

BULGARIAN ECONOMY

Monthly Report

1/2017

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

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Main topics:

- » Short-term Business Statistics
- » Labour market
- » Inflation
- » External Sector
- » Financial sector
- » Fiscal Developments
- » Tabl. Key Economic Indicators

Highlights

According to the NSI flash estimates, **seasonally adjusted GDP increased by 3.4% yoy** during the fourth quarter of 2016 driven by both final consumption and net export. Consumption rose by 0.9%, while the export growth reached 9.1% and thus outperformed the increase in import (7.8%). At the same time, gross fixed capital formation continued on the decline, down by 1.5%.

The **consumer confidence indicator** increased in January on the back of better expectations regarding the economic situation in the country and the financial situation of households. The overall **business climate indicator** also went up during the month, due to improved assessments of all sectors except for construction.

The **unemployment rate** (LFS) decreased to 6.7% in Q4 2016 which is a record low since mid-2009. The latter did not have a significant influence on employment, as it was more a result of a drop in labour supply. The participation rate stepped down to 52.7%, reflecting both the population decline and the labour force shrinkage.

The **average wage** growth accelerated slightly to 8.2% in Q4 with a higher contribution from the private sector. The HICP deflated real wage growth came at 9% yoy, thus remaining almost unchanged compared to Q3.

According to preliminary data, **consumer prices** (HICP) rose by 0.7% mom in January almost fully on the account of higher prices of food and energy products. The **annual inflation rate** moved to positive territory for the first time since mid-2013 and stood at 0.4% yoy, though core inflation remained negative at -0.6% yoy.

The **current account surplus** reached 4.9% of projected GDP in January-November, while the **financial account** stood at EUR 105 mln, as assets held abroad surpassed the attracted financial inflows. FDI attracted by Bulgarian entities reached EUR 1.2 bn (2.5% of projected GDP).

As at end-November, **gross external debt** amounted to 72.9% of projected GDP, decreasing in both mom and yoy terms. Short-term debt by original maturity represented 23% of the total.

The **annual budget balance** on the consolidated fiscal program in 2016 came positive for the first time since the economic and financial crisis in 2008. According to preliminary data on cash basis, consolidated budget balance accounted for BGN 1 472.5 mln (1.6% of projected GDP) at the end of December with a national budget deficit of 0.8% of GDP, and a surplus of 2.4% of GDP on the account of EU funds. ■



SHORT-TERM BUSINESS STATISTICS

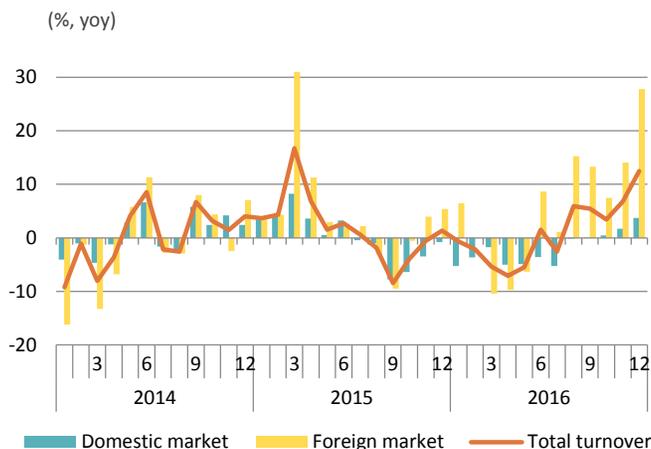
The growth of **industrial turnover**¹ accelerated further to 12.5% yoy in December compared to an increase of 6.8% yoy in November (fig. 1). Foreign industrial sales rose by 27.8% yoy and thus contributed the most for the reported increase. The observed positive development was driven by the upward trend in *energy products* as well as *manufacture of basic metals and fabricated metal products, except machinery and equipment*. Other sectors which supported the increase included *manufacture of chemical products, manufacture of motor vehicles, trailers and semi-trailers* and *manufacture of food products*. The growth of domestic sales also accelerated to 3.7% yoy with *investment goods* being the major contributor.

The growth of **industrial production** stabilized at 5.5% yoy in December compared to annual increase of 5.3% over the previous month. Major contribution for the reported increase had *manufacture of basic metals and fabricated metal products, except machinery and equipment* which are primarily oriented towards the foreign markets.

The slump in **construction production index** expanded to 9.7% yoy in December (fig. 2). The decline in civil engineering deepened further to 15.7%, while building construction reported a 4.1% decrease after the positive development in November.

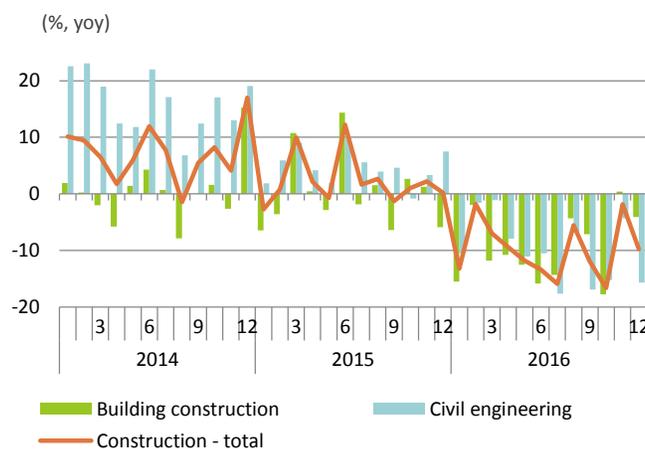
Retail trade slowed to 5.3% yoy in December compared to the annual increase of 6.4% in the previous month. Growth remained robust in retail sales of food, beverages and tobacco, sales of computers, peripheral units and software and sales of medical, orthopedic goods and cosmetics, while the other

Fig.1: Industrial turnover by components



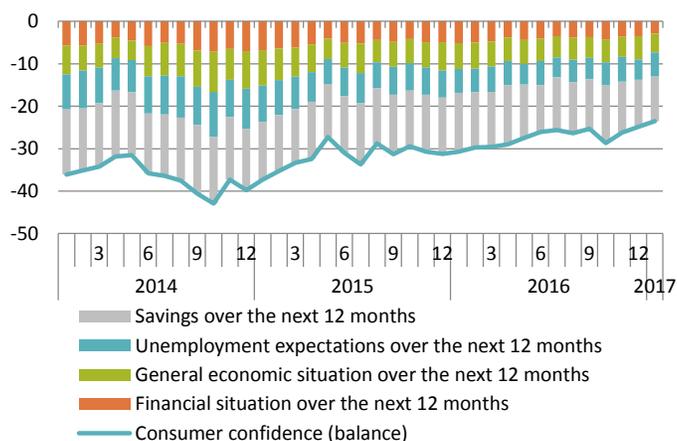
Source: NSI

Fig. 2: Construction production index



Source: NSI

Fig. 3: Consumer confidence (balance) and its dynamics by main components (points)



Source: Eurostat, NSI, MF

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.

sectors had subdued performance.

The **consumer confidence indicator** increased in January (fig. 3) on the back of better expectations regarding the economic situation in the country and the financial situation of households.

The overall **business climate indicator** increased by 0.8 points in January (fig. 4 and 5) due to the assessments improvement in all sectors except for construction where the current business situation is usually perceived as unfavourable during this time of the year. There was an increase in demand for services in the last three months and the expectations were optimistic. The prospects for the industrial production activity were also favourable, while those for sales in retail trade were more reserved.

LABOUR MARKET AND INCOMES

The **unemployment rate (UR)** went down to 6.7% (LFS) in Q4 2016 which is a record low since mid-2009. Recent downward trend of UR among young people (aged 15-24) and long-term unemployment continued, with the former going down to 17.4% and the latter decreasing to 3.9%. In the beginning of 2017 the NSI consumers' survey evidenced further improvement in expectations for the unemployment developments during the next 12 months (fig. 6).

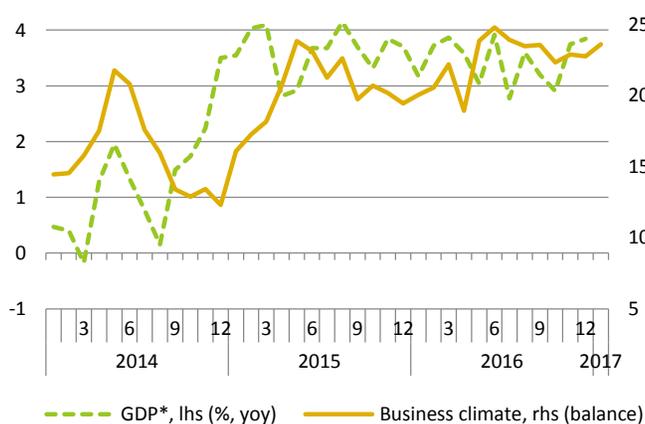
Negative demographic developments strengthened their influence on labour supply in Q4. Participation rate of population (15+) stepped down by 1.2 pps yoy to 52.7%, reflecting both the population decline (down by 0.9%) and the labour force shrinkage (down by 3.1%). The unemployment decrease did not have a significant influence on employment, as it was more a result of the drop down of the labour supply. Economically active population decreased within all age groups except for the older people above 65,

Fig. 4: Business climate by sectors



Source: NSI, MF

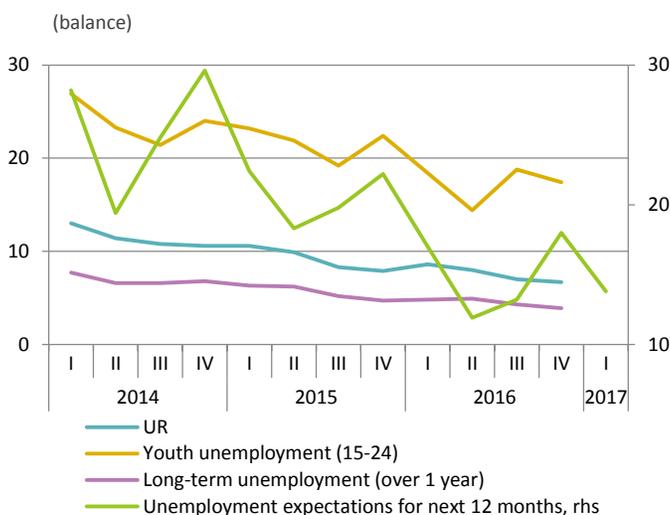
Fig. 5: Business climate and GDP



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

Source: NSI, MF

Fig. 6: UR (%) and expectations for the next 12 months



Source: NSI

Table 1: Participation and employment rates by age cohorts, %

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Participation rate								
Total (15+)	53.4	54.1	54.9	53.9	53.1	53.8	53.6	52.7
15-24	25.8	26.3	28	23.7	23.8	24.8	24.1	22.8
25-34	77.1	79.2	78.9	77.9	76.5	77.6	76.9	75.1
35-44	86.2	86.8	87.3	85.8	85.4	85.7	85.9	84.6
45-54	83.3	84.5	85.3	84.3	83.3	84.5	83.8	83.1
55-64	56.2	56.9	58.9	60	57.7	59.5	59.4	58.6
65 and over	4.1	4.1	4.4	4.4	4.2	4.3	4.5	4.6
Employment rate								
Total (15+)	47.7	48.7	50.3	49.7	48.5	49.5	49.9	49.2
15-24	19.8	20.5	22.6	18.4	19.4	21.2	19.6	18.9
25-34	67.6	70.9	72.1	71.2	68.7	70.8	71.1	69.2
35-44	78.8	78.9	80.9	80.7	79.3	79.4	81.1	79.9
45-54	76.0	77.4	79.1	78.5	77.2	78.2	78.6	78.8
55-64	50.2	51.6	54.6	55.4	52.8	54.8	55.6	54.7
65 and over	3.8	3.9	4.2	4.3	4.1	4.2	4.4	4.4

Source: NSI

with a particular influence from the young cohorts between 25 and 34. The latter age group registered the largest decline on a year earlier in participation and employment rates in Q4.

The **average wage** growth slightly accelerated to 8.2% in Q4, up from 7.7% yoy in Q3 and 8% a year earlier. The private sector contribution increased as wages there stepped up by 9.4% yoy, while wages in the public sector increased at a slower rate, up by 5.1% yoy (fig. 7). Budget sector wage growth decelerated as well with a leading contribution from education (1.9%). Following the lower consumer prices' decrease, the HICP deflated real wage growth came at 9% yoy, thus remaining almost unchanged compared to Q3 (fig. 8). Recent favourable developments were in line with the improved households' assessment for their financial situation, so respondents reported better expectations over the next 12 months.

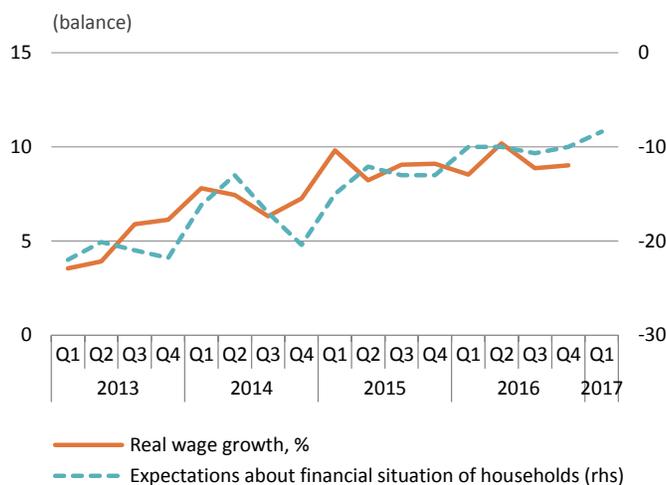
Wage dynamics in Q4 reflected the observed higher labour demand in manufacturing, trade and other high-skilled service sector activities. The accelerated average wage growth in trade (12.9%) reflected the increased turnover index there, with a positive contribution from wholesale trade for the first time since the beginning of the year. Wages in informational, professional and administrative activities, and real

Fig. 7: Nominal wage growth by economic sectors



Source: NSI

Fig. 8: Real wage growth (%) and expectations about the financial situation of households over the next 12 months



Source: NSI

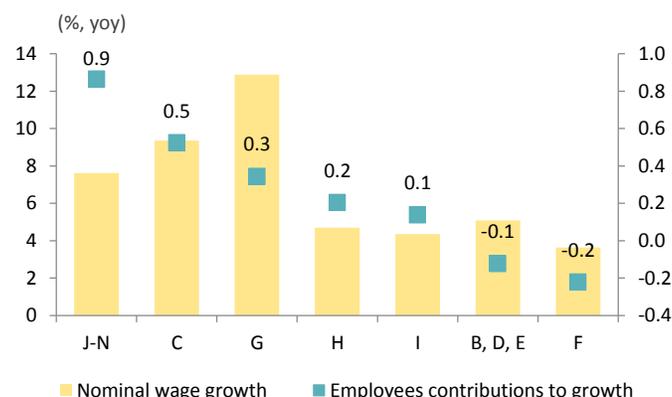
estate also followed an upward trend, up by 9.7%, 7.7%, 7.6% and 6.7%, respectively. Wage growth in construction (3.6%), hotels and restaurants (4.3%) and transport (4.7%) had moderate effect on the overall indicator's dynamics, but the contributions of the respective activities slightly increased as compared to the previous quarter.

INFLATION

According to preliminary data², **consumer prices** rose by 0.7% mom in January as measured by the HICP index. Prices of food products, up by 2.9% over the previous month, and energy goods, up by 3.1% mom, almost fully accounted for the reported monthly increase in the headline rate. The former was largely driven by fresh vegetables, whose prices soared by 20.5% in January alone due to the extreme weather conditions during the winter month, and to a lesser extent by fresh fruits. Energy prices, on the other hand, were under the influence of the ongoing recovery in crude oil prices (fig. 11), thus domestic prices of transport fuels went up further by 3% mom. Core inflation³, on the other hand, posted a marginal 0.1% decrease due to the lower prices of clothing and footwear related to winter sales (reductions), as well as due to the continuing decline in international airfares (down by 14.6% mom), especially those provided by low-cost airlines. Meanwhile, the rates for accommodation in resorts and prices of package holidays increased during the high tourist season, up by 5.1% and 1.1% mom, respectively.

The **annual inflation rate** moved to positive territory in January for the first time since mid-2013 and stood at 0.4% yoy on the account of higher prices of food

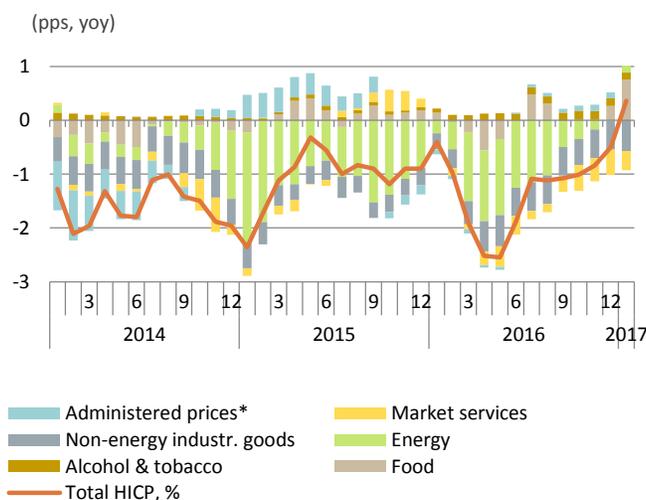
Fig. 9: Wage and employee dynamics by economic activity in Q4 2016



Legend: J-N – Other service activities; C – Manufacturing; G – Trade; H – Transport; I – Hotels and restaurants; B, D, E – Other industrial activities; F – Construction

Source: NSI

Fig. 10: HICP and contributions by main components



* total HICP excl. energy and unprocessed food

Source: NSI, MF

² January 2017 price indices are released as preliminary because they are calculated with weights based on households' budget data for the period October 2015–September 2016. The final January 2017 indices, calculated with the annual 2016 weights, will be released with the February 2017 data.

³ The total index excluding energy and unprocessed food, also referred to as *underlying inflation*.

and fuels on a year earlier (fig. 10). The positive contribution of these two HICP components was partially compensated by the still negative core inflation (-0.4% yoy).

EXTERNAL SECTOR

Current account came in positive at EUR 116 mln in November 2016 compared with a deficit of EUR 359.7 mln a year ago. The improvement was due to better *trade in goods* and *income* balances. On the other hand, *services* surplus lowered compared with the level in November 2015. Both export and import decreased in yoy terms during the month, reflecting lower transport services offered to and received from non-residents. However, the decrease in export surpassed the slowdown in the monthly import, resulting in the lower overall balance. As regards trade in goods, export increased by 20.7% yoy in November. According to NSI trade data, November was the first month in 2016 when export to non-EU members showed better dynamics, up by 18.4% yoy compared with 12.8% higher export to Member States. Import was up by 6.7% yoy, as non-EU trade was the main driver of the increase.

In accumulated terms, **CA balance** reached 4.9% of projected GDP, being 1% in January-November 2015. **Financial account** stood at EUR 105 mln, as assets held abroad surpassed the attracted financial inflows. FDI attracted by Bulgarian entities reached EUR 1.2 bn or 2.5% of GDP.

As at end-November, **gross external debt** amounted to 72.9% of projected GDP, decreasing in both mom and yoy terms (fig. 13). Short-term debt by original maturity represented 23% of the total. Net external debt narrowed to 4.6% of projected GDP, being 15% of GDP at end-December 2015 and 5.3% of projected GDP a month ago. The improvement in the net in-

Fig. 11: International prices of major commodities in euro
(%, yoy)

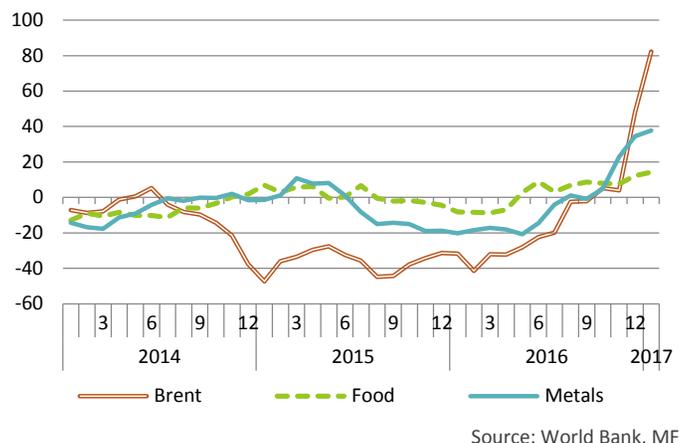


Fig. 12: Foreign trade

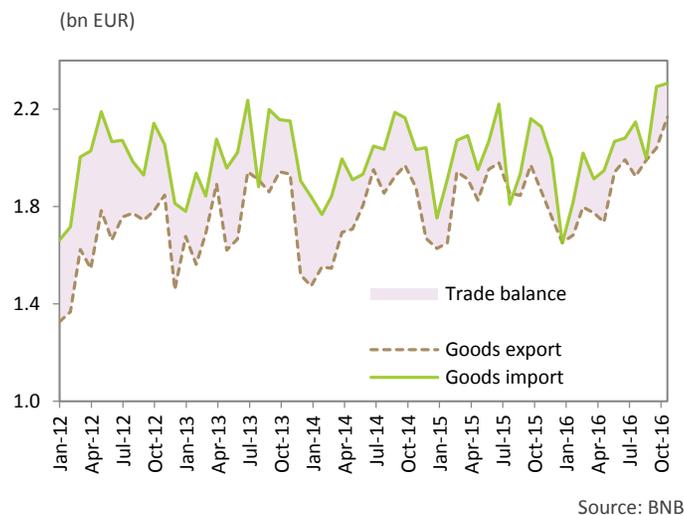
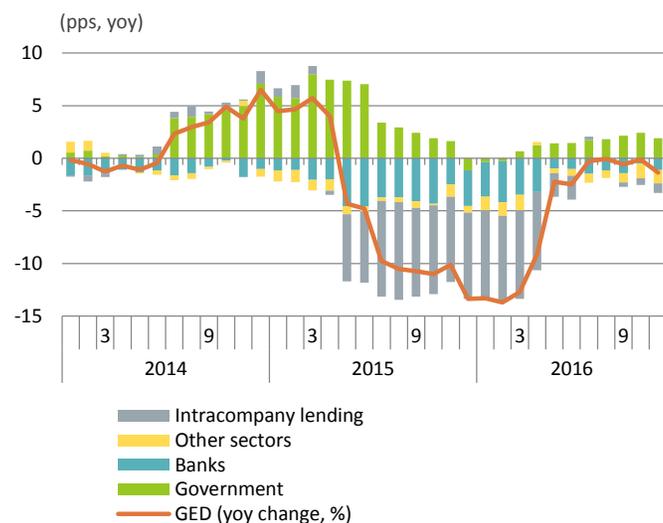


Fig. 13: Gross external debt by institutional sector



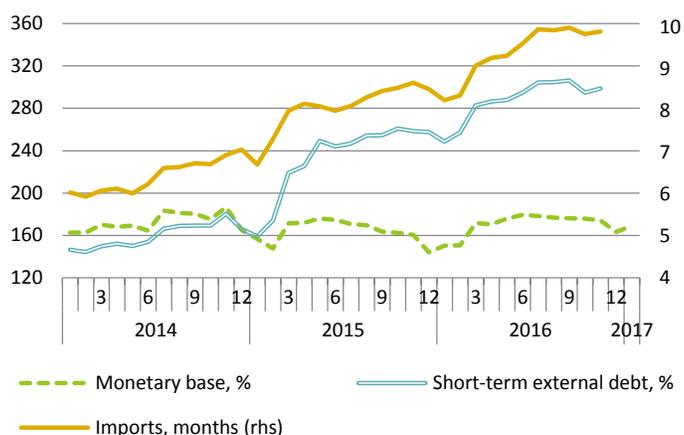
debtedness came on the back of lowering gross debt and increase in foreign assets (BNB reserves).

FINANCIAL SECTOR

The annual growth rate of the **international reserves** went up to 18.2% as of end-January coming from 17.8% a month earlier. The biggest contribution came again from the Government deposit, up by 71.3% yoy, followed by notes in circulation, up by 12.1% yoy (fig. 14). Official reserves recorded a drop of 3.2% mom in January 2017 to reach EUR 23.1 bn. Bank reserves went down by 9.3% mom and had the largest negative contribution to the monthly change of total reserves. This decrease appears to reciprocate their sharp increase at the end of December, probably linked to banks complying with minimum reserves and capital buffers requirements. Currency in circulation was the other negative driver of the BNB's official reserves after shrinking by 3.3% mom in January in reflection of seasonally low demand for national currency in the beginning of every year. The Government deposit with the BNB was up by 4.3% mom and was the only international reserves' component to record an increase.

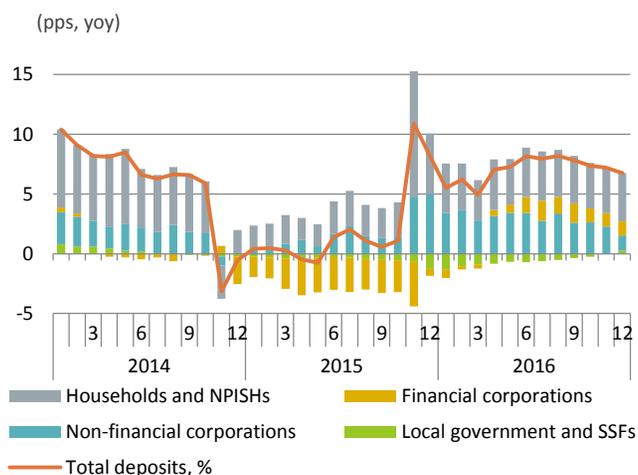
Credit to the private sector in December slightly speeded up its annual growth to 1.5% vs. 1.1% in the previous month (fig. 18). Positive contributions came from both loans to non-financial corporations and households which increased by 0.3% yoy and 2% yoy, respectively. Consumer credits' annual growth turned positive for the first time since the beginning of 2016, while mortgages continued to increase with a slightly delayed pace, up by 1.4% yoy vs. 1.6% in November. Bad and restructured credits' downward pace accelerated to 11.3% on annual base vs. 9.2% in November. The share in total credits to non-financial corporations and households shrank to 15.9% from 16.4% previous month.

Fig. 14: Coverage with FX Reserves



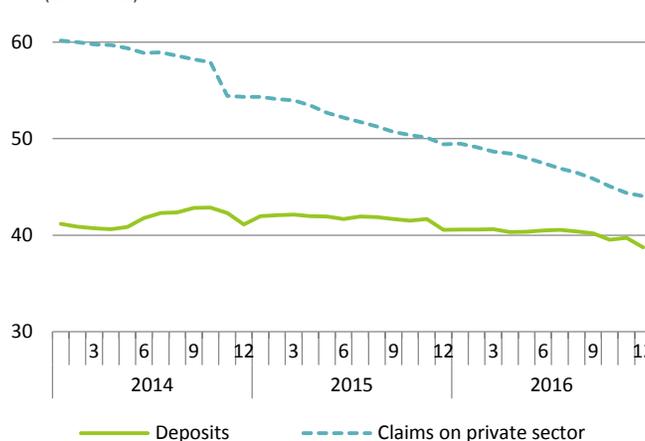
Source: BNB, MF

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



Source: BNB

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



Source: BNB

Weighted average interest rate on credits to non-financial corporations continued to decrease in December, down by 32 bps. (table 2). The largest decrease was in USD and EUR denominated corporate loans with maturity over 5 years. The monthly volume of new corporate loans came lower, down by 10% yoy. The price of mortgages was on the downward path as well and decreased by 27 bps, while the volume of new deals went up by 38.8% compared to end of 2015. At the same time, price of consumer loans increased in December, up by 49 bps compared to end-November.

Weighted average interest rates on time deposits in all currencies slightly increased in December. The biggest increase was in EUR denominated time deposits, up by 7 bps, while those in BGN and USD increased by 2 bps, respectively. The total monthly volume of new time deposits reached BGN 1.51 bn which was by 22.9% higher compared to November and by 29.8% less on a year earlier (table 4).

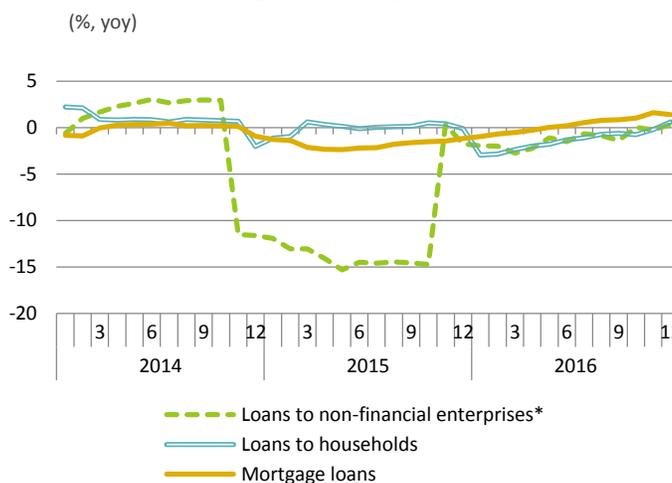


FISCAL DEVELOPMENTS

The annual budget balance on the consolidated fiscal program in 2016 came positive for the first time since the economic and financial crisis in 2008. According to preliminary data on cash basis, at the end of December consolidated budget balance accounted for BGN 1 472.5 mln (1.6% of projected GDP), with a national budget deficit of 0.8 % of GDP, and a surplus of 2.4% of GDP on the account of EU funds. The budget surplus was a result of better revenue performance and lower capital spending (fig. 18).

Total revenues and grants amounted to BGN 34 bn (102.8% of the full-year plan), up by 5.4% compared to December 2015. The better than projected revenue performance was entirely due to tax proceeds, up by 8.2% in nominal terms compared to end-2015.

Fig. 17: Credit growth



* The decline between November 2014 and 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 2: Weighted average interest rate on new credits to households and non-financial companies, in %

	December 2015	November 2016	December 2016
Non-financial companies	4.97	4.38	4.05
Consumer credits	11.07	10.17	10.67
Mortgages	5.57	4.61	4.33

Source: BNB, MF

Table 3: Annual Percentage Rate of Charge (APRC)*

	December 2015	November 2016	December 2016
Consumer credits	11.99	10.95	11.34
Mortgages	6.04	5.04	4.80

* 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

Table 4: Weighted average interest rate on new time deposits of households and non-financial companies, in %

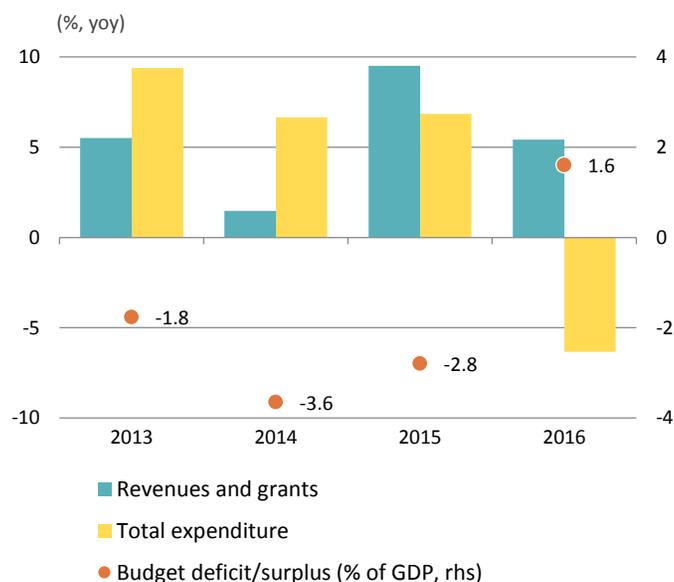
	December 2015	November 2016	December 2016
BGN	1.33	0.60	0.62
EUR	1.13	0.44	0.51
USD	0.55	0.45	0.47

Source: BNB, MF

The biggest contribution to tax revenues growth had indirect taxes, up by 8.9% yoy and 2.3% higher than the forecast. VAT revenues overshoot its annual target by 1.7% and posted a 10.5% increase. The latter was owing to higher VAT from domestic transactions and intra-community acquisitions (up by 21% yoy), while VAT on import from non-EU countries decreased (down by 3.1% yoy). Revenues from excise duties also came higher than projected (2.9% over execution) and grew by 6.2% yoy. The latter was a result of increased rate of excise duties on tobacco products and some liquid fuels, both representing 93% of total excise income, but also of better tax compliance. Direct tax receipts also performed well, up by 9.7% yoy and 7.5% higher than the full-year forecast. Revenues from social and health insurance contributions followed positive dynamic as well – they came 4.5% higher than planned and 5.3% above the previous year level. Non-tax revenues were lower than projected, but posted a significant increase of 11.9% yoy. Despite the annual drop in grants (20.3%), they also exceeded the full year plan by 14.2%.

General government expenditure decreased by 6.3% compared to December 2015 and totalled BGN 32.5 bn. The drop was owing to lower capital outlays, subsidies and the Bulgarian contribution to the EU budget. Capital spending (including the net increase of state reserve) declined by 43.6% yoy and reached just 63.2% of the annual forecast. Non-investment expenditure was 2.8% higher than its previous year level. An increase was reported on social spending and scholarships, wages and salaries, social and health insurance contributions, maintenance and interest.

Fig. 18: Revenues and expenditure growth rates and budget balance as at end- December



Source: MF

The **fiscal reserve** amounted to BGN 12.9 bn (14.1% of projected GDP) in December 2016, of which BGN 11.1 bn in bank deposits and BGN 1.8 bn EU funds receivables. The fiscal reserve increased significantly compared to the previous year, up by 63.6%.

General government debt, incl. guaranteed debt, totalled BGN 27.4 bn or 29.9% of projected GDP at the end of 2016. The domestic and external debt-to-GDP ratios remained broadly unchanged at their previous month level (7.3% and 20.8%, respectively). In contrast, government guaranteed debt rose from 0.7% of GDP in December 2015 to 1.8% of GDP at the end of 2016 owing to external government guaranteed debt, which went from BGN 528.5 mln to BGN 1 607.5 mln in December 2016. ■



KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q1'16	Q2'16	Q3'16	Q4'16	07'16	08'16	09'16	10'16	11'16	12'16	01'17
— GDP¹															
Gross Domestic Product	% , yoy	1.3	3.6	-	3.6	3.5	3.2	-	-	-	-	-	-	-	-
Consumption	% , yoy	2.2	3.8	-	0.6	0.8	1.6	-	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	3.4	2.7	-	1.4	-0.3	-6.9	-	-	-	-	-	-	-	-
Export	% , yoy	3.1	5.7	-	3.0	4.6	7.9	-	-	-	-	-	-	-	-
Import	% , yoy	5.2	5.4	-	0.9	2.8	4.6	-	-	-	-	-	-	-	-
Agriculture	% , yoy	4.8	-6.8	-	0.5	-0.7	7.1	-	-	-	-	-	-	-	-
Industry	% , yoy	0.3	4.2	-	4.4	0.0	1.6	-	-	-	-	-	-	-	-
Services	% , yoy	1.7	3.3	-	2.5	3.7	2.3	-	-	-	-	-	-	-	-
Adjustments	% , yoy	0.1	7.5	-	7.5	10.2	7.6	-	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	1.8	2.9	2.7	2.9	1.1	2.7	3.9	-0.5	5.4	3.4	0.9	5.3	5.5	-
Industrial turnover	% , yoy	0.0	1.7	1.0	-2.8	-3.7	2.8	7.6	-2.6	5.9	5.5	3.5	6.8	12.5	-
Retail trade turnover	% , yoy	10.2	1.0	4.0	3.7	4.8	3.1	4.6	1.8	5.5	1.9	2.0	6.4	5.3	-
Construction output	% , yoy	7.0	2.4	-10.0	-7.3	-11.6	-11.2	-9.7	-15.9	-5.6	-12.0	-16.6	-1.8	-9.7	-
Total business climate	balance	15.9	20.3	22.5	20.9	22.5	23.7	22.7	23.9	23.5	23.6	22.3	22.9	22.8	23.6
Industry	balance	18.2	22.9	23.5	24.6	21.8	24.6	23.1	23.8	24.5	25.5	21.1	23.0	25.3	26.2
Retail trade	balance	24.0	27.6	33.6	28.3	34.8	36.5	34.6	37.6	35.7	36.3	34.2	37.4	32.2	32.2
Construction	balance	7.3	15.2	17.9	15.0	19.0	19.8	17.8	21.3	18.3	19.7	20.0	16.0	17.2	16.0
Services	balance	11.7	12.7	13.8	12.4	15.4	12.8	14.7	13.1	14.4	10.8	15.2	15.0	13.7	17.2
— Labour market															
Participation rate (15+)	level	54.1	54.1	-	53.1	53.8	53.6	52.7	-	-	-	-	-	-	-
Employment rate (15+)	level	48.0	49.1	-	48.5	49.5	49.9	49.2	-	-	-	-	-	-	-
Employment (LFS)	% , yoy	0.4	0.4	-	0.9	1.5	-1.0	-	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	11.4	9.1	-	8.6	8.0	7.0	6.7	-	-	-	-	-	-	-
Unemployment rate (EA)	level	11.2	10.1	8.7	10.0	8.8	8.0	7.9	8.2	8.0	7.8	7.9	7.9	8.0	-
Nominal wage	% , yoy	6.0	8.8	-	7.3	7.6	7.7	8.2	7.7	7.6	7.8	8.9	7.6	8.0	-
Real wage ³	% , yoy	7.7	9.9	-	8.5	10.2	8.9	9.0	8.9	8.8	9.0	10.0	8.5	8.5	-
Labour productivity (GDP per employed)	% , yoy	1.0	3.3	-	2.6	2.0	4.2	-	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	4.1	0.1	-	0.0	2.8	-3.0	-	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	4.6	2.3	-	2.4	1.0	-0.3	-	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	-1.4	-0.1	-0.8	-0.7	-1.9	-0.3	-0.3	-0.2	-0.3	-0.6	-0.6	-0.5	0.1	1.4
Harmonized index of consumer prices (HICP)	% , yoy	-1.6	-1.1	-1.3	-1.1	-2.3	-1.1	-0.8	-1.1	-1.1	-1.1	-1.0	-0.8	-0.5	0.4
PPI, domestic market	% , yoy	-0.9	-1.6	-2.9	-3.7	-4.3	-3.0	-0.5	-3.8	-2.7	-2.4	-1.4	-0.6	0.6	-
PPI, non-domestic market	% , yoy	-1.8	-2.4	-3.5	-6.6	-6.7	-3.1	2.8	-5.2	-2.7	-1.3	0.5	1.3	6.5	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	29 409	32 200	-	9 097	17 709	25 652	-	20 549	23 015	25 650	28 290	31 084	33 953	-
Total expenses	mIn BGN	32 482	34 685	-	7 234	14 639	22 290	-	17 270	19 698	22 288	24 855	27 619	32 481	-
Contribution to EU budget	mIn BGN	955	946	-	254	397	612	-	467	536	612	688	763	859	-
Cash deficit (-) / surplus (+)	mIn BGN	-3 073	-2 485	-	1 862	3 071	3 363	-	3 279	3 317	3 362	3 435	3 465	1 473	-
	% of GDP	-3.7	-2.8	-	2.0	3.3	3.7	-	3.6	3.6	3.7	3.7	3.8	1.6	-
Government debt (incl. guaranteed debt)	mIn BGN	22 753	23 300	-	26 675	26 683	26 395	-	26 704	26 688	26 417	26 395	26 330	27 424	-
	% of GDP	27.2	26.3	-	29.1	29.1	28.8	-	29.1	29.1	28.8	28.8	28.7	29.9	-

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q1'16	Q2'16	Q3'16	Q4'16	07'16	08'16	09'16	10'16	11'16	12'16	01'17
Fiscal reserve ⁴	mIn BGN	9 170	7 873	-	11 866	14 132	14 283	-	14 504	14 497	14 287	14 283	14 321	12 883	-
	%, yoy	95.9	9.1	-	7.0	28.1	41.8	-	29.6	30.7	41.8	39.6	44.7	63.6	-
— Financial sector															
BNB International reserves	mIn EUR	16 534	20 285	23 899	21 360	22 442	23 494	23 899	23 104	23 308	23 494	23 224	23 465	23 899	23 128
Monetary base coverage	%	165.1	144.3	163.4	171.9	179.6	176.2	163.4	178.4	176.9	176.2	175.9	174.0	163.4	168.9
Coverage of import with FX reserves	months	7.1	8.5	0.0	9.1	9.6	10.0	0.0	10.0	9.9	10.0	9.8	9.9	-	-
Coverage of short-term external debt	%	166.0	257.5	0.0	283.5	295.0	306.1	0.0	304.4	304.7	306.1	294.8	298.8	-	-
Money M1 (Narrow money)	%, yoy	15.1	15.6	13.5	10.1	15.0	14.6	13.5	14.8	14.5	14.6	13.8	13.5	-	-
Money M3 (Broad money)	%, yoy	1.1	8.8	7.6	6.0	8.9	8.7	7.6	8.6	8.9	8.7	8.1	8.1	7.6	-
Deposits	%, yoy	-0.5	8.2	6.7	4.9	8.2	7.8	6.7	8.0	8.2	7.8	7.4	7.2	6.7	-
Credit to private sector	%, yoy	-8.2	-1.2	1.5	-2.1	-0.6	-0.1	1.5	0.0	0.1	-0.1	1.1	1.1	1.5	-
Credit to non-financial enterprises	%, yoy	-11.6	-1.7	0.3	-2.7	-1.5	-1.4	0.3	-0.6	-0.9	-1.4	0.0	-0.2	0.3	-
Credit to households	%, yoy	-1.6	-1.3	2.0	-1.5	-0.7	0.5	2.0	-0.4	0.1	0.5	0.9	1.6	2.0	-
Interest rate on credits ⁵	%	7.9	7.0	5.8	6.5	5.8	5.5	5.4	5.7	5.4	5.4	6.0	5.2	4.9	-
Interest rate on deposits ⁶	%	2.6	1.3	0.8	1.0	0.8	0.7	0.6	0.7	0.7	0.6	0.6	0.5	0.6	-
Exchange rate BGN/USD	eop	1.61	1.79	1.86	1.72	1.76	1.75	1.86	1.76	1.76	1.75	1.79	1.84	1.86	1.82
	per. av.	1.47	1.76	1.77	1.77	1.74	1.75	1.81	1.77	1.74	1.74	1.77	1.81	1.86	1.84
— Gross External Debt (GED)															
Gross external debt	% of GDP	92.0	75.3	-	73.4	74.0	72.9	-	73.9	73.6	72.9	73.1	72.9	-	-
Short-term external debt	% of GED	25.3	23.1	-	22.0	21.9	22.5	-	21.9	22.2	22.5	23.0	23.0	-	-
Intercompany lending	% of GED	40.3	37.1	-	36.8	36.9	36.8	-	36.9	36.9	36.8	36.5	36.5	-	-
— Balance of payments⁷															
Current account	mIn EUR	35	172	-	282	540	1 428	-	484	542	402	-51	116	-	-
<i>Current account (moving average)</i>	% of GDP	0.1	0.4	-	0.8	2.4	3.1	-	2.3	2.6	3.1	3.3	4.3	-	-
Trade balance	mIn EUR	-2 777	-2 622	-	-356	-478	-320	-	-90	-223	-7	-253	-139	-	-
<i>Trade balance (moving average)</i>	% of GDP	-6.5	-5.8	-	-5.1	-5.0	-4.6	-	-4.6	-5.0	-4.6	-4.5	-4.0	-	-
Export, f.o.b.	mIn EUR	21 026	21 919	-	5 132	5 452	5 907	-	1 992	1 924	1 991	2 040	2 168	-	-
	%, yoy	-0.9	4.2	-	-2.1	-4.6	5.9	-	0.1	6.2	12.1	7.5	20.7	-	-
Import, f.o.b.	mIn EUR	23 803	18 678	-	5 488	5 930	6 227	-	2 082	2 147	1 998	2 293	2 306	-	-
	%, yoy	-1.4	-21.5	-	-6.4	-4.9	2.9	-	-7.2	16.8	1.5	4.6	6.7	-	-
Capital account	mIn EUR	960	1 422	-	561	250	182	-	122	5	55	15	34	-	-
Financial account	mIn EUR	-2 090	-583	-	92	-241	36	-	-299	689	-354	199	19	-	-
Net Foreign Direct Investments	mIn EUR	-882	-1 596	-	-258	-241	-146	-	-150	-91	94	18	-28	-	-
Net Portfolio Investments	mIn EUR	1 871	40	-	1 175	-132	579	-	-41	958	-338	212	149	-	-
Other Investments – net	mIn EUR	2 170	-4 418	-	419	952	-512	-	43	-211	-344	416	-170	-	-
Change in BNB reserve assets	mIn EUR	1 807	3 730	-	927	904	1 061	-	661	235	165	-178	302	-	-

Notes: Ratios to GDP are calculated using GDP data as follows: for 2014 - BGN 83 634.3 mIn, for 2015 - BGN 88 571.3 mIn, and MF projections for 2016 - BGN 91 665.2 mIn; 1. Growth rates derived from chain-linked (2010) level series, not seasonally adjusted data; 2. Not seasonally adjusted data; 3. HICP deflated; 4. The CPI/HICP data for January 2017 are released as preliminary, for more information please refer to the inflation section in this document; 5. Weighted average interest rate on new credits to households, NPISHs and non-financial companies by type, currency and maturity; 6. Weighted average interest rate on new time deposits of households, NPISHs and non-financial companies by type, currency and maturity; 7. Analytical presentation (BPM6).

This issue of the Monthly Report on Bulgarian Economy is based on materials and statistical data received up to February 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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