



REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE
Macroeconomic Policy Department

SHORT-TERM ECONOMIC TRENDS

April 2013



June 2013, Skopje

SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

April 2013

- Industrial production surged by 4.0% in April 2013 compared to April 2012 and compared to March 2013, it surged by 2.1%;
- Inflation rate amounted to 3.3% on annual basis and 1.3% on monthly basis. Average inflation rate in the first four months of 2013 amounted to 3.4%.
- Annual drop of physical output of export in the period January-April 2013 by 14.0% and drop in value by 4.2% and decline of imported quantities of goods by 6.6% and drop in value by 1.8%, resulting in reducing the trade deficit by 10.4% compared to the same period in 2012;
- Lower performance of total budget revenues by 2.0% and increase of total budget expenditures by 11.8% in the first four months in 2013, compared to the same period last year; state budget deficit in the amount of Denar 11,232 million (2.3% of GDP) and central budget deficit in the amount of Denar 10,771 million (2.2% of GDP);
- Increase of both total credits to private sector by 3.3% and total deposit potential of banks by 2.6% on annual basis;

1. Real Sector

Industrial Production

Industrial production surged by 4.0% in April 2013 compared to April 2012. Analyzed by sectors, mining and quarrying increased by 1.9% as a result of the growth in the branches other mining and quarrying by 33.5% and mining of metal ore by 2.8%. Processing industry surged by 3.4%, while electricity, gas, steam and air-conditioning supply sector increased by 9.5%.

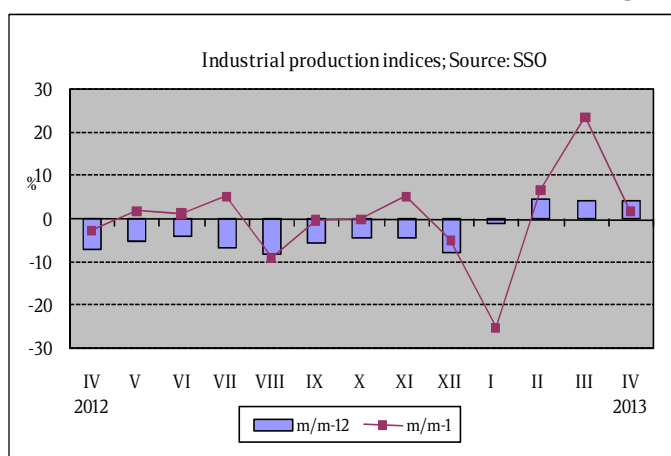
	m/m-12	m/m-1	$\frac{\text{I-IV 2013}}{\text{I-IV 2012}}$
Total	4.0	2.1	3.1
Ore and stone extraction	1.9	-7.3	10.6
Processing industry	3.4	4.4	1.3
Electricity, gas and water supply	9.5	-1.3	6.0

Source: SSO

As for processing industry, positive annual growth was seen at 13 out of the 23 branches, accounting for 46.14% of the industrial production, whereby growth was evidenced at the production of clothing (52.2%) and production of food products (2.7%), as driving branches with two-digit share in the industrial production. High growth was also seen at: Production of textile – 139.6%, manufacture of electrical equipment – 34.1%, repair and installation of machines and equipment - 31.5%, production of other transportation equipment – 18.3%, production of beverages – 17.0%, production of furniture – 15.4% and production of wood, wood and cork products - 12.2%.

Production of clothing (5.3 p.p.) contributed the most to the annual change of industrial production in April 2013, while production of metals had the highest negative contribution (-1.2 p.p.).

Industrial production surged by 2.1% in April 2013 compared to March 2013. Sector analysis points out to increase in the number of workers in the sector processing industry by 4.4%, while the sector mining and quarrying dropped by 7.3%, while the sector electricity, gas, steam and air-conditioning supply decreased by 1.3%.



As for the branches with higher share in the industrial production, high growth was seen at the following: production of beverages – 33.5%, production of other non-metal products – 24.0%, production of metals – 7.5%, production of clothing – 5.8% and production of food products - 5.5%.

On cumulative basis, industrial production, in the period January–April 2013, compared to the same period in 2012, surged by 3.1%. Mining and quarrying sector increased by 10.6%, electricity, gas, steam and air-conditioning supply sector increased by 6.0%, while processing industry increased by 1.3%.

Data on the industrial production by target groups in April 2013 compared to April 2012 show that there was increase in the production of the following groups: consumer non-durables – 11.9%, consumer durables – 2.9%, capital goods – 2.4% and energy 1.7%. Drop was registered only at the group intermediary goods, except energy – 3.5%.

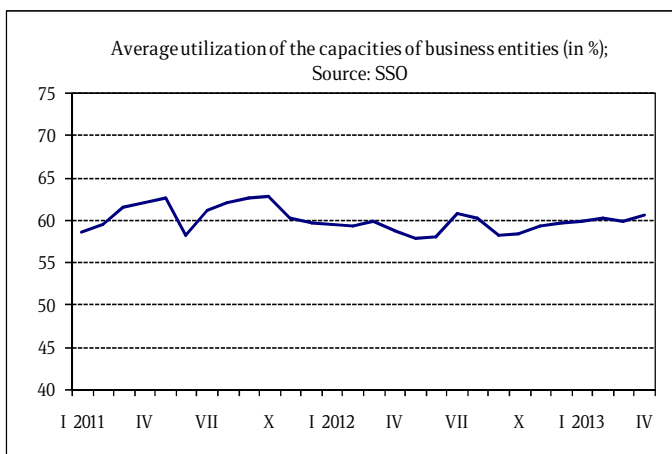
On monthly basis, data on the industrial production by target groups in April 2013 showed that there was increase in the production at the following groups: Consumer durables – 13.0%, intermediary goods, except energy – 12.6%, and consumer non-durables – 6.0%. Drop was seen at the following groups: Capital goods by 25.5% and energy by 9.7%.

On cumulative basis, in the period January-April 2013 compared to the same period in the previous year, growth was recorded at the following groups: Consumer non-durables - 10.6%, capital goods - 8.7%, consumer durables by 7.0% and energy by 3.2%. Intermediary goods except energy dropped by 7.1%.

Business Tendencies in the Processing Industry

Current economic trends of business entities in April 2013 were more favourable compared to the previous month and less favourable compared to April 2012.

Assessment of current state of delivery-to-production was more favourable compared to the previous month, remaining at the same level as in April 2012. Assessment for the production volume in the past three months was more favourable compared to both March 2013 and April 2012. Expectations for the production volume in the next three months are more favourable compared to the previous month, while compared to April 2012, they were less favourable.



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

Average utilization of capacities in April 2013 accounted for 60.7%, being an increase compared to the previous month, when it accounted for 59.9%. Compared to April 2012, the utilization of the capacities was higher by 1.9 p.p..

In April 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 more favourable compared to the previous month, while compared to April 2012, it was less favourable. In the next 3-month period, according to the assessment of

managers, average purchase prices of inputs are expected to decrease, while selling prices of ready-made products are expected to increase.

According to the assessment, following factors limited the most the production volume in April 2013: insufficient foreign demand – 26.8%, insufficient domestic demand – 20.6%, financial problems – 10.4% , uncertain economic environment – 9.4%, shortage of skilled labour – 9.1%, competitive import – 7.1%, shortage of raw materials – 3.0% and shortage of equipment – 2.7%.

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

Number of Industrial Workers

Thus, the number of workers in the industry in April 2013¹ compared to April 2012 increased by 0.2%.

Sector analysis points out to increase of the number of workers in all sectors, as follows: Mining and quarrying by 8.5% and electricity, gas, steam and air-conditioning supply by 2.1%, while processing industry registered reduction of the number of workers by 0.6% on annual basis.

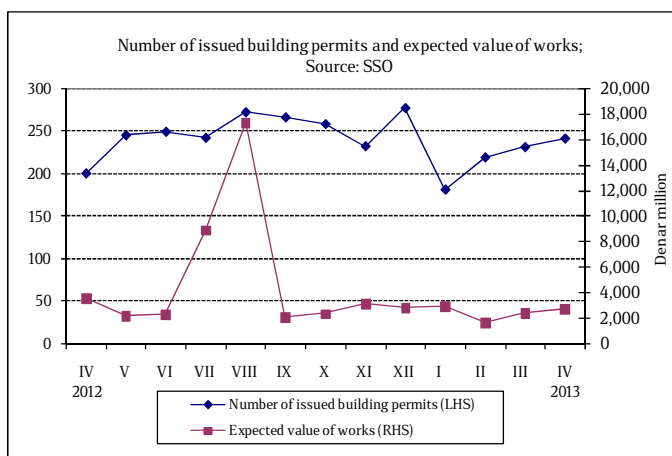
Data on the number of workers in the industry by target groups in April 2013, compared to April 2012, showed increase in the number of workers at the following groups: Energy by 7.9% and consumer non-durables by 0.6%, while reduction of the number of workers was registered in the following groups: Capital goods – 3.5%, intermediary goods, except energy – 2.7% and consumer durables – 0.9%.

Number of Issued Building Permits and Envisaged Value of Facilities

In April 2013, 241 building permits were issued, increasing by 20.5% compared to the same month in 2012. Total number of issued building permits compared to March 2013, when 231 permits were issued, increased by 4.3%.

Envisaged value of the facilities, according to the issued building permits in April amounted to Denar 2,770 million, being by 23.4% more compared to April 2012, while compared to March 2013, the value of the facilities increased by 0.3%.

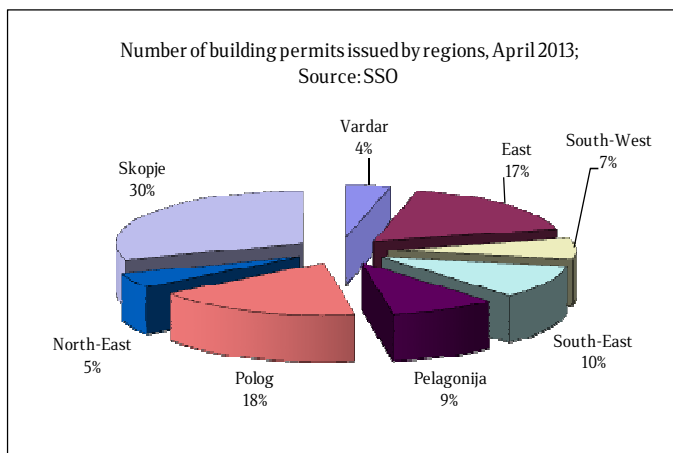
Analyzed by types of facilities, out of the total number of



issued building permits, 190 (or 78.8%) are intended for buildings, 21 (or 8.7%) for civil engineering structures and 30 (or 12.5%) for reconstruction.

Analyzed by types of investors, out of total 241 facilities, natural persons were investors in 187 facilities (or 77.68%), while business entities were investors in 54 facilities (or 22.4%).

In April 2013, construction of 391 flats was envisaged, with total usable area of 34.818 m². Number of envisaged flats for construction declined by 11.5% compared to the same month in 2012, while it decreased by 33.6% compared to March 2013.



Analyzed by regions, in April 2013, most permits were issued in the Skopje region, 73 in total, 51 permits out of which were issued to natural persons as investors, while 22 permits were issued to business entities as investors.

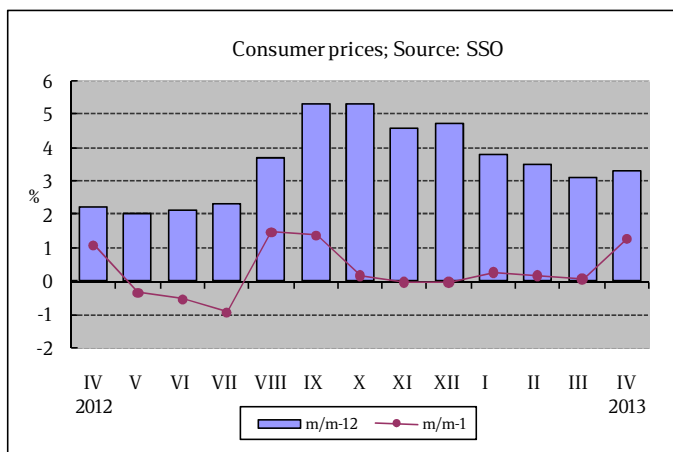
Vardar region had least issued permits, 9 permits in total, all of which were issued to natural persons as investors.

In the period January-April 2013, most permits were issued in the Skopje region, 233 in total, 175 permits out of which were issued to natural persons as investors, while 58 permits were issued to business entities as investors. Vardar region had least issued permits, 44 permits in total, 31 permits out of which were issued to natural persons as investors, while 13 permits were issued to business entities as investors.

Inflation

Annual inflation rate, measured according to the CPI index amounted to 3.3% in April 2013. Average inflation rate in the first four months of 2013 amounted to 3.4%.

On annual basis, in April, increase of prices was the highest in the category clothing and footwear by 7.1%, followed by the increase of prices by 4.8% in the category food. Increase of prices was registered in the categories hygiene and health - 4.2%, restaurants and hotels - 3.8%, tobacco and beverages - 3.6%, housing - 3.5%, culture and entertainment - 1.1% and administrative and financial services - 0.7%. Drop of prices



was seen at the category means of transport and services by 3.2%, being a result of the reduced prices of liquid fuels and oils by 7.6%.

Inflation rate in April compared to the previous month, amounted to 1.3%. Highest monthly increase of prices was seen in the category food by 3.2%, mainly as a result of the increase of prices of vegetables. Increase of price of tobacco by 3.5% led to increase of prices in the category tobacco and beverages by 1.8%. Categories culture and entertainment and administrative and financial services experienced increase of prices by 0.3%, while the price increase amounted to 0.1% in the category restaurants and hotel. Prices remained the same at the categories housing and hygiene and health. Means of transport and services category experienced drop of prices by 0.2% as a result of the reduced prices of oil derivatives by 2.8%. Lower prices were also recorded at the category clothing and footwear by 0.1%.

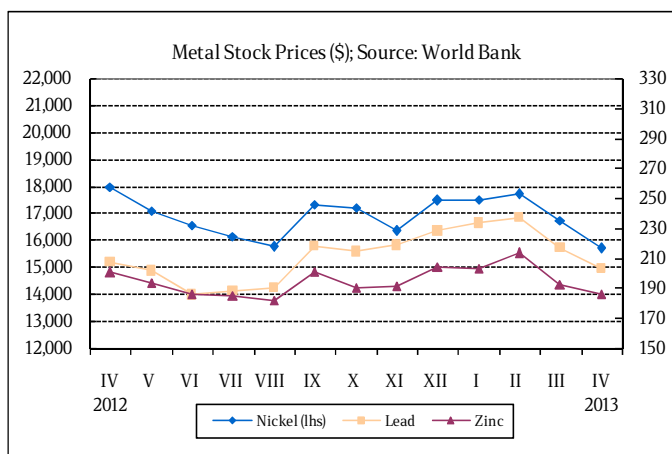
Retail prices in April 2013 were higher by 0.9% compared to April 2012. Compared to the previous month, retail prices were higher by 0.9%. Average increase of retail prices in the first four months of 2013 amounted to 1.5%.

Stock Market Prices

In April 2013, crude oil price (Brent) on the global stock markets dropped by 5.8%, compared to the previous month, reaching the price of US\$ 102.9 per barrel. Compared to April 2012, oil price was lower by 14.6%. Price of natural gas in April increased by 6.5% compared to the previous month.

As regards metal products, nickel, as a product with high share in Macedonian export, was traded at an average price of US\$ 15,673 for a metric ton (\$/mt) on the global stock markets in April,

being a monthly drop of the price by 6.3%. Compared to April 2012, nickel price was lower by around 12.6%. In April, as it was the case in the previous month, there was monthly reduction of prices of all metals and iron ore. As for the basic metals, highest monthly decrease was seen in the prices of tin by 7%. Price



of lead was lower by 6.5%, by 5.4% as regards copper, by 3.6% as for zinc, by 2.5% with respect to aluminium. Price of iron ore registered monthly drop of 1.8% in April. As for precious metals, monthly drop of price of silver was 11.9%, while the price of gold and platinum amounted to 6.6% and 5.7% respectively.

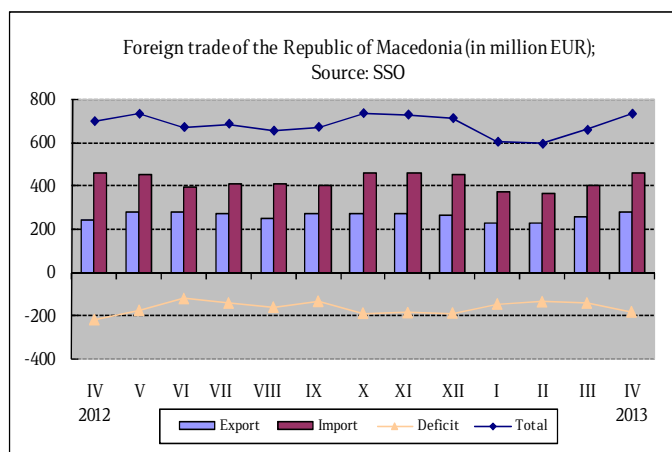
In April, the downward trend of the price of wheat on global stock markets continued, being lower by 0.5% in relation to March. Price of maize in April experienced monthly decrease by 9.4%.

2. Foreign Trade

In the first four months in 2013, total foreign trade surged by 0.4% in relation to the same period in 2012.

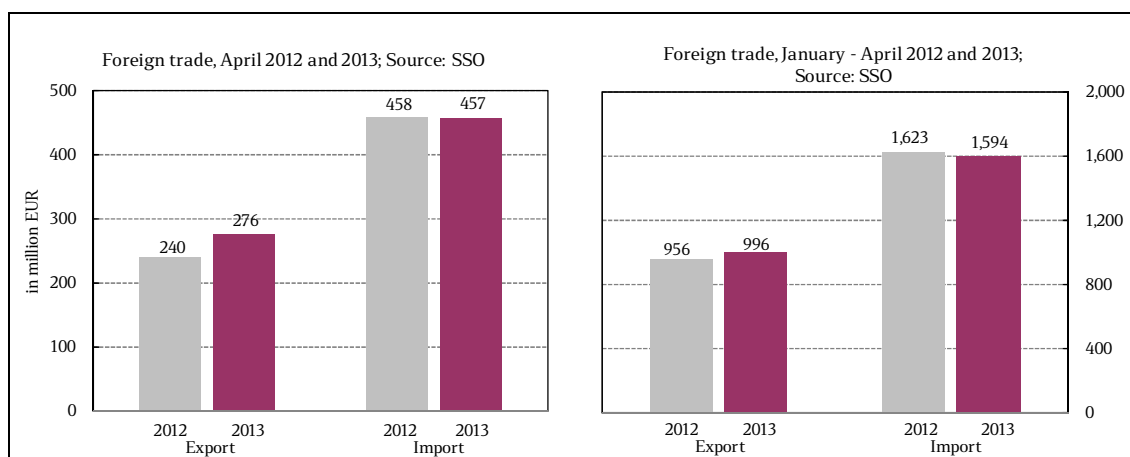
Export

In the period January-April 2013, physical output of export dropped by 14.0% compared to the same period in 2012, while value of exported goods amounted to EUR 996.4 million, surging by 4.2% (EUR 40.1 million) compared to the period January-April 2012.



Analyzed on monthly basis, in April 2013, export increased by 6.3%, compared to the previous month.

Seasonally adjusted trend of export in April 2013 registered monthly growth of 6.3%, pointing out to neutral effects of the seasonal factor (0.0 p.p.) on export this month.



Main groups of goods (according to SITC) being most exported in the period January-April 2013 were the following: iron and steel – 19.7%, clothing – 16.0%, chemical materials and products – 15.3%, metal ore and metal scrap – 6.0%, beverages and tobacco - 5.5% and oil and oil products - 2.6%. These six groups of products comprised 65.1% of the total export of the country.

Export of iron and steel*)				
	I-IV 2012	I-IV 2013	Balance 2013-2012	% rate
.000 T	214.4	195.8	-18.6	-8.7
EUR mil.	207.1	195.9	-11.2	-5.4
\$ mil.	272.1	257.3	-14.7	-5.4

*)Previous data

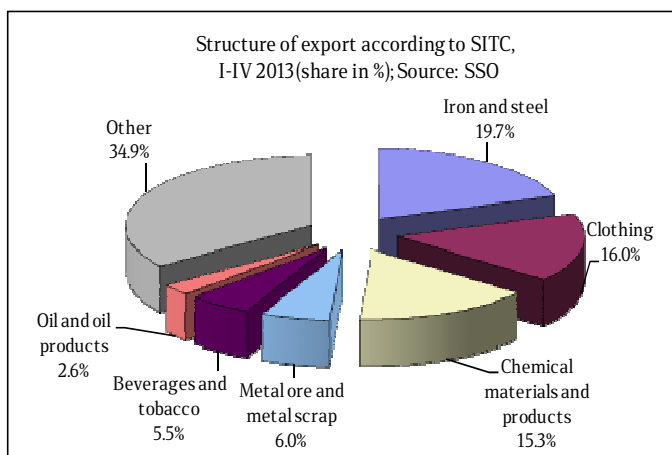
Import of iron and steel*)				
	I-IV 2012	I-IV 2013	Balance 2013-2012	% rate
.000 T	156.1	211.7	55.6	35.6
EUR mil.	81.3	101.8	20.5	25.2
\$ mil.	106.7	134.1	27.3	25.6

*)Previous data

In the first four months of 2013, observed by economic purpose, the following products were most exported: goods for industrial procurement (52.9%), followed

by consumer goods (22.9%), food and beverages (10.0%), products for investments without transport equipment (9.8%), fuels and lubricants (2.7%) and transport equipment (1.7%).

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; men's shirts of cotton; boards, plates, stands, tables, cabinets and others; tobacco; lead ore and concentrates; copper ore and concentrates, ferosilicium, hot rolled flat products of iron or non-alloyed steel of width of 600 mm or more, etc.



Import

Imported quantities of goods in the period January-April 2013 decreased by 6.6%, compared to the period January-April in the previous year, while their value amounted to EUR 1,593.9 million, reducing by 1.8% (EUR 29.1 million) compared to the same period in 2012.

	I-IV 2012	I-IV 2013	Balance 2013-2012	% rate
.000 T	76.0	49.2	-26.8	-35.3
EUR mil.	57.9	26.1	-31.7	-54.9
\$ mil.	76.1	34.3	-41.7	-54.9

*)Previous data

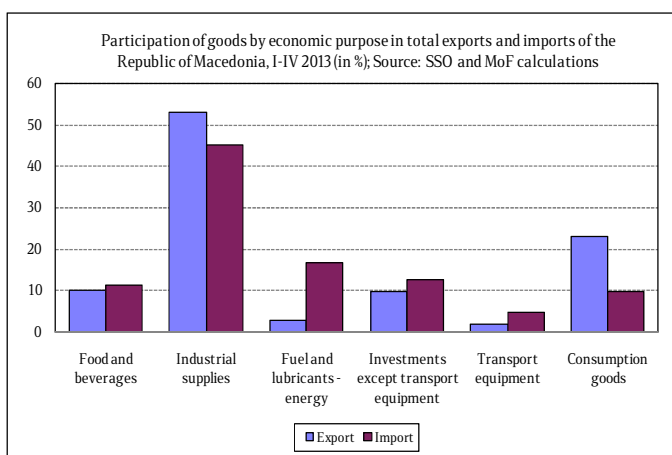
	I-IV 2012	I-IV 2013	Balance 2013-2012	% rate
.000 T	333.5	272.5	-61.0	-18.3
EUR mil.	227.1	162.4	-64.7	-28.5
\$ mil.	298.9	213.2	-85.6	-28.7

*)Previous data

Analyzed on monthly basis, in April 2013, export increased by 14.5%, compared to the previous month.

Seasonally adjusted trend of import in April 2013 recorded monthly growth of 3.7%, pointing out to positive effects of the seasonal factor (10.7 p.p.) on import this month.

In addition to oil, non-ferrous metals; yarn; fabrics and textile products; iron and steel; electrical machines, devices and spare parts, industrial machines and spare parts; road vehicles etc.,



accounted for the most of the import of goods (according to SITC groups) in the period January-April 2013.

In the period January-April 2013, observed by economic purpose, the following products were most imported: goods for industrial procurement (45.1%), followed by fuels and lubricants (16.5%), investment goods without transport equipment (12.7%), food and beverages (11.1%), consumer goods (9.8%) and transport equipment (4.8%).

Most imported products by tariffs were the following: platinum, unwrought or in powder form; gas oils for other purposes with a sulphur content up to 0.001% by weight; electricity; nickel ore and concentrates; crude oil; oil gases and other gaseous hydrocarbons; palladium: unwrought or in powder form; hot rolled with thickness less than 3 mm, coating means (colours and varnishes) and similar.

Export of chemical products*)				
	I-IV 2012	I-IV 2013	Balance 2013-2012	% rate
000 T	5.9	2.2	-3.6	-62.0
Мил. ЕУР	130.4	152.9	22.5	17.3
Мил.\$	171.3	201.3	29.9	17.5

*)Previous data

Import of chemical products*)				
	I-IV 2012	I-IV 2013	Balance 2013-2012	% rate
.000 T	7.4	9.8	2.4	32.1
Мил. ЕУР	24.0	27.3	3.3	13.8
Мил.\$	31.6	35.9	4.3	13.5

*)Previous data

Trade Balance

In the first four months of 2013, trade deficit narrowed by EUR 69.1 million or 10.4% compared to the period January-April last year.

If we analyze 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, transport equipment, food and beverages and the consumer goods, while the widened negative balance in the trade in goods for industrial procurement and goods for investments without transport equipment 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 the economic groups of countries, in the period January-April 2013, compared to the same period in 2012, export surged at the following groups: EU 27, EFTA and Community of Independent States, while drop was recorded at the following groups: Organization of countries-exporters of oil and oil derivatives, Western Balkans, North American Free Trade Zone and Asia-Pacific Economic Cooperation Organization. Export to the EU surged by 16.4% on annual basis, while as for Western Balkan countries, it declined by 15.7%.

In the first four months of 2013, foreign trade of the Republic of Macedonia with the European Union (EU 27), in relation to the same period in the previous year, increased by 7.0%, whereby share of trade with the EU in the total foreign trade showed positive shifts by 3.8 p.p., accounting for 62.5%. Export of goods with the European Union (EU 27) accounted for 71.0% in the total export of the Republic of Macedonia, while import of goods participated with 57.2%.

In the period January-April 2013, 76.0% of the trade deficit of the country was realized in the trade with Great Britain, Russia, Greece, China and Serbia, followed by: Turkey, Switzerland, Slovenia, Italia, Austria, etc. Surplus was realized in the trade with Germany, Kosovo, Bosnia and Herzegovina and the Netherlands.

Currency Structure

Observed by currency structure, 72.7% of the trade in the period January-April 2013 was realized in euros, and compared to the period January-April 2012, it surged by 4.7 percentage points. On export and import side, euro accounted for 82.2% and 66.7%, respectively, whereby share of the euro in export was higher by 4.7 p.p., while increase of the share of the euro in import accounted for 4.4 p.p. compared to the period January-April 2012.

Foreign trade of the Republic of Macedonia (by currency); calculations: MoF												
import	I-IV 2012					I-IV 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	889.6	1,012,384,621	61.5394	62,301,542,138	62.3	974.8	1,062,442,921	61.6510	65,500,668,520	66.7	50,058,300	4.9
USD	1,188.6	592,787,939	46.7293	27,700,565,430	27.7	965.4	451,613,714	47.3870	21,400,619,046	21.8	-141,174,225	-23.8
GBP	1.0	121,058,951	74.7904	9,054,047,384	9.1	0.9	148,978,948	72.5475	10,808,050,261	11.0	27,919,997	23.1
EUR+USD+GBP	2,079.2			99,056,154,952	90.0	1,941.1			97,709,337,827	99.5		
tot. import	2,082.1			99,985,208,298	100.0	1,944.3			98,210,987,379	100.0		-1.8

Source: SSO and NBRM

3. Fiscal Sector

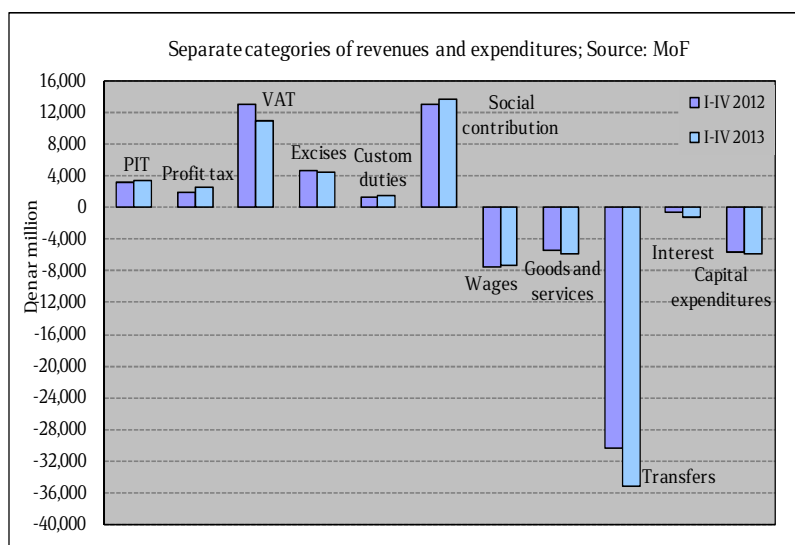
Budget Revenues

In the period January-April 2013, total budget revenues reached an amount of Denar 44,601 million, i.e. 9.1% of GDP, which was by 2.0% lower in relation to 2012.

Tax revenues in the first four months were realized in the amount of Denar 23,599 million, i.e. 4.8% of GDP, being lower by 5.3% in relation to the same period in 2012.

Value added tax was realized in the amount of Denar 10,860 million, whereby share of VAT in total tax revenues this month was dominant, amounting to 46.0%.

Excises were realized in the amount of Denar 4,363 million (participating with 18.5% in the tax revenues). Hence, revenues realized on the basis of these two taxes amounted to Denar 15,223 million, i.e. 64.5% of total tax revenues (3.1% of GDP). Thereby, VAT



collection amounted to Denar 19,544 million on gross basis, Denar 8,684 million

out of which was refunded to taxpayers (gross collection was lower by 0.9%, while VAT refund was higher by 30.2% compared to the same period in 2012).

As for VAT structure, VAT share was the biggest when importing, decreasing by 9.5%, while VAT on the basis of sales in the country increased by 16.4%, share of VAT grants and interest was insignificant (0.7%), observing higher performance by 79.9%. Observed by certain categories of taxes, revenues on the basis of personal income tax were realized in the amount of Denar 3,395 million, increasing by 9.3% on annual basis, whereby around $\frac{3}{4}$, i.e. revenues on the basis of salaries account for 70.6% of the personal income tax. Compared to the same period in 2012, profit tax revenues surged by 35% amounting to Denar 2,372 million, being mainly a result of the tax collected on the basis of paid dividend and other profit distribution, at the same time observing drop of revenues on the basis of additional payments under the tax balance, paid advance payments and withheld tax on revenues paid to foreign legal entities. VAT revenues dropped by 16.8%, while excises decreased, i.e. experienced lower performance by 5.7%. Revenues on the basis of customs duties were realized in the amount of Denar 1,439 million, increasing by 11.9%. Revenues on the basis of the taxes amounting to Denar 1,170 million, surged by 6.7%.

Non-tax revenues amounted to Denar 3,386 million, and in relation to the same period in 2012, they were lower by 7.7% (these revenues are revenues collected on the basis of profit from public institutions, administrative fees, fines, etc.).

Capital revenues realized on the basis of sale of construction land, flats and dividends reached Denar 2,626 million, decreasing by 19.3% compared to the same period in the previous year.

Collection of social contributions amounted to Denar 13,634 million (2.8% of GDP), being higher by 5.7% compared to the same period in 2012, whereby collection of pension insurance contributions increased by 5.1%, collection of employment insurance contribution surged by 5.4%, while health contributions rose by 6.9%.

Budget Expenditures

In the period January-April 2013, total budget expenditures amounted to Denar 55,833 million, i.e. 11.4% of GDP, which was higher by 11.8% compared to 2012.

With respect to the structure of total realized expenditures, current expenditures in the amount of Denar 49,959 million accounted for 89.5% (10.2% of GDP) and they increased by 13.1% in relation to the same period in 2012.

Transfers amounting to Denar 35,282 million (7.2% of GDP) accounted for the most in the current expenditure items, followed by salaries and allowances - Denar 7,481 million. With respect to total budget expenditures, expenditures related to wages and salaries and allowances accounted for 13.4% and, compared to 2012, they decreased by 1.0%.

Expenditures related to goods and services amounted to Denar 5,813 million, increasing by 7.5% compared to the same period in 2012.

Transfers increased by 15.7% compared to the same period in 2012, participating with 63.2% in the total expenditures. Social transfers amounted to Denar 24,237 million, increasing by 5.7% and participating with 43.4% in the total expenditures. Transfers towards the Pension and Disability Insurance Fund accounted for the most of the social transfers, amounting to Denar 14,772 million, increasing by 9.2%, compared to the same period in 2012 and accounting for 26.5% of the total expenditures. Category other transfers, which includes transfers to local government units, accounted for 19.3% in the total expenditures, i.e. they surged by 47.5% compared to the same period in 2012. Block grants to local government units, amounting to Denar 4,796 million, were higher by 5.2% compared to the first four months in the previous year. Subsidies and transfers were higher by 2.4 times.

Interest was collected in the amount of Denar 1,383 million, being by 94.5% more 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 increased by 42.2%, while the ones on the basis of foreign borrowing surged by 2.4 times (239.0%).

In the analyzed period, the funds for capital expenditures were realized in the amount of Denar 5,874 million, participating with 10.5% in the total expenditures (1.2% share in GDP), i.e. they increased by 2.2% compared to the same period last year.

Budget Balance

In the first four months of 2013, the budget deficit reached the amount of Denar 11,232 million, being 2.3% of GDP, while central budget deficit amounted to Denar 10,771 million or 2.2% of GDP.

4. Social Sector

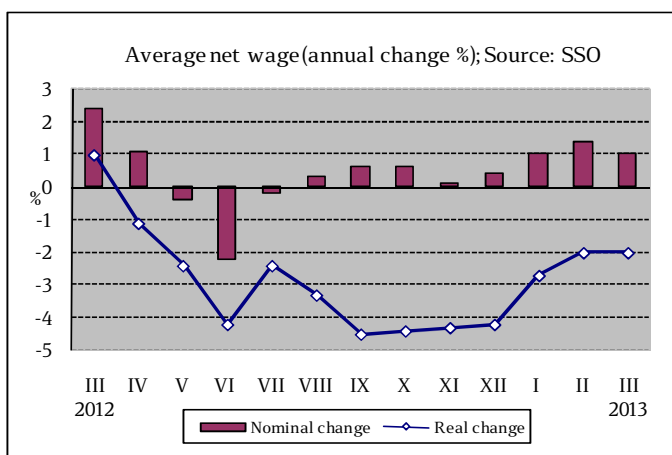
Salaries

According to the data from the State Statistical Office, average monthly paid gross salary per employee in March 2013 amounted to Denar 31,185, while average monthly paid net salary amounted to Denar 21,294.

On monthly basis, in March 2013, average gross salary and net salary increased by 1.8% in nominal terms, being higher by 1.7% in real terms.

In March 2013 compared to March 2012, average gross salary and net salary increased by 1.0% in nominal terms, while they were lower by 2.0% in real terms.

On cumulative basis, in the period January–March 2013 compared to the same period



last year, average gross salary and net salary increased by 1.1% in nominal terms, while they were lower by 2.3% in real terms.

Highest increase of average monthly gross and net salary per employee in March 2013 compared to March 2012, was seen in the activities transport and storage (7.2% gross salary and 6.9% net salary), water supply, removal of wastewater, waste management and environmental rehabilitation activities (4.1% gross salary and 3.9% net salary) and health and social protection activities (3.8% gross salary and 4.1% net salary).

Highest increase of average monthly gross and net salary per employee in March 2013 compared to February 2013, was registered at the following: information and communications (26.2% gross salary and 29.9% net salary) mining and quarrying (6.3% gross salary and 6.1% net salary) and construction (6.3% gross salary and 6.0% net salary).

Employees who did not receive salary in March 2013 accounted for 2.6%, and compared to the same month in the previous year, it was higher by 0.6 p.p., while compared to February 2013, percentage of employees who did not receive salary was higher by 0.3 p.p..

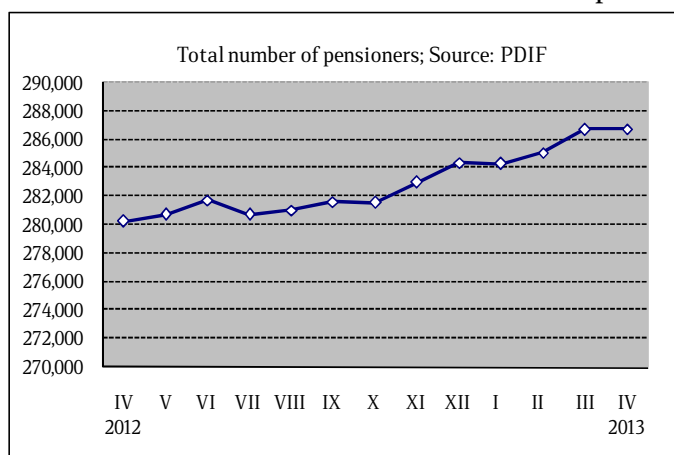
Pensions

In April 2013, Pension and Disability Insurance Fund registered 286,771 pensioners, increasing by 2.3% compared to the same month in 2012. Number of pension beneficiaries increased by 30 persons in relation to March 2013. 57.3% out of the total number of pensioners are beneficiaries of old-age pension, 26.9% of survival pension and 15.8% of disability pension.

In April 2012, Denar 3,271.01 million was spent for payment of pensions,

accounting for 51.9% of the total social transfers¹.

Average pension in April 2013 amounted to Denar 11,571, increasing by 8.7% on annual basis. Ratio between the average pension and the average paid salary in March 2013 (the most recent available data) was 55.8%.



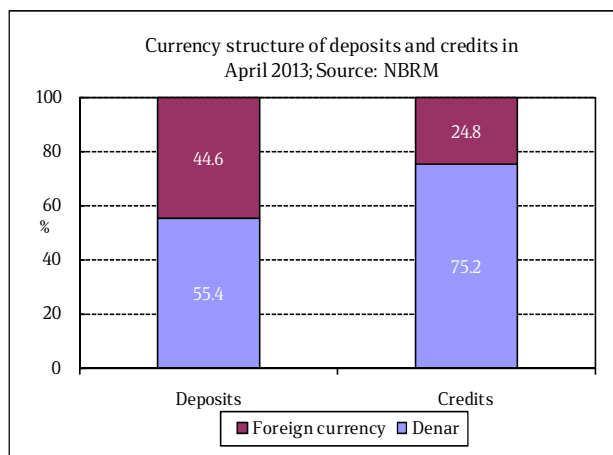
¹ Category social transfers includes pensions, unemployment benefit, social assistance and expenditures for health protection.

5. Monetary Sector

Primary Money

In April 2013, primary money² showed annual growth of 2.5% (13.3% in the past month), in conditions of high increase of ready money in circulation by 14.7%. Total liquid assets of banks had negative contribution as a result of the annual decrease by 6%.

On monthly basis, primary money decreased by 1.8%, as a result of the drop of total liquidity of banks by 4.3%, while ready money in circulation surged by 1.3% compared to the previous month.



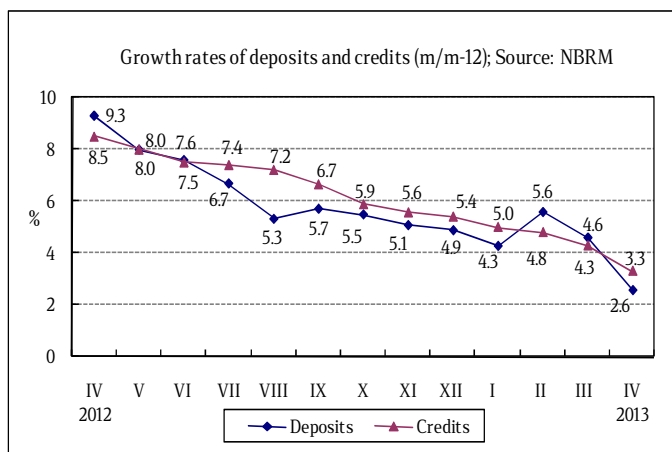
Taking into account the most recent macroeconomic, market and financial indicators, the National Bank of the Republic of Macedonia decided for the maximum interest rate on central bank bills to be kept at 3.5% in April as well.

Deposit Potential

Total deposit potential of banks³ in April 2013 dropped by 2.6% on monthly basis, as a result of the decrease of deposits of private enterprises by 12.1%. On the other hand, deposits of households increased by 0.5%. From currency point of view, both domestic and foreign currency deposits decreased by 1.1% and 4.4% respectively.

On annual basis, total deposits experienced slowed down growth of 2.6% in April 2013, compared to the growth of 4.6% in March 2013. From the point of view of sectors, growth of total deposits was led by deposits of households, experiencing increase by 6.8%, while deposits of enterprises recorded annual drop of 10%.

From currency point of view, in April 2013, there was growth of Denar deposits by 8.1%, while foreign currency deposits dropped by 3.5%. According to maturity, long-term deposits increased by 28.1%, while short-term deposits reduced by 6%.



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

Bank Credits

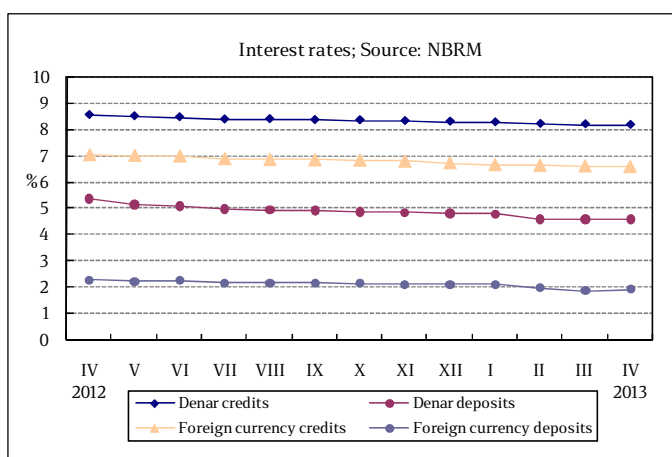
In April 2013, total credits of banks to the private sector increased by 0.3% on monthly basis, which was fully a result of the growth of credits to households by 0.7% in conditions of unchanged level of credits to private enterprises on monthly basis. From currency point of view, Denar credits experienced growth of 0.5%, while foreign currency credits declined by 0.4%.

On annual basis, growth of total credits continued to slow down, accounting for 3.3% in April (compared to 4.3% in March). According to currency, new crediting was fully in domestic currency. In fact, Denar credits surged by 6.7%, while foreign currency credits dropped by 5.9%. Analyzed according to the sector, credits to enterprises registered growth of 0.7%, while credits to households surged by 6.9%. As regards maturity, long-term credits increased by 1.4% on annual basis, while short-term credits were higher by 1.2%.

Interest Rates of Deposit Banks

In April 2013, total interest rate on credits amounted to 7.7%, being lower compared to the previous month, when it accounted for 7.8%. However, it was lower by 0.4 p.p. compared to the same month 2012. Interest rate on Denar credits remained at 8.2%, while interest rate on foreign currency credits were kept at 6.6%.

Total interest rate on deposits remained the same on monthly basis, amounting to 3.1%, whereby interest rates on Denar and foreign currency deposits amounted to 4.6% and 1.9% respectively.



Foreign Currency Reserves

Gross foreign currency reserves at the end of April 2013 amounted to EUR 2,145.7 million and, compared to the previous month, they were lower by EUR 84.7 million, while compared to April 2012, foreign currency reserves were higher by EUR 83.6 million.

Ministry of Finance

Macroeconomic Policy Department

www.finance.gov.mk

Report is prepared by:

Ana Nikolova

Angela Vasovska

Aneta Dudeska

Bojana Ilievska

Gjoko Gjorgjeski

Koprinka Sapunova

Negati Kurtisi

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

Approved by: Jordan Trajkovski

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