

BULGARIAN ECONOMY

Monthly Report

5/2017

Ministry of Finance of the Republic of Bulgaria • Economic and Financial Policy Directorate

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Main topics:

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

Highlights

GDP growth reached 3.9% yoy in Q1 2017 driven by domestic demand, while net export contributed negatively. Both private and public consumption expanded during the quarter. Gross fixed capital formation also increased. On the supply side, gross value added went up by 4.8% yoy.

Short-term business statistics reported weaker performance in the beginning of the second quarter. Industrial production and sales lost speed affected by the unfavourable dynamics of foreign industrial sales, the decline in the construction output widened and the retail trade growth also slowed. Meanwhile, both the **consumer confidence** and the **business climate indicators** improved in May on the back of better expectations.

Employment went up by 1.2% yoy in Q1 2017 supported by the robust economic activity, as both job creation and self-employment contributed to the reported positive development. **Real productivity growth** slowed somewhat to 2.6% in the period, while **compensation per employee** gained momentum, up by 7.7% yoy.

Registered unemployment reached 7.1% as of end-May, due to both lower unemployment inflow and higher outflow.

The **annual inflation rate** (HICP) decelerated somewhat to 1.4% in May as the positive contribution from higher food and energy prices narrowed. The negative core inflation decelerated further to 0% yoy.

The positive **current account balance** narrowed to 0.1% of projected GDP in Q1 2017 as the trade deficit widened and the services surplus continued to decrease during the period. On the other hand, **the financial account balance** showed a significant improvement in March due to a drop in liabilities, thus the surplus accumulated from the beginning of the year reached 1.4% of projected GDP. Inward FDI remained low at EUR 27.8 mln in Q1.

For four months in a row, **the balance on the consolidated fiscal program** stood positive, reaching BGN 1.6 bn (1.6% of projected GDP) at end-April 2017. The positive fiscal outcome resulted from higher revenues over expenditures on the national budget, while EU funds account was balanced. ■



GROSS DOMESTIC PRODUCT

GDP growth reached 3.9%¹ yoy in Q1 2017 (fig. 1) with positive contribution from domestic demand (+6.6 pps), while net export contributed negatively (-2.7 pps). Private consumption expanded by 6.5% in line with higher real disposable income of households mostly on the back of the increase in compensation of employees (fig. 2). Higher government expenditures for wages and salaries and maintenance led to growth of public consumption, up by 8%. Gross fixed capital expenditures increased for the first time since Q1 2016, up by 1.3% yoy. It was most probably due to a deceleration in the public capital expenditures decrease and the strong private investment activity in line with the business climate improvement in the country as witnessed by the survey data. Export growth decelerated compared to Q4 2016, up by 5.8% yoy. In the same time, the higher domestic demand led to increase of import by 10.1%.

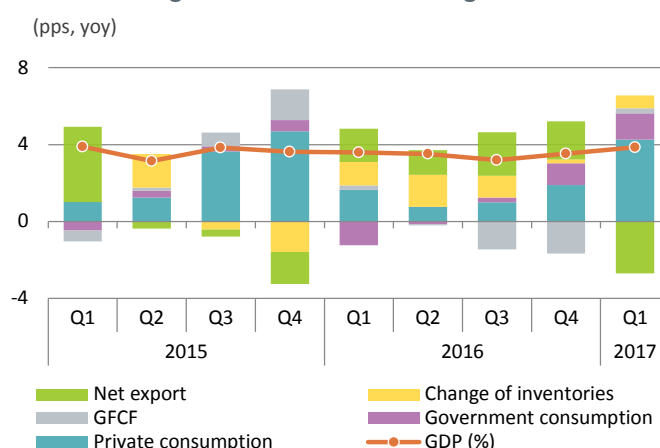
On the supply side, **gross value added (GVA)** increased by 4.8% yoy in Q1 (fig. 3). The biggest contribution came from services, namely *public administration, defence; education; health* (1.1 pps), *trade; transportation; accommodation* (0.8 pps), *real estate activities* (0.8 pps) and *financial and insurance activities* (0.6 pps). The growth in manufacturing reached 3.2%, while the value added in the construction sector increased by 1.2%.



SHORT-TERM BUSINESS STATISTICS

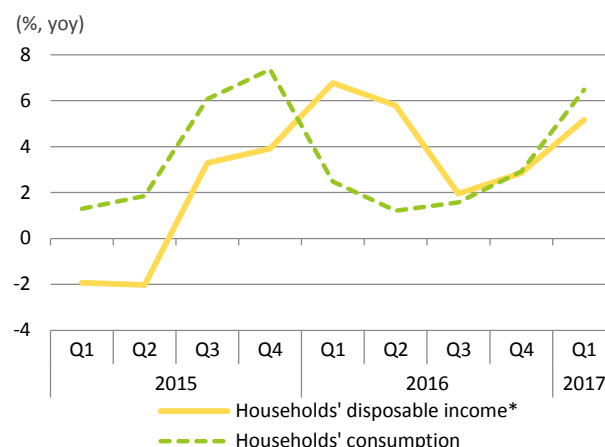
The growth of **industrial turnover**² decelerated to 5.5% yoy in April due to weaker performance of foreign industrial sales (fig. 4). Foreign turnover rose by 10.2% yoy compared to annual growth of 35.2% in March. The observed downward trend spread to most

Fig. 1: Contributions to GDP growth



Source: NSI

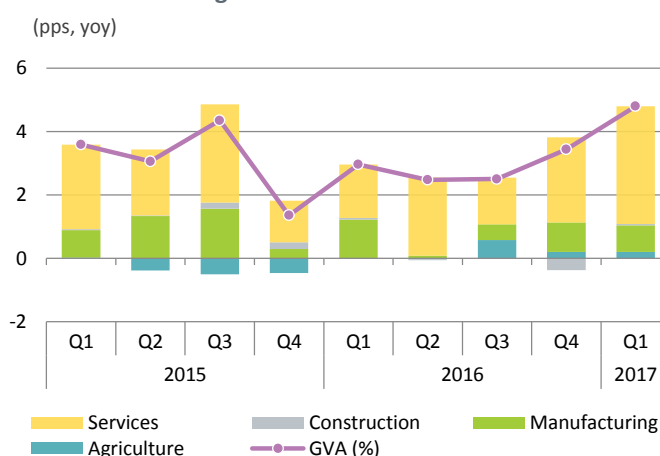
Fig. 2: Consumption and income



* Households disposable income is the sum of compensation of employees, mixed income, received transfers (old-age pensions, social transfers, remittances) minus social security contributions and income taxes payable by employees. The disposable income in constant prices is acquired from that in current deflated by the households' consumption deflator.

Source: NSI, MF

Fig.3: Contributions to GVA



Source: NSI

¹ Quarterly GDP growth rates are derived from chain-linked (2010) level series, not seasonally adjusted data.

² 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.

of the industries but major contribution for the reported slowdown had the slower growth of *manufacture of basic metals*. The development of domestic turnover remained similar to the one observed in previous months. The index increased by 2.1% yoy supported by the upward trend in *manufacture of fabricated metal products, except machinery and equipment*.

The growth of **industrial production** also slowed down to 0.4% yoy in April affected by the unfavourable dynamics of foreign industrial sales. At the same time, *manufacture of fabricated metal products, except machinery and equipment* contributed the most for reported increase.

After the positive development in March, **construction production index** again reported a decline of 2.1% yoy in April (fig. 5). The increase of *building construction* decelerated to 3.8%, while the decline of *civil engineering* widened to 8.7%.

Retail trade also reported weaker performance in April, up by 1.3% yoy. The growth in all sectors slowed, while *retail sales of automotive fuel* continued to decrease, down by 15.7%.

The overall **business climate indicator** increased by 3.2 points in May due to better assessments in all sectors (fig. 6 and 7). The sales expectations in retail trade were optimistic. Respondents in services also expected higher demand. In construction, the number of orders increased and expectations for the construction activity were favourable. The number of entrepreneurs in industry who point out problems with insufficient demand decreased.

In May the **consumer confidence indicator** increased on the back of better expectations for the economic situation in the country and expected unemployment decrease.

Fig. 4: Industrial turnover by components

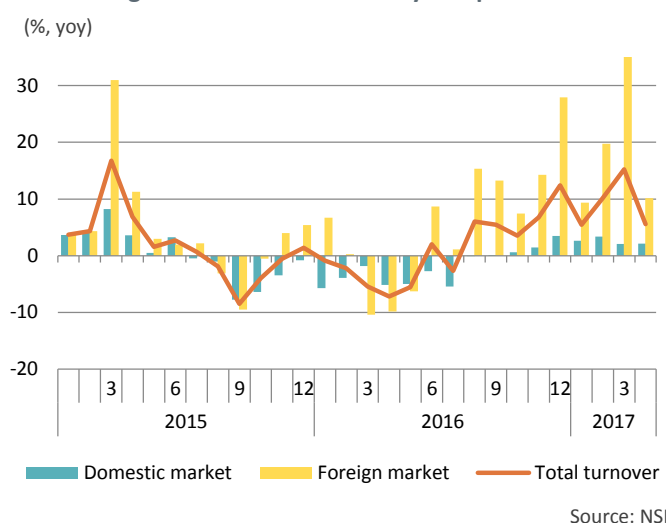


Fig. 5: Construction production index

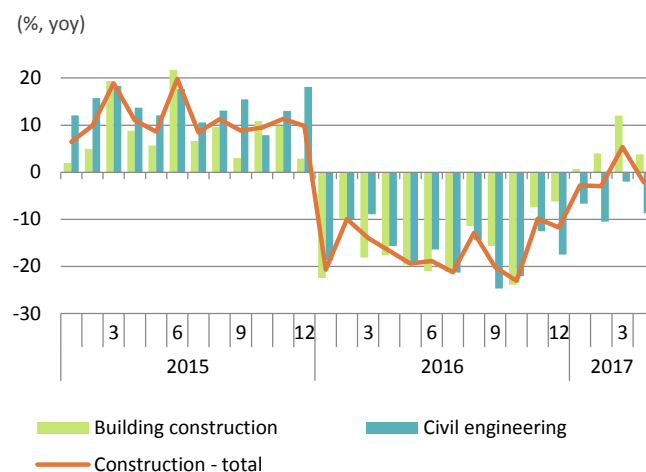
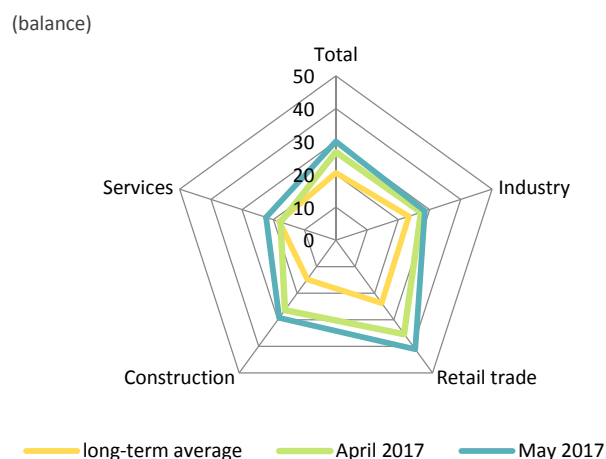


Fig. 6: Business climate by sectors



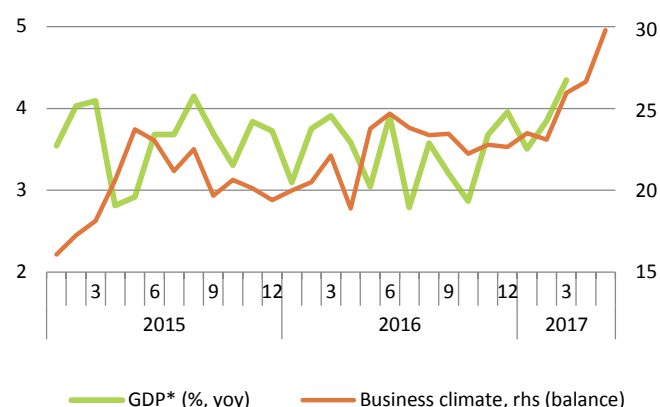


LABOUR MARKET, PRODUCTIVITY AND INCOMES

In Q1 2017 **employment** (ESA 2010) went up by 1.2% yoy supported by the robust economic activity. Both job creation and self-employment increases contributed to the reported positive development. In contrast to the previous year, agricultural self-employed went up in Q1 2017 and had the largest contribution to the overall employment growth compared to the same quarter of the previous year (fig. 9). Industrial employment also added through industry excl. construction in particular, where employed number increased by 1.9% yoy. That corresponded with the short-term indicators dynamics on the production in the export oriented manufacturing industries, which contributed to the industry excl. construction real term GVA growth of 3.2%. Within the services sector total employment made a marginal increase of 0.2% as the reported yoy growth in part of the activities was almost offset by the decrease made in the *trade, transportation and accommodation and food service activities*. Despite the fact that the main driver for the negative development in the aggregate branch was the self-employment drop, the increase in the employee's number also slowed down compared to end-2016 which was due to the decrease in the *trade and accommodation and food service activities*³.

Along with the accelerated increase in both the economic activity and employment, real GDP per employed growth slowed somewhat to 2.6% in Q1 2017, from 2.9% in end-2016. The strong employment increase of 4.4% in agriculture given the minimum GVA rise led to decrease in **productivity** in the sector. Industrial labour productivity growth also decelerated to 1.6% due to the weakened dynamics in industry excl. construction, while it went on the positive territory, up by 2.5%, in the construction supported by the

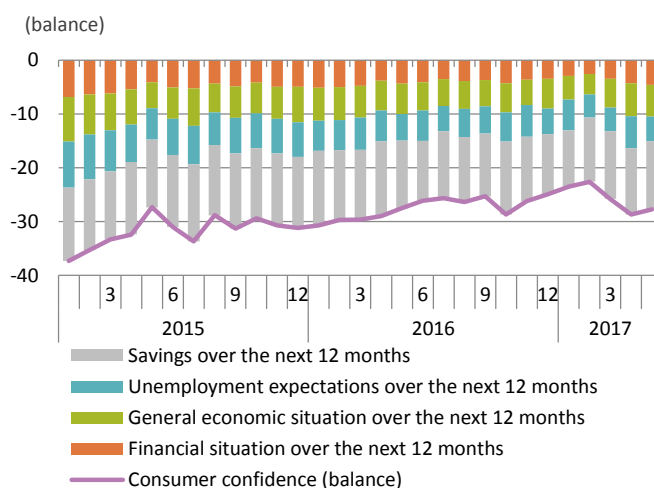
Fig. 7: Business climate and GDP



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

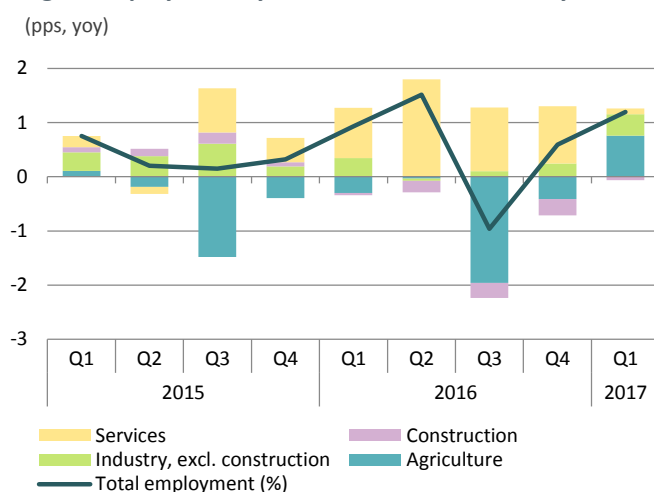
Source: NSI, MF

Fig. 8: Consumer confidence indicator by components



Source: Eurostat

Fig. 9: Employment dynamics and contribution by sectors



Source: NSI

³ The employees' dynamics at the lower disaggregation level of the economic activities is based on the data from the short-term statistics on employment and labour costs.

real GVA growth. The services sector made the largest impact on the positive development of labour productivity in Q1 2017, as the highest growth of between 6.4-6.8% made the activities which succeeded in growing faster than the average growth for the economy meanwhile holding back or reducing employment, i.e. *financial and insurance activities, trade, transportation and accommodation and food service activities, and public administration, education and health care activities*. The branch *professional, research, administrative and supportive activities* which contributed the most for keeping the service sector employment higher compared to the level a year ago also reported a stronger than the economic average productivity growth of 4.4%.

In Q1 2017 the **compensation per employee** gained momentum, up by 7.7% yoy, from a barely 0.8% in the Q4 2016 (fig. 11). This was primarily due to a base effect in the services sector where the predominant part of economic activities reported decrease in the compensation per employee at the end of the previous year. Meanwhile, industrial employment growth was accompanied by a narrower compensation per employee increase which resulted in reducing the **nominal unit labour costs (NULC)** dynamics in industry excl. construction to 4.7%. Thus the reported increase in NULC for the whole economy of 4.9% in Q1 2017 reflected particularly the developments in services, while the competitiveness improvement in the export-oriented activities was evidenced by the rise in the industrial production and exports of goods.

In April and May **registered unemployment** went below 8% and reached 7.1% as of end-May. These favourable developments were due to the unemployment inflow decrease and outflow increase (fig. 12). The higher number of people who found jobs was sustained by the revival of seasonal demand on the primary labour market but also by the increased number of people who went to work under programmes and measures for encouraging employment.

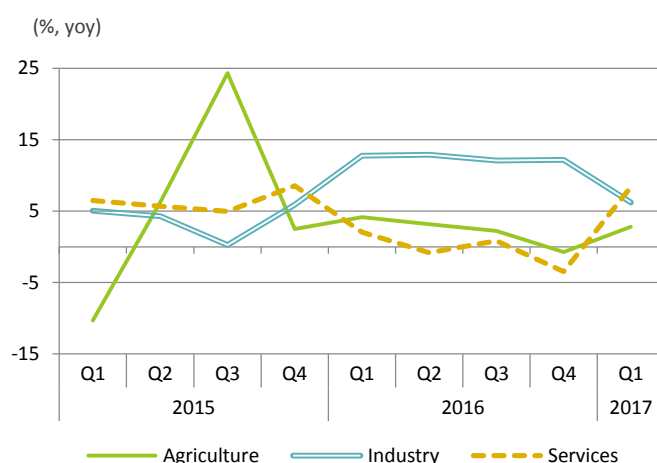
Fig. 10: Real GVA, employment and productivity growth by economic sectors*, Q1 2017



* GVA in services is not corrected for the imputed rent.

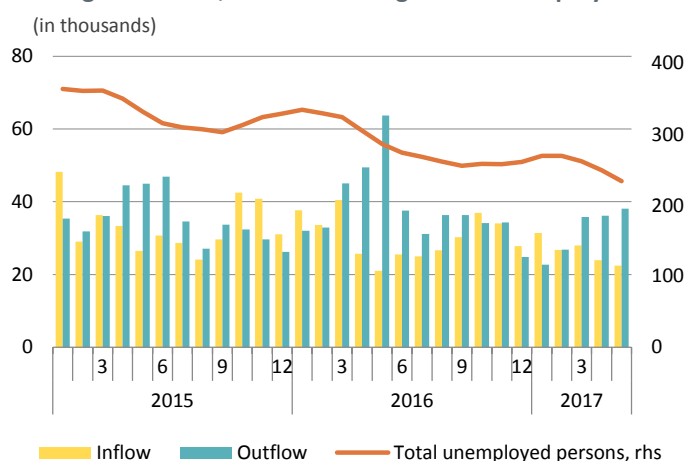
Source: NSI, MF

Fig. 11: Compensation per employee dynamics by economic sectors



Source: NSI, MF

Fig. 12: Inflow, outflow and registered unemployed



Source: EA



INFLATION

The **monthly inflation rate** as measured by HICP was minus 0.2% in May. Almost all major non-administered price categories reported decreases during the month. The highest negative contribution for the monthly drop in the headline rate came from unprocessed food prices, down by 1.3% mom, followed by energy and services, down by 1.1% and 0.3% mom respectively⁴. Prices for alcohol and tobacco and non-energy industrial goods remained on average unchanged from April, while regulated prices stepped up by 0.2% mom.

The **annual inflation rate** decelerated somewhat to 1.4% in May as the positive contribution from higher food and energy prices narrowed (fig. 13). The negative core inflation⁵ decelerated further to 0% yoy.

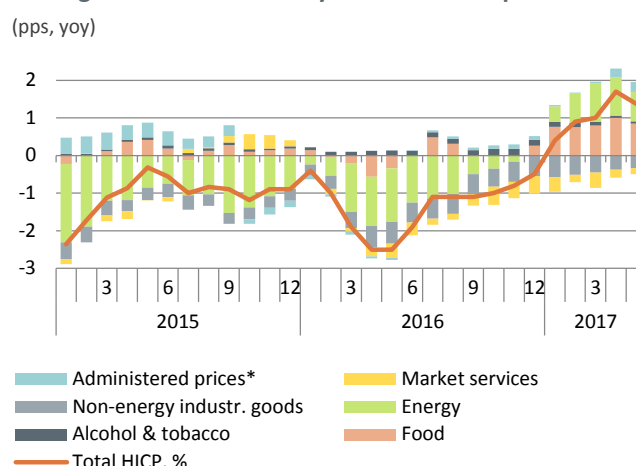
The increase in **international prices** of food and crude oil decelerated significantly on a year earlier in euro terms (fig. 14).



EXTERNAL SECTOR

The **trade deficit** increased to 1.3% of projected GDP in January-March, being 0.8% of GDP for the same period of the previous year. Export of goods rose by 17.7% yoy, but was outpaced by import, which went up by 22% yoy. According to NSI data, the major contribution to the higher trade deficit came from the increase in prices of crude oil and natural gas, as the traded volumes declined. In the first two months of 2017, there was a downward trend in the *services balance*, which continued in March, with a decline in export by 4% yoy and an increase in import by 11.8% yoy. For a third consecutive month the primary income balance was positive, while the surplus of the secondary income remained almost unchanged in

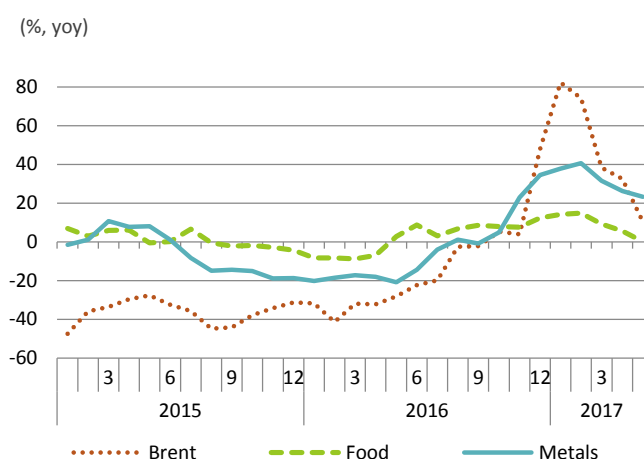
Fig. 13: Contributions by main HICP components



* 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.

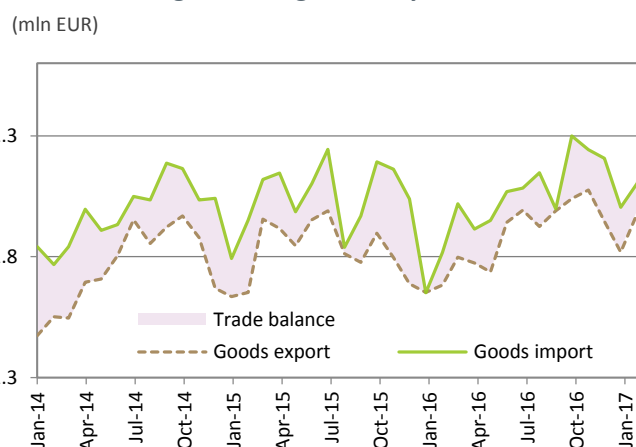
Source: NSI, own calc.

Fig. 14: International prices of major commodities in euro



Source: World bank, IMF

Fig. 15: Foreign trade dynamics



Source: BNB

⁴ Excluding administered price changes.

⁵ The total index excluding energy and unprocessed food, also referred to as underlying inflation.

absolute terms in Q1 2017 compared to the same period a year earlier. The positive **current account balance** decreased as a ratio to GDP from 0.5% in Q1 2016 to 0.1% of projected GDP in Q1 2017.

The **financial account balance** showed a significant improvement in March due to a drop in liabilities, thus the surplus accumulated from the beginning of the year reached 1.4% of projected GDP, being 0.3% of GDP in Q1 2016. The higher value of liabilities in March 2016 was due to the government Eurobonds issue. Inward FDI remained low at EUR 27.8 mln in Q1 2017.

Gross external debt stood at EUR 34.2 bn (68.8% of projected GDP) as at end-March. The indebtedness decreased over the same month of the previous year due to the decline in government debt, down by 1.1 pps as ratio to GDP.

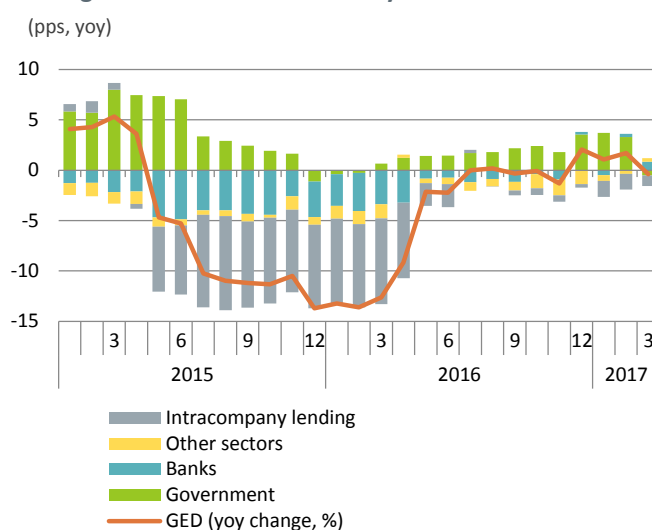


FINANCIAL SECTOR

International reserves had a marginal increase in May, up by 0.1% mom and amounted to EUR 23.7 bn. Bank reserves were the main driver of the positive monthly change of 1%. It was followed by a 17.1% increase of the Other depositors' account, reflecting the banks' annual contribution to the Bulgarian Deposit Insurance Fund for 2017. The Government deposit with the BNB and the Banking Department deposit declined by 1.2% and 1.9% respectively in May. The annual growth of the official reserves slowed down to 8.8% coming from 9.3% yoy as of end-April. The biggest positive contribution came from bank reserves and notes in circulation, up by 18.1% and 12% yoy, respectively (fig. 17).

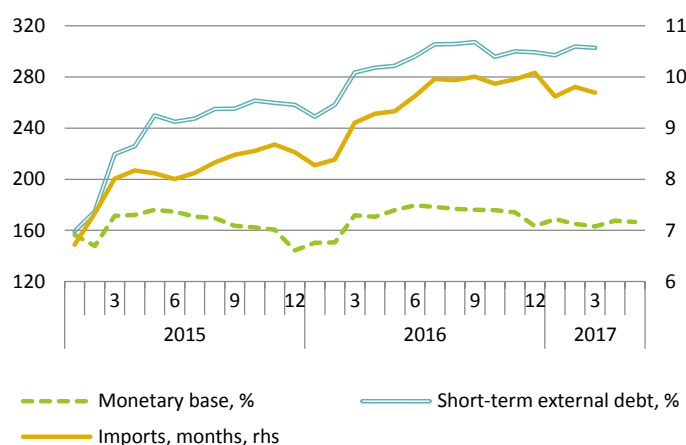
Credit to the private sector continued to accelerate in April (fig. 20) and grew by 4.3% yoy after recording a 3.8% annual increase as of end-March on the back of positive contributions from both non-financial corporations and credit to households. Credit to corporate sector went up by 3.3% yoy, driven by the stable growth of regular loans and a slight acceleration in

Fig. 16: Gross external debt by institutional sectors



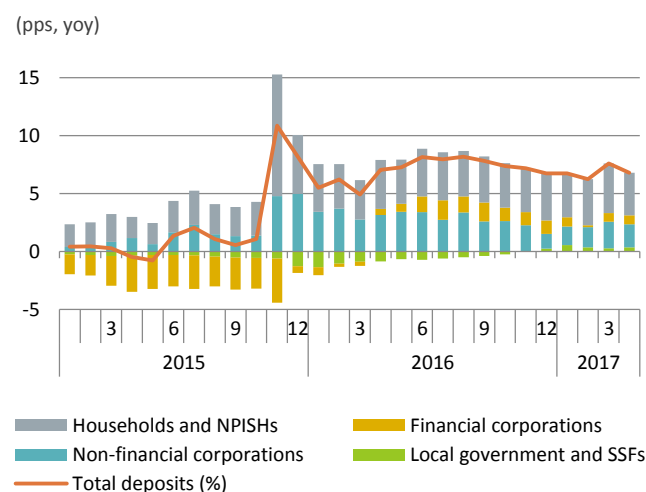
Source: BNB

Fig. 17: Coverage with FX Reserves



Source: BNB, MF

Fig. 18: Contributions to annual growth of total deposits by institutional sectors



Source: BNB

overdraft, meanwhile bad and restructured corporate loans kept being on the downward trend. Consumer credits and mortgages speeded up as well, up by 3.4% and 2.7% yoy respectively. **Bad and restructured credits'** decline continued to deepen and reached 9.6% yoy in April. The share of bad and restructured credits in total credits to non-financial corporations and households stood at 15.3% vs. 15.6% a month earlier.

Weighted average interest rate on credits to non-financial corporations dropped by 55 bps in April (table 1). In terms of currency structure and maturity, the biggest decrease of the BGN denominated corporate loans was in the segment of over 1 and up to 5 years, the same was true for the euro denominated ones. The most significant decrease of the weighted price of USD denominated corporate loans was reported by those with maturity up to 1 year. The monthly volume of new corporate loans went down by 45.3% yoy. The average price of mortgages continued to decrease, down by 6 bps compared to March, while the price of consumer loans increased by 28 bps.

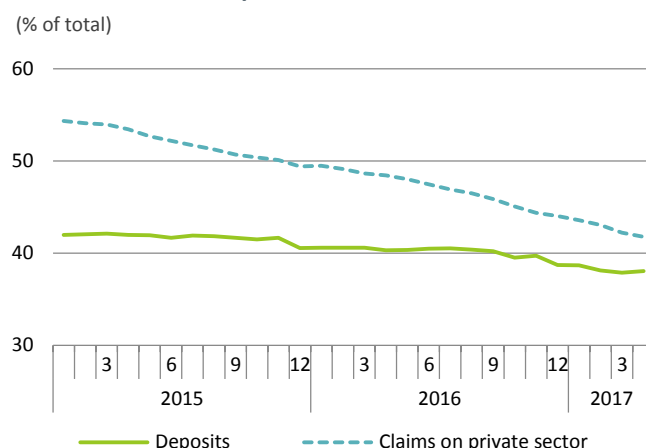
Weighted average interest rate on time deposits went down by 13 bps mom in April to a great extent due to a decrease in the average rate on non-financial corporations' deposits, while the average rate on deposits from households declined by 5 bps. Local currency and euro denominated time deposits' price decreased by 17 and 14 bps, respectively. The total monthly volume of new time deposits reached BGN 1.23 bn which was less by 5.7% compared to April 2016 (table 3).



FISCAL DEVELOPMENTS

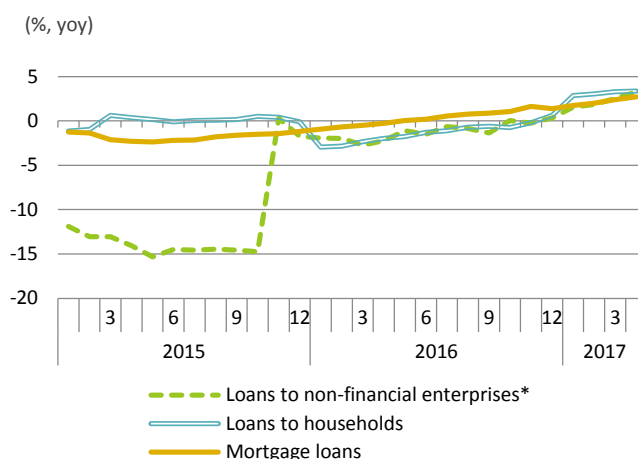
For four months in a row, **the balance on the consolidated fiscal program** has been positive, reaching BGN 1.6 bn (1.6% of projected GDP) at end-April 2017. The positive fiscal outcome resulted from higher revenues over expenditures on the national budget, while EU

Fig. 19: Share of deposits and claims on private sector in FX



Source: BNB, MF

Fig. 20: 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 %

	April 2016	March 2017	April 2017
Non-financial companies	5.69	4.43	3.87
Consumer credits	9.83	8.91	9.19
Mortgages	5.21	4.16	4.10

Source: BNB, MF

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

	April 2016	March 2017	April 2017
Consumer credits	10.77	9.79	10.06
Mortgages	5.68	4.65	4.58

* 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

funds account was balanced.

Total revenues and grants amounted to BGN 12 bn, down by 1.3% compared to April 2016. The drop was mainly due to significantly lower grants (down by 66.7% yoy) and to a lesser extent to the 3.7% yoy decline in non-tax revenues (fig. 21). By contrast, tax revenues increased by 8.7% yoy. Indirect taxes, up by 7% yoy, had the biggest contribution to the tax receipts' upsurge. The former was owing to higher VAT receipts and excise duties, up by 9.4% and 1.6% yoy, respectively. Revenues from direct taxes and social and health insurance contributions were also higher, up by 7.4% and 13.5% yoy respectively.

Total government spending posted a 6.2% yoy increase and amounted to BGN 10.4 bn. The latter came largely on the account of higher social spending, up by 3.5% yoy, and increased expenses on subsidies, up by 27.9% yoy, social and health insurance contributions, up 20.8% yoy, maintenance, up by 6.8% yoy, and wages and salaries, up by 5.9% yoy (fig. 22). Capital spending (including the net increase of state reserve) and the contribution to the EU budget went down by 9.8% and 3.1% yoy, respectively.

The fiscal reserve amounted to BGN 13.2 bn (13.6% of projected GDP) in April, of which BGN 12.3 bn in bank deposits and BGN 0.9 bn EU funds receivables on certified expenses. Compared to the same period of the previous year the fiscal reserve increased by 6.9%.

General government debt, incl. guaranteed debt, totalled BGN 26.9 bn (27.7% of projected GDP) as at end-April, being 28.8% of GDP a year earlier. Domestic debt stepped down to 6.4% of projected GDP from 7.4% of GDP a year earlier. The external debt-to-GDP ratio decreased slightly as well, down from 20.8% to 19.5%. Government guaranteed debt was 1.8% of GDP, being 0.6% of GDP at end-April 2016. ■

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

	April 2016	March 2017	April 2017
BGN	1.06	0.49	0.32
EUR	0.73	0.46	0.33
USD	0.55	0.31	0.49

Source: BNB, MF

Fig. 21: Contribution to the growth of total revenues and grants as at end-April

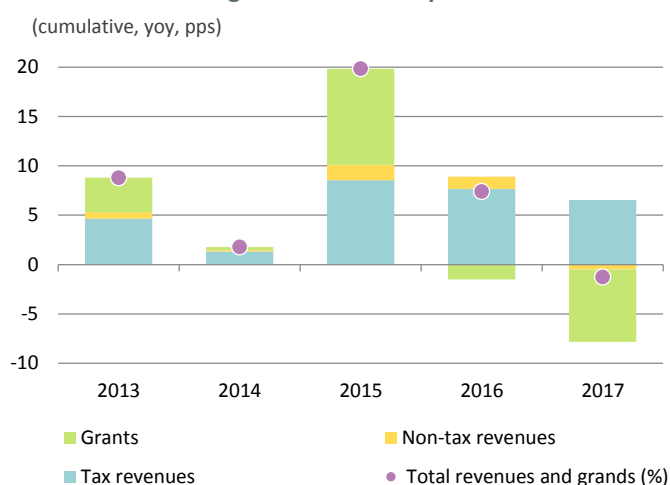
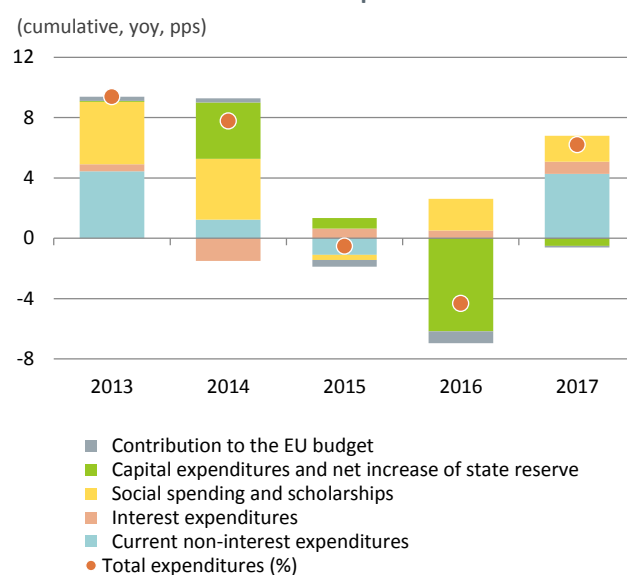


Fig. 22: Contribution to the growth of total expenditures as at end-April





KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q2'16	Q3'16	Q4'16	Q1'17	11'16	12'16	01'17	02'17	03'17	04'17	05'17
— GDP ¹															
Gross Domestic Product	%, yoy	1.3	3.6	3.4	3.5	3.2	3.5	3.9	-	-	-	-	-	-	-
Consumption	%, yoy	2.2	3.8	1.8	0.8	1.6	3.8	6.8	-	-	-	-	-	-	-
Gross fixed capital formation	%, yoy	3.4	2.7	-4.0	-0.3	-6.9	-7.4	1.3	-	-	-	-	-	-	-
Export	%, yoy	3.1	5.7	5.7	4.6	7.9	6.4	5.8	-	-	-	-	-	-	-
Import	%, yoy	5.2	5.4	2.8	2.8	4.6	2.8	10.1	-	-	-	-	-	-	-
Agriculture	%, yoy	4.8	-6.8	4.3	-0.7	7.1	6.3	0.1	-	-	-	-	-	-	-
Industry	%, yoy	0.3	4.2	2.0	0.0	1.6	2.5	2.9	-	-	-	-	-	-	-
Services	%, yoy	1.7	3.3	3.1	3.7	2.3	3.8	5.5	-	-	-	-	-	-	-
Adjustments	%, yoy	0.1	7.5	7.2	10.2	7.6	4.1	-1.9	-	-	-	-	-	-	-
— Short-term business statistics ²															
Industrial production	%, yoy	1.8	2.9	2.7	1.0	2.9	4.1	3.9	5.2	5.8	1.9	3.2	6.5	0.4	-
Industrial turnover	%, yoy	0.0	1.7	1.0	-3.6	2.8	7.6	10.3	6.8	12.4	5.5	10.2	15.2	5.5	-
Retail trade turnover	%, yoy	10.2	11.8	3.9	5.7	3.7	3.6	4.7	5.2	3.5	4.5	3.2	6.3	1.3	-
Construction output	%, yoy	7.0	11.2	-16.7	-18.3	-18.1	-15.3	0.1	-9.9	-11.7	-2.8	-3.0	5.3	-2.1	-
Total business climate	balance	15.9	20.3	22.5	22.5	23.7	22.7	24.3	22.9	22.8	23.6	23.2	26.1	26.8	30.0
Industry	balance	18.2	22.9	23.5	21.8	24.6	23.1	26.5	23.0	25.3	26.2	25.5	27.6	27.2	28.5
Retail trade	balance	24.0	27.6	33.6	34.8	36.5	34.6	32.1	37.4	32.2	32.2	30.9	33.3	35.4	41.0
Construction	balance	7.3	15.2	17.9	19.0	19.8	17.8	19.0	16.0	17.2	16.0	16.5	24.5	26.4	29.3
Services	balance	11.7	12.7	13.8	15.4	12.8	14.7	17.4	15.0	13.7	17.2	17.7	17.4	17.7	22.4
— 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	0.0	-	-	-	-	-	-	-
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	8.0	8.2	8.2	8.0	7.6	7.1
Nominal wage	%, yoy	6.0	6.8	9.5	7.6	7.7	8.2	9.1	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	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	2.6	-	-	-	-	-	-	-
Real ULC (GDP)	%, yoy	4.1	0.1	-0.9	2.8	-3.0	-3.1	4.2	-	-	-	-	-	-	-
Nominal ULC (GDP)	%, yoy	4.6	2.3	0.2	1.0	-0.3	-2.0	4.9	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	%, yoy	-1.4	-0.1	-0.8	-1.9	-0.3	-0.3	1.7	-0.5	0.1	1.4	1.7	1.9	2.6	2.3
Harmonized index of consumer prices (HICP)	%, yoy	-1.6	-1.1	-1.3	-2.3	-1.1	-0.8	0.8	-0.8	-0.5	0.4	0.9	1.0	1.7	1.4
PPI, domestic market	%, yoy	-0.9	-1.6	-2.9	-4.3	-3.0	-0.5	2.3	-0.6	0.6	1.9	2.9	2.1	3.9	-
PPI, non-domestic market	%, yoy	-1.8	-2.4	-3.5	-6.7	-3.1	2.8	9.6	1.3	6.5	9.1	11.9	8.0	8.4	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	29 409	32 200	33 953	17 709	25 652	33 956	8 838	31 084	33 953	3 339	5 732	8 837	12 017	-
Total expenses	mIn BGN	32 482	34 685	32 481	14 639	22 290	32 491	7 781	27 619	32 481	2 455	4 900	7 779	10 426	-
Contribution to EU budget	mIn BGN	955	946	859	397	612	859	214	763	859	71	154	214	286	-
Cash deficit (-) / surplus (+)	mIn BGN	-3 073	-2 485	1 473	3 071	3 363	1 465	1 058	3 465	1 473	884	832	1 058	1 591	-
	% of GDP	-3.7	-2.8	1.6	3.3	3.6	1.6	1.1	3.7	1.6	0.9	0.9	1.1	1.6	-
Government debt (incl. guaranteed debt)	mIn BGN	22 753	23 300	27 424	26 683	26 417	27 424	26 886	26 330	27 424	27 041	26 739	26 886	26 911	-
	% of GDP	27.2	26.3	29.6	28.8	28.5	29.6	27.7	28.4	29.6	27.8	27.5	27.7	27.7	-
Fiscal reserve	mIn BGN	9 170	7 873	12 883	14 132	14 287	12 883	12 574	14 321	12 883	13 842	13 583	12 574	13 168	-
	%, yoy	95.9	9.1	63.6	28.1	41.8	63.6	6.0	44.7	63.6	50.6	53.3	6.0	6.9	-

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q2'16	Q3'16	Q4'16	Q1'17	11'16	12'16	01'17	02'17	03'17	04'17	05'17
— Financial sector															
BNB International reserves	mIn EUR	16 534	20 285	23 899	22 442	23 494	23 899	24 044	23 465	23 899	23 128	23 849	24 044	23 634	24 044
Monetary base coverage	%	165.1	144.3	163.4	179.6	176.2	163.4	163.0	174.0	163.4	168.9	165.1	163.0	167.5	166.6
Coverage of import with FX reserves	months	7.1	8.5	10.0	9.6	10.0	10.1	9.7	10.0	10.1	9.6	9.8	9.7	-	-
Coverage of short-term external debt	%	166.0	257.5	298.1	295.8	307.2	299.2	302.6	300.0	299.2	296.9	303.8	302.6	-	-
Money M1 (Narrow money)	%, yoy	15.1	15.6	13.5	15.0	14.6	13.5	17.7	13.5	13.5	14.3	14.7	17.7	16.0	-
Money M3 (Broad money)	%, yoy	1.1	8.8	7.6	8.9	8.7	7.6	8.5	8.1	7.6	7.6	7.3	8.5	7.6	-
Deposits	%, yoy	-0.5	8.2	6.7	8.2	7.8	6.7	7.6	7.2	6.7	6.8	6.2	7.6	6.8	-
Credit to private sector	%, yoy	-8.2	-1.2	1.5	-0.6	-0.1	1.5	3.8	1.1	1.5	3.1	3.4	3.8	4.3	-
Credit to non-financial enterprises	%, yoy	-11.6	-1.7	0.3	-1.5	-1.4	0.3	2.5	-0.2	0.3	1.6	1.8	2.5	3.3	-
Credit to households	%, yoy	-1.6	-1.3	2.0	-0.7	0.5	2.0	4.7	1.6	2.0	4.1	4.5	4.7	5.2	-
Interest rate on credits ⁴	%	7.9	7.0	5.8	5.8	5.5	5.4	5.3	5.2	4.9	5.2	5.4	5.3	5.0	-
Interest rate on deposits ⁵	%	2.6	1.3	0.8	0.8	0.7	0.6	0.5	0.5	0.6	0.5	0.4	0.5	0.3	-
Exchange rate BGN/USD	eop	1.61	1.79	1.86	1.76	1.75	1.86	1.83	1.84	1.86	1.82	1.85	1.83	1.79	1.74
	per. av.	1.47	1.76	1.77	1.74	1.75	1.81	1.84	1.81	1.86	1.84	1.84	1.83	1.82	1.77
— Gross External Debt (GED)															
Gross external debt	% of GDP	92.0	75.0	73.1	73.1	71.9	73.1	68.8	71.9	73.1	68.3	68.5	68.8	-	-
Short-term external debt	% of GED	25.3	23.1	23.1	21.9	22.4	23.1	23.2	23.0	23.1	22.9	23.1	23.2	-	-
Intercompany lending	% of GED	40.3	37.2	36.1	36.9	36.8	36.1	35.9	36.8	36.1	35.5	35.9	35.9	-	-
— Balance of payments ⁶															
Current account	mIn EUR	35	-61	1 989	626	1 509	-365	60	101	-370	1	312	-254	-	-
Current account (moving average)	% of GDP	0.1	-0.1	4.2	2.1	3.1	4.2	3.7	4.4	4.2	3.8	4.5	3.7	-	-
Trade balance	mIn EUR	-2 777	-2 622	-1 845	-480	-322	-687	-654	-167	-261	-186	-125	-343	-	-
Trade balance (moving average)	% of GDP	-6.5	-5.8	-3.9	-4.9	-4.6	-3.9	-4.3	-4.1	-3.9	-4.1	-4.1	-4.3	-	-
Export, f.o.b.	mIn EUR	21 026	21 919	22 556	5 453	5 908	6 062	6 040	2 076	1 946	1 819	1 980	2 241	-	-
	%, yoy	-0.9	4.2	2.9	-4.6	5.9	12.6	17.7	15.5	15.3	10.1	17.7	24.6	-	-
Import, f.o.b.	mIn EUR	23 803	18 678	24 400	5 933	6 230	6 749	6 693	2 243	2 207	2 004	2 105	2 584	-	-
	%, yoy	-1.4	-21.5	30.6	-4.8	2.9	5.6	22.0	3.8	8.3	21.5	15.8	28.0	-	-
Capital account	mIn EUR	960	1 422	1 067	250	182	73	153	35	23	80	20	53	-	-
Financial account	mIn EUR	-2 090	-1 076	-764	-214	192	-182	767	122	-535	1 228	-438	-101	-	-
Net Foreign Direct Investments	mIn EUR	-882	-2 388	-764	-493	-162	331	124	-13	275	115	-212	221	-	-
Net Portfolio Investments	mIn EUR	1 871	44	2 198	-141	539	632	-28	150	291	147	-217	42	-	-
Other Investments – net	mIn EUR	2 170	-4 510	1 523	1 000	-378	479	-92	-300	420	313	-149	-256	-	-
Change in BNB reserve assets	mIn EUR	1 807	3 730	3 467	904	1 061	576	77	302	451	-773	612	238	-	-

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 June 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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