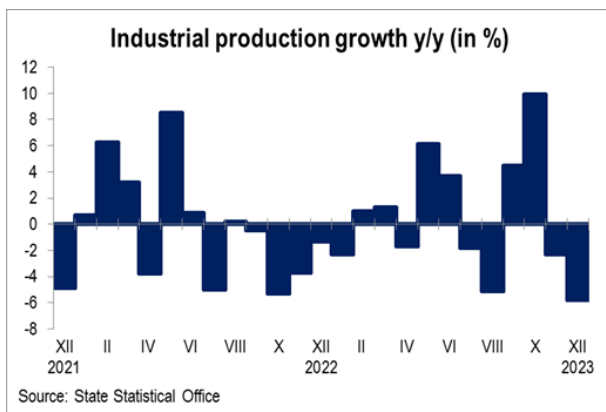




## MONTHLY NEWSLETTER – JANUARY 2024

- In December 2023, **inflation rate** increased to a level of 3.6% y/y, (3.1% in November 2023). In 2023, the inflation rate was 9.4%. In the same period, prices of food increased by 11.8% (y/y) and the core inflation increased by 8.2%.
- In December 2023, **industrial production** decreased by 5,8% y/y, which was a result of the decrease in Electricity (by 23.2%), Manufacturing (by 3.2%), and Mining and quarrying (by 3.0%). In 2023, Industry increased by 0.7%.



- In the period January – November 2023, exports of goods grew by 0.2% on an annual basis, while import of goods dropped by 8.3%, which led to a decrease of the trade deficit by 27.1% compared to the same period of 2022.
- In November 2023, bank **lending** grew by 5.1% y/y, with lending to corporate sector and lending to households increasing by 3.3% y/y and 6.7% y/y respectively. **Total deposits** were higher by 8.7% y/y, reflecting a sustained growth in both household (7.9% y/y) and corporate deposits (13.2% y/y).
- In the period January – November 2023, **net nominal wage** grew by 14.8% y/y on average. In November 2023, it amounted to Denar 38,359 (EUR 624), whereas the average gross wage amounted to Denar 57,609 (EUR 937).
- On the 30<sup>th</sup> January, S&P Global Ratings affirmed the rating of Republic of North Macedonia as BB - Stable.
- In January 2024, total budget revenues were realized 6.9% of the Budget for 2024. **Budget revenues grew** by 11.3% y/y, whereby tax revenues picked up by 13.4% y/y, while social contributions increased by 20.1% y/y. Higher other tax revenues were driven by PIT, import duties, profit tax, excises and VAT, and excises recorded lower execution.
- Total expenditures in January 2024 were realized 7.1% of the Budget for 2024. **Budget expenditures grew** by 17.4% y/y. Current expenditures surged by 19.5% y/y, while capital expenditures recorded lower execution by 14.4%. **Budget deficit** stood at 0.13% of MoF- projected GDP for 2024.



Key macroeconomic indicators and projections

	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Real GDP growth, %	2.8	1.1	2.9	3.9	-4.7	4.5	2.2	2.3*	3.4
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,836	13,033	14,520*	15,917
Average annual inflation, %	-0.2	1.4	1.5	0.8	1.2	3.2	14.2	9.4	3.6
Budget balance, % of GDP	-2.7	-2.7	-1.8	-2.0	-8.0	-5.3	-4.4	-4.6**	-3.4
General government debt, e.o.p., % of GDP	39.9	39.4	40.4	40.5	50.8	51.4	50.5	50.0	50.0***
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-2.8	-6.1	-1.4*	-2.2
Average unemployment rate, %	23.7	22.4	20.7	17.3	16.4	15.4	14.4	12.8*	11.9
Average exchange rate MKD/EUR	61.6	61.6	61.5	61.5	61.7	61.6	61.6	61.6	61.6
Key monetary policy rate (average), %	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	31.3	/

\*MoF projections

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

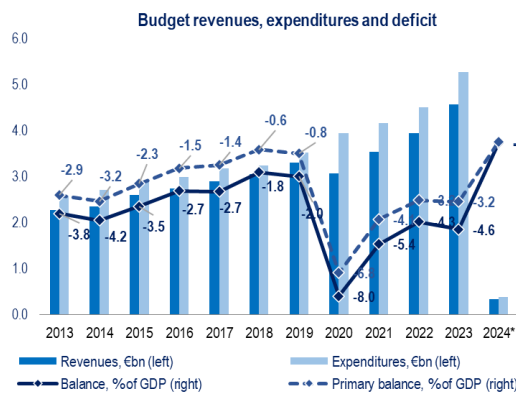
\*\*\* Actual for Q4 2023

Latest GDP and inflation estimates and forecasts

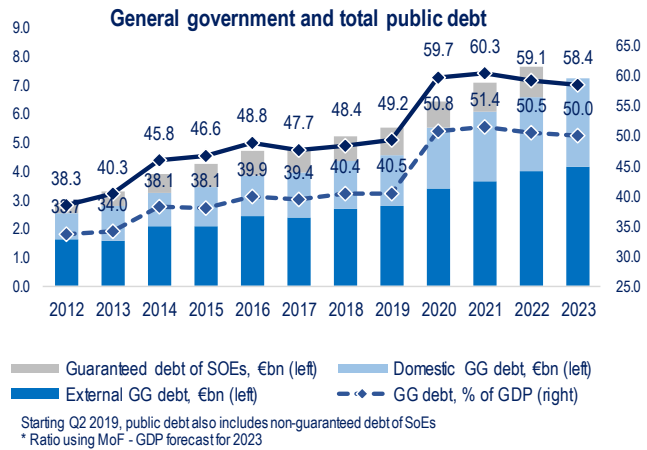
	Real GDP growth, %		Average inflation, %	
	2023	2024	2023	2024
IMF, WEO (October 2023)	2.5	3.2	10.0	4.3
European Commission (November 2023)	2.0	2.7	9.5	4.1
World Bank (January 2024)	1.8	2.5	9.1	3.0
National Bank (November 2023)	1.9	3.0	9.5	3.5-4.0
MoF, North Macedonia (December 2023)	2.3	3.4	9.2	3.6

Credit rating, latest

	Rating	Outlook
Standard & Poor's, January 2024	BB-	Stable
Fitch, October 2023	BB+	Stable

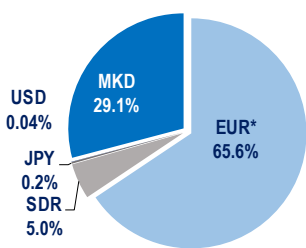


\*2024 (January) Budget data and MoF GDP forecast



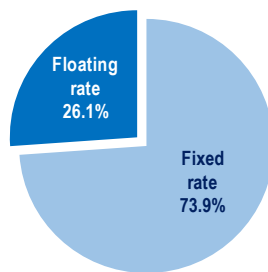
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs  
\* Ratio using MoF - GDP forecast for 2023

GG debt - Currency structure, Q4 2023

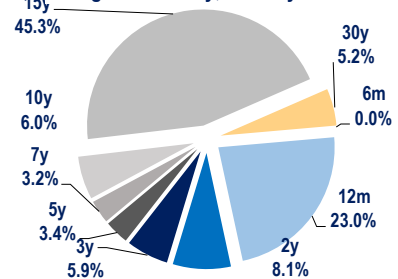


\*Includes FX-linked domestic government

GG debt - Interest rate structure, Q4 2023



Domestic government securities - original maturity, January 2024



Domestic government securities, EUR m

Outstanding, 31st January 2024	3,118.2
- Of which without FX clause	2,214.6
- Of which with FX clause	903.6
Total planned gross issuance for 2024*	654.7
Total planned net issuance for 2024	350.2
Of which net issued by January 2024	94.1

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

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

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			4.10	4.55	4.65				6.00	
With FX clause										

Republic of North Macedonia outstanding eurobonds, latest

Maturity date	Rating		Original/outstanding size (mn)	Coupon	Price	Yield	Bid Spread	
	S&P	F					vs. BM	vs. MS
Jan-25	BB-	BB+	€ 500	2.750%	97.50	5.488	239	196
Jun-26	BB-	BB+	€ 700	3.675%	96.87	5.123	264	230
Mar-28	BB-	BB+	€ 700	1.625%	86.36	5.422	326	282
Mar-27	BB-	BB+	€ 500	6.960%	104.39	5.383	278	254