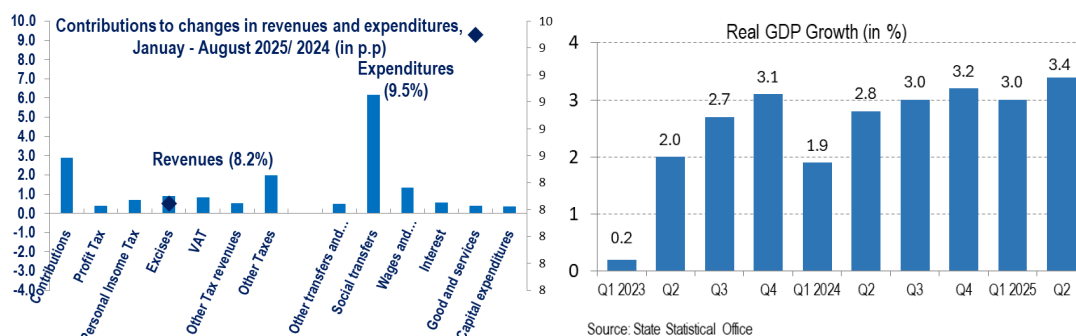




## MONTHLY NEWSLETTER – AUGUST 2025

- The economic activity continued growing in the second quarter of 2025, when **real GDP** registered an annual growth of 3.4%, the highest growth rate in the last three years. The higher rate of economic growth is due to the growth in all sectors, including services (2.7%), industry (3.9%), construction (7.3%), and agriculture (1.8%). From the expenditure approach, private consumption and gross investment increased, while the net export and public consumption recorded a decrease. Previously, in the first quarter, GDP grew by 3.0%, bringing the GDP growth in the first half of the year to 3.2%.
- In Q2 2025, **unemployment rate** accounted for 11.5% in the age category 15-74 and it has decreased by 1.0 p.p. compared to the same quarter last year. The **employment rate** accounted for 46.2% in the age category 15-89, and compared to Q2 2024, it has increased by 0.6 p.p.
- Industrial production** in July 2025 increased by 4.1% annually. In the first seven months of 2025, industrial production grew by 3.0%, as a result of the growth in Manufacturing (4.5%), while Mining stagnated and Electricity, gas, steam and air conditioning supply dropped by 8.9%.
- Inflation** in August 2025 recorded a 4.4% annual growth, down from 4.8% in July 2025. This month, annual inflation is driven by the core and food components. In January - August 2025, the inflation rate was 4.0%.
- In the first seven months of 2025, **exports** of goods grew by 3.1% on an annual basis, while **imports** of goods grew by 2.6%, which led to an increase of the **trade deficit** by 1.5% compared to the same period of 2024.



- The current account** recorded a deficit of EUR 194 million in Q2 2025, increasing by 68.4% compared to the same quarter last year. The less favourable trend in the current account is a result of the reduced surplus on the services account (-24.3%) and secondary income account (-3.8%).
- Inward FDIs** amounted to EUR 75.9 million in Q2 2025, being lower by 69.6% compared to Q2 2024. However, Equity and reinvestment of earnings grew by 25.1%, amounting to EUR 150 million. On the other hand, debt instruments were in the negative zone, which led to the decline of total FDIs.
- In July 2025, **average net wage** recorded an annual growth of 10.5% in nominal terms and 5.5% growth in real terms. The average net wage amounted to Denar 45,276 (EUR 736), with the average gross wage amounting to Denar 68,102 (EUR 1,107).
- In August 2025, **credit activity** increased by 12.9% on an annual basis, with household lending up by 10.6% and lending to enterprises increasing by 15.4%. Total **deposits** were higher by 12.4% (y/y), reflecting growth in both household deposits by 12.4%, and corporate deposits by 14.5%.
- In the period January-August 2025, total budget revenues were realized 59% of the Budget for 2025. **Budget revenues** grew by 8.2% y/y, whereby tax revenues picked up by 5.8 y/y, while social contributions increased by 8.4% y/y. Higher tax revenues were driven by PIT, VAT, excises, profit tax and import duties. Only other tax revenues recorded lower execution by 8.6%.
- Total expenditures in the period January-August 2025 were realized 60% of the Budget for 2025. **Budget expenditures** increased by 9.5% y/y. Current expenditures surged by 9.9% y/y, while capital expenditures recorded higher execution by 4.7%. **Budget deficit** stood at 2.8% of MoF- projected GDP for 2025.



## Key macroeconomic indicators and projections

|   | 2016  | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025*    |
|---|-------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
| Real GDP growth, %                        | 2.8   | 1.1    | 2.9    | 3.9    | -4.7   | 4.5    | 2.8    | 2.1    | 2.8    | 3.7      |
| Nominal GDP, million EUR                  | 9,657 | 10,038 | 10,744 | 11,262 | 10,852 | 11,836 | 13,243 | 14,583 | 15,421 | 16,619   |
| Average annual inflation, %               | -0.2  | 1.4    | 1.5    | 0.8    | 1.2    | 3.2    | 14.2   | 9.4    | 3.5    | 2.8      |
| Budget balance, % of GDP                  | -2.7  | -2.7   | -1.8   | -2.0   | -8.0   | -5.3   | -4.4   | -4.6   | -4.4   | -4.0     |
| General government debt, e.o.p., % of GDP | 39.9  | 39.4   | 40.4   | 40.5   | 50.8   | 51.4   | 49.7   | 49.8   | 53.8   | 51.1**** |
| Current account balance, % of GDP         | -2.6  | -0.8   | 0.2    | -3.0   | -2.9   | -2.8   | -6.0   | 0.4    | -2.3   | -2.2     |
| Average unemployment rate, %              | 23.7  | 22.3   | 20.6   | 17.1   | 16.2   | 15.4   | 14.4   | 13.1   | 12.4   | 11.1     |
| Average exchange rate MKD/EUR             | 61.6  | 61.6   | 61.5   | 61.5   | 61.7   | 61.6   | 61.6   | 61.6   | 61.5   | 61.5     |
| Key monetary policy rate, %               | 3.73  | 3.27   | 2.92   | 2.29   | 1.65   | 1.29   | 2.46   | 5.84   | 6.13   | 5.37**   |
| Foreign reserves, e.o.p., % of GDP        | 27.1  | 23.3   | 26.7   | 29.0   | 31.0   | 30.8   | 29.2   | 31.1   | 32.6   | 28.6***  |

\*MoF projections, unless otherwise noted

\*\*Actual for January-September 2025

\*\*\*Actual for August 2025, ratio based on MoF projections

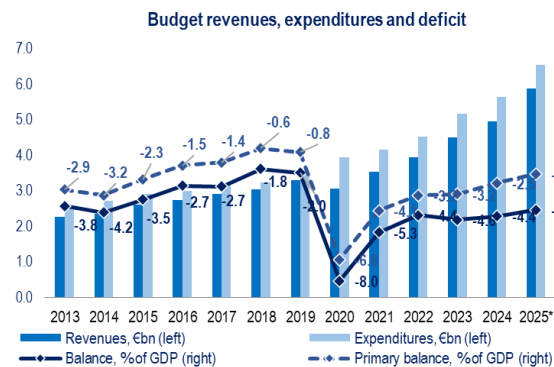
\*\*\*\*Actual for Q2 2025

## Latest GDP and inflation estimates and forecasts

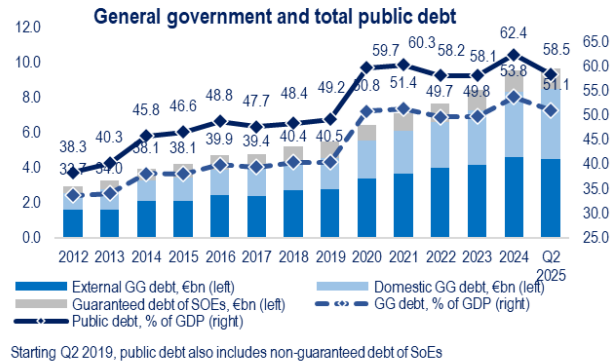
|                                   | Real GDP growth, % |      | Average inflation, % |      |
|-----------------------------------|--------------------|------|----------------------|------|
|                                   | 2024               | 2025 | 2024                 | 2025 |
| IMF, WEO (April 2025)             | 2.8                | 3.2  | 3.5                  | 3.4  |
| European Commission (May 2025)    | 2.8                | 3.0  | 3.5                  | 2.7  |
| World Bank (April 2025)           | 2.8                | 2.6  | 3.5                  | 2.5  |
| National Bank (June 2025)         | 2.8                | 3.0  | 3.5                  | 3.0  |
| MoF, North Macedonia (April 2025) | 2.8                | 3.7  | 3.5                  | 2.8  |

## Credit rating, latest

|                              | Rating | Outlook |
|------------------------------|--------|---------|
| Standard & Poor's, July 2025 | BB-    | Stable  |
| Fitch, September 2025        | BB+    | Stable  |

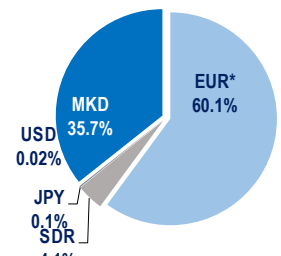


\*2025 Budget data and MoF GDP forecast



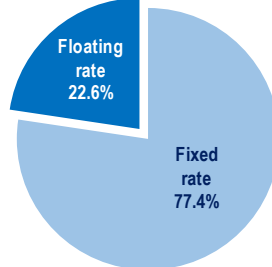
Starting Q2 2019, public debt also includes non-guaranteed debt of SOEs

## GG debt - Currency structure, Q2 2025

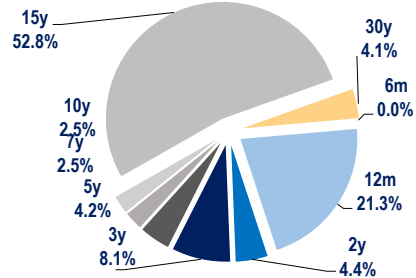


\*Includes FX-linked domestic government

## GG debt - Interest rate structure, Q2 2025



## Domestic government securities - original maturity, August 2025



## Domestic government securities, EUR m

|                                     |         |
|-------------------------------------|---------|
| Outstanding, August 31st 2025       | 3,963.3 |
| - Of which without FX clause        | 3,079.5 |
| - Of which with FX clause           | 883.8   |
| Total planned net issuance for 2025 | 580.0   |
| Of which net issued by August 2025  | 320.5   |

\* includes roll-over of T-Bonds + net issuance of GS

## Yields on domestic government securities issued on the primary market during August 2025

| in %              | 3m | 6m | 12m  | 2y   | 3y | 5y | 7y | 10y | 15y  | 30y |
|-------------------|----|----|------|------|----|----|----|-----|------|-----|
| Without FX clause |    |    | 3.25 | 3.40 |    |    |    |     | 5.10 |     |
| With FX clause    |    |    |      |      |    |    |    |     |      |     |

## Republic of North Macedonia outstanding eurobonds, 29.08.2025

| Maturity date | Rating |     | Original/outstanding size (mn) | Coupon | Price  | Yield | Bid Spread |        |
|---------------|--------|-----|--------------------------------|--------|--------|-------|------------|--------|
|               | S&P    | F   |                                |        |        |       | vs. BM     | vs. MS |
| Jun-26        | BB-    | BB+ | € 700                          | 3.675% | 99.85  | 3.840 | 198        | 181    |
| Mar-28        | BB-    | BB+ | € 700                          | 1.625% | 93.84  | 4.252 | 233        | 214    |
| Mar-27        | BB-    | BB+ | € 500                          | 6.960% | 104.35 | 3.944 | 140        | 139    |