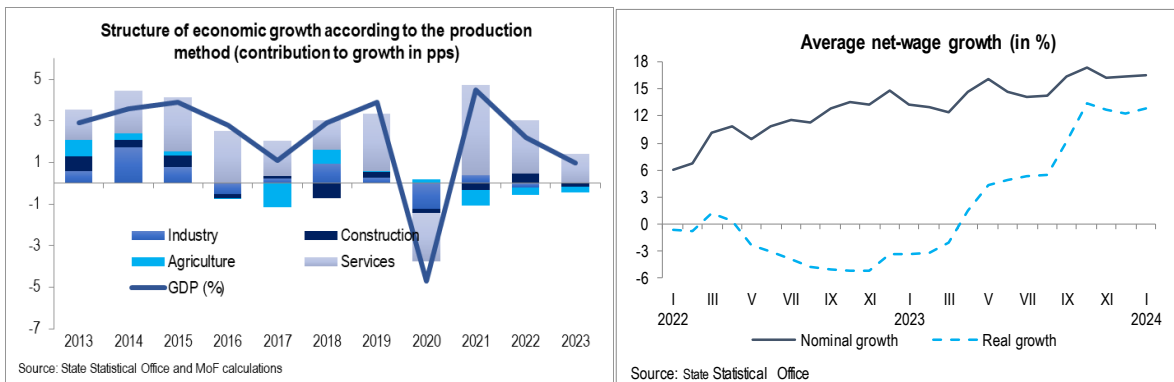




## MONTHLY NEWSLETTER – MARCH 2024

- In 2023 Q4, **real GDP** increased by 0.9% y/y, thereby the economic growth amounted to 1.0% throughout 2023. In 2023, economic growth was supported by the private consumption (2.4%) and net exports, with the investment dropping significantly by 16.7%. According to the production approach, the activity in the services sector surged by 2.5%, whereas activity decreased in agriculture (by 3.8%), construction (by 2.3%), and the industrial sector (by 0.1%).
- The minimum wage starting from March 2024 increased by 11.9% and amounts to Denar 22,567 (EUR 366).
- In 2023 Q4, the **unemployment rate** halted its downward trend, reaching 13.0% in the fourth quarter, thus being higher by 0.2 percentage points compared to the previous quarter.
- In March 2024, **inflation rate** increased to a level of 4.0% y/y, (3.0% in February 2024). In the period January-March 2024, inflation was 3.4%, prices of food increased by 2.4% (y/y) and the core inflation increased by 5.0%.



- In January 2024, average **net wage** recorded an annual growth of 16.5% in nominal terms and 12.9% in real terms. In January 2024, the average net wage amounted to Denar 39,542 (EUR 642), with the average gross wage amounting to Denar 59,392 (EUR 964).
- In February 2024 **industrial production** increased by 0.3% annually. In the first two months of 2024, industrial production increased by 1.5%, as a result of the growth in Manufacturing by 4.0%, while Electricity, gas, steam and air conditioning supply and Mining decreased.
- In the first two months of 2024, **export of goods** dropped by 9.9% on annual basis, while **import of goods** declined by 1.1%, which led to widening of the **trade deficit** by 26.5% compared to the same period of 2023.
- In February 2024, bank **lending** grew by 6.5% y/y, with lending to corporate sector and lending to households increasing by 5.9% y/y and 7.2% y/y respectively. **Total deposits** were higher by 9.3% y/y, reflecting a sustained growth in both household (8.6% y/y) and corporate deposits (12.3% y/y).
- In the period January-March 2024, total budget revenues were realized 22.4% of the Budget for 2024. **Budget revenues** grew by 6.7% y/y, whereby tax revenues picked up by 16% y/y, while social contributions increased by 18.3% y/y. Higher tax revenues were driven by VAT, PIT, import duties excises other tax revenues and profit tax.
- Total expenditures in the period January-March 2024 were realized 24.4% of the Budget for 2024. **Budget expenditures** grew by 13.4% y/y. Current expenditures surged by 14.5% y/y, while capital expenditures recorded lower execution by 0.5%. **Budget deficit** stood at 1.48% of MoF- projected GDP for 2024.



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	1.0
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,836	13,033	13,656
Average annual inflation, %	-0.2	1.4	1.5	0.8	1.2	3.2	14.2	9.4
Budget balance, % of GDP	-2.7	-2.7	-1.8	-2.0	-8.0	-5.3	-4.4	-4.9
General government debt, e.o.p., % of GDP	39.9	39.4	40.4	40.5	50.8	51.4	50.5	50.4*
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-2.8	-6.1	0.7
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 (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

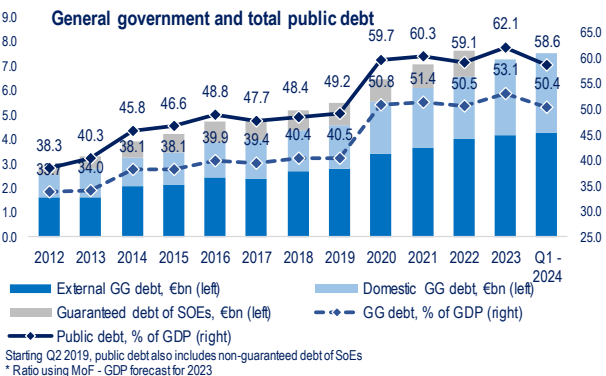
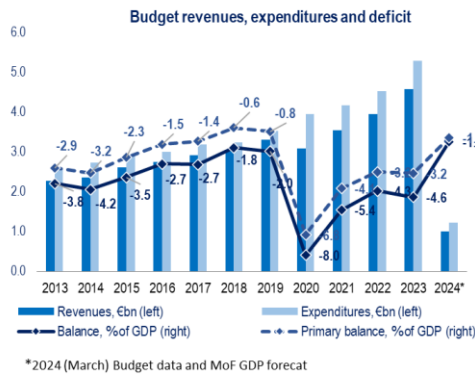
\*Actual for Q1-2024

Latest GDP and inflation estimates and forecasts

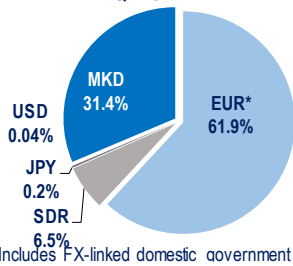
	Real GDP growth, %		Average inflation, %	
	2023	2024	2023	2024
IMF, WEO (October 2023)	2.5	3.2	10.0	4.3
European Commission (November 2023)	2.0	2.7	9.5	4.1
World Bank (April 2024)	1.0	2.5	9.4	3.0
National Bank (November 2023)	1.9	3.0	9.5	3.5-4.0
MoF, North Macedonia (December 2023)	2.3	3.4	9.2	3.6

Credit rating, latest

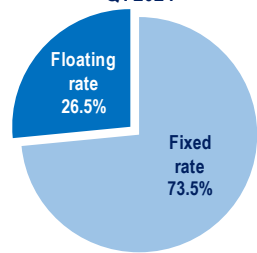
	Rating	Outlook
Standard & Poor's, January 2024	BB-	Stable
Fitch, October 2023	BB+	Stable



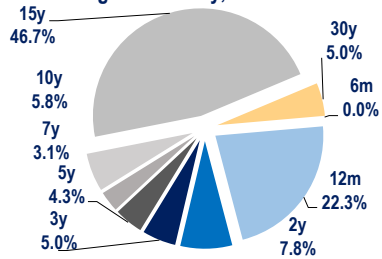
GG debt - Currency structure, Q1 2024



GG debt - Interest rate structure, Q1 2024



Domestic government securities - original maturity, March 2024



Domestic government securities, EUR m

Outstanding, 31st March 2024	3,253.4
- Of which without FX clause	2,355.0
- Of which with FX clause	898.4
Total planned net issuance for 2024	358.3
Of which net issued by March 2024	219.2

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

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

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			3.80				4.20		5.60	
With FX clause										

Republic of North Macedonia outstanding eurobonds, at the end of March 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%	97.80	5.625	225	197
Jun-26	BB-	BB+	€ 700	3.675%	96.83	5.253	243	217
Mar-28	BB-	BB+	€ 700	1.625%	86.72	5.466	310	271
Mar-27	BB-	BB+	€ 500	6.960%	104.55	5.246	262	217