

# *SHORT-TERM ECONOMIC TRENDS*



**February 2024**

## CONTENTS

SUMMARY .....	2
<b>1. REAL SECTOR.....</b>	<b>3</b>
Industrial Production .....	3
Number of Employees in the Industry .....	4
Number of Issued Building Permits and Expected Value of Constructions .....	5
Number of Completed Construction Works by Types of Constructions .....	6
Inflation .....	7
Stock Market Prices .....	9
<b>2. FOREIGN TRADE.....</b>	<b>10</b>
Export .....	10
Import .....	11
Trade Balance .....	13
Currency Structure.....	13
<b>3. FISCAL SECTOR .....</b>	<b>14</b>
Budget Revenues according to the Economic Classification.....	14
Budget Expenditures according to the Economic Classification .....	15
Expenditures by Budget Users.....	16
Budget Balance .....	17
<b>4. SOCIAL SECTOR.....</b>	<b>17</b>
Newly Employed and Registered Unemployed Persons in the Employment Service Agency .....	17
Wages .....	18
Pensions .....	19
<b>5. MONETARY AND FINANCIAL SECTOR .....</b>	<b>20</b>
Primary Money .....	20
Bank Credits .....	21
Interest Rates of Deposit Banks.....	22
Capital Market .....	22
Reserve Assets .....	22



**SUMMARY**  
**OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS**  
**February 2024**

- Industrial production surged by 0.3% in February 2024 compared to the same month last year;
- Inflation rate in February accounted for 3%, dropping by 0.2 p.p. compared to the previous month (3.2% in January 2024), representing slowdown of the annual growth compared to last month, whereas inflation rate recorded increase by 0.4% on monthly basis;
- Export in the period January - February 2024 dropped by 9.9%, while imports by 1.1%, resulting in increase of the trade deficit by 26.5% compared to the same period in 2023;
- In February 2024, total budget revenues reached an amount of Denar 44, 641 million, i.e. 4.6% of GDP, which was by 17.4% higher in relation to February 2023;
- In February 2024, total budget expenditures amounted to Denar 55,807 million, i.e. 5.7% of GDP, which was higher by 27,8% compared to February previous year.
- Total credits of banks in February 2024 grew by 6.5% compared to February 2023, while total deposit potential of banks surged by 9,3%.



## 1. REAL SECTOR

### Industrial Production

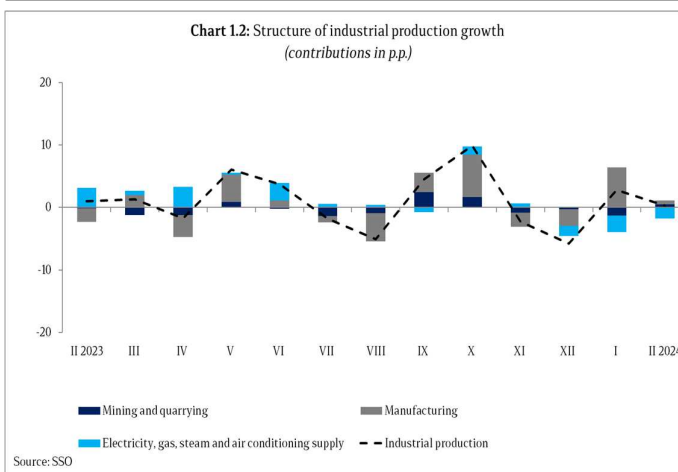
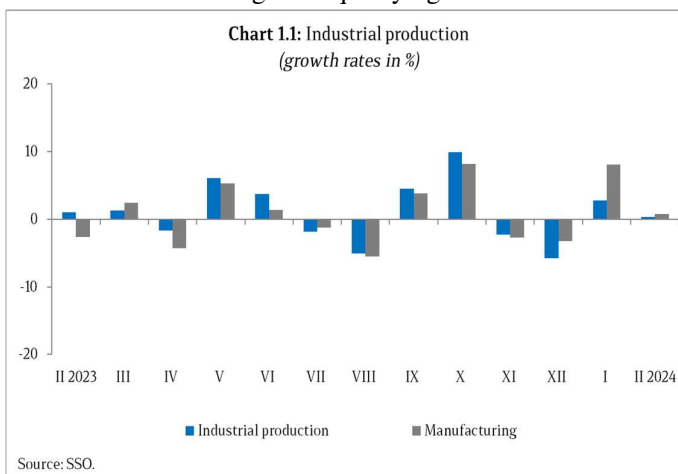
Industrial production surged by 0.3% in February 2024 compared to the same month last year. Growth was a result of the increased production of 5.6% in Mining and quarrying sector and 0.8% in Manufacturing, while drop was recorded in Electricity, gas, steam and air-conditioning supply sector by 14.5%.

In February 2024, growth in production was recorded at 15 out of total of 27 industrial branches, comprising 61.2% in the total industry.

As for branches with higher value added, increase in February 2024 was observed at the following branches: Manufacture of motor vehicles, trailers and semi-trailers by 3.8% and contribution of 0.5 p.p., Manufacture of machinery and equipment by 7.6% with contribution of 0.5 p.p., and Manufacture of electrical equipment by 16.4% with contribution of 0.9%, whereas drop of 0.3% with contribution of 0.0 p.p. was observed at Production -of metals.

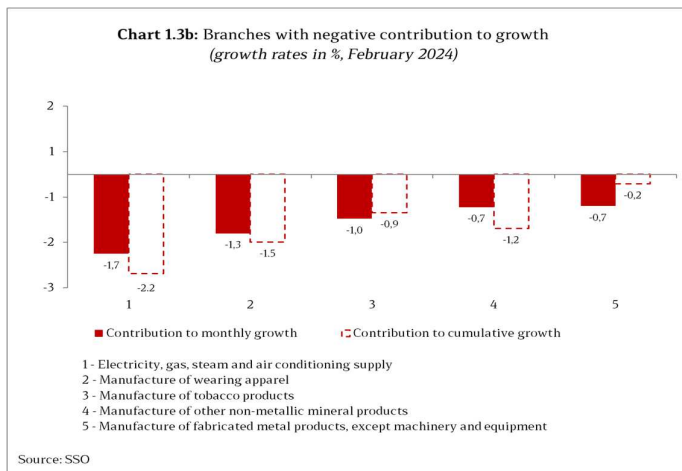
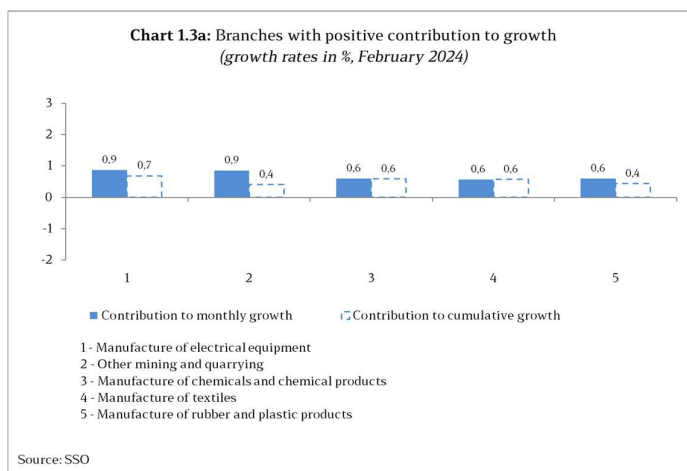
Traditional branches in February 2024 recorded growth of production, as follows: Manufacture of textile by 11.7%, and contribution of 0.6 p.p., and Food industry by 5.2%, with contribution of 0.5 p.p., while reduction of production was seen in the following branches: Manufacture of beverages by 5.8% and contribution of -0.2 p.p., Manufacture of tobacco goods by 78.6% and contribution of -1.0 p.p., Manufacture of wearing apparel by 20.6% and contribution of -1.3 p.p. and Manufacture of leather by 58.5% and contribution of -0.4 p.p., and Manufacture of wood and wood and cork products by 41.1% and contribution of -0.3 p.p..

Increased industrial production, according to the purpose of the production units in February 2024 was a result of the increased production in the following branches: Intermediary goods, except energy (growing by 5.9% and contribution of 1.8 p.p.), Capital goods (surging by 4.8% and contribution of 1.1 p.p.), Durable consumer goods industry (increasing by 3.4% and contribution of 0.1 p.p.), whereas reduction in production was observed in the branches: Energy (dropping by 15.4% and contribution of -2.0 p.p.) and Non-durable consumer goods industry (dropping by 5.9% and contribution of -1.8 p.p.).





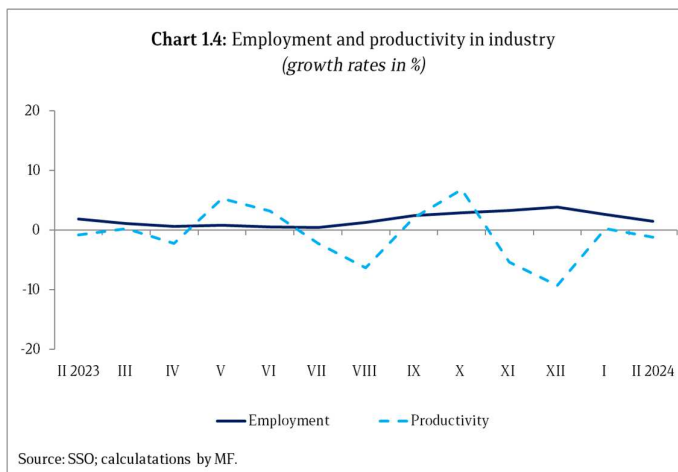
On cumulative basis, in the period January - February 2024, industry grew by 1.5%, being a result of the increased production at Manufacturing by 4.0% (with contribution of 3.2 p.p.), while reduction of production was seen at Mining and quarrying by 4.5% (contribution of -0.4 p.p.) and Electricity, gas, steam and air conditioning supply by 18.1% (contribution of -2.2 p.p.).



As per the purpose of production units, in the period January - February 2024, growth was seen at the following groups: Intermediary goods, except energy by 3.0% and Capital goods by 12.9%, whereas drop was observed at the branches: Energy by 17.9%, Consumer durables by 4.5%, and Consumer non-durables by 3.4%.

### Number of Employees in the Industry

In February 2024, number of employees in the industry increased by 1.5% compared to the same month in the previous year. Growth was due to the increased number of employees throughout all sectors: Mining and quarrying by 5.8%, Manufacturing by 1.2%, and Electricity, gas, steam and air-conditioning supply by 0.7%. Increase in the number of employees was seen at the following branches: Repair and installation of machinery and equipment by 52.6%, Manufacture of beverages by 16.5%, Manufacture of motor vehicles, trailers and semi-trailers by 16.4%.



Data on the number of employees in the industry by target groups in February 2024, compared to the same month in the previous year, indicated growth in the following groups: Energy 4.4%, Capital goods of 14.7%, and Consumer non-durables of 6.0%.

On cumulative basis, the number of employers in the industry in the January – February 2024 period recorded growth of 2.0% due to the increased number of employees throughout sectors: Mining and quarrying by 5.9%, Manufacturing by 1.8%, and Electricity, gas, steam and air-conditioning supply by 0.7%.



As regards target groups, number of employees in the industry in the period January - February in 2024 increased in the sectors as follows: Energy by 4.4%, Capital goods by 16.1% and Consumer durables by 3.8%.

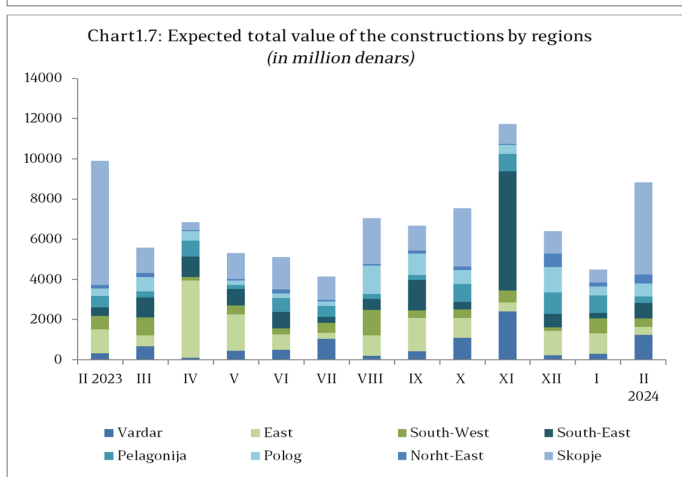
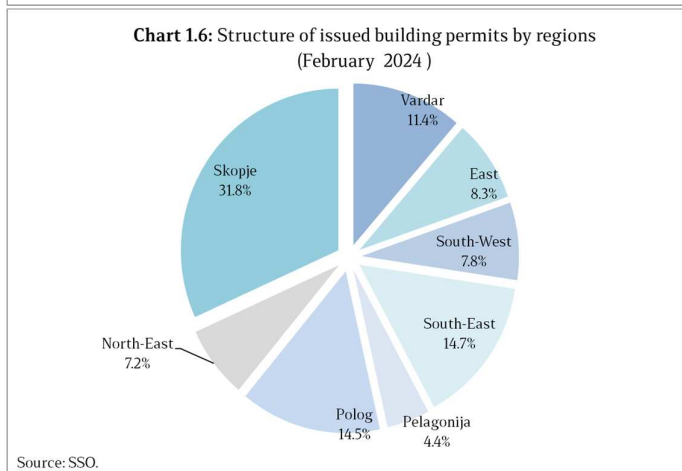
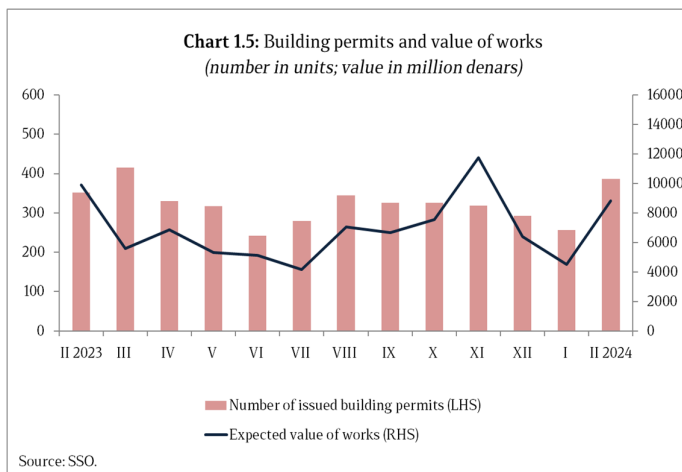
### Number of Issued Building Permits and Expected Value of Constructions

In February 2024, when total of 387 building permits were issued, being a significant growth of 9.9% compared to the same month in 2023, resulting from the annual growth of issued permits for reconstruction by 115.6%, (participating with 25.1% in the total number of issued building permits), whereas at buildings a drop of 14.1% was recorded. Compared to January 2024, number of issued building permits surged by 51.2%. Expected value of works, according to the issued building permits in February 2024, compared to the same month in 2023, dropped by 10.9%, while compared to the previous month, it decreased by 95.8%.

Analyzed by types of constructions, out of the total number of issued building permits, 171 (or 44.2%) were intended for buildings, 119 (or 30.7%) for civil engineering structures and 97 (or 25.1%) for reconstruction.

Analyzed by types of investors, out of total 387 issued building permits, individuals were investors in 216 facilities (or 55.8%), while business entities were investors in 171 facilities (or 44.2%).

In February 2024, construction of 951 flats was envisaged, with total usable area of 78,892 m<sup>2</sup>. Number of flats envisaged for construction increased by 54.6% on monthly basis, dropping by 26.5 % on annual basis.





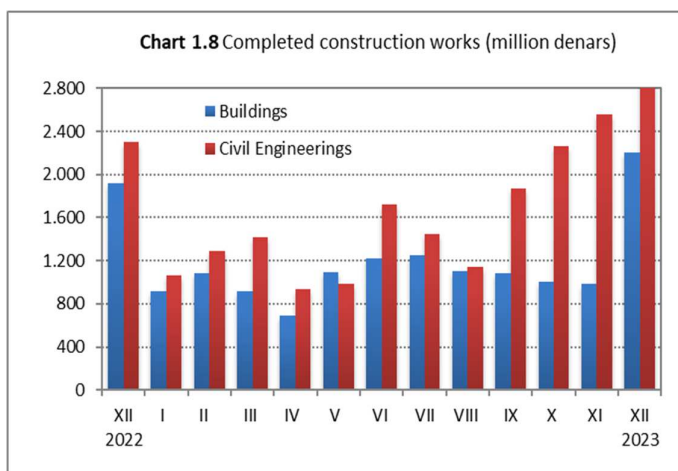


## Number of Completed Construction Works by Types of Constructions<sup>1</sup>

Total value of performed construction works in December 2023 amounted to Denar 5,082 million, representing an annual growth of 20.5% in nominal terms, whereby civil engineering structure grew by 25.2%, and buildings by 14.8%. Compared to November 2023, total value of completed construction works increased by 43.4%, civil engineering structures recorded an increase by 12.7%, while buildings by 122.6%.

In cumulative terms, in the period January - December 2023, value of performed construction works amounted to Denar 33,137 million, being higher by 6.2% compared to the same period last year.

Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 19,575 million were completed in the course of twelve months, i.e. by 14.6% more compared to the same period last year. Value of completed works at buildings in this period decreased by 3.9%, amounting to Denar 13,563 million.

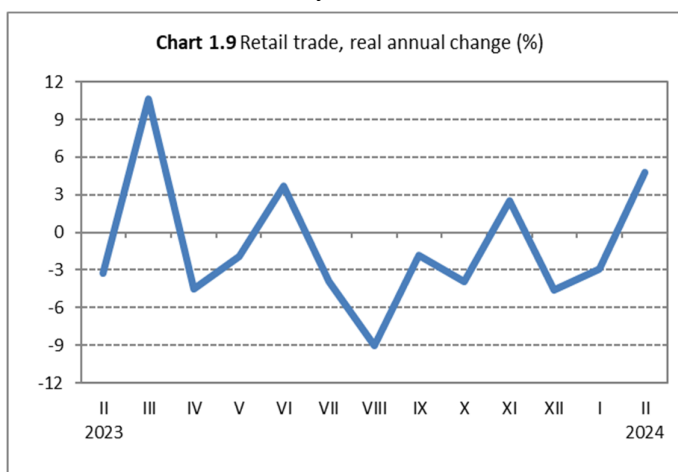


In real terms, in the period January - December 2023, value of completed construction works decreased by 2.1%, with buildings recording a drop of 11.3%, and civil engineering structures recording an increase of 5.4%.

## Trade Sector Turnover

In February 2024, data on domestic trade demonstrated nominal annual drop in the turnover by 7.7%, following the drop by 5.1% in January. Value of turnover in February 2024 amounted to Denar 60.803 million, whereby in cumulative terms, in the period January - February 2024, value of total turnover in the trade amounted to Denar 119.874 million, being by 1.0% higher compared to the same month in the previous year.

In cumulative terms for the period January – February 2024, a positive growth of turnover was recorded only at the Retail sector, which value amounted to Denar 42,281 million, being higher by 2.9% compared to the same month last year, while drop was



<sup>1</sup>Data on January 2024 regarding the number of completed construction works by types of construction in the MakStat database have not yet been updated.



recorded at Wholesale, which amounted to Denar 64,565 million, being lower by 0.3% compared to the same month last year, as well as at Motor vehicle and repairment where turnover for the respective period amounted to Denar 7,028 million, being lower by 0.2% compared to the same month in the previous year.

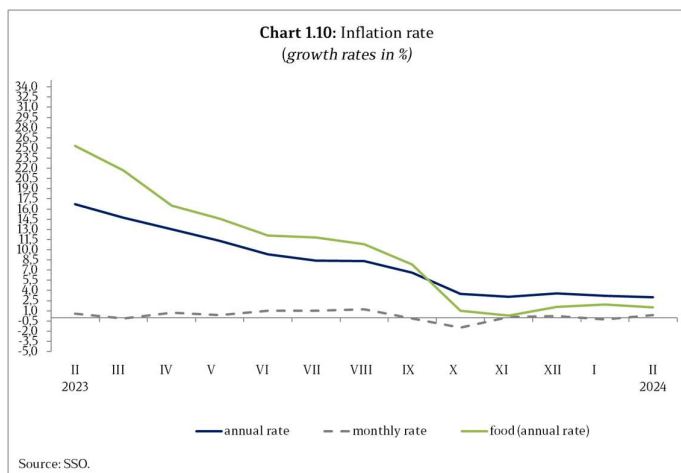
In real terms, retail trade in February 2024 recorded annual increase by 4.8%, while analyzed by groups and classes, increase was also seen in the groups of retail trade in non-food products by 11.3%, and retail trade in automotive fuels by 5.4%, whereas decrease only in the Retail in food products, beverages and tobacco by 1.6%.

In February 2024, Wholesale trade (54.82%) accounted for the most in the Trade sector, followed by Wholesale trade (54.82%), followed by Retail trade (38.94%) and Trade in motor vehicles and motorcycles, repair and their maintenance (6.24%).

## Inflation

Inflation rate accounted for 3.0% in February 2024, being lower by 0.2 p.p. compared to the previous month (3.2% in January 2024). In February, inflation was primarily due to the base component, whereas the food and energy component had less of an impact thereon.

In February, the core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 4.8% on annual basis (5.2% in the previous month), which indicated gradual slowing-down. This month, the increased prices in the category Alcoholic beverages, tobacco and narcotics<sup>2</sup> have contributed in most positive terms, followed by prices in the category Restaurant and hotels.



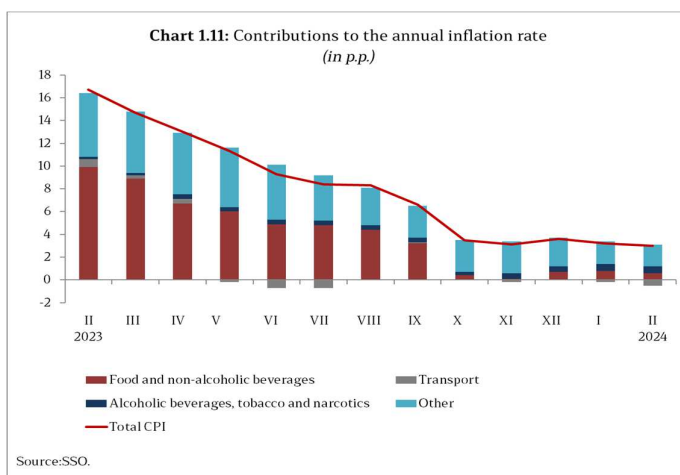
Prices in the category Food and non-alcoholic beverages recorded growth of 1.5%, being lower by 0.4 p.p. compared to the previous month, contributing with 0.6 p.p. in the total inflation in February. Measure for 10% reduction of basic food product prices, sold in retail trade under the label „guaranteed price“ is still in force, whereas vegetable and fruit prices recorded growth this month. Following sub-categories in the Food and non-alcoholic beverages category have the highest positive contribution to growth: Vegetables (20.9% annual growth, and contribution of 1.0 p.p.), Fruits (14.4% annual growth and contribution of 0.3 p.p.), Fish and sea food products (4.7%, with contribution of 0.1 p.p.) and Meat (0.9%, contribution of 0.1 p.p.). Milk, cheese and eggs (-0.4 p.p.), whereas Oil and bread each (-0.2 p.p.) had negative contribution to food prices.

<sup>2</sup>Prices in the category Alcoholic beverages, tobacco and narcotics have increased as a result of the increase of the excise in accordance with the adopted amendments to the Law on Excise Duties.





Observed by components, the highest growth rate of prices in February 2024 was recorded in the Alcoholic beverages, tobacco and narcotics of 11.6% (contribution to total growth inflation of 0.6 p.p.), while tobacco prices contributed the most to this category's growth. Price increase was also recorded at the following categories, such as: Restaurants and hotels by 6.8%, Health protection by 5.9%, Furnishings, household equipment and routine household maintenance by 5.4%, Miscellaneous goods and services by 4.7%, Recreation and culture by 4.4%, Wearing apparel and footwear by 4.3%, Housing, water, electricity, gas and other fuels by 2.5% and Communications by 1.7%. Reduction was observed at Education by 0.6% and Transport by 0.5%.

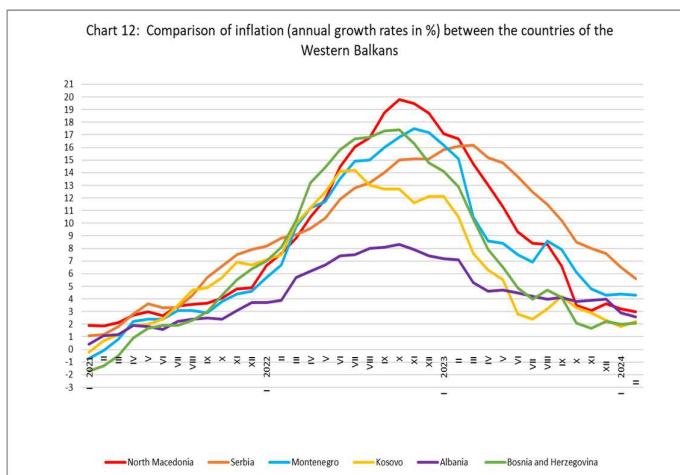


In February, consumer prices picked up by 0.4% on monthly basis (last month, prices decreased by 0.3%). Food prices increased by 0.5%, while vegetable price increase contributed the most thereto (0.1 p.p.).

This month the prices have increased in the following categories, with exception of Food and non-alcoholic beverages category: Transport by 1.6%, Miscellaneous goods and services by 0.8%, both Furnishings, household equipment and routine household maintenance and Health Protection by 0.4% and Housing, water, electricity and gas and Alcoholic beverages, tobacco and narcotics by 0.2%. Monthly price drop was recorded at the following categories: Wearing apparel and footwear by 0.3% Recreation and culture and Restaurants and hotels by 0.1% each. Prices at the other categories remained unchanged.

In February 2024, retail prices increased by 2.7% on annual basis. On monthly basis, retail prices picked up by 0.3%. In the first two months of 2024, retail prices increased by 2.7%, on annual basis.

ECB revised the inflation rate for the Eurozone downwards by 0.5 p.p. in 2024, while inflation rate is to remain unchanged in 2025. As per the projections, inflation rate would reach 2.7% in 2024, 2.1% in 2025 and 1.9% in 2026.



A steady downward inflation trend is expected in 2024, with reduction of main inflation components by the end of the year, reaching the ECB target of 2.0% in the second half of 2025.

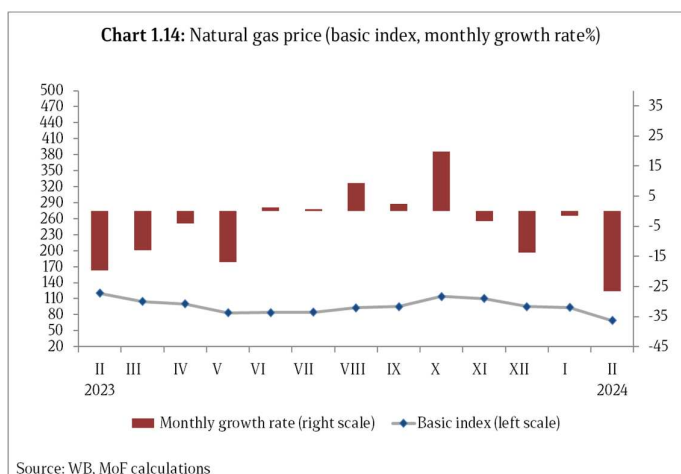
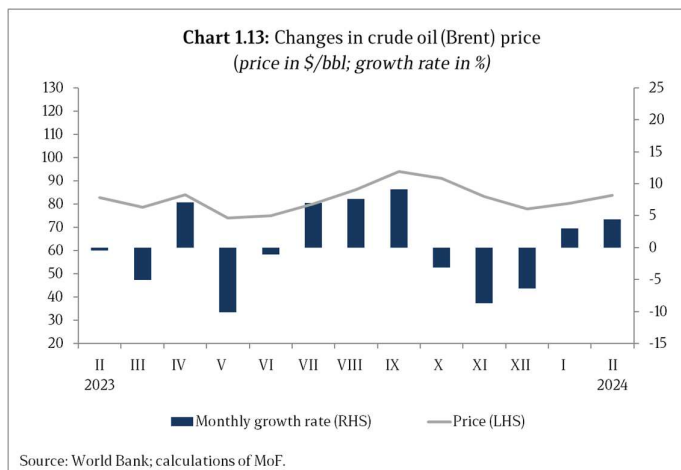


## Stock Market Prices

In February, the prices of crude oil (Brent) on the world markets increased by 4.4% on monthly basis, amounting to USD 83.8 per barrel, which reflected the uncertainty brought about by the escalation of the conflict in the Middle East. Oil price was by 1.3% higher on annual basis.

In February 2024, price of natural gas dropped by 26.6% on monthly basis. This drop reflected much broader trend as a result of climate and economic factors, also including the impact of higher than average temperatures observed on the northern hemisphere and the significant drop of the demand. On annual basis, price of natural gas dropped by 42.6% in February 2024.

In 2023, prices of energy products on global and regional stock exchanges stabilized and reduced, following the significant increase throughout 2021 and 2022. In February 2024, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 69.35 per megawatt/hour, decreasing by 19,1% on monthly basis, while dropping by 52.6% on annual basis.



### T 1.1. Power Exchange Prices of Energy Products (monthly data)

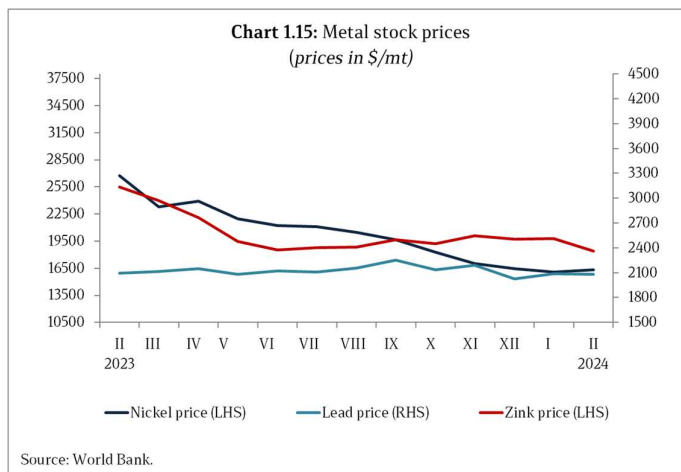
	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
2023 I	148,7	83,1	714,1
II	146,2	82,7	585,1
III	113,4	78,5	488,7
IV	106,7	84,1	478,4
V	88,2	75,7	357,7
VI	96,6	74,9	366,2
VII	94,5	80,1	337,2
VIII	100,4	86,2	396
IX	103,8	94,0	408,6
X	104,9	91,1	515,5
XI	99,38	83,2	512,5
XII	81,72	77,9	407,1
2024 I	85,73	80,2	338,2
II	69,35	83,8	288,3

Source: World Bank, Hungarian Power Exchange



In February 2024, prices of most of the basic metals recorded drop. On monthly level, there was a drop in prices of zinc by 6.2%, aluminium by 0.6%, copper by 0.4% and lead by 0.3%, whereas an increase of prices of tin by 4.0% and nickel by 1.5%. Price of iron ore registered a monthly drop of 8.4%.

In February 2024, the prices of precious metals decreased on monthly basis. This month the price of ore, after a continuous growth of four consecutive months prior, dropped by 0.5%, platinum recorded a drop of 3.4%, and silver by 1.1%.

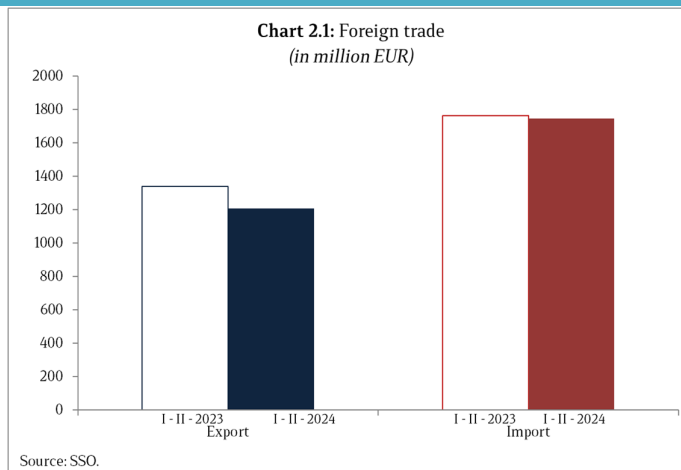


In February, corn and maize prices dropped by 4.8% and 0.7% on monthly basis. The price of the sunflower oil dropped by 1.9% on monthly basis.

## 2. FOREIGN TRADE

Total foreign trade in the first two months in 2024 amounted to EUR 2,952.6 million, dropping by 4.9% compared to the same period last year.

In the period January - February 2024, share of trade with the EU (EU 27<sup>3</sup>) as the largest trading partner, increased by 2.0 p.p. compared to the same period last year, accounting for 63.3%. Germany is our country's major trading partner. As for total foreign trade structure of our country, share of the trade with Germany in first two months in 2024, accounted for 23.6%, decreasing by 1.2 p.p. compared to the same period in 2023.



### Export

In the first two months of 2024, value of imported goods amounted to EUR 1,207.9 million, recording a drop by 9.9% (EUR 132.3 million) compared to the same period in 2023, while physical output of import remained unchanged.

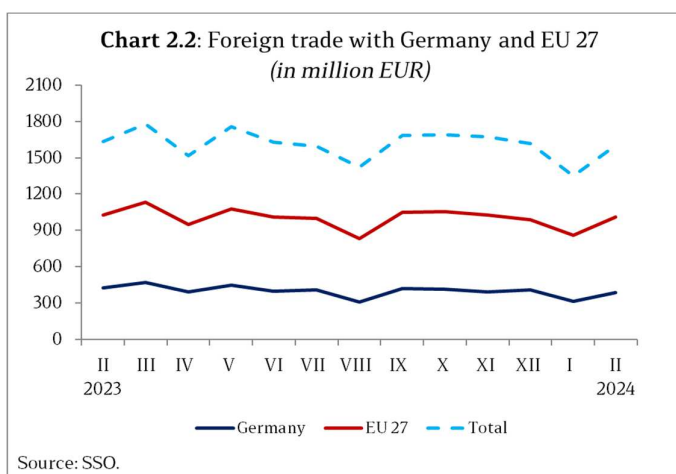
Value of exported goods amounted to EUR 657.2 million in February 2024, dropping by 8.6% (EUR 61.6 million) compared to the same month of the previous year, while physical output of export increased by 1.1% compared to February 2023.

<sup>3</sup> As of February 2021, Great Britain is included in the economic group - Miscellaneous countries.

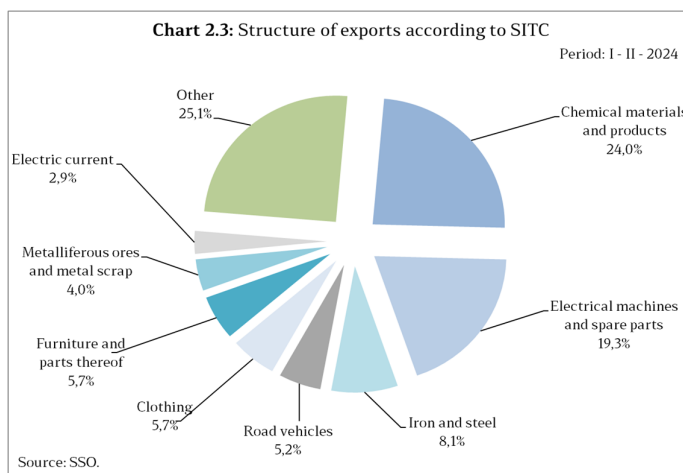


Analyzed on monthly basis, in February 2024, export grew by 19.4% (EUR 106.6 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly increase of 2.7%, showing positive effects of the seasonal factor (16.7 p.p.) on export this month.

Value of export of food in the first two months of 2024 increased by EUR 9.3 million, picking up by 17.0% compared to the same period in 2023, while quantity of exported food increased by 5.4%. Growth of food export value was accompanied by increase of quantity of food export, primarily due to certain reduction and stabilization of food prices on the international market. As for our country's total export, share of the food in first two months in 2024, accounted for 5.3%, increasing by 1.2 p.p. compared to the same period in 2023.



Analyzed according to economic groups<sup>4</sup> of countries, in the period January - February 2024, compared to the same period in 2023, export recorded a drop at the following groups: EU 27, EFTA, Organization of Petroleum Exporting Countries, Asia-Pacific Economic Cooperation and Commonwealth of Independent States. Growth was recorded only with the Western Balkan countries, whereas export in the North American Free Trade Group remained at the same level. Export to EU 27 declined by 9.3% annually, with a share of 79.8% in the total export of the Republic of North Macedonia, while export to Western Balkan countries picked up by 2.4% and participating with 12.4% in our country's total export.



## Import

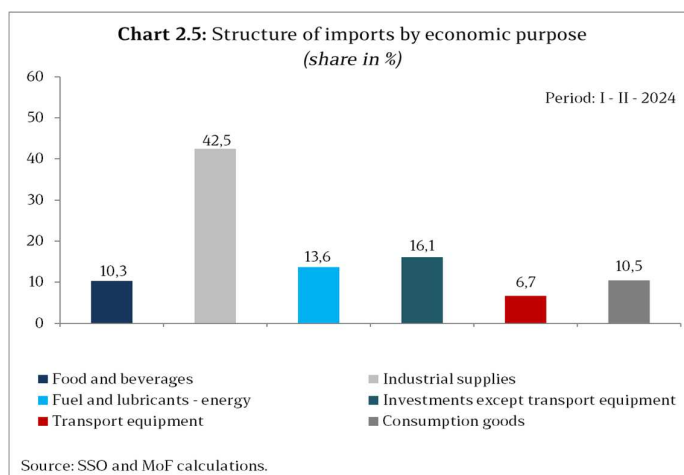
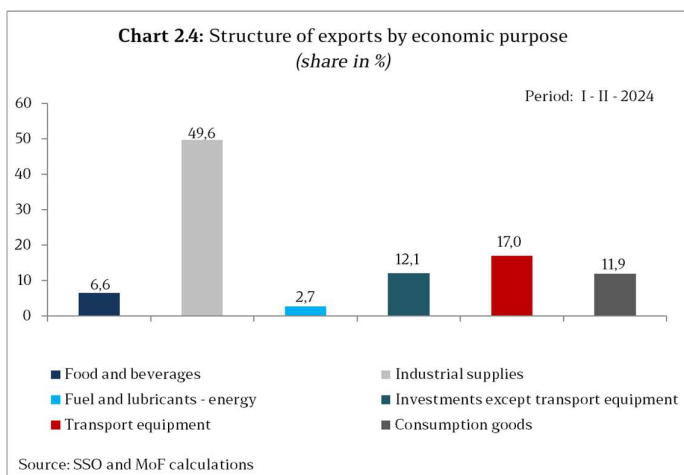
In the period January - February 2024, value of imported goods amounted to EUR 1,744.7 million, declining by 1.1% (EUR 19.8 million) compared to the same period in 2023, while physical output of import dropped by 8.6%.

<sup>4</sup>Economic 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).



In February 2024, import value amounted to EUR 944.2 million, representing growth of 3.2% (EUR 29.2 million) compared to the same month in 2023, while imported quantities of goods declined by 6.4% compared to February 2023.

Analyzed on monthly basis, in February 2024, import grew by 18.0% (EUR 143.8 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly increase of 2.4%, showing positive effects of the seasonal factor (15.6 p.p.) on import this month.



Value of import of food in the first two months of 2024 increased by EUR 25.2 million, picking up by 17.7% compared to the same period in 2023, while quantity of imported food increased by 24.5%. Growth of the value of import of food was accompanied by increase of food import quantity, primarily due to certain reduction and stabilization of food prices on the international market. As for our country's total import, share of the food in first two months in 2024, accounted for 9.6%, increasing by 1.5 p.p. compared to the same period in 2023.

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

Export of petroleum and petroleum products*)				
	I - II - 2023	I - II - 2024	Balance	% rate
000 T	22,8	13,6	-9,1	-40,2
EUR m il.	20,6	11,6	-9,0	-43,9
\$ m il.	22,1	12,5	-9,6	-43,4

\*) Previous data

Import of petroleum and petroleum products*)				
	I - II - 2023	I - II - 2024	Balance	% rate
000 T	191,0	175,2	-15,8	-8,3
EUR m il.	149,4	134,0	-15,4	-10,3
\$ m il.	160,7	145,4	-15,2	-9,5

\*) Previous data

Export of chemical products*)				
	I - II - 2023	I - II - 2024	Balance	% rate
000 T	8,6	3,3	-5,3	-61,5
EUR m il.	377,0	290,3	-86,8	-23,0
\$ m il.	406,1	314,7	-91,3	-22,5

\*) Previous data

Import of chemical products*)				
	I - II - 2023	I - II - 2024	Balance	% rate
000 T	3,6	4,8	1,2	33,1
EUR m il.	26,8	27,9	1,1	4,0
\$ m il.	28,9	30,3	1,3	4,7

\*) Previous data

Export of iron and steel*)				
	I - II - 2023	I - II - 2024	Balance	% rate
000 T	115,7	124,7	9,0	7,8
EUR m il.	99,2	98,2	-1,1	-1,1
\$ m il.	106,7	106,5	-0,2	-0,2

\*) Previous data

Import of iron and steel*)				
	I - II - 2023	I - II - 2024	Balance	% rate
000 T	134,2	96,2	-38,0	-28,3
EUR m il.	97,6	67,6	-30,0	-30,8
\$ m il.	105,4	73,3	-32,1	-30,4

\*) Previous data

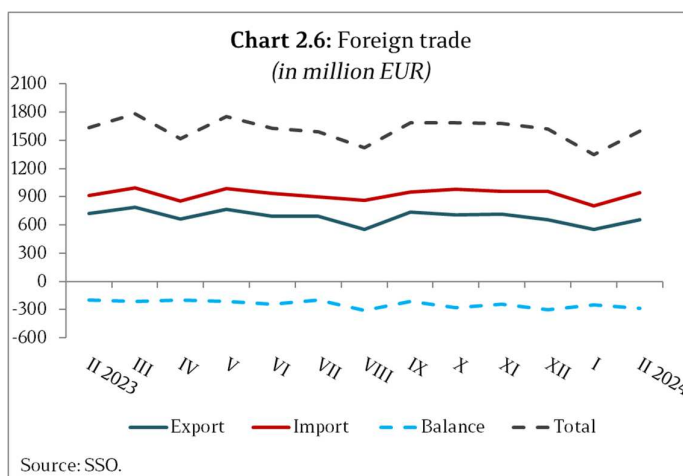


## Trade Balance

In the period January - February 2024, trade deficit increased by 26.5%, i.e. by EUR 112,6 million, compared to the same period last year.

In February 2024, trade deficit widened by 46.3% or by EUR 90.8 million compared to February 2023.

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



In the period January - February 2024, 81.9% of the trade deficit of the country was realized in the trade with Great Britain, China and Greece followed by: Türkiye, Poland, Serbia, Bulgaria, Italy etc. Surplus was realized in the trade with Germany, Kosovo, the Czech Republic, Belgium, Hungary, and Spain.

## Currency Structure

Observed by currency structure, 92.9% of the trade in the period January - February 2024 was realized in Euro currency and, compared to the same period in 2023, it surged by 0.3 p.p.. On export and import side, euro accounted for 95.8% and 90.9%, respectively, whereby share of the euro in export was higher by 1.2 p.p., while share of the euro in import decreased by 0.2 p.p. compared to the period January - February 2023.

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

import	I - II - 2023					I - II - 2024					absolute change in currency value	relative change in currency value (in %)
	currency	000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar	structure in %	000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar		
EUR	10020	1607478297	616546	99108431411	911	9106	1586422177	616493	97801816744	909	-21056120	-13
USD	832	156525799	573914	8983234727	83	802	152664323	567728	8667181089	81	-3861476	-25
GBP	02	3077273	697439	214621019	02	06	5092035	719372	366306705	03	2014762	655
EUR+USD+GBP	10854			108306287156	993	9913			106835304538	993		
tot. import	10875			108812567367	1000	9941			107580932599	1000		-11

Source: SSO and NBRNM





### 3. FISCAL SECTOR

#### Budget Revenues according to the Economic Classification

In the period January – February 2024, total budget revenues reached an amount of Denar 44,641 million, i.e. 4.6% of GDP, showing higher performance by 17.4% in relation to the same period in 2023. Compared to February last year, budget revenues increased by 23.7%, arising from the positive contribution of tax revenues, social contributions, as well as non-tax revenues to a lesser extent (contribution of 13.4 p.p., 7.2 p.p. and 3.6 p.p. respectively). Thereby, in February 2024, tax revenues picked up by 25.5% on annual basis, resulting from the increase of revenues on the basis of all taxes.

In the period January – February 2024, tax revenue collection amounted to Denar 24,865, higher by 15.3% compared to the period January – February 2023, 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, that is based on all taxes.

VAT revenues predominate by accounting for 45.4% of total tax revenues, the collection of which amounts to Denar 11,287 million, increasing by 8.1% in relation to the period January – February in the previous year. Thereby, VAT collection amounted to Denar 19,230

million on gross basis, out of which Denar 7,943 million was refunded to taxpayers (gross collection was higher by 7.9%, while VAT refund was higher by 7.6% compared to 2023). As for VAT structure, collection of VAT when importing accounted for the most, increasing by 7.8%, while VAT revenues collected on the basis of sales in the country picked up by 8.3%. Revenues on the basis of excise duties were collected in the amount of Denar 4,370 million (participating with 17.6% in the tax revenues), surging by 12.3% compared to the period January – February 2023. Hence, revenues collected on the basis of these two indirect taxes amounted to Denar 15,657 million, representing 63.0% of total tax revenues in the period January – February 2024.

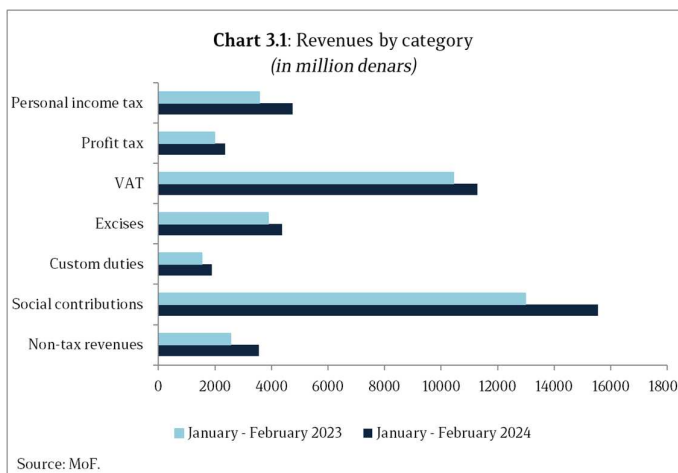
PIT revenues were collected in the amount of Denar 4,743 million, increasing by 32.3% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 60.9%, capital revenues accounted for 7.4%, tax revenues on the basis of contractual agreement accounted for 8.3%, revenues on the basis of games of chance and award games accounted for 8.6%, and revenues on the basis of other types of income tax accounted for 14.8%.

In the period January – February 2024, profit tax revenues amounted to Denar 2,361 million, increasing by 18.7% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 9.6%, with tax balances' multiple increase.

Revenues on the basis of customs duties were collected in the amount of Denar 1,895 million, increasing by 22.9%. Collection of revenues on the basis of other taxes, amounting to Denar 209 million, grew by 75.6% compared to same period last year.

Revenues on the basis of social contributions were collected in the amount of Denar 15,543 million, which was higher by 19.7% compared to last year. Thereby, collection of pension and disability insurance contributions surged by 19.6%, while collection of employment contributions was higher by 19.5%, with health insurance contributions growing by 20.0%.

Non-tax revenues were collected in the amount of Denar 3,560 million and, in relation to January – February 2023, they were higher by 39.2% (these revenues include revenues on the basis of profit





generated by the public institutions, revenues collected on the basis of administrative fees and fines, concessions, etc.).

Capital revenues realized on the basis of sale of construction land, flats and dividends reached Denar 170 million, increasing by 9.7% compared to last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 310 million, decreasing by 40.7% compared to the same period in 2023.

### Budget Expenditures according to the Economic Classification

In the period January – February 2024, total budget expenditures amounted to Denar 55,807 million, i.e. 5.7% of GDP, which was higher by 27.8% compared to the same period previous year. Compared to December last year, budget expenditures surged by 25.5%, being a result of the increase in current expenditures by 25.1%, as well as the higher capital costs by 29.6%.

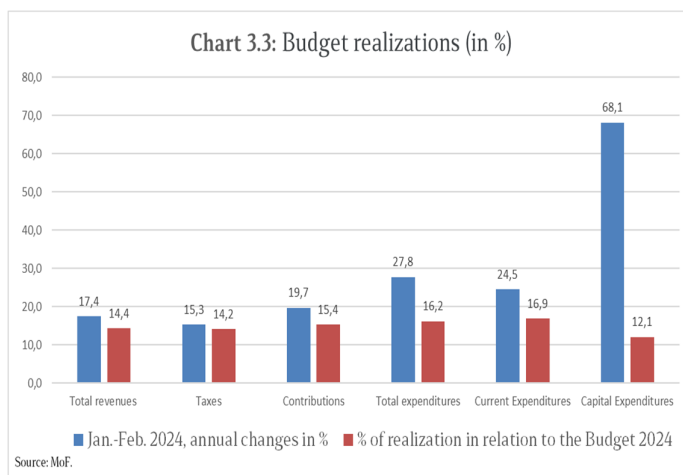
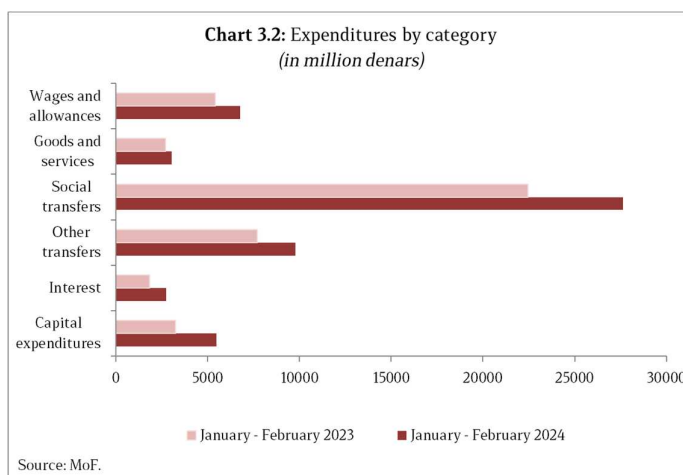
With respect to the structure of total executed expenditures, in the period January – February 2024, current expenditures, amounting to Denar 50.333 million, accounted for 90.2% and they increased by 24,5% in relation to the period January – February 2023.

Expenditures related to wages and allowances were executed in the amount of Denar 6,771 million, increasing by 24.7% in relation to January of the previous year, accounting for 12.1% of the total budget expenditures.

Expenditures related to goods and services amounted to Denar 3,048 million, increasing by 12.3% compared to the period January – February 2023.

Funds allocated for transfers amounting to Denar 37,772 million accounted for the most in the current expenditure items. Transfers increased by 24.1% compared to the period January – February 2023, participating with 67.7% in the total expenditures.

As regards transfers, social transfers grew by 23.2%, amounting to Denar 27,647 million, accounting for 49.5% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 17,748 million, increasing by 24.7% compared to January – February 2023. Transfer share accounted for 31.8% of total expenditures. Category Other transfers increased by 27.0%, whereby Subsidies and transfers amounted to Denar 5,014 million, increasing by 47.0%. Block grants to local government units, amounting to Denar 4,220 million, grew by 11.7% compared to the same period previous year.





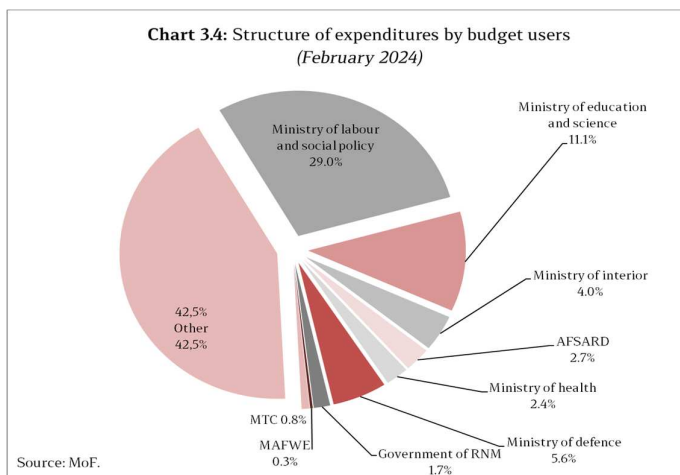
During the analyzed period, funds for capital expenditures were executed in the amount of Denar 5,474 million, participating with 9,8% in the total expenditures, thereby increasing by 68.1% compared to the period January – February 2023.

### Expenditures by Budget Users

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

In the period January – February 2024, Ministry of Labor and Social Policy executed funds in the amount of Denar 16,326 million or 27.8% of its total budget for the current year. Thereby, most of the expenditures (78.9%) were allocated for current transfers to extra-budgetary funds, for which Denar 12,878 million was spent, i.e. 32,9% of the funds allocated for 2024. The second highest expenditure category were the social benefits, participating with 14.3% in the total expenditures, whereby 17.2% (Denar 2,336 million) of the projected funds was spent for this purpose in 2024.

During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 6,248 million, representing 16.7% of its total 2024 Budget. Current transfers to LGUs accounted for the most of the expenditures (57.2%), Denar 3,572 million being spent therefore or 16.7% of total projected funds. Wages and allowances category is the second highest item, accounting for 17.9%, for which an amount of Denar 1,119 million, i.e. 17.0%, was spent of total projected funds.



In the period January – February 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 2,256 million, accounting for 17.3% of its 2024 budget. Wages and allowances were the highest expenditure category, participating with 70.6%, Denar 1,594 million being spent therefore, accounting for 17.4% of the projected ones. The second highest expenditure category, accounting for 18.3% was goods and services with funds in the amount of Denar 413 million being spent therefore, accounting for 18.6% of the annual projections.

During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 1,513 million, accounting for 18.0% of the funds projected for the current year. As for subsidies and transfers, with significant share of 91.9% of the total expenditures, 20.1% or Denar 1,391 million of the funds planned for the whole year, were spent therefore.

In the period January – February 2024, Ministry of Defence executed budget funds in the amount of Denar 3,142 million, accounting for 15.6% of its total budget this year. Capital expenditures accounted for the most with 44.1%, Denar 1.384 million being spent therefore, (accounting for 20.9% of the total funds projected for the current year). Wages and allowances accounted for 29.6% of total expenditures, Denar 930 million being spent therefore during the analyzed period, i.e. 15,9% execution of the total projected funds.

Government of the Republic of North Macedonia spent Denar 950 million, i.e. 18.3% of the funds projected for 2024 during the analyzed period. Thereby, subsidies and transfers accounted for 74.5% of total expenditures of this budget user, Denar 708 million (21.9% of the projected funds) being spent therefore.

During this period, Ministry of Health executed budget funds in the amount of Denar 1,327 million, accounting for 17.3% of the total 2024 Budget. Current transfers to extra-budgetary funds accounted



for the most of the expenditures with 66.6%, for which Denar 884 million were spent or 25.3% of the funds projected for 2024. Second most significant item is Goods and services, Denar 244 million (7.7% of the projections for the year) being spent therefore, accounting for 18.4% of total expenditures.

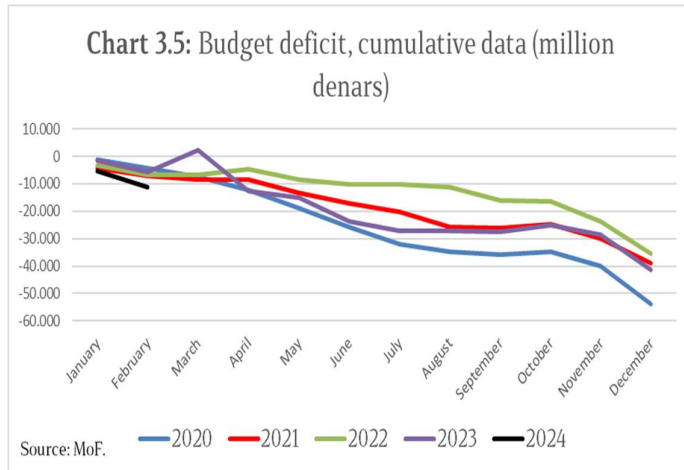
While the Ministry of Transport and Communications executed funds in the amount of Denar 460 million, accounting for 2.3% of its total budget for the current year. Execution of capital expenditures, as main item, accounted for 78.1% of the total spent funds of this budget user (Denar 359 million or 1.9% of total projected funds).

In January – February 2024, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 147 million, accounting for 8.5% of the funds projected for 2024. Wages and allowances (Denar 101 million) is the highest category in the total expenditures of this budget user, accounting for 69.0% of its total expenditures, with 17.0% of the projected expenditures, being executed. As regards expenditures related to goods and services, they accounted for 21.4% of the total expenditures, Denar 31 million being spent therefore, accounting for 10.4% 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

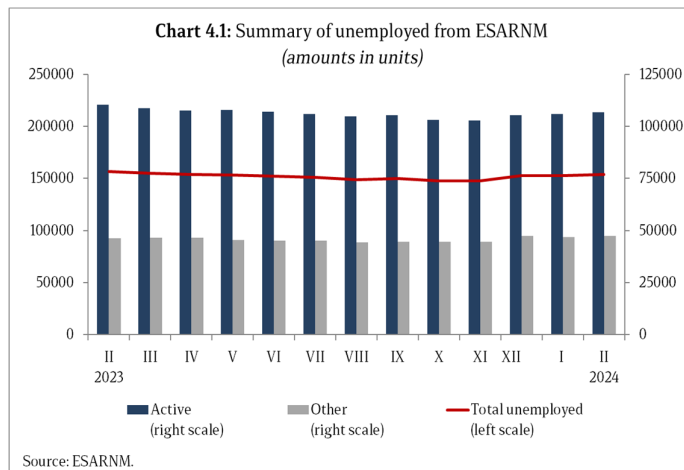
In the period January– February 2024, state budget deficit reached the amount of Denar 11,166 million, accounting for 1.1% of GDP, while central budget deficit amounted to Denar 15,386 million and accounted for 1.6% of GDP. Budget deficit in the period January – February 2024 accounted for 33.3% of total budget deficit projected for this year.



## 4. SOCIAL SECTOR

### Newly Employed and Registered Unemployed Persons in the Employment Service Agency

In the first two months of 2024, Employment Service Agency registered total of 34,515 new employments. Total number of newly employed persons was higher by 9.6% compared to the same period in 2023. Number of new employments, starting April 2021 until mid-2022, recorded a trend of substantial annual growth, followed by its relatively 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 established work contracts, 44.5% was engaged on permanent basis, while the rest of the respective contracts pertained to employment on temporary basis and as seasonal workers. In February 2024, 17.5% out of the total number of newly employed persons was from the unemployed records.

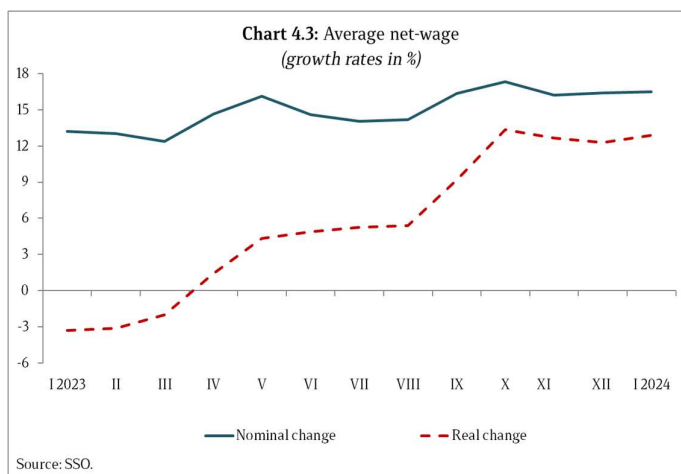
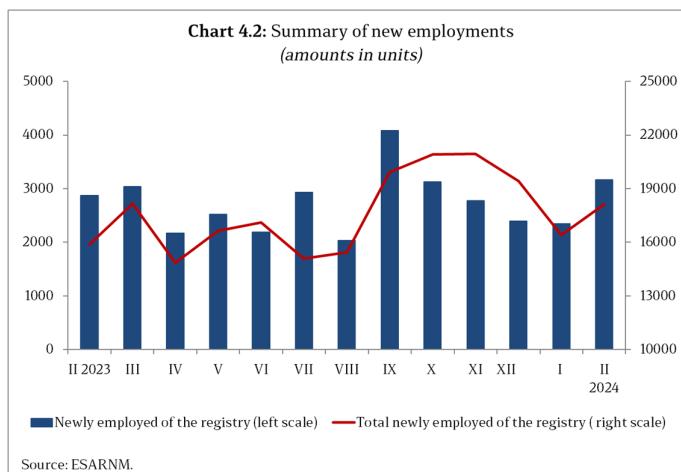
Total number of unemployed persons in February 2024 was 153,891, out of which 106,618 persons were active job seekers, while 47,273 persons were from the category “other unemployed”. On annual basis, total number of unemployed persons decreased by 1.8%, whereas, starting from May 2021, it recorded a continuous annual reduction. Compared to January 2024, number of unemployed persons was higher by 1,207. Number of unemployed persons throughout 2020 until February 2021 was generally on the rise, while starting March 2021, a monthly downward trend was recorded.

Urban residents accounted the most (with 59.3%) among the active unemployed persons, whereas with respect to gender, men accounted for 48%. Analyzed by the level of education, majority, i.e. 68.4%, of the unemployed persons were with incomplete secondary education or less, 24.1% were with completed secondary education, while 7.5% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, 50.7% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 58.0% of the unemployed persons wait for employment from 1 to 7 years, while 12.4% wait for employment for 8 years or more.

## Wages

In January 2024, average net wage amounted to Denar 39,542, increased by 16.5% in nominal terms on annual basis, and it was lower by 1,1% compared to December 2023. The highest increase of average net wage, in relation to January 2023, was observed at the following sectors: Public administration and defence; Mandatory social insurance (27.8%), Water supply; sewerage, waste management and remediation activities (19.2%), Agriculture, forestry and fishery (19.1%). In January 2024, wages picked up by 12.9% in real terms on annual basis.

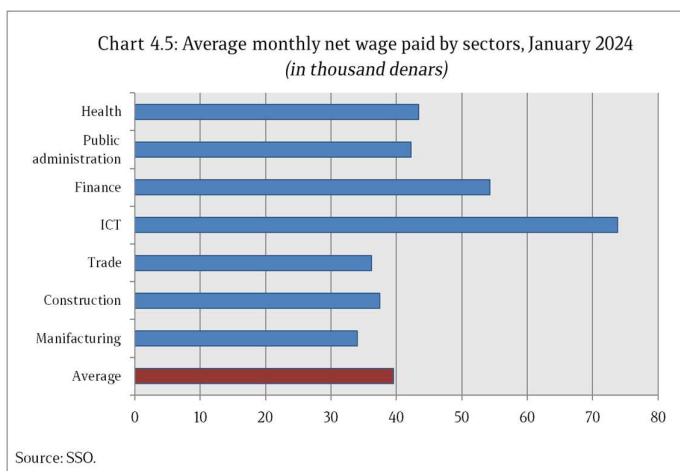
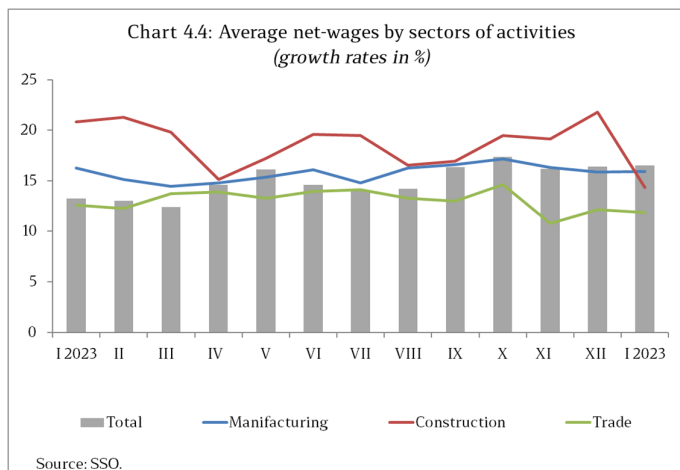






Highest average net wage in January 2024 was paid in the sector Information and communications (Denar 73,819), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 93,684), followed by Electricity, gas, steam and air conditioning supply sector with Denar 54,816, Financial and insurance activities with Denar 54,306, Mining and quarrying with Denar 50,954 and Expert, scientific and technical activities sector with average net wage in the amount of Denar 45,695.

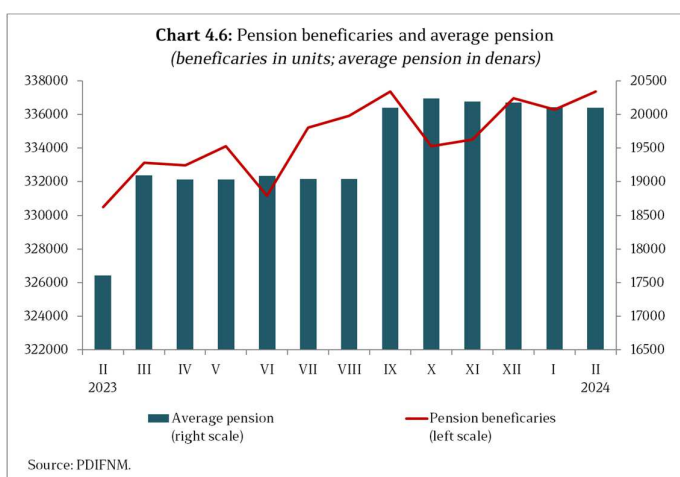
Average nominal gross wage in January 2024 amounted to Denar 59,392, increased by 16.8% compared to the same month in 2023, whereas being lower by 1.1% on monthly basis. The highest increase of average gross wage in January 2024, compared to January 2023, was recorded in the following sectors: Public administration and defence; Mandatory social insurance (28.4%), Water supply; sewerage, waste management and remediation activities (19.7%), Agriculture, forestry and fishery (19.2%).



## Pensions

In February 2024, Pension and Disability Insurance Fund registered 337,369 pensioners. As regards the total number of pensioners, 70.1% are beneficiaries of old-age pension, 22.0% of survivor pension and 7.9% of disability pension.

Average pension in February 2024 amounted to Denar 20,099, being higher by 14.2% compared to the same month in 2023<sup>5</sup>. Increase in pensions is, among the other, a result of the March pension indexation as per the new methodology, foreseeing 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



<sup>5</sup> Military and agricultural pensions are not included when calculating the average pension.





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 January 2024 (the most recent available data) was 50.9%.

In February 2024, average old-age pension amounted to Denar 21,684, average disability pension amounted to Denar 17,849, while average survival pension amounted to Denar 15,861. This month, Denar 7,094 million was spent for payment of pensions, accounting for 52.3% of the total social transfers.

## 5. MONETARY AND FINANCIAL SECTOR

In February 2024, the National Bank retained its policy rate at 6.30%. In the first half of 2023, the upward policy rate trend continued all to the end of maintaining foreign exchange rate and medium-term price stability amidst increased prices, despite the policy rate being unchanged at 6.30% for five months straight.

In February 2024, available overnight and seven-day deposits accounted for 4.20% and 4.25%, respectively.

### Primary Money

In February 2024, primary money<sup>6</sup> reduced by 8.6% on monthly basis. Such drop of primary money was a result of decrease of total liquid assets of banks by 16.0%, while there was almost no change with currency in circulation (drop by 0.1%).

On annual basis, primary money grew by 4.4%, as a result of increased total liquid assets of banks by 10.8%, while currency in circulation decreased by 1.4%.

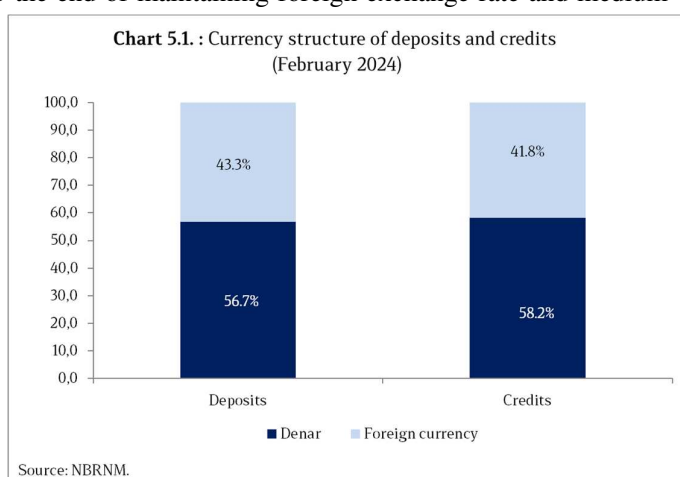
### Deposit Potential<sup>7</sup>

In February 2024, total deposits of banks grew by 0.3% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of enterprises declined by 2.6%, while deposits of households picked up by 1.7%.

Analyzed by currency, in February 2024, compared to the previous month, Denar deposits and foreign currency deposits surged by 0.3 each.

In February 2024, total deposit potential grew by 9.3% on annual basis. Analyzed by currency, domestic currency deposits and foreign currency deposits surged by 12.7% and 5.2%, respectively on annual basis.

From sector point of view, deposits of enterprises grew by 12.3% and deposits of households increased by 8.6%, on annual basis.



<sup>6</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.

<sup>7</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.



Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (February 2024)	In Denar million	Monthly change	Annual change
Deposit Potential	535.805	0,3%	9,3%
By currency:			
<i>Denar</i>	303.680	0,3%	12,7%
<i>Foreign currency</i>	232.125	0,3%	5,2%
By maturity:			
<i>Short-term</i>	217.893	-0.1%	0.8%
<i>Long-term</i>	122.761	2,0%	24,0%
Credits to private sector	448.012	0,9%	6,5%
By currency:			
<i>Denar</i>	260.831	1,5%	8,3%
<i>Foreign currency</i>	187.180	0,1%	4,2%
By maturity:			
<i>Short-term</i>	68.794	3,1%	0,5%
<i>Long-term</i>	362.529	0,5%	7,5%

Source: NBRNM

According to maturity, short-term deposits surged by 0.8%, while long-term deposits grew by 24.0%, on annual basis.

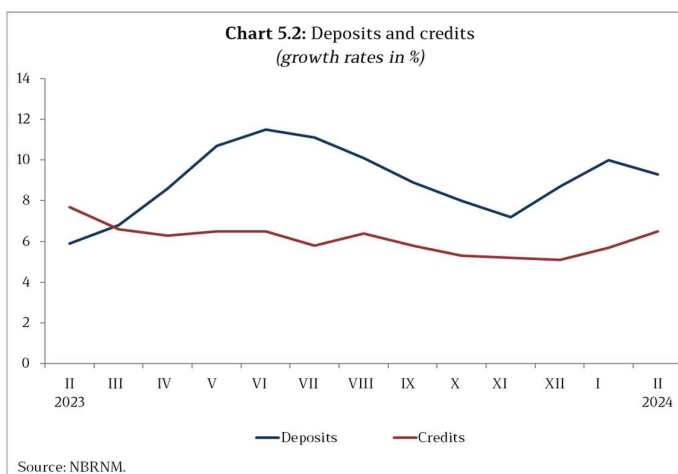
Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 56.7%.

### Bank Credits

In February 2024, total credits of banks to the private sector surged by 0.9% on monthly basis, as a result of the growth of both credits to households by 0.6%, and credits to enterprises by 1.4%.

Analyzed by currency, in February 2024, Denar credits grew by 1.5% on monthly basis, while foreign currency credits remained almost unchanged (growth of 0.1%) on monthly basis.

On annual basis, in February 2024 total credits grew by 6.5%, in conditions of growth of both credits to enterprises and credits to households of 5.9% and of 7.2%, respectively. Denar credits surged by 8.3%, while foreign currency credits grew by 4.2%.





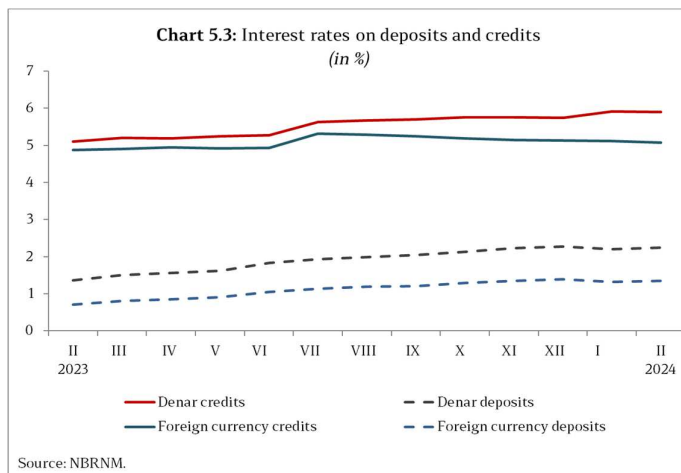
As regards maturity, long-term credits experienced annual growth of 7.5% and short-term credits picked up by 0.2%.

### Interest Rates of Deposit Banks

In February 2024, total interest rate on credits dropped by 0.03 p.p. compared to the previous month, accounting for 5.52%. Interest rate on Denar credits grew by 0.01 p.p., accounting for 5.90% on monthly basis, while interest rate on foreign currency credits decreased by 0.05 p.p., accounting for 5.07%.

In February 2024, total interest rate on deposits grew by 0.04 p.p., compared to last month, accounting for 1.76%. Interest rate on Denar deposits increased by 0.05 p.p., accounting for 2.25%, while interest rate on foreign currency deposits grew by 0.03 p.p., accounting for 1.35%.

Interest rate on newly granted Denar credits accounted for 5.80%, while interest rate on newly approved foreign currency credits accounted for 4.49%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.69% and 1.87%, respectively.



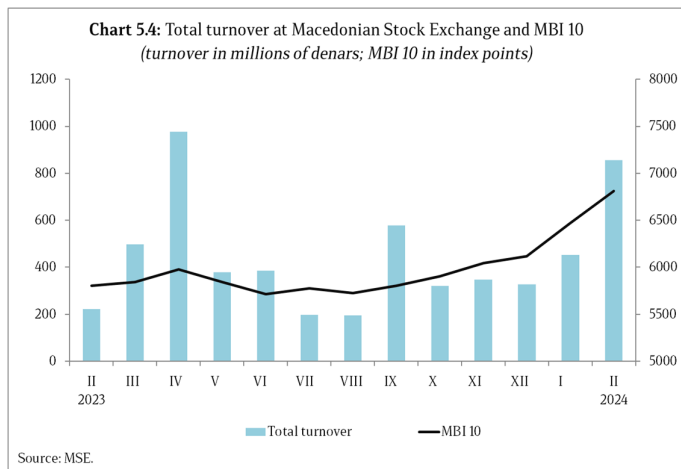
### Capital Market

As for the capital market, in February 2024, total turnover on the stock exchange surged by 88.9% on monthly basis, as a result of the increase of turnover from block transactions by 67.5%, and turnover from classical trading in BEST by 282.3%.

Total turnover on the stock exchange amounted to Denar 856.3 million in February 2024, increasing by 286.8% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 6,810.15 index

points at the end of February 2024, whereby the index grew by 5.2% on monthly basis, while, compared to the same month last year, the index was higher by 17.4%.



### Reserve Assets

At the end of February 2024, gross reserve amounted to EUR 4,348.06 million, being higher by 0.2% compared to the previous month and by 11.5% compared to February 2023.