



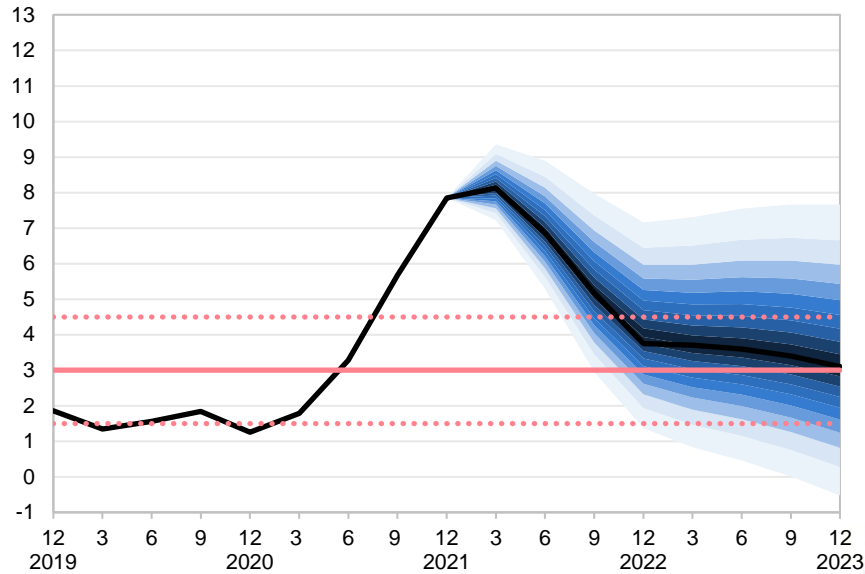
National Bank of Serbia

# **Inflation Report – May 2022**

**Belgrade, 18 May 2022**

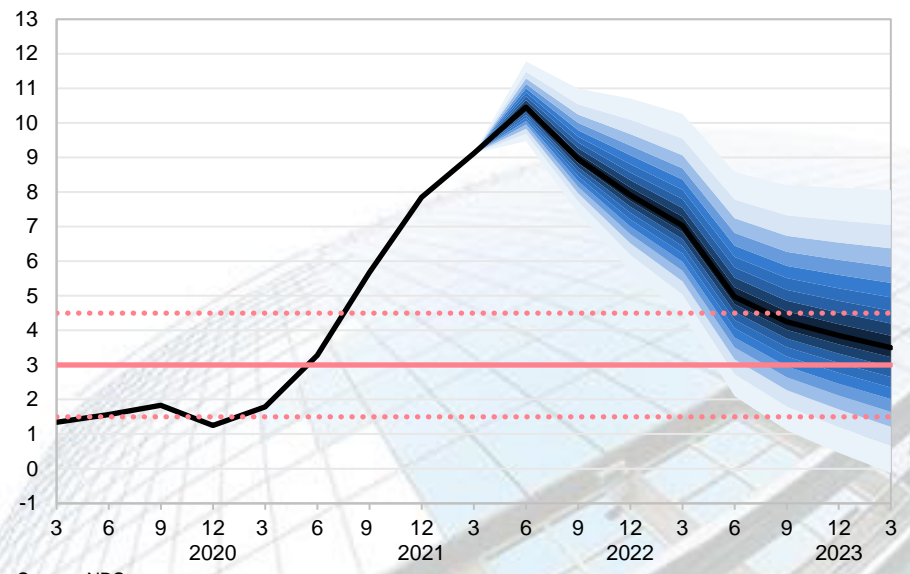
# Under the May projection, inflation this year is by 2.8 pp higher than under the February projection

**Chart 1 February inflation projection**  
(y-o-y rates, in %)



Source: NBS.

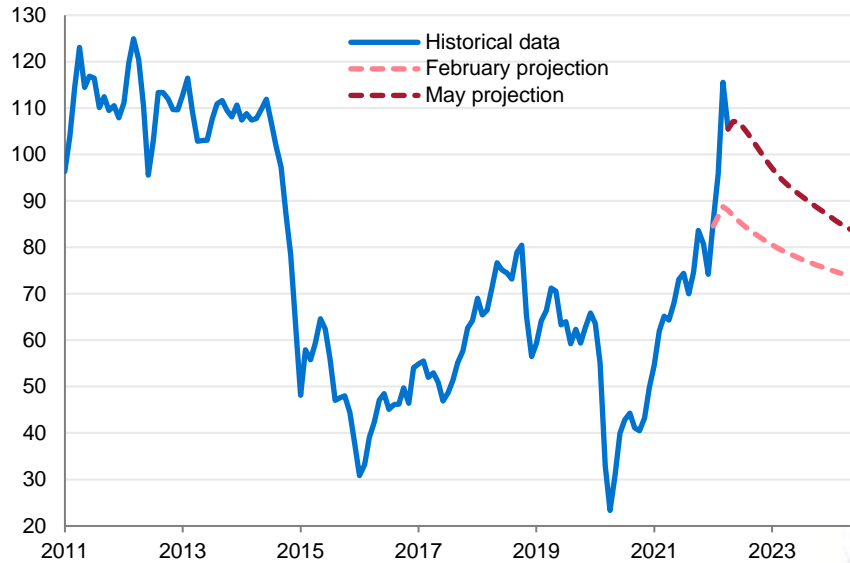
**Chart 2 May inflation projection**  
(y-o-y rates, in %)



Source: NBS.

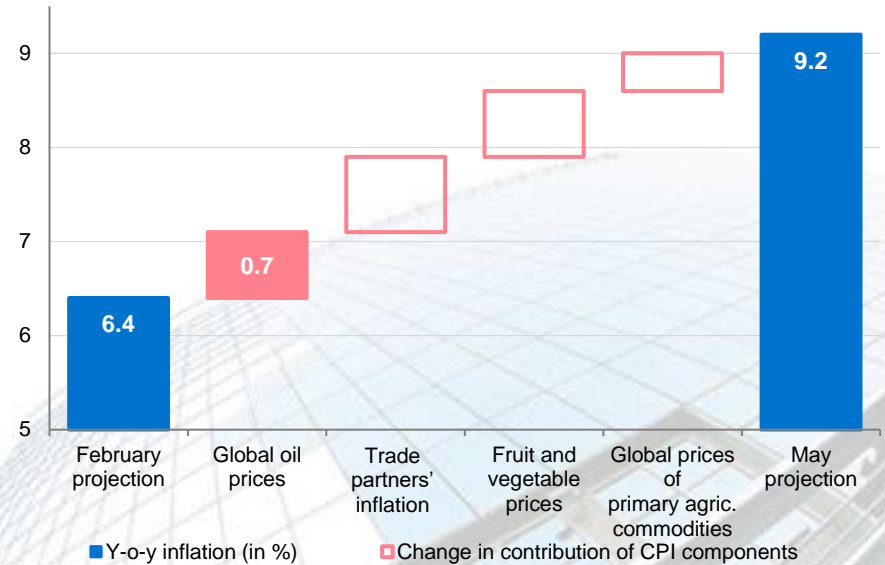
# Global oil price recorded a hefty rise

Chart 3 Assumptions of movement in Brent oil global prices (USD/barrel)



Source: Bloomberg.

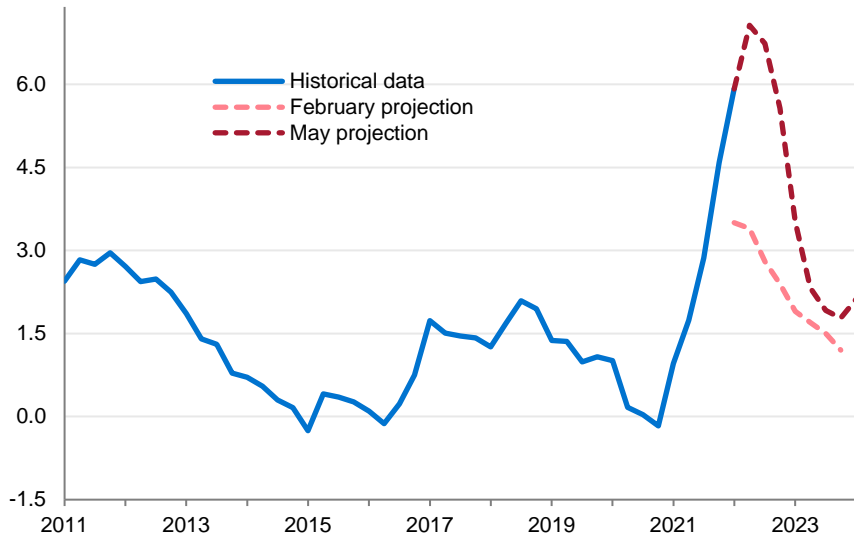
Chart 4 Changes in the contribution of global oil prices to average inflation in 2022 (in pp)



Sources: SORS and NBS calculation.

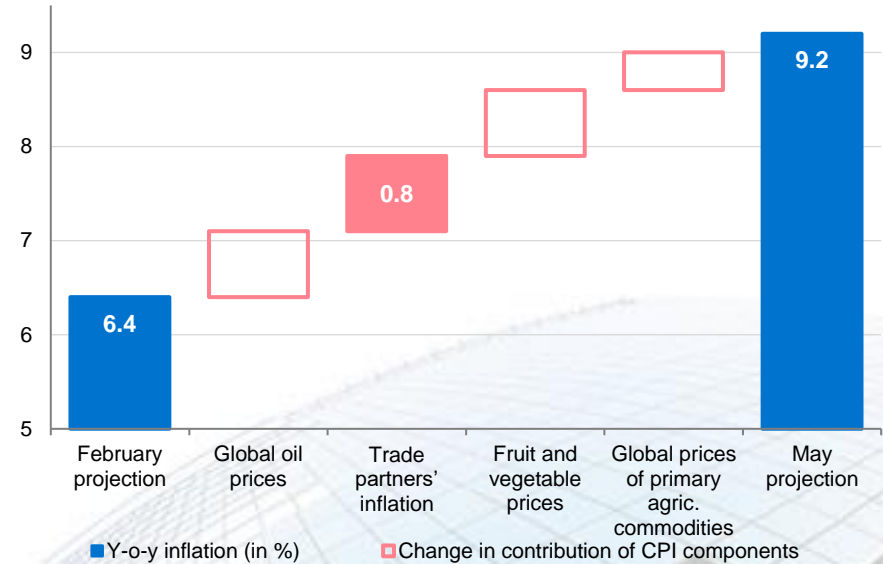
# Higher inflation in our trade partners

**Chart 5 Euro area inflation assumptions**  
(y-o-y growth, in %)



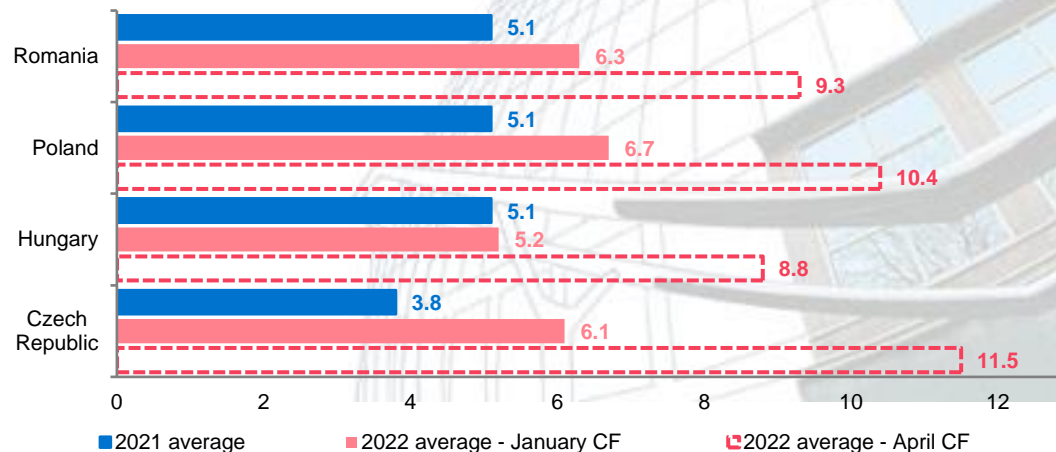
Source: NBS calculation based on projections of relevant institutions.

**Chart 6 Changes in the contribution of foreign inflation to projection of average inflation in 2022 (in pp)**



Sources: SORS and NBS calculation.

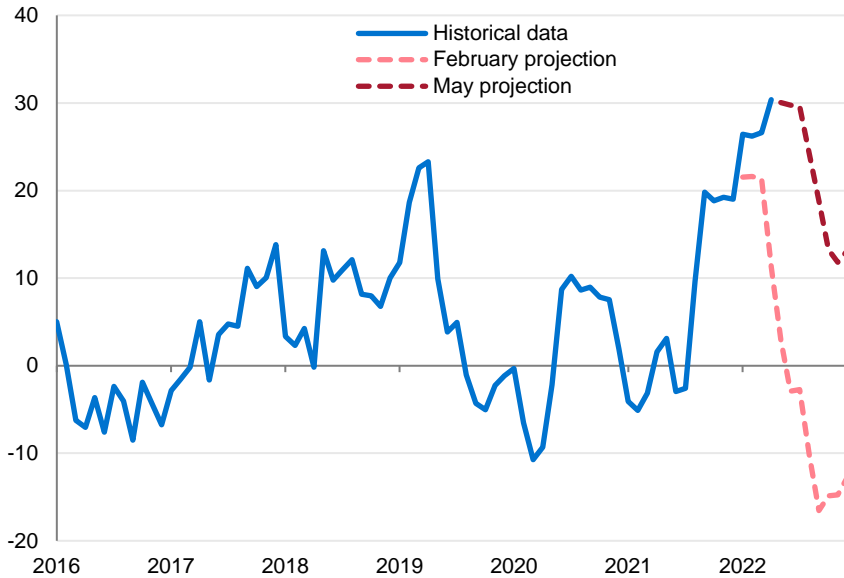
**Chart 7 Revised inflation projection for the region (y-o-y growth, in %)**



Source: Consensus Forecasts.

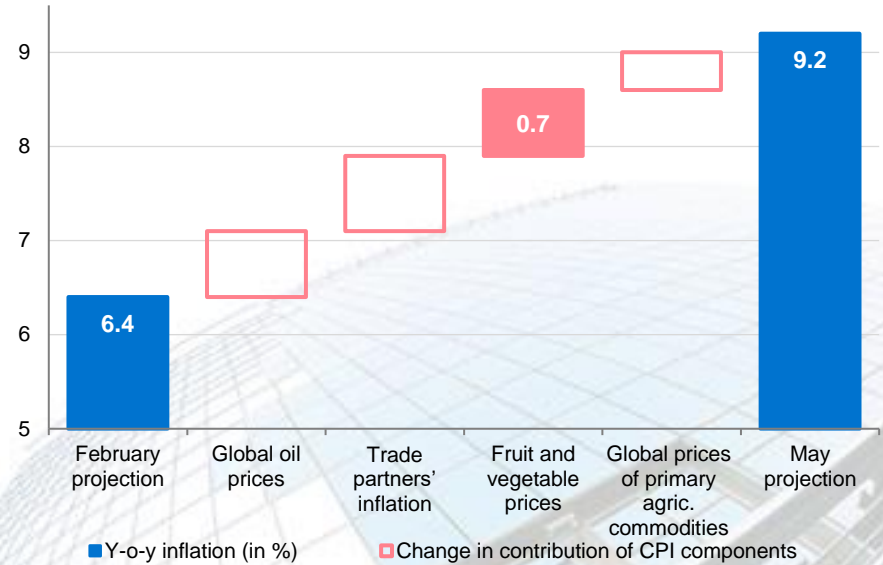
# Fruit and vegetable prices are higher than assumed in February

Chart 8 Assumptions of movements in fruit and vegetable prices (y-o-y growth, in %)



Source: SORS.

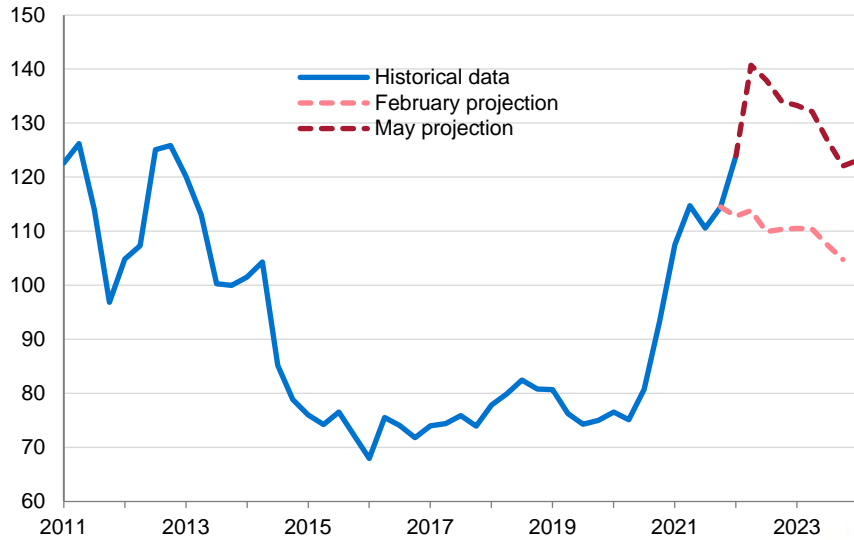
Chart 9 Changes in the contribution of fruit and vegetable prices to projection of average inflation in 2022 (in pp)



Sources: SORS and NBS calculation.

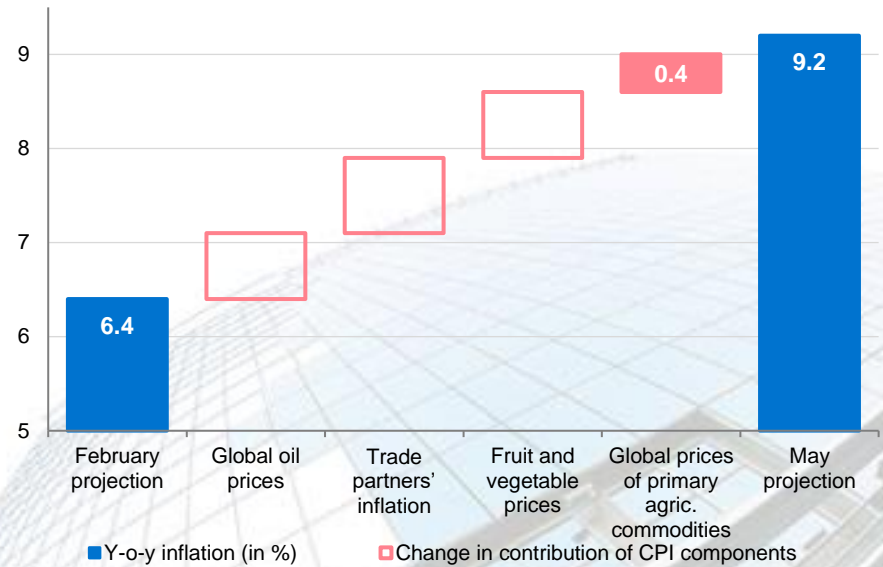
# Global primary agricultural commodity prices are also on a strong rise

Chart 10 Assumption of movements of global prices of primary agricultural commodities (Q4 2013 = 100)



Sources: CBOT, Euronext and NBS calculation.

Chart 11 Changes in the contribution of primary agricultural product prices to projection of average inflation in 2022 (in pp)

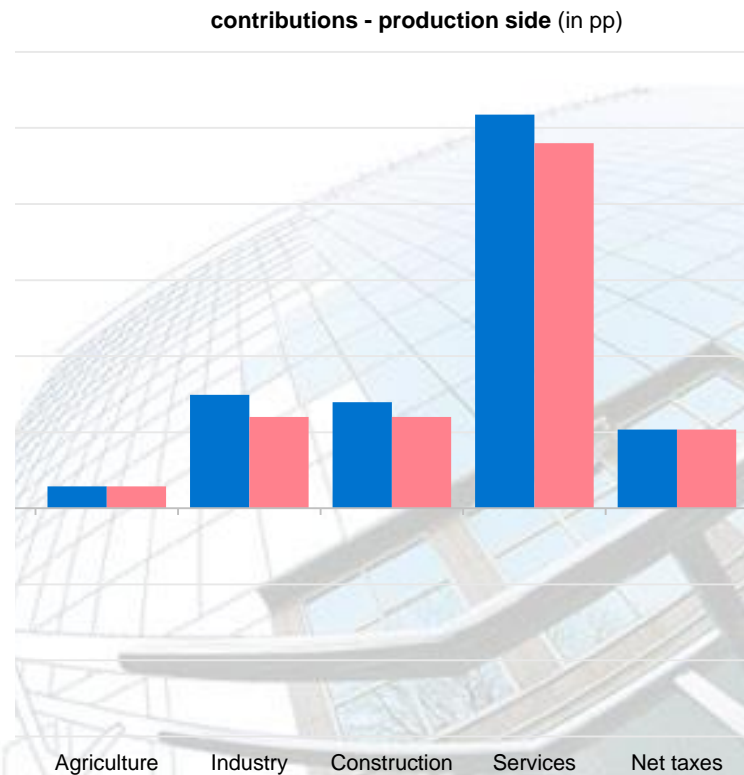
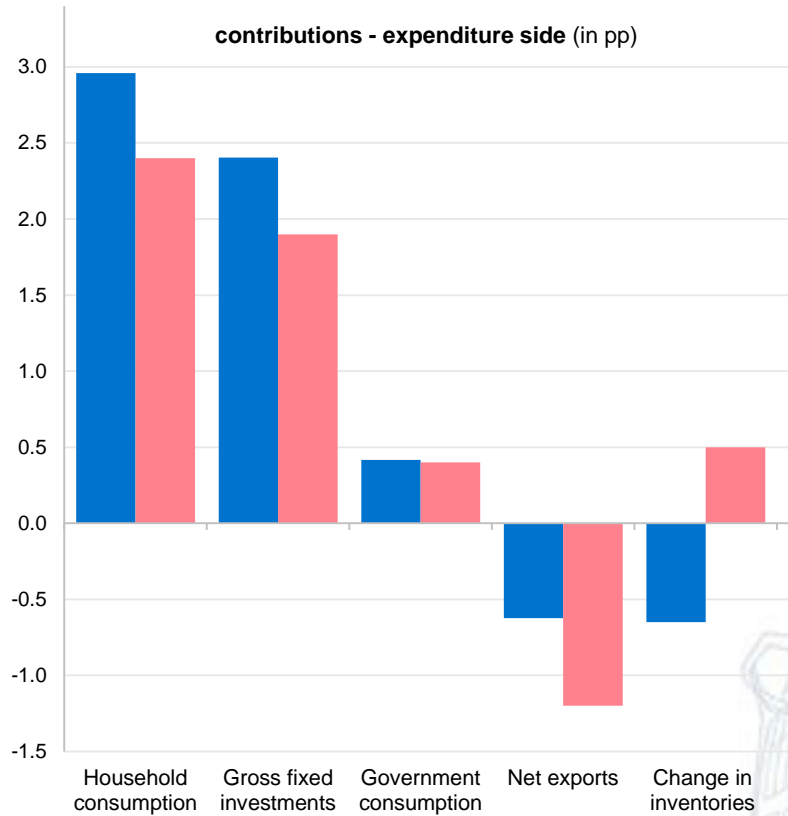
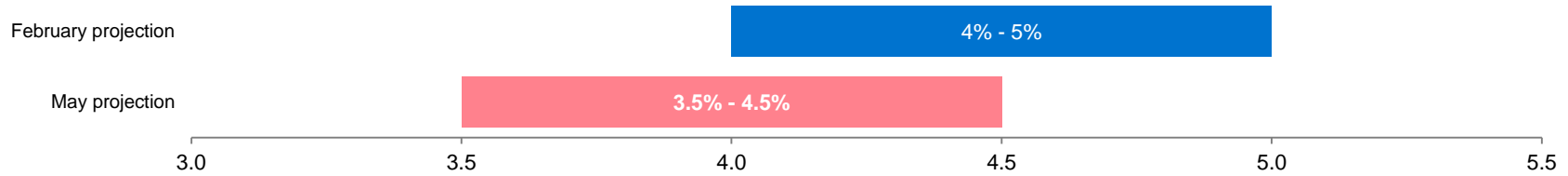


Sources: SORS and NBS calculation.



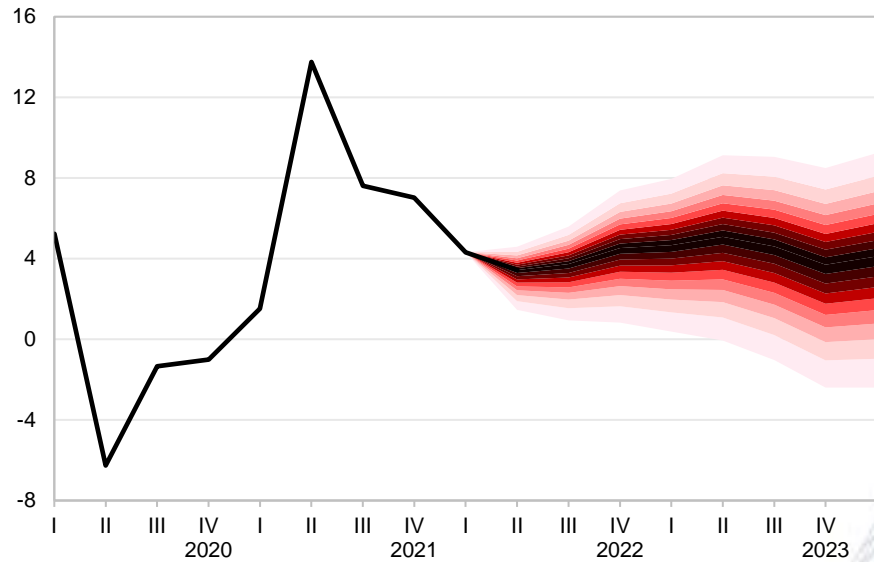
# GDP growth projection for 2022 revised down by 0.5 pp

Chart 12 Comparison of real GDP growth projections in 2022



# Downside risks to the projection more pronounced due to the conflict in Ukraine

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



Source: NBS.

Table 1 **Key risks to the GDP projection**

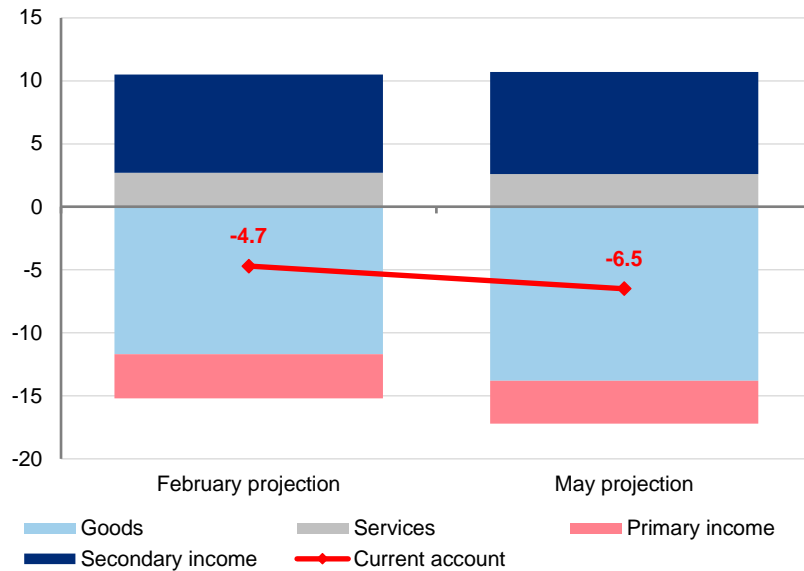
Risk	Estimate of the impact of risk on GDP relative to the base scenario
Geopolitical tensions and events in Ukraine	↓
Economic growth and inflation prospects in the euro area	↓
Crude oil price in the global market (Serbia is a net importer)	↕
Gas and electricity prices in the global market (Serbia is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

Note: ↓ lower economic growth and ↕ that risks to the projection are symmetrical relative to the base scenario.



# Higher CAD because of a faster rise in import than in export prices and a larger volume of energy imports

Chart 14 **Projection of current account balance for 2022**  
(in % GDP)



Source: NBS.

Chart 15 **Energy imports**  
(in EUR mn)

