



SHORT-TERM ECONOMIC TRENDS



November 2023



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SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

November 2023

- Industrial production dropped by 2.3% in November 2023 compared to the same month last year;
- Inflation rate continued to record slowed down trend, accounting for 3.1% in November, being reduced by 0.4 p.p. compared to the previous month (3.5% in October 2023). On monthly basis, inflation rate increased by 0.1%;
- Export in the period January – November 2023 surged by 0.2%, while import dropped by 8.3%, resulting in decrease of the trade deficit by 27.1% compared to the same period in 2022;
- In the period January - November 2023, total budget revenues reached an amount of Denar 248,473 million, i.e. 27.8% of GDP, showing higher performance by 13.3% in relation to the same period in 2022;
- In the period January – November 2023, total budget expenditures amounted to Denar 276,936 million, i.e. 31.0% of GDP, which was higher by 13.9% compared to the same period in the previous year;
- Total credits of banks in November 2023 grew by 5.2%, while total deposit potential of banks surged by 7.2%.



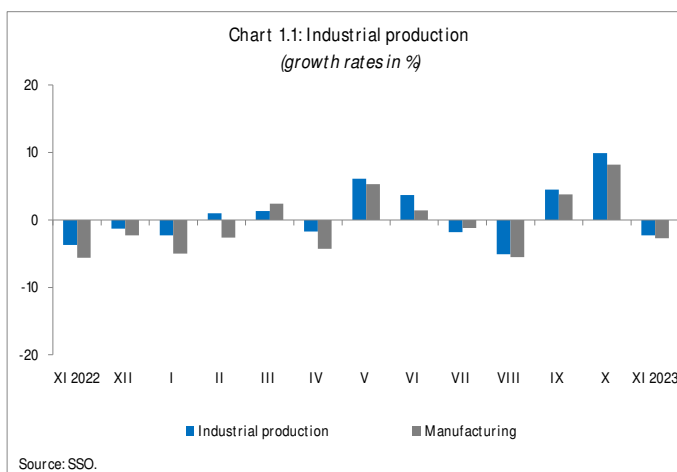
1. REAL SECTOR

Industrial Production

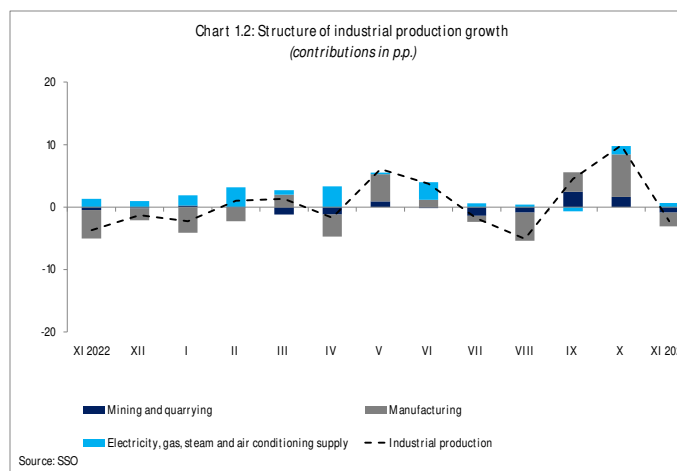
Industrial production dropped by 2.3% in November 2023 compared to the same month last year. Drop in November 2023 was due to the reduced production in the sectors: Mining and quarrying by 8.3%, and Manufacturing industry by 2.7%, while Electricity, gas, steam and air conditioning supply grew by 9.4%.

In November 2023, growth in production was registered at 12 out of total of 27 industrial branches, comprising 55.5% in the total industry.

As for branches with higher value added, increase in November 2023 was observed at Manufacture of motor vehicles, trailers and semi-trailers by 12.8% and contribution of 1.3 p.p., Manufacture of machinery and equipment by 14.2% and contribution by 0.8 p.p., while reduction was seen in the branches: Manufacture of metals by 8.9% with contribution of -0.7 p.p., with Manufacture of electrical equipment reducing by 13.5% and contribution of -0.8 p.p..



Traditional branches in November 2023 recorded growth of production, at the following branches: Food industry by 14.4% and contribution of 1.5 p.p., and Manufacture of textile by 4.7% and contribution of 0.2 p.p., while reduction in production was seen at the following branches: Manufacture of beverages by 14.4% and contribution of -0.6 p.p., Manufacture of tobacco goods by 50.7% and contribution of -0.5 p.p., Manufacture of wearing apparel by 10.7% and contribution of -0.8 p.p., Manufacture of leather by 28.9% and contribution of -0.2 p.p. and Manufacture of wood and wood and cork products by 43.7% and contribution of -0.5 p.p.

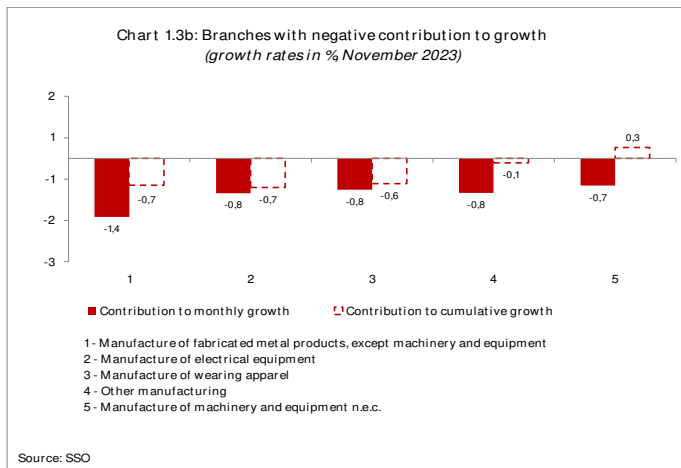
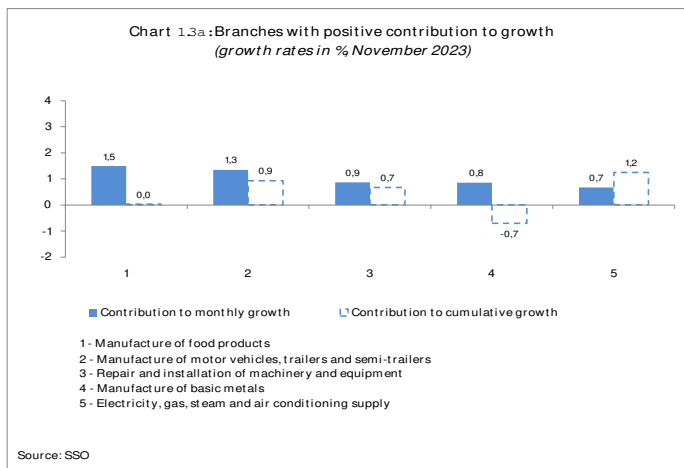


Drop of industrial production, according to the purpose of production units in November 2023 was a result of the decreased production at the following groups: Intermediary goods industry, except energy (9.7% drop and contribution of -3.4 p.p.) and Durable consumer goods industry (22.8% drop and contribution of -1.0 p.p.), while increase in production was seen at the following groups: Energy (by 3.9% with contribution of 0.3 p.p.), Capital goods (by 6.2% with contribution of 1.3 p.p.), and Non-durable consumer goods industry (by 0,6% and contribution of 0.2 p.p.)



On cumulative basis, in the period January - November 2023, industry grew by 1.3%, being a result of the increased production at Manufacturing by 0.2% (contribution of 0.1 p.p.), and Electricity, gas, steam and air condition sector by 17.7% (contribution of 1.2 p.p.), while reduction of production was seen at Mining and quarrying by 1.5% (contribution of -0.2 p.p.).

As per the purpose of production units, in the period January - November 2023, growth was seen at



the following groups: Energy (9,7%), Capital goods (8.9%) and Non-durable consumer goods industry (2.6%), while drop was seen at the following branches: Intermediary goods, except energy (5.6%) and Durable consumer goods industry (8.5%).

Number of Employees in the Industry

In November 2023, number of employees in the industry increased by 3.3% compared to the same month in the previous year. Growth was due to the increased number of employees in Manufacturing by 3.9%, while reduction in the number of employees was seen at the sectors Mining and quarrying by 0.7% and Electricity, gas, steam and air conditioning supply by 5.2%. Increase in the number of employees was seen at the following branches: Repair and installation of machinery and equipment by 42.1%, Manufacture of motor vehicles, trailers and semi-trailers by 21.2%, Manufacture of textile by 13.4%.



In November 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 18.6%.

Cumulative data show that number of employees in the industry in the period January - November 2023 picked up by 1.4%, as a result of the increased number of employees in Manufacturing by 2.0%, while drop of the number of employees was recorded at the sectors Mining and quarrying by 2.1% and Electricity, gas, steam and air-conditioning supply sector by 4.5%.



As regards target groups, number of employees in the industry in the period January - November 2023 increased only at Capital goods by 13.9%.

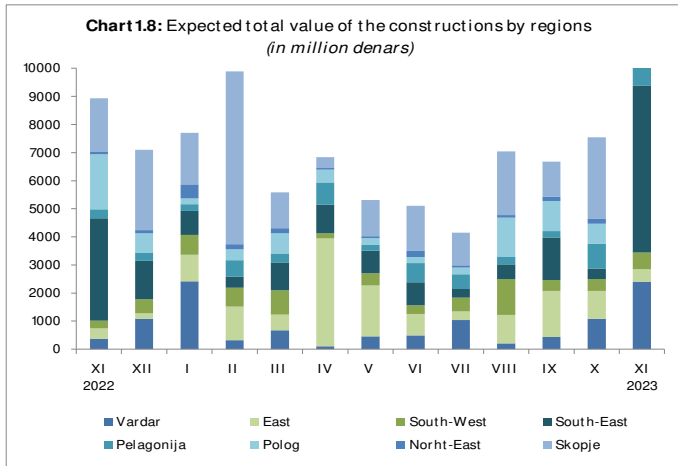
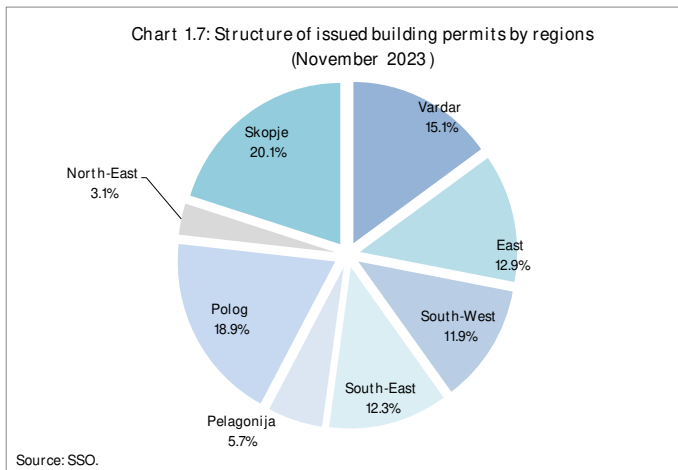
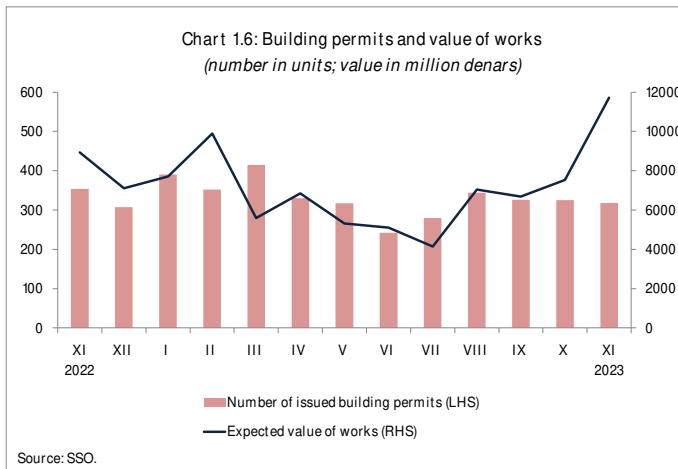
Number of Issued Building Permits and Expected Value of Works

In November 2023, when total of 318 building permits were issued, being a significant decrease of 10.2% compared to the same month in 2022, resulting from the annual growth of issued building permits, pertaining to buildings (participating with 53.8% in the total number of issued building permits) by 9.6%, as well as reconstruction facilities, dropping by 2.5%. Compared to October 2023, number of issued building permits dropped by 2.2%. Expected value of works, according to the issued building permits in November 2023, picked up by 31.2% on annual basis, while compared to the previous month, it increased by 55.5%.

Analyzed by types of constructions, out of the total number of issued building permits, 171 (or 53.8%) were intended for buildings, 70 (or 22.0%) for civil engineering structures and 77 (or 24.2%) for reconstruction.

Analyzed by types of investors, out of total 318 issued building permits, individuals were investors in 182 facilities (or 57.2%), while business entities were investors in 136 facilities (or 42.8%).

In November 2023, construction of 655 flats was envisaged, with total usable area of 55,047 m². Number of flats envisaged for construction declined by 17.1% on monthly basis, while increasing by 5.5% on annual basis.

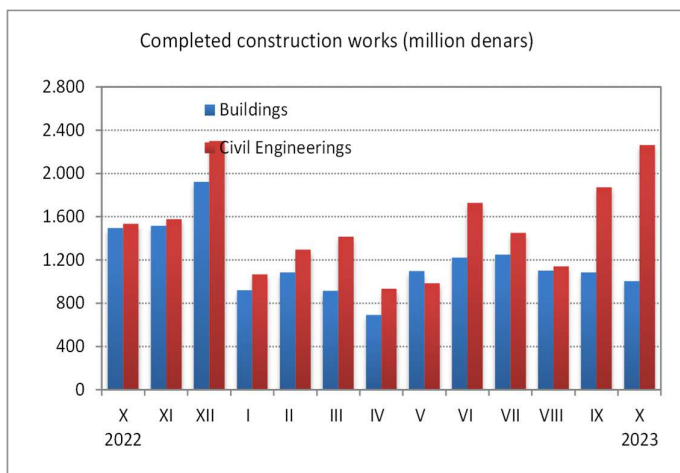




Number of Completed Construction Works by Types of Facilities

In October 2023, construction works were completed with total value of Denar 3,264 million, being nominal annual growth of 7.8%, as regards buildings 47.5% growth was observed, with civil engineering structures dropping by 32.9%. Compared to September 2023, total value of completed construction works grew by 10.4%, 20.8% at civil engineering structures, while decreasing by 7.5% as regards buildings. In cumulative terms, in the period January – October 2023, value of performed construction works amounted to Denar 24,511 million, being higher by 2.6% compared to the same period last year.

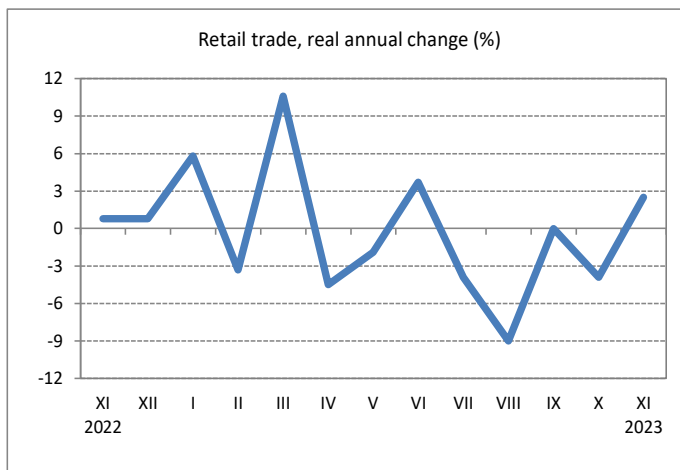
Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 14,144 million were completed in the first ten months, i.e. 7.1% more compared to the same period last year. Value of completed works at buildings in this period decreased by 2.9%, amounting to Denar 10,367 million.



In real terms, in the period January - October 2023, value of completed construction works decreased by 5.9%, with both civil engineering structures (2.0%) and buildings (10.8%) recording drop.

Trade Sector Turnover

In November 2023, data on internal data demonstrated nominal annual increase in the turnover by 7.3%, following the 1.4% growth in October. In November 2023, value of turnover amounted to Denar 66.795, whereby in cumulative terms, in the period January - November 2023, value of total turnover in the trade amounted to Denar 696,111 million, being by 7.4% higher compared to the same month last year.



In the period January - November 2023, in cumulative terms, increase in the turnover was also seen at the sectors trade in motor vehicles, which turnover value amounted to Denar 43.062 million, i.e. higher by 15.9% compared to the same month last year,

amounting to Denar 372.463 million at wholesale trade, being higher by 9.0% higher compared to the same month last year, with the turnover value at retail trade amounting to Denar 280.586 million, being higher by 4.2% compared to the same month last year.



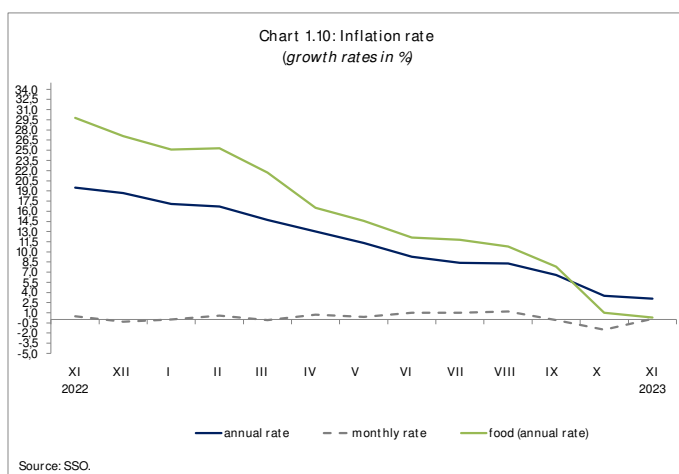
In real terms, retail trade in November 2023 recorded annual increase by 2.5%, while analyzed by groups and classes, increases was also seen in all groups, such as: retail trade in food, beverages and tobacco by 4.2%, and retail trade in non-food products by 2.0%, whereby decrease was seen only at: retail trade in automotive fuels by 2.8%.

In November 2023, wholesale trade (53.58%) accounted for the most in the Trade sector, followed by retail trade (40.70%) and trade in motor vehicles and motorcycles, repair and their maintenance (5.72%).

Inflation

Inflation rate continued to record slowed down trend, accounting for 3.1% in November, being reduced by 0.4 p.p. compared to the previous month (3.5% in October 2023). Food has not been a driving force of growth during this month as well, i.e. inflation is mostly due to the increase of core inflation, as well as prices of energy products. 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.

Inflation rate in the first eleven months of 2023 accounted for 9.9% in cumulative terms.



Core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 6.5% on annual basis in November, being unchanged compared to the previous month., i.e. core inflation accounted for 6.5% for three months in a row. 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 further growth slowdown, i.e. reduction by 0.7 p.p. compared to the previous month, accounting for 0.3% on annual basis, with this category contributing with 0.1 p.p. in the total inflation in November. Slowed down prices of food and reduced share in the total inflation was due to the new measure for reducing the prices of basic food products by 10%, being sold in retail under a "guaranteed price" label.

Following sub-categories: Fruit (13.2%), Meat (2.3%) and vegetables (4.9%) accounted for the most growth in the Food and non-alcoholic beverages category. Milk, cheese and eggs (-0.5 p.p.), Oil (-0.4 p.p.) and Bread (-0.1 p.p.) had negative contribution to food.

Observed by components, the highest annual increase of prices in November 2023 was observed at the category Alcoholic beverages, tobacco and narcotics by 10.8%. Price increase was also recorded at the following categories: Furnishings, household equipment and routine maintenance of the house by 9.3%, Miscellaneous good and services by 8.1%, Recreation and culture by 7.3%, Restaurants and hotels by 6.8%, Housing, water, electricity, gas and other fuels by 5.1%, Health protection by 5.0%, Wearing apparel and footwear by 4.0%, Education by 2.9% and Communications by 2.4%. Reduction was seen only at Transport category by 2.4%.



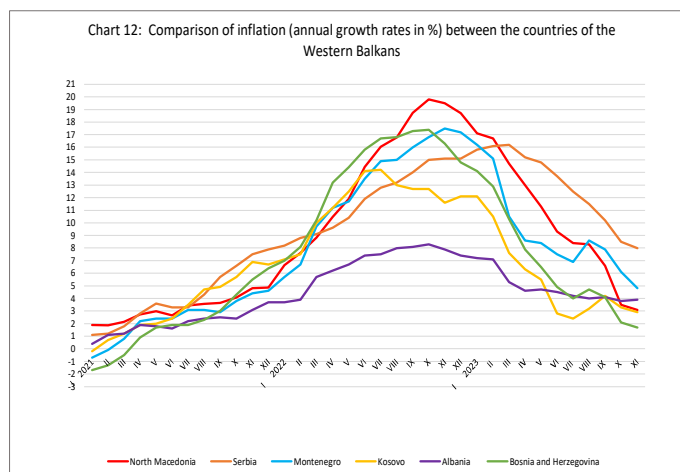
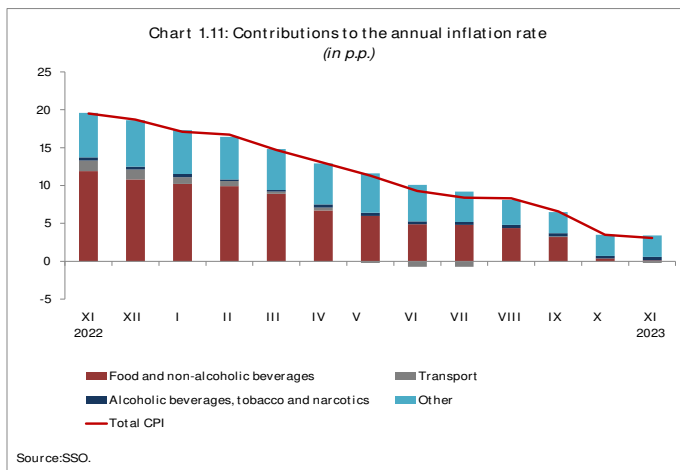
In November, consumer prices grew by 0.1% on monthly basis (prices dropped by 1.5% on monthly basis). In November, food prices decreased by 0.3%, resulting from the measures the Government took to reduce prices by 10% as regards basic food products sold in retail under a “guaranteed price” label. In November, except for Food and non-alcoholic beverages, prices were reduced at the categories: Transport by 2.3% and Wearing apparel and footwear by 0.1%.

Monthly price increase was also recorded at the following categories: Alcoholic beverages, tobacco and narcotics by 3.9%, Communications by 2.3%, Furnishings, household equipment and routine maintenance of the house by 1.1%, Miscellaneous goods and services by 0.5%, Health protection by 0.4%, Recreation and culture by 0.3% and Restaurants and hotels and Housing, water, electricity, gas and other fuels by 0.2% each. Prices at Education category remained the same.

In November 2023, retail prices increased by 3.4% on annual basis. On monthly basis, retail prices picked up by 0.2%.

As for the Eurozone, in November 2023, inflation rate dropped by 0.5 p.p., compared to the previous month, accounting for 2.4% (2.9% in October). Food remains to be quite expensive.

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 September projections, *inflation rate would reach 5.6% in 2023, 3.2% in 2024 and 2.1% in 2025.*





Stock Market Prices

In November 2023, crude oil price (Brent) on the global stock markets dropped by 8.7% compared to the previous month, reaching the price of US\$ 83.2 per barrel. In November, oil price reduced due to the eased tensions in the Middle East, as well as the slowed down economic growth in the Eurozone. Oil price dropped by 10.7% on annual basis.

In November 2023, price of natural gas dropped by 3,3% on monthly basis. Drop of monthly basis results from the provided inventories and favorable weather conditions. On annual basis, price of natural gas dropped by 58.9% in November 2023. This downward trend of the price commenced at the end of 2022 and continued in 2023 as well.

In 2023, prices of energy products on global and regional stock exchanges stabilized and reduced, following the significant increase throughout 2021 and 2022. In November 2023, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 99.38 per megawatt/hour, decreasing by 5.3% on monthly basis, while dropping by 55.4% on annual basis.

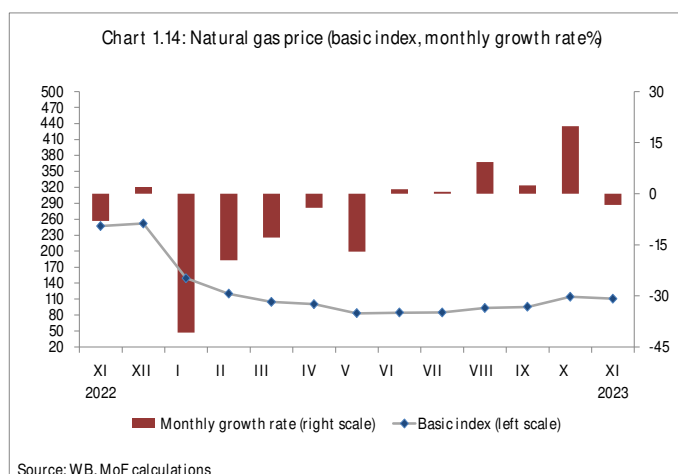
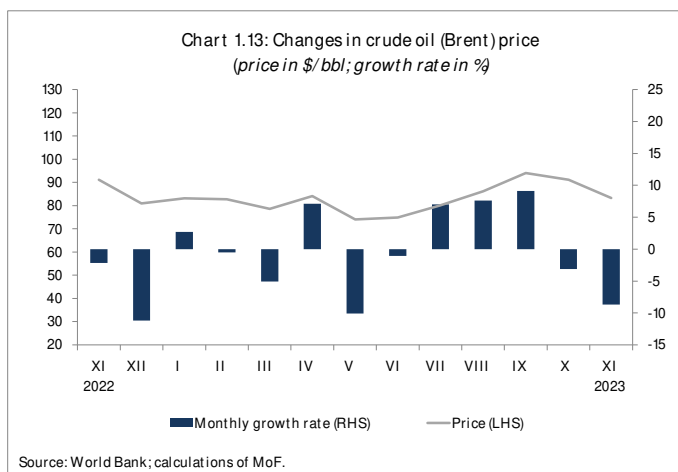


Table 1.1. Stock market prices of energy products (monthly data)

| | 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 |
| X | 104,9 | 91,1 | 515,5 |
| XI | 99,38 | 83,2 | 512,5 |

Source: World Bank, Hungarian Power Exchange

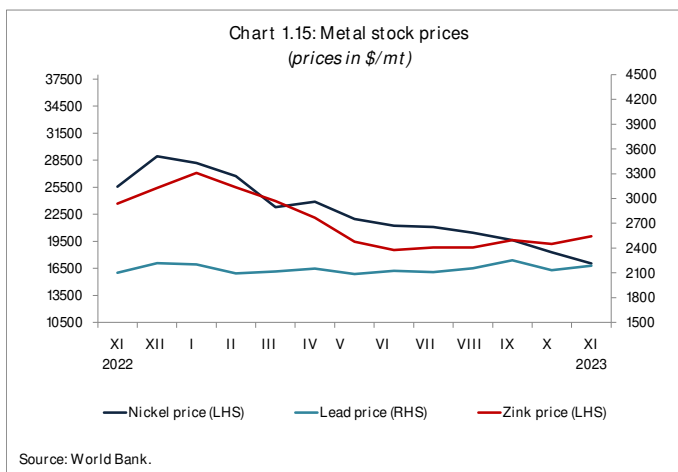


In November 2023, prices of most of the basic metals experienced growth. On monthly basis, price surge was recorded at: zinc by 3.9%, copper by 3.2%, lead by 2.6% and aluminium by 0.5%, reduction of prices on monthly basis was seen at: nickel by 6.9% and tin by 1.5%.

Price of iron ore registered monthly growth of 10.2%.

Price of gold picked up by 3.5% in November. Upward trend was also followed by other precious metals, thus, platinum and silver increased by 1.6% and 5.0%, respectively.

In November, price of maize reduced by 8.4% on monthly basis, while price of wheat picked up by 1.9%. Price of sunflower oil increased by 3.7% compared to the previous month.



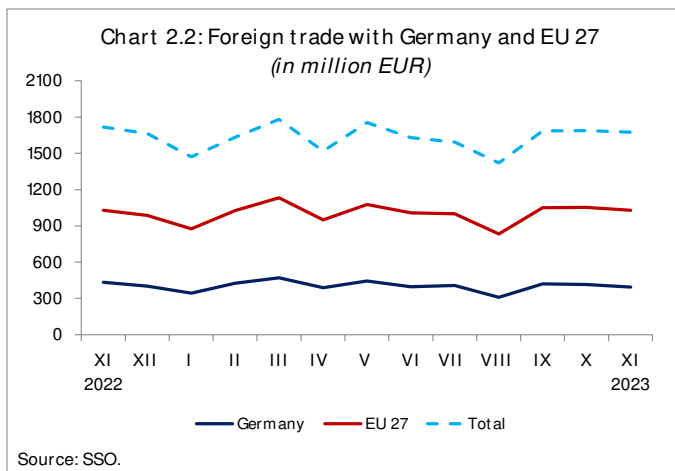
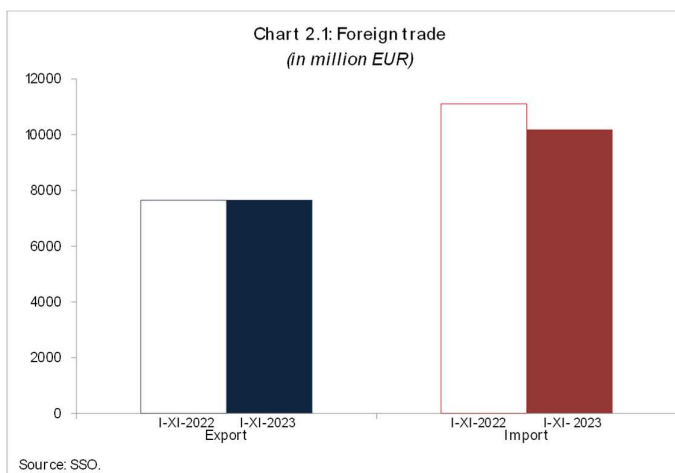
2. FOREIGN TRADE

Total foreign trade in the first eleven months in 2023 amounted to EUR 17,852.3 million, declining by 4.8% compared to the same period last year.

In the period January - November 2023, share of trade with the EU (EU 27¹⁾) as the largest trading partner, increased by 2.2 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 eleven months in 2023, accounted for 24.7%, increasing by 1.4 p.p. compared to the same period in 2022.

Export

In the first eleven months of 2023, value of imported goods amounted to EUR 7,664.4 million, surging by 0.2% (EUR 15.0 million) compared to the same period in 2022, while physical output of import dropped by 4.9%.



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

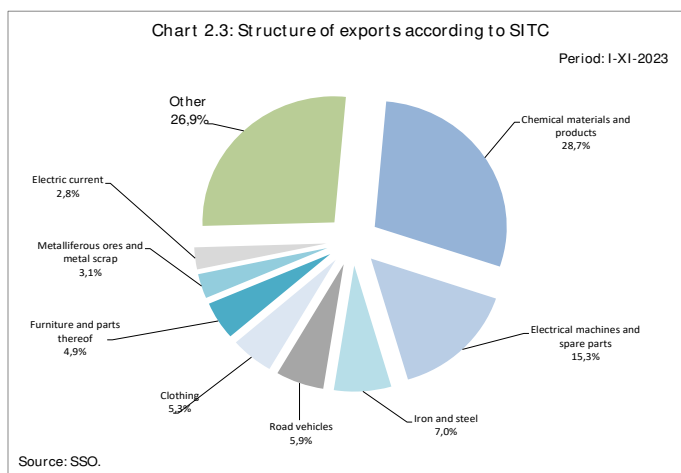


Value of exported goods amounted to EUR 718.4 million in November 2023, surging by 0.1% (EUR 1.0 million) compared to the same month of the previous year, while physical output of export decreased by 4.9% compared to November 2022.

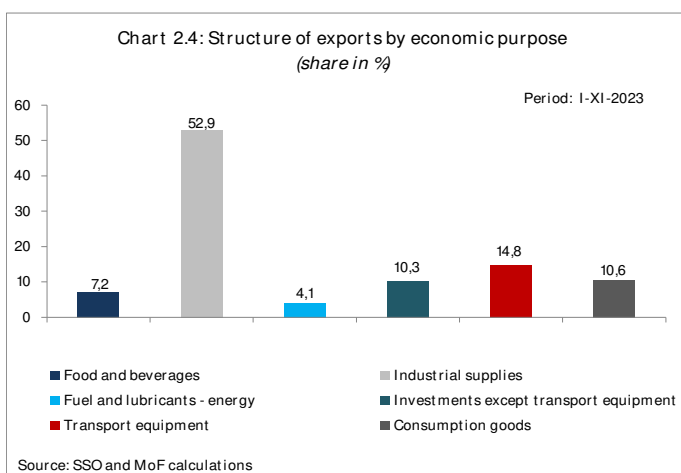
Analyzed on monthly basis, in November 2023, export grew by 1.8% (EUR 12.8 million) compared to the previous month and, should export be seasonally adjusted, it registered monthly increase of 4.0%, showing negative effects of the seasonal factor (2.2 p.p.) on export this month.

Value of export of food in the first eleven months in 2023, increased by EUR 37.1 million, picking up by 8.9% compared to the same period in 2022. Growth of the value of food export was due to the increased prices of food on the international market, taking into account that the quality of exported food was reduced by 5.0%.

As for our country's total export structure, share of the food in first eleven months in 2023, accounted for 5.9%, increasing by 0.5 p.p. compared to the same period in 2022.



Analyzed according to economic groups² of countries, in the period January-November 2023, compared to the same period in 2022, export surged 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 0.9% annually, while export to Western Balkan countries increased by 4.1%, whereby export of goods to EU 27 and the Western Balkan countries accounted for 78.9% and 12.5% respectively in the total export from the Republic of North Macedonia.



²Economic 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).

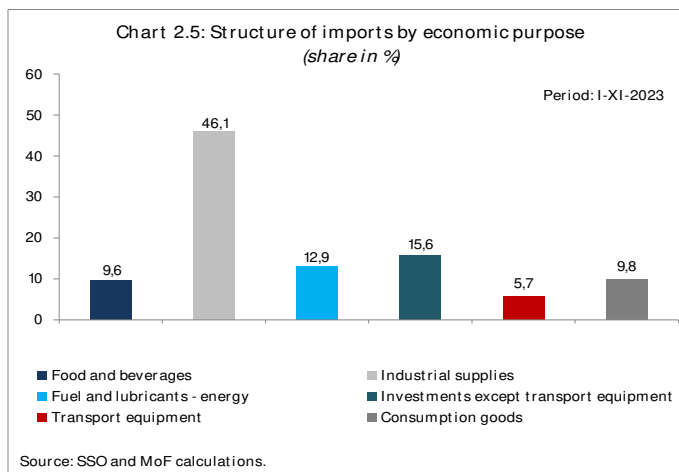


Import

In the period January - November 2023, value of imported goods amounted to EUR 10,187.9 million, dropping by 8.3% (EUR 923.5 million) compared to the same period in 2022, while physical output of import grew by 1.0%.

In November 2023, import value amounted to EUR 956.8 million, dropping by 4.4% (EUR 44.4 million) compared to the same month in 2022, while imported quantities of goods grew by 25.0% compared to November 2022.

Analyzed on monthly basis, in November 2023, import dropped by 2.7% (EUR 26.2 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly increase of 1.7%, showing negative effects of the seasonal factor (4.4 p.p.) on import this month.



Value of export of food in the first eleven months of 2023, increased by EUR 73.3 million, picking up by 9.0% compared to the same period in 2022. Quantity of imported food increased by 1.0% in the analyzed period. As for our country's total export structure, share of the food in first eleven months in 2023, accounted for 8.7%, 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-XI-2022 | I-XI-2023 | Balance | % rate | | I-XI-2022 | I-XI-2023 | Balance | % rate |
| 000 T | 140,2 | 119,5 | -20,7 | -14,8 | 000 T | 1.173,8 | 1.089,9 | -83,8 | -7,1 |
| EUR m il. | 140,1 | 94,6 | -45,4 | -32,4 | EUR m il. | 1.051,2 | 812,9 | -238,3 | -22,7 |
| \$ m il. | 147,1 | 102,3 | -44,9 | -30,5 | \$ m il. | 1.100,7 | 878,4 | -222,3 | -20,2 |
| *)P revious data | | | | | *)P revious data | | | | |
| Export of chemical products*) | | | | | Import of chemical products*) | | | | |
| | I-XI-2022 | I-XI-2023 | Balance | % rate | | I-XI-2022 | I-XI-2023 | Balance | % rate |
| 000 T | 72,5 | 73,2 | 0,6 | 0,9 | 000 T | 28,3 | 27,9 | -0,5 | -1,6 |
| EUR m il. | 2.301,0 | 2.202,6 | -98,3 | -4,3 | EUR m il. | 168,1 | 171,5 | 3,4 | 2,0 |
| \$ m il. | 2.417,3 | 2.380,2 | -37,1 | -1,5 | \$ m il. | 177,4 | 185,3 | 7,9 | 4,4 |
| *)P revious data | | | | | *)P revious data | | | | |
| Export of iron and steel*) | | | | | Import of iron and steel*) | | | | |
| | I-XI-2022 | I-XI-2023 | Balance | % rate | | I-XI-2022 | I-XI-2023 | Balance | % rate |
| 000 T | 624,3 | 608,0 | -16,3 | -2,6 | 000 T | 712,9 | 637,3 | -75,6 | -10,6 |
| EUR m il. | 736,0 | 535,9 | -200,1 | -27,2 | EUR m il. | 634,1 | 468,6 | -165,5 | -26,1 |
| \$ m il. | 784,7 | 579,2 | -205,5 | -26,2 | \$ m il. | 671,8 | 505,9 | -165,8 | -24,7 |
| *)P revious data | | | | | *)P revious data | | | | |

Trade Balance

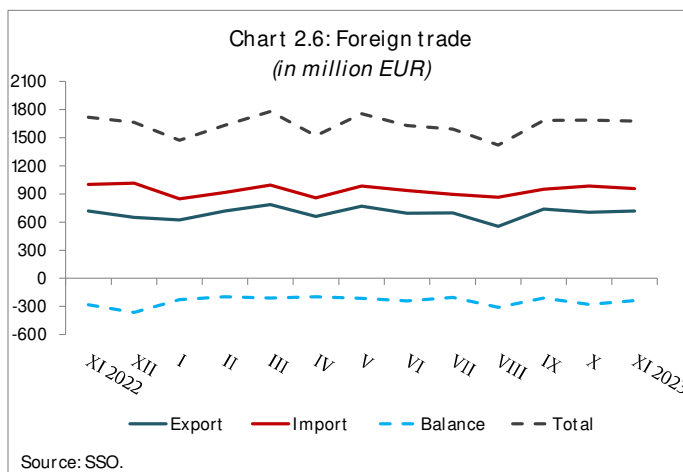
In the period January - November 2023, trade deficit decreased by 27.1%, i.e. by EUR 938.5 million, compared to the same period last year.



In November 2023, trade deficit decreased by 16.0% or EUR 45.3 million compared to November 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 - November 2023, 79.2% of the trade deficit of the country was realized in the trade with Great Britain and China, followed by: Greece, Turkey, Serbia, Italy, Poland and etc. Surplus was realized in the trade with Germany, Kosovo, Belgium, Hungary, Spain and the Czech Republic.



Currency Structure

Observed by currency structure, 91.8% of the trade in the period January - November 2023 was

| import | I-XI-2022 | | | | | I-XI-2023 | | | | | 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 % | currency | import in currency | average Denar exch. Rate in relation to currencies | import in Denar | | |
| EUR | 4 971,1 | 9 806 644 628 | 61,6213 | 604 298 190 604 | 88,3 | 5 537,0 | 9 118 764 061 | 61,5629 | 561 377 560 024 | 89,5 | -687 880 567 | -7,0 |
| USD | 1 408,6 | 1 291 950 756 | 58,6334 | 75 751 465 478 | 11,1 | 900,8 | 1 065 204 637 | 56,9986 | 60 715 172 997 | 9,7 | -226 746 120 | -17,6 |
| GBP | 1,7 | 18 778 315 | 72,4361 | 1 360 227 877 | 0,2 | 1,8 | 21 290 215 | 70,7327 | 1 505 914 374 | 0,2 | 2 511 900 | 13,4 |
| EUR+USD+GBP | 6 381,3 | | | 681 409 883 959 | 99,5 | 6 439,5 | | | 623 598 647 394 | 99,4 | | |
| tot. import | 6 394,5 | | | 684 698 303 244 | 100,0 | 6 455,6 | | | 627 225 639 767 | 100,0 | | -8,4 |

Source: SSO and NBRNM

realized in euros and, compared to the same period in 2022, it surged by 1.8 p.p.. On export and import side, euro accounted for 94.9% and 89.5%, respectively, whereby share of the euro in export was higher by 2.2 p.p., while share of the euro in import increased by 1.2 p.p. compared to the period January – November 2022.

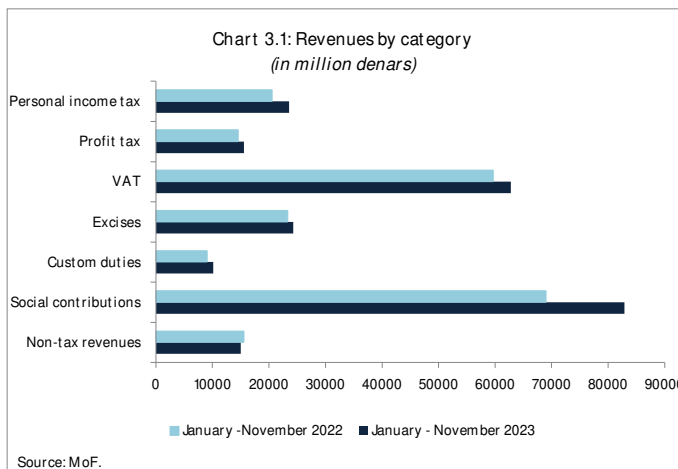


3. FISCAL SECTOR

Budget Revenues According to the Economic Classification

In the period January - November 2023, total budget revenues were collected in the amount of Denar 248,473 million, i.e. 27.8% of GDP, showing higher performance by 13.3% in relation to the same period in 2022. Compared to November last year, budget revenues increased by 27.3%, arising from the positive contribution of tax revenues and social contributions, (contribution of 17.2 p.p. and 8.1 p.p. respectively). Thereby, in November 2023, tax revenues picked up by 32.6% on annual basis, resulting from the higher revenues on the basis of Personal Income Tax, VAT, import duties and other taxes.

In the period January – November 2023, tax revenue collection amounted to Denar 139,567, i.e. higher by 9.2% compared to the period January – November 2022, as a result of the increased revenues on the basis of personal income tax, profit tax, VAT, excise duties, import duties and other tax revenues.



VAT revenues predominate by accounting for 45.0% of total tax revenues, the collection of which amounts to Denar 62,798 million, increasing by 5.2% in relation to the period January – November in the previous year. Thereby, this year, VAT collection amounted to Denar 99,268 million on gross basis, out of which Denar 36,456 million was refunded to taxpayers (gross collection was lower by 0.9%, while VAT refund was lower by 10.0% compared to 2022). As for VAT structure, collection of VAT when importing accounted for the most, decreasing by 5.6%, while VAT revenues collected on the basis of sales in the country picked up by 11.3%. Revenues on the basis of excises duties were collected in the amount of Denar 24,304 million (participating with 17.4% in the tax revenues), surging by 4.2% compared to the period January – November 2022. Hence, revenues collected on the basis of these two indirect taxes alone amounted to Denar 87,102 million, i.e. 62.4% of total tax revenues in the period January – November 2023.

PIT revenues were collected in the amount of Denar 23,579 million, increasing by 14.7% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 66.5%, tax revenues on the basis of contractual agreement accounted for 8.1%, revenues on the basis of games of chance and award games accounted for 8.7%, capital revenues accounted for 6.3%, and revenues on the basis of other types of income tax accounted for 10.4%.

In the period January – November 2023, profit tax revenues amounted to Denar 15,612 million, increasing by 7.1% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 15.4%, with tax balances decreasing by 12.0%.

Revenues on the basis of customs duties were collected in the amount of Denar 10,166 million, increasing by 11.9%. Collection of revenues on the basis of other taxes, amounting to Denar 3,108 million, grew by 404.5% compared to last year.

Revenues on the basis of social contributions were collected in the amount of Denar 82,853 million, which was higher by 20.1% compared to last year. Thereby, collection of pension and disability



insurance contributions surged by 20.0%, while collection of employment contributions was higher by 20.4%, with health insurance contributions growing by 20.2%.

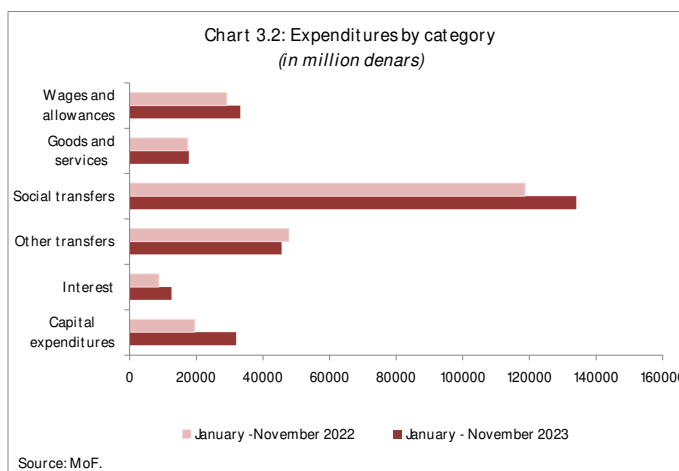
Non-tax revenues were collected in the amount of Denar 15,005 million and, in relation to the period January - November 2022, they were lower by 3.6% (these revenues include revenues on the basis of profit generated by the public institutions, revenues collected on the basis of administrative fees and fines, concessions, etc.).

Capital revenues collected on the basis of sale of construction land, flats and dividends reached Denar 2.002 million, decreasing by 9.6% compared to last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 7,406 million, increasing by 156.0% compared to the same period in 2022.

Budget Expenditures According to the Economic Classification

In the period January – November 2023, total budget expenditures amounted to Denar 276,936 million, i.e. 31.0% of GDP, which was higher by 13.9% compared to the same period in the previous year. Compared to November last year, budget expenditures surged by 4.0%, being a result of the increase in current expenditures by 19.3%, while capital expenditures decreased by 52.8%.



With respect to the structure of total executed expenditures, in the period January – November 2023, current expenditures, amounting to Denar 245,006 million, accounted for 88.5% and they increased by 9.5% in relation to the period January – November 2022.

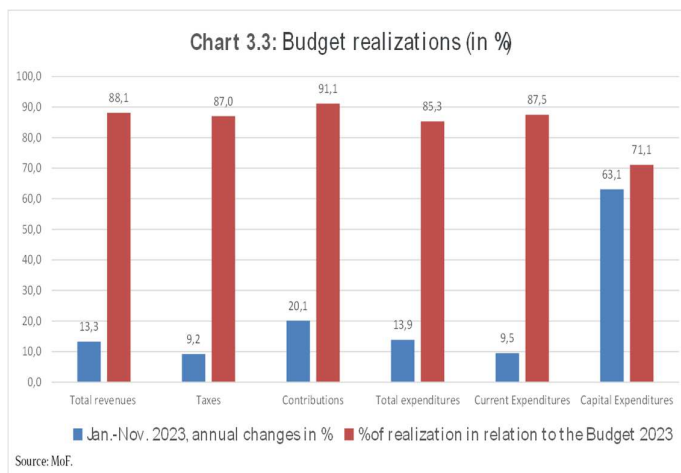
Expenditures related to wages and allowances were executed in the amount of Denar 33,234 million, increasing by 14.0% in relation to the same period in the previous year, accounting for 12.0% of the total budget expenditures.

Expenditures related to goods and services amounted to Denar 17,724 million, increasing by 1.4% compared to the period January – November 2022.

Funds allocated for transfers amounting to Denar 181,546 million accounted for the most in the current expenditure items. Transfers increased by 7.9% compared to the period January – November 2022, participating with 65.6% in the total expenditures.



As regards transfers, social transfers grew by 13.0%, amounting to Denar 134,092 million, accounting for 48.4% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for most of the social transfers, amounted to Denar 81,984 million, increasing by 15.1% compared to the period January – November 2022, accounting for 29.6% of total expenditures. Category other transfers decreased by 4.7%, whereby subsidies and transfers amounted to Denar 20,538 million, decreasing by 23.0%. Block grants to local government units, amounting to Denar 21,701 million, grew by 16.7% compared to the previous year.



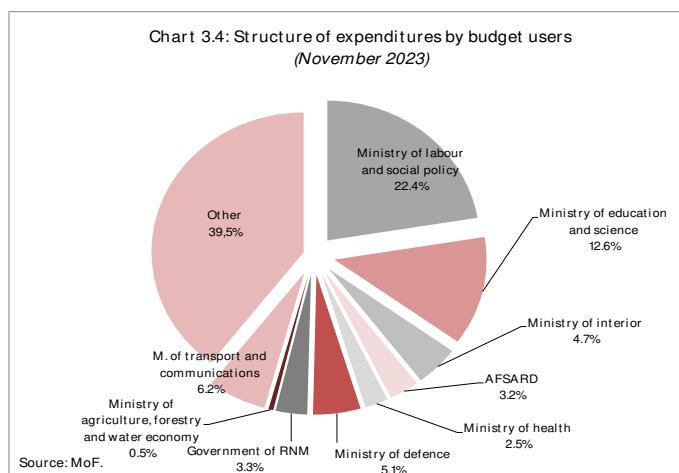
During the analyzed period, funds for capital expenditures were executed in the amount of Denar 31,930 million, participating with 11.5% in the total expenditures, thereby increasing by 63.1% compared to the period January – November 2022.

Expenditures by Budget Users

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

In the period January – November 2023, Ministry of Labour and Social Policy executed funds in the amount of Denar 52,726 million or 95.1% of its total budget for the current year. Thereby, most of the expenditures (67.0%) in this period were allocated for current transfers to extra-budgetary funds, for which Denar 35,302 million was spent or 98.7% of the funds allocated for 2023. The second highest expenditure category was the social benefits, participating with 23.6% in the total expenditures, whereby 91.2% (Denar 12,460 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 29,574 million, i.e. 84.6% of its total 2023 budget. Current transfers to LGUs accounted for most of the expenditures (62.0%), Denar 18,340 million being spent therefore or 90.3% of total projected funds. Wages and allowances were the second most significant category, accounting for 17.2%, with Denar 5,089 million being spent therefore, i.e. 88.2% of the total projections.



In the period January – November 2023, Ministry of Internal Affairs executed expenditures in the total amount of Denar 11,085 million, accounting for 85.8% of its 2023 budget. Wages and allowances were the highest expenditure category, participating with 70.1%, Denar 7,771 million being spent therefore, accounting for 89.1% of the



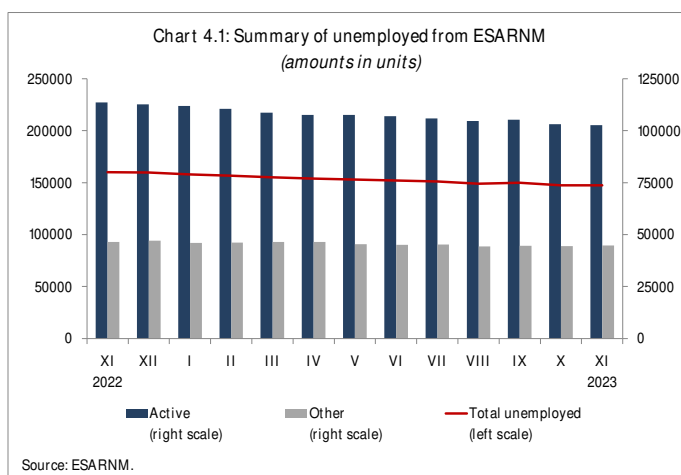
Budget Balance

In the period January– November 2023, state budget deficit reached the amount of Denar 28,463 million, accounting for 3.2% of GDP, while central budget deficit amounted to Denar 29,252 million and accounted for 3.3% of GDP. Budget deficit in the period January – November 2023 accounted for 66.6% of total budget deficit projected for this year.

4. SOCIAL SECTOR

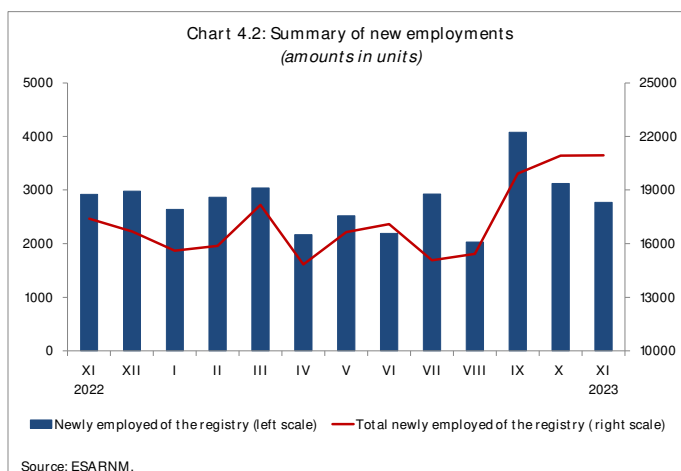
Established Work Contracts and Registered Unemployed Persons in EARNM

In November 2023, Employment Service Agency registered total of 190,558 new employments. Total number of newly employed persons was higher by 1.7% compared to the same period in 2022. Number of new employments, starting April 2021 until mid-2022, recorded a trend of substantial annual growth, followed by its relative stable level. 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, 40.9% was engaged on permanent basis, while the rest of the employed were engaged on temporary basis and as seasonal workers. In November 2023, 13.2% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in November 2023 was 147,479, out of which 102,744 persons were active job seekers, while 44,735 persons were from the category “other unemployed”. On annual basis, total number of unemployed people reduced by 7.9%. Compared to October 2023, number of unemployed people decreased by 135 people, thus continuing the downward trend of unemployed people, being halted in September. 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 one more time apart from September, i.e. in October 2022.



Major percentage of the unemployed (59.6%) came from urban areas (cities), whereby 48.3% were men. Analyzed by the level of education, majority, i.e. 68.4%, of the unemployed persons were with



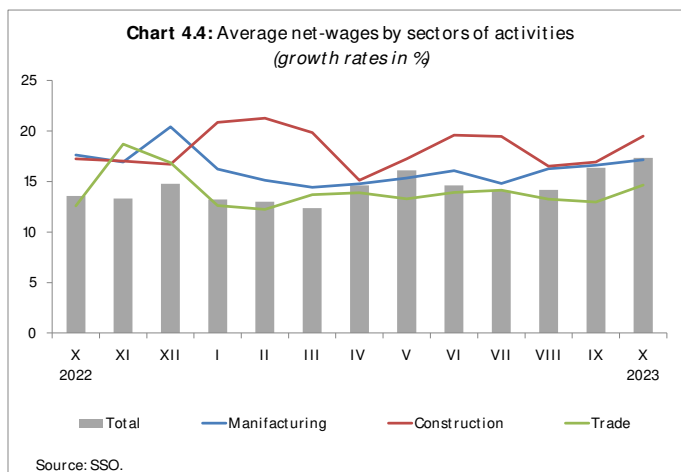
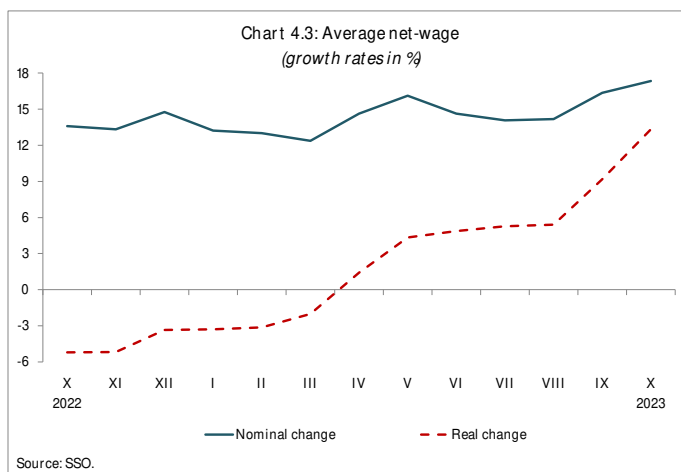
incomplete secondary education or less, 23.9% were with completed secondary education, while 7.7% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, most of the unemployed persons or 48.8% of the unemployed people belong to the group aged 25-49 years. According to the time they waited for a job, 61.0% of the unemployed persons wait for employment from 1 to 7 years, while 12.8% wait for employment for 8 years or more.

Wages

In October 2023, average net wage increased by 17.3% on annual basis, being higher by 2.6% compared to September 2023. The highest increase of average net wage, in relation to October 2022, was observed at the following sectors: Public administration and defense; mandatory social insurance (26.2%), Water supply; sewerage, waste management and remediation activities (20.2%), Electricity, gas, steam and air conditioning supply (20.0%). In October 2023, wages grew by 13.3% in real terms on annual basis.

Highest average net wage in October 2023 was paid in the sector Information and communications (Denar 70,877), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 92,631), followed by Financial and insurance activities with Denar 55,069, Electricity, gas, steam and air conditioning supply sector with Denar 53,868, and Mining and quarrying with average net wage in the amount of Denar 49,486.





5. MONETARY AND FINANCIAL SECTOR

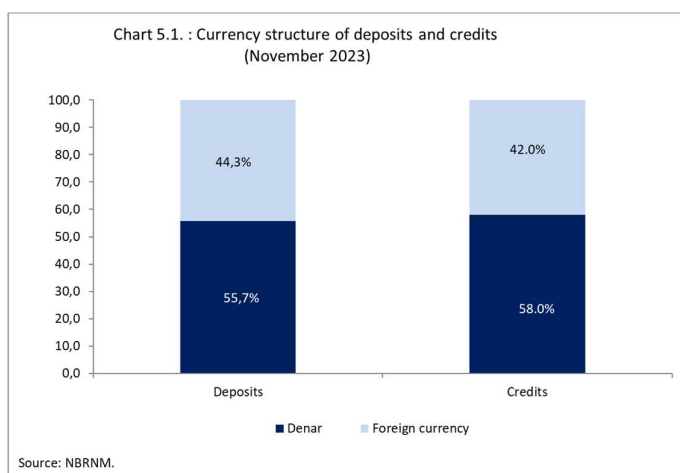
In November 2023, the National Bank retained its policy rate at 6.30%. Tightened monetary policy is a result of the previously undertaken measures for stabilizing the monetary policy, resulting from the rising inflation and the inflationary expectations, all to the end of preserving the stability of the exchange rate and the medium-term price stability.

Available overnight and seven-day deposits accounted for 4.20% and 4.25%, respectively in November.

Primary Money

In November 2023, primary money⁴ picked up by 13.0% on annual basis. Growth of primary money was a result of increase of currency in circulation by 31.1%, while total liquid assets of banks decreased by 1.0%.

On monthly basis, primary money grew by 9.9%, as a result of increase of total liquid assets of banks and currency in circulation by 10.2% and 9.6%, respectively.



Deposit potential⁵

In November 2023, total deposits of banks grew by 0.9% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of private enterprises grew by 2.1%, while deposits of households surged by 0.4%.

Analyzed by currency, compared to the previous month, Denar deposits and foreign currency deposits surged by 1.5% and 0.3% respectively in November 2023.

Total deposit potential in November 2023 grew by 7.2% on annual basis. Analyzed by currency, domestic currency deposits and foreign currency deposits surged by 8.7% and 5.3%, respectively on annual basis.

From sector point of view, this month, deposits of enterprises grew by 9.8% and deposits of households increased by 7.1%, on annual basis.

Table 5.1. Deposit potential and credits to the private sector

| Deposit potential and credits to private sector (November 2023) | Denar million | Monthly change | Annual change |
|---|---------------|----------------|---------------|
| Deposit potential | 513,622 | 0.9% | 7.2% |

⁴Primary 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.

⁵NBRNM 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.



| | | | |
|---------------------------|----------------|-------------|-------------|
| By currency: | | | |
| <i>Denar</i> | 285,992 | 1.5% | 8.7% |
| <i>Foreign currency</i> | 227,630 | 0.3% | 5.3% |
| By maturity: | | | |
| <i>Short-term</i> | 216,905 | 0.4% | 2.1% |
| <i>Long-term</i> | 114,827 | 0.8% | 21.4% |
| | | | |
| Credits to private sector | 438,977 | 0.3% | 5.2% |
| By currency: | | | |
| <i>Denar</i> | 254,407 | 0.6% | 6.3% |
| <i>Foreign currency</i> | 184,570 | -0.2% | 3.9% |
| By maturity: | | | |
| <i>Short-term</i> | 64,120 | 0.0% | -8.3% |
| <i>Long-term</i> | 357,130 | 0.2% | 7.7% |

Source: NBRNM

According to maturity, short-term deposits surged by 2.1%, 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 55.7%.

Bank Credits

In November 2023, total credits of banks to the private sector surged by 0.3% on monthly basis, as a result of the growth of credits to households by 0.7% with credits to enterprises reducing by 0.1%.

In November 2023, from currency aspect, Denar credits surged by 0.6%, while foreign currency credits decreased by 0.2%.

On annual basis, in November 2023, total credits grew by 5.2% in conditions of growth of both credits to credits to enterprises and households by 3.8% and 6.5%, respectively. Denar credits surged by 6.3%, while foreign currency credits increased by 3.9%.

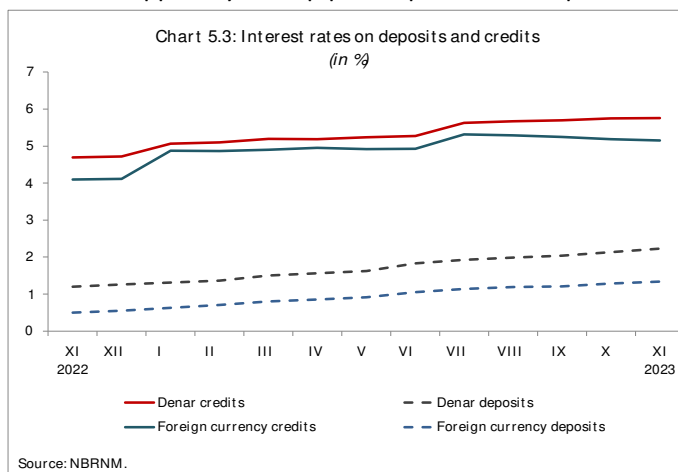
As regards maturity, long-term credits experienced annual growth of 7.7%, while short-term credits dropped by 8.3%.



Interest Rates of Deposit Banks

In November 2023, total interest rate on credits dropped by 0.01 p.p. compared to the previous month, accounting for 5.48%. Interest rate on Denar credits grew by 0.01 p.p., accounting for 5.76% on monthly basis, while interest rate on foreign currency credits decreased by 0.04 p.p., accounting for 5.15%.

Total interest rate on deposits grew by 0.07 p.p. in November 2023, compared to last month, accounting for 1.74%. Interest rate on Denar deposits increased by 0.10 p.p., accounting for 2.23%, while interest rate on foreign currency deposits surged by 0.05 p.p. compared to the previous month, accounting for 1.34%.



Interest rate on newly granted Denar credits accounted for 5.79%, while interest rate on newly approved foreign currency credits accounted for 4.30%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.71% and 1.81%, respectively.

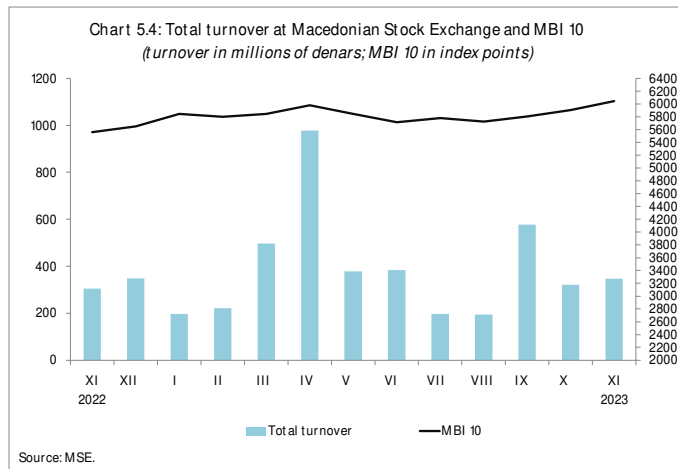
Capital Market

As for the capital market, in November 2023, total turnover on the stock exchange surged by 8.2% on monthly basis, as a result of the increase of turnover from trading in best by 50.3%, and turnover from block transactions by 68.7%.

Total turnover on the stock exchange amounted to Denar 347.2 million in November 2023, increasing by 14.1% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 6,046.34 index points

at the end of November 2023, whereby the index grew by 2.4% on monthly basis, while, compared to the same month last year, the index was higher by 8.8%.



Reserve Assets

Gross foreign currency reserves at the end of November 2023 amounted to EUR 3,963.66 million and, compared to the previous month, they were higher by 1.1% million, while compared to November 2022, they surged by EUR 3.6%.