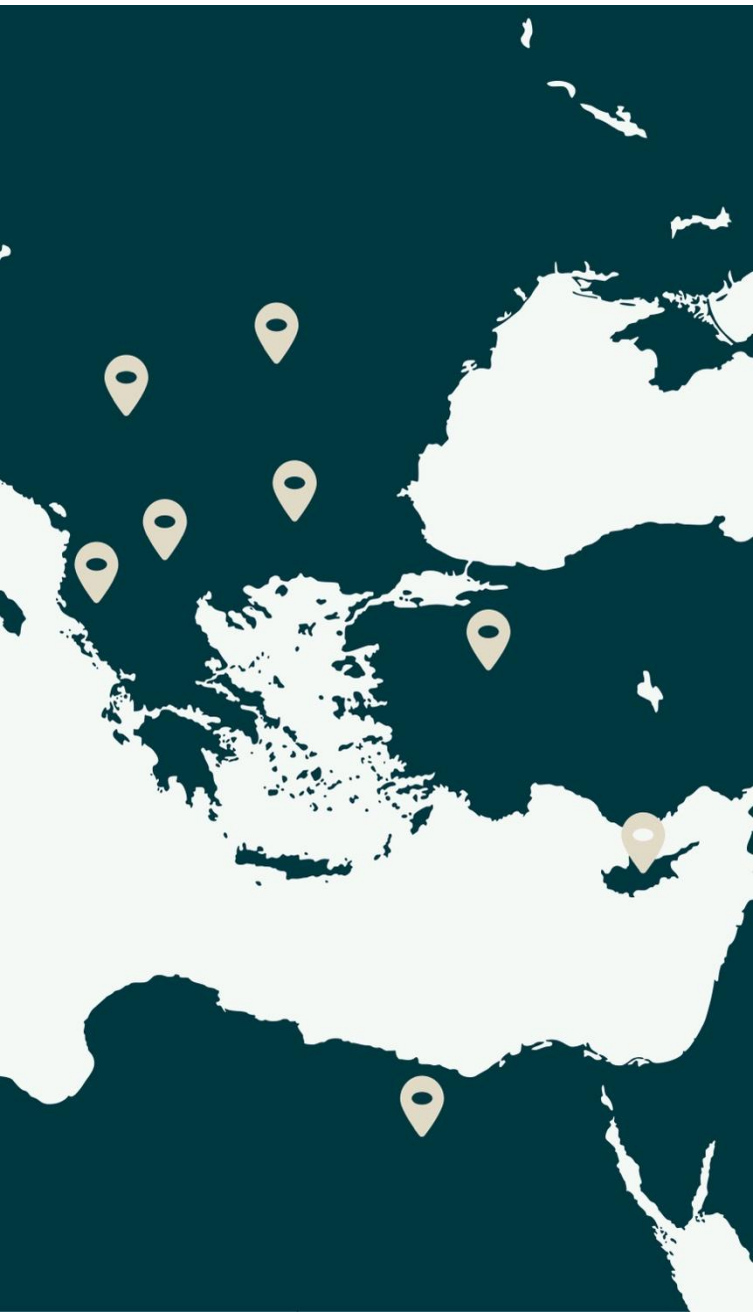
Bi-WEEKLY REPORT

Emerging Markets Analysis

28 October - 10 November 2025



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Emerging Markets Analysis

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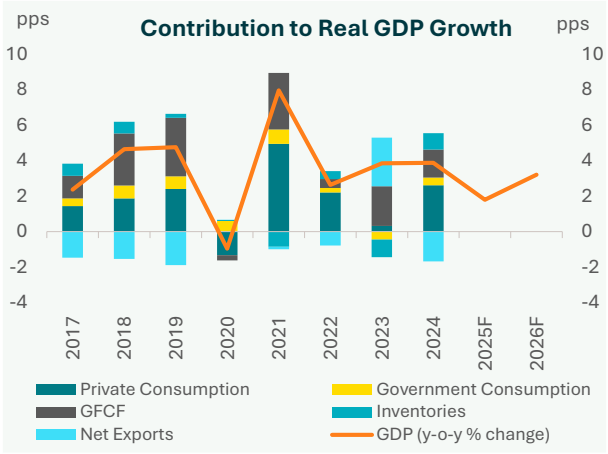
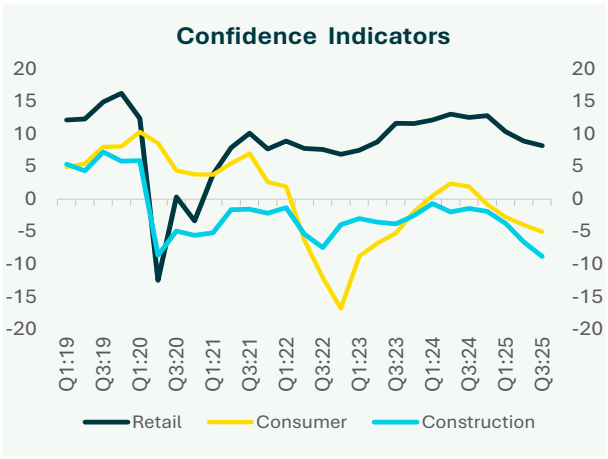
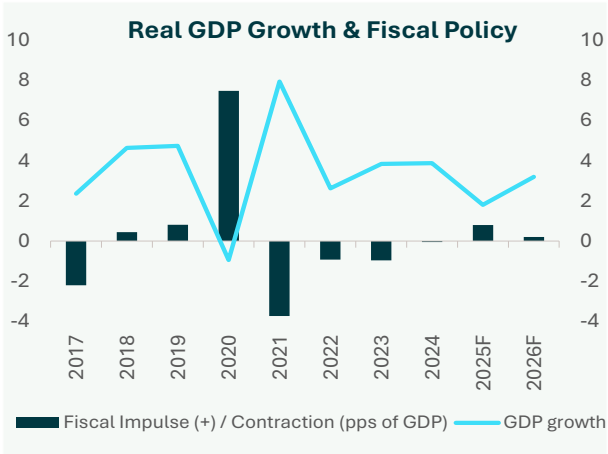
Serbia

BBB- / Ba2 / BB+ (S&P / Moody's / Fitch)







	10 Nov.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	4.6	4.6	4.6	4.1
RSD/EUR	117.1	117.5	117.5	117.5
Sov. Spread (2033, bps)	171	170	155	140

	10 Nov.	1-W %	YTD %	2-Y %
BELEX-15	1,232	-0.3	7.5	41.9

	2022	2023	2024	2025F	2026F
Real GDP Growth (%)	2.6	3.8	3.9	1.8	3.2
Inflation (eop, %)	15.1	7.6	4.3	2.7	4.1
Cur. Acct. Bal. (% GDP)	-6.6	-2.4	-5.5	-5.9	-5.7
Fiscal Bal. (% GDP)	-3.0	-2.1	-2.0	-2.8	-3.0

Sources: Reuters, NBS, OPBC & NBG estimates

Prolonged political uncertainty weighs on economic sentiment. A year after the roof collapse at Novi Sad railway station killed 16 people, student-led anti-corruption protests continue, though their nature has evolved from the mass rallies seen in recent months to more targeted actions. President Vučić, long criticized for corruption, controlling the media and sidelining the Parliament, remains at the epicenter of the protests, despite his efforts to ease the situation, including the installation of a new SNS Government back in April. Protesters have been long calling for snap elections, and recently, President Vučić has shown more flexibility regarding this demand. Worryingly, political unrest is expected to remain high until the next election, further weighing on economic sentiment (which nearly hit a 2-year low in Q3:25) and thus hindering economic growth, while potentially affecting policy implementation, especially stalling progress with structural reforms.

FY:25 GDP growth is revised further down to 1.8%, below that of its peers, on prolonged political turmoil and disruptions in NIS operations. Against the backdrop of prolonged political turmoil, the Q3:25 GDP flash estimate showed another lackluster increase of 0.4% q-o-q s.a. (against more than 1.0% on average in 2023-24), with the annual pace of economic expansion remaining broadly flat at 2.0% for a 3rd consecutive quarter. This outcome comes in contrast with the performance of several leading indicators (including industrial production and retail sales) that have been suggesting a pick-up in activity, despite still weak economic sentiment. As a result, while a detailed breakdown is not yet available, we expect a drawdown in inventories and weaker private fixed investment to have weighed on Q3:25 GDP growth. On the other hand, soft domestic demand along with improving export growth, likely translated into a larger contribution from net exports to overall growth, is expected.

Worryingly, the US sanctions imposed on Serbia's Russian-owned oil company NIS have put a new strain on the economy. Recall that the long-threatened sanctions came into effect in October, prompting Croatia's oil pipeline operator to cut supplies to NIS and international banks to stop processing NIS payments. Without new deliveries, NIS's oil stock should be depleted by end-November, leading to disruptions to domestic supply -- as NIS accounts for c. 80% of the market -- thus directly affecting economic activity (only NIS's activity accounts for c. 5.0% of GDP) and boosting inflation, due to higher import costs for energy, while hitting, at the same time, domestic economic sentiment and foreign investor confidence.

All said, we revise our FY:25 GDP growth forecast down to 1.8%, with risks to this outlook clearly tilted to the downside, especially if NIS fails to restart production soon. Importantly, Russian authorities are reportedly ready to relinquish control of NIS to a third party. Assuming NIS resumes activity by year-end, we see GDP growth rebounding to 3.2% in FY:26.

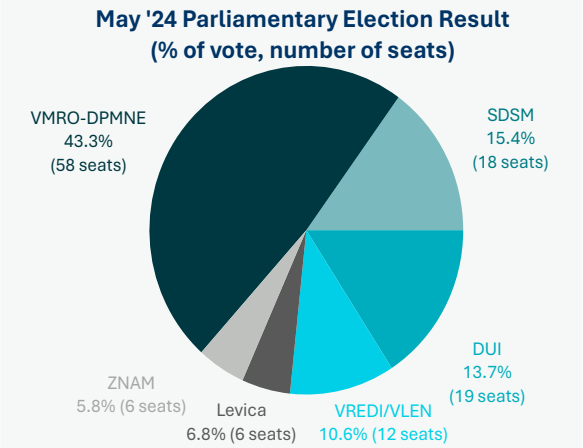
Continued fiscal support is set to cushion the economic slowdown. Fiscal policy has been expanding this year, with the 12-month budget deficit widening to 2.8% of GDP in September, up from 2.0% at end-2024, driven by higher spending for public sector wages & pensions (up 0.4 and 0.5 pps of GDP, respectively). At the same time, the implementation of large infrastructure projects under the "Serbia EXPO 2027" plan has kept capital spending elevated (at c. 7.0% of GDP, above the historical average of 4.0%).

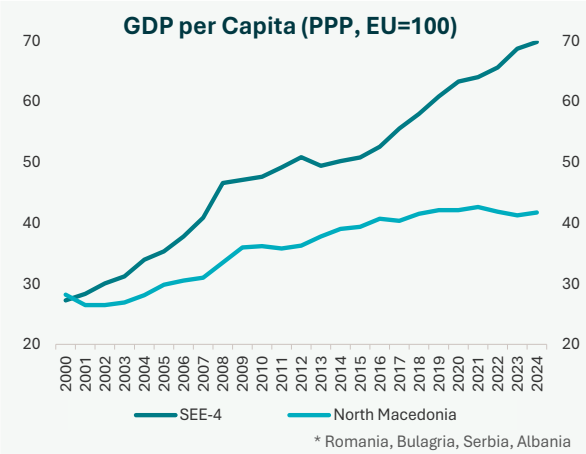
The FY:26 draft budget targets a deficit of 3.0% of GDP, envisaging a broadly neutral stance compared to FY:25. A looser incomes policy, involving further hikes in public sector wages & pensions, is set to put additional pressure on budget spending. Given the economic slowdown and the absence of new tax measures, it will be challenging for the revenue side to keep pace with spending pressures. As a result, adherence to the deficit target of 3.0% of GDP will most likely require adjustments to capital spending.

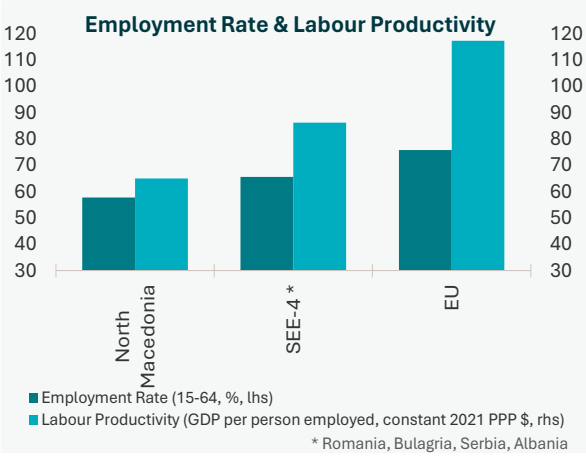
Potentially lower contributions from NIS to the state budget (accounting for c. 10% of budget revenue), combined with possible extra spending to stabilize the energy market in the event US sanctions remain in place for long, suggests that risks are heavily skewed towards a larger deficit.

North Macedonia

BB- / NR / BB+ (S&P / Moody's / Fitch)







	10 Nov.	3-M F	6-M F	12-M F
1-m SKIBOR (%)	4.2	4.2	4.1	3.7
MKD/EUR	61.4	61.6	61.6	61.6
Sov. Spread (2028, bps)	183	180	175	165

	10 Nov.	1-W %	YTD %	2-Y %
MBI 100	10,263	-0.4	0.6	74.6

	2022	2023	2024	2025F	2026F
Real GDP Growth (%)	2.8	2.1	2.8	3.1	3.1
Inflation (eop, %)	18.7	3.6	4.4	3.4	2.6
Cur. Acct. Bal. (% GDP)	-6.0	0.4	-2.3	-4.1	-3.4
Fiscal Bal. (% GDP)	-4.3	-4.6	-4.4	-4.6	-4.0

Sources: Reuters, NBRNM, MAKSTAT & NBG estimates

The outcome of local elections confirms the ruling VMRO-DPMNE's dominance on the political stage. The nationalist right-wing ruling VMRO-DPMNE scored a landslide victory in the October local elections, winning 55 out of a total of 81 municipalities, including the capital, Skopje. The main opposition party, the centre-left SDSM failed to recover ground, at the same time and suffered another crushing defeat, winning just 6 mayoral contests.

In ethnic Albanian-majority municipalities, the election was highly contested, with the VLEN alliance, junior partner in the ruling coalition, winning 10 municipalities, while the opposition DUI coalition secured only 4 municipalities.

All said, the election outcome extends the VMRO-DPMNE's dominance on the local level, further consolidating the ruling bloc. Against this backdrop, VMRO-DPMNE could seek to capitalize on its strong popularity by calling elections earlier than scheduled (2028). Recall that VMRO-DPMNE had won the May '24 general election with a massive 43.3% of the vote, falling short of securing an absolute majority in the 120-seat Parliament. As a result, it relied on support from the ethnic-Albanian VLEN alliance (then uniting the Alliance of Albanians (AA), Alternativa, BESA and Democratic Movement parties) and the left-wing nationalist ZNAM (formed by SDSM defectors) to form a functioning -- yet ideologically divergent -- Government. Although the AA later withdrew from the Government, citing, among other issues, the lack of progress on EU accession (see below), the ruling coalition still controls a comfortable majority of seats (estimated at around 70).

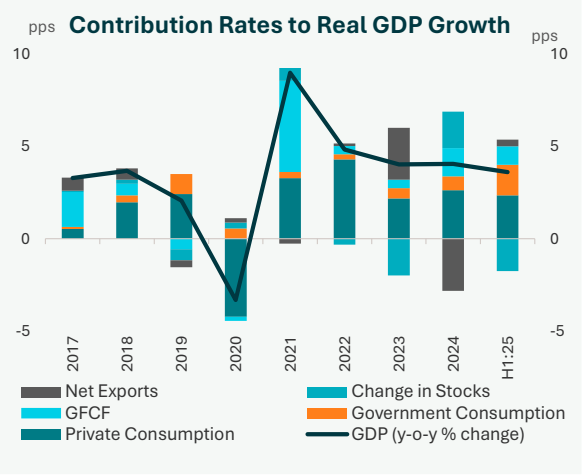
Further delays in North Macedonia's EU accession process are on the cards. Recall that, in a bid to unlock EU membership talks, North Macedonia (under the previous SDSM-led administration) reached a compromise deal with Bulgaria in mid-2022, settling the two countries' long-standing dispute. According to the deal, North Macedonia's Parliament should endorse constitutional changes, including the recognition of a Bulgarian minority in the country. In exchange, Bulgaria would lift its veto blocking North Macedonia's EU accession path. Although the VMRO-DPMNE officially supports EU integration, its hardline stance against the required constitutional amendment remains a stumbling block on North Macedonia's way to the EU.

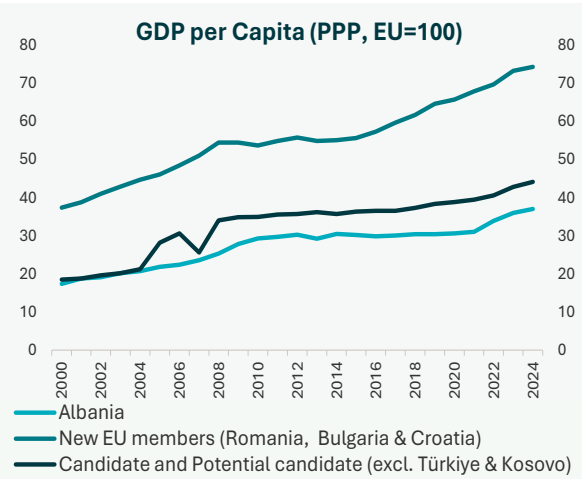
Worryingly, the latest EC progress report, albeit commending the country's commitment to EU integration despite the challenges testing the trust of society, noted that the pace of EU-aligned reform process has slowed. Key areas in which further actions are needed include rule of law and judicial independence, the fight against corruption, and public administration reform, mainly to ensure transparency and efficiency in governance.

Importantly, North Macedonia will continue to benefit from EU financial assistance under both the Instrument for Pre-Accession Assistance (IPA III, with a potential allocation of EUR 0.7bn for 2021-27) and the New Growth Plan for the Western Balkans (EUR 0.7bn for 2024-27). Effective use of these funds should help accelerate convergence with the EU, which has slowed considerably over the past years, even compared with regional peers (see chart). This slowdown is attributed not only to significant output losses recorded during the pandemic and the subsequent energy crisis (largely attributed to weak health system and energy sector fundamentals), but also to structural handicaps. These include persistent under-investment, which is exacerbated by entry and operation barriers (such as corruption, bureaucracy, and informality), low employment rates (partly due to high emigration over the past 15 years, during which the country's population declined by c. 5.0% in 2011-21, though this trend has shown signs of moderation recently) and weak labour productivity.

Albania

BB / Ba3 / NR (S&P / Moody's / Fitch)





Key Dates in Albania's Path towards EU Membership		
Opening of Accession Negotiations	Sep. 2025	"Cluster 4 – Green Agenda & Sustainable Connectivity"
	May 2025	"Cluster 3 – Competitiveness & Inclusive Growth"
	Apr. 2025	"Cluster 2 – Internal Market"
	Dec. 2024	"Cluster 6 – External relations"
	Oct. 2024	"Cluster 1 – Fundamentals"
Jul. 2022		"Screening process" of the acquis begins
Mar. 2020		European Council (EUCO) approves conditional launch of EU membership talks
Apr. 2018		EC recommends the opening of membership talks
Jun. 2014		EUCO grants Albania the status of candidate country for EU membership
June 2006		Signing of the SAA

	10 Nov.	3-M F	6-M F	12-M F
1-M TRIBOR (%)	3.3	3.3	3.3	3.3
ALL/EUR	96.4	99.0	99.0	99.0
Sov. Spread (2031, bps)	128	140	140	140

		1-W %	YTD %	2-Y %
Stock Market	---	---	---	---

	2022	2023	2024	2025F	2026F
Real GDP Growth (%)	4.8	4.0	4.0	3.4	3.6
Inflation (eop, %)	7.4	4.0	2.1	2.7	2.5
Cur. Acct. Bal. (% GDP)	-5.9	-1.2	-2.4	-2.6	-2.7
Fiscal Bal. (% GDP)	-3.6	-1.3	-0.7	-2.0	-2.0

Sources: Reuters, Instat, Eurostat & NBG estimates

After 4 years of overperformance in construction & tourism, economic growth moderated this year, aligning more closely to its long-term potential, while still outperforming Albania's peers. GDP grew by a solid 3.6% y-o-y in H1:25, slightly softer than the FY:24 outcome of 4.0%.

Resilient private consumption was the main engine of growth, with its pace of expansion easing slightly, however, on the back of high but gradually decelerating real wage growth (due, *inter alia*, to a more prudent incomes policy following the last wage and pension hikes in mid-2024). Notably, while moderating, nominal wage growth remains in double-digits due to tight labour market conditions, driven by persistent labour force shortages (mainly attributed to mass youth migration and skills mismatches). Still, the unemployment rate continued to decline, hitting a record-low of 9.5% in H1:25, while the participation rate rose to 69%, far exceeding that of other EU candidate countries. Improving consumer confidence (surpassing pre-pandemic levels) and the revival of consumer lending have also supported private consumption this year.

Following the moderation in construction activity after 4 years of strong growth, investment growth also eased but remained solid. Infrastructure-related projects and residential construction (financed by double-digit growth in mortgage lending) continued to account for the bulk of construction activity. Note that persistent robust FDI inflows (particularly in the manufacturing and energy sectors) have been sustaining growth in fixed investment, at least in part.

On a positive note, net exports' contribution to overall growth turned positive in H1:25, in line with the moderation in domestic demand growth along with the ongoing gradual recovery in good exports after 2 years of sharp contraction. This recovery reflects the fading out of the negative impact from LEK's massive appreciation (up more than 25% in REER terms since 2020) along with increased productivity and diversification efforts. Services export growth was also bolstered by tourism activity, which outperformed the other export industries. Indeed, tourist arrivals continued to grow, yet at a slower pace, up 5.7% y-o-y in 9M:25, following 4 years of overperformance that have doubled the base of tourist arrivals (with the sector now accounting for 32% of GDP against 20% in FY:19).

GDP growth is expected to maintain momentum in the period ahead, reaching around 3¾%, while becoming more balanced. The picture of its breakdown is not expected to differ materially from that of H1:25, with strengthening investments and exports -- driven by somewhat stronger external demand -- compensating for the normalization in construction & tourism activity. In particular, the high capacity utilization rate in the manufacturing sector (79%), coupled with improving business confidence and easing financing conditions, bodes well for a rebound in non-construction investment.

The policy mix is not expected to support GDP growth over the forecast horizon. Indeed, fiscal policy is projected to remain neutral in FY:26, while, following 75 bp cuts since mid-2024, the BoA is expected to refrain from further monetary policy easing. Indeed, the envisage abatement of appreciation pressures on the ALL, which have supported disinflation so far, combined with persistent -- yet moderating -- wage-driven inflationary pressures, is likely to prompt a more cautious approach by the BoA.

All said, GDP growth is projected at 3.4% in FY:25 and 3.6% in FY:26 -- above the performance of its neighbouring peers (which are expected to grow by 1.3% and 1.9%, respectively, in FY:25 and FY:26).

Rapid progress with EU accession should help accelerate convergence with the EU. Since the (long-awaited) launch of Accession Negotiations a year ago, Albania has opened 5 (out of 6) Clusters (i.e. 28 out of 33 Chapters), progressing significantly faster than other candidate countries. Sustained progress with EU accession is set to provide Albania with an important policy anchor, strengthening both the authorities' reform drive and markets' assessment of the economy's prospects, ultimately accelerating convergence with the EU. In the meantime, the economy will benefit from incoming EU financing.

DETAILED MACROECONOMIC DATA

SERBIA	2022	2023	2024	2025f	2026f
Real Sector					
Nominal GDP (EUR million)	63,540	75,258	82,378	87,036	92,817
GDP per capita (EUR)	9,567	11,394	12,543	13,305	14,246
GDP growth (real, %)	2.6	3.8	3.9	1.8	3.2
Unemployment rate (%, aop)	9.6	9.4	8.6	8.5	8.3
Prices and Banking					
Inflation (%, eop)	15.1	7.6	4.3	2.7	4.1
Inflation (%, aop)	11.9	12.5	4.7	3.9	3.8
Loans to the Private Sector (% change, eop)	6.9	1.1	7.8		
Customer Deposits (% change, eop)	6.9	11.7	13.2		
Loans to the Private Sector (% of GDP)	42.5	36.4	35.9		
Retail Loans (% of GDP)	19.5	16.7	16.9		
Corporate Loans (% of GDP)	23.0	19.7	19.0		
Customer Deposits (% of GDP)	46.8	44.2	45.8		
Loans to Private Sector (% of Deposits)	90.9	82.3	78.3		
Foreign Currency Loans (% of Total Loans)	64.1	64.7	61.9		
External Accounts					
Merchandise exports (EUR million)	26,928	27,932	29,090	31,334	33,148
Merchandise imports (EUR million)	36,292	34,560	36,616	39,150	41,498
Trade balance (EUR million)	-9,364	-6,628	-7,526	-7,816	-8,351
Trade balance (% of GDP)	-14.7	-8.8	-9.1	-9.0	-9.0
Current account balance (EUR million)	-4,162	-1,804	-4,535	-5,116	-5,301
Current account balance (% of GDP)	-6.6	-2.4	-5.5	-5.9	-5.7
Net FDI (EUR million)	4,328	4,262	4,692	3,519	3,783
Net FDI (% of GDP)	6.8	5.7	5.7	4.0	4.1
International reserves (EUR million)	19,416	24,909	29,295	29,697	31,179
International reserves (Months[a])	5.2	6.7	7.3	6.9	6.8
Public Finance					
Primary balance (% of GDP)	-1.6	-0.4	-0.1	-0.6	-0.8
Fiscal balance (% of GDP)	-3.0	-2.1	-2.0	-2.8	-3.0
Central Government debt (% of GDP)	52.4	48.4	47.2	46.9	46.7
External Debt					
Gross external debt (EUR million)	41,621	44,173	48,774	53,092	56,897
Gross external debt (% of GDP)	65.5	58.7	59.2	61.0	61.3
External debt service (EUR million)	5,466	5,206	4,991	4,965	8,308
External debt service (% of reserves)	28.2	20.9	17.0	16.7	26.6
External debt service (% of exports)	14.4	12.7	11.5	10.7	16.8
Financial Markets					
Policy rate (2-w repo rate, %, eop)	5.0	6.5	5.8	5.8	5.0
Policy rate (2-w repo rate, %, aop)	2.6	6.1	6.1	5.8	5.4
10-Y T-bill rate (%, eop)	7.3	6.2	5.8	5.1	4.7
Exchange rate: EUR (eop)	117.2	117.2	116.9	117.3	117.5
Exchange rate: EUR (aop)	117.4	117.2	117.0	117.1	117.4

f: NBG forecasts; a: months of imports of GNFS

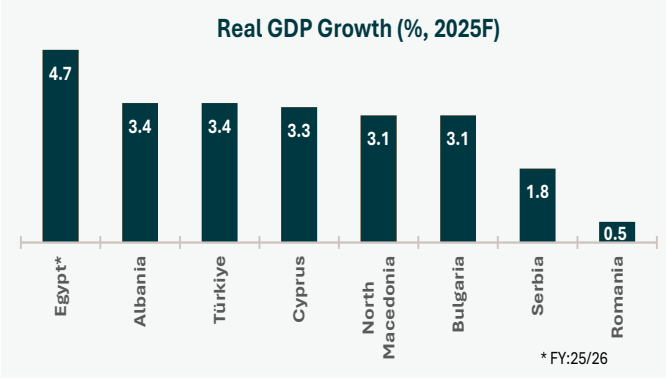
NORTH MACEDONIA	2022	2023	2024	2025f	2026f
Real Sector					
Nominal GDP (EUR million)	13,263	14,595	15,437	16,551	17,554
GDP per capita (EUR)	7,240	7,967	8,426	9,144	9,823
GDP growth (real, %)	2.8	2.1	2.8	3.1	3.1
Unemployment rate (%, aop)	14.4	13.1	12.4	11.4	10.7
Prices and Banking					
Inflation (%, eop)	18.7	3.6	4.4	3.4	2.6
Inflation (%, aop)	14.0	9.5	3.5	4.0	3.0
Loans to the Private Sector (% change, eop)	8.8	5.2	10.5		
Customer Deposits (% change, eop)	5.1	9.5	12.3		
Loans to the Private Sector (% of GDP)	51.1	48.8	51.1		
Retail Loans (% of GDP)	26.0	25.2	26.0		
Corporate Loans (% of GDP)	24.9	23.5	24.9		
Customer Deposits (% of GDP)	57.1	56.8	60.4		
Loans to Private Sector (% of Deposits)	89.5	85.9	84.5		
Foreign Currency Loans (% of Total Loans)	42.6	42.0	38.8		
External Accounts					
Merchandise exports (EUR million)	7,321	7,236	6,725	6,906	7,239
Merchandise imports (EUR million)	10,802	9,871	9,829	10,193	10,642
Trade balance (EUR million)	-3,482	-2,634	-3,103	-3,287	-3,403
Trade balance (% of GDP)	-26.3	-18.0	-20.1	-19.9	-19.4
Current account balance (EUR million)	-0,801	0,056	-0,355	-0,679	-0,592
Current account balance (% of GDP)	-6.0	0.4	-2.3	-4.1	-3.4
Net FDI (EUR million)	0,654	0,488	1,088	0,816	0,877
Net FDI (% of GDP)	4.9	3.3	7.0	4.9	5.0
International reserves (EUR million)	3,863	4,538	5,019	4,919	5,069
International reserves (Months[a])	3.7	4.6	5.2	4.8	4.7
Public Finance					
Primary balance (% of GDP)	-3.2	-3.2	-2.6	-2.7	-2.0
Fiscal balance (% of GDP)	-4.3	-4.6	-4.4	-4.6	-4.0
Gross public debt [b] (% of GDP)	57.6	57.6	61.9	63.1	64.2
External Debt					
Gross external debt (EUR million)	10,790	11,356	12,214	12,711	13,429
Gross external debt (% of GDP)	81.4	77.8	79.1	76.8	76.5
External debt service (EUR million)	2,558	4,043	3,761	4,342	4,749
External debt service (% of reserves)	66.2	89.1	74.9	88.3	93.7
External debt service (% of exports)	26.5	40.9	39.0	43.5	45.1
Financial Markets					
28-d CB bill rate (%, eop)	2.6	2.6	2.6	2.6	2.6
28-d CB bill rate (%, aop)	2.6	2.6	2.6	2.6	2.6
1-Y T-bill rate [c] (%, eop)	2.6	2.6	2.6	2.6	2.6
Exchange rate: EUR (eop)	61.6	61.6	61.4	61.6	61.6
Exchange rate: EUR (aop)	61.5	61.5	61.5	61.5	61.6

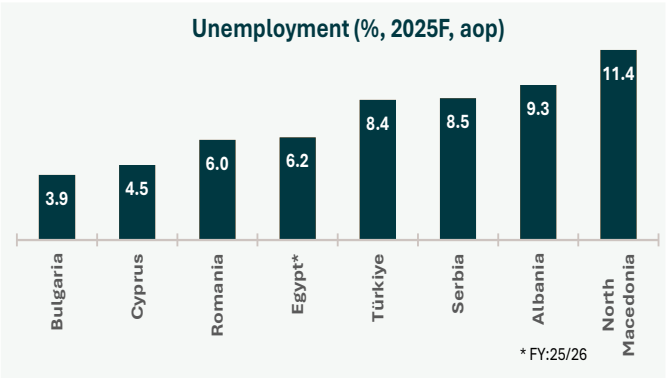
f: NBG forecasts; a: months of imports of GNFS; b: incl. guaranteed debt; c: primary market

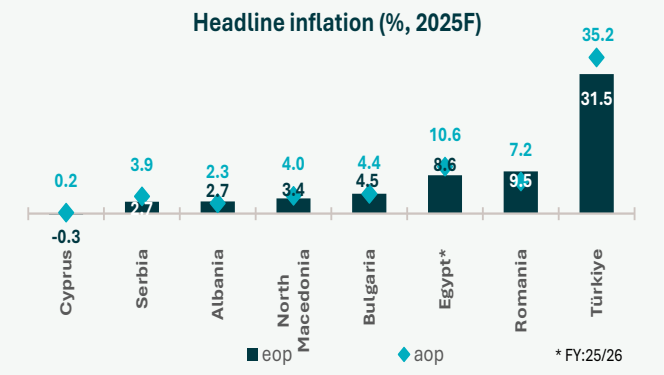
ALBANIA	2022	2023	2024	2025f	2026f
Real Sector					
Nominal GDP (EUR million)	18,116	21,806	25,073	26,956	28,457
GDP per capita (EUR)	6,522	8,011	9,399	10,186	10,775
GDP growth (real, %)	4.8	4.0	4.0	3.4	3.6
Unemployment rate (%, aop)	11.3	10.1	9.4	9.3	9.1
Prices and Banking					
Inflation (%, eop)	7.4	4.0	2.1	2.7	2.5
Inflation (%, aop)	6.7	4.8	2.2	2.3	2.9
Loans to the Private Sector (% change, eop)	7.1	5.0	12.2		
Customer Deposits (% change, eop)	4.4	2.4	3.7		
Loans to the Private Sector (% of GDP)	31.4	29.9	31.6		
Retail Loans (% of GDP)	12.2	12.1	12.9		
Corporate Loans (% of GDP)	19.2	17.9	18.6		
Customer Deposits (% of GDP)	56.6	52.6	51.5		
Loans to Private Sector (% of Deposits)	55.4	57.0	61.3		
Foreign Currency Loans (% of Total Loans)	48.2	43.3	41.9		
External Accounts					
Merchandise exports (EUR million)	1,933	1,836	1,679	1,696	1,746
Merchandise imports (EUR million)	6,201	6,376	7,272	7,744	8,286
Trade balance (EUR million)	-4,269	-4,540	-5,593	-6,049	-6,540
Trade balance (% of GDP)	-23.6	-20.8	-22.3	-22.4	-23.0
Current account balance (EUR million)	-1,063	-0,264	-0,609	-0,691	-0,780
Current account balance (% of GDP)	-5.9	-1.2	-2.4	-2.6	-2.7
Net FDI (EUR million)	1,190	1,256	1,340	1,387	1,477
Net FDI (% of GDP)	6.6	5.8	5.3	5.1	5.2
International reserves (EUR million)	4,952	5,847	6,264	6,600	6,858
International reserves (Months[a])	6.9	7.3	7.0	7.6	7.4
Public Finance					
Primary balance (% of GDP)	-1.8	0.7	1.4	0.6	0.5
Fiscal balance (% of GDP)	-3.6	-1.3	-0.7	-2.0	-2.0
Gross public debt (% of GDP)	65.2	58.4	56.4	55.5	54.5
External Debt					
Gross external debt (EUR million)	9,766	10,074	10,163	10,563	10,963
Gross external debt (% of GDP)	53.9	46.2	40.5	39.2	38.5
External debt service (EUR million)	0,328	0,352	0,380	0,380	0,380
External debt service (% of reserves)	6.6	6.0	6.1	5.8	5.5
External debt service (% of exports)	3.5	3.9	4.6	4.6	4.4
Financial Markets					
Policy rate (1-week repo rate, %, eop)	2.8	3.3	2.8	2.5	2.5
Policy rate (1-week repo rate, %, aop)	1.5	3.0	3.1	2.6	2.5
1-Y T-bill rate [b] (%, eop)	5.5	3.8	4.7	4.5	4.5
Exchange rate: EUR (eop)	114.0	103.4	97.8	99.0	99.0
Exchange rate: EUR (aop)	118.7	108.4	100.4	98.4	99.0

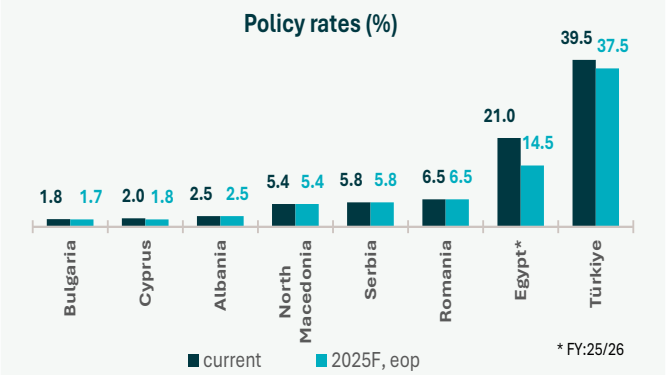
f: NBG forecasts; a: months of imports of GNFS; b: primary market

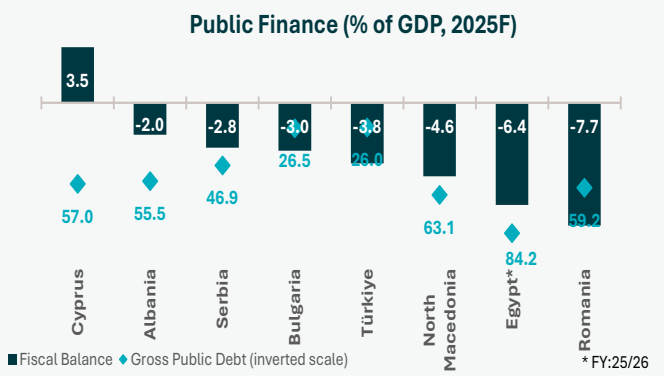
REGIONAL SNAPSHOT: MACROECONOMIC INDICATORS

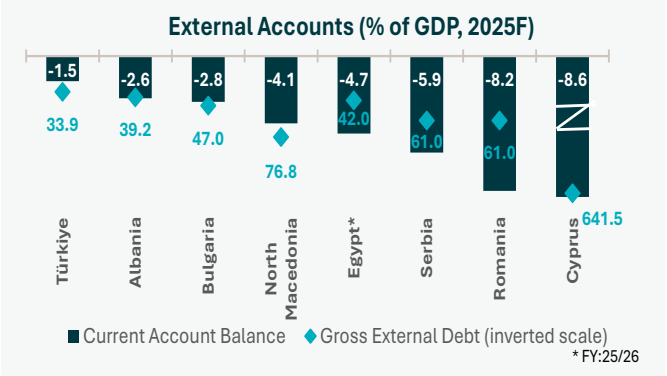


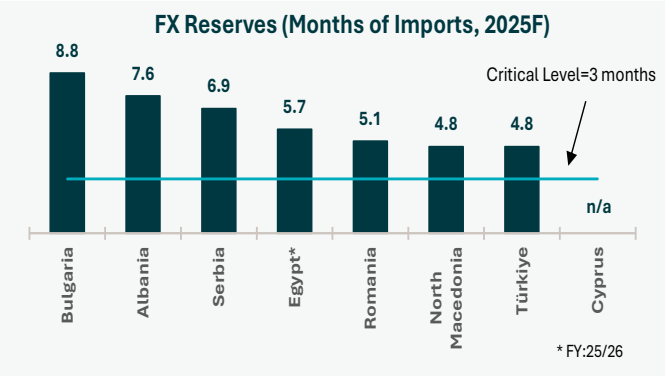






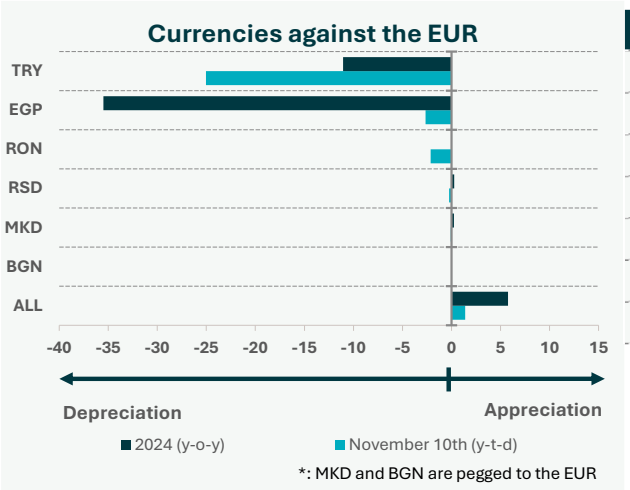




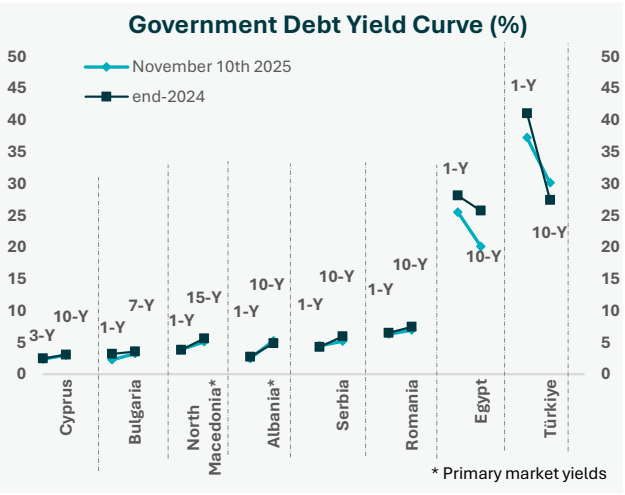


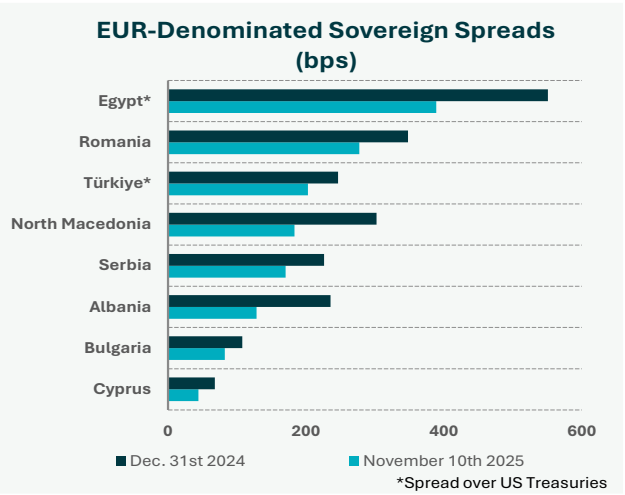
Sources: Reuters & NBG estimates

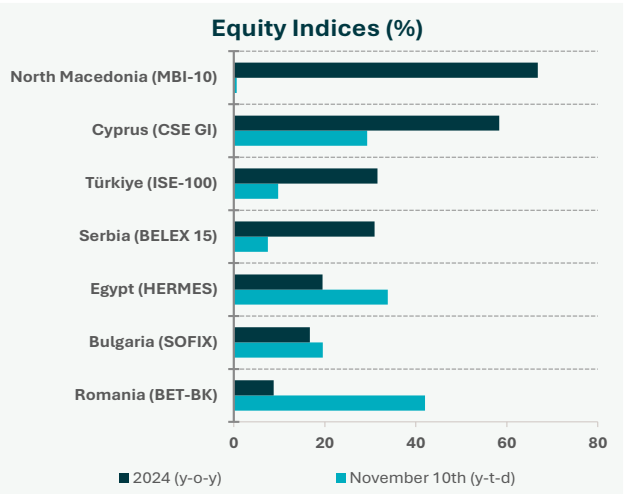
REGIONAL SNAPSHOT: FINANCIAL MARKETS

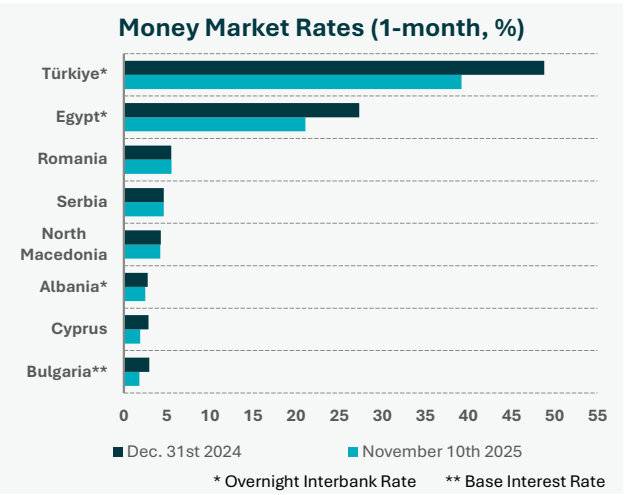


Spot
48.8
54.5
5.1
117.1
61.5
2.0
96.4









Sources: Reuters & NBG estimates