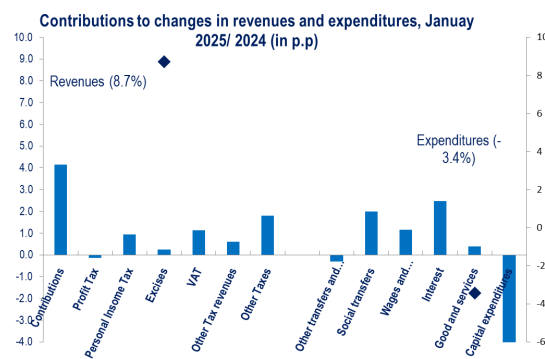
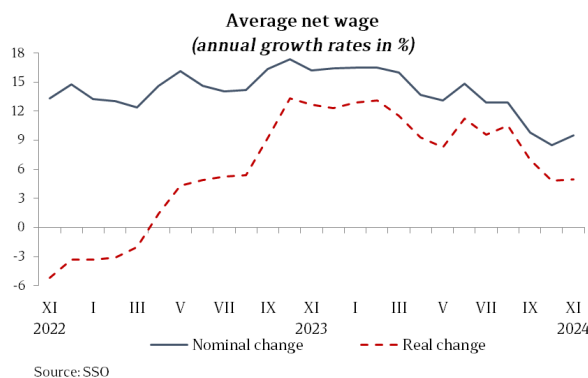




MONTHLY NEWSLETTER – JANUARY 2025

- **Inflation** in December 2024 recorded a 4.4% annual growth, up from 4.3% in November 2024. The annual inflation results from the food component (5.1% growth) and the core inflation (5.5% annual growth). In 2024, the inflation rate was 3.5%.
- **Industrial production** in December 2024 decreased by 1.4% annually, as a result of a drop registered in Manufacturing and Mining. In 2024 as a whole, industrial production dropped by 3.6%, due to the decline in all sectors, whereby Manufacturing decreased by 1.4% compared to the same period of 2023.
- In the first eleven months of 2024, **exports** of goods dropped by 5.8% on annual basis, while **import** of goods decreased by 0.6%, which led to an increase of the **trade deficit** by 15.3% compared to the same period of 2023.
- In December 2024, **credit activity** increased by 11.2% on annual basis, with household lending up by 8.8% and lending to enterprises increasing by 13.9%. Total deposits were higher by 12.4% (y/y), reflecting growth in both household deposits by 13.8%, and corporate deposits by 9.2%.



- In November 2024, **average net wage** recorded an annual growth of 9.5% in nominal terms and a 5.0% growth in real terms. The average net wage amounted to Denar 41,999 (EUR 682), with the average gross wage amounting to Denar 63,154 (EUR 1,025).
- **S&P Global Ratings** affirmed the rating of Republic of North Macedonia as BB-, with stable outlook. The Agency noted the Government's commitment to comprehensive reforms to accelerate economic growth, strengthen administrative capacities, combat corruption and reinforce the rule of law.
- In January 2025, total budget revenues were realized 6.5% of the Budget for 2025. **Budget revenues** grew by 8.7% y/y, whereby tax revenues picked up by 5% y/y, while social contributions increased by 12.5% y/y. Higher tax revenues were driven by PIT, VAT, excises and import duties. Other tax revenues and profit tax recorded lower execution by 73.5% and 2.8%.
- Total expenditures in January 2025 were realized 6.5% of the Budget for 2025. **Budget expenditures** decreased by 3.4% y/y. Current expenditures surged by 6.3% y/y, while capital expenditures recorded lower execution by 84.6%. **Budget deficit** stood at 0.3% of MoF- projected GDP for 2025.



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	2.1	3.7
Nominal GDP, million EUR	9,657	10,038	10,744	11,262	10,852	11,836	13,243	14,583	15,550	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	-4.7	-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	53.4****	53.4****
Current account balance, % of GDP	-2.6	-0.8	0.2	-3.0	-2.9	-2.8	-6.1	0.4	-2.1	-1.8
Average unemployment rate, %	23.7	22.3	20.6	17.1	16.2	15.4	14.4	13.1	12.5	11.2
Average exchange rate MKD/EUR	61.6	61.6	61.5	61.5	61.7	61.6	61.6	61.6	61.6	61.6
Key monetary policy rate, %	3.73	3.27	2.92	1.65	1.29	2.46	5.84	6.13**	/	/
Foreign reserves, e.o.p., % of GDP	27.1	23.3	26.7	29.0	31.0	30.8	29.6	33.2	32.3***	/

*MoF projections, unless otherwise noted

**Actual for 2024

***Actual for December 2024, ratio based on MoF projections

****Actual for Q4 2024

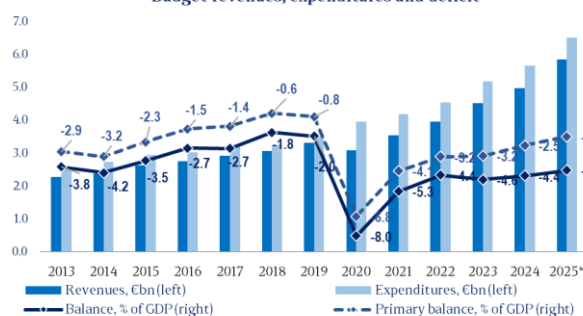
Latest GDP and inflation estimates and forecasts

	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

Budget revenues, expenditures and deficit



*2025 Budget data and MoF GDP forecast

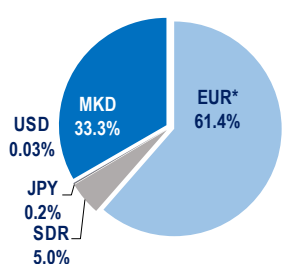
General government and total public debt



Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs

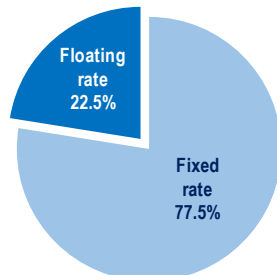
*Ratio using MoF - GDP forecast for 2024

GG debt - Currency structure, Q4 2024

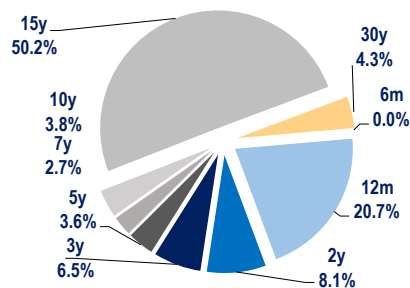


*Includes FX-linked domestic government

GG debt - Interest rate structure, Q4 2024



Domestic government securities - original maturity, January 2025



Domestic government securities, EUR m

Outstanding, 31st December 2024	3,738.6
- Of which without FX clause	2,854.2
- Of which with FX clause	884.4
Total planned net issuance for 2025	650.0
Of which net issued by January 2025	96.3

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

Yields on domestic government securities issued on the primary market during January 2025

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, 31.01.2025

Maturity date	Rating		Original/outstanding size (mn)	Coupon	Price	Yield	Bid Spread	
	S&P	F					vs. BM	vs. MS
Jun-26	BB-	BB+	€ 700	3.675%	99.36	4.170	272	259
Mar-28	BB-	BB+	€ 700	1.625%	91.00	4.826	326	301
Mar-27	BB-	BB+	€ 500	6.960%	104.74	4.536	293	277