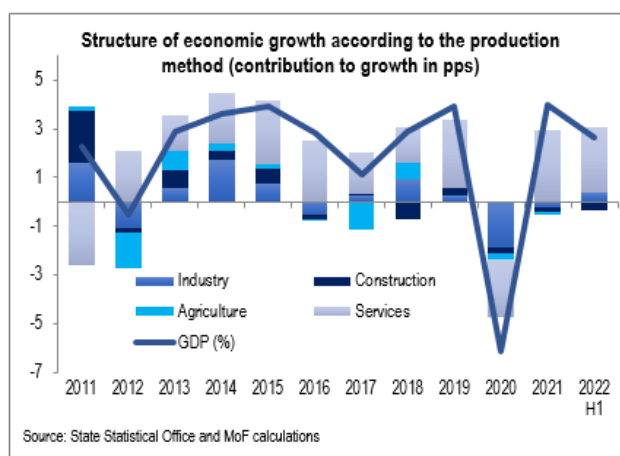
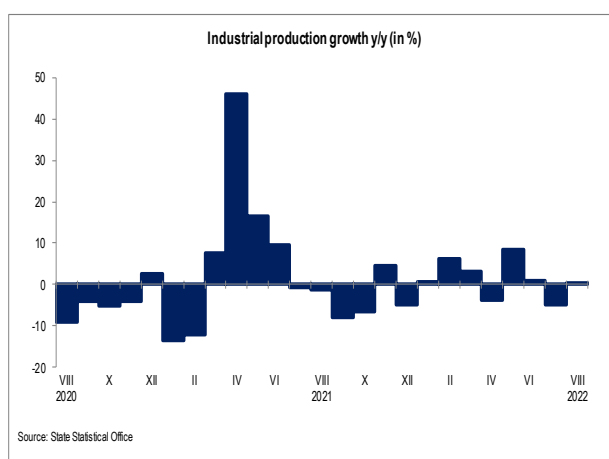




MONTHLY NEWSLETTER – SEPTEMBER 2022

- In September 2022, **Ministry of Finance** issued registered notes - **NSV** on the international capital markets in the amount of **EUR 250 million with a favourable interest rate (3.75% + 6-month Euribor)**.
- In the period January – July 2022, **average nominal net wage** grew by 9.4% y/y. In July 2022, it amounted to Denar 31,812 (EUR 517), with the average gross nominal wage amounting to Denar 47,590 (EUR 773).
- In August 2022, **industrial production** increased by 0.2% y/y, as a result of the increased production in Mining and quarrying and Manufacturing by 2.4% and 2.5% respectively, while Electricity and gas supply decreased by 11.5%



- In August 2022, **inflation rate** accounted for 16.8% y/y, following a 16.0% y/y inflation rate in July. In the period January – August 2022, average inflation accounted for 11.6% y/y.
- In the period January - July of 2022, **export of goods** grew by 19.3% on annual basis amidst increase of the **import of goods** by 26.9%, which led to an increase of the **trade deficit** by 47.7%.
- In August 2022, **credit activity** accelerated by 9.7% on annual basis, led by higher lending to enterprises (11.9% growth), whereby household lending grew by 7.7%. **Total deposits** were higher by 1.7% (y/y), reflecting growth in household deposits by 4.6%, while corporate deposits decreased by 3.8%.
- In September 2022, the National Bank increased its key **policy rate** by 0.50 p.p., from 2.50% to 3.00%.
- In the period January - August 2022, total budget revenue collection accounted for 63.9% of the 2022 Supplementary Budget. **Budget revenues** grew by 13.2% y/y, whereby tax revenues picked up by 15.7% y/y, while social contributions increased by 8.2% y/y. Higher tax revenues were driven by PIT, VAT, profit tax, other tax revenues, import duties and excises.
- In the period January - August 2022, total expenditure execution accounted for 58.3% of the 2022 Supplementary Budget. **Budget expenditures** grew by 2.3% y/y. Current expenditures surged by 4.1% y/y, while capital expenditures recorded lower execution by 18.1%. **Budget deficit** stood at 1.4% 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	-2,2	-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	1,89**
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	25,2****

* MoF projections, unless otherwise noted

** Average for January-September 2022

*** Actual for August 2022, ratio based on MoF projections

**** Actual for Q2-2022

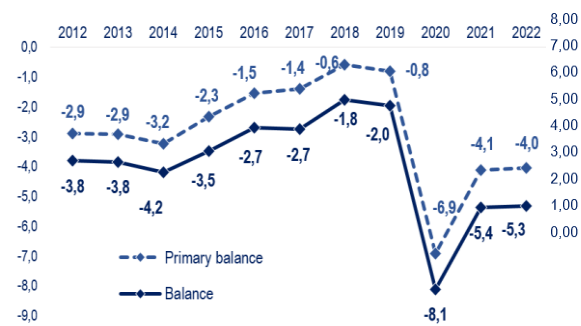
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2022	2022
IMF, WEO (April 2022)	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

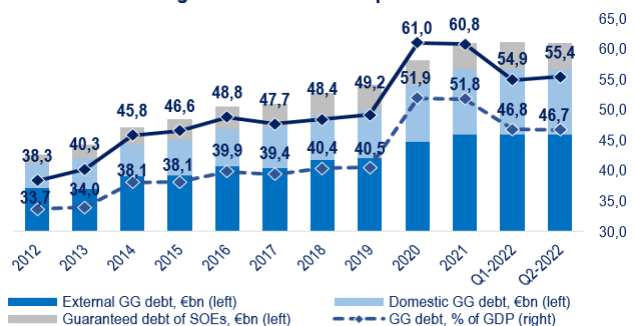
	Rating	Outlook
Standard & Poor's, August 2022	BB-	Stable
Fitch, April 2022	BB+	Negative

Budget balance (in % of GDP)



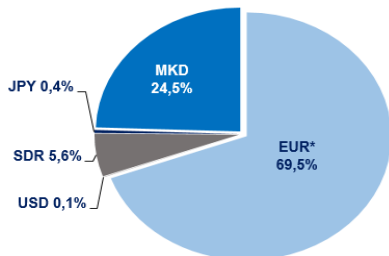
*Ratios using MoF GDP forecast for 2021

General government and total public debt



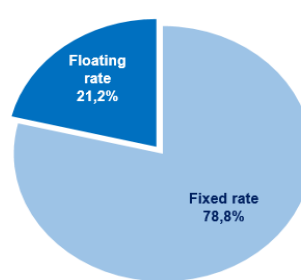
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs

GG debt - Currency structure, Q2 2022

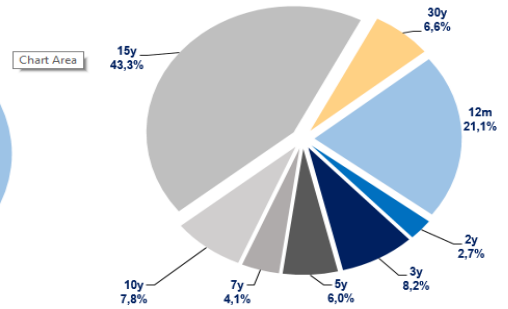


*Includes FX-linked domestic government securities

GG debt - Interest rate structure, Q2 2022



Domestic government securities - original maturity, September 2022



Domestic government securities, EUR m

Outstanding, 30-th September 2022	2498
- Of which without FX clause	1527
- Of which with FX clause	971
Total planned gross issuance for 2022*	441,14
Total planned net issuance for 2022	358,29
- Of which net issued by September 2022	118,85

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

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

	in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause				2,00						4,20	
With FX clause										4,00	

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%	99,16	6,673	509	448
Jan-25	BB-	BB	€ 500	2,750%	89,80	7,817	610	494
Jun-26	BB-	BB+	€ 700	3,675%	86,80	7,982	621	504
Mar-28	BB-	BB+	€ 700	1,625%	73,23	7,890	598	489