

QUARTERLY ECONOMIC MONITOR

Projections Q4 2025

3.0%-4.5%

GDP Growth Projection
Q4 2025 forecast range

2%

Inflation Target
Expected by end of 2026

16.9%

Construction Growth
Primary GDP driver in Q4 2025

8.5%

Tourism Growth
Led by foreign tourists

Macedonia 2025 projects: the Macedonian economy will record Gross Domestic Product growth in Q4 2025 between 3.0% and 4.5%.

According to the latest high-frequency indicators and the currently available data, we project Gross Domestic Product growth between 3.0% and 4.5% in the fourth quarter of 2025, driven primarily by growth in the construction sector. Inflation shows a moderate deceleration, whereby the monetary target of inflation close to 2% will most likely be achieved by the end of 2026.

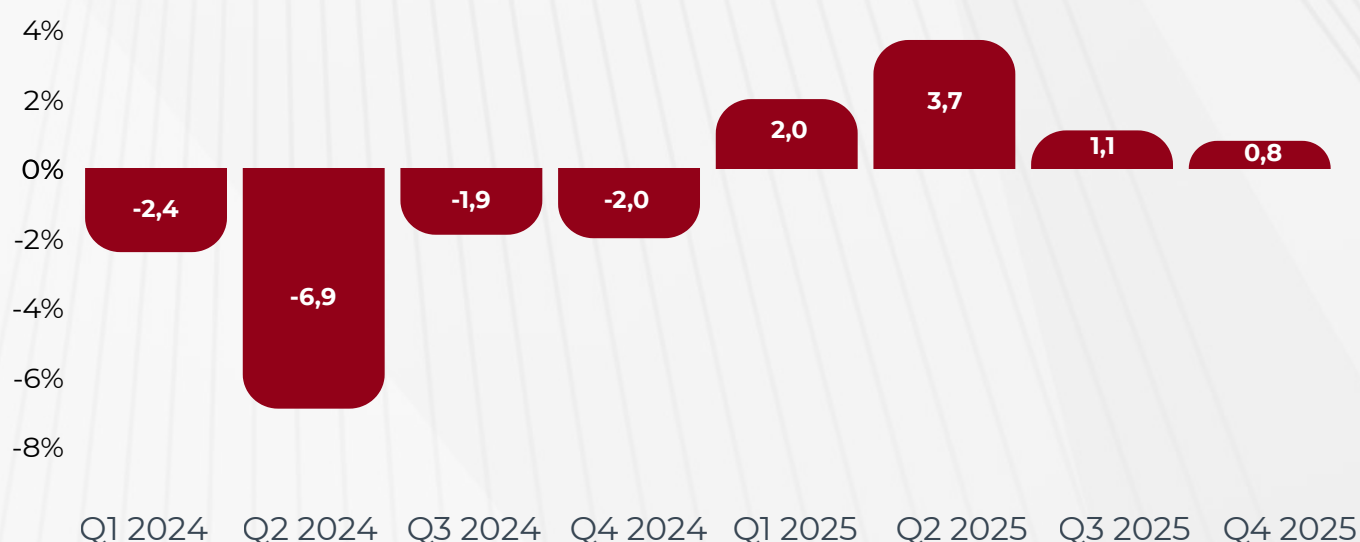
The projection is due to the following economic developments in the fourth quarter of 2025:

Production Side:

Industrial Production: During the fourth quarter of 2025, industrial production recorded a modest growth of 0.8%, representing a slowdown compared to the previous three quarters. In Q4 2025, the main positive contributors to growth were tobacco production, the production of other non-mineral products and production of electricity gas and water.

The industrial production data indicate that the Industry Sector will have a moderate positive contribution to GDP growth in the fourth quarter of 2025.

Chart No. 1: Industrial Production, annual growth rates



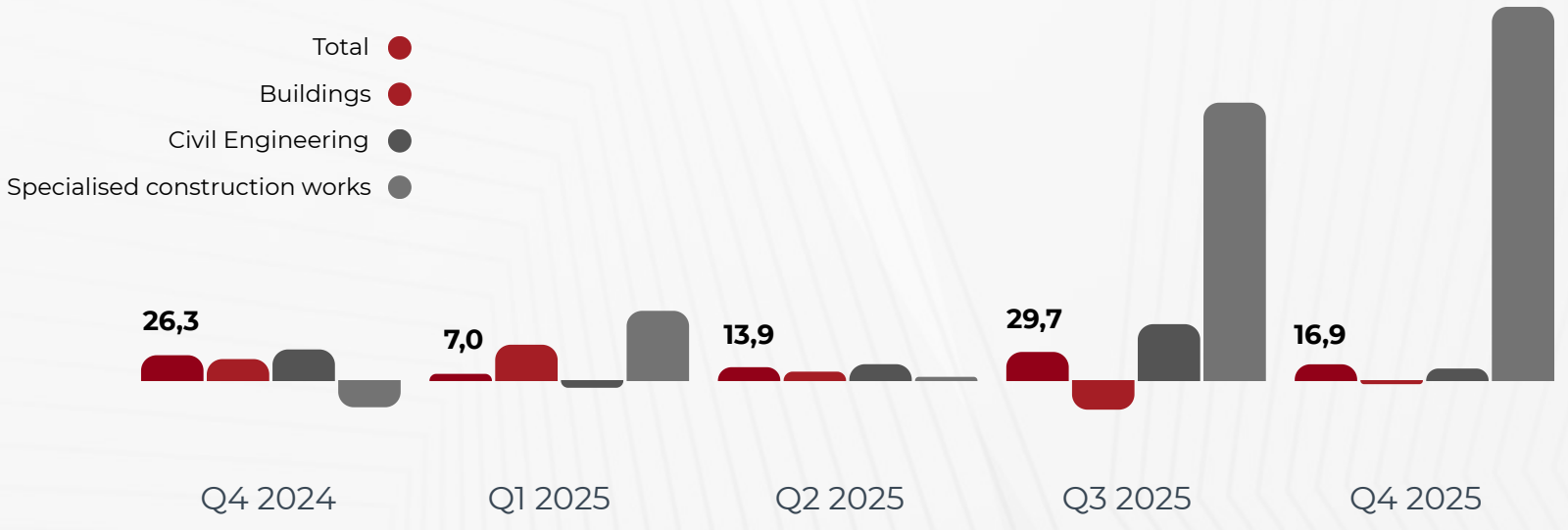
Source: State Statistical Office

Production Side:

Construction Sector: Real construction activity in the fourth quarter of 2025 recorded a strong increase of 16.9% compared to the same period of the previous year. These developments are primarily driven by robust growth in civil engineering and specialized construction works, while building construction registered a decline.

The data for the construction sector point to a strong positive contribution to GDP growth, with the expansion largely supported by the country’s infrastructure development.

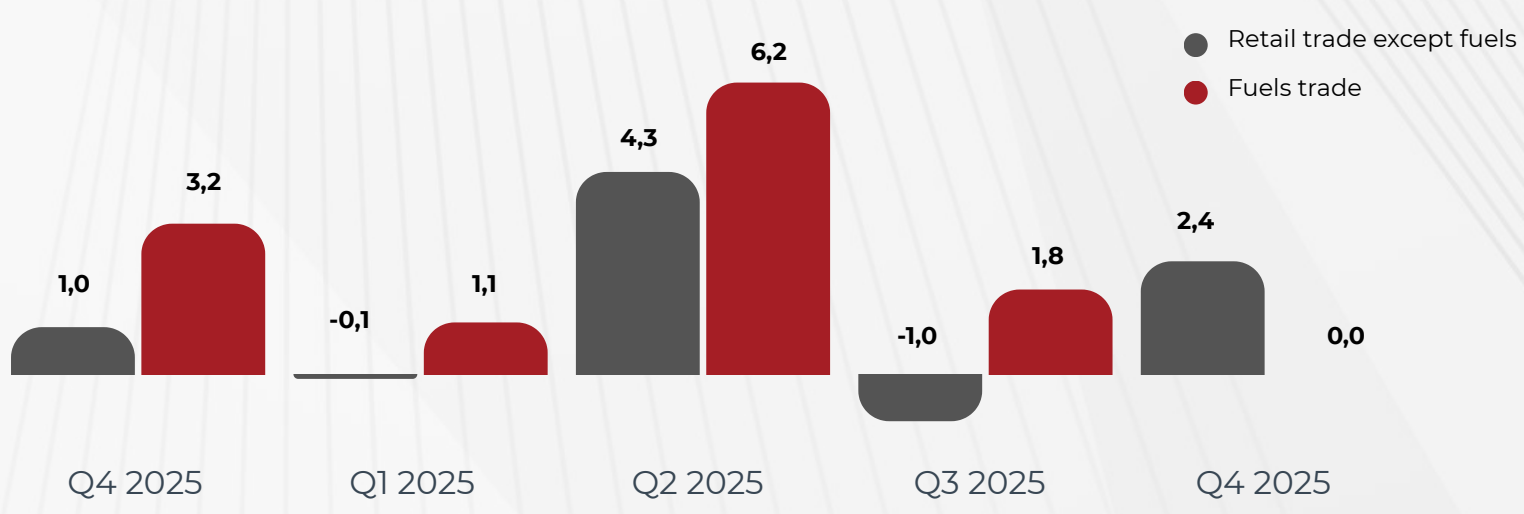
Chart No. 2: Realized Construction Works, Annual Growth Rates



Source: State Statistical Office

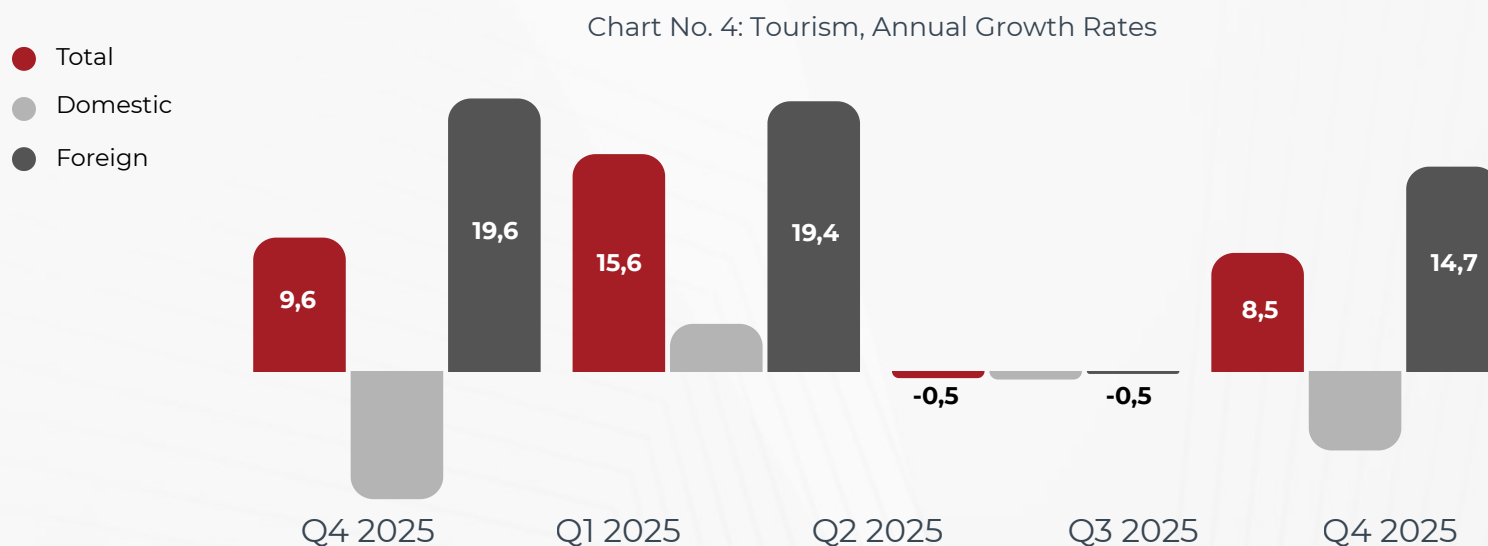
Trade: As can be seen from Chart 3, in the fourth quarter of 2025, retail trade except fuels recorded a real growth of 2.4%, while fuels trade growth rate was neutral. Such trade data suggest that this sector will have small positive contribution to GDP growth.

Chart No. 3: Domestic Trade, Annual Growth Rates



Source: State Statistical Office

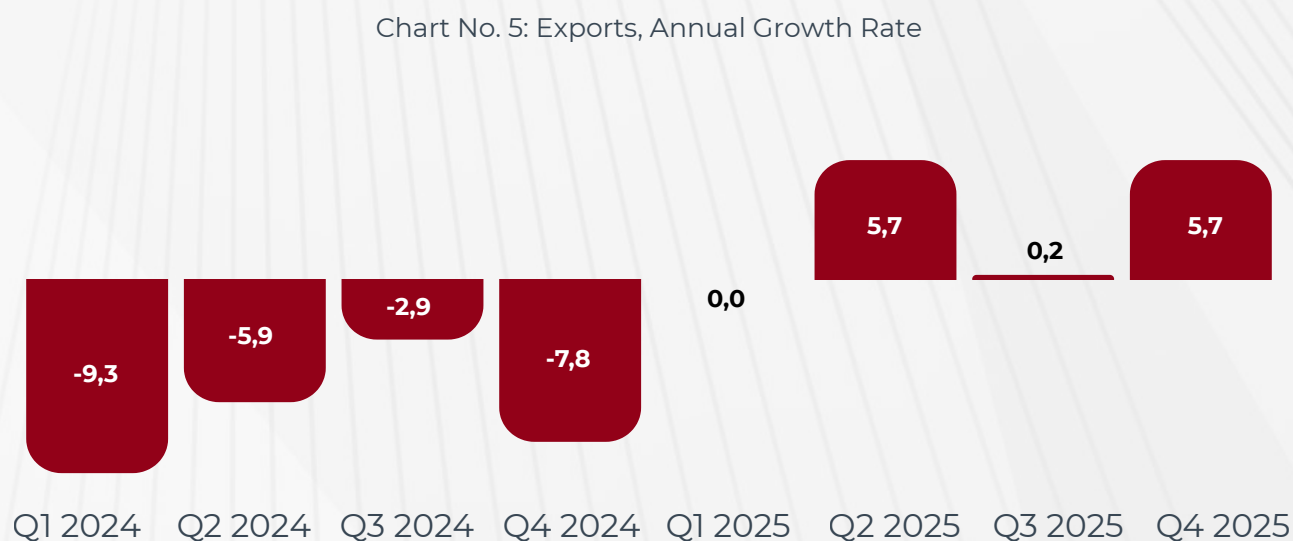
Tourism: In the fourth quarter of 2025, tourism recorded a positive growth rate of 8.5% in total. The growth mainly come from foreign tourists. Taking all these data into account, this sector is expected to have a positive contribution to GDP growth in Q4 2025, thought he export of services and possible consumption.



Source: State Statistical Office

Expenditure Side:

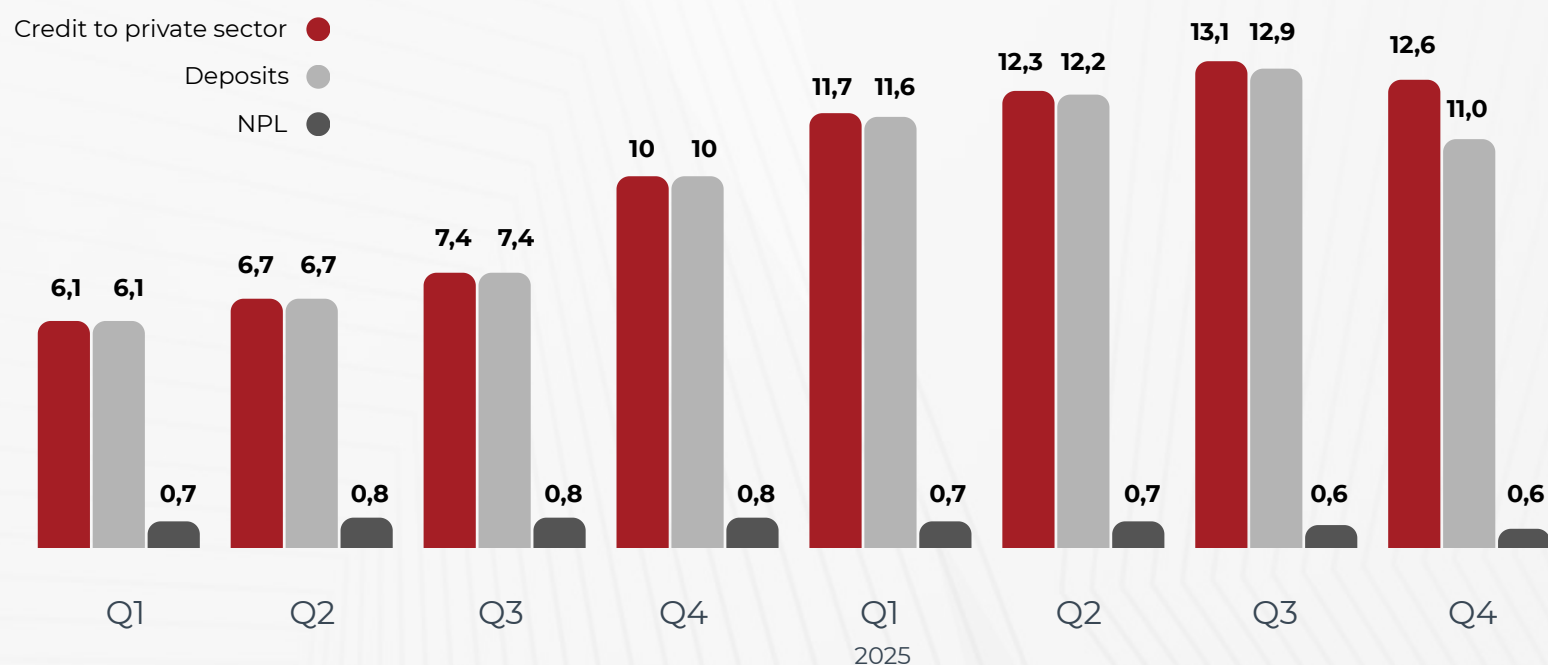
Foreign Trade: Exports of goods in the fourth quarter of 2025 recorded 5.7% growth. At the same time, imports of goods registered an increase of 6.1%, which led to a widening of the trade deficit. Within the export component, a stronger positive contribution was observed from the inorganic chemical products as well as some of the production capacities located in the Technological Development Zones, particularly the export electrical machinery and equipment. Taking into account the higher growth in the import component, we expect the contribution of net exports to be negative in Q4 2025.



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 fourth quarter of 2025, however, the growth rate declined. At the same time, the growth rate of Non-Performing Loans (NPLs) registered a slight decline, indicating prudent financial policies. An analysis of budget revenues suggests a moderate increase in private consumption in Q4 2025 (gross VAT revenues grew by 5%). Other tax revenues also recorded strong growth.

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



Source: State Statistical Office

Gross Investments: High-frequency data on gross investments in the fourth quarter of 2025 indicate strong investment activity. Total long-term loans recorded a significant increase of 23.4%, while capital investments in the state budget registered an even higher growth of 71%. These data suggest a strong positive contribution of gross investments to GDP in Q4 2025.