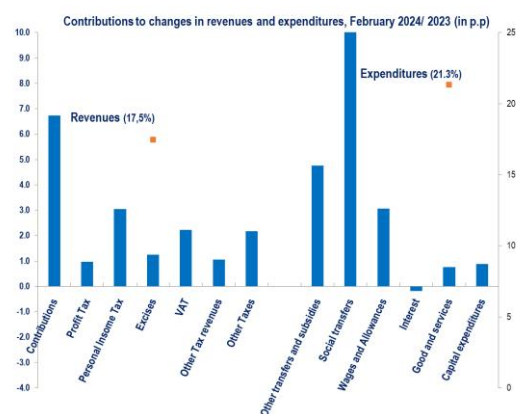
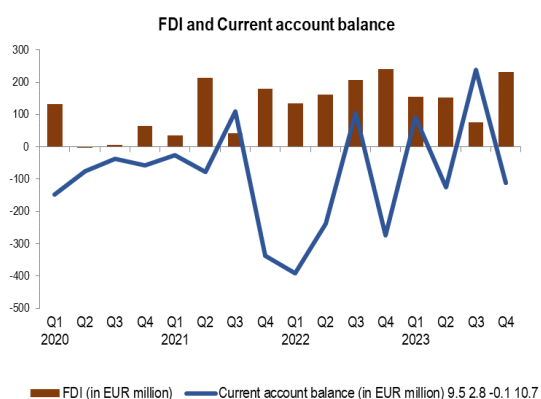




## MONTHLY NEWSLETTER – FEBRUARY 2024

- In January 2024, **inflation rate** hovered at 3.2% y/y (3.6% in December 2023). In the same period, prices of food increased by 1.9% (y/y) and the core inflation increased by 5.2%.
- In 2023 Q4, inward **FDIs** amounted to EUR 233 million, bringing the total FDI inflows in 2023 to a total of EUR 617 million, which is the second highest FDI amount in the country's history, after the previous year's record high. The FDI inflows in 2023 accounted for 4.2% of MoF-projected GDP.
- **The current account** in 2023 recorded a surplus for only the second time in the country's history, amounting to record high EUR 95 million, i.e. 0.7% of MoF- projected GDP for 2023. In 2023 the deficit in the trade of goods reduced significantly (by around 25%), while the remittances continued to grow, albeit at a slower pace compared to the previous years.



- In December 2023, **exports of goods** grew by 1.3% y/y, while **import of goods** dropped by 5.3%. In 2023, exports of goods increased by 0.3%, while imports of goods decreased by 8.1%, which led to a trade deficit of 19.5% of MoF projected GDP.
- In January 2024, bank **lending** grew by 5.7% y/y, with lending to corporate sector and lending to households increasing by 4.3% y/y and 6.9% y/y respectively. **Total deposits** were higher by 10.0% y/y, reflecting a sustained growth in both household (7.8% y/y) and corporate deposits (15.9% y/y).
- In 2023, **net nominal wage** grew by 14.9% y/y on average. In December 2023, it amounted to Denar 39,998 (EUR 649), whereas the average gross wage amounted to Denar 60,036 (EUR 975).
- In the first two months in 2024, total budget revenues were realized at 13.9% of the 2024 Budget. **Budget revenues** grew by 17.5% y/y, whereby tax revenues picked up by 16.7% y/y, while social contributions increased by 19.7% 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 the first two months 2024 were realized at 17.9% of the 2024 Budget. **Budget expenditures** grew by 21.3% y/y. Current expenditures surged by 16.5% y/y, while capital expenditures recorded higher execution by 8.1%. Budget deficit stood at 0.85% 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****	
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-2.8	-6.1	0.7	-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	6.3***
Foreign reserves, e.o.p., % of GDP	27.1	23.3	26.7	29.0	31.0	30.8	29.6	31.3	27.2****

\*MoF projections

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

\*\*\*Monetary policy rate for January 2024

\*\*\*\*Actual for January 2024, ratio based on MoF projections

\*\*\*\*\*Actual for Q4 2023

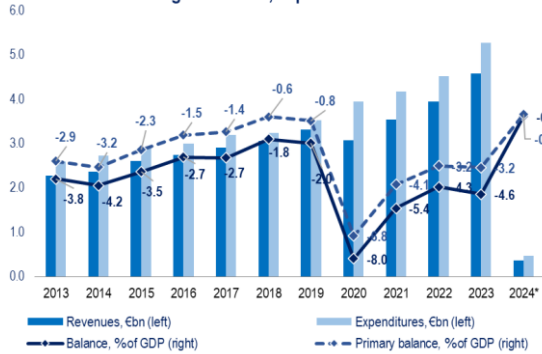
Latest GDP and inflation estimates and forecasts

	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

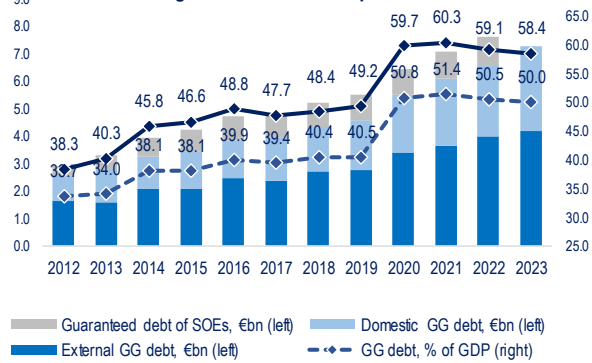
	Rating	Outlook
Standard & Poor's, January 2024	BB-	Stable
Fitch, October 2023	BB+	Stable

Budget revenues, expenditures and deficit



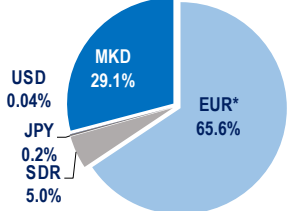
\*2024 (February) Budget data and MoF GDP forecast

General government and total public debt



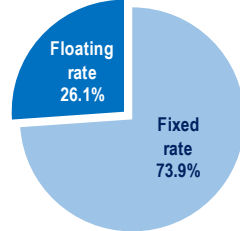
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs  
\* Ratio using MoF - GDP forecast for 2023

GG debt - Currency structure, Q4 2023

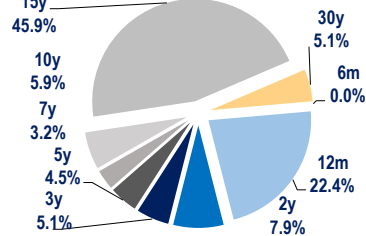


\*Includes FX-linked domestic government

GG debt - Interest rate structure, Q4 2023



Domestic government securities - original maturity, February 2024



Republic of North Macedonia outstanding eurobonds, at the end of February 2024

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%	97.74	5.438	201	172
Jun-26	BB-	BB+	€ 700	3.675%	96.57	5.325	243	217
Mar-28	BB-	BB+	€ 700	1.625%	86.61	5.426	293	253
Mar-27	BB-	BB+	€ 500	6.960%	104.37	5.354	233	218

Domestic government securities, EUR m

Outstanding, 29th February 2024	3,176.2
- Of which without FX clause	2,280.7
- Of which with FX clause	895.5
Total planned net issuance for 2024	358.3
Of which net issued by February 2024	152.3

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

Yields on domestic government securities issued on the primary market during February 2024

	in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause				4.00			4.50				5.90
With FX clause											