



REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE
Macroeconomic Policy Department

SHORT-TERM ECONOMIC TRENDS

January 2013



March 2013, Skopje

SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

January 2013

- Industrial production in January 2013 compared to January 2012 decreased by 1.3%.
- Inflation rate amounted to 3.8% on annual basis, while compared to the previous month, prices increased by 0.3%.
- Annual drop of physical output of export in January 2013 by 15.5% and drop in value by 8.7% and decline of imported quantities of goods by 9.6% and drop in value by 1.2%, resulting in reducing the trade deficit by 8.9% compared to January 2012.
- Increase of both total budget revenues by 2.9% and total budget expenditures by 14.8% in January 2013, compared to the same period last year; state budget deficit in the amount of Denar 2,876 million (0.6% of GDP) and central budget deficit in the amount of Denar 2,352 million (0.5% of GDP);
- Increase of both total credits to private sector by 5% and total deposit potential of banks by 4.3% on annual basis;

1. Real Sector

Industrial Production

Industrial production dropped by 1.3% in January 2013 compared to January 2012. Analyzed by sectors, mining and quarrying sector increased by 17.6% electricity, gas, steam and air-conditioning supply sector and processing industry dropped by 0.7% and 4.5%.

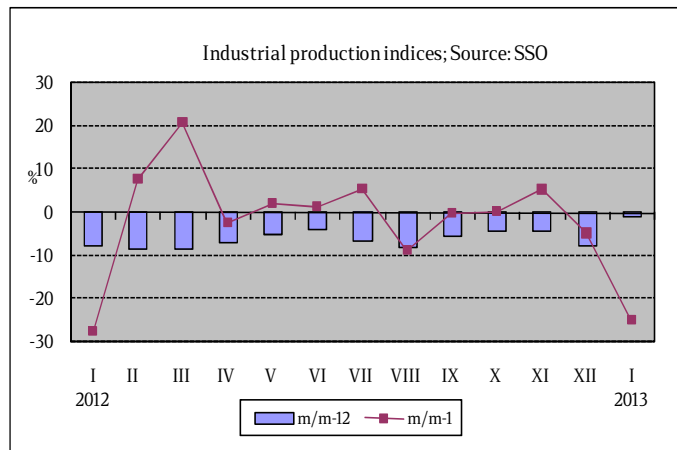
	m/m-12	m/m-1
Total	-1.3	-24.9
Ore and stone extraction	17.6	-6.4
Processing industry	-4.5	-31.8
Electricity, gas and water supply	-0.7	5.3

Source: SSO

As for processing industry, positive annual growth was seen at 14 out of the 23 branches, accounting for 53.3% of the industrial production, whereby growth was evidenced at the production of food products (5.3%), being driving branch with two-digit share in the industrial production. Significant growth was seen at the following branches: Production of textile – 164.1%, production of coke and refined oil products – 43.8%, production of chemicals and chemical products – 34.0%, production of rubber and products of plastic masses– 33.5%, production of machines and devices, elsewhere unmentioned – 27.0%, production of beverages – 15.3% and production of basic pharmaceutical products and preparations – 11.9%.

Production of machines and devices, elsewhere unmentioned and production of textile (1.4 p.p.) contributed the most to the annual change of industrial production in January 2013, while production of metals had the highest negative contribution (-2.5 p.p.).

Industrial production in January 2013 compared to December 2012 decreased by 24.9%. In general, data from the past years show sharp decline of industrial production on monthly basis in January, being a result of the seasonal effects in the industry. Sector analysis points out to increase in the sector electricity, gas, steam and air-conditioning supply by 5.3%, while the sectors mining and quarrying and processing industry dropped by 6.4% and 31.8% respectively.



Data on industrial production by target groups in January 2013, compared to January 2012, showed that there was an increase in the production at the following groups: Capital goods – 11.4%, consumer non-durables - 5.1% and energy 2.2%. Production decline was registered at the following groups: Intermediary goods, except energy – 13.1% and consumer durables – 5.8%.

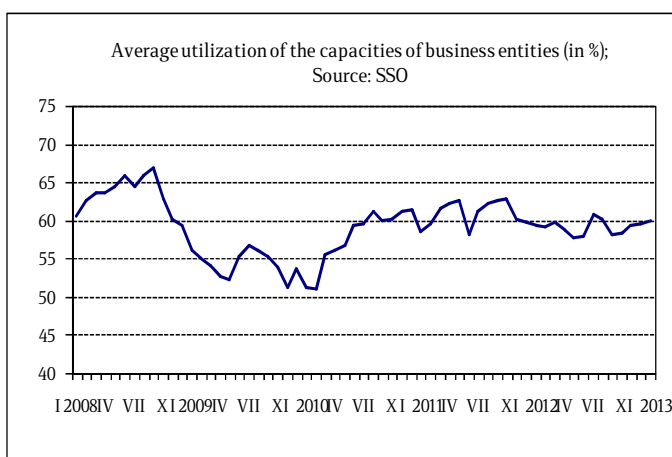
On monthly basis, data on the industrial production by target groups in January 2013 show that there was decrease in the production at all groups except energy, increasing by 4.4%. Highest drop was recorded at the group consumer non-

durables – 37.6%, consumer durables – 36%, intermediary goods, except energy – 24.9% and capital goods - 0.8%.

Business Tendencies in the Processing Industry

Current economic trends of business entities in January 2013 were more favourable compared to the previous month, while compared to January 2012, it was less favourable.

Assessment of current state of delivery-to-production was more favourable compared to both the previous month and January 2012. Assessment for the production volume in the past three months was more favourable compared to December 2012, as well as compared to January 2012. Expectations for the production volume in the next three months are more favourable compared to the previous month, while compared to January 2012, they were less favourable.



As regards the number of employees, the expectations in January 2013 for the next three months were more favourable compared to the previous month, while compared to January 2012, they were less favourable.

Average utilization of capacities in January 2012 accounted for 60.0%, being an increase compared to the previous month, when it accounted for 59.7%. Compared to January 2012, utilization of the capacities was higher by 0.5 p.p..

In July 2013, 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 for the current stocks of ready-made products was less favourable compared to the previous month while compared to January 2012, it was more favourable.

Following factors limited the most the production volume in January 2013: insufficient foreign demand – 27.5%, insufficient domestic demand – 18.8%, uncertain economic environment – 11.4%, financial problems – 9.5%, shortage of skilled labour – 9.3%, competitive import – 7.6% and shortage of raw materials – 4.2%.

In January 2013, less business entities indicated: financial problems, shortage of skilled labour, shortage of raw materials, competitive import and lack of equipment, while bigger number of business entities indicated: insufficient foreign demand, insufficient domestic demand and uncertain economic surrounding as limiting factor compared to December 2012. As regards other factors, there are no significant changes.

Number of Industrial Workers

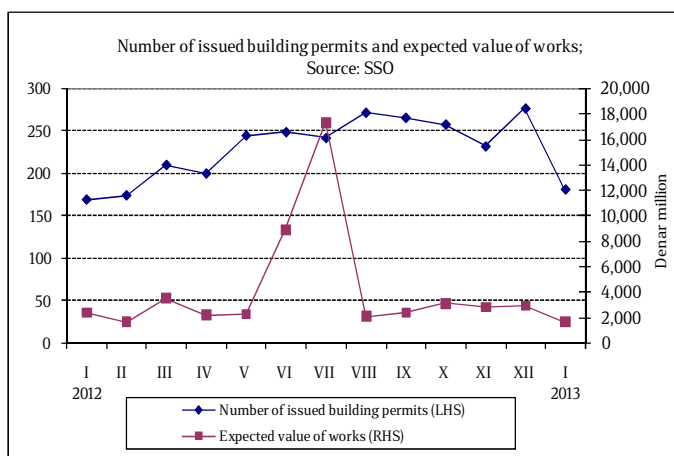
In January 2013, number of industrial workers compared to January 2012, dropped by 0.2%. Sector analysis points out to increase in the number of workers in the sectors mining and quarrying by 8.7% and electricity, gas, steam and air-conditioning supply by 1.7%, while processing industry registered reduction of the number of workers by 1.1% on annual basis.

Data on the number of workers in the industry by target groups in January 2013, compared to January 2012, showed increase in the number of workers at the following groups: Energy by 7.7% and consumer durables by 0.4%, while reduction of the number of workers was registered in the following groups: Capital goods by 7.0%, and consumer non-durables by 1.2%. As for group intermediary goods, expect energy, the number of workers remained at the same level

Number of Issued Building Permits and Envisaged Value of Facilities

In January 2013, 181 building permits were issued, increasing by 7.1% compared to the same month in 2012. Compared to December 2012, when 277 permits were issued, total number of issued permits decreased by 34.7%.

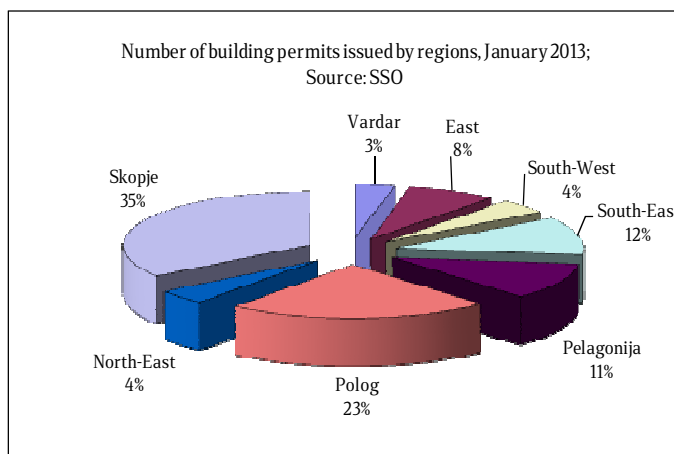
Envisaged value of the facilities, according to the issued building permits in January, amounted to Denar 1,668 million, being by 30.9% less compared to January 2012, while compared to December 2012, the value of the facilities decreased by 43.8%.



Analyzed by types of facilities, out of the total number of issued building permits, 136 (or 75.1%) are intended for buildings, 20 (or 11.1%) for civil engineering structures and 25 (or 13.8%) for reconstruction.

Analyzed by types of investors, out of total 181 facilities, natural persons were investors in 138 facilities (or 76.2%), while business entities were investors in 43 facilities (or 23.8%).

In January 2013, construction of 512 flats was envisaged, with total usable area of 38,855 m². Number of envisaged flats for construction increased by 7.3% compared to January 2012, while it decreased by 12.8% compared to December 2012.

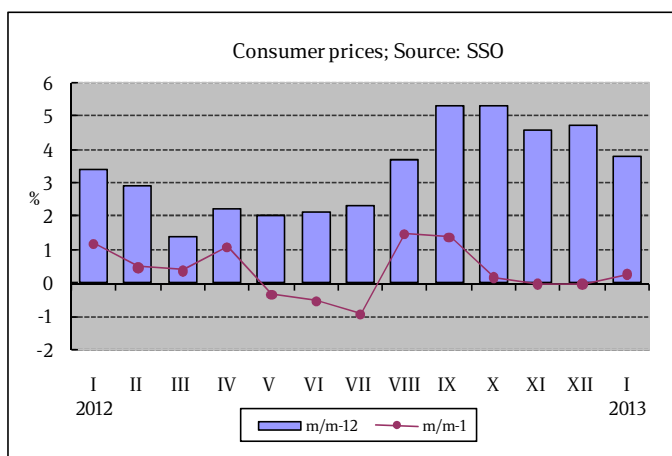


Analyzed by regions, in January 2013, most permits were issued in the Skopje region, 63 in total, 50 permits out of which were issued to natural persons as investors, while 13 permits were issued to business entities as investors. Vardar region had least issued permits, six permits in total, four permits out of which were issued to natural persons as investors, while two permits were issued to business entities as investors.

Inflation

Inflation rate, measured according to the CPI index amounted to 3.8% in January 2013 compared to the same month in the previous year.

On annual basis, in January, increase of prices was the highest in the category clothing and footwear by 10.9%, followed by the increase of prices in the category restaurants and hotels by 5.3%, housing by 4.7% being mainly due to the increase of prices for heating and lighting by 6.3%. Price increase was also registered at the following categories: Hygiene and health – 4.6%, food – 3.6%, culture and entertainment – 1.9%, tobacco and beverages - 1.7% and means of transport and services - 0.2%. Reduction of prices was registered in the administrative and financial services category by 0.1%.



Consumer Price Index in January, compared to the previous month, surged by 0.3%. Thereby, positive monthly price increase was also noticed in the categories restaurants and hotels by 3.2%, tobacco and beverages by 1.5%, food by 0.5%, hygiene and health by 0.3% and clothing and footwear by 0.1%. Prices of the category administrative and financial services remained the same, while drop of prices was seen in the categories culture and entertainment by 1.1%, means of transport and services by 0.6% and housing by 0.3%.

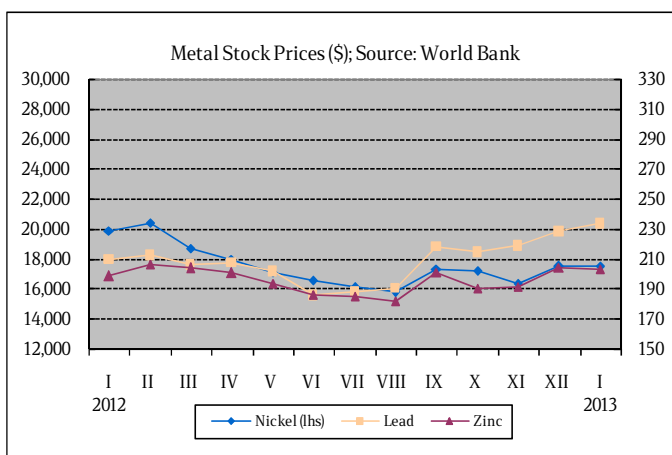
In January 2013, retail price were higher by 2.4% compared to January 2012. Compared to the previous month, retail prices were higher by 0.1%.

Stock Market Prices

In January 2013, crude oil price (Brent) on the global stock markets grew by 1.6%, compared to January 2012, reaching the price of US\$ 113.0 per barrel. Compared to the previous month, oil price increased by 3.0%. Average price of natural gas in January increased by 1.2% compared to the previous month.

As regards metal products, nickel, as product with high share in the Macedonian export, was traded at an average price of US\$ 17,473 for a metric ton (\$/mt) on the global stock markets in January, being a monthly price increase by 0.1%. Compared to January 2012, nickel price was lower by 12.0%. In fact, in January, within the

basic metals, there was monthly price increase at tin, lead and copper, while monthly decrease of price was seen at aluminium and zinc. As for basic metals, highest monthly price increase was seen at tin by 7.3%, while highest monthly drop of price was recorded at aluminium by 2.3%. Price of iron ore registered monthly growth of 17.4% in January. As regards precious metals, monthly price increase was observed at platinum by 3.6%, while prices of gold and silver registered a decline.



Price of wheat on global stock markets in January registered a monthly decrease by 3.6%.

2. Foreign Trade

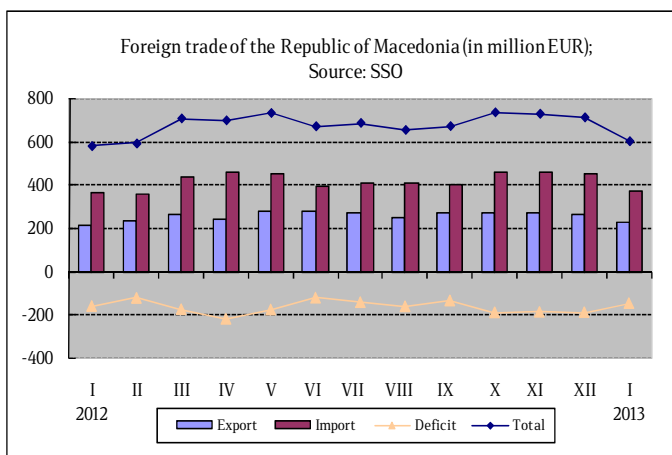
Total foreign trade in January 2013 increased by 3.9% compared to January 2012.

Export

In January 2013, physical output of export dropped by 15.5% compared to January 2012, while value of exported goods amounted to EUR 229.6 million, surging by 8.7% (EUR 18.3 million) compared to the same month in 2012.

Analyzed on monthly basis, in January 2013, export decreased by 12.7%, compared to the previous month.

Seasonally adjusted trend of export in January 2013 increased by 5.1% on monthly basis, pointing out to negative effects of the seasonal factor (17.8 p.p.) on export this month.



Main groups of goods (according to SITC) having the biggest share in export in January 2013 were the following: iron and steel -18,4%, clothing - 16.0%, chemical materials and products - 15.2%, beverages and tobacco - 9.0%, metal ore and metal scrap - 7.0% and oil and oil products - 3.9%. These six groups of products comprised 69.5% of the total export of the country.

In January 2013, observed by economic purpose, the following products were most exported: goods for industrial procurement (52.4%), followed by consumer goods

(22.5%), food and beverages (10.5%), products for investments without transport equipment (8.2%), fuels and lubricants (4.5%) and transport equipment (1.8%).

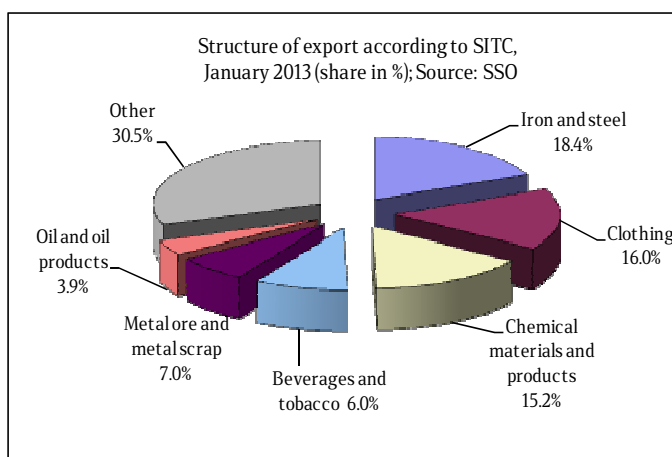
Export of iron and steel*)				
	I 2012	I 2013	Balance 2013-2012	% rate
000 T	44.1	40.7	-3.4	-7.7
EUR mil.	46.1	42.2	-3.9	-8.4
\$ mil.	59.4	56.2	-3.3	-5.5

*)Previous data

Import of iron and steel*)				
	I 2012	I 2013	Balance 2013-2012	% rate
.000 T	39.7	57.3	17.6	44.3
EUR mil.	19.7	26.4	6.7	33.9
\$ mil.	25.5	35.3	9.7	38.2

*)Previous data

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; tobacco; cooper ore and concentrates, men's shirts of cotton; lead ore and concentrates, boards, plates, stands, tables, cabinets and others; gas oils with a sulphur content up to 0.001% by weight; hot rolled flat products of iron or non-alloyed steel of width of 600 mm or more, etc.

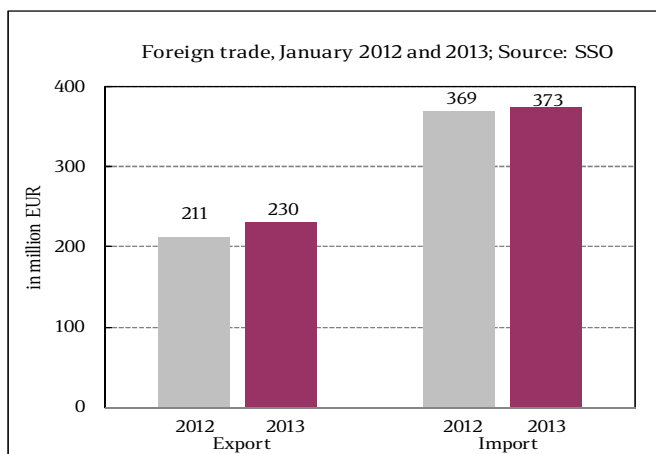


Import

Imported quantities of goods in January 2013 dropped by 9.6%, compared to January in the previous year, while their value amounted to EUR 373.4 million, increasing by 1.2% (EUR 4.3 million) compared to January 2012.

Analyzed on monthly basis, in January 2013, import dropped by 16.9%, compared to the previous month.

Seasonally adjusted trend of export in January 2013 increased by 5.0% on monthly basis, pointing out to negative effects of the seasonal factor (21.9 p.p.) on import this month.



Export of oil and oil products*)				
	I 2012	I 2013	Balance 2013-2012	% rate
000 T	21.4	13.6	-7.8	-36.6
EUR mil.	15.6	9.0	-6.6	-42.3
\$ mil.	20.3	11.9	-8.4	-41.2

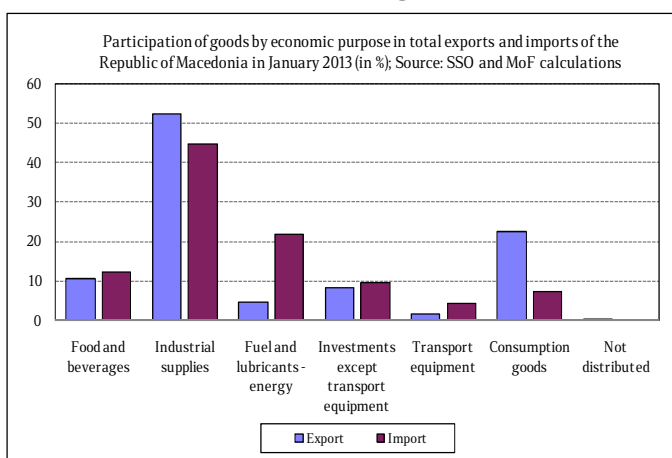
*)Previous data

Import of oil and oil products*)				
	I 2012	I 2013	Balance 2013-2012	% rate
.000 T	111.3	79.0	-32.3	-29.0
EUR mil.	66.2	53.2	-13.0	-19.6
\$ mil.	85.9	70.5	-15.5	-18.0

*)Previous data

Non-ferrous metals, iron and steel, yarn, fabrics and textile products, electricity, road vehicles, electrical machines, devices and spare parts etc. accounted for most of the import of goods (according to groups of SITC) in January 2013.

In January 2013, observed by economic purpose, the following products were most exported: goods for industrial procurement (44.6%), followed by fuels and lubricants (22.0%), food and beverages (12.1%), investment goods without transport equipment (9.7%), consumer goods (7.4%) and transport equipment (4.2%).



Most imported products by tariffs were the following: crude oil; platinum,

unwrought or in powder form; electricity; gas oils for other purposes with a sulphur content up to 0.001% by weight; nickel ore and concentrates; hot rolled with thickness less than 3mm; oil gases and other gaseous hydrocarbons; palladium: unwrought or in powder form and similar.

Export of chemical products*)				
	I 2012	I 2013	Balance 2013-2012	% rate
000 T	0.7	0.5	-0.2	-34.3
Мил. ЕУР	27.8	34.9	7.0	25.3
Мил.\$	36.0	46.5	10.5	29.0

*)Previous data

Import of chemical products*)				
	I 2012	I 2013	Balance 2013-2012	% rate
.000 T	1.3	1.6	0.3	24.6
Мил. ЕУР	3.3	4.4	1.0	30.8
Мил.\$	4.3	5.8	1.5	34.7

*)Previous data

Trade Balance

In January 2013, trade deficit narrowed by EUR 14.0 million or 8.9% compared to the January last year.

If we analyse the balance of export and import of goods by economic purpose, the deficit narrowing is a result of combined effect from: narrowing of negative balance in the trade in fuels and lubricants, investment goods without transport equipment, transport equipment and the consumer goods, while the widened negative balance in the trade in goods for industrial procurement and food and beverages acted in opposite direction.

It is worth mentioning that starting January 2013, the economic grouping of countries is revised according to the Geonomenclature of EU - Nomenclature of countries and territories for the external trade statistics of the Union and statistics of trade between Member States.

Analyzed according to economic groups of countries, in January 2013, compared to January 2012, export surged at the following groups: EU 27 EFTA, North American Free Trade Zone, while drop was seen at the following groups: Organization of countries-exporters of oil and oil derivatives, Western Balkans, Asia-Pacific Economic Cooperation Organization and Community of Independent States.

Export to the EU surged by 29.0% on annual basis, while as for Western Balkan countries, it declined by 5.3%.

In January 2013, foreign trade of the Republic of with the European Union (EU 27), in relation to January in the previous year, increased by 10.7%, whereby share of trade with EU in the total foreign trade increased by 1.9 p.p., accounting for 58.9%. Export of goods with the European Union (EU 27) accounted for 70.4% in the total export of the Republic of Macedonia, while import of goods participated with 51.9%.

In January 2013, 92.8% of the trade deficit of the country was realized in the trade with Great Britain, Russia, Greece, China and Turkey followed by: Serbia, Switzerland, Brazil, India, Romania, etc. Surplus was realized in the trade with Germany, Kosovo, Bulgaria, the Netherlands and Croatia.

Currency Structure

Observed by currency structure, 66.8% of the trade in January 2013 was realized in euros, and compared to January 2012, it surged by 1.6 percentage points. On export and import side, euro accounted for 79.2% and 59.2%, respectively, whereby share of the euro in export was higher by 3.5 p.p., while share of the euro in import was at the same level compared to January 2012.

Foreign trade of the Republic of Macedonia (by currency); calculations: MoF												
import	I 2012					I 2013					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	200.7	217,841,771	61.5049	13,398,336,318	59.2	186.3	222,580,735	61.5043	13,689,672,328	59.2	4,738,965	2.2
USD	283.1	144,943,077	47.6848	6,911,581,654	30.5	251.0	128,807,510	46.3616	5,971,722,236	25.8	-16,135,568	-11.1
GBP	0.1	30,406,449	73.2688	2,227,844,002	9.8	0.2	43,805,234	74.0866	3,245,380,879	14.0	13,398,786	44.1
EUR+USD+GBP	484.0			22,537,761,974	89.7	437.4			22,906,775,443	99.1		
tot. import	484.6			22,633,413,177	100.0	437.9			23,114,097,149	100.0		2.1

Source: SSO and NBRM

3. Fiscal Sector

Budget Revenues

In January 2013, total budget revenues reached an amount of Denar 10,647 million, i.e. 2.1% of GDP, which was by 2.9% higher in relation to 2012.

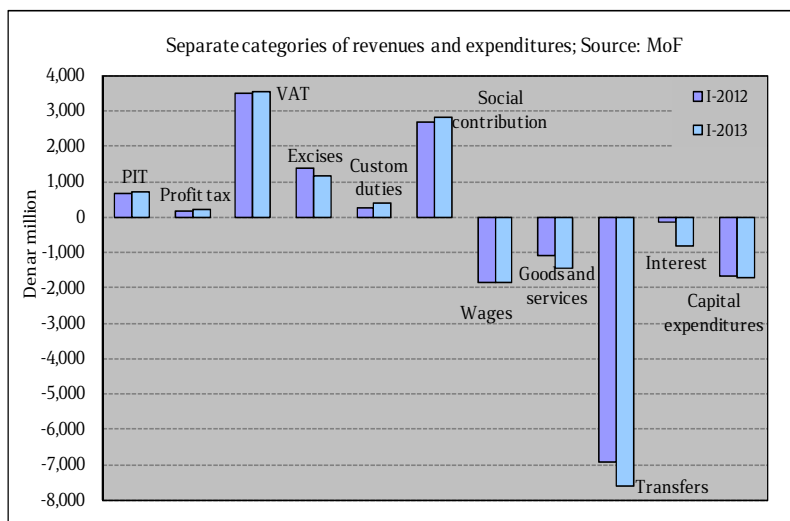
Tax revenues in the first month were realized in the amount of Denar 6,346 million, i.e. 1.3% of GDP, being higher by 1.6% in relation to the same period in 2012.

Value added tax was realized in the amount of Denar 3,546 million, whereby share of VAT in total tax revenues in this month was dominant, amounting to 55.9%. Excises were realized in the amount of Denar 1,168 million (participating with 18.4% in the tax revenues). Hence, revenues realized on the basis of these two taxes amounted to Denar 4,714 million, i.e. 74.3% of total tax revenues (0.9% of GDP). Thereby, VAT collection amounted to Denar 5,652.5 million on gross basis, Denar 2,106.6 million out of which was refunded to taxpayers (gross collection was

higher by 6.3%, while VAT refund was higher by 14.2% compared to the same period in 2012).

As for VAT structure, VAT share was the biggest when importing, decreasing by 1.7%, while VAT on the basis of sales in the country increased by 15.8%, share of VAT grants and interest was insignificant (0.7%). Observed by certain categories of taxes, revenues on the basis of personal income tax were realized in the amount of Denar 702 million, increasing by 5.7% on annual basis, whereby around $\frac{3}{4}$, i.e.

revenues on the basis of salaries account for 67.8% of the personal income tax. Compared to the same months in 2012, profit tax revenues surged by 22.4%, being mainly a result of the tax collected on the basis of monthly advance payments and paid dividend and other



profit distribution and retained tax paid to foreign legal entities. VAT revenues surged by 2.2%, while excises decreased, i.e. lower performance by 14.3%. Revenues on the basis of customs duties were realized in the amount of Denar 360 million, increasing by 36.9%.

Non-tax revenues amounted to Denar 929 million, and in relation to the same period in 2012 (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 172 million, decreasing by 60.6% compared to the same month in the previous year.

Collection of social contributions amounted to Denar 2,811 million, being higher by 4.5% compared to the same period in 2012, whereby collection of pension insurance contributions increased by 4.5%, collection of employment insurance contribution surged by 4.4%, while health contributions rose by 4.6%.

Budget Expenditures

In January 2013, total budget expenditures amounted to Denar 13,523 million, i.e. 2.7% of GDP, which was higher by 14.8% compared to 2012.

With respect to the structure of total realized expenditures, current expenditures in the amount of Denar 11,772 million accounted for 87.1% (2.3% of GDP) and they increased by 16.5% in relation to the same period in 2012.

Transfers amounting to Denar 7,612 million (1.5% of GDP) accounted for the most in the current expenditure items, followed by salaries and allowances - Denar 1,860 million. With respect to total budget expenditures, expenditures related to wages

and salaries and allowances accounted for 13.8% and, compared to 2012, they decreased by 0.6%.

Expenditures related to goods and services amounted to Denar 1,450 million, increasing by 30.5% compared to the same period in 2012.

Transfers increased by 9.7% compared to the same period in 2012, participating with 56.3% in the total expenditures. Social transfers amounted to Denar 5,916 million, increasing by 8.5% and participating with 43.7% in the total expenditures. Transfers towards the Pension and Disability Insurance Fund accounted for the most of the social transfers, amounting to Denar 3,755 million, increasing by 11.1%, compared to the same period in 2012 and accounting for 27.8% of the total expenditures. Category other transfers, which includes transfers to local government units, accounted for 12.2% in the total expenditures, i.e. they surged by 15.2% compared to the same period in 2012. Block grants to local government units amounting to Denar 1,206 million, were higher by 2.3% compared to January last year. Subsidies and transfers were higher by 2.3 times.

Interest was collected in the amount of Denar 850 million, being by 4.8% more times compared to the same period in 2012. 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 decreased by 2.1%, while the ones on the basis of foreign borrowing surged by 9 times.

In the analyzed period, the funds for capital expenditures were realized in the amount of Denar 1,751 million, participating with 13.0% in the total expenditures (0.3% share in GDP), i.e. they increased by 4.3% compared to the same period last year.

Budget Balance

In January 2013, the budget deficit reached the amount of Denar 2,876 million, being 0.6% of GDP, while central budget deficit amounted to Denar 2,352 million or 0.5% of GDP.

4. Social Sector

Salaries

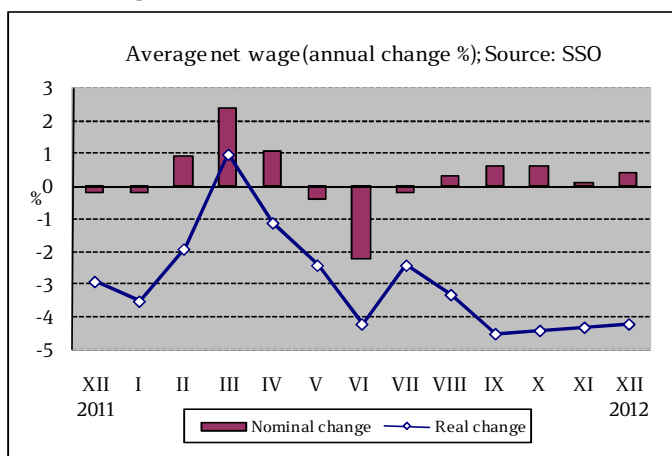
According to the data from the State Statistical Office, average monthly paid gross salary per employee in December 2012 amounted to Denar 31,466, while average monthly paid net salary amounted to Denar 21,469.

On monthly basis, in December 2012, average gross salary increased by 2.8% in nominal and real terms, while average net salary surged by 2.9% in nominal and real terms.

In December 2012 compared to December in 2011, average gross salary increased by 0.4% in nominal terms, while it was lower by 4.1% in real terms. Average net salary was higher by 0.4% in nominal terms, decreasing by 4.2% in real terms.

In the period January-December 2012, average gross salary increased by 0.2% in nominal terms, while it was lower by 3% in real terms. In the same period, average net salary was higher by 0.3% in nominal terms, decreasing by 2.9% in real terms.

Highest increase of average monthly gross and net salary per employee in December 2012 compared to December 2011 was seen in the information and communications (4.4% gross salary and 3.8% net salary), agriculture, forestry and fishing (4.2% gross salary and 4.0% net salary) and activities for health care and social protection (3.4% gross salary and 3.5% net salary).

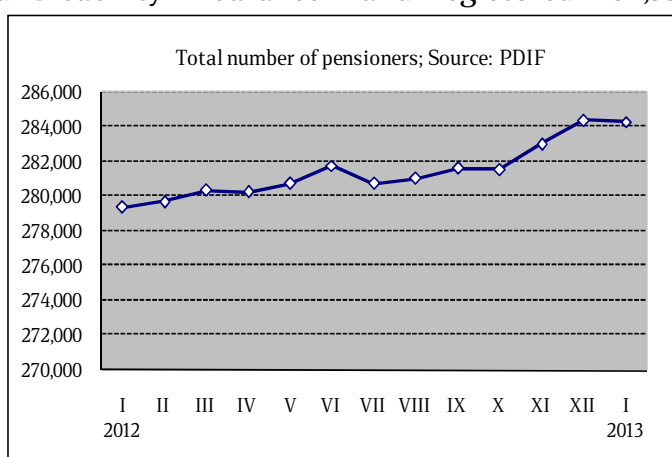


Highest increase of average monthly gross and net salary per employee in December 2012 compared to November 2012 was seen in the activities information and communications (41.9% gross salary and 45.8% net salary), wholesale and retail trade, repair of motor vehicles and motorcycles (8.1% gross salary and 7.9% net salary), and supply of electricity, gas, steam and air conditioning (6.6% gross salary and 6.5% net salary).

Employees who did not receive salary in December 2012 accounted for 2.1%, being lower by 0.9 p.p. compared to the same month in the previous year, while compared to November 2012, percentage of employees who did not receive salary was lower by 0.1 p.p..

Pensions

In January 2013, Pension and Disability Insurance Fund registered 284,339 pensioners, increasing by 1.8% compared to the same month in 2012. Number of pension beneficiaries dropped by 61 persons in relation to December 2012. 57% out of the total number of pensioners are beneficiaries of old-age pension, 27% of survival pension and 16% of disability pension.



In January 2013, Denar 3,054.75 million was spent for payment of pensions, accounting for 51.7% of the total social transfers.¹

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

Average pension in January 2013 amounted to Denar 10,892, increasing by 2.8% on annual basis. Ratio between the average pension and the average paid salary in December 2012 (the most recent available data) was 51.4%.

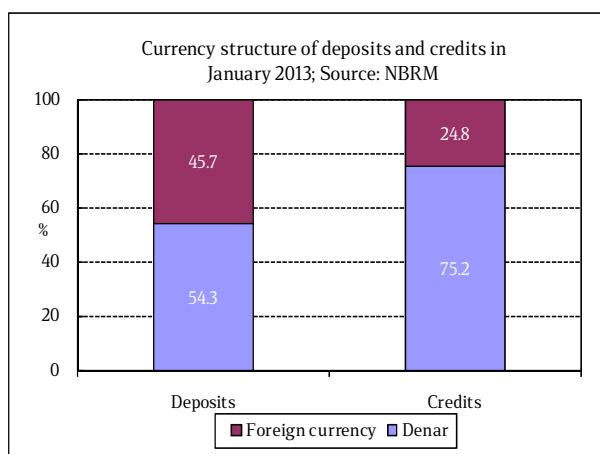
5. Monetary Sector

Primary Money

In January 2013, primary money² showed intensified growth of 4.6% on annual basis (4.3% in the past month), in conditions of intensified increase of total liquid assets of banks by 6%. Ready money in circulation increased by 2.8% on annual basis.

On monthly basis, primary money decreased by 4.4%, as a result of the drop of ready money in circulation by 7.6% and total liquidity of banks by 1.9%.

In January 2013, in conditions of reduced inflationary risks and favourable trends at foreign currency reserves, the National Bank reduced the maximum interest rate on central bank bills by 0.25 percentage points, i.e. to 3.5%.



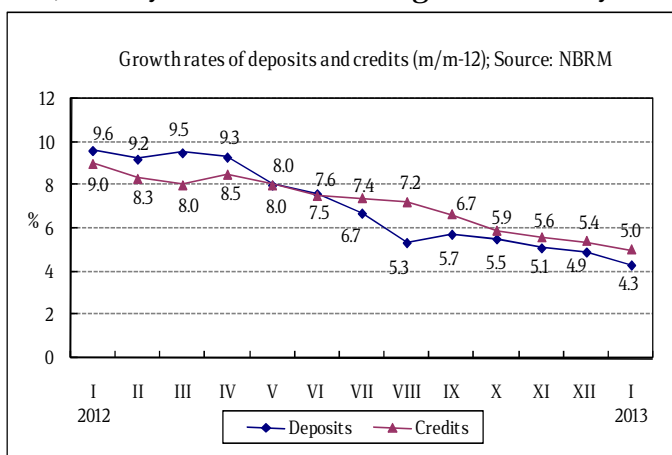
Deposit Potential

Total deposit potential of banks³ in January 2013 did not change on monthly basis.

Analyzed by sectors, deposits of households increased by 0.2% and deposits of private enterprises dropped by 1.4%. According to currency, Denar deposits reduced by 0.3% on monthly basis, while foreign currency deposits surged by 0.3%.

On annual basis, total deposits experienced slowed down growth of 4.3% in January 2013, compared to 4.9% in December 2012. Growth was led by deposits of households, increasing by 6.8%, while deposits of enterprises recorded annual drop of 3.4%.

From currency point of view, new saving is fully in domestic currency in conditions of increase of Denar deposits by 9% on annual basis, while foreign



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).

³ Starting January 2009, deposits include calculated interest

currency deposits reduced by 0.9%. According to maturity, long-term deposits increased by 30.8%, while short-term deposits reduced by 3.2%.

Bank Credits

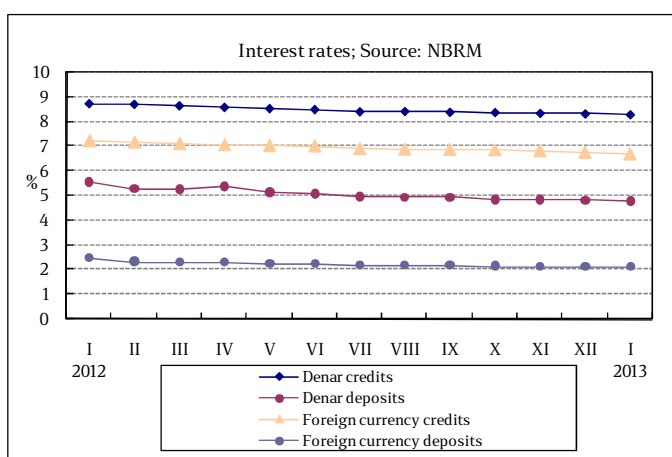
In January 2013, total credits of banks to the private sector remained unchanged on monthly basis. According to the currency structure, foreign currency credits decreased by 0.5%, while Denar credits increased by 0.2%.

Credits to private enterprises decreased by 0.2% compared to the previous month, while credits to households were higher by 0.4%.

On annual basis, growth of total credits slowed down to 5% (compared to 5.4% in December). According to currency, new crediting was fully in domestic currency. In fact, Denar credits surged by 9.1%, while foreign currency credits dropped by 5.7%. Analyzed according to the sector, credits to enterprises registered growth of 3.6%, while credits to households surged by 6.8%. As regards maturity, long-term credits increased by 4.4% on annual basis, while short-term credits were higher by 3.1%.

Interest Rates of Deposit Banks

In January 2013, total interest rate on credits amounted to 7.8%, being lower compared to the previous month, when it accounted for 7.9%. Interest rate on Denar credits remained at 8.3%, while interest rate on foreign currency credits reduced to 6.7% from 6.8% in the past month.



Total interest rate on deposits remained the same on monthly basis, amounting to 3.3%, with unchanged interest rates on Denar and foreign currency deposits amounting to 4.8% and 2.1% respectively.

Foreign Currency Reserves

Gross foreign currency reserves at the end of January 2012 amounted to EUR 2,263.4 million and, compared to the previous month, they were higher by EUR 70.1 million, while compared to January 2012, foreign currency reserves were higher by EUR 196.2 million.

Ministry of Finance

Macroeconomic Policy Department

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March 2013, Skopje