

# *SHORT-TERM ECONOMIC TRENDS*



**March 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 .....	8
<b>2. FOREIGN TRADE.....</b>	<b>10</b>
Export .....	10
Import .....	11
Trade Balance .....	12
Currency Structure.....	13
<b>3. FISCAL SECTOR .....</b>	<b>13</b>
Budget Revenues according to the Economic Classification.....	13
Budget Expenditures according to the Economic Classification .....	14
Expenditures by Budget Users.....	15
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**  
**March 2024**

- In March 2024, industrial production recorded a drop by 10.4% compared to the same month previous year;
- Inflation rate in March accounted for 4.0%, dropping by 1.0 p.p. compared to the previous month (3.0% in February 2024), representing slowdown of the annual growth compared to last month, whereas inflation rate recorded increase by 0.9% on monthly basis;
- Export in the period January - March 2024 dropped by 9.2%, while import by 0.9%, resulting in increase of the trade deficit by 27.3% compared to the same period in 2023;
- In March 2024, total budget revenues reached an amount of Denar 69,418 million, i.e. 7,1% of GDP, which was by 5.2% higher collection in relation to March 2023;
- In March 2024, total budget expenditures amounted to Denar 84,085 million, i.e. 8,6% of GDP, which was higher by 20.9% compared to March previous year;
- Total credits of banks in March 2024 grew by 6.1% compared to March 2023, while total deposit potential of banks surged by 9.3%.



## 1. REAL SECTOR

### Industrial Production

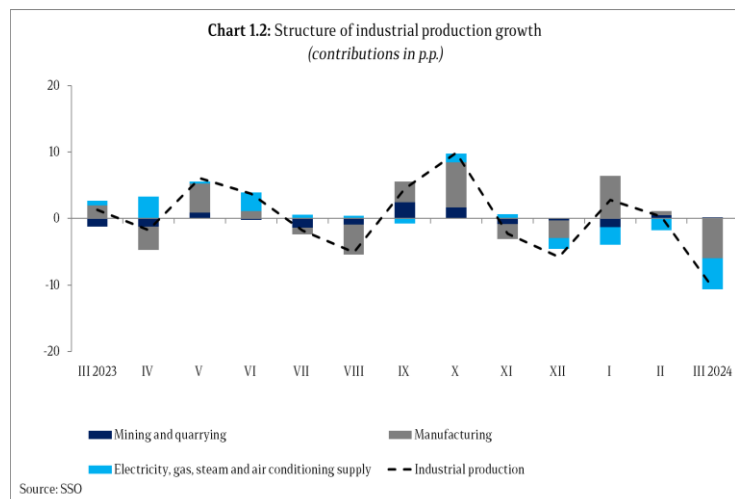
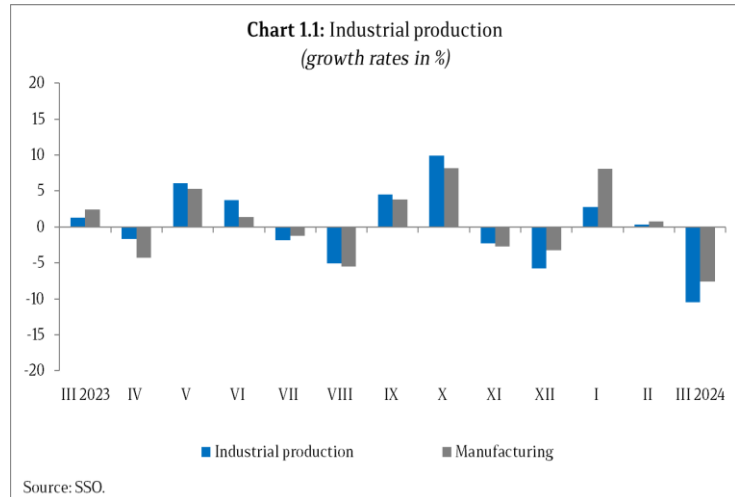
In March 2024, industrial production recorded a drop by 10.4% compared to the same month previous year. Drop was due to decreased production of 7.6% in the sector Manufacturing and 38.6% in Electricity, gas, steam and air-conditioning supply, whereas the sector Mining and Quarrying recorded growth of 1.9%.

In March 2024, growth in production was registered at 11 out of total of 27 industrial branches, comprising 33.66% in the total industry.

As for branches with higher value added, increase in March 2024 was observed at Manufacture of machinery and equipment by 7.7% and contribution by 0.5 p.p., Manufacture of electrical equipment by 1.9% with contribution of 0,1 p.p., while reduction was seen in the branches: Manufacture of motor vehicles, trailers and semi-trailers by 17.2% and contribution of -2.3 p.p., with Manufacture of metals reducing by 2.2% and contribution of -0.1 p.p.. Traditional branches in March 2024 recorded growth of production, as follows: Manufacture of textile by 4,0%, and contribution of 0.2 p.p., and Food industry by 1.2%, with contribution of 0.0 p.p., while reduction of production was seen in the following branches: Manufacture of beverages by 4.9% and contribution of -0.5 p.p., Manufacture of tobacco goods by 57.2% and contribution of -0.7 p.p., Manufacture of wearing apparel by 22.7% and contribution of -1.4 p.p. and Manufacture of leather by 59.7% and contribution of -0.4 p.p., and Manufacture of wood and wood and cork products by 18.1% and contribution of -0.1 p.p..

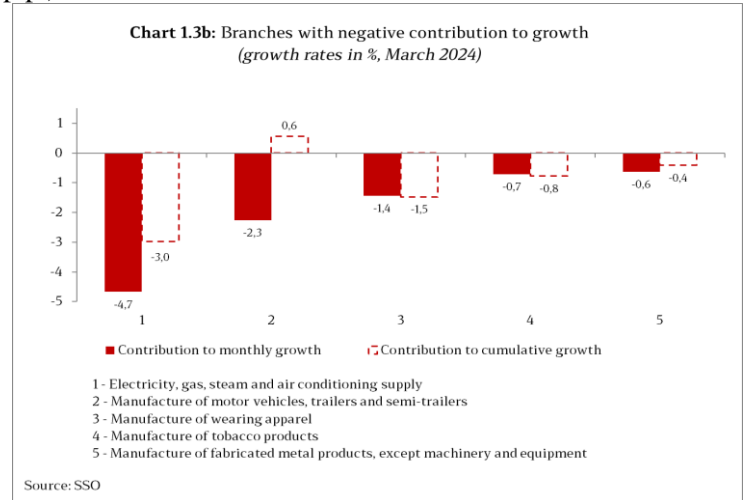
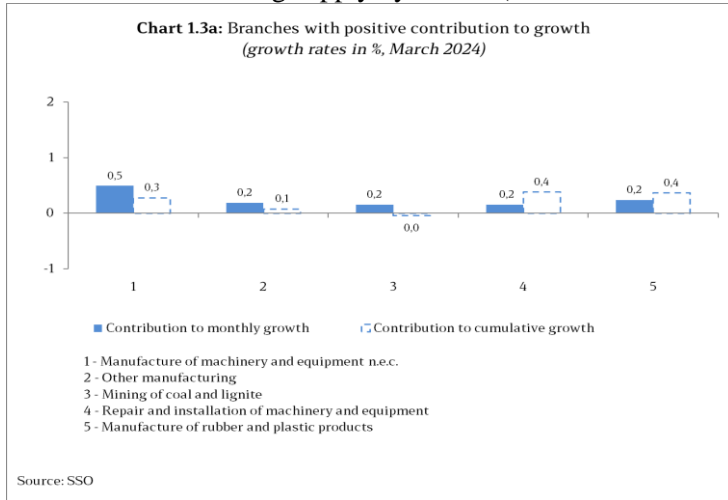
Drop of industrial production, according to the purpose of production units in March 2024, was a result of the decreased production at the following groups: Energy (dropping by 34.9% and contribution of -4,5 p.p.), Intermediary goods, except energy (decreasing by 3.4% and contribution of -1,0 p.p.), Capital goods (reducing by 5.0% and contribution of -1,2 p.p.), and Non-durable consumer goods industry (dropping by 12.8% and contribution of -3.9 p.p.), while surge of production was only seen at Durable consumer goods industry (picking up by 3.5%, contribution of 0.1 p.p.).

On cumulative basis, in the period January - March 2024, industry decreased by 3.1% as a result of the decreased production throughout all sectors, as follows: Mining and quarrying by 2.3% (contribution of -0.2 p.p.), Manufacturing by 0.5% (contribution of -0.4 p.p.) and Electricity, gas, steam and air-





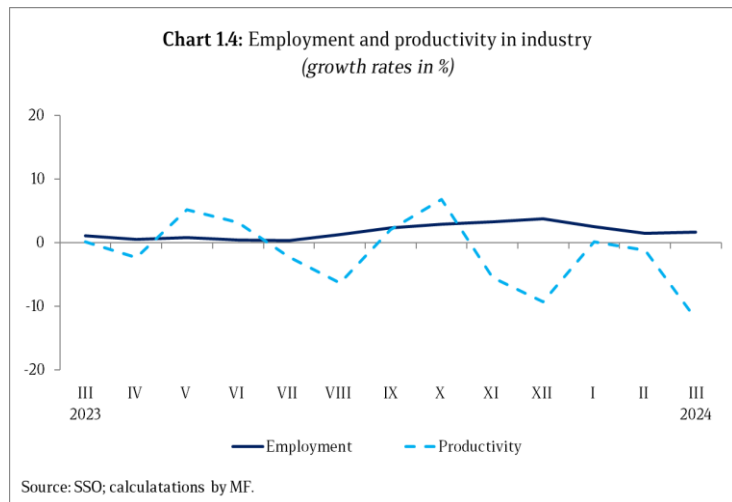
conditioning supply by 24.5% (contribution of -3.0 p.p.).



As per the purpose of production units, in the period January - March 2024, growth was seen at the following groups: Intermediary goods, except energy (0.4%) and Capital goods (6.2%), whereas drop was observed at the branches: Energy (by 23.2%), Consumer durables (by 1.7%), and Consumer non-durables (by 7.1%).

### Number of Employees in the Industry

In March 2024, number of employees in the industry increased by 1.7% compared to the same month previous year. Growth was due to the increased number of employees throughout all sectors: Mining and quarrying by 5.6%, Manufacturing by 1.5%, 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 motor vehicles, trailers and semi-trailers by 17.8%, Manufacture of beverages by 15.6%.



Data on the number of employees in the industry by target groups in March 2024, compared to the same period last year, showed increase in the number of employees at the following groups: Energy 4.3%, Capital goods of 16.0%, and Consumer durables of 11.5%.

Cumulative data indicate that the number of employers in the industry in the January - March 2024 period recorded growth of 1.9% due to the increased number of employees throughout sectors: Mining and quarrying by 5.8%, Manufacturing by 1.7%, 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 - March in 2024 increased in the sectors as follows: Energy by 4.4%, Capital goods by 16.1% and Consumer durables by 6.4%.



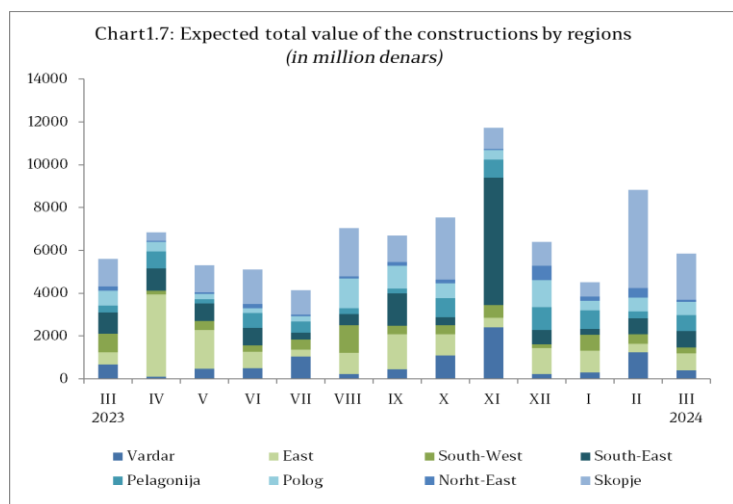
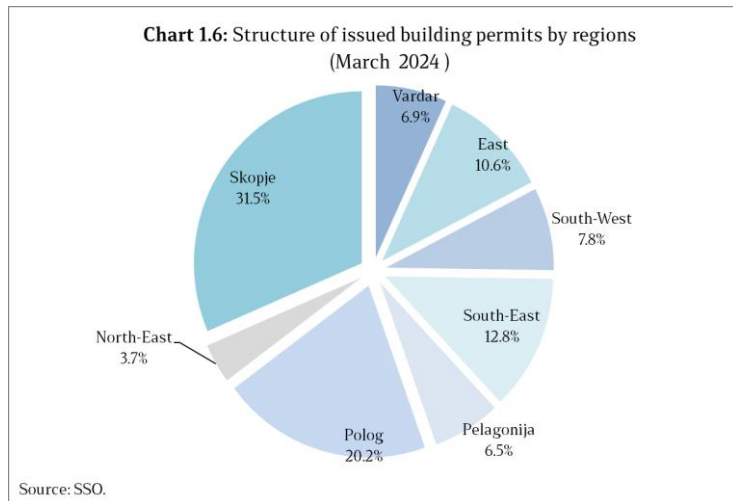
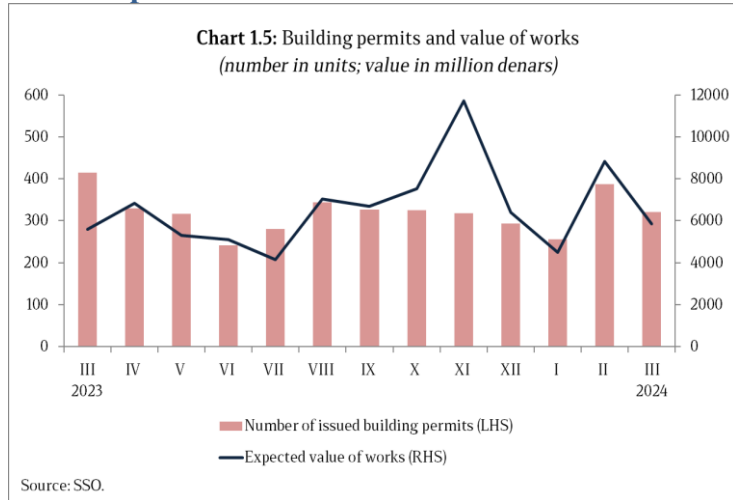
## Number of Issued Building Permits and Expected Value of Constructions

In March 2024, when total of 321 building permits were issued, being a significant drop of 22.7% compared to the same month in 2023, resulting from the annual drop of issued building permits, pertaining to buildings by 12.3% (which in the total number of issued building permits participate with 60.1%), as well as reconstruction facilities, recording a drop of 17.2%. Compared to February 2024, number of issued building permits dropped by 17.1%. Expected value of works, according to the issued building permits in March 2024, picked up by 4.8% on annual basis, while compared to the previous month, it declined by 33.6%.

Analysed by types of constructions, out of the total number of issued building permits, 193 (or 60.1%) were intended for buildings, 56 (or 17.5%) for civil engineering structures and 72 (or 22.4%) for reconstruction of facilities.

Analysed by types of investors, out of total 321 issued building permits, individuals were investors in 200 facilities (or 62.3%), while business entities were investors in 121 facilities (or 37.7%).

In March 2024, construction of 1013 flats was envisaged, with total usable area of 72.506 m<sup>2</sup>. Number of flats envisaged for construction increased by 6.5% on monthly basis, surging by 111.9% on annual basis.



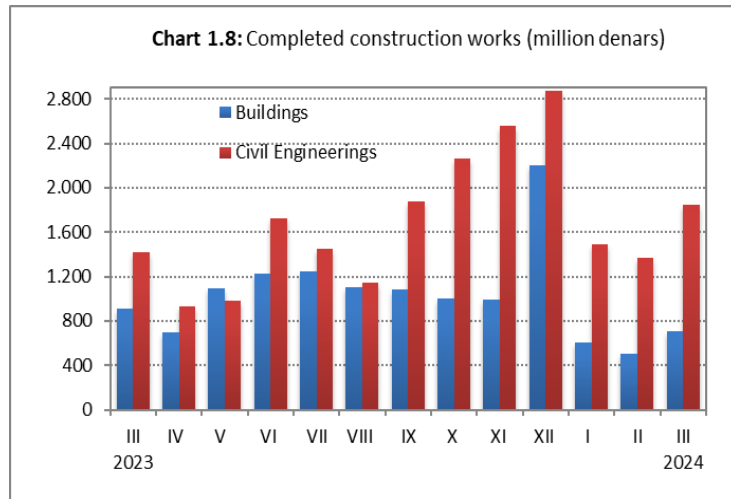


## Number of Completed Construction Works by Types of Constructions

In February 2024, construction works were completed with total value of Denar 1,923 million, representing nominal annual drop of 21.1%, where as regards buildings a drop of 53.5%, and as regards civil engineering structures a growth of 5.5% were observed. Compared to January 2024, total value of completed construction works dropped by 11.3%, with a drop of 17.3% at buildings, and drop of 8.5% as regards civil engineering structures.

In cumulative terms, in the period January – February 2024, value of performed construction works amounted to Denar 4,090 million, being lower by 8.3% compared to the same period last year.

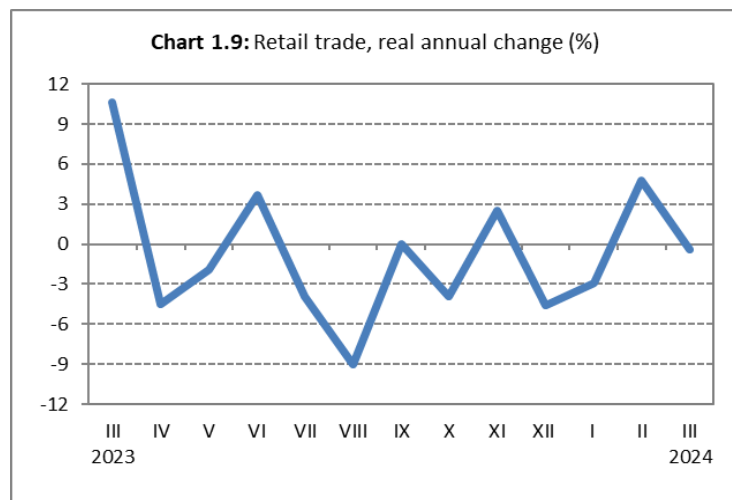
Most of the completed construction works pertain to civil engineering construction, wherein construction works amounted to Denar 2,859 million in the course of first two months of the year, i.e. by 21.1% higher compared to the same period last year. Value of completed works at buildings in this period decreased by 44.4%, amounting to Denar 1,115 million.



In real terms, in the period January - February 2024, value of completed construction works decreased by 3.6%, with civil engineering structures recording an increase of 27.4%, and buildings recording a drop of 41.5%.

## Trade Sector Turnover

In March 2024, data on domestic trade demonstrated nominal annual drop in the turnover by 1.8%, following growth by 7.7% in February. Value of turnover in March 2024 amounted to Denar 65,422 million, whereby in cumulative terms, in the period January - March 2024, value of total turnover in the trade amounted to Denar 185,296 million, being unchanged compared to the same month last year.



In cumulative terms for the period January - March 2024, a positive growth of turnover was recorded only at the Wholesale sector, which value amounted to Denar 100,274 million,

being higher by 0.8% compared to the same month last year, as well as Motor vehicle and repairment trading sector where the turnover amounted to Denar 11,523 million, being higher by 0.5% compared to the same period last year, while drop was solely recorded at Retail, where turnover amounted to Denar 73,499 million, being lower by 1.2% compared to the same month last year.

In real terms, retail trade in March 2024 recorded annual drop by 0.4%, while analysed by groups and classes, decrease was also seen in the groups of Retail trade in automotive fuels by 5.1%, and Retail in



food products, beverages and tobacco by 4.1%, whereas increase in the Retail trade with non-food products by 5.9%.

In March 2024, Wholesale trade (54.58%) accounted for the most in the Trade sector, followed by Retail trade (38.55%) and Trade in motor vehicles and motorcycles, repair and their maintenance (6.87%).

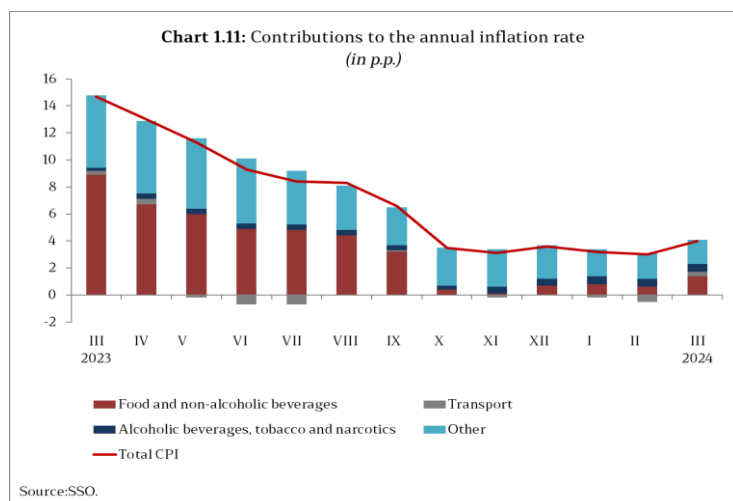
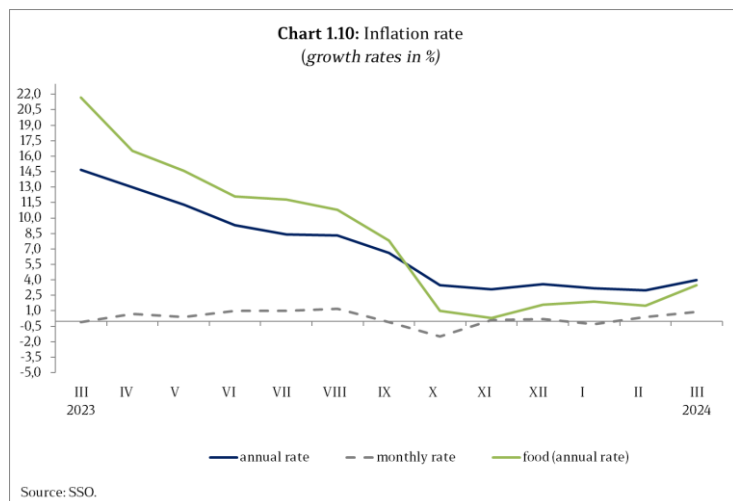
## Inflation

Inflation rate accounted for 4.0% in March 2024, being compared to the previous month's rate of 3.0% in February 2024 increased by 1.0 p.p.. In March, inflation was primarily due to the base component, whereas the food and energy component had significantly less of an impact thereon.

In March, the core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 5.3% on annual basis (4.8% in the previous month). This month, the increased prices in the category Alcoholic beverages, tobacco and narcotics 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 3.5%, i.e. increase by 2.0 p.p. compared to the previous month, contributing with 1.4 p.p. in the total inflation in March. The increase resulted from revoking the measure pertaining to decrease of basic food products' prices by 10% which in retail were sold under the label "guaranteed price", as well as resulting from the increase of fruit and vegetable prices. Following sub-categories: Vegetables (15.0% annual growth, and contribution of 0.7 p.p.), Fruits (18.4% annual growth and contribution of 0.4 p.p.), Meat (2.1% annual growth and contribution of 0.2 p.p.) had the biggest contribution to growth in the Food and non-alcoholic beverages category. and Bread and cereals (annual 2.0% growth, contribution of 0.2 p.p.). Oil (-0.2 p.p.) and Milk, cheese and eggs (-0.1 p.p.) had negative contribution to food prices.

Observed by components, the highest growth rate of prices in March 2024 was recorded in the Alcoholic beverages, tobacco and narcotics of 11.5% (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 6.5%, Health protection by 5.5%, Recreation and culture by 4.8%, Furnishings, household equipment and routine household maintenance by 4.7%, Miscellaneous goods and







services by 4.7%, Wearing apparel and footwear by 4.6%, Transport by 3.7%, Housing, water, electricity, gas and other fuels by 1.8% and Communications by 1.8%. Reduction was observed in the category Education by 0.6%.

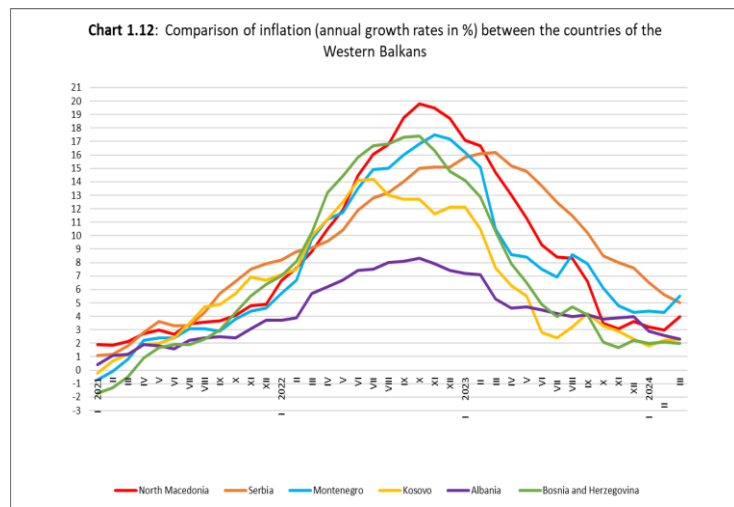
In March, consumer prices grew by 0.9% on monthly basis (last month, prices surged by 0.4%). Food prices increased by 1.3% whereby the categories Meat and Milk, cheese and eggs with 0.2 p.p. each, contributed the most thereto.

In March, except with Food and non-alcoholic beverages category, prices increased in the following categories: Transport by 3.1%, Miscellaneous goods and services by 0.6%, Recreation and culture and Restaurants and hotels by 0.5% each, Wearing apparel and footwear by 0.2%, Housing, water, electricity, gas and Health protection by 0.1% each. Drop of prices was recorded at the category Furnishings, household equipment and routine household maintenance by 0.1%. Prices at Education category remained the same.

In March 2024, retail prices increased by 3.8% on annual basis. On monthly basis, retail prices picked up by 1.0%. In the first three months of 2024, retail prices increased by 3.1%, on annual basis.

As for the Eurozone, in March 2024, inflation rate dropped by 0.2 p.p., compared to the previous month, accounting for 2.4% (being 2.6% in February).

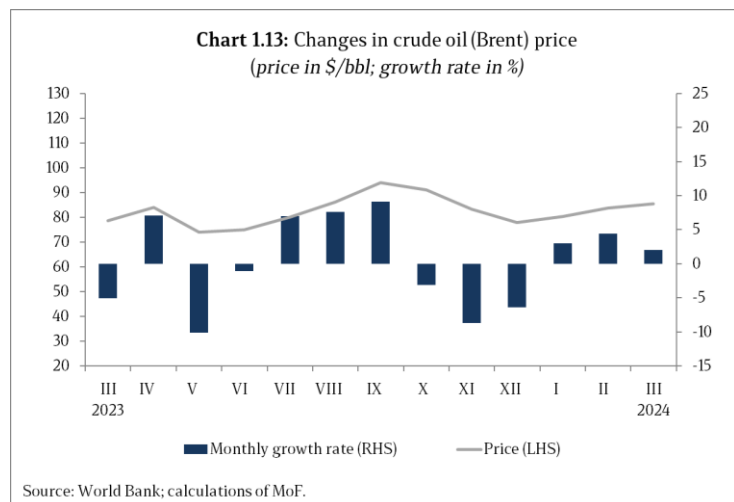
ECB revised the inflation rate for the Eurozone downwards by 0.5 p.p. in 2024, with the inflation rate remaining unchanged in 2025. As per the projections, inflation rate would reach 2.7% in 2024, 2.1% in 2025 and 1.9% in 2026. A steady downward inflation trend is expected in 2024, with reduction of 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 March, the prices of crude oil (Brent) on the world markets increased by 2.0% on monthly basis, amounting to USD 85.5 per barrel, which reflected the uncertainty brought about by the escalation of the conflict in the Middle East. Oil price was by 8.8% higher on annual basis.

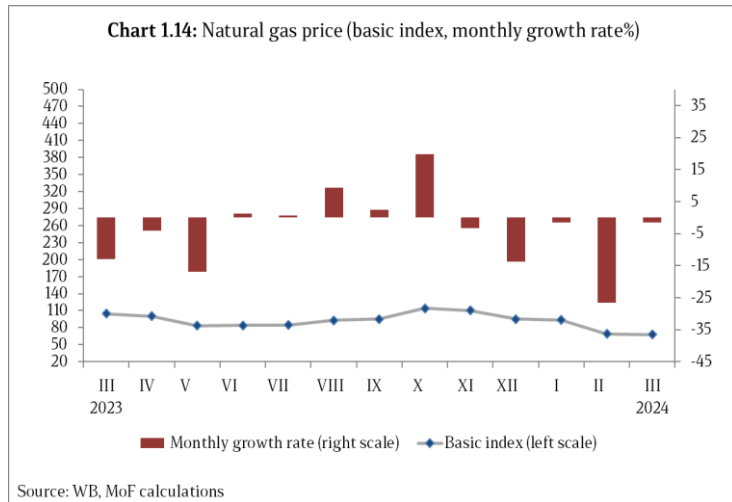
In March 2024, price of natural gas dropped by 1.6% on monthly basis. Such drop reflected a much broader trend as a result of climate and economic factors, also including the impact of both temperatures being higher than average on the northern





hemisphere and the significant drop of the demand. On annual basis, price of natural gas dropped by 35.1% in March 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 March 2024, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 65.12 per megawatt/hour, decreasing by 6,1% on monthly basis, while dropping by 42.6% on annual basis.



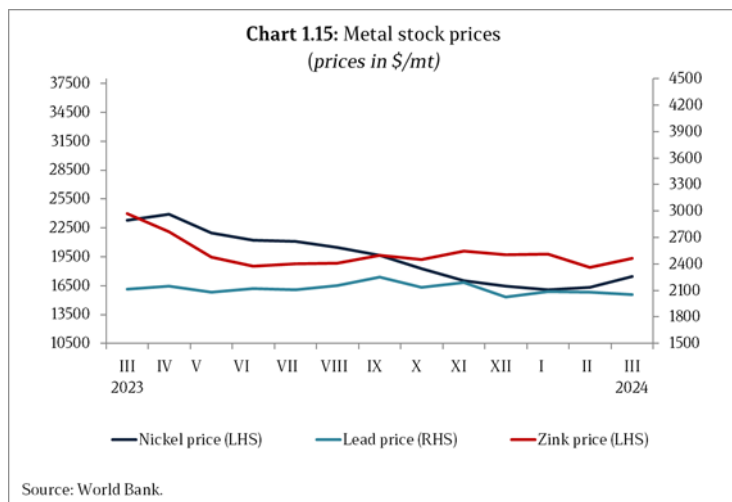
### T 1.1. Power Exchange Prices of Energy Products (monthly data)

	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
I	148,7	83,1	714,1
II	146,2	82,7	585,1
2023 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
I	85,73	80,2	338,2
II	69,35	83,8	288,3
2024 III	65,12	85,5	302,6

Source: World Bank, Hungarian Power Exchange

In March 2024, prices of most of the basic metals recorded an increase on monthly basis. On monthly basis, price of nickel increased by 6.7%, price of tin was higher by 5.2%, price of copper, zinc and aluminium experienced growth of 4.6%, 4.3% and 2.1%, respectively. On monthly basis the prices of lead and iron ore reduced by 1.1% and 11.7%, respectively.

In March 2024, the prices of precious metals increased on monthly basis. The price of gold increased by 6.7%, while the upward trend was followed by other precious metals, with silver recording growth of 8.2% and platinum of 1.6%.



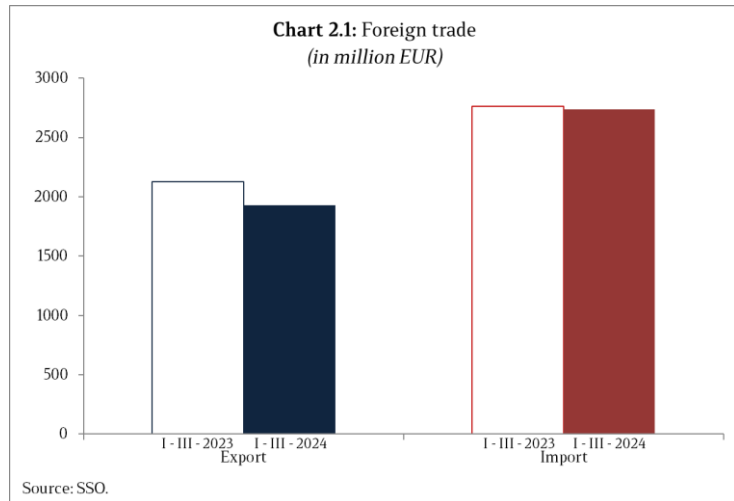


In March, price of maize increased by 0.8% on monthly basis, while price of wheat dropped by 7.2%. The price of sunflower oil picked up by 2.8% on monthly basis.

## 2. FOREIGN TRADE

Total foreign trade in the first three months of 2024 amounted to EUR 4,666.0 million, declining by 4.5% compared to the same period last year.

With regards to the share of trade with the European Union (EU 27<sup>1</sup>), as largest trading partner in the period between January and March 2024, an increase of 1.3 p.p. was recorded compared to same period the previous year, accounting for 63.4%. Germany is the major trading partner of our country. As for total foreign trade structure of our country, share of the trade with Germany in the first three months of 2024, accounted for 24.4%, dropping by 1.0 p.p. compared to the same period in 2023.



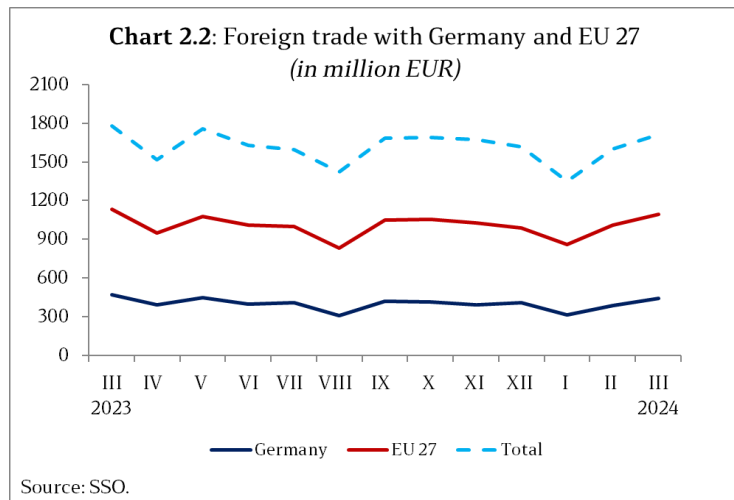
### Export

Value of exported goods amounted to EUR 1,929.9 million in the first three months of 2024, dropping by 9.2% (EUR 196.2 million) compared to the same period in 2023, as well as physical output of export dropping by 2.9%.

Value of exported goods amounted to EUR 722.0 million in March 2024, dropping by 8.1% (EUR 63.8 million) compared to the same month previous year, as well as physical output of export dropping by 7.2% compared to March 2023.

Analysed on monthly basis, in March 2024, export recorded increase by 9.9% (EUR 64.8 million), compared to the previous month, and, in the event of seasonal export adjustment, it registered monthly pick up of 1.4%, showing positive effects of the seasonal factor (8.5 p.p.) on export this month.

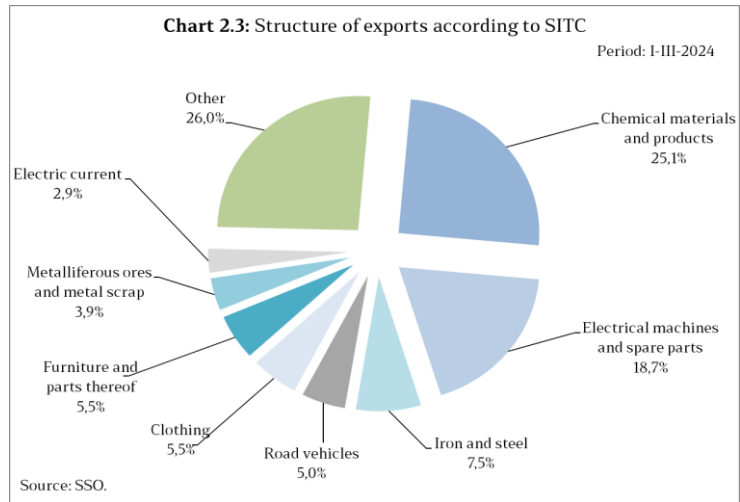
Value of export of food in the first quarter 2024 increased by EUR 15.1 million, picking up by 15.0% compared to the same period in 2023, while quantity of exported food increased by 3.3%. Growth of value of food export was marked by increase of quantity of food export, mainly resulting from the specific decrease and stabilization of food prices on the international market. As for our country's total export structure, share of the food in the first three months of 2024, accounted for 6.0%, increasing by 1.3 p.p. compared to the same period in 2023.



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



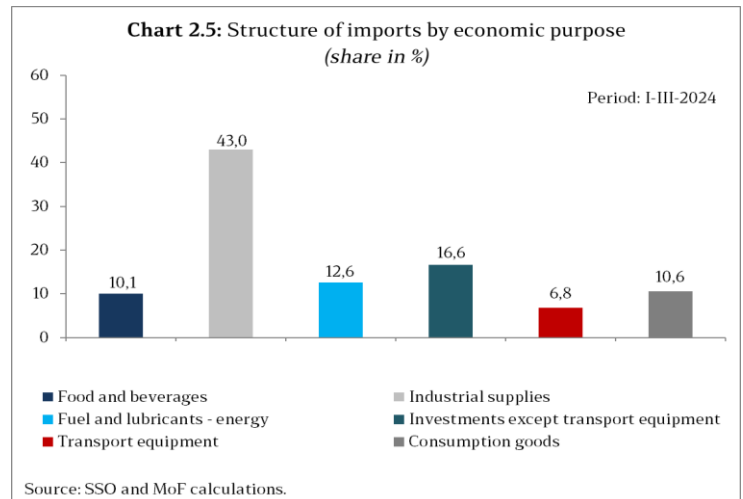
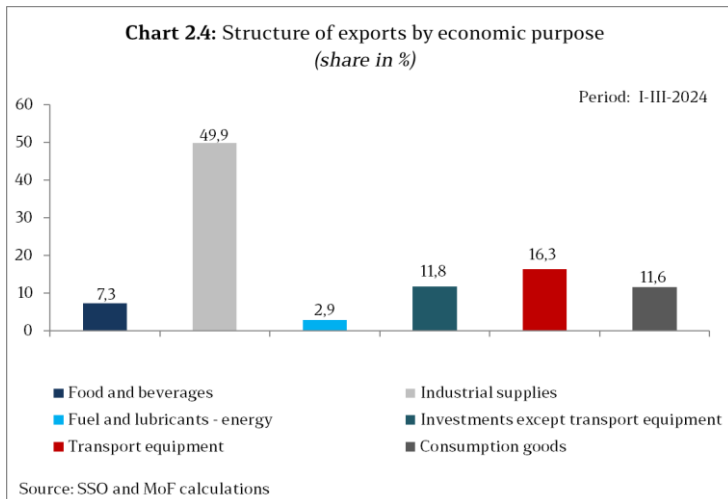
Analysed by economic groups<sup>2</sup>, in the period between January and March 2024 compared to the same period of 2023, export recorded a drop in the following groups: EU 27, EFTA, Organization of Petroleum Exporting Countries, North American Free Trade Agreement, Asia-Pacific Economic Cooperation Organization and Commonwealth of Independent States. Growth was only evident with Western Balkan countries. Export to EU 27 recorded a drop of 8.9% 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 4.7%, participating with 12.8% in our country's total export.



## Import

In the period January - March 2024, value of imported goods amounted to EUR 2,736.1 million, dropping by 0.9% (EUR 23.5 million) compared to the same period in 2023, while physical output of import dropped by 6.8%.

In March 2024, import value amounted to EUR 991.3 million, decreasing by 0.4% (EUR 3.9 million) compared to the same month in 2023, while imported quantities of goods declined by 3.7% compared to March 2023.



<sup>2</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, Island, Lichtenstein 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 Darussalam, Canada, Chile, China, Hong Kong, China, Indonesia, Japan, Republic of Korea, Mexico, Malaysia, New Zealand, Peru, Papua New Guinea, The Philippines, Russia, Singapore, Thailand, Chinese Taipei, The United States and Viet Nam) and The Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Kyrgyzstan, Kazakhstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan).



Analysed on monthly basis, in March 2024, import grew by 5.0% (EUR 47.0 million), compared to the previous month, and, in the event of seasonal adjustment of the export, it registered monthly drop of 1.4%, showing positive effects of the seasonal factor (6.3 p.p.) on import this month.

Value of export of food in the first three months of 2024 increased by EUR 34.0 million, picking up by 15.2% compared to the same period in 2023, while quantity of exported food increased by 22.8%. Growth of the value of export 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 export, share of the food in first three months in 2024, accounted for 9.4%, increasing by 1.3 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*)					Import of petroleum and petroleum products*)				
	I - III - 2023	I - III - 2024	Balance	% rate		I - III - 2023	I - III - 2024	Balance	% rate
000 T	31,1	32,1	1,0	3,3	.000 T	307,1	261,8	-45,3	-14,8
EUR mil.	27,6	24,8	-2,8	-10,3	EUR mil.	231,0	200,8	-30,2	-13,1
\$ mil.	29,6	26,9	-2,8	-9,3	\$ mil.	247,9	218,0	-29,9	-12,1

\*)Previous data

Export of chemical products*)					Import of chemical products*)				
	I - III - 2023	I - III - 2024	Balance	% rate		I - III - 2023	I - III - 2024	Balance	% rate
000 T	18,7	8,7	-10,1	-53,7	.000 T	6,2	7,6	1,4	22,1
EUR mil.	624,5	483,8	-140,7	-22,5	EUR mil.	45,1	47,1	2,0	4,4
\$ mil.	670,4	525,0	-145,3	-21,7	\$ mil.	48,4	51,1	2,7	5,5

\*)Previous data

Export of iron and steel*)					Import of iron and steel*)				
	I - III - 2023	I - III - 2024	Balance	% rate		I - III - 2023	I - III - 2024	Balance	% rate
000 T	182,1	184,0	1,9	1,0	.000 T	186,5	162,3	-24,3	-13,0
EUR mil.	156,1	144,2	-11,9	-7,6	EUR mil.	139,4	113,3	-26,0	-18,7
\$ mil.	167,5	156,6	-11,0	-6,5	\$ mil.	150,0	123,0	-26,9	-17,9

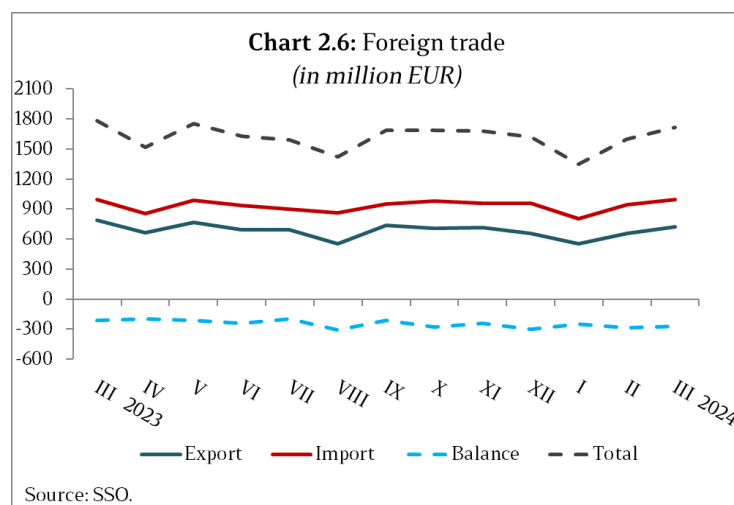
\*)Previous data

## Trade Balance

In the period January - March 2024, trade deficit increased by 27.3%, i.e. by EUR 172.7 million, compared to the same period last year.

In March 2024, trade deficit widened by 28.7%, i.e. by EUR 60.0 million compared to March 2023.

If we analyse 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 industrial supplies, investment goods without transport equipment, consumer goods and food and beverages, 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 the period January - March 2024, 86.0% 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, and others. 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 – March 2024 was realized in euro, remaining at the same level compared to the same period in 2023. On export and import side, euro accounted for 95.9% and 90.8%, respectively, whereby share of the euro in export was higher by 0.6 p.p., while share of the euro in import decreased by 0.3 p.p. compared to the period January – March 2023.

import	I - III - 2023					I - III - 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	1596,2	2516.195.994	61,6670	155.166.258.344	91,2	1.485,5	2.485.689.931	61,6205	153.169.456.381	90,8	-30.506.063	-1,2
USD	129,0	240.886.195	57,5188	13.855.484.882	8,1	121,7	240.292.184	56,7386	13.633.842.128	8,1	-594.011	-0,2
GBP	0,4	4.878.470	69,8273	340.650.384	0,2	0,9	7.719.386	71,9579	555.470.781	0,3	2.840.916	58,2
EUR+USD+GBP	1.725,6			169.362.393.609	99,3	1.608,1			167.358.769.290	99,3		
tot. import	1.729,4			170.204.788.135	100,0	1.612,4			168.616.310.363	100,0		-0,9

Source: SSO and NBRNM

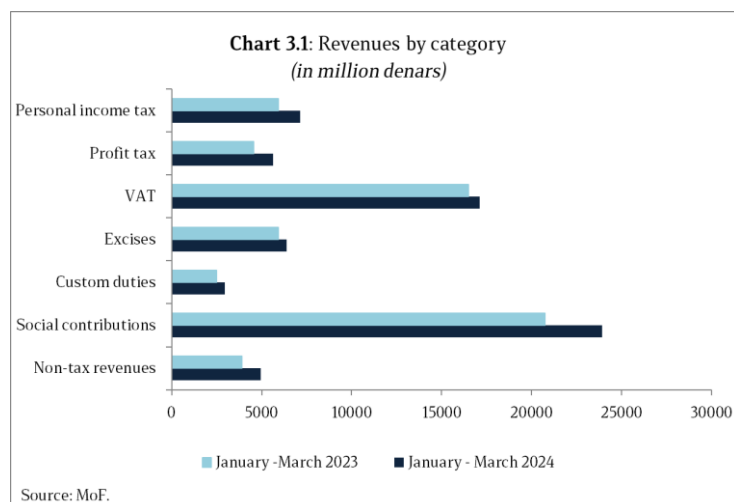
## 3. FISCAL SECTOR

### Budget Revenues according to the Economic Classification

In the period January – March 2024, total budget revenues reached an amount of Denar 69,418 million, i.e. 7.1% of GDP, showing higher performance by 5.2% in relation to the same period in 2023. Compared to March previous year, budgetary revenues recorded drop of 11.5%, resulting from the drop of the VAT revenues (by 3.7%) and excises (by 0.7%), as well as their negative contribution of 0.8 p.p. and 0.1 p.p., respectively. Thereby, in March 2024, tax revenues picked up by 4.4% on annual basis, resulting from the higher revenues on the basis of Personal Income Tax, Corporate Income Tax, import duties and other taxes.

The period January - March 2024 recorded a collection of tax revenues in the amount of Denar 39,487 million. Tax revenues were higher by 11.0%, compared to the period January – March 2023, as a result of the increase of revenues on the basis of PIT, Corporate Income Tax, VAT, excise duties, import duties and other tax revenues.

VAT revenues predominate by accounting for 43.3% of total tax revenues, the collection of which amounted to Denar 17,106 million, increasing by 3.8% in relation to the period January – March in the previous year. Thereby, VAT collection amounted to Denar 27,924 million on gross basis, out of which Denar 10,818 million was refunded to taxpayers (gross collection was higher by 5.0%, while VAT refund was higher by 7.1% compared to 2023). As for VAT structure, collection of VAT when importing accounted for the most,





increasing by 4.6%, while VAT revenues collected on the basis of sales in the country picked up by 6.1%. Revenues on the basis of excises were collected in the amount of Denar 6,380 million (participating with 16.2% in the tax revenues), surging by 7.8% compared to the period January – March 2023. Hence, revenues collected on the basis of these two indirect taxes amounted to Denar 23,486 million, representing 59.5% of total tax revenues in the period January – March 2024.

PIT revenues were collected in the amount of Denar 7,150 million, increasing by 20.9% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 62.1%, capital revenues accounted for 7.8%, tax revenues on the basis of contractual service agreement accounted for 8.3%, revenues on the basis of games of chance and award games accounted for 7.7%, and revenues on the basis of other types of income tax accounted for 14.1%.

In the period January – March 2024, profit tax revenues amounted to Denar 5,624 million, increasing by 23.0% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 16.6%, and tax balances by 33.9%.

Revenues on the basis of customs duties were collected in the amount of Denar 2,945 million, increasing by 17.6%. Collection of revenues on the basis of other taxes, amounting to Denar 282 million, grew by 57.5% compared to same period last year.

Revenues on the basis of social contributions were collected in the amount of Denar 23,911 million, which was higher by 15.2% compared to last year. Thereby, collection of pension and disability insurance contributions surged by 15.1%, while collection of employment contributions was higher by 15.0%, with health insurance contributions growing by 15.5%.

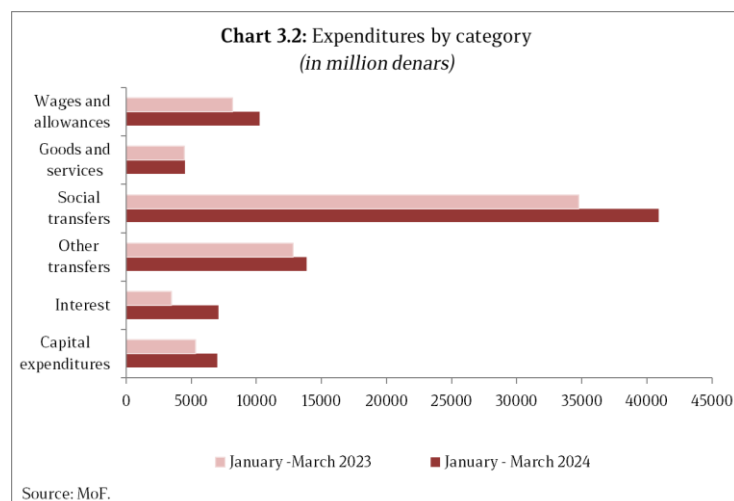
Non-tax revenues were collected in the amount of Denar 4,957 million and, in relation to January – March 2023, they were higher by 26.9% (these revenues include revenues on the basis of profit generated by the public institutions, revenues collected on the basis of administrative fees and fines, concessions, etc.).

Capital revenues realized on the basis of sale of construction land, flats and dividends reached Denar 199 million, increasing by 3.1% compared to last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 590 million, being reduced by 88,8% compared to the same period in 2023.

### Budget Expenditures according to the Economic Classification

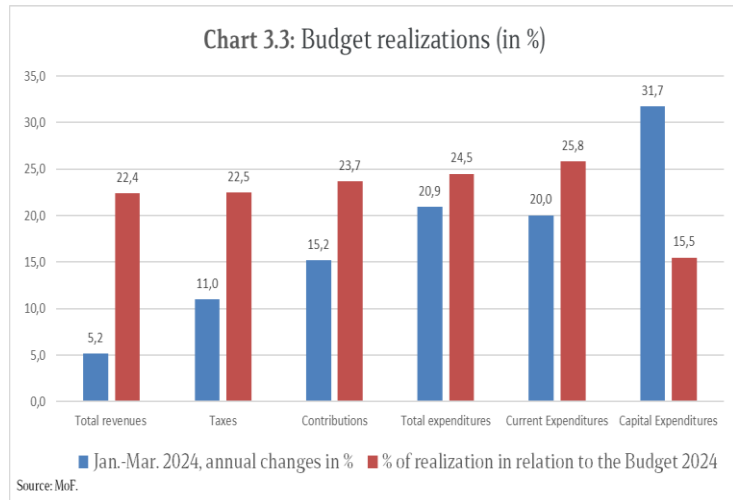
Total budget expenditures amounted to Denar 84,085 million in the period January – March 2024, i.e. they accounted for 8.6% of GDP, being higher by 20.9% compared to the same period previous year. Compared to March last year, budget expenditures surged by 9.2%, being a result of the increase in current expenditures by 12.3%, while capital expenditures decreased by 25.5%.





With respect to the structure of total executed expenditures, in the period January – March 2024, current expenditures, amounting to Denar 77,071 million, accounted for 91.7% and they increased by 20.0% in relation to the period January – March 2023.

Expenditures related to wages and allowances were executed in the amount of Denar 10,234 million, increasing by 24.9% in relation to the same period previous year, accounting for 12.2% of the total budget expenditures.



Expenditures related to goods and services amounted to Denar 4,530 million, increasing by 1.3% compared to the period January – March 2023.

Funds allocated for transfers amounting to Denar 55,227 million accounted for the most in the current expenditure items. Transfers increased by 14.9% compared to the period January – March 2023, participating with 65.7% in the total expenditures.

As regards transfers, social transfers grew by 17.8%, amounting to Denar 40,924 million, accounting for 48.7% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 25,959 million, increasing by 21.5% compared to January – March 2023. Transfer share accounted for 30.9% of total expenditures. Category Other transfers increased by 8.1%, whereby Subsidies and transfers amounted to Denar 6,695 million, increasing by 6.1%. Block grants to local self-government units, amounting to Denar 6,335 million, grew by 11.9% compared to the same period previous year.

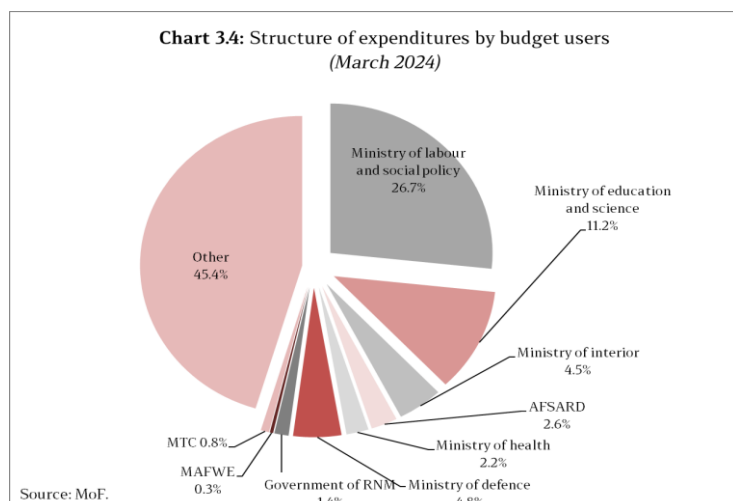
During the analysed period, funds for capital expenditures were executed in the amount of Denar 7,014 million, participating with 8.3% in the total expenditures, thereby increasing by 31.7% compared to the period January – March 2023.

### Expenditures by Budget Users

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

In the period January – March 2024, Ministry of Labour and Social Policy executed funds in the amount of Denar 22,165 million or 37.7% of its total budget for the current year. Thereby, most of the expenditures (75.9%) were allocated for current transfers to extra-budgetary funds, for which Denar 16,833 million was spent, i.e. 43.0% of the funds allocated for 2024. The second highest expenditure category were the social benefits, participating with 16.6% in the total expenditures, whereby 27.1% (Denar 3,685 million) of the projected funds was spent for this purpose in 2024.

During the analysed period, Ministry of Education and Science executed budget funds in the amount of Denar 9,312 million, representing 24.7% of







its total 2024 Budget. Current transfers to LSGUs accounted for the most of the expenditures (57.6%), Denar 5,363 million being spent therefore or 25.1% of total projected funds. Wages and allowances category is the second highest item, accounting for 18.3%, for which an amount of Denar 1,699 million, accounting for 25.8%, being executed out of total projected funds.

In the period January – March 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 3,750 million, accounting for 28.7% of its 2024 budget. Wages and allowances were the highest expenditure category, participating with 64.8%, Denar 2,428 million being spent therefore, accounting for 26.5% of the projected ones. The second highest expenditure category was goods and services with share of 17.4%, funds in the amount of Denar 652 million being spent therefore, or accounting for 30.0% of the annual projections.

During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 2,182 million, accounting for 26.0% of the funds projected for the current year. As for subsidies and transfers, with significant share of 90.4% of the total expenditures, 28.5% or Denar 1,972 million of the funds planned for the whole year, were spent therefore.

In the period January – March 2024, Ministry of Defence executed budget funds in the amount of Denar 3,982 million, accounting for 19.8% of its total budget this year. Capital expenditures accounted for the most with 35.6%, Denar 1,419 million being spent therefore, (accounting for 21.5% of the total funds projected for the current year). Wages and allowances accounted for 35.5% of total expenditures, Denar 1.414 million being spent therefore during the analysed period, accounting for 24.2% of the total projected funds.

Government of the Republic of North Macedonia spent Denar 1.184 million, i.e. 22.8% of the funds projected for 2024 during the analysed period. Thereby, subsidies and transfers accounted for 62.2% of total expenditures of this budget user, Denar 737 million (22.8% of the projected funds) being spent therefore.

During this period, Ministry of Health executed budget funds in the amount of Denar 1,842 million, accounting for 24.0% of the total 2024 Budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 66.0%, for which Denar 1,215 million were spent or 34.7% of the funds projected for 2024. Second most significant item is Goods and services, Denar 386 million (12.2% of the projections for the year) being spent therefore, accounting for 20.9% of total expenditures.

During this period, Ministry of Transport and Communications executed funds in the amount of Denar 691 million, i.e. 3.4% of its total budget for the current year. Execution of capital expenditures, as main item, accounted for 62.9% of the total spent funds of this budget user (Denar 435 million or 2.3% of total projected funds).

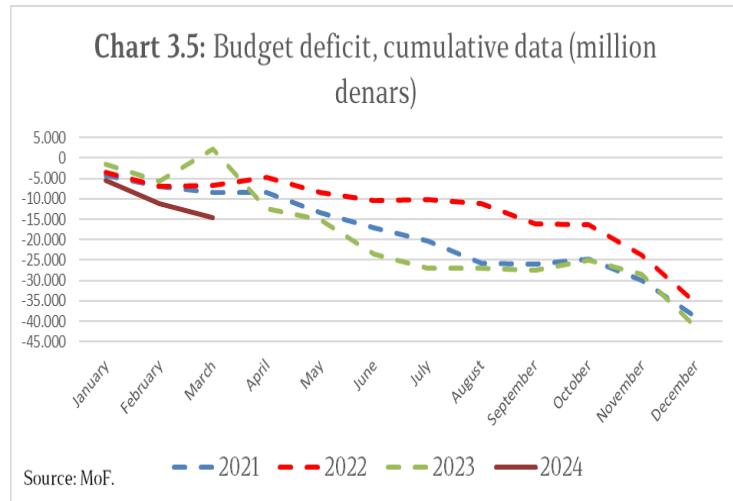
Between January – March 2024, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 272 million, accounting for 15.8% of the funds projected for 2024. Wages and allowances (Denar 150 million) was by far the main category in the total expenditures of this budget user, accounting for 55.1% of its total expenditures, with 25.2% of the projected expenditures, being executed. As regards capital expenditures, they accounted for 20.9% of the total expenditures, Denar 57 million being spent therefore, accounting for 9.2% of the total budget for this purpose.



In-depth 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

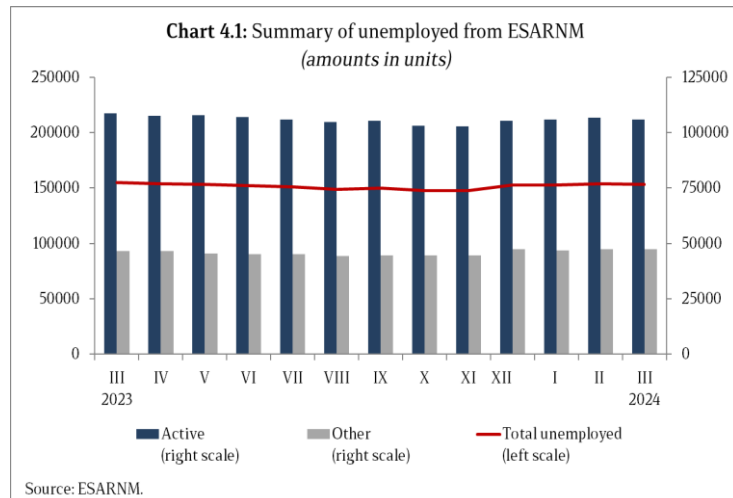
In the period January – March 2024, state budget deficit reached the amount of Denar 14,667 million, accounting for 1.5% of GDP, while central budget deficit amounted to Denar 19,654 million and accounted for 2.0% of GDP. Budget deficit in the period January – March 2024 accounted for 43.7% of total budget deficit projected for this year.



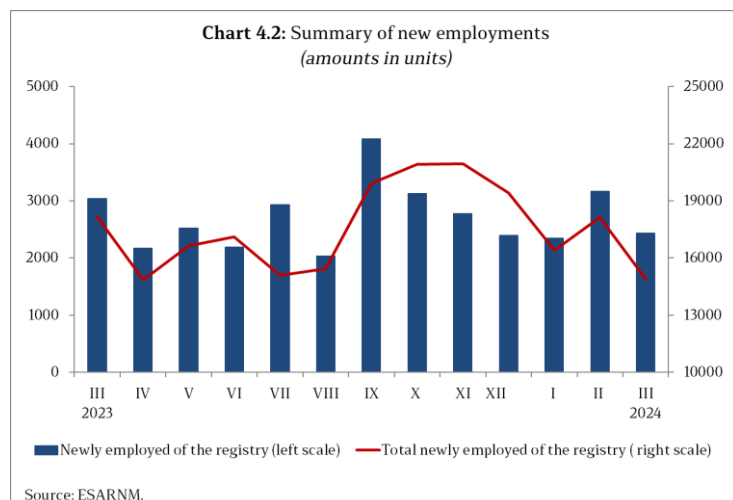
## 4. SOCIAL SECTOR

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

In the first three months of 2024, Employment Service Agency registered total of 49,396 new employments. Total number of newly employed persons decreased by 0.5% 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 newly employed, 43.6% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In March 2024, 16.3% out of the total number of newly employed persons was from the unemployed person records.





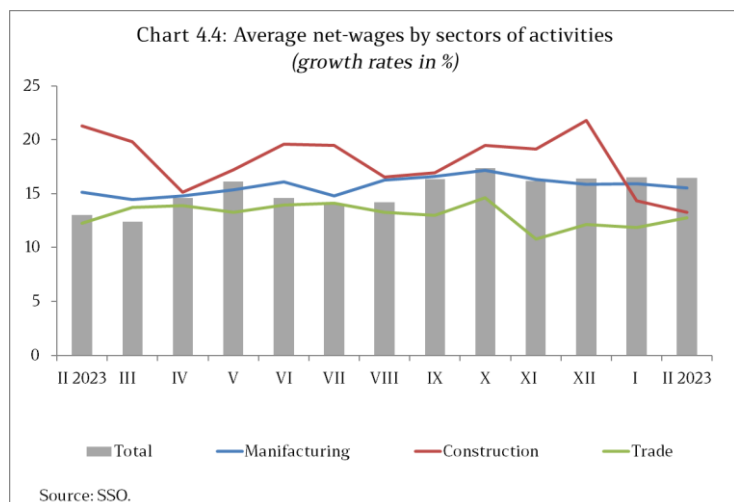
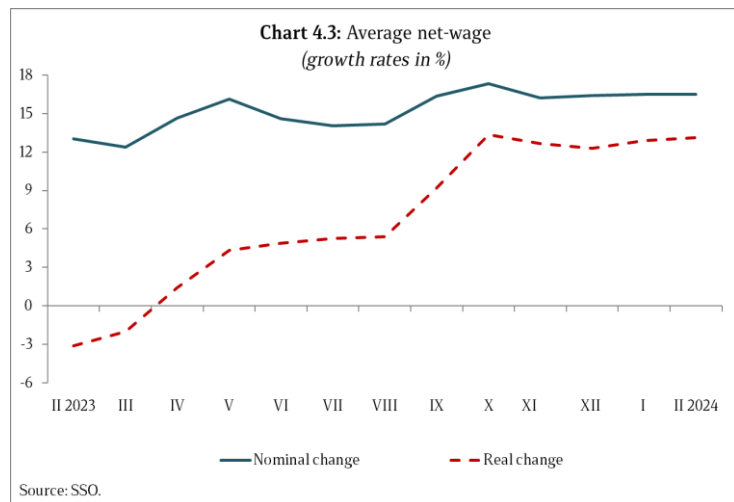
unemployed”. On annual basis, total number of unemployed persons decreased by 1.2%, whereas, starting from May 2021, it recorded a continuous annual reduction. Number of unemployed persons decreased by 595 people compared to February 2024. Number of unemployed persons throughout 2020 until February 2021 was generally on the rise, while starting March 2021, a monthly downward trend was recorded.

Urban residents accounted the most (with 59.4%) among the active unemployed persons, whereas with respect to gender, men accounted for 48.7%. Analysed by the level of education, majority, i.e. 68.2%, of the unemployed persons were with incomplete secondary education or less, 24.3% were with completed secondary education, while 7.5% of the unemployed persons were with completed community college or higher education level.

Analysed 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 12.5% wait for employment for 8 years or more.

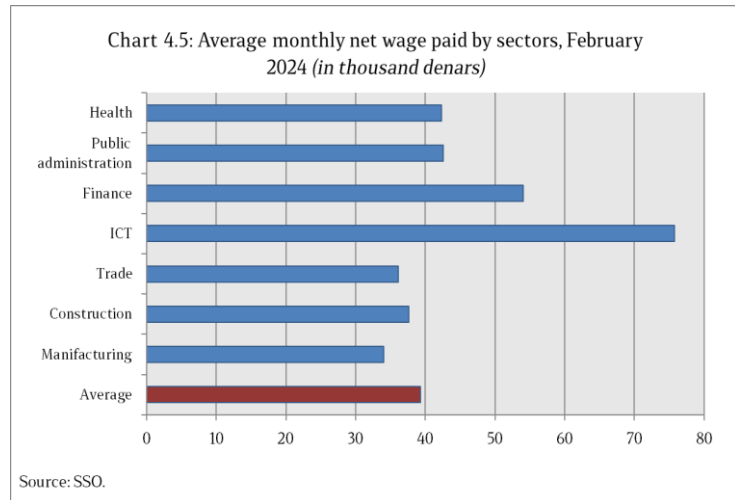
### Wages

In February 2024, average net wage amounted to Denar 39,276 in nominal terms, being higher by 16.5% on annual basis, and being lower by 0.7% compared to January 2024. The highest increase of average net wage, in relation to February 2023, was observed at the following sectors: Public administration and defence; Compulsory social insurance (24.9%), Administrative and support service activities (22.5%) and Art, entertainment and recreation (20.4%). In February 2024, wages in real terms recorded an annual growth of 13.1%. Highest average net wage in February 2024 was paid in the sector Information and communications (Denar 75,760), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 93,852), followed by Financial and insurance activities with Denar 54.013, Electricity, gas, steam and air conditioning supply sector with Denar 52,221, and Expert, scientific and technical activities sector with average net wage in the amount of Denar 44,909.





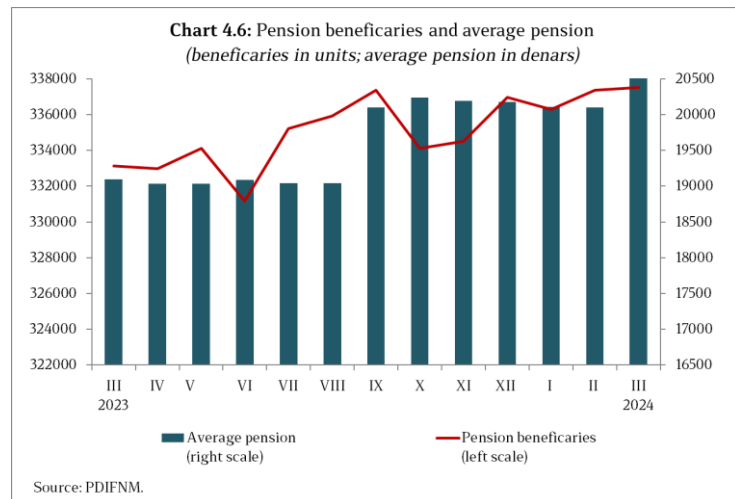
Average nominal gross wage in February 2024 amounted to Denar 58,967 and compared to the same month in 2023, increased by 16.8%, being lower by 0.7% on monthly basis. The highest increase of average gross wage in February 2024, compared to February 2023, was recorded in the following sectors: Public administration and defence; Compulsory social insurance (25.4%), Administrative and support service activities (22.8%) and Art, entertainment and recreation (20.3%).



## Pensions

In March 2024, Pension and Disability Insurance Fund registered 337,523 pensioners. As regards the total number of pensioners, 70.2% are beneficiaries of old-age pension, 22.0% of survivor pension and 7.8% of disability pension.

Average pension in March 2024 amounted to Denar 21,191, being higher by 11.0% compared to the same month in 2023<sup>3</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 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 February 2024 (the most recent available data) was 51.2%.

In March 2024, average old-age pension amounted to Denar 22,862, average disability pension amounted to Denar 18,818, while average survivor pension amounted to Denar 16,707. This month, Denar 7,147 million was spent for payment of pensions, accounting for 53.8% of the total social transfers.

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



## 5. MONETARY AND FINANCIAL SECTOR

In March 2024, the 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 six months straight.

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

### Primary Money

In March 2024, primary money<sup>4</sup> reduced by 6.7% on monthly basis. Such drop of primary money was a result of decrease of total liquid assets of banks by 13.6%, while currency in circulation increased by 0.2%.

On annual basis, primary money grew by 4.3%, as a result of increased total liquid assets of banks by 10.1%, while currency in circulation decreased by 1.8%.

### Deposit Potential<sup>5</sup>

In March 2024, total deposits of banks dropped by 0.9% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of private enterprises decreased by 2.4%, while deposits of households remained almost unchanged (growth of 0.1%).

Analysed by currency, in March 2024, compared to the previous month, Denar deposits and foreign currency deposits dropped by 1.2% and 0.4% respectively.

Total deposit potential in March 2024 surged by 9.3% on annual basis. Analysed by currency, domestic currency deposits and foreign currency deposits surged by 12.3% and 5.6%, respectively on annual basis.

From sectoral point of view, deposits of enterprises grew by 12.2%, and deposits of households increased by 8.7% on annual basis.

Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (March 2024)	In Denar million	Monthly change	Annual change
Deposit Potential	531.140	-0,9%	9,3%

<sup>4</sup>Primary money is calculated as a sum of currency in circulation (including cash in hand), denar and foreign currency reserve requirement and the surplus of liquid assets over the reserve requirement.

<sup>5</sup>NBRNM 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.



By currency:			
<i>Denar</i>	299.954	-1,2%	12,3%
<i>Foreign currency</i>	231.186	-0,4%	5,6%
By maturity:			
<i>Short-term</i>	215.550	-1,1%	1,0%
<i>Long-term</i>	124.375	1,3%	24,4%
<b>Credits to private sector</b>			
	<b>449.251</b>	<b>0,3%</b>	<b>6,1%</b>
By currency:			
<i>Denar</i>	262.650	0,7%	8,6%
<i>Foreign currency</i>	186.601	-0,3%	2,8%
By maturity:			
<i>Short-term</i>	69.185	0,61%	1,4%
<i>Long-term</i>	363.997	0,4%	6,9%

Source: NBRNM

According to maturity, short-term deposits surged by 1.0%, while long-term deposits grew by 24.4%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 56.5%.

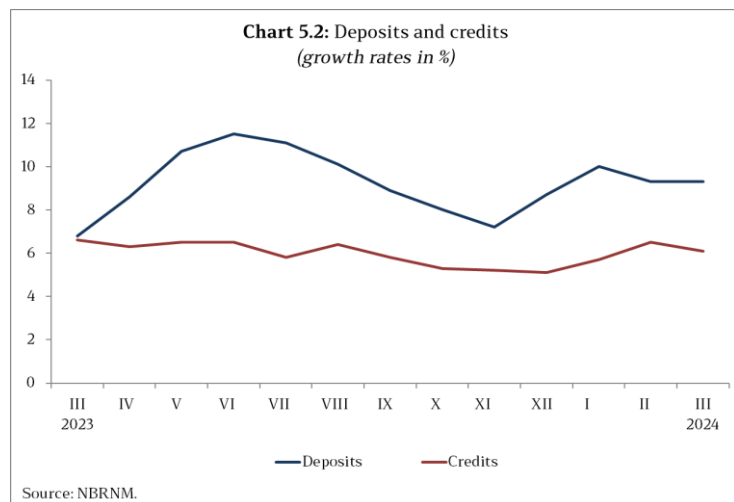
## Bank Credits

In March 2024, total credits of banks to the private sector surged by 0.3% on monthly basis, as a result of the growth of credits to households by 0.5% with credits to enterprises being unchanged.

Analysed by currency, in January 2024, Denar credits grew by 0.7%, while foreign currency credits decreased by 0.3% this month.

On annual basis, in March 2024 total credits grew by 6.1%, in conditions of growth of both credits to enterprises and credits to households of 5.4% and of 6.8%, respectively. Denar credits surged by 8.6%, while foreign currency credits grew by 2.8%.

As regards maturity, long-term credits experienced annual growth of 6.9% and short-term credits picked up by 1.4%.



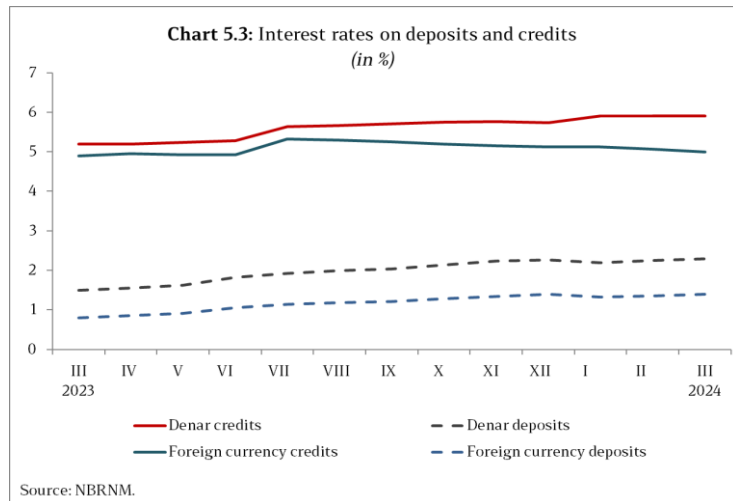


## Interest Rates of Deposit Banks

In March 2024, total interest rate on credits dropped by 0.02 p.p. compared to the previous month, accounting for 5.50%. Interest rate on Denar credits remained the same, accounting for 5.90%, while interest rate on foreign currency credits decreased by 0.05 p.p., accounting for 5.02%.

Total interest rate on deposits grew by 0.04 p.p. in March 2024, compared to last month, accounting for 1.80%. Interest rate on Denar deposits increased by 0.03 p.p., accounting for 2.28%, while interest rate on foreign currency deposits grew by 0.03 p.p., accounting for 1.38%.

Interest rate on newly granted Denar credits accounted for 5.35%, while interest rate on newly approved foreign currency credits accounted for 4.18%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.84% and 2.12%, respectively.



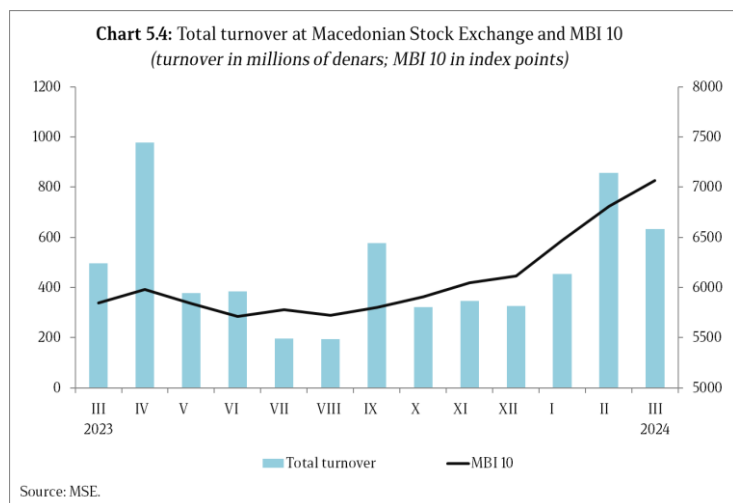
## Capital Market

As for the capital market, in March 2024, total turnover on the stock exchange dropped by 26% on monthly basis, as a result of the decline of turnover from classical trading in stock exchange electronic system by 34.1% and turnover from block transactions increased by 27.8%.

Total turnover on the stock exchange amounted to Denar 633.6 million in March 2024, increasing by 27.5% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 7,067.13

index points at the end of March 2024, whereby the index grew by 3.8% on monthly basis, while, compared to the same month last year, the index was higher by 20.9%.



## Reserve Assets

At the end of March 2024, gross reserve amounted to EUR 4,287.1 million, being lower by 1.4% compared to the previous month and higher by 3.1% compared to March 2023.