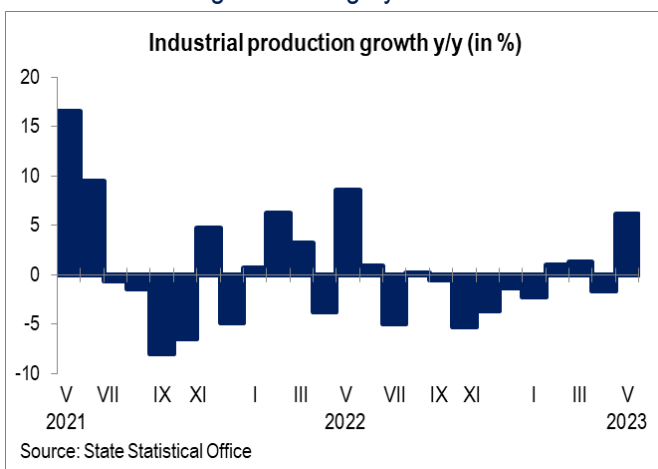




MONTHLY NEWSLETTER – JUNE 2023

- The **unemployment rate** (15-74) in Q1 2023 reached 13.3%. At the same time, employment rate (15-89) amounted to 45.1% and activity rate (15-89) reached 52.0%.
- In April 2023, average **net wage** recorded an annual growth of 14.6% in nominal terms and a 1.4% growth in real terms. The average net wage amounted to Denar 36,134 (EUR 587), with the average gross wage amounting to Denar 54,177 (EUR 879).
- **Industrial production** in May 2023 increased by 6.1% annually, as a result of the growth in Manufacturing (5.3%), Mining (8.6%), and Electricity (4.0%). In the first five months of 2023, industrial production rose by 1.0%, with Manufacturing decreasing by 0.5%.



- **Inflation** in May 2023 registered an annual growth of 11.3% (13.0% in April 2023), which represents a continuous slowdown in annual growth in recent months. In January - May 2023, the inflation rate was 14.5%. In the same period, prices of food increased by 20.5% (y/y).
- In the first four months of 2023, **export of goods** grew by 6.3% on annual basis, while **import of goods** dropped by 7.9%, which led to a decrease of the **trade deficit** by 36.5% compared to the same period of 2022.
- In May 2023, **credit activity** increased by 6.5% on annual basis, with both household lending and lending to enterprises increasing by 6.5%. Total **deposits** were higher by 10.7% (y/y), reflecting growth in both household deposits by 8.7%, and corporate deposits by 17.8%.
- In June 2023, the National Bank once again increased the **monetary policy rate** by 0.25 pp, from 5.75% to 6.00%.
- In the period January-May 2023, total budget revenues were realized 38.9% of the Budget for 2023. **Budget revenues** grew by 14.5% y/y, whereby tax revenues picked up by 7.1% y/y, while social contributions increased by 18.9% y/y. Higher tax revenues were driven by PIT, profit tax, VAT, excises, other tax revenues and import duties.
- **Total expenditures** in the period January-May 2023 were realized 38.4% of the Budget for 2023. **Budget expenditures** grew by 19.6% y/y. Current expenditures surged by 11.7% y/y, while capital expenditures recorded higher execution by 124.9%. **Budget deficit** stood at 1.7% of MoF- projected GDP for 2023, while primary deficit is 1.2% of of MoF- projected GDP for 2023.



Key macroeconomic indicators and projections

	2016	2017	2018	2019	2020	2021	2022	2023*
Real GDP growth, %	2.8	1.1	2.9	3.9	-4.7	3.9	2.1	2.5
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,690	12,898	14,396
Average annual inflation, %	-0.2	1.4	1.5	0.8	1.2	3.2	14.2	8.9
Budget balance, % of GDP	-2.7	-2.7	-1.8	-2.0	-8.0	-5.4	-4.5	-4.8
General government debt, e.o.p., % of GDP	39.9	39.4	40.4	40.5	50.8	52.0	51.0	50.0***
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-3.1	-6.0	-4.2
Average unemployment rate, %	23.7	22.4	20.7	17.3	16.4	15.4	14.4	14.0
Average exchange rate MKD/EUR	61.6	61.6	61.5	61.5	61.7	61.6	61.6	61.6
Key monetary policy rate, %	3.73	3.27	2.92	2.29	1.65	1.29	2.46	5.46**
Foreign reserves, e.o.p., % of GDP	27.1	23.3	26.7	29.0	31.0	31.2	29.9	29.0***

*MoF projections, unless otherwise noted

**Average monetary policy rate for January-June 2023

***Actual for May 2023, ratio based on MoF projections

****Actual for Q1 2023

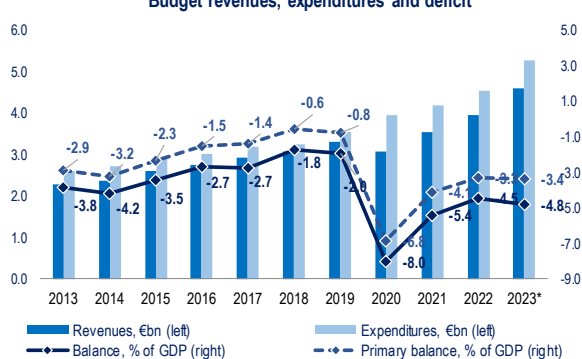
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2023	2023
IMF, WEO (April 2023)	1.4	9.2
European Commission (May 2023)	2.0	7.9
World Bank (April 2023)	2.4	9.2
National Bank (May 2023)	2.1	8.0 - 9.0
MoF, North Macedonia (April 2023)	2.5	8.9

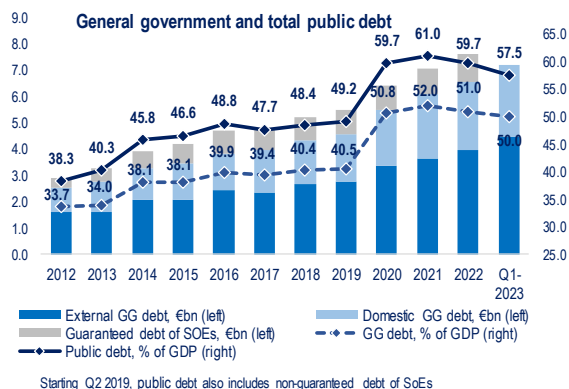
Credit rating, latest

	Rating	Outlook
Standard & Poor's, January 2023	BB-	Stable
Fitch, April 2023	BB+	Stable

Budget revenues, expenditures and deficit

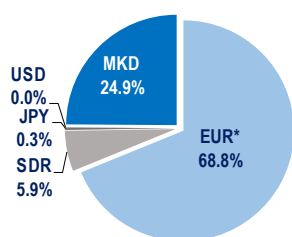


General government and total public debt



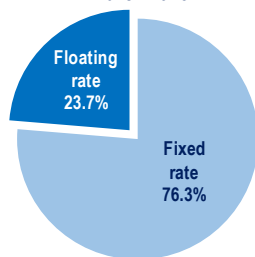
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs

GG debt - Currency structure, March 2023

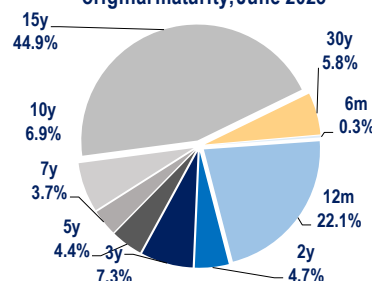


*Includes FX-linked domestic government

GG debt - Interest rate structure, March 2023



Domestic government securities - original maturity, June 2023



Domestic government securities, EUR m

Outstanding, 30th June 2023	2759.0
- Of which without FX clause	1845.0
- Of which with FX clause	914.0
Total planned gross issuance for 2023*	546.8
Total planned net issuance for 2023	350.2
Of which net issued by June 2023	271.9

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

Yields on domestic government securities issued on the primary market during June 2023

	in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause				4.00						5.90	
With FX clause										5.65	

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%	99.89	7.052	272	252
Jan-25	BB-	BB+	€ 500	2.750%	95.10	6.161	319	232
Jun-26	BB-	BB+	€ 700	3.675%	93.20	6.297	358	284
Mar-28	BB-	BB+	€ 700	1.625%	101.95	6.334	419	343
Mar-27	BB-	BB+	€ 500	6.960%	80.83	6.498	370	301