EY Parthenon

Shape the future with confidence

EY Macroeconomic Pulse

Trends and outlook in the Serbian economy

April 2025

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Executive summary

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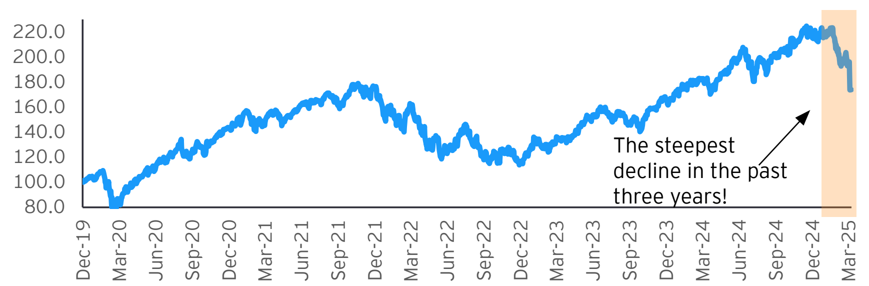
Serbian economy manages to keep growing, but its pace slows down amid global and local uncertainties - which take their toll on investments and exports, while making renewed inflationary pressures.

Uncertainties are increasingly affecting Serbian and foreign markets. Geopolitical tensions continue to mount: while major military conflicts rage on, the newly elected US administration imposes very heavy tariffs on rest of the world, sending shockwaves across global markets. In such context, inflationary pressures reappeared since late 2024, while growth in Serbia's key trading partners - such as Germany or Italy - has been very modest. Growth seems to be slowing down even in China (from 5% in 2024, to 4% in 2025, according to a recent IMF forecast), which has recently become one of Serbia's primary trade and investment partners. Such environment brought back stagflation in late 2024 and early 2025 in many of key global economies - a context of simultaneously high inflation and poor economic growth - which prevents policy makers in major central banks to ease monetary restrictiveness to revamp growth.

Serbia's economic growth slowed in late 2024 and early 2025: 3.3% Y/Y in Q4 2024 vs 4.1% between Q1 and Q3 2024. Household consumption remains the key driver of growth, boosted by rising wages and pensions since 2023, in a context of a strong labor market. However, the investment activity - which drove growth in the past years - has been losing momentum, amid political crisis since Q4 2024, and in context of ambitious plans regarding FDI inflows and public CAPEX plans related to EXPO 2027. Also weighing on growth is a faltering external demand as well as an eroding external competitiveness: rapidly increasing labor and energy costs, unfavorable financing conditions and real exchange rate appreciation. Export-wise, some relief is provided by an increasingly strong export to China by Chinese - owned plants and mines (tires, copper ore, gold, etc.).

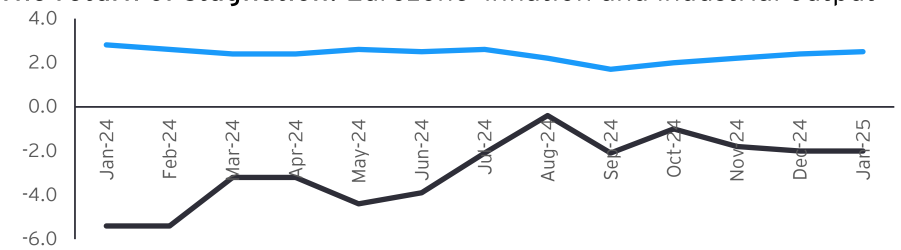
Looking ahead, current market trends point to a restrained growth trajectory in 2025. We expect growth to slow to about 3.2% at level of 2025 (against our previous forecast of 3.8%), down from nearly 4% in 2024. As the mix of uncertainties sets in, ranging from rising geopolitical and local political uncertainties to relatively high interest rates (and resurging inflation pressures), investments and net exports would likely remain affected; while it is plausible that consumption would also slightly slow down, partially due to a statistical effect.

Rising uncertainties: NASDAQ index (dec. 2019=100)



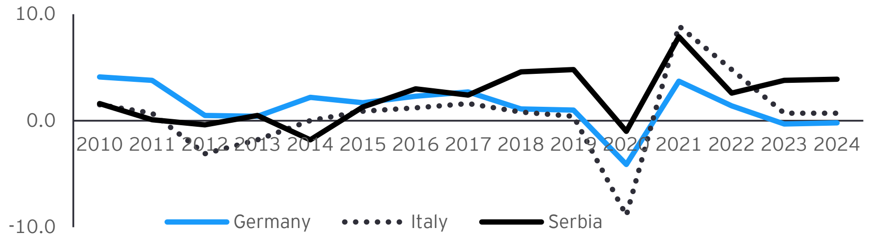
Source: LSEG, EY calculation

The return of stagflation: Eurozone' inflation and industrial output

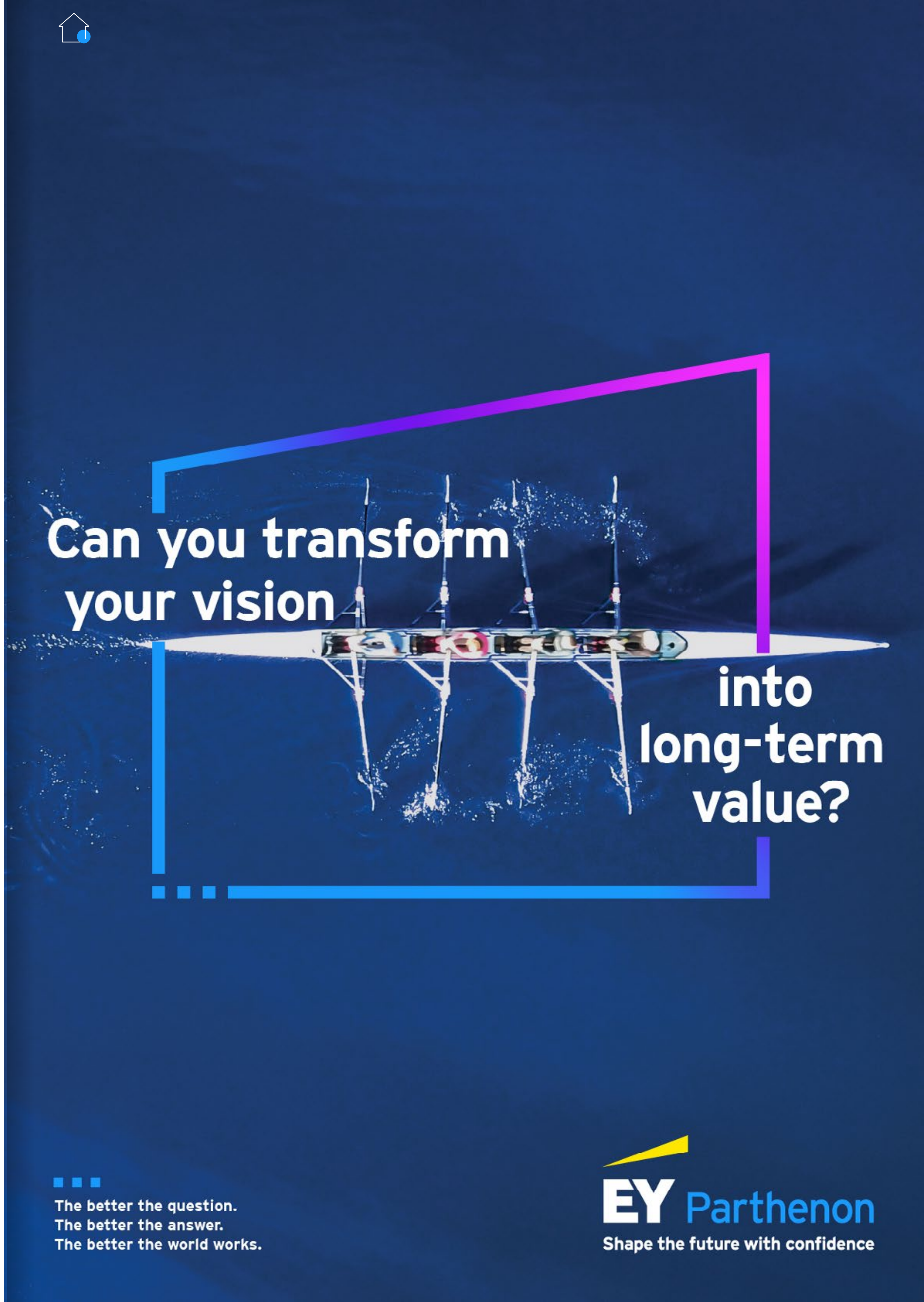


Source: Eurostat, EY calculation

Serbian growth depends on external conditions: growth of GDP in Serbia and key EU members (in % Y/Y)



Source: SORS, Eurostat, EY calculation



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Economic activity

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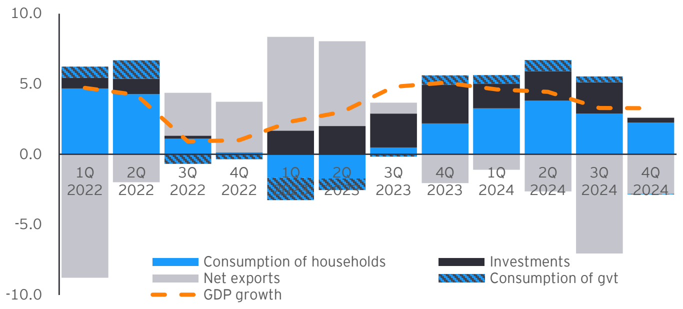
Strong expansion in the first two quarters of 2024 met with a slow down in late 2024 and early 2025. Consumption remains the key driver of growth, but investments cool down, and net exports provide increasingly negative effect on broader growth.

Serbia's growth remained relatively strong in 2024 but seems to be losing steam since Q3 2024. GDP expanded by 3.9% Y/Y in 2024, about the same level as in 2023 – and higher than in most other economies in Europe. However, growth has been slowing since mid-2024, with rates dropping to 3.3% in H2 2024, and data from early 2025 suggesting a further slowdown

In terms of consumption aggregates:

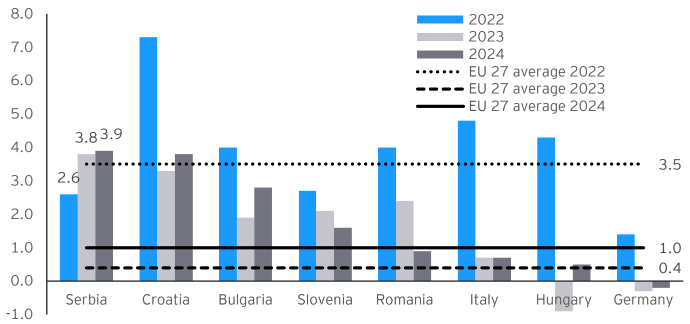
- **Household consumption remains the key driver,** expanding by a strong 4.2% Y/Y in 2024 after a mere 0.5% the year before. This speedup is largely owed to a surge in wages and pensions amid tight labor market. However, the high frequency data from early 2025 shows that consumption, as proxied by retail trade sales, has also been slowing down in recent months.
- **Investments continue to provide positive contribution to GDP growth but seem to be cooling off after several years of sustained growth**. Inv. growth rate dropped to a mere 1% Y/Y after about 8-9% Y/Y during 2023 and most of 2024. Public investments, the key driver of investment activity in recent quarters, seem to have stalled since late 2024 amid mass protests sparked by the deadly collapse at Novi Sad central railway station in Nov-24. Meanwhile, housing construction has cooled after a multi-year boom cycle.
- **Net exports have an increasingly negative effect on growth**, as exports continue to stagnate amid poor external demand in traditional EU markets and decreasing exporter competitiveness; somewhat compensated by rising exports to China.

Decomposition of GDP growth: contribution to overall growth by key consumption aggregate (in percentage points)



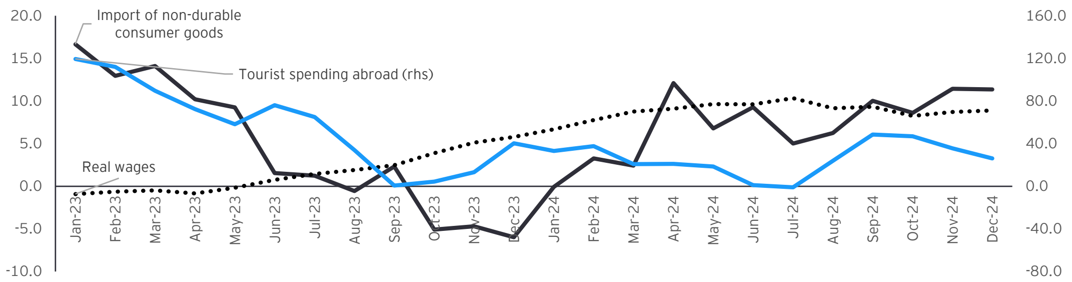
Source: SORS, EY calculation

A wider view: Serbia's GDP growth against a set of EU 27 comparators (in % Y/Y)



Source: Eurostat, EY calculation

Robust consumption: real wages, tourism and import of consumer goods (in % Y/Y, 3MMA)



Source: SORS, NBS, EY calculation

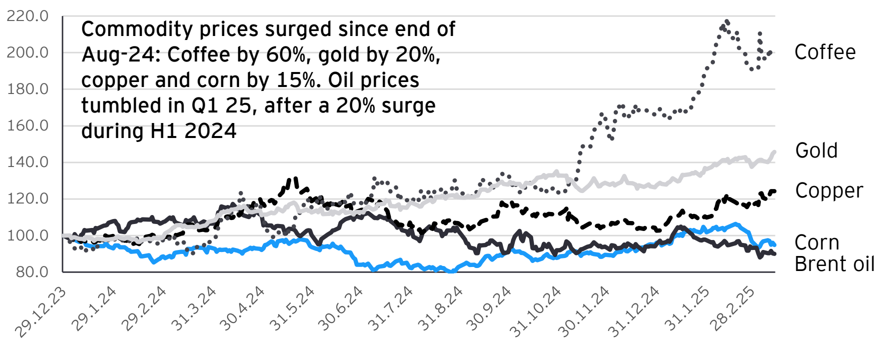
Global conditions deteriorate further in late 2024 and 2025, as inflation reemerges, and economic activity in Serbia's most important trading partners turns increasingly subdued.

Geopolitical context remains adverse. Military conflicts in Ukraine and the Middle East have continued into 2025, while trade-related conflicts intensified as the newly elected US administration imposed significant tariffs on its trade partners (details).

Inflation resurges in late 2024, largely driven by geopolitical uncertainties. Inflationary pressures reappeared in late 2024, after they having been suppressed in the previous part of the year. The resurgence of inflation seemingly limits the room for rate cuts in key central banks, as the easing cycle initiated in mid 2024 seems to be paused for now across most key central banks

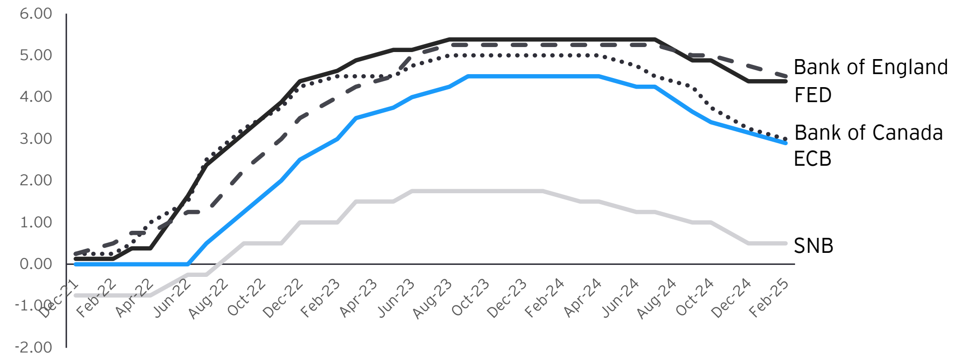
Economic growth in Serbia's key EU trading partners remains modest. Activity in key economies such as Germany and Italy stagnated in 2024 and the outlook for 2025 remains weak (around 1% in 2025 for Eurozone, and 0% in Germany, according to recent IMF WEO) – curbing Serbia's export potential in its key markets.

Prices of key commodities (Dec 2023=100)



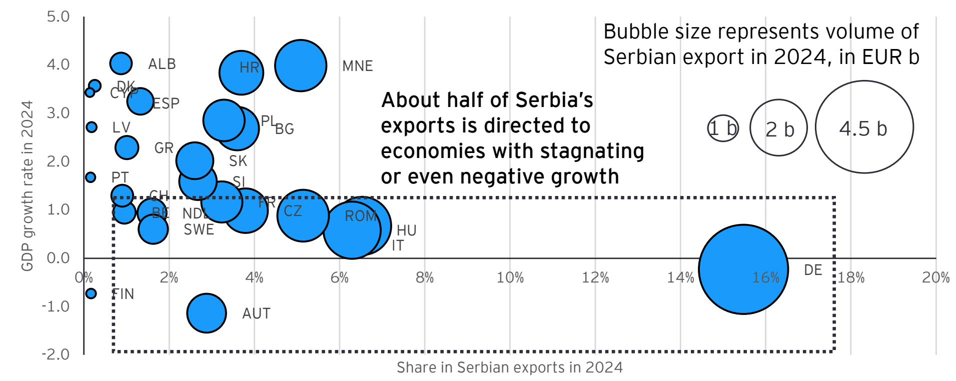
Source: LSEG

Interest rates in key central banks, in %



Source: LSEG

Economic growth in EU and demand for Serbian exports (in 2024)



Source: LSEG, SORS, EY calculation

On the supply side, retail trade is the chief contributor to GVA – with about a third of the total growth generated in this sector, followed by ICT and mining. Energy, agriculture and part of the manufacturing sector remain affected by broader conditions.

Retail trade **continues steady growth**, speeding up since mid-2023, on the back of soaring wages and pensions, as well as a tight labor market and supported by heated household consumption

Construction **activity cools off**, as growth of residential construction slows down

Adverse weather conditions continue in early 2025. After disastrous drought in most of 2024, dry and warm weather prolong into 2025, weighing on output and export of agriculture and energy sectors

Poor EU demand weighs on manufacturing **and** exports – especially in production of car and auto-parts, machinery and related goods

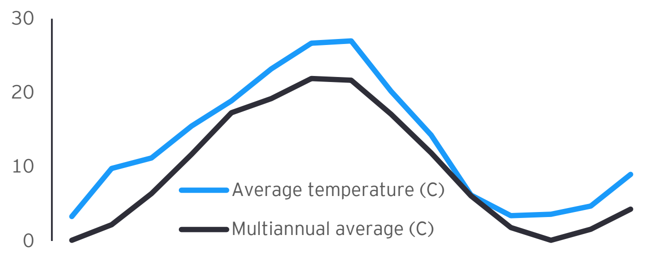
However, surging Chinese demand for copper and other nonferrous metals cushions weaker EU demand for Serbian goods – output in mining and export of related commodities is surging recently

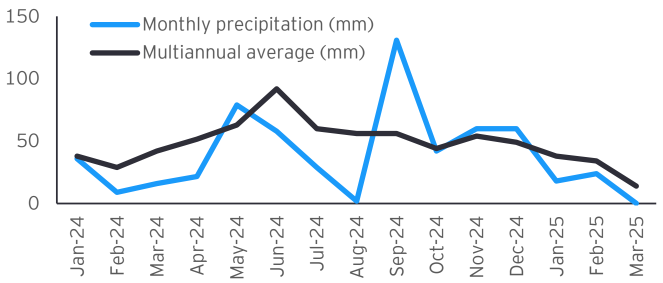
Structure of GVA growth: production approach

	2023	2024	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024
	Current prices (in EUR b)		Growth rates in % YoY							
GVA	64.2	65.4	3.1	4.1	6.0	5.9	4.9	4.5	3.0	3.2
Agriculture	2.8	2.7	8.1	6.5	8.2	6.9	-7.7	-8.1	-8.8	-7.6
Industry	14.3	14.5	1.0	0.2	4.1	3.2	2.9	1.7	3.6	3.5
Construction	3.8	3.9	0.8	17.0	15.3	8.0	13.8	6.4	1.2	-5.5
Trade, transport and hospitality	12.0	12.2	5.4	3.8	7.6	7.6	6.9	8.2	4.5	6.0
ICT	6.1	6.3	15.7	16.5	12.0	12.4	7.2	7.0	7.8	9.8
Finance and insurance	3.0	3.0	0.8	1.6	0.9	2.6	2.4	2.4	3.9	5.0
Real estate	5.4	5.4	0.5	0.2	0.0	-0.3	1.0	0.9	0.8	0.7
Professional services	5.8	6.0	13.7	12.4	10.2	10.7	6.2	6.8	7.4	7.4
Public sector	9.0	9.3	-6.5	-2.4	0.6	4.9	3.4	4.0	2.9	0.3
Art, recreation and other	1.9	2.0	4.1	3.2	1.9	2.8	5.7	6.9	8.4	9.1

Source: SORS, EY calculation

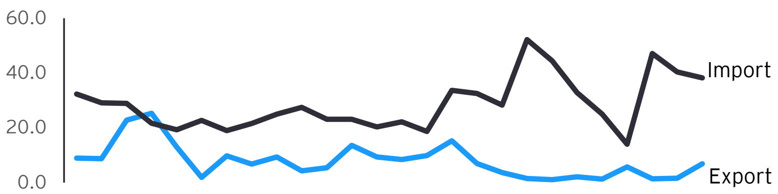
Weather is overly dry and warm in 2025: average temperatures and precipitation



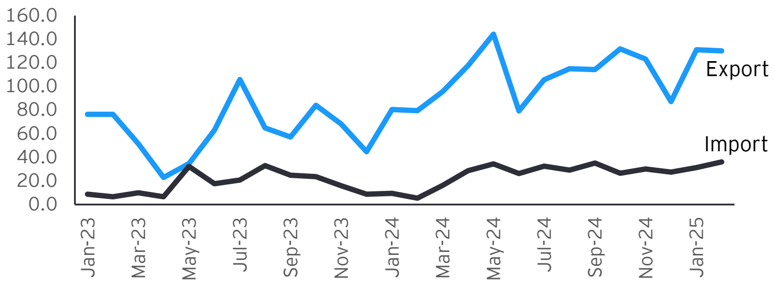


Source: HIDMET, EY calcuation

Weather affects electricity output and export: EPS' fgn trade, in EUR m



Surging international demand for metal ores: Zijin' fgn trade, in EUR m



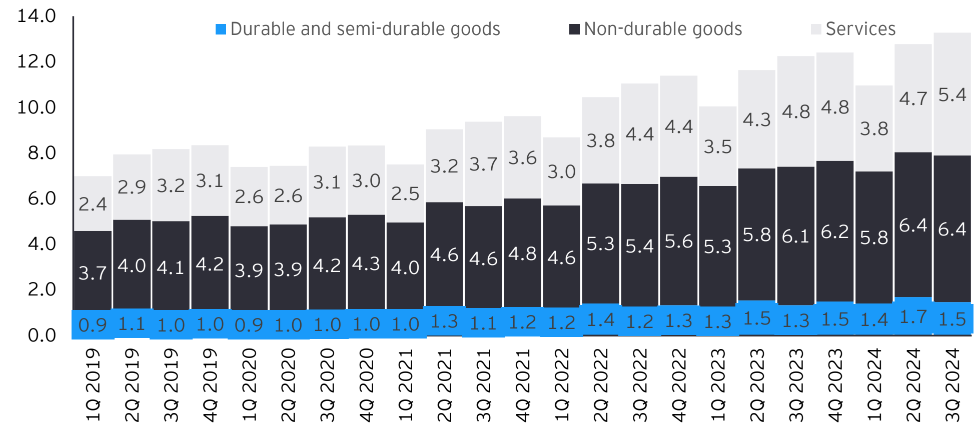
Source: Checkpoint, EY calculation

Retail trade shows signs of slowing in recent months, after almost a year of nearly double-digit growth rates.

Retail trade has recently been booming, with an exceptionally strong growth rate between mid 2023 and mid 2024 that was largely drive by surging wages and pensions

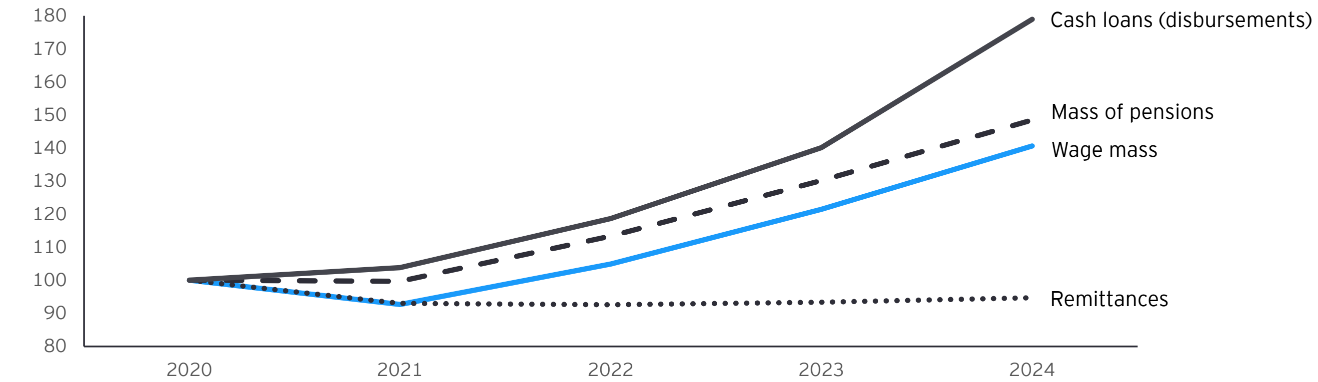
However, retail sales have been slowing down during late 2024 and early 2025. The slowdown in recent months most likely owed to an increasingly strong statistical effect – given the nearly double-digit growth rate of retail trade attained in late 2023 and early 2024.

Household spending by category (in EUR b, current prices)



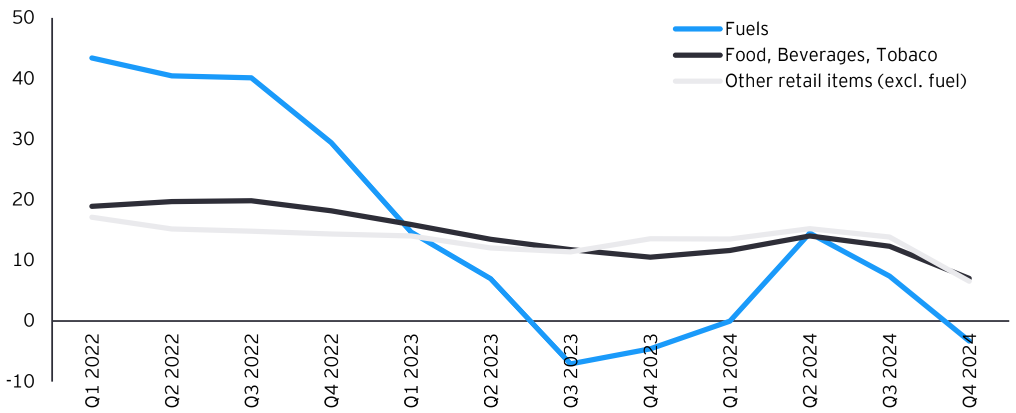
Source: Eurostat, EY calculation

Sources of households' consumption (nominal index, 2020=100)



Source: SORS, NBS, Republic pension fund, EY calculation

Retail trade (nominal growth, in % Y/Y)



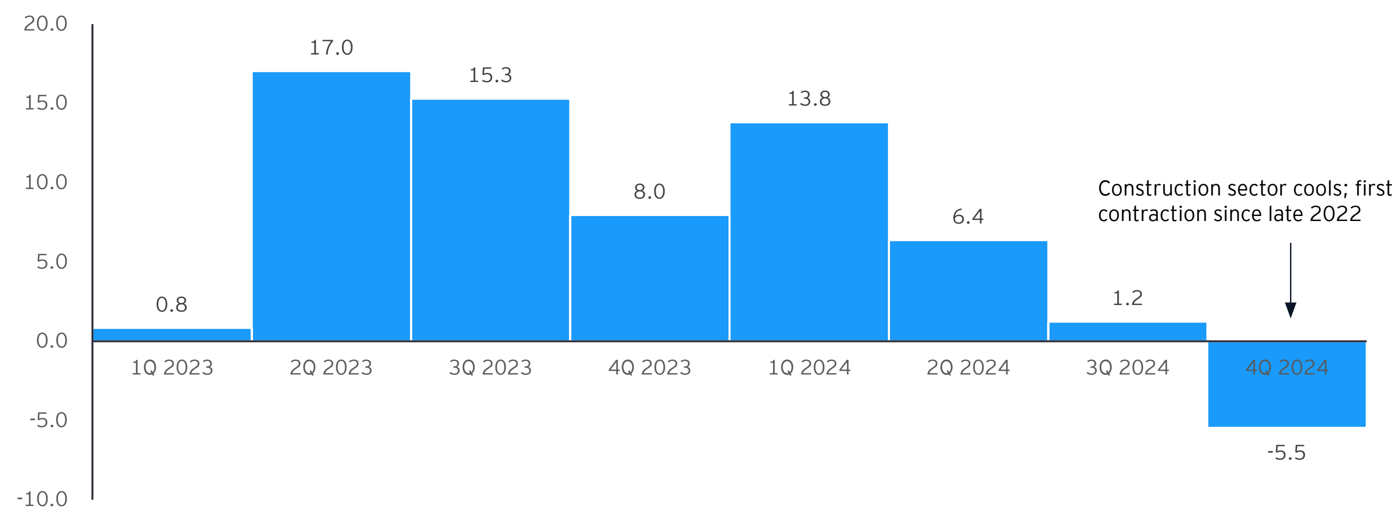
Source: SORS, EY calculation

Construction activity cooling off after a long period of strong growth: its key components (residential and transport infrastructure) both seem to have softened recently.

Construction activity cools since mid 2024, after several years of a boom cycle:

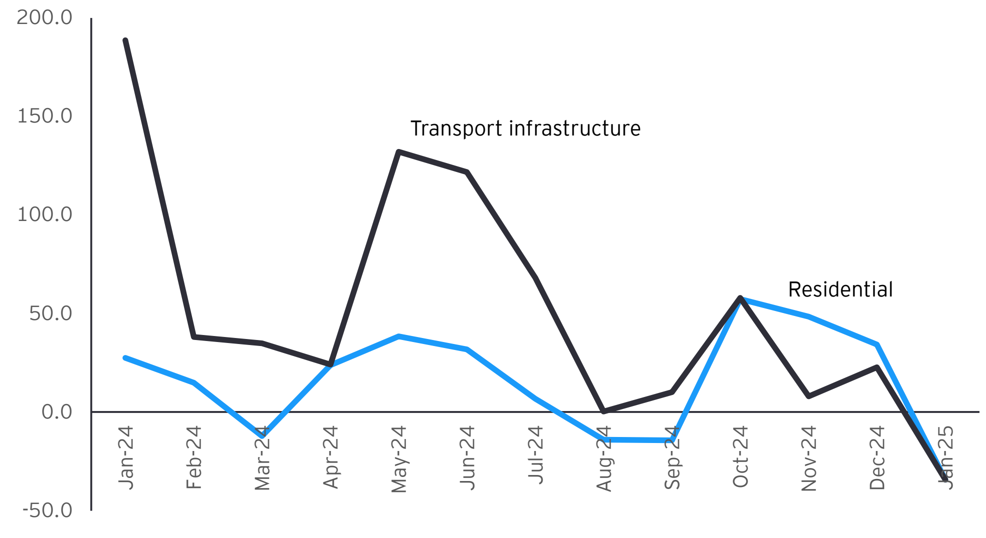
- **Residential construction,** the key contributor to construction growth in the previous period, seems to be cooling down: the total space of residential buildings to receive building permit has decreased by 4.4% Y/Y in 2024 and by additional 6% Y/Y in Jan-25 (against +3.6% in 2023)
- **Infrastructure and other public CAPEX** has been a significant contributor to overall growth and was the primary driver of growth in the sector in 2024. However, the trend seems to have softened, as the value of permits has decreased in recent months – possibly related to ongoing political uncertainties. For example, the value of permits in transport infrastructure for the Nov-24 to Jan-25 period fell by as much as 25% Y/Y

Growth rate of GVA in construction sector (in % Y/Y)



Source: SORS, EY calculation

Construction permits: residential and transport objects
(growth rate of value of works, in % Y/Y, 3MMA)



Source: SORS, EY calculation

Industrial activity – a detailed overview of annual growth rates (in % Y/Y) per sector of activity*.

	2021	2022	2023	2024	jan.25	feb.25
Total	**6.3**	**1.7**	**2.5**	**3.1**	**0.4**	**-0.7**
Mining	**27.6**	**22.6**	**-0.1**	**7.4**	**6.9**	**5.0**
Coal	-8.0	-6.2	-8.3	-2.2	14.2	10.0
Oil and gas	-4.7	-2.8	-0.6	-1.6	-4.0	-3.9
Metal ores	149.4	72.7	9.0	17.0	2.4	2.4
Other mining	18.2	5.9	-2.2	7.6	5.8	0.3
Manufacturing	**5.5**	**1.4**	**0.7**	**4.7**	**2.6**	**-0.1**
Food, beverage, tobacco	**2.3**	**1.3**	**1.1**	**3.8**	**-1.8**	**0.1**
Food	0.4	0.1	1.4	4.3	-2.3	-0.9
Beverages	9.6	3.4	-0.2	1.7	-6.0	1.5
Tobacco	2.2	7.3	1.5	4.7	11.6	5.4
Chemicals and related	**7.3**	**4.9**	**0.0**	**-4.2**	**5.0**	**-2.8**
Coke&petroleum	10.7	13.3	-6.0	-10.5	9.8	-3.5
Chemicals	1.8	-6.3	-5.3	6.8	10.9	-0.9
Pharmaceuticals	5.3	3.5	14.1	-5.1	-6.1	-6.4
Construction material	9.1	-0.1	-3.9	-0.4	5.7	2.8
Cars, auto-parts and related	**17.9**	**0.6**	**3.8**	**8.5**	**5.6**	**3.4**
Vehicles	7.7	0.5	12.6	3.9	-7.4	1.6
Other transport equipment	144.0	26.5	14.3	1.5	-8.3	-23.5
Electrical equipment	17.9	2.0	2.4	3.0	-11.2	-14.4
Rubber&plastics	4.8	-4.5	-3.2	16.4	27.7	20.4
Metalurgy	**5.7**	**-5.7**	**-0.7**	**21.3**	**12.3**	**8.3**
Basic metals	9.1	-17.8	13.9	33.4	12.7	15.9
Fabricated metals	3.6	1.7	-9.6	13.9	12.1	3.7
Machinery, computers, and related	**7.3**	**13.3**	**13.8**	**11.1**	**7.9**	**2.4**
Machinery	12.7	11.4	5.4	-7.6	-4.8	-12.5
Computers and electronics	1.9	30.0	52.3	68.7	54.4	44.8
Other manufacturing	0.5	3.0	-4.5	1.8	4.7	10.2
Repair	-1.2	2.9	5.3	6.1	-16.2	-16.5
Wood processing, furniture, and related	**-1.3**	**-2.1**	**-7.1**	**3.2**	**-2.2**	**-0.8**
Wood	9.5	-11.3	-9.7	-2.6	13.3	19.3
Paper	1.6	4.7	-5.5	8.9	-5.1	-4.7
Printed medias	-1.8	-10.0	-11.2	1.5	-20.1	-15.6
Furniture	-13.8	-3.5	-5.8	-1.9	1.8	0.2
Apparel	**-2.4**	**-2.3**	**3.6**	**-6.6**	**-12.9**	**-15.4**
Textiles	-4.1	-4.6	9.8	-7.9	-11.1	-13.0
Clothing	-1.8	-1.4	1.3	-6.1	-13.6	-16.3
Leather	12.2	2.2	-15.6	-5.8	-15.2	-22.2
Electricity production	**0.7**	**-7.1**	**12.7**	**-6.5**	**-9.1**	**-5.4**

Hefty investments and strong Chinese demand for copper pushing up the output in recent years

Effects of poor agricultural season in 2024 and an increase in prices of imported agricultural commodities (such as coffee) plausibly kicking-in in early 2025

Delays in the start of production of new models of e-vehicles in Stellantis plant, coupled with poor EU demand weighing on production of car and auto-parts

Expansion likely related to start of production in the new Linglong factory in Sep-24

A possible effect of increase of output in HBIS plant after having closed one of the two furnaces in 2022

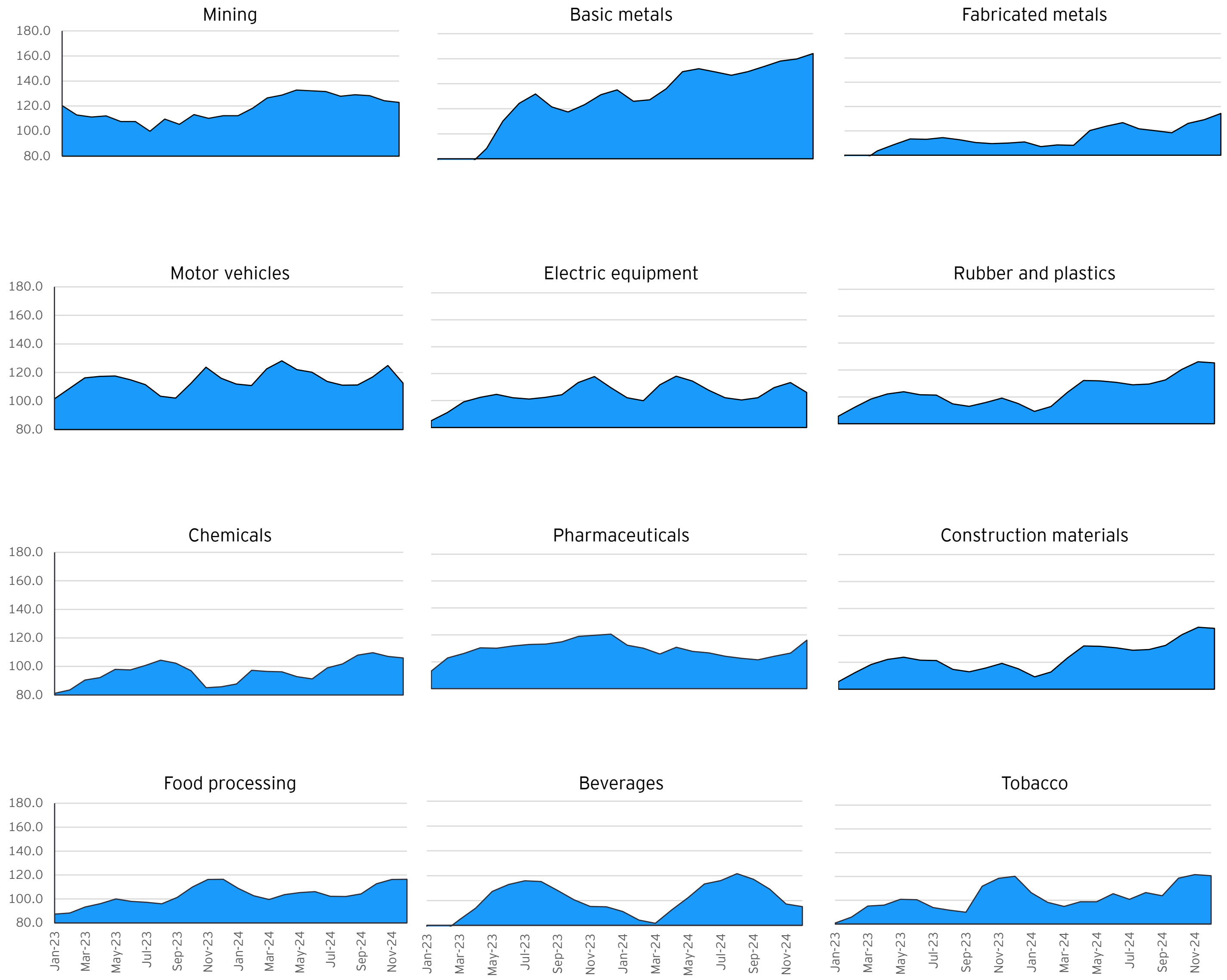
Supported by production and distribution of "smart" electricity meters

Adverse hydrological conditions in 2024 and early 2025 affecting output

* Data relate to growth rate of physical volume of production across officially defined industrial sectors of activity and is produced by SORS. For analytical purposes, EY bundled manufacturing activities into broader groups.

** Share of industrial output is provided by SORS in a separate publication

Wide spectrum of results in Industrial Activity: Sectors driven by Chinese demand for basic metals and metal ores appear to be booming, while exporters of machinery and car parts to EU falter amid weak demand. Growth stalls in electricity production and food processing sectors, affected by adverse weather conditions in 2024 and early 2025*.



Source: SORS, EY calculation

* Data refers to a three month moving average of index of volume of industrial output, where average for 2022=100

Exports stall while imports soar: merchandize trade gap expands by as much as 20% in 2024. Poor demand in key trading partners and erosion of exporters' competitiveness curtail growth of exports; while imports surge on strong households' demand and imports of capital goods.

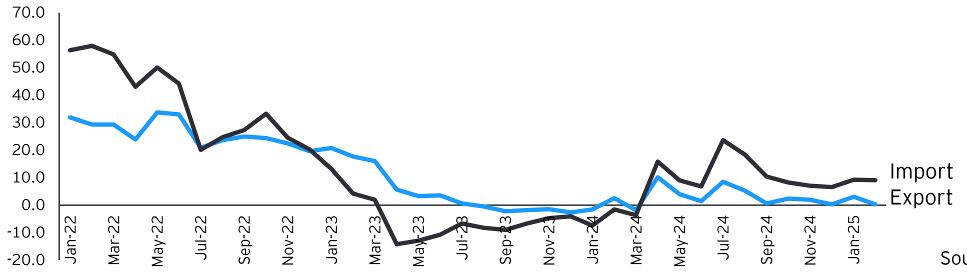
Exports in 2024 stagnated compared to 2023 levels (app. EUR 29 b), as:

- Electricity exports decreased to EUR 700 M, almost half the 2023 level. Global electricity prices retreated from 2022/23 highs, while Serbia's electricity output was affected by very adverse drought during 2024, which seems to have continued into 2025
- Machinery, cars and auto-part exports fell by some 5% - or EUR 400 m - affected mostly by very poor German and broader EU demand
- On a more positive note, exports of nonferrous metals rose by more than 80% to nearly EUR 2 b, driven by an increasing Chinese demand
- Exports of cereals also rose by a third, to EUR 1 b, resulting from abundant output in Serbia in 2023, coupled with surging prices of cereals in global markets during 2024
- External competitiveness seems to be dwindling as real wages increased by nearly 9%, while RSD appreciated vs EUR by some 4-5% during 2024

On the other hand, imports soared by 6% Y/Y (to EUR 39 b), likely related to stronger imports of consumer and capital goods such as machinery, cooling/heating equipment, and more - in line with ongoing investment cycle in manufacturing

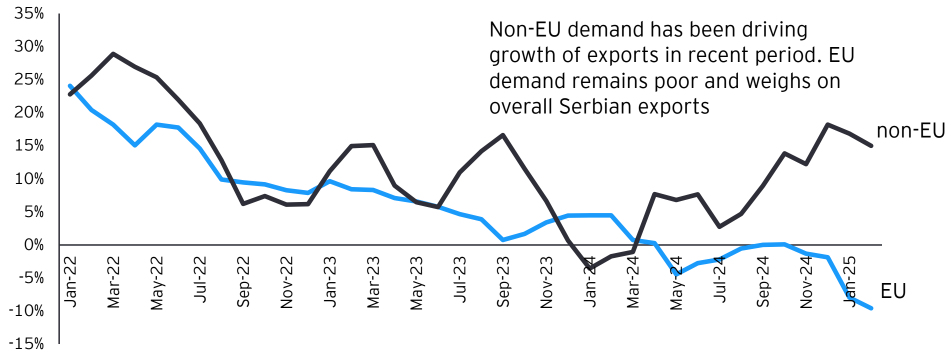
On the whole, the trade gap soared to relatively high level of **nearly EUR 10 bn, 20% more** than 2023.

Trends in export and import (growth rate Y/Y, 3MMA)



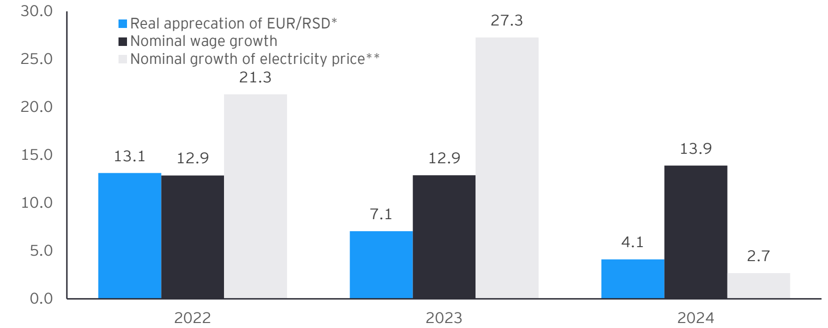
Source: SORS, EY calculation

Export to EU and non-EU markets (growth rate in % Y/Y, 3MMA)



Source: UNCDAT, SORS, EY calculation

Factors of competitiveness (growth rate in % Y/Y)



* Increase of EUR/RSD above 0 points to appreciation, decrease below 0 to depreciation

** Refers to price for non-household users, situated in band of consumption between 500 to 2000 MWh. Data is semiannual, thus 2024 data points to growth rate of electricity price between Dec-23 and Jun-24

Source: NBS, Eurostat, SORS, EY calculation

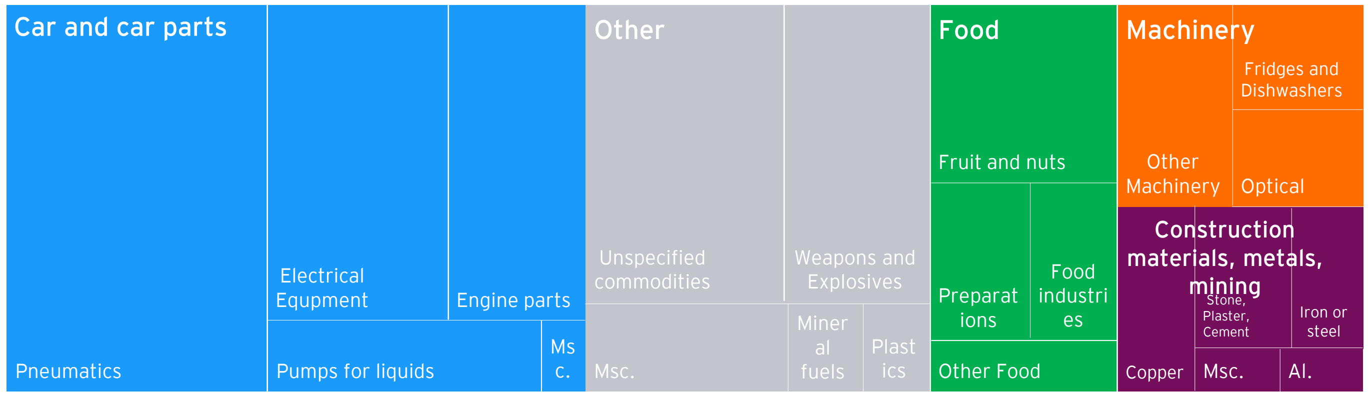
New US tarrifs could soften global growth, increase inflationary pressures and add to overall uncertainty.

US administration imposes sweeping new "reciprocal" tariffs on imports to USA from rest of the world, effective immediately from Apr 9th. New tariffs range from 10% to as much as 104% - the latter targeting Chinese exports to the US; while Serbia was attributed a relatively high level of 37% (as per information available on 9th of April). This said, the US dramatically increases its average tariff on all products, from approx. 2.7% currently, to nearly 23% starting from Apr 25, although some changes and delays are possible. The US also imposed some new sector-specific tariffs, such as the one on cars and car parts.

There may be a range of effects:

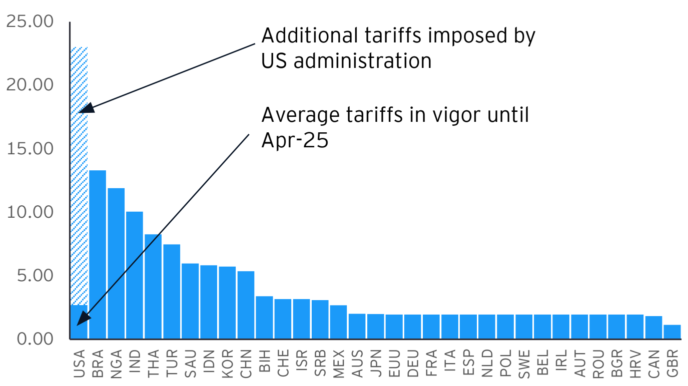
- **Direct** – mostly on export-oriented economies – especially those with a high share of exports to the US, as well as those with high trade surpluses with the US - such as the EU, China, Mexico, Canada or Vietnam, whose export competitiveness at US market could significantly erode, against a backdrop of unprecedented levels of US-imposed tariffs.
- **Indirect** - a strong stagflationary shock and adding to already elevated uncertainties across the globe. This could potentially reduce global GDP growth in 2025 by 0.5%, and EU' growth by 0.3%; and provide further pressure on global inflation, according to a recent EY' estimate. Response of other economies is still unclear as the global trade war spirals – for example, China has so far imposed an 84% retaliatory tariff on imports from US (as per information available on April 9th)
- **Specifically for Serbia:** direct effects might be relatively limited, given its relatively small share of exports to US. However, Serbia's manufacturing – especially automotive industry – is very tightly connected to EU' market which could provoke some indirect adverse effects.

Decomposition of Serbia's exports to USA (2023, % of total EUR 550 m)



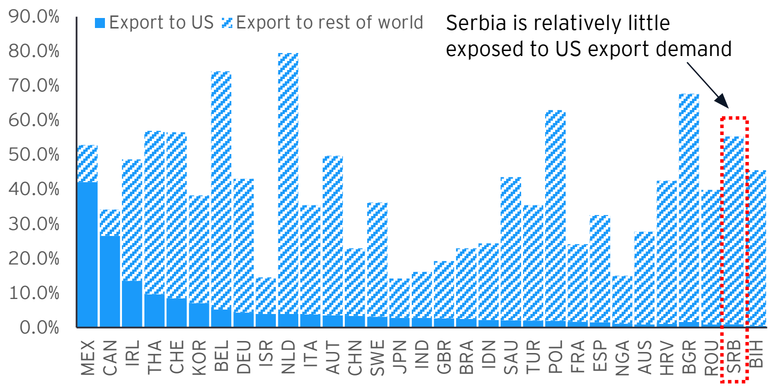
Source: UNCDAT, EY calculation

Tariff rate on all products, simple mean (in %, 2023)



Source: OECD, World Bank, EY calculation

Merchandise export (in % of GDP, 2023)



Source: UNCDAT, World Bank, EY calculation

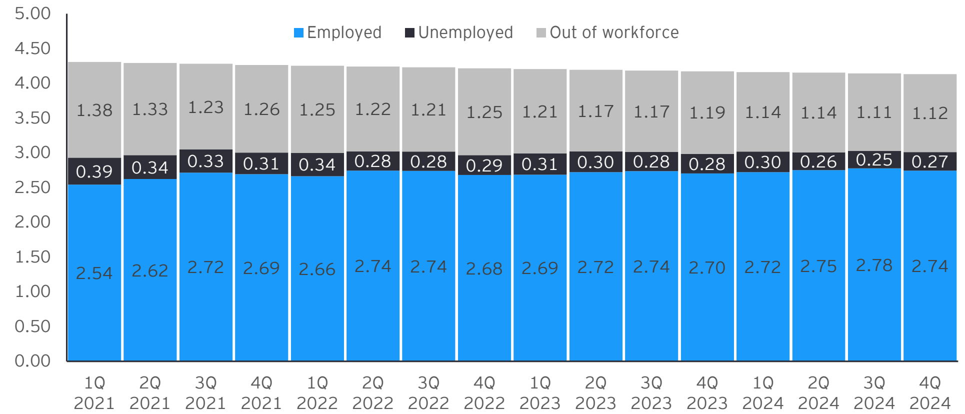
Labor market remains strong, with historically low unemployment, lack of domestic workers increasingly compensated by foreign workers, while tight labor market conditions are reflected in soaring wages (in 2024: nearly 10% in real terms Y/Y!).

Serbia's labor market remains relatively tight, as level of employment is high, and available workers are increasingly scarce. The number of unemployed continues to decrease, reaching a mere 270,000 as of the end of 2024, some 10 thousand less than at the end of 2023; meanwhile, the number of employed continues to increase topping 2.74 million at the end of 2024, or 40 thousand more Y/Y

Work force is become increasingly inadequate, domestic workers are becoming more and more scarce, so foreign workers are increasingly filling the gap – recent media reports point to some 30 thousand foreigners migrating into Serbia in 2024.

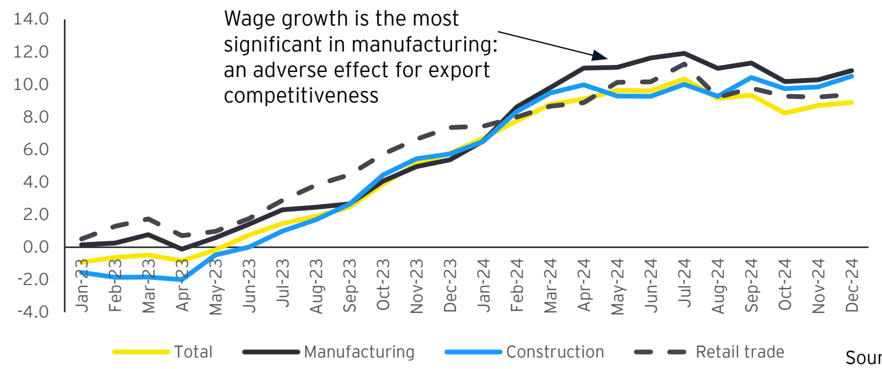
As workers become increasingly unavailable, wages are surging. The trend of soaring wages started in late 2023 and continued throughout 2024 - for one of the highest wage increases in Europe in the past several years.

Work force structure, active population age 15-64 (in million persons)



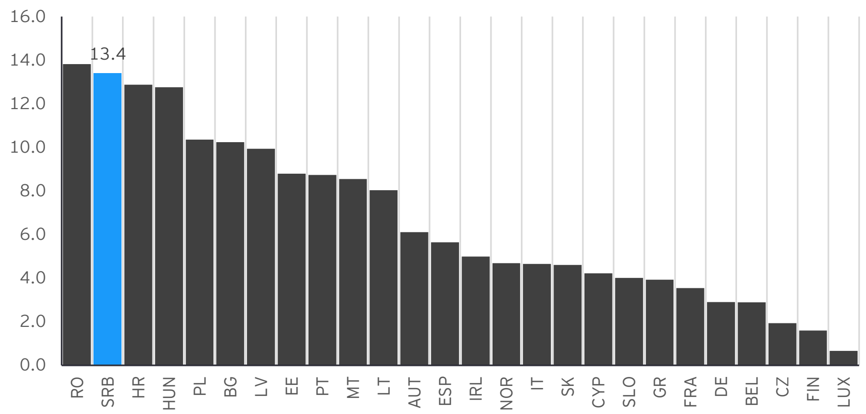
Source: SORS (Labor force survey), EY calculation

Real growth of wages (in % Y/Y, 3MMA)



Source: SORS, EY calculation

Unit labor costs in Serbia and abroad (% increase Y/Y in 2024)



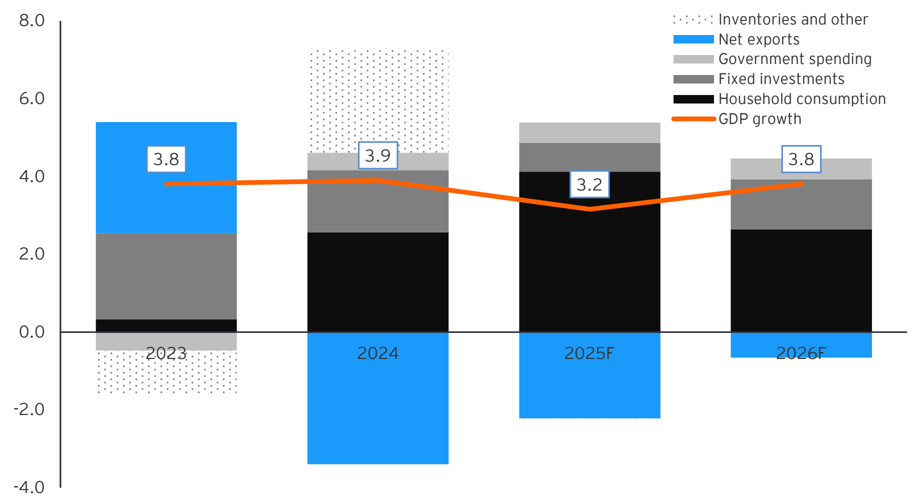
Source: Eurostat, EY calculation

We anticipate a growth deceleration for the rest of 2025. Although household consumption is expected to continue fueling growth, sluggish growth in key trading partners, political instability both within Serbia and internationally, and the outlook of unfavorable weather conditions are likely to hinder Serbia's growth prospects.

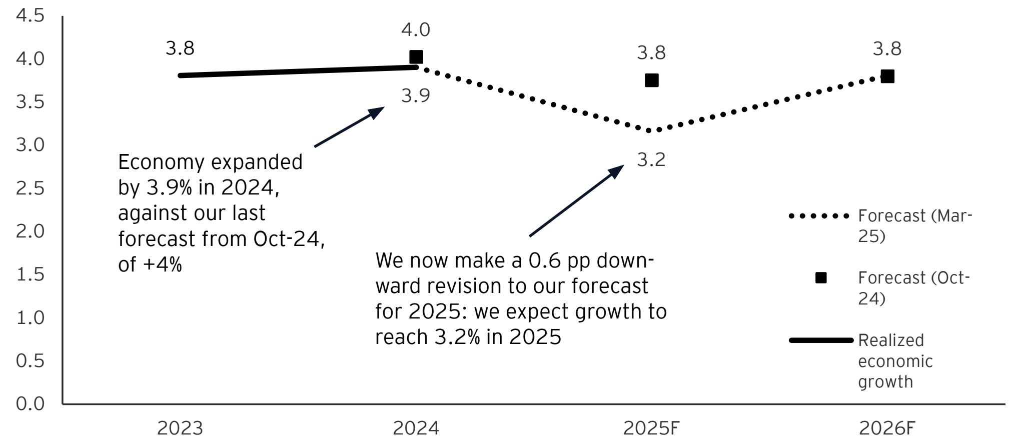
The ongoing slowdown could continue in rest of 2025 and possibly be more intense than previously expected. After expanding by 3.9% in 2024, we see growth slowing to 3.2% in 2025, or 0.6 pp lower than our forecast from Oct-24, in the following context:

- **Weaker than anticipated growth in the EU, affecting Serbian exports and inflow of investments.** The 2025 growth in key EU economies – such as Germany and Italy – will probably remain subdued, with a more intense slowdown than previously anticipated: the IMF recently decreased forecasted growth rates in Germany for 2025 and 2026 by 0.8pp (to 0% Y/Y) and 0.5pp (to 0.9% Y/Y), respectively. Moreover, Serbia's trade gap would likely remain relatively expansive, adding to macro risks.
- **Higher than anticipated global and local inflation rates, lack of room for a more tangible monetary easing.** As geopolitical tensions continue to mount, additional inflationary pressure on commodity prices – especially energy items, such as petrol and natural gas - has prompted the IMF and other key institutions to make upward revisions to 2025 inflation forecasts. Higher than anticipated inflation would likely leave less room for more tangible monetary easing by the central banks, including the FED, ECB or NBS, so interest rates could remain at relatively high levels throughout the remainder of 2025
- **Ongoing political crisis and mass protests across Serbia** might be a limiting factor for fixed investments – especially public CAPEX, and households' consumption
- **Adverse weather conditions in early 2025.** In Q1 2025, weather was relatively warm and dry resulting in a notable lack of precipitation and even absence of a snow cover across most of Serbia. This set of conditions affected, and is likely to continue affecting, agricultural and energy output and exports. Moreover, heavy spring frost affected most fruit crops during April.

Contribution to growth per aggregates of consumption (in pp)



Actual vs forecasted GDP growth in Serbia (in %)



Source: SORS, EY calculation (both charts)

3

Prices, Exchange Rates, Monetary Policy

EY Parthenon

Shape the future with confidence

Inflationary pressures resurface in late 2024 and early 2025 in Serbia and abroad largely because of resurging commodity prices across the world amid a landscape of surging uncertainties.

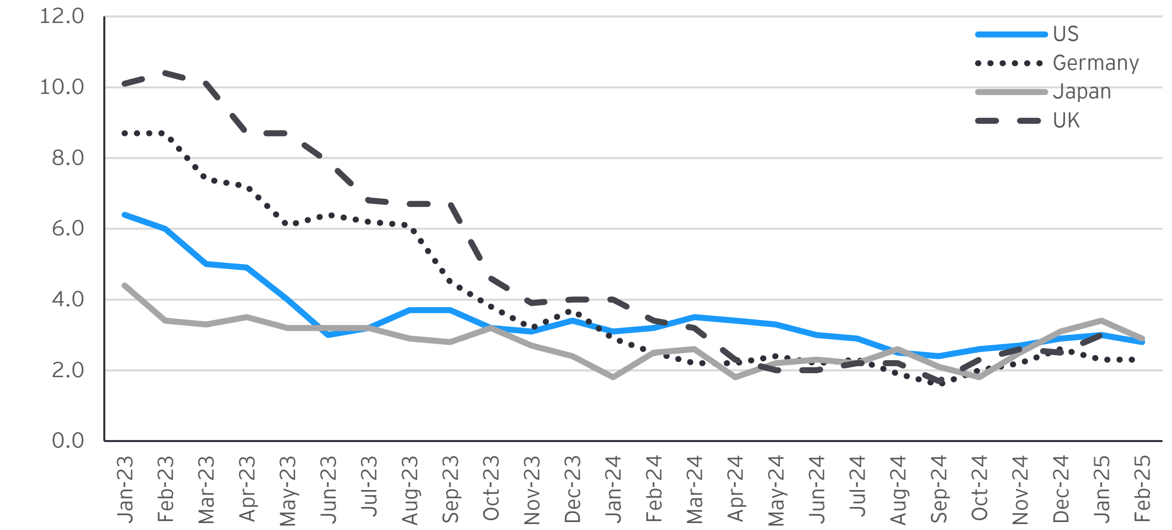
In Serbia, inflation speeds in late 2024, and now oscillates around upper end of NBS' targeted band. After having subsided in early 2024 (towards the low of 3.8% Y/Y in Jun-24), inflationary pressures reappeared in late 2024 and early 2025, with annual price rise reaching 4.6% Y/Y in Jan-25 and 4.5% Y/Y in Feb-25, around the upper border of NBS' targeted band (3%±1.5%)

Resurged inflationary pressures likely stem from:

- **Mounting geopolitical tensions and international price dynamics** with conflicts in or close to major producers of energy and food; disruptions in supply chains; increased tariffs of the newly elected US administration, and more. Also, very strong droughts in areas producing cocoa and coffee across Brazil and Western Africa significantly baked into local prices
- **Poor agricultural season in 2024 in Serbia**, with a severe drought affecting output of agricultural goods and processed food
- **Renewed, albeit still very weak, depreciation pressures on RSD**, as NBS intervenes by selling around EUR 800 m to prevent a more tangible depreciation in 2M 2025

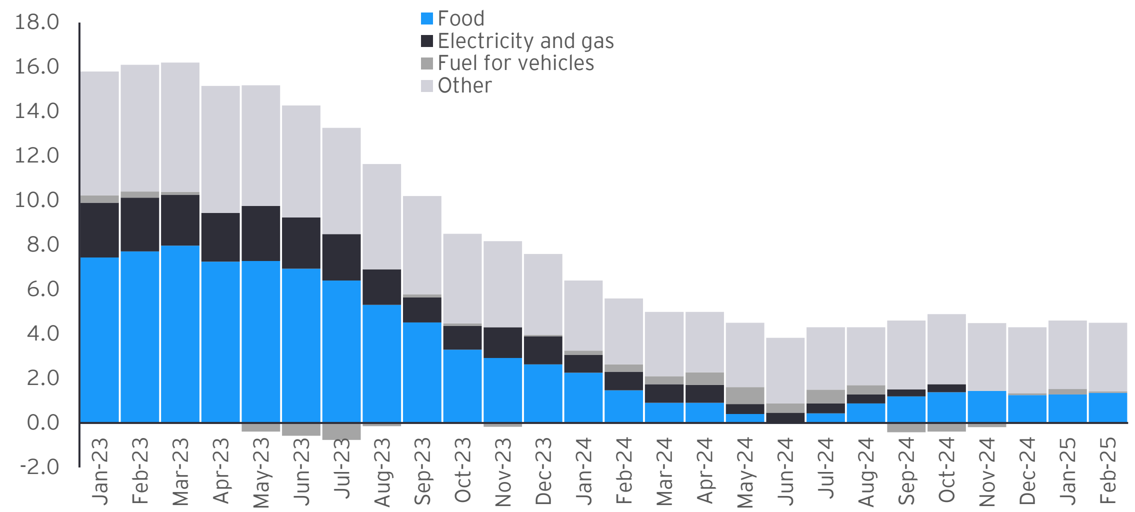
Looking ahead, we see inflation moving towards 4.7% at end 2025, before slowing down to 3.7% at end 2026. The ongoing inflationary pressures – including the geopolitical pressures – are likely to stay in the remainder of the year. Adding to this would be some Serbia-specific factors: increase of electricity prices for industrial users in H1 2025, or another potentially poor agricultural season – as suggest the overly dry and warm weather in Q1 2025. The US introduced sanctions against the dominant petrol company – NIS – which might potentially have some inflationary effects.

Annual inflation in key economies (in % Y/Y)



Source: LSEG

Contribution to annual inflation per price category in Serbia (in pp)



Source: SORS, EY calclation

Current account deficit widens significantly in 2024 but remains sustainable due to consistently strong capital inflows.

The Current account deficit widened significantly in recent period. The external gap reached almost 6.5% of GDP in 2024 (EUR 5.2 b), significantly more than in 2023 (2.4% of GDP or EUR 1.8 b), in the context:

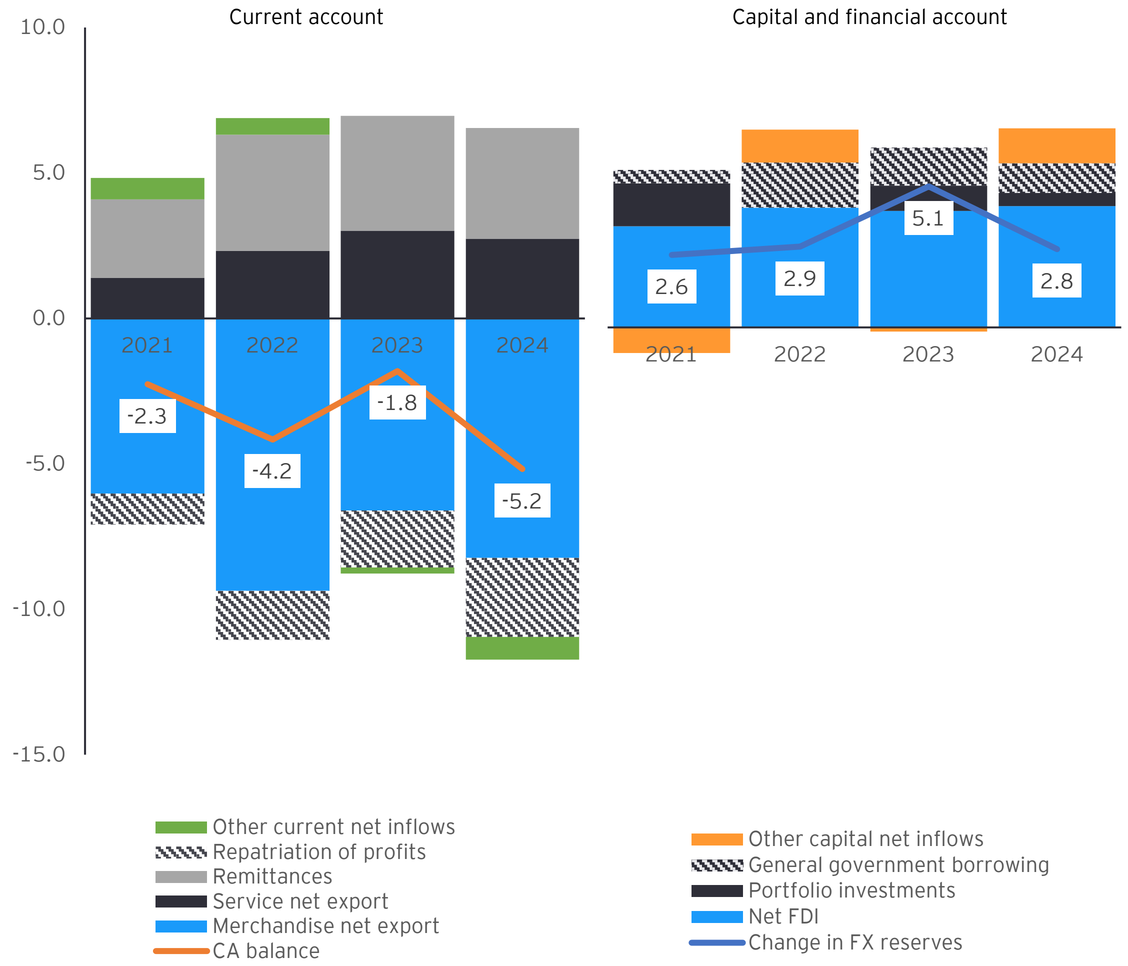
- Much larger merchandize trade gap than in 2023 (details)
- Less remittances and smaller net export of services (details)
- More outflows related to repatriation of profits of FDIs (details)

However, even though the external gap was wider than in 2023, FX reserves kept increasing, as capital and financial inflows were sufficiently large to cover, amid:

- Net inflows of FDIs remain strong (details)
- Strong inflows related to debt issuance by Government (Eurobonds, bilateral borrowing)

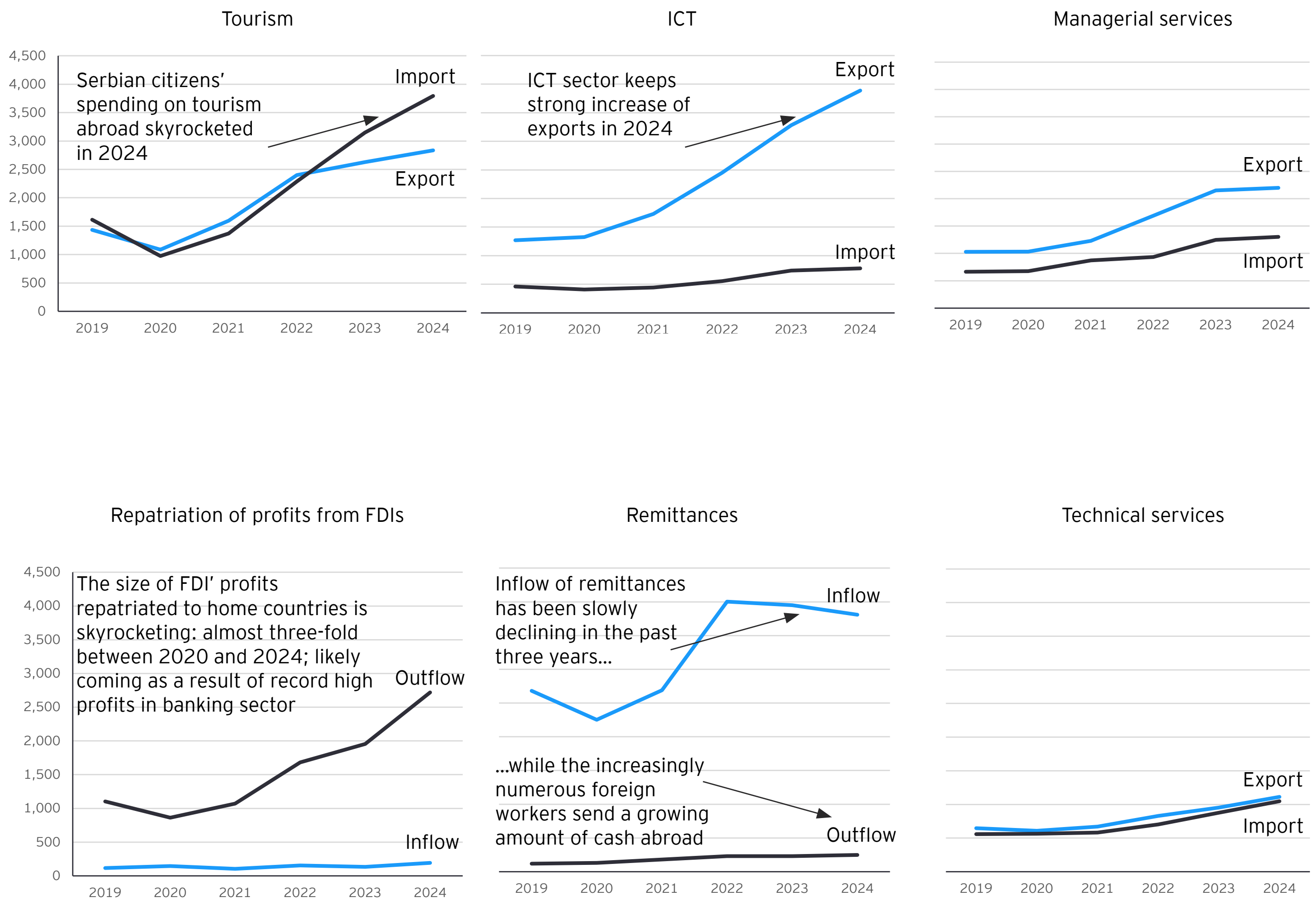
In such circumstances, FX reserves kept increasing during 2024 reaching EUR 29.3 b, or some EUR 4.5 b more than in 2023. However, early 2025 data show a slight decrease in FX reserves, as NBS has been heavily intervening at FX market since start of 2025 (details).

Decomposition of balance of payments: current vs capital and financial inflows (in EUR b)



Source: NBS, EY calculation

Current account balance by flows from services trade and income transfers (in EUR m).



Source: NBS, EY calculation

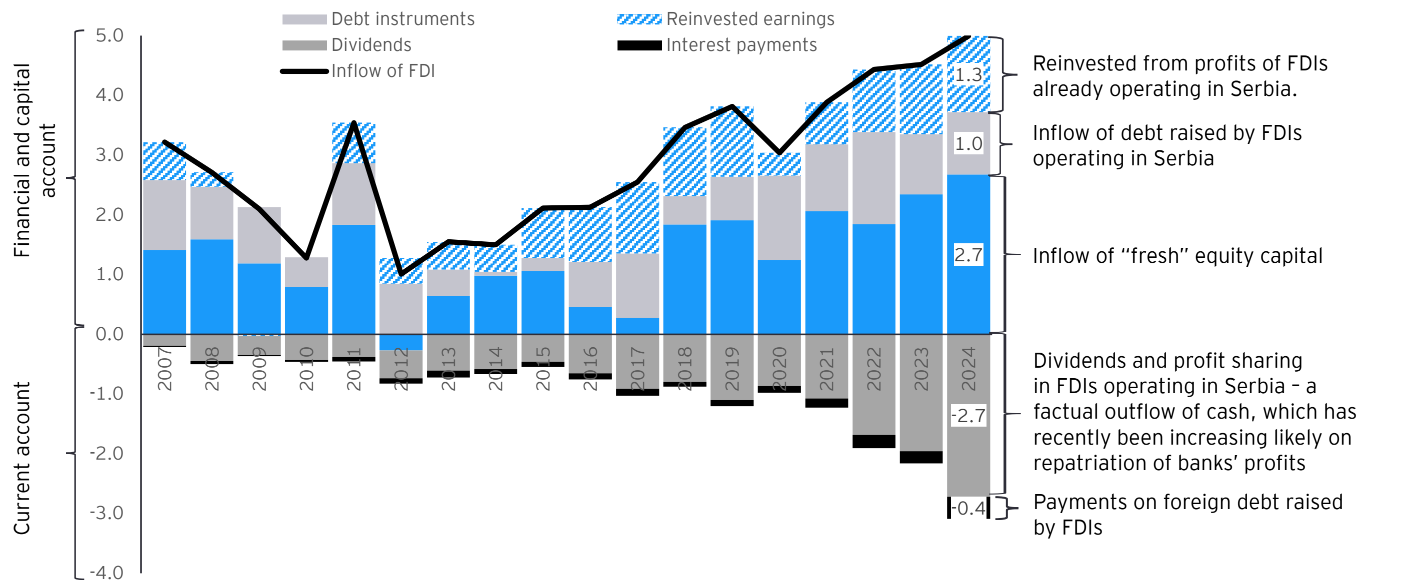
Financial and capital account: FDI inflows remain strong, but repatriation of FDI-generated profits has significantly increased.

FDI inflows have been booming recently. Inflow of FDI reached EUR 5 b in 2024 – 10% more compared to 2023 and nearly 15% more than in 2022.

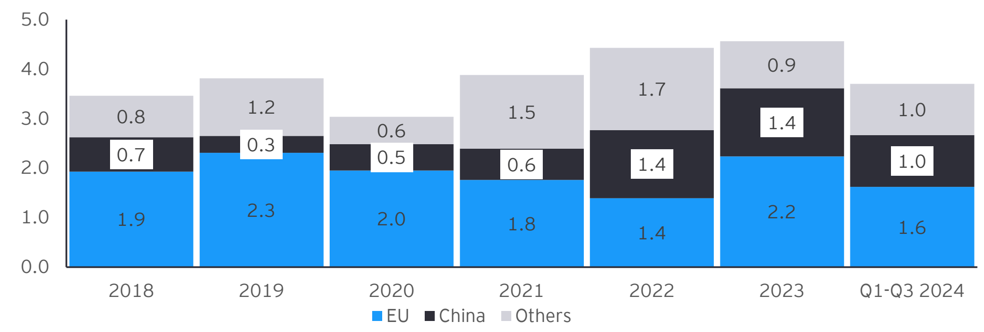
FDI structure is undergoing significant changes. An increasingly large share of investments is placed in extraction: mining made up almost 25% of all FDIs between Q1 and Q3 2024, up from 15% in 2023, and 2-3% from the period before that. There is also a stark increase in share of non-EU investors, most notably China, which now makes up nearly 30% of all net FDI; while the EU's share dropped to about 45% - down from more than 60% in the pre-2020 period.

However, not all of the net FDI represents an actual inflow of foreign capital to Serbia. Of the EUR 5 b inflow total, some EUR 2.7 b represents new equity being moved to Serbia. Another EUR 1 b was debt raised by FDIs, much of that from their owners abroad. A portion of profits generated by FDIs operating in Serbia (EUR 1.3 b) was reinvested, and as such considered as FDI. Finally, a part of profits was not reinvested, and repatriated to foreign owners: this reached a significant EUR 2.7 b in 2024.

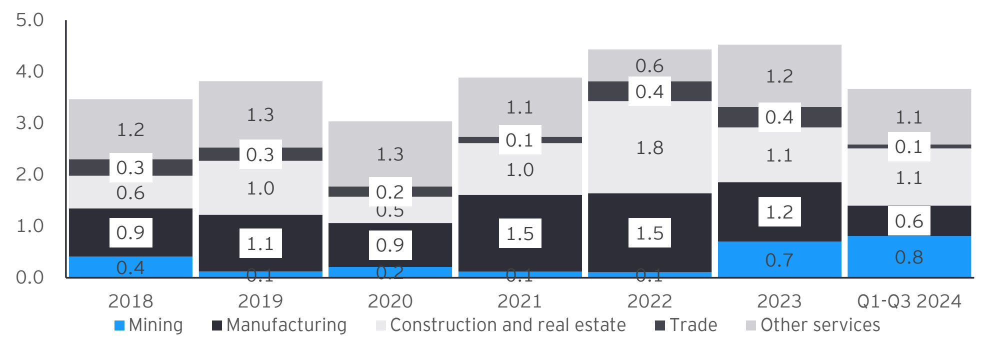
Decomposition of FDI-related capital and currency inflows and outflows (in EUR b)



Structure of net FDI inflows per origin (in EUR b)



Structure of net FDI inflows per sector (in EUR b)



Source: NBS, EY calculation (all charts)

Slightly increased depreciation pressures appear in late 2024 and early 2025 as external gap widens while NBS steps up interventions at FX market.

Slightly increased depreciation pressures on RSD in recent months, while NBS strongly intervenes at FX market. EUR/RSD depreciated by approx. 0.1% in nominal terms in recent months, reaching the level of 117.2, after having oscillated around 117.1 throughout 2024. The NBS intervened heavily at FX market since the beginning of 2025, by selling a total of EUR 750 m in Jan-25 and Feb-25, while it is likely it had continued with FX sales in Mar-25 (after having purchased a total of EUR 2.7 b during 2024).

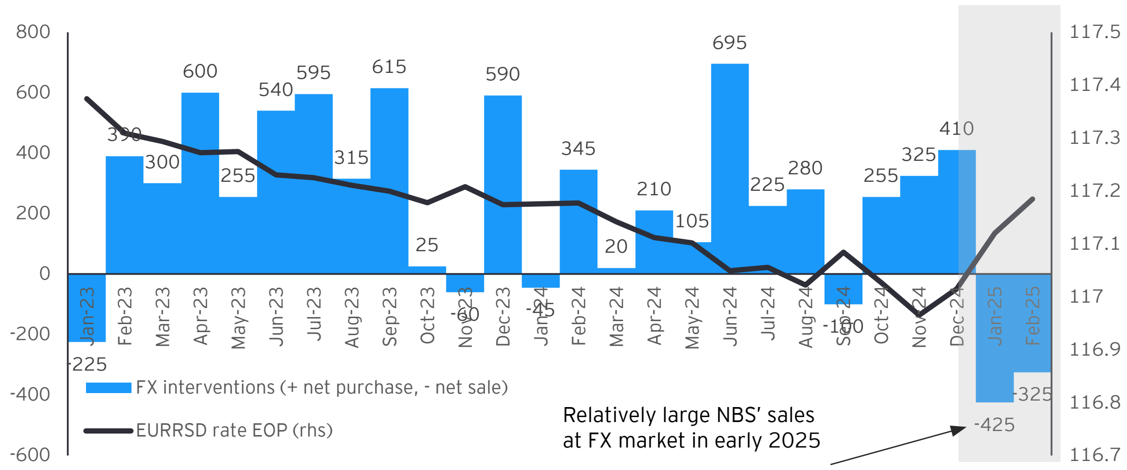
Recent slight depreciation of RSD likely owes in large part to fundamentals: current account deficit widened significantly (details).

Decomposition NBS' FX reserves balance eop (in EUR b)

	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	jan.25	feb.25
Total FX reserves	27.9	28.6	30.6	31.1	32.5	32.1	31.9
FX reserves of banks	3.0	3.7	3.1	2.8	3.2	3.1	3.1
Gross reserves of NBS	24.9	24.9	27.5	28.3	29.3	29.0	28.8
FX Deposits of commercial banks with NBS	2.9	3.0	3.0	3.0	3.4	3.2	3.2
Government's FX deposits with NBS	4.1	3.7	5.4	5.3	5.4	4.9	4.9
NBS own reserve	17.9	18.2	19.1	19.9	20.5	21.0	20.7

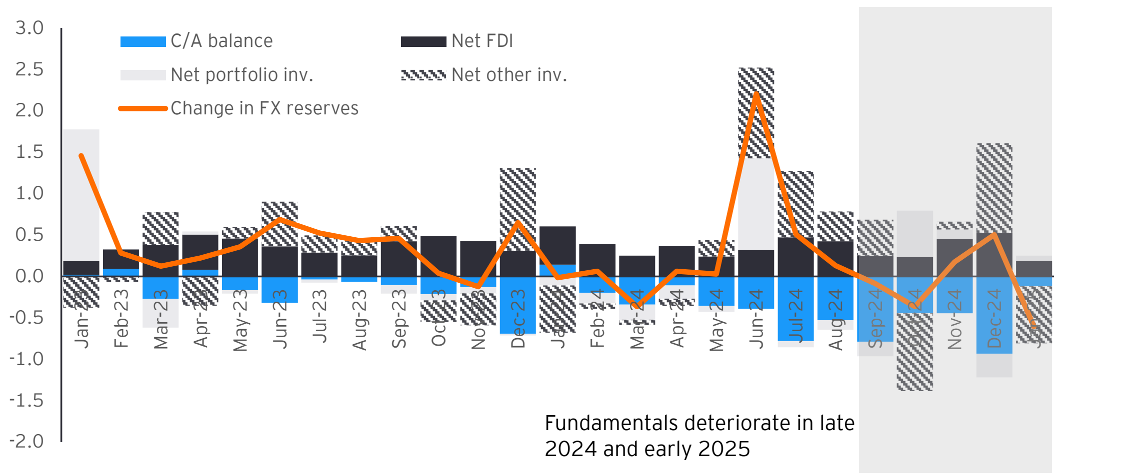
Source: NBS, EY calculation

EURRSD rate and NBS' FX interventions (in EUR m)



Source: NBS, EY calculation

The fundamentals: current account, capital inflows, and FX reserves (in EUR b)



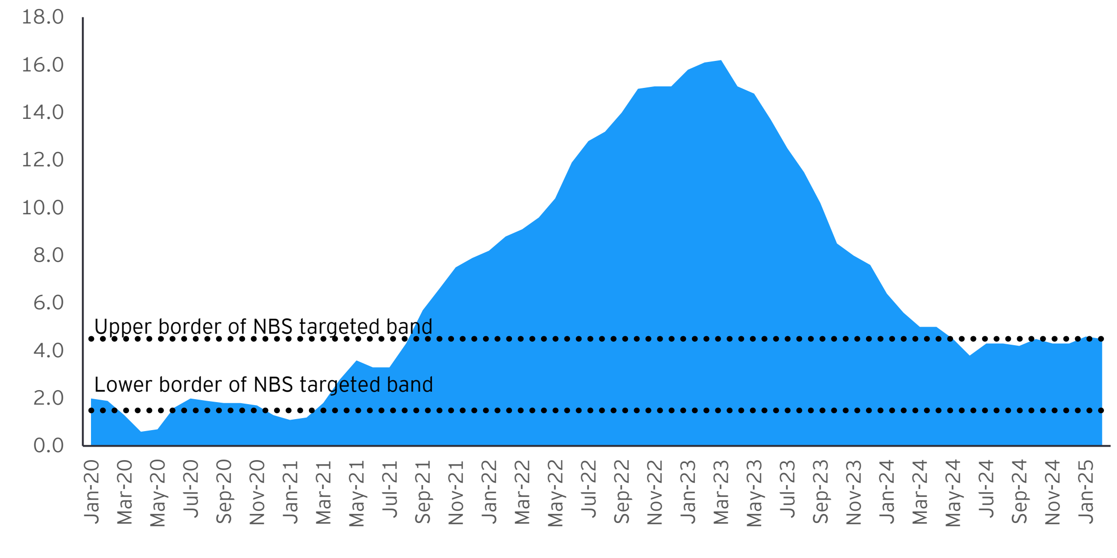
Source: NBS, EY calculation

NBS keeps key policy rate unchanged since late 2024, after having eased in mid 2024.

Inflation resurfaced in late 2024, after several months of deceleration. The inflation rate speeds up in late 2024, resulting mostly from a set of "imported" factors (details). So annual inflation decelerated from the 2022 highs to the low of 3.8% in mid 2024 and than resurged to 4.6% in Jan-25 and 4.5% in Feb-25. Thus, after returning to NBS targeted corridor (3±1.5%) in mid 2024, by late 2024 it had again overshot the upper part of the targeted band.

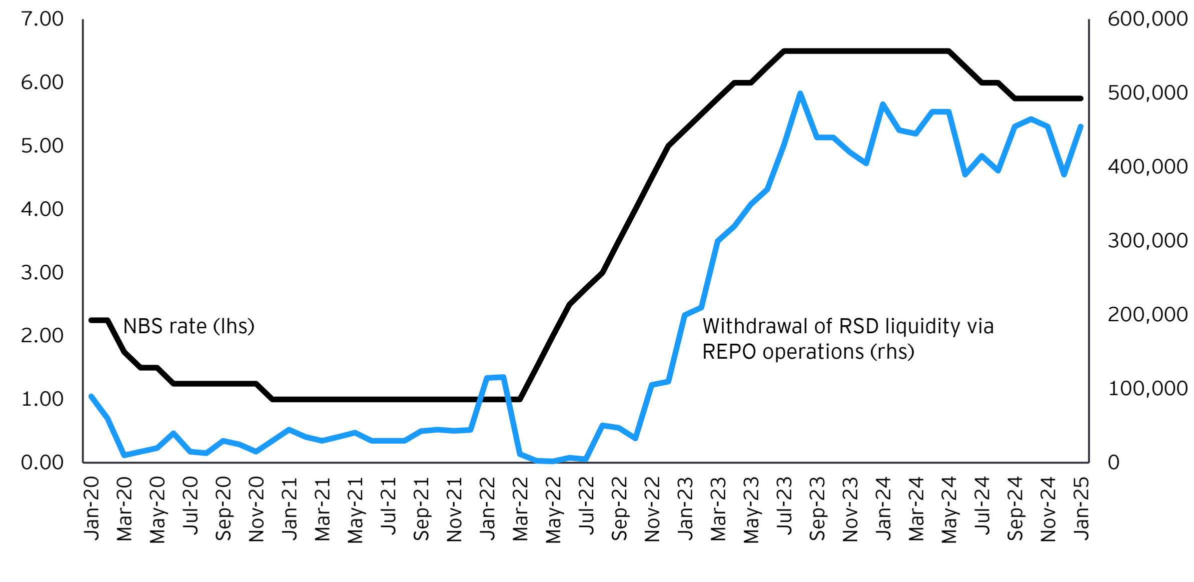
NBS started easing cycle in mid 2024, but it seems to be put on hold for now. Due to deceleration of inflation in late 2023 and early 2024, NBS had room to start with easing cycle in mid 2024, during which it had cut its policy rate by a total of 75 bp to 5.75%. However, with various risks materializing in late 2024 and early 2025, including a global resurgence of inflationary risks, the NBS keeps a cautious stance and keeps rate unchanged at 5.75% since Sep-24. In parallel, spare liquidity in the system is relatively abundant, so the NBS' liquidity withdrawals via REPO have rose to historically high levels (of approx EUR 3-3.5 b weekly) since late 2023.

Annual inflation and NBS' targeted corridor (in %)



Source: NBS, EY calculation

NBS policy instruments: liquidity withdrawals (RSD m) and policy rate (%)



Source: NBS, EY calculation

4

Financial sector

EY Parthenon

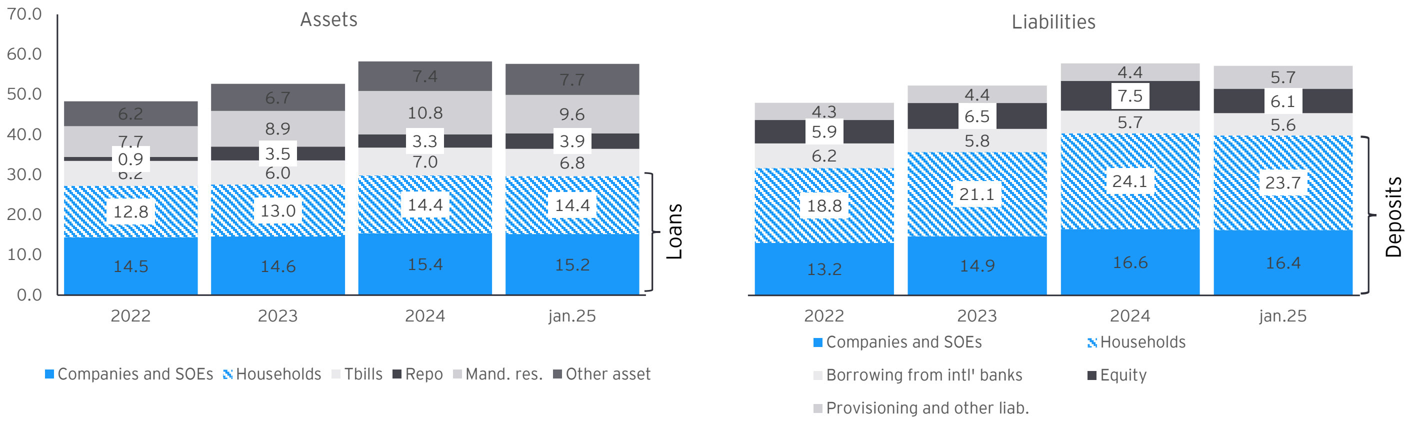
Shape the future with confidence

Deposits rise significantly more than loans in recent period, triggering structural changes in banks' portfolio.

Deposit growth has been outspeeding loans during the past several years. The trend started in early 2023, with deposit stock being significantly increased in context of higher and more inducive passive interest rates. Thus, deposit stock rose by app. 9.2% Y/Y in real terms (4.4% in 2023), while loan stock rose by 4.4% in 2024 (-6.1% in 2023).

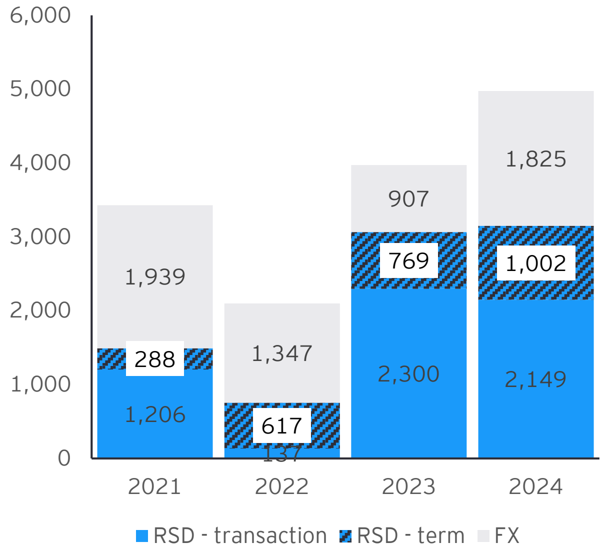
As result, structure of balance sheet undergoes significant changes - less demand for lending coupled with more available liquidity stemming from increased deposit stock led Serbian banks to increase investments in securities: since end 2022, REPO and Tbills stock held by banks rose by app. EUR 3.5 b (to nearly EUR 11 b). More deposits also suggest a higher mandatory reserve - with local banks holding some EUR 1.5 b since end 2022 due to a soared deposit stock.

Asset and liability structure of banking sector (EUR b)



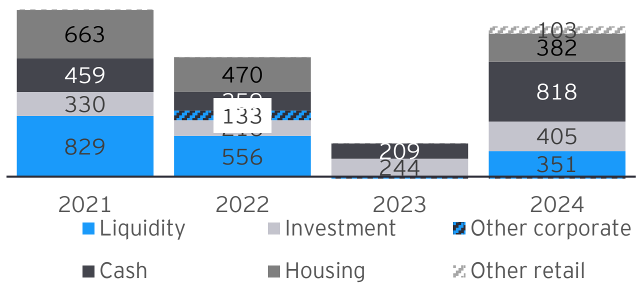
Source: NBS, EY calculation

Annual increase in deposit stock per currency (in EUR m)



Source: NBS, EY calculation

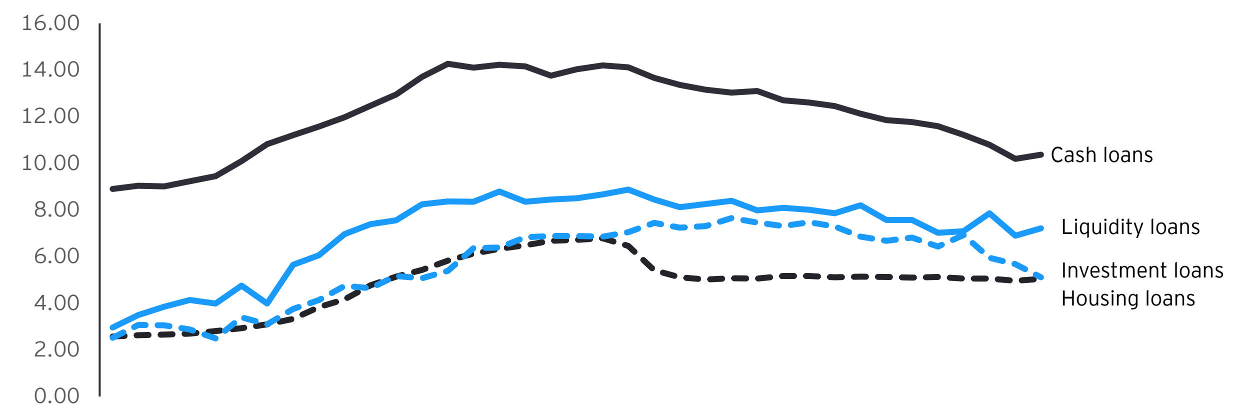
Annual increase in loan stock per segment and type of loan (in EUR m)



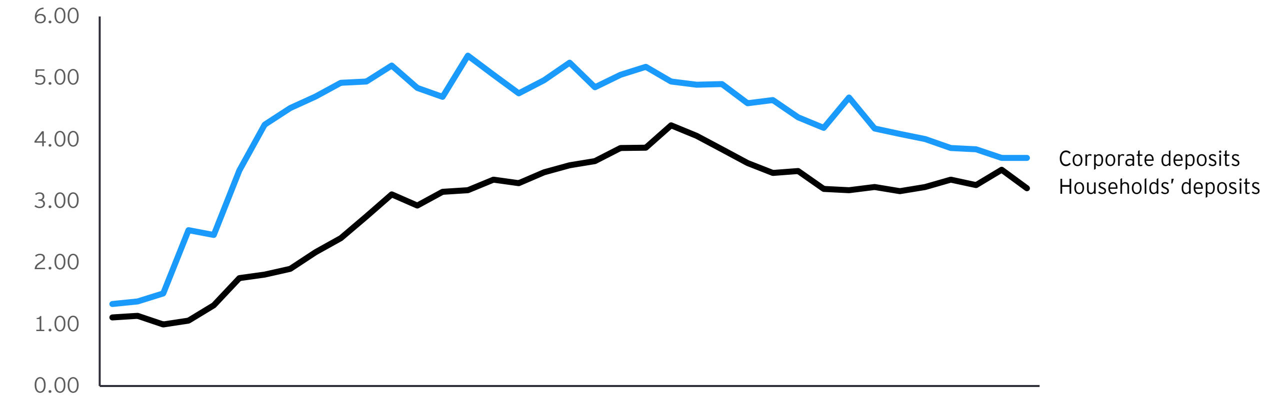
Source: NBS, EY calculation

Banks reach record high pre-tax profits of EUR 1.5 b in 2024, as interest rate margin remained relatively high.

Interest rates on key types of loans in Household and Corporate segment (new business, in %)

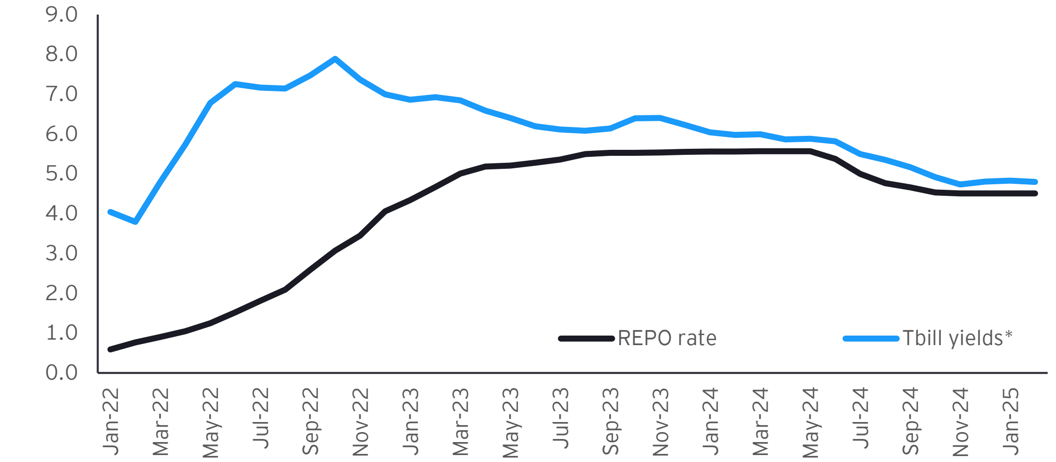


Interest rates on deposits in Household and Corporate segment (new business, in %)



Source: NBS, EY calculation

Yields on financial markets: Repo, Government Bonds (in %)



Source: NBS, EY calculation

* Relate to an average monthly yield at secondary market of the RSD-denominated bond (ISIN: RSMFRSD86176), maturing in 2032.

5

Fiscal policy and public debt

EY Parthenon
Shape the future with confidence

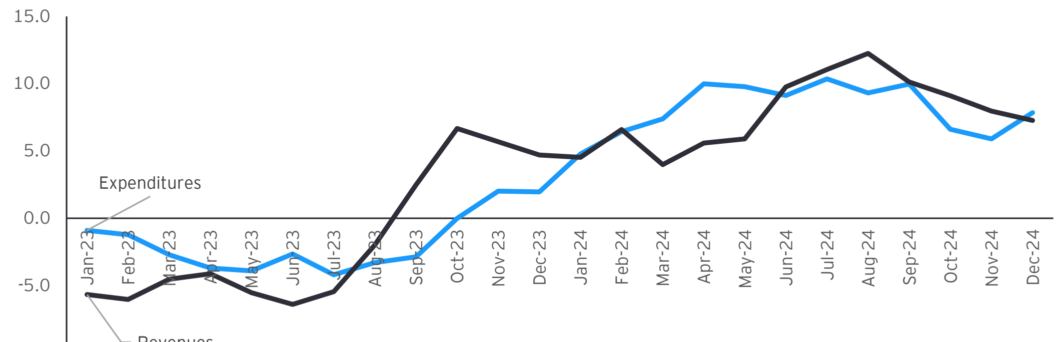
Expansionary fiscal policy in 2024 will likely continue into 2025, continue stimulating household consumption and (public) fixed investments.

Serbia's fiscal policy in 2024 was expansionary, but fiscal deficit remained sustainable

- **Revenues rose by nearly 9% Y/Y in real terms during 2024,** mirroring strong household demand in recent quarters coupled with strong labor market- reflecting in strong increase of consumption-related taxes, such as VAT and in contributions.
- **Meanwhile, expenditures rose by 8% Y/Y in real terms,** driven by very large increases in public CAPEX (nearly +20% Y/Y), pensions (+15% Y/Y) and public sector wages
- In such circumstances, the 2024 fiscal gap remained similar to the level reached in 2023 - EUR 1.6 b or ~2% of GDP

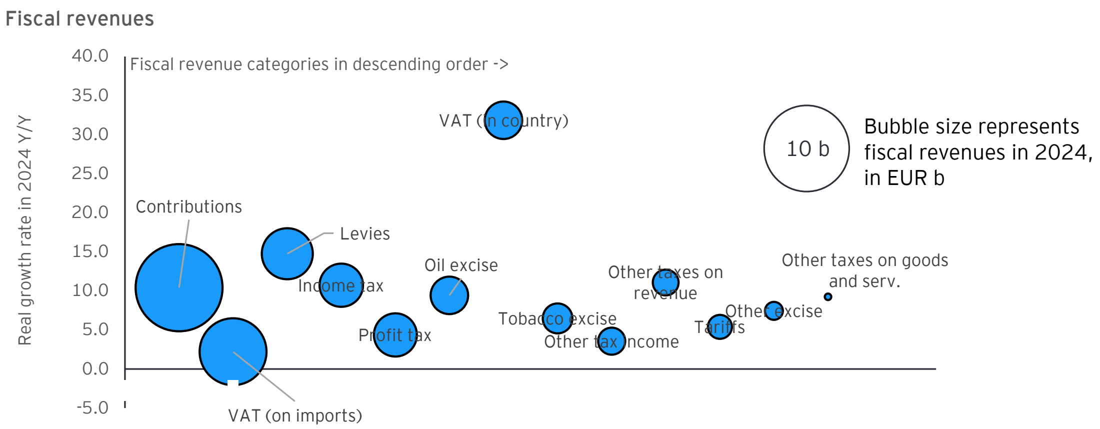
Fiscal expansion is likely to continue in 2025, as fiscal revenues are planned to increase by 10% (in nominal terms), against a 12% increase in expenses - strong planned increases in pensions, wages and CAPEX could plausibly continue to stimulate consumption and investments, and the central state deficit could reach ~EUR 2.7 b by year end.

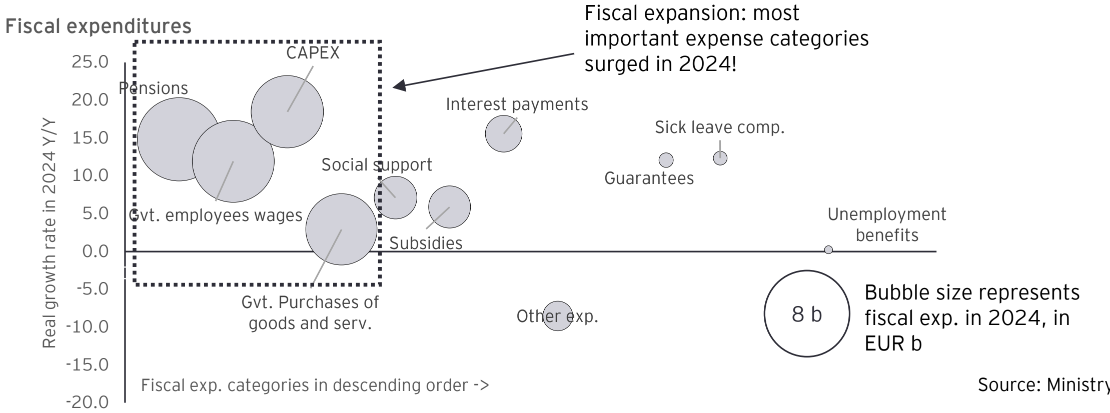
Real growth rate of fiscal revenues and expenditures (cons. state, Y/Y, 6MMA)



Source: Ministry of finance, SORS, EY calculation

Key categories of fiscal revenues and expenditures of cons. state in 2024





Source: Ministry of finance, SORS, EY calculation

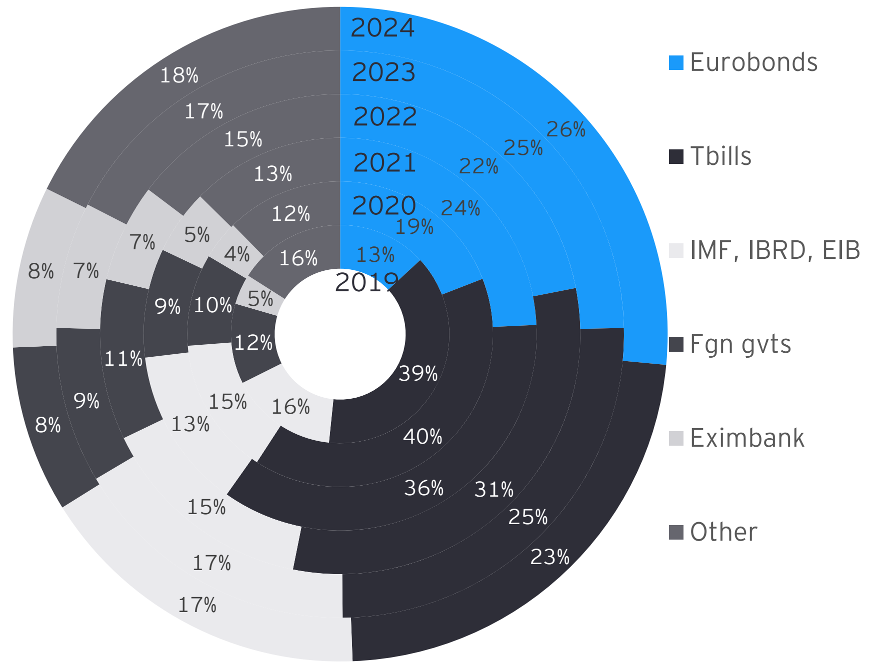
Serbia's public debt is sustainable and decreasing.

Public debt (in % of GDP) continued to slide in 2024, currently sitting at a relatively sustainable level. At the end of 2024, public debt dropped to 47% of GDP (EUR 39 b).

- The Government relies increasingly on Eurobonds (i.e., foreign debt market) in favor of T-bills (i.e., local debt market): the share of Eurobonds in Serbia's public debt reached 26% in 2024, double the level reached in 2019

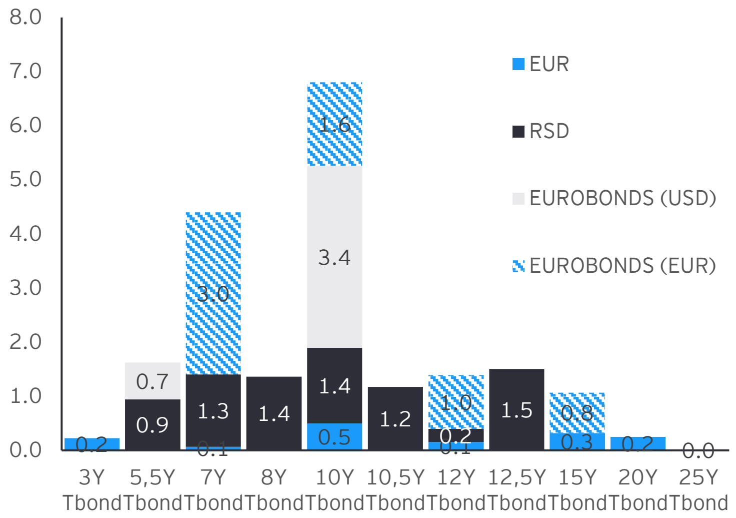
Financing needs in 2025 would reach ~ EUR 7 b, of which EUR 2.7 b in planned deficit and EUR 4.3 b in debt maturities.

Serbian public debt: structure of ownership



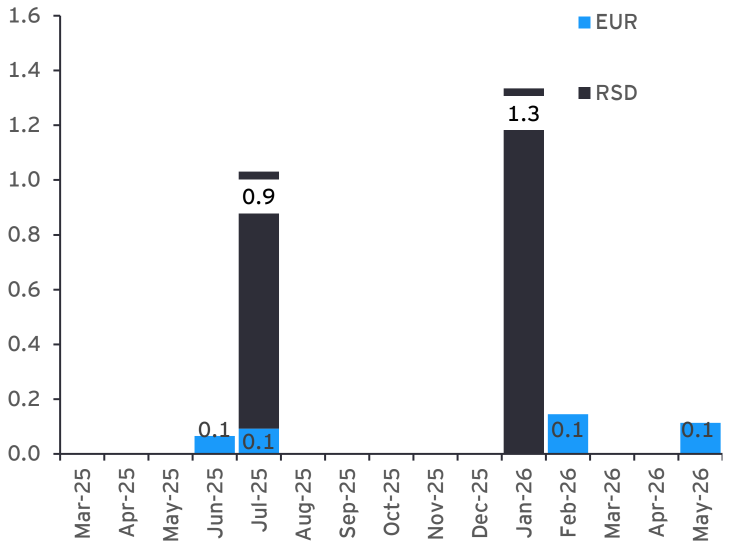
Source: Ministry of finance, EY calculation

T-bill and Eurobond stock as of 31/03/2025, per original maturity and currency (EUR b)



Source: Ministry of finance, EY calculation

T-bill and Eurobond stock maturities until end 2026 (EUR b)



Source: Ministry of finance, EY calculation

6

Glossary and appendix

EY Parthenon

Shape the future with confidence

Exports and imports of merchandise - a detailed overview.

Export of merchandize	2020	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
	In EUR b					In % of total				Growth in % Y/Y			
Total	**17.1**	**21.6**	**27.5**	**28.5**	**28.8**	**100.0**	**100.0**	**100.0**	**100.0**	**26.8**	**27.1**	**3.6**	**1.0**
Basic metals, fabricated metals and metal ores	2.3	3.8	5.1	4.7	5.5	17.8	18.4	16.4	19.0	69.6	32.0	-7.9	17.1
Motor vehicles	1.9	2.3	2.8	3.4	3.4	10.8	10.2	11.9	11.8	19.5	20.3	20.8	0.5
Food and beverage	2.0	2.6	3.1	3.2	3.3	11.8	11.4	11.2	11.4	27.3	22.1	1.8	3.5
Electrical equipment	1.7	2.1	2.8	3.2	2.8	9.8	10.1	11.1	9.8	24.8	31.4	14.3	-11.6
Rubber and plastics	1.5	1.9	2.2	2.2	2.3	8.6	8.0	7.7	7.9	24.1	17.4	0.4	3.6
Chemicals and pharmaceuticals	1.3	1.7	2.2	2.0	2.0	8.0	8.1	6.9	7.0	32.4	28.5	-11.2	2.2
Machinery	1.1	1.2	1.6	2.0	1.8	5.7	5.9	6.9	6.2	14.3	32.1	22.5	-10.5
Clothing and textiles	1.2	1.3	1.6	1.6	1.5	6.0	5.8	5.8	5.3	12.1	22.1	3.6	-7.6
Agriculture	1.3	1.3	1.3	1.0	1.2	6.2	4.6	3.4	4.3	3.5	-4.4	-23.8	27.7
Electricity	0.1	0.1	0.7	1.3	0.7	0.6	2.6	4.4	2.3	27.6	450.2	74.0	-47.4
Other	2.7	3.2	4.1	4.1	4.3	14.9	15.0	14.3	15.0	17.9	27.9	-1.2	6.5

Import of merchandize	2020	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
	In EUR b					In % of total				Growth in % Y/Y			
Total	**23.0**	**28.6**	**38.5**	**36.7**	**38.9**	**100.0**	**100.0**	**100.0**	**100.0**	**24.6**	**34.6**	**-4.6**	**6.0**
Chemicals and pharmaceuticals	3.3	4.0	5.3	4.6	4.9	14.1	13.7	12.5	12.5	20.4	31.0	-12.8	5.4
Basic metals, fabricated metals and metal ores	2.8	3.8	4.5	4.0	4.6	13.3	11.7	10.8	11.8	36.5	18.4	-12.0	16.5
Computers, electronic and electrical equipment	2.8	3.4	3.9	4.1	4.2	12.1	10.3	11.2	10.8	24.3	14.5	3.9	2.7
Crude and refined petroleum and natural gas	1.6	2.4	5.0	3.9	3.6	8.3	13.0	10.6	9.2	49.4	110.7	-22.4	-8.4
Machinery	2.1	2.4	2.8	2.8	2.9	8.3	7.3	7.6	7.5	12.3	18.4	-0.5	5.3
Motor vehicles	1.4	1.6	2.0	2.1	2.6	5.7	5.2	5.8	6.6	15.3	23.3	5.0	21.7
Food and beverage	1.3	1.6	2.1	2.2	2.5	5.6	5.5	6.1	6.3	18.1	32.7	6.2	9.3
Rubber and plastics	1.0	1.3	1.5	1.5	1.7	4.4	4.0	4.2	4.3	22.9	21.8	1.1	8.4
Agriculture	0.6	0.7	0.9	1.0	1.2	2.5	2.4	2.6	3.1	14.5	27.6	5.3	23.0
Electricity	0.0	0.1	1.1	0.8	0.7	0.5	2.8	2.1	1.7	194.6	645.1	-26.1	-17.0
Other	5.9	7.2	9.3	9.7	10.2	25.2	24.2	26.4	26.2	22.8	28.8	4.5	4.9

Source: SORS, EY calculation

Banking sector' balance sheet – a detailed overview.

	2022	2023	2024	jan.25	2022	2023	2024	jan.25	2022	2023	2024	jan.25
	In EUR b				In % of total balance sheet				In % Y/Y			
ASSETS	48.3	52.7	58.7	58.1	100	100	100	100	8.2	8.9	11.4	10
Liquid assets	17	21.1	24.4	24.2	35.3	40	41.6	41.6	0.5	23.6	15.7	6.1
Claims on NBS	7.7	8.9	10.8	9.7	15.9	16.9	18.5	16.7	23.3	15.9	21.8	18.5
Foreign FX assets	3.4	3.8	4.4	5	7.1	7.3	7.5	8.5	-6.7	11.8	15.6	8.7
REPO	0.9	3.5	3.3	3.9	1.9	6.6	5.7	6.7	147.8	268.6	-3.7	-6.1
Tbills	6.2	6	7	6.9	12.9	11.4	12	11.8	-7.2	-3.4	16.9	42.9
RSD	5	4.9	5.8	5.6	10.4	9.3	9.9	9.7	-5.8	-2.3	18.4	-4.6
FX	1.2	1.1	1.2	1.3	2.5	2.1	2.1	2.2	-12.7	-7.9	10.5	18.8
Loans	27.3	27.6	30	29.9	56.4	52.4	51.2	51.4	7	1.1	8.9	9.6
Companies	12	12.3	13.3	13.1	24.7	23.3	22.6	22.5	4.4	2.5	8.2	8.9
Households	12.4	12.6	13.9	14	25.7	23.9	23.7	24	6.3	1.2	10.3	10.8
Other	2.9	2.7	2.9	2.8	6	5.2	5	4.9	22.9	-5.3	5.9	6.8
Fixed and other assets	4	4	4.2	4.1	8.3	7.6	7.2	7	82.2	-0.3	5.2	46.5
LIABILITIES	48.3	52.7	58.7	58.1	100	100	100	100	8.2	8.9	11.4	10
Deposits	32	36	41	40.5	66.1	68.3	69.9	69.7	6.7	12.5	14	12.3
RSD deposits	12.8	15.9	19.1	18.2	26.5	30.2	32.5	31.3	6.2	23.9	19.8	18.1
Transaction deposits	9.1	11.4	13.6	12.8	18.9	21.7	23.2	22	1.5	25.2	18.8	17.2
Term deposits	3.7	4.5	5.5	5.4	7.6	8.5	9.3	9.3	20.1	20.8	22.5	20.4
FX deposits	18.5	19.4	21.2	21.5	38.2	36.8	36.1	37.1	7.9	4.9	9.4	8.1
Foreign liabilities	6.2	5.8	5.7	5.6	12.7	11	9.7	9.7	14.4	-5.7	-1.7	-2.6
Provisions	1	1.1	1.1	1.1	2.2	2.1	1.8	1.9	7.3	7.1	-4.2	-1.4
Equity	5.9	6.5	7.5	6.2	12.2	12.3	12.9	10.7	1.3	10.1	16	10.7
Other liabilities	3.3	3.3	3.3	4.7	6.8	6.2	5.7	8.1	29.8	-0.1	1.7	9.6

Source: NBS, EY calculation

Execution of consolidated state budget – a detailed overview.

	2022	2023	2024	Jan` 2025	2022	2023	2024	Jan` 2025
	In EUR b				Real Growth, in % Y/Y			
I PUBLIC REVENUES (incl. Grants)	26.4	29.6	33.6	2.6	13.0	10.8	12.9	5.4
1. Current revenues	26.3	29.3	33.4	2.5	13.2	10.1	13.6	5.1
1.1.Tax revenues	23.5	26.3	29.9	2.3	12.6	10.5	13.1	8.9
Personal income tax	2.6	3.0	3.4	0.2	16.3	13.5	15.3	11.3
Wage tax	1.9	2.2	2.6	0.2	13.2	14.4	15.2	14.2
Other personal income tax	0.7	0.8	0.9	0.0	26.1	11.1	15.6	0.9
Corporate income tax	1.8	2.3	2.5	0.1	28.0	26.9	8.9	-16.7
Value added tax	6.6	7.2	8.1	0.7	16.4	7.4	12.5	5.2
Excises	2.9	3.1	3.5	0.4	2.2	7.8	12.7	10.2
Excises on petroleum	1.5	1.7	1.9	0.1	-2.1	9.4	14.0	2.5
Excises on tobacco	1.0	1.1	1.2	0.2	6.7	5.0	11.0	17.9
Other	0.3	0.4	0.4	0.0	9.6	9.4	12.0	2.6
Customs	0.7	0.7	0.8	0.1	24.7	2.5	9.9	5.8
Other tax revenues	0.8	0.9	1.0	0.1	7.6	6.9	8.1	20.5
Social contributions	8.1	9.0	10.5	0.7	9.5	10.3	14.9	16.0
1.2.Non-tax revenues	2.8	3.0	3.6	0.2	18.1	6.8	17.8	-23.8
II PUBLIC EXPENDITURES	28.3	31.2	35.2	2.4	10.8	8.9	12.5	8.9
1. Current expenditures	22.0	25.5	28.8	2.2	5.0	14.3	12.5	11.6
Expenditures for employees	5.9	6.6	7.7	0.6	9.5	10.4	15.7	10.0
Purchase of goods and services	4.7	5.4	5.8	0.3	12.3	11.5	7.7	10.3
Interest payment	0.9	1.3	1.5	0.2	-1.2	35.1	20.1	-10.7
Subsidies	1.4	1.8	2.0	0.0	-19.8	29.7	10.1	31.2
Social grants and transfers	7.9	9.4	10.8	1.0	8.1	16.7	14.2	22.4
of which: Pensions	5.4	6.6	7.9	0.7	4.4	19.2	19.4	26.5
Other current expenditures	1.1	1.1	1.0	0.0	-15.7	-5.8	-3.7	-26.2
2. Capital expenditures	4.5	4.9	6.0	0.2	11.5	7.3	22.9	-16.4
III CONSOLIDATED BALANCE (I - II)	-1.9	-1.5	-1.6	0.2				
VI FINANCING INFLOWS	5.6	7.3	5.7	1.0				
1. Privatization proceeds******	0.0	0.0	0.0	0.0				
2. Receipts from repayment of loans	0.1	0.3	0.4	0.0				
3. Domestic borrowing**	2.0	2.2	2.0	1.0				
4. Foreign borrowing	3.5	4.8	3.3	0.0				
V FINANCING OUTFLOWS	2.9	4.7	3.3	1.0				
1. Debt repayment to domestic creditors***	2.0	3.3	1.7	0.9				
2. Debt repayment to foreign creditors	0.8	1.0	1.4	0.1				
3. Acquisition of financial assets	0.0	0.3	0.3	0.0				

Source: Ministry of finance, EY calculations

Balance of payments - a detailed overview.

	Dec-22	Dec-23	Dec-24	Jan-25	Dec-22	Dec-23	Dec-24	Jan-25
	In EUR b				In % of GDP			
Current account, net	-4.2	-1.8	-5.2	-0.1	-6.6	-2.4	-6.3	-1.6
Merchandise trade, net	-9.4	-6.6	-8.2	-0.6	-14.7	-8.8	-10.0	-8.7
Export	26.9	27.9	28.4	2.2	42.4	37.1	34.4	29.5
Import	36.3	34.5	36.6	2.8	57.2	45.9	44.4	38.2
Services, net	2.3	3.0	2.7	0.3	3.6	4.0	3.3	4.3
Export	11.1	13.1	14.4	1.2	17.4	17.4	17.5	16.5
ITC	2.5	3.3	3.9		3.9	4.4	4.7	
Tourism-related inflows	2.4	2.6	2.8		3.8	3.5	3.4	
Import	8.8	10.1	11.7	0.9	13.8	13.4	14.2	12.2
ITC	0.6	0.7	0.8		0.9	1.0	0.9	
Tourism-related outflows	2.3	3.1	3.8		3.6	4.2	4.6	
Primary income, net	-3.0	-3.9	-5.0	-0.2	-4.7	-5.1	-6.0	-2.1
Income from FDI, net	-2.7	-3.1	-4.1	-0.2	-4.3	-4.1	-5.0	-2.2
Secondary income, net	5.9	5.6	5.3	0.4	9.3	7.5	6.4	4.9
Remittances, net	3.8	3.7	3.6	0.2	5.9	4.9	4.3	2.6
Financial account, net	4.3	1.3	4.4	0.2	6.8	1.8	5.4	2.4
FDI, net	4.3	4.2	4.4	0.2	6.8	5.6	5.3	2.5
Serbian investments abroad	0.1	0.3	0.6	0.0	0.2	0.4	0.7	0.5
Fgn investments to Serbia	4.4	4.5	5.0	0.2	7.0	6.0	6.1	3.0
Portfolio investment, net	0.0	0.9	0.5	0.1	0.0	1.2	0.6	0.9
Other investment, net	2.8	1.2	2.3	-0.7	4.5	1.6	2.8	-9.4
Change in FX reserves	2.9	5.1	2.8	-0.6	4.6	6.8	3.4	-8.2
Errors and omissions	-0.1	0.5	0.7	-0.1	-0.2	0.6	0.8	-1.0

Source: NBS, EY calculation

Glossary and appendix

External debt - a detailed overview.

Serbian external debt (end year 2024)

	in EUR m	in % of total
Total external debt	**49,810**	**100%**
Public sector	**26,642**	**53%**
IMF	2,463	5%
IBRD	2,216	4%
EIB	1,743	3%
CEB	768	2%
EBRD	650	1%
Foreign governments	7,358	15%
Government Debt Securities	9,062	18%
Other	2,382	5%
Banks	**3,458**	**7%**
IFC	80	0%
EIB	372	1%
CEB	56	0%
EBRD	599	1%
Foreign governments	210	0%
Other	2,140	4%
Enterprises, households, and other	**19,710**	**40%**
IFC	141	0%
EIB	282	1%
CEB	1	0%
EBRD	373	1%
Foreign governments	73	0%
Other	18,841	38%

Source: NBS, EY calculation

Summarized overview of key macroeconomic and financial indicators – trends and outlook

	2021	2022	2023	2024	jan.25	feb.25	2025F	Source of forecast
Economic activity								
Real GDP growth rate, in % YoY	7,9	2,6	3,8	3,9			3,2	EY
GDP, EUR b	53,7	61,7	72,2	80,5			83,1	EY
Physical volume of industrial output, cumulative growth in % YoY	6,3	10,7	-1,0	3,2	0,4	-1,8		
Retail trade, real cumulative growth in % YoY	10,3	5,9	-1,9	7,8	2,7	-0,5		
Construction permits, value, cumulative growth in % YoY	42,7	10,1	9,5	5,7				
Labor market								
Employment rate, in % of population aged 18-64	61,7%	63,9%	64,7%	66,3%				
Unemployment rate, in % of population aged 18-64	11,4%	9,8%	9,7%	8,9%			9,3%	IMF
Median net wage, RSD	53.349	60.413	69.842	75.533	83.031			
Average wage, nominal growth in % YoY	9,6%	13,8%	14,8%	14,1%	12,1%			
Foreign trade and investments								
Export of goods and services, EUR b	28,8	38,0	41,0	29,0	3,4			
Export of goods and services, growth in % YoY	29,4	31,9	7,9	-29,3	4,0		2,7	EY
Import of goods and services, EUR b	33,4	45,1	44,6	39,0	3,7			
Import of goods and services, growth in % YoY	26,8	34,7	-1,0	-12,5	13,0		5,5	EY
Current account gap, EUR b	-2,3	-4,2	-1,9	-3,4	-0,3		-4,0	IMF
Current account gap, in % of GDP	-4,2	-6,9	-2,6	-4,2			-4,7	IMF
Net FDI, EUR b	3,7	4,3	4,2	5,0	0,2		4,2	IMF
Net FDI, in % of GDP	6,8%	7,0%	5,8%	6,2%			5,3%	IMF
Prices and FX rate								
Inflation rate, EOP, in % YoY	7,9	15,1	7,6	3,9	4,6		4,7	EY
Inflation rate, avg, in % YoY	4,1	11,9	12,5	4,5	4,6	4,5	4,5	EY
EURRSD rate, end of period	117,6	117,3	117,2	117,0	117,1	117,2		
Fiscal policy								
Fiscal revenues, in EUR b	22,9	26,3	29,3	33,6	1,5		36,1	IMF
Fiscal expenditures, in EUR b	25,4	28,4	31,2	35,2	1,5		38,1	IMF
Fiscal balance, in EUR b	-4,1	-3,2	-2,2	-1,7	0,1		-2,1	IMF
Fiscal balance, in % of GDP	-4,6	-3,3	-2,2	-2,1			-2,5	IMF
Public debt, in % of GDP	53,9	52,4	48,0	46,2	44,2		50,4	IMF
Monetary policy								
NBS rate, EOP, in %	1,00	4,00	6,50	5,75	5,75	5,75		
3M BELIBOR, in %	0,94	4,95	5,70	5,31	4,70	4,70		
International data								
Bosnia and Herzegovina, GDP growth rate in % YoY	7,4	4,3	1,7	2,5			3,0	IMF
Montenegro, GDP growth rate in % YoY	13,0	6,4	6,0	3,7			3,7	IMF
Germany, GDP growth rate in % YoY	3,7	1,4	-0,3	0,0			0,0	IMF
Italy, GDP growth rate in % YoY	8,9	4,7	0,7	0,7			0,8	IMF
USA, GDP growth rate in % YoY	6,1	2,5	2,9	2,8			1,8	IMF
China, GDP growth rate in % YoY	8,4	3,0	5,2	4,8			4,0	IMF
FED rate, in %	0,08	1,68	5,02	5,14	4,33	4,33		Concensus
ECB rate, in %	0,00	2,50	4,50	4,07	3,15	2,90		Concensus
3M EURIBOR, in %	-0,51	2,13	3,91	3,60	2,74	2,56		ECB

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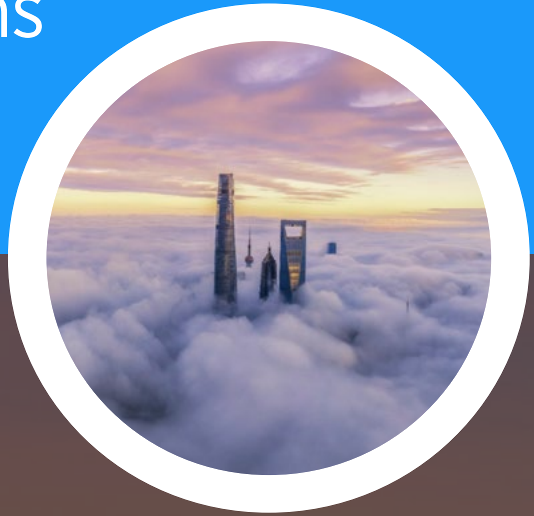
Glossary of commonly used abbreviations, expressions and definitions



3MMA, 6MMA	3 or 6 month moving average
CAGR	Compounded annual growth rate
CAPEX	Capital expenditures
CEE	Central and eastern Europe
ECB	European central bank
EU 27	European Union, also interchangeably referenced to as EU
EY	Ernst and Young
FED	US central bank
FDI	Foreign direct investment
GDP	Gross Domestic Product
GVA	Gross Value Added
Gvt	Government of the Republic of Serbia
ICT	Information, communication and telecommunication sectors
LSEG	Londong Stock Exchange Group, data provider
M/M	Month on month growth rate, i.e. percentage difference between a value in a certain month over the preceding month
Mfin	Ministry of finance of Serbia
Net profit	Relative to pre-tax profits of banks
NBS	National bank of Serbia
OECD	Organization of economic co-operation and development
P/L	Profit and loss (income) statement
Pp	Percentage point
REPO	Repurchased transaction organized by NBS
RSD	Serbian dinar
SBRS	Serbian business registers agency
SEE	Southeastern Europe
SORS	Serbian office of statistics
T-bill	Treasury bills issued by Ministry of Finance
UNCTAD	United Nations Conference on Trade and Development
VAT	Value added tax
Y/Y	Year on year growth rate, i.e. percentage difference between a value in a certain period over the same period in the previous year

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Evaluation of horizontal and vertical restrictive agreements and their compliance with competition laws.

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