

## SERBIAN COMPOSITE INDEX AS AN INSTRUMENT FOR THE MEASURING OF SHORT-TERM TRENDS OF THE ECONOMIC ACITIVITY (CRISIS)

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### Foreword

The financial crisis in the USA, caused by so-called mortgage loans, escalated in time into an economic crisis that stroke swiftly, in the third and fourth quarter 2008, the rest of the world, and rose to global proportions. It led to a considerable decrease of the economic activity and direct foreign investments, and to an increase of unemployment and protectionism in a great number of countries. In the fourth quarter 2008, Gross Domestic Product (GDP) fell by 1.9% in the USA, by 1.7% in the Euro area, and by 4.5% in Japan. The global economic activity carried on also its descending trend in 2009. According to estimates of the International Monetary Fund, GDP will face its largest real decrease since World War II, and will come to 1.1% at the global level. In Japan it will fall by 5.4%, by 2.7% in the USA, and by 4.2% in the Euro area (European Union 4.2%), while it is approximated to fall by 5.0% in Central and East European Countries. The world GDP is expected to increase by 3.1% only in 2010, owing to the growth of the GDP by 5.1% in

emerging and developing countries, 1.7% in Japan, 1.5% in the USA and 0.3% in Euro area (European Union 0.5%).<sup>3</sup>

The global financial and economic crisis affected negatively also the dynamics of the economic activity in Serbia. After relatively high GDP growth rates within the last few years (average annual growth rate over 2000-2007 is 5.6%), and relatively high GDP growth rates in the first and second quarters 2008 compared to the same period in the previous year, of 8.8% and 6.4% respectively, the economic activity started to slacken. As shown in table 1, the GDP growth rates in the third and fourth quarter 2008 when compared to the same period in 2007 amounted to 4.6% and 3.0% respectively. Then, in the first quarter 2009, after a long while, the economic activity revealed for the first time a fall of 4.2%, which, continuing its descending tendency, amounted to 4.0% in the second quarter 2009. When observing the seasonally adjusted series of data a decrease of the economic activity has already started in the third quarter 2008, with a negative rate of 0.6% in relation to the second quarter 2008.

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<sup>3</sup> For more details see: World Economic Outlook October 2009, Sustaining the Recovery, International Monetary Fund, Washington DC, 2009, pp 169-170.