

Macedonian Economy at a Glance

(as of July 22, 2013)

Real Sector

- ◆ After GDP drop of 0.2% in 2012, Macedonian economy is on a good recovery path, with GDP rising by 2.9% in Q1 of 2013. This was based on a massive comeback in construction, growing by 36.8%. All other sectors turned positive, led by 2.5% rise in both transport and communications, and financial intermediation.
- ◆ The GoM's, NBRM's, and IMF's projection for 2013 real GDP growth is 2.0%. EBRD projects 1.8% GDP growth.
- ◆ The industrial output in the period January – May 2013 grew by 1.7%. Durable consumer goods industries led the growth with 8.5%, followed by non-durable consumer goods industries with 6.9%.
- ◆ The CPI-based inflation rate in the first half of 2013 was 3.6%, slightly above the 3.5% target for 2013.
- ◆ Unemployment rate in Q1 2013: 29.9%¹; Employment rate in Q1 2013: 40.0%¹
Number of unemployed persons at the end of Q1 2013: 284,823 – down by 4.2% on annual basis.
- ◆ Wage policy - Nominal average net wage per worker in April 2013: Denar 20,983 - up by 1.2% on annual basis.
- ◆ 30.4% of the population lived below the poverty line (USD \$75/month) in 2011 – a drop from 30.9% in 2010
- ◆ The “gray economy” is estimated to be between 15 and 40% of GDP

Fiscal Sector

- ◆ Total budget revenues at the end of May 2013: Denar 55,113 million – down by 1.3% on annual basis.
Total budget expenditures at the end of May 2013: Denar 67,550 million – up by 10.3% on annual basis.
Budget deficit at the end of May 2013: Denar 12,437 million = 2.6% of GDP.
End-of-2013 General Government budget deficit projection = 3.5% of GDP
- ◆ Tax collection at the end of May 2013:

Type of revenue	% of total revenues	% of 2013 plan
Personal income tax: Denar 4,158 million	7.5	40.2
Profit tax: Denar 2,612 million	4.7	65.3
VAT: Denar 14,486 million	26.3	32.1
Excises: Denar 5,585 million	10.1	38.1
Import duties: Denar 1,781 million	3.2	45.2
Non-tax revenues: Denar 4,051 million	7.4	29.3

- ◆ Central Government debt at the end of May 2013: US\$ 3,559 million; 34.2% of GDP.

External Sector

- ◆ At the end of May 2013:
Exports: US\$ 1,642 million – up by 1.8%; Imports: US\$ 2,661 million – down by 1.8%; Import/export coverage ratio: 61.7%; Trade deficit: US\$ 1,018 million – 9.7% of GDP.
- ◆ Trade with USA at the end of May 2013:
Exports: US\$ 11.7 million – 0.7% of the total Macedonian exports
Imports: US\$ 50.8 million – 1.9% of the total Macedonian imports
- ◆ Current account deficit at the end of April 2013: US\$ 219.7 million = 2.1% of GDP. End-2013 target is 4.9% of GDP.
- ◆ On April 4, 2003 Macedonia officially became member of the WTO. Stabilization and Association Agreement officially went into force on April 1, 2004.
- ◆ Free trade agreements with Turkey and Ukraine. Macedonia is a member of EFTA and CEFTA 2006.

¹ Data from the Labor Force Survey - Statistical Office of the Republic of Macedonia

- ◆ FDI at the end of April 2013: US\$ 96.4 million = 0.9% of GDP
- ◆ External debt at the end of Q1 2013: US\$ 7,048 million; 67.4% of GDP
- ◆ Foreign exchange reserves at the end of June 2013: US\$ 2,657.5 million

Monetary Sector

- ◆ Central Bank reference rate (the interest rate on Central Bank bills) was lowered down in July 2013 to 3.25%. Interest rate on short term (3-month) Treasury bills at the most recent auction held on March 12, 2013 was 3.65%.
Average nominal weighted lending rate in May 2013: 8.1%
Average nominal weighted deposit rate in May 2013: 4.5%
Central Bank overnight credit rate in July 2013: 3.75%
- ◆ NBRM successfully manages the exchange rate of the denar, maintaining the peg against the euro at its targeted level, behind comfortable level of foreign exchange reserves.
- ◆ Total deposits with banks at the end of June 2013: Denar 245,542 million - up by 3.9% on annual basis. 56.1% of the total is denar deposits, and 76.5% of the total is short-term deposits.
- ◆ Total bank loans to private sector at the end of June 2013: Denar 224,152 - up by 3.7% on annual basis. 75.1% of the total bank loans are in denars, and 24.9% of the total is short-term loans.

Relations with international financial institutions

- ◆ IMF Board on January 19, 2011 approved a Precautionary Line of Liquidity (PLL) for Macedonia worth US\$ 631 million. After drawing about US\$ 300 million on March 29, 2011, the GOM did not draw any more and the PLL expired in January 2013. In April 2013, the IMF conducted Article IV consultations with the GoM and discussed a Post Program Monitoring (PPM) for monitoring the repayment process of the amounts drawn from the PLL, which will start from 2014 in three consecutive years.
- ◆ The World Bank Board extended to the GoM a Competitiveness Loan of US\$ 50 million in December 2012, and issued a Policy-Based Guarantee (PBG), which enabled the GoM borrowing EUR 250 million from the Deutsche Bank for covering the remaining government arrears and for 2013 budget financing needs.
- ◆ In the period 1991-2013, EBRD disbursed more than EUR 560 million (US\$ 750 million) for: private sector development, restructuring the banking sector, development of financial institutions, supporting SME's, infrastructure projects, AG projects, municipal services, energy efficiency projects, etc. In May 2013 it adopted a new Country Strategy for Macedonia for the period 2013-2016, laying out the following three priority areas for financing: corporate and municipal sectors, energy efficiency and sustainable energy, and regional integration.
- ◆ In the period 2009 - 2013, the Macedonian Bank for Development Promotion withdrew total of EUR 350 million (about US\$ 460 million) approved credit line from the European Investment Bank, used mostly for financing SMEs.