

**Republic of  
North Macedonia  
August 2020**

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SOVEREIGN RATING	Initial rating	Monitoring	Review	Review	Review	Review
Date of Rating Committee	14.09.2015	14.04.2016	08.03.2018	28.02.2019	27.02.2020	27.08.2020
Date of rating publication	18.09.2015	15.04.2016	09.03.2018	01.03.2019	28.02.2020	28.08.2020
Long-term rating:	BB- (ns)	BB- (ns)	BB- (ns)	BB- (ns)	BB- (ns)	BB- (ns)
Outlook:	Stable	Negative	Stable	Positive	Stable	Stable
Short-term rating:	B (ns)	B (ns)	B (ns)	B (ns)	B (ns)	B (ns)

• (ns) – not solicited rating

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The report has been prepared and the rating – assigned, based on public information, made available by the National Bank of the Republic of North Macedonia, the State Statistical Office, the Ministry of Finance, the World Bank, the International Monetary Fund, the European Commission, BCRA's database etc. BCRA uses sources of information, which it considers reliable, however it cannot guarantee the accuracy, adequacy and completeness of the information used.

BCRA - CREDIT RATING AGENCY AD **affirms** the **unsolicited** long-term and short-term sovereign rating of the Republic of North Macedonia and **maintains** the outlook related to them:

Long-term rating: **BB- (ns)**  
Short-term rating: **B (ns)**  
Outlook: **Stable**

BCRA's officially adopted **Sovereign Rating Methodology has been applied:**

[https://www.bcra-bg.com/files/Sovereign\\_Methodology\\_2019\\_en.pdf](https://www.bcra-bg.com/files/Sovereign_Methodology_2019_en.pdf)

**Notes:**

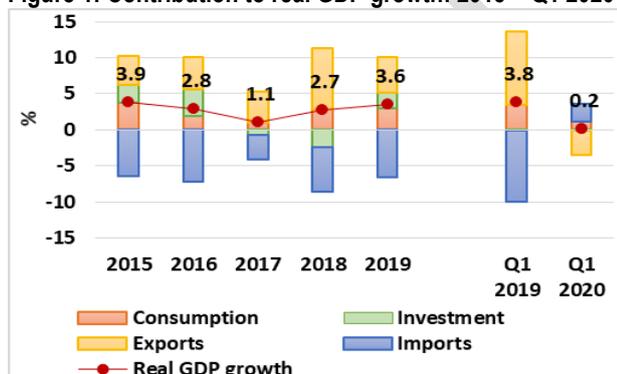
- 1) Prior to the present publication the credit rating and the rating outlook were disclosed to the rated entity. Following that disclosure amendments in the credit rating and rating outlook have not been executed;
- 2) During the last two years, BCRA Credit Rating Agency AD has not provided ancillary services to the rated entity or a related third party;
- 3) The users of the rating can find information on the meaning of each rating category in the Global Scale ([https://www.bcra-bg.com/files/global\\_scale\\_en.pdf](https://www.bcra-bg.com/files/global_scale_en.pdf)). The definition of default can be found in the Sovereign rating Methodology ([https://www.bcra-bg.com/files/Sovereign\\_Methodology\\_2019\\_en.pdf](https://www.bcra-bg.com/files/Sovereign_Methodology_2019_en.pdf))

### Overview:

At the beginning of 2020, the Republic of North Macedonia was led by a technical government following the resignation of Zaev's cabinet. The government had to organize fair and democratic elections as well as make progress in the **Euro-Atlantic integration** process. Thus, in the conditions of a pandemic and a state of emergency, North Macedonia became the 30<sup>th</sup> NATO member state on the 27<sup>th</sup> of March 2020. A key event on the European path of North Macedonia was the release of this year's European Commission progress report on the country. The EU Council referring to it appraised the demonstrated determination to advance the EU reform agenda and decided to open accession negotiations with the Republic of North Macedonia on the 25<sup>th</sup> of March 2020. The formal negotiations are expected to begin during the upcoming autumn.

On the 13<sup>th</sup> of August, Zaev received the mandate to form the future government following the narrow victory of the early **parliamentary elections** from the 15<sup>th</sup> of July 2020. The SDSM-led coalition "We Can" won 35.9% (46 seats out of the 120) of the vote, closely followed by VMRO-DPMNE with 34.6% (44 seats). It will try to remain in power for the next four years after reaching a coalition deal with the DUI, and being supported by one DPA representative. This configuration seems to be fragile, yet, it should bring some political predictability and continuity to the current course.

Figure 1: Contribution to real GDP growth: 2015 – Q1 2020

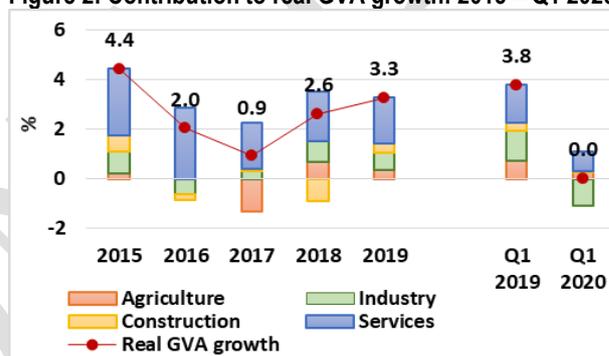


Source: State Statistical Office

Country's **economic growth** accelerated to 3.6% in 2019, but the upswing ended abruptly in March 2020 due to the COVID-19 outbreak, which led to global trade disruptions and massive lockdowns. Reflecting the impact of the containment measures,

GDP growth markedly decelerated to 0.2% YoY in Q1 2020, down from 3.4% a year ago. Consumption was the only growth driver on the expenditure side whereas investment and net exports contributed negatively. Annual growth in private consumption slowed to 1.2%, from 4.4% in the same prior-year period, while government consumption rose by 2.4%, compared to 3.8% in Q1 2019. Following the recovery in the second half of 2019, gross capital formation annually declined by 0.5% in Q1 2020. Simultaneously, the fall in demand in North Macedonia's main trade partners took its toll on external trade as real exports dropped by 5.4% YoY. In parallel, imports also decreased, but at a slower rate of 3.2%.

Figure 2: Contribution to real GVA growth: 2015 – Q1 2020



Source: State Statistical Office

On the supply side, **gross value added** stagnated as most of the economic activities recorded downward adjustments. The largest negative impact came from the industry, which declined by 5.1% YoY in Q1 2020. The aggregate services sector expanded by 1.4% in real terms, driven by the positive contributions of real estate activities as well as of information and communication activities, while trade, transport and tourism dragged down the GVA growth in the sector. The construction posted positive, although decelerating, annual growth of 1.5%.

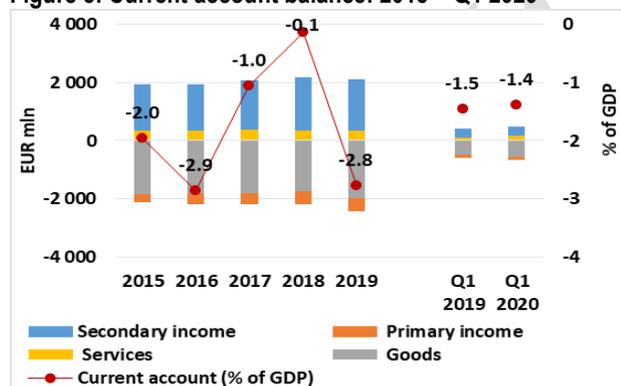
Both global and North Macedonia's economic prospects have deteriorated substantially due to the pandemic, which will inevitably translate into a strong GDP contraction in 2020. The effects are already visible in the economic data for the first quarter, but their full magnitude will be recorded in the results for the second quarter as containment measures in the country were imposed only in mid-March. Private consumption will decline, due to broad lockdown measures, surge in unemployment and fall in household's disposable income. Also,

high uncertainty and shrinking demand will weigh on investment activity, while ongoing projects may be put on hold amid liquidity pressures. Concurrently, exports will decline, reflecting the economic recession in country's main trading partners and global supply-chain disruptions. However, the negative contribution of net exports will be limited by the expected reduction in imports.

The pandemic caused a sharp reduction in activity in the service sector. Tourism and related sectors literally came to a standstill in the spring months, and only a partial recovery is expected this year. Muted external demand will slow the recovery of industrial production, while construction output will suffer the secondary effects of the recession.

The European Commission projects<sup>1</sup> that North Macedonia's economy will contract by 3.9% in 2020, followed by a rebound of 4% in 2021. However, the recession magnitude and the recovery speed are yet uncertain to predict, as they will be shaped by the pandemic evolution and the timelines of the associated containment in the country, as well as by the dynamics of the recovery in its main trading partners.

Figure 3: Current account balance: 2015 – Q1 2020



Source: NBRNM

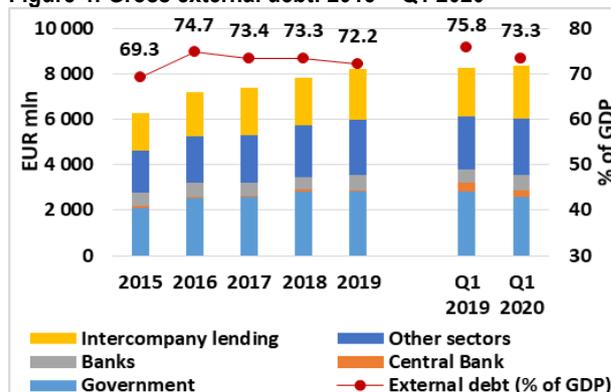
The **current account** deficit widened to 2.8% of GDP in 2019, mainly as a result of the increase in trade deficit. In Q1 2020, the current account recorded a negative balance of EUR 157 mln, being almost unchanged to the one (EUR 158 mln) recorded in the same prior-year period. Concurrently, the deficit on trade in goods deteriorated further - by 15.3% YoY, but was compensated by 63.1% higher services surplus and 9.4% lower primary income deficit. The coronavirus

crisis will lead to a sharp decline of domestic demand and imports, and accordingly - a trade balance improvement, but it won't be able to compensate for the drop of remittances and the reduced surplus in services. As a result, the current account deficit is expected to pick up in the remaining months of 2020.

Over the past seven years, the current account deficit has been fully financed by long-term capital inflows in form of **foreign direct investment**. During the first three months of 2020, total direct investments in the country amounted to EUR 137 mln (1.2% of GDP<sup>2</sup>), annually increasing by EUR 89 mln, mainly due to higher net-inflows based on intercompany lending. However, with investment plans likely to be postponed, net FDI inflows are also projected to decline, so the increasing external financing needs in 2020 may largely rely on government's borrowings.

Notwithstanding country's strong performance in the World Bank's **ease of doing business** ranking<sup>3</sup>, the private sector still faces a range of obstacles. Enabling steady FDI inflows is crucial for country's medium-term growth prospects. Given the already attractive tax regime and financial incentives to foreign firms, strengthening of institutions would be key for attracting foreign investors. In our view, the recent opening of EU accession negotiations may provide a confidence boost and renewed reform impulse in the next years.

Figure 4: Gross external debt: 2015 – Q1 2020



Source: NBRNM

<sup>2</sup> The GDP ratio is calculated using the sum of the GDP for the four preceding quarters.

<sup>3</sup> North Macedonia scored 17<sup>th</sup> out of 190 economies in the 2020 Doing Business report of the World Bank.

<sup>1</sup> EC, Spring 2020 Economic Forecast.

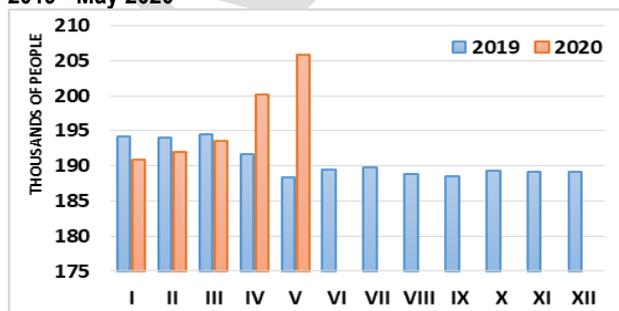
**Gross external debt** remains elevated, amounting to EUR 8 339 mln or 73.3%<sup>2</sup> of GDP as of Q1 2020. This represents an increase of EUR 148 mln compared to the end of 2019. Along with the effect of NBRNM repo transactions, this increase was prompted by higher intercompany lending, while government debt declined. The share of short-term debt at remaining maturity picked up by 1.4 pp. to 43.9% of total external debt.

Country's negative **net international investment position** stood at EUR 5 823 mln or 58.4% of GDP at the end of March 2020, compared to EUR 5 652 mln or 56.4% of GDP at the end of 2019. The sizable negative NIIP poses some risks to external sustainability, however, they are partly mitigated by the stock of direct investment - representing 52.9% of total liabilities.

North Macedonia has a *de facto* stabilized **exchange rate arrangement** with a sustained minimum volatility of the MKD/EUR exchange rate. This factor has played a major role in stabilising inflationary expectations, but limits the ability of the NBRNM to accommodate monetary policy and makes it necessary to maintain a secure level of foreign reserves.

As of end-July 2020, gross **foreign reserves** stood at EUR 3 512 mln, increasing by EUR 250 mln compared to the end of 2019. The increase was attributable to inflows based on the loan from the IMF and the Eurobond issue in May, while interventions of the National Bank on the FX market had the opposite impact. The level of reserves remains broadly adequate, providing about 4 months coverage of imports. However, a prolonged period of global uncertainty and risk aversion may put pressure on the reserves, and accordingly – the denar peg.

**Figure 5: Registered unemployed and other job seekers: 2019 - May 2020**

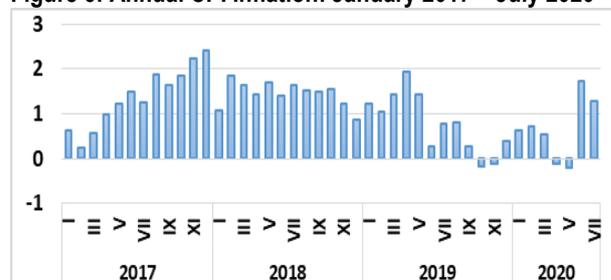


Source: Employment Service Agency of RNM

North Macedonia has been featured by a constantly high **unemployment** rate, gradually falling in recent years. In line with the positive developments in the real sector, the unemployment rate declined to 17.3% in 2019 and to 16.2% in Q1 2020 despite the initiating corona crisis. Therefore the negative effects on labour activity are expected to a large extend unfold in the second quarter of the year as it is observed through the monthly data by the Employment Service Agency for the registered unemployed in April - May 2020 (see Figure 5). Measures to support employment and disposable income have been taken by the government including financial assistance to companies aimed at paying wages (MKD14 500 or one minimum wage per employee for employers and persons performing an independent activity) and subsidizing 50% of the contributions for the most affected sectors. People that lost their job as a result of the crisis, even from the informal activities, could count on state transfers, too.

Aside from the virus, wages remain on the rise as well, including the minimum one (increased twice in 2019), wage hikes in the public sector, and a new subsidy measure for keeping the highly qualified personnel in 2020. The average monthly net wage reached EUR 439 for Q1 2020 representing a 10% real annual growth. This has occurred against the background of employment structure changing, as the weight of services grows at the account of the agriculture. The **GDP per capita** has demonstrated a moderate rise reaching EUR 5 463 in 2019, which in nominal terms corresponded to 17.1% of the EU-average.

**Figure 6: Annual CPI inflation: January 2017 – July 2020**

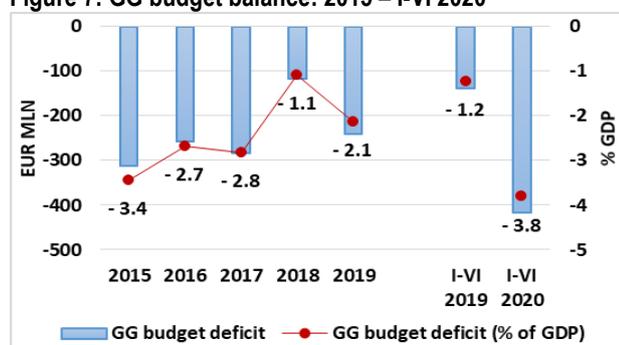


Source: State Statistical Office

Following the slight acceleration in 2018, annual consumer price **inflation** eased to 0.8% in 2019, and remained subdued until May 2020 (deflation of 0.2% YoY) in line with the reduced consumption

growth. Among the temporary anti-crisis measures of the government were an increase of excise duty on oil and oil derivatives answering to the global markets' volatility, and price controls implemented on basic food products, medicines, and disinfection products. With the lifting of the state of emergency and the latter regulation (on the 22 of June 2020), respectively, the food prices jumped by 5.5% in June contributing to the overall mild inflation rate and eased thereafter. Contrary, the fuel prices decline weighted on transport' price dynamics in the downward direction.

Figure 7: GG budget balance: 2015 – I-VI 2020



Source: Ministry of Finance

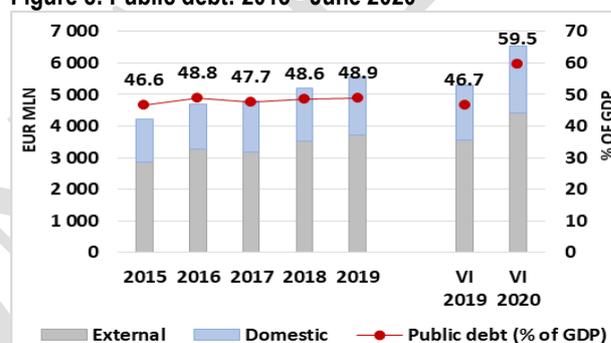
General government **budget deficit** slightly picked up from 1.1% of GDP in 2018 to 2.1% of GDP in 2019, but the recession, triggered by the COVID-19 outbreak, will have a strong negative impact on the fiscal gap this year. Measures to prevent the pandemic spread will lead to significant shortfalls in the main revenue sources – receipts from taxes, while public spending is set to increase, as the government deployed a policy response to cushion the economic and social effects of the pandemic. The stimulus measures include subsidies on wages and social security contributions for firms that maintain employment, postponement of income tax payments, loans and guarantee schemes, and sector-specific support.

In January – June 2020, public revenues declined by 9.3% YoY mainly due to the sharp drop in tax receipts. Non-tax revenues, capital revenues and foreign donations also decreased, whereas only contributions registered a slight increase compared to the same prior-year period. Concurrently, public expenditures rose by 8.8% YoY, on account of 13% higher social transfers and a 10.8% increase in personnel expenses, while capital expenditures fell by 20%. As a result, general government budget posted a deficit of EUR 417 mln as of end-June

2020, which represents a major slippage compared to the deficit of EUR 139 mln recorded in the like period of 2019.

In May 2020, the government had revised the budget to secure the financing for crisis mitigation measures. Spending target is kept, but funds will be relocated, in particular – by cuts in budgeted investment. The full-year fiscal gap is now expected to reach 6.8% of GDP, while the initially projected deficit was equivalent to 2.3% of GDP. In our view, this year's slippage is justified and will prove only transitional by nature. However, downside fiscal risks are sizeable in case of a steeper decline of economic activity and much slower recovery.

Figure 8: Public debt: 2015 - June 2020



Source: Ministry of Finance

Reflecting the rapid rise in budget financing needs, **public debt** is set to increase markedly in 2020, before gradually stabilizing over the medium term. As of the end of June 2020, country's public debt amounted to EUR 6 527 mln (59.5% of GDP projected), in which general government debt stood at EUR 5 561 mln and debt of public enterprises (both guaranteed and non-guaranteed) was EUR 966 mln. Public debt rose by EUR 986 mln compared to the end of 2019, mainly on account of external borrowing of funds through a new Eurobond issue and loans from international financial institutions.

On 10 April 2020, the International Monetary Fund approved a disbursement of EUR 176.5 mln for the Republic of North Macedonia under the Rapid Financing Instrument<sup>4</sup>. Moreover, the EC adopted a

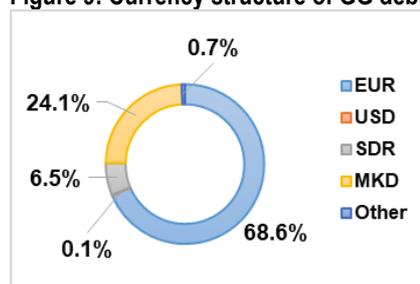
<sup>4</sup> The RFI provides rapid financial assistance to member countries facing an urgent balance of payments need, without the need for a full-fledged economic program or reviews. Financial assistance under the RFI is provided in the form of immediate disbursements.

proposal to provide up to EUR 160 mln in Macro-Financial Assistance to the country and a EUR 140 million loan is negotiated with the World Bank.

On 27 May 2020, North Macedonia successfully tapped the international markets with its seventh Eurobond issue in the amount of EUR 700 mln. The Eurobond maturity term is six years, whereas the interest rate of 3.675% is favourable - the second lowest rate after the one achieved in 2018.

Financing needs in 2020–21 are elevated, reflecting the higher budget deficit and repayments of maturing Eurobonds. However, North Macedonia had already secured the funds to fully cover its financial needs for this year. Afterwards, the refinancing risk is expected to decline as a result of the extended maturity of the external debt portfolio.

Figure 9: Currency structure of GG debt: end-June 2020



Source: Ministry of Finance

The profile of the public debt is sustainable, although not without risks in the event of further shocks. The relative share of debt denominated in domestic currency reached 24.1% of general government debt as of end-June 2020, up from 23.2% at the end of 2019. The still high share of debt denominated in foreign currency (mainly in euros) could affect the repayment costs, however, the exchange rate risk is constrained by denar's longstanding peg to the euro.

The **banking sector** has developed organically over 2019, with a moderate increase in total assets and borrowed funds. In the beginning of 2020, it faced the unaccustomed challenges of the pandemic-driven crisis and the Eurostandard Banka delicensing<sup>5</sup>. These are expected to have mixed

effects in regard to the system's profitability. On the one hand, a slowed activity follows from the current economic situation, and on the other - improved solvency after excluding the failed bank from the aggregated balances.

During the first quarter of 2020 (when data for Eurostandard still affected the system's results), the credit to the non-financial sector recorded 5.9% growth on an annual basis, predominantly household-driven while enterprises' activity remained subdued just like in 2019. The share of the non-performing loans comprised 5.0% of total gross loans, 0.2 pp up compared to the end of 2019. As opposed to 2018, the net impairments losses increased notably in 2019, which was a serious drag on profitability. The same applied to the Q1 2020 figures where the impairment loss almost doubled on a yearly basis and ROA and ROE saw new decreases, respectively, to 0.83% and 7.48% (1.27% and 11.66% at the end of 2019). Concurrently, most of the banks' profit for 2019 has been reinvested in compliance with the recommendation of the NBRNM.

On the liabilities side, there was only marginal deceleration in deposits growth, which supported the system's capital base. Concurrently, the capital adequacy ratio amounted to 16.5% (17.0% in Q1 2019) in Q1 2020 after the rate of increase of the risk-weighted assets exceeded those of the own funds.

The liquidity has been favourable at the outbreak of the crisis and after that, and yet the National Bank has taken additional measures to keep it that way. The NBRNM reduced banks' reserve requirement for the amount of newly approved and restructured loans to the affected sectors, and also set up a repo line with the ECB<sup>6</sup> to provide euro liquidity up to EUR 400 million at least to the mid-2021. Since the beginning of 2020, the NBRNM, considering the economic impact of the worldwide COVID-19 spreading, has further loosened the monetary policy and cut its **policy rate** twice by 0.25 pp. to 1.50%. The expected risks of adverse external effects have been taken into account, amid moderate domestic inflation and comfortable level of foreign reserves.

<sup>5</sup> The NBRNM and the Deposit Insurance Fund (DIF) announced via a joint statement on the 12 of August 2020 that the founding and operating license of Eurostandard Bank AD has been revoked due to non-compliance with the minimum

requirements for operating a bank. A total of 99.4% of the natural persons' deposits would be reimbursed by the DIF.  
<sup>6</sup><https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200818-6f97d2eefb.en.html>

### Outlook:

The **stable** outlook of the Sovereign Rating of the Republic of North Macedonia reflects BCRA's opinion that risks are broadly balanced. The COVID-19 outbreak will inevitably translate into a strong economic recession, hence, both fiscal and external metrics will deteriorate significantly this year. Financing needs are large, but the country had already secured the funds needed through external financing, which enabled growth of foreign reserves and their maintenance at the appropriate level to support the exchange rate peg. Although it faces many challenges, the new government formation suggest for policy continuity. The EU finally decided to open accession negotiations with North Macedonia, which may provide a renewed reform impulse in the following years.

**Positive** pressures on the Sovereign Rating and/or the Outlook would be considered:

- Stronger than anticipated fiscal results;
- Swift recovery of economic activity, once the COVID-19 outbreak is contained;
- Increased resilience to external shocks;
- Implementation of comprehensive structural reforms, raising the country's growth potential.

**Negative** pressures on the Sovereign Rating and/or the Outlook may arise in case of:

- Continued fiscal loosening, leading to a rapid increase of public debt;
- Intensification in external imbalances and sudden capital outflows related to shift in investors' sentiment and risk aversion;
- Diminishing foreign reserves, putting the exchange rate peg under pressure.

## Regulatory announcements

### Rating initiative:

**This rating is unsolicited**

Unsolicited sovereign rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

The complete version of BCRA's policy on unsolicited credit/sovereign ratings can be downloaded through the following link:  
[https://www.bcra-bg.com/files/policy\\_unsolicited\\_rating\\_en.pdf](https://www.bcra-bg.com/files/policy_unsolicited_rating_en.pdf)

### Clarifying Notes:

There may be some differences in the stated values and changes in the analysed indicators due to the conversion of those values in another currency (namely in EUR). The used exchange rate is the publically announced by the National Bank of Republic of North Macedonia as the average value for the corresponding period (i.e. yearly, quarterly and monthly). There may also be some differences stemming from using average values for the period rather than end-period values. The cited growth rates in the current report are based on changes in national currency, with the exception of data recorded in EUR (i.e. Balance of payments, External debt, Net international investment position). The data on which the current report is based includes the public data available until the middle of August 2020.

## Summary of the minutes of the Rating Committee:

On the 27<sup>th</sup> of August 2020, Rating Committee of BCRA – CREDIT RATING AGENCY (BCRA) had a session, on which the **Report regarding the affirmation of the Unsolicited Sovereign Rating of Republic of North Macedonia** was discussed. The session was headed by Dr Kiril Grigorov - chairmen of the Rating Committee.

The members of the Rating Committee reviewed numerous qualitative and quantitative risk factors included in the **Rating Model** and analysed in the **Credit Rating Report** in accordance with the **Sovereign Rating Methodology**.

Key points discussed included: 1) domestic politics and the new government formation; 2) the NATO membership and the commencing EU accession negotiations; 3) macroeconomic fundamentals and growth outlook, taking in account the impact of the pandemic; 4) dynamics of external metrics; 5) reserves adequacy; 6) the budget revision and the package of economic measures to mitigate the negative effects of the pandemic; 7) public debt sustainability analysis; and 8) banking system developments.

The sovereign rating and the related outlook have been determined based on the above discussion.

## Tables:

Country	Development classification
Republic of North Macedonia	Emerging and Developing Europe (IMF classification)

MAIN MACROECONOMIC INDICATORS							
	2020 Q1	2019 Q1	2019	2018	2017	2016	2015
Gross domestic product (real growth rate)	0.2	3.8	3.6	2.7	1.1	2.8	3.9
Gross domestic product (EUR mln)	2 689	2 650	11 341	10 698	10 038	9 657	9 072
Final consumption	2 135	2 064	9 048	8 629	8 189	7 952	7 786
Gross capital formation	937	945	3 869	3 415	3 240	3 139	2 758
Exports	1 518	1 636	6 997	6 481	5 536	4 892	4 422
Imports	1 900	1 995	8 572	7 826	6 926	6 327	5 894
Unemployment rate <sup>1</sup> (%)	16.2	17.8	17.3	20.7	22.4	23.7	26.1
Average net monthly wage (EUR)	439	397	410	395	372	363	356
GDP per capita (EUR)	-	-	5 463	5 153	4 839	4 659	4 382
CPI - annual average rate of change (%)	0.5	1.4	0.8	1.5	1.4	-0.2	-0.3
MKD/EUR - period average	61.61	61.53	61.51	61.51	61.57	61.60	61.61
MKD/USD - period average	55.89	54.17	54.95	52.10	54.65	55.69	55.50

EXTERNAL SECTOR							
	2020 Q1	2019 Q1	2019	2018	2017	2016	2015
<i>EUR million</i>							
Current account	-157	-158	-314	-15	-105	-275	-177
Goods	-548	-475	-1966	-1735	-1787	-1813	-1823
Services	166	102	340	362	375	341	349
Primary income	-101	-112	-448	-451	-398	-384	-286
Secondary income	326	327	1762	1809	1705	1581	1583
Foreign direct investments	137	49	326	614	182	338	217
Gross external debt	8 339	8 250	8 191	7 844	7 372	7 217	6 291
Net international investment position	-6 650	-6 218	-6 393	-6 039	-5 823	-5 576	-5 083
Official reserve assets	3 017	2 866	3 263	2 867	2 336	2 613	2 262
<i>% of GDP<sup>2</sup></i>							
Current account	-1.4	-1.5	-2.8	-0.1	-1.0	-2.9	-2.0
Goods	-4.8	-4.4	-17.3	-16.2	-17.8	-18.8	-20.1
Services	1.5	0.9	3.0	3.4	3.7	3.5	3.8
Primary income	-0.9	-1.0	-4.0	-4.2	-4.0	-4.0	-3.2
Secondary income	2.9	3.0	15.5	16.9	17.0	16.4	17.4
Foreign direct investments	1.2	0.4	2.9	5.7	1.8	3.5	2.4
Gross external debt	73.3	75.8	72.2	73.3	73.4	74.7	69.3
Net international investment position	-58.4	-57.1	-56.4	-56.5	-58.0	-57.7	-56.0
Official reserve assets	26.5	26.3	28.8	26.8	23.3	27.1	24.9

PUBLIC FINANCE							
	2020	2019	2019	2018	2017	2016	2015
<i>EUR mln</i>	I-VI	I-VI					
General government revenue	1 498	1 660	3 533	3 266	3 108	2 951	2 809
General government expenditure	1 915	1 799	3 774	3 381	3 391	3 209	3 120
Interest expenditure	44	45	132	126	137	112	106
General government budget balance	-417	-139	-242	-116	-283	-258	-312
General government debt	5 561	4 375	4 557	4 344	3 958	3 852	3 453
Guaranteed debt	925	888	942	858	828	860	774
Public debt <sup>3</sup>	6 527	5 300	5 541	5 202	4 787	4 711	4 227
External public debt	4 400	3 555	3 709	3 538	3 188	3 286	2 848
Domestic public debt	2 127	1 745	1 832	1 664	1 599	1 425	1 380
<i>% of GDP<sup>3</sup></i>							
General government revenue	13.7	14.6	31.2	30.5	31.0	30.6	31.0
General government expenditure	17.5	15.9	33.3	31.6	33.8	33.2	34.4
Interest expenditure	0.4	0.4	1.2	1.2	1.4	1.2	1.2
General government budget balance	-3.8	-1.2	-2.1	-1.1	-2.8	-2.7	-3.4
General government gross debt	50.7	38.6	40.2	40.6	39.4	39.9	38.1
Guaranteed debt	8.4	7.8	8.3	8.0	8.3	8.9	8.5
Public debt	59.5	46.7	48.9	48.6	47.7	48.8	46.6
External public debt	40.1	31.3	32.7	33.1	31.8	34.0	31.4
Domestic public debt	19.4	15.4	16.1	15.6	15.9	14.8	15.2
BANKING SYSTEM							
	2020	2019	2019	2018	2017	2016	2015
<i>ratio (%)</i>	Q1	Q1					
Capital adequacy ratio	16.5	17.0	16.3	16.5	15.7	15.2	15.5
Highly liquid assets / Total assets	22.2	22.6	24.0	22.6	23.2	25.7	24.3
Loan-to-deposit (LtD ratio)	84.4	86.8	83.8	86.2	87.7	87.0	90.6
Non-performing loans / Total loans	5.0	5.2	4.8	5.2	6.3	6.6	10.8
Return on assets (ROA)	0.8	1.5	1.3	1.7	1.4	1.5	1.1
Return on equity (ROE)	7.5	13.5	11.7	16.0	13.5	13.6	10.4
Total assets / GDP	78.5	75.9	78.8	76.5	74.7	74.8	75.8
<i>EUR mln<sup>4</sup></i>							
Total (gross) loans (to non-financial entities)	5 539	5 240	5 525	5 205	4 839	4 570	4 506
Total deposits (of non-financial entities)	6 564	6 033	6 596	6 038	5 518	5 250	4 971
Total assets	8 912	8 252	8 945	8 187	7 513	7 233	6 878
Financial result (net profit / loss)	19	31	109	136	107	103	75

[1] Population aged 15 years and over, LFS;

[2] GDP ratios for Q1 2019 and Q1 2020 are calculated using the sum of GDP in the four preceding quarters;

[3] Ratios for 2020 are calculated on the basis of GDP amounting to EUR 11 340 million (Ministry of Finance projection);

[4] The values in EUR are calculated by using the exchange rate of the MKD/EUR at the corresponding period's end.

Sources: National Bank of Republic of North Macedonia, State Statistical Office, Ministry of Finance, World Bank, Eurostat, International Monetary Fund.