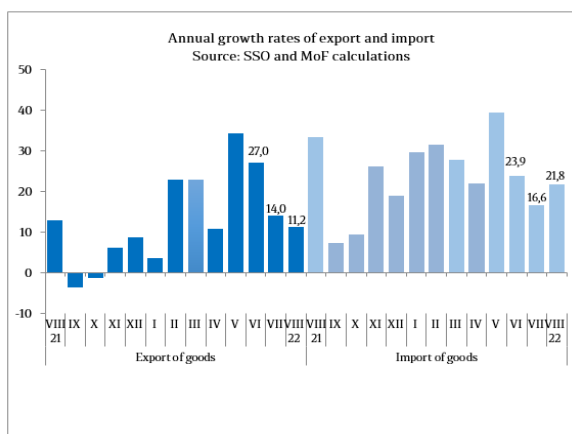


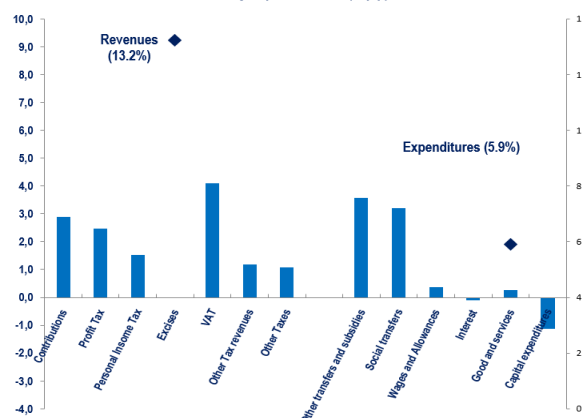


MONTHLY NEWSLETTER – OCTOBER 2022

- Under the latest Rating Report, published on 28th October 2022, "Fitch Ratings" Credit Agency, affirmed North Macedonia's credit rating at BB + with a negative outlook.
- In the period January - September 2022, **industrial production** grew by 0.9% y/y, as a result of the increase in Mining and quarrying by 2.1% and Electricity and gas supply by 7.8%, with Manufacturing remaining unchanged compared to the same period last year. However, in September 2022, **industrial production** decreased by 0.5% y/y, due to the drop in Mining and quarrying (33.3%) and Electricity and gas supply (2.0%), while Manufacturing increased by 5.5%.
- In September 2022, **inflation rate** accounted for 18.7% y/y, following a 16.8% y/y inflation rate in August. In the period January - September 2022, average inflation accounted for 12.4% y/y.
- In the period January - August 2022, **export of goods** grew by 18.3% on annual basis amidst increase of the **import of goods** by 26.2%, which led to an increase of the **trade deficit** by 47.7%.



Contributions to changes in revenues and expenditures, January-September 2022/January-September 2021 (in p.p)



- In the first eight months of 2022, **average net nominal wage** grew by 9.6% y/y on average. In August 2022, nominal wage increased by 11.3% and amounted to Denar 31,871 (EUR 518), with the average gross nominal wage amounting to Denar 47,691 (EUR 776).
- In September 2022, **credit activity** increased by 9.9% on annual basis, led by higher lending to enterprises (12.6% growth), whereby household lending grew by 7.6%. **Total deposits** were higher by 3.4% (y/y), reflecting growth in both household (5.3%) and corporate (0.4%) deposits.
- In the period January - September 2022, total budget revenue collection accounted for 72.7% of the 2022 Supplementary Budget. **Budget revenues** grew by 13.2% y/y, whereby tax revenues picked up by 16% y/y, while social contributions increased by 8.9% y/y. Higher tax revenues were driven by PIT, VAT, profit tax, other tax revenues and import duties.
- In the period January - September 2022, total expenditure execution accounted for 67.5% of the 2022 Supplementary Budget. **Budget expenditures** grew by 5.9% y/y. Current expenditures surged by 7.7% y/y, while capital expenditures recorded lower execution by 14.1%. **Budget deficit** stood at 2% of MoF- projected GDP for 2022, while the primary deficit accounts for 1% 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	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	2,05**
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-October 2022
 *** Actual for October 2022, ratio based on MoF projections
 **** Actual Q2/22

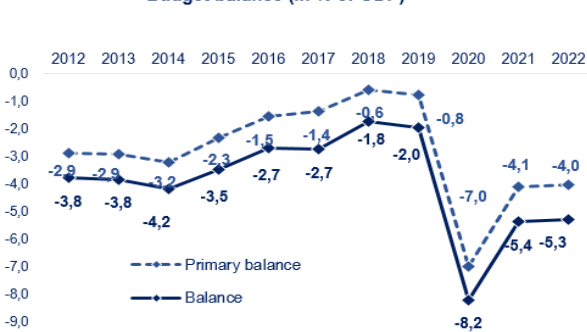
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2022	2022
IMF, WEO (October 2022)	2,7	10,6
European Commission (May 2022)	3,0	6,7
World Bank (October 2022)	2,1	12,1
National Bank (May 2022)	2,9	8,8
MoF, North Macedonia (May 2022)	3,2	7,2

Credit rating, latest

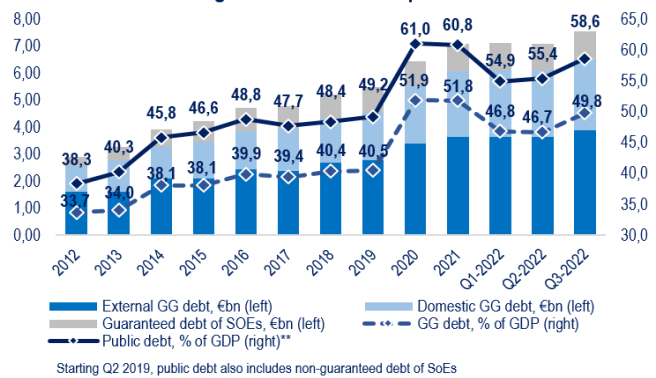
	Rating	Outlook
Standard & Poor's, August 2022	BB-	Stable
Fitch, October 2022	BB+	Negative

Budget balance (in % of GDP)



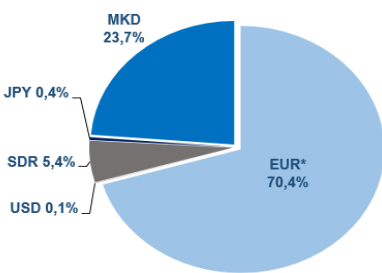
*Ratios using MoF GDP forecast for 2021

General government and total public debt



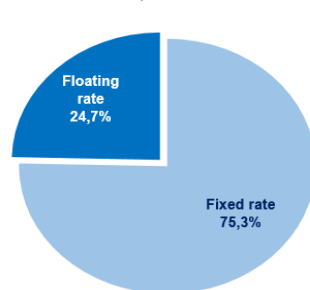
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs

GG debt - Currency structure, Q3 2022

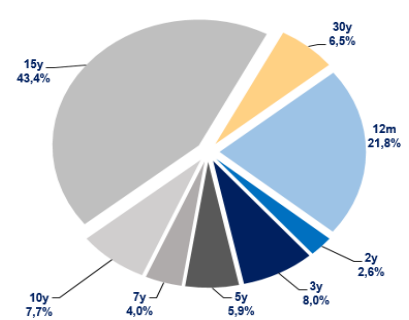


*Includes FX-linked domestic government securities

GG debt - Interest rate structure, Q3 2022



Domestic government securities - original maturity, October 2022



Domestic government securities, EUR m

Outstanding, 31-th November 2022	2485
- Of which without FX clause	1518
- Of which with FX clause	967
Total planned gross issuance for 2022*	441,14
Total planned net issuance for 2022	358,29
- Of which net issued by October 2022	113,49

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

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

	in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause				2,30						4,40	
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%	99,17	6,743	480	423
Jan-25	BB-	BB	€ 500	2,750%	90,96	7,363	523	429
Jun-26	BB-	BB+	€ 700	3,675%	88,89	7,319	518	425
Mar-28	BB-	BB+	€ 700	1,625%	75,15	7,441	524	435