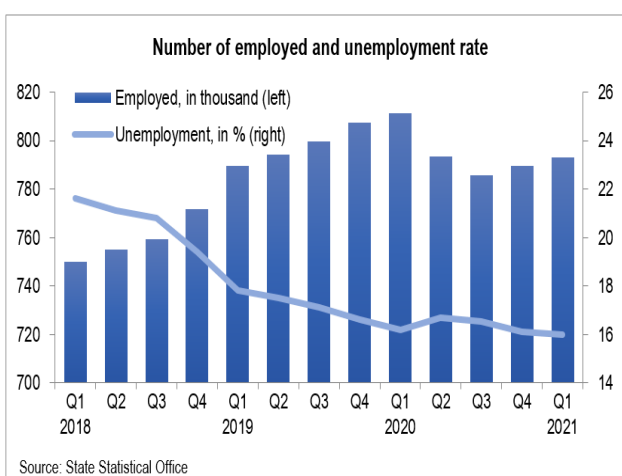
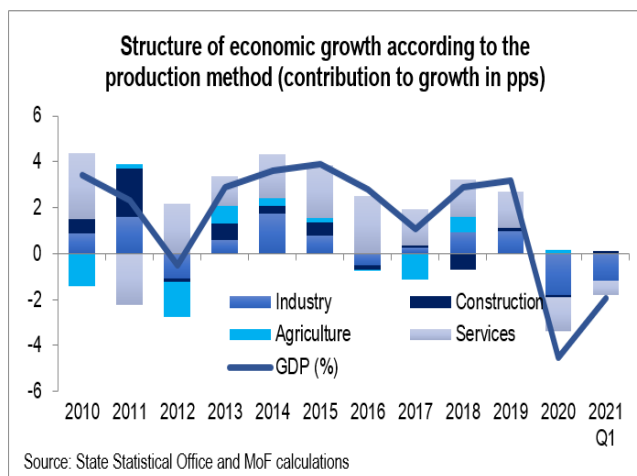




## MONTHLY NEWSLETTER – JUNE 2021

- In 2021 Q1, **GDP** fell by 1.9% y/y, reflecting the impact of the now finished third wave of Covid19 infections. Despite the decrease in gross capital formation (16.6%), exports and imports both grew by 8.6% and 2.0%, respectively. Analyzed by production approach, services and industry decreased, while construction and agriculture registered growth.
- The decline in **unemployment rate** continued in Q1 2021, reaching 16%, 0.1 p.p. lower compared to the previous quarter. At the same time, employment rate increased by 0.3 p.p., accounting for 47.1%



- **Industrial production** in May 2021 increased significantly by 16.5% y/y.. In the period January - May 2021, industrial production grew by 6.0% y/y, as a result of the increase in Manufacturing by 10.9% y/y, driven by the export of Manufacture of machinery and equipment by 65.2% y/y.
- In May 2021, the **inflation rate** was 3.0% y/y, following a 2.7% y/y inflation rate in April. In the period January-May 2021, average inflation accounted for 2.3% y/y.
- In the period January-April 2021, **export of goods** grew by 40.7% on annual basis amidst increase of the **import of goods** by 34.4%, which led to an increase of the **trade deficit** by 19.3%.
- In the first four months of 2021, **average net nominal wage** grew by 5.5% y/y on average. In April 2021, it amounted to Denar 28,438 (EUR 462), with the average gross nominal wage amounting to Denar 42,441 (EUR 689).
- In May 2021, **credit activity** accelerated by 5.6% on annual basis, led by higher household lending (8.8% growth), whereby lending to enterprises grew by 2.1%. **Total deposits** were higher by 7.1% (y/y), reflecting growth in both corporate (16.0%) and household (4.8%) deposits.
- In the period January-May 2021, **budget revenues** grew by 13.9% y/y, whereby tax revenues picked up by 18.9% y/y, while social contributions increased by 5.8% y/y. PIT, VAT, profit tax, import duties, excises and other tax revenues were positive. In the same period, **budget expenditures** grew by 3.5% y/y. Current expenditures surged by 1.7% y/y, while capital expenditures recorded higher execution by 48%. **Budget deficit** stood at 1.7% 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	2,1
Budget balance, % of GDP	-3,8	-3,8	-4,2	-3,5	-2,7	-2,7	-1,7	-2,0	-8,1	-6,5
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	54,5
Current account balance, % of GDP	-3,2	-1,6	-0,5	-2,0	-2,9	-1,0	-0,1	-3,3	-3,5	-3,0
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	1,35**
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-May 2021

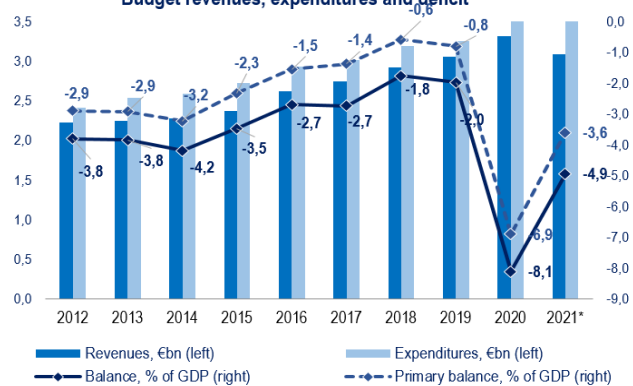
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2021	2021
IMF WEO (April 2021)	3,8	2,0
European Commission (May 2021)	3,7	1,7
World Bank (April 2021)	3,6	1,6
National Bank (May 2021)	3,9	2,2
MoF, North Macedonia (June 2021)	4,1	2,1

Credit rating, latest

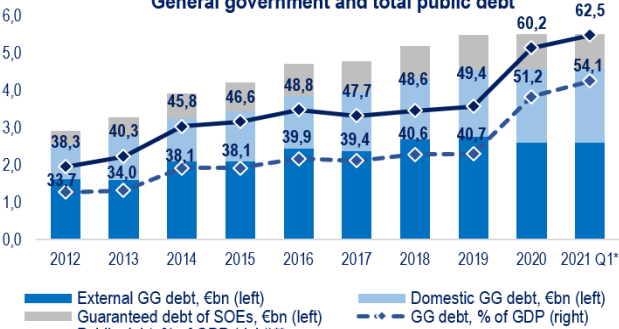
	Rating	Outlook
Standard & Poor's, February 2021	BB-	Stable
Fitch, May 2021	BB+	Negative

Budget revenues, expenditures and deficit



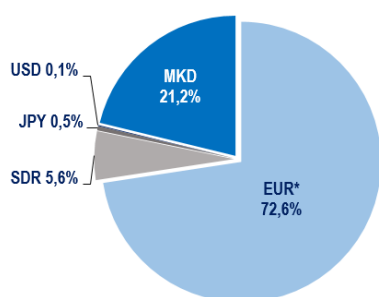
\*2021 budget data and MoF GDP forecast

General government and total public debt



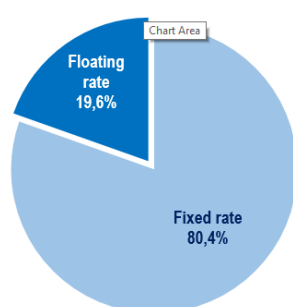
Starting Q2 2019, public debt also includes non-guaranteed debt of SoEs  
\* Ratio using MoF GDP forecast for 2020

GG debt - Currency structure, March 2021

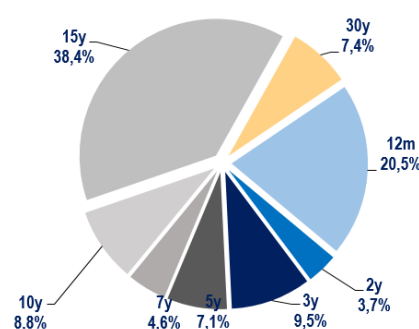


\*Includes FX-linked domestic government securities

GG debt - Interest rate structure, March 2021



Domestic government securities - original maturity, May 2021



Domestic government securities, EUR m

Outstanding, 30th June 2021	2208
- Of which without FX clause	1358
- Of which with FX clause	850
Total planned gross issuance for 2021*	376,39
Total planned net issuance for 2021	299,97
- Of which net issued by June 2021	135,60

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

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

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			0,50						2,50	
With FX clause									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%	100,23	0,105	79	63
Jul-23	BB-	BB	€ 450	5,625%	109,68	0,876	157	133
Jan-25	BB-	BB	€ 500	2,750%	104,87	1,334	199	169
Jun-26	BB-	BB+	€ 700	3,675%	110,06	1,535	214	179
Mar-28	BB-	BB+	€ 700	1,625%	98,41	1,878	234	200