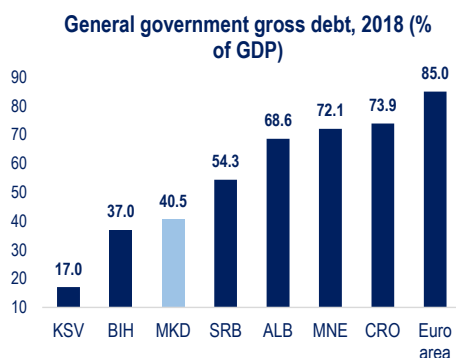


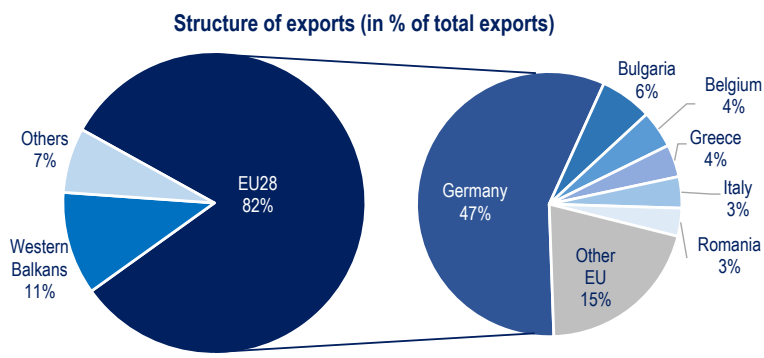


MONTHLY NEWSLETTER - APRIL 2019

- On 21 April, the first round of regular **presidential elections** was held, contested by Stevo Pendarovski, the candidate supported by the governing coalition, Gordana Siljanovska Davkova, supported mainly by the ethnic Macedonian opposition and Blerim Reka, supported by two smaller opposition ethnic Albanian parties. According to domestic and international observers, the first round was conducted in a free and democratic manner.
- According to the **election results**, on a turnout of 41.8%, Stevo Pendarovski leads with 42.8% of the votes, closely followed by Gordana Siljanovska Davkova with 42.2%, whereas Blerim Reka garnered 10.6%. Pendarovski and Siljanovska Davkova will face a run-off on 5 May, when a turnout of 40% is required for elections to be valid.
- In Q1 2019, **general government debt** stood at 38.3% of MoF-projected GDP for 2019 (40.5% of GDP in Q4 2018), among the lowest in the region and Europe. **Public debt** in Q1 2019 was 46.2% of MoF-projected GDP for 2019 (48.5% of GDP in Q4 2018).
- In the first two months of 2019, **exports of goods** grew by 6.9% y/y, driven particularly by exports of machinery and transport equipment, as well as manufactured goods classified by material (primarily iron, steel and manufactures of metals) and food. In the same period, **imports of goods** were higher by 9.4% y/y.
- In March, **industrial production** grew by 7.5% y/y. In Q1 2019, industrial production grew by 8.8% y/y, which mostly reflects the growth in manufacturing of 6.9% y/y (driven by the manufacturing of machinery and equipment, motor vehicles, drinks and metals), as well as the growth in electricity supply of 15.9% y/y.



Source: April 2019 IMF WEO Database (MoF for MKD)



Source: State Statistical Office

- In March 2019, the **inflation rate** was 1.4% y/y. In the first quarter of 2019, average inflation was 1.2% y/y, reflecting food prices and core inflation.
- In the first two months of 2019, the **average net nominal wage** grew by 3.2% y/y on average. In February 2019, it equaled MKD 24,192 (EUR 393), with the average gross nominal wage at MKD 35,901 (EUR 584).
- In March 2019, **total loans** were higher by 9% y/y, which is the highest growth rate after December 2015. Household lending grew by 9.7% y/y and corporate lending grew by 8.2% y/y (the highest rate after April 2015). **Total deposits** were higher by 11.1% y/y, reflecting strong growth in both household and corporate deposits.
- In the first three months of 2019, **budget revenues** grew by 6.2% y/y, reflecting higher tax revenues and social contributions by 2.9% y/y and 7.7% y/y respectively, as well as higher non-tax revenues. Higher tax revenues were mostly driven by VAT, PIT and CIT, whereas the contribution of excises was negative.
- In the same period, **budget expenditures** grew by 6% y/y, reflecting higher current expenditures by 6.6% y/y. The **budget deficit** in Q1 2019 stood at 0.5% of MoF-projected GDP for 2019.



Key macroeconomic indicators and projections

	2012	2013	2014	2015	2016	2017	2018	2019*
Real GDP growth, %	-0.5	2.9	3.6	3.9	2.8	0.2	2.7	3.2
Nominal GDP, million EUR	7,585	8,150	8,562	9,072	9,657	10,014	10,735	11,346
Average annual inflation, %	3.3	2.8	-0.3	-0.3	-0.2	1.4	1.5	2.0
Budget balance, % of GDP	-3.8	-3.8	-4.2	-3.5	-2.7	-2.7	-1.8	-2.5
General government debt, e.o.p., % of GDP	33.7	34.0	38.1	38.1	39.9	39.5	40.5	38.3**
Current account balance, % of GDP	-3.2	-1.6	-0.5	-2.0	-2.9	-1.0	-0.3	-0.9
Average unemployment rate, %	31.0	29.0	28.0	26.1	23.7	22.4	20.7	19.3
Average exchange rate MKD/EUR	61.5	61.6	61.6	61.6	61.6	61.6	61.5	61.5
Average key monetary policy rate, %	3.82	3.32	3.25	3.25	3.73	3.27	2.92	2.42**
Foreign reserves, e.o.p., % of GDP	28.9	24.5	28.5	24.9	27.1	23.3	26.7	25.3**

* 2019 based on MoF projections, unless otherwise noted

** Actual for Q1 2019, ratios based on MoF GDP forecast for 2019

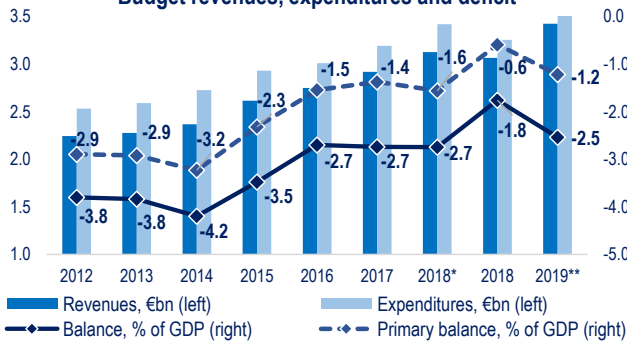
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %			Average inflation, %		
	2019	2020	2021	2019	2020	2021
IMF WEO, Apr 2019	3.0	3.1	3.2	1.8	2.0	2.2
European Commission, Nov 2018	2.8	3.1		2.0	2.1	
World Bank, Apr 2019	2.9	3.2		1.8	1.9	
National Bank, N. Macedonia, Nov 2018	3.5	3.8	4.0	2.0	2.0	2.0
MoF, North Macedonia, Nov 2018	3.2	4.0	5.0	2.0	2.0	2.2

Credit rating, latest

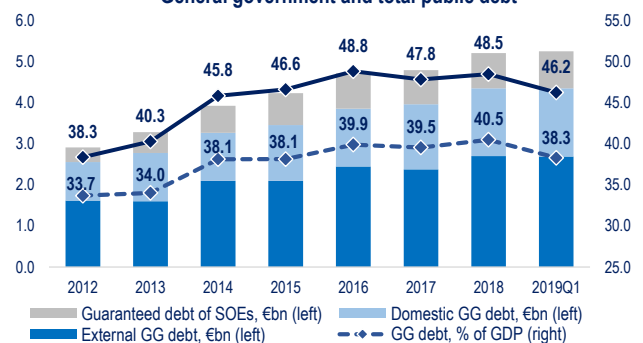
	Rating	Outlook
Fitch, January 2019	BB	Positive
Standard & Poor's, March 2019	BB-	Stable

Budget revenues, expenditures and deficit



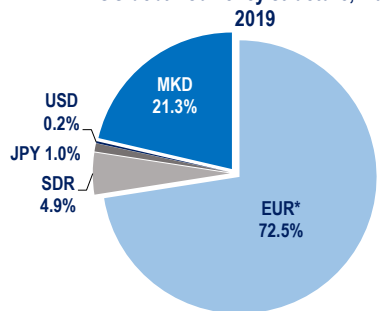
*As per 2018 Supplement Budget
**As per 2019 Budget and MoF forecast

General government and total public debt



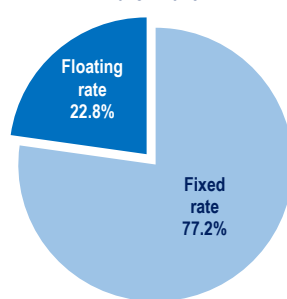
*Ratios using MoF GDP forecast for 2019

GG debt - Currency structure, March 2019

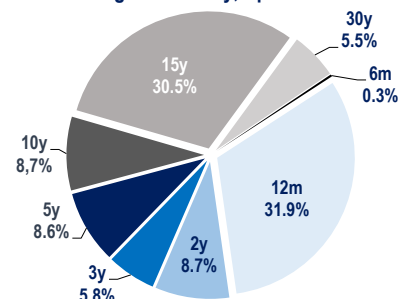


*Includes FX-linked domestic government securities

GG debt - Interest rate structure, March 2019



Domestic government securities - original maturity, April 2019



Domestic government securities, EUR m

Outstanding, 30 April 2019	1,589
- Of which without FX clause	894
- Of which with FX clause	695
Total planned gross issuance for 2019	309
Total planned net issuance for 2019	150
- Of which net issued by Apr 2019	9

Latest yields on domestic government securities on the primary market during 2019, in %

	6m	12m	2y	3y	5y	10y	15y	30y
Without FX clause		0.80	1.10		1.70		3.20	
With FX clause		0.50			1.30			4.30

Republic of North Macedonia Outstanding Eurobonds, latest

Maturity date	Rating		Original/outstanding size (mn)	Coupon	Price	Yield	Bid Spread vs. BM	Bid z-Spread vs. MS
	S&P	F						
Dec-20	BB-	BB	€ 270 / € 178	4.875%	106.1	0.983	155	120
Jul-21	BB-	BB	€ 500	3.975%	106.1	1.179	175	136
Jul-23	BB-	BB	€ 450	5.625%	115.7	1.744	222	178
Jan-25	BB-	BB	€ 500	2.75%	104.0	1.994	236	190