



National Bank of Serbia

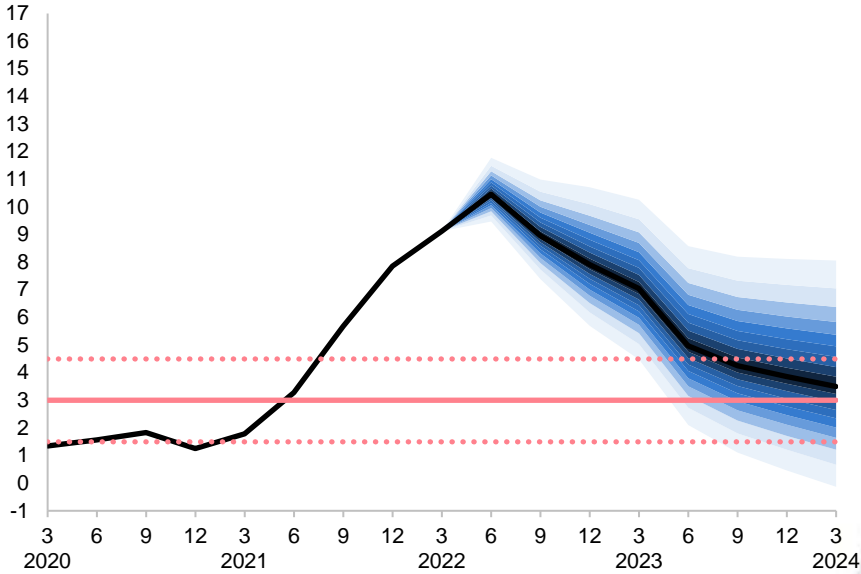
Inflation Report – August 2022

Belgrade, 17 August 2022

August projection envisages a 2.2 pp higher inflation this year compared to the May projection

Chart 1 May inflation projection

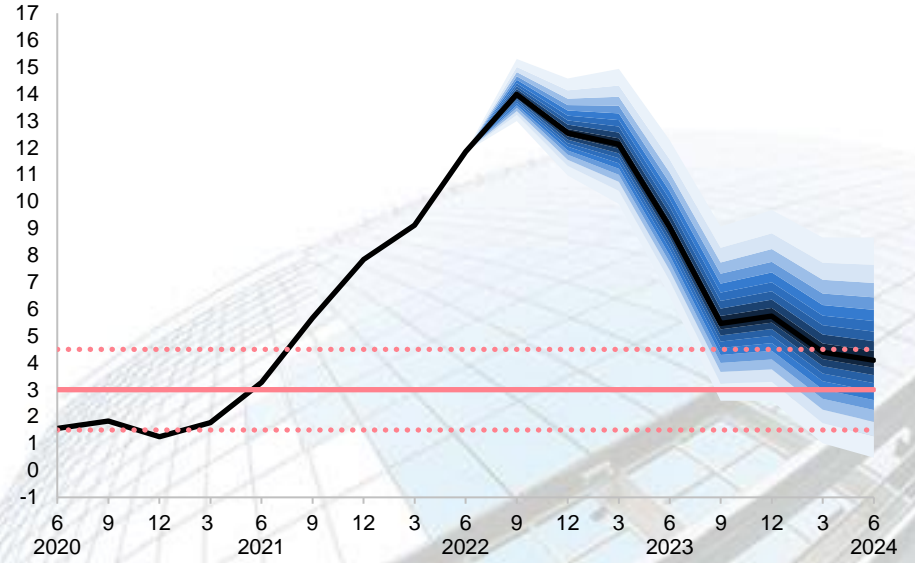
(y-o-y rates, in %)



Source: NBS.

Chart 2 August inflation projection

(y-o-y rates, in %)

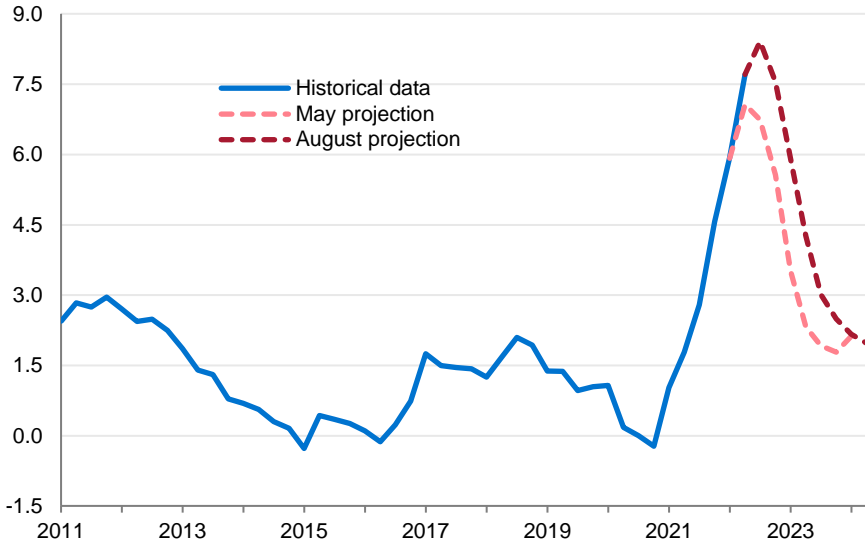


Source: NBS.

Higher inflation in Serbia's trade partners

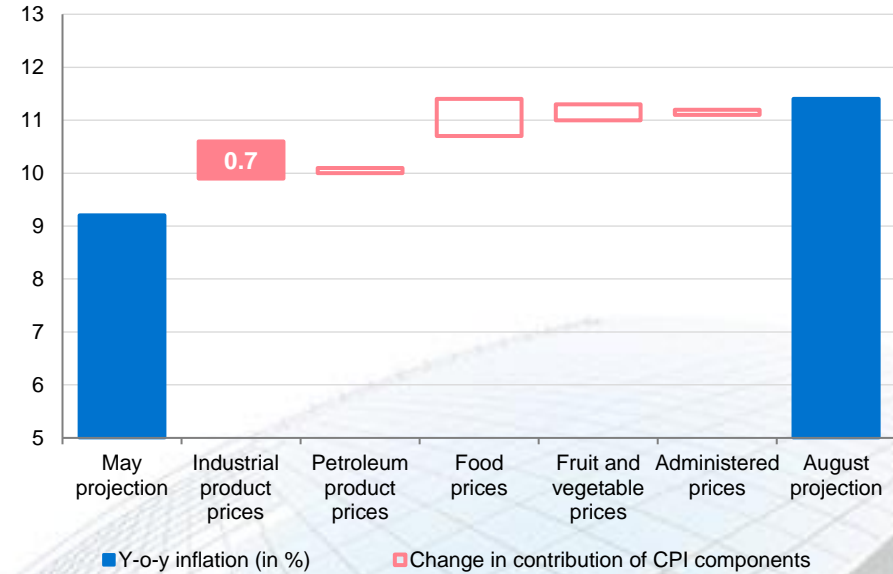
Chart 3 Assumption for euro area inflation

(y-o-y growth, in %)



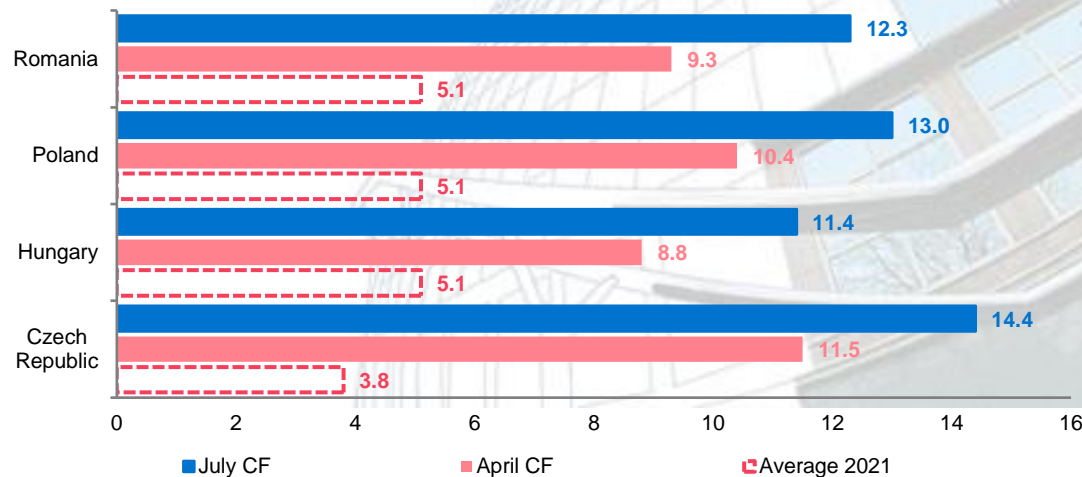
Source: NBS calculation based on projections of relevant institutions.

Chart 4 Change in the contribution of industrial product prices to the projection of average inflation in 2022 (in pp)



Sources: SORS and NBS calculation.

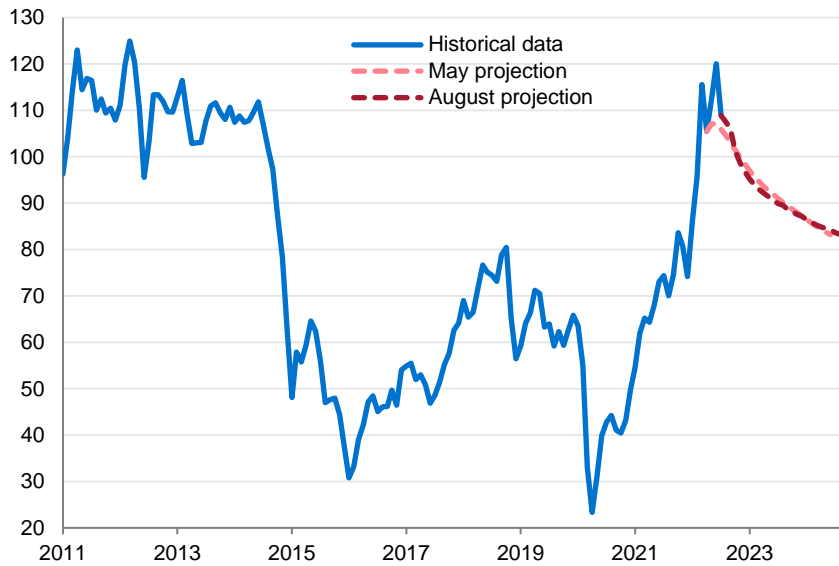
Chart 7 Revised inflation projection for the region (y-o-y growth, in %)



Source: Consensus Forecasts.

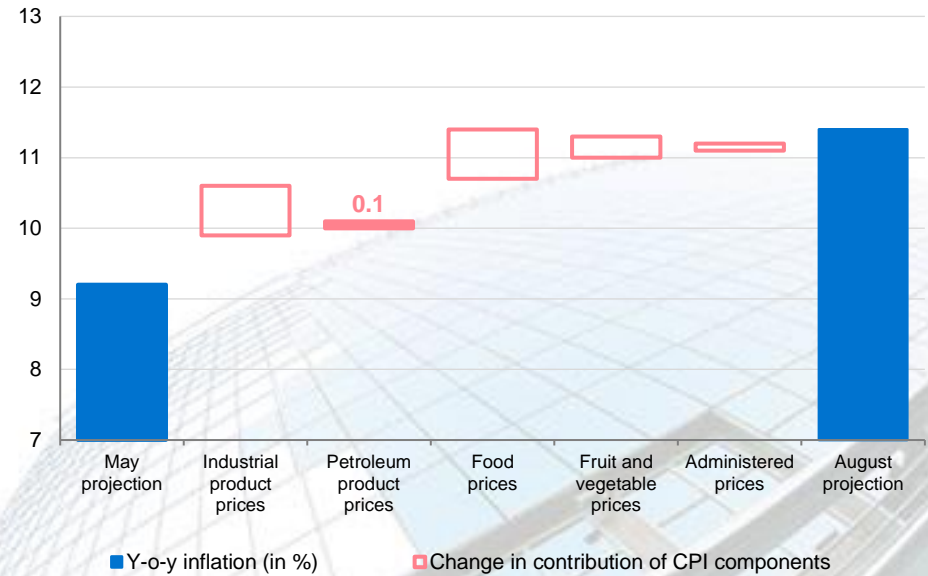
Global oil price soared in Q2

Chart 6 Assumption for Brent oil prices
(USD/barrel)



Source: Bloomberg.

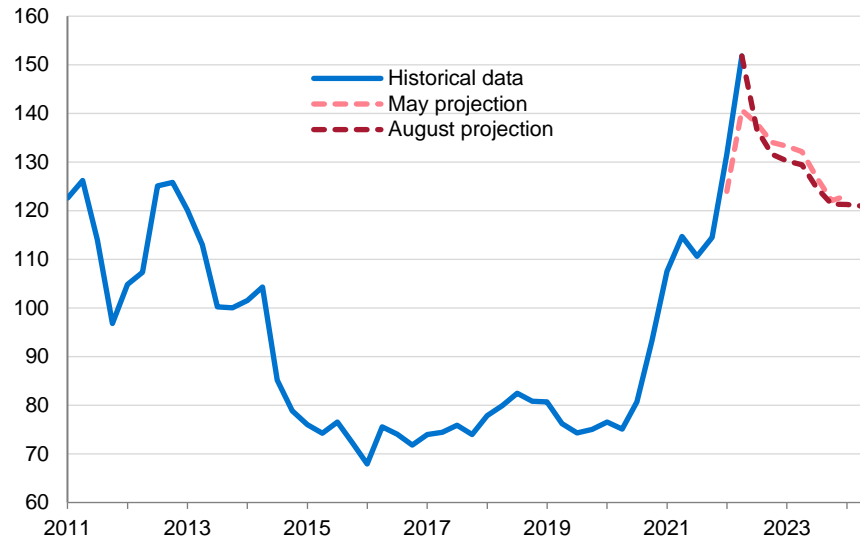
Chart 7 Change in the contribution of petroleum product prices to the projection of average inflation in 2022
(in pp)



Sources: SORS and NBS calculation.

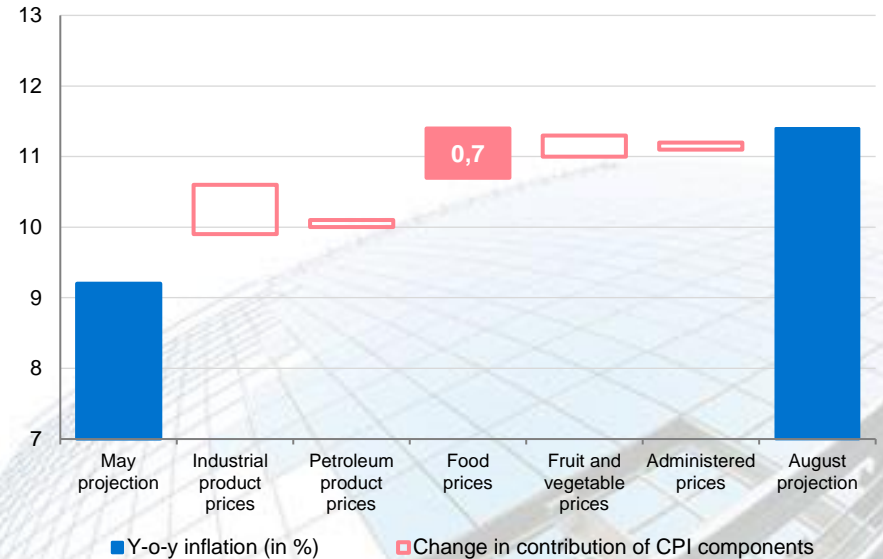
Global primary agricultural commodity prices are also on a hefty rise

Chart 8 Assumption for international prices of primary agricultural commodities
(Q4 2013 = 100)



Sources: CBOT, Euronext and NBS calculation.

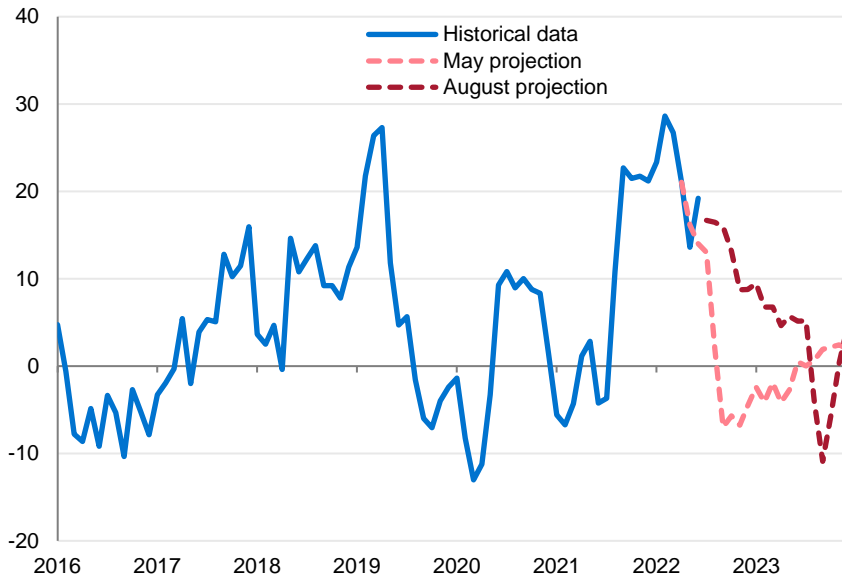
Chart 9 Change in the contribution of food prices to the projection of average inflation in 2022
(in pp)



Sources: SORS and NBS calculation.

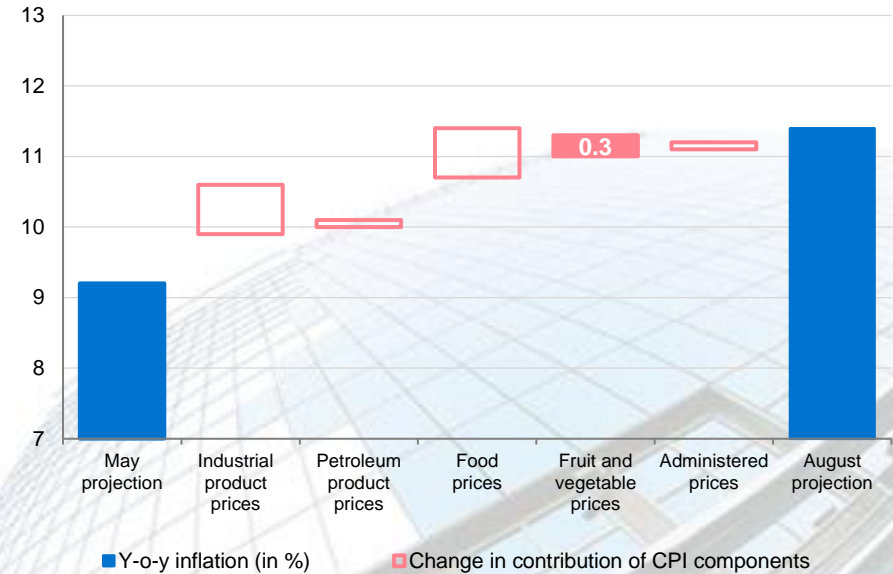
Fruit and vegetable prices are higher than assumed in May due to the summer drought

Chart 10 Assumption for fruit and vegetable prices (y-o-y growth, in %)



Sources: SORS and NBS calculation.

Chart 11 Change in the contribution of fruit and vegetable prices to the projection of average inflation in 2022 (in pp)



Sources: SORS and NBS calculation.

GDP growth projection for 2023 has been revised down by 0.5 pp, to the 3.5-4.5% range

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Chart 12 Comparison of real GDP growth projections in 2022

May projection

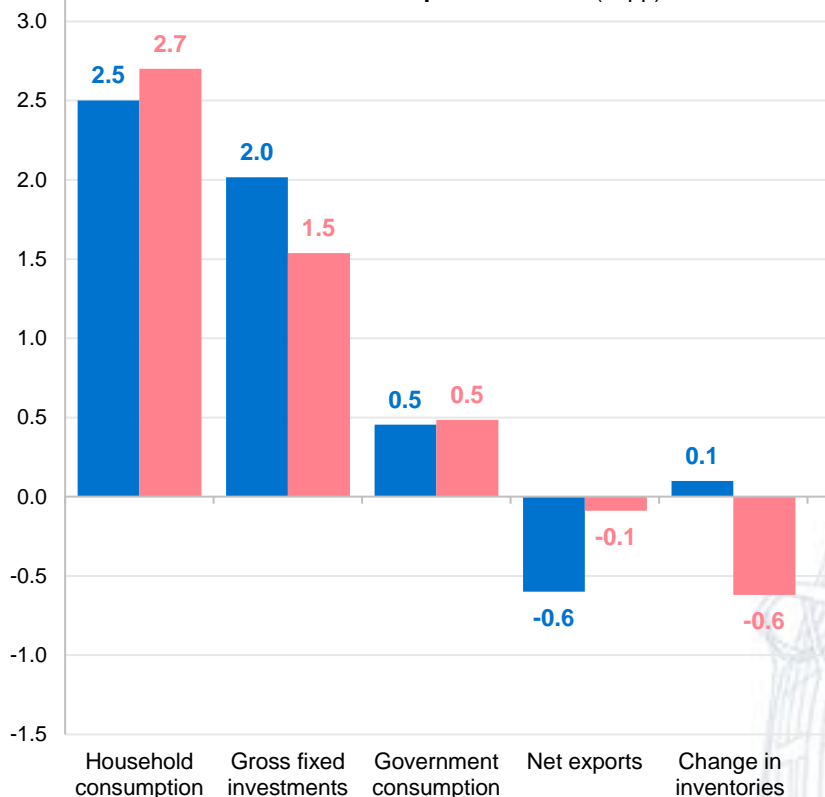


August projection

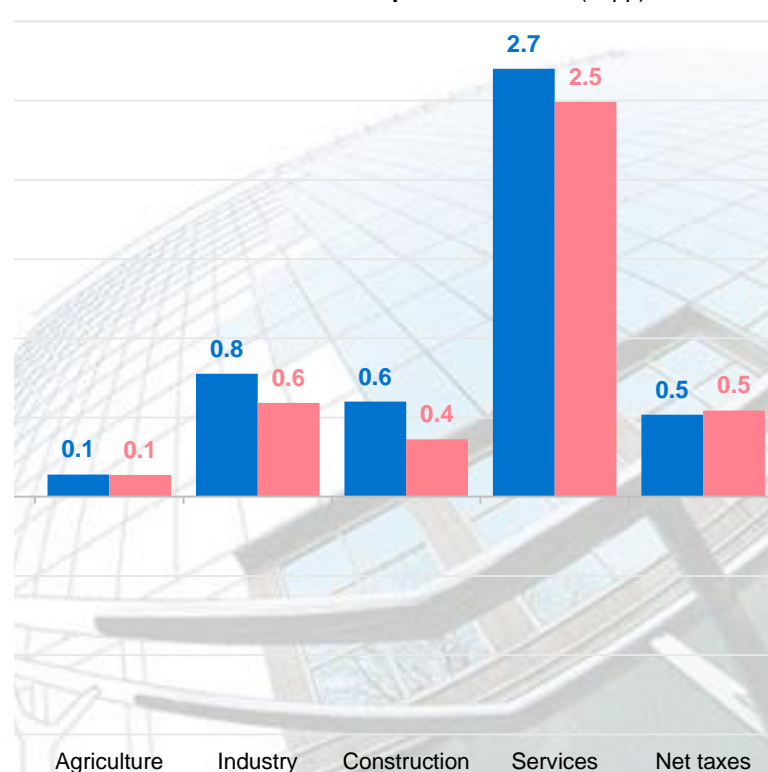


3.0 3.5 4.0 4.5 5.0 5.5

contributions - expenditure side (in pp)

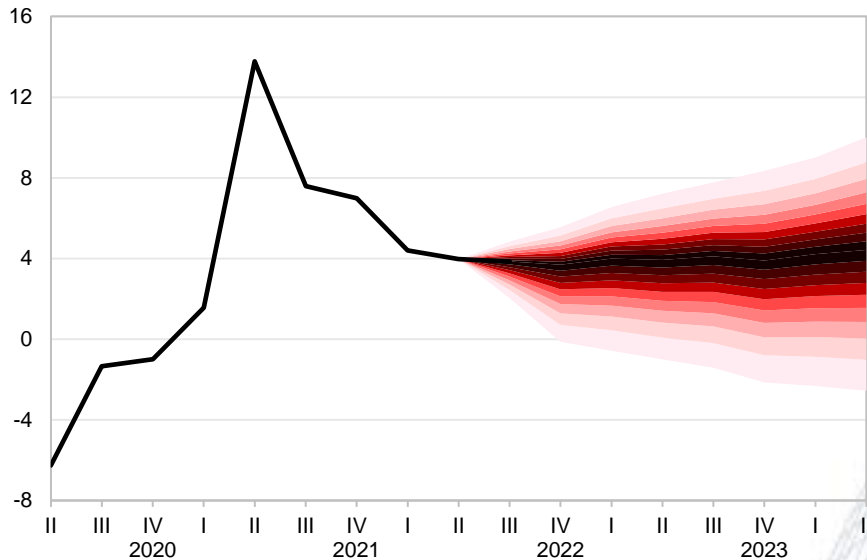


contributions - production side (in pp)



Risks to the projection tilted to the downside because of factors from the international environment and the outcome of agricultural season

Chart 13 GDP growth projection
(y-o-y rates, in %)



Source: NBS.

Table 1 Key risks to the GDP projection

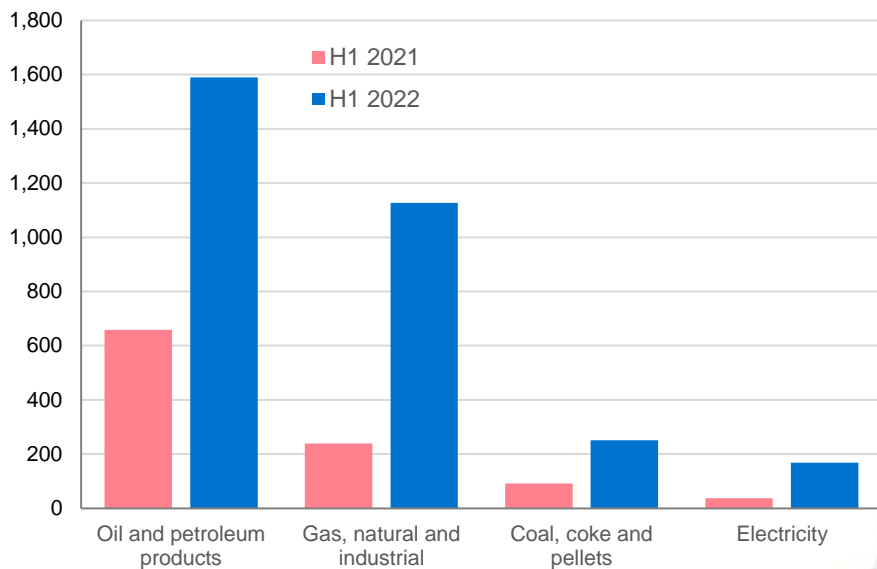
Risk	Estimate of the impact of risk on GDP relative to the base scenario
Geopolitical tensions and events in Ukraine	↓
Economic growth and inflation prospects in the euro area	↓
Crude oil price in the global market (Serbia is a net importer)	↓
Gas and electricity prices in the global market (Serbia is a net importer of gas, and a net exporter of electricity)	↓
Global prices of primary agricultural products and metals (Serbia is a net exporter)	↑
Global inflation growth, notably euro area inflation, and leading central banks' monetary policy	↓
Agricultural season	↓
Disposable income	↓
Regulated prices, Government measures for limiting food and energy prices	↓

Note: ↓ lower economic growth and ↑ higher economic growth relative to the baseline scenario.

A larger current account deficit reflects a faster rise in import prices and a higher volume of energy imports

Chart 14 Energy imports

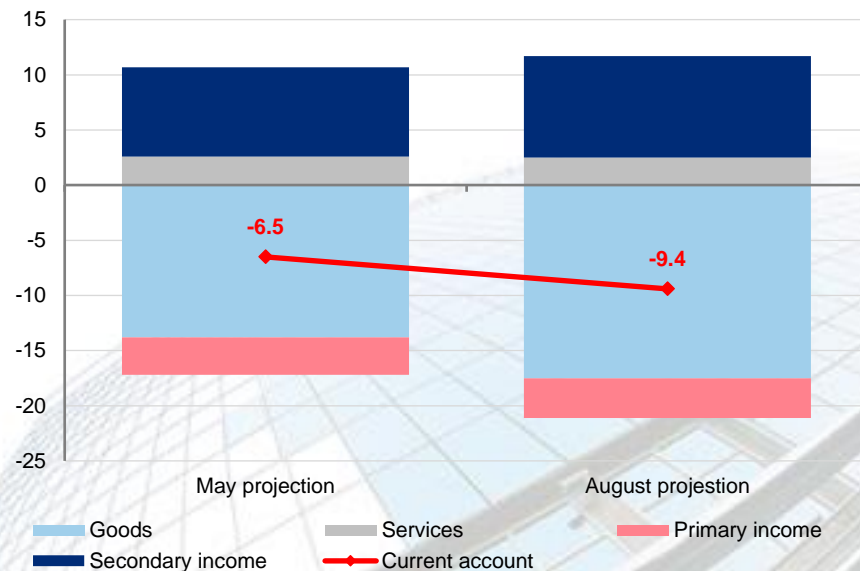
(in EUR mn)



Source: SORS.

Chart 15 Current account projection for 2022

(in % of GDP)



Source: NBS.