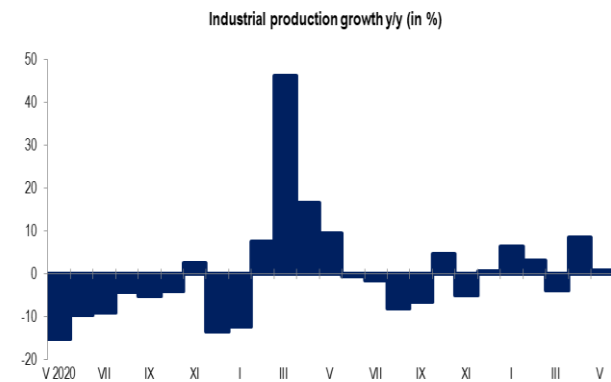




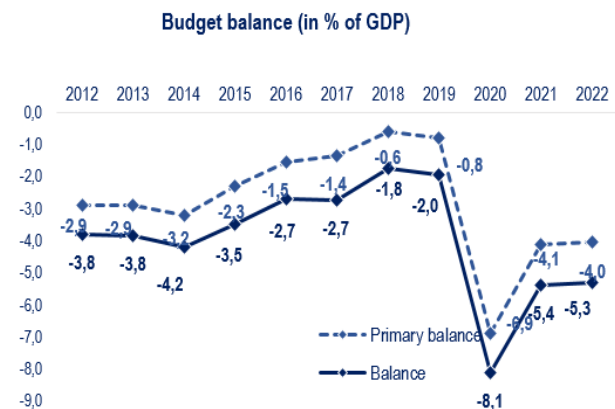
## MONTHLY NEWSLETTER – JULY 2022

- **Industrial production** in June 2022 increased by 0.9% y/y, as a result of the increased production in Electricity and gas supply and Manufacturing by 10.1% and 0.1% respectively, while Mining and quarrying decreased by 4.1%. **Industrial production** in the period January - June 2022 increased by 2.5% y/y, as a result of the increased production in Electricity and gas supply and Mining and quarrying by 18.5% and 9.4% respectively, while production in Manufacturing remained at the same level compared to the same period last year.
- In the period January-June 2022, total budget revenue collection accounted for 47.4% of the 2022 Supplementary Budget. **Budget revenues** grew by 14.9% y/y, whereby tax revenues picked up by 20.6% y/y, while social contributions increased by 7.9% 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-June 2022 accounted for 43.9% of the 2022 Supplementary Budget. **Budget expenditures** grew by 7% y/y. Current expenditures surged by 7.1% y/y, while capital expenditures recorded higher execution by 6.1%. **Budget deficit** stood at 1.3% of MoF- projected GDP for 2022.

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Source: State Statistical Office



\*Ratios using MoF GDP forecast for 2021

- In the first five months of 2022, **average net nominal wage** grew by 8.6% y/y on average. In May 2022, it amounted to Denar 31,407 (EUR 509), with the average gross nominal wage amounting to Denar 46,972 (EUR 762).
- In June 2022, **inflation rate** accounted for 14.5% y/y, following a 11.9% y/y inflation rate in May. In the first half of 2022, average inflation accounted for 10.0% y/y.
- In the period January-May 2022, **export of goods** grew by 18.8% on annual basis amidst increase of the **import of goods** by 29.6%, which led to an increase of the **trade deficit** by 60.0%.
- In June 2022, **credit activity** accelerated by 10.0% on annual basis, led by higher lending to enterprises (12.4% growth), whereby household lending grew by 7.7%. **Total deposits** were higher by 1.8% (y/y), reflecting growth in household deposits by 5.2%, while corporate deposits decreased by 4.8%.
- In July 2022, National Bank increased the **monetary policy rate** by 0.50 p.p., from 2.00% to 2.50%.



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	-1,1	4,0	3,2
Nominal GDP, million EUR	7.585	8.150	8.562	9.072	9.657	10.038	10.744	11.262	10.635	11.736	13.053
Average annual inflation, %	3,3	2,8	-0,3	-0,3	-0,2	1,4	1,5	0,8	1,2	3,2	7,2
Budget balance, % of GDP	-3,8	-3,8	-4,2	-3,5	-2,7	-2,7	-1,8	-2,0	-8,2	-5,4	-5,3
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	46,7%****
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	-4,3
Average unemployment rate, %	31,0	29,0	28,0	26,1	23,7	22,4	20,7	17,3	16,4	15,7	14,5
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	1,64**
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	23,9***

\* MoF projections, unless otherwise noted

\*\* Average for January-July 2022

\*\*\* Actual for June 2022, ratio based on MoF projections

\*\*\*\* Actual for Q2-2022

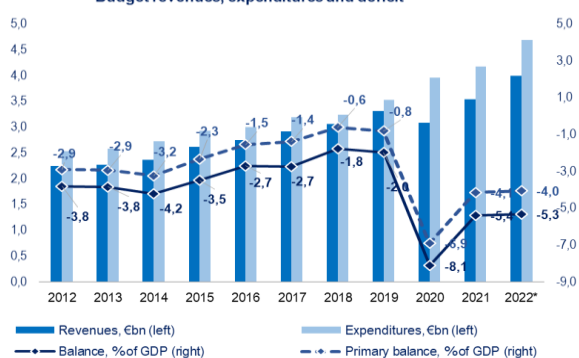
Latest GDP and inflation estimates and forecasts

	Real GDP growth, % 2022	Average inflation, % 2022
IMF, WEO (April 2021)	3,2	6,9
European Commission (May 2022)	3,0	6,7
World Bank (April 2022)	2,7	5,5
National Bank (May 2022)	2,9	8,8
MoF, North Macedonia (May 2022)	3,2	7,2

Credit rating, latest

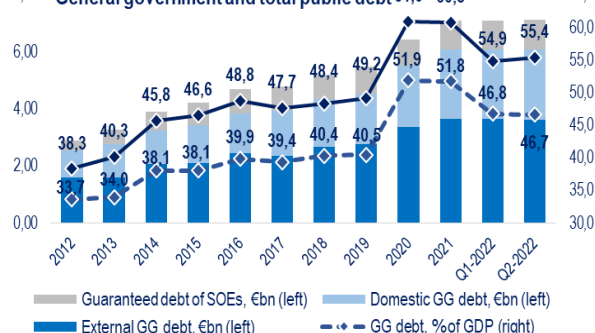
	Rating	Outlook
Standard & Poor's, February 2022	BB-	Stable
Fitch, April 2022	BB+	Negative

Budget revenues, expenditures and deficit



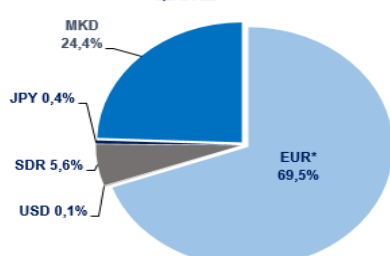
\*2022 Supplementary Budget data and MoF GDP forecast

General government and total public debt



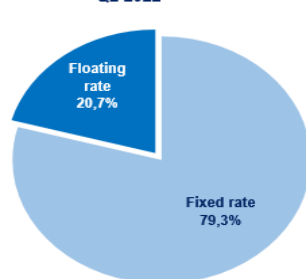
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs

GG debt - Currency structure, Q2 2022

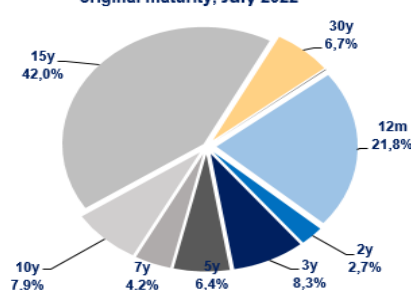


\*Includes FX-linked domestic government securities

GG debt - Interest rate structure, Q2 2022



Domestic government securities - original maturity, July 2022



Domestic government securities, EUR m

Outstanding, 31st July 2022	2424
- Of which without FX clause	1485
- Of which with FX clause	939
Total planned gross issuance for 2022*	441,14
Total planned net issuance for 2022	358,29
- Of which net issued by July 2022	44,90

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

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

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

Republic of North Macedonia outstanding eurobonds, latest

Maturity date	Rating		Original/outstanding size (mn)	Coupon	Price	Yield
	S&P	F				
Jul-23	BB-	BB	€ 450	5.625%	100.83	4.664%
Jan-25	BB-	BB	€ 500	2.750%	94.00	5.476%
Jun-26	BB-	BB+	€ 700	3.675%	93.67	5.576%
Mar-28	BB-	BB+	€ 700	1.625%	81.93	5.493%