



National Bank of Serbia

Introductory speech at the presentation of the *Inflation Report* – February 2026

Dr Jorgovanka Tabaković, Governor

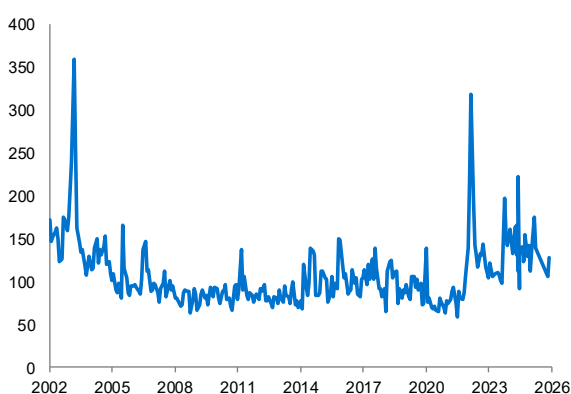
Belgrade, 19 February 2026

Ladies and gentlemen, esteemed members of the press, dear colleagues,

Welcome to the presentation of the February *Inflation Report* where we will give you a summary of our views of the current macroeconomic movements, developments in the period ahead, and an explanation of monetary policy decisions since the previous *Report*.

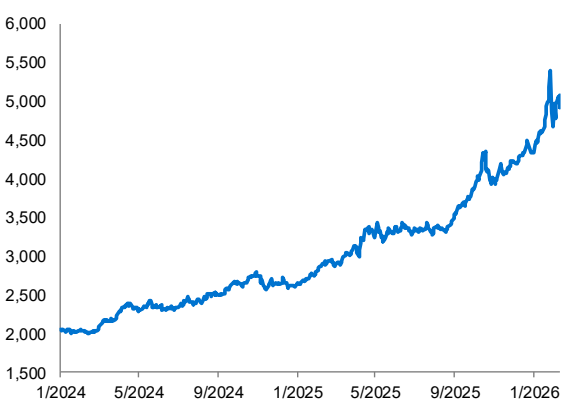
Almost everyone present here follows economic developments not only in our country but also globally, and we are well aware of how challenging the conditions are in which the NBS conducts monetary policy. Although the situation regarding the Oil Industry of Serbia (NIS) is much more favourable than when we last met in November, uncertainty remains pronounced on several fronts. First and foremost, geopolitical and trade tensions between the United States and China remain elevated, as do tensions in relations between the United States and the European Union. Moreover, the conflict in Ukraine continues, while tensions in the Middle East have intensified. All of this is reflected in heightened volatility in commodity and financial markets, particularly in the price of gold, which has recorded significant upward and downward fluctuations within the space of just a few days. Unfortunately, as most analysts and central bankers conclude – a view we share at the NBS – geopolitical conflicts and trade disputes are likely to persist in the period ahead and, given their prolonged nature, may even be said to have become a kind of “new normal”.

Chart 1 Global Geopolitical Risk Index
(in pp)



Source: Caldara and Iacoviello (2022); data downloaded from <https://www.matteoiacoviello.com/gpr.htm>.

Chart 2 Global gold price movements
(USD/troy ounce)



Source: Refinitiv.

In this context, the results achieved through responsible economic policy conduct, together with our consistent commitment to stability, inspire confidence that Serbia will

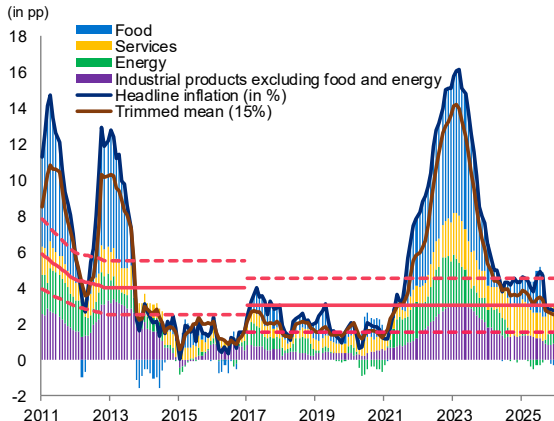
continue to respond effectively to all challenges in the period ahead. I would particularly like to highlight the following:

- Inflation is moving within the NBS target band ($3\pm 1.5\%$) and will remain, according to our projections, within this range in the medium term. The financial sector expects the same in its quantitative short- and medium-term inflation expectations;
- The dinar-euro exchange rate has remained stable, despite numerous challenges;
- The high level of FX reserves exceeds all adequacy criteria, while the further increase in the share of gold has proved a sound strategy and a safe haven in uncertain times. Although, within just a few days in late January and early February, the price of gold first soared and then plummeted, the upward trend has been maintained, and most analysts expect it to continue;
- Borrowing conditions have become more favourable, with the NBS supporting the financing of consumption and investment. These conditions are particularly favourable for lower-income citizens, helping improve their living standards. As a result, bank lending in December was 15.4% higher than a year earlier, with double-digit growth recorded both in corporate and household lending;
- Despite pronounced uncertainty, the financial sector has remained stable and resilient, and the country's credit rating has been maintained by all three major rating agencies, including investment-grade status from Standard & Poor's;
- Economic activity in Serbia, having faced considerable challenges throughout the year, would certainly have accelerated more markedly in the final quarter of last year had sanctions not been imposed on NIS.

Therefore, responsible conduct of economic policy has delivered results even in exceptionally complex circumstances. Fundamentals have been strengthened and buffers built, enabling our economy to demonstrate a high degree of resilience to external risks in the period ahead, as has been the case so far.

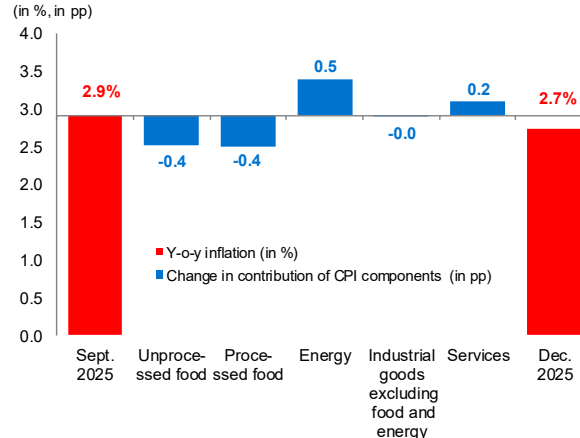
I will now turn in somewhat greater detail to macroeconomic developments, our expectations and monetary policy decisions.

Chart 3 Contribution of main CPI components to y-o-y inflation (in pp)



Sources: SORS and NBS calculation.

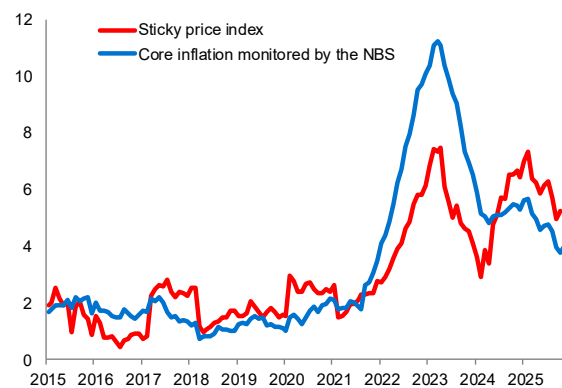
Chart 4 Y-o-y inflation and change in the contribution of main CPI components to y-o-y inflation (in %, in pp)



Sources: SORS and NBS calculation.

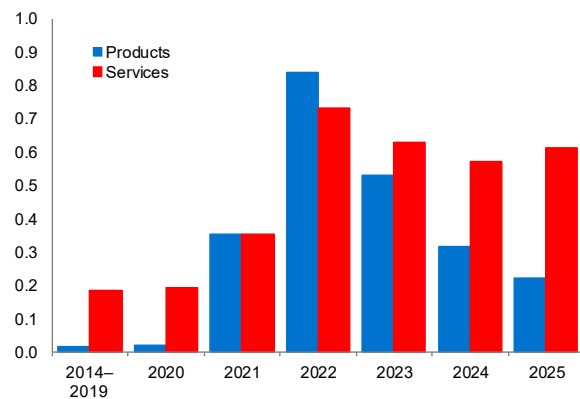
In line with our projection from the November *Inflation Report*, y-o-y inflation during the final quarter of 2025 moved slightly below the 3% midpoint, declining to 2.7% in December. This trend was driven primarily by food prices, which recorded negative y-o-y growth rates, largely as a result of the government Decree on Special Conditions for Trade in Certain Types of Goods. Core inflation, which excludes the prices of food, energy, alcohol and cigarettes and is therefore far less affected by the Decree, stood at around 4% y-o-y in the final quarter of last year, around 1.6 pp lower than at the beginning of that year. The slowdown in core inflation was supported by more moderate growth in the prices of goods and services, confirming that inflation would have slowed towards the end of last year even without the introduction of the Decree. In one of the text boxes in this *Report*, we have analysed price rigidity within core inflation in Serbia over a longer period, based on the frequency of monthly price changes across individual categories of goods and services, classifying them into flexible and sticky price groups. We have concluded that, following the outbreak of the pandemic, the frequency of price changes within core inflation increased. In 2022, this process was driven primarily by the more flexible price categories, particularly industrial goods, whereas sticky prices – mainly of services – have, over the past two years, tempered the decline in core inflation.

Chart 5 Core inflation in Serbia and its supplementary measures
(monthly, y-o-y change in %)



Sources: Eurostat, SORS and NBS calculations.

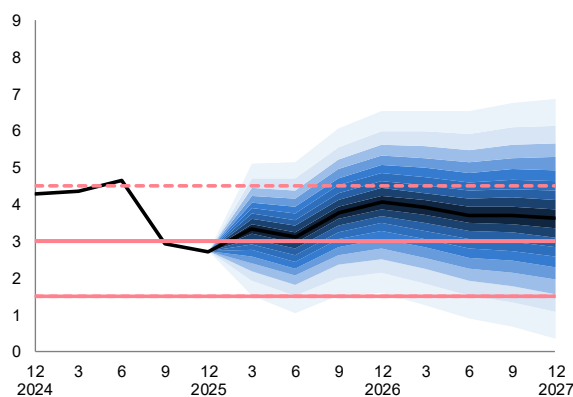
Chart 6 Dynamics of product and service prices within core inflation
(average monthly changes, in %)



Sources: SORS and NBS calculations.

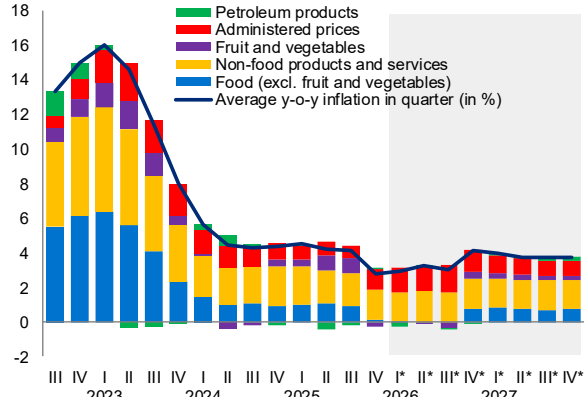
Our new inflation projection is similar to that in November – we expect y-o-y inflation to remain around the target midpoint until September this year, and then, owing to the low base effect, primarily in food prices, to amount to around 4% at the end of this year. Such inflation trajectory will be underpinned by the anticipated expiration of the Decree, though margins are not expected to return to their pre-decree levels as the adoption of an appropriate legal framework will improve market regulation and prevent unfair trade practices. Wage growth and the resulting rise in income disposable for consumption should drive up demand, but not to an extent that would cause stronger inflationary pressures. Moreover, wage growth will mostly go hand in hand with productivity gains, so no major inflationary pressures are expected on account of labour costs either. By contrast, we expect cost-push pressures from the international environment to stay low

Chart 7 Inflation projection
(y-o-y rates, in %)



Source: NBS.

Chart 8 Contributions to y-o-y inflation by component
(average y-o-y rates, in pp)



Source: NBS.
* NBS projections.

and we have assumed the new agricultural season to be better than last year, boosting the supply of fruit and vegetables. In 2027, we expect demand to rise further due to the hosting of “Expo” and we therefore project average inflation at 3.8%.

Prolonged global uncertainty, rising protectionism and pronounced geopolitical tensions, together with social and political developments at home, caused economic growth in 2025 to slow to 2.0%, according to the SORS estimate. Instead of accelerating more robustly in Q4 2025, economic activity maintained a growth dynamic similar to that in the earlier part of the year, posting y-o-y growth of 2.2%, due to the enforcement of US sanctions on NIS in October and the consequent reduction in output across the manufacturing sector. At year-level, economic growth in 2025 was driven by the services sector, followed by industry, primarily owing to increased production capacity in the automotive industry. A decline in activity was recorded in construction at year-level, although a significant recovery was achieved in the final quarter, with y-o-y growth of 10.6%. A smaller decline was registered in agriculture due to unfavourable weather conditions for the production of autumn crops and fruit.

A positive development is the preliminary agreement on the acquisition of a majority stake in NIS by the Hungarian company MOL, which should ensure the continuation of oil-industry production and reduce uncertainty regarding energy supply. Taking this into account, we expect GDP growth to accelerate to 3.5% this year. Growth will be

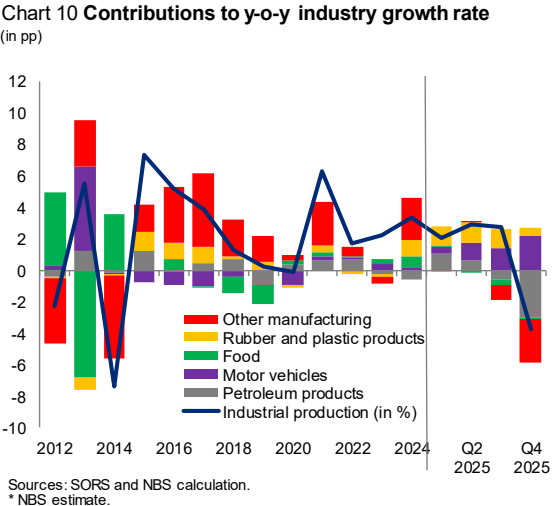
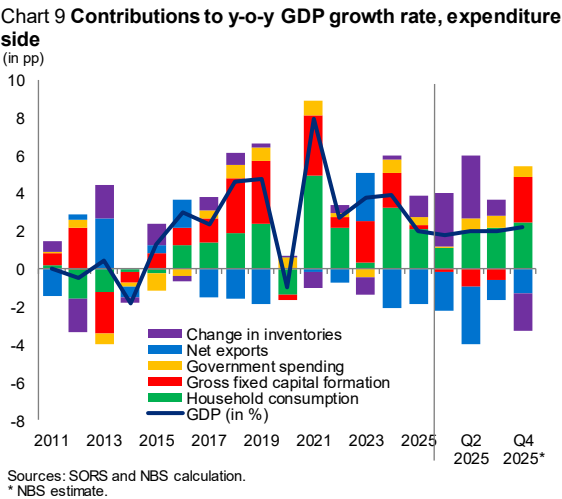


Chart 11 GDP growth projection
(y-o-y rates, in %)

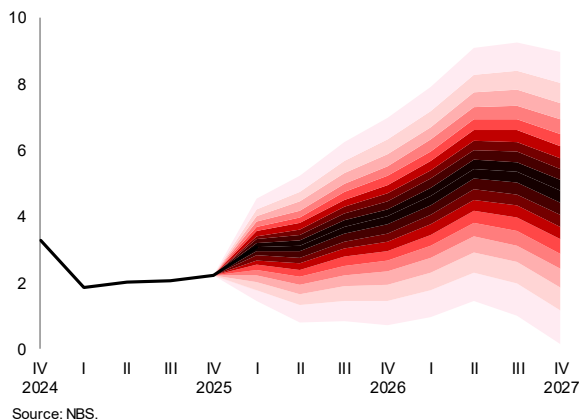
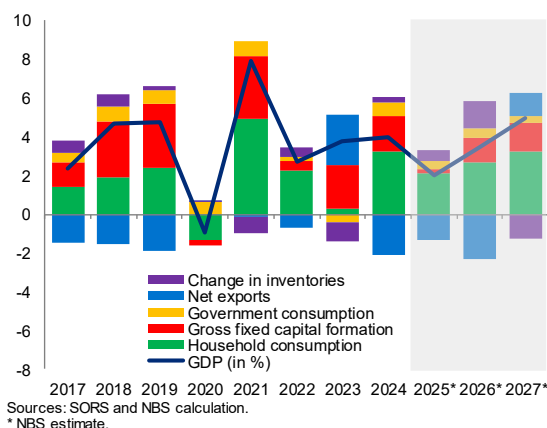


Chart 12 Contributions to real GDP growth
(in pp)

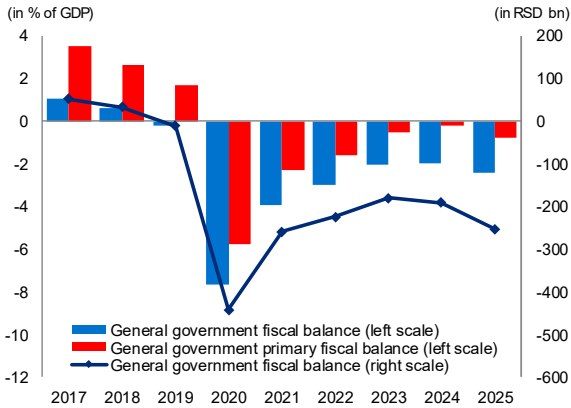


driven by domestic demand, with both consumption and fixed investment making a positive contribution. Consumption growth will be supported by higher disposable income resulting from wage and pension increases, as well as more favourable lending conditions, while the implementation of infrastructure projects planned under the “Leap into the Future – Serbia Expo 2027” programme will prop up investment growth. As imports are projected to grow faster than exports amid still subdued external demand and rising investment and disposable income, we expect net exports to make a negative contribution. We project GDP growth of around 5% in 2027, with the acceleration relative to 2026 driven by higher exports of services as a result of hosting the specialised international exhibition “Expo”. In the medium term, we anticipate stable economic growth around its potential level in the range of 3.5–4% per annum.

Despite last year’s economic slowdown, the fiscal and external position have been preserved, which, coupled with the built-up reserves, indicates our economy’s resilience to external challenges. In 2025, the fiscal deficit measured 2.4% of GDP and was below the planned 3%. This contributed to a continued downward trajectory of public debt share in GDP, which came at 44.8% at year end.

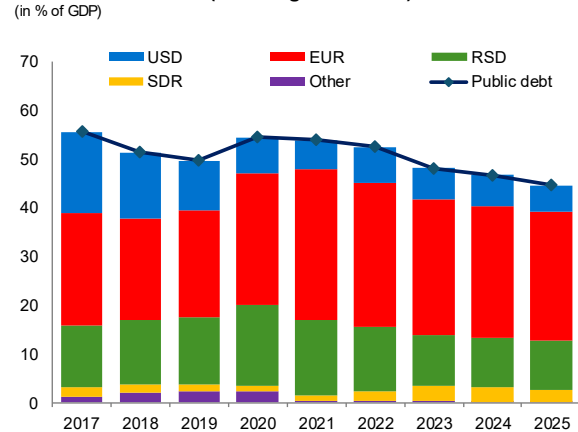
The current account deficit share in GDP in 2025 was consistent with our November projection, equalling 4.8%, slightly more than in 2024. The higher current account deficit in

Chart 13 Fiscal and primary balance of the general government budget



Source: Ministry of Finance.

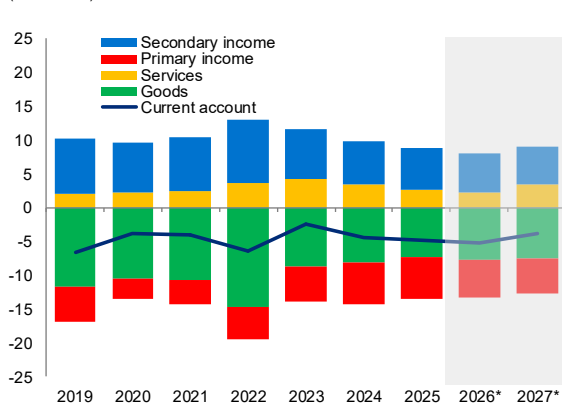
Chart 14 Public debt (central government)



Source: Public Debt Administration.

2025 was mainly the result of the lower surplus in services trade, mostly due to higher net import of tourist services, while the export of information-communication services continued to record a double-digit growth rate. On the other hand, owing to exports rising faster than imports, trade in goods deficit was lower than in 2024. Specifically, despite the still lower external demand, goods export went up by 8.7% in 2025, on the back of higher export of manufacturing, with 19 out of 23 areas recording growth, the strongest contributions coming from branches associated with the automotive industry. At the same time, goods import rose by 6.3%, with the positive contributions in all three categories – intermediate goods, consumer goods and equipment. On the financial account, the greatest inflow came from FDIs worth EUR 3.5 bn. Owing to increased resident investments abroad, the net FDI inflow amounted to EUR 2.3 bn. Lower inflow of FDIs last year was also seen in other countries in the region, amid increased global uncertainty fuelled by the tightening of trade policies and heightened geopolitical

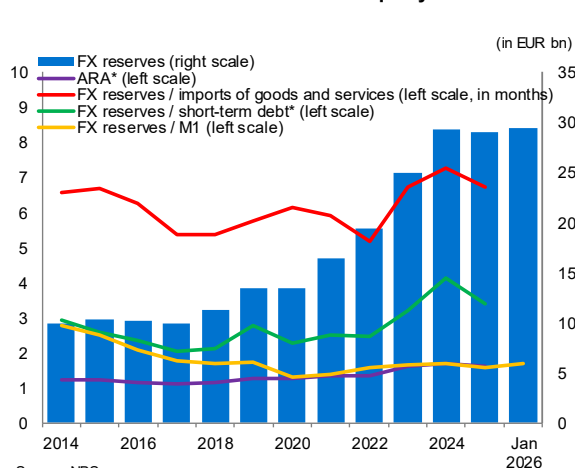
Chart 15 Current account and FDI projection



Source: NBS.

* NBS projection.

Chart 16 FX reserves and relevant adequacy indicators



Source: NBS.

* Sep 2025.

tensions, while the lower inflow to Serbia also reflected social and political tensions in the country.

Chart 17 RSD/EUR exchange rate and FX interventions

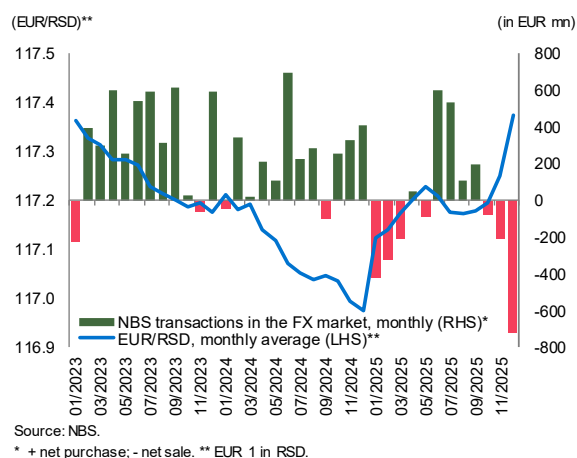
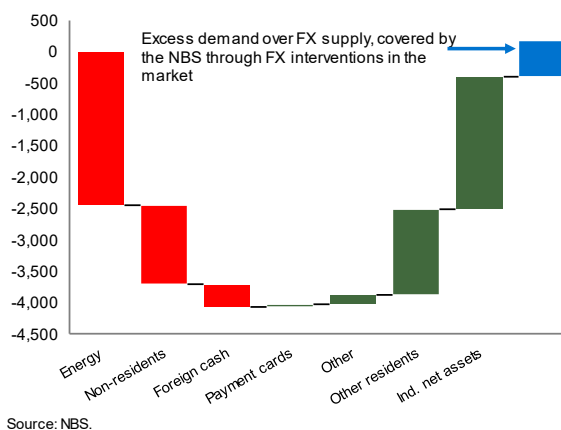


Chart 18 Factors in the FX market in 2025



In the last quarter of 2025, the depreciation pressures prevailed in the FX market, under the impact of seasonal factors, such as energy imports and dividend payment by some foreign-owned companies, as well as the uncertainty associated with the sanctions imposed on NIS. In nominal terms, the dinar value against the euro was 0.2% lower at end-December than at end-2024. To preserve the relative stability of the dinar exchange rate against the euro, the NBS sold EUR 580 mn worth of foreign currency in the FX market in 2025, the first annual net sale since 2020. You can read more about the specificities of the effects of factors in the domestic FX market in 2025 in one of our text boxes in the *February Report*. The depreciation pressures extended into early 2026, mainly reflecting a seasonal growth in FX demand of energy importers, as well as other companies looking to settle their FX liabilities, therefore the NBS sold EUR 610 mn in the FX market in January. Nevertheless, the country's FX reserves are at a record and adequate level, equalling EUR 29.4 bn at end-January, boosted by the rising price of gold and its higher quantity in FX reserves.

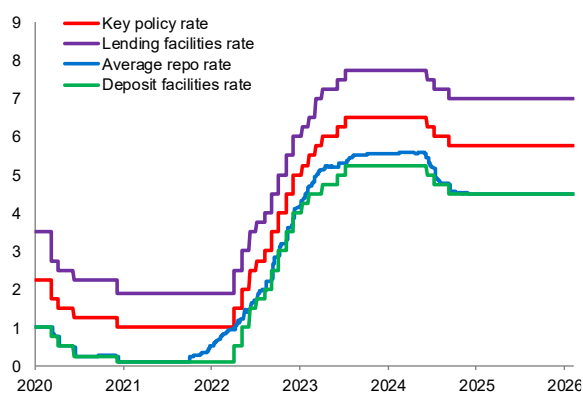
In the period since the previous *Report* we have kept the key policy rate unchanged at 5.75%, where it has stood since September 2024. When making monetary policy decisions, we were aware that the slowdown in y-o-y inflation to the level below the target midpoint, which began in September 2025, was largely attributable to caps on trade margins on food items, as well as that the adoption of systemic laws aimed at preventing unfair commercial practices, together with a cautious monetary policy, will

be conducive to inflation moving within the bounds of the target tolerance band over the medium term. Also, we took into account the fact that pronounced geopolitical and trade tensions among leading world economies are still present and can impact the prices of primary commodities, supply chains and capital flows to emerging countries, including Serbia. As a matter of fact, this was confirmed by volatile movements in the global commodity and financial markets at the end of last year and the beginning of this. Moreover, it should be noted that against the backdrop of preserved price and financial stability, we also supported economic growth in the past year by maintaining the relative stability of the exchange rate and by ensuring more favourable credit financing terms. This resulted in double-digit y-o-y growth in lending to corporates and households. Also, in December interest rates on dinar loans to households dropped to a historic minimum of 8.2% as more favourable household borrowing was enabled for citizens with a monthly income of up to RSD 100,000, in accordance with the NBS's supervisory expectations.

Credit growth, with the preserved quality of bank assets, resulted in the share of NPLs in total loans edging down to a new minimum of 2.1%.

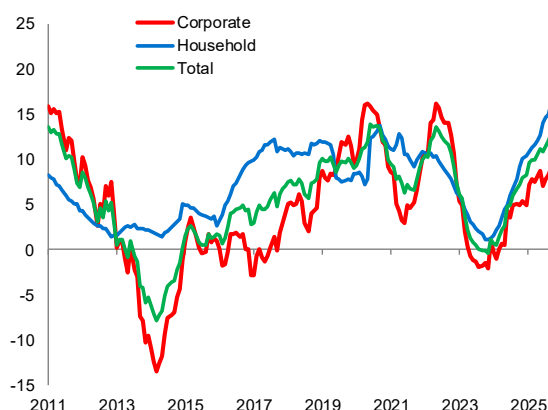
It should be noted that late last year we decided that as of 15 December this year, the countercyclical capital buffer rate of 0.5% should be applied. In this way, a capital buffer is created which can be released should the systemic risks materialise, thus ensuring smooth lending to the real sector and fortifying the financial system resilience to potential shocks from the global environment. Of the 30 European countries, 25 have applied the rate higher than zero since the start of this year. You can read more about this in one of our text boxes in the *Report* we are presenting today.

Chart 19 **Key policy rate and average repo rate**
(in %)



Source: NBS.

Chart 20 **Corporate and household lending**
(y-o-y growth rates, in %, at constant exchange rate, 30 September 2024)



Source: NBS.

Ladies and gentlemen, dear colleagues,

Current and expected macroeconomic movements are the result of consistent work and efficient coordination of economic policy makers – the Serbian Government and the NBS – and are of critical importance for the confidence in our economy. And this is not merely our assessment. Allow me to share some of the observations from the reports of relevant international institutions which carefully monitor our work, notably the IMF and rating agencies. The IMF recently commended the fact that the NBS continued to pursue a cautious monetary policy, noting that it thus preserved its credibility. Rating agencies emphasized in particular the high level of FX reserves, the preserved relative stability of the dinar-to-euro exchange rate, responsible monetary policy conduct and a stable and resilient financial sector as some of the most important factors behind the favourable assessments of our rating. Moreover, Moneyval's latest report underlines the high level of alignment between Serbia's legislative and institutional frameworks and international standards, as well as the effectiveness of the system for the prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction in practice, noting that the NBS in particular has shown advanced comprehension of these risks, especially within the banking sector.

All of these elements together form a firm basis of Serbia's economic stability in conditions of pronounced uncertainty. Going forward, and in cooperation with the Government, we will continue to approach all tasks in a responsible manner, maintaining the path of stable and sustainable development and ensuring growth in our economy's competitiveness, as well as a further improvement of our citizens' living standards.

In the remainder of the conference, our colleagues from the Economic Research and Statistics Department will present our projections in more detail, and afterwards we will be here for any questions you may have.