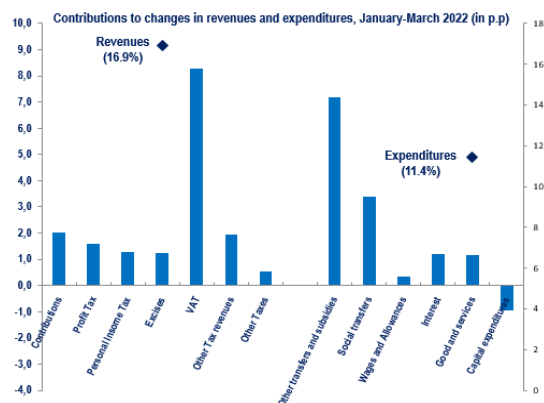
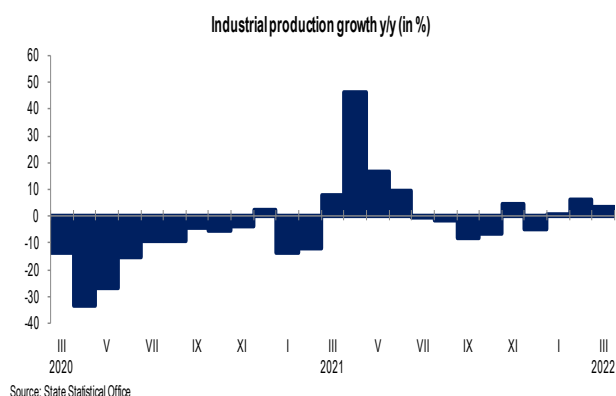




MONTHLY NEWSLETTER – APRIL 2022

- **Industrial production** in March 2022 increased by 3.2% annually, which was a result of a broad-based rise across all sectors.
- **Inflation rate** in March 2022 increased to 8.8% annually, mostly due to the rise of food prices by 11.7%.



- In the period January - March 2022, total budget revenue collection accounted for 23.9% of the 2022 Budget. **Budget revenues** grew by 16.9% y/y, whereby tax revenues picked up by 24% y/y, with revenues on the basis of social contributions increasing by 6.1% y/y. Higher tax revenues were driven by PIT, VAT, profit tax, other tax revenues, import duties, and excises.
- Total expenditure execution in the period January - March 2022 accounted for 23.4% of the 2022 Budget. **Budget expenditures** grew by 11.4% y/y. Current expenditures surged by 13.7% y/y, while capital expenditures recorded lower execution by 9.9%. **Budget deficit** stood at 0.9% of MoF-projected GDP for 2022.
- Public debt was reduced to 57.1% of GDP at the end of March 2022, being lower by 3.7 percentage points of GDP compared to end-2021. Reduction was mainly due to repayment of principal on foreign debt in the amount of EUR 55.2 million.
- In February 2022, **net nominal wage** grew by 6.8% y/y, whereby it amounted to Denar 29,839 (EUR 484), with the **gross wage** amounting to Denar 44,531 (EUR 723).
- In February 2022, **export of goods** grew by 23.0% on annual basis amidst increase of the **import of goods** by 31.3%.
- In March 2022, **credit activity** increased by 9.8% on annual basis, with strong growth in both lending to enterprises (11.9% growth) and household lending (7.9% growth). Total **deposits** were higher by 3.5% (y/y), reflecting growth in both corporate and household deposits.
- In April 2022, the National Bank reduced the Denar deposit **reserve requirement** from 8.0% to 6.5%, with the foreign deposit reserve requirement being increased from 15.0% to 16.5%, which will apply as of 15th June 2022.
- In April 2022, the National Bank increased the **monetary policy rate** by 0.25 p.p., from 1.25% to 1.50%.



Key macroeconomic indicators and projections

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Real GDP growth, %	-0,5	2,9	3,6	3,9	2,8	1,1	2,9	3,9	-6,1	4,0	4,6
Nominal GDP, million EUR	7.585	8.150	8.562	9.072	9.657	10.038	10.744	11.262	10.635	11.736	12.548
Average annual inflation, %	3,3	2,8	-0,3	-0,3	-0,2	1,4	1,5	0,8	1,2	3,2	2,4
Budget balance, % of GDP	-3,8	-3,8	-4,2	-3,5	-2,7	-2,7	-1,8	-2,0	-8,2	-5,4	-4,3
General government debt, e.o.p., % of GDP	33,7	34,0	38,1	38,1	39,9	39,4	40,4	40,5	51,9	51,8	48,7****
Current account balance, % of GDP	-3,2	-1,6	-0,5	-2,0	-2,9	-1,0	-0,1	-3,3	-3,4	-3,5	-2,7
Average unemployment rate, %	31,0	29,0	28,0	26,1	23,7	22,4	20,7	17,3	16,4	15,7	14,4
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	61,6
Key monetary policy rate, %	3,82	3,32	3,25	3,25	3,73	3,27	2,92	2,29	1,60	1,29	1,31**
Foreign reserves, e.o.p., % of GDP	28,9	24,5	28,5	24,9	27,1	23,3	26,7	29,0	31,6	31,0	27,0***

* MoF projections, unless otherwise noted
 ** Average for January-April 2022
 *** Actual for April 2022, ratio based on MoF projections
 **** Actual for Q1 2022

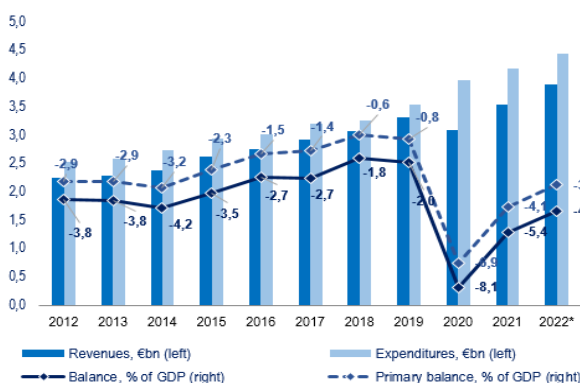
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2022	2022
IMF, WEO (April 2021)	3,2	6,9
European Commission (November 2021)	3,9	2,1
World Bank (April 2022)	2,7	5,5
National Bank (November 2021)	3,9	2,4
MoF, North Macedonia (October 2021)	4,6	2,4

Credit rating, latest

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

Budget revenues, expenditures and deficit



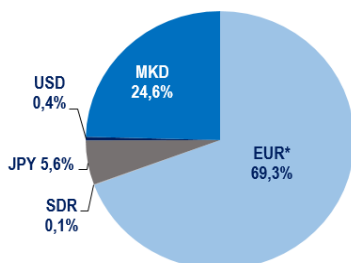
*2022 Budget data and MoF GDP forecast

General government and total public debt



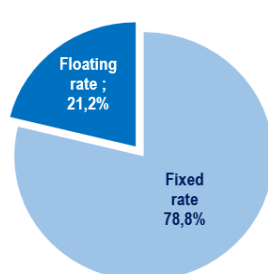
Starting Q2 2019, public debt also includes non-guaranteed debt of SoEs

GG debt - Currency structure, March 2022

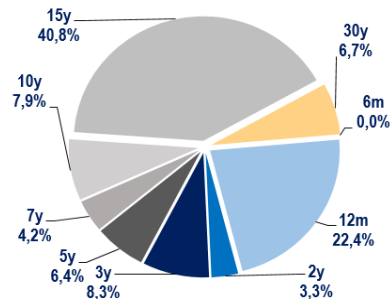


*Includes FX-linked domestic government securities

GG debt - Interest rate structure, March 2022



Domestic government securities - original maturity, April 2022



Domestic government securities, EUR m

Outstanding, 30th April 2022	2412
- Of which without FX clause	1487
- Of which with FX clause	926
Total planned gross issuance for 2022*	441,14
Total planned net issuance for 2022	358,29
- Of which net issued by April 2022	35,16

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

Yields on domestic government securities issued on the primary market during April 2022

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			0,70						2,90	
With FX clause									2,60	

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%	102,11	3,815	395	335
Jan-25	BB-	BB	€ 500	2,750%	95,35	4,610	420	346
Jun-26	BB-	BB+	€ 700	3,675%	96,05	4,761	422	341
Mar-28	BB-	BB+	€ 700	1,625%	84,02	4,825	409	332