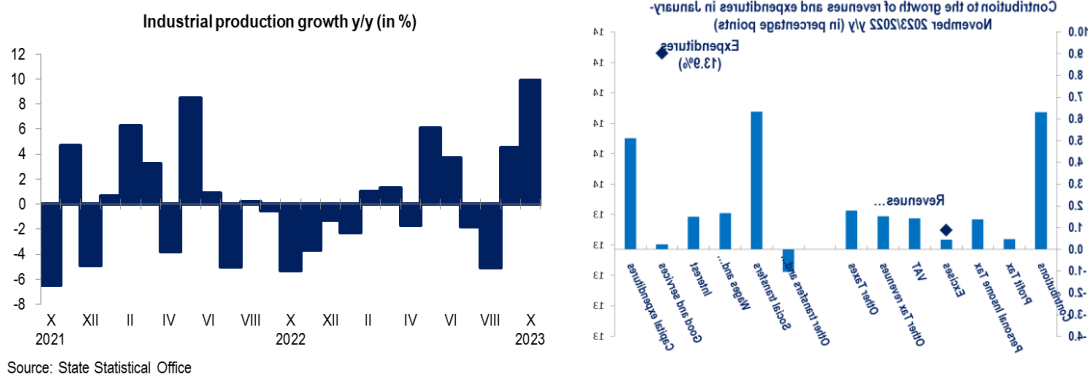




## MONTHLY NEWSLETTER – NOVEMBER 2023

- In October 2023 **industrial production** increased by 9.9% annually, which is the highest growth rate since May 2021. This growth is a result of the increased production in Electricity, gas, steam and air conditioning supply (by 19.0%), Mining and Quarrying (by 15.9%) and Manufacturing (by 8.2%). In the first ten months of 2023, industrial production increased by 1.7%, with Electricity, gas, steam and air conditioning supply increasing by 18.6%.
- **Inflation** in October 2023 registered an annual growth of 3.5% (6.6% in September 2023), which represents a slowdown in annual growth compared to recent months. In January-October 2023, the inflation rate was 10.7%. In the same period, prices of food increased by 14.3% (y/y) and the core inflation increased by 8.6%.
- **Current account surplus** in the period January – September of 2023 amounted to EUR 241.3 million (1.7% of MoF-projected GDP for 2023), as a result of the significant reduction in the trade deficit and the high amount of remittances. In Q3 alone, the current account registered a surplus of EUR 258.9 million.



- **Inward FDIs** amounted to EUR 63.6 million in Q3 2023, being significantly lower compared to the same quarter last year. In the period January - September of 2023, FDI amounted to EUR 352.1 million, decreasing by 30.2% compared to the same period in 2022. In the structure of FDI, the equity and reinvestment of earnings have more than doubled and amount to EUR 478 million in Q1-Q3 2023, but debt instruments had a significant negative contribution.
- In the first nine months of 2023, **export** of goods grew by 1.4% on annual basis, while **import** of goods dropped by 8.4%, which led to a decrease of the **trade deficit** by 29.5% compared to the same period of 2022.
- In the period January - September 2023, **average net wage** recorded a nominal growth of 14.3% y/y, and in September amounted to Denar 37,876 (EUR 615), with the average gross nominal wage amounting to Denar 56.896 (EUR 924).
- In October 2023, **credit activity** increased by 5.3% on annual basis, with a growth registered in both lending to households (6.3%) and lending to enterprises (4.1%). Total **deposits** were higher by 8.0% (y/y), reflecting growth in both household deposits by 6.8%, and corporate deposits by 14.1%.
- In the period January-November 2023, total budget revenues were realized 88.14% of the Budget for 2023. **Budget revenues** grew by 13.3% y/y, whereby tax revenues increased by 8.9% y/y, while social contributions increased by 20.1% y/y. Higher tax revenues were driven by other tax revenues, PIT, import duties; profit tax and excises. The tax revenues from VAT increased by 5.2% y/y.
- Total expenditures in the period January-November 2023 were realized 85.28% of the Budget for 2023. **Budget expenditures** grew by 13.9% y/y. Current expenditures surged by 9.6% y/y, while capital expenditures higher execution by 63.5%. **Budget deficit** stood at 3.20% 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	4.5	2.2	2.3
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,836	13,033	14,519
Average annual inflation, %	-0.2	1.4	1.5	0.8	1.2	3.2	14.2	9.2
Budget balance, % of GDP	-2.7	-2.7	-1.8	-2.0	-8.0	-5.3	-4.4	-4.8
General government debt, e.o.p., % of GDP	39.9	39.4	40.4	40.5	50.8	51.4	50.5	47.8****
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-3.1	-5.9	-1.4
Average unemployment rate, %	23.7	22.4	20.7	17.3	16.4	15.4	14.4	13.1**
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	5.8***
Foreign reserves, e.o.p., % of GDP	27.1	23.3	26.7	29.0	31.0	30.8	29.6	27.0****

\*MoF projections, unless otherwise noted

\*\*Actual for Q2 2023. Data for 2023 aren't comparable to previous years because of changes in methodology

\*\*\*Average monetary policy rate for January-November 2023

\*\*\*\*Actual for October 2023, ratio based on MoF projections

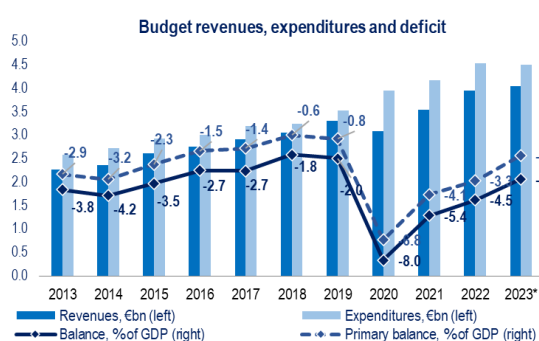
\*\*\*\*\*Actual for Q3 2023

**Latest GDP and inflation estimates and forecasts**

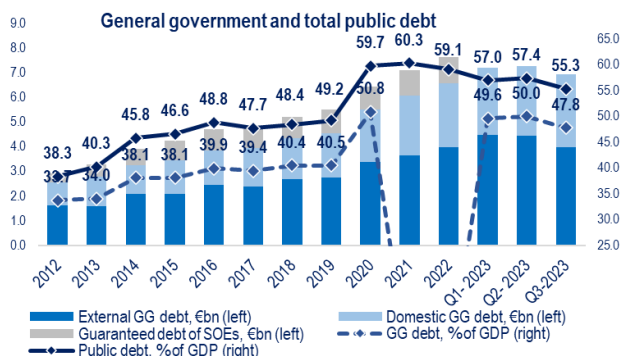
	Real GDP growth, %	Average inflation, %
	2023	2023
IMF, WEO (October 2023)	2.5	10.0
European Commission (November 2023)	2.0	9.5
World Bank (October 2023)	1.8	9.1
National Bank (November 2023)	1.9	9.5
MoF, North Macedonia (December 2023)	2.3	9.2

**Credit rating, latest**

	Rating	Outlook
Standard & Poor's, July 2023	BB-	Stable
Fitch, October 2023	BB+	Stable

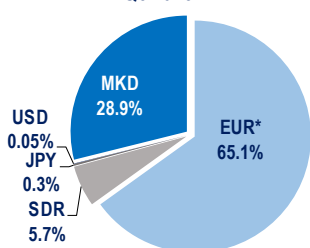


\*2023 Budget (January-November) data and MoF GDP forecast



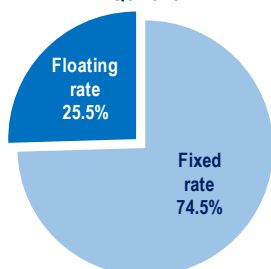
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs  
\* Ratio using MoF - GDP forecast for 2023

**GG debt - Currency structure, Q3 2023**

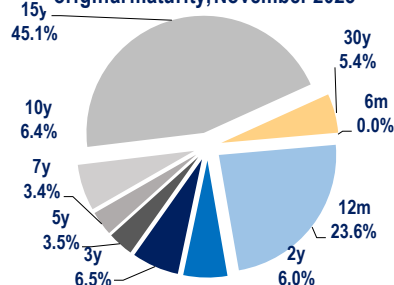


\*Includes FX-linked domestic government

**GG debt - Interest rate structure, Q3 2023**



**Domestic government securities - original maturity, November 2023**



**Domestic government securities, EUR m**

Outstanding, 30th November 2023	2,993.6
- Of which without FX clause	2,077.7
- Of which with FX clause	915.9
Total planned net issuance for 2023	633.7
Of which net issued by November 2023	500.0

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

**Yields on domestic government securities issued on the primary market during November 2023**

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			4.25	5.00					6.15	
With FX clause										

**Republic of North Macedonia outstanding eurobonds, at the end of November 2023**

Maturity date	Rating		Original/outstanding size (mn)	Coupon	Price	Yield	Bid Spread vs. BM	Bid z-Spread vs. MS
	S&P	F						
Jan-25	BB-	BB+	€ 500	2.750%	96.86	5.683	250	190
Jun-26	BB-	BB+	€ 700	3.675%	94.80	5.960	324	277
Mar-28	BB-	BB+	€ 700	1.625%	83.37	6.167	373	322
Mar-27	BB-	BB+	€ 500	6.960%	102.74	6.003	337	285