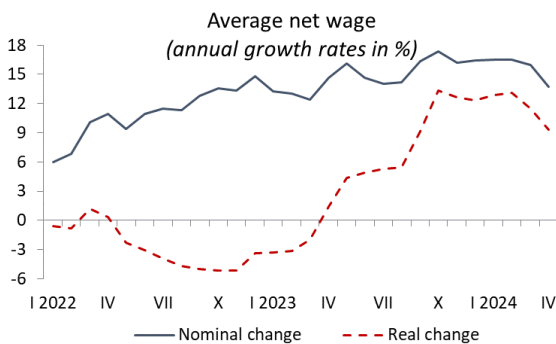


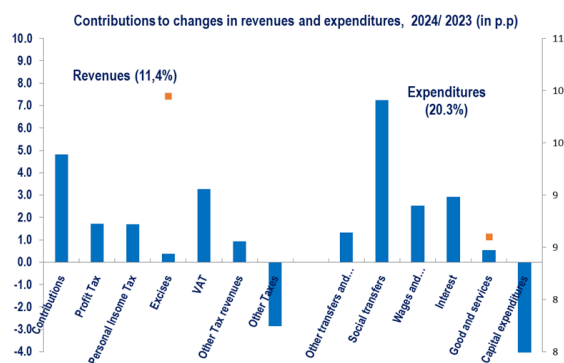


MONTHLY NEWSLETTER – JUNE 2024

- On the 23rd June, the Parliament of the Republic of North Macedonia elected a new, twentieth Government of North Macedonia, with a 4-year mandate. The Government will be led by the new Prime Minister Hristijan Mickoski from VMRO-DPMNE.
- In Q1 2024, **unemployment rate** accounted for 12,9% in the age category 15-74 and it has decreased by 0.4 p.p. compared to the same quarter last year. The **employment rate** accounted for 45.4% in the age category 15-89, and compared to Q1 2023, it has stayed the same.
- In the period January-April 2024, average **net wage** recorded an annual growth of 15.6% in nominal terms and a 11.6% increase in real terms. In April 2024, the average net wage amounted to Denar 41,085 (EUR 667), with the average gross wage amounting to Denar 61,703 (EUR 1,002).



Source:



- In May 2024 **industrial production** decreased by 13.2% annually. In the first five months of 2024, industrial production decreased by 4.9%, as a result of the fall in Electricity, gas, steam and air conditioning supply by 26.7%, Mining by 5.1%, and Manufacturing by 1.8%.
- In June 2024, **inflation rate** reached a level of 3.2% y/y, (4.5% in May 2024). In the period January-June 2024, inflation was 3.7%, prices of food increased by 3.0% (y/y) and the core inflation increased by 4.9%.
- In the first five months of 2024, **export of goods** dropped by 8.8% on annual basis, while **import of goods** grew by 1.0%, which led to an increase of the **trade deficit** by 34.1% compared to the same period of 2023.
- In May 2024, **bank lending** grew by 6.8% y/y, with lending to corporate sector and lending to households increasing by 6.4% y/y and 7.0% y/y respectively. **Total deposits** were higher by 8.2% y/y, reflecting a sustained growth in both household (10.2% y/y) and corporate deposits (5.0% y/y).
- In the period January-June 2024, total budget revenues were realized 47.1% of the Budget for 2024. **Budget revenues** grew by 9.9% y/y, whereby tax revenues picked up by 14,4% y/y, while social contributions increased by 14,4% y/y. Higher tax revenues were driven by other tax revenues, PIT, VAT import duties excises and profit tax.
- Total expenditures in the period January-June 2024 were realized 48.9% of the Budget for 2024. Budget **expenditures** grew by 8.6% y/y. Current expenditures surged by 16.8% y/y, while capital expenditures recorded lower execution by 41%. **Budget deficit** stood at 2.44% of MoF- projected GDP for 2024.



Key macroeconomic indicators and projections

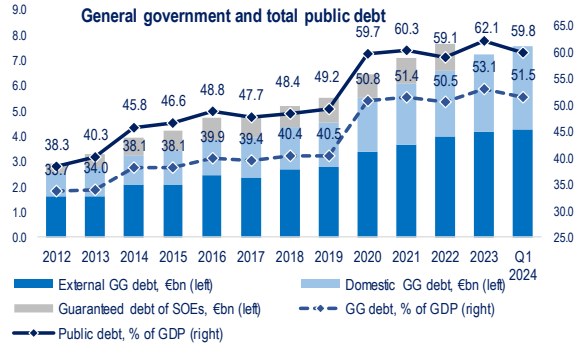
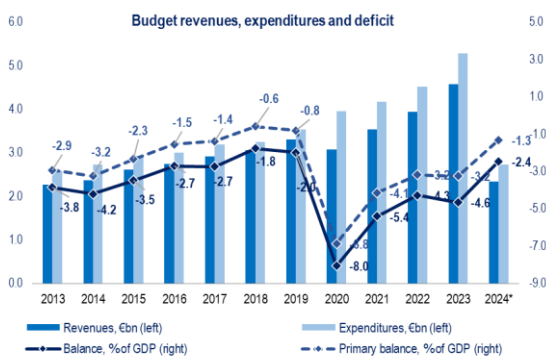
	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP growth, %	2.8	1.1	2.9	3.9	-4.7	4.5	2.2	1.0
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,836	13,033	13,656
Average annual inflation, %	-0.2	1.4	1.5	0.8	1.2	3.2	14.2	9.4
Budget balance, % of GDP	-2.7	-2.7	-1.8	-2.0	-8.0	-5.3	-4.4	-4.9
General government debt, e.o.p., % of GDP	39.9	39.4	40.4	40.5	50.8	51.4	50.5	53.1
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

Latest GDP and inflation estimates and forecasts

	Real GDP growth, %	Average inflation, %
	2024	2024
IMF, WEO (April 2024)	2.7	4.0
European Commission (May 2024)	2.9	3.0
World Bank (April 2024)	2.5	3.0
National Bank (May 2024)	2.6	3.5
MoF, North Macedonia (December 2023)	3.4	3.6

Credit rating, latest

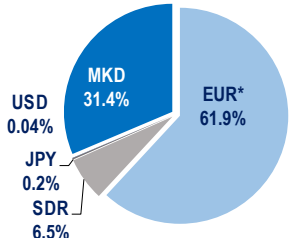
	Rating	Outlook
Standard & Poor's, January 2024	BB-	Stable
Fitch, April 2024	BB+	Stable



*2024 (June) Budget data and MoF GDP forecast

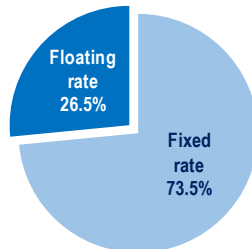
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs
* Ratio using MoF - GDP forecast for 2024

GG debt - Currency structure, Q1 2024

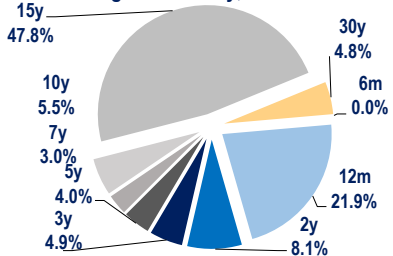


*Includes FX-linked domestic government

GG debt - Interest rate structure, Q1 2024



Domestic government securities - original maturity, June 2024



Domestic government securities, EUR m	
Outstanding, 30th June 2024	3,352.3
- Of which without FX clause	2,448.4
- Of which with FX clause	903.9
Total planned net issuance for 2024	358.3
Of which net issued by June 2024	320.3

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

Yields on domestic government securities issued on the primary market during June 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

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	5.956	239	221
Jun-26	BB-	BB+	€ 700	3.675%	96.93	5.440	224	196
Mar-28	BB-	BB+	€ 700	1.625%	87.04	5.701	244	282
Mar-27	BB-	BB+	€ 500	6.960%	103.91	5.492	219	199