



TRENDS



TRENDS



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Responsible person: dr Miladin Kovačević, director

Editor: Katarina Stančić

Prepared by:

Goran Katić (leading indicators, prices)

Mirjana Smolčić (gross domestic product)

Vesna Zlatanović (construction, household budget survey, internal trade, tourism)

Katarina Stančić (labour market, salaries and wages)

Jasmina Jovtević (industrial production, external trade, regional economic asymmetry,
Economic Sentiment Indicator)

Translated by: Vesna Aralica and Katarina Kaličanin

Design and editing: Division for Computer Editing and Dissemination

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.

The series are presented through nine major statistical areas – gross domestic product, industrial production, construction, external trade, domestic trade, prices, labour market, salaries and wages, tourism and Household Budget Survey, Economic Sentiment Indicator and regional economic asymmetry. The last (thirteenth) segment presents a set of composite leading indicators which can predict, with high reliability, cyclical trends and be used for short-term forecasts.

Wishing to encourage youth’s research work and intending to bring closer current statistical themes to a wide audience, initiate discussion and encourage the interest of professionals, we invite experts dealing with macro-economy, 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 Metohija, therefore they are not included in the data for the Republic of Serbia (total).

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Leading indicators

For better diagnosis, selection and evaluation of macroeconomic indicators that best depict the national macro-economic system, a macro-econometric system of composite leading indicators of the economic activity of Serbia has been built. Those are indicators that can predict with high reliability cyclical movements and be used for quarterly and annual short-term forecasts. The text below describes the family of leading indicators by section and appropriate forecast. The developed system of composite leading indicators of the economic activity of Serbia is a result of an original analytical and research work of the Statistical Office of the Republic of Serbia.

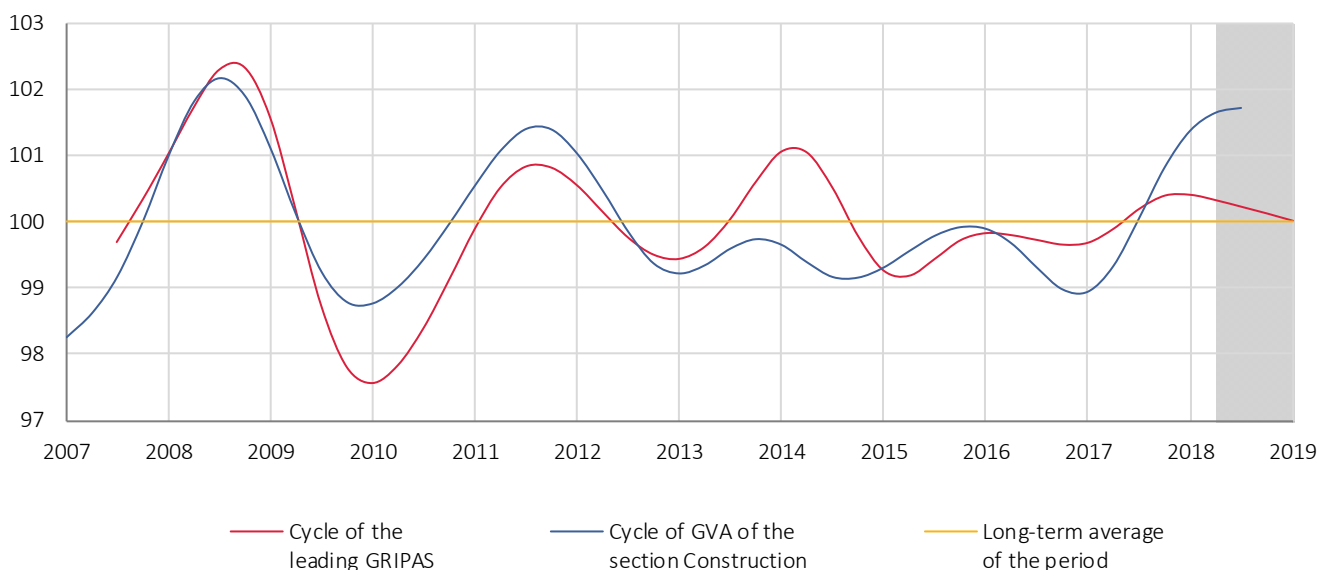
Construction indicator of the economic activity of Serbia – GRIPAS

The composite indicator GRIPAS precedes the cycle of the gross value added (GVA) of construction, on average, for about two quarters, and its main task is to detect GVA cyclical trends in construction in the forthcoming period. As it is highly correlated with the movement of the total number of approved building permits, hours of work on building sites and workers on building sites, GRIPAS indicator includes all relevant influences on construction activity.

As there were significant adjustments of the realized values of construction GVA (particularly in quarters before 2018), the forecast for the entire 2018 has been revised for construction GVA as a result of the revision of the methodology of calculating national accounts.

Based on the movement of this indicator, it is estimated that the construction GVA will see a decreasing dynamics in Q4 2018 and Q1 2019 – a fall of construction GVA of about -8.0% is expected in Q4. The total annual GVA growth of this section will amount to approximately 12.0%, and its contribution to the total annual GVA growth rate in 2018 will be near 0.5 percentage points. In Q1 2019 a negative contribution of construction GVA of about -0.5 pp. is expected.

Graph 1 GRIPAS and construction GVA cycles (Q1 2007 – Q1 2019), standardized data



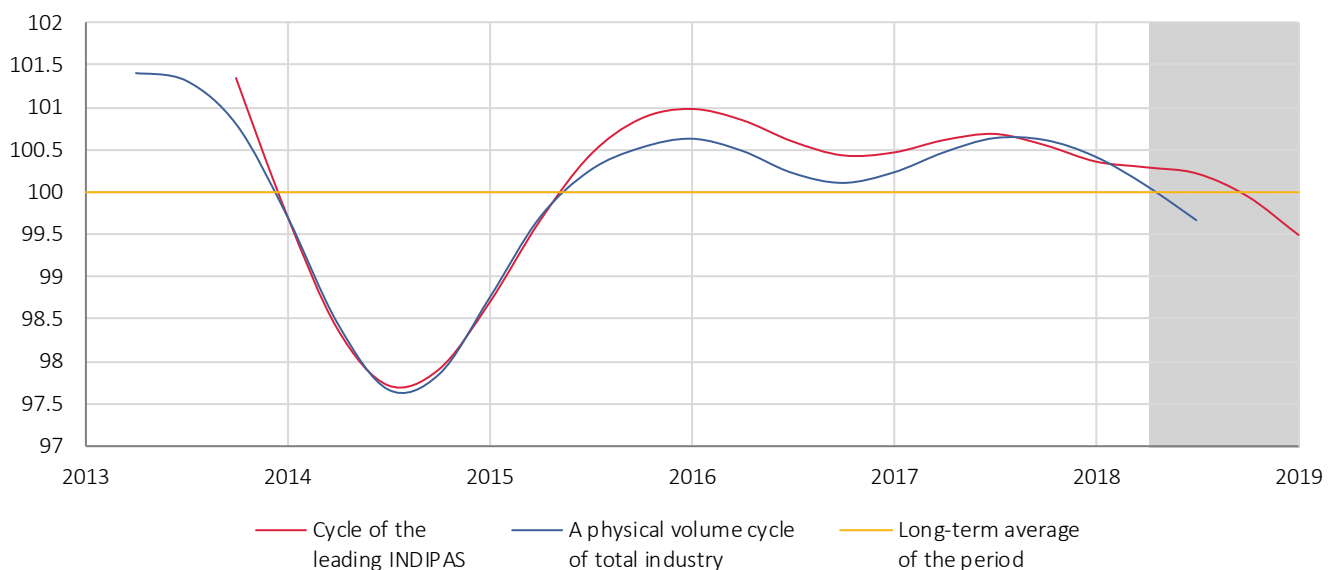
Industry indicator of the economic activity of Serbia – INDIPAS

The leading indicator of industrial production – INDIPAS is aimed at forecasting of the total industry GVA for the whole year, and enables anticipating quantitatively and cyclically industry trends on average for about two next quarters.

Based on the movement of INDIPAS indicator, further industry contraction is expected on average in Q4 2018 and Q1 2019. Industry GVA growth has been forecast to be 2.5% in Q4 2018, 2.5% for the whole 2018 and its contribution to the total GVA growth rate for 2018 about 0.6 pp.

For Q1 2019 a negative contribution of the total industry to the GVA growth rate has been forecast to be near -0.2 pp.

Graph 2 Cycles of INDIPAS and the physical volume of the total industry, standardized data (Q2 2013 – Q1 2019)



Trade indicator of the economic activity of Serbia – TIPASAC

As data on GDP trends have been revised, forecasts of **wholesale and retail trade** GVA and GVA of total services, which were published in previous quarters, are not comparable with forecasts done after data up-date. Based on these new data, new forecasts have been produced for Q4 2018 and Q1 2019.

It is expected that **wholesale and retail trade** GVA growth in Q4 2018 will be 6.0%. This would be a wholesale and retail trade GVA growth of about 6.0% for the whole 2018. The contribution of wholesale and retail trade to the growth of the GDP growth will amount to approximately 1.0% in 2018.

Having in mind the announced fiscal shock in a context of an exogenous nominal growth of wages and salaries in the first quarter of 2019, the model of the leading TIPAS indicator has been complemented with the inclusion of this information in the anticipation of the movements of the physical volume of wholesale and retail trade in the first quarter of 2019. After the calibration of the system in the forecast of parameters with defined constraints, in this case the growth of nominal salaries and wages, the wholesale and retail trade GVA is expected to contribute to the GDP growth by about 1.0 pp. in the first quarter of 2019. This way, the fiscal impulse on salaries and wages should back up the course of a relatively higher level of wholesale and retail trade GVA growth from the year 2018.

Based on the obtained forecast of wholesale and retail trade GVA, a model of **total services** GVA trends has also been built. According to the forecast of the model of total services, a growth of about 4.0% is expected in Q4 2018 and 3.8% in the whole year. The contribution to the GDP growth rate in 2018 will be near 1.9 pp. The forecast contribution of total services GVA to the GDP growth rate in the first quarter of 2019 would be approximately 2.0 pp.

Consequently, based on the model of leading indicators, it is expected that the trade GVA and total services GVA will continue in the next two quarters (Q4 2018 and Q1 2019) with the increasing trends from the previous period.

Leading indicators

Graph 3 Cycles of wholesale and retail trade GVA and total services GVA, standardized data (Q3 2008 – Q1 2019)

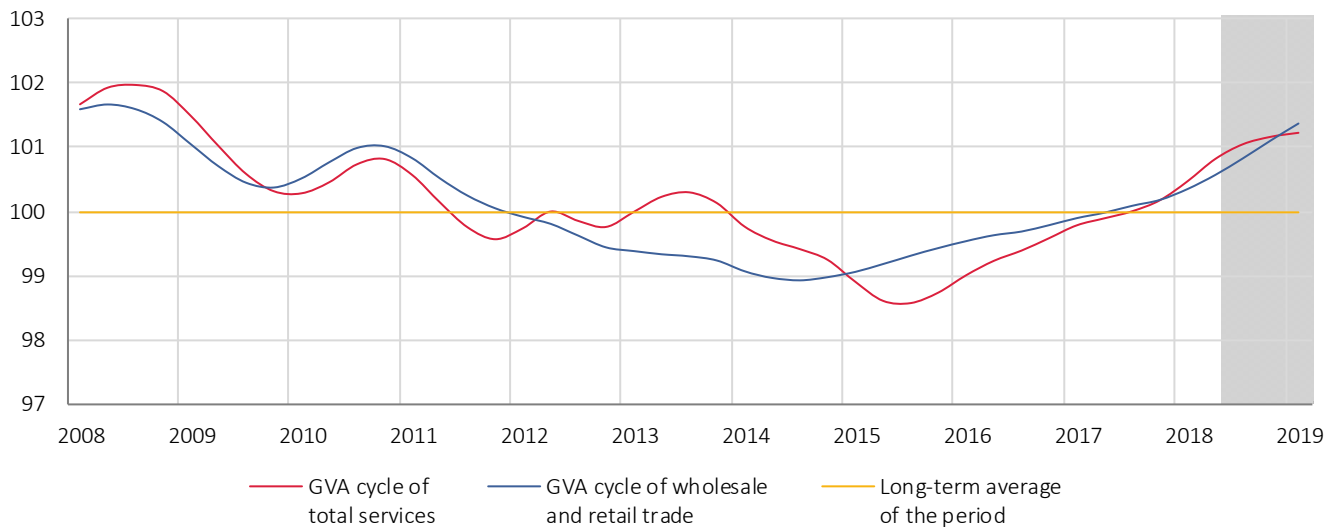


Table 1 Annual GVA forecasts for 2018 – forecast contributions of selected section to the annual GDP growth and comparison of the current and initial forecasts, percentage points¹

2018	Agriculture, forestry and fishing	Industry	Construction	Services
Forecast based on the data for the first three quarters (current)	0.9	0.6	0.5	1.9
Forecast based on the data for the first two quarters	0.9	0.7	0.7	1.2
Forecast based on the data for the first three quarters (initial)	0.8	0.8	0.4	1.2
Absolute difference of the current to the initial forecast	0.1	-0.2	0.1	0.7

¹ Produced on the basis of the described system of SORS composite leading indicators. The initially published forecasts will be provided in Trends after the first quarter of every year and will be the essential base to monitor the projections throughout the year, i.e. forecasts that will be published after the realization of the situations of the other quarters, and that will be compared with the initial one with the aim to measure the likelihood of initial forecasts. Agriculture forecast have been done by using the model of agricultural production AGRIPAS and the previously described scenarios of estimated realized model inputs. After the revision of the methodology of national accounts calculation, significant adjustments of the values of total services GVA, which required also considerable adjustments of the forecast of total services GVA for 2018. This has led to a large difference in forecast values after the third quarter and initial forecast of total services GVA.

What are leading indicators?

The concept of leading composite indicators is an analytical tool to predict cyclical trends of economic activity. It implies the detection of turning cyclical points, minima and maxima so to anticipate the phase of the business cycle of the national economy in a future period. Each of the composite indicators developed in the SORS by section is composed of a large number of weighted indicators for each section. When detecting the variables that have been incorporated in the presented composite indicators, all macro-economic areas and the survey on business expectations in the Serbian economy, conducted by EUROSTAT methodology, have been analysed. The system of composite leading indicators developed in the SORS precedes the cycles of economic activity, on average, for about six months and, combined with econometric models, enables to make a short-term quantitative assessment of the dynamics of the annual growth rate of economic activity, on quarterly and annual levels.

1. Gross domestic product

1.1. GDP trend

In the first three quarters of 2018, GDP increase of 4.5% was recorded relative to the same period 2017. Positive effects of investment cycle from the previous period were reflected in strong economic activity in construction. Additionally, increase in majority of service activities, as well as extremely high yields in agriculture mostly contributed to the mentioned high GDP increase rate.

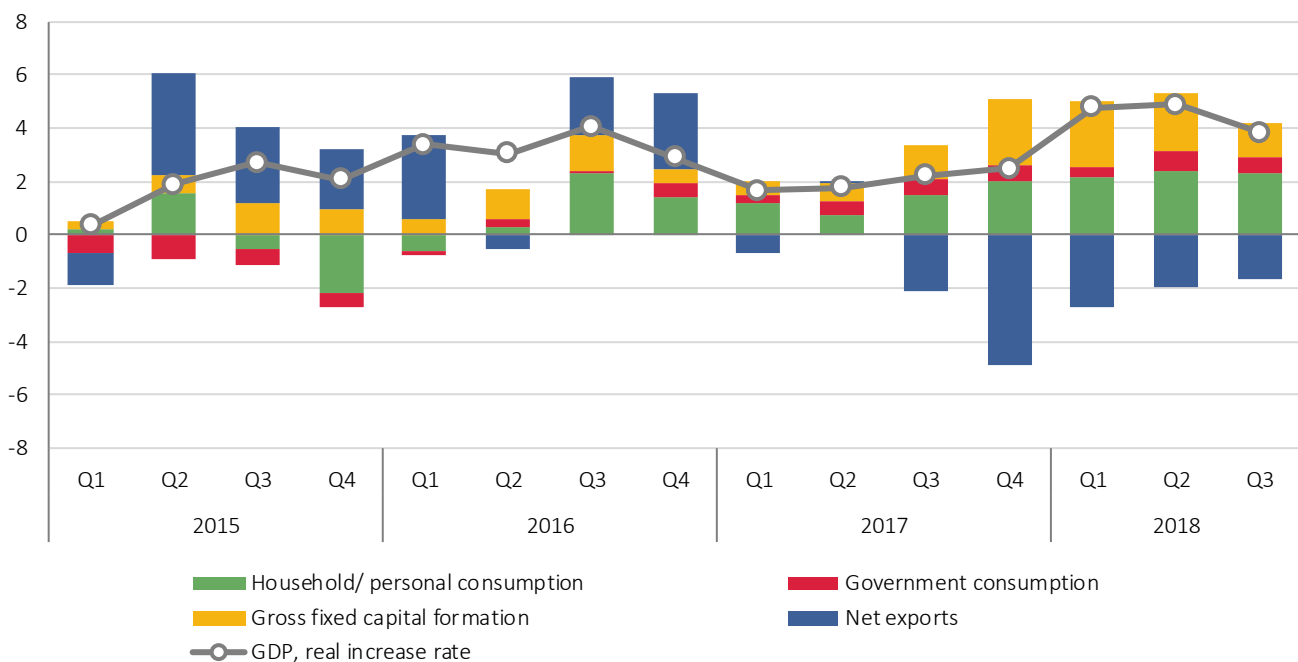
Structure of realized GDP increase, observed by **expenditure aggregates**, in the last three quarters of the observed period is more favourable than in the previous period. After the slow increase of only 3.4% in the first half of 2017, the investments significantly accelerated increase in the second half of the year. This acceleration was continued in all three quarters of 2018, reaching to 16.5%, 12.3%, i.e. 7.0%, respectively (table 1.1).

Table 1.1 GDP – expenditure aggregates, real inter-annual growth rates, 2016 – Q3 2018 (%)
(quarter relative to the same quarter of the previous year)

	2016	2017				2018		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
GDP	3.3	1.6	1.8	2.2	2.5	4.8	4.9	3.8
Household consumption	1.3	1.7	1.0	2.1	2.9	3.1	3.3	3.3
Government consumption	1.2	2.3	3.6	3.5	3.7	2.1	4.8	4.0
Gross fixed capital formation	5.4	3.1	3.8	7.5	13.6	16.5	12.3	7.0
Exports	11.9	7.8	9.3	9.9	5.7	9.3	6.7	9.1
Imports	6.7	8.4	8.2	13.4	14.4	13.1	9.4	11.2

Unlike investments that recorded positive trends at the end of 2017, net exports at the end of 2017 noted more significant slowing growth, due to imports increase (table 1.1). Somewhat better situation is noticed in all three quarters of 2018, when negative contribution of net exports decreased, amounting to -2.7 p.p. in Q1, -1.9 p.p. in Q2 2018 and -1.7 p.p. in Q3 2018.

Graph 1.1 Contributions to inter-annual GDP growth rate – expenditure aggregates



1. Gross domestic product

Observed from the **production side**, the greatest positive contribution to quarterly GDP increase in Q3 (1.4 p.p.) resulted from increased activity in service sections (excluding trade), which, observed as aggregate, recorded growth of 3.5%. Moreover, section of agriculture, with growth of 15.9%, contributed to GDP increase rate with 1.1 p.p. (Table 1.2).

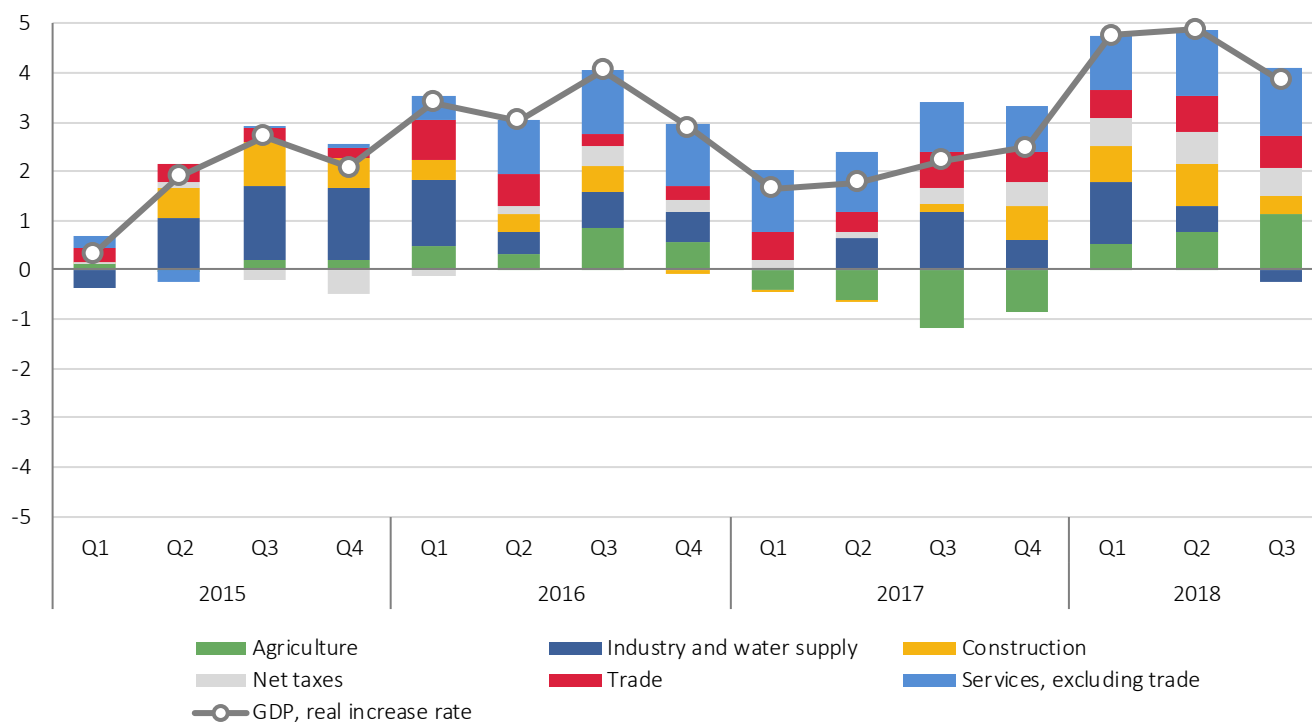
Table 1.2 GDP – production side, real inter-annual growth rates in 2016 – Q3 2018 (%)

	2016	2017				2018		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
GDP	3.3	1.6	1.8	2.2	2.5	4.8	4.9	3.8
Agriculture	8.3	-7.7	-10.6	-13.7	-11.4	10.6	14.8	15.9
Industry and water supply	3.5	0.1	2.9	5.6	2.8	5.5	2.4	-1.2
Construction	7.9	-0.5	-0.4	4.2	16.0	27.1	22.5	7.0
Trade	4.4	5.2	3.7	6.4	5.4	5.1	6.6	5.7
Services, excl. trade	2.7	3.2	3.1	2.6	2.4	2.7	3.4	3.5
Net taxes	1.0	1.2	0.6	1.9	3.0	3.4	3.6	3.5

Positive contribution to GDP increase in Q3 2018 was continuously provided by construction and trade.

In all three quarters 2018, recorded was great increase of construction, presenting continuation of favourable trends from the second half of 2017, also strongly supported by continued intensive realization of infrastructure projects. Namely, on inter-annual level, construction accelerated growth to 27.1% in the first quarter, 22.5% in the second quarter 2018, and 7.0% in the third quarter 2018 and positively contributed to GDP growth with 0.3 p.p. in Q3 2018.

Graph 1.2 Contributions to inter – annual GDP growth rate – production side



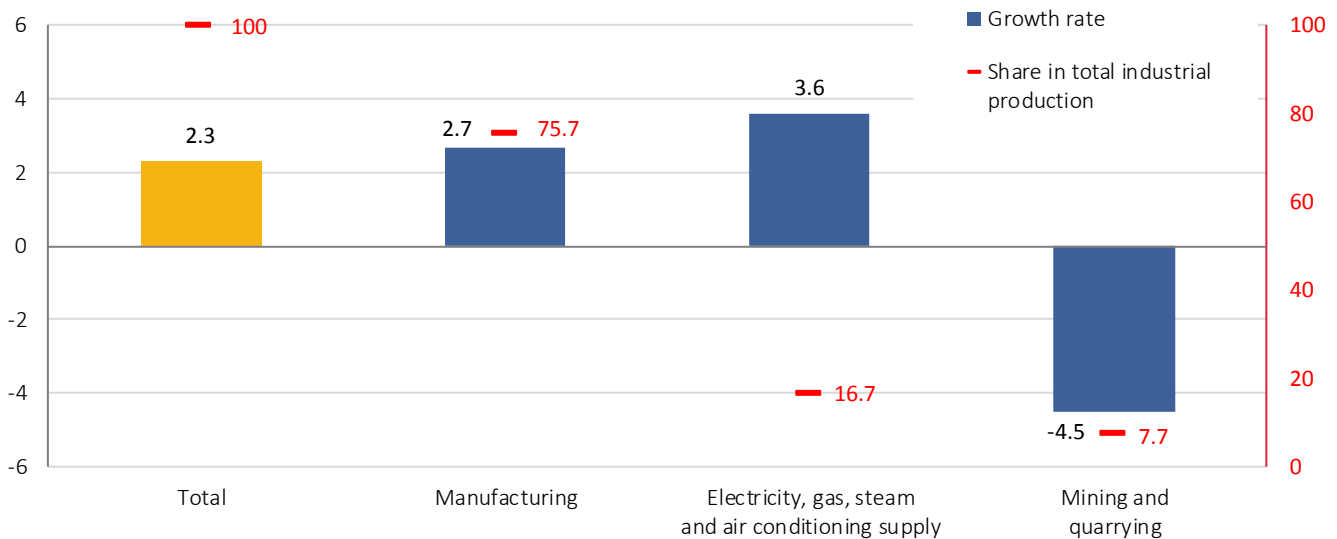
2. Industrial production

2.1. Total industrial production

Total industrial production in Serbia, in the first three quarters 2018 increased by 2.3% relative to the same period 2017. Cumulative growth in the period January – September was noted in two sections – Manufacturing (2.7%) and Electricity, gas, steam and air conditioning supply (3.6%), while in Mining and quarrying, cumulative fall of 4.5% was recorded.

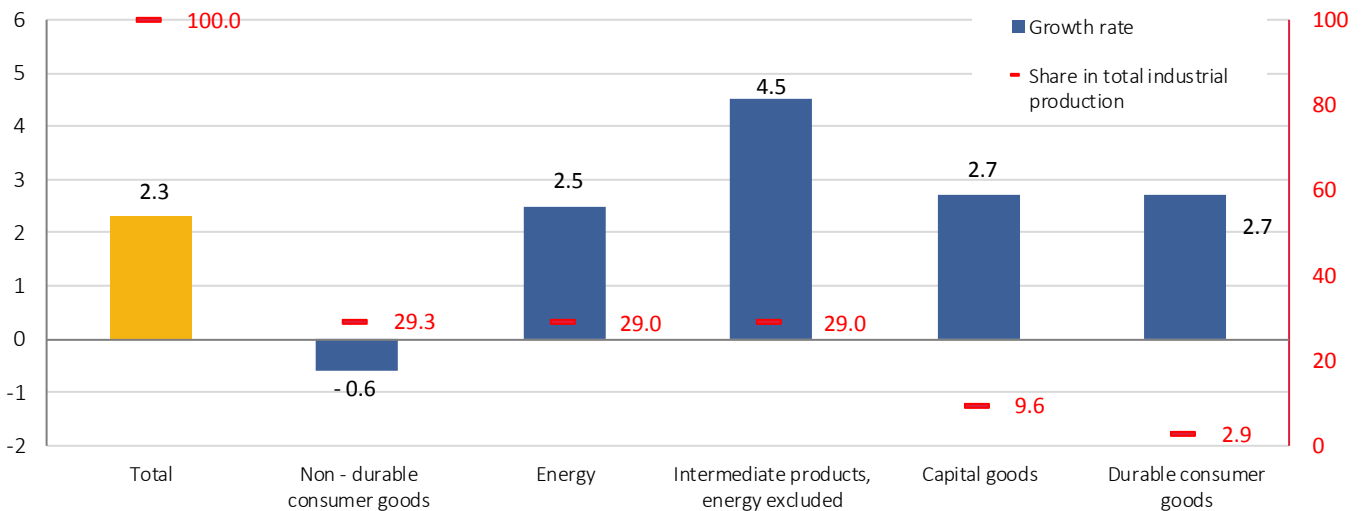
Graph 2.1 Cumulative trends of total industry and its sections (%)

(first three quarters relative to the same period of the previous year)



Graph 2.2. Industrial production growth rates, by MIGS (%)

(first three quarters relative to the same period of the previous year)



Manufacturing, with growth of 2.7% mostly contributed to increase of total industrial production – 2 p.p.

The section of Electricity, gas, steam and air conditioning supply contributed to total industrial production increase with 0.6 p.p. and Mining and quarrying with -0.4 p.p.

Slightly slower increase trend is expected for the fourth quarter, i.e. somewhat lower contributions, which will, according to prognoses, result in average growth of total industrial production in whole 2018 of about 2%, and about 3% increase of manufacturing.

2. Industrial production

Table 2.1 Industrial production, quarterly growth (%)

(quarter relative to the same quarter of the previous year)

	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1+Q2+Q3+Q4 ¹⁾
Industrial production – total	108.0	103.6	104.9	104.6	101.1	103.1	107.0	104.2	105.9	102.5	98.7	2.0
Manufacturing	106.1	106.5	105.0	106.5	106.0	105.0	108.7	105.7	105.0	102.3	101.1	3.0
Electricity, gas, steam and air conditioning supply	112.2	92.8	106.6	99.2	85.8	93.8	100.5	97.3	110.9	105.7	93.1	...
Mining and quarrying	113.6	99.2	102.9	98.4	94.2	105.4	105.1	104.3	103.0	97.9	87.0	...

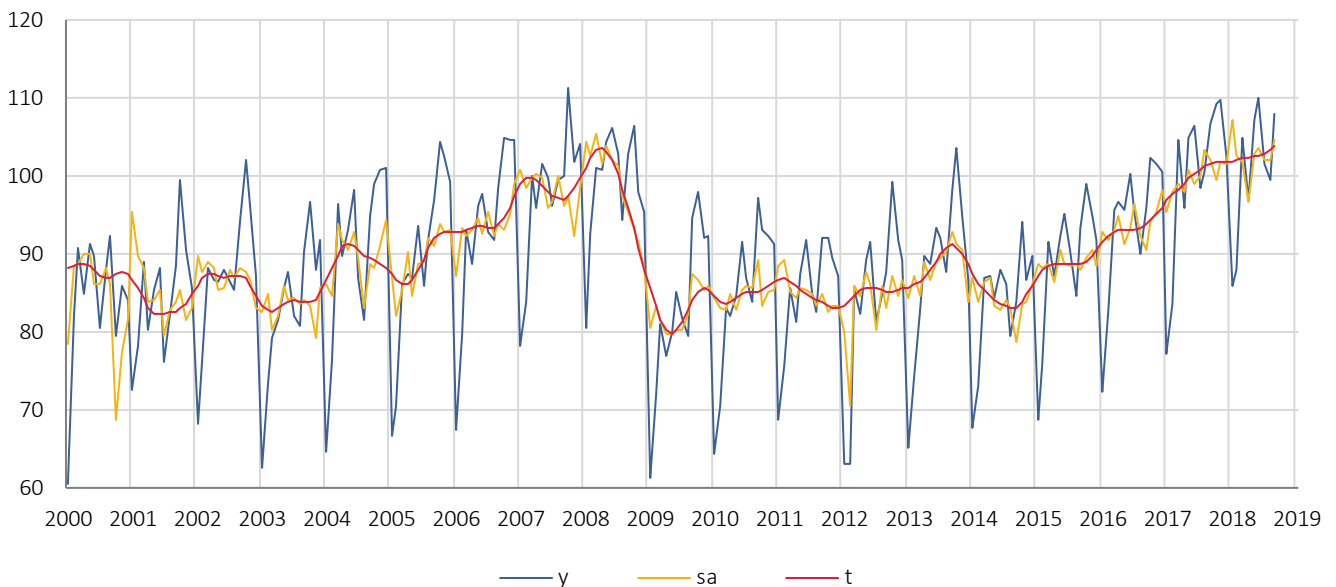
¹⁾ Prognoses

2.2. Manufacturing (C)

(share of 75.7% in total Industrial production index)

Graph 2.3 Components of Manufacturing time series, indices

(u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2017 = 100)



Apart from ordinary seasonal fluctuations characteristic for this section, from the third quarter 2014, trend series of Manufacturing report firm growing trend. Such trend will be continued, but probably with lower growth rates (Graph 2.3).

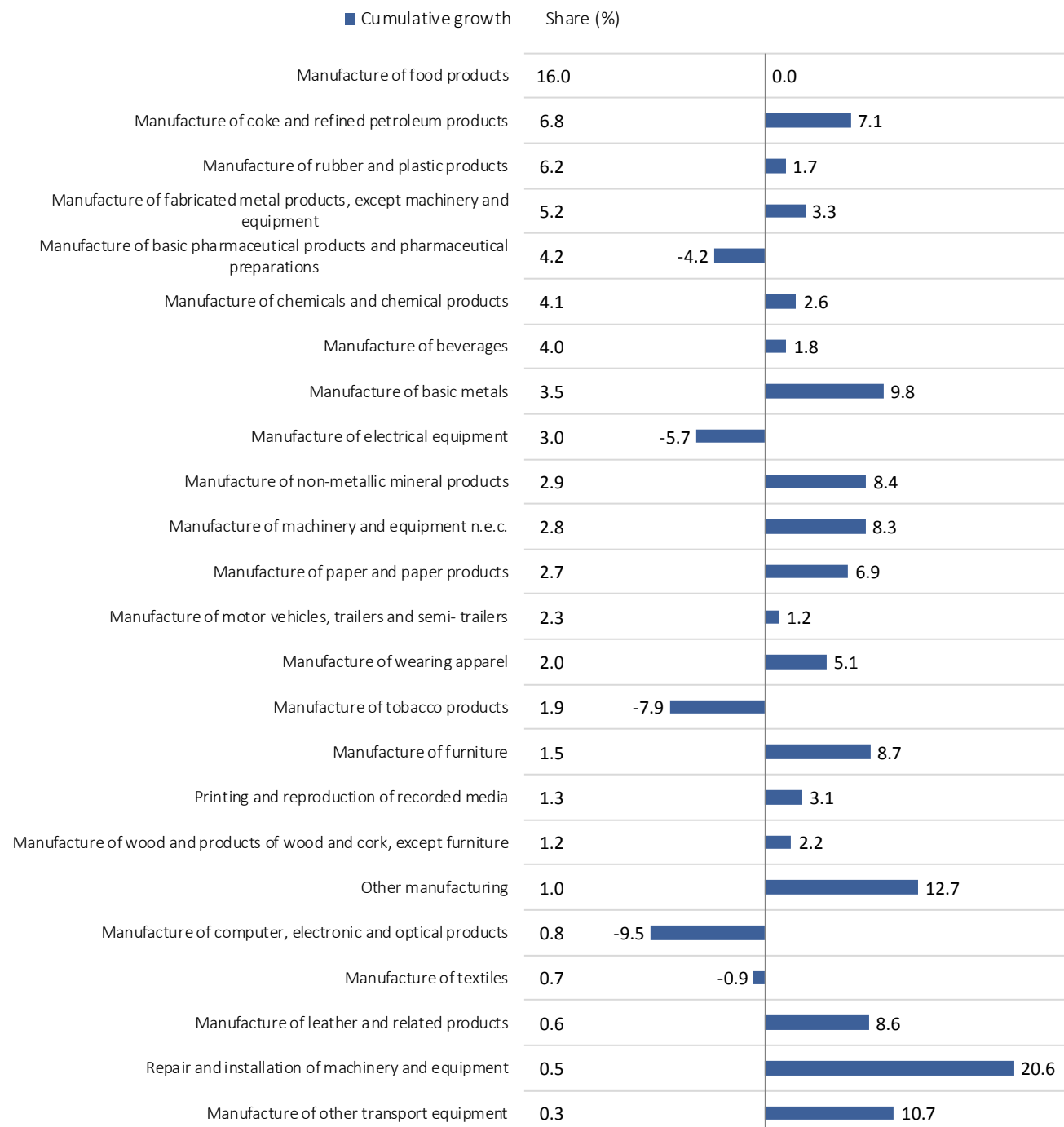
2. Industrial production

In the first three quarters 2018, observed by divisions, manufacturing increased in 18 out of 24 divisions, in cumulative comparison. Decrease was recorded in five divisions, out of which three do not have significant share in total industrial production index (Manufacture of computers, with the share of 0.8% and Manufacture of tobacco, with the share of 1.9% and Manufacture of textile, with the share of 0.7%). However, two divisions with high weights (participating together with 7.2%) in total industry and cumulative decrease in the first nine months are the following: Manufacture of basic pharmaceutical products and pharmaceutical preparations (fall of 4.2%) and Manufacture of electrical equipment (fall of 5.7%).

The sixth division in which neither growth nor fall was recorded, but the production remained as in the previous year (index = 100.0) is Manufacture of food products.

Graph 2.4 Manufacturing by divisions, cumulative growth rates (%)

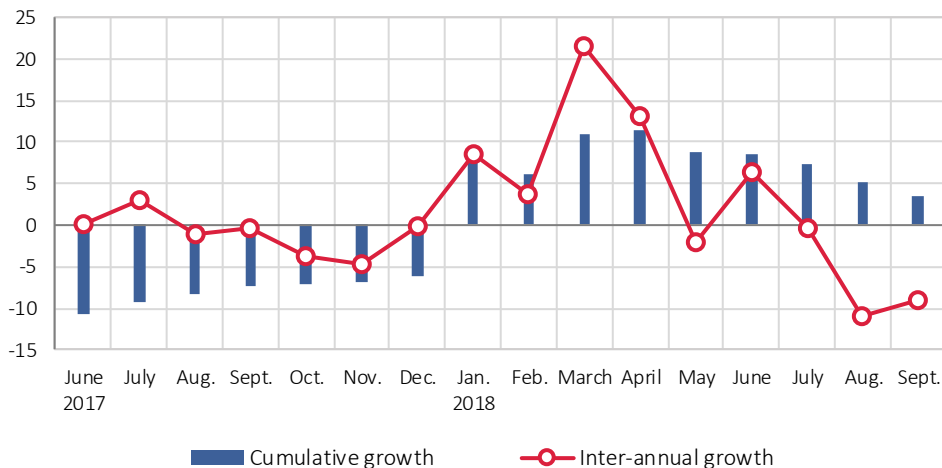
(Q1+Q2+Q3 2018 relative to the same period of the previous year, divisions presented in descending order according to shares in total industrial production)



2. Industrial production

2.3. Electricity, gas, steam and air conditioning supply (D) (share of 16.7% in total Industrial production index)

Graph 2.5 Cumulative and inter – annual growth rates in energy section (%)
(cumulative – January–September 2018, relative to the same period 2017;
Inter - annual – September 2018, relative to September 2017)



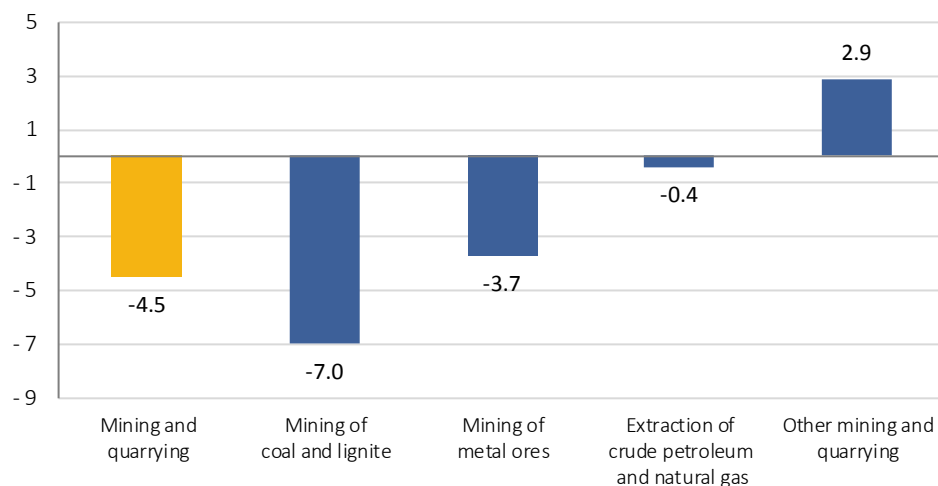
In the period January-September 2018, energy section recorded cumulative growth of 3.6%.

After growth in the first (10.9%) and in the second quarter (5.7%), in the third quarter 2018 fall of 6.9% was recorded (July – 0.4%, August – 11% and September – 8.9%).

Fall in the third quarter resulted mostly from decreased production in thermo- electric power plants and then in hydro -electric power plants.

2.4. Mining and quarrying (B) (share of 7.7% in total Industrial production index)

Graph 2.6 Cumulative growth rates in the section of Mining and quarrying (%)
(Q1 + Q2 + Q3 2018 relative to the same period of the previous year)



Production in the section of Mining and quarrying in the period January - September 2018 noted cumulative fall of 4.5%.

In the third quarter 2018, continued was the negative trend in Mining and quarrying that started in the second quarter when fall of 2.1% was noted. Actually, in all three months of the third quarter, recorded was inter-annual decrease: in July, 8.3%, in August, 20.2% and in September, 10%.

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.

3.1. Construction activity

After a short delay of construction activity in the first half of 2017, value indices of the performed works on the territory of the Republic of Serbia in the second half of 2017 and the first three quarters of 2018 have recorded growth. The stagnation of construction activity in the first half of 2017 was largely due to the decline in the value of performed works in transport infrastructure (roads and railways).

In the first nine months of 2018, construction activity in the Republic of Serbia increased by 18.4% at constant prices, relative to the same period 2017.

In Q1, increase of 29.5% was recorded, in Q2 increase of 25.2% and in Q3 increase of 7.0% relative to the same period 2017.

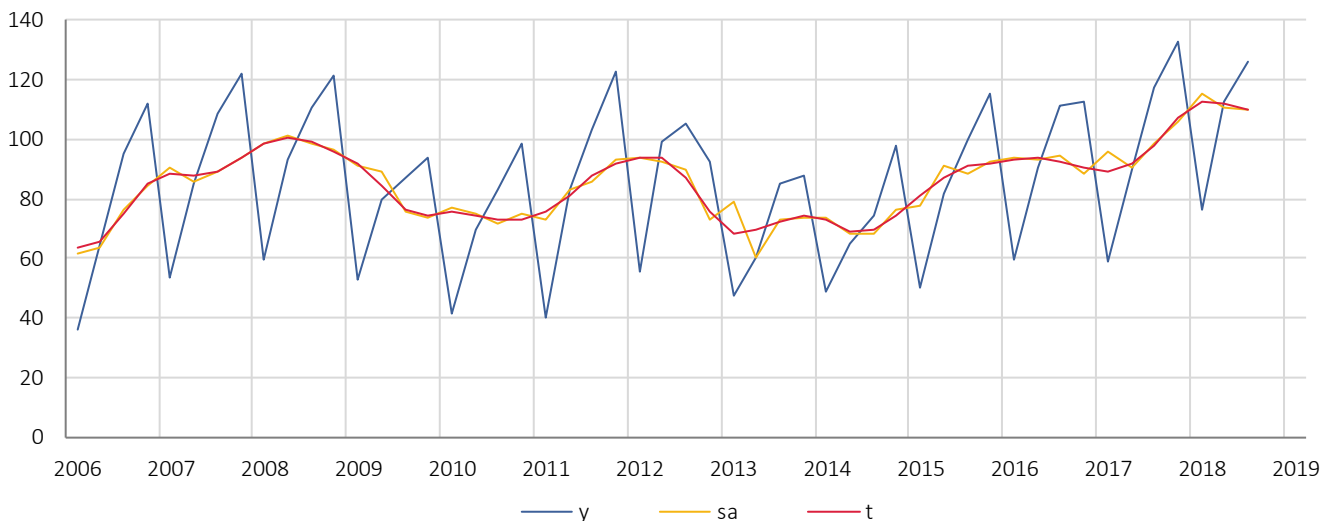
3.1.1. Trend in the first nine months

In the three quarters of 2018, construction activity in the Republic of Serbia increased by 18.4% at constant prices, relative to the same period 2017.

Observed by types of construction, value of performed works on buildings increased by 12.8%, while increase related to civil engineering amounted to 21.3%.

Graph 3.1 Components of time series of Indices of performed construction works on the territory of the Republic of Serbia, at constant process, indices

(u – original series, sa – series with excluded seasonal component, t – trend cycle component
average 2017 = 100)



Regional indicators show that value of performed works in Beogradski region has been constantly increasing in whole 2017, and in the first three quarters of 2018.

Region Vojvodine and Region Južne i Istočne Srbije in the first two quarters of 2017 recorded decrease of construction activity relative to the same period of the previous year, but since the third quarter 2017, value of performed construction works started increasing. Also, in the mentioned regions, in all three quarters of 2018, recorded was huge increase of construction activity.

In Region Šumadije i Zapadne Srbije, since the first quarter 2017, construction activity has been showing the decreasing trend, particularly obvious in the first three quarters of 2018. Decreased value in this region was most apparent regarding construction of transport infrastructure (roads and railways) and construction of non-residential buildings.

3. Construction

3.1.2. Trend in the third quarter 2018

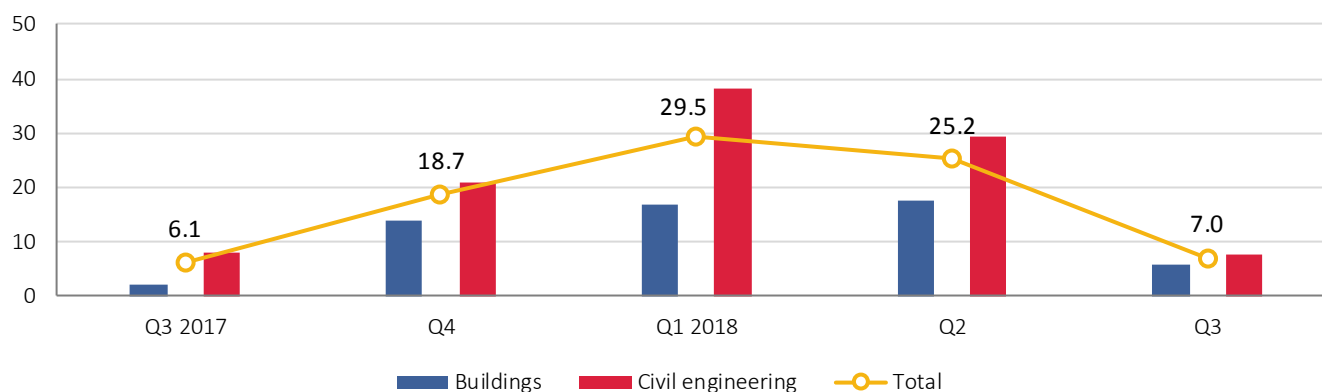
Table 3.1 Value of performed construction works, quarterly indices (%)
(comparison with the same period of the previous year)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1+Q2+Q3+Q4 ¹⁾
Current prices	101.3	102.2	108.9	121.1	129.8	126.6	112.0	112.4
Constant prices	95.1	96.0	106.1	118.7	129.5	125.2	107.0	109.0

¹⁾ Prognosis

In Q3 2018, construction activity increased by 12.0% at current prices, while at constant prices, the increase was 7.0% (relative to Q3 2017). Observed by type of construction, value of performed works on buildings increased by 5.8%, and regarding civil engineering (transport, pipeline, complex industrial constructions), the increase amounted to 7.5% at constant prices.

Graph 3.2 Value of performed construction works at constant prices, quarterly growth (%)
(quarter relative to the same quarter of the previous year)



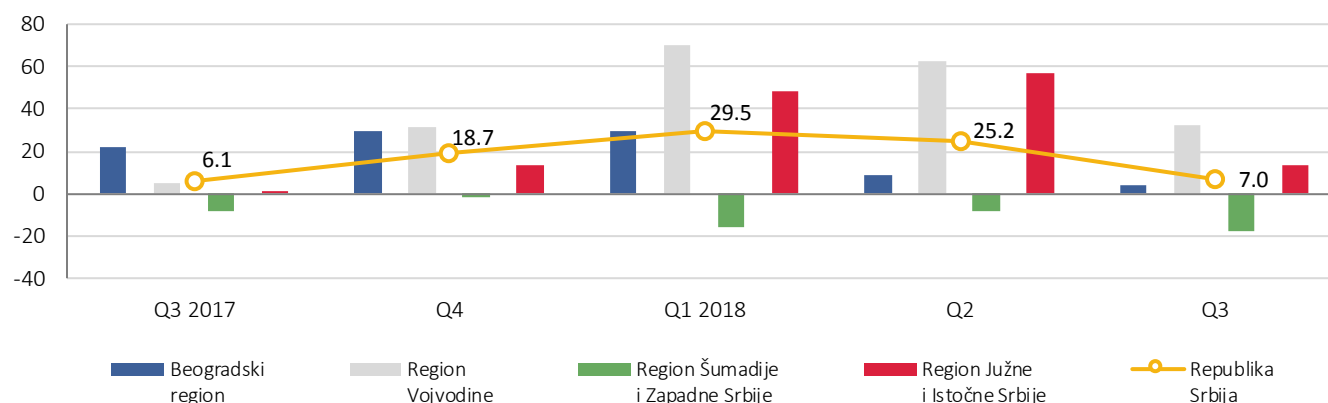
Increase of construction activity in the third quarter was the most noted in Region Vojvodine (increase of 32.4%) at constant prices, influenced by performed works on modernization of the railway line Beograd – Stara Pazova, as well as construction of residential buildings.

In Region Južne i Istočne Srbije the activity was increased by 13,5%, caused by transport infrastructure construction, construction of water supply and transmission lines, also including construction of non-residential buildings.

In Beogradski region, construction activity increased by 3.7% at constant prices. Significant increase related to transport infrastructure constructions and to non-residential buildings.

As was recorded in the first two quarters, construction activity in the third quarter decreased only in Region Šumadije i Zapadne Srbije, by 17.7% at constant prices. Decrease of values in this quarter was recorded regarding transport infrastructure constructions.

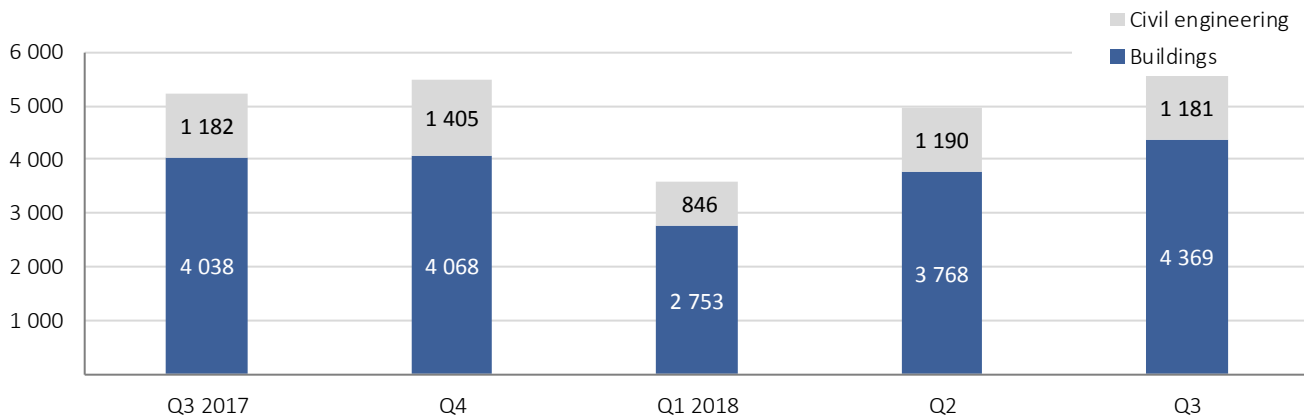
Graph 3.3 Value of performed construction works by regions, at constant prices, quarterly growth (%)
(quarter relative to the same quarter of the previous year)



3. Construction

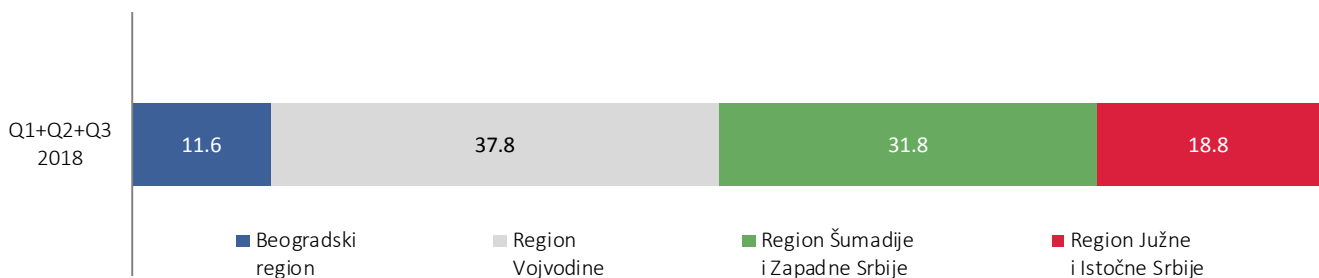
In the third quarter 2018, 5 550 building permits were issued. The greatest part of permits (4 369) related to construction works on buildings, while the rest related to transport infrastructure works, pipelines, complex industrial structures, etc. Out of total number of issued permits in the third quarter 2018, 42.7% related to new construction, while other permits were issued for adaptation, recovery, reconstruction and maintenance works.

Graph 3.4 Number of issued building permits for buildings and civil engineering in Q3 2018



Observed by regions, in the first three quarters 2018, the greatest number of permits was issued in Region Vojvodine (2 166), followed by Region Šumadije i Zapadne Srbije (1 744), Region Južne i Istočne Srbije (1 042), while the smallest number of issued permits was recorded in Beogradski Region (598).

Graph 3.5 Share of issued permits by regions in the first three quarters 2018 (%)



i 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).

4. External trade

4.1. Total value of goods export¹

Total value of goods export from Serbia increased by 7.7% in the period January – September 2018, relative to the same period 2017. Observed by time series' components, slightly increasing trend, recorded during the previous years, shows the trend of continuation in the following quarter.

Graph 4.1 Components of export's time series, indices

(u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2017 = 100)

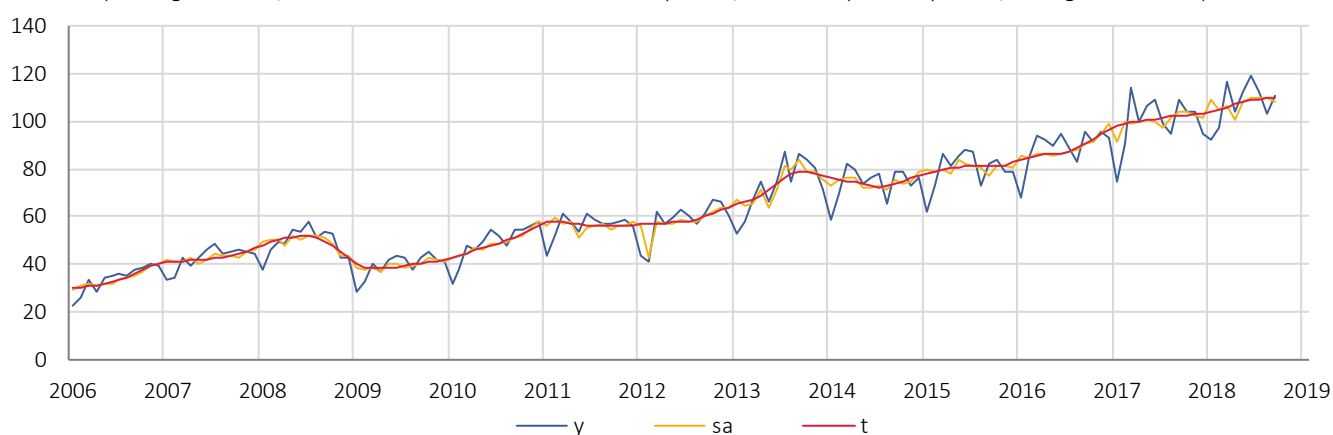


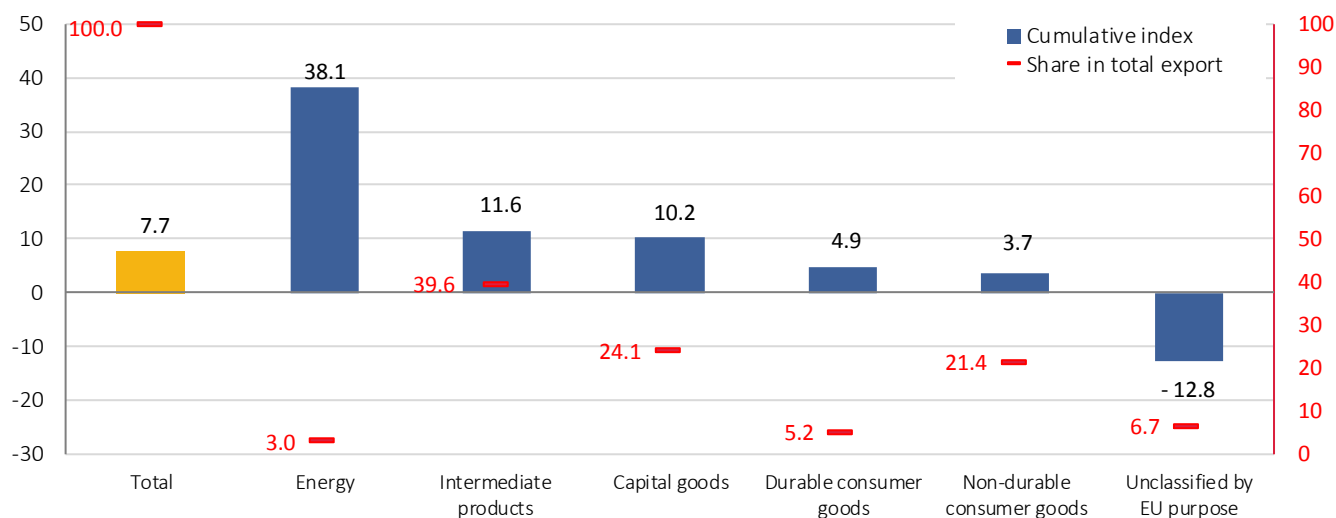
Table 4.1 Export of goods by CA (2010) sections, quarterly indices (%)

(comparison with the same period of the previous year)

	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1+Q2+Q3+Q4 ¹⁾
Export – total	111.5	108.8	110.2	115.9	113.6	113.7	112.9	108.2	108.9	106.5	107.8	108.5
Manufacturing	112.2	110.6	110.3	113.3	113.6	112.7	114.3	113.7	112.4	109.2	107.8	...
Agriculture, forestry and fishing	93.7	98.8	113.9	153.6	123.4	125.9	90.5	43.4	70.0	77.9	117.5	...
Mining and quarrying	121.4	121.9	115.7	126.4	137.1	137.7	137.1	133.5	120.9	89.0	90.3	...

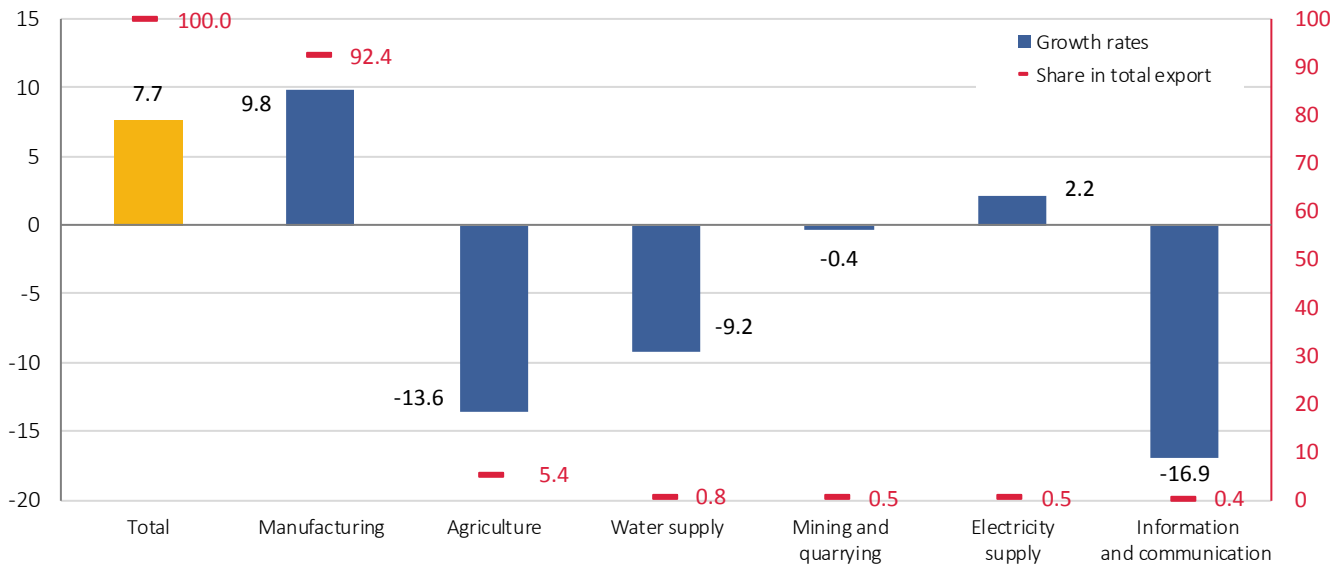
¹⁾ Prognosis

Graph 4.2 Cumulative growth rates of exports according to the economic purpose of the European Union



¹ Current exchange rate, EUR

Graph 4.3 Cumulative growth rates of export by CA (2010) sections and sections' share in export (%)
(Q1 + Q2 + Q3 2018 relative to the same period of the previous year)



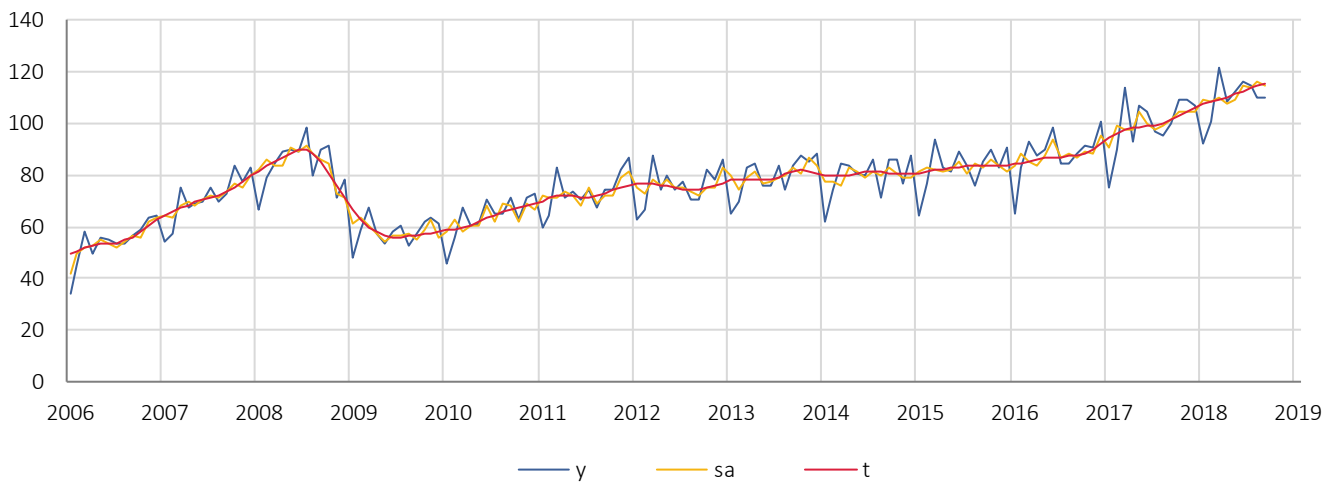
Total export results were mostly influenced by manufacturing² increase of 9.8%, as it presents 92.4% of total export and decrease of 14.3% in the section of agriculture production, hunting and service activities, which encompassed 5.3% of total export in the period January - September 2018.

4.2. Total value of goods import³

Total value of goods import in Serbia in the period January – September 2018 increased by 12.8% relative to the same period 2017.

Graph 4.4 Components of import's time series, indices

(u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2017 = 100)



² CA 2010

³ Current exchange rate, EUR

4. External trade

Table 4.2 Import of goods by CA (2010) sections, quarterly indices (%)
(comparison with the same period of the previous year)

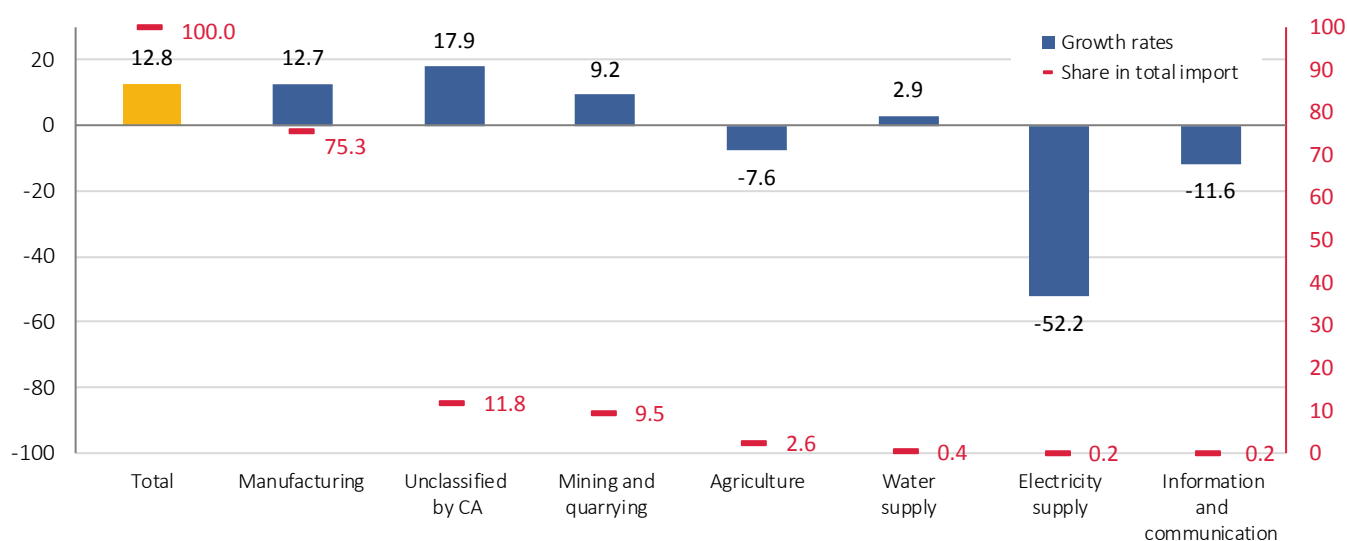
	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1+Q2+Q3+Q4 ¹⁾
Import – total	103.0	109.0	104.7	107.3	115.8	110.4	113.6	115.5	112.5	111.0	114.9	113.5
Manufacturing	103.1	106.8	104.3	107.1	110.1	108.5	111.2	114.8	118.5	109.8	110.3	...
Agriculture, forestry and fishing	110.1	104.6	100.9	93.4	108.6	121.4	125.7	126.1	99.7	90.9	85.0	...
Mining and quarrying	77.3	97.7	82.9	90.1	154.6	123.0	133.5	127.8	100.9	118.3	141.2	...

¹⁾ Prognosis

Graph 4.5 Cumulative growth rates of imports according to the economic purpose of the European Union



Graph 4.6 Cumulative growth rates of import by CA (2010) sections and sections' share in import (%)
(Q1 + Q2 + Q3 2018 relative to the same period of the previous year)



Total import results were mostly influenced by manufacturing increase of 12.7%, as it presents 75.3% of total import, 17.9% in import of unclassified goods, which encompassed 11.8% of total import and 19.2% in the section of mining and quarrying which presents 9.5% of total import in the period January - September 2018.

4.3. The most significant external trade partners

The most significant external trade partners in the period January - September 2018 were the countries with which Serbia has signed agreements on free trade. European Union member countries account for 63.7% of total external trade and the second major partner refers to the CEFTA countries. The major external trade partners are separately presented in table 4.3.

Table 4.3 The major external trade partners

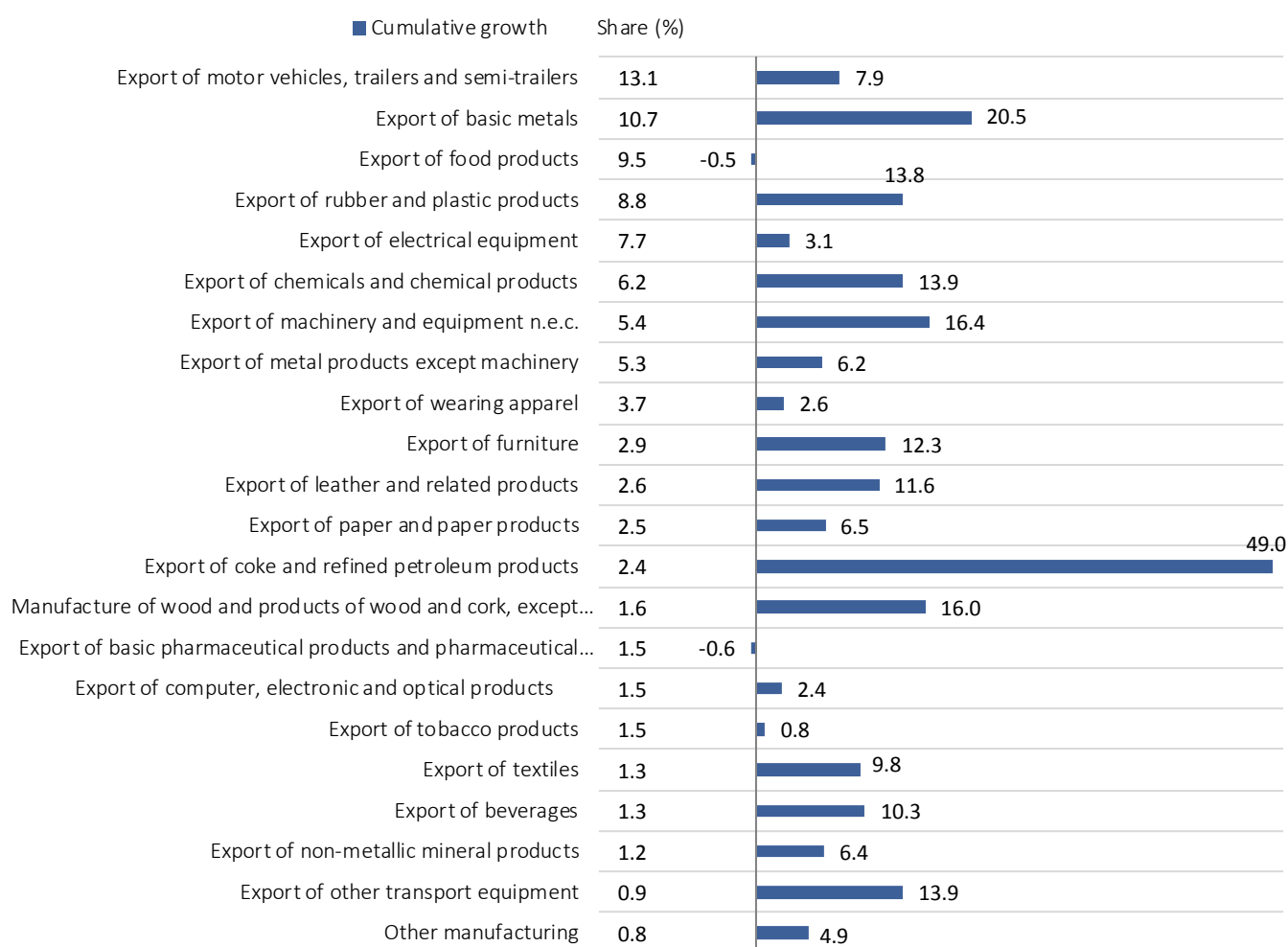
Export	EUR mill	Import	EUR mill
Italy	1 539.9	Germany	2 166.1
Germany	1 473.7	Italy	1 520.8
Bosnia and Herzegovina	971.2	China	1 321.8
Romania	702.7	Russian Federation	1 242.1
Russian Federation	658.6	Hungary	782.1

4.4. Manufacturing (C)

(share of 92.4% in total export and 75.3% in total import)

Graph 4.7 Export of manufacturing by divisions, cumulative growth (%)

(Q1 + Q2 + Q3 2018 relative to the same period of the previous year, by descending share in total export)



4. External trade

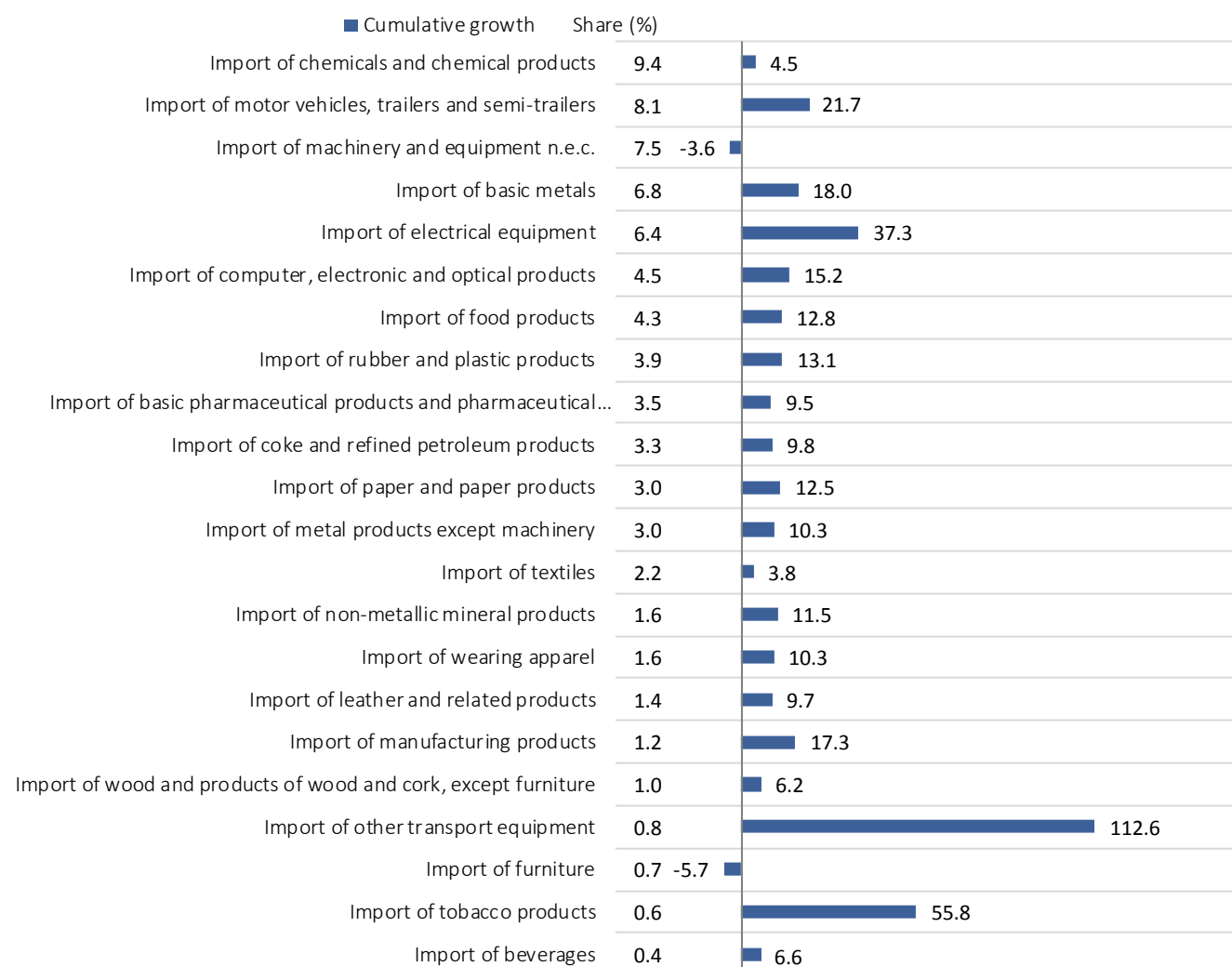
Export of manufacturing in the first three quarters recorded growth of 9.8%, presenting the increase in all divisions of the Classification of activities excluding export of food products and export of basic pharmaceutical products and pharmaceutical preparations, which recorded slight decreases (0.5% and 0.6%, respectively).

Export of motor vehicles and trailers and semi-trailers noted cumulative increase of 7.9%, relative to the period January – September 2017, presenting the highest separate value in export of EUR 1.6 billion and the greatest share in total export, 13.1%. Apart from this division, particularly good results were noticed in export of basic metals (increase of 20.5%), rubber and plastic products (increase of 13.8%), electrical equipment (increase of 3.1%) and chemicals and chemical products (increase of 13.9%).

Export of food products recorded bad results almost every month from the beginning of 2018. Noted was the cumulative decrease of 0.5%, and decreased share in total export to 9.5% (from 10.4%, which was the value in the same period previous year). Value of realized export was about EUR 1.1 billion. Bad results are the consequence of decreased export of oils and fats. Mill products and sugar (decreases amounted to 12.4%, 7.6% and 59%, respectively).

Graph 4.8 Import of manufacturing by divisions, cumulative growth (%)

(Q1 + Q2 + Q3 2018 relative to the same period of the previous year, by descending share in total import)



Import of manufacturing recorded increase of 12.7% in the first nine months. Such result was mostly influenced by increased import of chemicals and chemical products (4.5%), machinery and equipment, n.e.c. (21.7%), basic metals (18%) and electrical equipment (37.3%). On the other hand, import of motor vehicles and trailers recorded decrease of 3.6% and the share in total import decreased from 8.8% in the same period 2017 to 7.5%.

4.5. Agriculture, forestry and fishing (A)

(share of 5.4% in total export and 2.6% in total import)

Agricultural production recorded huge decrease in 2017, influencing export results in 2018. Export in this section realized decreased value of 13.6%, as well as decreased share in export from 6.8% to 5.4% relative to the period January – September 2017. The most significant division of this section, Agricultural production, hunting and service activities, participating with the share of 97.5% in total export of the whole section, noted the decrease of 14%. The greatest decrease in export, relative to the first nine months of 2017 was recorded in export of cereals (except rice), leguminous crops and oil seeds (cumulative decrease of 11.3%) and in export of pome and stone fruit (cumulative decrease of 27.6%), that is, the two CA classes which make 76.2% of total export of the whole section.

On the other hand, import recorded decrease of 7.6%. Registered was significant increase of cereals import (except rice), leguminous crops and oil seeds of 8% and citrus fruits of 13%, and also decreased import of tobacco (33.5%) and beverage plants (20.4%). As these classes of CA make about 44% 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 same period last year.

4.6. Mining and quarrying (B)

(share of 0.5% in total export and 9.5% in total import)

The section of Mining and quarrying noticed export decrease of 0.4% relative to the period January – September 2017. Trend values are in slight continuous decrease in the previous nine-month period.

Import in this section recorded growth of 19.2%, mostly caused by increased import (29.7%) of crude oil and natural gas.

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.

5. Domestic trade

5.1. Retail trade turnover

(Division 47 of the Classification of Activities)

Retail trade turnover in the period January – September 2018, relative to the same period 2017, increased by 6.5% at current and by 4.0% at constant prices.

Table 5.1 Retail trade turnover, quarterly indices (%)
(comparison with the same period of the previous year)

	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1+Q2+Q3+Q4 ¹⁾
Current prices	109.7	105.6	106.8	108.6	108.8	109.8	107.6	106.6	104.7	105.8	108.6	107.0
Constant prices ²⁾	109.9	107.2	106.9	106.9	104.0	104.8	104.1	103.0	103.3	103.4	104.9	104.5

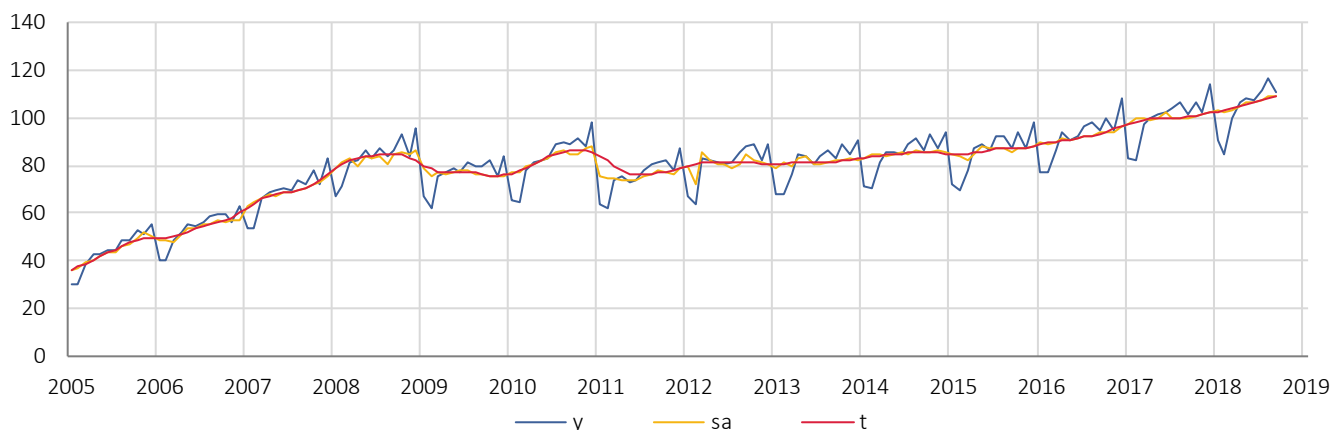
¹⁾ Prognosis

²⁾ Indices are recalculated through monthly indices at constant prices.

Observed relative to 2017 average, in the first nine months of 2018, expected seasonal fluctuations in retail trade were observed, both at current and at constant prices (seasonal fall was noted in the first quarter and growth was recorded in the second and in the third quarter). However, the long-term trend is constant and slightly increasing and during the first three quarters of 2018, it was above the last year's average (on average, 5.8% at current and 3.3% at constant prices).

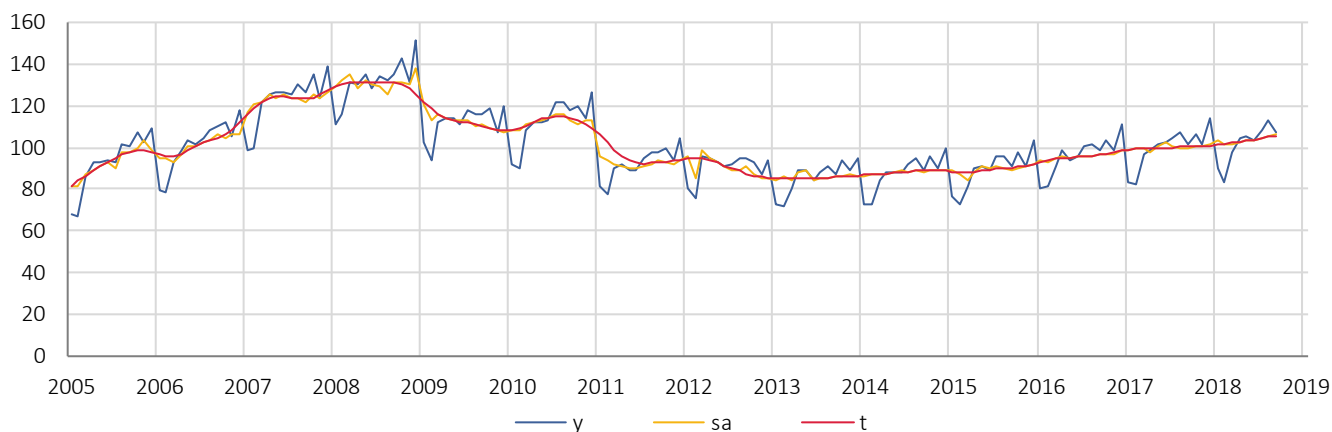
Graph 5.1 Components of time series of retail trade turnover at current prices, indices

(u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2017 = 100)



Graph 5.2 Components of time series of retail trade turnover at constant prices, indices

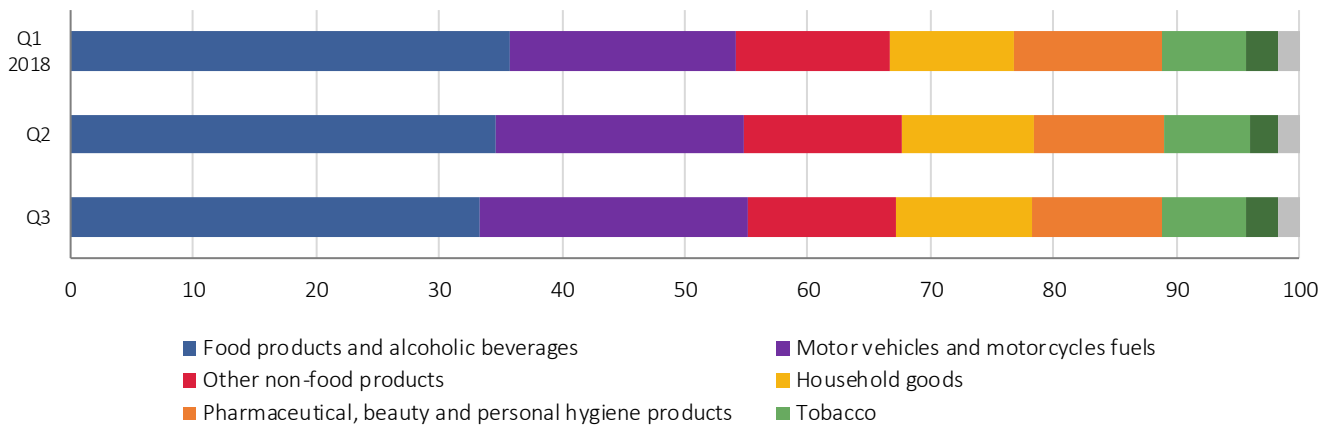
(u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2017 = 100)



5. Domestic trade

Observed by **trade divisions and commodity groups**, in the third quarter 2018, relative to the first and the second quarter, there were no significant changes in retail trade turnover structure. The most notable were food products and alcoholic beverages (33.3%), followed by motor vehicles and motorcycles fuels (21.8%) and other non-food products (12.1%).

Graph 5.3 Structure of retail trade turnover by trade divisions and commodity groups (%)



5.2. Wholesale trade turnover

(Division 46 of the Classification of Activities)

Wholesale trade turnover in the first three quarters 2018, compared with the same period 2017 noted increase of 8.8% at current prices.

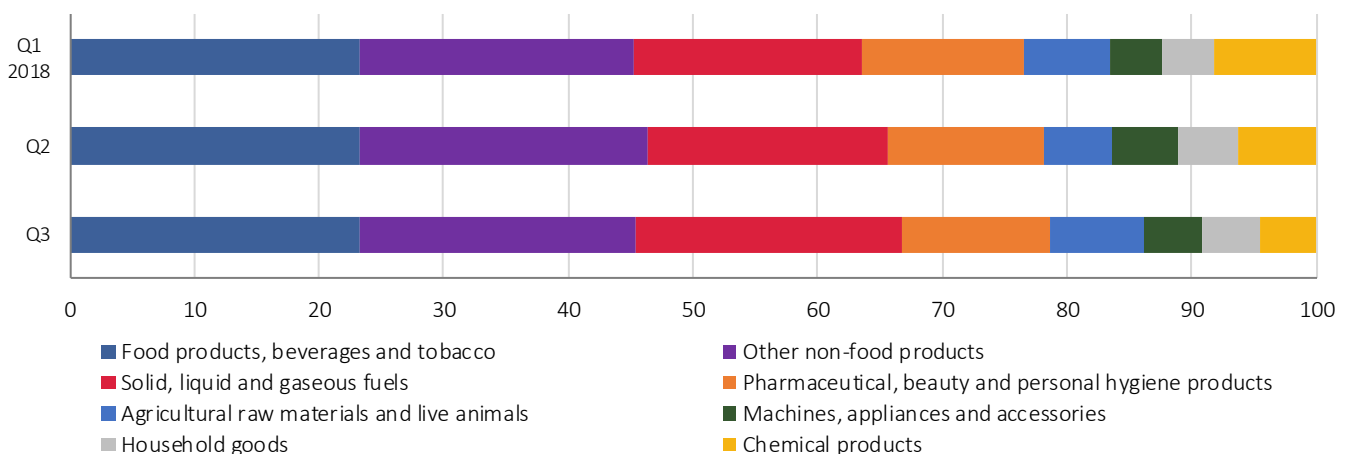
Table 5.2 Wholesale trade turnover, quarterly indices (%)

(comparison with the same period of the previous year)

	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Current prices	102.6	100.9	99.0	100.9	109.7	106.1	108.2	107.7	104.3	110.2	111.5

Observed by **trade divisions and commodity groups**, in wholesale trade turnover, similarly with the previous two quarters of 2018, the most notable were food products, beverages and tobacco (23.3%), followed by other non-food products (22.1%) and solid, liquid and gaseous fuels (21.4%).

Graph 5.4 Structure of wholesale trade turnover by trade divisions and commodity groups (%)



5. Domestic trade

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

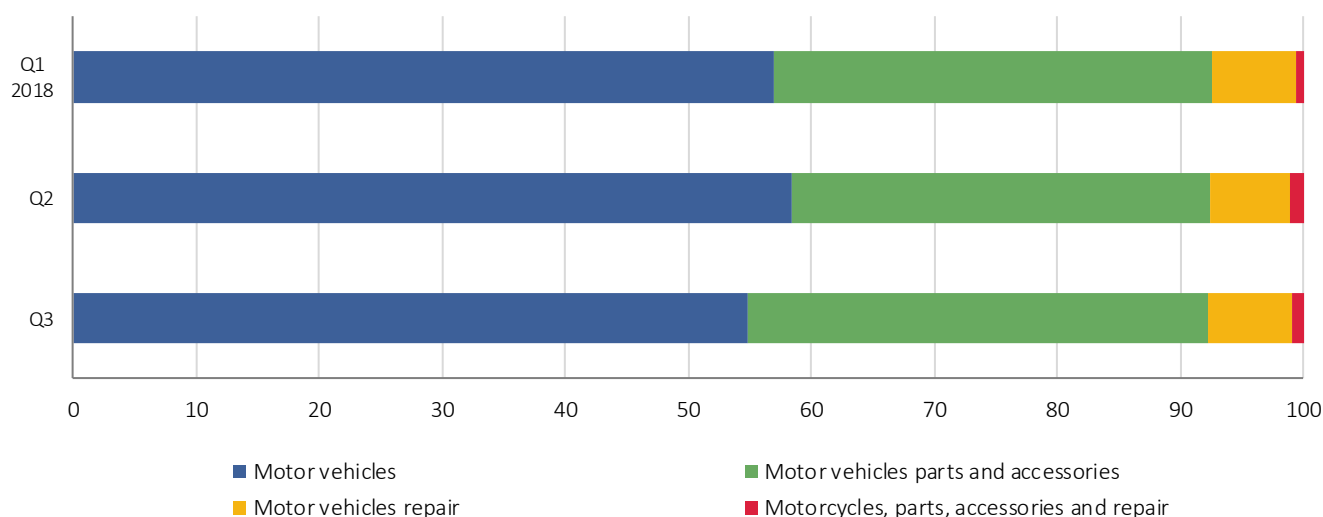
Turnover of goods in wholesale and retail trade and repair of motor vehicles in the first three quarters of 2018, relative to the same period 2017 recorded increase of 8.8% at current prices.

Table 5.3 Turnover in wholesale and retail trade and motor vehicles repair, quarterly indices (%)
(comparison with the same period of the previous year)

	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Current prices	124.5	129.4	114.4	115.7	121.3	113.2	114.2	109.5	104.1	108.4	113.4

Observed by **trade divisions and commodity groups**, regarding wholesale and retail trade turnover and motor vehicles repair in the third quarter 2018, the most notable were motor vehicles (54.8%), followed by motor vehicles parts and accessories (37.4%).

Graph 5.5 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.

In the **first nine months** of 2018, compared with the same period of the previous year, a cumulative growth of consumer prices of 1.9% was registered. In **September** of the current year, consumer prices saw an inter-annual growth of 2.1% (compared with September 2017). This result is slightly above the lowest limit of the inflation targeted by the National Bank of Serbia for 2018, being 3.0±1.5%.

According to SORS forecasts, a progressive growth of consumer prices is expected in the forthcoming period as a result of an expected faster increase of domestic demand, favourable trends in labour market, and salaries and wages, as well as of weakening effects of the base. In the first three quarters of 2018, price growth is forecast to be 2.0% inter-annually (table 6.1).

Graph 6.1 Inflation rate measured by consumer indices, September 2017 – September 2018 (%)

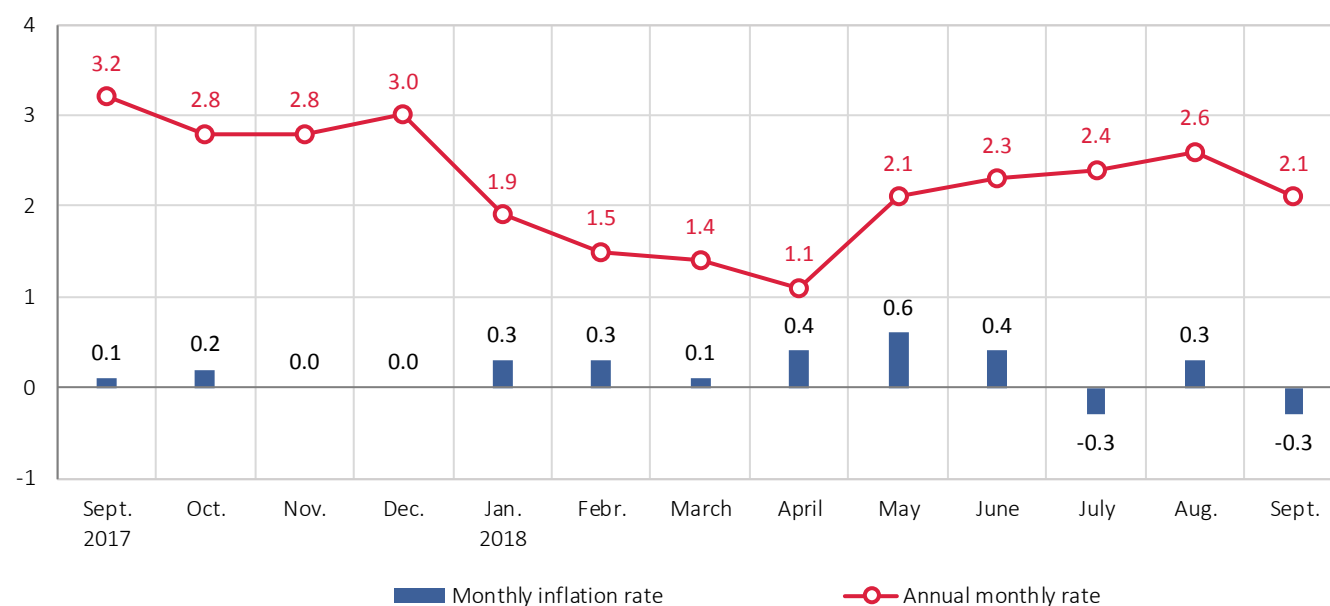


Table 6.1 Consumer prices, quarterly inflation rate (%)
(quarter to the same quarter of the previous year)

	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1+Q2+Q3+Q4 ¹⁾
Consumer prices (CPI)	1.5	0.5	1.0	1.5	3.1	3.7	3.0	2.9	1.6	1.8	2.4	2.0

¹⁾ Forecast

Observed by **main divisions of consumption** in terms of the consumer price index, the cumulative growth of 2.4% in the first three quarters of 2018 was mostly due to the contribution of the increase in the following divisions of products:

6.1. Food and non-alcoholic beverages (contribution of 0.6 pp.)

Having in mind the high share of this division in the total consumption structure (31.7%), it is clear that CPI growth is mostly determined by the increase of its prices. Within this division the largest contribution to the cumulative index was that of the following products: fruit (0.1 pp.), vegetables (0.4 pp.), non-alcoholic beverages (0.1 pp.) and bread and cereals (0.1 pp.).

Fruit and vegetables – The analysis of the seasonal component **fruit and vegetables** shows that the influence of this division on the growth of total consumer prices after the second quarter began to go down – in the third quarter it is actually negative, while in the fourth quarter only the prices of vegetables, on average, influence significantly the prices of food. This counter-cyclical mechanism of seasonal factors of fruit and vegetables prices can be, every year, under a minor or larger influence of climatic agricultural specificity, but it clearly follows the mentioned course.

6. Prices

In the course of 2018, fruit prices had the largest positive influence on the total food prices from January to May, but from June to October their positive influence registered a constant decline. In addition to the other factors, fruit and vegetables prices were considerably influenced by natural inclemencies (hail and excessive precipitations) – particularly in western parts of the country and in Sumadija during the second and third quarters of 2018 – and by the increase of fuel prices, which reflected on higher costs of fruit and vine production.

From June 2018, vegetables prices have taken over and had the highest influence on food prices (up to June it was, on average, negative) and this influence, as the greatest, will be maintained till the end of the year. Consequently, the annual growth rate of fruits in the first three quarters of 2018, when compared with the same period of the previous year, amounted to 4.1%, and of vegetables to 8.1%, vegetables contributing to the overall increase in food prices with 0.4 pp. and fruit with 0.1 pp.

Bread and cereals – (contribution of 0.1 pp.)

In 2018, bread and cereals accounted for 15.1% in the total price of the division of products food and non-alcoholic beverages, being the second behind meat (21.5%) and before vegetables (14.3%) and fruit (6.9%).

As mentioned in the previous issue of Trends, after the third quarter of 2018, despite a relatively favorable agricultural and meteorological situation and expected higher yields of wheat in Serbia, yields of wheat and cereals were, on average, considerably lower on the European and Black Sea markets in the current season, essentially as a consequence of excessive precipitations, followed by drought. Those extreme climatic factors, along with the increase in the price of crude petroleum on the world market, are the main triggers of *the growth of wheat on foreign stock exchanges* (except for speculative factors). Although the yield of wheat in Serbia in the agricultural season 2018 achieved a record level, with 3.4 million tons harvested, the quality of the grain was, on average, lower due to excessive rainfalls. Consequently, wheat trading recorded constant increase in wheat prices on the domestic market, which depended on wheat prices movement on international markets (which suited Serbian producers).

The purchase price of wheat being higher, those trends on the domestic market led to the increase in prices of bread and cereals – in the second quarter the increase was a result of market expectations of the current harvest, in the third one prices went up after higher harvesting production costs. In the first three quarters of 2018 prices of bread and cereals, when compared with the same period of 2017, grew by 1.2%.

Observed by grouped products, in the structure of the prices of food and non-alcoholic beverages the growth was most affected by **non-processed food** (0.4 p.p.) and much less by **non-processed food** (0.1 p.p.).

6.2. Alcoholic beverages and tobacco (contribution of 0.4 pp.)

Within this division, the largest contribution was from the growth of **tobacco** prices (0.3 pp.). This was a direct consequence of the harmonized excise policy according to which, respecting the excise calendar 2018-2020, every January and June a specific excise duty on cigarettes rose by 1.5 dinars, including the charged proportional excise duty on cigarettes of 33.0% and the added VAT. This way, government levies from 1 July to 31 December 2018 on the price of one pack of cigarettes amounted to 69,2 dinars. Consequently, the increase in tobacco prices in the third quarter was primarily due to higher excises on cigarettes which entered into force on 1 July 2018. So, from the beginning of 2018 to the end of the third quarter, the price of one pack of cigarettes went up by 8.2%, while the contribution to the growth rate, compared with the same period (from the first to the third quarter) of the previous year (0.3pp.) was the second in the row by the size of impact on the increase in total consumer prices (behind food prices).

It is worth mentioning that the share of tobacco products, even though still relatively high in the total consumer prices (4.4%), has been continuously falling over the last few years due to smaller consumption, i.e. smaller amount of money earmarked by consumers.

6.3. Housing, water, electricity, gas and other fuels (contribution of 0.2 pp.)

The total cumulative increase in prices of this division of products in the first three quarters of 2018, in relation to the same period of the previous year, was slightly over that in the first two quarters and was primarily due to the growth of the prices of solid fuels and electricity for households. At the end of the third quarter, the average increase in prices of solid fuels was 5.3%, while the increase in prices of electricity for households was unchanged – from the beginning of the year it amounted to 2.1%.

6.4. Transport (contribution of 0.2 pp.)

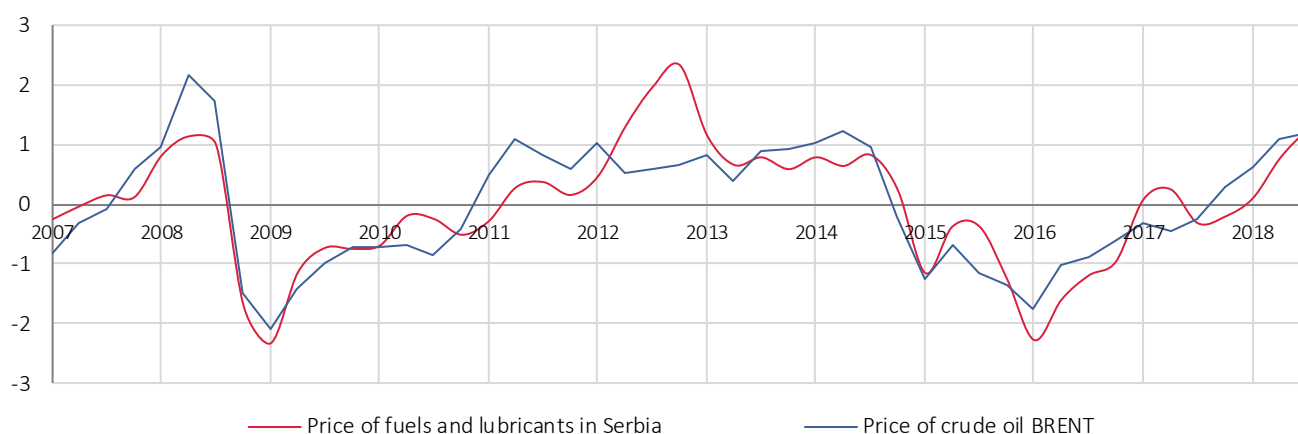
In the structure of this division of products, the prices of **fuels and lubricants for personal transport equipment** had a dominant influence. Due to great fluctuations on the world market of crude oil, additionally intensified in the third quarter, after the first three quarters of 2018 (compared with the same period of the previous year) crude oil BRENT prices went up by 39.3%, and the dollar weakened against the euro by 6.9%.

As a direct result of these parities from the beginning to the end of the third quarter of 2018, the retail price of eurodiesel increased, on average, by 15.0 dinars per litre, and of unleaded europremium gasoline of 95 octanes by 12.4 dinars per litre, leading to the growth of 10.6% of overall prices of fuels and lubricants.

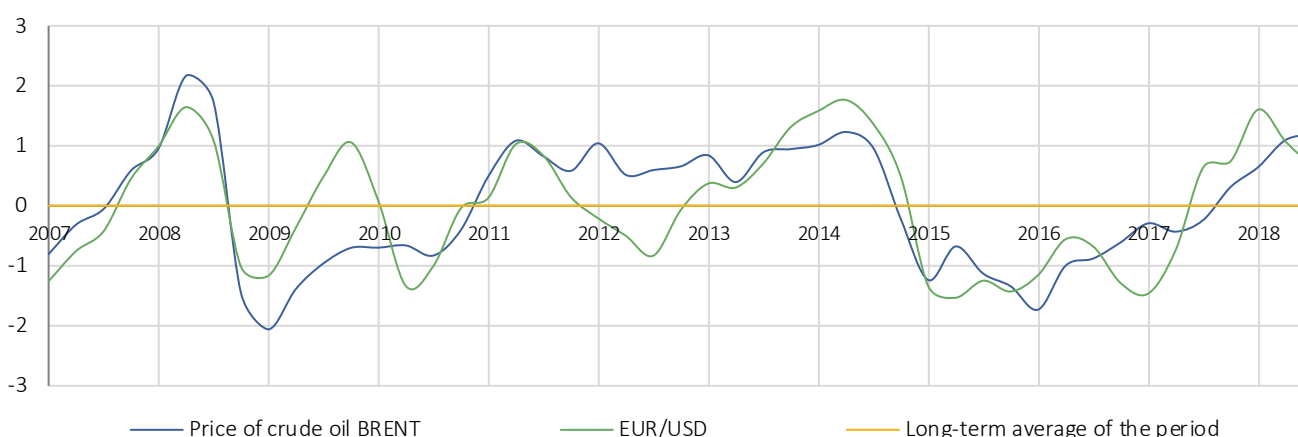
Besides the prices of crude oil on the world market and dollar exchange rate – as the main factors, prices of fuels in Serbia in the first three quarters of 2018 were also affected by government levies due to higher excises (and consequently higher VAT because of a higher base), starting from the first quarter of 2018. From the beginning of the year, government levies increased by 2.63 dinars per litre of gasoline and by 3.07 dinars per litre of diesel, amounting to 54.9 and 56.5 dinars for unleaded gasoline and diesel, respectively, at average retail trade prices.

The total cumulative annual increase in prices of fuels and lubricants for passenger cars in the first three quarters of 2018, when compared with the same period of 2017, amounted to 4.8% (only in the third quarter of 2018, fuels and lubricants prices went up almost twice in relation to the increase recorded in the first two quarters), contributing to the total inter-annual growth rate of consumer prices of 0.3 pp.

Graph 6.2 Movement of the price of fuels and lubricants to the price of crude oil BRENT, deviations from the average of the period (%)



Graph 6.3 Exchange rate of the euro to the dollar and prices of crude oil BRENT, deviations from the average of the period (%)

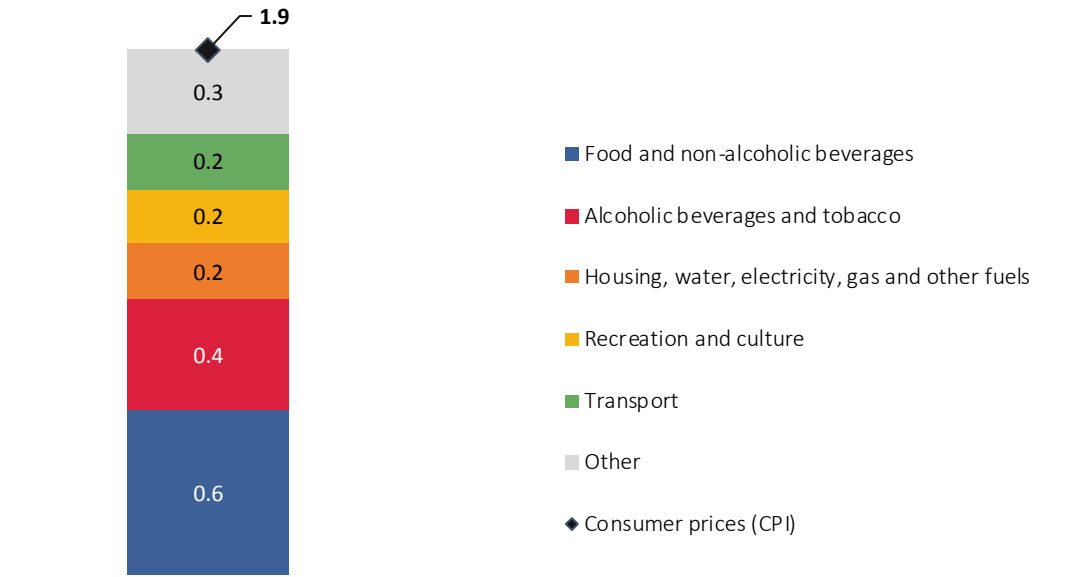


6. Prices

6.5. Recreation and culture (contribution of 0.2 pp.)

In this division of products the largest positive contribution was that of prices of package holidays, which recorded a cumulative growth of 15.2% at the end of the third quarter, compared with the same period of the previous year, contributing this way to the total consumer prices by 0.1 pp. Services for culture saw a growth of 5.1% and contributed with 0.1 pp.

Graph 6.4. Contribution to the cumulative growth rate of consumer prices by components (pp.)



Glossary

Annual inflation rate is a change in prices in the current month in relation to the same month of the previous year, in percentages.

Monthly inflation rate is a change in prices in the current month in relation to the previous month, in percentages.

7. Labour market

In Serbia in the third quarter of 2018 there were 2.929 million employed persons and 371.8 thousand unemployed persons aged over 15⁴.

When compared with the previous quarter (Q 2018) the unemployment rate was lower and was 11.3% (after 11.9% in Q1 2018) and the number of unemployed persons fell by 19.7 thousand.

On regional level, the unemployment rate was the lowest in Vojvodina (7.9%), Beogradski region (10.2%), Region Zapadne Srbije i Šumadije (12.5%) and Region Južne i Istočne Srbije (15.2%).

Although unemployment rate movements had a falling tendency, they contained a seasonal component which, due to the insufficiently long series, cannot be eliminated for the moment being.

Graph 7.1 Unemployment rate movements over Q1 2014 – Q3 2018, quarterly frequency; persons aged 15 and over

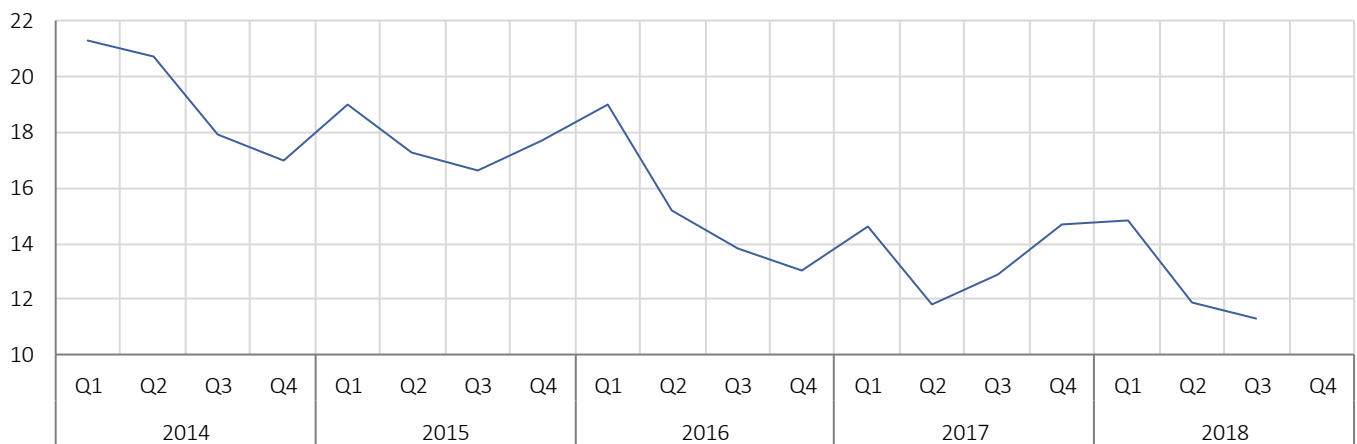


Table 7.1 Labour market, quarterly data, persons aged 15 and over

	Current quarter	Previous quarter		Same quarter of the previous year	
	Q3 2018 (in thousands)	Q2 2018 (in thousands)	change, %	Q3 2017 (in thousands)	change, %
Unemployed	371.8	391.6	-5.0	428.2	-13.2
Employed persons	2 929.3	2 896.8	1.1	2 881.9	1.6
	%	%	change, %	%	change in %
Unemployment rate	11.3	11.9	-5.0	12.9	-12.4
Employment rate	49.2	48.6	1.2	48.2	2.1

7.1. Comparison with the same quarter of the previous year

When compared with the same quarter of the previous year, the number of unemployed persons decreased by 13.2% (from 428.2 thousand to 371.8 thousand). At the same time, the number of employed persons grew by 1.6% (from 2.882 million in Q3 2017 to 2.929 million in Q3 2018).

The **youth** unemployment rate (persons aged 15-24) in Q3 2018 was 25.3%, being lower than that in Q3 2017 (when it was 28.8%). The highest youth unemployment rate were recorded in the Region Južne i Istočne Srbije (34.1%) and the lowest in Vojvodina (18.5%).

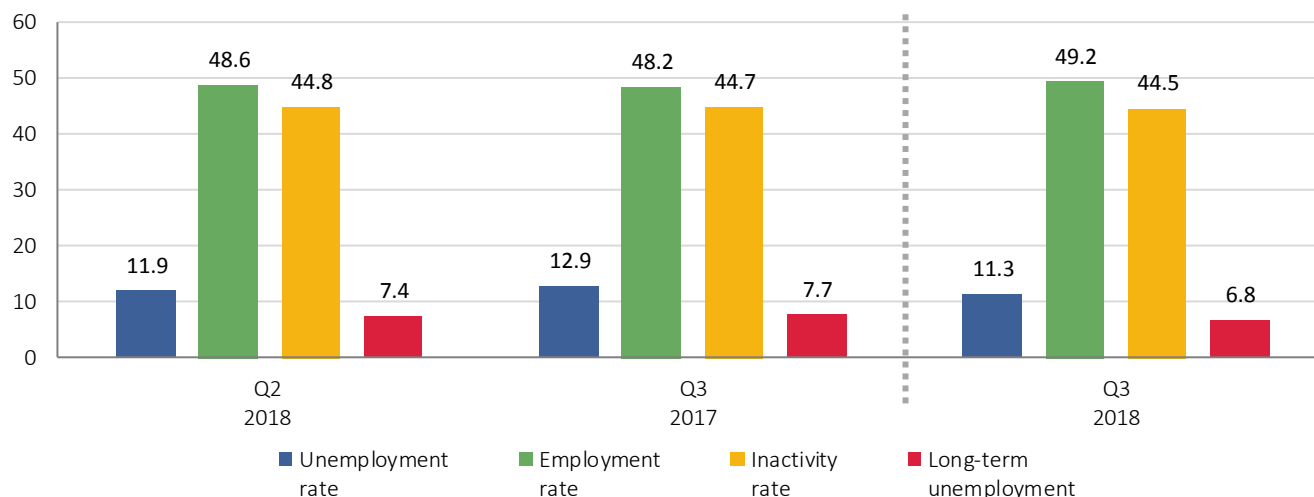
⁴ All the data are retrieved from the Labour Force Survey.

7. Labour market

Long-term unemployment (share of persons being unemployed more than a year in the total active population aged 15 and over) is 6.8% and lower by 11.8% than that in the third quarter of 2017.

When compared both with Q2 2018 and Q3 2017, the most important contingents of labour market show a growing tendency of employment (and activity) and decrease in inactivity.

Graph 7.2 Labour force – major indicators for the previous quarter, the same quarter of the previous year and current quarter (%)



7.2. Comparison with the previous quarter

When compared with the previous quarter, Q2 2018, the number of the unemployed fell by 19.7 thousand persons, and the number of persons employed grew by 32.5 thousand persons.

The **youth** unemployment rate (persons age from 15 to 24 године) in Q3 2018 amounted to 25.3%, which is by 8 pp. lower than that in the previous quarter, the latter being 27.5%. **Long-term unemployment** decreased by 8.0% in relation to the previous quarter and amounts to 6.8%.

Observed by **sex**, the unemployment rate in Q3 2018 was smaller among men than women: 10.5% of active men and 12.2% of active women were unemployed in this period. Unemployment rates among **men** decreased in all the regions, except for Belgrade where they saw a slight increase from 9.4% in Q2 to 9.7% in Q3 2018, but decreased most in the Region Vojvodina by 2.8% (from 9.6% in Q2 to 6.8% in Q3 2018). **Women** unemployment rates went down in all the regions, except in the Region Šumadije i Zapadne Srbije, where it saw a slight increase (from 12.4% in Q2 to 13.9% in Q3). The largest fall in women unemployment rate was registered in the Region Južne i Istočne Srbije (from 18% in Q2 to 15.4% in Q3 2018).

Observed by professional **status**, compared with the previous quarter, a growth was recorded in the number of employed persons in two categories: the self-employed (6.6% growth of employed persons) and contributing family members (4.5% growth of employed persons), while employment fell by 0.9% in the category of employed persons.

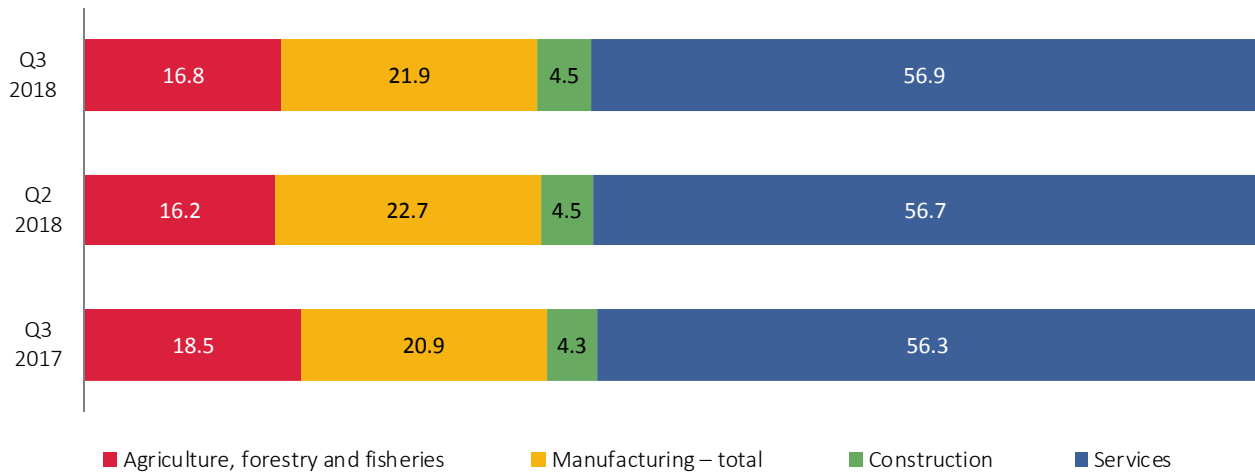
Table 7.2 Employment by professional status, comparison Q3 2018 – Q2 2018

	Q2 2018 (in thousands)	Q3 2018 (in thousands)	Change in %
Employed persons – total	2 896.8	2 929.3	1.1
Self-employed	649.6	692.5	6.6
Employed persons	2 082.3	2 064.5	-0.9
Contributing family workers	165.0	172.3	4.5

7. Labour market

The largest number of employed persons in the third quarter of 2018 was recorded in Services (56.9%), then in Manufacturing (21.9%), Agriculture (16.8%) and the smallest number in construction (4.5%). These tendencies – increase in the number of employed persons in Services and decrease in the other sections – exist both in the global economy and in our country, and in conformity with ten-year trends.

Graph 7.3 Share of employed persons by sections (%)



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 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.

8. Salaries and wages

8.1. Average net salaries and wages

Average net salaries and wages calculated in the Republic of Serbia for the **third quarter** of 2018 amounted to RSD 48 963. Compared with the same period of the previous year, they were nominally up by 6.7%, and in real terms by 4.2%.

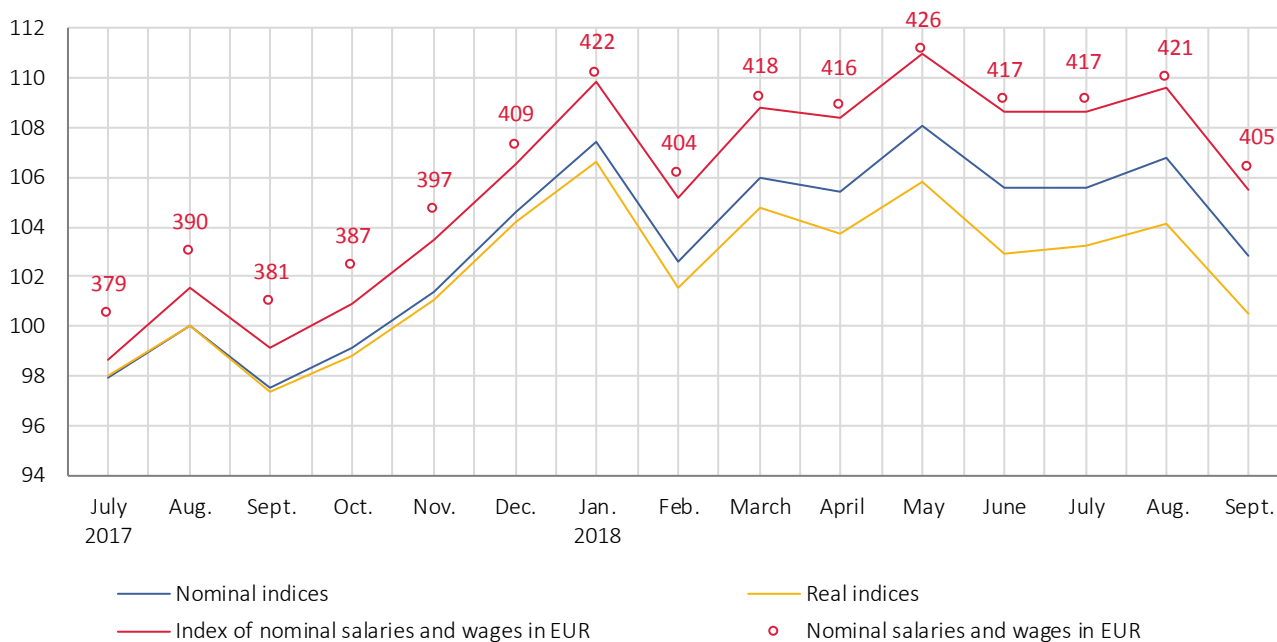
Compared with the previous quarter, i.e. Q2 2018, they saw a nominal decrease of 1.2% and real decrease of 1.5%.

In the **first nine months** of 2018, the average net salaries and wages totalled RSD 49 208, and compared with the same period of the previous year they were up nominally by 6.2% and in real terms by 4.2%.

Table 8.1 Real and nominal indices of net salaries and wages
(comparison with the same period of the previous year)

	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Real indices	102.9	103.6	101.9	101.9	101.1	100.8	100.9	100.1	103.8	104.6	104.2
Nominal indices	104.5	104.1	103.0	103.4	104.2	104.6	103.9	103.0	105.5	106.4	106.7

Graph 8.1 Net salaries and wages, movements of nominal and real indices
(average 2017 = 100)



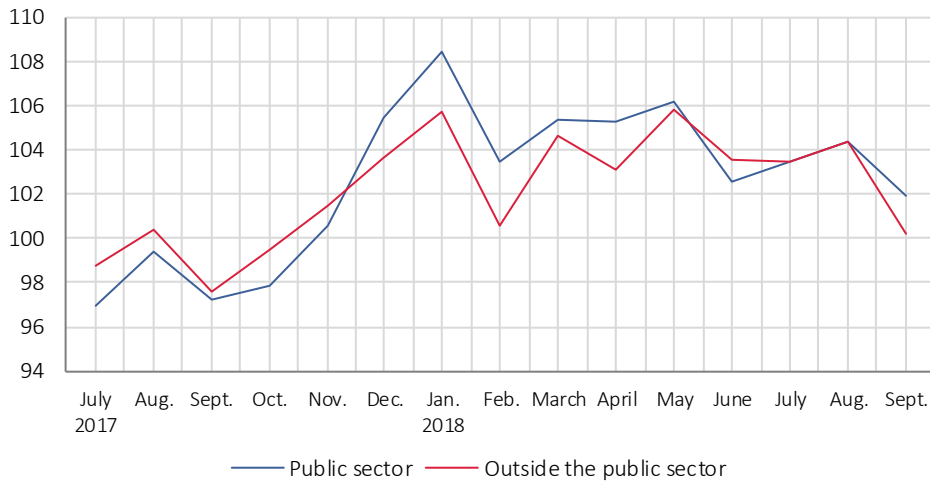
In the observed period, from July 2017 (graph 8.1), the inflation was stable so that nominal and real indices of salaries and wages were almost identical till the end of 2017.

Starting from the beginning of 2018, prices saw an accelerated growth, and so did salaries and wages, the latter increasing faster than the inflation – which led to discrepancies in terms of the movements of nominal and real indices of wages and salaries.

Expressed in euros, the average net salaries and wages exceeded EUR 400 in December 2017, and amounted to EUR 405 in September 2018. In the reference period, the highest value of net salaries and wages was recorded in May 2018, being 426 euros.

8. Salaries and wages

Graph 8.2 Net salaries and wages in and outside the public sector, real indices
(average 2017 = 100)



Average net salaries and wages calculated for Q3 2018 amounted to RSD 54 810 in the public sector and RSD 46 095 outside it.

In the first nine months of 2018 the calculated average salaries and wages in the public sector amounted to RSD 55 192 and outside it to RSD 46 211.

In contrast to 2018 trends, the largest portion of 2017 salaries and wages in the public sector were lower than those outside the public sector.

Graph 8.3 Average net salaries and wages, per employed person, in the public sector,
(January - September 2018)

Public sector – total	RSD 55 192
Public state-owned enterprises	RSD 66 939
Public local enterprises	RSD 47 391
Administration – all levels	RSD 58 684
Governmental level	RSD 61 019
Level of autonomous province	RSD 61 415
Local authorities level	RSD 47 215
Human health and social work activities	RSD 50 108
Education and culture	RSD 52 437

8. Salaries and wages

When comparing net salaries and wages by **sections of activities**, the largest real increase in the first three quarters of 2018, compared with the same period of 2017, is evident in the sections Human health and social work activities (7.5%), Public administration and defence; compulsory social security (7.2%) and Accommodation and food service activities (6.6%). A fall was recorded in three sections – Mining and quarrying (-4%), Electricity, gas, steam and air conditioning (-3.7%) and Financial and insurance activities (-0.1%).

The highest net salaries and wages in the first three quarters of 2018 was paid in the sections Financial and insurance activities RSD 89 692, Information and communication RSD 82 183, Electricity, gas, steam and air conditioning RSD 79 710, and Mining and quarrying RSD 75 315. In all other sections, salaries ranged from RSD 31 507 (Accommodation and food service activities) to RSD 59 646 (Professional, scientific and technical activities).

Graph 8.4 Movement of real net salaries and wages, sections of the Classification of Activities
(Q1+Q2+Q3 2018 to the same quarter of 2017)



Observed by **regions**, the highest net salaries and wages in the first three quarters of 2018 were paid in the Beogradski region, amounting to RSD 60 004. In all other regions the salaries and wages were under RSD 50 000 – in Vojvodina they totaled RSD 46 664, in the Region Šumadije i Zapadne Srbije RSD 42 671, and in the Region Južne i Istočne Srbije RSD 43 849.

From mid-2014, the tourist activity in Serbia has been recording growth. This positive movement persisted in the first three quarters of 2018.

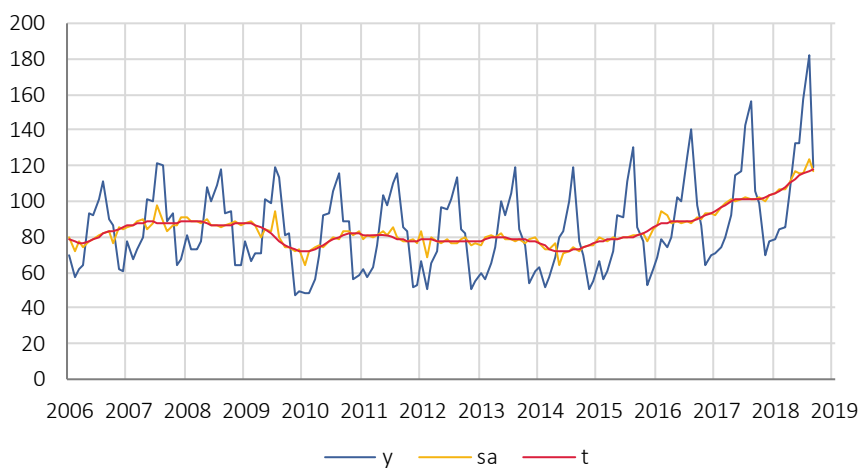
9.1. Tourist overnight stays

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.

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

Graph 9.1 Components of the time series of total tourist overnight stays, indices

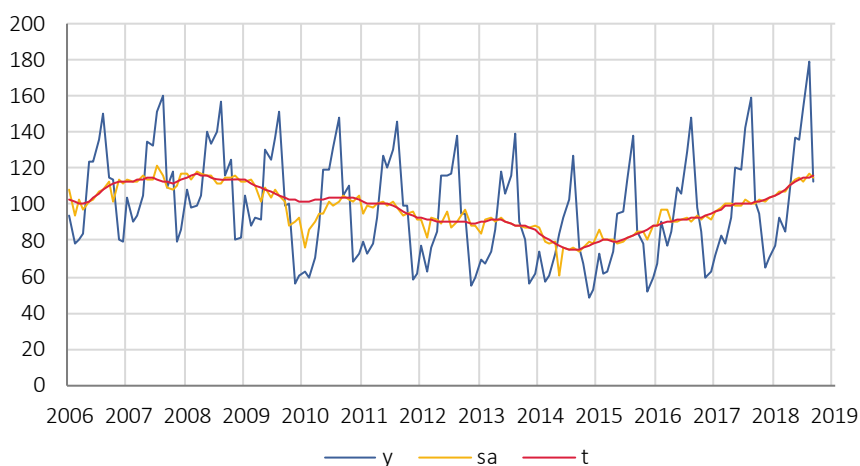
(y – original series, sa – series where seasonal component is excluded, t – trend-cycle component, average 2017=100)



Over January – September 2018 there were 7.5 million overnight stays, which is by 12.9% more than in the same period of 2017. The growth is stable from mid-2014 so good results are expected also in the following period.

Graph 9.2 Components of the time series of domestic tourist overnight stays, indices

(y – original series, sa – series where seasonal component is excluded, t – trend-cycle component, average 2017=100)

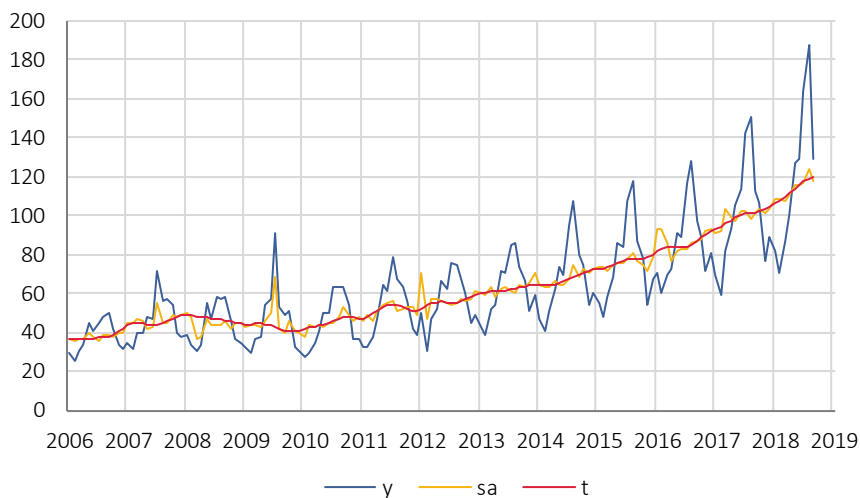


In the first nine months of 2018, domestic tourists spent 4.6 million nights, which is by 11.1% more than in the same period of the previous year. This group of tourists still represents the majority of visitors in Serbia, i.e. 62% of the total number of overnight stays. As domestic tourists had a dominant influence on the whole tourism activity in the past, their movement is similar to the movement of the total number of overnight stays.

9. Tourism

Graph 9.3 Component of the time series of foreign tourist overnight stays, indices

(y – original series, sa – series where seasonal component is excluded, t – trend-cycle component, average 2017=100)



The number of foreign tourist overnight stays records stronger growth, 16.0% to the first three quarters of 2017, i.e. 2.9 million of overnight stays in this period. Growth trend has been evident since the beginning of 2000 and is growing stronger, which indicates that foreign tourists will have a bigger influence on the total results of tourism in Serbia in the following period. For the sake of comparison, the share of foreign tourist overnight stays in the total number of overnight stays in the first three quarters of 2008 amounted to 18.8% while in the same period of 2018 it reached 38.0%.

Table 9.1 Tourist overnight stays, quarterly indices (%)

(comparison with the same period of the previous year)

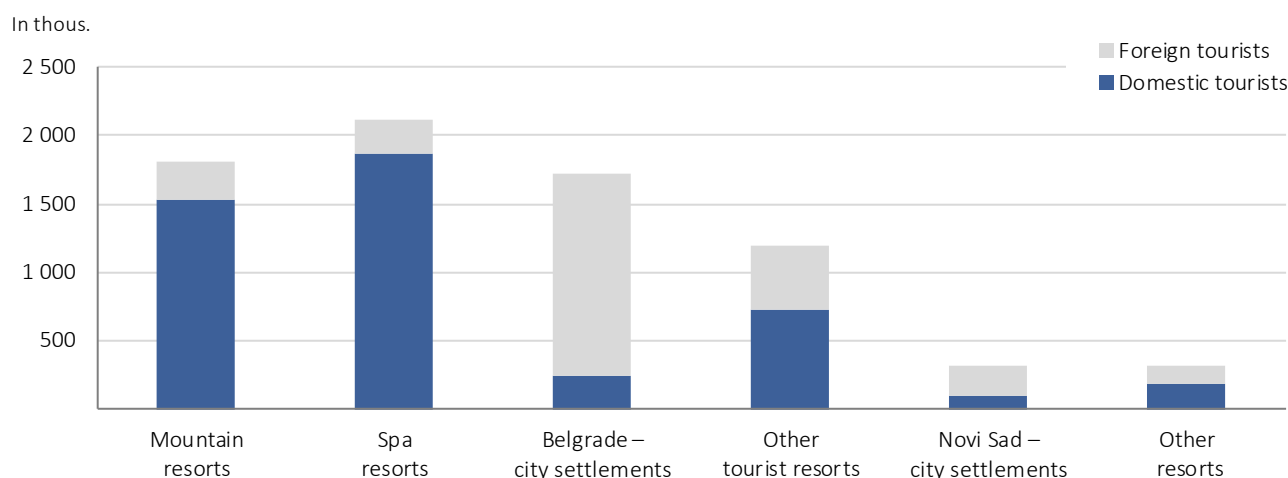
	2016				2017				2018		
	Q1	Q2	Q1	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	120.6	110.7	110.7	113.8	101.6	115.0	111.5	112.0	110.7	113.9	113.4
Domestic tourists	118.9	113.0	109.2	109.4	99.4	110.8	107.5	111.3	109.2	113.6	110.2
Foreign tourists	124.0	106.6	113.5	120.5	105.8	123.1	118.6	113.0	113.5	114.5	118.6

9.2. Major tourist resorts

In terms of the number of tourist overnight stays, the most frequently visited tourist resorts over January – September 2018 were **spa resorts**, with about 2.1 million thousand nights spent, accounting for 28% of the total of overnight stays in the Republic of Serbia, of which 1.1 million nights were spent in Vrnjačka Banja and Sokobanja. Visitors of spas were mostly domestic tourists (87.6% overnight stays).

Mountain resorts and the City of Belgrade are the next most visited destinations with 7.8, i.e. 1.9 million overnight stays. Mountain resorts accommodated mostly domestic tourists (84.2% of the total number of overnight stays), while 86.0% nights were spent in Belgrade by foreign tourists. The most-visited mountains were Zlatibor (632 thousand overnight stays) and Kopaonik (442 thousand overnight stays).

Graph 9.4 Tourist overnight stays by selected tourist resorts
(Q1+Q2+Q3 2018)

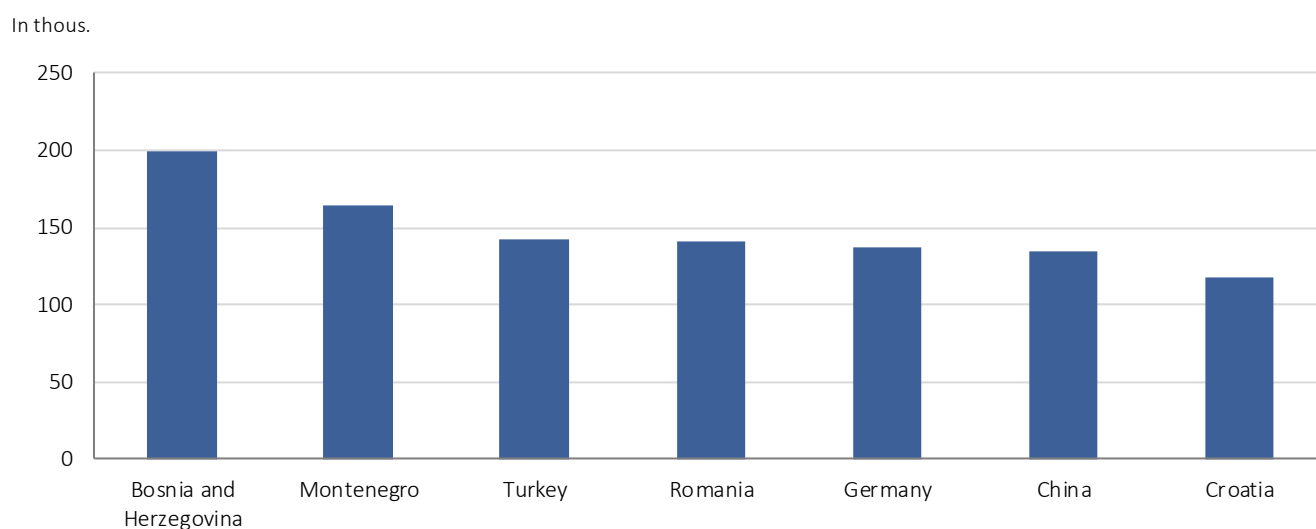


9.3. Country of origin of foreign tourists

In the first three quarters of 2018, foreign tourists from about fifty different countries visited Serbia.

Most nights were spent by visitors from the following countries – Bosnia and Herzegovina, Montenegro, Turkey, Romania, Germany, China and Croatia. The visitors from these countries spent 36% nights, out of the total number of foreign tourist overnight stays in the first nine months of 2018 (of which visitors from the countries of the former SFRY, 16.7%).

Graph 9.5 Overnight stays of foreign tourists by countries from which they came
(Q1+Q2+Q3 2018)



10. Household budget survey

The total income in cash and in kind in Q3 2018 increased by 3.4%, compared with the same quarter of the previous year, and the total household consumption in the same period grew by 3.3%.

In relation to the previous quarter, Q2 2018, the total income in cash and in kind was up by 1.6%, and the total household consumption by 0.3%.

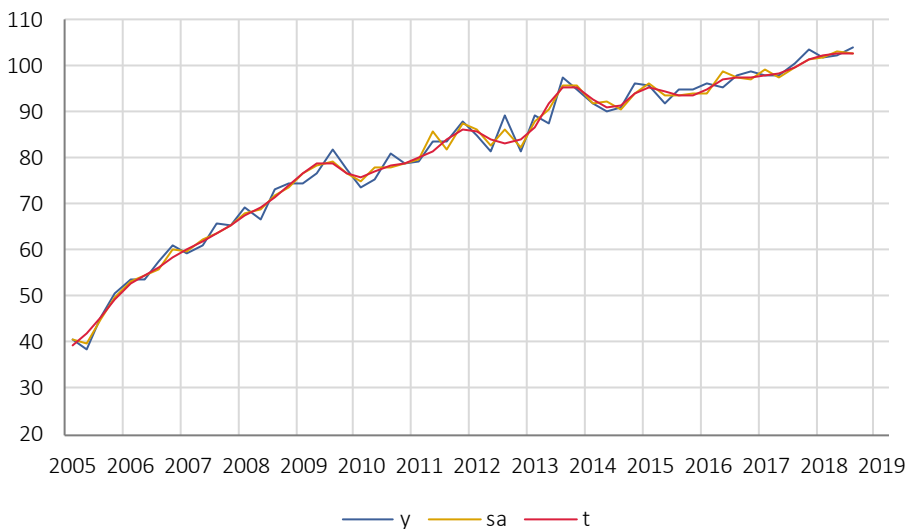
Table 10.1 Value of income in cash and in kind, and individual household consumption, quarterly indices (%)
(comparison with the same period of the previous year)

	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Income in cash and in kind	100.6	104.1	102.9	104.1	101.5	102.6	102.9	105.0	104.0	104.4	103.4
Individual household consumption	100.5	104.0	103.3	103.3	101.2	102.2	102.6	104.3	103.7	104.2	103.3

10.1. Income in cash and in kind

Graph 10.1 Components of the time series Income in cash and in kind, indices

(y – original series, sa – series where seasonal component is excluded,
t – trend-cycle component, average₂₀₁₇ = 100)

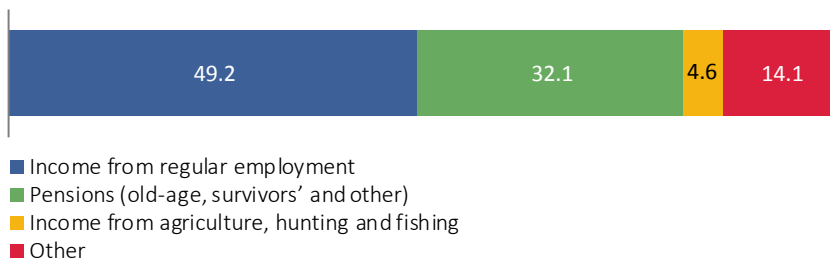


Income in cash and in kind shows an increasing tendency – in Q3 2018 the trend component was by about 3% above the average of the previous year. In the short-term, a fall of 0.5% of the seasonally adjusted index is registered, compared with the previous quarter.

In Q3 2018 average monthly income in cash and in kind per household amounted to RSD 63 832 and, compared with the previous quarter (Q2 2018), it saw a nominal increase of 1.6%, while in relation to the same quarter of the previous year (Q3 2017) the nominal increase was 3.4%.

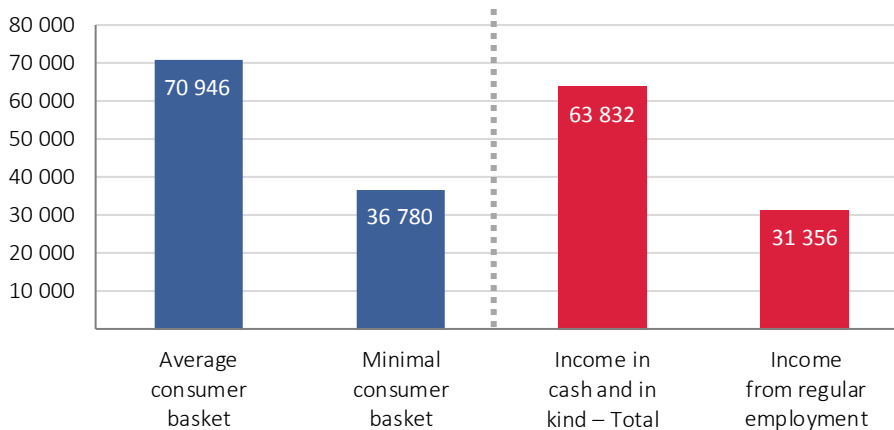
10. Household budget survey

Graph 10.2 Structure of income of households (%)



In the structure of income of households in Q3 2018, income from regular employment registered the highest share (49.2%), followed by income from pensions (32.1%) and income from agriculture (4.6%). Other categories (8) participate altogether with 14.1%.

Graph 10.3 Ratio of the average and minimal consumer basket and the income in cash and in kind (RSD)

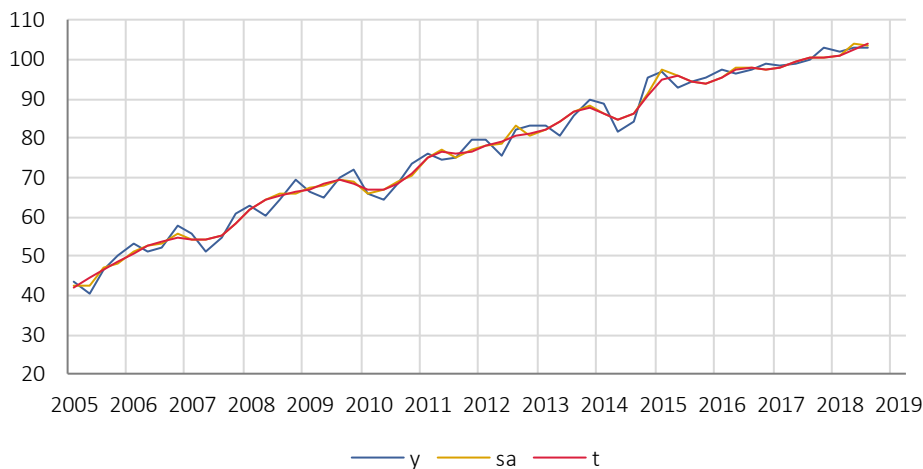


Realised average income in cash and in kind in Q3 2018 (RSD 63 832) cover the minimal consumer basket with 173.5%, and the average consumer basket with 90.0%. The income from regular employment of households (RSD 31 356) could cover the minimal consumer basket with 85.3%, and the average with 44.2%.

10.2. Individual consumption expenditure of households

Graph 10.4 Components of the time series Individual household consumption, indices

(y – original series, sa – series where seasonal component is excluded, t – trend-cycle component, average 2017 = 100)

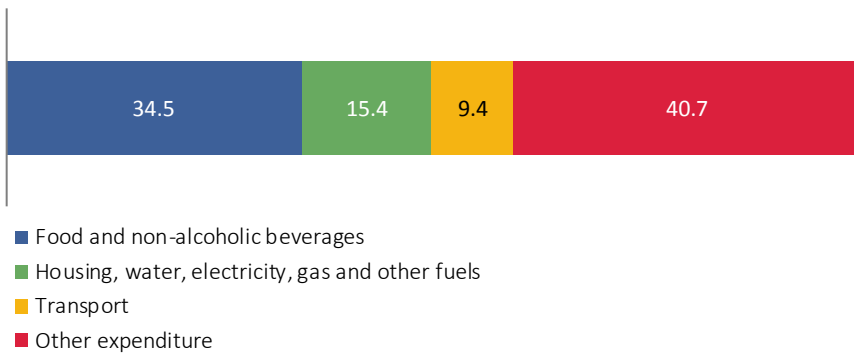


With the increasing tendency of about 4% above the average of the previous year, individual household consumption in Q3 2018 keeps going up. In addition to the increasing long-term trend there is also a short-term fall of the seasonally adjusted index of 0.5%, compared with the previous quarter.

Individual consumption expenditure of households in Q3 2018 amounted to RSD 64 237, compared with the previous quarter (Q2 2018) it saw a nominal increase of 0.3%, and in relation to the same quarter of the previous year (Q3 2017) the nominal increase was 3.3%.

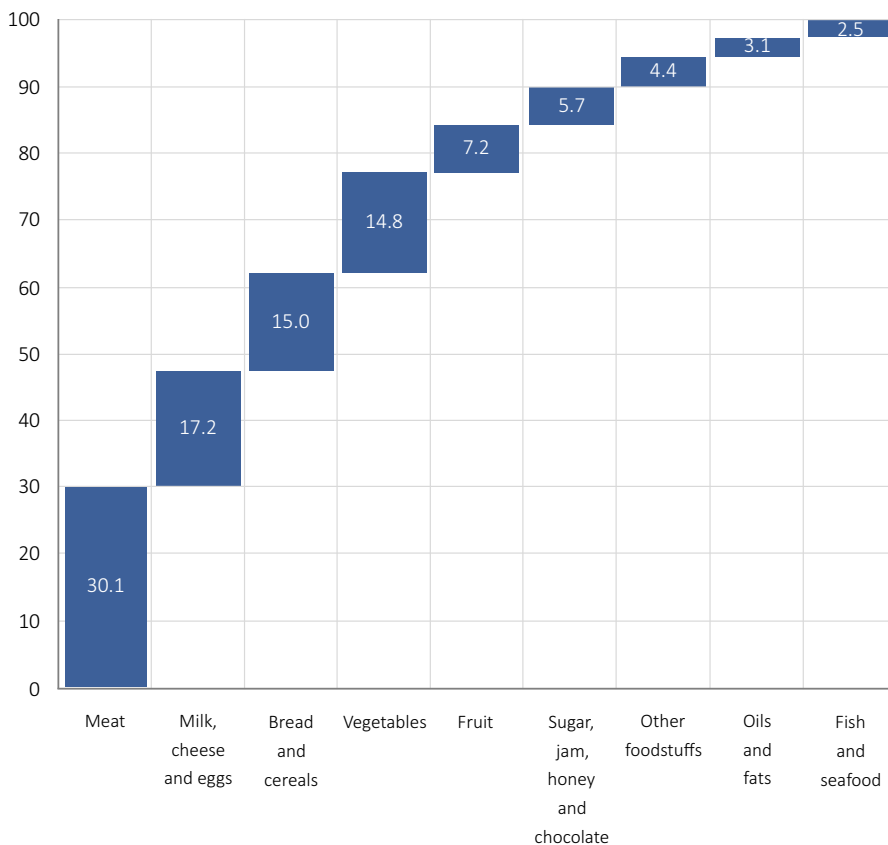
10. Household budget survey

Graph 10.5 Structure of individual household consumption (%)



In the structure of individual consumption in Q3 2018, expenditure for food and non-alcoholic beverages was the largest (34.5% of the family budget), followed by expenditure for housing, water, electricity, gas and other fuels, with a share of 15.4% and expenditure for transport, 9.4%. The other categories (nine) constitute the remnant of 40.7% of consumption and participate each with less than 10% in the total household consumption.

Graph 10.6 Structure of expenditure for food for households (%)



Within the group Food and non-alcoholic beverages, an average household spends the most for meat (30.1%), milk, cheese and eggs (17.2%) and bread and cereals (15.0%).

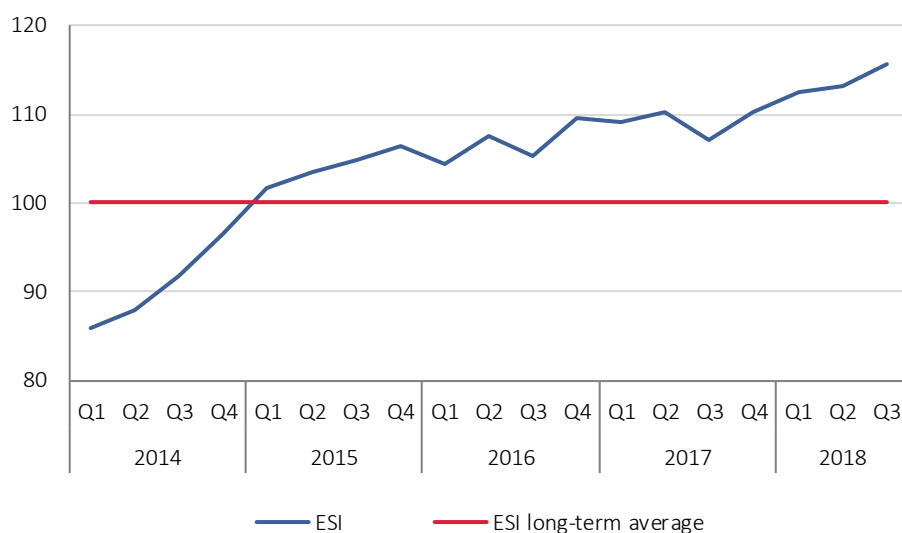
11. Economic Sentiment Indicator

11.1. Economic Sentiment Indicator – ESI

Economic Sentiment Indicator – ESI⁵ is a composite indicator which purpose is to present producers' and consumers' attitudes towards economic movements and economic stability. This indicator is used to assess economic situations, make short-term forecasts, for scientific and analytical use, as well as for international comparisons. Consequently, the attitudes of economic subjects' expectations are indicative of changes in economic movements, which contributes considerably to creating 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 their influence on economic activity – manufacturing 40%, service activities 30%, household consumption 20%, construction 5% and retail trade 5%. A value of ESI exceeding 100 indicates an improvement of economic activity, while that below 100 suggests decline.⁶

Graph 11.1 Economic Sentiment Indicator ESI (%)
(seasonally adjusted data)



Economic Sentiment Indicator in Serbia in the third quarter of 2018 reached a value of 115.7, which is an increase of 2.5 pp, compared with the previous quarter. The value of the indicator suggests optimistic expectations, first of all in the sector of consumption, where an increase of 2.9 pp. was recorded, then in manufacturing and construction – with a growth of 0.4 pp. each. In contrast, the expectations in retail trade deteriorated (-1,3 pp.) and services (-0,9 pp.).

Table 11.1 Confidence indicator by sector and Economic Sentiment Indicator – increase to long-term average, %⁷

Confidence indicator	Minimum		Average	Maximum		2017				2018		
	Date	Value		Date	Value	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Manufacturing industry	Q1 2014	0.3	4.6	Q1 2015	7.6	6.2	6.3	5.2	5.7	5.7	6.9	7.3
Services	Q4 2013	-4.8	7.8	Q2 2016	16.5	13.0	12.9	11.0	12.9	13.1	11.8	10.9
Retail trade	Q2 2014	2.0	7.8	Q2 2018	14.1	8.3	14.1	12.5	11.2	10.7	14.1	12.8
Construction	Q3 2013	-41.4	-22.2	Q3 2018	0.7	-9.4	-7.2	-5.4	-5.9	-4.4	0.3	0.7
Consumption	Q4 2014	-19.8	-13.9	Q3 2018	-0.2	-10.9	-7.4	-6.6	-6.9	-1.9	-3.1	-0.2
Economic Sentiment Indicator (ESI)	Q4 2013	83.5	100.0	Q3 2018	115.7	109.1	110.2	107.1	110.2	112.6	113.2	115.7

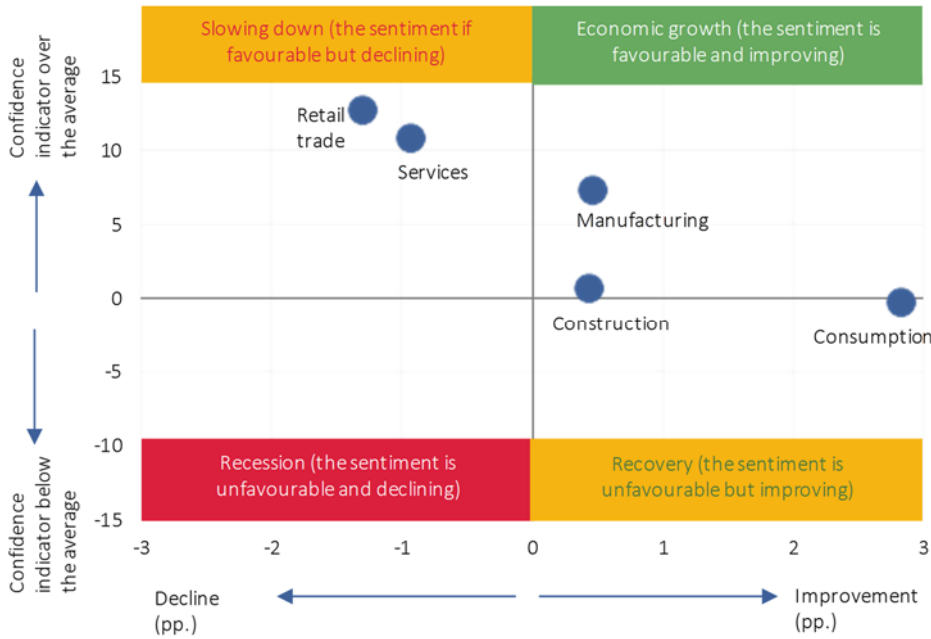
⁵ Source: *European Commission, SORS processing.*

⁶ More on the methodology at: https://ec.europa.eu/info/sites/info/files/bcs_user_guide_en_0.pdf.

⁷ Quarterly data represent quarterly average.

11. Economic Sentiment Indicator

Graph 11.2 Economic climate tracer

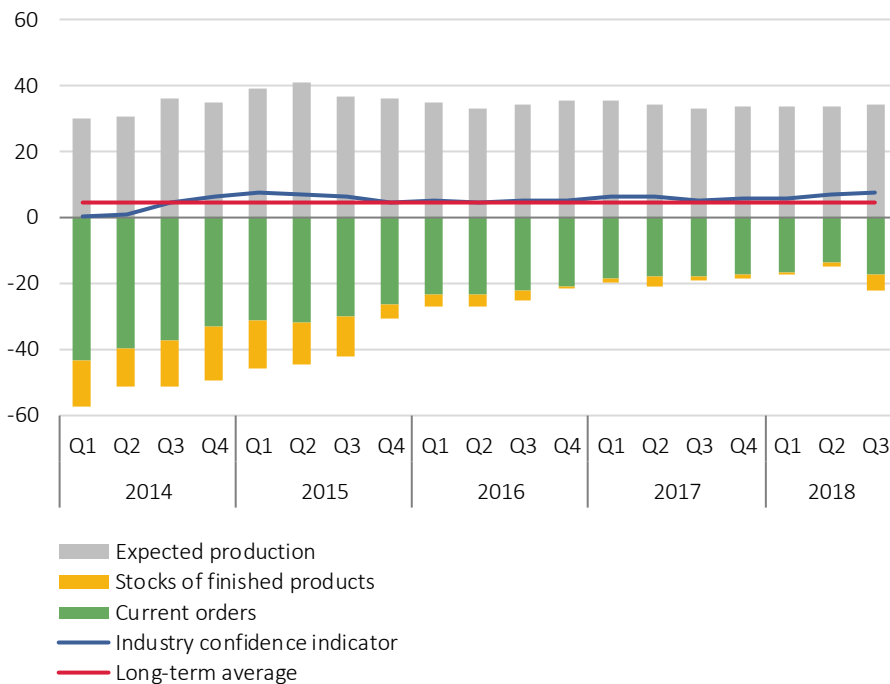


Economic climate tracer, is created based on seasonally adjusted confidence indicators, indicates that only the sectors of manufacturing industry and construction are in the phase of economic growth (expansion), i.e. that the economic climate in that segment is above the average and improving. Consumption is improving and nearing economic growth, while the sectors services and retail trade are slowing down.

11.2 Industry confidence indicator

The industry confidence indicator includes the response of economic subjects to contracted orders, expected production and stocks of finished products.

Graph 11.3 Industry confidence indicator, %
(seasonally adjusted data)



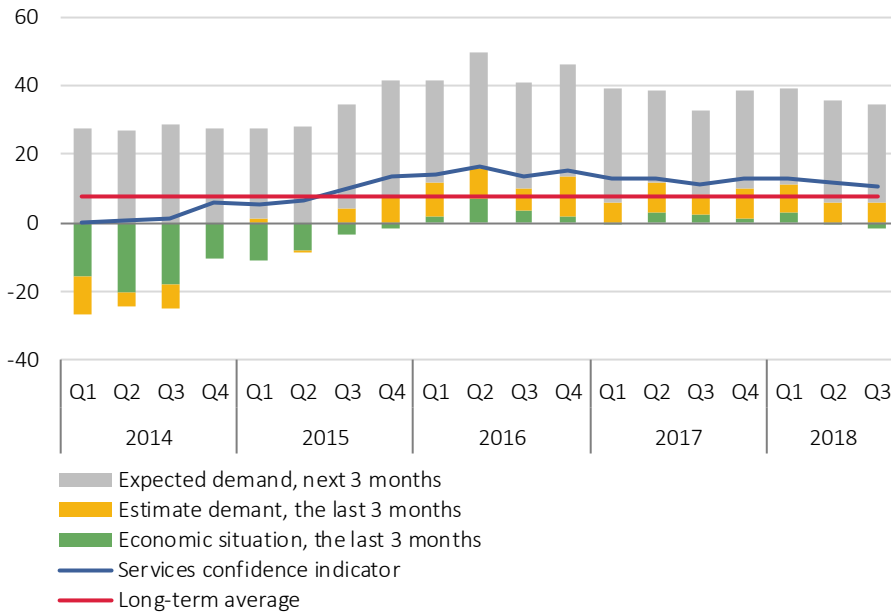
Industry confidence indicator in the third quarter of 2018 grew by 7.3% or 0.5 pp. to the previous quarter and was 2.7 pp. above the long-term average. The increase of this indicator is mainly the result of positive expectations of businessmen as to the movements of the expected production (increase of 1.2 pp.), despite a negative appraisal of the growth of stocks of finished products and current orders.

11. Economic Sentiment Indicator

11.3 Services confidence indicator

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

Graph 11.4 Services confidence indicator, %
(seasonally adjusted data)

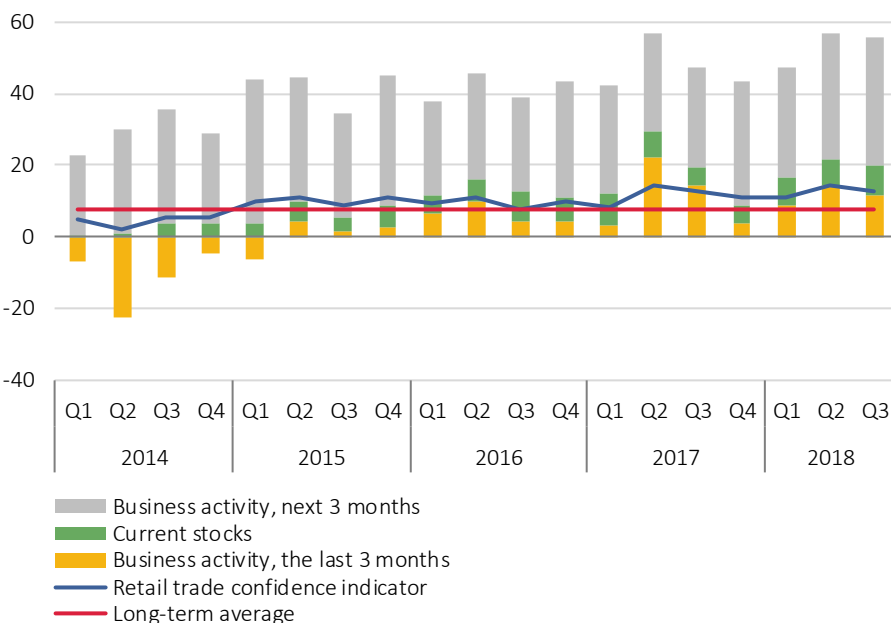


Services confidence indicator - SCI had recorded a decreasing trend since the first quarter of 2018. In the third quarter, being 10.9%, SCI decreased by 0.9 pp, compared with the previous quarter, but was still above the long-term average by 3.9 pp. The decreasing trend of this indicator can be a consequence of smaller expectations as to economic situation movements in the last three months, as well as expected production in the following three months (-1.4 pp. each).

11.4 Retail trade confidence indicator

The survey in retail trade is made of five questions on the current and future business activity of an enterprise and stock situation.

Graph 11.5 Retail trend confidence indicator, %
(seasonally adjusted data)



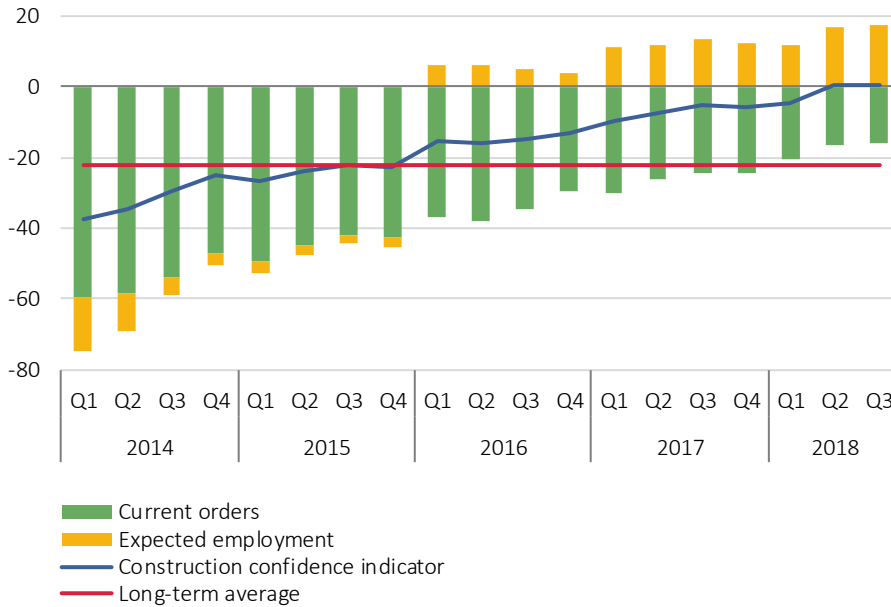
Retail trade confidence indicator – TCI in the third quarter of 2018 fell by 1.3 pp. However, despite the decreasing trend TCI was still above the long-term average (+5 pp.). The fall of this indicator reflects negative attitudes in terms of business activity movement in the previous three months (-2.8 pp.), in contrast to optimistic expectations regarding stock situation (+1,4 pp.) and business activity in the next three months (+0,2 pp.).

11. Economic Sentiment Indicator

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)

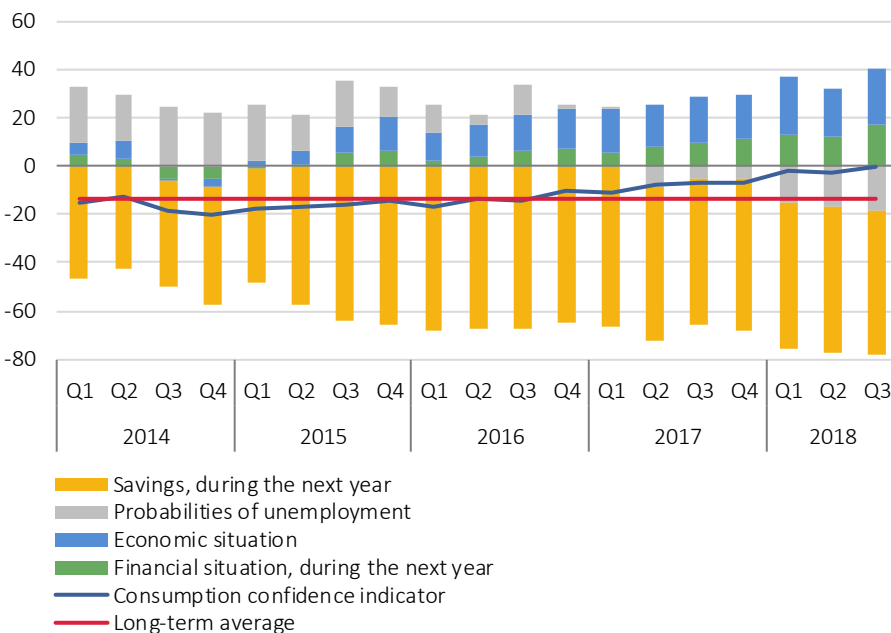


Construction confidence indicator - CCI continued to grow in the third quarter of 2018 (+0.4 pp.), exceeding the long-term average by 22.9 pp. Both components of the indicators resulted from the increase in relation to the previous quarter – expectations in terms of employment rose by 0.3 pp, as well as current orders, which recorded a growth of 0.6 pp. – despite their constant negative appraisal.

11.6 Consumption confidence indicator

The survey on household consumption is made of questions about the financial situation of households, global economic situation, expectations about the movement of the number of unemployed persons and household savings.

Graph 11.7 Consumption confidence indicator, %
(seasonally adjusted data)



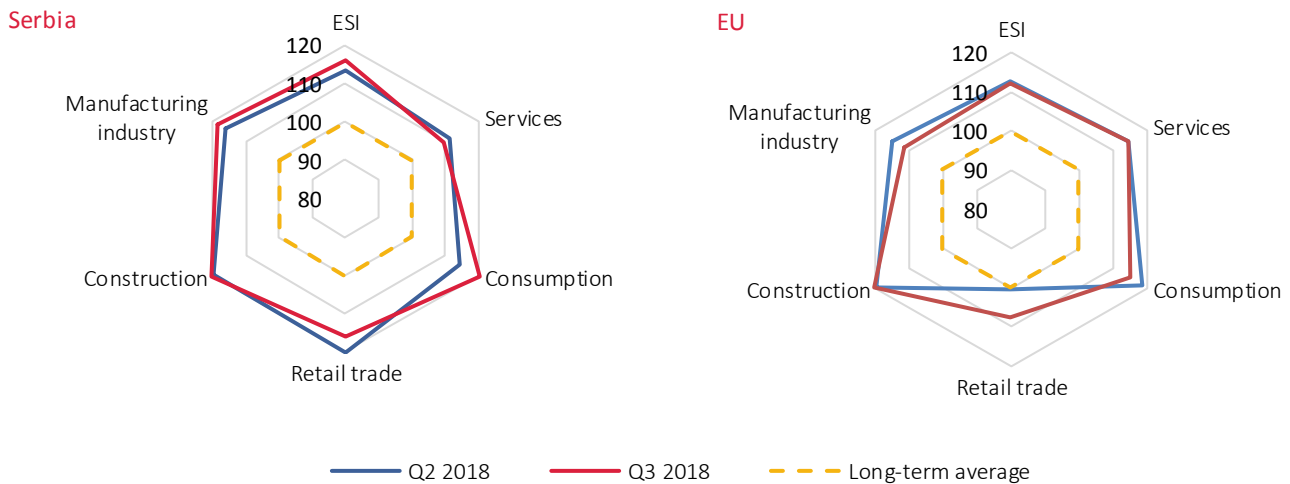
Consumption confidence indicator - CCI in the third quarter of 2018 increased by 2.9 pp, compared with the previous quarter, being by 13.7 pp. above the long-term average. Positive tendencies were recorded in expectations about economic and financial situations, while expectations, in terms of savings and unemployment are still negative.

11. Economic Sentiment Indicator

11.6 Economic sentiment indicator in the European union

Most of the EU countries recorded at the same time a decline of economic sentiment in the third quarter of 2018 (compared with the previous quarter), thus ESI saw a fall (from 119.1) of 0.6 pp. Contrary to trends in Serbia, expectations went worse in manufacturing industry and consumption, by 1. pp. each, while better expectations were to be found in the sectors of services (0.1 pp.), retail trade (2.1 pp.), as well as in construction (0.2 pp.).

Graph 11.7 Economic sentiment indicators⁸



⁸ Radar chart is defined in an interval from 80 to 120, (average = 100). The most recent quarterly results (Q3 2018) are compared with the previous quarterly results (Q2 2018) and long-term average (= 100) of the corresponding series of confidence indicators. The development far-off the center reflects an improvement of the confidence indicator, and close to the center represent a decline.

12. Regional economic asymmetries

12.1. Regional economic asymmetries in Serbia

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, demographic and infrastructure indicators – reflect characteristics of economic and social system of the country.

- **Average salaries and wages**

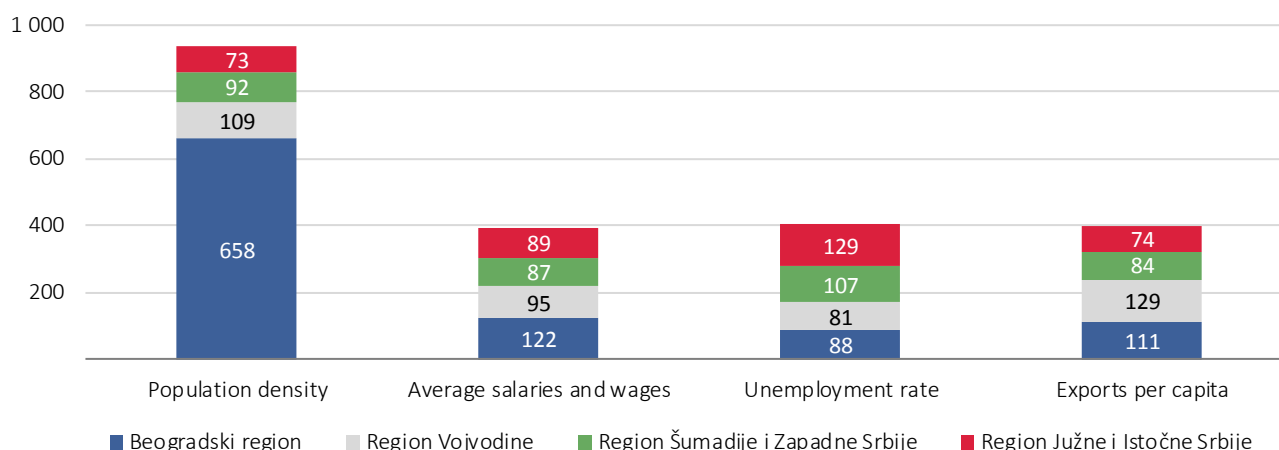
Level of regions' development, measured by average net salaries and wages varies in ratio 1.4:1, i.e. the highest salaries and wages are recorded in Beogradski region, and lowest ones in Region Šumadije i Zapadne Srbije. Average net salaries and wages in the period January – September 2018 in Beogradski region amounted to RSD 60 004, or 121.9% of RS average (RSD 49 208), in Region Vojvodine, they were insignificantly below RS average (RSD 46 664, or 94.8% of RS average), while in Region Južne i Istočne Srbije and Region Šumadije i Zapadne Srbije, they were about 88% of the Republic average (RSD 43 849 and RSD 42 671, respectively). In 45 municipalities, average net salaries and wages were below 80% of the Republic average, i.e. in particular Belgrade municipalities, average salaries and wages were double relative to municipality of Svrljig (with the lowest average salaries and wages of RSD 32 005).

- **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 16.3% in the period January-September 2018, almost 30% exceeds the average of Serbia (12.7%). On the other hand, in Region Vojvodine, unemployment rate was the lowest, 10%, i.e. 19% below the national average. Referring to employment rate, it is the highest in Beogradski region (50% or 5.1% above the average of Serbia), while in Region Južne i Istočne Srbije, noted was the lowest employment rate of 44%, or 8% below the Republic average.

In the period January – September 2018, Region Vojvodine participated with 27% in total employment and 21% in total unemployment (according to Labour Force Survey), while Beogradski region had the share of almost 25% in total employment and 22% in total unemployment. 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 20% in total employment of Serbia and with almost 27% in total unemployment.

Graph 12.1 Disproportions at the level of regions in Serbia (%), level of RS = 100%
(January–September 2018)



12. Regional economic asymmetries

• Export activity

In contrast to other indicators, in the period January-September 2018, Beogradski region was not on the first place regarding total export of Serbia (share of 27%), 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 34.3% in export, followed by Region Šumadije i Zapadne Srbije (23.1%) and region Južne i Istočne Srbije (15.9%). Export per capita reflects regional asymmetries – Region Vojvodine records the export of EUR 2 224 per capita and it is by 29% above the Republic average and it is almost double value if compared with the export value per capita in region Južne i Istočne Srbije (EUR 1 271), which is by 26% below the average of the Republic.

• Demographic structure⁹

According to the last available data, population density in Beogradski region is by 6.5 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 six towns in Region Vojvodine, lives even 47% of population. 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 1.7% between 2011 and 2017), 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.

• 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 41 municipalities¹⁰ have an out-of-band participation of local roads with a modern roadway, while 12 municipalities account for less than 20%, 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 from 1.9 in Region Južne i Istočne Srbije to 2.6 in the Beogradski region. The number of first-time registered cars compared to the number of inhabitants in the period January-September 2018 reflects a similar ratio, with Beogradski region leading up to 39% versus the Region Južne i Istočne Srbije, with only 73% 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 , 2017	Average net salaries and wages	Unemployment rate	Export per capita	Demographic emptying 2011–2017
Extreme values	9:1	1.4:1	1.6:1	1.7:1	(-5.7):(+1.7)
(the highest: the lowest)	Beogradski region: Region Južne i Istočne Srbije	Beogradski: Region Šumadije i Zapadne Srbije	Region Južne i Istočne Srbije: Region Vojvodine	Region Vojvodine: Region Južne i Istočne Srbije	Region Južne i Istočne Srbije: Beogradski region

⁹ Based on estimated population number for 2017.

¹⁰ Data refer to 2016

12. Regional economic asymmetries

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

	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Beogradski region											
Average salaries and wages, RSD	125.5	124.2	125.7	125.5	126.5	125.5	125.7	124.7	122.0	121.6	122.3
Employment rate	100.9	101.7	100.4	101.8	105.4	103.1	101.7	104.3	106.0	106.0	103.3
Unemployment rate	107.9	100.7	96.4	103.1	90.4	102.5	105.4	97.3	89.9	84.9	90.3
Exports per capita, EUR	104.7	99.2	113.2	115.7	108.0	111.4	110.2	109.0	109.7	111.2	111.1
Number of first time registered passengers cars per 1000 inhabitants	126.3	133.1	121.8	124.5	123.1	146.3	131.7	133.3	134.4	147.6	133.2
Region Vojvodine											
Average salaries and wages, RSD	95.2	98.2	95.8	97.9	94.6	96.9	96.1	98.2	94.7	94.8	94.9
Employment rate	97.2	96.7	98.1	97.8	98.4	98.8	99.0	98.5	99.1	99.0	99.6
Unemployment rate	101.1	104.6	97.8	91.5	93.2	86.4	90.7	89.8	87.2	84.0	69.9
Exports per capita, EUR	113.0	116.2	124.0	128.0	126.4	122.5	123.6	123.7	125.8	127.7	132.4
Number of first time registered passengers cars per 1000 inhabitants	104.1	102.2	103.5	107.6	109.7	95.9	95.3	98.5	96.8	91.9	94.1
Region Šumadije i Zapadne Srbije											
Average salaries and wages, RSD	83.5	82.4	83.4	83.2	84.2	83.0	83.7	83.3	86.6	86.9	86.6
Employment rate	105.6	103.1	104.3	103.7	103.4	102.1	103.1	102.8	101.3	101.0	103.7
Unemployment rate	87.4	96.1	102.9	102.3	100.7	100.0	98.4	102.7	105.4	105.9	110.6
Exports per capita, EUR	101.4	103.0	89.7	85.2	93.9	90.8	85.3	86.4	84.8	86.6	79.1
Number of first time registered passengers cars per 1000 inhabitants	93.0	89.3	96.2	91.5	89.7	87.9	106.4	94.6	94.1	88.5	93.7
Region Južne i Istočne Srbije											
Average salaries and wages, RSD	87.9	87.0	87.1	84.9	86.9	86.7	87.0	85.3	89.0	89.5	88.8
Employment rate	95.5	97.4	96.4	95.8	92.1	95.6	95.2	93.1	92.0	93.2	92.3
Unemployment rate	106.3	98.7	102.9	105.4	117.8	112.7	109.3	111.6	123.6	131.1	134.5
Exports per capita, EUR	77.0	76.9	68.6	67.1	66.1	71.1	78.2	77.9	76.6	70.2	74.2
Number of first time registered passengers cars per 1000 inhabitants	73.9	73.3	75.3	73.1	74.4	68.1	61.1	70.5	72.0	70.7	77.5

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 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, i.e.: 1) Beogradski Region; 2) Region Vojvodine. Insufficiently developed regions are the ones in which GDP value is below the Republic average, i.e.: 1) Region Šumadije i Zapadne Srbije; 2) 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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