



# Q-2-2025

## QUARTERLY ECONOMIC REPORT

### - second quarter of 2025 -

#### Summary

- In Q2 2025, **economic growth** accelerated, recording a real growth of 3.4% on annual basis, following a 3.0% increase in the previous quarter, with overall growth in the first half of the year being 3.2%. Economic growth was a result of positive performance across all sectors;
- **Number of employed persons** in Q2 2025 was higher by 1.4%, compared to the same quarter in 2024. The **number of unemployed persons** dropped by 7.2% in Q2 2025, which resulted in a reduction of the unemployment rate to 11.5%;
- In Q2 2025, the average **net wage** amounted to Denar 45,572, reflecting a 10.0% increase in nominal terms and a 6.4% increase in real terms compared to the net wage in Q2 2024;
- In Q2 2025, total **budget revenues** increased by 6.3%, while total budget expenditures grew by 14.8% compared to the same quarter in 2024;
- **Inflation rate** in Q2 2025 accounted for 4.2% on an annual basis;
- Total **deposit potential** of banks in Q2 2025 grew by 2.7% on quarterly basis;
- In Q2 2025, **export of goods** recorded an increase of 5.7%, while **import of goods** an increase of 3.4% on annual basis, whereby **total foreign trade**, expressed in euro, increased by 4.4.



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## 1. Economic Activity

**Economic activity** in Q2 2025 recorded real growth of 3.4% compared to the same period last year, continuing the positive economic trend observed in previous quarters. Seasonally and calendar-adjusted GDP rose by 0.9% in Q2 2025, compared to the first quarter.

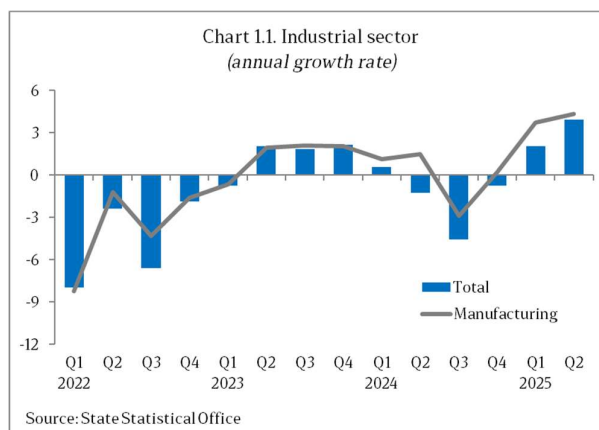
Analysed according to the GDP by production method, economic growth was driven by the positive performance across all sectors.

Growth in the **service sector** was broad-based, accounting for 2.7%, led by Trade, Transport, and Hospitality, which recorded a 6.0% increase, holding the largest share of total services. Positive performance was observed across the following activities: Information and Communications (3.7%), Professional, Scientific, Technical and Administrative Activities (3.5%), Financial and Insurance Activities (1.2%), Real Estate Activities (0.5%) and Public Administration and Defence, education and human health (0.1%). Drop was seen only at the activity Arts, entertainment and recreation by 2.9%.

**Construction sector** recorded strong growth for the third consecutive quarter, with a 7.3% increase in real terms in the second quarter of 2025. Growth was recorded across all segments: civil engineering (17.0%), buildings (9.0%) and specialised construction works (3.4%).

**Industrial sector** recorded accelerated growth of 3.9%, driven by increased production output in Manufacturing, where 4.3% growth was recorded.

According to high-frequency data, the following branches made a significant contribution to the growth of the manufacturing industry in Q2 2025: Manufacture of rubber and plastic products (increase of 89.0%, contribution of 2.7 percentage points), Manufacture of motor vehicles, trailers and semi-trailers (growth of 11.9%, contribution of 2.0 p.p.) and Manufacture of electrical equipment (increasing by 22.6% and contributing 1.7 p.p.). Mining and quarrying sector picked up by 8.2%, while activity in Supply of electricity, gas, steam and air-conditioning decreased by 19.8%.



**Agriculture** attained 1.8% growth, maintaining the positive momentum initiated in the second half of 2024.



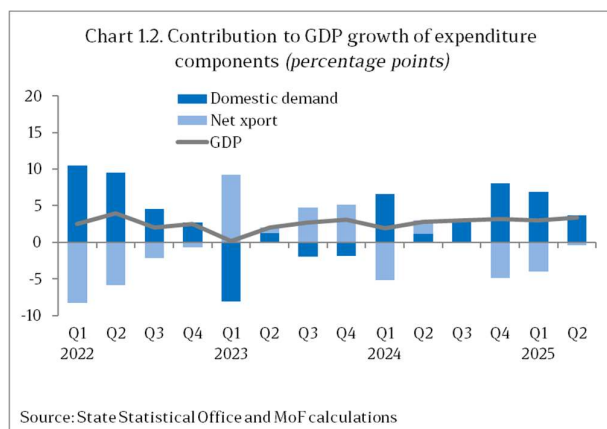
Table 1.1.: GDP and components by production method – annual growth rates(%) and contributions to GDP growth (percentage points)

Sectors	real growth (%)				contribution to growth (p.p.)			
	2024	Q1 2025	Q2 2025	H1 2025	2024	Q1 2025	Q2 2025	H1 2025
Gross domestic product	2.8	3.0	3.4	3.2				
Agriculture	-2.0	0.7	1.8	1.4	-0.1	0.0	0.1	0.1
Industry	-1.6	2.1	3.9	3.0	-0.3	0.3	0.6	0.5
Manufacturing	-0.1	3.7	4.3	4.1	0.0	0.5	0.6	0.5
Construction	6.4	7.1	7.3	7.2	0.4	0.3	0.3	0.3
Services	4.0	2.2	2.7	2.5	2.3	1.4	1.6	1.5
Trade, transport and catering	6.0	2.5	6.0	4.4	1.1	0.5	1.2	0.9
Information and communication	3.0	4.8	3.7	4.2	0.1	0.3	0.2	0.2
Financial and insurance activities	1.6	-2.2	1.2	-0.5	0.0	-0.1	0.0	0.0
Real estate activities	1.7	0.3	0.5	0.4	0.2	0.0	0.1	0.0
Professional, scientific and technical activities	9.5	7.1	3.5	5.3	0.4	0.4	0.2	0.3
Public administration and defence, education and health	1.0	0.6	0.1	0.4	0.1	0.1	0.0	0.0
Arts, entertainment and recreation	7.7	3.6	-2.9	0.4	0.2	0.1	-0.1	0.0
Net taxes on products	3.7	6.1	5.6	5.9	0.5	0.7	0.7	0.7
Residual					0.1	0.2	0.0	0.0

Source: State Statistical Office (notification of GDP in Q2 2025) and MoF calculations

On the expenditure side of GDP, economic activity recorded growth in the second quarter of 2025, driven by a positive contribution from domestic demand, boosted by rises in gross investments and private consumption.

equipment, and growth in production of capital goods, indicating an increase in investment in fixed assets. Credit activity toward the corporate sector remained strong, ensuring substantial financial support for investments.



**Gross investments** increased by 6.2%, driven by intensified construction activity, higher import of machinery and

**Final consumption** grew by 2.2%, with **private consumption** recording a growth of 3.1%. The growth is attributed to the



increased household disposable income, supported by higher employment, wages and pensions, as well as intensified crediting to households. Retail trade in the second quarter, compared to the same quarter of the previous year, recorded a real growth of 5%, indicating stronger household consumption activity. **Public consumption** recorded a 1.0% drop, following the strong growth achieved in 2024.

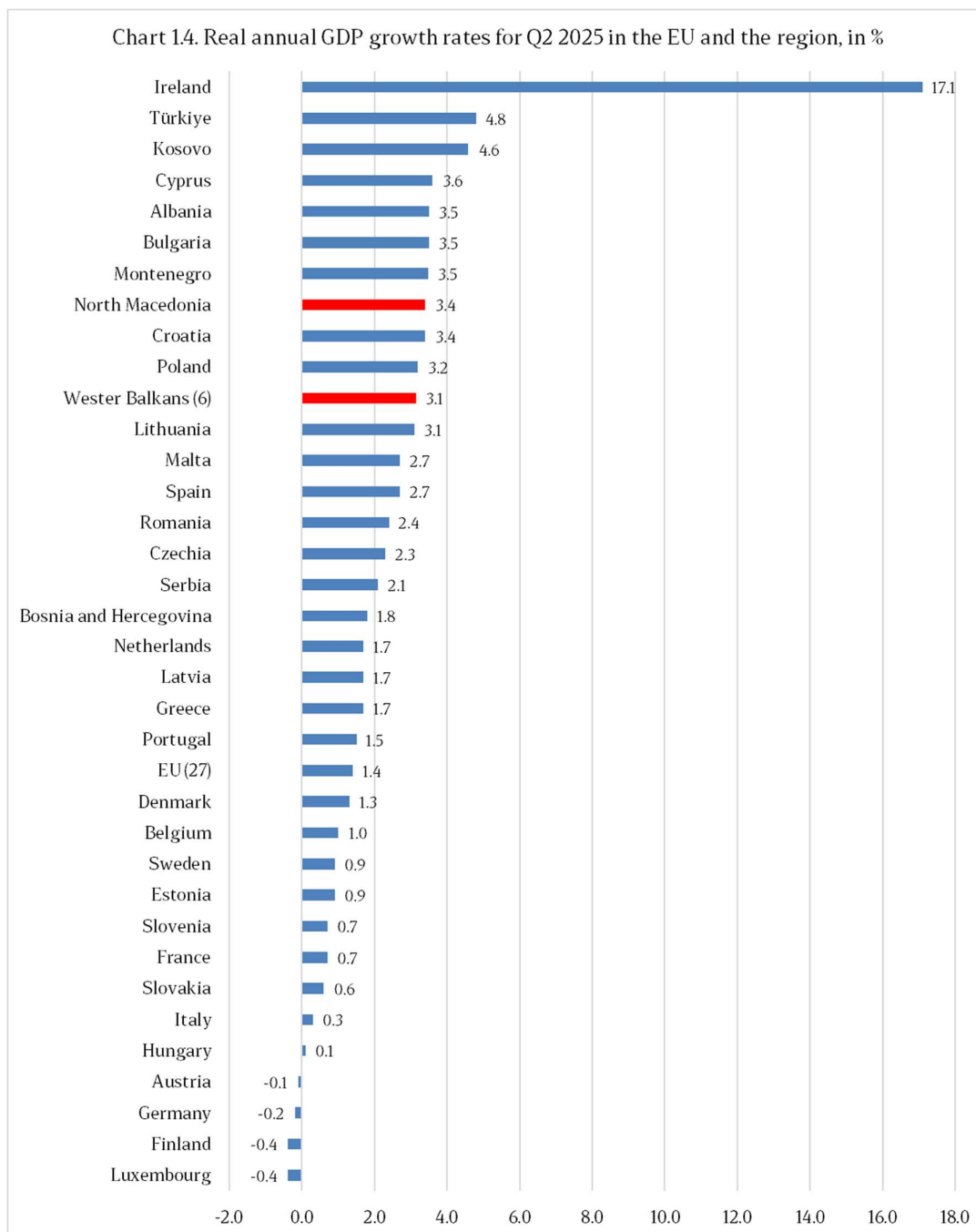
Growth of **export of goods and services** in the second quarter of 2025 accelerated to 9.1% in real terms, following a moderate increase of 1.2% in the previous quarter. The

acceleration of export is mainly due to the increase in export of machinery and transport equipment (18.0% growth), indicating stabilization of external demand in this segment. **Import of goods and services** recorded growth of 8.0% in real terms, driven by increased import of intermediate products, capital and consumer goods. Due to higher increase in imports in absolute terms compared to export of goods and services, net export made a negative contribution to economic activity.

Table 1.2.: GDP and components by expenditure method – annual growth rates (%) and contributions to GDP growth (percentage points)

Components	real growth (%)				contribution to growth (p.p.)			
	2024	Q1 2025	Q2 2025	H1 2025	2024	Q1 2025	Q2 2025	H1 2025
Gross domestic product	2.8	3.0	3.4	3.2				
Final consumption	2.6	1.9	2.2	2.1	2.2	1.6	1.9	1.8
Private	1.2	2.1	3.1	2.6	0.8	1.4	2.2	1.8
Public	9.1	1.1	-1.0	0.0	1.4	0.2	-0.2	0.0
Gross capital formation	8.9	18.0	6.2	11.7	2.6	5.2	1.7	3.3
Export of goods and services	-3.8	1.2	9.1	5.2	-2.6	0.8	5.9	3.5
Import of goods and services	-0.6	5.8	8.0	6.9	-0.5	4.8	6.2	5.5
Net exports					-2.1	-4.0	-0.4	-2.1
<i>Residual</i>					0.0	0.1	0.2	0.2

Source: State Statistical Office (notification of GDP in Q2 2025) and MoF calculations



Source: Eurostat and national statistical institutions:

\*Available data on Western Balkan (6) refer to the following countries: Serbia, Montenegro, North Macedonia, Bosnia and Herzegovina, Albania and Kosovo



## 2. Labour Market

### Employment

In Q2 2025, as per the Labour Force Survey, employment increased by 1.4%, **number of employed persons** being higher by 9.6 thousand persons compared to the same quarter in 2024. Highest employment was recorded in the Agriculture sector (8.8 thousand persons or 13.7%), while growth was also observed in Trade (8.1 thousand persons or 8.0%) and Education (6.1 thousand persons or 13.7%). On the other hand, a more significant decline in employment was observed in the Manufacturing sector (4.9% or 6.5 thousand people) and the Public Administration (9.9% or 5.5 thousand persons).

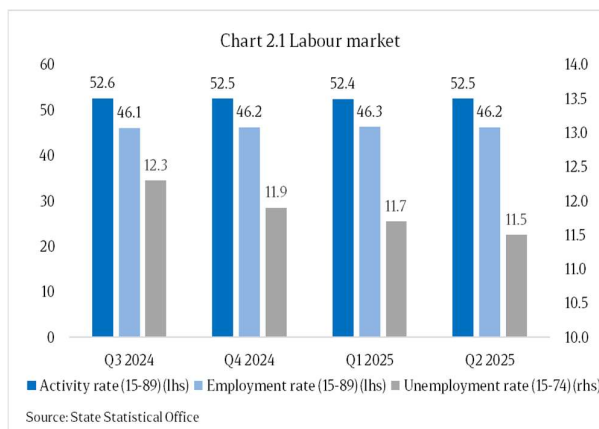
Out of the total number of employees, 538,822 were employed in entities in private ownership (76.8% of the total employees), whereas 162,547 people were employed in entities in mixed, collective or state ownership (23.2% of total employees).

**Employment rate** in Q2 2025 accounted for 46.2%, being higher by 0.6 p.p. compared to the same quarter in 2024.

### Unemployment

**Number of unemployed persons** decreased by 7.0 thousand persons, being lower by 7.2% compared to the same quarter in 2024.

**Unemployment rate** reduced to 11.5% in Q2 2025, i.e. it dropped by 1.0 p.p. compared to the same quarter in 2024, whereas being lower by 0.2 p.p. compared to the previous quarter. (Chart 2.1).



Unemployment rate in the age category 15 - 64 accounted for 11.7%, while with the youth population (age category 15 to 29), it accounted for 21.6%. Compared to Q2 2024, these rates decreased by 0.9 and 1.2 percentage points, respectively. With respect to gender structure, female unemployment rate dropped by 2.0 p.p., accounting for 9.5%, being 3.5 p.p. lower than male unemployment rate, decreasing by 0.1 p.p. and accounting for 13.0%.

### Active population

Number of **active population** was increased by 2.6 thousand persons, being higher by 0.3% on annual basis. In Q2 2025, active population accounted for 52.2% of the total working-age population, representing an increase of 0.1 p.p., compared to the same quarter in 2024.

### Wages

Average monthly **net wage** in Q2 2025 amounted to Denar 45,572, being higher by 10.0% in nominal terms compared to the



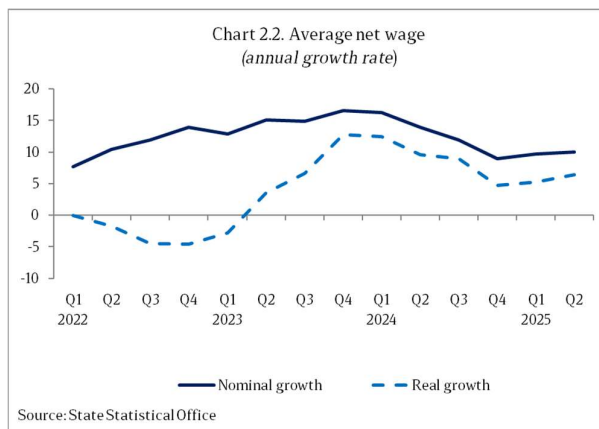


same quarter in 2024, and 6.4% higher in real terms (Chart 2.2).

Highest net wage in Q2 2025 was paid in the sector Information and communication (Denar 84,597), followed by Financial and insurance activities with Denar 64,938, Electricity, gas, steam and air-conditioning supply with average net wage paid in the amount of Denar 56,353 and Mining and quarrying in the amount of Denar 56,288.

Average monthly **gross wage** in Q2 2025 amounted to Denar 68,497, being higher by

10.1% in nominal terms and 6.4% in real terms.



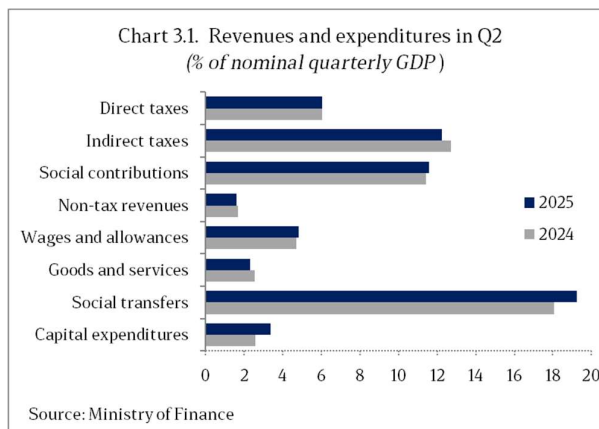
### 3. Public Finances

#### Budget Revenues according to the Economic Classification

In Q2 2025, **total budget revenues** accounted for 32.1% of the quarterly GDP, being higher by 6.3% compared to second quarter of 2024, amid higher collection of taxes by 5.1%, contributions by 9.3% and non-tax revenue collection by 3.5%. Tax revenues recorded higher collection rates in personal income tax, corporate income tax, excise duties, and import duties, while VAT collection remained unchanged and other tax categories experienced a decline in collection rates.

Collection of indirect taxes in Q2 2025 compared to Q2 2024 surged by 3.9%, whereas the collection of the direct taxes picked up by 7.7%. From the point of view of structural share in GDP, share of revenues on the basis of direct tax accounted for 6.0% in Q2 2025, recording no changes compared to the quarterly GDP share in Q2 2024. Share of revenues based on indirect tax

accounted for 12.2% of GDP, down by 0.5 p.p. from 12.7% in Q2 2024.

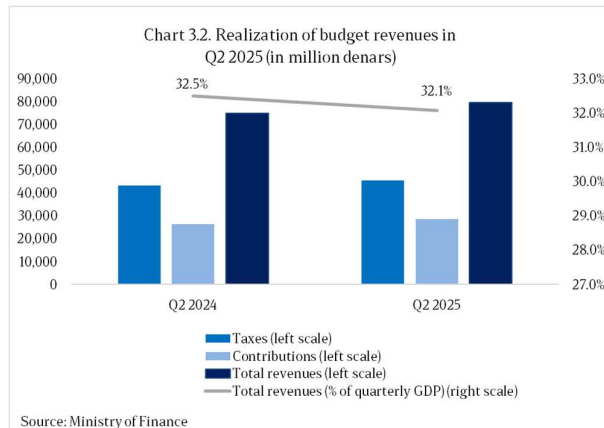


With respect to **indirect taxes**, VAT revenues were predominant, accounting for 41.7% of total tax revenues in Q2 2025, recording no changes compared to the same quarter of the previous year. Pertaining to the VAT structure, VAT on import accounted for the most, followed by VAT on domestic supply. Compared to the





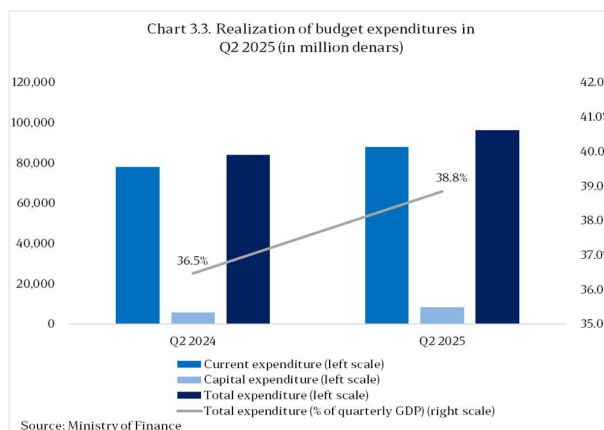
corresponding quarter of the previous year, excise revenues were higher by 8.9%, while collection of customs duties grew by 16.4%.



With respect to **direct taxes**, a PIT revenue collection recorded an increase of 10.6%, while the corporate income tax revenue collection an increase of 4.3%, compared to the same quarter of the previous year.

### 3.2. Budget Expenditures according to the Economic Classification

**Total budget expenditures** in Q2 2025, with share of 38.8% in the quarterly GDP were higher by 14.8% compared to the same quarter of 2024.



**Current expenditures**, accounting for 35.5% of quarterly GDP, represented 91.3%

Collection of **social contributions** was higher by 9.3%, whereby increased collection was recorded with all contributions, i.e. with pension and disability insurance contributions by 9.3%, employment contributions by 9.2% and health insurance contributions by 9.3%.

In Q2 2025, collection of **non-tax revenues**, accounting for 1.6% of the quarterly GDP was higher by 3.5% compared to the same quarter of 2024.

**Capital revenues** incorporating the construction land lease, apartment sale and dividend revenues were higher by 88.6% on annual basis in Q2 2025. Revenues on the basis of **foreign donations** were higher by 3.5% compared to the same quarter of 2024.

of total expenditures and increased by 12.7% on an annual basis. As for current expenditures, wage and allowance expenditures increased by 10.6%, whereas goods and services expenditures decreased by 1.5% compared to the same quarter previous year.

Transfer funds, accounting for 68.3% of total expenditures, increased by 14.9% on an annual basis. Social transfers recorded growth of 14.7%, participating with 49.5% in the total expenditures. Pension expenditures, which account for the majority of social transfers, increased by 21.4%, representing 32.8% of total expenditures. Category Other Transfers, which includes transfers to local



government units, accounted for 18.0% of the total expenditures and recorded an increase of 13.2% compared to the second quarter in 2024. Block and earmarked grants to local government units increased by 12.7%, while subsidies and transfers were higher by 14.4%, compared to Q2 2024.

Interest-related expenditures increased by 8.5% on annual basis, where domestic debt

interest-related expenditures recorded an increase of 29.9%, while foreign debt interest-related expenditures a decrease of 1.6%.

In Q2 2025, **capital expenditure execution**, accounted for 3.4% of the quarterly GDP, and their share in the total expenditure accounted for 8.7%.

### 3.3. Expenditures by Budget Users

Review of budget expenditures for the largest budget users is given below.

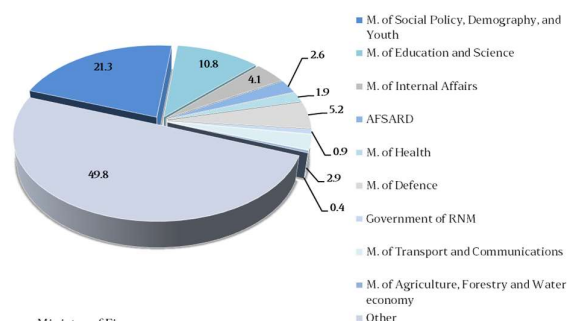
In Q2 2025, **Ministry of Social Policy, Demographics and Youth** executed funds in the amount of Denar 47,093 million or 65.5% of its total budget for the current year. Thereby, most of the expenditures (74.3%) were allocated for current transfers to Budget Funds, for which Denar 34,968 million was spent, i.e. 69.3% of the funds allocated for 2025. The second highest expenditure item was the social benefits, participating with 18.2% in the total expenditures, whereby 60.4% (Denar 8,594 million) of the projected 2025 funds was executed for this purpose.

During the analysed period, **Ministry of Education and Science** executed budget funds in the amount of Denar 23,937 million, representing 53.4% of its total 2025 Budget. Current transfers to LGUs accounted for most of the expenditures (57.8%), Denar 13,838 million being spent therefore or 57.8% of total projected funds. Wages and allowances was the second most significant category, accounting for

23.0%, with Denar 5,501 million being spent therefore, i.e. 56.2% of the total projections.

In Q2 2025, **Government of the Republic of North Macedonia** spent Denar 1,978 million, i.e. 42.8% of the 2025 projections. Thereby, subsidies and transfers accounted for 52.9% of total expenditures of this budget user, Denar 1,047 million (40.3% of the projected funds) being spent, therefore.

Chart 34. Structure of expenditures by budget user for Q2 2025 (%)



Source: Ministry of Finance

During the analysed period, **Ministry of Internal Affairs** executed expenditures in the total amount of Denar 9,154 million, accounting for 55.1% of its budget for 2025. Wages and allowances was the highest expenditure item, participating with 66.6%, Denar 6,100 million being spent therefor,



accounting for 56.1% of the projected ones. The second highest expenditure category was Goods and services, participating with 17.2%, with funds in the amount of Denar 1,576 million being spent therefore, accounting for 57.6% of the annual projections.

In Q2 2025, **Agency for Financial Support in Agriculture and Rural Development** executed expenditures in the amount of Denar 5,762 million, accounting for 70.3% of the funds projected for the current year. As for subsidies and transfers, with significant share of 93.0% of the total expenditures, 74.8% or Denar 5,357 million of the funds planned for the whole year, were spent therefore.

During Q2 2025, **Ministry of Health** executed budget funds in the amount of Denar 4,265 million, accounting for 53.3% of its 2025 total budget. Current transfers to Budget Funds accounted for the most of the expenditures with 50.1%, for which Denar 2,136 million were spent or 61.0% of the funds projected for 2025. Second highest item was Goods and services, Denar 1,924 million (52.5% of the projections for the year) being spent therefore, accounting for 45.1% of total expenditures.

During this period, **Ministry of Defence** executed budget funds in the amount of Denar 11,529 million, accounting for 56.4% of this year's total budget. Capital expenditures accounted for the most with 39.9%, Denar 4,605 million being spent therefore, accounting for 54.7% of the total funds projected for the current year. Wages and allowances accounted for 31.6%

of total expenditures, Denar 3,641 million being spent therefore during the analysed period, accounting for 55.9% of the total projected funds.

In Q2 2025, **Ministry of Transport** executed funds in the amount of Denar 6,404 million, i.e. 35.6% of its total budget for the current year. Execution of capital expenditures, as main item, accounted for 90.8% of the total spent funds of this budget user (Denar 5,812 million or 34.9% of total projected funds).

During the analysed period, **Ministry of Agriculture, Forestry and Water Economy** executed funds in the amount of Denar 936 million, accounting for 49.5% of the funds projected for 2025. Wages and allowances (Denar 461 million) was convincingly the main category in the total expenditures of this budget user, accounting for 49.2% of its total expenditures, with 53.5% of the projected expenditures, being executed. As regards capital expenditures, they accounted for 27.3% of the total expenditures, Denar 255 million being spent therefore, accounting for 39.8% of the total budget for this purpose.

In this period, **Public Revenue Office** executed Denar 2,296 million, accounting for 45.1% of the total budget for the current year. As for subsidies and transfers, as major item, 73.4% or Denar 1,685 million of the funds planned for the whole year, were spent therefore.

In-depth data on each budget user are presented in the statistical annex attached at the following link



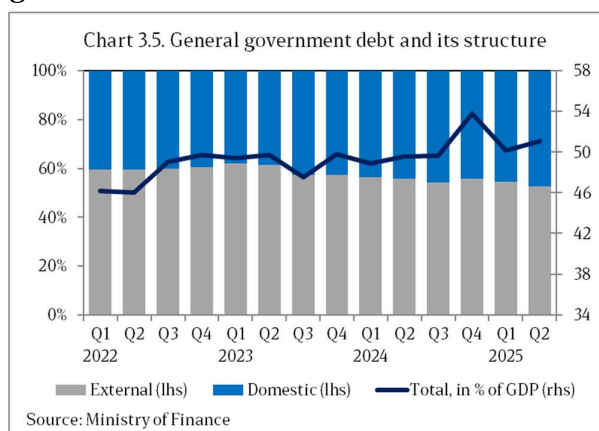
(<http://finance.gov.mk/квартален-економски-извештај/>).

### 3.4. Budget Deficit and General Government Debt

In Q2 2025, **consolidated budget deficit** amounted to Denar 16,812 million or 6.8% of GDP realized in this quarter, while central budget deficit amounted to Denar 17,352 million, i.e. 7.0% of quarterly GDP.

Total **general government debt** at the end of Q2 2025 accounted for 51.1% of GDP, increasing its share in GDP by 1.0 p.p. compared to Q1 2025. Share of external debt in the total government debt decreased by 1.8 p.p. compared to Q1 2025, accounting for 52.7%, while share of domestic debt increased respectively,

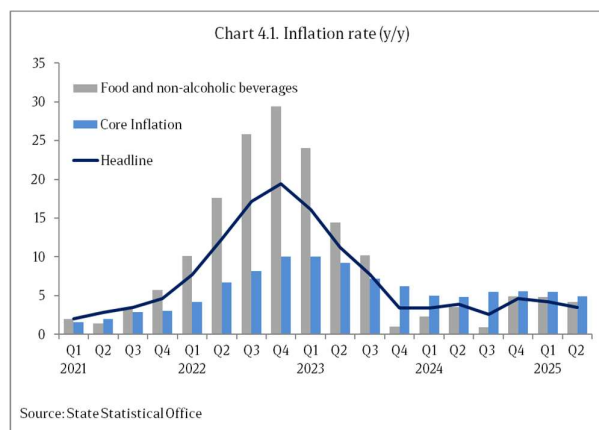
accounting for 47.3% of the total general government debt.



## 4. Inflation and Monetary Trends

**Inflation rate** was 3.5% in Q2 2025 on annual basis, measured according to CPI. Inflation decreased by 0.7 percentage points compared to the previous quarter (4.2% in Q1 2025).

In the second quarter of 2025, consumer prices increased as a result of increase of food and core components. During this period, price growth was more moderate across both components, while the increase in food prices was contained by the margin-capping measure applied to essential food products<sup>1</sup>.



The core inflation eased slightly, decreasing by 0.5 p.p. compared to Q1 2025,

effective. Measures remained effective until 30th April 2025, inclusive. The decision to cap the gross profit margin in Wholesale and Retail Trade applies to 102 categories of products, in particular:

<sup>1</sup> Since 20<sup>th</sup> February 2025, the Decision on the margin cap of 102 groups of basic food and hygiene products and price cap to 8 groups of most essential food products has been



accounting for 4.9% (down from 5.5% in Q1 2025). Core inflation moderated slightly, influenced by a slowdown in price increases in air travel and in restaurants and hotels. Energy and oil derivatives prices were following a downward trend.

Observed by categories, price growth in the Food and non-alcoholic beverages category in Q2 2025 slowed to 4.2% (4.8% in the previous quarter). At the end of February, a short-term measure<sup>1</sup> was introduced to cap margins on basic food products, contributing to deceleration in the growth of food prices, primarily driven by rising prices in the following groups: Milk, cheese and eggs, Bread and Cereals and Meat.

Consumer price growth in Q2 2025 was also recorded in the categories, as follows: Restaurants and hotels by 8.9%, Recreation and culture by 5.8%, Alcoholic beverages, tobacco and narcotics<sup>2</sup> by 5.7%, Furnishings, household equipment and routine maintenance of the house by 4.1%, Health protection by 3.8%, Miscellaneous goods and services by 3.5%, Clothing and footwear by 3.3%, Housing, water, electricity, gas and other fuels by 2.2%, Communication by 0.5%, and Education by 0.3%.

Prices in the Transport category decreased by 2.9%.

In Q2 2025, retail prices recorded a slowdown in growth of 2.7%.

In the second quarter of this year, the National Bank maintained the **policy rate** at the level of 5.35%, maintaining a prudent monetary policy stance, thereby expecting that the combined impact of the policy rate, changes in reserve requirements and macroprudential measures will contribute to the price stability in the medium term.

In Q2 2025, interest rates of available overnight and seven-day deposits remained unchanged at 3.95% and 4.0%, respectively.

**Primary money**<sup>3</sup> recorded a 10.2% growth on quarterly basis (6.1% drop being observed in the previous quarter) as a result of increase in both total liquid assets and currency in circulation by 16.3% and by 4.3%, respectively.

In the second quarter of this year compared to Q2 2024, primary money increased by 25.6% (in Q1 2025 an increase of 20.9% was recorded), driven by increases in total liquid assets and currency in circulation of 41% and 12.1%, respectively. In Q2 2025, the narrowest money supply M1<sup>4</sup> grew by 6.5% compared to the previous quarter. Monetary aggregate M2 increased

<sup>2</sup> Tobacco product price was increased in accordance with the adopted amendments of the Law on Excise, cigarette excise duty is to increase by Denar 0.23 per piece each year until 2030.

<sup>3</sup> It incorporates currency in circulation (including cash in hand of banks), Denar and foreign currency reserve requirements and surplus of liquid assets over the reserve

requirement (in Denars).

<sup>4</sup> Money supply M1 comprises currency in circulation and deposit money. Monetary supply M2 comprises the money supply M1 and short-term deposits, whereas money supply M4 is comprised of money supply M2 and long-term deposits.





by 3.2%, while the widest monetary aggregate M4 by 2.7% on quarterly basis.

Total **deposit potential**<sup>5</sup> of banks in Q2 2025 grew by 2.7% on quarterly basis, following the 0.3% drop in the previous quarter. Analysed by sectors, deposits of enterprises increased by 3.2%, while deposits of households grew by 2.8%. From currency point of view, compared to the previous quarter, Denar deposits grew by 6.1%, while foreign currency deposits dropped by 2.1%.

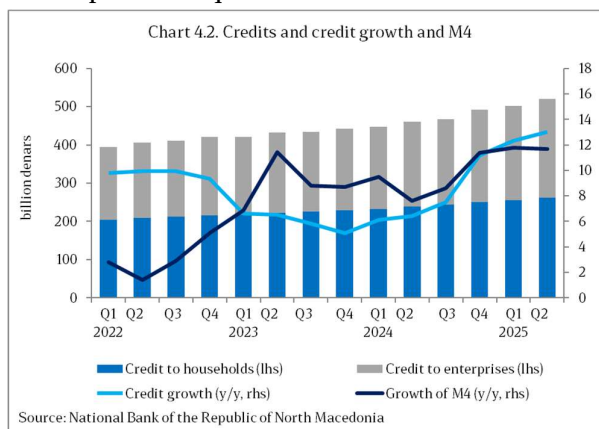
Level of euroization dropped by 1.9 p.p. compared to the previous quarter, accounting for 39.3%, measured through the share of foreign currency deposits in the total deposit potential.

As regards maturity, in Q2 2025, share of long-term deposits in total deposit potential decreased by 0.6 p.p. compared to the previous quarter, accounting for 24.6% (accounting for 25.0% in Q1 2025). During the analysed period, short-term deposits decreased by 0.9% on quarterly basis.

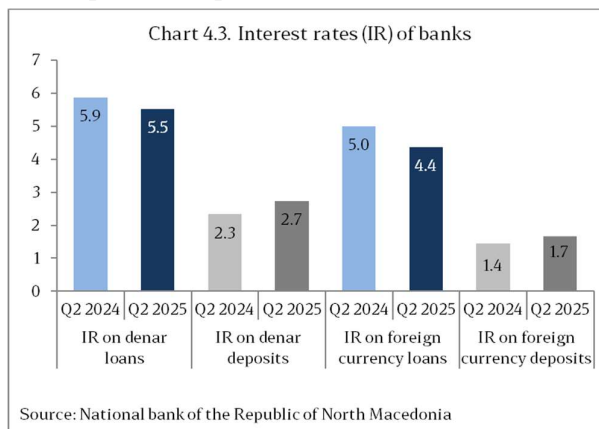
**Credit activity** of banks in Q2 2025 picked up by 3.6% on quarterly basis (credits increased by 2.0% in the previous quarter), driven by growth of credits to enterprises (4.1%) and credits to households (3.1%). From currency point of view, in Q2 2025, Denar credits picked up by 5.7%, and foreign currency credits by 0.1%.

From maturity point of view, long-term credits recorded a 4.1% increase, while

short-term credits grew by 1.4%, compared to the previous quarter.



In Q2 2025, **interest rate**<sup>6</sup> on Denar credits stood at 5.52%, decreasing by 0.16 p.p. compared to the previous quarter. Interest rate on foreign currency credits was 4.37% in Q2 2025, dropping by 0.08 p.p. compared to the previous quarter.



Interest rate on Denar deposits stood at 2.73% in Q2 2025 compared to the previous month, remaining unchanged, while interest rate on foreign currency deposits

<sup>5</sup> Deposits also incorporate the calculated interest.

<sup>6</sup> Denar credits and deposits with a Forex clause are

included in foreign currency credits and deposits.



stood at 1.67%, increasing by 0.01 p.p. compared to the previous quarter.

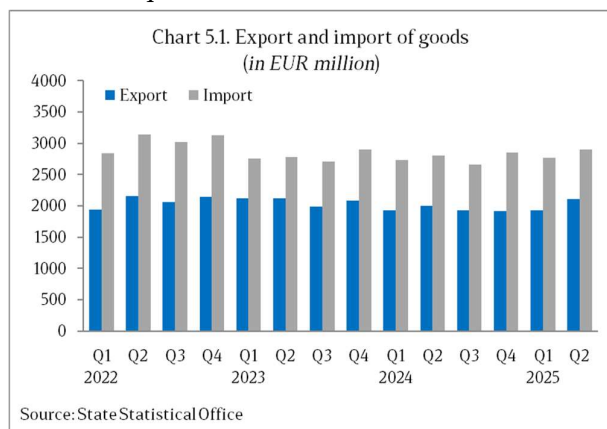
Interest rate on newly granted Denar credits in Q2 2025 accounted for 4.42%, while interest on newly granted foreign

currency credits accounted for 3.85%. Interest rates of newly received Denar and foreign currency deposits accounted for 2.65% and 1.91%, respectively.

## 5. External Sector

### 5.1. Foreign Trade

According to the data of the State Statistical Office, total foreign trade amounted to EUR 5,016.9 million in Q2 2025, surging by 4.4% compared to the same quarter in 2024.



In Q2 2025, **export of goods** amounted to EUR 2,114.8 million, whereby, compared to Q2 2024, it surged by 5.7%, while compared to the previous quarter, it increased by 9.7%.

Analysed by **SITC sectors** (Standard International Trade Classification), increases in export in Q2 2025, compared to the same quarter in 2024, were registered across the following sectors:

- Machinery and transport equipment increasing by 18.0% (wherein the highest growth was seen at the categories: road

- vehicles by EUR 67.0 million or 116.5%, electrical machinery, apparatus and spare parts by EUR 44.0 million or 11.8%),
- Beverages and tobacco by 60.6% (tobacco and tobacco manufactures by EUR 45.3 million or 86.4%),
- Manufactured goods classified by material by 0.9% (iron and steel by EUR 11.2 million or 9.2%; and manufactures of metal by EUR 7.1 million, or 32.4%),
- Crude materials, except fuel by 9.8% (crude animal and vegetable materials by EUR 8.2 million or 83.0%),
- Miscellaneous manufactured articles, by 5.2% (professional, scientific and controlling instruments surging by EUR 6.9 million or 138.4% and furniture and parts thereof, bedding, mattresses and similar by EUR 6.4 million or 5.9%),
- Food by 9.2% (fruit and vegetables by EUR 4.9 million or 7.7%; and meat and meat preparations by EUR 4.8 million or 37.7%), and
- Animal and vegetable oils by 28.6% (fixed vegetable fats and oil, crude, refined or fractioned by EUR 1.2 million or 29.5%).

Declines in export were recorded across the following sectors:

- Chemical products by 10.0% (wherein highest drop was registered at the





- category: chemical materials and products by EUR 64.5 million or 12.7%), and
- Mineral fuels and lubricants by 25.8% (petroleum and petroleum products by EUR 11.8 million or 46.1%).

Observed by **economic purpose**, in Q2 2025, increase of export was recorded at the following groups of products:

- transport equipment by EUR 70.8 million or 26.1%,
- investment products without transport equipment by EUR 33.4 million or 13.0%,
- Food and beverages by EUR 17.6 million or 10.1%, and
- industrial supplies by EUR 9.1 million or 0.9%.

Decline of export was seen at the following groups of products:

- fuels and lubricants by EUR 12.1 million or 24.5%; and
- consumer goods by EUR 3.8 million or 1.8%.

**Import of goods** in Q2 2025 amounted to EUR 2,902.0 million, growing by 3.4% compared to Q2 2024, while in relation to the previous quarter, it increased by 4.6%.

Analysed by **SITC sectors**, growth of import in Q2 2025 compared to Q2 2024 was registered at the following sectors:

- Machinery and transport equipment by 4.5% (wherein the highest growth was seen at the categories: road vehicles by EUR 17.1 million or 11.3%; industrial machines and spare parts by EUR 8,3 million or 9.3%),

- Chemical products increasing by 2.9% (medical and pharmaceutical products by EUR 12.9 million or 18.1%),
- Food by 3.4% (fruit and vegetables by EUR 8.3 million or 21.8% and meat and meat preparations by EUR 5.6 million or 10.0%),
- Manufactured goods classified by material by 1.2% (manufactures of metal by EUR 8.1 million or 10.7%),
- Crude materials, except fuel by 13.5% (metalliferous ores and metal scrap by EUR 5.3 million or 28.5%),
- Animal and vegetable oils by 23.3% (fixed vegetable fats and oils, crude, refined or fractionated by EUR 3.5 million or 24.5%),
- Beverages and tobacco by 16.2% (beverages by EUR 3.1 million or 11.9%), and
- Miscellaneous manufactured articles by 5.1% (Furniture and parts thereof by EUR 2.2 million or 8.1%; footwear by EUR 1.9 million or 21.5%).

Decline of import was only seen at Mineral fuels and lubricants sector by 5.6% (wherein highest drop was recorded at the petroleum and petroleum products category by EUR 36.5 million or 17.5%).

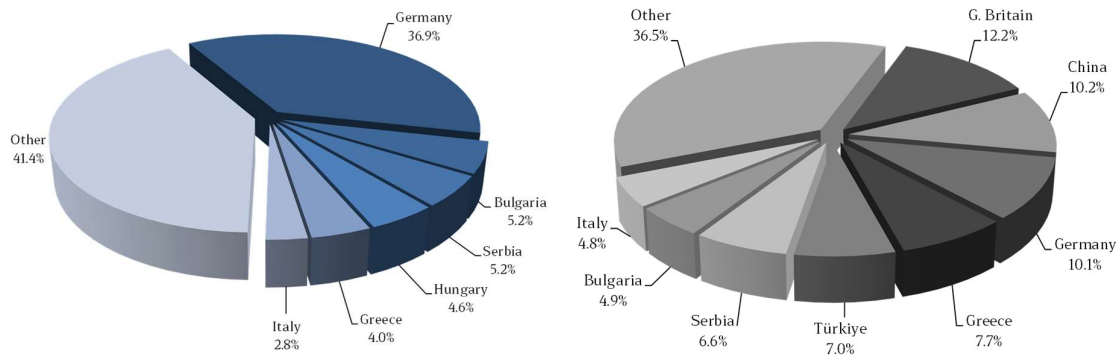
Observed by **economic purpose**, in Q2 2025 growth in import was recorded in the groups of products, as follows:

- food and beverages by EUR 29.7 million or 10.3%,
- consumer goods by EUR 28.8 million, i.e. 9.7%,
- transport equipment by EUR 21.8 million or 11.9%,



- investment products without transport equipment by EUR 16.3 million, i.e. 3.5%, and
  - industrial supplies by EUR 8.5 million or 0.7%.
- Decline of import was only seen at fuels and lubricants by EUR 16.5 million or 6.0%.

Chart 5.2. Countries with highest share in export (on the left) and in import (on the right) in Q2 2025



Source: Calculations of the Ministry of Finance based on SSO's data

In Q2 2025, foreign trade with the European Union (EU 27), in relation to Q2 2024, increased by 3.4%, whereby share of trade with the EU in the total foreign trade decreased by 0.6 p.p. compared to the second quarter in 2024, accounting for

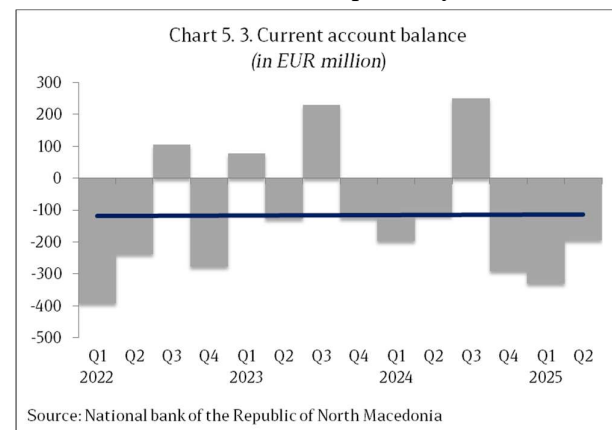
60.6%. Thereby, in Q2 2025 export of goods accounted for 77.1%, while import of goods accounted for 48.5%.

## 5.2. Balance of Payments

According to the data from the National Bank of the Republic of North Macedonia, deficit in the amount of EUR 194.2 million was recorded on the balance of payments **current account** in Q2 2025, accounting for 4.8% of quarterly GDP, as opposed to the deficit of 3.2% of GDP, recorded in the same quarter of 2024.

Analysed on annual basis, the current account deficit in Q2 2025 increased by EUR 75.4 million, i.e. by 63.5% being a result of the reduced surplus on the services account by 24.3% and on the secondary

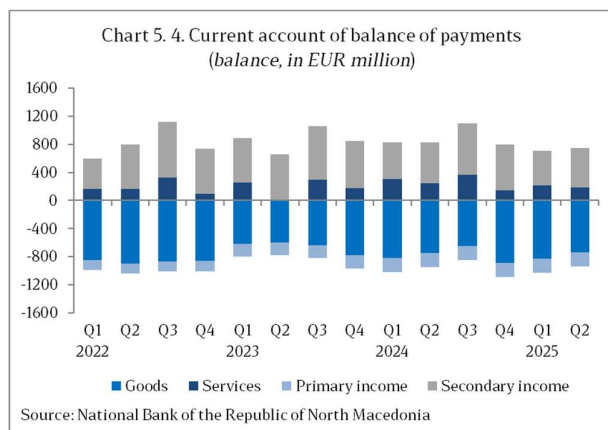
income account by 3.5%, as well as increased deficit on the primary income





account by 2.4%. Reduction of the deficit on the goods account by 1.2% had the opposite effect.

In Q2 2025, **the trade deficit** was reduced by EUR 8.7 million on annual basis, while as a percentage of quarterly GDP it declined by 1.6 p.p. on annual basis, accounting for 18.4%.



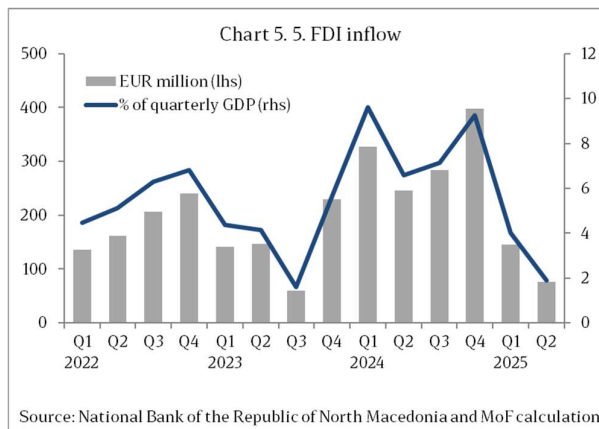
Surplus on **services account** in Q2 2025 amounted to EUR 183.9 million, being lower by EUR 59.0 million compared to the same quarter in 2024. **Trade openness** of the Republic of North Macedonia in Q2 2025 accounted for 141.1% of quarterly GDP, being lower by 0.8 p.p. compared to Q2 2024.

**Primary income account** experienced EUR 203.6 million deficit in Q2 2025, increasing by EUR 4.8 million on annual basis.

Surplus on **secondary income account** in Q2 2025 amounted to EUR 565.3 million, being lower by EUR 20.4 million on annual basis. The drop was due to the reduction of

current transfers by EUR 15.5 million, accounting for 99.7% of the secondary income account, as well as due to the reduction of official transfers by EUR 4.9 million, accounting for 0.3% of the secondary income account.

Deficit on the **capital account** in Q2 2025 amounted to EUR 0.7 million, as opposed to the surplus of EUR 0.5 million generated in Q2 2024. Deterioration of the balance on the capital account was mostly a result of the outflow of capital transfers.



In Q2 2025, **foreign direct investments** (FDI) in the country amounted to EUR 75.9 million, being lower by EUR 170.6 million compared to Q2 2024. FDI inflow during this period came from equity and reinvestment of earnings of foreign capital companies, while outflow was attributed to transactions involving debt instruments.

**Portfolio investments** in Q2 2025 amounted to EUR 101.3 million and, compared to the same quarter in the



previous year, they grew by EUR 54.1 million.

**Other investments** in Q2 2025 were negative, amounting to EUR 183.6 million. With respect to the category Other investments, currency and deposit account, loan account and trade credit and advance account recorded a negative balance of EUR 74.4 million, EUR 58.8 million and EUR 46.9 million, respectively.

**Reserve assets** amounted to EUR 4.7 billion at the end of the second quarter in 2025, surging by 8.3% compared to Q2 2024. At the end of Q2 2025, reserve assets provided for 4.7-month coverage of import of goods and services in the previous 12-month period.