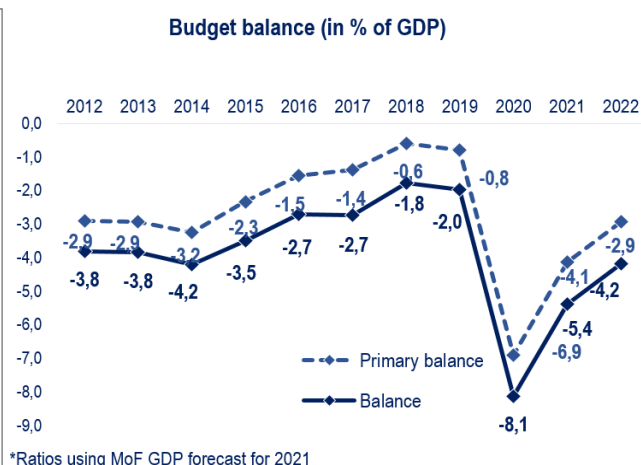
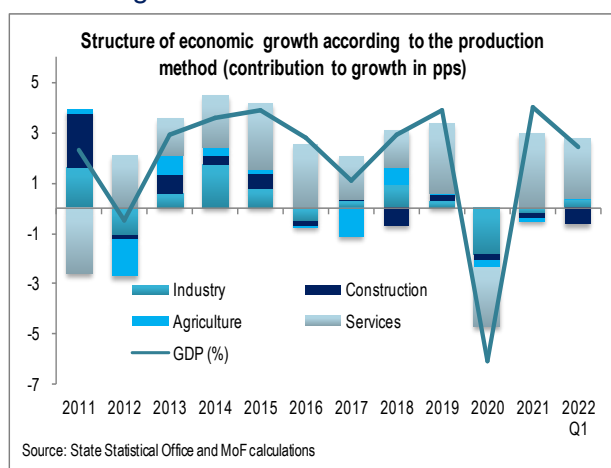




## MONTHLY NEWSLETTER – JUNE 2022

- In 2022 Q1, **GDP** grew by 2.4% y/y, as a result of the positive achievements in the service, industrial and agricultural sectors that had a positive contribution to economic growth. Analyzed by expenditure approach, the growth of economic activity is the result of increased domestic demand, in conditions of increased both consumption (4.0%) and gross investments (38.6%), while the contribution of net exports is negative.
- Decline in **unemployment rate** continued in Q1 2022, reaching 14.8%, being by 0.4 p.p. lower compared to the previous quarter. At the same time, employment rate decreased by 0.2 p.p., accounting for 47.1%.



- In the first four months of 2022, **average net nominal wage** grew by 8.4% y/y on average. In April 2022, it amounted to Denar 31,525 (EUR 511), with the average gross nominal wage amounting to Denar 47,092 (EUR 763).
- Industrial production** in May 2022 increased by 8.5% y/y, as a result of the increased production in Electricity and gas supply by 66%, Mining and quarrying by 5.6% and Manufacturing by 4.6%.
- In May 2022, **inflation rate** accounted for 11.9% y/y, following a 10.5% y/y inflation rate in April. In the period January - May 2022, average inflation accounted for 9.1% y/y.
- In the period January - April 2022, **export of goods** grew by 15.1% on annual basis amidst increase of the **import of goods** by 27.3%, which led to an increase of the **trade deficit** by 61.7%.
- In May 2022, **credit activity** accelerated by 9.9% on annual basis, led by higher lending to enterprises (11.9% growth), whereby household lending grew by 8.0%. **Total deposits** were higher by 2.4% (y/y), reflecting growth in household deposits by 4.5%, while corporate deposits decreased by 1.6%.
- National Bank in June 2022 increased the **monetary policy rate** by 0.25 p.p., from 1.75% to 2.00%.
- In the period January - June 2022, total budget revenue collection accounted for 48.7% of the 2022 Budget. **Budget revenues** grew by 14.9% y/y, whereby tax revenues picked up by 20.6% y/y, while social contributions increased by 7.8% 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 46.5% of the 2022 Budget. **Budget expenditures** grew by 7% y/y. Current expenditures picked up 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.



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	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	46,8****
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	1,40**
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	24,4***

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

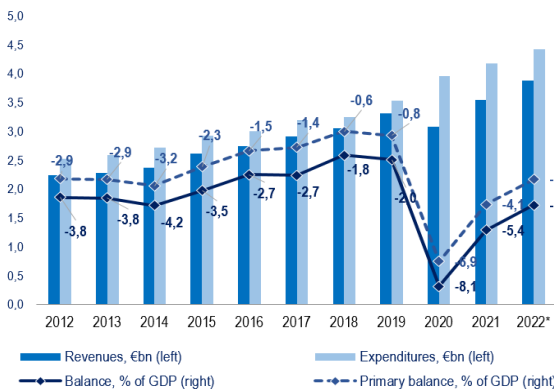
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2022	2022
IMF, WEO (April 2021)	3,2	6,9
European Commission (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

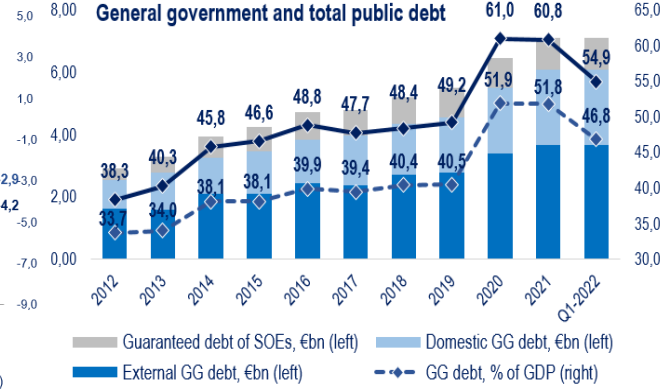
	Rating	Outlook
Standard & Poor's, February 2022	BB-	Stable
Fitch, April 2022	BB+	Negative

Budget revenues, expenditures and deficit



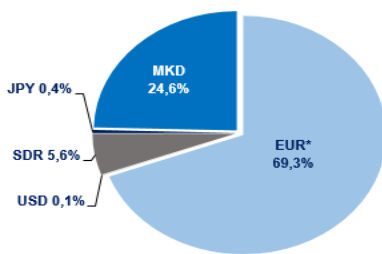
\*2022 Budget data and MoF GDP forecast

General government and total public debt



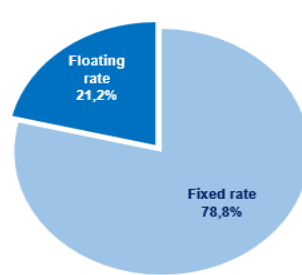
Starting Q2 2019, public debt also includes non-guaranteed debt of SoEs

GG debt - Currency structure, Q1 2022

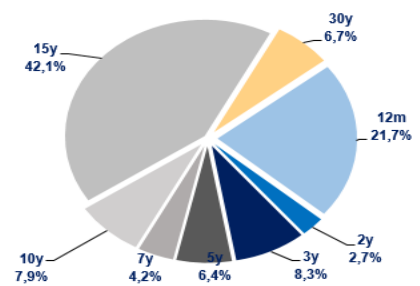


\*Includes FX-linked domestic government securities

GG debt - Interest rate structure, Q1 2022



Domestic government securities - original maturity, June 2022



Domestic government securities, EUR m

Outstanding, 30st June 2022	2411
- Of which without FX clause	1477
- Of which with FX clause	934
Total planned gross issuance for 2022*	441,14
Total planned net issuance for 2022	358,29
- Of which net issued by June 2022	39,90

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

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

	in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause				1,40						3,70	
With FX clause				1,20						3,50	

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%	100,49	5,129	478	423
Jan-25	BB-	BB	€ 500	2,750%	90,28	7,051	633	558
Jun-26	BB-	BB+	€ 700	3,675%	88,95	6,997	615	534
Mar-28	BB-	BB+	€ 700	1,625%	74,90	7,156	609	531