



SHORT-TERM ECONOMIC TRENDS



May 2024



CONTENTS

SUMMARY	2
1. REAL SECTOR.....	3
Industrial Production	3
Number of Employees in the Industry	4
Number of Issued Building Permits and Expected Value of Constructions	5
Number of Completed Construction Works by Types of Constructions	5
Inflation	6
Stock Market Prices	8
2. FOREIGN TRADE.....	10
Export	10
Import	11
Trade Balance	12
Currency Structure.....	13
3. FISCAL SECTOR	13
Budget Revenues according to the Economic Classification.....	13
Budget Expenditures according to the Economic Classification	14
Expenditures by Budget Users.....	15
Budget Balance.....	17
4. SOCIAL SECTOR.....	17
Newly Employed and Registered Unemployed Persons in the Employment Service Agency	17
Wages	18
Pensions	19
5. MONETARY AND FINANCIAL SECTOR	19
Primary Money	20
Deposit Potential.....	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
May 2024

- In May 2024, industrial production recorded a drop by 13.2% compared to the same month previous year.
- Inflation, primarily due to the base component, in May 2024 accounted for 4.5% on annual basis, recording acceleration of growth. On monthly basis inflation recorded growth of 0.9%.
- In the period January - May 2024, export recorded a drop of 8.8%, while import grew by 1.0%, resulting in increase of the trade deficit by 34.1% compared to the same period in 2023.
- In May 2024, total budget revenues reached an amount of Denar 122,035 million, i.e. 13.2% of GDP, which was by 11.4% higher compared to May 2023.
- In May 2024, total budget expenditures amounted to Denar 142,580 million, i.e. 15.5% of GDP, which was higher by 14.5% compared to the previous year.
- Total credits of banks in May 2024 grew by 6.8% compared to May 2023, while total deposit potential of banks surged by 8.2%.



1. REAL SECTOR

Industrial Production

In May 2024, industrial production recorded a drop by 13.2% compared to the same month previous year. Such drop was due to the reduced production in all sectors, as follows: Mining and quarrying by 17.1%, Manufacturing by 10.6% and Electricity, gas, steam and air-conditioning supply by 18.4%.

In May 2024, growth in production was registered at 4 out of total of 27 industrial branches, comprising 6% in the total industry.

As for branches with higher added value, in May 2024 drop was recorded throughout all branches: Manufacture of machinery and equipment by 23.8% with contribution of -1,5 p.p., Manufacture of Electrical Equipment by 5.8% with contribution of -0,3 p.p., Manufacture of motor vehicles, trailers and semi-trailers by 10.9% with contribution of -1.4 p.p. and Manufacture of metals by 15.9% with contribution of -0,7 p.p..

As for traditional branches, decrease of production in May 2024 was observed throughout all branches: Manufacture of textile by 15.2% and contribution of -0.7 p.p., Manufacture of beverages by 11.5% and contribution of -0.4 p.p., Food Industry by 5.4% and contribution of -0.6 p.p., Manufacture of tobacco goods by 45.9% and contribution of -0.6 p.p., Manufacture of wearing apparel by 31.7% and contribution of -2.0 p.p., Manufacture of leather by 31.1% and contribution of -0.2 p.p. and Manufacture of wood and wood and cork products by 25.7% and contribution of -0.2 p.p..

Drop of industrial production, according to the purpose of production units in May 2024, was a result of the decreased production throughout all groups: Energy (drop by 22.2% and contribution of -2.9 p.p.), Intermediate goods industry, except energy (decreasing by 4.2% and contribution of -1.3 p.p.), Capital goods (drop by 11.7%, contribution of -2.7 p.p.), Durable consumer goods industry (dropping by 9.5% and contribution of -0.3 p.p.) and Non-durable consumer goods industry (dropping by 17.4% and contribution of -5.3 p.p.).

On cumulative basis, in the period January - May 2024, industry decreased by 4.9% as a result of the decreased production throughout all sectors, as follows: Mining and quarrying by 5.1% (contribution of -0.5 p.p.), Manufacturing by 1.8% (contribution of -1.4 p.p.) and Electricity, gas, steam and air conditioning supply by 26.7% (contribution of -3.2 p.p.).

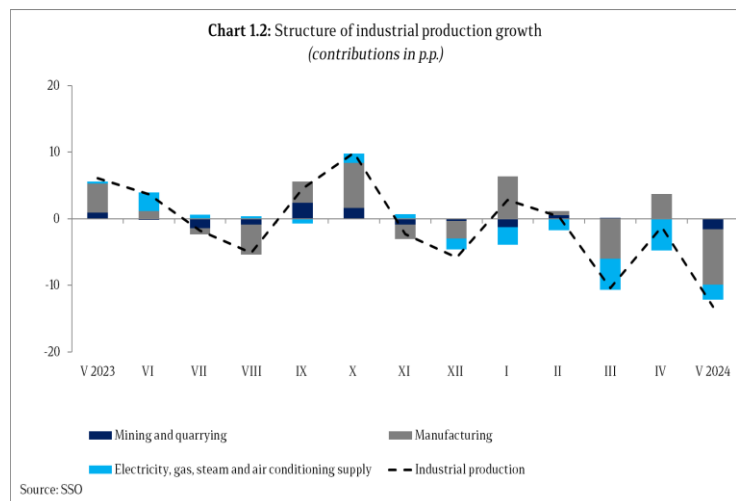
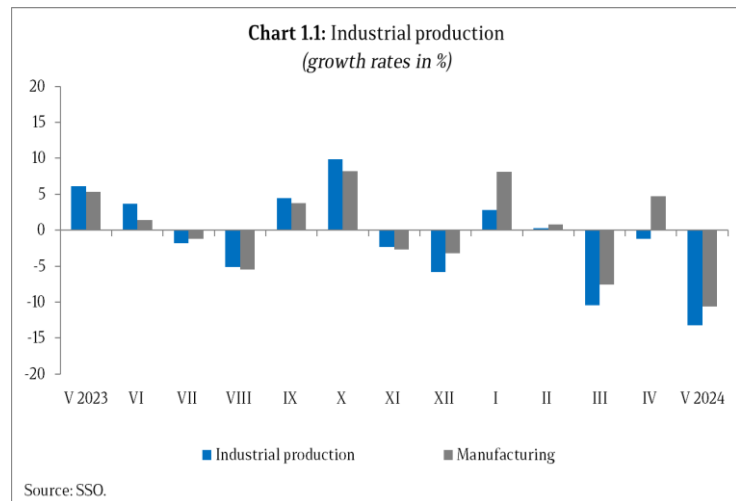
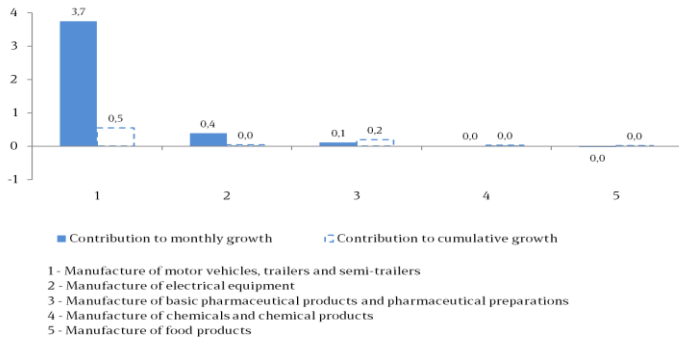


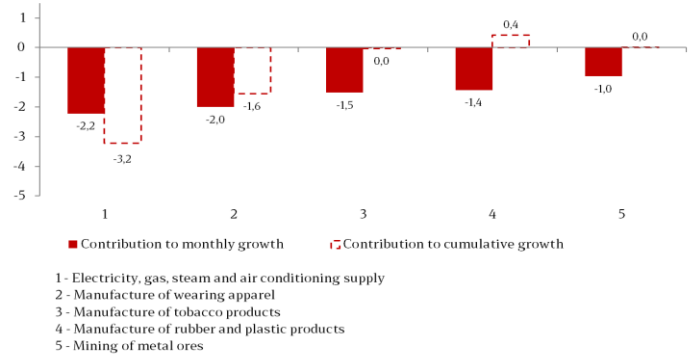


Chart 1.3a: Branches with positive contribution to growth
(growth rates in %, May 2024)



Source: SSO

Chart 1.3b: Branches with negative contribution to growth
(growth rates in %, May 2024)



Source: SSO

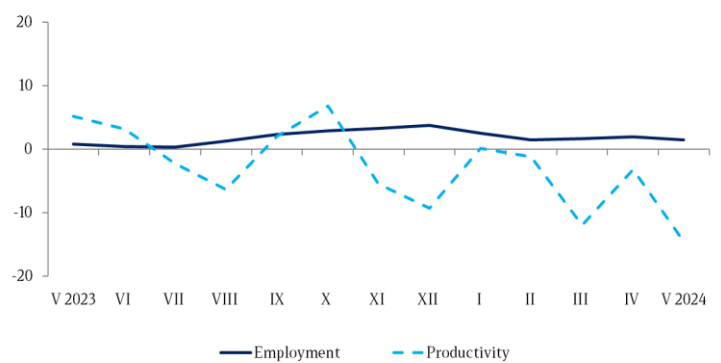
As per the purpose of production units, in the period January – May 2024, growth was only seen at the branch Capital goods (4.5%), whereas drop was recorded in the branches: Energy (by 25.7%), Intermediate goods except energy (by 1.0%), Consumer durables (by 3.9%), and Consumer non-durables (by 7.7%).

Number of Employees in the Industry

In May 2024, number of employees in the industry increased by 1.5% compared to the same month in the previous year. Growth was due to the increased number of employees throughout all sectors: Mining and quarrying by 4.1%, Manufacturing by 1.4% and Electricity, gas, steam and air-conditioning supply by 0.6%. Increase in the number of employees was seen at the following branches: Repair and installation of machinery and equipment by 52.6%, Manufacture of machinery and equipment, n.e.c. by 27.0% and Manufacture of motor vehicles, trailers and semi-trailers by 17.9%.

Data on the number of employees in the industry by target groups in May 2024, compared to the same period last year, showed increase in the number of employees at the following groups: Energy by 4.0%, Capital goods by 17.1% and Consumer durables by 14.6%.

Chart 14: Employment and productivity in industry
(growth rates in %)



Source: SSO; calculations by MF.

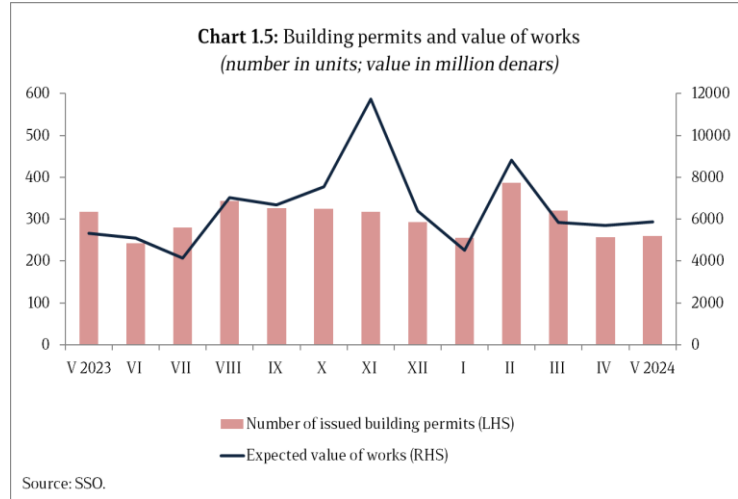
Cumulative data indicate that the number of employees in the industry in the January – May 2024 period recorded growth of 1.8% due to the increased number of employees throughout sectors: Mining and quarrying by 5.3%, Manufacturing by 1.7% and Electricity, gas, steam and air-conditioning supply by 0.7%.

As regards target groups, number of employees in the industry in the period January - May 2024 increased in the sectors as follows: Energy by 4.3%, Capital goods by 16.8% and Consumer durables by 9.5%.

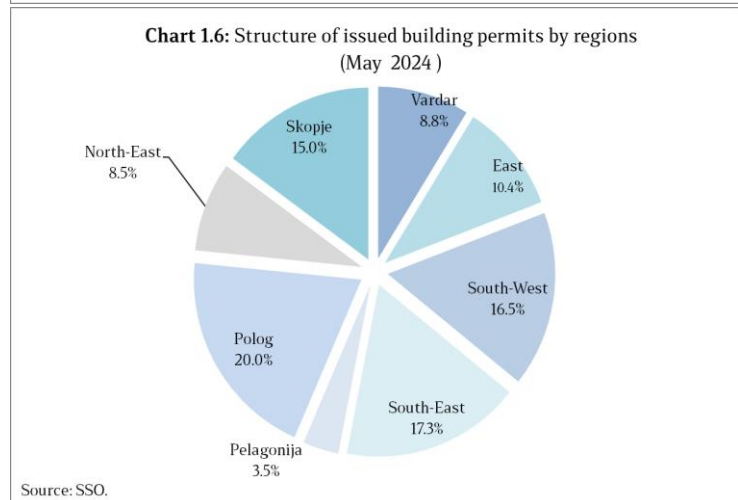


Number of Issued Building Permits and Expected Value of Constructions

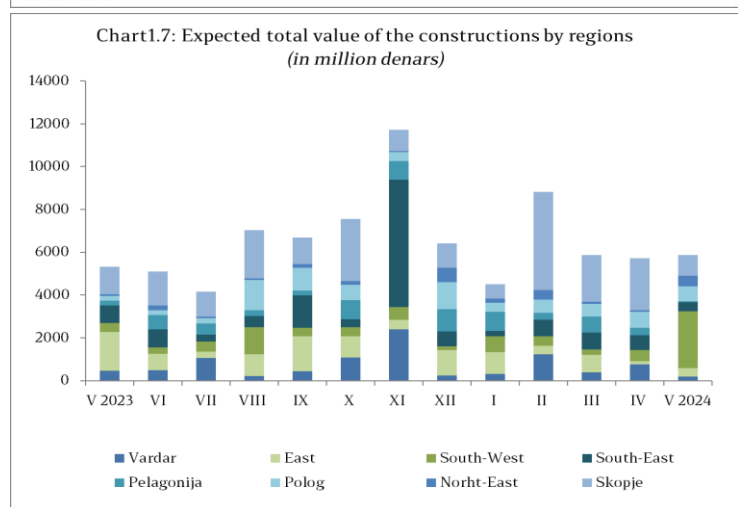
In May 2024, 260 building permits were issued, a significant drop by 18.0% compared to the same month in 2023. This was due to the annual drop of issued building permits pertaining to buildings by 2.9% (participating with 51.2% in the total number of issued building permits) whereas at reconstruction facilities it recorded increase by 19.7%. Compared to April 2024, number of issued building permits surged by 1.2%. Expected value of works, according to the issued building permits in May 2024, picked up by 10.5% on annual basis, while compared to the previous month, it experienced growth by 2.9%.



Analyzed by types of constructions, out of the total number of issued building permits, 133 (or 51.1%) were intended for buildings, 54 (or 20.8%) for civil engineering structures and 73 (or 28.1%) for reconstruction of facilities.



Analyzed by types of investors, out of total 260 issued building permits, individuals were investors in 141 facilities (or 54.2%), while business entities were investors in 119 facilities (or 45.8%).



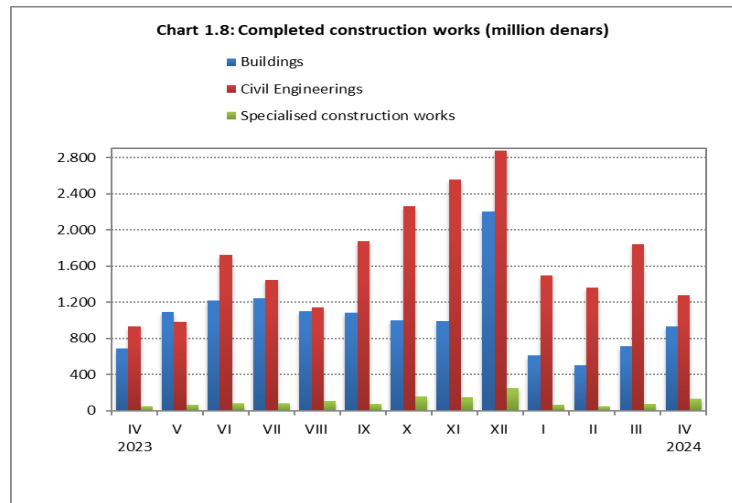
In May 2024, construction of 424 flats was envisaged, with total usable area of 36,052 m². Number of flats envisaged for construction declined by 40.3% on monthly basis, and 37.2% on annual basis.

Number of Completed Construction Works by Types of Constructions

In April 2024, construction works were completed with total value of Denar 2,347 million, being nominal annual growth of 39.8%, whereby buildings recorded growth of 34.8%, civil engineering structures growth of 36.9%, with specialized construction works picking up by 158.0%. Compared to March 2024, total value of completed construction works dropped by 10.9%, 30.7% at civil engineering structures, while increasing by 31.3% as regards buildings and picking up by 70.8% as regards specialized construction works. In cumulative terms, in the period January – April 2024, value of performed construction works amounted to Denar 9,071 million, being higher by 5.6% compared to the same period last year.



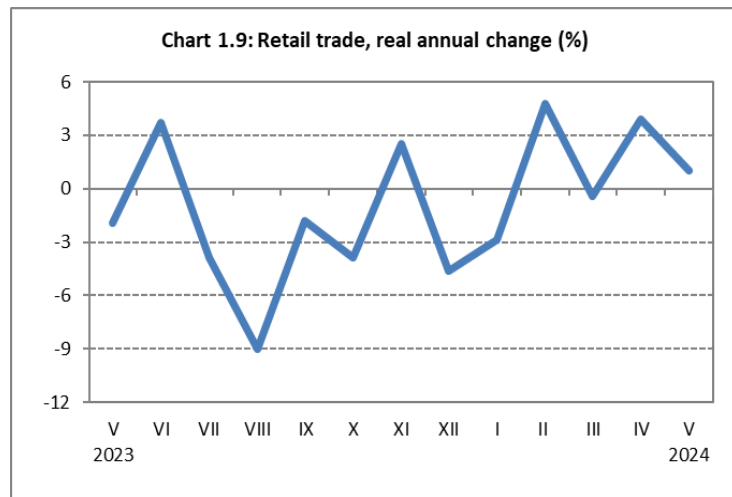
Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 5,980 million were completed in the first four months this year, i.e. 27.0% higher compared to the same period last year. Value of completed works at buildings in this period decreased by 23.6%, amounting to Denar 2,760 million. The value of completed works with specialized construction works amounted to Denar 330 million, being higher by 24.1% compared to the same period last year.



In real terms, in the period January - April 2024, value of completed construction works increased by 11.2%, with civil engineering structures (33.9%) and specialized construction works (30.7%) recording growth, while recording a drop with buildings (19.7%).

Trade Sector Turnover

In May 2024, data on domestic trade demonstrated nominal annual growth in the turnover by 2.5%, following the growth by 19.6% in April this year. Value of turnover in May 2024 amounted to Denar 65,099 million, whereby in cumulative terms, in the period January – May 2024, value of total turnover in the trade amounted to Denar 319,385 million, being by 4.2% higher compared to the same month in the previous year.



In the period January - May 2024, in cumulative terms, positive growth in the turnover was also seen at the sectors: wholesale trade, which turnover value amounted to Denar 173,610 million, i.e. higher by 6.1% compared to the same month last year, trade in motor vehicles and repair, which turnover value amounted to Denar 20,021 million, being higher by 3.8% compared to the same month last year, and Retail trade with turnover value amounting to Denar 125,754 million, being higher by 1.7% compared to the same month last year.

In real terms, retail trade in May 2024 recorded annual increase by 1.0%, while analyzed by groups and classes, increase was also seen in the groups of retail trade automotive fuels by 3.7% and retail trade in non-food products by 1.1%, whereas decrease only in the Retail in food products, beverages and tobacco by 0.3%.

In real terms, retail trade in May 2024 recorded annual increase by 1.0%, while analyzed by groups and classes, increase was also seen in the groups of retail trade automotive fuels by 3.7% and retail trade in non-food products by 1.1%, whereas decrease only in the Retail in food products, beverages and tobacco by 0.3%.

In May 2024, Wholesale trade (54.95%) accounted for the most in the Trade sector, followed by Retail trade (39,5%) and Trade in motor vehicles and motorcycles, repair and their maintenance (5.55%).

Inflation

Inflation rate in May 2024 accounted for 4.5% on annual basis, increasing by 0.5 p.p. compared to the previous month. This month, the inflation was primarily due to the base component, recording a noticeable price increase in the category Transport.



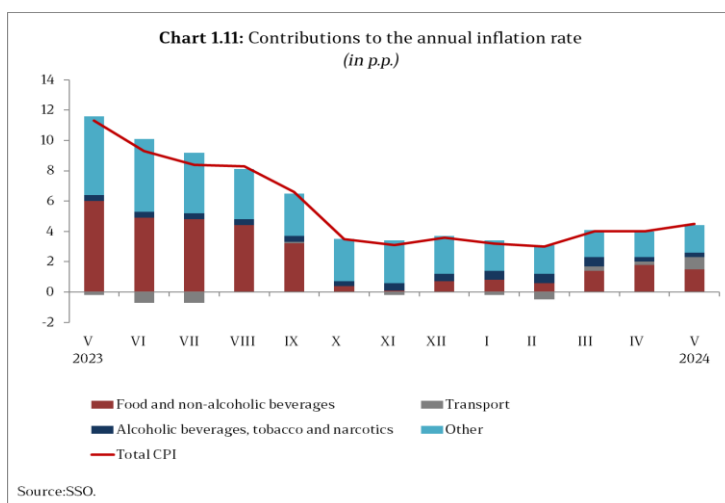
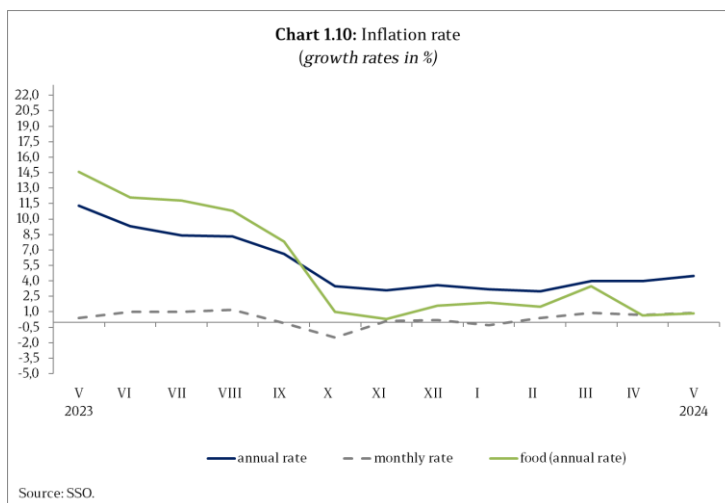
In May, core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) recorded acceleration of growth, accounting for 5.5% on annual basis (4.1% in the previous month). This month, increased prices in Restaurants and hotels category as well as prices of Transport services had the highest contribution thereto.

Prices in the category Food and non-alcoholic beverage¹s recorded growth of 3.8%, being lower by 0.9 p.p. compared to the previous month, contributing with 1.5 p.p. in the headline inflation in May. Highest positive contribution to the price increase in the category Food and non-alcoholic beverages had the following subcategories: Fruit (annual growth of 22% with contribution of 0.5 p.p.), Bread and cereals (annual growth of 4.3% with contribution of 0.4 p.p.) and Milk, cheese and eggs (annual 3.8% increase, contribution of 0.3 p.p.). Oil prices (-0.1 p.p.) had negative contribution to food prices.

Observed by components, highest annual price growth in May 2023 was seen at the category Transport by 10.3% (contribution to the headline inflation growth of 0.8 p.p.). Price increase was also recorded at the following categories, such as: Restaurants and hotels by 8.5%, Miscellaneous goods and services by 5.7%, Alcoholic beverages, tobacco and narcotics by 5.6%², Recreation and culture by 5.3%, Furnishings, household equipment and routine maintenance of the house by 4.1%, Health protection by 4.0%, Wearing apparel and footwear by 3.2%, Communication by 3.1%. and Housing, water, electricity, gas and other fuels by 2.2%. Reduction was observed in the category Education by 0.5%.

In May, consumer prices grew by 0.9% on monthly basis (prices surged by 0.7% on monthly basis). Food prices increased by 0.7%, while fruit and meat price increase contributed the most thereto.

In May 2024, retail prices increased by 5.8% on annual basis, recording an acceleration of growth compared to previous month. On monthly basis, retail prices picked up by 1.3%.



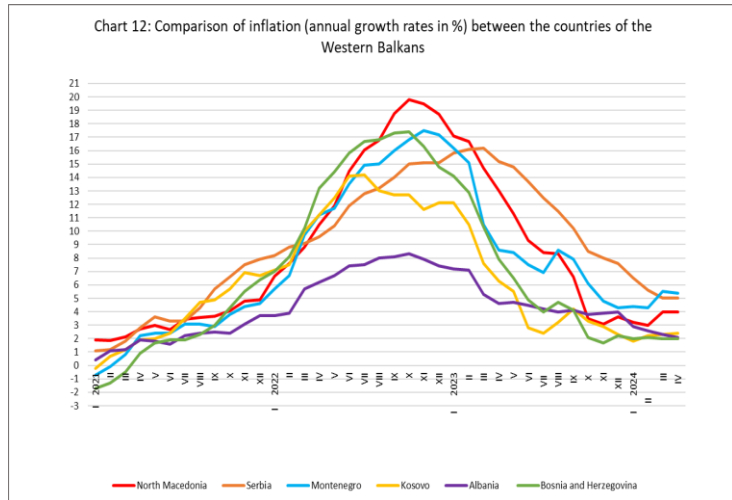
¹ Since March 2024, the measure for 10% reduction of basic food products, which in the retail sector were selling under the label „guaranteed price“, was revoked.

² Tobacco product prices are being increased in accordance with the adopted amendments of the Law on Excise, cigarette excise is to increase by Denar 0.23 per piece each year until 2030.



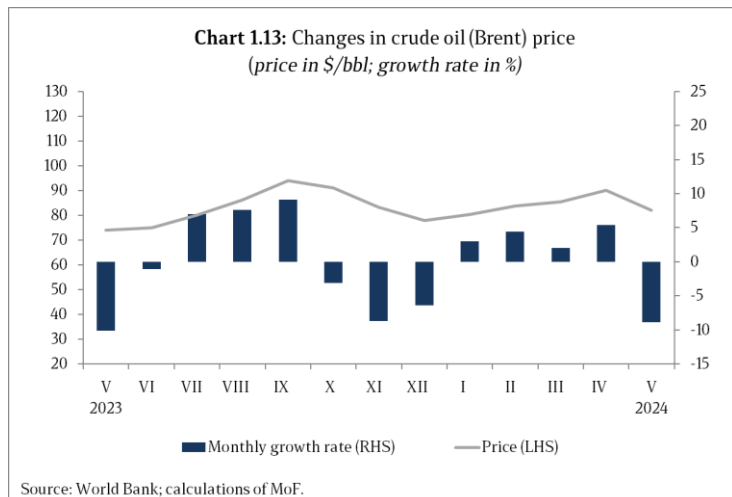
In May 2024, the Eurozone inflation rate increased by 0.2 p.p., accounting for 2.6%³ compared to the previous month.

ECB revised the inflation rate for the Eurozone upwards by 0.2 p.p. for 2024 and 2025. As per the projections, inflation rate would reach 2.5% in 2024, 2.2% in 2025 and 1.9% in 2026. In 2024, pertinent to the following two quarters, the inflation rate is expected to be around 2.5% with a certain volatility of the energy-related base effect. Drastic inflation changes are not to be expected during 2024, being above the historical average reflecting the gradual decrease of services prices.



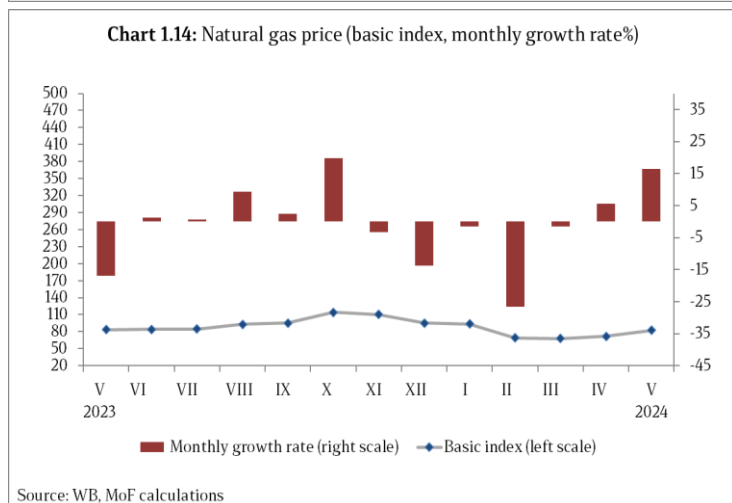
Stock Market Prices

In May 2024, crude oil price (Brent) on the global stock markets dropped by 8.9% on monthly basis, amounting to US\$ 82.0 per barrel. This reduction was due to reduction in demand compared to the previous month. On annual level the price of oil was higher by 8.3%.



Source: World Bank; calculations of MoF.

In May 2024, price of natural gas grew by 16.5% on monthly basis. Increase was due to the change of dynamics between the supply and the demand, the geopolitical events, as well as the need for increase of reserves in Europe. The developments on the global markets increased the concerns regarding the supply, despite the end of the winter season, being reflected with higher prices. In May 2024, the natural gas price decreased by 1.2% on annual level.



Source: WB, MoF calculations

³ The data is a Eurostat's estimate.



to EUR 72.2 per megawatt/hour, increasing by 16.5% on monthly basis, while dropping by 18.9% on annual basis.

In May 2024, basic metal prices recorded increase compared to the previous month. On monthly basis, the price of the zinc increased by 8.3%, nickel by 7.8%, price of copper by 7.1%, price of lead by 4.3%, price of tin by 3.8% and price of aluminium by 2.3%.

On monthly basis, the price of iron ore increased, by 5.4% to the point.

Growth on monthly basis was also recorded in terms of precious metal prices. This month gold recorded a slowdown growth of 0.8%, whereas the prices of silver and platinum increased by 6.8% and 7.9%, respectively.

In May, corn and maize prices increased by 3.2% and 11.1%, respectively on monthly basis. The price of sunflower oil picked up by 3.5% on monthly basis.

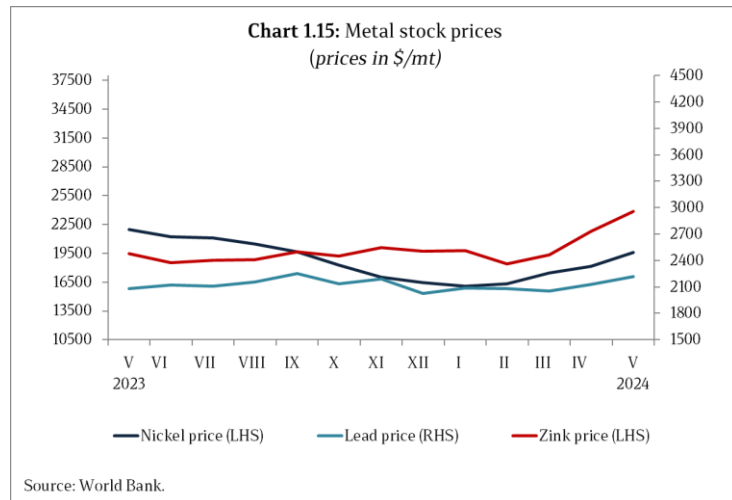


Table 1.1. Power Exchange Prices of Energy Products (monthly data)

	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
2023 I	148.7	83.1	714.1
II	146.2	82.7	585.1
III	113.4	78.5	488.7
IV	106.7	84.1	478.4
V	88.2	75.7	357.7
VI	96.6	74.9	366.2
VII	94.5	80.1	337.2
VIII	100.4	86.2	396
IX	103.8	94.0	408.6
X	104.9	91.1	515.5
XI	99.38	83.2	512.5
XII	81.72	77.9	407.1
2024 I	85.73	80.2	338.2
II	69.35	83.8	288.3
III	65.12	85.5	302.6
IV	61.96	90.5	321.4
V	72.2	82.0	358.2

Source: World Bank, Hungarian Power Exchange



2. FOREIGN TRADE

Total foreign trade in the first five months of 2024 amounted to EUR 7,892.2 million, declining by 3.3% compared to the same period last year.

In the period January - May 2024, share of trade with the EU (EU 27) as the largest trading partner, increased by 0.4 p.p. compared to the same period last year, accounting for 62.4%. Germany was 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 five months of 2024, accounted for 24.1%, dropping by 1.3 p.p. compared to the same period in 2023.

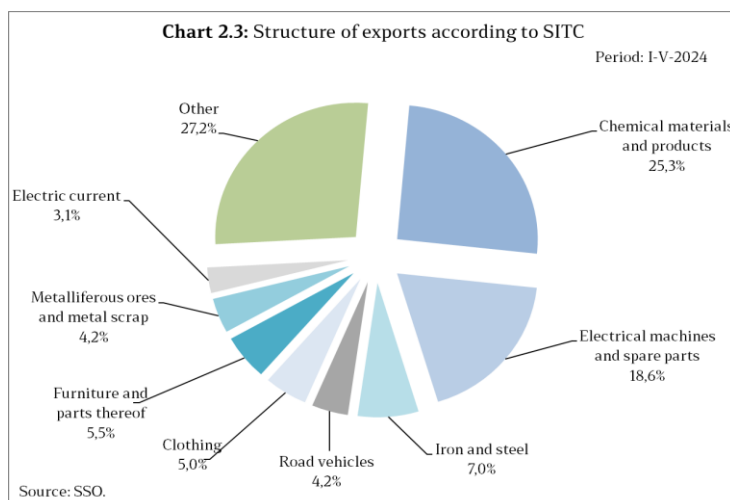
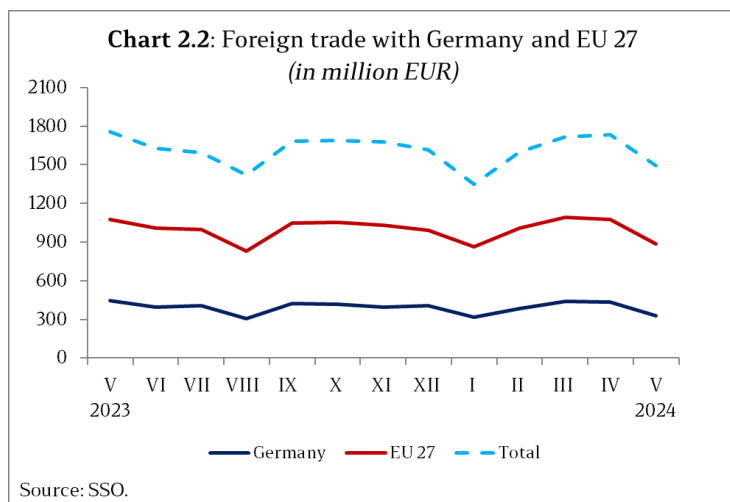
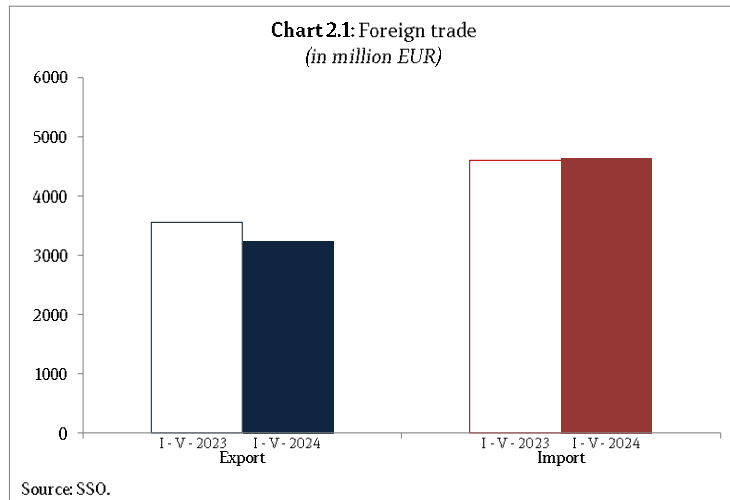
Export

Value of exported goods amounted to EUR 3,246.1 million in the first five months of 2024, dropping by 8.8% (EUR 311.6 million) compared to the same period in 2023, whereas the physical output of export remained at the same level compared to the same period last year.

Value of exported goods amounted to EUR 603.4 million in May 2024, dropping by 21.6% (EUR 166,5 million) compared to the same month of the previous year, while physical output of export decreased by 4.6% compared to May 2023.

Analyzed on monthly basis, in May 2024, export recorded a drop by 15.3% (EUR 109.3 million), compared to the previous month, and, in the case of seasonal export adjustment, it registered a monthly drop of 17.0%, showing positive effects of the seasonal factor (1.6 p.p.) on export this month.

Value of export of food in the five months 2024 increased by EUR 21.2 million, picking up by 11.1% compared to the same period in 2023, while quantity of exported food increased by 11.8%. Growth of value of food export was accompanied by increase of quantity of food export, mainly resulting from the certain decline and stabilization of food prices on the international market. As for our country's total export structure, share of the food in the first five months of 2024, accounted for 6.5%, increasing by 1.2 p.p. compared to the same period in 2023.





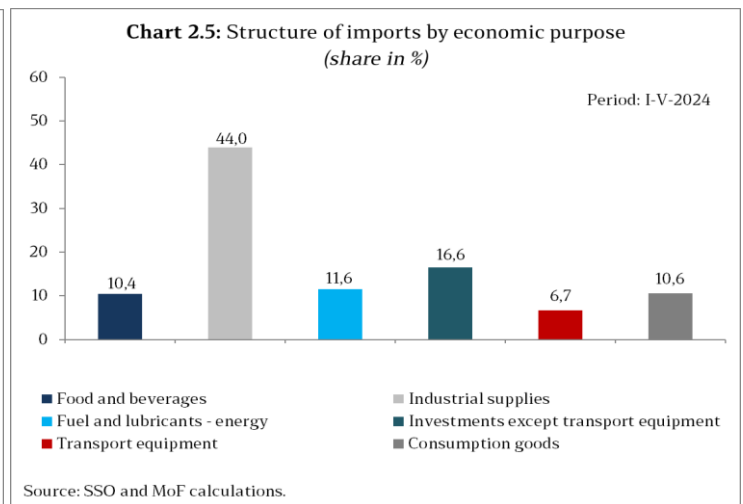
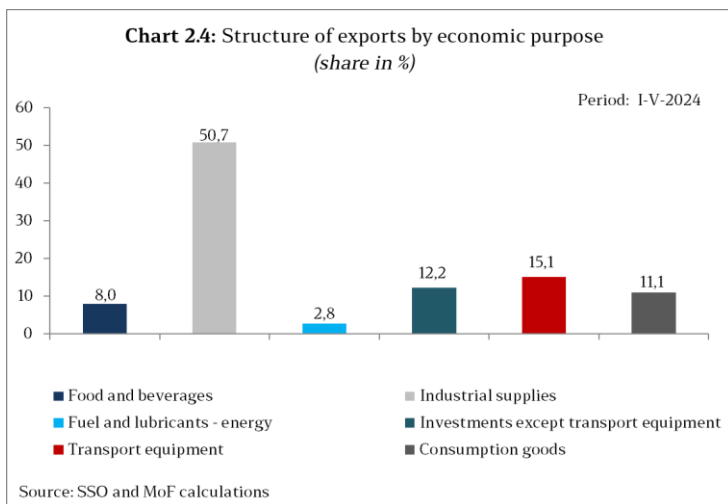
Analyzed by economic groups⁴, in the period between January – May 2024 compared to the same period of 2023, export recorded a drop in the following groups: EU 27, EFTA, Asia-Pacific Economic Cooperation and Commonwealth of Independent States, while growth was seen at the following groups: Organization of Petroleum Exporting Countries, Western Balkan Countries and North American Free Trade Agreement. Export to EU 27 declined by 9.8% annually, with a share of 78.8% in the total export of the Republic of North Macedonia, while export to Western Balkan countries picked up by 6.0%, participating with 13.2% in our country’s total export.

Import

In the period January - May 2024, value of imported goods amounted to EUR 4,646.0 million, surging by 1.0% (EUR 44.1 million) compared to the same period in 2023, while physical output of import dropped by 4.1%.

In May 2024, import value amounted to EUR 889.9 million, decreasing by 9.7% (EUR 95.1 million) compared to the same month in 2023, while imported quantities of goods declined by 17.4% compared to May 2023.

Analyzed on monthly basis, in May 2024, import dropped by 12.6% (EUR 128.6 million), compared to the previous month, and, where a seasonal adjustment of the import was made, it registered a monthly decrease of 6.7%, showing negative effects of the seasonal factor (6.0 p.p.) on import this month.



Value of import of food in the first five months of 2024 increased by EUR 53.0 million, picking up by 13.6% compared to the same period in 2023, while quantity of imported food increased by 16.8%. Growth of the value of import of food was also accompanied by increase of food import quantity, primarily due to certain reduction and stabilization of food prices on the international market. As for our country’s total import, share of the food in first five months in 2024, accounted for 9.6%, increasing by 1.1 p.p. compared to the same period in 2023.

⁴ 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).



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 - V - 2023	I - V - 2024	Balance	% rate		I - V - 2023	I - V - 2024	Balance	% rate
000 T	52,2	59,3	7,2	13,7	.000 T	483,5	460,3	-23,2	-4,8
EUR mil.	41,5	42,1	0,6	1,4	EUR mil.	353,5	341,1	-12,3	-3,5
\$ mil.	44,8	45,5	0,7	1,7	\$ mil.	381,5	369,1	-12,4	-3,2

*)Previous data

Export of chemical products*)					Import of chemical products*)				
	I - V - 2023	I - V - 2024	Balance	% rate		I - V - 2023	I - V - 2024	Balance	% rate
000 T	32,5	23,0	-9,5	-29,2	.000 T	10,7	13,1	2,4	22,2
EUR mil.	1.058,7	822,2	-236,5	-22,3	EUR mil.	76,0	76,9	0,9	1,2
\$ mil.	1.143,8	889,2	-254,6	-22,3	\$ mil.	82,1	83,1	1,1	1,3

*)Previous data

Export of iron and steel*)					Import of iron and steel*)				
	I - V - 2023	I - V - 2024	Balance	% rate		I - V - 2023	I - V - 2024	Balance	% rate
000 T	301,3	290,3	-11,0	-3,7	.000 T	273,8	269,5	-4,3	-1,6
EUR mil.	261,2	226,8	-34,5	-13,2	EUR mil.	210,5	188,6	-21,9	-10,4
\$ mil.	282,2	245,5	-36,7	-13,0	\$ mil.	227,5	204,2	-23,4	-10,3

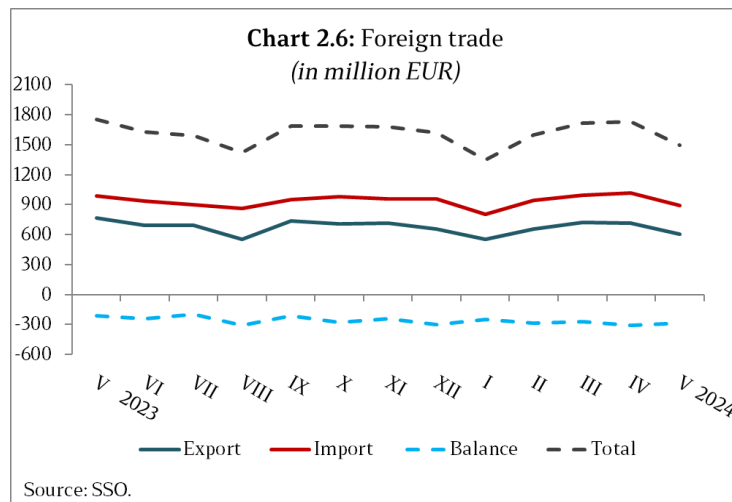
*)Previous data

Trade Balance

In the period January - May 2024, trade deficit increased by 34.1%, i.e. by EUR 355.7 million, compared to the same period last year.

In May 2024, trade deficit increased by 33.2%, i.e. EUR 71.3 million compared to May 2023.

If we analyze the balance of export and import of goods by economic purpose, deficit increase was a result of widening of the deficit of the trade in 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 - May 2024, 88.6% of the trade deficit of the country was realized in the trade with Great Britain, China, and Greece, followed by: Türkiye, Poland, Italy, Serbia, Bulgaria, and others. Surplus was realized in the trade with Germany, Kosovo, Slovakia, the Czech Republic, Belgium, Hungary, and Spain.



Currency Structure

Observed by currency structure, in the period January - May 2024, 92.5% of the trade was realized in euro which compared to the same period in 2023 remained at the same level. On export and import side, euro accounted for 95.4% and 90.5% respectively, whereby share of the euro in export and import increased by 0.1 p.p. each, compared to the period January - May 2023.

import	I - V - 2023					I - V - 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	2,610,9	4,164,472,526	61,6259	256,639,367,452	90,5	2,555,0	4,206,438,382	61,5715	258,996,720,816	90,5	41,965,855	1,0
USD	290,7	434,799,400	57,0737	24,815,610,540	8,7	224,8	426,201,283	56,9005	24,251,066,122	8,5	-8,598,117	-2,0
GBP	0,9	9,153,548	70,0246	640,973,513	0,2	1,4	11,740,939	71,9116	844,309,687	0,3	2,587,391	28,3
EUR+USD+GBP	2,902,5			282,095,951,505	99,2	2,781,1			284,092,096,625	99,3		
tot. import	2,909,3			283,629,097,261	100,0	2,789,7			286,075,668,191	100,0		0,9

Source: SSO and NBRNM

3. FISCAL SECTOR

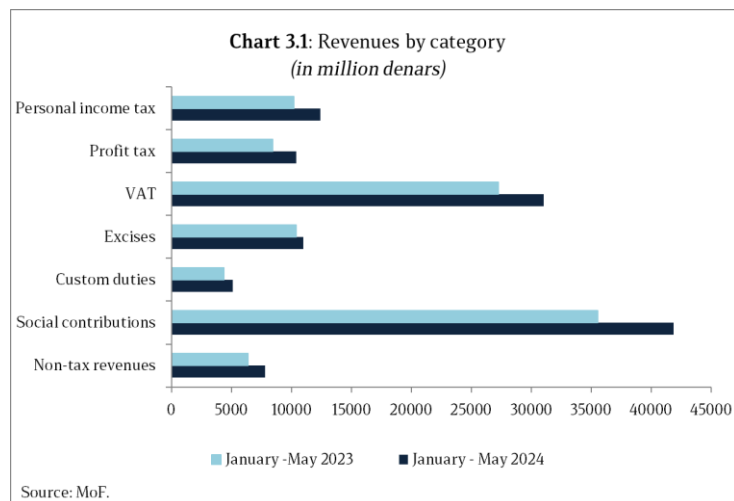
Budget Revenues according to the Economic Classification

In the period January – May 2024, total budget revenues reached an amount of Denar 122,035 million, i.e. 13.2% of GDP, showing higher performance by 11.4% in relation to the same period in 2023. Compared to May last year, budget revenues increased by 6.8%, arising from the positive contribution of tax revenues and contributions of 3.2 p.p. and 3.3 p.p. respectively. Thereby, in May 2024, tax revenues picked up by 5.3% on annual basis, resulting from the higher revenues on the basis of Personal Income Tax, Corporate Income Tax, VAT and other taxes.

The period January – May 2024 recorded a collection of tax revenues in the amount of Denar 70,280 million. Tax revenues were higher by 15.2%, compared to the period January – May 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 44.1% of total tax revenues, the collection of which

amounted to Denar 31,023 million, increasing by 13.8% in relation to the period January – May in the previous year. Thereby, this year VAT collection amounted to Denar 47,667 million on gross basis, out of which Denar 16,644 million was refunded to taxpayers (gross collection was higher by 7.7%, while VAT refund was lower by 2.2% compared to 2023). As for VAT structure, collection of VAT when importing accounted for the most, decreasing by 5.4%, while VAT revenues collected on the basis of sales in the country picked up by 23.8%. Revenues on the basis of excises duties were collected in the amount of Denar 11,003 million (participating with 15.7% in the tax revenues), surging by 5.7% compared to the period January – May 2023. Hence, revenues collected on the basis of these two indirect taxes amounted to Denar 42,026 million, representing 59.8% of total tax revenues in the period January – May 2024.





PIT revenues were collected in the amount of Denar 12,406 million, increasing by 21.2% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 63.1%, capital revenues accounted for 9.4%, 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 6.5%, and revenues on the basis of other types of income tax accounted for 12.7%.

In the period January – May 2024, Corporate Income Tax revenues amounted to Denar 10,412 million, increasing by 23.5% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 11.0%, and tax balances by 40.2%.

Revenues on the basis of customs duties were collected in the amount of Denar 5,102 million, increasing by 16.0%. Collection of revenues on the basis of other taxes, amounting to Denar 334 million, grew by 18.0% compared to same period last year.

Revenues on the basis of social contributions were collected in the amount of Denar 41,894 million, which was higher by 17.8% compared to last year. Thereby, collection of pension and disability insurance contributions surged by 17.7%, while collection of employment contributions was higher by 17.7%, with health insurance contributions growing by 17.9%.

Non-tax revenues were collected in the amount of Denar 7,799 million and, in relation to January – May 2023, they were higher by 22.0% (these revenues include revenues on the basis of profit generated by the public institutions, revenues collected on the basis of administrative fees and fines, concessions, etc.).

Capital revenues collected on the basis of sale of construction land, flats and dividends reached Denar 313 million, decreasing by 2.8% compared to last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 1,044 million, being reduced by 81.7% compared to the same period in 2023.

Budget Expenditures according to the Economic Classification

Total budget expenditures amounted to Denar 142,580 million in the period January – May 2024, i.e. they accounted for 15.5% of GDP, being higher by 14.5% compared to the same period in the previous year. Compared to May last year, budget expenditures surged by 20.3%, being a result of the increase in current expenditures by 17.6%, as well as the higher capital costs by 39.7%.

With respect to the structure of total executed expenditures, in the period January – May 2024, current expenditures, amounting to Denar 130,293 million, accounted for 91.4% and they increased by 20.4% in relation to the period January – May 2023.

Expenditures related to wages and allowances were executed in the amount of Denar 17,415 million, increasing by 23.7% in relation to the same period previous year, accounting for 12.2% of the total budget expenditures.

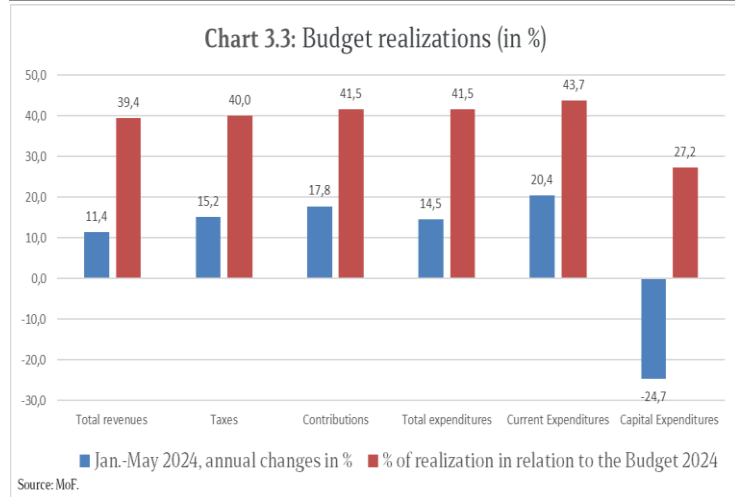
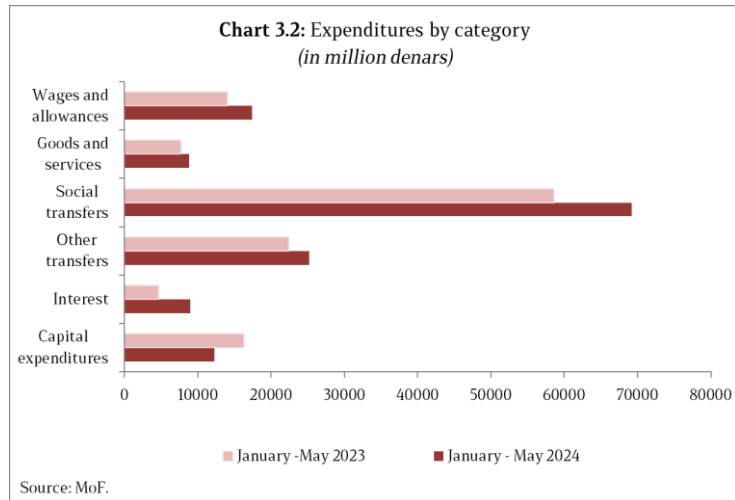
Expenditures related to goods and services amounted to Denar 8,848 million, increasing by 15.2% compared to the period January – May 2023.

Funds allocated for transfers amounting to Denar 95,052 million accounted for the most in the current expenditure items. Transfers increased by 16.2% compared to the period January – May 2023, participating with 66.7% in the total expenditures.



As regards transfers, social transfers grew by 18.0%, amounting to Denar 69,200 million, accounting for 48.5% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 43,758 million, increasing by 20.9% compared to January – May 2023. Transfer share accounted for 30.7% of total expenditures. Category other transfers increased by 12.6%, whereby subsidies and transfers amounted to Denar 12,974 million, increasing by 13.8%. Block grants to local self-government units, amounting to Denar 10,618 million, grew by 11.9% compared to the same period previous year.

During the analyzed period, funds for capital expenditures were executed in the amount of Denar 12,287 million, participating with 8.6% in the total expenditures, thereby recording lower execution by 24.7% compared to the period January – May 2023.



Expenditures by Budget Users

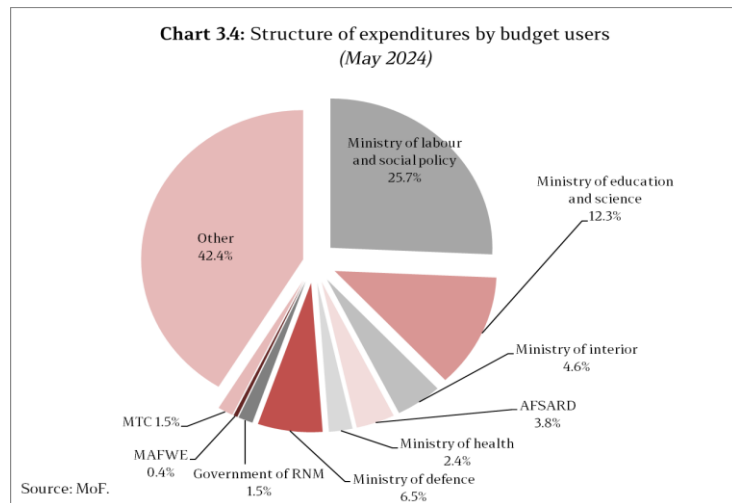
Review of budget expenditures for the largest budget users is given below.

In the period January – May 2024, Ministry of Labour and Social Policy executed funds in the amount of Denar 33,237 million or 56.6% of its total budget for the current year. Thereby, most of the expenditures (72.9%) were allocated for current transfers to extra-budgetary funds, for which Denar 24,245 million was spent, i.e. 61.9% of the funds allocated for 2024. The second highest expenditure category were the social benefits, participating with 18.6% in the total expenditures, whereby 45.5% (Denar 6,196 million) of the projected funds was spent for this purpose in 2024.

During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 15,949 million, representing 42.4% of its total 2024 Budget. Current transfers to LGUs accounted for the most of the expenditures (56.2%), Denar 8,957 million being spent therefore or 41.8% of total projected funds. Wages and allowances category was the second highest expenditure item, accounting for 18.8%, for which an amount of Denar 2,998 million, accounting for 45.5%, being executed out of total projected funds.



In the period January – May 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 5,971 million, accounting for 45.8% of its 2024 budget. Wages and allowances was the highest expenditure category, participating with 66.6%, Denar 3,976 million being spent therefore, accounting for 43.4% of the projected ones. Second highest category was Goods and services, accounting for 18.5%. Amount of Denar 1,104 million were being spent therefore, accounting for 51.1% of the annual projections.



During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 4,975 million, accounting for 59.3% of the funds projected for the current year. As for subsidies and transfers, accounting as high as 93.9% of the total expenditures, 67.5%, with Denar 4,673 million of the funds planned for the whole year, being spent therefore.

In the period January – May 2024, Ministry of Defence executed budget funds in the amount of Denar 8,636 million, accounting for 41.5% of this year's total budget. Capital expenditures accounted for the most with 47.2%, Denar 3,950 million being spent therefore (accounting for 62.2% of the total funds projected for the current year). Wages and allowances accounted for 28.7% of total expenditures, Denar 2,401 million being spent therefore during the analyzed period, accounting for 41.1% of the total projected funds.

Government of the Republic of North Macedonia spent total of Denar 1,915 million, i.e. 36.9% of the funds projected for 2024, in the period January – May 2024. Thereby, subsidies and transfers accounted for 58.9% of total expenditures of this budget user, Denar 1.128 million (34.9% of the projected funds) being spent therefore.

During the analyzed period, Ministry of Health executed budget funds in the amount of Denar 3,043 million, accounting for 39.7% of the total 2024 Budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 50.8%, for which Denar 1,547 million were spent or 44.2% of the funds projected for 2024. Second highest item was Goods and services, Denar 1,128 million (35.7% of the projections for the year) being spent therefore, accounting for 37.1% of total expenditures.

In the period January – May 2024, Ministry of Transport and Communications executed funds in the amount of Denar 1,992 million, i.e. 9.8% of the total budget for the current year. Execution of capital expenditures, as the main item, accounted for 78.4% of the total spent funds of this budget user (Denar 1,561 million or 8.1% of total projected funds).

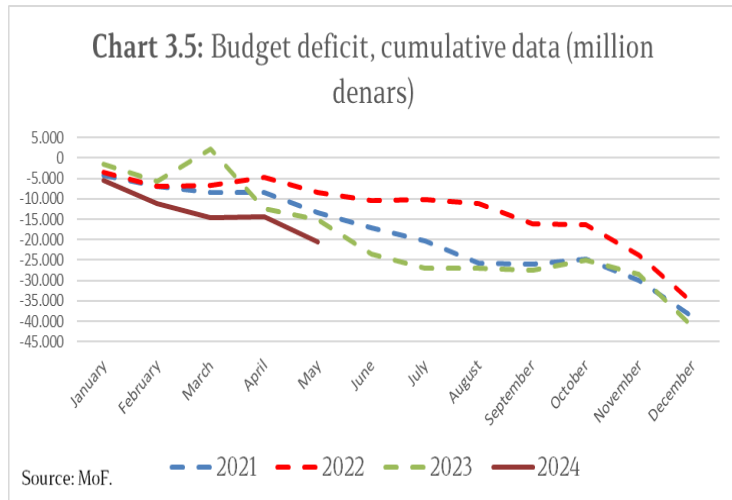
During this period, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 515 million, accounting for 29.9% of the funds projected for 2024. Wages and allowances (Denar 257 million) was, by far, the highest item in the total expenditures of this budget user, accounting for 50.0% of its total expenditures, with 43.3% of the projected expenditures, being executed. As regards expenditures related to goods and services, they accounted for 25.3% of the total expenditures, Denar 130 million being spent therefore, accounting for 41.1% 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

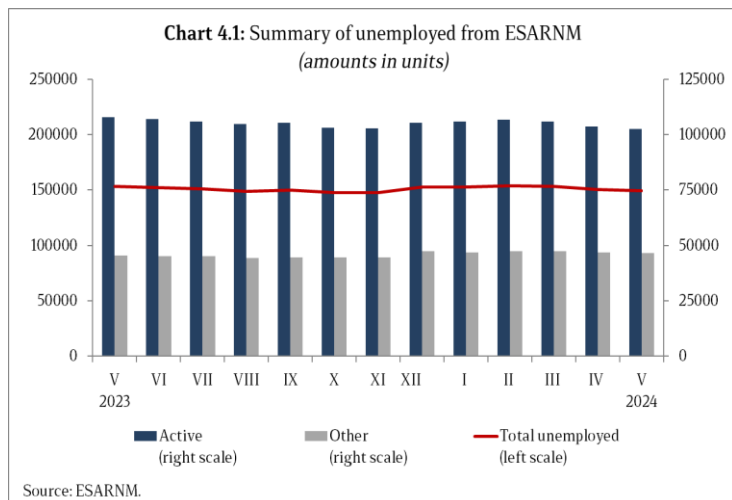
In the period January – May 2024, state budget deficit reached the amount of Denar 20,545 million, accounting for 2.2% of GDP, while central budget deficit amounted to Denar 25,750 million and accounted for 2.8% of GDP. Budget deficit in the period January – May 2024 accounted for 61.3% of total budget deficit projected for this year.



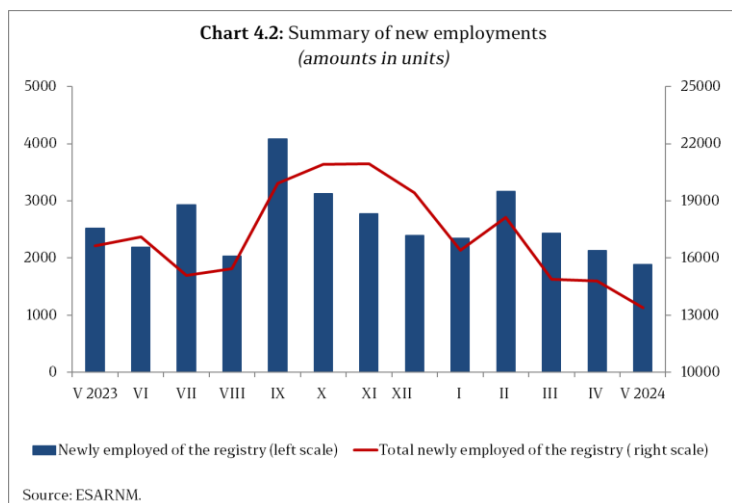
4. SOCIAL SECTOR

Newly Employed and Registered Unemployed Persons in the Employment Service Agency

In the first five months of 2024, Employment Service Agency registered total of 77,587 new employments. Total number of newly employed persons decreased by 4.4% 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, due to 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, 42.3% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In May 2024, 14.1% out of the total number of newly employed persons was from the unemployed records.



Total number of unemployed persons in May 2024 was 149,187, 102,523 persons out of which were active job seekers, while 46,664 persons were from the category “other unemployed”. On annual basis, total number of unemployed persons decreased by 2.6%, whereas, starting from May 2021, it recorded a continuous annual reduction.



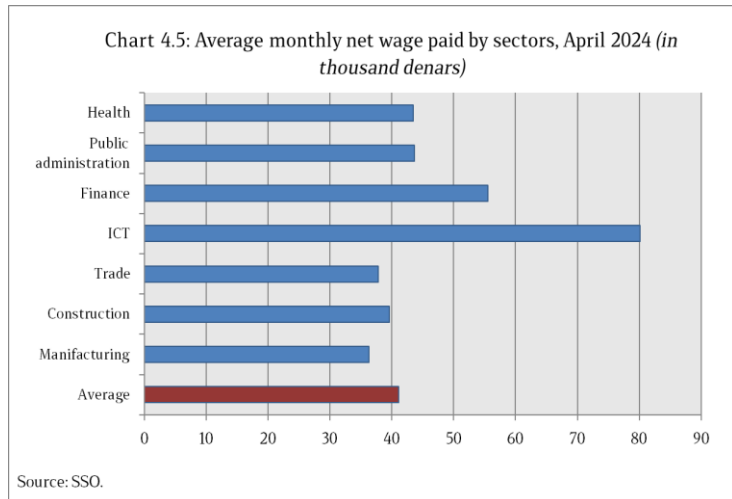
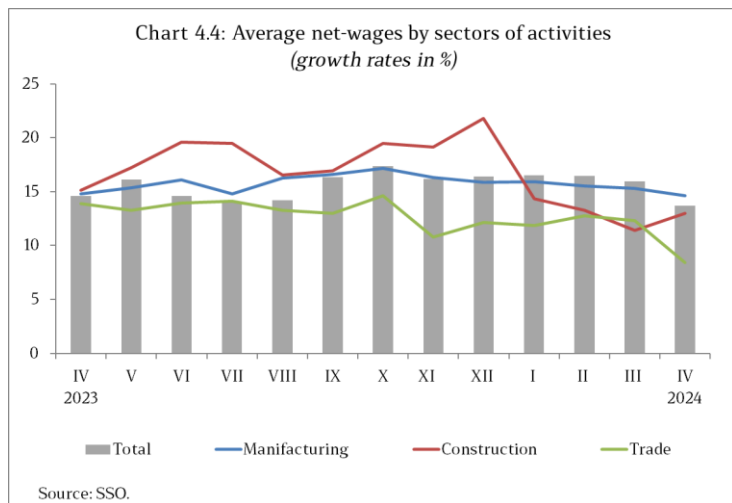
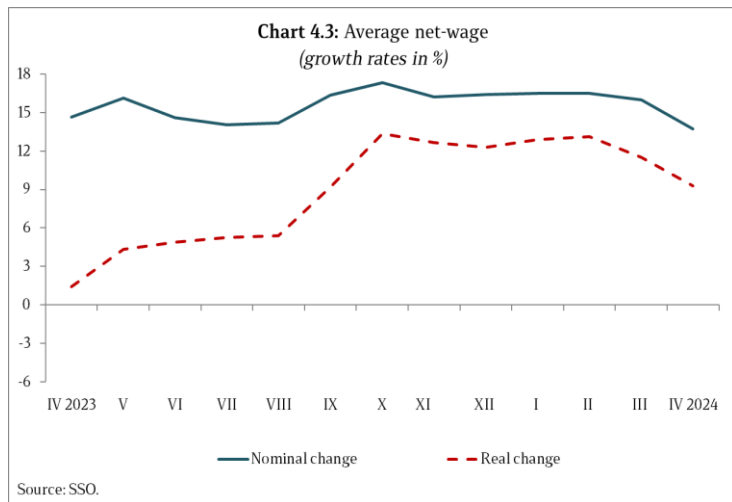
Number of unemployed persons decreased by 1,335 people compared to April 2024. Number of unemployed persons throughout 2020 until February 2021 was generally on the rise, while starting March 2021, a monthly downward trend was recorded.

Urban residents accounted the most (with 59.0%) among the active unemployed persons, whereas with respect to gender, men accounted for 48.4%. Analyzed by the level of education, majority, i.e. 68.3%, of the unemployed persons were with incomplete secondary education or less, 24.3% were with completed secondary education, while 7.4% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, 50.1% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 59.0% of the unemployed persons wait for employment from 1 to 7 years, while 12.8% wait for employment for 8 years or more.

Wages

In April 2024, average net wage amounted to Denar 41,085, in nominal terms, being higher by 13.7% on annual basis, and being higher by 1.5% compared to March 2024. The highest increase of average net wage, in relation to April 2023, was observed at the following sectors: Education (21.8%), Agriculture, forestry and fishing (18.6%) and Information and communications (18.0%). In April 2024, wages increased by 9.3% in real terms on annual basis. Highest average net wage in April 2024 was paid in the sector Information and communications (Denar 80,136), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 97,384), followed by Financial and insurance activities with Denar 55,487, Electricity, gas, steam and air conditioning supply sector with Denar 52,825, and Mining and quarrying with average net wage in the amount of Denar 49,784. Average nominal gross wage in April 2024 amounted to Denar 61,703 and compared to the same month in 2023, increased by 13.9%, being higher by 1.5% on monthly basis. The highest





increase of average gross wage in April 2024, compared to April 2023, was recorded in the following sectors: Education (22.2%), Agriculture, forestry and fishing (19.0%) and Public administration and defence; compulsory social insurance (17.7%).

Pensions

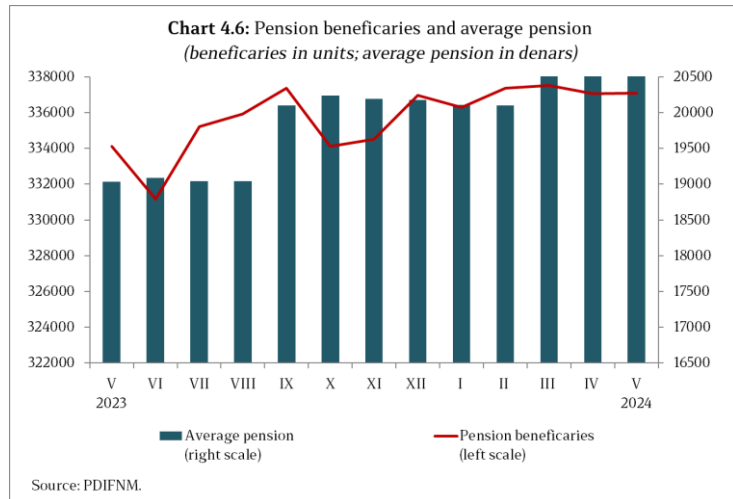
In May 2024, Pension and Disability Insurance Fund registered 337,078 pensioners. As regards the total number of pensioners, 70.4% are beneficiaries of old-age pension, 21.9% of survivor pension and 7.7% of disability pension.

Average pension in May 2024 amounted to Denar 21,269, being higher by 11.8% compared to the same month in 2023⁵. Increase in pensions was, 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 April 2024 (the most recent available data) was 51.8%.

In May 2024, average old-age pension amounted to Denar 22,937, average disability pension amounted to Denar 18,866, while average survival pension amounted to Denar 16,753. This month, Denar 7,108 million was spent for payment of pensions, accounting for 51.6% of the total social transfers.



5. MONETARY AND FINANCIAL SECTOR

In May 2024, National Bank kept the policy rate at 6.30%, remaining constant since September 2023. Having increased the policy rate in several turns in the previous period, the National Bank has kept the rate constant, due to the need for stabilization of inflation and inflation expectations on a more permanent basis.

In May 2024, the National Bank kept the available overnight and seven-days deposits at 4.20% and 4.25%, respectively.

⁵ При пресметката на просечната пензија, не се вклучени воените и земјоделските пензии.



Primary Money

In May 2024, primary money⁶ reduced by 7.2% on monthly basis. Drop of primary money was a result of decrease of total liquid assets of banks by 14.3%, while currency in circulation dropped by 0.2%.

On annual basis, primary money remained almost unchanged (growth of 0.1%). In May 2024, total liquid assets decreased by 9.7%, while money in circulation increased by 10.3% on annual basis.

Deposit Potential⁷

In May 2024, total deposits of banks grew by 0.8% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of households remained unchanged, while deposits of private enterprises increased by 2.4%.

Analyzed by currency, in May 2024, compared to the previous month, Denar deposits and foreign currency deposits surged by 0.9% and 0.7%, respectively.

Total deposit potential in May 2024 grew by 8.2% on annual basis. Analyzed by currency, domestic currency deposits and foreign currency deposits surged by 11.4% and 4.2%, respectively on annual basis.

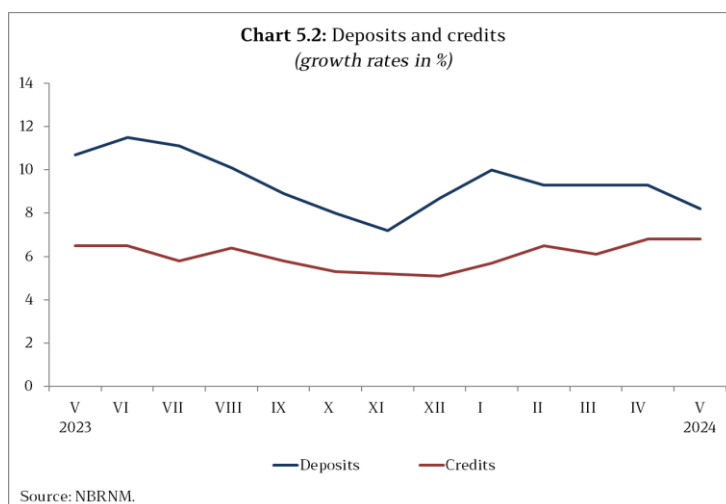
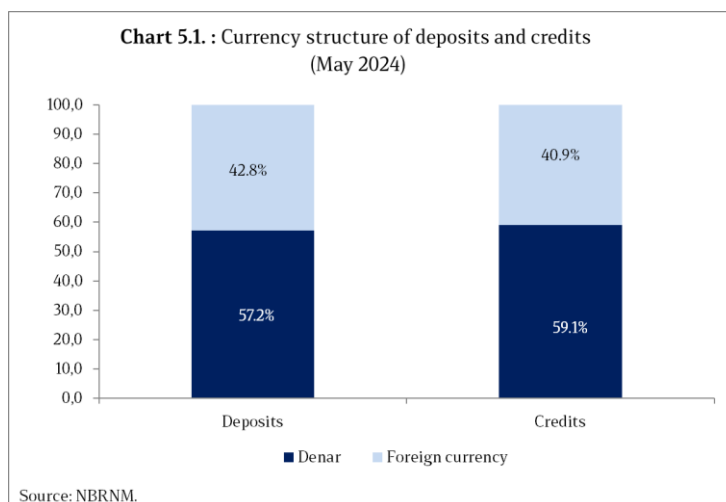
From sectoral point of view, deposits of enterprises grew by 5.0%, and deposits of households increased by 10.2% on annual basis.

Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (May 2024)	In Denar million	Monthly change	Annual change
Deposit Potential	542,765	0.8%	8.2%

⁶Primary 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.

⁷NBRNM 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>	310,680	0.9%	11.4%
<i>Foreign currency</i>	232,085	0.7%	4.2%
By maturity:			
<i>Short-term</i>	215,076	0.6%	0.5%
<i>Long-term</i>	129,202	2.1%	22.9%
Credits to private sector			
	458,708	0.9%	6.8%
By currency:			
<i>Denar</i>	270,941	1.9%	10.6%
<i>Foreign currency</i>	187,767	-0.5%	1.7%
By maturity:			
<i>Short-term</i>	68,425	1.1%	0.2%
<i>Long-term</i>	373,867	0.8%	7.9%

Source: NBRNM

According to maturity, short-term deposits surged by 0.6%, while long-term deposits grew by 22.9%, on annual basis.

Currency structure of deposits kept being stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 57.2%, being increased this month.

Bank Credits

In May 2024, total credits of banks to the private sector surged by 0.9% on monthly basis, as a result of the growth of both credits to households by 1.0%, and credits to enterprises by 0.8%.

Analyzed by currency, Denar credits picked up by 1.9%, while foreign currency credits decreased by 0.5% on monthly basis.

On annual basis, in May 2024 total credits grew by 6.8%, in conditions of growth of both credits to enterprises and credits to households of 6.4% and of 7.0%, respectively. Denar credits surged by 10.6%, while foreign currency credits grew by 1.7%.

As regards maturity, long-term credits experienced annual growth of 7.9% and short-term credits picked up by 0.2%.

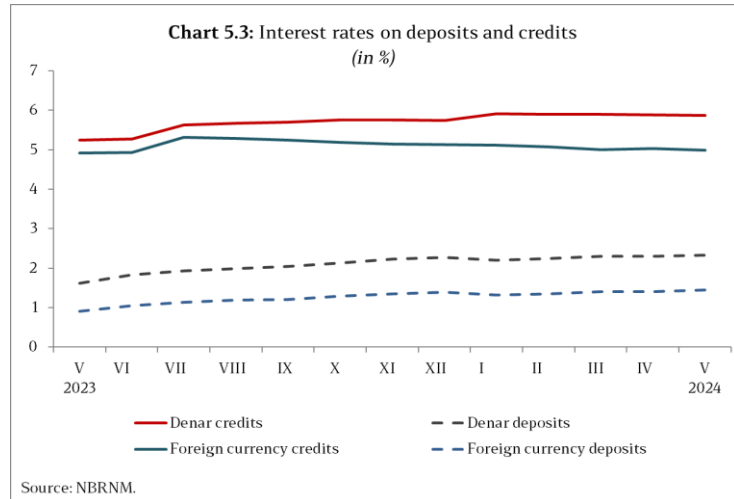


Interest Rates of Deposit Banks

In May 2024, total interest rate on credits dropped by 0.02 p.p. compared to the previous month, accounting for 5.49%. Interest rate on Denar credits dropped by 0.02 p.p., accounting for 5.87%, while interest rate on foreign currency credits decreased by 0.04 p.p. on monthly basis, accounting for 4.99%.

Total interest rate on deposits grew by 0.04 p.p. in May 2024, compared to last month, accounting for 1.86%. Interest rate on Denar deposits increased by 0.03 p.p., accounting for 2.33%, while interest rate on foreign currency deposits grew by 0.05 p.p., accounting for 1.45%.

Interest rate on newly granted Denar credits accounted for 5.43%, while interest rate on newly approved foreign currency credits accounted for 4.28%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.72% and 2.00%, respectively.

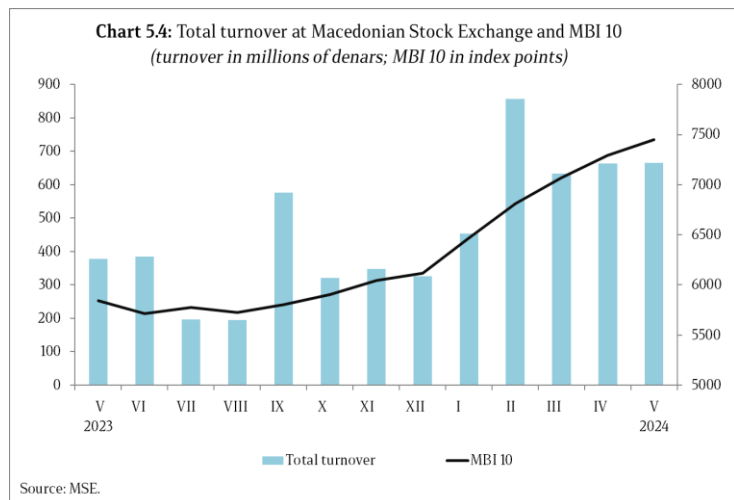


Capital Market

As for the capital market, in May 2024, total turnover on the stock exchange surged by 0.3% on monthly basis, as a result of the increase of turnover from classical trading in BEST by 9.0%, and decrease of turnover from block transactions by 11.5%.

Total turnover on the stock exchange amounted to Denar 664.9 million in May 2024, increasing by 75.6% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 7,447.49 index points at the end of May 2024, whereby the index grew by 2.2% on monthly basis, while, compared to the same month last year, the index was higher by 27.5%.



Reserve Assets

At the end of May 2024, gross reserve amounted to EUR 4,293.6 million, being lower by 0.8% compared to the previous month and higher by 2.8% compared to May 2023.