



TRENDS



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TRENDS

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INTRODUCTION

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

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

As the statistical system is very complex and generalised, designed to meet the specific sub-sector needs for information, statistical data are often incomprehensible in modern society. Informing the users with „dry“ statistical data is often not sufficient as they provide only a partial picture about macroeconomy. Namely, it has been proved that traditional concepts of data (tables, statistical releases, etc.) do not facilitate quick understanding of the socio-economic reality and fail to transmit the key message, particularly when there is a large amount of data.

Having in mind all the above and following world trends in presenting statistical data, as well as the interest shown by professionals, the redesigned Trends traditionally provide quarterly and annual data, but also use new concepts of presenting the most important economic signals via modern and advanced graphical solutions for presenting and dissemination.

The issue for the first quarter of 2024 presents a review of major economic trends in this period: Gross domestic product, Industrial production, Construction, External trade, Domestic trade, Prices, Labour market, Salaries and wages, Tourism, Economic Sentiment Indicator, Regional economic asymmetries and Agriculture.

As always, this issue presents also the forecasts of trends in certain areas in the next period, obtained under ARIMA forecasting models (in the following sections: Industry, Domestic trade and External trade). A set of composite leading indicators, which can anticipate with high reliability the cyclical movements, and serve short-term forecasts, is presented in the section Macroeconomic forecasts.

This issue of Trends contains also a paper: International price comparison (authors Miladin Kovacevic and Goran Katic), which should explain to the readership the complex phenomenon of price inflation and different aspects of interpretation of inflation, through price comparisons – not only over time but also in space.

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



TABLE OF CONTENT

International price comparison	7
1. Macroeconomic forecasts	13
2. Gross domestic product	19
3. Industrial production	21
4. Construction	25
5. External trade	30
6. Domestic trade	38
7. Prices	41
8. Labour market	45
9. Salaries and wages	50
10. Tourism	54
11. Economic sentiment indicator	57
12. Regional economic asymmetries	63
13. Agriculture	68



Authors: Miladin Kovacevic, PhD (In Memoriam), Goran Katic, MSc

INTERNATIONAL COMPARISON OF PRICES

Inflation is a complex macroeconomic phenomenon with substantial implications for all social spheres of the economic system, directly determining the expenditure component of population living conditions in a country. It has already been demonstrated that the measurement process itself, inflation analysis and forecast, require also an additional and sophisticated approach. **However, to grasp inflation more efficiently it is very important to comprehend correctly the aspects of inflationary comparison.**

The Statistical Office of the Republic of Serbia (SORS) has addressed the topic of inflationary comparison in its regular analytical and study quantitative researches concerning the inflationary phenomenon.

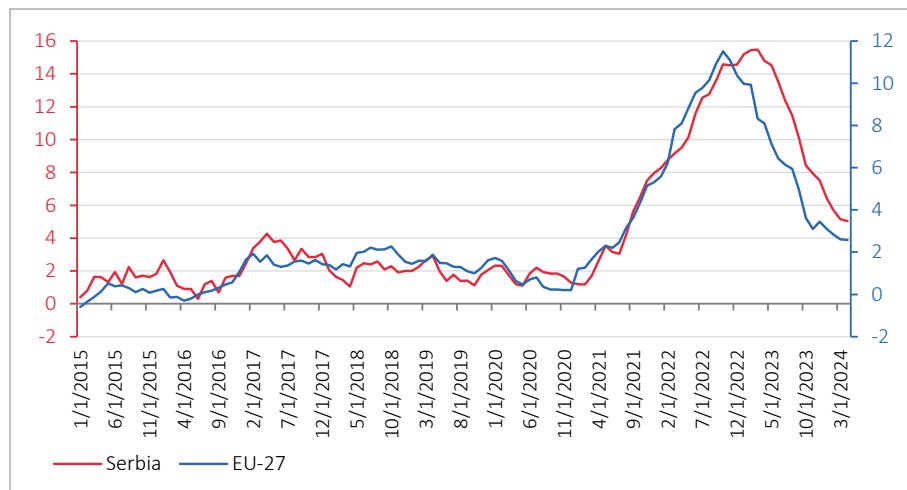
The aim of the research was to show users of SORS data how the prices are to be compared correctly, thus helping them to understand better the data and the whole.

TIME INFLATION COMPARISON

Time comparison of inflation aims at analysing and measuring its intensity over time. It is well known among the public the year-on-year growth rate of prices is the most common indicator used to show the intensity of inflation in relation to the same period (e.g. quarter or month) from previous year, abstracting this way seasonal effects.

However, the use of the indicator of the year-on-year growth rate of consumer prices¹ has some constraints when comparison is made with other countries over time.

Chart 1: Year-on-year growth rates (%) of total consumer prices, Average of EU-27 and of the Republic of Serbia, January 2015 – April 2024



¹ International comparisons of the consumer prices of European countries are performed based on the results of the concept of the harmonised consumer price index (HCPI), which implies the international harmonisation of the basket of goods and services of similar quality level and similar products of average trade marks. It is calculated for the needs of Eurostat and is used for international comparisons. Generally, there are no significant differences as to weights in the indices themselves and growth rates.

The example above clearly indicates that the comparison of inflation in Serbia with other countries in the same month shows some limitations **because the prices of the EU countries are, on average, about two months ahead of the prices in Serbia, which makes export factors influence the inflation growth in Serbia.** A minor error in the time comparison appears in quarterly data ($2/3=66.7\%$), and a smallest in annual data (or potentially semi-annual). Namely, the average annual data on inflation rate is a set of 12 average monthly annual growth rates, thus inflation in the EU is ahead, on average, two months, when compared with Serbian inflation, resulting in an error of the inflationary comparison of $2/12=16.7\%$.

The other limitation of the time comparison of consumer prices with other countries concerns the **different structures of the consumer price index of Serbia and other countries**, which has consequently a completely different weighting, and in compliance with realised growth rate generates corresponding contributions to the inflation growth rate. Thus, for example the influence of food and beverages on the total consumer price index (in our example the aforesaid HCPI) in Serbia (which accounts, on average, for about 30.0%) and of the EU-27 average (accounting for about 17.0%) in the calculation of the total price index does not stem at all from the weight of the same amounts. This means that the potential year-on-year growth rate of the prices of food and beverages in Serbia, even though lower than the annual growth rates of the prices of food and beverages in EU countries, could contribute more to the generation of the growth rate of total consumer prices than in other EU countries, where the price of food and beverages grew faster.

When looking at the difference in household expenses through the actual household consumption over years, caution is required when making international time comparison of inflation (measured with year-on-year growth rates). Such structures of household expenses by countries do not change much by years and are included as weights in the calculation of the total consumer price index in each year, representing not only the structure of consumption by countries but also the magnitude of living conditions, as well as specific lifestyle habits in certain countries as far as expenses for certain categories of goods and services are concerned.

Therefore, it is worth mentioning that the time comparison of the inflation growth rate in Serbia and other countries (in a month or quarter) makes sense only with regards to countries where there is no marked inflationary movement between countries (i.e. precedence as to the inflation in Serbia measured with the number of months) and where the structures of the consumer price index are approximately the same as in Serbia, starting from the level of products.

Table 1 presents the values of the structure of consumer prices by countries in 2023 (the data for previous years did not change significantly). In each group of products of consumer prices five largest and smallest shares by countries are shown. As can be seen, Serbia was among the first five countries in Europe in both groups of products, with the largest expenses for food and non-alcoholic beverages and tobacco. In 2023 Serbia was also the country with the largest average expenses for communications (telephone equipment and services) in Europe and among the first five with the smallest expenses for accommodation services and restaurants. On the other hand, such results require caution when comparing the year-on-year growth rates of inflation because the structures of expenses depends primarily on the size of income and then on different eating habits of households by countries. As for the structure of food, for instance meat, pork, beef and chicken are not eaten in every country, which somehow put into perspective the comparison of the year-on-year growth rate of the total price of meat by countries, but also for the other groups of products and services which total outcome is obtained by being aggregated in the total inflation rate.

Table 1. Comparison of expenses of actual household consumption in 2023, (structure of the consumer prices index), %

Country	Total	Food and non-alcoholic beverages	Non-alcoholic beverages and tobacco	Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishings, household equipment and routine household maintenance	Health	Transport	Information and communications	Recreation sport and culture	Education services	Restaurants and accommodation services	Other goods and services
Eu-27 (from 2020)	100	17.3	4.3	5.1	15.1	6.6	5.2	14.7	2.7	8.7	1.0	9.6	9.6
Belgium	100	15.5	4.7	6.0	20.1	7.3	7.1	10.6	3.2	8.6	0.5	8.3	8.0
Bulgaria	100	23.9	5.1	3.6	11.6	6.2	8.4	13.5	5.0	8.0	1.8	7.1	6.0
Czech Republic	100	21.2	8.9	4.4	16.8	6.7	3.1	11.1	3.2	8.8	0.6	8.6	6.8
Denmark	100	13.7	3.6	5.0	20.4	6.5	3.3	12.9	2.0	13.1	1.0	8.7	9.8
Germany	100	13.2	3.5	4.8	16.5	7.1	5.6	16.6	2.2	12.1	0.8	7.2	10.4
Estonia	100	21.3	5.2	5.5	17.2	6.0	5.1	13.8	3.8	8.2	1.5	7.0	5.5
Ireland	100	11.2	5.8	5.3	15.7	5.8	6.1	13.3	3.4	7.3	1.6	16.8	7.7
Greece	100	20.3	4.5	4.7	10.1	3.7	4.8	13.0	4.7	5.0	2.5	20.6	6.2
Spain	100	19.5	4.0	4.0	12.7	5.9	5.9	14.1	3.2	6.6	2.0	14.2	7.9
France	100	16.2	4.1	4.0	16.4	5.6	4.2	16.5	2.8	8.1	0.5	9.9	11.8
Croatia	100	22.1	7.0	4.6	12.4	5.9	5.4	12.0	4.1	7.3	0.9	11.4	6.7
Italy	100	18.1	3.2	7.4	12.9	8.2	4.0	14.9	2.5	6.5	1.0	11.5	9.9
Cyprus	100	17.4	5.9	6.0	9.3	6.0	2.3	14.9	3.4	6.0	4.1	17.1	7.6
Latvia	100	26.3	6.9	5.1	18.5	3.5	6.1	13.8	3.2	6.3	1.1	5.0	4.3
Lithuania	100	22.1	6.3	5.3	13.1	7.4	6.5	14.7	2.6	8.1	1.2	5.1	7.7
Luxembourg	100	11.6	11.2	5.6	11.9	8.6	2.2	17.9	1.4	6.9	1.0	9.1	12.7
Hungary	100	21.4	7.5	3.8	9.3	6.2	4.7	16.8	3.0	8.1	2.0	10.0	7.2
Malta	100	17.7	3.6	4.2	10.1	8.5	4.8	12.5	4.0	8.5	2.7	15.6	7.9
Netherlands	100	14.9	3.0	6.6	16.4	7.8	2.3	12.8	2.6	10.8	0.8	10.9	11.1
Austria	100	12.1	3.5	6.2	15.0	7.4	5.2	13.1	2.0	10.6	1.2	15.8	7.9
Poland	100	20.6	6.0	5.0	16.0	5.3	7.7	13.3	2.3	6.7	0.9	4.4	11.8
Portugal	100	20.6	3.4	5.8	9.4	7.0	6.2	14.3	2.8	4.7	1.7	14.2	9.7
Romania	100	30.6	6.2	5.2	11.4	6.3	8.2	13.1	4.3	5.3	2.4	3.2	3.7
Slovenia	100	18.3	4.8	6.5	10.8	6.1	5.2	16.5	2.9	8.8	1.3	9.6	9.0
Slovakia	100	26.3	5.6	4.9	17.7	7.8	2.9	6.7	3.5	7.8	1.6	6.9	8.2
Finland	100	15.3	5.5	4.7	19.3	6.0	5.8	12.8	3.0	10.6	0.5	8.3	8.4
Sweden	100	15.3	3.6	4.7	16.4	7.2	3.6	14.3	2.9	12.8	0.0	9.8	9.3
Iceland	100	15.0	3.7	4.2	11.1	5.8	3.1	17.5	3.3	12.2	1.1	16.7	6.2
Norway	100	13.6	4.3	5.8	13.1	7.7	3.9	17.8	2.6	13.1	0.5	8.7	8.8
Switzerland	100	10.6	2.8	2.7	21.6	3.6	16.5	12.1	2.7	7.6	1.0	9.3	9.5
Montenegro	100	31.5	6.6	6.3	8.7	5.0	2.9	11.7	5.0	3.4	1.1	13.6	4.3
North Macedonia	100	40.7	6.6	5.3	9.3	3.4	2.6	10.5	3.8	3.8	1.2	7.3	5.5
Albania	100	33.5	4.7	3.6	5.7	5.8	5.2	8.5	1.7	9.3	5.3	13.4	3.5
Serbia	100	29.3	8.1	5.1	12.0	5.2	6.2	12.9	5.7	5.1	0.9	3.7	5.8
Turkey	100	25.4	3.6	6.4	16.6	8.7	3.5	15.1	3.3	3.3	1.7	7.8	4.6

Note: the SORS calculation, based on Eurostat data. In every group of products, light green boxes indicate the first five countries with the largest share in the structure of prices, while light orange boxes represent the countries with the smallest share. Dark green and dark orange boxes indicate the countries with the largest/smallest value, respectively in the corresponding group of products.

SPATIAL PRICE COMPARISON

Spatial price comparison is the comparison of prices by countries, which are included in the calculation of the purchasing power parities, comprising more than 2000 analogue products by countries. The calculation of comparative price level for each group of products in the structure of consumer prices involves the products and services which make up the price and quality average in the household consumer basket, thus making a real price comparison by countries. **The comparison of price levels does not involve the comparison with previous periods but the comparison of the balance in a point of time (year, quarter, month) between countries, after abstracting the difference in influences of the foreign currency exchange rate and bringing it down to the index of level according to the average price level of the EU-27 countries.** The SORS analytical and research team has upgraded successfully the methodology of price comparison by countries (officially published by Eurostat), even on the level of products, which results will be periodically preliminary published in SORS analysis of consumer price trends.

Table 2 presents the results of specific SORS analysis, representing the price parities of goods and services for each group of products and services in the structure of consumer prices by European countries to Serbia (multiplier 1), showing how many times selected countries have, on average, cheaper prices (values under 1) i.e. are more expensive (values above 1) than Serbia as regards the same groups of products and services in the consumer basket of an average household. **Thus, as for food price, Serbia is more expensive than Turkey, North Macedonia, B&H, Montenegro, Romania, Poland and Bulgaria, and is approximately on the same level as Albania and Hungary. Compared with the EU-27 average, food prices in EU countries are, on average, higher than in Serbia by about 9.0%, while they are almost twice lower in Turkey than in Serbia ($1/0.55=1.8$ times). Looking at the price of clothing and footwear, we are not far from the level in many EU countries, such as Belgium, Germany, Ireland, Greece, Italy, Croatia, Austria, the Netherlands, etc. (highlighted in blue), while Turkey, North Macedonia, B&H, Portugal, Slovenia, etc. are cheaper than Serbia (highlighted in light orange). As for the prices of education, we are among the cheapest countries in Europe, but cheaper than us are only Albania and Turkey, while the average of prices of the EU countries in education is higher than in Serbia by about 4.4 times. As regard catering prices (restaurants and accommodation services), Serbia was among the most expensive in the region of the Balkan countries and South-east Europe (North Macedonia, Albania, Montenegro, Turkey, B&H, Romania and Bulgaria), on average, by about 17.0%.**

Table 2. Multipliers of the comparative price levels in 2023

Country	Food and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishings, household equipment and routine household maintenance	Health	Transport	Information and communications	Recreation, sport and culture	Education services	Restaurants and accommodation services
Serbia	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EU-27 (from 2020)	1.09	1.37	1.00	2.30	1.21	2.38	1.25	1.14	1.56	4.36	1.47
Belgium	1.11	1.65	1.04	2.33	1.26	2.94	1.34	1.92	1.91	6.56	1.83
Bulgaria	0.97	0.89	0.81	0.91	0.86	1.04	0.88	0.98	0.79	2.37	0.76
Czech Republic	1.09	1.35	1.23	2.26	1.19	1.47	1.04	1.39	1.13	3.41	1.08
Denmark	1.30	1.83	1.31	4.17	1.51	3.39	1.59	1.22	2.38	6.25	2.27
Germany	1.15	1.36	0.99	2.72	1.28	2.67	1.37	1.46	1.73	5.37	1.64
Estonia	1.17	1.41	1.19	2.24	1.21	2.04	1.17	1.18	1.57	3.49	1.43
Ireland	1.22	2.87	0.99	4.80	1.32	4.06	1.38	1.62	2.04	4.99	1.88
Greece	1.13	1.31	0.99	1.46	1.13	1.99	1.14	1.69	1.32	2.52	1.25
Spain	1.07	1.24	0.84	2.09	1.19	2.81	1.10	1.11	1.31	3.70	1.22
France	1.16	1.80	1.06	2.71	1.29	2.27	1.38	1.03	1.78	4.21	1.66
Croatia	1.08	1.23	1.00	1.06	1.12	1.32	1.02	1.27	1.33	2.28	1.33
Italy	1.12	1.23	1.02	2.30	1.18	2.81	1.22	1.00	1.67	3.95	1.58
Cyprus	1.16	1.22	0.92	1.90	1.09	2.41	1.09	1.08	1.36	5.83	1.28
Latvia	1.16	1.35	1.05	1.74	1.12	1.64	1.01	1.04	1.39	3.10	1.33
Lithuania	1.09	1.30	1.03	1.38	1.08	1.45	1.03	1.08	1.24	2.88	1.22
Luxembourg	1.30	1.27	1.08	4.24	1.55	4.07	1.17	1.73	2.03	14.78	1.85
Hungary	1.03	1.17	0.89	1.51	0.95	1.10	1.00	1.07	1.07	2.81	1.07
Malta	1.29	1.36	1.02	1.49	1.24	2.08	1.07	1.36	1.42	5.86	1.32
Netherlands	1.09	1.57	1.05	2.60	1.29	3.41	1.40	1.56	1.92	8.42	1.82
Austria	1.15	1.20	1.04	2.68	1.33	3.45	1.34	1.21	1.65	7.16	1.59
Poland	0.85	1.06	0.95	1.02	0.92	1.26	0.95	0.61	1.29	2.57	1.24
Portugal	1.10	1.31	0.98	1.74	1.20	2.09	1.13	1.27	1.12	3.23	1.12
Romania	0.81	1.15	0.93	1.24	0.86	0.69	0.92	0.58	0.98	1.59	0.95
Slovenia	1.09	1.19	0.97	1.86	1.20	2.28	1.07	1.24	1.40	4.08	1.31
Slovakia	1.13	1.19	1.01	2.03	1.07	1.49	1.03	1.24	1.33	2.72	1.32
Finland	1.23	2.33	1.15	3.09	1.28	3.35	1.42	1.23	2.05	5.07	1.90
Sweden	1.15	1.61	1.13	2.34	1.38	3.52	1.43	1.58	1.89	6.52	1.72
Iceland	1.51	2.97	1.35	3.72	1.56	5.43	1.69	1.89	2.55	9.15	2.49
Norway	1.39	2.80	1.11	2.47	1.52	4.05	1.52	1.99	2.33	7.62	2.11
Switzerland	1.81	1.83	1.41	4.99	1.72	5.41	1.60	2.03	2.75	11.8	2.53
B&H	0.93	0.92	0.93	0.73	0.83	1.26	1.00	1.17	0.95	1.43	0.90
Montenegro	0.97	0.99	1.00	0.85	0.90	0.89	0.94	1.10	0.93	1.31	0.93
North Macedonia	0.74	0.72	0.79	0.84	0.76	0.80	0.83	0.77	0.70	1.08	0.69
Albania	1.03	1.07	0.99	1.13	1.09	0.87	1.02	1.08	0.80	0.90	0.72
Turkey	0.55	0.73	0.30	0.40	0.65	0.59	0.85	0.60	0.76	0.44	0.84

⚠ Note: the SORS calculation, based on Eurostat data. For the sake of simplification, for each group of products and services shown are the countries that are cheaper than Serbia (light orange), those on the same level (light blue). Dark orange boxes are countries with the smallest value, respectively in the corresponding group of products.

CONCLUSION

The paper presents the results of the analysis of the concept of international inflation comparison, over **time** (measured with year-on-year growth rates) and of the **level of prices between countries**, spatial (measured with the multiplier of the comparative price level). The objective was to point out, as briefly as possible, to users certain limitations of the time inflation comparison between countries (measured with the year-on-year growth rate) and the results of price level comparison for the main groups of products and services for better understanding of the topic of comparison.

1. MACROECONOMIC FORECASTS

The developed SORS system of leading composite indicators is, on average, one to two quarters at most ahead of economic activity cycles. When combined with econometric models, it allows making a quantitative evaluation of the dynamics of the growth rate of economic activity in the short term. The family of leading indicators of consumer prices, inflationary expectations, forecasts of industry GVA, service GVA and construction GVA and by sections and corresponding forecasts are presented below.

1.1. FORECAST OF CONSUMER PRICE TRENDS²

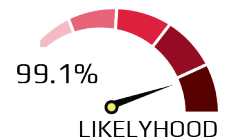


Chart 1.1. Comparison of the cycle of the SORS **consumer price leading indicator** (SORS CPI) and total consumer prices in the Republic of Serbia, seasonally adjusted, detrended and standardized data, deviations from the average for the period, Q1 2007 – Q3 2024 (%)

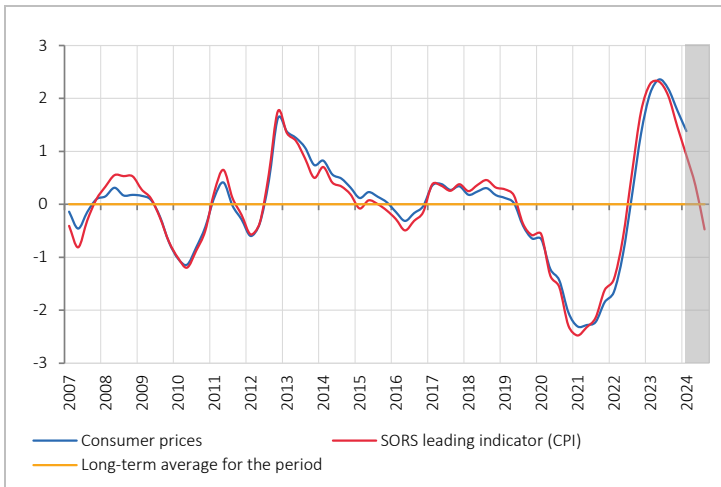
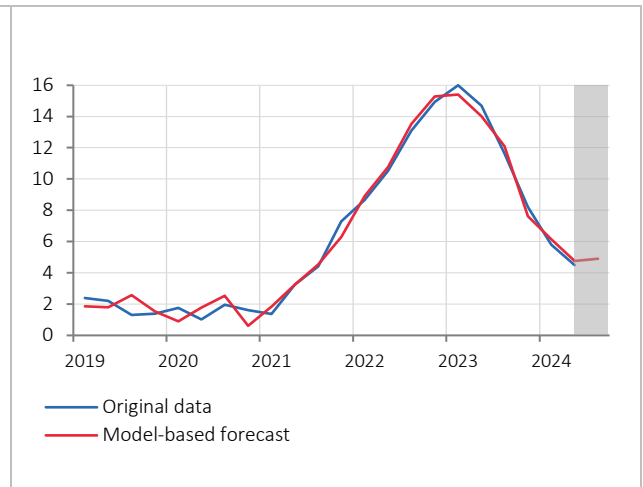



Chart 1.2. Year-on-year consumer price growth rates, original and **model-based inflation expectation** forecast values, Q1 2019 – Q3 2024 (%)



² The leading SORS consumer price indicator (SORS CPI) is a result of a research and analytical work by the SORS. The indicator consists of the coverage of previously developed composite food price indicators (IPC-H, i.e. CPI – F), fuel price (IPC-G, i.e. CPI-F) and tobacco price (IPC-D, i.e. CPI-T), as the largest generators of inflation on the long-term. Taking into account the considerable change in the structure of consumer prices when generating the year-on-year growth rate (primarily, the significant growth of the influence of its energy component starting from the second half of 2022), the SORS consumer price indicator (SORS CPI), the existing long standing biggest strategic elements of consumer price growth (food, tobacco and fuels for passenger cars), has been modified by directly including additional factors of price growth of electricity, gas and solid fuels.

Table 1.1. Realised and forecast year-on-year consumer price growth rates, %

Quarter	Realised	Forecast	
	Consumer prices, year-on-year growth rate, %	Leading indicator model (SORS IPC, i.e. SORS CPI)	Inflation expectation model
2023 Q1	16.0	16.0	14.9
2023 Q2	14.5	13.5	13.9
2023 Q3	11.4	12.6	12.1
2023 Q4	8.0	9.0	9.4
2024 Q1	5.7	5.3	5.9
2024 Q2	-	4.0	4.7
2024 Q3	-	3.9	4.9
2024 Q4	-	-	-

 Note: The forecast values of the leading indicator model were published in the previous issues of Trends, while the forecast growth rates of the inflation expectation model for the quarters of 2023 were calculated exceptionally on a “replaced (put back) sample”.

In Q3 2024, the signals of the model of the SORS leading indicator IPC, i.e. CPI indicate that the consumer price growth rate has been further decelerating, but much slower than in Q1 2024, generating a year-on-year growth rate of about 3.9%. On the other hand, **the results of the inflation expectation model (of an average consumer basket and of the section retail trade³)** are expressive of the establishment of an inflation recessionary gap in Q3 2024 and of the maintenance of the year-on-year growth rate at about 5.0%. **Different signals of both models call for caution in expecting euphoria of the inflation contraction** due to still unknown circumstances related to the agricultural season and, consequently, to the price of food and a marked volatility of the price of world *BRENT* crude oil with subsequent influence on the price of fuel in Serbia, with an already present factor of geopolitical tensions and international channels of goods distribution. It is worth mentioning that the dynamics of the year-on-year inflation contraction since the beginning of 2024 has been twice slower than since the beginning of 2023.

- Since the beginning of 2024, the main influence on the year-on-year inflation of consumer prices has been originating from the **energy component**, primarily from the price of fuels and electricity. The rise of the price of *BRENT* crude oil on the world market from January to April 2024 will reflect, as empirically proven, on the price of fuel in Serbia, on average, with a delay of one to two months, just as the fall of the price of crude oil in May (9.1% to April) reflected on fuel price decrease in Serbia in June (as at mid-June prices of gasoline by went down by about 4.8% and of diesel by about 2.0%). According to the forecast of the SORS leading indicator of fuel price (IPC-G, i.e. CPI-F)⁴, great volatility of fuel price in Serbia is still expected in Q3 2024, but, on average, the price will stand at the values from the first half of 2024, i.e. with a year-on-year growth of about 6.0%. The level of the prices of **electricity for households** and gas (with the last increase in November 2023 by 7.3% and 9.4%, respectively, compared with October 2023) will drive downward the year-on-year rate of prices in 2024, from January to April with a year-on-year growth of 15.0%, from May to October from 7.5% and in Q4 (specifically in November and December) the effect of growth from November 2023 will disappear completely. It means therefore that the share of energy components (with major elements – fuel and electricity) in the total growth rate of consumer prices will amount to about 19.0% in Q3 2024.
- **The exceptional growth of excises in May 2024 on alcoholic beverages (1 May – 31 December 2024 – 110.46 dinars per litre) and on cigarettes (1 May – 31 December – 97.7 dinars per pack)**, along with the existing regular July excise correction of the price of cigarettes (1 July – 31 December – 99.41 dinars per pack), will drive the year-on-year growth of the price of the group cigarettes and alcoholic beverages in Q3 2024 to be higher by 8.6%, accounting for 15.6% of the total structure of the year-on-year growth rate of consumer prices.

³ **Consumers’ inflation expectation model** is based on numeration of consumers’ perceptions, taking into accounts: respondents’ age limit, level of income, educational level, type of occupation, working hours and sex. SORS carries out the survey of inflation expectations once a month, collects and process data by the methodology of the European Commission. Every month, consumers provide answers about their expected perceptions of the inflation of consumer prices in the next period, by choosing one of the following options: „risen a lot“, „risen moderately“, „risen slightly“, „stayed about the same“, „fallen“ and „don’t know“.

Retail inflation expectations group monthly inflation expectations in the next period: with sale of food, non-food products, motor vehicles and fuels by retail supply chains in the sample. The combined indicator of the mentioned inflation expectations precedes consumer price trends by about 2 quarters.

⁴ **CPI-G (i.e. CPI-F)** is a weighted composite leading indicator that contains information on the movement of the most relevant indicators influencing oil price in Serbia, and that in its movement is ahead of the price of fuels and lubricants in Serbia by about two months. The indicator covers: the world price of *BRENT* crude oil, value of *WTI* crude oil futures (type *Cushing Oklahoma*), average price of American *WTI* crude oil (in first purchase from oil fields) dollar to euro ratio, stocks in the production of crude oil in the territory of Serbia and import of oil, oil refined products in Serbia.

1.2. NEW INDUSTRY GVA TRENDS

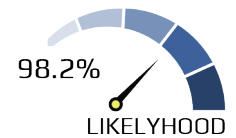


Chart 1.3. Results of the model of industry leading indicator (INDIPAS), original and model-based forecast annual growth rates of the physical volume of total industry, Q1 2001 – Q2 2024 (%)

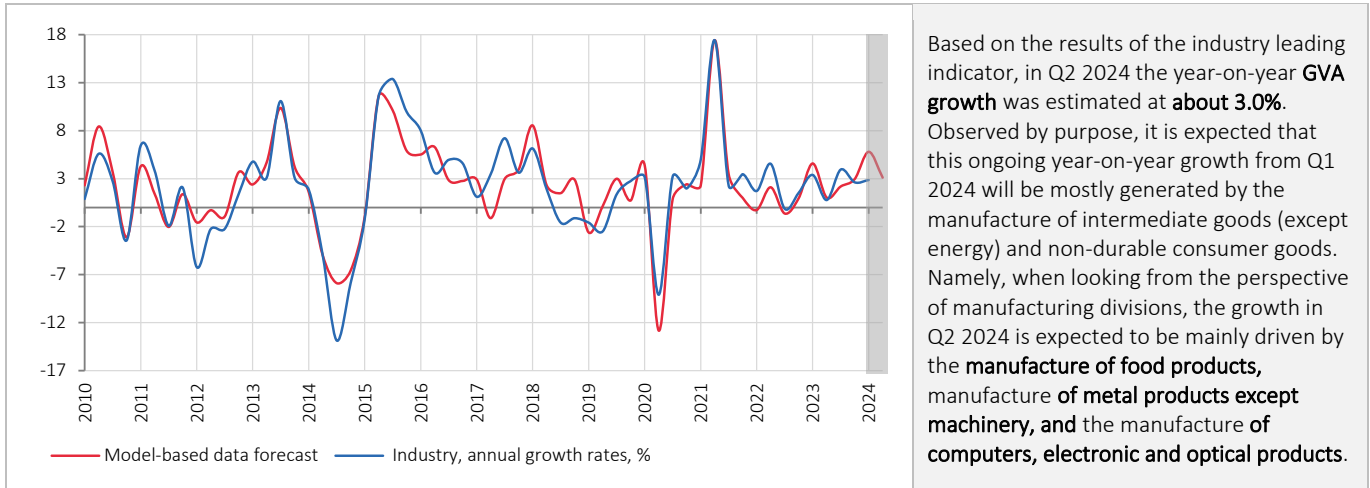


Chart 1.4. Comparison of the realized and forecast annual industry GVA growth rates (%), Q1 2020 – Q1 2024

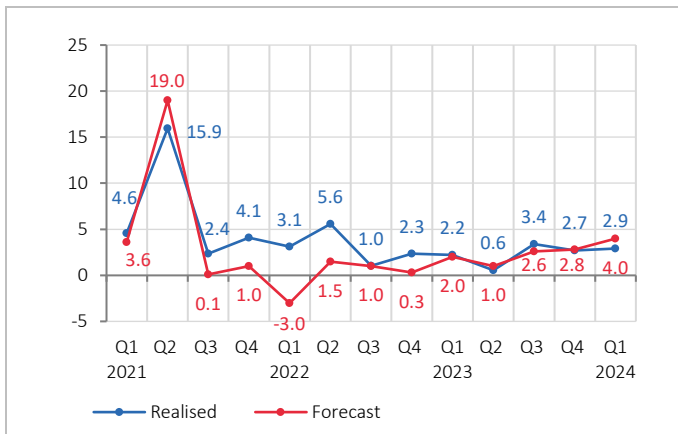
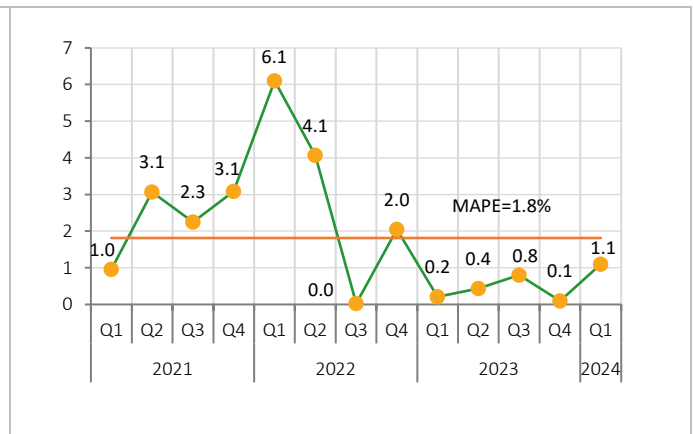


Chart 1.5. Mean Absolute Percentage Error - MAPE⁵, forecasts of industry GVA growth (%), Q1 2020 – Q1 2024



⁵ Mean Absolute Percentage Error – MAPE is a measure of the simplified interpretation an error of a forecasting model in statistics. It is defined as the ratio

$$MAPE = \frac{100\%}{n} \sum_{t=1}^n \left| \frac{A_t - F_t}{A_t} \right|$$

, where A_t is the real value, and F_t the forecast value. Their difference is divided by the real value A_t . The absolute value of this ratio is added up for each forecast point in time and divided by the total number of time points n . **The relative deviation of the real values from the forecast ones by (+/-) 5% has been determined by the interval limit of validity of the given forecast (95-percentage indicator reliability interval), which we have defined after having derived MAPE as the likelihood of the model by the formula ($v=100-(MAPE)$) expressed in percentage.** Absolute values are non-negative values. The forecast values in the chart were published in the previous issues of *Trends*.

1.3. FORECAST OF SERVICE GVA TRENDS

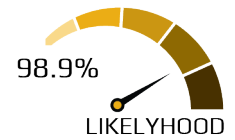
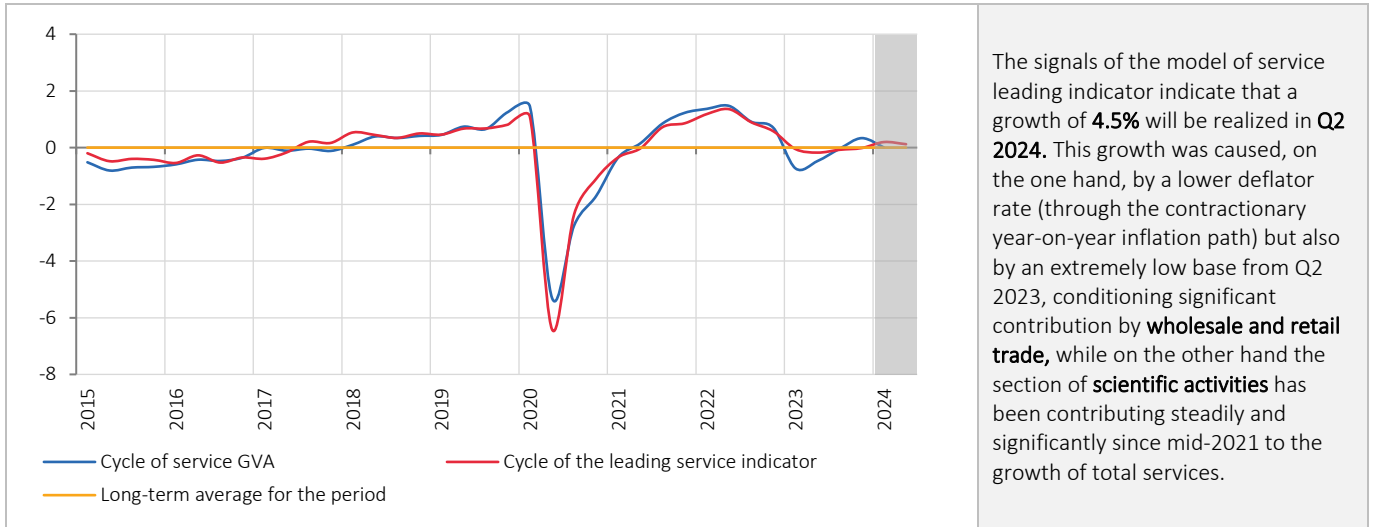


Chart 1.6. Comparison of the cycle of the service leading indicator GVA, seasonally adjusted, detrended, leveled out and standardised data, deviation from the average for the, Q1 2006 – Q2 2024 (%)



The signals of the model of service leading indicator indicate that a growth of **4.5%** will be realized in **Q2 2024**. This growth was caused, on the one hand, by a lower deflator rate (through the contractionary year-on-year inflation path) but also by an extremely low base from Q2 2023, conditioning significant contribution by **wholesale and retail trade**, while on the other hand the section of **scientific activities** has been contributing steadily and significantly since mid-2021 to the growth of total services.

Chart 1.7⁶ Comparison of the realized and forecast annual service GVA growth rates, Q1 2020 – Q1 2024 (%)

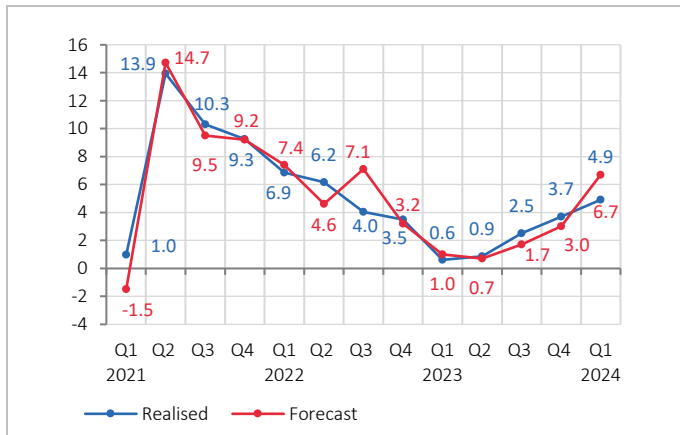
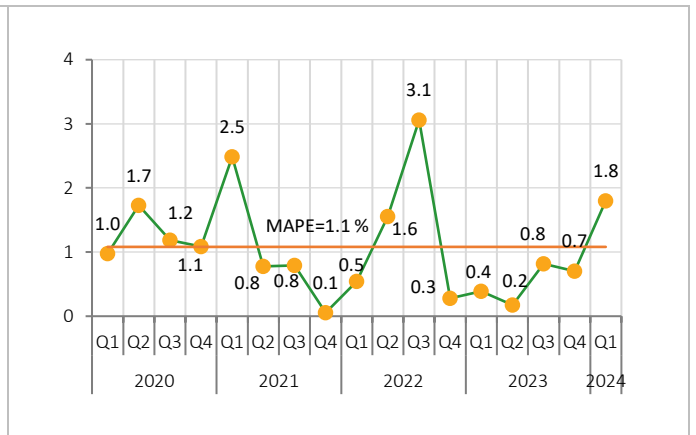
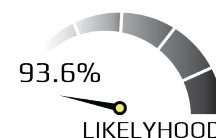


Chart 1.8. Mean Absolute Percentage Error - MAPE, forecasts of service GVA growth, Q1 2020 – Q1 2024 (%)



⁶ The forecast values in the chart are always published one quarter before data are available, and are presented in the previous issues of Trends.

1.4. FORECAST OF CONSTRUCTION GVA TRENDS



The year-on-year construction GVA growth realized in Q1 2024 amounted to 14.2%. By applying the model of construction forecast a growth rate of 12.3% is expected for Q2 2024 compared with Q2 2023. Looking at the structure of construction activity, the works on the transport infrastructure and **pipelines, communication and electrical power lines** are still a driven force of the construction activity, primarily because of the continuation of works from Q1 2024, modernization of the railway line of the Hungary and Serbian railway, construction of the Fruska Gora corridor (section Novi Sad – Ruma), works on public communal and sewage infrastructure under the project “Clean Serbia”, construction of the Morava corridor, highway Belgrade – South Adriatic (section Preljina - Pozega), expressway Pozarevac – Golubac, etc.

Table 1.2. Structure of the contribution to the annual construction GVA growth rate

	2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Construction GVA, annual growth rate, % (1+2)	-5.6	-6.8	-12.1	-12.5	-1.7	14.7	13.0	7.5	14.2	-	-	-
1. Buildings, pp. (1a+1b)	-5.2	-3.7	-4.7	-4.7	-10.9	-0.9	0.1	0.0	3.0	-	-	-
<i>1a. Residential buildings</i>	-5.9	-1.5	-2.0	-0.1	-3.9	2.2	2.2	0.9	2.2	-	-	-
<i>1b. Non-residential buildings</i>	0.7	-1.1	-4.3	-4.3	-6.9	2.2	-0.5	-1.0	0.8	-	-	-
2. Other buildings, pp. (2a+2b+2c+2d)	-0.4	-4.2	-5.8	-8.1	9.2	10.4	11.2	7.6	11.2	-	-	-
<i>2a. Transport infrastructure</i>	4.3	-1.8	-2.7	-6.2	8.9	5.3	8.0	5.5	7.9	-	-	-
<i>2b. Pipelines, communication and electric power lines</i>	-5.5	-2.4	-3.8	-3.6	0.6	4.1	4.6	3.5	2.7	-	-	-
<i>2c. Complex construction on building sites</i>	0.0	-0.1	1.0	2.0	0.3	0.6	-1.6	-1.0	0.3	-	-	-
<i>2d. Other civil engineering, not elsewhere classified</i>	0.8	0.0	-0.3	-0.3	-0.7	0.3	0.2	-0.4	0.3	-	-	-
Contribution to construction GVA growth rate, pp.	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-	-	-

Chart 1.9. Comparison of the realized and forecast⁷ annual construction GVA growth (%)

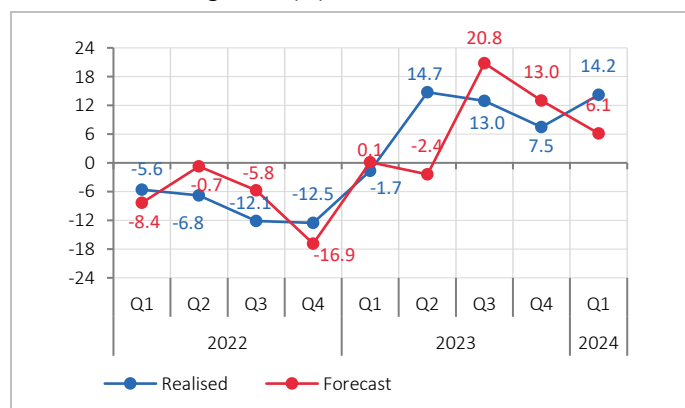
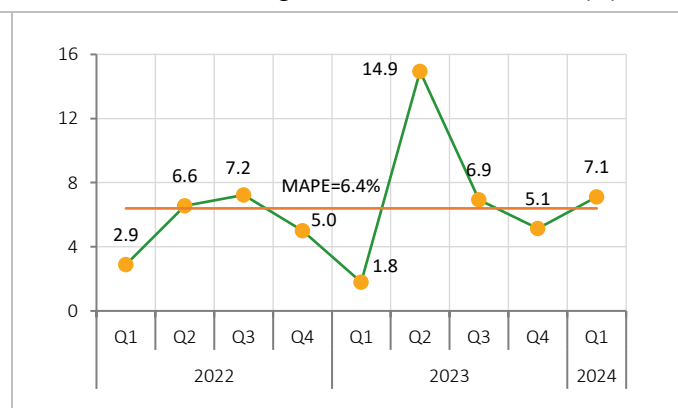


Chart 1.10. Mean Absolute Percentage Error - MAPE, forecasts of the construction GVA growth, Q1 2020 – Q1 2024 (%)



1.5. SUMMARY OF OBTAINED RESULTS OF LEADING INDICATORS BY GVA SECTOR FOR Q2 2024

Table 1.3. Forecast of GVA of selected sections and their estimated contribution to GDP, Q2 2024

Q2 2024	Agriculture	Taxes and contributions	Industry	Construction	Services
Quarterly growth rates, %	0.8	2.6	3.0	12.3	4.5
Contribution to the growth rate of GDP (pp.)	0.0	0.4	0.6	0.7	2.3

⁷ The forecast data presented in graph 1.1 was obtained by simulating the forecast based on the returned sample from Q1 2022 (by successively repeating the forecasting procedure after each "new" data of the leading indicator of construction activity SORS GRIPAS). Only the data for Q4 2022 was officially published in the previous (December 2022) issue of Trends.

2.

GROSS DOMESTIC PRODUCT

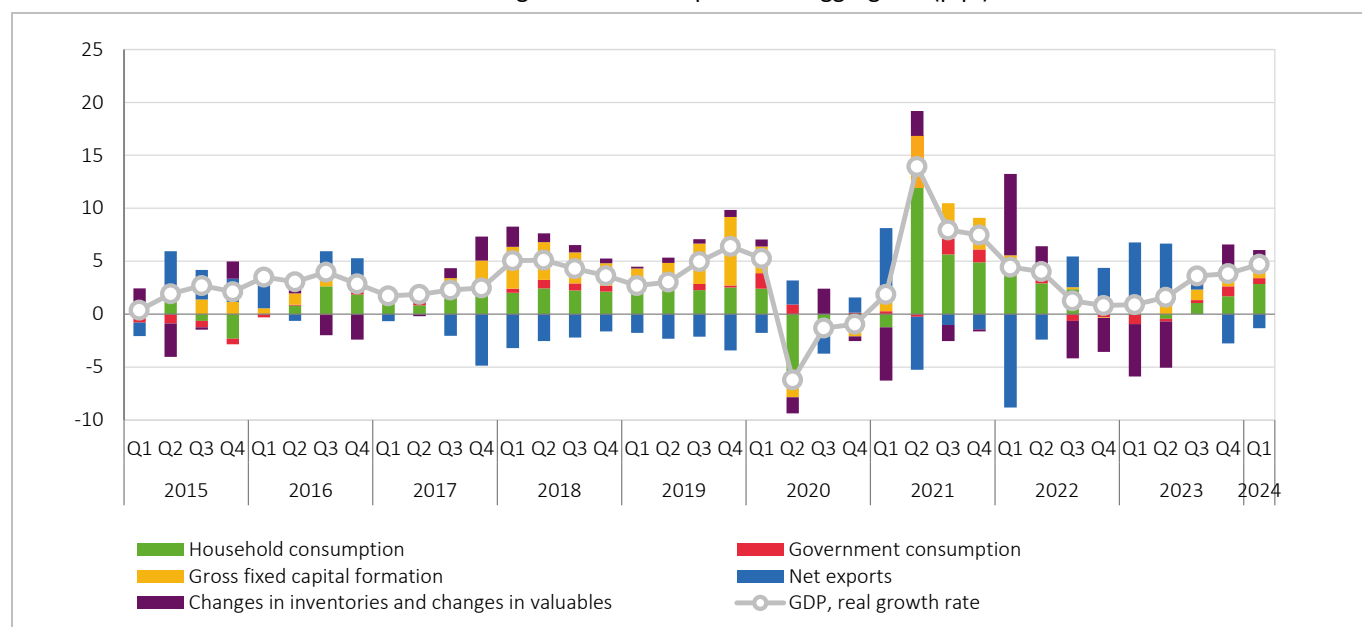
In the first quarter of 2024, GDP real increase of 4.7% was recorded relative to the same period last year. The section of services, except trade had the most positive effect on GDP trend in this quarter, 1.7 p.p.

Observed by expenditure aggregates, in the first quarter of 2024, relative to the same period last year, household consumption recorded real growth of 4.4% and positively contributed to GDP trend with 2.8 p.p. Gross capital formation grew by 7.3% relative to the same period of the previous year (GDP contribution of 1.7 p.p.). Export and import increased by 1.1% and 3.2% and resulted in contribution to GDP trend with 0.5 p.p. and 1.8 p.p., respectively (Table 2.1).

Table 2.1. GDP – expenditure aggregates, real inter-annual growth rates, Q1 2022 – Q1 2024 (%) (comparison with the same period of the previous year)

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP	4.4	4.0	1.3	0.8	0.9	1.6	3.6	3.8	4.7
Household consumption	7.0	4.2	3.5	1.5	0.0	-0.7	1.4	2.6	4.4
Government consumption	2.5	5.0	-3.8	-1.8	-5.1	-1.6	1.8	5.9	3.6
Gross fixed capital formation	3.3	4.5	0.8	-0.3	2.1	3.7	4.1	5.2	7.3
Exports	18.5	20.5	16.2	12.1	8.4	2.7	-1.0	0.3	1.1
Imports	32.9	21.2	9.5	5.1	-1.6	-5.6	-1.3	4.2	3.2

Chart 2.1. Contributions to inter – annual GDP growth rate – expenditure aggregates (p.p.)

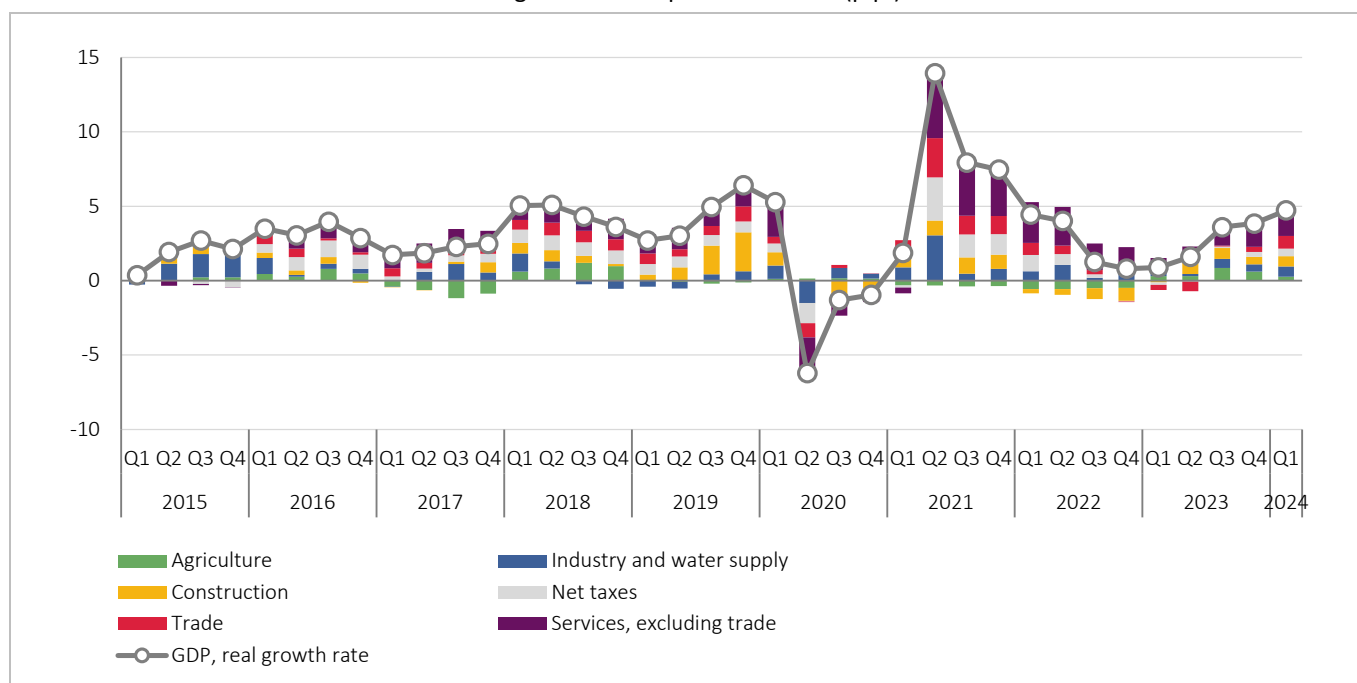


Observed from the **production side**, the greatest positive contribution to GDP increase in Q1 2024 resulted mostly from increased activity in service section (excluding trade), 1.7 p.p.

Табела 2.2. GDP– production side, real inter-annual growth rates, Q1 2022 – Q1 2024 (%)
(comparison to the same period of the previous year)

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP	4.4	4.0	1.3	0.8	0.9	1.6	3.6	3.8	4.7
Agriculture	-8.3	-8.6	-8.5	-7.8	8.6	7.3	8.9	7.7	0.2
Industry and water supply	3.1	5.6	1.0	2.3	2.2	0.6	3.4	2.7	2.9
Construction	-5.6	-6.8	-12.1	-12.5	-1.7	14.7	13.0	7.5	14.2
Trade	7.2	4.9	2.5	-0.3	-3.0	-5.3	0.5	2.9	7.9
Services, excl. trade	6.8	6.5	4.5	4.6	1.7	2.7	3.1	3.9	4.1
Net taxes	6.7	3.9	1.4	-0.3	-1.2	0.0	0.7	1.7	3.2

Chart 2.2. Contributions to inter – annual GDP growth rate – production side (p.p.)



3. INDUSTRIAL PRODUCTION

3.1. TOTAL INDUSTRIAL PRODUCTION

Total industrial production in the Republic of Serbia, in the period January - March 2024 increased by 2.9% relative to the same period of 2023. Growth was noted in all sections of *Manufacturing* (3.1%) and *Electricity, gas, steam and air conditioning supply* (0.3%), while *Mining and quarrying* recorded (6.4%).

Chart 3.1. Cumulative trend of total industrial production and its sections, growth rates (%) (Q1 2024 relative to Q1 2023)

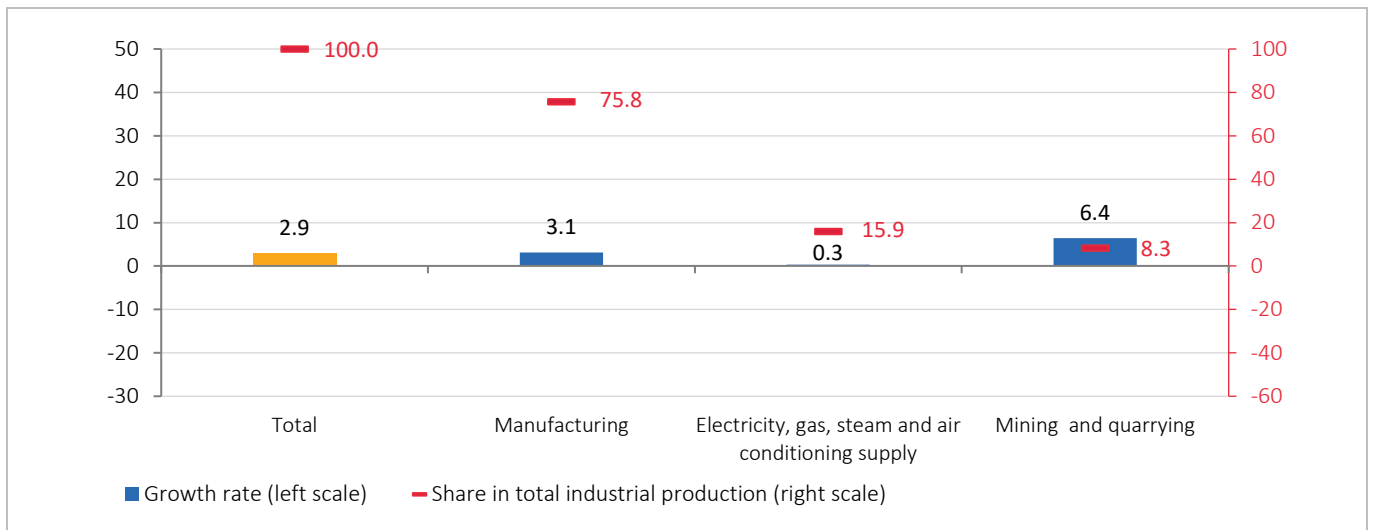
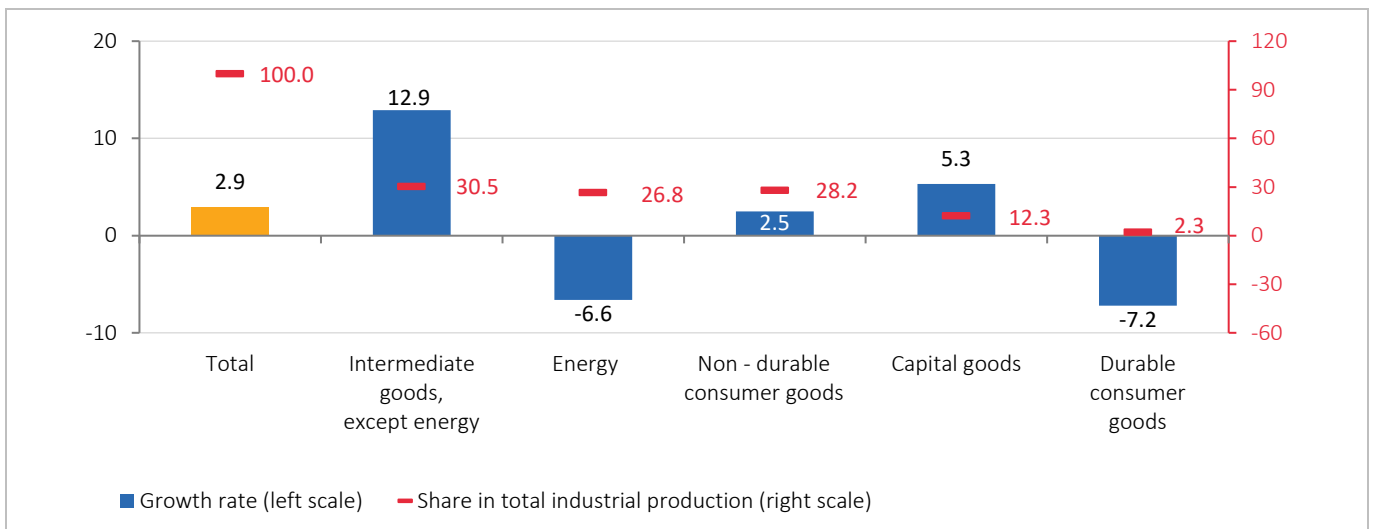


Chart 3.2. Industrial production growth rates by MIGs (%) (Q1 2024 relative to Q1 2023)



In the period January-March 2024, the section of **Manufacturing** contributed most to industry growth with 2.33 p.p., followed by **Electricity, gas, steam and air conditioning supply** (0.05 p.p.), and **Mining and quarrying** (0.52 p.p.).

Table 3.1. Industrial production, indices (comparison with the same period of the previous year)

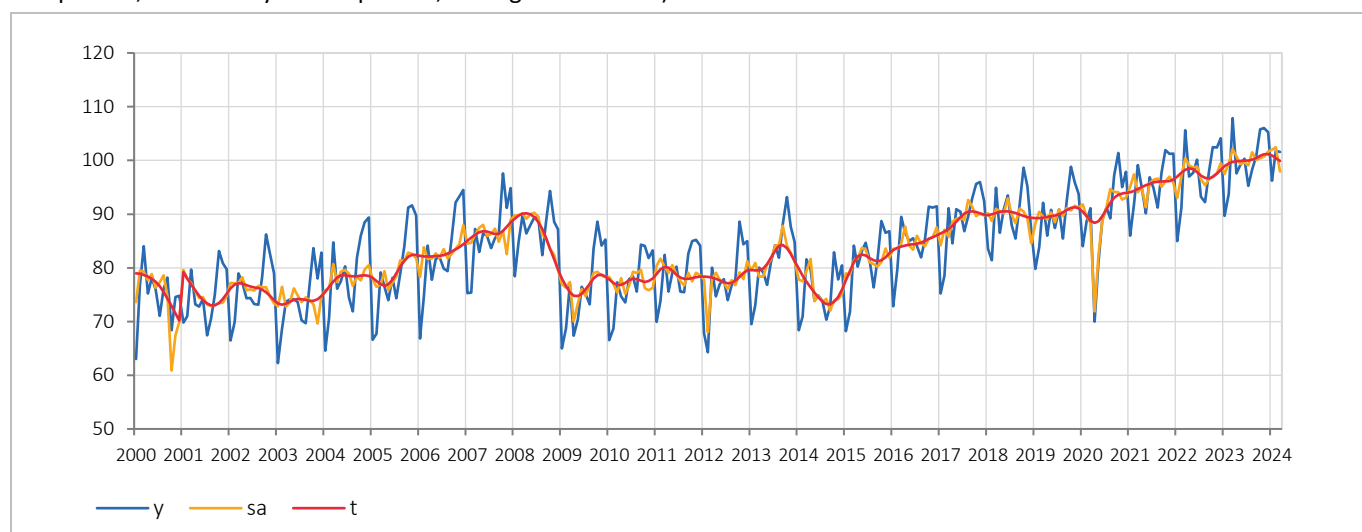
	2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1-Q2 ¹
Industrial production – total	101.9	104.8	99.4	100.7	102.5	100.9	103.7	102.8	102.9	104.0
Manufacturing	104.1	104.7	99.1	97.8	98.5	99.0	102.1	102.8	103.1	104.0
Electricity, gas, steam and air conditioning supply	80.9	91.8	95.8	106.2	118.6	114.8	111.1	106.6	100.3	...
Mining and quarrying	139.0	132.4	108.5	116.5	104.5	94.3	105.8	95.3	106.4	...

¹ Prognoses (obtained on the basis of time series analysis models).

3.2. MANUFACTURING (C) (share of 75.8% total industrial production index)

Trend-cycle component of Manufacturing in the first quarter of 2024 records decrease (chart 3.3).

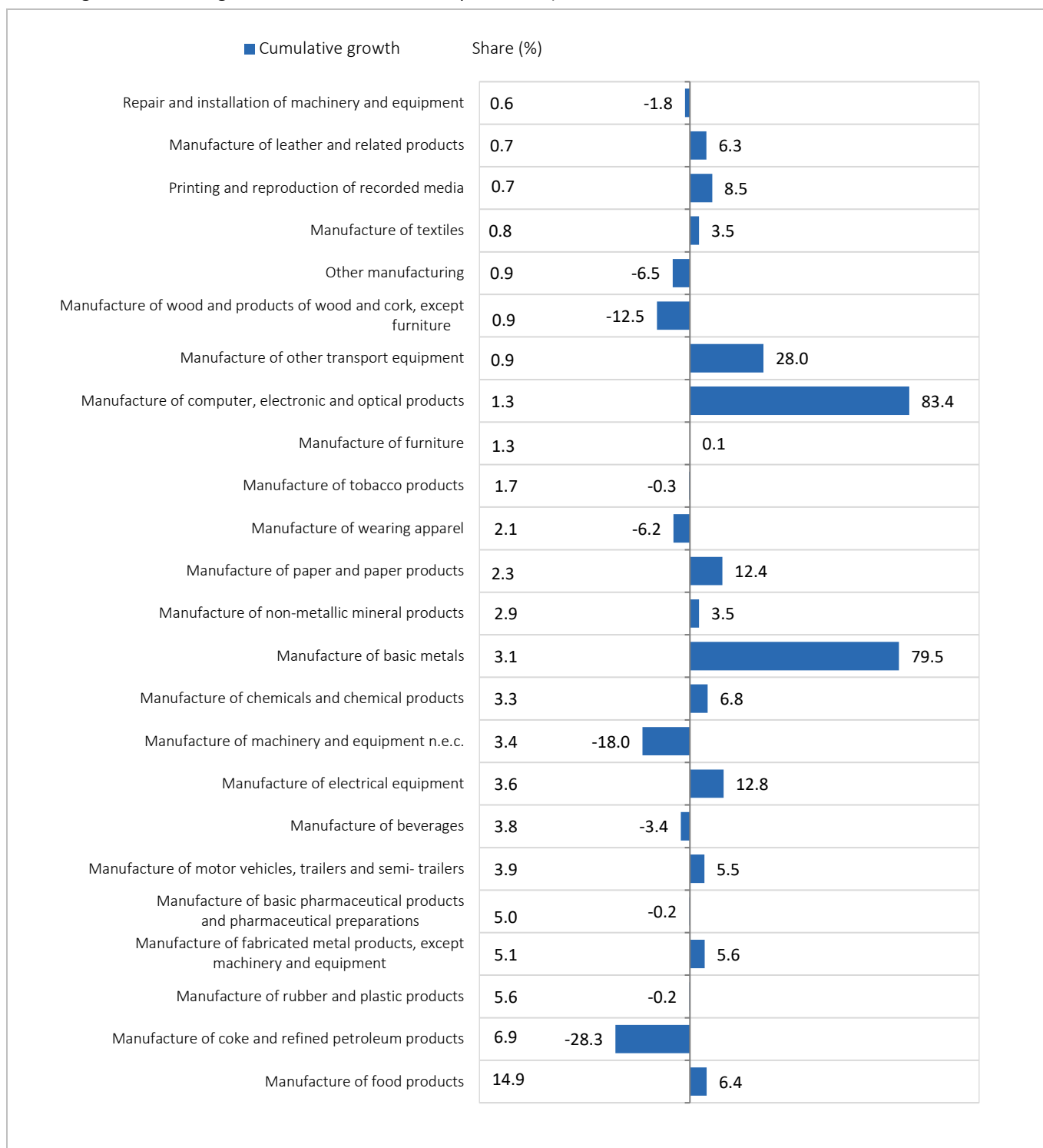
Chart 3.3. Components of Manufacturing time series, indices (y – original series, sa – series with excluded seasonal component, t – trend-cycle component, average 2023 = 100)



Observed by divisions, Manufacturing in the first quarter of 2024 increased in 14 out of 24 divisions (mutually participating with 44.7% in total industry), if compared with the same period of 2023. The most significant divisions – measured by the share in total industrial production - in which positive results were noted in the first quarter of 2024 were: Manufacture of food products (growth of 6.4%), Manufacture of metal products, except machinery (growth of 5.6%) and Manufacture of motor vehicles, trailers and semi-trailers (growth of 5.5%).

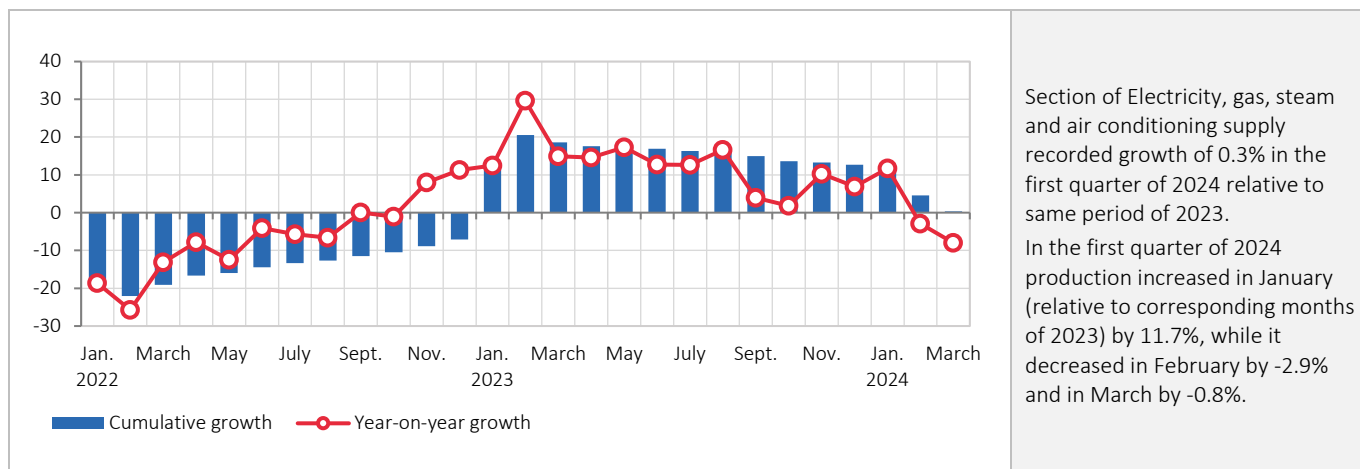
Decrease was recorded in 10 divisions (mutually participating with 30.8% in total industry): Manufacture of coke and petroleum derivatives (fall of -28.3%), Manufacture of rubber and plastic products (fall of -0.2%), and Manufacture of basic pharmaceutical products and pharmaceutical preparations (fall of -0.2%).

Chart 3.4. Manufacturing by divisions, cumulative growth rates (%) (Q1 2024 relative to Q1 2023); divisions are presented in ascending order according to shares in total industrial production)



3.3. ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY (D) (share of 15.9% in total industrial production index)

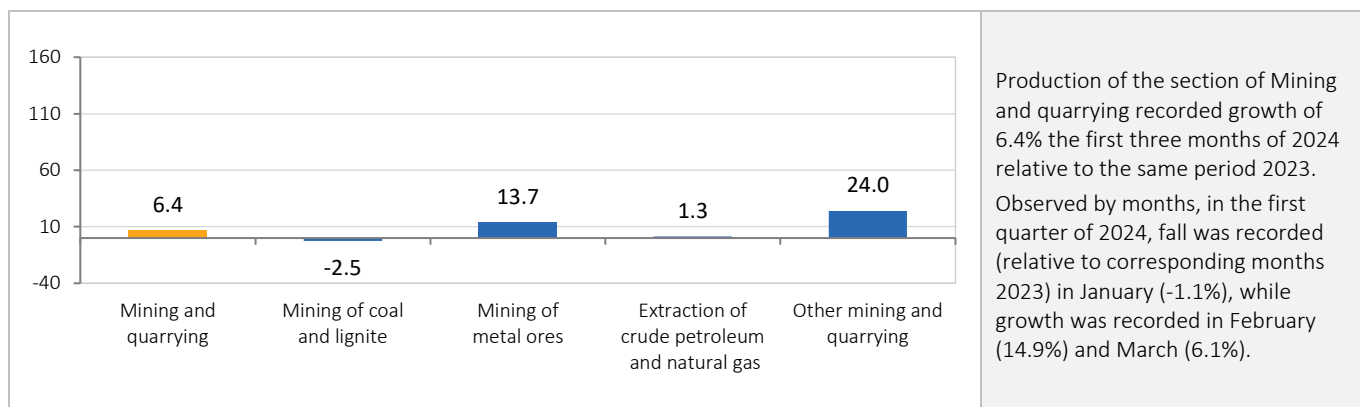
Chart 3.5. Cumulative and year-on-year growth rates in energy section (%) (cumulative – period relative to the same period of the previous year; year-on-year – month relative to the same month of the previous year)



Section of Electricity, gas, steam and air conditioning supply recorded growth of 0.3% in the first quarter of 2024 relative to same period of 2023. In the first quarter of 2024 production increased in January (relative to corresponding months of 2023) by 11.7%, while it decreased in February by -2.9% and in March by -0.8%.

3.4. MINING AND QUARRYING (B) (share of 8.3% in total industrial production index)

Chart 3.6. Cumulative growth rates in Mining and quarrying section (%) (Q1 2024 relative to Q1 2023)



Production of the section of Mining and quarrying recorded growth of 6.4% the first three months of 2024 relative to the same period 2023. Observed by months, in the first quarter of 2024, fall was recorded (relative to corresponding months 2023) in January (-1.1%), while growth was recorded in February (14.9%) and March (6.1%).

HOW TO INTERPRETE THE SERIES?

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

4. CONSTRUCTION

4.1. CONSTRUCTION ACTIVITY

Construction activity on the territory of the Republic of Serbia in the first quarter of 2024, compared to the same period of 2023 increased by 22.0% current prices, and by 18.3% at constant prices. Observed by type of constructions, the value of construction works on buildings increased by 8.3%, and on civil engineering (transport infrastructure, pipelines, complex industrial constructions, etc.), increase amounted to 23.3%, at constant prices

Table 4.1. Value of performed construction works, quarterly indices (%) (comparison with the same period of the previous year)

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Current prices	110.3	108.4	102.7	99.9	109.2	121.1	119.3	113.9	122.0
Constant prices	94.1	91.2	86.5	86.3	99.5	117.9	115.8	111.1	118.3

Chart 4.1. Components of time series 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 2021 = 100)

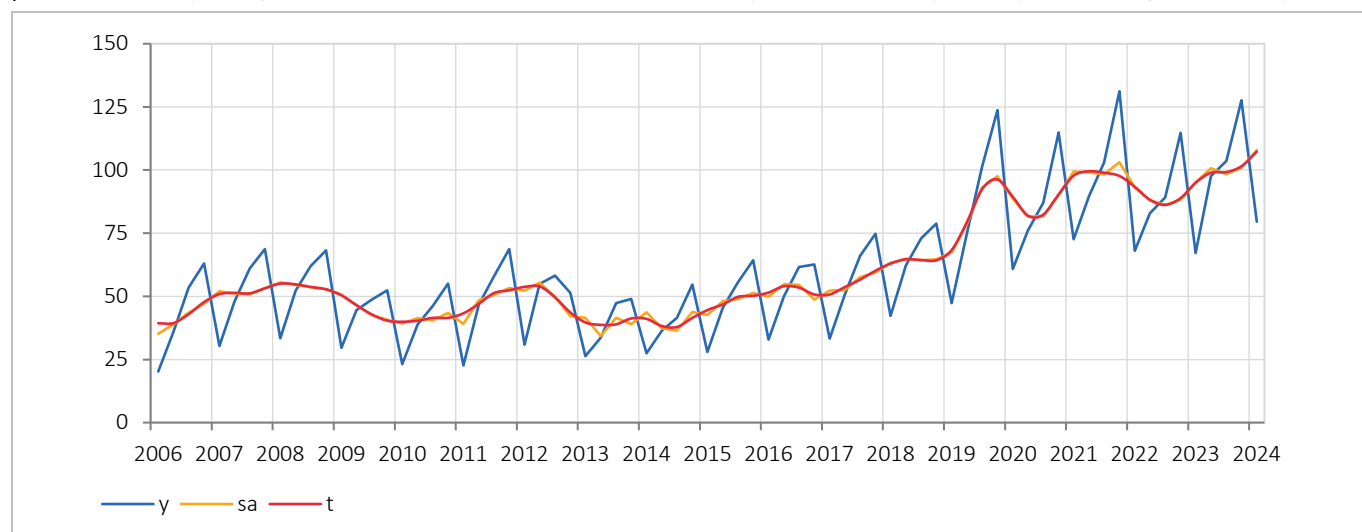
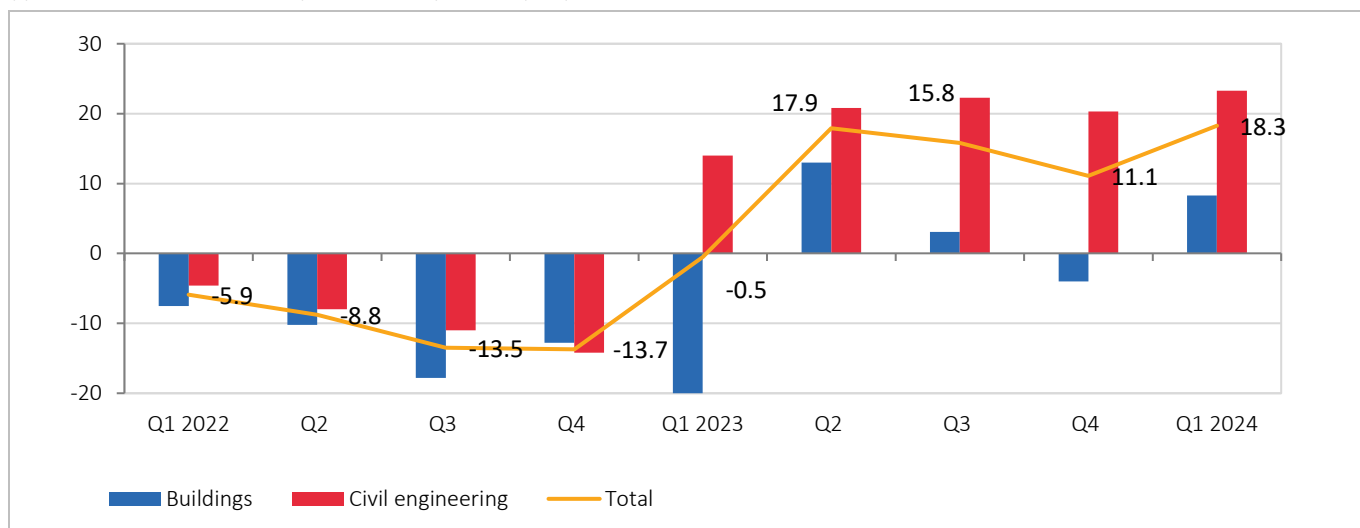


Chart 4.2. Value of performed construction works at constant prices, growth rates (%)
(quarter relative to the same quarter of the previous year)



Observed by regions (chart 4.3), in the first quarter of 2024, the highest growth rate was, compared to the same period of the previous year, recorded in the **Region of Southern and Eastern Serbia** and amounted to 25.5% at constant prices. The increase can be seen in the construction of traffic infrastructure, first of all Požarevac-Golubac high-speed road, then complex industrial constructions (works performed on wind farm and in the scope of the complex of the copper mine in Bor).

In the **Region of Vojvodina**, the growth rate of construction activity in this quarter, relative to the same period of the previous year, was 22.9%, at constant prices. The most significant contribution to the growth of construction activity comes from the construction of the Hungarian-Serbian railway (Novi Sad - Subotica section), as well as from the construction of the Fruska Gora corridor (Novi Sad - Ruma section). Several residential and business complexes are under construction in Novi Sad, thus the value on buildings was increased.

In **Belgrade region**, the value of construction works at constant prices increased by 17.0% compared to the first quarter of 2023. The increase in value was mostly influenced by the construction of residential buildings, transport infrastructure and complex industrial constructions. In addition to Belgrade waterfront and several larger residential and business complexes ("Depo", "Duke's gates - Voždove kapije", "Wellport", "Viva Residences", "Zelena Avenija"), there are substantial construction sites such as "Centre for Inclusion", new bus station, preparatory works for Belgrade Expo Centre, as well as the construction of the plateau for the depot of the Belgrade metro.

In the **Region of Sumadija and Western Serbia** growth of 11.3% at constant prices. The performed works on non-residential buildings were of lower intensity relative to the first quarter of the previous year, while the intensity of works rose on all other types of constructions. In this quarters very intensive works continued on the construction of the Morava corridor and highway Preljina-Pozega. The project of constructing the communal infrastructure (Mionica and Knic) is ongoing, then the gasification on the territory of the municipality Raska and works on installing telecommunication lines.

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

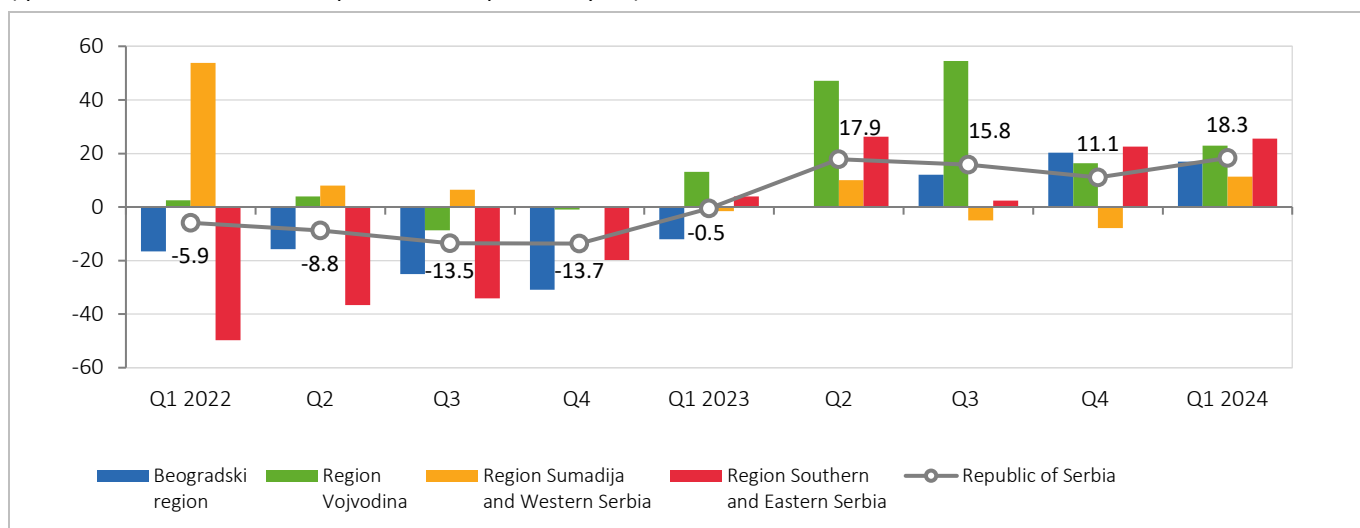


Chart 4.4 Value of performed construction works and hours of work on construction sites, comparative overview, indices (quarter compared to the same quarter of the previous year)

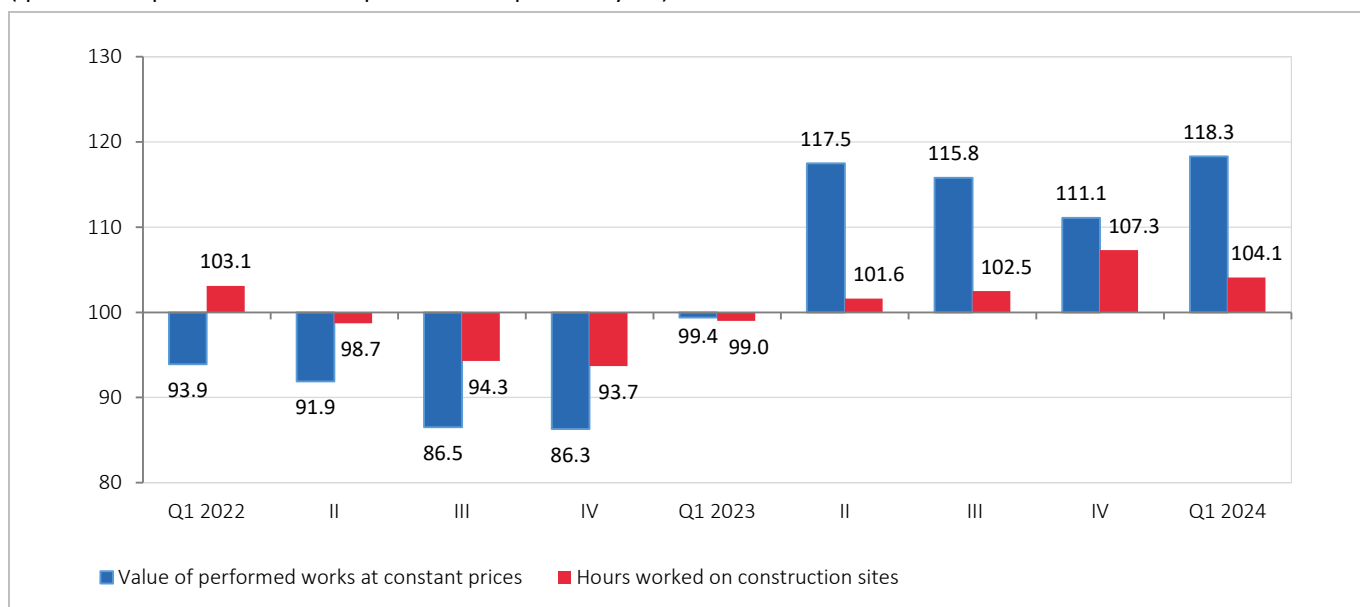


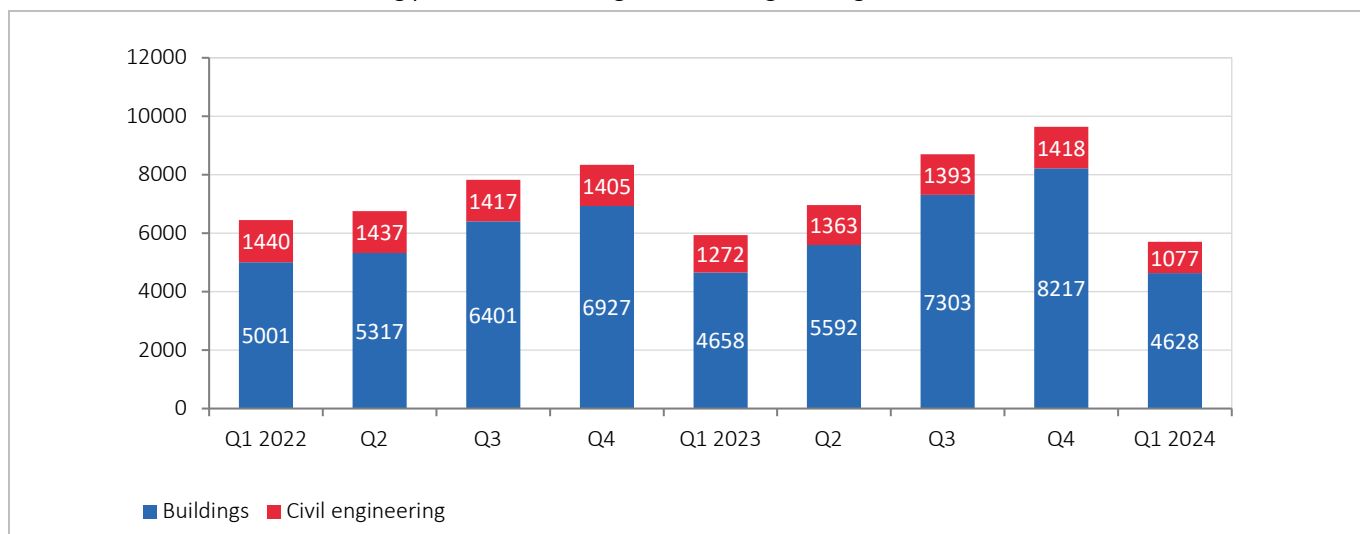
Chart 4.4 shows a comparative overview of the movement of hours worked and the value of the works performed on construction sites. During 2023, in addition to the value of completed works, another indicator of construction activity, from the second quarter of 2023, shows the growth of construction activity. Hours worked decreased only in the first quarter of 2023, and the highest growth (7.3%) was recorded in the fourth quarter. In the first quarter of 2024, the increase of construction activity on the territory of the Republic of Serbia is seen also through hours worked and the value of performed construction works.

4.2. BUILDING PERMITS

In addition to the value of works performed and hours worked on construction sites, the statistics of construction keep a monthly record of the issued **building permits and decisions**, which approve the implementation of construction works in the Republic of Serbia and which show the future trend of construction activity.

In the **first quarter 2024**, 5 705 building permits were issued. The greatest part of permits (4 628) related to construction works on buildings, while the rest (1 077) related to transport infrastructure works, pipelines, complex industrial structures, etc. Total number of issued permits in the first quarter 2024 decreased by 3.8% related to the same period of the previous year.

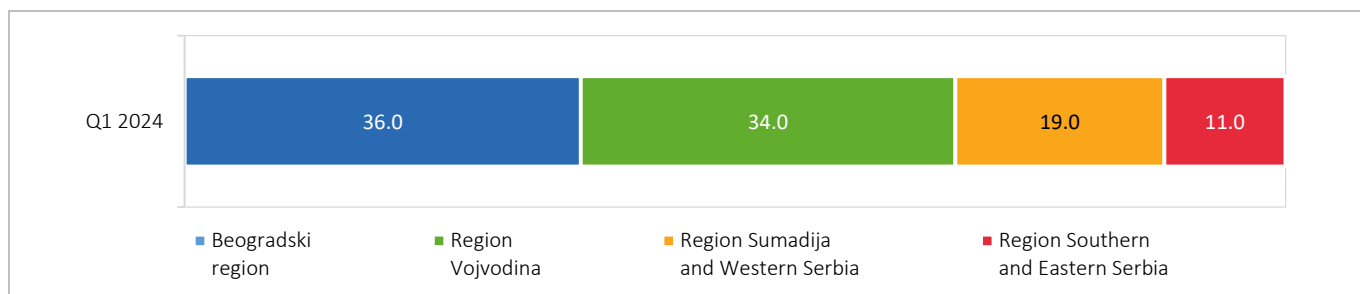
Chart 4.5. Number of issued building permits for buildings and civil engineering



The anticipated value of works, according to the issued permits, in the first quarter, amounts to RSD 209 759 million, which represents a decrease of 2.1% compared to the same quarter of the previous year.

The greatest share in estimated value in the first quarter is seen in Belgrade region (36%), followed by Vojvodina region (34%), Region Sumadija and Western Serbia (19%) and Region Southern and Eastern Serbia (11%).

Chart 4.6. Anticipated value of works according to issued permits, by regions; share in %⁸



⁸ Note: Instead of previously published data on the share of the number of permits by regions, we will from now and on present the share of the anticipated value of works by issued permits. Namely, the value of works is a better indicator of future construction activity volume, while the number of permits does not provide key information on the value of anticipated investments, which is most important for estimating the value of future construction works.



GLOSSARY

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

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

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

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

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

5. EXTERNAL TRADE

5.1. EXPORTS OF GOODS (EUR current exchange rate)

Total value of goods export in the Republic of Serbia in the period January-March 2024 decreased by 1.6%, relative to the same period 2023. Total export results were mostly influenced by manufacturing increase of 3.9%, as it presents 87.9% of total export. The next section, with share of 4.8%, was Mining and quarrying, which realise a cumulative fall of 29.1%.

Chart 5.1. Components of export's time series, indices (u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2023 = 100)

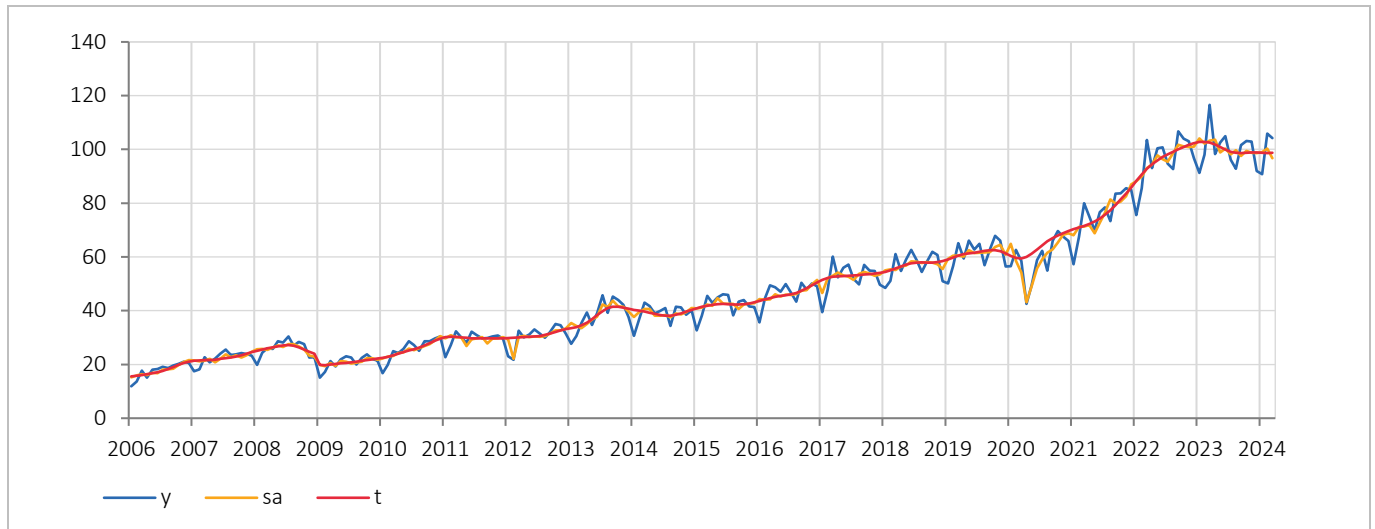
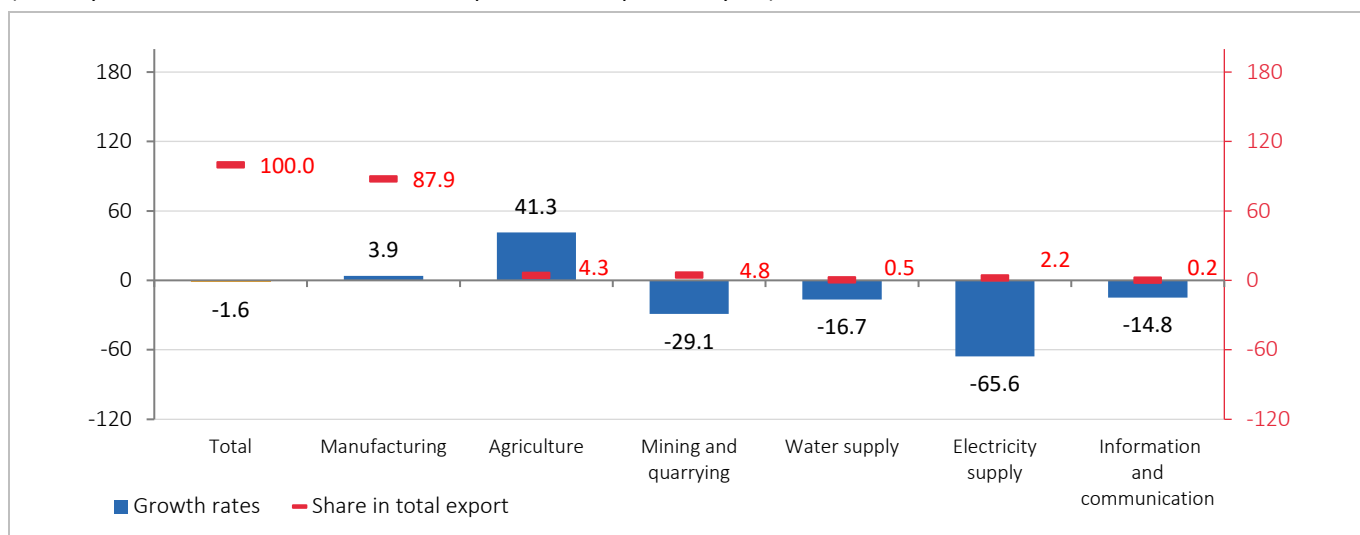


Table 5.1. Export of goods by CA (2010) sections, quarterly indices (comparison with the same period of the previous year)

	2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1-Q2 ¹
Export – total	128.5	132.7	122.9	119.5	115.8	103.5	98.4	98.0	98.4	104.0
Manufacturing	125.9	126.3	122.3	117.5	112.0	107.4	101.8	101.1	103.9	...
Agriculture, forestry and fishing	76.3	117.6	98.0	95.6	72.4	56.1	72.1	115.6	141.3	...
Mining and quarrying	1129.0	330.3	160.1	122.2	129.4	56.9	81.0	65.1	70.9	...

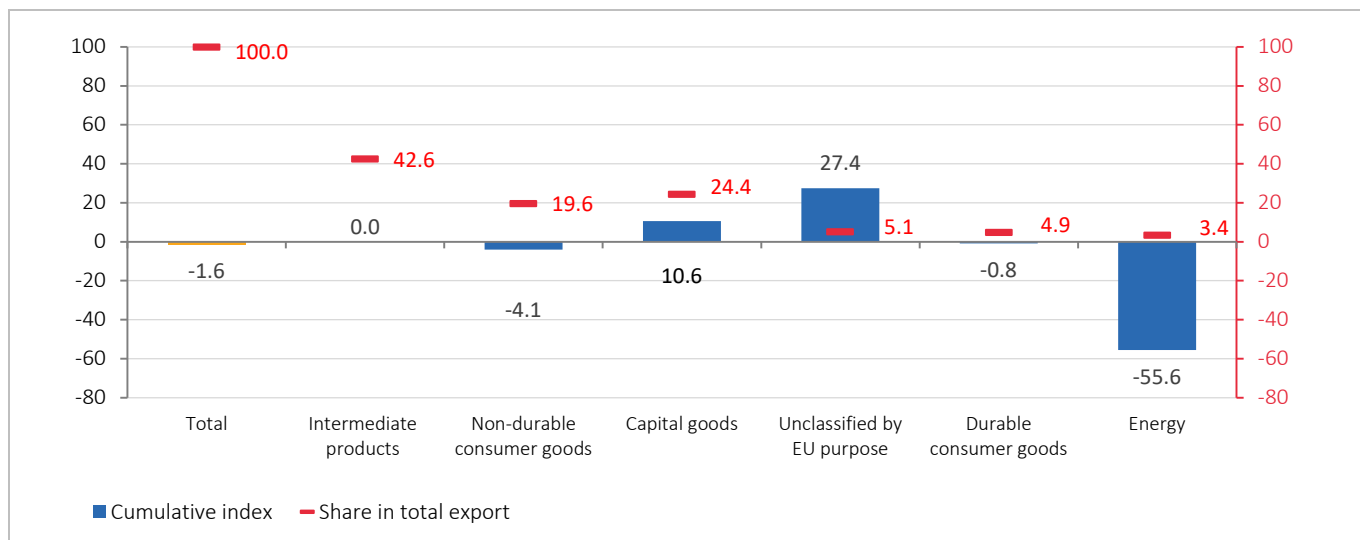
¹ Prognosis (obtained on the basis of a time series analysis model).

Chart 5.2. Cumulative growth rates of export by CA (2010) sections and sections' share in export (%) (January–March 2024 relative to the same period of the previous year)



Observed by economic purpose, total export results in the period January-March 2024 were mostly influenced (contribution of -4.2 p.p.) by exports of **energy** (share of 3.4% and decrease of 55.6%) and **non-durable consumer goods** (share of 19.6%, decrease of 4.1% and negative contribution of -0.8 p.p.).

Chart 5.3. Cumulative growth rates of exports according to the economic purpose of the European Union (%) (January–March 2024 relative to the same period of the previous year)



5.2. IMPORTS OF GOODS (EUR current exchange rate)

Total value of goods import in the Republic of Serbia in the period January-March decreased by 3.3% relative to the same period 2023. Total import results were mostly influenced by the section of Manufacturing (increase of 2.2%), as its presents 73.0% of total imports, and 7.0% increase in the section of Unclassified products according to the economic purpose of the European Union, accounting for 12.0% of total imports in the first quarter of 2024.

Chart 5.4. Components of import's time series, indices (u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2023 = 100)

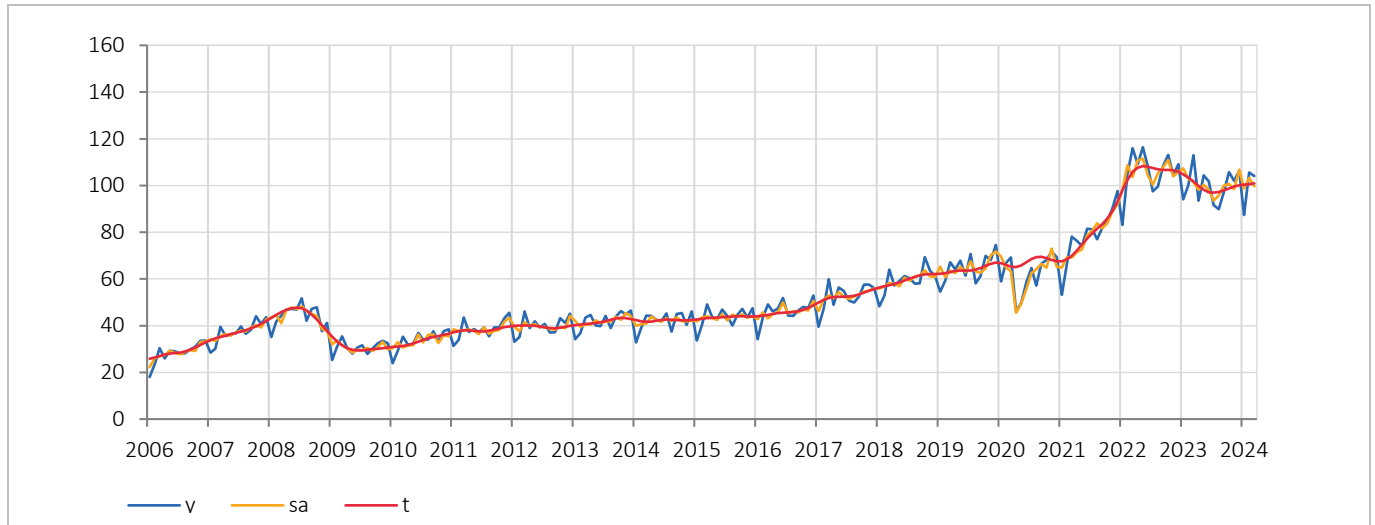
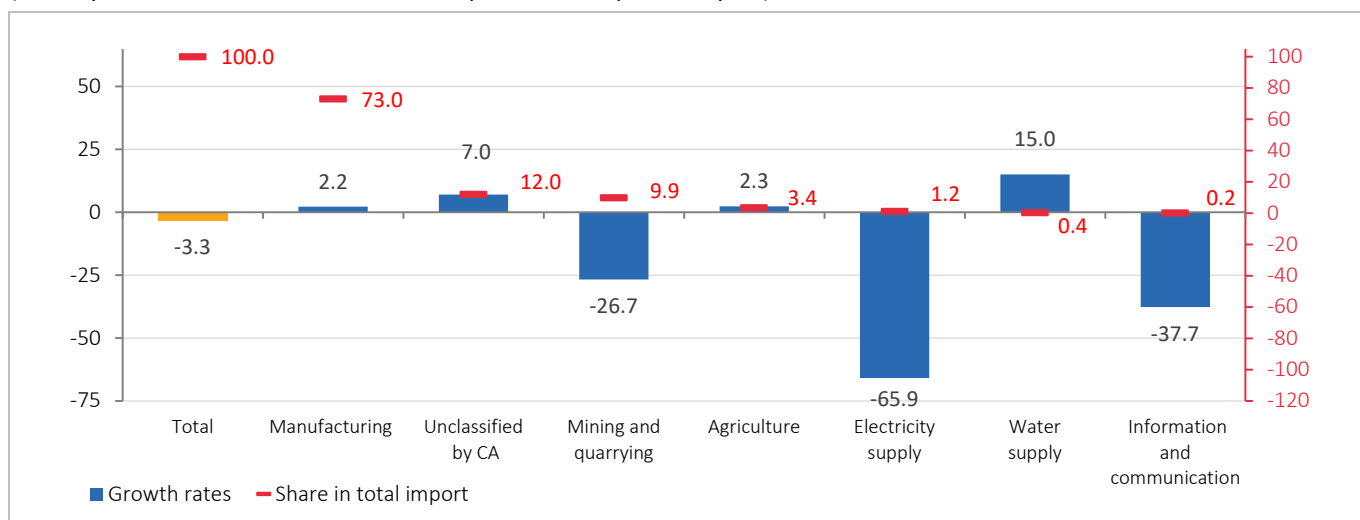


Table 5.2. Import of goods by CA (2010) sections, quarterly indices (comparison with the same period of the previous year)

	2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1-Q2 ¹
Import – total	148.5	143.8	123.1	119.7	100.7	89.5	91.2	96.1	96.7	99.0
Manufacturing	130.6	134.2	119.6	112.5	101.3	87.4	92.1	98.3	102.2	...
Agriculture, forestry and fishing	127.6	123.5	134.5	127.0	124.5	110.3	98.4	89.3	102.3	...
Mining and quarrying	373.7	210.8	140.0	186.3	95.4	81.2	86.6	84.4	73.3	...

¹ Prognosis (obtained on the basis of a time series analysis model).

Chart 5.5. Cumulative growth rates of import by CA (2010) sections and sections' share in import (%) (January-March 2024 relative to the same period of the previous year)



Observed by MIGs, the greatest influence (negative contribution of -4.4 p.p.) on total import in the period January-March 2024 related to **energy** (share of 13.4%, decrease of 25.2%) and **intermediate products** (share of 33.7%, decrease of -6.6%, and negative contribution of -2.3 p.p.).

Chart 5.6. Cumulative growth rates of imports according to the economic purpose of the European Union (%) (January-March 2024 relative to the same period of the previous year)

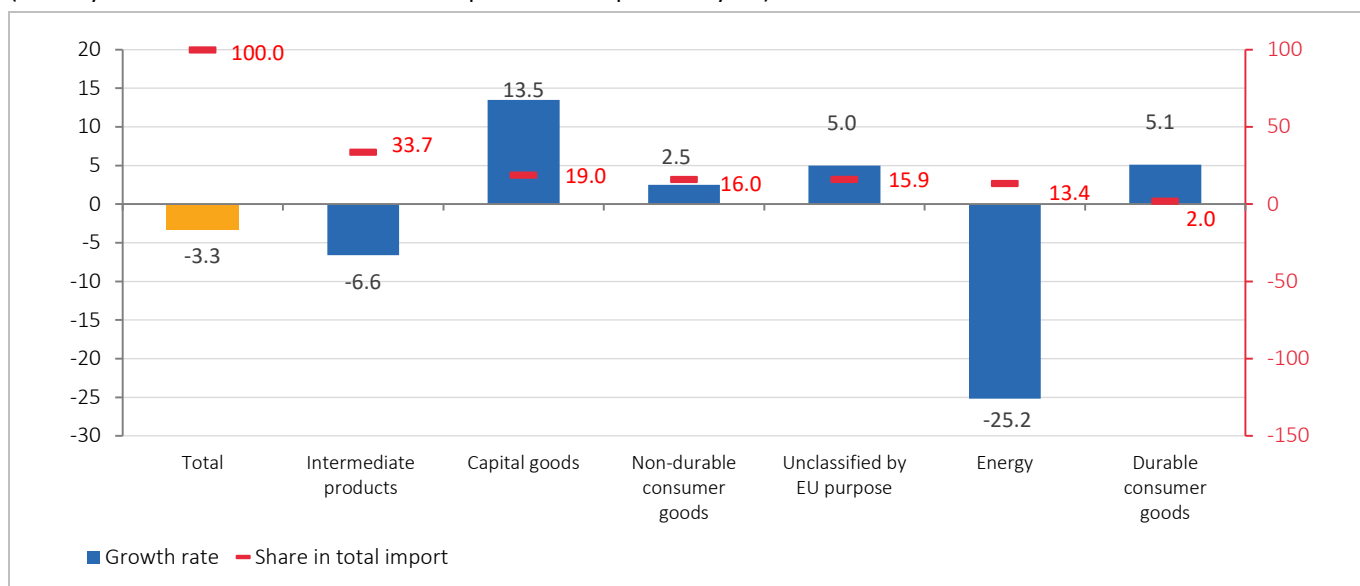
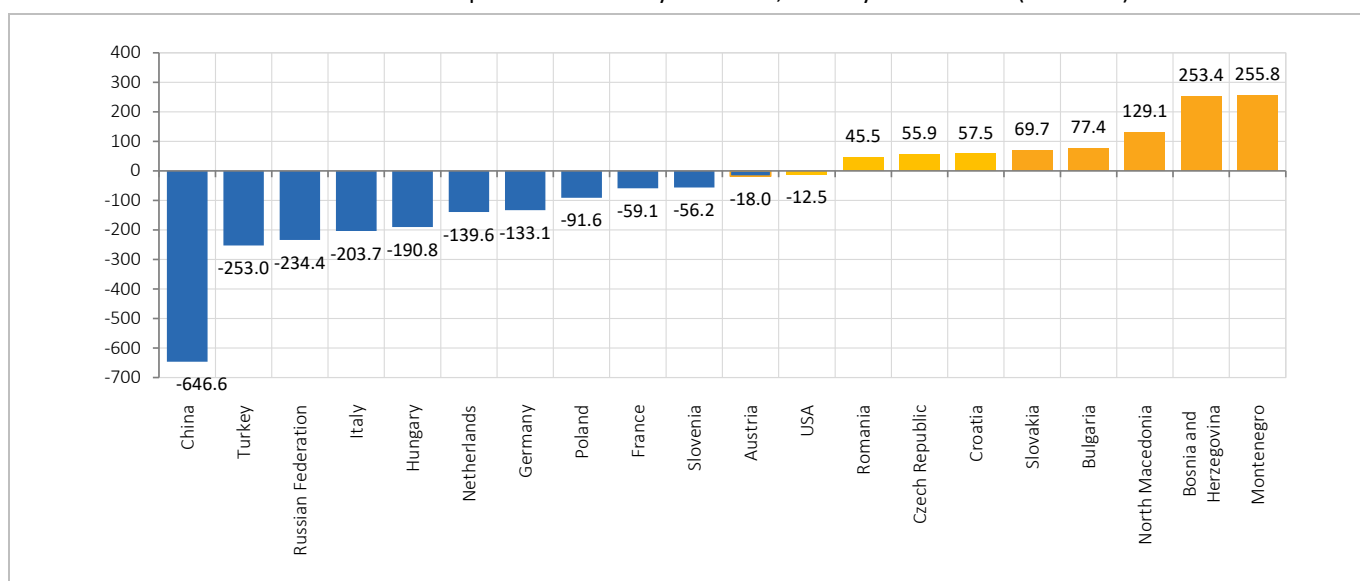


Chart 5.7 shows the 20 largest external trade partners of the Republic of Serbia, which account for 79.9% of the total external trade exchange. The Republic of Serbia achieved a positive external trade balance in the period January-March, i.e. a surplus, with eight European countries (a total of about EUR 944.3 million), of which Montenegro is on the first place (a surplus of EUR 255.8 million). In this period, the Republic of Serbia exported the most food products to Montenegro (15.8% of total export to MNE), electricity, gas and steam (8.8% of total export to MNE) and chemicals and chemical products (7% of the total export to MNE).

On the other hand, a negative external trade balance, i.e. deficit, was also recorded in 12 countries and amounts to a total of -EUR 2.0 billion. The largest external trade deficit in the period January-March 2024 was recorded in trade with China (EUR -646.6 million) and Turkey (balance EUR -253 million). Observed by CA product activities (2010), product imports from China mostly consisted of unclassified products (18.8% of total imports from China), imports of computers, electronic and optical products (17.8% of total imports from China), as well as n.e.c. machinery and equipment (13.4% of total imports from China). With Turkey, the negative external trade balance is the result of the value of basic metals import (14.9% of total imports from Turkey) and electrical equipment (10.7% of total imports from Turkey). The Russian Federation (deficit of EUR -234.4 million), Italy (EUR -203.7 million), and Hungary (EUR -190.8 million) follow.

Chart 5.7. External trade balance of the Republic of Serbia by countries, January-March 2024 (EUR mill.)



5.3. THE MOST SIGNIFICANT EXTERNAL TRADE PARTNERS

Table 5.3. The major external trade partners

Export	EUR mill.	Import	EUR mill.
Germany	1 107.9	Germany	1 241.0
Bosnia & Herzegovina	447.4	China	1 021.1
Italy	444.1	Italy	647.8
China	374.5	Hungary	564.5
Hungary	373.7	Russian Federation	466.6

The most significant external trade partners in the first three months of 2024 were the countries with which Serbia has signed agreements on free trade. The EU member countries account for 61.0% of total external trade, followed by Asia – Pacific Economic Cooperation, APEC, with share of 17.5%, which is on the second place. The major external trade partners are presented individually in table 5.3.

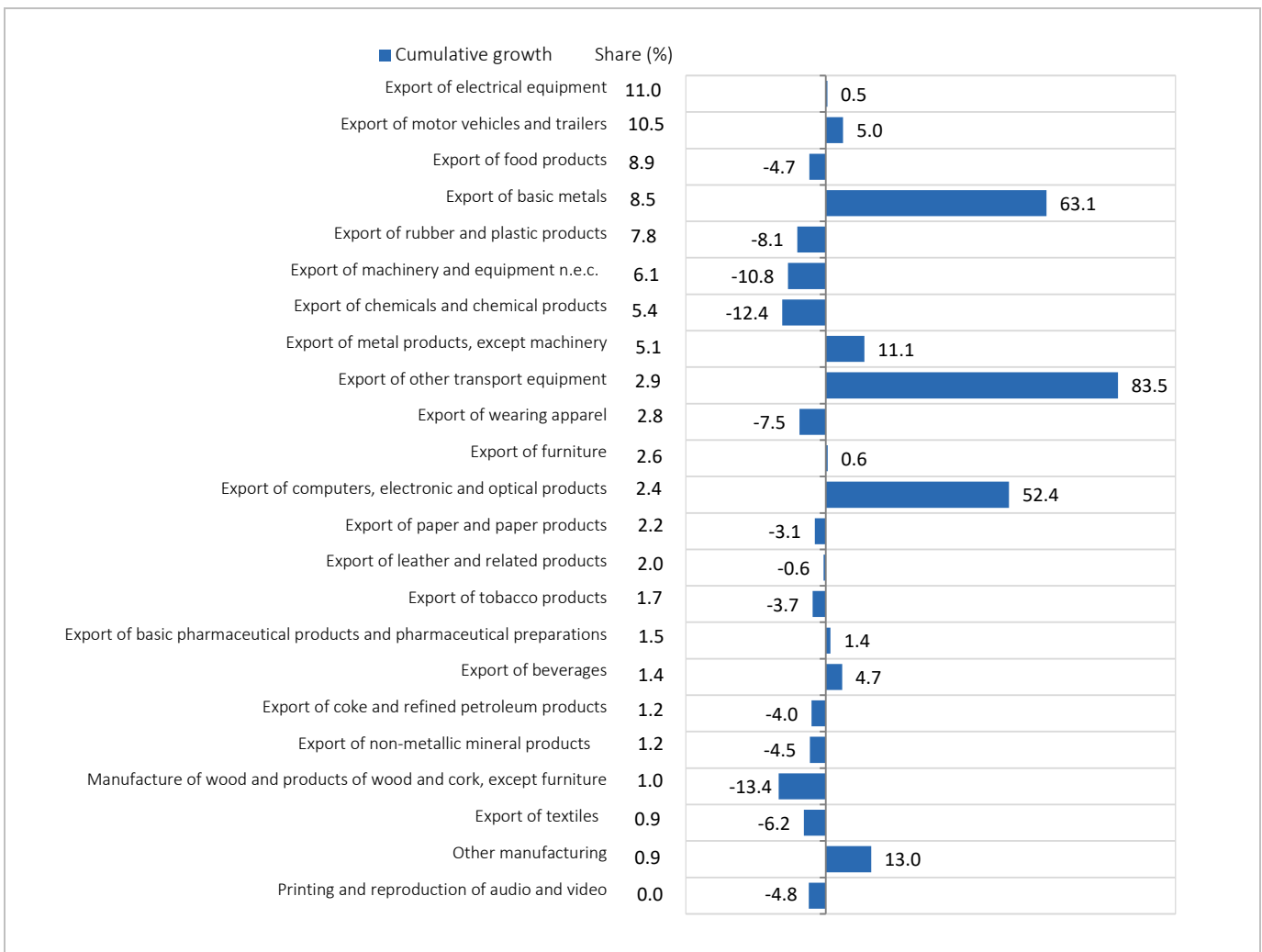
5.4. MANUFACTURING (C)

(share of 87.9% in total export and 73.0% in total import)

Export of manufacturing recorded growth of 3.9% in the period January-March 2024 relative to the same period of the previous year. Out of 23 divisions, cumulative growth was recorded in 10 divisions, mutually participating with 46.8% of total export.

The export of **electrical equipment**, the division with the greatest separate export value (EUR 789.1 mill.) recorded a cumulative growth of 0.5%, with a share of 11% in total exports (10.8% in the same period 2023). Export of **motor vehicles and trailers**, division with an export value of EUR 751.5 million and a share of 10.5% in total exports (9.8% in the same period 2023), recorded a cumulative growth of 5%. The export of **food products**, the division with the export value of EUR 637.9 million and share of 8.9%, achieved a cumulative fall of 4.7%. The export of **basic metal**, ranking fourth by the value in total export of manufacturing, with share of 8.5%, cumulative growth of 63.1% and the export value of EUR 607.1 mill. Export of **rubber and plastic products**, with a value of EUR 557.3 mill. and participation in total exports of 7.8%, records a cumulative fall of 8.1%.

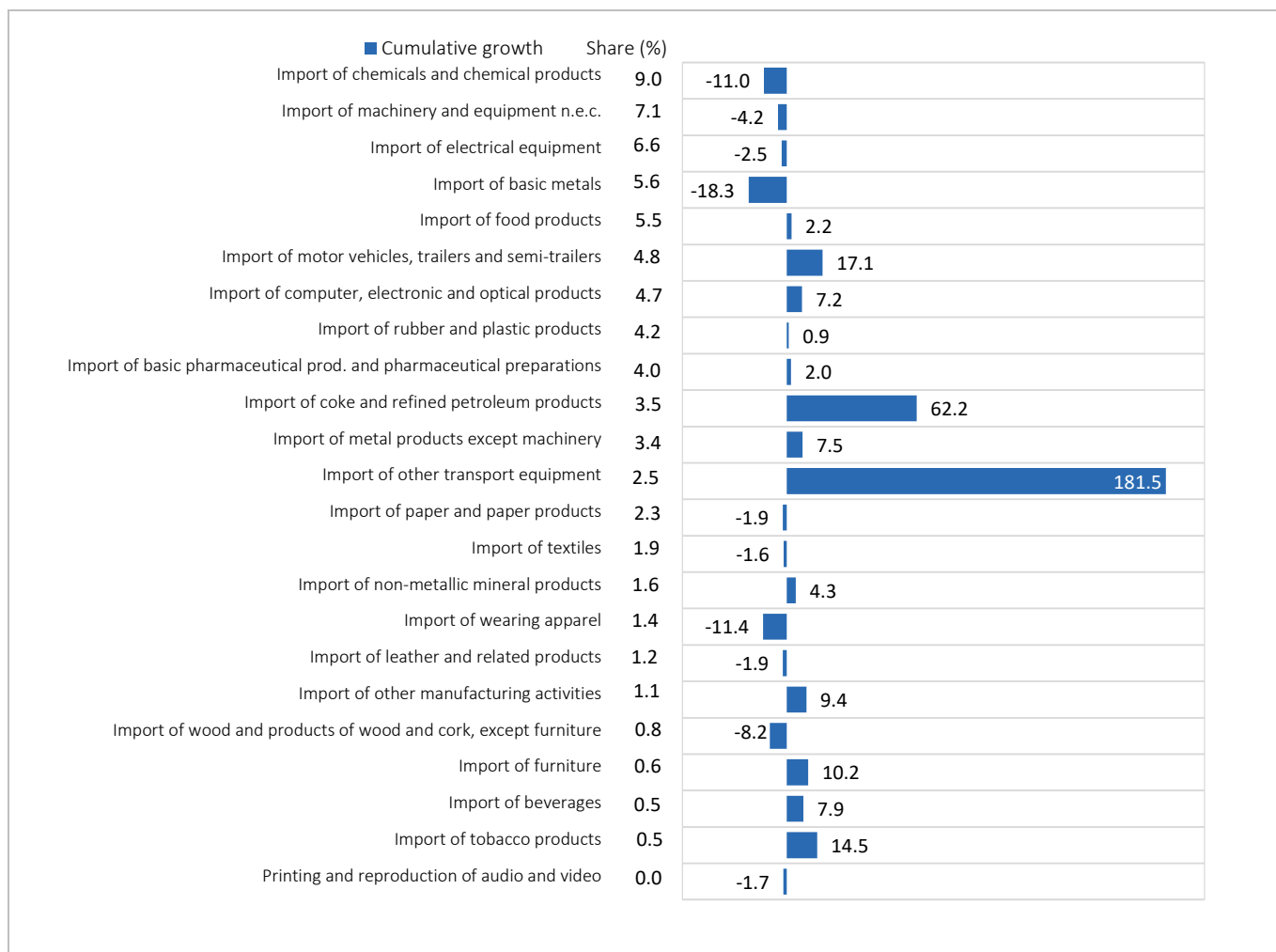
Chart 5.8. Export of manufacturing by divisions, cumulative (%) (January-March 2024 relative to the same period of the previous year, by descending share in total export)



Imports of manufacturing in the period January-March 2024, compared to the same period of the previous year, achieved an increase of 2.2%. Out of 23 divisions, cumulative growth was recorded in 13 divisions, which together make up 36.9% of total manufacturing imports.

Import of **chemicals and chemical products** with the highest import value of EUR 820.6 mill, recorded cumulative fall of 11% with the share in total imports of 9.0% (9.8% in the same period 2023). Import of **machinery and equipment n.e.c.** records a cumulative fall of 4.2% and import value of EUR 647.4 mill. and share of 7.1% in total imports (7.2% in the same period 2023). Import of **electrical equipment**, with the value of EUR 600.5 mill. and share of 6.6% in total import achieved cumulative fall of 2.5%. Import of **basic metals** had the import value of about EUR 513.2. and share of 5.6% recorded cumulative fall of 18.3%. Import of **food products** is the division positioned fifth according to the value of import of manufacturing, with a share of 5.5%, recorded a cumulative growth of 2.2% and import value of EUR 499.1 mill.

Chart 5.9. Import of manufacturing by divisions, cumulative growth (%)
(January-March 2024 relative to the same period of the previous year, by descending share in total import)



5.5. AGRICULTURE, FORESTRY AND FISHING (A)

(share of 4.3% in total export and 3.4% in total import)

Export in this section in the period January-March 2024 realised increase of 41.3%, as well as increased share in total export from 3.0% to 4.3%. The cumulative growth of 64.3% in exports of cereals (except rice), leguminous crops and oil seeds, a group that makes up 69.5% of the entire section's exports in the observed period, contributed the most to this result. Export growth was achieved in export of pome and stone fruits, the next group by share (11.8%), as it recorded growth of 47.0% in the period January-March 2024 relative to the same period 2023.

When looking at import, the section Agriculture, forestry and fishing recorded growth of 2.3% in the period January-March 2024 relative to the same period 2023, as well as the share of 3.4% in total imports. The group with the largest participation in the section (23.3%) - Cereals (except rice), leguminous and oil seeds - achieved an import fall of 14.7% in the period January-March 2024. The next group, according to realized share (21.0%) related to Growing of vegetables, root and carotid plants - recorded a growth in import of 11.4%, as well as Growing of citrus fruit - that noticed growth in the import of this section of 8.5% and share of 11.2%.

5.6. MINING AND QUARRYING (B)

(share of 4.8% in total export and 9.9% in total import)

The section of Mining and quarrying records the decrease in total export, from 6.6% in the first quarter of 2023 to 4.8% in the same period of the current year. The realised value of exports in the period January-March 2024 is EUR 344.2 million, which is by 29.1% less than exports in the same period 2023. This result is a consequence of the fall of 29.6% in the export of metal ores, a group that accounts for 98.1% of the exports of Mining and quarrying in the first three months of the current year.

The value of Import of this section in the period January-March 2024 amounts to EUR 900.1 million, presenting the share of 9.9% in total import (13.0% in the same period 2023). In the period January-March 2024, in the section of Mining and quarrying, recorded was import decrease of 26.7% relative to the same period 2023.

The fall in import was largely caused by 27.1% decrease in the import of crude oil and natural gas, a group that accounts for 80.1% of the entire sector's imports.



GLOSSARY

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

6. DOMESTIC TRADE

6.1. RETAIL TRADE TURNOVER (Division 47 of the Classification of Activities)

Retail trade turnover in the first quarter of 2024, relative to the same period 2023, increased by 12.2% at current prices and by 6.9% at constant prices. In the first quarter of 2024 retail trade turnover was lower by 2.3% at current prices than in the average of last year.

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

	2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1-Q2 ¹
Current prices	124.0	121.4	123.0	120.1	111.7	106.1	107.8	109.5	112.2	111.0
Constant prices ²	111.0	106.2	105.0	102.2	96.6	93.9	98.4	102.9	106.9	106.5

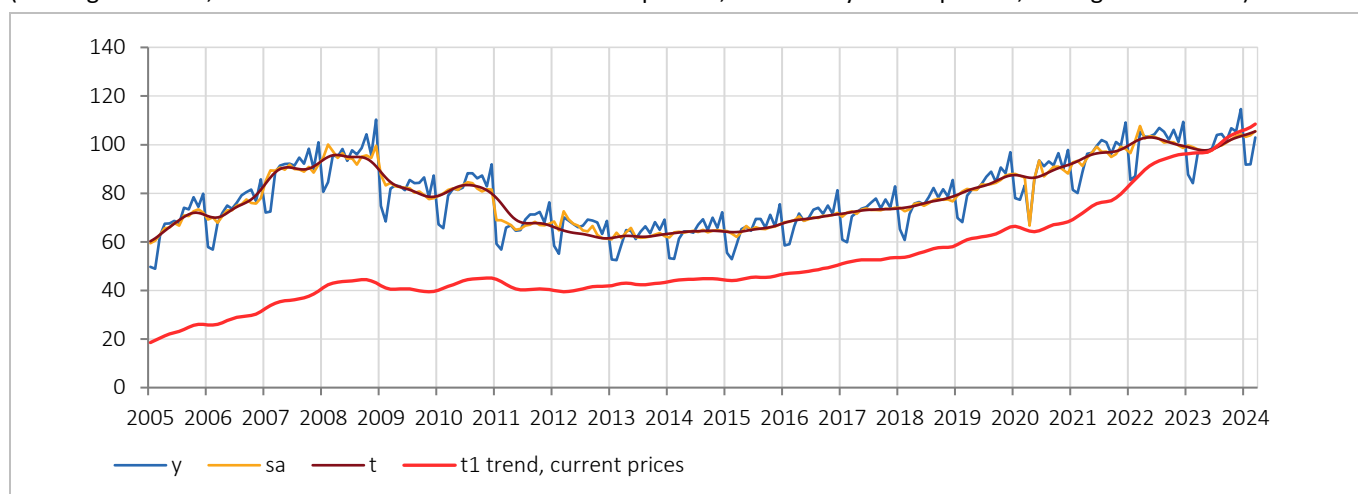
¹ Prognosis (obtained on the basis of time series model analysis).

² Indices are recalculated through monthly indices at constant prices.

The trend of growth in retail trade, which has been present for the last ten years, continues. Turnover growth rates at current prices are slightly higher than at constant prices, a result of accelerated inflation. When looking at the 2023 average, in the first three months of 2024 there were expected seasonal fluctuations in retail trade. Nevertheless, the long-term trend is stable and slightly going up and exceeding the average of last year during the first quarter of 2024 (on average by 7.3% at current prices and by 4.8% at constant prices).

Chart 6.1. Components of time series of retail trade turnover at constant prices, indices

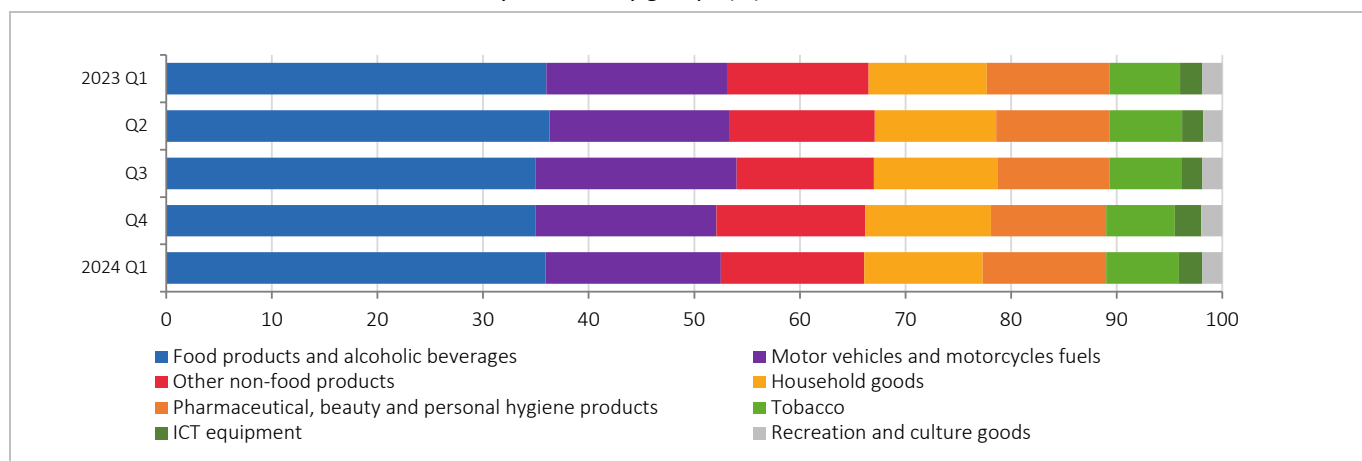
(u – original series, sa – series with excluded seasonal component, t – trend cycle component, average 2023 = 100)



Observed according to the basic aggregates of CA (2010), **in the first quarter of 2024**, compared to the same quarter of the previous year, the highest turnover growth was achieved in trade of Food, beverages and tobacco (12.8% at current prices and 7.1% at constant prices), followed by trade of Non-food products except motor fuels (11.1% at current prices and 6.3% at constant prices). The smallest growth was noted in trade of Motor fuels, amounting to 10.3% at current prices and 5.3% at constant prices.

Observed by the structure of trade divisions and commodity groups, **in the first quarter of 2024**, the most notable were Food products and alcoholic beverages (35.9%), followed by Motor vehicles and motorcycles fuels (16.6%) and Other non-food products (13.6%).

Chart 6.2. Structure of retail trade turnover by commodity groups (%)



6.2. WHOLESALE TRADE TURNOVER (division 46 of the Classification of Activities)

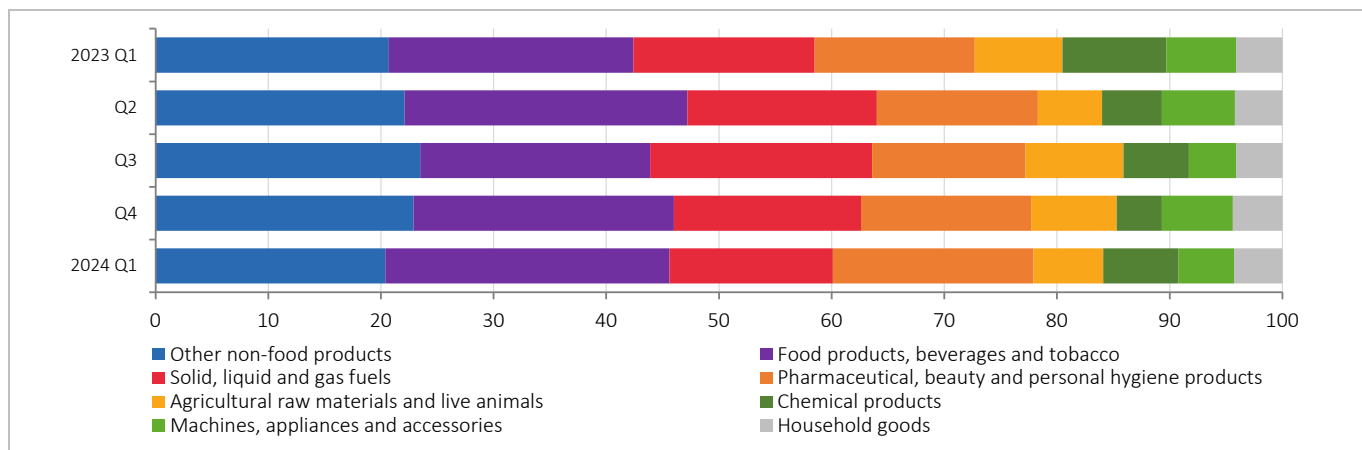
Wholesale trade turnover **in the first quarter of 2024**, compared with the same quarter 2023 noted increase of 6.7% at current prices and 10.4% at constant prices. **In the first quarter of 2024**, wholesale trade turnover decreased by 0.7% relative to the average last year.

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

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Current prices	120.1	122.6	115.2	111.4	104.3	93.2	98.9	99.6	106.7

Observed commodity groups, in wholesale trade turnover, **in the first quarter of 2024**, the most notable were Food products, beverages and tobacco (25.2%), Other non - food products (20.4%), and Pharmaceutical, beauty and personal hygiene products, (17.8%).

Chart 6.3. Structure of wholesale trade turnover commodity groups (%)



6.3. TURNOVER IN WHOLESALE AND RETAIL TRADE AND MOTOR VEHICLES REPAIR (Division 45 of the Classification of Activities)

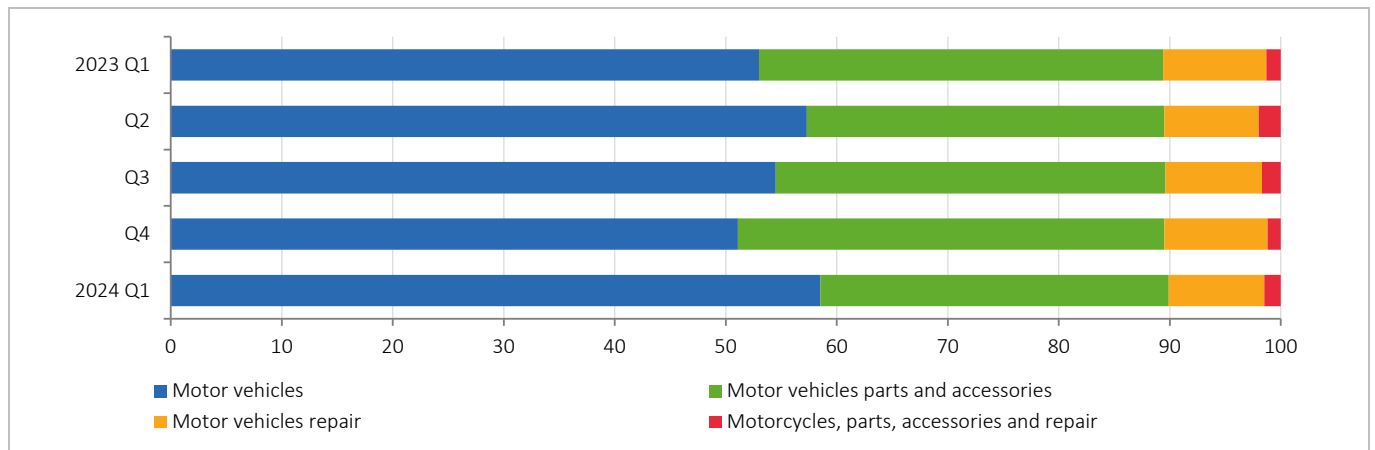
Turnover of goods in wholesale and retail trade and repair of motor vehicles **in the first quarter of 2024**, relative to the same quarter of 2023, recorded increase of 17.9% at current prices and 13.7% at constant prices. **In the first quarter of 2024** the turnover in this division decreased by 2.6% relative to the average last year

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

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Current prices	124.5	124.8	118.8	121.3	112.5	111.7	111.7	112.1	117.9

Observed by commodity groups, **in the first quarter of 2024**, similarly to the previous quarters, in the structure of wholesale and retail trade turnover and motor vehicles repair, the most notable were Motor vehicles (58.5%), and Motor vehicles parts and accessories (31.4%).

Chart 6.4. Structure of wholesale and retail trade turnover and motor vehicles repair by commodity groups (%)



NOTE

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

7. PRICES

In Q1 2024 consumer prices saw an average year-on-year growth of 5.7%. The largest influence on the growth of consumer prices was that of the prices of electricity for households, fuels, alcoholic beverages and tobacco, pharmaceutical products and the prices of meals in restaurants and fast food shops

Table 7.1. Consumer prices, year-on-year inflation (%) (quarter to the same quarter of the previous year)

	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Consumer prices	16.0	14.5	11.4	8.0	5.7	-	-	-

Chart 7.1. Inflation rate measured by consumer price indices (%) (**monthly** – month to the previous month, with seasonal effect excluded; **annual** – month to the same month of the previous year)

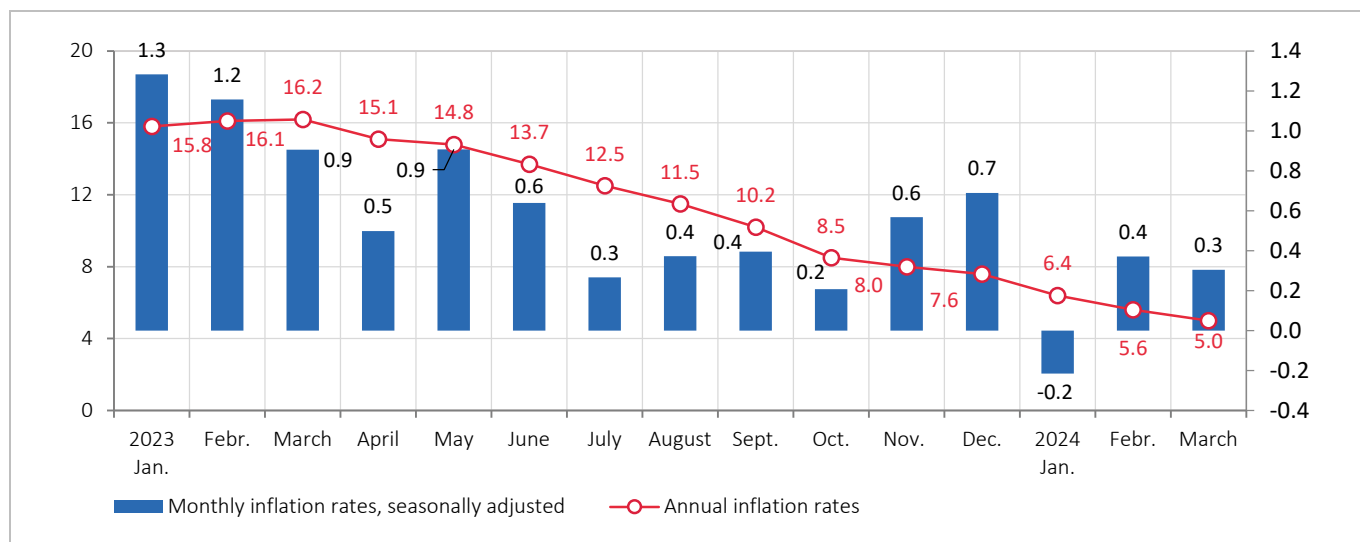
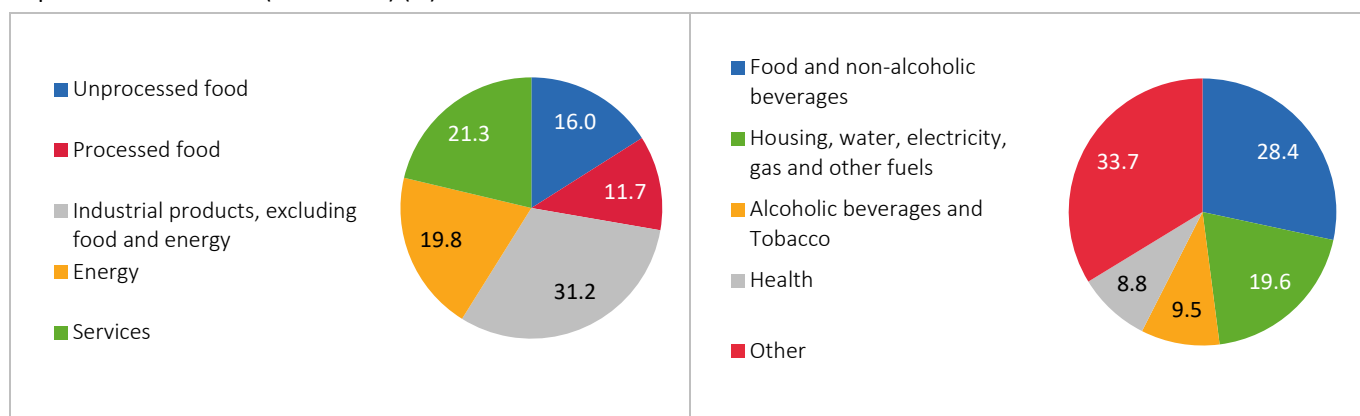


Chart 7.2. Structure of the average annual growth rate of consumer price (of 5.7%) by purpose and main groups of products in Q1 2024 (total = 100) (%)



7.1. ELECTRICITY FOR HOUSEHOLDS AND FUELS

(share in the annual consumer price growth rate in Q1 2024 – 18.9%)

Chart 7.3. Structure of the average growth rate of consumer prices of energy Q1 2024 (total = 100) (%)

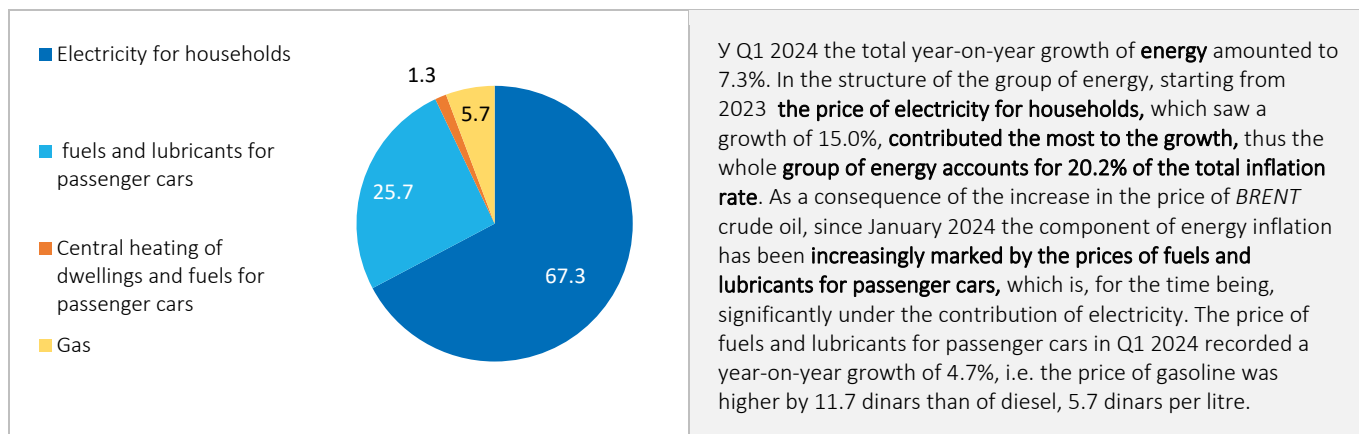
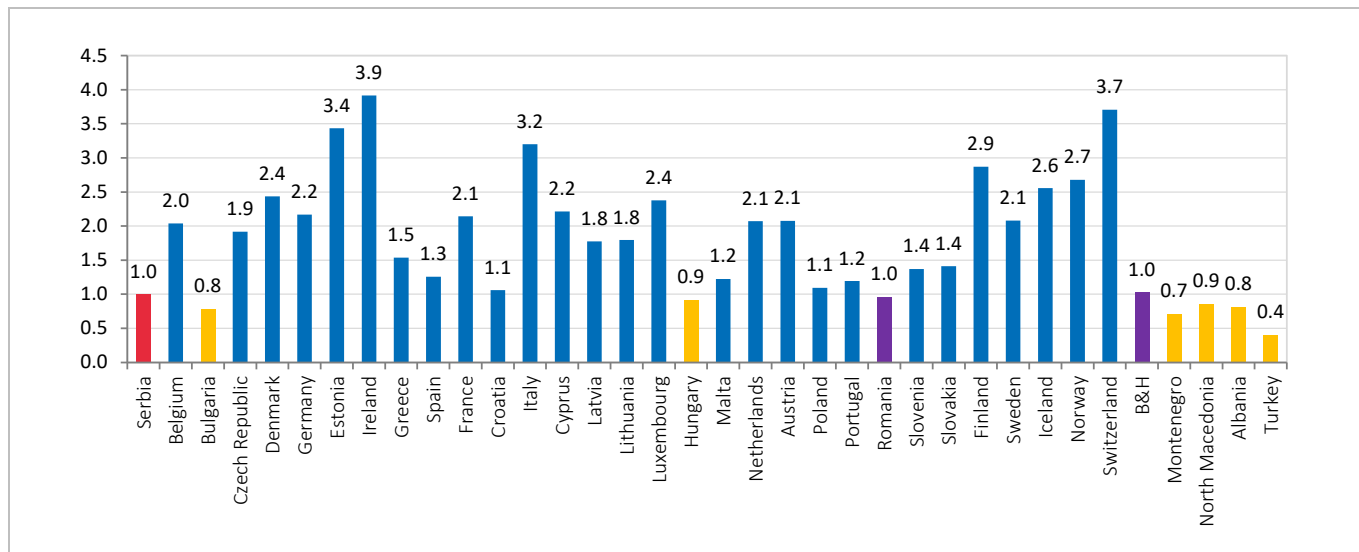


Chart 7.4. Multiplier of the ratio of the price of electricity of Serbia (per kWh) and European countries in Q1 2024



Note: SORS analysis and calculation. The comparative multiplier shows by how many times the prices of selected groups (or individual products) between countries are higher (above 1) or lower (under 1) compared with the prices in Serbia (equal 1). The yellow shows that the countries with cheaper prices than in Serbia, and violet the countries that are at the same level as Serbia, as for the prices (equal 1).

The analysis of the price of electricity by countries indicates that the expenses per kWh in Serbia are at the same level as in Romania and B&H. As for the countries in the region, the expenses are higher than in Serbia compared with Bulgaria, Hungary, North Macedonia, Montenegro, Albania and Turkey by about 25.0%. Average expenditure for electricity per kWh in EU27 countries is almost twice above that in Serbia (more exactly by about 90.0%).

7.2. MEAT

(share in the consumer price growth rate in Q1 2024 – 11.5%)

Chart 7.5. Structure of the **average annual growth rate of consumer prices of unprocessed food and meat** in Q1 2024 (total = 100) (%)

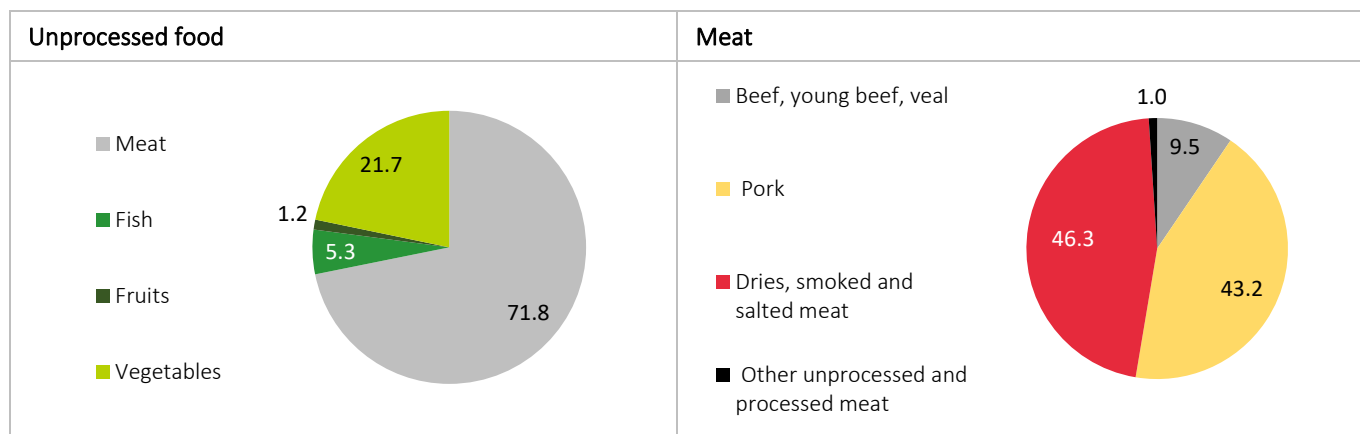
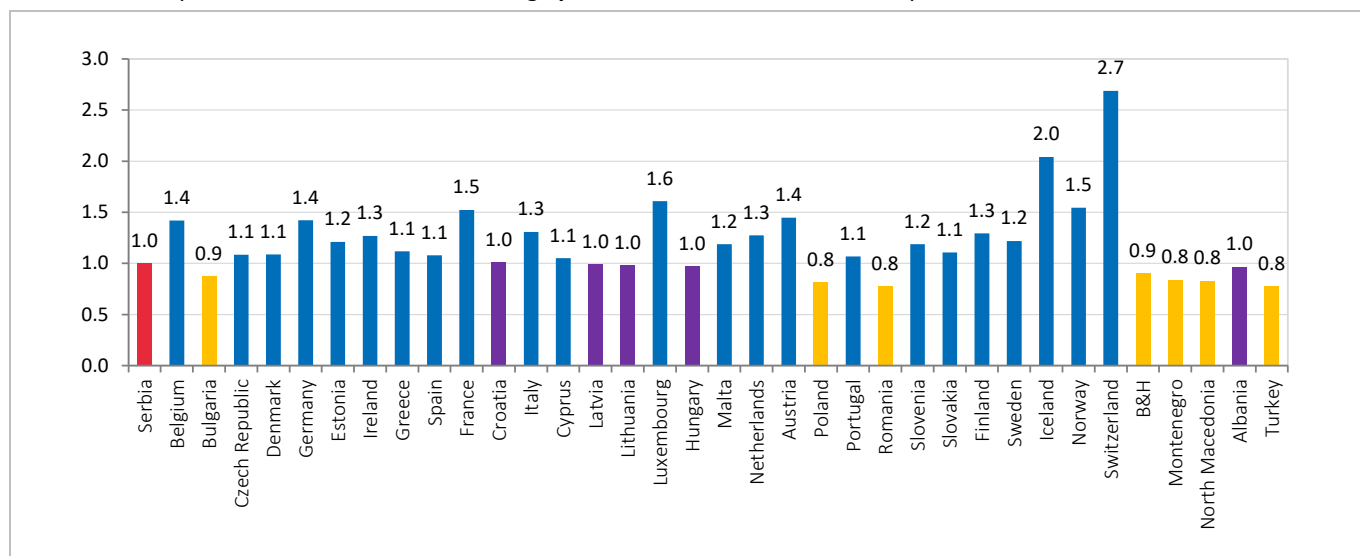


Chart 7.6. Multiplier of the ratio of the average **price of meat** in Serbia and European countries in Q1 2024



Note: SORS analysis and calculation. The yellow indicates the countries with cheaper prices than in Serbia and violet those, when it come to prices, at the same level as Serbia (equal 1).

In the structure of the total price of food and non-alcoholic beverages in Q1 2024, meat is, with a year-on-year growth rate of 9.5%, participated with predominantly 43.5%, far above all other components of food and beverages. The largest contribution to the increase of the price of meat was that of **dried, smoked and salted meat** (primarily, to the growth of the prices of bacon and sausages of meat, beef and mixed meat) and **pork** (with bones and boneless). Poultry meat (slaughtered chicken and other poultry meat) is the only type of meat that went slightly cheaper on year-on-year level in Q1 2024 (-1.4%). **The price of meat in Serbia in Q1 2024** was at the same level as in Croatia, Latvia, Lithuania, Hungary and Albania, while compared with the price of meat in the region (Romania, B&H, Montenegro, North Macedonia and Bulgaria) it was higher, on average, by about 13.5%.

7.3. TOBACCO, RESTAURANTS AND PHARMACEUTICAL PRODUCTS

(share in the consumer price growth rate in Q1 2024 – 13.3%)

Chart 7.7. Structure of the average annual growth rate of consumer prices of alcoholic beverages and tobacco in retailers and of food in restaurants and fast food shops in Q1 2024 (total = 100) (%)

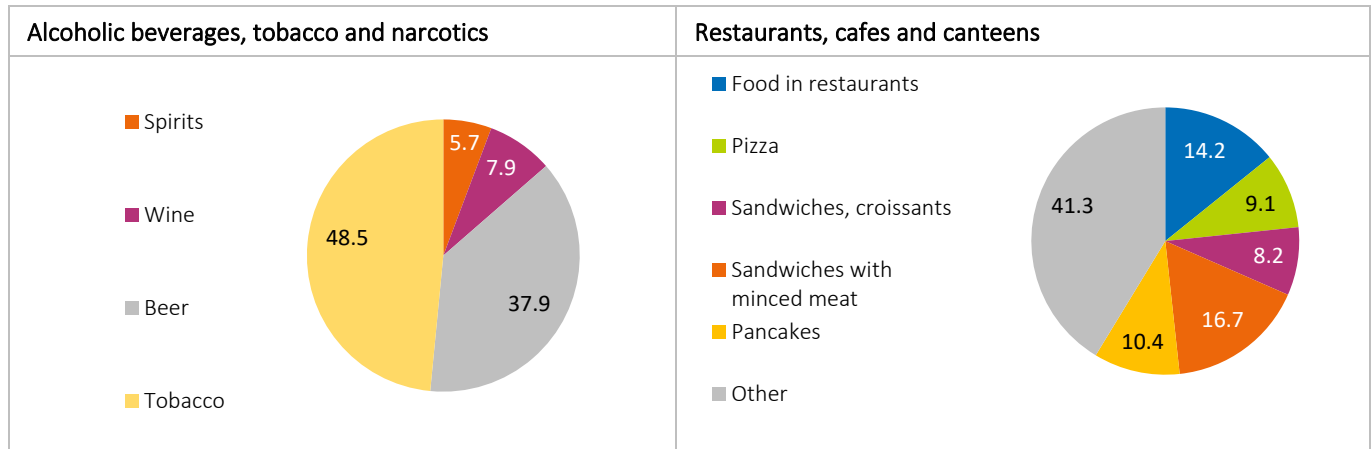
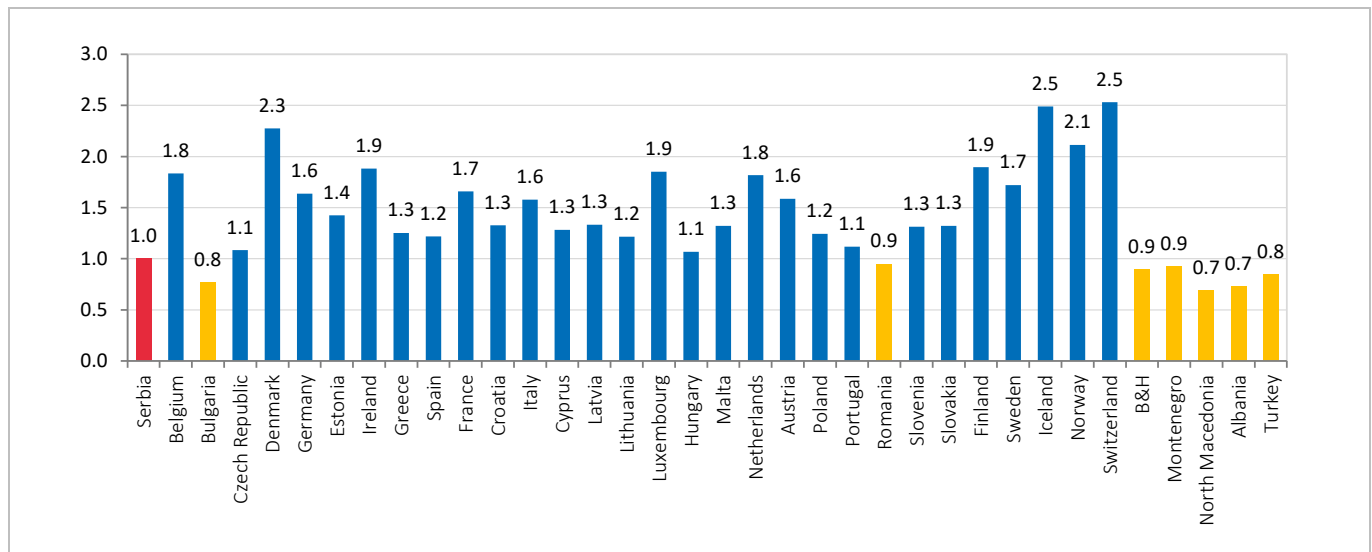


Chart 7.8. Multiplier of the ratio of the price of food, beverages and accommodation in restaurants and hotels of the Republic of Serbia and European countries in Q1 2024



Note: SORS analysis and calculation. The yellow indicator countries with cheaper prices than in Serbia.

The excise calendar from Q1 2024 but also cost adjustment of producers with the 2023 inflation contributed to the year-on-year growth of the prices of alcoholic beverages and tobacco by 7.5%, primarily conditioned by the **rise of the price of beer (13.4%) and tobacco (5.8%)**. The rise of prices of **fast food and takeout food** had a greater influence than the rise of prices of food in restaurants, forming, on average, a year-on-year growth rate of the prices of the group **restaurants and hotel offers** of 9.5%. Services and products in **health** influenced significantly the year-on-year inflation in Q1 2024, mostly due to **increased prices of pharmaceutical products (7.7%) and health out-patient services (12.0%)**, accounting for 8.8% of the total consumer price growth rate.

8. LABOUR MARKET⁹

In the Republic of Serbia in the first quarter of 2024 there were 2,871 million employed persons, 299,1 thousand unemployed persons and 2,476 million persons outside labour force aged over 15.

The unemployment rate was 9.4%, by 0.3 pp. compared with the fourth quarter of 2023, the number of unemployed being up by 14.4 thousand persons, and the number of persons outside labour force by 51.8 thousand.

When looking at regions, the unemployment rate in the first quarter of 2024, compared with the previous quarter, saw a fall in the Region of Sumadija and Western Serbia (from 9.9% to 9.1%) and in Belgrade Region (from 6.7% to 6.5%), while growth was recorded in the Region Vojvodina (from 9.2% to 9.6%) and in the Region of Southern and Eastern Serbia (from 11.2% to 13.5%).

Chart 8.1. Movement of the employment and unemployment rates for persons aged 15 and over (%)¹⁰



(r) – Data for 2021, 2022 and 2023 have been revised in compliance with the latest estimates based on current demographic estimates based on the 2022 Census. More information on the revision is available in the statistical release on: <https://stat.gov.rs/vesti/statisticalrelease/?p=15166&a=24&s=2400>

Table 8.1. Activity, employment and unemployment rate

	2023 (r)				2024
	Q1	Q2	Q3	Q4	Q1
Activity rate (%)	55.0	55.6	55.5	55.3	56.2
Employment rate (%)	49.5	50.3	50.5	50.3	50.9
Unemployment rate (%)	10.0	9.6	9.0	9.1	9.4

⁹Based on the Labour Force Survey.

¹⁰Since 2021, the Statistical Office of the Republic of Serbia has been conducting the Labour Force Survey according to the new, revised Eurostat methodology. The methodology was changed in line with the Regulation of the European Parliament and of the Council that entered into force on 1 January 2021. More details on the methodology changes and their effects on major statistical indicators are available in the special publication that can be found on: <https://www.stat.gov.rs/vesti/20210628-anketa-o-radnoj-snazi-nova-metodologija/>

Table 8.2. Labour market – persons age 15 and over

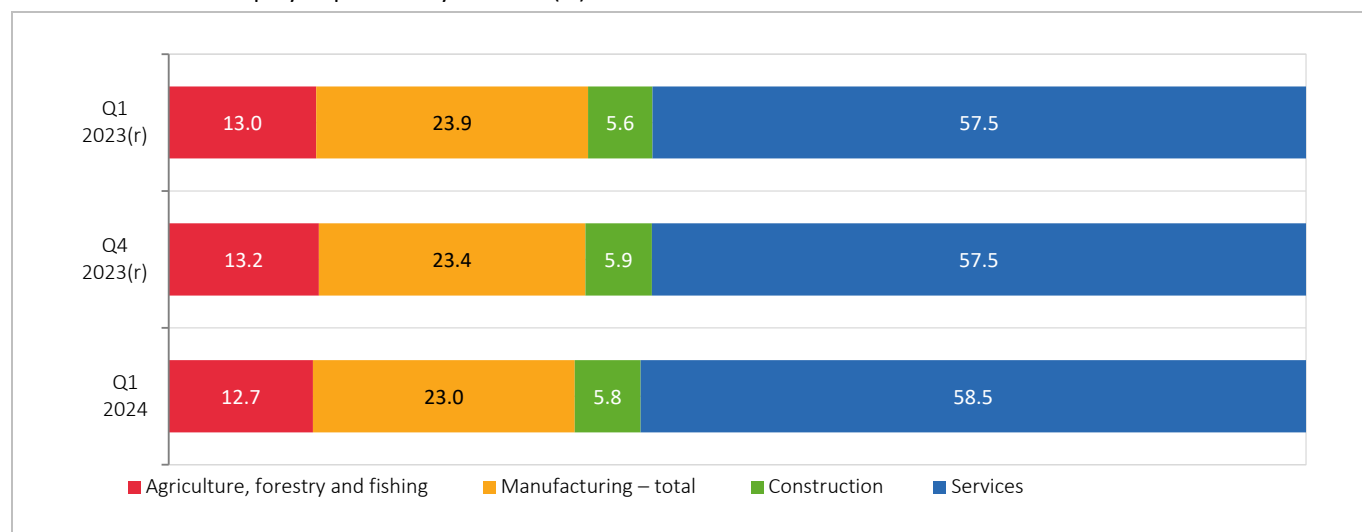
	Current quarter	Previous quarter (r)		The same quarter of the previous year (r)	
	Q1 2024 (in thous.)	Q4 2023 (in thous.)	Change, %	Q1 2023 (in thous.)	Change, %
Unemployment	299.1	284.7	4.8	313.6	-4.8
Employment	2 871.7	2 844.2	1.0	2 810.1	2.1
	%	%	Change, pp.	%	Change, pp.
Unemployment rate	9.4	9.1	0.3	10.0	-0.6
Employment rate	50.9	50.3	0.6	49.5	1.4

(r) – revised data

Observed by sections, the largest share of the number of employed persons in the first quarter of 2024 was recorded in Services (58.5%), then in Manufacturing (23%) and Agriculture (12.7%), and the lowest in Construction (5.8%). When compared with the previous quarter, most of the sections saw a fall of the share of employed persons: Agriculture, forestry and fishing (from 13.2% to 12.7%) Construction (from 5.9% to 5.8%) and Manufacturing (from 23.4% to 23%). On the other hand, Services was the only section which share was up (from 57.5% to 58.5%).

In year-on-year periodicity (quarter I of 2024 – quarter I of 2023), a fall of the share of employed persons was recorded in Agriculture, forestry and fishing (from 13% to 12.7%), and Manufacturing (from 23.9% to 23%), but growth was recorded in Services (from 57.5% to 58.5%) and Construction (from 5.6% to 5.8%).

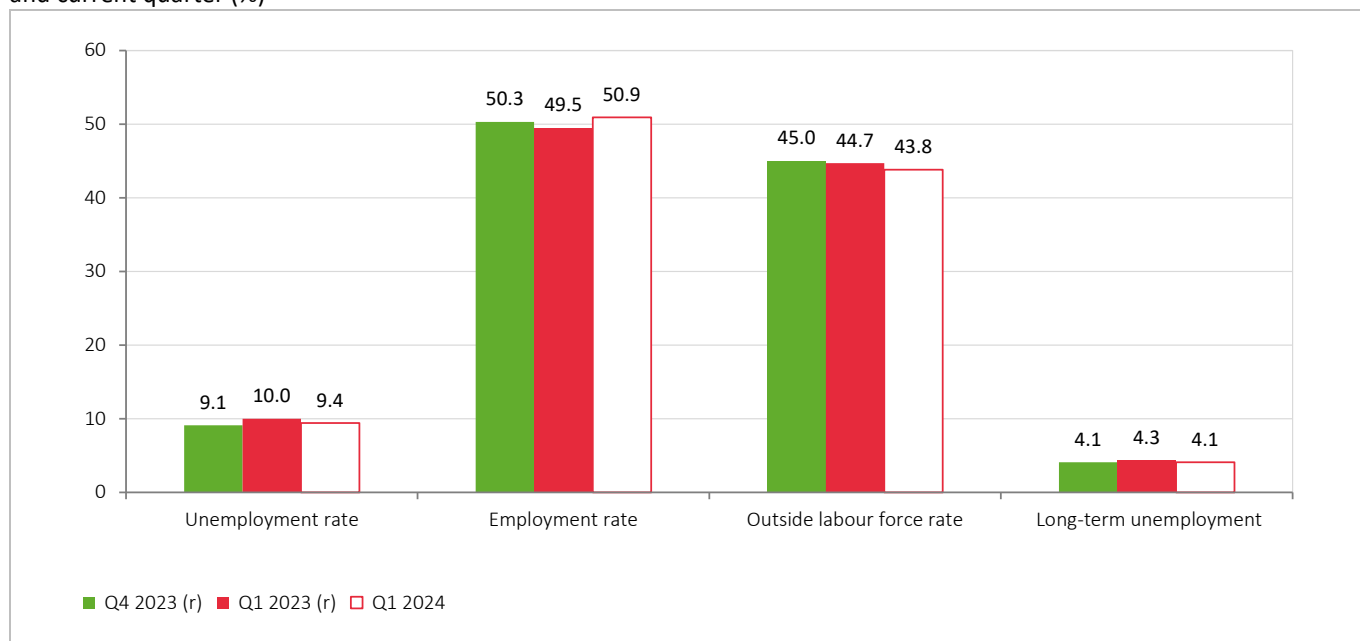
Chart 8.2. Share of employed persons by sections (%)



(r) – revised data

Labour market trends remained considerably resilient to the challenges in the global environment and to economic activity deceleration, primarily owing to the macroeconomic stability established in the previous period.

Chart 8.3. Labour market – major indicators for the previous quarter, the same quarter of the previous quarter and current quarter (%)



8.1. COMPARISON WITH THE PREVIOUS QUARTER

When compared with the previous, fourth quarter of 2023, the number of employed persons grew by 27.5 thousand, and the number of unemployed persons and persons outside labour force grew by 14.4 and 51.8 thousand, respectively, which led to the fall of the employment rate of 0.6 pp. and slight growth of the unemployment of 0.3 pp. The rate of outside labour force population went down 0.9 pp.

The number of employed youth (aged 15–24) grew by 7.8 thousand, while the number of youth outside labour force fell by 6.6 thousand. This trend led to the growth of the employment rate by 1.2 pp. and to the fall of the employment rate of 1.4 pp. Fall was also recorded in the outside labour force population rate, 1 pp, compared with the fourth quarter of 2023.

The long-term unemployment rate was 4.1%, remaining unchanged compared with the previous quarter.

Observed by sex, the unemployment rate in the first quarter of 2024, compared with the previous quarter, saw a growth of 0.4 p.p. among men and 0.3 pp. among women.

The unemployment rate among men decreased only in the Region of Vojvodina, from 9.2% to 8.5%, while in the other regions it increased: in Belgrade Region from 6.6% to 7.2%, in Region of Sumadija and Western Serbia, from 9% to 9.5% and in Region of Southern and Eastern Serbia, from 10.8% to 12.4%.

As for the unemployment rate among women, fall was recorded in the Belgrade from 6.8% to 5.8%, and in the Region of Sumadija and Western Serbia, from 11% to 8.7%, while growth was noted in the Region of Southern and Eastern Serbia, from 11.7% to 14.9%, and Region Vojvodina, from 9.2% to 10.9%.

Observed by professional status, and compared to the previous quarter, the number of employed persons increased in categories: in self-employed (by 1.8%), contributing family members (1.1%), employed persons (0.8%).

Table 8.3. Employment by professional status, comparison Q4 2023 – Q1 2024

	Q4 2023 (r) (in thous.)	Q1 2024 (in thous.)	Change, %
Employed persons – total	2 844.2	2 871.7	1.0
Self-employed	476.6	485.4	1.8
Employed	2 202.0	2 218.9	0.8
Contributing family members	165.6	167.5	1.1

8.2. COMPARISON WITH THE SAME QUARTER OF THE PREVIOUS YEAR

Compared with the same quarter of the previous year, the number of unemployed persons decreased by 4.8% (from 313.5 thousand to 299.1 thousand). At the same time, the number of employed persons grew by 2.1% (from 2 811,4 in the first quarter of 2023 to 2 871.7 in the first quarter of 2024).

The youth unemployment rate (aged from 15 to 24) in the first quarter of 2024 amounted to 24.5%, by 0.4 pp. less than in the first quarter of 2023.

The long-term unemployment rate was 4.1% in the first quarter of 2024, by 0.2 pp. lower than in the same quarter of the previous year.

Observed by sex, the unemployment rate in the first quarter of 2024, compared with the same quarter of the previous year, saw a fall among of 0.6% among men and by 0.7 pp. among women

Observed by regions, the unemployment rate among men saw a fall in almost all the regions: in Region Vojvodina, from 9.2% to 8.5%, in Region of Sumadija and Western Serbia, from 9.9% to 9.5%, and in Region of Southern and Eastern Serbia 14% to 12.4%, with the exception of Belgrade Region, where a slight growth from 6.8% to 7.2% was recorded.

Similarly, the unemployment rate went down among women in most of the regions: in Belgrade Region, from 8.4% to 6.8%, in Region of Southern and Eastern Serbia, from 16% to 14.9%, in in Region of Sumadija and Western Serbia, from 10.5% to 8.7%, with the exception of the Region of Vojvodina, where the unemployment rate went up from 8.1% to 10.9%.

Observed by professional status, relative to the same quarter of 2023, the number of employed persons increased in the category of employed persons (by 1.4%) and independent workers (by 1.4%), while the category of contributing family members saw a fall of 1.6%

Table 8.4. Employment by professional status, comparison Q1 2023 – Q1 2024

	Q1 2023 (r) (in thous.)	Q1 2024 (in thous.)	Change, %
Employed persons – total	2 810.1	2 871.7	2.1
Self-employed	451.1	485.4	7.6
Employed	2 188.7	2 218.9	1.4
Contributing family members	170.3	167.5	-1.6

GLOSSARY

Active population (labour force) comprises all employed and unemployed persons aged 15 and 24.

Employed persons are persons aged 15-89 and over who performed a paid job for at least one hour in the reference week (in cash or in kind), as well as persons who had an employment but who were absent from work in that week. According to the Classification of Employment Status, they are divided into *self-employed, employed and contributing family member*.

Self-employed are persons working solely in their own enterprise, institution, privately- owned store or on an agricultural holding, as well as persons performing solely a professional activity or any other job for own account. Self-employed are persons who solely define the conditions of their work (as well as of their employees) and bear the risk for their work.

Employed workers are persons who work for an employer in any ownership sector, whether having a formal employment contract or working on an oral contract. Family members who help in performing family business and are paid for their work are considered employed workers.

Contributing family members are persons who help another family member in running family business or agricultural holding, and are not paid for that work. Those persons are considered employed even if they are not paid for their work because they have benefits, such as accommodation, food, etc.

Unemployed persons are persons aged 15-74 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

Outside labour force population comprises all persons aged 15 and more who are classified in the employed or unemployed population. Inactive persons include students, retired persons, houseworkers, as well as all persons who did not perform in the reference week any paid job, did not actively seek employment or were not able to start working within two weeks after the end of the reference week.

Activity rate is the share of active population in the total population 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.

Long-term unemployment is the share of persons being unemployed more than a year in the labour force (the employed and unemployed) aged 15 and over.

Outside labour force rate is the percentage of inactive population in the total population aged 15 and over.

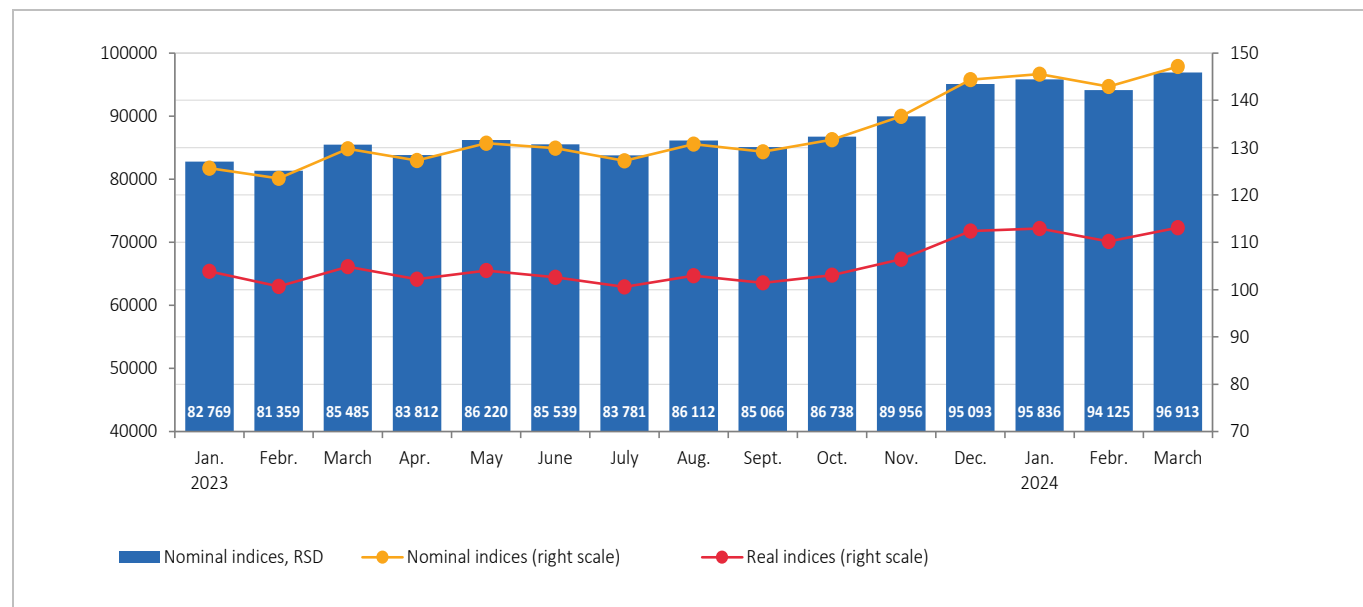
9. SALARIES AND WAGES

Average net salaries and wages in the Republic of Serbia for the first quarter of 2024 amounted to 95 625 dinars. Compared with the same period of the previous year, they increased nominally by 14.9% and by 8.7% in real terms. Compared with the previous, fourth quarter of 2023, they increased nominally by 5.5% and by 4.5% in real terms

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

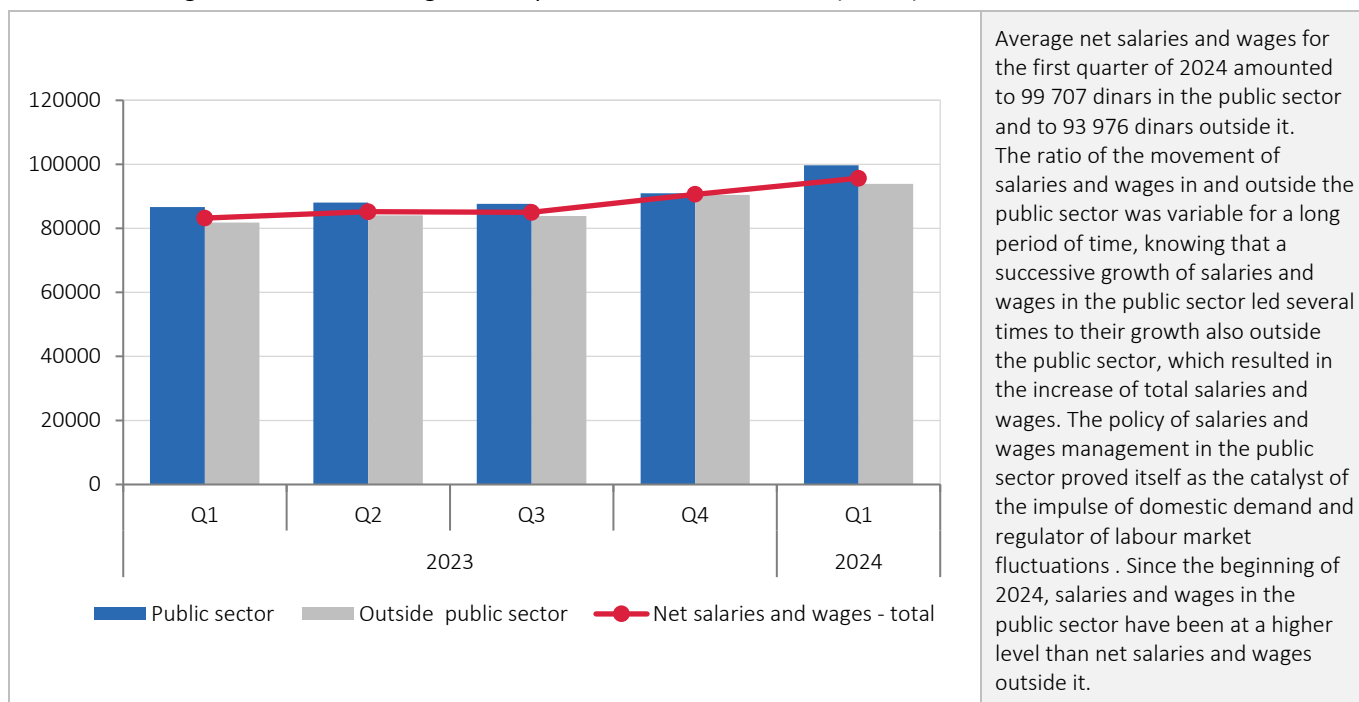
	2021				2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Real indices	105.8	106.4	104.5	104.5	104.3	102.7	101.3	98.6	99.5	100.8	102.5	105.8	108.7
Nominal indices	107.3	109.8	109.2	112.1	113.4	113.6	114.8	113.4	115.5	115.4	114.1	114.2	114.9

Chart 9.1. Salaries and wages, movements of nominal and real indices (average 2021 = 100)



Since the beginning of the year, nominal salaries and wages have followed the real economy and budget, adapting themselves at the same time to trade indicators, i.e. offer and demand for labour force. Average net salaries and wages recorded also an upwards trend in March 2024, amounting to 96 913 dinars, reaching a year-on-year growth of 13.4% nominally, i.e. of 8% in real terms. The decision on increasing the minimal pay from 230 dinars per hour of work in 2023 to 271 dinars in 2024 influenced the growth of salaries and wages. Average net salaries and wages, expressed in euros, as an indicator of living standard and international economic competitiveness of Serbia, recorded growth also in March 2024, reaching the value of 827 euros or year-on-year growth of 13.4%, identical to the nominal growth of salaries and wages due to the stability of the exchange rate dinar to euro.

Chart 9.2. Average net salaries and wages in the public sector and outside it (in RSD)



Average net salaries and wages for the first quarter of 2024 amounted to 99 707 dinars in the public sector and to 93 976 dinars outside it. The ratio of the movement of salaries and wages in and outside the public sector was variable for a long period of time, knowing that a successive growth of salaries and wages in the public sector led several times to their growth also outside the public sector, which resulted in the increase of total salaries and wages. The policy of salaries and wages management in the public sector proved itself as the catalyst of the impulse of domestic demand and regulator of labour market fluctuations. Since the beginning of 2024, salaries and wages in the public sector have been at a higher level than net salaries and wages outside it.

Average net salaries and wages in the public sector (January-March 2024)

Public sector - total	RSD 99 707
Public State-owned enterprises	RSD 107 528
Public local enterprises	RSD 89 244
Administration – all levels	RSD 107 189
Government level	RSD 112 103
Autonomous Province level	RSD 107 126
Local authorities level	RSD 82 695
Human health and social work	RSD 98 291
Education and culture	RSD 92 910

When comparing net salaries and wages by CA (2010), one notices that the largest real growth in Q1 2024, compared with the same period of 2023, was realised in the sections Education (11.6%), Transportation and storage (10.5%) and Accommodation and food service activities (9.8%).

The highest net salaries and wages in Q1 2024 was recorded in the following divisions: Computer programming and consultancy activities (281 961 dinars), Air transport (198 012 dinars), Scientific research and development activities (195 761 and Manufacture of tobacco products (170 351).

In all other divisions salaries and wages ranged from 47 377 dinars (Food and beverages service activities) to 164 331 dinars (Management consultancy services).

Observed by regions, the highest average net salaries and wages in Q1 2024 were paid in Belgrade Region, 120 821 dinars. In Region Vojvodina average salaries and wages totaled 90 508 dinars, in Region of Southern and Eastern Serbia, 82 122 dinars, and in Region of Sumadija and Western Serbia, 80 013 dinars.

Chart 9.3. Real growth of net salaries and wages by sections of CA (2010) (Q1 2024 to Q1 2023)

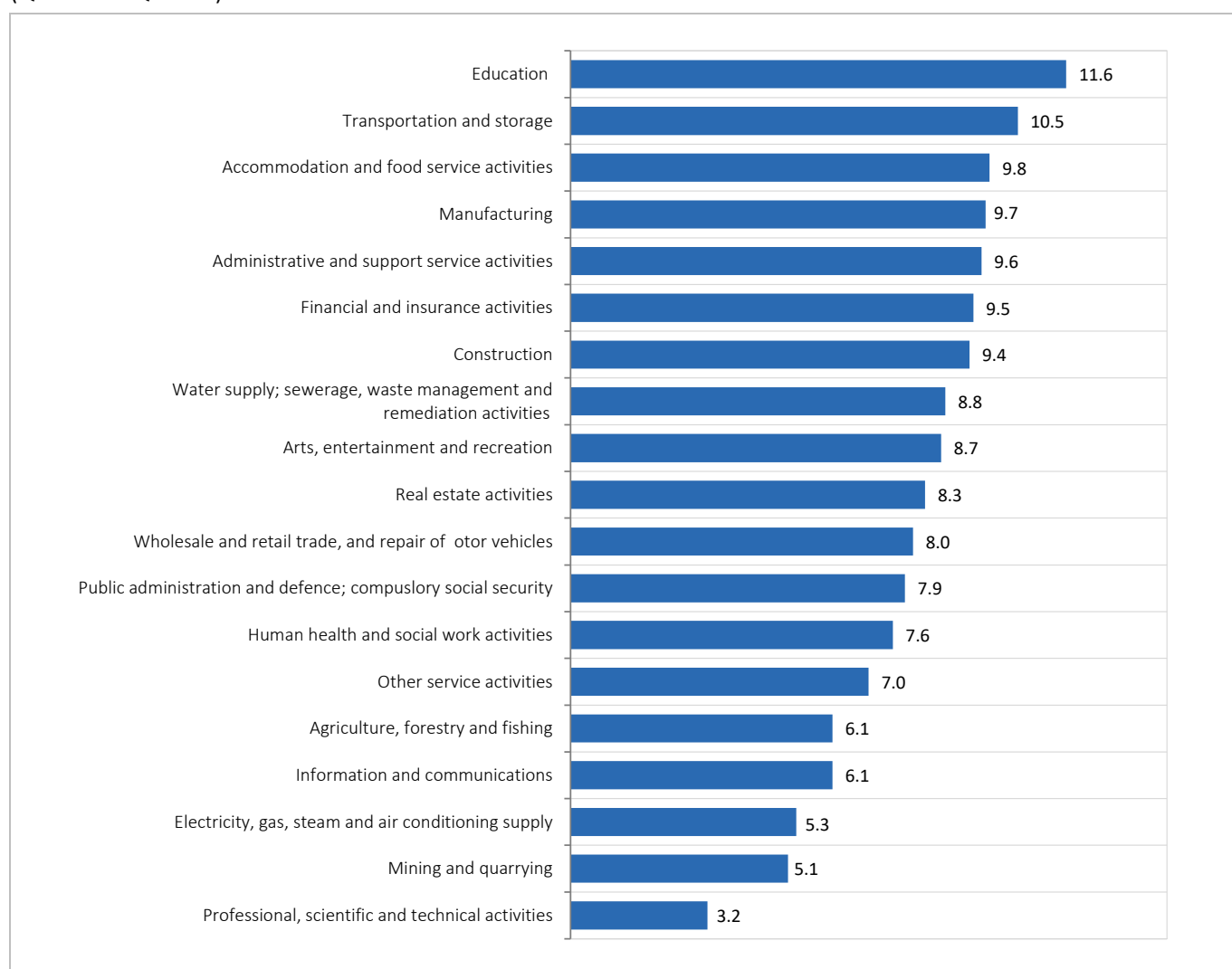
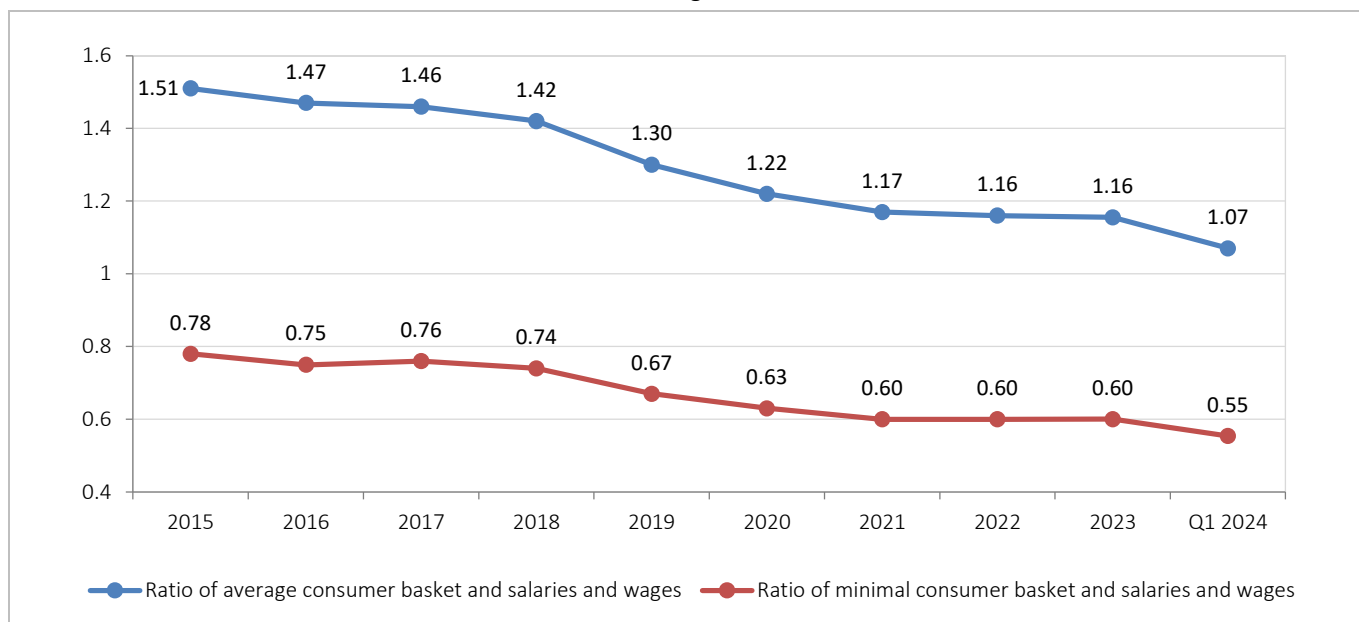


Chart 9.4. Ration of consumer basket¹¹ and net salaries and wages



Increased population living standard over 2015–2023 is primarily the result of a dynamic growth of salaries and wages. In 2015, the ratio of the average consumer basket and average net salaries and wages was 1.51, while in 2023 it was 1.16, indicating that, while in 2015 1.51 of the average salaries and wages was needed for the average consumer basket, in 2023 this ratio was improved so that 1.16 of the average salaries and wages was necessary for the average consumer basket.

The ratio of net salaries and wages and average consumer basket in the first quarter of 2024 indicates that the purchasing power grew, when compared with the previous quarter. To cover the average consumer basket in the first quarter of 2024 1.07 average average salaries and wages (in the fourth quarter of 2023, 1.12), and to cover the minimum consumer basket only 0.55 of average salaries and wages (in the fourth quarter of 2024 - 0.58).

When compared with the same quarter of the previous year, the ratio of the average consumer basket and net salaries and wages also showed that purchasing power grew (in the first quarter of 2023 – 1.16), the minimum consumer basket amounting to 0.55 average salaries and wages, while in the same quarter of the previous year this ration was slightly disadvantageous (0.60).

Observed by towns, in the first quarter of 2024, purchasing power (ratio of the average consumer basket and average salaries and wages) above the average of the Republic (1.07) was recorded in Belgrade (0.88), Novi Sad (1.02) and Nis (1.04), while in other statistically monitored towns, average salaries and wages covered the minimum, but not average household consumer basket.

¹¹ *Minimum consumer basket* – refers household consumption, which provides for basic living and working capacity of household members, bearing in mind the optimal biochemical composition of food (carbohydrates, proteins, fats and calories). The total value of the minimum consumer basket is the sum of expenses for food and other products and services making up individual household consumption.

Average consumer basket – refers to the consumption of products and services of the individual consumption of an average household.

Since January 2011 New Average and New Minimum Consumer Basket have been published, which are calculated starting with January 2008 according to the new methodology of the Statistical Office of the Republic of Serbia.

10. TOURISM

Tourism, having a multidimensional and complex nature, is an activity intertwined with many other economic activities, as, besides providing accommodation and restaurant services, indispensable activities related to tourism are the following ones: transport, cultural and recreational activities, payment operations, etc. It not only promotes and forms the national identity of a country but it also plays a big role in its economy – in some regions it is even the only factor for creating employment for the local population, and generally, the only factor of sustainable development – all the reasons to deserve special analytical attention.

10.1. TOURIST OVERNIGHT STAYS

Tourism in the Republic of Serbia started its expansion in 2015, primarily by means of incentive measures of domestic tourism, but also by increased interest of foreign tourists in this period. Expressed in number of overnight stays, tourist turnover was going up until 2019, when a record number of 10.1 million overnight stays was achieved. The year 2020 brought contraction of tourism activity and a fall of the number of overnight stays of 6.2 million, where domestic tourists spent almost 5 million, and foreign ones about 1.3 million nights. The year 2021 brought recovery and the number of overnight stays grew by 8.2 million. The upwards trend, expressed in tourist overnight stays in the Republic of Serbia, continued in the previous year 2023, when 12.4 million of overnight stays were recorded, 1.6% more than in 2022.

In the first quarter of 2024, the number of spent tourist nights amounted to 2.6 million, by 5.3% more than in the first quarter of 2023. Domestic tourists accounted for 54.4% and foreign ones for 45.6% of the total number of overnight stays.

Chart 10.1. Tourist overnight stays – domestic, foreign and total; quarterly and annual data

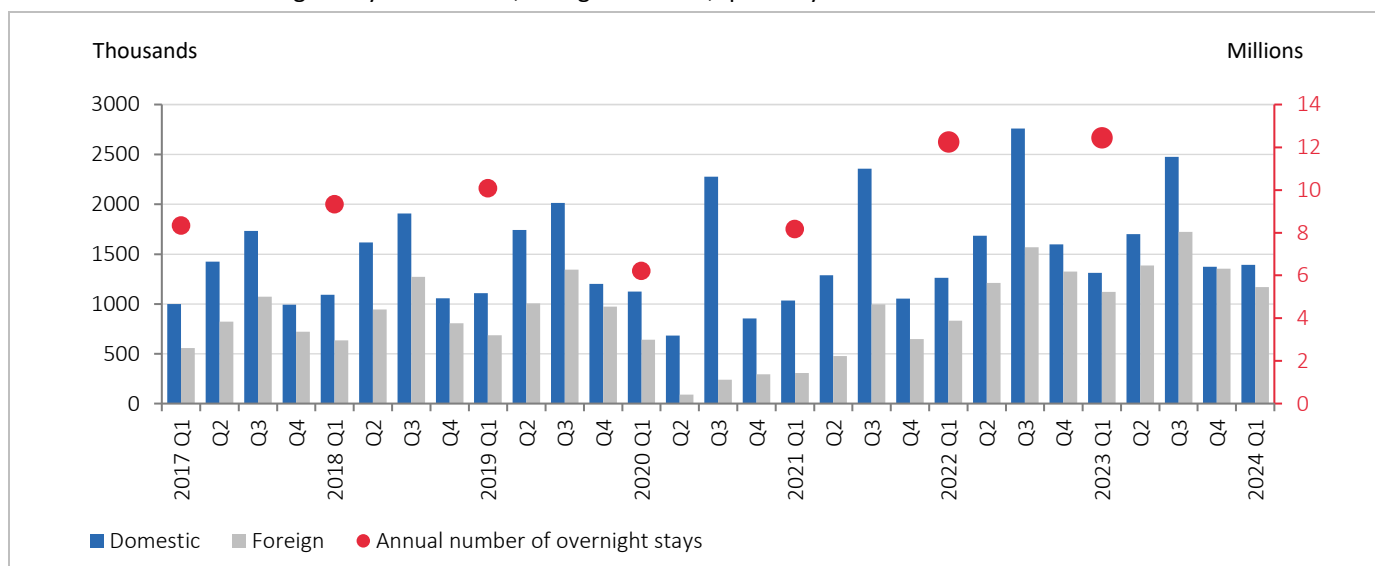


Table 10.1. Tourist overnight stays, indices (comparison with the same period of the previous year)

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total	156.3	164.1	129.2	171.7	116.0	106.6	96.9	93.3	105.3
Domestic tourists	122.2	130.8	117.2	151.4	103.9	100.8	89.6	86.0	106.2
Foreign tourists	270.1	253.8	157.5	204.7	134.4	114.5	109.6	102.2	104.2

10.2. MAJOR TOURIST RESORTS

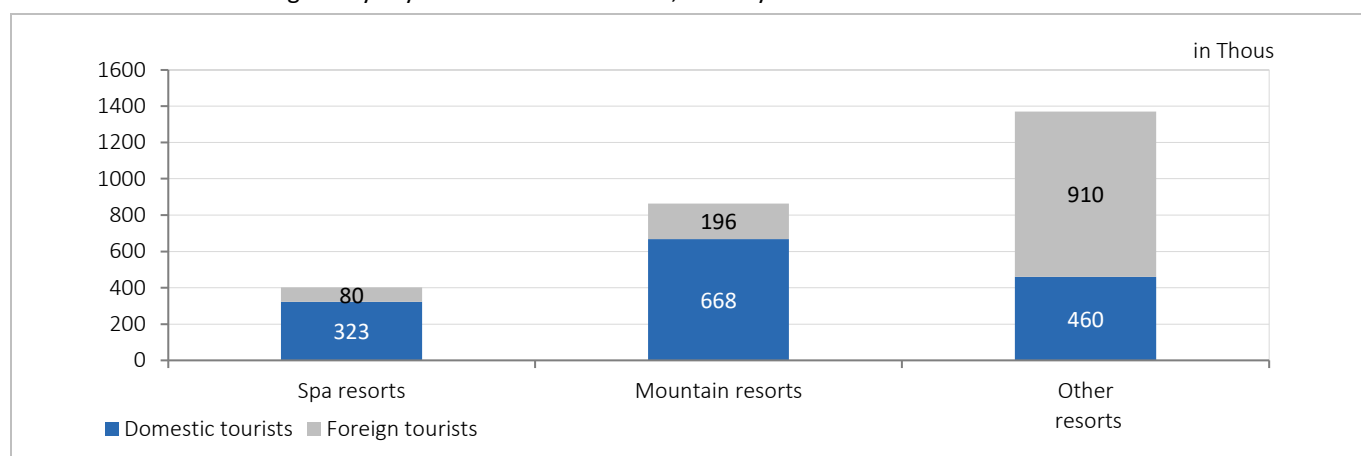
Expressed in number of tourist overnight stays¹², the most frequently visited tourist resorts in the first quarter of 2024 were **Other tourist resorts**, with 1.4 million overnight stays (or about 52% of total overnight stays), by 3.6% more than in the first quarter of 2023. This category comprises Belgrade (698 million overnight stays) and larger towns of Serbia (Novi Sad, Nis, Subotica). Most of the visitors to Belgrade were foreign tourists (83.3%), and a similar situation was recorded in Novi Sad (71.1% foreign tourists), while domestic tourists were slightly predominant in Nis (51.2% domestic tourists) and Subotica (50.9% domestic tourists).

Mountain resorts, second by category in a row of resorts according to the number of tourist overnight stays in the first quarter of 2024 recorded 864 million overnight stays, accounting for 32.8% of total number of overnight stays, by 7.3% more than in the first quarter of 2023. Zlatibor attracted most of the tourists (316.3 thousand), mainly coming from the Republic of Serbia (about 249 thousand). Kopaonik recorded 295.5 thousand tourist overnight stays, of whom most were from the Republic of Serbia (192 thousand). These two mountains accommodated about 71% of the total number of tourists that spent nights in mountain centers

In Spa resorts there were in the first quarter of 2024 about 402.3 thousand nights spent, by 13.4% more than in the same period of the previous year. Tourists were mainly from the Republic of Serbia (80.2%), and the most visited were Vrnjacka Banja with 104.9 thousand visitors, followed by Sokobanja (65,5 thousand), Banja Vrdnik (45.6 thousand), Banja Koviljaca (25.8 thousand), and other spas.

The largest growth, expressed in number of overnight stays in 2023 relative to the first quarter of 2023, was recorded in Selters banja (growth of 518.7%), Rudnik (growth of 195.2%), Novopazarska banja (102.2%) and in Golija (growth of 81.5%).

Chart 10.2. Tourist overnight stays by selected tourist resorts, January-March 2024



¹² The sum of data by type of resorts (spas, mountains, other resorts) does not give the correct number of tourist overnight stays in the Republic of Serbia knowing that the areas of some tourist resorts belong at the same time to different resorts (e.g. they are at the same time spa and mountain resorts).

10.3. COUNTRY OF ORIGIN OF FOREIGN TOURISTS

In the first quarter of 2024, foreign tourists from about 50 different countries visited the Republic of Serbia. Tourists from Europe were the most numerous to have spent nights (85.7%).

Three countries which tourists spent the largest number of nights were the Russian Federation (139.1 thousand), Turkey (118.8 thousand), and North Macedonia (86 thousand). Visitors from Bosnia and Herzegovina were at the fourth place (76.1 thousand), then from Romania (64.4 thousand), Croatia (61.3 thousand) and Bulgaria (60.6 thousand). Overnight stays of tourists from these seven countries account for 51.3 of the total number of nights spent in the first quarter of 2024.

For the purpose of comparison, chart 10.4 presents the number of tourist overnight stays in the first three months of 2023

Chart 10.3. Tourist overnight stays by countries they come from, January-March 2024

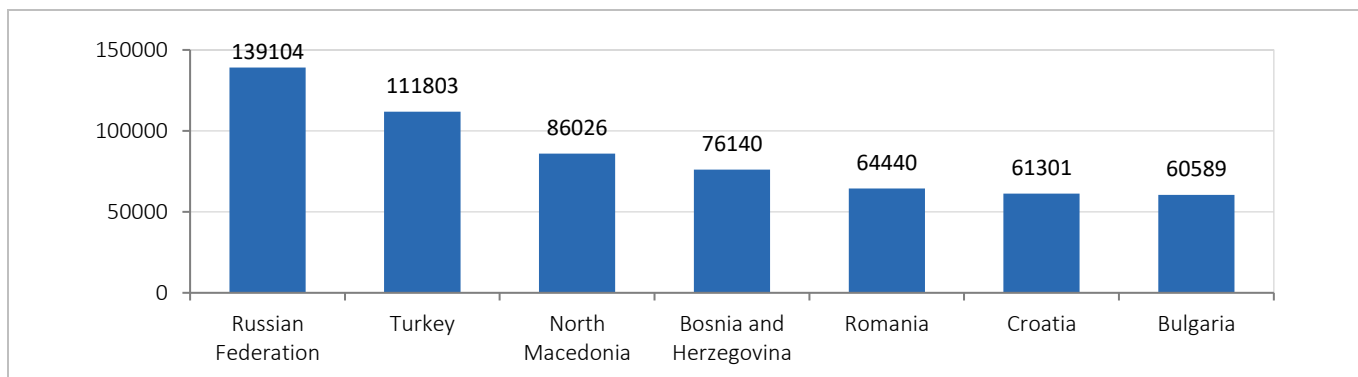
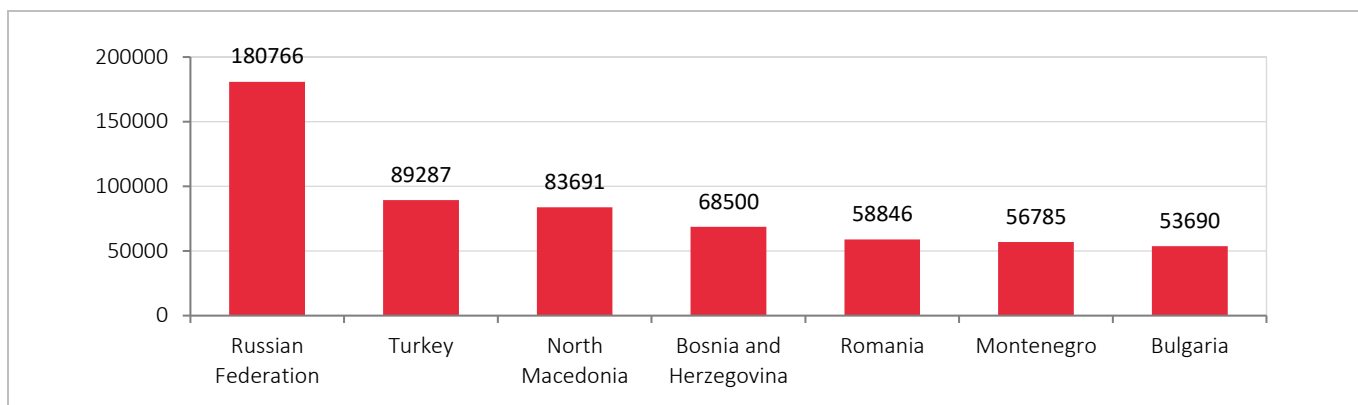


Chart 10.4. Foreign tourist overnight stays by countries they come from, January-March 2023



Note: in all the publication of the Statistical Office of the Republic of Serbia. Since 2022 data on tourism turnover have been published on the basis of the processing of data retrieved from the administrative source, Central Information System in Catering and Tourism (eTourist). Until December 2021 included, data were collected, processed and published on the basis of a statistical survey on tourist arrivals and overnight stays in accommodation facilities (TU-11).

All indices of tourism turnover (tourist arrivals and overnight stays) in 2022 are calculated based on the data of the Central Information System in Catering and Tourism (eTourist) for 2022 and 2021. With the change of data source, and therefore of the coverage, the survey-based results (TU'-11, for the previous year) and those from the administrative source (eTourist) are not comparable.

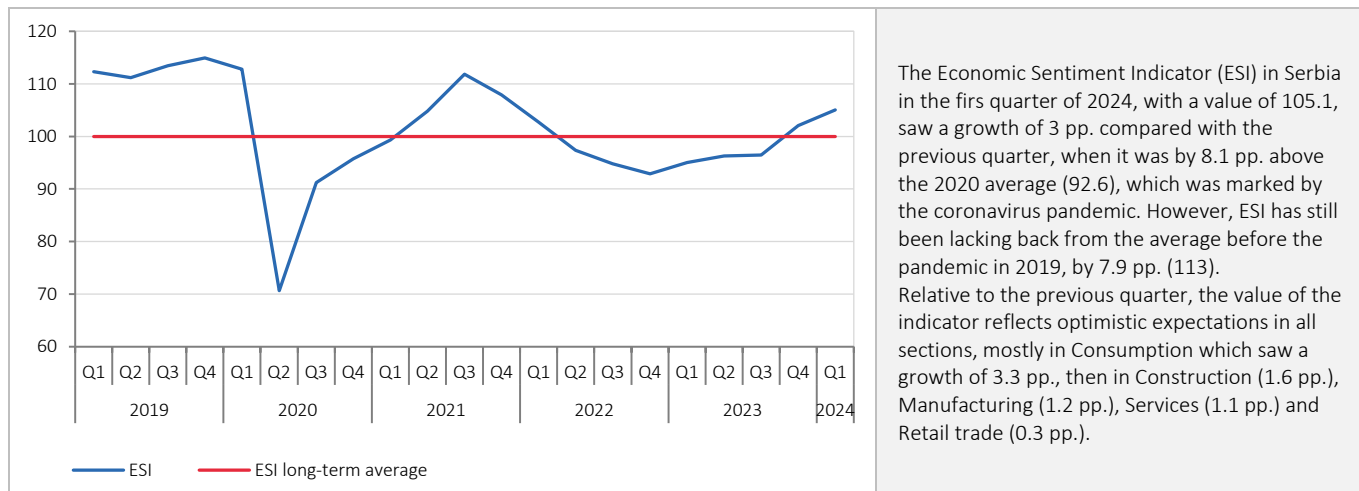
11. ECONOMIC SENTIMENT INDICATOR

11.1. ECONOMIC SENTIMENT INDICATION - ESI

perceptions about economic movements and economic stability. As expectations of business subjects can be an important signal of changes in economic trends, this indicator is used to assess economic situation, make flash estimates, for scientific and analytical use, as well as for international comparisons and creating economic policies.

ESI has been developed by the General Directorate for Economic and Financial Affairs of the European Commission (DG ECFIN). 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 analysed sections are weighted in order to reflect as good as possible their influence on economic activity – manufacturing 40%, service activities 30%, household consumption 20%, construction 5% and retail trade 5%. A value of ESI index exceeding 100 indicates improvement or economic activity, while that below 100 suggests decline¹³.

Chart 11.1. Economic Sentiment Indicator¹⁴ (%) (seasonally adjusted data)



Source: European Commission, processing: Statistical Office of the Republic of Serbia. Quarterly data represent quarterly average.

Table 11.1. Confidence indicators by sections and Economic Sentiment Indicator – growth pact to long-term average (%)

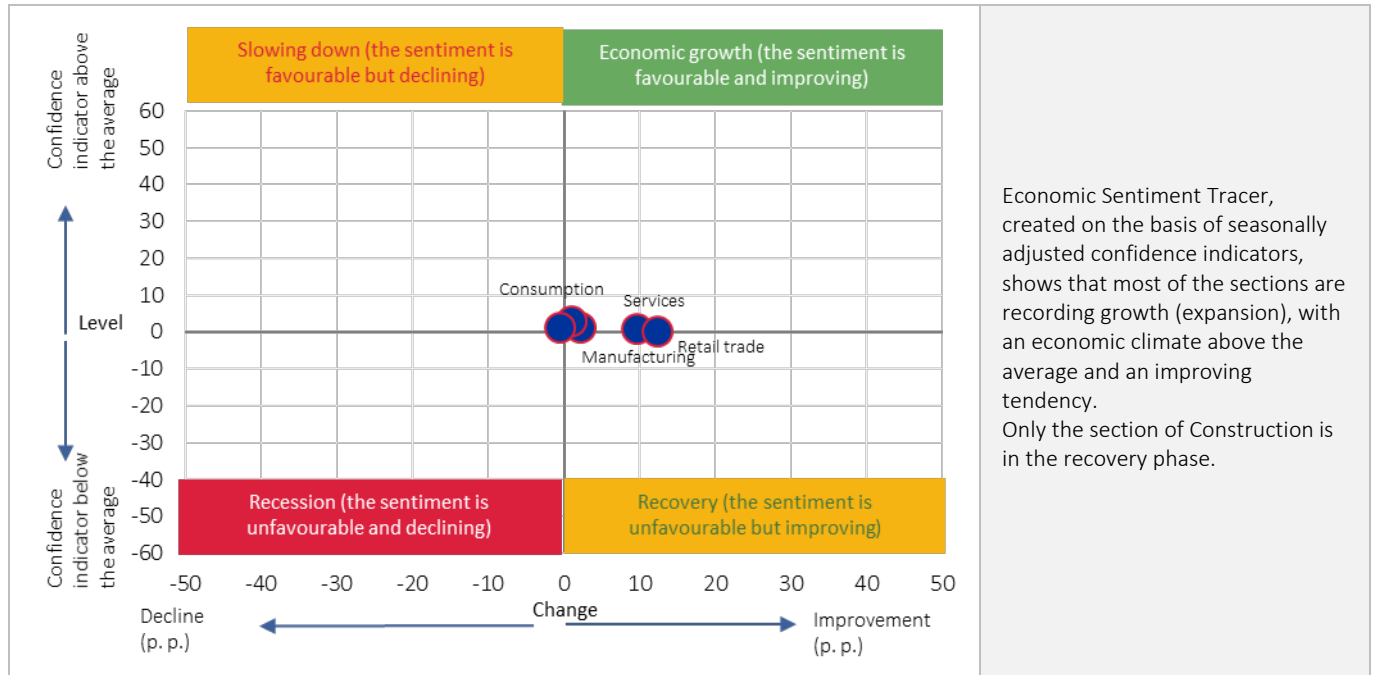
Confidence indicators	Minimum		Average	Maximum		2022				2023				2024
	Quarter	Value		Quarter	Value	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Manufacturing	Q2 2020	-9.0	3.3	Q3 2018	8.0	0.8	-0.7	1.1	-0.2	-1.8	-0.9	-2.0	1.0	2.2
Services	Q2 2020	-43.0	6.6	Q2 2016	16.3	7.6	5.8	1.5	2.9	4.6	4.2	5.7	8.4	9.5
Consumption	Q4 2014	-20.6	-4.8	Q1 2020	10.7	2.3	-6.0	-12.3	-17.2	-8.4	-6.5	-5.5	-2.4	0.9
Retail trade	Q2 2020	-12.5	8.4	Q4 2019	16.3	9.0	7.8	7.4	7.2	7.6	8.8	11.2	12.0	12.3
Construction	Q3 2013	-40.8	-9.7	Q4 2019	7.2	-1.3	-5.6	-7.6	-3.6	-3.0	-3.8	-4.0	-2.2	-0.6
<i>Economic Sentiment Indicator</i>	Q2 2020	70.7	102.4	Q4 2019	115.0	102.7	97.4	94.8	92.9	95.0	96.3	96.5	102.1	105.1

¹³ ESI is calculated as an index with a mean value of 100 and standardised deviation of 10. More on the methodology on:

https://economy-finance.ec.europa.eu/system/files/2023-02/bcs_user_guide.pdf

¹⁴ Data for the Economic Sentiment Indicator (ESI) have been revised in line with the improved methodology of data seasonal adjustment, which has been in use since April 2022.

Chart 11.2. Economic Sentiment Tracer

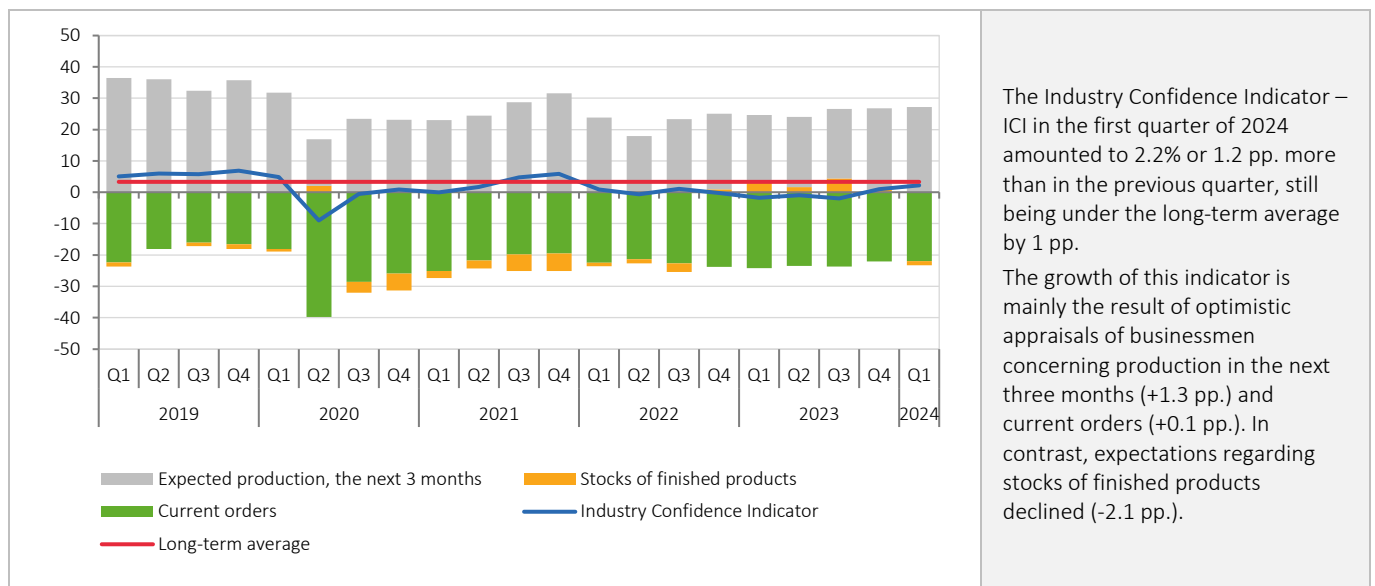


Economic Sentiment Tracer, created on the basis of seasonally adjusted confidence indicators, shows that most of the sections are recording growth (expansion), with an economic climate above the average and an improving tendency. Only the section of Construction is in the recovery phase.

11.2. INDUSTRY CONFIDENCE INDICATOR

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

Chart 11.3. Construction Confidence Indicator (%) (seasonally adjusted data)



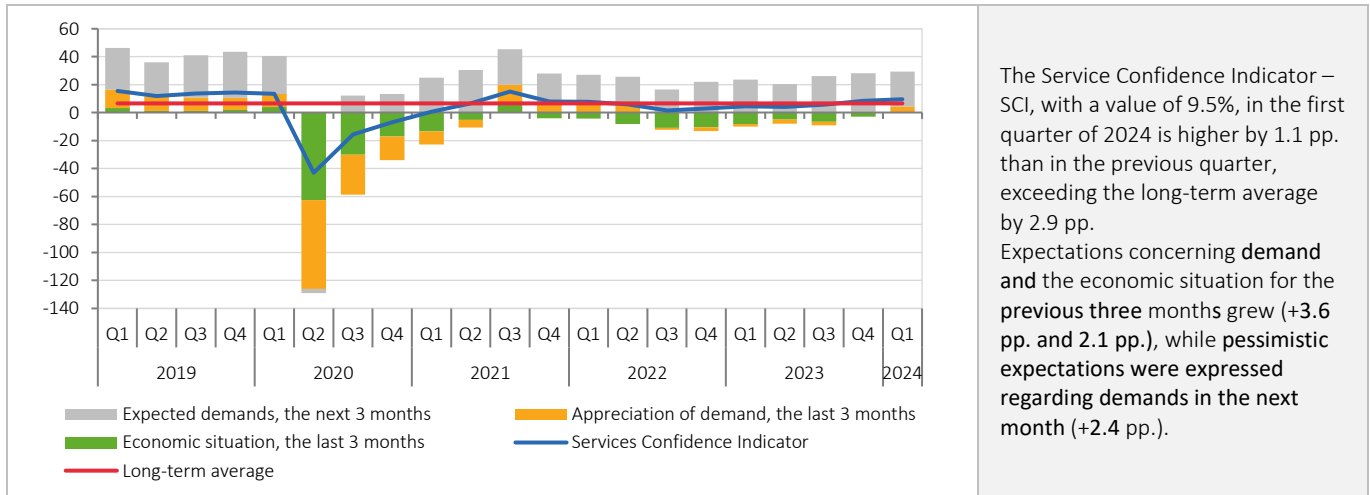
The Industry Confidence Indicator – ICI in the first quarter of 2024 amounted to 2.2% or 1.2 pp. more than in the previous quarter, still being under the long-term average by 1 pp.

The growth of this indicator is mainly the result of optimistic appraisals of businessmen concerning production in the next three months (+1.3 pp.) and current orders (+0.1 pp.). In contrast, expectations regarding stocks of finished products declined (-2.1 pp.).

11.3. SERVICE CONFIDENCE INDICATOR

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

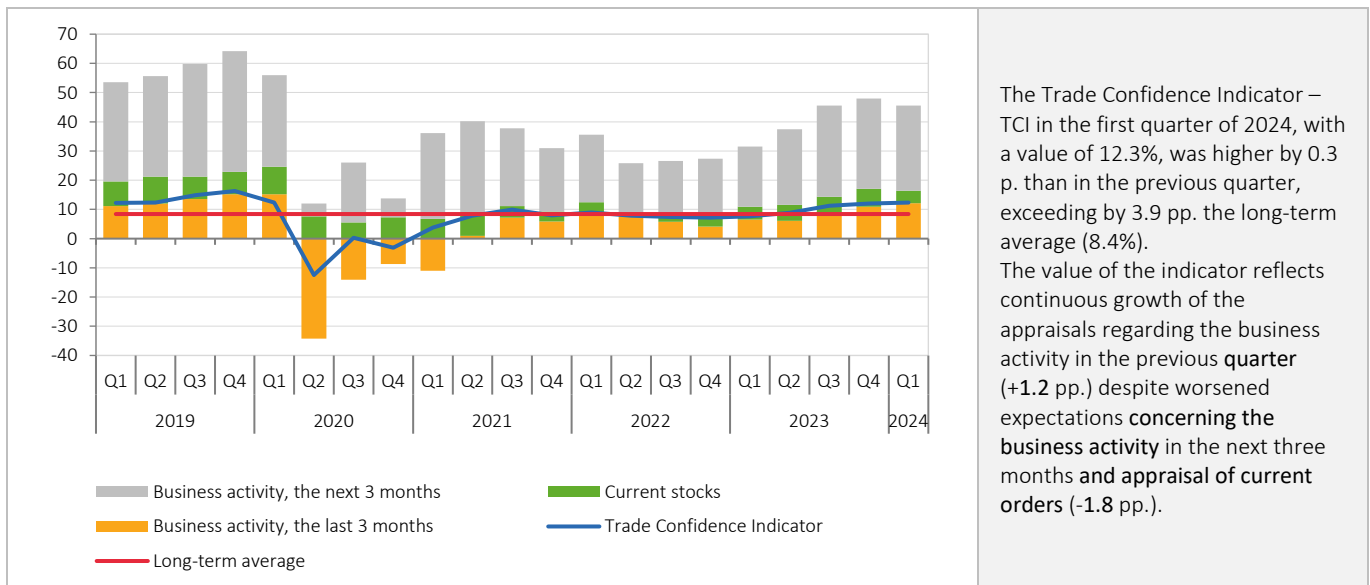
Chart 11.4. Service Confidence Indicator (%) (seasonally adjusted data)



11.4. TRADE CONFIDENCE INDICATOR

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

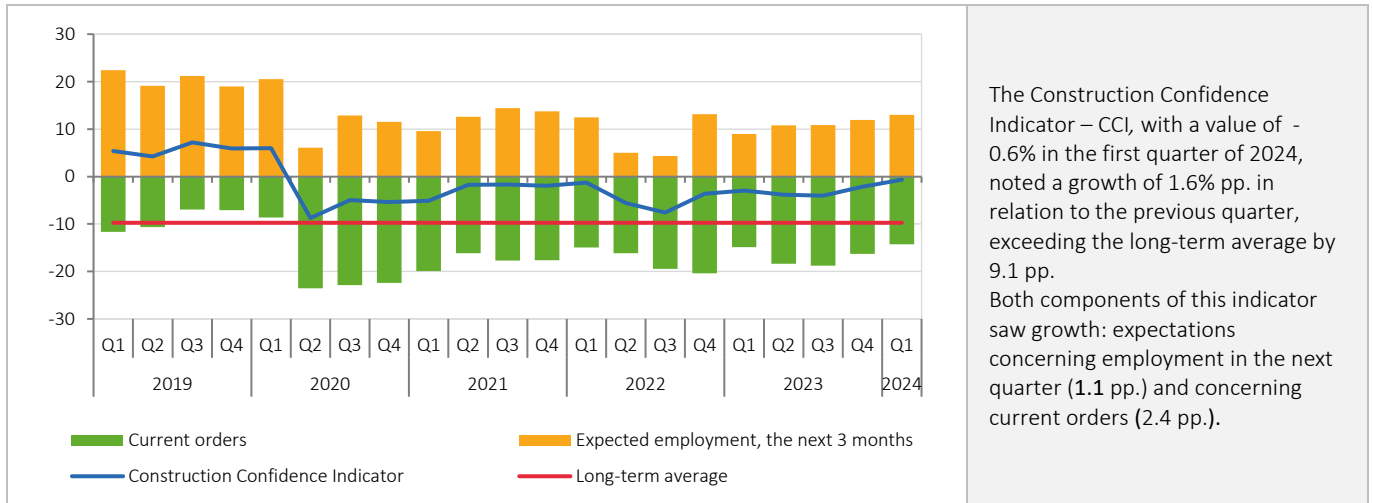
Chart 11.5. Trade Confidence Indicator (%) (seasonally adjusted data)



11.5. CONSTRUCTION CONFIDENCE INDICATOR

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

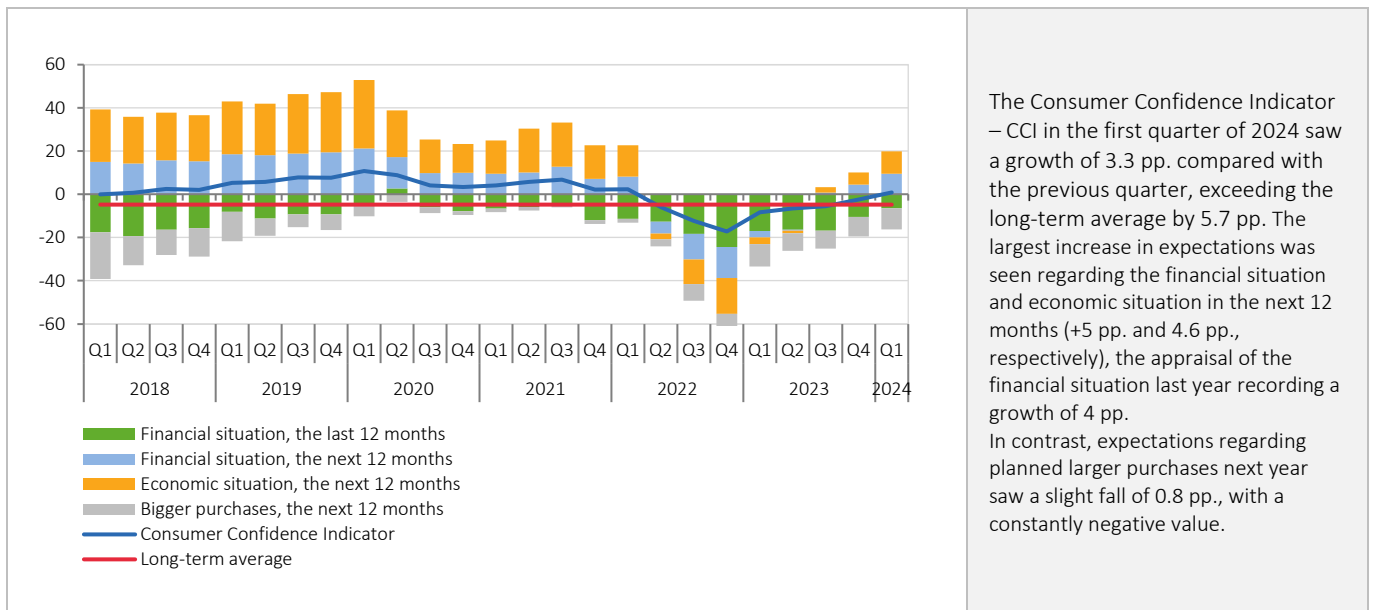
Chart 11.6. Construction Confidence Indicator (%) (seasonally adjusted data)



11.6. CONSUMER CONFIDENCE INDICATOR¹⁵

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

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

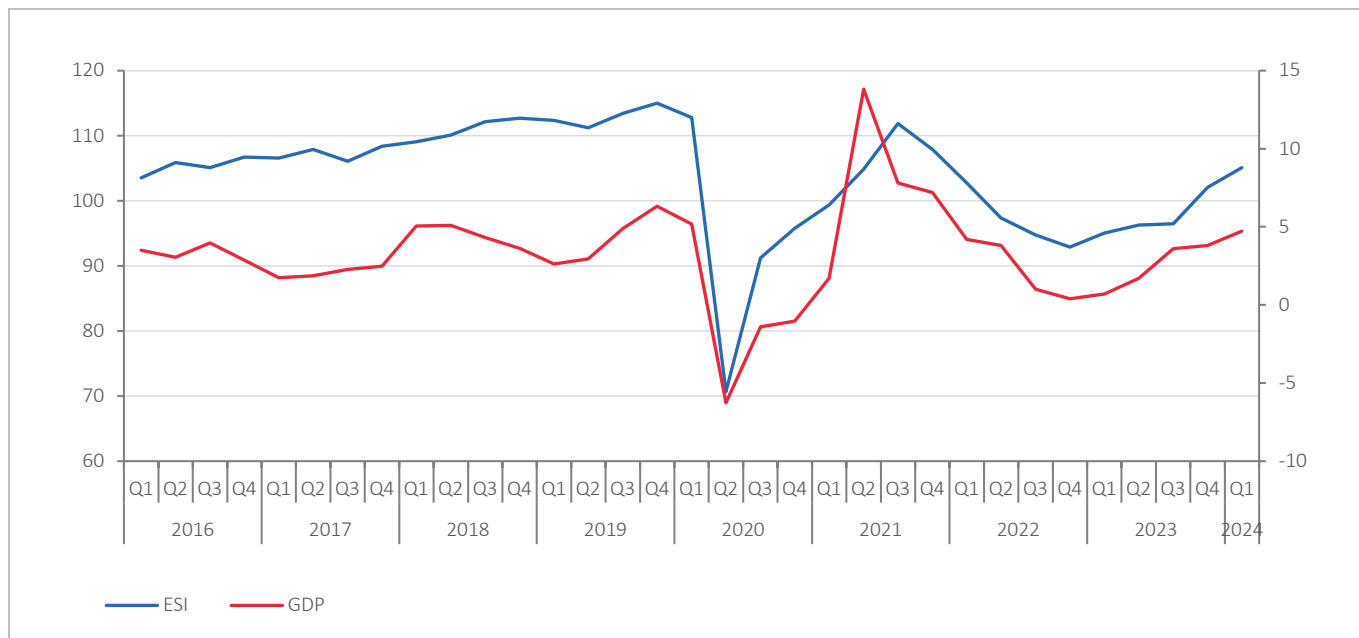


¹⁵ The methodology for the calculation of the Consumer Confidence Indicator was modified by the European Commission in 2018, thus the data have been revised.

11.7. CORRELATION OF ESI AND GDP OF SERBIA

Researchers and decision-makers in economic matters often include ESI as an explanatory variable with relevant pieces of information to model the economic growth, particularly if one takes into account that the data on the economic climate are available before most of the economic indicators. Gross Domestic Product (GDP) is the reference (explanatory) series that is most frequently used, because it reflects the movements in the economy as a whole. When considering that ESI represents a coincident indicator (showing changes at the same time when the changes are shown by the reference series), it can be concluded that it follows relatively well the GDP trend, which is confirmed also by the correlation coefficient of 0.68.

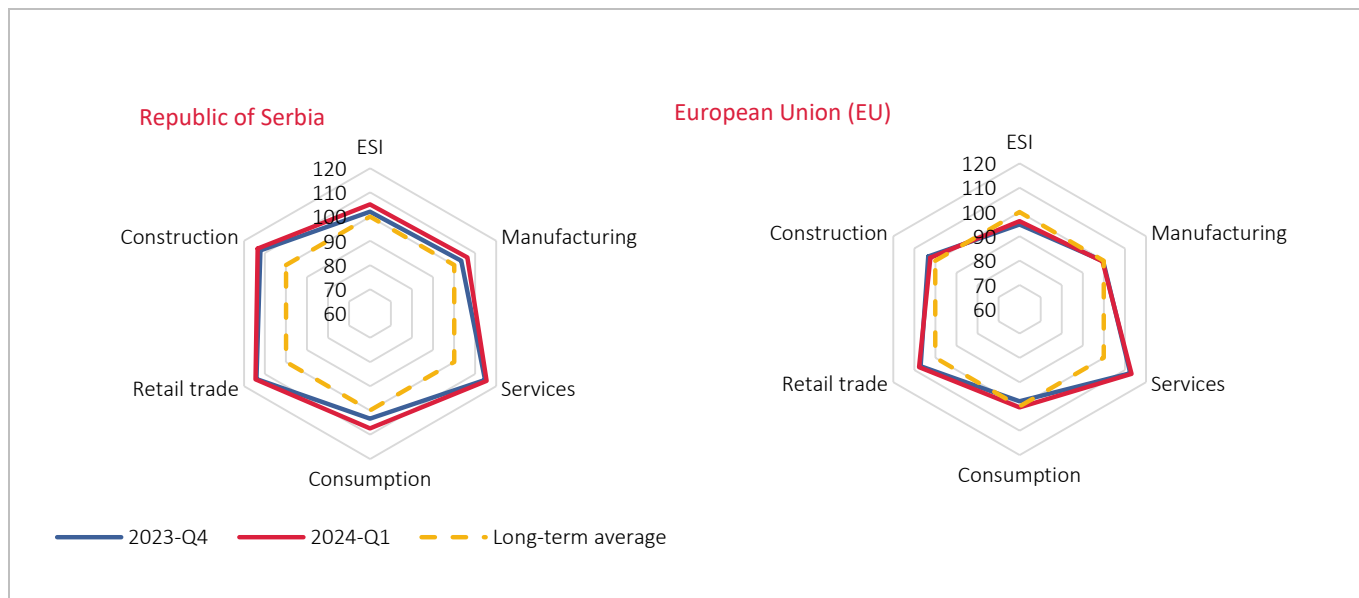
Chart 11.8. Correlation of ESI and GDP of Serbia



11.8. ECONOMIC SENTIMENT INDICATOR IN THE EUROPEAN UNION

Economic expectations in most of EU member states improved in the first quarter of 2024 (relative to the previous quarter), which made ESI go up by 1.3 p.p. (from the value of 94.9). The largest fall in expectations in the EU was recorded in Consumption (+2.5 pp.).

Chart 11.9. Economic Sentiment Indicators



HOW TO INTERPRETE THE TRACER?

The tracer scale of the chart ranges from 60 to 120 (average = 100). The most recent quarterly outcomes (Q1 2024) are compared with the previous quarterly outcomes (Q4 2023) and long-term average (= 100) of the corresponding series of confidence indicators. Developments far from the center reflect confidence indicator improvement, and close to the center its decline.

12. REGIONAL ECONOMIC ASYMMETRIES

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

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

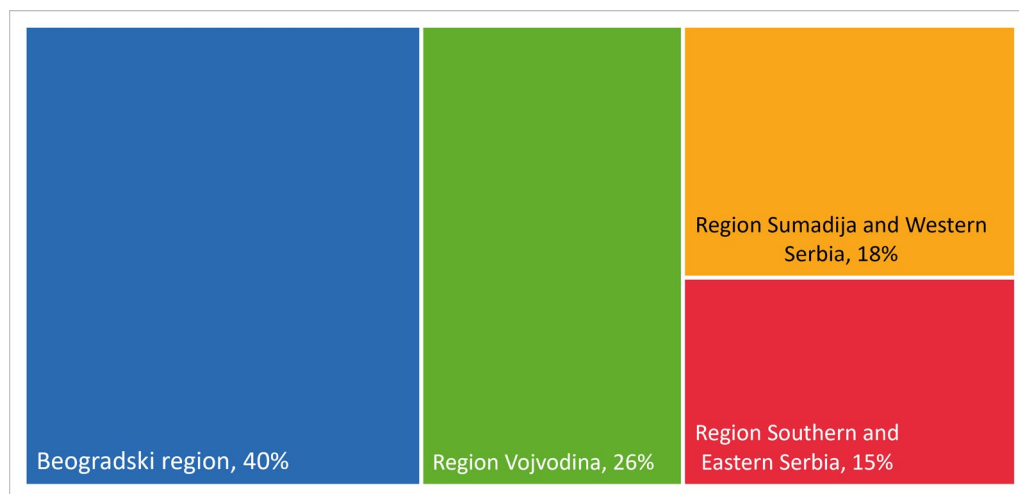
■ Gross domestic product

Regional gross domestic product presents primary statistical indicator for estimating economic performances of the region and effectiveness of regional policies and programs directed to decreasing the gap among the regions.

Out of total GDP in 2022, observed by level of NSTU 2 regions, the greatest realized GDP was in Beogradski region (40%), followed by Region Vojvodina (26.4%), Region Sumadija and Western Serbia (18.4%) and Region Southern and Eastern Serbia (15.2%).

Knowing that Beogradski region covers 3.7% of the area inhabited by 24% of the population of Serbia, it is clear that it is also the region with the highest GDP per capita (1 686 000 RSD / per capita, i.e. 58.3 % above the republic average, followed by Region Vojvodina that by 0.8% exceeds the average, while other regions record GDP values per capita below the average, i.e. Region Sumadija and Western Serbia by 32.8% and Region Southern and Eastern Serbia by 28.3%

Chart 12.1. Share of the region in the national GDP, 2022



■ Average salaries and wages

Level of regions' development, measured by average net salaries and wages in the first quarter of 2024 varies in ratio 1.5:1, i.e. the highest salaries and wages are recorded in Belgrade region, and lowest ones in Region Sumadija and Western Serbia, where salaries and wages are the lowest. Average net salaries and wages in Belgrade region amounted to RSD 120 821, or 126% of RS average (RSD 95 625), in Region Vojvodina, they were insignificantly below RS average (RSD 90 508, or 95% of RS average), while in Region Southern and Eastern Serbia and Region Sumadija and Western Serbia, they were about 86% and 84% of the Republic average (RSD 82 122 and RSD 80 013, respectively). In all regions, average salaries and wages recorded growth relative to the same period of the previous year, and the greatest relative increase was noted in Region Sumadija and Western Serbia, by 15.6%.

In 75 municipalities, average net salaries and wages were below 80% of the Republic average, i.e. in particular Belgrade municipalities, average salaries and wages were more than double relative to municipality of Crna Trava (with the lowest average salaries and wages of RSD 57 201). Moreover, at the bottom of the list are the municipalities of Bojnik with an average salary of RSD 65 633, Presevo (RSD 65 636) and Vlasotince (RSD 66 369).

■ Labour market

The correlation of unemployment rate and development level of the region is very high, and in accordance with the mentioned, Region Southern and Eastern Serbia, with unemployment rate of 13.5% in the first quarter of 2024, by 44% exceeds the average of Serbia (9.4%), as opposed to Belgrade Region, where unemployment rate was the lowest, 7.5%, i.e. 30.9% below the national average. Additionally, referring to employment rate, it is the highest in Belgrade region (56% or 10% above the average of Serbia), while in Region Southern and Eastern Serbia, noted was the lowest employment rate of 46%, or 9.6% below the Republic average (50.9%).

In the first quarter of 2024, Beogradski Region noted the highest share in total employment (27.8%), with the simultaneous lowest share in unemployment (18.6%). On the contrary, Region Southern and Eastern Serbia, with 19.2% has the lowest share in total employment, with the highest share in unemployment (28.9%) (according to the Labour Force Survey).

■ Export activity

In contrast to other indicators, in the first quarter of 2024, Belgrade region was not on the first place regarding total export of Serbia (share of 23.4%). Region Vojvodina is on the first place with the share of 34.4% in export, followed by Region Sumadija and Western Serbia (20.8%) and Region Southern and Eastern Serbia (20.2%). Export per capita reflects regional asymmetries – Region Vojvodina records the export of EUR 1 420 per capita, and it is by 31% above the Republic average and it exceeds by almost double the export value per capita in Region Sumadija and Western Serbia (EUR 819), which is by 24% below the average of the Republic. Region Vojvodina, as the leading exporter in the first quarter of 2024, recorded in the structure of export¹⁶ the greatest share in export of agricultural and food products (19.5%), primarily cereals (24%), the most import export being corn (15.1% of export of agricultural and food products).

■ Demographic structure

According to the census data from 2022, population density in Beogradski region is by 6.9 times greater than average population density in Serbia, while in Region Southern and Eastern Serbia, population density was the lowest – 29% below the Republic average. Although all regions participate equally in total population of Serbia, interregional differences are particularly apparent. For example, in eight towns in Region Vojvodina, lives even over a half of total population of Vojvodina (54.7%). However, the most obvious population inequality is in other two regions: Region Sumadija and Western Serbia comprises 10 towns in which 55% 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 Southern and Eastern Serbia, as 56% of population lives in nine cities, while even in 30 underdeveloped municipalities live 31% of population. Additionally, due to economic migrations, number of population in Belgrade region is constantly increasing (by 1.3% between 2011 and 2022), 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 Southern and Eastern Serbia is becoming more and more fragmented, while population density in Beogradski region becomes increasingly denser.

¹⁶ According to the Standard International Trade Classification (SITC).

■ Transport infrastructure

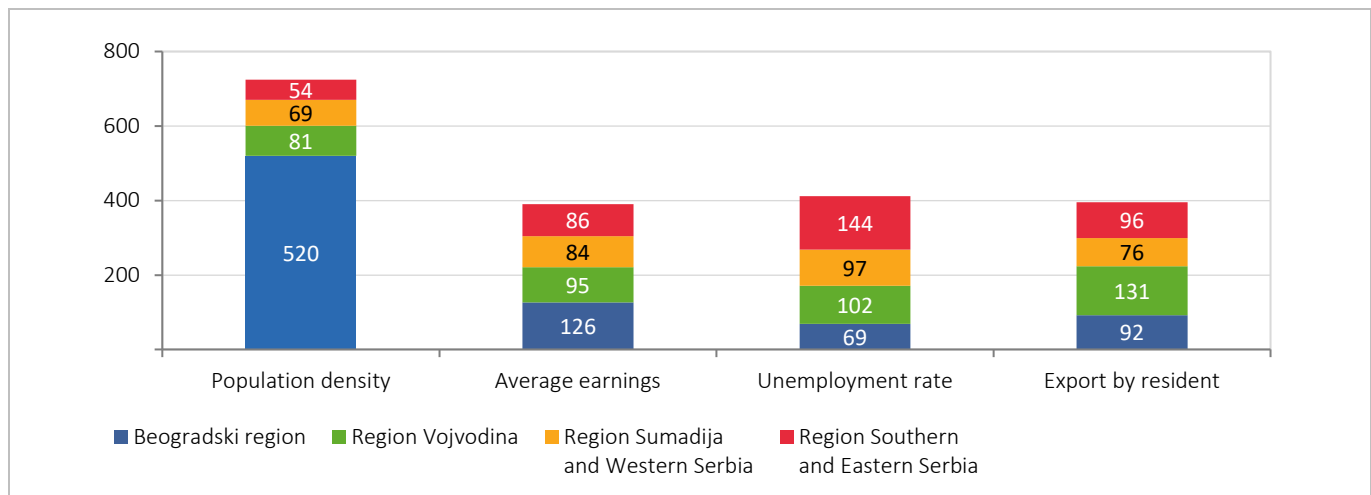
In the Republic of Serbia, there are huge regional and interregional differences regarding infrastructure equipment (transport, telecommunication and water management, i.e., accompanying supra structures). In roads' quality, telecommunication and modern living conditions, differences are, first of all, 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 41¹⁷ municipalities have an out-of-band participation of local roads with a modern roadway, while four 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 in 2023 from 3.8 in Region Sumadija and Western Serbia to 8.3 in Belgrade region, where a fourth part of the vehicles was registered. The number of first-time registered cars compared to the number of inhabitants in the period January-March 2024 reflects a similar ratio, with Beogradski region leading up to 41% above the average of the Republic of Serbia versus Region Southern and Eastern Serbia, with 28% below 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 10 times the population density in Region Southern and Eastern Serbia, where it is the lowest (Table 12.1).

Table 12.1. Extreme values and indicators of regional asymmetry, January-March 2024

Indicators	Population density, km ² , 2022	GDP/per capita, 2022	Average net salaries and wages	Unemployment rate	Export per capital	Demographic emptying, 2011–2022 (%)
Extreme Values (the highest : the lowest)	9.7 : 1	2.4 : 1	1.5 : 1	1.9 : 1	1.7 : 1	(-10,5) : (+1,3)
	Belgrade region: Region Southern and Eastern Serbia	Belgrade region: Region Sumadija and Western Serbia	Belgrade region: Region Sumadija and Western Serbia	Region Southern and Eastern Serbia: Belgrade region	Region Vojvodina: Region Sumadija and Western Serbia	Region Sumadija and Western Serbia: Belgrade region

Chart 12.2. Disproportions at regional level in the Republic of Serbia (RS level = 100%), January-March 2024



¹⁷ Data refer to 2022.

Table 12.2. Indicators of regional development of the Republic of Serbia (NSTJ2) (RS level 100%)

	2021 ¹⁸				2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Belgrade region													
Average salaries and wages in dinars	124.0	123.8	124.6	126.2	125.8	125.8	126.3	128.0	126.6	127.0	127.1	128.2	126.3
Employment rate	109.5	109.1	107.2	106.2	107.6	108.2	110.6	110.2	110.7	109.9	111.0	111.1	110.0
Unemployment rate	75.0	81.1	83.8	81.6	75.2	83.1	82.2	83.0	75.2	80.2	71.1	73.6	69.1
Exports per capita in euros	93.2	94.2	97.4	96.4	88.9	89.2	92.0	98.2	94.3	99.6	93.6	94.8	92.3
Number of first- time registered passengers' cars per 1000 inhabitants	125.0	136.8	124.3	125.4	123.4	132.6	129.5	131.9	133.8	146.4	140.6	142.0	141.3
Region Vojvodina													
Average salaries and wages in dinars	95.2	94.8	94.5	95.1	95.1	94.9	94.9	95.4	95.1	94.2	94.4	94.8	94.6
Employment rate	101.9	99.2	101.6	102.8	98.8	99.4	100.6	99.2	99.8	102.2	97.8	101.2	100.6
Unemployment rate	85.2	86.5	83.8	89.8	89.9	85.4	76.7	83.0	87.1	82.3	112.2	101.1	102.1
Exports per capita in euros	136.8	131.8	125.6	123.1	128.2	131.4	127.8	125.5	124.7	125.9	128.1	132.2	131.5
Number of first- time registered passengers' cars per 1000 inhabitants	94.4	89.7	90.2	94.1	97.2	92.3	90.4	93.4	95.1	88.5	88.3	91.6	92.0
Region Sumadija and Western Serbia													
Average salaries and wages in dinars	84.9	85.2	85.2	84.2	83.9	83.9	83.9	83.0	83.2	83.4	83.6	83.0	83.7
Employment rate	98.9	100.0	101.0	100.4	101.2	98.8	97.2	101.0	99.4	98.8	99.6	96.6	97.2
Unemployment rate	114.8	122.5	110.5	109.2	112.8	122.5	116.7	110.6	101.0	106.3	97.8	108.8	96.8
Exports per capita in euros	79.6	80.4	79.0	76.9	76.7	77.2	76.8	76.8	74.6	76.2	75.4	77.0	75.8
Number of first- time registered passengers' cars per 1000 inhabitants	98.9	94.5	101.0	99.7	96.7	94.2	100.0	97.7	95.0	90.8	92.3	91.8	90.4
Region Southern and Eastern Serbia													
Average salaries and wages in dinars	87.8	88.3	87.9	85.7	86.6	86.9	86.1	83.9	85.9	86.1	85.5	83.9	85.9
Employment rate	88.3	90.3	88.2	88.4	89.5	93.2	90.2	89.6	88.5	87.3	90.7	89.9	90.4
Unemployment rate	131.3	109.0	127.6	124.5	126.6	109.0	132.2	130.9	147.5	143.8	126.7	123.1	143.6
Exports per capita in euros	82.6	88.0	93.1	98.4	101.4	95.4	90.8	89.7	93.8	87.7	96.4	88.5	95.6
Number of first- time registered passengers' cars per 1000 inhabitants	78.2	76.0	81.7	77.6	79.0	77.1	76.0	72.7	72.1	70.6	75.8	70.8	72.9

¹⁸ Labour market indicators – employment rate and unemployment rate, have been created according to the new revised Eurostat methodology, implemented by the Statistical Office of the Republic of Serbia in the scope of the Labour Force Survey since 2021. The methodology was changed according to the new Regulation of the European Parliament and European Council and entered into force on January 1st, 2021. More information on methodology changes and their effects on major statistical indicators are available in a special publication on: <https://www.stat.gov.rs/vesti/20210628-anketa-o-radnoj-snazi-nova-metodologija/>

GLOSSARY

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

Devastated areas are municipalities from the fourth group with the development level below 50% of the Republic average (according to the data of the authority competent for statistics and finances tasks). Classification of the regions is performed on the basis of GDP value per capita in the observed region compared to Republic average, for the referent period. Developed regions are the regions that realize gross domestic product value above the Republic average, (Beogradski Region and Region Vojvodina). Insufficiently developed regions are the ones in which GDP value is below the Republic average, (Region Sumadija and Western Serbia and Region Southern and Eastern Serbia). 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.

13. AGRICULTURE

Agricultural production is made of two main branches: plant production and livestock production. Due to its specific nature, relevant data related to agricultural production are available mainly on annual basis. This issue of Trend presents the movement of occurrences in agriculture concerning the first quarter of 2024. The following topics have been analysed:

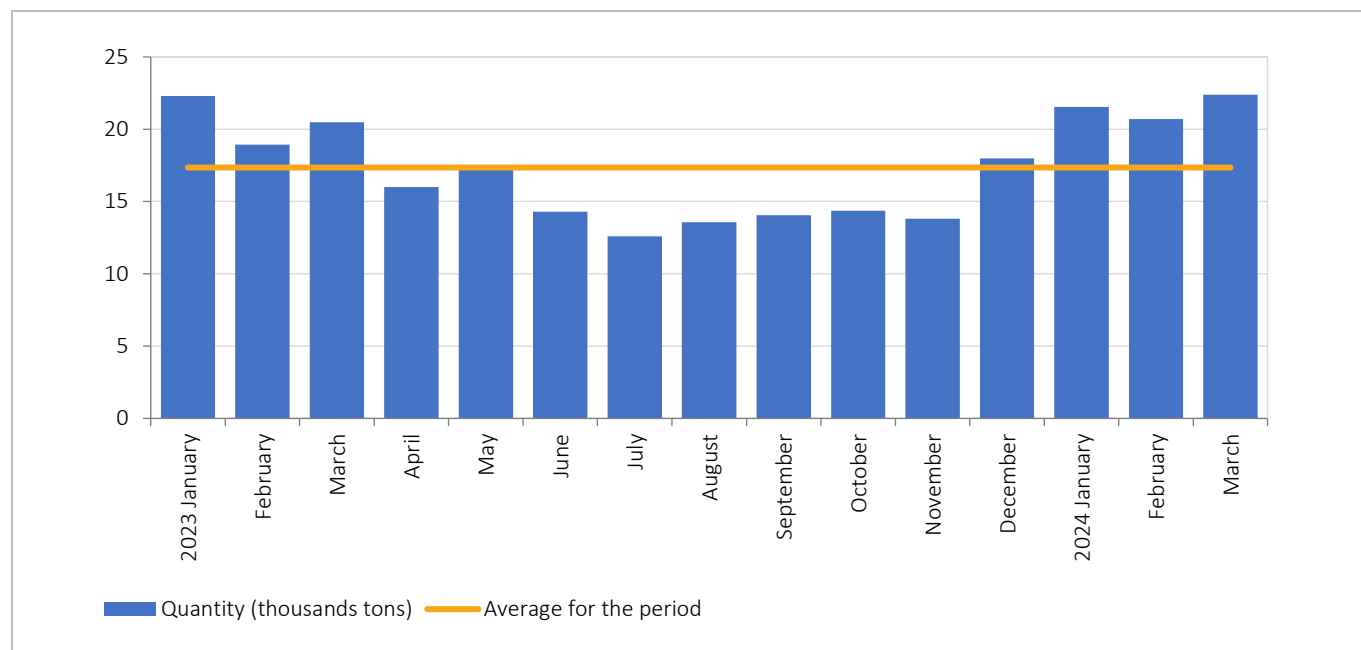
- livestock production (production of consumption cow milk in dairy factories and livestock slaughtering in slaughtering houses),
- prices of agricultural products and intermediate materials, and
- external trade in agricultural products.

13.1. PRODUCTION AND PRICES OF MILK, CEREALS AND LIVESTOCK

Estimates show that farms dealing with the production of cow milk distribute to milk collection stations (dairy factories) about 59% of the total production. Of the quantity of milk that stays on the holding (about 41%) about 10% are consumed for feeding household members and livestock on the holding and about 22% are processed into dairy products (mainly cheese and „kajmak“), and the remaining part (about 9%) is sold to direct consumers. According to the same source, losses on the holding are insignificant (up to 0.1%).

Cow milk accounts for 97% of the total production of milk on holdings, and the remaining milk is of sheep and goats. In the first quarter of 2024 the production of consumption cow milk in dairy factories is higher by 4.7% than that in the same period of the previous year. Observed by months, in January the production of cow milk saw a year-on-year fall of 3.4%, while in February and March a year-on-year growth of 9.4% and 9.3%, respectively was recorded.

Chart 13.1. Production of consumption cow milk in dairy factories (thous.tons)



Purchase prices of cow milk decreased by 11.7% over January-March of the current year relative to the same period of the previous year¹⁹. Prices in January, February and March went down by 14.7%, 11.8% and 8.3%, respectively, compared with the same months of the previous year. Relative to the average price of the previous year, in the first three months of the current year the price of milk fell by 2.3%.

Consumer prices of cow milk decreased by 4% over January-March of 2023 of the current year relative to the same period of the previous year. In January and February the prices decreased by 3.9% in each month and in March by 4.4% relative to the same months of the previous month. When compared with the average price of milk of the previous year, in the first three months of the current year milk price fell by 3.6%.

Based on the comparative review and previous analysis, it can be concluded that the purchase prices of cow milk saw fall in the first quarter of the current year relative to the same quarter of the previous year, which is expressive of a stable decreasing trend of prices.

Table 13.1. Comparative review of purchase and consumer prices of cow milk

Month	Milk price, din./litre	
	Purchase price	Consumer prices
January 2023.	65.04	170.25
February	63.05	169.92
March	60.53	170.40
April	57.65	169.70
May	54.80	169.78
June	53.49	169.88
July	53.28	169.75
August	53.57	168.08
September	54.11	168.22
October	54.83	167.81
November	55.59	168.94
December	55.91	169.35
Januray 2024	55.50	163.68
February	55.64	163.31
March	55.48	163.95

Observed **by categories of livestock**, over January-March of the current year the purchase price of bovine animals increased by 8.9% and of pigs by 28%, compared with the same period of the previous year.

Table 13.2. Indices of producers' prices of agricultural and fishing products

	<u>III 2024</u> II 2024	<u>I-III 2024</u> I-III 2023	<u>I-III 2024</u> Ø 2023
Agriculture and fishing	99.0	84.5	99.5
Cereals	97.7	65.5	93.2
Wheat	97.6	62.8	87.1
Maize	99.8	59.1	93.1
Industrial crops	95.5	81.0	98.2
Cattle and poultry	103.9	115.9	108.8
Bovine animals	100.5	108.9	104.0
Pigs	106.4	128.0	114.6

¹⁹ Those are producers' prices of agricultural and fishing products – prices at which purchase is done from family holdings and prices at which legal persons in the field of agriculture sell their products.

13.2. INTERMEDIATE GOODS

A stable and successful production in agriculture depends on many factors. As far as plant production is concerned, besides adequate land tillage for high and stable yields, the used inputs are extremely important. The latter refer to seeds and seeding materials, fertilizers and protection preparations. As for the other agricultural branch, i.e. livestock production, good animal health and increase require adequate animal feed and housing facilities. To meet all these conditions one need not only human labour but also capital goods, i.e. agricultural machinery. Therefore, farmers have to have corresponding machinery or to engage others (fertilization, sprinkling, harvest, etc.). All these factors make the intermediate consumption (accounting for almost 60% of the total value of agricultural production) and their price indices are shown in table 13.3.

The total intermediate consumption, i.e. the prices of intermediate goods, capital goods and services in agriculture in the first quarter of 2024 decreased by 10.3% compared with the same quarter of the previous year. Observed by groups of products, the largest price decrease in the first quarter of 2024, relative to the same quarter of the previous year, was recorded in: Mineral fertilizers (fall of 38.1%), Animal feed (fall of 17.13%) and Plant protection preparations (fall of 16.8%).

The prices of intermediate goods, capital goods and services in agriculture in the first quarter of 2024 relative to the fourth quarter of 2023 increased slightly, on average, by 0.2%.

Table 13.3. Indices of the prices of intermediate goods, capital goods and services in agriculture

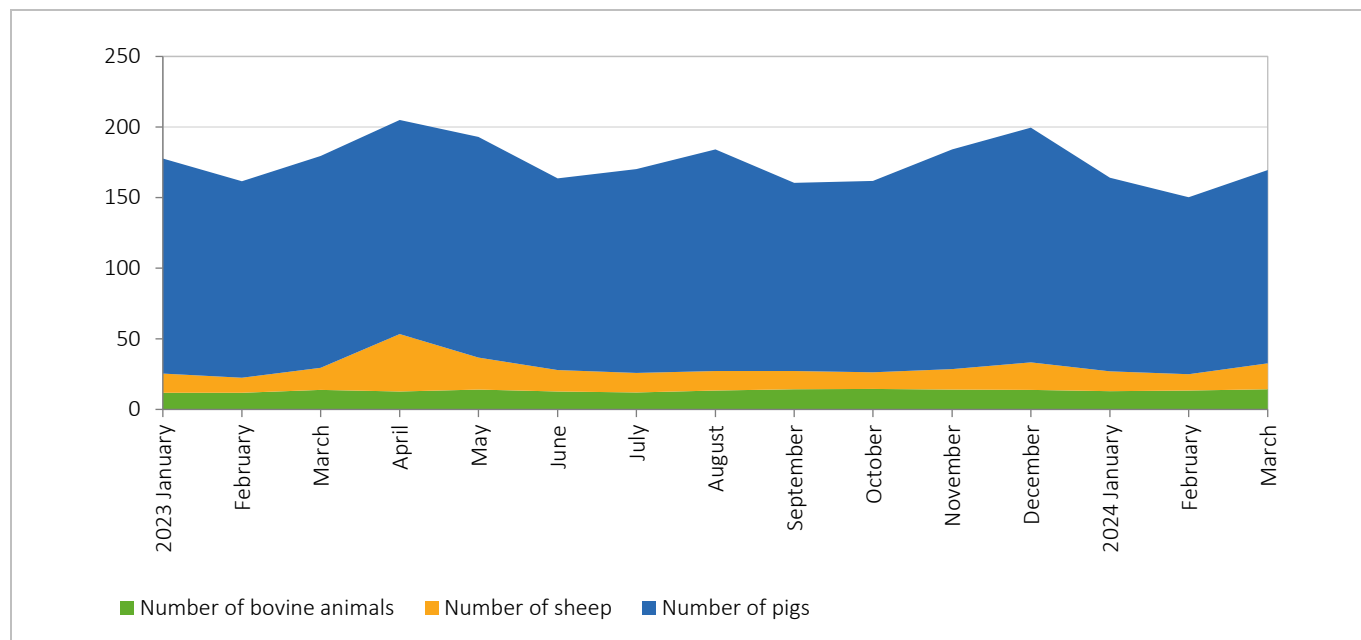
	<u>I quarter 2024</u> I quarter 2023	<u>I quarter 2024</u> IV quarter 2023	<u>I 2024</u> Ø 2023
Total	89.7	100.2	95.3
Products and services for current use in agriculture	89.6	100.2	95.2
Seed	96.3	106.6	102.2
Energy commodities	106.6	102.4	104.9
Mineral fertilizers	61.9	96.7	79.6
Plant protection preparations	83.2	87.5	85.3
Animal feed	82.9	99.4	90.5
Equipment maintenance	103.5	100.9	102.0
Facilities maintenance	108.5	101.7	104.7
Other products and services	103.8	100.2	101.1
Products and services for investments in agriculture	103.0	100.2	100.9
Machinery in agriculture	103.0	100.2	100.9

13.3. LIVESTOCK SLAUGHTER

In the Republic of Serbia, livestock slaughter is performed in registered slaughtering houses and outside them, i.e. on agricultural holdings. As far as bovine animals are concerned, slaughter in slaughtering houses accounted for about 57% of total slaughter of this livestock species, while with pigs and sheep slaughter is mostly done outside slaughtering houses, about 60% and 83%, respectively. Data on livestock slaughter in slaughtering houses on the territory of the Republic of Serbia, totaling on 31 March 2024 to 366. In this issue of Trends, the analysis is focused on livestock slaughter in slaughtering houses.

In the first quarter of 2024, the total number of bovine animals slaughtered in slaughtering houses amounted to 40.8 thousand. When compared with the same quarter of the previous year the number of slaughtered bovine animals in slaughtering houses grew by about 9.1%. The category of slaughtered bovine animals that recorded the largest growth of total slaughter of this livestock species was bovine animals of 1-2 years. This category had the largest share, 78.5%, in total slaughter of this livestock species.

Slaughter 13.2. Number of slaughtered pigs, sheep and bovine animals (in thous.)



Observed quarterly, the number of pigs slaughtered in slaughtering houses (399 thous.) in the first quarter of 2024 was lower by 9.6% than in the same period of the previous year. Pigs weighting 25-50 kg noted the largest fall in the category of slaughtered pigs (12.2% relative to the same quarter of the previous year). Of totally slaughtered pigs in slaughtering houses the largest share in total slaughter of this livestock species in the first three months of the current year was that of pigs over 50 kg, 89.3%.

Of the total number of slaughtered sheep on the territory of the Republic of Serbia only approximately 17% are slaughtered in slaughtering houses. In the first quarter of 2024 the number of slaughtered sheep in slaughtering houses amounted to about 43.8 thous, by 9.8% more than in the same quarter of the previous year. Of totally slaughtered sheep in slaughtering houses the largest share (94%) in 2023 in the total slaughter of this species was that of the category of lambs up to six months.

13.4. EXTERNAL TRADE IN AGRICULTURAL PRODUCTS

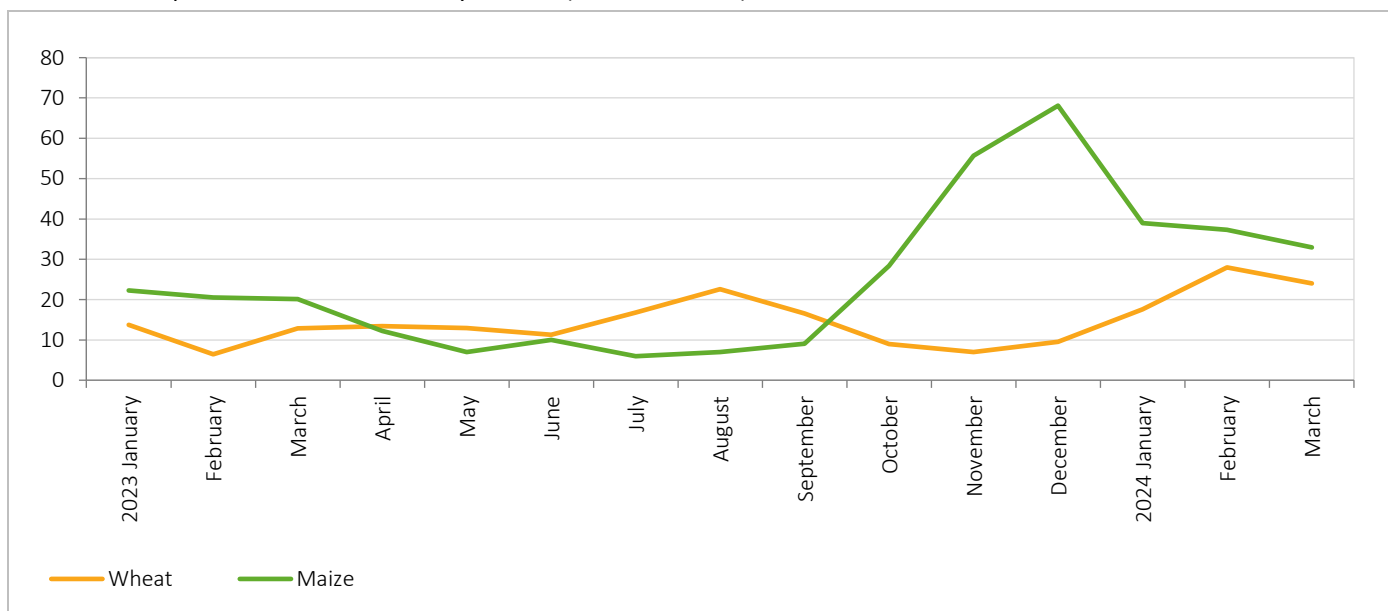
In the first quarter of 2024, the section Agriculture, forestry and fishing²⁰ realised a positive external trade balance of about EUR 500 thousand. Exports of this section amounted to EUR 311.7 million, by 41.3% more than in the same period of 2023, and the share in total exports in the observed period grew from 3% to 4.3%, amount reached in the first quarter of 2024. Imports of this section in the first three months of the current year amounted to EUR 311.2 million, by 2.3% more than in the same period of the previous year, and the share in total imports grew from 3.2% to 3.4%.

Exports growth in the first three months of the current year was mostly a result of a cumulative growth of 64.3% in exports of cereals (except for rice), leguminous and oil seed, the most representative groups in this section (share of 69.5%). Just as in exports, the most representative group of products on import side of cereals (except for rice), leguminous and oil seed (share of 23.3% in imports of the section of agriculture) saw a cumulative fall of 14.7% in the first quarter of 2024.

Export of wheat in the first quarter of 2024 amounted to EUR 69.7 million, a growth of 110.1% relative to the same period of the previous year. In the first three months of the current year, when looking at the value, wheat was the crop mostly exported to Romania (64.9% of total exports of this crop), then to Italy (18.2%), Bosnia and Herzegovina, North Macedonia and Albania, accounting for 6.1%, 4.9% and 3.2%, respectively of total export of this crops.

Export of maize over January-March 2024 amounted to EUR 109.2 million, a growth of 73.3% relative to the same period of the previous year. Most of maize, when looking at the value, was exported to Romania (28.4% of total exports of this crop). To Italy 24.6% were exported, then to Bosnia and Herzegovina and Croatia, accounting respectively for 12.9% and 5.7% of total export of this crop.

Chart 13.3. Export of wheat and maize by months (in million euros)



²⁰ According to CA (2010).

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Q1

TRENDS 2024 - 1st quarter

A large, stylized graphic of the letters 'Q1' in a light grey color with a dark grey outline. The 'Q' is on the left and the '1' is on the right. The '1' is a vertical bar with a pointed top and a small hook at the bottom. The graphic is set against a white background with a red horizontal band at the top and bottom.

MACROECONOMIC FORECASTS
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