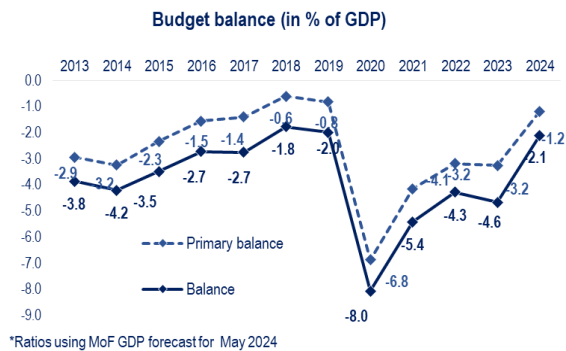
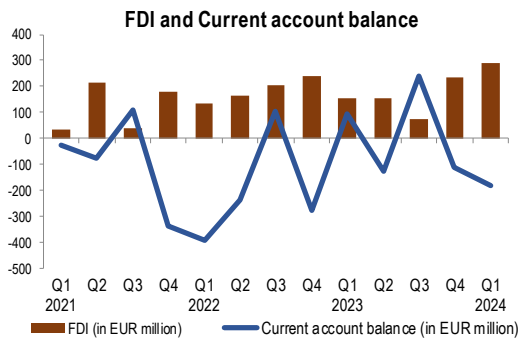




MONTHLY NEWSLETTER – MAY 2024

- In 2024 Q1, **real GDP** increased by 1.2% y/y. The economic growth is a reflection of the 23.6% growth in gross investments, mainly as a result of the base effect, as well as the increase in both private (2.0%) and public (2.4%) consumption. On the other hand, net export was negative (with a decrease in exports of 7.8% accompanied by an increase in imports of 0.2%). According to the production approach, growth was recorded only in the service sector, with Trade and Transport increasing by 6.9%, while a decrease was recorded in agriculture (-19.7%), construction (-2.5%), and industry (-1.2%).
- **The current account** recorded a deficit of EUR 185.0 million in Q1 2024, while in the same quarter last year it had recorded a surplus. The less favourable trend in the current account is a result of the increase of the trade deficit (by 46.6% on annual basis), but also the 17.2% fall of secondary income.
- Inward **FDIs** amounted to EUR 290.2 million in Q1 2024, almost doubling compared to Q1 2023. Most of the FDIs were in the Equity and reinvestment of earnings category, which amounted to EUR 233.8 million, with debt instruments amounting to EUR 56.4 million.



- In April 2024 **industrial production** decreased by 1.2% annually. In the first four months of 2024, industrial production decreased by 2.6%, as a result of the fall in Electricity, gas, steam and air conditioning supply by 27.9% and Mining by 1.7%, while Manufacturing grew by 0.8%.
- In May 2024, **inflation rate** reached a level of 4.5% y/y, (4.0% in March 2024). In the period January-May 2024, inflation was 3.8%, prices of food increased by 3.2% (y/y) and the core inflation increased by 4.9%.
- In the first four months of 2024, **export of goods** dropped by 5.3% on annual basis, while **import of goods** grew by 3.8%, which led to an increase of the **trade deficit** by 34.6% compared to the same period of 2023.
- In the period January-March 2024, average net wage recorded an annual growth of 16.3% in nominal terms and a 12.5% increase in real terms. In March 2024, the average net wage amounted to Denar 40,496 (EUR 657), with the average gross wage amounting to Denar 60,803 (EUR 987).
- In April 2024, bank **lending** grew by 6.8% y/y, with lending to corporate sector and lending to households increasing by 6.6% y/y and 7.0% y/y respectively. **Total deposits** were higher by 9.3% y/y, reflecting a sustained growth in both household (10.8% y/y) and corporate deposits (8.0% y/y).
- In the period January-May 2024, total budget revenues were realized 39.9% of the Budget for 2024. Budget revenues grew by 11.% y/y, whereby tax revenues picked up by 16,3% y/y, while social contributions increased by 17,8% 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-May 2024 were realized 41.5% of the Budget for 2024. Budget expenditures grew by 14.4% y/y. Current expenditures surged by 20.3% y/y, while capital expenditures recorded lower execution by 24.7%. Budget deficit stood at 2.09% 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	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

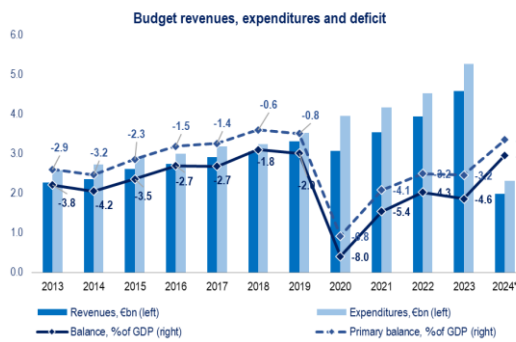
*Actual for Q1 2024

Latest GDP and inflation estimates and forecasts

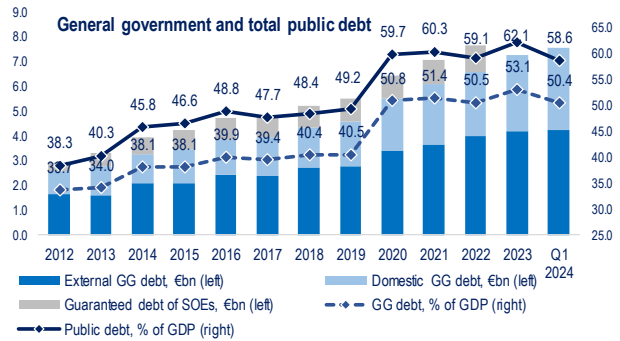
	2024	Average inflation, % 2024
IMF, WEO (April 2024)	2.7	4.0
European Commission (November 2023)	2.7	4.1
World Bank (April 2024)	2.5	3.0
National Bank (November 2023)	3.0	3.5-4.0
MoF, North Macedonia (December 2023)	3.4	3.6

Credit rating, latest

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

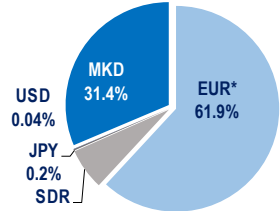


*2024 (March) Budget data and MoF GDP forecast



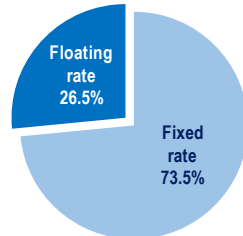
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs
* Ratio using MoF - GDP forecast for 2023

GG debt - Currency structure, Q1 2024

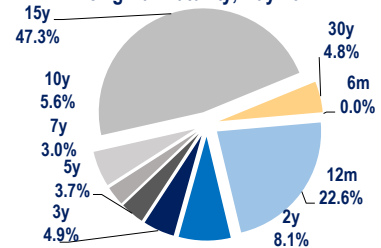


*Includes FX-linked domestic government

GG debt - Interest rate structure, Q1 2024



Domestic government securities - original maturity, May 2024



Domestic government securities, EUR m

Outstanding, 31st May 2024	3,350.5
- Of which without FX clause	2,445.1
- Of which with FX clause	905.4
Total planned net issuance for 2024	358.3
Of which net issued by May 2024	319.7

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

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

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			3.80	3.85					5.60	
With FX clause										

Republic of North Macedonia outstanding eurobonds, at the end of May 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%	98.07	5.894	239	221
Jun-26	BB-	BB+	€ 700	3.675%	96.93	5.339	224	196
Mar-28	BB-	BB+	€ 700	1.625%	87.04	5.530	244	282
Mar-27	BB-	BB+	€ 500	6.960%	103.91	5.393	219	199