

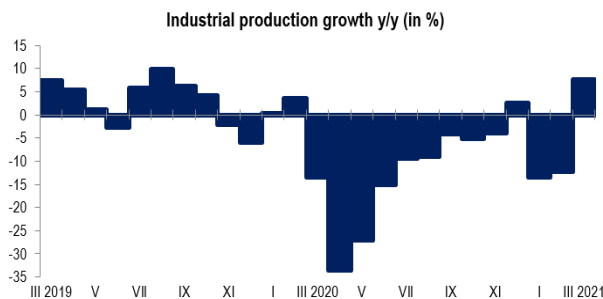


MONTHLY NEWSLETTER – APRIL 2021

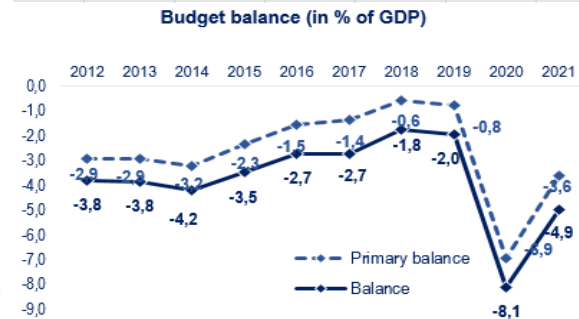
- Parliament of North Macedonia adopted the fifth set of anti-crisis measures aimed at revitalizing and developing the economy. This set is worth EUR 160 million, comprising a total of 29 measures systematized in 4 main pillars, among which are: direct financial support for companies aimed at keeping the jobs of citizens in certain sectors, financial support for liquidity of the private sector, support for the citizens and creating favourable business environment.

- In March 2021, the **inflation rate** was 2.1% y/y, following a 1.9% y/y inflation rate in February. In the first quarter of 2021, average inflation was 2.0% y/y.

In March 2021, **industrial production** increased by 7.6% y/y, reflecting the growth in Electricity (31.0% y/y) and Manufacturing (6.2% y/y), while Mining decreased by 2.3%. In the first three months of 2021, industrial production fell by 6.1%.



Source: State Statistical Office



*Ratios using MoF GDP forecast for 2021

- In the period January - February 2021, **export of goods** grew by 9.8% on annual basis amidst increase of the **import of goods** by 4.4%, which led to a reduction of the **trade deficit** by 11.4%.

- In the first two months of 2021, **average net nominal wage** grew by 2.7% y/y. In February 2021, it amounted to Denar 27,948 (EUR 454), with the average gross nominal wage amounting to Denar 41,704 (EUR 677).

- In March 2021, credit activity increased by 5.2% on annual basis, led by higher household lending (8.1% growth), whereby lending to enterprises grew by 2.1%. Total deposits were higher by 7.4% (y/y), reflecting growth in both corporate (12.9%) and household (5.2%) deposits.

- In April 2021, Ministry of Finance has, for the first time, introduced 7-year T-Bonds on the domestic government securities market. Given this new maturity, Ministry of Finance has broadened the portfolio of government securities, thus allowing the potential investors to structure their investments in terms of financial and liquidity needs in different time periods. This is in line with the constant efforts of the Ministry of Finance to develop the domestic government securities market according to the market needs and preferences.

- Budget revenues** in the first quarter of 2021 grew by 4.4% y/y, whereby tax revenues picked by 6.1% y/y and social contributions increased by 3.3% y/y. PIT, VAT, profit tax, import duties and other tax revenues were positive, whereas excises recorded lower performance. In the same period, **budget expenditures** grew by 2.8% y/y. Current expenditures fell by 0.9% y/y, while capital expenditures recorded higher execution by 98%. **Budget deficit** stood at 1% of MoF- projected GDP for 2021.



Key macroeconomic indicators and projections

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Real GDP growth, %	-0,5	2,9	3,6	3,9	2,8	1,1	2,9	3,2	-4,5	4,1
Nominal GDP, million EUR	7.585	8.150	8.562	9.072	9.657	10.038	10.744	11.209	10.766	11.472
Average annual inflation, %	3,3	2,8	-0,3	-0,3	-0,2	1,4	1,5	0,8	1,2	1,5
Budget balance, % of GDP	-3,8	-3,8	-4,2	-3,5	-2,7	-2,7	-1,7	-2,0	-8,1	-4,9
General government debt, e.o.p., % of GDP	33,7	34,0	38,1	38,1	39,9	39,4	40,4	40,7	51,2	/
Current account balance, % of GDP	-3,2	-1,6	-0,5	-2,0	-2,9	-1,0	-0,1	-3,3	-3,5	-2,9
Average unemployment rate, %	31,0	29,0	28,0	26,1	23,7	22,4	20,7	17,3	16,4	15,8
Average exchange rate MKD/EUR	61,5	61,6	61,6	61,6	61,6	61,6	61,5	61,5	61,7	61,6
Key monetary policy rate, %	3,82	3,32	3,25	3,25	3,73	3,27	2,92	2,29	1,60	1,42**
Foreign reserves, e.o.p., % of GDP	28,9	24,5	28,5	24,9	27,1	23,3	26,7	29,1	31,2	/

* MoF projections, unless otherwise noted

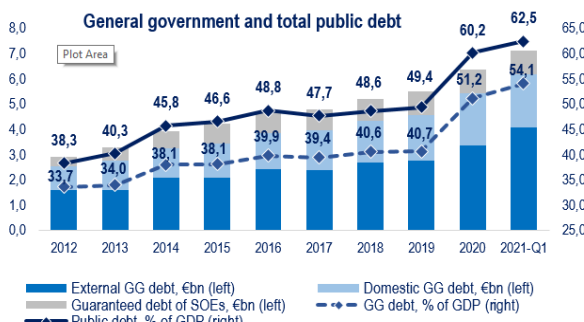
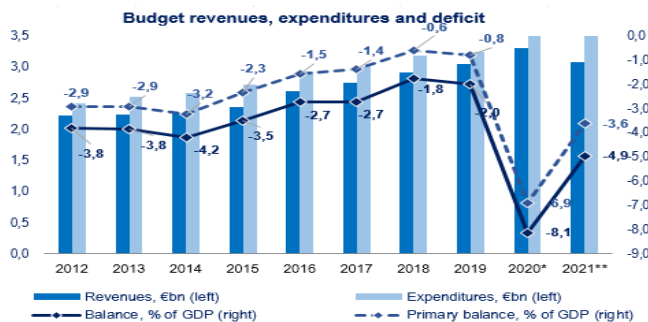
** Actual for January-March 2021

Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2021	2021
IMF WEO (April 2021)	3,8	2,0
European Commission (November 2020)	3,8	1,2
World Bank (April 2021)	3,6	1,6
National Bank (November 2020)	3,9	1,5
MoF, North Macedonia (October 2020)	4,1	1,5

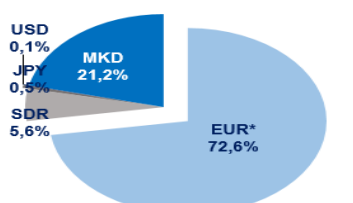
Credit rating, latest

	Rating	Outlook
Standard & Poor's, February 2021	BB-	Stable
Fitch, November 2020	BB+	Negative



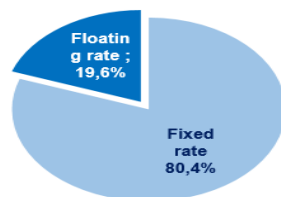
Starting Q2 2019, public debt also includes non-guaranteed debt of SoEs

GG debt - Currency structure, March 2021

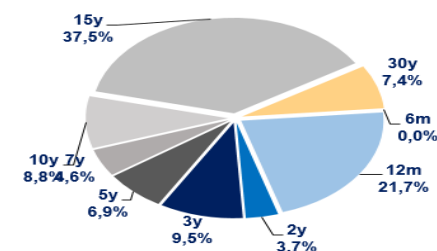


*Includes FX-linked domestic government

GG debt - Interest rate structure, March 2021



Domestic government securities - original maturity, April 2021



Domestic government securities, EUR m

Outstanding, 30th April 2021	2178
- Of which without FX clause	1337
- Of which with FX clause	842
Total planned gross issuance for 2021*	376,39
Total planned net issuance for 2021	299,97
- Of which net issued by April 2021	103,09

* includes roll-over of T-Bonds + net issuance of GS

Yields on domestic government securities issued on the primary market during April 2021

	in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause				0,40; 0,50				1,625		2,50	
With FX clause								1,625		2,20	

Republic of North Macedonia outstanding eurobonds, latest

Maturity date	Rating		Original/outstanding size (mn)	Coupon	Price	Yield	Bid Spread vs. BM	Bid z-Spread vs. MS
	S&P	F						
Jul-21	BB-	BB	€ 500	3,975%	100,65	1,047	171	159
Jul-23	BB-	BB	€ 450	5,625%	109,51	1,271	198	174
Jan-25	BB-	BB	€ 500	2,750%	104,03	1,622	230	200
Jun-26	BB-	BB+	€ 700	3,675%	108,71	1,862	248	214
Mar-28	BB-	BB+	€ 700	1,625%	96,80	2,132	261	227