



# *SHORT-TERM ECONOMIC TRENDS*



**July 2024**



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## SUMMARY

### OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

#### July 2024

- In July 2024, industrial production surged by 3.8%, compared to the same month last year.
- In July 2024, producer sale prices of industrial products on the domestic market were higher by 3.5% compared to the same month last year;
- In July 2024, the industrial turnover, compared to July 2023, recorded a drop by 13.5%
- Inflation rate in July 2024 accounted for 3.0% on annual basis, recording a slowdown growth (3.2% in June 2024). On monthly basis inflation recorded growth of 0.7%.
- In the period January - July 2024, export recorded a drop of 7.7%, while import grew by 0.8%, resulting in increase of the trade deficit by 29.2% compared to the same period in 2023.
- In the period January – July 2024, execution of total budget revenues of the RNM's budget amounted to Denar 173,129 million, accounting for 55.8% of the 2024 projections, i.e. increase of 12.6% compared to executed budget revenues compared to the same period in 2023.
- Total budget expenditures of the Republic of North Macedonia were executed in the amount of Denar 194,884 million in the period January – July 2024, accounting for 56.7% of the annual projections, i.e. an increase of 7.8% compared to the first half of 2023.
- Total credits of banks in July 2024 grew by 7.3% compared to July 2023, while total deposit potential of banks surged by 7.3%.



## 1. REAL SECTOR

### Industrial Production

Industrial production surged by 3.8% in July 2024 compared to the same month last year. Growth is due to increased productions in the following sectors: Mining and quarrying by 14.9% and Manufacturing by 3.8%, whereas Electricity, gas, steam and air-conditioning supply recording a drop of 1.1%.

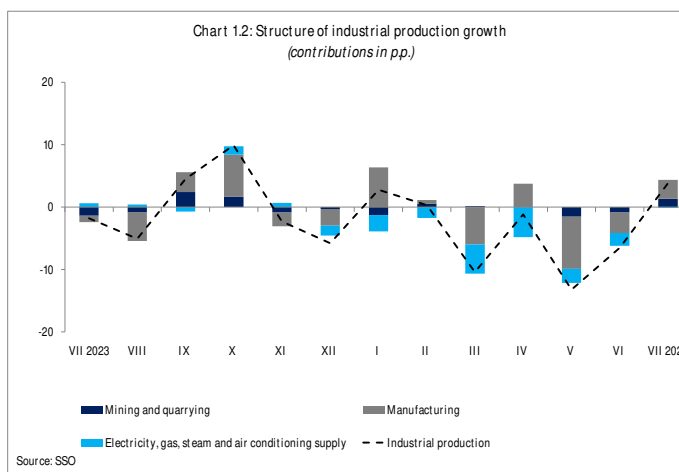
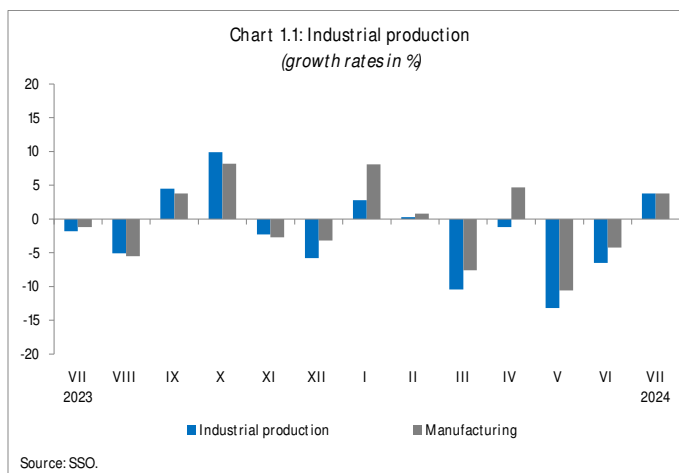
In July 2024, growth in production was registered at 19 out of total of 27 industrial branches, comprising 61.3% in the total industry.

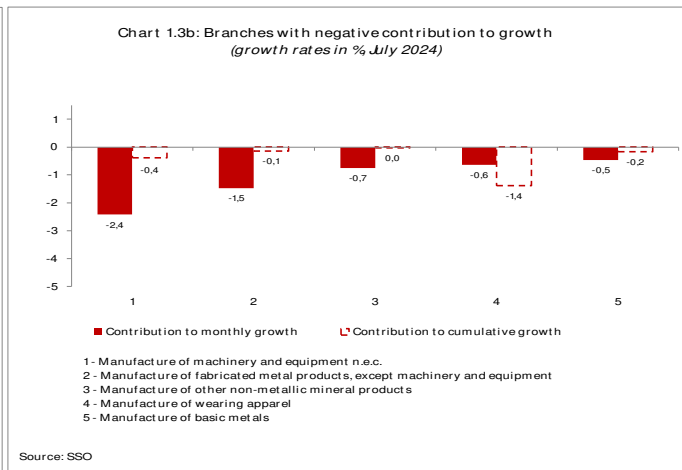
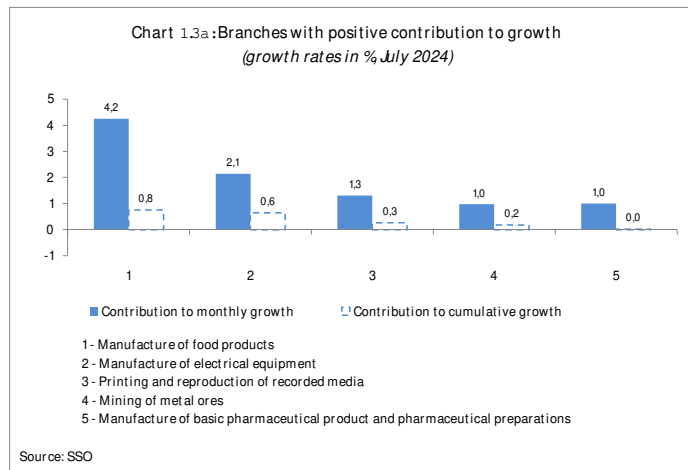
In July 2024, with respect to branches with higher added value, growth was recorded in the following: Manufacture of motor vehicles, trailers and semi-trailers by 3.0% with contribution of 0.4 p.p., and Manufacture of electrical equipment by 40.4% with contribution of 2.1 p.p., whereas drop was recorded in the Production of metals by 10.3% with contribution of -0.5 p.p. and Manufacture of machinery and equipment by 38.0% with contribution of -2.4 p.p..

Traditional branches in July 2024 recorded a drop in manufacture throughout the following branches: Manufacture of textile by 6.9% and contribution of 0.3 percentage points, Manufacture of tobacco goods by 69.3% and contribution of 0.9% percentage points, Manufacture of wood and wood and cork products by 20.0% and contribution of 0.1 percentage points, Manufacture of leather by 9.3% with contribution of 0.1 percentage points, Food industry by 41.3% with contribution of 4.2 percentage points and Manufacture of beverages by 11.9% and contribution of 0.4 percentage points, whereas decline of production was recorded only at the branch: Manufacture of wearing apparel by 10.2% with contribution of negative 0.6 percentage points.

Industrial production with respect to purpose of production units in July 2024 compared to July 2023 was increased in the following groups: Energy (increasing by 2.8% and contribution of 0.4 p.p.), Intermediary goods, except energy (growing by 3.4% and contribution of 1.0 p.p.), Durable consumer goods (surging by 33.2% and contribution of 1.2 p.p.), and Non-durable consumer goods (increasing by 24.0% and contribution of 7.3 p.p.), while reduction of production was only seen at Capital goods (dropping by 20.1%, contribution of -4.6 p.p.).

On cumulative basis, in the period January - July 2024, industry decreased by 3.9% as a result of the decreased production throughout all sectors, as follows: Mining and quarrying by 2.8% (contribution of -0.3 p.p.), Manufacturing by 1.4% (contribution of -1.1 p.p.) and Electricity, gas, steam and air-conditioning supply by 22.4% (contribution of -2.7 p.p.).

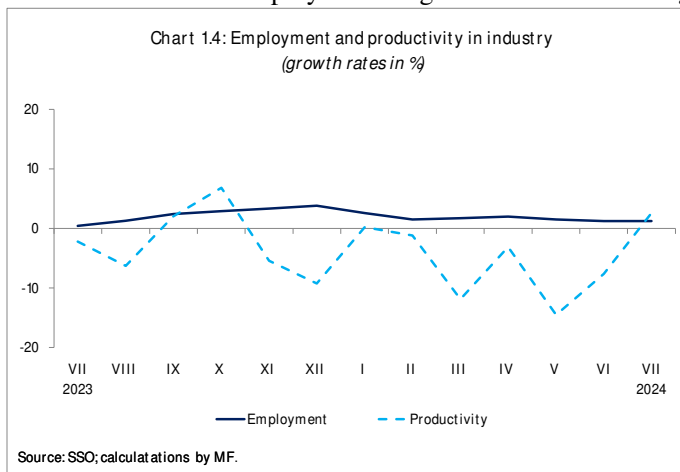




As per the purpose of production units, in the period January - July 2024, growth was only seen at the groups Durable consumer goods (by 2.9%), whereas drop was recorded in the branches: Energy (by 21.1%), Intermediate goods except energy (by 0,2), Capital goods (by 1.6%), and Consumer non-durables (by 3.4%).

### Number of Employees in the Industry

In July 2024, number of employees in the industry increased by 1.2% 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 5.3%, Manufacturing by 1.0% and Electricity, gas, steam and air-conditioning supply by 1.2%. Increase in the number of employees was seen at the following branches: Manufacture of machinery and equipment, n.e.c. by 32.1%, Repair and installation of machinery and equipment by 31.8% and Manufacture of beverages by 17.9%.



Data on the number of employees in the industry by target groups in July 2024, compared to the same period last year, showed increase in the number of employees at the following groups: Energy by 4.7%, Capital goods by 15.0% and Consumer durables by 18.9%.

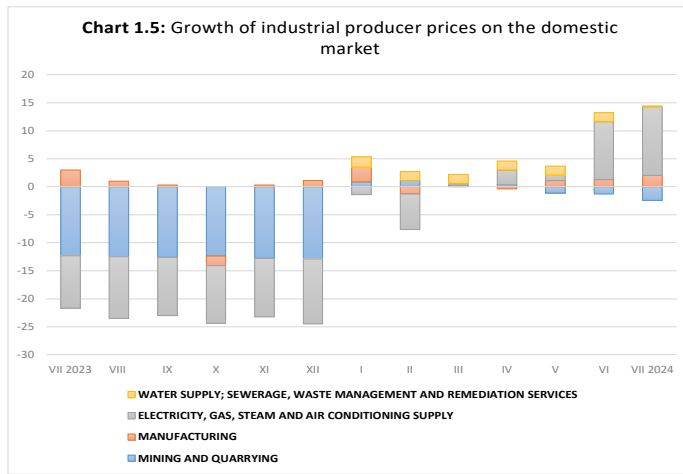
Cumulative data indicate that the number of employers in the industry in the January - July 2024 period recorded growth of 1.7% due to the increased number of employees throughout all sectors: Mining and quarrying by 5.3%, Manufacturing by 1.5% and Electricity, gas, steam and air-conditioning supply by 0.8%.

As regards target groups, number of employees in the industry in the period January - July 2024 increased in the sectors as follows: Energy by 4.4%, Capital goods by 16.4% and Consumer durables by 11.8%.

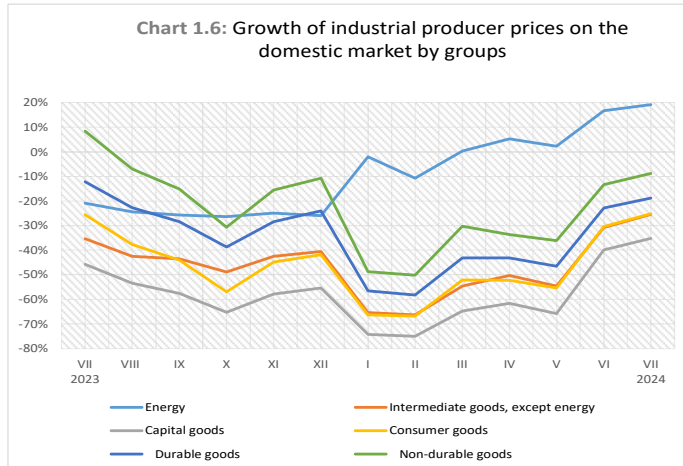


## Sale prices of producers of industrial products on the domestic market

In July 2024, producer sale prices of industrial products on the domestic market were higher by 3.5% compared to the same month last year. The rise of sale prices in July 2024 compared to July 2023 was due to increased prices throughout the sectors: Manufacturing by 2.0%, Electricity, gas, steam and air-conditioning supply by 12.3% and Water supply; Sewerage, waste management and remediation activities by 4.5%, whereas in the sector Mining and quarrying the sale prices decreased by 2.4%.

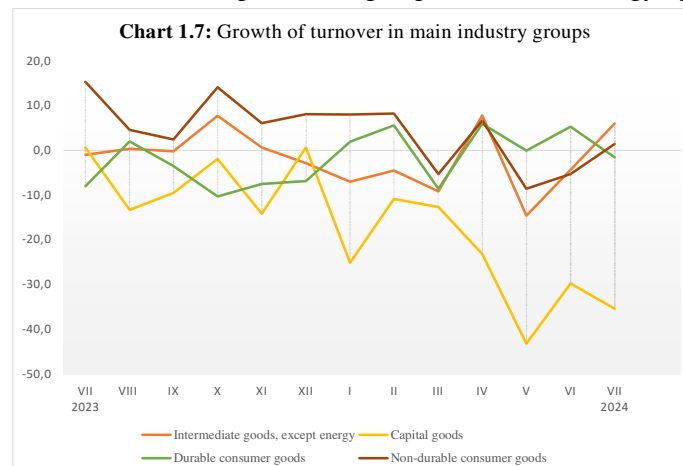


In July 2024 compared to July 2023, sale prices of industrial product producers on the domestic market were higher in the groups: Energy by 11.4%, Consumer durables by 3.8% and Consumer non-durables by 6.0%.



In the period between January and July 2024 compared to the same period last year, sale prices of industrial product producers on the domestic market were higher by 0.4% on cumulative basis, due to increased prices throughout the following sectors: Electricity, gas, steam and air-conditioning supply by 2.6%, Water supply; Sewerage, waste management and remediation activities by 2.1%, whereas in the sector Manufacturing there were no sale price changes, while in Mining and quarrying the sale prices decreased by 0.3%.

In the period between January and July 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 2.6%, Consumer goods by 5.1%, Consumer durables by 4.3% and Consumer non-durables by 5.1%.



## Industrial turnover indexes

In July 2024, the industrial turnover, compared to July 2023, recorded a drop by 13.5% as per the State Statistical Office's data. Decline in industrial turnover in July 2024 compared to the same month last year was due to decreased turnover in the sector Manufacturing by 14.7%, while



turnover in the sector Mining and quarrying increased by 24.0%.

In July 2024 compared to July 2023, industrial turnover increased in the groups as follows: Intermediary goods, except energy by 6.0% and Non-durable consumer goods by 1.4%.

Branches with highest turnover growth in the industry in July 2024 compared to the same month last year were the following:

- Manufacture of other transport equipment (recording growth of 50.1%);
- Metal ore mining (recording growth of 34.6%);
- Repair and installation of machinery and equipment (recording growth of 29.4%).

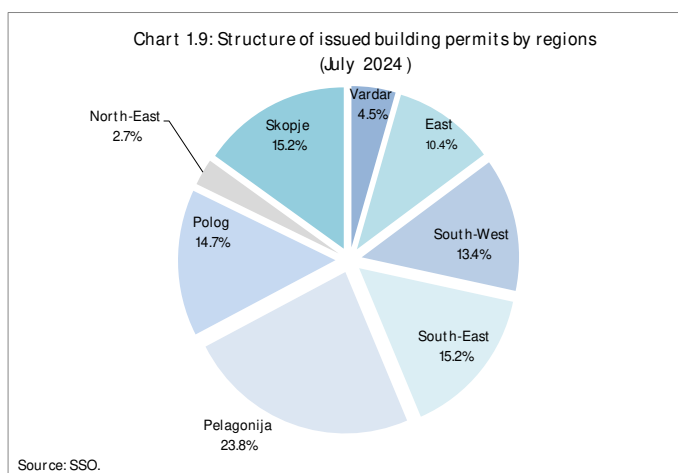
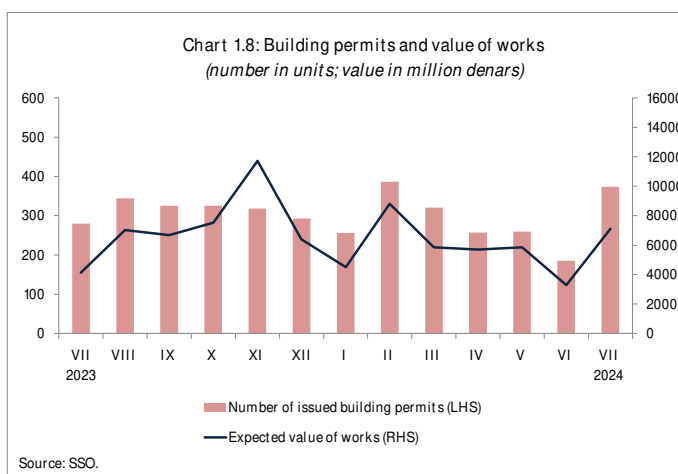
On cumulative basis, in the period between January and July 2024, compared to the same period last year, turnover in industry recorded a drop by 13.3%, due to decline in turnover in both sectors, where the turnover in the Mining and quarrying sector and Manufacturing sector recorded a drop of 1.6% and 13.7%, respectively.

In the period between January and July 2024, compared to the same period in 2023, turnover increased in the groups: Durable consumer goods by 0.8% and Non-durable consumer goods by 0.1%.

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

In July 2024, a total of 374 building permits were issued, representing increase by 33.6% compared to the same month in 2023. This was due to the annual drop of issued building permits pertaining to buildings by 54.5% (participating with 55.3% in the total number of issued building permits) whereas at reconstruction facilities it recorded increase by 61.4%. Compared to June 2024, number of issued building permits dropped by 100.2%. Expected value of works, according to the issued building permits in July 2024, picked up by 71.7% on annual basis, while compared to the previous month, it experienced growth by 115.6%.

Analyzed by types of constructions, out of the total number of issued building permits, 207 (or 55.3%) were intended for buildings, 75 (or 20.1%) for civil engineering structures and 92 (or 24.6%) for reconstruction.





Analyzed by types of investors, out of total 374 issued building permits, individuals were investors in 200 facilities (or 53.5%), while business entities were investors in 174 facilities (or 46.5%).

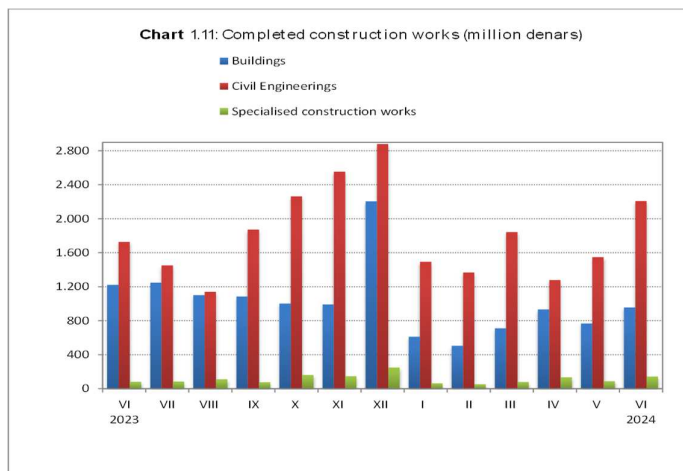
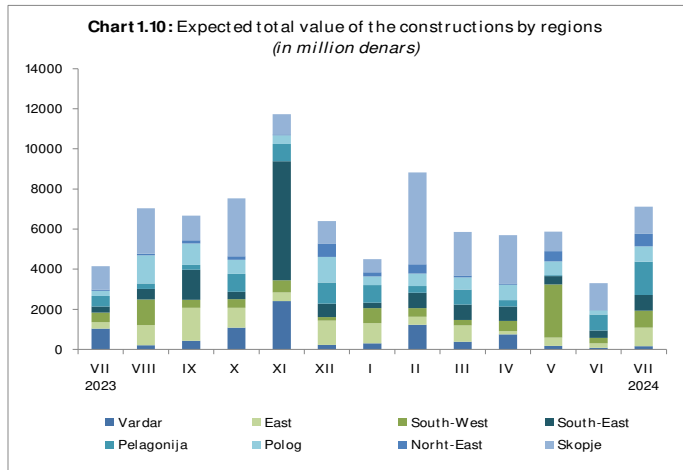
In July 2024, construction of 808 flats was envisaged, with total usable area of 66.044 m<sup>2</sup>. Number of flats envisaged for construction increased by 100.2% on monthly basis, surging by 270.6% on annual basis.

### Number of Completed Construction Works by Types of Constructions

Total value of performed construction works in June 2024 amounted to Denar 3,307 million, representing an annual growth of 9.1% in nominal terms, whereby civil engineering structure grew by 27.8%, and by 75.0% as regards specialized construction works, while buildings dropped by 21.7%. Compared to May 2024, total value of completed construction works recorded growth by 37.5%, 42.6% at civil engineering structures, increasing by 24.6% as regards buildings and picking up by 58.9% as regards specialized construction works. In cumulative terms, in the period January – June 2024, value of performed construction works amounted to Denar 14,783 million, being higher by 7.4% compared to the same period last year.

Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 9,736 million were completed in the first six months this year, i.e. 31.2% higher compared to the same period last year. During this period, the value of completed building construction works decreased by 24.4%, amounting to Denar 4,484 million, whereas the value of completed specialized construction works amounted to Denar 563 million, higher by 36.4% as compared to the same period last year.

In real terms, in the period January - June 2024, value of completed construction works increased by 14.4%, with civil engineering structures (39.9%) and specialized construction works (45.3%) recording growth, while recording a drop with buildings (19.6%).







## Trade Sector Turnover

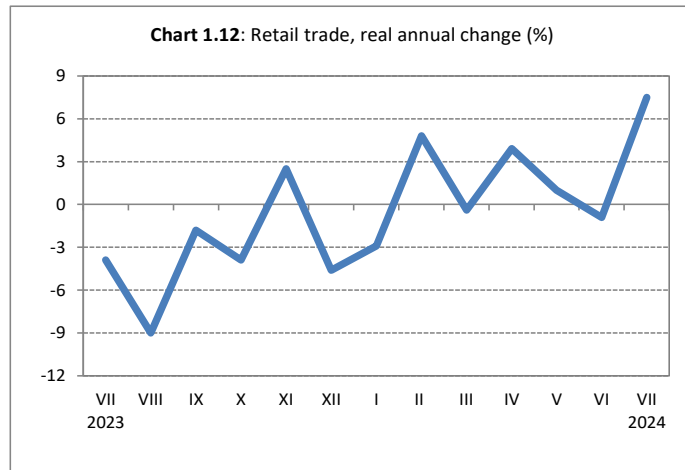
In July 2024, data on internal trade demonstrated nominal annual increase in the turnover by 9.5%, following the 3.2% growth in June. In July 2024, value of turnover amounted to Denar 72.566 million, whereby in cumulative terms, in the period January - July 2024, value of total turnover in trade amounted to Denar 456.867 million, being by 4.8% higher compared to the same period last year.

In the period January - July 2024, in cumulative terms, positive growth in turnover was also seen at the sectors:

Wholesale trade, which turnover value amounted to Denar 249,568 million, i.e. higher by 6.7% compared to the same month last year, Retail trade, which turnover value amounted to Denar 180,477 million, being 3.2% 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 26,822 million, being lower by 1.0% compared to the same month last year.

In real terms, retail trade in July 2024 recorded annual increase by 7.5%, while analyzed by groups and classes, increase was also seen in the groups of Retail trade in non-food products by 5.1%, and Retail in food products, beverages and tobacco by 17.1%, whereas decrease only in the Retail trade in automotive fuels by 2.6%.

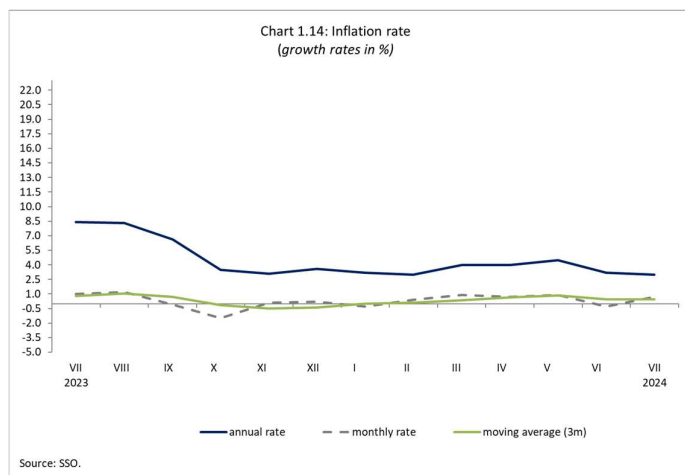
In July 2024, Wholesale trade (55.5%) accounted for the most in the Trade sector, followed by Retail trade (40.1%) and Trade in motor vehicles and motorcycles, repair and their maintenance (4.4%).



## Inflation

Inflation rate in July 2024 accounted for 3.0% on annual basis, recording a slowdown growth (3.2% in June 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 – July accounted for 3.6%.

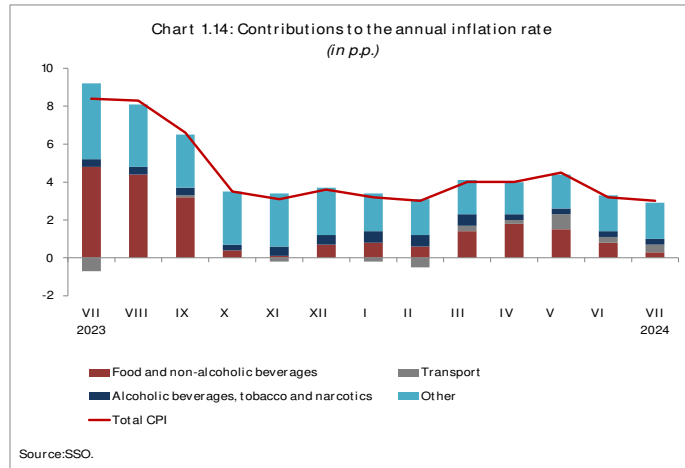
Core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 5.6% on annual basis in July 2024 (4.8% in the previous month), reflecting a acceleration growth. Increased prices in the category Restaurants and hotels had most positive contribution this month (1.6 p.p.).





Prices in the category Food and non-alcoholic beverages<sup>1</sup>, recorded significant growth slowdown, accounting for 0.9% on annual basis, being lower by 1.2 p.p. compared to the previous month) with this category contributing with 0.3 p.p. in the total inflation in July. Highest positive contribution to the price increase in the category Food and non-alcoholic beverages had the following subcategories:

Non-alcoholic beverages (annual growth of 6.7% with contribution of 0.2 p.p.), Milk, cheese and eggs (annual growth of 2.8% with contribution of 0.2 p.p.) and Meat (annual growth of 2.2% and contribution of 0.2 p.p.). Vegetable prices (-0.5 p.p.) contributed most negatively to the food prices.



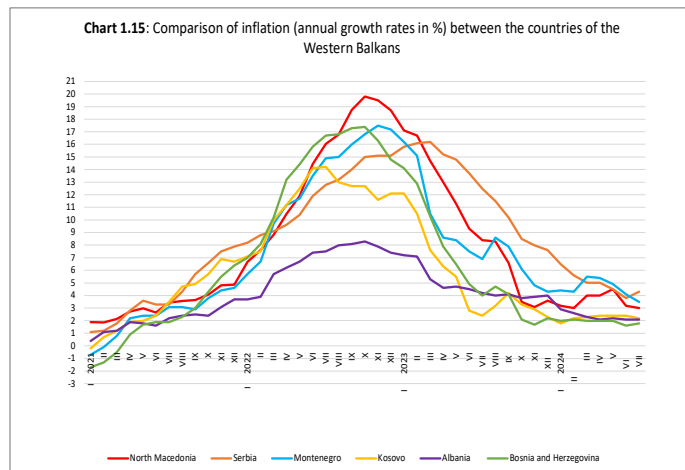
Observed by components, highest annual price growth in July 2024 was seen at the Restaurants and hotels category by 13.8% (contribution to the total inflation growth of 0.8 p.p.).

Price increase was also recorded at the following categories: Health protection by 5.8%, both Miscellaneous goods and services and Recreation and culture by 5.7%, Alcoholic beverages, tobacco and narcotics 5.6%<sup>2</sup>, Transport by 4.8%, Furnishings, household equipment and routine maintenance of the house by 3.2%, Communication by 3.0%, Wearing Apparel and footwear by 2.3%, Education by 0.7% and Housing, water, electricity, gas and other fuels by 0.5%.

In July, consumer prices grew by 0.7% on monthly basis (priced dropped by 0.3% on monthly basis). Prices growth on monthly basis was primarily due to the increase of prices in the Service sector and in the Transport sector. In July, food prices experienced reduction by 0.2%, with the vegetable prices' reduction contributing the most thereto.

Retail prices increased by 3.9% on annual basis, recording a slowing down of growth. On monthly basis, retail prices picked up by 1.5%. In the period between January and July 2024, retail prices increased by 3.8% on annual basis.

In July 2024, the Eurozone inflation rate accounted for 2.6%<sup>3</sup>, increasing by 0.1 p.p. compared to June.



<sup>1</sup> Since 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.

<sup>2</sup> 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.

<sup>3</sup> The data is a Eurostat's estimate.



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

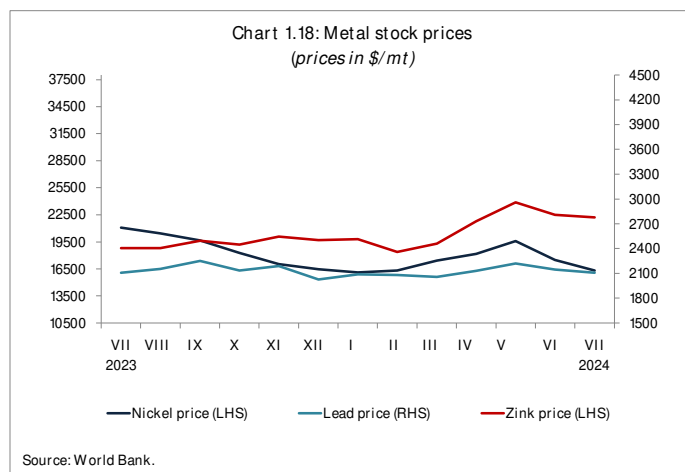
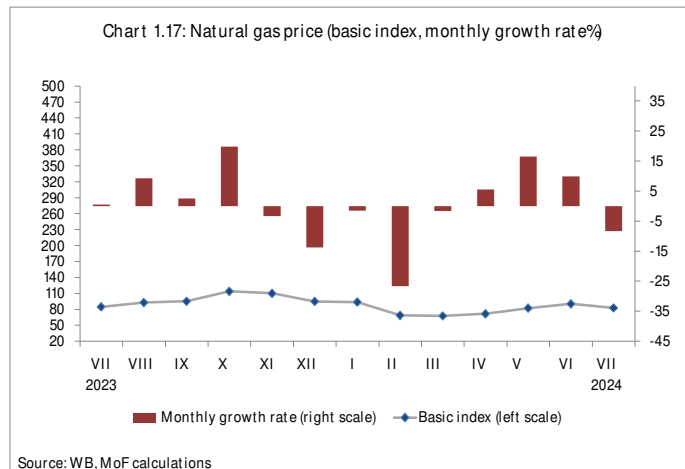
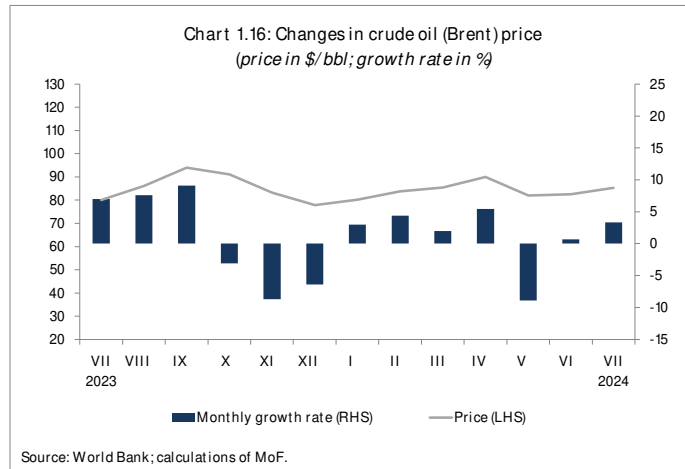
Brent crude oil price on the world stock markets in July 2024 increased by 3.3% on monthly basis, amounting to US Dollars 85.3 per barrel, reflecting the re-emerging geopolitical tensions in the Middle East, as well as the reduction of inventories. On annual level the price of oil is higher by 6.5%.

In July 2024, price of natural gas dropped by 8.3% on monthly basis. This month, prices were reduced due to decreased demand resulting from many factors such as increased windmill energy production in Europe as well as vast reserve quantities. On annual level, oil gas price decreased by 2.7% in July 2024.

In 2023, stabilization and reduction of energy product prices on the world and regional stock markets was observed, along with a price decrease at the onset of 2024. However, the last three months the energy price recorded growth. In July 2024, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 135.5 per megawatt/hour, increasing by 47.8% on monthly basis, and increasing by 42,7% on annual basis.

In July 2024, basic metal prices recorded decrease compared to the previous month. On monthly basis, the prices of the following metals dropped: nickel by 6.6%, aluminium by 5.9%, copper by 2.7%, lead by 1.9%, zinc by 1.1% and tin by 0.5%. Iron ore price recorded a drop of 0.6% on monthly basis.

This month, gold recorded increase of 3.1% on monthly basis, while out of the remaining precious metals, silver recorded a drop of 0.7%, whereas the price of platinum decreased by 0.6% on monthly basis.





In July, price of maize and wheat dropped by 7.8% and 5.1%, respectively, on monthly basis. The price of sunflower oil in July picked up by 2.4% on monthly basis.

Table 1.1. Stock market prices of energy products (monthly data)

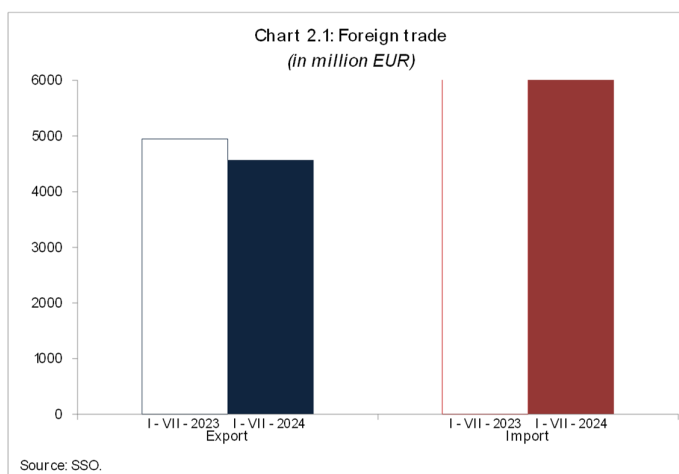
	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
2023 I	148.7	83.1	714,1
II	146.2	82.7	585.1
III	113.4	78.5	488.7
IV	106.7	84.1	478.4
V	88.2	75.7	357.7
VI	96.6	74.9	366.2
VII	94.5	80.1	337.2
VIII	100.4	86.2	396
IX	103.8	94.0	408.6
X	104.9	91.1	515.5
XI	99.38	83.2	512.5
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

Source: World Bank, Hungarian Power Exchange

## 2. FOREIGN TRADE

Total foreign trade in the first seven in 2024 amounted to EUR 11.057,6 million, declining by 2,9% compared to the same period last year.

In the period January - July 2024, share of trade with the EU (EU 27) as the largest trading partner, increased by 0.1 p.p. compared to the same period last year, accounting for 62.2%. 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 seven months of 2024, accounted for 23.6%, dropping by 1.7 p.p. compared to the same period in 2023.



### Export

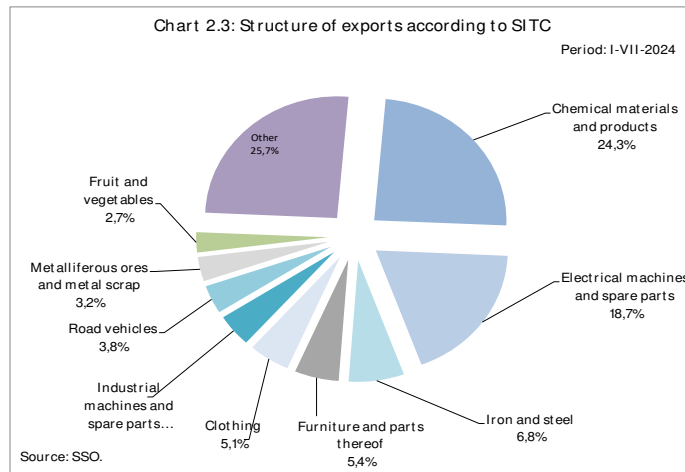
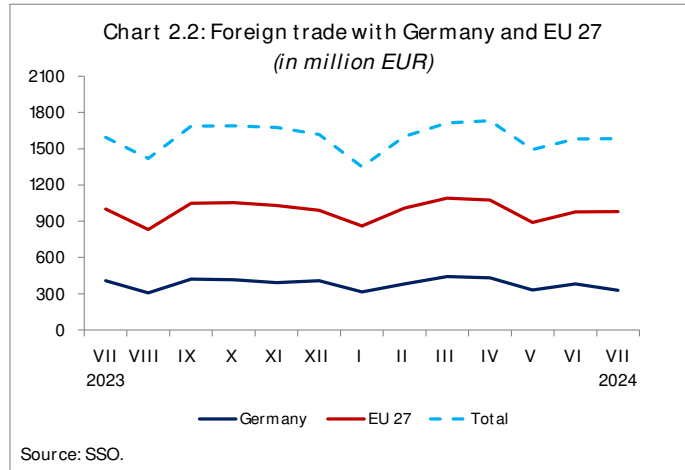
In the first seven months of 2024, value of exported goods amounted to EUR 4,567.7 million, dropping by 7.7% (EUR 380.2 million) compared to the same period in 2023, while physical output of export increased by 2.0%, compared to the same period last year.



Value of exported goods amounted to EUR 638.1 million in July 2024, decreasing by 8.3% (EUR 57.9 million) compared to the same month of the previous year, while physical output of export increased by 5.5% compared to July 2023.

Analyzed on monthly basis, in July 2024, export recorded a drop by 6,7% (EUR 46,1 million), compared to the previous month, and, in the event of seasonal export adjustment, it registered monthly drop of 2.2%, showing negative effects of the seasonal factor (4.5 p.p.). on export this month.

Value of export of food in the first seven months of 2024 increased by EUR 30.2 million, picking up by 11.2% compared to the same period in 2023, while quantity of exported food increased by 13.4%. As for our country's total export structure, share of the food in the first seven months of 2024, accounted for 6.6%, increasing by 1.1 p.p. compared to the same period in 2023. In the total food export, the following products were the most imported: Fruit and vegetable (41.3%), Cereals and cereal products (23.5%), Meat and meat products (9.4%) and Milk products and eggs (7.9%).



Analyzed by economic groups<sup>4</sup>, in the period between January - July 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 9.3% annually, with a share of 78.2% in the total export of the Republic of North Macedonia, while export to Western Balkan countries picked up by 6.7%, participating with 13.5% in our country's total export.

<sup>4</sup> Economic groups cover the following countries: EU 27 (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Sweden, Slovenia and Slovakia); EFTA (Switzerland, Island, Lichtenstein and Norway); Organization of Petroleum Exporting Countries (United Arab Emirates, Angola, Algeria, Ecuador, Iraq, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia and Venezuela); Western Balkans (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Kosovo and Serbia); North American Free Trade Agreement (Canada, Mexico and USA); Asia-Pacific Economic Cooperation (Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, China, Indonesia, Japan, Republic of Korea, Mexico, Malaysia, New Zealand, Peru, Papua New Guinea, The Philippines, Russia, Singapore, Thailand, Chinese Taipei, The United States and Viet Nam) and The Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Kyrgyzstan, Kazakhstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan).

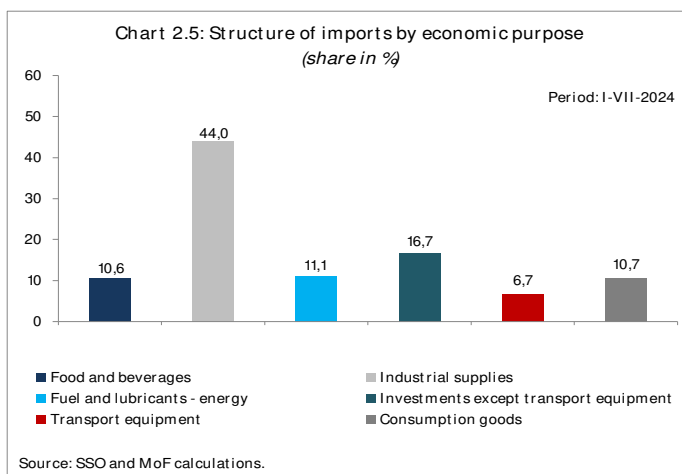
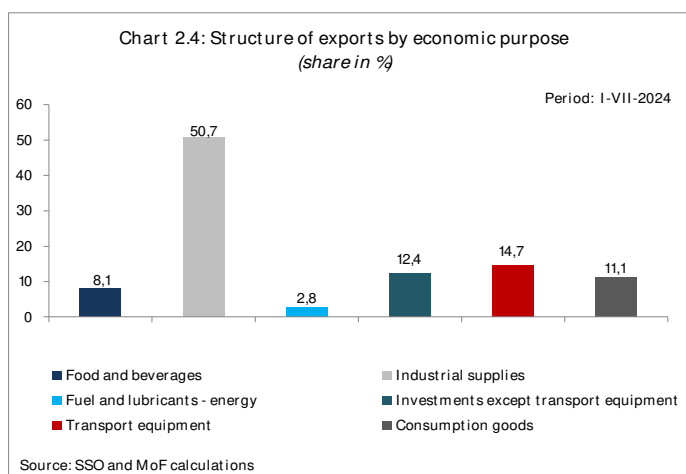


## Import

In the first seven months of 2024, value of imported goods amounted to EUR 6,489.9 million, surging by 0.8% (EUR 54.5 million) compared to the same period in 2023, while physical output of import dropped by 6.7%.

In July 2024, import value amounted to EUR 945.6 million, surging by 5.4% (EUR 48.2 million) compared to the same month in 2023, while imported quantities of goods declined by 5.2% compared to July 2023.

Analyzed on monthly basis, in July 2024, import picked up by 5.4% (EUR 48.3 million), compared to the previous month, and in the case of its seasonal adjustment, it registered monthly increase of 7.3%, showing negative effects of the seasonal factor (1,9 p.p.) on import this month.



Value of import of food in the first seven months of 2024 increased by EUR 67.5 million, picking up by 12.2% compared to the same period in 2023, while quantity of imported food increased by 12.2%. As for our country's total import, share of the food in first seven months in 2024, accounted for 9.3%, increasing by 0.7 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 (21.7%), Fruit and vegetable (15.3%), Cereals and cereal products (13.1%), Coffee, tea, cocoa and spices (11.5%) and Milk products and eggs (10.8%).



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 II-2023	I-V II-2024	Balance	% rate		I-V II-2023	I-V II-2024	Balance	% rate
000 T	81,0	80,0	-1,0	-1,2	000 T	703,5	675,1	-28,4	-4,0
EUR m il.	62,3	56,8	-5,5	-8,8	EUR m il.	494,4	488,8	-5,6	-1,1
\$ m il.	67,6	61,4	-6,1	-9,1	\$ m il.	536,0	528,7	-7,3	-1,4

\*)P revious data

Export of chemical products*)					Import of chemical products*)				
	I-V II-2023	I-V II-2024	Balance	% rate		I-V II-2023	I-V II-2024	Balance	% rate
000 T	46,5	36,4	-10,1	-21,8	000 T	16,2	18,0	1,8	11,2
EUR m il.	1.475,3	1.109,7	-365,6	-24,8	EUR m il.	107,7	105,2	-2,5	-2,3
\$ m il.	1.600,1	1.199,7	-400,4	-25,0	\$ m il.	116,8	113,8	-3,0	-2,6

\*)P revious data

Export of iron and steel*)					Import of iron and steel*)				
	I-V II-2023	I-V II-2024	Balance	% rate		I-V II-2023	I-V II-2024	Balance	% rate
000 T	394,9	396,4	1,4	0,4	000 T	382,3	412,0	29,7	7,8
EUR m il.	350,4	309,2	-41,2	-11,8	EUR m il.	292,6	284,3	-8,3	-2,8
\$ m il.	379,7	334,7	-45,1	-11,9	\$ m il.	317,2	307,5	-9,7	-3,1

\*)P revious data

## Trade Balance

In the period January - July 2024, trade deficit increased by 29.2%, i.e. by EUR 434.7 million, compared to the same period last year.

In July 2024, trade deficit increased by 52.7%, i.e. by EUR 106.1 million compared to July 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.

In the first seven months of 2024, 89.5% 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, 92.1% of the trade in the period January - July 2024 was realized in euros and, compared to the same period in 2023, it surged by 0.1 p.p.. On export and import side, euro accounted for 95.0% and 90.2%, respectively, whereby share of the euro in export was lower by 0.1 p.p., while share of the euro in import increased by 0.4 p.p. compared to the period January – July 2023.

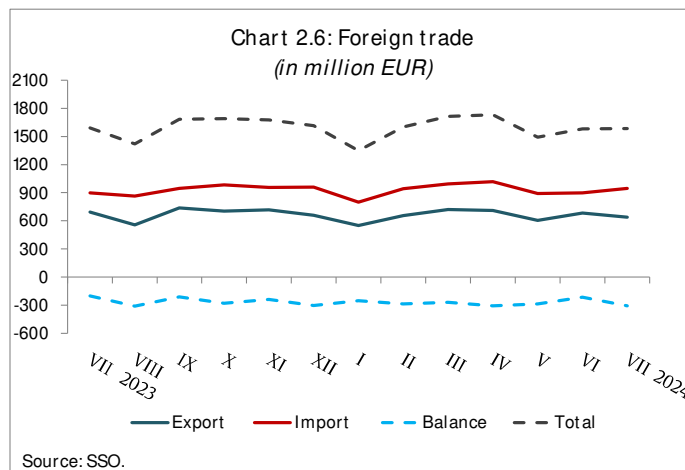




Table 2.2 Foreign trade of the Republic of North Macedonia by currency) calculations: MoF

in port	I-VII-2023					I-VII-2024					absolute change in currency value	relative change in currency value (in %)
	currency	000 T	in port in currency	average Denar exch. Rate in relation to currencies	in port in Denar	structure in %	000 T	in port in currency	average Denar exch. Rate in relation to currencies	in port in Denar		
EUR	3587,2	5 777 484 291	61,5956	355 867 611 417	89,8	3 501,3	5 850 971 397	61,5593	360 181 703 524	90,2	73 487 106	1,3
USD	535,2	657 995 039	56,8400	37 400 438 035	9,4	342,5	625 715 902	56,9092	35 608 991 413	8,9	-32 279 137	-4,9
GBP	1,2	12 522 995	70,5010	882 883 693	0,2	1,7	14 558 986	72,1657	1 050 659 411	0,3	2 035 991	16,3
EUR+USD+GBP	4 123,5			394 150 933 145	99,2	3 845,6			396 841 354 347	99,3		
tot. in port	4 133,6			396 422 940 840	100,0	3 851,1			399 528 268 622	100,0		0,8

Source: SSO and NBRNM

### 3. FISCAL SECTOR

#### Budget Expenditures according to the Economic Classification

In the period January – July 2024, execution of total budget revenues of the RNM's budget amounted to Denar 173,129 million, accounting for 55.8% of the 2024 projections, i.e. increase of 12.6% compared to executed budget revenues compared to the same period in 2023. As regards total revenues, Denar 160,961 million was collected on the basis of tax revenues and social contributions, accounting for 57.7% of 2024 projected amount, being 16.8% increase in relation to the previous year. Thereby, tax revenues were collected in the total amount of Denar 100,534 million (i.e. 57.3% of the amount projected for 2024), while social contributions were collected in the amount of Denar 59,379 million (annual increase of 15.7%, i.e. 58.8% 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 20.1%, VAT by 20.8%, excise duties increasing by 5.9%, import duties collection growth by 16.1% and other tax revenue collection picking up by 50,7% . During this period, non-tax revenues recorded growth by 8.6%, while capital revenues drop by 4.4%, while foreign donation revenues experienced drop by 74.8%.

Total budget expenditures were executed in the amount of Denar 194,884 million in the period January – July 2024, accounting for 56.7% of the annual projections, i.e. an increase of 7.8% compared to the first half of 2023. Thereby, current expenditures were executed in the amount of Denar 179,804 million, i.e. 60.2% of the amount projected for the whole year, being an increase of 15.7% compared to the same period in 2023. Increase was recorded at expenditures related to wages and allowances by 22.5%, at goods and service-related expenditures by 4.3% and at interest-related expenditures a surge by 42.0%. Transfers, as the largest category of current expenditures, increased by 13.7%, driven by the high growth of social transfers by 16.0%, health care expenditures by 14.2%, block and earmarked grants by 11.7% and subsidies and transfers by 6.2%. Capital expenditures were executed in the amount of Denar 15,080 million, being lower by 40.7% compared to the same period in 2023. Execution rate of capital expenditures for the period January – July 2024 accounted for 33.4% compared to the initial adopted Budget.

Table 3.1. RNM's Budget Execution for the period January – July 2024

	2024 Budget	January-July 2024		
	(Denar million)	(Denar million)	Annual growth rate (in %)	% of execution
<b>TOTAL REVENUES</b>	<b>310,097</b>	<b>173,129</b>	<b>12.6%</b>	<b>55.8%</b>
<b>Taxes and contributions</b>	<b>279,044</b>	<b>160,961</b>	<b>16.8%</b>	<b>57.7%</b>
Taxes	175,492	100,534	17.3%	57.3%

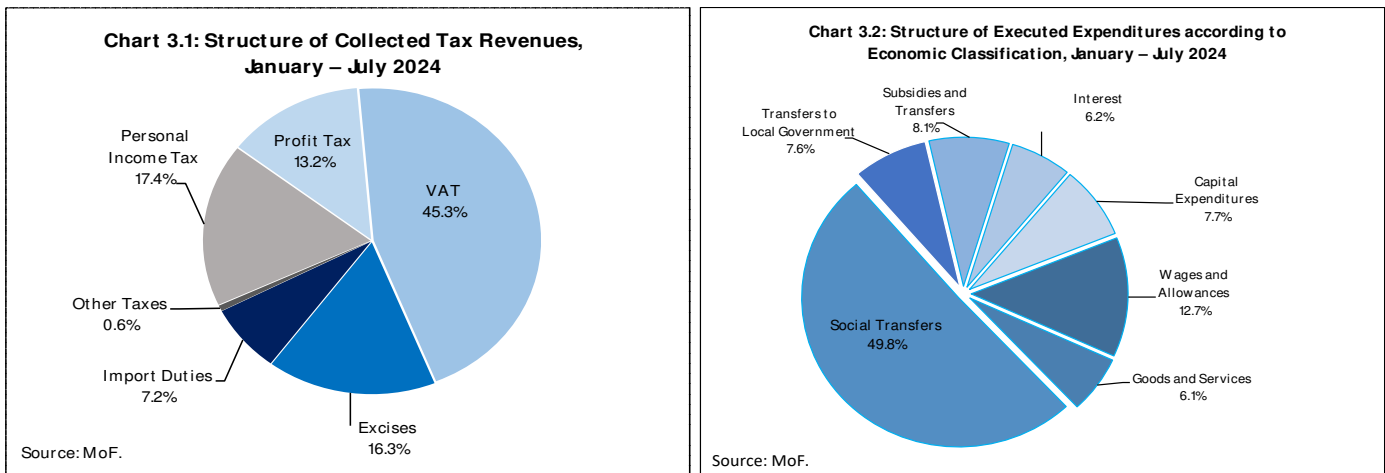




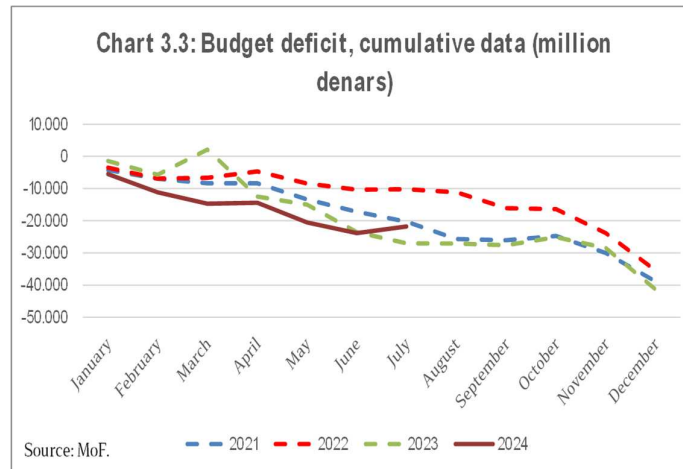
Personal Income Tax	31,116	17,444	18.1%	<b>56.1%</b>
Corporate Profit Tax	19,483	13,278	20.1%	<b>68.2%</b>
VAT	80,698	45,541	20.8%	<b>56.4%</b>
EXCISE DUTIES	30,969	16,387	5.9%	<b>52.9%</b>
Import charges	12,124	7,278	16.1%	<b>60.0%</b>
Other tax revenues	1,102	606	50.7%	<b>55.0%</b>
Contributions	100,977	59,379	15.7%	<b>58.8%</b>
<b>Non-tax revenues</b>	<b>20,394</b>	<b>10,078</b>	<b>8.6%</b>	<b>49.4%</b>
<b>Capital revenues</b>	<b>3,210</b>	<b>546</b>	<b>-4.4%</b>	<b>17.0%</b>
<b>Foreign donations</b>	<b>7,449</b>	<b>1,544</b>	<b>-74.8%</b>	<b>20.7%</b>
<b>Revenues from paid extended loans</b>	<b>0</b>	<b>0</b>	<b>/</b>	<b>/</b>
<b>TOTAL EXPENDITURES</b>	<b>343,638</b>	<b>194,884</b>	<b>7.8%</b>	<b>56.7%</b>
<b>Current expenditures</b>	<b>298,459</b>	<b>179,804</b>	<b>15.7%</b>	<b>60.2%</b>
Wages and allowances	41,178	24,753	22.5%	<b>60.1%</b>
Goods and services	25,113	11,868	4.3%	<b>47.3%</b>
Transfers	215,358	131,065	13.7%	<b>60.9%</b>
Social transfers	161,842	97,108	16.0%	<b>60.0%</b>
Pension and Disability Insurance of North Macedonia	98,995	61,023	18.4%	<b>61.6%</b>
Pecuniary unemployment allowance	3,026	1,116	22.6%	<b>36.9%</b>
Social welfare	14,089	8,695	5.4%	<b>61.7%</b>
Health protection	45,732	26,274	14.2%	<b>57.5%</b>
Other transfers	52,076	33,008	9.0%	<b>63.4%</b>
Interest	16,810	12,118	42.0%	<b>72.1%</b>
<b>Capital expenditures</b>	<b>45,179</b>	<b>15,080</b>	<b>-40.7%</b>	<b>33.4%</b>
<b>Budget Balance</b>	<b>-33,541</b>	<b>-21,755</b>	<b>-19.6%</b>	<b>64.9%</b>



Source: Ministry of Finance



In the period January – July 2024, the state budget deficit amounted to Denar 21,755 million, accounting for 2.4% of the GDP projected for 2024, i.e. 64.9% of the budget deficit;



### Expenditures by Budget Users

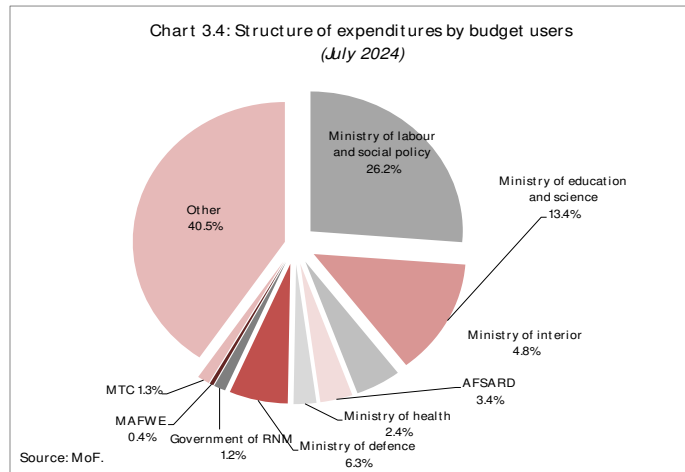
Review of budget expenditures for the largest budget users is given below.

In the period January – July 2024, Ministry of Labour and Social Policy executed funds in the amount of Denar 43,500 million or 67.4% of its total budget for the current year. Thereby, most of the expenditures (71.8%) were allocated for current transfers to extra-budgetary funds, for which Denar 31,251 million was spent, i.e. 71.5% of the funds allocated for 2024. The second highest expenditure category was the social benefits, participating with 19.7% in the total expenditures, whereby 59.6% (Denar 8,586 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 22,177 million, representing 55.3% of its total 2024 Budget. Current transfers to LGUs accounted for the most of the expenditures (56.6%), Denar 12,549 million being spent therefore or 56.3% of total projected funds. Wages and allowances category was the second highest expenditure item, accounting for 19.5%, for which an amount of Denar 4,326 million, accounting for 54.9%, being executed out of total projected funds.



In the period January – July 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 8,038 million, accounting for 55.6% of its 2024 budget. Wages and allowances was the highest expenditure category, participating with 70.4%, Denar 5,663 million being spent therefore, accounting for 57.4% of the projected ones. Second highest category was Goods and services, accounting for 17.1%. Amount of Denar 1,376 million were being spent therefore, accounting for 47.7% of the annual projections.



During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 5,720 million, accounting for 59.3% of the funds projected for the current year. As for subsidies and transfers, accounting as high as 92.9% of the total expenditures, 65.0%, with Denar 5,313 million of the funds planned for the whole year, being spent therefore.

In the period January – July 2024, Ministry of Defence executed budget funds in the amount of Denar 10,379 million, accounting for 57.4% of this year's total budget. Capital expenditures accounted for the most with 39.7%, Denar 4,120 million being spent therefore (accounting for 67.7% of the total funds projected for the current year). Wages and allowances accounted for 32.5% of total expenditures, Denar 3,373 million being spent therefore, i.e. 53.7% of the total projected expenditures.

Government of the Republic of North Macedonia spent total of Denar 2,069 million, i.e. 53.8% of the funds projected for 2024, in the period January – July 2024. Thereby, subsidies and transfers accounted for 57.6% 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 3,994 million, accounting for 53.2% of the total 2024 Budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 58.1%, 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 1,256 million (40.3% of the projections for the year) being spent therefore, accounting for 31.4% of total expenditures.

In the period January – July 2024, Ministry of Transport and Communications executed funds in the amount of Denar 2,159 million, i.e. 16.5% of the total budget for the current year. Execution of capital expenditures, as highest item, accounted for 75.5% of the total spent funds of this budget user (Denar 1,629 million or 13.7% of total projected funds).

During this period, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 678 million, accounting for 38.5% of the funds projected for 2024. Wages and allowances (Denar 366 million) was, by far, the highest item in the total expenditures of this budget user, accounting for 54.0% of its total expenditures, with 56.5% of the projected expenditures, being executed. As regards expenditures related to Goods and services, they accounted for 21.5% of the total expenditures, Denar 146 million being spent therefore, accounting for 47.7% 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

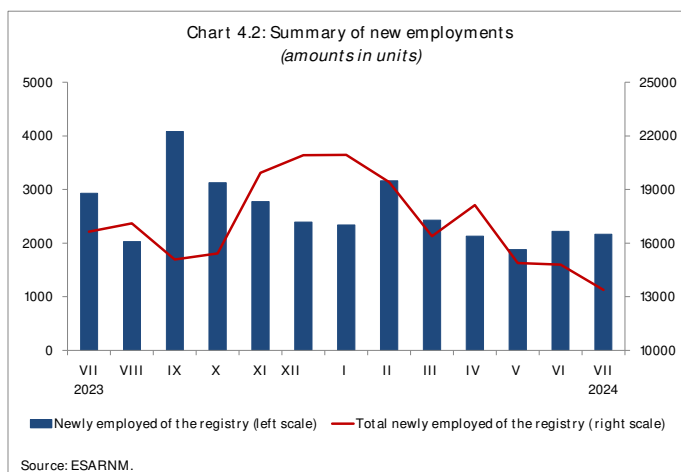
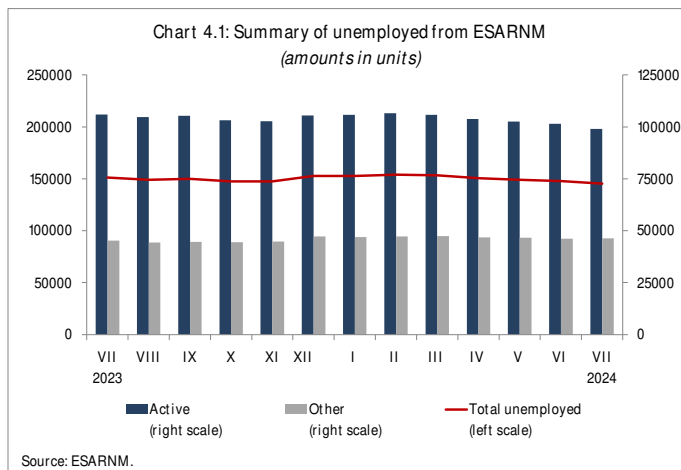
In the first seven months of 2024, Employment Service Agency registered total of 109,055 new employments. Total number of newly employed persons decreased by 3.8% compared to the same period in 2023.

As regards the total number of newly employed, 42.7% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In July 2024, 12.8% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in July 2024 was 145,267, 98,976 out of which persons were active job seekers, while 46,291 persons were from the category “other unemployed”. On annual basis, total number of unemployed persons decreased by 3.9%, whereas, starting from May 2021, it recorded a continuous annual reduction. Number of unemployed persons decreased by 2,444 people compared to June 2024.

Urban residents accounted the most (with 58.8%) among the active unemployed persons, whereas with respect to gender, men accounted for 47.9%. Analyzed by the level of education, majority, i.e. 69.1%, of the unemployed persons were with incomplete secondary education or less, 23.5% 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, 49.6% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 59.9% of the unemployed persons wait for employment from 1 to 7 years, while 13.3% wait for employment for 8 years or more.

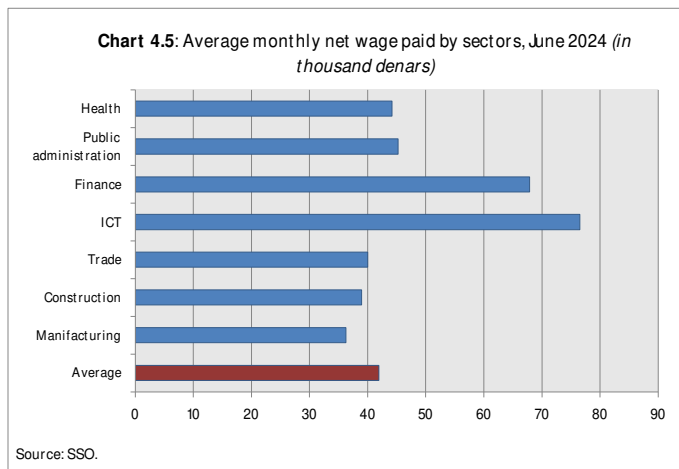
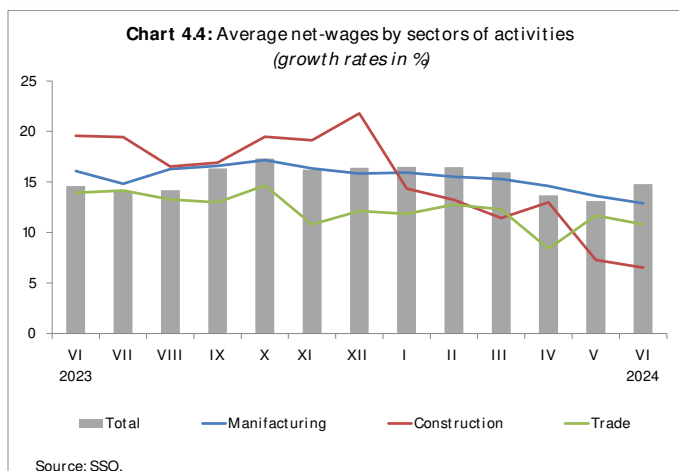
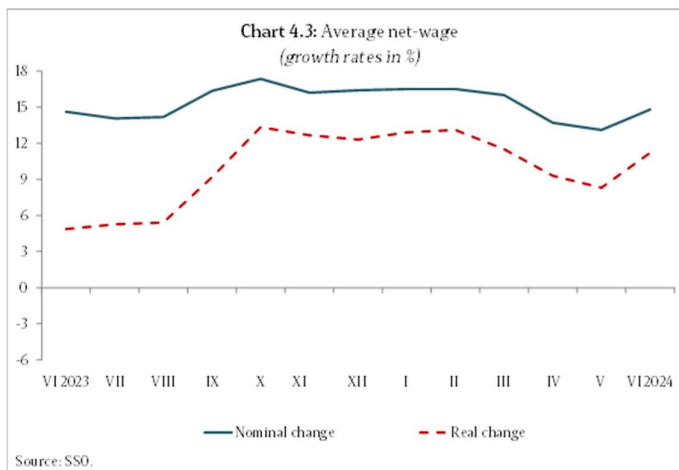




## Wages

As per the notification of the State Statistical Office, in June 2024, average net wage amounted to Denar 41,939, in nominal terms, being higher by 14.8% on annual basis, and being higher by 1.7% compared to May 2024. The highest increase of average net wage, in relation to June 2023, was observed at the following sectors: Financial and insurance activities (24.6%), Administrative and auxiliary services (22.9%) and Public administration and defense; compulsory social insurance (19.6%). In June 2024, wages increased by 11.2% in real terms on annual basis. Highest average net wage in June 2024 was paid in the sector Information and communications (Denar 76,518), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 95,112), followed by Financial and insurance activities with Denar 67,866, Electricity, gas, steam and air conditioning supply sector with Denar 53,650, and Mining and quarrying with average net wage in the amount of Denar 50,586.

Average nominal gross wage in June 2024 amounted to Denar 62,964 and compared to the same month in 2023, increased by 15.1%, being higher by 1.5% on monthly basis. The highest increase of average gross wage in June 2024, compared to June 2023, was recorded in the following sectors: Financial and insurance activities (24.9%), Administrative and auxiliary services (24.0%) and Public administration and defense; compulsory social insurance (19.9%).

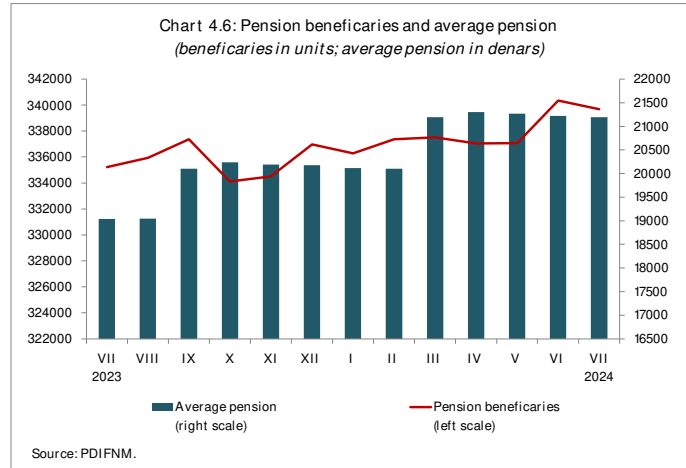




## Pensions

In July 2024, Pension and Disability Insurance Fund registered 339,692 pensioners. As regards the total number of pensioners, 70.5% are beneficiaries of old-age pension, amounting to 239,264 pensioners, 21.9% of survivor pension, amounting to 74,270 pensioners and 7.7% of disability pension, amounting to 26,058 pensioners.

Average pension in July 2024 amounted to Denar 21.195, being higher by 11.3% compared to the same month in 2023<sup>5</sup>. 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 June 2024 (the most recent available data) was 50.6%.

In July 2024, average old-age pension amounted to Denar 22,857, average disability pension amounted to Denar 18,788, while average survival pension amounted to Denar 16,684. This month, Denar 7,189 million was spent for payment of pensions, accounting for 49.3% of the total social transfers.

Chart 4.1 July 2024 Pension Data			
Pension beneficiaries	Number	Structure	Average pension
Old age pension	239.364	70,3%	22.857,00
Disability pension	26.058	7,7%	18.788,00
Survivors pension	74.270	21,8%	16.684,00
<b>Total</b>	<b>339.692</b>	<b>99,8%</b>	<b>21.195,00</b>
<b>Minimal agricultural pension beneficiaries</b>	<b>40</b>		<b>10.898,00</b>
<b>Beneficiaries of military pensions</b>	<b>750</b>		<b>29.873,00</b>
<b>Total</b>	<b>340.482</b>		<b>21.213,00</b>

Source: Pension and Disability Insurance Fund of Macedonia

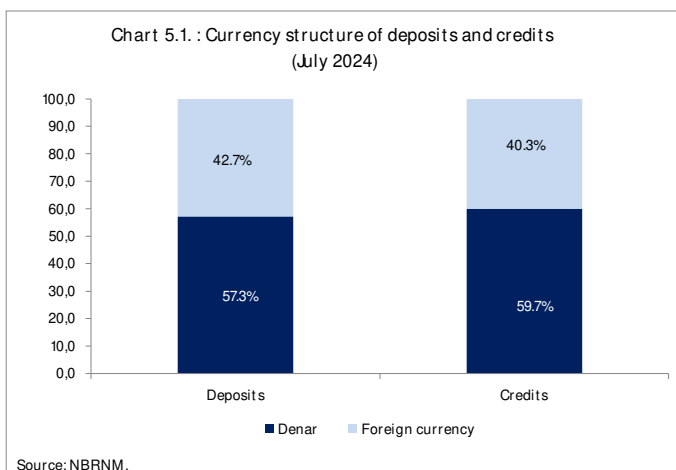
<sup>5</sup> Military and agricultural pensions are not included when calculating the average pension.



## 5. MONETARY AND FINANCIAL SECTOR

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



### Primary Money

In July 2024, primary money<sup>6</sup> grew by 13.3% on monthly basis. Increase of primary money was a result of increase of both total liquid assets and currency in circulation by 24.1% and by 4.0%, respectively.

In July 2024, primary money grew by 22.0% on annual basis, as a result of increased total liquid assets of banks by 36.1%, while currency in circulation increased by 10.2%.

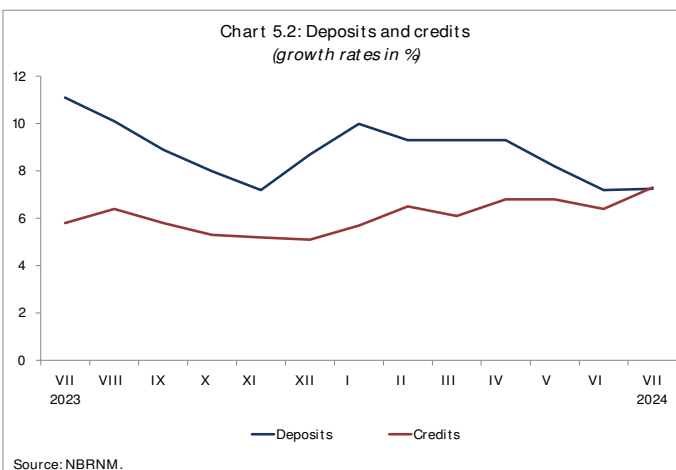
### Deposit Potential<sup>7</sup>

In July 2024, total deposits of banks grew by 0.5% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of households and deposits of private enterprises picked up by 0.7% and 0.2% respectively.

Analyzed by currency, in July 2024, compared to the previous month, Denar deposits and foreign currency deposits increased by 0.3% and 0.6%, respectfully.

Total deposit potential in July 2024 grew by 7.3% on annual basis.

Analyzed by currency, domestic currency deposits and foreign currency deposits recorded growth by 9.8% and 4,0%, respectively.



From sectoral point of view, deposits of enterprises grew by 3.9%, and deposits of households increased by 9.6% on annual basis.

<sup>6</sup>Primary money is calculated as a sum of currency in circulation (including cash in hand), denar and foreign currency reserve requirement and the surplus of liquid assets over the reserve requirement.

<sup>7</sup>NBRNM published data from monetary statistics, statistics of other financial corporations and statistics of interest rates according to the new methodology. Methodologic changes were made for the purpose of harmonization with the recommendations under the newly published IMF Monetary and Financial Statistics Manual and Compilation Guide as of 2016 (MFSMCG – IMF, 2016) and the IMF Technical Mission in the field of monetary and financial statistics in NBRNM as of 2015.



Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (July 2024)	In Denar million	Monthly change	Annual change
Deposit Potential	547,211	0.5%	7.3%
By currency:			
<i>Denar</i>	313,161	0.3%	9.8%
<i>Foreign currency</i>	234,049	0.6%	4.0%
By maturity:			
<i>Short-term</i>	215,451	0.0%	-0.5%
<i>Long-term</i>	131,815	1.5%	20.2%
Credits to private sector	465,244	0.6%	7.3%
By currency:			
<i>Denar</i>	279,155	1.1%	13.0%
<i>Foreign currency</i>	186,089	-0.1%	-0.3%
By maturity:			
<i>Short-term</i>	68,969	-0.2%	3.0%
<i>Long-term</i>	379,554	0.8%	8.0%

Source: NBRNM

According to maturity, short-term deposits decreased by 0.5%, while long-term deposits dropped by 20.2%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 57.2%.

### Bank Credits

In July 2024, total credits of banks to the private sector surged by 0.6% on monthly basis, as a result of the growth of both credits to households by 0.8%, and credits to enterprises by 0.5%.

Analyzed by currency, Denar credits picked up by 1.1%, while foreign currency credits decreased by 0.1% on monthly basis.

On annual basis, in July 2024 total credits grew by 7.3%, in conditions of growth of both credits to enterprises and credits to households of 7.3% and of 7.5%, respectively. Denar credits surged by 13.0%, while foreign currency credits dropped by 0.3%.

As regards maturity, long-term credits experienced annual growth of 8.0% and short-term credits picked up by 3.0%.



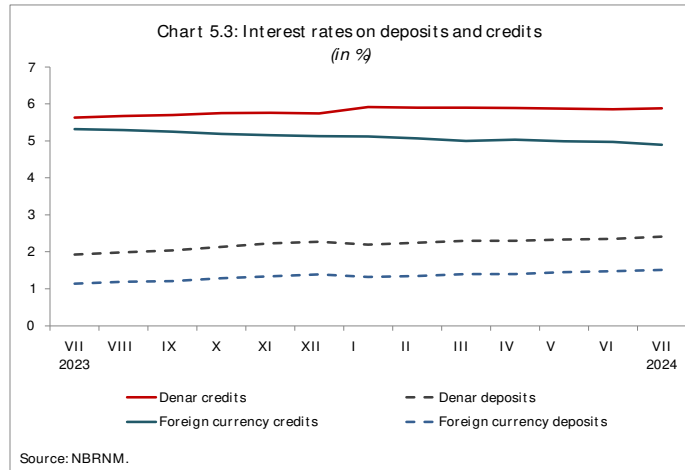


## Interest Rates of Deposit Banks

In July 2024, total interest rate on credits dropped by 0.01 p.p. compared to the previous month, accounting for 5.46%. Interest rate on Denar credits grew by 0.03 p.p., accounting for 5.88%, while interest rate on foreign currency credits decreased by 0.08 p.p. on monthly basis, accounting for 4.89%.

Total interest rate on deposits grew by 0.05 p.p. in July 2024, compared to last month, accounting for 1.93%. Interest rate on Denar deposits increased by 0.06 p.p., accounting for 2.41%, while interest rate on foreign currency deposits grew by 0.03 p.p., accounting for 1.51%.

Interest rate on newly granted Denar credits accounted for 5.48%, while interest rate on newly approved foreign currency credits accounted for 4.08%. Interest rates on newly received Denar and foreign currency deposits accounted for 3.19% and 2.17%, respectively.

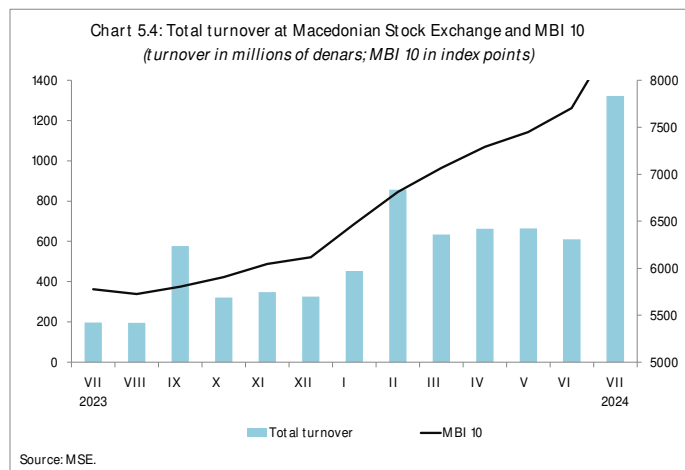


## Capital Market

As for the capital market, in July 2024, total turnover on the stock exchange increased by 116.4% on monthly basis, as a result of the increase of turnover from classical trading by 187.7%, while the turnover from block transactions by 67.2%.

Total turnover on the stock exchange amounted to Denar 1,322 million in July 2024, increasing by 573.1% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 8,480.6 index points at the end of July 2024, whereby the index grew by 10.1% on monthly basis, while, compared to the same month last year, the index was higher by 46.8%.



## Reserve Assets

At the end of July 2024, gross reserve amounted to EUR 4,469.8 million, being higher by 2.1% compared to the previous month and by 16.5% compared to July 2023.