

# BULGARIAN ECONOMY

## Monthly Report

3/2017

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

ISSN 2367-5020

### Main topics:

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

## Highlights

**Short-term business statistics** gained momentum, as the industrial production and sales accelerated, the decline in the construction output narrowed and retail trade continued on the increase in February. The **overall business climate indicator** also increased in March due to better assessments in all sectors except for services. Only the **consumer confidence indicator** decreased.

The **harmonized monthly unemployment rate** (s.a. data) narrowed to 6.7% in February, down both in yoy terms and as compared to end-2016.

**Consumer prices** (as measured by the HICP) decreased by 0.5% mom in March mainly on the account of lower services prices. **The annual inflation rate** accelerated further to 1% yoy mainly on the account of higher energy prices in line with the ongoing recovery in international crude oil prices. Meanwhile, the negative core inflation widened to -0.5% yoy.

The **current account balance** came in negative at EUR 9.7 mln in January 2017 compared to a surplus of EUR 125.4 mln a year earlier due to higher trade deficit and lower services surplus. Inward **foreign direct investments** reached EUR 54 mln, up by EUR 25.9 mln compared to January 2016.

**Credit to the private sector** continued to gain momentum, up by 3.4% yoy in February, with positive contribution from both credits to non-financial corporations and to households. The annual decrease in **bad and restructured credits** stood at 8.6% yoy, though their share in total credits to non-financial corporations and households remained at 15.9% for a third consecutive month.

According to preliminary data on a cash basis, the surplus on the **consolidated fiscal program** accounted for BGN 831.8 mln (0.86% of projected GDP) as of end-February. The positive fiscal outcome resulted from higher revenues over expenditure both on the national budget (0.72% of projected GDP) and the EU funds account (0.14% of projected GDP). ■



## SHORT-TERM BUSINESS STATISTICS

**Industrial turnover**<sup>1</sup> accelerated to 10.3% yoy in February. Both foreign and domestic industrial sales followed an upward trend (fig. 1). Foreign turnover increased by 19.8% yoy while domestic sales growth reached 3.6% yoy. The observed favourable development was mainly driven by the growth of *manufacture of basic metals* which was positively affected by the rise of international metals prices. Meanwhile, the unfavourable dynamics of *electricity, gas, steam and air conditioning supply* which have the largest share in domestic sales were the major drag on growth.

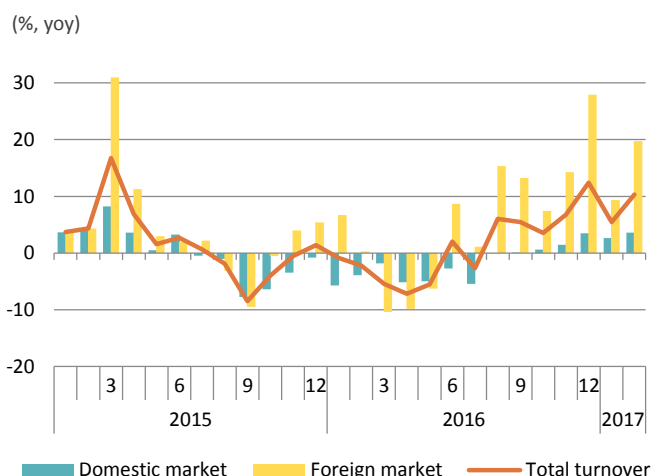
The increase of **industrial production** also accelerated to 3.5% yoy in February compared to an annual growth of 1.9% in the previous month. Major contribution to the reported increase had *manufacture of basic metals and fabricated metal products, except machinery and equipment* which are primarily oriented toward foreign markets.

The **construction production index** decreased by 2.7% yoy (fig. 2) due to the contraction of *civil engineering works* by 10% yoy. At the same time, *building construction* posted 3.7% yoy increase compared to its 0.7% yoy growth in January.

**Retail trade** growth reached 3.2% yoy in February. *Retail sales of computers, peripheral units and software* posted the largest increase of 10.3%, followed by *sales in non-specialised stores*, up by 8.3% yoy. As in the previous month, *retail trade of automotive fuel* and *sales of audio and video equipment* reported declines, down by 9% and 1.2%, respectively.

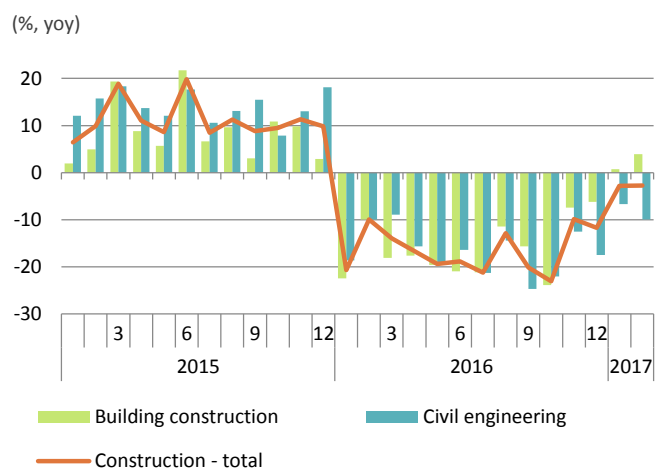
The **consumer confidence indicator** decreased in March (fig. 3), after four months on the increase, mostly due to worsened expectations of consumers.

Fig. 1: Industrial turnover by components



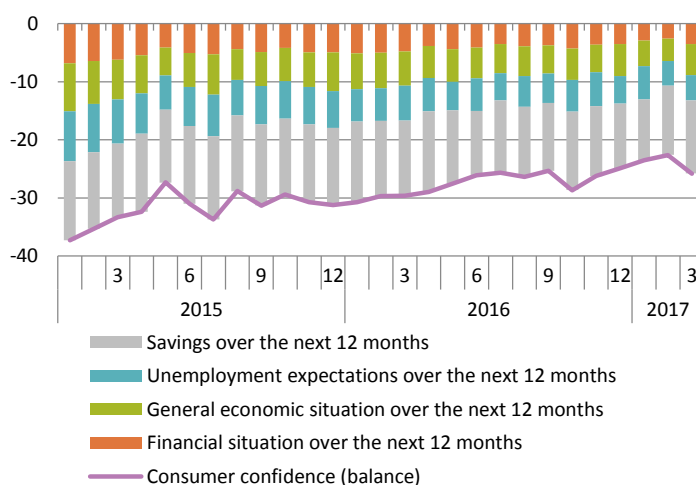
Source: NSI

Fig. 2: Construction production index



Source: NSI

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



Source: Eurostat

<sup>1</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.

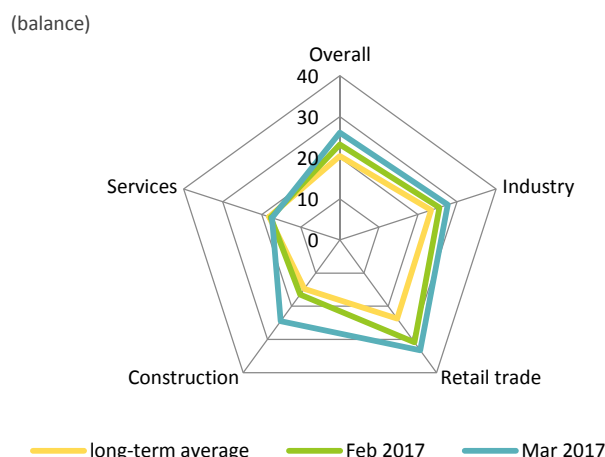
The **overall business climate indicator** increased by 2.9 points in March (fig. 4 and 5) due to improvement of the assessments in all sectors except for services. New orders in construction increased and expectations were favourable. Respondents in retail trade were optimistic about the sales over the next months. The production activity in industry improved and the number of entrepreneurs who report problems with insufficient demand decreased. Expectations about demand in services were also favourable.

Developments in the survey data over the first quarter are illustrated by the evolution of the climate tracer<sup>2</sup>. The **economic climate tracer** in the country was in the expansion area but pointing toward downswing (fig. 6), suggesting economic growth close to the observed in the previous quarter. Two of the sectoral climate tracers (industry and construction) were in the expansion quadrant, while the other two (retail trade and consumers) were in the downswing quadrant. The services tracer was exactly between expansion and downswing.

## LABOUR MARKET

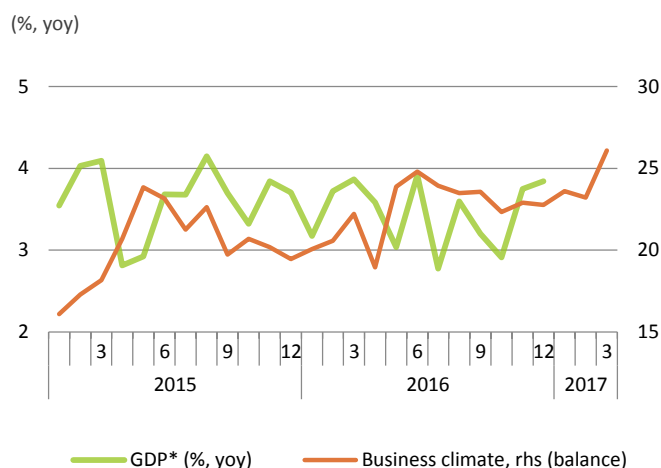
Since the beginning of 2017 the **harmonized monthly unemployment rate** (s.a. data) has continued to decrease both in yoy terms and as compared to end-2016 (fig. 7). It narrowed to 6.7% in February, which was by 1.3 pps lower than the EU average. The favourable labour market developments could be expected to continue in the coming months given the broadly positive employment expectations according to the business climate surveys in March.

Fig. 4: Business climate by sectors



Source: NSI

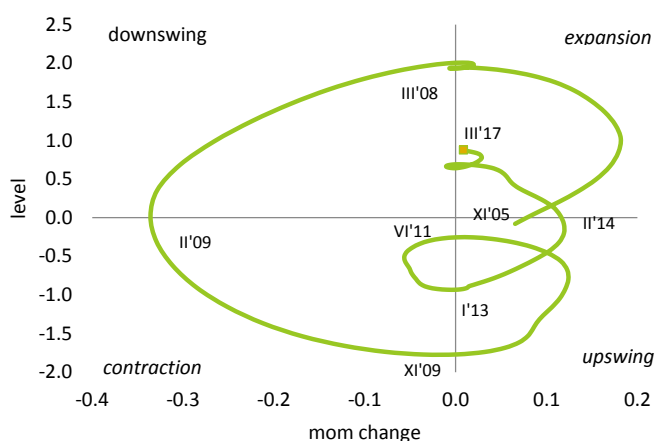
Fig. 5: Business climate and GDP



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

Source: NSI, MF

Fig. 6: Climate tracer



Source: Eurostat, MF

<sup>2</sup> Gayer, C (2010) "Report: The Economic Climate Tracer – A tool to visualise the cyclical stance of the economy using survey data" and Gayer, C, J. Genet (2006) "Using Factor Models to Construct Compo-site Indicators from BCS Data"



## INFLATION

**Consumer prices** (HICP) decreased by 0.5% mom in March mainly on the account of lower services prices. International airfares declined by 16.2% during the month and together with lower prices of package holidays and accommodation in resorts, down by 6% and 7.2% respectively, contributed by -0.39 pps for the monthly decrease in the headline rate. Food and non-alcoholic beverages prices also fell compared to February, down by 0.5%, while those of clothing and footwear declined by 0.8%. On the other hand, energy prices increased during the month driven by higher prices of liquefied petroleum gas (LPG) as a transport fuel, up by 4.8%.

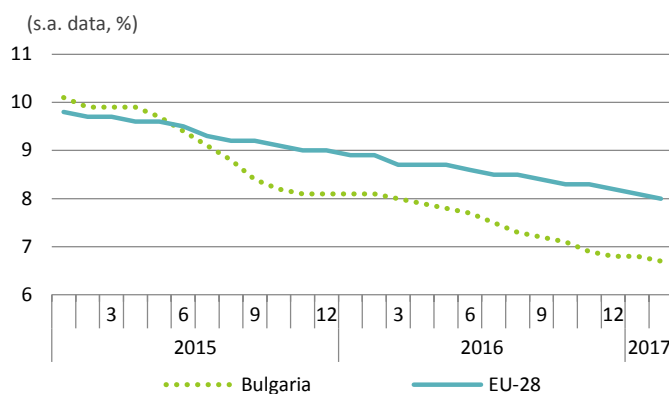
**The annual inflation rate** accelerated further to 1% yoy in March (fig. 8) mainly on the account of higher energy prices on a year earlier in line with the ongoing recovery in international crude oil prices (fig. 9). Meanwhile, the negative core inflation<sup>3</sup> widened to -0.5% yoy.



## EXTERNAL SECTOR

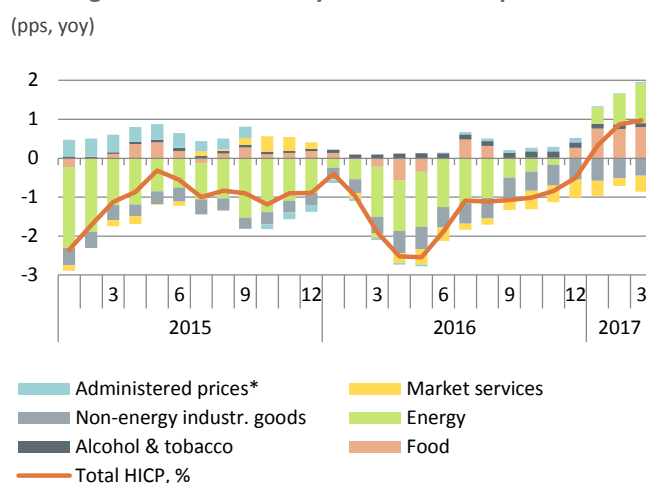
The **current account balance** came in negative at EUR 9.7 mln in January 2017 compared to a surplus of EUR 125.4 mln in the same month of 2016.<sup>4</sup> The export of goods increased by 15.5% yoy, while import of goods grew more rapidly, up by 24.4% yoy. Thus, at the end of the month, the *trade deficit* came in at EUR 146 mln (0.3% of projected GDP). The bigger increase in the nominal import of crude oil and natural gas compared to the imported quantities reflected the growth of

**Fig. 7: Harmonized monthly unemployment rate**



Source: Eurostat

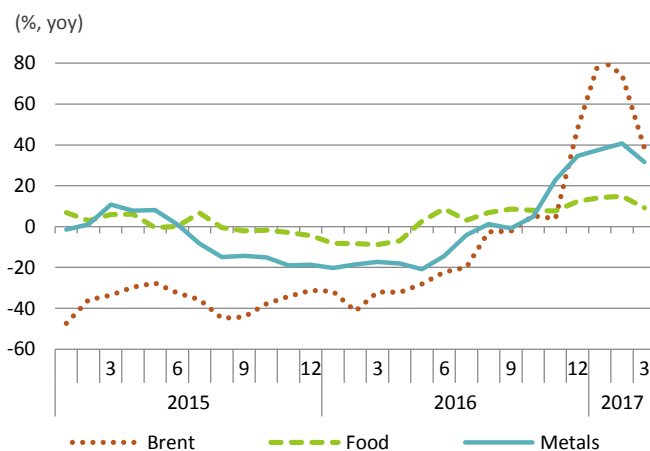
**Fig. 8: Contributions by main HICP components**



\* 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. 9: International prices of major commodities in euro**



Source: World bank

<sup>3</sup> The total index excluding energy and unprocessed food, also referred to as underlying inflation.

<sup>4</sup> Along with the January 2017 data, BNB revised the data for 2015 and 2016. Trade deficit for 2016 was revised upwards by EUR 54.9 mln to 3.9% of GDP compared with 3.8% of GDP before that. At the same time, balance of services improved by 0.2 pps as a ratio to GDP, while the deficit of primary income narrowed to 2.5% of GDP down from the 2.8% of GDP before the revisions. As a consequence, the current account surplus was revised from 3.8% of GDP to 4.2% of GDP.

prices in yoy terms. The deficit of *Primary income* balance recorded in 2016 turned into surplus in January. The main reason for the improvement was the decrease in investment payments to non-residents.

The external trade of services was marked by a decline in export by 58% yoy due to lower export of transport services and manufacturing services with input owned by others. Services import, on the other hand, rose by 4.5% yoy. As a result, the surplus narrowed to 0.1% of projected GDP from 0.3% of GDP a year earlier.

Inward **foreign direct investments** reached EUR 54 mln which was an increase of EUR 25.9 mln compared to January 2016.

**Gross external debt** (GED) kept decreasing to 69.3% of GDP as of end-January; all institutional sectors except General government contributed to this. Private sector debt decreased also in nominal terms. As regards the maturity structure<sup>5</sup>, short-term debt stood at 15.7% of projected GDP. Net indebtedness narrowed to 5% of projected GDP.

## FINANCIAL SECTOR

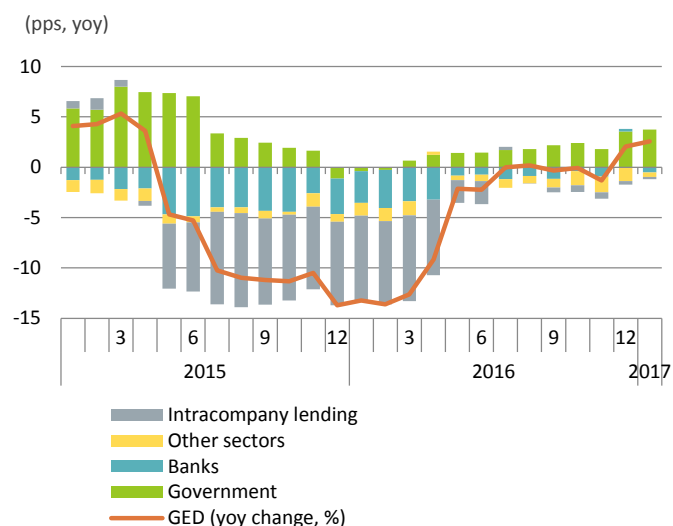
**International reserves** increased by 0.8% mom in March to reach EUR 24 bn (fig. 12). Bank reserves remained the main driver of the overall positive change, up by 4.2% mom, while all other components of BNB Issue Department liabilities had a negative contribution. The lower monthly growth of the official reserves resulted in a deceleration of their annual growth rate to 12.6% vs. 20.8% as at end-February. The biggest positive contribution there came from bank reserves and notes in circulation, up by 24% and 13.3% yoy, respectively.

Fig. 10: Merchandise trade dynamics



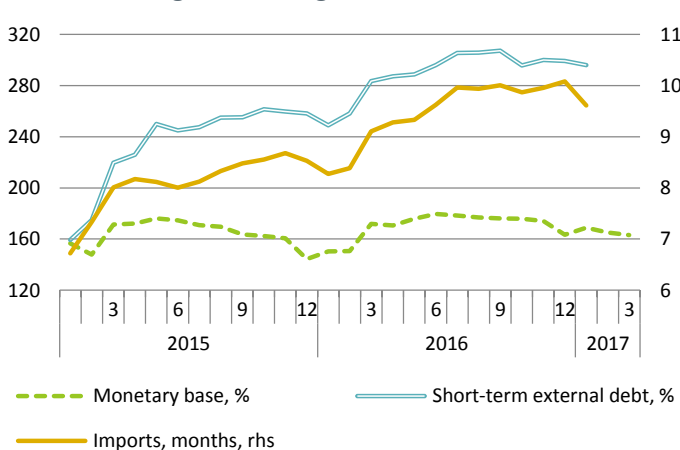
Source: BNB

Fig. 11: Gross external debt by institutional sector



Source: BNB

Fig. 12: Coverage with FX Reserves



Source: BNB, MF

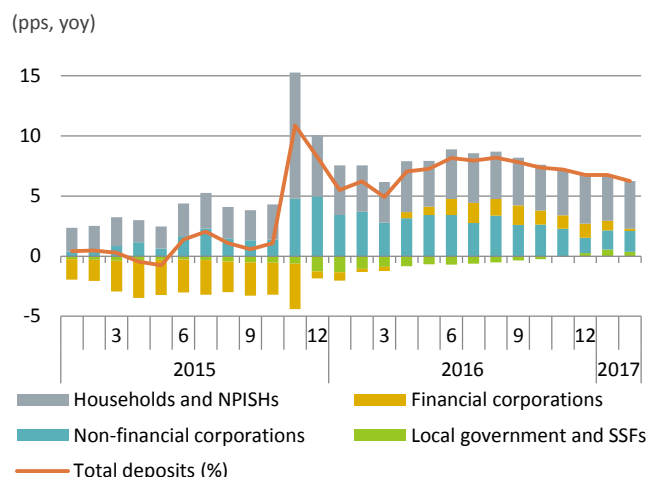
<sup>5</sup> Original maturity

**Credit to the private sector** continued to gain momentum, up by 3.4% yoy in February as compared to the 3.1% a month earlier (fig. 15). The faster increase in the first two months of 2017 can be partially ascribed to the base effect from credit write-offs made by banks in the corresponding months of the previous year. Both credits to non-financial corporations and those to households had positive contribution to the higher annual growth rate of private credit. Corporate credit growth picked up from 1.6% to 1.8% yoy as at end-February. Among the components of credits to households, “other credits” had the sharpest increase as their growth rate accelerated to 73.9% yoy (66.5% yoy at the end of January). Consumer credits and mortgages grew by 3% and 2% yoy as compared to 2.8% and 1.8% a month earlier. The annual decrease in **bad and restructured credits** reached 8.6% yoy in February. They recorded only a marginal monthly increase, which was proportional to the monthly increase of total credits to non-financial corporations and households. Thus, the share of bad and restructured credits remained at 15.9% for a third consecutive month.

**Weighted average interest rate on credits** to non-financial corporations increased for a second month in a row in February, up by 18 bps (table 1). The upward dynamics came from the EUR denominated corporate loans alone (33 bps mom increase), while those in BGN and USD went down over January. The monthly volume of new corporate loans was higher compared to the same period of the previous year, up by 19.4%. The price of mortgages decreased by 17 bps in February, while the price of consumer loans went down by 12 bps compared to end-January. Both types of credits to households reported higher monthly volumes compared to a year earlier.

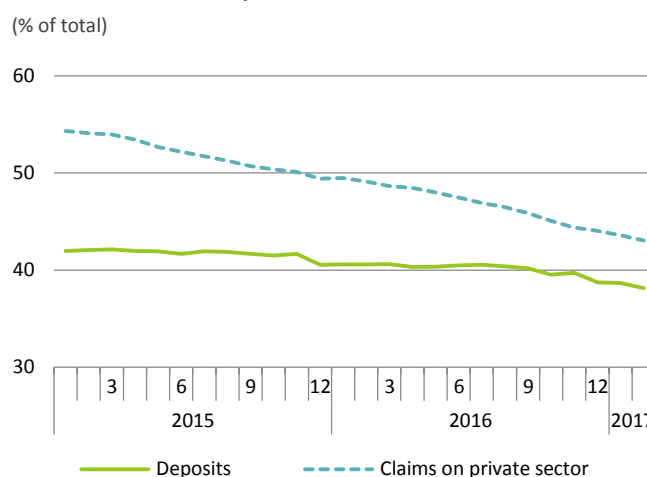
**Weighted average interest rate on time deposits** decreased in February by 13 bps as both rates on households’ and non-financial corporations’ deposits went down by 14 and 2 bps, respectively. In terms of cur-

**Fig. 13: Contribution to annual growth of total deposits by institutional sectors**



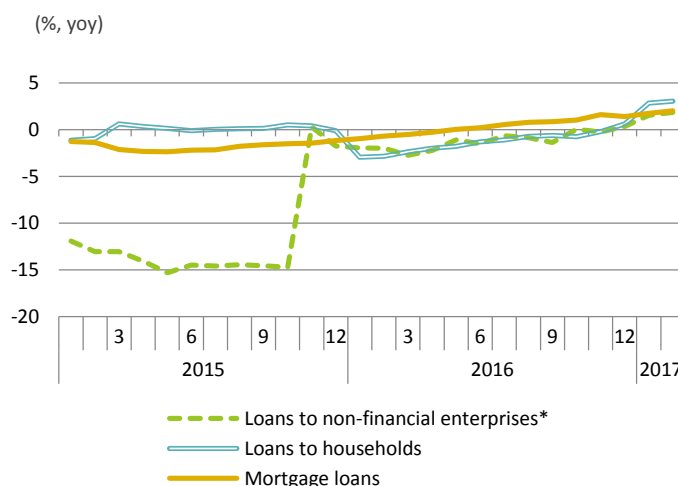
Source: BNB

**Fig. 14: Share of deposits and claims on private sector in FX**



Source: BNB, MF

**Fig. 15: 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

rency structure, the rate on local currency deposits contributed mostly to the decrease, down by 15 bps. Rates on EUR and USD denominated time deposits decreased as well, down by 7 and 18 bps, respectively. The total monthly volume of new time deposits reached BGN 1.32 bn which was by 15% lower compared to February 2016 (table 3).



### FISCAL DEVELOPMENTS

According to preliminary data on a cash basis, the surplus on the **consolidated fiscal program** accounted for BGN 831.8 mln (0.86% of projected GDP) as of end-February. The positive fiscal outcome resulted from higher revenues over expenditure both on the national budget (0.72% of GDP) and the EU funds account (0.14% of GDP).

**Total revenues and grants** amounted to BGN 5.7 bn, up by 3.9% compared to February 2016. The growth was entirely due to higher tax receipts. The biggest contribution to tax receipts' upsurge had indirect taxes, up by 10.7% yoy. The latter was owing to higher VAT receipts and excise duties, up by 10.1% and 11.8% yoy, respectively. Revenues from direct taxes were also higher, up by 13.1% yoy. By contrast, non-tax revenues went down by 6.4% compared to the same period of the previous year. Grants decreased significantly, down by 44.2% yoy.

**Total government spending** posted a 6.4% yoy increase and accounted for BGN 4.9 bn. The latter came largely on the account of higher social spending (up by 5.3% yoy) and increased expenses on subsidies (up by 60.9% yoy), maintenance (up by 7.2%) and social and health insurance contributions (up 18.8% yoy). Capital spending (including the net increase of state reserve) and the contribution to the EU budget went down by 10.5% and 14.1% yoy, respectively.

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

	February 2016	January 2017	February 2017
Non-financial companies	4.93	4.37	4.55
Consumer credits	10.17	9.65	9.53
Mortgages	5.48	4.41	4.24

Source: BNB, MF

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

	February 2016	January 2017	February 2017
Consumer credits	11.16	10.40	10.31
Mortgages	5.99	4.87	4.71

\* 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.

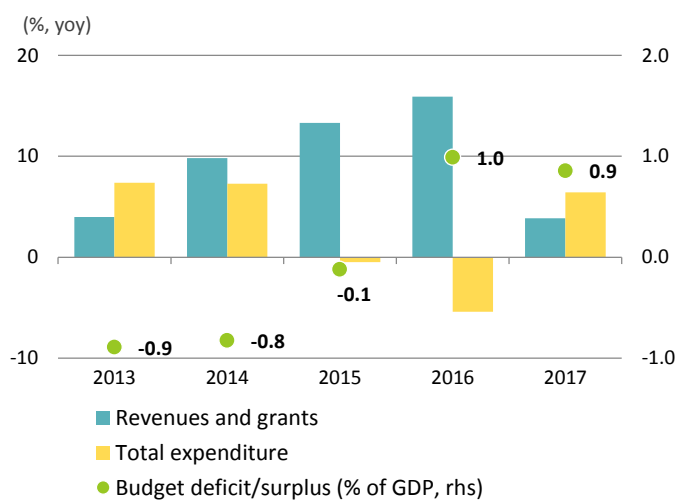
Source: BNB, MF

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

	February 2016	January 2017	February 2017
BGN	1.27	0.60	0.45
EUR	0.96	0.43	0.36
USD	0.59	0.56	0.38

Source: BNB, MF

**Fig. 16: Revenues and expenditure growth rates as at end-February**



Source: MF

**The fiscal reserve** amounted to BGN 13.6 bn (14% of projected GDP) in February, of which BGN 11.9 bn in bank deposits and BGN 1.7 bn EU funds receivables on certified expenses. The fiscal reserve increased significantly compared to the same period of the previous year, up by 53.3%.

**General government debt**, incl. guaranteed debt, totalled BGN 26.7 bn (27.5% of projected GDP) as at end-February, being 25.1% of GDP a year earlier. Domestic debt stepped down to 6.2% of projected GDP from 7.8% of GDP in February 2016. The external debt-to-GDP ratio moved up from 16.7% to 19.6%. Government guaranteed debt was 1.7% of GDP, being 0.6% of GDP a year earlier. ■





## KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q1'16	Q2'16	Q3'16	Q4'16	09'16	10'16	11'16	12'16	01'17	02'17	03'17
<b>— GDP<sup>1</sup></b>															
Gross Domestic Product	% , yoy	1.3	3.6	3.4	3.6	3.5	3.2	3.5	-	-	-	-	-	-	-
Consumption	% , yoy	2.2	3.8	1.8	0.6	0.8	1.6	3.8	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	3.4	2.7	-4.0	1.4	-0.3	-6.9	-7.4	-	-	-	-	-	-	-
Export	% , yoy	3.1	5.7	5.7	3.0	4.6	7.9	6.4	-	-	-	-	-	-	-
Import	% , yoy	5.2	5.4	2.8	0.9	2.8	4.6	2.8	-	-	-	-	-	-	-
Agriculture	% , yoy	4.8	-6.8	4.3	0.5	-0.7	7.1	6.3	-	-	-	-	-	-	-
Industry	% , yoy	0.3	4.2	2.0	4.4	0.0	1.6	2.5	-	-	-	-	-	-	-
Services	% , yoy	1.7	3.3	3.1	2.5	3.7	2.3	3.8	-	-	-	-	-	-	-
Adjustments	% , yoy	0.1	7.5	7.2	7.5	10.2	7.6	4.1	-	-	-	-	-	-	-
<b>— Short-term business statistics<sup>2</sup></b>															
Industrial production	% , yoy	1.8	2.9	2.7	2.5	1.0	2.9	4.1	3.7	1.2	5.2	5.8	1.9	3.5	-
Industrial turnover	% , yoy	0.0	1.7	1.0	-2.9	-3.6	2.8	7.6	5.5	3.5	6.8	12.4	5.5	10.3	-
Retail trade turnover	% , yoy	10.2	11.8	3.9	2.5	5.7	3.7	3.6	2.9	2.2	5.2	3.5	4.5	3.2	-
Construction output	% , yoy	7.0	11.2	-16.7	-14.8	-18.3	-18.1	-15.3	-20.1	-23.0	-9.9	-11.7	-2.8	-2.7	-
Total business climate	balance	15.9	20.3	22.5	20.9	22.5	23.7	22.7	23.6	22.3	22.9	22.8	23.6	23.2	26.1
Industry	balance	18.2	22.9	23.5	24.6	21.8	24.6	23.1	25.5	21.1	23.0	25.3	26.2	25.5	27.6
Retail trade	balance	24.0	27.6	33.6	28.3	34.8	36.5	34.6	36.3	34.2	37.4	32.2	32.2	30.9	33.3
Construction	balance	7.3	15.2	17.9	15.0	19.0	19.8	17.8	19.7	20.0	16.0	17.2	16.0	16.5	24.5
Services	balance	11.7	12.7	13.8	12.4	15.4	12.8	14.7	10.8	15.2	15.0	13.7	17.2	17.7	17.4
<b>— Labour market</b>															
Participation rate (15+)	level	54.1	54.1	53.3	53.1	53.8	53.6	52.7	-	-	-	-	-	-	-
Employment rate (15+)	level	48.0	49.1	49.3	48.5	49.5	49.9	49.2	-	-	-	-	-	-	-
Employment (LFS)	% , yoy	0.4	0.4	0.5	0.9	1.5	-1.0	0.6	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	11.4	9.1	7.6	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	7.8	7.9	7.9	8.0	8.2	8.2	-
Nominal wage	% , yoy	6.0	6.8	9.5	7.3	7.6	7.7	8.2	7.8	8.9	7.6	8.0	-	-	-
Real wage <sup>3</sup>	% , yoy	7.7	8.0	11.0	8.5	10.2	8.9	9.0	9.0	10.0	8.5	8.5	-	-	-
Labour productivity (GDP per employed)	% , yoy	1.0	3.3	2.9	2.6	2.0	4.2	2.9	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	4.1	0.1	-0.9	0.0	2.8	-3.0	-3.1	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	4.6	2.3	0.2	2.4	1.0	-0.3	-2.0	-	-	-	-	-	-	-
<b>— Prices</b>															
National consumer price index (CPI)	% , yoy	-1.4	-0.1	-0.8	-0.7	-1.9	-0.3	-0.3	-0.6	-0.6	-0.5	0.1	1.4	1.7	1.9
Harmonized index of consumer prices (HICP)	% , yoy	-1.6	-1.1	-1.3	-1.1	-2.3	-1.1	-0.8	-1.1	-1.0	-0.8	-0.5	0.4	0.9	1.0
PPI, domestic market	% , yoy	-0.9	-1.6	-2.9	-3.7	-4.3	-3.0	-0.5	-2.4	-1.4	-0.6	0.6	1.9	2.9	-
PPI, non-domestic market	% , yoy	-1.8	-2.4	-3.5	-6.6	-6.7	-3.1	2.8	-1.3	0.5	1.3	6.5	9.1	11.9	-
<b>— Consolidated fiscal program (cumulative)</b>															
Revenues and grants	mIn BGN	29 409	32 200	33 953	9 097	17 709	25 652	33 953	25 650	28 290	31 084	33 953	3 339	5 732	-
Total expenses	mIn BGN	32 482	34 685	32 481	7 234	14 639	22 290	32 481	22 288	24 855	27 619	32 481	2 455	4 900	-
Contribution to EU budget	mIn BGN	955	946	859	254	397	612	859	612	688	763	859	71	154	-
Cash deficit (-) / surplus (+)	mIn BGN	-3 073	-2 485	1 473	1 862	3 071	3 363	1 473	3 362	3 435	3 465	1 473	884	832	-
	% of GDP	-3.7	-2.8	1.6	2.0	3.3	3.6	1.6	3.6	3.7	3.7	1.6	0.9	0.9	-
Government debt (incl. guaranteed debt)	mIn BGN	22 753	23 300	27 424	26 675	26 683	26 417	27 424	26 417	26 395	26 330	27 424	27 041	26 739	-
	% of GDP	27.2	26.3	29.6	28.8	28.8	28.5	29.6	28.5	28.5	28.4	29.6	27.8	27.5	-
Fiscal reserve	mIn BGN	9 170	7 873	12 883	11 866	14 132	14 287	12 883	14 287	14 283	14 321	12 883	13 842	13 583	-
	% , yoy	95.9	9.1	63.6	7.0	28.1	41.8	63.6	41.8	39.6	44.7	63.6	50.6	53.3	-
<b>— Financial sector</b>															

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q1'16	Q2'16	Q3'16	Q4'16	09'16	10'16	11'16	12'16	01'17	02'17	03'17
BNB International reserves	mIn EUR	16 534	20 285	23 899	21 360	22 442	23 494	23 899	23 494	23 224	23 465	23 899	23 128	23 849	24 044
Monetary base coverage	%	165.1	144.3	163.4	171.9	179.6	176.2	163.4	176.2	175.9	174.0	163.4	168.9	165.1	163.0
Coverage of import with FX reserves	months	7.1	8.5	10.0	9.1	9.6	10.0	10.0	10.0	9.9	10.0	10.1	9.6	-	-
Coverage of short-term external debt	%	166.0	257.5	298.1	283.5	295.0	306.1	298.1	307.2	295.8	300.0	299.2	296.0	-	-
Money M1 (Narrow money)	%, yoy	15.1	15.6	13.5	10.1	15.0	14.6	13.5	14.6	13.8	13.5	13.5	14.3	14.7	-
Money M3 (Broad money)	%, yoy	1.1	8.8	7.6	6.0	8.9	8.7	7.6	8.7	8.1	8.1	7.6	7.6	7.3	-
Deposits	%, yoy	-0.5	8.2	6.7	4.9	8.2	7.8	6.7	7.8	7.4	7.2	6.7	6.8	6.2	-
Credit to private sector	%, yoy	-8.2	-1.2	1.5	-2.1	-0.6	-0.1	1.5	-0.1	1.1	1.1	1.5	3.1	3.4	-
Credit to non-financial enterprises	%, yoy	-11.6	-1.7	0.3	-2.7	-1.5	-1.4	0.3	-1.4	0.0	-0.2	0.3	1.6	1.8	-
Credit to households	%, yoy	-1.6	-1.3	2.0	-1.5	-0.7	0.5	2.0	0.5	0.9	1.6	2.0	4.1	4.5	-
Interest rate on credits <sup>4</sup>	%	7.9	7.0	5.8	6.5	5.8	5.5	5.4	5.4	6.0	5.2	4.9	5.2	5.4	-
Interest rate on deposits <sup>5</sup>	%	2.6	1.3	0.8	1.0	0.8	0.7	0.6	0.6	0.6	0.5	0.6	0.5	0.4	-
Exchange rate BGN/USD	eop	1.61	1.79	1.86	1.72	1.76	1.75	1.86	1.75	1.79	1.84	1.86	1.82	1.85	1.83
	per. av.	1.47	1.76	1.77	1.77	1.74	1.75	1.81	1.74	1.77	1.81	1.86	1.84	1.84	1.83
<b>— Gross External Debt (GED)</b>															
Gross external debt	% of GDP	92.0	75.0	73.1	72.4	73.1	71.9	73.1	71.9	72.2	71.9	73.1	69.3	-	-
Short-term external debt	% of GED	25.3	23.1	23.1	22.0	21.9	22.4	23.1	22.4	23.0	23.0	23.1	22.7	-	-
Intercompany lending	% of GED	40.3	37.2	36.1	36.8	36.9	36.8	36.1	36.8	36.4	36.8	36.1	36.4	-	-
<b>— Balance of payments<sup>6</sup></b>															
Current account	mIn EUR	35	-61	1989	219	626	1 509	-365	371	-96	101	-370	-10	-	-
<i>Current account (moving average)</i>	% of GDP	0.1	-0.1	4.2	0.7	2.1	3.1	4.2	3.1	3.2	4.4	4.2	3.7	-	-
Trade balance	mIn EUR	-2 777	-2 622	-1845	-355	-480	-322	-687	-8	-259	-167	-261	-146	-	-
<i>Trade balance (moving average)</i>	% of GDP	-6.5	-5.8	-3.90	-5.1	-5.0	-4.6	-3.9	-4.6	-4.5	-4.1	-3.9	-4.0	-	-
Export, f.o.b.	mIn EUR	21 026	21 919	22556	5 132	5 453	5 908	6062	1 990	2 040	2 076	1 946	1 908	-	-
	%, yoy	-0.9	4.2	2.9	-2.1	-4.6	5.9	12.6	12.0	7.5	15.5	15.3	15.5	-	-
Import, f.o.b.	mIn EUR	23 803	18 678	24400	5 488	5 933	6 230	6749	1 998	2 299	2 243	2 207	2054	-	-
	%, yoy	-1.4	-21.5	30.6	-6.4	-4.8	2.9	5.6	1.4	4.9	3.8	8.3	24.4	-	-
Capital account	mIn EUR	960	1 422	3447	561	250	182	409	55	15	35	23	61	-	-
Financial account	mIn EUR	-2 090	-583	-1199	92	-241	36	-331	-354	199	171	-626	7	-	-
Net Foreign Direct Investments	mIn EUR	-882	-1 596	1585	-258	-241	-146	244	94	18	1	305	69	-	-
Net Portfolio Investments	mIn EUR	1 871	44	1067	1 167	-141	539	73	76	192	150	291	79	-	-
Other Investments – net	mIn EUR	2 170	-4 510	-764	421	1 000	-378	-182	-300	360	-300	420	1026	-	-
Change in BNB reserve assets	mIn EUR	1 807	3 730	38	927	904	1 061	3	165	-178	302	451	3	-	-

## 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, for 2016 – BGN 92 634.7 mIn and MF projections for 2017 - BGN 97 155.7 mIn;

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 April 13, 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.

ISSN 2367-5020

© Ministry of Finance, 2017  
Economic and Financial Policy Directorate

102, Rakovski Str., 1000 Sofia, Bulgaria  
<http://www.minfin.bg/en/page/542>  
e-mail: [secretary.evp@minfin.bg](mailto:secretary.evp@minfin.bg)