National Bank of Serbia

REPORT ON THE RESULTS OF THE INFLATION EXPECTATIONS SURVEY

July 2026

Belgrade, August 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 the y-o-y price growth.

Overview

Short-term inflation expectations of the financial sector declined from 3.6% in June to 3.5% in July, continuing to move within the NBS target band and around their average since the beginning of the year. Expected inflation, calculated using the **composite measure of inflation expectations,**[1] **decreased from 4.0% in June to 3.7% in July**, primarily due to lower reported expected inflation among banks with the largest market shares in the Ninamedia survey. According to the results of the **August Bloomberg survey**, the financial sector's one-year ahead inflation expectations decreased from 4.0% in July to 3.9% in August, which represents their average level since the beginning of the year.

Corporate sector's one-year ahead inflation expectations remained unchanged for the fourth consecutive month, this being also the level predominantly recorded since the beginning of 2025.

The financial sector's two-year ahead expected inflation declined from 3.5% in June to 3.0% in July, while **three-year ahead expectations** stayed unchanged at 3.0%, continuing to move within the 3.0–3.5% range since January 2024.

The corporate sector's medium-term inflation expectations remained at 5.0% for the fourth consecutive month, continuing to move within the 4.0–5.0% range since December 2023.

Traditionally higher than the expectations of other sectors, households' short-term inflation expectations remained unchanged from June, standing at 10% in the July survey. **Households' medium-term inflation expectations (for two and three years ahead)** were unchanged for the third consecutive month, standing at 10% in July. **At the same time, the results of the qualitative survey indicate that households expect inflation over the next twelve months to be lower than the inflation perceived over the past year.**

[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.

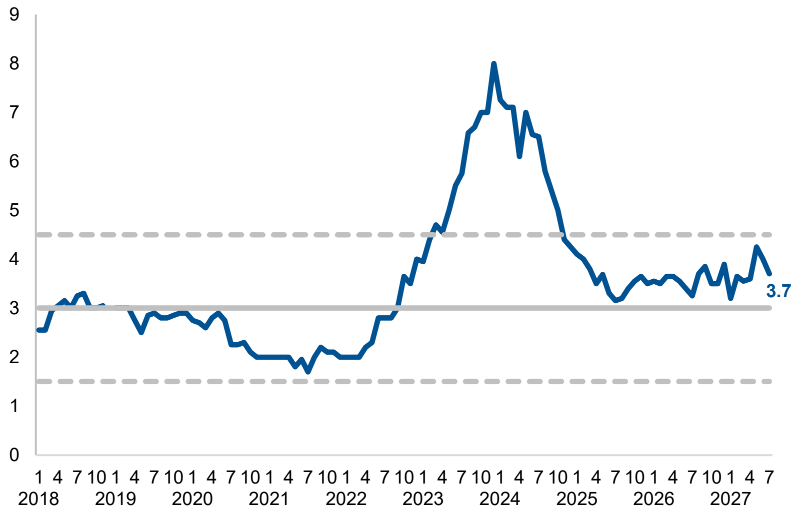
Inflation expectations of the financial sector

According to the results of the **Ninamedia survey**, **the financial sector's one-year ahead inflation expectations** receded from 3.6% in June to 3.5% in the July survey, continuing to move within the NBS target band and around their average level since the beginning of the year. According to the **results of the August Bloomberg survey**, short-term inflation expectations decreased to 3.9% in August, from 4.0% in July.

A more detailed analysis of the structure of individual responses shows that all financial institutions participating in the Ninamedia survey expect one-year ahead inflation to remain within the NBS target band.

The value of the composite measure of expectations (which combines the responses of financial institutions participating in the Bloomberg and Ninamedia surveys) decreased to 3.7% in July, from 4.0% in June, primarily due to lower expected inflation reported by banks with the largest market shares (Chart 1).

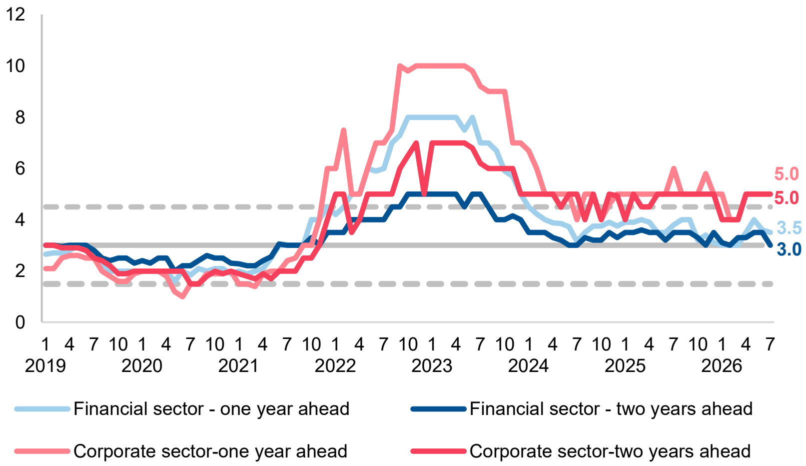
Chart 1 **Composite measure of inflation expectations of the financial sector (in %)**



Source: NBS, Ipsos, Ninamedia, Bloomberg

The financial sector's medium-term inflation expectations stand at the NBS target midpoint. Two-year ahead expected inflation declined from 3.5% in June to 3.0% in July, while three-year ahead expectations remained unchanged from the previous month (3.0%).

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



Source: NBS, Ninamedia and Ipsos

Corporate inflation expectations and estimate of business conditions

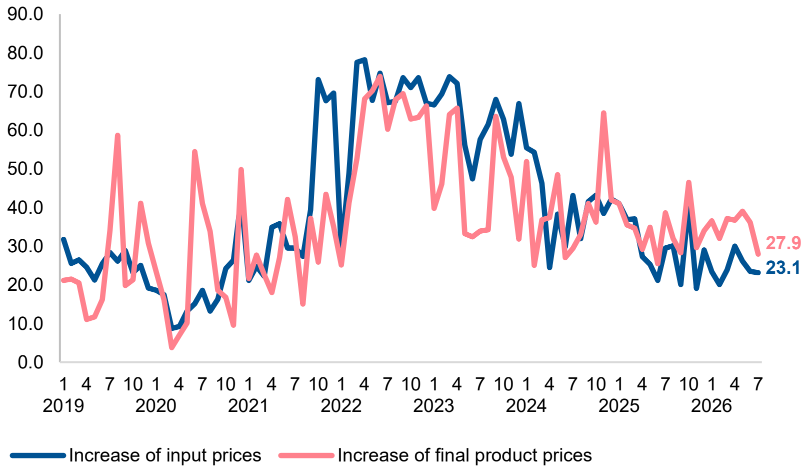
The corporate sector's short- and medium-term inflation expectations remained unchanged in the July survey. The corporate sector's one-year ahead inflation expectations were unchanged for the fourth consecutive month, standing at 5.0%, a level predominantly recorded since the beginning of 2025.

The corporate sector's medium-term inflation expectations for two and three years ahead also remained unchanged for the fourth consecutive month, standing at 5.0% in the July survey, and continuing to move within the 4.0–5.0% range over the past year.

The share of corporate sector representatives expecting an increase in their **input prices** in the short term stayed the same as in the previous month (23%), while the share of those expecting an increase in **output prices** declined from 36% to 28% in the July survey (Chart 3).[2]

[2] The June data relating to the corporate sector's expectations regarding business conditions, as well as production and turnover, were revised in the July Ninamedia survey.

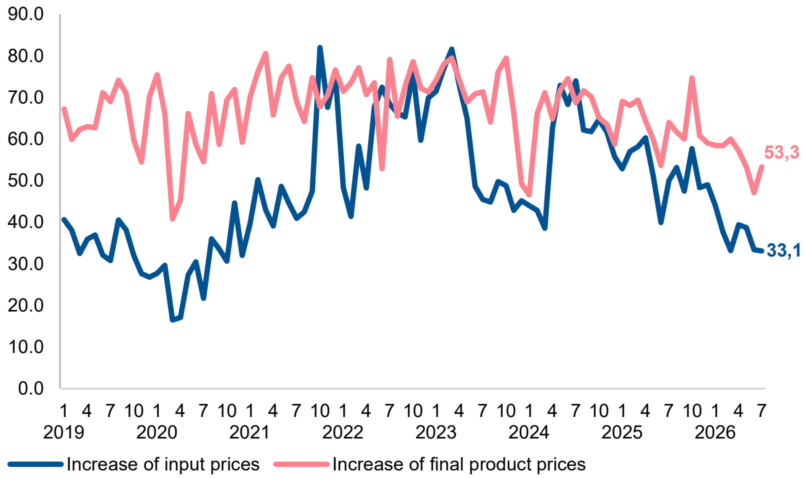
Chart 3 **Share of the businesses expecting an increase in the prices of inputs and final products in the next three months (in %)**



Source:Ipsos, Ninamedia

With regard to expectations of price developments over the next 12 months, the share of corporate sector representatives expecting an increase in **input prices** remained unchanged from June at 33%, while the share of those expecting an increase in **output prices** rose from 47% in June to 53% in the July survey (Chart 4).

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



Source:Ipsos, Ninamedia

The prevailing view among corporate sector representatives is that **business conditions over the past three months** have remained unchanged (72% of respondents). Respondents expressed a similar view regarding **business conditions over the next twelve months**, with 67% not expecting any change in business conditions.

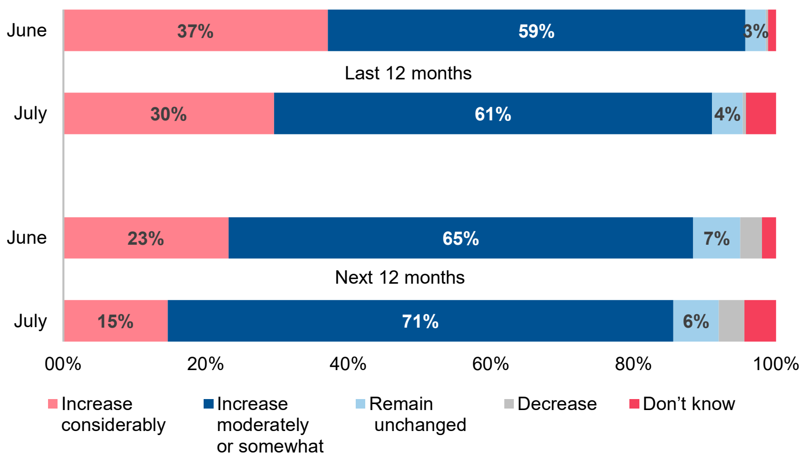
The share of corporate sector representatives expecting an increase in their own production/turnover over the next three months rose from 24% in June to 29% in the July. At the same time, the share of respondents expecting an increase in production and turnover over the next year increased from 42% to 45%.

Household inflation expectations

According to the results of the Ninamedia survey, **the short- and medium-term inflation expectations of households** remained unchanged from the previous month, standing at 10% in the July survey.

The results of the qualitative survey (Chart 5) indicate that **the share of respondents who perceive that prices have increased considerably over the past year** declined from 37% in June to 30% in July, while the largest share of respondents continue to assess that prices have increased moderately or somewhat (61%). At the same time, **the share of respondents expecting a considerable increase in prices over the next 12 months** declined from 23% to 15%, with the majority expecting prices to increase moderately or somewhat (71%).

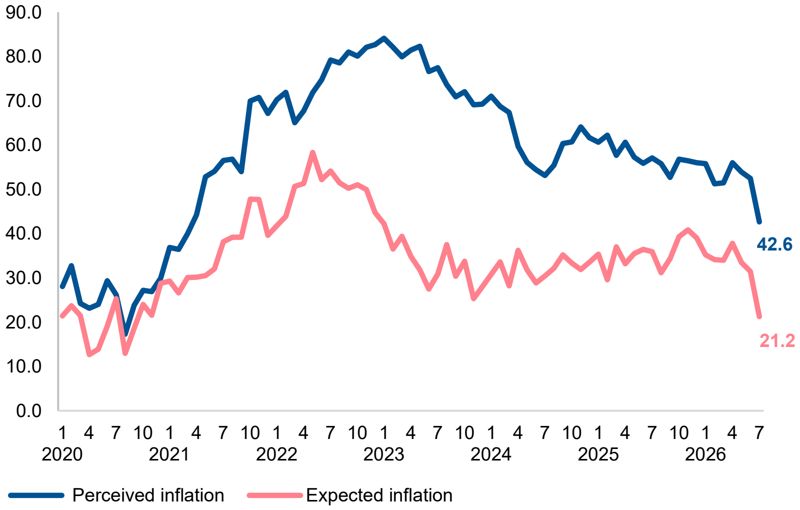
Chart 5 **Distribution of household responses by perceived and expected inflation**



Source: Ninamedia

The 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.**[3]

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



Source: Ninamedia, Ipsos and NBS estimate

[3] 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)