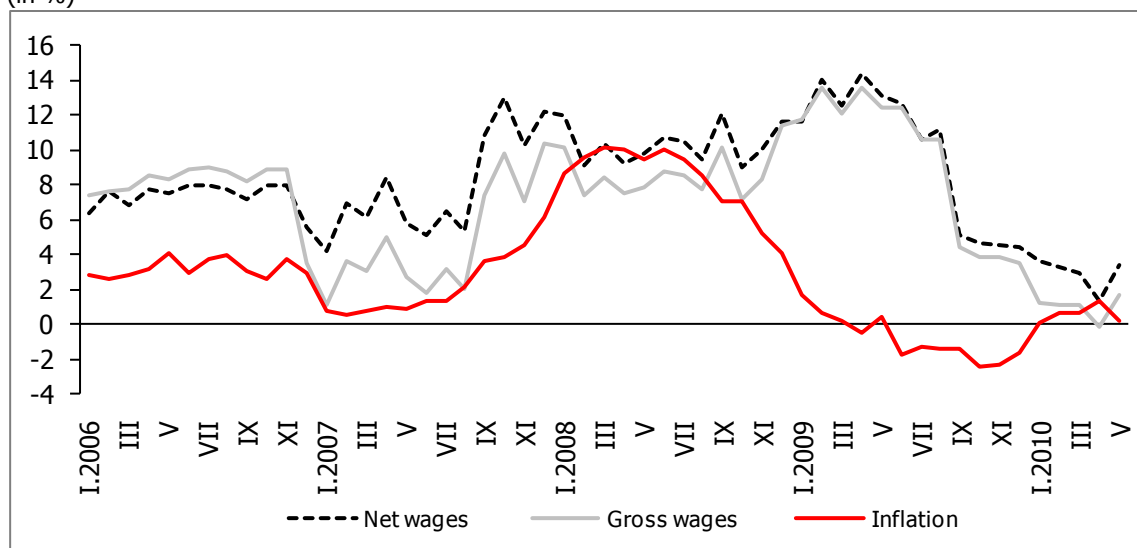
Source: NBRM, Inflation Expectations Survey and SSO.

The expectations for improvement in the economic activity and subsequently, more intensive demand in the following period, more relaxed monetary policy and development in the credit market in accordance with the lower interest rates, higher prices of heating energy and possible new correction of the electricity prices, as well as anticipations for higher prices of the crude oil in the international stock exchanges were the mostly emphasized factors which stimulated the economic agents to anticipate higher inflation.

2. WAGES AND EMPLOYMENT

In May 2010, the **net and the gross wages registered nominal monthly rise of 1.7%**, which represented intensification relative to the growth in the last period (the average change in the previous four months was about 0%). With monthly inflation of -0.6% being registered, this indicated even higher real wage growth (2.3%). Observed by individual sectors, nominal rise was registered with the net wage in all three sectors: with the agriculture of 0.2%, with the industry of 2% and with the services of 1.6%. At the branch level, the wages in the transport and communications registered highest rise (9.7%) – which was mostly due to the payment of bonuses, followed by the mining (7.5%), hotels and restaurants (5.3%) and the trade (3%) - which was partially due to payment of bonuses. The wages in the insurance and pension funds registered more intensive drop - monthly fall of 10.6%.

Figure 6
Annual growth rates in the wages* and inflation
(in %)

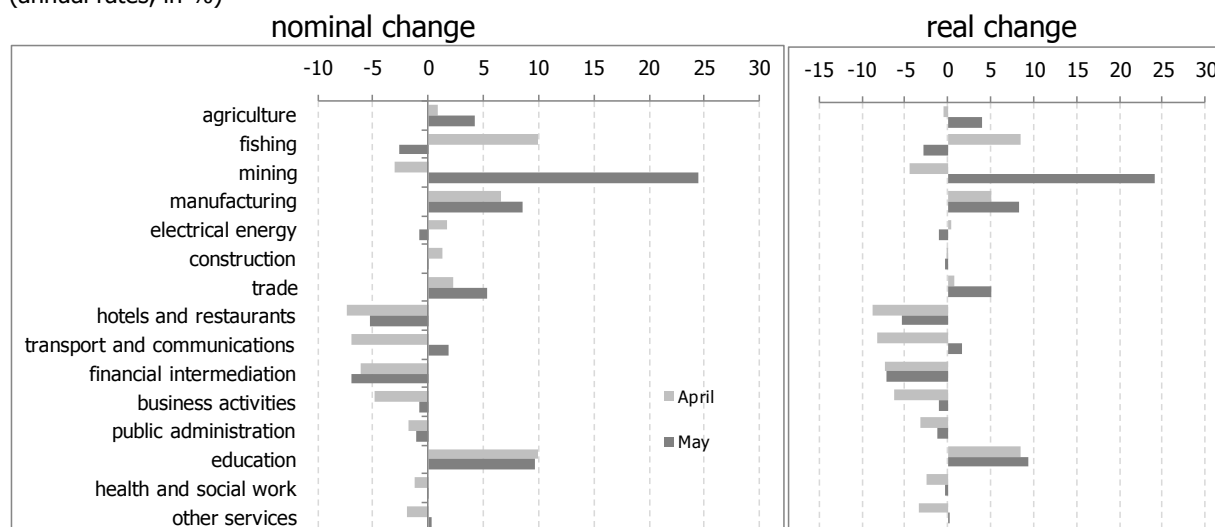


* For 2009, the corrected growth rates are shown.

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

Analyzed on annual basis, the nominal net and gross wages in May 2010 went up by 3.4% and 1.7%, respectively relative to the wage in May 2009, which represented intensification in the annual rise. In real amount, the net and the gross wages registered annual rise of 3.2% and 1.5% (in the previous four months, the real annual rise equaled 2.1% with the net, and 0.1% with the gross wage, on average). The branch analysis showed that the higher nominal growth was registered with the net wages in the mining (24.4%), education (9.7%) and manufacturing industry (8.5%). Opposite to this, higher annual fall was registered with the wages in the financial intermediation (6.9%) and hotels and restaurants (5.2%). **Relative to December 2009,** in May 2010 the average net wage registered nominal rise of 1.5%, while the gross wage remained at the same level. **On cumulative basis,** in the first five months of the year, the net and the gross wages were nominally higher by 2.9% and 1%, respectively, and really by 2.4% and 0.4%, respectively.

Figure 7
Average net wage by sectors
(annual rates, in %)



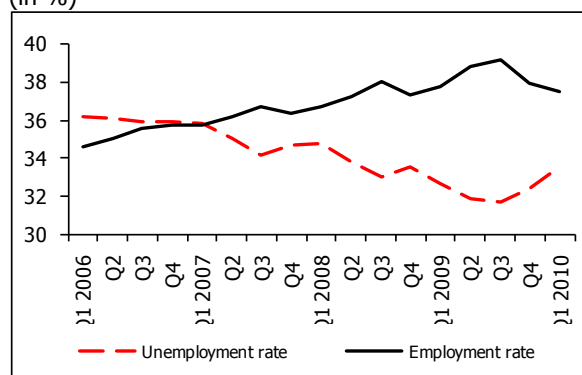
Source: State Statistical Office of the Republic of Macedonia and NBRM calculations.

The worsening in the situation on the labor market, which started at the end of the precious year, continued in the first quarter of 2010 as well. The analysis of the quarterly dynamics indicated further fall in the employment, but also rise in the unemployment relative to the previous quarter. Thus, in the first quarter of 2010, the number of employees reduced by 1.1%³ relative to the previous quarter. Different from the previous quarter when the unemployment still reduced, the drop in the employment in the first three months of the year was followed by rise in the unemployment. The number of unemployed persons rose by 2.7% which was mostly due to the drop in the employment, while smaller share of the rise in the unemployment can be explained by the rise in the labor force, i.e. by the inflow of persons in the labor force which started looking for a job at this period. The negative quarterly rates reflected on the annual dynamics causing, for the first time since the beginning of the economic crisis, annual drop in the number of employees, on one hand, and rise in the number of unemployed and unemployment rate, on the other. **Thus, in the first quarter of 2010, for the first time since the beginning of the economic crisis, annual fall in the employment was registered** and rise in the unemployment in the first quarter of 2010. Relative to the same period of the previous year, the employment reduced by 0.4%, whereas the unemployment rose by 2.9%. For comparison, in the previous quarter, no downward adjustment on the labor market could be registered on annual basis, i.e. the employment was increasing, and the unemployment was dropping. The change in the trends in the basic categories on the labor market caused change in the direction of development in the employment rate and the unemployment rate. In the first quarter of 2010, the employment rate registered annual fall of 0.3 p.p. and it amounted to 37.5%. The unemployment rate in the same period rose by 0.8 p.p. on annual basis and it amounted to 33.5%.

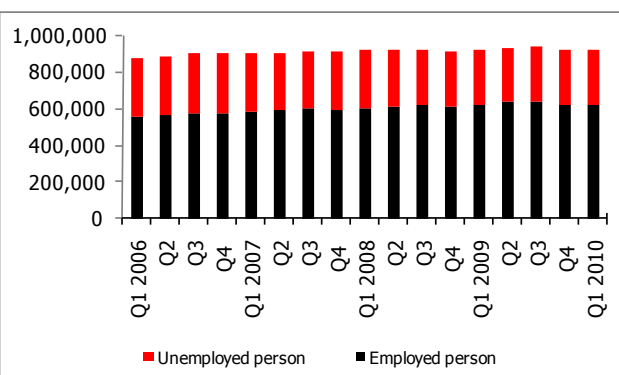
³ Seasonally adjusted data.

Figure 8

Employment rate and unemployment rate
(in %)



Number of employed and unemployed persons

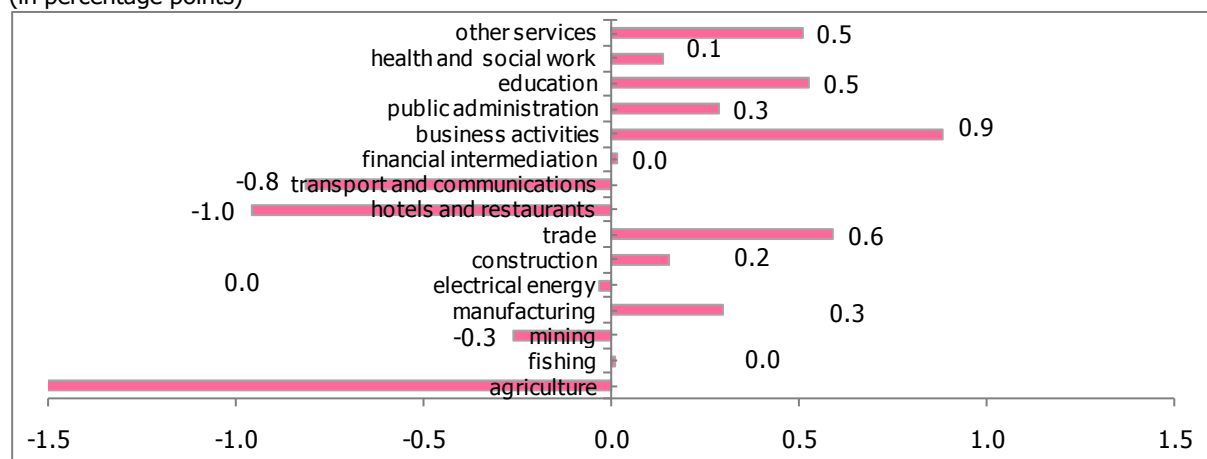


Source: State Statistical Office, Labor Survey.

Analyzed by activities, the annual fall in the employment was mainly due to the lower number of employed in agriculture (annual drop of 8.6%), in the tourism (annual fall of 24.9%) and in the transport and communication (annual drop of 12.5%). The mining and the activity "electricity, gas and water supply" registered employment fall on annual basis as well. The other economy activities registered employment rise on annual basis. However, the negative quarterly developments resulted in slowing down in the annual rise with some of the activities (trade, financial intermediation and the activity "other service activities"). The analysis with the respect to employment in the private and public sector⁴ indicated the fact that the fall in the employment was solely due to the lower number of persons employed in the private sector, despite the rise in the employment in the public sector.

Figure 9

Contributions of individual sectors to the change in the total number of employees in the first quarter of 2010
(in percentage points)



⁴ 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, general and individual 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.

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

3. ECONOMIC ACTIVITY

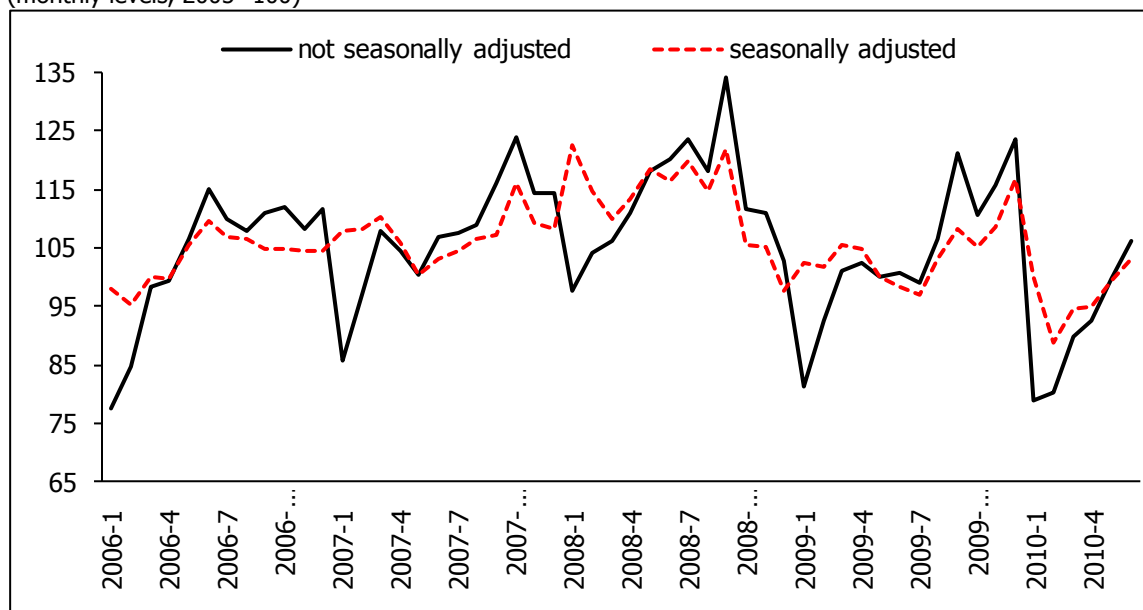
The volume in the industrial output in June 2010 was higher by 6.6% relative to the previous month, while according to the seasonally adjusted data the rise amounted to 3.8%, and the industry registers good performances four months in a row (seasonally adjusted monthly rise in the last four months amounted to 3.8% on average). Fifteen out of total twenty four activities registered rise in the output (49% of the index), and the output of metal products in the metal manufacturing phase gave the largest positive contribution (contribution of 2.7 p.p.), together with the output of tobacco products (contribution of 2 p.p.). as well as the output of oil derivatives (contribution of 1 p.p.). On the other hand, the seasonally lower output of electricity gave the largest negative contribution (of 0.9 p.p.), whereas after the positive contribution of the output of wearing apparel in the last month (of 0.8 p.p.), this branch contributed negatively with 0.7 p.p. in June.

Compared to the same month of the previous year, the industrial output in June 2010 registered annual growth of 5.4%, for the first time since the beginning of the year. The good results with the industry were mostly due to the higher output of electricity, which had annual rise of 50% (contribution of 4.7 p.p.). The output of metal products and of basic metals registered high growth in June as well (contribution of 2.9 p.p. and 1.5 p.p., respectively). On the other hand, the output of electrical machines and apparatus and of non-metal minerals registered most considerable drop in June (contribution of -1.6 p.p. and -1.4 p.p., respectively). Totally, eleven out of twenty four branches registered annual rise (44% of the index). Therefore, **in the second quarter** the industrial output registered annual drop of 1.6% (opposite to the fall of 9.4% in the first quarter), whereas the **cumulative drop for the first six months** slowed down to 5.3%.

The performances in the industrial output were in accordance with the assessments of the managers in the manufacturing industry⁵, according to which the business conditions and the volume of output in June were considerably more positive relative to the previous months. Simultaneously, the several-month rise in the industrial output corresponds with the assessments for average exploitation of the manufacturing facilities, which since March showed continuous upward trend and in June it was on the highest level since 2009 (59.5%). However, the anticipations of the managers of the business entities in the manufacturing sector regarding the future output for the following three-month period were somewhat lower than in the previous months. The insufficient foreign and domestic demand were pointed out as most restricting factors for the output rise.

⁵ From the Business Tendency Survey in the manufacturing industry of SSO in June 2010.

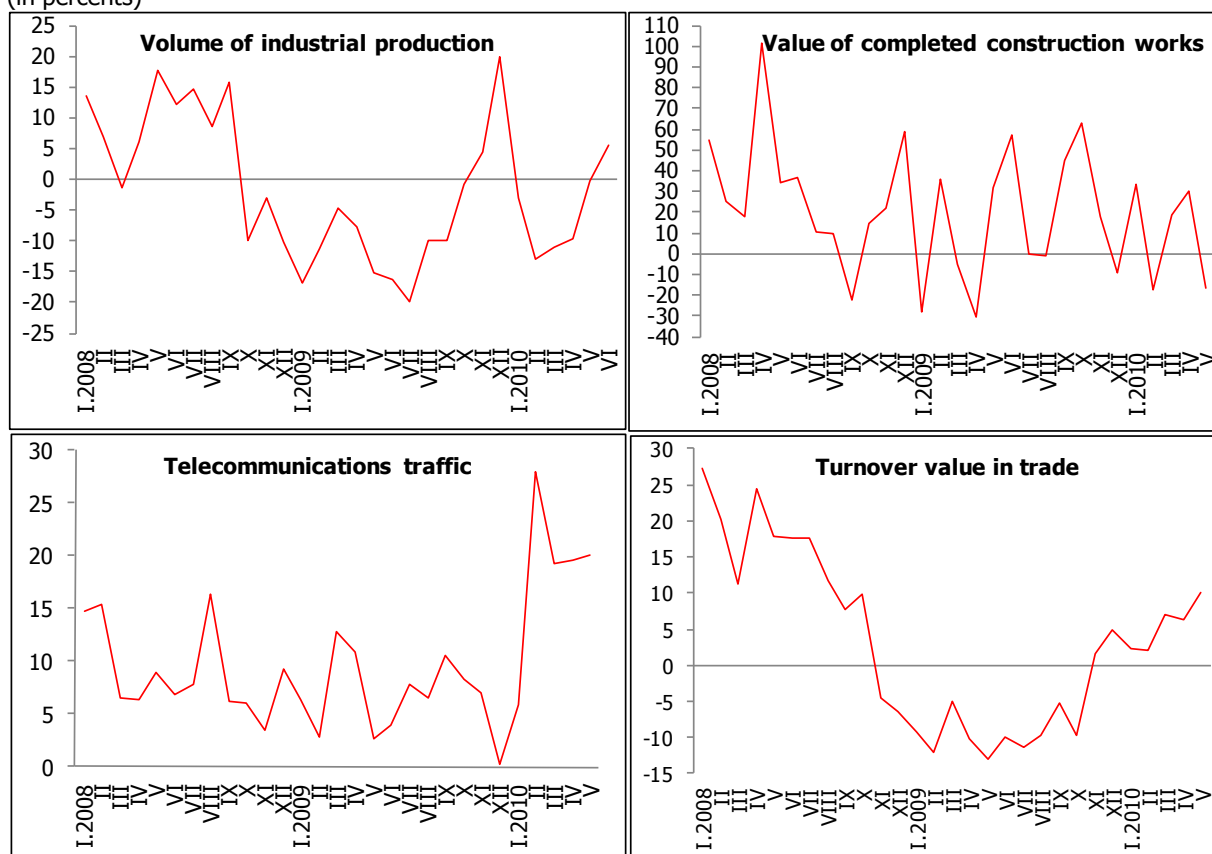
Figure 10
Index of the industrial output
(monthly levels, 2005=100)



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

With the other economy sectors, in May 2010 improvement with the trade and the telecommunications was registered, and the construction registered worsening. In May, the total trade turnover registered rise of 2.5% (1.4% according to the seasonally adjusted data) relative to April. The annual rates indicated the improved situation as well, according to which the total trade turnover registered rise of 10% (6.2% in April), so the cumulative growth rate amounted to 5.7% in the first five months. The **telecommunications**, after the last month fall, registered monthly growth of 2% in May, according to the unadjusted data (fall of -1.7% according to the seasonally adjusted data). On annual basis, the telecommunications still register high annual rise, which in May amounted to 20%. **The construction**, after four months of positive rise, in May realized monthly drop of 8.2% (-16.9% according to the seasonally adjusted data), and the annual growth rate registered negative dynamics and it amounted to -16.7%. Such negative dynamics in May can be partially explained by the lower expenditures of the Government for investments, with monthly drop of almost 60% and annual rise of 49%, respectively being registered. **Analyzed for the April-May period, the stated sectors showed positive dynamics on annual basis.** Thus, the trade registered annual rise of 8.1%, the telecommunications - rise of almost 20%, and the construction realized moderate increase of 2.5% in comparison with the April-May period of 2009.

Figure 11
Annual growth rates in individual economy sectors
(in percents)



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

After the large fall in May, rise in the value of the issued construction licenses of 5.3% was registered, on annual basis. The growth resulted mostly from the higher value of the buildings for reconstruction (by 3.9 times), and slightly from the value of the issued licenses in the civil engineering area (of 7.3%). Such growth was partially neutralized by the drop in the value of the issued building construction licenses (of 1.4%), as the largest category, but it still registered considerable slowing down in the negative annual dynamics (drop of -35.7% in May), and in the same time it registered rise on monthly basis. **Totally, in the second quarter, the value of the issued construction licenses reduced by 10.4% relative to the second quarter of 2009.**

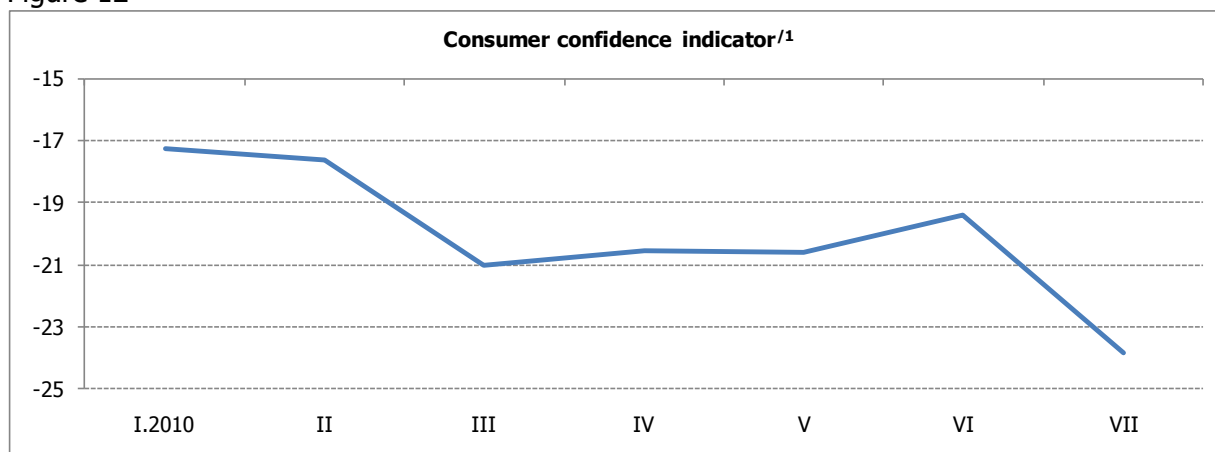
The available data on the indicative categories gave no signals for larger movements with the economic activity in the second quarter, i.e. they showed that the developments were relatively close to the projection in July for the second quarter, according to which small GDP rise of 0.5% was anticipated.

After the three-month upward trend, in July 2010 **the consumer confidence indicator**⁶ showed considerable worsening, with negative expectations by the consumers for the financial standing of the households, economic situation with the households, as well as

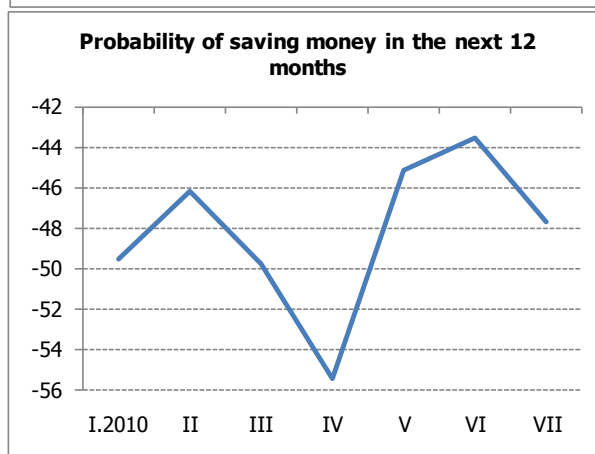
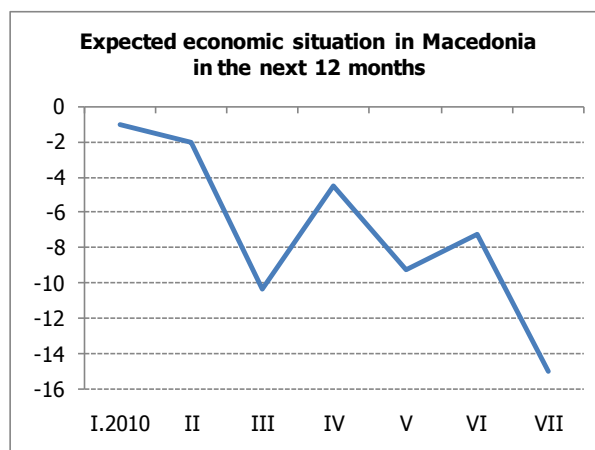
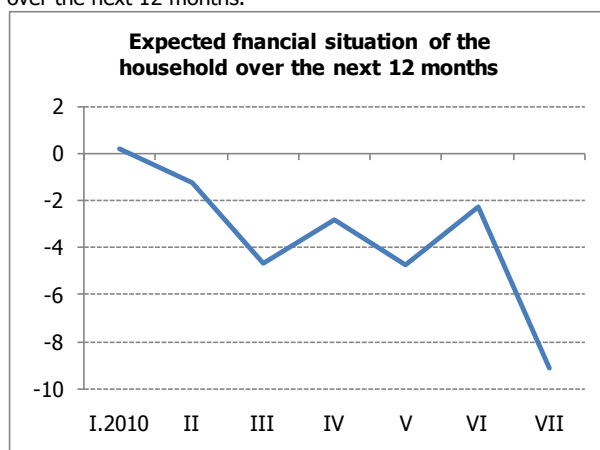
⁶ From the Consumer Opinion Survey of SSO in July 2010.

possibility for saving in the next twelve months being registered. Only the consumers had more positive perceptions for the previous month regarding the adjustment of the labor market, i.e. they anticipated for the unemployment rate to drop in the next twelve months.

Figure 12



1/ The consumer confidence indicator is the arithmetic average of the balances (in percentage points) of the answers to the questions on the financial situation of households, the general economic situation, unemployment expectations and savings, all over the next 12 months.



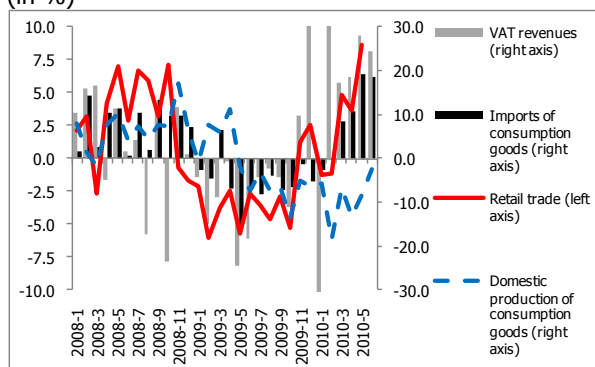
Source: State Statistical Office.

With respect to the available data for the indicative categories for personal consumption in the second quarter of 2010, the VAT income registered considerable rise of 23.1% (-0.1 in the previous month), and the import of joint consumption goods registered growth intensification of 16.1% (2.4% in the first quarter). In the April-May period of 2010, the retail trade had real annual rise of 6.2%, which represented growth intensification relative to the first quarter (0.9%), and the average paid net-wage registered rise as well (of 1.6%) together with the private transfers from abroad (of 42.5%). Only the domestic output of consumer goods in the second quarter realized annual fall of 8.1%. **Further worsening in the investment activity in the second quarter was anticipated** in conditions of considerable drop with the Government capital investment in the second quarter, with real fall of 26.5% (opposite to the rise of 24% in the first quarter), real fall with the foreign direct investments (85.4% in the April-May period), as well as fall with lower intensity with the domestic output and the import of investment goods, of 24.9% and 12.5%, respectively. On the other hand, the performed construction activities in the April-May period registered real annual rise of 1.8%, whereas the profit tax income had insignificant upward movement (of 0.3%). **The assessment for public consumption in the second quarter was that it had moderate negative contribution to the economic growth. With the net export**, in the second quarter more intensive nominal rise in the export than the import and broadening in the trade deficit was registered.

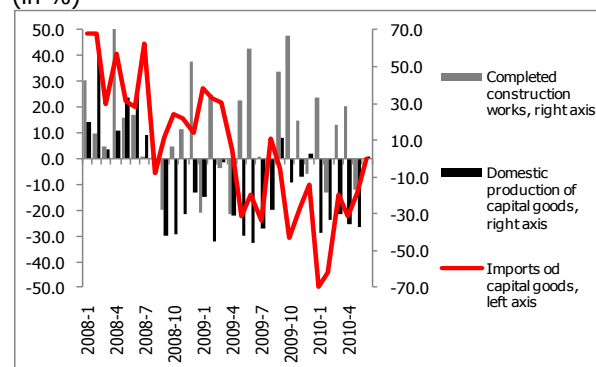
Figure 13

Developments of the indicative categories for the expenditure components of GDP

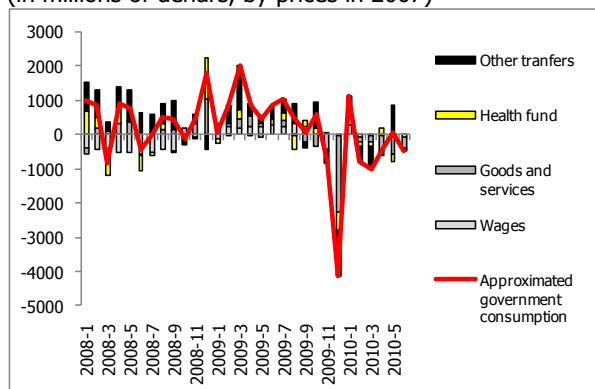
Personal consumption, annual real changes
(in %)



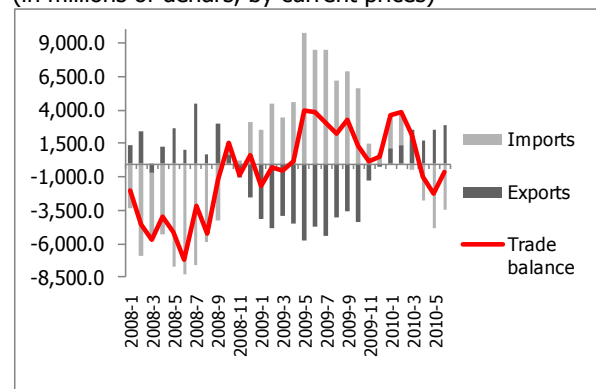
Gross investments, annual real changes
(in %)



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)

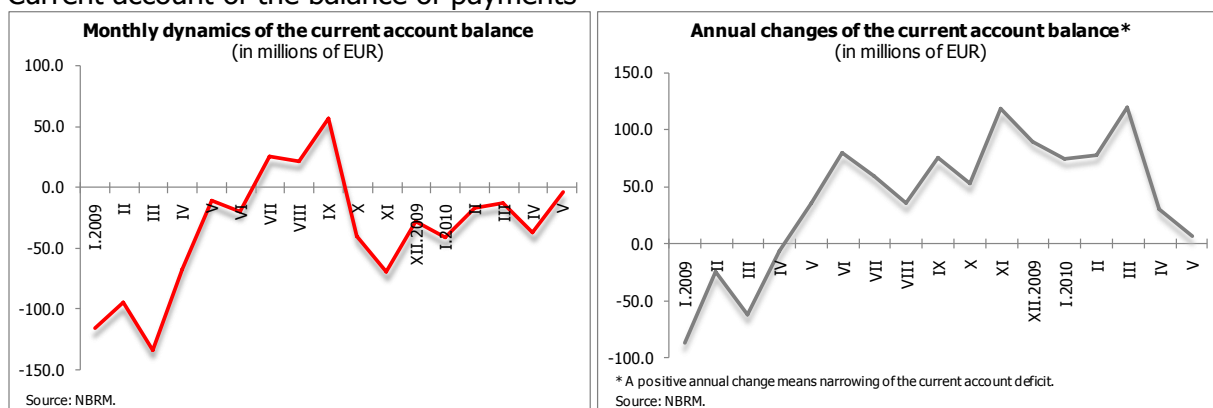


Source: State Statistical Office, Ministry of Finance and NBRM calculations.

4. BALANCE OF PAYMENT

The deficit on the current account in the April-May period of 2010 amounted to Euro 42 million (0.6% of GDP) and relative to the same period of the previous year went down by Euro 37.2 million (by 0.6 p.p. of GDP). The annual improvement of the balance on the current account, was mostly due to the higher net inflows from current transfers (by 0.9 p.p. of GDP), whereas the trade deficit registered broadening on annual basis (by 0.6 p.p. of GDP), thus interrupting the positive annual dynamics which started in the second quarter of 2009. The balance of the services in the analyzed period was in surplus (of 0.1% of the GDP, opposite to the small negative balance in the same period of the previous year), while the deficit in the income was identical to the last month (0.2% of the GDP). Compared to the projection of the Balance of payments in July 2010, the realized deficit on the current account in the April-May period was 52.3% of the one planned for the second quarter of the year (of Euro 80.3 million or 1.2% of the GDP). According to the performances and projection, in the first half of 2010, the deficit on the current account was assessed to amount to 2.2% of the GDP.

Figure 14
Current account of the balance of payments



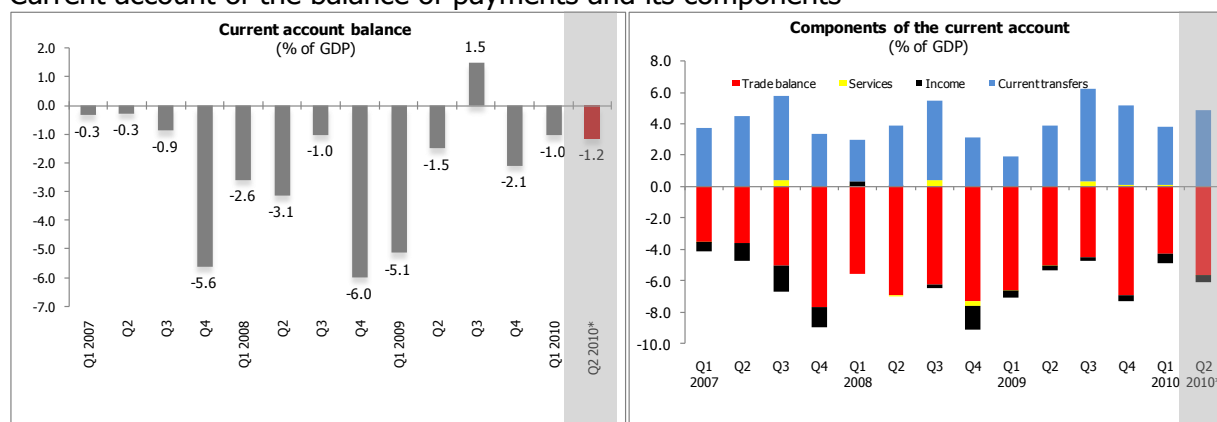
In the April-May period of 2010, the net inflows on the capital and financial account (without the official reserves) amounted to Euro 66.6 million (1% of the GDP, opposite to the net outflows of 0.1% of the GDP in the same period of 2009). High net inflows were realized based on loans, foreign direct investments and trade credits (of 1.2%, 0.8% and 0.7% of the GDP, respectively), while high net outflows were realized based on currencies and deposits (of 1.8% of the GDP). With respect to the annual dynamics, the improved situation in the capital and financial account was mostly due to the larger indebtedness based on loans (rise in the net inflows from loans by Euro 76.1 million). With respect to the maturity, the net inflows from short-term and long-term financial loans registered almost identical annual rise (approximately Euro 38 million), while with respect to the sectors, the indebtedness of the private sector registered considerable annual growth⁷ (rise in the net inflows of about Euro 62 million, which was mostly due to the larger long-term indebtedness of the banks and partially to the larger short-term indebtedness of the other

⁷ The private sector includes the public enterprises as well.

sectors), whereas the increment in the indebtedness of the public sector⁸ went down (growth in the net inflows of approximately Euro 13 million). Besides the increased loans, the net inflows from trade credits registered considerable annual rise (by Euro 54.4 million), whereas high net outflows were registered based on currencies and deposits (growth of Euro 68.2 million on annual basis). The realized net inflows on the capital and financial account in April-May 2010 represented 77.1% of those planned for the second quarter 2010.

The cumulative deficit on the current account in the first five months of 2010 amounted to Euro 114.2 million or 1.6% of the GDP, which relative to the same period of 2009 represented considerable drop by 4.7 p.p. of the GDP. The positive change on the current account was largely due to base effect, i.e. to the higher comparison basis than in the previous year (especially in the first quarter of the year), when the tendencies in the foreign trade were still in favor of the import, with already lower export being registered, and when the dynamics of the private transfers was exquisitely unfavorable. Consequently, the contribution of the net inflows based on private transfers was positive and it amounted to 2.7 p.p. of the GDP, while the narrowed trade deficit contributed positively with 1.8 p.p. of the GDP. According to the last available data for the **currency exchange market** for July 2010, the realized net purchase of foreign currencies was in the amount of Euro 109.7 million, which was by minimal 0.5% higher than in the same month of 2009. Such considerable slowing down in the annual rise indicated more gradual depletion of the base effect with the net inflows from private transfers. However, relative to the projection in July, the net inflows on the currency exchange market represented approximately 40% of the planned net assets for the third quarter of the year, which now indicated to possible exceeding of the projection. On cumulative basis, in the first seven months of 2010, the purchase on the currency exchange market reached up to Euro 536.6 million and it registered annual rise of 61.1%.

Figure 15
Current account of the balance of payments and its components



In the first five months of 2010, the net inflows on the capital and financial account (without the official reserves) amounted to Euro 116.5 million, or 1.7% of the GDP (opposite to 1% of the GDP in the same period of 2009), thus fully covering the deficit on the current account. Most of the net inflows were realized based on the foreign direct inflows were realized based on foreign direct investments (of 1.4% of the GDP mainly reinvested profit and rise in the intercompany debt) and based on loans and trade credits (of

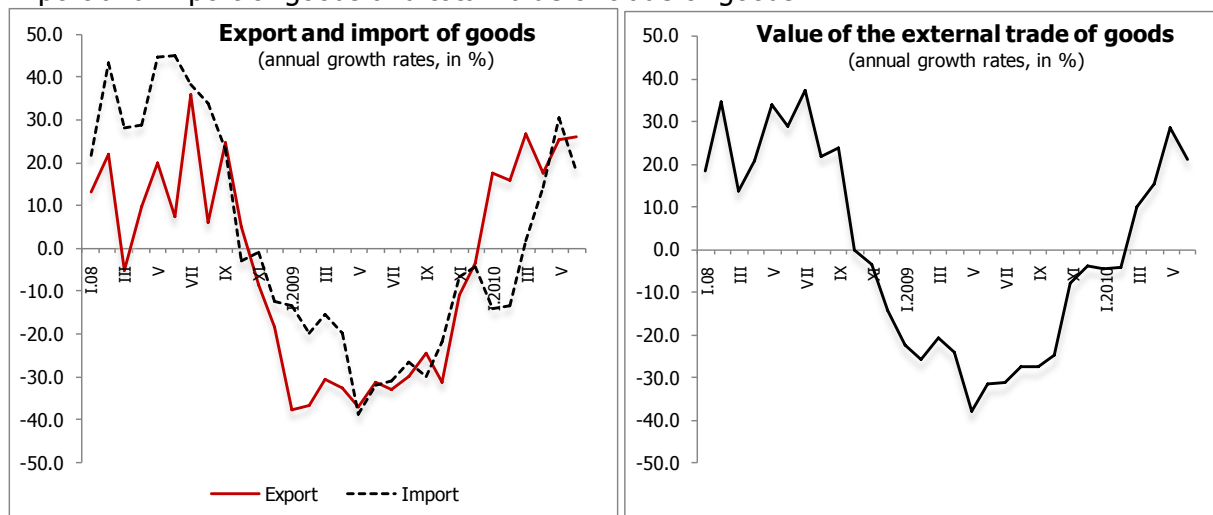
⁸ The public sector includes the monetary government as well.

0.8% and 0.5% of the GDP, respectively). Opposite to this, in this period high net outflows were registered with the currencies and deposits position (of 1.3%, as a result of the fall in the foreign liabilities of banks based on deposits of non-residents or in other words, withdrawal of foreign currency deposits by the non-residents from the domestic banks and due to the lower foreign currency assets of the other sectors within the domestic banks). On cumulative basis, (January-May period of 2010, relative to the January-May period of 2009), the net inflows on the capital and financial account went up by Euro 46.7 million, which was mostly due to the higher net inflows based on loans (by Euro 50.2 million) and to a lower extent, to the lower net outflows based on portfolio investments and the rise in the other short-term liabilities of the "other sectors". The growth in the loans mostly pertained to the short-term debt of the private sector (contribution to the rise of approximately 73%) and slightly to the long term debt of the public sector. The annual trend was negative with the other financing items. Thus, higher net outflows are registered based on currencies and deposits, while the net inflows from trade credits and foreign direct investments reduced on annual basis.

As of July 31, 2010, the gross foreign reserves amounted to Euro 1.644,2 million and relative to the end of 2009 they went up by Euro 46.6 million.

In accordance with the latest data from the foreign trade, in June 2010, the total trade of goods reached up the highest level since October 2008, thus registering rise on monthly and on annual basis (of 6.2% and 21%, respectively). Positive annual change was realized in conditions of considerable rise in the export and the import, while the export-import coverage ratio amounted to 61.3%, which represented annual improvement by 4 percentage points.

Figure 16
Export and import of goods and total value of trade of goods

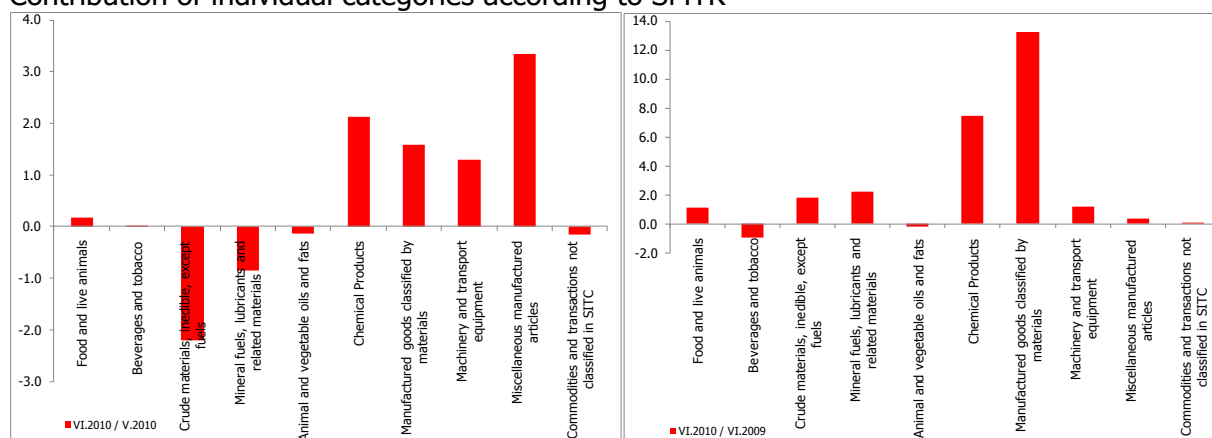


Source: SSO.

In June 2010, the export of goods amounted to Euro 217.2 million, which represented the highest level in the last twenty months. The monthly rise in the export of 5.2% (3.4%, according to the seasonally adjusted data) was mostly due to the higher export of wearing apparel, footwear, chemical materials and products and medical and

pharmaceutical products, whereas the metal ore and metal waste registered more considerable drop. Concerning the export of energy, the export of oil products in June was lower than in May, while the export of electricity already second month in a row registers monthly increase and the highest level in the last few years. The annual rise in the export in June reached up to 26.3% (opposite to the average growth rate of approximately 20% since the beginning of the year), with largest positive contribution of the export of iron and steel and chemical materials and products being registered. **The import of goods in June** amounted to Euro 354.4 million, registering monthly growth of 6.8% (rise of 2.2%, according to the seasonally adjusted data), with more considerable monthly increase in the import of oil and oil products, inorganic chemical products and industrial machines being registered. On annual basis, the import registers upward development fourth month in a row. Thus, after the high rate of annual rise in the import of 30.4% in May, the rate in June amounted to 18% and it mostly resulted from the rise in the import of oil and oil products, road vehicles and iron and steel. The growth in the value of the import of oil and oil products mostly reflected the larger imported quantities, and the rise in the import of road vehicles represented the effects from the drop in the import costs for used vehicles⁹. On the other hand, the higher import prices contributed largely to the higher import of iron and steel (in conditions of annual rise in the international metal prices). The higher absolute monthly growth in the import than in the export determined monthly broadening in the **trade deficit of goods in June** (by Euro 11.8 million, opposite to the narrowing in May of Euro 45 million). Such broadening in the negative trade balance resulted mainly from the higher deficit in the trade of oil and oil products and of inorganic chemical products, categories which together with the broadened negative trade balance with the vehicles gave the largest negative contribution to the deficit broadening on annual basis (of Euro 8.9 million).

Figure 17
Contribution of individual categories according to SMTK



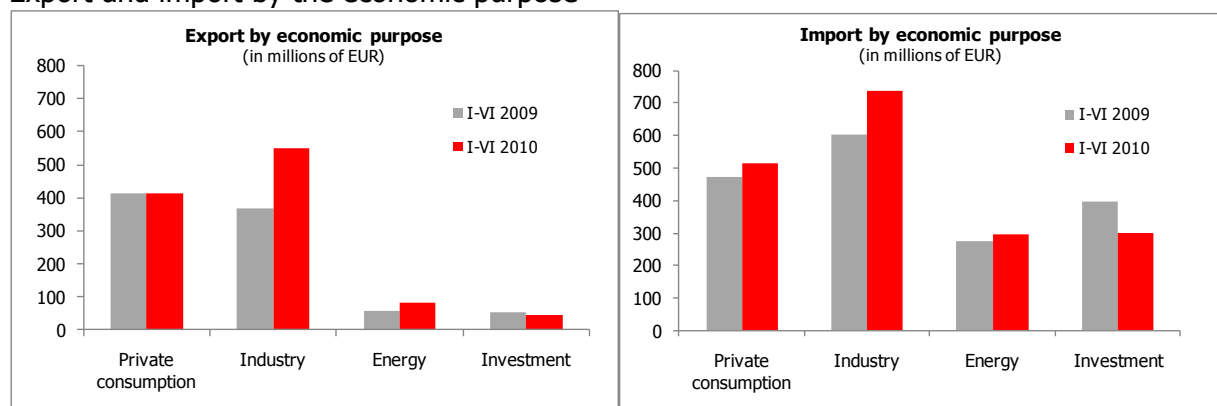
Source: SSO.

In the half of 2010, the cumulative deficit in the trade of goods amounted to Euro 759 million, which represented narrowing by Euro 94 million, or by 11% on annual basis. This can be explained by the more intensive annual rise in the export of goods (by Euro 196.5

⁹ With the amendments to the Excise Law dated March 11, 2010 the excise rates of motor vehicles dropped and they changed progressively in accordance with their value. Simultaneously, the amendments to the Law on Customs Tariff dated March 12, 2010 decreased the customs duties when importing used motor vehicles from the current 10% to 5%, i.e. the customs duties for new and old vehicles equaled.

million, or by 22%) compared to the rise in the import of goods (by Euro 102.6 million, or by 5.9%). Analyzed with respect to the economic purpose, the higher export of the domestic **industry** was the main determinant of the positive annual change in the total export. Within the export in the industry, in the first half of the year, the surpluses in the trade of iron and steel, of metal ore and metal waste considerably rose, whereas with the category "chemical materials and products", from deficit, the trade in the first half of 2010 converted into surplus. Such dynamics of this export segment indicated positive tendencies with our trade partners in the analyzed period, which was in accordance with the latest preliminary assessments for the foreign effective demand for the first half of the year¹⁰. Considering the export of the **energy**, it registered annual rise, but with slower dynamics. The export of oil products rose by about Euro 15 million (by 26.5% on annual basis), and the export of electricity rose by Euro 7.6 million (by 10 times on annual basis) in conditions of higher domestic output which was due to the positive hydro-potential. The export of **consumer products** had the last-year level (signalizing slow recovery in the optimism of the foreign consumers), while the export of **investment products** (which was a small segment) was lower than in the previous year. On the side of the import, the industry represented the key factor of the annual rise again (i.e. the export-import dependence), whereas the import of consumer products contributed to the rise, which can be solely explained by the higher import of road vehicles (as an effect from the administrative change). The import of energy rose, but it resulted mostly from the higher import of oil and oil and gas products, whereas the import of electricity reduced on annual basis, in conditions of sufficient domestic supply. Negative tendencies were registered with the import of investment products (machines and transport equipment), which indicated lower domestic investment activity.

Figure 18
Export and import by the economic purpose



Source: SSO and NBRM calculations.

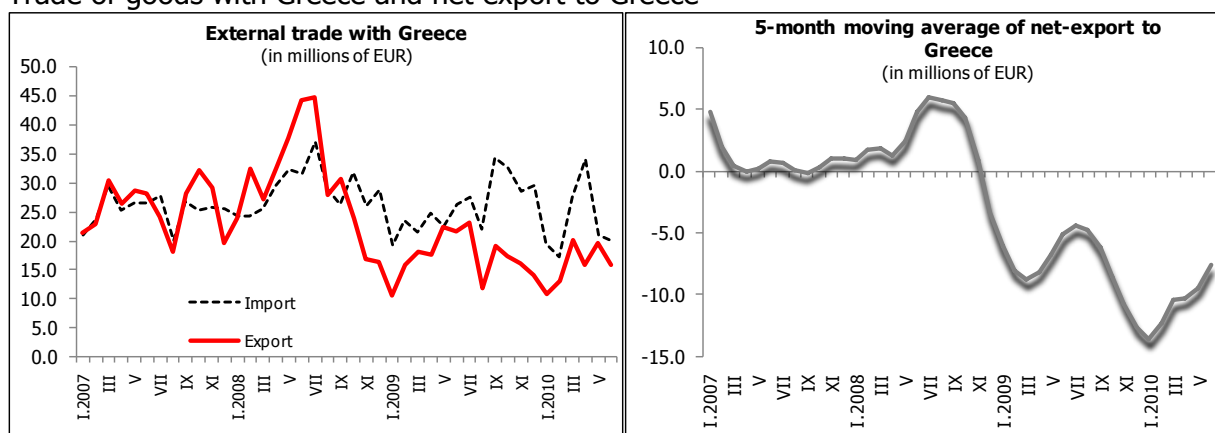
The analysis of the trade in the Republic of Macedonia (RM) according to the trade partners, for the first half of 2010 indicated considerably improved trade with the European Union (EU). The deficit in the trade of goods with EU narrowed by Euro 110.7 million on annual basis, i.e. out of total twenty seven EU members, the Republic of Macedonia had surplus with seven member-states, whereas it had improvement in the balances in the trade with total eighteen EU member-countries. In conditions of more

¹⁰ The foreign effective demand includes the latest performances for the GDP of Greece and Germany for the first half of 2010.

considerable rise in the export, the position of net exporter with Bulgaria, Belgium and Spain was recovered, and there was considerable narrowing in the negative balance with Italy. On the other hand, considerably higher deficit was registered in the trade with Great Britain. Opposite to the improved trade with EU, in the first half of the 2010, the deficit in the trade with the developing countries broadened (which was due to the larger import of oil and oil derivatives), and the surplus with the countries from West Balkans registered moderate drop.

The cumulative deficit in the trade with Greece in the first six months of 2010 reached up to Euro 44.2 million, which represented broadening by Euro 12.2 on annual basis. The export of goods reduced by Euro 11.2 million on annual basis, whereas the import of goods was almost at the level of the previous year. According to the last seasonally adjusted data, in June the export registered larger fall on monthly basis (of 19.4%), whereas the import registers drop second month in a row.

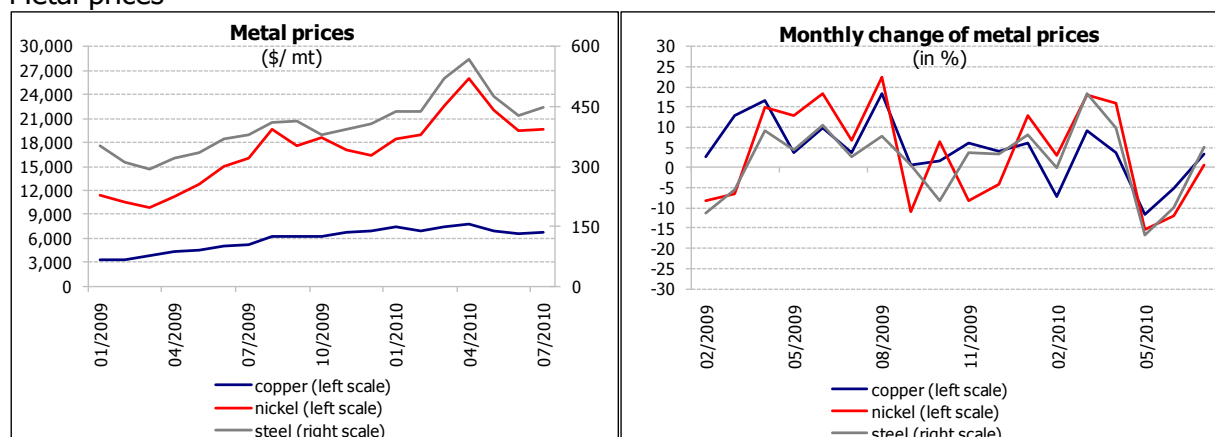
Figure 19
Trade of goods with Greece and net export to Greece



Source: SSO and NBRM calculations.

In July 2010, the metal prices registered rise on monthly basis, as a result of the fall in the reserves and the revival in the demand, not only within the China economy. The prices of the copper, steel and the nickel on the international stock exchanges went up by 3.5%, 5.1% and 0.6% respectively, on monthly basis.

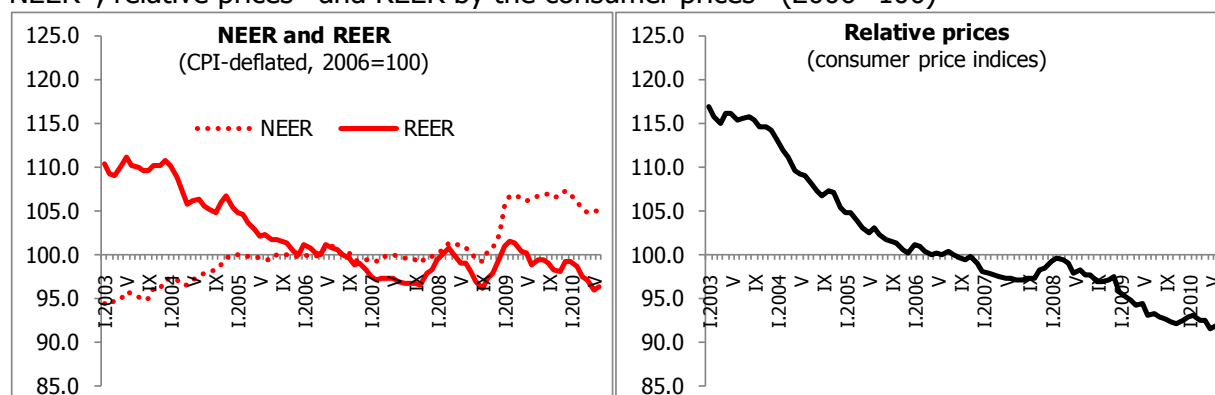
Figure 20
Metal prices



Source: Bloomberg.

In June 2010, the real effective exchange rate of the Denar (REER) calculated by the consumer price index for the first time after four months registered moderate monthly appreciation of 0.4%. The appreciation reflected the rise in the relative prices¹¹ (in conditions of minimal monthly domestic inflation and insignificant monthly foreign effective deflation) and the small appreciation of the nominal effective exchange rate (NEER by 0.1%). But despite this, the REER continued depreciating on annual and on cumulative basis by 2.5% and 3.1%, respectively, which was due to the more intensive rise in the domestic than the foreign prices and to the annual and cumulative depreciation of the NEER (of 1.3% and 0.8%, respectively).

Figure 21
NEER*, relative prices* and REER by the consumer prices* (2006=100)



* Initial data.

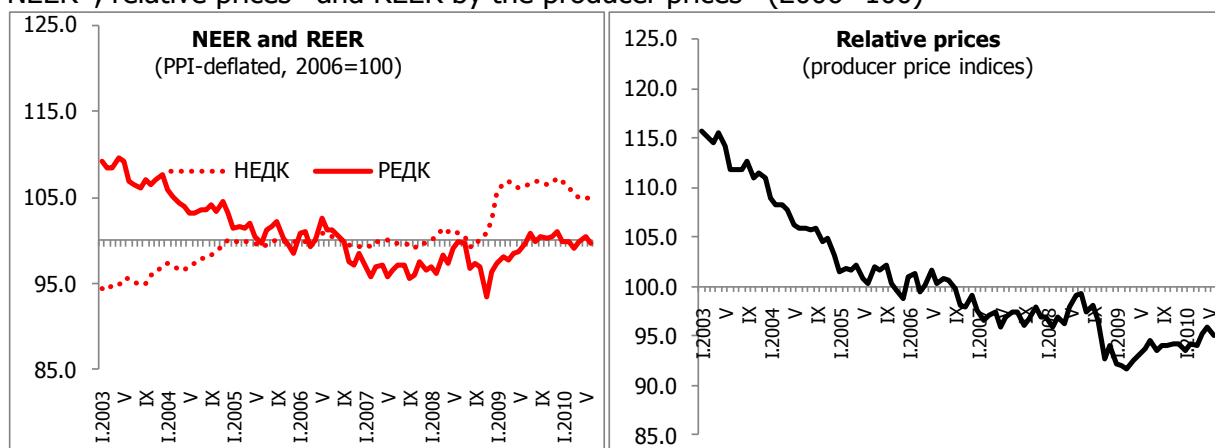
Source: NBRM, IFS, for August and SSO of the Republic of Macedonia. For those countries for which there are no IFS data, the information are from the web sites of the adequate central banks, or EUROSTAT.

¹¹ 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 prices 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 prices than in the domestic prices, or more intensive fall in the domestic than the foreign prices which is acting towards REER depreciation.

The REER deflated with the producer prices in June registered monthly depreciation of 0.8%, which in conditions of monthly appreciation of the NEER, expressed the ratio between the relative prices. Namely, in June the prices of the domestic industrial products registered drop, whereas the effective foreign producer prices remained unchanged on monthly basis. According to this index, the REER in June was at the level of the same month in the previous year, whereas on cumulative basis, the REER appreciated by 1.5%, which was due to the negative price ratio, i.e. to the more intensive rise in the domestic producer prices than the growth in the foreign producer prices.

Figure 22

NEER*, relative prices* and REER by the producer prices* (2006=100)



* Initial data.

Source: NBRM, IFS, for August and SSO of the Republic of Macedonia. For those countries for which there are no IFS data, the information are from the web sites of the adequate central banks, or EUROSTAT.

5. MONETARY AGGREGATES

In July 2010, **the reserve money**¹² registered annual rise of 11.3% (27.1% in June 2010)¹³ with simultaneous increase in both components being registered. Thus, the total liquid assets of banks in July rose, on annual basis, by 12.9% (41.3% in the previous month), whereas the annual rise in the currency in circulation¹⁴ amounted to 9.2% (opposite to 9.8% in June). On monthly basis, the reserve money went down by 1.1%, which was solely due to the lower level of total liquid assets of banks (by 6.3%), with growth in the currency in circulation of 7% on monthly basis being registered. The net foreign assets of the NBRM, on monthly basis, reduced by Denar 3.856 million, and the net domestic assets rose by Denar 3.311 million.

¹² 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 July 2010 rose by 10.8% on annual basis.

¹³ Part of the slowing down in the reserve money can be explained by the base effect, i.e. the higher comparison basis in July 2009, when the higher rates of allocation of reserve requirements of banks' liabilities in foreign currencies of 11.5% started being applied as well as of the banks' liabilities in domestic currency with FX clause of 20% (previously, these rates amounted to 10%).

¹⁴ Includes the cash in the banks' vault.

Table 1
NBRM's review (short version)
(in millions of denars)

	cumulative change	cumulative change	monthly change	actual
	I - XII.2009	I-VII. 2010	VII.2010 / VI. 2010	VII.2010
Reserve money/1	5,062	967	-544	46,919
Net foreign assets	2,293	3,241	-3,856	96,488
Net domestic assets	2,769	-2,274	3,311	-49,569

/1 Pertains to the reserve money with the foreign currency reserve requirements included.

Source: National Bank of the Republic of Macedonia.

Analyzed with respect to the flows of creating and withdrawing reserve money, in July the Government deposits with the NBRM influenced mostly towards withdrawal of reserve money (rise of Denar 1.696 million), in accordance with the realized inflows on the treasury account. The withdrawal of the reserve money was performed through the foreign currency transactions, while the CB bills of the NBRM and the other items acted towards increase in the reserve money (by Denar 667 million and Denar 1.271 million, respectively). The change with the category "other items" was determined generally by the fall in the account stock of the Deposit Insurance Fund with the National Bank (by Denar 1.380 million).

Table 2
Changes in the reserve money under the influence of the autonomous factors and instruments of monetary regulation
(in millions of denars)

	Cumulative change	Cumulative change	Monthly change
	I - XII.2009	I-VII. 2010	VII.2010 / VI. 2010
Reserve money*	2,640	504	-531
Government deposits	6,858	-1,900	-1,696
Treasury account	5,536	-1,944	-1,688
Others	1,322	44	-8
Foreign exchange transactions	-9,689	6,642	-773
Banks	-9,445	3,467	221
Others	-243	3,175	-994
Central bank bills	1,585	-6,935	667
Compulsory deposit	1,358	169	0
Lombard	0	0	0
Other items	2,528	2,529	1,271

* Pertains to the reserve money without the foreign currency reserve requirements.

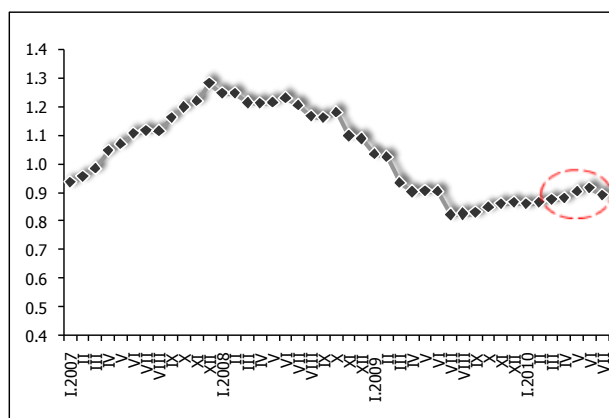
Positive change - increase in the reserve money; negative change - fall in the reserve money.

Source: National Bank of the Republic of Macedonia.

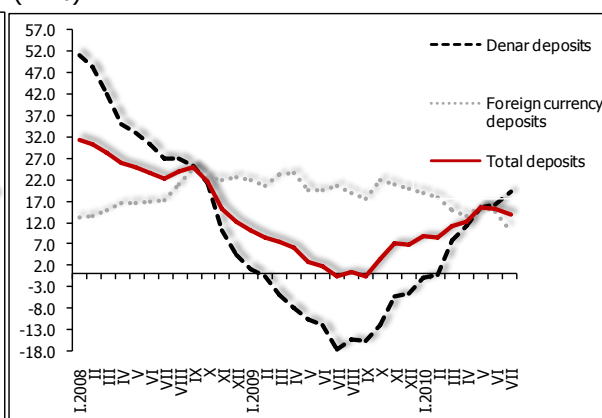
On cumulative basis, within the January-July period of 2010, the foreign currency transactions of the NBRM represented the main flow of creating reserve money (realized net purchase of foreign currencies of Denar 6.642 million), and the change in the other items contributed towards the same direction as well (with Denar 2.529 million). The CB bills of the NBRM and the Government deposits within this period represented the main flow of reserve money withdrawal (in the amount of Denar 6.935 million and Denar 1.900 million, respectively)¹⁵.

Figure 23

Denar - foreign currency deposits ratio



Annual growth rates in the total deposits (in %)



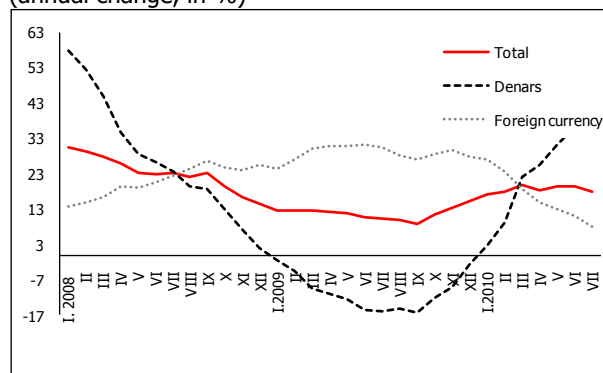
Source: National Bank of the Republic of Macedonia.

In July 2010, **the total banks' deposit potential (with the demand deposits included)**¹⁶ registered fall on monthly basis of Denar 4.064 million, or by 2%, opposite to the rise of Denar 733 million, or by 0.4% in the previous month. The negative monthly change in the total deposits in July reflected the influence of the extraordinary factors with single effect, considering the fact that in this month payment of dividend of one larger company to the Government and to the foreign investor was realized (in total amount of approximately Euro 100 million). Consequently, the deposits of enterprises registered large fall on monthly basis of Denar 5.051 million, or by 9.1%. The rise in the household deposits continued to slow down with larger intensity in July as well. Thus, opposite to the growth of Denar 1.368 million in June (Denar 1.184 million in May), in July the volume of the new household saving in the banking sector halved (it amounted to Denar 665 million), so the monthly growth rate in the total deposits of the households reduced to 0.5% (1% in June). Although the lower household saving in July can be partially explained by the seasonal effect of the annual leave, which implies higher expenditures from the domestic budgets on such basis, and subsequently, lower capacity for saving, yet if the performances in the last four months are analyzed, downward trend in the rise in the households deposits can be perceived, which is in accordance with the negative tendencies on the labor market since the beginning of the year.

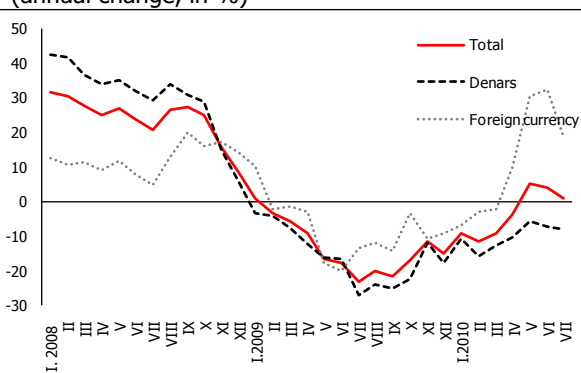
¹⁵ Considering the changes in the Government deposits and the Government foreign transactions on cumulative basis, the Government acted towards creating reserve money in the amount of Denar 1.275 million, and on monthly basis in direction of withdrawal of reserve money in the amount of Denar 2.690 million.

¹⁶ Since January 2009, the deposits include the accrued interest as well.

Figure 24
Households deposits
(annual change, in %)



Deposits of enterprises
(annual change, in %)



Source: National Bank of the Republic of Macedonia.

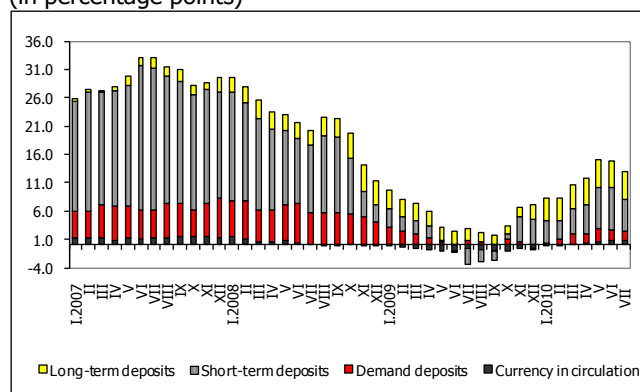
In July 2010, **the annual growth rate in the total deposits with the banks** amounted to 14%, so July represented the second month in a row in which the growth rate of the total deposits slowed down (in June, the annual rise amounted to 15.2%, opposite to 15.7% in May). The Denar deposits on annual basis went up by 19% (15.1% in June), whereas the growth rate in the foreign currency deposits continued to slow down to 9.9% in July (14.6% in the previous month). With respect to the sector structure, the households deposits in July realized annual growth rate of 18% (19.6% in the previous month), with growth in the Denar and foreign currency deposits being registered of 38.5% and 7.9%, respectively. The deposits of enterprises (private and public)¹⁷ went up by 0.8%, on annual basis, opposite to the annual rise of 4.1% in June 2010.

In July 2010, the annual growth rate of the **broadest money supply M4¹⁸** equaled 12.8%, opposite to 14.8% in June. Until the end of the quarter, the broadest money supply is anticipated to grow up on monthly basis, so the annual growth rate (in accordance with the projection in July) would amount to 14.5% in September 2010. Compared to the end of 2009, the broadest money supply in July 2010 went up by 4.3%.

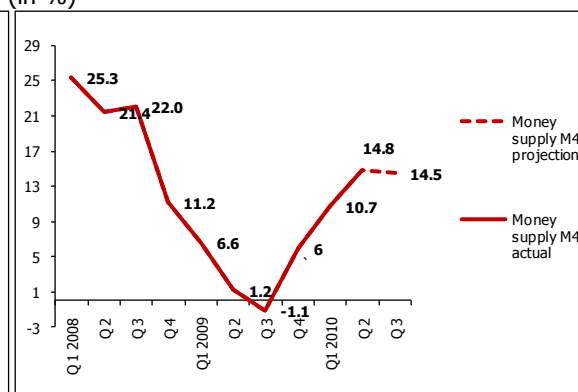
¹⁷ The deposits of enterprises from the private sector went up by 3.3%, on annual basis.

¹⁸ The analysis pertains to the money supply M4 with included accrued interest on deposit liabilities.

Figure 25
Money supply M4
Contribution to the annual rise
(in percentage points)



Annual growth rates
(in %)



Source: National Bank of the Republic of Macedonia.

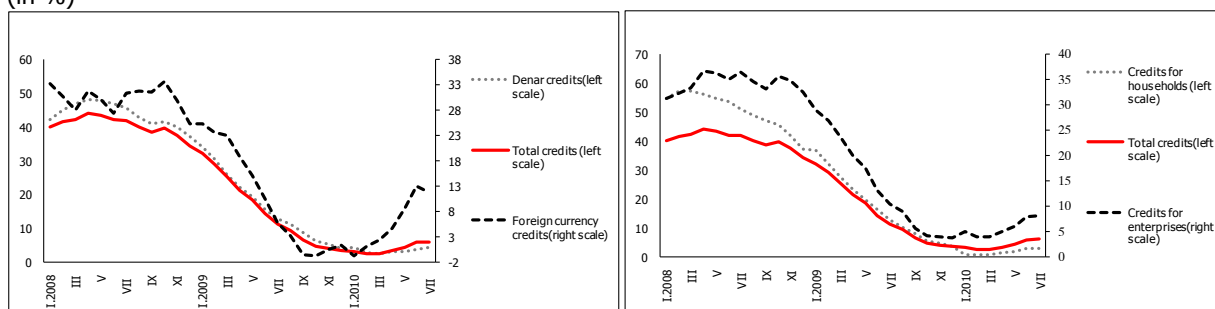
6. BANKS' CREDITS

In July 2010, **the total banks' credits to the private sector** rose by Denar 964 million, or by 0.5% on monthly basis, opposite to the rise of Denar 1.591 million (or 0.9%) in the previous month (the slowing down in the credit growth corresponds with the negative changes with the money supply in July). The monthly increment in the total credits in July was solely caused by the higher volume of placed Denar credits (rise of Denar 1.461 million, or by 1% on monthly basis), whereas the foreign currency credits registered slowing down relative to the end of the previous month by Denar 498 million, or by 1.1%.

With respect to the individual sectors, the new crediting in July (Denar 739 million, or 76.7% of the rise in the total credits) was generally directed to the corporate sector, the credits of which realized monthly rise of 0.7%. In the January-July period of 2010, on cumulative basis, approximately Denar 5.628 million were placed with the corporate sector. In July, the household credits registered rise of Denar 245 million, or by 0.3%, which relative to the performances in the previous three months represented more considerable drop in the credit support of the banks to the sector "households" (in June the banks placed Denar 832 million to the sector "households", opposite to Denar 717 and Denar 517 million in May and April, respectively). Analyzed by individual credit types, the consumer credits represented the main generator of the rise in the total credits to households in July (rise of Denar 325 million), followed by the housing credits (with Denar 117 million placed), whereas the negative balances based on current account registered drop of Denar 178 million, on monthly basis. The suspicious and contested claims in July registered drop on monthly basis of Denar 159 million. In the January-July period of 2010, on cumulative basis, approximately Denar 2.388 million were placed with the households.

Figure 26

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



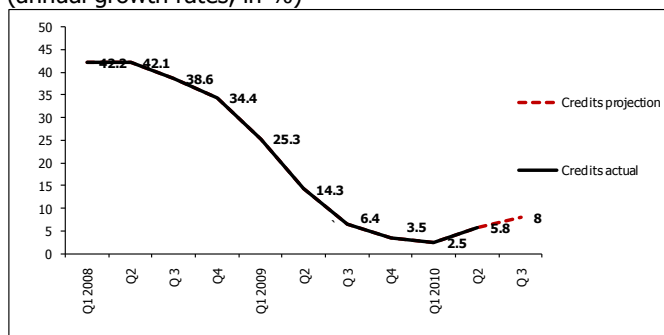
Source: National Bank of the Republic of Macedonia.

In July 2010, **the annual growth rate of the total credits** amounted to 6%, opposite to 5.8% in June (4.2% in May 2010). With respect to the currency structure, the Denar credits gave more considerable contribution of 57.3% to the annual rise in the total credits in July, which on annual basis rose by 4.4% (3.7% in the previous month). The annual growth rate in the foreign currency credits in July slowed down and it amounted to 11.7% (13.1% in June). Analyzed by sectors, in July the credits to households and enterprises, on annual basis, rose by 2.9% and 8.2%, respectively, opposite to the annual rise of 2.8% and 7.9%, respectively in June.

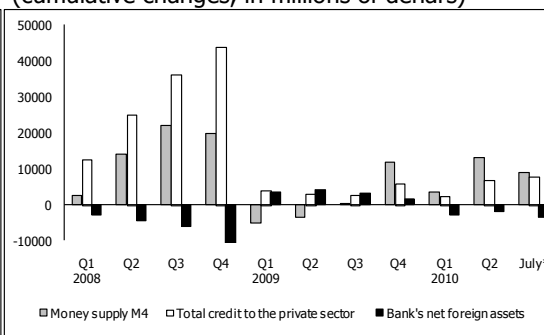
Until the end of the third quarter of 2010, in accordance with the envisaged dynamics of sources of financing of the credit activity (the deposits base, the foreign currency assets of banks and foreign indebtedness) and the dynamics of the other alternative forms of distribution of the financial assets (Government securities and CB bills of the NBRM) in accordance with the projection in July, the credit activity of banks is anticipated to increase, so for the end of September 2010 the annual growth rate is assessed to equal 8%. However, considering the performances at the beginning of the third quarter and the general restraining of the banks from relaxation of the credit terms, we assess that currently there are risks from non-realization of the projected level of credit growth for the third quarter.

Figure 27

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



Sources of financing
(cumulative 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.

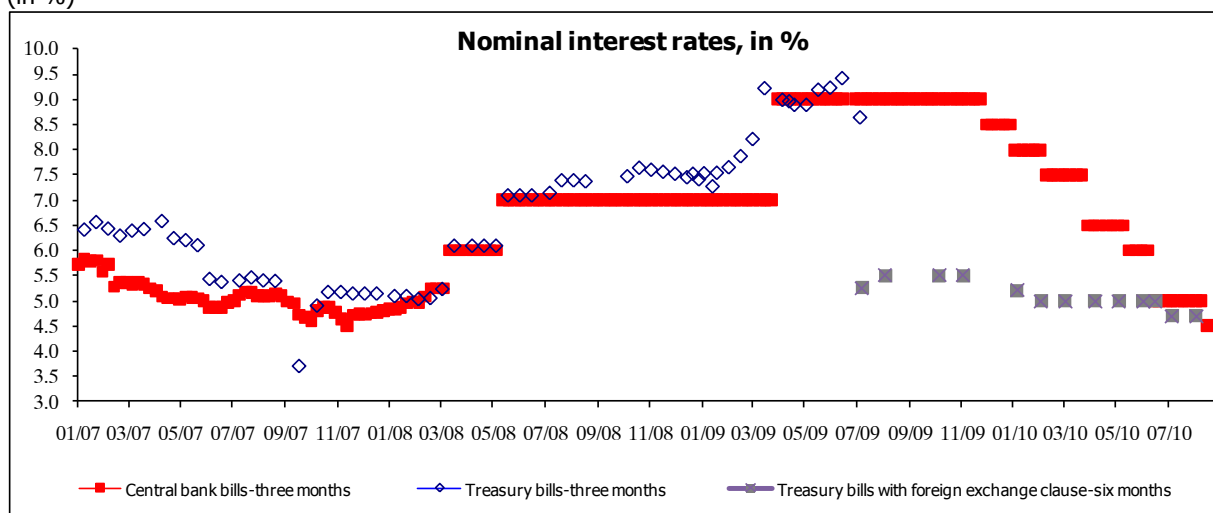
In July 2010, **the net foreign assets of banks** reduced by Denar 3.581 million, or by 1.3 times, relative to the end of the previous year, which is mostly due to the rise in the foreign liabilities (of Denar 2.983 million, or by 10.2%), with simultaneous drop in the foreign assets by Denar 598 million, or by 1.9% being registered.

7. INTEREST RATES

In conditions of slower recovery of the economic activity than the previously anticipated, with generally positive tendencies on the foreign exchange market since the beginning of the year and assessments for further maintenance of the satisfactory level of foreign reserves, **on August 13, 2010 the NBRM performed one more decrease in the basic interest rate** for an additional 0.5 percentage points, thus reducing it to 4.5%. However, the interest of banks for investing in CB bills continued, considering the fact that on the first auction of CB bills with lower interest rate (conducted on August 18, 2010) total Denar 185 million were sterilized. On the previous two auctions conducted in August (on August 4, 2010 and on August 11, 2010), when the interest rate of 5% was still being applied, on cumulative basis total Denar 182 million were withdrawn.

In the period 01-17.08.2010, **the weighted interbank interest rate** amounted to 3.07% (3.18% in July 2010). In the period 01-18.08.2010, the average quoted interbank interest rate - **SKIBOR** amounted to 3.22% (over night), 4.49% (one week), 5.25% (one month) and 6.27% (three months), opposite to 3.31%, 4.56%, 5.30% and 6.32%, for the respective maturities in July. In the period 01-18.08.2010, the weighted interbank interest rate for concluded transactions over night - **MKDONIA** amounted to 3.08%, opposite to 3.17% in July 2010.

Figure 28
Nominal interest rates
(in %)



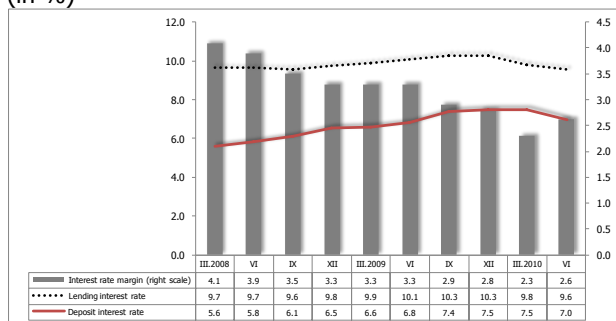
Source: National Bank of the Republic of Macedonia.

In June 2010 no considerable changes in the banks' interest policy were registered. Thus, within the group of lending interest rates, the interest rates with all types

of Denar credits, on monthly basis, were generally stable, so the **weighted interest rate of Denar credits** remained at the level of the previous month and in June 2010 it amounted to 9.6%. The interest rate of the short-term credits to households without **FX clause** registered more considerable drop of 0.3 percentage points. **On the other hand, the average weighted interest rate of Denar deposits** reduced minimally relative to the level of the previous month (of 0.1 percentage point) and in June 2010 it amounted to 7%. In June, **the weighted interest rates on foreign currency credits and deposits** on monthly basis remained unchanged and they equaled 7.3% and 3.1%, respectively. In June, **the interest rate of the newly extended Denar credits**¹⁹ registered rise (of 0.2 percentage points on monthly basis) and it amounted to 9.7%, with registered rise only with the interest rate of the short-term credits to enterprises without FX clause (by 0.2 percentage points). With the other types of credits, the changes with the interest rates were mainly directed towards fall in the monthly basis. **The interest rate of the newly received Denar deposits** in June amounted to 4.3% (4.4% in the previous month). In June, **the interest rates of the newly extended foreign currency credits and the newly received foreign currency deposits** amounted to 7.8% and 1.1%, respectively (opposite to 7.7% and 1.1%, respectively in the previous month).

Figure 29

Interest rate of the total Denar credits and deposits and interest spread (in %)



Interest rate of the new Denar credits and deposits and interest spread (in %)

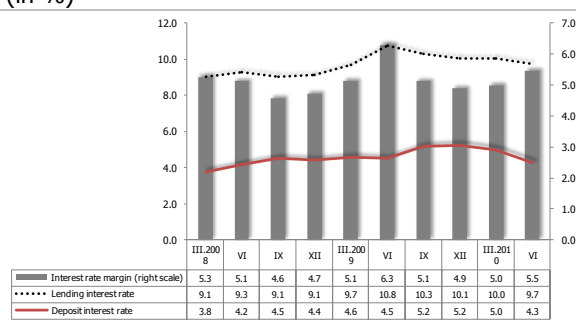
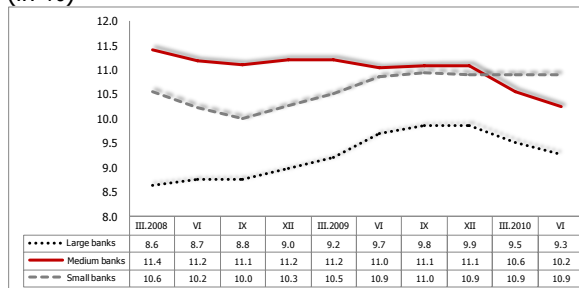
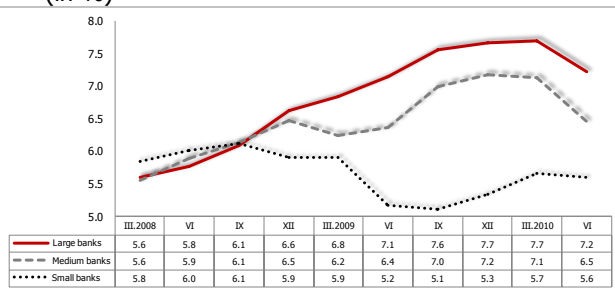


Figure 30

Interest rate of the Denar credits by groups of banks (in %)

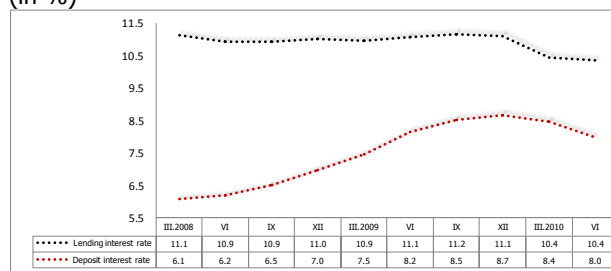


Interest rate of the Denar deposits by groups of banks (in %)

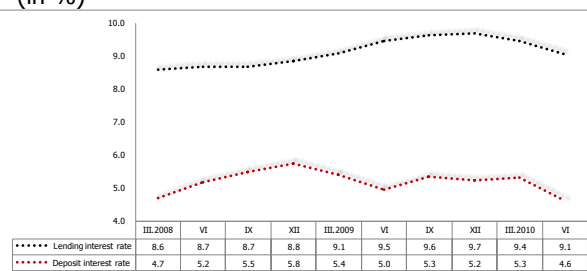


¹⁹ The changes in the interest rates of the newly extended credits and newly received deposits were more intensive, as a result of the influence by the type of credits or deposits which dominated in the respective month, and they can differ considerably from the previous structure of credits and deposits.

Figure 31
Interest rate of the Denar credits and deposits
to households
(in %)



Interest rate of the Denar credits and
deposits to enterprises
(in %)



Source: National Bank of the Republic of Macedonia.

ANNEX

Table 1
Consumer Price

Consumer prices	change in %			contribution to change in percentage points		
	<u>VII.2010</u>	<u>VII.2010</u>	<u>I-VII.2010</u>	<u>VII.2010</u>	<u>VII.2010</u>	<u>I-VII.2010</u>
	VI.2010	VI.2009	I-VII.2009	VI.2010	VI.2009	I-VII.2009
Total	-0.4	1.5	0.9	-0.4	1.5	0.9
Food	-1.3	0.2	-1.4	-0.5	0.1	-0.6
Grain products	1.2	-1.0	-3.2	0.1	-0.1	-0.2
Fresh and processed vegetables	-11.1	1.4	-1.6	-0.6	0.1	-0.1
Fresh and processed fruits	1.5	-0.6	-4.1	0.0	0.0	-0.1
Meat and poultry	-0.1	0.7	1.3	0.0	0.1	0.1
Fresh and cooked fish	0.2	-1.4	-2.7	0.0	0.0	0.0
Dairy products	-0.3	2.4	-0.6	0.0	0.1	0.0
Eggs	-0.6	-6.4	-10.6	0.0	-0.1	-0.1
Oils and fats	3.3	-5.2	-8.8	0.1	-0.1	-0.1
Tobacco and beverages	0.0	-0.2	0.5	0.0	0.0	0.0
Clothing and footwear	-0.6	1.0	0.4	0.0	0.1	0.0
Housing	0.1	4.7	4.7	0.0	0.8	0.8
Flat (rent, water and other services)	0.3	-0.2	0.0	0.0	0.0	0.0
Fuel and lighting	0.0	8.1	8.4	0.0	0.8	0.8
Heating and services	0.0	5.0	5.7	0.0	0.2	0.2
Electric power	0.0	9.8	9.8	0.0	0.6	0.6
Hygiene and health	0.6	-0.1	0.4	0.1	0.0	0.0
Culture and entertainment	1.3	2.1	0.6	0.1	0.1	0.0
Transport and communication services	-0.2	3.6	4.4	0.0	0.5	0.6
Fuels and lubricants	0.7	14.7	23.2	0.0	0.5	0.7
Public transport services & PTT	0.0	0.0	-1.6	0.0	0.0	-0.1
Restaurants and hotels	0.1	0.6	-0.1	0.0	0.0	0.0
Other services n.e.c.	0.1	-7.1	-5.0	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	2009				2010		Latest months			
				Q1	Q2	Q3	Q4	Q1	Q2	Apr-10	May-10	Jun-10	Jul-10
Inflation (CPI)	2.3	8.3	-0.8	0.9	-0.6	-1.4	-2.1	0.5	1.2	1.4	0.2	1.8	1.5
Inflation (CPI) - cumulative average	2.3	8.3	-0.8	0.9	0.1	-0.4	-0.8	0.5	0.8	0.7	0.6	0.8	0.9
Core inflation (excluding food and energy)	0.6	2.6	0.3	1.5	0.3	0.1	-0.6	-0.2	0.2	0.1	0.0	0.3	0.4
Regulated prices	3.3	9.3	-1.9	-1.6	-1.8	-3.3	-0.7	12.9	10.9	12.8	12.8	10.3	9.8
Industrial producer prices	2.6	10.3	-6.5	-6.2	-8.8	-10.1	-0.4	7.5	9.3	10.5	10.9	7.6	7.5
Productivity	2.5	1.7	-3.8	-3.4	-5.7	-4.8	-1.2	-0.4	-	-	-	-	-
Nominal net-wage*	7.9	10.4	9.8	12.7	13.4	8.9	4.5	3.3	-	1.4	3.4	-	-
Real net-wage*	5.5	1.9	10.8	11.8	14.1	10.4	6.8	2.8	-	0.0	3.2	-	-

*For 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	2009				2010		Latest months		
				Q1	Q2	Q3	Q4	Q1	Q2	Apr-10	May-10	Jun-10
Gross domestic product	5.9	4.8	-0.5	-0.6	-1.2	-1.4	1.2	-0.9	-	-	-	-
Industrial output	3.7	5.5	-7.7	-10.8	-13.2	-13.1	7.5	-9.4	-1.6	-9.6	-0.4	5.4
Construction	7.6	25.6	13.7	0.0	14.7	12.6	20.3	7.6	-	30.1	-16.7	-
Retail and wholesale trade	23.1	11.8	-7.4	-8.7	-11.0	-8.8	-1.3	3.9	-	6.2	10.0	-
Telecommunications	15.6	8.9	6.6	7.4	5.7	8.3	4.9	17.3	-	19.6	20.0	-

Source: State Statistical Office of the Republic of Macedonia.

Table 4
Selected industrial branches

Selected industrial activities (annual rates, %)	2007	2008	2009	2009				2010		jyh.10	
				Q1	Q2	Q3	Q4	Q1	Q2	change, %	contribution, p.p.
Mining and quarrying	9.8	9.9	-12.3	-12.6	-19.2	-11.3	-6.5	-5.8	0.2	19.9	0.7
Manufacture of food products and beverages	7.7	7.6	-2.1	-2.5	-0.1	-1.8	-3.9	2.3	-1.0	-2.5	-0.4
Manufacture of tobacco products	-0.8	1.9	-3.2	-2.1	2.6	-5.5	-9.4	15.4	-14.0	4.9	0.4
Manufacture of wearing apparel	-14.5	-20.4	-11.7	-23.7	-16.9	-1.6	-3.5	-6.4	12.3	-5.7	-0.4
Printing	-12.2	59.4	34.6	2.6 times	54.4	-2.7	-15.2	-49.5	-43.7	-16.5	-0.8
Manufacture of refined petroleum products	-2.4	1.6	-8.9	9.2	-27.2	-36.3	25.9	-49.1	10.1	3.1	0.2
Manufacture of other non-metallic mineral products	3.8	-3.2	-12.1	-17.0	-4.3	-11.8	-19.3	-27.7	-23.6	-16.3	-1.4
Manufacture of basic metals	34.3	-6.6	-42.1	-61.6	-52.3	-42.2	13.4	48.1	15.5	16.2	1.5
Manufacture of fabricated metal products	45.6	51.4	38.5	35.0	-12.9	-2.8	2.9 times	-55.6	20.2	72.7	2.9
Manufacture of electrical machinery and equipment	-24.4	25.8	-29.0	1.0	-13.5	-51.6	-53.1	-55.5	-62.6	-55.3	-1.6
Manufacture of other transport equipment	33.4	-18.4	-46.4	-60.5	-71.5	-21.0	24.2	7.1	-11.9	29.5	0.1
Recycling*	-35.6	117.1	-11.6	-74.2	-10.6	7.6	97.9	3.3 times	57.9	44.0	0.5
Electricity, gas, steam and hot water supply	-9.5	-3.1	8.8	-1.6	15.6	10.4	14.2	19.0	38.5	49.7	4.7

Source: State Statistical Office of the Republic of Macedonia.

Table 5
Indicative variables for private consumption and investment

(real annual growth rates, %)	2007	2008	2009	2009				2010		Latest months		
				Q1	Q2	Q3	Q4	Q1	Q2	Apr-10	May-10	Jun-10
Retail trade*	14.4	3.1	-2.9	-4.0	-3.6	-3.7	-0.6	0.9	-	3.6	8.6	-
VAT revenues*	18.5	1.3	-1.9	-8.5	-14.0	-3.8	20.3	-0.1	23.1	18.5	28.2	24.6
Imports of consumption goods*	19.4	7.8	-5.3	-0.1	-9.5	-6.6	-4.5	2.4	16.1	10.7	19.4	18.7
Domestic production of consumption goods	-1.5	6.7	-2.8	4.5	0.2	-5.5	-8.3	-10.4	-8.1	-13.3	-8.5	-2.6
Imports of capital goods*	36.9	22.2	-6.4	24.2	-11.2	-9.7	-20.2	-35.5	-12.5	-22.4	-13.3	-0.1
Completed construction works*	4.9	16.3	15.0	-0.8	15.3	14.2	22.9	7.1	-	28.3	-16.9	-
Domestic production of capital goods	19.7	-1.3	-24.5	-24.9	-40.1	-19.3	-6.8	-34.1	-24.9	-35.7	-37.3	0.7

* 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	Q1	Q2	Q3	Q4	2009	1	2	3	4	5	Q1	2010
I. Current Account	-345.6	-100.1	102.5	-140.0	-483.3	-41.8	-17.0	-13.4	-38.0	-4.1	-72.2	-114.2
Goods	-446.6	-339.1	-301.0	-464.3	-1551.0	-87.2	-92.2	-117.1	-156.7	-112.1	-296.5	-565.4
Credit	400.3	491.3	532.4	497.0	1920.9	133.8	158.5	190.1	182.7	206.8	482.4	872.0
Debit	-846.8	-830.3	-833.4	-961.3	-3471.9	-221.0	-250.7	-307.2	-339.5	-318.9	-778.9	-1437.3
Services	-1.0	-1.2	23.3	6.9	28.0	1.4	0.9	3.9	3.5	6.8	6.2	16.6
Income	-27.4	-20.4	-17.6	-26.3	-91.7	-28.9	-8.1	-5.0	-5.8	-7.6	-42.0	-55.5
Current transfers	129.4	260.6	397.8	343.6	1131.4	72.8	82.5	104.9	121.0	108.9	260.2	490.1
General government	10.3	12.9	8.3	22.4	53.9	0.2	2.3	1.7	8.7	1.1	4.2	14.1
Other sectors	119.1	247.7	389.5	321.3	1077.6	72.6	80.2	103.2	112.3	107.7	255.9	476.0
II. Capital and financial account	327.4	115.9	-111.5	134.4	466.1	35.9	17.1	7.9	44.8	-6.3	60.9	99.3
Capital account	0.8	1.7	15.2	2.3	20.0	0.1	0.3	0.4	1.2	0.7	0.9	2.8
Capital transfers	0.8	1.7	7.7	2.3	12.5	0.1	0.3	0.4	1.2	0.7	0.9	2.8
General 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
Other sectors	0.8	1.7	7.7	2.3	12.5	0.1	0.3	0.4	1.2	0.7	0.9	2.8
Acquisition/disposal of nonproduced nonfinancial assets	0.0	0.0	7.5	0.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debit	0.0	0.0	7.5	0.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	326.6	114.2	-126.7	132.1	446.2	35.8	16.8	7.4	43.6	-7.0	60.0	96.5
Direct investment	56.5	60.3	-5.8	60.9	171.9	36.9	-23.0	28.9	25.6	30.2	42.8	98.6
Portfolio investment	-19.1	-12.4	148.7	-12.8	104.3	-1.6	-3.0	3.6	-4.2	-3.3	-1.0	-8.5
Other investment	36.4	14.0	53.4	135.4	239.3	18.6	27.9	-39.3	43.0	-26.6	7.2	23.6
Assets	-17.0	-6.4	-65.5	-17.3	-106.3	53.3	20.1	-1.7	-41.9	-72.4	71.7	-42.5
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
Loans	-3.1	-9.9	-3.4	-1.9	-18.4	1.9	0.0	0.4	0.6	-0.6	2.3	2.3
Currency and deposits	-14.1	3.4	-61.7	-15.7	-88.1	51.4	20.1	-2.1	-42.6	-71.7	69.5	-44.9
o/w: Monetary Authorities, net	-3.6	1.0	1.7	0.9	0.0	0.1	0.0	0.1	0.0	0.0	0.2	0.2
o/w: General 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
o/w: Commercial Banks, net	-48.0	-1.3	-42.9	6.1	-86.0	56.7	29.9	9.0	-32.5	-55.5	95.6	7.6
o/w: Other sectors, net	37.5	3.7	-20.5	-22.7	-2.1	-5.4	-9.8	-11.1	-10.1	-16.3	-26.3	-52.7
Other assets	0.2	0.0	-0.3	0.2	0.1	0.0	0.0	-0.1	0.1	-0.1	0.0	0.1
Liabilities	53.4	20.5	118.9	152.8	345.6	-34.8	7.8	-37.6	84.9	45.8	-64.6	66.2
Trade credits	52.3	2.4	-14.6	126.4	166.5	7.7	-11.4	-13.3	40.9	10.8	-17.0	34.7
Loans	0.4	3.6	-1.3	61.3	63.9	-7.1	0.5	-24.2	53.0	30.2	-30.9	52.3
Currency and deposits	-5.5	9.8	68.1	-46.4	26.0	-36.2	-1.3	-2.5	-10.8	2.3	-40.1	-48.6
o/w: Monetary Authorities, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: General 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
o/w: Commercial Banks, net	-5.5	9.8	68.1	-46.4	26.0	-36.2	-1.3	-2.5	-10.8	2.3	-40.1	-48.6
o/w: Other sectors, net	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	6.2	4.7	66.8	11.5	89.2	0.9	20.0	2.5	1.8	2.5	23.4	27.7
Reserve Assets	252.8	52.2	-323.0	-51.4	-69.4	-18.1	14.9	14.2	-20.8	-7.4	11.0	-17.1
III. Net errors and omissions	18.2	-15.8	9.1	5.6	17.1	5.9	-0.1	5.5	-6.8	10.4	11.3	14.9

Source: National Bank of the Republic of Macedonia.

Table 7

Total Foreign Trade
(in millions of Euros)

	VL2010	I-VL2010	VL2010		VL2010		I-VL2010	
			V.2010		VL2009		I-VL2009	
			amount	%	amount	%	amount	%
Total trade	571.5	2,938.9	33.2	6.2	99.3	21.0	299.1	11.3
Export	217.2	1,089.9	10.7	5.2	45.2	26.3	196.5	22.0
Import	354.4	1,849.0	22.5	6.8	54.1	18.0	102.6	5.9
Balance	-137.2	-759.0	-11.8	9.4	-8.9	6.9	93.9	-11.0

Source: State Statistical Office of the Republic of Macedonia.

Table 8

Import of Goods (according to SITC)

Import of goods	I-VI 2009	I-VI 2010	y-o-y change		contributions	
	in millions of EUR		in millions of EUR	%	percentage points	%
Total	1746.4	1849.0	102.6	5.9	5.9	100
Food and live animals	194.3	196.1	1.8	0.9	0.1	1.7
<i>of which:</i>						
- meat and meat preparations	45.7	43.5	-2.3	-4.9	-0.1	-2.2
- cereals and cereal preparations	33.6	28.9	-4.8	-14.1	-0.3	-4.6
- fruits and vegetables	26.0	25.9	-0.1	-0.4	0.0	-0.1
Beverages and tobacco	16.7	20.1	3.4	20.6	0.2	3.3
Crude materials, inedible, except fuels	59.7	78.5	18.8	31.5	1.1	18.3
<i>of which:</i>						
- metalliferous ores and metal scrap	30.5	50.0	19.5	64.0	1.1	19.0
Mineral fuels, lubricants and related mater	280.1	307.1	27.0	9.6	1.5	26.3
<i>of which:</i>						
- natural or industrial gas	21.2	32.0	10.8	51.1	0.6	10.5
- petroleum and petroleum products	193.2	235.3	42.1	21.8	2.4	41.0
- electric energy	62.1	32.3	-29.8	-48.0	-1.7	-29.1
Animal and vegetable oils and fats	16.6	14.6	-2.0	-12.1	-0.1	-2.0
Chemical Products	193.2	238.9	45.7	23.7	2.6	44.6
- inorganic chemical products	5.5	49.4	44.0	802.8	2.5	42.9
- medical and pharmaceutical products	46.3	47.8	1.5	3.2	0.1	1.5
- chemical materials and products	21.5	22.3	0.8	3.7	0.0	0.8
Manufactured goods classified by materials	406.4	469.3	63.0	15.5	3.6	61.4
<i>of which:</i>						
- textile yarn, fabrics, and related products	138.9	141.1	2.3	1.6	0.1	2.2
- non metallic mineral manufactures	36.0	42.1	6.1	16.8	0.3	5.9
- iron and steel	94.2	135.9	41.7	44.2	2.4	40.6
- non ferrous metals	17.2	37.3	20.1	116.6	1.1	19.6
- manufactures of metals	38.1	33.7	-4.4	-11.4	-0.2	-4.2
Machinery and transport equipment	438.6	386.6	-52.1	-11.9	-3.0	-50.7
<i>of which:</i>						
- road vehicles	108.1	147.7	39.6	36.6	2.3	38.6
Miscellaneous manufactured articles	137.2	134.7	-2.5	-1.8	-0.1	-2.4
<i>of which:</i>					0.0	0.0
- furniture and parts thereof	13.2	14.0	0.7	5.7	0.0	0.7
- articles of apparel and clothing accessories	27.7	23.7	-4.0	-14.4	-0.2	-3.9
- footwear	13.3	12.2	-1.2	-8.8	-0.1	-1.1

Source: State Statistical Office of the Republic of Macedonia.

Table 9

Export of Goods (according to SITC)

Export of goods	I-VI 2009	I-VI 2010	y-o-y change		contributions	
	in millions of EUR		in millions of EUR	%	percentage points	%
Total	893.4	1089.9	196.5	22.0	22.0	100
Food and live animals	95.7	107.4	12	12.2	1.3	5.9
<i>of which:</i>						
- meat and meat preparations	14.5	16.3	2	12.8	0.2	0.9
- cereals and cereal preparations	14.0	16.2	2	15.8	0.2	1.1
- fruits and vegetables	49.3	55.2	6	12.1	0.7	3.0
Beverages and tobacco	69.5	72.3	3	4.0	0.3	1.4
Crude materials, inedible, except fuels	48.1	96.4	48	100.5	5.4	24.6
<i>of which:</i>						
- metalliferous ores and metal scrap	35.0	78.3	43	123.5	4.8	22.0
Mineral fuels, lubricants and related materials	58.6	81.5	23	39.1	2.6	11.7
<i>of which:</i>						
- petroleum and petroleum products	56.4	71.3	15	26.5	1.7	7.6
- electric energy	0.8	8.4	8	948.8	0.8	3.8
Animal and vegetable oils and fats	3.4	3.3	0	-3.0	0.0	-0.1
Chemical Products	54.5	102.4	48	88.0	5.4	24.4
- medical and pharmaceutical products	21.1	24.8	4	17.5	0.4	1.9
- chemical materials and products	2.1	50.7	49	25 пати	5.4	24.7
Manufactured goods classified by materials	247.5	330.6	83	33.6	9.3	42.3
<i>of which:</i>						
- iron and steel	167.9	261.4	94	55.7	10.5	47.6
- non ferrous metals	1.5	3.0	2	105.5	0.2	0.8
- manufactures of metals	28.0	16.8	-11	-40.1	-1.3	-5.7
Machinery and transport equipment	54.7	47.3	-7	-13.4	-0.8	-3.7
<i>of which:</i>						
- road vehicles	7.8	10.3	3	33.1	0.3	1.3
Miscellaneous manufactured articles	261.3	248.0	-13	-5.1	-1.5	-6.7
<i>of which:</i>						
- furniture and parts thereof	10.3	10.8	0.4	4.3	0.0	0.2
- articles of apparel and clothing accessories	208.5	197.6	-10.9	-5.2	-1.2	-5.6
- footwear	26.8	24.6	-2.2	-8.2	-0.2	-1.1

Source: State Statistical Office of the Republic of Macedonia.

Table 10

Trade balance of Goods (according to SITC)

Trade balance, Goods	I-VI 2009 I-VI 2010		y-o-y change		contributions	
	in millions of EUR		in millions of EUR	%	percentage points	%
Total	-853.0	-759.0	94.0	-11.0	-11.0	100
Food and live animals	-98.6	-88.8	9.9	-10.0	-1.2	10.5
<i>of which:</i>						
- meat and meat preparations	-31.2	-27.1	4.1	-13.1	-0.5	4.4
- cereals and cereal preparations	-19.6	-12.7	7.0	-35.5	-0.8	7.4
- fruits and vegetables	23.2	29.3	6.0	26.0	-0.7	6.4
Beverages and tobacco	52.8	52.2	-0.6	-1.2	0.1	-0.7
Crude materials, inedible, except fuels	-11.7	17.9	29.5	-253.2	-3.5	31.4
<i>of which:</i>						
- metalliferous ores and metal scrap	4.5	28.3	23.7	524.3	-2.8	25.3
Mineral fuels, lubricants and related materials	-221.5	-225.7	-4.1	1.9	0.5	-4.4
<i>of which:</i>						
- petroleum and petroleum products	-136.8	-164.0	-27.2	19.9	3.2	-28.9
- natural or industrial gas	-19.8	-31.2	-11.4	57.7	1.3	-12.2
- electric energy	-61.3	-23.9	37.4	-61.0	-4.4	39.8
Animal and vegetable oils and fats	-13.2	-11.3	1.9	-14.5	-0.2	2.0
Chemical Products	-138.7	-136.5	2.2	-1.6	-0.3	2.3
- inorganic chemical products	-1.8	-45.6	-43.8	2408.8	5.1	-46.6
- chemical materials and products	-19.4	28.4	47.8	-246.6	-5.6	50.8
Manufactured goods classified by material	-158.9	-138.7	20.2	-12.7	-2.4	21.5
<i>of which:</i>						
- non metallic mineral manufactures, n.e.s	-8.1	-17.4	-9.3	113.8	1.1	-9.9
- iron and steel	73.6	125.5	51.9	70.4	-6.1	55.2
- non ferrous metals	-15.7	-34.3	-18.5	117.6	2.2	-19.7
- manufactures of metals	-10.1	-16.9	-6.9	68.1	0.8	-7.3
Machinery and transport equipment	-383.9	-339.2	44.7	-11.6	-5.2	47.6
<i>of which:</i>						
- road vehicles	-100.4	-137.4	-37.0	36.9	4.3	-39.4
- other transport equipment	-32.8	-3.7	29.1	-88.8	-3.4	31.0
Miscellaneous manufactured articles	124.1	113.3	-10.8	-8.7	1.3	-11.5
<i>of which:</i>						
- furniture and parts thereof	-2.9	-3.2	-0.3	10.5	0.0	-0.3
- articles of apparel and clothing accessories	180.9	173.9	-6.9	-3.8	0.8	-7.4
- footwear	13.5	12.5	-1.0	-7.6	0.1	-1.1

Source: State Statistical Office of the Republic of Macedonia.

Table 11
Monetary developments

	31.05.2010	30.06.2010	31.07.2010	monthly changes (31.07.2010/ 30.06.2010)		annual changes (31.07.2010/ 31.07.2009)
<i>in Denar million</i>	actual	actual	actual	in Denar million	in %	in %
Brtoad money M4	219,446	220,359	216,146	-4,213	-1.9	12.8
Currency in cirrculation	15,505	15,662	16,728	1,066	6.8	9.3
Denar deposits ^{/1}	98,649	99,681	95,228	-4,453	-4.5	16.8
Foreign currency deposits	105,292	105,016	104,190	-826	-0.8	9.9
Total deposits	203,941	204,697	199,418	-5,279	-2.6	13.1
Reserve money ^{/2}	45,742	47,463	46,919	-544	-1.1	11.3

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

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

	31.05.2010	30.06.2010	31.07.2010	monthly changes (31.07.2010/ 30.06.2010)		annual changes (31.07.2010/ 31.07.2009)
<i>in Denar million</i>	actual	actual	actual	in Denar million	in %	in %
Credit to the private sector	183,668	185,259	186,222	964	0.5	6.0
In Denar	141,366	141,971	143,432	1,461	1.0	4.4
In Foreign currency	42,302	43,287	42,790	-498	-1.1	11.7
Banks' net foreign assets	1,877	-360	-2,064	-1,704	473.4	-208.2

Source: National Bank of the Republic of Macedonia.

Table 12
Monetary aggregates
(in %)

<i>in %</i>	end of period to the end of previous period											annual change (in %)											
	2008				2009				2010			2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	July	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	July	
M0	-8.8	13.5	-0.02	4.4	-10.2	1.7	11.8	10	-4.3	7.9	-1.1	16.6	22.2	19.6	8.0	6.4	-4.7	6.6	12.4	19.8	27.1	11.3	
M1	-5.9	11.2	1.50	7.8	-13.5	1.8	0.6	9.1	-3.7	4.5	0.3	24.3	30.2	22.2	14.5	5.2	-3.6	-4.5	-3.5	7.4	10.3	9.1	
M4	1.6	6.3	4.3	-1.2	-2.6	0.8	2.0	5.9	1.7	4.6	-1.9	25.3	21.4	22.0	11.2	6.6	1.2	-1.1	6	10.7	14.8	12.8	
M4-denar	-1.4	6.6	2.0	-3.2	-9.5	-0.7	-1.7	8.3	1.4	6.6	-2.9	33.5	24.7	20.0	3.9	-4.7	-11.3	-14.5	-4.4	7.04	15.0	15.6	

Source: National Bank of the Republic of Macedonia.

Table 13

Deposits of the private sector*

(in millions of denars)

		Balance as of 31.07.2010	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total deposits		197,149	-4,064	-2.0	24,269	14.0
In Denar	Households	52,448	1,132	2.2	14,572	38.5
	Enterprises	30,296	-4,558	-13.1	-2,738	-8.3
	Total	92,959	-3,238	-3.4	14,859	19.0
In Foreign currency	Households	82,865	-467	-0.6	6,076	7.9
	Enterprises	19,882	-493	-2.4	3,129	18.7
	Total	104,190	-826	-0.8	9,410	9.9
Total households deposits		135,312	666	0.5	20,648	18.0
Total enterprises deposits		50,178	-5,051	-9.1	391	0.8

* the Denar deposits do not include the deposit money.

Source: National Bank of the Republic of Macedonia.

Table 14

Credits to the private sector

(in millions of denars)

		Balance as of 31.07.2010	monthly changes		annual changes	
			in Denar million	in %	in Denar million	in %
Total credit to the private		186,222	964	0.5	10,511	6.0
In Denar	Households	69,914	121	0.2	1,795	2.6
	Enterprises	73,394	1,370	1.9	4,270	6.2
	Total	143,432	1,461	1.0	6,026	4.4
In Foreign currency	Households	4,333	124	3.0	317	7.9
	Enterprises	38,394	-631	-1.6	4,190	12.2
	Total	42,790	-498	-1.1	4,485	11.7
Total credit to the households		74,247	245	0.3	2,112	2.9
Total credit to the enterprises		111,788	739	0.7	8,459	8.2

Source: National Bank of the Republic of Macedonia.

Table 15
Interest rates

	July-10	monthly changes	annual changes
	in %	in percentage points	
Average weighted interest rate on the CB bills auctions (28 days)	5.00	-0.5	-4.0
Average weighted interest rate on the Money Market	3.17	-0.06	-3.3
Interest rate on three-month treasury bills		/	/
	June-10	monthly changes	annual changes
	in %	in percentage points	
Banks' weighted lending interest rates	9.6	0.0	-0.5
Banks' weighted deposit interest rates	7.0	-0.1	0.2

Source: National Bank of the Republic of Macedonia.