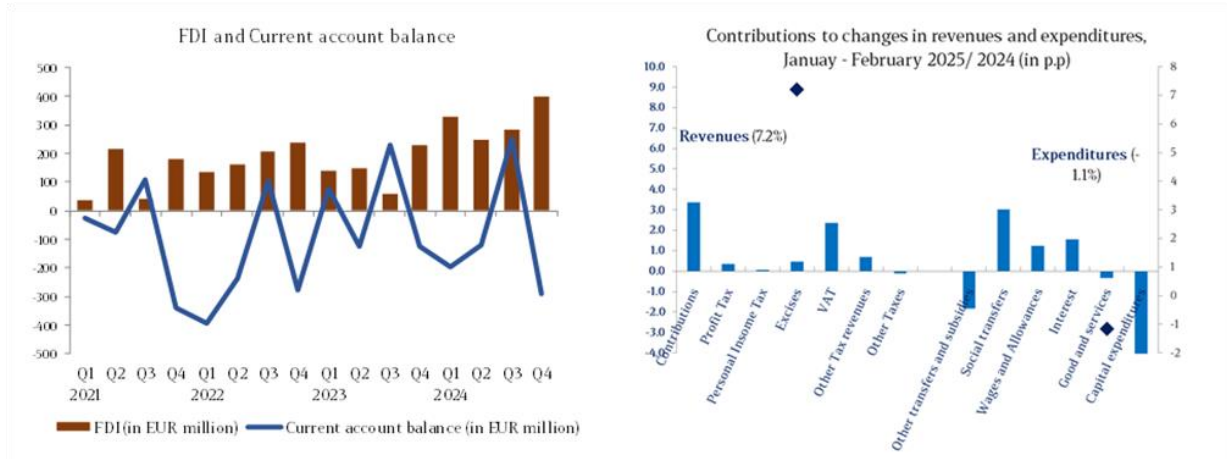


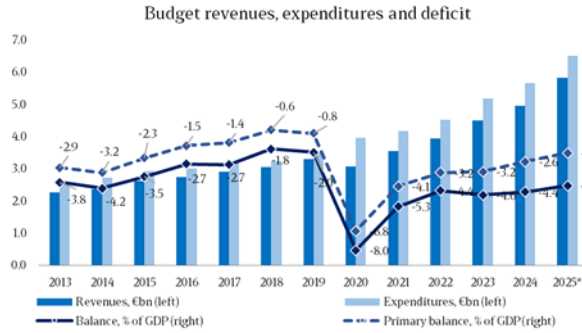


## MONTHLY NEWSLETTER – FEBRUARY 2025

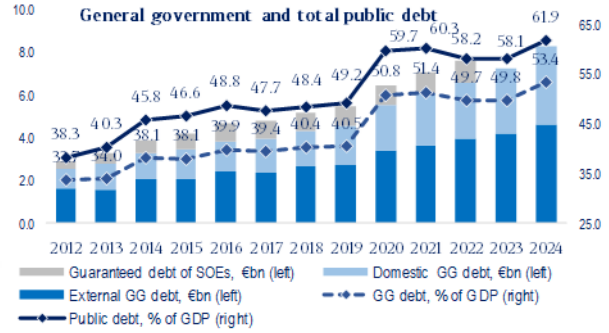
- In Q4 2024, domestic economic activity recorded a real growth of 3.2% on an annual basis, after 1.9% in Q1 2024, 2.8% in Q2, and 3.0% in 2023, thus resulting in a **GDP growth of 2.8% in 2024**. Analyzed by sectors, economic growth in Q4 was driven by construction (13.2% growth) and services. By expenditure side, domestic demand made positive contributions to the economic activity, amid increased gross investments and consumption, while net export had a negative contribution to the growth.
- In 2024 Q4, inward **FDIs** amounted to EUR 398 million, bringing the total FDI inflows in 2024 to a total of EUR 1,255 million, which is by far the highest FDI amount in the country's history. The FDI inflows in 2024 accounted for 8.1% of GDP.



- The current account** in 2024 recorded a deficit of EUR 355 million, i.e. 2.3% of GDP. The current account deficit in 2024 is realized in conditions of an increased trade in goods deficit (-17.8%), as well as a reduced surplus on the secondary income account (-7.8%), within which a 5.3% drop was registered in current transfers (remittances and cash exchange operations).
- In Q4 2024, **the unemployment rate** accounted for 11.9% in the age category 15-74 and it decreased by 1.1 p.p. compared to the same quarter last year. The **employment rate** accounted for 46.2% in the age category 15-89, and compared to Q4 2023, it has increased by 0.8 p.p.
- Inflation** in February 2025 recorded a 5.0% annual growth, up from 4.9% in January 2025. The annual inflation results from the food component (5.9% growth) and the core inflation (5.8% annual growth). In January – February 2025, the inflation rate was 5.0%.
- Industrial production** in January 2025 increased by 1.4% annually, as a result of a 4.4% growth registered in Manufacturing, while Mining and Electricity decreased.
- In January 2025, **exports** of goods grew by 5.1% on an annual basis, while **imports** of goods increase by 6.1%, which led to an increase of the **trade deficit** by 8.1% compared to the same month of 2024.
- In January 2025, **credit activity** increased by 11.3% on an annual basis, with household lending up by 8.8% and lending to enterprises increasing by 14.2%. Total deposits were higher by 11.0% (y/y), reflecting growth in both household deposits by 14.2%, and corporate deposits by 5.7%.
- In December 2024, **average net wage** recorded an annual growth of 9.0% in nominal terms and a 4.4% growth in real terms. The average net wage amounted to Denar 43,587 (EUR 708), with the average gross wage amounting to Denar 65,582 (EUR 1,065).
- In the first two months of 2025, total budget revenues were realized 13.3% of the Budget for 2025. **Budget revenues** grew by 7.2% y/y, whereby tax revenues picked up by 7 y/y, while social contributions increased by 9.7% y/y. Higher tax revenues were driven by PIT, profit tax, VAT, excises and import duties. Only other tax revenues recorded a lower execution by 35.4%.
- Total expenditures in the first two months of 2025 were realized 13.8% of the Budget for 2025. **Budget expenditure** decreased by 1.1% y/y. Current expenditures surged by 3.9% y/y, while capital expenditures recorded lower execution by 47.3%. **Budget deficit** stood at 0.7% of MoF- projected GDP for 2025.



\*2025 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

#### Key macroeconomic indicators and projections

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
Real GDP growth, %	2.8	1.1	2.9	3.9	-4.7	4.5	2.8	2.1	2.8	3.7
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,836	13,243	14,583	15,421	16,611
Average annual inflation, %	-0.2	1.4	1.5	0.8	1.2	3.2	14.2	9.4	3.5	2.2
Budget balance, % of GDP	-2.7	-2.7	-1.8	-2.0	-8.0	-5.3	-4.4	-4.6	-4.4	-4.0
General government debt, e.o.p., % of GDP	39.9	39.4	40.4	40.5	50.8	51.4	49.7	49.8	53.8	53.8***
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-2.8	-6.1	0.4	-2.3	-1.8
Average unemployment rate, %	23.7	22.3	20.6	17.1	16.2	15.4	14.4	13.1	12.4	11.2
Average exchange rate MKD/EUR	61.6	61.6	61.5	61.5	61.7	61.6	61.6	61.6	61.5	61.6
Key monetary policy rate, %	3.73	3.27	2.92	2.29	1.65	1.29	2.46	5.84	6.13	5.45**
Foreign reserves, e.o.p., % of GDP	27.1	23.3	26.7	29.0	31.0	30.8	29.6	33.2	32.6	29.3***

\*MoF projections, unless otherwise noted

\*\*Actual for January-February 2025

\*\*\*Actual for February 2025, ratio based on MoF projections

\*\*\*\*Actual for Q4 2024

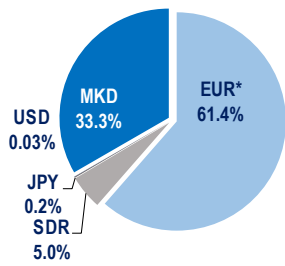
#### Latest GDP and inflation estimates and forecasts

	Real GDP growth, %		Average inflation, %	
	2024	2025	2024	2025
IMF, WEO (October 2024)	2.2	3.6	3.3	2.3
European Commission (November 2024)	2.0	2.6	3.4	2.2
World Bank (January 2025)	2.4	3.0	3.5	2.8
National Bank (November 2024)	2.3	3.3	3.5	2.5
MoF, North Macedonia (September 2024)	2.1	3.7	3.5	2.2

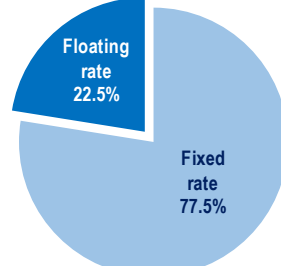
#### Credit rating, latest

	Rating	Outlook
Standard & Poor's, January 2025	BB-	Stable
Fitch, October 2024	BB+	Stable

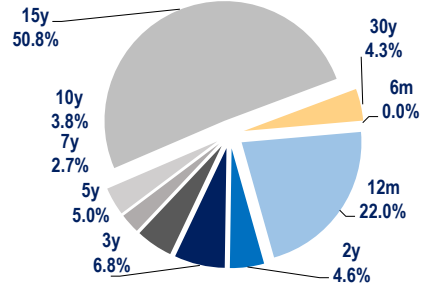
#### GG debt - Currency structure, Q4 2024



#### GG debt - Interest rate structure, Q4 2024



#### Domestic government securities - original maturity, February 2025



#### Republic of North Macedonia outstanding eurobonds, 28.02.2025

Maturity date	Rating	Original/outstanding size (mn)	Coupon	Price	Yield	3id Spread	z-Spread
	S&P	F				vs. BM	vs. MS
Jun-26	BB-	BB+	€ 700	3.675%	99.70	3.915	187
Mar-28	BB-	BB+	€ 700	1.625%	92.44	4.354	239
Mar-27	BB-	BB+	€ 500	6.960%	105.04	4.308	198

#### Domestic government securities, EUR m

Outstanding, 28 February 2025	3,736.0
- Of which without FX clause	2,853.4
- Of which with FX clause	882.6
Total planned net issuance for 2025	650.0
Of which net issued by February 2025	101.4

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

#### Yields on domestic government securities issued on the primary market during February 2025

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			3.80		3.65	3.90			5.10	
With FX clause										