



Q-4-2023

QUARTERLY ECONOMIC REPORT

- fourth quarter of 2023 -

Summary

- In Q4 2023, **economic activity growth** of 0.9% was recorded on annual basis, by which the total growth in 2023 accounted for 1.0%;
- **Unemployed persons** between the age of 15 to 74 totaled 102,980. **Unemployment rate** in Q4 2023 was 13.0% in the age category 15 to 74 and 13.2% in the age category 15 to 64, while it accounted for 25.4% in the age category 15 to 29 – youth;
- Average **net wage** in Q4 2023 amounted to Denar 39,063, increasing by 16.6% in nominal terms, i.e. by 12.8% in real terms, compared to net wage in Q4 2022;
- Total **budget revenues** in Q4 2023 are higher by 23.5%, while budget expenditures picked up by 11.4% compared to the same quarter of 2022;
- In Q4 2023, **inflation rate** accounted for 3.4% on annual basis.
- Total **deposit potential** of banks in Q4 2023 grew by 4.7% on quarterly basis;
- In Q4 2023, **export of goods** dropped by 2.8%, with **import of goods** reducing by 7.1% on annual basis, by which total **foreign trade** expressed in euros declined by 5.4%.



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1. Economic Activity

In Q4 2023, **economic activity growth** of 0.9% was recorded, whereby the total growth in 2023 accounted for 1.0%. Analyzed according to the GDP production side, activity growth **in the services sector** was broad-based, increasing by 1.6%. Highest growth within services activities was recorded at Financial and insurance activities by 3.5%, followed by: Trade, transport, and hospitality industry by 2.3%,

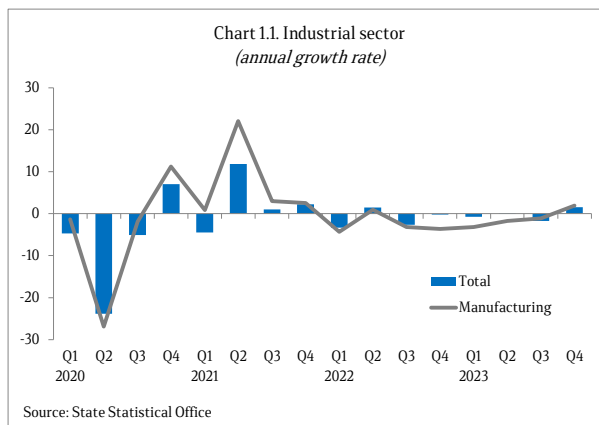
Information and communication by 2.2%, Professional, scientific and technical activities by 2.1%, Activities related to real estates by 1.6% and Public administration, defence, education and health sector by 0.2%. Drop was recorded at the activity Arts, entertainment and recreation by 2.0%.

Table 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.)				
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Gross domestic product	1,4	0,9	1,0	0,9	1,0					
Agriculture	-0,2	0,1	2,0	-15,3	-3,8	0,0	0,0	0,2	-1,2	-0,3
Industry	-0,8	0,1	-1,7	1,6	-0,1	-0,1	0,0	-0,3	0,3	0,0
Manufacturing	-3,2	-1,8	-1,2	1,9	-0,8	-0,4	-0,2	-0,1	0,3	-0,1
Construction	18,9	-14,8	-13,0	5,5	-2,3	0,7	-0,8	-0,9	0,4	-0,1
Services	2,0	3,0	3,3	1,6	2,5	1,2	1,7	1,9	0,9	1,4
Trade, transport and catering	3,4	4,4	1,9	2,3	3,0	0,7	0,8	0,4	0,4	0,6
Information and communication	7,0	3,3	5,4	2,2	4,4	0,3	0,2	0,2	0,1	0,2
Financial and insurance activities	3,7	3,9	6,6	3,5	4,4	0,1	0,1	0,2	0,1	0,1
Real estate activities	3,6	4,1	5,6	1,6	3,7	0,4	0,5	0,6	0,2	0,4
Professional, scientific and technical activities	1,5	3,6	5,5	2,1	3,2	0,1	0,2	0,2	0,1	0,1
Public administration and defence, education and health	-4,5	-0,9	-0,2	0,2	-1,4	-0,6	-0,1	0,0	0,0	-0,2
Arts, entertainment and recreation	-0,4	1,9	2,7	-2,0	0,6	0,0	0,1	0,1	-0,1	0,0
Net taxes on products	-0,4	-0,2	2,1	3,9	1,2	-0,1	0,0	0,2	0,5	0,2

Source: State Statistical Office (notification of GDP in the Q4 2023) and MoF calculations.

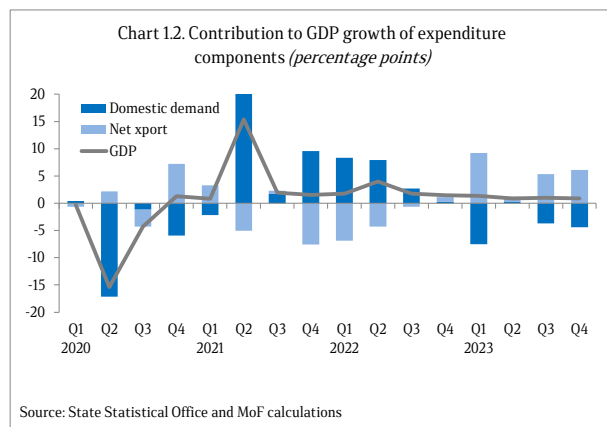
Industrial sector grew by 1.6% wherein Manufacturing increased by 1.9%. According to high-frequency data, the sectors Electricity, gas, steam and air-conditioning and Mining and quarrying recorded a growth in Q4 2023 of 1.7% and 1.5%, respectively. Under Manufacturing, more significant contribution to growth was recorded by the following branches:





Manufacture of motor vehicle, trailers and semi-trailers (growth of 23.5%, contribution of 2.5 p.p.), Repair and installing of machinery and equipment (growth of 358.2%, contribution of 1.6 p.p.) and Manufacture of food products (growth by 7.3% contribution of 0.8 p.p.).

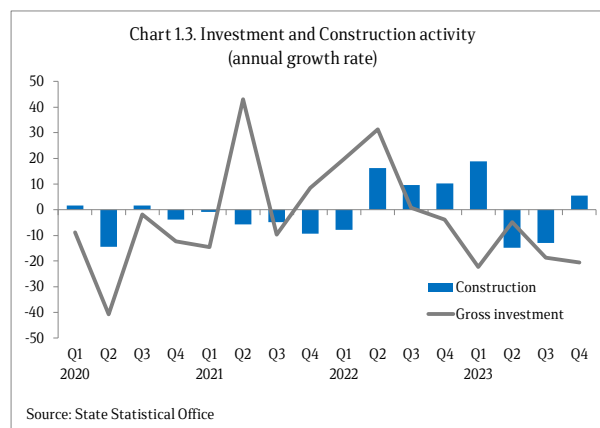
Agricultural sector recorded a two-digit drop of 15.3% following the 2.0% growth recorded in the previous quarter, thus the variable trends in this sector continued. **Construction activity** recorded growth of 5.5% in line with the monthly data for completed construction works which was due to growth of construction activity as regards to the civil engineering, while activity in the segment buildings experienced a drop.



Analyzed according to the expenditure side of GDP, economic activity growth was a result of the positive contribution of net-export on the economic growth, as well as the consumption growth.

Consumption grew by 3.7% in real terms. Thereby, **private consumption** surged by 3.3% mainly as a result of growth of the household disposable income amid increase of wages in the economy, being also underpinned by the crediting to households. **Public consumption** grew by 5.6% in real terms.

Gross investments recorded a drop of 20.5%, primarily as a result of reduction of inventories, which experienced substantial increase last year due to coping with the developments caused by the war in Ukraine and uncertainty with regards to the availability and prices of resources and energy products.



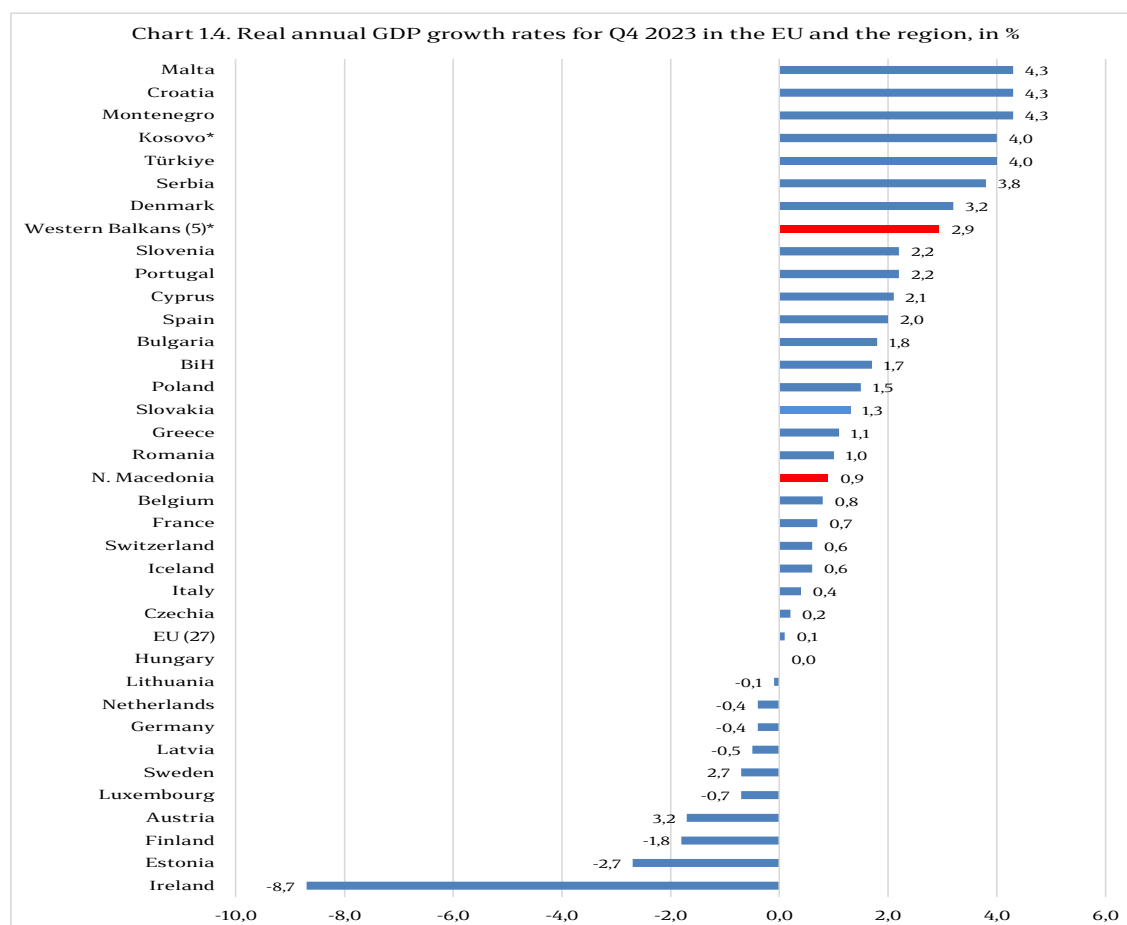
Export of goods and services picked up by 0.1% in real terms, while import of goods and services dropped by 6.5%. Hence, net export positively contributed to the economic growth despite the export drop.



Table 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.)				
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Gross domestic product	1,4	0,9	1,0	0,9	1,0					
Final consumption	-0,2	2,1	1,8	3,7	1,9	-0,2	1,8	1,5	3,2	1,6
Private	0,7	2,8	2,8	3,3	2,4	0,4	1,9	2,0	2,4	1,7
Public	-4,3	-1,1	-3,0	5,6	-0,6	-0,7	-0,2	-0,5	0,9	-0,1
Gross capital formation	-22,3	-4,8	-18,7	-20,5	-16,7	-9,6	-1,8	-5,7	-7,0	-6,0
Export of goods and services	6,6	-1,4	-5,0	0,1	-0,1	4,6	-1,0	-3,9	0,1	-0,1
Import of goods and services	-5,0	-2,0	-9,8	-6,5	-5,8	-4,6	-2,0	-9,2	-6,0	-5,5
Net exports						9,2	0,9	5,3	6,1	5,4
residual						1,9	0,0	-0,2	-1,4	0,0

Source: State Statistical Office (notification of GDP in Q4 2023) and MoF calculations.



Source: Eurostat and national statistical institutions:

*Available data on Western Balkan (5) refer to the following countries: Bosnia and Herzegovina, Kosovo, N. Macedonia, Serbia and Montenegro.



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 labor 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 on 2023 are not comparable with the data from previous years.

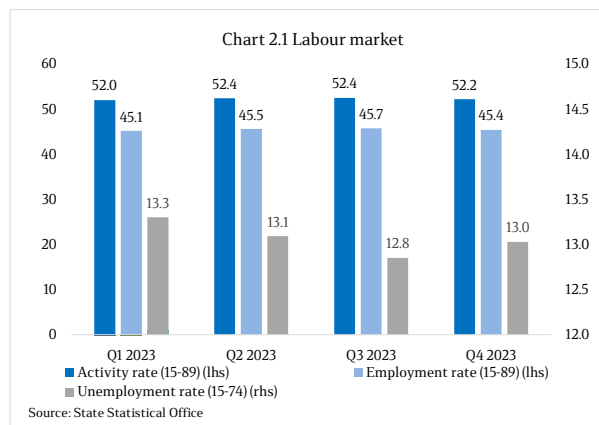
Employment

In the Q4 2023, according to the Labor Force Survey, number of **employed persons** aged 15 to 89 amounted to 687,459, dropping by 0.8% (i.e. 5,309 persons), compared to Q3.

By **activities**, the majority of employees in Q4 2023 were in the service industry (402,886 persons or 58.6% of total number of employees), followed by the industry with 162,181 person in total (23.4% share of total number of employees), where the sector Manufacturing recorded biggest number of employment (140,589 employees or 20.5% of total number of employees). Employees in the agriculture and construction sectors participated with 8.8% and 7.8%, respectively, in the total number of employed people, corresponding to 60,317 people and 53,732 people, respectively.

Within the service sector, most of the employees were from the Wholesale and retail trade (101,858 people or 14.8% of the total number of employees), followed by the sectors:

Education (48,208 people, accounting for 7.0% of the total number of employees), Health and social protection activities (46,852 people, accounting for 6.8% of the total number of employees), Public administration and defence (43,913 people, accounting for 6.4% of the total number of employees).



Out of the total number of employees, 529,803 are employed in entities in private ownership (77.1% of the total employees), whereas 157,656 people are employed in entities in mixed, collective or state ownership (22.9% of total employees).

Employment rate in Q4 2023 in the 15 to 64 age category accounted for 56.6%, whereas in the 15 to 89 age category they accounted for 45.4%. Compared to the previous quarter, the employment rate increased by 0.5 p.p. and 0.3 p.p.,



respectively. The employment rate for the 15 to 29 age category accounted for 33.4%, being higher by 0.4 p.p. compared to the previous quarter.

With respect to the gender structure, the employment rate in the 15 to 89 age category was significantly higher with men, accounting for 53.0% as opposed to the employment rate of 37.9% with women.

Unemployment

Total number of unemployed people in the 15 to 74 age category amounted to 102,980. In Q4 2023, **the unemployment rate** in the same age category accounted for 13%, being higher by 0.2 p.p. compared to the previous quarter. The unemployment rate in the 15 to 64 age category accounted for 13.2%, whereas in the youth age group category of 15 to 29 accounted for 24.0%, being higher by 0.3 p.p. and 1.4 p.p. respectively, compared to Q3 2023.

With respect to the **gender structure**, the unemployment rate of the female population in the 15 to 74 age category in Q4 2023 accounted for 10.1%, being lower by 5.0 p.p. compared to the unemployment rate of the male population in the same age category, accounting for 15.1%.

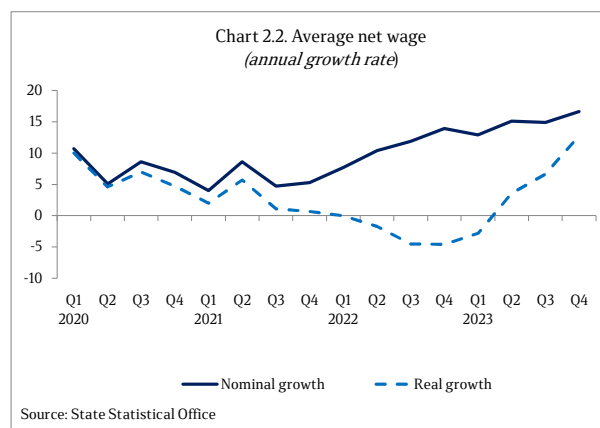
Active population

Active population in the 15 to 89 age category in Q4 2023 totalled to 790,439 people, accounting for 52.2% of the total working age population.

With respect to the gender structure, the active female population rate in the 15 to 89 age category accounted for 42.2%, being lower by 20.2 p.p. compared to the active male population rate of 62.4%.

Wages

Average monthly **net wage** amounted to 39,063 Denar in Q4 2023, being higher by 16.6% in nominal terms compared to the same quarter in 2023, while net wage was higher by 12.8% in real terms.



Highest net wage in Q4 2023 was paid in the sector Information and communication (Denar 71,788), followed by Financial activities and insurance activities' wage amounting to Denar 54,309, Electricity, gas, steam and air conditioning supply sector's average net wage in the amount of 54.138 and Mining and quarrying sector wage of Denar 48,857.

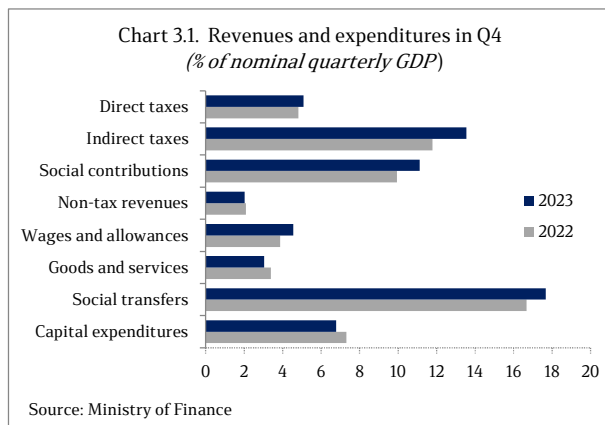
Average month **gross wage** in Q4 2023 amounted to Denar 58,659, representing growth of 17.0% in nominal terms and 13.1% in real terms.



3. Public Finances

3.1 Budget revenues according to the economic classification

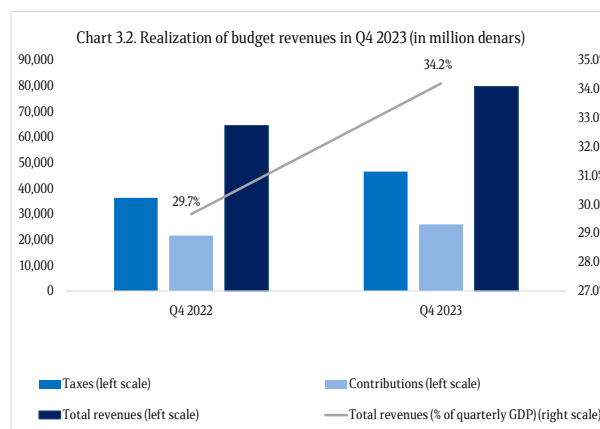
In Q4 2023, **total budget revenues** accounted for 34.2% of the quarterly GDP, being higher by 23.5% compared to fourth quarter of 2022, amid higher collection of taxes by 28.3%, contributions by 19.8% and non-tax revenue collection by 4.1%. Tax revenues observed a higher collection rate in all segments, that is the segment of personal income tax, profit tax, VAT, excise, import duties and other tax revenues.



Collection of indirect taxes in Q4 2023 compared to Q4 2022 surged by 23.3%, whereas the collection of the direct taxes picked up by 13.1%. Observed from the GDP share structure perspective, the share of direct tax revenues increased by 0.3 p.p. on annual level, whereby the rate of 4.8% in the fourth quarter last year increased to 5.1% of the quarterly GDP in the same quarter this year. In Q4 2023, share of indirect tax

revenues share in GDP accounted for 13.6%, being higher by 1.8 p.p. compared to the share of 11.8% in Q4 2022.

With respect to **indirect taxes**, VAT revenues predominated, accounting for 45.9% of the total tax revenues in Q4 2023, being higher by 27.9% 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 12.1%, while collection of customs duties grew by 20.4%.



With respect to **direct taxes**, a PIT revenue collection noted an increase of 14.9%, while the profit tax revenue collection an increase of 9.0% compared to the same quarter of the previous year.



Collection of **social contribution** was higher by 19.8%, whereby higher payment was recorded with all contributions, i.e. with pension and disability insurance contributions and employment contributions by 19.6%, each, and health insurance contributions by 20.5%.

In Q4 2023, collection of **non-tax revenues**, accounting for 2.0% of the quarterly GDP

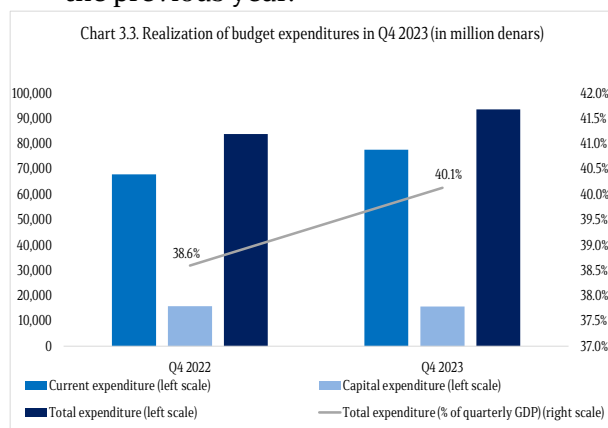
was higher by 4.1% compared to the same quarter of 2022.

Capital revenues incorporating the construction land lease, apartment sale and dividend revenues were higher by 30.7% on annual basis in Q4 2023. Revenues on the basis of foreign donations were higher by 29.7% compared to the same quarter in 2022.

3.2. Budget Expenditures according to the Economic Classification

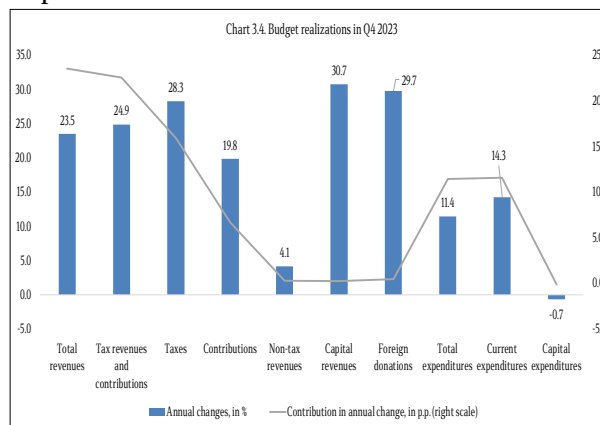
Total budget expenditures in Q4 2023, with share of 40.1% in the quarterly GDP were higher by 11.4% compared to the same quarter of 2022.

Current expenditures accounting for 33.3% of the quarterly GDP participated with 83.1% in the total expenditures, experiencing 14.3% higher execution on annual basis. Pertaining to the current expenditures, goods and services expenditures dropped by 3.7%, whereas wage and contribution revenues picked up by 26.1% compared to the same quarter of the previous year.



Funds for transfers, which participated with 61.8% in the total expenditures, were

higher by 13.6% on annual basis. Social transfers picked up by 13.6%, accounting for 44.0% in the total expenditures. Pension related expenditures comprising the biggest share of social transfers, increased by 14.0%, accounting for 25.5% in the total expenditures.



Category Other Transfers, which includes transfers to local government units, accounted for 16.9% of the total expenditures, recording an increase of 13.3% compared to the fourth quarter in 2022. Block and earmarked grants to local government units increased by 20.5%, while subsidies and transfers were higher by 12.3% compared to Q4 2022.



Interest-related expenditures increased by 60.5% on annual basis, where both domestic debt and foreign debt interest-related expenditures recorded an increase of 33.5% and 127.2%, respectively.

Capital expenditure execution, accounting for 6.8% of the quarterly GDP was lower by 0.7% compared to the same quarter of 2022, and their share in the total expenditure amounted to 16.9%.

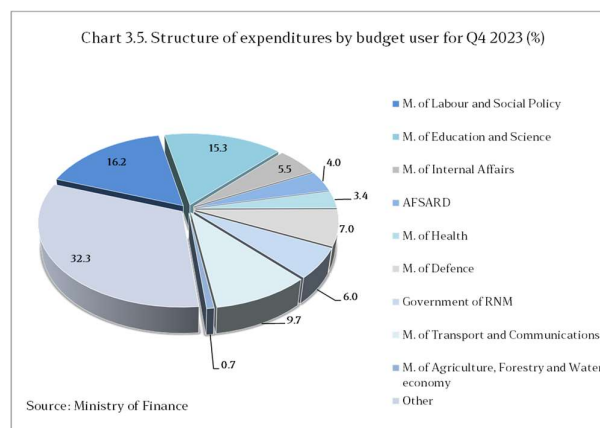
3.3. Expenditures by Budget Users

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

Ministry of Labour and Social Policy in Q4 2023 executed Denar 10,713 million, being 19.3% of the total budget for the current year. Thereby, most of the expenditures (50.7%) in this period were allocated for current transfers to extra-budgetary funds, for which Denar 5,432 million was spent or 15.2% of the funds allocated for 2023. Second highest expenditure item was the social benefits, participating with 31.8% in the total expenditures, whereby 25.0% (Denar 3,409 million) of the 2023 projected expenditures was executed.

During the analyzed period, **Ministry of Education and Science** executed budget funds in the amount of Denar 10,109 million, representing 28.9% of its total 2023 Budget. Current transfers to LGUs accounted for the most of the expenditures (56.7%), Denar 5,728 million being spent therefore or 28.2% of total projected funds. Wages and allowances category is the second highest item, accounting for 16.4%, for which an amount of Denar 1,655 million, accounting for 28.7%, being executed out of total projected funds.

Government of Republic of North Macedonia in Q4 2023 executed a total of Denar 3,951 million, i.e. 39.6% of the 2023 projections. Thereby, subsidies and transfers accounted the most with 57.9% of total expenditures of this budget user, Denar 2,289 million (64.0% of the projected funds) being spent therefore.



During the analyzed period, **Ministry of Interior** executed a total of Denar 3,607 million, accounting for 27.9% of its budget for 2023. Wages and allowances were the highest expenditure item, participating with 69.5%, Denar 2,507 million being spent therefore, accounting for 28.8% of the projected ones. The second highest expenditure category was goods and services, participating with 15.9%, funds in the amount of Denar 572 million being



spent therefore, accounting for 23.5% of the annual projections.

In Q4 2023, the **Agency for Financial Support in Agriculture and Rural Development** executed expenditures in the amount of Denar 2.653 million, accounting for 25,8% of the projected funds for the current year. As for subsidies and transfers, with significant share of 85.7% of the total expenditures, 25.8% or Denar 2,273 million of the funds planned for the whole year, were spent therefore.

In the Q4 2023, **Ministry of Health** executed budget funds in the amount of Denar 2,214 million, accounting for 30.7% of the total 2023 Budget. Expenditures related to goods and services accounted for the most in the expenditures with 57.0%, Denar 1,262 million being executed therefore or 39.8% of the funds projected for 2023. Denar 796 million, accounting for 25.7% out of the total projected funds, have been allocated for current transfers to extra-budgetary funds.

In Q4 2023, **Ministry of Defence** executed budget funds in the amount of Denar 4,623 million, accounting for 30.7% of the total budget this year. Capital expenditures accounted for the most of total expenditures – 37.0%, with Denar 1.709 million being spent, accounting for 38.1% of the total projected expenditures. Wages and allowances is second highest item within the total expenditure structure with share of 32.5% and execution of Denar 1.505 million, accounting for 27.7% of the projected funds for the current year.

During this period, **Ministry of Transport and Communications** executed funds in the amount of Denar 6,382 million, accounting 31.7% of its total budget for the current year. Capital expenditure execution, as a main item, accounted for 32.6% (in the amount of Denar 6,188 million) of the total annual projections.

Ministry of Agriculture, Forestry and Water Economy in Q4 2023 period executed budget funds in the amount of Denar 492 million, accounting for 30.2% of the total budget for the present year. Capital expenditures accounted for the most of total expenditures – 38.6%, with Denar 190 million being spent during the analyzed period, accounting for 27.4% of the total projected expenditures. Wages and allowances is second highest item within the total expenditure structure with share of 32.4% and execution of Denar 160 million, accounting for 29.1% of the projected funds for the current year.

During this period, **Public Revenue Office** executed Denar 1.058 million, accounting for 27.1% of the total budget for the current year. Execution of subsidies and transfers, as major item, accounted for 29.1%, amounting to Denar 805 million of the annual projections.

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

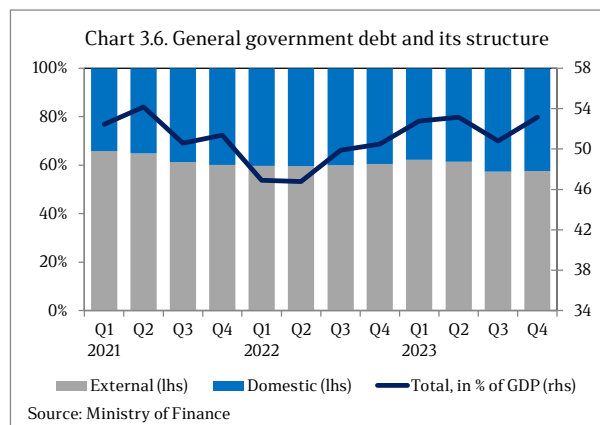


3.4. Budget Deficit and General Government Debt

In Q4 2023, the **consolidated budget deficit** amounted to Denar 13,852 million, accounting for 5.9% of GDP realized in this quarter, while central budget deficit amounted to Denar 8,528 million, accounting 3.7% of quarterly GDP.

Total **general government debt** at the end of Q4 2023 accounted for 53.1% of GDP, increasing its share in GDP by 2.3 p.p. compared to Q3 2023. Share of external debt in the total general government debt compared to Q3 2023 increased by 0.1 p.p. accounting for 57.5%, whereby share of internal debt decreased respectively,

accounting for 42.5% of the total general government debt.



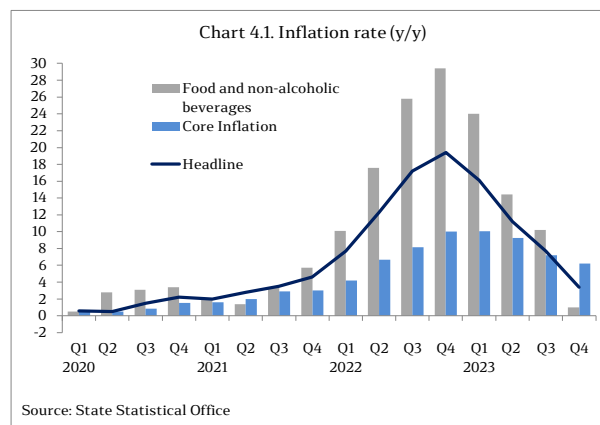
4. Inflation and Monetary Trends

Inflation rate was 3.4% in Q4 2023 on annual basis, measured according to CPI. It decreased by 4.3 p.p. compared to Q3 2023 (7.7% in the previous quarter).

In Q4 2023, consumer prices recorded further reduction in all three categories, with a significant reduction of food prices which is reflection of drop of prices on the global stock markets, and also the Government's measure to reduce the prices of basic food products by 10%, which are sold in retail with the label "guaranteed price", had a big impact in the reduction of these prices in the last quarter.

Baseline inflation recorded moderate slowdown, accounting for 6.2% (7.2% in Q3 2023). During this quarter, there was an

increase of prices of tobacco products, as a result of higher excises, contributing to the increase of the baseline inflation.



Observed by components, the prices in the Food and non-alcoholic beverages in Q4 2023 were at a one-digit level of 1.0% (10.2%



in the previous quarter), representing a drastic reduction compared to the previous quarter, whereby the reduction was most evident with the prices of milk, cheese and eggs, and prices of bread and cereals. Observed by structure, prices of meat, vegetables and fruits contributed most positively to growth.

Consumer price growth in Q4 2023 was recorded in the categories, as follows: Alcoholic beverages, tobacco and narcotics by 9.7%, Furniture, household items and its maintenance by 9.0%, Miscellaneous goods and services by 7.9%, Recreation and culture by 7.5%, Restaurants and hotels by 6.7%, Health protection by 5.1%, Housing, water, electricity, gas and other fuels by 5.0%, Wearing apparel and footwear by 4.3%, Education by 2.9% and Communications by 1.6%. Prices in the category Transport recorded a drop of 0.7%, as a result of the reduction of the fuel prices. In Q4, retail prices recorded an increase of 3.5%.

In the first three quarters in 2023, the National Bank continued with the upward **policy rate** trend, whereas during the fourth quarter, the policy rate remained unchanged, maintaining the level of 6.3%, amidst significant slowdown of inflation and favourable foreign exchange market with the end of maintaining foreign exchange rate, despite still present risks.

Interest rates of available overnight and seven-day deposits remained unchanged in Q4, accounting for 4.20% and 4.25%, respectively.

Primary money¹ in Q4 2023 recorded a growth of 2.8% on quarterly basis (an increase of 8.4% was recorded in the previous quarter) as a result of increase of the total liquid assets by 3.0% and increase of currency in circulation by 2.6%.

Compared to Q4 2022, the primary money increased by 11.2% (in Q3 2023 an increase of 8.8% was recorded), due to the total liquid assets and currency in circulation growth by 17.2% and 6.2%, respectively.

In Q4 2023, the narrowest money supply M1² experienced growth of 9.6% compared to the previous quarter. Monetary aggregate M2 surged by 4.7%, while the widest monetary aggregate M4 increased by 4.8% on quarterly basis.

Total **deposit potential**³ of banks in Q4 2023 increased by 4.7% on quarterly basis, following the growth of 0.5% in the previous quarter. Analyzed by sectors, deposits of enterprises and households increased by 6.9% and 4.2%, respectively. From currency point of view, compared to the previous quarter, Denar deposits grew by 7.6%, while foreign currency deposits surged by 1.0%.

¹ It incorporates currency in circulation (inclusively cash in hand of banks), Denar and foreign currency reserve requirements and surplus of liquid assets over the reserve requirement (in Denars).

² 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.

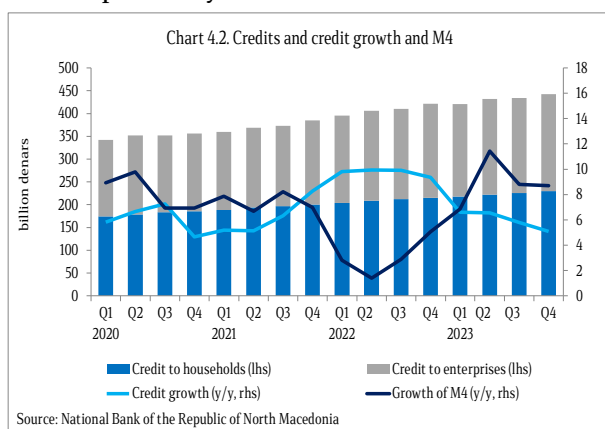
³ Deposits also incorporate the calculated interest.



Level of euroization dropped by 1.5 p.p. compared to the previous quarter, accounting for 43.1%, 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 Q4 2023 picked up by 0.1 p.p. compared to the previous quarter, amounting to 22.1% (accounting for 22.0% in Q2 2023). During the analyzed period, short-term deposits declined by 0.7%.

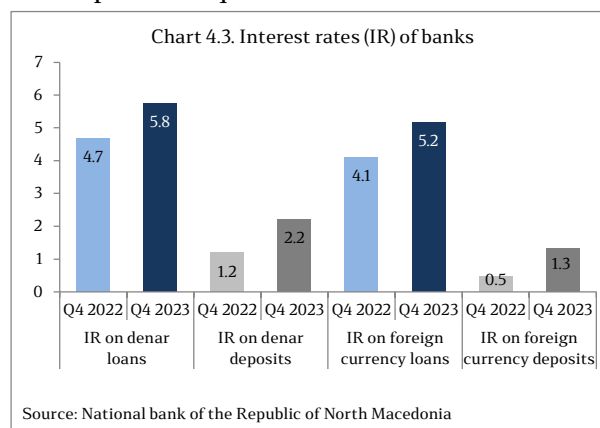
Credit activity of banks in Q4 2023 picked up by 1.9% on quarterly basis (credits increased by 0.5% in the previous quarter), in conditions of growth of credits to enterprises by 2.1%, while credits to households surged by 1.7%. From currency aspect, in Q4 2023, Denar and foreign currency credits surged by 2.9% and 0.5%, respectively.



From maturity point of view, in Q4 2023, long-term credits experienced 2.2%

growth, while short-term credits grew by 0.9%, compared to the previous quarter.

Interest rate⁴ on Denar credits in Q4 2023 accounted for 5.75%, increasing by 0.08 p.p. compared to the previous quarter. Interest rate on foreign currency credits was 5.16% in Q4 2023, dropping by 0.13 p.p. compared to the previous quarter.



Interest rate of Denar deposits in Q4 2023 accounted for 2.21%, recording a growth of 0.22 p.p. compared to the previous quarter, whereas the interest rate of foreign currency deposits accounted for 1.34%, increasing by 0.16 p.p. compared to the previous quarter.

Interest rate on newly granted Denar credits in Q4 2023 accounted for 5.79%, while interest on newly granted foreign currency credits accounted for 4.34%. Interest rates of newly received Denar and foreign currency deposits accounted for 2.79% and 1.88%, respectively.

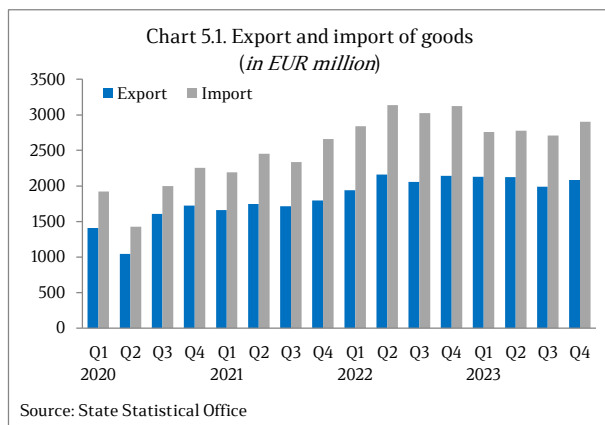
⁴ Denar credits and deposits with a forex clause are included in foreign currency credits and deposits.



5. External Sector

5.1. Foreign Trade

According to State Statistical Office's data, total foreign trade amounted to EUR 4,982.8 million in Q4 2023 and recorded drop of 5.4% compared to the same quarter of 2022.



Export of goods in Q4 2023 amounted to EUR 2,082.3 million, whereby it recorded a drop of 2.8%, compared to Q4 2022 and a drop of 6.4% was recorded, compared to the previous quarter.

Analyzed by **SITC sectors** (Standard International Trade Classification), in Q4 2023 a drop in export on annual basis was recorded in the following sectors:

- chemical products decreasing by 12.3% (wherein highest drop was seen at the category chemical materials and products by EUR 103.0 million or 15.3%);
- mineral fuels and lubricants by 44.7% (electric current by EUR 47.4 million or 46.2%; petroleum and petroleum products by EUR 12.2 million or 36.4%);

- manufactured goods classified chiefly by material by 8.5% (textile yarn, fabrics and related products by EUR 14.0 million or 36.9%; manufactures of metals by EUR 4.4 million or 15.5%);
- crude materials, except fuel by 8.2% (metalliferous ores and metal scrap by EUR 8.3 million or 12.6% drop); and
- animal and vegetable oils by 47.0% (fixed vegetable oils and fats, crude, refined or fractioned by EUR 2.6 million, accounting for 52.7%).

Export growth was recorded in the following sectors:

- machinery and transport equipment increasing by 17.3% (wherein highest growth was seen at the categories: electrical machinery, apparatus and appliances by EUR 37.9 million or 12.3%; road vehicles by EUR 24.3 million or 25.4%; industrial machinery, apparatus and appliances by EUR 16.8 million or 26.8%);
- miscellaneous manufactured articles by 3.8% (furniture and parts thereof, bed linen, mattresses, pillows and similar by EUR 21.7 million or 23.7%);
- beverages and tobacco by 33.0% (manufacture of tobacco and tobacco goods by EUR 6.0 million or 48.5%) and
- food products by 12.7% (fruit and vegetables by EUR 5.5 million or 9.5%; coffee, tea, cocoa, herbs and products thereof by EUR 3.2 million or 31.0%);



cereals and cereal products by EUR 3.1 million or 10.1%).

Observed **by economic purpose**, in Q4 2023, drop of export was recorded with the following groups of products:

- goods for industrial supplies by EUR 98.7 million or 8.6%; and
- fuels and lubricants by EUR 61.1 million or 45.1%.

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

- transport equipment by EUR 46.5 million or 16.9%;
- investment products without transport equipment by EUR 30.8 million or 14.5%;
- food and beverages by EUR 17.0 million or 11.6% and
- consumer goods by EUR 2.8 million or 1.2%

Import of goods in Q4 2023 amounted to EUR 2,900.5 million, decreasing by 7.1% compared to Q4 2022, while, in relation to the previous quarter, it increased by 7.0%.

Analyzed **by SITC sectors**, a drop in import in Q4 2023, compared to Q4 2022, was recorded in the sectors as follows:

- manufactured goods classified by material dropping by 13.6% (wherein highest drop was seen at the category non-ferrous metals by EUR 103.9 million or 25.3%);
- mineral fuels and lubricants by 34.4% (natural and industrial gas by EUR 83.2 million or 58.8%; petroleum and petroleum products by EUR 68.3 million or 24.8%);

- chemical products by 8.6% (inorganic chemical products by EUR 67.4 million or 47.1%); and
- animal and vegetable oils by 23.2% (fixed vegetable fats and oils, crude, refined or fractionated by EUR 5.1 million or 25.7%).

Increase of import was recorded in the following sectors:

- machinery and transport equipment by 11.8% (wherein the highest growth was seen at the categories: road vehicles by EUR 40.6 million or 39.3%; machinery specialized for particular industries by EUR 28.7 million or 58.3%; industrial machinery and spare parts by EUR 21.4 million or 29.2%);
- miscellaneous manufactured articles, by 10.2% (professional, scientific and controlling instruments and apparatus by EUR 11.7 million or 56.3%, furniture and parts thereof, bedding, mattresses, pillows and similar by EUR 4.8 million or 16.8%);
- crude materials, except fuel by 16.3% (metalliferous ores and metal scrap by EUR 11.5 million or 82.2%);
- food products by 8.9% (meat and meat products by EUR 8.2 million or 16.7%; fruit and vegetables by EUR 7.1 million or 19.8%); and
- beverages and tobacco by 24.5% (beverages by EUR 5.4 million or 33.8%).

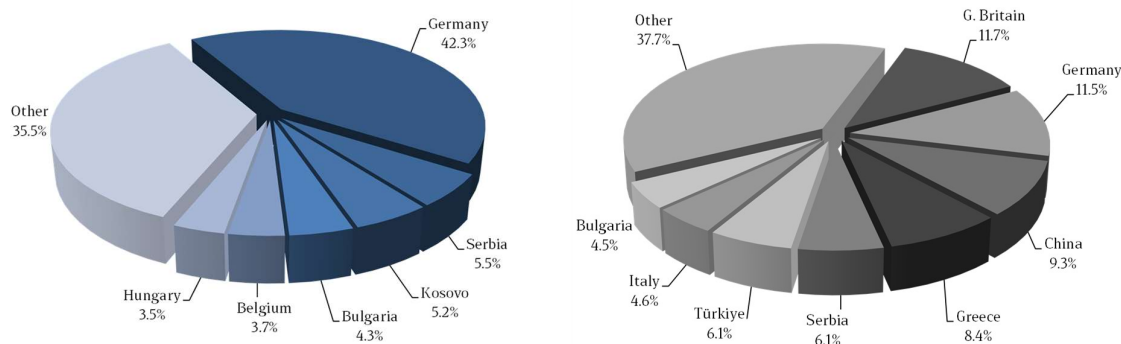
Observed **by economic purpose**, in Q4 2023 drop in import was recorded in the group of products, as follows:

- fuels and lubricants by EUR 179.4 million or 35.1%; and



- industrial supplies by EUR 168.6 million or 11.6%.
 - investment products without transport equipment by EUR 30.6 million or 6,6%;
 - food and beverages by EUR 24.9 million, accounting for 9,0% and
 - consumer goods by EUR 23.8 million or 8.7%.
- Import increase was recorded in the following groups of products:
- transport equipment by EUR 46.6 million or 33.1%;

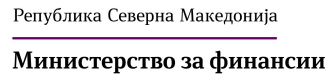
Chart 5.2 Countries having the highest share in export (left) and import (right) in Q-4-2023



Source: MoF calculation on the based on SSO data

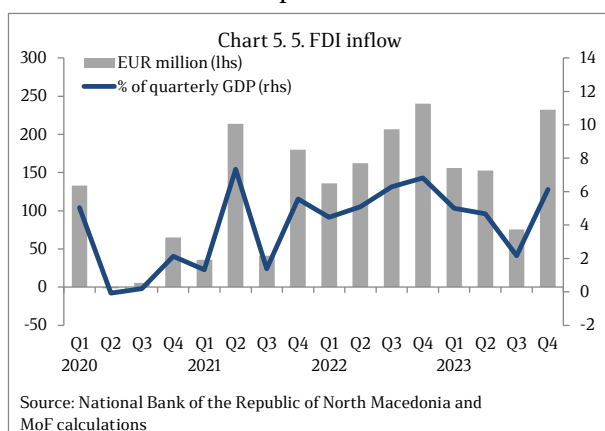
In Q4 2023, foreign trade with the European Union (EU 27⁵), in relation to Q4 2022, decreased by 1.3%, whereby share of trade with the EU in the total foreign trade accounted for 61.7%, increasing by 2.5 p.p. compared to the fourth quarter in 2022. Thereby, in Q4 2023 export of goods accounted for 77.4%, while import of goods accounted for 50.4%.

⁵ As of February 2020, Great Britain is included in the economic group - Miscellaneous countries.





Deficit on the **capital account** in Q4 2023 amounted to EUR 0.7 million, as opposed to the surplus of EUR 1.7 million generated in Q4 2022. Deterioration of the balance on the capital account was mostly a result of the outflow of capital transfers.



In Q4 2023 **foreign direct investments** (FDI) in the country amounted to EUR 232.6 million, being lower by EUR 7.8 million compared to Q4 2022. During this period, inflow of FDIs mostly arose from debt instruments (on the basis of which 122.9% of the total inflow of FDIs was generated) and equity (21.1% of the total inflow of FDIs), whereby on the basis of reinvestment of earnings, outflow was registered.

Portfolio investments in Q4 2023 amounted to EUR 37.4 million and, compared to the same quarter in the previous year, they declined by EUR 36.8 million.

Other investments in Q4 2023 were negative, amounting to EUR 515.6 million. With respect to the category other

investments, currencies and deposits, loans and trade credits and advance payments experienced a negative balance in the amount of EUR 99.0 million, EUR 384.9 million and EUR 31.8 million, respectively.

Reserve assets amounted to EUR 4.5 billion at the end of the fourth quarter in 2023, surging by 17.5% compared to Q4 2022. At the end of Q4 2023, reserve assets provided for 4.6 monthly coverage of import of goods and services in the previous 12-month period.