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# BULGARIAN ECONOMY

## Monthly Report

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## Highlights

**Bulgarian economy expanded by 1.5% yoy s.a. in Q3**, despite the weaker performance of some high frequency indicators. Economic activity in the country was largely driven by domestic demand, while net export contributed negatively. Gross value added increased by 1.9% yoy s.a. supported by positive developments in manufacturing, services and agriculture, whereas construction reported a decrease.

**Short-term business statistics** showed positive developments in the beginning of the fourth quarter as all four indicators reported positive growth rates on a year earlier. The business climate also improved for the first time since May on the back of more optimistic assessment in retail trade and construction.

The **number of employed** increased by 0.7% yoy in Q3, with a positive contribution from all three economic sectors. The **unemployment rate** narrowed further to 10.8% in Jul-Sept (LFS) influenced by the seasonal activities. **Registered unemployment** widened somewhat to 10.8% in November but remained 0.7 pps lower compared to its level a year earlier.

Higher employed numbers led to lower **labour productivity** growth in Q3. The latter stepped up by 1.2% yoy in real terms, as decelerated growth was mainly due to

positive employment dynamics in industry (excl. construction). **Unit labour costs (ULC)** declined both in nominal and real terms, down by 0.3% and 3.9% yoy respectively.

The negative **annual rate of inflation** widened further to 1.9%, as the HICP registered a 0.5% mom decrease as of November largely due to the continuing drop in fuels prices.

**Current account surplus** accumulated in Jan-Sept stood at EUR 431.9 mln (1% of GDP), the CAB being negative by EUR 48.1 mln in September alone. Both trade and income deficit improved over the same month of 2013, while the surpluses on services and net transfers declined. **Financial account balance** reached EUR 919.4 mln (2.2% of GDP) for the first nine months mainly due to FDI inflow and the government Eurobonds issue in mid-summer.

**Consolidated budget deficit** amounted to BGN 1 760.1 mln (2.2% of GDP) at the end of October with a negative balance reported on both the national budget and the EU funds account. The overall fiscal outcome deteriorated by BGN 1 317.1 mln compared to the same period a year earlier. ●

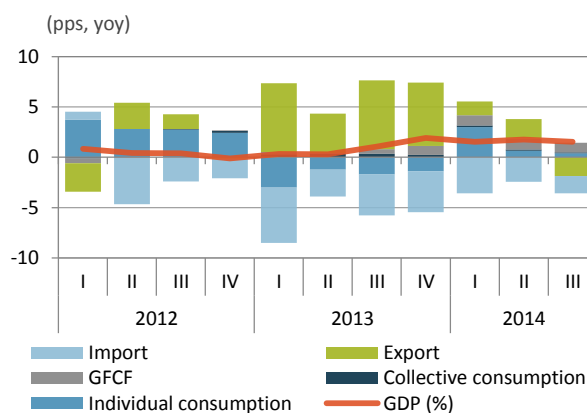
# Recent economic developments

## GROSS DOMESTIC PRODUCT

Bulgarian economy expanded by 0.4% in Q3 2014 over the previous quarter. **GDP growth slowed marginally to 1.5% yoy s.a.** (ESA 2010)<sup>1</sup>, despite in the weaker performance of some high frequency indicators, such as industrial production and business climate. Economic activity in the country was driven by domestic demand, while net export contributed negatively. Households' consumption went up by 1.6% regardless of the deterioration in consumer confidence and the lower pace of increase of real wage. Fixed investment growth decelerated to 4.4% supported yet again by government capital expenditures. Domestic demand triggered imports growth of 2.6%, while exports contracted by 2.9%.

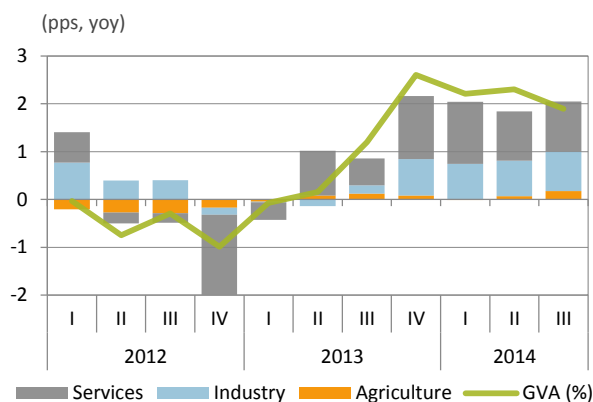
On the supply side, GVA increased by 1.9% yoy s.a. Growth in manufacturing accelerated to 4%, while value added in construction decreased by 1%. The contribution of services was also positive owing to all activities except for *arts, entertainment and recreation*. *Professional, scientific, technical and administrative activities* posted a 7.8% growth and thus had the largest contribution. Positive trend was also observed in the agricultural sector where value added increased by 3.7%.

Fig. 1: Contributions to GDP growth



Source: NSI

Fig. 2: Contributions to GVA growth



Source: NSI

<sup>1</sup> The European System of National and Regional Accounts (ESA 2010) is the newest accounting framework implemented as from September 2014. For more information, please see the dedicated ESA 2010 section of the Eurostat website. From this moment on, all ratios-to-GDP in this document will be expressed in ESA 2010 terms.

## SHORT-TERM BUSINESS STATISTICS

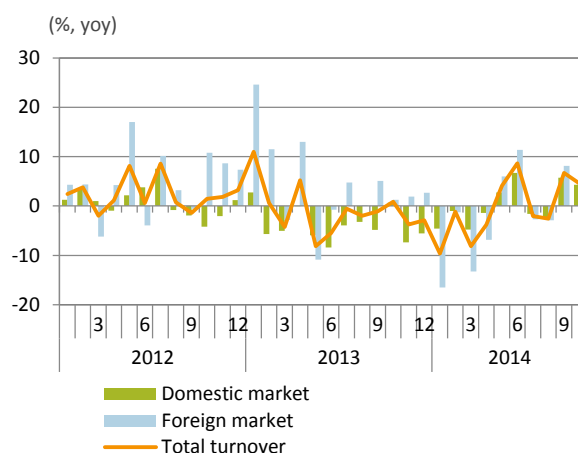
**Industrial turnover**<sup>2</sup> growth stood positive for a second month in a row in October, up by 4.6% yoy. Foreign turnover increased by 4.9% yoy supported by the upward trend in *manufacture of motor vehicles, trailers and semi-trailers, manufacture of chemical products* and *manufacture of tobacco products*. It's worth mentioning that *manufacture of motor vehicles, trailers and semi-trailers*, and *manufacture of parts and accessories for motor vehicles* in particular, is the only one that kept contributing positively since the beginning of the year among all other manufacturing industries which sell abroad. Domestic turnover also continued on the increase, up 4.3% yoy. Similar to the previous month, *electricity, gas, steam and air conditioning supply* had a major contribution for the reported growth, followed by *manufacture of chemical products*.

The growth in **industrial production** slowed down to 0.7% yoy from 2% in September. It was mainly due to the reversed trend in *manufacture of fabricated metal product, except machinery and equipment*. At the same time, *manufacture of chemical products* and *manufacture of motor vehicles, trailers and semi-trailers* contributed the most for the reported increase.

**Retail sales** increased by 3.5% compared to October 2013. *Retail sales of automotive fuel* reported the largest increase, up 9.1% yoy, followed by *retail sale of medical and orthopedic goods, cosmetic and toilet articles*, up 7% yoy. Meanwhile, *retail sales of textiles, clothing, footwear and leather goods* and *retail sales in non-specialized stores* posted a decline of 7.6% and 4.4%, respectively.

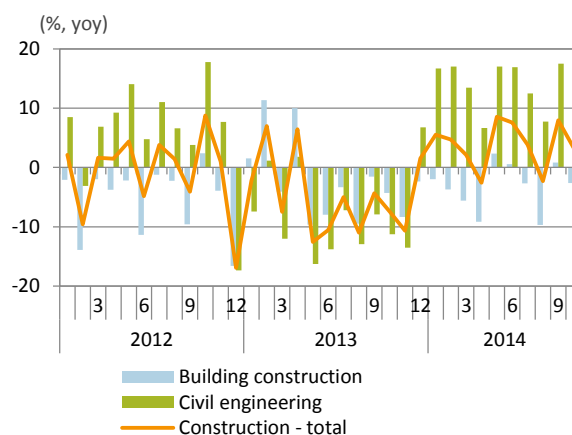
**Construction production index** increased by 3.3% on a year earlier due to the reported growth in *civil engineering*, up 11.2% yoy. On the other hand, *building construction* remained volatile, down by 2.6% yoy.

Fig. 3: Industrial turnover



Source: NSI

Fig. 4: Construction production index



Source: NSI

<sup>2</sup> 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.

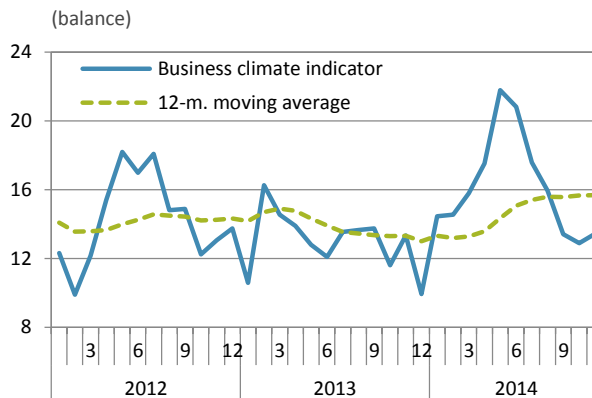
**November business climate picked up for the first time since May** this year on the back of improved sentiment in retail trade and construction. Respondents in retail trade were optimistic about sales in the coming months, while managers in construction assessed the current situation of their enterprises as more favourable. Meanwhile, a decrease in the assurance of production with orders was reported in industry. Despite the improved expectations about demand, respondents in services were somewhat pessimistic regarding the future situation of the enterprises in the sector.

**LABOUR MARKET**

The **number of employed** increased by 0.7% yoy in Q3 2014 (ESA 2010), with a positive contribution from all the three economic sectors. Agricultural employment dynamics moved to positive territory again, with a growth rate of 1.6%, sustained by the rise in real-term value added, despite the unfavourable weather in the summer. Employment in industry increased for the first time since 2008 due to positive developments in both manufacturing and construction, up by 1% and 0.1% respectively. The growth in industrial production for export supported the rise in employees' number in most of the export-oriented industries, while the revival of seasonal employment in construction was comparable with that a year ago and helped for sustaining the positive annual trend from the second quarter. Unlike the accelerated pace of employment developments in agriculture and industry, the positive dynamics in services became weaker influenced particularly by the reduced growth in the *trade, transport and hotels and restaurants*. The latter, according to detailed data from the survey on enterprises, has been due to the reported decrease in *transport*, which was probably due to reduced export volumes in Q3 on a year earlier.

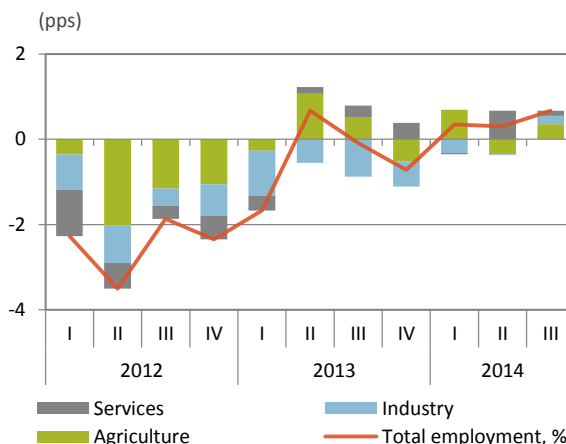
Influenced by the seasonal activities, the **unemployment rate** continued to decrease both in mom and yoy terms, and reached 10.8% (LFS) on the average in Jul-Sept. Long-term unemployed (with unemployment spells of over a year) de-

Fig. 5: Business climate



Source: NSI

Fig. 6: Employment development and contribution by sectors



Source: NSI

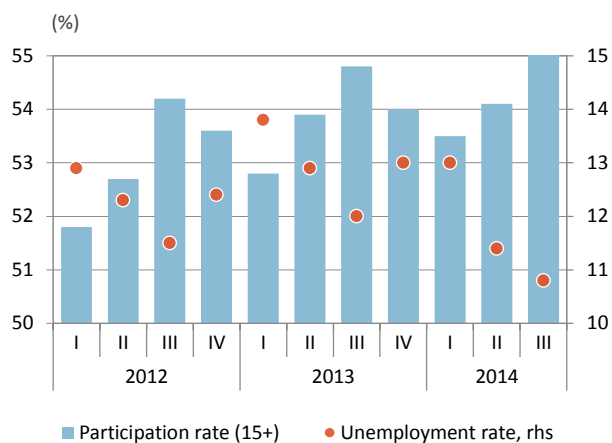
creased for a second quarter in a row; however, their share in the overall unemployed increased further to 61.3% due to the stronger decrease of the short-term unemployed (with unemployment spells of less than a year). In contrast to Q2 when the labour force (15+) stepped down over the same period a year earlier, in Q3 it went up again. The latter revealed the higher activity of people above the age of 64, while working-age labour force (15-64) continued their gradual decrease. Participation rate (15+) increased by 0.4 pps and reached 55.2% in Jul-Sept, as the higher work force participation was accompanied with a decrease in discouraged workers, who totalled 256.3 K in Q3.

In November **registered unemployment** widened somewhat to 10.8% but remained 0.7 pps lower compared to its level a year earlier. Unemployed number increased by 0.6% mom to 353.6 K, however it was its lowest growth since the period right before the crisis and the indicator declined by 6.1% yoy. After having increased in September and October, in November both newly registered in employment offices (33.9K) and hired people (17.7K) decreased over the previous month due to reduced seasonal employment and narrowed labour demand during the winter months.

**Labour productivity** grew by 1.2% yoy in real terms in Q3, down from 1.8% yoy in the previous quarter as a result of higher employed numbers. It was most pronounced in industry (excl. construction) which reported positive employment dynamics for the first time since 2008. Productivity in agriculture increased significantly, up by 7% yoy, followed by industry and services, both up by 0.9% yoy. Almost all economic activities in the services sector had positive contribution as *financial intermediation* and *trade, transport and hotels & restaurants* reported the highest productivity growth, up 2.5% and 1% yoy respectively.

In line with recent positive labour productivity developments, **unit labour costs (ULC)** declined both in nominal and real terms, down by 0.3% and 3.9% yoy respectively. RULCs in manufacturing kept their negative trend for a second quarter in a row, down by 1.1% yoy, thus pointing out the successful adjustment of labour costs.

Fig. 7: Unemployment and Participation Rates



Source: NSI

Fig. 8: Labour productivity and real unit labour costs growth



Source: NSI

## INFLATION DYNAMICS

**Consumer prices** as measured by HICP reported a 0.5% decrease over the previous month in November almost entirely on the account of automotive fuels. Their prices plunged with another 5.6% mom on average due to the continuing drop in prices of crude oil on international markets and contributed by -0.47 pps for the monthly decline in the headline rate. Core inflation subtracted another 0.05 pps after decreasing by a marginal 0.1% mom. Industrial goods excl. energy posted a minor increase supported by higher prices of apparel and footwear as well as newspapers; however it was offset entirely by services prices which continued on the decrease once again dragged by the volatile international airfares. Food prices also declined during the month due to seasonally lower prices of unprocessed food, those of fruits in particular. Only alcohol and tobacco reported higher prices, up 0.2% mom on average. Administered prices also had positive contribution (+0.02 pps) due to a hike in prices of heating energy, up 4.7%.

The *negative rate of inflation* widened to 1.9% yoy largely due to the continuing drop in fuels prices, whose rate of decrease reached 10% yoy as of November, subtracting 0.88 pps from the headline rate.

## EXTERNAL SECTOR

**Current account surplus** accumulated in Jan-Sep reached EUR 431.9 mln (1% of GDP), down from EUR 1 285.5mln (3.1% of GDP) for the first nine months of 2013. In September alone CAB came in negative at EUR 48.1 mln, being on a minimal surplus a year earlier. Both trade and income deficit improved over the same month of 2013, while the surpluses on services and net transfers declined.

Export of goods increased by 3.6% yoy in September, as out-bound trade flows to non-EU countries rose by almost 16%, while those to EU Member states decreased by 3%. Import growth rate in September stood at 1.9% yoy led by increasing import from countries outside the EU, while import from

Fig. 9: HICP and contributions by main components

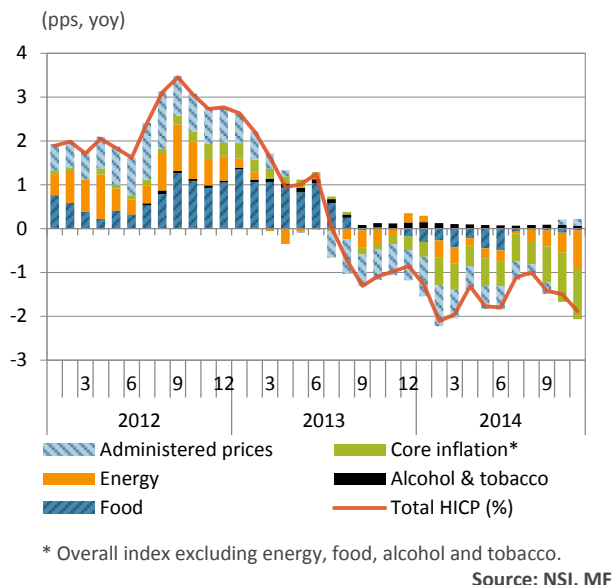
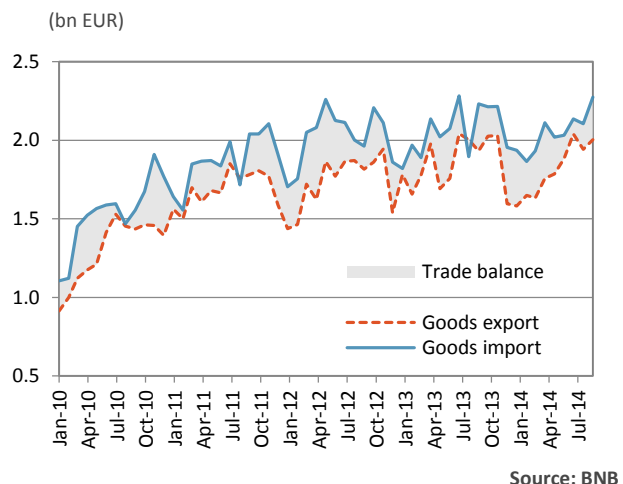


Fig. 10: Merchandise trade dynamics





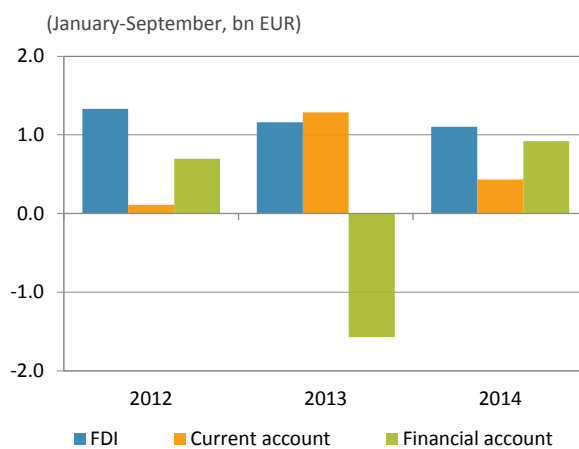
member states dropped compared to a year earlier<sup>3</sup>.

*Services surplus* worsened compared to September 2013. Only transport services had positive contribution to its dynamics. Travel surplus declined in yoy terms to EUR 232.2 mln, as the rise in travel receipts, up 0.8% yoy, was unable to offset the 7.9% yoy increase in expenses of Bulgarian citizens traveling abroad. The number of foreigners' travels edged down by 0.5% yoy during the month, the drop being more pronounced in tourism visits, down 8.8%, while the number of work and other visits rose compared to September 2013. Other services balance worsened as well, reflecting lower export of ICT and business service, while import increased by a third. *Net current transfers'* surplus shrank by 71.2% yoy on the back of lower transfers to General government.

**Financial account** balance in September was positive at EUR 11.8 mln. Local banks attracted foreign deposits during the month and portfolio investment net inflows were recorded both on the liabilities and assets sides. On the other hand, FDI outflow was registered, as local companies repaid intercompany lending. In Jan-Sep the financial account balance reached EUR 919.4 mln (2.2% of GDP), mainly due to FDI inflow and the government Eurobonds issue in mid-summer. Net other investment remained negative in the period, as banks increased their holdings in foreign currency and deposits abroad.

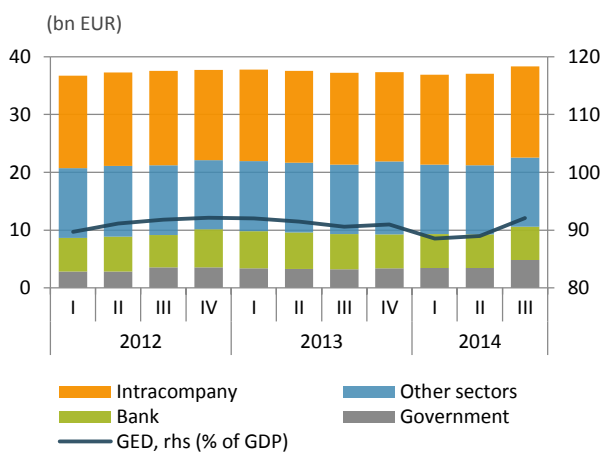
**Gross external debt** (GED) increased by 3.1% yoy in September to EUR 38.3 bn (92.1% of GDP). Banks continued paying off their external liabilities thus the latter went down by 2.2% and 10.2% yoy in terms of short and long-term debt, respectively. General government external debt stood at 11.6% of GDP, up 48% yoy at end-September. Long-term General government bonds debt increased by EUR 1.4 bn over the corresponding month of the previous year. Debt through Intercompany lending amounted to EUR 15.8 bn (41.2% of GED), slightly lower on a year earlier. Short-term debt accounted for 24% of GED.

**Fig. 11: FDI, Current and Financial Account**



Source: BNB

**Fig. 12: Gross external debt by institutional sector**



Source: BNB

<sup>3</sup> In order to ensure consistency, the analysis is based on NSI data before the revisions of December 9-10, 2014.

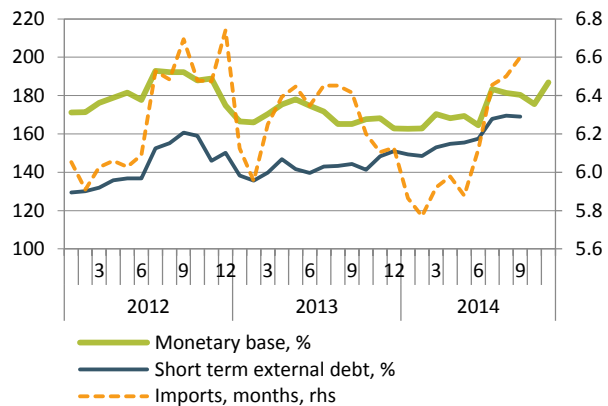
## FINANCIAL SECTOR

**International reserves** grew by 3.1% mom in November, reaching EUR 16.1 bn, on the back of a 15.6% increase of the Government deposit and a 24.5% expansion in Other depositors' account. The former came at the expense of domestic debt issuance for the needs of the Deposit insurance fund p to cover the guaranteed deposits repayments in KTB. At the same time, bank reserves had a negative effect on reserves dynamics after shrinking by 11.9% mom. Annual reserves' growth accelerated to 12.4% with major contribution from the same components, driving their monthly growth. The monetary base coverage improved from 175.5% at end-October to 186.8% as of end-November. The overall level of international reserves at the end of September was enough to cover 6.6 months of imports of goods and services or 169% of the short term external debt.

**Money supply** growth slowed down to 6.7% yoy at the end of October, from 7.2% a month earlier. Deposits with agreed maturity decreased faster than in September (9.7% vs. 9.1% yoy) and deposits, redeemable at notice reduced their annual growth rate from 24.7% to 22.8%. Meanwhile, liquid aggregate M1 kept its pace of increase almost unchanged at 18.6% yoy as compared to 18.7% in the previous month. Considered on a month earlier, broad money increased by 0.2% led by the 0.9% growth of overnight deposits and the 1% increase of deposits, redeemable at notice. Total deposits in the banking system grew by 0.3% mom in October; however their annual growth rate decelerated to 5.9% coming from 6.6% at the end of September.

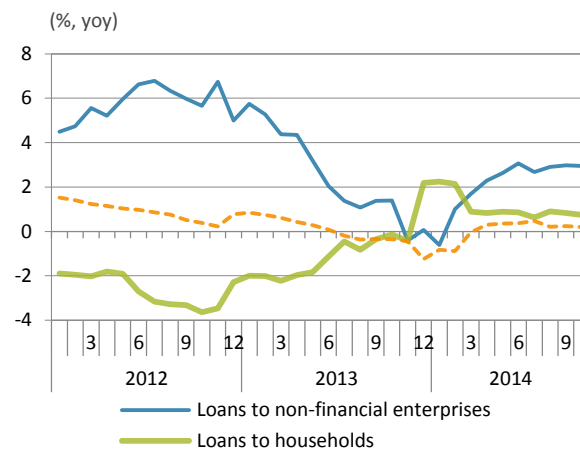
**Credit to the private sector** grew by 2.3% yoy in October against 2.6% at the end of the previous month. The faster increase of corporate credit continued and grew by 3% yoy preserving its pace of growth from September. Consumer credits marginally slowed their pace for a second consecutive month to 0.7% yoy (vs.0.8% at the end of September), while mortgages preserved their positive annual growth rate from August and September of 0.2%. **Bad and restructured loans** in October increased for a second month by 2% yoy and their

Fig. 13: Coverage with FX Reserves



Source: BNB, MF

Fig. 14: Credit growth



Source: BNB, MF

share in total loans to firms and households stepped up by 10 bps to 18.2% from 18.1% a month earlier.

**Weighted average interest rates** on credits for non-financial corporations in October slightly decreased compared to their level in the previous month to an average of 6.9%. Regarding long-term dynamics in the corporate segment a year earlier, the price for borrowing funds was up by 125 bps, while the monthly volume of new loans came lower compared to October 2013, though up 16.8% mom. Interest rates on new consumer credits and mortgages went down by 23 bps and 5 bps mom respectively. The long-term downward trend in these segments continued. A year ago, the price of consumer credits and mortgages was higher by 45 bps and 21 bps respectively. Monthly volumes of consumer loans were higher both on annual and monthly basis – up by 7% and 3%. New mortgage deals in October were also higher with 45% on annual basis and 11% regarding short-term monthly dynamics.

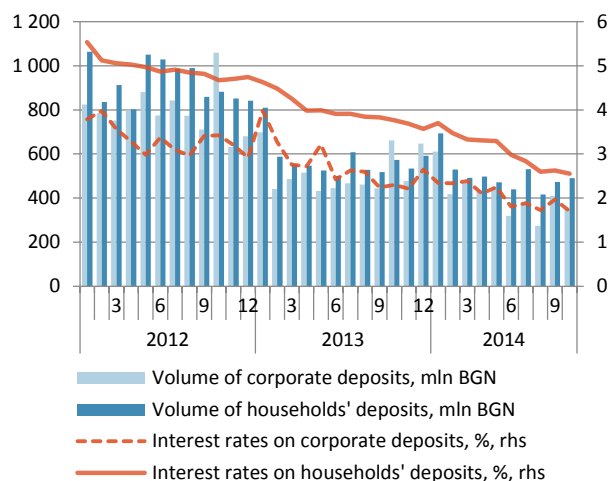
**Weighted average interest rates** on time deposits in BGN, EUR and USD decreased in October, the largest decrease registered on time deposits in USD, down 41 bps mom. Local currency's rate of return went down by 10 bps, while the average rates on euro denominated deposits decreased with 12 bps. The monthly volume of new deposits amounted to BGN 2 bn, which was by 22% less than in the same month of 2013, but 3.4% higher compared to September 2014.

## FISCAL DEVELOPMENTS

**Consolidated budget deficit** amounted to BGN 1 760.1 mln (2.2% of GDP) at the end of October with a negative balance reported on both the national budget (BGN 693.8 mln) and the EU funds account (BGN 1 066.3 mln). The overall fiscal outcome deteriorated by BGN 1 317.1 mln compared to the same period a year earlier.

**Total revenue and grants** for the first ten months of the year accounted for BGN 24 020.7 mln, equal to 80.1% of the amended annual plan. The minor growth of 1.1% yoy was entirely due to the 3.7% nominal increase of tax revenues, while

Fig. 15: Interest rates and volumes of time deposits in BGN up to 1Y



Source: BNB, MF

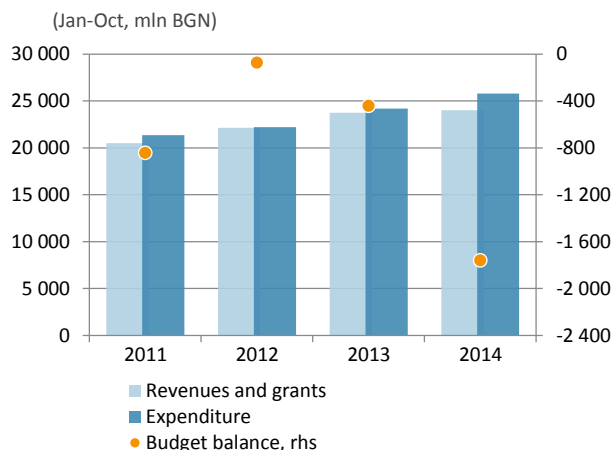
non-tax receipts and grants decreased by 6.8% and 9.5% yoy, respectively. Direct tax revenues were the main driver of overall proceeds' growth, being 9.1% higher compared to their level at end-October 2013. Indirect tax revenues reached 81.6% of their annual estimate, up 1.2% yoy. VAT receipts came 1.9% higher compared to Jan-Oct 2013. Their increase that started in the previous month was owing to the 4.9% decline of net VAT revenue from imports, which was offset by an increase of net VAT from taxable domestic supply and intra-community acquisition. Excise duties remained at their level a year earlier, while custom duties grew marginally by 0.4% in nominal terms. Social and health insurance contributions posted a relatively significant rise, up by 5.1% yoy.

**Total expenditure**, including the contribution to the EU budget, amounted to BGN 25 780.8 mln at the end of October, corresponding to 78.2% of the updated annual plan. Compared to Jan-Oct 2013 a nominal increase of 6.6% was registered, due largely to the higher social payments and capital expenditures. Expenses on subsidies, wages and salaries, and social and health insurance contributions were also up, while maintenance and interest payments decreased compared to the corresponding month of the previous year.

**Fiscal reserve** at end-October stood at BGN 8.7 bn (10.6% of GDP), including BGN 7.6 bn in reserve deposits and BGN 1.1 bn EU funds receivables.

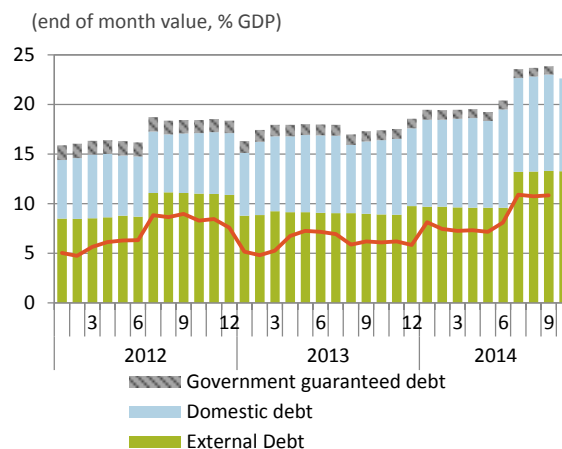
**General government debt** accounted for 22.6% of GDP, consisting of 9.4% of GDP domestic debt and 13.3% of GDP external debt. Government guaranteed debt was 0.8% of GDP. ●

Fig. 16: Consolidated budget



Source: MF

Fig. 17: GG debt and fiscal reserve



Source: MF

# Key Economic Indicators

		Annual data			Quarterly data				Monthly data						
		2011	2012	2013	Q4'13	Q1'14	Q2'14	Q3'14	May'14	Jun'14	Jul'14	Aug'14	Sep'14	Oct'14	Nov'14
<b>— GDP</b>															
Gross Domestic Product <sup>1</sup>	% , yoy	2.0	0.5	1.1	1.9	1.5	1.8	1.5							
Consumption	% , yoy	1.8	2.9	-1.3	-1.3	3.3	1.2	0.8							
Gross fixed capital formation	% , yoy	-6.6	4.2	-0.1	4.2	4.8	5.1	4.4							
Export	% , yoy	12.3	0.1	9.2	10.5	2.1	3.0	-2.8							
Import	% , yoy	8.5	4.5	4.9	6.4	5.5	3.7	2.6							
Agriculture	% , yoy	-1.5	-7.3	3.3	1.6	-0.3	1.4	3.7							
Industry	% , yoy	6.3	1.6	-0.1	2.7	2.6	2.6	2.8							
Services	% , yoy	0.9	-0.8	1.6	2.0	2.0	1.5	1.6							
Adjustments	% , yoy	0.2	6.9	0.3	-1.2	-1.7	1.6	2.5							
<b>— Short-term business statistics</b>															
Industrial production	% , yoy	5.8	-0.4	-0.1	2.7	3.4	4.6	-0.4	6.7	2.3	0.3	-3.7	2.0	0.7	
Industrial turnover	% , yoy	17.2	2.3	-1.0	-2.0	-6.4	2.8	0.6	4.1	8.6	-2.0	-2.6	6.7	4.6	
Retail trade turnover	% , yoy	0.6	5.3	2.9	6.6	7.1	1.9	4.4	1.8	2.4	4.0	4.0	5.2	3.5	
Construction output	% , yoy	-12.8	-0.8	-5.3	-6.2	4.1	4.3	3.1	8.6	7.6	3.8	-2.3	7.9	3.3	
Total business climate	balance	14.2	14.3	13.0	11.6	14.9	20.0	15.6	21.8	20.8	17.6	16.0	13.4	12.9	13.4
Industry	balance	22.4	21.3	15.6	12.5	17.8	21.0	18.5	23.0	21.2	19.1	19.3	17.1	16.0	14.1
Retail trade	balance	17.3	16.4	19.7	22.0	22.2	28.8	22.7	29.5	29.9	23.7	22.8	21.6	18.7	26.2
Construction	balance	2.8	0.3	2.0	-1.0	1.7	13.2	9.7	12.6	16.6	13.6	11.4	4.1	6.2	8.2
Services	balance	5.9	12.2	12.2	12.2	15.2	16.2	8.9	20.8	15.2	12.4	7.1	7.3	7.5	4.7
<b>— Labour market</b>															
Participation rate (15+)	level	52.5	53.1	53.9	54.0	53.5	54.1	55.2							
Employment rate (15+)	level	46.6	46.6	46.9	47.0	46.5	47.9	49.3							
Employment (LFS)	% , yoy	-2.2	-2.5	-0.4	-0.7	0.3	0.3	0.7							
Unemployment rate (LFS)	level	11.3	12.3	12.9	13.0	13.0	11.4	10.8							
Unemployment rate (Employment agency)	level	10.1	11.1	11.3	11.5	12.2	11.2	10.5	11.2	10.7	10.6	10.4	10.5	10.7	10.8
Nominal wage	% , yoy	5.8	6.6	10.5	8.2	2.3	2.3	2.3	2.1	1.6	2.1	2.2	2.4		
Real wage <sup>2</sup>	% , yoy	2.4	4.1	10.0	9.3	4.2	3.9	3.5	4.0	3.5	3.3	3.2	3.8		
Labour productivity (GDP per employed)	% , yoy	4.3	3.1	1.5	3.7	0.7	1.8	1.2							
Real ULC (GDP)	% , yoy	-4.3	2.9	8.0	3.2	1.7	-1.8	-3.9							
<b>— Prices</b>															
National index of consumer prices (CPI)	% , yoy	4.2	3.0	0.9	-1.5	-2.4	-1.8	-0.8	-2.0	-1.9	-1.0	-0.6	-0.8	-0.4	-0.6
Harmonized index of consumer prices (HICP)	% , yoy	3.4	2.4	0.4	-1.0	-1.8	-1.6	-1.2	-1.8	-1.8	-1.1	-1.0	-1.4	-1.5	-1.9
Domestic producer prices	% , yoy	8.6	5.4	-1.3	-3.6	-2.0	-0.7	-0.8	-0.7	-0.5	-0.6	-1.0	-0.6	0.8	
<b>— Consolidated fiscal program (cumulative)</b>															
Revenues and grants	mIn BGN	25 378	27 470	28 981	28 977	6 576	14 171	21 556	11 776	14 170	16 841	19 215	21 556	24 021	
Total expenses	mIn BGN	26 867	27 828	30 430	30 418	7 450	15 167	23 035	12 665	15 166	17 988	20 491	23 039	25 781	
Contribution to EU budget	mIn BGN	779	809	934	934	349	562	700	495	562	615	663	700	743	
Cash deficit (-) / surplus (+)	mIn BGN	-1 488	-358	-1 448	-1 441	-875	-996	-1 479	-889	-996	-1 147	-1 276	-1 483	-1 760	
	% of GDP	-1.9	-0.4	-1.8	-1.8	-1.1	-1.2	-1.8	-1.1	-1.2	-1.4	-1.6	-1.8	-2.2	
Government debt (incl. guaranteed debt)	mIn BGN	12 826	14 683	14 893	14 893	15 836	16 604	19 409	15 658	16 603	19 160	19 266	19 409	19 096	
	% of GDP	16.4	18.3	18.6	18.6	19.4	20.4	23.8	19.2	20.4	23.5	23.7	23.8	23.5	

		Annual data			Quarterly data				Monthly data						
		2011	2012	2013	Q4'13	Q1'14	Q2'14	Q3'14	May'14	Jun'14	Jul'14	Aug'14	Sep'14	Oct'14	Nov'14
Fiscal reserve <sup>3</sup>	mIn BGN	4 999	6 081	4 681	4 681	5 904	6 600	8 824	5 836	6 600	8 886	8 742	8 824	8 653	
	%, yoy	-16.9	21.6	-23.0	-23.0	40.0	14.7	77.7	0.2	14.7	59.6	85.3	77.7	76.5	
<b>— Financial sector</b>															
BNB International reserves	mIn EUR	13 349	15 552	14 426	14 426	13 960	14 323	15 564	13 819	14 323	15 135	15 331	15 564	15 580	16 061
Monetary base coverage	%	175.1	174.9	162.9	162.9	170.4	164.5	180.4	169.3	164.5	183.3	181.4	180.4	175.5	186.8
Coverage of import with FX reserves	months	6.2	6.7	6.2	6.1	5.9	6.1	6.6	5.8	6.1	6.5	6.5	6.6		
Coverage of short-term external debt	%	133.8	146.7	148.7	148.0	142.7	147.3	169.0	155.5	157.5	167.8	169.6	169.0		
Money M1 (Narrow money)	%, yoy	14.4	9.5	17.5	17.5	16.1	16.4	18.7	13.3	16.4	16.8	18.0	18.7	18.6	
Money M3 (Broad money)	%, yoy	12.2	8.4	8.9	8.9	8.3	7.4	7.2	8.7	7.4	6.9	7.2	7.2	6.7	
Deposits	%, yoy	13.2	8.4	9.4	9.4	8.2	6.6	6.6	8.5	6.6	6.3	6.7	6.6	5.9	
Credit to private sector	%, yoy	3.3	3.0	0.2	0.2	1.4	2.3	2.6	2.0	2.3	2.2	2.4	2.6	2.3	
Credit to non-financial enterprises	%, yoy	5.7	5.0	0.1	0.1	1.7	3.1	3.0	2.6	3.1	2.7	2.9	3.0	3.0	
Credit to households	%, yoy	-0.4	-1.0	-0.2	-0.2	0.3	0.3	0.1	0.3	0.3	0.0	0.1	0.1	0.0	
Interest rate on short-term loans	%	7.2	7.6	7.9	8.1	7.8	7.8	7.1	7.5	7.6	7.1	7.4	6.8	5.9	
Interest rate on time deposits	%	4.8	4.3	3.5	3.2	3.2	3.0	2.5	3.1	2.9	2.7	2.4	2.4	2.3	
Exchange rate BGN/USD	eop	1.51	1.48	1.42	1.42	1.42	1.43	1.55	1.44	1.43	1.46	1.48	1.55	1.56	1.57
	per. av.	1.41	1.52	1.47	1.44	1.43	1.43	1.48	1.43	1.44	1.44	1.47	1.52	1.54	1.57
<b>— Gross External Debt (GED)</b>															
Gross external debt	% of GDP	90.5	92.2	91.0	91.0	88.5	89.0	92.1	88.7	89.0	91.6	92.0	92.1		
Short-term external debt	% of GED	27.9	27.5	25.6	25.6	24.8	24.6	24.0	24.1	24.6	23.7	23.6	24.0		
Intercompany lending	% of GED	42.8	41.4	41.3	41.3	42.2	42.7	41.2	42.7	42.7	41.7	42.0	41.2		
<b>— Balance of payments</b>															
Current account	mIn EUR	33	-458	857	-428	-315	86	661	14	340	393	316	-48		
<i>Current account (moving average)</i>	% of GDP	0.1	-1.1	2.1	2.1	2.2	1.0	0.0	0.8	1.0	1.5	0.2	0.0		
Trade balance	mIn EUR	-2 156	-3 460	-2 430	-731	-870	-739	-530	-235	-149	-95	-163	-272		
<i>Trade balance (moving average)</i>	% of GDP	-5.4	-8.5	-5.9	-5.9	-6.9	-6.7	-6.9	-7.1	-6.7	-6.3	-7.0	-6.9		
Export, f.o.b.	mIn EUR	20 264	20 770	22 271	5 653	4 864	5 425	5 984	1 785	1 884	2 039	1 942	2 002		
	%, yoy	30.2	2.5	7.2	5.8	-6.8	0.0	0.1	5.5	7.2	-0.1	-3.0	3.6		
Import, f.o.b.	mIn EUR	22 420	24 230	24 701	-6 384	-5 734	-6 164	-6 514	-2 020	-2 032	-2 135	-2 105	-2 275		
	%, yoy	22.3	8.1	1.9	3.3	1.0	-1.1	1.6	-0.1	-2.0	-6.5	11.1	1.9		
Capital account	mIn EUR	504	551	468	161	125	201	184	76	130	91	61	33		
Financial account	mIn EUR	-886	1 255	-1 293	276	-440	616	743	-396	750	915	-183	12		
Net Foreign Direct Investments	mIn EUR	1 213	871	974	-51	415	240	326	112	53	231	303	-208		
Net Portfolio Investments	mIn EUR	-357	-887	-129	780	-161	27	1 535	3	104	1 399	40	96		
Other Investments – net	mIn EUR	-1 676	1 303	-2 019	-444	-691	351	-1 104	-511	593	-714	-522	132		
Change in BNB reserve assets	mIn EUR	-159	-2 161	599	351	553	-328	-1 211	234	-452	-797	-180	-235		

## Notes:

1. Reference year 2010, seasonally and working day adjusted data;
2. HICP deflated;
3. Change in the structure of fiscal reserve as of 2014.