



SHORT-TERM ECONOMIC TRENDS



September 2024



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SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

September 2024

- In September 2024, industrial production recorded a drop by 7.9% compared to the same month previous year.
- In September 2024, industrial producer prices on the domestic market were higher by 4.8% compared to the same month last year.
- In September 2024, the industrial turnover, compared to September 2023, recorded a drop by 7.6%.
- Inflation rate in September 2024 accounted for 2.6% on annual basis, recording a further acceleration growth (2.2% in August 2024). On monthly basis, inflation recorded growth of 0.3%.
- Export in the period January - September 2024 dropped by 6.1%, while import dropped by 0.5%, resulting in increase of the trade deficit by 16.8% compared to the same period in 2023.
- In the period January – September 2024, collection of total budget revenues of the Republic of North Macedonia's budget amounted to Denar 222,736 million, accounting for 70.0% of the 2024 projections, i.e. increase of 12.8% compared to collected budget revenues compared to the same period in 2023.
- Total budget expenditures were executed in the amount of Denar 247,882 million in the period January – September 2024, accounting for 68.3% of the annual projections, i.e. an increase of 10.1% compared to same period in 2023.
- Total credits of banks in September 2024 grew by 7.5% compared to September 2023, while total deposit potential of banks surged by 8.8%.



1. REAL SECTOR

Industrial Production

In September 2024, industrial production recorded a drop by 7.9% compared to the same month previous year. Such drop was due to the reduced production in all sectors, as follows: Mining and quarrying by 7.5%, Manufacturing by 6.6% and Electricity, gas, steam and air-conditioning supply by 10%.

Increase in production in September 2024 compared to September 2023 was registered only at 9 out of total of 27 industrial branches, comprising 36.0% of the total industry.

As for branches with higher value added, increase in September 2024 was observed at the following branches: Manufacture of motor vehicles, trailers and semi-trailers by 2.6% and contribution of 0.3 p.p., Manufacture of electrical equipment by 13.8% and contribution of 0.7 p.p., whereas decrease in the branches: Production of metals by 25.0% and contribution of -1.1 p.p. and Manufacture of machinery and equipment by 9.2% and contribution of -0.6 p.p..

Traditional branches in September 2024 recorded increase in manufacture throughout the following branches: Manufacture of tobacco goods by 114.9% and contribution of 1.4 percentage points, Food industry by 2,9% and contribution of 0.3% percentage

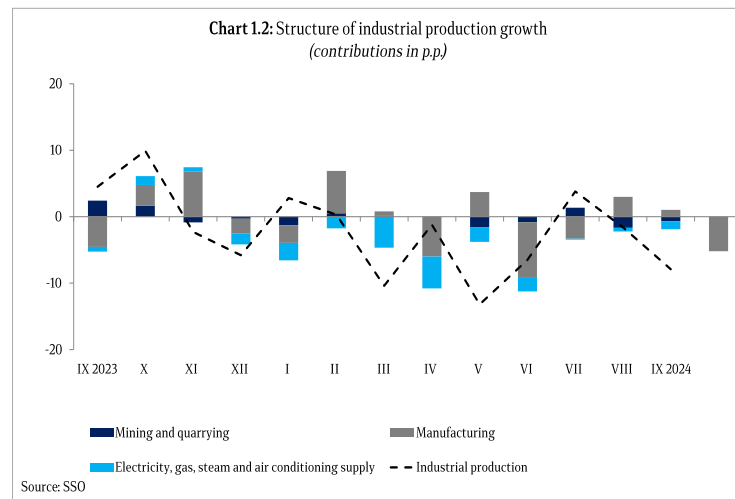
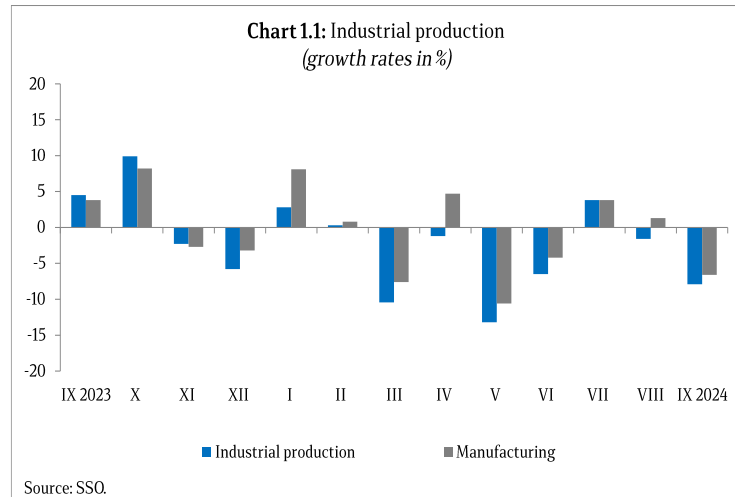


Chart 1.3a: Branches with positive contribution to growth (growth rates in %, September 2024)

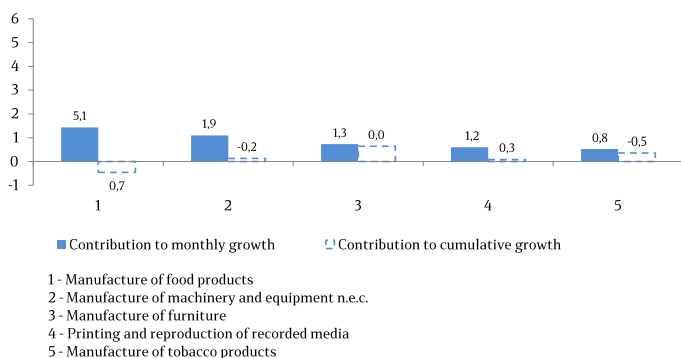
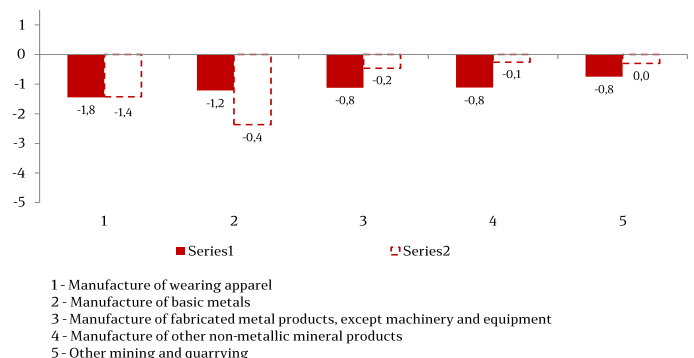


Chart 1.3b: Branches with negative contribution to growth (growth rates in %, September 2024)





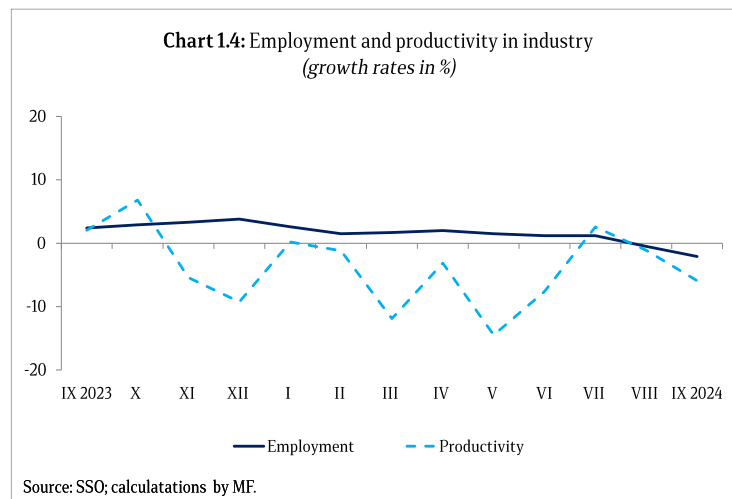
points, whereas reduction in production was observed with branches: Manufacture of wearing apparel by 22.9% and contribution of -1,4 percentage points, whereas Manufacture of beverages by 11.5% and contribution of -0,4 percentage points, Manufacture of leather by 2.7%, with contribution of 0.0 percentage points, Manufacture of textile by 0.3% and contribution of 0.0 percentage point and Manufacture of wood and wood and cork products by 2.5% with contribution of 0.0 percentage points.

Industrial production with respect to purpose of production units in September 2024 compared to respective month in 2023 decreased in the following groups: Energy (dropping by 14.9% and contribution of -1,9 p.p.), Intermediary goods, except energy (decreasing by 12.2% and contribution of -3.7 p.p.), Durable consumer goods (reducing by 3.8% and contribution of -0.1 p.p.), and Non-durable consumer goods industry (dropping by 5.9% and contribution of -1.8 p.p.), while surge of production was only seen at Capital goods industry (picking up by 2.4%, contribution of 0.6 p.p.).

As per the purpose of production units, in the period January - September 2024, growth was seen at the following groups: Capital goods (by 1.4%) and Durable consumer goods (by 4.4%), while drop was seen at the following branches: Energy (by 19.3%), Intermediary goods except energy (by 3.4%), and Consumer non-durables (by 3.9%).

Number of Employees in the Industry

In September 2024, number of employees in the industry decreased by 2.1% compared to the same month in the previous year. Drop was due to decreased number of employees in the Manufacturing sector by 2.7%, whereas growth was recorded at Mining and Quarrying by 4.6% and Electricity, gas, steam and air-conditioning supply by 1.0%. Increase in the number of employees was seen at the following branches: Manufacture of machinery and equipment, n.e.c. by 31.4%, Manufacture of beverages by 14.7%, Manufacture of beverages by 14.7% and Coal and lignite quarrying by 12.4%.



In September 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 4.6%, Capital goods by 6.1% and Consumer durables by 24.2%.

Cumulative data indicate that the number of employees in the industry in the January - September 2024 period recorded growth of 1.0% due to the increased number of workers throughout sectors: Mining and quarrying by 5.2%, Manufacturing by 0.7% and Electricity, gas, steam and air-conditioning supply by 0.9%.

As regards target groups, number of employees in the industry in the period January - September 2024 increased in the sectors as follows: Energy by 4.5%, Capital goods by 14.5% and Consumer durables by 14.2%.

Industrial producer prices on the domestic market

In September 2024, industrial producer prices on the domestic market were higher by 4.8% compared to the same month last year. Increase was due to raised prices throughout the following sectors:



Manufacturing by 3.2%, Electricity, gas, steam and air-conditioning supply by 14.3% and Water supply; Sewerage, waste management and remediation activities by 4.5%, whereas in the sector Mining and quarrying the sale prices decreased by 2.8%.

In September 2024 compared to the respective month in 2023, industrial producer prices on the domestic market were higher in the groups: Energy by 13.2%, Consumer goods by 6.1%, Consumer durables by 3.6% and Consumer non-durables by 6.2%.

In the period between January and September 2024 compared to the same period last year, industrial producers prices on the domestic market were higher by 1.3% on cumulative basis, due to increased prices throughout the following sectors: Manufacturing by 0.6%, Electricity, gas, steam and air-conditioning supply by 5.1% and Water supply; Sewerage, waste management and remediation activities by 2.6%, whereas in the sector Mining and quarrying, the sale prices decreased by 0.8%.

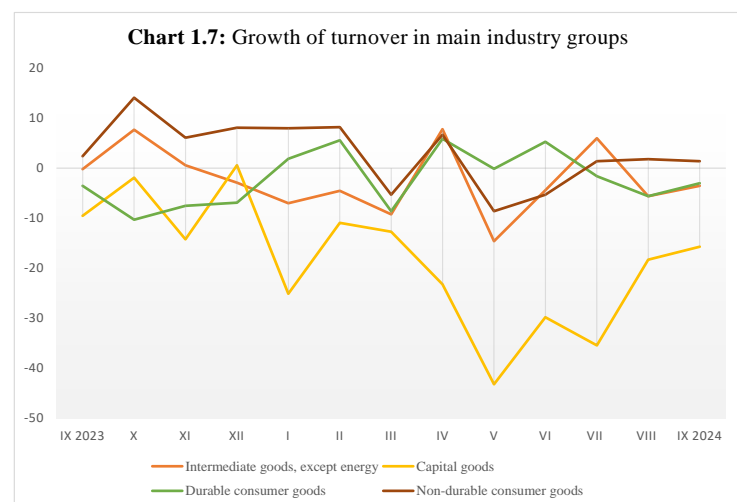
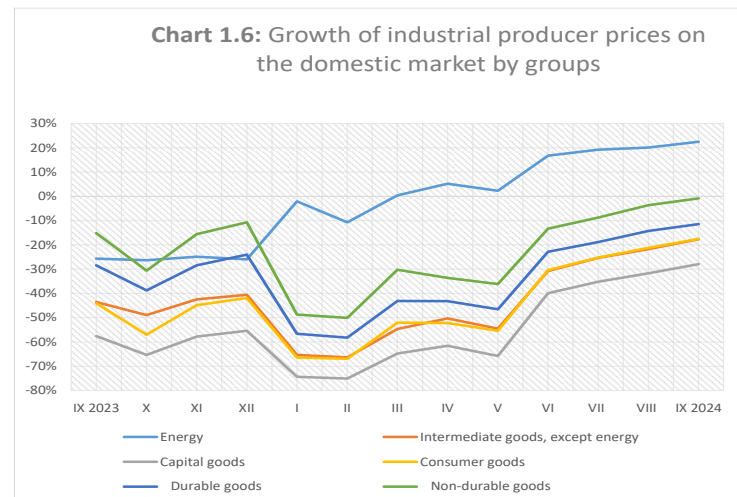
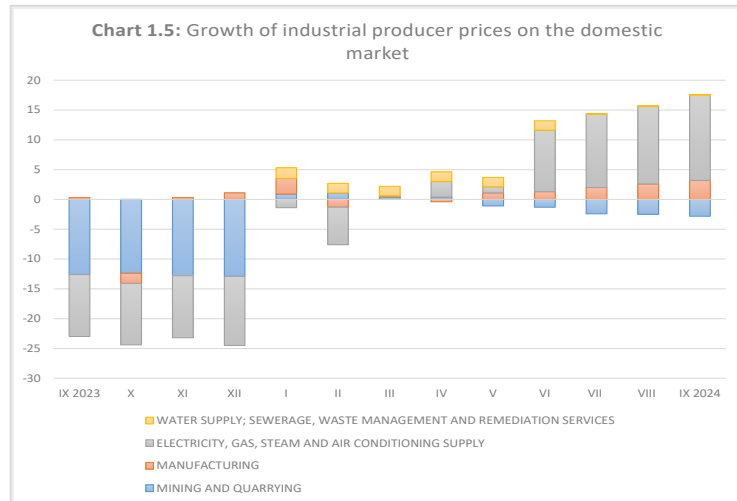
In the period between January and September 2024 compared to the same period in 2023, the industrial producers on the domestic market were higher in the groups as follows: Energy by 4.8%, Consumer goods by 5.3%, Consumer durables by 4.2% and Consumer non-durables by 5.4%.

Index in industrial turnover

In September 2024, the industrial turnover, compared to September 2023, recorded a drop by 7.6% as per the State Statistical Office's data. Such decline was due to the reduced turnover in the Manufacturing by 8.0%, while a growth of 4.4% was observed in the Mining and quarrying.

The industrial turnover increased only in the Consumer non-durables by 1.4% in the month of September 2024 compared to the respective month in 2023.

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

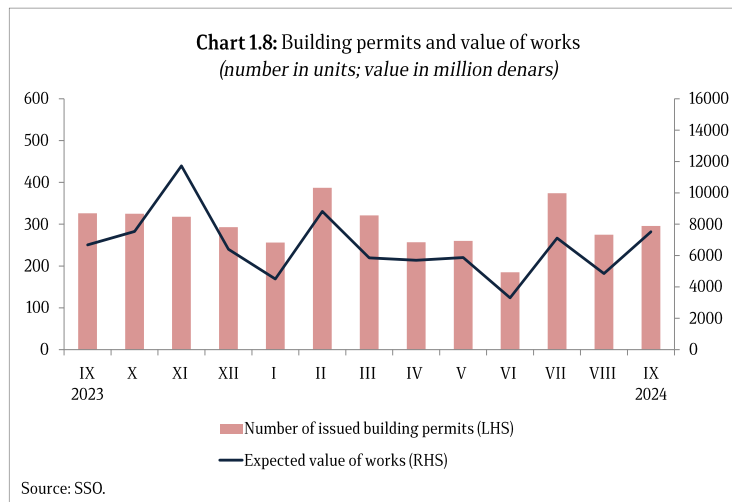




- Manufacture of other transport equipment (recording growth of 81.2%);
- Manufacture of tobacco products (recording growth of 39.1%);
- Manufacture of basic pharmaceutical products and pharmaceutical preparations (growth of 15.1%).

On cumulative basis, in the period between January and September 2024, compared to the same period last year, turnover in industry recorded a drop by 12.2%, due to decline in turnover in both sectors, where the turnover in the Mining and quarrying sector and Manufacturing sector recorded a drop of 0.8% and 12.6%, respectively.

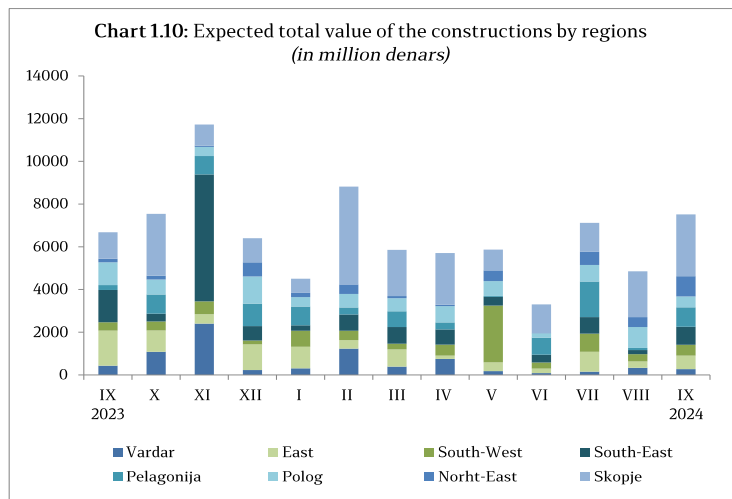
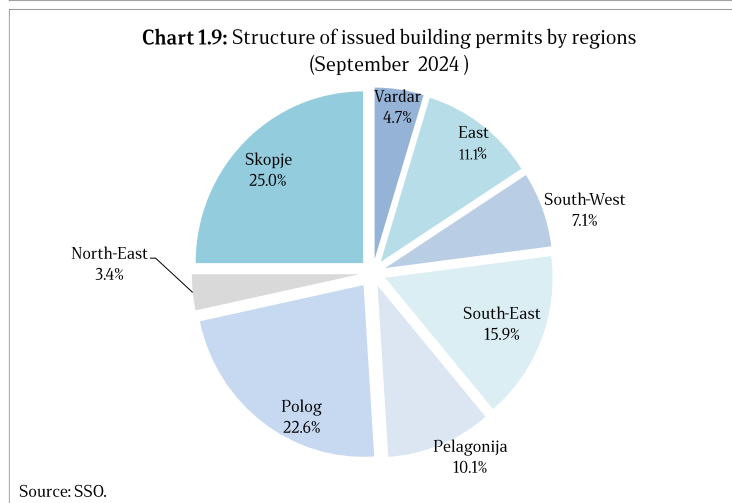
In the period January - September 2024, compared to the same period in 2023, the industrial turnover increase of 0.4% was observed only in the group Consumer non-durables.



Number of Issued Building Permits and Expected Value of Constructions

In September 2024, 296 building permits were issued, declining by 9.2% compared to the same month in 2023. This was due to the annual drop of issued building permits pertaining to buildings by 21.5% (participating with 49.3% in the total number of issued building permits) and pertaining to reconstruction facilities by 1.6%. Compared to August 2024, number of issued building permits surged by 7.6%. Expected value of works, according to the issued building permits in September 2024, picked up by 12.6% on annual basis, while compared to the previous month, it experienced growth by 55.0%. Analyzed by types of constructions, out of the total number of issued building permits, 146 (or 49.3%) were intended for buildings, 90 (or 30.4%) for civil engineering structures and 60 (or 20.3%) for reconstruction.

Analyzed by types of investors, out of total 296 issued building permits,



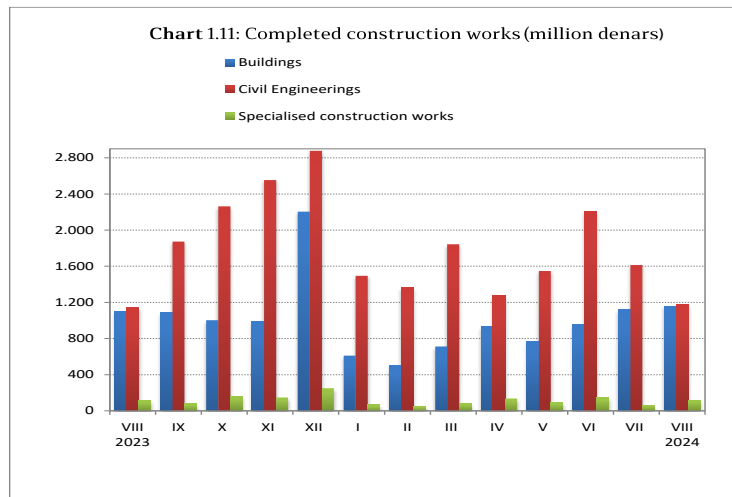


individuals were investors in 131 facilities (or 44.3%), while business entities were investors in 165 facilities (or 55.7%).

In September 2024, construction of 755 flats was envisaged, with total usable area of 67.372 m². Number of flats envisaged for construction increased by 42.2% on monthly basis, while dropping by 2.3% on annual basis.

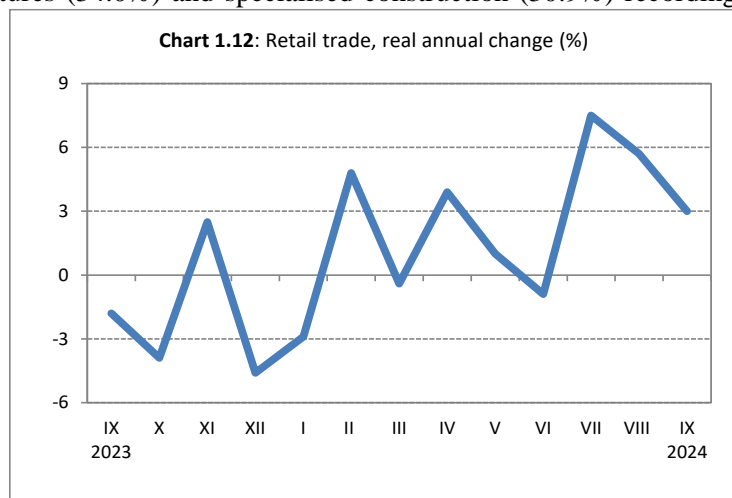
Number of Completed Construction Works by Types of Constructions

Total value of performed construction works in August 2024 amounted to Denar 2,456 million, representing an annual growth of 4.4% in nominal terms, whereby civil engineering structure, buildings and specialized construction works grew by 5.3%, 3.4% and 6.4%, respectively. Compared to July 2024, total value of completed construction works dropped by 12.2%, by 26.9% as regards civil engineering structures, while as regards buildings recorded an increase by 3.4% and by 90.3% as regards specialized construction works. In cumulative terms, in the period January – August 2024, value of performed construction works amounted to Denar 20,035 million, being higher by 6.0% compared to the same period last year.



Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 12,527 million were completed in the first eight months this year, being by 25.2% higher compared to the same period last year. During this period, the value of completed building construction works decreased by 18.3%, amounting to Denar 6,764 million, whereas the value of completed specialized construction works amounted to Denar 745 million, higher by 22.1% as compared to the same period last year.

In real terms, in the period January - August 2024, value of completed construction works increased by 13.6%, with civil engineering structures (34.0%) and specialised construction (30.9%) recording growth, while recording a drop with buildings (12.5%).



Trade Sector Turnover

In September 2024, data on internal trade demonstrated nominal annual increase in the turnover by 2.7%, following the 4.4% growth in August. In September 2024, value of turnover amounted to Denar 65.329, whereby in cumulative terms, in the period January - September 2024, value of total turnover in the trade amounted to Denar 591,421 million, being by 4.6% higher compared to the same period last year.



In the period January - September 2024, in cumulative terms, positive growth in turnover was also seen at the sectors: Wholesale trade, which turnover value amounted to Denar 321,650 million, i.e. higher by 6.2% compared to the same month last year, Retail trade, which turnover value amounted to Denar 235,232 million, being 3.4% higher compared to the same period in 2023, whereas drop was recorded at Trade in motor vehicles and repair, which turnover value amounted to Denar 34,539 million, being lower by 1.9% compared to the same period last year.

In real terms, retail trade in September 2024 recorded annual increase by 3.0%, while analyzed by groups and classes, increase was also seen in the groups of Retail trade in non-food products by 7.2%, and the Retail trade in automotive fuels by 6.9%, whereas decrease only in Retail in food products, beverages and tobacco by 3.3%.

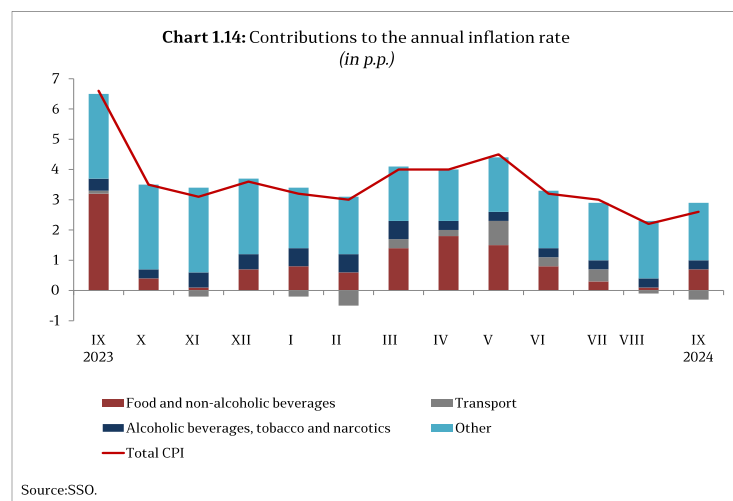
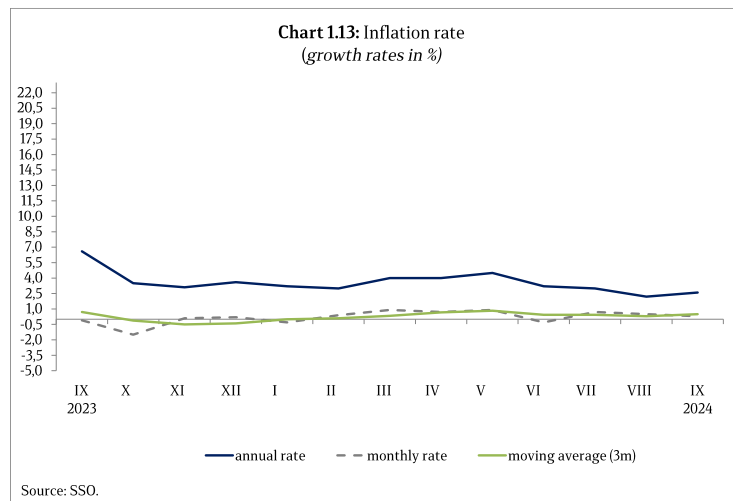
In September 2024, Wholesale trade (53.7%) accounted for the most in the Trade sector, followed by Retail trade (40.4%) and Trade in motor vehicles and motorcycles, repair and their maintenance (5.9%).

Inflation

Inflation rate in September 2024 accounted for 2.6% on annual basis, recording acceleration of growth (2.2% in August 2024). Inflation increases mainly due to the base component. However, this month both the acceleration of the base component, and the food component growth contributed therein. Average inflation rate in the period January – September 2024 accounted for 3.3%.

Core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) accounted for 5.7% on annual basis in September 2024 (5.3% in the previous month), reflecting an acceleration growth. Increased prices in the category Restaurants and hotels had most positive contribution this month (1.5 p.p.).

Prices in the Food and non-alcoholic beverages category¹ recorded acceleration of growth of 1.7% (higher by 1.5 p.p. than the previous month), whereby contributing with 0.7 p.p. in the total inflation in September, representing a decrease compared to the previous month. Highest positive contribution to the price increase in the category Food and non-alcoholic beverages had the Vegetables subcategory



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



(annual growth of 7.5% with contribution of 0.5 p.p.) and Non-alcoholic beverages (annual growth of 7.2% and contribution of 0.2 p.p.). Bread prices (-0.1 p.p.) had negative contribution to food prices.

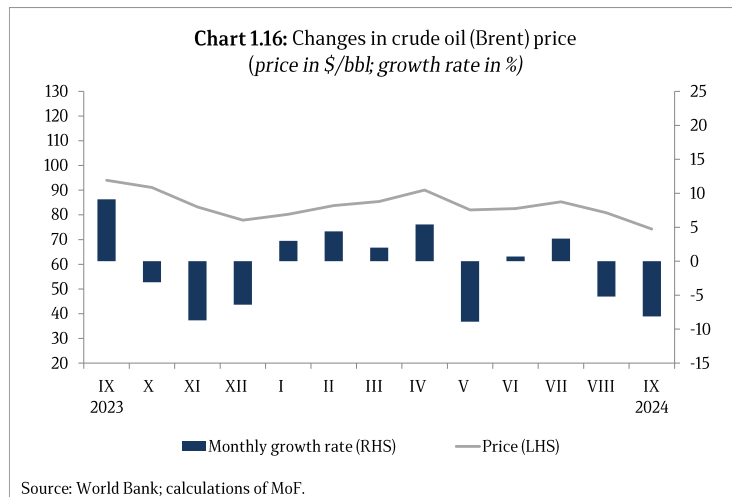
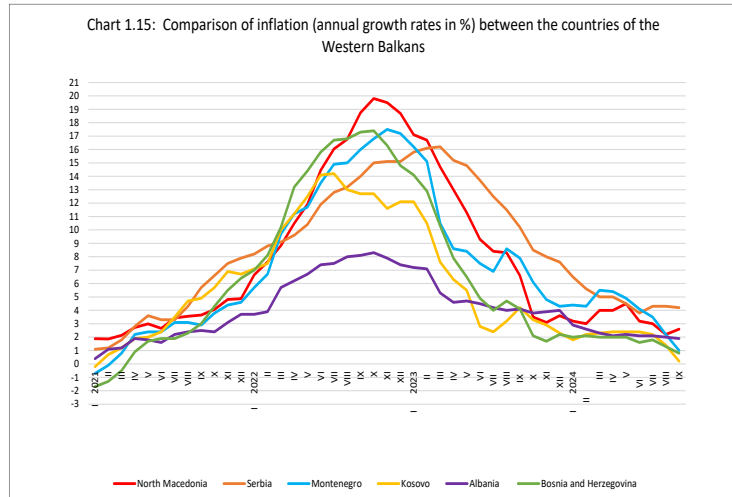
Observed by components, highest annual price growth in September 2024 was seen at the category Restaurants and hotels by 12.5% (contribution to the total inflation growth of 0.7 p.p.).

Price increase was also recorded in the following categories: Miscellaneous goods and services by 5.7%, Health protection by 5.4%, both Recreation and culture and Alcoholic beverages, tobacco and narcotics by 5.2%², Communication by 4.6%, Furnishings, household equipment and routine maintenance of the house by 3.8%, Wearing apparel and footwear by 2.1%, both Housing, water, electricity, gas and other fuels, and Education by 0.6%, each. Price drop was recorded in the Transport category by 3.1%.

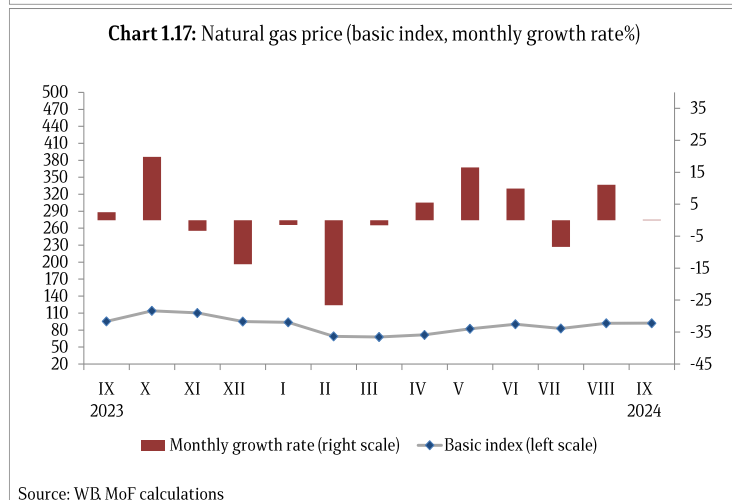
In September, consumer prices grew by 0.3% on monthly basis (last month, prices surged by 0.5%). Increase of prices on monthly basis was due to food price increase. In September, food prices increased by 1.7% on monthly basis, whereby vegetable prices contributed the most (contribution of 0.5 p.p.).

In September 2024, retail prices increased by 3.3% on annual basis, recording an acceleration of growth. On monthly basis, retail prices recorded a drop of 0.7%. In the period between January and September 2024, retail prices increased by 3.7% on annual basis.

In the Eurozone, the inflation rate in September 2024 decreased by 0.4 percentage points compared to August, accounting for 1.8%³, being below the ECB's target rate of 2% for the first time in over three years.



Source: World Bank; calculations of MoF.



Source: WB, MoF calculations

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

³ The data is a Eurostat's estimate.



In September, ECB maintained its inflation rate projections constant for the Eurozone. 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 is expected to range around 2.5% with a certain volatility due to the base effect of energy prices. Drastic inflation changes are not to be expected during 2024, with the inflation remaining above the historical average, thus reflecting the slowed decrease of service prices. Taking into account the anticipated prolonged decrease of food prices and the minor positive contribution of the energy component to the total inflation, slowed down disinflation and the 2% target are being anticipated in the fourth quarter of 2025.

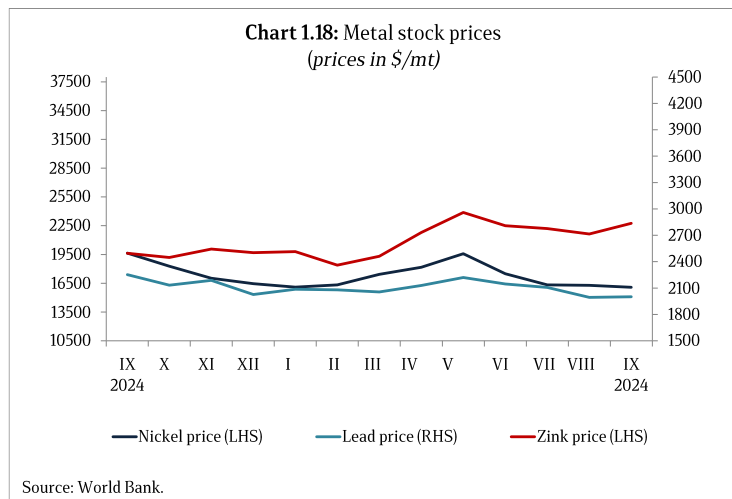
Stock Market Prices

In September 2024, crude oil price (Brent) on global stock exchange decreased by 8.1% on monthly basis, amounting to US Dollar 74.3 per barrel, reflected by the lowered oil demand in China and announcement of the anticipated OPEC's output increase. Oil price was lower by 21.0% on annual basis.

In September 2024, price of natural gas remained almost unchanged (growth of 0.1%) on monthly basis. Growth was due to geopolitical tensions, including escalation of the Middle East conflict and the concern regarding the potential supply disruptions on the Russian-Ukrainian border due to the current conflict. These factors contributed to the concern regarding the gas market, leading to much bigger instability. In September 2024, the natural gas price increased by 2.0% on annual level.

On the onset of 2024, the trend of stabilization and decrease of electricity prices continued. However, since May, prices have recorded growth for several consecutive months, which was interrupted in August with the prices recording a drop on monthly basis. In September 2024, price of electricity, as per the Hungarian Power Exchange (HUPX), amounted to EUR 106.1 per megawatt/hour, decreasing by 12.2% on monthly basis, while increasing by 2.2% on annual basis.

In September 2024, prices of many of the base metals recorded an increase compared to the previous month, thus the prices of aluminium and zinc increased by 4.5%, each, copper increased by 3.0% and lead by 0.3%. Prices of the remaining base metals, nickel and tin, recorded a drop of 1.3% and 0.3%, respectively.



On monthly basis, the price of iron ore decreased by 7.1%.

This month, the price of gold recorded increase of 4.5% on monthly basis, followed by the monthly growth trend of silver and platinum by 5.6% and 2.3%, respectively.

In September, corn and maize prices increased by 8.6% and 6.5%, respectively on monthly basis. The price of sunflower oil picked up by 1.9% on monthly basis.

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

	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
2023 I	148.7	83.1	714.1
II	146.2	82.7	585.1
III	113.4	78.5	488.7
IV	106.7	84.1	478.4



V	88.2	75.7	357.7
VI	96.6	74.9	366.2
VII	94.5	80.1	337.2
VIII	100.4	86.2	396
IX	103.8	94.0	408.6
X	104.9	91.1	515.5
XI	99.38	83.2	512.5
XII	81.72	77.9	407.1
2024 I	85.73	80.2	338.2
II	69.35	83.8	288.3
III	65.12	85.5	302.6
IV	61.96	90.5	321.4
V	72.2	82.0	358.2
VI	91.7	82.6	384.6
VII	135.5	85.3	366.1
VIII	120.8	80.9	437.8
IX	106.1	74.3	416.94

Source: World Bank, Hungarian Power Exchange

2. FOREIGN TRADE

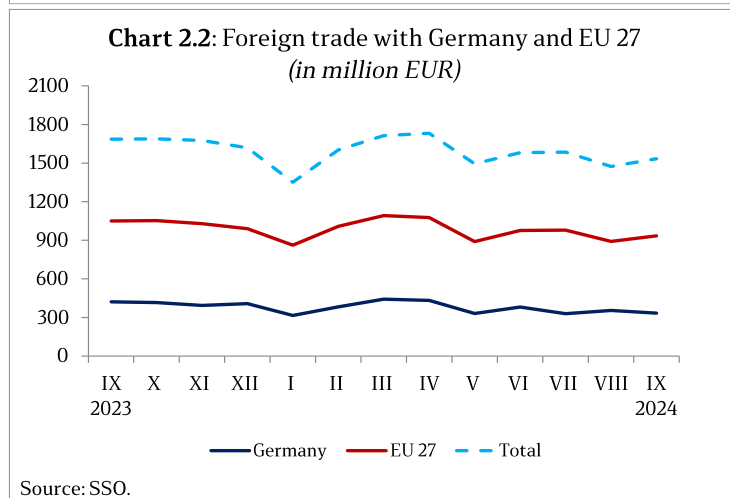
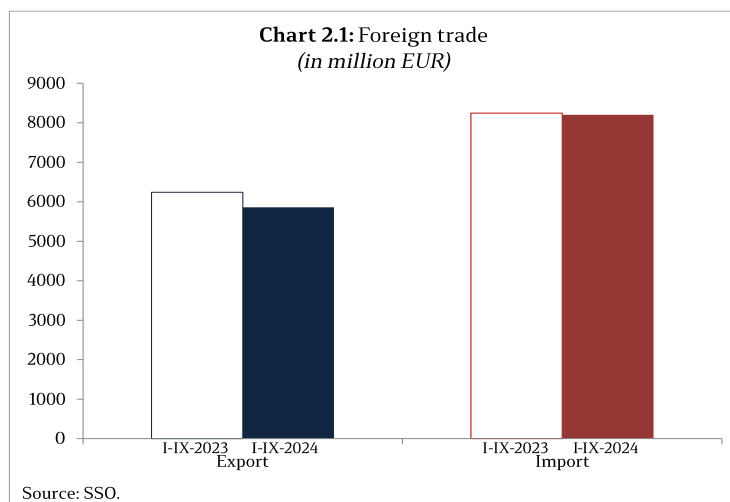
Total foreign trade in the first nine months of 2024 amounted to EUR 14.066,5 million, declining by 2.9% compared to the same period last year.

In the period January - September 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 61.9%. 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 nine months of 2024, accounted for 23.5%, dropping by 1.4 p.p. compared to the same period in 2023.

Export

In the first nine months of 2024, value of exported goods amounted to EUR 5,861.1 million, dropping by 6.1% (EUR 379.4 million) compared to the same period in 2023, while physical output of export increased by 0.5%, compared to the same period last year.

Value of exported goods amounted to EUR 670.9 million in September



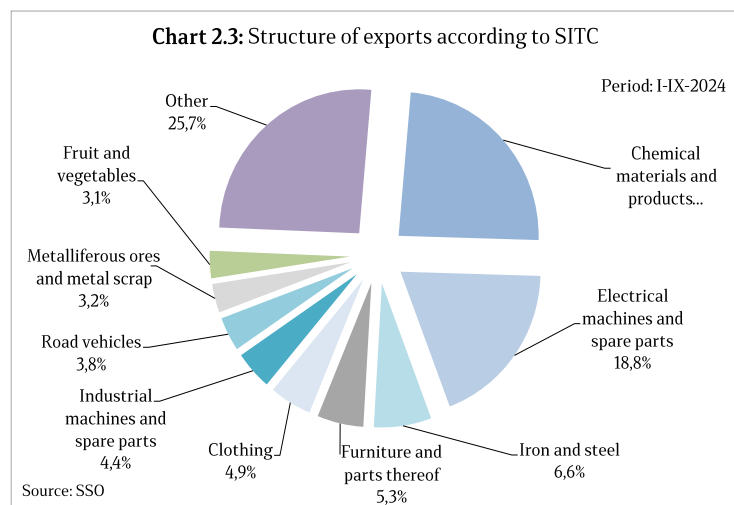


2024, dropping by 9.0% (EUR 66.6 million) compared to the same month of the previous year, while physical output of export decreased by 1.6% compared to September 2023.

Analyzed on monthly basis, in September 2024, export grew by 7.8% (EUR 48.3 million), compared to the previous month, and, in the event of seasonal adjustment of the export, it registered monthly drop of 3.4%, showing positive effects of the seasonal factor (11.1 p.p.) on export this month.

Value of export of food in the first nine months of 2024 increased by EUR 40.9 million, picking up by 11.5% compared to the same period in 2023, while quantity of exported food increased by 13.1%. As for total foreign trade structure of our country, share of the food in first nine months in 2024, accounted for 6.8%, increasing by 1.1 p.p. compared to the same period in 2023. In the total food export, the following products were the most exported: Fruit and vegetable (45.3%), Cereals and cereal products (22.5%), Meat and meat products (8.4%), and Milk products and eggs (7.1%).

Analyzed by economic groups⁴, in the period between January - September 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 7.7% annually, with a share of 77.7% in the total export of the Republic of North Macedonia, while export to Western Balkan countries picked up by 7.6%, participating with 14.0% in our country's total export.

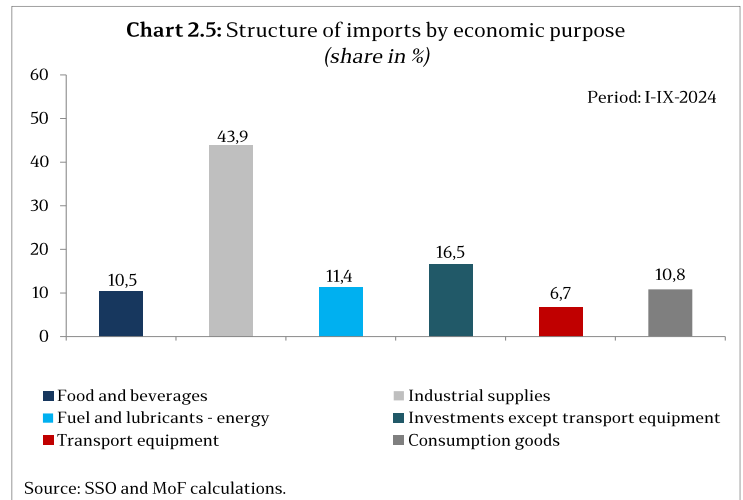
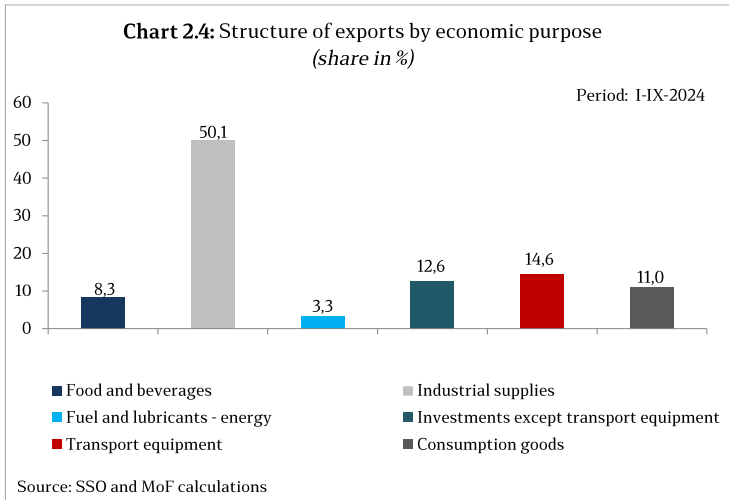


Import

In the first nine months of 2024, value of imported goods amounted to EUR 8,205.4 million, surging by 0.5% (EUR 42.6 million) compared to the same period in 2023, while physical output of import dropped by 8.1%.

In September 2024, import value amounted to EUR 863.5 million, dropping by 8.9% (EUR 84.3 million) compared to the same month in 2023, while imported quantities of goods declined by 9.6% compared to September 2023.

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



Analyzed on monthly basis, in September 2024, import grew by 1.5% (EUR 12.5 million), compared to the previous month, and, in the event of seasonal adjustment of the export, it registered monthly drop of 2.6%, showing positive effects of the seasonal factor (4.1 p.p.) on import this month.

Value of import of food in the first nine months of 2024 increased by EUR 69.1 million, picking up by 9.9% compared to the same period in 2023, while quantity of imported food increased by 8.4%. As for our country's total import, share of the food in first nine months in 2024, accounted for 9.4%, increasing by 0.9 p.p. compared to the same period in 2023. In the total food import, the following products were the most imported: Meat and meat products (21.7%), Fruit and vegetable (14.9%), Cereals and cereal products (13.1%), Coffee, tea, cocoa and spices (11.3%) and Milk products and eggs (10.4%).

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

Export of petroleum and petroleum products*)				
	I - IX - 2023	I - IX - 2024	Balance	% rate
000 T	100,6	92,2	-8,4	-8,3
EUR mil.	79,9	65,5	-14,4	-18,1
\$ mil.	86,6	71,0	-15,6	-18,0

*)Previous data

Export of chemical products*)				
	I - IX - 2023	I - IX - 2024	Balance	% rate
000 T	60,2	48,7	-11,4	-19,0
EUR mil.	1.824,0	1.411,3	-412,7	-22,6
\$ mil.	1.976,0	1.533,0	-443,1	-22,4

*)Previous data

Export of iron and steel*)				
	I - IX - 2023	I - IX - 2024	Balance	% rate
000 T	495,9	502,3	6,4	1,3
EUR mil.	447,0	389,5	-57,5	-12,9
\$ mil.	484,2	423,4	-60,8	-12,5

*)Previous data

Import of petroleum and petroleum products*)				
	I - IX - 2023	I - IX - 2024	Balance	% rate
.000 T	916,4	870,0	-46,5	-5,1
EUR mil.	668,5	620,3	-48,2	-7,2
\$ mil.	724,3	674,1	-50,2	-6,9

*)Previous data

Import of chemical products*)				
	I - IX - 2023	I - IX - 2024	Balance	% rate
.000 T	21,7	22,8	1,2	5,3
EUR mil.	136,7	131,9	-4,8	-3,5
\$ mil.	148,1	143,2	-4,9	-3,3

*)Previous data

Import of iron and steel*)				
	I - IX - 2023	I - IX - 2024	Balance	% rate
.000 T	510,7	516,8	6,1	1,2
EUR mil.	381,9	356,2	-25,8	-6,7
\$ mil.	413,4	386,9	-26,5	-6,4

*)Previous data

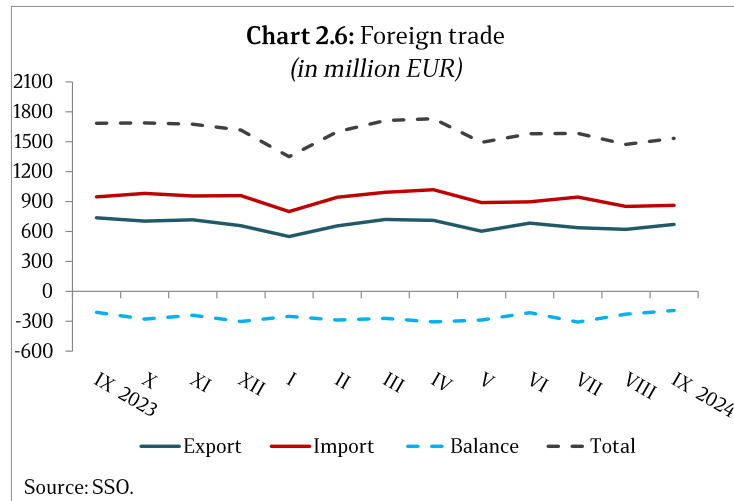
Trade Balance

In the period January - September 2024, trade deficit increased by 16.8%, i.e. by EUR 336.8 million, compared to the same period last year.



In September 2024, trade deficit decreased by 8.4% or EUR 17.7 million compared to September 2023.

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



In the first nine months of 2024, 91.8% of the trade deficit of the country was realized in the trade with Great Britain, China and Greece, followed by Türkiye, Poland, Italy, Serbia, Bulgaria and others. Surplus was realized in the trade with Germany, Kosovo, Slovakia, the Czech Republic, Hungary, Belgium, and Spain.

Currency Structure

Observed by currency structure, 91.9% of the trade in the period January - September 2024 was realized in euros and, compared to the same period in 2023, it surged by 0.2 p.p.. On export and import side, euro accounted for 94.7% and 90.0%, respectively, whereby share of the euro in export was higher by 0.1 p.p., while share of the euro in import increased by 0.6 p.p. compared to the period January – September 2023.

import	I - IX - 2023					I - IX - 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	4484.1	7.373.051.475	61,5768	454.008.916.044	89,4	4.404.4	7.381.465.141	61,5445	454.288.581.399	90,0	8.413.667	0.1
USD	783,9	877.626.109	56,8590	49.900.942.959	9,8	432,7	815.764.802	56,6306	46.197.250.212	9,1	-61.861.307	-7,0
GBP	1,4	16.205.875	70,7296	1.146.235.054	0,2	2,0	17.592.077	72,2904	1.271.738.271	0,3	1.386.202	8,6
EUR+USD+GBP	5.269,5			505.056.094.057	99,2	4.839,1			501.757.569.881	99,4		
tot. import	5.282,0			507.920.640.742	100,0	4.854,4			505.021.086.781	100,0		-0,6

Source: SSO and NBRNM

3. FISCAL SECTOR

Budget Revenues and Expenditures according to the Economic Classification

In the period January – September 2024, collection of total budget revenues of the Republic of North Macedonia's budget amounted to Denar 222,736 million, accounting for 70.0% of the 2024 projections, i.e. increase of 12.8% budget revenues collected, compared to the same period in 2023. As regards total revenues, Denar 206,692 million was collected on the basis of tax revenues and social contributions, accounting for 72.7% of 2024 projected amount, increasing by 16.5% in relation to the previous year. Thereby, tax revenues were collected in the total amount of Denar 128,639 million (i.e. 73.2% of the amount projected for 2024), while social contributions were collected in the amount of Denar 76,703 million (annual increase of 15.0%, i.e. 72.9% of the amount projected for 2024). As regards tax revenues, increased collection was recorded at personal income tax by 17.5%, followed by corporate income tax by 17.6%, VAT by 21.4%, excise duties increasing by 8.6%, import duties



collection increase by 16.2% and other tax revenue collection picking up by 36.0%. During this period, non-tax revenues recorded growth of 4.8%, and capital revenues increased by 6.9%, while foreign donation revenues experienced a drop by 72.2%.

Total budget expenditures were executed in the amount of Denar 247,882 million in the period January – September 2024, accounting for 68.3% of the annual projections, i.e. an increase of 10.1% compared to same period of 2023. Thereby, current expenditures were executed in the amount of Denar 230,537 million, i.e. 72.5% of the amount projected for the whole year, being an increase of 16.8% compared to the same period in 2023. Increase was recorded at expenditures related to wages and allowances by 21.8%, at goods and service-related expenditures by 12.5% and at interest-related expenditures a surge by 37.7%. Transfers, as the largest category of current expenditures, increased by 14.8%, driven by the high growth of social transfers by 15.8%, health care expenditures by 14.3%, block and earmarked grants by 12.2% and subsidies and transfers by 14.0%. Capital expenditures were executed in the amount of Denar 17,345 million, being higher by 37.4% compared to the same period in 2023. Execution rate of capital expenditures for the period January – September 2024 accounted for 38.8% compared to the projected amount.

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

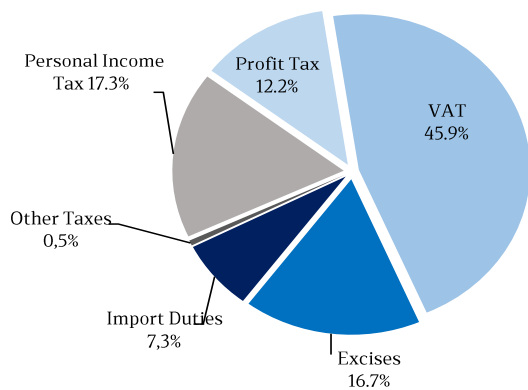
	2024 Supplementary Budget	January-September 2024		
	(Denar million)	(Denar million)	Annual growth rate (%)	% of collection/execution rate (%)
TOTAL REVENUES	318,150	222,736	12.8%	70.0%
Taxes and contributions	284,469	206,692	16.5%	72.7%
Taxes	175,751	128,639	17.6%	73.2%
Personal income tax	31,542	22,251	17.5%	70.5%
Corporate profit tax	21,118	15,753	17.6%	74.6%
VAT	78,458	59,079	21.4%	75.3%
Excise duties	29,837	21,495	8.6%	72.0%
Import charges	13,556	9,362	16.2%	69.1%
Other tax revenues	1,240	699	36.0%	56.4%
Contributions	105,212	76,703	15.0%	72.9%
Non-tax revenues	22,541	12,725	4.8%	56.5%
Capital revenues	3,240	1,495	6.9%	46.1%
Foreign Donations	7,900	1,824	-72.2%	23.1%
Revenues from paid extended loans	0	0	/	/
TOTAL EXPENDITURES	362,816	247,882	10.1%	68.3%
Current expenditures	318,118	230,537	16.8%	72.5%
Wages and allowances	44,537	31,995	21.8%	71.8%



Goods and services	25,509	15,775	12.5%	61.8%
Transfers	230,439	168,025	14.8%	72.9%
Social transfers	169,794	124,740	15.8%	73.5%
Pension and Disability Insurance Fund of North Macedonia	104,495	77,660	17.2%	74.3%
Pecuniary unemployment allowance	2,926	1,929	60.1%	65.9%
Social welfare	14,928	11,097	6.6%	74.3%
Health protection	47,445	34,054	14.3%	71.8%
Other transfers	58,215	42,011	13.0%	72.2%
Interest	17,632	14,742	37.7%	83.6%
Capital expenditures	44,698	17,345	-37.4%	38.8%
Budget balance	-44,666	-25,146	-8.8%	56.3%

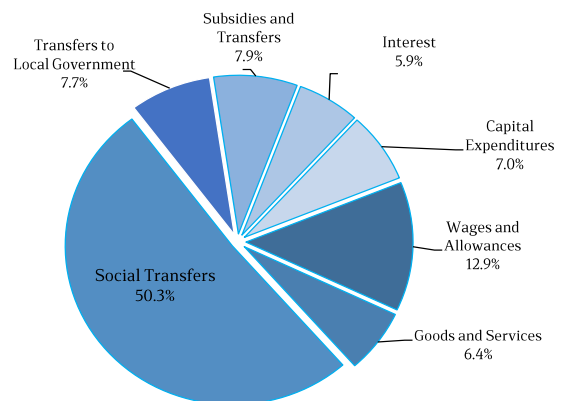
Source: Ministry of Finance

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



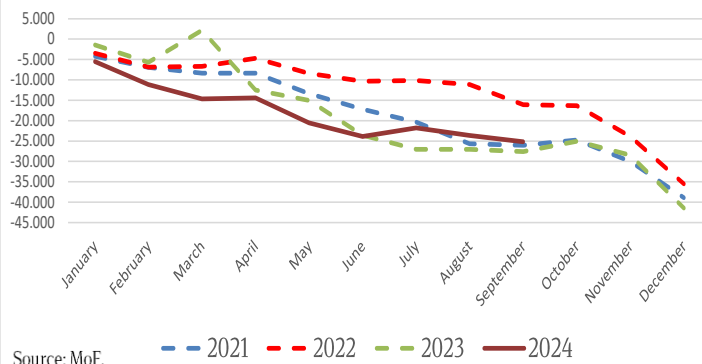
Source: MoF

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



Source: MoF.

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



Source: MoF.



In the period January – September 2024, the state budget deficit amounted to Denar 25,146 million, accounting for 2.6% of the GDP projected for 2024, i.e. 56.3% of the budget deficit.

Expenditures by Budget Users

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

In the period January – September 2024, Ministry of Social Policy, Demographics and Youth executed funds in the amount of Denar 53,118 million or 82.3% of its total budget for the current year. Thereby, most of the expenditures (70.8%) were allocated for current transfers to extra-budgetary funds, for which Denar 37,608 million was spent, i.e. 86.0% of the funds allocated for 2024. The second highest expenditure category was the social benefits, participating with 20.5% in the total expenditures, whereby 76.5% (Denar 10.887 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 28,289 million, representing 70.1% of its total 2024 Budget. Current transfers to LGUs accounted for the most of the expenditures (57.1%), Denar 16,141 million being spent therefore or 71.8% of total projected funds. Wages and allowances category was the second highest expenditure item, accounting for 20.0%, for which an amount of Denar 5,653 million, accounting for 71.7%, being executed out of total projected funds.

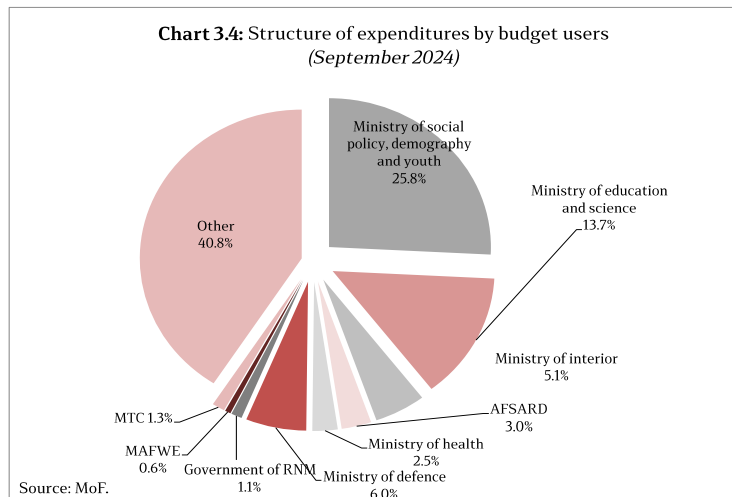
In the period January – September 2024, Ministry of Internal Affairs executed expenditures in the total amount of Denar 10,552 million, accounting for 73.0% of its 2024 budget. Wages and allowances was the highest expenditure category, participating with 68.3%, Denar 7,208 million being spent therefore, accounting for 73.0% of the projected ones. Second highest category was Goods and services, accounting for 18.0%, with Denar 1,903 million were being spent therefore, accounting for 66.2% of the annual projections.

During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 6,135 million, accounting for 63.6% of the funds projected for the current year. As for subsidies and transfers, accounting for 92.5% of the total expenditures, 69.4%, with Denar 5,676 million of the funds planned for the whole year, being spent therefore.

In the period January – September 2024, Ministry of Defense executed budget funds in the amount of Denar 12,447 million, accounting for 68.9% of its year’s total budget. Expenditures related to wages and allowances accounted for the most with 35.5%, Denar 4,419 million being spent therefore, (accounting for 70.2% of the total funds projected for the current year). Capital expenditures accounted for 33.4% of total expenditures, Denar 4,157 million being spent therefore during the analyzed period, i.e. 70.1% execution of the total projected funds.

Government of the Republic of North Macedonia spent total of Denar 2,235 million, i.e. 58.2% of the funds projected for 2024, in the period January –September 2024. Thereby, subsidies and transfers accounted for 57.6% of total expenditures of this budget user, Denar 1,286 million (61.3% of the projected funds) being spent therefore.

During the analyzed period, Ministry of Health executed budget funds in the amount of Denar 5,188 million, accounting for 69.0% of the total 2024 Budget. Current transfers to





extra-budgetary funds accounted for the most of the expenditures with 52.2%, for which Denar 2,707 million were spent or 77.4% of the funds projected for 2024. Second highest item was Goods and services, Denar 1,994 million (64.0% of the projections for the year) being spent therefore, accounting for 38.4% of total expenditures.

In the period January – September 2024, Ministry of Transport and Communications executed funds in the amount of Denar 2,609 million, i.e. 20.0% of the total budget for the current year. Execution of capital expenditures, as main item, accounted for 73.1% of the total spent funds of this budget user (Denar 1.906 million or 16.2% of total projected funds).

During this period, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 1,195 million, accounting for 67.8% of the funds projected for 2024. Wages and allowances (Denar 472 million) was, by far, the highest item in the total expenditures of this budget user, accounting for 39.5% of its total expenditures, with 72.8% of the projected expenditures, being executed. As regards expenditures related to Subsidies and transfers, they accounted for 23.4% of the total expenditures, Denar 280 million being spent therefore, accounting for 84.6% 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/>).

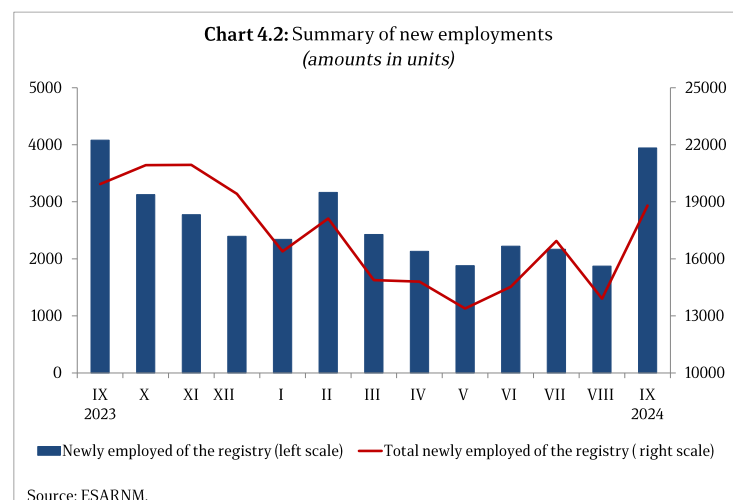
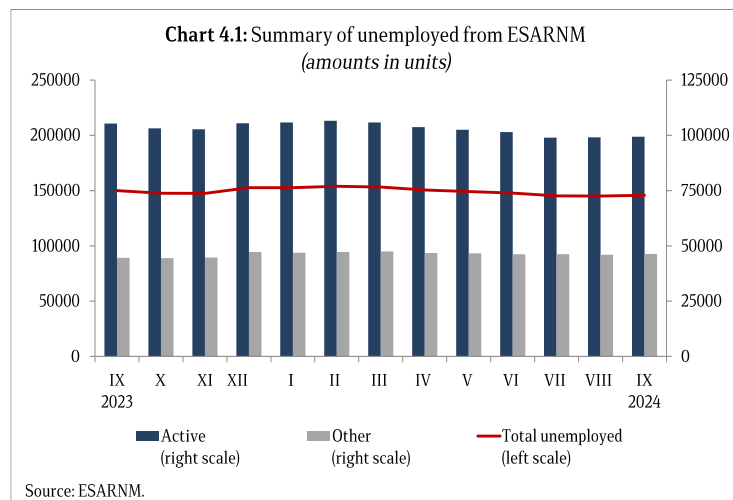
4. SOCIAL SECTOR

Newly Employed and Registered Unemployed Persons in the Employment Service Agency

In the first nine months of 2024, Employment Service Agency registered total of 141,758 new employments. Total number of newly employed persons decreased by 4.7% compared to the same period in 2023.

As regards the total number of newly employed, 41.3% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In September 2024, 21.0% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in September 2024 was 145,768, out of which 99,388 persons were active job seekers, while 46,380 persons were from the category “other unemployed”. On annual basis, total number of unemployed persons decreased by 2.8%, whereas, starting from May 2021, it recorded a continuous annual reduction.





Compared to August 2024, number of unemployed persons was higher by 618.

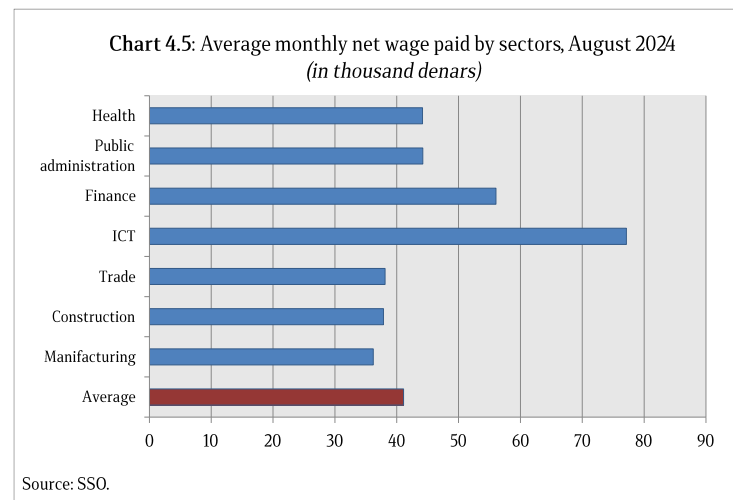
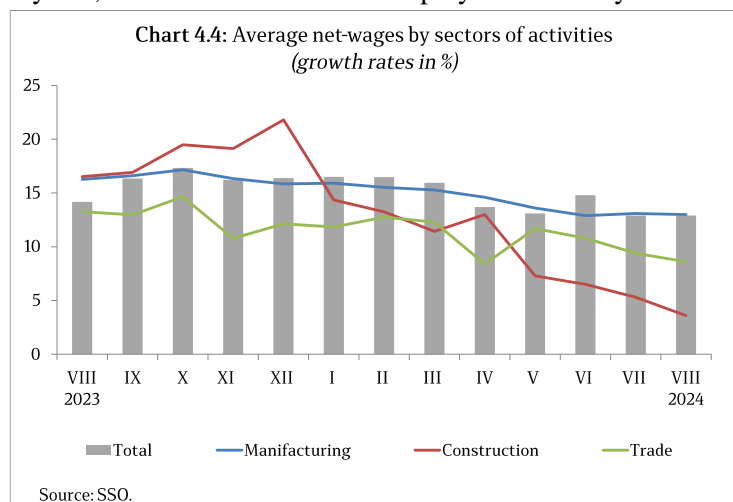
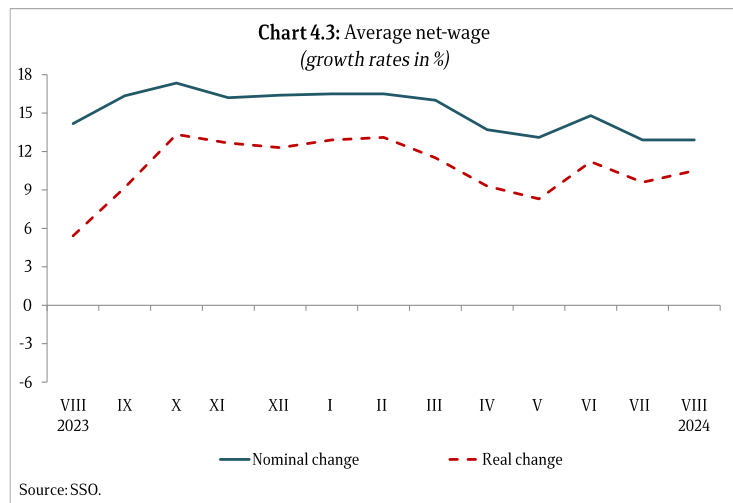
Urban residents accounted the most (with 59.1%) among the active unemployed persons, whereas with respect to gender, men accounted for 47.8%. Analyzed by the level of education, majority, i.e. 68.7%, of the unemployed persons were with incomplete secondary education or less, 23.8% were with completed secondary education, while 7.4% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, 49.5% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 59.4% of the unemployed persons wait for employment from 1 to 7 years, while 13.2% wait for employment for 8 years or more.

Wages

As per the notification of the State Statistical Office, in August 2024, average net wage amounted to Denar 41,097, in nominal terms, being higher by 12.9% on annual basis, and being higher by 0.3% compared to July 2024. The highest increase of average net wage, in relation to August 2023, was observed at the following sectors: Education (18.9%), Arts, entertainment and recreation (18.8%) and Public administration and defence; Compulsory social insurance (17.0%). In August 2024, wages picked up by 10.5% in real terms on annual basis. Highest average net wage in August 2024 was paid in the sector Information and communications (Denar 77,131), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 96,574), followed by Financial and insurance activities with Denar 56,040, Electricity, gas, steam and air conditioning supply sector with Denar 53,258, and Mining and quarrying with average net wage in the amount of Denar 51,465.

Average nominal gross wage in August 2024 amounted to Denar 61,806 and compared to the same month in 2023, increased by 13.2%, being higher by 0.4% on monthly basis. The highest increase of average gross wage in August 2024, compared to August 2023, was recorded in the following sectors:





Education (19.3%), Arts, entertainment and recreation (18.9%) and Public administration and defence; Compulsory social insurance (17.3%).

Pensions

In September 2024, Pension and Disability Insurance Fund registered 341,956 pensioners. As regards the total number of pensioners, 70.7% are beneficiaries of old-age pension, amounting to 241,755 pensioners, 21.7% of survivor pension, amounting to 74,292 pensioners and 7.6% of disability pension, amounting to 25,909 pensioners.

Average pension in September 2024 amounted to Denar 23,740, being higher by 18.1% compared to the same month in 2023⁵. Increase in pensions was, among the other, a

result of the March pension indexation as per the methodology, foreseeing pension indexation with a combined model of 50% increase of the average wage and 50% increase of costs of living, as per the official data of the State Statistical Office. According to this methodology, indexation is carried out twice a year, i.e. in March and September, starting March 2022.

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

Average old-age pension amounted to Denar 25,396 in September 2024, average disability pension amounted to Denar 21,320, while average survivor pension amounted to Denar 19,195. This month, Denar 6,980 million was spent for payment of pensions, accounting for 48.7% of the total social transfers.

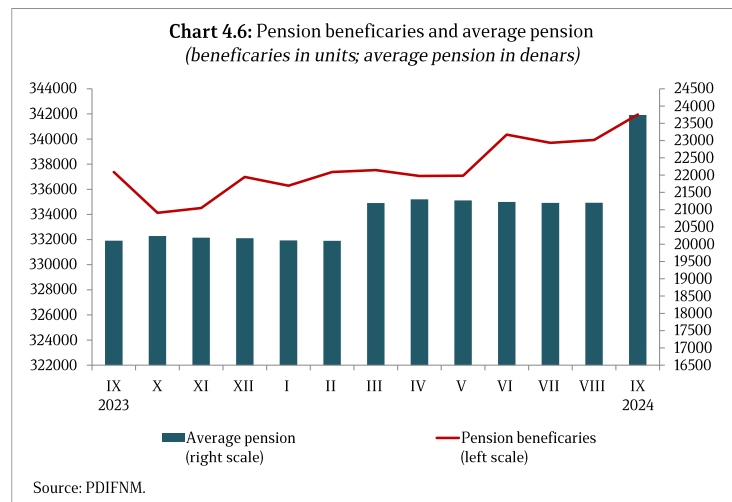


Chart 4.1 September 2024 Pension Data			
Pension beneficiaries	Number	Structure	Average pension
Old age pension	241,755	70.7%	25.396,00
Disability pension	25,909	7.6%	21.320,00
Survivor pension	74,292	21.7%	19.195,00
Total	341,956	100.0%	23.740,00
Beneficiaries of minimal agricultural pension	39		13.398,00
Beneficiaries of military pensions	750		32.673,00
Total	342,745		23.758,00

Source: Pension and Disability Insurance Fund of North Macedonia

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



5. MONETARY AND FINANCIAL SECTOR

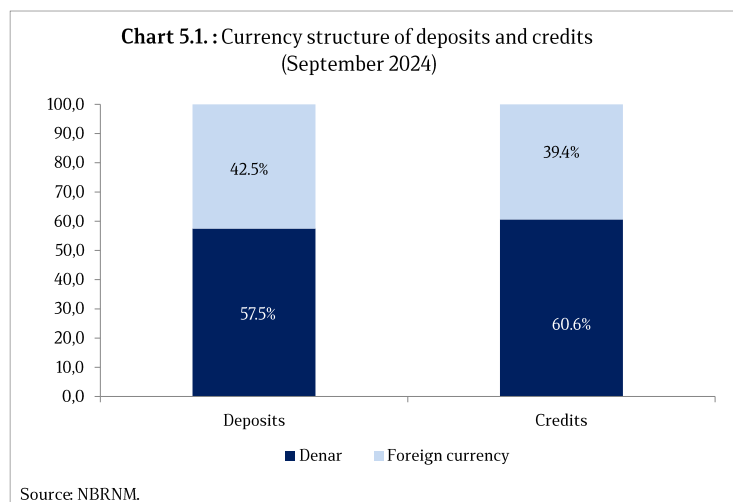
In September 2024, the National Bank reduced the policy rate by 0.25 percentage points, from 6.30% down to 6.05%, following several months of maintaining a steady policy rate to achieve long-term inflation stabilization. The decision on loosening the monetary policy was based on assessment of inflation, recent developments in key macroeconomic indicators and favourable trends on the foreign exchange market. This reduction is in alignment with ECB's monetary policy, which has lowered the interest rate twice since September 2024.

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

Primary Money

In September 2024, primary money⁶ grew by 7.0% on monthly basis. Growth of primary money was a result of increase of total liquid assets of banks by 16.1%, while currency in circulation decreased by 1.5%.

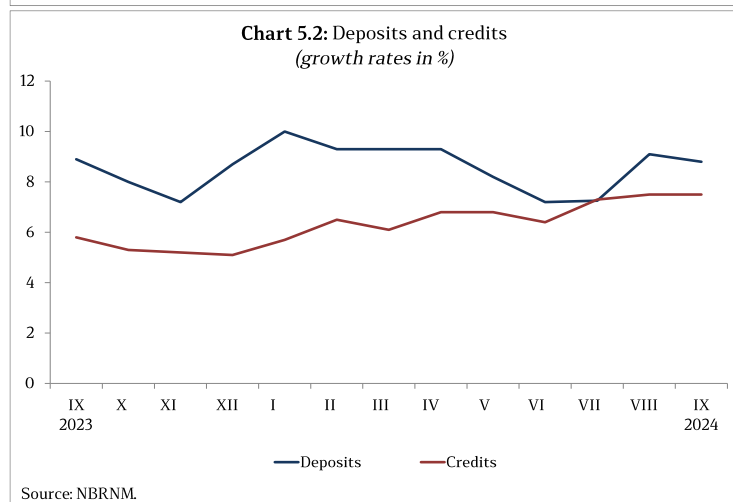
In September 2024, primary money grew by 21.7% on annual basis, as a result of both increased total liquid assets of banks and currency in circulation by 33.8% and 10.6%, respectively.



Deposit Potential⁷

In September 2024, total deposits of banks decreased by 0.4% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of households picked up by 0.1%, while deposits of households dropped by 0.5%.

Analyzed by currency, in September 2024, compared to the previous month, Denar deposits and foreign currency deposits decreased by 0.5% and 0.3%, respectively.



Total deposit potential in September 2024 grew by 8.8% on annual basis. Analyzed by currency, domestic currency deposits increased by 13.1%, and foreign currency deposits by 3.6%.

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

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



From sectoral point of view, deposits of enterprises grew by 4.7%, and deposits of households increased by 11.2% on annual basis.

Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to the private sector (September 2024)	In Denar million	Monthly change	Annual change
Deposit Potential	555,602	-0.4%	8.8%
By currency:			
<i>Denar</i>	319,610	-0.5%	13.1%
<i>Foreign currency</i>	235,993	-0.3%	3.6%
By maturity:			
<i>Short-term</i>	212,929	-2.3%	-2.0%
<i>Long-term</i>	139,068	2.7%	23.9%
Credits to private sector	469,266	0.4%	7.5%
By currency:			
<i>Denar</i>	284,499	0.9%	13.6%
<i>Foreign currency</i>	184,767	-0.4%	-0.7%
By maturity:			
<i>Short-term</i>	69,352	0.2%	4.5%
<i>Long-term</i>	383,189	0.6%	7.9%

Source: NBRNM

According to maturity, short-term deposits declined by 2.0%, while long-term deposits surged by 23.9%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 57.5%.

Bank Credits

In September 2024, total credits of banks to the private sector surged by 0.4% on monthly basis, as a result of the growth of credits to households by 0.8% with credits to enterprises reducing by 0.1%.

Analyzed by currency, Denar credits picked up by 0.9%, while foreign currency credits decreased by 0.4% on monthly basis.

On annual basis, in September 2024 total credits grew by 7.5%, in conditions of growth of both credits to enterprises and credits to households of 7.5% and of 7.7%, respectively. Denar credits surged by 13.6%, while foreign currency credits dropped by 0.7%.

As regards maturity, long-term credits experienced annual growth of 7.9% and short-term credits picked up by 4.5%.

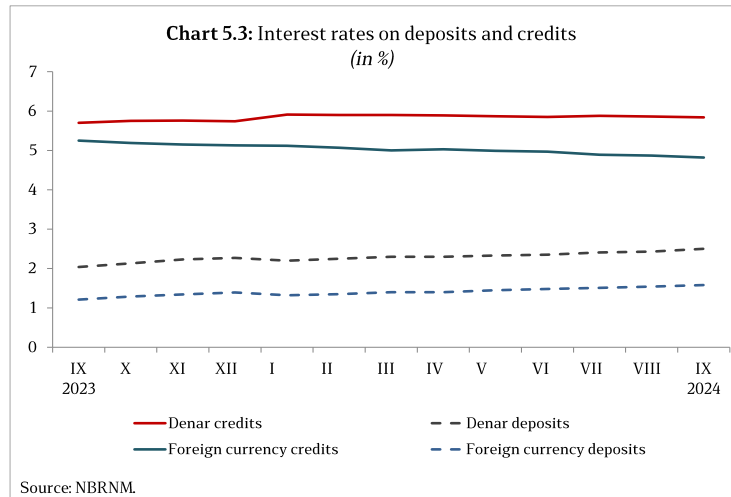


Interest Rates of Deposit Banks

In September 2024, total interest rate on credits dropped by 0.03 p.p. compared to the previous month, accounting for 5.41%. Interest rate on Denar credits dropped by 0.02 p.p., accounting for 5.84%, while interest rate on foreign currency credits decreased by 0.05 p.p. on monthly basis, accounting for 4.82%.

Total interest rate on deposits grew by 0.05 p.p. in September 2024, compared to last month, accounting for 2.01%. Interest rate on Denar deposits increased by 0.07 p.p., accounting for 2.50%, while interest rate on foreign currency deposits grew by 0.04 p.p., accounting for 1.58%.

Interest rate on newly granted Denar credits accounted for 5.41%, while interest rate on newly approved foreign currency credits accounted for 3.95%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.98% and 2.14%, respectively.

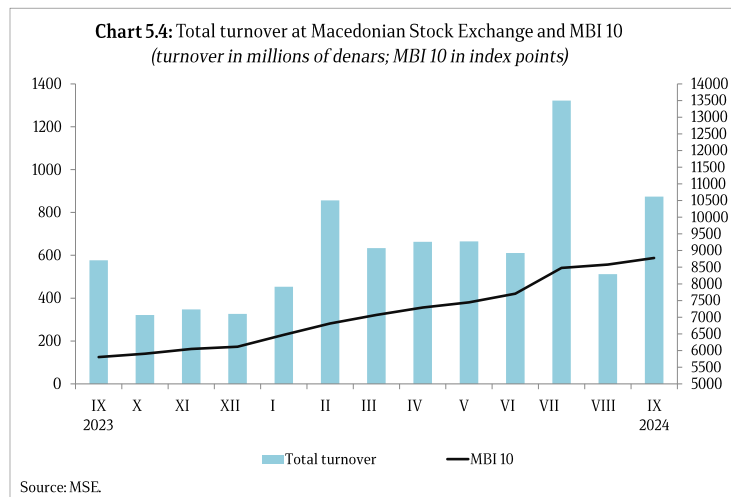


Capital Market

As for the capital market, in September 2024, total turnover on the stock exchange increased by 70.7% on monthly basis, as a result of the increase of turnover from block transactions by 252.3%, while the turnover from classical trading by 15.8%.

Total turnover on the stock exchange amounted to Denar 874.1 million in September 2024, increasing by 51.5% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 8,778.6 index points at the end of September 2024, whereby the index grew by 2.3% on monthly basis, while, compared to the same month last year, the index was higher by 51.3%.



Reserve Assets

At the end of September 2024, gross reserve amounted to EUR 4,406.6 million, being lower by 1.4% compared to the previous month and higher by 12.9% compared to September 2023.