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The autumn round of medium-term macroeconomic projections

Sarajevo, November 10, 2026



Compared with the spring round of the 2026-2028 medium-term macroeconomic projections, the expected economic growth and inflation for 2026 have been revised upwards moderately, while the medium-term macroeconomic outlook has remained mainly unchanged

Key messages:

- In this projection round, the CBBH revised the expected real GDP growth for 2026 upwards, from 1.9% to 2.3%. Despite a more favourable short-term outlook, economic growth remains moderate, with expected gradual acceleration to 3.2% in 2027 and 3.5% in 2028, which is mainly in line with the previous round of medium-term projections.

- Domestic demand remains one of the key drivers of economic growth, while private spending is expected to grow by 2.3% in 2026. Despite nominal wage growth, the increased price level continues to limit the purchasing power of citizens and the possibility of stronger consumption growth

- Annual inflation for 2026 has been revised upwards, from 4.7% to 5.1%, although in the September round of the short-term inflation estimate, the short-term outlook indicated the possibility of a slowdown of inflation. An unexpected slowdown of inflation was recorded in June and July, while since September, according to official statistics, inflation pressures have intensified significantly. Therefore, our latest medium-term projections are also closer to those from the spring round than to the nowcast for the third quarter. Risks, primarily related to the persistence of core inflation and a possible delayed transmission of international price pressures, remain evident. Over the medium term, inflation pressures are expected to gradually decline, with projected inflation of 2.8% in 2027 and 2.3% in 2028

- The realisation of the projected developments remains exposed to external and domestic risks. External risks are primarily related to geopolitical uncertainties, trends of energy and food prices on international markets, and the dynamics of the economic recovery of major trading partners. Domestic risks relate to the persistence of domestic inflation pressures, uncertainty regarding the dynamics of investment activity, as well as structural constraints related to the labour market and productivity. An additional risk to the inflation projections is the possible delayed transmission of earlier international price shocks to the domestic market

The Central Bank of Bosnia and Herzegovina (CBBH) publishes the autumn round of projections of key macroeconomic variables for the period 2026–2028. Compared to the previously published medium-term projections from May 2026, moderate upward revisions were made to the expected economic growth and inflation for 2026 in this projection round, while the medium-term macroeconomic outlook remained mainly unchanged. These projections reflect updated data and information on domestic economic trends and the international macroeconomic environment, which is still marked by obvious uncertainty and inflation pressures (Table 1).

Table 1. Selected macroeconomic indicators

	Second round of projections in 2026; November						First round of projections in 2026; May					
	Official data at the moment of			Projections			Official data at the moment of			Projections		
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
	Changes at the annual level, %											
Real GDP	3,7	2,5	2,3	2,3	3,2	3,5	3,8	2,6	2,1	1,9	3,3	3,5
Inflation (consumer price index)	6,1	1,7	4,0	5,1	2,8	2,3	6,1	1,7	4,0	4,7	2,8	2,5
Individual spending	3,5	4,4	4,1	2,3	2,4	1,7	3,5	4,4	2,3	2,2	2,0	1,7
Government spending	2,1	2,8	2,4	2,4	2,0	1,5	2,1	2,8	2,8	2,4	2,0	1,5
Investment	3,0	8,7	0,0	3,1	5,2	4,6	3,0	8,7	6,8	2,1	3,4	4,4
The total exports of goods and services	-1,2	-1,6	3,4	2,6	6,6	4,8	-1,2	-1,6	2,5	3,2	3,5	5,5
The total imports of goods and services	-1,2	4,8	4,3	2,9	5,3	2,2	-1,3	4,7	5,3	3,2	1,4	2,5
Individual spending	65,9	67,2	68,3	68,4	67,9	66,7	65,9	67,1	67,2	67,4	66,5	65,4
Government spending	17,6	17,6	17,6	17,7	17,5	17,1	17,6	17,6	17,7	17,8	17,6	17,2
Investment	24,5	26,1	25,5	25,7	26,2	26,5	24,5	26,0	27,2	27,2	27,3	27,5
Net exports	-8,2	-11,1	-11,5	-11,7	-11,5	-10,3	-8,1	-10,9	-12,2	-12,4	-11,4	-10,1

Note: Official data used at the moment of preparing the projections are as of 30 October 2026, and external and technical assumptions for exogenous assumptions of the ECB are as of 10 September 2026.

We expect economic activity to maintain moderate growth dynamics in 2026, with a gradual intensification over the next two years.

Compared to the previous round of projections from May, the outlook for economic growth in the current year has improved slightly. Accordingly, in this round, we estimate real GDP growth in 2026 at 2.3%, which represents an upward revision of 0.4 percentage points compared to the May projections. The upward revision of the GDP projections for 2026 is the result of a more favourable development of the components of personal spending and investment in the first half

of the year. In 2027 and 2028, economic activity is expected to gradually accelerate, with projected growth rates of 3.2% and 3.5%, respectively.

Domestic demand remains one of the main drivers of economic growth, with expected moderate growth of individual spending and a gradual slight recovery of investment activity. Real growth of individual spending in 2026 is projected at 2.3%, slightly above previous expectations. While nominal wage growth contributes to the disposable income of households, the continuing increased price level and the present inflation pressures limit stronger purchasing power growth. Investment continues to be significantly affected by changes in stocks, contributing to fluctuations in their dynamics and increasing uncertainty about future developments. The outlook for investment activity is slightly more favourable and investment dynamics indicates a potentially higher contribution to economic growth in the medium term. External demand continues to be one of the key factors limiting stronger economic growth, due to relatively weak economic activity in Bosnia and Herzegovina's main trading partners. Accordingly, in 2026, we project real growth of the total exports of goods and services of 2.6%, while import growth is expected at the level of 2.9%. In the coming years, a gradual improvement in the international economic environment is expected, as indicated by the projections of relevant international institutions, which should contribute to the intensification of export activity of Bosnia and Herzegovina, especially in 2027. Nevertheless, the contribution of net exports to overall economic growth remains limited, having in mind the expected growth of imports related to domestic spending and investment activity.

Inflation for 2026 has been revised upwards to 5.1%

With regard to inflation, the latest projections point to stronger price pressures in 2026 than previously expected. Average annual inflation, as measured by the consumer price index, is projected at 5.1% in 2026, which represents an upward revision of 0.4 percentage points compared to the May projection round and 0.7 percentage points compared to September's short-term estimates.

September's inflation estimates were revised downwards, primarily due to the unexpected slowdown of annual consumer price growth in June and July, which was partly due to the decline of food and non-alcohol beverage prices at the annual level, as well as a weaker transmission of the initial growth of transport prices and utility costs to other components of consumer prices.

However, the risk of a renewed acceleration of inflation from the fourth quarter has materialized, due to the persistence of core inflation and the delayed transmission of international price pressures to the domestic market. According to the latest official statistics, annual inflation in September 2026 reached 6.0%, with the strongest price increases recorded in the categories of transport, housing and utility costs. Such trends indicate the importance of energy and transport costs for the current inflation dynamics, which has largely influenced the revision of the inflation projection in this round.

Over the medium term, inflation is expected to slow gradually, to 2.8% in 2027 and 2.3% in 2028, assuming that external price pressures stabilise. Nevertheless, the risks to the fulfilment of the inflation projections remain asymmetric, with a stronger possibility of inflation deviating upwards from the baseline projection scenario. Key external risks are related to uncertainty about international energy and food prices, and the possible delayed transmission of previous price shocks to the domestic market. Domestic risks primarily arise from the persistence of core inflation, rising labour costs, and the transmission of energy and transport price increases to other categories of consumer prices. The materialisation of these risks could slow down the expected weakening of inflation pressures over the medium term.

Our projections so far have proven to be very reliable, even in emergencies such as the pandemic, the subsequent inflation shock and floods, or the unprecedented increase of labour costs, and are in line with the trends in the projections of other relevant institutions. We plan to publish the results of the next round of medium-term macroeconomic projections for the period 2027-2029 for April 2027. Nowcasts of economic activity and inflation, which may indicate the direction and intensity of the revisions of the medium-term projections of real GDP and inflation, will be published at the end of each quarter. The first following publication of nowcasts is planned for December 2026.