

1. GDP growth rate in Serbia (change to the same quarter in the previous year, %)

| Year/Quarter | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 ¹ |
|--------------|------|------|------|------|------|------|------|------|------|-------------------|
| I | -3.2 | 3.5 | 1.1 | 1.8 | 6.7 | 3.8 | 6.9 | 8.2 | 8.8 | -4.2 |
| II | 25.7 | -0.3 | 4.3 | 5.0 | 4.0 | 7.7 | 5.5 | 7.8 | 6.4 | -4.0 |
| III | 9.2 | 3.3 | 6.7 | 1.5 | 8.2 | 6.6 | 5.5 | 6.4 | 4.6 | |
| IV | -6.2 | 16.1 | 3.2 | 1.7 | 13.7 | 4.3 | 3.3 | 5.5 | 3.0 | |

Source: Quarterly Gross Domestic Product, at constant prices 2002 - 2nd Quarter 2009, Communication NR 40, Number 268 - Issue LIX, Statistical Office of the Republic of Serbia, 30 June 2009.

In such circumstances, economic policy-makers undertook a set of measures to alleviate the consequences of the global crisis and to pull out economy from recession. In order to review in time the effects of the measures, a corresponding indicator need to be produced. This will show the trends of the overall economic activity for a short-term period, unlike the one being published by the official Statistics.

The purpose of this paper is to:

- Define the composite index that will be expressive of the real trends of the total economic activity on monthly basis;
- Review the variations of the composite index;
- Determine the breaking points and lowest level of the composite index, and consequently of the period when the crisis was at its peak.

In order to meet the objectives set forth, the paper is organized, in addition to the foreword and conclusion, in three parts. The first one points out the purpose and need of constructing a composite index of the economic activity. Methodological basis used for its calculation are presented in the

second part, where problems linked to the selection of components and indicators and their aggregation are analyzed. The third part contains data on the level of such a composite index in the national economy and their analysis.

1. Importance of the composite index of the economic activity

The impact of the world financial and economic crisis on the national economy brought out the importance of short-term analysis and necessity of producing an appropriate composite index which would show in short-term dynamics economic activity trends. The Statistical Office of the Republic of Serbia publishes data on quarterly GDP changes at constant prices based on the production approach. Quarterly data on GDP tendencies in Serbia are made available 90 days after expiration of the reference quarter. Practically, the first data on the real economic activity in the current year are available on 30 June. In period of crisis, this may be a too long period for reviewing the effects of measures