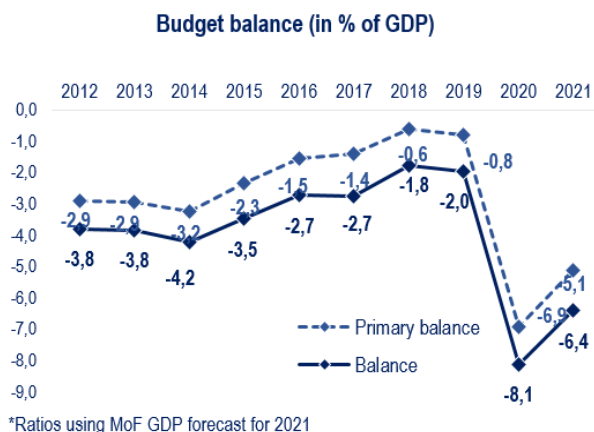
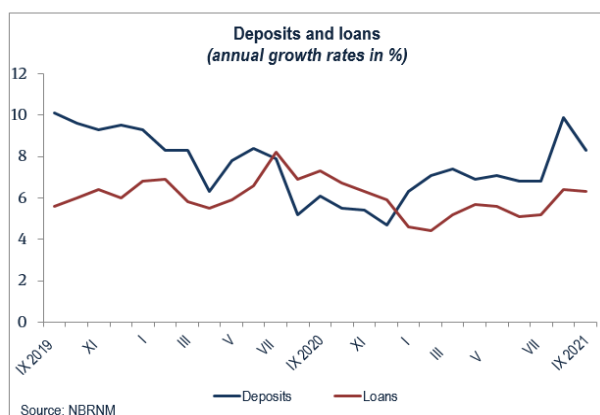




## MONTHLY NEWSLETTER – OCTOBER 2021

- During January-September 2021, **industrial production** grew by 2.9% y/y, as a result of the increase in Manufacturing by 3.9% y/y, largely driven by the export of Manufacture of machinery and equipment by 21.8% y/y. However, the **industrial production** in September 2021 decreased by 8.0% y/y, due to the drop in Manufacturing by 15.1%, indicating a fragile recovery.
- In September 2021, the **inflation rate** accounted for 3.7% y/y, following a 3.6% y/y inflation rate in August. In the period January - September 2021, average inflation accounted for 2.8% y/y.
- In the period January - August 2021, **export of goods** grew by 31.5% on annual basis amidst increase of the **import of goods** by 34.0%, which led to an increase of the **trade deficit** by 41.1%.
- In the first eight months of 2021, **average net nominal wage** grew by 5.8% y/y on average. In August 2021, nominal wage increased by 4.0% and amounted to Denar 28,642 (EUR 465), with the average gross nominal wage amounting to Denar 42,776 (EUR 694).
- In September 2021, **credit activity** increased by 6.3% on annual basis, led by higher household lending (7.5% growth), whereby lending to enterprises grew by 4.8%. **Total deposits** were higher by 8.3% (y/y), reflecting growth in both corporate (15.6%) and household (6.9%) deposits.



- In the period January - September 2021, total budget revenue collection accounted for 70.9% of the 2021 Revised Budget. In the same period, **budget revenues** grew by 16.1% y/y, whereby tax revenues picked up by 20.6% y/y, while social contributions increased by 6.2% y/y. PIT, VAT, profit tax, import duties, excises and other tax revenues were positive. Total expenditure execution in the period January - September 2021 accounted for 67.9% of the 2021 Revised Budget. In the same period, **budget expenditures** grew by 6.2% y/y. Current expenditures surged by 3.6% y/y, while capital expenditures recorded higher execution by 54.9%. **Budget deficit** stood at 3.5% of MoF- projected GDP for 2021.
- The Government adopted the Growth Acceleration Plan (GAP) 2022-2026 aiming to support economic recovery, double the economic growth rates and accelerate investment activity in the medium term, by providing institutional framework for blended financing from official sources and private capital.



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	11.714
Average annual inflation, %	3,3	2,8	-0,3	-0,3	-0,2	1,4	1,5	0,8	1,2	3,0
Budget balance, % of GDP	-3,8	-3,8	-4,2	-3,5	-2,7	-2,7	-1,7	-2,0	-8,1	-6,4
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	51,1
Current account balance, % of GDP	-3,2	-1,6	-0,5	-2,0	-2,9	-1,0	-0,1	-3,3	-3,5	-3,2
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	1,31**
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

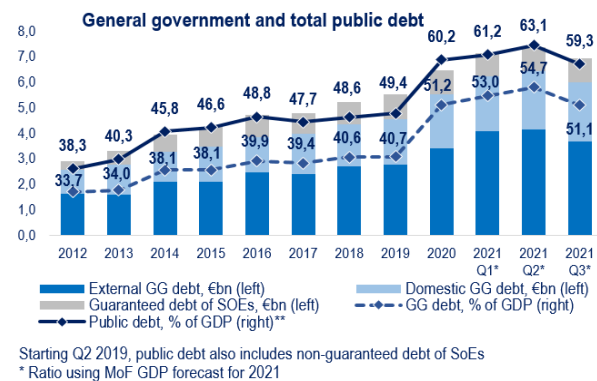
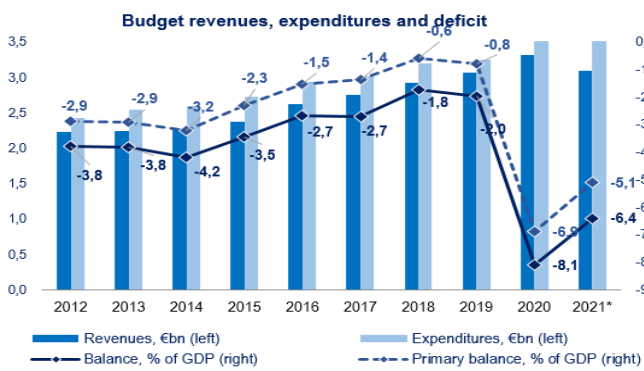
\*\* Actual for January-September 2021

Latest GDP and inflation estimates and forecasts

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

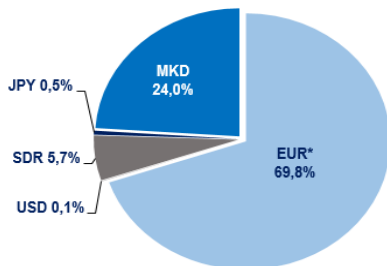
Credit rating, latest

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



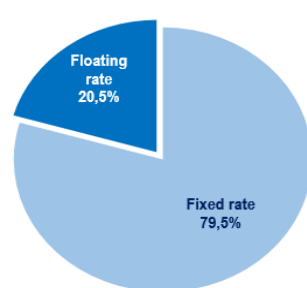
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs  
\* Ratio using MoF GDP forecast for 2021

GG debt - Currency structure, Q3 2021

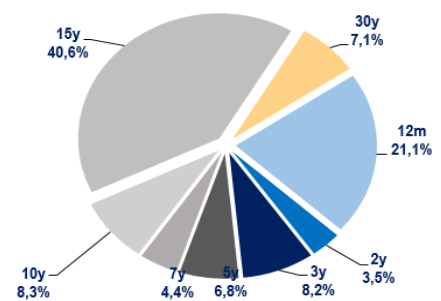


\*Includes FX-linked domestic government securities

GG debt - Interest rate structure, Q3 2021



Domestic government securities - original maturity, OCTOBER 2021



Domestic government securities, EUR m

Outstanding, 29 th October 2021	2278
- Of which without FX clause	1434
- Of which with FX clause	844
Total planned gross issuance for 2021*	376,39
Total planned net issuance for 2021	299,97
- Of which net issued by October 2021	206,19

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

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

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

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-23	BB-	BB	€ 450	5,625%	108,51	0,656	126	97
Jan-25	BB-	BB	€ 500	2,750%	103,87	1,506	204	161
Jun-26	BB-	BB+	€ 700	3,675%	108,44	1,741	216	176
Mar-28	BB-	BB+	€ 700	1,625%	96,62	2,201	251	211