



SHORT-TERM ECONOMIC TRENDS



February 2025



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SUMMARY

OF THE MOST IMPORTANT SHORT-TERM ECONOMIC TRENDS

February 2025

- Industrial production dropped by 0.8% in February 2025 compared to the same month previous year.
- In February 2025, industrial producer prices on the domestic market were higher by 7.4% compared to the same month last year.
- In February 2025, the industrial turnover, compared to February 2024, recorded a drop by 1.1%.
- In February 2025, the inflation rate accounted for 5.0% on annual basis, recording acceleration of growth this month (4.9% in January 2025). Inflation recorded growth of 0.5% on monthly basis.
- Export in the period January - February 2025 picked up by 1.8%, while import by 5.1%, resulting in increase of the trade deficit by 12.6% compared to the same period in 2024.
- In the period January – February 2025, collection of total budget revenues of the Republic of North Macedonia's budget amounted to Denar 47,538 million, accounting for 13.3% of the 2025 projections, i.e. increase of 6.5% compared to collected budget revenues for the same period in 2024.
- Total budget expenditures were executed in the amount of Denar 54,852 million in the period January – February 2025, accounting for 13.7% of the annual projections, i.e. a decrease of 1.8% compared to same period of 2024.
- Total credits of banks in February 2025 grew by 11.5% compared to February 2024, while total deposit potential of banks surged by 11.1%.



1. REAL SECTOR

Industrial Production

In February 2025, industrial production dropped by 0.8% compared to the same month last year. Drop was due to the reduced production at Mining and quarrying by 4.4%, and Electricity, gas, steam and air-conditioning supply by 7.7%, while at Manufacturing, it grew by 1.7%.

In February 2025, growth in production was recorded at 14 out of total of 27 industrial branches, comprising 36.1% in the total industry.

In February 2025, with respect to branches with higher added value, an increase was recorded at the following branches: Production of metals by 19.4% with contribution of 0.6 percentage points, and Manufacture of electrical equipment by 0.3% with contribution of 0.0 percentage points, while drop was recorded at Manufacture of machinery and equipment by 14.2% with contribution of -0.8 percentage points and Manufacture of motor vehicles, trailers and semi-trailers by 11.0% and contribution of -1.9 percentage points.

Traditional branches in February 2025 recorded growth in production throughout the following branches: Manufacture of tobacco products by 238.7% and contribution of 2.5 percentage points, Manufacture of leather by 4.8% and contribution of 0.0% percentage points, Manufacture of wood and wood and cork products by 142.8% and contribution of 1.2 percentage points, and Manufacture of wearing apparel by 5.2% with contribution of 0.3 percentage points whereas reduction was recorded in Manufacture of beverages by 0.1% with contribution of 0.0 percentage points, Manufacture of textile by 12.4% and contribution of -0.6 percentage points, and Food industry by 1.7%, with contribution of -0.2 percentage points.

In February 2025, industrial production, categorized by the purpose of production units, saw a decline compared to the same month in 2024 across the following groups: Energy (dropping by 8.3% and contribution of -0.7 p.p.) and Capital goods (decreasing by 12.1%, with contribution of -3.1 p.p.), whereas production was increased with the following groups: Intermediate products, except energy (growing by 11.7% with contribution of 3.5 p.p.), Durable consumer goods industry (growing by 13.2% and contribution of 0.6 p.p.) and Non-durable consumer goods industry by (growing by 1.9% and contribution of 0.6 p.p.).

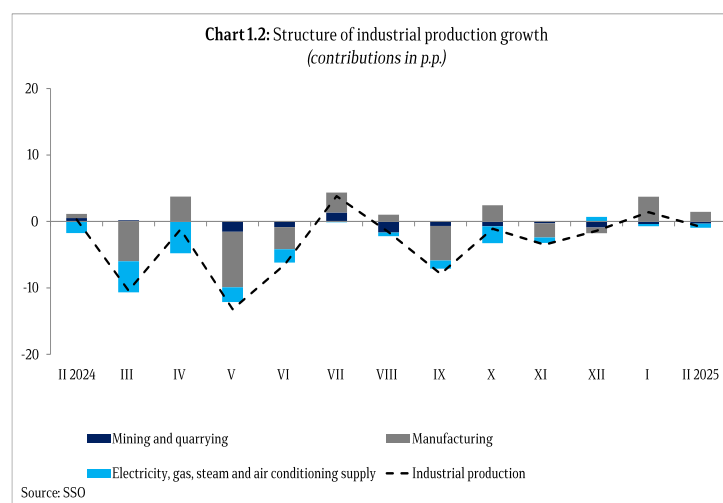
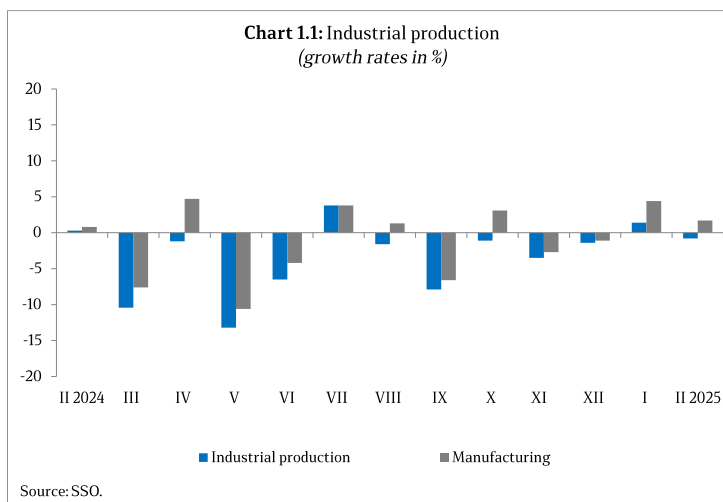
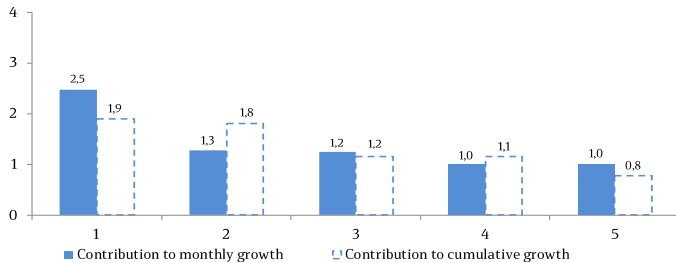


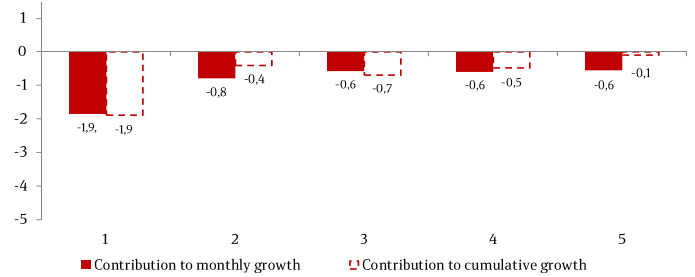


Chart 1.3a: Branches with positive contribution to growth
(growth rates in %, February 2025)



1 - Manufacture of tobacco products
2 - Manufacture of rubber and plastic products
3 - Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
4 - Manufacture of other non-metallic mineral products
5 - Manufacture of furniture
Source: SSO.

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



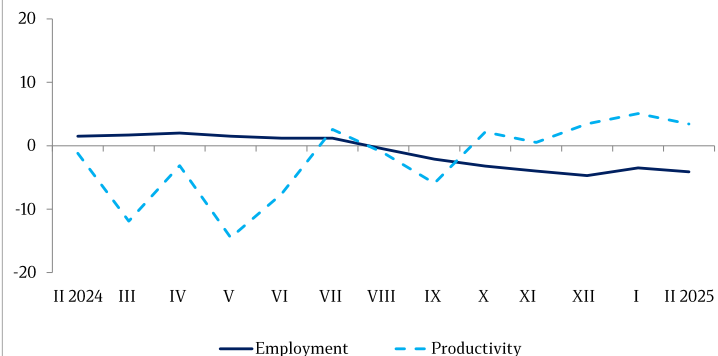
1 - Manufacture of motor vehicles, trailers and semi-trailers
2 - Manufacture of machinery and equipment n.e.c.
3 - Manufacture of fabricated metal products, except machinery and equipment
4 - Electricity, gas, steam and air conditioning supply
5 - Manufacture of textiles
Source SSO.

As per the purpose of production units, in the period January - February 2025, growth was seen at the following groups: Intermediate goods except energy (by 13.8%), Consumer durables (by 16.4%), and Consumer non-durables (by 2.1%), whereas drop was recorded at groups: Energy (by 8.4%) and Capital goods (by 10.4%).

Number of Employees in the Industry

In February 2025, number of employees in the industry decreased by 4.1% 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 2.3%, Manufacturing by 4.3% 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 30.8%, Manufacture of basic pharmaceutical products and pharmaceutical preparations by 7.9%, and Manufacture of beverages by 3.7%.

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



Source: SSO; calculations by MF.

In February 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 Consumer durables by 18.0%.

On cumulative basis, the number of employers in the industry in January - February 2025 recorded a drop of 3.8% due to the decreased number of employees throughout sectors: Mining and quarrying by 2.0%, Manufacturing by 4.0% and Electricity, gas, steam and air-conditioning supply by 1.5%.

As regards target groups, the number of employees in the industry increased by 20.1% only in the Consumer Durables sector during January - February 2025.



Industrial Producer Prices on the Domestic Market

In February 2025, industrial producer prices on the domestic market were higher by 7.4% compared to the same month last year. Increase was due to raised prices throughout the following sectors: Manufacturing by 4.4%, Electricity, gas, steam and air-conditioning supply by 26.0% and Water supply; Sewerage, waste management and remediation activities by 4.8%. Sale prices in the Mining and quarrying sector decreased by 1.1%.

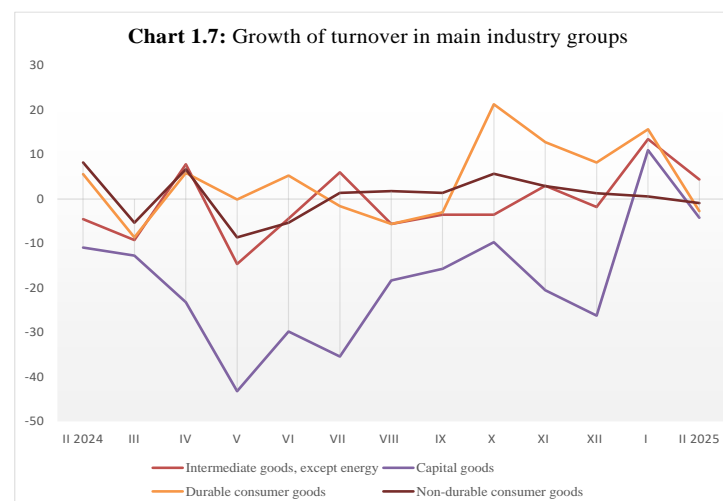
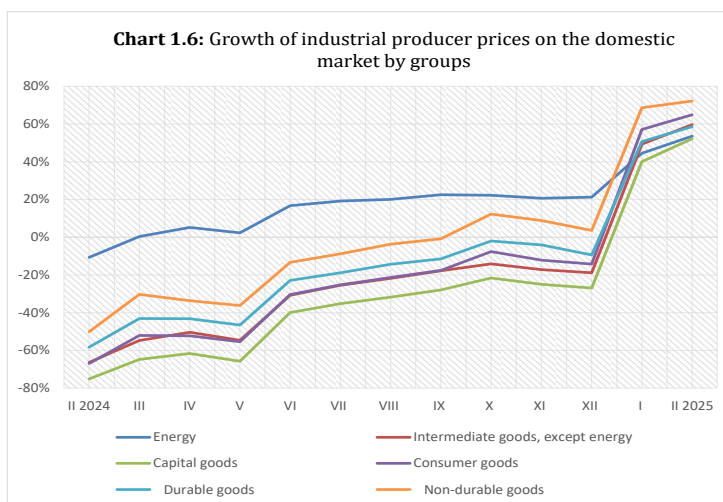
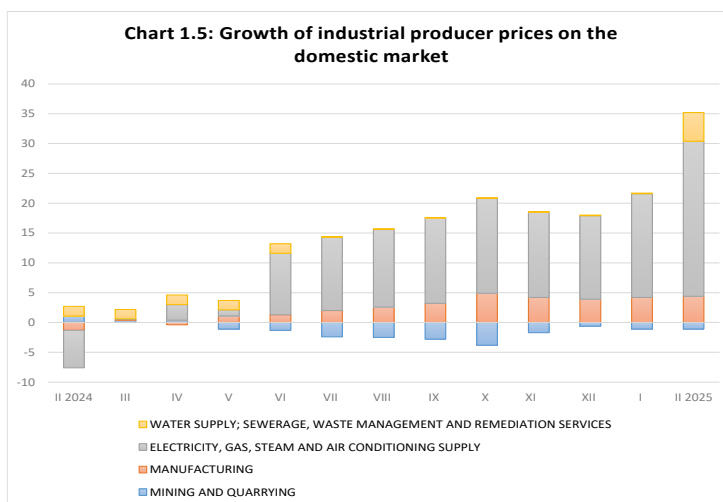
In February 2025 compared to the same month in 2024, the industrial producer prices on the domestic market were higher in the groups as follows: Energy by 23.5%, Intermediate products, except energy by 2.7%, Consumer goods by 5.6% and Consumer non-durables by 6.0%.

In the period between January and February 2025 compared to the same period last year, industrial producer prices on the domestic market were higher by 6.7% on cumulative basis, due to increased prices throughout the following sectors: Manufacturing by 4.3%, Electricity, gas, steam and air-conditioning supply by 21.6% and Water supply; Sewerage, waste management and remediation activities by 4.8%, whereas in the sector Mining and quarrying, the sale prices decreased by 1.1%.

In the period between January - February 2025 compared to the same period in 2024, the industrial producer prices on the domestic market were higher in the groups as follows: Energy by 19.6%, Intermediate products, except energy by 2.2%, Consumer goods by 5.9% and Consumer non-durables by 6.2%.

Industrial Turnover Index

In February 2025, the industrial turnover, compared to February 2024, recorded a drop by 1.1% as per the State Statistical Office's data. The drop was due to the decreased turnover in the Manufacturing by 1.3%, while a growth of 4.9% was observed in the Mining and quarrying sector.





In February 2025 compared to respective month in 2024, the industrial turnover increased in the group Intermediate products, except energy by 4.4%, while drop was recorded at the groups Capital goods by 4.2%, Consumer durables by 2.7% and Consumer non-durables by 0.9%.

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

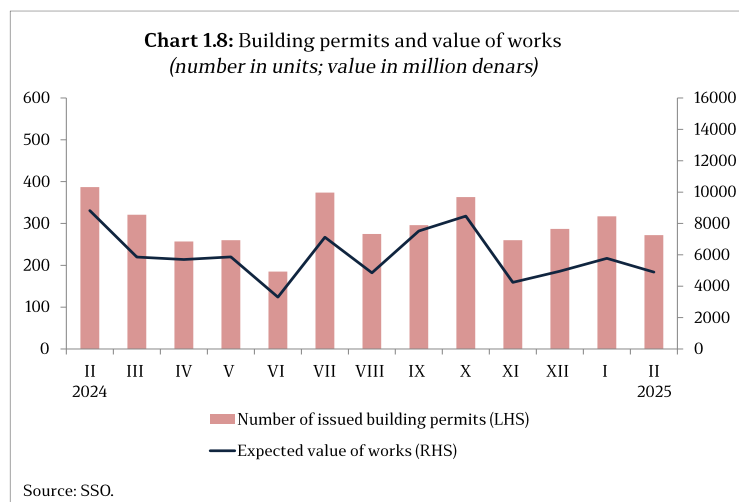
- Manufacture of tobacco products (recording growth of 75.5%);
- Manufacture of other transport equipment (recording growth of 62.4%); and
- Manufacture of leather and related products (growth of 50.4%).

On cumulative basis, in the period between January and February 2025, compared to the same period last year, turnover in industry recorded an increase by 3.5%, due to increase in turnover in both sectors - Mining and quarrying sector and Manufacturing sector by 21.1% and 3.0%, respectively.

In the period between January and February 2025, compared to the same period in 2024, turnover increased in the groups: Intermediate goods, except energy by 8.5%, Consumer durables by 5.3%, and Capital goods by 2.7%.

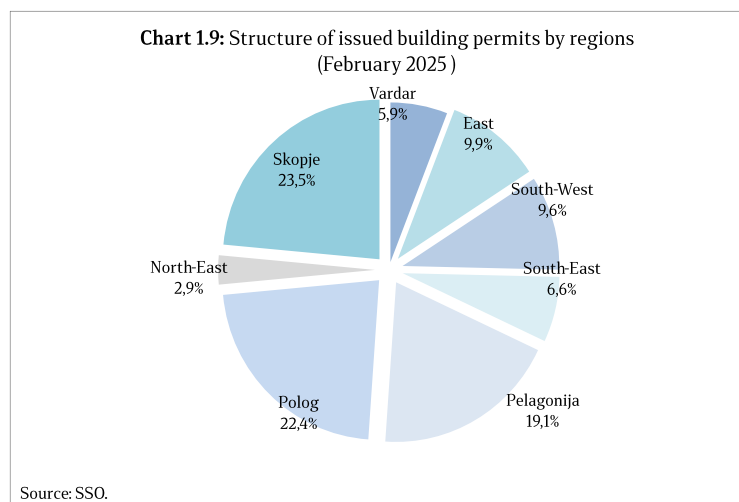
Number of Issued Building Permits and Expected Value of Constructions

In February 2025, 272 building permits were issued, declining by 29.7% compared to the same month in 2024. This was due to the annual drop of issued building permits pertaining to buildings by 19.9% (participating with 50.4% in the total number of issued building permits) and pertaining to reconstruction facilities by 36.1%. Compared to January 2025, number of issued building permits dropped by 14.2%. Expected value of works, according to the issued building permits in February 2025, dropped by 44.4% on annual basis, while compared to the previous month, it decreased by 15.1%. Analysed by types of



constructions, out of the total number of issued building permits, 137 (or 50.4%) were intended for buildings, 73 (or 26.8%) with respect to civil engineering structures and 62 (or 22.8%) for reconstruction purposes.

Analysed by types of investors, out of total 272 issued building permits, individuals were investors in 122 facilities (or 44.9%), while business entities were investors in 150 facilities (or 55.1%).





In February 2025, construction of 635 flats was envisaged, with total usable area of 51,075 m². Number of flats envisaged for construction declined by 16.3% on monthly basis and 33.2 % on annual basis.

Number of Completed Construction Works by Types of Constructions

Total value of performed construction works in January 2025 amounted to Denar 1,762 million, representing an annual drop of 18.7% in nominal terms, whereby buildings and civil engineering structures dropped by 12.1% and 23.6%, respectively, while specialized construction works recorded an increase by 31.8%. Compared to December 2024, total value of completed construction works recorded a drop by 72.3%, 78.4% at civil engineering structures, dropping by 69.2% with regards buildings, and dropping by 48.2% as regards specialized construction works.

Chart 1.10: Expected total value of the constructions by regions
(in million denars)

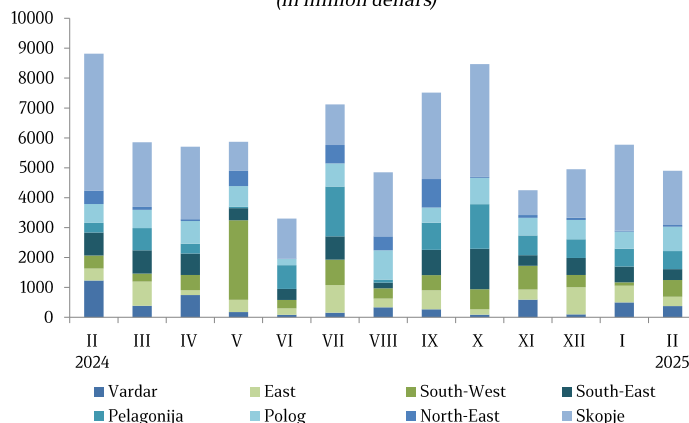
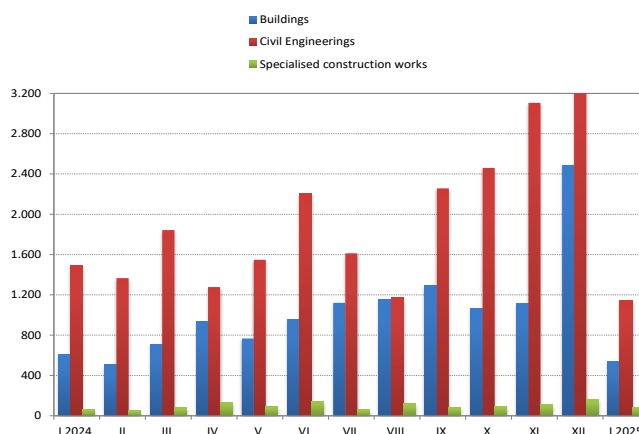


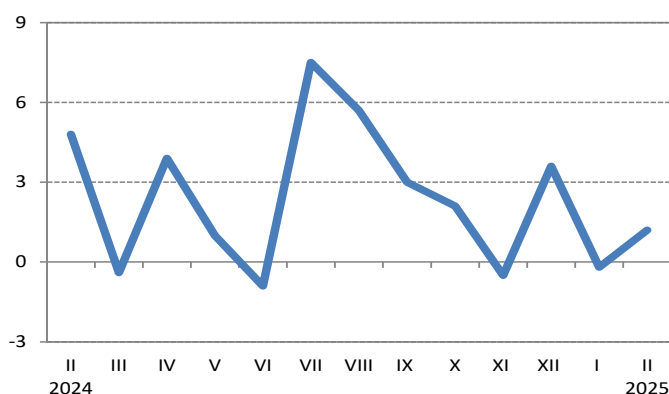
Chart 1.11: Completed construction works (million denars)



Trade Sector Turnover

In February 2025, data on domestic trade demonstrated nominal annual growth in the turnover by 4.1%, following the growth of 3.8% in January 2025. Value of turnover in February 2025 amounted to Denar 63,306 million, whereby in cumulative terms, in the period January - February 2025, value of total turnover in the trade amounted to Denar 124,598 million, being by 3.9% higher compared to the same month in the previous year.

Chart 1.12: Retail trade, real annual change (%)



In the period January - February 2024, in cumulative terms, positive growth in turnover was also seen at the sectors: Wholesale trade, which turnover value amounted to Denar 67,696 million, i.e. higher by 4.8% compared to the same month last year, and Retail trade, which turnover value amounted to Denar 50,197 million, being 4.0% higher compared to the same period last year, whereas drop was recorded at Trade in motor vehicles and repair, which turnover value amounted to Denar 6,705 million, being lower by 4.6% compared to the same month last year.



In real terms, in February 2025, Retail trade recorded an annual increase of 1.2%. Analysed by groups and classes, increase was also seen in the groups of Retail in food products, beverages and tobacco by 2.6.%, and Retail trade in automotive fuels by 1.1%, whereas decrease in the Retail trade in non-food products by 0.8%.

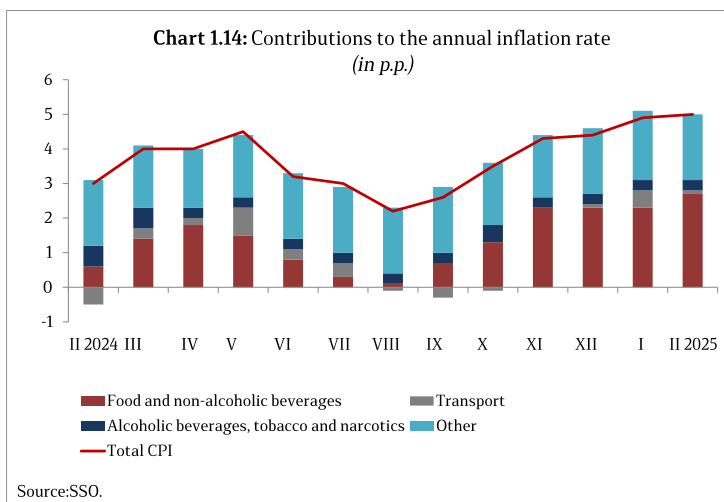
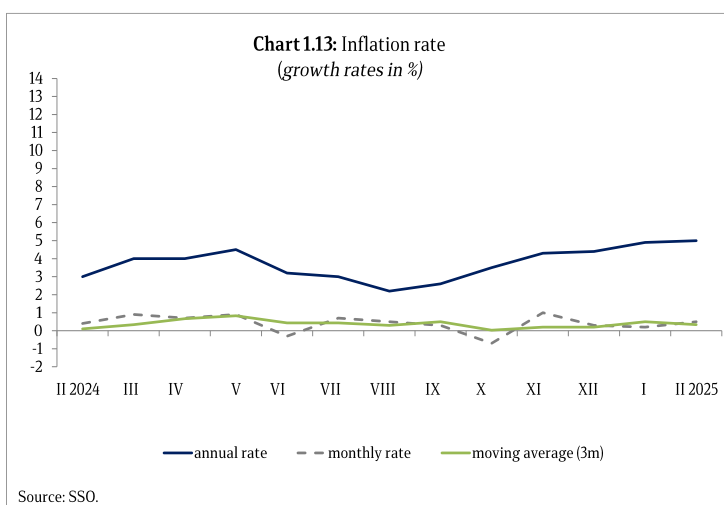
In February 2025, Wholesale trade (54.7%) accounted for the most in the Trade sector, followed by Retail trade (39.1%) and Trade in motor vehicles and motorcycles, repair and their maintenance (6.2%).

Inflation

In February 2025, the inflation rate accounted for 5.0% on annual basis, once again recording acceleration of growth (4.9% in January 2025). Inflation growth this month was primarily driven by the food component, having recording growth in recent months. Average inflation rate in the period January - February 2025 amounted to 5.0%.

In February 2025, core inflation (inflation, wherefrom the impact of prices of food and energy products is excluded) recorded deceleration compared to the previous month and accounted for 5.8% on annual basis (6.3% in January). Increased prices in the category Restaurants and hotels had most positive contribution this month (1.5 p.p.).

Prices in the Food and non-alcoholic beverages category accounted for 6.6%, recording slowdown of growth compared to the previous month (5.7% in January), whereby contributing with 2.7 percentage points in the total inflation in February, increasing by 0.4 percentage points compared to the previous month. Following sub-categories: Milk, cheese and eggs (annual growth of 8.1%, contribution of 0.6 p.p.), Meat (annual growth of 6.5% and contribution of 0.6 p.p.), Non-alcoholic beverages (annual growth of 17.6% and contribution of 0.5 p.p.), Vegetables (annual growth of 8.7% and contribution of 0.4 p.p.), Coffee, tea, cocoa (annual growth of 19.2% and contribution of 0.3 p.p.) and Tobacco (annual growth of 7.0% and contribution of 0.3 p.p.) contributed most positively to the Food and non-alcoholic beverages category.



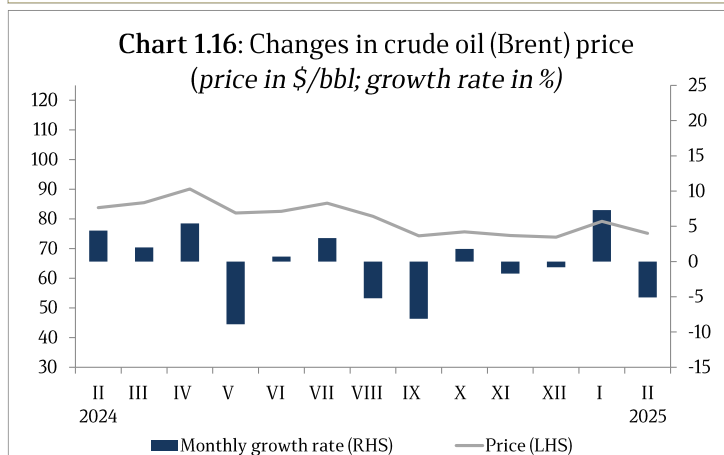
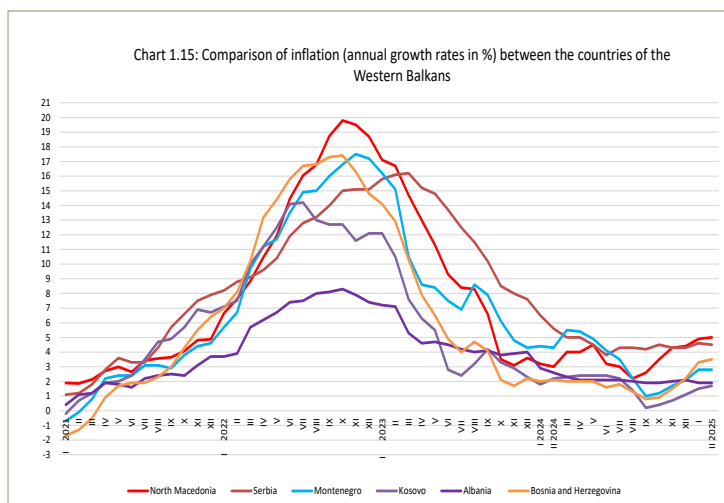


Observed by components, highest annual price growth in February 2025 was seen at the Restaurants and hotels category by 12.2% (contribution to the total inflation growth of 0.7 p.p.). Price increase was also recorded in the following categories: Recreation and culture by 6.4%, Alcoholic beverages, tobacco and narcotics by 5.8%¹, Miscellaneous goods and services by 4.8%, Furnishings, household equipment and routine maintenance of the house by 3.9%, Health protection by 3.8%, Wearing apparel and footwear by 3.2%, Communications by 1.6%, Transport by 1.0%, and Education by 0.3%.

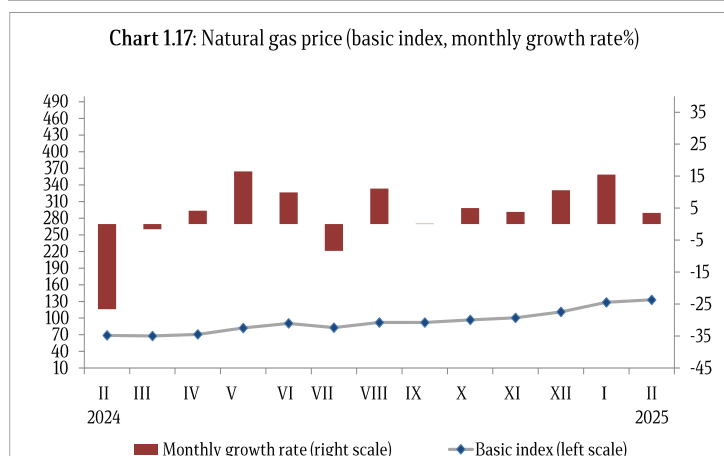
In February, consumer prices grew by 0.5% on monthly basis (prices surged by 0.2% on monthly basis). Increase of prices on monthly basis was primarily due to food price increase. This month, food prices recorded increase of 1.4% on monthly basis.

In February 2025, retail prices increased by 4.2% on annual basis, recording a slowing down of growth. On monthly basis, retail prices recorded a drop of 0.6%.

In February 2025, the Eurozone inflation rate accounted for 2.4%², decreasing by 0.1 p.p., compared to the previous month. 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.



Source: World Bank; calculations of MoF.



Source: World Bank; calculations of MoF.

¹ Tobacco product prices were 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.

² The data is a Eurostat's estimate.



Stock Market Prices

In February 2025, crude oil price (Brent) on the global stock markets dropped by 5.1% on monthly basis, amounting to US\$ 75.2 per barrel. The decline was attributed to several factors, including an increased oil supply from non-OPEC+ countries and the introduction of tariffs, which intensified the concerns regarding the growth of the global economy and potentially reduced oil demand. Oil price was lower by 10.3% on annual basis.

In February 2025, the natural gas price increased by 3.5% 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, 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. This month, the natural

gas price increased by 92.9% on annual level.

In February 2025, price of electricity, as per the Hungarian Power Exchange (HUPX) amounted to EUR 158.88 per megawatt/hour, increasing by 13.3% on monthly basis. Electricity prices recorded an increase due to increase in natural gas prices and increased demand. This month, electricity price increased by 129.1% on annual basis.

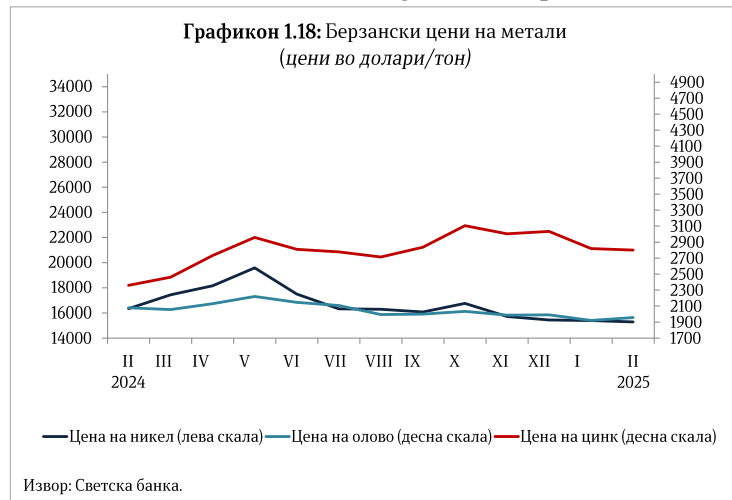
In February 2025, prices of most basic metals recorded increase on monthly basis: lead grew by 1.8%, aluminium by 3.3%, copper by 3.8% and tin by 7.5%. Prices of nickel and zinc decreased by 0.7% each. Price of iron ore grew by 5.5% on monthly basis.

In February 2025, the prices of precious metals increased on a monthly basis: gold rose by 6.8%, silver by 5.7%, and platinum by 3.1%.

In February, corn and maize prices increased by 3.0% and 5.6%, respectively on monthly basis. The price of sunflower oil picked up by 1.1% 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
II	158.9	75.2	542.8

Source: World Bank, Hungarian Power Exchange

2. FOREIGN TRADE

Total foreign trade in the first two months in 2025 amounted to EUR 3,063.6 million, increasing by 3.8% compared to the same period last year.

In the period January - February 2025, share of trade with the EU (EU 27), as the largest trading partner, decreased by 3.5 p.p. compared to the same period last year, accounting for 59.8%. 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 first two months in 2025, accounted for 20.8%,

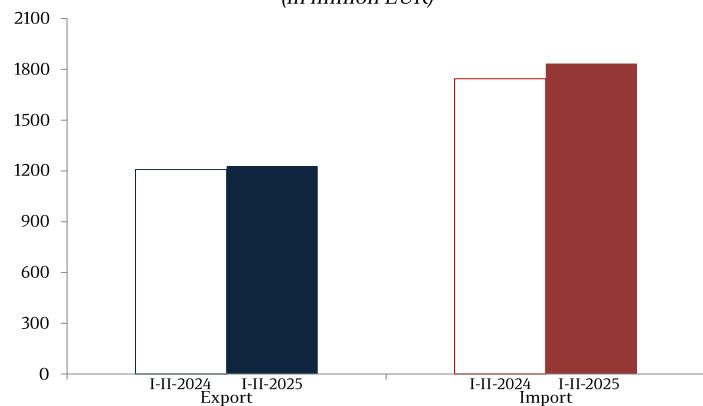
decreasing by 2.8 p.p. compared to the same period in 2024.

Export

In the first two months of 2025, value of exported goods amounted to EUR 1,229.4 million, surging by 1.8% (EUR 21.5 million) compared to the same period in 2024, and the physical output of export increased by 1.8%, compared to the same period last year.

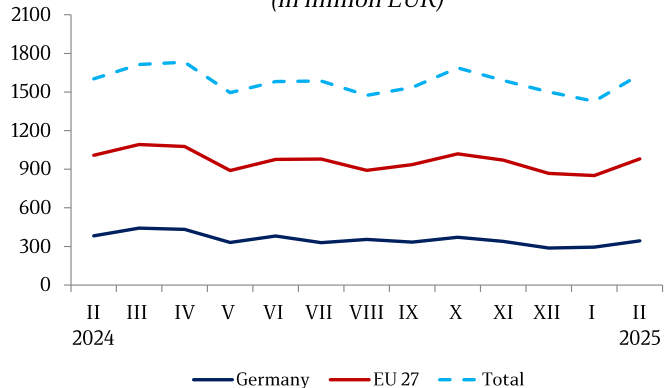
Value of exported goods amounted to EUR 2025 million in February 650.5, dropping by 1.0% (EUR 6.7 million) compared to the same month of the previous year, while physical output of export decreased by 1.8% compared to February 2024.

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.



Analysed on monthly basis, in February 2025, export grew by 12.4% (EUR 71.7 million), compared to the previous month, and, when seasonally adjusted, it registered monthly decrease of 3.6%, showing positive effects of the seasonal factor (16.0 p.p.) on export this month.

Value of export of food in the first two months of 2025 increased by EUR 6.7 million, picking up by 10.4% compared to the same period in 2024, while quantity of exported food increased by 5.3%. As for our country's total export structure, share of the food in 2024 accounted for 5.8%, increasing by 0.5 p.p. compared to 2024. As regards the total export of food, following products were the most exported: Fruit and vegetable (39.0%), Cereals and cereal products (27.6%), Coffee, tea, cocoa and herbs (9.3%), and Milk products and eggs (7.4%).

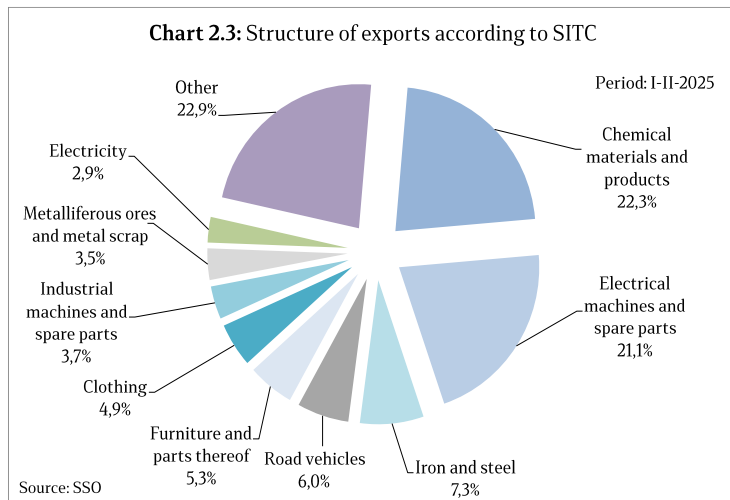
Analysed according to economic groups³ of countries, in the period January - February 2025, compared to the same period in 2024, export surged at the following groups: EU 27, EFTA, Western Balkans, North American Free Trade Agreement and Commonwealth of independent countries, while drop was seen with Organization of Petroleum Exporting Countries, and Asia-Pacific Economic Cooperation Organization. Export to EU 27 declined by 0.9% annually, with a share of 77.7% in the total export of the Republic of North Macedonia, while export to Western Balkan countries picked up by 1.1%, participating with 12.3% in our country's total export.

Import

In the first two months of 2025, value of imported goods amounted to EUR 1,834.2 million, surging by 5.1% (EUR 89.3 million) compared to the same period in 2024, and the physical output of import increased by 16.0%.

In February 2025, import value amounted to EUR 984.9 million, representing growth of 4.3% (EUR 40.6 million) compared to the same month in 2024, while imported quantities of goods increased by 13.7% compared to February 2024.

Analysed on monthly basis, in February 2025, import grew by 16.0% (EUR 135.7 million), compared to the previous month, and, when seasonally adjusted, it registered monthly increase of 1.5%, showing positive effects of the seasonal factor (14.5 p.p.) on import this month.



³ 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).



Value of import of food in the first two months of 2025 increased by EUR 11.1 million, picking up by 6.6% compared to the same period in 2024, while quantity of imported food increased by 2.1%. As for our country's total import structure, share of the food in the first two months of 2025, accounted for 9.7%, increasing by 0.1 p.p. compared to the same period in 2024. As per the total food import, the following products were the most imported: Meat and meat products (21.4%), Fruit and vegetable (16.8%), Cereals and cereal products (13.0%), Coffee, tea, cocoa and herbs (11.9%) and Milk products and eggs (10.3%).

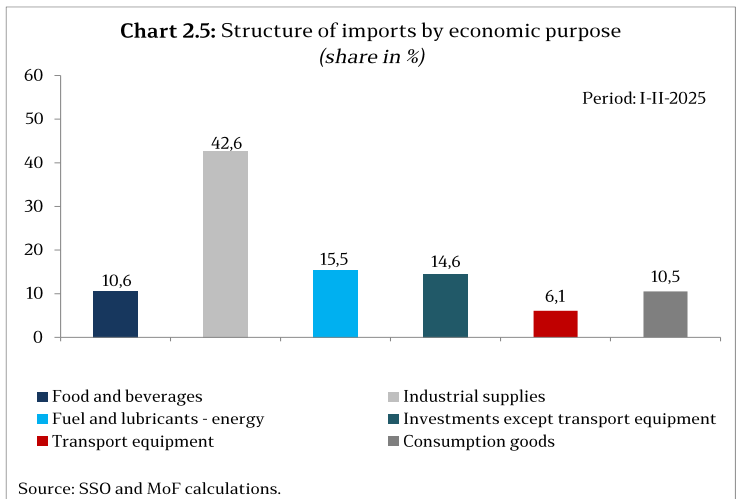
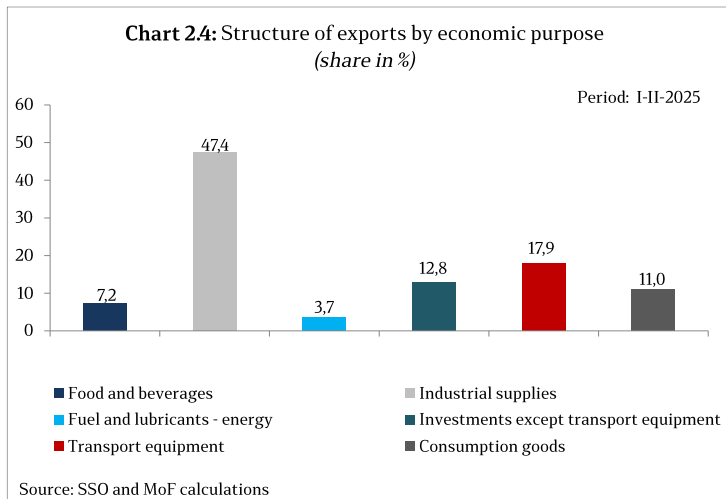


Table 2.1. Review of export and import of selected groups of products

Export of petroleum and petroleum products*)				
	I-II-2024	I-II-2025	Balance	% rate
000 T	13,6	12,4	-1,2	-8,7
EUR mil.	11,6	9,5	-2,1	-18,1
\$ mil.	12,5	9,8	-2,7	-21,7

*)Previous data

Export of chemical products*)				
	I-II-2024	I-II-2025	Balance	% rate
000 T	3,3	8,7	5,4	162,6
EUR mil.	290,3	273,6	-16,7	-5,8
\$ mil.	314,7	284,3	-30,4	-9,7

*)Previous data

Export of iron and steel*)				
	I-II-2024	I-II-2025	Balance	% rate
000 T	124,7	122,9	-1,8	-1,5
EUR mil.	98,2	90,2	-8,0	-8,1
\$ mil.	106,5	93,6	-12,9	-12,1

*)Previous data

Import of petroleum and petroleum products*)				
	I-II-2024	I-II-2025	Balance	% rate
.000 T	175,2	161,7	-13,5	-7,7
EUR mil.	134,0	117,6	-16,4	-12,2
\$ mil.	145,4	122,0	-23,5	-16,1

*)Previous data

Import of chemical products*)				
	I-II-2024	I-II-2025	Balance	% rate
.000 T	4,8	4,9	0,1	1,0
EUR mil.	27,9	28,4	0,5	1,8
\$ mil.	30,3	29,5	-0,7	-2,4

*)Previous data

Import of iron and steel*)				
	I-II-2024	I-II-2025	Balance	% rate
.000 T	96,2	132,6	36,4	37,8
EUR mil.	67,6	83,8	16,2	24,0
\$ mil.	73,3	87,0	13,7	18,7

*)Previous data

Trade Balance

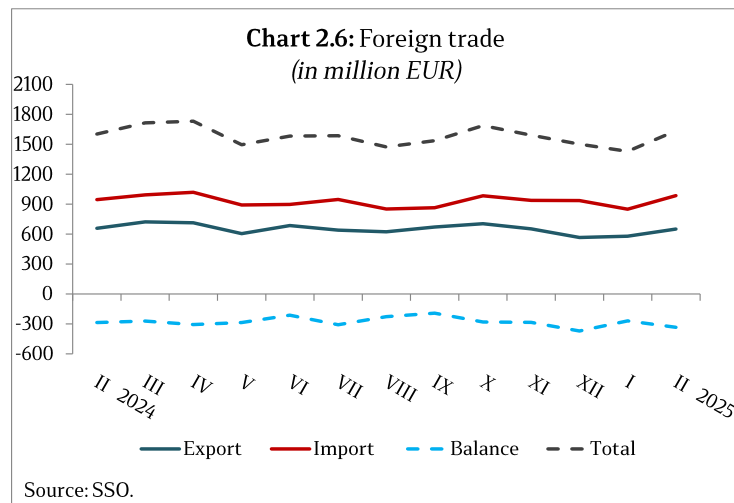
In February 2025, trade deficit widened by 16.5% or by EUR 47.3 million compared to February 2024.

In the period January - February 2025, trade deficit increased by 12.6%, i.e. by EUR 67.8 million, compared to the same period last year.



If we analyse the balance of export and import of goods by economic purpose, deficit increase was a result of the widened deficit of the trade in industrial supplies, fuels and lubricants, consumer goods, and food and beverages. On the other hand, reduction of the deficit in the trade in investment goods without transport equipment, as well as increase of the positive balance in the trade in transport equipment, contributed to reducing the negative balance.

In the first two months of 2025, 90.0% of the trade deficit of the country was realized in the trade with Great Britain, China and Greece, followed by Türkiye, Serbia, Poland, Bulgaria, Russia and others. Surplus was realized in trade with Germany, Kosovo, the Czech Republic, Slovakia, Hungary and others.



Currency Structure

Observed by currency structure, 91.1% of the trade in the period January - February 2025 was realized in euros and compared to the same period in 2024, it declined by 1.8 p.p.. On export and import side, euro accounted for 92.4% and 90.2%, respectively, whereby share of the euro in export was lower by 3.5 p.p., while share of the euro in import decreased by 0.7 p.p. compared to the period January – February 2024.

Table 2.2 Foreign trade of the Republic of North Macedonia (by currency); calculations: MoF												
import	I - II - 2024					I - II - 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	910,7	1.586.545.274	61,6493	97.809.405.574	90,9	1.063,2	1.654.888.387	61,5284	101.822.634.643	90,2	68.343.113	4,3
USD	80,2	152.670.053	56,7728	8.667.506.403	8,1	86,7	170.071.352	59,2858	10.082.816.181	8,9	17.401.299	11,4
GBP	0,6	5.092.035	71,9372	366.306.705	0,3	0,3	3.005.921	73,6740	221.458.254	0,2	-2.086.113	-41,0
EUR+USD+GBP	991,4			106.843.218.682	99,0	1.150,2			112.126.909.079	99,3		
tot. import	994,2			107.589.010.633	100,0	1.153,7			112.862.258.194	100,0		4,9

Source: SSO and NBRNM

3. FISCAL SECTOR

Budget Revenues and Expenditures according to the Economic Classification

In the period January – February 2025, collection of total budget revenues of the Republic of North Macedonia's budget amounted to Denar 47,538 million, accounting for 13.3% of the 2025 projections, i.e. increase of 6.5% compared to collected budget revenues for the same period in 2024. As regards total revenues, Denar 43,866 million was collected on the basis of tax revenues and social contributions, accounting for 13.7% of 2025 projected amount, being an 8.0% increase in relation to the previous year. Thereby, tax revenues were collected in the total amount of Denar 26,580 million (i.e. 13.4% of the amount projected for 2025), while social contributions were collected in the amount of Denar 17,050 million (annual increase of 9.7%, i.e. 14.6% of the amount projected for 2025). As regards tax revenues, increased collection was recorded at personal income tax by 0.5%, followed by corporate income tax by 6.9%, VAT by 9.4%, excise duties increasing by 4.6%, import duties collection increase by 18.2%, while other tax revenue collection dropped by 34.9%. During this period, non-tax revenues recorded a drop by 13.5%, capital revenues dropped by 20.0%, while foreign donation revenues experienced a growth by 47.7%.



Total budget expenditures were executed in the amount of Denar 54,852 million in the period January – February 2025, accounting for 13.7% of the annual projections, i.e. a decrease of 1.8% compared to same period of 2024. Thereby, current expenditures were executed in the amount of Denar 51,966 million, i.e. 14.7% of the amount projected for the whole year, being an increase of 3.2% compared to the same period in 2024. Increase was recorded at expenditures related to wages and allowances by 10.2%, and at interest-related expenditures a surge by 29.9%. Expenditures on goods and services decreased by 7.0%. Transfers, as the largest category of current expenditures, increased by 0.8%, driven by the growth of social transfers by 5.0%, health care expenditures by 3.6%, block and earmarked grants by 7.0%. This month, expenditures on the basis of subsidies and transfers decreased by 27.2%. Execution of capital expenditures amounted to Denar 2,886 million, being lower by 47.2% compared to January 2024. Execution rate of capital expenditures for the period January – February 2025 accounted for 6.1% compared to the projected amount.

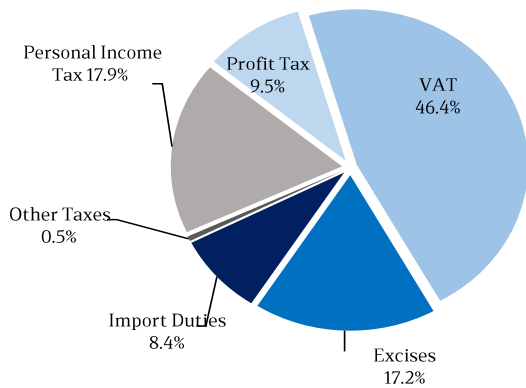
Table 3.1. RNM's Budget Execution for the period January – February 2025

	2025 Budget	January - February 2025		
	(Denar million)	(Denar million)	Annual growth rate (%)	% of collection/execution rate (%)
TOTAL REVENUES	358,838	47,538	6.5%	13.2%
Taxes and contributions	319,234	43,866	8.0%	13.7%
Taxes	198,607	26,580	6.9%	13.4%
Personal Income Tax	35,676	4,766	0.5%	13.4%
Corporate Income Tax	23,287	2,523	6.9%	10.8%
VAT	86,692	12,343	9.4%	14.2%
Excise duties	35,388	4,573	4.6%	12.9%
Import charges	16,255	2,239	18.2%	13.8%
Other tax revenues	1,309	136	-34.9%	10.4%
Contributions	117,095	17,050	9.7%	14.6%
Non-tax revenues	26,302	3,078	-13.5%	11.7%
Capital revenues	3,510	136	-20.0%	3.9%
Foreign Donations	9,792	458	47.7%	4.7%
Revenues from paid extended loans	0	0		
TOTAL EXPENDITURES	400,188	54,852	-1.8%	13.7%
Current expenditures	353,032	51,966	3.2%	14.7%
Wages and allowances	48,141	7,459	10.2%	15.5%
Goods and services	26,325	2,869	-7.0%	10.9%
Transfers	257,721	38,027	0.8%	14.8%
Social transfers	191,046	29,008	5.0%	15.2%
Pension and Disability Insurance Fund of North Macedonia	119,995	18,819	6.1%	15.7%



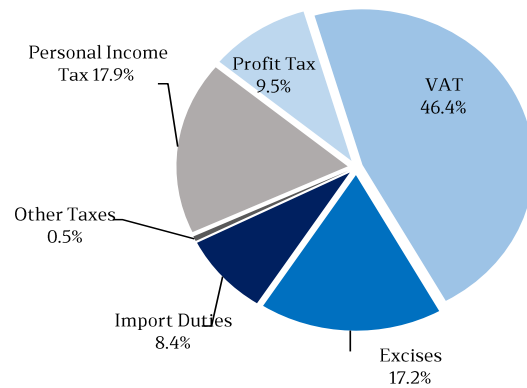
Pecuniary unemployment allowance	3,439	254	-0.4%	7.4%
Social welfare	15,080	2,435	2.0%	16.1%
Health protection	52,531	7,500	3.6%	14.3%
Other transfers	64,211	8,751	-10.5%	13.6%
Interest	20,845	3,611	29.9%	17.3%
Capital expenditures	47,156	2,886	-47.2%	6.1%
BUDGET BALANCE	-41,350	-7,314	-34.7%	17.7%

Chart 3.1: Structure of Collected Tax Revenues, January-February 2025



Source: MoF

Chart 3.1: Structure of Collected Tax Revenues, January-February 2025

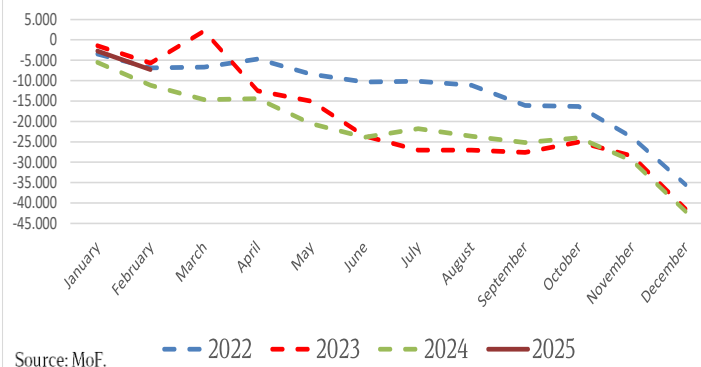


Source: MoF

Source: Ministry of Finance

In January-February 2025, the state budget deficit amounted to Denar 7,314 million, accounting for 0.7% of the GDP projected for 2025, i.e. 17.7% of the budget deficit.

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



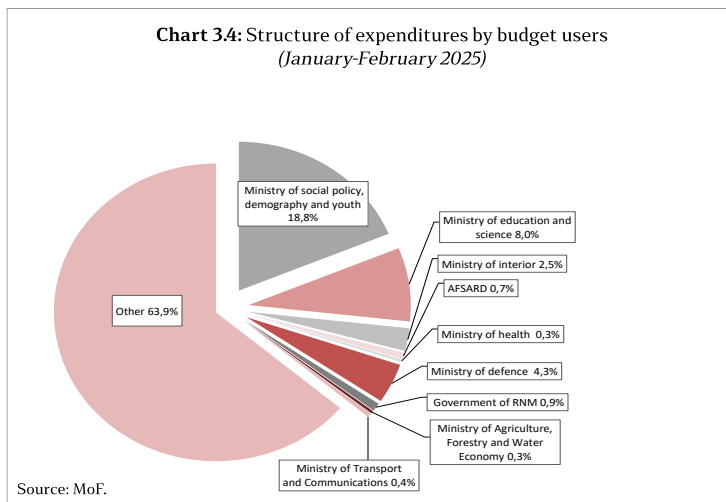
Source: MoF.



Expenditures by Budget Users

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

In the period January – February 2025, Ministry of Social Policy, Demographics and Youth executed funds in the amount of Denar 15,753 million or 23.0% of its total budget for the current year. Thereby, most of the expenditures (78.6%) were allocated for current transfers to extra-budgetary funds, for which Denar 12,384 million was spent, i.e. 25.8% of the funds allocated for 2025. The second highest expenditure category was the social benefits, participating with 15.2% in the total expenditures, whereby 16.9% (Denar 2,401 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 6,710 million, representing 15.5% of its total 2025 Budget. Current transfers to LGUs accounted for the most of the expenditures (56.7%), Denar 3,805 million being spent therefore or 15.9% of total projected funds. Wages and allowances was the second most significant category, accounting for 21.6%, with Denar 1,448 million being spent therefore, i.e. 15.5% of the total projections.

In the period January – February 2025, Ministry of Internal Affairs executed expenditures in the total amount of Denar 2,068 million, accounting for 12.9% of its 2025 budget. Wages and allowances was the highest expenditure category, participating with 77.5%, Denar 1,603 million being spent therefore, accounting for 16.2% of the projected ones. Second highest category was Goods and services, accounting for 17.1%, with Denar 353 million being spent therefore, accounting for 11.1% of the annual projections.

During this period, the Agency for Financial Support in Agriculture and Rural Development executed expenditures in the amount of Denar 578 million, accounting for 7.1% of the funds projected for the current year. As for subsidies and transfers, with significant share of 93.1% of the total expenditures, 7.6% or Denar 538 million of the funds planned for the whole year, were spent therefore.

In the period January – February 2025, Ministry of Defence executed budget funds in the amount of Denar 3,619 million, accounting for 17.7% of its total budget this year. Capital expenditures accounted for the most with 47.4%, Denar 1,717 million being spent therefore, accounting for 20.2% of the total funds projected for the current year. Wages and allowances accounted for 29.0% of total expenditures, Denar 1,051 million being spent therefore during the analysed period, i.e. 15.5% execution of the total projected funds.

In the period January – February 2025, Government of the Republic of North Macedonia spent total of Denar 747 million, i.e. 10.9% of the funds projected for 2025. Thereby, subsidies and transfers accounted for 58.5% of total expenditures of this budget user, Denar 438 million (8.4% of the projected funds) being spent therefore.

During the analysed period, Ministry of Health executed budget funds in the amount of Denar 224 million, accounting for 2.9% of the total 2025 Budget. Goods and services accounted for the most in the expenditures with 64.2%, Denar 144 million being executed therefore, i.e. 4.1% of the funds allocated for 2025. Second highest item was Capital expenditures, Denar 46 million (8.4% of the projections for the year) being spent therefore, accounting for 20.4% of total expenditures.



In the period January – February 2025, Ministry of Transport executed funds in the amount of Denar 375 million, i.e. 2.1% of the total budget for the current year. Execution of capital expenditures, as main item, accounted for 72.6% of the total spent funds of this budget user (Denar 272 million or 1.7% of total projected funds).

During this period, Ministry of Agriculture, Forestry and Water Economy executed funds in the amount of Denar 229 million, accounting for 12.4% of the funds projected for 2025. Wages and allowances (Denar 131 million) was, by far, the highest item in the total expenditures of this budget user, accounting for 57.2% of its total expenditures, with 15.4% of the projected expenditures, being executed. As regards capital expenditures, they accounted for 29.0% of the total expenditures, Denar 66 million being spent therefore, accounting for 10.8% 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/>).

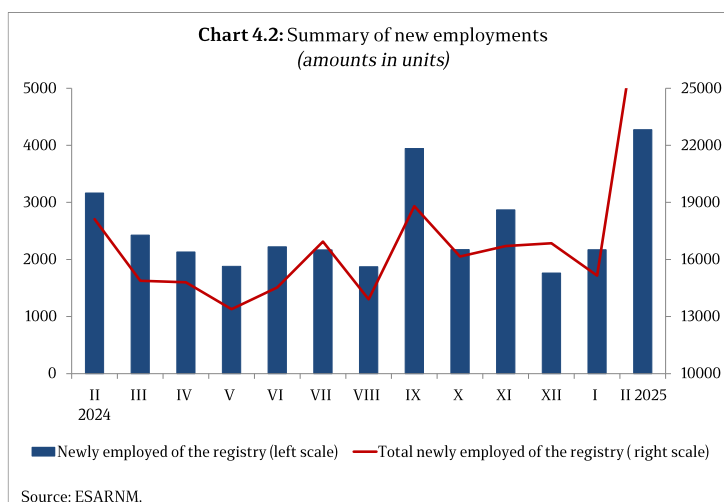
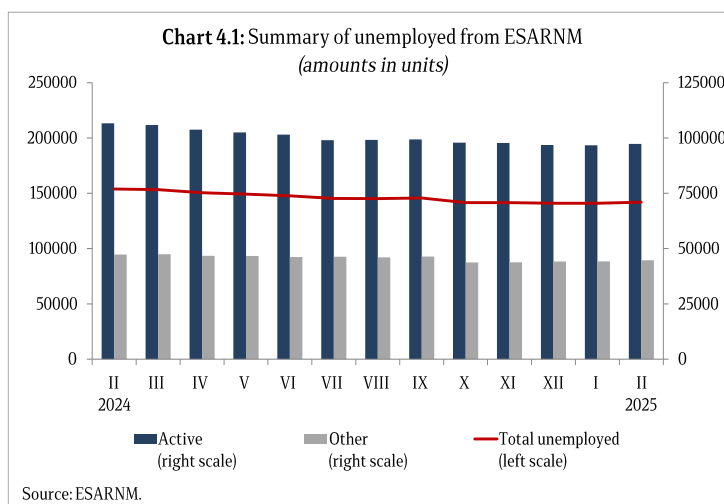
4. SOCIAL SECTOR

Newly Employed and Registered Unemployed Persons in the Employment Service Agency

In February 2025, Employment Service Agency registered total of 30,560 new employments. Total number of newly employed persons decreased by 11.5% compared to the same period in 2024.

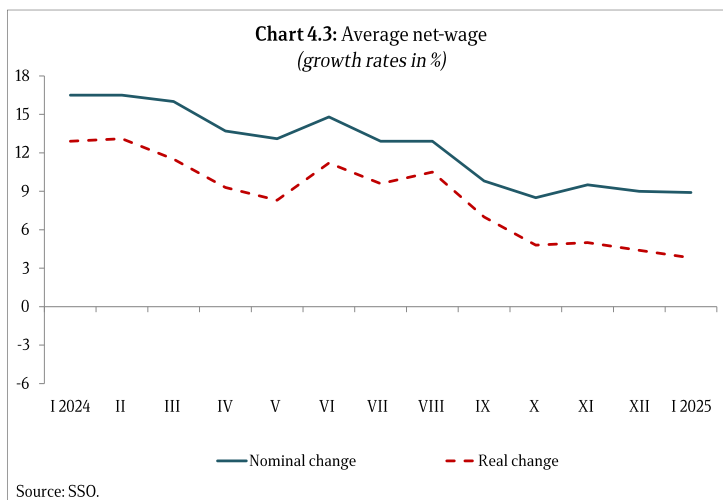
As regards the total number of newly employed, 42.8% was engaged on permanent basis, while the remaining percentage was engaged on temporary basis and as seasonal workers. In February 2025, 14.0% out of the total number of newly employed persons was from the unemployed records.

Total number of unemployed persons in February 2025 was 141,979, out of which 97,297 persons were active job seekers, while 44,682 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. Compared to January 2025, number of unemployed persons was higher by 1,032.





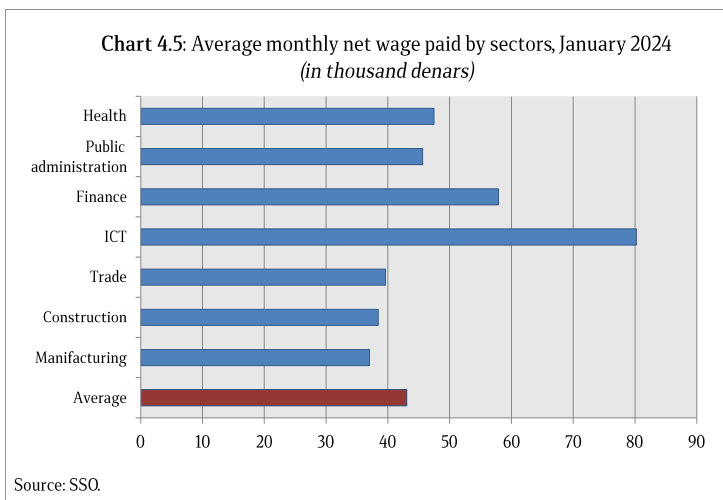
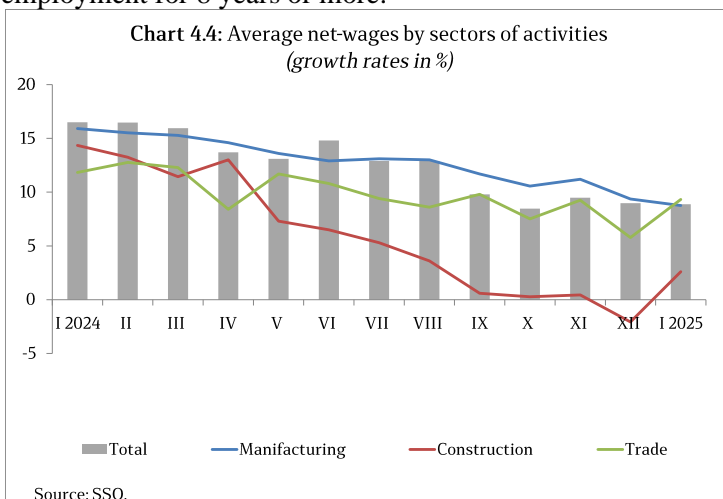
Urban residents accounted the most (with 58.7%) among the active unemployed persons, whereas with respect to gender, men accounted for 48.2% of the total. Analysed by the level of education, majority, i.e. 68.7%, of the unemployed persons were with incomplete secondary education or less, 23.7% were with completed secondary education, while 7.6% of the unemployed persons were with completed community college or higher education level.



Analysed by age structure, 50.1% of the unemployed people belonged to the group aged 25-49 years. With respect to waiting time for employment, 60.2% 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 January 2025, average net wage amounted to Denar 43,050, in nominal terms, being higher by 8.9% on annual basis, and being lower by 1.2% compared to December 2024. The highest increase of average net wage, in relation to January 2025, was observed at the following sectors: Arts, entertainment and recreation (15.6%), Administrative and auxiliary services (12.0%) and Education (11.4%). In January 2025, wages picked up by 3.8% in real terms on annual basis. Highest average net wage in January 2025 was paid in the sector Information and communications (Denar 80,215), wherein highest amount of net wage was paid in the activity Computer programming, consulting and related activities (Denar 99,367), followed by Financial and insurance activities with Denar 57,903, Electricity, gas, steam and air conditioning supply sector with Denar 56,598, and Mining and quarrying with average net wage in the amount of Denar 56,233.



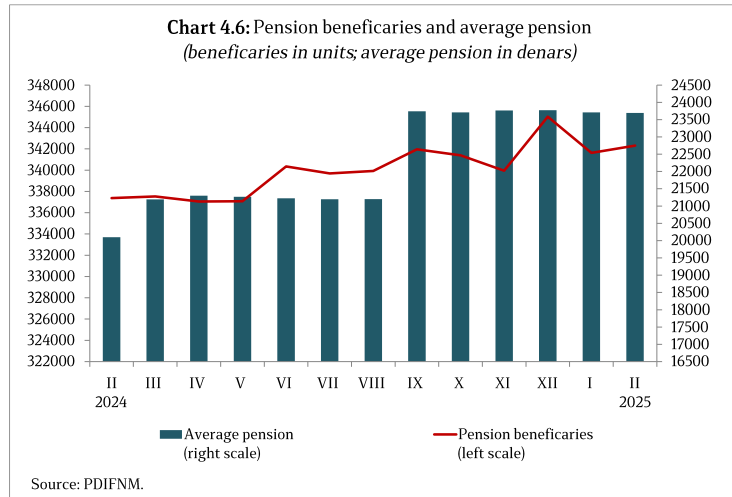
Average nominal gross wage in January 2025 amounted to Denar 64,697, increased by 8.9%, compared to the same month in 2024, whereas being lower by 1.4% on monthly basis. The highest increase of average gross wage in January 2025, compared to January 2024, was recorded in the



following sectors: Arts, entertainment and recreation (15.1%), Administrative and auxiliary services (12.1%) and Education (11.5%).

Pensions

In February 2025, Pension and Disability Insurance Fund registered 342,313 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, 71.1% are beneficiaries of old-age pension, amounting to 243,318 pensioners, 21.6% of survivor pension, amounting to 73,925 pensioners and 7.3% of disability pension, amounting to 25,070 pensioners.



Average pension in February 2024 amounted to Denar 23,694, being higher by 17.9% compared to the same month in 2024⁴. 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 January 2025 (the most recent available data) was 55.1%.

In February 2025, average old-age pension amounted to Denar 25,326, average disability pension amounted to Denar 21,268, while average survival pension amounted to Denar 19,145. This month, Denar 8,002 million was spent for payment of pensions, accounting for 54.4% of the total social transfers.

Chart 4.1 February 2025 Pension Data			
Pension beneficiaries	Number	Structure	Average pension
Old age pension	243,318	71.1%	25,326.00
Disability pension	25,070	7.3%	21,268.00
Survivor pension	73,925	21.6%	19,145.00
Total	342,313	100.0%	23,709.00
Minimal agricultural pension beneficiaries	34		13,432.00
Beneficiaries of military pensions	722		32,247.00
Total	343,069		23,711.00

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



Source: Pension and Disability Insurance Fund of North Macedonia

5. MONETARY AND FINANCIAL SECTOR

In February 2025, the National Bank lowered its policy rate by 0.20 percentage points to the level of 5.35%. 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.

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

Primary Money

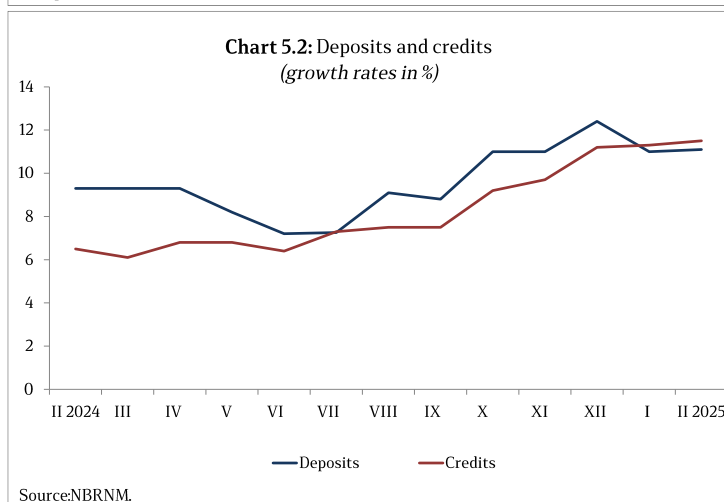
In February 2025, primary money⁵ reduced by 0.4% on monthly basis. Drop of primary money was a result of decrease of currency in circulation by 1.8%, while total liquid assets of banks increased by 1.1%.

In February 2025, primary money grew by 10.1% on annual basis, as a result of both increased currency in circulation and total liquid assets of banks by 12.3% and 7.9%, respectively.

Deposit Potential⁶

In February 2025, total deposits of banks grew by 0.4% on monthly basis. Sector analysis showed that, compared to the previous month, deposits of enterprises declined by 1.0%, while deposits of households picked up by 0.8%.

Analysed by currency, in February 2025, compared to the previous month, Denar deposits increased by 1.2%, while foreign currency deposits dropped by 0.7%.



⁵Primary 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.

⁶NBRNM 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.



In February 2025, total deposit potential grew by 11.1% on annual basis. Analysed by currency, domestic currency deposits increased by 17.1%, and foreign currency deposits by 3.2%.

From sectoral point of view, deposits of enterprises grew by 7.4%, and deposits of households increased by 13.1% on annual basis.

Table 5.1. Deposit potential and credits to the private sector

Deposit potential and credits to private sector (February 2025)	In Denar million	Monthly change	Annual change
Deposit Potential	595,277	0.4%	11.1%
By currency:			
<i>Denar</i>	355,612	1.2%	17.1%
<i>Foreign currency</i>	239,665	-0.7%	3.2%
By maturity:			
<i>Short-term</i>	220,442	-0.6%	1.2%
<i>Long-term</i>	150,940	1.3%	23.0%
Credits to private sector	499,497	1.1%	11.5%
By currency:			
<i>Denar</i>	308,085	1.6%	18.1%
<i>Foreign currency</i>	191,413	0.3%	2.3%
By maturity:			
<i>Short-term</i>	78,314	2.4%	13.8%
<i>Long-term</i>	405,131	0.9%	11.8%

Source: NBRNM

According to maturity, short-term deposits surged by 1.2%, while long-term deposits grew by 23.0%, on annual basis.

Currency structure of deposits remained stable, whereby share of domestic currency deposits in the deposit base was dominant and accounted for 59.7%.

Bank Credits

In February 2025, total credits of banks to the private sector surged by 1.1% on monthly basis, as a result of the growth of both credits to enterprises by 1.5%, and credits to households by 0.7%.

Analysed by currency, Denar and foreign currency credits surged by 1.6% and 0.3% respectively, on monthly basis.

On annual basis, in February 2025 total credits grew by 11.5%, in conditions of growth of both credits to enterprises and credits to households of 14.3% and of 8.9%, respectively. Denar credits surged by 18.1%, while foreign currency credits grew by 2.3%.

As regards maturity, long-term credits experienced annual growth of 11.8% and short-term credits picked up by 13.8%.

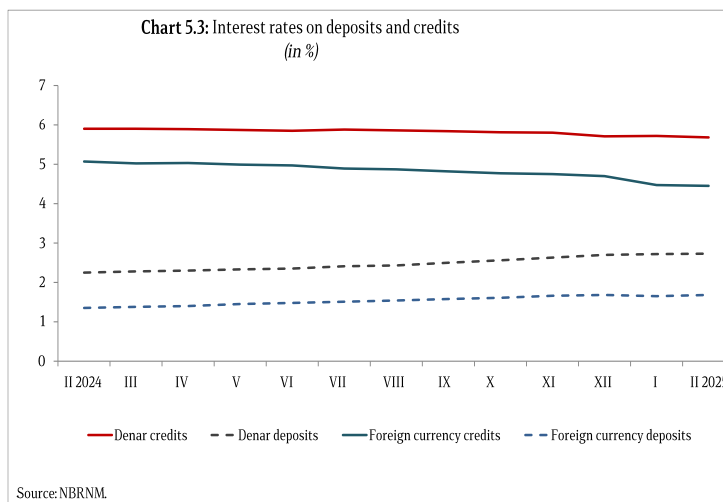


Interest Rates of Deposit Banks

In February 2025, total interest rate on credits dropped by 0.03 p.p. compared to the previous month, accounting for 5.18%. Interest rate on Denar credits dropped by 0.04 p.p., accounting for 5.68%, while interest rate on foreign currency credits decreased by 0.02 p.p. on monthly basis, accounting for 4.45%.

In February 2025, total interest rate on deposits grew by 0.01 p.p., compared to last month, accounting for 2.19%. Interest rate on Denar deposits increased by 0.01 p.p., accounting for 2.73%, while interest rate on foreign currency deposits grew by 0.03 p.p., accounting for 1.68%.

Interest rate on newly granted Denar credits was 4.84%, while interest rate on newly approved foreign currency credits was for 3.81%. Interest rates on newly received Denar and foreign currency deposits accounted for 2.82% and 2.01%, respectively.

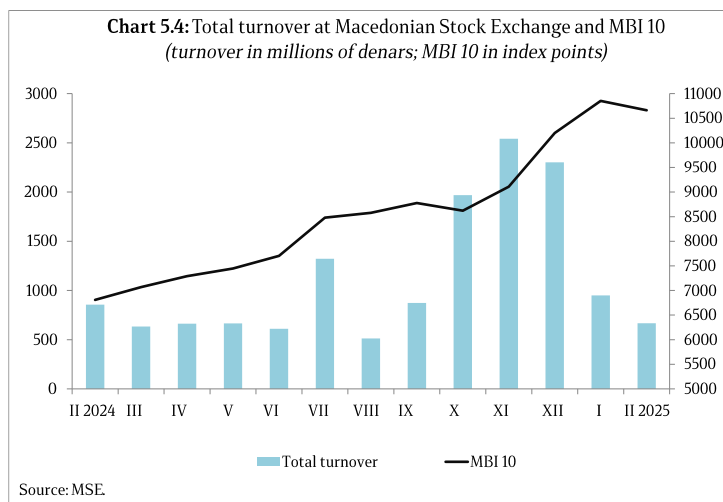


Capital Market

As for the capital market, in February 2025, total turnover on the stock exchange decreased by 29.7% on monthly basis, as a result of drop of turnover from classical trading in BEST by 35.5% and increase in turnover from block transactions by 4.1%.

Total turnover on the stock exchange in February 2025 amounted to Denar 667 million, decreasing by 22.1% on annual basis.

At the end of February 2025, Macedonian Stock Exchange Index MSEI – 10 2025 amounted to 10,660.7 index points, whereby the index decreased by 1.8% on monthly basis, while, compared to the same month last year, the index was higher by 56.5%.



Reserve Assets

At the end of February 2025, gross reserve amounted to EUR 4,861.29 million, being lower by 3.6% compared to the previous month and higher by 11.8% compared to February 2024.