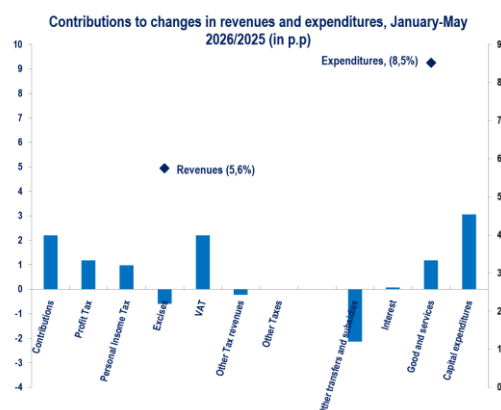
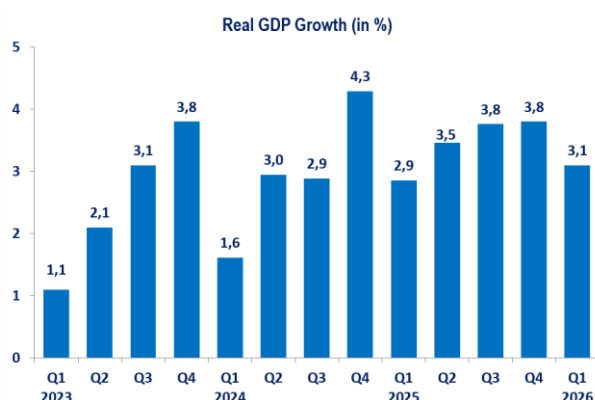




MONTHLY NEWSLETTER – May 2026

- The economic activity continued with its strong growth in the first quarter of 2026 as well, when **real GDP** registered an annual growth of 3.1%. The higher rate of economic growth is mainly due to the 3.6% growth in services (mostly as a result of the trade and transport), with construction also recording a strong growth of 7.2% (as a result of high growth in civil engineering and specialized construction works). From the expenditure approach, both private and public consumption had a positive contribution, as well as gross investment, while net export had a small negative contribution.
- In Q1 2026, **unemployment rate** was 11.3% 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** was 46.5% in the age category 15-89, and compared to Q1 2025, it has increased by 0.2 p.p.
- Inflation** in April 2026 recorded a 5.7% annual growth, up from 4.9% in March 2026. In the first four months of the year, the inflation rate was 4.2%.
- Industrial production** in April 2026 increased by 7.6% year-on-year, with growth recorded in all sectors, including in Electricity (22.6% growth), Manufacturing (6.8%), and Mining (4.3%). In the first four months of 2026, industrial production increased by 0.2%, with Manufacturing growing by 0.7%.
- Current account deficit** in Q1 2026 amounted to EUR 295 million, as a result of the deficit in trade of goods and in primary income. However, the deficit is lower by EUR 42 million compared to the same quarter last year, mostly as a result of the narrower trade of goods deficit by 5.6%.
- FDI** in Q1 2026 amounted to EUR 219 million, increasing by 46.8% compared to Q1 2025, mostly as a result of the debt instruments. Previously, in 2025 as a whole, FDI amounted to EUR 468 million.
- In January-April 2026, **exports of goods** increased by 6.9%, while **imports** increased by 5.9%, which led to a 3.7% increase in the **trade deficit** compared to the same period in 2025.
- In January-March 2026, the **average net wage** recorded annual growth of 7.9% in nominal terms and 4.1% in real terms. The average net wage in March amounted to Denar 48,433 (EUR 788), while the average gross wage amounted to Denar 72,818 (EUR 1,184).
- In April 2026, **credit activity** increased by 13.3% on an annual basis, with household lending up by 11.9% and lending to enterprises increasing by 15.0%. **Total deposits** were higher by 9.3% (y/y), reflecting growth in both household deposits by 10.5%, and corporate deposits by 6.0%.



- In the period January - May of 2026, total budget revenues were realized 37,4% of the Budget for 2026. **Budget revenues** increased by 5,7% y/y, whereby tax revenues increased by 6,3% y/y and social contributions increased by 6,4% y/y. Higher tax revenues were driven by PIT, profit tax, VAT and import duties. Lower tax revenues are observed in excises and other taxes.
- Total expenditures in the period January - May of 2026 were realized 40,7% of the Budget for 2026. **Budget expenditures** increased by 8,5% y/y. Current expenditures increased by 5,9% y/y and capital expenditures increased by 44,8% y/y. **Budget deficit** stood at 2,6% of MoF- projected GDP for 2026.



Key macroeconomic indicators and projections

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*
Real GDP growth, %	2,8	1,1	2,9	3,9	-4,7	4,5	2,8	2,6	3,0	3,5	3,5
Nominal GDP, million EUR	9.657	10.038	10.744	11.262	10.852	11.836	13.243	14.668	15.668	16.950	18.239
Average annual inflation, %	-0,2	1,4	1,5	0,8	1,2	3,2	14,2	9,4	3,5	4,1	4,5
Budget balance, % of GDP	-2,7	-2,7	-1,8	-2,0	-8,0	-5,3	-4,4	-4,6	-4,4	-4,0	-3,5
General government debt, e.o.p., % of GDP	39,9	39,4	40,4	40,5	50,8	51,4	49,7	49,5	53,0	51,6	51,5***
Current account balance, % of GDP	-2,6	-0,8	0,2	-3,0	-2,9	-2,8	-6,1	0,3	-2,2	-4,4	-5,0
Average unemployment rate, %	23,7	22,3	20,6	17,1	16,2	15,4	14,4	13,1	12,4	11,5	11,0
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	61,6
Foreign reserves, e.o.p., % of GDP	27,1	23,3	26,7	29,0	31,0	30,8	29,2	30,9	32,1	29,1	28,6**

*MoF projections, unless otherwise noted
 **Actual for April 2026, ratio based on MoF projections
 ***As of April 30, 2026

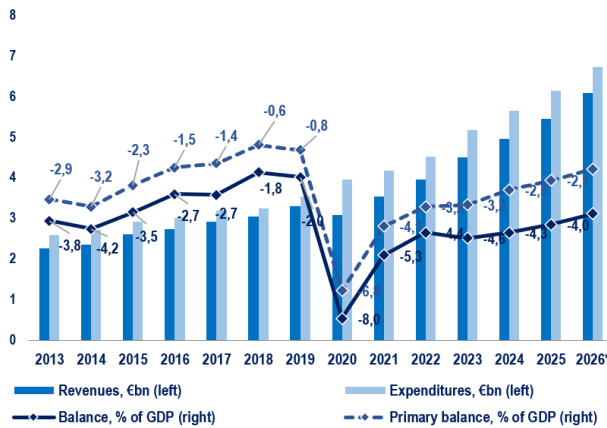
Latest GDP and inflation estimates and forecasts

	Real GDP growth, %		Average inflation, %	
	2026	2027	2026	2027
IMF, WEO (April 2026)	3,1	3,0	4,5	4,1
European Commission (May 2026)	3,2	3,1	4,4	3,1
World Bank (April 2026)	2,9	3,0	3,4	2,7
National Bank (April 2026)	3,5	3,8	4,0	3,0
MoF, North Macedonia (April 2026)	3,5	3,8	4,5	3,3

Credit rating, latest

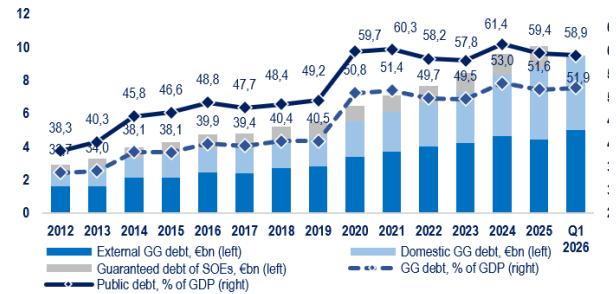
	Rating	Outlook
Standard & Poor's, January 2026	BB-	Stable
Fitch, April 2026	BB+	Stable

Budget revenues, expenditures and deficit



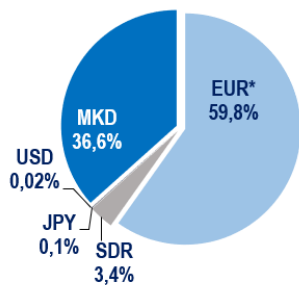
*2026 Budget data and MoF GDP forecast

General government and total public debt



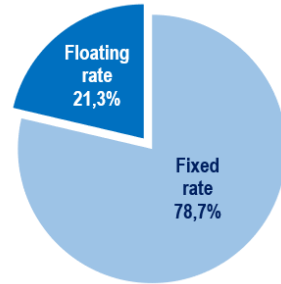
Starting Q2 2019, public debt also includes non-guaranteed debt of SoEs
 * Ratio using MoF - GDP forecast for 2025

GG debt - Currency structure, Q1 2026

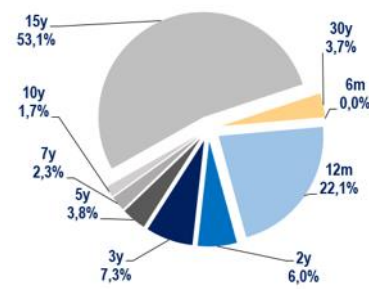


*Includes FX-linked domestic government

GG debt - Interest rate structure, Q1 2026



Domestic government securities - original maturity, May 2026



Yields on domestic government securities issued on the primary market during May 2026

in %	3m	6m	12m	2y	3y	5y	7y	10y	15y	30y
Without FX clause			4,10	4,30		4,45			5,20	
With FX clause										

Domestic government securities, EUR m

Outstanding, May 31st 2026	4.373,4
- Of which without FX clause	3.496,2
- Of which with FX clause	877,2
Total planned net issuance for 2026	400,0
Of which net issued by May 2026	185,8

Republic of North Macedonia outstanding eurobonds, 31.05.2026

Maturity date	Rating		Original/outstanding size (mn)	Coupon	Price	Yield	Bid Spread vs. BM	Bid z-Spread vs. MS
	S&P	F						
Jun-26	BB-	BB+	€ 700	3,675%	99,88	47,614	4558	5850
Mar-28	BB-	BB+	€ 700	1,625%	95,58	4,271	173	150
Mar-27	BB-	BB+	€ 500	6,960%	101,78	4,512	106	90
Jan-30	BB-	BB+	€ 500	3,875%	98,38	4,361	171	158
Jan-34	BB-	BB+	€ 500	4,750%	98,21	5,033	223	212