



Q-3-2024

QUARTERLY ECONOMIC REPORT

- third quarter of 2024

Summary

- **Economic activity** in Q3 2024 accelerated, recording real growth of 3.0% on annual basis, following the growth of 2.8% in the previous quarter which accounted for average economic growth of 2.6% in the first three quarters in 2024.
- **Number of employed persons** in Q3 2024 was higher by 0.8% compared to the same quarter in 2023. **Number of unemployed persons** dropped by 3.7% in Q3 2024, which resulted in reduction of **unemployment rate** to 12.3%.
- Average **net wage** amounted to Denar 41,212 in Q3 2024, increasing by 11.9% in nominal terms, i.e. 9.0% in real terms, compared to the net wage in Q3 2023.
- Total **budget revenues** were higher by 18.0% in Q3 2024, while total budget expenditures surged by 13.1% compared to the same quarter in 2023.
- **Inflation rate** in Q3 2024 accounted for 2.6% on annual basis.
- Total **deposit potential** of banks in Q3 2024 grew by 2.0% on quarterly basis.
- In Q3 2024, **export of goods** dropped by 2.9%, with **import of goods** decreasing by 1.8% on annual basis, whereby total **foreign trade**, expressed in euro, dropped by 2.3%.



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1. Economic Activity

Economic activity in Q3 2024 accelerated, recording real growth of 3.0% on annual basis, following the growth of 2.8% in the previous quarter which accounted for average economic growth of 2.6% in the first three quarters in 2024. Compared to previous quarter, GDP growth accounted for 0.6% (with seasonal and calendar adjustment).

Analysed according to the GDP by production method, economic growth was a result of the positive performance at most of the activities, mostly as a result of the activity in the **services sector**, where it surged by 5.0%, being mostly a result of the increased activity in Trade, transport and catering by 10.6%. Within the services sector, growth was also recorded at the following activities: Professional,

scientific and technical activities by 9.0%, Arts, entertainment and recreation by 6.6%, Information and communication by 2.4%, Financial and insurance activities by 2.1%, Public administration, defence, education and health by 0.9% and Real estate activities by 0.5%.

Construction activity increased by 2.4%, driven by higher values of completed construction works throughout all segments (with civil engineering structures rising by 22.7%, building construction expanding by 13.2%, and specialised construction works growing by 7.0%). **Agricultural sector** recorded an increase of 1.1%, halting the drop recorded in the previous three quarters.

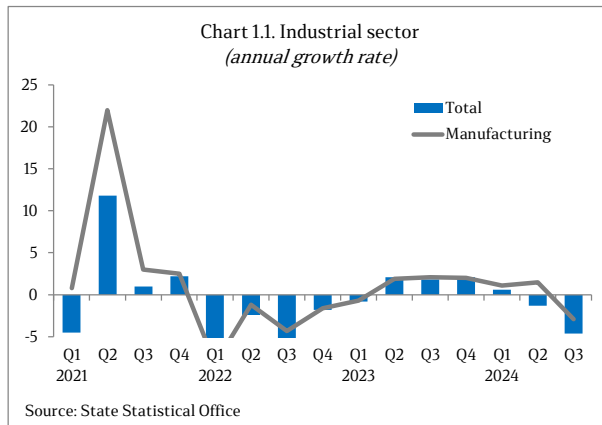
Table 1.1: GDP and components by production method – annual growth rates (%) and contributions in GDP growth (p.p.)

Sectors	real growth (%)				contribution to growth (p.p.)			
	2023	Q1 2024	Q2 2024	Q3 2024	2023	Q1 2024	Q2 2024	Q3 2024
Gross domestic product	2.1	1.9	2.8	3.0				
Agriculture	-3.0	-12.3	-0.7	1.1	-0.2	-0.9	0.0	0.1
Industry	1.4	0.6	-1.3	-4.6	0.2	0.1	-0.2	-0.8
Manufacturing	1.5	1.1	1.5	-2.9	0.2	0.1	0.2	-0.4
Construction	-0.4	-2.4	6.9	2.4	0.0	-0.1	0.3	0.1
Services	3.8	4.1	3.8	5.0	2.1	2.5	2.2	2.8
Trade, transport and catering	3.2	4.2	5.5	10.6	0.6	0.8	1.1	2.0
Information and communication	5.8	4.2	3.7	2.4	0.3	0.2	0.2	0.1
Financial and insurance activities	6.1	1.8	1.9	2.1	0.2	0.1	0.1	0.1
Real estate activities	8.0	2.5	1.7	0.5	0.9	0.3	0.2	0.1
Professional, scientific and technical activities	1.7	8.5	9.9	9.0	0.1	0.4	0.5	0.4
Public administration and defence, education and health	-0.8	2.0	0.6	0.9	-0.1	0.2	0.1	0.1
Arts, entertainment and recreation	3.4	12.5	4.1	6.6	0.1	0.4	0.1	0.2
Net taxes on products	0.4	1.5	4.5	5.7	0.1	0.2	0.6	0.7
<i>Residual</i>					-0.1	0.1	-0.1	0.0

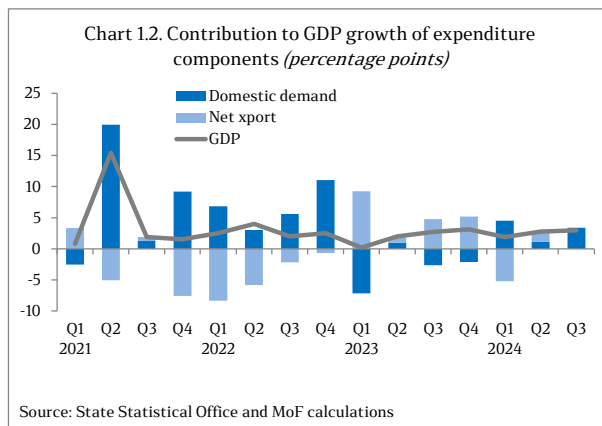
Source: State Statistical Office (notification on GDP in Q3 2024) and MoF calculations.



Industrial sector dropped by 4.6%, as a result of the reduced production in Manufacturing by 2.9%. According to high-frequency data for industrial production, all sectors recorded a drop in Q3 2024, with the Manufacturing decreasing by 0.5%. Within Manufacturing, branches mostly contributing to the drop are the following: Manufacture of wearing apparel, Manufacture of fabricated metal products and Production of metals.

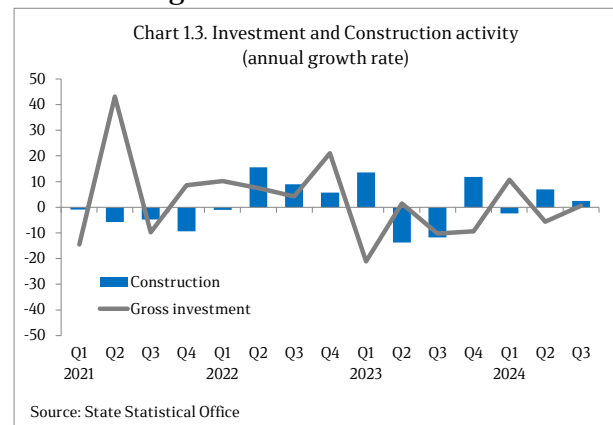


Analysed according to the expenditure side of GDP, economic activity growth was a result of the positive contribution of domestic demand.



Consumption grew by 3.8% in real terms. Thereby, **private consumption** surged by 1.9%, mostly as a result of the growth of the household disposable income amid increase of both employment, wages and pensions in the economy, also underpinned by the crediting to households. **Public consumption** grew by 13.3% in real terms.

Gross investments recorded an increase of 0.6%. Increase of investments corresponds to the growth in the construction sector, high flow of FDIs, increase of domestic production of capital goods, as well as growth of import of investment goods.



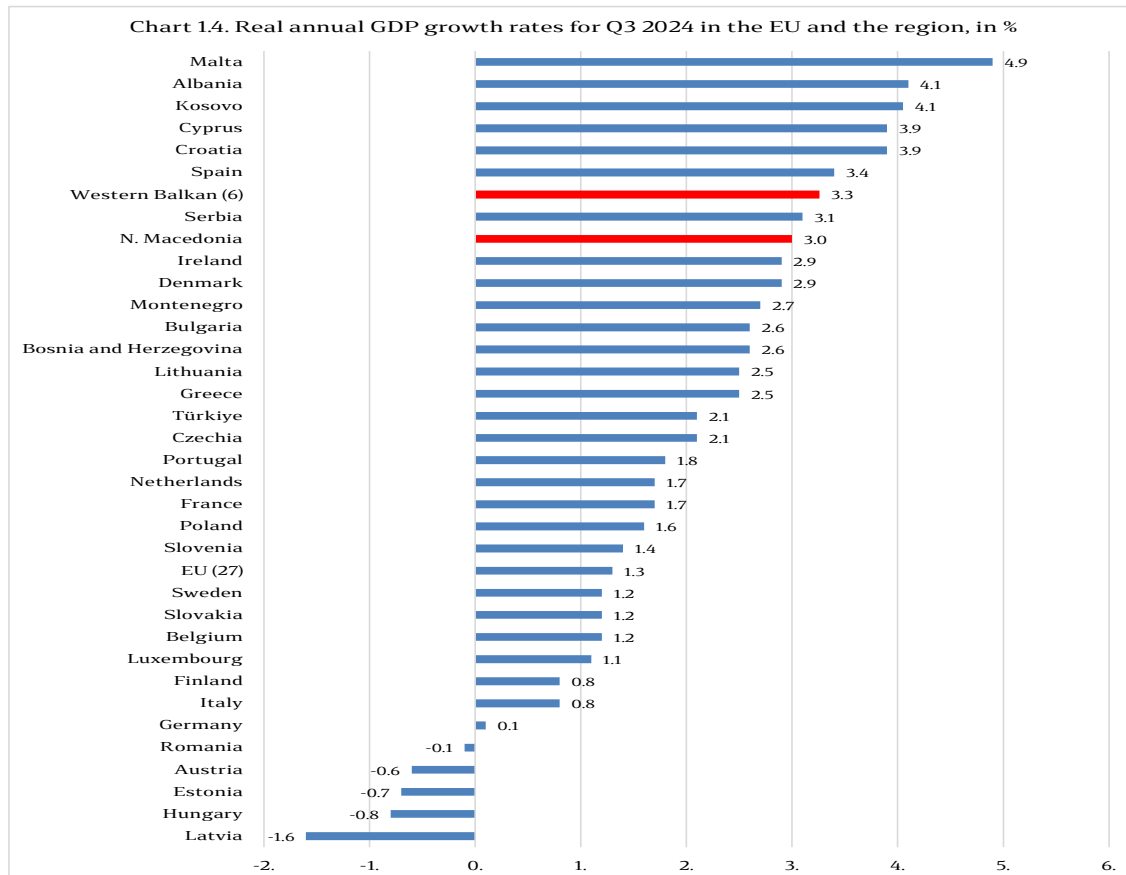
Export and import of goods and services in Q3 2024 compared to the corresponding quarter in the previous year do not record any changes during the analysed period.



Table 1.2: GDP and components by expenditure method – annual growth rates (%) and contributions in GDP growth (p.p.)

Components	real growth (%)				contribution to growth (p.p.)			
	2023	Q1 2024	Q2 2024	Q3 2024	2023	Q1 2024	Q2 2024	Q3 2024
Gross domestic product	2.1	1.9	2.8	3.0				
Final consumption	0.7	2.4	2.9	3.8	0.6	2.0	2.4	3.2
Private	1.2	1.1	1.6	1.9	0.8	0.8	1.1	1.3
Public	-1.8	7.8	9.0	13.3	-0.3	1.2	1.3	1.9
Gross capital formation	-9.6	10.6	-5.7	0.6	-3.5	2.9	-1.8	0.2
Export of goods and service	-0.6	-6.7	-2.5	0.0	-0.4	-5.0	-1.7	0.0
Import of goods and service	-5.8	0.2	-4.1	0.0	-5.4	0.2	-3.5	0.0
Net exports					5.0	-5.2	1.8	0.0
<i>Residual</i>					0.0	2.2	0.4	-0.3

Source: State Statistical Office (notification on GDP in Q3 2024) and MoF calculations.



Source: Eurostat and national statistical institutions:

*Available data on Western Balkan (6) refer to the following countries: Serbia, Montenegro, North Macedonia, Bosnia and Herzegovina, Albania and Kosovo



2. Labour Market

Starting 2021, Labour Force Survey was conducted in all EU Member States in accordance with Regulation (EU) no. 2019/1700 of the European Parliament and the Council of Social Statistics and the corresponding executive regulation of the Commission (EU) no. 2019/2240 in the field of labour force. Republic of North Macedonia implemented these regulations in 2023, whereas the previous Regulation (EC) no. 577/98 has been repealed. These changes caused interruption of time series of data, thus, data as of 2023 are not comparable with the data from previous years.

Employment

In Q3 2024, as per the Labour Force Survey, **number of employed persons** increased by 0.8%, i.e. by five thousand and six hundred persons compared to the same quarter in 2023. Highest employment growth rate was recorded in the agricultural sector (12.5 thousand persons, accounting for 25.0%), with Manufacturing also recording growth of 6.6%, with the number of employed persons increasing by 8.8 thousand persons in the respective sector. On other hand, a more significant drop in employment was recorded in the Education sector (18.1% or 10 thousand persons.)

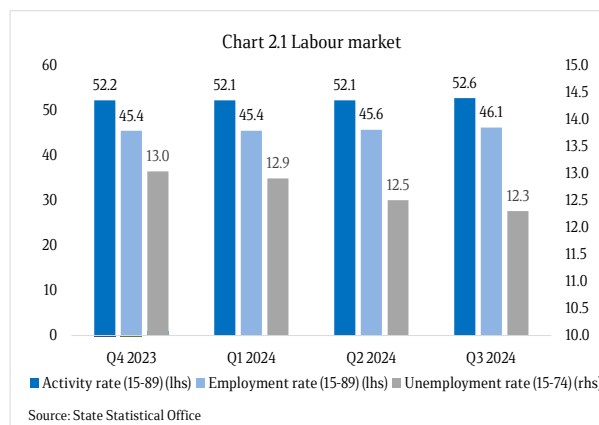
Out of the total number of employees, 530,757 were employed in entities in private ownership (76.0% of the total employees), whereas 167,655 people were employed in entities in mixed, collective or state ownership (24.0% of total employees).

Employment rate in Q3 2024 accounted for 46.1%, being higher by 0.4 p.p. compared to the same quarter in 2023.

Unemployment

Number of unemployed persons decreased by 3.8 thousand persons, being lower by 3.7% compared to the same quarter in 2023.

Unemployment rate reduced to 12.3% in Q3 2024, i.e. it dropped by 0.5 p.p. compared to the same quarter in 2023, being lower by 0.2 p.p. compared to the previous quarter. (Chart 2.1).



Unemployment rate in the age category 15 - 64 accounted for 12.5%, while with the youth population (age category 15 to 29) accounted for 23.6%, decreasing by 0.5 p.p. and 0.4 p.p., respectively, compared to Q3 2023. With respect to gender structure, female unemployment rate dropped by 0.1 p.p., accounting for 10.8%, being 2.6 p.p. lower than male unemployment rate, decreasing by 0.8 p.p. and accounting for 13.4%.



Active population

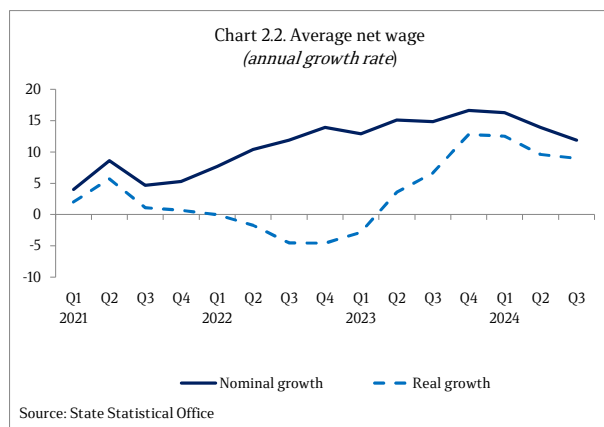
Number of active population was increased by 1.8 thousand persons, being higher by 0.2% on annual basis. In Q3 2024, active population accounted for 52.6% of the total working-age population, representing an increase of 0.2 p.p., compared to the same quarter in 2023.

Wages

Average monthly **net wage** in Q3 2024 amounted to Denar 41,212, being higher by 11.9% in nominal terms compared to the same quarter in 2023, while net wage in real terms higher by 9.0% (Chart 2.2).

Highest net wage in Q3 2024 was paid in the sector Information and communication (Denar 76,547), followed by Financial and Insurance Activities with Denar 57,848, Electricity, gas, steam and

air-conditioning supply with average net wage paid in the amount of Denar 53,003 and Mining and quarrying in the amount of Denar 52,566.



Average monthly **gross wage** in Q3 2024 amounted to Denar 61,979, being higher by 12.1% in nominal terms and 9.3% in real terms.

3. Public Finances

3.1. Budget Revenues according to the Economic Classification

In Q3 2024, **total budget revenues** accounted for 32.0% of the quarterly GDP, being higher by 18.0% compared to third quarter of 2023, amid higher collection of taxes by 24.7%, contributions by 16.1%, while non-tax revenue collection decreased by 15.7%. Tax revenues observed a higher collection rate in all segments, i.e. the segments of personal income tax, corporate income tax, VAT, excise, import

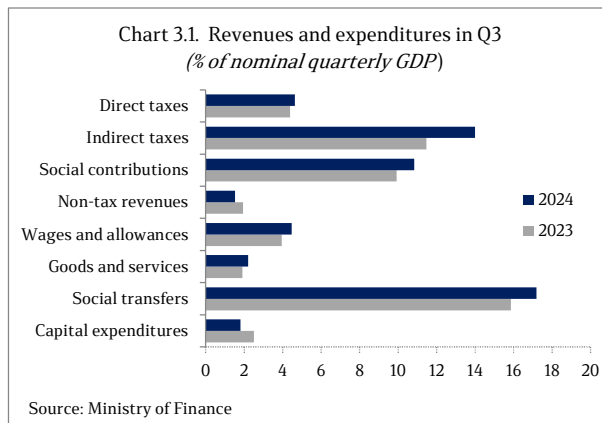
duties and other tax revenues.

Collection of indirect taxes in Q3 2024 compared to Q3 2023 surged by 29.7%, whereas the collection of the direct taxes picked up by 11.9%. Seen from the GDP share structure perspective, the share of direct tax revenues is increased by 0.2 p.p. on annual level, i.e. from 4.4% in the third quarter last year to 4.6% of the quarterly GDP in the same quarter this year. In Q3 2024, share of indirect tax revenues in GDP



accounted for 14.0%, being higher by 2.5 p.p. compared to the share of 11.5% in Q3 2023.

With respect to **indirect taxes**, VAT revenues predominated, accounting for 50.1% of the total tax revenues in Q3 2024, being higher by 36.4% compared to the same quarter of the previous year. Pertaining to the VAT structure, VAT on import accounted for the most, followed by VAT on domestic supply. Compared to the same quarter in the previous year, excise revenues were higher by 17.7%, while collection of customs duties grew by 19.0%.



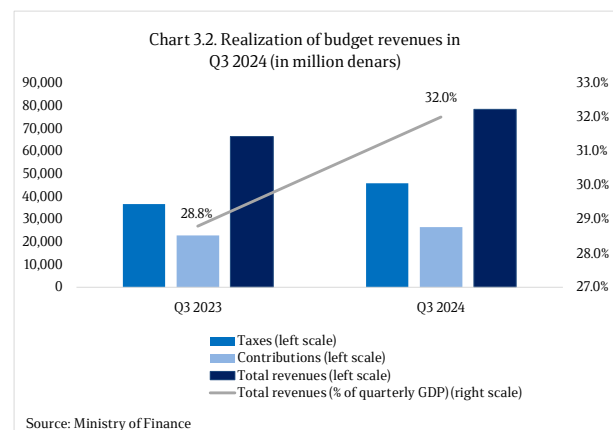
With respect to **direct taxes**, a PIT revenue collection recorded an increase of 16.9%, while the corporate profit tax revenue collection an increase of 3.1%, compared to the same quarter of the previous year.

3.2. Budget Expenditures according to the Economic Classification

Total budget expenditures in Q3 2024, with share of 32.5% in the quarterly GDP were higher by 13.1% compared to the same quarter of 2023.

Current expenditures, representing 30.7% of quarterly GDP, participated with 94.4%

Collection of **social contributions** was higher by 16.1%, whereby increased collection was recorded with all contributions, i.e. with pension and disability insurance contributions by 16.1%, and employment contributions by 16.0% and health insurance contributions by 16.2%.



In Q3 2024, collection of **non-tax revenues**, accounting for 1.5% of the quarterly GDP, was less than 15.7% compared to the same quarter of 2023.

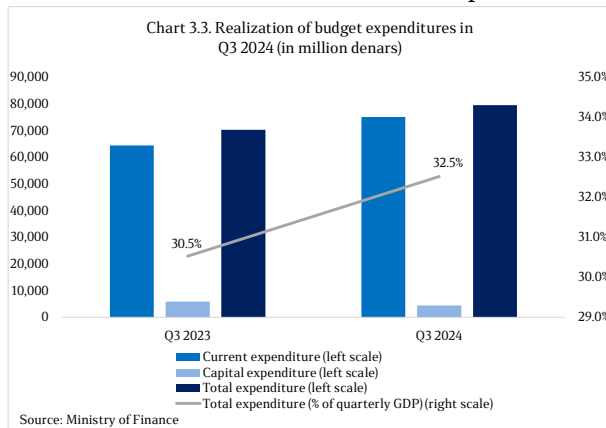
Capital revenues incorporating the construction land lease, apartment sale and dividend revenues were higher by 11.9% on annual basis in Q3 2024. Revenues on the basis of **foreign donations** were higher by 2.6% compared to the same quarter in 2023.

of total expenditures, being executed by 16.5% higher on annual basis. As per the current expenditures, goods and services expenditures recorded increase by 21.7%, whereas wage and allowance expenditures



by 20.2% compared to the same quarter previous year.

Transfer funds, participating with 69.5% in the total expenditures, executed by 17.8% higher on annual basis. Social transfers recorded growth of 15.2%, participating with 52.9% in the total expenditures.



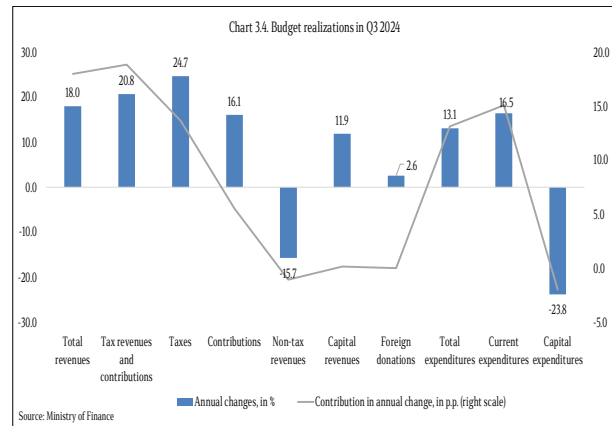
Pension expenditures, representing the most of social transfers, increased by 14.3%, recording participation of 32.0% in total expenditures. Category Other Transfers, which includes transfers to local government units, accounted for 16.1% of the total expenditures and recorded an increase of 27.7% compared to the third

3.3. Expenditures by Budget Users

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

In Q3 2024, **Ministry of Social Policy, Demographics and Youth** executed funds in the amount of Denar 14,791 million or 21.7% of its total budget for the current year. Thereby, most of the expenditures (66.7%) were allocated for current transfers to extra-budgetary funds, for which Denar 9,862 million was spent, i.e. 21.2% of the funds allocated for 2024. The second

quarter in 2023. Block and earmarked grants to local government units increased by 13.1%, while subsidies and transfers were higher by 56.5%, compared to Q3 2023.



Interest-related expenditures decreased by 12.9% on annual basis, whereby domestic debt interest-related expenditures surged by 74.5%, with expenditures related to interest on foreign debt dropping by 44.2%.

Capital expenditure execution, accounting for 1.8% of the quarterly GDP was lower by 23.8% compared to the same quarter of 2023, and their share in the total expenditure accounted for 5.6%.

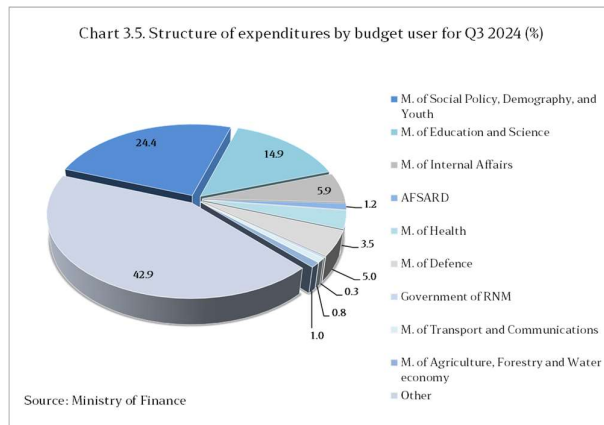
highest expenditure category was the social benefits, participating with 24.0% in the total expenditures, whereby 24.3% (Denar 3,543 million) of the projected 2024 funds was executed for this purpose.

During the analysed period, **Ministry of Education and Science** executed budget funds in the amount of Denar 9,074 million, representing 22.3% of its total 2024 Budget. Current transfers to LSGUs accounted for the most of the expenditures (59.4%), Denar



5,389 million being spent therefore or 24.0% of total projected funds. Wages and allowances category was the second highest expenditure item, accounting for 21.9%, for which an amount of Denar 1,991 million, accounting for 25.3%, being executed out of total projected funds.

In Q3 2024, **Government of the Republic of North Macedonia** spent Denar 199 million, i.e. 4.5% of the 2024 projections. Thereby, subsidies and transfers accounted for 47.7% of total expenditures of this budget user, Denar 95 million (3.3% of the projected funds) being spent therefore.



During the analysed period, **Ministry of Internal Affairs** executed expenditures in the total amount of Denar 3,555 million, accounting for 23.3% of own budget for 2024. Wages and allowances was the highest expenditure category, participating with 67.8%, Denar 2,410 million being spent therefore, accounting for 24.7% of the projected ones. The second highest expenditure category was Goods and services, participating with 18.6%, with funds in the amount of Denar 660 million being spent therefore, accounting for 21.0% of the annual projections.

In Q3 2024, **Agency for Financial Support in Agriculture and Rural Development** executed expenditures in the amount of Denar 753 million, accounting for 7.3% of the funds projected for the current year. As for subsidies and transfers, with significant share of 89.5% of the total expenditures, 7.2% or Denar 674 million of the funds planned for the whole year, were spent therefore.

During Q3 2024, **Ministry of Health** executed budget funds in the amount of Denar 2,129 million, accounting for 25.8% of its total 2024 budget. Current transfers to extra-budgetary funds accounted for the most of the expenditures with 54.5%, for which Denar 1,161 million were spent or 28.5% of the funds projected for 2024. Second highest item was Goods and services, Denar 864 million (26.7% of the projections for the year) being spent therefore, accounting for 40.6% of total expenditures.

During this period, **Ministry of Defence** executed budget funds in the amount of Denar 3,019 million, accounting for 17.0% of the total budget this year. Expenditures related to wages and allowances accounted for the most with 50.7%, Denar 1,532 million being spent therefore, (accounting for 24.3% of the total funds projected for the current year). Goods and services accounted for 25.2% of total expenditures, Denar 762 million being spent therefore during the analysed period, i.e. 21.7% execution of the total projected funds.

In Q3 2024, **Ministry of Transport and Communications** executed funds in the



amount of Denar 515 million, i.e. 5.0% of the total budget for the current year. Execution of capital expenditures, as main item, accounted for 55.8% of the total spent funds of this budget user (Denar 287 million or 3.2% of total projected funds).

During the analysed period, **Ministry of Agriculture, Forestry and Water Economy** executed funds in the amount of Denar 612 million, accounting for 35.7% of the funds projected for 2024. Subsidies and transfers (Denar 263 million) was convincingly the main category in the total expenditures of this budget user, accounting for 43.0% of its total expenditures, with 85.2% of the projected expenditures, being executed. As regards

expenditures related to wages and allowances, they accounted for 25.9% of the total expenditures, Denar 159 million being spent therefore, accounting for 24.4% of the total budget for this purpose.

In this period, **Public Revenue Office** executed Denar 1,092 million, accounting for 24.1% of the total budget for the current year. As for subsidies and transfers, as major item, 24.8% or Denar 834 million of the funds planned for the whole year, were spent therefore.

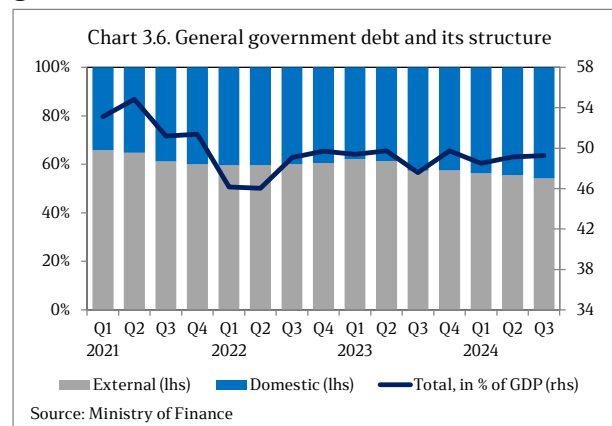
In-depth data on each budget user are presented in the statistical annex attached at the following link (<https://finance.gov.mk/quarterly-economic-report/en>).

3.4. Budget Deficit and General Government Debt

In the third quarter of 2024, **consolidated budget deficit** amounted to Denar 1,291 million or 0.5% of GDP realized in this quarter, while central budget deficit amounted to Denar 713 million, i.e. 0.3% of quarterly GDP.

Total **general government debt** at the end of Q3 2024 accounted for 49.3% of GDP, increasing its share in GDP by 0.2 p.p. compared to Q2 2024. Share of external debt in the total government debt decreased by 1.4 p.p. compared to Q2 2024, accounting for 54.2%, while share of domestic debt increased respectively,

accounting for 45.8% of the total general government debt.



4. Inflation and Monetary Trends

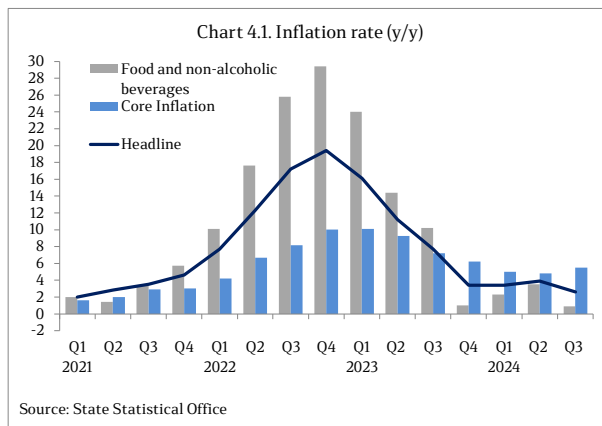
Inflation rate was 2.6% in Q3 2024 on annual basis, measured according to CPI.

Inflation decreased by 1.3 p.p. compared to the previous quarter (3.9% in Q2 2024).



In the third quarter of 2024, consumer prices recorded further slowdown due to the deceleration growth of the food component and energy price reduction, while the core inflation recorded acceleration.

Core inflation recorded acceleration of growth, accounting for 5.5% (4.8% in Q2 2024). The core inflation was still resilient to the efforts put forward towards its decrease, with the Restaurants and hotels category contributing the most to its growth.



Observed by components, growth prices in the Food and non-alcoholic beverages category¹ in Q3 2024 slowed down, accounting for 0.9% (3.5% in the previous quarter). Observed by structure, the slowed down growth of food prices was due to the drop of prices of vegetables, fruit, and bread and cereals.

Consumer price growth in Q3 2024 was recorded in the categories, as follows: Restaurants and hotels by 13.5%, Health protection by 5.7%, Miscellaneous goods and services by 5.6%, both Alcoholic beverages, tobacco and narcotics² and Recreation and culture by 5.5%, Communication by 3.7%, Furnishings, household equipment and routine maintenance of the house by 3.2%, Wearing apparel and footwear by 2.2%, Housing, water, electricity, gas and other fuels by 0.7%, Education by 0.5% and Transport by 0.2%.

In Q3 2024, retail prices recorded an increase of 3.4%.

In third quarter of this year, the National Bank began lowering the **policy rate** by 0.25 p.p. to the level of 6.05%, amid significant slowdown of inflation and favourable foreign exchange market, however with ever more present risks. Easing of the monetary policy was performed in alignment with ECB's policies, whereby interest rates have been gradually decreasing.

Interest rates of available overnight and seven-day deposits remained unchanged in Q3 2024, accounting for 4.20% and 4.25%, respectively.

Primary money³ recorded growth of 15.7% on quarterly basis (growth of 6.2% was

¹ In September, the Law on Prohibition of Unfair Trade Practices entered into force and Government Decision on profit margin cap for part of basic food products, i.e. the "autumn consumer basket", contributing to the slowdown of price increase, was adopted.

² Tobacco product prices are 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 It incorporates currency in circulation (including cash in



recorded in the previous quarter) as a result of increase of the total liquid assets by 30.6% and increase of currency in circulation by 2.8%.

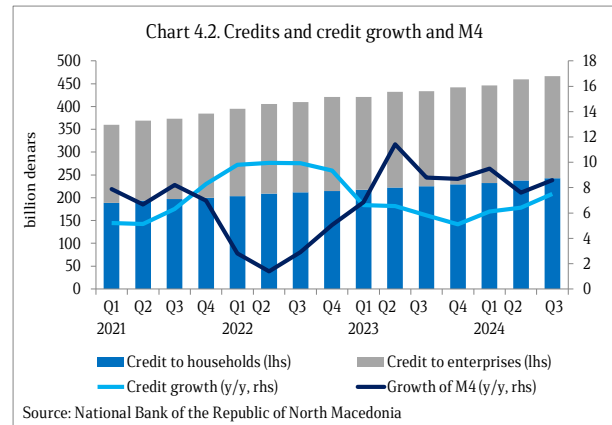
In the third quarter of this year compared to Q3 2023, the primary money increased by 21.7% (in Q2 2024 an increase of 14.0% was recorded), due to the total liquid assets and currency in circulation growth by 33.8% and 10.6%, respectively.

In Q3 2024, the narrowest money supply M1⁴ experienced growth of 0.9% compared to the previous quarter. Money supply M2 dropped by 0.1%, whereas money supply M4 experienced growth of 1.5% on quarterly basis.

Total deposit potential⁵ of banks in Q3 2024 increased by 2.0% on quarterly basis, following the growth of 2.5% in the previous quarter. Analysed by sectors, deposits of enterprises and households increased by 2.7% and 2.1%, respectively. From currency point of view, compared to the previous quarter, Denar deposits grew by 2.4%, while foreign currency deposits surged by 1.5%.

Level of euroization dropped by 0.2 p.p. compared to the previous quarter, accounting for 42.5%, measured through the share of foreign currency deposits in the total deposit potential.

With respect to maturity, share of long-term deposits in the total deposit potential in Q3 2024 picked up by 1.2 p.p. compared to the previous quarter, accounting for 25.0% (it accounted for 23.8% in Q2 2024). During the analysed period, short-term deposits decreased by 1.2% on quarterly basis.



Credit activity of banks in Q3 2024 picked up by 1.5% on quarterly basis (credits increased by 2.9% in the previous quarter), amid growth of credits to enterprises by 1.0% and credits to households by 2.0%. From currency point of view, in Q3 2024, Denar credits picked up by 3.0%, while foreign currency credits experienced 0.8% drop.

From maturity point of view, long-term credits experienced 1.7% growth, while short-term credits were higher by 0.3%, compared to the previous quarter.

hand of banks), Denar and foreign currency reserve requirements and surplus of liquid assets over the reserve requirement (in Denars).

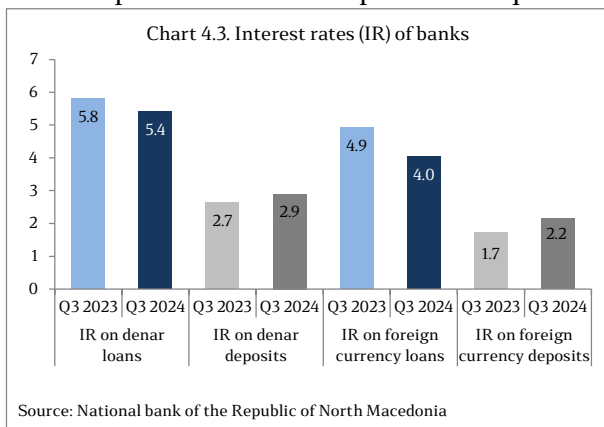
⁴ Money supply M1 comprises currency in circulation and deposit money. Monetary supply M2 comprises the money

supply M1 and short-term deposits, whereas money supply M4 is comprised of money supply M2 and long-term deposits.

⁵ Deposits also incorporate the calculated interest.



In Q3 2024, **interest rate**⁶ on Denar credits accounted for 5.86%, decreasing by 0.01 p.p. compared to the previous quarter.



Interest rate of Denar deposits in Q3 2024 accounted for 2.45%, recording a growth of 0.12 p.p. compared to the previous quarter, whereas the interest rate of foreign currency deposits accounted for 1.54%, increasing by 0.10 p.p. compared to the previous quarter.

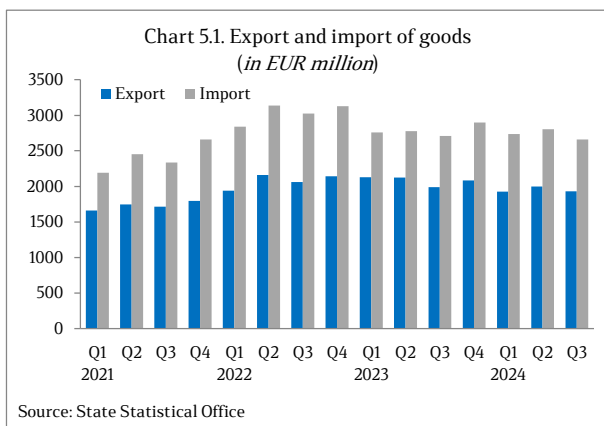
Interest rate on newly granted Denar credits in Q3 2024 accounted for 5.42%, while interest on newly granted foreign currency credits accounted for 4.04%. Interest rates of newly received Denar and foreign currency deposits accounted for 2.90% and 2.16%, respectively.

Interest rate on foreign currency credits was 4.86% in Q3 2024, dropping by 0.14 p.p. compared to the previous quarter.

5. External Sector

5.1. Foreign Trade

According to the data of the State Statistical Office, total foreign trade amounted to EUR 4,592.7 million in Q3 2024, dropping by 2.3% compared to the same quarter in 2023.



In Q3 2024, **export of goods** amounted to EUR 1,931.6 million, whereby compared to Q3 2023, it dropped by 2.9%, while compared to the previous quarter, it recorded a drop by 3.4%.

Analysed by **SITC sectors** (Standard International Trade Classification), negative trends in the export in Q3 2024, compared to the same quarter in 2023 were registered at the following sectors:

- Chemical products by 22.0% (wherein highest drop was recorded in the category: Chemical materials and products by EUR 148.1 million, i.e. 26.1%);

⁶ Denar credits and deposits with a Forex clause are included in foreign currency credits and deposits.



- Miscellaneous manufactured articles by 9.5% (Wearing apparel by EUR 20.4 million or 18.5%; Footwear by EUR 2.1 million or 32.9%) and
- Manufactured goods classified chiefly by material by 3.1% (Iron and steel by EUR 18.5 million or 13.0%).
- Industrial supplies by EUR 110.9 million, accounting for 10.5%;
- Consumer goods by EUR 11.4 million, accounting for 5.2% and
- Transport equipment by EUR 6.2 million or 2.3%.

Growth of export was seen at the following sectors:

- Machinery and transport equipment by 11.5% (wherein the highest growth was recorded at the categories: Electrical machinery, apparatus and appliances by EUR 74.5 million or 25.5%; Industrial machinery and equipment by EUR 28.2 million or 48.0%);
- Beverages and tobacco by 37.8% (Tobacco and tobacco manufactures by EUR 23.7 million or 68.9%);
- Mineral fuels and lubricants by 5.6% (Electricity by EUR 20.0 million or 38.2%);
- Crude materials, except fuels by 18.1% (Metalliferous ores and metal scrap by EUR 12.0 million or 20.6%);
- Food products by 10.6% (Fruit and vegetables by EUR 9.3 million or 14.8%; Dairy products and eggs by EUR 2.5 million or 36.8%; Meat and meat preparations by EUR 2.2 million or 35.3%);
- Animal and vegetable oils by 32.8% (Fixed vegetable oils and fats, crude, refined or fractioned by EUR 1.3 million or 35.8%).

Observed by **economic purpose**, in Q3 2024, drop of export was recorded at the following groups of products:

Growth of export was recorded at the following groups of products:

- Investment products without transport equipment by EUR 52.0 million or 26.1%;
- Food and beverages by EUR 15.0 million or 9.6% and
- Fuels and lubricants by EUR 4.2 million or 5.1%.

Import of goods in Q3 2024 accounted for EUR 2,661.1 million, decreased by 1.8% compared to Q3 2023, while recording a drop of 5.2% compared to the previous quarter.

Analysed by **SITC sectors**, decrease of import in Q3 2024, compared to Q3 2023, was seen at the following sectors:

- Manufactured goods classified chiefly by material by 9.5% (wherein highest drop was seen at the following categories: Non-ferrous metals by EUR 52.1 million or 17.1%; Iron and steel by EUR 13.6 million or 10.4%; Non-metallic mineral manufactures by EUR 11.6 million or 8.3%);
- Mineral fuels and lubricants by 9.2% (Petroleum and petroleum products by EUR 39.6 million or 15.8%);
- Chemical products by 4.3% (Medical and pharmaceutical products by EUR 9.6 million or 14.8%; Essential oils and resinoids and perfume materials, toilet,



- polishing and cleaning preparations by EUR 6.7 million or 16.2%; Plastics in primary forms by 6.2% or 17.3%); and
- Crude materials, except fuel, by 21.1% (Metalliferous ores and metal scrap by EUR 10.6 million or 36.1%).

Growth of import was seen at the following sectors:

- Machinery and transport equipment by 4.3% (wherein the highest growth was seen at the categories: Road vehicles by EUR 25.0 million or 20.5%; Industrial machinery and equipment by EUR 11.0 million or 15.4%);
- Miscellaneous manufactured goods by 5.4% (Wearing apparel by EUR 7.5 million or 19.6%; Prefabricated buildings and sanitary plumbing by EUR 5.5 million or 87.9%);
- Food products by 7.4% (coffee, tea, cocoa, herbs and products thereof by EUR 3.8 million or 15.4%; meat and meat preparations by EUR 3.6 million or 6.8%; fruit and vegetables by EUR 3.1 million or 11.1%);

- Animal and vegetable oils, increasing by 14.2% (Fixed vegetable fats and oils, crude, refined or fractionated by EUR 2.1 million or 14.2%); and
- Beverages and tobacco by 16.6% (Beverages by EUR 1.1 million or 10.7%).

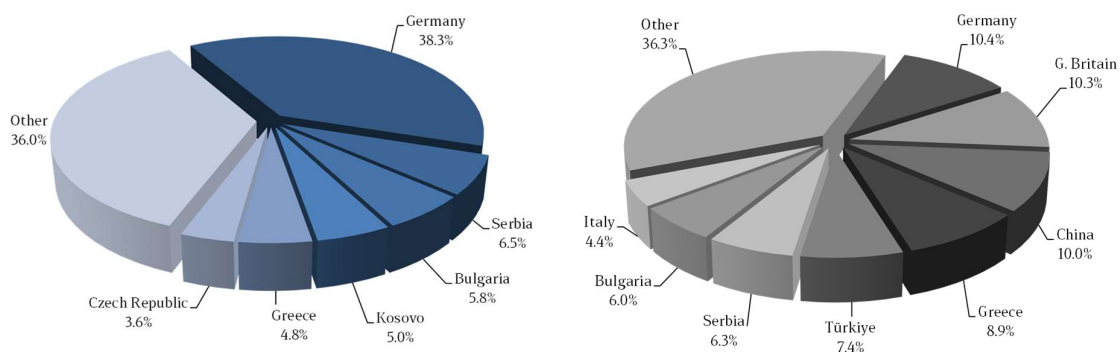
Observed by **economic purpose**, in Q3 2024, drop of import was recorded at the following groups of products:

- Goods for industrial supplies by EUR 89.3 million or 7.3%;
- Fuels and lubricants by EUR 27.4 million or 7.9%, and
- Investment products without transport equipment by EUR 11.9 million or 2.7%.

Growth of import was recorded at the following groups of products:

- Consumer goods by EUR 35.9 million or 13.4%;
- Transport equipment by EUR 22.1 million or 14.2%; and
- Food and beverages by EUR 22.1 million or 8.2%.

Chart 5.2 Countries having the highest share in export (left) and import (right) in Q-3-2024



Source: MoF calculation based on SSO data



In Q3 2024, foreign trade with the European Union (EU 27), in relation to Q3 2023, decreased by 2.7%, whereby share of trade with the EU in the total foreign trade decreased by 0.3 p.p. compared to the third quarter in 2023, accounting for

61.1%. Thereby, in Q3 2024 export of goods accounted for 76.0%, while import of goods accounted for 50.3%.

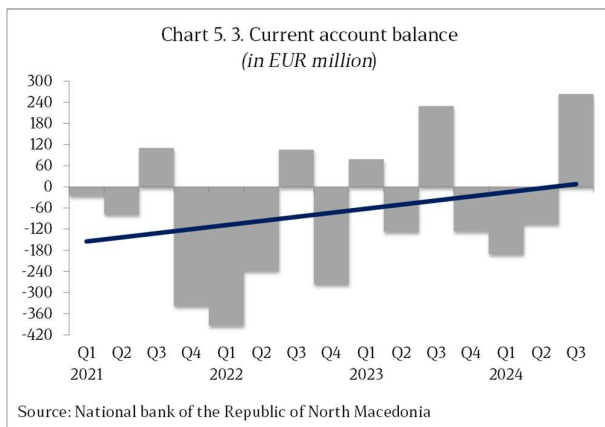
5.2. Balance of Payments

According to the data from the National Bank of the Republic of North Macedonia, surplus in the amount of EUR 263.3 million was recorded on the balance of payments **current account** in Q3 2024, accounting for 6.6% of quarterly GDP, as opposed to the surplus of 6.1% of GDP registered in the same quarter in 2023.

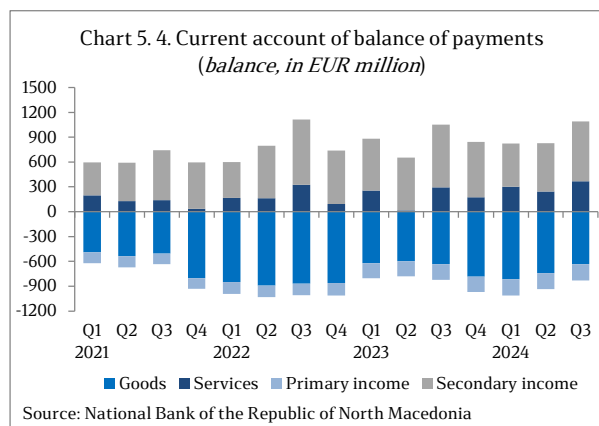
increase of the deficit on the primary income account by 4.3%, had the opposite effect.

In Q3 2024, **trade deficit** dropped by EUR 1.7 million on annual basis, while as a percentage of quarterly GDP, it narrowing by 1.0 p.p. on annual basis, i.e. accounting for 15.9% of quarterly GDP.

Surplus on **services account** amounted to EUR 366.4 million in Q3 2024 and compared to the same quarter of 2023, it surged by EUR 73.5 million. **Trade openness** of the Republic of North Macedonia in Q3 2024 accounted for 133.8% of quarterly GDP, being lower by 7.7 p.p. compared to Q3 2023.



Analysed on annual basis, the current account surplus in Q3 2024 increased by EUR 34.2 million, i.e. by 14.9%, being a result of the increased surplus on the services account by 25.1%, as well as the reduced deficit on the goods account by 0.3%. Reduction of the surplus on the secondary income account by 4.3%, as well as the

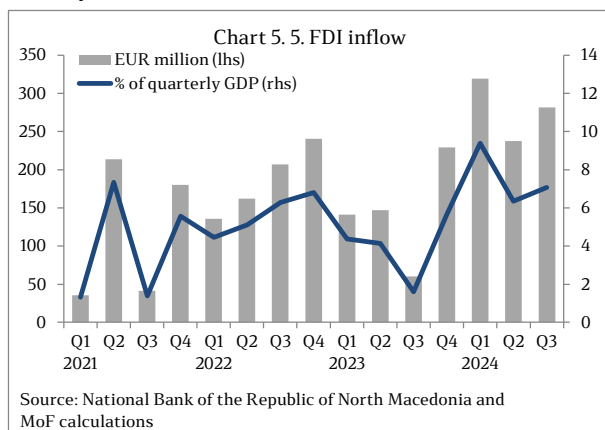




Primary income account experienced EUR 197.8 million deficit in Q3 2024, increasing by EUR 8.2 million on annual basis.

Surplus on **secondary income** account in Q3 2024 amounted to EUR 727.0 million, being lower by EUR 32.8 million on annual basis. The drop was due to the reduction of current transfers by EUR 25.2 million, accounting for 99.6% of the total secondary income account, as well as due to the reduction of official transfers by EUR 7.6 million, accounting for 0.4% of the secondary income account.

Deficit on the **capital account** in Q3 2024 amounted to EUR 0.3 million, being lower by EUR 0.3 million.



In Q3 2024, **Foreign Direct Investments (FDIs)** in the country amounted to EUR 281.6 million, increasing by EUR 221.3 million compared to Q3 2023. Inflow of FDIs in this period resulted from the debt instruments (on which basis, 78.0% of the

total inflow of FDIs was generated), equity (14.2% of total inflow of FDIs) and reinvestment of earnings of companies with foreign capital (7.9% of total inflow of FDIs).

Portfolio investments in Q3 2024 amounted to EUR 106.8 million and, compared to the same quarter in the previous year, they declined by EUR 308.2 million. Such trends in most part were result of reduced liabilities based on previously issued government securities, with lesser extent of repurchase of domestic Eurobonds by residents.

Other investments in Q3 2024 amounted EUR 406.5 million, being higher by EUR 216.2 million compared to the same quarter last year. Within the Other investments category trade credit and advances account amounted to EUR 199.8 million, currencies and deposits amounted to EUR 140.3 million and loans account amounted to EUR 69.7 million.

At the end of the third quarter of 2024, **reserve assets** amounted to EUR 4.4 billion, surging by 12.9% compared to Q3 2023. At the end of Q3 2024, reserve assets provided for 4.5-month coverage of import of goods and services in the previous 12-month period.