



REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE
Macroeconomic Policy Department

SHORT-TERM ECONOMIC TRENDS

November 2012



February 2013, Skopje

SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

November 2012

- Industrial production surged by 5.3% in November 2012 compared to October 2012;
- Inflation rate amounted to 4.7% on annual basis, while compared to the previous month, prices remained the same. Average inflation rate in the period January-November 2012 amounted to 3.2%;
- Annual drop of physical output of export in the period January-November 2012 of 12.0%, with drop in value of 2.7% and decline of imported quantities of goods of 3.7% and drop in value of 0.3%, resulting in increase of trade deficit by 5.6% compared to the same period in 2011;
- Higher performance of total budget revenues by 0.4% and increased execution of total budget expenditures by 3.4% in the period January-November 2012, compared to the same period last year; state budget deficit in the amount of Denar 14,613 million (3.0% of GDP) and central budget deficit in the amount of Denar 13,085 million (2.7% of GDP);
- Increase of both total credits to private sector by 5.6% and total deposit potential of banks by 5.1% on annual basis;
- Drop in the number of registered unemployed persons by 13.5% in November 2012 compared to the same month last year.

1. Real Sector

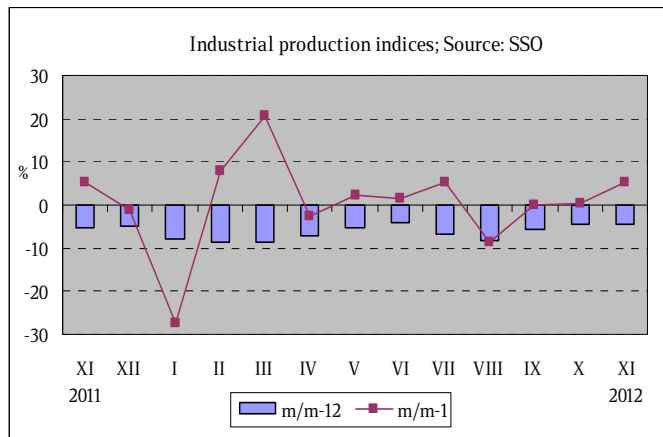
Industrial Production

Industrial production surged by 5.3% in November 2012 compared to October 2012. Sector analysis point out that growth on monthly basis was recorded at all sectors. Electricity, gas, steam and air-conditioning supply sector experienced 18.0% increase. Mining and quarrying sector experienced 12.3% increase. Ore and stone extraction grew by 12.3%, while processing industry increased by 3.7%. De-seasoned monthly growth of industrial production in November 2012 was -0.4%, pointing out to positive seasonal effects in the industry. Significant monthly growth was seen at the following branches: production of coke and refined oil products -6,060.9%, production of furniture - 94.3%, production of machines and equipment -57.8%, production of electrical equipment - 33.5%, production of tobacco products - 33.4%, production of pharmaceutical products - 22.0% and production of furniture 19.1%.

	m/m-12	m/m-1	I-XI 2012 I-XI 2011
Total	-4.4	5.3	-6.5
Ore and stone extraction	0.9	12.3	-4.6
Processing industry	-2.8	3.7	-6.1
Electricity, gas and water supply	-17.8	18.0	-9.7

Source: SSO

Industrial production dropped by 4.4% in November 2012 compared to November 2011. Analyzed by sectors, sector mining and quarrying increased by 0.9% as a result of the growth in the mining of metal ore by 43.3%. Other mining and quarrying sector dropped by 22.9%, while mining of coal and lignite decreased by 14.8%. Processing industry dropped by 2.8%, while electricity, gas, steam and air-conditioning supply sector decreased by 17.8% on annual basis.



As for processing industry, annual positive growth was registered at 10 out of 23 branches, comprising 29.12% of the industrial production. Growth was seen at one of the tree driving branches with double-digit share in the industrial production structure. Thus, growth of 2.4% was seen at production of clothing. Production of metals dropped by 19.5%, while production of food products declined by 19.4%. High increase on annual basis was registered at production of fabricated metal products - 72.0%, production of beverages - 40.3%, production of basic pharmaceutical products and pharmaceutical preparations - 19.5%, preparation of wood and products from wood and cork - 11.7%, as well as production or rubber and products of plastic masses - 9.8%.

Production of fabricated metal products, except for machines and equipment (2.4 p.p.) contributed the most to the annual increase in industrial production in

November 2012, while production of metals (-2.2 p.p.) had the highest negative contribution.

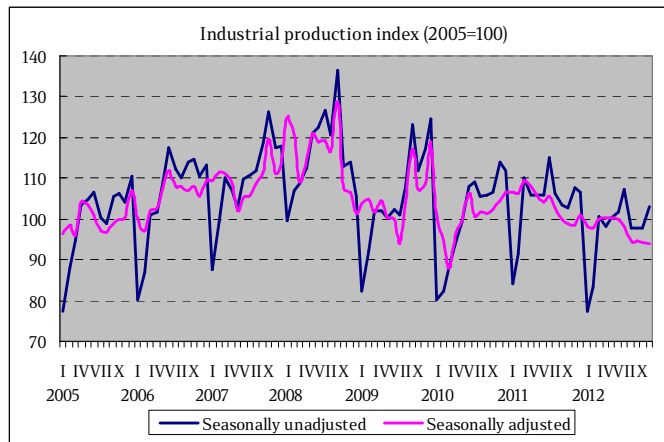
On cumulative basis, in the period January–November 2012, industrial production dropped by 6.5%, compared to the same period in 2011. Electricity, gas, steam and air-conditioning supply sector declined by 9.7%, processing industry dropped by 6.1%, and mining and quarrying decreased by 4.6%.

Data on industrial production by target groups in November 2012, compared to November 2011, show that there was increase in the production at the following groups:

Consumer durables -7.9%, and intermediary goods except energy - 5.8%. Production decline was observed at the following groups: Energy - 20.7%, capital goods - 13.0%, and consumer non-durables - 4.8%.

On monthly basis, data on the industrial production by target groups in November 2012 showed that there was increase in the production at the following groups: Energy - 44.4% and consumer non-durables - 10.7%. Drop of production was seen at the following groups: Capital goods - 14.4%, consumer durables - 12.2% and intermediary goods, except energy - 5.5%.

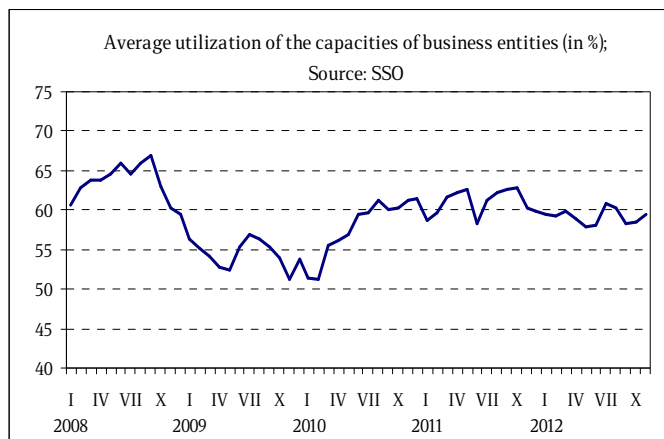
On cumulative basis in the first eleven months of 2012 compared to the same period in the previous year, all groups registered drop of production, as follows: Consumer durables - 33.6%, energy - 20.8%, consumer non-durables - 3.4%, intermediary goods, except energy - 0.7% and capital goods - 0.6%.



Business Tendencies in the Processing Industry

According to the assessments of managers, current economic trends of business entities in November 2012 was more favourable compared to the previous month, and less favourable compared to November 2011.

Assessment of current state of delivery-to-production was more favourable compared to both the previous month and November 2011. Assessment for the production volume in the past three months was more favourable compared to October 2012, while compared



to November 2011, it remained at the same level. Expectations for the production volume in the next three months are more favourable compared to both the previous month and November 2011.

As regards the number of employees, the expectations in November 2012 for the next three months are more favourable compared to the previous month, while compared to November 2011, they are significantly improved.

Average utilization of capacities in November 2012 accounted for 59.4%, being an increase compared to the previous month, when it accounted for 58.4%. Compared to November 2011, the utilization of the capacities was lower by 0.9 p.p..

In November 2012, stocks of raw materials and intermediate goods, as well as on-going procurement of raw materials and intermediate goods, were below and around the average. Assessment of the stock of ready-made products was more favourable compared to both the previous month, while compared to November 2011, it was less favourable. In the next 3-month period, according to the assessment of managers, average purchase prices of inputs, as well as selling prices of ready-made products, are expected to increase.

According to the assessment, following factors limited the most the production volume in November 2012: insufficient foreign demand – 23.7%, insufficient domestic demand – 16.5%, financial problems – 13.8% , shortage of skilled labour – 8.8%, competitive import – 8.7%, uncertain economic environment – 7.6%, and shortage of raw materials – 5.5%.

In November 2012, less business entities indicated: The insufficient domestic demand, shortage of skilled labour, uncertain economic surrounding and shortage of raw materials, while bigger number of business entities pointed out: the insufficient foreign demand, lack of equipment, competitive import and unclear economic laws as limiting factor compared to October 2012. As regards other factors, there are no significant changes.

Number of Industrial Workers

Number of workers in the industry in November 2012 compared to November 2011 decreased by 0.7%. Sector analysis points out to increase in the number of workers in the sectors mining and quarrying by 9.0% and electricity, gas, steam and air-conditioning supply by 3.3%, while processing industry registered reduction of the number of workers by 2.0% on annual basis.

Data on number of workers in the industry by target groups in November 2012, compared to November 2011, show that the number of workers at energy group increased by 9.5%, the number of workers at the group consumer non-durables remained at the same level, while reduction of the number of workers was seen at the following groups: Capital goods – 9.3%, consumer durables – 7.9% and intermediary goods, except energy – 3.6%.

Number of Issued Building Permits and Envisaged Value of Facilities

In November 2012, 232 building permits were issued, being by 3.3% less compared to the same month in 2011. Total number of issued building permits compared to October 2012, when 258 permits were issued, decreased by 10.1%.

Envisaged value of the facilities, according to the issued building permits in November, amounted to Denar 2,848 million, being by 4.4% less than the same month in 2011, while compared to October 2012, the value of the facilities decreased by 9.3%.

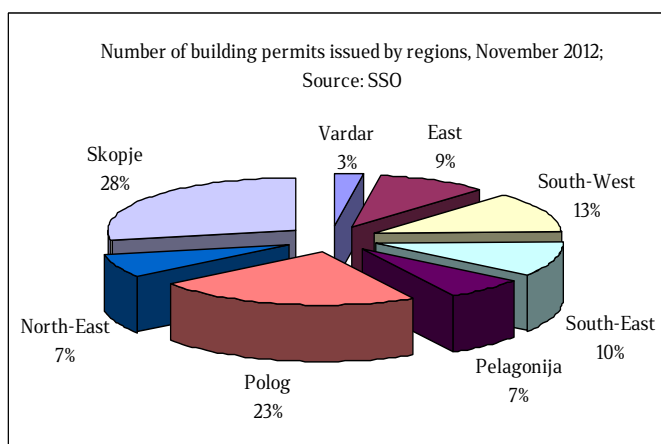
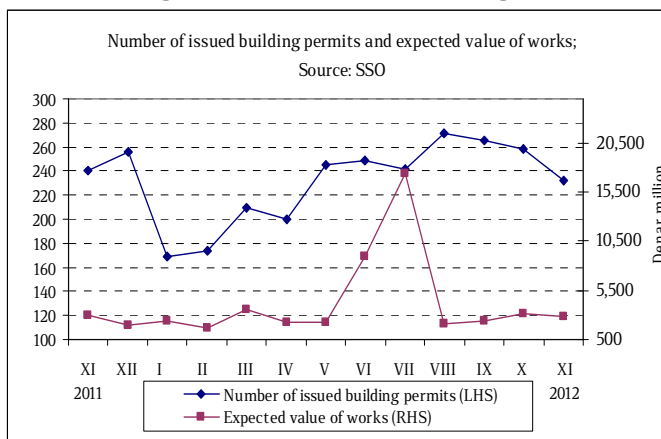
Analyzed by types of facilities, out of the total number of issued building permits, 177 (or 76.3%) are intended for buildings, 18 (or 7.8%) for civil engineering structures and 37 (or 15.9%) for reconstruction.

Analyzed by types of investors, out of total 232 facilities for which building permits were issued, natural persons were investors in 172 facilities (or 74.1%), while business entities were investors in 60 facilities (or 25.9%).

In November 2012, construction of 647 flats was envisaged, with total usable area of 51,958 m². Number of envisaged flats for construction declined by 30.4% compared to the same month in 2011, while it increased by 29.13% compared to September 2012.

Analyzed by regions, most permits were issued in the Skopje region, 65 in total, 31 permits out of which were issued to natural persons as investors, while 34 permits were issued to business entities as investors. Vardar region had least issued permits, 6 permits in total, all of which were issued to natural persons as investors.

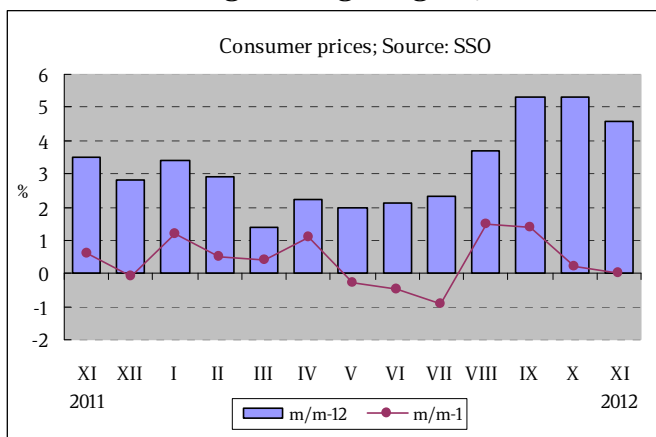
In the period January-November 2012, most permits were issued in the Skopje region, 731 in total, 441 permits out of which were issued to natural persons as investors, while 290 permits were issued to business entities as investors. Vardar region had least issued permits, 120 permits in total, 76 permits out of which were issued to natural persons as investors, while 44 permits were issued to business entities as investors.



Inflation

Inflation rate, measured according to the CPI index amounted to 4.6% in November 2012 compared to the same month in the previous year. Average inflation rate in the period January-November 2012 amounted to 3.2%.

On annual basis, in November, increase of prices was the highest in the category clothing and footwear by 9.9%, followed by the category housing by 9.5%, being mainly due to the increase of prices for heating and lighting by 13.6%. Price increase was also registered at the following categories: Hygiene and health - 4.2%, culture and entertainment - 3.1%, transportation means and services - 1.5% and restaurants and hotels - 1.2%. Reduction of prices was registered in the categories administrative and financial services by 0.2% and tobacco and beverages by 0.1%.



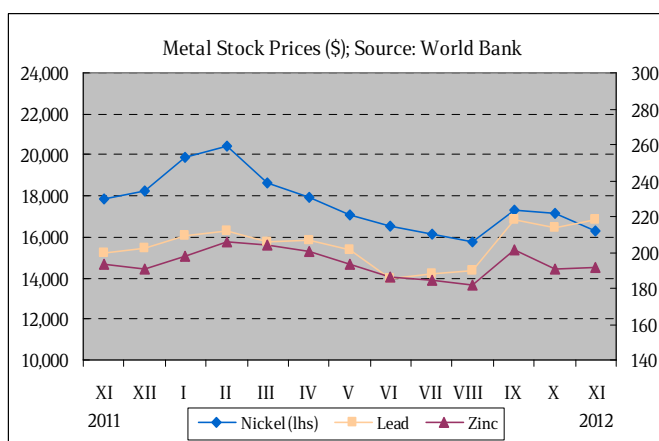
Consumer Price Index in November compared to the previous month did not change. Price increase was also noticed in the categories clothing and footwear by 2.2%, hygiene and health by 0.3% and restaurants and hotels by 0.1%. Prices of the categories housing, culture and entertainment and administrative and financial services remained the same. Means of transport and services category experienced monthly drop of prices by 0.6%, as a result of the reduced prices of oil derivatives by 1.5%. Decline of prices was registered at the categories food by 0.2% and tobacco and beverages by 0.1%.

Retail prices in November 2012 were higher by 3.8% compared to November 2011. Compared to the previous month, retail prices remained unchanged. Average increase of retail prices in the period January-November 2012 amounted to 3.3%.

Stock Market Prices

In November 2012, crude oil price (Brent) on the global stock markets dropped by 2%, compared to the previous month, reaching the price of US\$ 109.7 per barrel. Compared to November 2011, oil price was lower by 0.7%. Average price of natural gas in November increased by 2.6% compared to the previous month.

As regards metal products, nickel, as product with high share in Macedonian export, was traded at an average price of US\$ 16.335 for a metric ton (\$/mt) on the global



stock markets in November, being a monthly drop of the price by almost 5%. Compared to November 2011, nickel price was lower by 8.6%. As for basic metals, monthly drop of prices was seen at copper by 4.4%, tin by 2.4% and aluminium by 1.3%. Price of iron ore in November surged by almost 5.6% compared to the previous month. Precious metals registered monthly price drop, whereby drop was the highest for platinum by 3.7%.

Price of wheat on global stock markets in November registered a monthly increase by 0.7%

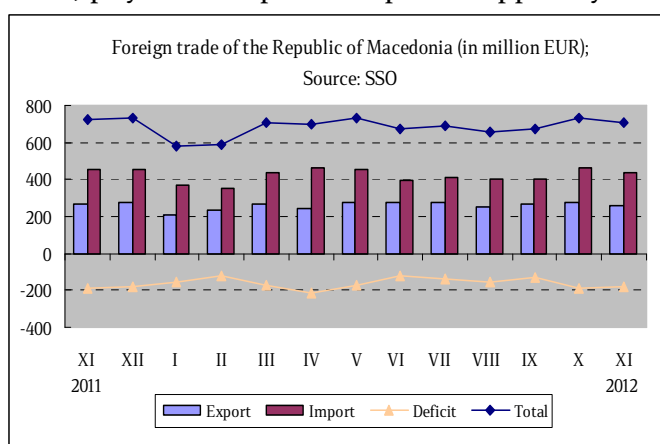
2. Foreign Trade

In the first eleven months in 2012, total foreign trade registered a downward trend by 0.9% in relation to the same period in 2011.

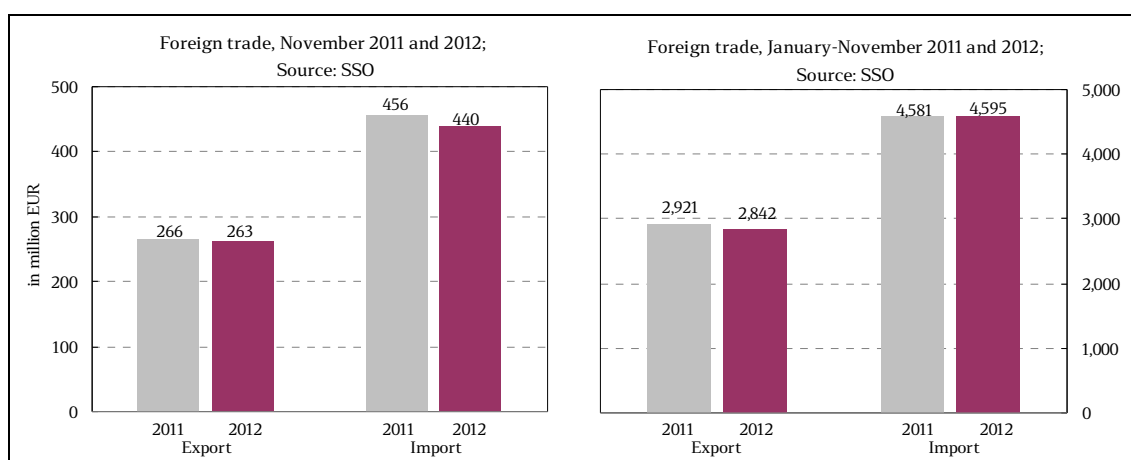
Export

In the period January-November 2012, physical output of export dropped by 12.0% compared to the same period in 2011, while value of exported goods amounted to EUR 2,841.6 million, contracting by 2.7% (EUR 79.2 million) compared to the period January-November 2011.

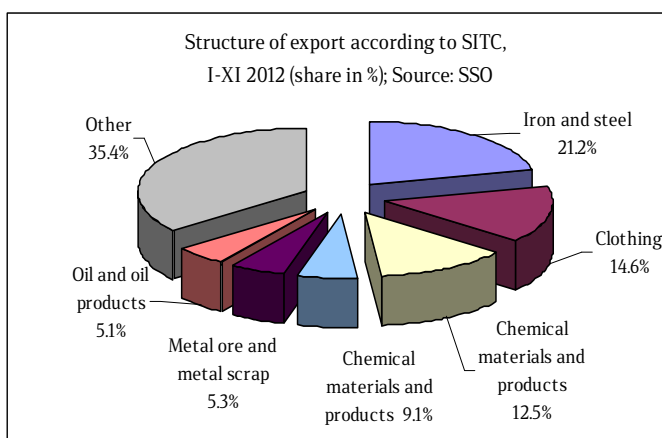
Analyzed on monthly basis, in November 2012, export decreased by 4.0%, compared to the previous month.



Seasonally adjusted trend of export in November 2012 decreased by 2.8% on monthly basis, pointing out to negative effects of the seasonal factor (1.3 p.p.) on export this month.



Analyzed by tariffs, following products were the most exported: catalysts with precious metals or precious metal compounds as active substance, ferronickel, filtering or purifying machinery and apparatus for other gases by a catalytic process; gas oils for other purposes with a sulphur content up to 0.001% by weight; tobacco; men's shirts of cotton; boards, plates, stands, tables, cabinets and others; lead ore and concentrates, hot rolled flat products of iron or non-alloyed steel of width of 600 mm or more, copper ore and concentrates, pharmaceuticals, etc.



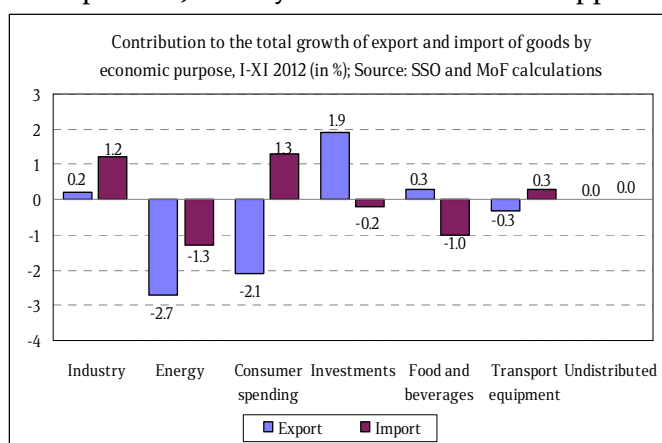
Main groups of goods (according to SITC) being most exported in the period January-November 2012 were the following: iron and steel – 21.2%, clothing – 14.6%, chemical materials and products – 12.5%, beverages and tobacco – 5.8%, metal ore and metal scrap – 5.3%, oil and oil products – 5.1%. These six groups of products comprised 64.6% of the total export of the country.

In the first eleven months of 2012, observed by economic purpose, the following products were the most exported: goods for industrial production (51.3%), followed by personal consumption goods (33.0%), investment goods (9.5%) and energy (6.2%).

Import

Imported quantities of goods in the period January-November 2012 dropped by 3.7%, compared to the same period in the previous year, while their value amounted to EUR 4,595.3 million, increasing by 0.3% (EUR 14.1 million) compared to the period January-November 2011.

Analyzed on monthly basis, in November 2012, import dropped by 4.6%, compared to the previous month.



Export of oil and oil products*)				
	I-XI 2011	I-XI 2012	Balance 2012-2011	% rate
000 T	331.9	208.9	-122.9	-37.0
EUR mil.	210.0	146.1	-63.9	-30.4
\$ mil.	295.9	187.9	-107.9	-36.5

*)Previous data

Import of oil and oil products*)				
	I-XI 2011	I-XI 2012	Balance 2012-2011	% rate
.000 T	1,127.3	1,009.1	-118.2	-10.5
EUR mil.	676.3	684.4	8.0	1.2
\$ mil.	948.7	878.7	-70.0	-7.4

*)Previous data

Seasonally adjusted trend of export in November 2012 decreased by 2.7% on monthly basis, pointing out to negative effects of the seasonal factor (1.9 p.p.) on import this month.

Export of chemical products*)					Import of chemical products*)				
	I-XI 2011	I-XI 2012	Balance 2012-2011	% rate		I-XI 2011	I-XI 2012	Balance 2012-2011	% rate
000 T	23.6	20.5	-3.1	-13.2	.000 T	25.6	30.0	4.5	17.4
Мил. ЕУР	359.2	355.3	-3.9	-1.1	Мил. ЕУР	68.2	62.9	-5.3	-7.8
Мил.\$	501.2	457.0	-44.2	-8.8	Мил.\$	95.4	80.9	-14.6	-15.3

*)Previous data

*)Previous data

Most imported products by tariffs were the following: gas oils for other purposes with a sulphur content up to 0.001% by weight; platinum, unwrought or in powder form; electricity; crude oil; nickel ore and concentrates; motor gasoline with Octane number of 95 or more but less than 98; heating oils; hot rolled with thickness less than 3mm; pharmaceutical, oil gases and other gaseous hydrocarbons; palladium: unwrought or in powder form and similar.

Export of iron and steel*)					Import of iron and steel*)				
	I-XI 2011	I-XI 2012	Balance 2012-2011	% rate		I-XI 2011	I-XI 2012	Balance 2012-2011	% rate
000 T	742.5	595.1	-147.4	-19.9	.000 T	557.8	497.1	-60.7	-10.9
EUR mil.	662.3	601.9	-60.4	-9.1	EUR mil.	296.5	261.1	-35.4	-11.9
\$ mil.	927.3	772.3	-155.0	-16.7	\$ mil.	414.4	334.5	-79.9	-19.3

*)Previous data

*)Previous data

In addition to oil, non-ferrous metals; yarn; fabrics and textile products; iron and steel; road vehicles; electricity; metal ore and metal waste; etc., accounted for the most of the import of goods (according to SITC groups) in the period January-November 2012.

In the period January-November 2012, observed by economic purpose, goods for industrial production (42.0%) were most imported, followed by personal consumption goods (23.3%), energy (20.8%) and investment goods (13.8%).

Trade Balance

In the first eleven months in 2012, trade deficit widened by EUR 93.3 million or 5.6% compared to the same period last year.

If we analyze the balance of export and import of goods by economic purpose, deficit widening was a result of combined effect from: widened negative balance of trade in energy products (fuels and lubricants), personal consumption goods and goods for industrial production, while narrowing of negative balance of trade in investment goods had opposite effect.

Analyzed according to economic groups of countries, in the period January-November 2012, compared to the same period in 2011, export dropped at the following groups: Developed countries, EU 27, developing countries and Western Balkans, while growth was seen at the following groups: EFTA, other developed and undeveloped countries. Export to the EU dropped by 8.1% on annual basis, while as for Western Balkan countries, it declined by 21.3%.

In the first eleven months of 2012, foreign trade of the Republic of Macedonia with the European Union (EU 27), in relation to the same period in the previous year,

dropped by 3.7%, whereby share of trade with the EU in the total foreign trade increased by 3.3 p.p., accounting for 60.5%, whereby export of goods participated with 62.5% and import of goods accounted for 58.9%.

In the period January- November 2012, 76.1% of the trade deficit of the country was realized in the trade with Greece, Great Britain, Russia, Turkey and China, followed by: Serbia, Italy, Bulgaria, Switzerland, Poland, Slovenia, Austria, etc. Surplus was realized in the trade with Germany, Kosovo, Bosnia and Herzegovina and the Netherlands.

Currency Structure

Observed by currency structure, 70.4% of the trade in the period January-November 2012 was realized in euros, and compared to the period January-November 2011, it surged by 0.3 percentage points. On export and import side, euro accounted for 79.2% and 65.0%, respectively, whereby share of the euro in export was higher by 1.4 p.p., while decrease of the share of the euro in import accounted for 0.2 p.p. compared to the same period in 2011.

Foreign trade of the Republic of Macedonia (by currency); calculations: MoF												
import	I-XI 2011					I-XI 2012					absolute change in currency value	relative change in currency value (in %)
	currency	000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar	structure in %	000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar		
EUR	2,805.9	2,994,913,968	61.5025	184,194,696,330	65.2	2,682.4	2,985,837,377	61.5015	183,633,477,436	65.0	-9,076,591	-0.3
USD	2,909.0	1,645,229,075	45.3129	74,550,100,561	26.4	2,822.1	1,540,692,380	47.9742	73,913,484,373	26.2	-104,536,695	-6.4
GBP	3.0	323,325,860	71.6720	23,173,411,032	8.2	2.6	299,272,732	76.5473	22,908,519,613	8.1	-24,053,128	-7.4
EUR+USD+GBP	5,717.9			281,918,207,923	91.6	5,507.1			280,455,481,423	99.3		
tot. import	5,727.2			282,369,641,668	100.0	5,515.8			282,441,459,767	100.0		0.0

Source: SSO and NBRM

3. Fiscal Sector

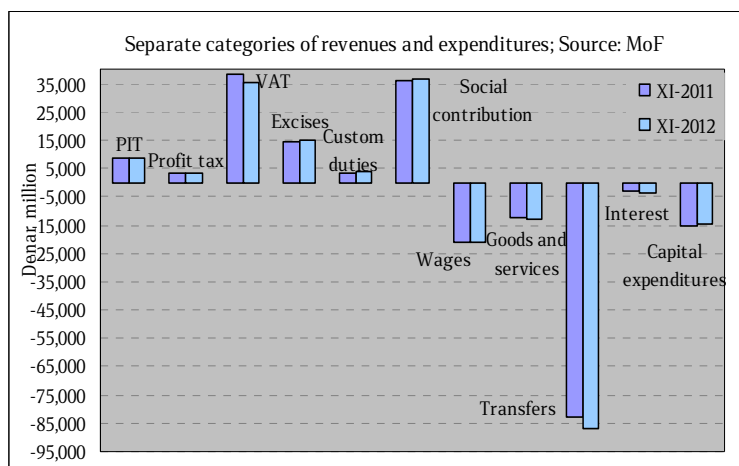
Budget Revenues

In the period January-November 2011, total budget revenues reached an amount of Denar 124,404 million, i.e. 25.6% of GDP, which was by 0.4% higher in relation to 2011.

Tax revenues in the first eleven months were realized in the amount of Denar 68,758 million, i.e. 14.2% of GDP, being lower by 2.9% in relation to the same period in 2011.

Value added tax was realized in the amount of Denar 35,171 million, whereby share of VAT in total tax revenues in this period was dominant, amounting to 51.2%. Excises were realized in the amount of Denar 14,940 million (participating with 21.7% in the tax revenues). Hence, revenues realized on the basis of these two taxes amounted to Denar 50,111 million, i.e. 72.9% of total tax revenues (10.3% of GDP). Thereby, VAT collection amounted to Denar 54,643 million on gross basis, Denar 19,473 million out of which was refunded to taxpayers (gross collection was lower by 1.3%, while VAT refund was higher by 13.7% compared to the same period in 2011).

As for VAT structure, VAT share was the biggest when importing, decreasing by 0.2%, while VAT on the basis of sales in the country dropped by 3.0%, share of VAT grants and interest was insignificant (0.4%), registering lower realization by 41.3%. Observed by certain categories of taxes, revenues on the basis of personal income tax were realized in the amount of Denar 8,447 million, increasing by 0.8% on annual basis (revenues on the basis of salaries and other personal earnings accounted for around 72.7% of the personal income tax). Compared to the same months in 2011, profit tax revenues dropped by 4.6%, being mainly a result of the tax collected on the basis of monthly advance payments and on the basis of collected tax on paid dividend and other profit distribution. VAT revenues dropped by 8.0%, while excises increased by 5.4%. Revenues on the basis of customs duties were realized in the amount of Denar 3.740 million, increasing by 8.9%.



Non-tax revenues amounted to Denar 11,667 million, and in relation to the same period in 2011, they were lower by 1.8% (these revenues are revenues collected on the basis of administrative fees, road toll, etc.).

Capital revenues realized on the basis of sale of construction land, flats and dividends reached Denar 4,273 million, showing an increase by 27.9% compared to the same period in the previous year.

Collection of social contributions amounted to Denar 36,751 million, being higher by 2.9% compared to the same period in 2011, whereby collection of pension insurance contributions increased by 2.7%, collection of employment insurance contribution surged by 3.2%, while health contributions rose by 3.3%.

Budget Expenditures

In the period January-November 2012, total budget expenditures amounted to Denar 139,017 million, i.e. 28.6% of GDP, which was higher by 3.4% compared to 2011.

With respect to the structure of total realized expenditures, current expenditures in the amount of Denar 124,119 million accounted for 89.3% (25.5% of GDP) and they increased by 4.3% in relation to the same period in 2011.

Transfers amounting to Denar 87,127 million (17.9% of GDP) accounted for the most in the current expenditure items, followed by salaries and allowances - Denar 20,821 million. With respect to total budget expenditures, expenditures related to wages and salaries and allowances accounted for 15.0% and, compared to 2011, they decreased by 1.8%.

Expenditures related to goods and services amounted to Denar 12,744 million, increasing by 3.2% compared to the same period in 2011.

Transfers increased by 5.6% compared to the same period in 2011, participating with 62.7% in the total expenditures. Social transfers amounted to Denar 63,712 million, increasing by 3.9% and participating with 45.8% in the total expenditures. Transfers towards the Pension and Disability Insurance Fund accounted for the most of the social transfers, amounting to Denar 37,643 million, increasing by 5.0%, compared to the same period in 2011 and accounting for 27.1% of the total expenditures. Category other transfers, which includes transfers to local government units, accounted for 16.1% in the total expenditures, i.e. they surged by 9.4% compared to the same period in 2011. This year, almost all, i.e. 83 local government units transferred to the second stage of decentralization. Block grants to local government units, amounting to Denar 12,570 million, were higher by 6.6% compared to the eleven months in the previous year. Subsidies and transfers were higher by 14.3%.

Interest was collected in the amount of Denar 3.427 million, being by 17.7% more compared to the same period in 2011. Such increase was mainly due to the payment of due interest on the basis of foreign borrowing. Costs related to interest on the basis of domestic borrowing increased by 12.4%, while the ones on the basis of foreign borrowing surged by 20.6%.

During the analyzed period, funds for capital expenditures were realized in the amount of Denar 14,898 million (3.1% share in GDP), participating with 10.7% in the structure of total realized expenditures.

Budget Balance

In the period January-November 2012, the budget deficit reached the amount of Denar 14,613 million, being 3.0% of GDP, while central budget deficit amounted to Denar 13,085 million or 2.7% of GDP.

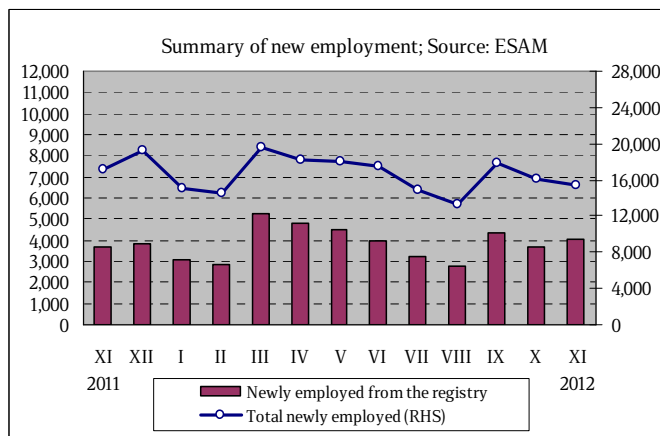
4. Social Sector

Number of Newly Employed and Registered Unemployed Persons in EARM

In the period January-November 2012, Employment Agency of the Republic of Macedonia registered total of 180,739 new employments. 43.2% out of the total number of newly employed was on the basis of full-time employment, while the rest of the employed were on the basis of temporary employment and seasonal workers. Compared to the same period in 2011, number of newly employed persons dropped by 12.3%.

During November, 15,497 new employments were registered, 26.3% out of which were from the unemployed records. Outflow of persons from the Employment Agency Registry of the Republic of Macedonia amounted to 10,559 persons in November, 36.5% out of which were new employments. In November, 8,840 persons

were registered as inflow to the Agency, 50.6% out of which were persons whose employment was terminated. As a result, unemployment reduced by 1,719 persons, i.e. by 0.7% compared to the previous month. Thus, in November 2012, 245.122 persons were registered as unemployed. Compared to the same month in 2011, number of unemployed persons declined by 13.5%.



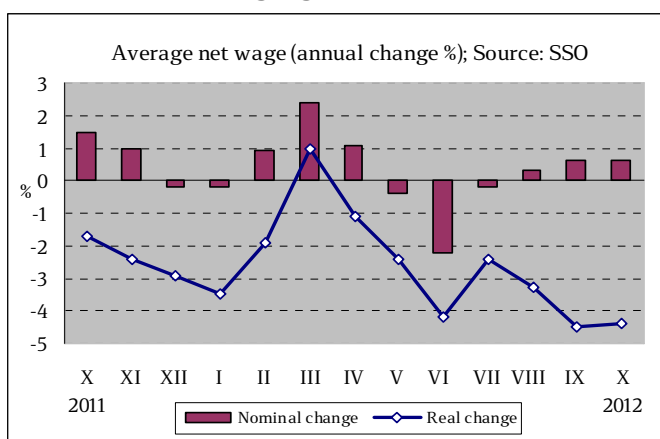
Major percentage of the unemployed, i.e. 67.4%, came from urban areas (cities), whereby 56.8% were men. Analyzed by education structure, major part, i.e. 46.9% of the unemployed persons were unskilled or semi-skilled, while only 10.5% was with community college or higher education level. Observed by age, majority of the unemployed persons or 55.4% fall in the category of 25-49 years of age. According to the time they waited for a job, 50.5% of the unemployed persons sought job from 1 to 7 years, while 29.5% sought job for 8 years and more.

Salaries

According to the data from the State Statistical Office, average monthly paid gross salary per employee in October 2012 amounted to Denar 30,875, while average monthly paid net salary amounted to Denar 21,031.

On monthly basis, in October 2012, average gross salary increased by 1% in nominal terms, being higher by 0.8% in real terms. In the same period, average net salary was higher by 1.2% in nominal terms, increasing by 1% in real terms.

In October 2012 compared to October 2011, average gross salary and net salary increased by 0.6% in nominal terms, while they were lower by 4.4% in real terms.



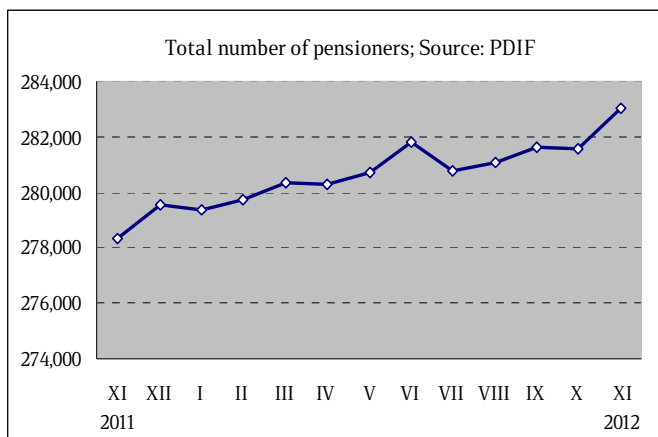
On cumulative basis, in the first ten months of 2012, average gross salary increased by 0.2% in nominal terms, while it was lower by 2.8% in real terms. In the same period, average net salary was higher by 0.3% in nominal terms, decreasing by 2.7% in real terms.

Highest increase of average monthly gross and net salary per employee in October 2012 compared to October 2011 was seen in the expert, scientific and technical activities (9.6% gross salary and 11.4% net salary), information and communications

(4.6% gross salary and 4.7% net salary) and agriculture, forestry and fishing (3.8% gross salary and 3.7% net salary).

Highest increase of average monthly gross and net salary per employee in October 2012, compared to September 2012, was registered in the following activities: mining and quarrying (5.4% gross salary and 5.2% net salary) and administrative and auxiliary services (4.7% gross salary and 5.3% net salary).

Percentage of employees who did not receive salary in October 2012 accounted for 1.8% and it was lower by 0.6 p.p. compared to the same month previous year, while compared to September 2012, percentage of employees who did not receive salary was lower by 0.4 p.p..



Pensions

In November 2012, Pension and Disability Insurance Fund registered 283,029 pensioners, increasing by 1.7% compared to the same month in 2011. Number of pension beneficiaries increased by 1,462 persons in relation to October 2012. 56.9% out of the total number of pensioners are beneficiaries of old-age pension, 26.9% of survival pension and 16.2% of disability pension.

In November 2012, Denar 3,044.43 million was spent for payment of pensions, accounting for 51.8% of the total social transfers¹.

Average pension in November 2012 amounted to Denar 10,908 increasing by 2.3% on annual basis. Ratio between the average pension and the average paid salary in October 2012 (the most recent available data) was 52.3%.

5. Monetary Sector

Primary Money

In November 2012, primary money² showed accelerated growth of 6.6% on annual basis (compared to 6.2% in October), in conditions of intensified growth of ready money in circulation by 9.7%. Total liquid assets of banks were higher by 4.5% on annual basis.

¹ Category social transfers includes pensions, unemployment benefit, social assistance and expenditures for health protection.

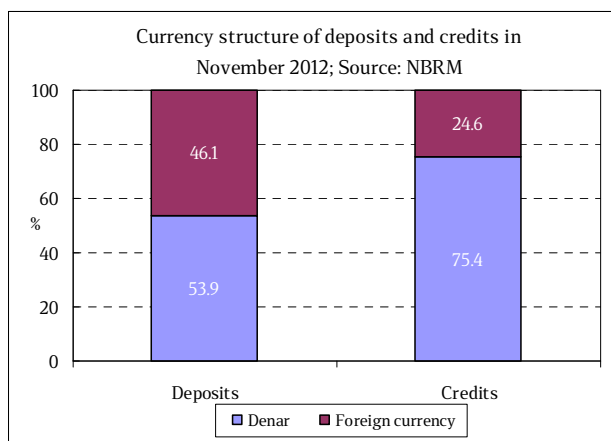
² Primary money is calculated as a sum of ready money in circulation (including cash in hand), denar and foreign currency reserve requirement and the surplus of liquid assets over the reserve requirement (in denars).

On monthly basis, primary money decreased by 0.9%, as a result of the drop of ready money in circulation by 2% and total liquidity of banks by 0.1%.

In November 2012, the National Bank retained the interest rate on central bank bills at the same level of 3.75%, taking into account the most recent macroeconomic trends.

Deposit Potential

Total deposit potential of banks in November 2012 increased by 0.4% on monthly basis driven mainly by the increase of deposits of households by 0.5%. Deposits of private enterprises slowed down the monthly increase to 0.9% (3.3% monthly growth in October). From currency point of view, foreign currency deposits surged by 1% and fully contributed to the monthly increase of total deposits, while Denar deposits reduced by 0.1% on monthly basis.



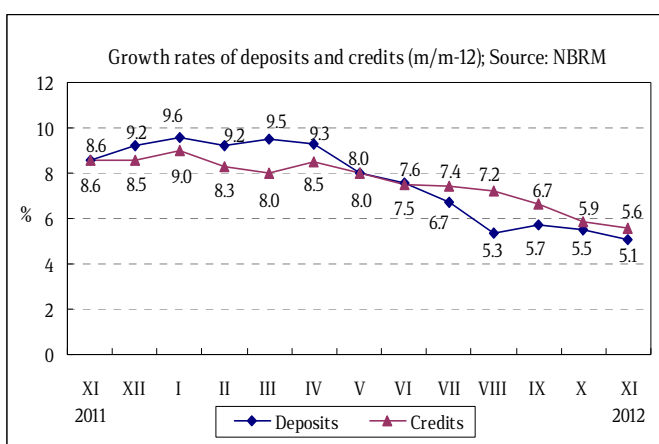
On annual basis, total deposits experienced slowed down growth of 5.1% in November 2012, compared to 5.5% in October 2012. Growth was driven by deposits of households, which surged by 8.5%, while deposits of enterprises declined by 4.7% on annual basis, as a result of the drop of foreign currency deposits of enterprises by 16.6%.

From currency point of view, new saving is fully in domestic currency in conditions of increase of Denar deposits by 15.5% on annual basis, while foreign currency deposits reduced by 4.9%. According to maturity, long-term deposits increased by 23.4%, while short-term deposits were lower by 0.9% on annual basis.

Bank Credits

In November 2012, total credits of banks to the private sector surged by 0.3% on monthly basis, while from currency structure point of view, it was a result of the increase of Denar credits by 0.8%. Foreign currency credits were lower by 1%.

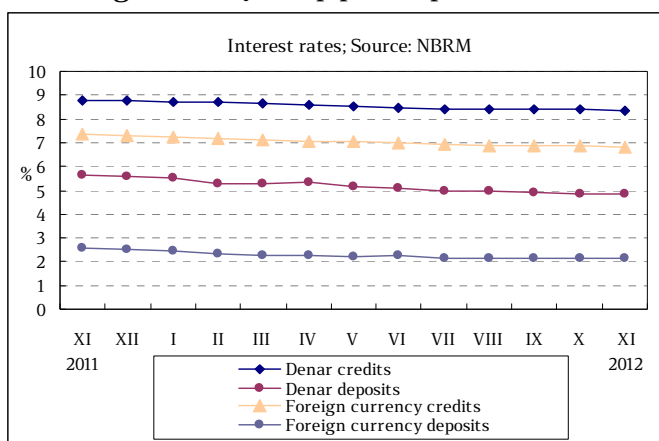
Credits to households increased by 0.3% compared to the previous month, while credits to private enterprises experienced same growth rate.



On annual basis, growth of total credits slowed down to 5.6% (compared to 5.9% in October). Credits to enterprises registered dominant contribution to growth, increasing by 4.8%, while credits to households surged by 6.3%. According to currency, credit growth was fully in domestic currency given that Denar credits increased by 9.5%, while foreign currency credits dropped by 5%. As regards maturity, long-term credits increased by 4.9% on annual basis, while short-term credits were higher by 3.6%.

Interest Rates of Deposit Banks

In November 2012, total interest rate of credits is at the same level from the previous month, amounting to 7.9%, being lower by 0.4 p.p. compared to the same month in the previous year. Interest rate on Denar credits amounted to 8.3%, while interest rate on foreign currency credits accounted for 6.8%, i.e. they were lower by 0.4 p.p. and 0.5 p.p. compared to the same month in the previous year.



Total interest rate on deposits remained the same on monthly basis, amounting to 3.3%, while in relation to the same month in the previous year, it was lower by 0.4 p.p.. Interest rate on Denar deposits amounted to 4.8% (being lower by 0.1 p.p. than the previous month) being lower by 0.8 p.p. on annual basis, while interest rate on foreign currency deposits accounted for 2.1% or 0.4 p.p. below the level of the same month last year.

Foreign Currency Reserves

Gross foreign currency reserves at the end of November 2012 amounted to EUR 2,097.5 million and, compared to the previous month, they were higher by EUR 7.9 million, while compared to November 2011, foreign currency reserves were higher by EUR 251 million.

Ministry of Finance

Macroeconomic Policy Department

www.finance.gov.mk

Report is prepared by:

Aneta Acevska

Bojana Ilievska

Goko Gorgeski

Koprinka Sapunova

Negati Kurtisi

Ana Nikolova

Angela Vasovska

Checked by: Sanja Kikovska-Georgievska, Ph.D.

Approved by: Jordan Trajkovski

February 2013, Skopje