

BULGARIAN ECONOMY

Monthly Report

4/2017

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Main topics:

- » Short-term Business Statistics
- » Labour Market and Incomes
- » Inflation
- » External Sector
- » Financial Sector
- » Fiscal Developments
- » Tabl. Key Economic Indicators

Highlights

According to **NSI flash estimates**, GDP increased by 3.4% yoy (s.a. data) in Q1 2017 driven by the 4.1% increase in final consumption. Export went up by 7.2%, while the growth of import was 10.6%. At the same time, gross fixed capital formation decreased by 5.4%.

Short-term business statistics reported positive developments in March, as the industrial production and sales kept up the momentum, the construction output index returned to growth and retail trade continued on the increase. The **overall business climate indicator** improved further in April due to better assessments in retail trade and construction. Only the **consumer confidence indicator** decreased again.

The working age labour force (15-64) in Q1 2017 went up to its level in Q1 2016 on the account of the age groups 45-54 and 55-64 which have almost offset the long-lasting tendency towards a smaller labour supply inflow in the younger age groups. The **average wage** growth for the whole economy accelerated to 9.1% yoy in nominal terms due to the slower pace of the em-

ployees' increase, while the overall wage bill growth remained comparable with the one in the end of 2016.

Consumer prices (as measured by the HICP) went up by 0.5% mom in April mainly on the account of higher prices for footwear and garments and unprocessed food as well as several administered prices hikes. **The annual inflation rate** accelerated further to 1.7% yoy and the negative core inflation narrowed to just -0.1% yoy.

The **current account balance** improved in February, reaching a surplus of EUR 316.8 mln. Both import and export of goods were supported by higher international prices as well as traded quantities, but export outpaced import. Meanwhile, export of service decreased in the month. Following monthly developments, the current account surplus improved to 0.6% of projected GDP in the first two months.

Credit to the private sector gathered momentum in March, up by 3.8% yoy. Corporate credit accelerated the most, but consumer credits and mortgages picked up as well. **Bad and restructured credits** declined further by 9.2% yoy, thus their share in total credits to non-financial corporations and households narrowed to 15.6%.

According to preliminary data on a cash basis, **the surplus of the consolidated fiscal program** accounted for BGN 1.1 bn (1.1% of projected GDP) in Q1 2017. The positive fiscal outcome resulted from higher revenues over expenditures both on the national budget (1% of projected GDP) and EU funds account (0.1% of projected GDP). ■



SHORT-TERM BUSINESS STATISTICS

Industrial turnover¹ accelerated to 15.1% yoy in March (fig. 1) due to the favourable dynamics of foreign industrial sales, up 34.8% yoy. *Manufacture of basic metals* had a major contribution for the reported increase as prices and volumes of sales continued to grow. At the same time, the increase of domestic turnover slowed down to 2.2% yoy as a result of negative developments in *electricity, gas, steam and air conditioning supply*.

Industrial production growth also accelerated to 5.9% yoy in March. *Manufacture of basic metals and fabricated metal products, except machinery and equipment* which are oriented primarily towards foreign markets contributed the most for the reported increase.

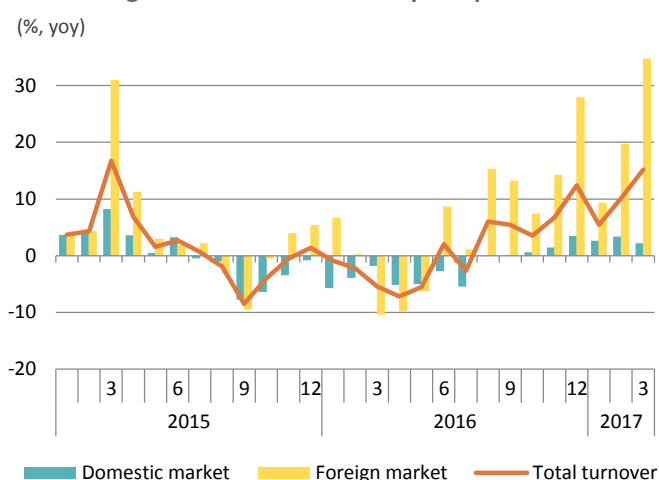
Construction production index returned to growth, up by 5.6% yoy in March, for the first time since end-2015 (fig. 2). *Building construction* increased by 12.1% yoy as its positive development observed since the beginning of the year continued. Meanwhile, the decline in *civil engineering* narrowed to 1.5% yoy.

Retail trade also reported favourable developments as its growth reached 6.3% yoy in March. *Retail sales of computers, peripheral units and software* posted the largest increase of 21.5%, followed by *sales of textile, clothing, footwear and leather goods*, up by 18.2%. Only *retail trade of automotive fuel* continued to decline, down by 11.7%.

In April the **consumer confidence indicator** decreased by 2.9 points compared to March (fig. 3). Assessments regarding the economic situation in the country worsened and unemployment expectations were unfavourable.

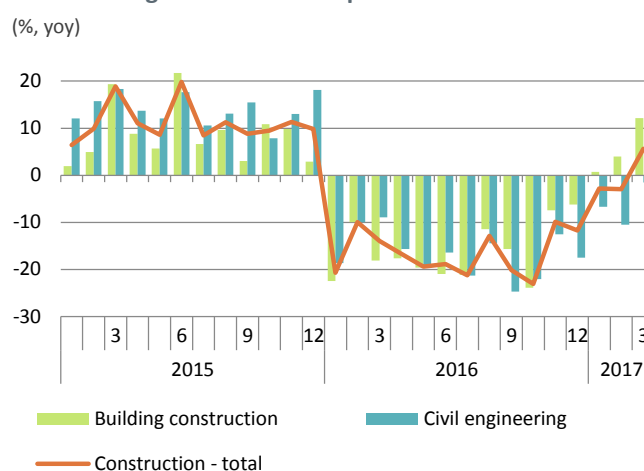
The overall **business climate indicator** increased by 0.7 points in April (fig. 4 and 5) due to improved assessments in retail trade and construction. Expectations in both sectors were optimistic. The business climate

Fig. 1: Industrial turnover by components



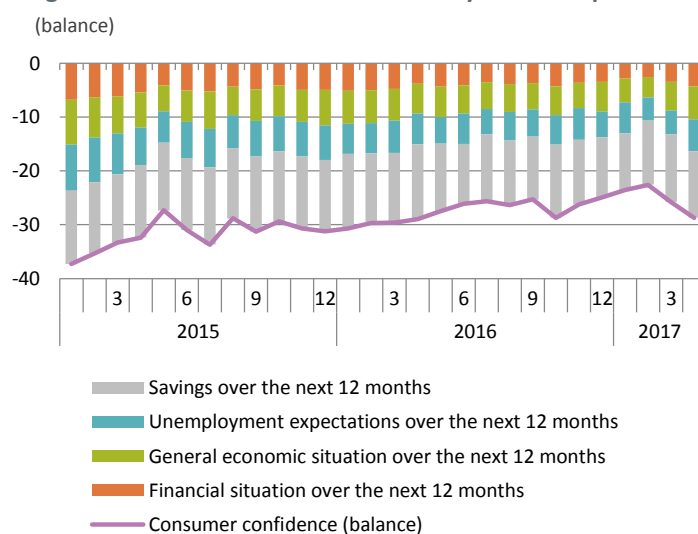
Source: NSI

Fig. 2: Construction production index



Source: NSI

Fig. 3: Consumer confidence indicator by main components



Source: Eurostat

¹ According to NSI methodology, the industrial turnover index reflects changes in both volume of sales and prices, while for the industrial production index compilation, the value of enterprises' production is deflated by the producer price index in order to isolate the price fluctuations.

indicator in services was close to its March level despite the higher registered demand. Industrial production and orders increased in line with higher capacity utilization, however, the expectations were more reserved.



LABOUR MARKET AND INCOMES

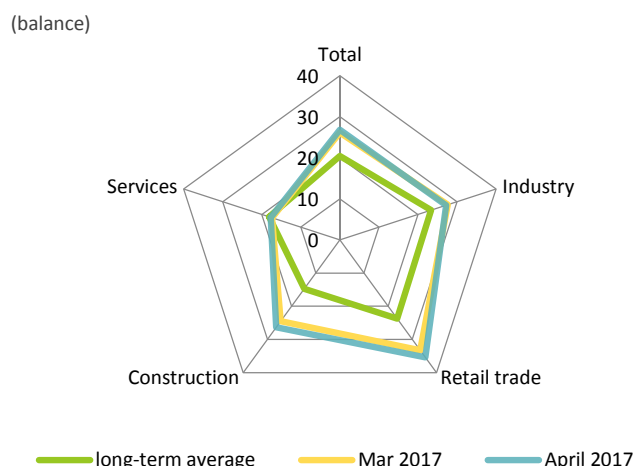
The **participation rate of the population (15-64)** increased to 69.2% in Q1 2017 largely on the account of the higher labour force participation in the age groups 45-54 and 55-64, after the decrease reported in the second half of 2016 (fig. 6). This was most likely due to the gradual increase in the required retirement age and length of service which kept them longer on the labour market. Developments in these age cohorts since the beginning of 2017 have almost offset the long-lasting tendency towards a smaller labour supply inflow in the younger age groups. Thus, the working age labour force (15-64) went up to its level in Q1 2016. **The unemployment rate** in the first quarter of 2017 continued to decrease in yoy terms to 6.9% (LFS) which was accompanied by higher employment for both employees in the private sector and self-employed.

The **average wage** for the whole economy increased by 9.1% yoy in nominal terms in Q1 2017. It accelerated somewhat over the last quarter of the previous year due to the slower pace of the employees' increase, while the overall wage bill increase remained comparable with the one in the end of 2016².

The average wage in the private sector went up by 9.7% yoy and contributed the most to the wage increase average for economy. In the manufacturing industry the strongest wage growth reported the private export-oriented enterprises, where demand of labour was also the highest, such as *manufacturing of computer, electronic and optical products, manufacturing of electrical equipment and manufacturing of transport equipment*. The biggest increase in the num-

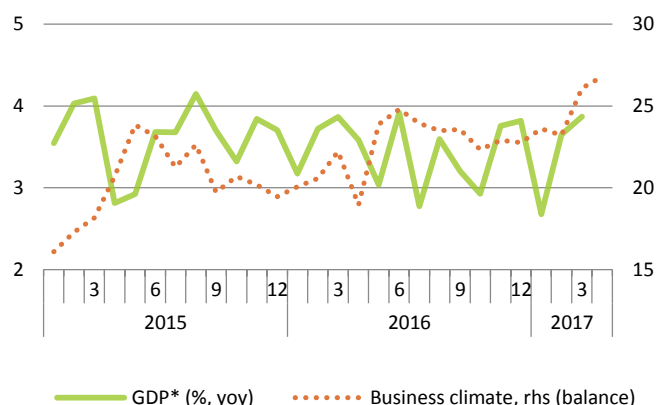
² According to the short-term statistics on employment and labour costs.

Fig. 4: Business climate by sectors



Source: NSI

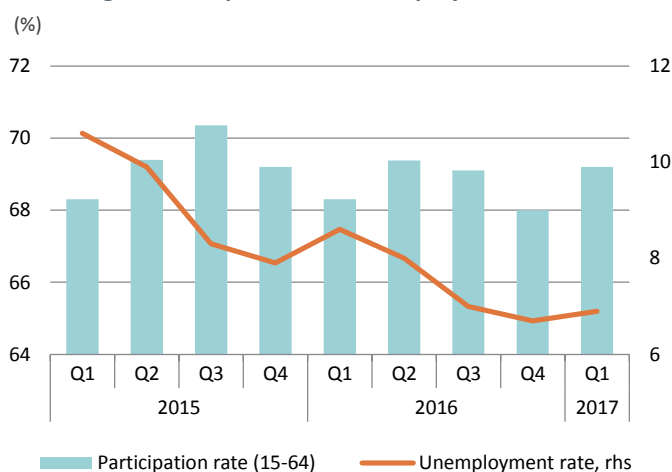
Fig. 5: Business climate and GDP



* Monthly GDP data is obtained using Chow-Lin methodology for temporal disaggregation

Source: NSI, MF

Fig. 6: Participation and unemployment rates



Source: NSI

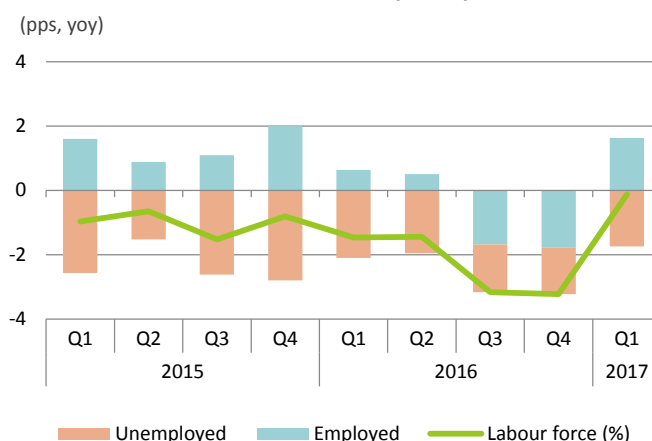
ber of employees in the private sector of services was registered in the relatively high productive branches, such as *information and communications* and *professional activities and research*, which supported the double-digit wage growth of 10.4% and 13.7%, respectively. Generally, in Q1 2017 there was an increase in the number of jobs across the highly-skilled occupations³ and a decrease among the lowest-skilled levels⁴. That was the reason for the observed stronger wage growth than the average for the economy in economic activities which have relatively high weight in the overall employees' number and which reported either a slowdown or a slight decrease in the number of employees, such as *trade* and *administrative and subsidiary activities*. The uprise of public sector wages of 7.3% in Q1 2017 also contributed to the total wage growth stronger than a year earlier. The accelerated wage increase in the budgetary sector was due to the *education*, where the average wage growth amounted to 10.1% yoy, up from 1.5% in the last three months of 2016 and 6.4% in the beginning of the previous year. That was in line with the envisaged in the 2017 Budget increase of the minimum wages by occupations in education. While consumer prices increased in Q1 2017 yoy, the real average wage growth in the public sector speeded up to 6.4% and those in the private sector decelerated to 8.9% which determined the overall real wage growth slowdown to 8.3%⁵. Meanwhile, inflation expectations have increased, the real wage growth dynamics corresponded with the weakened assessments of consumers about the financial situation of households in the next 12 months.



INFLATION

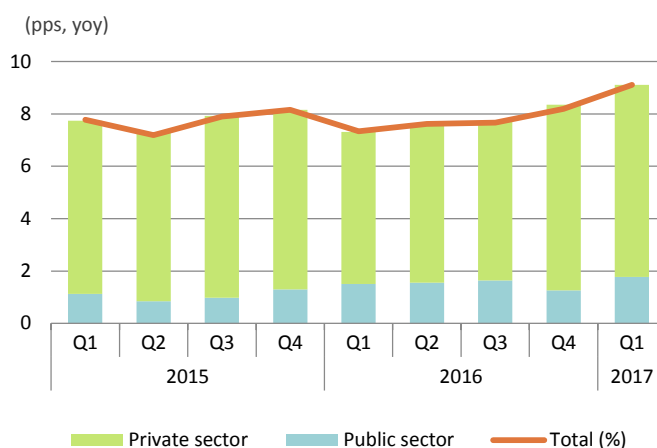
The **harmonized consumer price index** went up by 0.5% mom in April. Higher prices of footwear and garments, up by 4.5%, and unprocessed food, up by 1.6%, accounted the most for the monthly increase in the

Fig. 7: Contributions to the change in the labour force (15-64)



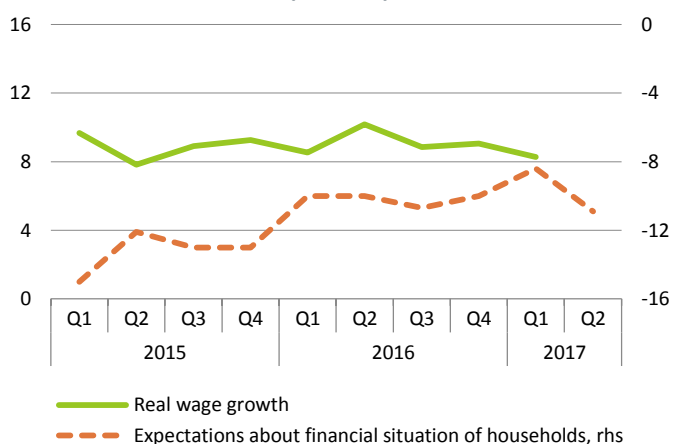
Source: NSI, MF

Fig. 8: Contributions to the average wage growth by economic sectors



Source: NSI, MF

Fig. 9: Real wage growth (%) and expectations about the financial situation of households over the next 12 months (balance)



Source: NSI, MF

³ This group includes managers, professionals and technicians and associate professionals according to the National classification of occupations

⁴ This group includes clerical support workers, service and sales workers, skilled agricultural workers, craft and related trades workers, plant and machine operators, and elementary occupations according to the National classification of occupations.

⁵ Deflated by the HICP.

headline rate. Prices of services (excl. administered prices) also rose slightly, up by 0.2%. International airfares soared by 22.9% during the month, but their positive contribution was almost fully offset by lower prices of package holidays and accommodation in resorts, down by 8% and 9.1%, respectively. Regulated prices also increased, up by 1.1% on average, and added to the monthly HICP increase. There were several hikes during the month, i.e. electricity, up by 0.8%, gas supply, up by 15.7%, and heat energy, up by 16.1%, which together contributed by 0.15 pps. The effect of excise duty changes on prices of cigarettes was only marginal.

The **annual inflation rate** accelerated to 1.7% in April mostly on the account of higher prices of energy and food products on a year earlier (fig. 10). The negative core inflation⁶ narrowed to just -0.1% yoy.

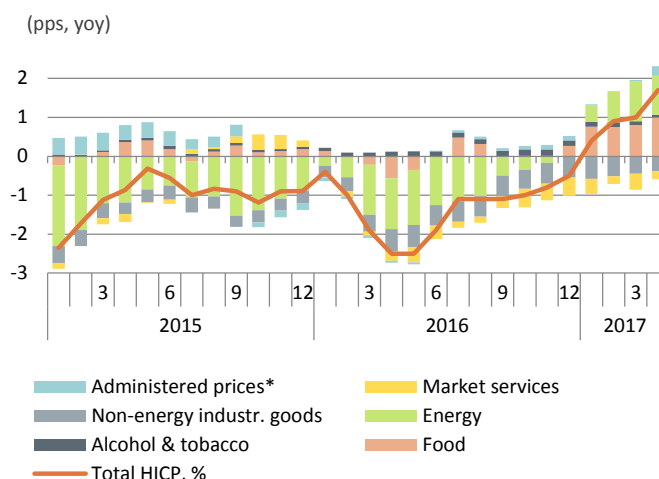
Despite the relative slowdown as compared to early-2017, prices of crude oil sustained their double-digit increase on a year earlier in April (fig. 11). The same held true for metal prices. International food prices also remained on the increase in yoy terms.

EXTERNAL SECTOR

The **current account balance** continued to improve in February, reaching a surplus of EUR 316.8 mln compared with a minimal deficit of EUR 37.7 mln twelve months ago. Export of goods contributed to the better performance growing by 23.3% yoy while import increased more slowly by 19% yoy. They were both supported by higher international prices as well as an increase in traded quantities. Despite the high export dynamics, the trade deficit for the period January-February increased to 0.6% of GDP compared with 0.3% of GDP for the same period in 2016.

Export of services shrank by 19.4% yoy in the month due to lower export of transport services and manufacturing services with input owned by others. Services

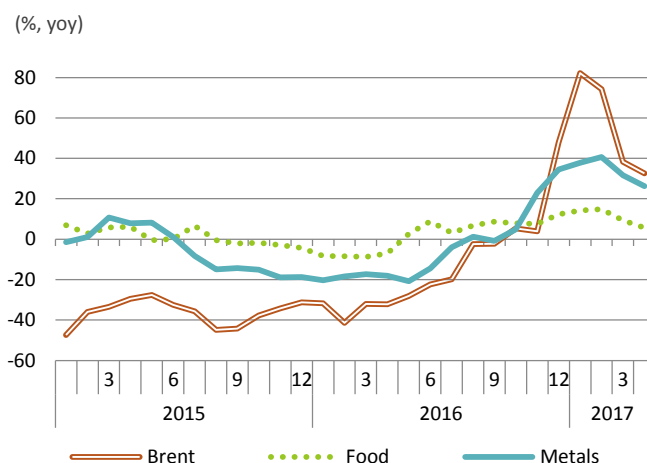
Fig. 10: Contributions by main HICP components



* The index of administered prices is calculated as a weighted average of all elementary aggregate groups (goods and services) the prices of which are set or influenced to a significant extent by the government.

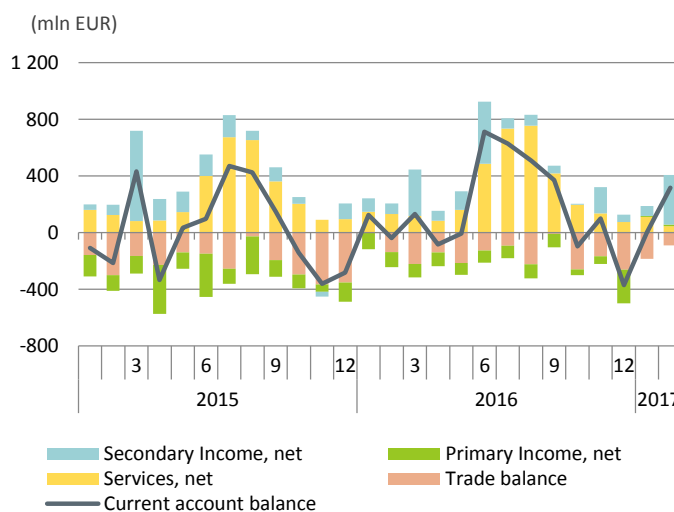
Source: NSI, own calc.

Fig. 11: International prices of major commodities in euro



Source: World bank, MF

Fig. 12: Current account by components



Source: BNB

⁶ The total index excluding energy and unprocessed food, also referred to as underlying inflation.

import rose by 1.8% yoy in February. The overall services surplus narrowed to 0.3% of projected GDP in January-February from 0.6% of GDP in the same period a year earlier.

Primary income balance improved in yoy terms in February, following higher income payments to Bulgarians working abroad and lower investment payments to non-residents. Secondary income balance rose 3.7 times on a year earlier due to higher EU transfers to the General government. The surplus on the current account improved to 0.6% of projected GDP in January-February compared with 0.2% of GDP in the same period of 2016.

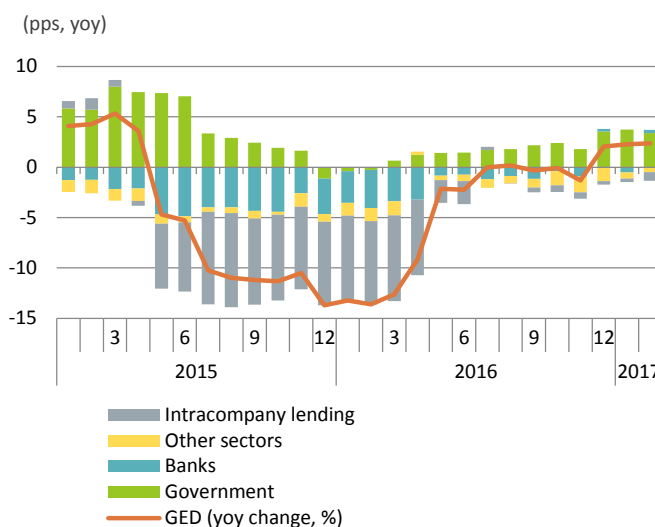
Gross external debt (GED) decreased in absolute value and reached 68.9% of projected GDP as at end-February. As regards the maturity structure of the GED, about 23% (EUR 7.8 bn) was short-term debt, up by 2.8% yoy. About half of the long-term debt is FDI related debt. Net external debt dropped to 3.8% of projected GDP from 11.5% a year earlier.

FINANCIAL SECTOR

International reserves slightly decreased in April, down by 1.7% mom and amounted to EUR 23.6 bn. This was due mainly to bank reserves, down by 9.4% mom, and the deposit of BNB Banking Department, down by 0.5% mom. All other components registered a positive monthly change. Other depositors' account registered the biggest monthly increase of 5.1%. The Government deposit with the BNB was up by 3.9% mom and partly reflected the reopened in April issue of 4-year BGN-denominated government securities offered successfully to the amount of BGN 60 mln. The annual growth of the official reserves slowed down to 9.3% vs. 12.6% yoy as of end-March. The biggest positive contribution came from bank reserves and notes in circulation, up by 11.4% and 11.3% yoy, respectively.

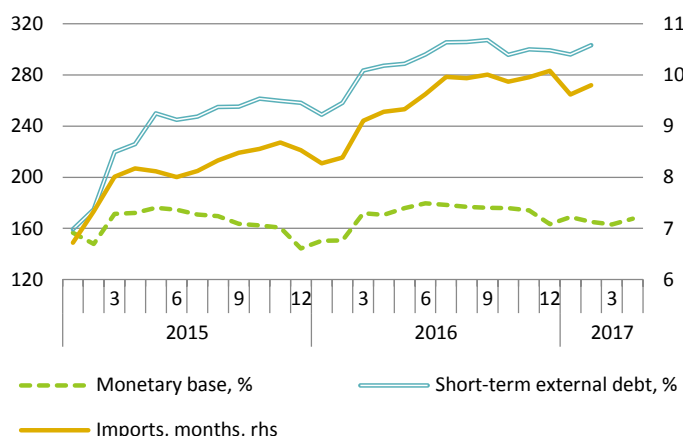
Credit to the private sector gathered momentum in March and grew by 3.8% yoy after recording a 3.4% annual increase as at end-February (fig. 17). Corporate

Fig. 13: Gross external debt by institutional sectors



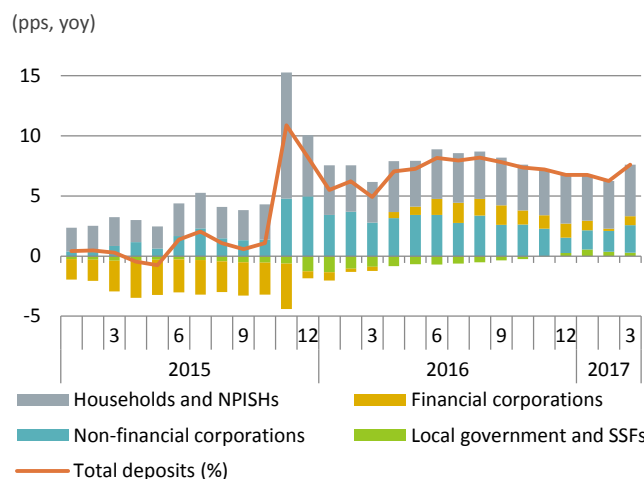
Source: BNB

Fig. 14: Coverage with FX Reserves



Source: BNB, MF

Fig. 15: Contributions to annual growth of total deposits by institutional sectors



Source: BNB

credit accelerated the most (from 1.9% to 2.5% yoy) and was the main driver of the faster private credit growth. The corporate overdraft reported positive annual growth of 0.3% for the first time since November 2015. Consumer credits and mortgages picked up as well, up by 3.3% and 2.4% yoy, respectively (3% and 2% a month earlier). The decline of **bad and restructured credits** speeded up to 9.2% yoy in March. They dropped by 1.3% over the previous month, thus their share in total credits to non-financial corporations and households narrowed to 15.6% after staying at 15.9% for three consecutive months.

Weighted average interest rate on credits to non-financial corporations dropped by 11 bps in March (table 1). The rate on corporate loans in EUR was solely responsible for the decline, going down by 26 bps. On the other hand, the BGN and USD denominated credits climbed compared to the previous month. The monthly volume of new corporate loans came higher than in the same period of 2016, up by 7.6%. The price of consumer loans fell in March by 61 bps, while the mortgage rate went down by 7 bps compared to February. Both types of households' credits saw their monthly volumes go up in yoy terms, up by 63.9% for mortgages and 27.4% for consumer credits.

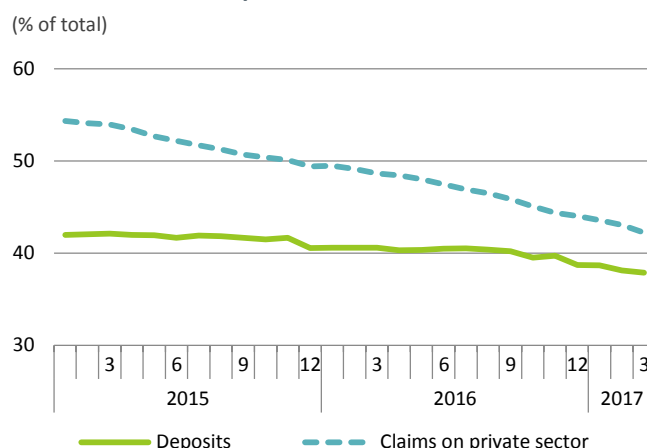
Weighted average interest rate on time deposits went up by 6 bps mom in March behind a 40 bps increase of the average rate on non-financial corporations' deposits, while the average rate on deposits from households was down by 5 bps. In terms of currency structure, both the rates on local currency and euro denominated deposits contributed to the decrease, down by 4 and 10 bps, respectively. The total monthly volume of new time deposits reached BGN 1.27 bn which was down by 8.3% compared to March 2016 (table 3).



FISCAL DEVELOPMENTS

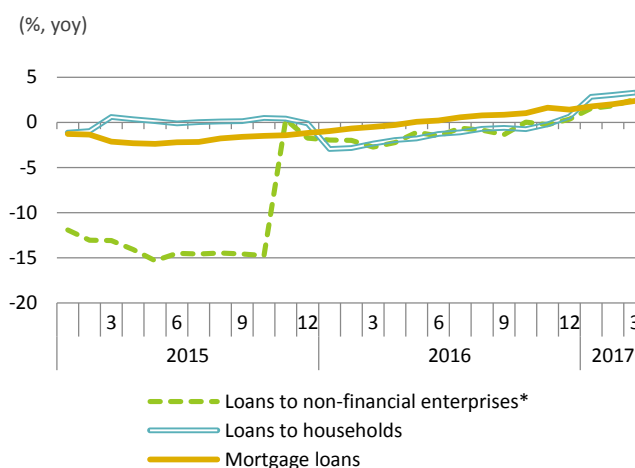
According to preliminary data on a cash basis, **the surplus of the consolidated fiscal program** accounted for BGN 1.1 bn (1.1% of projected GDP) in Q1 2017. The positive fiscal outcome resulted from higher revenues

Fig. 16: Share of deposits and claims on private sector in FX



Source: BNB, MF

Fig. 17: Credit growth



* The double-digit decline, which persisted until October 2015 was due to the statistical effect of the exclusion of Corporate Commercial bank (CCB) as a reporting agent from the monetary statistics data of the sector "Other monetary financial institutions".

Source: BNB, MF

Table 1: Weighted average interest rate on new credits to households and non-financial companies, in %

	March 2016	February 2017	March 2017
Non-financial companies	5.30	4.54	4.43
Consumer credits	9.74	9.53	8.91
Mortgages	5.29	4.24	4.16

Source: BNB, MF

Table 2: Annual Percentage Rate of Charge on new loans to households

	March 2016	February 2017	March 2017
Consumer credits	10.72	10.31	9.79
Mortgages	5.79	4.71	4.65

* Annual Percentage Rate of Charge on New Business on Loans to Households Sector by Original Maturity. APRC for consumer credits and mortgages are weighted by currency and maturity.

Source: BNB, MF

over expenditures both on the national budget (1% of projected GDP) and EU funds account (0.1% of projected GDP).

Total revenues and grants amounted to BGN 8.8 bn, down by 2.9% compared to March 2016 (fig. 18). The drop was due to significantly lower grants (down by 71.1% yoy) and the minor drop of 2.3% yoy in non-tax revenues. By contrast, tax revenues increased by 10.5% yoy. The biggest contribution to tax receipts' upsurge had indirect taxes, up by 8.9% yoy. The latter was owing to higher VAT receipts and excise duties, up by 10% and 6% yoy, respectively. Revenues from direct taxes were also higher, up by 10.5% yoy.

Total government spending posted a 7.5% yoy increase and accounted for BGN 7.8 bn (fig. 19). The latter came largely on the account of higher social spending (up by 4.7% yoy) and increased expenses on subsidies (up by 52.9% yoy), interest (up by 25.9%), social and health insurance contributions (up 19.8% yoy), maintenance (up by 6.5% yoy) and wages and salaries (up by 5.5% yoy). Capital spending (including the net increase of state reserve) and the contribution to the EU budget went down by 5.5% and 15.8% yoy, respectively.

The fiscal reserve amounted to BGN 12.6 bn (12.9% of projected GDP) in March, of which BGN 11.8 bn in bank deposits and BGN 0.8 bn EU funds receivables on certified expenses. Compared to the same period of previous year the fiscal reserve increased by 6%.

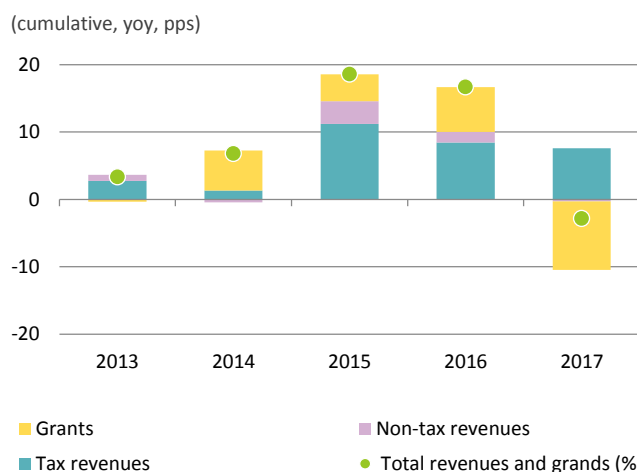
General government debt, incl. guaranteed debt, totalled BGN 26.9 bn (27.7% of projected GDP) as at end-March, being 28.8% of GDP a year earlier. Domestic debt stepped down to 6.3% of projected GDP from 7.4% of GDP a year earlier. The external debt-to-GDP ratio decreased slightly as well – from 20.8% to 19.5%. Government guaranteed debt was 1.8% of GDP, being 0.6% of GDP at end-March 2016. ■

Table 3: Weighted average interest rate on new time deposits of households and non-financial companies, in %

	March 2016	February 2017	March 2017
BGN	1.00	0.45	0.49
EUR	0.67	0.36	0.46
USD	0.43	0.38	0.31

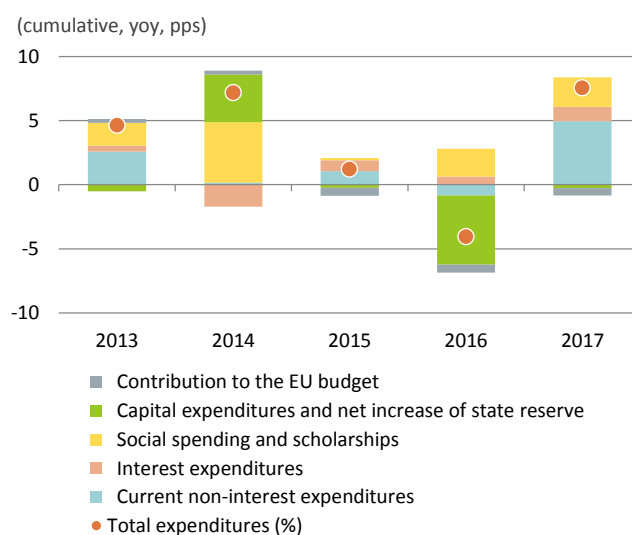
Source: BNB, MF

Fig. 18: Contribution to the growth of total revenues and grants as at end-March



Source: MF

Fig. 19: Contribution to the growth of total expenditures as at end-March



Source: MF



KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q2'16	Q3'16	Q4'16	Q1'17	10'16	11'16	12'16	01'17	02'17	03'17	04'17
— GDP¹															
Gross Domestic Product	% , yoy	1.3	3.6	3.4	3.5	3.2	3.5	-	-	-	-	-	-	-	-
Consumption	% , yoy	2.2	3.8	1.8	0.8	1.6	3.8	-	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	3.4	2.7	-4.0	-0.3	-6.9	-7.4	-	-	-	-	-	-	-	-
Export	% , yoy	3.1	5.7	5.7	4.6	7.9	6.4	-	-	-	-	-	-	-	-
Import	% , yoy	5.2	5.4	2.8	2.8	4.6	2.8	-	-	-	-	-	-	-	-
Agriculture	% , yoy	4.8	-6.8	4.3	-0.7	7.1	6.3	-	-	-	-	-	-	-	-
Industry	% , yoy	0.3	4.2	2.0	0.0	1.6	2.5	-	-	-	-	-	-	-	-
Services	% , yoy	1.7	3.3	3.1	3.7	2.3	3.8	-	-	-	-	-	-	-	-
Adjustments	% , yoy	0.1	7.5	7.2	10.2	7.6	4.1	-	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	1.8	2.9	2.7	1.0	2.9	4.1	3.8	1.2	5.2	5.8	1.9	3.2	5.9	-
Industrial turnover	% , yoy	0.0	1.7	1.0	-3.6	2.8	7.6	10.3	3.5	6.8	12.4	5.5	10.2	15.1	-
Retail trade turnover	% , yoy	10.2	11.8	3.9	5.7	3.7	3.6	4.7	2.2	5.2	3.5	4.5	3.2	6.3	-
Construction output	% , yoy	7.0	11.2	-16.7	-18.3	-18.1	-15.3	0.2	-23.0	-9.9	-11.7	-2.8	-3.0	5.6	-
Total business climate	balance	15.9	20.3	22.5	22.5	23.7	22.7	24.3	22.3	22.9	22.8	23.6	23.2	26.1	26.8
Industry	balance	18.2	22.9	23.5	21.8	24.6	23.1	26.5	21.1	23.0	25.3	26.2	25.5	27.6	27.2
Retail trade	balance	24.0	27.6	33.6	34.8	36.5	34.6	32.1	34.2	37.4	32.2	32.2	30.9	33.3	35.4
Construction	balance	7.3	15.2	17.9	19.0	19.8	17.8	19.0	20.0	16.0	17.2	16.0	16.5	24.5	26.4
Services	balance	11.7	12.7	13.8	15.4	12.8	14.7	17.4	15.2	15.0	13.7	17.2	17.7	17.4	17.7
— Labour market															
Participation rate (15+)	level	54.1	54.1	53.3	53.8	53.6	52.7	53.7	-	-	-	-	-	-	-
Employment rate (15+)	level	48.0	49.1	49.3	49.5	49.9	49.2	50.0	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.4	0.5	1.5	-1.0	0.6	-	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	11.4	9.1	7.6	8.0	7.0	6.7	6.9	-	-	-	-	-	-	-
Unemployment rate (EA)	level	11.2	10.1	8.7	8.8	8.0	7.9	8.1	7.9	7.9	8.0	8.2	8.2	8.0	7.6
Nominal wage	% , yoy	6.0	6.8	9.5	7.6	7.7	8.2	9.1	8.9	7.6	8.0	8.5	9.2	9.9	-
Real wage ³	% , yoy	7.7	8.0	11.0	10.2	8.9	9.1	8.3	10.0	8.5	8.5	8.1	8.2	8.8	-
Labour productivity (GDP per employed)	% , yoy	1.0	3.3	2.9	2.0	4.2	2.9	-	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	4.1	0.1	-0.9	2.8	-3.0	-3.1	-	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	4.6	2.3	0.2	1.0	-0.3	-2.0	-	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	-1.4	-0.1	-0.8	-1.9	-0.3	-0.3	1.7	-0.6	-0.5	0.1	1.4	1.7	1.9	2.6
Harmonized index of consumer prices (HICP)	% , yoy	-1.6	-1.1	-1.3	-2.3	-1.1	-0.8	0.8	-1.0	-0.8	-0.5	0.4	0.9	1.0	1.7
PPI, domestic market	% , yoy	-0.9	-1.6	-2.9	-4.3	-3.0	-0.5	2.3	-1.4	-0.6	0.6	1.9	2.9	2.1	-
PPI, non-domestic market	% , yoy	-1.8	-2.4	-3.5	-6.7	-3.1	2.8	9.6	0.5	1.3	6.5	9.1	11.9	8.0	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	29 409	32 200	33 953	17 709	25 652	33 956	8 838	28 290	31 084	33 953	3 339	5 732	8 837	-
Total expenses	mIn BGN	32 482	34 685	32 481	14 639	22 290	32 491	7 781	24 855	27 619	32 481	2 455	4 900	7 779	-
Contribution to EU budget	mIn BGN	955	946	859	397	612	859	214	688	763	859	71	154	214	-
Cash deficit (-) / surplus (+)	mIn BGN	-3 073	-2 485	1 473	3 071	3 363	1 465	1 058	3 435	3 465	1 473	884	832	1 058	-
	% of GDP	-3.7	-2.8	1.6	3.3	3.6	1.6	1.1	3.7	3.7	1.6	0.9	0.9	1.1	-
Government debt (incl. guaranteed debt)	mIn BGN	22 753	23 300	27 424	26 683	26 417	27 424	26 886	26 395	26 330	27 424	27 041	26 739	26 886	-
	% of GDP	27.2	26.3	29.6	28.8	28.5	29.6	27.7	28.5	28.4	29.6	27.8	27.5	27.7	-
Fiscal reserve	mIn BGN	9 170	7 873	12 883	14 132	14 287	12 883	12 574	14 283	14 321	12 883	13 842	13 583	12 574	-
	% , yoy	95.9	9.1	63.6	28.1	41.8	63.6	6.0	39.6	44.7	63.6	50.6	53.3	6.0	-

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q2'16	Q3'16	Q4'16	Q1'17	10'16	11'16	12'16	01'17	02'17	03'17	04'17
— Financial sector															
BNB International reserves	mIn EUR	16 534	20 285	23 899	22 442	23 494	23 899	24 044	23 224	23 465	23 899	23 128	23 849	24 044	23 634
Monetary base coverage	%	165.1	144.3	163.4	179.6	176.2	163.4	163.0	175.9	174.0	163.4	168.9	165.1	163.0	167.5
Coverage of import with FX reserves	months	7.1	8.5	10.0	9.6	10.0	10.0	-	9.9	10.0	10.1	9.6	9.8	-	-
Coverage of short-term external debt	%	166.0	257.5	298.1	295.0	306.1	298.1	-	295.8	300.0	299.2	295.9	303.2	-	-
Money M1 (Narrow money)	%, yoy	15.1	15.6	13.5	15.0	14.6	13.5	17.7	13.8	13.5	13.5	14.3	14.7	17.7	-
Money M3 (Broad money)	%, yoy	1.1	8.8	7.6	8.9	8.7	7.6	8.5	8.1	8.1	7.6	7.6	7.3	8.5	-
Deposits	%, yoy	-0.5	8.2	6.7	8.2	7.8	6.7	7.6	7.4	7.2	6.7	6.8	6.2	7.6	-
Credit to private sector	%, yoy	-8.2	-1.2	1.5	-0.6	-0.1	1.5	3.8	1.1	1.1	1.5	3.1	3.4	3.8	-
Credit to non-financial enterprises	%, yoy	-11.6	-1.7	0.3	-1.5	-1.4	0.3	2.5	0.0	-0.2	0.3	1.6	1.8	2.5	-
Credit to households	%, yoy	-1.6	-1.3	2.0	-0.7	0.5	2.0	4.7	0.9	1.6	2.0	4.1	4.5	4.7	-
Interest rate on credits ⁴	%	7.9	7.0	5.8	5.8	5.5	5.4	5.3	6.0	5.2	4.9	5.2	5.4	5.3	-
Interest rate on deposits ⁵	%	2.6	1.3	0.8	0.8	0.7	0.6	0.5	0.6	0.5	0.6	0.5	0.4	0.5	-
Exchange rate BGN/USD	eop	1.61	1.79	1.86	1.76	1.75	1.86	1.83	1.79	1.84	1.86	1.82	1.85	1.83	1.79
	per. av.	1.47	1.76	1.77	1.74	1.75	1.81	1.84	1.77	1.81	1.86	1.84	1.84	1.83	1.82
— Gross External Debt (GED)															
Gross external debt	% of GDP	92.0	75.0	73.1	73.1	71.9	73.1	-	72.2	71.9	73.1	69.2	68.9	-	-
Short-term external debt	% of GED	25.3	23.1	23.1	21.9	22.4	23.1	-	23.0	23.0	23.1	22.8	23.0	-	-
Intercompany lending	% of GED	40.3	37.2	36.1	36.9	36.8	36.1	-	36.4	36.8	36.1	36.4	36.4	-	-
— Balance of payments⁶															
Current account	mIn EUR	35	-61	1 989	626	1 509	-365	-	-96	101	-370	2	317	-	-
<i>Current account (moving average)</i>	% of GDP	0.1	-0.1	4.2	2.1	3.1	4.2	-	3.2	4.4	4.2	3.8	4.5	-	-
Trade balance	mIn EUR	-2 777	-2 622	-1 845	-480	-322	-687	-	-259	-167	-261	-186	-91	-	-
<i>Trade balance (moving average)</i>	% of GDP	-6.5	-5.8	-3.9	-5.0	-4.6	-3.9	-	-4.5	-4.1	-3.9	-4.1	-4.0	-	-
Export, f.o.b.	mIn EUR	21 026	21 919	22 556	5 453	5 908	6 062	-	2 040	2 076	1 946	1 819	2 074	-	-
	%, yoy	-0.9	4.2	2.9	-4.6	5.9	12.6	-	7.5	15.5	15.3	10.1	23.3	-	-
Import, f.o.b.	mIn EUR	23 803	18 678	24 400	5 933	6 230	6 749	-	2 299	2 243	2 207	2 004	2 164	-	-
	%, yoy	-1.4	-21.5	30.6	-4.8	2.9	5.6	-	4.9	3.8	8.3	21.5	19.0	-	-
Capital account	mIn EUR	960	1 422	1 067	250	182	73	-	15	35	23	79	20	-	-
Financial account	mIn EUR	-2 090	-1 076	-764	-214	192	-182	-	231	122	-535	1 037	-251	-	-
Net Foreign Direct Investments	mIn EUR	-882	-2 388	-764	-214	-162	-182	-	69	-13	275	-55	-57	-	-
Net Portfolio Investments	mIn EUR	1 871	44	2 198	-141	539	632	-	192	150	291	136	-132	-	-
Other Investments – net	mIn EUR	2 170	-4 510	1 523	1 000	-378	479	-	360	-300	420	329	-125	-	-
Change in BNB reserve assets	mIn EUR	1 807	3 730	3 467	904	1 061	576	-	-178	302	451	-773	612	-	-

Notes:

Ratios to GDP are calculated using GDP data as follows: for 2014 – BGN 83 634.3 mln, for 2015 – BGN 88 571.3 mln, for 2016 – BGN 92 634.7 mln and MF projections for 2017 – BGN 97 155.7 mln;

1. Growth rates derived from chain-linked (2010) level series, not seasonally adjusted data;
2. Not seasonally adjusted data;
3. HICP deflated;
4. Weighted average interest rate on new credits to households, NPISHs and non-financial companies by type, currency and maturity;
5. Weighted average interest rate on new time deposits of households, NPISHs and non-financial companies by type, currency and maturity;
6. Analytical presentation (BPM6).

This issue of the Monthly Report on Bulgarian Economy is based on materials and statistical data received up to May 15, 2017. Contents of the Monthly Report may be quoted or reproduced without further permission; however, due acknowledgment is requested. The estimates and projections published in this issue should not be regarded as advice or recommendation.

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