National Bank of Serbia

REPORT ON THE RESULTS OF THE INFLATION EXPECTATIONS SURVEY

June 2026

Belgrade, July 2026

Contents:

Introductory note

Indicators of inflation expectations of economic agents are an important factor in the process of monetary policy decision-making in an inflation targeting regime. The effectiveness of the inflation targeting strategy is measured by the degree of stability of inflation expectations and by how firmly they are anchored within the target tolerance band, enhancing the credibility of the monetary policy.

In accordance with the best international practice, after introducing the inflation targeting regime in January 2009, the NBS began to monitor and analyse the inflation expectations of economic agents. To this end, the NBS draws on the inflation expectations survey conducted by the Ninamedia agency for the NBS since April 2024. Survey respondents are classified into four sectors (the financial sector, corporate sector, trade unions and households) and asked to state their one-year ahead price growth expectations, since March 2014, their medium-term, i.e. two-year ahead expectations, and since February 2021 their three-year ahead expectations for y-o-y price growth.

Overview

One-year ahead inflation expectations of the financial sector declined from 4.0% in May to 3.6% in June and stayed within the NBS target band. Expected inflation, calculated through the **composite measure of inflation expectations**,[1] **decreased from 4.25% in May to 4.0% in June** as expectations subsided in the Ninamedia survey, primarily due to lower reported inflation expectations of banks with the largest market shares. According to the **July Bloomberg survey**, short-term inflation expectations of the financial sector stayed flat from a month before, measuring 4.0%.

Short-term inflation expectations of the corporate sector remained unchanged for the third consecutive month, which is also the level most frequently recorded since the start of 2025.

Medium-term inflation expectations of the financial sector stayed almost unchanged from a month earlier, measuring 3.5% for two years ahead and 3.0% for three years ahead in the June survey, and continuing to move within the 3.0–3.5% range since January 2024.

Two- and three-years ahead inflation expectations of the corporate sector remained unchanged for the third month in a row and stood at 5.0%, continuing to move within the 4.0–5.0% range since December 2023.

Traditionally higher than those of other sectors, short-term household expectations declined from 15% in May to 10% in the June survey, which is their lowest level since June 2024. **Medium-term household expectations (for two and three years ahead)** measured 10% in the June survey, unchanged from the month before. **At the same time, the results of the qualitative survey suggest that households anticipate inflation to be lower in the coming twelve months than the inflation perceived in the previous twelve months.**

[1] Calculated as the weighted median of individual responses, with the shares of institutions in the total assets of the surveyed financial institutions used as weights. Institutions participating in both surveys are assigned the arithmetic mean of the responses provided in the Ninamedia and Bloomberg surveys for the relevant month. Hence, banks with a larger market share have a greater influence on the aggregate result.

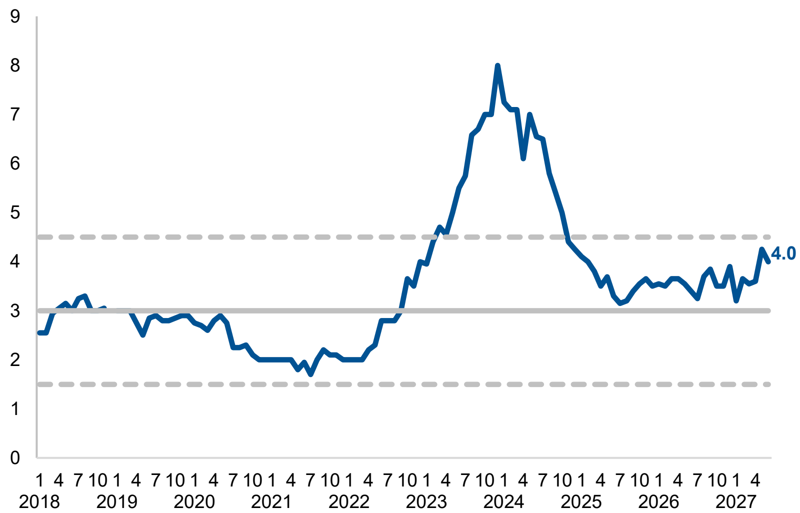
Inflation expectations of the financial sector

According to the **Ninamedia survey**, **one-year ahead inflation expectations of the financial sector** decreased from 4.0% in May to 3.6% in the June survey, and stayed within the NBS target band. According to the **July Bloomberg survey results**, short-term inflation expectations remained flat from June, measuring 4.0%.

A closer analysis of the structure of individual responses shows that almost all financial institutions surveyed by Ninamedia (22 out of 23) expect one-year ahead inflation to be within the NBS target tolerance band.

The composite measure of expectations, calculated by combining the responses of financial institutions that participate in the Bloomberg and Ninamedia surveys, went down from 4.25% in May to 4.0% in June, primarily on account of lower inflation expected by banks with the largest market shares (Chart 1).

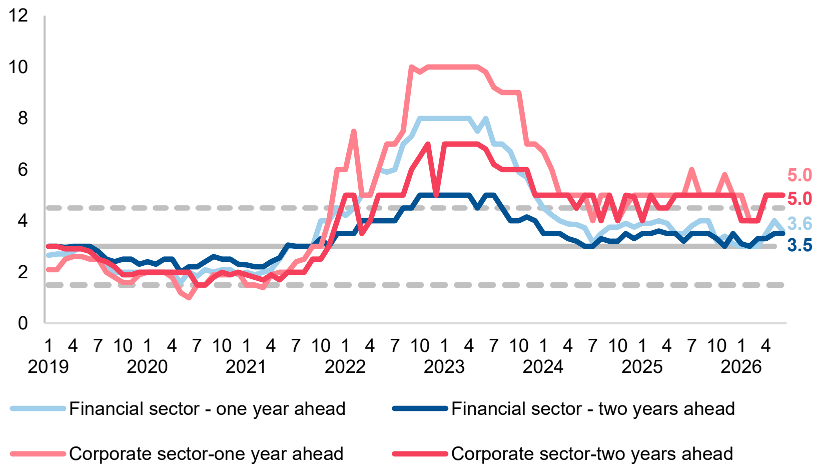
Chart 1 **Composite measure of inflation expectations of the financial sector (in %)**



Sources: NBS, Ipsos, Ninamedia, Bloomberg.

Medium-term inflation expectations of the financial sector remained unchanged from a month before, measuring 3.5% for two years ahead and 3.0% for three years ahead in the June survey and continuing to move within the 3.0%–3.5% interval since January 2024.

Chart 2 **Expected inflation of the financial and corporate sector for one and two years ahead (%)**



Sources: NBS, Ninamedia and Ipsos.

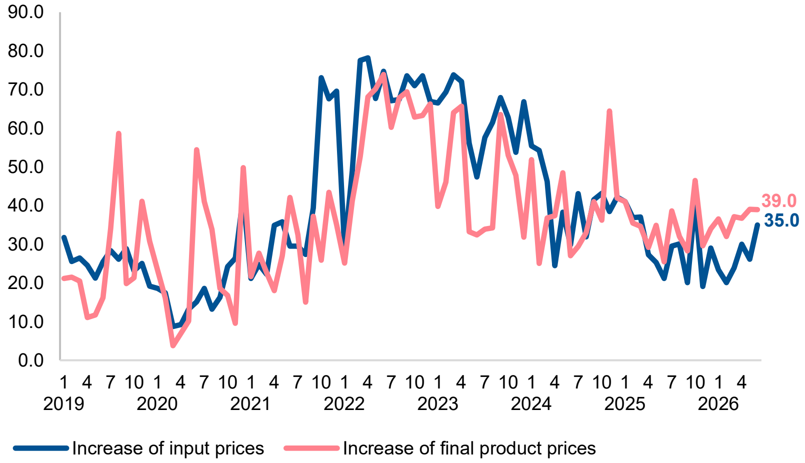
Inflation expectations of the corporate sector and estimate of business conditions

Short- and medium-term inflation expectations of corporates did not change in the June survey. At 5.0% in May, **one-year ahead inflation expectations** remained unchanged for the third consecutive month, which is also the level most frequently recorded since the start of 2025.

Medium-term corporate expectations for two and three years ahead were also unchanged for the third month in a row. They measured 5.0% in the June survey and continued to move within 4.0–5.0% interval over the past year.

The share of corporates expecting a rise in their **input prices** in the short run increased from 26% in May to 35% in June, while the share of those anticipating an increase in **output prices** stayed unchanged from May, measuring 39% in the June survey (Chart 3).

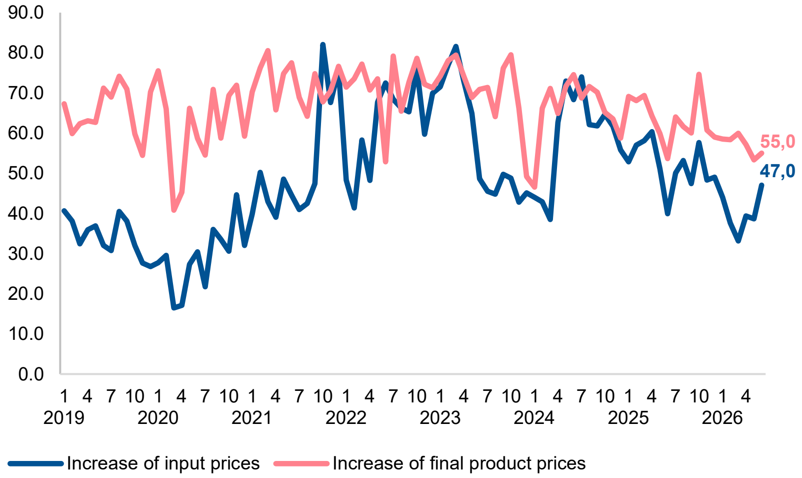
Chart 3 **Share of corporates expecting an increase in the prices of inputs and final products in the next three months (in %)**



Sources: Ipsos, Ninamedia.

Regarding expectations for price developments over the next 12 months, though the share of corporates expecting an increase in **input prices** went up from 39% in May to 47% in June, the majority still expect no change in prices (52%). At the same time, the share of corporates anticipating an increase in **output prices** rose slightly from 53% in May to 55% in the June survey (Chart 4).

Chart 4 **Share of corporates expecting an increase in the prices of inputs and final products in the next twelve months (in %)**



Sources: Ipsos, Ninamedia.

The prevailing view among corporates is that **business conditions** have remained unchanged **over the past three months**, with 74% of respondents holding this view.

Respondents hold the same view regarding business conditions **over the next twelve months**, with 71% expecting business conditions to remain unchanged.

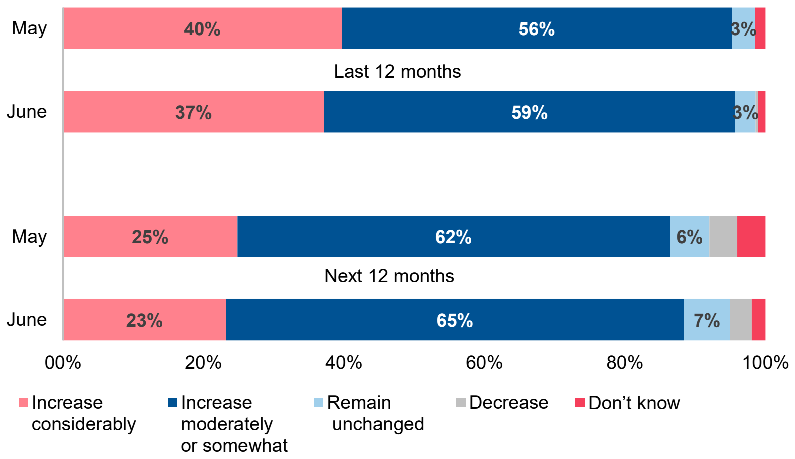
The share of corporates expecting an increase in their own production/turnover in the next three months declined from 41% in May to 33% in the June survey, while the share of those expecting an increase in their own production/turnover in the next twelve months remained at the level of the average since the start of the year (48%). Still, the majority of corporates expect no change in production or turnover in any of the periods (64% in the next three months and 51% in the next 12 months).

Inflation expectations of the household sector

According to the results of the Ninamedia survey, household inflation expectations for one year ahead declined from 15% in May to 10% in the June survey, which is their lowest level since June 2024. **Medium-term household expectations** (for two and three years ahead) measured 10% in the June survey, unchanged from the month before.

According to the qualitative survey results (Chart 5), **the share of respondents who believe that prices have increased considerably over the past year** decreased from 40% in May to 37% in June. At the same time, the largest share of respondents continues to assess that prices have increased moderately or somewhat (59%). In contrast, **the share of respondents expecting a considerable increase in prices over the next 12 months** declined from 25% to 23%, with respondents anticipating prices to increase moderately or somewhat accounting for the largest share (65%).

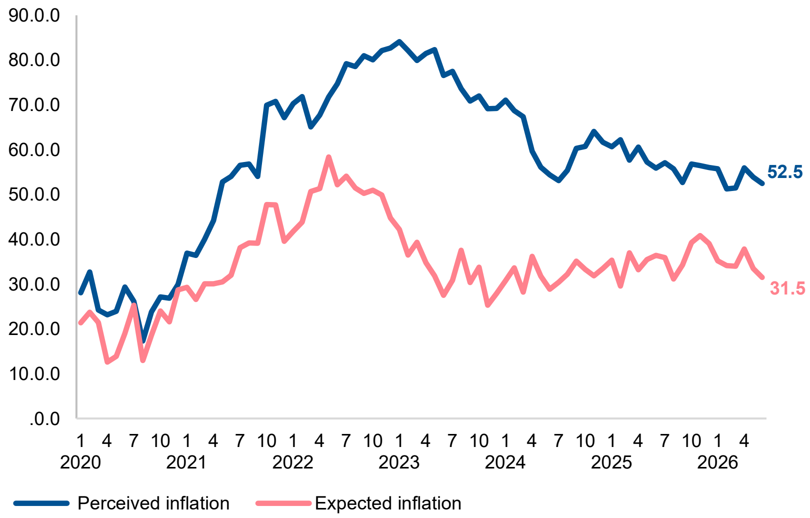
Chart 5 **Distribution of household responses by perceived and expected inflation**



Source: Ninamedia.

Continuously higher perceived than expected inflation index (Chart 6) implies that **households anticipate lower inflation in the coming twelve months than in the previous year.**[2]

Chart 6 **Perceived and expected inflation of households (in index points)**



Sources: Ninamedia, Ipsos and NBS estimate.

[2] The index is the difference between the weighted share of respondents who assess that prices increased more than somewhat and those assessing that prices remained unchanged or decreased. For details, see Text box 2 of *Inflation Report – February 2016*. (https://www.nbs.rs/export/sites/NBS_site/documents-eng/publikacije/ioi/izvestaji/inflation_report_02_2016.pdf)