



Народна банка Србије

A new global context: Challenges of an uncertain future

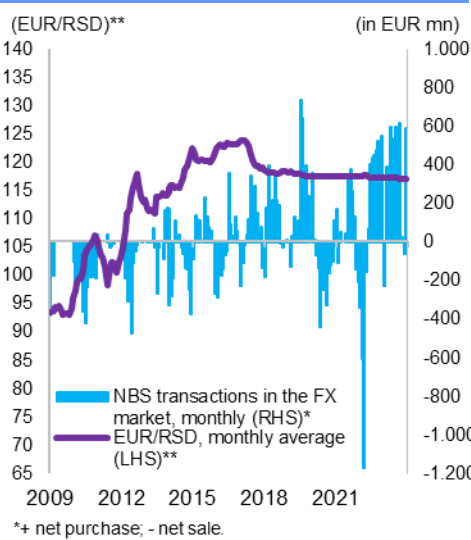
Jorgovanka Tabaković, PhD
Governor of the National Bank of Serbia

Kopaonik Business Forum, 4 March 2024

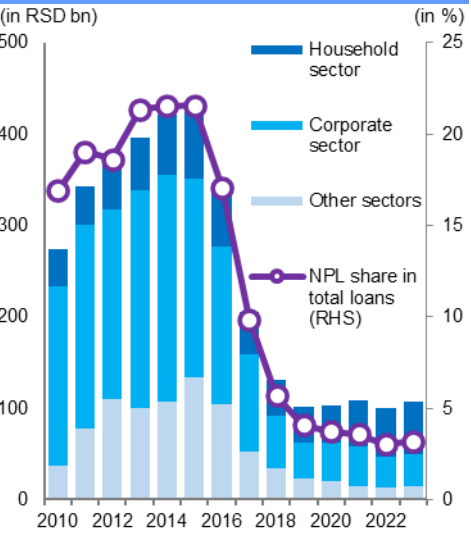


PRESERVED STABILITY AND FAVOURABLE GROWTH OUTLOOK

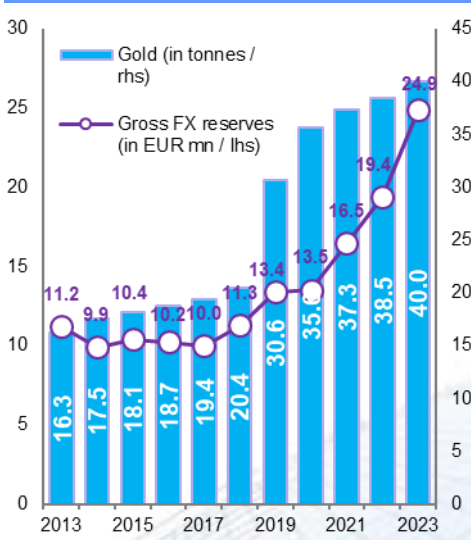
Relative stability of the dinar exchange rate



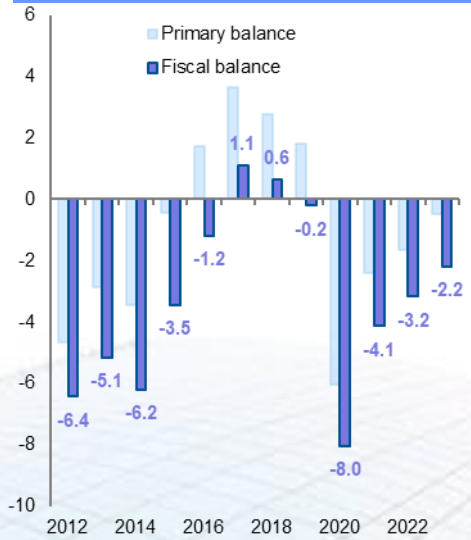
NPL share in total loans at a record low (in %)



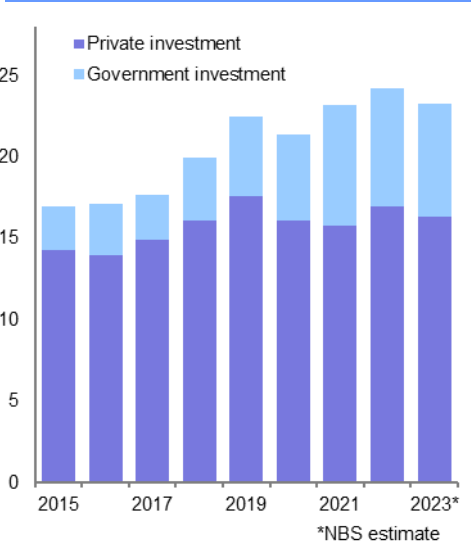
Record high FX reserves



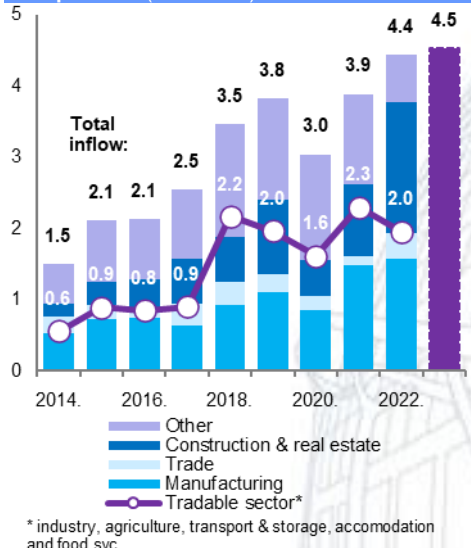
Fiscal result – solid public finances (in %)



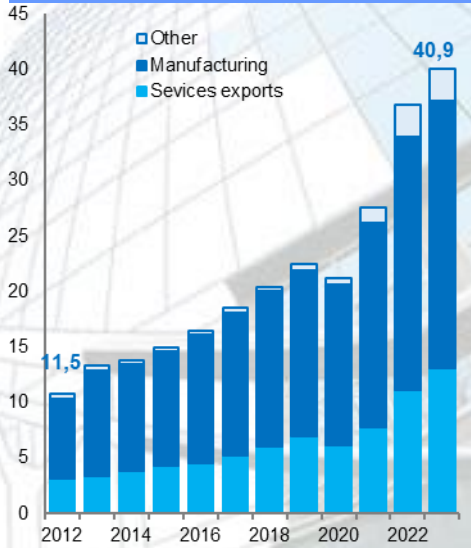
Share of investment in GDP (in %)



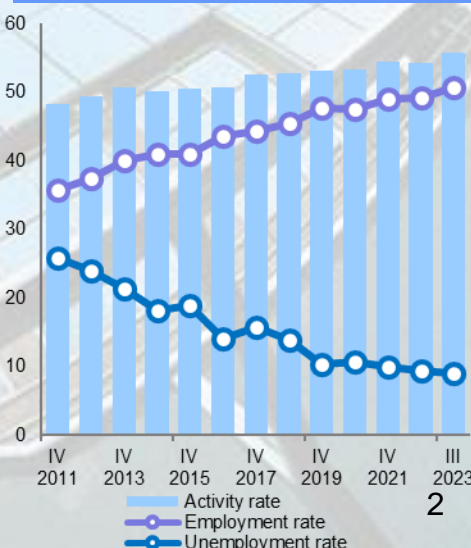
FDI by sector – record inflows and good composition (in EUR bn)



Goods and services exports – 3.5 times higher than in 2012 (in EUR bn)

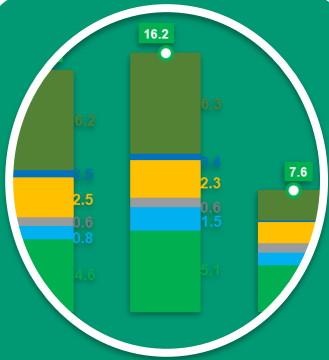


Labour market indicators – record high formal employment (in %)

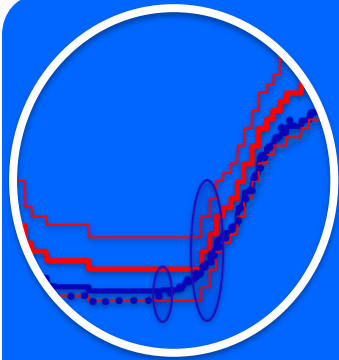




TOPICS



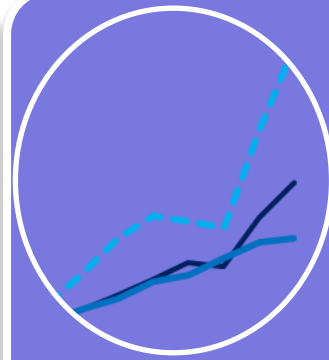
Inflation factors



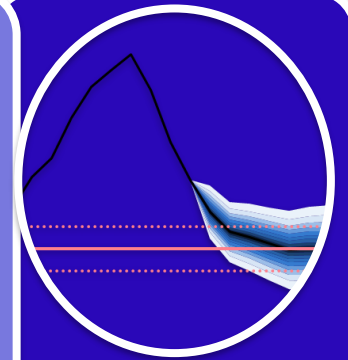
Monetary policy response



Resilience of Serbian economy



Contribution of macro-economic stability to corporate performance

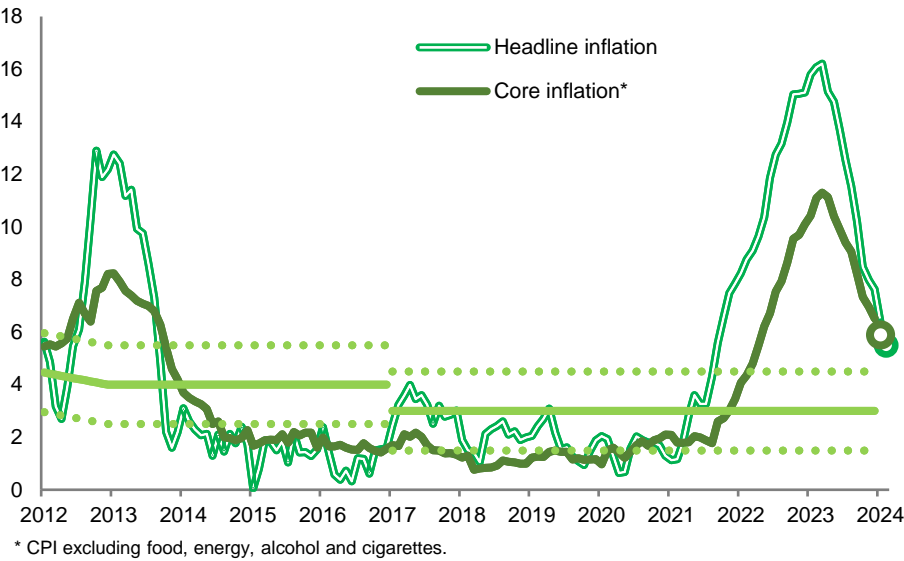


Expectations going forward

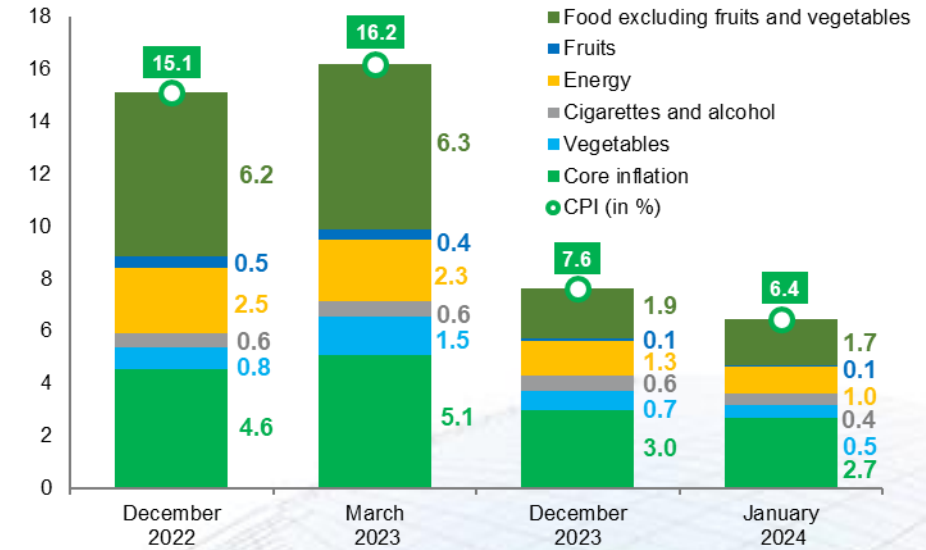


1 INFLATION FACTORS (1/2)

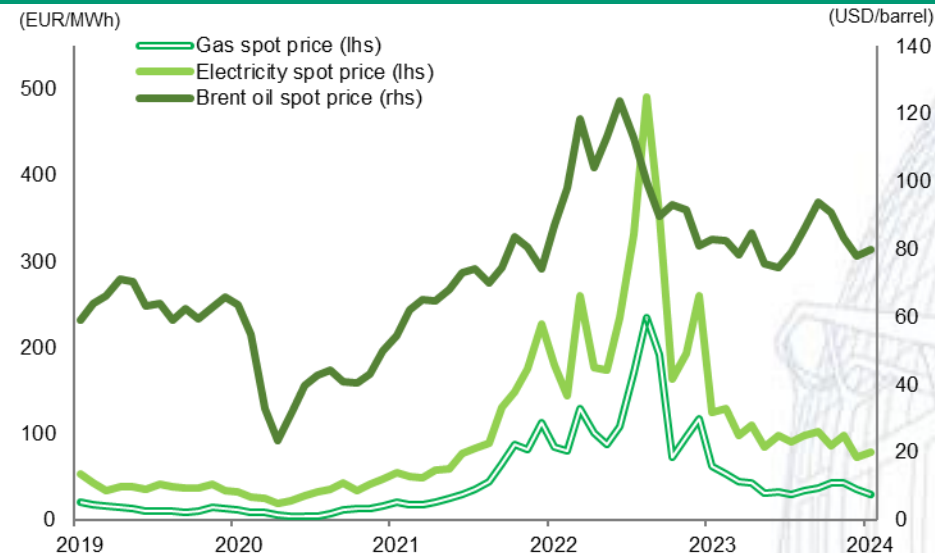
Sharp fall in headline and core inflation in Serbia (in %)



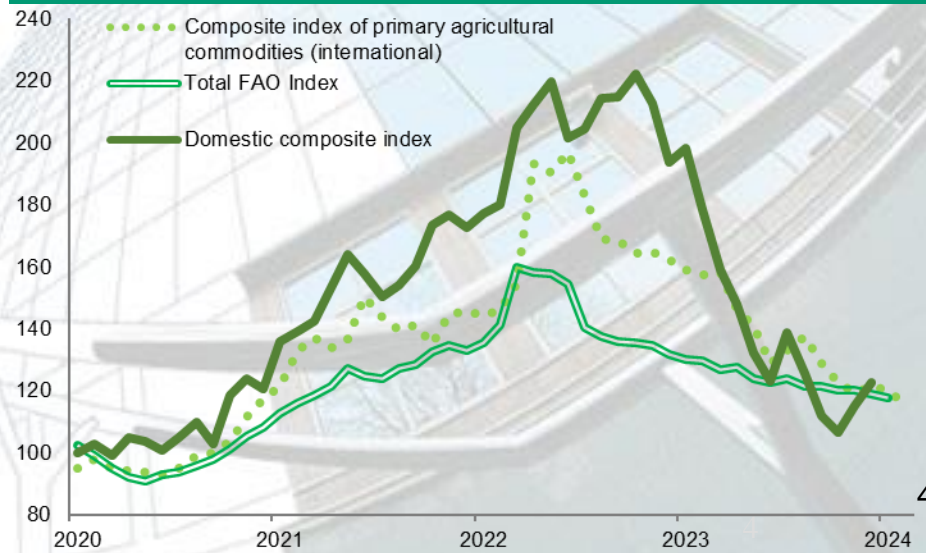
Contributions of main inflation components in Serbia – food and energy products (in pp)



Reduction in global energy prices



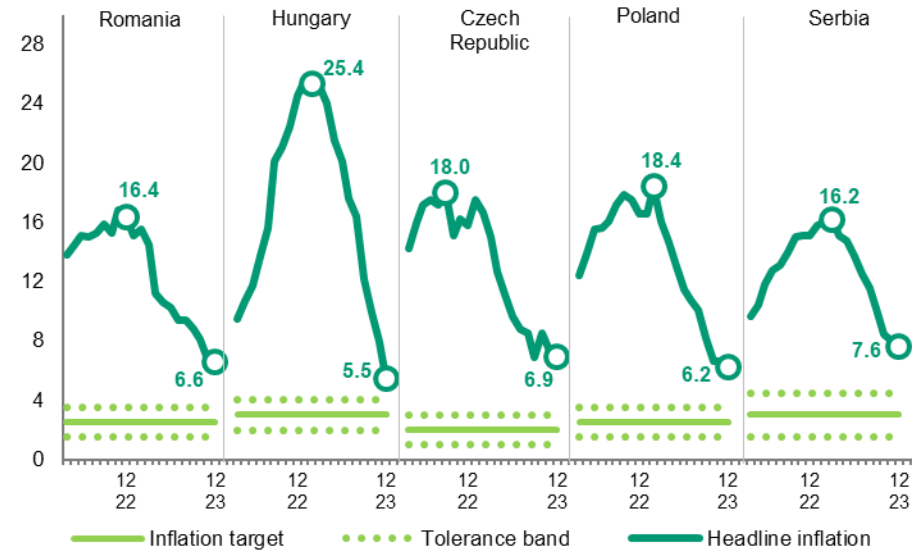
Subsiding global and domestic cost-push pressures in food production (index 2014-2016=100)



1 INFLATION FACTORS (2/2)

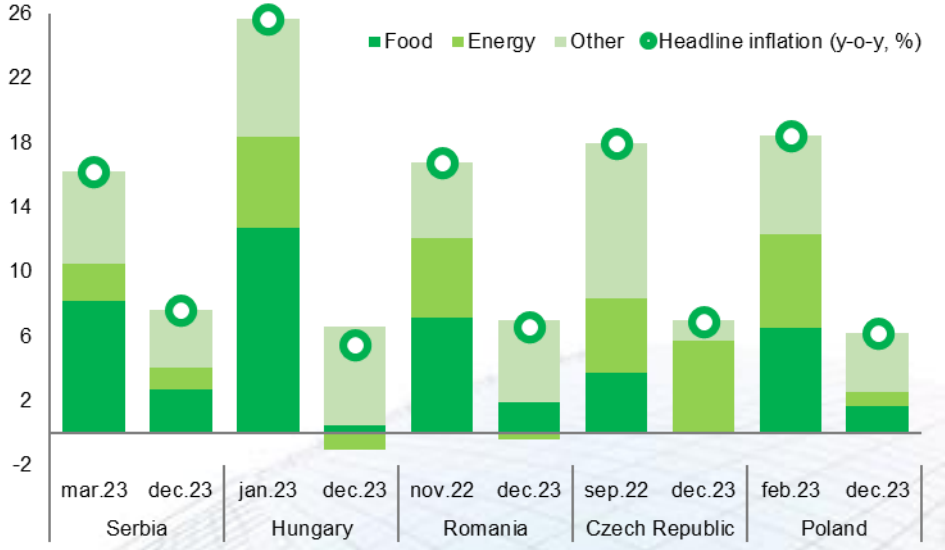
CPI movements for selected CESEE countries

(y-o-y rates, in %)



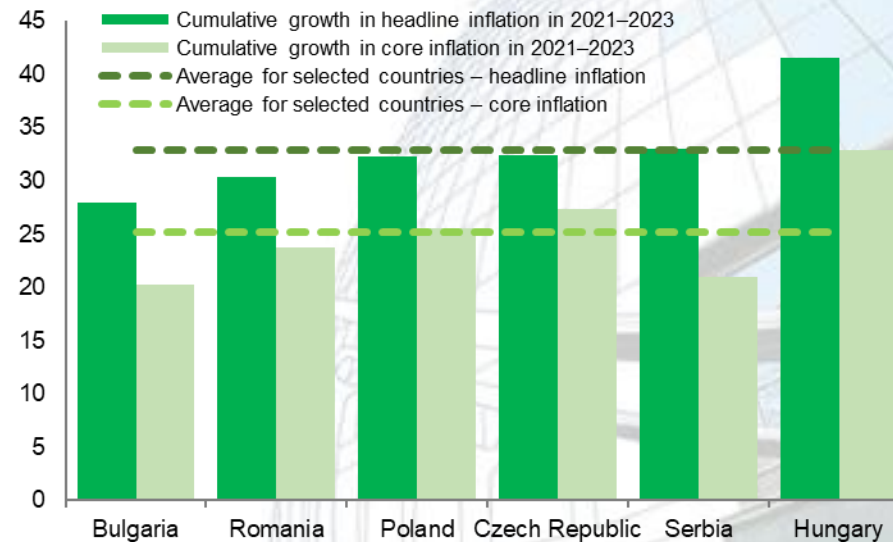
Maximum inflation rate from September 2022 to end-2023 for selected countries – contributions of individual components to the y-o-y inflation rate (in pp)

(in pp)



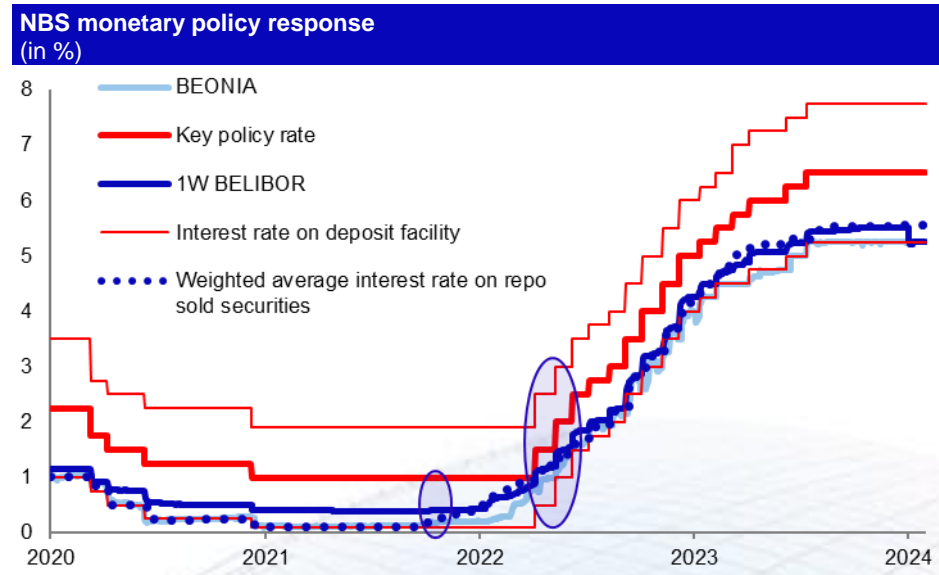
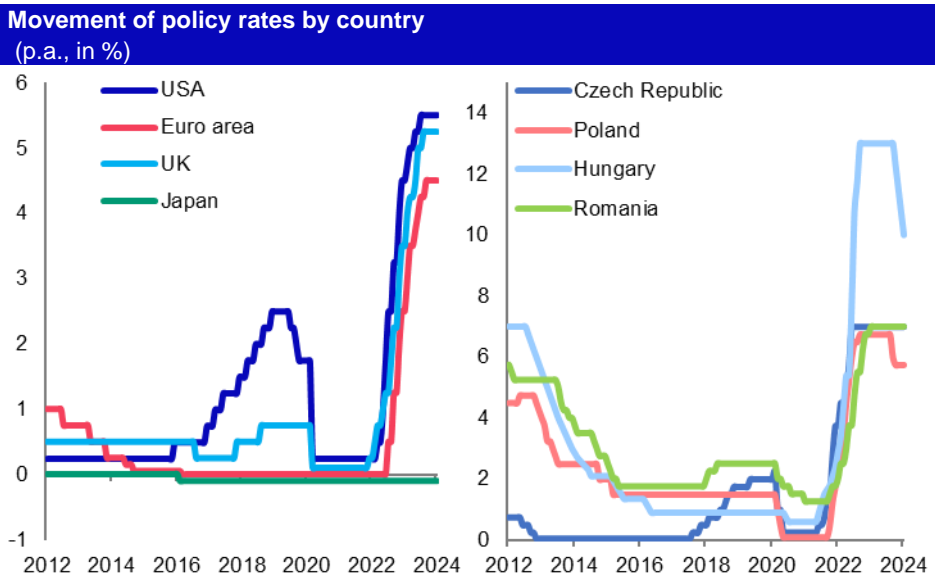
Cumulative rise in headline and core inflation for selected CESEE countries

(in %)

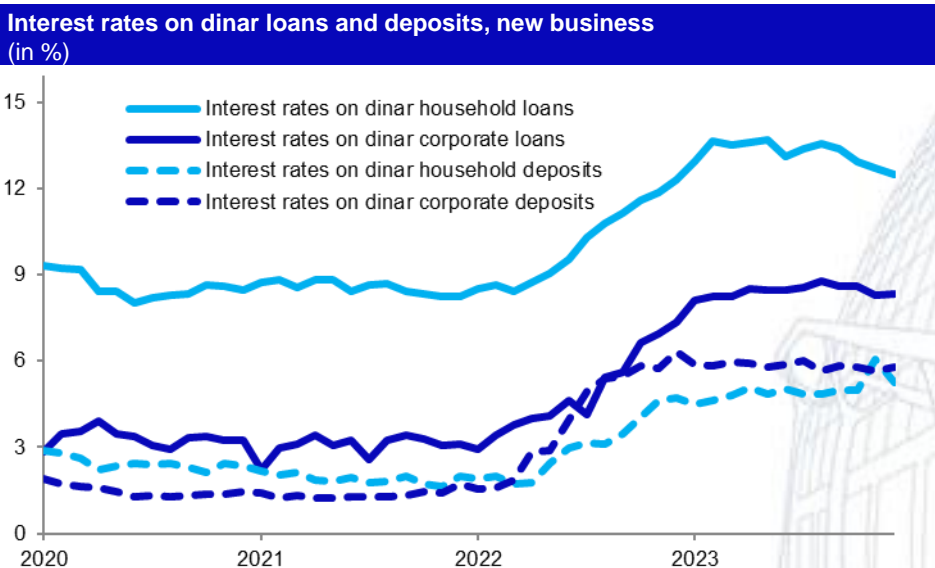


2 MONETARY POLICY RESPONSE

Further monetary tightening in 2023, but at a more moderate pace

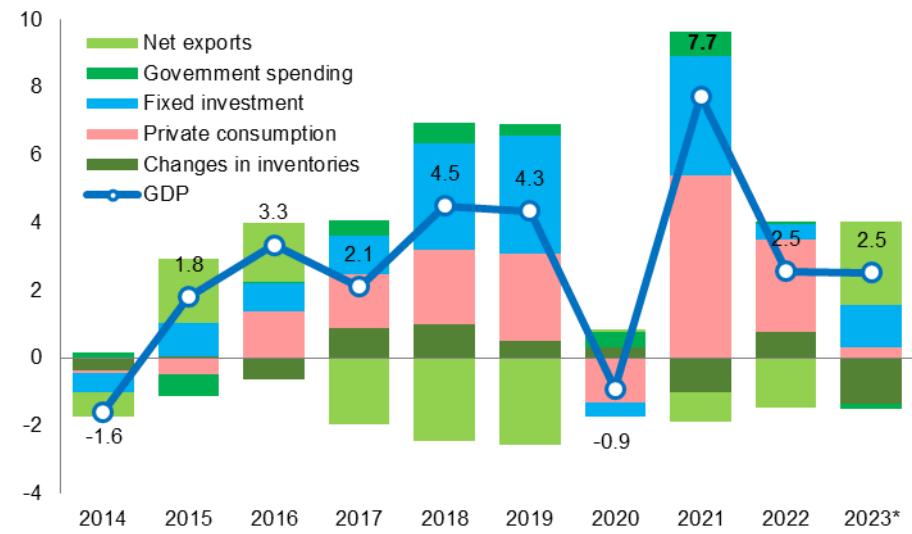


The transmission mechanism through the interest rate and expectations channels is functioning, confirming the NBS credibility



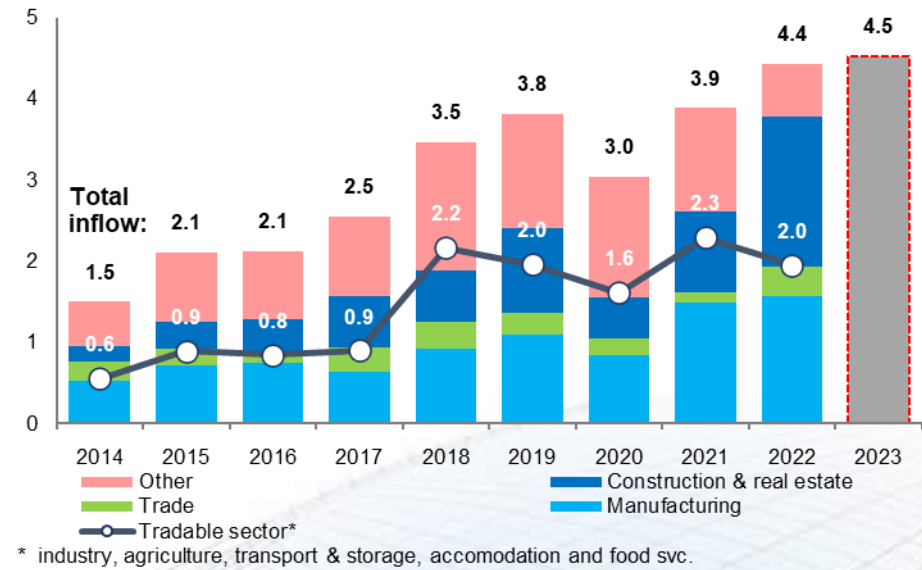
3 RESILIENCE OF SERBIAN ECONOMY (1/2)

Composition of GDP growth
(in % and pp)



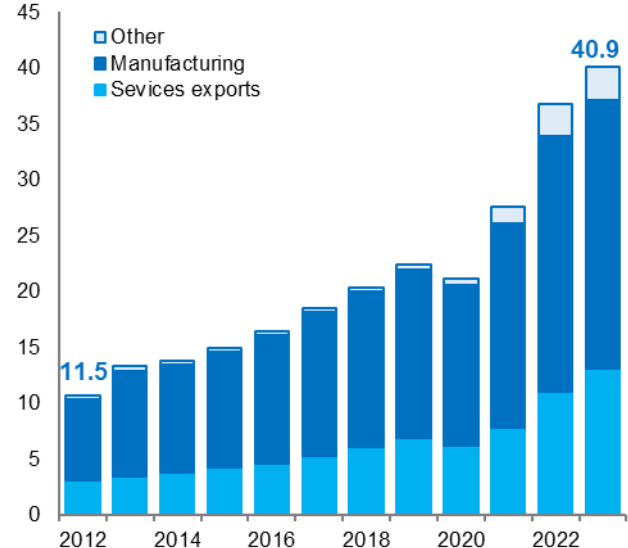
* NBS estimate.

Total inflows and FDI composition by sector – record inflows and good composition
(in EUR bn)

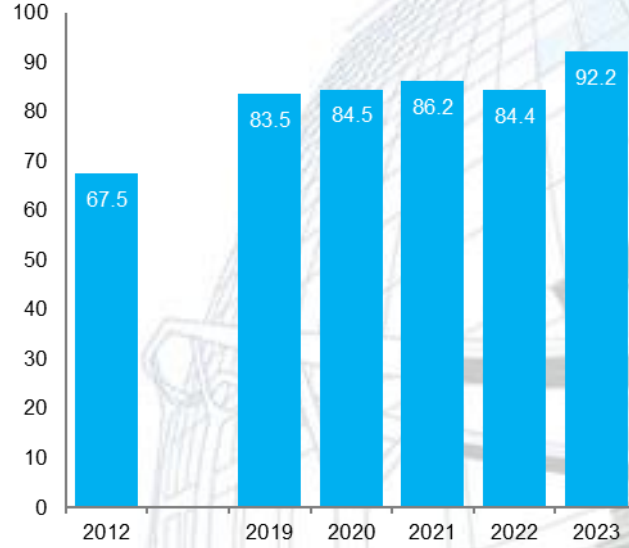


* industry, agriculture, transport & storage, accomodation and food svc.

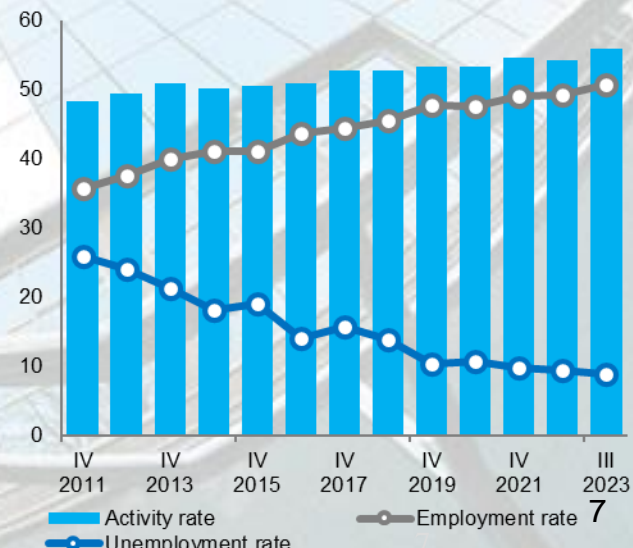
Goods and services exports – 3.5 times higher than in 2012
(in EUR bn)



Coverage of goods and services imports by exports – exports and imports almost equalised
(in %)

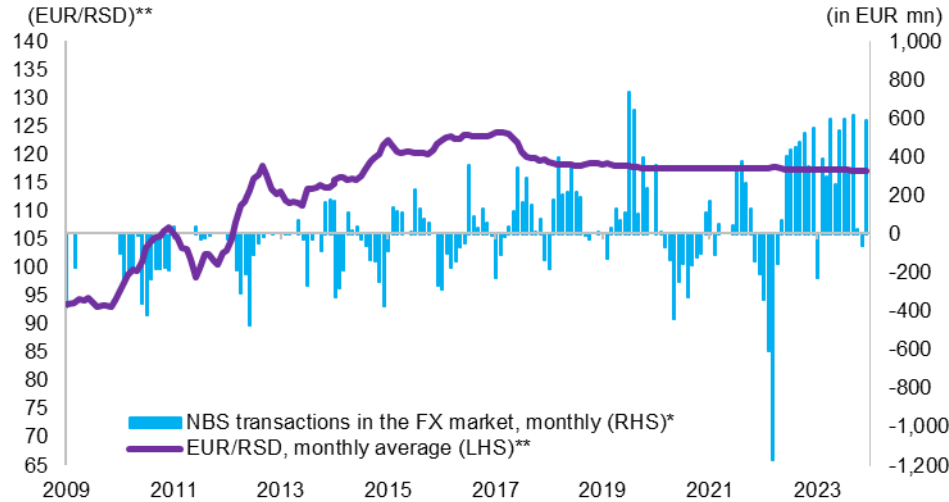


Labour market indicators – record high formal employment
(in %)



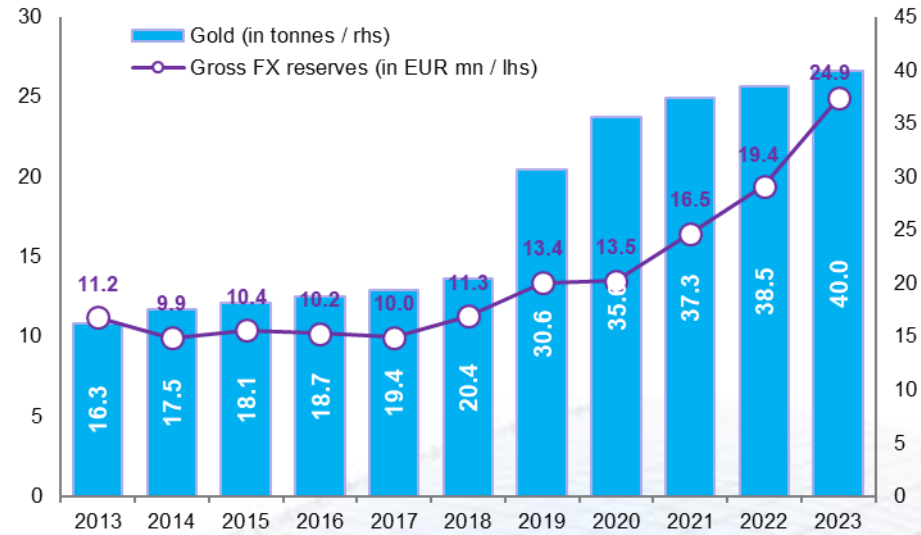
3 RESILIENCE OF SERBIAN ECONOMY (2/2)

Relative stability of the dinar exchange rate as an important anchor of overall stability and certainty of doing business

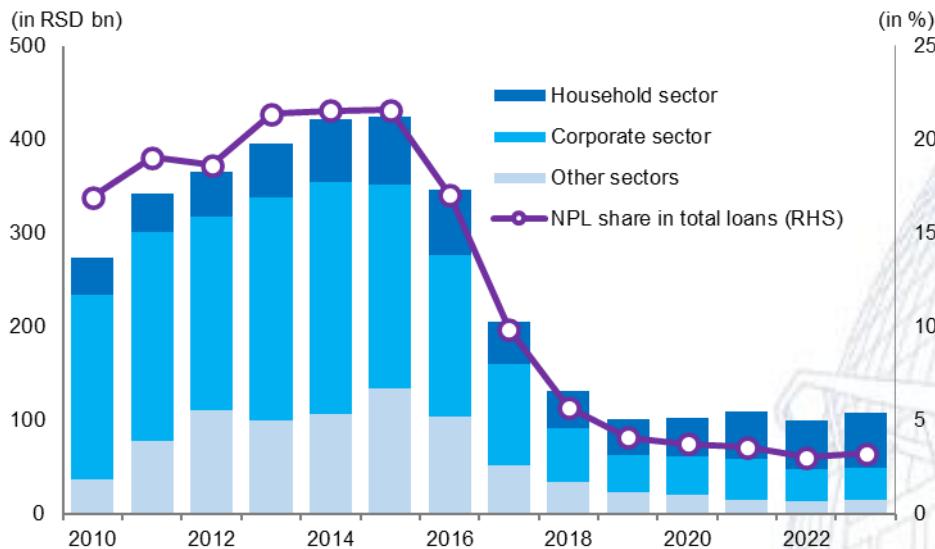


* + net purchase; - net sale.

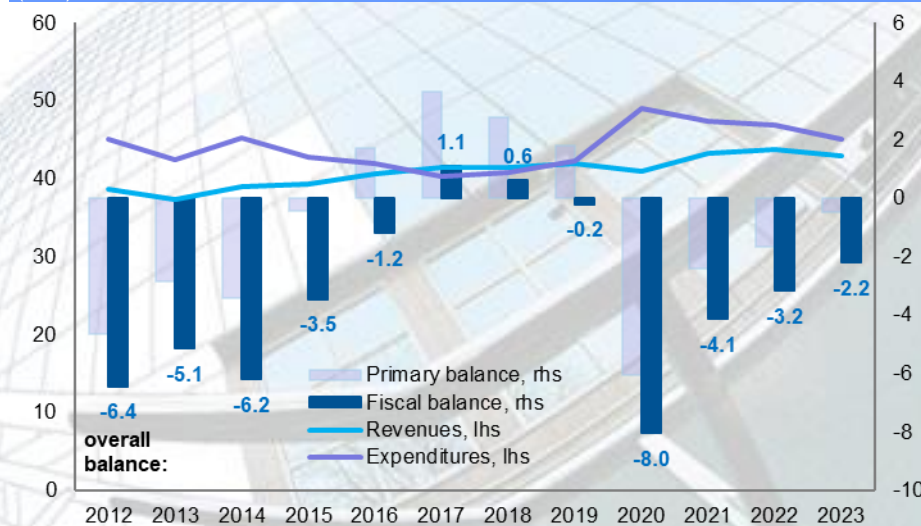
Record high FX and gold reserves (in EUR bn)



NPL share in total loans at a record low

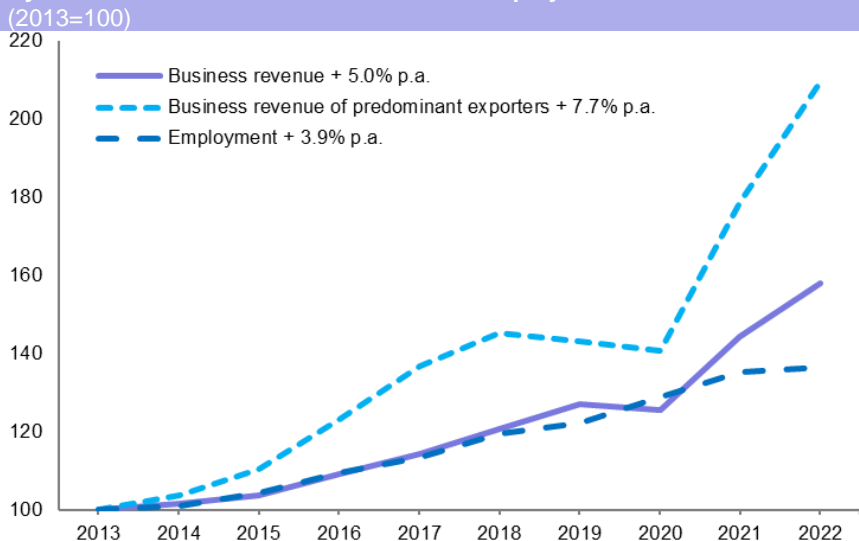


Fiscal result – solid public finances (in %)

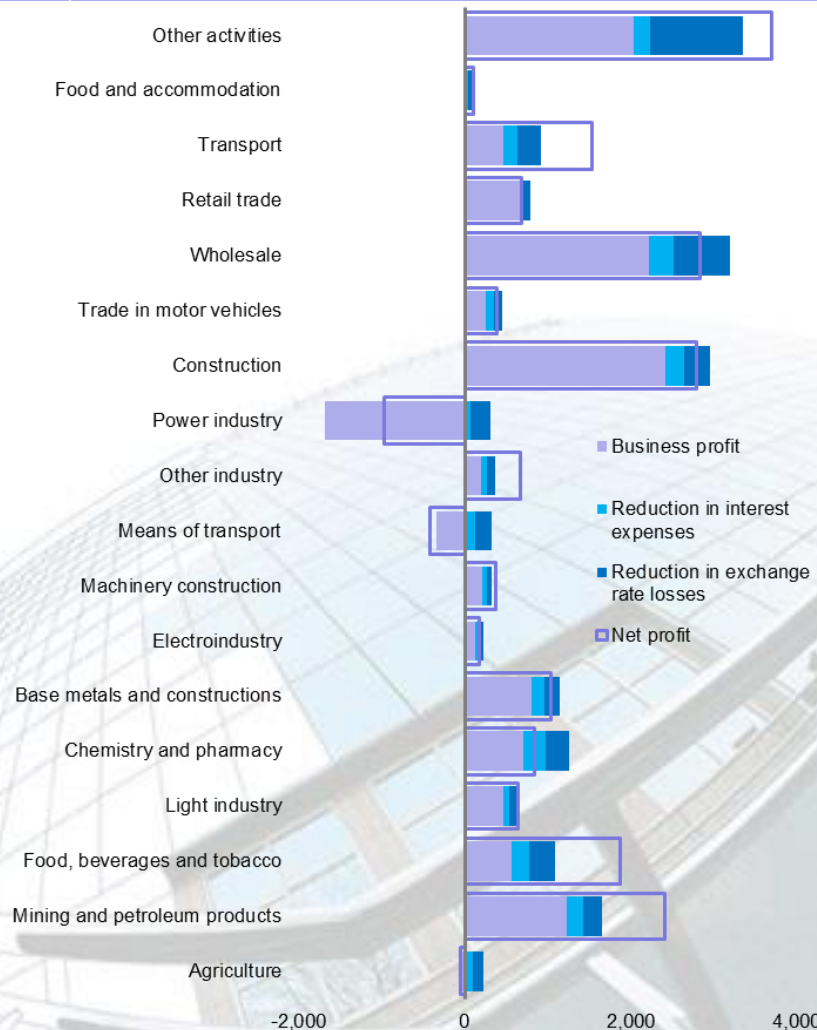


4 CONTRIBUTION OF MACROECONOMIC STABILITY TO CORPORATE PERFORMANCE

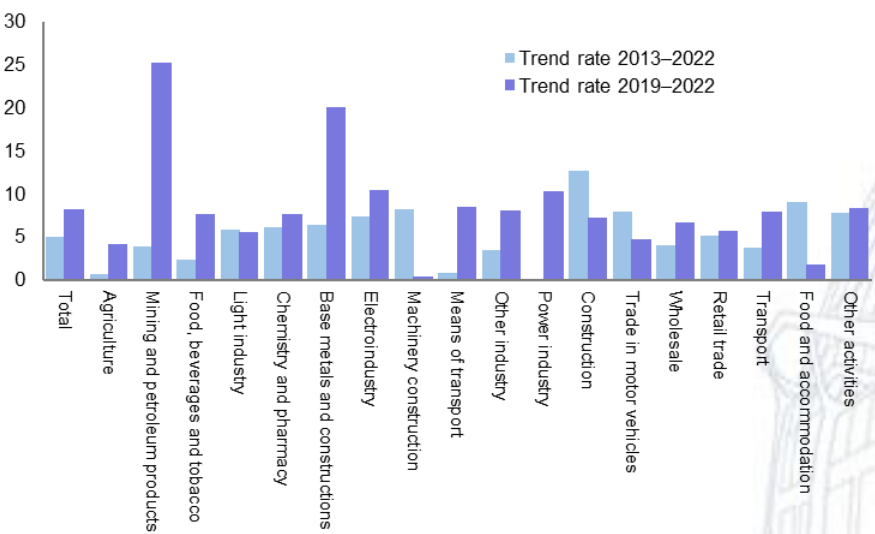
Dynamics of real business revenues and employment (2013=100)



Sources of changes in the financial result in 2018-2022 vs. 2013-2017 (in RSD bn)

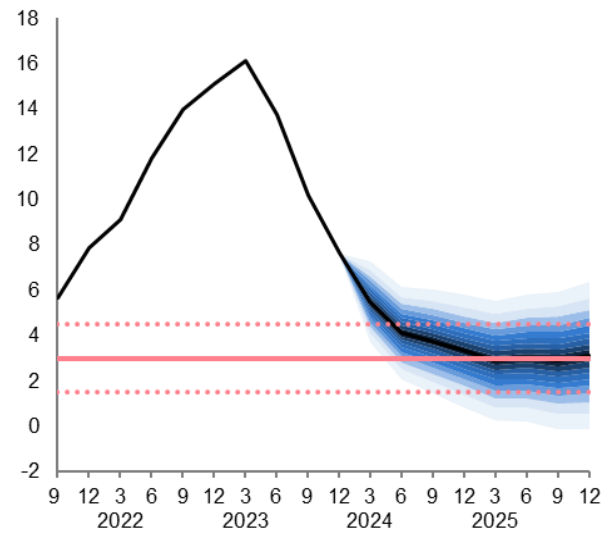


Average growth in real business revenues by activity (in %)

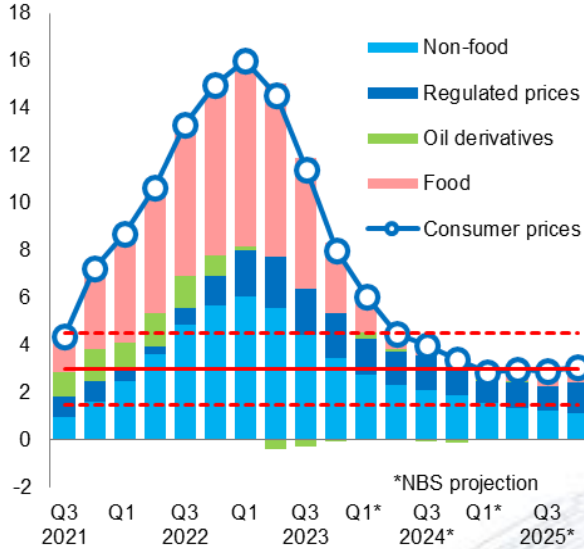


5 PROJECTIONS

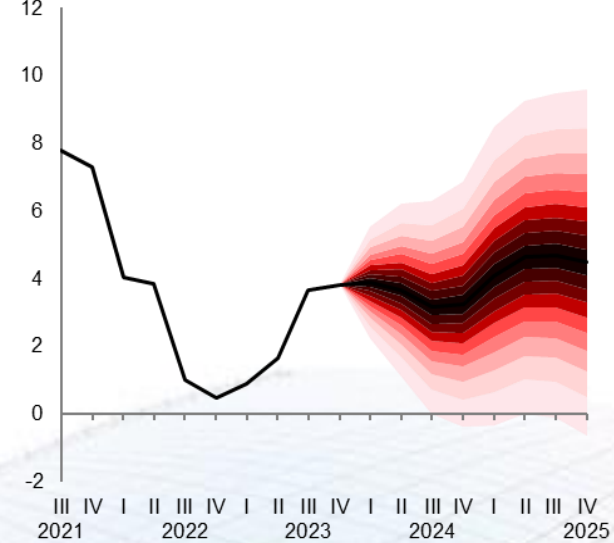
Inflation will reach the target at end-2024
(y-o-y rates, in %)



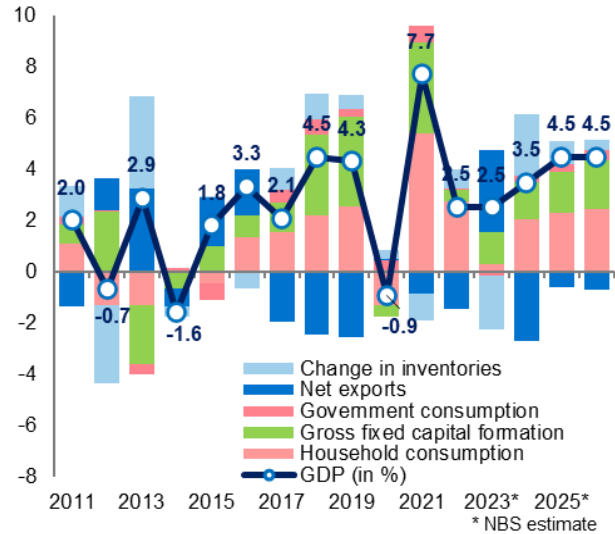
All inflation components are declining
(y-o-y rates, in %)



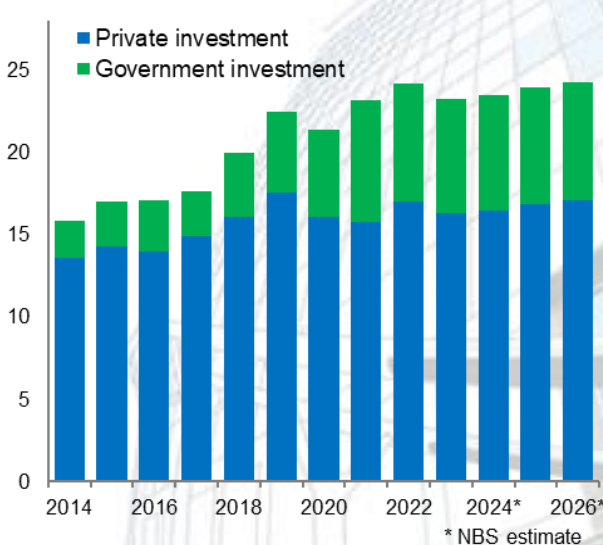
Robust medium-term growth
(y-o-y rates, in %)



Investment will push up growth to 4.5%...
(in pp)



Investment growth projection
(in % of GDP)



Sustainable current account deficit, fully covered with FDI
(in % of GDP)

