National Bank of Serbia

REPORT ON THE RESULTS OF THE INFLATION EXPECTATIONS SURVEY

October 2025

Belgrade, November 2025

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.

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 decreased from 4.0% in September to 3.2% in the October survey, coming closer to the NBS target midpoint.

According to the results of the **November Bloomberg survey,** inflation expectations of the financial sector recorded a fall from 3.8% in October to 3.5% in November, which is also the average value recorded since the beginning of the year. Expected inflation, calculated through the **composite measure of inflation expectations**,[1] came at 3.5% in the October survey (3.85% in September).

One-year ahead inflation expectations of corporates stayed unchanged from the previous month, at 5.0% in October, the level they have been at for the most part of the year**.**

Two-year ahead inflation expectations of the financial sector dropped from 3.5% in September to 3.3% in the October survey and **three-year ahead expectations** from 3.2% to 3.0%. **Medium-term corporate expectations stayed unchanged at 5.0%**, continuing to move within the 4.0–5.0% range since end-2023.

Usually higher than those of other sectors, short-term inflation expectations of households stayed unchanged at 15% in the October survey, while medium-term expectations rose for the first time since the beginning of the year and measured 12.0% **for two years ahead** and 13.6% **for 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.

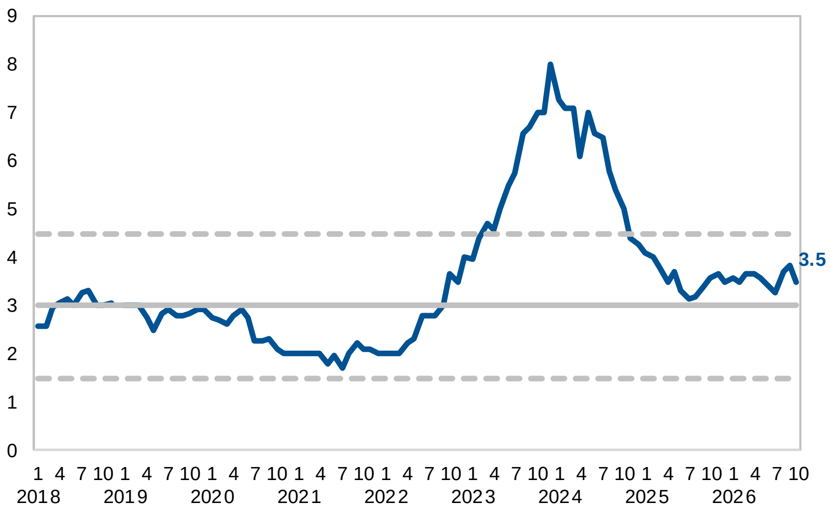
Inflation expectations of the financial sector

According to the **Ninamedia survey, one-year ahead inflation expectations of the financial sector** went down from 4.0% in September to 3.2% in October, recording the lowest level since July 2024. According to the November Blomberg survey, inflation expectations measured 3.5% (3.8% in October, continuing to move within NBS target tolerance band.)

A closer analysis of the structure of individual responses shows that all surveyed financial institutions 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 3.85% in September to 3.5% in October, which has been the average value since early this year (Chart 1).

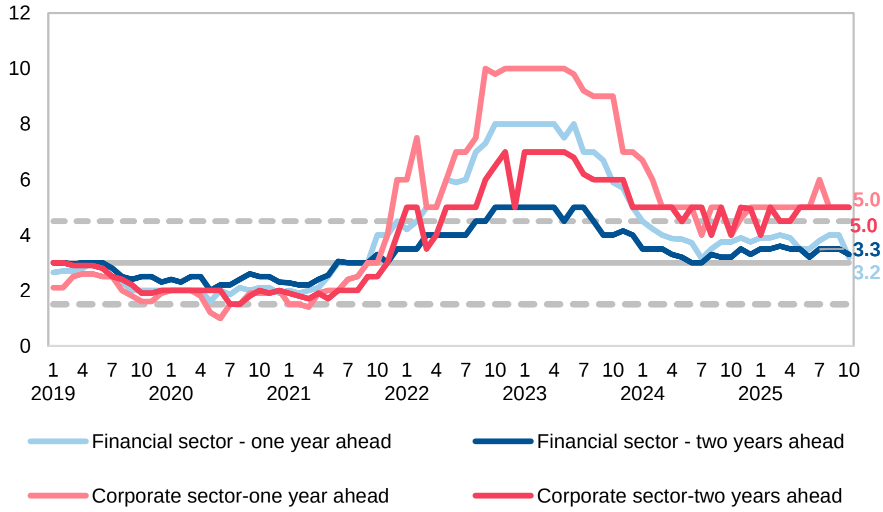
Chart 1 **Composite measure of inflation expectations of the financial sector (in %)**



Source: NBS, Ipsos, Ninamedia, Bloomberg.

Medium-term inflation expectations of the financial sector declined in the October survey, to 3.3% **for two years ahead** (3.5% in September) and to 3.0% **for three years ahead** (3.2% in September), continuing to move in the 3.0–3.5% range since January 2024.

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



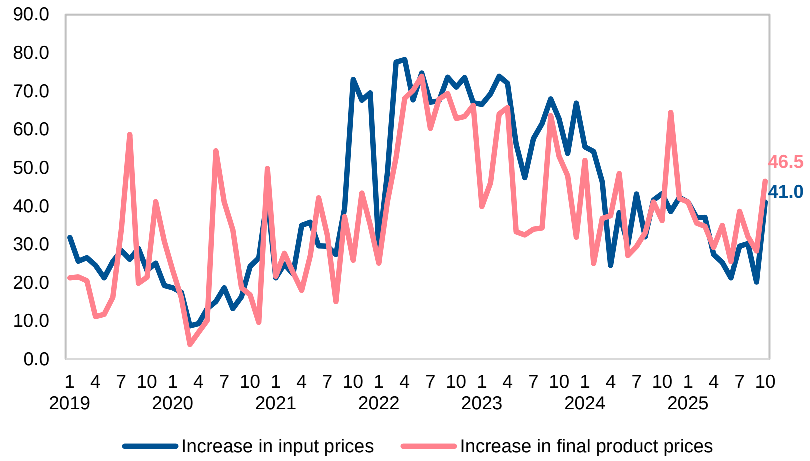
Source: NBS, Ninamedia and Ipsos.

Inflation expectations of the corporate sector and estimate of business conditions

One-year ahead inflation expectations of corporates stayed unchanged from September, at 5.0% in October, 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 October survey**, continuing to move within the 4.0–5.0% range since end-2023.

Expectations of the corporate sector regarding a rise in input and final product prices over the next three months were higher in the October survey. The share of corporates expecting an increase in input prices went up from 20% in September to 41% in October, with a simultaneous increase in the share of those expecting a rise in the prices of final products from 28% in September to 47% in the October survey (Chart 3). These shares are, nevertheless, lower than in 2022 and H1 2023 when inflationary pressures were at their strongest.

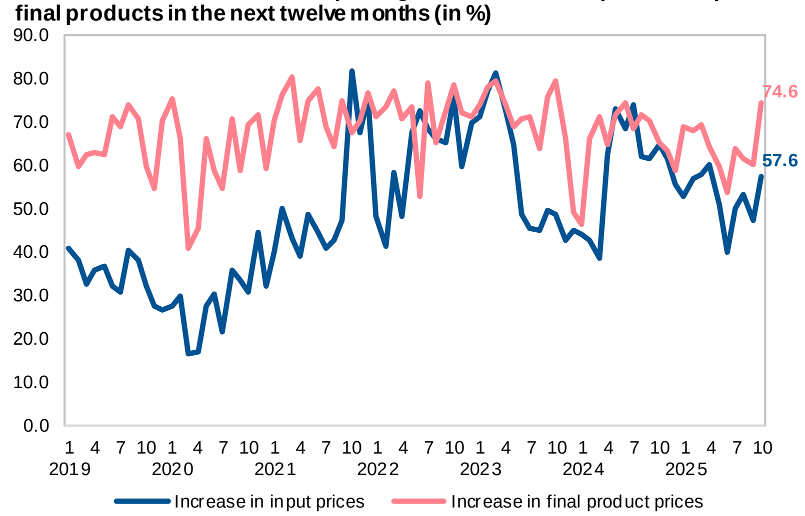
Chart 3 **Share of businesses expecting an increase in the prices of inputs and final products in the next three months (in %)**



Source:Ipsos, Ninamedia.

As for the movement of prices of inputs and final products over next twelve months, the share of corporates expecting their increase also went up. The share of corporates anticipating an increase in input prices rose from 47% in September to 58% in October, with a more pronounced increase in the share of those expecting a rise in the prices of final products and services (Chart 4) (from 60% in September to 75% in the October survey).

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



Source:Ipsos, Ninamedia.

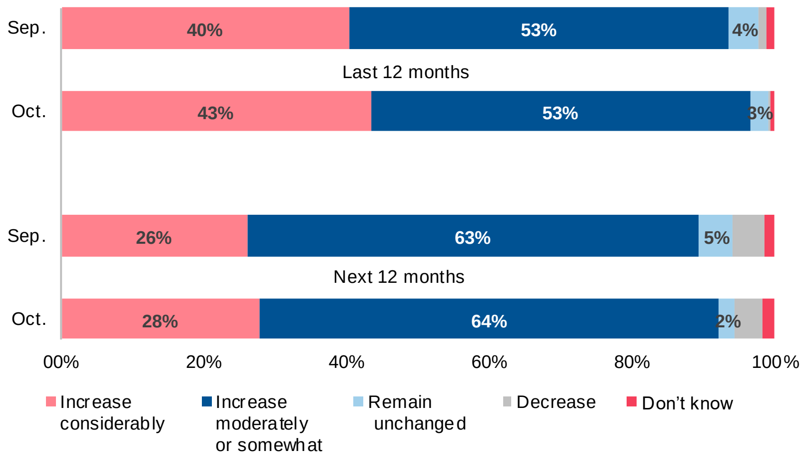
The prevailing view among corporates is that **business conditions remained unchanged over the past three months** (68% of corporates), and the majority of them (around 64%) believe that no changes will occur over the next twelve months either.

The share of corporates expecting an increase in their own production/turnover in the next three months increased from 32% in September to 46% in October, while, on the other hand, the share of those expecting an increase in the production/turnover in the next twelve months stayed almost unchanged, at 53% in the October survey.

Inflation expectations of the household sector

According to Ninamedia, short-term inflation expectations of the household sector stayed unchanged at 15% in the October survey. On the other hand, medium-term expectations increased from 10.0% at the beginning of the year to 12% **for two years ahead** and 13.6% **for three years ahead**.

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

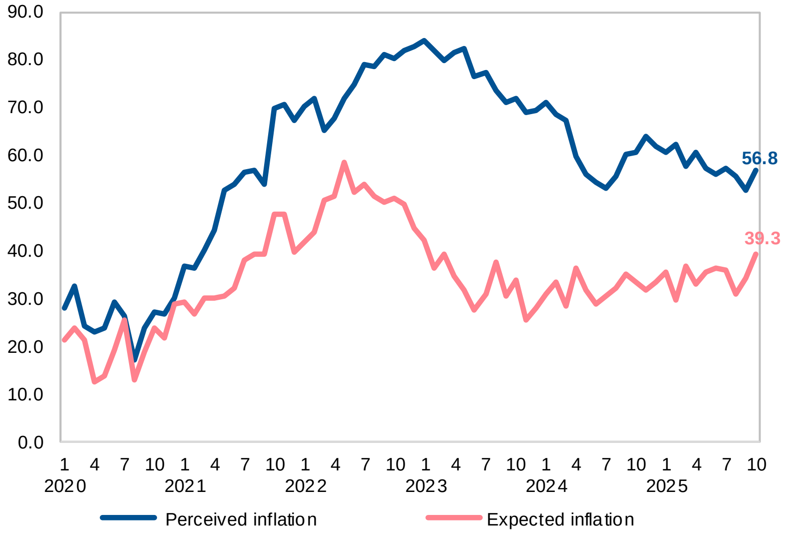


Source: Ninamedia.

According to the qualitative survey results (Chart 5), **the share of respondents who believe that there has been a considerable increase in prices over the past year** went up from 40% in September to 43% in October, with a still dominant share (53%) of those believing that prices increased moderately or slightly 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 went up from 26% in September to 28% in October, **while the share of those expecting prices to rise moderately or slightly stood at 64% in the October survey**.

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