



SHORT-TERM ECONOMIC TRENDS



August 2024



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SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

August 2024

- In August 2024, industrial production recorded a drop by 1.6% compared to the same month previous year.
- In August 2024, industrial producer prices on the domestic market were higher by 4.1% compared to the same month last year.
- In August 2024, the industrial turnover, compared to August 2023, recorded a drop by 8.9%.
- Inflation rate in August 2024 accounted for 2.2% on annual basis, recording a slowdown growth (3.0% in July 2024). Inflation recorded growth of 0.5% on monthly basis.
- In the period January – August 2024, export recorded a drop of 5.7%, while import grew by 0.6%, resulting in increase of the trade deficit by 19.7% compared to the same period in 2023.
- In the period January – August 2024, execution of total budget revenues of the Republic of North Macedonia's budget amounted to Denar 197,543 million, accounting for 62.1% of the 2024 projections, i.e. increase of 12.4% compared to executed budget revenues compared to the same period in 2023.
- Total budget expenditures were executed in the amount of Denar 221,153 million in the period January – August 2024, accounting for 61.0% of the annual projections, i.e. an increase of 9.0% compared to same period of 2023.
- Total credits of banks in August 2024 grew by 7.5% compared to August 2023, while total deposit potential of banks surged by 9.1%.



1. REAL SECTOR

Industrial Production

Industrial production dropped by 1.6% in August 2024 compared to the same month last year. Decline was due to decreased production in the following sectors: Mining and quarrying recording a drop of 18.4%, Electricity, gas, steam and air-conditioning supply a drop by 4.6%, while Manufacturing recording an increase by 1.3%.

Increase in production in August 2024 compared to August 2023 was registered only at 12 out of total of 27 industrial branches, comprising 38.7% in the total industry.

As for branches with higher value added, increase in August 2024 was observed at the following branches: Manufacture of motor vehicles, trailers and semi-trailers by 38.7% and contribution of 5.1 p.p., Manufacture of electrical equipment by 10.9% and contribution of 0.6 p.p., Manufacture of machinery and equipment by 29.3% and contribution of 1.9 p.p., while Production of metals recorded a drop by 27.5% and contribution of -1.2 p.p..

Traditional branches in August 2024 recorded increase in manufacture throughout the following branches: Manufacture of textile by 8.8% and contribution of 0.4 percentage points, Manufacture of tobacco goods by 66.1% and contribution of 0.8%

percentage points, Manufacture of wood and wood and cork products by 12.2% and contribution of 0.1 percentage points, while decrease of production was recorded with the branches: Manufacture of leather by 28.1% with contribution of -1.8 percentage points, Food industry by 0.3% with contribution of 0.0 percentage points and Manufacture of beverages by 5,6% and contribution of -0.2 percentage points, and Manufacture of wearing apparel by 19.3% with contribution of 0.1 percentage points.

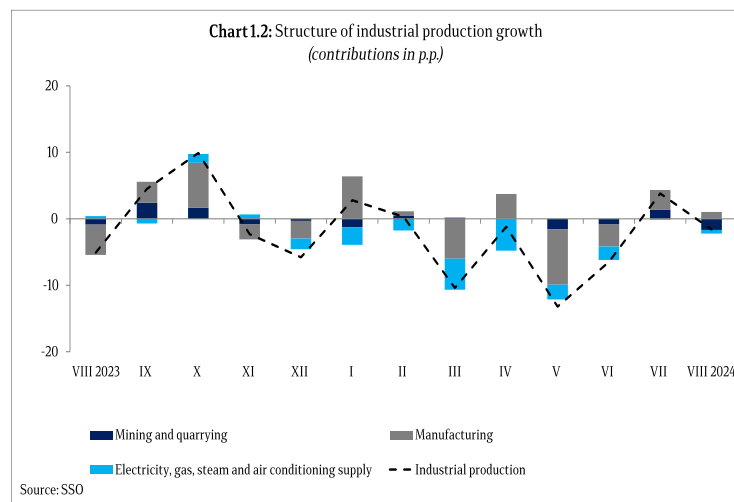
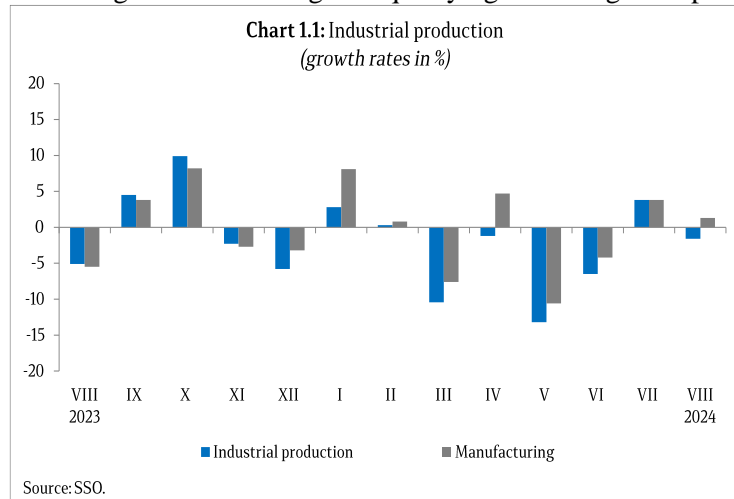
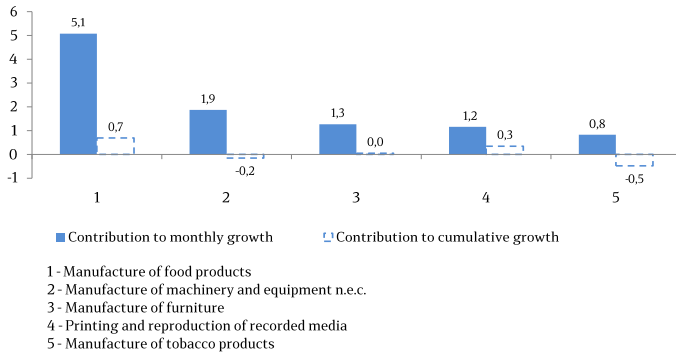


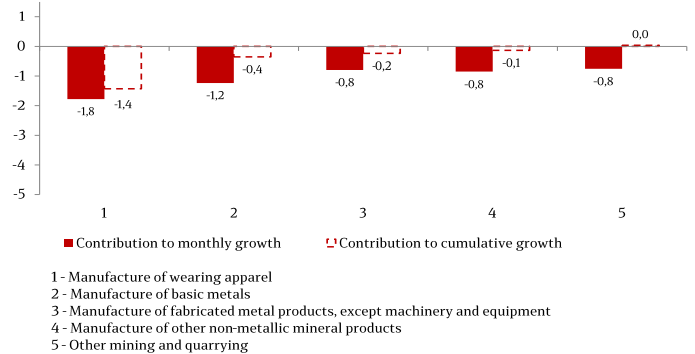


Chart 1.3a: Branches with positive contribution to growth
(growth rates in %, August 2024)



Source: SSO

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



Source: SSO

Industrial production with respect to purpose of production units in August 2024 compared to respective month in 2023 decreased in the following groups: Energy (drop by 8.7% and contribution of -1.1 p.p.), Intermediary goods, except energy (drop by 14.6% and contribution of -4.4 p.p.), Non-durable consumer goods (dropping by 5.0% and contribution of -1.5 p.p.), whereas production increased in the groups as follows: Capital goods (increasing by 28.7% and contribution of 6.6 p.p.) and Durable consumer goods (growing by 34.0% and contribution of 1.2 p.p.). On cumulative basis, in the period January – August 2024, industry decreased by 3.6% as a result of the decreased production throughout all sectors, as follows: Mining and quarrying by 5.0% (contribution of -0.4 p.p.), Manufacturing by 1.1% (contribution of -0.9 p.p.) and Electricity, gas, steam and air conditioning supply by 20.5% (contribution of -2.5 p.p.).

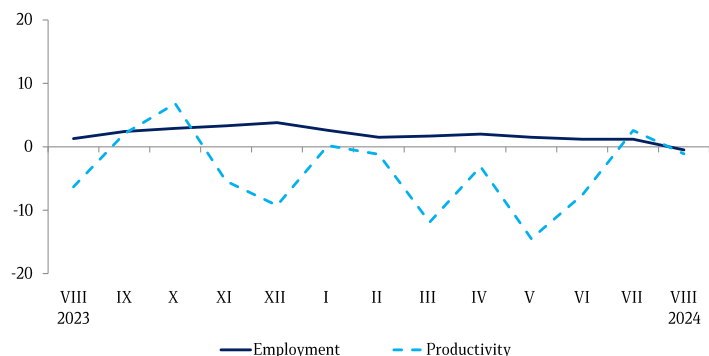
As per the purpose of production units, in the period January - August 2024, growth was seen at the following groups: Capital goods (by 1.3%) and Durable consumer goods (by 5.6%), while drop was seen at the following branches: Energy (by 19.7%), Intermediary goods except energy (by 2.1), and Consumer non-durables (by 3.6%).

Number of Employees in the Industry

In August 2024, number of employees in the industry decreased by 0.5% compared to the same month in the previous year. Drop was due to decreased number of employees in the Manufacturing sector by 0.9%, whereas growth was recorded at Mining and Quarrying by 4.8% and Electricity, gas, steam and air-conditioning supply by 1.3%. Increase in the number of workers was seen at the following branches: Manufacture of machinery and equipment, n.e.c. by 29.0%, Manufacture of beverages by 14.7%, Manufacture of beverages by 14.7% and Coal and lignite quarrying by 12.1%.

In August 2024, data on number of employees in the industry by target groups compared to the same month

Chart 1.4: Employment and productivity in industry
(growth rates in %)



Source: SSO; calculations by MF.



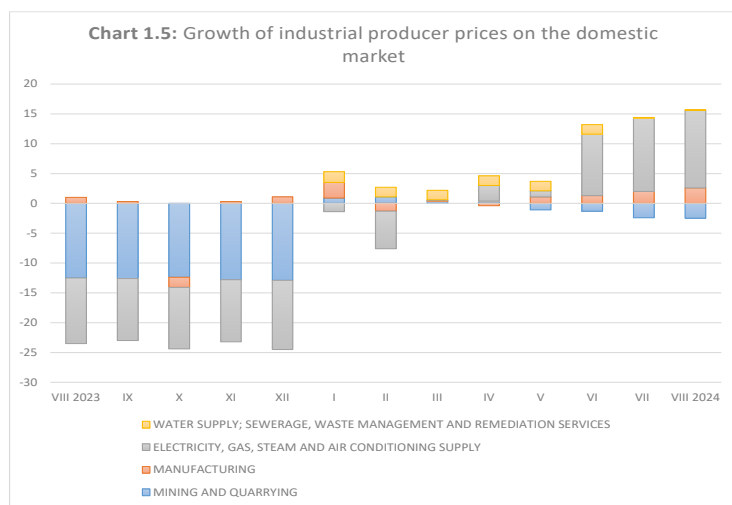
last year showed increase of number of employees at the following groups: Energy by 4.7%, Capital goods by 10.5% and Durable consumer goods by 21.3%.

Data on cumulative basis demonstrate the number of employees in industry between January and August 2024 recorded growth of 1.4% due to the increased number throughout all sectors: Mining and quarrying by 5.2%, Manufacturing by 1.2% and Electricity, gas, steam and air-conditioning supply by 0.9%.

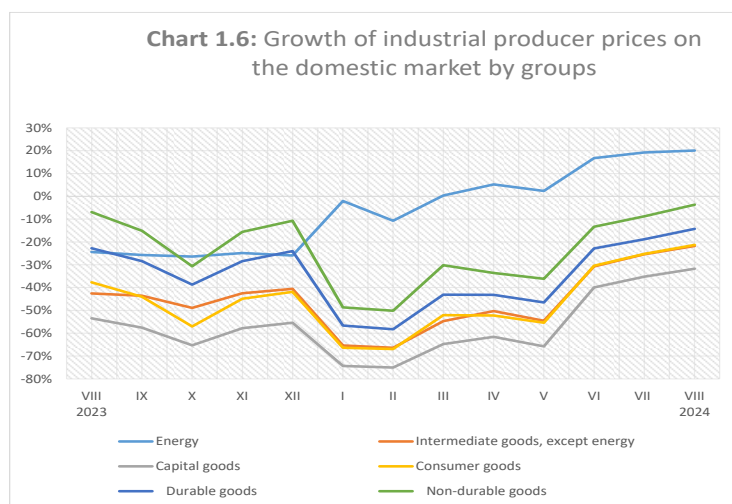
As regards target groups, number of employees in the industry in the period January - August 2024 increased in the sectors as follows: Energy by 4.5%, Capital goods by 15.6%, and Consumer durables of 12.9%.

Industrial producer prices on the domestic market

In August 2024, industrial producer prices on the domestic market were higher by 4.1% compared to the same month last year. The rise of prices in August 2024 compared to August 2023 was due to increased prices throughout the sectors: Manufacturing by 2.6%, Electricity, gas, steam and air-conditioning supply by 13.0% and Water supply; Sewerage, waste management and remediation activities by 4.5%, whereas in the sector Mining and quarrying the sale prices decreased by 2.5%.



In August 2024 compared to the respective month in 2023, industrial producer prices on the domestic market were higher in the groups: Energy by 12.1%, Consumer durables by 6.3% and Consumer non-durables by 6.4%.



In the period between January and August 2024 compared to the same period last year, sale prices of industrial product producers on the domestic market were higher by 0.9% on cumulative basis, due to increased prices throughout the following sectors: Manufacturing by 0.3%, Electricity, gas, steam and air-conditioning supply by 3.9% and Water supply; Sewerage, waste management and remediation activities by 2.4%, whereas in the sector Mining and quarrying the sale prices decreased by 0.6%.

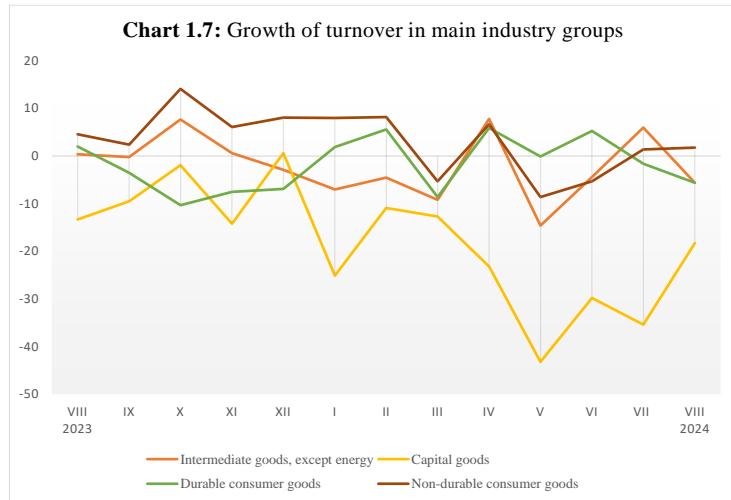
In the period between January and August 2024 compared to the same period in 2023, the sale prices of industrial product producers on the domestic market were higher in the groups as follows: Energy by 3.7%, Consumer goods by 5.2%, Consumer durables by 4.3% and Consumer non-durables by 5.3%.



Index in industrial turnover

In August 2024, the industrial turnover, compared to August 2023, recorded a drop by 8.9% as per the State Statistical Office’s data. Decline in August 2024 compared to the same month last year was due to decreased manufacture in the following sectors: Mining and quarrying by 0.5% and Manufacturing by 9.3%.

The industrial turnover increased only in the Consumer non-durables by 1.8% in the month of August 2024 compared to the respective month in 2023.



Branches with highest turnover growth in the industry in August 2023 compared to the same month last year were the following:

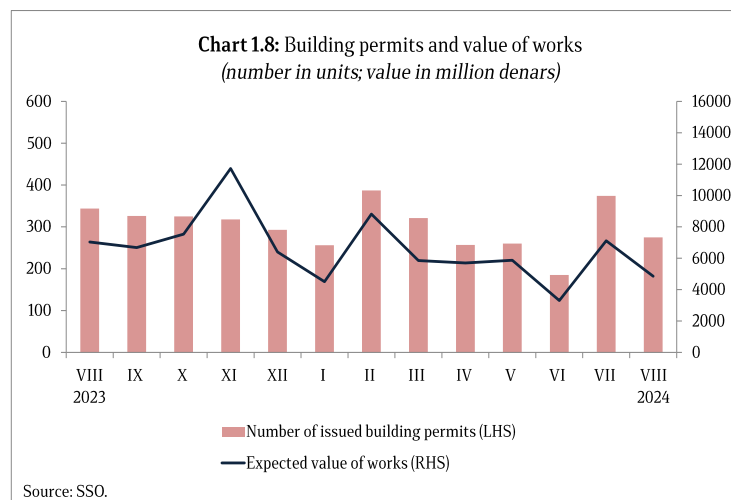
- Manufacture of other transport equipment (recording growth of 86.5%);
- Manufacture of tobacco products (recording growth of 23.2%);
- Manufacture of electrical equipment (surging by 18.3%).

On cumulative basis, in the period between January and August 2024, compared to the same period last year, turnover in industry recorded a drop by 12.8%, due to decline in turnover in both sectors, where the turnover in the Mining and quarrying sector and Manufacturing sector recorded a drop of 1.5% and 13.2%, respectively.

In the period between January and August 2024, compared to the same period in 2023, industrial turnover increased in the groups: Durable consumer goods by 0.1% and Non-durable consumer goods by 0.3%.

Number of Issued Building Permits and Expected Value of Constructions

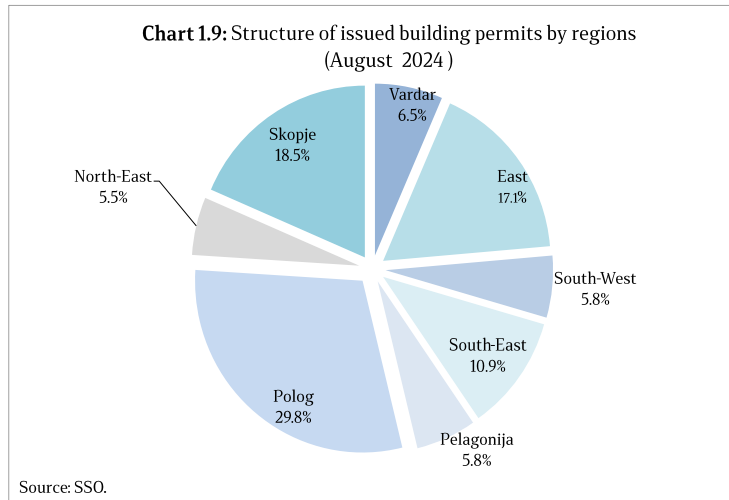
In August 2024, 275 building permits were issued, declining by 20.1% compared to the same month in 2023. This was due to the annual drop of issued building permits pertaining to buildings by 1.5% (participating with 23.6% in the total number of issued building permits) whereas at reconstruction facilities it recorded increase by 5.1%. Compared to July 2024, number of issued building permits dropped by 26.5%. Expected value of works, according to the issued building permits in August 2024, dropped by 31.1% on annual basis, while compared to the previous month, it decreased by 31.9%. Analyzed by types of constructions, out of the total number of issued building permits, 165 (or 60.0%) were intended for buildings, 45 (or 16.4%) for civil engineering structures and 65 (or 23.6%) for reconstruction.





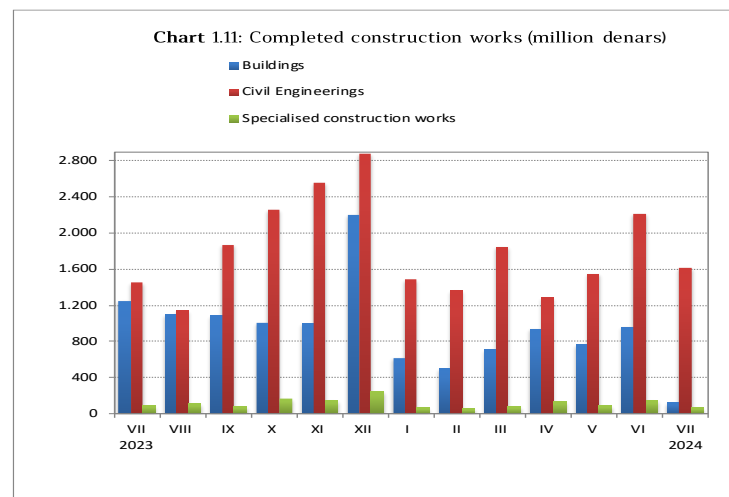
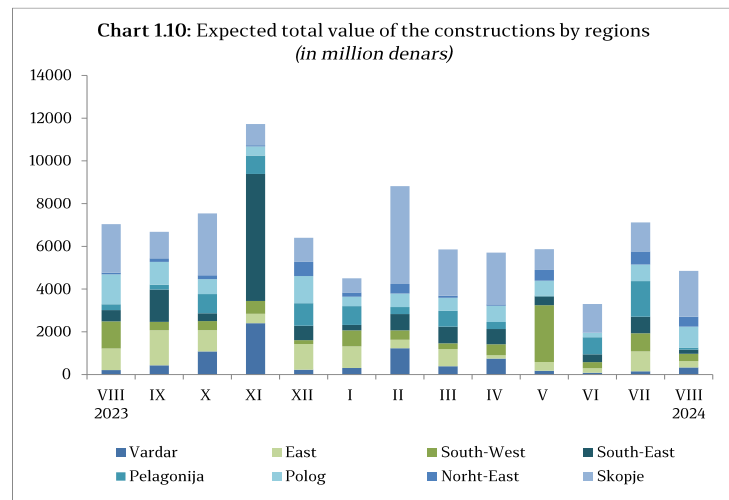
Analyzed by types of investors, out of total 275 issued building permits, individuals were investors in 167 facilities (or 60.7%), while business entities were investors in 108 facilities (or 39.3%).

In August 2023, construction of 531 flats was envisaged, with total usable area of 52,648 m². Number of flats envisaged for construction declined by 34.3% on monthly basis and 43.7% on annual basis.



Number of Completed Construction Works by Types of Constructions

Total value of performed construction works in July 2024 amounted to Denar 2,796 million, representing an annual growth of 0.5% in nominal terms, whereby civil engineering structure grew by 11.2%, while specialized construction works and buildings dropped by 26.3% and 10.1%, respectively. Compared to June 2024, total value of completed construction works dropped by 15.4%, by 27.0% as regards civil engineering structures and by 56.2% at specialized construction works, while increasing by 17.2% as regards buildings. In cumulative terms, in the period January – July 2024, value of performed construction works amounted to Denar 17,579 million, being higher by 6.2% compared to the same period last year.



Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 11,348 million were completed in the first seven months this year, i.e. 28.0% higher compared to the same period last year. During this period the value of completed building construction works decreased by 21.9%, amounting to Denar 5,605 million, whereas the value of completed specialised construction works amounted to Denar 625 million, higher by 25.7% as compared to the same period last year.

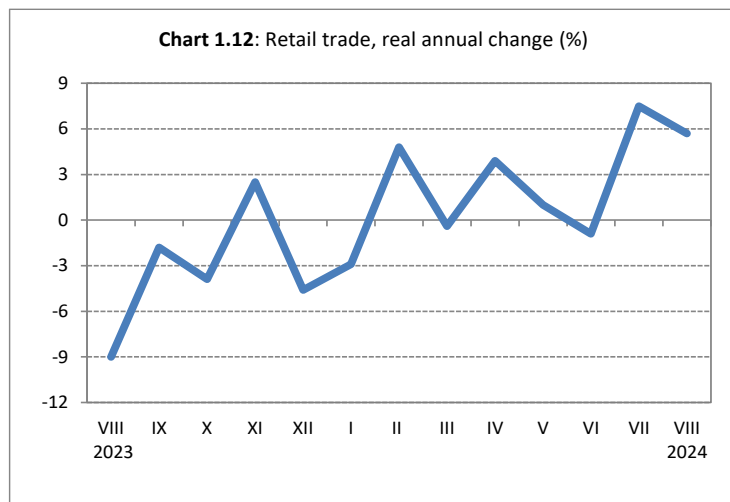


In real terms, in the period January - July 2024, value of completed construction works increased by 13.5%, with civil engineering structures (36.8%) and specialised construction (34.3%) recording growth, while recording a drop with buildings (16.6%).

Trade Sector Turnover

In August 2024, data on internal trade demonstrated nominal annual increase in the turnover by 4.4%, following the 9.5% growth in July. In August 2024, value of turnover amounted to Denar 69,225, whereby in cumulative terms, in the period January - August 2024, value of total turnover in the trade amounted to Denar 526,092 million, being by 4.8% higher compared to the same month last year.

In the period January - August 2024, in cumulative terms, positive growth in turnover was also seen at the sectors: Wholesale trade, which turnover value amounted to Denar 286,597 million, i.e. higher by 6.3% compared to the same month last year, Retail trade, which turnover value amounted to Denar 208,854 million, being 3.6% higher compared to the same period in 2023, whereas drop was recorded at Trade in motor vehicles and repair, which turnover value amounted amounting to Denar 30,641 million, being lower by 1.2% compared to the same month last year.



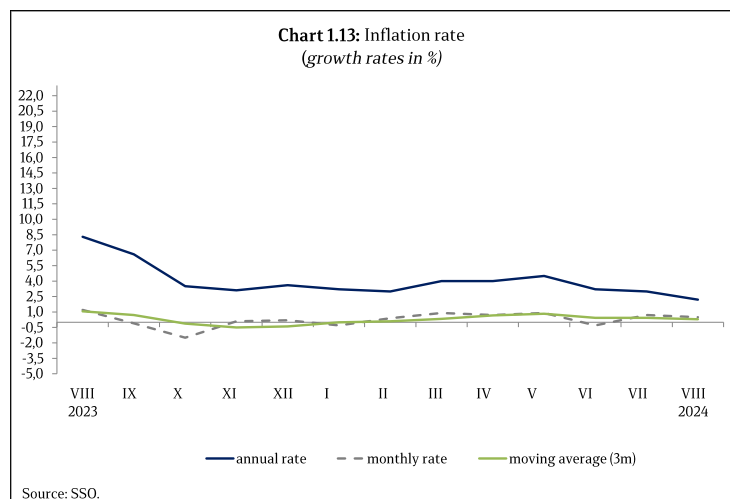
In real terms, retail trade in August 2024 recorded annual increase by 5.7%, while analyzed by groups and classes, increase was seen throughout all groups: Retail trade in non-food products by 2.3%, Retail trade in food products, beverages and tobacco by 10.8%, and Retail trade in automotive fuels by 3.6%.

In August 2024, Wholesale trade (53.5%) accounted for the most in the Trade sector, followed by Retail trade (41.0%) and Trade in motor vehicles and motorcycles, repair and their maintenance (5.5%).

Inflation

Inflation rate in August 2024 accounted for 2.2% on annual basis, recording a slowdown growth (3.0% in July 2024). Inflation rate was primarily due to base component, with the service sector experiencing highest price increase, while the food component recorded a slowdown growth. Average inflation rate in the period January – August accounted for 3.4%.

Core inflation (inflation, wherefrom the impact of prices of food and



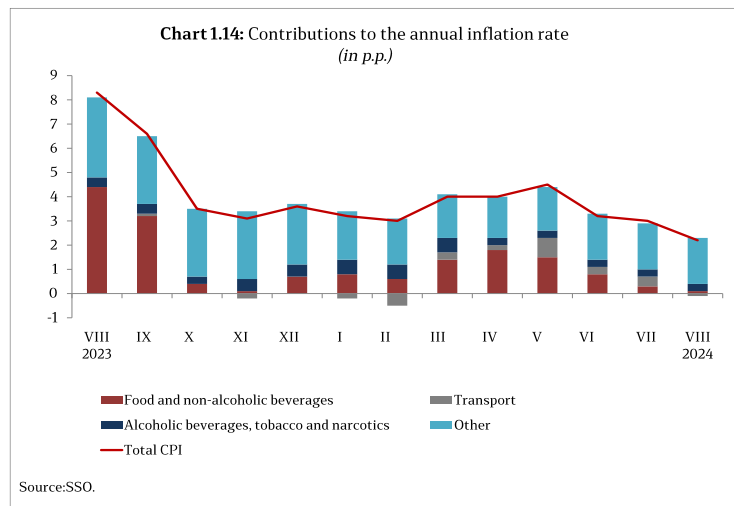


energy products is excluded) accounted for 5.3% on annual basis in August 2024, reflecting a growth slowdown (5.6% the previous month). Increased prices in the category Restaurants and hotels had most positive contribution this month (1.7 p.p.).

Prices in the Food and non-alcoholic beverages category¹ recorded slowdown of growth of 0.2% (lower by 0.7 p.p. than the previous month), whereby contributing with 0.1 p.p. in the total inflation in August, representing a decrease compared to the previous month. Highest positive contribution to the price increase in the category Food and non-alcoholic beverages had the Non-alcoholic beverages subcategory (annual growth of 6.4% with contribution of 0.2 p.p.). Vegetable prices (-0.2 p.p.) contributed most negatively to the food prices.

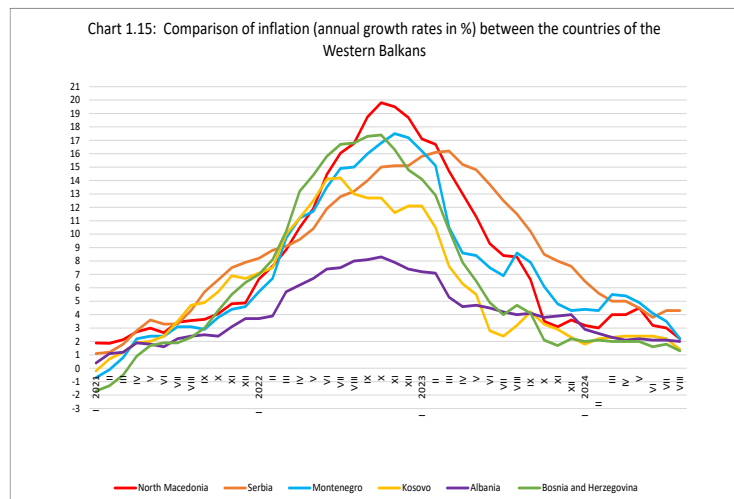
Observed by components, highest annual price growth in August 2024 was seen at the category Restaurants and hotels by 14.1% (contribution to the total inflation growth of 0.8 p.p.).

Price increase was also recorded in the following categories: Health protection by 5.8%, both Recreation and culture and Alcoholic beverages, tobacco and narcotics by 5.7%², Miscellaneous goods and services by 5.4%, Communication by 3.5%, Furnishings, household equipment and routine maintenance of the house by 2.7%, Wearing Apparel and footwear by 2.3%, Housing, water, electricity, gas and other fuels by 0.9% and Education by 0.3%. Drop on annual basis was recorded in the Transport category by 1.2%.



In August, consumer prices grew by 0.5% on monthly basis (prices surged by 0.7% on monthly basis). Increase of prices on monthly basis was due to food price increase. In August, food prices increased by 1.2% on monthly basis, whereby vegetable prices contributed the most (contribution of 0.5 p.p.).

In August 2024, retail prices increased by 3.0% on annual basis, recording a slowing down of growth. On monthly basis, retail prices picked up by 0.5%. In the period between January and August 2024, retail prices increased by 3.7% on annual basis.



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

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



In August 2024, the Eurozone inflation rate decreased by 0.4 p.p., accounting for 2.2%³, compared to July.

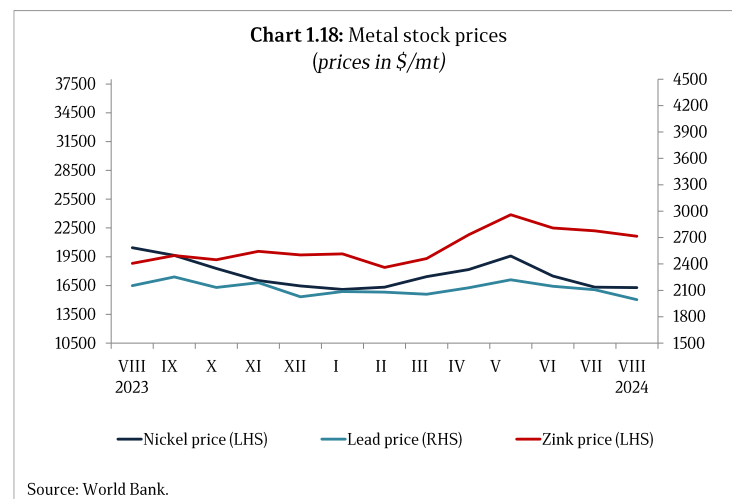
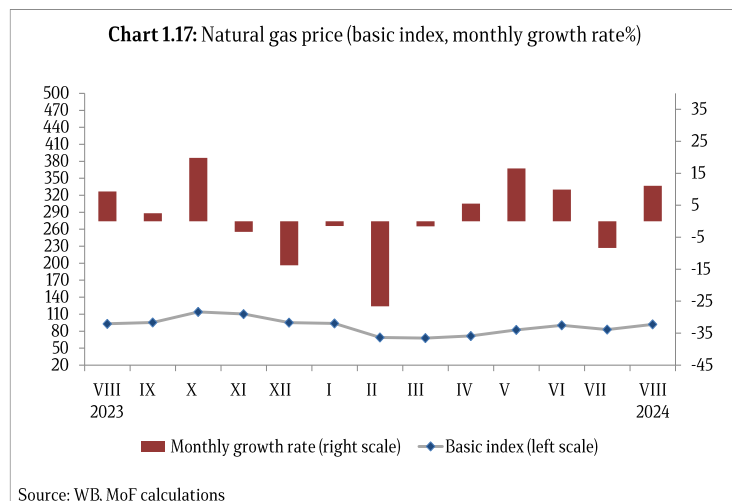
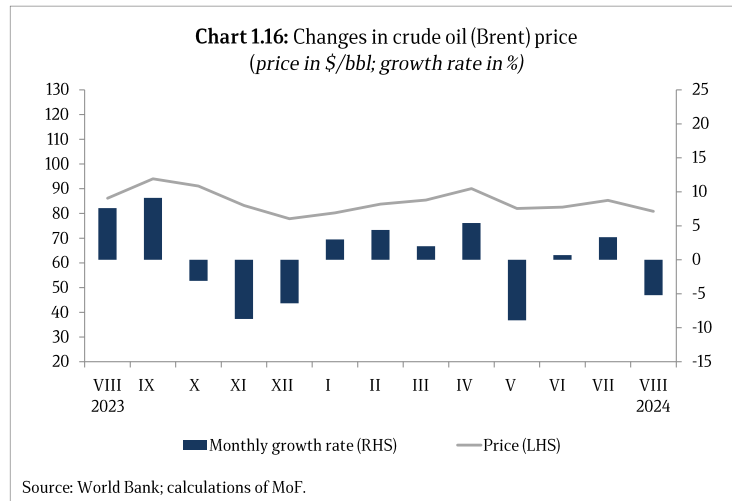
ECB revised the inflation rate for the Eurozone upwards by 0.2 p.p. for 2024 and 2025. As per the projections, inflation rate would reach 2.5% in 2024, 2.2% in 2025 and 1.9% in 2026. The 2024 inflation rate in the forthcoming two quarters is expected to be around 2.5% with a certain volatility due to 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 August 2024, crude oil price (Brent) on global stock exchange decreased by 5.2% on monthly basis, amounting to US Dollar 80.9 per barrel, reflected by the lowered oil demand in China and announcement of the anticipated OPEC's output increase. Oil price was lower by 6.2% on annual basis.

In August 2024, price of natural gas grew by 11.1% on monthly basis. Growth was due to geopolitical tensions, including escalation of the Middle East conflict and the concern regarding the potential supply disruptions on the Russian-Ukrainian border due to the current conflict. These factors contributed to the concern regarding the gas market, leading to much bigger instability. In August 2024, the natural gas price decreased by 1.1% on annual level.

On the onset of 2024 the stabilization and decrease of electricity price trend continued, however since May prices recorded growth several months in a row, which stopped in August when the prices recorded a drop on monthly basis. In August 2024, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 120.8 per megawatt/hour, decreasing by 10.9% on monthly basis, while increasing by 20.3% on annual basis.



³ The data is a Eurostat's estimate.



In August 2024, basic metal prices recorded decrease compared to the previous month. On monthly basis, the prices of the following metals dropped: lead by 5.3%, copper by 4.4%, zinc by 2.3%, tin by 1.2%, nickel by 0.3% and aluminium by 0.2%. On monthly basis, the price of iron ore decreased, by 6.5% to the point.

This month, the price of gold recorded growth of 3.0% on monthly basis, while prices of other precious metals decreased, with the price of silver and platinum recording a drop by 4.2% and 3.4%, respectively.

In August, corn and maize prices dropped by 4.0% and 6.0%, respectively, on monthly basis. The price of the sunflower oil dropped by 1.9% on monthly basis.

Table 1.1. Stock market 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
VI	91.7	82.6	384.6
VII	135.5	85.3	366.1
VIII	120.8	80.9	437.8

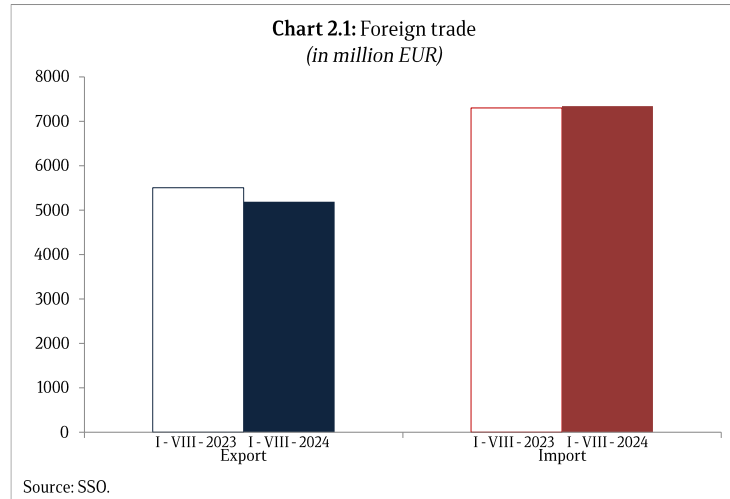
Source: World Bank, Hungarian Power Exchange



2. FOREIGN TRADE

Total foreign trade in the first eight months in 2024 amounted to EUR 12,531.5 million, declining by 2.1% compared to the same period last year.

In the period January - August 2024, share of trade with the EU (EU 27) as the largest trading partner, increased by 0.3 p.p. compared to the same period last year, accounting for 62.0%. 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 eight months of 2024, accounted for 23.7%, dropping by 1.2 p.p. compared to the same period in 2023.



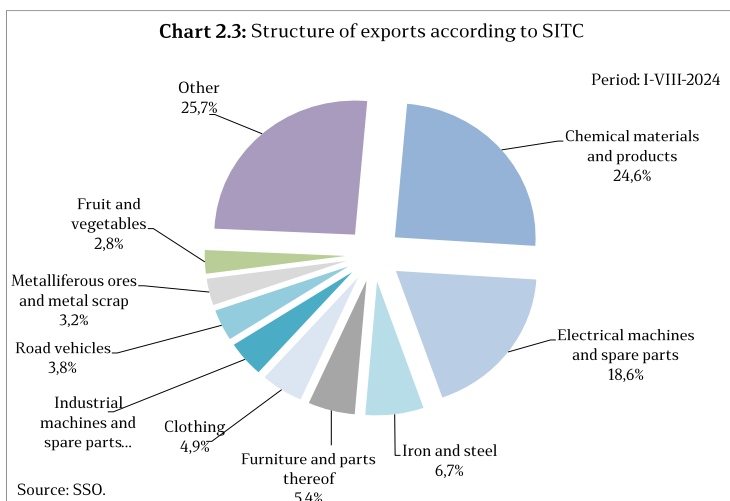
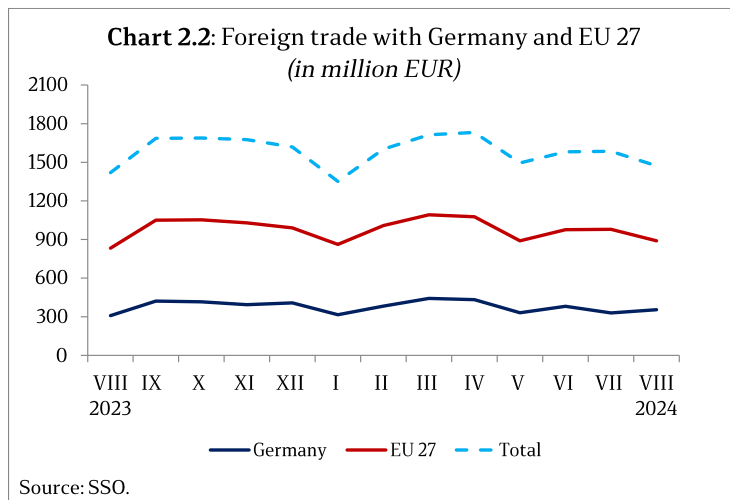
Export

In the first eight months of 2024, value of exported goods amounted to EUR 5,190.2 million, dropping by 5.7% (EUR 312.9 million) compared to the same period in 2023, while physical output of export increased by 0.7%, compared to the same period last year.

Value of exported goods amounted to EUR 622.5 million in August 2024, surging by 12.1% (EUR 67.3 million) compared to the same month of the previous year, while physical output of export decreased by 8.6% compared to August 2023.

Analyzed on monthly basis, in August 2024, export dropped by 2.5% (EUR 15.7 million), compared to the previous month, and where a seasonal adjustment of the export was made, it registered monthly increase of 2.8%, showing negative effects of the seasonal factor (5.3 p.p.) on export this month.

Value of export of food in the first eight months of 2024 increased by EUR 34.7 million, picking up by 11.3% compared to the same period in 2023, while quantity of exported food increased by 12.6%. As for total foreign trade structure of our country, share of the food in first eight months in 2024, accounted for 6.6%, increasing by 1.0 p.p. compared to the same period in 2023. In the total food export, the following products were the most





imported: Fruit and vegetable (42.9%), Cereals and cereal products (23.1%), Meat and meat products (9.0%), and Milk products and eggs (7.7%).

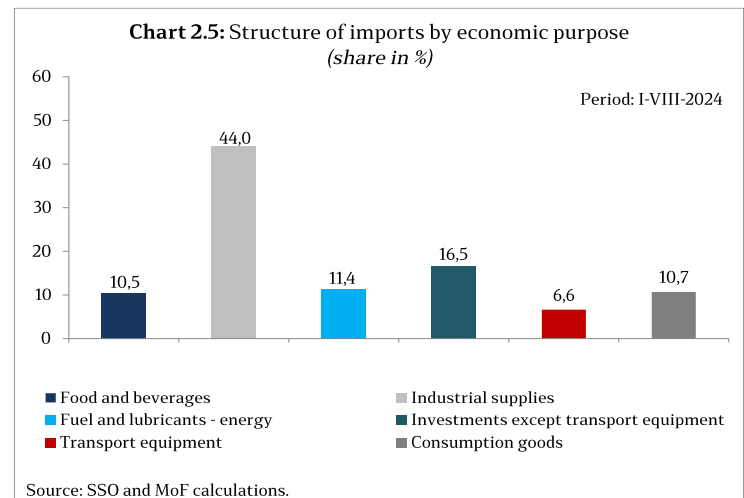
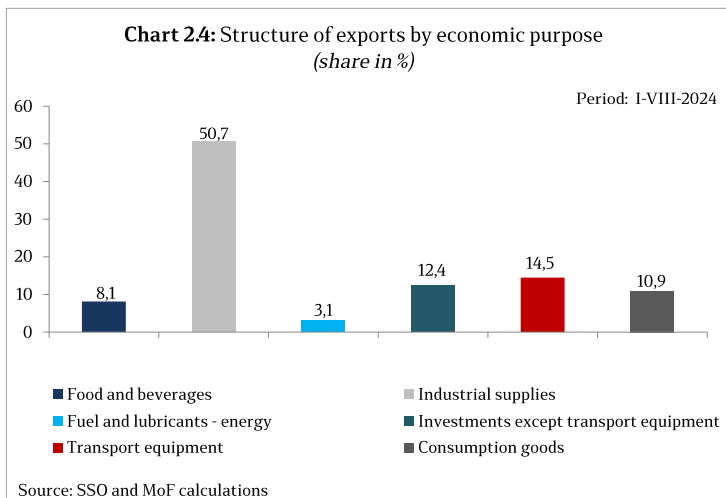
Analyzed by economic groups⁴, in the period between January - August 2024 compared to the same period of 2023, export recorded a drop in the following groups: EU 27, EFTA, Organization of Petroleum Exporting Countries, Asia-Pacific Economic Cooperation and Commonwealth of Independent States, while an increase was observed with the following groups: Western Balkan and North American Free Trade Zone. Export to EU 27 declined by 6.7% annually, with a share of 78.1% in the total export of the Republic of North Macedonia, while export to Western Balkan countries picked up by 5.9%, participating with 13.7% in our country's total export.

Import

In the first eight months of 2024, value of imported goods amounted to EUR 7,341.3 million, surging by 0.6% (EUR 41.1 million) compared to the same period in 2023, while physical output of import dropped by 7.9%.

In August 2024, import value amounted to EUR 850.4 million, surging by 1,7% (EUR 14,4 million) compared to the same month in 2023, while imported quantities of goods declined by 16.5% compared to August 2023.

Analyzed on monthly basis, in August 2024, import dropped by 10.2% (EUR 96.2 million), compared to the previous month, and, where a seasonal adjustment of the import was made, it registered a monthly decrease of 7.4%, showing negative effects of the seasonal factor (2.8 p.p.) on import this month.



Value of import of food in the first eight months of 2024 increased by EUR 67.9 million, picking up by 10.8% compared to the same period in 2023, while quantity of imported food increased by 9.9%. As for our country's total import, share of the food in first eight months in 2024, accounted for 9.5%,

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).



increasing by 0.9 p.p. compared to the same period in 2023. In the total food import, the following products were the most imported: Meat and meat products (22.1%), Fruit and vegetable (15.1%), Cereals and cereal products (13.0%), Coffee, tea, cocoa and spices (11.2%) and Milk products and eggs (10.7%).

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 - VIII - 2023	I - VIII - 2024	Balance	% rate		I - VIII - 2023	I - VIII - 2024	Balance	% rate
000 T	88,7	85,9	-2,8	-3,2	.000 T	826,7	776,5	-50,2	-6,1
EUR mil.	69,4	61,2	-8,2	-11,8	EUR mil.	587,8	559,9	-27,9	-4,8
\$ mil.	75,3	66,3	-9,0	-12,0	\$ mil.	638,0	607,0	-31,0	-4,9

*)Previous data

Export of chemical products*)					Import of chemical products*)				
	I - VIII - 2023	I - VIII - 2024	Balance	% rate		I - VIII - 2023	I - VIII - 2024	Balance	% rate
000 T	52,8	42,6	-10,2	-19,3	.000 T	18,7	20,4	1,7	8,9
EUR mil.	1.615,9	1.278,4	-337,5	-20,9	EUR mil.	120,9	118,8	-2,1	-1,8
\$ mil.	1.753,3	1.385,4	-368,0	-21,0	\$ mil.	131,3	128,7	-2,6	-2,0

*)Previous data

Export of iron and steel*)					Import of iron and steel*)				
	I - VIII - 2023	I - VIII - 2024	Balance	% rate		I - VIII - 2023	I - VIII - 2024	Balance	% rate
000 T	447,6	446,4	-1,2	-0,3	.000 T	427,5	466,5	39,0	9,1
EUR mil.	401,7	347,2	-54,5	-13,6	EUR mil.	325,8	320,9	-4,9	-1,5
\$ mil.	435,7	376,4	-59,3	-13,6	\$ mil.	353,5	347,8	-5,7	-1,6

*)Previous data

Trade Balance

In the period January - August 2024, trade deficit increased by 19,7%, i.e. by EUR 354,0 million, compared to the same period last year.

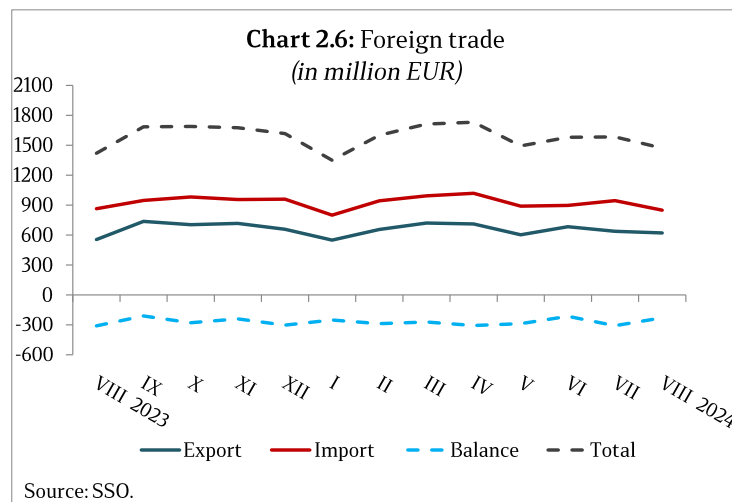
In August 2024, trade deficit decreased by 26.4%, i.e. EUR 81.6 million compared to August 2023.

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 in oils and lubricants and in investment goods without transport equipment contributed to reduction of the negative balance.

In the first eight months of 2024, 91.0% of the trade deficit of the country was realized in the trade with Great Britain, China and Greece, followed by Turkey, Poland, Italy, Serbia, Bulgaria and others. Surplus was realized in the trade with Germany, Kosovo, Slovakia, the Czech Republic, Hungary, Belgium, and Spain.

Currency Structure

Observed by currency structure, 92.0% of the trade in the period January - August 2024 was realized in euros and, compared to the same period in 2023 represented an increase of 0.3 percentage points. On export and import side, euro accounted for 94.8% and 90.1%, respectively, whereby share of the





euro in export was at the same level, while increase of the share of the euro in import accounted for increase of 0.6 percentage points compared to the period January–August 2023.

import	1 - VIII - 2023					1 - VIII - 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	4055.1	6,532,906,014	61,5826	402,313,337,927	89,5	3,970,0	6,613,782,847	61,5508	407,083,625,270	90,1	80,876,833	1,2
USD	680,5	770,347,121	56,7779	43,738,691,825	9,7	386,0	716,399,568	56,7876	40,682,612,114	9,0	-53,947,553	-7,0
GBP	1,3	14,435,908	70,6403	1,019,756,877	0,2	1,9	15,868,136	72,1815	1,145,385,889	0,3	1,432,228	9,9
EUR+USD+GBP	4737,0			447,071,786,629	99,2	4,357,9			448,911,623,274	99,3		
tot. import	4748,0			449,603,662,896	100,0	4,371,5			451,884,277,422	100,0		0,5

Source: SSO and NBRNM

3. FISCAL SECTOR

Budget Revenues and Expenditures according to the Economic Classification

In the period January – August 2024, execution of total budget revenues of the Republic of North Macedonia’s budget amounted to Denar 197,543 million, accounting for 62.1% of the 2024 projections, i.e. increase of 12.4% compared to executed budget revenues compared to the same period in 2023. As regards total revenues, Denar 184,016 million was collected on the basis of tax revenues and social contributions, accounting for 64.7% of 2024 projected amount, being 16.3% increase in relation to the previous year. Thereby, tax revenues were collected in the total amount of Denar 114,633 million (i.e. 65.2% of the amount projected for 2024), while social contributions were collected in the amount of Denar 68,226 million (annual increase of 15.9%, i.e. 64.9% of the amount projected for 2024). As regards tax revenues, increased collection was recorded at personal income tax by 18.1%, followed by corporate income tax by 19.0%, VAT by 19.6%, excise duties increasing by 6.7%, import duties collection growth by 15.2% and other tax revenue collection picking up by 45.6%. During this period, non-tax revenues recorded growth by 6.7%, while capital revenues drop by 6.6%, while foreign donation revenues experienced drop by 73.2%.

Total budget expenditures were executed in the amount of Denar 221,153 million in the period January – August 2024, accounting for 61.0% of the annual projections, i.e. an increase of 9.0% compared to same period of 2023. Thereby, current expenditures were executed in the amount of Denar 204,776 million, i.e. 64.4% of the amount projected for the whole year, being an increase of 16.0% compared to the same period in 2023. Increase was recorded at expenditures related to wages and allowances by 22.1%, at goods and service-related expenditures by 7.3% and at interest-related expenditures a surge by 39.4%. Transfers, as the largest category of current expenditures, increased by 14.1%, driven by the high growth of social transfers by 15.4%, health care expenditures by 12.7%, block and earmarked grants by 12.0% and subsidies and transfers by 11.2%. Capital expenditures were executed in the amount of Denar 16,377 million, being lower by 37.7% compared to the same period in 2023. Execution rate of capital expenditures for the period January – August 2024 accounted for 36.6% compared to the initial adopted Budget.

Table 3.1. State Budget Execution for the period January – August 2024

	2024 Supplementary Budget	January - August 2024		
	(Denar million)	(Denar million)	Annual growth rate (in %)	% of execution
TOTAL REVENUES	318,150	197,543	12.4%	62.1%

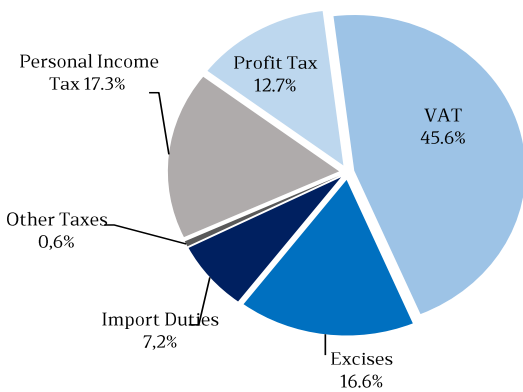


Taxes and contributions	284,469	184,016	16.3%	64.7%
Taxes	175,751	114,633	16.7%	65.2%
Personal income tax	31,542	19,887	18.1%	63.0%
Corporate profit tax	21,118	14,513	19.0%	68.7%
VAT	78,458	52,289	19.6%	66.6%
Excise duties	29,837	19,024	6.7%	63.8%
Import charges	13,556	8,272	15.2%	61.0%
Other tax revenues	1,240	648	45.6%	52.3%
Contributions	105,212	68,226	15.9%	64.8%
Non-tax revenues	22,541	11,237	6.7%	49.9%
Capital revenues	3,240	597	-6.6%	18.4%
Foreign donations	7,900	1,693	-73.2%	21.4%
Revenues from paid extended loans	0	0	/	/
TOTAL EXPENDITURES	362,816	221,153	9.0%	61.0%
Current expenditures	318,118	204,776	16.0%	64.4%
Wages and allowances	44,537	28,353	22.1%	63.7%
Goods and services	25,509	13,634	7.3%	53.4%
Transfers	230,439	149,646	14.1%	64.9%
Social transfers	169,794	110,408	15.4%	65.0%
Pension and Disability Insurance Fund of North Macedonia	104,495	69,163	17.7%	66.2%
Pecuniary unemployment allowance	2,926	1,473	38.1%	50.3%
Social welfare	14,928	9,939	6.4%	66.6%
Health protection	47,445	29,833	12.7%	62.9%
Other transfers	58,215	38,167	11.6%	65.6%
Interest	17,632	13,143	39.4%	74.5%
Capital expenditures	44,698	16,377	-37.7%	36.6%
Budget balance	-44,666	-23,610	-12.8%	52.9%

Source: Ministry of Finance

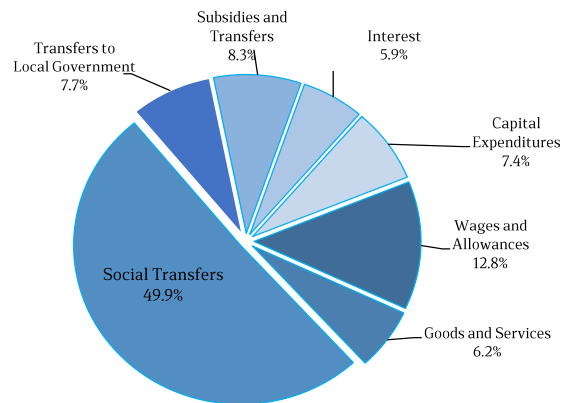


Chart 3.1: Structure of Collected Tax Revenues, January – August 2024



Source: MoF.

Chart 3.2: Structure of Executed Expenditures according to Economic Classification, January – August 2024



Source: MoF.

In the period January – August 2024, the state budget deficit amounted to Denar 23,610 million, accounting for 2.6% of the GDP projected for 2024, i.e. 52.9% of the budget deficit.

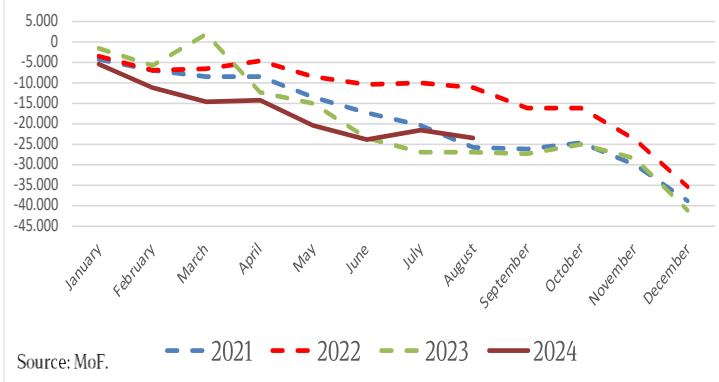
Expenditures by Budget Users

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

In the period January – August 2024, Ministry of Social Policy, Demographics and Youth executed funds in the amount of Denar 48,691 million or 75.5% of its total budget for the current year. Thereby, most of the expenditures (71.4%) were allocated for current transfers to extra-budgetary funds, for which Denar 34,769 million was spent, i.e. 79.5% of the funds allocated for 2024. The second highest expenditure category was the social benefits, participating with 20.0% in the total expenditures, whereby 68.5% (Denar 9,752 million) of the projected 2024 funds was executed for this purpose.

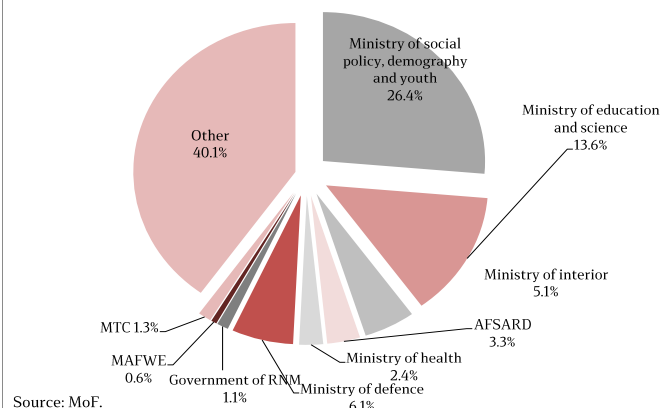
During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 25,135 million, representing 62.4% of its total 2024 Budget. Current

Chart 3.3: Budget deficit, cumulative data (million denars)



Source: MoF.

Chart 3.4: Structure of expenditures by budget users (August 2024)



Source: MoF.



transfers to LGUs accounted for the most of the expenditures (57.1%), Denar 14,346 million being spent therefore or 64.3% of total projected funds. Wages and allowances category was the second highest expenditure item, accounting for 19.9%, for which an amount of Denar 4,990 million, accounting for 63.4%, being executed out of total projected funds.

In the period January – August 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 9,445 million, accounting for 65.3% of its 2024 budget. Wages and allowances was the highest expenditure category, participating with 68.3%, Denar 6,455 million being spent therefore, accounting for 65.4% of the projected ones. Second highest category was Goods and services, accounting for 18.0%. Amount of Denar 1,698 million were being spent therefore, accounting for 59.0% of the annual projections.

During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 6,080 million, accounting for 63.1% of the funds projected for the current year. As for subsidies and transfers, accounting as high as 92.9% of the total expenditures, 69.1%, with Denar 5,648 million of the funds planned for the whole year, being spent therefore.

In the period January – August 2024, Ministry of Defence executed budget funds in the amount of Denar 11,352 million, accounting for 62.8% of its total budget this year. Capital expenditures accounted for the most with 36.4%, Denar 4,136 million being spent therefore (accounting for 69.9% of the total funds projected for the current year). Wages and allowances accounted for 34.1% of total expenditures, Denar 3,866 million being spent therefore during the analyzed period, i.e. 61.5% execution of the total projected funds.

Government of the Republic of North Macedonia spent total of Denar 2,114 million, i.e. 55.0% of the funds projected for 2024, in the period January – August 2024. Thereby, subsidies and transfers accounted for 56.3% of total expenditures of this budget user, Denar 1.191 million (56.8% of the projected funds) being spent therefore.

During the analyzed period, Ministry of Health executed budget funds in the amount of Denar 4,395 million, accounting for 58.5% of the total 2024 Budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 52.8%, for which Denar 2,319 million were spent or 66.3% of the funds projected for 2024. Second highest item was Goods and services, Denar 1,610 million (51.6% of the projections for the year) being spent therefore, accounting for 36.6% of total expenditures.

In the period January – August 2024, Ministry of Transport and Communications executed funds in the amount of Denar 2,408 million, i.e. 18.5% of the total budget for the current year. Execution of capital expenditures, as main item, accounted for 74.7% of the total spent funds of this budget user (Denar 1.800 million or 15.3% of total projected funds).

During this period, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 1.039 million, accounting for 59.0% of the funds projected for 2024. Wages and allowances (Denar 418 million) was, by far, the highest item in the total expenditures of this budget user, accounting for 40.2% of its total expenditures, with 64.5% of the projected expenditures, being executed. As regards expenditures related to Goods and services, they accounted for 26.1% of the total expenditures, Denar 272 million being spent therefore, accounting for 81.4% 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/>).



4. SOCIAL SECTOR

Newly Employed and Registered Unemployed Persons in the Employment Service Agency

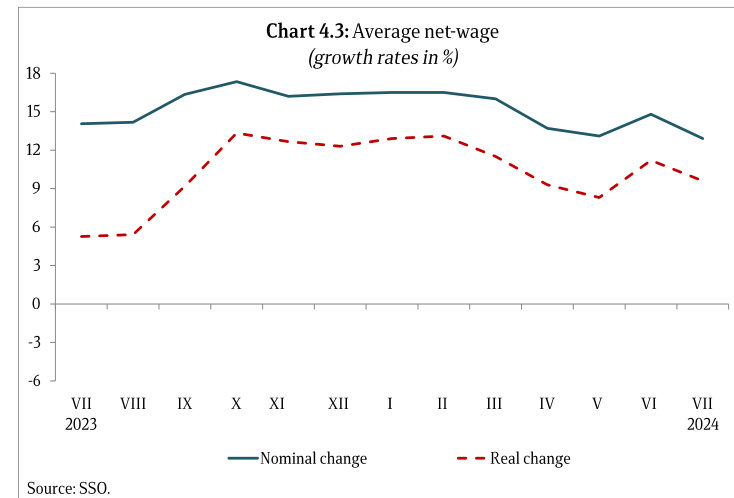
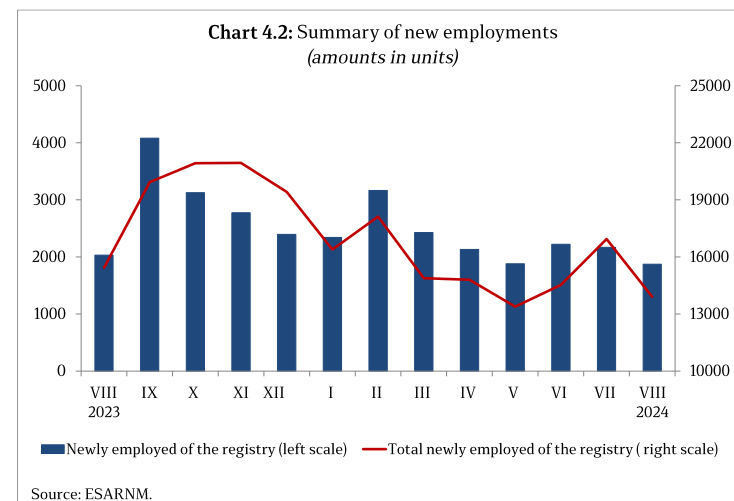
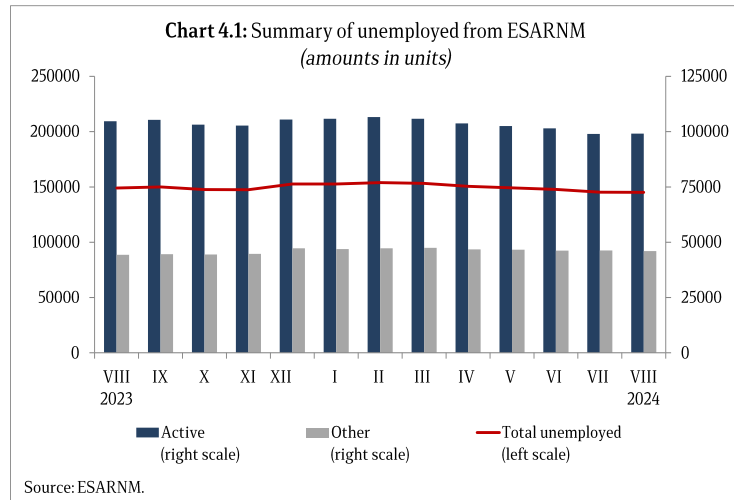
In the first eight months of 2024, Employment Service Agency registered total of 122,958 new employments. Total number of newly employed persons decreased by 4.5% compared to the same period in 2023.

As regards the total number of newly employed, 42.5% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In August 2024, 13.5% out of the total number of new employments was from the unemployed records.

Total number of unemployed persons in August 2024 was 145,150, out of which 99,142 persons were active job seekers, while 46,008 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 117 people compared to July 2024.

Urban residents accounted the most (with 58.9%) among the active unemployed persons, whereas with respect to gender, men accounted for 47.7%. Analyzed by the level of education, majority, i.e. 68.9%, of the unemployed persons were with incomplete secondary education or less, 23.5% were with completed secondary education, while 7.6% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, 49.6% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 59.1% of the unemployed persons wait for employment from 1 to 7 years, while 13.2% wait for employment for 8 years or more.





Wages

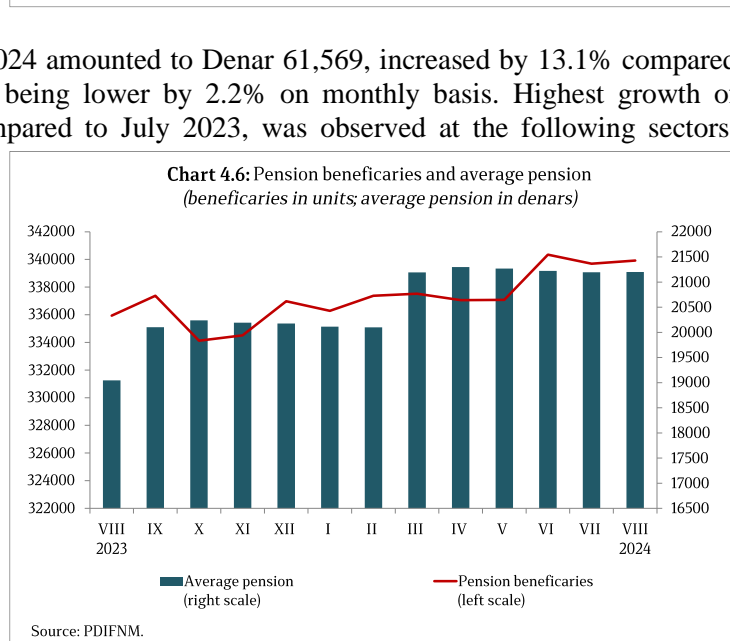
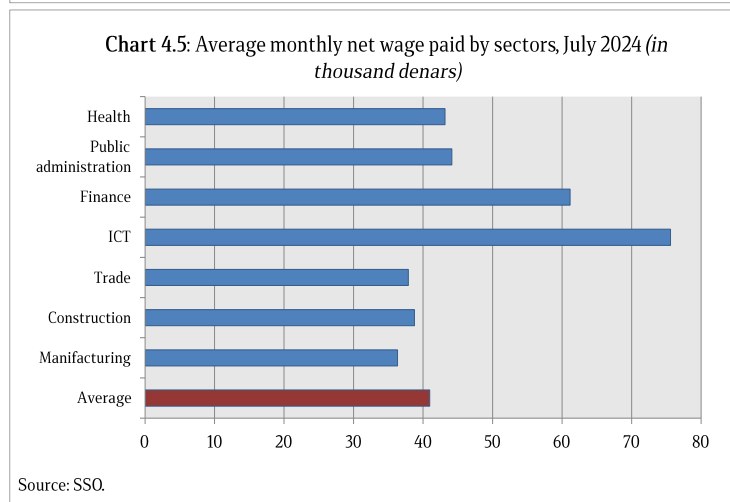
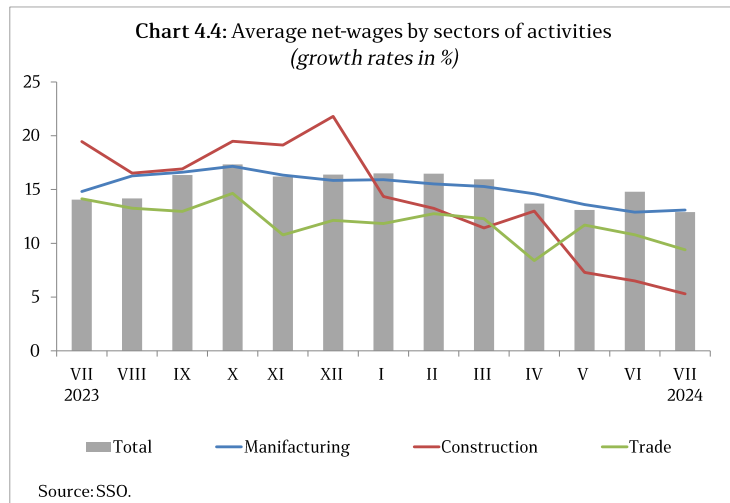
As per the notification of the State Statistical Office, in July 2024, average net wage amounted to Denar 40,961, in nominal terms, being higher by 12.9% on annual basis, and being lower by 2.3% compared to June 2024. The highest increase of average net wage, in relation to July 2023, was observed at the following sectors: Education (19.1%), Financial and insurance activities (18.6%) and Public administration and defense; compulsory social insurance (16.7%).

In July 2024, wages increased by 9.6% in real terms on annual basis. Highest average net wage in July 2024 was paid in the sector Information and communications (Denar 75,612), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 94,693), followed by Financial and insurance activities with Denar 61,152, Electricity, gas, steam and air conditioning supply sector with Denar 52,013, and Mining and quarrying with average net wage in the amount of Denar 51,791.

Average nominal gross wage in July 2024 amounted to Denar 61,569, increased by 13.1% compared to the same month in 2023, whereas being lower by 2.2% on monthly basis. Highest growth of average gross wage in July 2024 compared to July 2023, was observed at the following sectors: Education (19.5%), Financial and insurance activities (18.3%) and Public administration and defense; compulsory social insurance (17.0%).

Pensions

In August 2024, Pension and Insurance Disability Fund registered 339,922 pensioners. As regards the total number of pensioners, 70.5% are beneficiaries of old-age pension, amounting to 239,799 retirees, 21.8% of survivor pension, amounting to 74,184 pensioners and 7.6% of disability pension, amounting to 25,939 pensioners.





Average pension in August 2024 amounted to Denar 21,200, being higher by 11.3% compared to the same month in 2023⁵. Increase in pensions was, among the other, a result of the March pension indexation as per the 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 July 2024 (the most recent available data) was 51.7%.

In August 2024, average old-age pension amounted to Denar 22,860, average disability pension amounted to Denar 18,786, while average survival pension amounted to Denar 16,677. This month, Denar 7,113 million was spent for payment of pensions, accounting for 53.4% of the total social transfers.

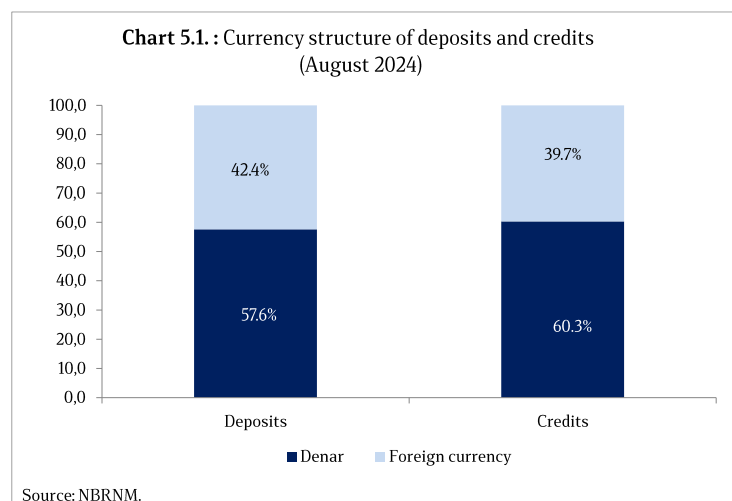
Chart 4.1 August Pension Data			
Pension beneficiaries	Number	Structure	Average pension
Old age pension	239.799	70,5%	22.860,00
Disability pension	25.939	7,6%	18.786,00
Survivors pension	74.184	21,8%	16.677,00
Total	339.922	100,0%	21.200,00
Minimal agricultural pension beneficiaries	39		10.898,00
Beneficiaries of military pensions	748		29.918,00
Total	340.709		21.217,00

Source: Pension and Disability Insurance Fund of Macedonia

5. MONETARY AND FINANCIAL SECTOR

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



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



Primary Money

In August 2024, primary money⁶ reduced by 4.6% on monthly basis. Such drop of primary money was a result of decrease of total liquid assets of banks by 9.3%, while currency in circulation increased by 0.3%.

In August 2024, primary money grew by 8.2% on annual basis, as a result of increased total liquid assets of banks by 6.1%, while currency in circulation increased by 10.2%.

Deposit Potential⁷

In August 2024, total deposits of banks grew by 1.9% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of households and deposits of private enterprises picked up by 1.2% and 3.1% respectively.

Analyzed by currency, in August 2024, compared to the previous month, Denar deposits and foreign currency deposits increased by 2.5% and 1.1%, respectively.

Total deposit potential in August 2024 grew by 9.1% on annual basis.

Analyzed by currency, domestic currency deposits increased by 13.2%, and foreign currency deposits by 3.9%.

From sectoral point of view, deposits of enterprises grew by 3.8%, and deposits of households increased by 12.0% on annual basis.

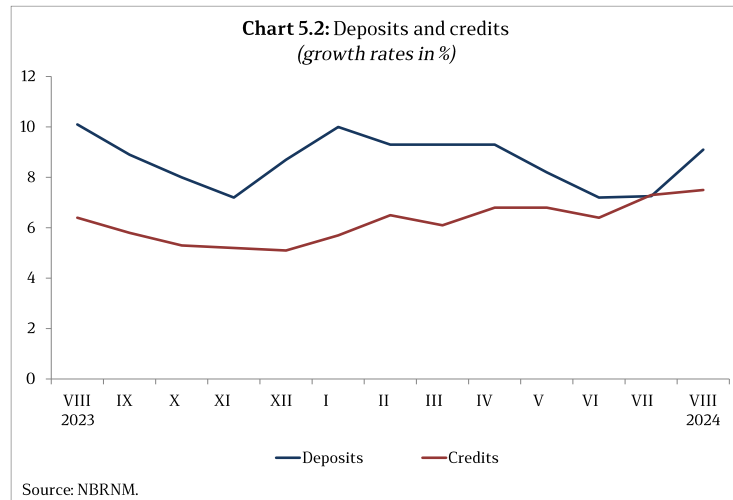


Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (August 2024)	In Denar million	Monthly change	Annual change
Deposit Potential	557,764	1.9%	9.1%
By currency:			
<i>Denar</i>	321,141	2.5%	13.2%
<i>Foreign currency</i>	236,623	1.1%	3.9%
By maturity:			
<i>Short-term</i>	218,045	1.2%	-0.3%

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.



<i>Long-term</i>	<i>135,365</i>	<i>2.7%</i>	<i>22.6%</i>
Credits to private sector			
	467,411	0.5%	7.5%
By currency:			
<i>Denar</i>	<i>218,982</i>	<i>1.0%</i>	<i>13.3%</i>
<i>Foreign currency</i>	<i>185,429</i>	<i>-0.4%</i>	<i>-0.2%</i>
By maturity:			
<i>Short-term</i>	<i>69,200</i>	<i>0.3%</i>	<i>3.7%</i>
<i>Long-term</i>	<i>380,983</i>	<i>0.4%</i>	<i>8.0%</i>

Source: NBRNM

According to maturity, short-term deposits declined by 0.3%, while long-term deposits surged by 22.6%, 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 57.6%, being increased this month.

Bank Credits

In August 2024, total credits of banks to the private sector surged by 0.5% on monthly basis, as a result of the growth of both credits to households by 0.4%, and credits to enterprises by 0.5%.

Analyzed by currency, Denar credits picked up by 1.0%, while foreign currency credits decreased by 0.4% on monthly basis.

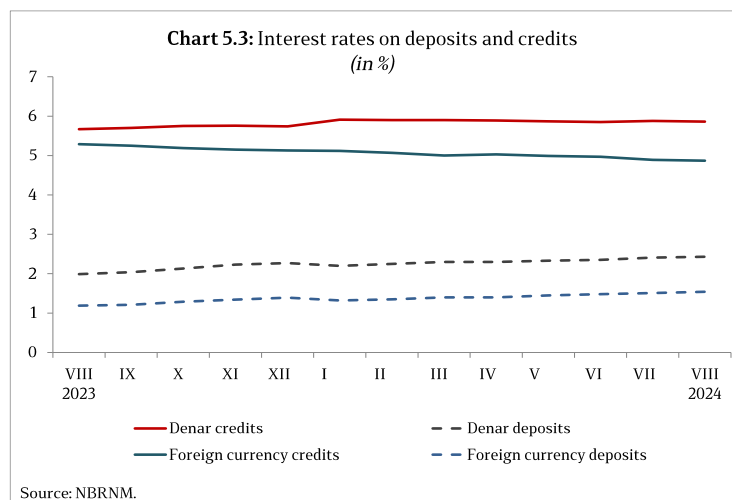
On annual basis, in August 2024 total credits grew by 7.5%, in conditions of growth of both credits to enterprises and credits to households of 8.1% and of 7.2%, respectively. Denar credits surged by 13.3%, while foreign currency credits dropped by 0.2%.

As regards maturity, long-term credits experienced annual growth of 8.0% and short-term credits picked up by 3.7%.

Interest Rates of Deposit Banks

In August 2024, total interest rate on credits dropped by 0.02 p.p. compared to the previous month, accounting for 5.44%. Interest rate on Denar credits dropped by 0.02 p.p., accounting for 5.86%, while interest rate on foreign currency credits decreased by 0.02 p.p. on monthly basis, accounting for 4.87%.

Total interest rate on deposits grew by 0.03 p.p. in August 2024, compared to last month, accounting for 1.96%. Interest rate on Denar deposits increased by 0.02 p.p., accounting for 2.43%, while interest rate on foreign currency deposits grew by 0.03 p.p., accounting for 1.54%.





Interest rate on newly granted Denar credits accounted for 5.34%, while interest rate on newly approved foreign currency credits accounted for 4.11%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.62% and 2.16%, respectively.

Capital Market

As for the capital market, in August 2024, total turnover on the stock exchange dropped by 61.3% on monthly basis, as a result of the decline of turnover from the classical trading in the stock exchange electronic system by 69.0%, while the turnover of block transactions by 112.3%.

Total turnover on the stock exchange amounted to Denar 511.9 million in August 2024, increasing by 162.5% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 8,578.4 index points at the end of August 2024, whereby the index grew by 1.2% on monthly basis, while, compared to the same month last year, the index was higher by 49.8%.

Reserve Assets

At the end of August 2024, gross reserve amounted to EUR 4,469.8 million, being higher by 0.9% compared to the previous month and by 13.6% compared to August 2023.

