

Serbia | Instant Comment

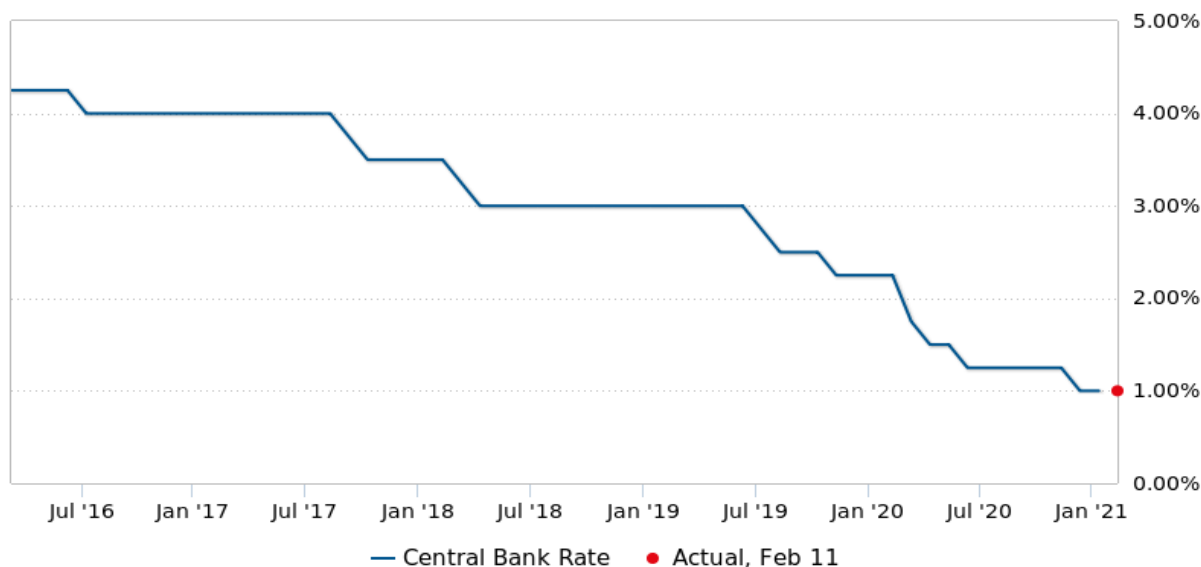
Key rate remains unchanged

Target Rate

Actual, Feb:	1%	Previous:	1%	Erste:	1%	Consensus:	1%
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In line with our and market expectations, NBS left the key rate unchanged at 1% on its February meeting. NBS outlined several factors supporting such a decision. Namely, positive effects from previous cuts are still visible while the announced new fiscal support package will continue to support overall economic trends in the upcoming period.

No change policy early in 2021 was largely expected, following strong easing in 2020, and a total of 125bp cuts of the key rate. **That said, we do expect them to maintain steady easing course**, albeit likely focusing more on the transmission mechanism. As we outlined in our previous reports, further cuts are dependent on the tempo of overall economic recovery alongside inflation developments. Regarding the latter, the NBS sees yearly inflation moving inside the lower part of the targeted band until the end of the forecasted period.



Source: National Bank of Serbia

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