



SHORT-TERM ECONOMIC TRENDS

November 2022



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SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

November, 2022

- Industrial production dropped by 3.7% in November 2022 compared to the same month last year;
- In November, consumer prices recorded annual 19.5% growth (19.8% in October 2022), being certain slowdown of annual growth compared to last month, surging by 0.5% on monthly basis;
- Export in the period January - November 2022 surged by 20.8%, while import grew by 27.8%, resulting in increase of the trade deficit by 46.4% compared to the same period in 2021;
- In the period January – November 2022, total budget revenues reached an amount of Denar 219,316 million, i.e. 26.4% of GDP, showing higher performance by 11.3% in relation to the same period in 2021;
- Total budget expenditures amounted to Denar 243,141 million in the period January – November 2022, i.e. they accounted for 29.2% of GDP, being higher by 7.1% compared to the same period last year;
- Total credits of banks in November 2022 grew by 9.6% compared to November 2021, while total deposit potential of banks surged by 5.0%.

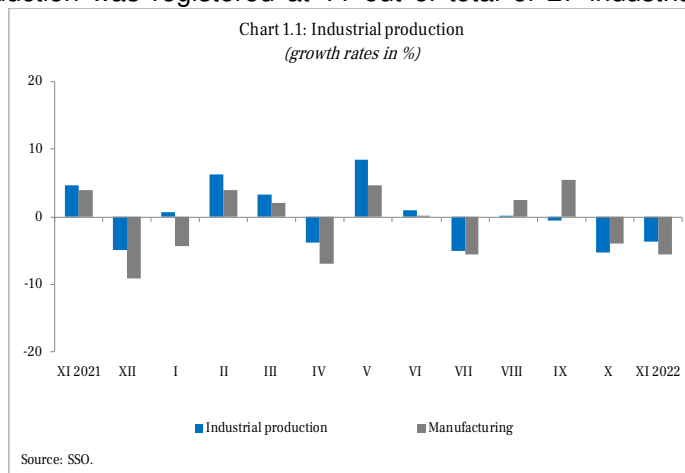


1. REAL SECTOR

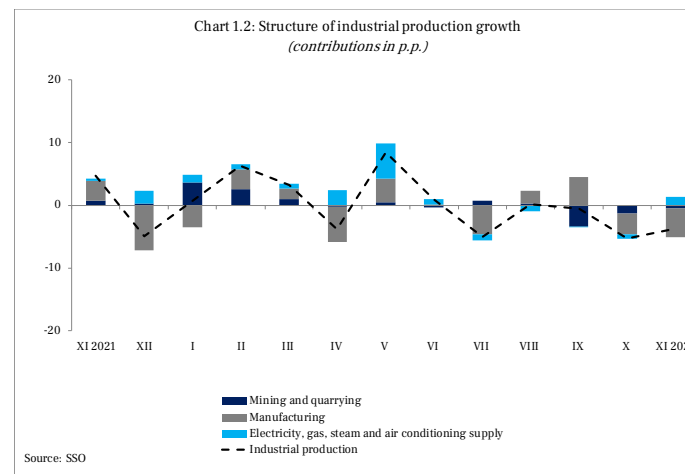
Industrial Production

Industrial production dropped by 3.7% in November 2022 compared to the same month last year. Drop in November 2022 was due to the reduced production in all sectors: Mining and quarrying (4.7%), and Manufacturing (5.6%), while Electricity, gas, steam and air-conditioning supply grew by 15.6%.

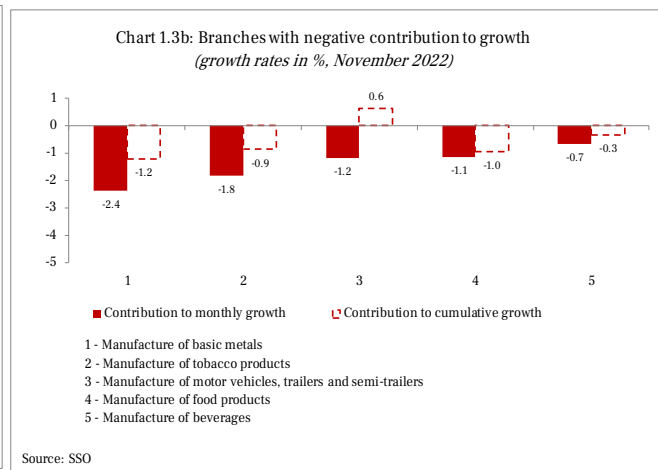
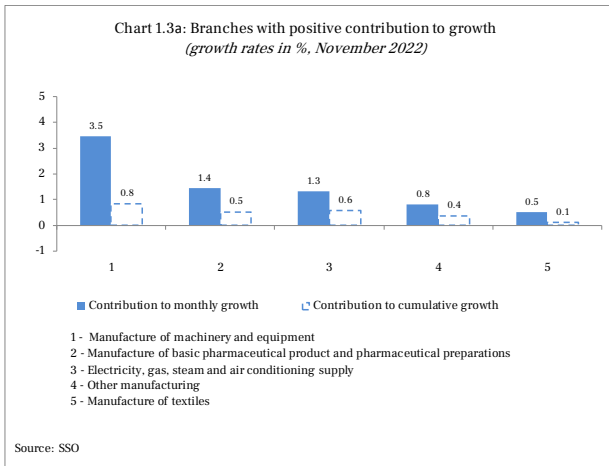
In November 2022, growth in production was registered at 11 out of total of 27 industrial branches, comprising 41.8% in the total industry. As for branches with higher value added, increase in November 2022 was observed at Manufacture of machinery and equipment increasing by 51.2% and contribution of 3.5 p.p., while Manufacture of motor vehicles, trailers and semi-trailers, decreased by 14.6% and contribution of -1.2 p.p., with Manufacture of electrical equipment dropping by 6.2% and contribution of -0.4 p.p..



Traditional branches in November 2022 recorded growth of production, at the following branches: Manufacture of textile picking up by 9.2% and contribution of 0.5 p.p., Manufacture of wearing apparel surging by 0.8% and contribution of 0.1 p.p., Manufacture of wood and wood and cork products growing by 65.1% and contribution of 0.4 p.p., while Food industry dropped by 10.7% and contribution of -1.1 p.p., Manufacture of beverage decreased by 17.0% and contribution of -0.7 p.p., Manufacture of tobacco goods reduced by 84.7% and contribution of -1.8 p.p., while Manufacture of leather decreased by 26.8% and contribution of -0.2p.p..



Drop of industrial production, according to the purpose of production units in November 2022 was a result of the decreased production at the following branches: Intermediary goods, except energy (drop by 9.5%, contribution of -3.2 p.p.). and Intermediary goods industries, except energy (decreasing by 5.8% and contribution of -2.0 p.p.), while increase in the production was seen at the following branches: Energy (growing by 9.2% with contribution of 0.9 p.p.), Capital goods (surging by 1.7% and contribution of 0.3 p.p.) and Durable consumer goods industry by (growing by 0.3% and contribution of 0.0 p.p.).

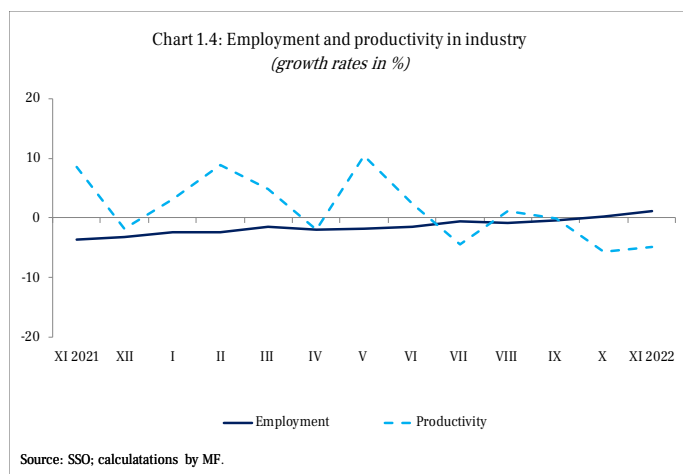


On cumulative basis, in the period January – November 2022, industry dropped by 0.1%, being a result of the decreased production at Manufacturing by 0.9% (contribution of -0.8 p.p.), while Mining and quarrying did not record any change compared to the same period last year, while Electricity, gas, steam and air-conditioning supply grew by 7.0% (contribution of 0.6 p.p.). As regards the industrial branches, Manufacture of machinery and equipment recorded 12.5% increase, contributed the most to the growth with 0.8 p.p..

According to the purpose of production units, growth in the period January – November 2022, was recorded at branches Energy (8.6%), Capital goods (6.6%) and Durable consumer goods industry (17.1%), while Intermediary goods except, energy and Non-durable consumer goods industry dropped by 6.3% and 2.2%, respectively.

Number of Employees in the Industry

In November 2022, number of employees in the industry increased by 1.2%. Growth was due to the increased number of employees in Manufacturing by 1.7%, while reduction in the number of employees was seen at the sectors Mining and quarrying by 4.1% and Electricity, gas, steam and air conditioning supply by 0.3%. However, certain branches recorded relatively high employment growth, such as Manufacture of tobacco goods, increasing by 41.2%, Manufacture of computer, electronic and optical products, growing by 17.9%, Manufacture of motor vehicles, trailers and semi-trailers, increasing by 13.2%, and Manufacture of electrical equipment, increasing by 9.3%.



Data on the number of industrial workers by target groups in November 2022 compared to the same period last year, show that increase in the number of employees was seen at the groups Intermediary goods industries, except energy by 1.1% and Capital goods by 10.3%.



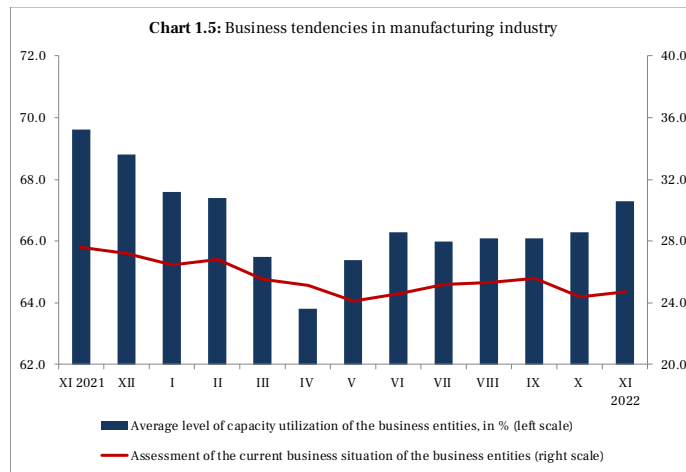
Cumulative data show that number of employees in the industry in the period January – November 2022 dropped by 1.1% as a result of the decreased number of employees in all sectors, i.e. Mining and quarrying by 3.2%, Manufacturing by 0.9%, and Electricity, gas, steam and air-conditioning supply sector by 1.2%.

As for target groups, number of employees in the industry in the period January– November 2022 was reduced at Energy and Non–durable consumer goods industry by 5.6% and 5.4%, respectively.

Business Tendencies in Manufacturing

Economic situation of business entities in November 2022 was more favourable compared to October 2022, but less favourable in relation to the same month in 2021.

Average utilization of capacities of business entities in November accounted for 67.3% of the regular utilization, being an increase compared to the previous month, when it accounted for 66.3%. On annual basis, utilization of the capacities was lower by 2.3 p.p..

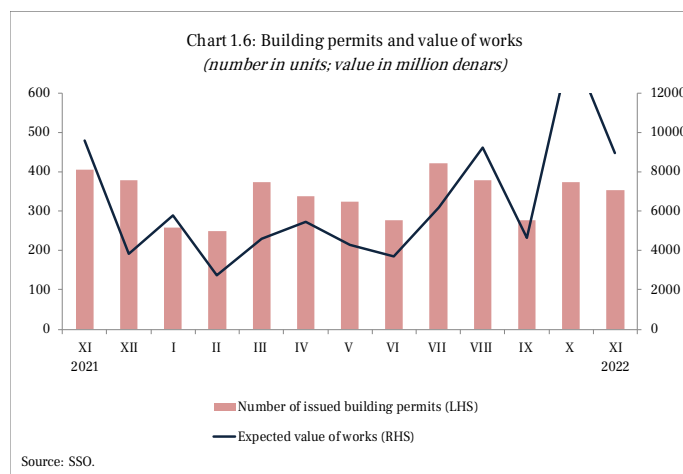


Following factors limited the most the production volume in November: shortage of skilled labor with 21.2%, insufficient foreign demand with 16.3%, uncertain economic environment with 16.1% and insufficient domestic demand with 12.0%.

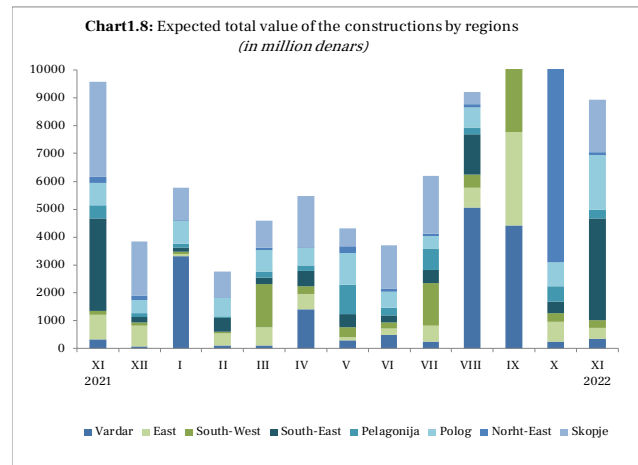
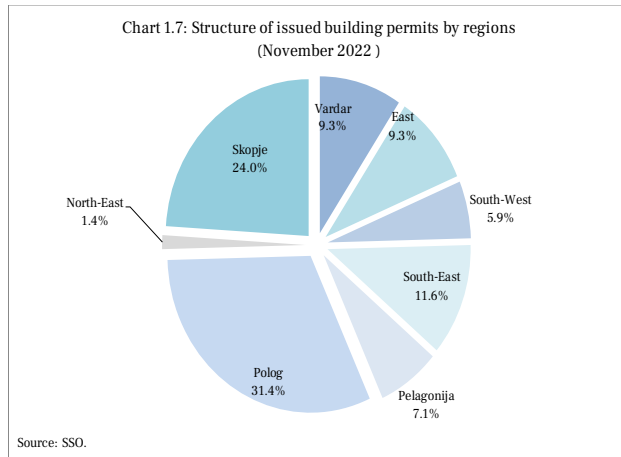
As regards the volume of production orders in November 2022, it was less favourable compared to October 2022, it is expected for the production volume in the next three months to be unchanged in relation to the previous month, while stocks of finished products were decreased on monthly basis.

Number of Issued Building Permits and Expected Value of Works

In November 2022, 354 building permits were issued, declining by 12.8% compared to the same month in 2021. Compared to October 2022, number of issued building permits dropped by 5.1%. Expected value of works, according to the issued building permits in November 2022, dropped by 6.7% on annual basis, while compared to the previous month, it decreased by 38.0%.



Analyzed by types of constructions, out of the total number of issued building permits, 156 (or 44.1%) were intended for buildings, 119 (or 33.6%) for civil engineering structures and 79 (or 22.3%) for reconstruction.

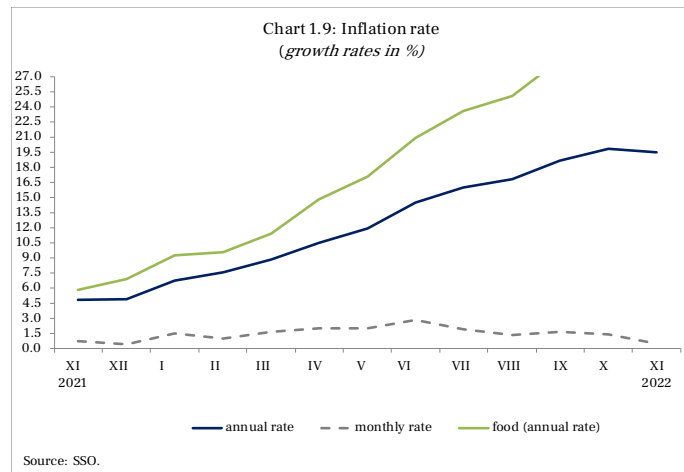


Analyzed by types of investors, out of total 354 issued building permits, individuals were investors in 176 facilities (or 49.7%), while business entities were investors in 178 facilities (or 50.3%).

In November 2022, construction of 621 flats was envisaged, with total usable area of 53,383 m². Number of flats envisaged for construction declined by 11.2% on monthly basis, dropping by 51.6% on annual basis.

Inflation

In November, consumer prices recorded annual 19.5% growth (19.8% in October 2022), being certain slowdown of annual growth compared to last month. Inflation rate growth was mostly a result of the increase of prices of food, recording growth as a result of the high increase in import prices due to the increased prices of commodities on global stock markets, as well as the increase of prices of energy products. Prices of energy products in the last months picked up as a result of the increase in the electricity prices as per the Decision of the Energy Regulatory Commission, at two occasions, i.e. increased electricity prices for households by 9.48% and abolishment of the low daily tariff in January, as well as the introduction of new block tariff model as regards the electricity price for households, being valid as of 1st July 2022. Decision to increase the final price of the delivered thermal energy by 14.05% in January 2022 and 14.18% in August 2022 on average also contributed, to a lesser extent thereto.



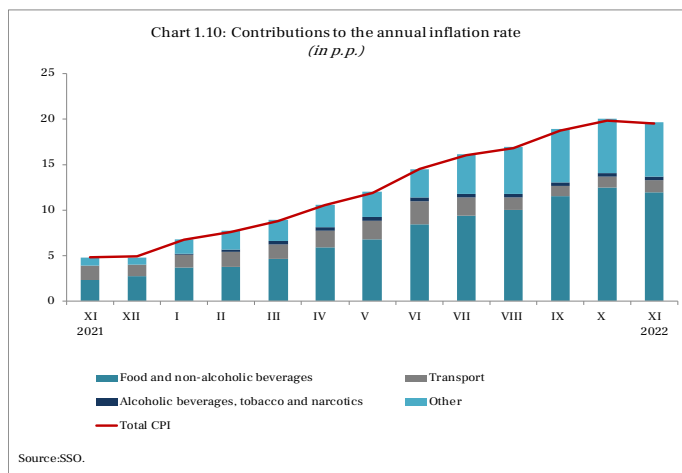
Core inflation rate (inflation excluding the impact of prices of both food and energy products) registered growth in November, accounting for 9.8% on annual basis (9.2% in the previous month), with increased prices of restaurants and hotels as the highest contribution thereto.

Inflation rate in the first eleven months of 2022 accounted for 13.8% in cumulative terms.



Prices in the Food and non-alcoholic beverages category, having the highest share in the CPI index (11.9 p.p. contribution to the growth in November), experienced 29.8% increase (31.2% in the previous month) on annual basis. Increase of the growth rate of food prices was a result of the increase of prices of several products, with prices of Bread and cereals (annual growth of 42.5%, contribution of 3.3 p.p.), Milk, cheese and eggs (annual growth of 39.3%, contribution of 2.8 p.p.), Meat (annual growth of 29.1%, contribution of 2.5 p.p.) and Vegetables (annual 22.7% growth, contribution of 1.1 p.p.) having the highest positive contribution to the price increase. Oil prices in November picked up by 30.8%.

Observed by components, following the Food and non-alcoholic beverages category, highest annual price growth in November 2022 was seen at the category Restaurants and hotels by 21.3%. Price increase was also recorded at the following categories: Housing, water, electricity, gas and other fuels by 20.0%, Transport by 16.5%, Furnishings, household equipment and routine maintenance of the house by 14.7%, Miscellaneous good and services by 13.7%, Alcoholic beverages, tobacco and narcotics by 9.0%, Health protection by 4.8%, Recreation and culture by 4.2%, Wearing apparel and footwear by 3.1%, Communications by 1.1% and Education by 0.2%.



Consumer prices in November 2022 increased by 0.5% compared to the previous month, (1.4% growth was recorded in October).

Food and non-alcoholic beverages (0.2 p.p.) had the highest contribution to growth of consumer prices on monthly basis, increasing by 0.4%, being significant slowed down growth (2.8% in October), with Meat (0.2 p.p., monthly increase by 2.6%) having the highest contribution to the growth on monthly basis. Prices of fruit and oil dropped by 6.7% and 5.0%, respectively.

Prices increased in several categories, as follows: Furnishings, household equipment and routine maintenance of the house by 2.1%, Miscellaneous goods and services by 1.2%, Recreation and culture by 1.0%, Transport by 0.7%, Alcoholic beverages, tobacco and narcotics by 0.5%, Housing, water, electricity, gas and other fuels and Health protection by 0.4% each, Restaurants and hotels by 0.3%, and Wearing apparel and footwear and Communications by 0.2% each. Prices at Education category remained the same.

In November 2022, retail prices increased by 15.2% on annual basis. On monthly basis, retail prices picked up by 0.2%. On cumulative basis, in the first eleven months of 2022, retail prices increased by 12.4% compared to the same period last year.

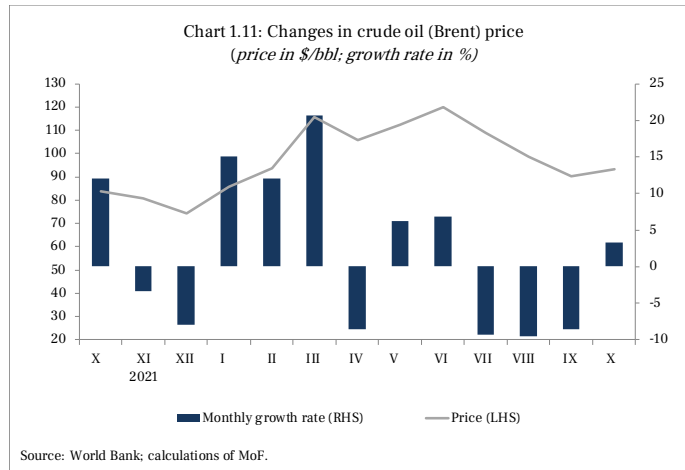
As for the Eurozone, in November 2022, inflation rate is forecast to record certain slowdown of growth, and account for 10.0% (10.6% in October). Increase of prices was due to the significant increase of energy prices by 34.9% (41.5% in October), followed by the increase of prices of food, alcohol and tobacco by 13.6% (13.1% in October), Non-energy industrial goods by 6.1% (6.1% in October) and Services by 4.2% (4.3% in October). According to the recorded inflation rates, as well as the expectations about the trends of food and oil prices on global stock markets and the armed conflict between Russia and Ukraine, ECB revised



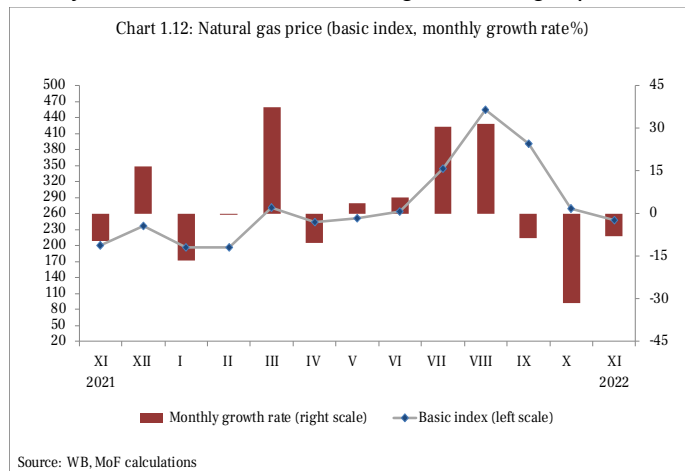
the inflation rate upwards, and in line with the projections in September, the inflation rate would reach 8.1% in 2022, 5.5% in 2023 and 2.3% in 2024.

Stock Market Prices

In November 2022, crude oil (Brent) price on the global stock markets continued to record price downward trend, thus dropping by 2.2%, reaching the price of US\$ 91.2 per barrel (for fourth month in a row, the oil price has been less than US\$ 100 per barrel). Crude oil price recorded a drastic growth as of February this year, as a result of the war between Russia and Ukraine, i.e. amid fears from supply disruptions due to the Western sanctions imposed against Russia and the potential counter-sanctions by Russia, however, in July, prices dropped as a result of the increased fears from global recession and the quarantines in China, which might cause reduced demand. Oil price was by 12.8% higher on annual basis.



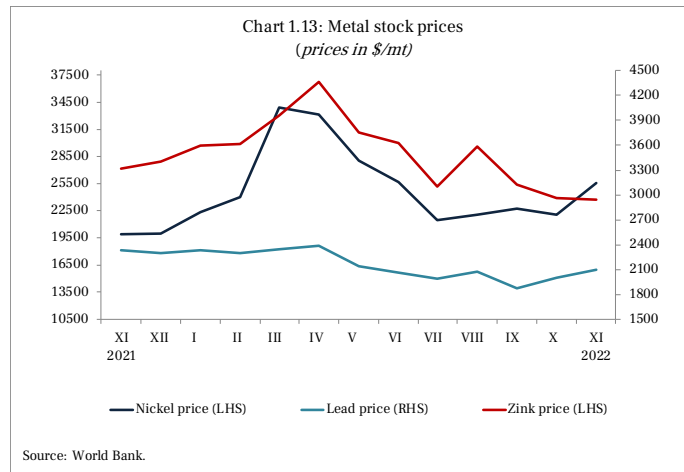
In November 2022, price of natural gas dropped by 8.0% on monthly basis. Prices of natural gas starting April 2021, continuously registered high growth rates, as a result of the increased demand boosted by the economic recovery from the pandemic, by which upward trend continued with higher intensity in 2022 due to the Russia's assault on Ukraine. Restricted supply of Russian gas in Europe contributed to record gas price growth. In August 2022, price of gas reached the highest increase this year, however, in September, the price recorded a drop as a result of the favorable weather conditions and the secured gas supplies, whereby the downward trend continued in November as well. On annual basis, natural gas price in November picked up by 22.0%.



Price of electricity, according to the Hungarian Power Exchange (HUPX) amounted to EUR 222.7 per megawatt/hour in November 2022, increasing by 14.8% on monthly basis, following the record price growth in August, when it amounted to EUR 495.3 per megawatt/hour. On annual basis, in November, price of electricity grew by 3.2%.



In November, prices of basic metals experienced monthly growth, except for the price of zinc, which dropped by 1.0%. Hence, price of aluminium surged by 4.2%, price of copper grew by 5.2%, price of lead surged by 5.0%, price of tin picked up by 9.6%, with price of nickel growing by 16%. Price of iron ore registered 0.8% growth.



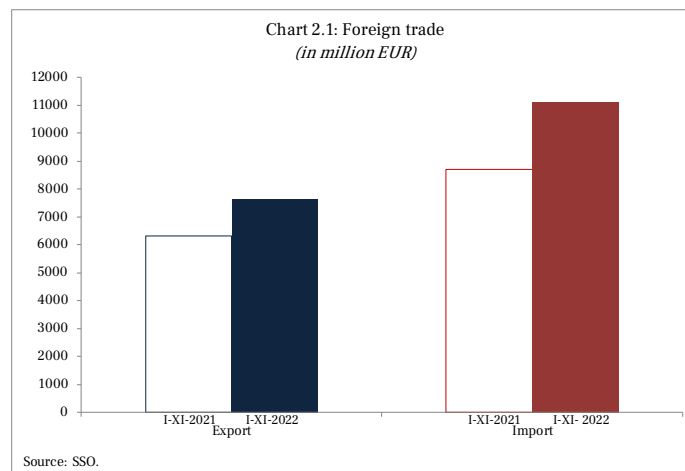
Since the beginning of 2022, price of gold registered upward growth rates, however, in April, gold price dropped, whereby the drop continued in July as well, surging in August, while experiencing drop in September and October, while getting back to the growth trajectory in November, increasing by 3.6%. In November, upward trend on monthly basis was also followed by other precious metals, thus prices of silver and platinum increased by 8.2% and 8.1%, respectively.

Price of maize on global stock markets dropped by 6.6% in November 2022, while price of sunflower oil decreased by 0.9%, on monthly basis, compared to the previous month.

2. FOREIGN TRADE

Total foreign trade in the first eleven months in 2022 amounted to EUR 18,759.4 million, increasing by 24.9% compared to the same period last year.

In the period January - November 2022, share of trade with the EU (EU 27¹) as the largest trading partner, increased by 0.3 p.p. compared to the same period last year, accounting for 59.6%. Germany is the major trading partner to our country. As for total foreign trade structure of our country, share of the trade with Germany in the first eleven months of 2022, accounted for 23.3%, decreasing by 2.3 p.p. compared to the same period in 2021.



Export

In the period January - November 2022, value of imported goods amounted to EUR 7,649.4 million, surging by 20.8% (EUR 1,319.5 million) compared to the same period in 2021, while physical output of export dropped by 1.5%.

¹ Starting November 2021, Great Britain is included in the economic group of countries - Miscellaneous countries

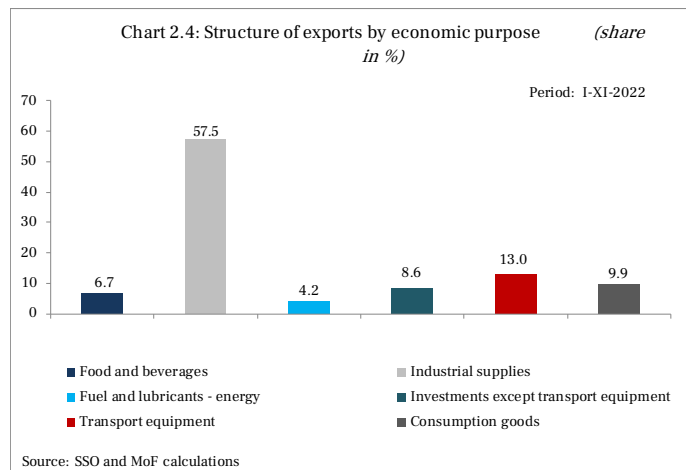
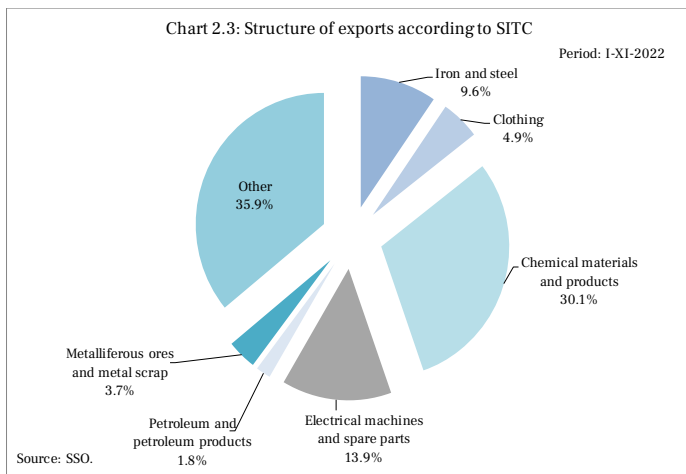
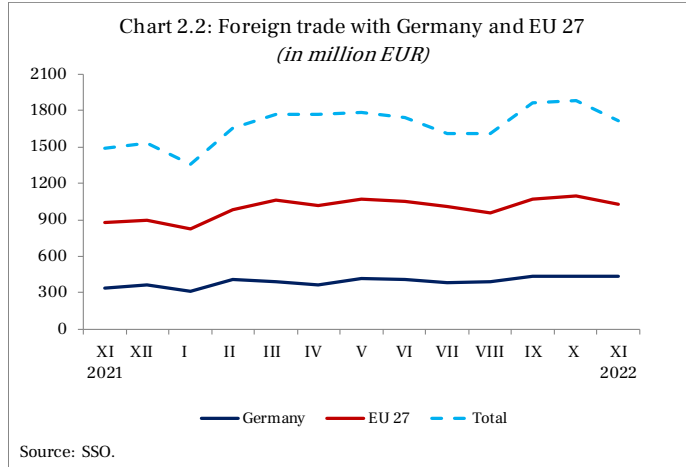


Value of exported goods amounted to EUR 717.4 million in November 2022, surging by 16.8% (EUR 103.1 million) compared to the same month of the previous year, while physical output of export decreased by 12.6% compared to November 2021.

Analyzed on monthly basis, in November 2022, export dropped by 7.4% (EUR 57.3 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly drop of 4.8%, showing negative effects of the seasonal factor (2.6 p.p.) on export this month.

Main groups of products (according to SITC²) being most exported in the period January-November 2022 were the following: chemical materials and products, electric machines and spare parts, iron and steel, wearing apparel, metalliferous ores and metal scrap, and petroleum and petroleum products. These six groups of products comprised 64.1% of the total export of the country.

Analyzed according to economic groups³ of countries, in the period January-November 2022, compared to the same period in 2020, export surged at the following groups: EU 27, EFTA, Organization of Petroleum Exporting Counties, Western Balkan Countries, North American Free Trade Agreement and



² Standard International Trade Classification

³Economic groups cover the following countries: EU 27 (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Sweden, Slovenia and Slovakia); EFTA (Switzerland, Iceland, Liechtenstein and Norway); Organization of Petroleum Exporting Countries (United Arab Emirates, Angola, Algeria, Ecuador, Iraq, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia and Venezuela); Western Balkans (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Kosovo and Serbia); North American Free Trade Agreement (Canada, Mexico and USA); Asia-Pacific Economic Cooperation (Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Mexico, Malaysia, New Zealand, Peru, Papua New Guinea, Philippines, Russia, Singapore, Thailand, Taiwan, USA and Vietnam) and Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Kyrgyzstan, Kazakhstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan).



Commonwealth of Independent States, while drop was only recorded at Asia-Pacific Economic Cooperation. Export to EU 27 grew by 22.2% annually, while export to Western Balkan countries increased by 24.0%, whereby export of goods to EU 27 and the Western Balkan countries accounted for 78.3% and 12.0%, respectively in the total export from the Republic of North Macedonia.

Import

In the period January - November 2022, value of imported goods amounted to EUR 11,110.0 million, surging by 27.8% (EUR 2,415.6 million) compared to the same period in 2021, while physical output of import dropped by 7.4%.

In November 2022, import value amounted to EUR 999.8 million, surging by 13.9% (EUR 121.6 million) compared to the same month in 2021, while imported quantities of goods declined by 23.7% compared to November 2021.

Analyzed on monthly basis, in November 2022, import dropped by 9.8% (EUR 108.8 million), compared to the previous month, and, should import be seasonally adjusted, it registered monthly decrease of 4.3%, showing negative effects of the seasonal factor (5.5 p.p.) on import this month.

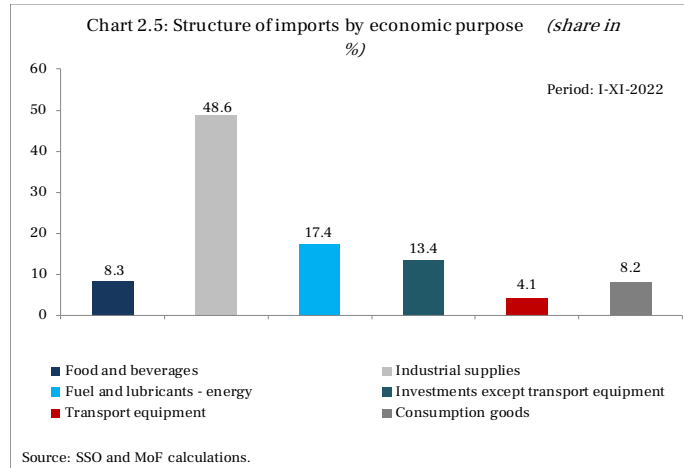


Table 2.1. Review of export and import of selected groups of products

Export of oil and oil products*)					Import of oil and oil products*)				
	I - XI - 2021	I - XI - 2022	Balance	% rate		I - XI - 2021	I - XI - 2022	Balance	% rate
000 T	151.0	140.2	-10.8	-7.2	.000 T	1,055.1	1,173.8	118.7	11.2
EUR mil.	73.9	140.1	66.2	89.5	EUR mil.	515.5	1,051.2	535.7	103.9
\$ mil.	87.5	147.1	59.6	68.2	\$ mil.	610.3	1,100.7	490.4	80.3
*)Previous data					*)Previous data				
Export of chemical products*)					Import of chemical products*)				
	I - XI - 2021	I - XI - 2022	Balance	% rate		I - XI - 2021	I - XI - 2022	Balance	% rate
000 T	74.8	72.5	-2.3	-3.1	.000 T	33.1	28.3	-4.8	-14.4
EUR mil.	1,407.5	2,301.0	893.5	63.5	EUR mil.	174.2	168.1	-6.1	-3.5
\$ mil.	1,674.7	2,417.3	742.6	44.3	\$ mil.	207.6	177.4	-30.2	-14.6
*)Previous data					*)Previous data				
Export of iron and steel*)					Import of iron and steel*)				
	I - XI - 2021	I - XI - 2022	Balance	% rate		I - XI - 2021	I - XI - 2022	Balance	% rate
000 T	691.0	624.3	-66.7	-9.7	.000 T	662.6	712.9	50.3	7.6
EUR mil.	720.0	736.0	16.0	2.2	EUR mil.	495.1	634.1	139.0	28.1
\$ mil.	853.0	784.7	-68.3	-8.0	\$ mil.	586.7	671.8	85.0	14.5
*)Previous data					*)Previous data				

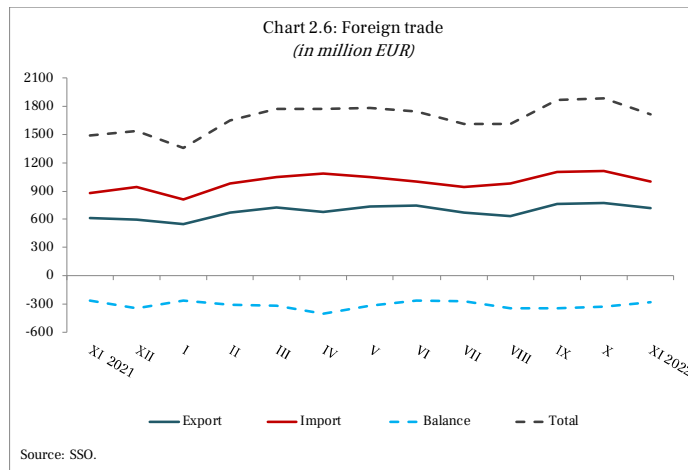
Trade Balance

In the period January - November 2022, trade deficit increased by 46.4%, i.e. by EUR 1,096.1 million, compared to the same period last year.

In November 2022, trade deficit increased by 7.0%, i.e. EUR 18.5 million compared to November 2021.



If we analyze the balance of export and import of goods by economic purpose, deficit increase was a result of the widened deficit of the trade in fuels and lubricants, investments goods without transport equipment, and food and beverages. On the other hand, decrease of deficit in the trade of industrial supplies and consumer goods, as well as increase of the positive balance in the trade with transport equipment contributed to decreasing the negative balance.



In the period January - November 2022, 98.1% of the trade deficit of the country was realized in the trade with Great Britain, Greece and China, followed by: Türkiye, Serbia, Russia, Poland, Bulgaria, etc. Surplus was realized in the trade with Germany, Kosovo, Hungary, Spain and Belgium.

Currency Structure

Observed by currency structure, 90.1% of the trade in the period January-November 2022 was realized in euros, and compared to the same period in 2021, it dropped by 0.4 percentage points. On export and import side, euro accounted for 92.7% and 88.3%, respectively, whereby share of the euro in export was lower by 0.5 p.p., while share of the euro in import decreased by 0.3 p.p. compared to the period January – November 2021.

import	I - XI - 2021						I - XI - 2022						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	structure in %			
EUR	4,810.6	7,697,740,374	61.6252	474,374,790,119	88.5	4,970.7	9,805,252,147	61.6213	604,212,384,120	88.3	2,107,511,773	27.4		
USD	2,073.5	1,091,917,045	51.2797	55,993,178,469	10.5	1,408.5	1,291,912,988	58.6334	75,749,251,008	11.1	199,995,944	18.3		
GBP	1.5	16,016,584	71.1297	1,139,254,848	0.2	1.7	18,778,315	72.4361	1,360,227,877	0.2	2,761,730	17.2		
EUR+USD+GBP	6,885.6			531,507,223,435	99.0	6,380.8			681,321,863,004	99.5				
ot. import	6,903.3			535,804,285,413	100.0	6,394.0			684,609,418,203	100.0		27.8		

3. FISCAL SECTOR

Budget Revenues According to the Economic Classification

In the period January – November 2022, total budget revenues reached an amount of Denar 219,316 million, i.e. 26.4% of GDP, showing higher performance by 11.3% in relation to the same period in 2021. Compared to November last year, budget revenues decreased by 0.9%, while revenues increased by 13.2% and 8.9%, respectfully in the months of September and October.

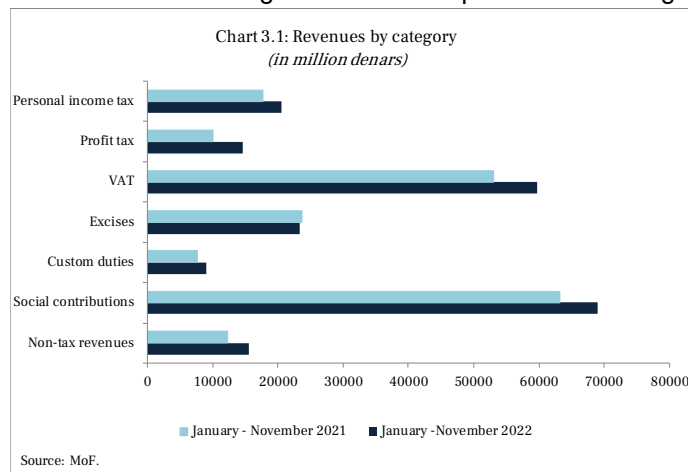


Tax revenues were collected in the amount of Denar 127,820 million, being higher by 13.4%, compared to the period January – November 2021, mostly as a result of the higher increase of revenues on the basis of VAT, import duties, profit tax, as well as PIT.

VAT revenues usually predominate by accounting for 46.7% of total tax revenues, the collection of which amounted to Denar 59,670 million, increasing by 12.4% in relation to the same period in the previous year. Thereby, this year, VAT collection amounted to Denar 100,172 million on gross basis, out of which Denar 40,502 million was refunded to taxpayers (gross collection was higher by 24.4%, while VAT refund was higher by 47,.4% compared to the period January - November 2021). As for VAT structure, collection of VAT when importing accounted for the most, increasing by 22.7%, while VAT revenues collected on the basis of sales in the country picked up by 27.9%.

Revenues on the basis of excises were collected in the amount of Denar 23,330 million (participating with 18.3% in the tax revenues), declining by 1.3% compared to the period January – November 2021. Hence, revenues collected on the basis of these two indirect taxes alone amounted to Denar 83,000 million, i.e. 64.9% of total tax revenues in the period January – November 2022.

PIT revenue collection amounted to Denar 20,552 million, increasing by 16.2% on annual basis. Thereby, revenues on the basis of tax on wages and other personal earnings accounted for 65.3% thereof, capital revenues accounted for 8.5%, revenues on the basis of contractual agreement accounted for 8.1%, revenues on the basis of games of chance and award games accounted for 7.1%, and revenues on the basis of other types of income tax accounted for 11.0%.



In the period January – November 2022, profit tax revenues were collected in the amount of Denar 14,571 million, thus increasing by 44.9% compared to the same period last year, as a result of the favourable performance as regards tax balances, significantly surging by 50.8%, as well as monthly advance payments picking up by 49.4%.

Revenues on the basis of customs duties were collected in the amount of Denar 9,081 million, increasing by 18.4%. Revenues on the basis of other taxes were collected in the amount of Denar 616 million in the period January – November 2022.

Revenues on the basis of social contributions were collected in the amount of Denar 68,990 million, which was higher by 9.0% compared to the period January – November last year. Thereby, collection of employment contributions was higher by 9.1%, health insurance contributions grew by 9.1%, while pension and disability insurance contributions surged by 9.0%.

Non–tax revenues were collected in the amount of Denar 15,579 million and, in relation to the period January - November 2021, they were higher by 26.6% (these revenues include revenues on the basis of profit generated by the public institutions, revenues collected on the basis of administrative fees and fines, concessions, etc.).



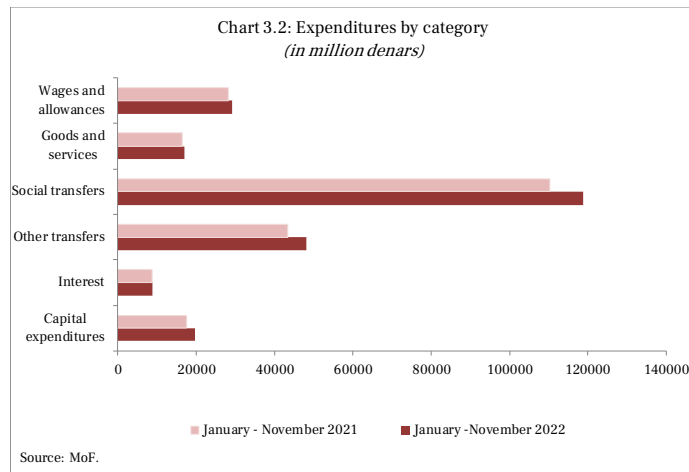
Capital revenues realized on the basis of sale of construction land, flats and dividends reached Denar 2,214 million, increasing by 25.1% compared to the period January–November last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 2,821 million, decreasing by 50.2% compared to the period January – November 2021.

Budget Expenditures According to the Economic Classification

Total budget expenditures amounted to Denar 243,141 million in the period January – November 2022, i.e. they accounted for 29.2% of GDP, being higher by 7.1% compared to the same period last year.

With respect to the structure of total executed expenditures, current expenditures, amounting to Denar 223,563 million, accounted for 91.9% and they increased by 6.8% in relation to the period January – November 2021.



Expenditures related to wages and allowances were executed in the amount of Denar 29,165 million, increasing by 3.1% on annual basis, accounting for 12.0% of the total budget expenditures.

Expenditures related to goods and services amounted to Denar 17,132 million, increasing by 4.0% compared to the same period in 2021.

Funds allocated for transfers amounting to Denar 168,458 million accounted for the most in the current expenditure items. Such expenditures grew by 8.0% compared to the period January – November 2021, participating with 69.3% in the total expenditures.

As regards transfers, social transfers grew by 7.6%, amounting to Denar 118,703 million, accounting for 48.8% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 71,245 million, increasing by 8.7% compared to the period January – November 2021 and accounting for 29.3% of the total expenditures. Category other transfers increased by 10.5%, whereby subsidies and transfers amounted to Denar 26,914 million, increasing by 12.4%. Block grants to local government units, amounting to Denar 18,591 million, experienced 6.4% growth compared to the same period last year.

During the analyzed period, funds for capital expenditures were executed in the amount of Denar 19,578 million, participating with 8.1% in the total expenditures, i.e. increasing by 11.3% compared to the period January – November 2021.

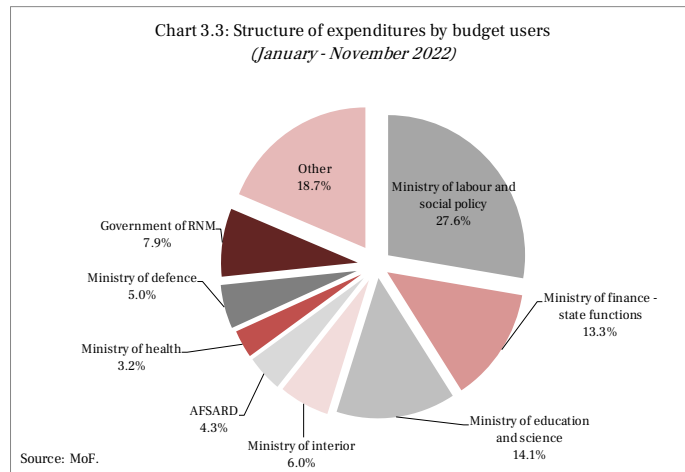
Expenditures by Budget Users

Review of budget expenditures for the largest budget users is shown below, the total annual budget of which accounts for over 80% of the total budget of all budget users.



In the period January – November 2022, Ministry of Labor and Social Policy executed funds in the amount of Denar 49,377 million or 92.0% of its total budget for the current year. Thereby, most of the expenditures (68.3%) in this period were allocated for current transfers to extra-budgetary funds, for which Denar 33,726 million was spent or 95.8% of the funds allocated for 2022. The second highest expenditure category were the social benefits, participating with 22.6% in the total expenditures, whereby 89.7% (Denar 11,158 million) of the projected funds was spent for this purpose in 2022.

Government of the Republic of North Macedonia spent total of Denar 14,053 million, i.e. 71.3% of the funds projected for 2022, in the period January – November 2022. Thereby, subsidies and transfers accounted for 69.2% of total expenditures of this budget user, Denar 9,728 million (83.8% of the projected funds) being spent therefore.



During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 25,134 million, i.e. 85.9% of its total 2022 budget. Current transfers to LGUs accounted for the most of the expenditures (62.3%), Denar 15,665 million being spent therefore or 90.9% of total projected funds. Wages and allowances were the second highest expenditure category, participating with 17.2%, Denar 4,319 million being spent therefore, i.e. 89.0% of the total projected funds.

In the period January – November 2022, Denar 23,712 million, i.e. 78.0% of the funds projected for the current year was spent through the organizational code Ministry of Finance – Functions of the State⁴. Interest payments (Denar 8,797 million) is convincingly the main category in the total expenditures of this budget user, accounting for 37.1% of its total expenditures, with 94.0% of the projected expenditures, being executed. Principal repayment is also a main category, with Denar 7,483 million being allocated (64.4% of the projections), i.e. 31.6% of the total expenditures of this budget user.

In the period January – November 2022, Ministry of Internal Affairs executed budget funds in the amount of Denar 10,645 million, accounting for 90.4% of this year's total budget. Expenditures related to wages and allowances accounted for the most with 68.2%, Denar 7,255 million being spent therefore in this period, (accounting for 91.1% of the total funds projected for the current year). Expenditures related to goods and services accounted for 21.2% of total expenditures, Denar 2,255 million being spent therefore during the analyzed period, i.e. 89.0% execution of the total projected funds.

During the analyzed period, Ministry of Defence executed expenditures in the total amount of Denar 9,019 million, accounting for 69.9% of its 2022 budget. Wages and allowances were the highest expenditure category, participating with 44.5%, Denar 4,017 million being spent therefore, accounting for 90.3% of the projected ones. The second highest expenditure category was goods and services, participating with 26.6%, funds in the amount of Denar 2,398 million being spent therefore, or accounting for 69.4% of the annual projections.

⁴As regards the Organizational Code "Functions of the State", the following activities are included: timely servicing of liabilities of the state on the basis of domestic and foreign borrowing; regular payment of operating costs of the state upon prior submitted payment documentation; share in the capital of international financial institutions; payment of VAT on the basis of capital investments funded by donations, financing projects by individual IPA components, etc.



In the period January – November 2022, Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 7,606 million, accounting for 86.4% of the funds projected for the current year. Subsidies and transfers predominantly accounted for 91.8% thereof, with Denar 6,984 million being executed therefor or 88.5% of the total funds projected for 2022.

In the period January – November 2022, Ministry of Health executed budget funds in the amount of Denar 5,749 million, i.e. 75.0% of its total 2022 budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 45.5%, for which, Denar 2,617 million was spent or 74.8% of the projected funds. Expenditures related to goods and services were the second most significant item in the total expenditures for this budget user, accounting for 43.1%, with Denar 2,477 million being executed therefore in this period, or 74.9% of the funds projected for 2022.

During the analyzed period, Ministry of Transport and Communications executed funds in the amount of Denar 3,346 million, i.e. 58.1% of its total budget for the current year. Capital expenditures accounted for the most with 72.2%, with Denar 2,417 million being spent therefor or 55.6% of the projected funds, while expenditures for subsidies and transfers (accounting for 20.5% of the total expenditures) were executed in the amount of Denar 686 million or 67.9% of the funds projected for the current year.

Detailed data on each budget user are presented in the statistical annex attached at the following link (<http://finance.gov.mk/mk/node/693>).

Budget Balance

In the period January – November 2022, budget deficit of the Republic of North Macedonia reached the amount of Denar 23,825 million, accounting for 2.9% of GDP, while central budget deficit amounted to Denar 22,856 million, accounting for 2.7% of GDP. Budget deficit in the period January – November 2022 accounted for 55.8% of total budget deficit projected for 2022.

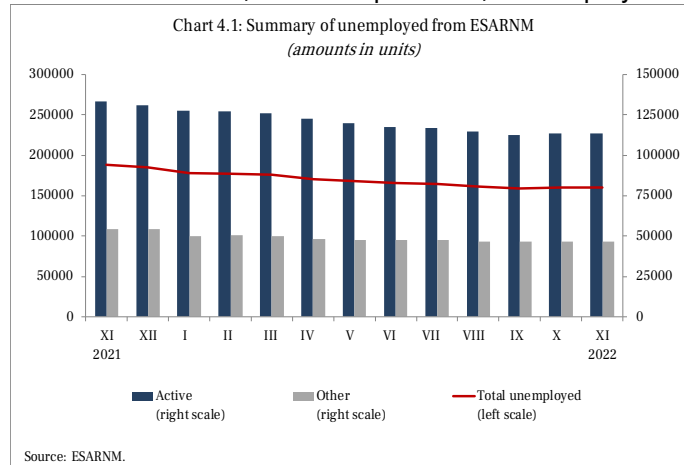
4. SOCIAL SECTOR

Established Work Contracts and Registered Unemployed Persons in EARNM

In November 2022, Employment Service Agency registered total of 187,433 new employments. Total number of newly employed persons was higher by 4.0% compared to the same month in 2021, thus continuing the annual upward trend of new employments, being halted in August 2022. Upward trend of new employments commenced in April 2021, as a result, among the other, of the base effect as well, after in April 2020, the employment dynamics was slowed down due to the adverse effects of the pandemic.

As regards the total number of newly employed, 40.6% was engaged on permanent basis, while the rest of the employed were engaged on temporary basis and as seasonal workers. In November 2022, 16.8% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed





persons in November 2022 was 160,125, out of which 113,574 persons were active job seekers, while 46,551 persons were from the category “other unemployed”. On annual basis, total number of unemployed people significantly reduced by 14.9%. Compared to the previous month, number of unemployed people decreased by 441, thus resuming the downward trend of the number of unemployed people, being halted in October 2022. Monthly downward trend of the number of unemployed people commenced in March 2021, after the number of unemployed people was generally increasing throughout 2020 until February 2021.

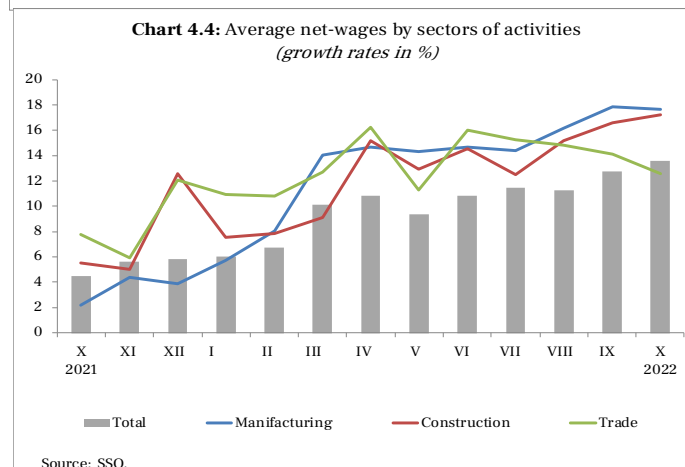
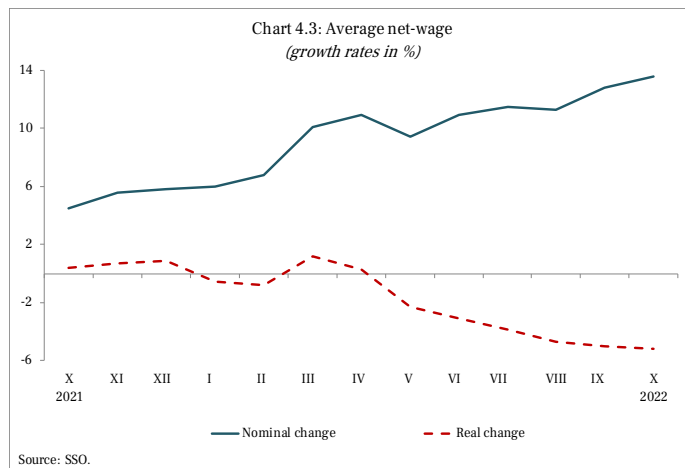
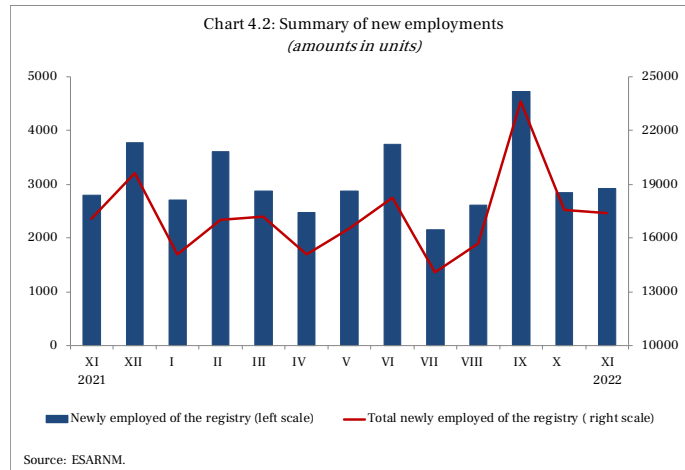
Major percentage of the unemployed (60.5%) came from urban areas (cities), whereby 48.5% were men. Analyzed by the level of education, majority, i.e. 67.2%, of the unemployed persons were with incomplete secondary education or less, 24.6% were with completed secondary education, while 8.3% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, most of the unemployed persons or 49.5% of the unemployed people belong to the group aged 25-49 years. According to the time they waited for a job, 61.9% of the unemployed persons wait for employment from 1 to 7 years, while 11.3% wait for employment for 8 years and more.

Wages

In October 2022, average net wage increased by 13.6% on annual basis, being higher by 1.7% compared to September 2022. The highest increase of average net wage, in relation to October 2021, was observed at the following sectors: Arts, entertainment and recreation (19.6%), Accommodation and food service activities (19.3%) and Manufacturing (17.6%). In October 2022, wages dropped by 5.2% in real terms on annual basis.

Average nominal gross wage in October 2022 increased by 13.8%



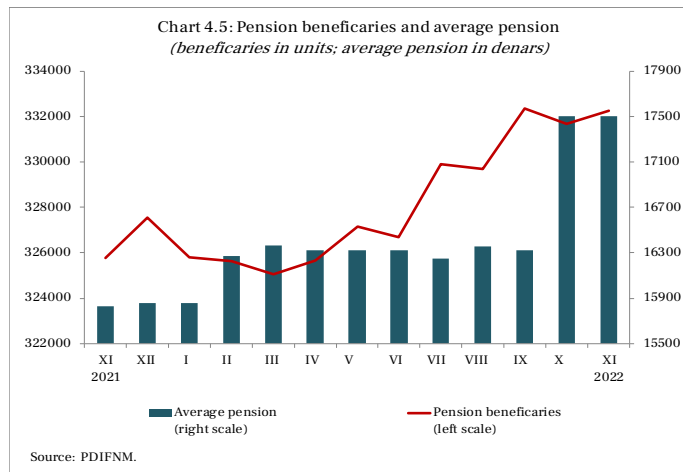


compared to the same month in 2021, being higher by 1.7% on monthly basis. The highest increase of average gross wage in October 2022, compared to October in 2021, was recorded in the following sectors: Arts, entertainment and recreation (20.3%), Accommodation and food service activities (19.7%) and Manufacturing (18.0%). In October, real gross wage dropped by 5.0% annually.

Pensions

In November 2022, Pension and Disability Insurance Fund registered 332,239 pensioners. As regards the total number of pensioners, 69.0% were beneficiaries of old-age pension, 22.5% of survival pension and 8.6% of disability pension.

Average pension in November 2022 amounted to Denar 17,501, being higher by 10.6% compared to the same month in 2021⁵. Ratio between the average pension and the average paid wage in October 2022 (the most recent available data) was 52.9%.

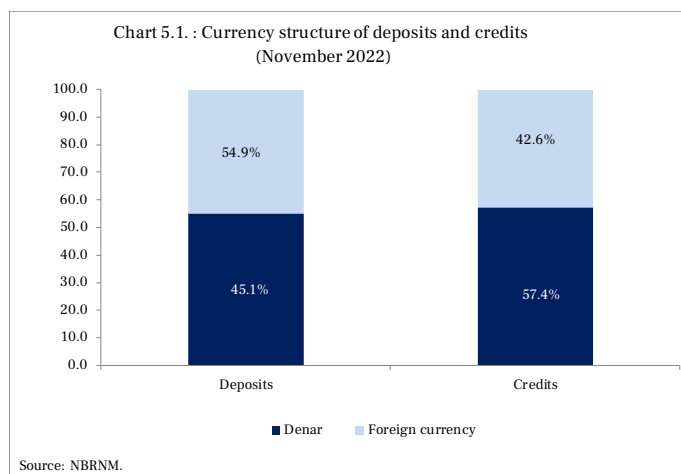


In November 2022, average old-age pension amounted to Denar 18,911, average disability pension amounted to Denar 15,647, while average survival pension amounted to Denar 13,882. In November 2022, Denar 5,756 million was spent for payment of pensions, accounting for 51.4% of the total social transfers.

5. MONETARY AND FINANCIAL SECTOR

In November 2022, in response to the rising inflation, National Bank increased its policy rate by 0.75 p.p., accounting for 4.25%, upon its previous increase by 0.5 p.p. in October. Tightened monetary policy is a result of the previously undertaken measures for stabilizing the monetary policy, resulting from the rising inflation, all to the end of preserving the stability of the exchange rate and the medium-term price stability.

At the session held in November, as per the policy rate increase, the National Bank increased the interest rates on the available both overnight deposits and the 7-day deposits, by 0.75 p.p. to 2.15% and 2.20%, respectively.



⁵Military and agricultural pensions are not included when calculating the average pension.



Primary Money

In November 2022, primary money⁶ picked up by 5.1% on annual basis. Growth of primary money was a result of increase of total liquid assets by 10.7%, while currency in circulation dropped by 0.1%.

On monthly basis, primary money grew by 1.6%, as a result of increased total liquid assets of banks by 4.7%, while currency in circulation decreased by 1.3%.

Deposit potential⁷

In November 2022, total deposits of banks grew by 1.7% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of private enterprises increased by 6.2%, while deposits of households remained unchanged.

Analyzed by currency, in November 2022, compared to the previous month, Denar deposits and foreign currency deposits picked up by 1.9% and 1.6%, respectively.

Total deposit potential in November 2022 grew by 5.0% on annual basis. Analyzed by currency, domestic currency deposits increased by 1.2% on annual basis, while foreign currency deposits picked up by 10.1%, compared to the same month last year.

From sector point of view, this month, deposits of enterprises grew by 4.3%, while deposits of households increased by 5.3%, on annual basis.

According to maturity, short-term deposits surged by 8.7%, while long-term deposits decreased by 4.0%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 54.9%.

Table 5.1. Deposit potential and credits to private sector;

Deposit potential and credits to private sector (November 2022)	Denar million	Monthly change	Annual change
Deposit potential	479,109	1.7%	5.0%
By currency:			
Denar	263,003	1.9%	1.2%
Foreign currency	216,106	1.6%	10.1%
By maturity:			
Short-term	212,513	1.6%	8.7%
Long-term	94,605	0.5	-4.0%
Credits to private sector	417,121	0.4%	9.6%
By currency:			
Denar	239,405	0.1%	6.2%

⁶Primary money is calculated as a sum of currency in circulation (including cash in hand), denar and foreign currency reserve requirement and the surplus of liquid assets over the reserve requirement.

⁷NBRNM published the data from the monetary statistics, statistics of other financial corporations and the statistics of interest rates according to the new methodology. Methodologic changes were made for the purpose of harmonization with the recommendations under the newly published IMF Monetary and Financial Statistics Manual and Compilation Guide as of 2016 (MFSMCG – IMF, 2016) and the IMF Technical Mission in the field of monetary and financial statistics in NBRNM as of 2015.



Foreign currency	177,716	0.8%	14.6%
By maturity:			
Short-term	69,947	-0.1%	16.5%
Long-term	331,659	0.7%	9.1%
Doubtful and contested claims	12,476	-5.1%	-2.8%

Source: NBRNM

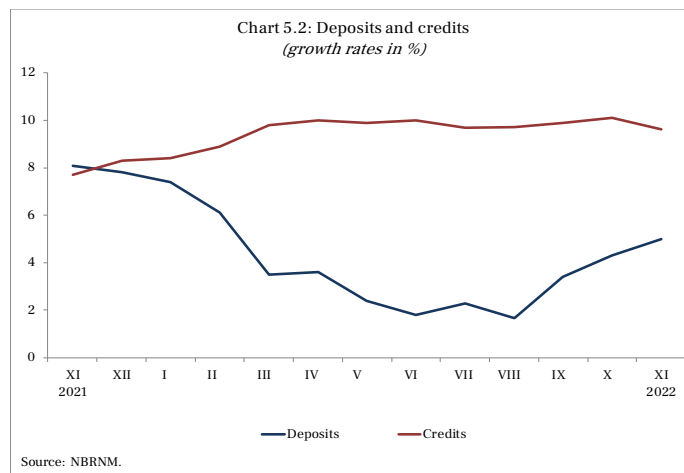
Bank Credits

In November 2022, total credits of banks to the private sector surged by 0.4% compared to the last month. Sector analysis shows that credits to households and credits to enterprises increased by 0.5% and 0.2% respectively, on monthly basis.

Analyzed by currency, in November 2022, Denar and foreign currency credits surged by 0.1% and 0.8% respectively, on monthly basis.

On annual basis, total credits grew by 9.6% in November 2022, in conditions of growth of both credits to households by 7.5% and credits to enterprises of by 12.1%. Denar credits surged by 6.2%, while foreign currency credits increased by 14.6%.

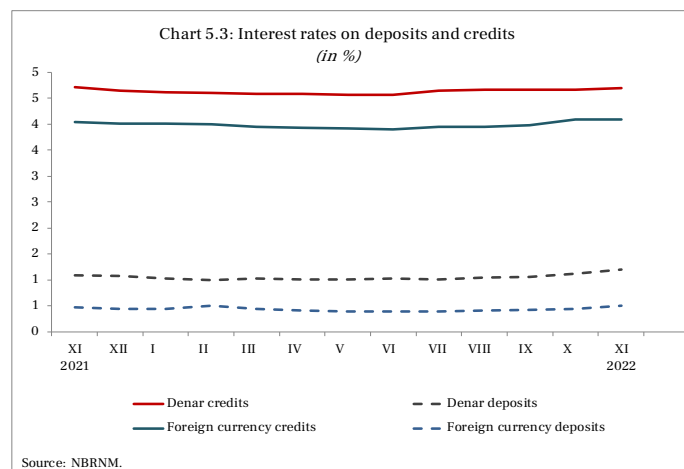
As regards maturity, long-term credits experienced annual growth of 9.1% and short-term credits picked up by 16.5%.



Interest Rates of Deposit Banks

In November 2022, total interest rate on credits increased by 0.01 p.p. compared to the previous month, accounting for 4.41%. Interest rate on Denar credits increased by 0.02 p.p. on monthly basis, accounting for 4.69% while interest rate on foreign currency credits remained unchanged, accounting for 4.09%.

Total interest rate on deposits grew by 0.03 p.p. in November 2022, compared to last month, accounting for 0.77%. Interest rate on Denar deposits increased by 0.06 p.p., accounting for 1.18%, while interest rate on foreign currency deposits surged by 0.02 p.p. compared to the previous month, accounting for 0.47%.



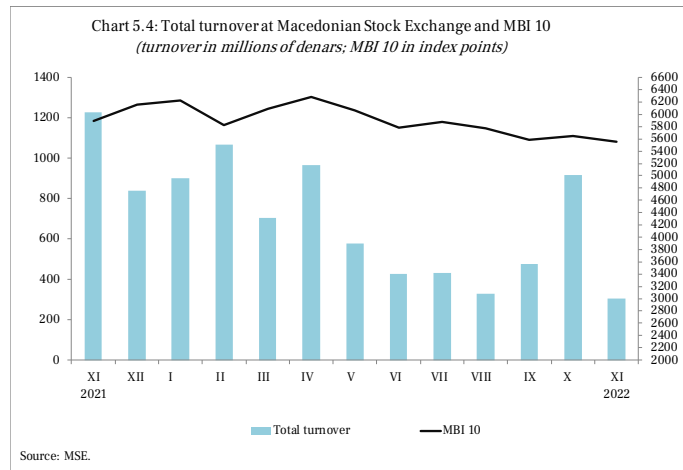


Capital Market

As for the capital market, in November 2022, total turnover on the stock exchange registered a drop of 66.7% on monthly basis, as a result of the decrease of the turnover from the trading in best and the turnover on the basis of block transactions by 10.1% and 75.5%, respectively.

Total turnover on the stock exchange amounted to Denar 304.4 million in November 2022, being a decline of 75.2% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 5,557.94 index points at end of November 2022, whereby the index dropped by 1.7% on monthly basis, while, compared to the same month last year, the index was lower by 5.6%.



Reserve Assets

Gross reserve assets at the end of November 2022 amounted to EUR 3,824.28 million and, compared to the previous month, they were higher by 1.9%, while compared to November 2021, they increased by 7.1%.