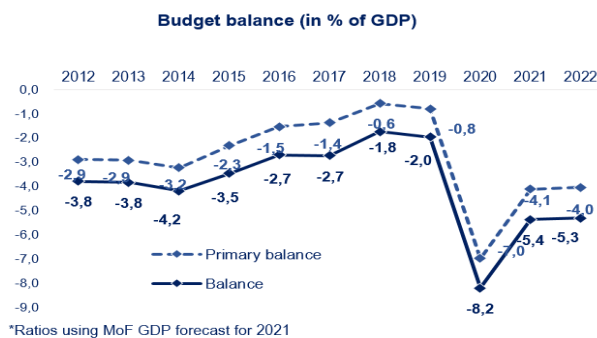
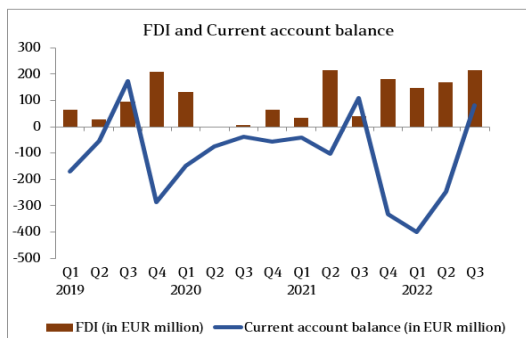




## MONTHLY NEWSLETTER – NOVEMBER 2022

- Inward **FDIs** amounted to EUR 213.9 million in Q3 2022, being higher by 5 times compared to the third quarter last year. During the first nine months of 2022, FDIs amounted to EUR 528.3 million, growing by 81.8% compared to the same period in 2021.
- In the period January - September 2022, **current account** deficit amounted to EUR 566.4 million (4.2% of MoF's projected GDP for 2022), mostly as a result of the trade deficit, which increased significantly (67.1% y/y). In Q3 alone, current account registered a surplus of EUR 80.5 million, mainly due to the surplus registered in the secondary income account, as well as the services account.



- In the period January - October 2022, **industrial production** grew by 0.3% y/y, as a result of the increase in Mining and quarrying by 0.5% and Electricity and gas supply by 6.1%, while Manufacturing dropped by 0.4% compared to the same period last year. However, in October 2022, **industrial production** decreased by 5.3% y/y, due to the drop recorded in all sectors.
- In October 2022, **inflation rate** accounted for 19.8% y/y, following the 18.7% y/y inflation rate in September. In the period January - October 2022, average inflation accounted for 13.2% y/y.
- In the period January - September 2022, **export of goods** grew by 20.1% on annual basis amidst increase of the **import of goods** by 28.9%, which led to an increase of the **trade deficit** by 53.4%.
- During the first nine months of 2022, **net nominal wage** grew by 9.9% y/y on average. In September 2022, nominal wage (net of taxes and social security contributions) increased by 12.8%, amounting to Denar 32,553 (EUR 529), with the average gross nominal wage amounting to Denar 48,744 (EUR 793).
- In October 2022, **credit activity** increased by 10.1% on annual basis, led by higher lending to enterprises (12.9% growth), whereby household lending grew by 7.5%. **Total deposits** were higher by 4.3% (y/y), reflecting growth in both household (5.6%) and corporate (1.5%) deposits.
- In the period January - October 2022, total budget revenue collection accounted for 81.6% of the 2022 Supplementary Budget. **Budget revenues** grew by 12.7% y/y, whereby tax revenues picked up by 15.6% y/y, while social contributions increased by 8.8% y/y. Higher tax revenues were driven by PIT, VAT, profit tax, other tax revenues and import duties.
- In the period January - October 2022, total budget expenditure execution accounted for 75.2% of the 2022 Supplementary Budget. **Budget expenditures** grew by 7% y/y. Current expenditures surged by 8.7% y/y, while capital expenditures recorded lower execution by 12.5%. **Budget deficit** stood at 2% of MoF's projected GDP for 2022, with the primary deficit accounting for 1% of MoF's 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	13.562
Average annual inflation, %	3,3	2,8	-0,3	-0,3	-0,2	1,4	1,5	0,8	1,2	3,2	12,9
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	49,8****
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, %	3,8	3,3	3,3	3,3	3,7	3,3	2,9	2,3	1,6	1,3	2,25**
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	28,7***

\* MoF projections, unless otherwise noted

\*\* Average for January-November 2022

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

\*\*\*\* Actual for Q3

Latest GDP and inflation estimates and forecasts

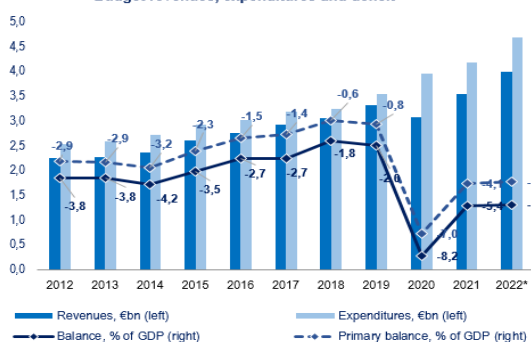
	Real GDP growth, %	Average inflation, %
	2022	2022
IMF, WEO (October 2022)	2,7	10,6
European Commission (November 2022)	2,3	12,7
World Bank (October 2022)	2,1	12,1
National Bank (October 2022)	2,3	14,3
MoF, North Macedonia (November 2022*)	3,2	12,9

\* According to budget proposal for 2023

Credit rating, latest

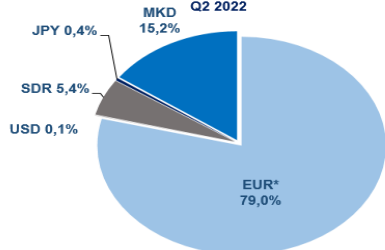
	Rating	Outlook
Standard & Poor's August 2022	BB-	Stable
Fitch, November 2022	BB+	Negative

Budget revenues, expenditures and deficit



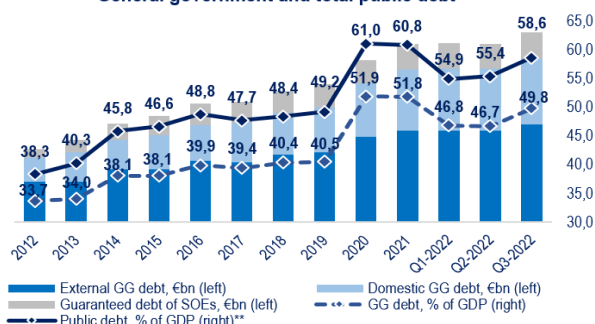
\*2022 Supplementary Budget data and MoF GDP forecast

GG debt - Currency structure, Q2 2022



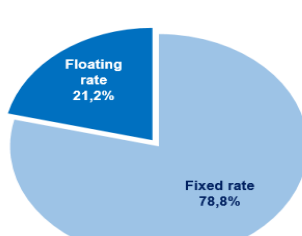
\*Includes FX-linked domestic government securities

General government and total public debt

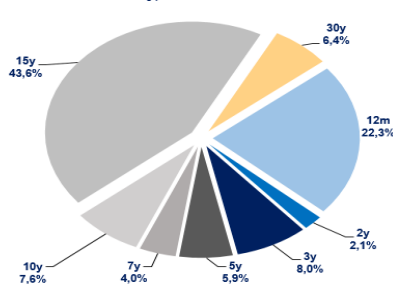


Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs

GG debt - Interest rate structure, Q2 2022



Domestic government securities - original maturity, November 2022



Domestic government securities, EUR m

Outstanding, 30th November 2022	2501
- Of which without FX clause	1550
- Of which with FX clause	951
Total planned gross issuance for 2022*	441,14
Total planned net issuance for 2022	358,29
- Of which net issued by November 2022	129,90

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

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

	in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause				2,90						5,00	
With FX clause				3,20						5,20	

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%	99,80	5,832	392	328
Jan-25	BB-	BB	€ 500	2,750%	93,32	6,189	421	333
Jun-26	BB-	BB+	€ 700	3,675%	92,70	6,042	411	330
Mar-28	BB-	BB+	€ 700	1,625%	79,75	6,252	437	358