



SHORT-TERM ECONOMIC TRENDS

April 2023



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SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

April 2023

- Industrial production dropped by 1.7% in April 2023 compared to the same month last year;
- In April, consumer prices recorded annual 13.0% growth (14.7% in March 2023), being certain slowdown of annual growth compared to last month, with the monthly inflation rate surging by 0.7%;
- Export in January - April 2023 picked up by 6.3%, while import declined by 7.9%, resulting in decrease of the trade deficit by 36.5% compared to the same period in 2022;
- In the period January - April 2023, total budget revenues amounted to Denar 87,252 million, i.e. 9.8% of GDP, showing higher performance by 10.7% in relation to the same period in 2022;
- Total budget expenditures amounted to Denar 99,742 million in the period January – April 2023, i.e. they accounted for 11.2% of GDP, being higher by 19.4% compared to the same period in the previous year;
- Total credits of banks in April 2023 grew by 6.3% compared to April 2022, while total deposit potential of banks surged by 8.6%.

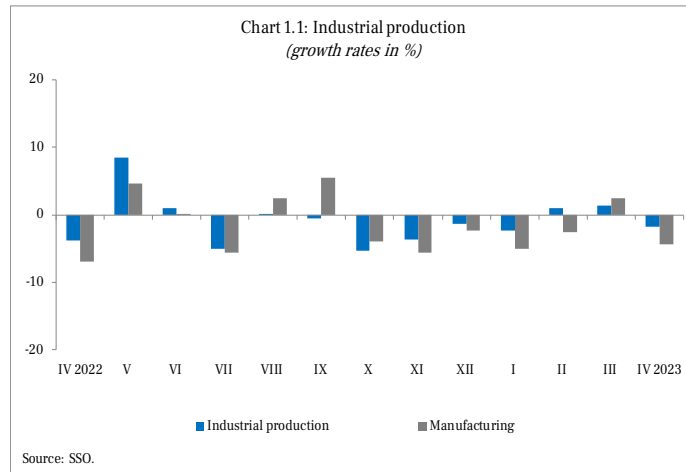


1. REAL SECTOR

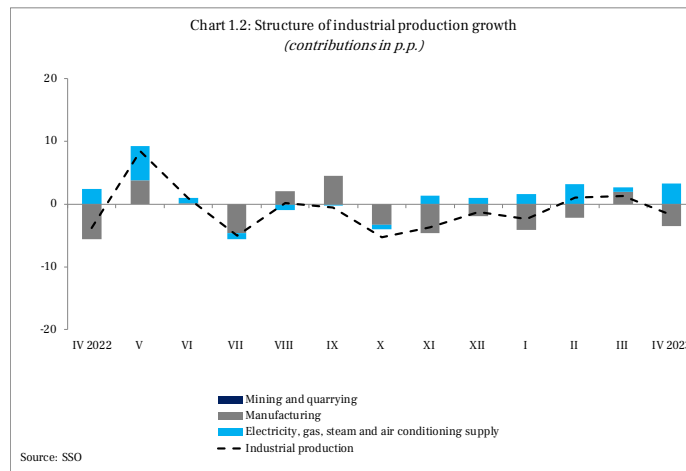
Industrial Production

Industrial production dropped by 1.7% in April 2023 compared to the same month last year. Drop in April 2023 was due to the reduced production in the sectors: Mining and quarrying (11.4%), and Manufacturing (by 4.3%), while Electricity, gas, steam and air conditioning supply grew by 47.2%.

In April 2023, growth in production was registered only at 8 out of total of 27 industrial branches, comprising 28.9% in the total industry. As for branches with higher value added, increase in April 2023 was observed at Manufacture of machinery and equipment, increasing by 15.7% and contribution of 1.2 p.p., Manufacture of motor vehicles, trailers and semi-trailers did not experience change compared to the same month last year, and the branch Manufacture of electrical equipment recorded a decrease of 16.5% with a contribution of -1.0 p.p.



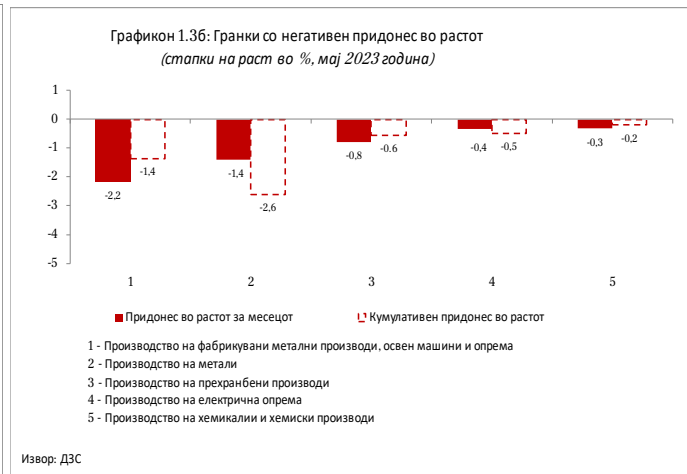
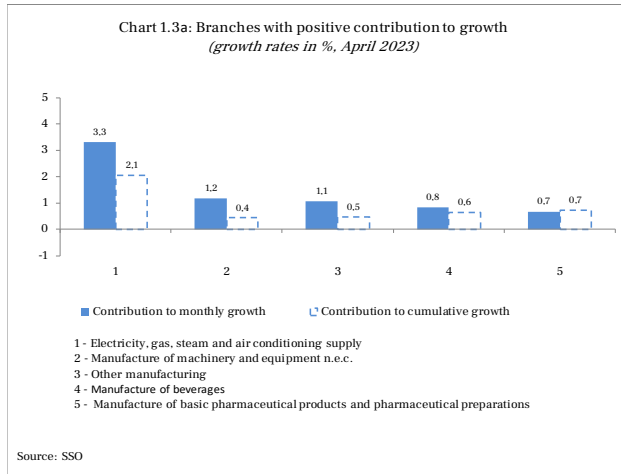
Traditional branches in April 2023 recorded growth of production, as follows: Manufacture of beverages grew by 21.9% and contribution of 0.8 p.p, while drop of production was seen at the branches: Manufacture of tobacco goods, by 10.0% and contribution of -0.1 p.p., Food industry by 9.6% and contribution of -1.0 p.p. Manufacture of textile, by 1.9% and contribution of -0.1 p.p., Manufacture of wearing apparel by 4.4% and contribution of -0.3 p.p., with Manufacture of leather by 16.7% and contribution of -0.1 p.p..



Reduction of industrial production, according to the purpose of production units in April 2023 was a result of the decreased production at the following branches: Intermediary goods, except energy (drop by 14.1%, contribution of -4.9 p.p.) and Non-durable consumer goods industry (dropping by 0.2% and contribution of -0.1 p.p.), while increased production was seen at Energy (picking up by 29.6% with contribution of 2.5 p.p.), Capital goods (growing by 1.5% with contribution of 0.3 p.p.), and Durable consumer goods industry by (growing by 11.3% and contribution of 0.5 p.p.).



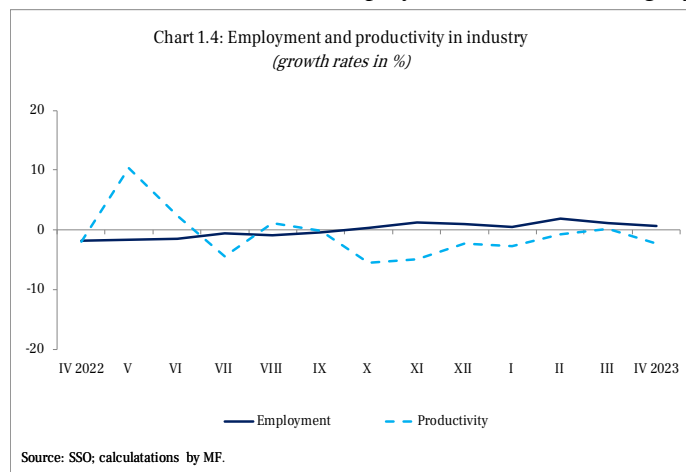
On cumulative basis, in the period January - April 2023, industry dropped by 0.3%, being a result of the decreased production at Mining and quarrying by 5.9% (contribution of -0.6 p.p.) and Manufacturing by 2.1% (contribution of -1.8 p.p.), while increase in Electricity, gas, steam and air-conditioning supply increased by 29.3% (contribution of 2.1 p.p.)



As per the purpose of production units, in the period January – April 2023, growth was seen at the following branches: Energy (20.6%), Capital goods (5.4%) and Non-durable consumer goods industry (5.9%). While decrease was registered in: Intermediary goods, except energy (14.8%) and Durable consumer goods industry (0.3%).

Number of Employees in the Industry

In April 2023, number of employees in the industry increased by 0.6% compared to the same month in the previous year. Growth was due to the increased number of employees in Manufacturing by 1.1%, while reduction in the number of employees was seen at the sectors Mining and quarrying by 2.6% and Electricity, gas, steam and air conditioning supply by 4.0%. However, certain branches recorded high employment growth, such as: Manufacture of motor vehicles, trailers and semi-trailers, increasing by 13.8%, as well as Manufacture of textile, increasing by 2.8% and Manufacture of basic pharmaceutical products and pharmaceutical preparations, growing by 1.9%.



In April 2023, compared to the same period last year, data on the number of employees in the industry by target groups showed increase in the number of employees only at Capital goods by 10.9%.

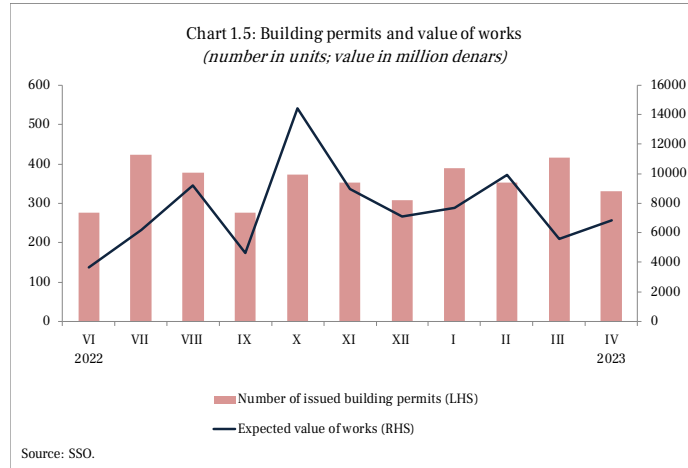
Cumulative data show that number of employees in the industry in the period January - April 2023 picked up by 1.0% as a result of the increased number of employees in Manufacturing by 1.5%, while drop of the number of employees was recorded at the sectors Mining and quarrying by 2.7% and Electricity, gas, steam and air-conditioning supply sector by 3.8%.



As regards target groups, number of employees in the industry in the period January - March 2023 increased only at Capital goods by 12.6%.

Number of Issued Building Permits and Expected Value of Works

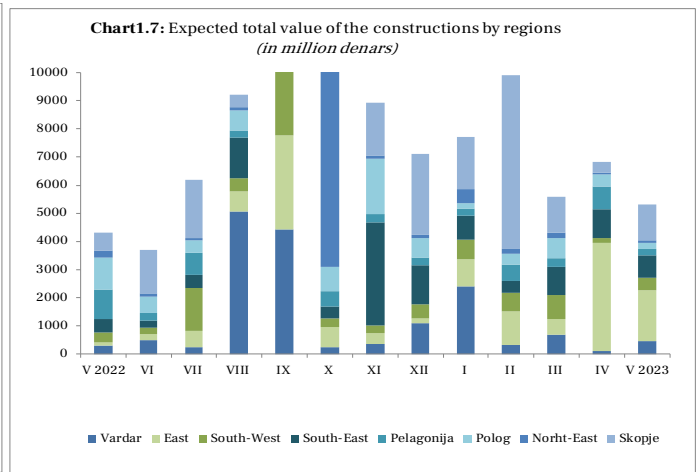
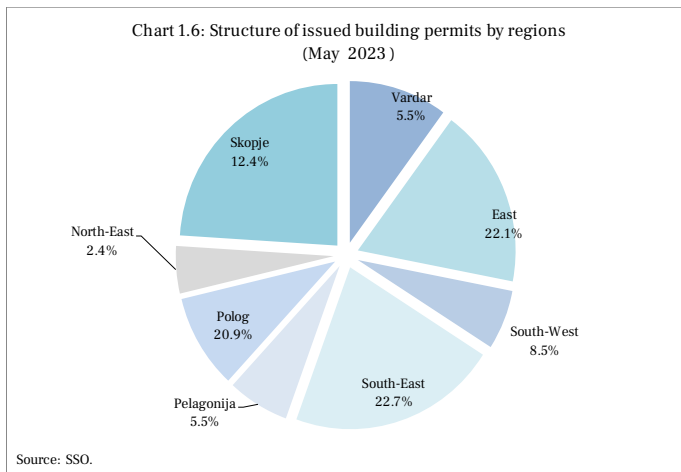
In April 2023, 330 building permits were issued, declining by 2.1% compared to the same month in 2022. Compared to March 2023, number of issued building permits dropped by 20.5%. Expected value of works, according to the issued building permits in April 2023, picked up by 25.0% on annual basis, while compared to the previous month, it increased by 22.4%.



Analyzed by types of constructions, out of the total number of issued building permits, 145 (or 43.9%) were intended for buildings, 119 (or 36.1%) for civil engineering structures and 66 (or 20.0%) for reconstruction.

Analyzed by types of investors, out of total 330 issued building permits, individuals were investors in 161 facilities (or 48.8%), while business entities were investors in 169 facilities (or 51.2%).

In April 2023, construction of 393 flats was envisaged, with total usable area of 37,887 m². Number of flats envisaged for construction declined by 17.8% on monthly basis, dropping by 47.7% on annual basis.



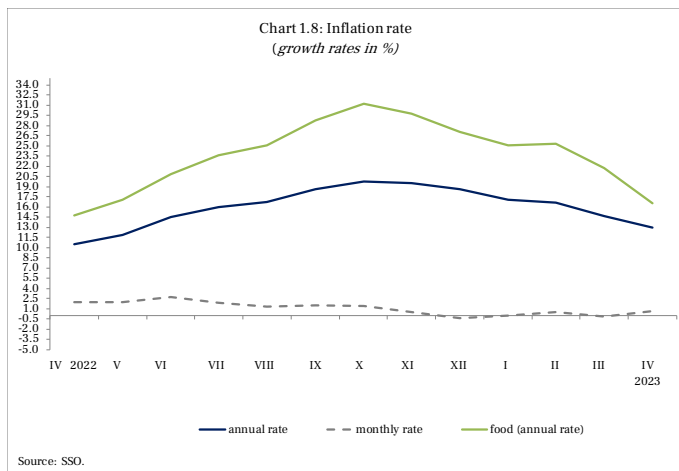
Inflation

In April, consumer prices recorded annual 13.0% growth (14.7% in March 2023), being certain slowdown of annual growth compared to last month. Inflation was mostly due to the increase of prices of food and energy products, as well as the rising core inflation, recording a slowdown this month compared to the previous month. In 2022, price of electricity as a result of the decision of the Energy Regulatory Commission at two occasions.



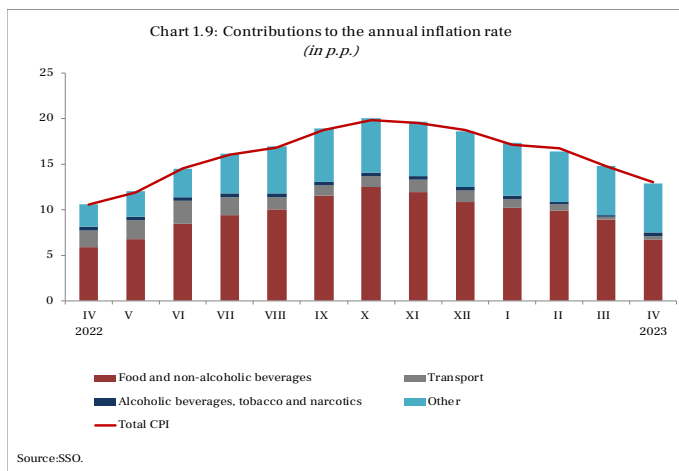
Core inflation (inflation excluding the impact of prices of both food and energy products) registered accelerated growth of 10.2%, with increased prices of Restaurants and hotels, as well as prices in the category Furnishings, household equipment and routine maintenance of the house as the highest contribution thereto.

Prices in the Food and non-alcoholic beverages category, having the highest share in the CPI index (6.7 p.p. contribution to the growth in April), experienced 16.5% increase (21.7% in the previous month) on annual basis. Increase in food prices is due to the increased prices of several products, with the categories contributing the most thereto, as follows: meat (annual 26.0% growth, contribution of 2.4 p.p.), bread and cereals (annual 25.3% increase, contribution of 2.1 p.p.) and milk, cheese and eggs (annual 22.2% increase, contribution of 1.7 p.p.). In April, prices of oil recorded drop for the first time, declining by 13.1%.



Observed by components, following the Food and non-alcoholic beverages category, highest annual price growth in April 2023 was seen at the category Restaurants and hotels by 19.4%. Price increase was also recorded at the following categories: Furnishings, household equipment and routine maintenance of the house by 16.2%, Housing, water, electricity, gas and other fuels by 15.1%, Miscellaneous good and services by 14.0%, Alcoholic beverages, tobacco and narcotics by 8.7%, Recreation and culture by 7.6%, Transport by 5.3%, Wearing apparel and footwear by 4.8%, Health protection by 3.8%, Education by 3.7% and Communications by 0.8%.

In April, consumer prices grew by 0.7% on monthly basis (priced dropped by 0.1% on monthly basis). Category Food and non-alcoholic beverages declined by 0.2%, whereby reduced priced of oil by 6.5%, fruit by 2.5% and milk, cheese and eggs by 1.7%, contributed the most to the reduction (by 0.1 p.p. each).



In April, price surge was recorded at the following categories: Alcoholic beverages, tobacco and narcotics by 5.4%, Transport by 4.2%, Wearing apparel and footwear and Recreation and culture by 2.3% each, Restaurants and hotels by 0.8% and Furnishings, household equipment and routine maintenance of the house and Health protection by 0.2% each.

In addition to food, monthly price decline was also recorded at the categories Miscellaneous goods and services categories by 0.6% and Communications by 0.1%, respectively. Prices in the categories Housing, water, electricity, gas and Education remained unchanged.

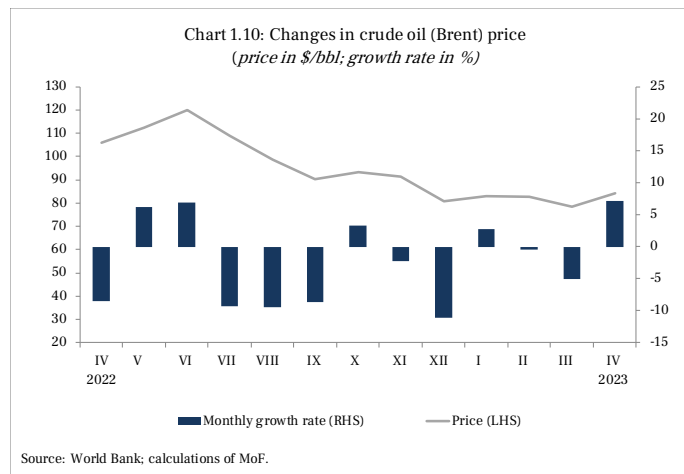
In April 2023, prices of oil increased by 10.1% on annual basis. On monthly basis, retail prices picked up by 1.4%. In the first four months of 2023, retail prices increased by 11.6%.



As for the Eurozone, in April 2023, inflation rate picked up by 0.1 p.p. compared to the previous month, accounting for 7.0% (6.9% in March). Observed by components, prices of food, alcohol and tobacco increased by 13.6% (15.5% in March), followed by the increased prices of non-energy goods by 6.2% (6.6% in March), services (5.2%) (5.1% in March), and prices of energy by 2.5% (-0.9% in March). As per the slowdown of the inflation rate, expectations about the trends of food prices on global stock markets, as well as the reduced energy prices, ECB revised the inflation rate downwards, and as per the projections in March, inflation rate would reach 5.3% in 2023 and 2.9% in 2024, while reaching 2.1% in 2025.

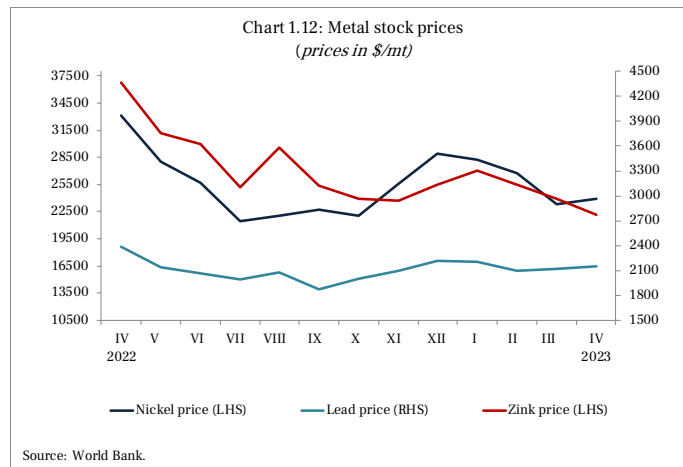
Stock Market Prices

In April 2023, crude oil price (Brent) on the global stock markets grew by 7.1%, reaching the price of US\$ 84.1 per barrel (for several months in a row, the oil price has been less than US\$ 100 per barrel), which, in 2023 until April, continuously dropped on monthly basis. Crude oil price recorded a drastic growth as of February 2022, as a result of the war between Russia and Ukraine, i.e. amid fears from supply disruptions due to the Western sanctions imposed against Russia and the potential counter-sanctions by Russia, however, as of July 2022, prices dropped as a result of the increased fears from global recession and the quarantines introduced in China, as well as the continuous increase of interest rates, which might cause reduced demand. Oil price dropped by 20.5% on annual basis.



In 2022, price of natural gas continuously registered high growth rates (115.5% growth compared to 2021) as a result of the increased demand, in particular upon the Russia's assault on Ukraine. In August 2022, price of gas registered a record rise, however, as of September, the price recorded a drop as a result of the favorable weather conditions and the secured gas supplies. As a result, thereof, the trend continued in 2023 as well. In April 2023, price of natural gas dropped by 4.1% on monthly basis. On an annual basis, price of natural gas dropped by 58.8% in April 2023.

Prices of energy products on global and regional stock markets in 2021 and 2022 significantly increased compared to 2020. At the end of 2022 and the beginning of 2023, certain stabilization was recorded, thus, price of electricity according to the Hungarian Power Exchange (HUPX) in April 2023 amounted to EUR 106.7 per megawatt/hour, decreasing by 5.9% on monthly basis. On annual basis, in April, price of electricity dropped by 43.6%.



In April 2023, prices of zinc and copper decreased by 6.7% and 0.5%, respectfully, on monthly basis. Prices of other base metals increased



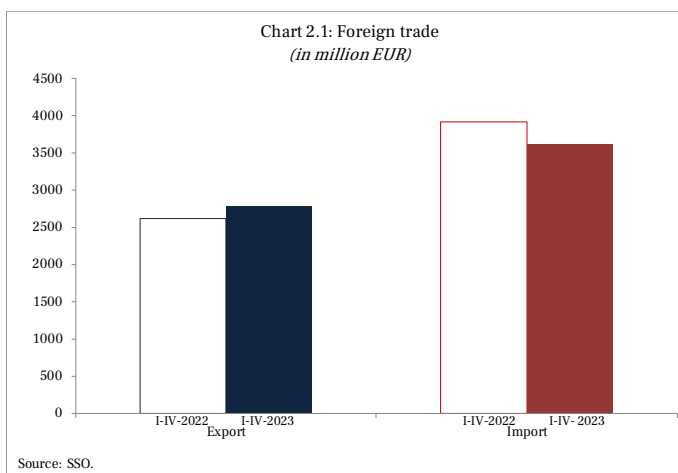
as follows: tin by 7.5%, nickel by 2.6%, aluminium by 2.0% and lead by 1.6%. Price of iron ore registered monthly drop of 8.6%.

In April 2023, price of maize on global stock markets grew by 3.1%, while price of wheat decreased by 2.6%, on monthly basis. Price of sunflower oil decreased by 3.7% compared to the previous month.

2. FOREIGN TRADE

Total foreign trade in the first four months' in 2023 amounted to EUR 6,402.7 million, declining by 2.2% compared to the same period last year.

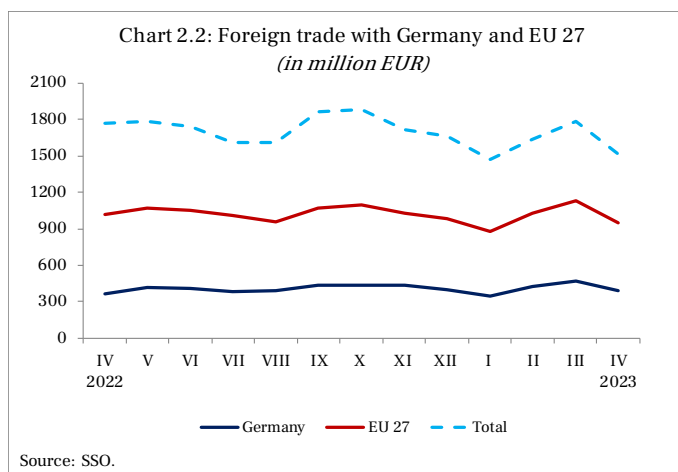
In the period January - April 2023, share of trade with the EU (EU 27¹) as the largest trading partner, increased by 2.9 p.p. compared to the same period last year, accounting for 62.2%. Germany is the major trading partner to our country. As for total foreign trade structure of our country, share of the trade with Germany in first four months in 2023, accounted for 25.4%, increasing by 3.0 p.p. compared to the same period in 2022.



Export

In the period January - April 2023, value of exported goods amounted to EUR 2,787.0 million, surging by 6.3% (EUR 165.1 million) compared to the same period in 2022, while physical output of export dropped by 4.6%.

Value of exported goods amounted to EUR 661.3 million in April 2023, dropping by 3.1% (EUR 21.4 million) compared to the same month of the previous year, while physical output of export decreased by 11.0% compared to April 2022.



Analyzed on monthly basis, in April 2023, export dropped by 15.8% (EUR 124.5 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly drop of 9.5%, showing negative effects of the seasonal factor (6.4 p.p.) on export this month.

Main group of products (according to SITC²) being most exported in the period January - April 2023 were the following: chemical materials and products, electrical machines and spare parts, iron and

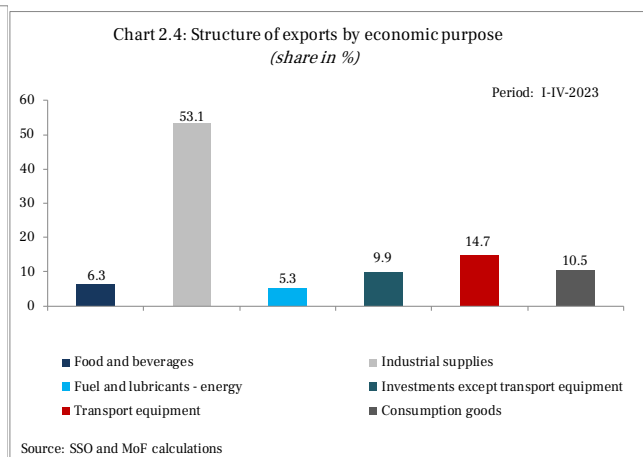
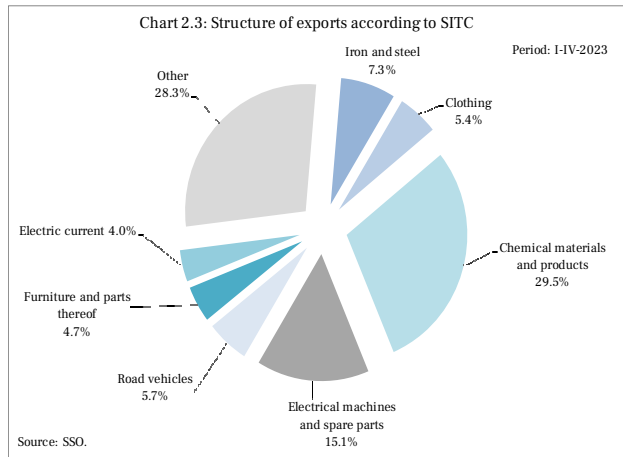
¹Starting April 2021, Great Britain is included in the economic group of countries - Miscellaneous countries

²Standard International Trade Classification



steel, road vehicles, clothing, furniture and parts thereof and electric current. These seven groups of products comprised 71.7% of the total export of the country.

Analyzed according to economic groups of countries³ in the period January - April 2023, compared to the same period in 2022, export grew at the following groups: EU 27, EFTA and Western Balkans, while drop was recorded at the following groups: Organization of Petroleum Exporting Countries, North American Free Trade Agreement, Asia-Pacific Economic Cooperation and Commonwealth of Independent States. Export to EU 27 grew by 8.5% annually, while export to Western Balkan countries increased by 7.4%, whereby export of goods to EU 27 and the Western Balkan countries accounted for 79.8% and 11.3%, respectively in the total export from the Republic of North Macedonia.

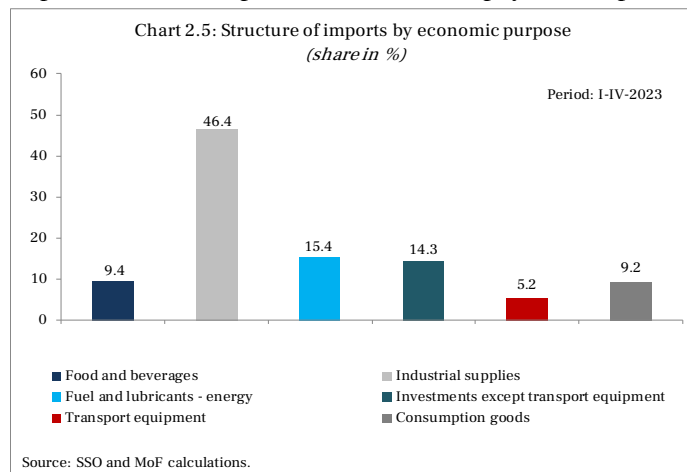


Import

In the period January - April 2023, value of imported goods amounted to EUR 3,615.6 million, dropping by 7.9% (EUR 310.8 million) compared to the same period in 2022, while physical output of import dropped by 10.1%.

In April 2023, import value amounted to EUR 856.0 million, decreasing by 21.3% (EUR 231.3 million) compared to the same month in 2022, while imported quantities of goods declined by 26.8% compared to April 2022.

Analyzed on monthly basis, in April 2023, import dropped by 14.0% (EUR 139.2 million), compared to the previous month, and, should import be seasonally adjusted, it registered monthly decrease of 13.1%, showing



³Economic 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).



negative effects of the seasonal factor (0.9 p.p.) on import this month.

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

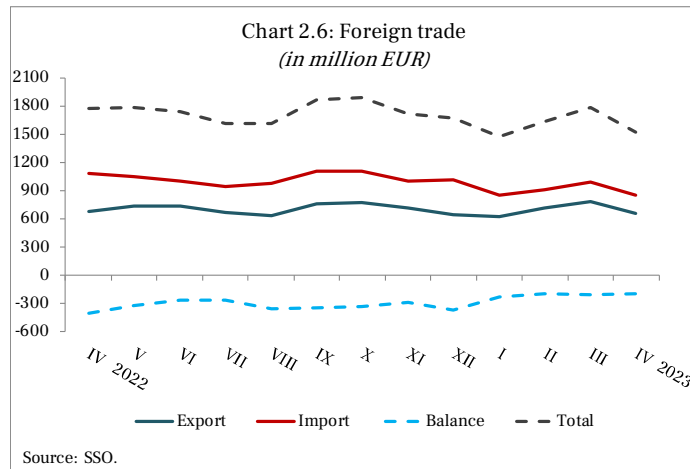
Export of petroleum and petroleum products*)					Import of petroleum and petroleum products*)				
	I - IV - 2022	I - IV - 2023	Balance	% rate		I - IV - 2022	I - IV - 2023	Balance	% rate
.000 T	48.5	40.0	-8.5	-17.6	.000 T	404.6	389.2	-15.4	-3.8
EUR mil.	44.0	33.9	-10.1	-22.9	EUR mil.	318.4	290.6	-27.8	-8.7
\$ mil.	48.7	36.5	-12.2	-25.0	\$ mil.	353.1	313.1	-40.0	-11.3
*)Previous data					*)Previous data				
Export of chemical products*)					Import of chemical products*)				
	I - IV - 2022	I - IV - 2023	Balance	% rate		I - IV - 2022	I - IV - 2023	Balance	% rate
.000 T	21.9	24.7	2.8	13.0	.000 T	9.8	8.2	-1.5	-15.7
EUR mil.	749.3	822.0	72.8	9.7	EUR mil.	62.7	59.1	-3.6	-5.7
\$ mil.	834.3	886.4	52.1	6.2	\$ mil.	69.7	63.7	-6.0	-8.7
*)Previous data					*)Previous data				
Export of iron and steel*)					Import of iron and steel*)				
	I - IV - 2022	I - IV - 2023	Balance	% rate		I - IV - 2022	I - IV - 2023	Balance	% rate
.000 T	276.3	239.6	-36.8	-13.3	.000 T	309.9	218.8	-91.1	-29.4
EUR mil.	349.2	204.5	-144.7	-41.4	EUR mil.	261.1	166.3	-94.7	-36.3
\$ mil.	387.7	220.5	-167.3	-43.1	\$ mil.	290.2	179.5	-110.7	-38.1
*)Previous data					*)Previous data				

Trade Balance

In the period January - April 2023, trade deficit decreased by 36.5%, i.e. by EUR 475.8 million, compared to the same period last year.

In April 2023, trade deficit declined by 51.9%, i.e. EUR 209.9 million compared to April 2022.

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



On the other hand, increase of deficit in the trade of food and beverages contributed to increasing the negative balance.

In the period January-April 2023, 89.4% of the trade deficit of the country was realized in the trade with Great Britain and China, followed by: Greece, Türkiye, Russia, Serbia, Poland, Italy and etc. Surplus was realized in the trade with Germany, Kosovo, Belgium, Hungary, Spain and the Czech Republic.

Currency Structure

Observed by currency structure, 93.0% of the trade in the period January - April 2023 was realized in euros and, compared to the same period in 2022, it surged by 2.5 p.p.. On export and import side, euro accounted for 95.3% and 91.1%, respectively, whereby share of the euro in export was higher by 3.6 p.p., while increase of the share of the euro in import accounted for 1.5 p.p. compared to the period January– April 2022.



import	I - IV - 2022					I - IV - 2023					absolute change in currency value	relative change in currency value (in %)
	currency	.000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar	structure in %	.000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar		
EUR	1,848.3	3,523,292,265	61.6252	217,123,590,508	89.7	2,052.0	3,295,435,743	61.6574	203,187,999,792	91.1	-227,856,522	-6.5
USD	627.2	419,476,234	51.2797	21,510,615,458	8.9	173.3	316,429,759	57.2133	18,103,990,711	8.1	-103,046,476	-24.6
GBP	0.5	6,223,936	71.1297	442,706,707	0.2	0.6	7,229,561	69.8762	505,174,276	0.2	1,005,625	16.2
EUR+USD+GBP	2,476.0			239,076,912,673	98.5	2,225.9			221,797,164,779	99.5		
ot. impor	2,480.8			242,168,614,174	100.0	2,231.0			222,963,225,802	100.0		-7.9

Source: SSO and NBRNM

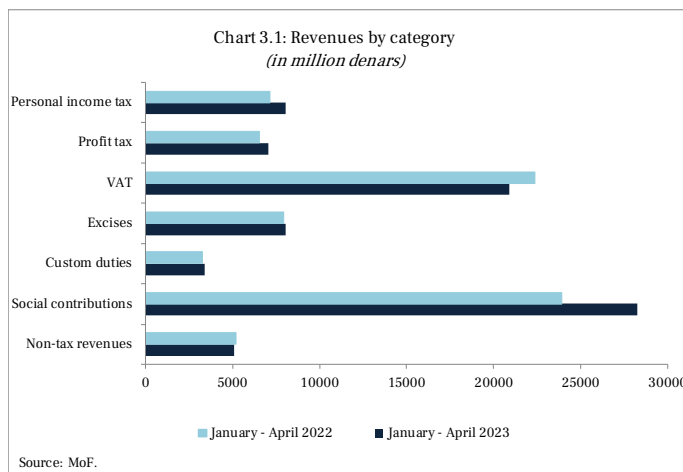
3. FISCAL SECTOR

Budget Revenues According to the Economic Classification

In the period January - April 2023, total budget revenues amounted to Denar 87,252 million, i.e. 9.8% of GDP, showing higher performance by 10.7% in relation to the same period in 2022. Compared to April last year, budget revenues decreased by 2.5%, while in March 2023, revenues experienced annual 30.2% growth, while decreasing by 0.5% in the month of February 2023.

Tax revenues were collected in the amount of Denar 47,687 million, being higher by 0.4%, compared to the period January– April 2022, as a result of the increase of revenues on the basis of PIT, profit tax, excise duties and import duties.

VAT revenues predominate by accounting for 43.8% of total tax revenues, the collection of which amounts to Denar 20,894 million, decreasing by 6.7% in relation to the period January – April in the previous year. Thereby, this year, VAT collection amounted to Denar 35,178 million on gross basis, out of which Denar 14,284 million was refunded to taxpayers (gross collection was lower by 2.3%, while VAT refund was higher by 5.0% compared to 2022). As for VAT structure, collection of VAT when importing accounted for the most, decreasing by 13.7%, while VAT revenues collected on the basis of sales in the country picked up by 28.4%.



Revenues on the basis of excises were collected in the amount of Denar 8,061 million (participating with 16.9% in the tax revenues), surging by 1.7% compared to the period January – April 2022. Hence, revenues collected on the basis of these two indirect taxes amounted to Denar 28,955 million, i.e. 60.7% of total tax revenues in the period January – April 2023.

PIT revenues were collected in the amount of Denar 8,056 million, increasing by 13.0% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 64.7% of the personal income tax, capital revenues accounted for 7.2%, revenues on the basis of contractual agreement accounted for 8.5%, revenues on the basis of games of chance and award games accounted for 7.2%, and revenues on the basis of other types of income tax accounted for 12.4%.



In the period January – April 2023, profit tax revenues amounted to Denar 7,048 million, increasing by 7.4% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 36.3%, with tax balances decreasing by 13.2%.

Revenues on the basis of customs duties were collected in the amount of Denar 3,399 million, increasing by 4.5%. Collection of revenues on the basis of other taxes, amounting to Denar 229 million, grew by 10.1% compared to last year.

Revenues on the basis of social contributions were collected in the amount of Denar 28,266 million, which was higher by 18.1% compared to last year. Thereby, collection of pension and disability insurance contributions surged by 18.2%, while collection of employment contributions was higher by 18.5%, with health insurance contributions growing by 18.0%.

Non-tax revenues were collected in the amount of Denar 5,103 million and, in relation to the period January - April 2022, they were lower by 2.2% (these revenues include revenues on the basis of profit generated by the public institutions, revenues collected on the basis of administrative fees and fines, concessions, etc.).

Capital revenues realized on the basis of sale of construction land, flats and dividends reached Denar 282 million, decreasing by 29.9% compared to last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 5,490 million, increasing by 5 times compared to the same period in 2022.

Budget Expenditures According to the Economic Classification

Total budget expenditures amounted to Denar 99,742 million in the period January – April 2023, i.e. they accounted for 11.2% of GDP, being higher by 19.4% compared to the same period in the previous year.

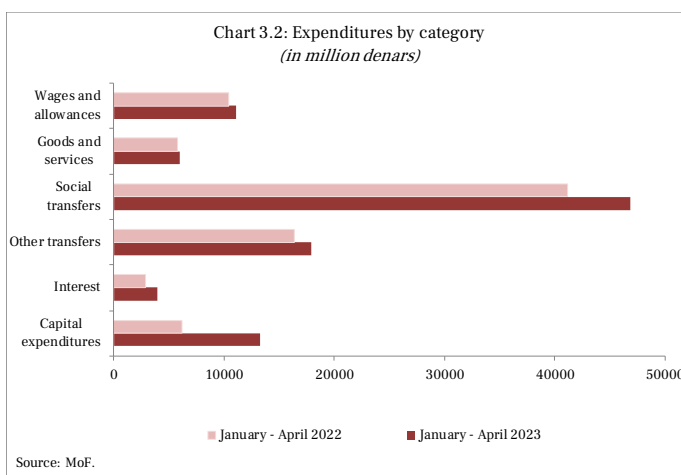
With respect to the structure of total executed expenditures, current expenditures, amounting to Denar 86,428 million, accounted for 86.7% and they increased by 11.8% in relation to the period January–April 2022.

Expenditures related to wages and allowances were executed in the amount of Denar 11,115 million, increasing by 6.8% in relation to the same period in the previous year, accounting for 11.1% of the total budget expenditures.

Expenditures related to goods and services amounted to Denar 5,953 million, increasing by 2.7% compared to the period January – April 2022.

Funds allocated for transfers amounting to Denar 65,396 million accounted for the most in the current expenditure items. Transfers increased by 12.3% compared to the period January – April 2022, participating with 65.6% in the total expenditures.

As regards transfers, social transfers grew by 13.8%, amounting to Denar 46,859 million, accounting for 47.0% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 28,904 million, increasing by 14.5% compared to the period January – April 2022 and accounting for 29.0% of the total expenditures. Category other transfers increased by 9.2%, whereby





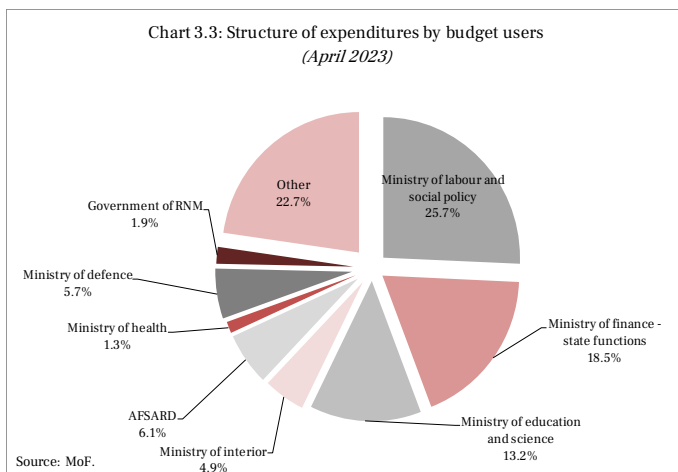
subsidies and transfers amounted to Denar 9,171 million, increasing by 0.7%. Block grants to local government units, amounting to Denar 7,576 million, grew by 17.6% compared to the previous year.

During the analyzed period, funds for capital expenditures were executed in the amount of Denar 13,314 million, participating with 13.3% in the total expenditures, thereby significantly increasing by 114.1% compared to the period January- April 2022.

Expenditures by Budget Users

Review of budget expenditures for the largest budget users is shown below, the total annual budget of which accounts for approximately 80% of the total budget of all budget users.

In the period January – April 2023, Ministry of Labour and Social Policy executed funds in the amount of Denar 20,174 million or 37.8% of its total budget for the current year. Thereby, most of the expenditures (68.1%) in this period were allocated for current transfers to extra-budgetary funds, for which Denar 13,749 million was spent or 39.4% of the funds allocated for 2023. The second highest expenditure category were the social benefits, participating with 23.3% in the total expenditures, whereby 37.1% (Denar 4,710 million) of the projected funds was spent for this purpose in 2023.



In the period January- April 2023, Denar 14,480 million, i.e. 19.5% of the funds projected for 2023 was spent through the organizational code Ministry of Finance – Functions of the State⁴. Principal repayment (Denar 7,001 million) is convincingly the main category in the total expenditures of this budget user, accounting for 48.3% of its total expenditures, with 13.5% of the projected expenditures, being executed. As regards expenditures related to interest payments, they accounted for 27.4% of the total expenditures, Denar 3,964 million being spent therefore, accounting for 30.7% of the total budget for this purpose. As for capital expenditures, Denar 1,612 million has been allocated (46.2% of the projections), i.e. 11.1% of the total expenditures of this budget user.

During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 10,327 million, i.e. 32.4% of its total 2023 budget. Current transfers to LGUs accounted for the most of the expenditures (61.9%), Denar 6,387 million being spent therefore or 33.1% of total projected funds. Wages and allowances was the second most significant category, accounting for 16.6%, with Denar 1,714 million being spent therefore, i.e. 32.7% of the total projections.

During the analyzed period, Ministry of Internal Affairs executed expenditures in the total amount of Denar 3,835 million, accounting for 30.1% of its 2023 budget. Wages and allowances were the highest expenditure item, participating with 69.7%, Denar 2,671 million being spent therefore, or accounting for 31.1% of the projected ones. The second highest expenditure category was goods and services, participating with 23.0%, funds in the amount of Denar 881 million being spent therefore, or accounting for 36.1% of the annual projections.

⁴As regards the Organizational Code "Functions of the State", the following activities are included: timely servicing of liabilities of the state on the basis of domestic and foreign borrowing; regular payment of operating costs of the state upon prior submitted payment documentation; share in the capital of international financial institutions; payment of VAT on the basis of capital investments funded by donations, financing projects by individual IPA components, etc.



In the period January – April 2023, Agency for Financial Support in Agriculture and Rural Development (AFSARD) executed expenditures in the amount of Denar 4,760 million, accounting for 54.1% of the funds projected for the current year. As for subsidies and transfers, with significant share of 96.4% of the total expenditures, 62.6% or Denar 4,591 million of the funds planned for the whole year, were spent therefore.

In the period January – April 2023, Ministry of Defence executed budget funds in the amount of Denar 4,511 million, accounting for 26.5% of its year's total budget. Expenditures related to wages and allowances accounted for the most with 37.9%, Denar 1,709 million being spent therefore in this period, (accounting for 34.2% of the total funds projected for the current year). Capital expenditures accounted for 24.4% of total expenditures, Denar 1,098 million being spent therefore during the analyzed period, i.e. 16.8% execution of the total projected funds.

Government of the Republic of North Macedonia spent total of Denar 1,497 million, i.e. 8.4% of the funds projected for 2023, in the period January – April 2023. Thereby, capital expenditures had significant share of 67.9% of total expenditures of this budget user, Denar 1,016 million (19.6% of the projected funds) being spent therefore.

In the period January – April 2023, Ministry of Health executed budget funds in the amount of Denar 1,044 million, i.e. 15.1% of its total 2023 budget. Expenditures related to goods and services accounted for the most in the expenditures with 54.2%, Denar 566 million being executed therefore or 17.8% of the funds projected for 2023. Second most significant item are the current transfers to extra-budgetary funds, Denar 305 million (10.2% of the projections for the year) being spent therefore, accounting for 29.2% of total expenditures.

During this period, Ministry of Transport and Communications executed funds in the amount of Denar 7,949 million, i.e. 39.8% of its total budget for the current year. Execution of capital expenditures, as the main item, accounted for 96.5% of the total spent funds of this budget user (Denar 7,672 million or 40.6% of total projected funds).

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

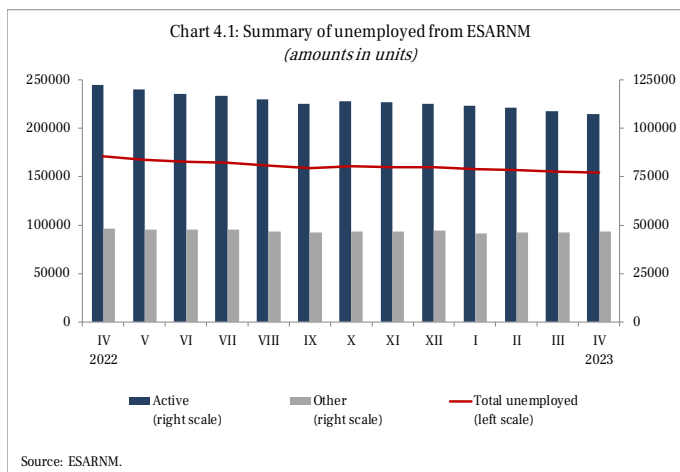
Budget Balance

In the period January – April 2023, the budget deficit reached the amount of Denar 12,490 million, accounting for 1.4% of GDP, while central budget deficit amounted to Denar 13,184 million or 1.5% of GDP. Budget deficit in 2023 accounted for 29.2% of total projected budget deficit.

4. SOCIAL SECTOR

Established Work Contracts and Registered Unemployed Persons in EARNM

In the first four months of 2023, Employment Service Agency registered total of 64,505 new employments. Compared to the same period in 2022, total number of newly employed persons was higher by 0.2%, thus continuing the annual upward trend of new employments,

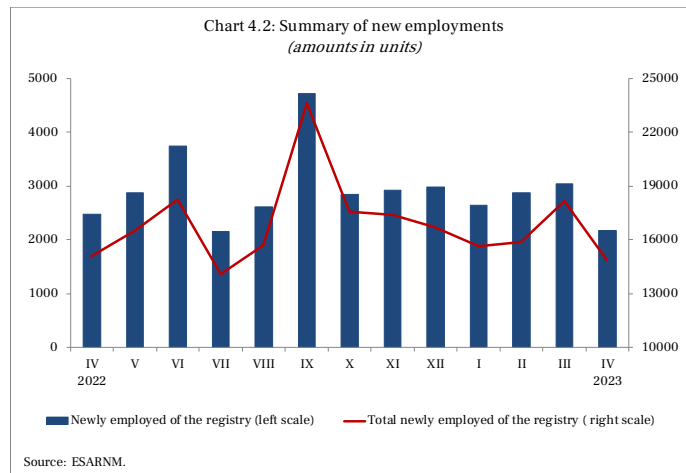




which commenced in April 2021, lasting for the past two years, i.e. until April 2023, except for August 2022 and February 2023. Upward trend was, among the other, a result of the base effect, after the employment dynamics slowed down in April 2020 due to the adverse effects of the pandemic.

As regards the total number of newly employed, 41.1% was engaged on permanent basis, while the rest of the employed were engaged on temporary basis and as seasonal workers. In April 2023, 14.6% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in April 2023 was 154,145, out of which 107,588 persons were active job seekers, while 46,557 persons were from the category “other unemployed”. On annual basis, total number of unemployed people reduced by 9.8%. Compared to the previous month, number of unemployed people decreased by 1,048, thus resuming the downward trend of the number of unemployed people, being halted in October 2022. Monthly downward trend of the number of unemployed people commenced in March 2021, after the number of unemployed people was generally increasing throughout 2020 until February 2021.



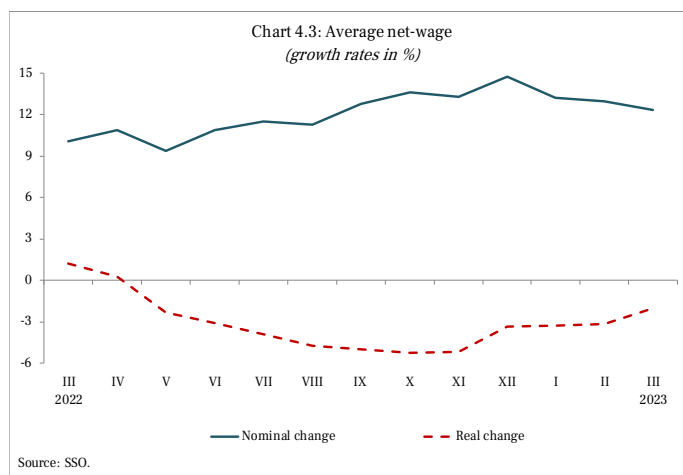
Major percentage of the unemployed (59.6%) came from urban areas (cities), whereby 49.1% were men.

Analyzed by the level of education, majority, i.e. 68.3%, of the unemployed persons were with incomplete secondary education or less, 24.0% were with completed secondary education, while 7.7% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, most of the unemployed persons or 49.7% of the unemployed people belong to the group aged 25-49 years. According to the time they waited for a job, 61.2% of the unemployed persons wait for employment from 1 to 7 years, while 12.3% wait for employment for 8 years and more.

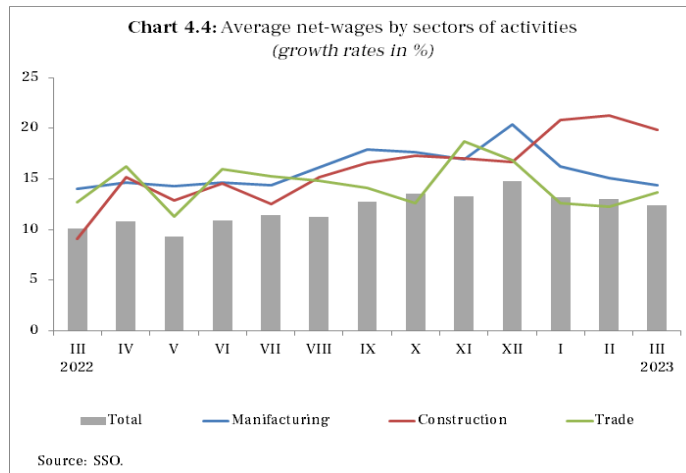
Wages

In March 2023, average net wage increased by 12.4% on annual basis, and it was higher by 3.6% in relation to February 2023. The highest increase of average net wage, in relation to March 2022, was observed at the following sectors: Construction (19.8%), Education (15.0%) and Accommodation and food service activities (14.9%). In March 2023, wages dropped by 2.0% in real terms on annual basis.





Average nominal gross wage in March 2023 increased by 12.7% compared to the same month in 2022, being higher by 3.6% on monthly basis. The highest increase of average gross wage in March 2023, compared to March 2022, was recorded in the following sectors: Construction (20.4%), Education (15.5%) and Accommodation and food service activities (15.3%). In March, real gross wage dropped by 1.7% annually.



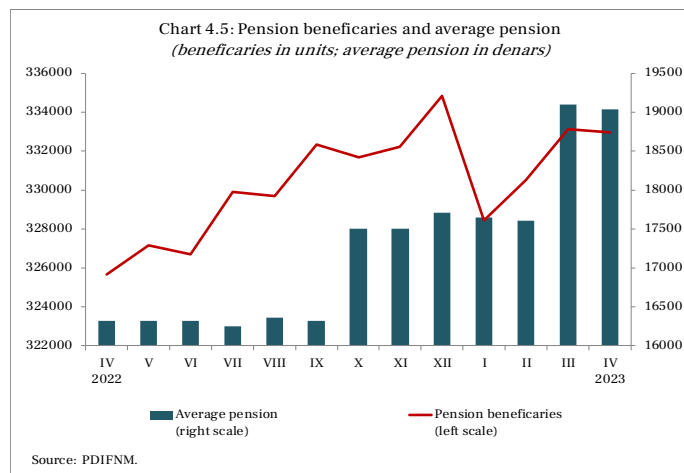
Pensions

In April 2023, Pension and Disability Insurance Fund registered 332,976 pensioners. As regards the total number of pensioners, 69.3% were beneficiaries of old-age pension, 22.4% of survival pension and 8.3% of disability pension.

Average pension in April 2022 amounted to Denar 19,033, being higher by 16.6% compared to the same month in 2022⁵. Increase in pensions is, among the other, a result of the pension indexation as per the new methodology, foreseeing growth pension indexation with a combined model of 50% increase of the average wage and 50% increase of costs of living, as per the official data of the State Statistical Office. According to this methodology, indexation is carried out twice a year, i.e. in March and September, starting March 2022.

Ratio between the average pension and the average paid salary in March 2023 (the most recent available data) was 54.7%.

In April 2023, average old-age pension amounted to Denar 20,562, average disability pension amounted to Denar 16,986, while average survival pension amounted to Denar 15,072. In April 2023, Denar 6,230 million was spent for payment of pensions, accounting for 47.1% of the total social transfers.



⁵Military and agricultural pensions are not included when calculating the average pension.



households increased by 8.3%, on annual basis.

According to maturity, short-term deposits surged by 3.9%, while long-term deposits grew by 10.6%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 55.2%.

Table 5.1. Deposit potential and credits to private sector;

Deposit potential and credits to private sector (April 2023)	Denar million	Monthly change	Annual change
Deposit potential	492,391	1.3%	8.6%
By currency:			
<i>Denar</i>	271,799	1.8%	10.2%
<i>Foreign currency</i>	220,592	0.8%	6.7%
By maturity:			
<i>Short-term</i>	213,753	0.2%	3.9%
<i>Long-term</i>	102,178	2.2%	10.6%
Credits to private sector	425,805	0.6%	6.3%
By currency:			
<i>Denar</i>	243,309	0.6%	2.7%
<i>Foreign currency</i>	182,496	0.6%	11.5%
By maturity:			
<i>Short-term</i>	69,179	1.4%	3.1%
<i>Long-term</i>	341,765	0.4%	7.6%

Source: NBRNM

Bank Credits

In April 2023, total credits of banks to the private sector surged by 0.6% compared to the last month. Sector analysis points out that credits to enterprises and households picked up by 0.9% and 0.4%, respectively on monthly basis.

Analyzed by currency, in April 2022, Denar and foreign currency credits surged by 0.6% each, on monthly basis.

On annual basis, total credits grew by 6.3% in April 2023, in conditions of growth of both credits to households of 6.7% and credits to enterprises of 5.9%. Denar credits surged by 2.7%, while foreign currency credits increased by 11.5%.

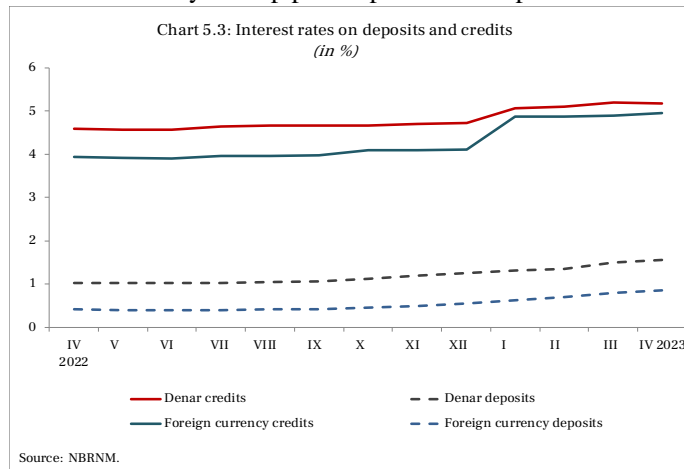
As regards maturity, long-term credits experienced annual growth of 7.6% and short-term credits picked up by 3.1%.



Interest Rates of Deposit Banks

In April 2023, total interest rate on credits increased by 0.04 p.p. compared to the previous month, accounting for 5.08%. Interest rate on Denar credits grew by 0.04 p.p., accounting for 5.19%, while interest rate on foreign currency credits increased by 0.04 p.p. on monthly basis, accounting for 4.95%.

Total interest rate on deposits grew by 0.06 p.p. in April 2023, compared to last month, accounting for 1.17%. Interest rate on Denar deposits increased by 0.06 p.p., accounting for 1.56%, while interest rate on foreign currency deposits surged by 0.06 p.p. compared to the previous month, accounting for 0.85%.

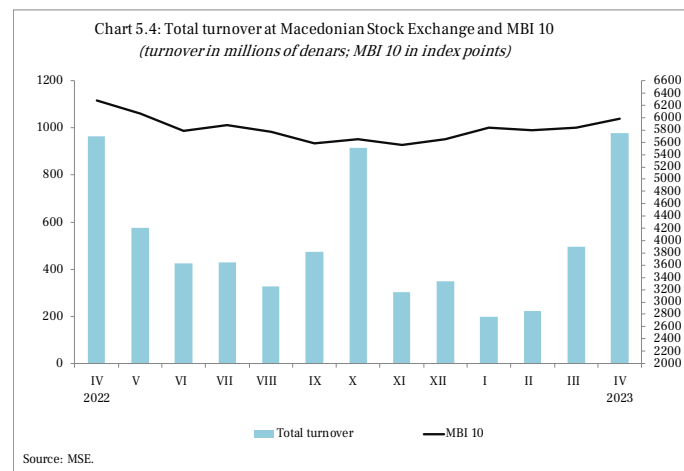


Capital Market

As for the capital market, in April 2023, total turnover on the stock exchange surged by 96.7% on the monthly basis, as a result of the increase of turnover from block transactions by 190.8%, while turnover from trading in best grew by 1.0%.

Total turnover on the stock exchange amounted to Denar 977,3 million in April 2023, increasing by 1.3% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 5,978.51 index points at end of April 2023, whereby the index grew by 2.3% on monthly basis, while, compared to the same month last year, the index was lower by 4.8%.



Reserve Assets

Gross reserve assets at the end of April 2023 amounted to EUR 4,123.7 million and, compared to the previous month, they were lower by 0.9%, while compared to April 2022, they were higher by 27.3%.