MACEDONIA
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Helping Build a Stronger Nation

QUARTERLY ECONOMIC MONITOR

Projections Q1 2026

Q1 2026 at a Glance

GDP GROWTH PROJECTION
2.5-3.5% ▲
Moderate growth, slight slowdown

INDUSTRIAL PRODUCTION
-2.6% ▼
First decline after 4 quarters of growth

CONSTRUCTION ACTIVITY
+5.0% ▲
Driven by Corridors 8 & 10

RETAIL TRADE (EX-FUELS)
+8.6% ▲
Strong consumer spending

TOURISM GROWTH
+5.4% ▲
Foreign visitors leading the rise

LONG TERM CREDIT
+23.1% ▲
Long-term loans show strongest signal

Macedonia 2025 projects: the Macedonian economy will record Gross Domestic Product **growth** in **Q1 2026** between **2.5%** and **3.5%.**

According to the latest high-frequency indicators and currently available data, we project Gross Domestic Product (GDP) growth in the range of 2.5% to 3.5% for the first quarter of 2026. This marks a slowdown compared to previous quarters. The growth is primarily supported by robust activity in the construction sector (construction on Corridors 8 and 10). Inflation shows signs of moderate acceleration, yet the monetary policy target of maintaining inflation close to 2% is expected to be achieved in 2027.

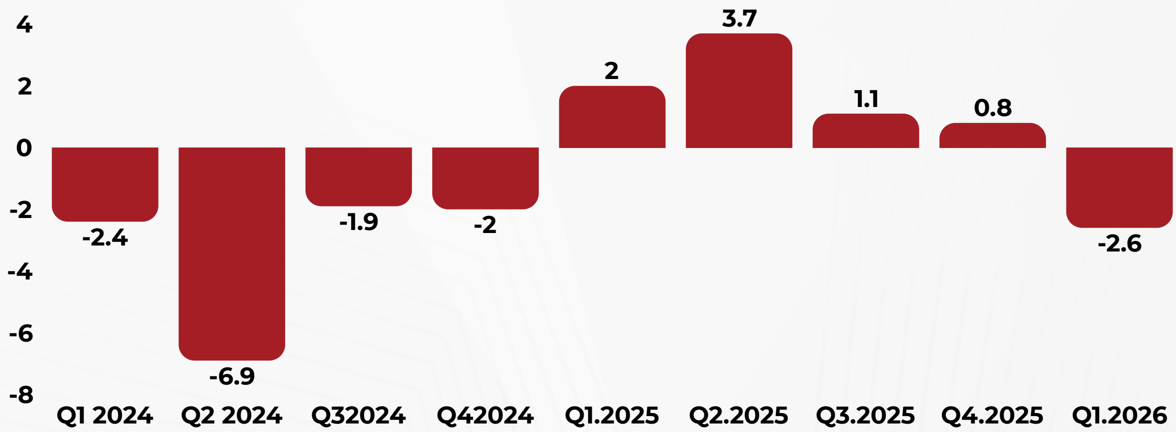
The projection is due to the following economic developments in the first quarter of 2026:

Production Side:

Industrial production: During the first quarter of 2026, industrial production fell by 2.6%, ending a streak of four consecutive quarters of growth. The decline was primarily driven by reduced output in clothing, basic metals, pharmaceuticals, and motor vehicles, while the strongest positive contributions came from the production of beverages and non-mineral products.

Overall, the data suggest that the **Industry Sector will make a moderately negative contribution to GDP growth in Q1 2026.**

Chart No. 1: Industrial Production, Annual Growth Rates

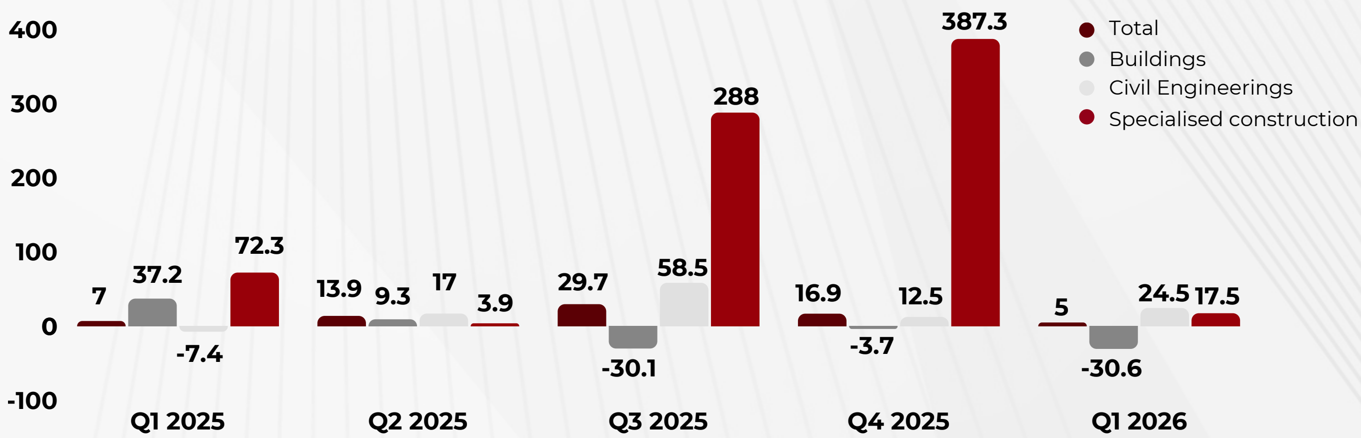


Source: State Statistical Office

Construction Sector: Real construction activity in the first quarter of 2026 rose by 5% compared with the same period of the previous year. This growth was largely driven by strong performance in civil engineering projects and specialized construction works, while building construction registered a decline.

Overall, the data indicate that the **construction sector contributed positively to GDP growth,** with the expansion primarily supported by ongoing infrastructure development across the country.

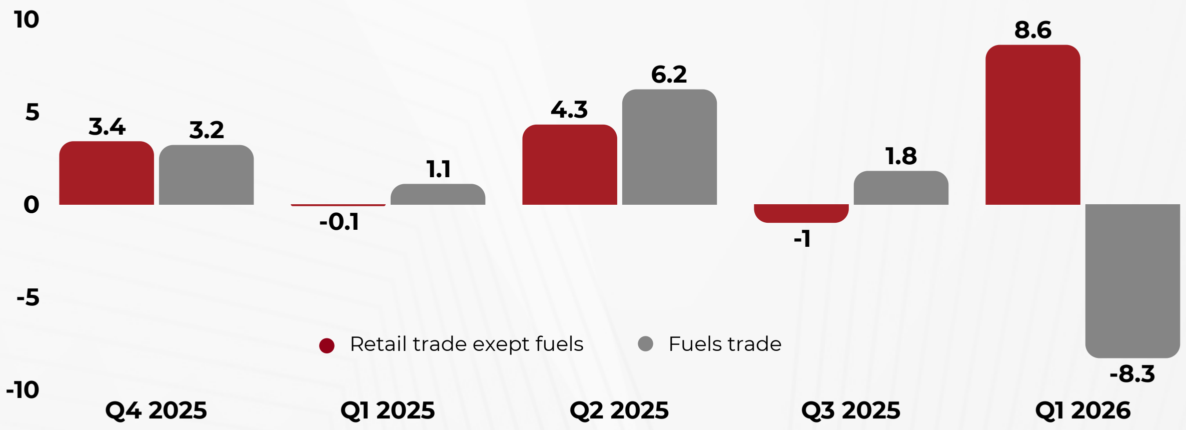
Chart No. 2: Realized Construction Works, Annual Growth Rates



Source: State Statistical Office

Trade: As can be seen from Chart 3, in the first quarter of 2026, retail trade except fuels recorded a real growth of 8.6%, while fuels trade growth rate was negative. Such trade data suggest that this sector will have neutral contribution to GDP growth.

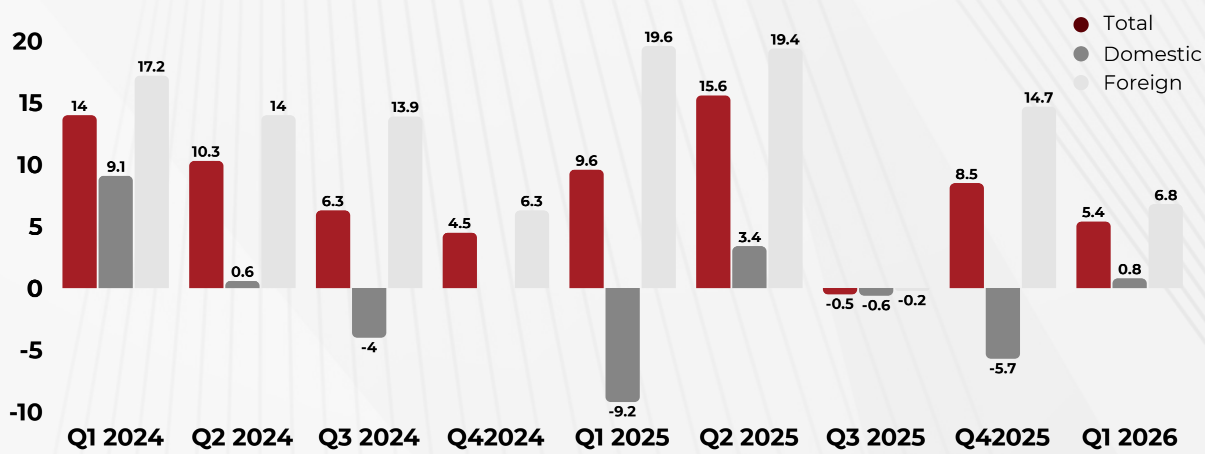
Chart No. 3: Domestic Trade, Annual Growth Rates



Source: State Statistical Office

Tourism: In the first quarter of 2026, the tourism sector recorded overall growth of 5.4%, driven primarily by an increase in foreign visitors. Considering these developments, tourism is expected to make a positive contribution to GDP growth in Q1 2026.

Chart No. 4: Tourism, Annual Growth Rates

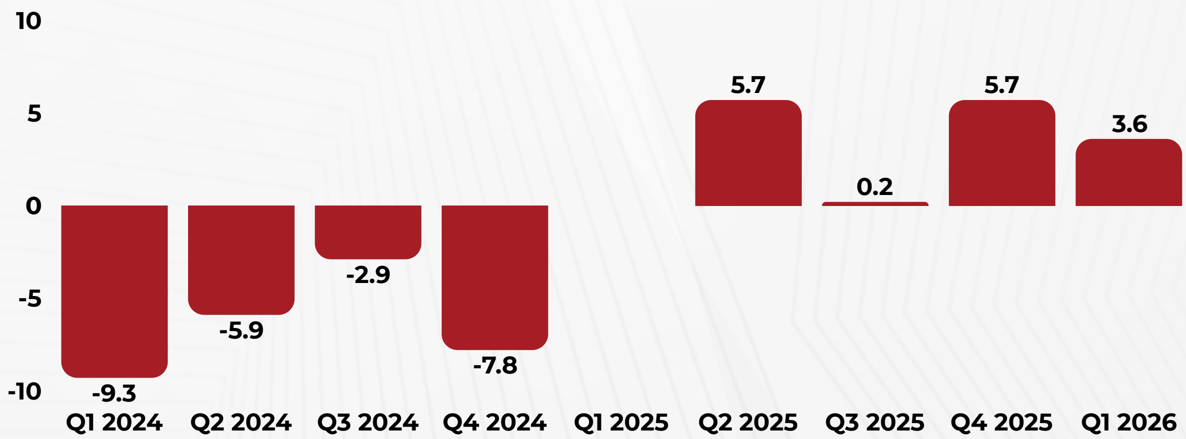


Source: State Statistical Office

Expenditure Side:

Foreign Trade: Exports of goods in the first quarter of 2026 recorded 3.6% growth. At the same time, imports of goods registered an increase of 0.5%, which led to a reduction of the trade deficit. Within the export component, a stronger positive contribution was observed from some of the production capacities located in the Technological Development Zones, particularly the export of the chemical products. Taking into account the higher growth in the import component, we expect the contribution of net exports to be slightly positive in Q1 2026.

Chart No. 5: Exports, Annual Growth Rate



Source: State Statistical Office

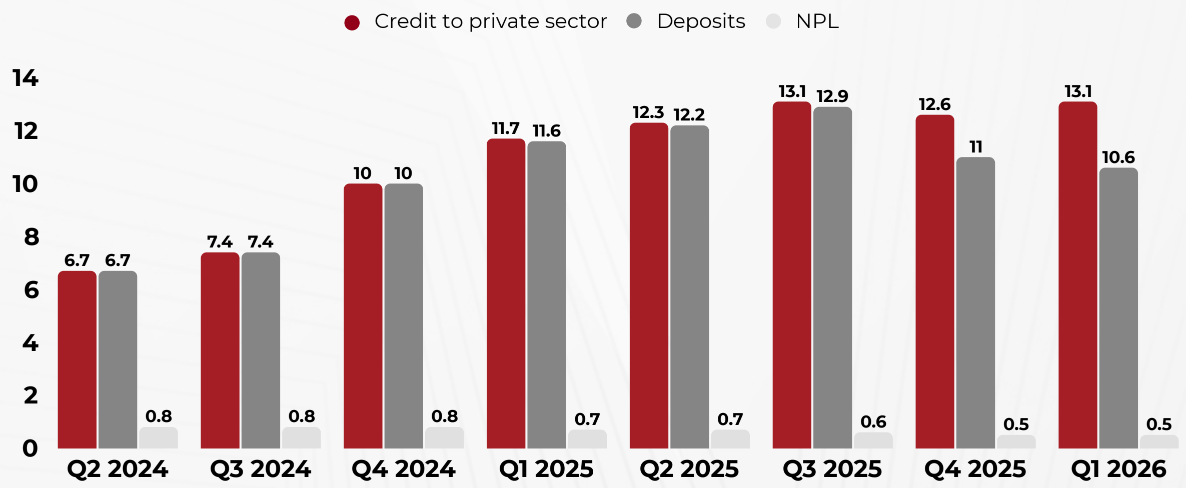
Private Consumption: Indicators of private consumption movements point to an increase in household spending. The upward trend in private sector lending continued in the first quarter of 2026, reaching highest growth rate in the last 5 years. At the same time, the growth rate of Non-Performing Loans (NPLs) registered a slight decline (in March 2026 it reached 0.4%), indicating prudent financial policies.

An analysis of budget revenues suggests a moderate strong increase in private consumption in Q1 2026 (gross VAT revenues grew by 8.5%). Other tax revenues also recorded strong growth.

Gross Investments: High-frequency data on gross investments in Q1 2026 indicate strong investment activity. Total long-term loans recorded a significant increase of 23.1%, while capital investments in the state budget registered an even higher growth of 196%.

These data suggest a strong positive contribution of gross investments to GDP in Q1 2026

Chart No. 6: Loans, Deposits, and Non-Performing Loans, Annual Growth Rates



Source: National Bank of Macedonia