



# SHORT-TERM ECONOMIC TRENDS

April 2022



## CONTENTS

Summary.....	3
<b>1. REAL SECTOR.....</b>	<b>4</b>
Industrial Production .....	4
Number of Employees in the Industry .....	5
Business Tendencies in Manufacturing .....	6
Number of Issued Building Permits and Expected Value of Works.....	6
Inflation .....	7
Stock Market Prices.....	8
<b>2. FOREIGN TRADE.....</b>	<b>10</b>
Export .....	10
Import .....	11
Trade Balance .....	12
Currency Structure.....	12
<b>3. FISCAL SECTOR .....</b>	<b>13</b>
Budget Revenues According to the Economic Classification.....	13
Budget Expenditures According to the Economic Classification .....	14
Expenditures by Budget Users.....	15
Budget Balance.....	17
<b>4. SOCIAL SECTOR.....</b>	<b>17</b>
Established Work Contracts and Registered Unemployed Persons in EARNM.....	17
Wages .....	18
Pensions .....	18
<b>5. MONETARY AND FINANCIAL SECTOR.....</b>	<b>19</b>
Primary Money .....	19
Deposit Potential.....	19
Bank Credits .....	20
Interest Rates of Deposit Banks.....	21
Capital Market .....	21
Reserve Assets.....	21



## SUMMARY

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

April 2022

- Industrial production dropped by 3.8% in April 2022 compared to the same month last year;
- Consumer prices in April registered accelerated annual growth of 10.5%, as well as 2.2% growth on monthly basis;
- Export in the period January - April 2022 surged by 15.1%, while import grew by 27.3%, resulting in increase of the trade deficit by 61.7% compared to the same period in 2021;
- In the period January – April 2022, total budget revenues amounted to Denar 78,945 million, i.e. 9.8% of GDP, showing higher performance by 15.7% in relation to the same period in 2021;
- Total budget expenditures amounted to Denar 83,584 million in the period January – April 2022, i.e. they accounted for 10.4% of GDP, being higher by 11.3% compared to the same period last year;
- Total credits of banks in April 2022 grew by 10.0% compared to April 2021, while total deposit potential of banks surged by 3.6%.



## 1. REAL SECTOR

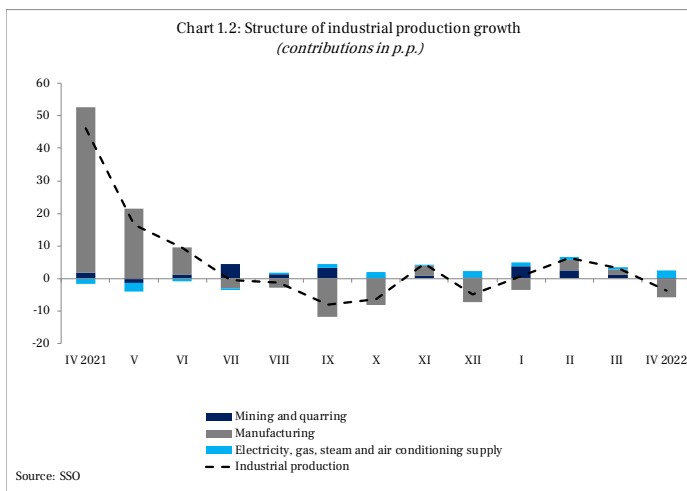
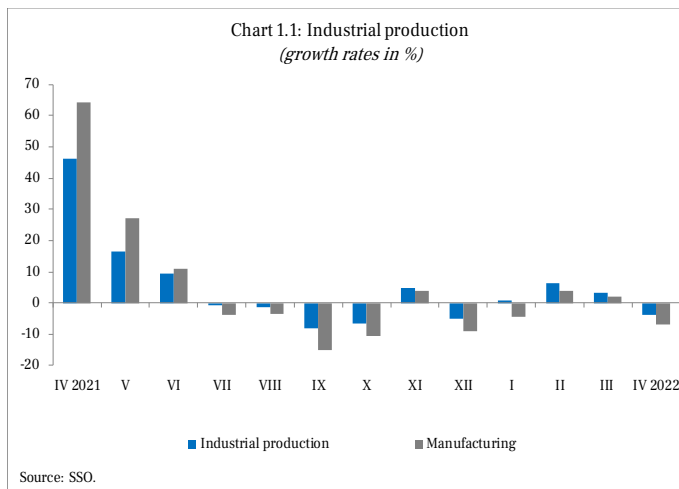
### Industrial Production

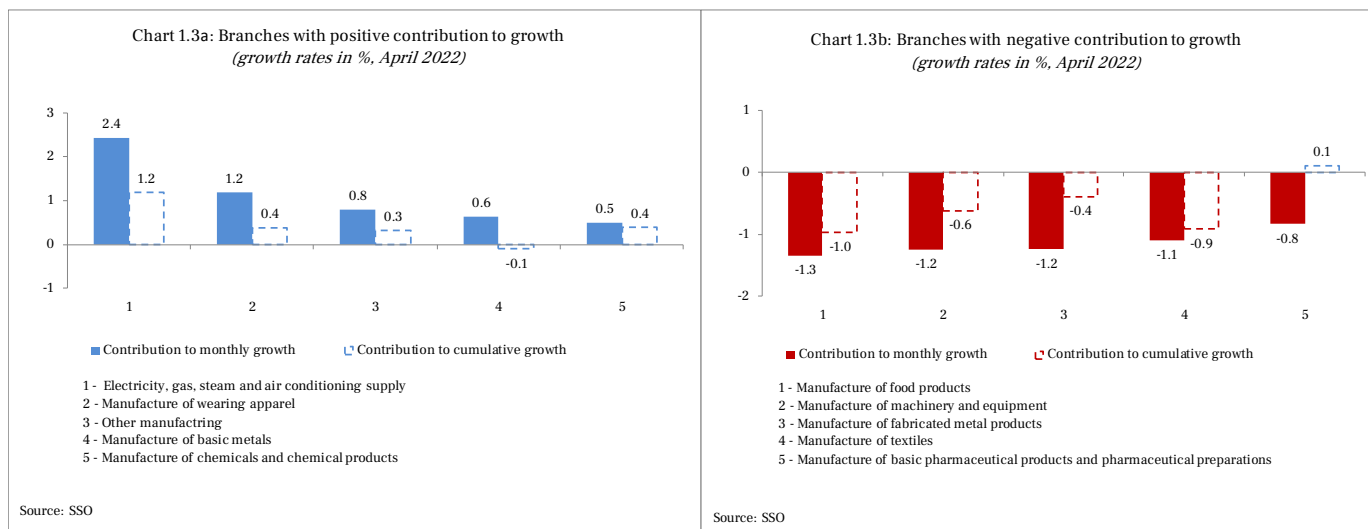
Industrial production dropped by 3.8% in April 2022 compared to the same month last year. Drop was due to the reduced production in the Manufacturing by 6.9% (negative contribution of -5.6 p.p.), and Mining and quarrying by 2.1% (contribution of -0.2 p.p.), while Electricity, gas, steam and air conditioning sector grew by 28.8% (contribution of 2.4 p.p.).

In April 2022, growth in production was registered only at 14 out of total of 27 industrial branches, comprising 50.2% in the total industry. As for branches with higher value added, increase in April 2022 was observed at Manufacture of motor vehicles by 2.6% and contribution of 0.2 p.p., while Manufacture of electrical equipment dropped by 9.1% and contribution of -0.6 p.p., with Manufacture of machinery and equipment decreasing by 18.3% and contribution of -1.2 p.p.. As regards traditional branches, in April 2022, Manufacture of Wearing apparel grew by 17.3% and contribution of 1.2 p.p., while reduction of production was recorded at the following branches: Manufacture of textile by 19.5% and contribution of -1.1 p.p., Manufacture of beverages by 17.5% and contribution of -0.7 p.p., Food industry by 12.5% and contribution of -1.3 p.p., with Manufacture of tobacco reducing by 4.4% and contribution of -0.1 p.p..

Drop of production, according to the purpose of production units in April 2022 was mostly a result of the reduced production of Intermediary goods, except energy, Capital goods, as well as Non-durable consumer goods industry, except the branches Energy (increasing by 24.1% and contribution of 2.4 p.p.) and Durable consumer goods industry by (growing by 10% and contribution of 0.4 p.p.).

On cumulative basis, in the first four months of 2022, industry grew by 1.5%, being a result of the increased production at Mining and quarrying by 14.5% (contribution of 1.4 p.p.) and Electricity, gas, steam and air-conditioning supply by 14.1% (contribution of 1.2 p.p.), while Manufacturing decreased by 1.3% (contribution of -1.0 p.p.). As for industrial branches, highest contribution to growth was seen at Mining of metal ore by 1.3 p.p. amid 26.5% growth.





According to the purpose of production units, growth in the period January - April 2022, was recorded at branches Energy, Intermediary goods except for energy and Durable consumer goods industry, while Capital goods recorded drop (decreasing by 0.7% and contribution of -0.1 p.p.) and Non-durable consumer goods 3.4% drop and contribution of -1.2 p.p.).

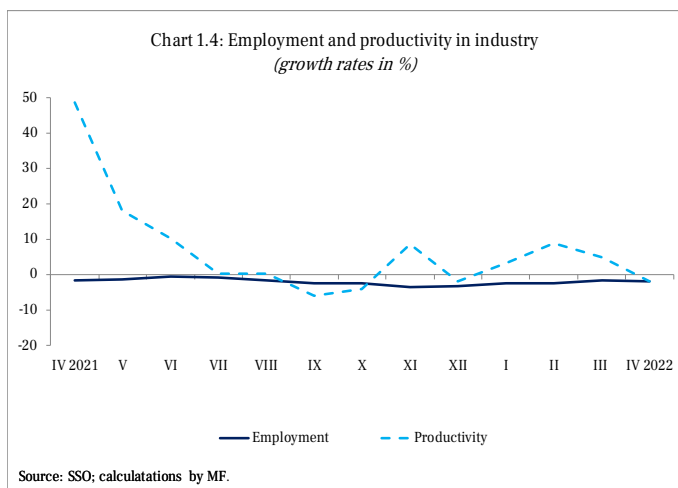
### Number of Employees in the Industry

In April 2022, number of employees in the industry decreased by 1.9%. Such decline was due to the reduced number of employees in all sectors, as follows: Mining and quarrying by 3.1%, Manufacturing by 1.8%, and Electricity, gas, steam and air-conditioning supply by 1.5%. However, certain branches recorded relatively high employment growth, such as Manufacture of tobacco goods increasing by 22.1%, Manufacture of chemicals and chemical products, growing by 9.2%, and Manufacture of electrical equipment, increasing by 5.3%.

Data on the number of employees in the industry by target groups in April 2022 compared to the same period last year, showed that reduced number of employees was recorded at Non-durable consumer goods industry by 6% and Energy by 5.4%.

Cumulative data show that number of employees in the industry in the period January – April 2022 dropped by 2% as a result of the decreased number of employees in all sectors, i.e. Mining and quarrying by 3.3%, Manufacturing by 2.0%, and Electricity, gas, steam and air-conditioning supply sector by 1.5%.

As for target groups, number of employees in the industry in the first four months of 2022 was reduced at Energy and Non-durable consumer goods industry, with the drop being most evident at the group Non-durable consumer goods industry by 6.9%.





## Business Tendencies in Manufacturing

Economic situation of business entities in April 2022 was less favourable compared to both March 2022 and March 2021.

Average utilization of capacities of business entities in April accounted for 63.8% of the regular utilization, being a decrease compared to the previous month, when it accounted for 65.5%. On annual basis, utilization of the capacities was lower by 7.9 p.p..

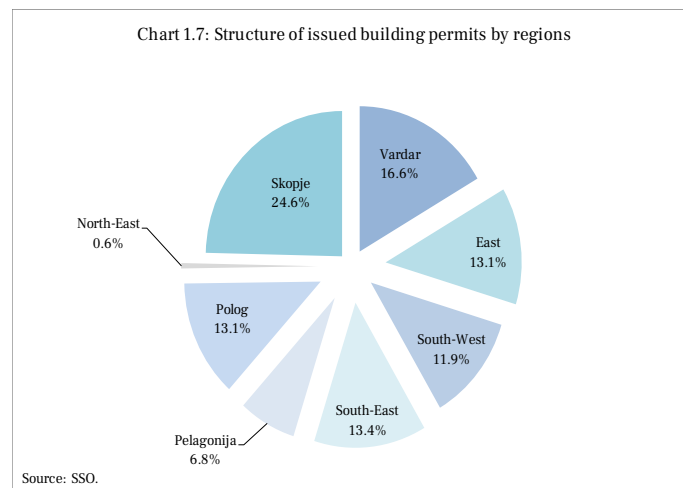
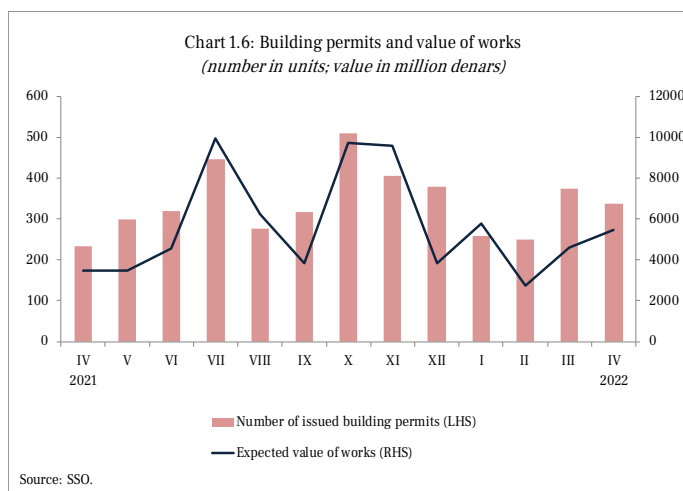
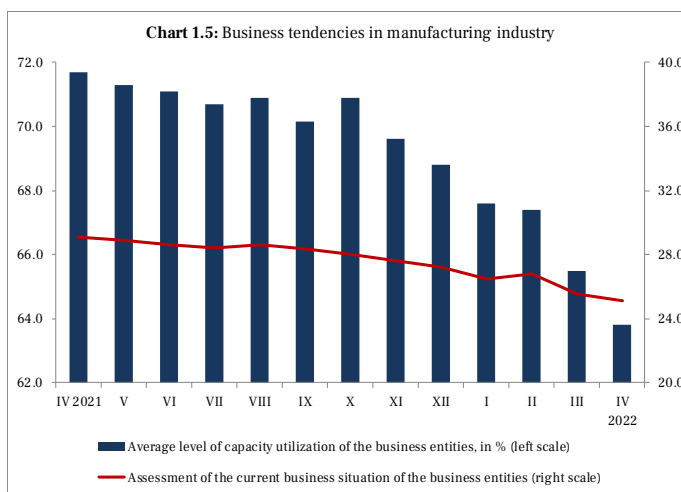
Following factors limited the most the production volume in April: insufficient foreign demand with 17.8%, shortage of skilled labour with 16.9%, uncertain economic environment with 15.6% and insufficient domestic demand with 11.9%.

As regards the volume of production orders in April 2022, it was more favourable compared to March 2022, it is expected for the production volume in the next three months to be less favourable in relation to the previous month, while stocks of finished products were decreased on monthly basis.

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

In April 2022, 337 building permits were issued, growing by 44.6% compared to the same month in 2021. Compared to March 2022, number of issued building permits dropped by 9.7%. Expected value of works, according to the issued building permits in April 2022, picked up by 58.7% on annual basis, while compared to the previous month, it increased by 19.4%.

Analyzed by types of constructions, out of the total number of issued building permits, 199 (or 59.0%) were intended for buildings, 37 (or 11.0%) for civil engineering structures and 101 (or 30.0%) for reconstruction.





Analyzed by types of investors, out of total 337 issued building permits, individuals were investors in 199 facilities (or 59.1%), while business entities were investors in 138 facilities (or 40.9%).

In April 2022, construction of 752 flats was envisaged, with total usable area of 61,866 m<sup>2</sup>. Number of flats envisaged for construction increased by 50.1% on monthly basis, surging by 2 1.7% on annual basis.

### Inflation

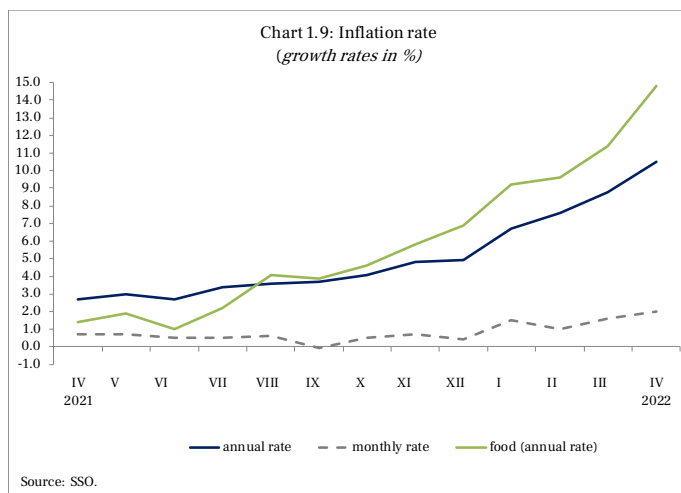
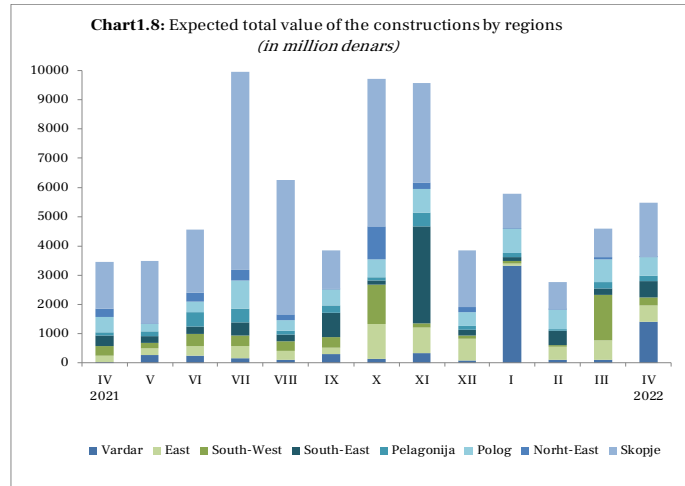
Consumer prices in April registered accelerated annual growth by 10.5% (8.8% in March 2022), being mostly a result of the increase of prices of energy products and food, recording growth as a result of the higher increase in import prices. Prices of energy products in the last months surged as a result of the increase in prices of electricity for households by 9.48% and the abolishment of the daily tariff, in line with the decision of the Energy Regulatory Commission, as well as, to a lesser extent, due to the decision for increasing the final price of the delivered thermal energy by 14.05% in average.

On cumulative basis, during the first four months of the year, consumer prices grew by 8.4% on annual basis.

Prices in the Food and non-alcoholic beverages category, having the highest share in the CPI index, registered 14.8% increase (11.4% in the previous month) on annual basis. Increase of the growth rate of food prices was a result of the increase of prices of several products, with prices of vegetables (24.1%), bread and cereals (17.2%), fruit (12.7%) and meat (10.4%), having the highest positive contribution to the price increase. Oil prices in April picked up by 31.9%.

Observed by components, highest annual price increase in April 2022 was seen at the category Transport by 21.8%, mostly as a result of the increase of prices of fuels, and to a lesser extent, the increase of prices of air traffic. Price increase was also recorded at the following categories: Restaurants and hotels by 9.3%, Housing, water, electricity, gas and other fuels by 8.1%, Alcoholic beverages, tobacco and narcotics by 7.9%, Recreation and culture by 4.9%, Furnishings, household equipment and routine maintenance of the house by 4.5%, Health protection by 3.6%, Wearing apparel and footwear by 1.3%, Education and Communications by 0.3% each.

Consumer prices in April 2022 increased by 2.2% compared to the previous month (1.6% growth was recorded in March). Highest monthly price increase was registered in the category Food and non-alcoholic beverages by 4.3%, with oil prices recording the highest increase by 20.2% in this category. Prices were increase in several categories, as follows: Transport by 3.1%, Recreation and culture by 2.0%, Wearing apparel and footwear by 0.8%, Miscellaneous goods and services by 0.7%,



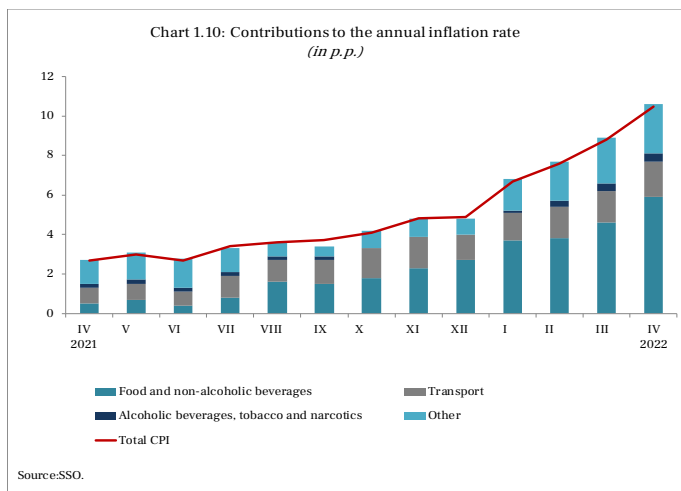




Furnishings, household equipment and routine maintenance of the house by 0.5%, Restaurants and hotels and Alcoholic beverages, tobacco and narcotics by 0.3% each, Health protection and Housing, water, electricity, gas and other fuels by 0.2% each and Communications by 0.1%. Prices at Education category remained the same.

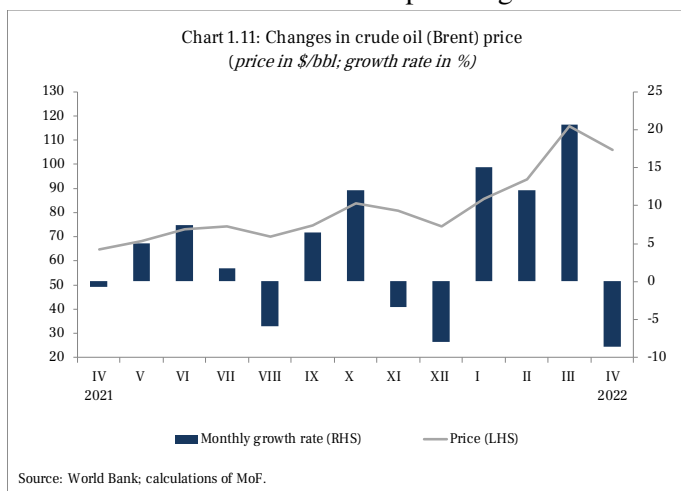
Retail prices in April 2022 were higher by 11.1% compared to the same month last year, while on monthly basis, they increased by 2.0%.

In April 2022, inflation rate in the Eurozone recorded further accelerated growth of 7.4% (7.5% in March). Increase of prices was due to the significant increase of energy prices by 38.0% (44.4% in March), followed by the increase of prices of food, alcohol and tobacco by 6.4% (5.0% in March), non-energy industrial goods by 3.8% (3.4% in March) and services by 3.3% (2.7% in March). As per the generated growth rates, as well as the expectations about the trends of food and oil prices on global stock markets, ECB revised the inflation rate upwards, and in line with the projections in March, the inflation rate would reach 5.1% in 2022, 2.1% in 2023 and 1.9% in 2024.



## Stock Market Prices

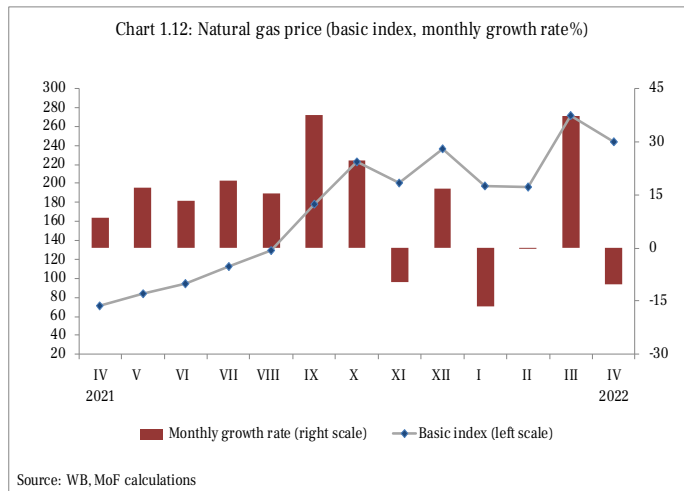
In April 2022, crude oil price (Brent) on the global stock markets dropped by 8.5% compared to the previous month, reaching the price of US\$ 105.8 per barrel. Crude oil price has been the highest over the past few years, as a result of the war between Russia and Ukraine, i.e. amid fears from supply disruptions due to the Western sanctions imposed against Russia and the potential counter-sanctions by Russia, as well as due to the supply restrictions from the leading producers under the Organization of the Petroleum Exporting Countries (OPEC) and their allies led by Russia. In April, oil price reduced on monthly basis mostly as a result of the expectations about more sluggish economic global growth, higher interest rates and reduced demand due to the lockdowns in China, arising from the COVID-19. Oil price was by 63.3% higher on annual basis.





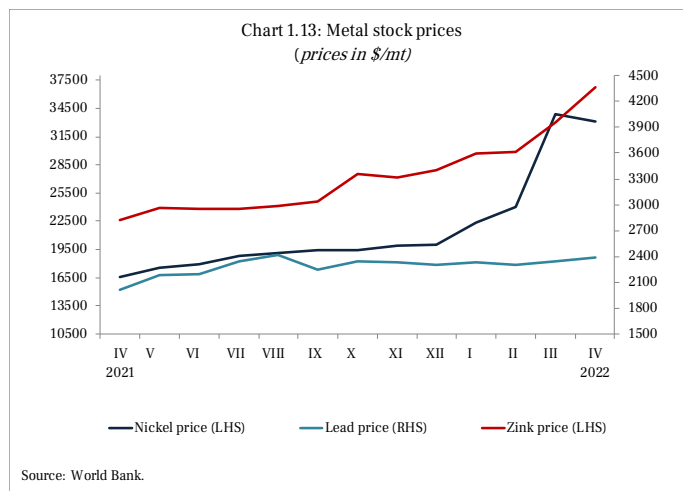


In April 2022, price of natural gas dropped by 10.2%. Prices of natural gas starting April 2021, continuously registered high growth rates, as a result of the increased demand boosted by the economic recovery from the pandemic, however, in November 2021, the index registered drop, growing again at the end of the year. At the beginning of 2022, price of natural gas dropped due to the temporary and seeming easing of the turmoil between Russia and Ukraine, however upon the Russia's assault, gas price recorded accelerated increase. However, despite the situation, the supply of Russian natural gas to Europe is uninterrupted, however, the sanctions are causing concern due to supply disruptions, and thus a record rise in gas prices. On annual basis, natural gas price in April picked up by 241.5%.



Price of electricity, according to the Hungarian Power Exchange (HUPX) amounted to EUR 189.2 per megawatt/hour in April 2022, decreasing by 33.8% on monthly basis, while compared to April last year, electricity price increased by 200.6%.

In April, prices of most of the base metals recorded monthly price drop, as follows: aluminium by 7.3%, nickel by 2.3%, tin by 2.2% and copper by 0.7%. On monthly basis, price surge was recorded at zinc by 10.1% and lead by 1.5%. Price of iron ore registered monthly drop of 0.5%.



Since the beginning of 2022, price of gold registered upward growth rates, however, in April, gold price reduced by 0.6% on monthly basis. The monthly downward trend of the gold price was also followed by other precious metals, thus the price of silver and platinum reduced by 3.0% and 7.5%, respectively.

In April 2022, price of maize on global stock markets grew by 3.8%, while price of wheat increased by 26.1%, on monthly basis.



## 2. FOREIGN TRADE

Total foreign trade in the first four months in 2022 amounted to EUR 6,544.7 million, increasing by 22.1% compared to the same period last year.

In the period January - April 2022, share of trade with the European Union (EU 27<sup>3</sup>), as the largest trading partner, decreased by 0.6 p.p. compared to the same period last year, accounting for 59.3%. Germany is the major trading partner to our country. As for total foreign trade structure of our country, share of the trade with Germany in the first four months of 2022, accounted for 22.5%, decreasing by 5.3 p.p. compared to the same period in 2021.

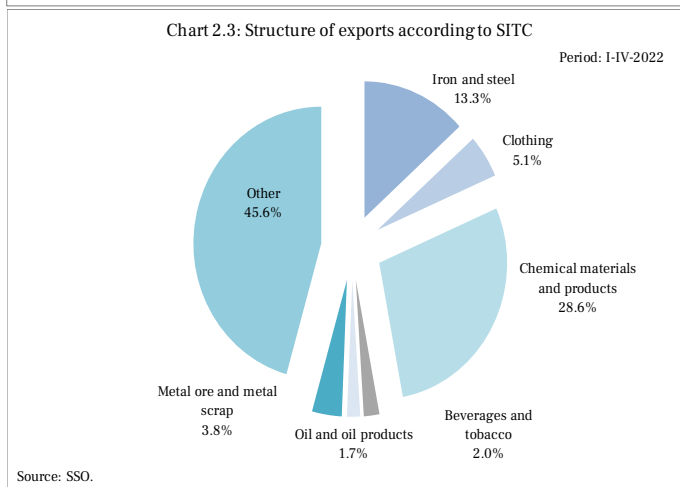
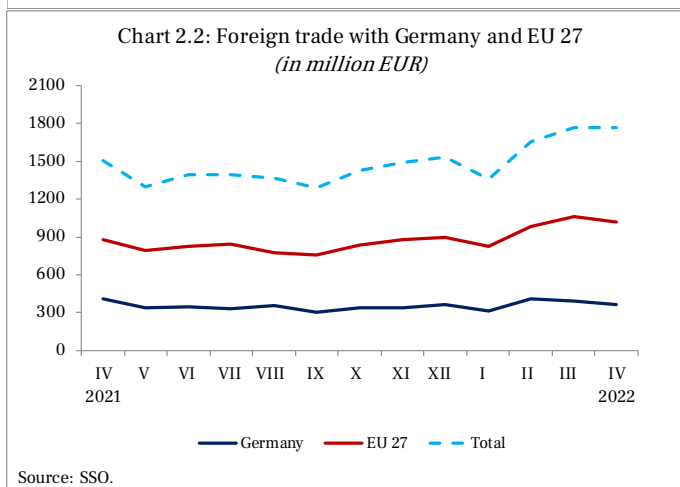
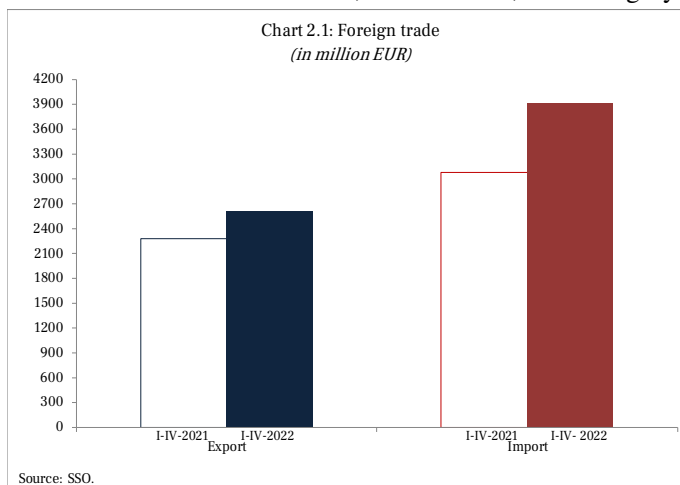
### Export

In the period January - April 2022, value of exported goods amounted to EUR 2,622.0 million, surging by 15.1% (EUR 343.9 million) compared to the same period in 2021, while physical output of export grew by 5.2%.

Value of exported goods amounted to EUR 682.7 million in April 2022, surging by 10.7% (EUR 65.8 million) compared to the same month of the previous year, while physical output of export increased by 2.5% compared to April 2021.

Analyzed on monthly basis, in April 2022, export dropped by 5.6% (EUR 40.2 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly drop of 1.2%, showing negative effects of the seasonal factor (4.4 p.p.) on export this month.

Main group of products (according to SITC<sup>4</sup>) being most exported in the period January-April 2022 were the following: chemical materials and products, iron and steel, wearing apparel, metalliferous ore and metal scrap, beverages and tobacco and



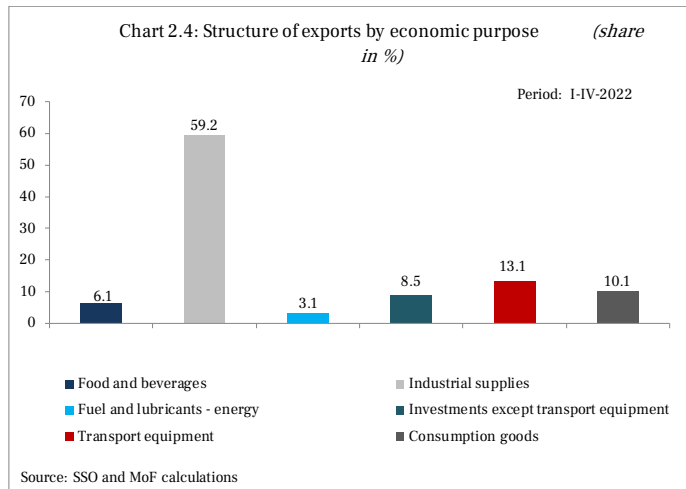
<sup>3</sup>Starting April 2021, Great Britain is included in the economic group of countries - Miscellaneous countries

<sup>4</sup>Standard International Trade Classification



petroleum and petroleum products. These six groups of products comprised 54.4% of the total export of the country.

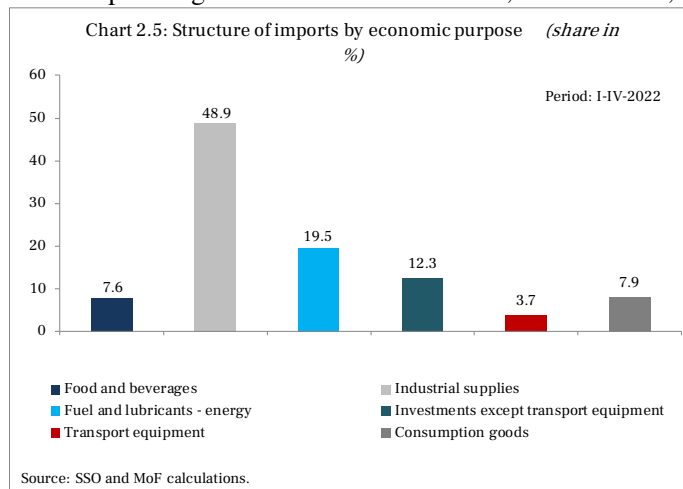
Analyzed according to economic groups of countries<sup>5</sup>, in the period January - April 2022, compared to the same period in 2021, export grew at the following groups: EU 27, Organization of Petroleum Exporting Countries, Western Balkans, North American Free Trade Zone and Commonwealth of Independent States, while drop was recorded at the following groups: EFTA and Asia-Pacific Economic Cooperation Organization. Export to EU 27 grew by 12.1% annually, while export to Western Balkan countries increased by 31.6%, whereby export of goods to EU 27 and the Western Balkan countries accounted for 78.2% and 11.2%, respectively in the total export from the Republic of North Macedonia.



## Import

In the period January - April 2022, value of imported goods amounted to EUR 3,922.7 million, surging by 27.3% (EUR 840.3 million) compared to the same period in 2021, while physical output of import surged by 8.3%.

In April 2022, import value amounted to EUR 1,085.7 million, surging by 21.8% (EUR 194.2 million) compared to the same month in 2021, while imported quantities of goods grew by 5.7% compared to April 2021.



Analyzed on monthly basis, in April 2022, import grew by 3.7% (EUR 38.7 million), compared to the previous month, and, should export be seasonally adjusted, it registered monthly increase of 1.7%, showing positive effects of the seasonal factor (2.0 p.p.) on import this month.

<sup>5</sup>Economic groups cover the following countries: EU 27 (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Sweden, Slovenia and Slovakia); EFTA (Switzerland, Iceland, Liechtenstein 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, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Mexico, Malaysia, New Zealand, Peru, Papua New Guinea, Philippines, Russia, Singapore, Thailand, Taiwan, USA and Vietnam) and Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Kyrgyzstan, Kazakhstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan).



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

Export of chemical products*)					Import of chemical products*)				
	I-IV-2021	I-IV-2022	Balance	% rate		I-IV-2021	I-IV-2022	Balance	% rate
000 T	23.8	21.9	-2.0	-8.3	.000 T	11.9	9.8	-2.2	-18.1
EUR mil.	552.6	749.3	196.6	35.6	EUR mil.	82.7	62.7	-20.0	-24.2
\$ mil.	665.1	834.3	169.3	25.5	\$ mil.	99.4	69.7	-29.6	-29.8
*)Previous data					*)Previous data				
Export of iron and steel*)					Import of iron and steel*)				
	I-IV-2021	I-IV-2022	Balance	% rate		I-IV-2021	I-IV-2022	Balance	% rate
000 T	240.3	276.3	36.0	15.0	.000 T	237.0	309.9	72.9	30.8
EUR mil.	213.3	349.2	135.9	63.7	EUR mil.	141.3	261.1	119.8	84.8
\$ mil.	256.5	387.7	131.2	51.1	\$ mil.	169.7	290.2	120.5	71.0
*)Previous data					*)Previous data				
Export of electrical machines and spare parts*)					Import of electrical machines and spare parts*)				
	I-IV-2021	I-IV-2022	Balance	% rate		I-IV-2021	I-IV-2022	Balance	% rate
000 T	29.1	25.9	-3.2	-11.0	.000 T	24.1	25.5	1.4	6.0
EUR mil.	341.4	367.0	25.6	7.5	EUR mil.	270.8	311.4	40.6	15.0
\$ mil.	410.4	408.3	-2.1	-0.5	\$ mil.	325.3	346.4	21.0	6.5
*)Previous data					*)Previous data				

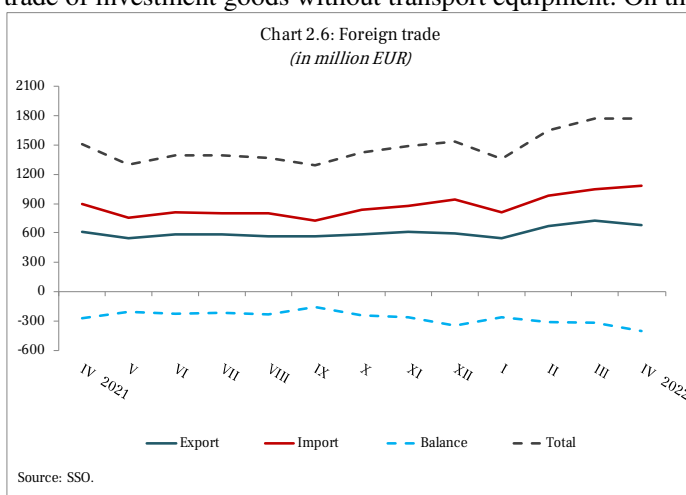
## Trade Balance

In the period January - April 2022, trade deficit increased by 61.7%, i.e. by EUR 496.4 million, compared to the same period last year.

In April 2022, trade deficit increased by 46.8% or EUR 128.4 million compared to April 2021.

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

In the period January-April 2022, 86.6% of the trade deficit of the country was realized in the trade with Great Britain, Greece and China, followed by: Türkiye, Serbia, Russia, Bulgaria, etc. Surplus was realized in the trade with Germany, Kosovo, Spain, Belgium, Hungary, the Netherlands, and the Czech Republic.



## Currency Structure

Observed by currency structure, 90.5% of the trade in the period January - April 2022 was realized in euros and, compared to the same period in 2021, it decreased by 1.0 p.p.. On export and import side, euro accounted for 91.8% and 89.7% respectively, whereby share of the euro in export was lower by 2.5 p.p., while share of the euro in import increased by 0.2 p.p. compared to the period January - April 2021.



import	I -IV - 2021					I - IV - 2022					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	structure in %		
EUR	1,582.3	2,759,541,425	61.6430	170,106,412,035	89.5	1,847.8	3,519,583,594	61.6764	217,075,245,561	89.7	760,042,169	27.5
USD	700.5	357,066,789	51.2480	18,298,958,796	9.6	627.2	419,476,234	55.4307	23,251,861,307	9.6	62,409,446	17.5
GBP	0.6	5,933,937	70.6883	419,459,942	0.2	0.5	6,001,525	73.7657	442,706,707	0.2	67,588	1.1
EUR+USD+ GBP	2,283.4			188,824,830,772	99.2	2,475.5			240,769,813,574	99.5		
ot. import	2,289.5			190,019,213,031	100.0	2,480.3			241,937,564,595	100.0		27.3
Source: SSO and NBRNM												

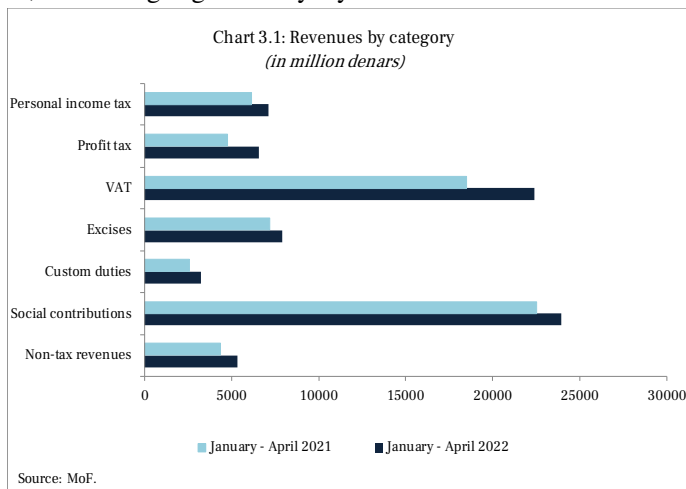
### 3. FISCAL SECTOR

#### Budget Revenues According to the Economic Classification

In the period January – April 2022, total budget revenues amounted to Denar 78,945 million, i.e. 9.8% of GDP, showing higher performance by 15.7% in relation to the same period in 2021. Revenues have picked up for the fifteenth month in a row. Growth was also a result of the lower revenues during this period last year, when adverse effects of the pandemic on budget revenues were felt.

Tax revenues were collected in the amount of Denar 47,475 million, being higher by 20.4%, compared to the period January – April 2021, mostly as a result of the high increase of VAT revenues, profit tax revenues, as well as PIT revenues.

VAT revenues usually predominate by accounting for 47.2% of total tax revenues, the collection of which amounts to Denar 22,394 million, increasing significantly by 21% in relation to the same period in the previous year. Thereby, this year, VAT collection amounted to Denar 35,999 million on gross basis, out of which Denar 13,605 million was refunded to taxpayers (gross collection was higher by 35.1%, while VAT refund was higher by 67.2% compared to the period January - April 2021). As for VAT structure, collection of VAT when importing accounted for the most, increasing by 43.2%, while VAT revenues collected on the basis of sales in the country picked up by 17.2%.



Revenues on the basis of excises were collected in the amount of Denar 7,927 million (participating with 16.7% in the tax revenues), surging by 10.2% compared to the period January – April 2021. Hence, revenues collected on the basis of these two indirect taxes amounted to Denar 30,321 million, i.e. 63.9% of total tax revenues in the first four months of 2022.

PIT revenue collection amounted to Denar 7,131 million, increasing by 15.8% on annual basis. Thereby, revenues on the basis of tax on wages and other personal earnings accounted for 64% thereof, capital revenues accounted for 8.6%, revenues on the basis of contractual agreement



accounted for 7.8%, revenues on the basis of games of chance and award games accounted for 7.6%, and revenues on the basis of other types of income tax accounted for 12%.

In the period January - April 2022, profit tax revenues were collected in the amount of Denar 6,562 million, significantly increasing by 38% compared to the first four months last year, as a result of the favourable performance as regards tax balances, significantly surging by 45.1%, as well as monthly advance payments picking up by 35.2%.

Revenues on the basis of customs duties were collected in the amount of Denar 3,254 million, increasing by 24.9%. Revenues on the basis of other taxes were collected in the amount of Denar 207 million during the first four months of 2022.

Revenues on the basis of social contributions were collected in the amount of Denar 23,925 million, which was higher by 6.2% compared to the period January – April last year. Thereby, collection of employment contributions was higher by 6.5%, health insurance contributions grew by 6.3%, while pension and disability insurance contributions surged by 6.2%.

Non-tax revenues were collected in the amount of Denar 5,325 million and, in relation to the period January - April 2021, they were higher by 22% (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 390 million, increasing by 35.9% compared to the first four months last year.

Revenues collected on the basis of foreign donations from international and bilateral cooperation amounted to Denar 1,117 million, decreasing by 13.3% compared to the period January – April 2021.

### Budget Expenditures According to the Economic Classification

Total budget expenditures amounted to Denar 83,584 million in the period January – April 2022, i.e. they accounted for 10.4% of GDP, being higher by 11.3% compared to the same period last year.

With respect to the structure of total executed expenditures, current expenditures, amounting to Denar 77,363 million, accounted for 92.6% and they increased by 9.9% in relation to the period January–April 2021.

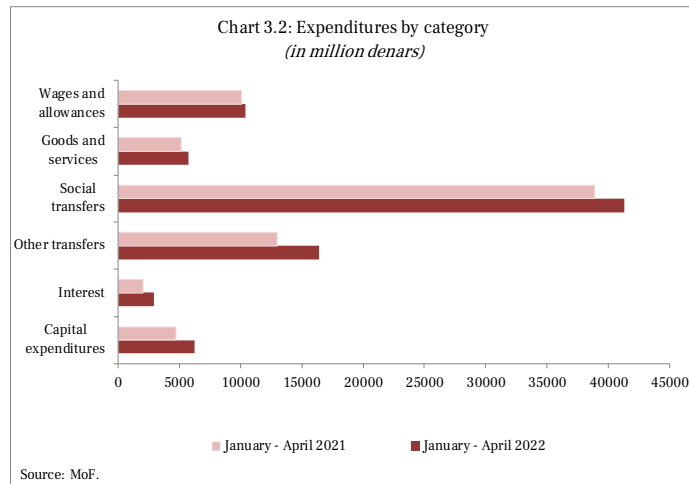
Expenditures related to wages and allowances were executed in the amount of Denar 10,408 million, increasing by 3% on annual basis, accounting for 12.5% of the total budget expenditures.

Expenditures related to goods and services amounted to Denar 5,740 million, increasing by 11.3% compared to the same period in 2021.

Funds allocated for transfers amounting to Denar 58,330 million accounted for the most in the current expenditure items. Such expenditures

grew by 9.8% compared to the period January – April 2021, participating with 69.8% in the total expenditures.

As regards transfers, social transfers grew by 6.2%, amounting to Denar 41,279 million, accounting for 49.4% of total expenditures. Transfers towards the Pension and Disability Insurance Fund, accounting for the most of the social transfers, amounted to Denar 25,339 million, increasing by 6.9%







compared to the period January – April 2021 and accounting for 30.3% of the total expenditures. Category other transfers increased significantly by 26.7%, whereby subsidies and transfers amounted to Denar 9,105 million, increasing by 56%. Block grants to local government units, amounting to Denar 6,440 million, experienced minimum growth of 1.2% compared to the same period last year.

During the analyzed period, funds for capital expenditures were executed in the amount of Denar 6,221 million, participating with 7.4% in the total expenditures, thereby significantly increasing by 32.5% compared to the first four months of 2021.

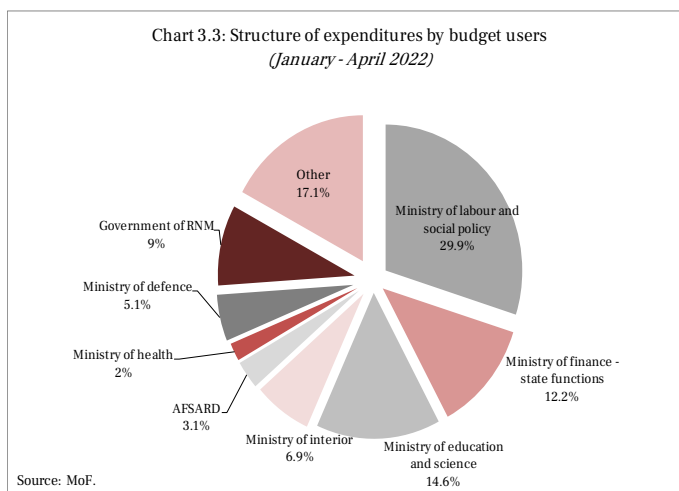
## Expenditures by Budget Users

Review of budget expenditures for the largest budget users is shown below, the total annual budget of which accounts for over 85% of the total budget of all budget users.

In the period January – April 2022, Ministry of Labour and Social Policy executed funds in the amount of Denar 18,370 million or 36.3% of its total budget for the current year. Thereby, most of the expenditures (70.1%) in this period were allocated for current transfers to extra-budgetary funds, for which Denar 12,871 million was spent or 37.9% of the funds allocated for 2022. The second highest expenditure category were the social benefits, participating with 21.7% in the total expenditures, whereby 36.3% (Denar 3,988 million) of the projected funds was spent for this purpose in 2022.

In the first four months of 2022, Government of the Republic of North Macedonia spent total of Denar 5,507 million, i.e. 56.3% of the funds projected for 2022. Thereby, subsidies and transfers accounted for 73.9% of total expenditures of this budget user, Denar 4,067 million (56.3% of the projected funds) being spent therefore.

During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 8,994 million, i.e. 31% of its total 2022 budget. Current transfers to LGUs accounted for the most of the expenditures (61.1%), Denar 5,493 million being spent therefore or 32.8% of total projected funds. Wages and allowances were the second highest expenditure category, participating with 17%, Denar 1,532 million being spent therefore, i.e. 32.7% of the total projected funds.



In the period January – April 2022, Denar 7,528 million, i.e. 25.7% of the funds projected for the current year, was spent through the organizational code Ministry of Finance – Functions of the State<sup>6</sup>. Interest payments (Denar 2,896 million) is convincingly the main category in the total expenditures of this budget user, accounting for 38.5% of its total expenditures, with 28.4% of the projected expenditures, being executed. Capital expenditures are also significant item, with Denar 1,622 million being allocated (42.9% of the projections), i.e. 21.5% of the total expenditures of this budget user.

In the first four months in 2022, Ministry of Internal Affairs executed budget funds in the amount of Denar 4,220 million, i.e. 35.4% of its total budget for this year. Expenditures related to wages and allowances accounted for the most with 63%, Denar 2,657 million being spent therefore in this period,

<sup>6</sup>As regards the Organizational Code "Functions of the State", the following activities are included: timely servicing of liabilities of the state on the basis of domestic and foreign borrowing; regular payment of operating costs of the state upon prior submitted payment documentation; share in the capital of international financial institutions; payment of VAT on the basis of capital investments funded by donations, financing projects by individual IPA components, etc.





(accounting for 32.4% of the total funds projected for the current year). Expenditures related to goods and services accounted for 23% of total expenditures, Denar 971 million being spent therefore during the analyzed period, i.e. 43.9% execution of the total projected funds.

During the analyzed period, Ministry of Defence executed expenditures in the total amount of Denar 3,156 million, accounting for 23.1% of its 2022 budget. Wages and allowances were the highest expenditure item, participating with 43.9%, Denar 1,384 million being spent therefore, or accounting for 31.6% of the projected ones. The second most significant expenditure items was goods and services, participating with 29.1%, Denar 917 billion being executed therefore or 30.4% of the annual projections.

In the period January - April 2022, Agency for Financial Support in Agriculture and Rural Development (AFSARD) executed expenditures in the amount of Denar 1,932 million, accounting for 31.5% of the funds projected for the current year.

Subsidies and transfers predominantly accounted for 91% thereof, with Denar 1.758 million being executed therefor or 37.4% of the total funds projected for 2022.

During the first four months of 2022, Ministry of Defense executed budget funds in the amount of Denar 1,227 million, i.e. 16.3% of its total 2022 budget. Expenditures for goods and services predominantly accounted for 43.9%, with Denar 539 million being spent therefore or 17.2% of the projected funds. Current transfers to extra-budgetary funds were the second most significant item in the total expenditures for this budget user accounting for 43.4%, Denar 533 million being executed therefore or 17.8% of the funds projected for 2022.

During the analyzed period, Ministry of Transport and Communications executed funds in the amount of Denar 730 million, i.e. 6.3% of its total budget for the current year. Expenditures for subsidies and transfers accounted for the most with 45%, with Denar 329 million spent therefor or 46.1% of the projected funds, while capital expenditures (accounting for 43.8% of the total expenditures) were executed in the amount of Denar 320 million or 3.1% of the funds projected for the current year.

Detailed data on each budget user are presented in the statistical annex attached at the following link (<http://finance.gov.mk/mk/node/693>).

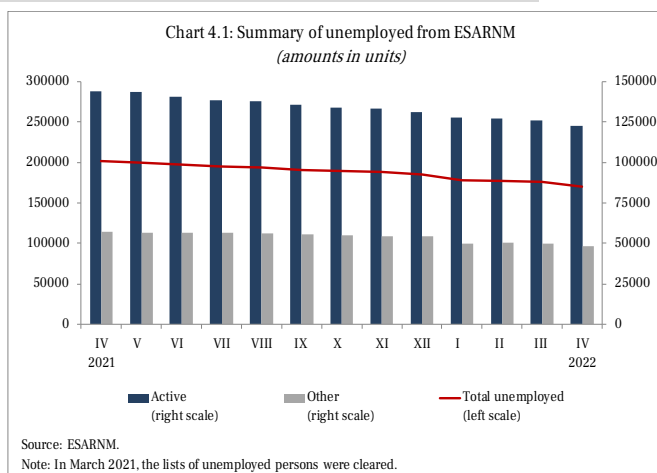
## Budget Balance

In the period January – April 2022, the budget deficit reached the amount of Denar 4,639 million, being 0.6% of GDP, while central budget deficit amounted to Denar 5,264 million or 0.7% of GDP. Budget deficit in the first four months in 2022 accounted for 13.8% of total budget deficit projected throughout 2022.

## 4. SOCIAL SECTOR

### Established Work Contracts and Registered Unemployed Persons in EARNM

In April 2022, Employment Service Agency registered total of 64,370 new employments. Total number of newly employed persons was higher by 3.5% compared to the same month in 2021. Upward trend of new employments commenced in April 2021, as a result, among the other, of the base effect as well, after in April 2020, the employment

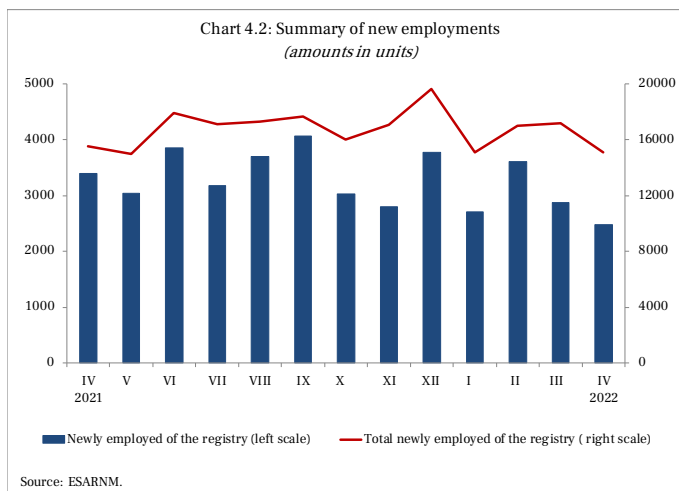




dynamics was slowed down due to the adverse effects of the pandemic.

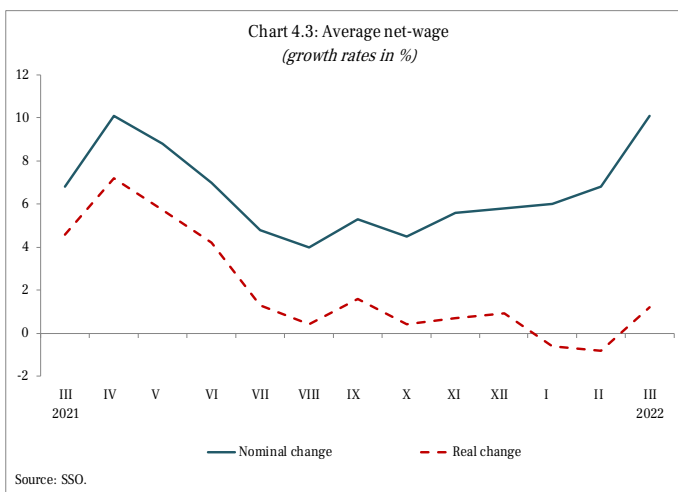
As regards the total number of newly employed, 41.1% was engaged on permanent basis, while the rest of the employed were engaged on temporary basis and as seasonal workers. In April 2022, 16.4% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in April 2022 was 170,824, out of which 122,454 persons were active job seekers, while 48,370 persons were from the category “other unemployed”. On annual basis, total number of unemployed people significantly reduced by 15.4%. Compared to March 2022, number of unemployed people decreased by 5,159 persons, thus continuing the downward trend of the number of unemployed people, which started in April 2021, after this number was generally increasing throughout 2020 until February 2021.



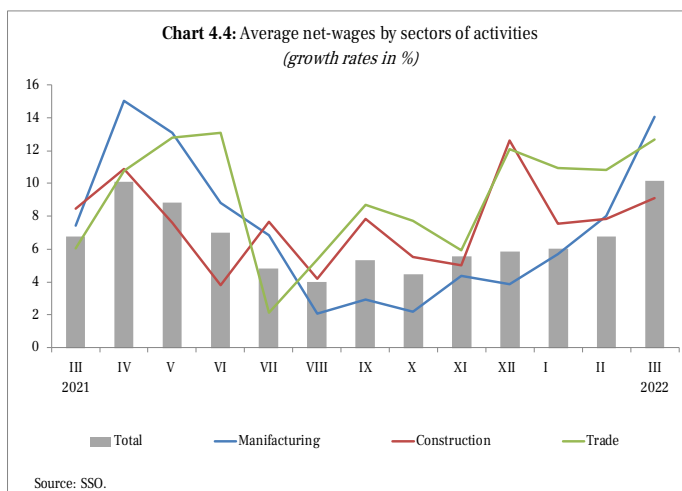
Major percentage of the unemployed (60.9%) came from urban areas (cities), whereby 49.3% were men. Analyzed by the level of education, majority, i.e. 66.8%, of the unemployed persons were with incomplete secondary education or less, 24.6% were with completed secondary education, while 8.6% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, most of the unemployed persons or 50.5% of the unemployed people belong to the group aged 25-49 years. According to the time they waited for a job, 67.8% of the unemployed persons wait for employment from 1 to 7 years, while 6.4% wait for employment for 8 years and more.



## Wages

In March 2022, average net wage increased by 10.1% on annual basis, and it was higher by 4.2% in relation to February 2022. The highest increase of average net wage, in relation to March 2021, was observed at the following sectors:





Financial and insurance activities (21.4%), Arts, entertainment and recreation (20.2%), and Accommodation and food service activities (19.5%). In March 2022, wages grew by 1.2% in real terms on annual basis.

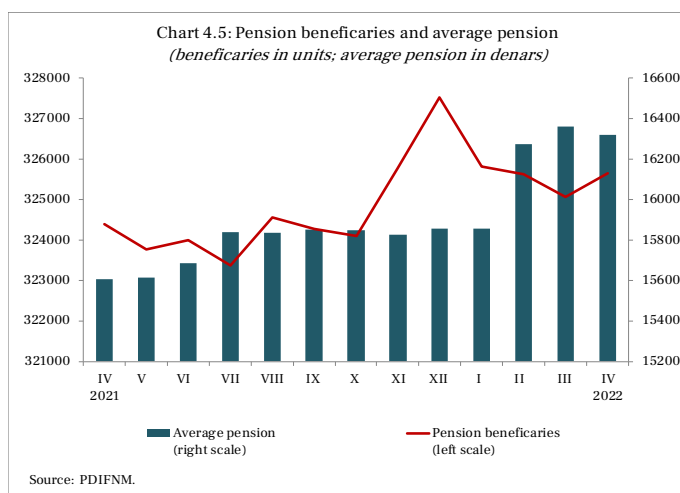
Average nominal gross wage in March 2022 increased by 10.3% compared to the same month in 2021, being higher by 4.3% on monthly basis. The highest increase of average gross wage in March 2022, compared to March 2021, was recorded in the following sectors: Financial and insurance activities (21.7%), Arts, entertainment and recreation (20.6%), and Accommodation and food service activities (20.0%). In March, real gross wage surged by 1.3% annually.

## Pensions

In April 2022, Pension and Disability Insurance Fund registered 325,653 pensioners. As regards the total number of pensioners, 68.1% were beneficiaries of old-age pension, 23.0% of survival pension and 8.9% of disability pension.

Average pension in April 2022 amounted to Denar 16,320 being higher by 4.6% compared to the same month in 2021<sup>7</sup>. Ratio between the average pension and the average paid salary in March 2022 (the most recent available data) was 52.6%.

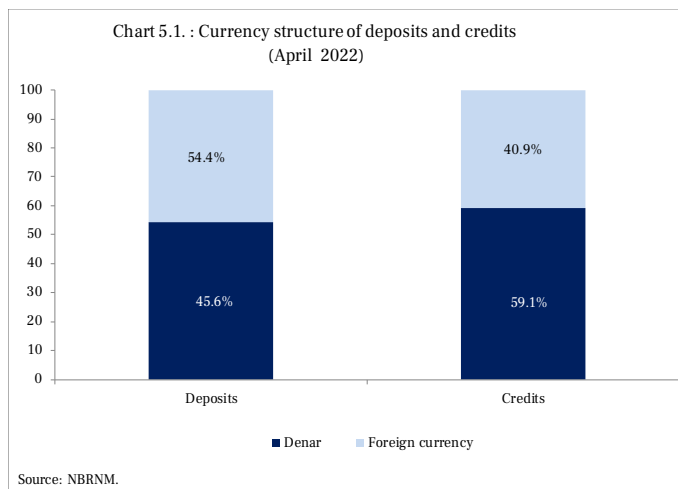
In April 2022, average old-age pension amounted to Denar 17,638, average disability pension amounted to Denar 14,691, while average survival pension amounted to Denar 13,048. In April 2022, Denar 5,548 million was spent for payment of pensions, accounting for 53.6% of the total social transfers.



## 5. MONETARY AND FINANCIAL SECTOR

In April 2022, the National Bank adopted decision on increasing the policy rate by 0.25 p.p., i.e. from 1.25% to 1.50%, thus tightening the monetary policy in response to the growing inflation and the inflation expectations.

Interest rate on available 7-day deposits remained unchanged compared to the previous month, accounting for 0.3%.



<sup>7</sup>Military and agricultural pensions are not included when calculating the average pension.



## Primary Money

In April 2022, primary money<sup>8</sup> picked up by 4.6% on annual basis. Growth of primary money was a result of increase of total liquid assets of banks by 11.1%, while currency in circulation picked up by 0.9%.

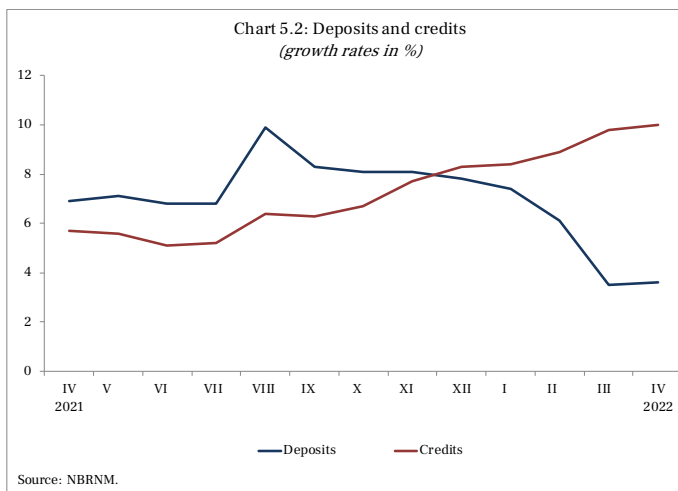
On monthly basis, primary money declined by 1.4%, as a result of the decrease of total liquid assets of banks by 5.3%, while currency in circulation increased by 2.7%.

## Deposit Potential<sup>9</sup>

In April 2022, total deposits of banks decreased by 0.3% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of private enterprises declined by 3.3%, while deposits of households picked up by 0.9%.

Analyzed by currency, in April 2022, compared to the previous month, Denar deposits decreased by 0.8%, while foreign currency deposits increased by 0.3%.

Total deposit potential in April 2022 surged by 3.6% on annual basis. Analyzed by currency, domestic currency deposits decreased by 4.5% on annual basis, while foreign currency deposits picked up by 15.4%, compared to the same month last year.



From sector point of view, this month, deposits of enterprises and deposits of households grew by 4.4% and 4.6%, respectively, on annual basis.

According to maturity, short-term deposits surged by 11.7%, while long-term deposits decreased by 9.4%, on annual basis.

Currency structure of deposits remained stable later on, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 54.4%.

Table 5.1. Deposit potential and credits to private sector;

Deposit potential and credits to private sector (April 2022)	Denar million	Monthly change	Annual change
<b>Deposit Potential</b>	453,296	-0.3%	3.6%
By currency:			

<sup>8</sup>Primary money is calculated as a sum of currency in circulation (including cash in hand), denar and foreign currency reserve requirement and the surplus of liquid assets over the reserve requirement (in denars).

<sup>9</sup>NBRNM published the data from the monetary statistics, statistics of other financial corporations and the statistics of interest rates according to the new methodology. Methodologic changes were made for the purpose of harmonization with the recommendations under the newly published IMF Monetary and Financial Statistics Manual and Compilation Guide as of 2016 (MFSMCG – IMF, 2016) and the IMF Technical Mission in the field of monetary and financial statistics in NBRNM as of 2015.



<i>Denar</i>	246,578	-0.8%	-4.5%
<i>Foreign currency</i>	206,718	0.3%	15.4%
By maturity:			
<i>Short-term</i>	205,721	0.9%	11.7%
<i>Long-term</i>	92,423	-2.2%	-9.4%
<b>Credits to private sector</b>	<b>400488</b>	<b>0.9%</b>	<b>10.0%</b>
By currency:			
<i>Denar</i>	236,829	0.9%	10.5%
<i>Foreign currency</i>	163,659	0.8%	9.2%
By maturity:			
<i>Short-term</i>	67,100	0.4%	15.3%
<i>Long-term</i>	317,700	0.9%	9.8%
<i>Doubtful and contested claims</i>	12,376	2.0%	-0.5%

Source: NBRNM

### Bank Credits

In April 2022, total credits of banks to the private sector surged by 0.9% compared to the last month. Sector analysis points out that credits to enterprises and households picked up by 1.2% and 0.5%, respectively on monthly basis. Analyzed by currency, in April 2022, Denar credits grew by 0.9%, while foreign currency credits surged by 0.8%, on monthly basis.

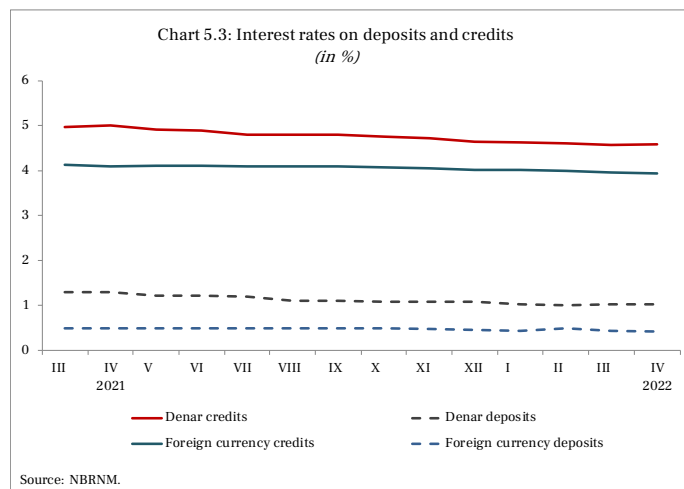
On annual basis, total credits grew by 10.0% in April 2022, in conditions of growth of both credits to households of 7.8% and credits to enterprises of 11.8%. Denar credits surged by 10.5%, while foreign currency credits increased by 9.2%.

As regards maturity, long-term credits experienced annual growth of 9.8% and short-term credits picked up by 15.3%.

### Interest Rates of Deposit Banks

In April 2022, total interest rate on credits was 4.30%, remaining the same compared to the previous month. Interest rate on Denar credits grew by 0.1 p.p., accounting for 4.59%, while interest rate on foreign currency credits decreased by 0.02 p.p. on monthly basis, accounting for 3.94%.

Total interest rate on deposits was 0.68% in April 2022, being lower by 0.02 p.p. compared to last month. Interest rate on Denar deposits dropped by 0.01 p.p. on monthly basis, accounting for 1.02%, while interest rate on foreign currency deposits declined by 0.03 p.p., accounting for 0.41%.



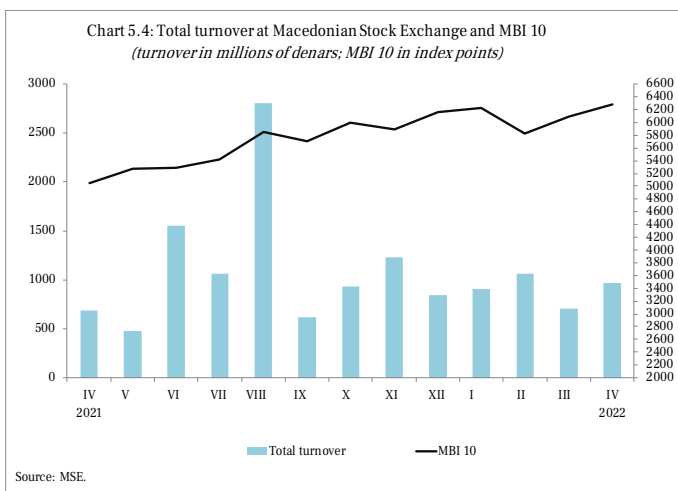


## Capital Market

As for the capital market, in April 2022, total turnover on the stock exchange surged by 36.7% on monthly basis, as a result of the increase of turnover from trading in best and turnover on the basis of block transactions by 60.6% and 23.1%, respectively.

Total turnover on the stock exchange amounted to Denar 964.3 million in April 2022, increasing by 40.4% on annual basis.

Macedonian Stock Exchange Index MSEI - 10 amounted to 6.278,19 index points at the end of April 2022, whereby the index grew by 3.0% on monthly basis, while, compared to the same month last year, the index was higher by 24.6%.



## Reserve Assets

Gross reserve assets at the end of April 2022 amounted to EUR 3,240.21 million and, compared to the previous month, they were lower by 1.0%, while compared to April 2021, they were lower by 19.1%.