

quarterly monitor

OF ECONOMIC TRENDS AND POLICIES IN SERBIA

Issue 81 • April – June 2025

Belgrade, October 2025

PUBLISHER

The Foundation for the Advancement of Economics (FREN)

Kamenička 6, Beograd

Tel/Fax: 011 3021 069

E-mail: office@fren.org.rs

<http://www.fren.org.rs>

EDITORIAL COUNCIL

Mihail Arandarenko (for the Publisher)

Jurij Bajec

Pavle Petrović

Branko Urošević

EDITOR IN CHIEF

Milojko Arsić

EXECUTIVE EDITOR

Saša Ranđelović

AUTHORS

Saša Ranđelović, From the Editor

Danko Brčerević, Review

Aleksandra Anić, Labour Market

Danko Brčerević, Economic Activity

Mirjana Gligorić, Balance of Payments and Foreign Trade

Slobodan Minić, Prices and the Exchange Rate

Saša Ranđelović, Fiscal Trends and Policy

Svetozar Tanasković, Monetary Trends and Policy

TRANSLATION

Darko Popović

Marjeta Pevec

Vladica Đukić

PRINTING PREPARATION

Maja Tomić

COVER DESIGN

Nikola Drinčić

Quarterly Monitor of Economic Trends and Policies in Serbia (QM) was created by Kori Udovički, who was the Editor-in-Chief of the first six issues of QM. For issues seven to twenty three, the Editor-in-Chief of QM was Prof. Pavle Petrović. Diana Dragutinović was the Editor-in-Chief of QM24. Since issue QM25-26 the Editor-in-Chief of QM is Milojko Arsić.

Table of Contents

From the Editor5

TRENDS

1. Review 7

2. Economic Activity11

3. Labour Market 18

4. Balance of Payments and Foreign Trade 23

5. Prices and the Exchange Rate..... 32

6. Fiscal Trends and Policy 39

7. Monetary Trends and Policy 45

HIGHLIGHTS

**Highlight 1. Is Labour Productivity
in Serbia and EU**53

Aleksandra Anić

SPOTLIGHTS

**Spotlight on 1. Effects of Limiting Retail
Margins on Inflation: Theoretical Framework
and Empirical Insights** 57

Slobodan Minić

Analytical and Notation Conventions

Values

The data is shown in the currency we believe best reflects relevant economic processes, regardless of the currency in which it is published or is in official use in the cited transactions. For example, the balance of payments is shown in euros as most flows in Serbia's international trade are valued in euros and because this comes closest to the measurement of real flows. Banks' credit activity is also shown in euros as it is thus indexed in the majority of cases, but is shown in dinars in analyses of monetary flows as the aim is to describe the generation of dinar aggregates.

Definitions of Aggregates and Indices

When local use and international conventions differ, we attempt to use international definitions wherever applicable to facilitate comparison.

Flows – In monetary accounts, the original data is stocks. Flows are taken as balance changes between two periods.

New Economy – Enterprises formed through private initiative

Traditional Economy – Enterprises that are/were state-owned or public companies

Y-O-Y Indices – We are more inclined to use this index (growth rate) than is the case in local practice. Comparison with the same period in the previous year informs about the process absorbing the effect of all seasonal variations which occurred over the previous year, especially in the observed seasons, and raises the change measure to the annual level.

Notations

CPI – Consumer Price Index

Cumulative – Refers to incremental changes of an aggregate in several periods within one year, from the beginning of that year.

H – Primary money (high-powered money)

IPPI – Industrial Producers Price Index

M1 – Cash in circulation and dinar sight deposits

M2 in dinars – In accordance with IMF definition: cash in circulation, sight and time deposits in both dinars and foreign currency. The same as M2 in the accepted methodology in Serbia

M2 – Cash in circulation, sight and time deposits in both dinars and foreign currency (in accordance with the IMF definition; the same as M3 in accepted methodology in Serbia)

NDA – Net Domestic Assets

NFA – Net Foreign Assets

RPI – Retail Price Index

y-o-y – Index or growth relative to the same period of the previous year

Abbreviations

CEFTA – Central European Free Trade Agreement

EU – European Union

FDI – Foreign Direct Investment

FFCD – Frozen Foreign Currency Deposit

FREN – Foundation for the Advancement of Economics

GDP – Gross Domestic Product

GVA – Gross Value Added

IMF – International Monetary Fund

LRS – Loan for the Rebirth of Serbia

MAT – *Macroeconomic Analyses and Trends*, publication of the Belgrade Institute of Economics

NES – National Employment Service

NIP – National Investment Plan

NBS – National Bank of Serbia

OECD – Organization for Economic Cooperation and Development

PRO – Public Revenue Office

Q1, Q2, Q3, Q4 – 1st, 2nd, 3rd, and 4th quarters of the year

QM – *Quarterly Monitor*

SORS – Statistical Office of the Republic of Serbia

SDF – Serbian Development Fund

SEE – South East Europe

SEPC – Serbian Electric Power Company

SITC – Standard International Trade Classification

SME – Small and Medium Enterprise

VAT – Value Added Tax