



# QUARTERLY ECONOMIC MONITOR

Projections Q3 2025

**Macedonia2025 projects: the Macedonian economy is expected to record GDP growth between 2.5% and 4% in Q3 2025.**

According to the latest high-frequency indicators and the currently available data, we project real Gross Domestic Product growth between 2.5% and 4% in the third quarter of 2025, driven primarily by growth in the construction sector (Government infrastructure investments). Inflation shows a moderate acceleration, whereby the monetary target of inflation close to 2% will most likely not be achievable by the end of the year.

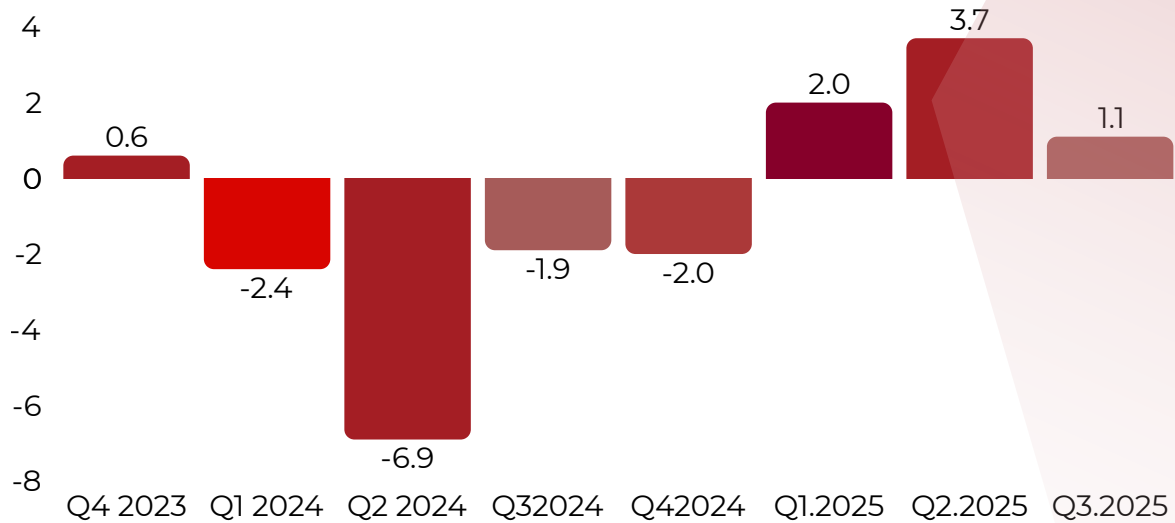
### **Production Side:**

**Industrial Production:** During the third quarter of 2025, industrial production recorded a modest growth of 1.1%, representing a slowdown compared to the previous two quarters. In Q3 2025, the main contributors to growth were tobacco production, the production of other non-mineral products, as well as some of the manufacturing capacities located in the Technological Industrial Development Zones (TIDZ), such as motor vehicle production. At the same time, a negative contribution to industrial growth was observed in some of the traditional industrial branches, namely the production of basic metals and the textile industry.

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

# Quarterly Economic Monitor – Projections Q3 2025

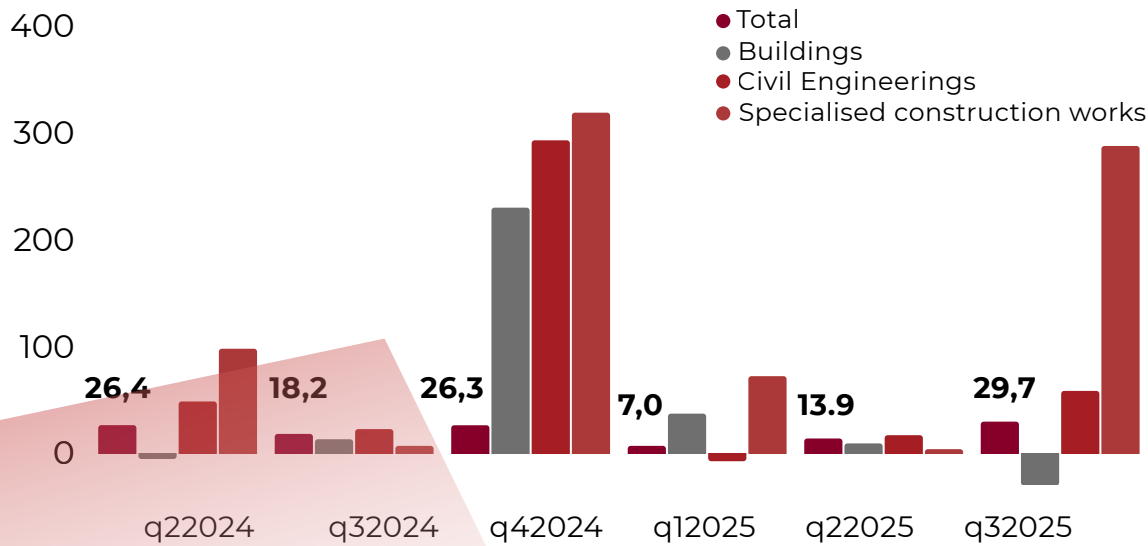
Chart No. 1: Industrial Production, Annual Growth Rates



Source: State Statistical Office

**Construction Sector:** Real construction activity in the third quarter of 2025 (latest available data) recorded a strong increase of 29.7% 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



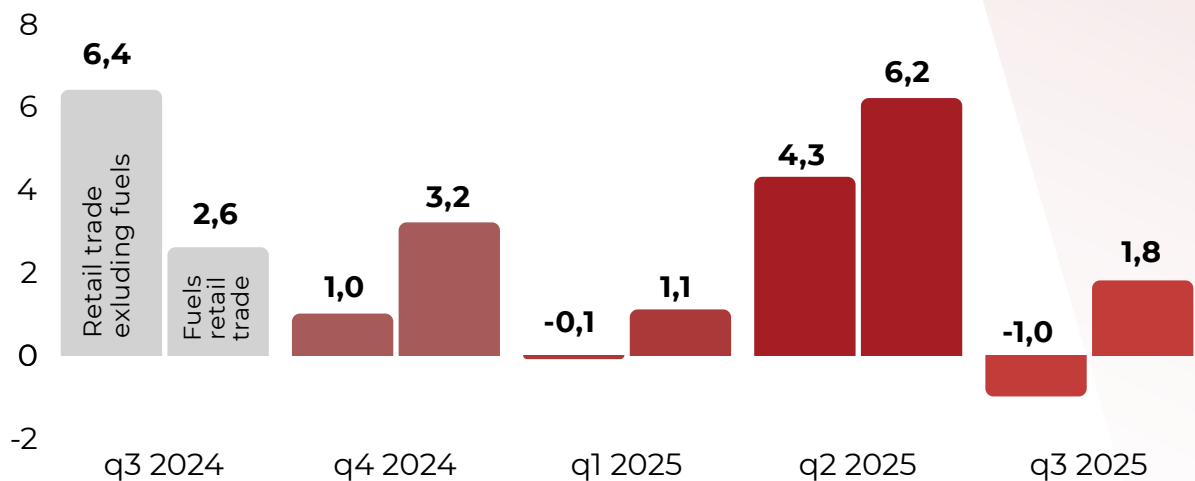
Source: State Statistical Office

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**Trade:** In the third quarter of 2025, retail trade recorded a real decline of 0.5%, while fuels trade was up by 1%.

These data have a neutral contribution to GDP growth, in contrast to the previous quarter when the contribution was positive.

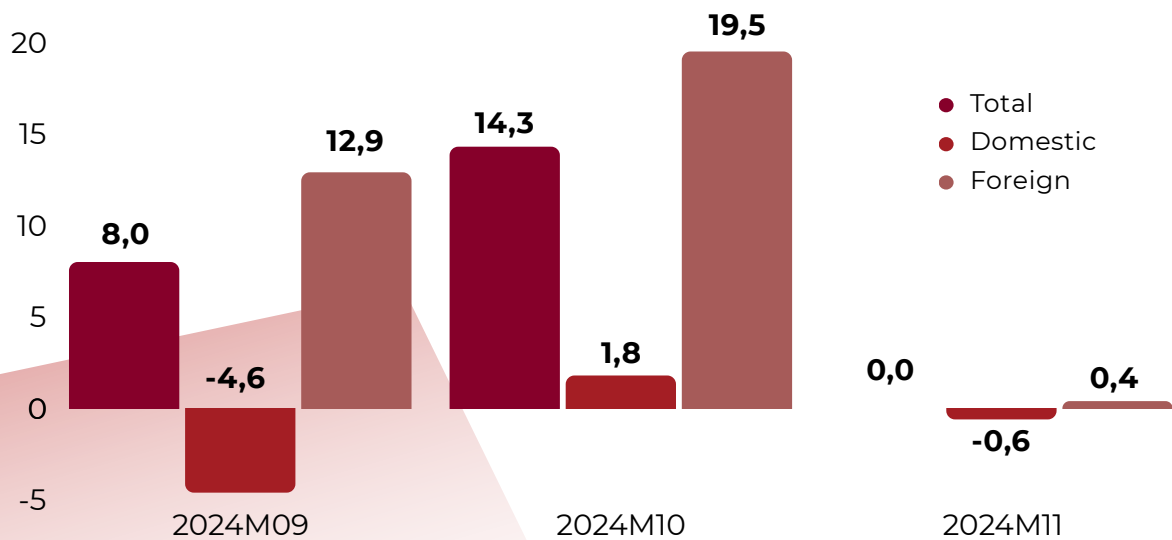
Chart No. 3: Domestic Trade, Annual Growth Rates



Source: State Statistical Office

**Tourism:** Tourism recorded a negative growth rate in the third quarter both in terms of the number of tourists and in overnight stays, marking the first quarter with negative growth since the COVID-19 crisis. Taking all these data into account, this sector is expected to have a small negative contribution to GDP growth in Q3 2025, via export of services and consumption.

Chart No. 4: Tourism, Annual Growth Rates



Source: State Statistical Office

# Quarterly Economic Monitor – Projections Q3 2025

## Expenditure Side:

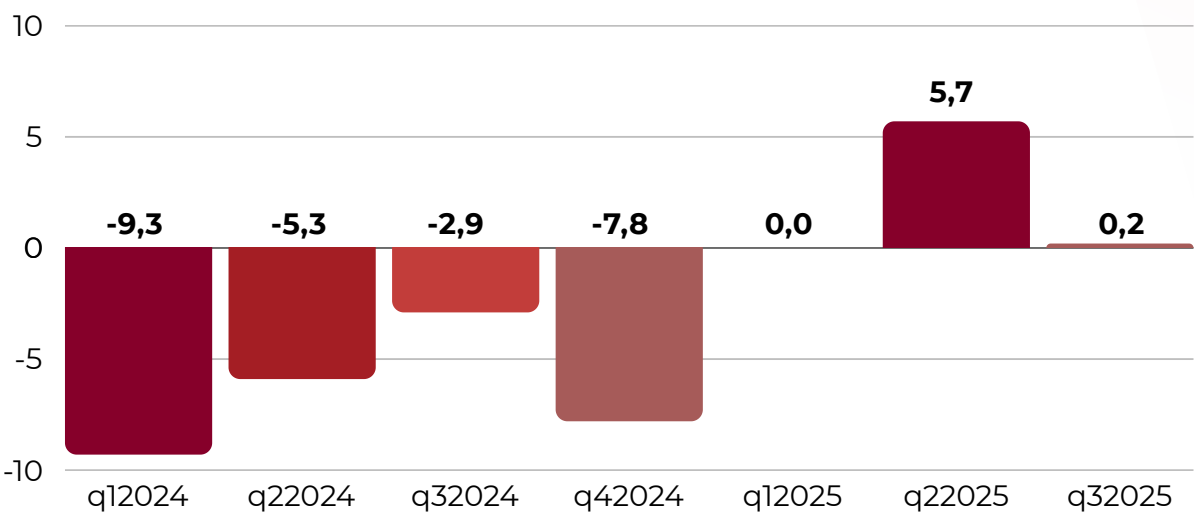
**Foreign Trade:** Exports of goods in the third quarter of 2025 recorded almost zero growth (0.2%). At the same time, imports of goods registered a moderate increase of 5.8%, which led to a widening of the trade deficit.

Within the export component, a stronger positive contribution was observed from the new production capacities located in the Technological Industrial Development Zones (TIDZ), particularly the export of road vehicles and electrical machinery and equipment. Conversely, a larger negative contribution was recorded in the export of electricity, textiles, and chemical and related products, mainly as a result of the decline in exports from one major production facility located in the TIDZ.

On the import side, a more significant positive contribution came from imports of non-ferrous metals as well as machinery and transport equipment.

Taking into account the higher growth in the import component, we expect the contribution of net exports to be negative in Q3 2025.

Chart No. 5: Exports, Annual Growth Rate



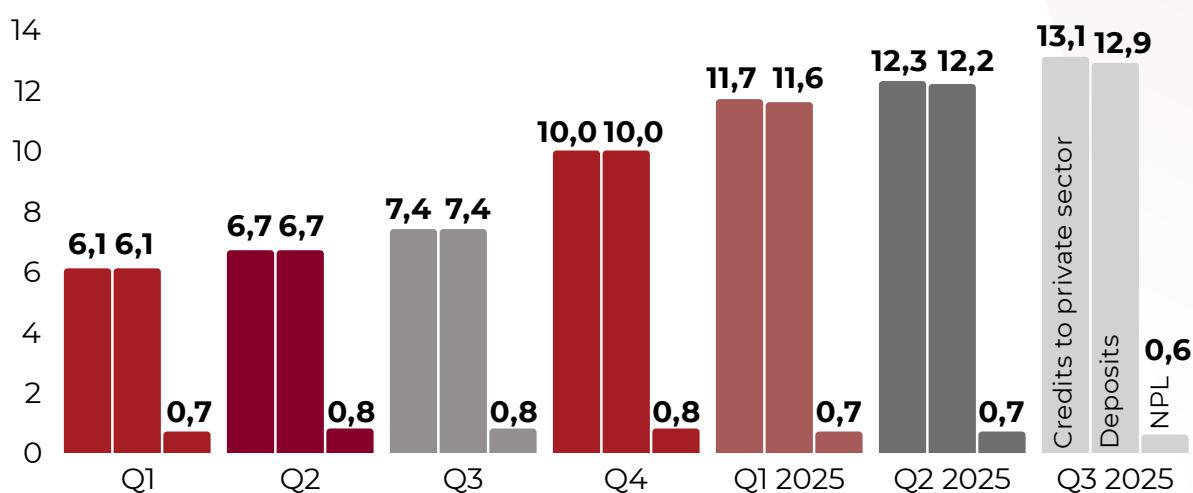
Source: State Statistical Office

**Private Consumption:** Indicators of private consumption point to an increase in household spending. The upward trend in private sector lending continued in the third quarter of 2025, while household deposits also recorded a strong growth of 12.9%. At the same time, the growth rate of Non-Performing Loans (NPLs) registered a slight decline, indicating prudent financial policies among financial institutions as well as a stable real sector.

## Quarterly Economic Monitor – Projections Q3 2025

An analysis of budget revenues suggests a moderate increase in private consumption in Q3 2025 (gross VAT revenues grew by 5.8%). Other tax revenues also recorded solid growth, with double-digit increases in import duties (primarily due to more efficient collection by the Customs Administration), excise revenues, and personal income tax revenues. These data, in the context of 4.4% inflation in Q3 2025, point to growth in private consumption and a positive contribution of private consumption to GDP in the third quarter of 2025.

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



Source: National Bank of Macedonia

**Gross Investments:** High-frequency data on gross investments in the third 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 even a higher growth of 70%.

These data suggest a strong positive contribution of gross investments to GDP in Q3 2025.