



National Bank of Serbia

REPORT ON THE RESULTS OF THE INFLATION EXPECTATIONS SURVEY

September 2025

Belgrade, October 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

One-year ahead inflation expectations of the financial sector stayed at the August level (4.0%) in the September survey, continuing to move within NBS target tolerance band.

According to the **October Bloomberg survey**, financial sector's inflation expectations went slightly up from 3.7% in September to 3.8% in October. Expected inflation, calculated through the **composite measure of inflation expectations**,¹ came at 3.85% in the September survey.

Short-term inflation expectations of corporates stayed unchanged from the previous month, at 5.0% in September, the level they have been at for the most part of the year.

Two-year ahead expectations of the financial sector stayed unchanged from the previous month, at 3.5% in September, **while three-year ahead expectations** edged down from 3.3% to 3.2%. **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 also in the September 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.

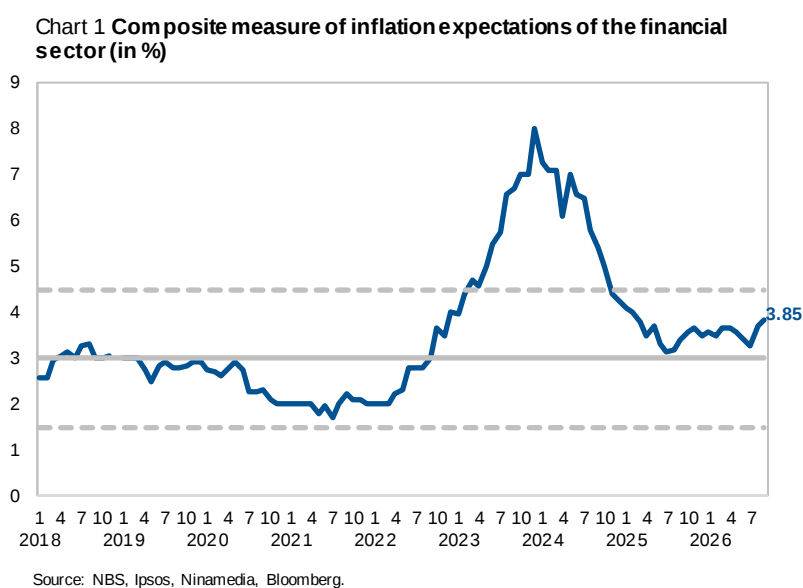
¹ Weighted by the individual respondent's share in total assets of the surveyed financial institutions. Institutions participating in both surveys are assigned the arithmetic mean of the responses provided in the Ninamedia and Bloomberg surveys for that month. Hence, banks with a larger market share have a greater influence on the aggregate result.

Inflation expectations of the financial sector

According to the **Ninamedia survey results, one-year ahead inflation expectations of the financial sector** stayed unchanged from the previous month, at 4.0% in September. According to the October Bloomberg survey, they went slightly up to 3.8% in October (3.7% in September), continuing to move within the NBS target tolerance band.

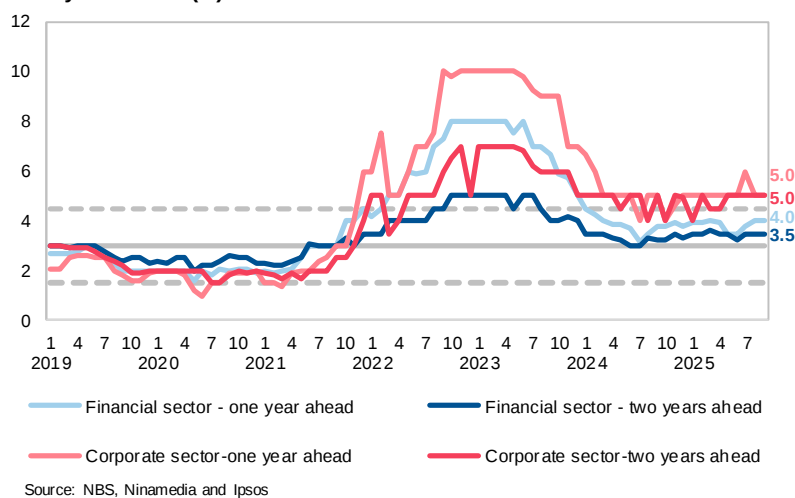
A closer analysis of the structure of individual responses shows that almost all surveyed financial institutions (21 out of 23) expect one-year ahead inflation to be within the NBS target tolerance band.

The composite measure of September expectations, calculated by combining the responses of financial institutions that participate in the Bloomberg and Ninamedia surveys, came at 3.85% (Chart 1).



Two-year ahead expectations of the financial sector stayed unchanged from August, and measured 3.5% in the September survey, **while three-year ahead expectations** recorded a decline from 3.3% to 3.2%, staying within the 3.0–3.5% range for medium-term expectations since January 2024.

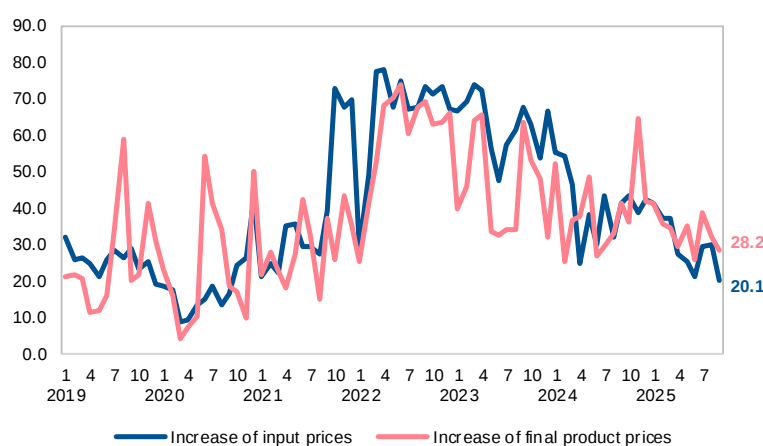
Chart 2 Expected inflation of financial and corporate sector for one and two years ahead (%)



Inflation expectations of the corporate sector and estimate of business conditions

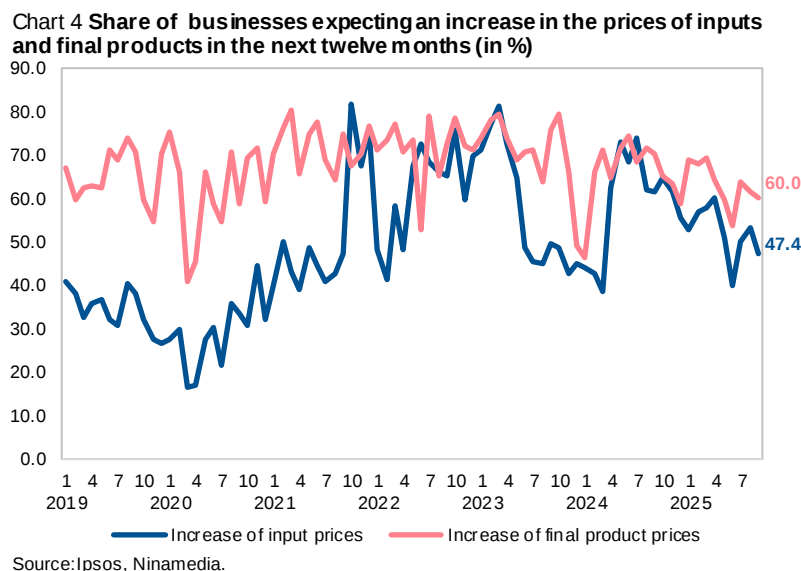
Short-term inflation expectations of corporates stayed unchanged from August, at 5.0% in September, the level they have been at for the most part of the year. **Medium-term expectations of the corporate sector, for both two and three years ahead, remained at the same level of 5.0% in the September survey**, continuing to move within the 4.0–5.0% range since end-2023.

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



Expectations of the corporate sector regarding a rise in input and final product prices over the next three months were lowered in the September survey. The share of corporates expecting an increase in input prices declined from 30% in August to 20% in September, with a simultaneous decrease in the share of those

expecting an increase in the prices of final products from 32% in August to 28% in the September survey (Chart 3).



As for the movement of prices of input and final products over next twelve months, the share of corporates expecting their increase declined conspicuously. The share of corporates anticipating an increase in input prices declined from 53% in August to 47% in September, with a simultaneous decrease in the share of those expecting a rise in the prices of final products from 62% to 60% (Chart 4).

The prevailing view among corporates is that **business conditions remained unchanged over the past three months** (73% of respondents), and the majority of them (around 67%) believe that no changes will occur over the next twelve months either.

The share of corporates expecting an increase in their own production/turnover in the next three months declined mildly from 34% in August to 32% in September, while, on the other hand, the share of those expecting an increase in their own production/turnover in the next twelve months rose from 47% to 53% in the September survey.

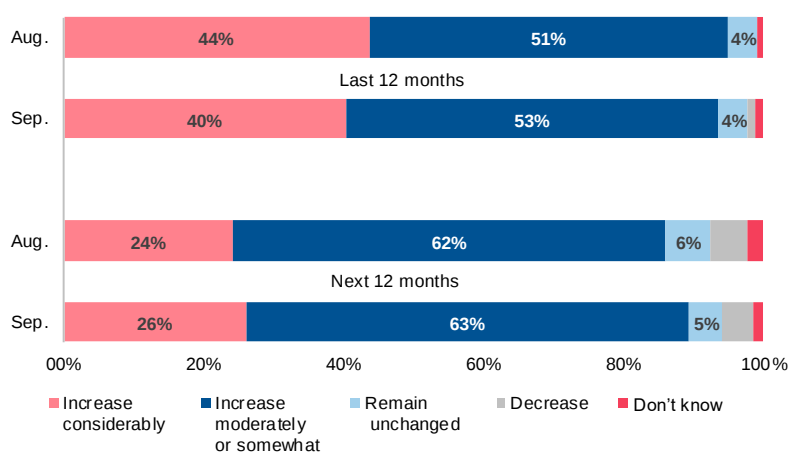
Inflation expectations of the household sector

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 September 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 44% in August to 40% in September, which is below the

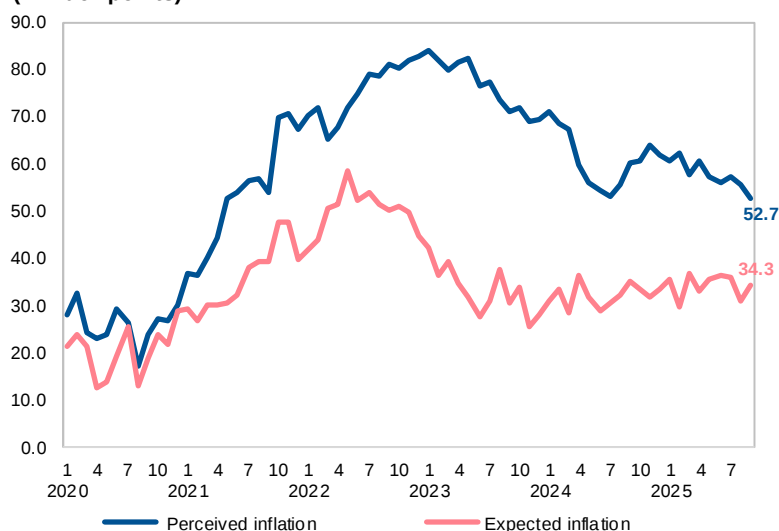
average 45% since the beginning of the year, with 53% of those believing that prices increased moderately or somewhat in the previous period. When it comes to **household expectations for the next 12 months**, the share of those expecting a considerable increase in prices increased from 24% in August to 26% in September, **while the share of those expecting prices to rise moderately or somewhat stood at 63% in the September survey.**

Chart 5 Distribution of household responses by perceived and expected inflation



Source: Ninamedia.

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



Source: Ninamedia, Ipsos and NBS estimate.

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

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