



## SHORT-TERM ECONOMIC

## TRENDS



September 2023



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**SUMMARY**  
**OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS**  
**September 2023**

- Industrial production surged by 4.5% in September 2023 compared to the same month last year;
- In September, inflation rate accounted for 6.6% on annual basis (8.3% in August 2023). On monthly basis, inflation rate decreased by 0.1%;
- Export in the period January - September 2023 increased by 1.4%, while import declined by 8.4%, resulting in decrease of the trade deficit by 29.5% compared to the same period in 2022;
- In the period January - September 2023, total budget revenues were collected in the amount of Denar 197,479 million, i.e. 22.3% of GDP, showing higher performance by 10.6% in relation to the same period in 2022;
- In the period January – September 2023, total budget expenditures amounted to Denar 225,042 million, i.e. 25.4% of GDP, which was higher by 15.6% compared to the same period in the previous year;
- Total credits of banks in September 2023 grew by 5.8% on annual basis, while total deposit potential of banks surged by 8.9%.



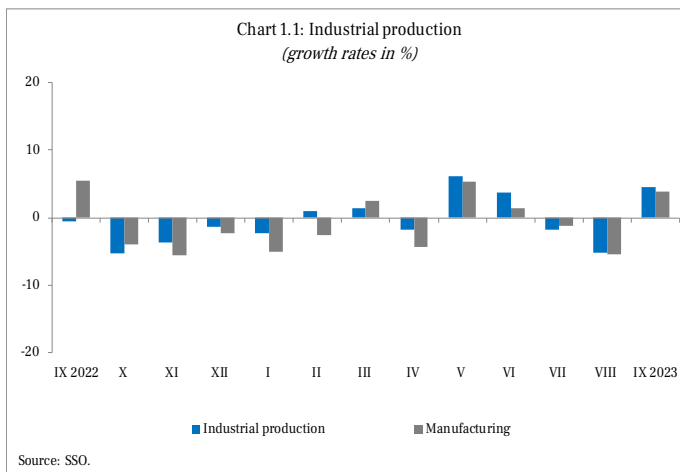
## 1. REAL SECTOR

### Industrial Production

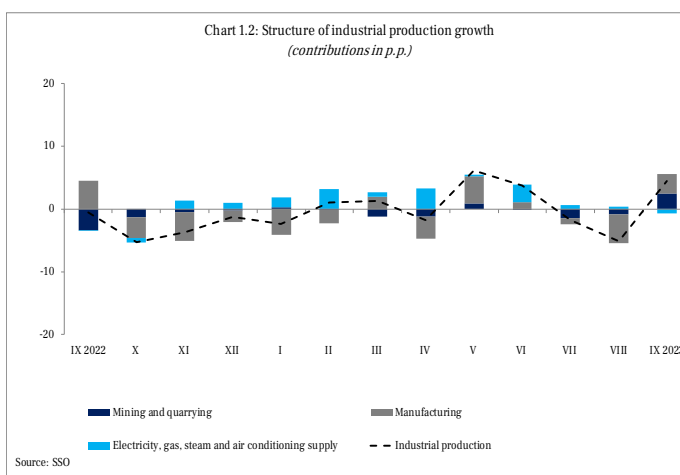
Industrial production surged by 4.5% in September 2023 compared to the same month last year. Growth in September 2023 was a result of the increased production in the sectors: Mining and quarrying by 23.4% and Manufacturing by 3.8%, while Electricity, gas, steam and air conditioning grew by 10.1%.

In September 2023, growth in production was registered only at 12 out of total of 27 industrial branches, comprising 41.5% in the total industry.

As for branches with higher value added, increase in September 2023 was observed at Manufacture of machinery and equipment by 1.3% and contribution by 0.1 p.p., Manufacture of metals by 189.6% with contribution of 11.3 p.p., while reduction was seen in the branches: Manufacture of motor vehicles, trailers and semi-trailers by 3.3% and contribution of -0.3 p.p., with Manufacture of electrical equipment reducing by 12.2% and contribution of -0.8 p.p..



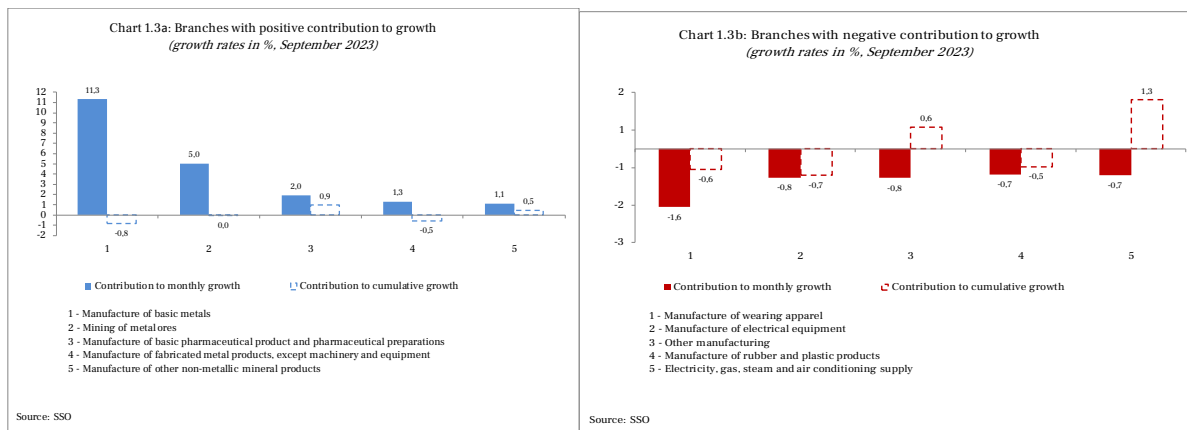
Traditional branches in September 2023 recorded growth of production only at Manufacture of beverages by 23.4% and contribution of 0.9 p.p., while reduction of production was recorded at the following branches: Food industry by 3.7% and contribution of -0.4 p.p., Manufacture of tobacco goods by 56.7% and contribution of -0.5 p.p., Manufacture of textile by 2.7% and contribution of -0.1 p.p., Manufacture of wearing apparel by 22.0% and contribution of -1.6 p.p., Manufacture of leather by 43.3% and contribution of -0.3 p.p., and Manufacture of wood and wood and cork products by 23.6% and contribution of -0.3 p.p..



Increased industrial production, according to the purpose of the production units in September 2023 was a result of the increased production in the following branches: Intermediary goods, except energy (increase by 21.5%, contribution of 7.4 p.p.) and Capital goods (growing by 0.7% and contribution of 0.1 p.p.), while decrease in the production was seen at the following branches: Energy (dropping by 10.5% with contribution of -0.9 p.p.), Durable consumer goods industry (dropping by 6.8% and contribution of -0.3 p.p.) and Non-durable consumer goods industry (dropping by 1.8% and contribution of -0.6 p.p.).

On cumulative basis, in the period January – September 2023, industry grew by 0.7%, being a result of the increased production at Electricity, gas, steam and air condition sector by 18.6% (contribution of 1.3 p.p.), while reduction of production was seen at Mining and quarrying by 2.4% (contribution of -0.3 p.p.) and Manufacturing by 0.4% (contribution of -0.3 p.p.).

On cumulative basis, in the period January – September 2023, industry grew by 0.7%, being a result of the increased production at Electricity, gas, steam and air condition sector by 18.6% (contribution of 1.3 p.p.), while reduction of production was seen at Mining and quarrying by 2.4% (contribution of -0.3 p.p.) and Manufacturing by 0.4% (contribution of -0.3 p.p.).



As per the purpose of production units, in the period January - September 2023, growth was seen at the following groups: Energy (10.2%), Capital goods (7.2%) and Non-durable consumer goods industry (1.8%), while drop was seen at the following branches: Intermediary goods, except energy (6.0%) and Durable consumer goods industry (4.2%).

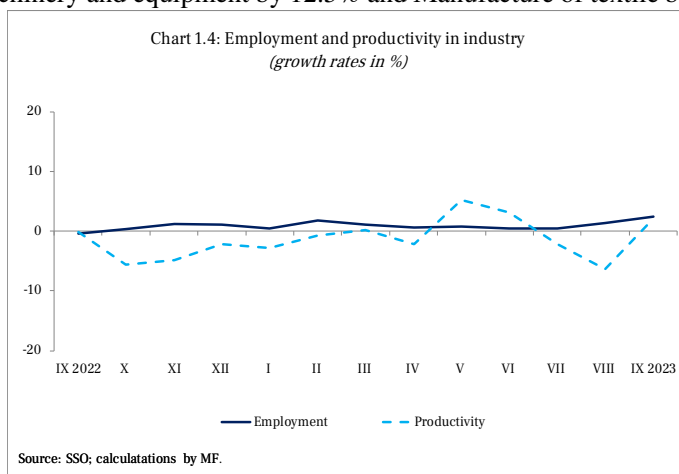
### Number of Employees in the Industry

In September 2023, number of employees in the industry increased by 2.4% compared to the same month in the previous year. Growth was due to the increased number of employees in Manufacturing by 3.1%, while reduction in the number of employees was seen at the sectors Mining and quarrying by 1.6% and Electricity, gas, steam and air conditioning supply by 5.1%. Increase in the number of employees was seen at the following branches: Manufacture of motor vehicles, trailers and semi-trailers by 18.5%, Repair and installation of machinery and equipment by 12.5% and Manufacture of textile by 11.1%.

In September 2023, compared to the same period last year, data on the number of employees in the industry by target groups showed increase in the number of employees only at Capital goods by 15.7%.

Cumulative data show that number of employees in the industry in the period January – September 2023 picked up by 1.1%, as a result of the increased number of employees in Manufacturing by 1.6%, while drop of the number of employees was recorded at the sectors Mining and quarrying by 2.4% and Electricity, gas, steam and air-conditioning supply sector by 4.3%.

As regards target groups, number of employees in the industry in the period January - September 2023 increased only at Capital goods by 12.9%.





### Number of Issued Building Permits and Expected Value of Works

In September 2023, when total of 326 building permits were issued, being a significant growth of 17.7% compared to the same month in 2022, resulting from the annual growth of issued building permits, pertaining to buildings (participating with 57.1% in the total number of issued building permits) by 38.8%, as well as reconstruction facilities, dropping by 11.6%. Compared to August 2023, number of issued building permits dropped by 5.2%. Expected value of works, according to the issued building permits in September 2023, picked up by 43.8% on annual basis, while compared to the previous month, it declined by 5.1%.

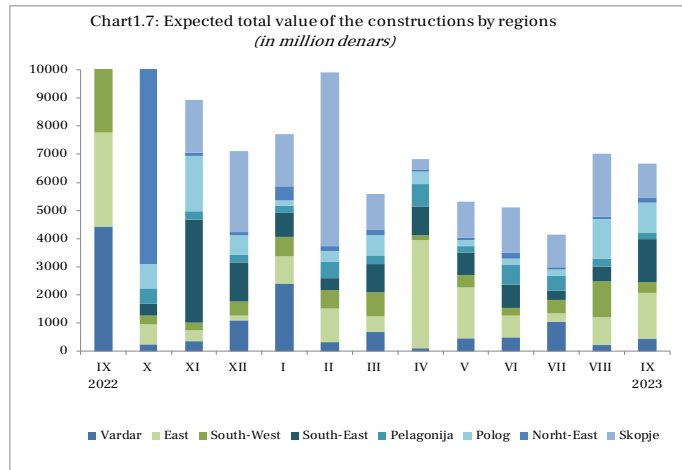
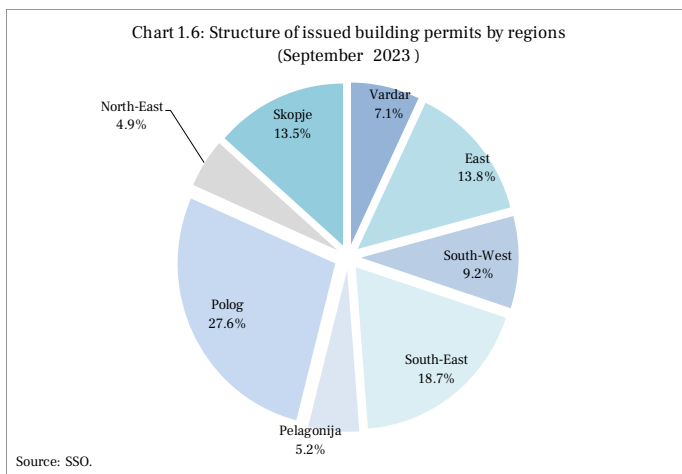
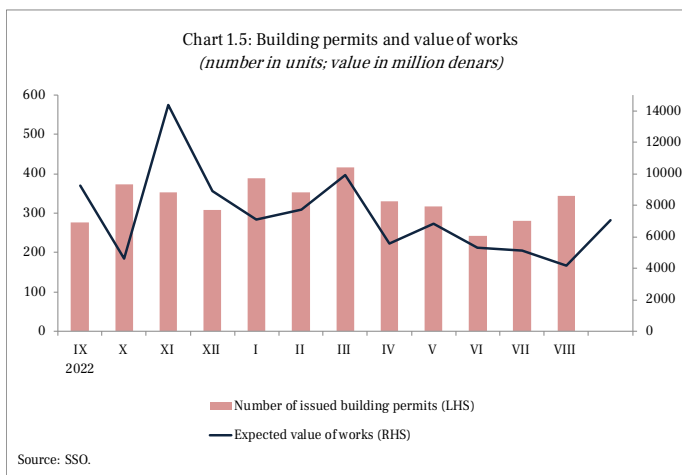
Analyzed by types of constructions, out of the total number of issued building permits, 186 (or 57.1%) were intended for buildings, 79 (or 24.2%) for civil engineering structures and 61 (or 18.7%) for reconstruction.

Analyzed by types of investors, out of total 326 issued building permits, individuals were investors in 192 facilities (or 58.9%), while business entities were investors in 134 facilities (or 41.1%).

In September 2023, construction of 773 flats was envisaged, with total usable area of 72,274 m<sup>2</sup>. Number of flats envisaged for construction declined by 18.0% on monthly basis, while increasing by 81.0% on annual basis.

### Number of Completed Construction Works by Types of Facilities

In August 2023, construction works were completed with total value of Denar 2,240 million, being nominal annual drop of 19.6% as regards buildings by 16.2% and civil engineering structures by 22.7%. Compared to July 2023, total value of completed construction works dropped by 16.9%, 21.4% at civil engineering structures, while decreasing by 11.7% as regards the buildings. In cumulative terms, in the period January – August 2023, value of performed construction works amounted to Denar 18,289 million, being higher by 2.0% compared to the same period last year.

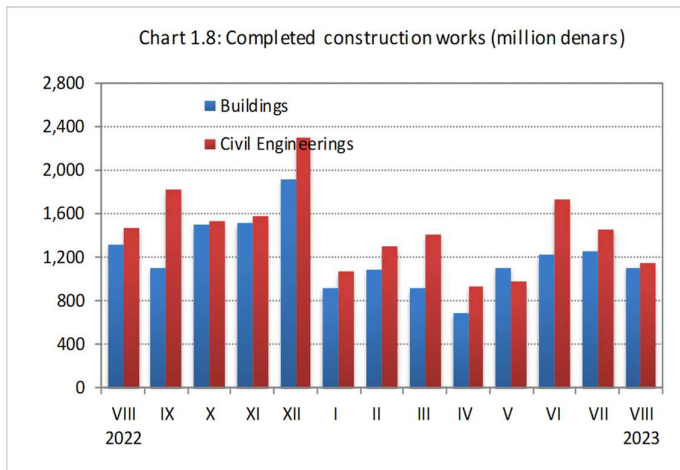






Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 10,008 million were completed in the first eight months, i.e. 1.5% more compared to the same period last year. Value of completed works at building in this period increased by 2.5%, amounting to Denar 8,281 million.

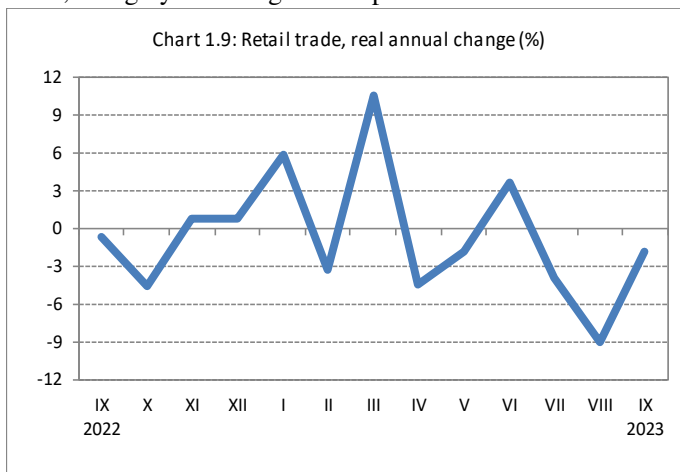
In real terms, in the period January - August 2023, value of completed construction works increased by 8.4%, with both civil engineering structures (9.0%) and buildings (7.7%) recording growth.



### Trade Sector Turnover

In September 2023, data on internal data demonstrated nominal annual decrease in the turnover by 0.1%, following the 1.1% growth in August. In September 2023, value of turnover amounted to Denar 63.587, whereby in cumulative terms, in the period January - August 2023, value of total turnover in the trade amounted to Denar 565,666 million, being by 8.1% higher compared to the same month last year.

In the period January - September 2023, in cumulative terms, increase in the turnover was also seen at the sectors trade in motor vehicles, which turnover value amounted to Denar 35,224 million, i.e. higher by 20.2% compared to the same month last year, amounting to Denar 302.964 million at wholesale trade, being higher by 9.5% higher compared to the same month last year, with the turnover value at retail trade amounting to Denar 227.478 million, being higher by 4.8% compared to the same month last year.



In real terms, retail trade in September 2023 recorded annual drop by 1.8%, while analyzed by groups and classes, reduction was also seen in two groups, such as: retail trade in automotive fuels by 5.0%, retail trade in food products by 3.9%, whereby increase was seen only at retail trade in food, beverages and tobacco by 2.1%.

In September 2023, wholesale trade (52.63%) accounted for the most in the Trade sector, followed by retail trade (40.73%) and trade in motor vehicles and motorcycles, repair and their maintenance (6.64%).



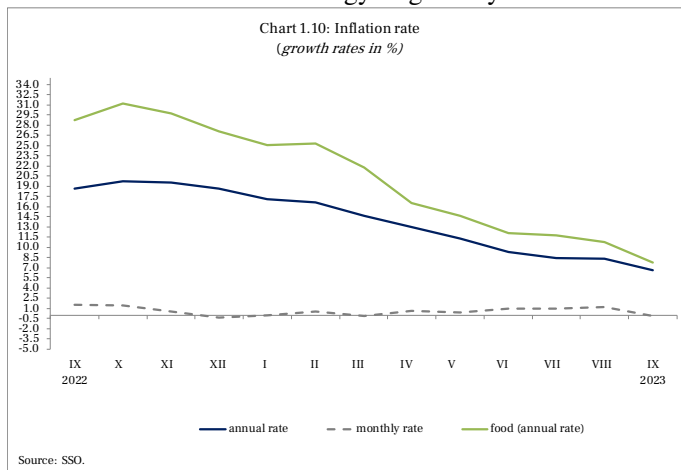
## Inflation

In September, inflation rate accounted for 6.6% (8.3% in August 2023), while slowing down by 1.7 p.p. on annual basis during this month.

Inflation was mostly due to the increase of prices of food and energy products, as well as the rising core inflation. In July 2023, electricity price increased as a result of the Energy Regulatory Commission due to the VAT refund rate, from 10% to 18%, thus reducing the electricity price for the first block, while increasing it for the other three blocks.

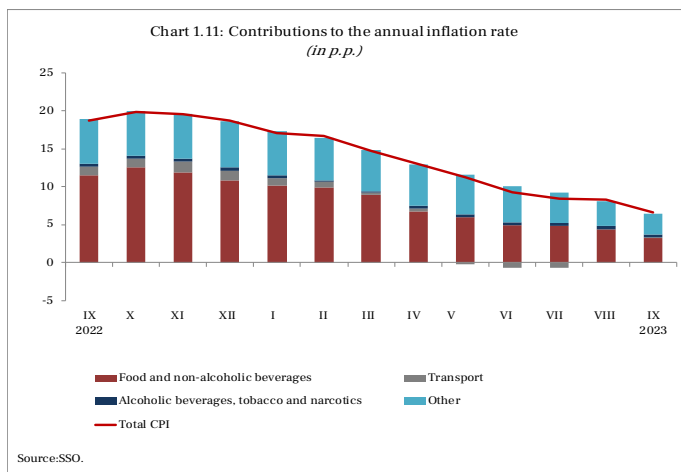
On cumulative basis, inflation rate during the first nine months of 2023 accounted for 11.5%.

Core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 6.5% on annual basis in September (7.4% in the previous month), which is gradually slowing down. Higher prices of Furnishings, household equipment and routine maintenance of the house, as well as prices at the category Miscellaneous goods and services had positive contribution thereto.



Prices in the category Food and non-alcoholic beverages recorded growth slowdown, i.e. reduction by 3.0 p.p. compared to the previous month, accounting for 7.8% on annual basis, with food contributing with 3.2 p.p. in the total inflation in September.

Increase in food prices is due to the increased prices of several products, with the sub-categories contributing the most thereto, as follows: Meat (annual 12.5% increase, contribution of 1.1. p.p.), Vegetables (annual increase by 19.9%, contribution of 0.9 p.p.) and Milk, cheese and eggs (annual 5.3% increase, contribution of 0.4 p.p.).



Observed by components, the highest annual increase of prices in September 2023 was observed in the category Furnishings, household equipment and routine maintenance of the house by 10.7%. Price increase was also recorded at the following categories: Miscellaneous goods and services by 8.8%, Alcoholic beverages, tobacco and narcotics by 7.9%, Recreation and culture by 6.2%, Housing, water, electricity, gas and other fuels by 6.1% Restaurants and hotels by 5.5%, Wearing apparel and footwear by 5.1%, Health protection by 4.7%, Education by 2.7%, Transport by 1.8% and Communications by 0.2%.

In September, inflation rate decreased by 0.1% on monthly basis (last month, prices surged by 1.2%), as a result of the drop of prices in the following categories: Transportation by 3.4%, Recreation and culture by 1.3% and Communications by 0.2%.



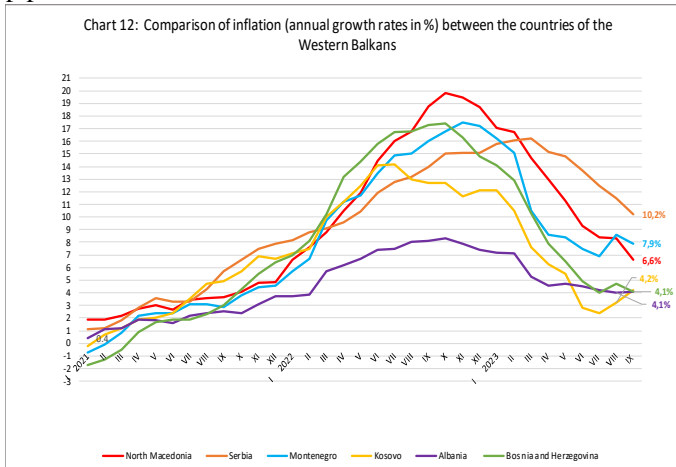


Prices in the category Food and non-alcoholic beverages grew by 0.3% (1.9% increase in the previous month) during this month, whereby as for this category, increased prices on monthly basis was recorded at the sub-categories Meat and Milk, cheese and eggs by 1.0% each and contribution to the monthly increase of prices in this category by 0.2 p.p..

In September 2023, retail prices increased by 4.7% on annual basis. On monthly basis, retail prices dropped by 1.0%. In the first nine months of 2023, retail prices increased by 8.2%.

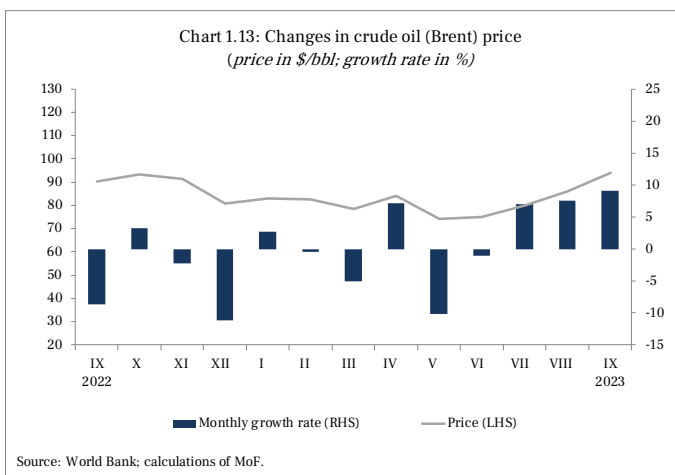
As for the Eurozone, in September 2023, inflation rate dropped by 0.9 p.p., compared to the previous month, accounting for 4.3% (5.2% in August).

ECB revised upwards the inflation rate by 0.2 p.p. in 2023 and 2024, whereby inflation rate was revised downwards by 0.1 p.p.. in 2025. As per the most recent 2023 projections, inflation rate would reach 5.6% in 2023, 3.2% in 2024 and 2.1% in 2025.

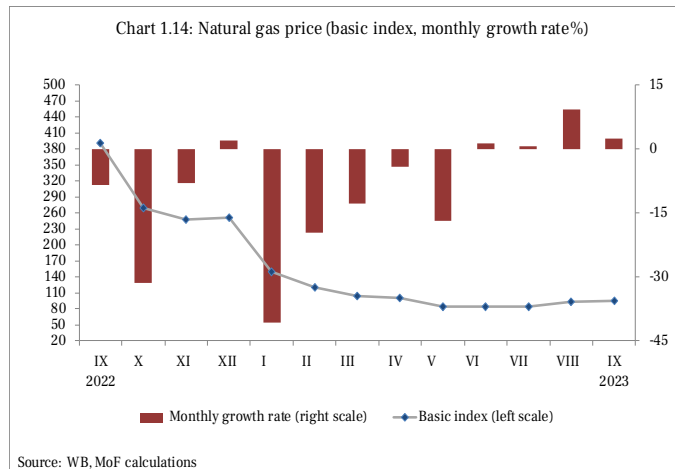


### Stock Market Prices

In September 2023, crude oil price on the global stock markets grew by 9.1% on monthly basis, reaching the price of US\$ 94.0 per barrel (for three months in a row, the oil price has been increased on monthly basis). In September, oil price increased amid uncertain global offer and expected increased demand throughout the rest of the year. Oil price was by 4.3% higher on annual basis.



In September 2023, price of natural gas grew by 2.5% on monthly basis. On annual basis, price of natural gas dropped by 75.6% in September 2023. This downward trend of the price commenced at the end of 2022 and continued in 2023 as well.



In the first half of 2023, prices of energy products in global and regional stock exchanges stabilized and reduced, following the significant increase throughout 2021 and 2022. In September 2023, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 103.81 per megawatt/hour, increasing by 3.4% on monthly basis, while dropping by 73.5% on annual basis.



Table 1.1. Stock market prices of energy products (monthly data)

	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
2023 I	148,7	83,1	714,1
II	146,2	82,7	585,1
III	113,4	78,5	488,7
IV	106,7	84,1	478,4
V	88,2	75,7	357,7
VI	96,6	74,9	366,2
VII	94,5	80,1	337,2
VIII	100,4	86,2	396
IX	103,8	94,0	408,6

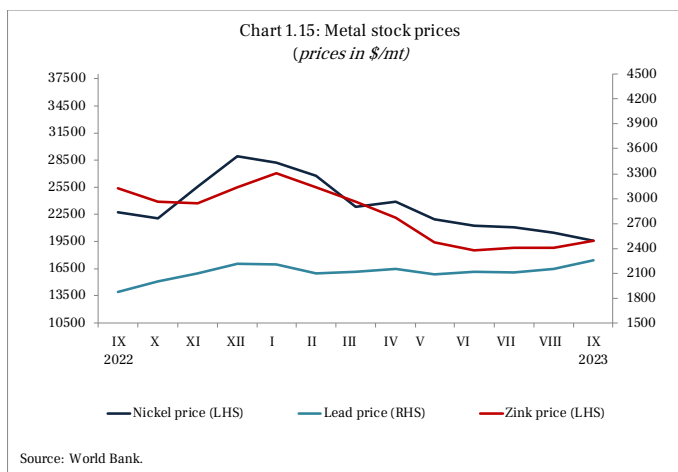
Source: World Bank, Hungarian Power Exchange

In September 2023, prices of most of the base metals registered periodic movements. Reduction of prices on monthly basis was seen at: nickel by 3.9%, tin by 1.9% and copper by 0.9%. Increased prices were seen at lead by 4.6%, zinc by 3.7% and aluminum by 2.3%.

Price of iron ore registered monthly growth of 9.8%.

In September, price of gold reduced by 0.1%. The monthly downward trend was also followed by other precious metals, thus the price of silver and platinum reduced by 1.4% and 0.4%, respectively.

In July 2023, price of maize and wheat on global stock markets surged by 7.8% and 0.1%, respectively, on monthly basis. Price of sunflower oil decreased by 9.6% compared to the previous month.





## 2. FOREIGN TRADE

Total foreign trade in the first nine months in 2023 amounted to EUR 14.486,5 million, declining by 4.4% compared to the same period last year.

In the period January - September 2023, share of trade with the EU (EU 27<sup>1</sup>), as the largest trading partner, increased by 2.0 p.p. compared to the same period last year, accounting for 61.8%. 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 first nine months in 2023, accounted for 24.9%, increasing by 1.8 p.p. compared to the same period in 2022.

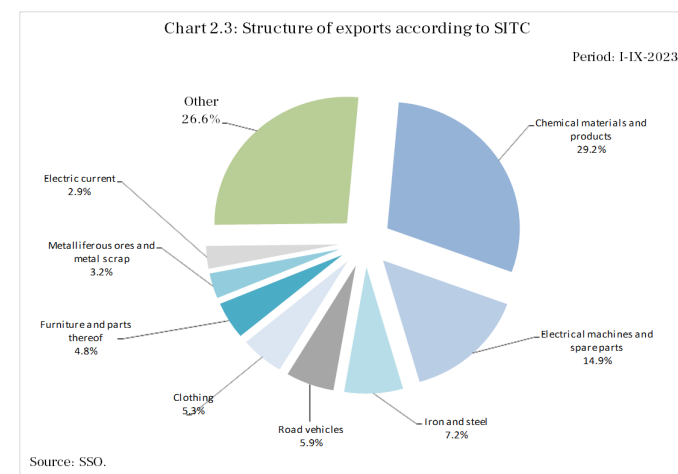
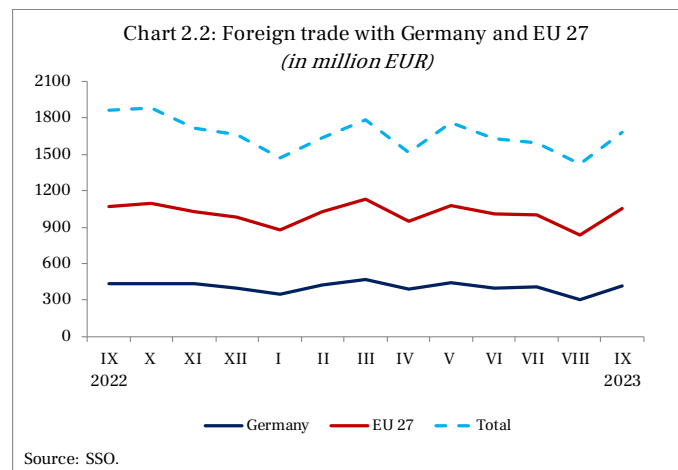
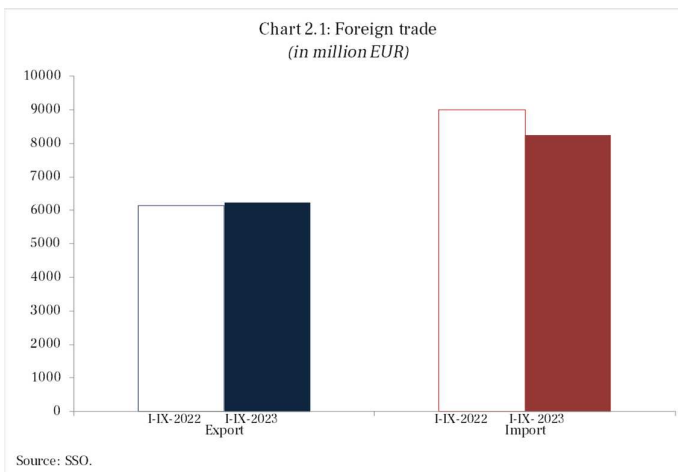
### Export

In the first nine months of 2023, value of exported goods amounted to EUR 6,240.5 million, surging by 1.4% (EUR 83.2 million) compared to the same period in 2022, while physical output of import dropped by 6.2%.

Value of exported goods amounted to EUR 737.4 million in September 2023, dropping by 3.1% (EUR 23.2 million) compared to the same month of the previous year, while physical output of export decreased by 9.2% compared to September 2022.

Analyzed on monthly basis, in September 2023, export grew by 32.8% (EUR 182.2 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly increase of 16.8%, showing positive effects of the seasonal factor (16.0 p.p.) on export this month.

The value of export of food in the first nine months of 2023, increasing by EUR 27.4 million, picking up by 8.3% compared to the same period in 2022. The growth of the value of food export was due to the increased prices of food on the international market, taking into account



<sup>1</sup>Starting September 2021, Great Britain is included in the economic group of countries - Miscellaneous countries



that the quantity of exported foods was reduced by 6.7%. In the structure of total export of our country, share of the food in first nine months in 2023, accounted for 5.7%, increasing by 0.3 p.p. compared to the same period in 2022.

Analyzed according to economic groups<sup>2</sup> of countries, in the period January - September 2023, compared to the same period in 2022, export grew at the following groups: EU 27, EFTA, Western Balkans and Asia-Pacific Economic Cooperation, while decline was observed at the following

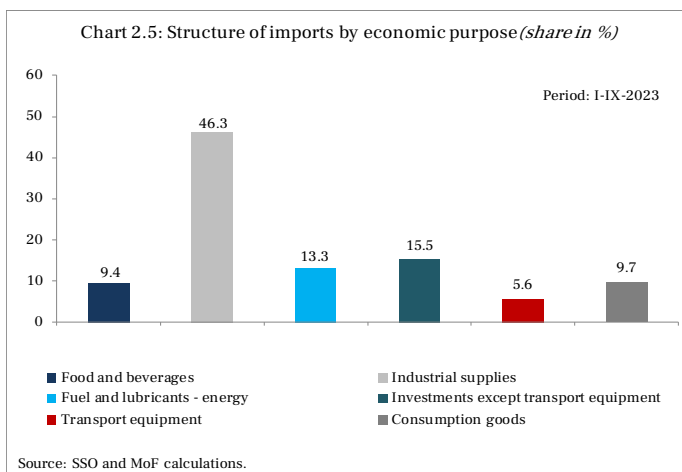
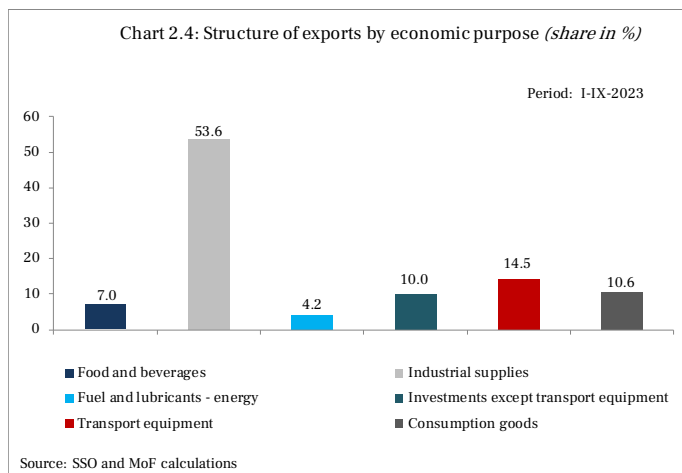
groups: Organization of Petroleum Exporting Countries, North American Free Trade Zone and Commonwealth of Independent States. Export to EU 27 grew by 2,1% annually, while export to Western Balkan countries increased by 3,3%, whereby export of goods to EU 27 and the Western Balkan countries accounted for 79.1% and 12.2%, respectively in the total export from the Republic of North Macedonia.

### Import

In the period January - September 2023, value of imported goods amounted to EUR 8,246.0 million, dropping by 8.4% (EUR 755.6 million) compared to the same period in 2022, while physical output of import dropped by 1.6%.

In September 2023, import value amounted to EUR 945.7 million, dropping by 14.4% (EUR 159.2 million) compared to the same month in 2022, while imported quantities of goods declined by 5.4% compared to September 2022.

Analyzed on monthly basis, in September 2023, import grew by 9,4% (EUR 80,9 million), compared to the previous month, and, should import be seasonally adjusted, it registered monthly increase of 5.0%, showing positive effects of the seasonal factor (4.4 p.p.) on import this month.



<sup>2</sup> 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)



The value of import of food in the first nine months of 2023, increased by EUR 59.2 million, picking up by 9.2% compared to the same period in 2022. Growth of the value of food import was due to the increased prices of food on the international market, taking into account that the quantity of imported foods was reduced by 2.0%. In the structure of total import of our country, share of the food in first nine months in 2023, accounted for 8.5%, increasing by 1.4 p.p. compared to the same period in 2022.

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

Export of petroleum and petroleum products*)					Import of petroleum and petroleum products*)				
	I - IX - 2022	I - IX - 2023	Balance	% rate		I - IX - 2022	I - IX - 2023	Balance	% rate
000 T	118.5	100.6	-17.9	-15.1	.000 T	973.8	916.4	-57.4	-5.9
EUR mil.	119.7	79.9	-39.8	-33.2	EUR mil.	857.9	668.5	-189.4	-22.1
\$ mil.	126.8	86.6	-40.2	-31.7	\$ mil.	907.7	724.2	-183.5	-20.2
*)Previous data					*)Previous data				
Export of chemical products*)					Import of chemical products*)				
	I - IX - 2022	I - IX - 2023	Balance	% rate		I - IX - 2022	I - IX - 2023	Balance	% rate
000 T	58.5	60.2	1.6	2.8	.000 T	23.4	21.7	-1.7	-7.4
EUR mil.	1,834.1	1,824.0	-10.1	-0.6	EUR mil.	139.2	136.7	-2.5	-1.8
\$ mil.	1,949.8	1,976.0	26.2	1.3	\$ mil.	148.5	148.1	-0.4	-0.3
*)Previous data					*)Previous data				
Export of iron and steel*)					Import of iron and steel*)				
	I - IX - 2022	I - IX - 2023	Balance	% rate		I - IX - 2022	I - IX - 2023	Balance	% rate
000 T	525.6	495.9	-29.7	-5.6	.000 T	570.0	510.7	-59.3	-10.4
EUR mil.	643.8	447.0	-196.9	-30.6	EUR mil.	516.0	381.8	-134.1	-26.0
\$ mil.	692.5	484.2	-208.4	-30.1	\$ mil.	553.2	413.3	-139.9	-25.3
*)Previous data					*)Previous data				

## Trade Balance

In the period January - September 2023, trade deficit decreased by 29.5%, i.e. by EUR 838.8 million, compared to the same period last year.

In September 2023, trade deficit decreased by 39.5% or EUR 136.0 million compared to September 2022.

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

In the period January - September 2023, 80.6% of the trade deficit of the

country was realized in the trade with Great Britain and China, followed by: Greece, Turkey, Serbia, Italy, Poland, Russia, and others. Surplus was realized in the trade with Germany, Kosovo, Belgium, Hungary, Spain and the Czech Republic.

## Currency Structure

Observed by currency structure, 91.7% of the trade in the period January - September 2023 was realized in euros and, compared to the same period in 2022, it surged by 2.1 p.p.. On export and import side, euro accounted for 94.8% and 89.4%, respectively, whereby share of the euro in export was higher by 2.5 p.p., while increase of the share of the euro in import accounted for 1.5 p.p. compared to the period January - September 2022.

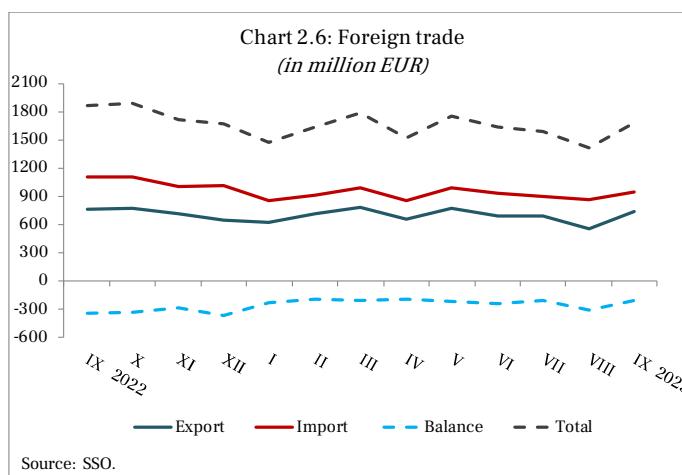




Table 2.2 Foreign trade of the Republic of North Macedonia (by currency); calculations: MoF

import	I - IX - 2022						I - IX - 2023					
	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 %	absolute change in currency value
EUR	4,056.0	7,911,183,218	61.6233	487,513,216,772	87.9	4,483.7	7,372,316,433	61.5768	453,963,654,557	89.4	-538,866,784	-6.8
USD	1,297.5	1,092,321,401	57.9528	63,303,083,664	11.4	783.8	876,336,130	56.8590	49,827,596,010	9.8	-215,985,271	-19.8
GBP	1.2	14,385,652	72.8083	1,047,394,901	0.2	1.4	16,185,613	70.7296	1,144,801,946	0.2	1,799,961	12.5
EUR+USD+GBP	5,354.8			551,863,695,338	99.3	5,268.9			504,936,052,513	99.4		
ot. impor	5,365.2			554,713,769,613	100.0	5,281.5			507,798,389,628	100.0		-8.5

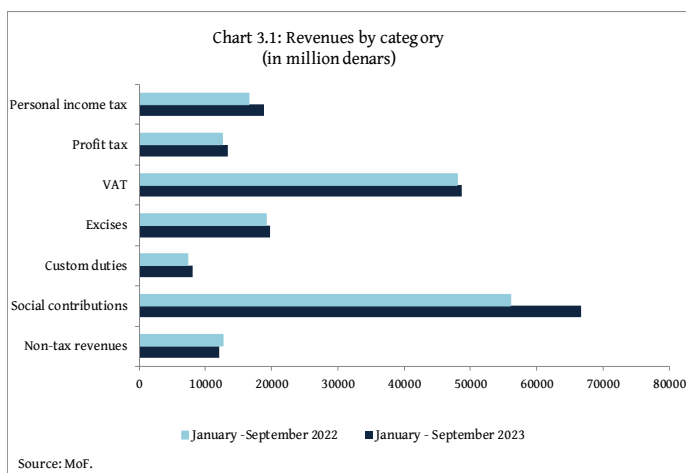
Source: SSO and NBRNM

### 3. Fiscal Sector

#### Budget Revenues According to the Economic Classification

In the period January - September 2023, total budget revenues were collected in the amount of Denar 197,479 million, i.e. 22.3% of GDP, showing higher performance by 10.6% in relation to the same period in 2022. Compared to September last year, budget revenues decreased by 0.1%, arising from the negative contribution of tax revenues, as well as non-tax revenues to a lesser extent (contribution of -6.8 p.p. and -0.4 p.p. respectively). Thereby, in September 2023, tax revenues dropped by 11.7% on annual basis, as a result of the decreased VAT revenues and excise duties.

Tax revenues were collected in the amount of Denar 109,351 million, being higher by 4.9%, compared to the period January - September 2023, as a result of the increase of revenues on the basis of PIT, profit tax, VAT, excise duties and import duties.



VAT revenues predominate by accounting for 44.5% of total tax revenues, the collection of which amounts to Denar 48,659 million, increasing by 1.3% in relation to the period January - September in the previous year. Thereby, this year, VAT collection amounted to Denar 79,615 million on gross basis, out of which Denar 30,956 million was refunded to taxpayers (gross collection was lower by 1.5%, while VAT refund was lower by 5.6% compared to 2022). As for VAT structure, collection of VAT when importing accounted for the most, decreasing by 7.5%, while VAT revenues collected on the basis of sales in the country picked up by 14.0%. Revenues on the basis of excises duties were collected in the amount of Denar 19,798 million (participating with 18.1% in the tax revenues), surging by 3.0% compared to the period January - September 2022. Hence, revenues collected on the basis of these two indirect taxes alone amounted to Denar 68,457 million, i.e. 62.6% of total tax revenues in the period January - August 2023.

PIT revenues were collected in the amount of Denar 18,933 million, increasing by 14.0% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 66.3% of the personal income tax, capital revenues accounted for 8.6%, revenues on the basis of contractual agreement accounted for 8.6%, revenues on the basis of games of chance and award games accounted for 6.0%, and revenues on the basis of other types of income tax accounted for 10.5%.





In the period January – September 2023, profit tax revenues amounted to Denar 13,390 million, increasing by 6.9% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 15.5%, with tax balances decreasing by 8.6%.

Revenues on the basis of customs duties were collected in the amount of Denar 8,057 million, increasing by 10.0%. Collection of revenues on the basis of other taxes, amounting to Denar 514 million, grew by 4.0% compared to last year.

Revenues on the basis of social contributions were collected in the amount of Denar 66,716 million, which was higher by 19.1% compared to last year. Thereby, collection of pension and disability insurance contributions surged by 19.1%, while collection of employment contributions was higher by 19.5%, with health insurance contributions growing by 19.2%.

Non-tax revenues were collected in the amount of Denar 12,151 million and, in relation to the period January - September 2022, they were higher by 3.9% (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 collected on the basis of sale of construction land, flats and dividends reached Denar 1,399 million, decreasing by 20.5% compared to last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 6,562 million, increasing by 167.3% compared to the same period in 2022.

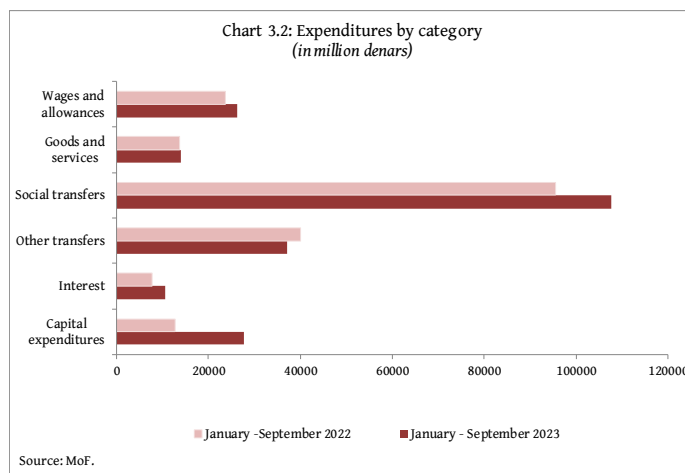
### Budget Expenditures According to the Economic Classification

In the period January – September 2023, total budget expenditures amounted to Denar 225,042 million, i.e. 25.4% of GDP, which was higher by 15.6% compared to the same period in the previous year. Compared to September last year, budget expenditures decreased by 16.7%, being a result of the reduced current expenditures by 16.1%, as well as capital expenditures by 23.7%.

With respect to the structure of total executed expenditures, current expenditures, amounting to Denar 197,325 million, accounted for 87.7% and they increased by 8.5% in relation to the period January – September 2022.

Expenditures related to wages and allowances were executed in the amount of Denar 26,260 million, increasing by 10.6% in relation to the same period in the previous year, accounting for 11.7% of the total budget expenditures.

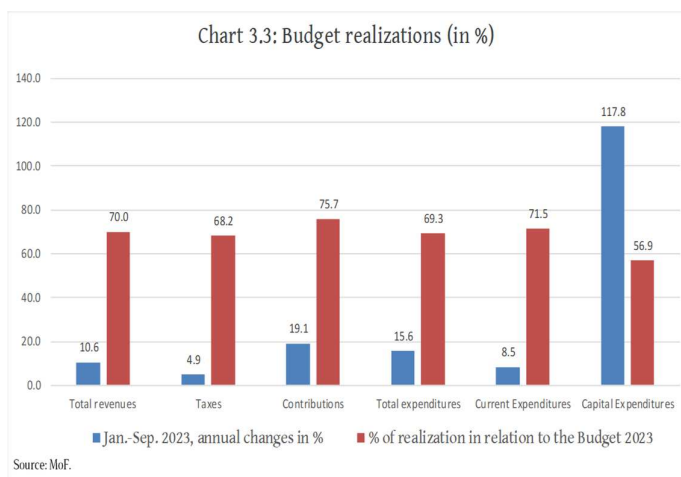
Expenditures related to goods and services amounted to Denar 14,015 million, increasing by 2.8% compared to the period January – September 2022.





Funds allocated for transfers amounting to Denar 146,361 million accounted for the most in the current expenditure items. Transfers increased by 7.0% compared to the period January – September 2022, participating with 65.0% in the total expenditures.

As regards transfers, social transfers grew by 12.8%, amounting to Denar 107,685 million, accounting for 47.9% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 66,281 million, increasing by 15.3% compared to the period January – September 2022, accounting for 29.5% of total expenditures. Category other transfers decreased by 6.9%, whereby subsidies and transfers amounted to Denar 17,278 million, decreasing by 25.5%. Block grants to local government units, amounting to Denar 17,124 million, grew by 15.5% compared to the previous year.



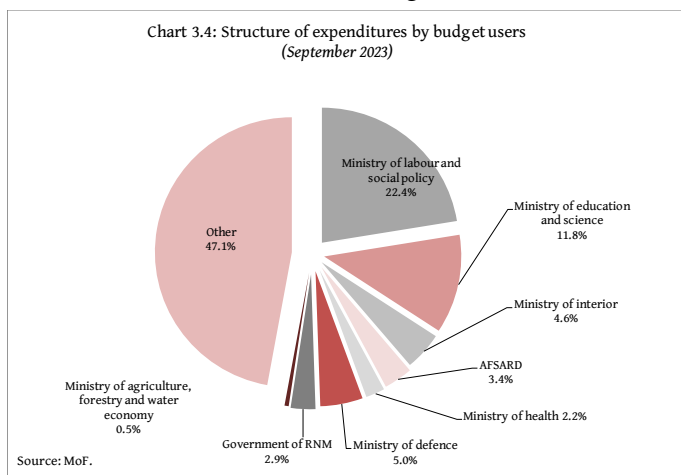
During the analyzed period, funds for capital expenditures were executed in the amount of Denar 27,717 million, participating with 12.3% in the total expenditures, thereby significantly increasing by 117.8% compared to the period January – September 2022.

### Expenditures by Budget Users

Review of budget users for the largest budget users is given below.

In the period January – September 2023, Ministry of Labour and Social Policy executed funds in the amount of Denar 44,550 million or 81.6% of its total budget for the current year. Thereby, most of the expenditures (68.1%) in this period were allocated for current transfers to extra-budgetary funds, for which Denar 30,318 million was spent or 85.9% of the funds allocated for 2023. The second highest expenditure category were the social benefits, participating with 23.0% in the total expenditures, whereby 76.2% (Denar 10,238 million) of the projected funds was spent for this purpose in 2023.

During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 23,516 million, i.e. 67.6% of its total 2023 budget. Current transfers to LGUs accounted for the most of the expenditures (61.4%), Denar 14,437 million being spent therefore or 71.1% of total projected funds. Wages and allowances was the second most significant category, accounting for 17.2%, with Denar 4,035 million being spent therefore, i.e. 69.7% of the total projections.



In the period January – September 2023, Ministry of Internal Affairs executed expenditures in the total amount of Denar 9,054 million, accounting for 70.1% of its 2023 budget. Wages and allowances were the highest expenditure category, participating with 68.5%, Denar 6,207 million being spent therefore, accounting for 70.8% of the



projected ones. The second highest expenditure category was goods and services, participating with 20.0%, funds in the amount of Denar 1,812 million being spent therefore, or accounting for 75.4% of the annual projections.

During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 6,759 million, accounting for 70.4% of the funds projected for the current year. As for subsidies and transfers, with significant share of 91.2% of the total expenditures, 76.2% or Denar 6,163 million of the funds planned for the whole year, were spent therefore.

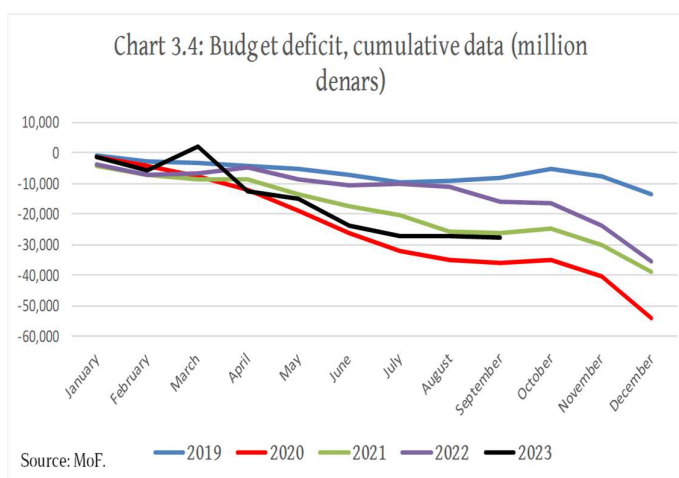
In the period January – September 2023, Ministry of Defense executed budget funds in the amount of Denar 10,036 million, accounting for 66.0% of its year's total budget. Expenditures related to wages and allowances accounted for the most with 39.1%, Denar 3,922 million being spent therefore in this period, (accounting for 71.5% of the total funds projected for the current year). Capital expenditures accounted for 25.2% of total expenditures, Denar 2,524 million being spent therefore during the analyzed period, i.e. 57.7% execution of the total projected funds.

Government of the Republic of North Macedonia spent total of Denar 5,782 million, i.e. 48.4% of the funds projected for 2023, in the period January –September 2023. Thereby, capital expenditures had significant share of 69.5% of total expenditures of this budget user, Denar 4,019 million (54.2% of the projected funds) being spent therefore.

In the period January – September 2023, Ministry of Health executed budget funds in the amount of Denar 4,420 million, i.e. 60.0% of its total 2023 budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 52.1%, for which, during this period, Denar 2,304 million was spent or 74.3% of the funds projected for 2023. Second most significant item are the goods and services, Denar 1,751 million (53.1% of the projections for the year) being spent therefore, accounting for 39.6% of total expenditures.

During this period, Ministry of Transport and Communications executed funds in the amount of Denar 13,458 million, i.e. 72.8% of its total budget for the current year. Execution of capital expenditures, as the main item, accounted for 94.2% of the total spent funds of this budget user (Denar 12,681 million or 73.3% of total projected funds).

In the period January – September 2023, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 975 million, accounting for 54.8% of the funds projected for 2023. Interest payments (Denar 389 million) is convincingly the main category in the total expenditures of this budget user, accounting for 39.9% of its total expenditures, with 49.3% of the projected expenditures, being executed. As regards expenditures related to wages and allowances, they accounted for 39.7% of the total expenditures, Denar 387 million being spent therefore, accounting for 71.0% of the total budget for this purpose.



Detailed data on each budget user are presented in the statistical annex attached at the following link (<http://finance.gov.mk/краткорочни-економски-движења-кед-ме/>).



## Budget Balance

In the period January – September 2023, budget deficit of the Republic of North Macedonia reached the amount of Denar 27,563 million, accounting for 3.1% of GDP, while central budget deficit amounted to Denar 30,560 million, accounting for 3.4% of GDP. Budget deficit in the period January – September 2023 accounted for 64.5% of total budget deficit projected for this year.

## 4. SOCIAL SECTOR

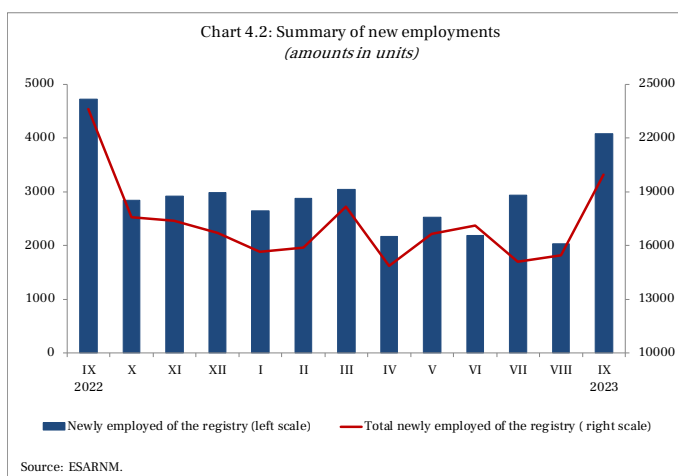
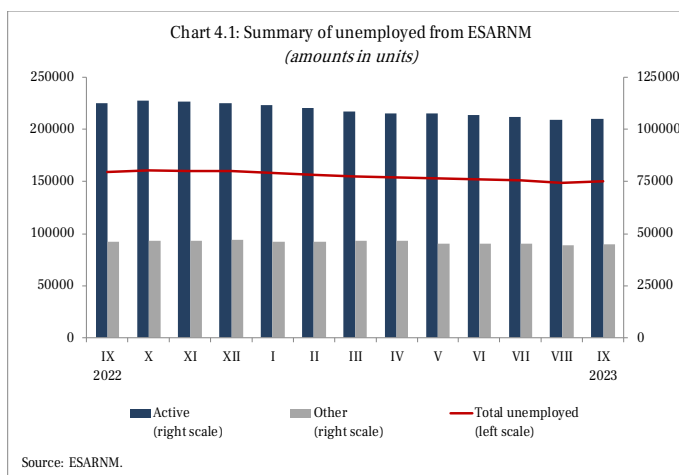
### Established Work Contracts and Registered Unemployed Persons in EARNM

In September 2023, Employment Service Agency registered total of 148,688 new employments. Total number of newly employed persons was lower by 2.5% compared to the same period in 2022. Number of newly established employments, starting April 2021, recorded annual growth, being halted only once in 2022, and three times in 2023, also including the month of September. Upward trend was, among the other, a result of the base effect, after the employment dynamics slowed down in April 2020 due to the adverse effects of the pandemic.

As regards the total number of newly employed, 40.4% was engaged on permanent basis, while the rest of the employed were engaged on temporary basis and as seasonal workers. In September 2023, 20.5% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in September 2023 was 149,993, out of which 105,357 persons were active job seekers, while 44,636 persons were from the category “other unemployed”. On annual basis, total number of unemployed people reduced by 5.5%. Compared to the previous month, number of unemployed people increased to 958 people, thus interrupting the downward trend of the number of unemployed people. 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, being halted only once so far, i.e. in October 2022.

Major percentage of the unemployed (59.7%) came from urban areas (cities), whereby 48.7% were men. Analyzed by the level of education, majority, i.e. 67.7%, of the unemployed persons were with incomplete secondary education or less, 24.5% were with completed secondary education, while 7.8% of the unemployed persons were with completed community college or higher education level.





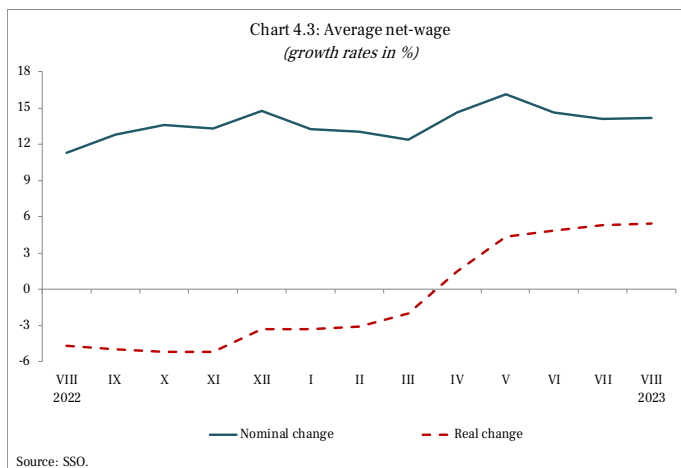
Analyzed by age structure, most of the unemployed persons or 49.3% of the unemployed people belong to the group aged 25-49 years. According to the time they waited for a job, 59.9% of the unemployed persons wait for employment from 1 to 7 years, while 12,4% wait for employment for 8 years and more.

### Wages

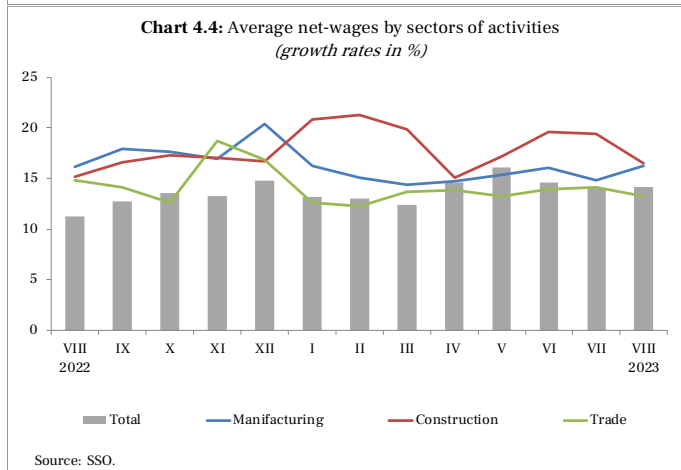
In August 2023, average net wage increased by 14.2% on annual basis, and it was higher by 0.3% compared to July 2023. The highest increase of average net wage, in relation to August 2022, was observed at the following sectors: Administrative and auxiliary services (21.6%), Education (17.5%) and Construction (16.5%). In August 2023, wages grew by 5.4% in real terms on annual basis.

Highest average net wage in August 2023 was paid in the sector Information and communications (Denar 69,695), wherein the amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 92,464), followed by Financial and insurance activities with Denar 51,558, Electricity, gas, steam and air conditioning supply sector (Denar 48,288) and Mining and quarrying with average net wage in the amount of Denar 47,328.

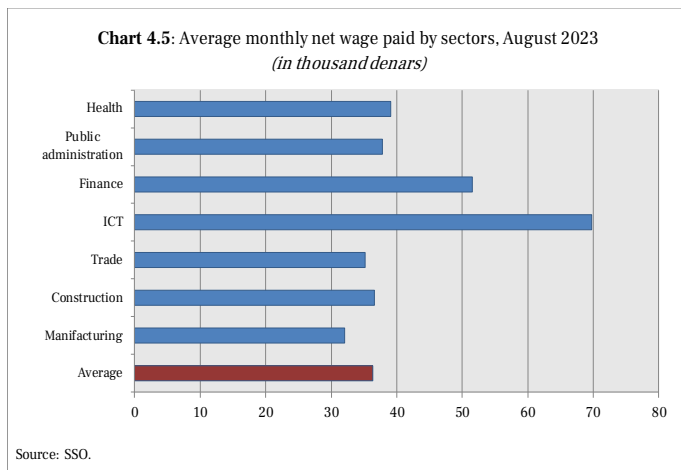
Average nominal gross wage in August 2023 increased by 14.5% compared to the same month in 2022, being higher by 0.3% on monthly basis. The highest increase of average gross wage in August 2023, compared to August 2022, was recorded in the following sectors: Administrative and auxiliary services (21.8%), Education (18.0%) and Construction (17.0%). In August, real gross wage surged by 5.7% annually.



Source: SSO.



Source: SSO.



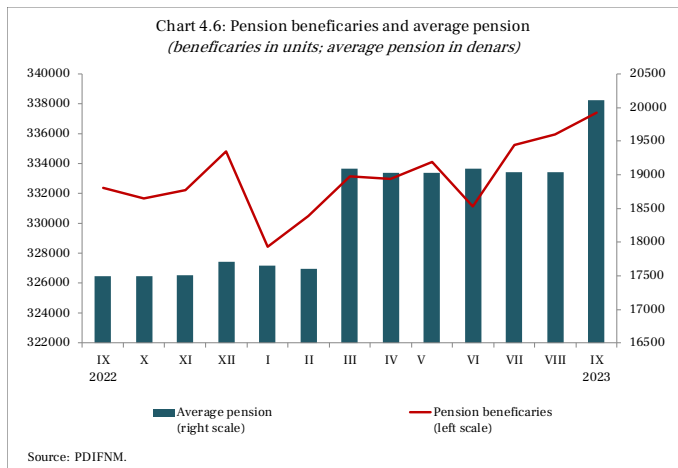
Source: SSO.

### Pensions

In September 2023, Pension and Disability Insurance Fund registered 337,377 pensioners. As regards the total number of pensioners, 69.7% were beneficiaries of old-age pension, 22.2% of survival pension and 8.1% of disability pension.



Average pension in September 2023 amounted to Denar 20,103, being higher by 14.9% compared to the same month in 2022<sup>3</sup>. Increase in pensions is, among the other, a result of the pension indexation as per the new methodology, foreseeing growth pension indexation with a combined model of 50% increase of the average wage and 50% increase of costs of living, as per the official data of the State Statistical Office. According to this methodology, indexation is carried out twice a year, i.e. in March and September, starting March 2022.



Ratio between the average pension and the average paid wage in August 2023 (the most recent available data) was 52.3%.

Average old-age pension amounted to Denar 21,708 in September 2023, average disability pension amounted to Denar 17,877, while average survival pension amounted to Denar 15,872. In September 2023, Denar 6,326 million was spent for payment of pensions, accounting for 52.5% of the total social transfers.

## 5. MONETARY AND FINANCIAL SECTOR

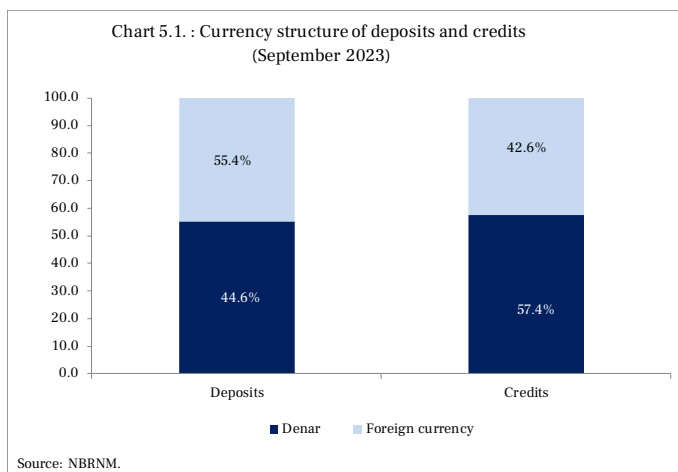
In September 2023, the National Bank increased its policy rate by 0.15 p.p., i.e. from 6.15% to 6.30%. Tightened monetary policy is a result of the previously undertaken measures for stabilizing the monetary policy, resulting from the rising inflation and the inflationary expectations, all to the end of preserving the stability of the exchange rate and the medium-term price stability.

In September, available overnight deposits and 7-day deposits increased by 0.15 p.p. each, accounting for 4.20% and 4.25%, respectively.

### Primary Money

In September 2023, primary money reduced<sup>4</sup> by 4.9% on monthly basis. Growth of primary money was a result of decrease of total liquid assets of banks by 8.0%, while currency in circulation dropped by 1.9%.

On annual basis, primary money grew by 8.8%, as a result of increase of total liquid assets of banks and currency in circulation by 9.1% and 8.6%, respectively.



<sup>3</sup>Military and agricultural pensions are not included when calculating the average pension.

<sup>4</sup>Primary 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.





## Deposit potential<sup>5</sup>

In September 2023, total deposits of banks decreased by 0.2% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of private enterprises declined by 1.4%, while deposits of households picked up by 0.9%.

Analyzed by currency, in September 2023, compared to the previous month, Denar deposits decreased by 0.4%, while foreign currency deposits increased by 0.1%.

Total deposit potential in September 2023 grew by 8.9% on annual basis. Analyzed by currency, domestic currency deposits and foreign currency deposits surged by 9.9% and 7.5%, respectively on annual basis.

From sector point of view, this month, deposits of enterprises grew by 15.7% and deposits of households increased by 6.8%, on annual basis.

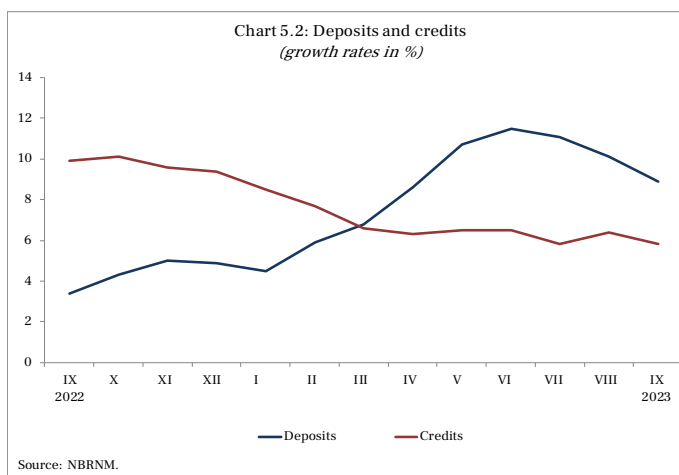


Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to the private sector (September 2023)	Denar million	Monthly change	Annual change
Deposit potential	<b>510,446</b>	<b>-0.2%</b>	<b>8.9%</b>
By currency:			
<i>Denar</i>	282,598	-0.4%	9.9%
<i>Foreign currency</i>	227,848	0.1%	7.5%
By maturity:			
<i>Short-term</i>	217,379	-0.6%	4.1%
<i>Long-term</i>	112,217	1.7%	21.4
Credits to private sector	<b>436,461</b>	<b>0.4%</b>	<b>5.8%</b>
By currency:			
<i>Denar</i>	250,423	0.6%	5.1%
<i>Foreign currency</i>	186,038	0.1%	6.9%
By maturity:			
<i>Short-term</i>	66,369	-0.6%	-2.7%
<i>Long-term</i>	355,195	0.7%	8.4%

<sup>5</sup>NBRNM 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



Source: NBRNM

According to maturity, short-term deposits surged by 4.1%, while long-term deposits grew by 21.4%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 55.4%.

### Bank Credits

In September 2023, total credits of banks to the private sector surged by 0.4% on monthly basis, as a result of the growth of credits to enterprises by 0.5% and credits to households by 0.3%.

From currency aspect, in September 2023, Denar and foreign currency credits surged by 0.6% and 0.1% respectively.

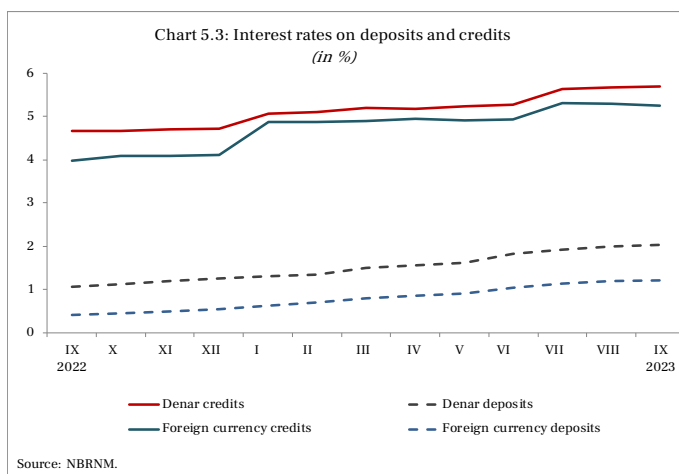
On annual basis, in September 2023, total credits grew by 5.8% in conditions of growth of both credits to credits to enterprises and households by 5.1% and 6.4%, respectively. Denar credits surged by 5.1%, while foreign currency credits increased by 6.9%.

As regards maturity, long-term credits experienced annual growth of 8.4%, while short-term credits dropped by 2.7%.

### Interest Rates of Deposit Banks

In September 2023, total interest rate on credits was 5.49%, remaining the same compared to the previous month. Interest rate on Denar credits grew by 0.03 p.p., accounting for 5.70% on monthly basis, while interest rate on foreign currency credits decreased by 0.04 p.p., accounting for 5.25%.

Total interest rate on deposits grew by 0.04 p.p. in September 2023, compared to last month, accounting for 1.59%. Interest rate on Denar deposits increased by 0.05 p.p., accounting for 2.04%, while interest rate on foreign currency deposits surged by 0.02 p.p. compared to the previous month, accounting for 1.21%.



Interest rate on newly granted Denar credits accounted for 5.72%, while interest rate on newly approved foreign currency credits accounted for 5.05%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.58% and 1.66%, respectively.

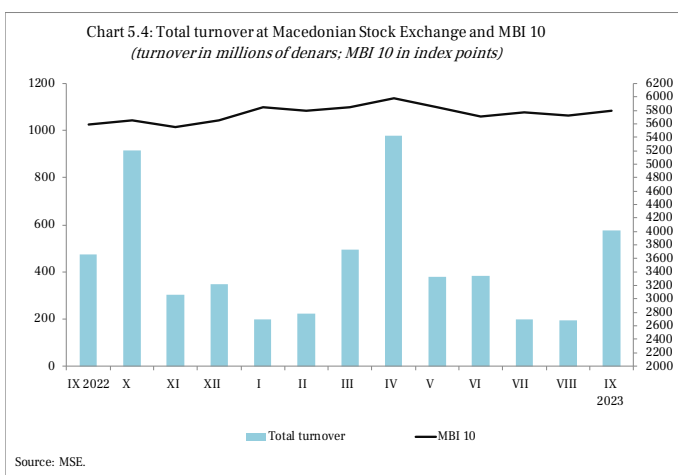


## Capital Market

As for the capital market, in September 2023, total turnover on the stock exchange surged by 195.8% on monthly basis, as a result of the increase of turnover from trading in best by 139.8%, and turnover from block transactions by 299.7%.

Total turnover on the stock exchange amounted to Denar 576.8 million in September 2023, increasing by 21.4% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 5,803.06 index points at the end of September 2023, whereby the index grew by 1.4% on monthly basis, while, compared to the same month last year, the index was higher by 3.9%.



## Reserve Assets

Gross reserve assets at the end of September 2023 amounted to EUR 3,901.72 million and, compared to the previous month, they were higher by 0.8%, while compared to September 2022, they surged by 3.9%.