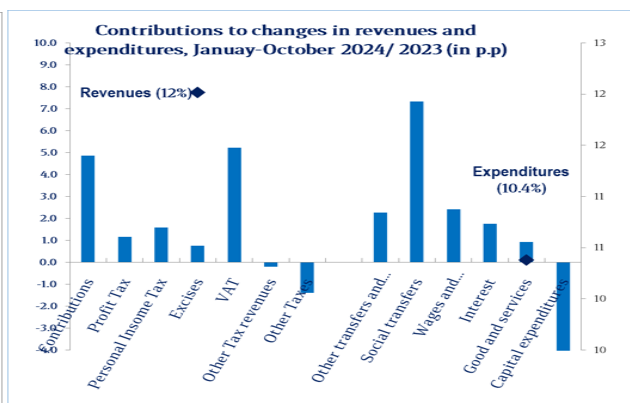
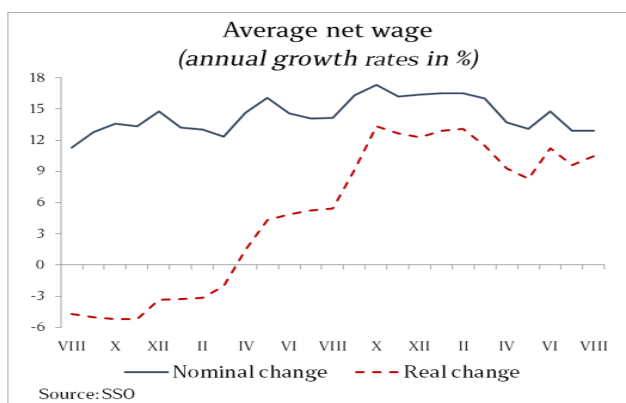




## MONTHLY NEWSLETTER – OCTOBER 2024

- Under the latest Rating Report, "Fitch Ratings" Credit Agency, affirmed North Macedonia's credit rating at BB+ with a stable outlook.
- Industrial production** in September 2024 decreased by 7.9% annually, with a drop registered in all the sectors. In the first three quarters of 2024, industrial production dropped by 4.2%, again due to the decline in all sectors, whereby Manufacturing decreased by 1.8% compared to the same period of 2023.
- Inflation** in September 2024 recorded a 2.6% annual growth, up from 2.2% in August 2024. This month, the annual inflation mainly results from the core inflation (5,7% annual growth, up from 5,4% in August), while the food component registered a slower growth. In January - September 2024, the inflation rate was 3.3%.
- In the first nine months of 2024, **exports of goods** dropped by 6.1% on annual basis, while **import of goods** decrease by 0.5%, which led to an increase of the **trade deficit** by 16.8% compared to the same period of 2023.
- In August 2024, **average net wage** recorded an annual growth of 12.9% in nominal terms and a 10.5% growth in real terms. The average net wage amounted to Denar 41,097 (EUR 667), with the average gross wage amounting to Denar 61,806 (EUR 1,003).



- In September 2024, **credit activity** increased by 7.5% on annual basis, with household lending up by 7.7% and lending to enterprises increasing by 7.5%. Total **deposits** were higher by 8.8% (y/y), reflecting growth in both household deposits by 11.2%, and corporate deposits by 4.7%.
- In the period January-October 2024, total budget revenues were realized 79% of the Supplementary Budget for 2024. **Budget revenues** grew by 12% y/y, whereby tax revenues picked up by 15% y/y, while social contributions increased by 14.6% y/y. Higher tax revenues were driven by PIT, profit tax, VAT, excises and import duties. Only other tax revenues recorded lower execution by 71.2%.
- Total expenditures in the period January-October 2024 were realized 75.9% of the Supplementary Budget for 2024. **Budget expenditures** grew by 10.4% y/y. Current expenditures surged by 16.5% y/y, while capital expenditures recorded lower execution by 35.9%. **Budget deficit** stood at 2.5% of MoF-projected GDP for 2024, while primary deficit is 0.9% 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	2.8	2.1	2.1
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,836	13,243	14,583	15,550
Average annual inflation, %	-0.2	1.4	1.5	0.8	1.2	3.2	14.2	9.4	3.5
Budget balance, % of GDP	-2.7	-2.7	-1.8	-2.0	-8.0	-5.3	-4.4	-4.6	-4.7
General government debt, e.o.p., % of GDP	39.9	39.4	40.4	40.5	50.8	51.4	49.7	49.8	49.3****
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-2.8	-6.0	0.4	-2.1
Average unemployment rate, %	23.7	22.3	20.6	17.1	16.2	15.4	14.4	13.1	12.5
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, %	3.73	3.27	2.92	2.29	1.65	1.29	2.46	5.84	6.23**
Foreign reserves, e.o.p., % of GDP	27.1	23.3	26.7	29.0	31.0	30.8	29.6	33.2	28.3***

\*MoF projections, unless otherwise noted

\*\*Average monetary policy rate for January-October 2024

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

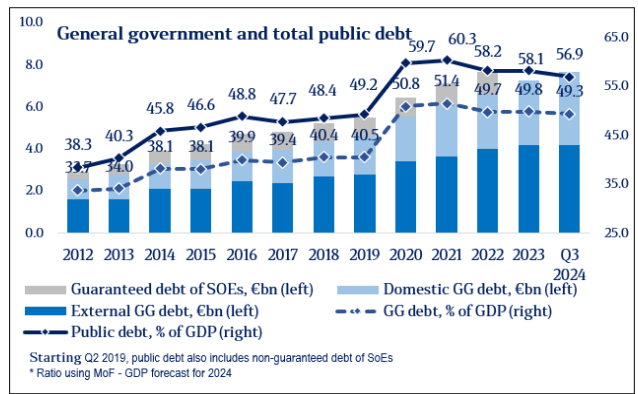
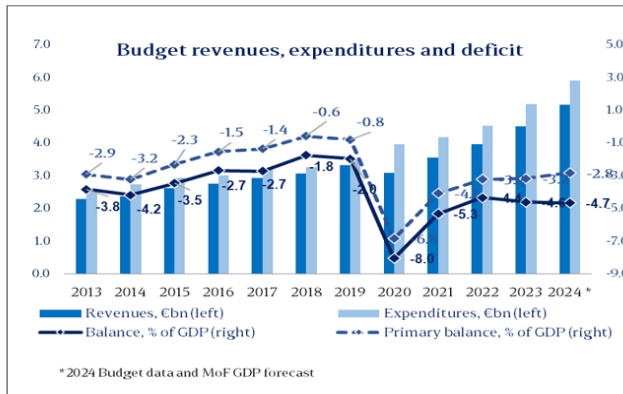
\*\*\*\*Actual for Q-3 2024

Latest GDP and inflation estimates and forecasts

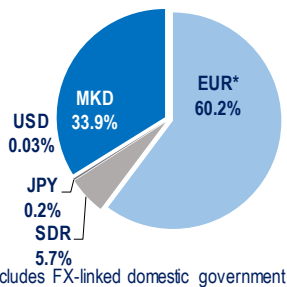
	Real GDP growth, % 2024	Average inflation, % 2024
IMF, WEO (October 2024)	2.2	3.3
European Commission (May 2024)	2.9	3.0
World Bank (October 2024)	1.8	3.5
National Bank (May 2024)	2.6	3.5
MoF, North Macedonia (September 2024)	2.1	3.5

Credit rating, latest

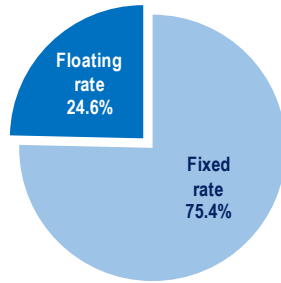
	Rating	Outlook
Standard & Poor's, July 2024	BB-	Stable
Fitch, October 2024	BB+	Stable



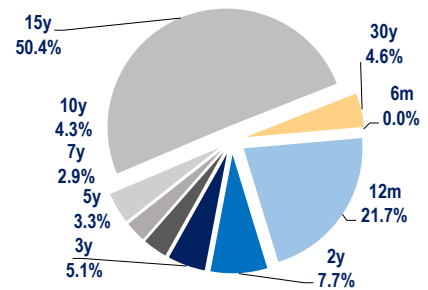
GG debt - Currency structure, Q3 2024



GG debt - Interest rate structure, Q3 2024



Domestic government securities - original maturity, October 2024



Domestic government securities, EUR m	
Outstanding, 31 <sup>st</sup> October 2024	3,506.3
- Of which without FX clause	2,625.3
- Of which with FX clause	881.0
Total planned net issuance for 2024	600.0
Of which net issued by October 2024	473.9

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

Yields on domestic government securities issued on the primary market during October 2024											
in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y	
Without FX clause			3.80		3.95					5.60	
With FX clause											

Republic of North Macedonia outstanding eurobonds, 31.10.2024

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%	99.29	5.909	322	276
Jun-26	BB-	BB+	€ 700	3.675%	98.37	4.749	253	239
Mar-28	BB-	BB+	€ 700	1.625%	89.45	5.122	313	283
Mar-27	BB-	BB+	€ 500	6.960%	104.10	5.061	274	256