



SHORT-TERM ECONOMIC TRENDS



June 2024



CONTENTS

SUMMARY	3
1. REAL SECTOR	4
Industrial Production	4
Number of Employees in the Industry.....	5
Number of Issued Building Permits and Expected Value of Constructions	6
Number of Completed Construction Works by Types of Constructions	6
Trade Sector Turnover.....	7
Inflation	8
Stock Market Prices.....	9
2. FOREIGN TRADE	11
Export	11
Import	12
Trade Balance.....	13
Currency Structure.....	14
3. FISCAL SECTOR	14
Budget Revenues according to the Economic Classification.....	14
Budget Expenditures according to the Economic Classification	15
Expenditures by Budget Users	16
Budget Balance.....	17
4. SOCIAL SECTOR	18
Newly Employed and Registered Unemployed Persons in the Employment Service Agency	18
Wages	19
Pensions.....	20
5. MONETARY AND FINANCIAL SECTOR	20
Primary Money	20
Deposit Potential	21
Bank Credits	22
Interest Rates of Deposit Banks.....	22
Capital Market	23
Reserve Assets.....	23



SUMMARY
OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS
June 2024

- Industrial production dropped by 6.5% in June 2024 compared to the corresponding month last year.
- In June 2024, inflation rate accounted for 3.2% on annual basis, reflecting a slowdown and being lower by 1.3 percentage points (accounting for 4.5% in May 2024). On monthly basis, inflation recorded a drop of 0.3%.
- In the period January - June 2024, export recorded a drop of 7.6%, while import grew by 0.1%, resulting in increase of the trade deficit by 25.5% compared to the corresponding period in 2023.
- In June 2024, total budget revenues reached an amount of Denar 144,304 million, i.e. 16.0% of GDP, which was by 10.0% higher in relation to June 2023.
- In June 2024, total budget expenditures amounted to Denar 168,162 million, i.e. 18.6% of GDP, which was higher by 8.7% compared to June 2023.
- Total credits of banks in June 2024 grew by 6.4% compared to June 2023, while total deposit potential of banks surged by 7.2%.



1. REAL SECTOR

Industrial Production

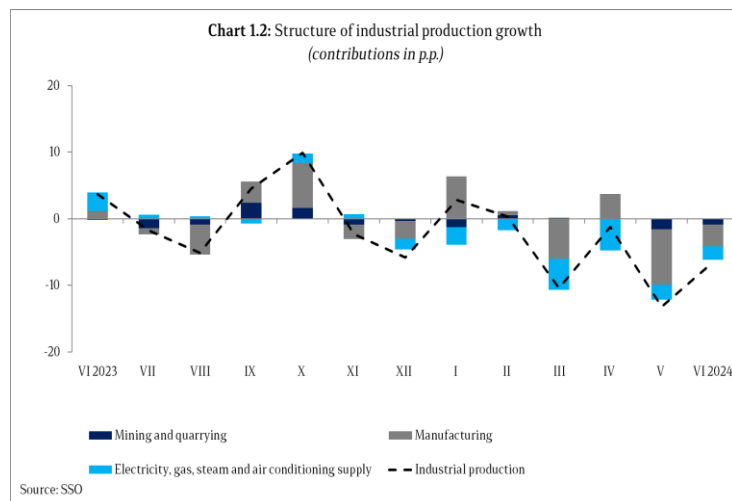
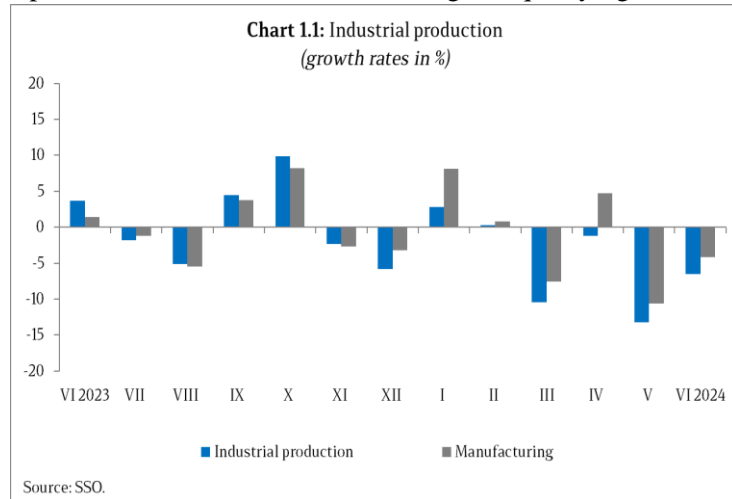
Industrial production dropped by 6.5% in June 2024 compared to the same month last year. Drop in June 2024 was due to the reduced production across all sectors: Mining and quarrying recorded a drop by 9.5%, Manufacturing by 4.2% and Electricity, gas, steam and air-conditioning supply by 16.7%.

In June 2024, growth in production was registered at 10 out of total of 27 industrial branches, comprising 35.8% in the total industry.

Branches with higher value added in June 2024 recorded a drop with the following branches: Manufacture of metals by 22.0%, with contribution of -1.0 p.p. and Manufacture of motor vehicles, trailers and semi-trailers by 2.6%, with contribution of -0.3%, while growth was recorded with the branches: Manufacture of electrical equipment by 5.5% with contribution of 0.3 p.p. and Manufacture of machinery and equipment by 3.6% with contribution of 0.2 p.p..

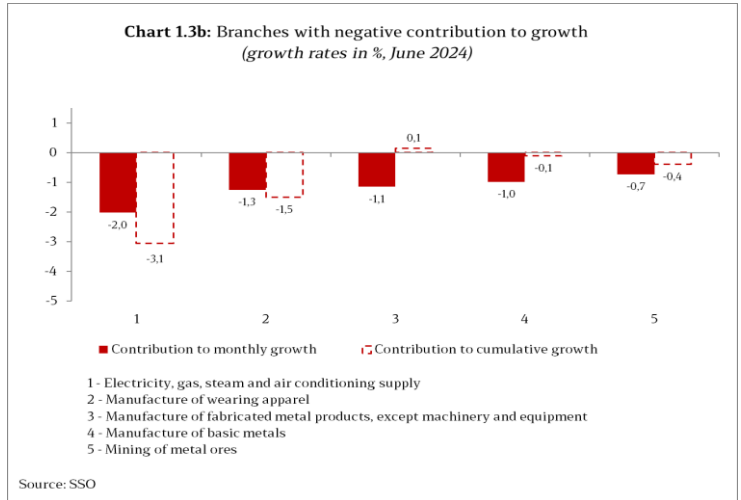
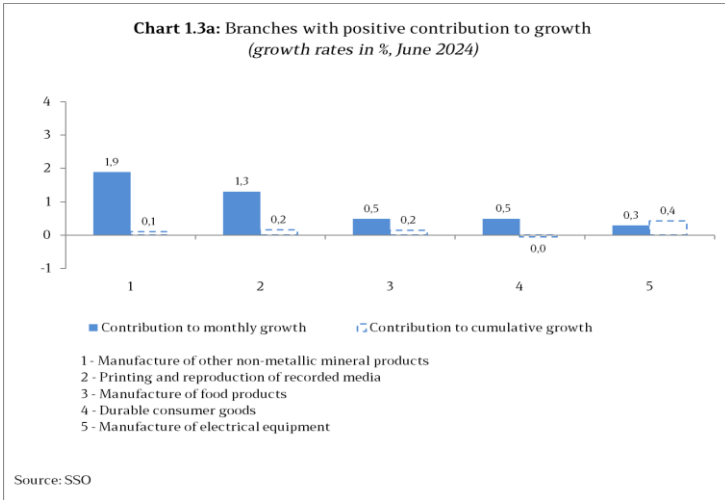
Traditional branches in June 2024 recorded a drop of production, as follows: Manufacture of wearing apparel by 19.8% with contribution of -1.3 p.p., Manufacture of textile by 9.8% and contribution of -0.5 p.p., Manufacture of tobacco products by 43% with contribution of -0.5 p.p., Manufacturing of wood and of wood and cork products by 8.3% and contribution of -0.1 p.p. and Manufacture of leather by 5.8% with contribution of -0.04 p.p., while increase of production was recorded with the branches: Manufacture of food products by 4.7% with contribution of 0.5 p.p., Manufacture of beverages picked up by 1.6% and contribution of 0.1 p.p..

Drop of industrial production, according to the purpose of production units in June 2024 was a result of the decreased production at the following groups: Energy (dropping by 13.7% with contribution of -1,8 p.p.), Capital goods (by 11.0% and contribution of -2,5 p.p.) and Non-durable consumer goods industry (dropping by 7.1% and contribution of -2.2 p.p.), while increased production was seen at Durable consumer goods (growing by 13,6%, with contribution of 0.5 p.p.). Production at the group Intermediate products, except energy remained at the same level compared to June 2023.





On cumulative basis, in the period January - May 2024, industry decreased by 5.1% as a result of the decreased production throughout all sectors, as follows: Mining and quarrying by 5.8% (contribution of -0.5 p.p.), Manufacturing by 2.2% (contribution of -1.8 p.p.) and Electricity, gas, steam and air-conditioning supply by 25.3% (contribution of -3.1 p.p.).

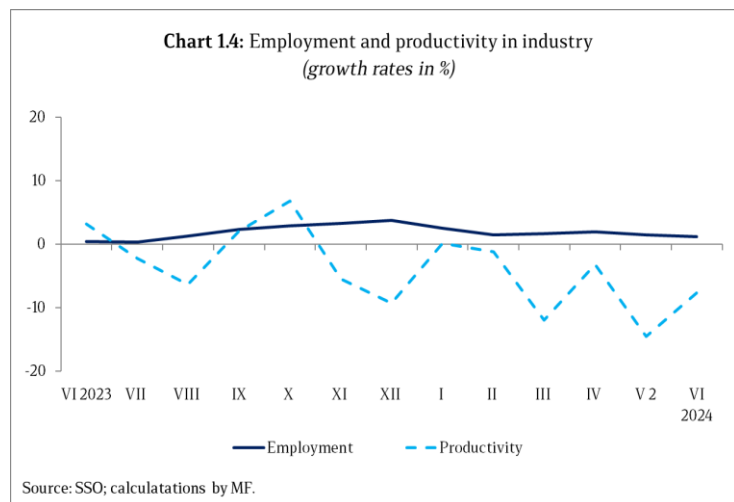


As per the purpose of production units, in the period January - June 2024, growth was only seen at the branch Capital goods (1.7%), whereas drop was recorded in the branches: Energy (by 24.1%), Intermediate goods except energy (by 0.8%), Consumer durables (by 1.2%), and Consumer non-durables (by 7.6%).

Number of Employees in the Industry

In June 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 5.1%, Manufacturing by 0.9%, and Electricity, gas, steam and air-conditioning supply by 1.0%. Increase in the number of employees was seen at the following branches: Repair and installation of machinery and equipment by 31.8%, Manufacture of machinery and equipment, n.e.c. by 27.3% and Manufacture of beverages by 16.3%.

In June 2024, data on number of employees in the industry by target groups compared to the same month last year showed increase of number of employees at the following groups: Energy by 4.7%, Capital products by 15.6% and Durable consumer goods by 16.3%.



Data on cumulative basis demonstrate the number of employees in industry between January and June 2024 recorded growth of 1.7% due to the increased number throughout all sectors: Mining and quarrying by 5.3%, Manufacturing by 1.6% 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 – June 2024 increased in the sectors as follows: Energy by 4.4%, Capital goods by 16.6%, and Consumer durables of 10.6%.

Number of Issued Building Permits and Expected Value of Constructions

In June 2024, when total of 185 building permits were issued, being a significant drop of 23.6% compared to the same month in 2023, resulting from the annual drop of issued building permits, pertaining to buildings (participating with 58.4% in the total number of issued building permits) by 6.1%, as well as reconstruction facilities, dropping by 34.4%. Compared to May 2024, number of issued building permits dropped by 28.8%. Expected value of works, according to the issued building permits in June 2024, dropped by 35.4% on annual basis, while compared to the previous month, it decreased by 43.8%.

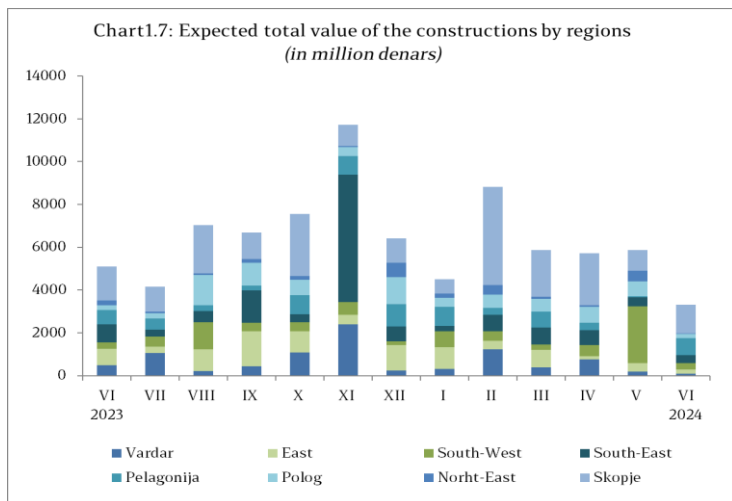
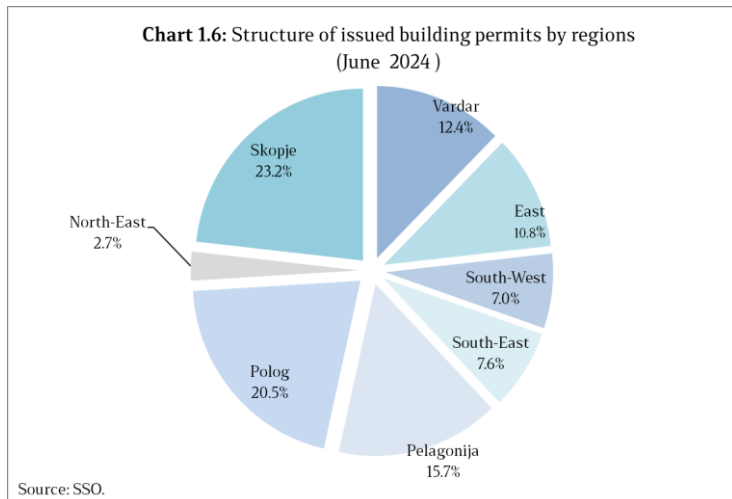
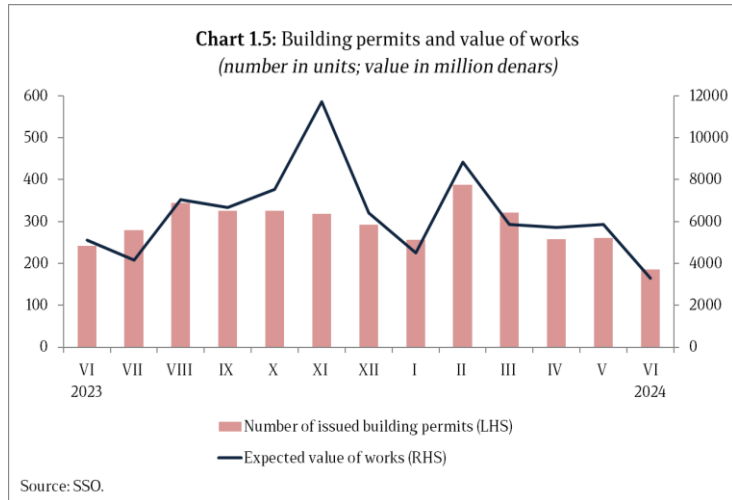
Analyzed by types of constructions, out of the total number of issued building permits, 108 (or 58.4%) were intended for buildings, 37 (or 20.0%) for civil engineering structures and 40 (or 21.6%) for reconstruction.

Analyzed by types of investors, out of total 185 issued building permits, individuals were investors in 112 facilities (or 60.5%), while business entities were investors in 73 facilities (or 39.5%).

In June 2024, construction of 400 flats was envisaged, with total usable area of 35,505 m². Number of flats envisaged for construction declined by 5.7% on monthly basis, while dropping by 24.5% on annual basis.

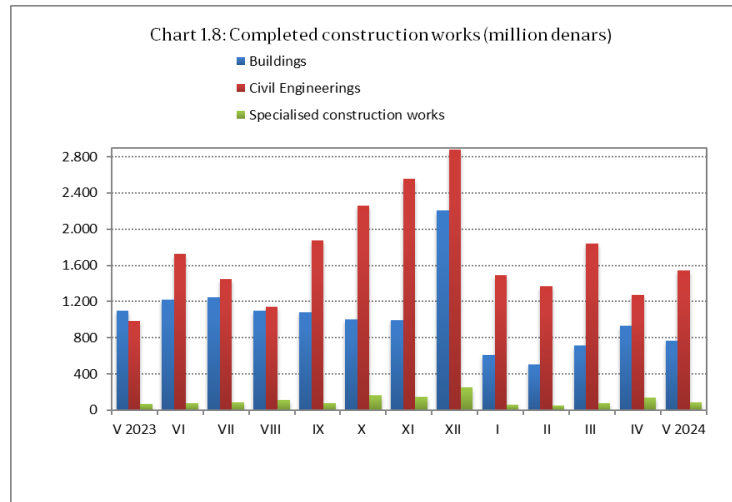
Number of Completed Construction Works by Types of Constructions

In May 2024, construction works were completed with total value of Denar 2,405 million, being nominal annual growth of 12.1%, as regards civil engineering structures and specialized construction works growth of





57.6% and 38.0% was observed respectively, while with buildings a drop of 30.1% was recorded. Compared to April 2024, total value of completed construction works dropped by 2.5%, 21.1% at civil engineering structures, while dropping by 17.8% as regards buildings and by 33.5% as regards specialized construction works. In cumulative terms, in the period January – May 2024, value of performed construction works amounted to Denar 11,476 million, being higher by 6.9% compared to the same period last year.



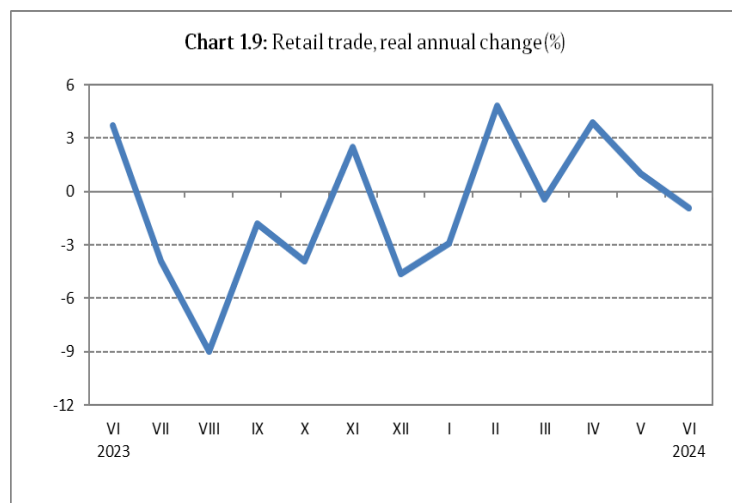
Most of the completed construction works pertain to civil engineering construction works, wherein construction works amounting to Denar 7,528 million were completed in the first five months this year, i.e. 32.3% higher compared to the same period last year. Value of completed works at buildings in this period decreased by 25.1%, amounting to Denar 3,527 million. The value of completed works with specialized construction works amounted to Denar 420 million, being higher by 26.8% compared to the same period last year.

In real terms, in the period January - May 2024, value of completed construction works increased by 13.4%, with civil engineering structures (40.4%) and specialized construction works (34.5%) recording growth, while recording a drop with buildings (20.7%).

Trade Sector Turnover

In June 2024, data on internal trade demonstrated nominal annual increase in the turnover by 3.2%, following the 2.5% growth in May. Value of turnover in June 2024 amounted to Denar 64,916 million, whereby in cumulative terms, in the period January - June 2024, value of total turnover in the trade amounted to Denar 384,301 million, being by 4.0% higher compared to the same month in the previous year.

In the period January - June 2024, in cumulative terms, positive growth in the turnover was also seen at the sectors: Wholesale trade, which turnover value amounted to Denar 209,307 million, i.e. higher by 5.9% compared to the same month last year, Trade in motor vehicles and repair, which turnover value amounted to Denar 23,625 million, being higher by 1.8% compared to the same month last year, and Retail trade with turnover value amounting to Denar 151,369 million, being higher by 1.8% compared to the same month last year.



In real terms, retail trade in June 2024 recorded annual decrease by 0.9%, while analyzed by groups and classes, decrease was also seen in the groups of Retail trade in non-food products by 4.8%, and Retail



in food products, beverages and tobacco by 1.4%, whereas increase was only seen in the Retail trade in automotive fuels by 7.4%.

In June 2024, Wholesale trade (55.0%) accounted for the most in the Trade sector, followed by Retail trade (39.5%) and Trade in motor vehicles and motorcycles, repair and their maintenance (5.6%).

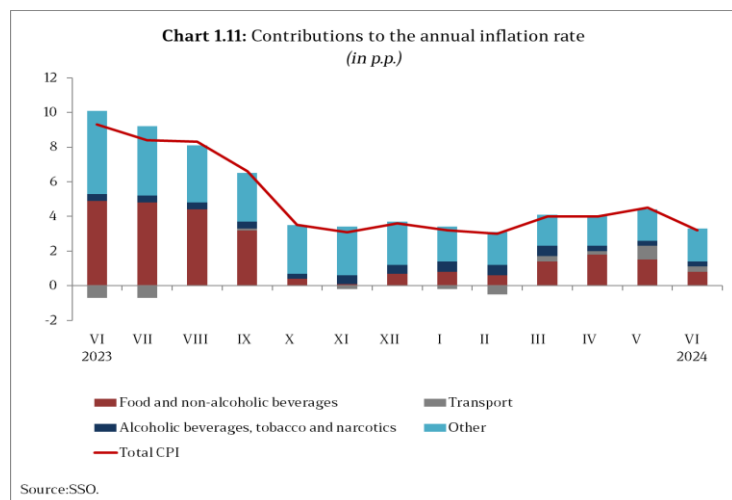
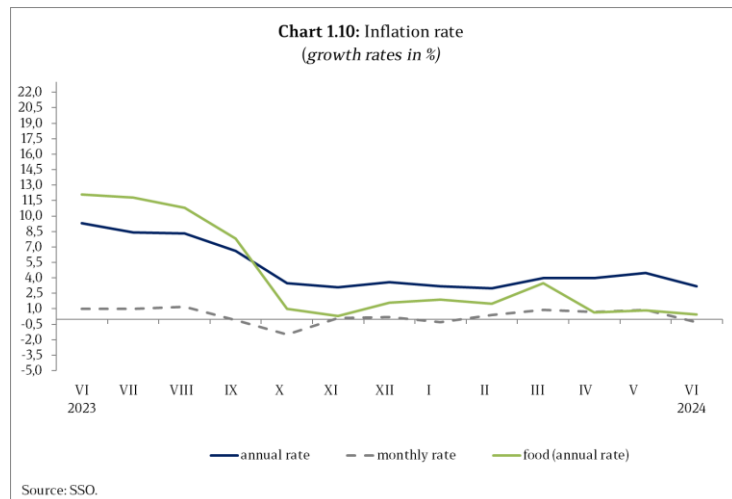
Inflation

In June 2024, inflation rate accounted for 3.2% on annual basis, reflecting a slowdown and being lower by 1.3 percentage points (accounting for 4.5% in May 2024). This month inflation was mainly due to the base component, whereas the food component recorded a slowed down growth. Average inflation rate in the period January – June accounted for 3.7%.

Core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 4,8% on annual basis in June 2024, reflecting a gradual slowdown (5.5% the previous month). Increased prices in the category Restaurants and hotels had most positive contribution this month (1.1 p.p.).

Prices in the Food and non-alcoholic beverages category¹ recorded growth of 2.1% (lower by 1.7 p.p. than the previous month), whereby contributing with 0.8 p.p. in the total inflation in June, representing a decrease compared to the previous month. Following sub-categories: Bread and cereals (annual growth of 4.4%, contribution of 0.4 p.p.), Milk, cheese and eggs (annual growth of 4.2%, contribution of 0.3 p.p.), Fruits (annual growth of 11.5% and contribution of 0.2 p.p.) and Meat (annual growth of 2.0% and contribution of 0.2 p.p.) had the biggest contribution to growth in the Food and non-alcoholic beverages category. Vegetable prices (-0.4 p.p.) and oil prices (-0.1 p.p.) had negative contribution to food prices.

Observed by components, highest annual price growth in June 2024 was seen at the Restaurants and hotels category by 9.0% (contribution to the total inflation growth of 0.5 p.p.). Price increase was also recorded at the following categories: Alcoholic beverages, tobacco and narcotics by



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



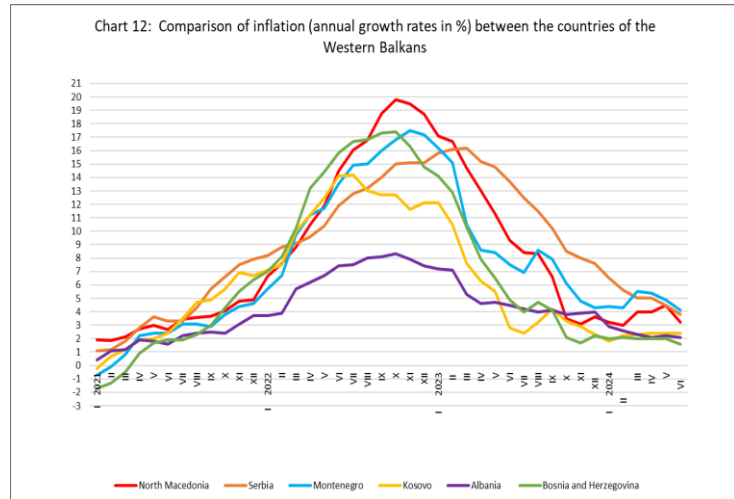
5.5%², Miscellaneous goods and services by 5.2%, Health protection by 5.2%, Recreation and culture by 4.2%, Transport by 3.4% Furnishings, household equipment and routine maintenance of the house by 3.1%, Wearing Apparel and footwear by 2.8%, Communication by 2.9%, and Housing, water, electricity, gas and other fuels by 2.6%. Reduction was observed only in the category Education by 0.6%.

In June, consumer prices decreased by 0.3% on monthly basis (last month prices increased by 0.9%). In June, food prices experienced reduction by 0.3%, with the vegetable prices' reduction contributing the most thereto.

In June 2024, retail prices increased by 4.1% on annual basis, recording a slowing down of growth. On monthly basis, retail prices recorded a drop of 0.9%.

In June 2024, the Eurozone inflation rate accounted for 2.5%³, decreasing by 0.1 p.p. compared to the previous month.

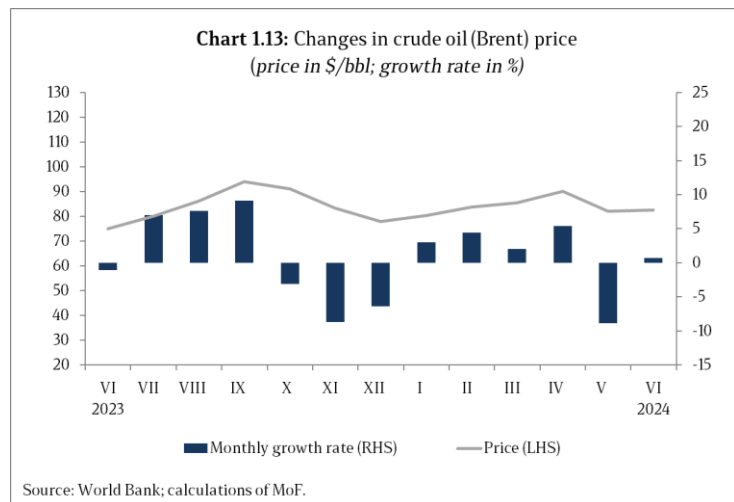
ECB revised the inflation rate for the Eurozone upwards by 0.2 p.p. for 2024 and 2025. As per the projections, inflation rate would reach 2.5% in 2024, 2.2% in 2025 and 1.9% in 2026. The 2024 inflation rate in the forthcoming quarters is expected to be around 2.5% with a certain volatility due to the 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 market in June 2024 increased by 0.7% on monthly basis, amounting to US Dollars 82.6 per barrel, reflecting the increased demand and re-emerging geopolitical tensions in the Middle East. On annual level the price of oil is higher by 10.2%.

In June 2024, price of natural gas grew by 9.9% on monthly basis. This month the prices increased due to the change of dynamics between the supply and the demand, the geopolitical developments, as well as the need for increase of reserves in Europe. The developments on the global markets increased the concerns regarding the supply, despite the end of the winter season, being reflected with higher prices. On annual basis, price of natural gas surged by 7.2% in June 2024.



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

³ The data is a Eurostat's estimate.



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 two months the energy price recorded growth. In June 2024, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 91.7 per megawatt/hour, increasing by 27.0% on monthly basis, while dropping by 5.0% on annual basis.

In June 2024, basic metal prices recorded decrease compared to the previous month. On monthly basis, the prices of the following metals dropped: nickel by 10.7%, zinc by 5.1%, copper by 4.8%, lead by 3.3%, tin by 2.9% and aluminium by 2.6%.

Price of iron ore registered a monthly drop of 9.6%.

This month, gold recorded drop of 1.1% on monthly basis, while out of the remaining precious metals, platinum recorded a drop of 2.9%, whereas the price of silver increased by 0.7% on monthly basis.

In June, price of maize and wheat dropped by 2.7% and 8.9%, respectively, on monthly basis. The price of sunflower oil in June picked up by 3.7% on monthly basis.

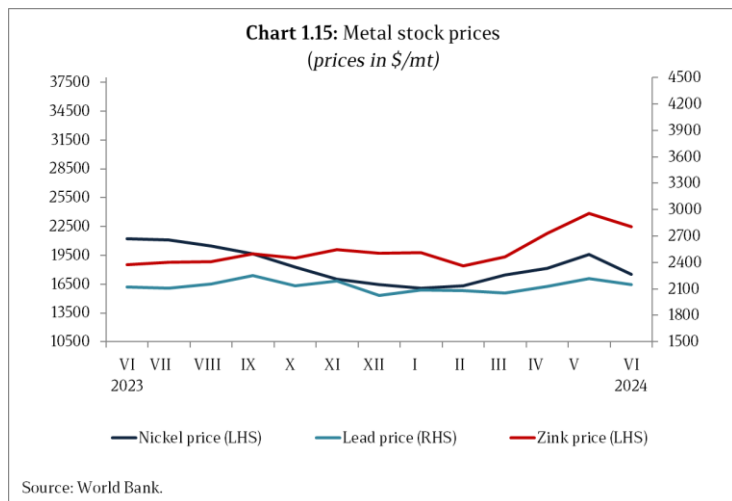
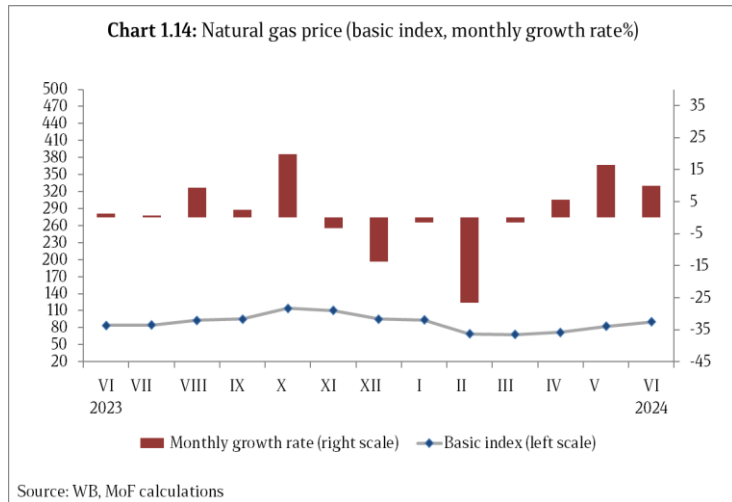


Table 1.1. Stock market prices of energy products (monthly data)

	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

Source: World Bank, Hungarian Power Exchange

2. FOREIGN TRADE

Total foreign trade in the first half of 2024 amounted to EUR 9,473.9 million, declining by 3.2% compared to the same period last year.

In the period January - June 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 62.3%. 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 six months of 2024, accounted for 24.1%, decreasing by 1.1 p.p. compared to the same period in 2023.

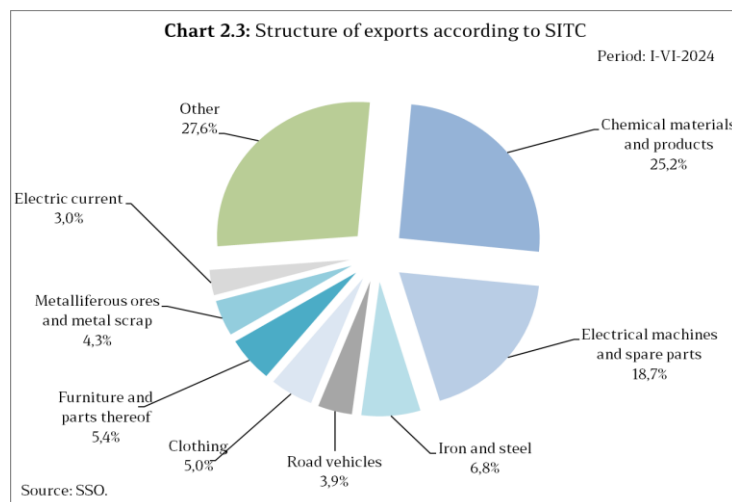
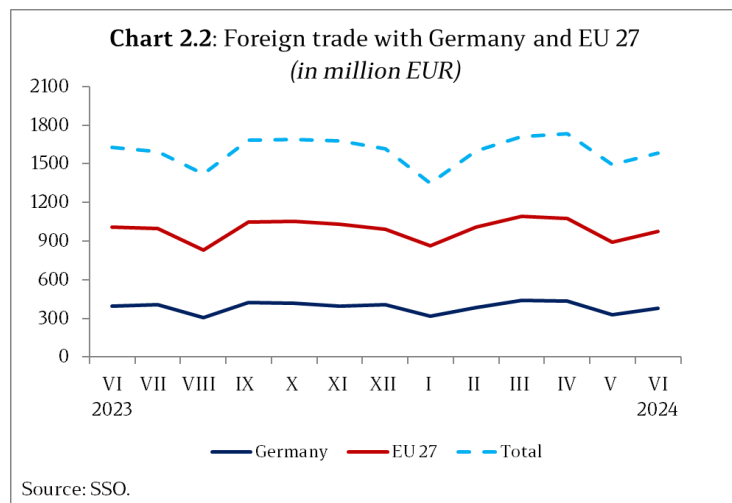
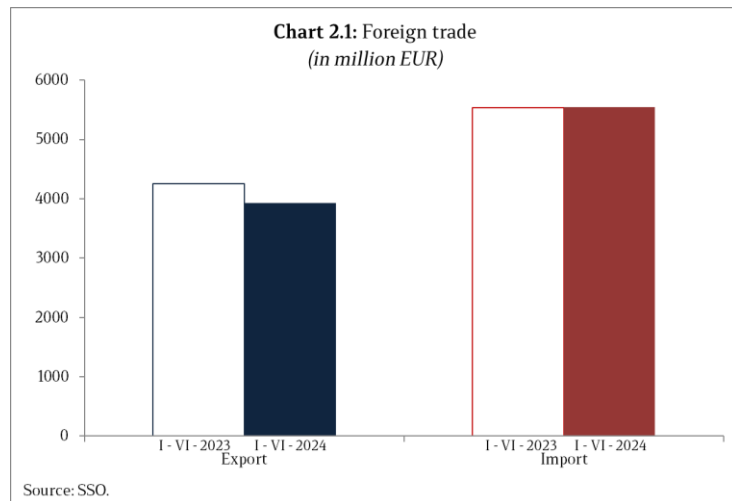
Export

In the first half of 2024, value of imported goods amounted to EUR 3,930.0 million, dropping by 7.6% (EUR 321.9 million) compared to the same period in 2023, while physical output of export increased by 1.5%, compared to the same period last year.

Value of exported goods amounted to EUR 684.1 million in June 2024, decreasing by 1.4% (EUR 9.9 million) compared to the same month of the previous year, while physical output of export increased by 9.0% compared to June 2023.

Analyzed on monthly basis, in June 2024, export grew by 13.3% (EUR 80.4 million), compared to the previous month, and, in the event of its seasonal adjustment, it registered monthly increase of 10,3%, showing positive effects of the seasonal factor (3.0 p.p.) on export this month.

Value of export of food in the first half of 2024 increased by EUR 27.4 million, picking up by 11.9% compared to the same period in 2023,





while quantity of exported food increased by 16.2%. Growth of value of food export was accompanied by increase of quantity of food export, mainly resulting from the certain decline and stabilization of food prices on the international market. As for our country's total export structure, share of food in the first six months of 2024, accounted for 6.6%, increasing by 1.1 p.p. compared to the same period in 2023.

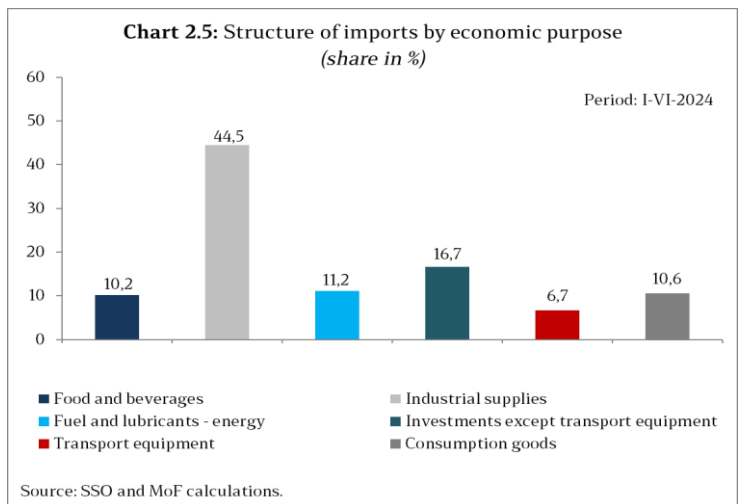
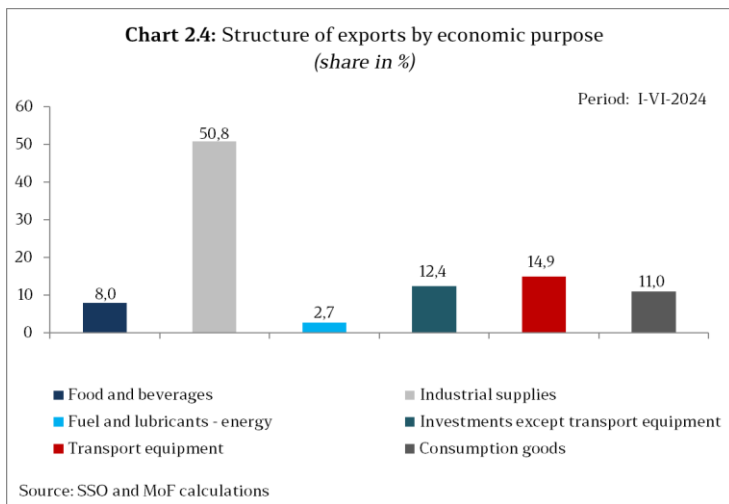
Analyzed according to economic groups⁴ of countries, in the period January - June 2024, compared to the same period in 2023, export recorded a drop at the following groups: EU 27, EFTA, Organization of Petroleum Exporting Countries, Asia-Pacific Economic Cooperation and Commonwealth of Independent States, while an increase was observed with the following groups: Western Balkan and North American Free Trade Zone. Export to EU 27 recorded a drop of 8.9% annually, with a share of 78.6% in the total export of the Republic of North Macedonia, while export to Western Balkan countries picked up by 7.4%, participating with 13.3% in our country's total export.

Import

In the first half of 2024, value of imported goods amounted to EUR 5,544.0 million, surging by 0.1% (EUR 6.0 million) compared to the same period in 2023, while physical output of import dropped by 6.9%.

In June 2024, import value amounted to EUR 896.9 million, dropping by 4.2% (EUR 39.0 million) compared to the same month in 2023, while imported quantities of goods declined by 21.1% compared to June 2023.

Analyzed on monthly basis, in June 2024, import surged by 0.7% (EUR 6.4 million), compared to the previous month, and, in the event of its seasonal adjustment, it registered monthly increase of 2,4%, showing negative effects of the seasonal factor (1.7 p.p.) on import this month.



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).



Value of import of food in the first half of 2024 increased by EUR 51.6 million, picking up by 11.1% compared to the same period in 2023, while quantity of imported food increased by 12.1%. Growth of the value of import of food was also accompanied by increase of food import quantity, primarily due to certain reduction and stabilization of food prices on the international market. As for our country's total import structure, share of the food in the first six months of 2024, accounted for 9.3%, increasing by 0.9 p.p. compared to the same period in 2023.

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

Export of petroleum and petroleum products*)					Import of petroleum and petroleum products*)				
	I - VI - 2023	I - VI - 2024	Balance	% rate		I - VI - 2023	I - VI - 2024	Balance	% rate
000 T	63,6	72,0	8,4	13,2	.000 T	576,3	555,1	-21,2	-3,7
EUR mil.	49,5	50,4	0,9	1,8	EUR mil.	417,5	409,0	-8,6	-2,0
\$ mil.	53,4	54,5	1,0	1,9	\$ mil.	450,9	442,2	-8,7	-1,9

*)Previous data

Export of chemical products*)				
	I - VI - 2023	I - VI - 2024	Balance	% rate
000 T	39,1	29,8	-9,3	-23,7
EUR mil.	1.256,0	991,4	-264,6	-21,1
\$ mil.	1.357,8	1.071,4	-286,4	-21,1

*)Previous data

Export of iron and steel*)				
	I - VI - 2023	I - VI - 2024	Balance	% rate
000 T	346,8	341,2	-5,6	-1,6
EUR mil.	305,3	266,2	-39,0	-12,8
\$ mil.	329,9	288,1	-41,8	-12,7

*)Previous data

*)Previous data

Import of chemical products*)				
	I - VI - 2023	I - VI - 2024	Balance	% rate
.000 T	13,4	15,6	2,2	16,6
EUR mil.	91,7	92,3	0,6	0,6
\$ mil.	99,1	99,7	0,6	0,6

*)Previous data

Import of iron and steel*)				
	I - VI - 2023	I - VI - 2024	Balance	% rate
.000 T	328,3	343,9	15,6	4,7
EUR mil.	251,5	239,3	-12,2	-4,8
\$ mil.	271,9	258,7	-13,2	-4,8

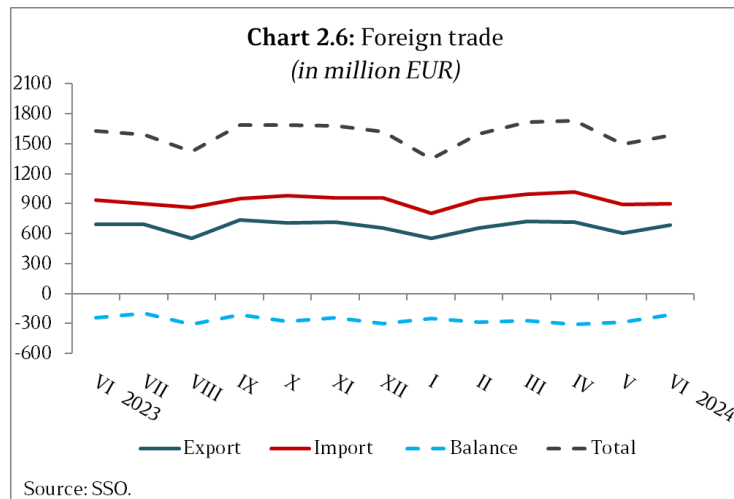
*)Previous data

Trade Balance

In the period January - June 2024, trade deficit increased by 25.5%, i.e. by EUR 327.9 million, compared to the same period last year.

In June 2024, trade deficit decreased by 12.0%, i.e. EUR 29.1 million compared to June 2023.

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



In the first half of 2024, 93.4% of the trade deficit of the country was realized in the trade with Great Britain, Greece and China, followed by: Türkiye, 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, 92.4% of the trade in the period January - June 2024 was realized in euros and, compared to the same period in 2023, it increased by 0.1 percentage points. On export and import side, euro accounted for 95.3% and 90.3% respectively, whereby share of the euro in export and import increased by 0.2 p.p. each, compared to the period January – June 2023.

import	I - VI - 2023					I - VI - 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	3.091.2	4.990.686.608	61.6122	307.487.181.457	90,1	2.958,9	5.007.895.791	61.5688	308.330.134.361	90,3	17.209.182	0,3
USD	389,3	544.695.176	57.0341	31.066.199.129	9,1	277,2	522.735.521	56.9433	29.766.285.583	8,7	-21.959.655	-4,0
GBP	1,0	10.884.316	70.3050	765.221.810	0,2	1,6	13.181.320	72.0362	949.532.197	0,3	2.297.004	21,1
EUR+USD+GBP	3.481,4			339.318.602.397	99,2	3.237,7			339.045.952.141	99,3		
tot. import	3.489,9			341.232.827.527	100,0	3.248,0			341.348.291.079	100,0		0,0

Source: SSO and NBRNM

3. FISCAL SECTOR

Budget Revenues according to the Economic Classification

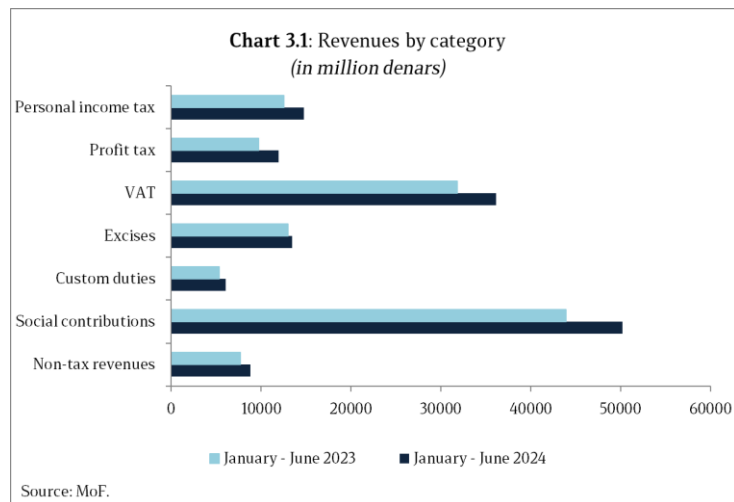
In the period January – June 2024, total budget revenues reached an amount of Denar 144,304 million, i.e. 16.0% of GDP, showing higher performance by 10.0% in relation to the same period in 2023. Compared to June last year, budget revenues increased by 2.9%, arising from the positive contribution of tax revenues of 4.1 p.p., whereas non-tax revenues had a negative contribution of 1.0 p.p.. Thereby, in June 2024, tax revenues picked up by 7.6% on annual basis, resulting from the higher revenues on the basis of Personal Income Tax, Corporate Income Tax, VAT and other taxes.

In the period January – June 2024, tax revenue collection amounted to Denar 82,895, higher by 14.1% compared to the period January – June 2023, as a result of the increased revenues on the basis of all taxes.

VAT revenues predominate by accounting for 43.6% of total tax revenues, the collection of which amounted to Denar 36,147 million, increasing by 13.5% in relation to the period January – June in the previous year. Thereby, this year VAT collection amounted to Denar 56,347 million on gross basis, out of which

Denar 20,200 million was refunded to taxpayers (gross collection was higher by 7.6%, while VAT refund was lower by 2.3% compared to 2023). As for VAT structure, collection of VAT when importing accounted for the most, increasing by 5.1%, while VAT revenues collected on the basis of sales in the country picked up by 11.4%. Revenues on the basis of excises were collected in the amount of Denar 13,447 million (participating with 16.2% in the tax revenues), surging by 3.8% compared to the period January – June 2023. Hence, revenues collected on the basis of these two indirect taxes alone amounted to Denar 49,594 million, i.e. 59.8% of total tax revenues in the period January – June 2024.

PIT revenues were collected in the amount of Denar 14,733 million, increasing by 17.8% on annual basis, whereby revenues on the basis of tax on wages and other personal earnings accounted for 63.8%, capital revenues accounted for 9.5%, tax revenues on the basis of contractual agreement accounted for





8.3%, revenues on the basis of games of chance and award games accounted for 6.3%, and revenues on the basis of other types of income tax accounted for 12.1%.

In the period January – June 2024, corporate income tax revenues amounted to Denar 11,960 million, increasing by 23.1% compared to the same period in the previous year, as a result of the positive performance of monthly advance payments, surging by 10.7%, and tax balances by 43.0%.

Revenues on the basis of customs duties were collected in the amount of Denar 6,084 million, increasing by 14.7%. Collection of revenues on the basis of other taxes, amounting to Denar 524 million, grew by 54.1% compared to same period last year.

Revenues on the basis of social contributions were collected in the amount of Denar 50,195 million, which was higher by 14.4% compared to last year. Thereby, collection of pension and disability insurance contributions surged by 14.3%, while collection of employment contributions was higher by 14.3%, and health insurance contributions growing by 14.5%.

Non-tax revenues were collected in the amount of Denar 8,810 million and, in relation to January – June 2023, they were higher by 14.6% (these revenues include revenues on the basis of profit generated by the public institutions, revenues collected on the basis of administrative fees and fines, concessions, etc.).

Capital revenues collected on the basis of sale of construction land, flats and dividends reached Denar 346 million, decreasing by 7.2% compared to last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 1,196 million, being reduced by 79.9% compared to the same period in 2023.

Budget Expenditures according to the Economic Classification

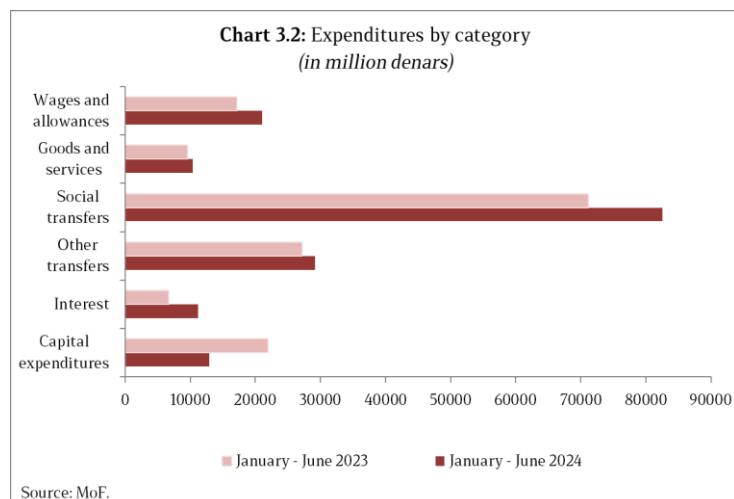
In the period January – June 2024, total budget expenditures amounted to Denar 168,162 million, i.e. 18.6% of GDP, which was higher by 8.7% compared to the same period in the previous year. Compared to June last year, budget expenditures decreased by 20.3%, being a result of the reduced current expenditures by 4.8%, as well as capital expenditures by 88.5%.

With respect to the structure of total executed expenditures, in the period January – June 2024, current expenditures, amounting to Denar 155,232 million, accounted for 92.3% and they increased by 16.9% in relation to the period January – June 2023.

Expenditures related to wages and allowances were executed in the amount of Denar 21,065 million, increasing by 22.7% in relation to the same period previous year, accounting for 12.5% of the total budget expenditures.

Expenditures related to goods and services amounted to Denar 10,397 million, increasing by 8.4% compared to the period January – June 2023.

Funds allocated for transfers amounted to Denar 112,547 million accounted for the most in the current expenditure items. Transfers increased by 13.2% compared to the period January – June 2023, participating with 66.9% in the total expenditures.





As regards transfers, social transfers grew by 15.9%, amounting to Denar 82,519 million, accounting for 49.1% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 52,066 million, increasing by 18.4% compared to the period January – June 2023. Transfer share accounted for 31.0% of total expenditures. Category other transfers increased by 7.5%, whereby subsidies and transfers amounted to Denar 14,465 million, increasing by 3.8%. Block grants to local self-government units, amounting to Denar 12,731 million, grew by 11.7% compared to the same period previous year.

During the analyzed period, funds for capital expenditures were executed in the amount of Denar 12,930 million, participating with 7.7% in the total expenditures, thereby recording lower execution by 41.0% compared to the period January – June 2023.

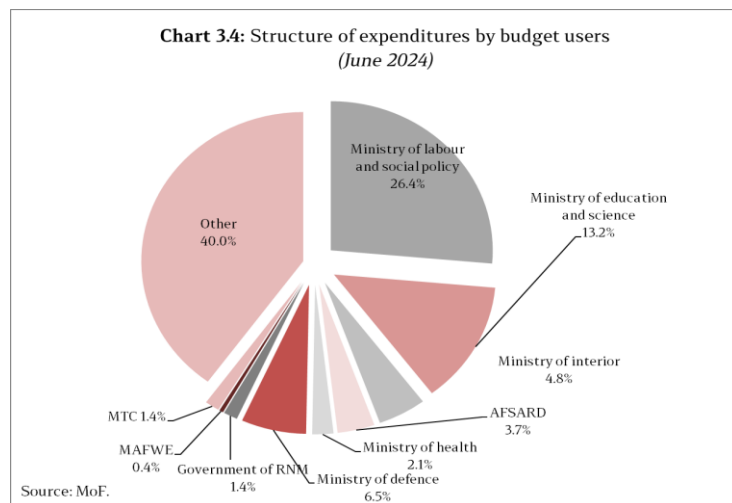
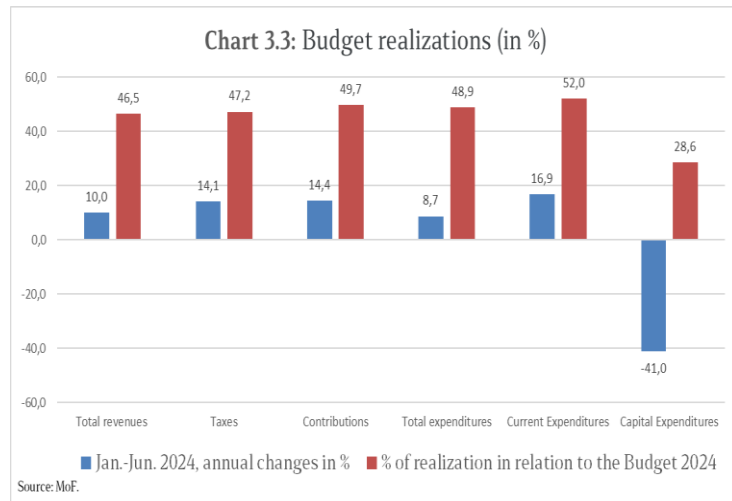
Expenditures by Budget Users

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

In the period January – June 2024, Ministry of Labour and Social Policy executed funds in the amount of Denar 38,340 million or 59.4% of its total budget for the current year. Thereby, most of the expenditures (72.4%) were allocated for current transfers to extra-budgetary funds, for which Denar 27,746 million was spent, i.e. 63.4% of the funds allocated for 2024. The second highest expenditure category was the social benefits, participating with 19.2% in the total expenditures, whereby 51.1% (Denar 7,357 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 19,215 million, i.e. 47.9% of its total 2024 budget. Current transfers to LGUs accounted for the most of the expenditures (56.0%), Denar 10,752 million being spent therefore or 48.2% of total projected funds. Wages and allowances category was the second highest expenditure item, accounting for 19.1%, for which an amount of Denar 3,662 million, accounting for 46.5%, being executed out of total projected funds.

In the period January – June 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 6,997 million, accounting for 48.4% of its 2024 budget. Wages and allowances was the highest expenditure category, participating with 68.6%, Denar 4,798 million being spent therefore, accounting for 48.6% of the projected ones. The second highest expenditure category was goods and services accounting for 17.8%, with funds in the amount of Denar 1,243 million being spent therefore, or accounting for 43.1% of the annual projections.





During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 5,382 million, accounting for 55.8% of the funds projected for the current year. As for subsidies and transfers, accounting as high as 92.9% of the total expenditures, 61.2%, with Denar 5,002 million of the funds planned for the whole year, being spent therefore.

In the period January – June 2024, Ministry of Defence executed budget funds in the amount of Denar 9,426 million, accounting for 52.2% of its year's total budget. Capital expenditures accounted for the most with 43.1%, Denar 4,063 million being spent therefore (accounting for 66.7% of the total funds projected for the current year). Wages and allowances accounted for 30.6% of total expenditures, Denar 2,887 million being spent therefore, i.e. 45.9% of the total projected expenditures.

Government of the Republic of North Macedonia spent total of Denar 2,036 million, i.e. 53.0% of the funds projected for 2024, in the period January – June 2024. Thereby, subsidies and transfers accounted for 58.5% of total expenditures of this budget user, Denar 1,191 million (56.8% of the projected funds) being spent therefore.

In the period January – June 2024, Ministry of Health executed budget funds in the amount of Denar 3,059 million, i.e. 40.7% of its total 2024 budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 50.6%, for which Denar 1,547 million were spent or 44.2% of the funds projected for 2024. Second highest item was Goods and services, Denar 1,133 million (36.4% of the projections for the year) being spent therefore, accounting for 37.0% of total expenditures.

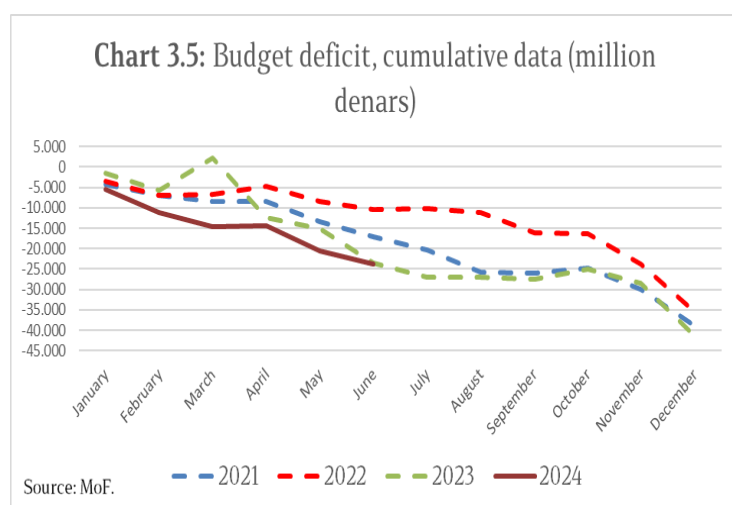
During this period, Ministry of Transport and Communications executed funds in the amount of Denar 2,093 million, i.e. 16.0% of its total budget for the current year. Execution of capital expenditures, as highest item, accounted for 77.3% of the total spent funds of this budget user (Denar 1.619 million or 13.6% of total projected funds).

Between January and June 2024, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 583 million, accounting for 33.1% of the funds projected for 2024. Wages and allowances (Denar 313 million) was, by far, the highest item in the total expenditures of this budget user, accounting for 53.7% of its total expenditures, with 48.3% of the projected expenditures, being executed. As regards expenditures related to goods and services, they accounted for 23.7% of the total expenditures, Denar 138 million being spent therefore, accounting for 45.1% of the total budget for this purpose.

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

Budget Balance

In the period January– June 2024, state budget deficit reached the amount of Denar 23,858 million, accounting for 2.6% of GDP, while central budget deficit amounted to Denar 28,758 million and accounted for 3.2% of GDP. Budget deficit in the period January – June 2024 accounted for 71.1% of total budget deficit projected for this year.





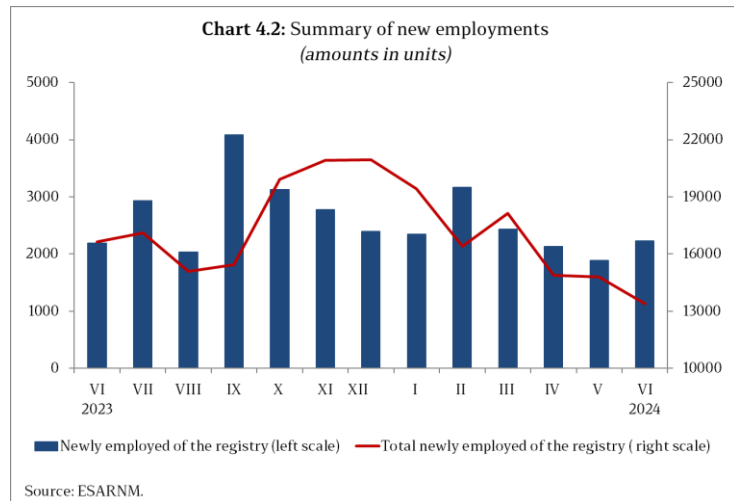
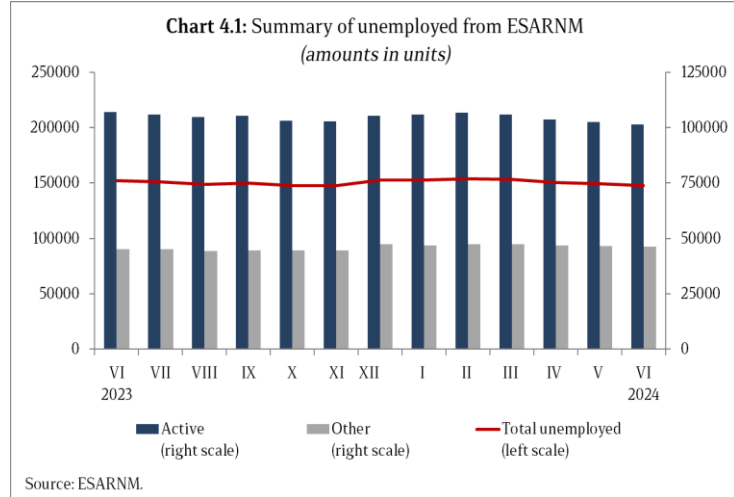
4. SOCIAL SECTOR

Newly Employed and Registered Unemployed Persons in the Employment Service Agency

In the first six months of 2024, Employment Service Agency registered total of 92,118 new employments. Total number of newly employed persons decreased by 6.2% compared to the same period in 2023. Number of new employments, starting April 2021 until mid-2022, recorded a trend of substantial annual growth, being at its relatively stable level in the follow-up period. Upward trend was also due to the base effect, after the employment dynamics slowed down in April 2020 due to the adverse effects of the pandemic.

As regards the total number of newly employed, 42.2% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In June 2024, 15.3% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in June 2024 was 147,711, 101,510 persons out of which were active job seekers, while 46,201 persons were from the category “other unemployed”. On annual basis, total number of unemployed persons decreased by 3.0%, whereas, starting from May 2021, it recorded a continuous annual reduction. Number of unemployed persons decreased by 1,476 people compared to May 2024. Number of unemployed persons throughout 2020 until February 2021 was generally on the rise, while starting March 2021, a monthly downward trend was recorded.



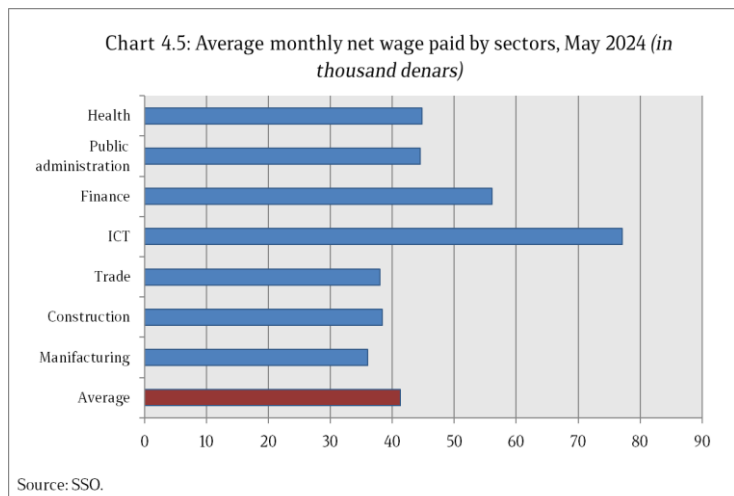
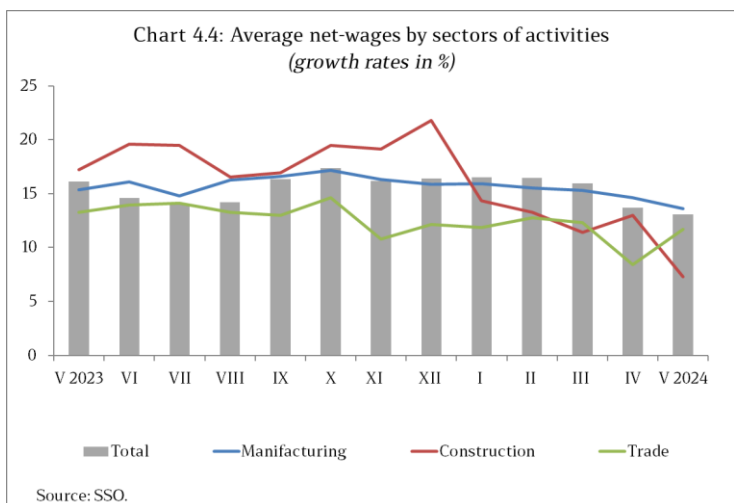
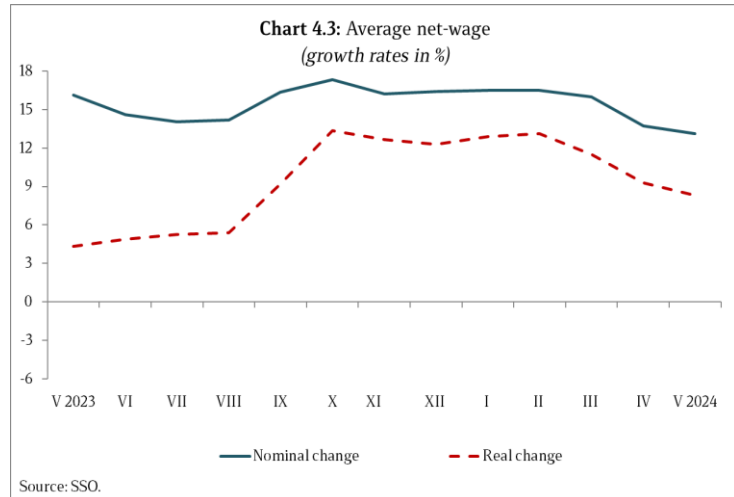


Urban residents accounted the most (with 58.8%) among the active unemployed persons, whereas with respect to gender, men accounted for 48.4%. Analyzed by the level of education, majority, i.e. 68.3%, of the unemployed persons were with incomplete secondary education or less, 24.3% were with completed secondary education, while 7.5% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, 50.0% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 59.2% of the unemployed persons wait for employment from 1 to 7 years, while 13.0% wait for employment for 8 years or more.

Wages

In May 2024, average net wage amounted to Denar 41,252, in nominal terms, being higher by 13.1% on annual basis, and being higher by 0.4% compared to April 2024. The highest increase of average net wage, in relation to May 2023, was observed at the following sectors: Education (19.6%), Arts, entertainment and recreation (19.0%) and Public administration and defence; Compulsory social insurance (16.3%). In May 2024, wages increased by 8.3% in real terms on annual basis. Highest average net wage in May 2024 was paid in the sector Information and communications (Denar 77,089), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 95,660), followed by Financial and insurance activities with Denar 56,061, Electricity, gas, steam and air conditioning supply sector with Denar 55,120, and Mining and quarrying with average net wage in the amount of Denar 52,610. Average nominal gross wage in May 2024 amounted to Denar 62,032 and compared to the same month in 2023, increased by 13.5%, being higher by 0.5% on monthly basis. The highest increase of average gross wage in May 2024, compared to May 2023, was recorded in the following sectors: Education (20.0%), Arts, entertainment and recreation (19.8%) and Public administration and defence; Compulsory social insurance (16.5%).





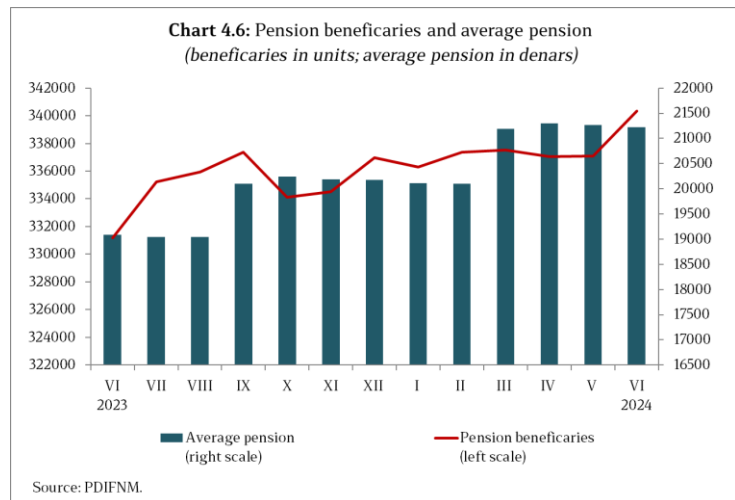
Pensions

In June 2024, Pension and Disability Insurance Fund registered 340,350 pensioners. As regards the total number of pensioners, 70.5% are beneficiaries of old-age pension, 21.8% of survivor pension and 7.7% of disability pension.

Average pension in June 2024 amounted to Denar 21,223, being higher by 11.9% compared to the same month in 2023⁵. Increase in pensions was, among the other, a result of the March pension indexation as per the new methodology, foreseeing pension indexation with a combined model of 50% increase of the average wage and 50% increase of costs of living, as per the official data of the State Statistical Office. According to this methodology, indexation is carried out twice a year, i.e. in March and September, starting March 2022.

Ratio between the average pension and the average paid wage in May 2024 (the most recent available data) was 51.6%.

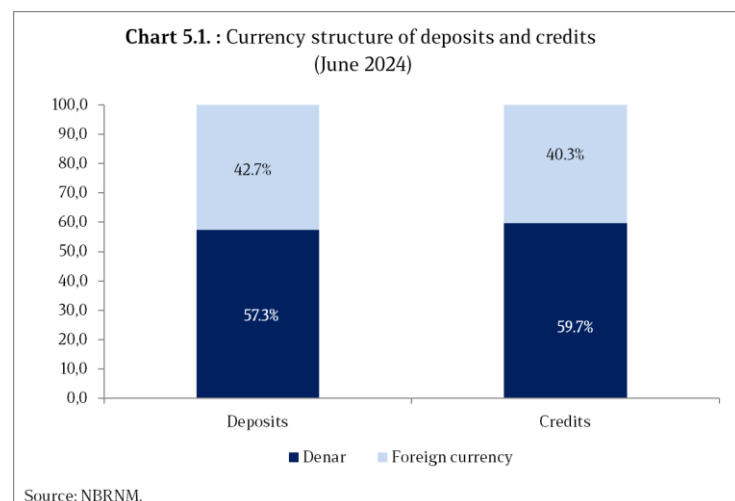
In June 2024, average old-age pension amounted to Denar 22,884, average disability pension amounted to Denar 18,830, while average survival pension amounted to Denar 16,709. This month, Denar 7,008 million was spent for payment of pensions, accounting for 52.0% of the total social transfers.



5. MONETARY AND FINANCIAL SECTOR

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



Primary Money

In June 2024, primary money⁶ grew by 1.6% on monthly basis. Increase of primary money was a result of increase of both total liquid assets and currency in circulation by 2.3% and by 1.1%, respectively.

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

⁶ 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.



In June 2024, primary money grew by 14.0% on annual basis, as a result of increased total liquid assets of banks by 18.7%, while currency in circulation increased by 10.2%.

Deposit Potential⁷

In June 2024, total deposits of banks grew by 0.4% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of households remained unchanged, while deposits of private enterprises increased by 1.0%.

Analyzed by currency, in June 2024, compared to the previous month, Denar deposits and foreign currency deposits increased by 0.5% and 0.2%, respectively.

Total deposit potential in June 2024 surged by 7.2% on annual basis. Analyzed by currency, domestic currency deposits and foreign currency deposits increased by 9.9% and 3.9%, respectively on annual basis.

From sectoral point of view, deposits of enterprises grew by 4.7%, and deposits of households increased by 8.9% on annual basis.

Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (June 2024)	In Denar million	Monthly change	Annual change
Deposit Potential	544.683	0.4%	7.2%
By currency:			
<i>Denar</i>	312.080	0.5%	9.9%
<i>Foreign currency</i>	232.604	0.2%	3.9%
By maturity:			
<i>Short-term</i>	215.500	0.2%	0.1%
<i>Long-term</i>	129.878	0.5%	20.1%
Credits to private sector	462.435	0.8%	6.4%
By currency:			
<i>Denar</i>	276.116	1.9%	11.7%
<i>Foreign currency</i>	186.319	-0.8%	-0.4%
By maturity:			
<i>Short-term</i>	69.134	1.0%	1.0%
<i>Long-term</i>	376.604	0.7%	7.3%

Source: NBRNM

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.



According to maturity, short-term deposits increased by 0.1%, while long-term deposits grew by 20.1%, 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 57.3%, being increased this month.

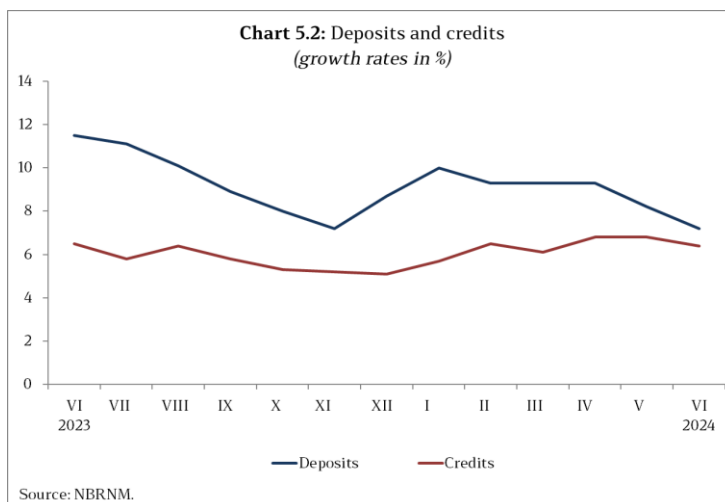
Bank Credits

In June 2024, total credits of banks to the private sector surged by 0.8% on monthly basis, as a result of the growth of both credits to households by 1.0%, and credits to enterprises by 0.6%.

Analyzed by currency, Denar credits picked up by 1.9%, while foreign currency credits decreased by 0.8% on monthly basis.

On annual basis, total credits grew by 6.4% in June 2024, in conditions of growth of both credits to enterprises and credits to households of 5.8% of 7.1%, respectively. Denar credits surged by 11.7%, while foreign currency credits dropped by 0.4%.

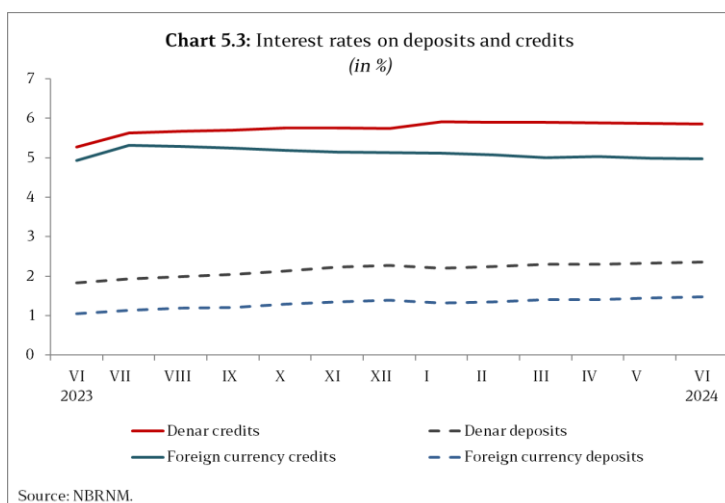
As regards maturity, long-term credits experienced annual growth of 7.3%, and short-term credits grew by 1.0%.



Interest Rates of Deposit Banks

In June 2024, total interest rate on credits dropped by 0.02 p.p. compared to the previous month, accounting for 5.47%. Interest rates on Denar and foreign currency credits also dropped by 0.02 p.p. each, accounting for 5.85% and 4.97%, respectively.

Total interest rate on deposits grew by 0.02 p.p. in June 2024, compared to last month, accounting for 1.88%. Interest rate on Denar deposits increased by 0.02 p.p., accounting for 2.35%, while interest rate on foreign currency deposits grew by 0.03 p.p., accounting for 1.48%.



Interest rate on newly granted Denar credits accounted for 5.35%, while interest rate on newly approved foreign currency credits accounted for 4.45%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.89% and 2.12%, respectively.

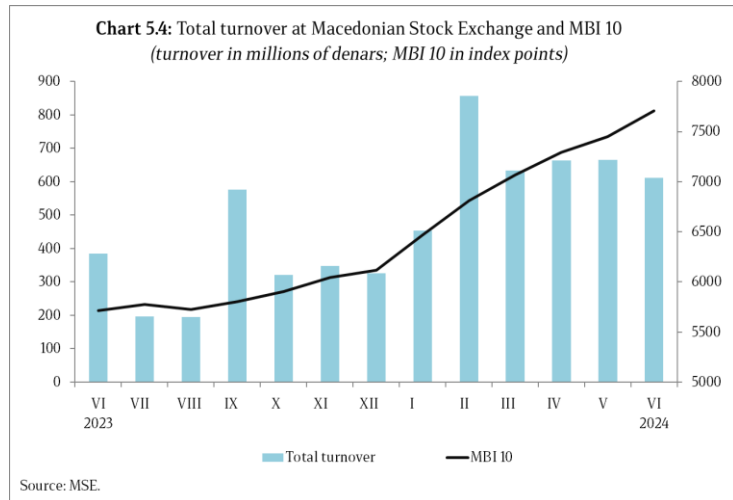


Capital Market

As for the capital market, in June 2024, total turnover on the stock exchange dropped by 8.1% on monthly basis, as a result of the decline of turnover from block transactions by 31.3%, while the turnover of the classical trading in the stock exchange electronic system by 5.8%.

Total turnover on the stock exchange in June 2024 amounted to Denar 610.9 million in June 2024, increasing by 59.1% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 7,704.56 index points at the end of June 2024, whereby the index grew by 3.5% on monthly basis, while, compared to the same month last year, the index was higher by 34.9%.



Reserve Assets

Gross reserve assets at end of June 2024 amounted to EUR 4,337.5 million and, compared to the previous month, they were higher by 1.0%, while compared to June 2023, they increased by 3.5%.