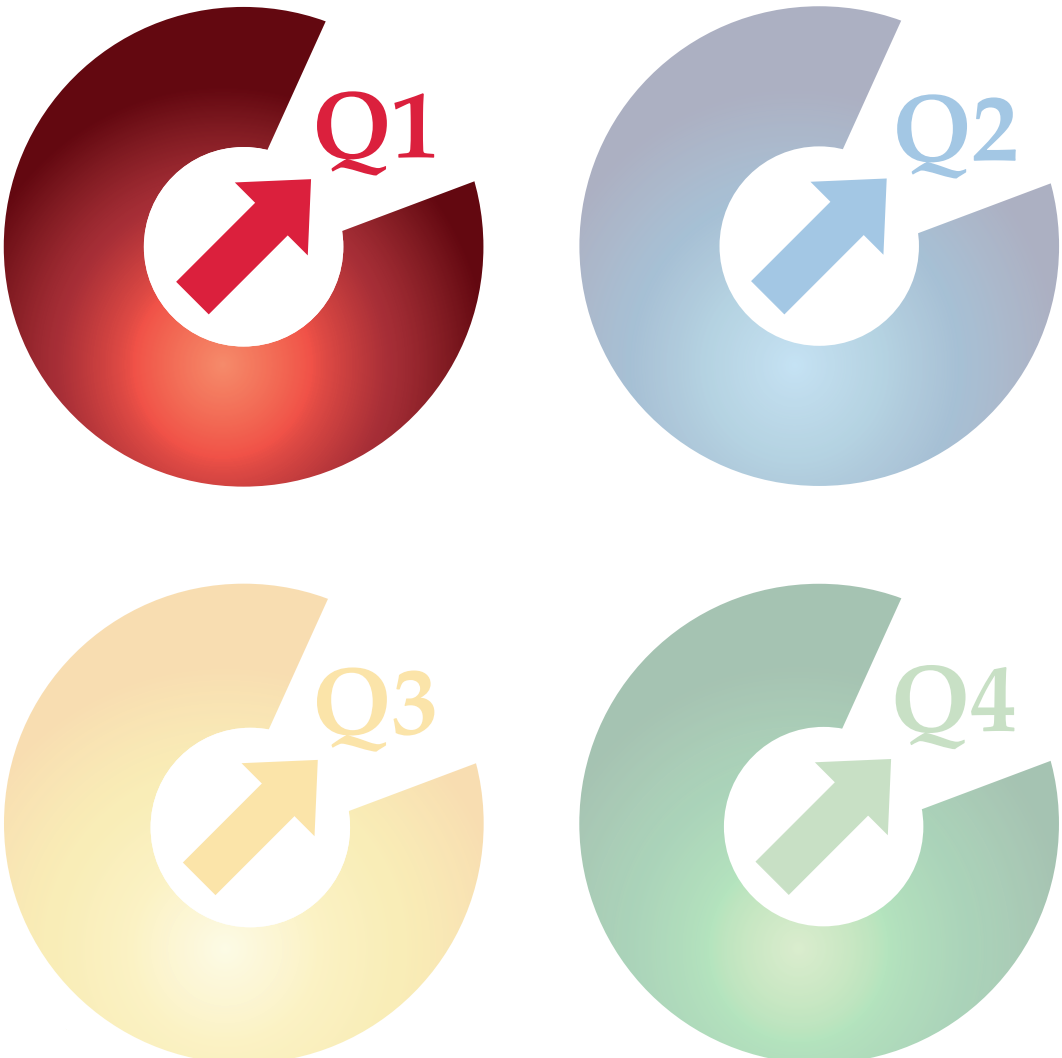
Statistical Office of the Republic of Serbia

ISSN 1820-1148

TRENDS



1st quarter

Belgrade 2020

Statistical Office of the Republic of Serbia

ISSN 1820-1148

TRENDS

www.stat.gov.rs

1st quarter, 2020

Belgrade, 2020

Trends, quarter I 2020

Published and printed by: Statistical Office of the Republic of Serbia, Belgrade, Milana Rakića 5
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Introduction

The Statistical Office of the Republic of Serbia, main producer and disseminator of statistics, publishes a large number of releases, indicators, bulletins, etc. A multitude of publications often gives rise to confusion with users who, on the other hand, use data to assess their performances and adapt them to other economic subjects and trends.

As many users, apart from specialists, are statistically and economically illiterate, they may be confused by the diversity of data, unable to understand and prioritize them correctly, which often results in reluctance towards information.

Knowing that the statistical system is very complex, generalized and designed to meet subsectors specific needs for information, failure to understand statistics in modern society is a frequent phenomenon. Informing users by releasing "dull" statistics is often insufficient because it renders only a partial picture of macro-economy. Actually, it has appeared that the conventional ways of data presentation (tables, releases, etc.) hampers quick understanding of the socio-economic reality and fails to convey the key message, especially when there is a large number of data.

Having in mind all of the above and keeping track of world trends in presenting statistics, as well as the interests of the community of experts, the redesigned "Trends" brings traditionally quarterly and semi-annual data, but through a new concept of presenting major economic signals by means of modern and advanced graphic solutions of presentation and dissemination.

As usual, this issue presents the movement of major statistical areas in the first quarter of 2020 (Gross domestic product, Industrial production, Construction, External trade, Domestic trade, Prices, Labour market, Salaries and wages, Tourism, Economic Sentiment Indicator and Regional economic asymmetries). Presented are also forecasts of trends in selected areas for the next period, obtained with ARIMA forecast models. A set of composite leading indicators, which can predict with high reliability cyclical trends and be used for short-term forecasts is presented in the section Macroeconomic Forecasts.

Wishing to encourage youth's research work, we invite experts dealing with macroeconomy, mathematics and statistics to send their papers, which will be published (or some parts thereof) according to current trends.

Since 1999, the Statistical Office of the Republic of Serbia has no available data for AP Kosovo and Metohia, therefore they are not included in the data for the Republic of Serbia (total).

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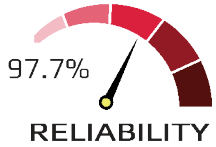
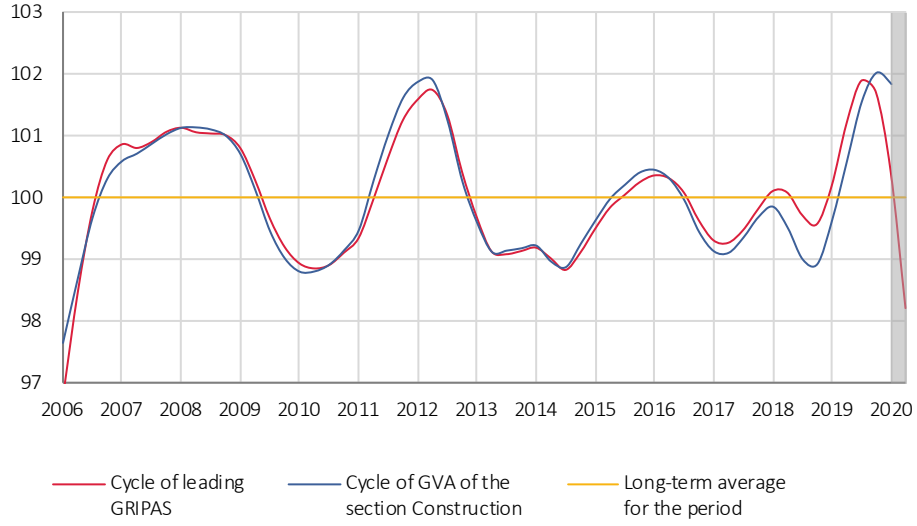
1. Macroeconomic forecasts

The developed system of composite indicators of SORS leading indicators precede the cycles of economic activity, on average, by one to more than two quarters and combined with econometric models enables short-term quantitative evaluation of the dynamics of economic activity annual growth rate. A family of leading indicators is presented below by section and corresponding forecasts.

1.1. Construction indicator of the economic activity of Serbia – GRIPAS[1]



Graph 1.1. Cycles of construction GRIPAS and GVA (Q1 2006 – Q2 2020), leveled out and standardized data



Based in indicator GRIPAS, a year-on-year construction GVA fall of about -9.5% is expected in Q2 2020. Planned projects were slowed down, primarily the realization of the new stage of infrastructure gasification, i.e. building of gas stations under the project "Turkish Stream", expansion of the non-residential building and further construction of transport infrastructure (especially the modernization of the railway Belgrade – Budapest and the construction of the bypass motorway around Belgrade).

Table 1.1. Structure of the contribution to annual construction GVA growth rate

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Construction GVA, annual growth rate, %	**26.8**	**20.5**	**10.0**	**2.8**	**9.0**	**17.4**	**36.0**	**48.3**	**19.6**
Buildings, p. p.	**11.4**	**8.5**	**6.3**	**3.0**	**6.8**	**8.9**	**10.0**	**16.7**	**4.9**
Residential buildings	*8.6*	*4.1*	*-2.8*	*0.4*	*1.2*	*3.9*	*2.9*	*5.5*	*0.0*
Non-residential buildings	*2.8*	*4.3*	*9.1*	*2.6*	*5.6*	*5.0*	*7.1*	*11.2*	*5.0*
Civil engineering, p. p.	**15.3**	**12.0**	**3.7**	**-0.2**	**2.3**	**8.4**	**26.0**	**31.6**	**14.7**
Transport infrastructure	*10.9*	*6.9*	*-0.2*	*-2.7*	*-0.3*	*-3.3*	*7.2*	*11.6*	*0.9*
Pipelines, communication and electrical lines	*2.0*	*1.0*	*2.3*	*1.6*	*3.3*	*13.8*	*19.6*	*19.9*	*11.6*
Complex construction on industrial sites	*1.6*	*3.4*	*1.5*	*0.8*	*-0.3*	*-1.5*	*-0.5*	*0.6*	*0.5*
Other civil engineering, not elsewhere classified	*0.8*	*0.8*	*0.1*	*0.1*	*-0.4*	*-0.6*	*-0.3*	*-0.4*	*1.7*
Contribution of construction GVA to the GDP annual growth rate, p. p.	0.7	0.8	0.5	0.1	0.3	0.8	1.7	2.4	0.7

[1] The leading construction indicator GRIPAS precedes the cycle of the construction gross value added on average by about 1-2 quarters, and it principally aimed at forecasting and detecting cyclical GVA trends in construction for the next period. Highly correlated with the movement of the total number of building permits, total number of hours of work and number of employees on construction sites, the indicator GRIPAS includes also information on the production and purchase of building materials and equipment as well as the forecast value of works, reflecting all relevant influences on the construction activity.

The building of the ecological power plant "Landfill Vinca", classified into the group of Other civil engineering not elsewhere classified, started in Q1 2020, contributing to the total year-on-year construction GVA by 1.7 p. p. By size, this is the third aggregate of growth of the total year-on-year construction GVA, behind Pipelines, communication and electrical lines (primarily of gas stations "Turkish Stream") and construction of non-residential buildings.

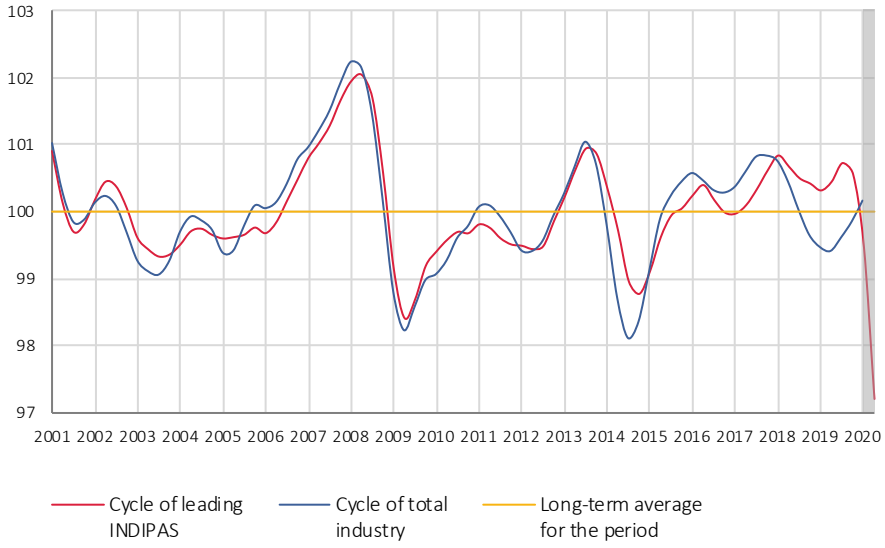
Table 1.2. Relative deviation of the forecast values of the leading GRIPAS indicator from the realized quarterly construction GVA growth rates, %

	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Real values	9.0	17.4	36.0	48.3	19.6	...
Forecast values	10.4	13.8	31.3	45.6	18.0	-9.5
Deviation of real values from the forecast ones, % (absolute values)	1.3	3.2	3.6	1.8	1.4	-

Comment: Relative deviation of the forecast values from the realized ones by (+/-) 5% is considered an interval limit of validity of a given forecast (95-percent interval indicator reliability).

1.2. Industry indicator of the economic activity of Serbia – INDIPAS

Graph 1.2. Comparison of the cycle of the leading indicator INDIPAS and physical volume of the total industry, leveled out and standardized data, (Q1 2001 – Q2 2020)



According to the leading indicator INDIPAS, the forecast of the year-on-year fall of industry in Q2 2020 (of about -10.0%) is expected to be a result of the decline of the activity of the section of intermediate goods, except energy (particularly the divisions of Manufacture of rubber and plastic products and Manufacture of other non-metallic mineral products), non-durable consumer goods (primarily the divisions of Manufacture of food products and Manufacture of beverages) and capital goods (fall in the divisions of Manufacture of motor vehicles, trailers and semi-trailers and Manufacture of fabricated metal products, except machinery and equipment).

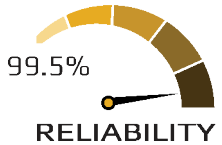
1. Macroeconomic forecasts

Table 1.3. Relative deviation of the forecast values of the leading indicator INDIPAS from the realized quarterly industry GVA growth rates, %

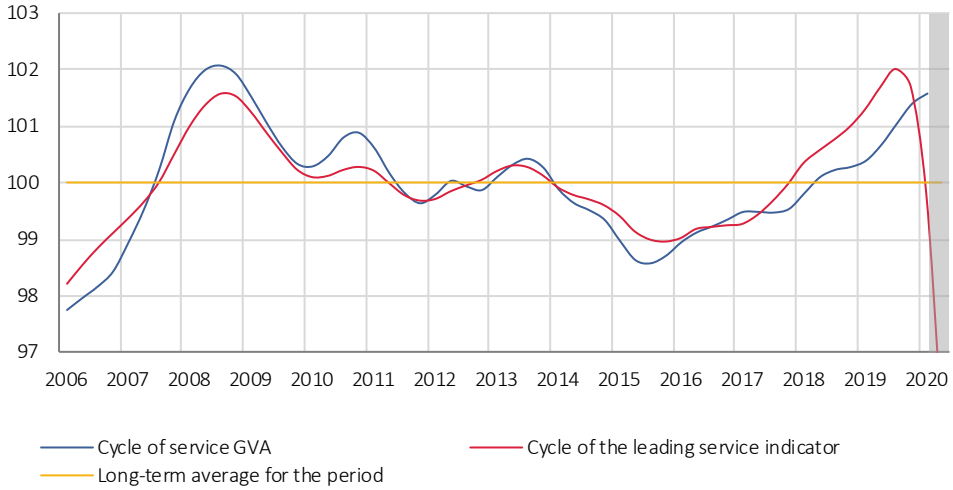
	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Real values	-1.5	-2.1	2.1	3.1	4.5	...
Forecast values	-3.9	-2.4	2.3	2.5	3.2	-10.0
Deviation of real values from the forecast ones, % (absolute values)	2.5	0.3	0.2	0.6	1.3	-

Comment: Considering that the forecasting process has been done on the previously seasonally adjusted data, the latter can be insignificantly different from original growth rates that are officially published. The relative deviation of the forecast value from the realized one (+/-) 5% is considered an interval limit of reliability of a given forecast (95-percent interval of indicator validity).

1.3. Service indicator of Serbia



Graph 1.3. Comparison of the cycle of the leading service indicator and service GVA, leveled out and standardized data
(Q1 2006 – Q2 2020)



Due to the circumstances caused by COVID-19 pandemic, the forecast year-on-year fall of service GVA in Q2 2020 amounted to about – 5%. Such a result is primarily determined by a decrease in tourism and catering trades, wholesale and retail trade, as well as arts and recreation.

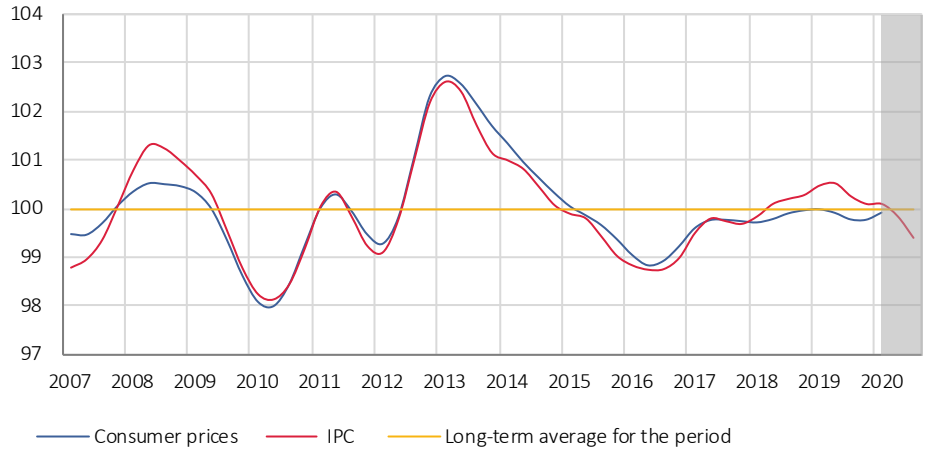
Table 1.4. Relative deviation of the forecast values of the leading service indicator from the realized quarterly service GVA growth rates, %

	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Real values	3.9	3.8	4.2	5.1	4.9	...
Forecast values	3.9	3.2	3.5	4.3	4.3	-5.0
Deviation of real values from the forecast ones, % (absolute values)	0.0	0.6	0.7	0.8	0.6	-

Comment: Considering that the forecasting process has been done on the previously seasonally adjusted data, the latter can be insignificantly different from original growth rates that are officially published. The relative deviation of the forecast value from the realized one (+/-) 5% is considered an interval limit of reliability of a given forecast (95-percent interval of indicator validity).

1.4. Model of forecasting SORS consumer prices

Graph 1.4. Comparison of the cycle of the composite indicator of consumer prices (IPC) and total retail consumer prices in Serbia, leveled out and standardized data (Q1 2007 – Q3 2020), deviation from the long-term trend for the period (%)



According to the composite indicator IPC, in the next period the year-on-year growth of total consumer prices is expected to be about 0.7% in Q2 and 1.0% in Q3 2020.

In both forecast quarters the movement of consumer prices will be under the influence of negative price movements.

Table 1.5. Leading composite indicators for forecasting total consumer prices for Q2 2020 and Q3 2020, %

Year-on-year growth rate	Indicator of fuel price (IPC-G)[1]	Indicator of food and non-alcoholic beverages price (IPC-H)[2]	Indicator of tobacco price (IPC-D)[3]	**Total consumer prices (IPC)[4]**
Q2 2020	-15.1	1.2	7.3	**0.7**
Q3 2020	-16.2	2.6	7.6	**1.0**

[1] IPC-G is a weighted composite leading indicator that contains information on the movement of the most relevant indicators influencing oil price in Serbia and that in its movement precedes the prices of fuel and lubricants in Serbia by about two months. The indicator covers: the world price of *BRENT* crude oil, value of *WTI* crude oil (type *Cushing Oklahoma*), average price of American *WTI* crude oil (in first purchase from oil fields), currency ratio dollar to euro, stocks in the production of crude oil in the territory of Serbia and import of oil and oil refined products in Serbia.

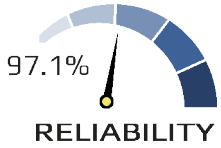
[2] The composite leading indicator of food price (IPC-H) has been derived by analyzing the movement of food price in Serbia, which is principally aimed at forecasting food price for the next three months. Detailed analysis of a large number of variables has enabled to single out several ones with the best leading prognostic characteristics for food price in Serbia: harmonized index of food price in Hungary, average purchase price of crop producers' produces, import of the section Manufacture of food products, import of milk, dairy products and eggs, stocks of fresh beef and veal meat, index of retail prices of the whole basket of vegetables.

[3] The indicator of tobacco price has been formed on the basis of the movement of excise on tobacco and producers' prices of tobacco for domestic market, which proved to be the best in assessing the variability of the price of tobacco and tobacco products in Serbia..

[4] The forecast of retail consumer prices in the final phase represents an integration of previously obtained results of leading indicators of retail prices of the analyzed groups of products: fuel (IPC-G)), food and non-alcoholic beverages (IPC-H) and tobacco (IPC-D). A new composite indicator (IPC) has been derived from the two-stage, composite and weighted aggregation of the obtained leading indicators described above. The main goal of this indicator is to forecast retail consumer prices for one quarter ahead.

1. Macroeconomic forecasts

1.5. Model of forecasting agriculture – system AGRIPAS ("May scenario")



By applying the system AGRIPAS (model of crop and livestock production), and based on preliminary and evaluated parameters of both models in the so-called "May scenario", an annual GVA growth rate of agricultural production for 2020 has been estimated to be about 1.5%. In 2020, a year-on-year GVA growth rate of crop production is expected to be approximately 0.6%. Based on the obtained results, the contribution of agriculture GVA to the annual GDP growth rate in 2020 would 0.1 p. p.

The final projection of agriculture GVA for 2020 will be completed in September 2020 ("September scenario") by publishing AGRIPAS results on the basis of the model realized output when an interval of agricultural production and its influence on GDP will be formed. This is when the efficiency of prognostic assumptions and results of the initial prognosis presented herein will also be checked.

Table 1.6. Comparison of forecast and realized annual growth rates and agriculture GVA growth rates

Year	May scenario	September scenario	**Realisation**	Deviation of the May scenario from what has been realized, %	Deviation of the September scenario from what has been realized, %
2018	12.8	16.5	**15.2**	-2.1	1.1
2019	-3.8	-2.3	**0.0**	-3.8	-2.3
2020	1.5	-	**-**	-	-

Comment: The realization for 2019 is a preliminary data. The relative deviation of the forecast value from the realized one by (+/-) 5% is considered a interval limit of validity of a given forecast (95-percent interval of indicator reliability).

1.6. Summary of obtained results of leading indicators by GVA sector for the second quarter of 2020 and the whole year

Table 1.7. Forecast of GVA of selected sectors and their estimated contributions to GDP

	Agriculture	Taxes and contributions	Industry	Construction	Services
Q2 – 2020					
Annual growth rates, %	2.3	-5.3	-10.0	-9.5	-5.0
Contribution to GDP growth rates, p. p.	0.1	-0.9	-2.0	-0.5	-2.6
2020					
Annual growth rates, %	1.5	0.1	-2.1	-0.2	0.6
Contribution to GDP growth rates, p. p.	0.1	0.0	-0.4	0.0	0.3

Comment: Due to rounding contributions to one decimal, the sums of contributions in the table may show by 0.1 or 0.2 lesser/larger values to the whole growth rate, i.e. sector and GDP, but they are actually equal to the GDP growth rates indicated in the table.

2.1. GDP trend

In the first quarter of 2020, GDP real increase of 5% was recorded relative to the same period last year. Apart from the service section, that is still dominant growth carrier (2.6 p. p.), significant contribution to GDP growth was provided by industry (0.9 p. p.).

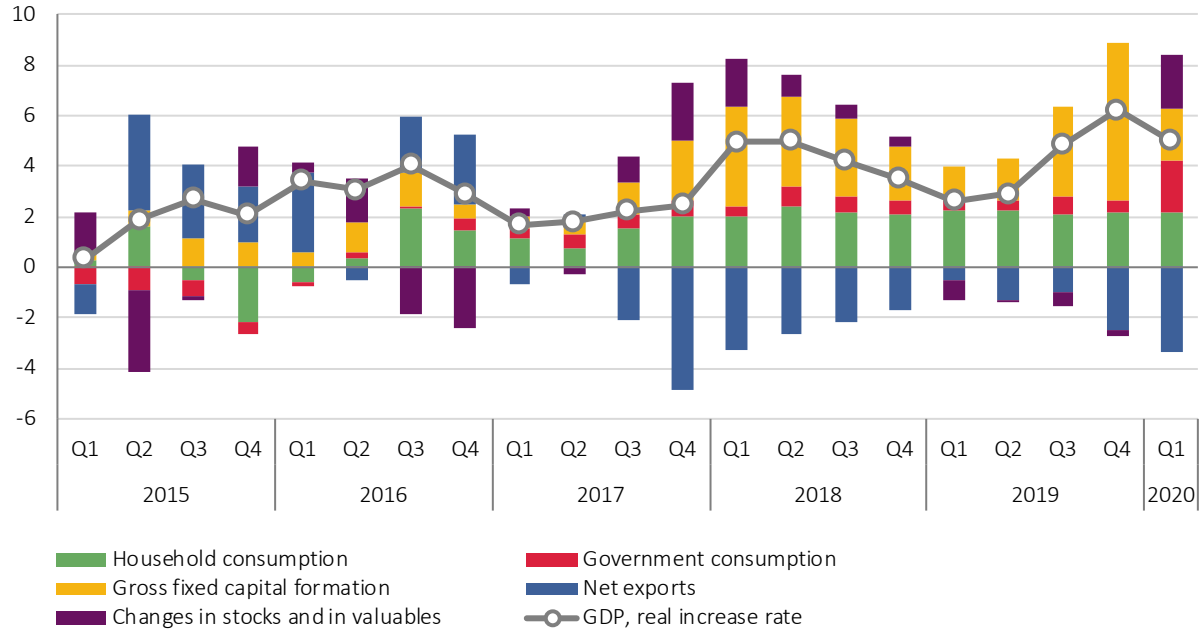
Observed by expenditure aggregates, in the first quarter of 2020, relative to the same period last year, gross fixed capital formation realized growth of 10.7 %, with contribution of 2 p. p. to real GDP growth. Dynamics of export and import, with growth rates of 3.1% and 8.3%, respectively, resulted in negative contribution of net exports to GDP growth (-3.4 p. p.).

Household consumption, with realized real increase of 3.2% continuously contributes to positive GDP trend (2.2 p. p.) (Table 2.1).

Table 2.1. GDP – expenditure aggregates, real inter-annual growth rates, Q1 2018 – Q1 2020 (%)
(comparison with the same period of the previous year)

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP	5.0	5.0	4.2	3.5	2.6	2.9	4.8	6.2	5.0
Household consumption	2.9	3.3	3.1	3.0	3.3	3.2	3.0	3.1	3.2
Government consumption	2.3	4.9	4.1	3.2	2.4	2.1	4.7	2.5	12.0
Gross fixed capital formation	26.0	20.6	16.7	11.1	7.2	8.2	17.5	29.6	10.7
Exports	8.6	6.0	8.7	10.0	8.1	8.0	9.0	8.7	3.1
Imports	13.6	9.9	11.8	11.4	7.8	9.0	9.6	11.4	8.3

Graph 2.1. Contributions to inter-annual GDP growth rate – expenditure aggregates



2. Gross Domestic Product

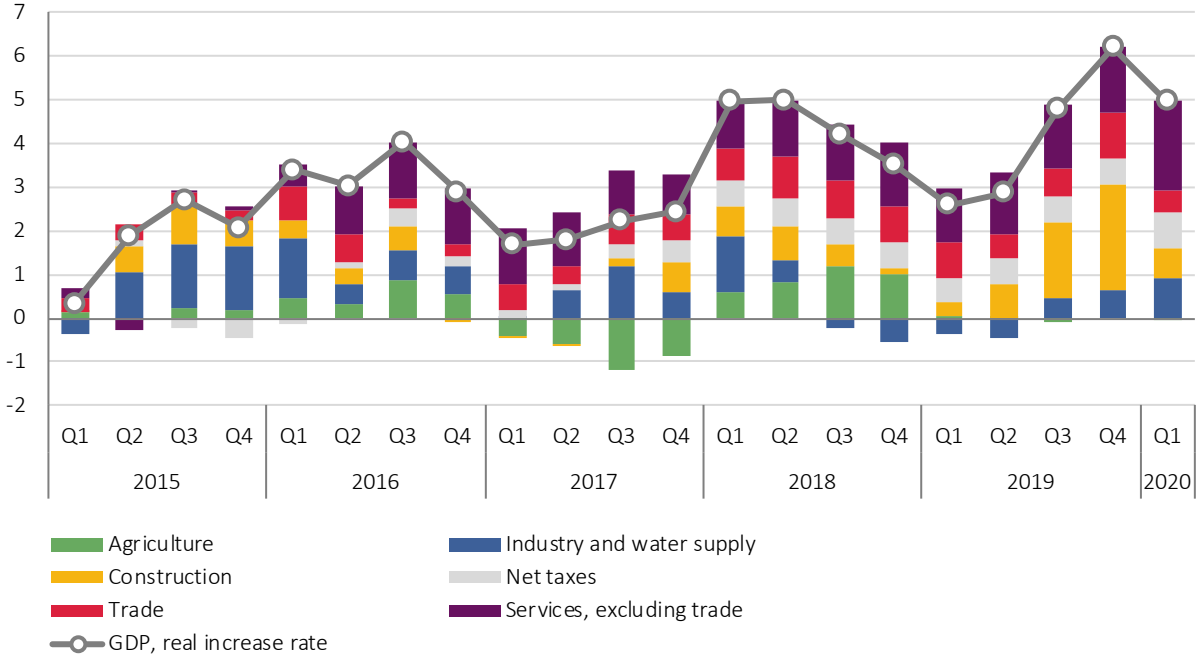
Observed from the **production side**, the greatest positive contribution to GDP increase in Q1 2020 still resulted from increased activity in service sections (excluding trade), 2.1 p. p., and trade 0.5 p. p.

Beside services, construction activity, with growth of 19.6%, remained the main initiator of GDP increase (0.7 p. p.). Industry and water supply also recorded increase of 4.5% in the first quarter 2020, positively contributing to GDP dynamics with 0.9 p. p. (Table 2.2).

Table 2.2. GDP – production side, real inter-annual growth rates, Q1 2018 – Q1 2020 (%)
(changes to the same period of the previous year)

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP	5.0	5.0	4.2	3.5	2.6	2.9	4.8	6.2	5.0
Agriculture	12.3	15.6	16.8	15.2	0.2	-0.4	-0.1	0.4	-0.1
Industry and water supply	5.4	2.4	-1.0	-2.4	-1.5	-2.1	2.1	3.1	4.5
Construction	26.8	20.5	10.0	2.8	9.0	17.4	36.0	48.3	19.6
Trade	6.5	8.2	7.5	7.1	7.0	4.7	5.9	9.2	4.7
Services, excl. trade	2.6	3.2	3.3	3.9	3.0	3.5	3.7	3.8	4.9
Net taxes	3.5	3.8	3.5	3.4	3.4	3.4	3.3	3.4	4.6

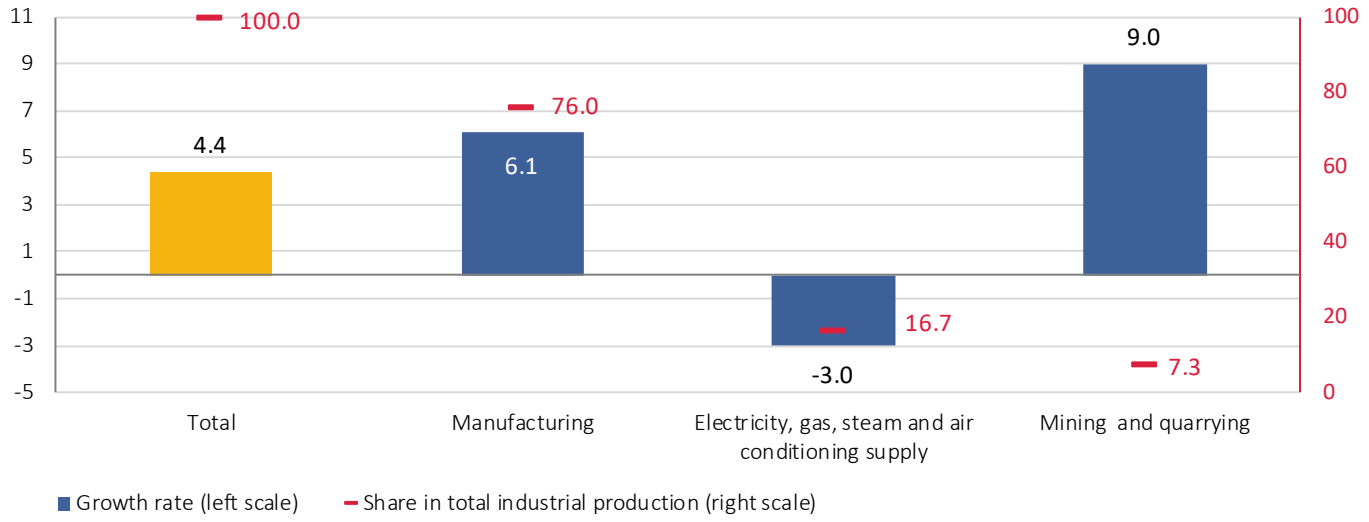
Graph 2.2. Contributions to inter – annual GDP growth rate – production side



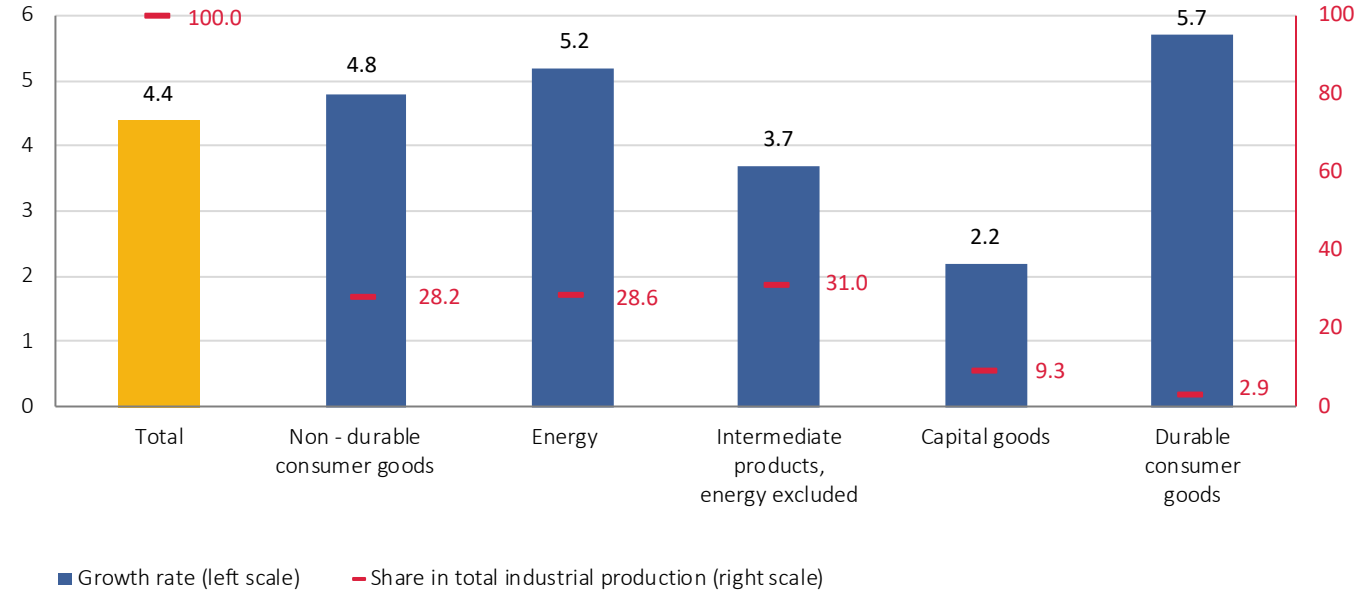
3.1. Total industrial production

Total industrial production in Serbia, in the period January - March 2020 increased by 4.4% relative to the same period 2019. Observed by sections, in the first three months 2020, growth was noted in Manufacturing (6.1%), and Mining and quarrying (9%), while the section of Electricity, gas, steam and air conditioning supply recorded fall (3%).

Graph 3.1. Cumulative trends of total industry and its sections (%)
(Q1 2020 relative to Q1 2019)



Graph 3.2. Industrial production growth rates, by MIGS (%)
(Q1 2020 relative to Q1 2019)



3. Industrial Production

Manufacturing mostly contributed to total increase of industrial production: 3.44 p. p.

Contribution of the section Electricity, gas, steam and air conditioning supply was 1.12 p. p. and of Mining and quarrying 0.16 p. p.

Table 3.1. Industrial production, quarterly indices (%)
(comparison relative to the same period of the previous year)

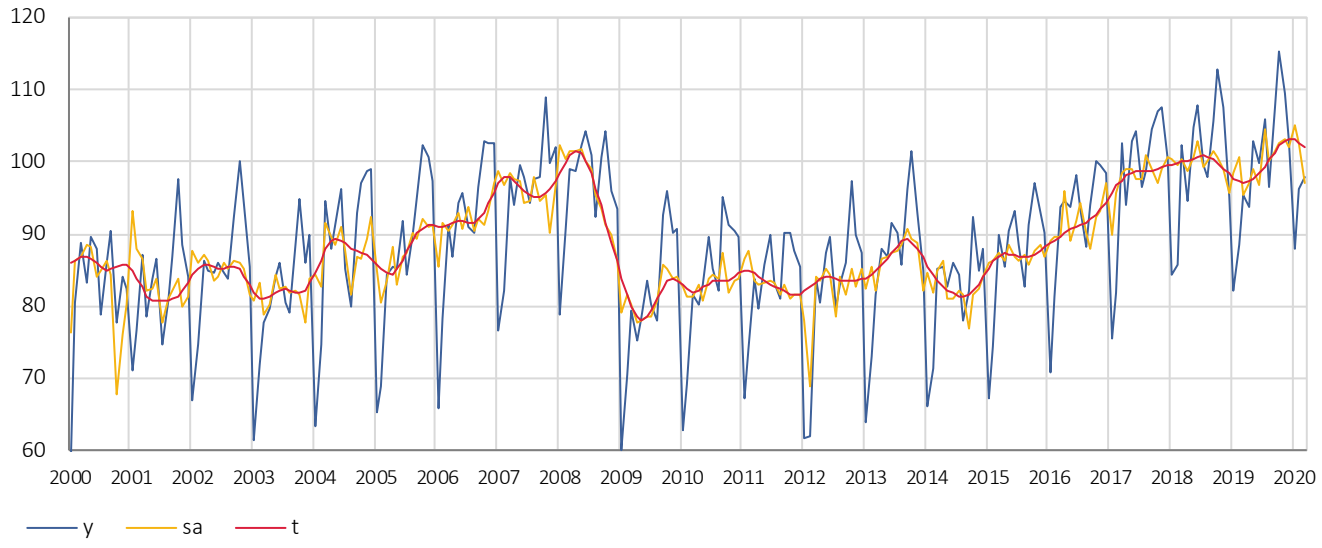
	2017				2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1 +Q2
Industrial production – total	101.1	103.1	107.0	104.1	105.9	102.3	98.6	98.9	98.1	97.4	102.2	103.4	104.4	95.5
Manufacturing	105.9	105.0	108.7	105.7	104.7	102.0	101.2	100.1	97.7	96.5	102.3	103.9	106.1	95
Electricity, gas, steam and air conditioning supply	85.8	93.8	100.5	97.3	111.4	105.5	92.2	95.1	100.2	100.0	99.9	101.8	96.9	...
Mining and quarrying	94.2	105.4	105.1	104.3	103.0	97.8	86.9	94.6	96.8	101.3	105.2	101.5	108.9	...

[1] Prognoses.

3.2. Manufacturing (C)

(share of 76% in total Industrial production index)

Graph 3.3. Components of Manufacturing time series, indices
(y – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2019 = 100)

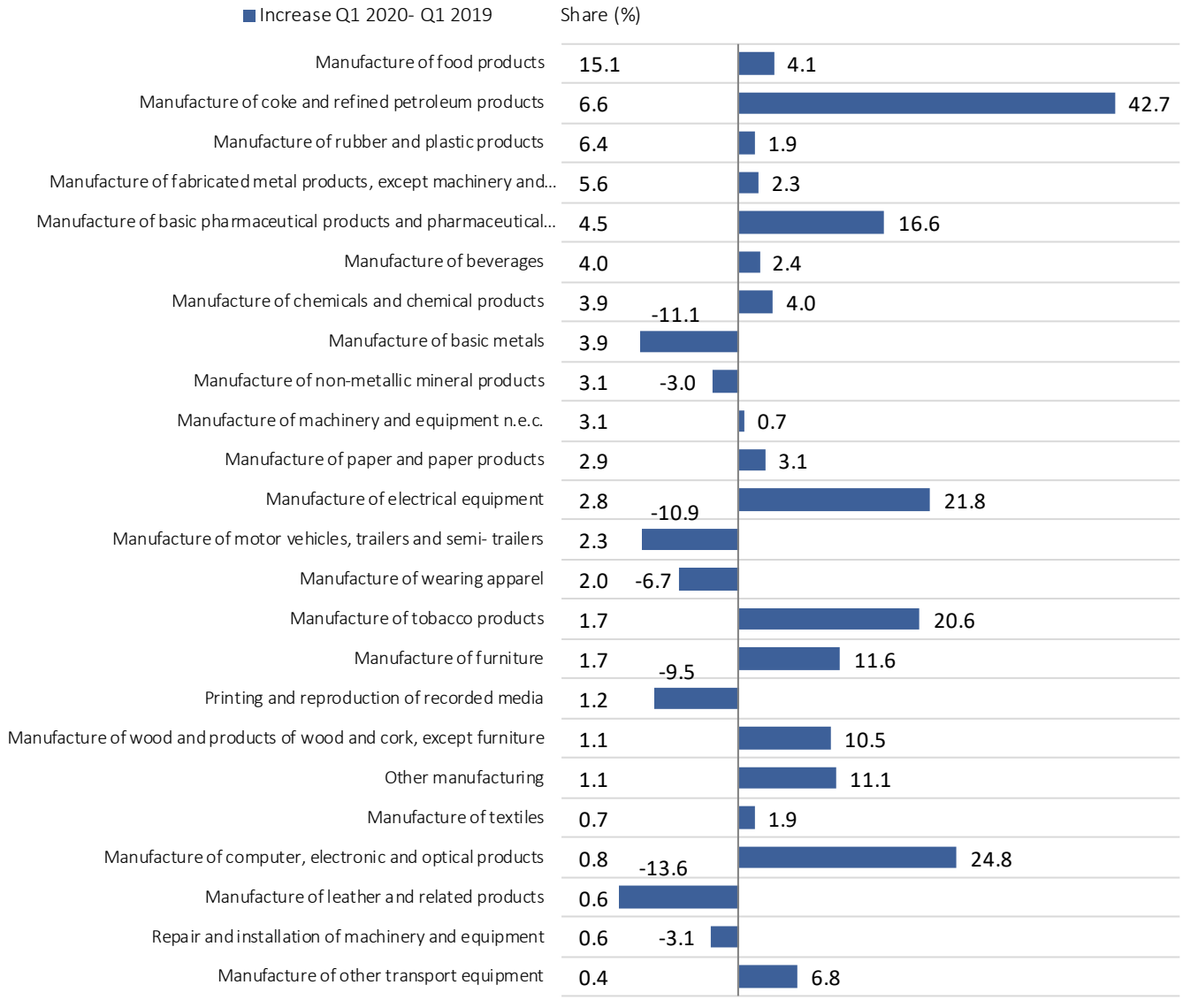


Manufacturing trend in Q1 2020 shows the slight regression relative to the previous quarter but values of trend-cycle components are still on the level of about 2% above the average of 2019 (graph 3.3).

Observed by divisions, Manufacturing in Q1 2020 **increased** in 17 out of 24 divisions, if compared with the same period of the previous year. Decrease was recorded in seven divisions, out of which three do not have significant share in total industrial production index (Manufacture of leather and related products, Printing and reproduction of recorded media and repair and Installation of machinery and equipment– together participate with 2.4% in total industrial production).

Four divisions with high weight (participating together with 11.3%) in total industry recorded cumulative **decrease in Q1 2020** relative to the same period 2019 and they are the following: Manufacture of basic metals (fall of 11.1%), Manufacture of non-metallic mineral products (fall of 3%), Manufacture of motor vehicles, and trailers and semi-trailers (fall of 10.9%) and Manufacture of wearing apparel (fall of 6.7%).

Graph 3.4. Manufacturing by divisions, cumulative growth rates (%)
(Q1 2020 relative to Q1 2019; divisions presented in descending order according to shares in total industrial production)



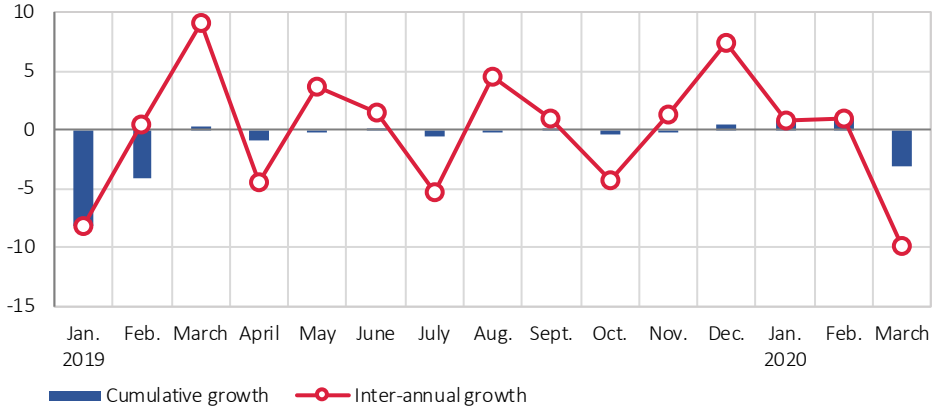
3. Industrial Production

3.3. Electricity, gas, steam and air conditioning supply (D)

(share of 16.7% in total Industrial production index)

Graph 3.5. Cumulative and inter – annual growth rates in energy section (%)

(cumulative – quarter relative to the same quarter of the previous year; Inter - annual – month relative to the same month of the previous year)



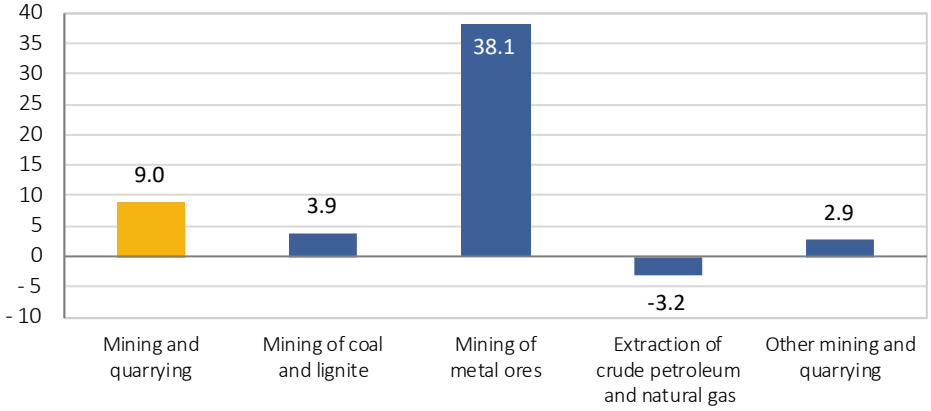
Section of electricity, gas, steam and air conditioning supply in the first three months 2020 recorded fall of 3% relative to the same period of the previous year. Observed by months, in the first quarter, noted was the increase in January (0.8%) and in February (1%), while in March, negative increase was recorded (-9.8%).

3.4. Mining and quarrying (B)

(share of 7.3% in total Industrial production index)

Graph 3.6. Cumulative growth rates in the section of Mining and quarrying (%)

(Q1 2020 relative to Q1 2019)



Production in the section of Mining and quarrying in the first quarter 2020 noted growth of 9%. In all three months noted was growth: 12.3% in January, 15.6% in February and 0.5% in March.

How to interpret the time series?

Seasonal effects can provoke distortions in time series trend, and in such way camouflaging its "real" nature and significant characteristics necessary for precise and detail analysis of the phenomena. When selecting the indicators that will be used for analysis (original, seasonally adjusted or trend), the nature of the observed series and point of the performed analysis should be taken into account. Three separate components (obtained by series' disaggregation), together with the original series, describe various aspects of a single phenomenon and are used for versatile analytic purposes – depending on the researcher's interest. Seasonally adjusted values are used for comparison of the consecutive periods and for estimation of potential value of a series when calendar effects and season effects would not exist, as is the case with industrial production.

4.1. Construction activity

Value indices of the performed construction works on the territory of the Republic of Serbia from the second half of 2017 have been recording growth. Such positive trend has also been continued in the first quarter 2020.

Construction activity on the territory of the Republic of Serbia increased by 23.7% in Q1 2020 relative to Q1 2019, at current prices, while the increase amounted to 24.4% at constant prices.

Observed by types of constructions, value of performed works on buildings increased by 13.2%, and regarding civil engineering (transport infrastructure, pipelines, complex industrial structures, etc.), it increased by 32,5% at constant prices.

Graph 4.1. Components of time series of Indices of performed construction works on the territory of the Republic of Serbia, at constant process, indices

(y – original series, sa – series with excluded seasonal component, t – trend cycle component average 2019 = 100)

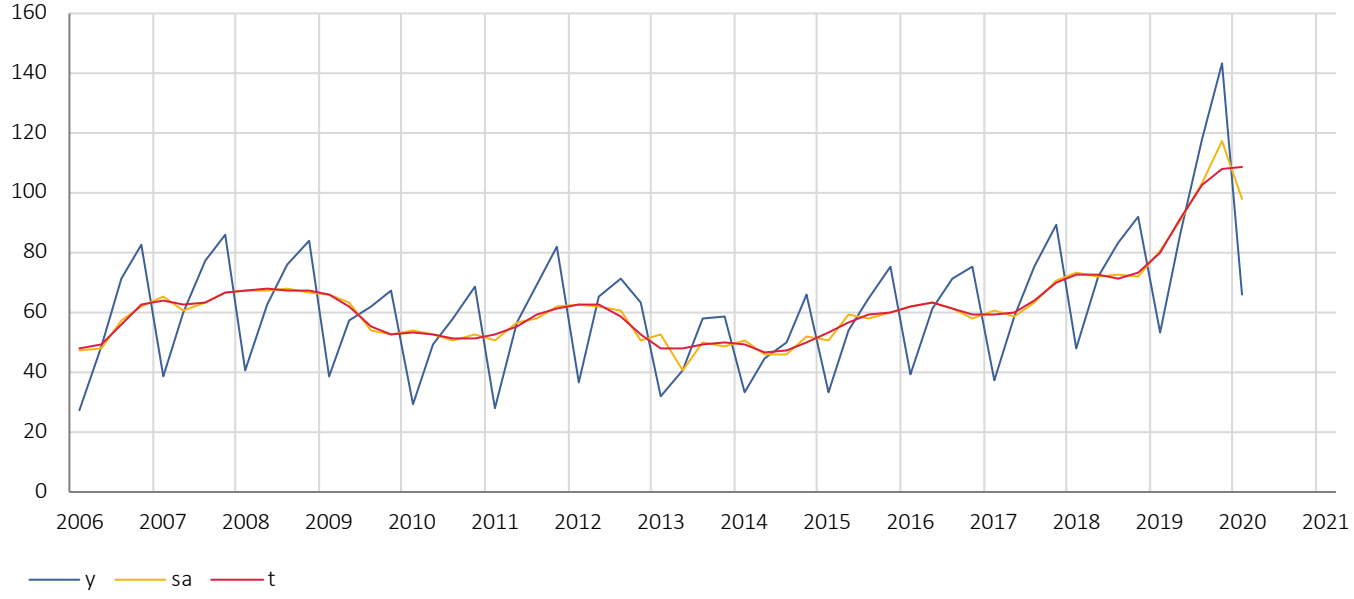


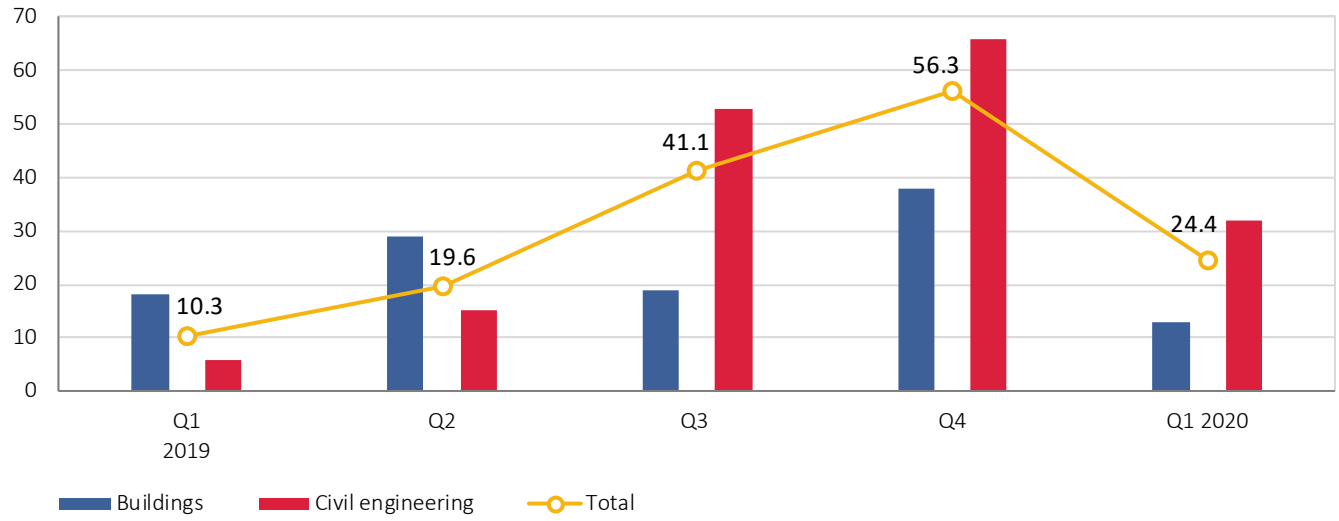
Table 4.1. Value of performed construction works, quarterly indices (%)

(comparison with the same period of the previous year)

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Current prices	140.6	133.9	122.1	118.4	116.8	126.2	144.7	159.2	123.7
Constant prices	129.4	122.7	110.4	103.0	110.3	119.6	141.1	156.3	124.4

4. Construction

Graph 4.2. Value of performed construction works at constant prices, quarterly growth (%)
(quarter relative to the same quarter of the previous year)



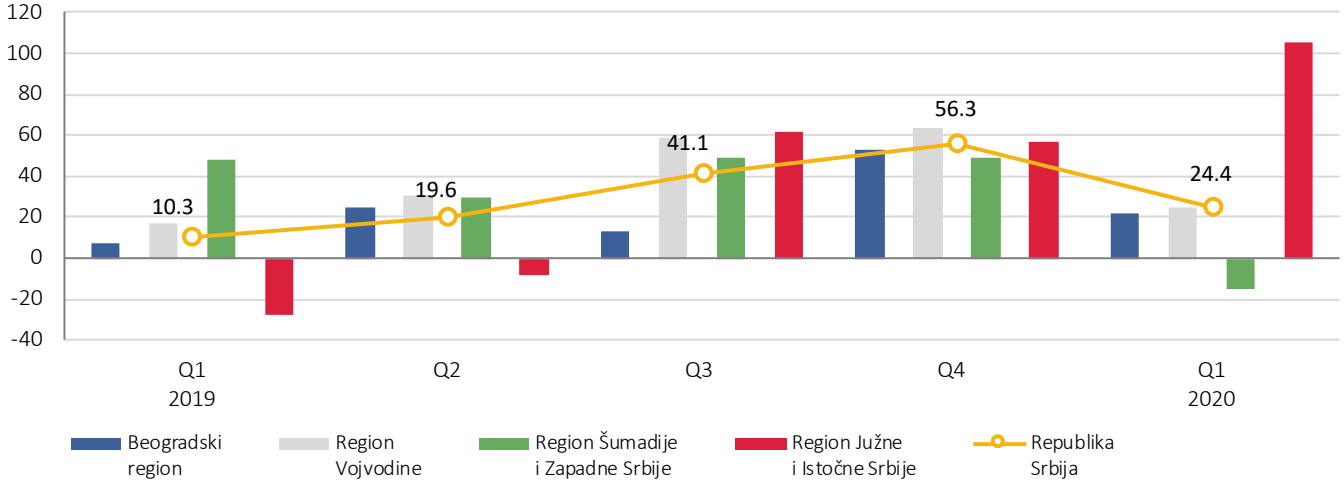
Increased construction activity in this quarter was the most obvious in Region Juzne i Istočne Srbije, where the increase of 105.6% at constant prices was noted. Observed by types of construction, the greatest increase was recorded on civil engineering (pipelines), i.e. construction of gas pipeline - border of Bulgaria – border of Hungary, with also noticeable increase of works performed on non-residential buildings.

In Region Vojvodine, activity was increased by 24.5%. Increased value of performed works was mostly influenced by works on construction of magisterial gas pipeline, border of Bulgaria – border of Hungary (Turkish flow), as well as modernization of the railway line Stara Pazova – Novi Sad.

In Beogradski region, construction activity increased by 22.3%. The most significant works were performed on complex named Belgrade waterfront, works performed on railway section Beograd – Stara Pazova, Bypass around Belgrade, etc.

Observed by regions, construction activity decreased only in Region Šumadije i Zapadne Srbije, by 14.7% at constant prices. Decreased value was noted related to construction of transport infrastructure, but increased was value of performed works related to non-residential buildings.

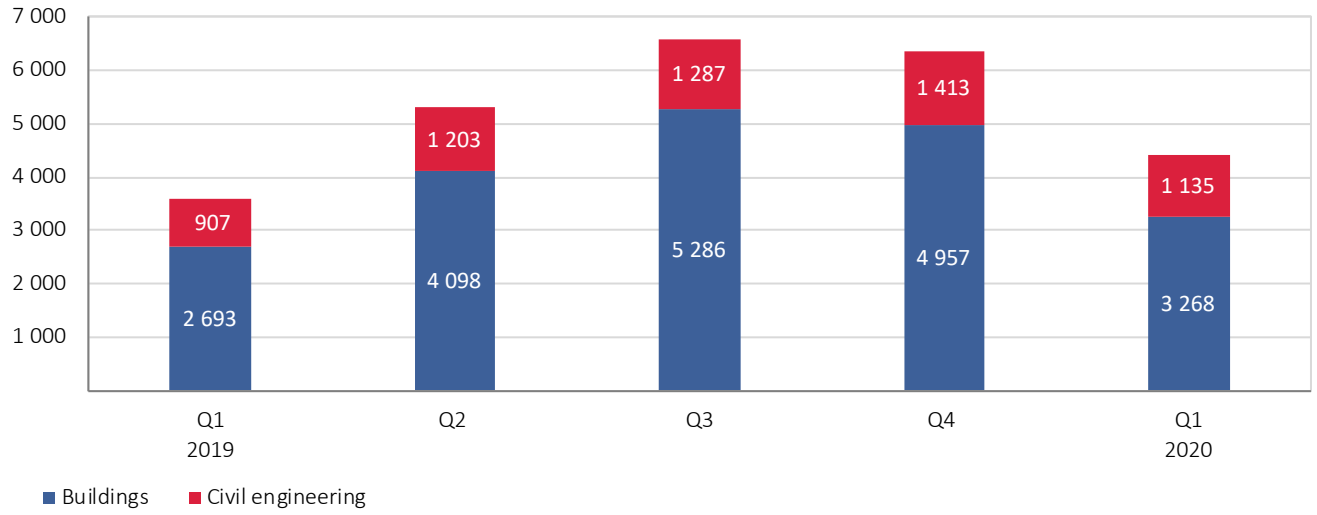
Graph 4.3. Value of performed construction works by regions, at constant prices, quarterly growth (%)
(quarter relative to the same quarter of the previous year)



4.2. Building permits

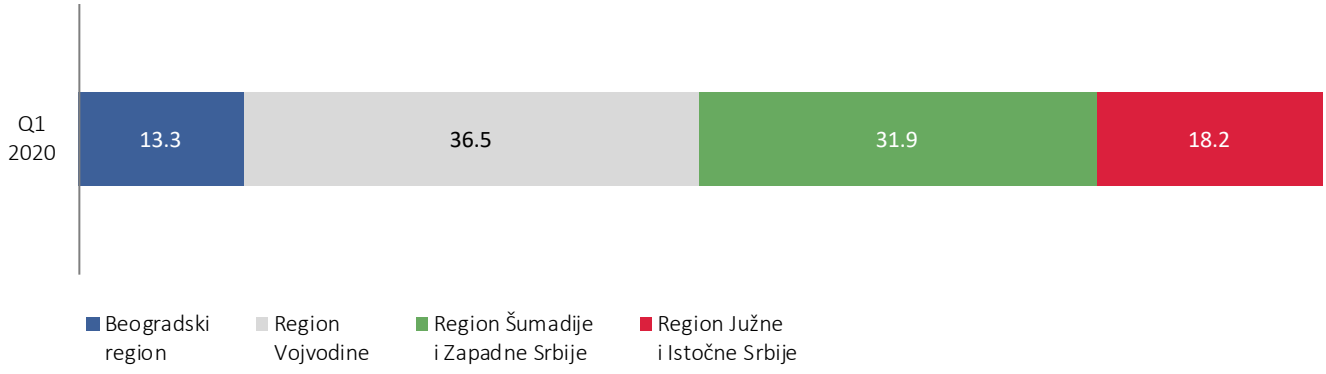
In **the first quarter 2020,** 4 403 building permits were issued. The greatest part of permits (3 268) related to construction works on buildings, while the rest related to transport infrastructure works, pipelines, complex industrial structures, etc. Out of total number of issued permits in the first quarter 2020, 48.1% related to new construction, while other permits were issued for adaptation, recovery, reconstruction and maintenance works.

Graph 4.4. Number of issued building permits for buildings and civil engineering in Q1 2020



Observed by regions, in the first quarter 2020, the greatest number of permits was issued in Region Vojvodine (1 608), followed by Region Šumadije i Zapadne Srbije (1 405), Region Južne i Istočne Srbije (803), while the smallest number of issued permits was recorded in Beogradski Region (587).

Graph 4.5. Share of issued permits by regions, Q1 2020 (%)



4. Construction

Glossary

Value of performed construction works – the most significant indicator of construction activity trend in Serbia. It presents the value of performed works on construction that the reporting unit performed with workers directly engaged for execution of works.

Value of performed works includes: value of work, value of built in material and finished products for incorporating, consumed energy commodities and other expenditures related to performing works on construction. Value of performed works excludes: value of subcontractors' works, expenditures of land purchase, design, supervision and VAT.

According to *Classification of Types of Constructions*, applied since 2004, which is completely harmonized with the same Classification of Eurostat, all constructions can be classified into: buildings and civil engineering.

Value on buildings includes value of performed works, both on residential and non-residential buildings.

Civil engineering, besides transport infrastructure (roads, railways, bridges, etc.) involves also works carried out on pipelines, complex industrial structures and other civil engineering n.e.c. (e.g. sport constructions).

5.1. Total value of goods export[2]

Total value of goods export from Serbia in the first quarter 2020 increased by 3.1%, relative to the same period 2019, while in March, inter-annual decrease of 10.8% was recorded.

Total export results were mostly influenced by manufacturing[33] increase of 3.3%, as it presents 91.2% of total export, and increase of 6.2% in the section of agriculture, forestry and fishing, which presented 6.8% of total export in the first quarter 2020.

Graph 5.1. Components of export's time series, indices
(y – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2019 = 100)

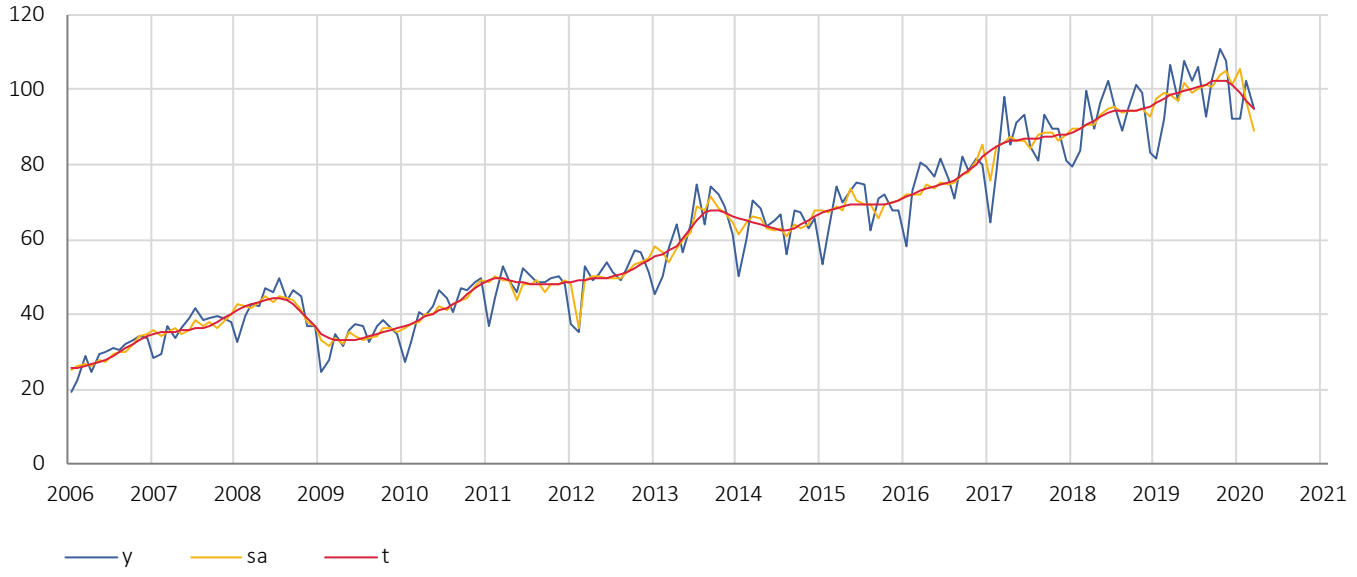


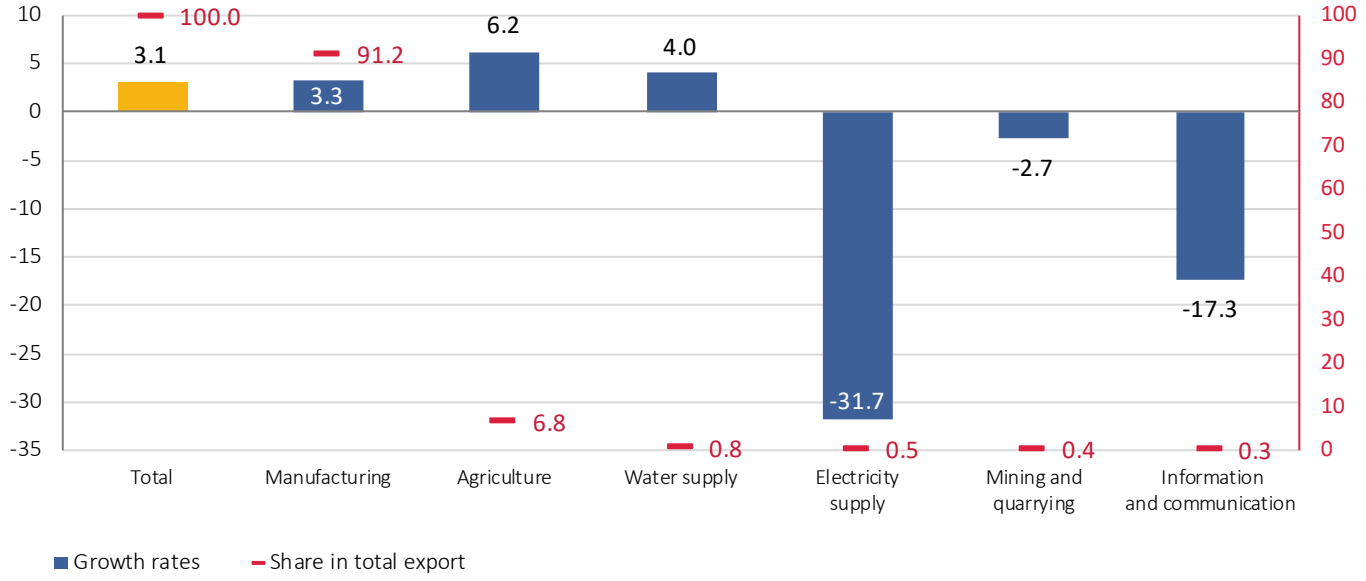
Table 5.1. Export of goods by CA (2010) sections, quarterly indices (%)
(comparison with the same period of the previous year)

	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1+Q2[1]
Export – total	109.1	106.6	108.1	109.0	106.9	106.6	107.7	109.6	103.1	**94**
Manufacturing	112.5	109.2	107.8	107.1	104.5	106.1	108.7	109.4	103.3	...
Agriculture, forestry and fishing	70.0	78.6	118.8	180.6	151.2	117.2	103.4	119.6	106.2	...
Mining and quarrying	121.9	91.2	91.0	90.2	88.3	93.8	100.2	96.4	97.3	...

[2] Prognosis.
[3] By current exchange rate, EUR.

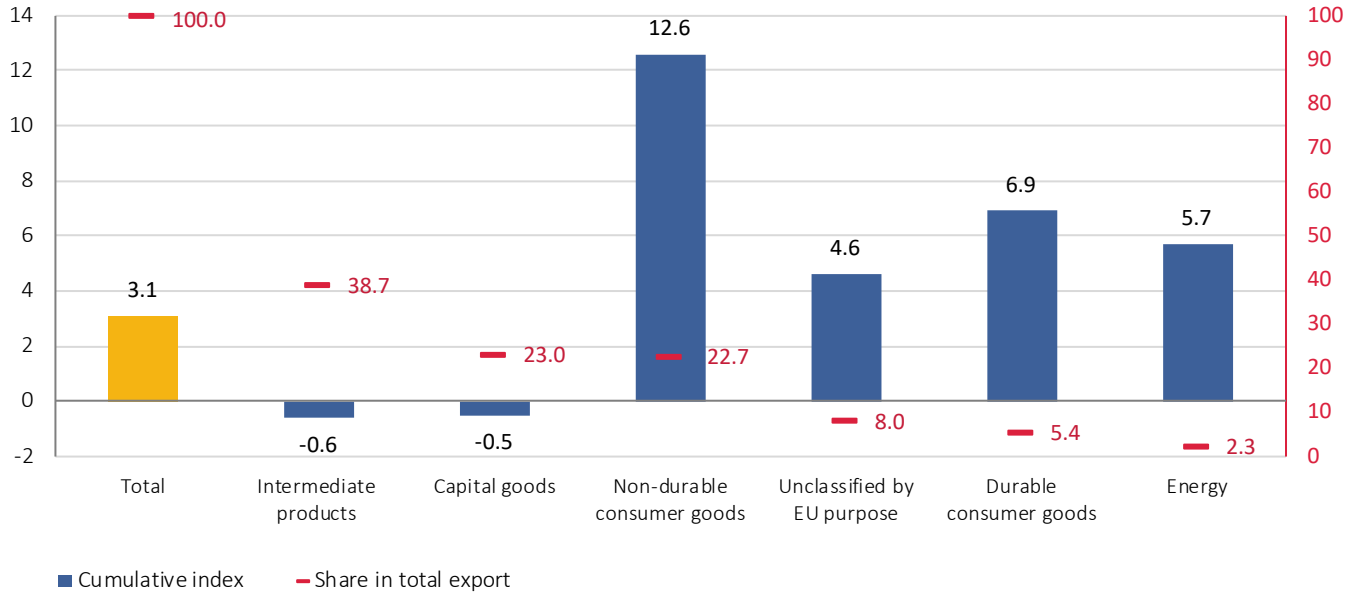
5. External trade

Graph 5.2. Cumulative growth rates of export by CA (2010) sections and sections' share in export (%)
(Q1 2020 relative to the same period 2019)



Observed by economic purpose, total export results in Q1 2020 were mostly influenced by non-durable consumer goods (increase of 12.6%, and share of 22.7%).

Graph 5.3. Cumulative growth rates of exports according to the economic purpose of the European Union (%)
(Q1 2020 relative to the same period 2019)



5.2. Total value of goods import [4]

Total value of goods import in Serbia in the first quarter 2020 increased by 7.7% relative to the same period 2019. Import results were mostly influenced by the section of manufacturing (increase of 8.8%), as it presents 75.4% of total imports, and 13.3% increase in the section of mining and quarrying (9.8% of total imports in Q1 2020).

Graph 5.4. Components of import's time series, indices

(y – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2019 = 100)

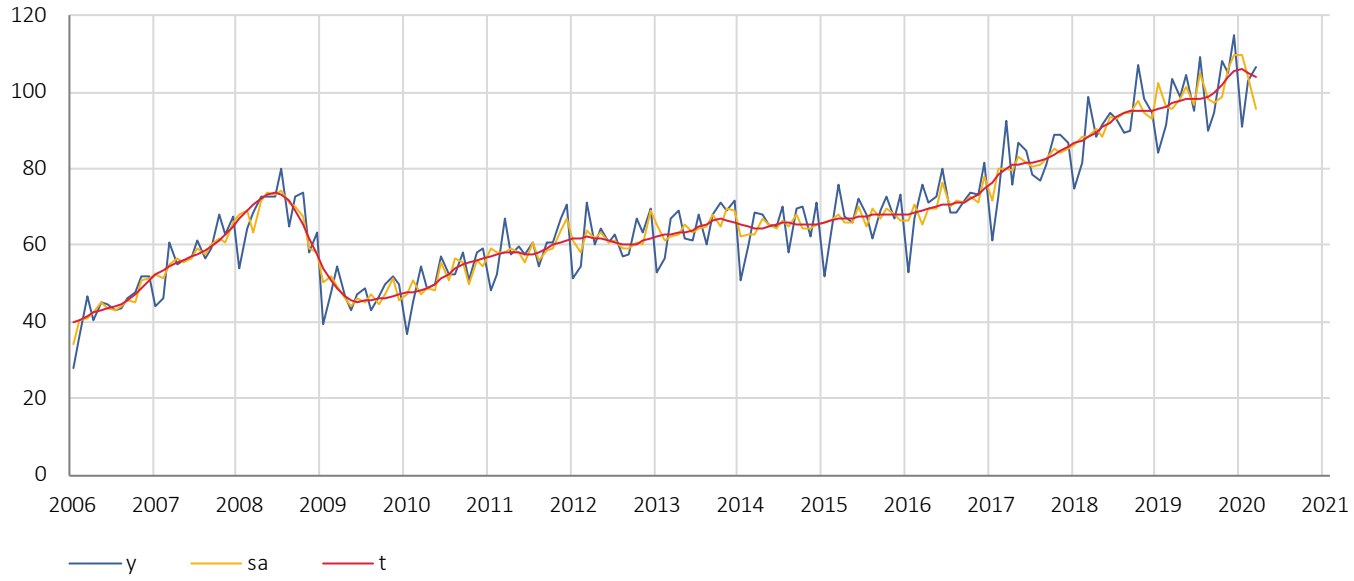


Table 5.2. Import of goods by CA (2010) sections, quarterly indices (%)

(comparison with the same period of the previous year)

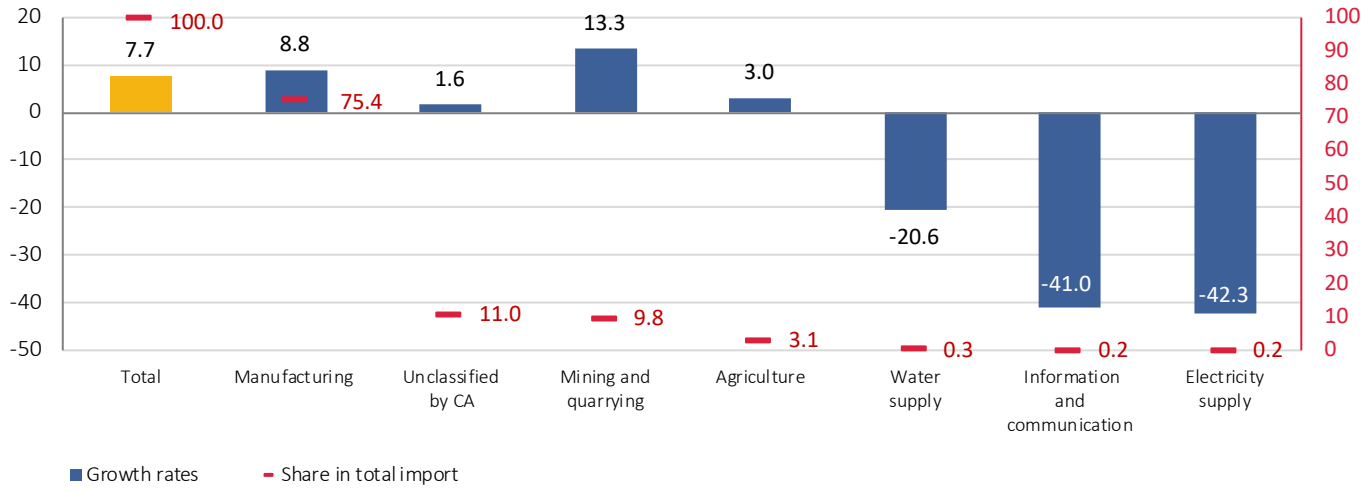
	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1+Q2[1)]
Import – total	112.6	111.0	115.1	113.4	109.5	108.9	107.8	109.5	107.7	**95**
Manufacturing	118.6	109.9	110.6	109.3	107.0	109.9	111.9	113.1	108.8	...
Agriculture, forestry and fishing	99.7	90.9	85.1	78.2	110.5	121.2	95.8	101.3	103.0	...
Mining and quarrying	100.9	118.2	141.3	147.2	112.8	104.9	98.9	107.0	113.3	...

[1] Prognosis.

[4] Current exchange rate, EUR.

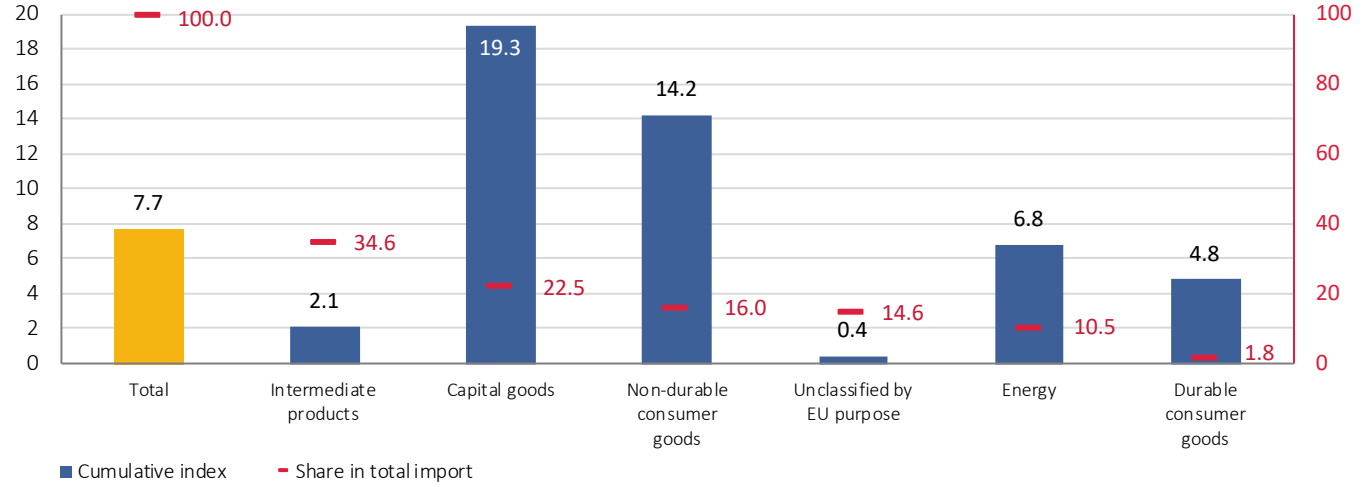
5. External trade

Graph 5.5. Cumulative growth rates of import by CA (2010) sections and sections' share in import (%)
(Q1 2020 relative to the same period 2019)



Observed by MIGs, the greatest influence on total import increase in Q1 2020 related to intermediate products (share of 34.6%, increase of 2.1%) and capital goods (share of 22.5%, increase of 19.3%).

Graph 5.6. Cumulative growth rates of imports according to the economic purpose of the European Union
(Q1 2020 relative to the same period 2019)



5.3. The most significant external trade partners

Table 5.3. The major external trade partners

Export	EUR mill.
Germany	550.4
Italy	413.7
Bosnia and Herzegovina	291.0
Romania	248.9
Russian Federation	223.4

Import	EUR mill.
Germany	768.1
Russian Federation	718.2
China	592.6
Italy	489.7
Hungary	303.9

The most significant external trade partners in the first quarter 2020 were the countries with which Serbia has signed agreements on free trade. The EU member countries account for 60.5% of total external trade, followed by CEFTA countries. The major external trade partners are separately presented in Table 5.3.

5.4. Manufacturing (C)

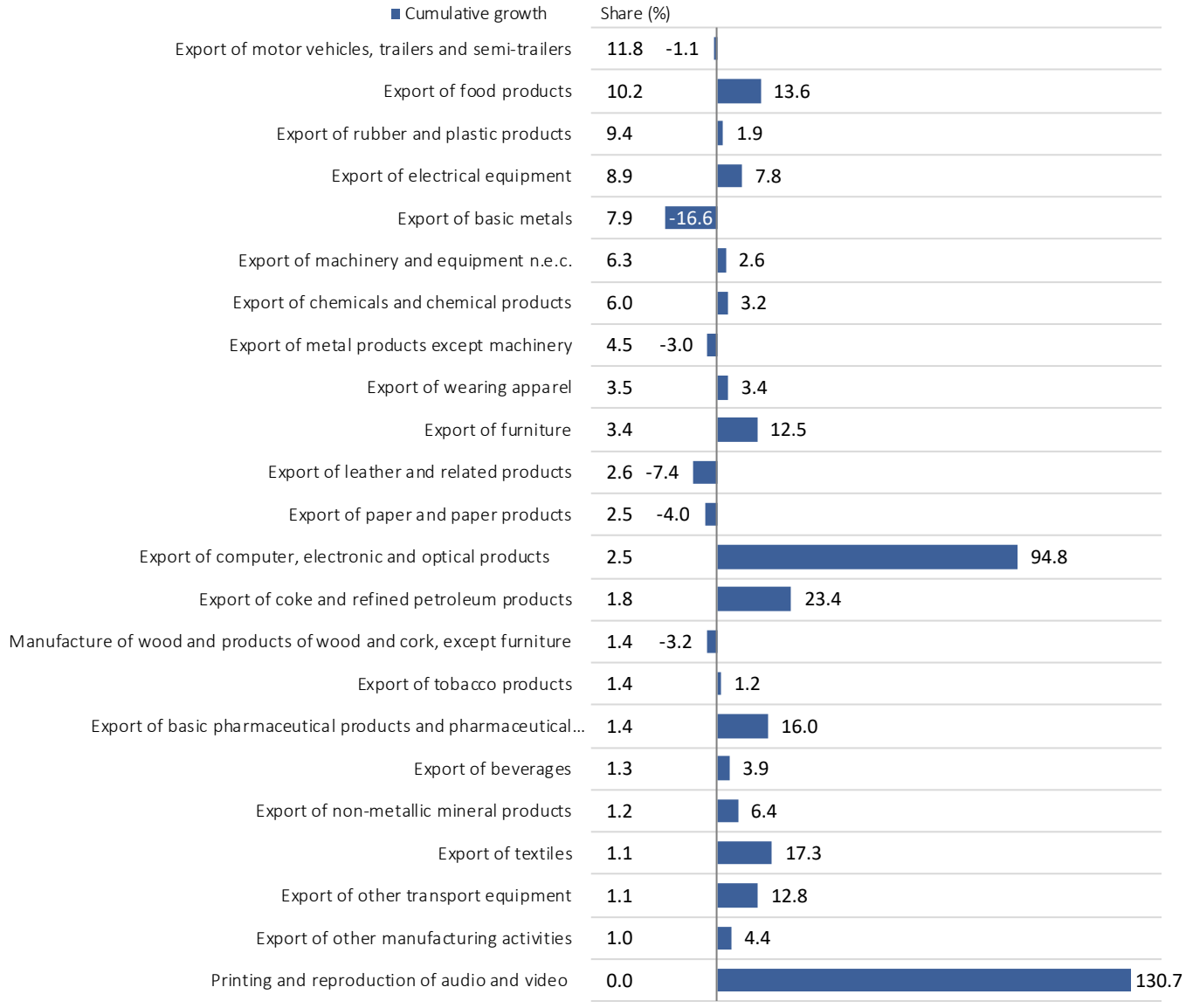
(share of 91.2% in total export and 75.4% in total import)

Export of manufacturing recorded growth of 3.3%, relative to the first quarter 2019. Out of 23 divisions, cumulative decrease was noted in 6 divisions, mutually participating in total export with 30.7%.

Export of motor vehicles and trailers and semi-trailers the division with the highest separate export value (EUR 500.6 mill.), but with decreased share in total export, recorded cumulative fall of 1.1%, from 12.3% in the same period of the previous year, to 11.8%.

Export of food products, division with the export value of EUR 433.5 mill. recorded cumulative growth of 13.6% and increased share in total export- from 9.3% in the previous year to 10.2%.

Graph 5.7. Export of manufacturing by divisions, cumulative growth (%)
(Q1 2020 relative to the same period 2019, by descending share in total export)

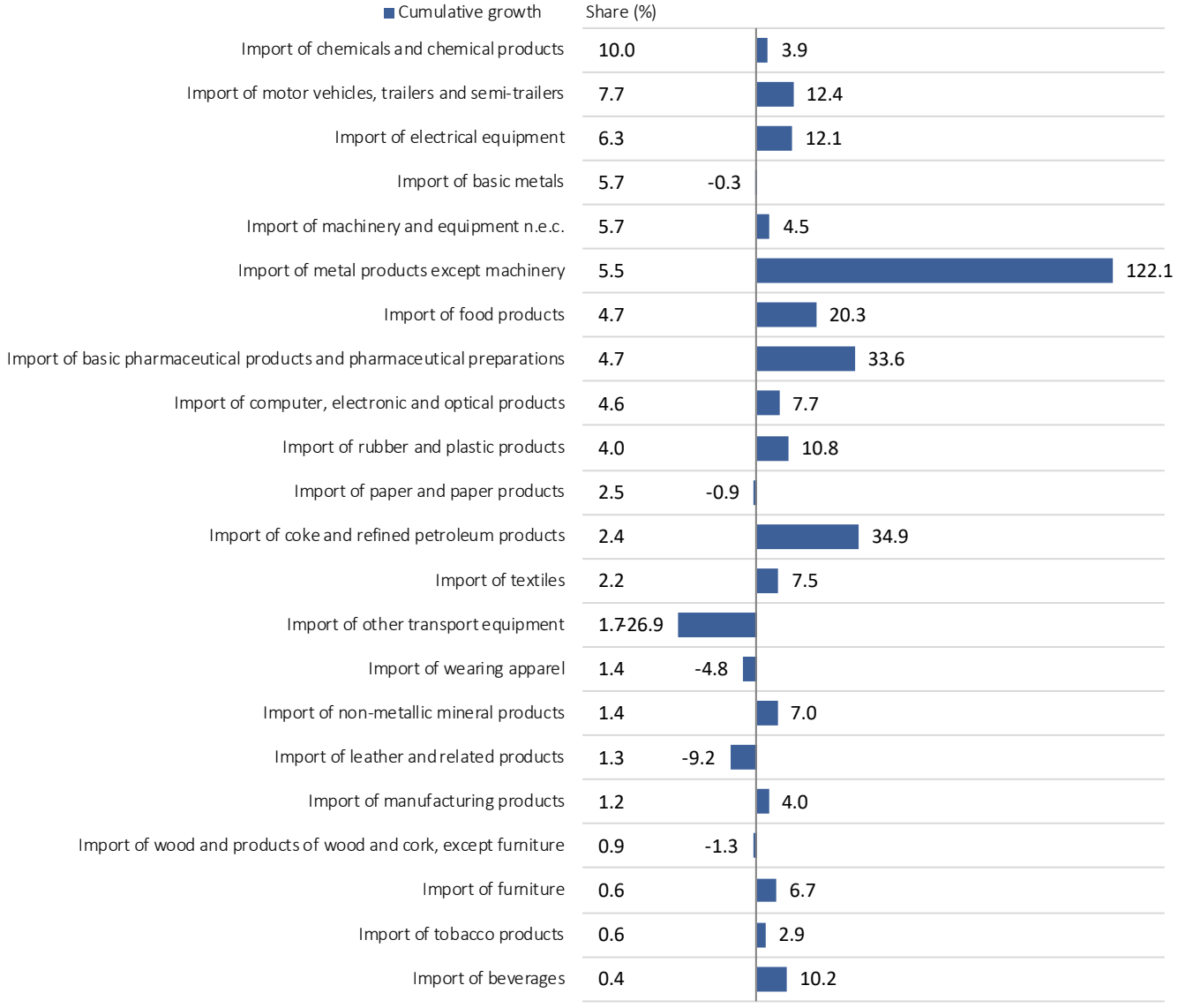


5. External trade

Import of manufacturing in the first quarter 2020 relative to 2019 recorded increase of 8.8%. Such result was mostly influenced by increased import of chemicals and chemical products (3.9%, with share of 10.0% in total import), machinery and equipment, i.e. (increase of 12.4%, share of 7.7%), and electrical equipment (increase of 12.1% and share of 6.3%).

On the other hand, import of basic metals noted fall of 0.3% and decreased share in total imports, from 6.2% in 2019 to 5.7%.

Graph 5.8. Import of manufacturing by divisions, cumulative growth (%)
(Q1 2020 relative to the same period 2019, by descending share in total import)



5.5. Agriculture, forestry and fishing (A)

(share of 6.8% in total export and 3.1% in total import)

Export in this section in Q1 2020 realized increase of 6.2%, while the share remained on similarly the same level (6.7%, i.e. 6.8%) relative to 2019. The most significant division of this sector, Agriculture production, hunting and service related activities, participating with 98.4% in total export of the section, noted increase of 5.9%. Registered was increased export of pome and stone fruit of 46.8% and export of plants propagation, of 50.3%, i.e. the classes participating with 20.7% in export of the whole section, as well as decreased export of cereals (except rice), leguminous crops and oil seeds of 3.7%, i.e. the class of CA that presents about 66% of export of the whole section.

Import recorded increase of 3.0%, while the share in total import remained on the same level (3.1%) relative to the same period of the previous year. This result was the most contributed by increased import of citrus fruits (38.8%), import of cereals (except rice), leguminous crops and oil seeds (10.7%) and import of tropical and subtropical fruits (10.9%). On the other hand, realized was cumulative decrease of 5.8% in import of vegetables, root and carotid plants' and import of tobacco of 26.9%. As these classes of CA (2010) make 70.1% of total import of the whole section, it can be said that structure of import in this section has been significantly changed relative to the previous year.

5.6. Mining and quarrying (B)

(share of 0.4% in total export and 9.6% in total import)

The section of Mining and quarrying noticed cumulative export decrease of 2.7% relative to Q1 2019. Decreased export in this section was mostly caused by decreased export of metal ores (4.0%) as it presents 76.9% of export of the whole section of Mining and quarrying.

Import of this section recorded growth of 13.3%, mostly caused by increased import (38.0%) of crude petroleum and natural gas, which make 78.6% of total section's import.

Glossary

Unclassified goods by CA (2010), involves storage goods, goods in free zone, as well as goods for which customs tariff is not entered/ filled.

6. Domestic trade

6.1. Retail trade turnover

(Division 47 of the Classification of Activities)

Retail trade turnover in the period January – March 2020, relative to the same period 2019, increased by 11.4% at current and by 10% at constant prices.

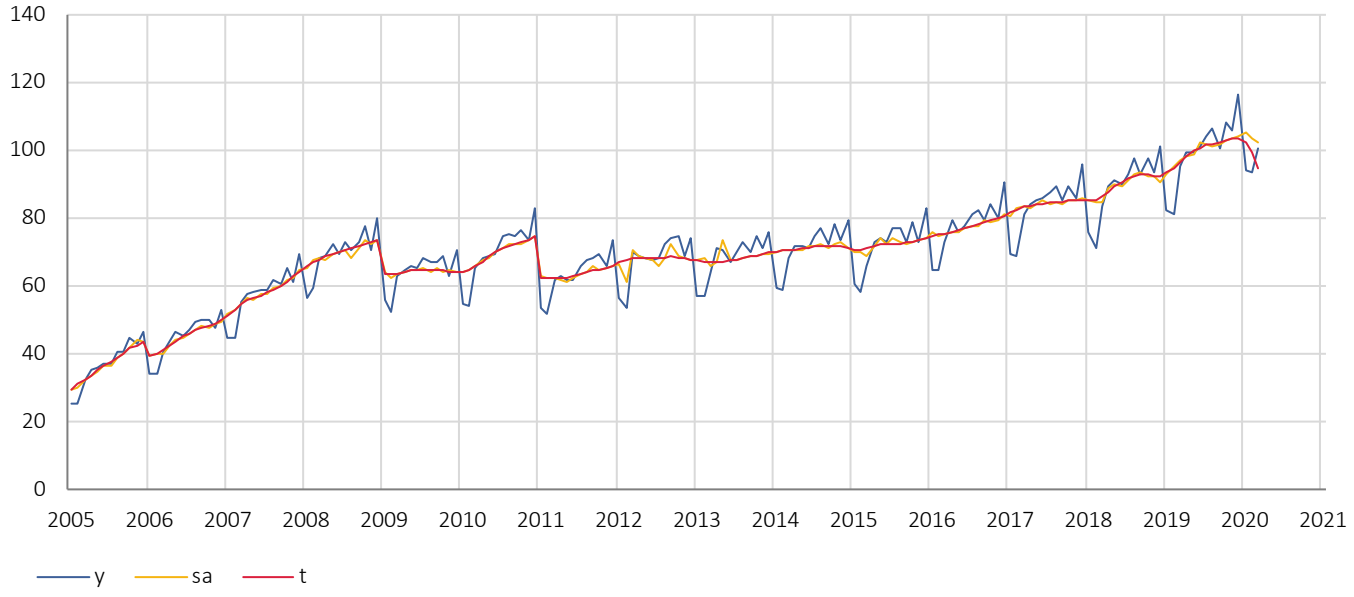
Table 6.1. Retail trade turnover, quarterly indices (%)
(comparison with the same period of the previous year)

	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1+Q2[1]
Current prices	104.7	105.8	108.6	107.9	112.4	110.7	109.5	112.9	111.4	102.5
Constant prices[2]	103.5	103.6	105.1	105.0	109.4	108.0	108.5	111.7	110.0	101.0

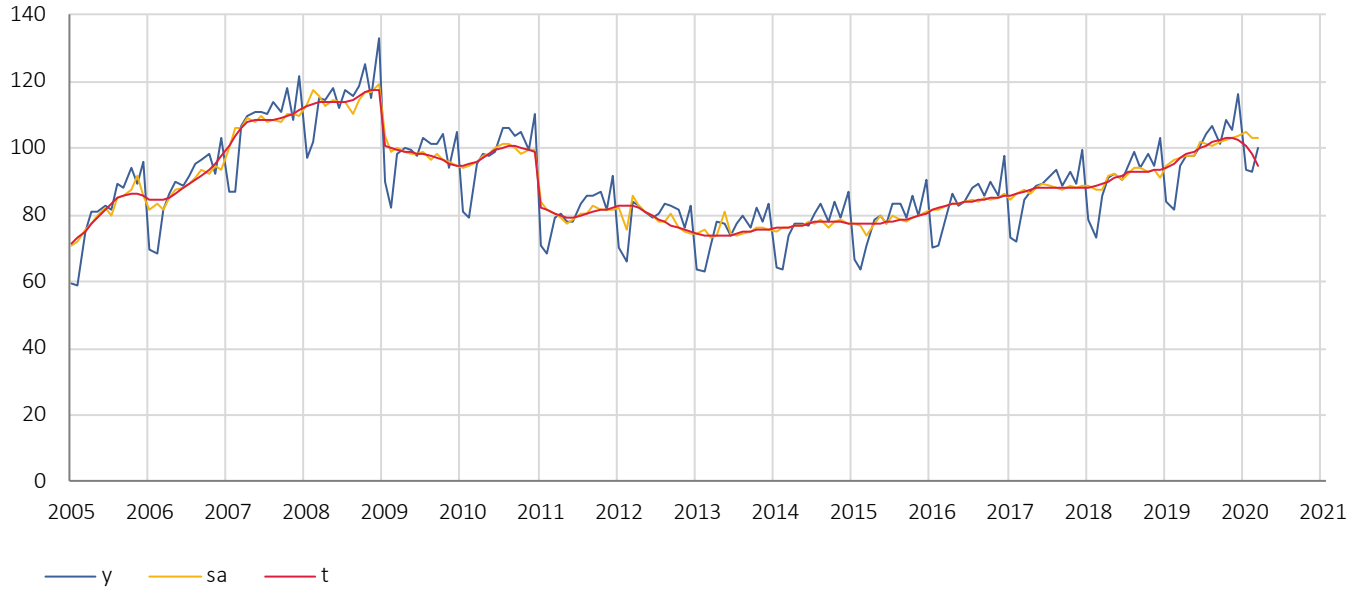
[1] Prognosis
[2] Indices are recalculated through monthly indices at constant prices.

Observed relative to 2019 average, in the first three months 2020, expected seasonal fall in retail trade was observed, both at current and at constant prices. The long-term trend in the first quarter 2020 was decreasing and below the last year's average (on average, by 1.3% at current and by 2.1% at constant prices).

Graph 6.1. Components of time series of retail trade turnover at current prices, indices
(y – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2019 = 100)

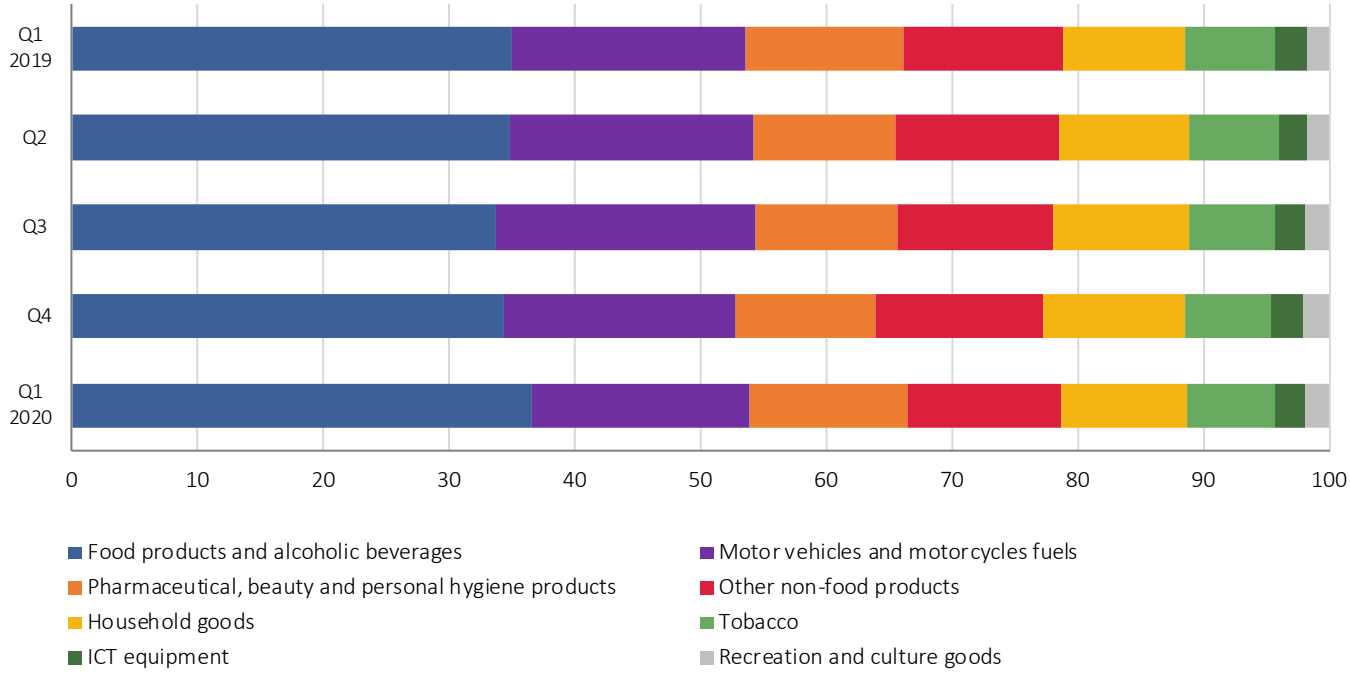


Graph 6.2. Components of time series of retail trade turnover at constant prices, indices
(y – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2019 = 100)



Observed by **trade divisions and commodity groups**, in the first quarter 2020, similar as in the previous quarters, in turnover structure in retail trade, the most notable were food products and alcoholic beverages (36.6%), followed by motor vehicles and motorcycles fuels (17.3%) and other non-food products (12.1%).

Graph 6.3. Structure of retail trade turnover by trade divisions and commodity groups (%)



6. Domestic trade

6.2. Wholesale trade turnover

(Division 46 of the Classification of Activities)

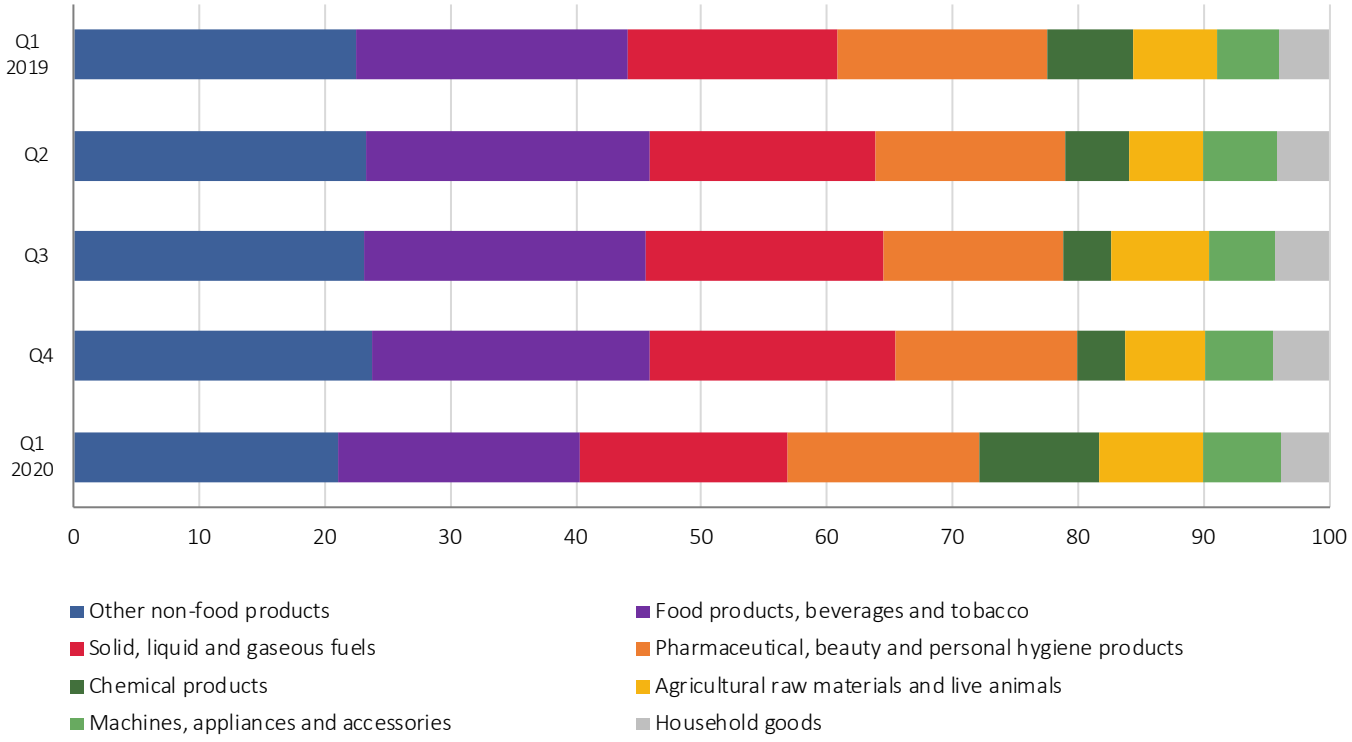
Wholesale trade turnover in the first quarter 2020, compared with the same quarter 2019 noted increase of 1.9% at current prices.

Table 6.2. Wholesale trade turnover, quarterly indices (%)
(comparison with the same period of the previous year)

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Current prices	104.3	110.2	111.5	107.6	107.8	104.1	103.8	107.1	101.9

Observed by **trade divisions and commodity groups**, in wholesale trade turnover, in the first quarter of 2020, the most notable were other non - food products (21.0%), followed by food products, beverages and tobacco (19.3%), solid, liquid and gaseous fuels (16.5%) and pharmaceutical, beauty and personal hygiene products (15.4%).

Graph 6.4. Structure of wholesale trade turnover by trade divisions and commodity groups (%)



6.3. Turnover in wholesale and retail trade and motor vehicles repair
(Division 45 of the Classification of Activities)

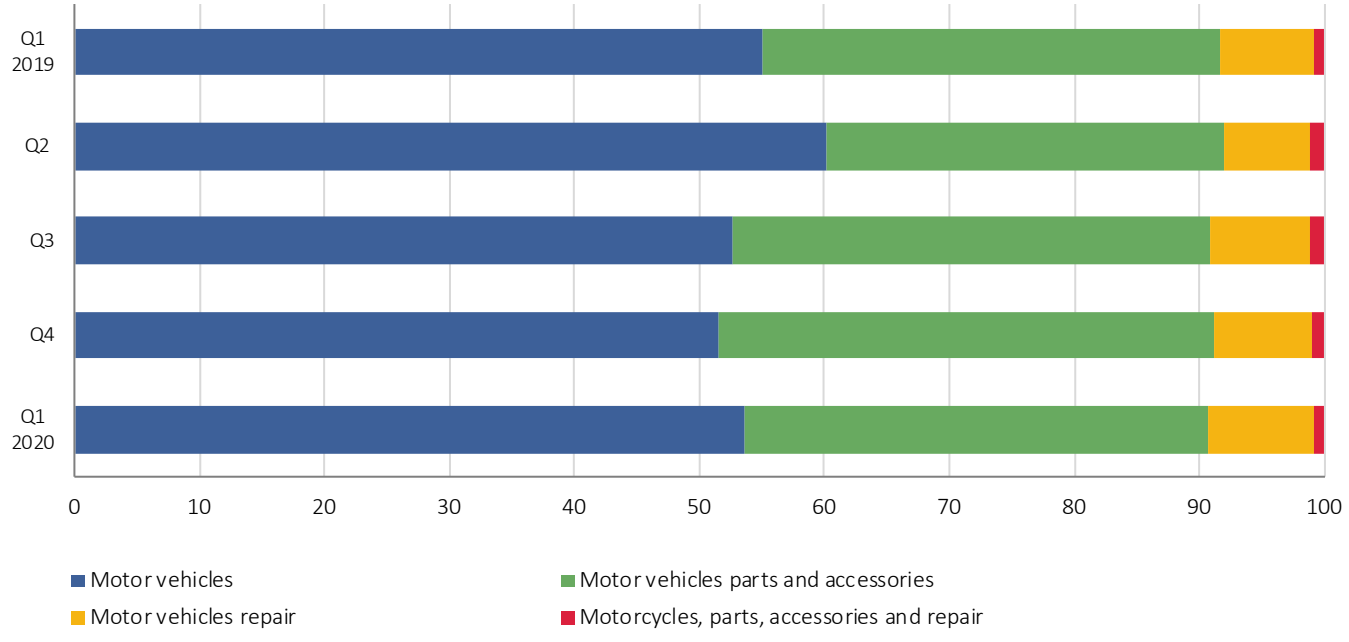
Turnover of goods in wholesale and retail trade and repair of motor vehicles in the first quarter 2020, relative to the same quarter 2019, recorded decrease of 4.1% at current prices.

Table 6.3. Turnover in wholesale and retail trade and motor vehicles repair, quarterly indices (%)
(comparison with the same period of the previous year)

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Current prices	104.1	108.4	113.4	112.2	113.3	111.8	108.8	111.0	95.9

Observed by **trade divisions and commodity groups,** in the first quarter 2020, relative to the fourth quarter 2019, there were no significant changes regarding the structure of wholesale and retail trade turnover and motor vehicles repair. The most notable were motor vehicles (53.6%), followed by motor vehicles parts and accessories (37.1%).

Graph 6.5. Structure of wholesale and retail trade turnover and motor vehicles repair by trade divisions and commodity groups (%)



Note:

Goods turnover indices of retail trade at constant prices are obtained by deflating the indices at current prices with appropriate consumer price indices, which exclude: water (from public utilities systems), electricity and motor vehicles, motorcycles and parts thereof.

7. Prices

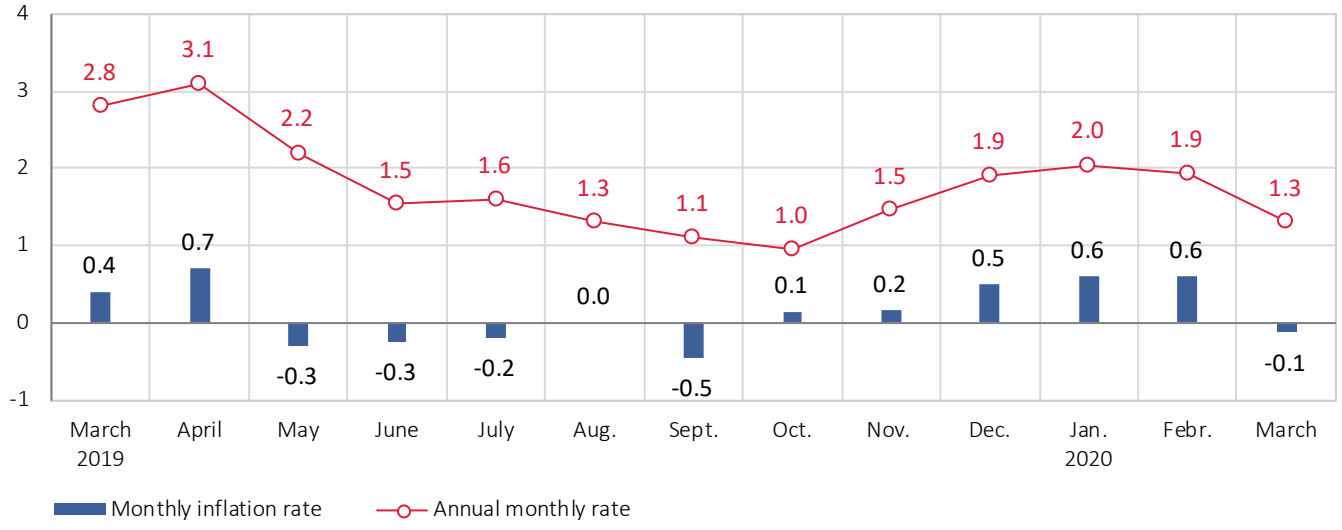
У Q1 2020, consumer prices saw a year-on-year growth of 1.8%, being in the scope of the interval targeted by the National Bank of Serbia for 2020, being 3% ± 1.5 p. p.

Table 7.1. Consumer prices, quarterly inflation rate (%)
(quarter relative to the same quarter of the previous year)

	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2[1]
Consumer price (CPI)	2.4	2.3	1.3	1.4	1.8	**0.7**

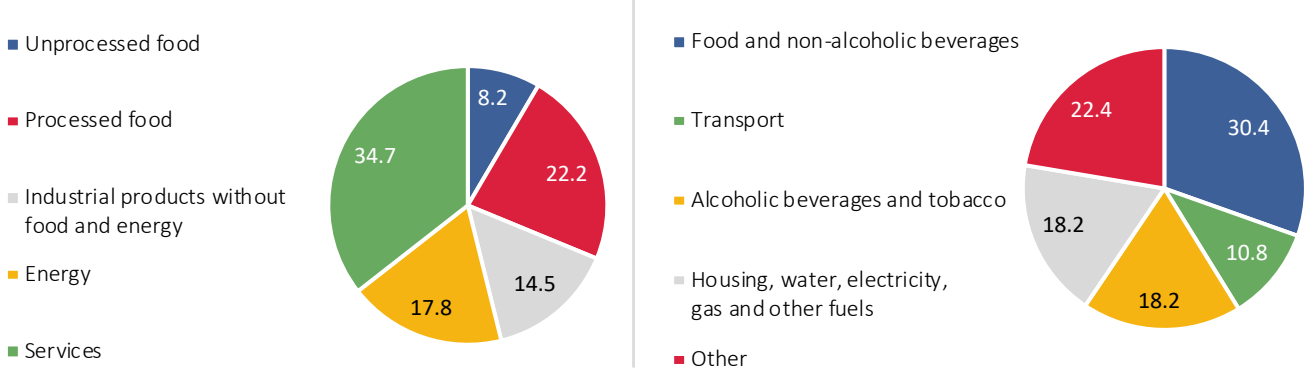
[1] Forecast based on the leading indicator (CPI).

Graph 7.1. Inflation rate measured by consumer price indices, March 2019 – March 2020 (%)
(monthly – month to the previous month; annual – month to the same month of the previous year)



Observed by purpose, the largest influence on the total consumer price growth in Q1 2020 was that of prices of processed food and prices of services. Observed by main divisions of consumption, the largest contribution was that of prices of food and non-alcoholic beverages, and alcoholic beverages and tobacco, as well as of housing, water, electricity, gas and other fuels.

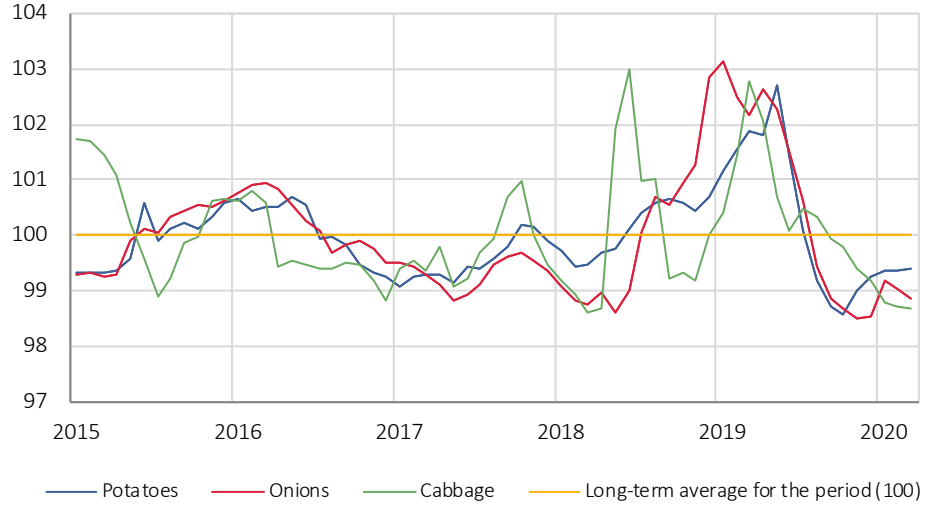
Graph 7.2. Structure of the average year-on-year consumer price growth rate in Q1 2020 by purpose and main groups of products (%)



7.1. Food and non-alcoholic beverages (contribution to the year-on-year growth rate of 0.5 p. p.)

Vegetables

Graph 7.3. Retail prices of potatoes, onions and cabbage, seasonally adjusted, detrended and standardized index of deviation from the average for the period (100), January 2015-March 2020.

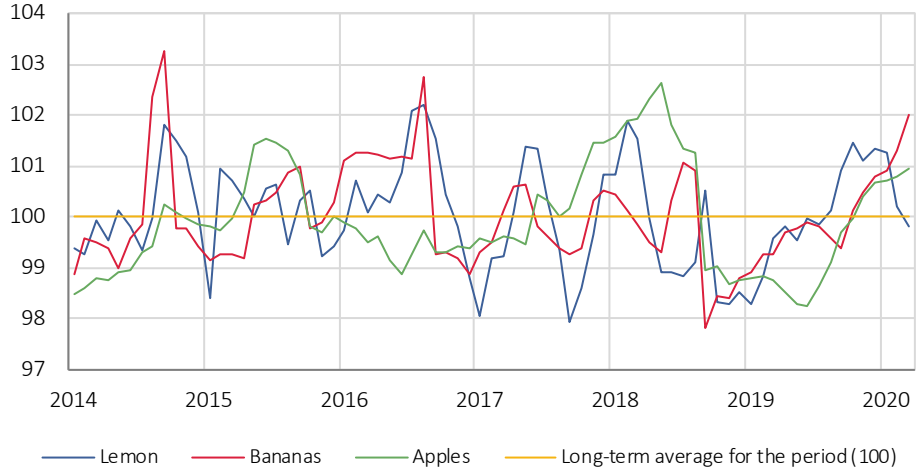


In Q1 2020, the price of vegetables was the only deflationary element with an average year-on-year fall of 11.2%.

In the structure of the total year-on-year fall of prices of vegetables in Q1, the fall of potatoes prices accounted for 35.7%, cabbage for 33.9% and onions for 21.4%. The index of producers' prices of vegetables follow fully cyclical movement of average retail prices of vegetables and in Q1 2020 it saw a year-on-year fall of 27.2%.

Fruit

Graph 7.4. Movement of retail prices[5] of lemons, bananas and apples; seasonally adjusted, detrended and standardized index of the average for the period (100), January 2014-March 2020



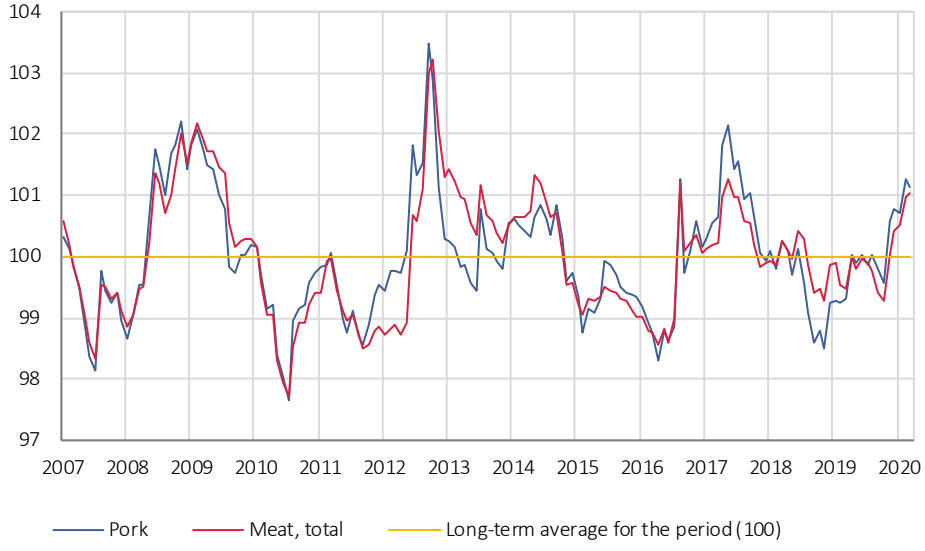
In the total structure of annual growth rates of the prices of food and non-alcoholic beverages in Q1 2020, the increase of 8.1% in prices of fruit, along with meat, was the largest inflationary element. Bananas, apples and lemon impacted the most the prices in Q1 2020.

[5] Even though bananas, apples, nuts and oranges have the largest share in the structure of the prices of the total basket of fruit, the most representative indicators of the total price of fruit are apples and nuts, which cycles of retail prices are highly correlated to the average price of the total basket of fruit during the whole period from 2007.

7. Prices

Meat

Graph 7.3. Retail price of meat (total) and pork, index of deviation from the average for the period (100), seasonally adjusted, detrended and standardized data, January 2007- March 2020



In Q1 2020, the year-on-year growth of meat price (6,4%) had the largest positive contribution to the increase in food prices.
In the structure of the year-on-year growth of meat price in Q1 2020, the rise in meat price accounted for even 79.7%, while the remnant referred to minor rises of dried, smoked and salted meat and other types of meat. Also, it is worth mentioning that the crisis and lesser export agreement for beef to China and Turkey led to a significant year-on-year fall of the price of beef in Q1 by 6.7%, which contributed negatively to the total rate of meat price by 0.8 p. p.

7.2. Alcoholic beverages and tobacco (contribution to the year-on-year growth rate of 3 p.p.)

Price movement for the group of products alcoholic beverages and tobacco is dominantly determined by the price of tobacco[6].

Government levies since 1st January 2020 on one pack of cigarettes grew by 1.5 dinars and amount to RSD 73.4. Consequently, the year-on-year growth of tobacco price in the first quarter of 2010 amounted to 7.4% and accounted for 16.7% of the year-on-year increase in the total consumer prices in Q1, being at the level of an average of several years.

Table 7.2. Average structure of the contribution to the year-on-year growth of tobacco price

		2018				2019				2020
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Tobacco price, growth price, %		7.2	8.6	8.2	8.2	8.0	7.9	6.9	7.6	7.4
Contribution to the annual growth rate of tobacco, percentage points	**Fiscal levies**	5.1	6.1	5.9	5.9	5.7	5.4	4.8	5.2	5.0
	Specific excise	1.3	1.5	1.5	1.5	1.4	1.2	1.1	1.1	1.1
	Proportional excise (33%)	2.4	2.9	2.7	2.7	2.7	2.6	2.3	2.5	2.5
	VAT (20%)	1.4	1.7	1.6	1.6	1.6	1.6	1.4	1.5	1.5
	Other levies (merchant margins and producers' costs)	2.1	2.5	2.3	2.3	2.3	2.5	2.1	2.4	2.3

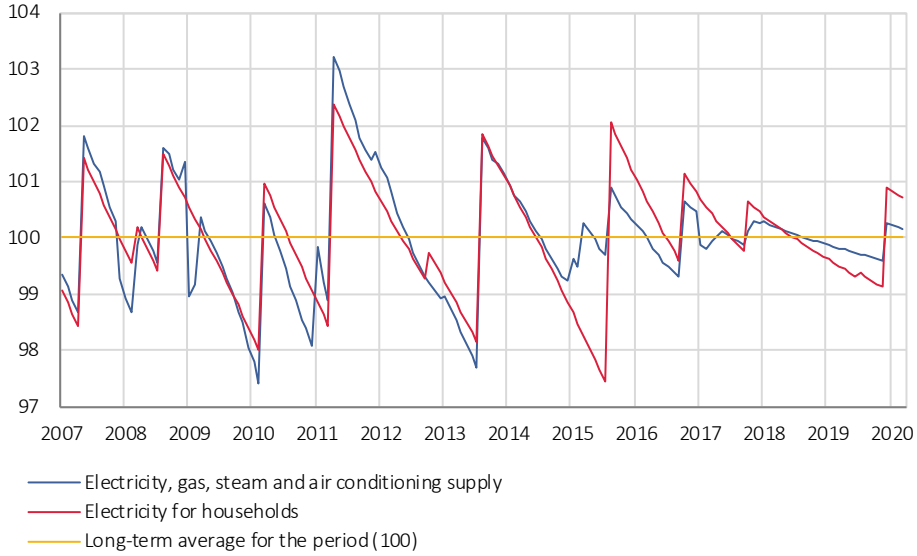
[6] Tobacco price is a result of a harmonised excise policy according to which, in conformity with the excise calendar 2018–2020, every January and June the specific excise on cigarettes is increased by 1.5 dinars, the proportional excise on cigarettes (33%) being included as well as VAT (20%).

Table 7.2. Average structure of the contribution to the year-on-year growth rate of tobacco (continued)

		2018				2019				2020
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Ratio of fiscal levies to other levies		2.5	2.5	2.5	2.5	2.4	2.1	2.3	2.1	2.1
Share in the annual growth rate of tobacco price	Fiscal levies, %	71.5	71.2	71.4	71.4	70.9	68.2	69.6	68.2	68.2
	Other levies, %	28.5	28.8	28.6	28.6	29.1	31.8	30.4	31.8	31.8

7.3. Electricity, gas and other fuels (contribution of to the year-on-year growth rate of 0.3 p.p.)

Graph 7.6. Movement of prices of electricity for households and of producers' prices of the section Electricity, gas, steam and air conditioning supply, detrended and standardized data, index of deviation from the average for the period (100)



The growth of prices of the sub-class Electricity, gas and other fuels in the year-on-year growth rate of consumer prices in Q1 accounted for 16.7%.
Products and services of the division Gas, steam and air conditioning supply in Q1 2020 saw a year-on-year increase of 2.7%. The largest influence on this growth was that of the growth of prices of solid fuels and December increases in prices of electricity for households (which made the level of electricity price at the end of Q1 2020 to reach a year-on-year growth of 4.1%).

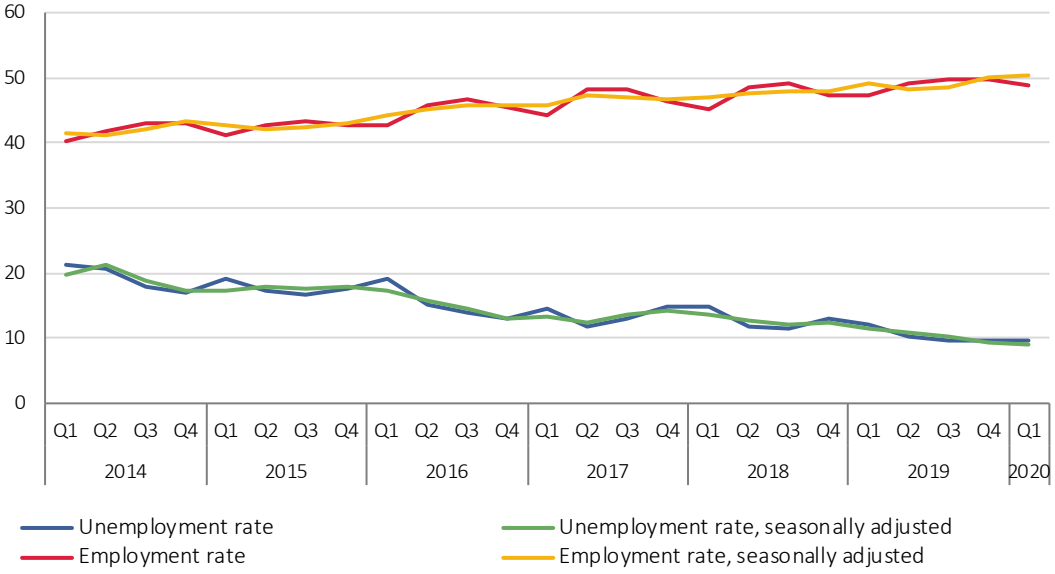
8. Labour market

In Serbia in the first quarter of 2020 there were 2.9 million employed persons and 310.3 unemployed persons aged over 15[7].

The unemployment rate was 9.7%, thus remaining at the same as in the fourth quarter of 2019. The number of unemployed persons decreased by 3.7 thousand.

When compared to the fourth quarter of 2019, the unemployment rate grew in Region Vojvodine (from 7.9% to 8.4%) and in Region Šumadije i Zapadne Srbije (from 10.8% to 11.5%). In Region Južne i Istočne Srbije the unemployment rate went down from 12.8% to 12.3%, and in Beogradski region from 7.6% to 7.1%.

Graph 8.1. Movement of employment and unemployment rate of persons aged 15 and over, Q1 2014 – Q4 2019
(quarterly frequency)



The unemployment rate in the fourth quarter of 2020 was 9.7%, and after eliminating the seasonal component 9.1%.

In the same period, the unemployment rate amounted to 48.7% , and after eliminating the seasonal component 50.4%.

Table 8.1. Activity, employment and unemployment rates - non-seasonally adjusted and seasonally adjusted values

	2019				2020
	Q1	Q2	Q3	Q4	Q1
Activity rate, %	**53.9**	**54.8**	**54.8**	**55.0**	**54.0**
Seasonally adjusted values	54.8	54.3	54.3	55.1	54.8
Eployment rate, %	**47.4**	**49.2**	**49.6**	**49.7**	**48.7**
Seasonally adjusted values	49.2	48.2	48.4	50.1	50.4
Unemployment rate, %	**12.1**	**10.3**	**9.5**	**9.7**	**9.7**
Seasonally adjusted values	11.3	10.8	10.1	9.3	9.1

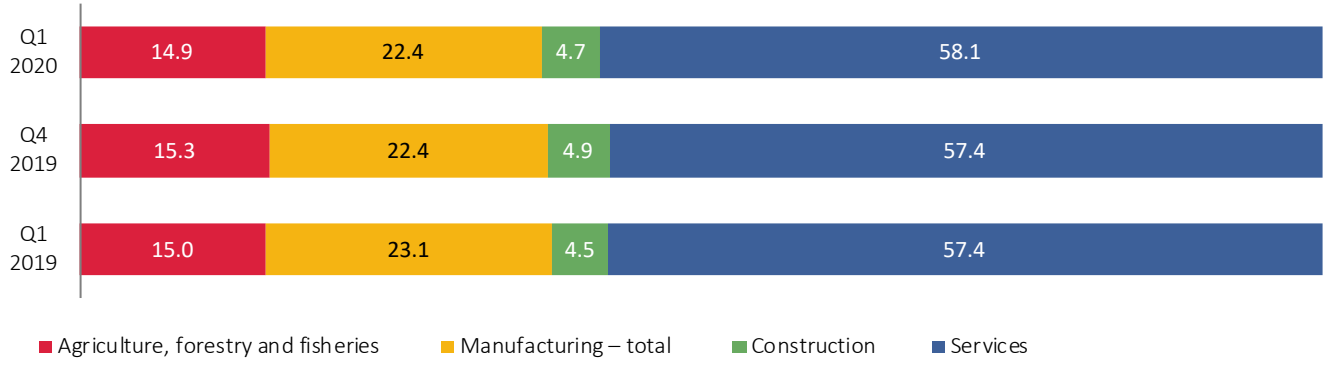
[7] All the data are retreived from the Labour Force Survey.

Table 8.2. Labour market – persons aged 15 and over
(quarterly data)

	Current quarter	Previous quarter		Same quarter of the previous year	
	Q1 2020 (in thous.)	Q4 2019 (in thous.)	Change, %	Q1 2019 (in thous.)	Change, %
Unemployment	310.3	314.1	-1.2	387.1	-19.8
Employment	2 877.4	2 938.2	-2.1	2 810.5	2.4
	%	%	change, p. p.	%	change, p. p.
Unemployment rate	9.7	9.7	0	12.1	-2.4
Employment rate	48.7	49.7	-1.0	47.4	1.4

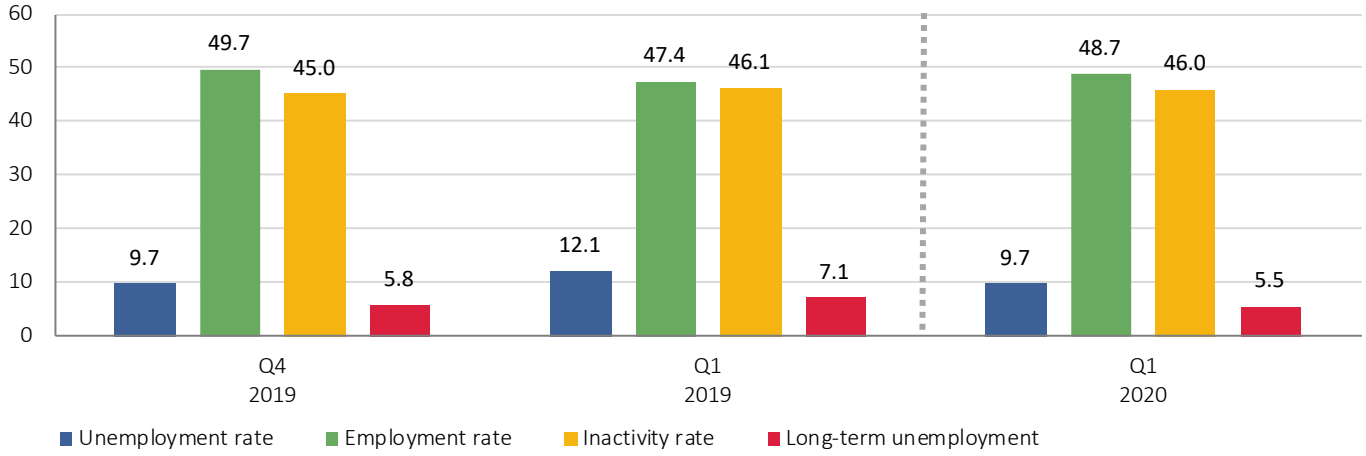
Observed by section, the largest number of employed in the first quarter of 2020 was recorded in the service section (58.1%), then in industry (22.4%) and agriculture (14.9%), and the smalllest in construction (4.7%). Such tendencies - increase in the employed in service section, and fall in the other sections - are present also in the global economy and in our country, according to ten-year trends in labour markets.

Graph 8.2. Share of employment by sections (%)



Even though fluctuating and under the influence of seasonal movements, labour market indicators indicate a decreasing tendency in unemployment and increase in employment and activity.

Graph 8.3. Labour market - major indicators for the previous quarter, the same quarter of the previous year and current quarter (%)



8. Labour market

8.1. Comparison with the same quarter of the previous year

When compared with the same quarter of the previous year, the number of **unemployment** persons decreased by 19.8% (from 387.1 thousand to 310.3 thousand). At the same time, the number of **employed** persons grew by 2.4% (from 2 810.5 in the first quarter of 2019 to 2 877.4 in the first quarter of 2020).

The **youth** unmeployment rate (aged from 15 to 24) in the first quarter of 2020 was 25.5%, by 6.9 p. p. lower than in the first quarter of 2019 when it amounted to 31.4%. The highest youth unemployment was recorded in Region Južne i Istočne Srbije (30.7%), and the lnjest in Beogradski region (20.6%).

The **long-term unemployment** rate (share of persons being unemployed more than one year among the active population aged 15 and over) amounted to 5.,5%, by 1.6 p. p. less than in the first quarter of 2019 (when it was 7.1%).

Observed **by sex**, in the first quarter of 2020, unemployment rates among women of 10.2% and among men 9.3% were registered. When compared with the same quarter of 2019, the unemployment among women was lower by 1.9 p.p, and among men by 2.8 p. p. Observed **by region**, the unemployment for **men** went down in all the regions: in Beogradski region from 9.6% to 7.4%, in Region Vojvodine from 10.6% to 8.9%, in Region Šumadije i Zapadne Srbije from 13.3% to 10%, and in Region Južne i Istočne Srbije from 15% to 11.4%.

Similar movements were recorded among the **female population** – unemployment rate decreased in all four regions: in Beogradski region, from 10.3% to 6.8%, in Region Vojvodine, from 9.8% to 7.8%, in Region Južne i Istočne Srbije, from 14.6% to 13,.%, and in Region Šumadije i Zapadne Srbije, from 14.3% to 13.4%.

Observe by **professional status**, compared with the same quarter of 2019, the number of employed persons fell on in the category of the self-employed (by 0.2%), while the category of contributing family members and employees saw an increase in the number of employed persons by 2.4% and 3.2%, respectively.

Table 8.3. Employment by professional status, comparison Q1 2019 – Q1 2020

	Q1 2019 (in thous.)	Q1 2020 (in thous)	Change, %
Employed persons – total	**2 810.5**	**2 877.4**	**2.4**
Self-employed	630.5	629.4	-0.2
Employed	2 038.1	2 102.7	3.2
Contributing family members	141.9	145.3	2.4

8.2. Comparison with the previous quarter

When compared with the previous, fourth quarter of 2019, the number of **unemployed** persons decreased by 3.8 thousand, and the number of **employed persons** by 60.8 thousand.

The **youth** unemployment rate (aged from 15 to 24) in the first quarter of 2020 was 25.5%, by 3.6 p. p. lower than in the fourth quarter of 2019, when it reached 29.1%. The **long-term unemployment** rate amounted to 5.5%, by 0.3p. p. lower than in the fourth quarter of 2019 (when it was 5.8%).

Observed **by sex**, the unemployment rate is the first quarter of 2020 was higher among men by 0.2 p. p. and among women lower by 0.1 p.p, compared with the fourth quarter of 2019. Unemployment rates for the **men** increased in two regions: in Beogradski region, from 5.9% to 7.4%,and in Region Vojvodine, from 8.5% to 8.9%. In Region Šumadije i Zapadne Srbije the unemployment rate went down from 10.1% to 10%, and in Region Južne i Istočne Srbije, from 12.2% to 11.4%.

Among **women** the unemployment rate decreased in Beogradski region, from 9.5% to 6.8%, and in Region Južne i Istočne Srbije, from 13.6% to 13.5%. In the remaining two regions it increased: in Region Šumadije i Zapadne Srbije, from 1.7% to 13.4% and in Region Vovjovine from 7.1% to 7.8%.

Observed by **professional status**, compared with the previous quarter, the number of employed persons increased only in the category of contributing family members (by 8.4%), while the categories of the self-employed and employees saw a decrease in the number of employed persons, from 8.1% and 0.8%, respectively

Table 8.4. Employed by professional status, comparison Q4 2019 – Q1 2020

	Q4 2019 (in thous.)	Q1 2020 (in thous.)	Change in %
Employed persons –total	**2 938.2**	**2 877.4**	**-2.1**
Self-employed	684.7	629.4	-8.1
Employed	2 119.5	2 102.7	-0.8
Conbributing family members	134.0	145.3	8.4

Glossary

Unemployed persons are persons aged 15 and over who did not perform any paid job in the reference week, sought actively a job during four weeks preceding the reference week, and who were ready to start working within two weeks after the reference week.

Employed persons are persons aged 15 and over who performed a paid job for at least one hour in the reference week (in cash or in kind), as well as persons who had an employment but who were absent from work in that week.

Active population (labour force) includes employed and unemployed persons aged 15 and over.

Employment rate is the share of employed persons in the total population aged 15 and over.

Unemployment rate is the share of unemployed persons in the total number of active population aged 15 and over.

Activity rate is the share of active population in the total population aged 15 and over.

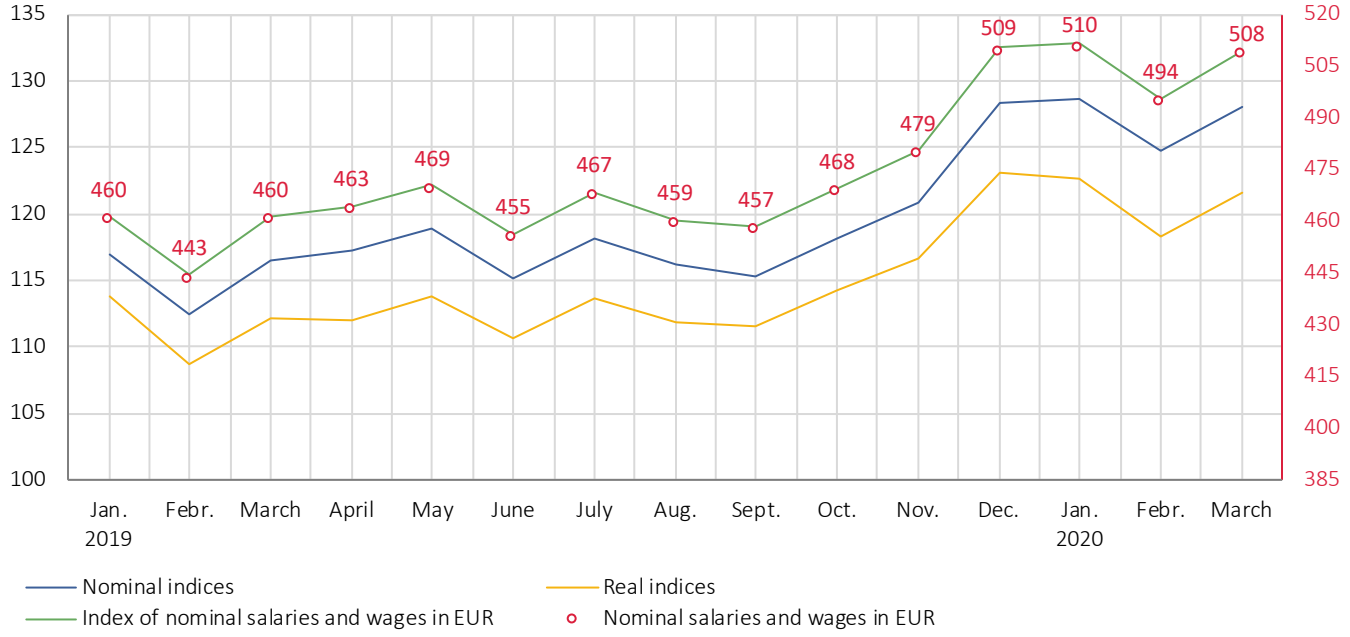
9. Salaries and wages

The average net salaries and wages calculated in the Republic of Serbia for the **first quarter of 2020** amounted to RSD 59 254. When compared with the same period of the previous year, they were nominally up by 10.3%, and by 8.3% terms.

Table 9.1. Net salaries and wages - real and nominal indices
(comparison with the same period of the previous year)

	2017				2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Real indices	101.1	100.8	100.9	100.1	103.8	104.5	104.2	105.3	106.9	107.6	109.5	110.4	110.3
Nominal indices	104.2	104.6	103.9	103.0	105.5	106.4	106.7	107.5	109.5	110.0	110.9	112.0	108.3

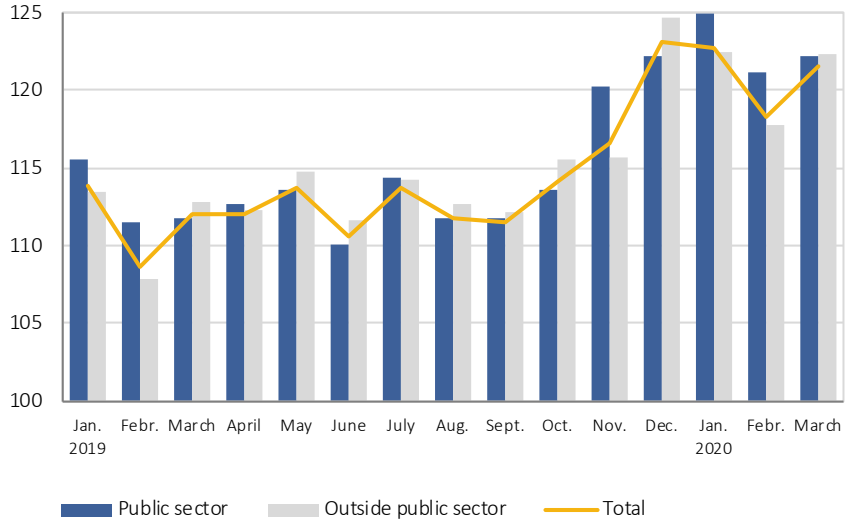
Graph 9.1. Net salaries and wages, movements of nominal and real indices
(average 2017 = 100)



In the observed period, from the beginning of 2019, nominal salaries and wages follow the trends in the real economy and budget, adapting themselves at the same time to market indicators, i.e. offer and demand for labour force.

After having exceeded for the first time EUR 400 in December 2017, average net salaries and wages were, during the whole 2019, above EUR 400. In January, they reached EUR 510, which was at the same time the highest value recorded in the observed period.

Graph 9.2. Net salaries and wages in and outside the public sector, and total
(real indices, average 2017 = 100)



Average net salaries and wages calculated for the first quarter of 2020 amounted to RSD 66 936 in public secotr and RSD 55 793 outised it.

Even though salaries and wages in the public sector were for a long time higher that those outside the public sector, this ratio is currently relative. Namely, the successive growth of salaries and wages in the public sector made them grow at the same time outside the public sector, which has resulted in the increase in total salaries and wages. The policy of salaries and wages management in the public sector has proved itself as a trigger of the impulse of internal demand and regulator of flluctuations on the labour market

Graph 9.3. Average net salaries and wages, per employee, in the public sector
(jan. – march 2020)

Public sector – total	RSD 66 936
Public state-owned enterprises	RSD 81 755
Public local enterprises	RSD 59 388
Administration – all the levels	RSD 70 812
Government level	RSD 73 646
Level of autonomous province RSD	80 880
Level of local authorities	RSD 56 323
Health professionals and social work RSD	61 992
Education and culture	RSD 62 243

9. Salaries and wages

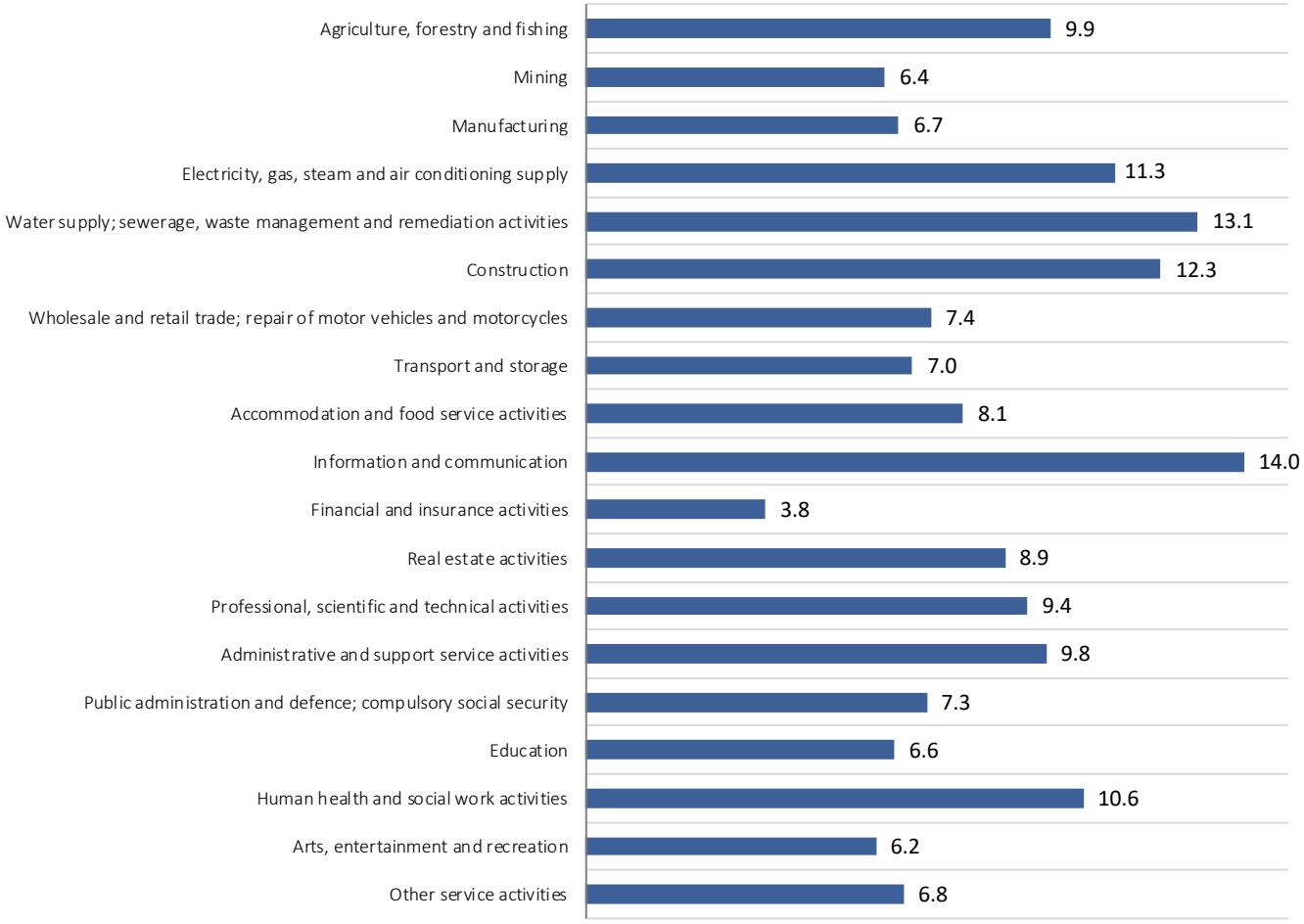
When comparing net salaries and wages **by sections of CA, 2010,** the largest real increase is evident in Q1 2020, relative to the same period of 2019, in the sections of Information and communications (14%), Water supply; sewerage, waste management and remediation activities (13.1%), Construction (12.3%), Electricity supply (11.3%) and Human health and social work activities (10.6%).

The highest net salaries and wages in Q1 2020 was paid in the following **divisions:** Air transport (RSD 176 898), Computer programming, consultancy and related activities (RSD 148 664), Extraction of crude petroleum and natural gas (RSD 147 579), Manufacture of tobacco products (RSD 128 901) and Mining support service activities (RSD 126 342).

In the other divisions, salaries and wages ranged from RSD 34 151 (Food and beverage service activities) to RSD 120 893 (Manufacture of coke and refined petroleum products).

Observed **by regions**, the highest average net salaries and wages in Q1 2020 were paid in Beogradski region, RSD 73 460. In Region Vojvodine salaries and wages totaled RSD 56 390, while in Region Južne i Istočne Srbije, RSD 51 933, and in Region Šumadije i Zapadne Srbije, RSD 50 243.

Graph 9.4. Movement of real net salaries and wages by sections of CA, 2010
(Q1 2020 to Q1 2019)



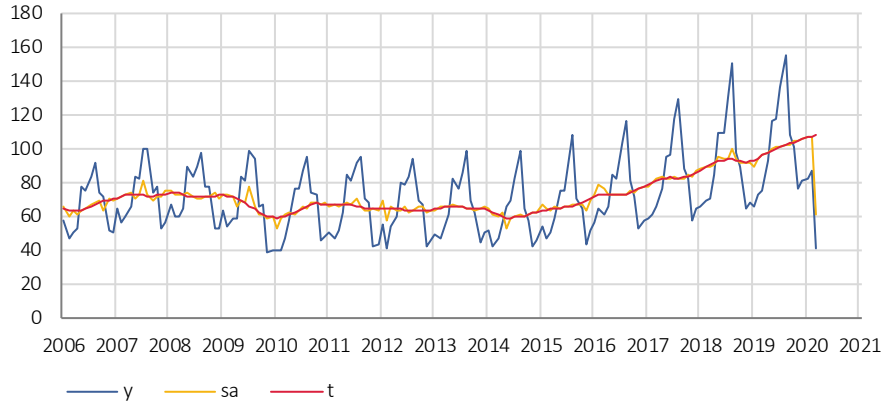
Since the middle of 2014 the tourism activity in Serbia has been recording growth. This positive trend did not continue in the first quarter of 2020 due to COVID-19 pandemic and the tourism activity saw a fall.

10.1. Tourist overnight stays

Measured by the number of overnight stays, tourism in Serbia first went through the phase of turnover growth over 2005–2008. The year 2009 brought a phase of contraction, which persisted also in the following year, and from 2011 to 2013 there was a period of stagnation, when the average number of tourist overnight stays was about 6.6 million per year. In 2014, due to natural disasters in May, as the number of overnight stays fell by 7.3%, compared with 2013, tourism turnover experienced another strong contraction. However, in spite of bad meteorological conditions at the very beginning of the season, 2014 was the year when an expansive growth of the tourism activity in Serbia started and lasted till March 2020, when flights were banned, accommodation bookings were canceled and the activity of the tourism sector saw a fall due to COVID-19 pandemic.

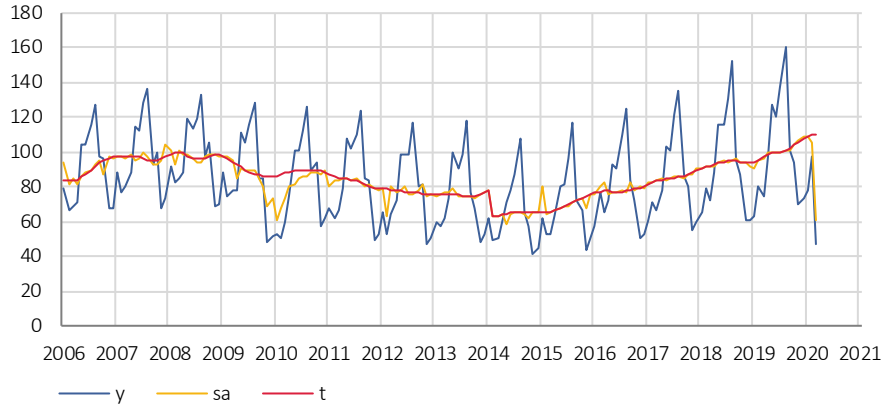
The time series of tourist overnight stays contains very marked seasonal fluctuations, reaching the highest values in summer and the period of winter holidays.

Graph 10.1. Components of the time series of total tourist overnight stays, indices
(y – original series, sa – series with seasonal component excluded,
t – trend-cycle component, average 2019 = 100)



In the first quarter of 2020, there were 1.8 million overnight stays, by 1.7% less than in the same period of 2019.
In January and February 2010, compared with the same period of the previous year, the realised increase was 25.1% i.e.20.1%, while in March a fall of 45.7% was recorded.

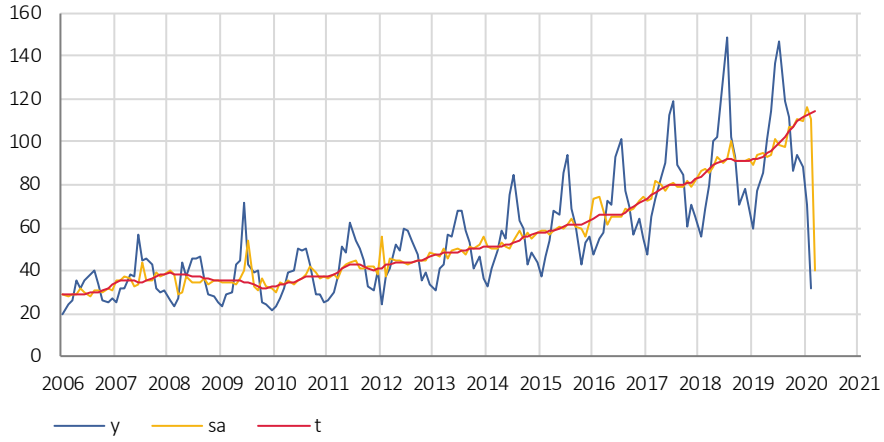
Graph 10.2. Components of the time series of domestic tourist overnight stays, indices
(y – original series, sa – series with seasonal component excluded,
t – trend-cycle component, average 2019 = 100)



In the first quarter of 2020, domestic tourists spent 1.1 million nights, by 1.5% more than in the first quarter of the previous year. This group of tourists still represents the majority of visitors in Serbia, i.e. 63.7% of the total number of overnight stays.
In January and February, the year-on-year growth was 22.5%, i.e. 20.8%, while in March a year-on-year fall of 37.2% was recorded.

10. Tourism

Graph 10.3. Components of the time series of foreign tourist overnight stays, indices
(y – original series, sa – series with seasonal component excluded,
t – trend-cycle component, average 2019 = 100)



The number of foreign tourist overnight stays saw a fall of 6.8%, compared with the first quarter of 2019, i.e. about 640 thousands of overnight stays in this period.
The growth trend that began at the beginning of 2000 has stopped in the first quarter of 2020 because after the year-on-year increase in January and February of 28.7% and 18.6%, respectively, the year-on-year fall in March amounted to 58.3%.

Table 10.1. Tourist overnight stays, quarterly indices (%)
(comparison with the same period of the previous year)

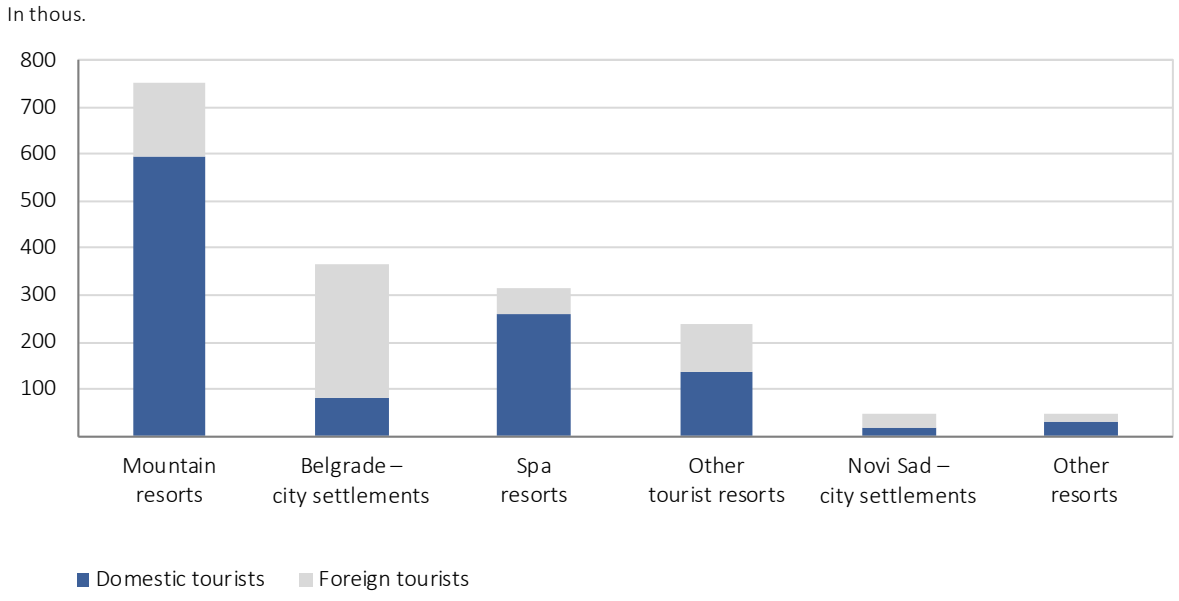
	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total	110.7	113.9	113.4	109.1	103.9	107.2	105.6	116.6	98.3
Domestic tourists	109.2	113.6	110.2	106.7	101.3	107.6	105.4	113.6	101.5
Foreign tourists	113.5	114.5	118.6	112.3	108.3	106.4	105.8	120.6	93.2

10.2. Major tourist resorts

Expressed in number of tourist overnight stays, the most frequently visited tourist resorts in the first quarter of 2020 were **mountain resorts**, with about 755 thousand nights spent, accounting for 42.8% of total overnight stays in the Republic of Serbia, of which 477 thousand nights were spent in the largest winter tourism centres - Kopaonik and Zlatibor. Visitors of mountain resorts were mostly domestic tourists (78.7% of the total number of overnight stays).

According to the frequency of visits to tourist resorts, **the City of Belgrade** and **spa resorts** are the next most visited destinations with about 366, i.e. 315 thousand overnights stays. In Belgrade, most visitors were foreign tourists (77.6% of the total number of overnight stays), while 82.9% nights were spent in spa resorts by domestic tourists. The most visited spas were Vrnjacka banja (about 91 thousand overnight stays) and Sokobanja (about 37 thousand overnight stays).

Graph 10.4. Tourist overnigh stays by selected tourist resorts, Q1 2020

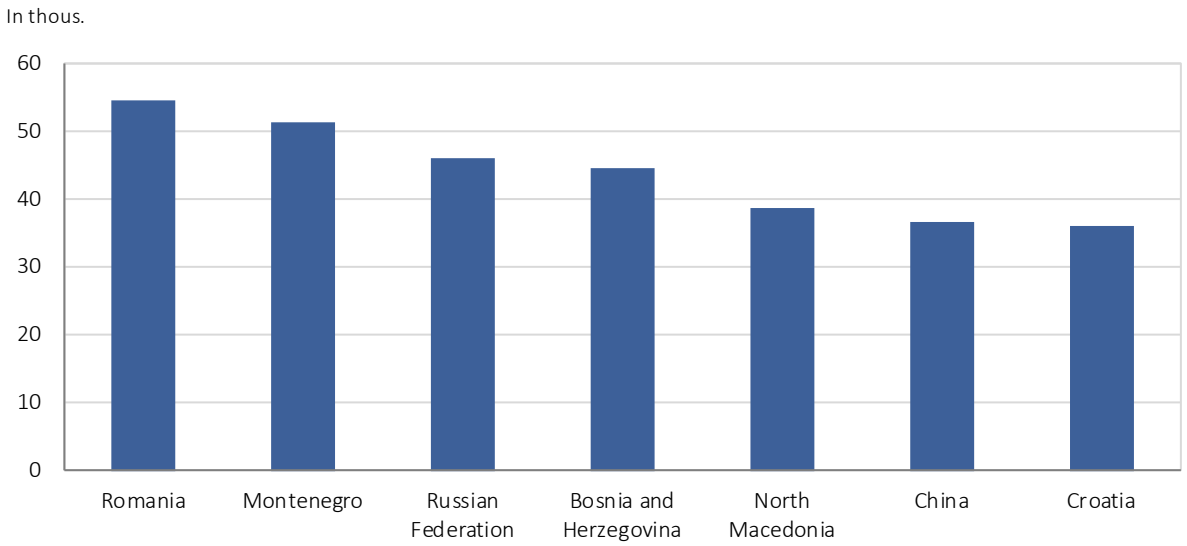


10.3. Countries of origin of foreign tourists

In the first quarter of 2020, foreign tourists from about fifty different countries visited Serbia.

Most nights were spent by visitors from Romania, Montenegro, Russian Federeation, Bosnia and Herzegovina, North Macedoni, China and Croatia. The visitors from these countries spent 48.2% nights of the total number of foreign tourists in the first three months of 2020.

Graph 10.5. Overnight stays of foreign tourists by countries from which they came, Q1 2020



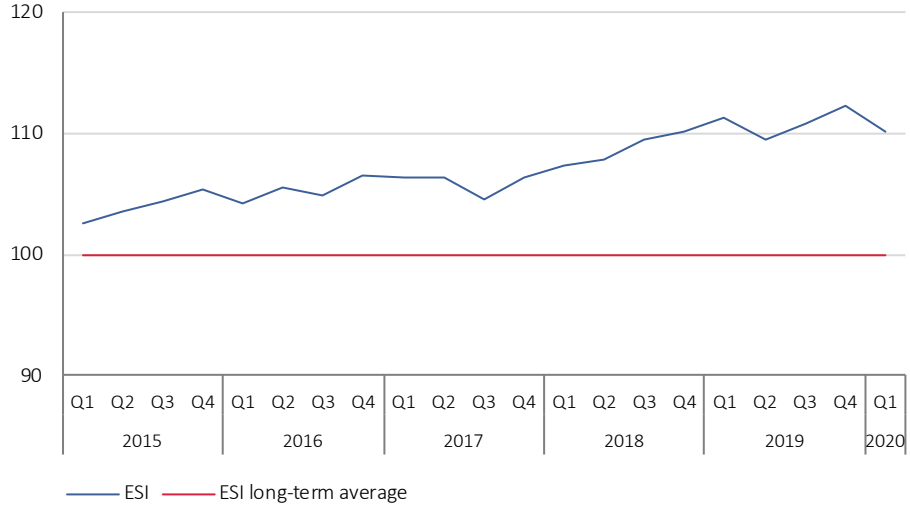
11. Economic Sentiment Indicator

11.1. Economic Sentiment Indicator - ESI

Economic Sentiment Indicator - ESI[8] is a composite indicator which purpose is to present producers' and consumers' perceptions about economic movements and economic stability. Knowing that economic subjects' expectations are indicative of changes in economic movements, this indicator is often used to assess economic situation, make flash estimates, for scientific and analytical use, as well as for international comparisons and creation of economic policies.

ESI has been developed by the General Directorate for Economic and Financial Affairs of the European Commission. It is obtained through five different surveys of producers and consumers, which attitudes provide a reliable indication of economic movements, based on which confidence indicators are created. Confidence indicators of the analyzed sections are weighted in order to reflect the best way possible their influence on economic activity – manufacturing 40%, service activities 30%, household consumption 20%, construction 5% and retail trade 5%. A value of *ESI* index exceeding 100 indicates improvement or economic activity, while that below 100 suggests decline.[9]

Graph 11.1. Economic Sentiment Indicator[10] (%)
(seasonally adjusted data)



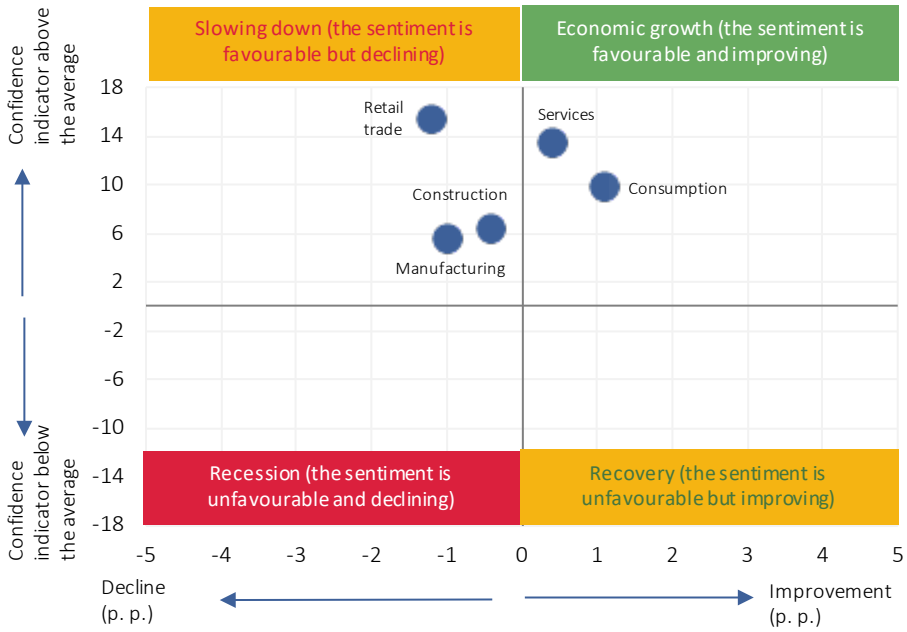
Economic Sentiment Indicator in Serbia in the first quarter of 2020, with a value of 110.2, recorded a fall of 2.2 p. p., when compared with the previous quarter. The value of the indicator reflects a decline of expectations in the majority of sections, the most in Retail trade, where a fall of 1.2 p. p. was registered, then in the sections Manufacturing, with a fall of 1 p. p. and Construction (-0.4 p. p.). Expectations grew in the sections of Consumption (1.1 p. p.) and Services (0.4 p. p.).

Table 11.1. Confidence indicator by sections and Economic Sentiment Indicator - growth in relation to long-term average (%)[11]

Confidence indicator	Minimum		Average	Maximum		2018				2019				2020
	Date	Value		Date	Value	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Manufacturing	Q1 2014	0.3	5.2	Q1 2015	7.7	5.7	6.9	7.3	7.1	5.9	6.3	5.1	6.6	5.7
Services	Q4 2013	-4.8	9.9	Q2 2016	16.5	13.1	11.8	10.9	12.3	15.2	12.8	14.9	13.0	13.4
Retail trade	Q2 2014	2.0	10.0	Q4 2019	16.8	10.7	14.1	12.8	12.5	13.0	11.0	14.3	16.8	15.5
Construction	Q3 2013	-41.4	-13.2	Q4 2019	6.8	-4.4	0.3	0.7	4.8	5.8	4.3	6.7	6.8	6.4
Consumption	Q4 2014	-19.7	-6.9	Q1 2020	9.9	-0.7	-1.1	3.6	3.1	4.8	4.4	8.4	8.8	9.9
Economic Sentiment Indicator	Q4 2013	92.7	100.0	Q4 2019	114.0	107.4	107.9	109.4	110.2	111.3	109.6	110.8	11.4	110.2

[8] Source: Euroean Commission, processed by the Statistical Office of the Republic of Serbia.
[9] More information on the methodology: https://ec.europa.eu/info/sites/info/files/bcs_user_guide_2020_02_en.pdf
[10] The data for the Economic Sentiment Indicator (ESI) have been revised according to regular annual methodological adaptations.
[11] Quarterly data represent the quarterly average.

Graph 11.2. Economic Climate Tracer

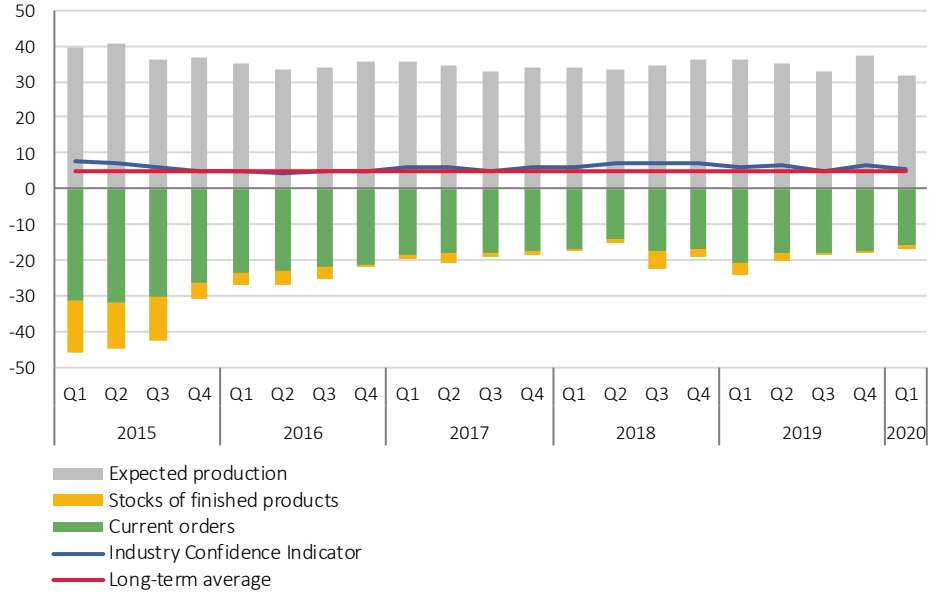


The Economic Climate Tracer, created on the basis of seasonally adjusted confidence indicators, indicates that only the sections of services and consumption are in the phase of economic growth (expansion), which is characterized by an economic climate above the average and with an improving tendency, while the other sections are in the phase of slowing down with a still favourable climate, but a declining tendency.

11.2. Industry Confidence Indicator

The industry Confidence Indicator includes the responses of economic subjects on contracted orders, expected production and stocks of finished products.

Graph 11.3. Industry Confidence Indicator (%)
(seasonally adjusted data)



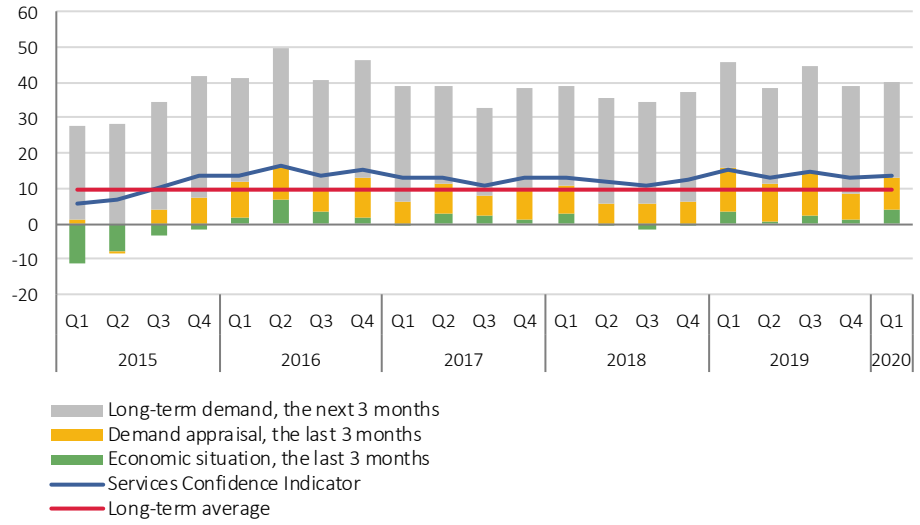
Industry Confidence Indicator -ICI, after having reached a maximum value in the first quarter of 2015 (7.7%), varies in the first quarter of 2020, that is 1 p.p. less than in the previous quarter, but being still slightly above the long-term average (5.2%). The fall of this indicator reflects negative expectations of entrepreneurs, primarily as to the movement of the expected production (-6 p. p.), and the appraisal related to current stocks of finished products (-1 p. p.). The appraisal of current orders, with -15.6%, saw a slight growth of 2 p. p.

11. Economic Sentiment Indicator

11.3. Services Confidence Indicator

The survey in services is made of questions about the economic situation, current and expected demand for services.

Graph 11.4. Service Confidence Indicator (%)
(seasonally adjusted data)

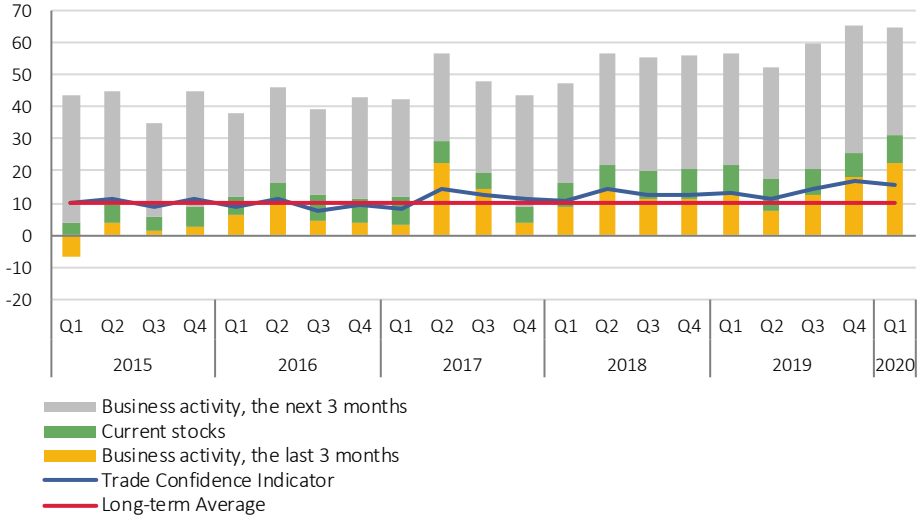


Services Confidence Indicator -SCI, with a value of 13.4% in the first quarter of 2020, exceeds by 0.4 p. p. the value from the previous quarter, and by 3.4 p. p. the long-term average.
The growth of this indicator reflects expectations as regard economic situation (+2.7 p. p.), and then the appraisal of demands in the last quarter (+1.9 p. p.), opposite the expected demand (-3.4 p. p.).

11.4. Trade Confidence Indicator

The survey in retail trade is made of questions about the current and future business activity of enterprises and stock balance.

Graph 11.5. Trade Confidence Indicator (%)
(seasonally adjusted data)

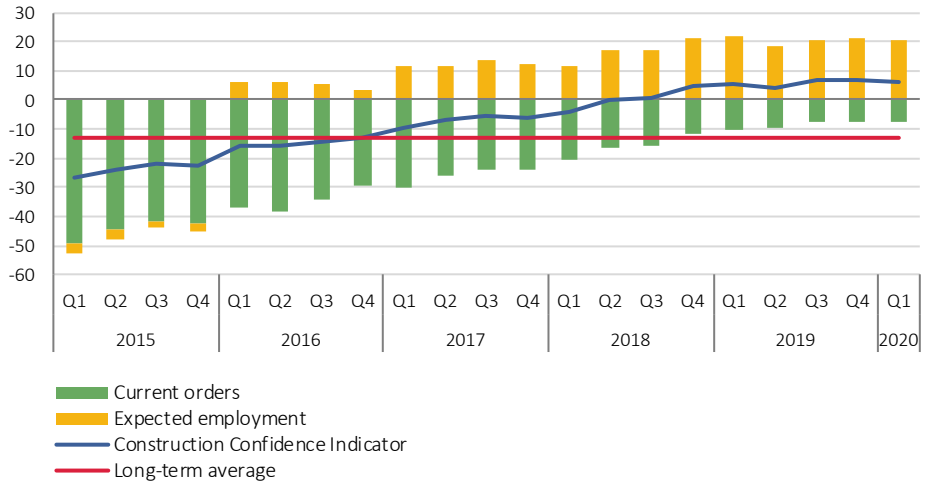


Trade Confidence Indicator -TCI in the first quarter of 2020 fell by 1.2 in relation to the previous quarter. However, despite a declining tendency TCI is still above the long-term average (+5.5 p. p.). The fall of this indicator is a result of lower optimism as regard the movement of economic activity in the previous three months (-6 p. p.), opposite optimistic expectations as to economic activity in the next three months (+4 p. p.) stocks (+1.6 p. p.).

11.5. Construction Confidence Indicator

The survey in construction is made of questions about contracted orders and expected employment.

Graph 11.6. Construction Confidence Indicator (%)
(seasonally adjusted data)

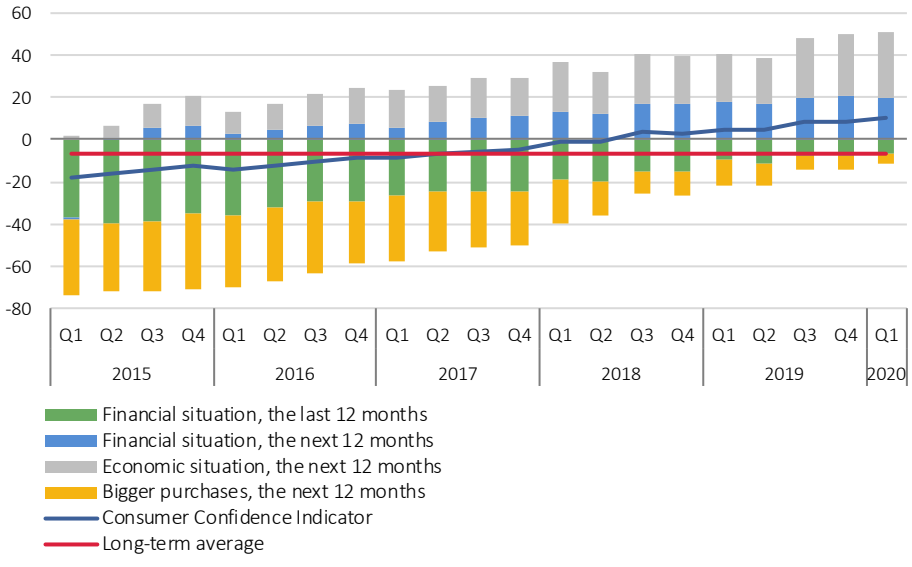


Construction Confidence Indicator - CCI, after a marked increasing trend in the previous period, saw a slight fall in the first quarter of 2020 (-0.4 p. p.), still exceeding the long-term average by 19.6 p. p. The growth of a positive expectation by 0.5 p. p. in relation to the previous quarter was recorded in current order, despite their constant negative appraisal. Contrary to that, expectations regarding employment fell by 1.2 p. p.

11.6. Consumer Confidence Indicator[12]

The survey of household consumption is made of questions about household financial situation, general economic situation and expectations relative to bigger purchases.

Graph 11.7. Consumer Confidence Indicator (%)
(seasonally adjusted data)



Consumer Confidence Indicaator - CCI in the first quarter of 2030 grew by 1.1 p. p. relative to the previous quarter, exceeding by even 17 p. p. the long-term average. The largest growth of expectations was recorded in planned bigger puchases in the nex year (+2.1 p. p.), economic situation in the next twelve months (+1.7 p. p.) and financial situation in the previous year (+1.1 p. p.), while expectations towards the financial situation for the next twelve months fell minimally (-0.4 p. p.).

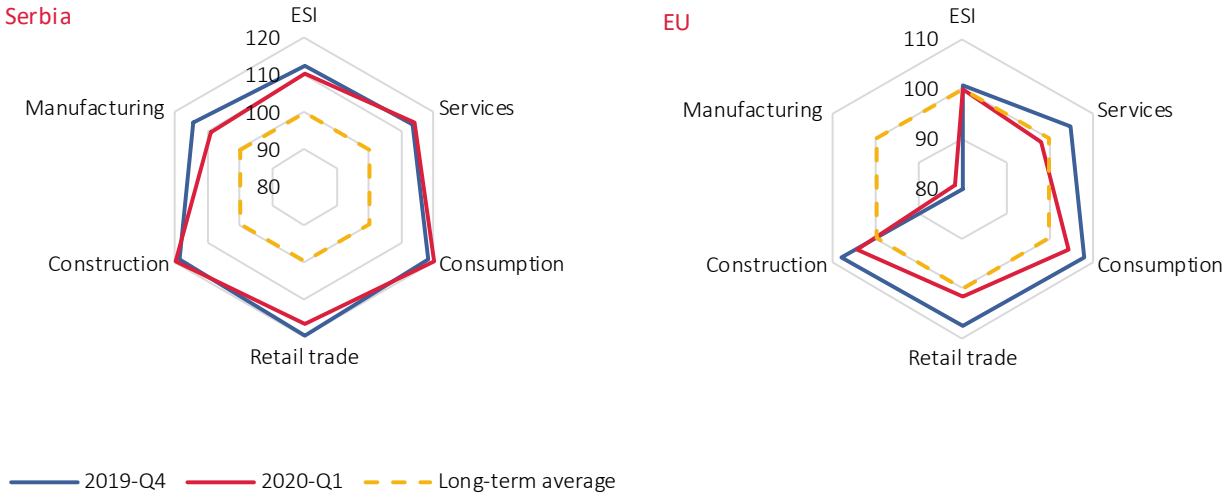
[12] The methodology of calculating the consumer confidence indicator has been modified by the European Commission, thus the data have been revised.

11. Economic Sentiment Indicator

11.7. Economic Sentiment Indicator in the European Union

Most of the EU countries recorded a decline of the economic sentiment in the first quarter of 2020 (relative to the previous quarter), which made ESI go down by 0.8 p. p. (from 100.8 to 100.0). The largest fall in expectations in the EU was recorded in Services (-3.2 p. p.), Retail trade (-2.2 p. p.) and consumption (-1.1 p. p.).

Graph 11.7. Economic Sentiment Indicators



How to interprete the tracer?

The tracer scale of the graph ranges from 80 to 120 (average = 100). The most recent quarterly outcomes (Q1 2020) are compared with the previous quarterly outcomes (Q4 2019) and long-term average (= 100) of the corresponding series of confidence indicators. Developments far from the centre reflect confidence indicator improvement, and close to the centre a decline.

12. Regional Economic Asymmetries

The starting point in realizing various aspects of regional asymmetries is the status of cities and municipalities of Serbia according to Regulation on establishing *List of Regional Development and Local Government Units for 2014* (Official Gazette of RS, no 104/2014). In compliance with the Regulation, excluding Beogradski region that comprises no municipality with the status of undeveloped area, in other three regions, number and size of undeveloped municipalities varies – Region Vojvodine has only one municipality in the group of extremely underdeveloped (out of 46 municipalities), Region Južne i Istočne Srbije has even 30 (out of total of 53), and in Region Šumadije i Zapadne Srbije, such status is recorded in 13, out of 53 municipalities. On the other hand, there is no municipality in Region Vojvodine with the status of devastated municipality (devastated means that development level is below 50% of the Republic average – see Glossary), while in Region Šumadije i Zapadne Srbije, the mentioned status is recorded in three municipalities, and in Region Južne i Istočne Srbije, even 16 municipalities.

Unequal economic development in Serbia in the last several decades has contributed to deeper, already existing territorial inequalities. Regional polarization is apparent at several levels – undeveloped area, developed centre and insufficiently developed periphery. Regional disproportions – expressed in economic, social, demographic and infrastructure indicators – reflect characteristics of economic and social system of the country.

• Gross domestic product

Regional gross domestic product presents primary statistical indicator for estimating economic performances of the region and effectiveness of regional policies and programs directed to decreasing the gap among the regions. Out of total GDP in 2018[13], observed by level of NSTU 2 regions, the greatest realized GDP was in Beogradski region (41%), followed by Region Vojvodine (26%), Region Šumadije i Zapadne Srbije (19%) and Region Južne i Istočne Srbije (14%).

Knowing that Beogradski region covers 3.7% of the area inhabited by 24% of the population of Serbia, it is clear that it is also the region with the highest GDP per capita (1 240 000 RSD / per capita, i.e. 70.8 % above the republic average or almost three times higher than in Region Južne i Istočne Srbije). Other regions record GDP per capita under the average, i.e. Region Vojvodine -2.9%, Region Šumadije i Zapadne Srbije -32.7% and Region Južne i Istočne Srbije -34.4%.

• Average salaries and wages

Level of regions' development, measured by average net salaries and wages varies in ratio 1.5:1, i.e. the highest salaries and wages are recorded in Beogradski region, and lowest ones in Region Šumadije i Zapadne Srbije. Average net salaries and wages in Q1 2020 in Beogradski region amounted to RSD 73 460, or 124% of RS average (RSD 59 254), in Region Vojvodine, they were insignificantly below RS average (RSD 56 390, or 95.2% of RS average), while in Region Južne i Istočne Srbije and Region Šumadije i Zapadne Srbije, they were about 87% of the Republic average (RSD 51 933 and RSD 50 243, respectively). In all regions, average salaries and wages recorded growth relative to the previous year, and the greatest absolute and relative increase was noted in Region Vojvodine (RSD 5 830, or 11.5%).

In 61 municipalities, average net salaries and wages were below 80% of the Republic average, i.e. in particular Belgrade municipalities, average salaries and wages were more than double relative to municipality of Bojnik (with the lowest average salaries and wages of RSD 41 425).

• Labour market

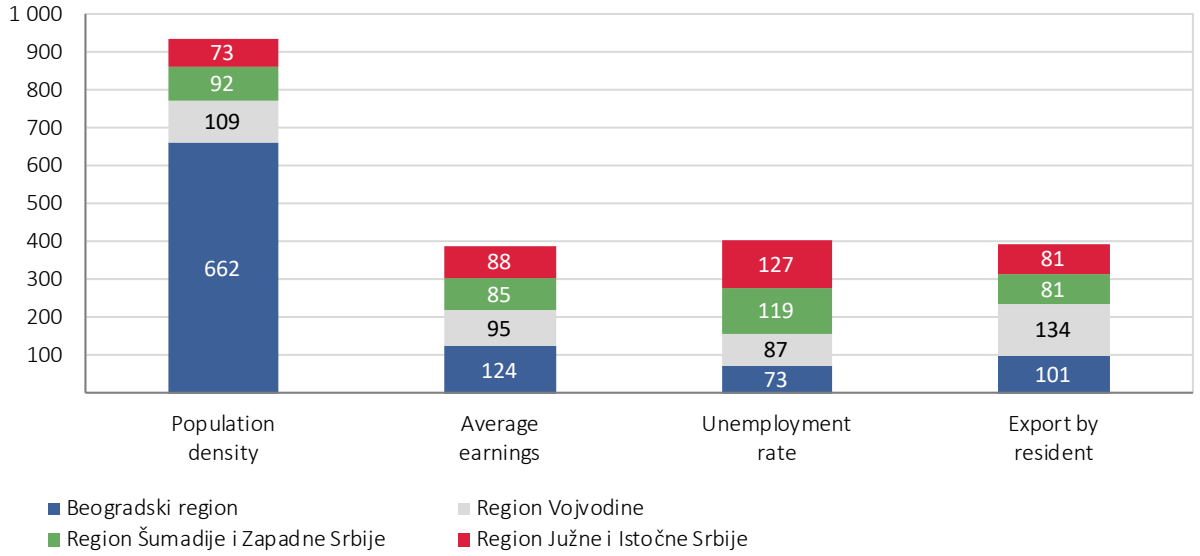
The correlation of unemployment rate and development level of the region is very high, and in accordance with the mentioned, Region Južne i Istočne Srbije, with unemployment rate of 12.3% in Q1 2020, by 27% exceeds the average of Serbia (9.7%). On the other hand, in Beogradski Region, unemployment rate was the lowest, 7.1%, i.e. 27% below the national average. Referring to employment rate, it is the highest in Beogradski region (48.7% or 9% above the average of Serbia), while in Region Južne i Istočne Srbije, noted was the lowest employment rate of 44.2%, or 9% below the Republic average.

[13] According to the preliminary results of the GDP calculation for 2018.

12. Regional Economic Asymmetries

Region Vojvodine and Beogradski Region participated with 26% and 27%, respectively, in total employment in the first quarter 2020 and regarding total unemployment, Region Vojvodine is on the first place with 22%, relative to 19% of total unemployment in Beogradski Region (according to Labour Force Survey). In Region Šumadije i Zapadne Srbije, there was about 28% of employed in total number of the employed, also recording almost a third part of total unemployed population. Region Južne i Istočne Srbije participated with 19% in total employment of Serbia and with almost 25% in total unemployment.

Graph 12.1. Disproportions at the level of regions in Serbia, (%), (level of RS = 100%)
(January–March 2020)



• Export activity

In contrast to other indicators, in the first quarter 2020, Beogradski region was not on the first place regarding total export of Serbia (share of 24%), primarily due to dominant services in Belgrade economy (most of services is provided for domestic and not for foreign markets). Region Vojvodine is on the first place with the share of 35.7% in export, followed by Region Šumadije i Zapadne Srbije (22.3%) and Region Južne i Istočne Srbije (17.5%). Export per capita reflects regional asymmetries – Region Vojvodine records the export of EUR 812 per capita and it is by 34% above the Republic average and it is almost double value if compared with the export value per capita in Region Šumadije i Zapadne Srbije (EUR 490), which is by 19% below the average of the Republic.

• Demographic structure [14]

According to the last available data, population density in Beogradski region is by 6.6 times greater than average population density in Serbia, while in Region Južne i Istočne Srbije, population density was the lowest – 27% below the Republic average. Although all regions participate relatively equally in total population of Serbia, interregional differences are particularly apparent. For example, in eight towns in Region Vojvodine, lives even over a half of total population of Vojvodina. However, the most obvious population inequality is in other two regions: Region Šumadije i Zapadne Srbije comprises 8 towns in that 45% of total population of the Region lives, while in 13 undeveloped municipalities, only 13 % of population lives. This ratio is even more noticeable in Region Južne i Istočne Srbije, as 56% of population lives in 9 cities, and only 31% of population lives in even 30 undeveloped municipalities. Additionally, due to economic migrations, number of population in Beogradski region is constantly increasing (by 1.9% between 2011 and 2018), while the number of population in other three regions is constantly decreasing. Simultaneously, it means that differences in population density will be even greater as population in Region Južne i Istočne Srbije is becoming more and more fragmented, while population density in Beogradski region becomes increasingly denser.

[14] Based on estimated population number for 2018.

• Transport infrastructure

In the Republic of Serbia, there are huge regional and interregional differences regarding infrastructure equipment (transport, telecommunication and water management, i.e., accompanying supra structures). In roads' quality, telecommunication and modern living conditions, differences are, first of all, manifested in underdeveloped south area and more developed north area of Serbia. The unsatisfactory condition of the road network is particularly evident in the municipal (local) roads, necessary for the daily functioning, development and activation of municipalities and settlements. This is clearly indicated by the fact that 38 municipalities[15] have an out-of-band participation of local roads with a modern roadway, while 7 municipalities account for less than 30%, which are actually undeveloped and devastated areas facing the biggest developmental problems. Also, *the car renewal rate* (the number of cars registered for the first time in relation to the total number of registered cars) as an indicator of socio-economic inequalities at the regional level varies in 2019 from 7.4 in Region Južne i Istočne Srbije to 10.3 in Beogradski region. The number of first-time registered cars compared to the number of inhabitants in the period January-March 2020 reflects a similar ratio, with Beogradski region leading up to 33% above the average of the Republic of Serbia versus Region Južne i Istočne Srbije, with only 75% of the national average.

Regional asymmetry is seen through the relation between the extreme (the highest and the lowest) values of the key indicators. For example, the highest density of population is recorded in Belgrade and exceeds 9 times the population density in Region Južne i Istočne Srbije, where it is the lowest (Table 12.1).

Table 12.1. Extreme values of regional asymmetry indicators

Indicators	Population density km^2, 2018	GDP/per capita 2018	Average net salaries and wages	Unemployment rate	Export per capita	Demographic emptying 2011–2018
Extreme values (the highest : the lowest)	9:1	2.6 : 1	1.5 :1	1.7:1	1.7:1	(-6.6):(+1.9)
	Beogradski region: Region Južne i Istočne Srbije	Beogradski region : Region Južne i Istočne Srbije	Beogradski region : Region Šumadije i Zapadne Srbije	Region Južne i Istočne Srbije : Beogradski region	Region Vojvodine: Region Šumadije i Zapadne Srbije	Region Južne i Istočne Srbije : Beogradski region

Table 12.2. Indicators of regional development of Serbia (NSTU-2), level of RS=100%

	2017				2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Beogradski region													
Average salaries and wages, RSD	126.5	125.5	125.7	124.7	122.0	121.6	122.3	123.1	124.5	124.0	123.9	123.9	124.0
Employment rate	105.4	103.1	101.7	104.3	106.0	106.0	103.3	106.1	106.1	106.7	102.8	105.2	109.0
Unemployment rate	90.4	102.5	105.4	97.3	89.9	84.9	90.3	77.5	82.6	74.8	80.0	78.4	73.2
Exports per capita, EUR	108.0	111.4	110.2	109.0	109.7	111.0	110.8	110.1	110.2	111.0	106.7	102.1	100.8
Number of first time registered passengers cars per 1000 inhabitants	123.1	146.3	131.7	133.3	133.5	146.5	132.3	132.2	135.5	148.8	136.0	133.1	132.6
Region Vojvodine													
Average salaries and wages, RSD	94.6	96.9	96.1	98.2	94.7	94.8	94.9	94.9	94.1	94.5	94.7	95.2	95.2
Employment rate	98.4	98.8	99.0	98.5	99.1	99.0	99.6	99.8	100.0	96.7	99.6	99.2	97.7
Unemployment rate	93.2	86.4	90.7	89.8	87.2	84.0	69.9	86.8	85.1	95.1	86.3	81.4	86.6
Exports per capita, EUR	126.4	122.5	123.6	123.7	125.3	127.0	131.9	136.3	131.1	125.5	131.5	136.9	134.1
Number of first time registered passengers cars per 1000 inhabitants	109.7	95.9	95.3	98.5	96.8	91.9	94.1	98.3	97.6	88.9	89.9	94.4	95.1

[15] Data refer to 2018.

12. Regional Economic Asymmetries

Table 12.2. Indicators of regional development of Serbia (NSTU-2), level of RS=100% (continued)

	2017				2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Region Šumadije i Zapadne Srbije													
Average salaries and wages, RSD	84.2	83.0	83.7	83.3	86.6	86.9	86.6	86.0	85.0	85.2	85.5	85.3	84.8
Employment rate	103.4	102.1	103.1	102.8	101.3	101.0	103.7	100.4	99.4	101.6	102.2	101.0	101.4
Unemployment rate	100.7	100.0	98.4	102.7	105.4	105.9	110.6	114.7	114.0	107.8	111.6	111.3	118.6
Exports per capita, EUR	93.9	90.8	85.3	86.4	85.0	87.0	79.3	76.7	77.7	81.2	77.1	78.2	80.9
Number of first time registered passengers cars per 1000 inhabitants	89.7	87.9	106.4	94.6	94.3	88.7	94.0	92.6	91.7	88.3	94.7	93.3	94.7
Region Južne i Istočne Srbije													
Average salaries and wages, RSD	86.9	86.7	87.0	85.3	89.0	89.5	88.8	88.2	87.9	88.2	88.0	87.3	87.6
Employment rate	92.1	95.6	95.2	93.1	92.0	93.2	92.3	92.8	93.5	94.3	94.8	93.8	90.8
Unemployment rate	117.8	112.7	109.3	111.6	123.6	131.1	134.5	123.3	122.3	123.3	126.3	132.0	126.8
Exports per capita, EUR	66.1	71.1	78.2	77.9	76.9	70.5	74.7	73.2	78.2	79.7	82.6	79.5	81.1
Number of first time registered passengers cars per 1000 inhabitants	74.4	68.1	61.1	70.5	72.3	71.0	77.9	72.8	72.2	72.8	77.5	77.1	75.1

Glossary

Classification of regions and local government units (municipalities) – according to the Regulation. The Regulation establishes the unique list of *regions*' development (that are by development levels classified as developed and insufficiently developed regions) and *municipalities,* classified in four groups and devastated areas. In the first group are municipalities with the development level above the Republic average; in the second group are municipalities with the development level of 80% - 100% of the Republic average, the third group comprises insufficiently developed municipalities with the level of development of 60% - 80% of the average, while in the fourth group are extremely insufficiently developed municipalities, with the development level below 60% of the Republic average.

Devastated areas are municipalities from the fourth group with the development level below 50% of the Republic average (according to the data of the authority competent for statistics and finances tasks). Classification of the regions is performed on the basis of GDP value per capita in the observed region compared to Republic average, for the referent period. Developed regions are the regions that realize gross domestic product value above the Republic average, (Beogradski Region and Region Vojvodine). Insufficiently developed regions are the ones in which GDP value is below the Republic average, (Region Šumadije i Zapadne Srbije and Region Južne i Istočne Srbije). Additionally, status of insufficiently developed region refers to Region Kosovo I Metohija.

Demographic emptying is the term that depicts natural and mechanical population outflow in the specific geographic and administrative area.

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Q1 Trends 2020 - 1st quarter

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LABOUR MARKET
SALARIES AND WAGES
TOURISM
ECONOMIC SENTIMENT INDICATOR
REGIONAL ECONOMIC ASYMMETRIES