



SHORT-TERM ECONOMIC TRENDS



January 2025



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SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

January 2025

- In January 2025, industrial production picked up by 1.4% compared to the same month previous year.
- In January 2025, industrial producer prices on the domestic market were higher by 6.1% compared to the same month last year.
- In January 2025, the industrial turnover, compared to January 2024, recorded an increase by 8.9%
- In January 2025, the inflation rate accounted for 4.9% on annual basis, once again recording acceleration of growth (4.4% in December 2024). Inflation recorded growth of 0.2% on monthly basis.
- Export in January 2025 recorded a 5.1% increase, while import a surge of 6.1%, resulting in increase of the trade deficit by 8.1% compared to the same month in 2024.
- In January 2025, execution of total budget revenues of the Republic of North Macedonia's budget amounted to Denar 23,313 million, accounting for 6.5% of the 2025 projections, i.e. an increase of 8.7% compared to executed budget revenues compared to the same month in 2024.
- Total budget expenditures were executed in the amount of Denar 26,019 million in January 2025, accounting for 6.5% of the annual projections, i.e. an increase of 3.4% compared to January in 2024.
- Total credits of banks in January 2025 grew by 11.3% compared to January 2024, while total deposit potential of banks surged by 11.0%.



1. REAL SECTOR

Industrial Production

Industrial production picked up by 1.4% in January 2025 compared to the same month previous year. Growth was due to increased production at Manufacturing by 4.4%, while decrease of production was recorded in the sectors as follows: Mining and quarrying by 5.1%, and Electricity, gas, steam and air-conditioning supply by 4.1%.

In January 2025, growth in production was registered at 16 out of total of 27 industrial branches, comprising 49.8% of the total industry.

In January 2025, with respect to branches with higher added value, an increase was recorded throughout all branches: Production of metals by 13.5% with contribution of 0.5 percentage points, Manufacture of machinery and equipment by 2.7% with contribution of 0.1 percentage points, Manufacture of electrical equipment by 2.1% with contribution of 0.2 percentage points, while drop was recorded at Manufacture of motor vehicles, trailers and semi-trailers by 11.6% and contribution of 2.0 percentage points.

In January 2025, traditional branches recorded growth of production at the following branches: Manufacture of textile by 13.0% and contribution of 0.6 p.p., Food industry by 2.0% and contribution of 0.2 p.p., Manufacture of tobacco goods by 99.4% and contribution of 1.0 p.p, Manufacture of leather increasing by 19.1% and contribution of 0.1 p.p., with Manufacture of wood and wood and cork products growing by 107.0% and contribution of 0.9 p.p., while drop of production was observed only at Manufacture of beverages declined by 4.7% and contribution of -0.2 p.p.. manufacture of wearing apparel records no changes.

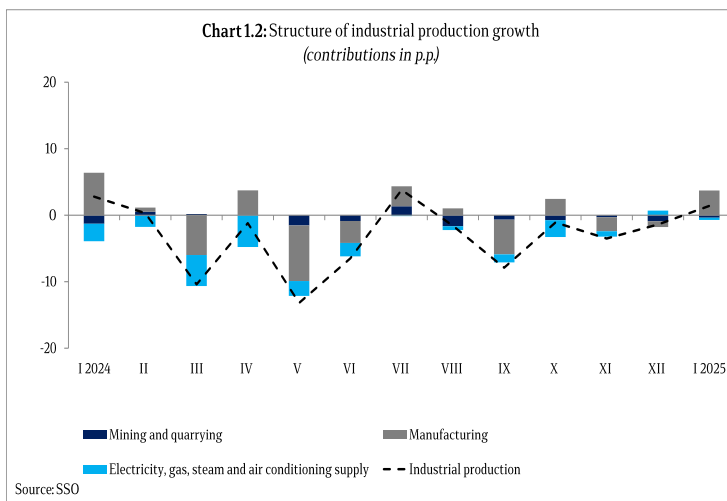
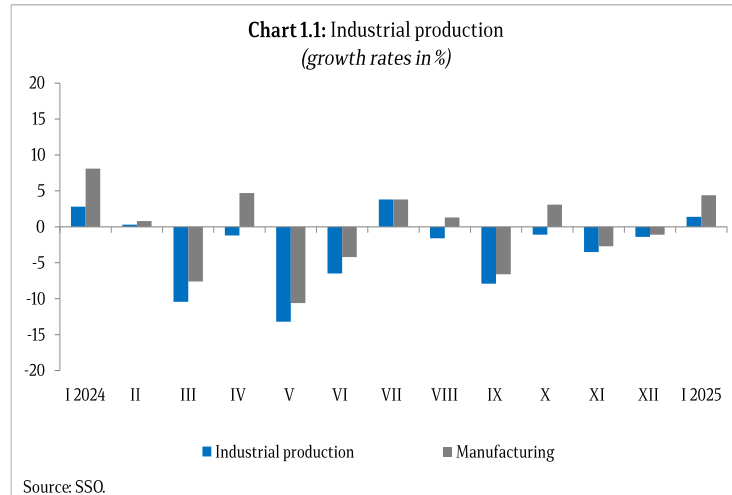
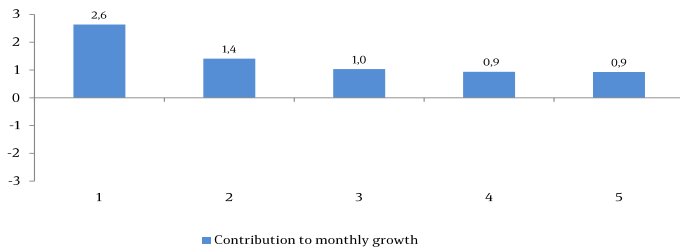




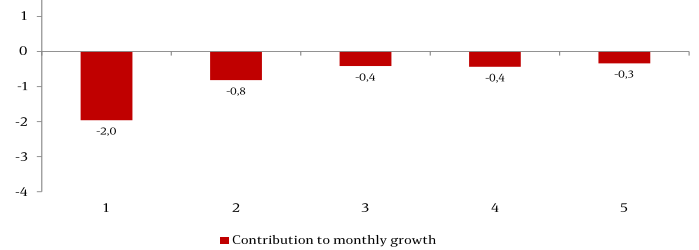
Chart 1.3a: Branches with positive contribution to growth
(growth rates in %, January 2025)



1 - Manufacture of rubber and plastic products
2 - Manufacture of other non-metallic mineral products
3 - Manufacture of tobacco products
4 - Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
5 - Printing and reproduction of recorded media

Source: SSO

Chart 1.3b: Branches with negative contribution to growth
(growth rates in %, January 2025)



1 - Manufacture of motor vehicles, trailers and semi-trailers
2 - Manufacture of fabricated metal products, except machinery and equipment
3 - Mining of coal and lignite
4 - Other manufacturing
5 - Other mining and quarrying

Source: SSO

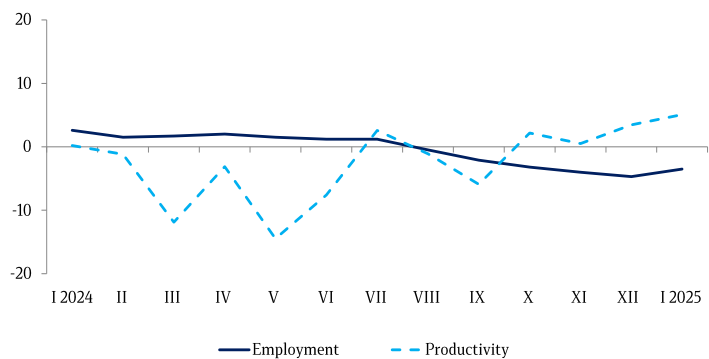
Industrial production with respect to purpose of production units in January 2025 compared to corresponding month in 2024 was increased in the following groups: Intermediary products, except energy (growing by 16.4% with contribution of 4.9 p.p.), Durable consumer goods industry (growing by 20.6% and contribution of 0.9 p.p.) and Non-durable consumer goods industry by 2.3% and contribution of 0.7 p.p. while decreased in the groups as follows: Energy (dropping by 8.4% and contribution of -0.7 p.p.) Capital goods (decreasing by 8.3% and contribution of -2.1 p.p.).

Number of Employees in the Industry

In January 2025, number of employees in the industry decreased by 3.5% compared to the same month in the previous year. Such decline was due to the reduced number of employees in all sectors, as follows: Mining and quarrying by 1.7%, Manufacturing by 3.7% and Electricity, gas, steam and air-conditioning supply by 1.5%. Increase in the number of employees was seen at the following branches: Manufacture of machinery and equipment, n.e.c. by 29.2%, Manufacture of basic pharmaceutical products and pharmaceutical preparations by 7.8%, and Manufacture of wood and wood and cork products, except furniture, Manufacture of wood and wood and cork products, except furniture, Manufacture of articles of straw and plaiting materials by 5.2%.

In January 2025, compared to the same period last year, data on the number of employees in the industry by target groups showed increase in the number of employees only at Capital goods by 22.3%.

Chart 1.4: Employment and productivity in industry
(growth rates in %)



Source: SSO; calculations by MF.



Industrial producer prices on the domestic market

In January 2025, industrial producer prices on the domestic market were higher by 6.1% compared to the same month last year. Increase was due to raised prices throughout the following sectors: Manufacturing by 4.2%, Electricity, gas, steam and air-conditioning supply by 17.4% and Water supply; Sewerage, waste management and remediation activities by 4.8%. Sale prices in the Mining and quarrying sector decreased by 1.1%.

In January 2025 compared to the same period in 2024, the industrial producer prices of product on the domestic market were higher in the groups as follows: Energy by 15.9%, Intermediate products, except energy by 1.7%, Consumer goods by 6.1% and Consumer non-durables by 6.4%.

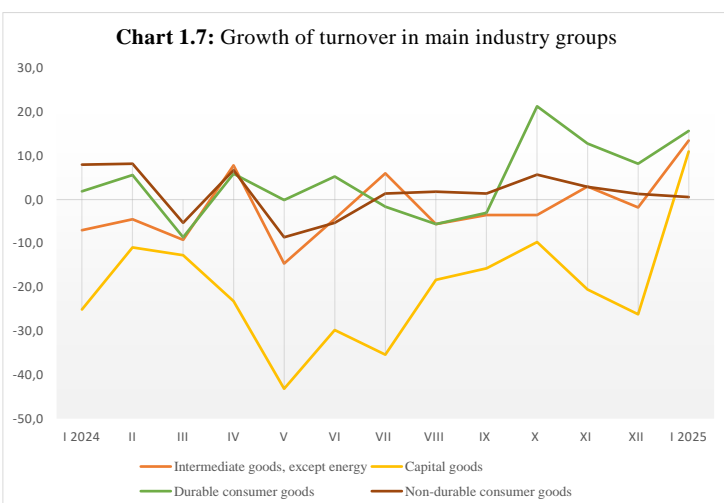
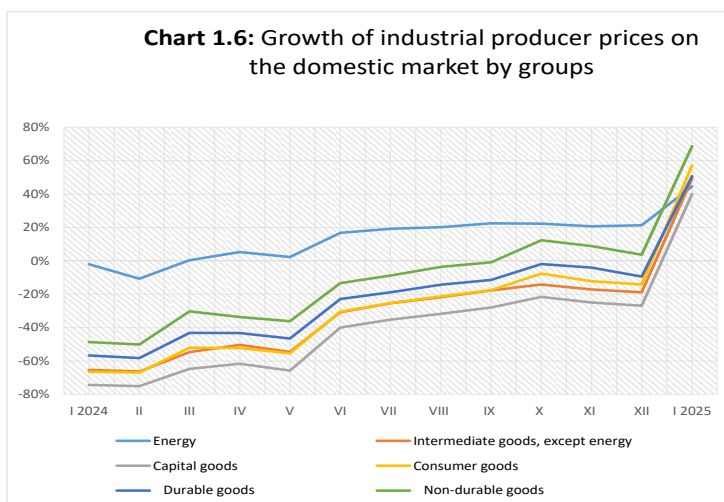
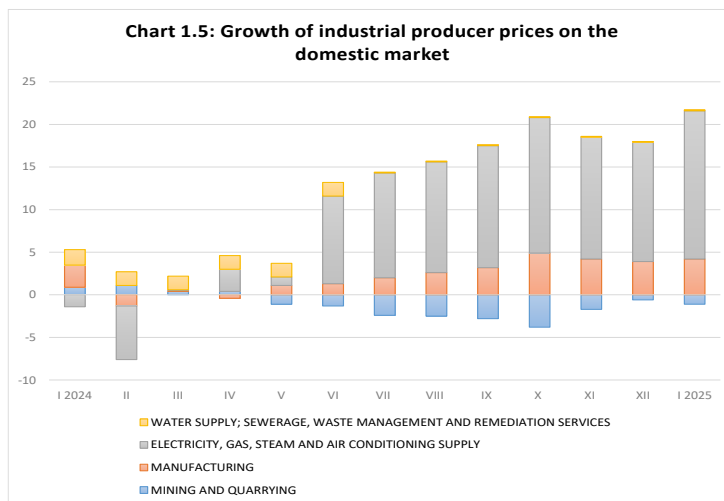
Industrial turnover index

In January 2025, the industrial turnover, compared to January 2024, recorded an increase by 8.9% as per the State Statistical Office's data. Growth was due to the increased turnover in both Mining and quarrying by 41.4% and Manufacturing by 8.0%.

In January 2025 compared to January 2024, industrial turnover increased in the groups as follows: Consumer durables by 15.7%, Intermediate products, except energy by 13.5%, Capital goods by 11.0% and Consumer non-durables by 0.6%.

Branches with highest turnover growth in the industry in January 2025 compared to the same month last year were the following:

- Manufacture of wood and wood and cork products, except furniture, Manufacture of articles of straw and plaiting materials (increase of 68.1%),





- Manufacture of motor vehicles, trailers and semi-trailers picking up by 48.6%, and
- Mining of metal ores (increase of 42.2%).

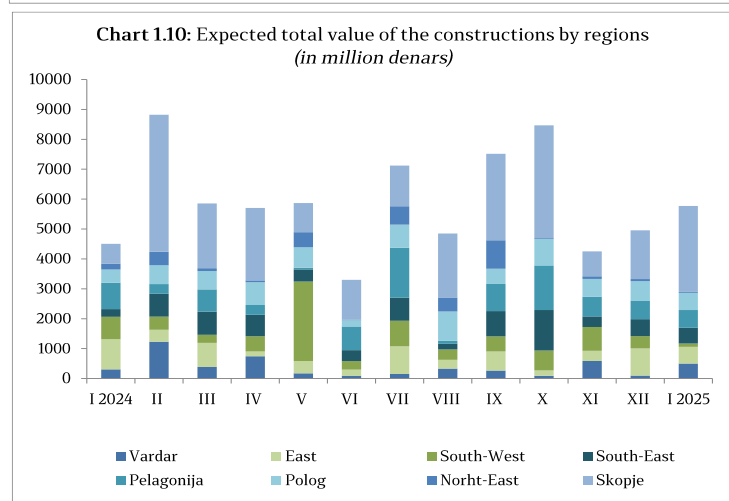
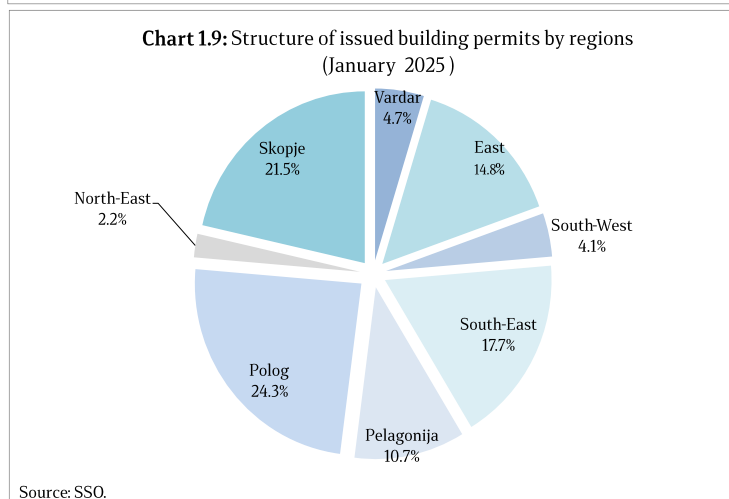
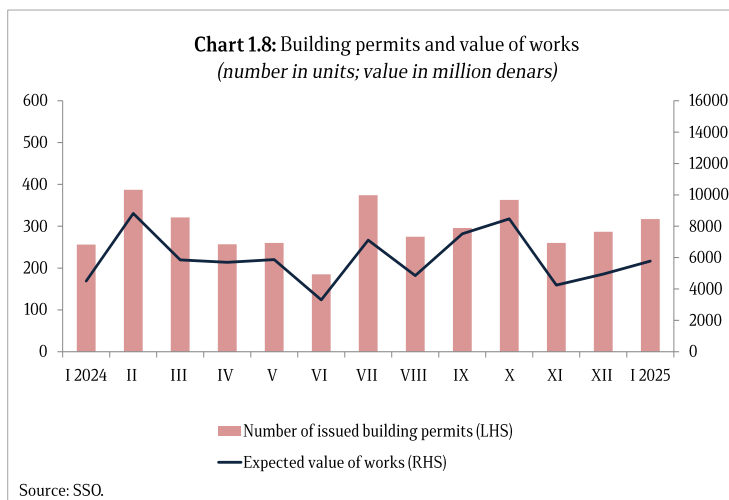
Number of Issued Building Permits and Expected Value of Constructions

In January 2025, 317 building permits were issued, growing by 23.8% compared to the same month in 2024. This was due to the annual growth of issued building permits pertaining to buildings by 4.8% (participating with 54.9% in the total number of issued building permits) whereas at reconstruction facilities it recorded increase by 121.4%. Compared to December 2024, number of issued building permits surged by 10.5%. Expected value of works, according to the issued building permits in January 2025, picked up by 28.2% on annual basis, while compared to the previous month, it increased by 16.5%.

Analysed by types of constructions, out of the total number of issued building permits, 174 (or 54.9%) were intended for buildings, 50 (or 15.8%) with respect to civil engineering structures and 93 (or 29.3%) for reconstruction purposes.

Analysed by types of investors, out of total 317 issued building permits, individuals were investors in 178 facilities (or 56.2%), while business entities were investors in 139 facilities (or 43.8%).

In January 2025, construction of 759 flats was envisaged, with total usable area of 60,471 m². Number of flats envisaged for construction declined by 7.7% on monthly basis, and 23.4% on annual basis.



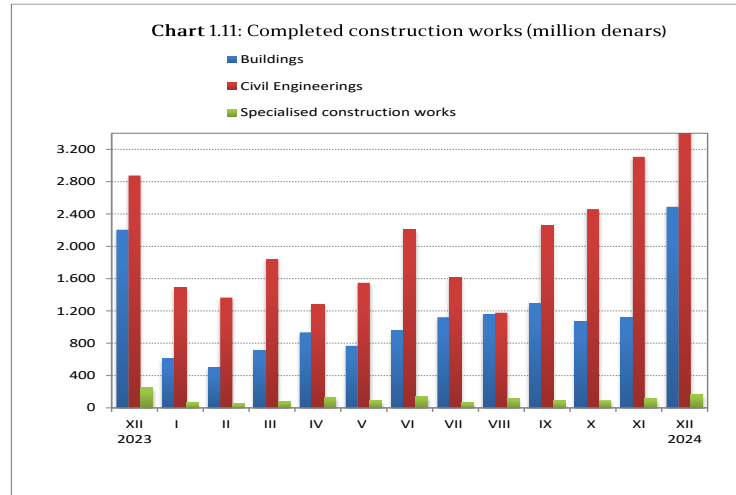
Number of Completed Construction Works by Types of Constructions

Total value of performed construction works in December 2024 amounted to Denar 6,356 million, representing an annual growth of 19.2% in nominal terms, whereby buildings and civil engineering



structures grew by 12.9% and 28.8%, respectively, while specialized construction works recorded a drop of 34.9%. Compared to November 2024, total value of completed construction works recorded growth by 46.8%, 123.6% at civil engineering structures, increasing by 19.3% as regards buildings, and picking up by 45.4% as regards specialized construction works. In cumulative terms, in the period January – December 2024, value of performed construction works amounted to Denar 37,984 million, being higher by 10.5% compared to the same period last year.

Most of the completed construction works pertain to civil engineering construction, wherein construction works amounting to Denar 24,056 million were completed during 2024, i.e. being higher by 22.9% compared to the same period last year. During this period, the value of completed building construction works decreased by 6.1%, amounting to Denar 12,729 million, whereas the value of completed specialised construction works amounted to Denar 1,199 million, being higher by 3.6% as compared to the same period last year.

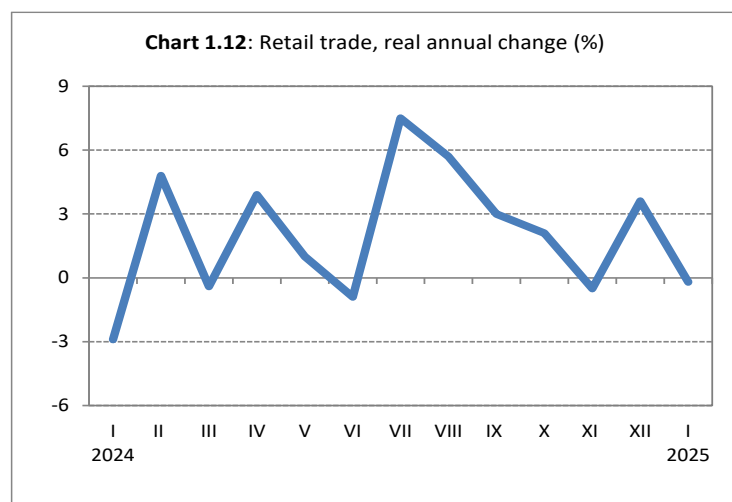


In real terms, in the period January - December 2024, value of completed construction works increased by 19.5%, with civil engineering structures (33.0%), specialised construction works (4.5%), and buildings (1.4%) recording growth.

Trade Sector Turnover

In January 2025, data on domestic trade demonstrated nominal annual growth in the turnover by 3.8%, following the growth of 4.9% in December 2024. Turnover value in January 2025 amounted to Denar 61,292 million.

In real terms, retail trade in January 2025 recorded annual drop of 0.2%, while analyzed by groups and classes, decrease was also seen in the groups of Retail trade in food products, beverages and tobacco by 3.4%, whereas increase was seen in Retail trade in automotive fuels by 1.7% and Retail trade in non-food products by 2.1%.



In January 2025, Wholesale trade (54.0%) accounted for the most in the Trade sector, followed by Retail trade (41.5%) and Trade in motor vehicles and motorcycles, repair and their maintenance (4.5%).



Inflation

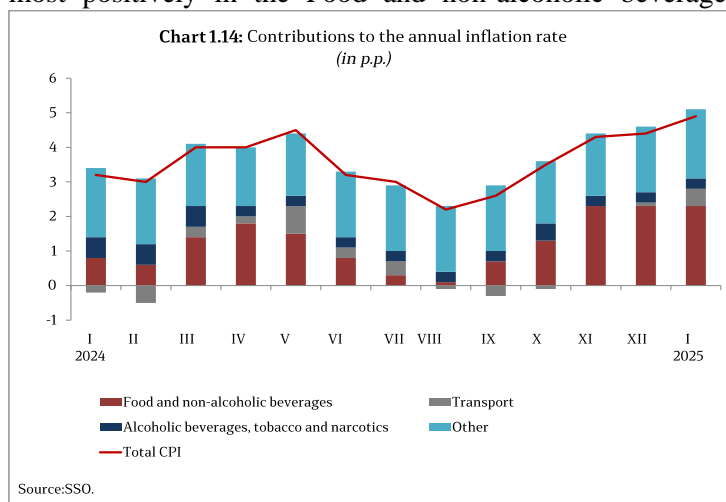
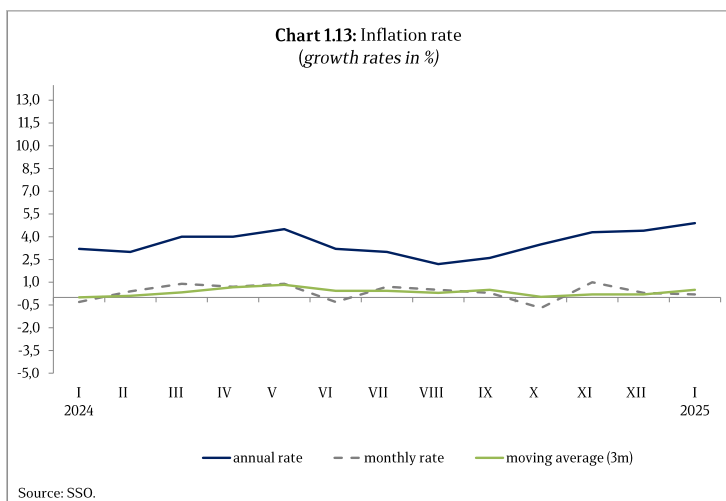
In January 2025, the inflation rate accounted for 4.9% on annual basis, once again recording slight acceleration of growth (4.4% in December 2024). Inflation growth this month was primarily driven by the base component, with the food component also contributing to the increase, having recording growth in recent months.

In January 2025, core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) recorded acceleration compared to the previous month and accounted for 6.3% on annual basis (5.5% in December). Increased prices in the category Restaurants and hotels had most positive contribution this month (1.4 p.p.).

In January 2025, prices in the Food and non-alcoholic beverages category accounted for 5.7% recording slight acceleration of growth (5.6% in December), whereby contributing with 2.3 p.p. to the total inflation in December, remaining unchanged compared to the previous month. Following sub-categories: Vegetables (annual growth of 10.0% and contribution of 0.5 p.p.), Milk, cheese and eggs (annual growth of 6.9%, contribution of 0.5 p.p.), Meat (annual growth of 4.6% and contribution of 0.4% p.p.), Non-alcoholic beverages (annual growth of 16.0% and contribution of 0.4 p.p.), Oil (annual growth of 11.8% and contribution of 0.2 p.p.) and Bread and cereals (annual 2.2% growth and contribution of 0.2 p.p.) contributed most positively in the Food and non-alcoholic beverages category.

Observed by components, highest annual price growth in January 2025 was seen at the category Restaurants and hotels by 11.4% (contribution to the total inflation growth of 0.7 p.p.). Price increase was also recorded in the following categories: Recreation and culture by 6.5%, Miscellaneous goods and services by 5.8%, Transport by 5.7%, Alcoholic beverages, tobacco and narcotics by 5.2%¹, Health protection by 3.9%, Furnishings, household equipment and routine maintenance of the house by 3.6%, Wearing apparel and footwear by 3.3%, Communications by 1.5%, Housing, water, electricity, gas and other fuels by 1.4% and Education by 0.3%.

In January, consumer prices grew by 0.2% on monthly basis (prices surged by 0.3% on monthly basis). Increase of prices on monthly basis was due primarily to core inflation growth. This month, food prices recorded growth of 0.1% on monthly basis, its stabilization partly due to the decrease of



¹ Tobacco product prices is 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. New tobacco price was introduced in October 2024.



the margin cap measure for certain food products, so called “New Year’s Consumer Basket”, applicable until 15th January 2025.

In January 2025, retail prices increased by 5.2% on annual basis, recording an acceleration of growth. On monthly basis, retail prices recorded a drop of 0.4%.

In January 2025, the Eurozone inflation rate accounted for 2.5%², increasing by 0.1 p.p., compared to December 2024. As per the ECB’s projections, the inflation rate in 2025 is expected to decrease slightly to 2.3% in the short run, followed by further reductions to 1.9% in 2026 and 2.0% in 2027. A slight decrease in total inflation is anticipated in 2025. This is primarily due to higher food inflation and the upward base effects of energy prices, which are offsetting the downward pressures from declining inflation. As the base effects in energy inflation diminish, a reduction in total inflation is projected for the beginning of 2026.

Stock Market Prices

In January 2025, crude oil price (Brent) on the global stock markets increased by 7.3% on monthly basis, reaching the price of US\$ 79.2 per barrel. Growth was driven by numerous factors, with one of the main contributors being introduction of stricter sanctions on Russian and Iranian oil, which resulted in a reduced oil supply, short-changing the market with the oil supply, whereas the cold wave in North America led to increased demand. Oil price was lower by 1.3% on annual basis.

In January 2025, the natural gas price increased by 15.5% on monthly basis. Gas price was driven by several factors, such as the geopolitical tensions, due to which Russia cut the gas pipeline to Europe through Ukraine, the weather conditions as well as the depleted gas reserves,

Chart 1.15: Comparison of inflation (annual growth rates in %) between the countries of the Western Balkans

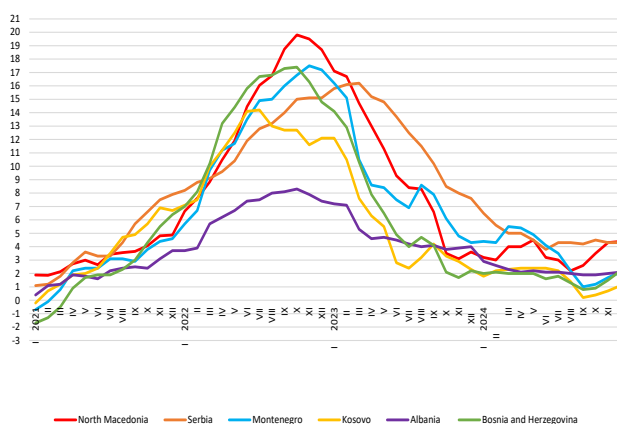
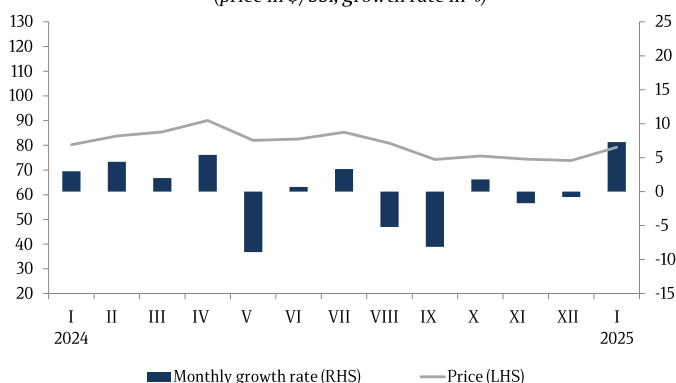
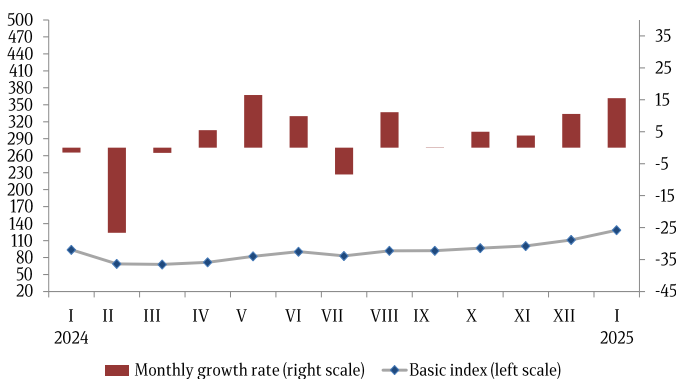


Chart 1.16: Changes in crude oil (Brent) price (price in \$/bbl; growth rate in %)



Source: World Bank; calculations of MoF.

Chart 1.17: Natural gas price (basic index, monthly growth rate%)



Source: WB, MoF calculations

² The data is a Eurostat’s estimate.



stemming from reduced gas production of renewable energy sources. These factors, including the ever-present inflation pressures contributed to the gas market volatility, leading to much greater instability. In January 2025, the natural gas price increased by 36.9% on annual level.

In January 2025, price of electricity, as per the Hungarian Power Exchange (HUPX) amounted to EUR 140.19 per megawatt/hour, dropping by 0.9% on monthly basis. Electricity prices recorded a drop following the growth of previous months, due to increase in natural gas prices and increased demand.

This month, electricity price increased by 63.5% on annual basis.

In January 2025, basic metal prices recorded a drop compared to the previous month as follows: zinc by 7.1%, lead by 3.5% and nickel by 0.3%. On monthly basis, tin, aluminium and copper prices increased by 2.6%, 1.3% and 0.8%, respectively.

This month, oil and platinum prices recorded growth on monthly basis by 2.3% and 1.2%, respectively. Silver price recorded drop of 1.1% on monthly basis.

In January, maize and wheat prices increased by 5.8% and 0.1% on monthly basis. The price of the sunflower oil dropped by 1.3% on monthly basis.

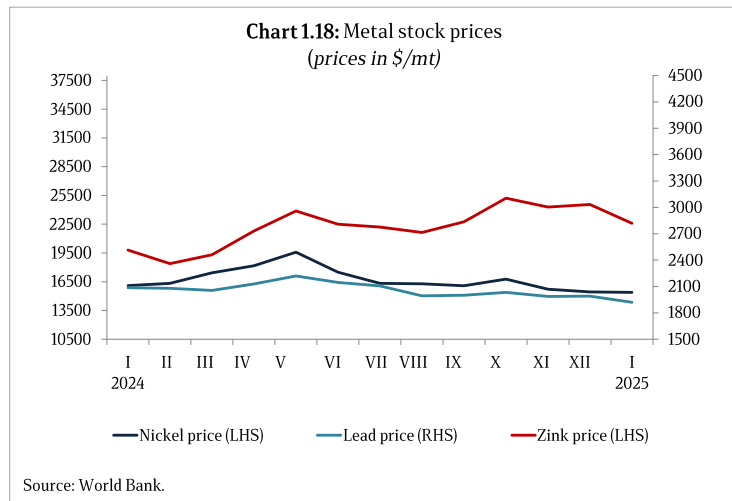


Table 1.1. Stock market prices of energy products (monthly data)

	Electricity (EUR/MWh)	Crude Oil, Brent (\$/bbl)	Natural GAS, Europe (\$/1000 m3)
2023 I	148 .7	83 .1	714 .1
II	146 .2	82 .7	585 .1
III	113 .4	78 .5	488 .7
IV	106 .7	84 .1	478 .4
V	88 .2	75 .7	357 .7
VI	96 .6	74 .9	366 .2
VII	94 .5	80 .1	337 .2
VIII	100 .4	86 .2	396
IX	103 .8	94 .0	408 .6
X	104 .9	91 .1	515 .5
XI	99 .38	83 .2	512 .5
XII	81 .72	77 .9	407 .1
2024 I	85 .73	80 .2	338 .2
II	69 .35	83 .8	288 .3
III	65 .12	85 .5	302 .6
IV	61 .96	90 .5	321 .4
V	72 .2	82 .0	358 .2
VI	91 .7	82 .6	384 .6
VII	135 .5	85 .3	366 .1
VIII	120 .8	80 .9	437 .8
IX	106 .1	74 .3	416 .94



X	92 .2	75 .7	457 .1
XI	163 .7	74 .4	492 .7
XII	143 .9	73 .8	490 .3
2025 I	140 .2	79 .2	518 .8

Source: World Bank, Hungarian Power Exchange

2. FOREIGN TRADE

Total foreign trade in January 2025 amounted to EUR 1,428.0 million, increasing by 5.7% compared to the same month last year.

In January 2025, share of trade with the EU (EU 27³), as the largest trading partner, decreased by 4.2 p.p. compared to January 2024, accounting for 59.5%. Germany was the major trading partner of our country. As for total foreign trade structure of our country, share of the trade with Germany in January 2025, accounted for 20.6%, decreasing by 2.7 p.p. compared to the same month in 2024.

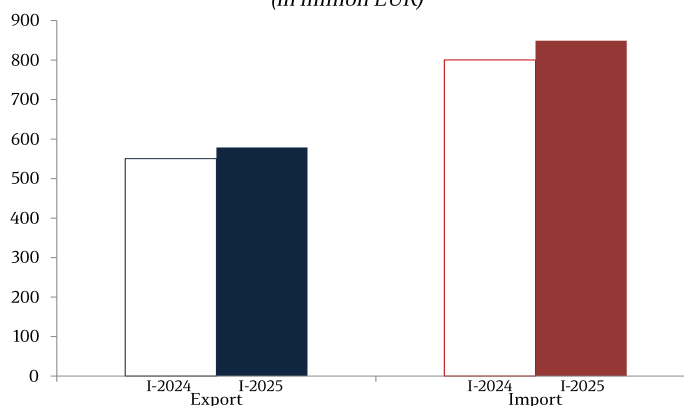
Export

Value of exported goods amounted to EUR 578.9 million in January 2025, increasing by 5.1% (EUR 28.3 million) compared to the same month in 2024, as well as physical output of export increasing by 6.0% compared to January 2024.

Analyzed on monthly basis, in January 2025, export picked up by 2.5% (EUR 14.3 million), compared to the previous month, and where a seasonal adjustment of the export was made, it registered a monthly increase of 10.1%, showing negative effects of the seasonal factor (7.5 p.p.) on export this month.

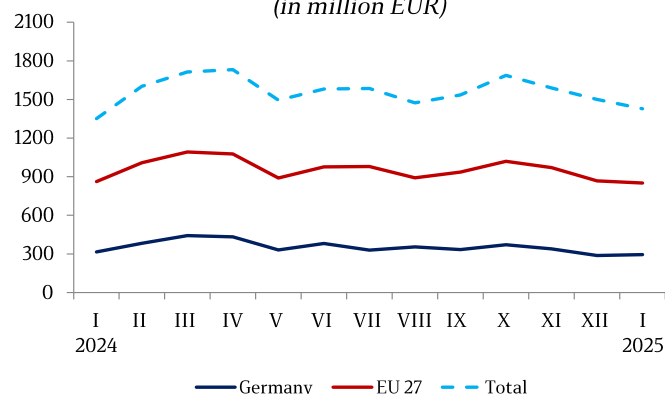
Value of export of food in January 2025 increased by EUR 4.5 million, picking up by 16.0% compared to January 2024, while quantity of exported food increased by 5.2%. As for our country's total export

Chart 2.1: Foreign trade
(in million EUR)



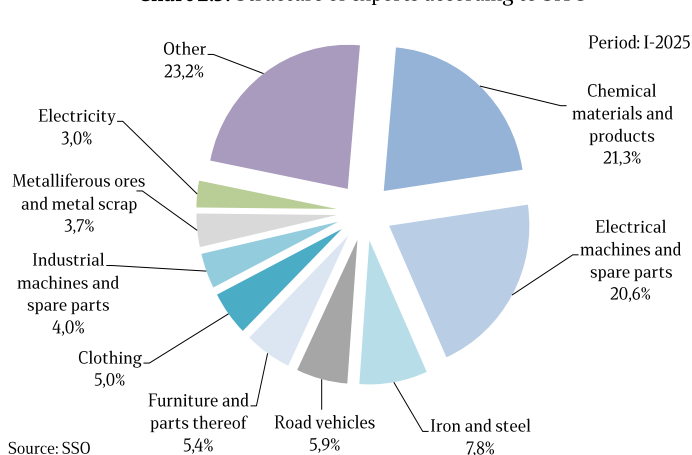
Source: SSO.

Chart 2.2: Foreign trade with Germany and EU 27
(in million EUR)



Source: SSO.

Chart 2.3: Structure of exports according to SITC



Source: SSO

³ As of January 2021, Great Britain is included in the economic group - Miscellaneous countries.



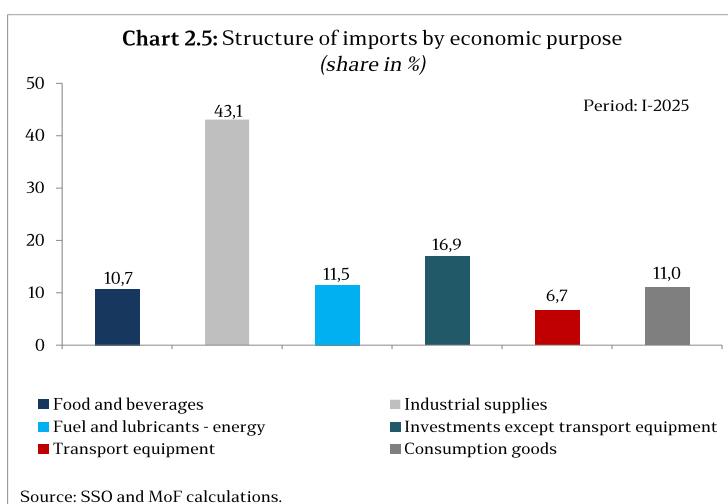
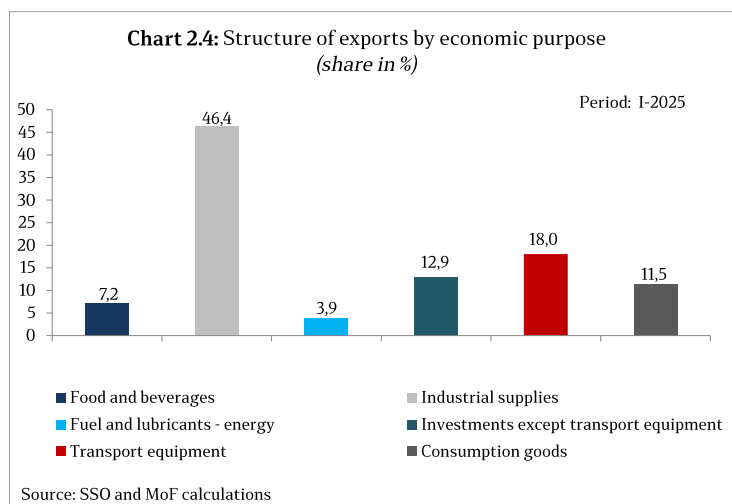
structure, share of the food in January 2025, accounted for 5.7%, increasing by 0.5 p.p. compared to January in 2024.

Analyzed by economic groups⁴, in January 2025, export recorded an increase, compared to the respective month in 2024, in the following groups: EU 27, EFTA, Western Balkans, North American Free Trade Agreement and Commonwealth of independent countries, while drop was seen with Organization of Petroleum Exporting Countries, and Asia-Pacific Economic Cooperation Organization. Export to EU 27 recorded growth of 2.7% on annual basis, while Western Balkan countries increase of 10.9%, whereby share in export of goods to EU 27 and Western Balkan countries in the total export of the Republic of North Macedonia accounted for 77.6% and 12.0%, respectively.

Import

In January 2025, import value amounted to EUR 849.1 million, increasing by 6.1% (EUR 48.6 million) compared to the same month in 2024, while imported quantities of goods increased by 18.6% compared to January 2024.

Analyzed on monthly basis, in January 2025, import dropped by 9.2% (EUR 86.2 million), compared to the previous month, and should import be seasonally adjusted, it registered monthly increase of 6.1%, showing negative effects of the seasonal factor (15.3 p.p.) on import this month.



Value of import of food in January 2025 increased by EUR 5.8 million, picking up by 6.8% compared to January 2024, while quantity of imported food increased by 5.4%. As for our country's total import structure, share of the food in January 2025, accounted for 10.7%, increasing by 0.1 p.p. compared to the same month in 2024.

⁴ Economic groups cover the following countries: EU 27 (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Sweden, Slovenia and Slovakia); EFTA (Switzerland, Island, Lichtenstein and Norway); Organization of Petroleum Exporting Countries (United Arab Emirates, Angola, Algeria, Ecuador, Iraq, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia and Venezuela); Western Balkans (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Kosovo and Serbia); North American Free Trade Agreement (Canada, Mexico and USA); Asia-Pacific Economic Cooperation (Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, China, Indonesia, Japan, Republic of Korea, Mexico, Malaysia, New Zealand, Peru, Papua New Guinea, The Philippines, Russia, Singapore, Thailand, Chinese Taipei, The United States and Viet Nam) and The Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Kyrgyzstan, Kazakhstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan).



Table 2.1. Review of export and import of selected groups of products

Export of petroleum and petroleum products*)				
	I - 2024	I - 2025	Balance	% rate
000 T	6,0	6,9	0,9	14,3
EUR mil.	4,9	5,2	0,3	6,1
\$ mil.	5,4	5,4	0,0	0,6

*)Previous data

Export of chemical products*)				
	I - 2024	I - 2025	Balance	% rate
000 T	1,5	2,9	1,5	102,9
EUR mil.	127,0	119,5	-7,5	-5,9
\$ mil.	138,4	123,9	-14,5	-10,5

*)Previous data

Export of iron and steel*)				
	I - 2024	I - 2025	Balance	% rate
000 T	64,8	63,9	-1,0	-1,5
EUR mil.	50,7	45,4	-5,3	-10,4
\$ mil.	55,3	47,0	-8,3	-15,0

*)Previous data

Import of petroleum and petroleum products*)				
	I - 2024	I - 2025	Balance	% rate
.000 T	93,8	83,4	-10,4	-11,1
EUR mil.	67,2	61,1	-6,1	-9,1
\$ mil.	73,4	63,1	-10,2	-13,9

*)Previous data

Import of chemical products*)				
	I - 2024	I - 2025	Balance	% rate
.000 T	1,8	2,1	0,3	15,8
EUR mil.	11,9	11,0	-0,9	-7,9
\$ mil.	13,0	11,3	-1,6	-12,5

*)Previous data

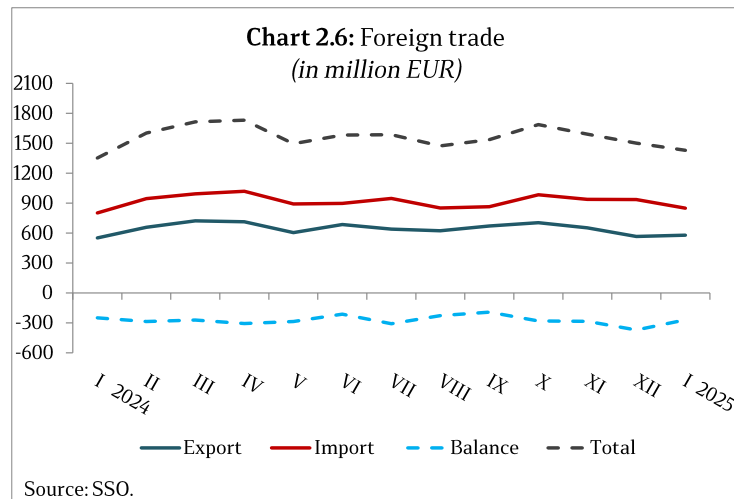
Import of iron and steel*)				
	I - 2024	I - 2025	Balance	% rate
.000 T	45,9	64,7	18,9	41,2
EUR mil.	31,4	39,2	7,8	24,7
\$ mil.	34,3	40,6	6,3	18,4

*)Previous data

Trade Balance

In January 2025, trade deficit increased by 8.1%, i.e. EUR 20.3 million compared to the same month in 2024.

If we analyze the balance of export and import of goods by economic purpose, deficit increase was a result of widening of the deficit of the trade in industrial supplies, consumer goods, food and beverages, oils and lubricants, and investment goods without transport equipment, as well as narrowing of the positive balance in the trade of transport equipment.



In January 2025, 98.1% of the trade deficit of the country was realized in the trade with Great Britain, China and Greece, followed by Türkiye, Serbia, Poland, Bulgaria and others. Surplus was realized in trade with Germany, Kosovo, the Czech Republic, Slovakia, USA and others.

Currency Structure

Observed by currency structure, 90.5% of the trade in January 2025 was conducted in euros, representing a decrease of 2.6 p.p. compared to January 2024. On export and import side, euro accounted for 91.5% and 89.9%, respectively, whereby share of the euro in export was lower by 3.9 p.p., while share of the euro in import increased by 1.8 p.p. compared to January 2024.



Table 2.2 Foreign trade of the Republic of North Macedonia (by currency); calculations: MoF

import	I - 2024					I - 2025					absolute change in currency value	relative change in currency value (in %)
currency	.000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar	structure in %	.000 T	import in currency	average Denar exch. Rate in relation to currencies	import in Denar	structure in %		
EUR	432.5	733.499.021	61.6065	45.188.307.437	91.6	516.5	762.998.062	61.5437	46.957.723.826	89.9	29.499.041	4.0
USD	40.1	65.408.074	56.4449	3.691.952.190	7.5	44.0	82.267.044	59.4947	4.894.453.097	9.4	16.858.970	25.8
GBP	0.2	1.884.045	71.6862	135.060.015	0.3	0.1	1.157.933	73.4025	84.995.203	0.2	-726.111	-38.5
EUR+USD+GBP	472.8			49.015.319.643	99.1	560.6			51.937.172.126	99.4		
tot. import	473.9			49.327.352.744	100.0	562.1			52.262.062.177	100.0		5.9

Source: SSO and NBRNM

3. FISCAL SECTOR

Budget Revenues and Expenditures according to the Economic Classification

In January 2025, collection of total budget revenues of the Republic of North Macedonia's budget amounted to Denar 23,313 million, accounting for 6.5% of the 2025 projections, i.e. increase of 8.7% compared to executed budget revenues compared to the same month in 2024. As regards total revenues, Denar 21,170 million was collected on the basis of tax revenues and social contributions, accounting for 6.6% of 2025 projected amount, being 7.5% increase in relation to the previous year. Thereby, tax revenues were collected in the total amount of Denar 13,125 million (i.e. 6.6% of the amount projected for 2025), while social contributions were collected in the amount of Denar 7,955 million (annual increase of 12.5%, i.e. 6.8% of the amount projected for 2025). As regards tax revenues, increased collection was recorded at personal income tax by 9.6%, followed by VAT by 4.0%, excise duties increasing by 2.2%, and import duties by 18.9%, while corporate income tax decreased by 2.8% and other tax revenue collection dropping by 19.0%. In January 2025, non-tax revenues recorded growth by 19.8%, and foreign donation revenues growing by 60.1%, while capital revenues experiencing a drop of 5.0%.

Total budget expenditures were executed in the amount of Denar 26,019 million in January 2025, accounting for 6.5% of the annual projections, i.e. a drop of 3.4% compared to the respective month in 2024. Thereby, current expenditures were executed in the amount of Denar 25,572 million, i.e. 7.2% of the amount projected for the whole year, being an increase of 6.3% compared to the same period in 2024. Increase was recorded at expenditures related to wages and allowances by 9.2%, at goods and service-related expenditures by 9.3%, and at interest-related expenditures a surge by 42.8%. Transfers, as the largest category of current expenditures, increased by 2.5%, driven by the growth of social transfers by 3.8%, health care expenditures by 6.2%, block and earmarked grants by 6.7%. This month, expenditures on the basis of subsidies and transfers decreased by 16.6%. Execution of capital expenditures amounted to Denar 447 million, being lower by 84.6% compared to January 2024. Execution rate of capital expenditures for the respective period accounted for 0.95% compared to the projected amount.

Table 3.1. State Budget Execution for January 2025

	2025 Budget	January 2025		
	(Denar million)	(Denar million)	Annual growth rate (%)	% of collection/execution rate (%)
TOTAL REVENUES	358,838	23,313	8.7%	6.5%
Taxes and contributions	319,234	21,170	7.5%	6.6%
Taxes	198,607	13,125	4.9%	6.6%

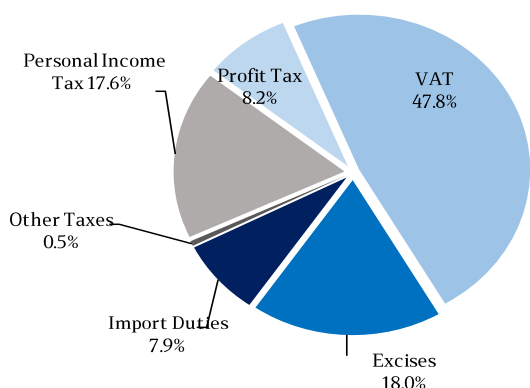


Personal Income Tax	35,676	2,305	9.6%	6.5%
Corporate Income Tax	23,287	1,072	-2.8%	4.6%
VAT	86,692	6,278	4.0%	7.2%
Excise duties	35,388	2,364	2.2%	6.7%
Import charges	16,255	1,038	18.9%	6.4%
Other tax revenues	1,309	68	-19.0%	5.2%
Contributions	117,095	7,955	12.5%	6.8%
Non-tax revenues	26,302	1,795	19.8%	6.8%
Capital revenues	3,510	95	-5.0%	2.7%
Foreign Donations	9,792	253	60.1%	2.6%
Revenues from paid extended loans	0	0		
TOTAL EXPENDITURES	400,188	26,019	-3.4%	6.5%
Current expenditures	353,032	25,572	6.3%	7.2%
Wages and allowances	48,141	3,670	9.2%	7.6%
Goods and services	26,325	1,201	9.3%	4.6%
Transfers	257,721	18,494	2.5%	7.2%
Social transfers	191,046	14,609	3.8%	7.6%
Pension and Disability Insurance Fund of North Macedonia	119,995	9,529	2.8%	7.9%
Pecuniary unemployment allowance	3,439	130	56.6%	3.8%
Social welfare	15,080	1,202	0.7%	8.0%
Health protection	52,531	3,748	6.2%	7.1%
Other transfers	64,211	3,787	-2.1%	5.9%
Interest	20,845	2,207	42.8%	10.6%
Capital expenditures	47,156	447	-84.6%	0.9%
BUDGET BALANCE	-41,350	-2,706	-50.8%	6.5%

Source: Ministry of Finance

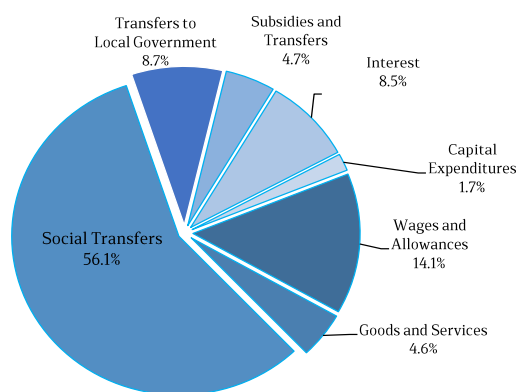


Chart 3.1: Structure of Collected Tax Revenues, January 2025



Source: MoF

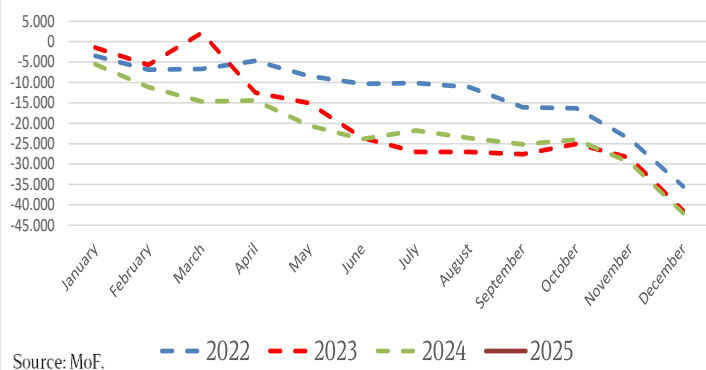
Chart 3.2: Structure of Executed Expenditures according to Economic Classification, January 2025



Source: MoF.

In January 2025, the state budget deficit amounted to Denar 2,706 million, accounting for 0.3% of the GDP projected for 2025, i.e. 6.5% of the budget deficit.

Chart 3.3: Budget deficit, cumulative data (million denars)



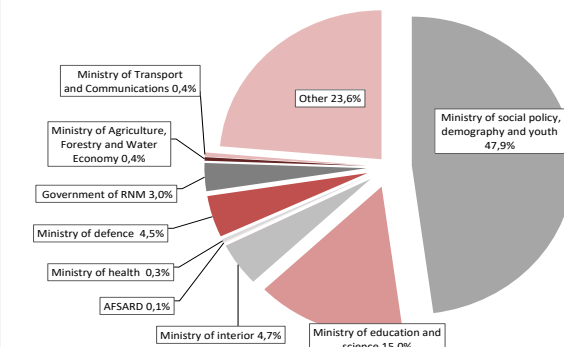
Source: MoF.

Expenditures by Budget Users

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

In January 2025, Ministry of Social Policy, Demographics and Youth executed funds in the amount of Denar 9,798 million or 14.3% of its total budget for the current year. Thereby, most of the expenditures (83.3%) were allocated for current transfers to extra-budgetary funds, for which Denar 8,164 million was spent, i.e. 17.0% of the funds allocated for 2025. The second highest expenditure category was the social benefits, participating with 11.9% in the total expenditures, whereby 8.1% (Denar 1,168 million) of the projected 2025 funds was executed for this purpose.

Chart 3.4: Structure of expenditures by budget users (January 2025)



Source: MoF.



During the analyzed period, Ministry of Education and Science executed budget funds in the amount of Denar 3,073 million, representing 7.1% of its total 2025 Budget. Current transfers to LGUs accounted for the most of the expenditures (61.9%), Denar 1,903 million being spent therefore or 7.9% of total projected funds. Wages and allowances category was the second highest expenditure item, accounting for 22.4%, for which an amount of Denar 688 million, accounting for 7.4%, being executed out of total projected funds.

In January 2025, Ministry of Internal Affairs executed expenditures in the total amount of Denar 965 million, accounting for 6.0% of its own 2025 budget. Wages and allowances was the highest expenditure category, participating with 81.7%, Denar 788 million being spent therefore, accounting for 8.0% of the projected ones. Second highest category was Goods and services, accounting for 13.4%, with Denar 130 million being spent therefore, accounting for 4.1% of the annual projections.

During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 15 million, accounting for 0.2% of the funds projected for the current year. As for wages and allowances, with the highest expenditure share of 82.1% of the total expenditures, 7.7% or Denar 13 million of the funds planned for the whole year, were spent therefore.

In January 2025, Ministry of Defence executed budget funds in the amount of Denar 923 million, accounting for 4.5% of the total budget this year. Expenditures related to wages and allowances accounted for the most with 57.6%, Denar 532 million being spent therefore, (accounting for 7.9% of the total funds projected for the current year). Goods and services accounted for 28.0% of total expenditures, Denar 259 million being spent therefore during the analyzed period, i.e. 7.3% execution of the total projected funds.

In January 2025, Government of Republic of North Macedonia executed a total of Denar 622 million, i.e. 9.1% of the 2025 projections. Thereby, subsidies and transfers accounted for 69.3% of total expenditures of this budget user, Denar 431 million (8.3% of the projected funds) being spent therefore.

During the analyzed period, Ministry of Health executed budget funds in the amount of Denar 69 million, accounting for 0.9% of the total 2025 Budget. Goods and services accounted for the most in the expenditures with 42.2%, Denar 29 million being executed therefore, i.e. 0.8% of the funds allocated for 2025. Second highest item was Capital expenditures, Denar 24 million (4.2% of the projections for the year) being spent therefore, accounting for 35.1% of total expenditures.

In January 2025, Ministry of Transport and Communications executed funds in the amount of Denar 92 million, i.e. 0.5% of the total budget for the current year. Execution of capital expenditures, as main item, accounted for 67.8% of the total spent funds of this budget user (Denar 62 million or 0.4% of total projected funds).

During this period, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 78 million, accounting for 4.3% of the funds projected for 2025. Wages and allowances (Denar 66 million) was, by far, the highest item in the total expenditures of this budget user, accounting for 83.6% of its total expenditures, with 7.7% of the projected expenditures, being executed. As regards expenditures related to Goods and services, they accounted for 8.1% of the total expenditures, Denar 6 million being spent therefore, accounting for 2.6% of the total budget for this purpose.

In-depth data on each budget user are presented in the statistical annex attached at the following link (<http://finance.gov.mk/краткорочни-економски-движења-кед-ме/>).



4. SOCIAL SECTOR

Newly Employed and Registered Unemployed Persons in the Employment Service Agency

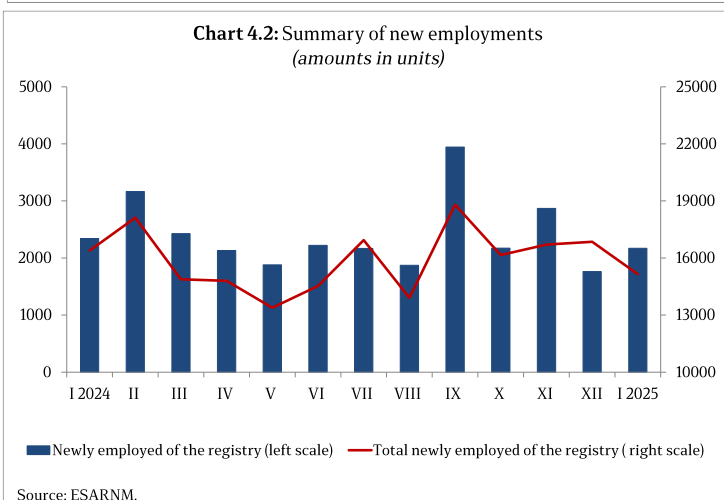
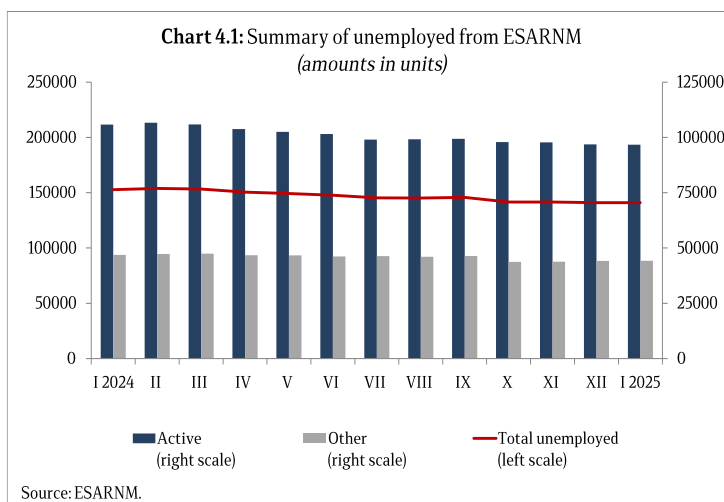
In January 2025, Employment Service Agency registered total of 15,153 new employments. Total number of newly employed persons decreased by 7.6% compared to the same period in 2024.

As regards the total number of newly employed, 42.9% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In January 2025, 14.3% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in January 2025 was 140,947, 96.731 persons out of which were active job seekers, while 44,216 persons were from the category “other unemployed”. On annual basis, total number of unemployed persons decreased by 7.7%, whereas, starting from May 2021, it recorded a continuous annual reduction. Number of unemployed persons decreased by 1 person, compared to December 2024.

Urban residents accounted the most (with 58.7%) among the active unemployed persons, whereas with respect to gender, men accounted for 48.1% of the total. Analyzed by the level of education, majority, i.e. 68.8%, of the unemployed persons were with incomplete secondary education or less, 23.6% were with completed secondary education, while 7.6% of the unemployed persons were with completed community college or higher education level.

Analyzed by age structure, 49.9% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 60.3% of the unemployed persons wait for employment from 1 to 7 years, while 13.5% wait for employment for 8 years or more.





Wages

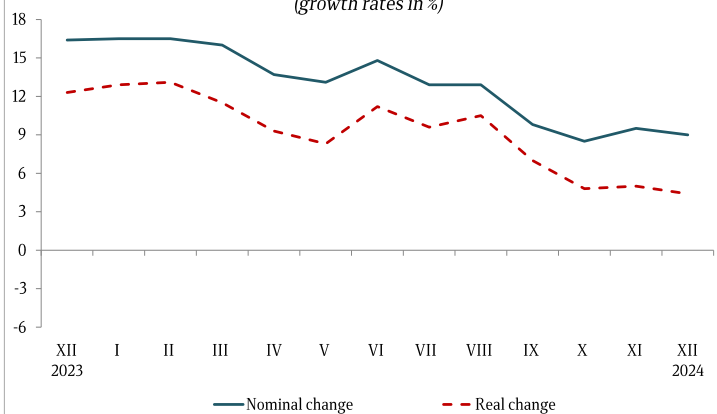
As per the notification of the State Statistical Office, in December 2024, average net wage amounted to Denar 43,587, in nominal terms, being higher by 9.0% on annual basis, and being higher by 3.8% compared to November 2024. The highest increase of average net wage, in relation to December 2023, was observed at the following sectors: Administrative and support service activities (13.2%), Transport and storage (12.3%) and Mining and quarrying (12.0%). In December 2024, wages in real terms recorded an annual growth of 4.4%. Highest average net wage in December 2024 was paid in the sector Information and communications (Denar 80,695), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 101,972), followed by Financial and insurance activities with Denar 60,657, Mining and quarrying with Denar 56,631, and Electricity, gas, steam and air conditioning supply sector with average net wage in the amount of Denar 55,258.

Average nominal gross wage in December 2024 amounted to Denar 65,582 and compared to the same month in 2023, increased by 9.2%, being higher by 3.8% on monthly basis. The highest increase of average gross wage in December 2024, compared to December 2023, was recorded in the following sectors: Administrative and support service activities (13.3%), Transport and storage (12.5%) and Mining and quarrying (12.2%).

Pensions

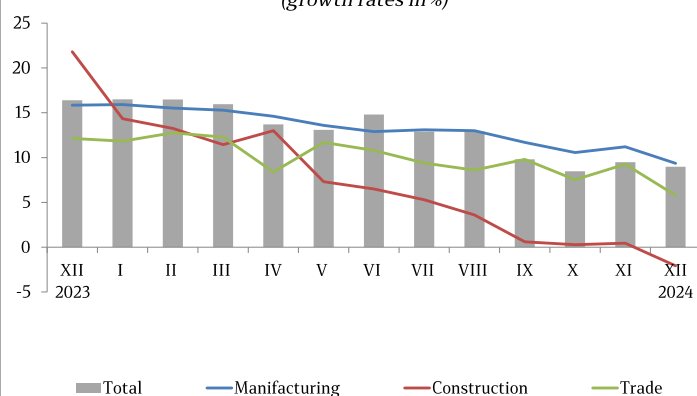
In January 2025, Pension and Disability Insurance Fund registered 341,621 pensioners. In September 2024, the Law on Pension and Disability Insurance was amended, according to which a linear increase of Denar 2,500 was introduced for all types of pensions, starting on 1st October 2024. As regards the total number of pensioners, 71.0% are beneficiaries of old-age pension, amounting to 242,520 pensioners, 21.6% of survivor pension, amounting to 73,863 pensioners and 7.4% of disability pension, amounting to 25,238 pensioners.

Chart 4.3: Average net-wage
(growth rates in %)



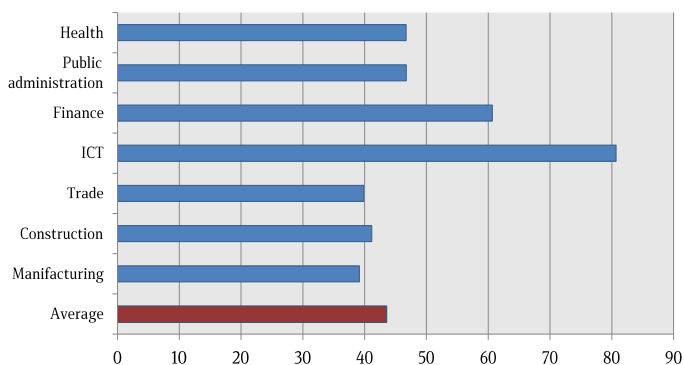
Source: SSO.

Chart 4.4: Average net-wages by sectors of activities
(growth rates in %)



Source: SSO.

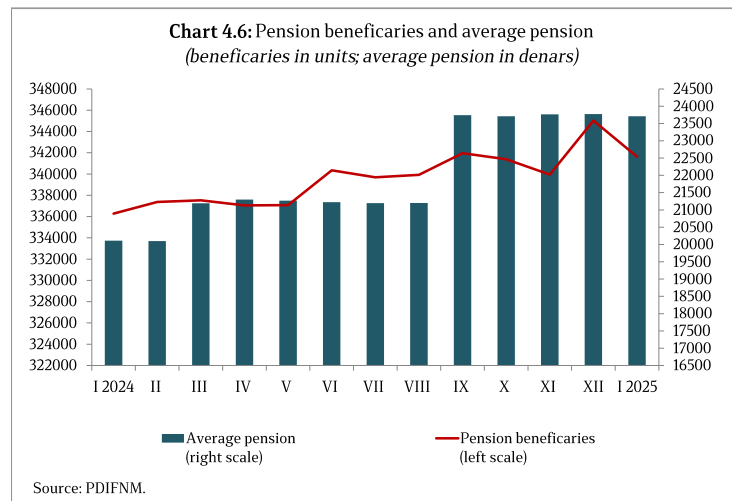
Chart 4.5: Average monthly net wage paid by sectors, December 2024 (in thousand denars)



Source: SSO.



In January 2025, average pension amounted to Denar 23,709, being higher by 17.9% compared to the same month in 2024⁵. Increase in pensions was, among the other, a result of the March pension indexation as per the methodology, foreseeing pension indexation with a combined model of 50% increase of the average wage and 50% increase of costs of living, as per the official data of the State Statistical Office. According to this methodology, indexation is carried out twice a year, i.e. in March and September, starting March 2022.



Ratio between the average pension and the average paid wage in December 2024 (the most recent available data) was 54.5%.

In January 2025, average old-age pension amounted to Denar 25,349, average disability pension amounted to Denar 21,273, while average survivor pension amounted to Denar 19,158. This month, Denar 8,061 million was spent for payment of pensions, accounting for 55.2% of the total social transfers.

Chart 4.1 January 2025 Pension Data			
Pension beneficiaries	Number	Structure	Average pension
Old age pension	242,520	71.0%	25,349.00
Disability pension	25,238	7.4%	21,273.00
Survivor pension	73,863	21.6%	19,158.00
Total	341,621	100.0%	23,709.00
Minimal agricultural pension beneficiaries	36		13,398.00
Beneficiaries of military pensions	726		32,315.00
Total	342,383		23,726.00

Source: Pension and Disability Insurance Fund of North Macedonia

5. MONETARY AND FINANCIAL SECTOR

In January 2025, National Bank kept the policy rate at the level of 5.55% since gradually began reducing it starting from September. The decision on loosening the monetary policy was based on assessment of inflation, recent developments in key macroeconomic indicators and favourable trends on the foreign exchange market. This reduction was in alignment with ECB's monetary policy, whereby interest rates have been gradually decreasing starting from September 2024.

⁵ Military and agricultural pensions are not included when calculating the average pension.

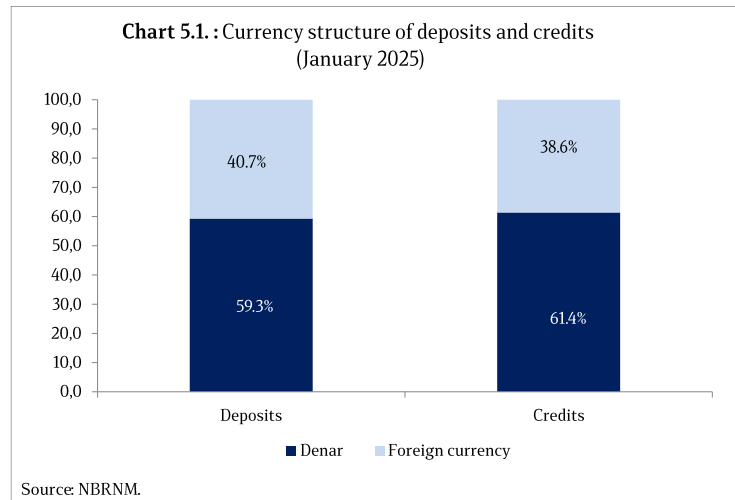


In January 2025, the National Bank kept the policy rate at the level of 3.95% for the available overnight deposits and 4.00% for seven-day deposits.

Primary Money

In January 2025, primary money⁶ reduced by 8.0% on monthly basis. Drop of primary money was a result of decrease of total liquid assets of banks by 14.3%, while currency in circulation dropped by 1.5%.

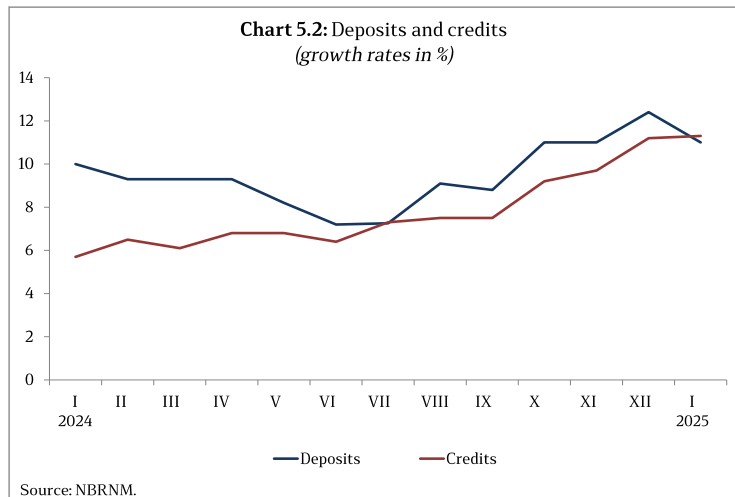
In January 2025, primary money grew by 1.0% on annual basis, as a result of increased currency in circulation of banks by 14.3%, while total liquid assets decreased by 10.3%.



Deposit Potential⁷

In January 2025, total deposits of banks decreased by 1.3% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of enterprises declined by 5.0%, while deposits of households picked up by 0.2%.

Analyzed by currency, in January 2025, compared to the previous month, Denar deposits and foreign currency deposits decreased by 1.4% and 1.1%, respectively.



Total deposit potential in January 2025 surged by 11.0% on annual basis. Analyzed by currency, domestic currency deposits increased by 16.1%, and foreign currency deposits by 4.3%.

From sectoral point of view, deposits of enterprises grew by 5.7%, and deposits of households increased by 14.2% on annual basis.

Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (January 2025)	In Denar million	Monthly change	Annual change
Deposit Potential	592,750	-1.3%	11.0%

⁶Primary money is calculated as a sum of currency in circulation (including cash in hand), denar and foreign currency reserve requirement and the surplus of liquid assets over the reserve requirement.

⁷NBRNM published data from monetary statistics, statistics of other financial corporations and statistics of interest rates according to the new methodology. Methodologic changes were made for the purpose of harmonization with the recommendations under the newly published IMF Monetary and Financial Statistics Manual and Compilation Guide as of 2016 (MFSMCG – IMF, 2016) and the IMF Technical Mission in the field of monetary and financial statistics in NBRNM as of 2015.



By currency:			
Denar	351,388	-1.4%	16.1%
Foreign currency	241,362	-1.1%	4.3%
By maturity:			
Short-term	221,666	-0.7%	1.7%
Long-term	148,983	0.8%	23.8%
Credits to private sector	494,098	-0.1%	11.3%
By currency:			
Denar	303,317	-0.3%	18.1%
Foreign currency	190,781	0.3%	2.0%
By maturity:			
Short-term	76,472	0.7%	14.6%
Long-term	401,476	-0.3%	11.3%

Source: NBRNM

According to maturity, short-term deposits increased by 1.7%, while long-term deposits surged by 23.8%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 59.3%.

Bank Credits

In January 2025, total credits of banks to the private sector reduced by 0.1% on monthly basis, due to the drop of credit to enterprises by 0.4%, while increase of credits to households by 0.2%.

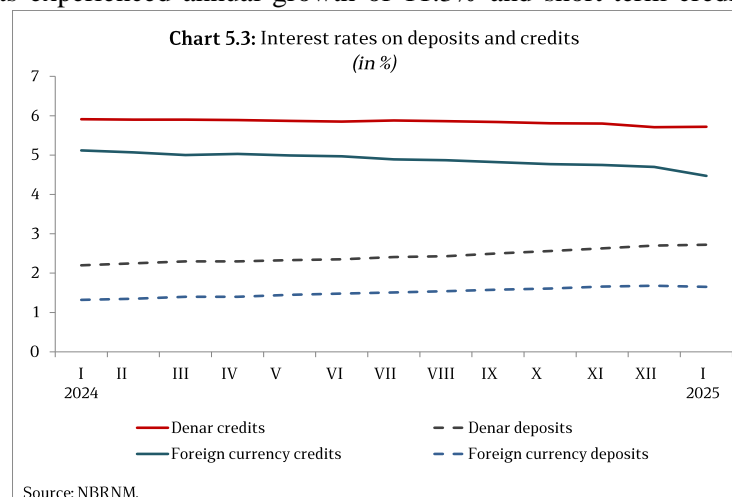
Analysed by currency, Denar credits dropped by 0.3%, while foreign currency credits picked up by 0.3% on monthly basis.

On annual basis, in January 2025, total credits grew by 11.3%, in conditions of growth of both credits to enterprises and credits to households of 14.2% and of 8.8%, respectively. Denar credits surged by 18.1%, while foreign currency credits increased by 2.0%.

As regards maturity, long-term credits experienced annual growth of 11.3% and short-term credits picked up by 14.6%.

Interest Rates of Deposit Banks

In January 2025, total interest rate on credits dropped by 0.09 p.p. compared to the previous month, accounting for 5.21%. Interest rate on Denar credits dropped by 0.01 p.p., accounting for 5.72%, while interest rate on foreign currency credits decreased by 0.23 p.p. on monthly basis, accounting for 4.47%.





In January 2025, total interest rate on deposits was 2.18%, growing by 0.01 p.p., compared to last month. Interest rate on Denar deposits increased by 0.02 p.p., accounting for 2.72%, while interest rate on foreign currency deposits decreased by 0.03 p.p., accounting for 1.65%.

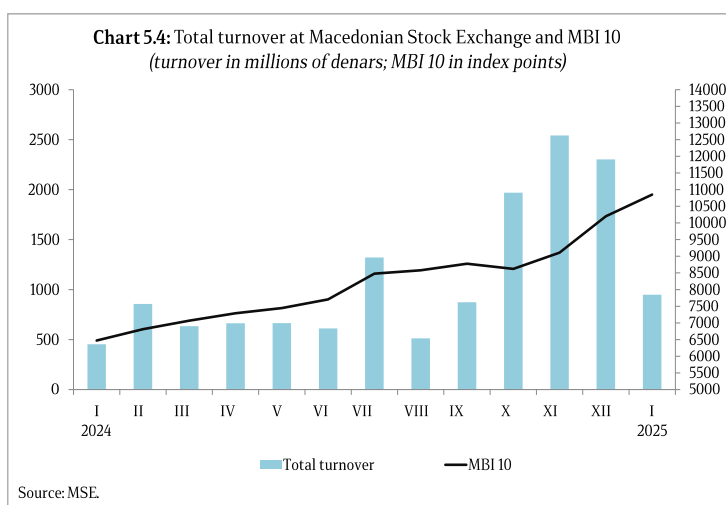
Interest rate on newly granted Denar credits accounted for 5.00%, while interest rate on newly approved foreign currency credits accounted for 3.84%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.88% and 1.88%, respectively.

Capital Market

As for the capital market, in January 2025, total turnover on the stock exchange decreased by 58.8% on monthly basis, as a result of both the turnover from block transactions dropping by 90.6%, and turnover from classical trading in BEST dropping by 3.9%.

Total turnover on the stock exchange amounted to Denar 949.4 million in January 2025, increasing by 109.4% on annual basis.

At the end of January 2025, Macedonian Stock Exchange Index MSEI-10 amounted to 10,853.7 index points, whereby the index grew by 12.0% on monthly basis, while, compared to the same month previous year, the index was higher by 67.7%.



Reserve Assets

At the end of January 2025, gross reserve amounted to EUR 5,041.39 million, being higher by 0.2% compared to the previous month and higher by 16.2% compared to January 2024.