



National Bank of Serbia

REPORT ON THE RESULTS OF THE INFLATION EXPECTATIONS SURVEY

August 2025

Belgrade, September 2025

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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.

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 increased from 3.8% in July to 4.0% in the August survey, staying within the NBS target band.

According to the **September Bloomberg survey**, financial expectations edged up slightly to 3.7% (3.6% in August). Expected inflation, according to the calculated **composite measure of inflation expectations**,¹ came at 3.7% in the August survey.

One-year ahead inflation expectations of corporates declined from 6.0% in July to 5.0% in the August survey, **retreating to their level since December 2024**.

Two-year ahead expectations of the financial sector stayed unchanged from the previous month, at 3.5% in August, **while three-year ahead expectations** edged up from 3.1% to 3.3%. **Medium-term corporate expectations stayed unchanged at 5.0%**, continuing to move within the 4.0–5.0% range since end-2023.

Traditionally higher than those of other sectors, **household inflation expectations for all three periods stayed unchanged in the August survey**, at 15.0% for one year ahead and 10.0% for two and three years ahead.

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 Weighted by the individual respondent's share in total assets of the surveyed financial institutions. 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.

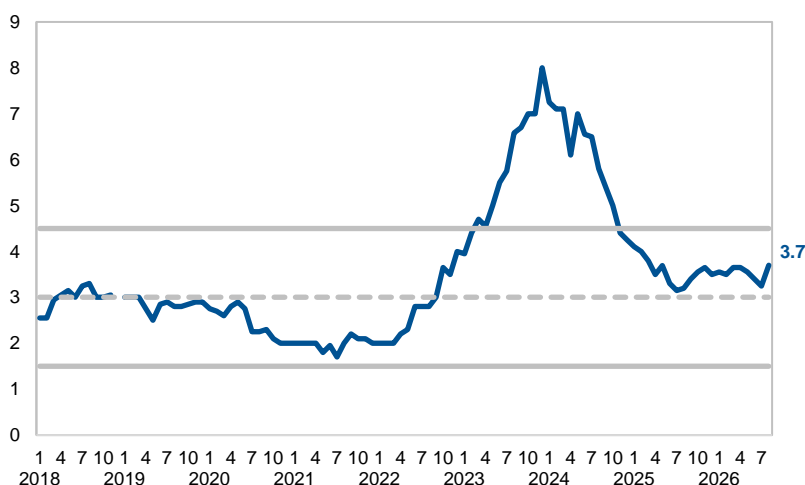
Inflation expectations of the financial sector

According to the **results of the Ninamedia survey**, **short-term inflation expectations of the financial sector** increased to 4.0% in August (3.8% in July). **The Bloomberg survey** indicates that inflation expectations of the financial sector **edged up slightly from 3.6% in August to 3.7% in September**, staying within the NBS target band.

A closer analysis of the structure of individual responses shows that almost all surveyed financial institutions (20 out of 22) expect one-year ahead inflation to be within the NBS target tolerance band.

The composite measure of August expectations, calculated by combining the responses of financial institutions that participate in the Bloomberg and Ninamedia surveys, came at 3.7% (Chart 1), close to its level in the past twelve months.

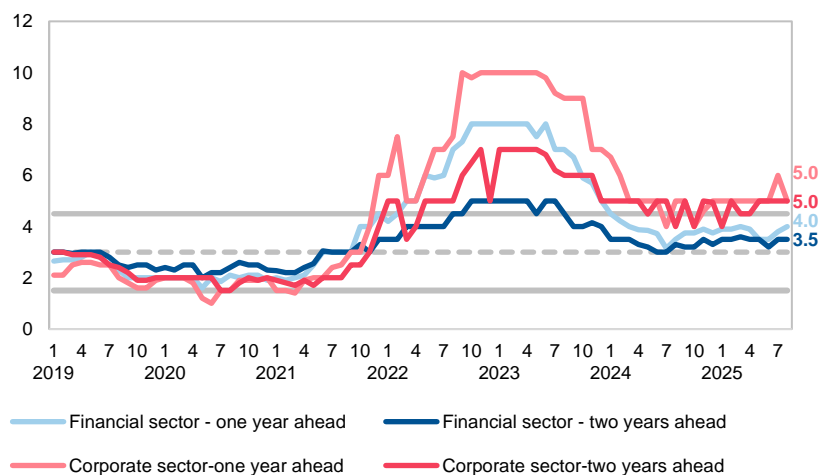
Chart 1 **Composite measure of inflation expectations of the financial sector (in %)**



Source: NBS, Ipsos, Ninamedia, Bloomberg

Two-year ahead expectations of the financial sector stayed unchanged from July, and measured 3.5% in the August survey, **while three-year ahead expectations** recorded a slight increase from 3.1% to 3.3%. Medium-term expectations of the financial sector have been within the 3.0–3.5% range since January 2024.

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

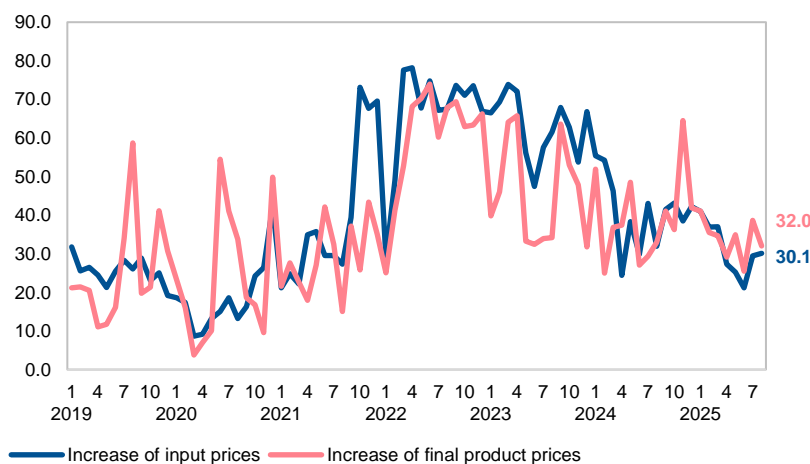


Inflation expectations of the corporate sector and estimate of business conditions

One-year ahead inflation expectations of corporates declined from 6.0% in July to 5.0% in the August survey, **retreating to their level from December 2024**. **Medium-term expectations of the corporate sector, for both two and three years ahead, remained at the same level of 5.0% in the August survey**, continuing to move within the 4.0–5.0% range since end-2023.

Corporate expectations regarding the growth of input prices and final product prices over the next three months recorded divergent movements in the August survey. The share of corporates expecting an increase in input prices edged up negligibly, still staying at 30%, while the share of those expecting a rise in final products prices decreased from 39% in July to 32% in the August survey (Chart 3).

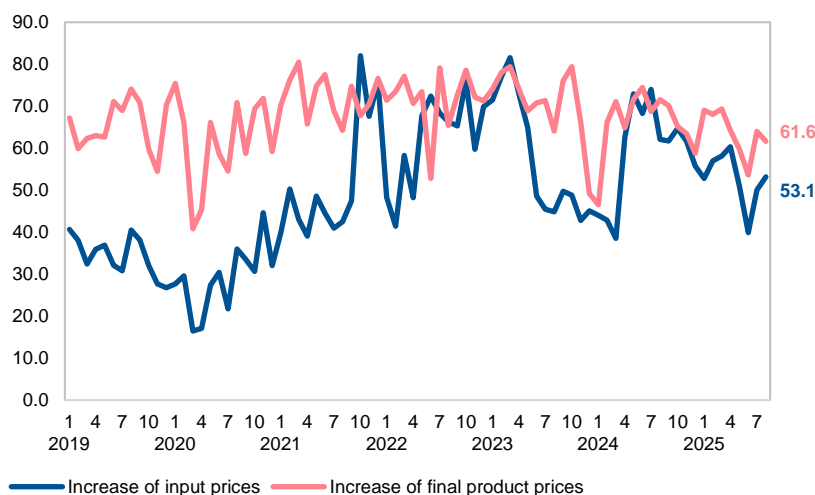
Chart 3 Expectations of the corporate sector regarding movements in the prices of inputs and final products in the next three months (in %)



Source:Ipsos, Ninamedia

As regards the expected movement of input and final product prices over next twelve months, there is a noticeable increase in the share of corporates expecting a rise in input prices – from 50% in July to 53% in August, which is an average value since the start of the year. However, the share of those expecting a rise in output prices dropped – from 64% to 62% in the August survey (Chart 4).

Chart 4 Expectations of the corporate sector regarding movements in the prices of inputs and final products in the next twelve months (in %)



Source:Ipsos, Ninamedia

The prevailing view among corporates is that **business conditions have remained unchanged over the past three months** (62% of respondents), and the majority of them (around 57%) believe that no changes will occur over the next twelve months either.

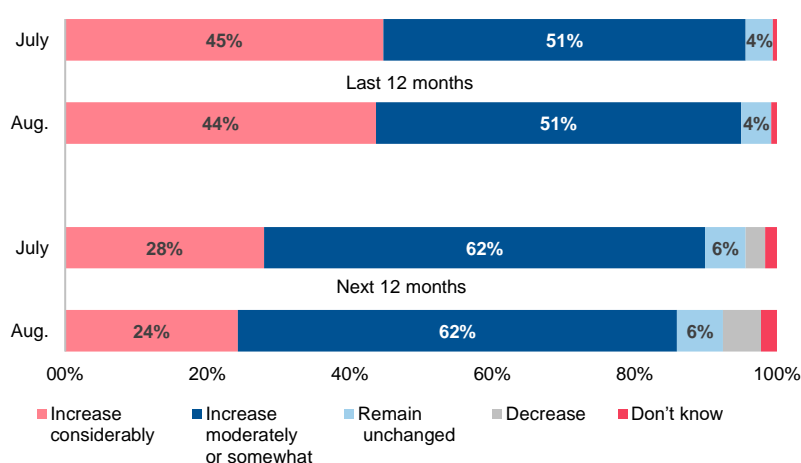
The share of corporates expecting an increase in their own production/turnover over the next three months increased from 25% in July to 34% in the August survey, along with a concurrent increase in the share of those expecting a rise in production/turnover over the next twelve months from 44% to 47% in the August survey.

Inflation expectations of the household sector

According to the Ninamedia survey results, quantitative inflation expectations of households for all three periods (one, two and three years ahead) stayed unchanged in the August survey. Short-term expectations have stood at 15.0% since August 2024, while medium-term expectations equalled 10.0%.

According to the qualitative results of the survey (Chart 5), the share of respondents who believe that there has been a considerable increase in prices over the past year decreased from 45% in July to 44% in August, staying below 50% for the sixth consecutive month. Meanwhile, 51% believe that prices have increased moderately or somewhat in the previous period. When it comes to household expectations for the next 12 months, the share of those expecting a considerable increase in prices also decreased – from 28% in July to 24% in August, while the share of those expecting prices to increase moderately or somewhat stands at 62% in the August survey.

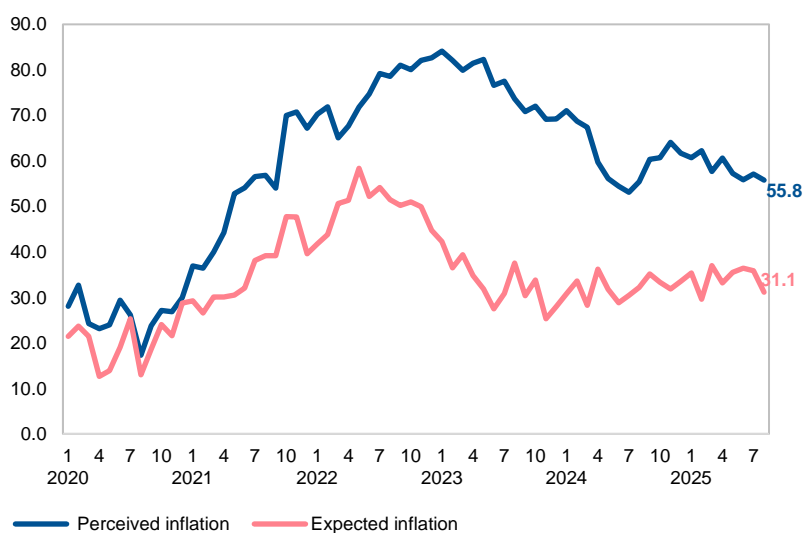
Chart 5 Distribution of household responses by perceived and expected inflation



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)



Source: 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 the *Inflation Report – February 2016*.

https://www.nbs.rs/export/sites/NBS_site/documents-eng/publikacije/ioi/izvestaji/inflation_report_02_2016.pdf