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Western Balkans and Türkiye

4th Quarter 2025

EUROPEAN ECONOMY

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European Commission
Directorate-General for Economic and Financial Affairs

EU Candidate Countries' & Potential Candidates' Economic Quarterly (CCEQ)

4th Quarter 2025

Western Balkans and Türkiye

This document is written by the staff of the Directorate-General for Economic and Financial Affairs, Directorate D for International Economic and Financial Relations and Global Governance, Unit D1 – Candidate and Pre-Candidate Countries.

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* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

OVERVIEW – FLASH NOTES

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Economic activity remained solid in the Western Balkans in the third quarter of 2025. *The region's real GDP rose by 2.6% y-o-y, the same rate as in the preceding quarter. Economic growth rates ranged from 2% in Serbia to 3.8% in North Macedonia. Serbia, Albania and Bosnia and Herzegovina, the three largest economies in the region, broadly maintained the same pace of economic expansion as in the preceding quarter. Kosovo recorded the strongest deceleration in growth, while Montenegro recorded a slightly lower growth rate than in the previous three months.*

Economic growth was generally driven by domestic demand. *Private consumption remained a key contributor to GDP growth in the third quarter of 2025, although its year-on-year growth decelerated compared to the previous quarter in some economies of the region. Household consumption was supported by continued robust wage growth across the region. Investment growth accelerated in most countries of the region, in particular in North Macedonia, Montenegro and Bosnia and Herzegovina, whereas it contracted, albeit at a slower pace, in Serbia. Trade dynamics were generally characterised by stronger import than export growth, resulting in negative contributions from international trade to output growth.*

Labour market indicators continued to show a mixed picture in the third quarter of 2025. *The decline in the region's average employment accelerated to 1.4%[1] y-o-y, from 0.6% in the previous three months, while labour force participation continued to increase in some economies. Unemployment rates decreased across the region, except in Albania, where its year-on-year rate increased marginally (but fell in q-o-q terms), and in Serbia. Unemployment rates ranged from 8.2% in Serbia to 11.7% in North Macedonia, remaining well above the EU average.*

After six consecutive quarters of increase, the region's 12-month moving current account deficit decreased to 4.9% of GDP in September from 5.4% in the previous quarter. *However, it widened compared to the 4.4% reading of the same period a year before. The year-on-year deterioration was mainly driven by widening merchandise trade deficits and lower secondary income and services trade surpluses as a share of GDP. Albania and Bosnia and Herzegovina were the only economies whose four-quarter current account deficits narrowed (as a share of GDP) compared to the same period a year before. In the four quarters to September, net foreign direct investment inflows as a share of GDP decreased in all economies on a year-on-year basis, in particular in Serbia and North Macedonia. They generally covered a smaller part of the current account deficit compared to a year before, particularly in the two countries mentioned above. Still, foreign exchange reserves increased in most economies in the region, especially in Serbia, which is partly explained by a revaluation of gold reserves amid soaring prices of the commodity.*

Average annual inflation in the Western Balkans slightly picked up to 4% in the third quarter of 2025, from 3.7% in the two preceding quarters. *Beyond the third quarter, annual consumer price inflation decelerated (particularly in Serbia, where a retail margin cap played a large part in this outcome) or broadly stabilised in most economies. The annual inflation rate ranged from 2.3% in Albania to 5.3% in Kosovo in December. Most of the region's central banks with monetary autonomy maintained their policy stance. The National Bank of Serbia kept its policy rate unchanged at 5.75%, after having lowered it in three steps in the second half of 2024. The Bank of Albania has kept it at 2.5% since its last cut by 25 bps. in July 2025, while the central bank of North Macedonia cut the key policy rate by 135 bps. in December to 4%, after having reduced it by 20 bps. in February 2025.*

1 This figure does not include Kosovo and Bosnia and Herzegovina for which third-quarter data were not available by the cut-off date for this report.

As robust revenue growth was coupled with a significant rise in capital expenditure in most Western Balkan economies, January-November fiscal balances (as a share of GDP) deteriorated or remained at broadly the same level as a year before. *Serbia and North Macedonia recorded similar budget deficits compared to the same period one year earlier, while in Montenegro (where revenue growth was subdued) the fiscal balance deteriorated and turned into a deficit. By contrast, Albania and Kosovo recorded fiscal surpluses. In Albania, the surplus narrowed (as a share of GDP) compared to a year before, whereas in Kosovo it widened. The public debt-to-GDP ratio decreased in most economies of the region in the third quarter of 2025 compared to end-2024. The fall in the debt burden was most pronounced in North Macedonia (by 3.8 pps.), followed by Serbia (by 3.3 pps. in November). The public debt ratio remained the highest in Montenegro at 58.6% of GDP, followed by North Macedonia and Albania, at 57.6% and 53.5% of GDP, respectively.*

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In Türkiye, economic growth decelerated in the third quarter of 2025 in year-on-year terms but remained robust, with real GDP growing by 3.7% compared to 4.9% in the previous three months. *The key factors behind the slowdown were the negative contribution of net exports and stocks to growth. GDP growth was mainly driven by an acceleration in investment, partly supported by base effects, as well as a slight pick-up in household consumption growth. The current account deficit widened to 1.5% of GDP in the 12 months to November, up from 0.8% in 2024. Over the same period, the merchandise trade deficit expanded significantly, reflecting a stronger rise in imports of non-monetary gold and other goods relative to exports. The central bank's foreign exchange reserves stabilised in the last quarter of the year, reaching USD 189 billion in early January 2026, equivalent to more than five months of imports.*

Monthly inflation decelerated in the last two months of the year, bringing annual average inflation to 35.2% in 2025. *The central bank slowed the pace of its rate cuts, reducing the key policy rate by 100 bps. in October and by another 150 bps. in December to 38.0%, after having lowered it by 550 bps. in total in July and September. The lira depreciated against the US dollar in the fourth quarter of 2025, but the real effective exchange rate appreciated slightly.*

In the first eleven months of 2025, a surge in budget revenue outpaced sizable expenditure growth, mainly due to substantial direct income tax receipts. *As a result, the central government budget deficit narrowed to TRY 1,271 billion (2.1% of projected GDP) in January-November, compared to the same period in 2024, and remained well below the revised full-year deficit target of 3.6% of GDP. The general government debt slightly increased to 24.5% of GDP at end-September, compared to 23.6% at end-2024.*

Candidate and potential candidate countries: Overview graphs

Chart 1: Real GDP growth, % y-o-y

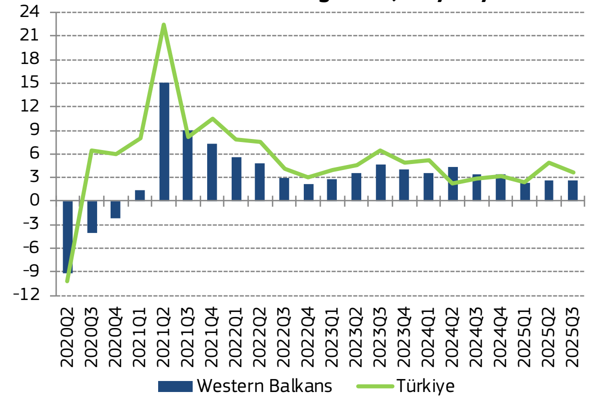
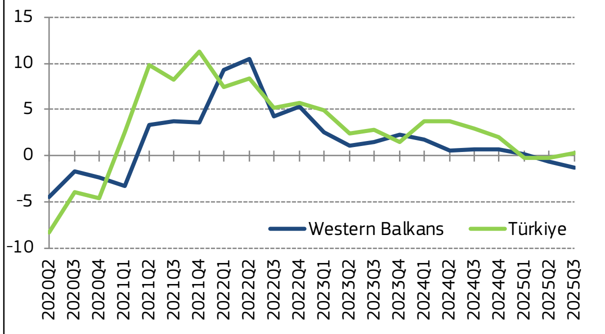
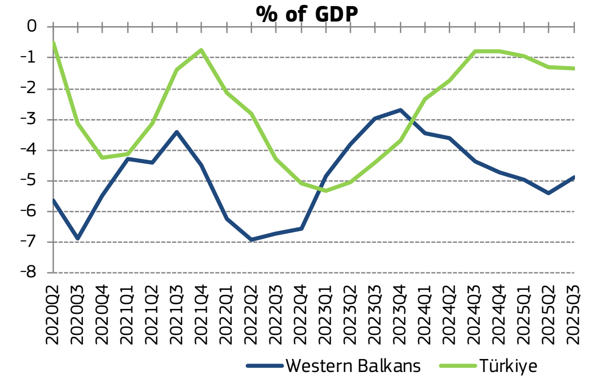


Chart 2: Employment growth, % y-o-y



The implementation of a new regulation in MK[1)] and the 2023 population census in AL[1)] and ME[2)] caused an interruption of the time series

Chart 3: Current account balance, % of GDP



* Q figures refer to moving annual total.

Chart 4: CPI inflation, % y-o-y

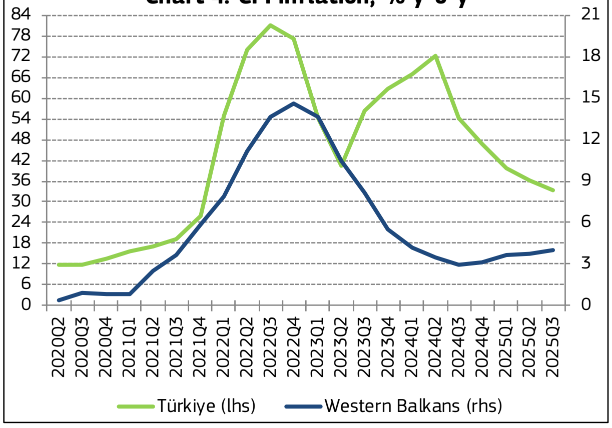
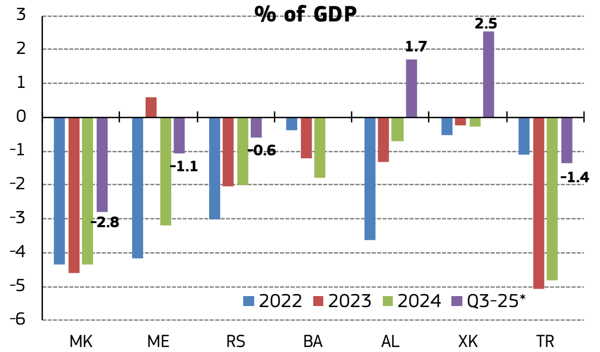
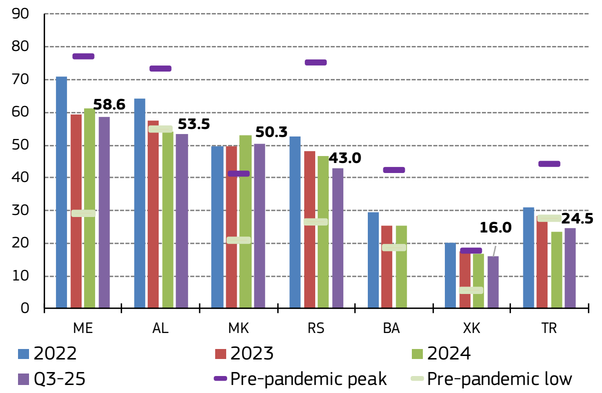


Chart 5: General government balance, % of GDP



* cumulative balance divided by the estimated annual GDP.

Chart 6: General government debt, % GDP



Candidate and potential candidate countries: Summary table

						ECFIN 2025 Autumn forecast							
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
Gross domestic product (in real terms, annual % change)													
Albania	9.0	4.8	4.0	4.0	:	3.5	3.5	3.6	3.7	:	N.A.	N.A.	N.A.
Bosnia and Herzegovina	7.4	5.6	3.8	2.6	:	2.2	2.5	2.0	2.1	:	N.A.	N.A.	N.A.
Montenegro	11.9	7.0	6.5	3.2	:	3.1	3.1	3.5	3.1	:	N.A.	N.A.	N.A.
North Macedonia	4.5	2.8	2.6	3.0	:	3.3	3.3	3.5	3.8	:	N.A.	N.A.	N.A.
Serbia	7.9	2.7	3.7	3.9	:	3.3	4.2	2.0	2.0	:	N.A.	N.A.	N.A.
Türkiye	11.8	5.4	5.0	3.3	:	3.4	4.0	4.9	3.7	:	N.A.	N.A.	N.A.
Kosovo	10.7	4.3	4.1	4.6	:	:	:	4.6	3.1	:	N.A.	N.A.	N.A.
Unemployment													
Albania	12.1	11.3	10.1	9.4	:	8.4	8.3	9.4	9.0	:	N.A.	N.A.	N.A.
Bosnia and Herzegovina	17.4	15.4	13.2	12.6	:	12.5	12.0	13.1	11.2	:	N.A.	N.A.	N.A.
Montenegro	16.9	15.1	13.4	11.6	:	10.6	10.3	10.7	10.2	:	N.A.	N.A.	N.A.
North Macedonia	15.6	14.5	13.2	12.5	:	11.3	11.0	11.7	11.7	:	N.A.	N.A.	N.A.
Serbia	11.1	9.5	9.4	8.6	:	8.7	8.6	8.5	8.2	:	N.A.	N.A.	N.A.
Türkiye	12.0	10.5	9.4	8.7	:	8.6	8.6	8.2	8.5	:	8.2	8.6	:
Kosovo	20.7	12.6	10.9	10.8	:	:	:	:	:	:	N.A.	N.A.	N.A.
Current account balance* (% of GDP)													
Albania	-7.7	-6.2	-1.7	-2.4	:	-2.7	-2.7	-2.4	-1.2	:	N.A.	N.A.	N.A.
Bosnia and Herzegovina	-1.4	-4.3	-2.2	-3.9	:	-4.1	-4.2	-3.3	-3.1	:	N.A.	N.A.	N.A.
Montenegro	-9.2	-12.9	-11.2	-17.1	:	-17.4	-17.2	-17.8	-17.8	:	N.A.	N.A.	N.A.
North Macedonia	-2.8	-6.1	0.3	-2.2	:	-2.1	-2.2	-3.4	-4.5	:	N.A.	N.A.	N.A.
Serbia	-4.1	-6.6	-2.4	-4.7	:	-6.1	-5.2	-5.6	-4.7	:	N.A.	N.A.	N.A.
Türkiye	-0.7	-5.1	-3.7	-0.8	:	-1.6	-1.9	-1.3	-1.3	:	N.A.	N.A.	N.A.
Kosovo	-8.7	-9.2	-7.2	-8.4	:	:	:	-9.9	-10.1	:	N.A.	N.A.	N.A.
Inflation (Consumer price index, annual % change)													
Albania	2.0	6.7	4.8	2.2	2.2	3.0	3.1	2.3	2.4	2.2	2.3	2.1	2.3
Bosnia and Herzegovina	2.0	14.0	6.1	1.7	:	3.3	3.0	3.9	4.4	:	4.3	4.3	:
Montenegro (HICP)	2.4	13.0	8.6	3.3	:	3.2	2.8	3.8	4.7	:	4.8	4.2	:
North Macedonia	3.2	14.1	9.4	3.5	4.1	3.2	2.3	3.5	4.4	4.2	4.5	4.0	4.1
Serbia	4.1	11.9	12.1	4.6	:	4.1	3.7	4.1	4.2	:	2.8	2.8	:
Türkiye	19.6	72.3	53.9	58.5	34.9	24.8	17.7	36.1	33.3	31.6	32.9	31.1	30.9
Kosovo	3.3	11.6	4.9	1.6	3.9	:	:	3.6	4.5	5.3	5.2	5.3	5.3
General government balance** (% of GDP)													
Albania	-4.6	-3.6	-1.3	-0.7	:	-1.9	-1.7	1.2	1.7	:	1.9	2.0	:
Bosnia and Herzegovina	-0.3	-0.4	-1.2	-1.8	:	-3.0	-2.7	:	:	:	N.A.	N.A.	N.A.
Montenegro	-1.9	-4.2	0.6	-3.2	:	-3.3	-3.2	-1.4	-1.1	:	-1.5	-2.2	:
North Macedonia	-5.3	-4.3	-4.6	-4.4	:	-3.8	-3.2	-2.5	-2.8	:	-2.6	-3.1	:
Serbia	-3.9	-3.0	-2.1	-2.0	:	-3.0	-3.0	-0.2	-0.6	:	-0.7	N.A.	N.A.
Türkiye	-2.2	-1.1	-5.1	-4.8	:	-3.1	-2.8	-0.9	-1.4	:	N.A.	N.A.	N.A.
Kosovo	-1.2	-0.5	-0.2	-0.3	:	:	:	1.6	2.5	:	3.1	3.1	:
General government debt*** (% of GDP)													
Albania	74.1	64.1	57.6	54.2	:	52.9	52.1	54.0	53.5	:	N.A.	N.A.	N.A.
Bosnia and Herzegovina	32.5	28.7	25.3	25.5	:	29.0	30.5	25.3	26.4	:	N.A.	N.A.	N.A.
Montenegro	84.0	70.8	59.3	61.3	:	62.5	64.4	60.8	58.6	:	N.A.	N.A.	N.A.
North Macedonia	51.4	49.7	49.8	53.0	:	54.6	55.0	51.1	50.3	:	N.A.	N.A.	N.A.
Serbia	53.9	52.5	48.0	46.7	:	47.3	46.5	43.7	43.0	:	43.1	N.A.	N.A.
Türkiye	38.9	29.4	28.2	23.6	:	24.2	23.9	24.1	24.5	:	N.A.	N.A.	N.A.
Kosovo	21.5	20.0	17.5	16.8	:	:	:	16.0	16.0	:	N.A.	N.A.	N.A.

Forecast: ECFIN forecast Autumn 2025 published November 2025.
***** Q figures refer to moving annual total.
** M and Q figures refer to the cumulative balance divided by the estimated annual GDP.
*** Q figures in percent of estimated annual GDP.

ALBANIA

Key developments

On 4 November, the European Commission presented its annual Enlargement Package. As regards the economic criteria for EU accession, it stated that Albania shows a good level of preparation in developing a functioning market economy and has some level of preparation to cope with competitive pressure and market forces within the EU.

Albania continued to advance with the EU accession negotiations. On 17 November, at the 7th intergovernmental conference, the final Cluster (n° 5) was opened. It covers agriculture and fisheries, food safety and cohesion policies.

In December, the Albanian Parliament approved the 2026 budget, projecting a fiscal deficit of 2.3% of GDP and economic growth of 4%. The public debt ratio is expected to decline slightly to 53.6% of GDP. The fiscal package also includes two tax compliance measures: a Fiscal Peace Agreement and a time-bound scheme providing for the full or partial extinguishment of outstanding tax and customs liabilities from past periods, subject to some conditions.

Real sector

Economic activity maintained steady growth in Q3-2025, with real GDP rising by 3.7% y-o-y, in line with the previous quarters (3.8% y-o-y in Q1 and 3.6% y-o-y in Q2)[2], but at a more moderate pace than in Q3-2024 (4.4% y-o-y). Private consumption growth decelerated markedly to 1.3% y-o-y in Q3-2025, down from 4% y-o-y in the previous quarter, while remaining slightly above its level in Q3-2024 (1.1% y-o-y). Government consumption expanded by 7.7% y-o-y in Q3-2025, slowing sharply from 16.3% y-o-y in Q2-2025, but remaining well above the 3.1% y-o-y growth observed a year earlier. Investment growth stood at 4.8% y-o-y in Q3-2025, below the rate recorded in Q3-2024 (8% y-o-y). Export activity strengthened markedly in Q3-2025, with total exports rebounding by 12.6% y-o-y, after a contraction in the previous quarter (-0.2% y-o-y) and exceeding the growth rate recorded in Q3-2024 (4% y-o-y). This reflected robust growth in exports of services (17.7% y-o-y in Q3-2025), whilst exports of goods continued to contract (-19.7% y-o-y), deepening the decline observed in the previous quarter (-13.4% y-o-y). Meanwhile, total imports increased by 5.5% y-o-y in Q3-2025, up from 3.3% in Q2 but below the growth rate recorded in Q3-2024 (6.2% y-o-y), supported by strong growth in imports of services (11.6% y-o-y), while imports of goods grew more modestly (1.9% y-o-y). Overall, net exports contributed 3.5 pps. to growth y-o-y in Q3-2025.

On the production side, public administration, education and health remained the main contributors to GDP growth in Q3-2025 (1.7 pps.), followed by wholesale trade, real estate activities and construction (0.5-0.6 pps.). Conversely, industry and agriculture recorded negative contributions (0.5 pps. and 0.3 pps., respectively).

In November 2025, the economic sentiment indicator recorded a marked decline after October's strong figure, but still remained above the historical average. The decline mainly reflected lower confidence among businesses, while sentiment among consumers improved.

Labour market

Labour market conditions continued to improve in Q3-2025. According to the labour force survey, the employment rate (age group 15-64) increased by 0.4 pps. y-o-y, reaching 69.6%. The unemployment rate for the same group inched up by 0.1 pps. y-o-y, yet it fell by 0.4 pps. q-o-q, settling at 9%. The youth unemployment rate fell by 2.8 pps. y-o-y to 15%. The labour force participation rate (age group 15-64) rose by 0.6 pps. y-o-y to 76.5% in Q3-2025, supported by a stronger increase in female participation (up by 0.7 pps. y-o-y to 70.2%), contributing to a further reduction in the gender gap.

In Q3-2025, the average monthly nominal wage reached ALL 83 300 (approximately EUR 862), marking a y-o-y increase of 7.3%. While average public sector wages experienced a 3.2% y-o-y rise, private sector ones surged by 9.8% y-o-y. The minimum wage remained unchanged at ALL 40 000 per month.

[2] Data on GDP growth for Q1-2025 and Q2-2025 was revised from 3.7% y-o-y to 3.8% y-o-y, and from 3.5% y-o-y to 3.6% y-o-y, respectively.

External sector

Over the four quarters to Q3-2025, the current account deficit narrowed to 1.2% of GDP, improving from the 2% a year earlier, and from 2.4% in the four quarters to Q2-2025. The four-quarter merchandise trade deficit widened by 0.5 pps. y-o-y to 22.2% of GDP, while the services trade surplus increased by 1.1 pps. y-o-y to 16.4% of GDP.

The secondary income surplus stood at 5.0% of GDP, slightly below its level a year earlier, reflecting a marginal decline of 0.1 pps. in remittances to 4.1% of GDP. The four-quarter primary income deficit narrowed by 0.5 pps. y-o-y to 0.4% of GDP in Q3-2025.

Net FDI inflows amounted to 5.1% of GDP in the year to Q3-2025, unchanged from the previous quarter but slightly down from 5.3% a year earlier. They still comfortably exceeded the current account deficit.

The stock of foreign exchange reserves increased from EUR 6.7 billion in Q2-2025 to EUR 7.3 billion in Q3-2025, equivalent to 7.7 months of imports. By November, reserves stood at EUR 7.1 billion.

Monetary developments

Annual consumer price inflation increased to 2.3% by December 2025, close to its level a year earlier (2.1%). Inflation in December 2025 was primarily driven by higher prices for 'Housing, water, electricity and other fuel' (around 1 pp. contribution), followed by 'Food and non-alcoholic beverage' (0.6 pps.). Average inflation in 2025 was 2.2%, the same rate as in 2024.

The Bank of Albania has kept its key policy rate unchanged at 2.5% since July 2025, with overnight deposits and lending rates also remaining steady.

The lek appreciation against the euro continued into Q4-2025, with the ALL/EUR exchange rate averaging 96.7, compared to 97.4 and 98.5 in Q3 and Q2. This trend persisted despite intensified foreign exchange purchases by the Bank of Albania, which stepped up interventions during Q3-2025 to build reserves and moderate appreciation pressures, buying a record EUR 630.8 million over the quarter. Regarding monetary aggregates, M3 growth accelerated to 10.3% in Q3-2025, up from 7.9% in Q2-2025.

Financial sector

Credit growth moderated from 12.6% y-o-y in Q2-2025 to 11.2% y-o-y in Q3-2025, before increasing again in October and November to 11.5% and 12.5%, respectively. The loan portfolio continued to be dominated by loans in lek, which accounted for 58.7% of total bank loans in Q3-2025. Lek loans grew steadily, rising by 12.7% y-o-y in Q3-2025, driven by household borrowing, while growth of foreign currency-denominated loans slowed. Deposits increased by 7.9% y-o-y in Q3-2025, 1.3 pps. higher than in Q2-2025. The ratio of non-performing loans to total loans rose by 0.4 pps. up to 4.4% in Q3-2025, remaining 0.2 pps. below its level in Q3-2024.

The banking sector's capital adequacy ratio increased to 18.7% in Q3-2025, 1 pp. higher than in Q2-2025 and close to its level in Q3-2024. The broad liquidity ratio rose to 30.4% in September 2025, the highest level since December 2023. The return on assets stood at 1.9% in September 2025 (broadly unchanged compared to June 2025 but 0.3 pps. lower than in Q3-2024), while the return on equity declined to 15.9% (down by 0.5 pps. compared to Q2-2025 and by 2.4 pps. compared to Q3-2024).

Fiscal developments

In the period January to November 2025, total government revenue increased by 6.2% y-o-y, mainly driven by higher social insurance contributions (11.5% y-o-y) and tax revenues (8.8% y-o-y). Overall, public revenue reached 99% of the budgetary target. During the same period, total public expenditure grew by 10.8% y-o-y, influenced by y-o-y increases of 9.5% in current expenditure and 20% in capital spending. Altogether, total expenditure reached 91% of the budget plan for the eleven-month period, with current expenditure falling short of its target by 4.1% and capital spending significantly under budget with a 65% execution rate.

The budget balance for January-November recorded a surplus of 1.9% of GDP, compared to a full-year deficit target of 2.4% of GDP (revised from 2.6%). By Q3-2025, public debt stood at 53.5% of GDP, down from 54.2% at end-2024.

TABLE

European Commission, ECFIN-D-1

ALBANIA

		2021	2022	2023	2024	2025	ECFIN 2025 Autumn forecast 2026	2027	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
1 Real sector														
Economic Sentiment, Composite [11]	Balance	2.1	0.3	7.7	8.8	:	:	:	5.6	5.9	:	7.9	3.8	:
Industrial production [12]	Ann. % ch	23.6	7.9	-11.4	-6.5	:	:	:	-0.5	-5.4	:	N.A.	N.A.	N.A.
Gross domestic product [13]	Ann. % ch	9.0	4.8	4.0	4.0	:	3.5	3.5	3.6	3.7	:	N.A.	N.A.	N.A.
Private consumption [14]	Ann. % ch	8.3	14.7	8.1	5.8	:	3.4	3.5	4.0	1.3	:	N.A.	N.A.	N.A.
Gross fixed capital formation [15]	Ann. % ch	21.7	8.7	3.9	6.8	:	4.6	4.8	4.7	4.8	:	N.A.	N.A.	N.A.
Construction index [16]	Ann. % ch	18.0	12.6	2.8	7.0	:	:	:	4.8	7.4	:	N.A.	N.A.	N.A.
Retail sales [17]	Ann. % ch	5.3	5.2	5.1	6.2	:	:	:	5.2	5.0	:	:	:	:
2 Labour market														
Unemployment **** [21]	%	12.1	11.3	10.1	9.4	:	8.4	8.3	9.4	9.0	:	N.A.	N.A.	N.A.
Employment **** [22]	Ann. % ch	-0.4	4.8	1.6	-1.6	:	0.9	1.0	-1.7	-1.8	:	N.A.	N.A.	N.A.
Wages [23]	Ann. % ch	6.3	8.2	14.0	9.8	:	:	:	11.7	7.3	:	N.A.	N.A.	N.A.
3 External sector														
Exports of goods [31]	Ann. % ch	35.0	30.9	-10.4	-14.3	:	:	:	-10.1	-8.6	:	1.0	-6.9	:
Imports of goods [32]	Ann. % ch	32.3	18.7	-8.2	2.5	:	:	:	-0.6	0.0	:	3.6	-3.0	:
Trade in goods balance* [33]	% of GDP	-25.2	-23.9	-21.3	-22.4	:	-22.1	-22.0	-22.1	-22.2	:	N.A.	N.A.	N.A.
Exports goods and services* [34]	% of GDP	31.1	37.0	38.2	36.4	:	:	:	35.6	36.7	:	N.A.	N.A.	N.A.
Imports goods and services* [35]	% of GDP	44.5	47.6	44.1	43.2	:	:	:	42.4	42.5	:	N.A.	N.A.	N.A.
Current account balance* [36]	% of GDP	-7.7	-6.2	-1.7	-2.4	:	-2.7	-2.7	-2.4	-1.2	:	N.A.	N.A.	N.A.
Direct investment (FDI, net)* [37]	% of GDP	6.5	6.6	5.8	5.4	:	:	:	5.1	5.1	:	N.A.	N.A.	N.A.
International reserves [38]	mn EUR	4,972	4,952	5,847	6,264	:	:	:	6,727	7,269	:	7,082	7,073	:
Int. reserves / months Imp [39]	Ratio	8.8	6.9	7.3	7.0	:	:	:	7.3	7.7	:	N.A.	N.A.	N.A.
4 Monetary developments														
CPI [41]	Ann. % ch	2.0	6.7	4.8	2.2	2.2	3.0	3.1	2.3	2.4	2.2	2.3	2.1	2.3
Producer prices [42]	Ann. % ch	2.7	19.9	6.1	1.6	:	:	:	0.3	0.2	:	:	:	:
Food prices [43]	Ann. % ch	3.9	11.8	9.4	2.5	2.6	:	:	3.5	2.5	1.6	1.6	1.5	1.6
M3 [44]	Ann. % ch	8.6	4.9	2.5	4.9	:	:	:	7.9	10.3	:	10.6	10.2	:
Exchange rate ALL/EUR [45]	Value	122.45	118.98	108.77	100.72	97.85	:	:	98.47	97.36	96.65	96.74	96.66	96.54
Real effective exchange rate [46]	Index	112.5	113.0	125.1	135.1	:	:	:	139.2	141.4	:	143.1	142.9	:
5 Financial indicators														
Interest rate (3 months-TRIBOR) [51]	% p.a.	1.39	2.21	3.68	:	:	:	:	:	:	:	:	:	:
Bond yield [52]	% p.a.	5.25	6.18	6.65	6.30	5.10	:	:	4.7	5.1	5.3	N.A.	N.A.	N.A.
Stock markets [53]	Index	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Credit growth [54]	Ann. % ch	6.9	11.2	2.6	10.2	:	:	:	12.6	11.2	:	11.5	12.2	:
Deposit growth [55]	Ann. % ch	8.5	8.0	1.9	3.8	:	:	:	6.6	7.9	:	9.0	8.7	:
Non performing loans [56]	% total	5.7	5.0	4.7	4.2	:	:	:	4.0	4.4	:	4.3	:	:
6 Fiscal developments														
General government revenue** [61]	% of GDP	27.4	26.6	27.2	28.2	:	:	:	13.8	21.2	:	N.A.	N.A.	N.A.
General government expenditure** [61]	% of GDP	31.9	30.3	28.5	28.9	:	:	:	12.5	19.5	:	N.A.	N.A.	N.A.
General government balance** [61]	% of GDP	-4.6	-3.6	-1.3	-0.7	:	-1.9	-1.7	1.2	1.7	:	1.9	2.0	:
General government debt*** [62]	% of GDP	74.1	64.1	57.6	54.2	:	52.9	52.1	54.0	53.5	:	N.A.	N.A.	N.A.

f: ECFIN forecast Autumn 2025 published November 2025

***** Q figures refer to moving annual total.

** M and Q figures refer to the cumulative balance divided by the estimated annual GDP.

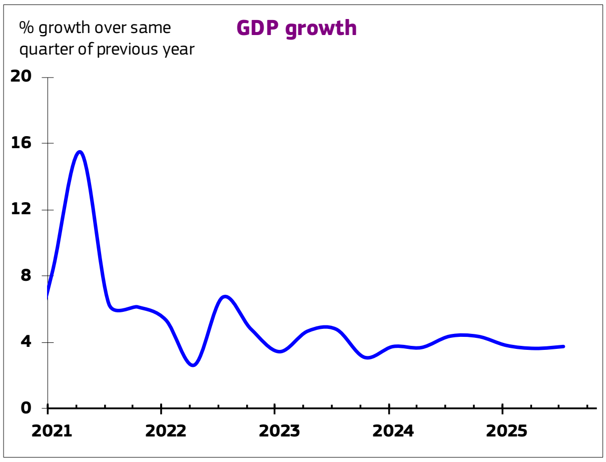
*** Q figures in percent of estimated annual GDP.

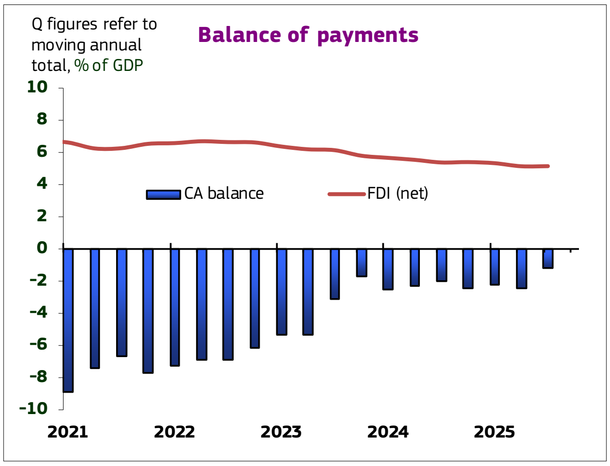
**** From Q1-2023, the Labour Force Survey is based on the results of the 2023 population census, restricting comparability with pre-year data. Labor market indicators will be subject to further revisions.

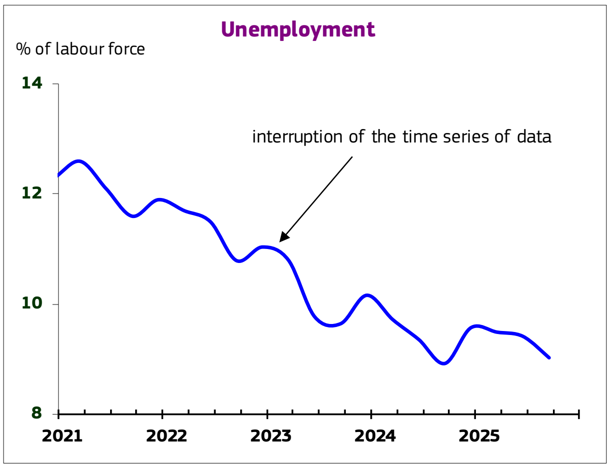
CHARTS

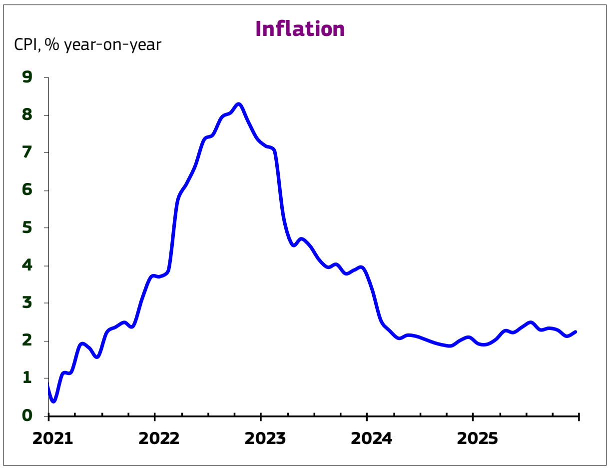
European Commission, ECFIN-D-1

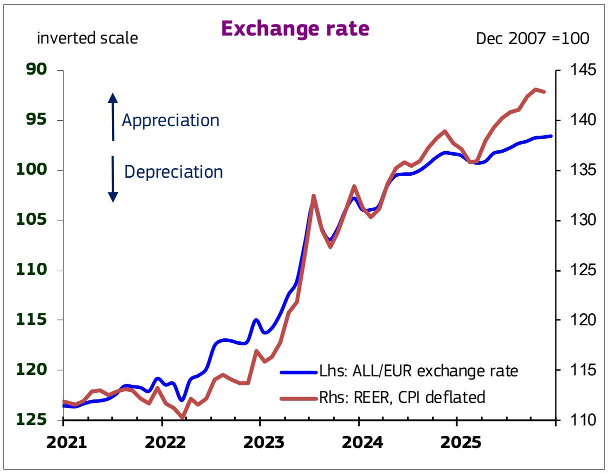
ALBANIA

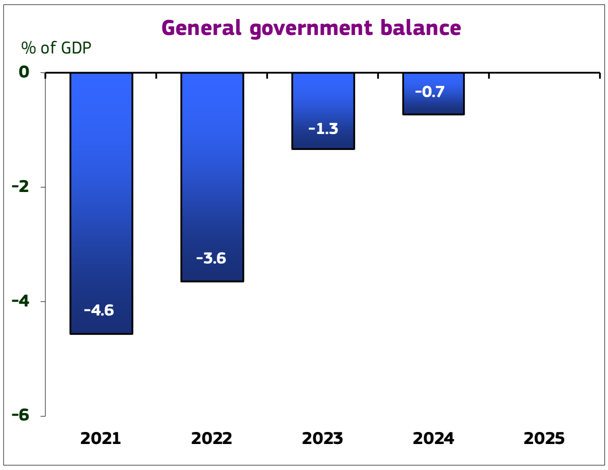












BOSNIA AND HERZEGOVINA

Key developments

On 4 November, the European Commission stated in its annual enlargement package that as regards the economic criteria for EU membership, Bosnia-Herzegovina is at an *early stage* of preparation in establishing a functioning market economy. With respect to its capacity to cope with competitive pressure and market forces in the EU, Bosnia and Herzegovina remains between an *early stage* and *some* level of preparation.

On 4 December, the EU Commission approved Bosnia and Herzegovina's Reform Agenda - a key step toward releasing up to EUR 976.6 million (about 3.5% of GDP) in loans and grants under the EU's Reform and Growth Facility in successive steps until end-2027, conditional upon reform implementation.

Real sector

In Q3, real GDP grew by 2.1% y-o-y, a similar increase as in the first two quarters. In seasonally adjusted terms, real GDP growth decelerated to 0.5% q-o-q in Q3-2025, down from 0.7% in Q2. On the production side, the main y-o-y growth drivers in Q3 remained to be trade, the public sector (administration, health, education) and information and communication. Value added in the industrial sector, accounting for about 17% of total output, continued to decline (by 3.3% y-o-y). This is now the thirteenth consecutive quarter of no or negative growth in this sector. On the expenditure side, the main source of growth was gross capital formation, increasing by 9% y-o-y and contributing 2.4 pps. to overall growth. Private consumption rose by 2.5% y-o-y, contributing another 1.7 pps. However, as a result of high investment, import growth was strong too (5.6%), while export growth continued to decelerate (1.4% in Q3, after 3.5% and 2.4% in Q1 and Q2). Overall, real output growth was 2.0% in the first three quarters, compared to 2.8% in the same period of 2024.

High-frequency indicators for the fourth quarter show a mixed picture. Industrial production declined by 0.8% and 4.8% y-o-y, respectively in October and November, following a drop of 3.8% in Q3.

However, the turnover of retail and wholesale trade registered solid increases in recent months.. In October and November, the index of real retail sales was 9.0% and 6.8% higher than a year before. For the first eleven months, the average increase in retail sales was 1.8%.

Following weaker tourist demand in the third quarter, arrivals and overnight stays were up again in October (by 2.0% and 5.8% y-o-y, respectively). In November, tourist arrivals dropped by 3.1% y-o-y, while overnight stays remained largely unchanged (+0.3%, y-o-y). Overall, thanks to a still strong demand at the beginning of the year, tourist arrivals during the first eleven months of 2025 were largely unchanged (0.1%), while overnight stays were 0.7% higher, mainly thanks to foreign tourists.

Labour market

Registered employment growth continued to slow down during 2025. In Q3, it dropped again slightly (by 0.1% y-o-y). Employment continued to decline in manufacturing (-1.6% y-o-y), agriculture (-3.6% y-o-y) and mining (-0.9% y-o-y). This however was largely offset by higher employment in public services, such as health (+1.3% y-o-y), education (+4.6% y-o-y) and public administration (+0.7%). In October, total employment dropped by 0.4%, mainly due to lower employment in manufacturing (-2.9%).

In Q3-2025, the number of registered unemployed was 8 000 persons lower than a year before (-2.4% y-o-y). The administrative unemployment rate dropped only slightly to 27.0% in Q3-2025 from 27.4% a year before.

Labour Force Survey data (LFS) confirm a y-o-y decline in the unemployment rate, from 12.2% in Q3-2024 to 11.2% in Q3-2025. However, the LFS youth unemployment rate (age group 15-24) increased, from 30.4% in Q3-2024 to 33.5% in Q3-2025. As a result of declining employment and unemployment, the labour force also continued to decline, by 0.7% (-8 500 persons) in Q3.

Annual growth in nominal gross wages increased even further to 14.6% in Q3-2025, before it slowed in October (+13.7% y-o-y). Using headline inflation as a deflator suggests that real wages were 10.2% higher in Q3 than a year before, which is one of the highest increases in the region. Key drivers were high wage increases in the sectors of accommodation and food services, trade, but also in manufacturing and construction, which might reflect labour shortages as a result of persistent outmigration. However, official wage statistics do not include micro enterprises, which represent a large share of employment and might experience different wage dynamics.

External sector

The four-quarter moving current account deficit shrank slightly q-o-q, from 3.3% of GDP in Q2 to 3.1% in Q3. The commodity trade balance improved by 0.6 pps., benefitting from slightly stronger export earnings. At the same time, the surplus in the service trade balance decreased by 0.7 pps., largely due to weaker income from service contracts, i.e. processing and re-exporting imported goods. The primary and secondary income balances remained largely unchanged as a percentage of GDP.

The growth in the value of goods exports increased from 8.1% in Q2-2025 to 9.8% in Q3-2025, however, this was followed by a sharp slowdown to 3.5% and -0.7% in October and November. In the first eleven months of 2025 the value of exports was 5.1% higher than a year before, mainly driven by an increase in exports of mineral and metal products. In terms of regional distribution, the main sources of growth continued to come from stronger exports to Croatia, Montenegro, Slovenia and Serbia, while the value of exports to Germany and Italy declined slightly.

In the four quarters to September, net FDI inflows declined slightly to 2.0% of GDP, covering roughly two thirds of the current account deficit. A significant part of these inflows were reinvested earnings. The foreign exchange reserve coverage slightly improved from 6.9 months of imports of goods and services in Q2-2025 to 7.1 months in Q3.

Monetary developments

Average annual headline inflation continued to accelerate from 3.9% in Q2-2025 to 4.4% in Q3. In October and November, headline inflation remained at 4.3%. This brought average inflation for the first eleven months to 4.0%. The main inflation drivers continued to be price increases for food (+9.2% y-o-y in Q3, accounting for 36% of the consumer basket), followed by prices for health services and restaurants (+6.0%). In October and November, price increases for food slowed down to 6.9% and 6%, respectively.

Growth of the monetary aggregate M2 continued to accelerate, from 8.1% in Q2-2025 to 9.2% in Q3, and 9.8% in October and November, respectively. The main drivers continued to be transferable deposits in domestic currency, which increased by some 12.4% y-o-y in Q3 and by 12.7% and 12.2% in October and November, respectively. This aggregate accounts for some 44% of M2.

Financial sector

Nominal credit growth continued to remain high, at 9.8% y-o-y in Q3, compared 10.2% y-o-y in Q2-2025. In October and November, annual credit growth remained elevated, at 10.5% and 10.7%, respectively. Loans to households accounted for about half of overall growth, while loans to private enterprises contributed about one quarter.

Nominal bank deposit growth accelerated further, from 7.6% in Q2 to 10.1% in Q3 and to 10.7% and 10.6% in October and November, respectively. Overall growth was mainly driven by the largest aggregate - household deposits - accounting for about half of total deposits. Corporate deposits, accounting for a quarter of the total stock, increased by 8.2% y-o-y in Q3 and 9.7% and 8.0% in October and November, respectively. Due to similar increases in loans and in deposits, the loan-to-deposit ratio remained close to 77% in November.

The share of non-performing loans in total loans continued to decline to 2.7% in Q3-2025, compared to 3.5% a year before and 2.9% in Q2. Banking sector profitability improved slightly: the return-on-equity (ROE) ratio continued to rise, from 15.7% in Q2 to 15.9% in Q3, while the return on assets (ROA) remained at 2.2% in Q3. The banking system's overall capital-adequacy ratio remained high, at 19.9% in Q3-2025, compared to 20.4% in Q2. This is well above the regulatory minimum of 12%.

Fiscal developments

During the first three quarters of 2025, revenue from centrally collected indirect taxes registered nominal growth of some 5% y-o-y, in line with expectations. This category accounts for some 17% of GDP and nearly half of total revenues. According to Central Bank estimates, the country-wide fiscal deficit was 1.8% of GDP in 2024, up from 1.2% in 2023.

The public debt-to-GDP ratio rose from 25.3% in Q2-2025 to 26.4% in Q3, mainly due to an increase in foreign long-term debt.

TABLE

European Commission, ECFIN-D-1

BOSNIA AND HERZEGOVINA

							ECFIN 2025 Autumn							
		2021	**2022**	**2023**	**2024**	**2025**	2026	2027	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
1 Real sector														
Economic Sentiment, Composite [11]	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Industrial production [12]	Ann. % ch	9.8	0.9	-3.9	-4.0	:	:	:	0.1	-3.8	:	-0.8	-4.7	:
Gross domestic product [13]	Ann. % ch	7.4	5.6	3.8	2.6	:	2.2	2.5	2.0	2.1	:	N.A.	N.A.	N.A.
Private consumption [14]	Ann. % ch	4.2	4.2	3.5	4.4	:	2.2	2.5	2.1	2.5	:	N.A.	N.A.	N.A.
Gross fixed capital formation [15]	Ann. % ch	21.7	3.7	3.0	8.7	:	4.5	4.5	6.5	9.0	:	N.A.	N.A.	N.A.
Construction index [16]	Ann. % ch	12.0	8.1	1.3	16.1	:	:	:	6.9	8.2	:	N.A.	N.A.	N.A.
Retail sales [17]	Ann. % ch	18.5	13.9	14.0	6.9	:	:	:	1.4	2.3	:	9.0	6.8	:
2 Labour market														
Unemployment [21]	%	17.4	15.4	13.2	12.6	:	12.5	12.0	13.1	11.2	:	N.A.	N.A.	N.A.
Employment [22]	Ann. % ch	0.9	2.3	1.4	0.5	:	0.5	0.7	-0.1	-0.1	:	-0.4	:	:
Wages [23]	Ann. % ch	4.4	11.7	13.0	9.8	:	:	:	13.6	14.6	:	13.7	:	:
3 External sector														
Exports of goods [31]	Ann. % ch	34.9	28.8	-5.3	-2.5	:	:	:	8.1	9.8	:	3.5	-0.7	:
Imports of goods [32]	Ann. % ch	26.7	33.6	-3.0	3.9	:	:	:	4.5	4.6	:	6.5	3.6	:
Trade in goods balance* [33]	% of GDP	-17.5	-21.9	-19.7	-21.1	:	-21.6	-21.8	-20.5	-19.9	:	N.A.	N.A.	N.A.
Exports goods and services* [34]	% of GDP	41.0	47.3	42.2	39.7	:	:	:	39.6	39.3	:	N.A.	N.A.	N.A.
Imports goods and services* [35]	% of GDP	51.7	60.7	53.5	52.7	:	:	:	52.5	52.0	:	N.A.	N.A.	N.A.
Current account balance* [36]	% of GDP	-1.4	-4.3	-2.2	-3.9	:	-4.1	-4.2	-3.3	-3.1	:	N.A.	N.A.	N.A.
Direct investment (FDI, net)* [37]	% of GDP	2.7	3.1	3.3	3.4	:	:	:	2.3	2.0	:	N.A.	N.A.	N.A.
International reserves [38]	mn EUR	8,359	8,214	8,329	9,020	:	:	:	8,752	9,163	:	9,347	9,348	:
Int. reserves / months Imp [39]	Ratio	9.3	6.8	7.0	7.3	:	:	:	6.9	7.1	:	:	:	:
4 Monetary developments														
CPI [41]	Ann. % ch	2.0	14.0	6.1	1.7	:	3.3	3.0	3.9	4.4	:	4.3	4.3	:
Producer prices [42]	Ann. % ch	4.5	18.4	5.8	2.3	:	:	:	3.7	3.5	:	4.0	2.9	:
Food prices [43]	Ann. % ch	3.5	21.5	10.5	2.2	:	:	:	9.9	9.2	:	6.9	6.0	:
M2 [44]	Ann. % ch	11.6	5.5	7.7	9.3	:	:	:	8.1	9.2	:	9.8	9.8	:
Exchange rate BAM/EUR [45]	Value	1.96	1.96	1.96	1.96	:	:	:	1.96	1.96	:	1.96	1.96	:
Real effective exchange rate [46]	Index	94.1	97.6	97.7	96.4	:	:	:	98.1	98.0	:	97.9	:	:
5 Financial indicators														
Interest rate (3 months) [51]	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Bond yield [52]	% p.a.	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Stock markets [53]	Index	870	1009	1032	1067	1385	:	:	1,345	1,444	1,481	1,481	1,482	1,481
Credit growth [54]	Ann. % ch	1.7	4.2	5.0	9.0	:	:	:	10.2	9.8	:	10.5	10.7	:
Deposit growth [55]	Ann. % ch	10.1	5.9	7.2	7.6	:	:	:	7.6	10.1	:	10.7	10.6	:
Non performing loans [56]	% total	5.8	4.5	3.8	3.2	:	:	:	2.9	2.7	:	N.A.	N.A.	N.A.
6 Fiscal developments														
General government revenue** [61]	% of GDP	39.3	39.1	39.1	40.7	:	:	:	:	:	:	N.A.	N.A.	N.A.
General government expenditure** [61]	% of GDP	39.6	39.5	40.2	42.5	:	:	:	:	:	:	N.A.	N.A.	N.A.
General government balance** [61]	% of GDP	-0.3	-0.4	-1.2	-1.8	:	-3.0	-2.7	:	:	:	N.A.	N.A.	N.A.
General government debt*** [62]	% of GDP	32.5	28.7	25.3	25.5	:	29.0	30.5	25.3	26.4	:	N.A.	N.A.	N.A.

f: ECFIN forecast Autumn 2025 published November 2025

***** Q figures refer to moving annual total.

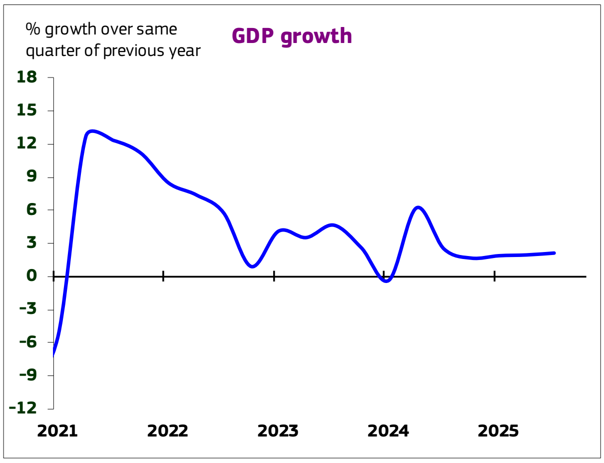
** Q figures refer to the cumulative balance divided by the estimated annual GDP.

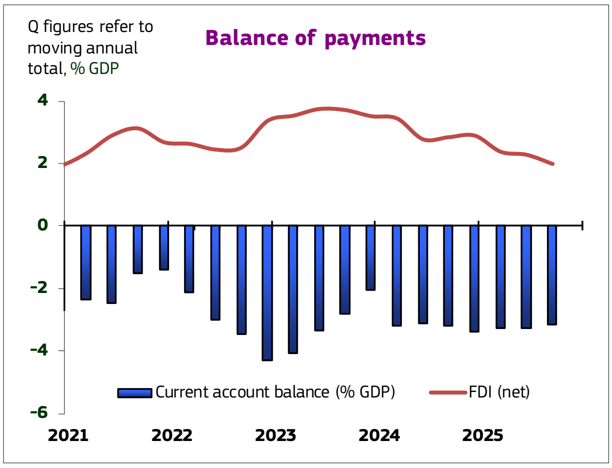
*** Q figures in percent of estimated annual GDP.

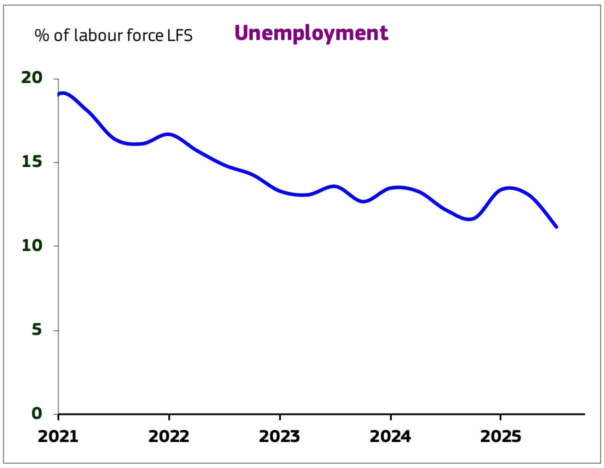
Charts

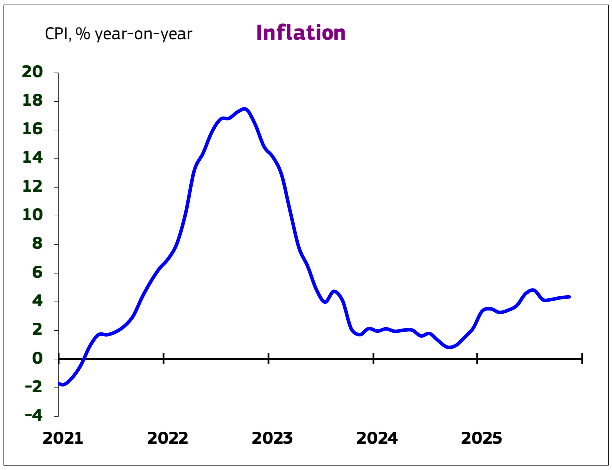
European Commission, ECFIN-D-1

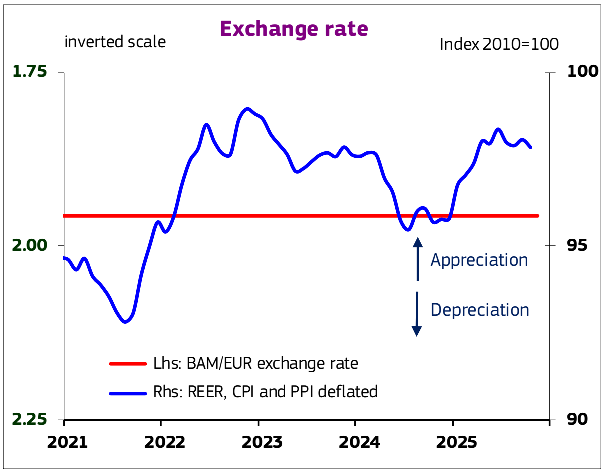
BOSNIA AND HERZEGOVINA

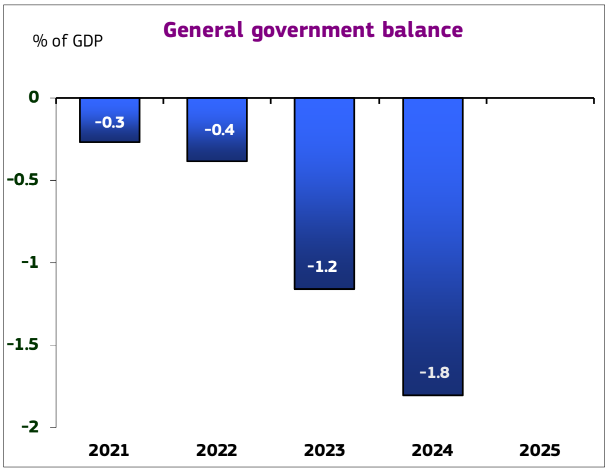












MONTENEGRO

Key developments

On 4 November, the European Commission presented its annual enlargement package. Regarding the degree of compliance with the economic criteria for EU membership, it stated that Montenegro is between a moderate and a good level of preparation in developing a functioning market economy as well as in its capacity to cope with competitive pressures and market forces within the EU. This constitutes an upgrade as compared to the previous year.

The EU-Montenegro economic dialogue (subcommittee meeting on economic and financial issues and statistics) took place on 20 November 2025 in Podgorica. During the discussions the Commission and the Montenegrin representatives noted Montenegro's stable economic performance and discussed the EU accession related reform progress. The Commission stressed the need to accelerate the implementation of economic reforms, in particular the set-up of an independent fiscal council and the alignment of the legal framework of the Development Bank with the EU acquis.

In October, rating agency Moody's confirmed Montenegro's long-term credit rating at Ba3 with a stable outlook.

In November, the government adopted the draft 2026 budget. It is based on a real growth forecast of 3.2% and an average inflation of 2.9% and targets a budget deficit of 3.2% of GDP, compared to an estimated deficit of 3.4% in 2025.

Real sector

Economic growth decelerated slightly in Q3-2025 with real GDP expanding by 3.1% y-o-y, down from 3.5% y-o-y in Q2, but significantly above the rate of 2.1% y-o-y in the same period one year earlier. A key driver of GDP growth was private consumption, which increased by 4.6% y-o-y on the back of higher wages while gross fixed capital formation surged by 14.6% y-o-y. Government consumption grew moderately by 1.4% y-o-y. Exports of goods and services contracted (by 2.3% y-o-y) for the third quarter in a row. The contraction was driven by lower electricity production due to the temporary closure of the Pljevlja power plant and a subdued tourism season. Imports of goods and services increased by 1.7% y-o-y. The contribution of net exports to GDP growth was negative at 2.3 pps.

In Q3, industrial production contracted by 20% y-o-y, due to a strong fall in energy production (64.5% y-o-y) and mining (55.9% y-o-y). Manufacturing increased by 14.3% y-o-y.

High frequency data for Q4 suggest a mixed economic performance. Industrial production continued to decline, contracting by 38.1% and 17.8% in October and November, respectively.

The growth in tourist arrivals accelerated to 8% y-o-y in October (from 4.7% in Q3) but contracted by 13% November. The annual growth of retail sales accelerated to 5.1% y-o-y in October (from 2.9% in Q3) but contracted by 2.5% November.

Labour market

Labour market performance continued to show a mixed picture in Q3-2025 which might be partially related to data issues. According to the labour force survey (LFS), employment continued to contract in Q3 (by 1.4% y-o-y) albeit at a lower rate than in the previous quarter (2.4%). The activity rate increased to 74.8% from 72.7% in Q2. Meanwhile, the unemployment rate (age group 15-64 years) fell to 10.2% from 10.7% in Q2-2025. The male and female unemployment rates diverged, with male and female unemployment standing at 11.8% and 8.4% in Q3-2025, respectively.

Wage growth was decelerating in Q4. Average gross wages grew by 6.5% and 2.6% y-o-y in October and November, respectively, as compared to 11.7% y-o-y in Q3. Average net wages increased by 2.5% y-o-y in November and stood at EUR 1018.

External sector

The current account deficit remained stable at 17.8% of GDP in the four quarters to September 2025 compared to the two previous quarters but widened from 16.1% in the same period one year earlier. The large y-o-y rise in the external deficit was mainly due to the worsening of the trade balance. The four-quarter merchandise trade deficit rose to 44.2% of GDP in Q3-2025 from 43.2% in the same period a year before. The surplus in services trade declined to 20% of GDP in the four quarters to Q3 from 21.7% in

Q3-2024. The primary income balance turned into a surplus of 1.3% of GDP as compared to a deficit of 0.5% in Q3-2024. Reflecting an increase in outgoing transfers, the surplus in the secondary income balance declined to 5.2% of GDP in the year to September 2025 from 5.9% in the same period of 2024.

Net FDI inflows declined in the four quarters to September 2025 as a percent of GDP, to6.1% compared to 6.5% a year before, thus covering around a third of the current account deficit. The stock of international foreign exchange reserves stood at the equivalent of 3.5 months of imports of goods and services in October.

Monetary developments

In September, consumer price inflation marked the highest monthly reading of 4.9% y-o-y since January 2025. In October and November, it decelerated to 4.8% and 4.2% y-o-y, respectively, due to decreasing prices for clothing and footwear and communication services. Average inflation in the first eleven months of 2025 stood at 3.9% compared to 3.4% in the same period of 2024.

Financial sector

The financial sector remained stable. The ratio of non-performing loans declined to 2.8% of total loans in November from 3.2% in Q1. The capital adequacy ratio of the banking sector (regulatory capital to risk-weighted assets) declined to 19.4% in Q3 from 20.1% in Q1-2025 but was in line with historical levels. Return on assets increased to 2.3%, from 2.1% over the same period.

Credit growth remained strong, surpassing the growth of bank deposits. Loan growth stood at 16% in Q3 and continued to expand in October and November, by 15% and 15.2% y-o-y, respectively. The increase was mainly driven by strong growth of lending to households, which grew by 21% y-o-y each month from July to November. Lending to businesses was also strong, growing by some 21% y-o-y in July-September and by 20% in October-November. The decrease in credit to general government stood at some 30% y-o-y each month from January to October and decelerated to 26% y-o-y in November. Lending to non-residents, accounting for 21% of all loans, slowed from 10.7% y-o-y in September to 1.5% in November.

The growth in commercial bank deposits decelerated to 4.9% y-o-y in November from 7.7% y-o-y in Q3. While corporate deposits decelerated from 9.8% y-o-y in September to 5.5% in November, household deposits were recording strong increases of 13.8% and 12.7% y-o-y during the same months. Non-resident deposits were contracting by 10.1% and 12.6% y-o-y in September and November, respectively, and accounted for 18.6% of the total in November.

Fiscal developments

In January-November, the central government budget performed slightly below the 2025 budget plan. Budget revenue increased by 1.8% y-o-y yet was below the plan by 3%. Revenues from VAT and excise duties were up by 14.5% and 8.5% y-o-y, respectively. Economic growth and higher incomes boosted personal income tax revenue, which surged by 25.9% y-o-y, while revenues from corporate income tax increased by 11% y-o-y. Due to cuts to pension contributions, social security contributions fell by 31.8% y-o-y and were below the 2025 plan by 6.8%.

Budget expenditure increased by 9% y-o-y in January – November but was below the 2025 plan by 5.5%. Current expenditure, excluding social security transfers, rose by 4.4% y-o-y but fell short of the plan by 9.7%. Social security transfers rose by 10.9% y-o-y and were 2.6% above the plan, with the largest item being pension and disability transfers. Capital investment increased by 27% y-o-y but was 8.8% below the plan. Overall, the budget recorded a deficit of 2.2% of GDP in January-November compared to a nearly balanced outcome in the same period in 2024 and a full-year deficit target of 3.5%.

The stock of gross general government debt decreased to 58.6% of GDP in Q3-2025 compared to 60.2% in Q2 and to 61.3% at end-2024. At end-September government deposits, including gold, increased slightly to EUR 583 million (7.2% of GDP) from EUR 567.7 million in Q2. To strengthen financial buffers for 2026 and 2027, new borrowings were undertaken in Q4. In November, Montenegro successfully issued retail bonds for the first time, raising EUR 50 million. They have a maturity of two years and carry an annual interest rate of 3.75%. In December, Montenegro concluded a credit arrangement (EUR 450 million) with several major international financial institutions, including Merrill Lynch International, MUFG Bank, Société Générale, OTP Bank, Erste Group, AKA Ausfuhrkredit-Gesellschaft and Eurobank Private Bank Luxembourg. The agreed interest rate stands at six-month EURIBOR plus a 2.5% margin, resulting in an effective interest rate of around 4.5%.

TABLE

European Commission, ECFIN-D-1

MONTENEGRO

		2021	2022	2023	2024	2025	ECFIN 2025 *Autumn forecast* 2026	2027	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
1 Real sector														
Economic Sentiment, Composite [11]	Balance	-2.7	3.9	9.4	10.0	:	:	:	6.1	6.9	:	9.3	10.0	:
Industrial production [12]	Ann. % ch	5.7	-1.7	6.2	-1.2	:	:	:	18.6	-20.0	:	-38.1	-17.8	:
Gross domestic product [13]	Ann. % ch	11.9	7.0	6.5	3.2	:	3.1	3.1	3.5	3.1	:	N.A.	N.A.	N.A.
Private consumption [14]	Ann. % ch	3.0	13.5	7.0	10.5	:	3.2	2.5	7.5	4.6	:	N.A.	N.A.	N.A.
Gross fixed capital formation [15]	Ann. % ch	-12.6	0.9	11.3	10.2	:	6.8	6.0	4.4	14.6	:	N.A.	N.A.	N.A.
Construction index [16]	Ann. % ch	-4.8	-4.4	-7.9	2.4	:	:	:	4.5	5.8	:	N.A.	N.A.	N.A.
Retail sales [17]	Ann. % ch	16.6	14.2	8.0	8.3	:	:	:	4.8	2.9	:	5.1	-2.5	:
2 Labour market														
Unemployment [21]	%	16.9	15.1	13.4	11.6	:	10.6	10.3	10.7	10.2	:	N.A.	N.A.	N.A.
Employment**** [22]	Ann. % ch	-2.4	17.2	10.5	2.9	:	2.2	2.0	-2.4	-1.4	:	N.A.	N.A.	N.A.
Wages [23]	Ann. % ch	1.4	11.2	11.8	9.7	:	:	:	15.5	11.7	:	6.5	2.6	:
3 External sector														
Exports of goods [31]	Ann. % ch	19.4	60.2	-3.7	-8.8	:	:	:	-4.2	-8.5	:	-6.5	-26.2	:
Imports of goods [32]	Ann. % ch	19.0	41.1	7.8	7.0	:	:	:	6.7	8.0	:	9.9	4.1	:
Trade in goods balance* [33]	% of GDP	-38.7	-44.9	-42.2	-43.2	:	-46.4	-46.0	-43.8	-44.2	:	N.A.	N.A.	N.A.
Exports goods and services* [34]	% of GDP	42.8	51.3	49.2	43.7	:	:	:	42.4	41.5	:	N.A.	N.A.	N.A.
Imports goods and services* [35]	% of GDP	62.2	74.1	67.6	66.2	:	:	:	66.2	65.7	:	N.A.	N.A.	N.A.
Current account balance* [36]	% of GDP	-9.2	-12.9	-11.2	-17.1	:	-17.4	-17.2	-17.8	-17.8	:	N.A.	N.A.	N.A.
Direct investment (FDI, net)* [37]	% of GDP	11.7	13.2	6.1	6.4	:	:	:	6.1	6.0	:	N.A.	N.A.	N.A.
International reserves [38]	mn EUR	1,749	1,915	1,425	1,669	:	:	:	1,535	1,581	:	1,547	1,520	:
Int. reserves / months Imp [39]	Ratio	6.8	5.2	3.6	4.0	:	:	:	3.5	3.6	:	3.5	3.4	:
4 Monetary developments														
CPI [41]	Ann. % ch	2.4	13.0	8.6	3.3	:	3.2	2.8	3.8	4.7	:	4.8	4.2	:
Producer prices [42]	Ann. % ch	1.3	11.2	6.3	2.7	:	:	:	1.1	2.4	:	2.7	-0.4	:
Food prices [43]	Ann. % ch	3.5	22.5	11.1	1.3	:	:	:	4.0	5.7	:	5.2	2.9	:
M2 [44]	Ann. % ch	16.5	30.7	6.9	7.7	:	:	:	11.4	11.8	:	12.0	:	:
Exchange rate EUR/EUR [45]	Value	1.00	1.00	1.00	1.00	1.00	:	:	1.00	1.00	1.00	1.00	1.00	1.00
Real effective exchange rate [46]	Ann. % ch	-0.5	1.7	3.5	-0.4	N.A.	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5 Financial indicators														
Interest rate (6 months) [51]	% p.a.	:	3.70	3.75	:	:	:	:	:	:	:	:	:	:
Bond yield (10 yrs) [52]	% p.a.	3.85	7.25	7.31	5.30	4.04	:	:	4.11	3.88	3.79	3.86	3.72	3.80
Stock markets [53]	Index	10,910	11,077	14,946	15,380	17,782	:	:	17,543	17,763	18,387	18,119	18,457	18,586
Credit growth [54]	Ann. % ch	6.6	6.1	10.8	13.3	:	:	:	15.9	16.0	:	15.0	15.2	:
Deposit growth [55]	Ann. % ch	12.8	23.2	15.1	3.4	:	:	:	6.0	7.1	:	6.9	4.9	:
Non-performing loans [56]	% of total	6.2	5.7	5.0	3.5	:	:	:	2.9	2.8	:	2.8	2.8	:
6 Fiscal developments														
General government revenue** [61]	% of GDP	44.3	39.1	41.6	43.8	:	:	:	16.3	25.8	:	N.A.	N.A.	N.A.
General government expenditure** [61]	% of GDP	46.2	43.3	41.0	47.0	:	:	:	17.6	26.9	:	N.A.	N.A.	N.A.
General government balance** [61]	% of GDP	-1.9	-4.2	0.6	-3.2	:	-3.3	-3.2	-1.4	-1.1	:	-1.5	-2.2	:
General government debt*** [64]	% of GDP	84.0	70.8	59.3	61.3	:	62.5	64.4	60.8	58.6	:	N.A.	N.A.	N.A.

f: ECFIN forecast Autumn 2025 published November 2025

* Q figures refer to moving annual total.

** M and Q figures refer to the cumulative balance divided by the estimated annual GDP.

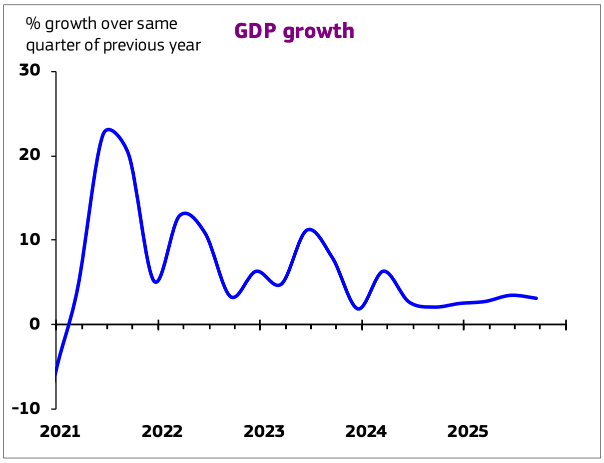
*** Q figures refer to central government debt only, in percent of estimated annual GDP.

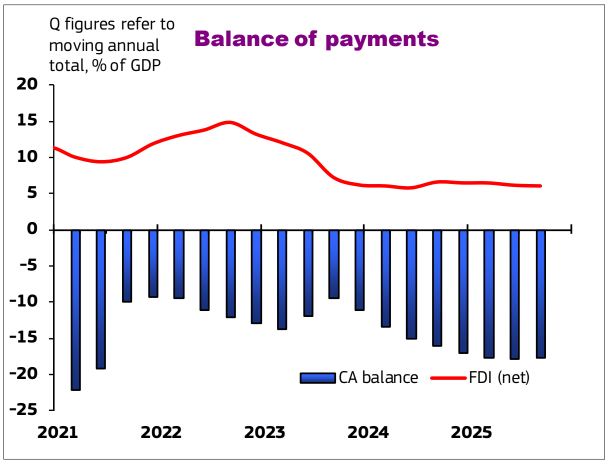
**** From Q1-2025, the Labour Force Survey is based on the results of the 2023 population census, restricting comparability with pre-year data.

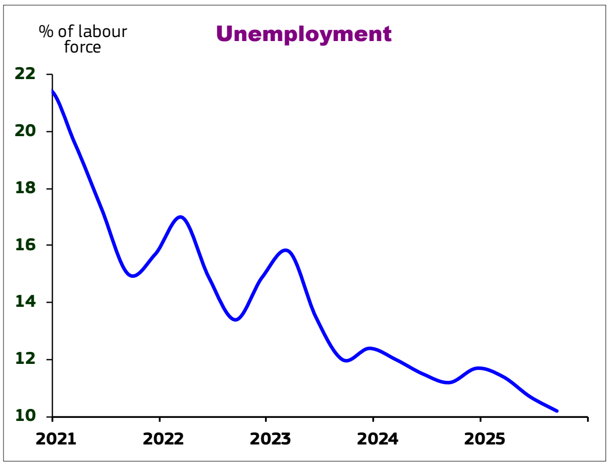
Charts

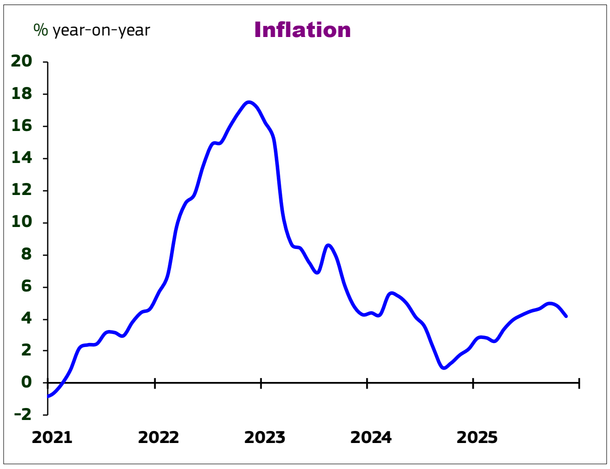
European Commission, ECFIN-D-1

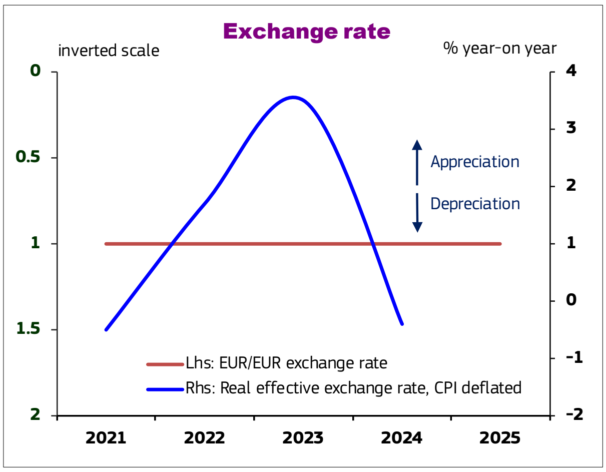
MONTENEGRO

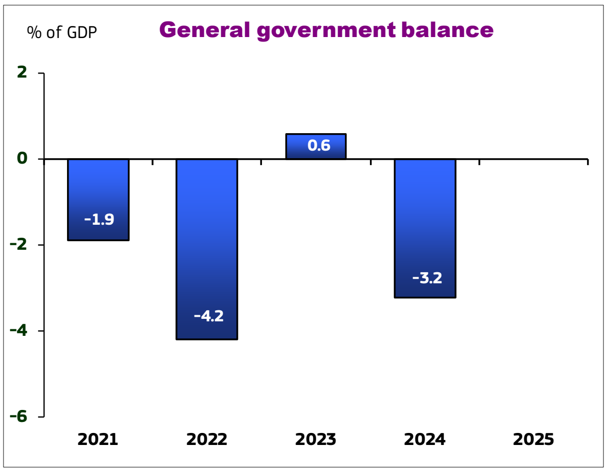












NORTH MACEDONIA

Key developments

On 7 October, the annual meeting of the EU-North Macedonia Subcommittee on economic and financial affairs and statistics took place. Among other issues, participants agreed that North Macedonia needs to underpin fiscal consolidation with revenue-enhancing and expenditure cutting measures, conduct spending reviews, and improve the macro-fiscal impact analysis of the Reform Agenda measures.

On 4 November, the European Commission presented its annual enlargement package. As regards the economic criteria for EU membership, North Macedonia has made limted progress and is at a *good level of preparation* in developing a functioning market economy. It is *moderately prepared* to cope with competitive pressure and market forces within the EU.

On 10 December, the Parliament adopted the central government budget for 2026 which projects a fiscal deficit of 3.5% of GDP, based on 3.8% real GDP growth and inflation of 2.5%. Revenue is expected to increase by 3.5% compared to the 2025 budget, and total expenditure to rise by 2.6%.

Real sector

The pace of economic growth accelerated in Q3-2025 to 3.8% y-o-y, up from an average of 3.2% in the first half of the year. In spite of continued strong increases in real wages as well as booming credit growth, annual growth of household consumption was weak, at 1.9% y-o-y (H1-2025: 3.2%). Government consumption increased by 5.7% y-o-y in Q3 (+1.1 pps. compared to the H1 average), as wages and allowances were much above their pre-year level and defence spending was stepped up. Gross capital formation surged by 30.6% y-o-y, mainly on account of public works gaining pace on parts of Trans-European Road Corridors 8 and 10d, and following onto 7.3% average annual growth in H1. Annual export growth in Q3 dropped to 3.4% from an average of 5.7% in H1, while the growth in imports accelerated to 9.9% y-o-y (H1: 6.9%).

Annual output growth in the manufacturing sector weakened in the third quarter (2.5% y-o-y), compared with H1 (4.2% y-o-y), while the construction sector, which accounts for close to 8% of total value added of the economy, posted growth of 21% y-o-y, spurred by public works.

High frequency data sends mixed messages about the economy in Q4-2025. Industrial production dropped by 2.8% y-o-y in November (manufacturing: -2%), after an annual gain of the same order in October. Annual growth in retail sales (except automotive fuels) turned positive in October and November (2.6% and 3.9% y-o-y, respectively), following a 1% y-o-y drop in Q3.

Labour market

According to the Labour Force Survey, the employment rate for the age group 15-64 stood at 58.8% in Q3 (+0.6 pps. y-o-y), with a particularly strong increase in the rate for men (+1.5 pps. to 67.4%; women: -0.3 pps. to 50.1%). The overall labour market participation rate in this age group stagnated (+0.1 pps. y-o-y to 66.6%). The unemployment rate declined to 11.7% (-0.8 pps. y-o-y), with the labour force decreasing only marginally (-0.2% y-o-y), while the number of unemployed dropped by 6.3%. For young workers (aged 15-29) the unemployment rate stood at 24.7% (+1.1 pps. y-o-y). Annual increases in average monthly gross wages moderated further in the year to October, partly reflecting fading-out base effects from the March 2024 minimum wage rise. In Q3, wages rose by 10.1% y-o-y (-2 pps. y-o-y), followed by a rise of 9% y-o-y in October, bringing the overall average increase in the first ten months of the year to 9.9% (-3.7 pps. y-o-y). Combined with the renewed surge in inflation throughout 2025, the average annual increase in real gross wages was markedly lower in this period than in the same period one year earlier (-4.4 pps. y-o-y to 5.6%).

External sector

The current account deficit widened in the year to Q3-2025, compared to Q2-2025 (+1.1 pps. to 4.5% of GDP), and even more in annual comparison (+3.3 pps.), on the back of a deterioration in the merchandise trade deficit (by 0.3 pps. y-o-y to 20.1% of GDP), in the secondary income surplus (-1.4 pps.) and in the services trade surplus (-1.8 pps.). The primary income deficit narrowed in the four quarters to Q3 by 0.2

pps. y-o-y. Foreign direct investment amounted to 2.2% of GDP in this period, compared to 6.1% in the same period one year earlier. FDI inflows hence covered less than half of the current account deficit in the year to Q3-2025. Gross external debt, excluding central bank transactions, stood at 73.5% of GDP at the end of Q3 (-1.9 pps. y-o-y). International reserves were lower by 2.1% y-o-y at end-year, covering about 4.6 months of prospective imports of goods and services.

Monetary developments

Annual consumer price inflation accelerated in 2025 to 4.1% on average (2024: 3.5%). In quarterly comparison it mitigated slightly in Q4, to an average of 4.2% (Q3: 4.4%). Overall inflation in 2025 was particularly driven by price developments in sectors impacted heavily by higher wages, such as the transport and hospitality sectors. The index excluding energy, liquid fuels and lubricants and unprocessed food amounted to 5.0% on average in 2025 (2024: 5.2%). Food price inflation accelerated to 5.2% on average (2024: 2.9%). The cost of electricity, gas and other fuels (10% of the index) rose only mildly, by 1.8% on average (2024: 1.4%), softened by the continued decline in energy prices. Money growth (broad money aggregate M3) strengthened markedly in Q3 and beyond compared to the same period one year earlier (+6.8 pps. y-o-y to 13.5% in Q3, followed by an average growth of 11.5% in October and November). There was an increase in all categories of broad money, in particular in demand deposits and currency in circulation. On December 23, the central bank cut the key policy rate (on 7-day central bank bills) by 1.35 pps. to 4%. The move follows onto a previous cut by 0.2 pps. in February 2025.

Financial sector

Bank lending to the private sector strengthened in Q3 and beyond, compared to the preceding quarter and to the same period one year earlier. Loan growth amounted to 13.2% y-o-y in Q3 (Q3-24: 7.5%) and slowed down only marginally in October and November, to 12.4% on average. Lending to the corporate sector accelerated to 15.9% y-o-y on average in Q3 (+8.3 pps. y-o-y), slowing only slightly to 14.1% on average in October and November. Loans to households increased by 10.6% y-o-y in Q3 (+3.1 pps. y-o-y), and by 10.9% on average in the following two months. (+2.7 pps. y-o-y). The growth in housing loans gained further pace in Q3 (15.6% y-o-y on average) and beyond (16.3% on average in October and November, compared to 11.5% in the same period one year earlier). The ratio of foreign-currency-denominated to total loans declined to 36.7% in Q3, compared to 39.5% one year earlier. The ratio of non-performing to total loans (financial and non-financial sector), at 2.2%, was lower at the end of September than one year earlier (2.9%). Annual growth of deposits accelerated markedly in Q3 to 13.4% (+5 pps. y-o-y), before slowing to 11.9% on average in October and November. At 21.2% y-o-y in Q3, followed by 21.5% on average in October and November, growth in household deposits in denar was particularly vibrant. The funding of loans by deposits remained solid, with the loan-to-deposit ratio for non-financial clients at 85.0% at end-September, higher by 1.5 pps. y-o-y. The banking sector's capital adequacy ratio increased in Q3 by 0.5 pps. y-o-y to 19.5%, its highest level yet.

Fiscal developments

In the first eleven months of 2025, total revenue was higher by 8.8% compared to the same period one year earlier, amounting to 82.5% of the full-year plan. A share of the overall revenue growth (some 12%) resulted from the transfer of profits from the central bank to the government – in early 2025, the government had raised the share that it is entitled to use for its budget. Tax income, making up about 57% of revenue (January to November 2024: 60%), rose by 7% in this period, which is lower than in the same period one year earlier (10.1%). Social contributions, making up another third of total revenue, rose by 8.6% y-o-y. Net VAT income, accounting for about one quarter of total revenue, rose by less than total revenue (5.4% y-o-y). Total expenditure rose by 8.6% y-o-y, with current expenditure higher by 8.4%. Capital expenditure increased by 12.2% compared to the same period one year earlier, yet amounting to only 54.5% of the full-year target. The eleven-month budget deficit was at 3.0% of GDP against a full-year target of 4.0%. At the end of September, public debt, which includes the guaranteed and non-guaranteed debt of public enterprises, amounted to 57.6% of projected GDP (+0.7 pps. y-o-y), while general government debt stood at 50.3% of GDP at the end of Q3 (+1pp. y-o-y), implying a small decline in the debt of public enterprises.

TABLE

European Commission, ECFIN-D-1

NORTH MACEDONIA

		2021	2022	2023	2024	2025	*ECFIN 2025 Autumn forecast* 2026	2027	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
1 Real sector														
Economic Sentiment, Composite [11]	Balance	-9.0	-9.3	-3.2	0.8	:	:	:	-1.2	-1.5	:	-1.7	0.2	:
Industrial production [12]	Ann. % ch	3.1	-1.0	0.6	-3.3	:	:	:	3.8	1.1	:	2.8	-2.8	:
Gross domestic product [13]	Ann. % ch	4.5	2.8	2.6	3.0	:	3.3	3.3	3.5	3.8	:	N.A.	N.A.	N.A.
Private consumption [14]	Ann. % ch	8.6	5.5	1.7	2.1	:	2.8	2.6	3.1	0.9	:	N.A.	N.A.	N.A.
Gross capital formation [15]	Ann. % ch	2.9	12.1	-16.0	10.4	:	8.0	8.1	5.4	30.6	:	N.A.	N.A.	N.A.
Construction [16]	Ann. % ch	13.9	20.8	12.4	9.6	:	:	:	5.9	23.8	:	N.A.	N.A.	N.A.
Retail sales [17]	Ann. % ch	8.7	-3.1	-0.6	1.3	:	:	:	5.2	-1.0	:	2.6	3.9	:
2 Labour market														
Unemployment**** [21]	%	15.6	14.5	13.2	12.5	:	11.3	11.0	11.7	11.7	:	N.A.	N.A.	N.A.
Employment**** [22]	Ann. % ch	-1.3	-0.1	-0.2	0.6	:	1.0	1.0	1.4	0.6	:	N.A.	N.A.	N.A.
Wages [23]	Ann. % ch	5.7	11.1	15.3	12.9	:	:	:	10.1	10.1	:	9.0	:	:
3 External sector														
Exports of goods [31]	Ann. % ch	25.3	21.2	-1.1	-6.9	:	:	:	5.5	-1.6	:	:	:	:
Imports of goods [32]	Ann. % ch	26.5	28.9	-8.6	-0.4	:	:	:	3.6	6.6	:	:	:	:
Trade in goods balance* [33]	% of GDP	-19.7	-26.3	-18.0	-19.7	:	-20.2	-20.4	-19.1	-19.8	:	N.A.	N.A.	N.A.
Exports goods and services* [34]	% of GDP	65.8	72.8	67.4	61.7	:	:	:	61.0	59.8	:	N.A.	N.A.	N.A.
Imports goods and services* [35]	% of GDP	81.3	93.4	80.4	74.6	:	:	:	74.5	74.3	:	N.A.	N.A.	N.A.
Current account balance* [36]	% of GDP	-2.8	-6.1	0.3	-2.2	:	-2.1	-2.2	-3.4	-4.5	:	N.A.	N.A.	N.A.
Direct investment (FDI, net)* [37]	% of GDP	3.3	4.9	3.3	6.6	:	:	:	4.2	2.2	:	N.A.	N.A.	N.A.
International reserves [38]	mn EUR	3,643	3,863	4,538	5,029	:	:	:	4,698	4,723	:	4,843	4,862	4,925
Int. reserves / months Imp [39]	Ratio	4.5	3.7	4.6	5.2	:	:	:	4.7	4.6	:	:	:	:
4 Monetary developments														
CPI [41]	Ann. % ch	3.2	14.1	9.4	3.5	4.1	3.2	2.3	3.5	4.4	4.2	4.5	4.0	4.1
Producer prices [42]	Ann. % ch	-3.1	8.3	0.1	-0.5	:	:	:	0.0	0.7	:	4.9	4.6	:
Food prices [43]	Ann. % ch	3.1	20.7	12.4	2.9	5.2	:	:	4.2	5.8	5.9	7.0	5.4	5.3
Monetary aggregate M3 [44]	Ann. % ch	8.8	5.3	5.9	10.2	:	:	:	11.3	13.5	:	11.8	11.2	:
Exchange rate MKD/EUR [45]	Value	61.63	61.62	61.56	61.53	61.59	:	:	61.61	61.59	61.57	61.63	61.54	61.54
Real effective exchange rate [46]	Index	103.5	105.9	111.1	111.6	:	:	:	110.7	112.9	:	112.1	:	:
5 Financial indicators														
Interest rate (3 months-SKIBOR) [51]	% p.a.	1.33	1.79	4.02	4.53	4.34	:	:	4.33	4.33	4.33	4.34	4.34	4.31
Bond yield [52]	% p.a.	4.86	4.63	5.44	5.85	:	:	:	5.52	5.29	:	5.21	5.19	:
Stock markets [53]	Index	5,382	5,888	5,844	7,893	10,437	:	:	10,466	10,442	10,246	10,324	10,259	10,154
Credit Growth [54]	Ann. % ch	5.8	9.6	6.2	7.6	:	:	:	12.4	13.2	:	12.1	12.7	:
Deposit growth [55]	Ann. % ch	8.3	4.2	9.1	9.8	:	:	:	12.8	13.4	:	12.2	11.5	:
Non-performing loans [56]	% total	3.2	2.9	2.8	2.7	:	:	:	2.4	2.3	:	N.A.	N.A.	N.A.
6 Fiscal developments														
General government revenue** [61]	% of GDP	30.0	29.8	30.7	31.7	:	:	:	15.2	23.7	:	N.A.	N.A.	N.A.
General government expenditure** [61]	% of GDP	35.3	34.1	35.3	36.1	:	:	:	17.7	26.5	:	N.A.	N.A.	N.A.
Central government balance** [61]	% of GDP	-5.3	-4.3	-4.6	-4.4	:	-3.8	-3.2	-2.5	-2.8	:	-2.6	-3.1	:
General government debt*** [62]	% of GDP	51.4	49.7	49.8	53.0	:	54.6	55.0	51.1	50.3	:	N.A.	N.A.	N.A.

f: ECFIN forecast Autumn 2025 published November 2025

***** Q figures refer to moving annual total.

** M and Q figures refer to the cumulative balance divided by the estimated annual GDP.

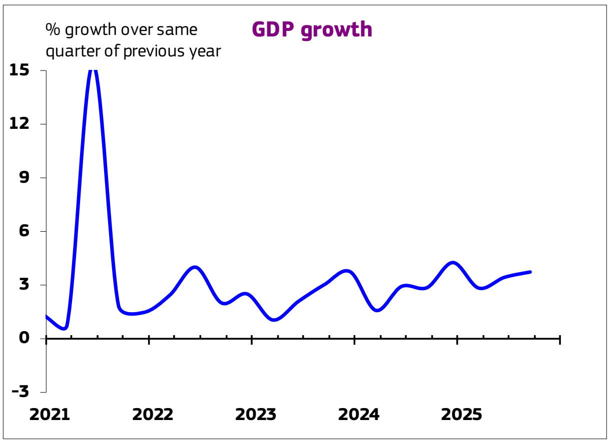
*** Q figures in percent of estimated annual GDP.

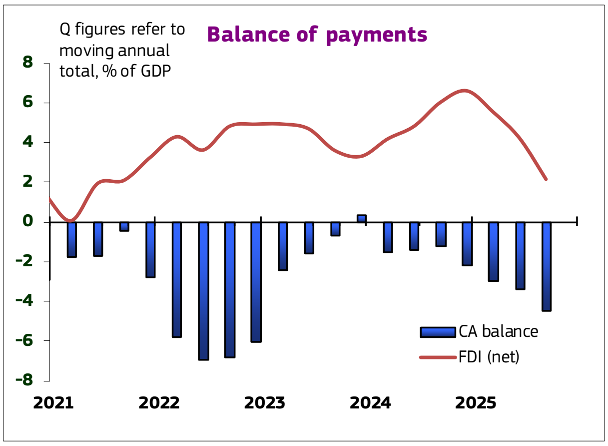
**** In 2023, the implementation of a new regulation caused changes in the survey affecting the scope and definition of employment and unemployment. This caused an interruption of the time series of data, restricting comparability with previous data.

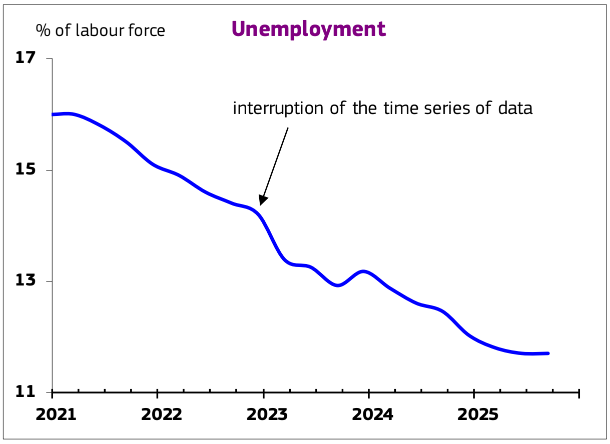
CHARTS

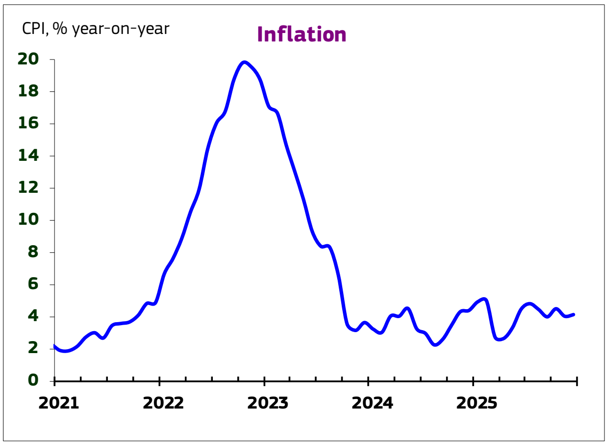
European Commission, ECFIN-D-1

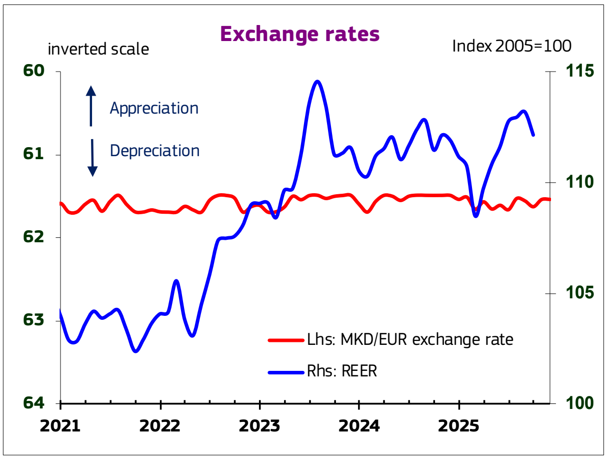
North Macedonia

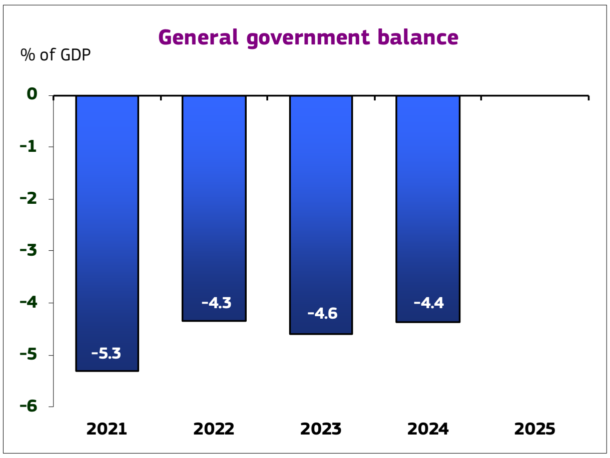












SERBIA

Key developments

On 4 November 2025, the European Commission presented its annual enlargement package. It stated that as regards the economic criteria for EU membership, Serbia is at a good level of preparation in developing a functioning market economy and between a moderate and a good level of preparation in coping with competitive pressure and market forces within the EU. The overall pace of negotiations will continue to depend on the rule of law reforms and the normalisation of Serbia's relations with Kosovo.

An EU-Serbia economic dialogue (subcommittee meeting on economic and financial issues and statistics) took place on 2 December 2025 in Belgrade. During the discussions both the Commission and the Serbian side noted the recent economic slowdown but expected recovery in the coming years. The Commission stressed the need to avoid an excessive fiscal stimulus, in order to contain inflationary pressures, also in view of the significant hikes to minimum wages. It was also noted that state-owned enterprises (SOEs) continued to pose risks for public finances.

On 9 October 2025, the US enforced sanctions on Serbia's oil company NIS, majority-owned by Gazprom, to cut Russia's energy revenues. The sanctions forced NIS to shut down its Pančevo oil refinery in December, which supplies around 80% of the country's fuel. However, on 31 December 2025, the US suspended the sanctions temporarily until 23 January 2026, allowing the refinery to replenish its reserves. It also permitted the company to continue negotiations for the sale of Russian stakes until 24 March 2026.

On 3 December, Serbia's parliament approved the 2026 state budget. It is based on an 3% real GDP growth forecast and targets a deficit of about 3% of GDP. The budget has allocated EUR 1.2 billion for a scenario in which the state would need to assume control of sanctioned NIS.

On 17 December, the IMF successfully concluded the second review of Serbia's economic programme under the Policy Coordination Instrument (PCI). The IMF cited Serbia's strong track record of macroeconomic management, robust buffers and a well-capitalised banking sector. The IMF also noted that fiscal discipline has been strictly maintained. Monetary policy was qualified as cautious, with the IMF recalling the authorities' commitment to phase out recent margin and price controls.

Real sector

Annual economic growth slowed from 3.9% in 2024 to about 2% in the first half of 2025 and stayed at 2.0% in Q3 (growth picked up by 0.6% over the previous quarter). In Q3, household consumption was the main driver of growth, up by 3.4% y-o-y (supported by still strong wage and pensions growth) while general government consumption expanded by 3.9%. However, investments declined by 2.1% y-o-y, albeit from a high base after several years of strong growth. Net exports had a negative contribution to growth in Q3. While exports grew robustly by 4.2% y-o-y (driven by the automotive industry), imports rose even faster, by 5.2%. In terms of sector performance, manufacturing demonstrated resilience, recording a growth of 2.9% in Q3, similarly to previous quarters. The information and communication sector also continued its robust expansion, growing by 6.0% y-o-y. Conversely, the construction sector faced significant challenges, declining by 11.7%, while agriculture, forestry, and fishing experienced a marginal decrease of 0.2% in gross value added, also in line with trends in the previous quarters.

Short-term indicators suggest mixed economic performance in Q4-2025. While the economic sentiment indicator improved in November and December, after the low point in June-July, it was still below the long-term average. Recovering confidence is also reflected in preliminary retail trade data, which shows a pick-up in real growth to over 7% y-o-y in October and November 2025 (driven by food and non-fuel products). At the same time, industrial production (seasonally adjusted) declined by 2.3% y-o-y in October and by 3.4% in November, as some manufacturing branches faced general headwinds from global markets and the closure of the sanctioned NIS oil refinery cut petroleum production. However, the automotive industry remained very strong (about 50% growth y-o-y in November, as the specific car models produced in Serbia enjoy high global demad).

Labour market

The fall in employment levels accelerated in Q3-2025 by 1.6% y-o-y. According to the labour force survey, in Q3 the employment rate was 51.3%, decreasing by 0.6 pps. y-o-y. The rate of unemployment went up by 0.4 pps. y-o-y to 8.2%. However, this softening of the labour market was relative to a record strong performance a year earlier. Wage growth remained robust with average wages up by 11.5% y-o-y in Q3-2025. Recent data from September and October show that earnings picked up especially in the public sector, growing on average by 14.4%, led by education (21.8%) and local government wages (15%).

External sector

The four-quarter moving total current account deficit amounted to 4.7% of GDP in Q3-2025, unchanged from the full-year balance in 2024. The components have also recorded only small changes compared to last year: the surplus in services trade decreased by 9.9% y-o-y, while the deficit in goods trade remained almost unchanged. The reduction in the primary income deficit (by 7.3% y-o-y) had a positive impact but the surplus in secondary income decreased by 2.1% y-o-y.

In January-October, net FDI inflows amounted to only EUR 1.7 billion, a steep decline of 53% compared to the same period of 2024. Net FDI inflows amounted to 3.1% of GDP in the year to Q3-2025, covering only two thirds of the current account deficit, after full coverage in previous years. However, the decline in FDI accrued especially over early 2025 and the trend has improved in more recent months. In the first 6 months of 2025, the largest FDI inflows went into the manufacturing industry (23.9%), professional, scientific, innovative and technical activities (18.9%), construction (15.6%), and wholesale and retail trade (14.5%). Investors were mainly from the EU (68.6% of total) and Asian countries (9.3%).

Gross central bank FX reserves reached a record high at EUR 29.4 billion in November, covering 6.9 months of imports of goods and services. The greatest boost to FX reserves came from positive valuation effects (EUR 285.8 million) from the increase in gold prices. Gold reserves are now valued at EUR 6 billion, accounting for 20.8% of gross FX reserves.

Monetary developments

The government intervened significantly into the domestic trade of many basic goods, including food and household cleaning and personal hygiene products, capping retail margins from September 2025 to February 2026 at 20%. As a result, inflation slowed sharply from 4.7% in August to 2.9% in September and 2.8% in both October and November. At the same time, also energy, transport and communication prices held back inflation with only minimal increases, while housing costs showed the largest increase of 7.5% in November. Over January-November 2025, average inflation was 4%. Financial sector 12-month ahead inflation expectations have edged down to 3.4% by November 2025 and expectations for two years ahead down to 3.0%. The central bank has kept the policy rate unchanged at 5.75% since September 2024.

As a result of the central bank's usual interventions, the dinar stayed broadly unchanged against the euro in 2025, weakening by 0.3% over the full year. However, on 9 December 2025, the NBS took measures to react to a temporary spike in demand for foreign cash, fuelled by rumours that sanctions on NIS might affect the financial sector. The measures were designed to facilitate foreign cash supply to exchange offices and limit the fees charged by exchange offices. According to the central bank statement on 8 January 2026, the Serbian exchange market is now fully stable and foreign cash supply and demand are balanced.

Financial sector

The financial sector has remained stable. The ratio of non-performing loans to total loans further declined to a record low of 2.2% in Q3-2025. The capital adequacy ratio of the banking sector (regulatory capital to risk-weighted assets) remained high in Q3 at 21.0%, along with the return on assets, which eased from the historic peak of 3.1% in Q1 to 2.9% in Q3. Bank lending growth has been on an upward trend since 2023, accelerating to 12% y-o-y in Q3-2025. At the same time, deposits grew by about 10%.

Fiscal developments

According to preliminary data, in January-November 2025 general government revenues grew by 7.5% y-o-y, driven by social contributions (13%) and personal income tax (11.2%). In line with the slower economic activity, VAT revenue grew by 4.2% and excises by 5.9%. Corporate income tax receipts declined by 3.3%. Expenditure increased slightly faster than revenue, by 7.7% y-o-y in the first eleven months, driven by spending on subsidies (12.2%), pensions (12.6%) and public wages (12.3%). Capital investment declined by 5.5% and interest costs fell by 2.8%. In January-November 2025, the consolidated deficit amounted to 0.7% of projected GDP, similar to the deficit of 0.6% over the same period in 2024 (when a deficit of 2% of GDP was recorded for the full year). Serbia's public debt stood at 43.4% of GDP in November 2025, down from 46.7% at the end of 2024.

TABLE

European Commission, ECFIN-D-1

SERBIA

							ECFIN 2025 Autumn forecast							
		2021	**2022**	**2023**	**2024**	**2025**	2026	2027	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
1 Real sector														
Economic Sentiment, Composite [11]	Balance	5.7	-3.7	-3.3	4.2	:	:	:	-9.8	-8.0	:	-6.7	-6.0	:
Industrial production [12]	Ann. % ch	6.1	1.6	2.4	2.9	:	:	:	3.1	2.8	:	-2.3	-3.4	:
Gross domestic product [13]	Ann. % ch	7.9	2.7	3.7	3.9	:	3.3	4.2	2.0	2.0	:	N.A.	N.A.	N.A.
Private consumption [14]	Ann. % ch	7.6	3.5	0.5	5.2	:	3.8	3.8	3.1	3.4	:	N.A.	N.A.	N.A.
Gross fixed capital formation [15]	Ann. % ch	14.7	2.2	9.7	7.7	:	7.1	5.4	-3.9	-2.1	:	N.A.	N.A.	N.A.
Construction index [16]	Ann. % ch	25.0	5.4	14.9	10.1	:	:	:	-12.9	-7.8	:	N.A.	N.A.	N.A.
Retail sales [17]	Ann. % ch	10.0	5.6	-1.9	5.3	:	:	:	3.4	3.1	:	7.4	7.6	:
2 Labour market														
Unemployment**** [21]	%	11.1	9.5	9.4	8.6	:	8.7	8.6	8.5	8.2	:	N.A.	N.A.	N.A.
Employment**** [22]	Ann. % ch	2.2	2.3	0.8	2.0	:	0.4	0.7	-0.5	-1.6	:	:	:	:
Wages [23]	Ann. % ch	9.4	13.8	14.7	14.4	:	:	:	10.8	11.5	:	12.5	:	:
3 External sector														
Exports of goods [31]	Ann. % ch	26.9	26.3	4.8	5.0	:	:	:	9.5	4.8	:	4.9	0.1	:
Imports of goods [32]	Ann. % ch	25.0	33.1	-3.4	2.1	:	:	:	9.0	2.8	:	3.0	4.9	:
Trade in goods balance* [33]	% of GDP	-10.8	-14.7	-8.8	-8.2	:	-8.7	-8.8	-8.2	-7.8	:	N.A.	N.A.	N.A.
Exports goods and services* [34]	% of GDP	51.5	59.9	54.5	52.8	:	:	:	53.6	53.6	:	N.A.	N.A.	N.A.
Imports goods and services* [35]	% of GDP	59.8	71.0	59.2	58.0	:	:	:	59.2	58.9	:	N.A.	N.A.	N.A.
Current account balance* [36]	% of GDP	-4.1	-6.6	-2.4	-4.7	:	-6.1	-5.2	-5.6	-4.7	:	N.A.	N.A.	N.A.
Direct investment (FDI, net)* [37]	% of GDP	6.5	6.8	5.7	5.6	:	:	:	3.4	3.1	:	N.A.	N.A.	N.A.
International reserves [38]	mn EUR	16,455	19,416	24,909	29,295	:	:	:	27,404	29,052	:	29,364	29,367	:
Int. reserves / months Imp [39]	Ratio	5.9	5.2	6.7	7.3	:	:	:	6.5	6.8	:	6.8	:	:
4 Monetary developments														
CPI [41]	Ann. % ch	4.1	11.9	12.1	4.6	:	4.1	3.7	4.1	4.2	:	2.8	2.8	:
Producer prices [42]	Ann. % ch	9.1	16.4	3.5	1.4	:	:	:	-0.1	0.9	:	1.5	2.1	:
Food prices [43]	Ann. % ch	4.5	18.7	17.3	3.3	:	:	:	6.0	5.9	:	0.3	-0.7	:
M3 [44]	Ann. % ch	13.3	6.9	12.7	13.5	:	:	:	9.5	10.5	:	9.6	8.8	:
Exchange rate RSD/EUR [45]	Value	117.57	117.46	117.25	117.09	117.20	:	:	117.21	117.18	117.27	117.20	117.25	117.38
Real effective exchange rate [46]	Index	128.0	129.3	139.2	142.4	:	:	:	145.6	147.4	:	146.1	146.5	:
5 Financial indicators														
Interest rate (BELIBOR) [51]	% p.a.	0.89	2.47	5.61	5.32	4.69	:	:	4.68	4.68	4.68	4.68	4.68	4.68
Bond yield (10 year) [52]	% p.a.	2.50	6.76	5.43	:	:	:	:	:	:	:	:	:	:
Stock markets [53]	Index	1,639	1,720	1,806	2,242	:	:	:	2,607	2,779	:	2,836	2,821	:
Credit growth [54]	Ann. % ch	9.1	10.9	1.7	4.5	:	:	:	10.9	12.0	:	13.1	14.1	:
Deposit growth [55]	Ann. % ch	14.4	8.4	11.4	13.0	:	:	:	9.4	9.9	:	9.4	8.1	:
Non-performing loans [56]	% total	3.6	3.0	3.2	2.5	:	:	:	2.3	2.2	:	N.A.	N.A.	N.A.
6 Fiscal developments														
General government revenue** [61]	% of GDP	41.2	41.6	39.4	40.4	:	:	:	19.7	29.6	:	N.A.	N.A.	N.A.
General government expenditure** [61]	% of GDP	45.2	44.6	41.4	42.4	:	:	:	19.9	30.2	:	N.A.	N.A.	N.A.
General government balance** [61]	% of GDP	-3.9	-3.0	-2.1	-2.0	:	-3.0	-3.0	-0.2	-0.6	:	-0.7	N.A.	N.A.
General government debt*** [62]	% of GDP	53.9	52.5	48.0	46.7	:	47.3	46.5	43.7	43.0	:	43.1	N.A.	N.A.

f: ECFIN forecast Autumn 2025 published November 2025

***** Q figures refer to moving annual total.

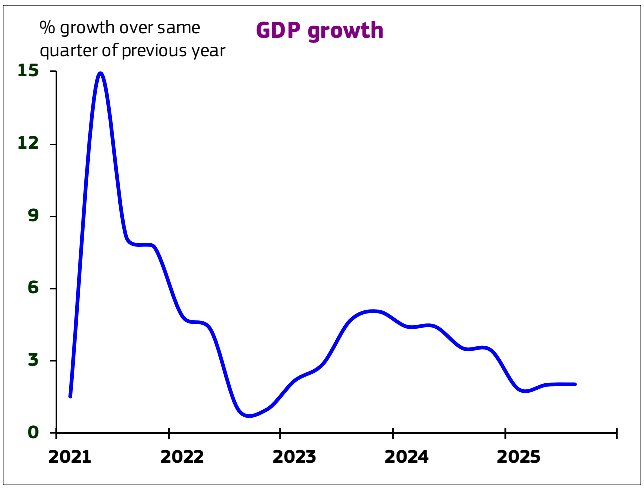
** M and Q figures refer to the cumulative balance divided by the estimated annual GDP.

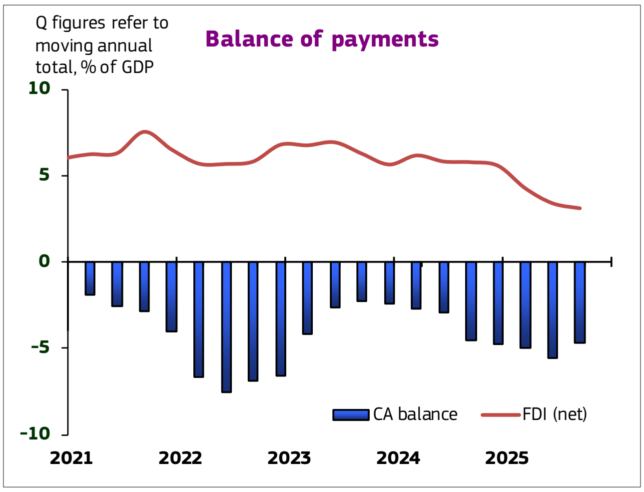
*** Q figures in percent of estimated annual GDP.

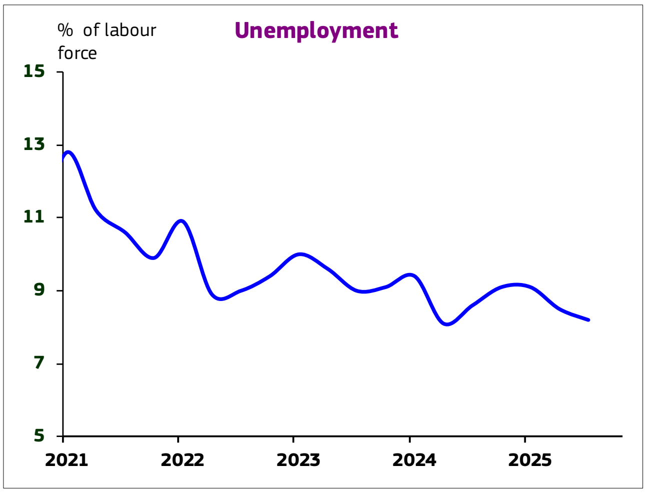
**** From Q1-2022, the Labour Force Survey is based on the results of the 2022 population census, restricting comparability with pre-year data.

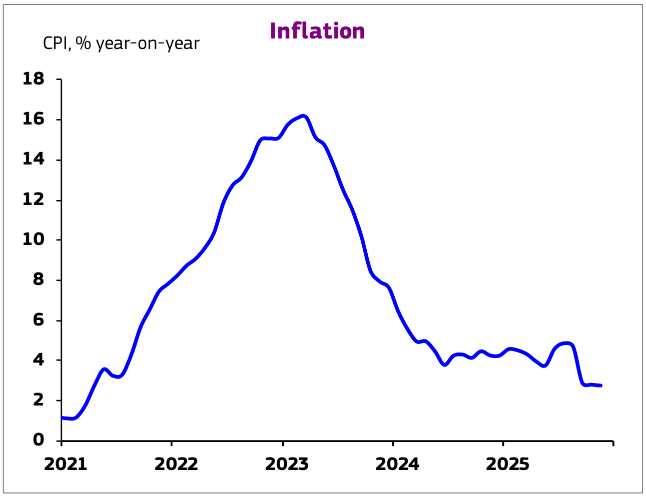
Charts

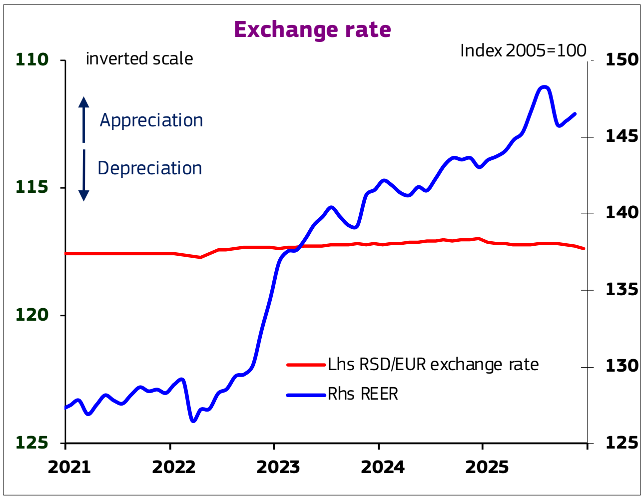
SERBIA

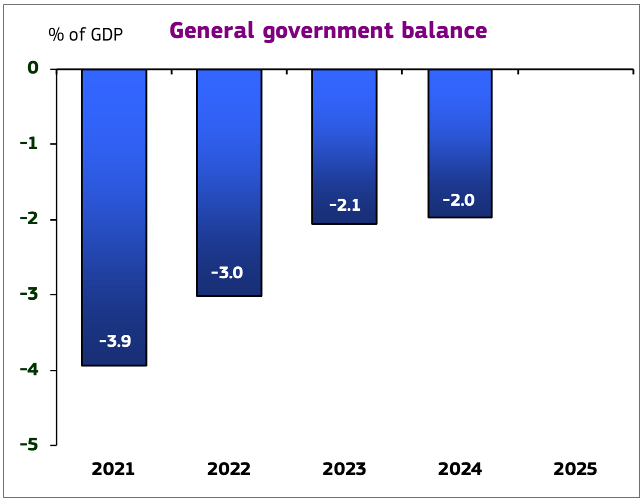












TÜRKIYE

Key developments

In November, the European Commission stated in its annual enlargement package that as regards the economic criteria for EU membership, Türkiye is well advanced in creating a functioning market economy and has a good level of preparation in its capacity to cope with competitive pressure and market forces within the EU.

An EU-Türkiye economic dialogue (subcommittee meeting on economic and monetary issues, movement of capital and statistics) took place on 21 October 2025 in Ankara. The European Commission noted that economic growth remained resilient, and that inflation was brought down from very high levels thanks to a tighter policy mix, even though it remained elevated. The Commission welcomed the authorities' commitment to prudent fiscal policy and shared the view that a tighter fiscal policy stance would support further disinflation, alleviating the pressure on monetary policy.

The parliament adopted the 2026 central government budget in late December. It is based on 3.8% real GDP growth and targets a fiscal deficit of 3.5% of GDP.

Real sector

In Q3-2025, real GDP growth was robust at 3.7% y-o-y (1.1% q-o-q). Household consumption growth rebounded strongly from the previous quarter (2.1% q-o-q in Q3) and increased 4.8% y-o-y. Household spending on durable goods increased strongly (10.7% y-o-y), supported by base effects, while spending on non-durable goods expanded at a steady pace (5.4% y-o-y). Spending on services and on semi-durable goods was more subdued, growing 2.8% and 2.1% y-o-y in Q3. Investment growth remained strong at 11.7% y-o-y in Q3, also partly due to base effects, and was driven by machinery and equipment (11.3% y-o-y) and buoyant construction investment (13.3% y-o-y). However, the contribution to GDP growth from changes in inventories turned negative (1.3 pps.) in Q3. Although recovering from a slump in Q2 (-0.6% y-o-y), the growth of government final consumption expenditure was marginal at 0.8% y-o-y in Q3, reflecting continued fiscal consolidation efforts. Overall, domestic demand's contribution to GDP growth remained elevated at 4.9 pps., while the contribution from net exports was negative (1.2 pps.) in Q3 as imports of goods and services increased 4.3% y-o-y and exports fell by 0.7%. On the supply side, economic activity weakened significantly in agriculture (-12.7% y-o-y) due to adverse weather conditions but increased in industry (6.5% y-o-y) and services (5.8% y-o-y), and remained very strong in construction (13.9% y-o-y).

High-frequency indicators point to an improving economic environment in Q4. Economic confidence increased further, from 97.4 in Q3 to 99.1 in Q4, mainly due to gains in retail trade and real sector confidence and despite worsening construction sector confidence. Consumer confidence was largely unchanged over the previous quarter. After two months of decline, industrial production (seasonally and calendar adjusted) increased by 2.5% m-o-m in November. The shift from low to high technology sectors continued as production in low technology sectors fell by 1.2% y-o-y on average in January-November but was up 4.7% in the medium low and medium high sectors and by 23.3% y-o-y in the high technology sectors. The manufacturing PMI went up to 48.9 in December 2025, its highest level in the year. The seasonally-adjusted capacity utilisation rate in manufacturing increased to 74.1 in Q4 (73.8 in Q3). Trade sales (seasonal and calendar adjusted) were robust in Q3 (up 10.6% y-o-y) and increased by 7.2% y-o-y in November.

Labour market

The labour market has remained broadly stable since the beginning of 2025. In November, the participation rate (seasonally adjusted, 15 years and over) stood at 53.8% (53.5% in Q3), the employment rate was 49.2% (49.0% in Q3), and the unemployment rate was 8.6% (8.5% in Q3). Total employment (seasonally adjusted) was unchanged y-o-y in Q3, with job gains in construction (5.9%) and services (1.9%), and losses in agriculture (-4.5%) and industry (-4.2%). Employment growth stagnated in October and November as well. The seasonally adjusted composite measure of labour underutilisation remained very high at 29.1% in November (29.4% in Q3), with elevated levels of time-related underemployment and potential labour force. The average actual weekly hours of work (seasonally and calendar adjusted) stood at 42.3 in November (42.5 in Q3-2025), while the hourly labour cost index grew by 40.4% y-o-y (5.8% q-o-q) in Q3, 7.2 pps. above the rate of inflation.

External sector

The 12-month cumulative current account deficit increased to 1.5% of GDP (USD 23.2 billion) in November, up from 0.8% in full-year 2024. The merchandise trade deficit increased significantly in the last three months until November and the cumulative deficit rose by 25.0% y-o-y in January-November. In this period, imports of goods increased by 8.2% y-o-y, outpacing the 4.6% y-o-y growth of exports. Net imports of non-monetary gold increased markedly in September and October, affected by higher global prices, bringing its cumulative total in January-November to USD 18.4 billion (up 54% y-o-y). The deficit in energy trade remained broadly unchanged, as energy imports declined 4.1% y-o-y and energy exports were down 7.2% y-o-y. The balance of services trade was broadly unchanged, with exports of services increasing by 4.6% y-o-y and imports by 6.0% in the first eleven months of 2025. Excluding net gold and energy imports, the current account was in surplus of USD 42 billion, down by 15% y-o-y in January-November.

The overall current account deficit was financed mostly via net inflow of loans of USD 25.6 billion and net FDI of USD 3.7 billion. Net errors and omissions recorded significant outflows in September and October, bringing cumulative outflows in the first eleven months of the year to USD 18.0 billion and remaining a major factor for the USD 17.9 billion decline of reserve assets. Foreign exchange reserves stabilised in Q4 and stood at USD 189 billion in early January 2026, covering more than 5 months of imports of goods and services. They were supported by increased valuation of gold reserves, which brought the share of gold to a historic high of 60% of the total.

Monetary developments

Consumer price inflation fell to 30.9% y-o-y in December (35.2% on average in 2025). The monthly inflation rate decreased to 0.9% in November and December (1.4% on average in Q4), indicating moderation of inflationary pressures. In the last two months of the year, this moderation was also visible in the broad-based slowdown in monthly inflation across most of the consumer basket groups, including services. The monthly rent inflation declined as well (2.6% on average in Q4), although remaining above the headline inflation rate. Driven mainly by consumer goods and energy, domestic producer price inflation also slowed in November and December (0.8% m-o-m in both months) and averaged 1.1% in Q4. In December, 12-month ahead inflation expectations of market participants stood at 23.35%, while real sector expectations fell to 34.8% and expectations of households declined to 50.9%.

The central bank slowed the pace of its rate cuts, reducing the key policy rate by 100 bps. in October and by another 150 bps. in December, to 38.0%. In early December, the central bank decided to lower most of the FX reserve requirement ratios. It also did not extend the provisional arrangement setting the reserve requirement ratio at 0% on the amount of increase in FX liabilities with maturities longer than one year. The lira depreciated by 3.3% against the US dollar in Q4, but the real effective exchange rate gained 0.5%. Türkiye's 5-year sovereign risk premium fell further to close to 205 bps. in early January 2026, a level not seen since April 2018.

Financial sector

Real lending growth remained robust in the autumn, attaining 8.6% y-o-y in November. Lending to households expanded by 12.9% y-o-y in real terms. Corporate lending growth also gathered pace (6.9% y-o-y). The weighted average nominal interest rate on new consumer loans in lira decreased from 62.7% in Q3 to 57.4% in Q4. Rates on commercial loans fell from 57.3% in Q3 to 52.8% in Q4. The weighted average interest rate on new lira deposits decreased to 47.1% in Q4 and to 45.4% in early January 2026. Commercial banks' capitalisation was strong at 19.2% in November (19.7% in end-2024). The ratio of non-performing loans to total loans was 2.4% (1.9% in state banks), increasing slowly since early 2024.

Fiscal developments

In January-November, total central government revenue increased by 48.5% y-o-y and total expenditure by 41.6% y-o-y. The cumulative deficit was TRY 1,271 billion, equivalent to 2.1% of the forecast annual GDP, compared to a deficit of TRY 1,277 billion (2.9% of GDP) over the same period in 2024 and a revised 2025 deficit target of 3.6% of GDP. Tax revenue went up by 51.6% y-o-y, supported by strong direct tax revenue (67.7% y-o-y). Expenditure on employees increased by 36.4% y-o-y, spending on goods and services by 45.1%, while capital expenditure went up 39.2%, and interest costs by 62.1%.

The general government debt-to-GDP ratio increased slightly from 23.6% at the end of 2024 to 24.5% in Q3-2025. However, net debt fell from 16.0% to 14.3% of GDP.

TABLE

European Commission, ECFIN-D-1

TÜRKIYE

							ECFIN 2025 Autumn forecast							
		2021	**2022**	**2023**	**2024**	**2025**	2026	2027	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
1 Real sector														
Economic Sentiment, Composite [11]	Balance	-1.3	-3.6	-3.6	-5.0	-2.0	:	:	-3.6	-2.3	-0.6	-1.2	-0.5	-0.2
Industrial production [12]	Ann. % ch	19.0	4.7	1.6	0.5	:	:	:	5.5	5.2	:	2.2	2.4	:
Gross domestic product [13]	Ann. % ch	11.8	5.4	5.0	3.3	:	3.4	4.0	4.9	3.7	:	N.A.	N.A.	N.A.
Private consumption [14]	Ann. % ch	15.6	16.3	10.4	4.3	:	3.5	4.3	4.4	4.8	:	N.A.	N.A.	N.A.
Gross fixed capital formation [15]	Ann. % ch	7.2	4.4	7.3	2.7	:	4.0	4.0	9.1	11.7	:	N.A.	N.A.	N.A.
Construction index [16]	Ann. % ch	39.0	107.5	96.7	73.5	:	:	:	44.1	44.9	:	35.1	:	:
Retail sales [17]	Ann. % ch	15.5	12.8	24.3	14.2	:	:	:	14.7	13.9	:	15.3	14.2	:
2 Labour market														
Unemployment [21]	%	12.0	10.5	9.4	8.7	:	8.6	8.6	8.2	8.5	:	8.2	8.6	:
Employment [22]	Ann. % ch	7.9	6.7	2.9	3.1	:	2.0	2.2	-0.2	0.2	:	0.7	-0.3	:
Wages [23]	Ann. % ch	19.2	73.1	106.3	91.8	:	:	:	39.6	39.1	:	N.A.	N.A.	N.A.
3 External sector														
Exports of goods [31]	Ann. % ch	32.8	12.9	0.6	2.4	:	:	:	5.7	4.1	:	2.1	1.3	:
Imports of goods [32]	Ann. % ch	23.6	34.0	-0.5	-5.0	:	:	:	9.8	3.5	:	7.1	2.6	:
Trade in goods balance* [33]	% of GDP	-3.5	-9.8	-7.7	-4.1	:	-4.8	-4.8	-4.3	-4.2	:	N.A.	N.A.	N.A.
Exports goods and services* [34]	% of GDP	34.4	38.0	31.7	27.7	:	:	:	26.1	25.4	:	N.A.	N.A.	N.A.
Imports goods and services* [35]	% of GDP	34.0	42.1	34.4	27.3	:	:	:	26.3	25.6	:	N.A.	N.A.	N.A.
Current account balance* [36]	% of GDP	-0.7	-5.1	-3.7	-0.8	:	-1.6	-1.9	-1.3	-1.3	:	N.A.	N.A.	N.A.
Direct investment (FDI, net)* [37]	% of GDP	0.7	1.0	0.4	0.4	:	:	:	0.3	0.4	:	N.A.	N.A.	N.A.
International reserves [38]	bn EUR	111.2	128.7	140.9	155.2	:	:	:	149.9	180.1	:	183.6	:	:
Int. reserves / months Imp [39]	Ratio	4.7	4.0	4.4	5.0	:	:	:	4.7	5.5	:	5.6	:	:
4 Monetary developments														
CPI [41]	Ann. % ch	19.6	72.3	53.9	58.5	34.9	24.8	17.7	36.1	33.3	31.6	32.9	31.1	30.9
Producer prices [42]	Ann. % ch	43.9	128.5	49.9	41.1	25.4	:	:	23.4	25.3	27.3	27.0	27.2	27.7
Food prices [43]	Ann. % ch	24.3	85.6	65.8	56.9	33.2	:	:	33.0	32.4	30.1	34.9	27.4	28.3
M3 [44]	Ann. % ch	51.1	64.1	65.3	38.3	:	:	:	42.1	38.3	:	38.9	:	:
Exchange rate TRY/EUR [45]	Value	10.45	17.38	25.73	35.52	44.70	:	:	43.94	47.59	49.12	48.59	48.83	49.93
Real effective exchange rate [46]	Index	70.9	64.3	66.6	74.6	80.2	:	:	79.4	78.1	79.9	80.2	80.1	79.4
5 Financial indicators														
Interest rate (TLREF) [51]	% p.a.	17.9	13.2	18.8	49.1	43.7	:	:	47.8	43.0	39.2	40.0	39.3	38.4
Interest rate, long term [52]	% p.a.	17.6	18.4	17.9	28.1	31.3	:	:	33.7	31.6	31.8	32.2	32.7	30.5
Stock markets [53]	Index	1,510	2,979	6,340	9,606	10,263	:	:	9,375	10,805	10,928	10,708	10,844	11,232
Credit growth [54]	Ann. % ch	22.7	56.0	55.7	43.6	:	:	:	:	:	:	:	:	:
Deposit growth [55]	Ann. % ch	28.0	78.3	65.4	41.6	:	:	:	:	:	:	:	:	:
Non-performing loans [56]	% total	3.1	2.1	1.6	1.8	:	:	:	2.1	2.3	:	2.4	2.4	:
6 Fiscal developments														
General government revenue** [61]	% of GDP	27.3	24.8	27.3	28.3	:	:	:	13.3	21.0	:	N.A.	N.A.	N.A.
General government expenditure** [61]	% of GDP	29.6	25.9	32.3	33.1	:	:	:	14.2	22.3	:	N.A.	N.A.	N.A.
General government balance** [61]	% of GDP	-2.2	-1.1	-5.1	-4.8	:	-3.1	-2.8	-0.9	-1.4	:	N.A.	N.A.	N.A.
General government debt*** [62]	% of GDP	38.9	29.4	28.2	23.6	:	24.2	23.9	24.1	24.5	:	N.A.	N.A.	N.A.

f: ECFIN forecast Autumn 2025 published November 2025

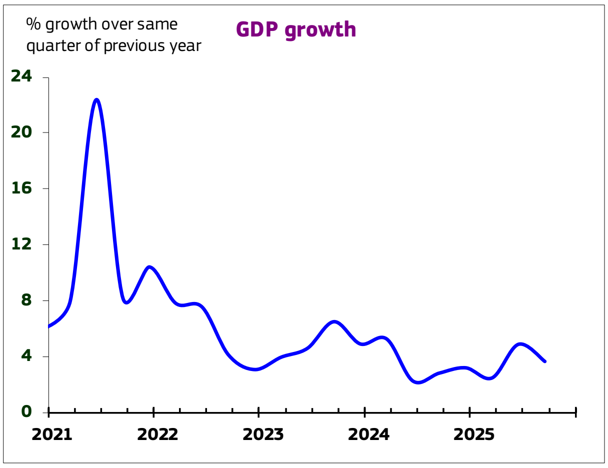
***** Q figures refer to moving annual total.

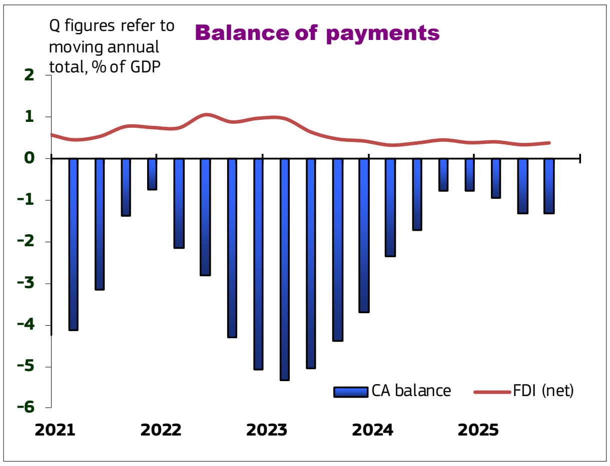
** Q figures refer to the cumulative balance divided by the estimated annual GDP.

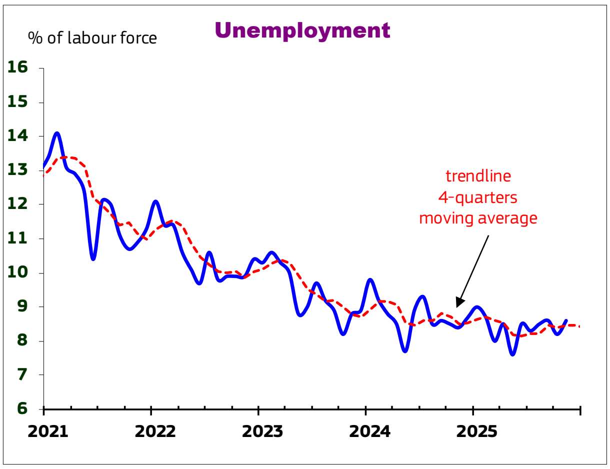
*** Q figures in percent of GDP on a four quarter moving basis.

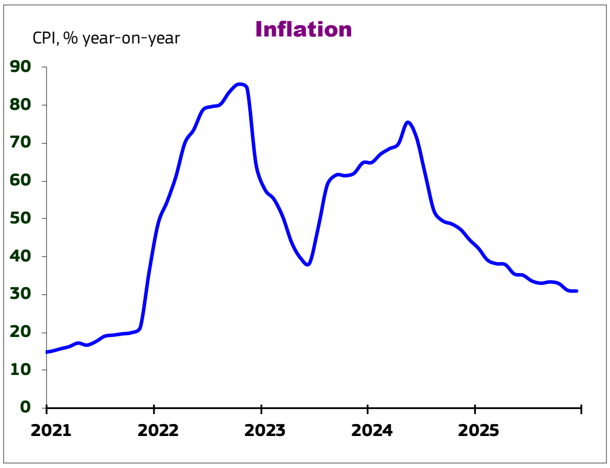
CHARTS

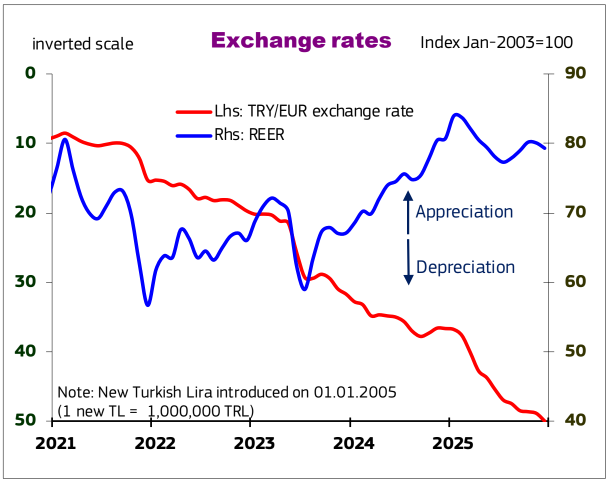
TÜRKIYE

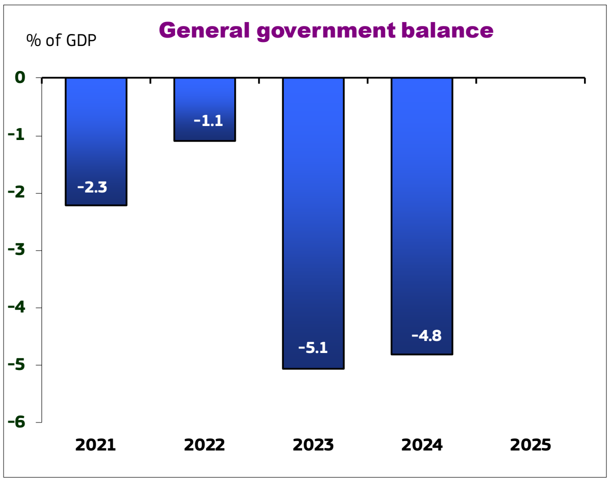












KOSOVO

Key developments

On 31 October 2025, Kosovo's caretaker government approved the 2026 budget, assuming real GDP growth of 4.9% and an average inflation of 2.8%. The headline deficit is planned at 2.7% of GDP, which would keep the deficit as defined under the fiscal rule at 1.9%, thus below the prescribed ceiling of 2% of GDP.

On 4 November, the European Commission presented its annual enlargement package. Regarding the degree of compliance with the economic criteria for EU membership, it stated that Kosovo has *some level of preparation* in developing a functioning market economy, while it is *between an early stage and some level of preparation* as regards its capacity to cope with competitive pressure and market forces within the EU.

At the 7th EU-Kosovo economic dialogue on 25 November (sub-committee meeting on Economy, Financial Issues and Statistics), the European Commission and Kosovo's authorities discussed recent developments and the economic and fiscal outlook in Kosovo. Participants acknowledged the need to approve the 2026 budget and the medium-term expenditure framework for 2026-2028 as soon as possible. The Commission stressed the need to apply a cautious approach with respect to the implementation of announced initiatives with a significant fiscal impact to preserve macro-fiscal stability.

On 17 December, European Commission President Ursula von der Leyen announced the partial lifting of measures that had been communicated by the EU in June 2023 to Kosovo's authorities, in response to the latter's failure to take steps to de-escalate tensions in the northern region at the time. The Commission cited the peaceful transfer of local governance, following October's municipal elections in northern Kosovo for its decision.

On 28 December, extraordinary parliamentary elections took place as no party or coalition could form a government following the 9 February elections. This time the Vetevendosje (LVV) party increased its vote share to 51.1% and obtained 57 seats in the Assembly. It will need the support of minority community parties to reach the required majority of 61 seats to form a government.

Real sector

Economic activity decelerated but remained buoyant in Q3-2025, with real GDP growing by 3.1% y-o-y, compared to 4.6% in Q2-2025. The key factor behind the slowdown was the decline in public consumption (-1.7% y-o-y) as compared to a surge (25.1%) in the preceding quarter coupled with a strong negative contribution (-3.8 pps.) of the external sector to growth. GDP growth was mainly driven by a further acceleration in gross fixed capital formation (13.9% y-o-y as compared to 11.6% in Q2-2025) as well as a slightly faster expansion of private consumption (4.2% y-o-y), on the back of higher real disposable incomes and bank lending.

Exports of goods declined for the third quarter in a row, but at a slightly faster pace (6.8% y-o-y), while the growth in services exports significantly decelerated to 4% y-o-y from some 16% in the previous three months. Imports of services fell by 5.1% y-o-y in Q3, while imports of goods rose less strongly than in the preceding quarters but were still robust (11.9% y-o-y).

On the production side, the largest gains in output in Q3 took place in financial and insurance activities (8.1% y-o-y), construction (7.2%) as well as professional, scientific and technical activities (4.8%).

Labour market

The labour force survey (LFS) results continue to be published with large delays (the latest published data are for Q4-2024). According to data from Tax Administration of Kosovo, in the first nine months of 2025 the average number of employed persons increased by 2% y-o-y.

External sector

The current account deficit widened in the four quarters to Q3-2025 to 10.1% of GDP, up from 9.9% in the year to Q2, while it increased markedly by 2.4 pps. compared to the same period one year earlier. The key drivers of the y-o-y increase were the 3.9 pps. rise in the merchandise trade deficit, to 51.4% of GDP, and the 1 pp. decrease in the secondary income surplus, to 19.2% of GDP. These factors outweighed the increase in the services trade surplus by 2.2 pps. y-o-y to 19.4% of GDP. In q-o-q terms the 0.9 pps. rise in the merchandise trade deficit was fully offset by a similar increase in the services trade surplus, while the primary income surplus fell by 0.2 pps. to 2.7% of GDP. In the four quarters to Q3, net inflows of FDI remained unchanged compared to Q2, at 5.4% of GDP, but they decreased by 0.9 pps. in y-o-y terms, still covering more than half of the current account deficit of the same period. Official reserve assets increased and covered 2.4 months of imports of goods and services at the end of October.

In the first eleven months of 2025, the value of total merchandise exports fell by 1.4% y-o-y, largely due to the decline in exports of base metals, mineral products as well as various manufactured articles. In the same period, the value of goods imports grew markedly by 12.4% y-o-y, mainly on the back of higher imports of mineral products, transport means, machinery, appliances and electrical material as well as prepared foodstuffs, beverages and tobacco. The overall goods trade deficit increased by 15% y-o-y in January-November.

Monetary developments

Consumer price inflation accelerated to 4.5% y-o-y in Q3 and further to 5.3% in Q4, bringing annual average HICP inflation to 3.9% in 2025, well above the 1.6% rate recorded in 2024. The key inflation drivers were higher prices for food, fuel and energy-related products.

Import prices fell by 0.2% y-o-y in Q3 as the decline in prices of leather and articles thereof, base metals as well as plastics, rubber and articles thereof, more than offset the increases in live animals and animal products prices. In the same period, the construction cost index increased by 3.6% y-o-y, mainly on the back of rising wages as well as energy and transport prices. The producer price index grew by an average of 5.5% y-o-y in Q3, largely due to higher prices for the manufacturing of motor vehicles (transport), trailers and semi-trailers, the supply of electricity, gas, steam and air conditioning as well as the production of textile.

Financial sector

Bank lending growth decelerated to 15.3% y-o-y in November, down from 16.3% one year earlier. For the same period, the growth of bank deposits slightly picked-up to 12.3% y-o-y compared to 11.9% a year before. The loan-to-deposit ratio increased to 88.7% in November, compared to 86.3% in the same period one year earlier.

The interest rate spread stood at 3.6 pps. in November, above its January level of 3.0 pps. The annualised return on average equity in the banking sector stood at 17.1% in November, while the average return on assets was 2.2%.

Financial soundness indicators in the banking sector remained satisfactory. For the banking system as a whole, the ratio of liquid assets to short-term liabilities stood at 31.1% in November compared to 30.3% a year before, while the capital adequacy ratio increased to 17.6% from 16.7% over the same period, standing well above the regulatory minimum of 12%. The NPL ratio stood at 2.1% in November, marginally higher than one year earlier, partly reflecting the still strong lending growth. In November, existing NPLs were fully covered by loan-loss provisions (112.1%).

Fiscal developments

Fiscal developments in the first eleven months of 2025 were marked by robust revenue growth and buoyant increases in both current and capital expenditure. Total revenue rose by 8.7% y-o-y, with income from indirect and direct taxes growing by 9% and 8% y-o-y, respectively. VAT revenue increased by 10.5% y-o-y. Corporate and personal income tax receipts grew by 7.5% and 7% y-o-y, respectively while property tax income rose strongly by nearly 20%.

Budget expenditure increased by 10% y-o-y in the first eleven months. The largest increase took place in current expenditure, which grew by 10.4% y-o-y on the back of increased spending on transfers and subsidies (12.8%). In particular, social transfers surged by 21.3% y-o-y, reflecting recent government measures in the run-up to the extraordinary elections. Spending on goods and services and wages increased by 10.3% and 7.5% y-o-y, respectively. The execution rate of current spending in January-November stood at 86.5% of the annual plan. Public capital spending rose by 8.3% y-o-y but represented only around 52% of the full-year budget allocation.

Overall, the eleven-month budget execution resulted in a general government surplus of EUR 343 million (3.1% of projected annual GDP) as compared to a surplus of EUR 236 million in the same period in 2024. This compares to a planned 2025 budget deficit of 2.7% of GDP.

In September, total public debt (including guarantees) decreased to 16% of GDP from 16.8% at the end of 2024. This is well below the projection of the 2025 budget of 21.1% of GDP. The share of domestic debt held by the Kosovo Pension Saving Trust (KPST) decreased by 4 pps. to 41% as compared to end-2024, while the share of commercial bank holdings increased to 25% from 24%. The part held by the Central Bank of Kosovo rose to 24% in Q3, compared to 22% at end-2024.

TABLE

European Commission, ECFIN-D-1

KOSOVO

		2021	2022	2023	2024	2025	Q2 25	Q3 25	Q4 25	Oct 25	Nov 25	Dec 25
1 Real sector												
Economic Sentiment, Composite [11]	Balance	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Industrial production [12]	Ann. % ch	19.3	0.3	:	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Gross domestic product [13]	Ann. % ch	10.7	4.3	4.1	4.6	:	4.6	3.1	:	N.A.	N.A.	N.A.
Private consumption [14]	Ann. % ch	7.3	3.4	3.1	5.5	:	3.9	4.2	:	N.A.	N.A.	N.A.
Gross fixed capital formation [15]	Ann. % ch	13.0	-3.2	4.5	7.0	:	11.6	13.9	:	N.A.	N.A.	N.A.
Construction index [16]	Ann. % ch	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Retail sales [17]	Ann. % ch	11.0	:	8.9	:	:	:	:	:	N.A.	N.A.	N.A.
2 Labour market												
Unemployment [21]	%	20.7	12.6	10.9	10.8	:	:	:	:	N.A.	N.A.	N.A.
Employment [22]	Ann. % ch	10.4	5.4	5.4	-2.6	:	:	:	:	N.A.	N.A.	N.A.
Wages [23]	Ann. % ch	3.9	7.6	9.4	12.1	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3 External sector												
Exports of goods [31]	Ann. % ch	57.8	22.8	-6.2	9.4	:	1.4	-0.4	:	5.1	-9.5	:
Imports of goods [32]	Ann. % ch	41.1	21.2	4.8	7.1	:	15.4	12.5	:	7.2	-1.6	:
Trade in goods balance* [33]	% of GDP	-44.8	-47.3	-47.4	-47.6	:	-50.5	-51.4	:	N.A.	N.A.	N.A.
Exports goods and services* [34]	% of GDP	33.4	39.5	39.8	41.7	:	42.8	43.3	:	N.A.	N.A.	N.A.
Imports goods and services* [35]	% of GDP	65.2	71.4	70.3	72.0	:	74.8	75.3	:	N.A.	N.A.	N.A.
Current account balance* [36]	% of GDP	-8.7	-9.2	-7.2	-8.4	:	-9.9	-10.1	:	N.A.	N.A.	N.A.
Direct investment (FDI, inflow)* [37]	% of GDP	4.0	6.3	6.7	5.4	:	5.4	5.4	:	N.A.	N.A.	N.A.
International reserves [38]	mn EUR	1,100.3	1,175.8	1,131.1	1,261.5	:	1,412.2	1,542.3	:	1,620.4	1,637.9	:
Int. reserves / months Imp [39]	Ratio	2.5	2.2	2.0	2.0	:	2.1	2.3	:	2.4	:	:
4 Monetary developments												
HICP [41]	Ann. % ch	3.3	11.6	4.9	1.6	3.9	3.6	4.5	5.3	5.2	5.3	5.3
Producer prices [42]	Ann. % ch	4.9	10.9	-4.4	4.5	:	11.2	5.5	:	N.A.	N.A.	N.A.
Food prices [43]	Ann. % ch	2.4	16.4	8.6	2.2	7.6	8.0	8.9	8.4	8.0	8.7	8.6
Broad money liabilities [44]	Ann. % ch	12.1	11.3	10.7	12.9	:	14.8	15.7	:	13.7	14.1	:
Exchange rate EUR/EUR [45]	Value	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Real effective exchange rate (CPI) [46]	Index	109.8	115.7	117.4	118.6	:	121.9	123.0	:	123.6	124.1	:
5 Financial indicators												
Short-Term interest rate [51]	% p.a.	0.61	N.A.	N.A.	3.73	N.A.	N.A.	N.A.	N.A.	:	:	:
Bond yield [52]	% p.a.	3.48	3.42	3.58	4.37	:	3.55	4.20	:	3.29	3.17	:
Stock markets [53]	Index	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Credit growth [54]	Ann. % ch	11.2	17.4	14.1	14.3	:	20.3	17.8	:	16.2	15.3	:
Deposit growth [55]	Ann. % ch	13.8	10.8	13.9	10.0	:	13.8	12.9	:	12.0	12.3	:
Non-performing loans [56]	% total	2.3	2.0	2.0	1.9	:	2.0	2.1	:	2.1	2.1	:
6 Fiscal developments												
General government revenue** [61]	% of GDP	27.7	28.0	29.5	29.8	:	14.9	23.2	:	N.A.	N.A.	N.A.
General government expenditure** [61]	% of GDP	28.9	28.6	29.7	30.2	:	13.3	20.7	:	N.A.	N.A.	N.A.
General government balance** [61]	% of GDP	-1.2	-0.5	-0.2	-0.3	:	1.6	2.5	:	3.1	3.1	:
General government debt*** [62]	% of GDP	21.5	20.0	17.5	16.8	:	16.0	16.0	:	N.A.	N.A.	N.A.

* Q figures refer to moving annual total.

** M and Q figures refer to the cumulative balance divided by the estimated annual GDP.

*** Q figures in percent of estimated annual GDP from the Budget Law.

CHARTS

European Commission, ECFIN-D-1

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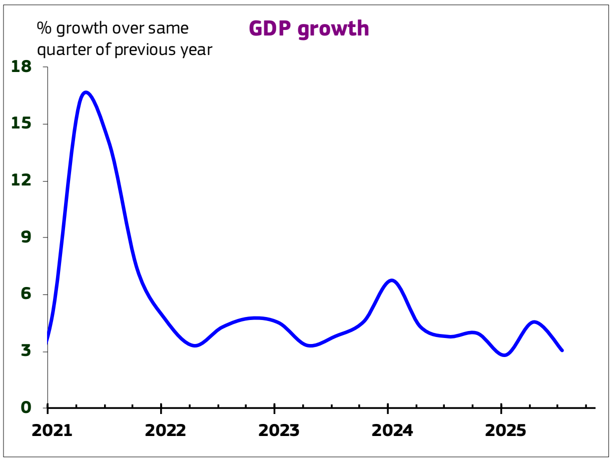

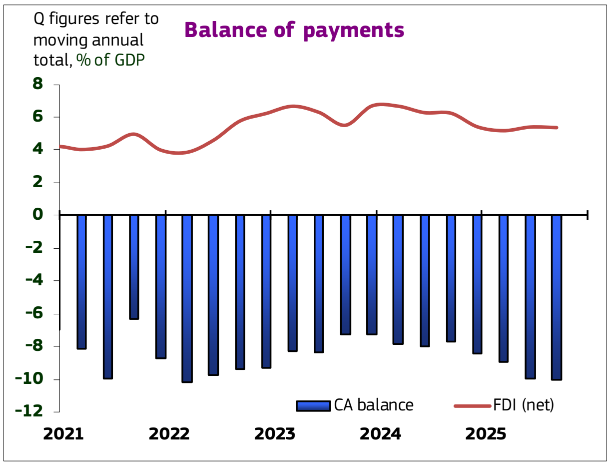

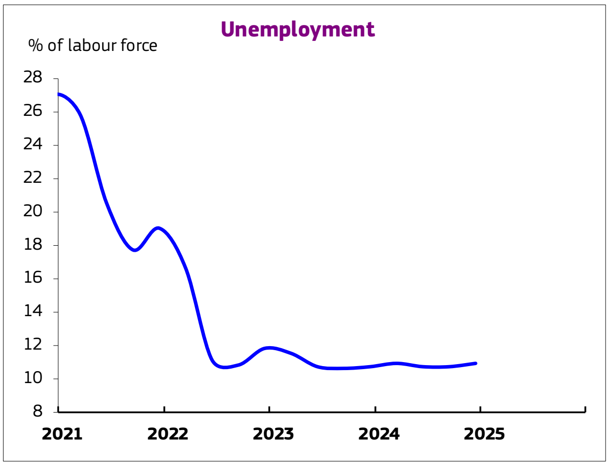

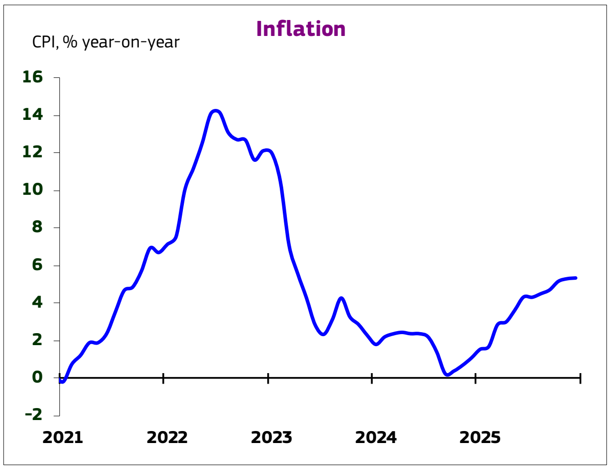

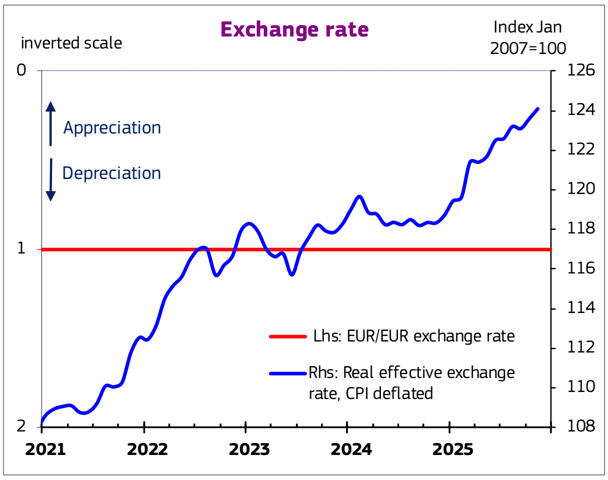

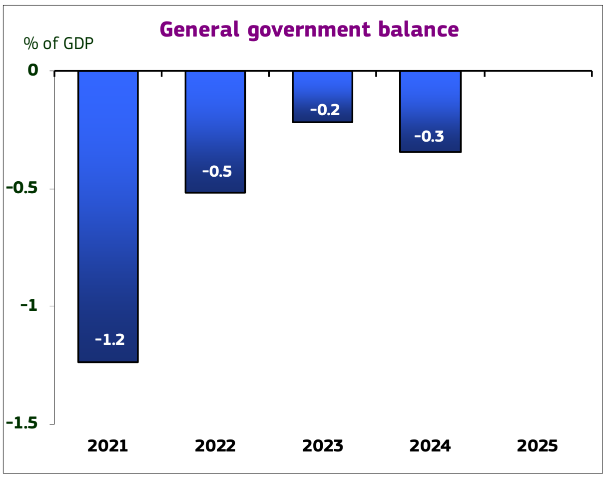

ALBANIA Explanatory notes

No.	Indicator	Note	Source[3]
1.	**Real sector**		
1.1.	Economic sentiment indicator	EC Survey, Economic sentiment indicator (ESI), composite, SA	Eur.Commission
1.2.	Industrial production	Industrial production volume index	INSTAT
1.3.	Gross domestic product	Annual percentage change, volume	INSTAT
1.4.	Private consumption	Annual percentage change, constant prices, ALL, average prices of previous year	INSTAT
1.5.	Gross fixed capital formation	Annual percentage change, constant prices, ALL, average prices of previous year	INSTAT
1.6.	Construction index	Annual percentage change, volume index of construction	Eurostat
1.7.	Retail sales	Annual percentage change of index	Eurostat
2.	**Labour market**		
2.1.	Unemployment	Unemployment rate of the age group between 15-64	INSTAT, LFS
2.2.	Employment	Annual percentage change of employed persons age 15-64	INSTAT, LFS
2.3.	Wages	Average monthly wages	INSTAT
3.	**External sector**		
3.1.	Exports of goods	Annual percentage change of global exports, trade in mio. ALL	INSTAT
3.2.	Imports of goods	Annual percentage change of global imports, trade in mio. ALL	INSTAT
3.3.	Trade in goods balance	In percent of GDP, Q figures refer to moving annual total	Bank of Albania
3.4.	Exports goods and services	In percent of GDP, Q figures refer to moving annual total	Bank of Albania
3.5.	Imports goods and services	In percent of GDP, Q figures refer to moving annual total	Bank of Albania
3.6.	Current account balance	In percent of GDP, Q figures refer to moving annual total	Bank of Albania
3.7.	Direct investment (FDI, net)	In percent of GDP, Q figures refer to moving annual total	Bank of Albania
3.8.	Reserves, International reserves of the Bank of Albania	Net foreign assets, total, mio EUR	Bank of Albania
3.9.	Reserves / months Imp	Ratio based on annual imports of goods and services	Bank of Albania
4.	**Monetary developments**		
4.1.	CPI	Consumer Prices, all items, year-on year percentage change	INSTAT
4.2.	Producer prices	Year on Year percentage change of index	INSTAT
4.3.	Food prices	Year on Year percentage change of index "Food and Non-alcoholic Beverages"	INSTAT
4.4.	M3	Year on Year percentage change	Bank of Albania
4.5.	Exchange rate ALL/EUR	Period average	Bank of Albania
4.6.	Real effective exchange rate	Index 2007 = 100, CPI deflated, ALL	Bruegel Inst.
5.	**Financial indicators**		
5.1.	Interest rate	Interbank Rates, TRIBOR, 3 Month, fixing	Bank of Albania
5.2.	Bond yield	Interest rate, 10 Year Bond with fix coupon	Bank of Albania
5.3.	Stock markets	Not available	
5.4.	Credit growth	Annual percentage change of stock, loans, total	Bank of Albania
5.5.	Deposit growth	Annual percentage change of stock, total	Bank of Albania
5.6.	Non-performing loans	Of total loans in %	Bank of Albania
6.	**Fiscal developments**		
6.1.	General gov. rev./exp./balance	Total revenue/expenditure/net lending; cash balance, in percent of GDP	Min. of Finance
6.2.	General government debt	Gross public debt in percent of annual GDP	Min. of Finance

[3] Data extracted via IHS Markit.

BOSNIA AND HERZEGOVINA Explanatory notes

No.	Indicator	Note	Source[3]
1.	**Real sector**		
1.1.	Economic sentiment indicator	Not available	
1.2.	Industrial production	Production, total, Index 2010=100, Annual percentage change	Agency for Stat.
1.3.	Gross domestic product	Annual percentage change	Agency for Stat.
1.4.	Private consumption	Annual percentage change, Households, Total, Chain index	Agency for Stat.
1.5.	Gross fixed capital formation	Annual percentage change	Agency for Stat.
1.6.	Construction index	Annual percentage change, residential construction, completed dwellings m2, eop annual percentage change	Agency for Stat.
1.7.	Retail sales	Retail trade, annual percentage change, volume, 2015=100	Agency for Stat.
2.	**Labour market**		
2.1.	Unemployment	Labour Force Survey, in percent of total labour force	Agency for Stat.
2.2.	Employment	Total, annual percentage change	Agency for Stat.
2.3.	Wages	Annual percentage change, average gross wages, BAM	Agency for Stat.
3.	**External sector**		
3.1.	Exports of goods	Annual percentage change, mio. BAM, General merchandise, FOB	Agency for Stat.
3.2.	Imports of goods	Annual percentage change, mio. BAM, General merchandise, FOB	Agency for Stat.
3.3.	Trade in goods balance	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.4.	Exports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.5.	Imports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.6.	Current account balance	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.7.	Direct investment *(FDI, net)*	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.8.	Reserves, International reserves of the National Bank	Gross foreign reserves, total, mio EUR	Central Bank
3.9.	Reserves / months Imp	Ratio of 12 months imports of goods and services moving average	Central Bank
4.	**Monetary developments**		
4.1.	CPI	All Items, with temporary reductions of prices, index CPPY=100	Agency for Stat.
4.2.	Producer prices	Domestic, total, index CPPY=100	Agency for Stat.
4.3.	Food prices	Annual pc change, food and non-alcoholic beverages, 2005=100	Agency for Stat.
4.4.	M2	Annual percentage change, M2 (broadest money)	Central Bank
4.5.	Exchange rate BAM/EUR	Period averages, spot rates, close	Central Bank
4.6.	Real effective exchange rate	Index (2010=100); 9 Trade partners selected in order to set up the index (AT, FR, DE, HU, IT, SLO, HR, RS, CH)	Central Bank
5.	**Financial indicators**		
5.1.	Interest rate	Not available	
5.2.	Bond yield	Not available	
5.3.	Stock markets	SASX-10 Index, close	Sarajevo Stock Exchange
5.4.	Credit growth	Annual percentage change, loans, total, BAM	Central Bank
5.5.	Deposit growth	Annual percentage change, deposits, total, BAM	Central Bank
5.6.	Non-performing loans	NPLs to total loans, BAM, End of period	Central Bank
6.	**Fiscal developments**		
6.1.	General gov. rev./exp./balance	In percent of GDP, consolidated budget	Central Bank
6.2.	General government debt	In percent of GDP, external public debt	Central Bank

MONTENEGRO Explanatory notes

No.	Indicator	Note	Source[3]
1.	**Real sector**		
1.1.	Economic sentiment indicator	EC Survey, Economic sentiment indicator (ESI), composite, SA	Eur. Commission
1.2.	Industrial production	Annual percentage change	MONSTAT
1.3.	Gross domestic product	Annual percentage change, annual data, chain index. ESA2010 from 2011 onwards, before ESA95.	MONSTAT
1.4.	Private consumption	Annual percentage change, annual data, chain index	MONSTAT
1.5.	Gross fixed capital formation	Annual percentage change, annual data, chain index	MONSTAT
1.6.	Construction index	Annual percentage change, value of performed work, current prices	Central Bank
1.7.	Retail sales	Annual percentage change, turnover, constant prices, total	MONSTAT
2.	**Labour market**		
2.1.	Unemployment	Unemployment rate of the age group between 15-64, e.o.p.	MONSTAT
2.2.	Employment	Annual percentage change of registered employment, avrg.	MONSTAT
2.3.	Wages	Annual percentage change, average gross wages (nominal, in EUR)	MONSTAT
3.	**External sector**		
3.1.	Exports of goods	Annual percentage change, thou. EUR	MONSTAT
3.2.	Imports of goods	Annual percentage change, thou. EUR	MONSTAT
3.3.	Trade in goods balance	In percent of GDP, Q figures refer to moving annual total	MONSTAT
3.4.	Exports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.5.	Imports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.6.	Current account balance	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.7.	Direct investment *(FDI, net)*	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.8.	Reserves, International reserves of the National Bank	Claim on nonresidents, total, mio EUR	Central Bank
3.9.	Reserves / months Imp	Ratio of 12 months imports of goods and services moving average	Central Bank
4.	**Monetary developments**		
4.1.	CPI	Consumer price index (from Jan. 2008, cost-of-living index before), annual average percentage change, moving base year	MONSTAT
4.2.	Producer prices	Annual percentage change	MONSTAT
4.3.	Food prices	Annual percentage change, food and non-alcoholic beverages, total, CPPY=100	MONSTAT
4.4.	M2	Annual percentage change, M2 (Intermediate money)	WiiW
4.5.	Exchange rate EUR/EUR	Use of the Euro since March 2002	
4.6.	Real effective exchange rate	Annual percentage change, CPI deflated	IMF
5.	**Financial indicators**		
5.1.	Interest rate	Treasury Bills, 6 Month, auction, yield, average	Central Bank
5.2.	Bond yield	Long-Term Bond, 10 Year, Yield	Bloomberg
5.3.	Stock markets	MOSTE Index, Close	Mon. Stock Exch.
5.4.	Credit growth	Annual percentage change, commercial banks, assets, loans	Central Bank
5.5.	Deposit growth	Annual percentage change, commercial banks, liabilities, deposits	Central Bank
5.6.	Non-performing loans	% of total	Central Bank
6.	**Fiscal developments**		
6.1.	General gov. rev./exp./balance	In percent of GDP	Min. of Finance
6.2.	General government debt	In percent of GDP	Min. of Finance

NORTH MACEDONIA Explanatory notes

No.	Indicator	Note	Source[3]
1.	**Real sector**		
1.1.	Economic sentiment indicator	EC Survey, Economic sentiment indicator (ESI), composite, SA	Eur. Commission
1.2.	Industrial production	Annual percentage change, volume, excluding construction	State Stat. Office
1.3.	Gross domestic product	Real Gross Domestic Product, Total, Growth Rate (2005), NSA	State Stat. Office
1.4.	Private consumption	Real Final Consumption, Households including NPISH's, Growth Rate (2005), NSA	State Stat. Office
1.5.	Gross fixed capital formation	Real Gross Capital Formation, Growth Rate (2005), NSA	State Stat. Office
1.6.	Construction	Value Added, Economic Activity, Current Prices, MKD	State Stat. Office
1.7.	Retail sales	Annual percentage change, Retail trade, volume, total except fuel	State Stat. Office
2.	**Labour market**		
2.1.	Unemployment	Unemployment rate of the age group between 15-64	State Stat. Office
2.2.	Employment	Annual percentage change of employed persons age 15-64	State Stat. Office
2.3.	Wages	Annual percentage change; average gross wages (nominal amount in Denar)	State Stat. Office
3.	**External sector**		
3.1.	Exports of goods	Annual percentage change, fob	National Bank
3.2.	Imports of goods	Annual percentage change, cif	National Bank
3.3.	Trade in goods balance	In percent of GDP, Q figures refer to moving annual total	National Bank
3.4.	Exports goods and services	In percent of GDP, Q figures refer to moving annual total	National Bank
3.5.	Imports goods and services	In percent of GDP, Q figures refer to moving annual total	National Bank
3.6.	Current account balance	In percent of GDP, Q figures refer to moving annual total	National Bank
3.7.	Direct investment *(FDI, net)*	In percent of GDP, Q figures refer to moving annual total	National Bank
3.8.	Reserves, International reserves of the National Bank	Foreign assets, mio EUR	National Bank
3.9.	Reserves / months Imp	Ratio of 12 months imports of goods and services moving average	National Bank
4.	**Monetary developments**		
4.1.	CPI	Annual average percentage change	State Stat. Office
4.2.	Producer prices	Annual percentage change, industrial products	State Stat. Office
4.3.	Food prices	Annual percentage change, food and non alcoholic beverages	State Stat. Office
4.4.	M3	Annual percentage change, M3 (Money supply)	National Bank
4.5.	Exchange rate MKD/EUR	Averages, spot close	National Bank
4.6.	Real effective exchange rate	Index 2005=100, CPI deflated, MKD	National Bank
5.	**Financial indicators**		
5.1.	Interest rate	Interbank Rates, SKIBOR, 3 Month, fixing	Macedonian Banking Assoc.
5.2.	Bond yield	Lending rate	IMF
5.3.	Stock markets	MSE Index (MBI-10)	Mac. Stock Exch.
5.4.	Credit growth	Annual percentage change, domestic credit, private, Banks and Saving houses, MKD	National Bank
5.5.	Deposit growth	Annual percentage change, private, Banks and Saving houses, MKD	National Bank
5.6.	Non-performing loans	In percent of total	National Bank
6.	**Fiscal developments**		
6.1.	Central gov. rev./exp./balance	In percent of GDP	Min. of Finance
6.2.	Central government debt	In percent of GDP	Min. of Finance

SERBIA Explanatory notes

No.	Indicator	Note	Source[3]
1.	**Real sector**		
1.1.	Economic sentiment indicator	EC Survey, Economic sentiment indicator (ESI), composite, SA	Eur. Commission
1.2.	Industrial production	Total, Index, CPPY=100	Statistical Office
1.3.	Gross domestic product	Annual percent change at constant (average) prices 2002 Production approach	Statistical Office
1.4.	Private consumption	Annual percent change, Real Individual Consumption Expenditure, Household Sector (ESA2010) (2010), NSA	Statistical Office
1.5.	Gross fixed capital formation	Annual percent change, Real Gross Fixed Capital Formation (ESA2010) (2010), NSA	Statistical Office
1.6.	Construction index	Annual pc change, Value Index of Performed Works, Total CPPY=100, NSA	Statistical Office
1.7.	Retail sales	Annual pc change, retail trade turnover, constant prices, CPPY=100	Statistical Office
2.	**Labour market**		
2.1.	Unemployment	In percent of total labour force, Labour Force Survey definition. Data as of 2021 according to new LFS methodology, data prior to 2021 revised according to new methodology	National Bank
2.2.	Employment	Annual percentage change, based on LFS. Data as of 2021 according to new LFS methodology, data prior to 2021 revised according to new methodology	National Bank
2.3.	Wages	Gross wages annual percentage change; average growth rate, nominal	Statistical Office
3.	**External sector**		
3.1.	Exports of goods	Annual percentage change, mio. EUR, fob	Statistical Office
3.2.	Imports of goods	Annual percentage change, mio. EUR, cif	Statistical Office
3.3.	Trade in goods balance	In percent of GDP, Q figures refer to moving annual total	National Bank
3.4.	Exports goods and services	In percent of GDP, Q figures refer to moving annual total	National Bank
3.5.	Imports goods and services	In percent of GDP, Q figures refer to moving annual total	National Bank
3.6.	Current account balance	In percent of GDP, Q figures refer to moving annual total	National Bank
3.7.	Direct investment *(FDI, net)*	In percent of GDP, Q figures refer to moving annual total	National Bank
3.8.	International reserves NBS	Total, mio EUR	National Bank
3.9.	Reserves / months Imp	Ratio of 12 months imports of goods and services moving average	National Bank
4.	**Monetary developments**		
4.1.	CPI	Consumer Prices, Total, CPPY, average	Statistical Office
4.2.	Producer prices	Annual average percentage change, domestic market	Statistical Office
4.3.	Food prices	Annual pc, food and non-alcoholic beverages, CPPY=100	Statistical Office
4.4.	M3	Annual percentage change, M3 (broad money), RSD	National Bank
4.5.	Exchange rate RSD/EUR	Spot Rates, close, period average	National Bank
4.6.	Real effective exchange rate	Index 2005 = 100, period average, RSD	National Bank
5.	**Financial indicators**		
5.1.	Interest rate	Interbank Rates, BELIBOR, 3 Month, fixing	National Bank
5.2.	Bond yield	Weighted average interest rate on 10Y RSD government bonds	National Bank
5.3.	Stock markets	Belgrade Stock Exchange, BELEXfm index, price return, close, RSD	Belgrade Stock Exchange
5.4.	Credit growth	Annual percentage change, domestic credit, private, RSD	National Bank
5.5.	Deposit growth	Annual percentage change, deposits, nonmonetary sector, total, RSD	National Bank
5.6.	Non-performing loans	Gross Non-Performing Loan Ratio	National Bank
6.	**Fiscal developments**		
6.1.	General gov. rev./exp./balance	Consolidated GG, total revenue/expenditure/net lending; overall balance, in percent GDP	Min. of Finance
6.2.	General government debt	Central government debt. In percent of GDP	Min. of Finance

TÜRKIYE Explanatory notes

No.	Indicator	Note	Source[3]
1.	**Real sector**		
1.1.	Economic sentiment indicator	EC Survey, Economic sentiment indicator (ESI), composite, SA	Eur. Commission
1.2.	Industrial production	Annual percentage change, volume (index 2015)	Turkstat
1.3.	Gross domestic product	Annual percentage change	Turkstat
1.4.	Private consumption	Annual percentage change, index (2009 prices)	Turkstat
1.5.	Gross fixed capital formation	Annual percentage change	Turkstat
1.6.	Construction index	Annual percentage change, construction turnover index, calendar adjusted	Turkstat
1.7.	Retail sales	Retail trade, annual percentage change, volume, calendar adjusted, 2015=100	Turkstat
2.	**Labour market**		
2.1.	Unemployment	In percent of total labour force, total, Labour Force Survey data	Turkstat
2.2.	Employment	Annual percentage change, total, Labour Force Survey data	Turkstat
2.3.	Wages	Annual percentage change, total hourly earnings, Index 2015 = 100	Turkstat
3.	**External sector**		
3.1.	Exports of goods	Annual percentage change, mio. USD, fob	Turkstat
3.2.	Imports of goods	Annual percentage change, mio. USD, cif	Turkstat
3.3.	Trade in goods balance	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.4.	Exports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.5.	Imports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.6.	Current account balance	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.7.	Direct investment *(FDI, net)*	In percent of GDP, Q figures refer to moving annual total, direct investment in reporting economy minus direct investment abroad	Central Bank
3.8.	Reserves, International reserves of the National Bank	Gross international reserves, mio EUR, eop	Central Bank
3.9.	Reserves / months Imp	Ratio of 12 months imports of goods and services moving average	Central Bank
4.	**Monetary developments**		
4.1.	CPI	Annual percentage change, index 1994	Turkstat
4.2.	Producer prices	Annual percentage change, wholesale prices index (1994)	Turkstat
4.3.	Food prices	Annual pc, Food and Non-alcoholic Beverages, Total, TRY, 2003=100	Turkstat
4.4.	M3	Money supply M3, total, TRY	Central Bank
4.5.	Exchange rate YTL/EUR	Period averages	ECB, IMF
4.6.	Real effective exchange rate	Index Jan-2003 = 100, period averages	Central Bank
5.	**Financial indicators**		
5.1.	Interest rate	TLREF: Turkish Lira Overnight Reference Rate. Before 2019: Interbank Rates, TRLIBOR, 3 Month, fixing	Borsa Istanbul
5.2.	Bond yield	Government Benchmarks, 10 Year Bond, Yield	Eurostat, iBoxx
5.3.	Stock markets	ISE index, trading volume (business), January 1986 = 1 Turkish Lira	Ist. Stock Exch.
5.4.	Credit growth	Annual percentage change, banking system, total loans, TRY	Central Bank
5.5.	Deposit growth	Annual percentage change, banking system, total deposits, TRY	Central Bank
5.6.	Non-performing loans	In percent of total loans	BDDK
6.	**Fiscal developments**		
6.1.	General gov. rev./exp./balance	General government, in percent of GDP	Min. of Treasury and Finance
6.2.	General government debt	In percent of GDP (EU standards; defined by the Ministry of Treasury and Finance)	Min. of Treasury and Finance

KOSOVO

Explanatory notes

No.	Indicator	Note	Source[3]
1.	**Real sector**		
1.1.	Economic sentiment indicator	Not available	
1.2.	Industrial production	Annual percentage change	Central Bank
1.3.	Gross domestic product	Annual percentage change	Statistical Office of Kosovo (SOK)
1.4.	Private consumption	Annual percentage change	SOK
1.5.	Gross fixed capital formation	Annual percentage change	SOK, Eurostat
1.6.	Construction index	Not available	
1.7.	Retail sales	Wholesale Trade and Retail Sales, Retail Trade Turnover Value Index, Retail Sale in Non-Specialised Stores, 2013=100, NSA	SOK
2	**Labour market**		
2.1.	Unemployment	Unemployment rate of the age group between 15-64	SOK
2.2.	Employment	Annual pc change of number of employees, LFS 2012 onwards	SOK
2.3.	Wages	Annual pc change, average monthly wages (Tax Register)	SOK
3.	**External sector**		
3.1.	Exports of goods	Annual percentage change, thou. EUR	SOK
3.2.	Imports of goods	Annual percentage change, thou. EUR	SOK
3.3.	Trade in goods balance	In percent of GDP, Q figures refer to moving annual total	Central bank
3.4.	Exports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.5.	Imports goods and services	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.6.	Current account balance	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.7.	Direct investment *(FDI, net)*	In percent of GDP, Q figures refer to moving annual total	Central Bank
3.8.	Reserves, International reserves of the National Bank	CBAK Survey, claims on non-residents, mio EUR	Central Bank
3.9.	Reserves / months Imp	Ratio of 12 months imports of goods and services moving average	Central Bank
4.	**Monetary developments**		
4.1.	CPI	Annual average percentage change, index (2015 = 100)	SOK
4.2.	Producer prices	Annual percentage change, total, 2007=100	SOK
4.3.	Food prices	Annual percentage change, food and non-alcoholic beverages, (2015 = 100)	SOK
4.4.	M2	Annual percentage change, M2 (deposits included in broad money)	SOK
4.5.	Exchange rate EUR/EUR	Not applicable	
4.6.	Real effective exchange rate	Index 2007=100, CPI deflated	Central Bank
5.	**Financial indicators**		
5.1.	Interest rate	Short-Term Treasury Bills yield	Central Bank
5.2.	Bond yield	Long-Term Bonds, over 5 Years up to 10 Years, Yield	Central Bank
5.3.	Stock markets	Not available	
5.4.	Credit growth	Annual percentage change, ODC balance sheet, assets, gross loss and lease financing	Central Bank
5.5.	Deposit growth	Annual percentage change, ODC deposits	Central Bank
5.6.	Non-performing loans	In percent of total	Central Bank
6.	**Fiscal developments**		
6.1.	General gov. rev./exp./balance	In percent of GDP	Min. of Finance
6.2.	General government debt	In percent of GDP	Min. of Finance

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