



SHORT-TERM ECONOMIC TRENDS



January 2024



CONTENTS

SUMMARY.....	2
1. REAL SECTOR.....	3
Industrial Production	3
Number of Employees in the Industry	4
Number of Issued Building Permits and Expected Value of Works	5
Number of Completed Construction Works by Types of Facilities	5
Trade Sector Turnover	6
Inflation	7
2. FOREIGN TRADE.....	9
Export	10
Import	11
Trade Balance	12
Currency Structure.....	12
3. FISCAL SECTOR	12
Budget Revenues According to the Economic Classification.....	12
Budget Expenditures According to the Economic Classification	13
Expenditures by Budget Users.....	14
Budget Balance.....	16
4. SOCIAL SECTOR.....	16
Established Work Contracts and Registered Unemployed Persons in EARNM.....	16
Wages	17
Pensions	18
5. MONETARY AND FINANCIAL SECTOR	19
Primary Money	19
Bank Credits	20
Interest Rates of Deposit Banks.....	21
Capital Market	21
Reserve Assets	21



SUMMARY
OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS
January 2024

- Industrial production surged by 2.8% in January 2024 compared to the same month last year;
- Inflation rate in January accounted for 3.2%, dropping by 0.4 p.p. compared to the previous month (3.6% in December 2023), representing slowdown of the annual growth compared to last month, whereas inflation rate decreased by 0.3% on monthly basis;
- Export in January 2024 recorded a 11.4% drop, while import drop of 5.8%, resulting in increase of the trade deficit by 9.4% compared to the same period in 2023;
- In January 2024, total budget revenues reached an amount of Denar 21,467 million, i.e. 2.2% of GDP, representing collection higher by 11.4% in relation to January 2023;
- In January 2024, total budget expenditures amounted to Denar 24,269 million, i.e. 2.5% of GDP, which was higher by 17.3% compared to the January in the previous year;
- Total credits of banks in January 2024 grew by 5.7% compared to January 2023, while total deposit potential of banks surged by 10.0%.



1. REAL SECTOR

Industrial Production

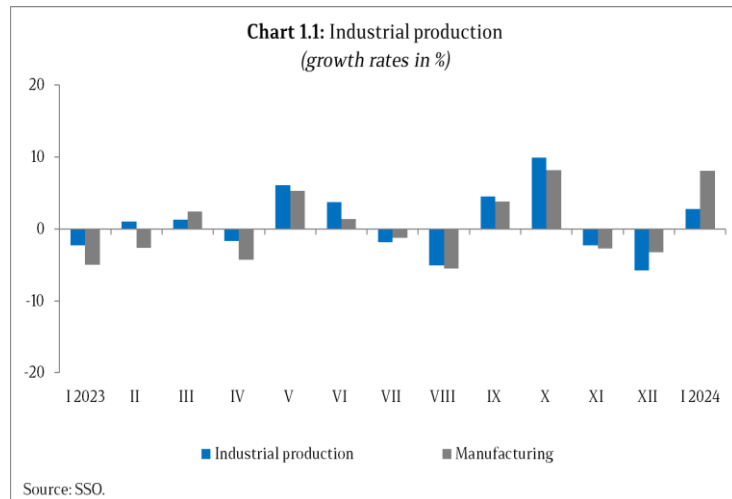
Industrial production picked up by 2.8% in January 2024 compared to the same month previous year. Growth was due to increased production of 8.1% in Manufacturing, whereas a drop was recorded in the sectors, as follows: Mining and quarrying by 14.2% and Electricity, gas, steam and air-conditioning supply by 21.7%.

In January 2024, growth in production was registered at 14 out of total of 27 industrial branches, comprising 56.3% in the total industry.

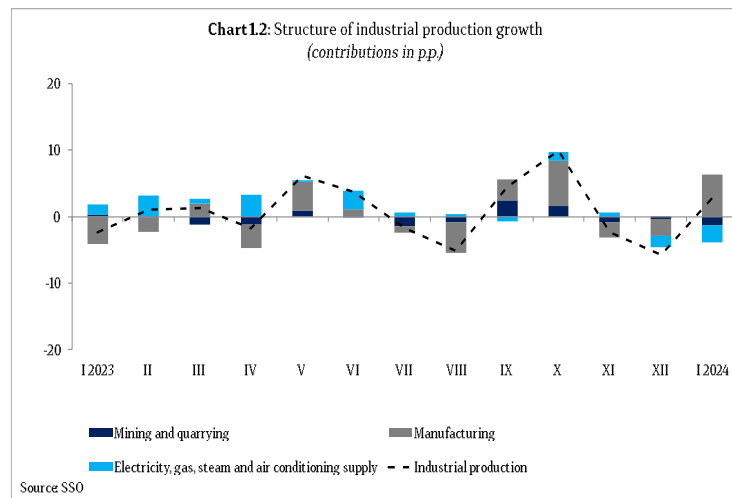
As for branches with higher value added, increase in January 2024 was observed at the following branches: Manufacture of motor vehicles, trailers and semi-trailers by 38.8% and contribution of 5.1 p.p., Production of metals by 64.2% and contribution of 2.9 p.p. and Manufacture of electrical machinery and equipment recorded a drop of 4.0% and contribution of -0.3 p.p..

Traditional branches in January 2024 recorded growth of production, as follows: Manufacture of beverages by 40.2% and contribution of 1.3 p.p., Manufacture of textile by 12.4% and contribution of 0.6 p.p., Food industry by 2,3% and contribution of 0,2 p.p., Manufacture of tobacco goods by 17.4% and contribution of 0.2 p.p., while reduction of production was recorded with: Manufacture of wearing apparel by 26.7% and contribution of -1.7 p.p., Manufacture of leather by 57.9% and contribution of -0.4 p.p., and Manufacture of wood and wood and cork products by 71.8% and contribution of -0.5 p.p..

Increased industrial production, according to the purpose of the production units in January 2024 was a result of the increased production in the following branches: Energy (picking up by 19.7% and contribution of 2.5. p.p.) and Capital goods (growing by 41,2% and contribution of 9.5 p.p.), while decrease in the production was seen at the following branches: Intermediary products, except energy (growing by 13.0% with contribution of -3.9 p.p.), Durable consumer goods industry (dropping by

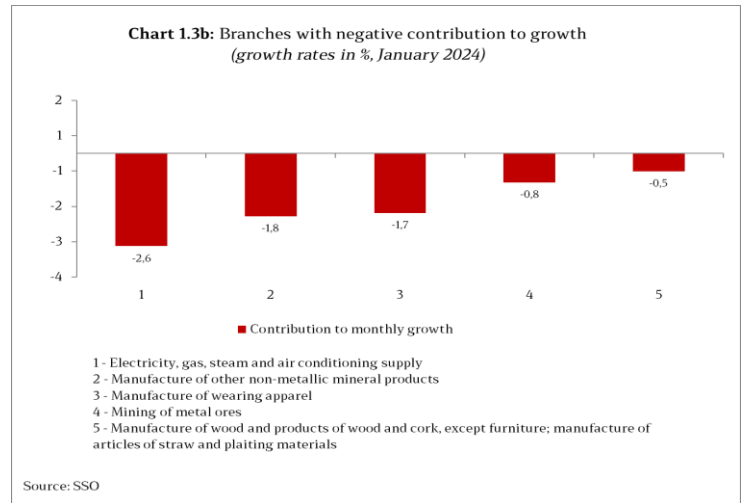
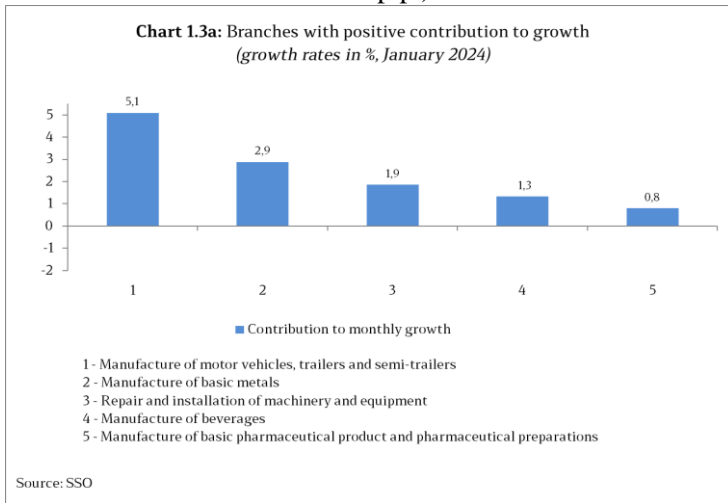


equipment by 9.0%, while only the branch - Manufacture of



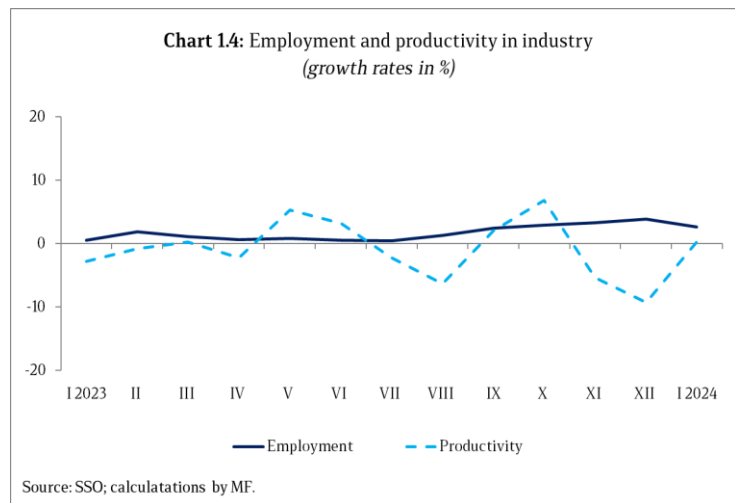


26,7% and contribution of -1.0 p.p.) and Non-durable consumer goods industry (dropping by 6.8% and contribution of -2.1 p.p.).



Number of Employees in the Industry

In January 2024, number of employees in the industry increased by 2.6% 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 6.0%, Manufacturing by 2.4% and Electricity, gas, steam and air-conditioning supply by 0.8%. Increase in the number of employees was seen at the following branches: Repair and installation of machinery and equipment by 52.6%, Manufacture of motor vehicles, trailers and semi-trailers by 19.5%, Manufacture of beverages by 15.3%.



In January 2024, compared to the same month in the previous year, data on the number of employees in the industry by target groups showed increase in the number of employees at Energy by 4.5%, Capital goods by 17.5% and Durable consumer goods by 1.6%.



Number of Issued Building Permits and Expected Value of Constructions

In January 2024, total of 256 building permits were issued, representing a significant drop of 34.4% compared to the same month in 2023, due to the annual drop of issued building permits pertaining to buildings by 1.8% (accounting for 64.8% of the total number of issued building permits), as well as pertaining to reconstruction facilities by 53.3%. Compared to December 2023, number of issued building permits dropped by 12.6%. Expected value of works, according to the issued building permits in January 2024, dropped by 41.6% on annual basis, while compared to the previous month, it decreased by 29.6%.

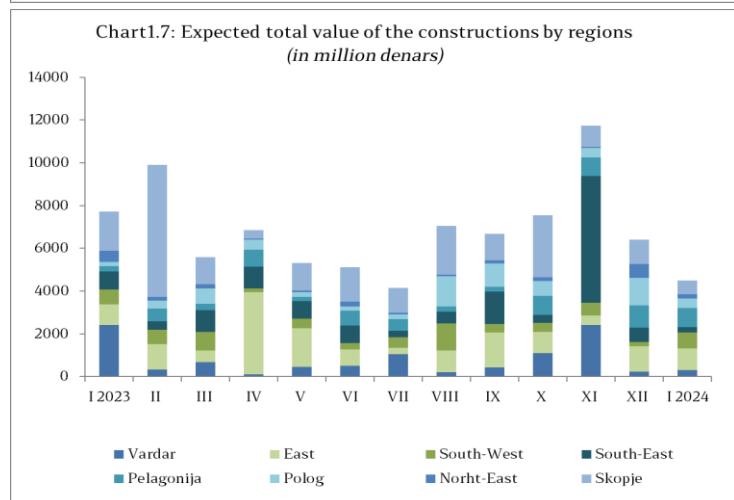
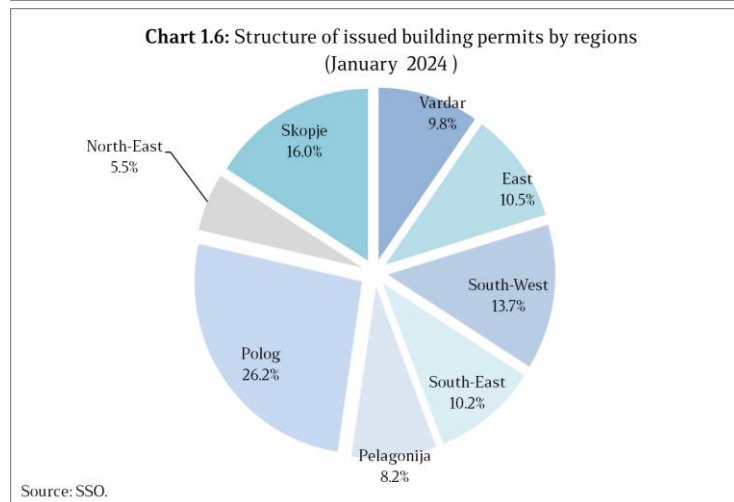
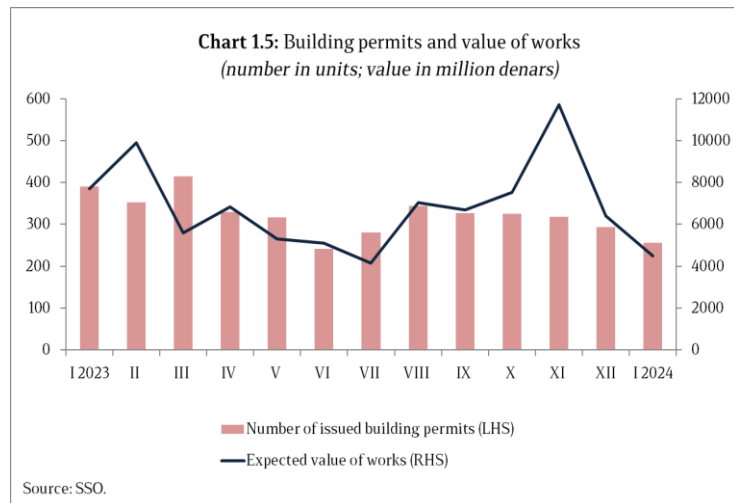
Analyzed by types of constructions, out of the total number of issued building permits, 166 (or 64.8%) were intended for buildings, 48 (or 18.8%) for civil engineering structures and 42 (or 16.4%) for reconstruction.

Analyzed by types of investors, out of total 256 issued building permits, individuals were investors in 164 facilities (or 64.1%), while business entities were investors in 92 facilities (or 35.9%).

In January 2024, construction of 615 flats was envisaged, with total usable area of 56,031 m². Number of flats envisaged for construction increased by 40.1% on monthly basis, while dropping by 9.2% on annual basis.

Number of Completed Construction Works by Types of Constructions

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 surged by 12.7%, whereby buildings recorded an increase of 122.6%.

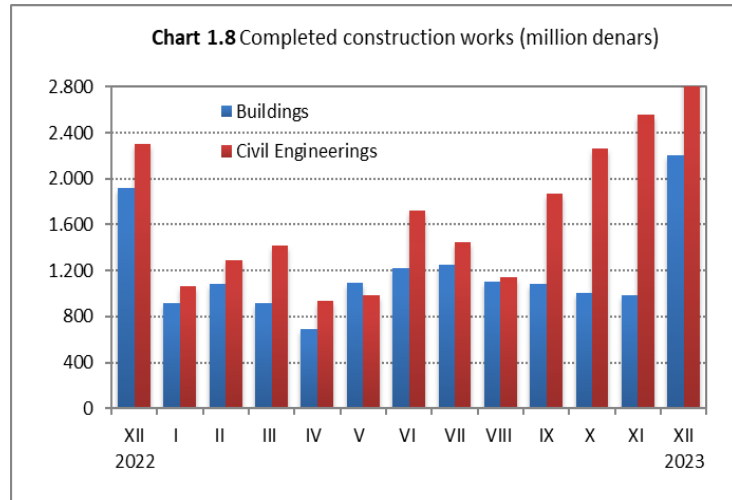




In cumulative terms, in the period January – December 2023, value of performed construction works amounted to Denar 33,137 million, being higher by 6.2% compared to the same period last year.

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. 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%.

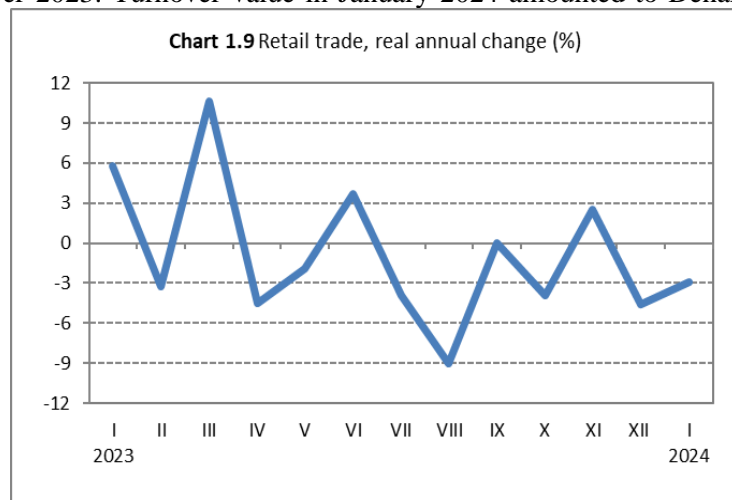


Trade Sector Turnover

In January 2024, data on domestic trade demonstrated nominal annual drop in the turnover by 5.1%, following the 2.5% growth in December 2023. Turnover value in January 2024 amounted to Denar 59,071 million.

In real terms, retail trade in January 2024 recorded annual drop of 2.9%, while analyzed by groups and classes, reduction was observed in all groups, such as: retail trade in car fuels by 19.3%, retail trade in non-food products by 3.8% and retail trade in food, beverages and tobacco by 0.8%.

In January 2024, Wholesale trade (52.87%) accounted for the most in the Trade sector, followed by Retail trade (41.65%) and Trade in motor vehicles and motorcycles, repair and their maintenance (5.48%).

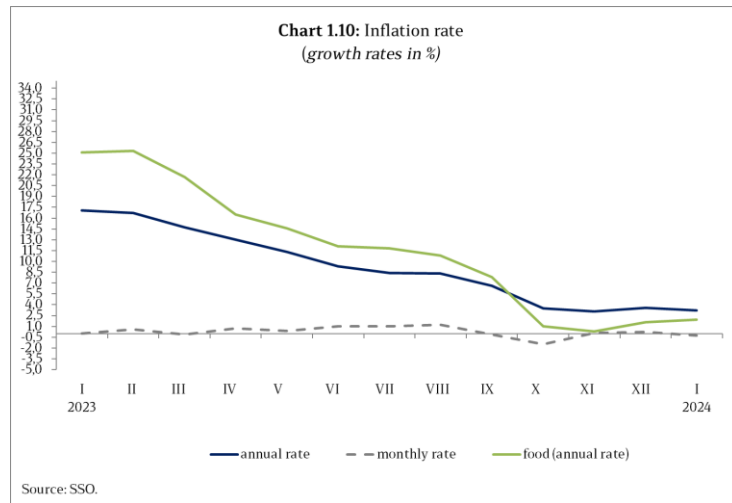




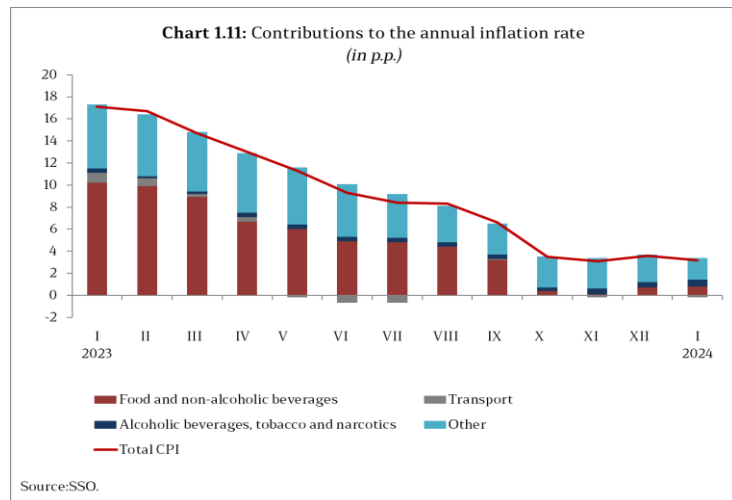
Inflation

Inflation rate accounted for 3.2% in January 2024, being lower by 0.4 p.p. compared to the previous month (3.6% in December 2023). Annual inflation rate accounted for 9.4% in 2023.

In January 2024, core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 5.2% on annual basis (5.5% in the previous month), which is gradually slowing down. Higher prices of Furnishings, household equipment and routine maintenance of the house, as well as prices at the category Restaurants and hotels had most positive contribution thereto.



Prices in the category Food and non-alcoholic beverages recorded growth of 1.9%, i.e. increase by 0.3 p.p. compared to the previous month, contributing with 0.8 p.p. in the total inflation in January. Following sub-categories: Vegetables (23.1% annual growth, and contribution of 1.1 p.p.), Fruit (13.1% annual growth and contribution of 0.3 p.p.) has the biggest positive contribution to growth in the Food and non-alcoholic beverages category. and Meat (annual growth of 1.1% and contribution of 0.1 p.p.). Milk, cheese and eggs (-0.4 p.p.), Oil (-0.3 p.p.) and Bread (-0.2 p.p.) had negative contribution to food.



Observed by components, highest annual price growth in January 2024 was recorded in the category Alcoholic beverages, tobacco and narcotics by 12.6%. Price increase was also recorded at the following categories, such as: Restaurants and hotels by 7.0%, Furnishings, household equipment and routine household maintenance by 6.3%, Health protection by 5.8%, Miscellaneous goods and services by 5.2%, Recreation and culture by 5.0%, Wearing apparel and footwear by 4.9%, Education by 2.8%, Communications by 2.1% and Housing, water, electricity, gas and other fuels by 1.9%. Reduction was seen only at Transport category by 2.0%.

In January, consumer prices decreased by 0.3% on monthly basis (last month, prices increased by 0.2%). Food prices increased by 0.1%, while vegetable price increase contributed the most thereto. This month, the categories Alcoholic beverages, tobacco and narcotics recorded an increase in prices by 1.5%, Restaurants and hotels by 1.3%, Furnishings, household equipment and routine household maintenance by 0.6% and Health protection by 0.5%, with the exception of the Food and non-alcoholic beverage category. Monthly price drop was recorded at the following categories: Transport by 4.9%, Wearing apparel and footwear by 1.0%, Housing, water, electricity and gas by 0.8% and Recreation and culture by 0.7%. Prices at the other categories remained unchanged.

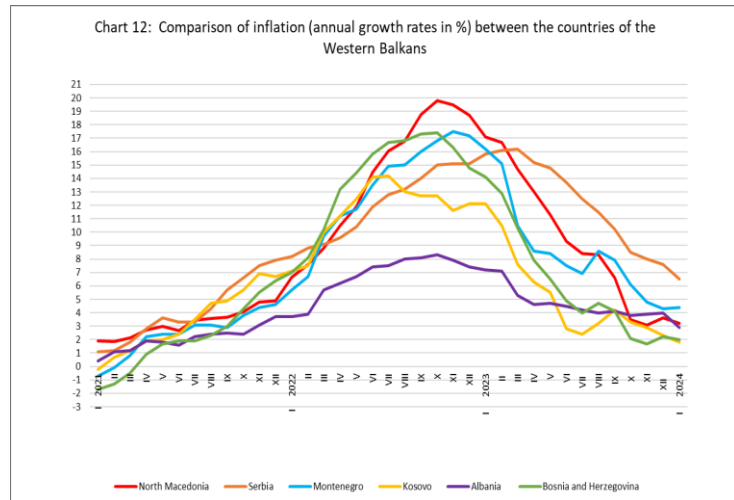


In January 2024, retail prices increased by 2.8% on annual basis. On monthly basis, however, they recorded a drop of 1.2%.

As for the Eurozone, in January 2024, inflation rate dropped by 0.1 p.p., compared to the previous month, accounting for 2.8% (2.9% in December 2023).

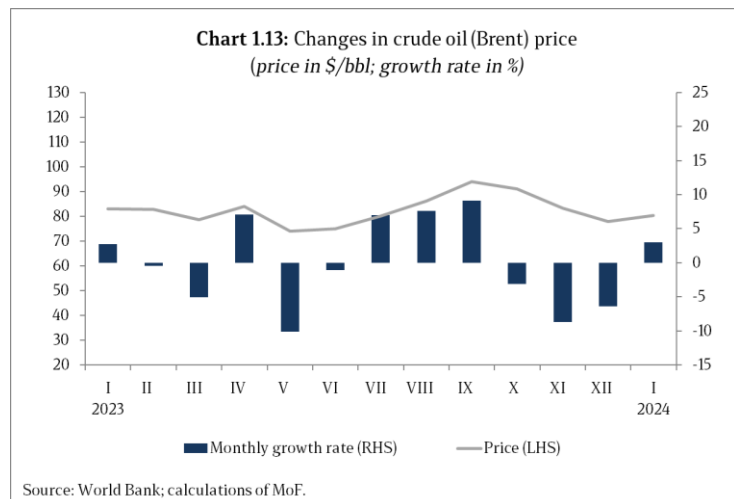
ECB revised the inflation rate for the Eurozone downwards by 0.5 p.p. in 2024, while inflation rate is to remain unchanged in 2025. As per the projections, inflation rate would reach 2.7% in 2024, 2.1% in 2025 and 1.9% in 2026.

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.

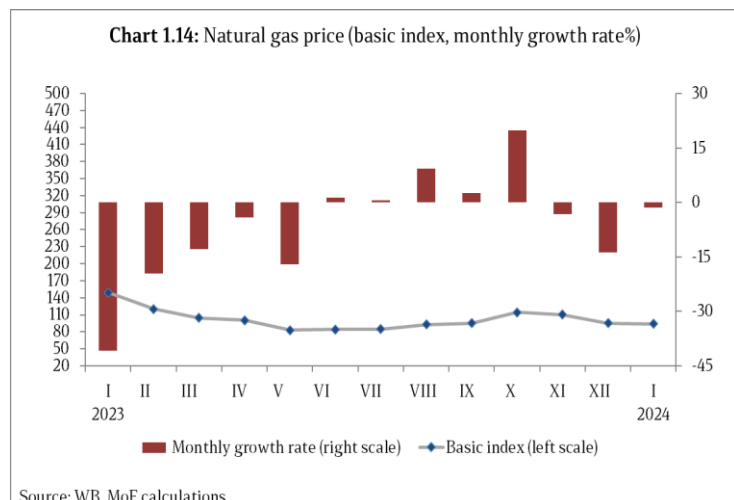


Stock Market Prices

In January 2024, crude oil price (Brent) on the global stock markets increased by 3.0% on monthly basis, reaching the price of US\$ 80.2 per barrel. This month, the price recorded an increase as opposed to the previous drop for the three months running due to the eased tensions in the Middle East, as well as the slowed economic growth in the Eurozone. Oil price was lower by 3.4% on annual basis.



In January 2024, price of natural gas recorded a drop of 1.5% on monthly basis, and 37.2% on annual basis. This downward trend of the natural gas 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 January 2024, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 85.73 per megawatt/hour, increasing by 4.9% on monthly basis, while dropping by 45.0% on annual basis.



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

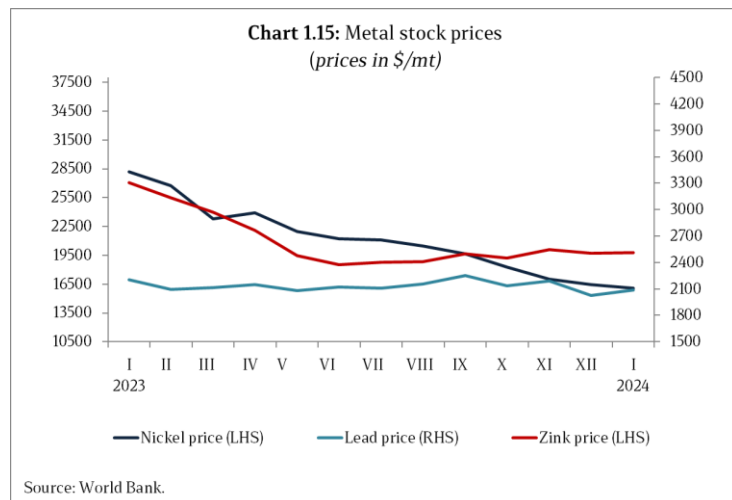
	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
2023 I	148.7	83.1	714.1
II	146.2	82.7	585.1
III	113.4	78.5	488.7
IV	106.7	84.1	478.4
V	88.2	75.7	357.7
VI	96.6	74.9	366.2
VII	94.5	80.1	337.2
VIII	100.4	86.2	396
IX	103.8	94.0	408.6
X	104.9	91.1	515.5
XI	99.38	83.2	512.5
XII	81.72	77.9	407.1
2024 I	85.73	80.2	338.2

Source: World Bank, Hungarian Power Exchange

In January 2024, prices of most basic metals increased. On monthly basis, price of lead increased by 2.9%, price of tin was higher by 2.0%, while price of zinc and aluminum experienced 0.5% growth each, whereas price of copper a drop of 0.7%. Price of iron ore registered a monthly drop of 0.9%.

In January 2024, price of gold grew by 0.4%. Other precious metals recorded a drop on monthly basis, thus platinum and silver dropped by 1.0% and 4.0%, respectively.

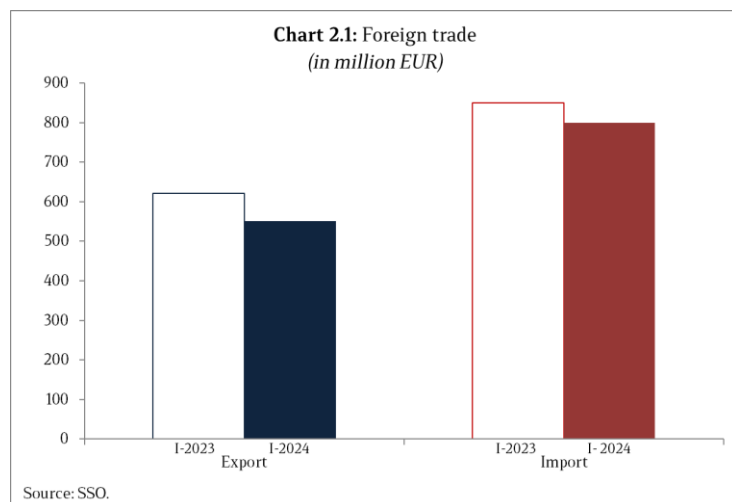
In January, maize and wheat prices dropped by 3.8% and 2.8% on monthly basis. Price of sunflower oil was hardly affected.



2. FOREIGN TRADE

Total foreign trade in January 2024 amounted to EUR 1,350.8 million, declining by 8.2% compared to the same month last year.

In January 2024, share of trade with the EU (EU 27¹), as the largest trading partner, increased by 4.2 p.p. compared to January 2023, accounting for 63.7%. Germany is the major trading partner of our country. As for total foreign trade structure of our country, share of the trade with



¹As of February 2020, Great Britain is included in the economic group - Miscellaneous countries.



Germany in January 2024, accounted for 23.3%, maintaining the same level compared to the same month in 2023.

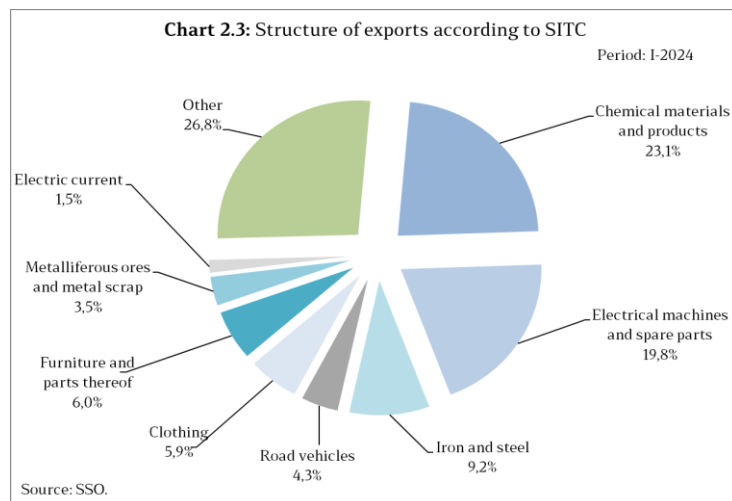
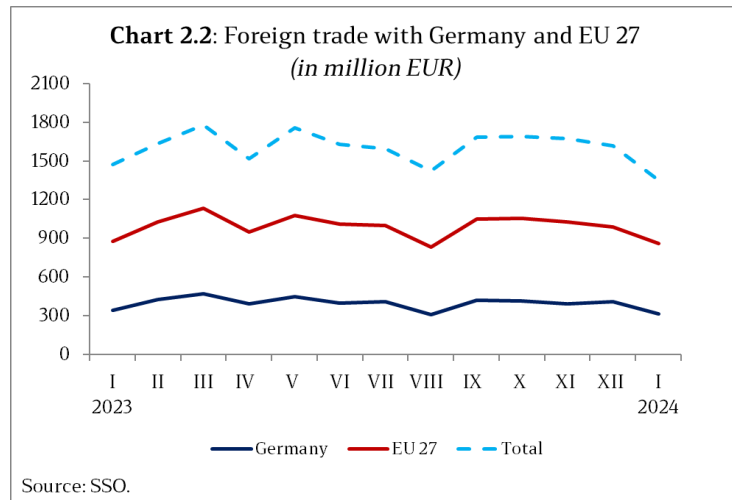
Export

Value of exported goods amounted to EUR 550.6 million in January 2024, dropping by 11.4% (EUR 70.7 million) compared to the same month in 2023, as well as physical output of export dropping by 1.3% compared to January 2023.

Analyzed on monthly basis, in January 2024, export recorded a drop by 16.4% (EUR 107.7 million), compared to the previous month, and, in the event of seasonal export adjustment, it registered monthly drop of 7.6%, showing negative effects of the seasonal factor (8.7 p.p.) on export this month.

Value of export of food in January 2024 increased by EUR 3.9 million, picking up by 16.2% compared to January 2023, while quantity of exported food increased by 11.4%. As for our country's total export structure, share of the food in January 2024, accounted for 5.1%, increasing by 1.2 p.p. compared to January in 2023.

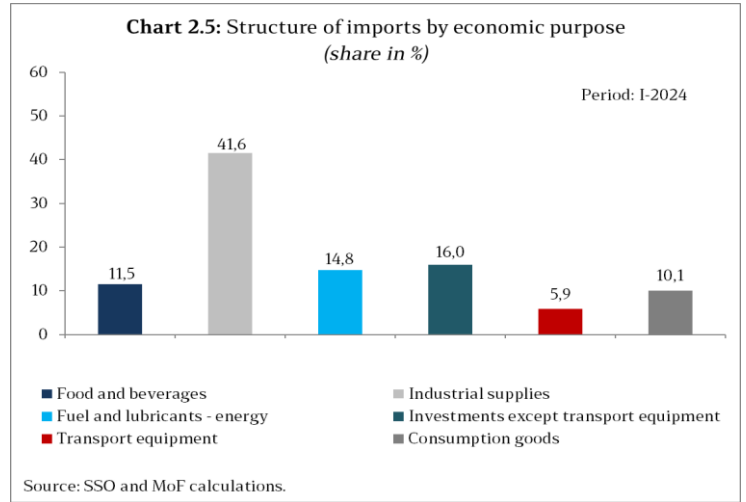
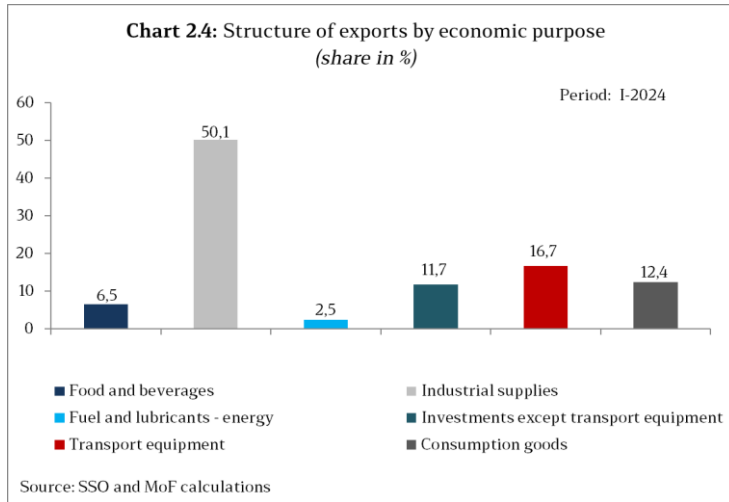
Analyzed by economic groups² of countries, in January 2024 compared to January 2023, export recorded growth only in North American Free Trade Agreement, while drop was seen at EU 27, EFTA, Western Balkan Countries, Organization of Petroleum Exporting Countries, Asia-Pacific Economic Cooperation Organization, and Commonwealth of Independent States. Export to EU 27 declined by 9.2% annually, while export to Western Balkan countries dropped by 12.7%, whereby export of goods to EU 27 and



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).



the Western Balkan countries accounted for 79.4% and 11.4% respectively in the total export from the Republic of North Macedonia.



Import

In January 2024, import value amounted to EUR 800.2 million, decreasing by 5.8% (EUR 49.2 million) compared to the same month in 2023, while imported quantities of goods declined by 10.9% compared to January 2023.

Analyzed on monthly basis, in January 2024, import dropped by 16.6% (EUR 159.6 million), compared to the previous month, and should import be seasonally adjusted, it registered monthly increase of 0.8%, showing negative effects of the seasonal factor (17.5 p.p.) on import this month.

Value of import of food in January 2024 increased by EUR 11.3 million, picking up by 15.3% compared to January 2023, while quantity of imported food increased by 20.0%. As for our country's total import structure, share of the food in January 2024, accounted for 10.6%, increasing by 1.9 p.p. compared to the same month in 2023.

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

Export of petroleum and petroleum products*)				
	I - 2023	I - 2024	Balance	% rate
000 T	11,2	6,0	-5,2	-46,1
EUR mil.	10,4	4,9	-5,5	-52,7
\$ mil.	11,3	5,4	-5,9	-52,3

*)Previous data

Export of chemical products*)				
	I - 2023	I - 2024	Balance	% rate
000 T	3,3	1,5	-1,9	-56,5
EUR mil.	162,6	127,0	-35,6	-21,9
\$ mil.	176,0	138,4	-37,5	-21,3

*)Previous data

Export of iron and steel*)				
	I - 2023	I - 2024	Balance	% rate
000 T	53,4	64,8	11,4	21,3
EUR mil.	45,6	50,7	5,1	11,1
\$ mil.	49,2	55,3	6,1	12,4

*)Previous data

Import of petroleum and petroleum products*)				
	I - 2023	I - 2024	Balance	% rate
.000 T	100,8	93,8	-7,0	-7,0
EUR mil.	81,5	67,2	-14,3	-17,5
\$ mil.	87,9	73,4	-14,5	-16,5

*)Previous data

Import of chemical products*)				
	I - 2023	I - 2024	Balance	% rate
.000 T	1,5	1,8	0,3	17,2
EUR mil.	11,3	11,9	0,6	5,4
\$ mil.	12,2	13,0	0,7	6,1

*)Previous data

Import of iron and steel*)				
	I - 2023	I - 2024	Balance	% rate
.000 T	77,4	45,8	-31,6	-40,8
EUR mil.	54,2	31,4	-22,8	-42,0
\$ mil.	58,7	34,3	-24,4	-41,6

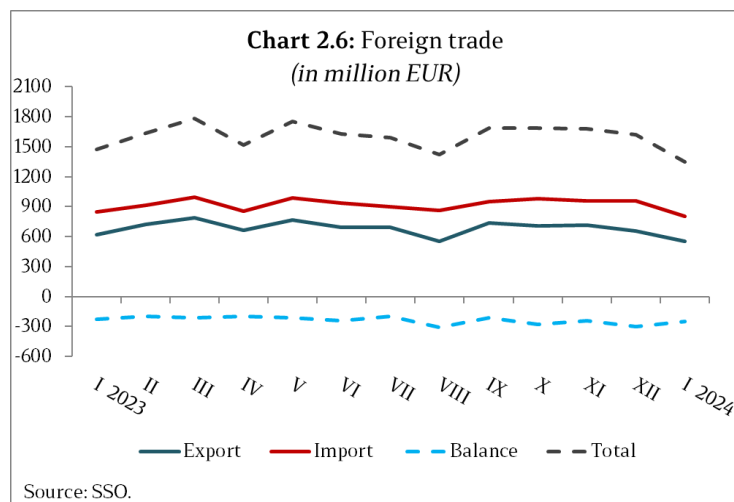
*)Previous data



Trade Balance

In January 2024, trade deficit increased by 9.4%, i.e. EUR 21.5 million compared to the same month in 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 and consumer goods, as well as narrowing of the positive balance in the trade of transport equipment. On the other hand, reduction of the deficit in the trade of fuels and lubricants contributed to narrowing of the negative balance.



In January 2024, 82.1% of the trade deficit of the country was realized in the trade with Great Britain, Greece and China, followed by: Turkey, Bulgaria, Poland, Serbia, etc. Surplus was realized in trade with Germany, Kosovo, Slovakia, the Czech Republic, Spain and others.

Currency Structure

Observed by currency structure, 93.1% of the trade in January 2024 was realized in euro, representing an increase of 1.1 p.p. compared to January 2023. On export and import side, euro accounted for 95.3% and 91.6%, respectively, whereby share of the euro in export was higher by 1.4 p.p., while share of the euro in import increased by 1.0 p.p. compared to January 2023.

import	I - 2023					I - 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	484,8	770.228.424	61,6181	47.460.012.029	90,6	432,3	733.245.895	61,6065	45.172.713.227	91,6	-36.982.529	-4,8
USD	46,1	80.279.668	57,2404	4.595.240.321	8,8	40,1	65.404.529	56,4449	3.691.752.125	7,5	-14.875.139	-18,5
GBP	0,1	1.053.069	69,8443	73.550.866	0,1	0,2	1.884.045	71,6862	135.060.015	0,3	830.976	78,9
EUR+USD+GBP	531,0			52.128.803.215	99,4	472,6			48.999.525.367	99,4		
tot. import	531,9			52.360.523.816	100,0	473,8			49.309.941.000	100,0		-5,8

Source: SSO and NBRNM

3. FISCAL SECTOR

Budget Revenues according to the Economic Classification

In January 2024, total budget revenues reached an amount of Denar 21,467 million, i.e. 2.2% of GDP, representing collection higher by 11.4% in relation to January 2023. Budget revenues growth was due to the positive contribution of tax revenues, social contributions, as well as non-tax revenues to a lesser extent (contribution of 4.1 p.p., 6.3 p.p. and 1.8 p.p., respectively). Thereby, in January 2024, tax revenues collection amounted to Denar 12,515 million, recording an annual growth of 6.7%, resulting from the higher revenues on the basis of personal income tax, corporate income tax, excises duties, import duties and other tax revenues.

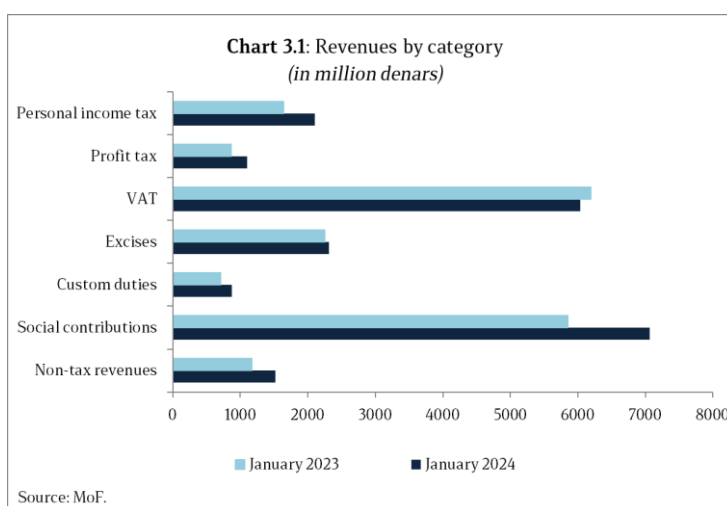


VAT revenues accounted the most with 48.2% of total tax revenues, the collection of which amounted to Denar 6,038 million, decreasing by 2.5% in relation to January 2023. Thereby, this year, VAT collection amounted to Denar 10,007 million on gross basis, out of which Denar 3,969 million was refunded to taxpayers (gross collection was higher by 5.8%, while VAT refund was higher by 21.5% compared to 2023). As for VAT structure, collection of VAT when importing accounted for the most, increasing by 5.1%, while VAT revenues collected on the basis of sales in the country picked up by 6.8%. Revenues on the basis of excises duties were collected in the amount of Denar 2,313 million (participating with 18.5% in the tax revenues), surging by 2.7% compared to January 2023. Hence, revenues collected on the basis of these two indirect taxes amounted to Denar 8,351 million, i.e. 66.7% of total tax revenues in the period January 2024.

PIT revenues were collected in the amount of Denar 2,104 million, increasing by 27.9% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 63.0%, capital revenues accounted for 8.2%, tax revenues on the basis of contractual agreement accounted for 8.4%, revenues on the basis of games of chance and award games accounted for 8.1%, and revenues on the basis of other types of income tax accounted for 12.3%.

In January 2024, profit tax revenues amounted to Denar 1,103 million, increasing by 27.4% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 7.9%, with tax balances decreasing by 104.6%.

Revenues on the basis of customs duties were collected in the amount of Denar 873 million, increasing by 22.8%. Collection of revenues on the basis of other taxes, amounting to Denar 84 million, grew by 44.8% compared to January 2023.



Revenues on the basis of social contributions were collected in the amount of Denar 7,068 million, which was higher by 20.8% compared to January last year. Thereby, collection of pension and disability insurance contributions surged by 20.7%, while collection of employment contributions was higher by 20.7%, with health insurance contributions growing by 20.9%.

Non-tax revenues were collected in the amount of Denar 1,518 million and, in relation to January - 2023, they were higher by 29.8% (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 amounted to Denar 100 million, decreasing by 3.8% compared to January last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 158 million, decreasing by 50.8% compared to January 2023.

Budget Expenditures according to the Economic Classification

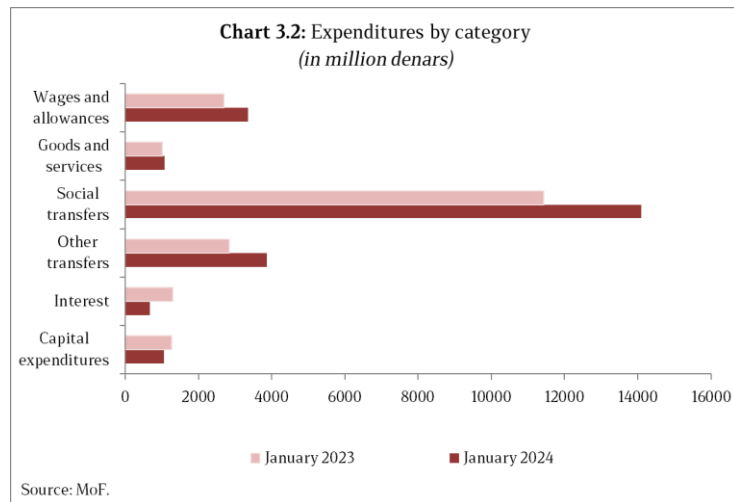
In January 2024, total budget expenditures amounted to Denar 24,269 million, i.e. 2.5% of GDP, which was higher by 17.3% compared to January of the previous year. Budget expenditure growth was due to increase of current expenditures by 19.5%, whereas capital expenditures recorded a decrease of 15.8%.



With respect to the structure of total executed expenditures in January 2024, current expenditures, amounting to Denar 23,202 million, accounted for 95.6%, increasing by 19.5% in relation to January 2023.

Expenditures related to wages and allowances were executed in the amount of Denar 3,361 million, increasing by 24.8% in relation to January of the previous year, accounting for 13.8% of the total budget expenditures.

Expenditures related to goods and services amounted to Denar 1,084 million, increasing by 6.9% compared to January 2023.



Funds allocated for transfers amounting to Denar 18,077 million accounted for the most in the current expenditure items. Transfers increased by 25.4% in January 2024, participating with 74.5% in the total expenditures.

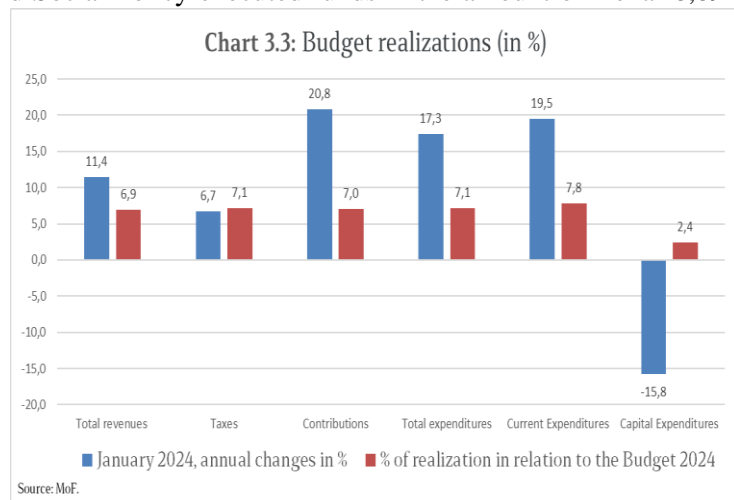
As regards transfers, social transfers grew by 23.4%, amounting to Denar 14,103 million, accounting for 58.1% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 9,294 million, increasing by 32.2% compared to January 2023. Transfer share accounted for 38.3% of total expenditures. Category Other transfers increased by 36.2%, whereby Subsidies and transfers amounted to Denar 1,480 million, increasing by 113.6%. Block grants to local government units, amounting to Denar 2,116 million, grew by 12.0% compared to January 2023.

During the analyzed period, funds for capital expenditures were executed in the amount of Denar 1,067 million, accounting for 4.4% of the total expenditures, thereby decreasing by 15.8% compared to January 2023.

Expenditures by Budget Users

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

In January 2024, Ministry of Labour and Social Policy executed funds in the amount of Denar 8,894 million, i.e. 15.1% of its total budget for the current year. Thereby, most of the expenditures (79.1%) were allocated for current transfers to extra-budgetary funds, for which Denar 7,036 million was spent, i.e. 18.0% of the funds allocated for 2024. The second highest expenditure category were the social benefits, participating with 13.2% in the total expenditures, whereby 8.6% (Denar 1,174 million) of the projected funds was spent for this purpose in 2024.

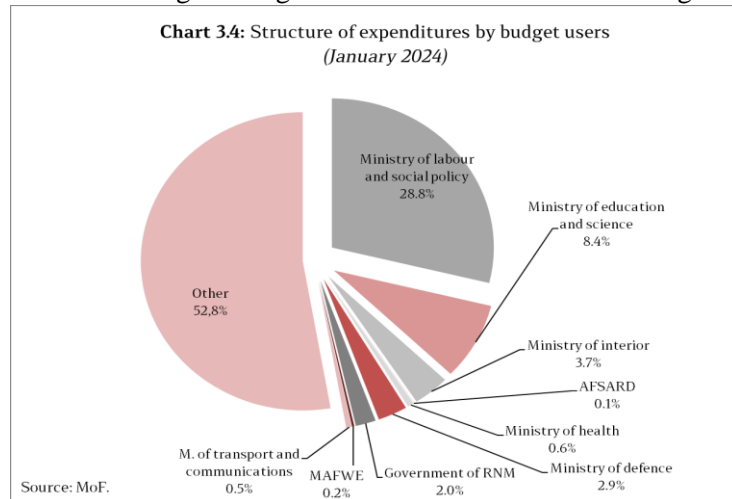


During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 2,583 million, i.e. 6.9% of its total 2024 Budget. Current transfers to LGUs accounted for the most of the expenditures (69.0%), Denar 1,782 million being spent therefore



or 8.3% of total projected funds. Wages and allowances category is the second highest item, accounting for 20.9%, for which an amount of Denar 539 million, i.e. 8.2%, was spent of total projected funds.

In January 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 1,128 million, accounting for 8.6% of its own 2024 budget. Wages and allowances were the highest expenditure category, participating with 69.4%, Denar 782 million being spent therefore, accounting for 8.5% of the projected ones. The second highest expenditure category was Goods and services, participating with 16.0%, with funds in the amount of Denar 181 million being spent therefore, accounting for 8.1% of the annual projections.



During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 24 million, accounting for 0.3% of the funds projected for the current year. As for wages and allowances, with the highest expenditure share of 48.0% of the total expenditures, 7.9% or Denar 12 million of the funds planned for the whole year, were spent therefore. The second highest expenditure category was Goods and services, participating with 37.4%, with funds in the amount of Denar 9 million being spent therefore, accounting for 0.7% of the annual projections.

In January 2024, Ministry of Defence executed budget funds in the amount of Denar 909 million, accounting for 4.5% of the total budget this year. Expenditures related to wages and allowances accounted for the most with 51.4%, Denar 468 million being spent therefore, (accounting for 8.0% of the total funds projected for the current year). Goods and services accounted for 27.9% of total expenditures, Denar 254 million being spent therefore during the analyzed period, i.e. 5.0% execution of the total projections.

Government of the Republic of North Macedonia spent total of Denar 622 million, i.e. 12.0% of the funds projected for 2024 during the analyzed period. Thereby, subsidies and transfers accounted for 83.2% of total expenditures of this budget user, Denar 518 million (16.0% of the projected funds) being spent therefore.

In January 2024, Ministry of Health executed budget funds in the amount of Denar 183 million, i.e. 2.4% of total 2024 Budget. Capital expenditures accounted for the most in the expenditures with 78.8%, Denar 144 million being executed therefore, i.e. 17.0% of the funds allocated for 2024. Second most significant item are Goods and services, Denar 26 million (0.8% of the projections for the year) being spent therefore, accounting for 14.1% of total expenditures.

During this period, Ministry of Transport and Communications executed funds in the amount of Denar 165 million, i.e. 0.8% of the total budget for the current year. Execution of capital expenditures, as main item, accounted for 68.1% of the total spent funds of this budget user (Denar 112 million or 0.6% of total projected funds).

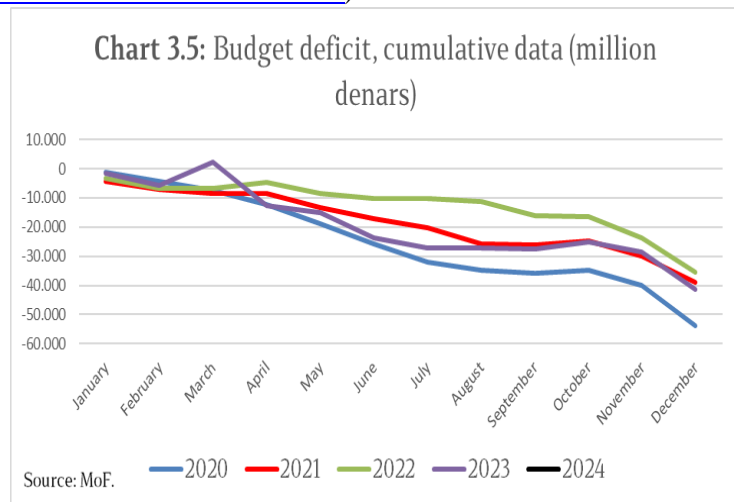
In January 2024, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 70 million, accounting for 4.1% of the funds projected for 2024. Wages and allowances (Denar 51 million) is the highest category in the total expenditures of this budget user, accounting for 72.9% of its total expenditures, with 8.6% of the projected expenditures, being executed. As regards expenditures related to goods and services, they accounted for 17.7% of the total expenditures, Denar 12 million being spent therefore, accounting for 4.1% 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

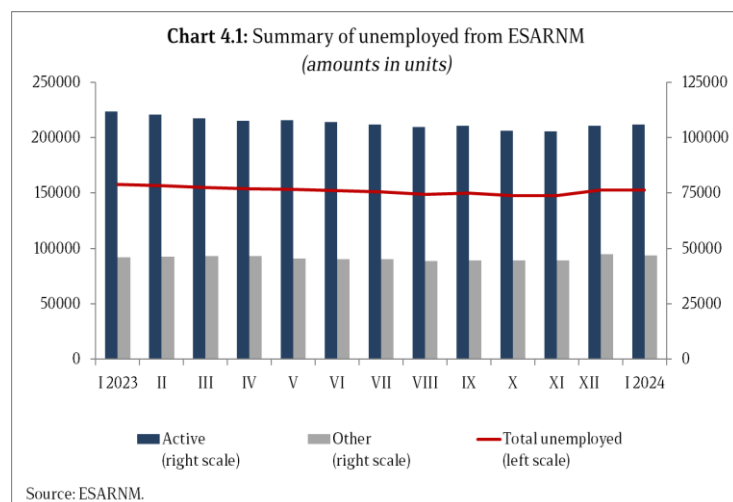
In January 2024, state budget deficit amounted to Denar 2,802 million, accounting for 0.3% of GDP, while central budget deficit amounted to Denar 4,137 million, accounting for 0.4% of GDP. Budget deficit in January 2024 accounted for 8.0% of total budget deficit projected for this year.



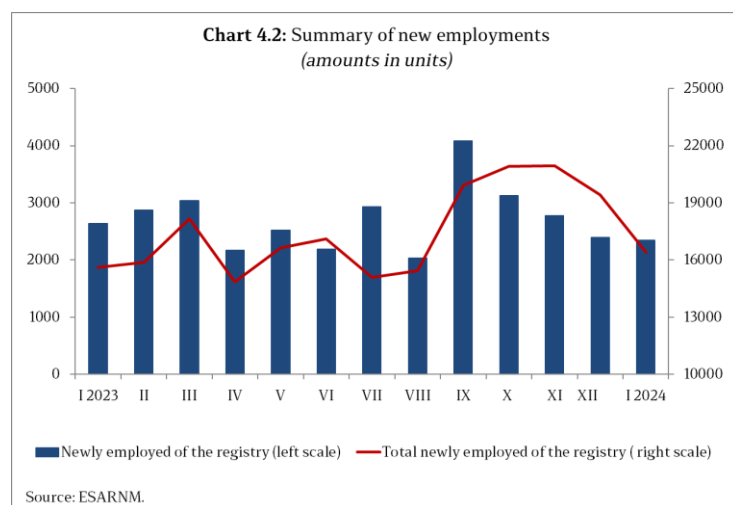
4. SOCIAL SECTOR

Newly Employed and Registered Unemployed Persons in the Employment Service Agency

In January 2024, Employment Service Agency registered total of 16,393 new employments. Total number of newly employed persons was higher by 5.0% 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, 45.3% was engaged on permanent basis, while the rest of the respective contracts pertained to employment on temporary basis and as seasonal workers. In January 2024, 14.3% out of the total number of newly employed persons was from the unemployed person records.



Total number of unemployed persons in January 2024 was 152,684, 105,803 persons out of which were active job seekers, while 46,881 persons were from the category “other unemployed”. On annual basis, total number of unemployed persons decreased by 3.3%, whereas, starting from May 2021, it recorded a continuous annual reduction.



Number of unemployed persons decreased by 57 people compared to December 2023. Number of unemployed persons throughout 2020 until February 2021 was generally on the rise, while starting March 2021, a monthly downward trend was recorded.

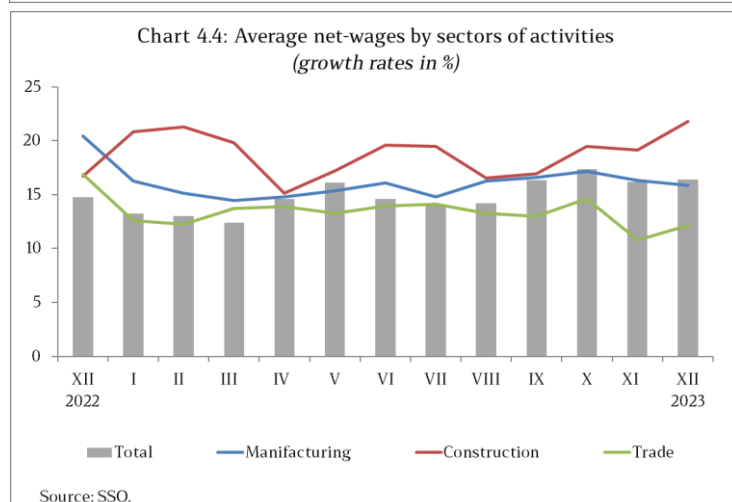
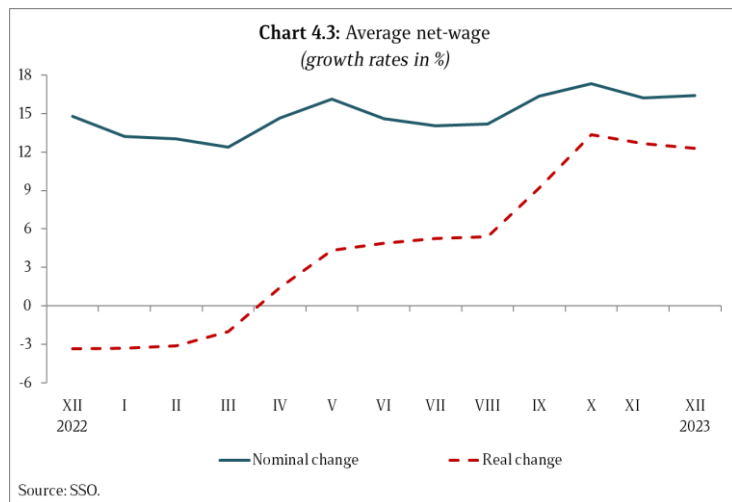
Urban residents accounted the most (with 59.3%) among the active unemployed persons, whereas with respect to gender, men accounted for 48%. Analyzed by the level of education, majority, i.e. 68.6%, of the unemployed persons were with incomplete secondary education or less, 23.7% were with completed secondary education, while 7.6% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, 50.5% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 58.8% of the unemployed persons wait for employment from 1 to 7 years, while 12.4% wait for employment for 8 years or more.

Wages

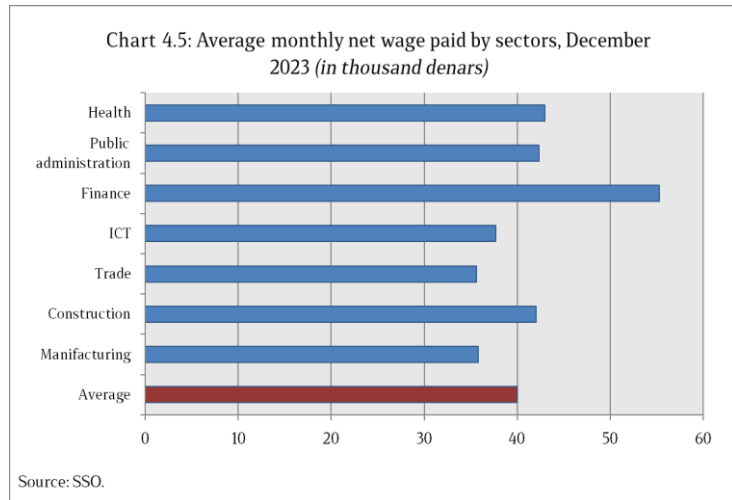
In December 2023, average net wage amounted to Denar 39,998, in nominal terms, being higher by 16.4% on annual basis, and being higher by 4.3% compared to November 2023. The highest increase of average net wage, in relation to December 2022, was observed at the following sectors: Public administration and defence, Mandatory social insurance (27.5%), Electricity, gas, steam and air-conditioning supply (27.1%) and Construction (21.8%). In December 2023, wages in real terms recorded an annual growth of 12.3%.

Highest average net wage in December 2023 was paid in the sector Information and communications (Denar 73,753), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 98,307), followed by Electricity, gas, steam and air conditioning supply sector with Denar 56,248, Financial and insurance activities with Denar 55,308, Mining and quarrying with Denar 50,553 and Expert, scientific and technical activities sector with average net wage in the amount of Denar 47,428.





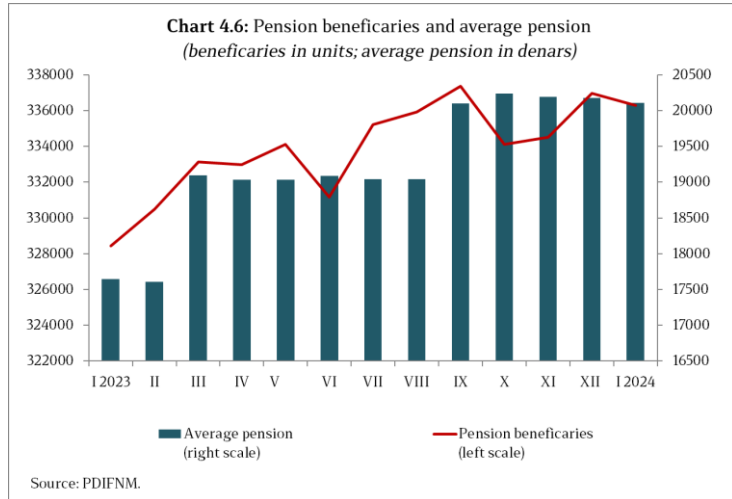
Average nominal gross wage in December 2023 amounted to Denar 60,036 and compared to the same month in 2022, increased by 16.8%, being higher by 4.2% on monthly basis. The highest increase of average gross wage in December 2023, compared to December 2022, was recorded in the following sectors: Public administration and defence, Mandatory social insurance (28.2%), Electricity, gas, steam and air-conditioning supply (27.1%) and Construction (21.5%).



Pensions

In January 2024, Pension and Disability Insurance Fund registered 336,282 pensioners. As regards the total number of pensioners, 70.0% are beneficiaries of old-age pension, 22.1% of survivor pension and 7.9% of disability pension.

Average pension in January 2024 amounted to Denar 20,112, being higher by 14.0% compared to the same month in 2023³. 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 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 December 2023 (the most recent available data) was 50.4%.

In January 2024, average old-age pension amounted to Denar 21,703, average disability pension amounted to Denar 17,860, while average survivor pension amounted to Denar 15,873. This month, Denar 7,117 million was spent for payment of pensions, accounting for 50.5% of the total social transfers.

³ Military and agricultural pensions are not included when calculating the average pension.



5. MONETARY AND FINANCIAL SECTOR

In January 2024, National Bank retained its policy rate at 6.30%. In the first half of 2023, the upward policy rate trend continued all the way 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 four months straight.

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

Primary Money

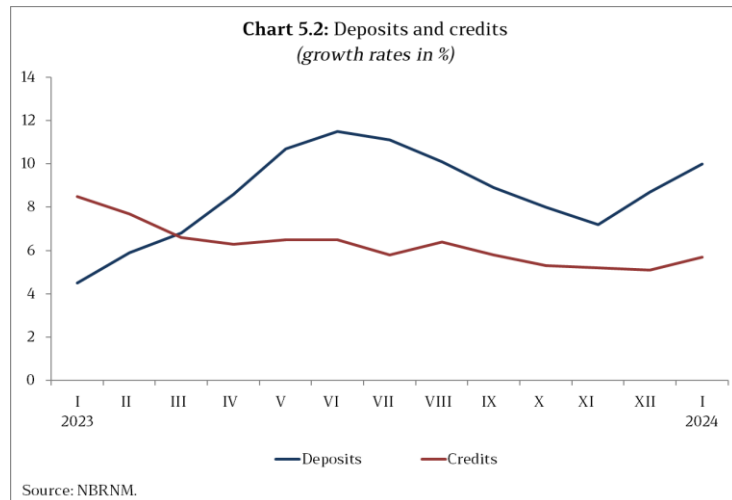
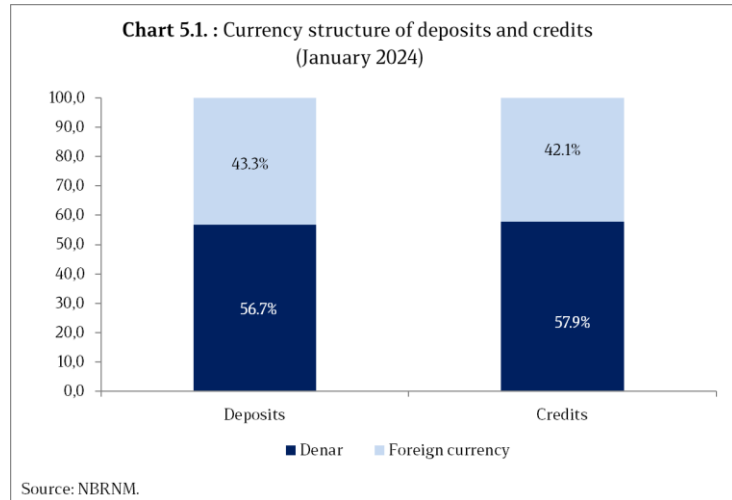
In January 2024, primary money⁴ grew by 13.0% on monthly basis. Growth of primary money was a result of increase of total liquid assets by 27.2%, while currency in circulation remained unchanged.

On annual basis, primary money recorded growth of 14.0%, as a result of increase of total liquid assets of banks and currency in circulation by 18.4% and 9.2%, respectively.

Deposit Potential⁵

In January 2024, total deposits of banks remained unchanged on monthly basis. Sector analysis showed that, compared to the previous month, deposits of private enterprises and deposits of households declined by 1.8% and 0.1%, respectively.

Analyzed by currency, in January 2024, compared to the previous month, Denar deposits decreased by 0.5%, while foreign currency deposits increased by 0.6%.



Total deposit potential in January 2024 surged by 10.0% on annual basis. Analyzed by currency, domestic currency deposits and foreign currency deposits surged by 12.9% and 6.4%, respectively on annual basis.

From sector point of view, deposits of enterprises grew by 15.9% and deposits of households increased by 7.8%, on annual basis.

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 data from monetary statistics, statistics of other financial corporations and 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 (January 2024)	In Denar million	Monthly change	Annual change
Deposit potential	534,204	0.0%	10.0%
By currency:			
<i>Denar</i>	302,785	-0.5%	12.9%
<i>Foreign currency</i>	231,418	0.6%	6.4%
By maturity:			
<i>Short-term</i>	218,003	1.0%	2.4%
<i>Long-term</i>	120,360	2.1%	23.5%
Credits to private sector	443,871	-0.2%	5.7%
By currency:			
<i>Denar</i>	256,904	-0.3%	6.6%
<i>Foreign currency</i>	186,967	0.0%	4.5%
By maturity:			
<i>Short-term</i>	66,737	-0.4%	-3.1%
<i>Long-term</i>	360,698	-0.6%	7.4%

Source: NBRNM

According to maturity, short-term deposits surged by 2.4%, while long-term deposits grew by 23.5%, 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 January 2024, total credits of banks to the private sector reduced by 0.2% on monthly basis, due to the drop of credit to enterprises by 0.7%, while increase of credits to households by 0.3%.

Analyzed by currency, in January 2024, on monthly basis, Denar credits dropped by 0.3%, while foreign currency credits remained unchanged.

On annual basis, total credits grew by 5.7% in January 2024, in conditions of growth of both credits to enterprises and credits to households of 4.3% and of 6.9%, respectively. Denar credits surged by 6.6%, while foreign currency credits grew by 4.5%.

As regards maturity, long-term credits experienced annual growth of 7.4%, while short-term credits dropped by 3.1%.

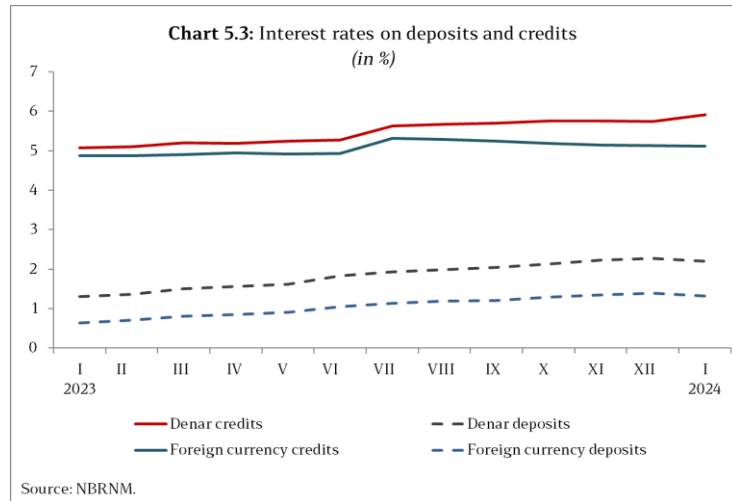


Interest Rates of Deposit Banks

In January 2024, total interest rate on credits increased by 0.08 p.p. compared to the previous month, accounting for 5.55%. Interest rate on Denar credits grew by 0.17 p.p., accounting for 5.91% on monthly basis, while interest rate on foreign currency credits decreased by 0.01 p.p., accounting for 5.12%.

Total interest rate on deposits decreased by 0.07 p.p. in January 2024, compared to last month, accounting for 1.72%. Interest rates on both Denar and foreign currency credits dropped by 0.07 p.p. on monthly basis, accounting for 2.20% and 1.32%, respectively.

Interest rate on newly granted Denar credits accounted for 5.46%, while interest rate on newly approved foreign currency credits accounted for 4.73%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.65% and 1.78%, respectively.

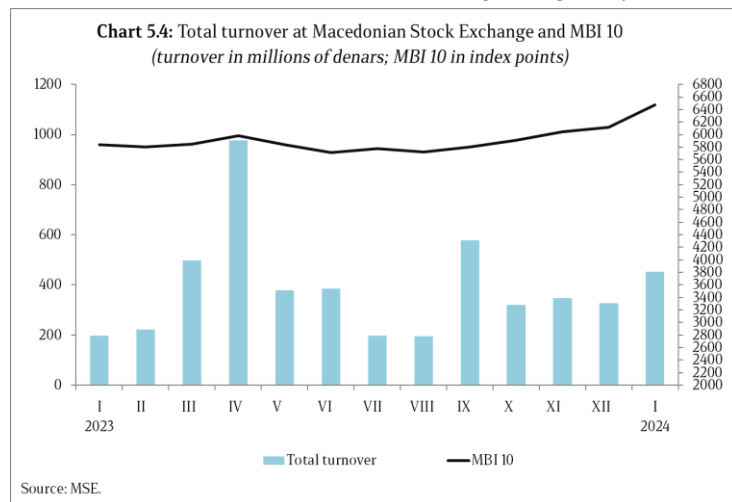


Capital Market

As for the capital market, in January 2024, total turnover on the stock exchange surged by 39% on monthly basis, as a result of the increase of turnover from block transactions by 295.9%, and turnover from trading in best by 31.8%.

Total turnover on the stock exchange amounted to Denar 453.4 million in January 2024, increasing by 130.5% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 6,472.19 index points at the end of January 2024, whereby the index grew by 5.8% on monthly basis, while, compared to the same month previous year, the index was higher by 10.8%.



Reserve Assets

Gross reserve assets at end-January 2024 amounted to EUR 4,337.34 million and, compared to the previous month, they were lower by 4.4%, while compared to January 2023, they surged by 14.9%.